

buses as well, how will this move impact you?

Unfortunately, electric vehicles don't have a clutch. Of the total CVs, 80 per cent are goods vehicles and 20 per cent are passenger (buses). Of this 20 per cent, 12-13 per cent could be inter-State buses and the rest 7-8 per cent run within the city. So the real threat is on this 7-8 per cent.

Otherwise, if I were a car or two-wheeler clutch manufacturer, I would be worried. That way, it was a thoughtful decision on our part to diversify into supplying clutches for tractors than cars. As far as electric commercial vehicles go from a 10-year-perspective, I would say we are insulated from changes.

How has the



When we envisaged the Lavacast business, the idea was to have a facility which gives us control over a critical part of the clutch. Almost 85 per cent of our castings requirement is now supplied by Lavacast. A total of 60 per cent of Lavacast's capacity is earmarked for us.

Inherently, there are advantages such as raw material security and savings on transportation costs. The third advantage is that this is the state-of-art foundry. So the quality and finish is much better than what we used to get. If I look at costs with interest, depreciation of a new facility, it would not be offering any cost advantage as of now since it was commissioned only two years back.

Utilisation is around 65 per cent in the just concluded year. Next year, we will hit around 80-85 per cent utilisation at which foundries usually make money, which we will make.

You have also begun in-house manufacturing of diaphragm springs. How has it picked up?

About three-fourths of the CVs sold in India continue to use coil spring.

European manufacturers and some Indian makers use it for bigger vehicles. Diaphragm spring is less labour-intensive and operates as use and throw. So if labour costs are high, diaphragm is the way to go. We set up this facility because earlier we were importing diaphragms from Germany to cater to our client's needs. The plant was set up two years back. While the pick-up has been a bit slow due to various testing and validation requirements, we have recently moved to two shifts.

The writer was recently in Kalol, Gujarat at the invitation of Setco Automotive

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NOTICE is hereby given pursuant to Regulation 29 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that a meeting of the Board of Directors of the Company will be held on Saturday, 27 April, 2019 at the registered office of the Company to inter alia consider and approve the audited financial results for the year ended 31 March, 2019.

By order of the Board
P.Sujatha
Company Secretary

Chennai
4 April, 2019

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