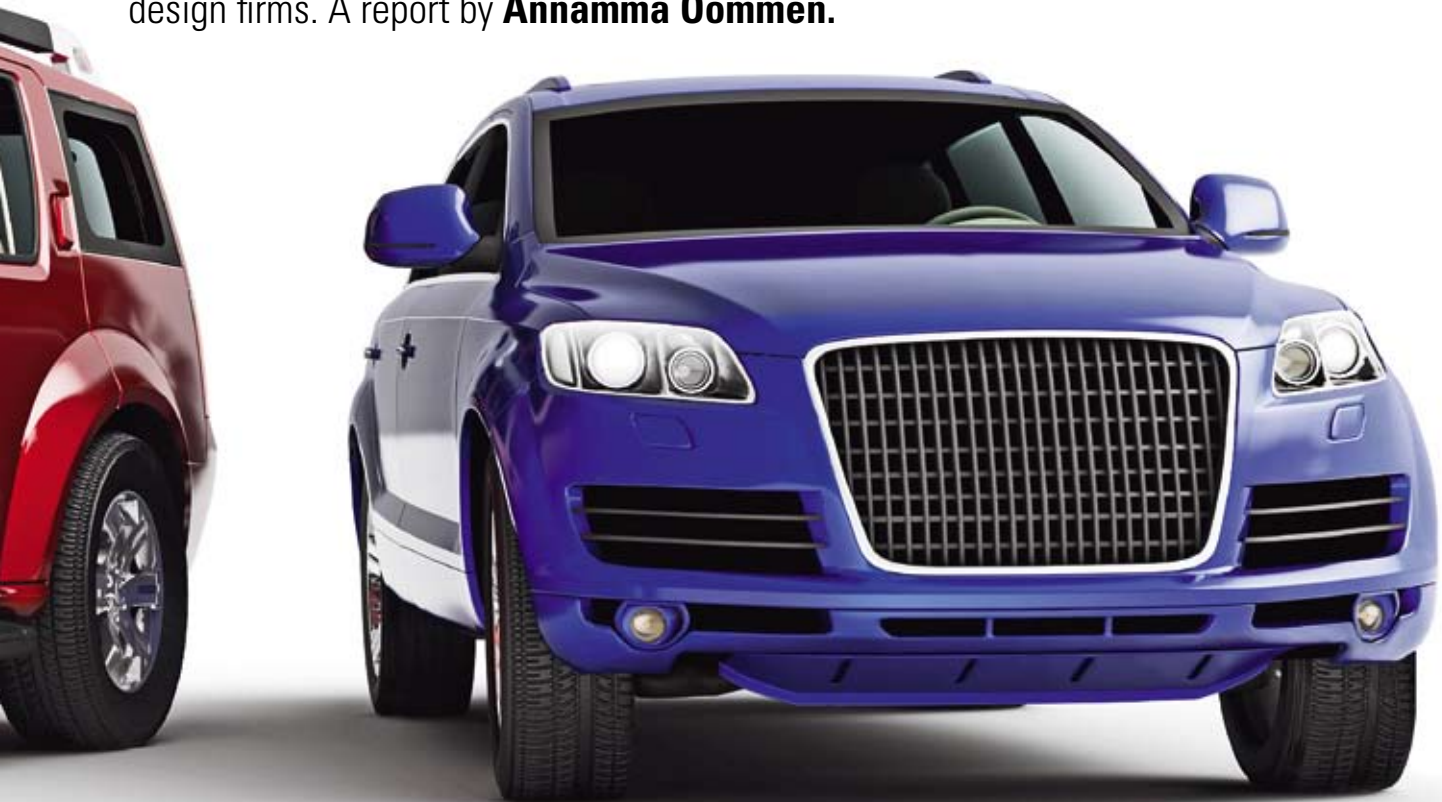


DESIGNED



TO WIN

The Indian automotive industry is attracting global design talent, as leading companies are hiring expatriate designers to help them launch a rash of new models, even as some domestic giants have acquired international auto design firms. A report by **Annamma Oommen.**



INDIA'S rapidly growing automobile sector is on the look-out for international design talent, with several top auto-makers hiring designers and engineers from different parts of the globe in recent months.

Unlike the US, where the auto industry has been facing a crisis, India's two-wheeler and four-wheeler industry is on a roll with record sales being registered in financial year 2009-10. Top professionals, including designers, engineers

and researchers, who see tremendous possibilities for growth in the burgeoning automobile sector in India are willing to relocate to the country on medium- and long-term assignments.

A top executive of Maruti Suzuki India Ltd (MSIL), the country's largest car-maker, was in Detroit earlier this year, meeting designers and engineers in Motown, and urging them to relocate to India.

I V Rao, managing executive officer (engineering), MSIL, succeeded in his

mission – eight Detroit-based auto engineers, specialising in auto design, styling and modelling, and engine development and manufacturing, have now been taken on MSIL's rolls. Some of the engineers and designers from the US are of Indian-origin and were eager to grab the Maruti offer.

According to Rao, the international design talent that the company is tapping into would help it launch innovative new models and also help train its engineers.

'DREAM COME TRUE' FOR AUTO ENGINEERS, DESIGNERS

MARUTI Suzuki India Ltd, the country's largest auto-maker, is putting up a sprawling, 700-acre high-tech R&D complex at Rohtak in Haryana. The new facility will emerge as a global R&D hub for small cars for Japan's Suzuki Motor Corporation (SMC).

The Rohtak project, estimated to cost about US\$ 325 million, will feature a crash test facility, emission labs, wind tunnel testing, durability testing facilities as well as performance evaluation facilities for components. The Rohtak complex will augment the full vehicle design and development capability of Maruti Suzuki, which is on course to design a car on its own and launch a made-in-India car by 2012.

"The facility in Rohtak would be a big step forward in building the R&D capability of Maruti Suzuki, and enable us to offer superior products to our customers in the future as well," says Shinzo Nakanishi, managing director and ceo, MSIL. According to him, Osamu Suzuki, chairman of the Japanese auto major, had six years ago promised that MSIL would be made the R&D hub for Asia, outside Japan.

With the allocation of 700 acres of land for MSIL by the Haryana

government recently, "we have taken a step further in realising this promise," he avers. The sprawling complex will feature a dedicated, 100-acre suppliers' park for vendor companies. The test tracks are expected to be ready during

the Japanese auto giant towards making Maruti Suzuki the R&D hub for small cars outside Japan, he adds.

The Rohtak facility is also the latest of a series of big-ticket investments by MSIL, which has made Haryana a global



the first phase by 2012 and the overall R&D facilities will be completed by 2015.

According to Nakanishi, the project "will be a dream-come-true for Indian engineers and automobile designers." The ambitious outlay for the Rohtak project highlights the growing 'India-focus' by

manufacturing hub. For its latest global model, the 'A star', SMC has chosen MSIL as the sole manufacturing base for its global requirement.

The decision to induct designers from the US at its facility in India reflects the confidence of MSIL in designing cars for global markets.

"For a long time, we had limited resources," points out Rao. "We would get new designs from Suzuki and the testing and development would be done here. We had less number of experienced designers, making it difficult to execute new projects.

The newly-recruited global designers would help the auto-maker in grooming in-house designers and transferring know-how, adds Rao.

Other Indian auto-makers including Tata Motors, Mahindra & Mahindra, Bajaj Auto and Royal Enfield, are also in talks with international auto designers as they launch ambitious drives to expand their in-house design capabilities.

Many international auto designers have also been visiting India in recent

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months, interacting with top executives of domestic automobile majors. These designers have expertise in design and model-making relating to hybrids, engines and transmissions.

Two-wheeler giant Bajaj Auto recently hired Edgar Heinrich from BMW Motorcycles to head its design function. "The world has woken to the paradigm shift in the Indian automobile industry, with out-of-the box designs playing a vital role," points out Heinrich. The Pune-headquartered company has been launching a slew of new motor-cycles to take on the challenge posed by international majors including Harley-Davidson, who are poised to enter India.

Royal Enfield brought in Venki Padmanabhan as chief operating officer



this year to handle design and product development. With a doctorate in industrial engineering from the University of Pittsburgh, Padmanabhan had worked with the advanced engineering team of General Motors in the US, served in the DaimlerChrysler Mercedes car division and was managing director South East Asia global sourcing operations for Chrysler before being picked up by Royal Enfield.

"We are looking at launching electronic fuel injection models in India," says Padmanabhan. Royal Enfield hopes to sell about 50,000 bikes in 2009 (as against 43,000 last year).

According to V G Ramakrishnan, senior director, automotive and transportation sector, Frost & Sullivan, the new focus

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Edgar Heinrich,
design head, Bajaj Auto

on the role of design reflects the aim of the Indian auto companies to tap global markets.

The change in the global auto manufacturing landscape, following the downturn in the US and Europe has also triggered off a 'reverse brain-drain,' with many designers seeking work in India and China.

Pininfarina, the legendary Italian auto design firm, is also on the look-out for a white knight to rescue it from the ongoing crisis. There was talk of an Indian auto major acquiring the firm, but with many of the top designers having quit the Italian design house, there seems little interest in the deal.

Design aspects such as proto-typing and clay-modelling, which typically used to be done out of France, the UK and Italy,

AIMING FOR THE X PRIZE

TATA Motors, which took the global auto industry by surprise with the launch of the Nano, has made it to the new, narrowed down list of 43 contestant teams for Progressive Automotive X Prize.

There were nearly a hundred teams in the original list of contestants for the \$10 million prize – including established car-makers and even engineering students from Cornell University – who have to develop next-generation green vehicles. The teams submitted a list of over 50 vehicles.

Tata Motors, which has been at the forefront of innovation, attributes the spirit of 'questioning the unquestioned', for encouraging it to participate in the Progressive Automotive X Prize. The company aims to develop cars that are more fuel efficient, cleaner, with minimum impact to the environment

and provide exception levels of customer satisfaction.

"It is with this vision that we have entered the Progressive Automotive X prize competition with the Indica Vista EV-X in the Alternative class," points out a company statement.

The contest aims to inspire a new generation of viable, super fuel-efficient vehicles that offer more consumer choices. The \$10 million prize will be awarded to the teams that win a stage competition for clean, production-capable vehicles that exceed 100 miles per gallon or energy equivalent (MPGe). The major focus is on efficiency, safety, affordability, and the environment.

"It is about developing real, production-capable cars that consumers will want to buy, not science projects or concept cars," say the organisers of

the contest. "This progress is needed because today's oil consumption is unsustainable and because automotive emissions significantly contribute to global warming and climate change."

The organiser of the contest, the X Prize Foundation, is best known for its Ansari X Prize, which saw the first manned private space flight about five years ago. The foundation is also sponsoring contests in genomics, healthcare and a moon landing.

"The teams and vehicles represented in this group (of 43 contestants) are the most viable in our competition and we believe that together they are positioned to make a huge impact on the automotive marketplace," says Peter Diamandis, ceo and chairman, X Prize Foundation. The winner of the contest will be announced in September 2010.





are now being executed by many automobile firms in India itself. And both domestic and international auto firms are investing significantly, both in terms of investments in technology and human resources, in design centres in India.

While GM and Chrysler have R&D centres in Bangalore, Renault has a design centre in Mumbai. These design and R&D units not only do India-specific projects, but also work for the parent companies.

"The basic objective of setting up a full-fledged India design studio was to learn from Indian designers and the market about local tastes and preferences," points out Jean-Philippe Salar, chief designer and head, Renault Design India. According to him, Renault's design studio of 16 persons operates as a satellite to the parent studio in Paris. "In the last 30 months, this studio has handled end-to-end design for the Indian market

and is now capable of working on global projects for Renault," he adds.

Some Indian auto majors have also started acquiring global design companies. A series of equity partnerships between local companies and global firms in the past few months have underscored the importance of this aspect of the automobile industry, as a worldwide consolidation wave prompts high-tech, glamorous car bodies to serve as the main differentiator.

Indian auto companies are keen to buy out global design houses in a bid to produce contemporary products, upgrade their R&D and also become more globally competitive through better management of costs.

Utility vehicle major Mahindra & Mahindra recently acquired the business of G.R. Grafica Ricerca Design Srl (GRD), an Italian auto designing, body-engineering and feasibility and styling company based

out of Turin. With this acquisition M&M intends to develop a global design centre for the group and cater to global auto OEMs.

"The synergies resulting from this acquisition will not only help us strengthen our existing design capabilities, but will also help us emerge as a global auto design power house," explains Pawan Goenka, president, automotive sector, M&M. "Complementary capabilities between Mahindra and GRD will enhance the product development capabilities, provide a solid European footprint for M&M to leverage technologies and skill sets by harnessing the talent pool of designers and engineers."

As global auto manufacturing capabilities shift to Asia, design firms are setting up offices in India to focus on back-end operations, post the ideation stage. Many global design houses have also seen



IN TOP GEAR

AUTO sales in India have revved up dramatically in recent months, as consumers splurge on the new models that have been launched by

manufacturers.

According to the Society of Indian Automobile Manufacturers (SIAM), auto sales surged by 21 per cent in

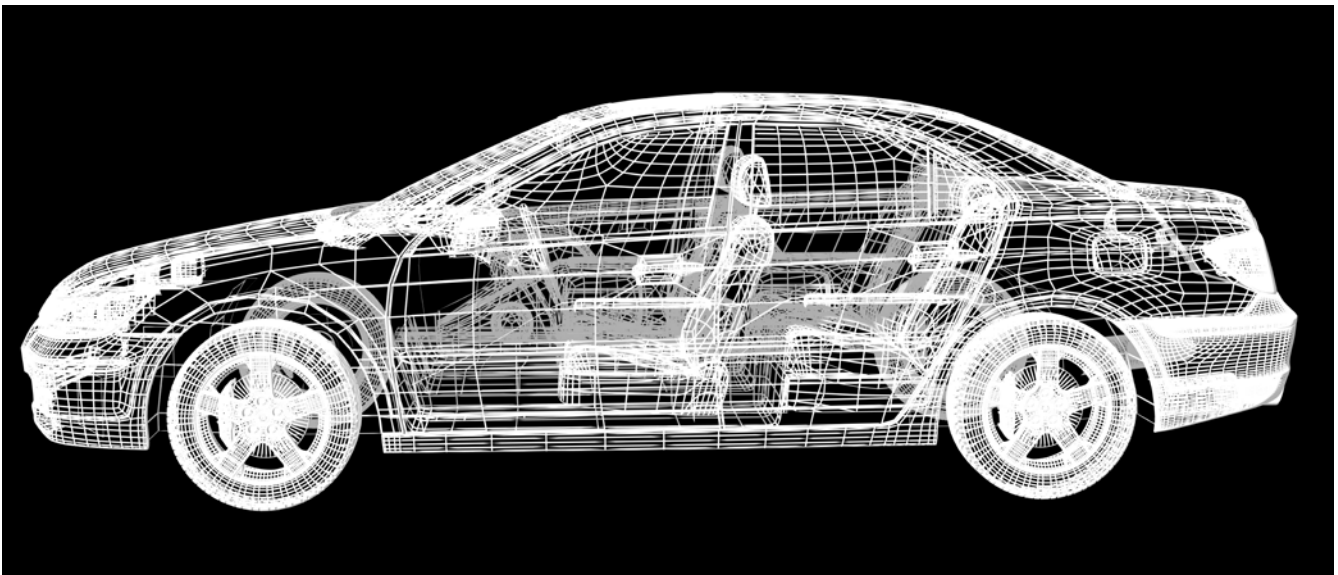
September 2009 to 129,000 units, as against 107,000 units in September 2008. Thirteen of the 16 automobile manufacturers reported an increase in sales during the month.

Leading automakers including Maruti Suzuki, Tata Motors, Mahindra & Mahindra, Fiat, BMW and Audi have launched several new models in recent months.

Overall vehicle sales – including cars, two-wheelers, three-wheelers and commercial vehicles – expanded by 10 per cent in September 2009, to 1.09 million, as against 990,000 units a year earlier.

For the first half of 2009-10 fiscal (April-September), total vehicle sales grew by 14.51 per cent to 5.78 million units.

IN THE FAST LANE			
Segment	April-Sept '08	April-Sept '09	% change
Passenger vehicles	779,217	884,118	13.46
Commercial vehicles	221,685	220,529	-0.52
Three-wheelers	184,934	207,809	12.37
Two-wheelers	3,864,443	4,470,464	15.68
Total	5,050,279	5,782,920	14.51
Source: Society of Indian Automobile Manufacturers (SIAM)			



declining business, partly as automobile manufacturers have moved more design work in-house. A growing number of these firms are now prepared to sell equity stake in their businesses in the hope of revving their fortunes.

Design will be the differentiator in the globalised environment, since performance, quality and costs are getting commoditised. Says Arun Jaura, head, R&D, Eaton Corporation, a diversified industrial group: "Indian OEMs are committed to building capabilities and

acquisition of design houses in developed economies seems to be the fastest way. With the engineering talent pool in short supply, global OEMs and suppliers will set up captive design centres in India and other developing markets."

Adds Dilip Chhabria, managing director, DC Design: "The current move of Indian OEMs acquiring front-end design capability is more in the nature of off-shoring."

S D Pradhan, ceo, Argentum Engineering Design – which was set

up by B V R Subbu, former India chief of Hyundai Motors – says the firm has positioned itself as a contract designer to prototype manufacturers. Argentum has tied up with Dassault Systemes, a French software major, to provide power-train solutions to various companies.

As the Indian automobile industry presses hard on the accelerator and speeds on the fast lane, design and research and development will feature prominently in its overall strategy to emerge as a global leader. 