

## Project Teaser

### 1. Background

- The company is engaged in manufacturing critical casting components for non-automotive segments primarily for tractors, commercial vehicles, off-road vehicles and earth-movers for Domestic and International markets.
- It has a “State of the art” facility for Ferrous casting at Rajpura, Distt. Patiala, Punjab. The plant technology is based on Green Sand technology, the most widely used technology in casting process. The plant achieved COD in July 2014.
- The product portfolio presently includes critical casting components such as Differential Housings, Gear Box Housings, Transmission Cases, and Crank Cases etc. amongst others.
- It supplies parts to renowned companies like International Tractors Ltd (Sonalika International) and Escorts.
- Most of these products have several variants according to the customer demand and specifications.

### 2. Production & Capacity Utilization

The Capacity utilization of the unit is estimated as under:

Particulars	2015-16	2016-17	2017-18	2018-19 (till August)
Capacity (MT)	40,000	40,000	40,000	16,667
Production (MT)	9,207	12,030	15,452	8,289
Utilization (%)	23	30	39	50

The installed capacity of the individual sub units in the production are:

- Induction furnaces – 45,600 TPA
- Core making capacity – 240,000 Nos or 60,000 TPA
- Moulding line capacity – 432,000 Nos or 108,000 TPA.

With bottleneck in melting capacity, the operational capacity is restricted to 45,600 TPA. However, the same is rounded off to 40,000 TPA.

### 3. Quality Certification

The plant is certified with ISO 9001:2015 vide reference no. 0041557-01 dated 9.03.2018, issued by Interek Certification Limited, United Kingdom. The certification is valid till 19<sup>th</sup> January 2019.

### 4. Challenges faced by the company

- **Delay in the stabilization of the plant operations:** The company achieved COD of the project in July 2014. However, from the start of operations the market has been volatile and the company is experiencing financial constraints throughout these years. Post COD of the plant, the company took unexpected time to achieve stabilization in plant operations due to installation of very complex equipment kit.

- **Prototype Development and Sample testing:** Due to delay in COD, the time frame for prototype development and sample testing for a few products was extended. As a result the company was unable to source commercial orders within the timelines as envisaged.
- **Subdued market and macro-economic scenario:** High inflation, higher interest rates, lower industrial growth and lower investments in the country along with the poor global economic conditions were key factors for subdued economic growth.

#### 5. Principal Debt Outstanding

- Debt Outstanding as on 1st September 2018 is given as under:

<b>Particulars</b>	<b>Amount (INR Crore)</b>
Principal Outstanding	363.92
Interest Overdue	147.25
<b>Total</b>	<b>516.57</b>