

## Anand Automotive to invest Rs.6 bn, set up 13 plants

Despite the slowdown in the automobile sector, automotive components and systems manufacturer Anand Automotive Systems plans to invest Rs.6 billion (Rs.600 crore) to set up 13 plants across India by 2010. It is confident that its order book will help it tide over the current crisis.

The Anand Group, which started operations with the establishment of Gabriel India, the group's flagship company, comprises 18 companies with 44 manufacturing locations currently.

'We have already set up three plants and have bought 45 acres of land in [Chennai](#) for setting up the new plants,' group president (infrastructure, environment, health and safety) M.S. Sandhu told IANS.

He conceded that the slowdown in the domestic automobile sector has put the group's bottomlines under pressure but said the company was confident that old export as well as domestic orders would help it tide over the current crisis.

Exports accounted for almost 20 percent of revenues, Sandhu said, adding that the group now planned to increase this by tapping new markets. 'Southeast Asia and South America are emerging markets, and these are our next targets,' he said, without divulging revenue figures.

According to him, the company decided to go ahead with the expansion plans despite the slowdown as it had adequate internal resources. 'Most of our funding will be through internal accruals.'

The group companies manufacture shock absorbers, struts, front forks, engine bearings, piston rings, castings and gaskets.

The group's clients include auto majors such as Maruti Suzuki, Tata Motors, Yamaha, Honda, Mahindra and Mahindra, Bajaj Auto and TVS, apart from companies overseas, especially in the US and Europe, its biggest markets outside the country, Sandhu said.

The automotive industry is one of the largest and fastest growing in India's manufacturing sector.

However, according to a report by the Automotive Component Manufacturers Association (ACMA), companies are currently facing the challenge of renewing their long-term export contracts at re-negotiated prices.

The auto component industry had to be content with only 11 percent growth last year owing to high interest rates and drying up of finance for certain segments.

Overall industry exports stood at \$3.6 billion (rs.178 billion or Rs.17,800 crore) in 2007-08, as against \$2.8 billion (Rs.139 billion or Rs.13,900 crore) the previous year.

'The slowdown has affected everyone and auto industry is not far behind...in fact, we are a reflection of the vehicle manufacturers so we too get affected as a consequence,' ACMA president J.S. Chopra told IANS.

There is much uncertainty in the market and contracts may have to be re-negotiated, he said.

Moreover, with car manufacturers opting to cut production, the industry outlook remains negative, Chopra added.

Auto component manufacturers supply to two segments - original equipment manufacturers (OEM) and the replacement market.

Over 300 small and medium companies directly service the OEMs assembling vehicles in India. Downstream, close to 5,000 other micro firms are working for these tier 1 suppliers, as well as for the replacement market.

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