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GAINING A SUSTAINABLE EDGE IN THE GLOBAL COMPONENT INDUSTRY

By Arvind Balaji, President, ACMA

INDUSTRY OVERVIEW

The automotive sector has emerged as a bellwether of the Indian economy, which is a point beyond dispute. The well-developed Indian automotive industry today produces a wide

variety of vehicles — passenger cars, light, medium, heavy commercial vehicles, multi-utility vehicles, two wheelers, tractors and other off-road vehicles, while the Indian auto component sector manufactures a complete portfolio of products which include engine parts, drive transmission and steering parts, body and chassis, suspension and braking parts,

equipment and electrical parts, besides others. In FY15, the auto component industry scaled a turnover of USD 38.5 billion, growing 11 per cent over the previous year while exports touched USD 11.2 billion

The ‘Make in India’ campaign of Prime Minister Narendra Modi is designed to facilitate investments, foster innovation, enhance skill development, protect intellectual property and build best-in-class manufacturing

supply chain in India.

Indian suppliers are also well positioned to capture global opportunities either through exports or overseas operations. Several pockets are attractive ‘where to play’ opportunities both for existing components and new components arising from technology discontinuities, scaling up operations and further improving quality, cost and delivery performance to remain globally competitive. However, this would require smart choices on the model to globalise and targeted investments in capability strengthening.

According to the Automotive Mission Plan (AMP 2026), which is a holistic growth model for the automotive industry, the component industry would reach a size of USD 200 billion by 2026 backed with strong exports ranging between USD 70-80 billion.

MAKE QUALITY AND TECHNOLOGY IN INDIA

This year the auto component industry has adopted the theme ‘Make Quality and Technology in India’ where it endeavours to focus on strengthening the capabilities for new product

variety of vehicles — passenger cars, light, medium, heavy commercial vehicles, multi-utility vehicles, two wheelers, tractors and other off-road vehicles, while the Indian auto component sector manufactures a complete portfolio of products which include engine parts, drive transmission and steering parts, body and chassis, suspension and braking parts,

with a CAGR of 29 per cent over a period of six years. The industry contributed 25.6 per cent to the manufacturing GDP and 3.8 per cent to National GDP, providing direct employment to 1.5 million people.

OPPORTUNITIES FOR FOREIGN PLAYERS VIS-A-VIS ‘MAKE-IN-INDIA’

infrastructure within the country. This has brought in a fresh round of excitement within the manufacturing industry in the country. Several OEMs – Hyundai, HMSI, Hero and many others have announced fresh investments or expansion plans in light of the ‘Make in India’ program. This will lead to further deepening of the automotive



development, improving quality standards, progressive technologies for meeting the emission and safety standards, upgrading people skills to support domestic and global expansion of OEMs, building auto-electronics manufacturing capabilities, embracing digital technology in manufacturing to transform productivity thus enabling the Industry and India become an attractive destination for investments.

This calls for a more collaborative approach between the various stakeholders of the value chain i.e. component manufacturers, OEMs, Machine Tool Suppliers, the raw material industry and the government.



Indian suppliers can capture global opportunities

If we have to grow from being locally competitive to globally competitive, our relationship must graduate from being transactional to a symbiotic one.

LOCALISE

‘Make in India’ presents not only an advantage for Indian players but also those who are mulling business opportunities with Indian auto component makers. Global players can partner with Indian firms, which

possess the local resources and combine it with their global expertise to develop products and produce not only for the domestic market but also for the world.

For Indian players who want to succeed in the growing and competitive market, they need to overcome the key challenges of limited R&D investments, relatively less matured ecosystem e.g., tooling, volatility in input costs, expensive funding costs, infrastructure bottlenecks, lower productivity and flexibility in labour, limited talent pool, etc.

Furthermore, operations excellence, product and extraneous risk management, cash flow and funding, professionalised customer interface, and talent management are critical functional imperatives for Indian suppliers to successfully globalise.

Ensuring skill development of the existing talent pool, upgrading the capabilities of Tier IIs and Tier IIIs, and strengthening India’s competitiveness as an investment destination for manufacturing by improving ease of doing business must also be addressed.

STRATEGIES FOR LONG TERM SUSTAINABILITY – THINK LOCAL, CONNECT UNIVERSAL

Today, auto component companies have substantial prospects to take the giant leap. On one hand the domestic market is attracting more OEM players who have a strong need for localization. On the other recession afflicted global markets are looking for low cost vendors to optimize their operations. At this stage, acceptance of a strategic move

is critical to be able to drive the opportunity wave. Thus Indian auto component players need to re-align their strategies and operations to undertake the following:

- Initiate Quality-Cost-Delivery (QCD) developments – This is critical to continue to be the supplier of choice for existing customers as well as attract new automotive OEMs.
- Re-position export policies – By concentrating on established automotive markets Indian auto component companies can influence the increasing drive to source from low cost destinations. In parallel, mounting export affiliations/partners in evolving automotive markets will aid reducing the risk and cultivate the exports trade.
- Procure new businesses in India – The extremely budget sensitive automotive market tied with a high grade of competitive strength, is forcing new MNC performers to upsurge localization.
- Search non-automotive sections – What began with a top Indian auto component player’s diversification from automotive forgings to aerospace and other high technology sectors has now gained momentum.

Once achieved, the growth in the auto component industry is imminent. The future of the industry is bright with automotive industry emerging as an engine of India’s economic growth.





IN CONVERSATION WITH **BADRI VIJAYARAGHAVAN**

EXECUTIVE DIRECTOR, BRAKES INDIA LIMITED

We caught up with Mr Vijayaraghavan to know how Brakes India and other TVS group auto-components companies are bringing cutting edge technology to India

The Auto Expo – Components show is packed with exhibitors from all over the world. How do the TVS group companies differentiate themselves in this competitive space?

Our stall is one of the biggest — that's one way in which we have tried to set ourselves apart! TVS has always recognised the importance of the Auto Expo – Components show as an effective platform to display our strength in the auto components space, and this year is no different. We have worked hard to bring all our group companies and their exhibits under the 'TVS' brand and create a consistent branding and design image for our patrons and visitors alike.

We have a range of companies from Lucas-TVS to Turbo Energy Private limited who are exhibiting everything from wiper motors to turbochargers.

The other way in which TVS differentiates itself from others is the understanding of the Indian market and how we utilise that knowledge. Everybody in this industry is following quality standards and spending large amounts of money in research and development, but that is no longer enough to stand out. We are not reinventing the wheel every time we come out with a new product because these products are already available in developed markets. TVS is not in the race to introduce cutting-

edge auto component products from the developed market into the Indian market. Our goal is to take a technology or a component, use our extensive knowledge of the Indian market and then evaluate the ways in which we can adapt this technology so that it suits Indian usage patterns, physical conditions and material availability.

Is there an underlying theme for this year's TVS group pavilion?

Yes, we are following three broad themes for our products, not only for the Auto Expo, but also for our future vision plan which we are committed to. These are lightweighting, fuel efficiency, and safety and comfort.

Lightweighting is our endeavour towards reducing the size of our components to be a better fit in this world of downsized engines. We are making our starter motors smaller and shaving off weight from them while ensuring that they meet their performance goals. To help OEMs increase fuel efficiency of their vehicles, we are creating control units that consume almost 30 per cent less power than before. These electrical control units not only increase the fuel efficiency by consuming less electricity but also allow them to find applications in segments which hitherto had used only mechanical control units, like three-wheelers.

Safety and comfort is



paramount in today's market. With OEMs constantly trying to decrease noise, vibration and harshness (NVH) levels, we are creating wiper systems with quieter electric motors by using rectangular conductors.

Technology comes at a price and considering TVS is known to be very price competitive, how does the company juggle these conflicting requirements?

Every year, we see new regulations coming into play when it comes to emissions norms and passenger safety. Along with these, OEMs want components to

be even more silent and vibration-free, to keep up with the ever changing customer preferences, leaving us with a problem of conflicting goals, of expensive technology and the adoption of this technology at ever lower price points. This is where we think out of the box. So it isn't merely a question of using the best and the most expensive technology in everything, but to optimally rethink how we can get our products to meet those specifications and functional goals at prices dictated by market forces. For example, electronic parking brakes have been around for a long time now. A manufacturer like Mercedes installs these parking brakes on the rear discs of their cars. However, majority of the OEMs in India produce vehicles with rear drum brakes with which such electronic parking brake technology is not compatible. Hence, Brakes India is, for the first time in the market, introducing electronic parking brakes on front disc brakes that are more suitable for the Indian market. It is such out-of-the-box thinking that allows TVS to stay ahead of the curve in the Indian auto-component space.

Another example is our approach towards reducing emissions and overall fuel

efficiency. With most OEMs introducing start-stop technology and regenerative braking technology in their products, we need to strengthen the electricity generating components like alternators and starter motors. In order to reduce complexity and costs involved, we have introduced Integrated Starter Generators (ISG). ISGs allow quick and multiple starts to support start-stop technology and also work like a conventional alternator by supplying electricity to charge the battery and other electrical devices. The ISG can also generate electricity by deceleration, thus aiding regenerative braking.

Since TVS is always thinking ahead, could you tell us what is next from Brakes India and the TVS group?

Yes, being ready for the future always excites us. We are already working on meeting safety norms which will be introduced in 2017. We have been producing four-, two-, and single-channel Anti-lock Braking Systems (ABS) for four-wheelers for a while, and now we have come up with ABS for two-wheelers, too, which is going to be a mandatory feature by 2017.

At TVS, we are always exploring new technologies that

can be successfully incorporated in our products, which meet our standards and cost targets. 'Make in India' is not a slogan for us, but a philosophy that the TVS Group has believed in for decades now. Whether it comes to forging joint ventures with foreign partners or coming up with revolutionary products from our own research and development division, TVS and its group companies have always endeavoured to stay ahead of the market.



THE BIG GUNS

Each one of these component manufacturers has a big role to play in India. Read on to find out more!



ELOFIC

Elofic was established in the year 1951 and has since emerged to be a brand leader and one of the most reputed names when it comes to filtration products and lubricants. Encompassing a total area of over 50,000 sq. mtrs., its three manufacturing plants are located at Faridabad (near New Delhi), Hosur (near Bengaluru), and Nalagarh, in Himachal Pradesh. It also has oil blending and filter paper impregnation units at Faridabad. Elofic's motto is to work towards a greener environment and avoid wastage of resources, conforming to non-polluting manufacturing techniques and to keep the environment clean and green. Their products include oil filters, fuel filters, air filters, hydraulic filters suitable for automotive, agriculture, industrial, earth-moving, marine, aviation, industrial heating, air conditioning and petrochemical applications. The company has its international warehouse in Milwaukee to serve its international OE customers. Its R&D centre even has the coveted recognition from the government of India.



DURATUF GLASS INDUSTRIES PRIVATE LIMITED



Duratuf is a well-known name, one that's been around since 1992, and this has led it to the enviable position of manufacturing the highest number of glass products in the glass industry. To back that up with a few numbers, Duratuf's present production capacity when it comes to toughened glass comes in at 901,500 sq. mtrs./year, its laminated safety glass comes in at 430,000 sq. mtrs./year, its bullet proof glass comes in at 25,000 sq. mtrs./year, and including all its other

productions, it manages a total of 15,59,500 sq. mtrs./ year. No small achievement, that! Duratuf even has some very impressive clientele, which includes the likes of Volvo, Scania, Tata, Ashok Leyland, Eicher Motors, SML Isuzu, JCBL, ACGL, Voltas, Mahindra & Mahindra, and quite a few others. The really interesting bit was that Duratuf had an example of a glass that had been shot at using real bullets to showcase the effectiveness and strength of their reinforced glass.



VARROC

Varroc had a very impressive stall at the Auto Expo – Components show. The lighting systems company specializes in concept design, research and development and manufacturing of exterior lighting products such as headlamps, signal lamps, auxiliary lamps, projector systems, and electronic control modules. Varroc lighting systems is registered in the Netherlands, and operates in Asia, Europe and North America, with nearly 5000 employees. The Varroc group completed the acquisition of the global lighting division of Visteon Corporation in 2012 and now presents its brand as Varroc Lighting Systems. Some of the examples of Varroc’s products are evident on quite a few of the cars that you see on the roads today. They include the Mahindra XUV500, Tata safari Storme, Mahindra Scorpio, Volkswagen Vento, Tesla Model S, Land Rover Discovery Sport, Dodge Challenger, Jaguar XF, Ford Focus, Range Rover Evoque, Bentley Flying Spur, and many more.



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Garbage to Green
AUTO EXPO GOES GREEN

The good people at Reddonatura have come out with an interesting solution for all the waste that we produce, and it's a very simple, adoptable procedure. Their 'Garbage to Green' initiative involves converting organic waste to compost via fully automatic composting machines. The items you can compost include vegetables, fish, bread, rotis, curry, meat, bones, and garden

waste among many others. The compost machine, which can be placed in the garden or in a field can complete the composting process in 24-48 hours. The best bit is that there are no harmful discharges – only carbon dioxide and water vapour! The organisers of the show brought the composting machines down specifically for the Auto Expo, leaving the fair grounds a greener and cleaner place. Hats off, guys!



ROOTS INDUSTRIES INDIA LIMITED

India is one of those countries that uses the horn more than the brake and it is no surprise that the fifth-largest horn manufacturing company is Indian. Roots Industries India Limited, a four-decade-old company, is now a leading supplier of electric horns to OEMs across the world covering two-wheelers, passenger cars, and commercial vehicles. After establishing itself as the

market leader in India, captive component manufacturing arms to sustain the group's commitment to quality became imperative as market demands grew. Roots Cast, Polycraft and Precision Engineering were the result of this initiative—to remain both, self-reliant and competitive. In time, each of these divisions have grown to build an external customer base

as well. Today, Roots Industrial India delivers over 12 variants of electrical horns and products like automotive lamps, friction products, batteries and reverse sensors. Roots Horns are an integral part of world renowned automobiles such as BMW, Harley-Davidson, Navistar, Toyota, Volkswagen group and many more.

THE DEBUTANTS

These exhibitors might be new to the show, but they're quite interesting nonetheless. Here are just some of the newbies this time



Joy Pack India

Established in 1999, Joy Pack India is one of the leading manufacturers, suppliers and exporters of packaging machines. Their machines are useful for sealing, filling and forming of pouches.



Zhongshan Aokai

Zhongshan Aokai Auto Parts Manufacturing Co., located in Zhongshan (China), is a manufacturer and supplier of carbonfibre accessories and interior accessories for cars.



Coseng Automotive Equipment

Headquartered in Hong Kong, Coseng Automotive Equipment is a manufacturer of high quality tire changers and wheel balancing equipment.



Oulishen

Zhuji Oulishen Car Accessories Factory is a manufacturer of medium and heavy-duty automobile clutch boosters, manual valves, dryers, spring brake chambers and relevant automobile brake products.

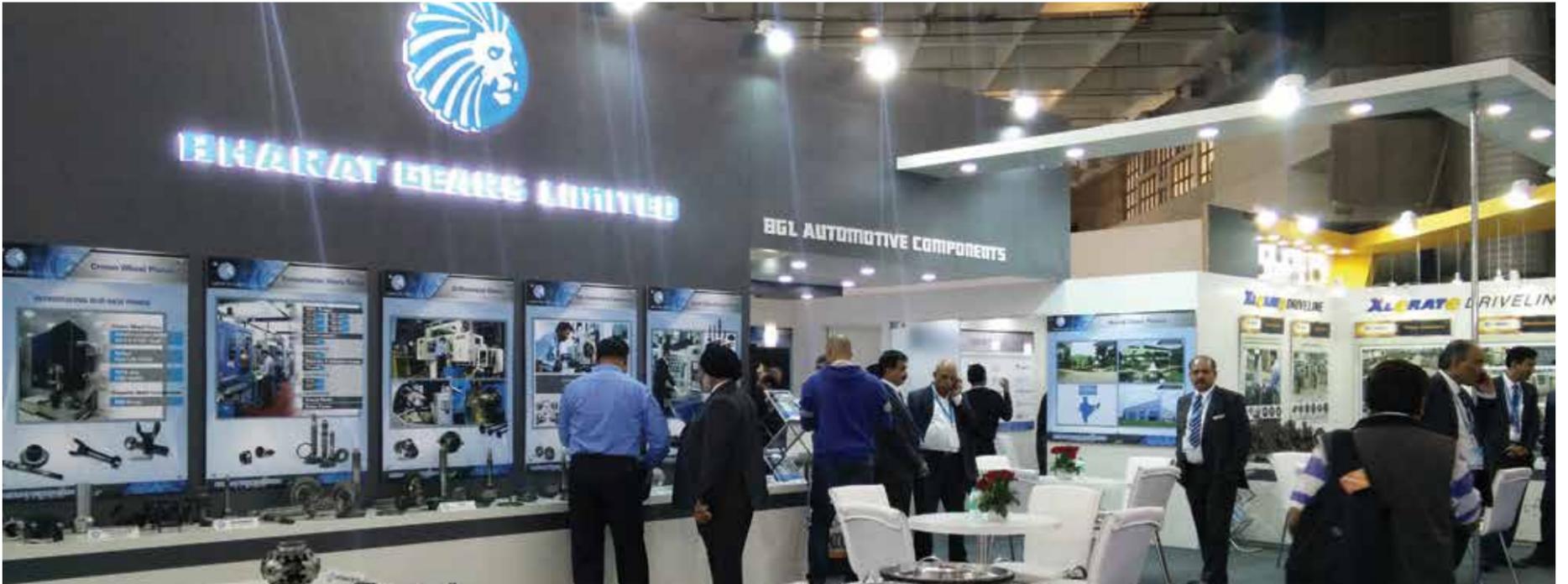


MITTER FASTENERS

Mitter Fasteners, established in 1982, is a leading manufacturer and supplier of nuts, bolts, washers and sheet metal. A clear focus on quality has been the cornerstone of progress at Mitter Fasteners. With four manufacturing plants and dedicated production facility for Zn Plating

(Cr3+), heat treatment and a state of the art metallurgical lab, Mitter Fasteners meets the highest Indian and international standards. Mitter Fasteners produces a variety of components from sheet metal like washers, clamps, clips, cross members and a variety of special components based on its client's

specifications. Mitter Fasteners is a regular supplier to well-known automotive brands like Ashok Leyland, Nissan, Hero, Mahinda & Mahindra, Sonalika International, New Holland, Isuzu SML, TAFE, Minda, and ZF india, to name a few.



BHARAT GEARS LIMITED

Bharat Gears Ltd. (BGL) is India's largest commercial gears manufacturing company and one of the world leaders in gears technology. The company manufactures a wide range of ring gears and pinions, transmission gears and shafts, differential gears, and gearboxes with a focus on the automotive industry. With modern manufacturing facilities at Mumbra near Mumbai (Bombay), Faridabad, near New Delhi and Satara near Pune, BGL is a major

exporter to countries around the world. BGL's customer list includes almost all the players in the automobile industry in the tractors, trucks and buses and utility vehicle segments like Tata Motors, JDEPL, Escorts, Carraro India, Mahindra & Mahindra, JCB, Hero Motors, Axle India, VST Tillers, TAFE, Ashok Leyland, Spicer India and Toyota Kirloskar. For several of their customers, BGL is the single source supplier for gears.



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