

THE HINDU Business Line

Sanmar Engg keen to forge JVs in niche applications

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CHENNAI: Sanmar Engineering Corporation, a clutch of joint ventures of the Sanmar group with various partners, is looking to sew a couple of more joint ventures in niche engineering applications this year.

Sanmar Engineering's operating philosophy hinges on forming joint ventures, usually with world leaders, in niche areas. Today, there are five joint ventures under Sanmar Engineering – with Flowserve, BS&B, Xomox, Tyco and Pacific Valves – each of whom are specialists in their areas.

These joint ventures manufacture specialised engineering products such as mechanical seals, rupture disks and a variety of valves. Now, Sanmar Engineering, which is celebrating its 35th anniversary, wants more such partnerships.

Emphasising on the joint-venture philosophy, despite a few ending in a divorce, Mr Vijay Sankar, Deputy Chairman, Sanmar Group, points out that even in those cases the parting has been amicable. "Today, we have five joint ventures and are looking at one-two more this year.

We have identified certain niche applications and gaps in our offerings." Mr Sankar refused to give more details. Apart from engineering products, Sanmar also manufactures steel castings at its wholly-owned steel foundry in Viralimalai (near Tirucharapalli). It also has foundries in the US and Mexico.

The joint ventures cater to a wide range of industries such as oil & gas, nuclear, petrochemicals, power, pharma and metals. Its clients include Caterpillar, GE, Siemens, Bombardier, Indian Oil, Essar, ONGC and Punj Llyod.

Last year, Sanmar Engineering clocked sales of Rs 1,225 crore, with the foundry business accounting for Rs 750 crore. This year, the company hopes to achieve Rs 1,500-1,600 crore. Business from within India is around Rs 350 crore. "We see strong growth demand in the domestic market going forward. We see a big opportunity in nuclear plants – we are watching how the regulations play out," said Mr Sankar.

Looking to operationalise PVC plant in Egypt

Sanmar Group company, TCI Sanmar Chemicals, is optimistic about Egypt and hopes to start operations at its PVC plant in the country soon. Sanmar had acquired Egypt-based Trust Chemicals Industries (TCI) in 2007 for \$300 million and renamed it TCI Sanmar Chemicals.

Following the political unrest in Egypt, TCI Sanmar shut its caustic soda plant in January this year. The plant was re-opened in March. Mr Vijay Sankar, Deputy Chairman, Sanmar Group, said, "Operations in Egypt continue. There were issues with the revolution, but Egypt is recovering strongly.

We are optimistic about Egypt. We hope to have our 200,000-tonne capacity PVC plant operational soon. We will commission one line of our project this year." The company has incurred debt but Mr Sankar is hopeful of resolving the issue. "Debt restructure talks are on; I am sure the banks will help us as we have not had a single default so far."