

## Finnish AC drive company expanding India operations

Finland-based Vacon, which manufactures energy-saving devices called AC drives, plans to set up a production unit in India to propel its growth in the Asia-Pacific region.

Vacon, which opened a subsidiary in [Chennai](#) in January this year, will expand its India operations for a bigger share of the growing markets of the Asia-Pacific region.

'India can be a major market for us. We are currently conducting a feasibility study on the proposed production unit but when and where it will come up is not yet finalised,' said Vacon president and CEO Vesa Laisi here.

'The infrastructure in India is not as good as in China but the country is fast improving. We are eyeing an investment of 1 to 3 million euros in the coming years,' Laisi told a group of visiting Indian journalists.

'Both India and China are the fastest growing markets. While the market for us is growing by 10 to 20 percent in India and China, the AC drive demand in [Europe](#) and North America is growing by five percent,' he said, admitting that in India customers were very demanding and people were not ready with money on a platter.

'India can be an engine of propelling our growth in the region,' he said.

AC drives control the speed of either an induction motor or a synchronous motor by adjusting the frequency of the power supplied to the motor. AC drives are also known as adjustable speed drives (ASD) or adjustable frequency drives (AFD).

'Local presence in India's growing markets is essential for us, and many of our customers and cooperation partners find it necessary. India's electricity consumption is one of the highest in the world, and therefore, the country offers a lot of market potential for us,' said Laisi.

'We are eager to continue building the Vacon brand as well as our sales and distribution network, and to provide product support in a country where the benefits of AC drives are not yet very widely known,' he said.

Vacon operates on its own or through partners in 100 countries. While it has subsidiaries in Europe, the Middle East and Southeast Asia, the company is trying to get greater foothold in India to increase its global presence.

'We plan to build a solid sales and distribution organisation with a skilled product support in the fragmented and highly competitive Indian AC drives market. We have highly experienced local personnel, and Vacon is very committed to and focused on one single line of business,' he said.

Despite its large annual energy production, India is a net energy importer. Overall, India's need for power is growing at a prodigious rate.

Vacon is keen on the Indian market since the country's annual electricity generation and consumption have increased enormously in the past decade, and its projected rate of increase for

electricity consumption is one of the highest in the world.

The Vacon Group was founded in 1993 to create, develop and provide AC drives worldwide. Vacon offers AC drives in the power range of 0.25 KW to 5 MW. In 2005, the group's revenues totalled 149.9 million euros.

Since December 2000, Vacon's shares (VAC1V) are quoted on the Helsinki Exchanges (OMX). Unlike its competitors like ABB, Vacon focuses entirely on variable speed AC drives.

Vacon has a three percent share of the \$6.1 billion global AC drives market.

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