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July 16 - 19, 2015 | June 20 - 22, 2015

PT Minda: Daring Step And Dazzling Results



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CORPORATE



group has been into wiring harness business for quite some time. MVACL made investments and installed the machinery last year. Based on the orders received from Piaggio in Vietnam, it has started supplies from this year. The specialty of the product mandated by Piaggio is that it is a wiring harness for fuel injected vehicles with water proof connectors. So Piaggio, Italy, has classified Spark Minda Group as a potential supplier and has now placed orders for wiring harness on its parent company in India.

Apparently the satellite plant in Indonesia has become a propelling force for the group in India to get RFQs from global OEMs. This is because of the group's strategic initiatives taken about a decade ago in setting up the plant in the ASEAN region. "It is thanks to our synergy of manufacturing at multi-locations (countries) we are able to target the global platforms which reduces the investment cost for our Global Customers," Aggarwal said.

Spark Minda's manufacturing facility in Indonesia is bigger than that in Vietnam. With the increasing labour cost in Indonesia, the group is strategically positioning labour-intensive products for ASEAN customers in Vietnam where the wages are in tune with India. Since wiring harness is a labour-intensive product, the company is setting up manufacturing lines for it in Vietnam. Though limited automation is possible through conveyors, manpower is required as it is a unique part that is very intricate, contributing to the safety of the vehicle.



"We have decided to manufacture and supply wiring harness to all the customers in ASEAN from Vietnam. Thus, by operating in two countries in ASEAN, we can leverage the benefit of each location and ultimately cater to the customers in the world", he said.

Indonesia

PTMAI began its innings by making lock sets, otherwise known as the main switch or key set, for two-wheelers. To cater to the demand of the customers and trend of using 'Magnetic Shutter' as additional security, the company's R&D in India innovated to the development of new and unique products. Now it holds a few patents in ASEAN. Thus it has prepared the parent group ahead of the demand for them in India, and maintains the lead in the markets it is already in.

"The year 2014 was very significant for PTMAI, as it added a new product line of Speedometers in ASEAN. Keeping in line with our product range in India we developed fully digital / electronic speedometer for Kawasaki for its global model Ninja RR mono 250 cc being manufactured in Indonesia. The company received further business of mechanical



Speedometer from Suzuki, for its scooter -Address.

"Currently we are trying to diversify into the four-wheeler customers in ASEAN and for all products of the group," he said. Spark Minda group is already supplying speedometers to Volvo Thailand from India.

Strategy

PTMAI's speedometer business in ASEAN is supplied through the Indonesian plant but is manufactured by the mother unit in India. It has plans to localise some of these products in Indonesia. Eventually PTMAI will start manufacturing speedometers, which is expected to raise the comfort level of the customers. Alongside it will help Spark Minda achieve its ultimate goal of establishing all the product lines in ASEAN.

"Now we have plans to localise the Speedometer in a phased manner. And we will have complete set up of manufacturing facilities in ASEAN in the coming years. We are not confining to the two-wheeler market. We will diversify our products to four-wheeler customers as well," Aggarwal said. Spark Minda already has a joint venture with Furukawa Electric Company for wiring harness for four-wheelers. It has another joint venture with Stoneridge of the US for speedometers & sensors and with Silca of Italy for keys.

Spark Minda In ASEAN A Daring Step And Dazzling Results

By T Murrall

A strategic and daring decision by Spark Minda of the Ashok Minda Group to set up a green field manufacturing facility in Indonesia a decade ago has produced amazing results. This state-of-the-art facility is its manufacturing hub for the fast expanding ASEAN market. Now the Spark Minda Group has emerged as name to reckon with in the auto parts trade and industry in South East Asia and beyond. It also brings OE orders from several countries to the parent group in India.

Spark Minda conceptualised the project - PT Minda Asean Automotive, in October 2004 and it commenced commercial production from October 2005. In 2013 it set up its new facility as PT Minda Automotive Indonesia (PTMAI) and for the past couple of years it has been the growth engine of Spark Minda. The company that began catering to the security systems needs of the local OEMs, consistently increased volumes and expanded products portfolio. Now the parent company receives orders for products developed by PTMAI and its sister company in Vietnam. The Indonesian operations have become pivotal to Spark Minda's overall growth and development.

The Business Head, ASEAN, Sandeep Aggarwal, told

AutoParts Asia that Spark Minda's ASEAN manufacturing operations have been strategically positioned near the automotive hubs in Jakarta, Indonesia, and Hanoi in Vietnam. The business is carried out through separate operating companies, PTMAI, and Minda Vietnam Automotive Company Limited (MVACL). As part of its strategy to expand its business operations to OEMs in Thailand, the Vietnam wing has established logistics and warehousing facilities there.

Though application engineering is done at the respective plants, they are backed up by the R&D capabilities of Spark Minda in India. Both the plants in ASEAN make 2-wheeler security systems including lockset, wiring harness and driver information systems like speedometers. They are supplied to Kawasaki, Suzuki and Yamaha.

In a short span, the ASEAN ventures started to acquire the renowned OEM customers from this region. Exports are expanded to Japan, Malaysia, Vietnam, Philippines, Singapore and Thailand in ASEAN and to Brazil in South America. Plans are under way to manufacture other products made by the parent group.

"Last year we decided to diversify into the development of Spark Minda's another product line which is wiring harness," Aggarwal said. The

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MULTIPLE PRODUCT PORTFOLIO

Spark Minda makes several product lines including Safety, Security & Restraint Systems, Driver Information & Telematics System, Interior System and Aftermarket.

Under Safety, Security & Restraint Systems the group makes electronic & mechanical security systems, e-bike controllers, immobilisers, latches, striker, door handles, electronic body controllers, start systems, power closure systems, passive entry systems; keys (mechanical & electronics), key duplicating machines and die casting - zinc, aluminium & gravity.

Under Driver Information & Telematics division it makes instrument cluster, dashboard assemblies, digital clocks, tank units & gauges, chime bells & relays, speed sensors, temperature sensors, position sensors and pressure sensors. It also makes wiring harness, coupler & terminals, relay & junction box, and steering roll connectors.

In the Interior System division, Spark Minda manufactures injection moulding, 2k moulding process, kinematic component & premium surfaces, garnish & trims, dashboard, consoles, parcel shelf, air vent, air duct, ash tray,

arm rests, and cup holder, glove box, truck oil housing, cylinder head covers, rear sheet structure, coupling, transmission, coolant tanks, interior steering, and tool production.

For the Aftermarket division the group makes all the products that it markets. In addition it makes some specialised products for four-wheelers such as gear shift locks, wiper blades, auto rollup relays relays (for tractors). For 2-wheelers it makes wheel locks, helmet locks, control cables, CDI, regulators, rectifiers, ignition coil, igniters, relays, and filters.

Yamaha

PTMAI gets about 80 percent of its revenue from Yamaha in Indonesia. From this year it has commenced supplies to Yamaha Brazil. "We are going to supply to Yamaha Thailand in 2015. The products that we are developing will not only cater to Yamaha in Indonesia but to its plants in other locations also. The same vehicle will be manufactured in two more locations including Thailand," he said.

Kawasaki

The Japanese two-wheeler maker Kawasaki has minuscule volumes in Indonesia. MVACL supplies to Kawasaki Thailand and the vehicles reach Indonesia as CBUs. Besides, it is supplying to the OEM in Brazil and Philippines. Kawasaki Japan has also started manufacturing the same vehicle. It is sourcing products from MVACL and has decided to keep Vietnam as the manufacturing hub for Kawasaki.

Suzuki

Yet another Japanese company Suzuki has manufacturing plants in Indonesia, Vietnam, Thailand, Malaysia and the Philippines. Since many of the parts used by the different manufacturing units are common, PTMAI's supplies form part of the Suzuki's CKD kits sent to various markets in ASEAN. This is how it reaches the OEM in the region.



Currently it meets about 35 percent of Suzuki's ASEAN requirements of the products it supplies. PTMAI is developing a new magnetic shutter module for Suzuki in Indonesia. As this is planned for the global model of Suzuki, the share of business will more than double to 80 percent. It is primarily because PTMAI, along with Spark Minda's India R&D, could evolve a concept that was being sought after by Suzuki, at a competitive cost. The new product will be on the production line next year.

Piaggio

Piaggio has its presence only in Vietnam for the ASEAN region.

MVACL supplies lock sets to the OEM that had been supplied by Spark Minda from India to Piaggio in Italy. Piaggio makes Vespa and Liberty range of scooters with many variants. Vespa accounts for about 70 percent of the OEM's product portfolio with the major portion of the remaining numbers by Liberty platform. MVACL holds 96 percent of the business from the Italian OEM's plant in Vietnam.

Honda is the market leader in ASEAN and Aggarwal says that "It will take some time to enter the OEM though we have all the products, technology and the process capabilities for that. We are the suppliers to Honda in India but the competition scenario in ASEAN is different".