



# NEW KID ON THE INDIAN BLOCK

INDIA IS UNDERGOING AN INFRASTRUCTURE BOOM THAT IS FUELLING THE DOMESTIC TRANSPORT MARKET. BUT, HUGE NEW OPPORTUNITIES ARE PROMPTING TRUCK MAKERS LIKE **ASIA MOTOR WORKS (AMW)** TO TAKE THE INITIATIVE AND VENTURE INTO THE CV APPLICATIONS SECTOR.



**R**amping up the domestic economy with an upsurge in manufacturing and infrastructure development and diluting the reliance on imports is the aim of many emerging markets, and India is no exception. As this populous nation rapidly expands, infrastructure development has barely kept pace. But a current burst of activity to not only meet demand but to also insulate the domestic economy against a more widespread global slowdown is destined to boost demand for specialised transport equipment.

In fact, the inherent growth potential of India's infrastructure sector including roads, ports and mines is driving truck maker AMW to diversify into the CV applications market. Another growth factor is the growth potential of the Indian CV market, which is growing at a CAGR of 13% and is currently the 8th largest in the world. Meanwhile, India itself has the 3rd largest road network in the world.

For keen potential exporters of such equipment though, the question is whether India's expansion will provide a valuable market or if that nation's own trailer manufacturing industry will grow to not only meet a greater proportion of that demand, but place itself on a solid, sustainable and increasing base.

The subcontinent's infrastructure boom is making the commercial vehicle segment virtually crisis-proof. According to industry resource, Car Trade India, the commercial vehicle market experienced a notable high in the past quarter. In October alone, the sector posted sales growth of 28 per cent, compared to September.

But, as demand for transport equipment ramps up, some manufacturers face a severe supply shortage, often due to diseconomies of scale at the other end of the supply chain. It is no surprise, therefore, that the truck manufacturing industry is now capitalising on its own experience in volume production, venturing into the field of trailer and body-building.

According to a report in India's CV magazine, automotive giant, Tata, is now able to source trailers in-house via joint venture affiliate, Dutch Lanka Trailers (DLT) and components from long-term affiliate, Hyva India. And well-informed sources say that trailer specialist, PL Haulwell, is now owned by the Hardrock Group, one of India's leading manufacturers of construction

and earthmoving equipment. But, there is a new kid on the block and it is about to shake the long-established hierarchy.

After half a decade of explosive growth, Asia Motor Works (AMW) is now set to join the club of giant one-stop-shops. Since 2006, it has rapidly climbed the sales chart and is now on course to sell 20,000 vehicles in 2012. This makes it the fastest growing CV manufacturer in the Indian market.

Located in in Bhuj, Gujarat, West India, AMW might be the most vigorous brand among India's leading quartet. "AMW's vision rests on three guiding principles – producing world class quality, delivering on time and maximising the economic advantage of large scale production," says Business Head - Fully Built Vehicles, Nitin Chamaria. "And, our integrated manufacturing facility at Bhuj was designed to optimise all three."

The plant at Bhuj is spread over a sprawling 515-acre space that forms the backbone of the company's truck manufacturing operation in India. "Due to our state-of-the-art assembly line, the vast R&D facility and a modern paint shop coupled with a process-optimised warehouse, AMW is one of the most advanced manufacturing companies in India," says Chamaria.

To tap into the growing need for truck bodies and special transport equipment - which can put a notable strain on working capital - AMW decided to offer a complete transport package comprising of both truck and CV applications - turning a potential problem into a new opportunity.

Branded Tranztar CV Applications, the new subsidiary consists of two manufacturing units – one 15,000m<sup>2</sup> plant custom-built to manufacture tipping equipment; and a 10,000m<sup>2</sup> one dedicated to trailers and other CV applications, each a showpiece in vertical integration.

**MARKET FACT**

In the last decade, increased complexity and more stringent engineering standards changed India's CV applications market drastically, fuelling both consolidation and professionalization. As a result, well-placed players like AMW entered the trailer market, drawing back on a nation-wide support network and a vast internal infrastructure. Today, AMW's Tranztar brand can also offer a 24/7 helpline, called Tranztar Seva.



↘ THE PLANT AT BHUJ IS SPRAWLING 515-ACRE SPACE THAT FORMS THE BACKBONE OF THE COMPANY'S TRUCK MANUFACTURING OPERATION IN INDIA.



AMW President, S. Ramasubramanian

“Currently we manufacture 12,000 tippers a year,” says Chamaria. “Our tipper plant alone has the ability to process 60,000 tonnes of steel a year and can boast of high tech equipment, such as robotic welding, automatic shot blasting, CNC plasma cutting and shearing, as well as radial drilling. “As a result we are completely integrated and can fabricate and machine all components in-house.”

Next to the three-year-old tipper plant, Tranztar opened a new trailer facility in 2010. Processing 36,000 tonnes of steel a year, it can put out up to 3,000 trailers when operating at full capacity. “It has turned Tranztar into one of India’s largest dedicated trailer brands virtually overnight,” says AMW President, S. Ramasubramanian, who is an adviser to the FBV business since its inception. He is confident that Tranztar is only just scratching the surface of India’s flourishing trailer market. Currently, Tranztar is producing just about 200 units per month.

“We have already produced more than 2,000 trailers and about 60 per cent were delivered to non-AMW customers,” he adds. “At this early stage, we are able to build flat bed, skeletal and side board trailers, as well as curtain siders and tipping trailers, ranging from 24m<sup>3</sup> to 45m<sup>3</sup>,” he says, announcing that plans for hydraulic trailers, tankers, concrete mixers and bulk transport equipment are already in the making and will be presented in the near future.

At the moment, however, Tranztar is focusing on optimising the existing product range. “Like anywhere else in the world, India’s market is all about tare weight, and people can be very particular about what they expect,” says Chamaria. “Customers are specific about what they want – even down to 50kg. We also use BSK46 steel, which can save you up to 400kg compared to rolled beam if used on a standard 40-foot trailer.”

According to latest market data, such efforts have already paid off. Indian newspaper, Financial Chronicle, recently reported that AMW has become the second largest player in the tipper segment after Tata Motors, pushing Ashok Leyland to third position. “It took us three years to capture the tipper market, but we are confident that we can capture the trailer sector at a much faster pace, even in a volatile world economy,” Chamaria says. “After all, we have already proven that we are able to turn a problem into an opportunity.” **GT**

#### MARKET FACT

Over the past decade, there has been considerable growth in the commercial vehicle sector due to growing investment in infrastructure. In addition, some states adopted a new anti-overloading law that is likely to fuel market growth, despite inflationary pressure, high fuel prices and peaking interest rates.

