

News monitored for: ACMA

COMPONENTS

ACMA Value Chain Summit pits Gujarat as a parts powerhouse

In a bid to create a robust component manufacturing eco-system and supply chain and also draw new investments, apex component industry body brings together all stakeholders in the first-ever Summit of its kind in Gujarat. **Amit Panday** and **Kiran Bajad** report from Gandhinagar.

Gujarat, not so long ago, was billed to be the big challenger to South India, the country's longstanding automotive industry hub. However, after an initial flurry, things did not really take off as the state would have wanted it to. Now, it looks like Gujarat, which already has decent vehicle manufacturer footprint, is putting its shoulder to the wheel to ensure it stands out on India's automotive firmament. And it is going all out to ensure it develops a strong, component supplier eco-system – a vital cog in the automotive scheme of things.

On May 18-19, the Automotive Component Manufacturers Association of India (ACMA) hosted the ACMA Value Chain Summit in Gandhi Nagar, Gujarat, that brought vehicle manufacturers, component suppliers and key government officials, along with other service providers on a common platform to discuss opportunities and future growth challenges.

Gujarat-based OEMs are witnessing a spike in their operations due to the uptick in domestic and export markets. Tata Motors, the first carmaker to head to Gujarat, is



reportedly operating at full capacity after the success of its Tiago hatchback. And, to cater to EESL, Tata Motors even rolled out the Tiago-based Tigor electric compact sedan from its Gujarat plant.

Suzuki Motor Corporation's plant in Gujarat, which currently produces 250,000 units per annum, is also running at full capacity. Plans are now to expand capacity with two more assembly lines of 250,000 units each, augmenting total production capacity to

Vijay Rupani, chief minister of Gujarat: "The state has attracted over US\$ 2 billion of investment over the past few years. We expect this number will touch US\$ 3.2 billion by 2020."

750,000 units by 2020. Reportedly, the fourth assembly line of similar capacity is still under review.

Meanwhile, Ford India, which exports cars to over 50 markets globally, has emerged as India's leading car exporter. According to the company, its engine plant in Sanand is the lead global manufacturer for a new family of engines and the made-in-Sanand Freestyle was the first global product, which was launched in India before any other market globally.

More recently, China's SAIC via its British brand MG Motors became the latest carmaker to enter the state.

India's top two two-wheeler manufacturers also have their plants in Gujarat. While Hero MotoCorp is consistently ramping up capacity at its Gujarat unit, Honda Motorcycle & Scooter India (HMSI)'s scooter-only plant in Vithalapur is a world-first scooter plant of its scale (1.2 million units per annum) to have reached its peak capacity in about six

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Maruti Suzuki's Kenichi Ayukawa: "We are setting up an International Automotive Centre of Excellence along with the state government."

months of its operations. Honda is now learnt to be looking at the potential of laying down a third assembly line at its site.

Given these activities, Gujarat has become one of the top destinations for automotive investments in India. Several component suppliers have expressed their interest in setting up production / assembly units there. However, many told *Autocar Professional* that the business case of setting up plants in Gujarat would largely depend upon the size of orders from the OEMs based in that state.

The ACMA Value Chain Summit was inaugurated by Vijay Rupani, chief minister of Gujarat, in the presence of MK Das, principal secretary, Industries and Mines, government of Gujarat; Kenichi Ayukawa, CEO, Maruti Suzuki; Anurag Mehrotra, president and MD, Ford India; Minoru Kato, president and CEO, HMSI; Thomas Flack, chief procurement officer, Tata Motors; NK Minda, president, ACMA and Vinnie Mehta, secretary general, ACMA. While the inaugural session was attended by over 250 business delegates, about 125-140 component manufacturers showcased their latest products and technologies at the event.

In his opening remarks, Minda called the industry performance in FY2018 as the best in the last few



HMSI's Minoru Kato: "Gujarat provides excellent infrastructure and power, and is emerging as a key investment destination."

years. "Total vehicle sales are up 15 percent YoY. The auto industry has reported sales growth from 25.3 million units to 29 million units. It is estimated that the component industry has shown growth of about 17 percent last year. We are now at a turnover of US\$ 43.5 billion and our exports have grown by over 20 percent from US\$ 11 billion," he said.

Commenting on the growth opportunities in the state, he said, "Gujarat has seen investments from OEMs such as Maruti Suzuki, Tata Motors, Ford India, HMSI, Hero MotoCorp and MG Motors India. However, investments from component suppliers still need to catch up. It is in this context we have the ACMA Value Chain Summit, the first joint event co-organised by OEMs and component suppliers. Our intent is to create a forum that can enable an auto component investment



Tata Motors' Thomas Flack: "Now is the right time (for component suppliers) to act and invest in the growing market."

The Summit was held at Mahatma Mandir in Gandhinagar. The convention centre is the largest of its kind in India, and can handle movement of up to 15,000 visitors.



ACMA's NK Minda: "We are keen to set up a Centre of Excellence in Gujarat, similar to that in Sonapat, Haryana."

pool in the state, create a robust automotive ecosystem including Tier 2, more importantly connecting Tier 1 to Tier 2 suppliers. We estimate that over 120 companies are interested in setting up operations in Gujarat (depending upon business and orders)."

Minda underlined the importance of support service providers such as organisations that can provide skilled labour, land and building, infrastructure, logistics services and others that help drive smooth functioning of the industry.

"I request the chief minister to create a joint forum of OEMs present in Gujarat together with ACMA and the concerned government departments, which could periodically review the state of the industry and resolve any challenges that the industry could be facing from time to time," he said.

In the context of the



Ford India's Anurag Mehrotra: "Along with our Tier 1 suppliers, we have already invested more than Rs 1,400 crore in the state."

availability of skilled labour, Minda added, "To support the OEMs and Tier 1, 2 and 3 suppliers, ACMA has launched several programs for skills and competency enhancements, which is the biggest challenge of Tier 1 and 2 suppliers. We are creating an ACMA Center of Excellence in Sonapat (Haryana) along with IIT Delhi and AOTS of Japan (The Association of Overseas Technical Cooperation and Sustainable Partnerships) and wish to replicate the same in Gujarat in the near future."

Giving his perspective on the growth momentum, HMSI's Minoru Kato, who lauded Gujarat's infrastructure, said, "The two-wheeler industry in India is growing rapidly and it is our responsibility to sustain this growth momentum. Gujarat has set a good example by creating a business conducive environment. The state provides excellent



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INTERVIEW KIRTI RATHOD, CHAIRMAN, DELUX BEARINGS

How do you view the ACMA initiative of holding the Value Summit in Gujarat?
This Summit has been well crafted with long-term value for everyone. Being the first of its kind event, it has certainly made an impact. I believe we need to have multiple events like this with larger engagements helping all the stakeholders including government, OEMs, suppliers. ACMA has taken holistic efforts in organising this event by bringing all the key companies here; this needs to be further built upon for larger benefit of the industry.

How is the level of participation?
Given that this is the first year, the participation has been overwhelming. The number of exhibitors is more than what was anticipated, indicating an interest among automotive suppliers. This has made a huge difference with not just suppliers but also service providers (who were not members earlier and now have become ACMA members) helping them to

get the right platform. Service providers are an important partner for the automotive industry. For example, logistics providers, insurance, finance and real estate are a major enabler for developing an automotive ecosystem. I am extremely happy to see the response from everyone for this summit.

What is your opinion of Gujarat as an emerging auto hub?
In Gujarat, passenger car, two-wheeler and some tractor manufacturers are already present. This will continue to grow as these companies including Ford India, Maruti Suzuki and even Tata Motors have laid out their expansion plans. This makes the presence of Tier 1 and Tier 2 suppliers a growing one and some are trying to get into the state. A few companies have already expressed interest to expand in the state. This clearly indicates that there is a large potential for growth in the state. Gujarat has a port, which makes export



'OUR EXPERIENCE HAS BEEN POSITIVE BECAUSE THE GOVERNMENT IS BUSINESS-FRIENDLY AND THERE IS A DEVELOPING ECO-SYSTEM IN GUJARAT.'

an important part of a company's strategy; the government is also working with the automotive industry to attract more investments. Of course, the automotive industry being a huge employment generator helps in drawing the focus of the government.

Delux Bearings has been present in Gujarat for a long time. Are you looking to expand your footprint there?

We have one plant in Gujarat, which began operations in 1998; since then, we have grown significantly. The reason for our growth is the abundant engineering skills available in the state. The Gujarat plant has been recording over 15 percent growth annually in the past five years; we expect it to grow by nearly 25-30 percent in the next 2-3 years. Demand is growing as new customers - both Tier 1s and OEMs - have come up in the state. We have made a considerable investment in the plant and aspire to be Maruti Suzuki supplier at the Tier 2 level. Currently, we are a Tier 2 supplier to some of Maruti Suzuki's products and want to expand the numbers of products we make for the company. In the past five years, we have invested Rs 30 crore in Gujarat and have a total of 125 people working at the plant. We make nearly three million

bearings per year; this will go up to five million by December 2019. Our experience has been positive because the government is business-friendly and there is a developing eco-system in Gujarat.

What, according to you, are the key challenges in Gujarat? Those that it needs to address to further accelerate growth of the automotive industry?
The state government is working in the right direction to help the industry in every aspect, not just faster clearance but also investing in the infrastructure. There is also industry-academia collaboration with an educational curriculum model developed for industry requirements. Even Maruti Suzuki has announced an investment in creating a centre of excellence in Gandhinagar. This will make the right impact for the state in terms of OEMs' commitment to be longer-term players in Gujarat. **KIRAN BAJAD**

infrastructure and power availability and is emerging as a key investment destination."

HMSI, along with its supplier base, has brought investments of over Rs 2,500 crore in and around Vithalapur. According to Kato, HMSI is a leader in Gujarat. "We have a market share of about 43 percent here. We are following a 2020 strategy, which involves concrete plan of being the leaders in quality and quantity in the India market," added the top boss at HMSI.

Anurag Mehrotra, MD, Ford India called upon the suppliers to invest in technology, R&D and scale. "We have a world-class facility in Sanand. We have

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over 18 suppliers onsite in Sanand with us to support our vehicle manufacturing operations. Along with our Tier 1 suppliers, we have already invested more than Rs 1,400 crore in the state and we have delivered direct / indirect employment to 1,000s of people. Thanks to the auto component base in Gujarat, Ford already procures over 45 percent of auto parts from within the state," he said.

Meanwhile, Thomas Flack of Tata Motors stressed the need to invest or stay invested in the India opportunity at the moment. "Tata Motors changed the automotive landscape of Gujarat. The company is working on its

FORD INDIA, WHICH HAS 18 SUPPLIERS ONSITE AT ITS SANAND PLANT, PROCURES OVER 45 PERCENT OF AUTO PARTS FROM WITHIN GUJARAT.

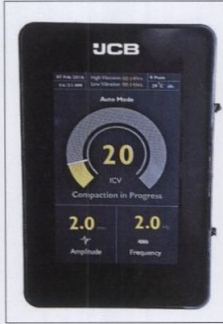
turnaround strategy and the results can be seen. We have the largest supplier base in India. We study the micro, macro and even geopolitical factors to understand where the market is heading. And we understand that now is the right time (for the suppliers) to act and invest in the growing market. This is not just the number three (passenger car) market in the world, it is bigger than that. These are exciting times in the industry," added Flack.

Kenichi Ayukawa of Maruti Suzuki India, who called Gujarat as the land of vast opportunities, called for gearing up for the bigger challenges. He underlined the need for skilled labour

and creating a conducive environment for people to migrate for work with families in Gujarat as the state is set to grow in terms of providing employment opportunities with large-scale investments. "The state has good infrastructure, ease of doing business environment and proximity to the ports. Notwithstanding all upcoming plants, we have to now address the next level of infrastructural challenges that we are going to face. We need a large pool of skilled manpower to support the industry growth momentum. We need to develop settlements with facilities to make them livable. Maruti Suzuki is

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setting up schools and hospitals for public needs in this state. We are also setting up an International Automotive Centre of Excellence along with the state government. The facility will be ready by 2019. We seek the support from the state government for the same," he said.

PRICOL SHOWCASES LATEST PRODUCTS AT ACMA SUMMIT

Pricol, the Coimbatore-based Tier I supplier displayed its varied range of products including connected, digital clusters, sensors and fuel pumps at the ACMA Summit. Bullish on demand to its products across segments, the company is currently working to set up three new plants in Manesar, Sricity, and Hosur; all three will commence production by the second quarter of FY2019. The company has a strong order book up to 2020.

While the Manesar plant will make powertrain products like oil pump, water pump, auto fuel cock and fuel level sensors, the Hosur plant will be a dedicated plant for TVS Motor's two-wheelers. The Sricity plant will cater to Pricol's customers based in South India.

On display in Gandhinagar was Pricol's new and first-of-its-kind connected cluster fitted on the TVS N-Torq 125cc scooter. The cluster can be connected to a cellphone

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through Bluetooth to take phone calls, sends SMSs and to view other vehicle-related information. This product has generated considerable attention in the industry and Pricol is already working with 3-4 major two-wheeler OEMs on similar connected cluster concepts.

The company has been focusing on the two-wheeler, commercial vehicle, agriculture and construction equipment segments for different clusters. Electric vehicles are also a growth area. Pricol has been making clusters including LCD and TFT type for EVs for some time now. These clusters do not have a fuel gauge, which is replaced by a battery/charge level indicator and other control indicators. Work is also underway with different customers' Body Control Modules which control a vehicle's entire electronic load through smart switches.

Pricol is also working on a tilt sensor for BS VI-compliant vehicles. This helps in shutting off the fuel in the event of the vehicle falling or skidding through a signal to the ECU which stops the fuel flow.

ENGINE ELECTRONICS TO FUEL GROWTH FOR INDIA NIPPON ELECTRICALS

India Nippon Electricals Ltd (INEL) is among very few homegrown companies

Pricol showcased its reconfigurable cluster it has made for JCB, and the connected cluster used on the TVS N-Torq 125cc scooter.

which develop engine electrical and electronic parts in India. The rising share of electronic content in vehicles, specifically around the engine area as a result of rapidly evolving consumer expectations and the incoming regulations (BS VI, safety, RDE and others), will directly drive growth for the company in foreseeable future.

Speaking to *Autocar Professional*, Ravinder Sharma, CEO, INEL said, "We supply engine electrical and electronic parts to two-wheelers, three-wheelers and general-purpose engines. We specialise in the engine electrical and electronics domain. We supply engine ignition system that includes magnetos, ignition coil, rectifier, regulator assembly, CDI, TCI and others. We also make some controllers and sensors. We have now also developed an EFI (electronic fuel injection) system."

About four years ago, INEL entered into a technical pact with a European company Athena, a known name in the ECU development domain. INEL has developed the EFI system under support from this alliance. "We have a technical arrangement with them. However, internally, we have our own R&D facilities as well. We are also working with a few customers in India on the development of EFI systems," said Sharma.

It is understood that all two-wheeler OEMs will have to source EFI

systems for motorcycles and scooters to ensure adherence to BS VI emission norms from April 2020. The market size of two-wheelers by then is estimated to be more than 22 million units, pointing at a large-scale requirement for EFI systems (and assemblies) in India. This is a huge opportunity for suppliers of components required for the EFI system. However, despite such large-scale opportunity, INEL plans to approach the market softly.

"There are many big players in the EFI space. So, major customers are expected to source from them. We plan to enter this market in a humble way. The company will target somewhere between 5-10 percent of the overall demand for EFI systems initially," underlines Sharma.

Nevertheless, INEL's CEO aims to bank upon his company's core strengths – agility and strong technical support. "Our USP will be the flexibility that we plan to offer to our customers. Not only supplying the entire (EFI) system but we plan to give them (customers) the liberty to select the sources (suppliers of smaller parts that go in EFI assembly) and we will integrate (entire EFI assembly) for them. I am hoping that this will encourage the customers in terms of cost reduction," Sharma explained.

Typically Tier 1 suppliers, who are fast becoming aggregators, look at supplying an entire system or assembly (of small parts) to the OEMs. Nevertheless, INEL, in this case, aims to let the customer decide who they would like to source the smaller EFI parts such as throttle bodies, temperature sensors, fuel pumps, injectors and lambda sensors and others. This is understood to save costs for the OEMs, who are already expected to keep

India Nippon Electricals' Ravinder Sharma says the company is evaluating the feasibility of setting up a plant in Gujarat.



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stringent checks on the rising costs under the BS VI program.

"I think the OEMs will look at ways to control rising costs under the incoming BS VI regime. This approach aims to help them in the same. However, there are times when the customer(s) tells us who they have chosen for sourcing specific parts. So in that case we can source those specific parts from respective suppliers and integrate the entire system for them," adds Sharma.

To ensure smooth integration, the company is now investing an undisclosed sum in setting up what it calls a world-class R&D centre in Hosur. According to Sharma, the planned unit will have emission analysers, chassis dynamometers, and other capital-intensive critical testing and validation equipment.

Revealing INEL's plan, Sharma stated, "The idea here is to offer support to the customer (on advanced engineering, product evaluations) so that we can jointly do the testing and validation thereby saving costs and time. It is scheduled to come up later this fiscal. R&D will drive the growth in future. We are a homegrown technology driven company. Our core focus areas are automotive electronics and software."

INEL employs a mix of engineers in software, hardware and electronics domains. The company has manufacturing footprint across four locations with main R&D center and mother manufacturing plant in Hosur. Other units are located in Pondichery, Revari (Haryana) and Kolhapur.

With increasing demand for electronic parts, capacity expansion is also on cards for INEL. Sharma says there is enough land bank across all locations to accommodate the same. INEL's current manpower

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across all locations is about 1,500 people.

"We have also developed integrated starter generator system (ISG). It is already under testing stages. ISG and EFI systems will be two main vehicles of growth for us in the near future. We make speed sensors, temperature sensors, pressure sensors and of other types. That is also an opportunity area for us. We make ECUs are biofuel engines for three-wheelers and Greaves Cotton is a major customer in this space. We are expecting FY2018-19 to be a good year with double-digit growth," estimated INEL's CEO.

INEL is also evaluating the possibility of setting up a plant in Gujarat. However, as per the senior official, this depends upon the orders from the customers based in the state. "The feasibility study is underway," signed off Sharma.

FAURECIA DISPLAYS COCKPIT OF THE FUTURE

Faurecia's interior systems business division displayed its cockpit of the future concept at the event. Called 'Intuition', Faurecia's flagship demonstrator, which was brought from Europe for display in India, showcased an entire dashboard with integrated instrument panels, center console and other components that surround the interior system.

"By showcasing Faurecia's Intuition

L-R: Vidyadhar Limaye, director, Faurecia Interior Systems India with the flagship demonstrator 'Intuition'; the cockpit of the future concept also drew Maruti Suzuki India CEO Kenichi Ayukawa's interest.



demonstrator, we are trying to show how Faurecia is preparing to be a complete integrator and supplier of different technologies, of the entire cockpit of the future," Sameer Raina, engineering director - India and Thailand, Faurecia Interior Systems, told *Autocar Professional*.

He added that Faurecia, globally as well as in India, is trying to align its strategy towards moving from being a commodity-based supplier (supplying parts such as door panels, center consoles, instrument panels and others) to becoming a technology company.

In India, the company aims to position itself as the only supplier with the required capabilities to help the carmakers transform automotive interiors in their respective products in line with the rapid transformation. Faurecia is aggressively working on its R&D on interior systems that include connectivity, human machine interface, integration of electronics and other complex domains.

"In five years from now,

the interiors of the vehicles won't be what they look like today. We will have bigger display units. We have seven-inch display units currently. We will have nine-inch touchscreens in two years," he added.

Faurecia, which has worked with Tesla and China's Byton on advanced interior systems globally, has developed some affordable, innovative solutions for India market. "The innovative air-vents and armrests are built to suit the requirements here," said Raina while demonstrating an armrest with an invisible tissue holder.

Offering a space saving solution, it is yet to be commercialised, he disclosed.

Faurecia now has more than 600 R&D engineers at its Pune facility, which caters to the company's interior and seating business divisions. The R&D unit on clean mobility, on the other hand, is based in Bangalore.

PRABHA ENGINEERING EYES OEMS IN GUJARAT

The 60-year-old, Mumbai-based Prabha Engineering, which makes wiper systems, windshield washer systems, industrial motors, mechanical products and switches for passenger car, CV and construction equipment manufacturers is eyeing business from OEMs in Gujarat.

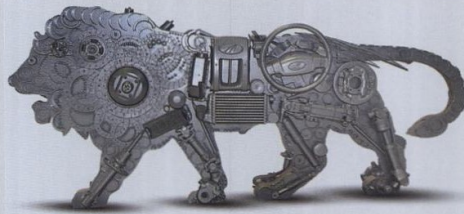
At present, the company currently has one customer

Prabha Engineering's windshield washer system.



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SUPPLIERS WHO PARTICIPATED IN THE SUMMIT



TIER 1 SUPPLIERS

- Anand Automotive
- Asahi India Glass
- Deluxe Bearings
- Goldseal-SaarGummi India
- Hitkari Hitech Private Ltd
- JBM Group
- Kinjal Industries, Rajkot
- Lumax Industries, Delhi
- Microsign Products, Bhavnagar
- Minda Industries
- NRB Bearings
- New Swan AutoComp
- Paracoat Products
- Rockman Industries
- Setco Automotive
- Subros Ltd
- Tata AutoComp Systems
- Texspin Bearings
- Aisin Automotive
- Swastik Metal Industries
- Autolite India, Jaipur
- Best Koki Automotive
- Bohra Rubber Pvt Ltd
- Faurecia Interior Systems India
- Gestamp Automotive
- Hella India Automotive
- India Nippon Electricals
- JK Fenner India
- KSS Abhishek Safety Systems
- Machino Plastics, Gurgaon
- Mark Exhaust Systems

- Pricol Ltd
- Rane TRW Steering Systems
- TRW Sun Steering Wheels

TIER 2 SUPPLIERS

- ANS Steel Tubes, Ahmedabad
- Harsha Engineers, Ahmedabad
- Investment & Precision Castings, Bhavnagar
- Techno Auto Products, Kalol
- Abilities India Pistons & Rings, Ghaziabad
- Besmak Components, Chennai
- Hindustan Composites, Mumbai
- Jumps Auto Industries, Gurgaon
- Steelbird International
- Stork Rubber Products
- Sundaram Auto Components, Hosur
- Timex Group Precision Engineering
- Roop Automotive, Manesar
- Kulkarni Engineers, Pune
- Perfect Polymers, Rajkot
- Integra Automation, Coimbatore
- KS Precision Components, Ghaziabad
- Sanjay Techno Products, Aurangabad

A wiper motor from Prabha Engineering which currently supplies to Atul Auto in Gujarat. Now, it is keen to expand its clientele in the western state.



from the state – Atul Auto – with limited volumes. Now with Gujarat drawing more OEMs, Prabha Engineering is keen to expand its footprint there. The company's presence at the Value Chain Summit saw some OEMs evince interest in its products. The company is bullish about winning new business and has a strong order book for the next 2-3 years.

Prabha Engineering's domestic business primarily consists of supply of wiper systems and windshield washer systems to major customers including Mahindra & Mahindra, Tata Motors, Ashok Leyland, Daimler India Commercial Vehicles, Force Motors and construction equipment suppliers like JCB India and Kobelco.

Mahindra & Mahindra is its single largest customer to which it supplies windshield washer systems for its UVs and CVs. "We are aiming to become the largest supplier for the wiper systems to M&M with our new technological products," says Shrikant Chaphekar, managing director, Prabha Engineering.

In 2015, Prabha Engineering signed a technical tie-up with DYAuto of South Korea, which caters to the global car market. With this new partnership, the company, which is traditionally strong in the CV and construction equipment industry, is now targeting the passenger vehicle segment in a big

way. After two years of development process, Prabha Engineering has developed a new product for passenger cars in India and also secured new business from a local OEM, for which supplies are likely to commence from September 2018.

"In India, our wiper system motor is the smallest with unique features and the only one of its kind available in the market for the CV segment. We are now getting PV technology to CVs, thus offering superior value to our customers," says Chapekar.

Prabha Engineering aims to capitalise on the technology from DYAuto to become a global supplier of windshield washer systems for CVs. To further cater to growing demand, the company which has a plant in Mumbai opened a new plant in Pune in early 2018 with production capacity of 700,000 motors per annum.

Prabha Engineering says it has an edge in India as there are very few domestic players in the product segment with local technological capabilities in wiper systems. The company competes with global Tier I suppliers like Bosch and Denso.

ALFA RUBBERS LOOKS TO BOND WITH TIER 2 SUPPLIERS

Chennai-based Tier 2 supplier Alfa Rubbers was among the many exhibitors trying to reach out to its customers for new business at the Value Chain Summit. The company makes precision moulded rubber components like O-ring, fuel seal, grommet, bush, gasket, rubber seat, washer, diaphragm layer, rubber cap, boot, collar, painting mask, rubber-to-metal-bonded components. The company, which supplies to the motorcycle, passenger car, agriculture, defence, aerospace and general engineering sectors, sees

OVER 120 AUTO COMPONENT SUPPLIERS ARE INTERESTED IN SETTING UP OPERATIONS IN GUJARAT BUT THEIR INVESTMENT WOULD DEPEND ON BUSINESS FROM GUJARAT-BASED OEMS.



TRW Sun Steering Wheels' latest products for Ford India and Mahindra & Mahindra.

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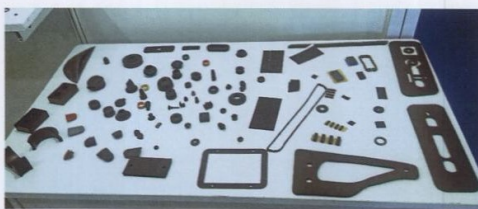


JK Fenner (India) displayed a range of engine seals (above) along with other products to gauge interest from OEMs.

the automotive sector contribute nearly 70 percent of its total business.

Speaking on the company's participation at the Summit, Srikanth Krishnamurthy, director and CEO, Alfa Rubbers, said, "Over the past few years, we found that customers want their vendors to be close to them. Tier 1 suppliers takes the lead on behalf of Tier 2 supplier. As a result, they are willing to buy products from us from any part of the country. The participation in this show is an attempt to reaching out to our Tier 2 suppliers. We are capable of supplies to our customers anywhere in the country," says Krishnamurthy.

With over three decades of experience in making rubber parts, the company has developed an acute understanding of the applications and formulation of rubber specific to the auto industry. Krishnamurthy expects the rubber industry to continue to grow as there is need for rubber in almost every industry, particularly the automotive sector.



Tier 2 supplier Alfa Rubbers said its participation at the Summit was an attempt to reach out to Tier 2 suppliers.

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30 SECONDS ON... FORD INDIA'S 4-PRONGED STRATEGY

FORD INDIA'S VISION of becoming the most trusted automotive and mobility solutions company has a four-pronged strategy. Here's how Anurag Mehrotra, resident and MD, Ford India underlines the importance of suppliers under each pillar. Excerpts from his speech.



Strong brand: Quality is among the top three reasons for purchase by customers. As 40 percent of the value added to the car lies in the Tier 2 and 3 segments, the competitiveness of the auto industry depends upon the ability to improve quality, deliveries and efficiency in these segments. Often, this lack of quality is a function of the talent in the Tier 2 and 3 segments. If we don't raise the benchmark on quality, the orders based only on the costs won't last long. In that case the suppliers from China will win that game. I need your help in raising the stature of the (made-in-) India brand globally.

Right products: Besides co-creation / development work at the design phase, there should be shared manufacturing strategies. For example, just-in-sequence deliveries and joint testing can also provide great opportunities for OEMs to co-create with their suppliers.

Competitive costs: Today we have over 85 percent localisation at Tier 1 but only 60 percent localisation at Tier 2. This also means that suppliers are importing more components than OEMs are. This drives up our costs and impacts business viability. We intend to be well over 90 percent localised in our next-generation products. We strongly encourage you (Tier 1 suppliers) to push your supplier base (Tier 2 and 3) to increase their

local content. ACMA data suggests that Indian OEMs will continue to import auto components worth US\$ 35 billion against exports of US\$ 30 billion by 2021. I don't accept that as part of this industry. This needs to change as this will hurt India's competitiveness as a global source of manufacturing. I urge you to push the envelope on Tier 2 and 3 suppliers to localise and continue to reduce costs. This will also build capability.

Effective scale: This is about driving economies of scale. I would encourage our suppliers to invest in embracing technology more aggressively. One of the reasons why we as OEMs source from global suppliers is because of the availability of technology. If Indian suppliers can invest in technology and scales, it will be a win-win for all of us. For example, invest in the electronics domain. With significant increase in the electronic content in vehicles, building supplier capabilities in electronics is a phenomenal opportunity. Indian suppliers do need to move away from build-to-print models by acquiring R&D and design capabilities. The average expenditure on R&D and capabilities in Indian auto firms range from 0 to 2 percent annually versus five percent for the global players.

Trends that will shape our future and your business model:

Electrification: Global move towards EVs will generate new opportunities for suppliers. It's a huge ocean for you to play in.

Autonomous vehicles and connected cars: These will have a significant impact on component suppliers. How suppliers add software and integration elements to their offerings will be critical. Historically, you have been very good and focused on the innovation and design on mechanical side. Building capabilities to develop software and its integration with hardware will become the backbone of connected car components.

Rising complexity and cost pressures: There will be more platform sharing and more modular systems. With the need for differentiation, gaining ground and growing number of derivatives that we as OEMs will bring to the market will increase complexities for you. Then, we have a dynamic regulatory environment, which is pushing the OEMs to develop alternate powertrains to lower vehicular emissions. All this will add up to complexities and costs, which cannot always be passed on to price-sensitive customers. This is where the pressure is going to be and this pressure is going to come to you.

AMIT PANDAY