

VISTEON AUTOMOTIVE SYSTEMS INDIA PRIVATE LIMITED



Background

Established in March 1997 as a JV of Visteon Corp, USA, Visteon Automotive Systems India Private Limited (VASI) has established itself as a key player in the Indian automotive component market, in a short span of 5 years.

Apart from VASI, Visteon Corp has two other manufacturing facilities in India – Visteon Power train Control Systems India (VPCSI) and Climate Systems India. VASI and VPCSI are located at Maraimalainagar in Chengalpattu district, near Chennai, Tamil Nadu. Climate Systems India has its manufacturing facility in Bhiwadi, Rajasthan.

The products manufactured at each of the three plants are given in the table below:

Facility	Products
VASI	Climate control systems, instrument clusters, plastic components and complete cockpit assemblies
VPCSI	Starter motors, Alternators
Climate Systems India	Radiators

VASI has developed a strong presence in the domestic OEM segment

Apart from being the primary supplier of the above components to Ford India (in line with its relationship with Ford globally), Visteon has also emerged as a key supplier to major domestic and multinational OEMs in India, like Maruti Udyog and Toyota Kirloskar Motors (TKML).

The Company has developed a reputation for quality and has won several awards for defect-free supplies from its customers. TKML recognised VASI for Zero PPM (parts per million defective) during 2003 for the shipment of Toyota Corolla bumpers for assembly to Toyota Manufacturing in Asia Pacific. TKML also recognised VASI with the Best Quality

Supplier Award, which is awarded to the supplier that achieves the highest overall score in several different quality categories. VASI has also been awarded both the Ford Motor Company Q1 Award and the Hyundai Motor 100 PPM Award.

Committed to developing local suppliers

Visteon focused on fostering new supplier relationships, as well as recognising those suppliers that have made consistently high-quality contributions to its operations. The company seeks to inculcate in its suppliers its core principles of quality, safety, delivery and cost competitiveness.

Through campaigns like "Make for Visteon" the company explores the possibilities of increasing local content and seeking potential sources for new emerging market requirements. According to Visteon officials, the company is dedicated to increasing its local supply base in India.

India challenges and mitigants

Visteon has overcome challenges like lack of port infrastructure and bureaucracy to succeed in India.

- Lack of port infrastructure: It has overcome this challenge by importing and exporting a part of its components from Tuticorin port.
- Bureaucracy: It has overcome this challenge by hiring extra personnel to ensure that clearances are received on time.

Factors for success

Visteon's growth in India has been due to several factors – global presence and customer base, locational advantage, superior processes and product quality and focus on developing the local supply base.

Global presence and customer base

Visteon Corp is a global supplier to Ford and other automotive manufacturers, and had a presence in all major automotive markets of the world when it entered India in 1997. It has effectively leveraged this

strength to develop exports out of its Indian operations to its global customers. This has enabled it to become less dependent on the volatile domestic market and increase volumes.

Location advantage

Visteon entered India in the wake of Ford's entry, and set up its plant in Maraimalainagar, close to Ford's facility. The company benefited from the support given by the state government (infrastructure, tax exemption/deferment etc) and got the advantage of the proximity of a well-developed supplier base.

World-class manufacturing processes, product quality

Visteon's world-class processes and superior (sub-100 ppm) product quality have enabled it to gain ready acceptance among major domestic players like MUL, and international OEMs such as Hyundai, Toyota and Ford, all of whom have recognised Visteon as the Best Quality Supplier.

Focus on developing local supply base

Visteon has focused on developing its supplier base in India and has, through effective collaboration and supplier development practices, improved the quality, delivery and cost competitiveness of its suppliers. It has a team of 10 Supplier Development Engineers and Supplier Development Technicians who closely work with suppliers to enhance the quality of their products. This has aided it in sourcing components from its Indian suppliers for global customers.

Leveraging the India Advantage

For supply of components for global operations

Visteon has emerged as one of the top exporters of auto components from India. Along with MICO, it accounted for nearly 15 per cent of India's auto component exports in 2002. The majority of Visteon's exports from India are made by VPCSI

which exports starters and alternators mainly for Ford for all global markets.

Embedded software development

Visteon has set up a Visteon Technical and Services Centre in Chennai that focuses largely on software development. The facility develops embedded software for a significant portion of Visteon's global needs in support of OEMs like Ford, General Motors, Daimler Chrysler and BMW, among others. The centre currently has about 200 engineers with plans for further growth.

Future plans

Visteon plans to grow in line with the growth plans of its OEM customers and has plans to enhance its existing product offerings.

Visteon Automotive Systems India Pvt Ltd: AT A GLANCE

- Visteon, India: Key player in the Indian automotive component market, with a strong presence in the domestic OEM segment. Committed to developing local supplies
- Factors for success: Global presence and customer base. Location advantage. World-class manufacturing processes, product quality. Focus on developing local supply base
- For Visteon, India is: A sourcing base for components for global operations. A base for embedded software development
- Future plans, India: To grow in line with the growth plans of its OEM customers. To enhance existing product offerings