

DIAF invests Rs 7 cr in Autoline Industries

Our Bureau

PUNE

CREATING an eco-system around a few critical areas to ensure that individual companies are able to achieve volumes is the route the Duke India Automotive Fund (DIAF), part of Duke Equity, has adopted.

The DIAF is part of a portfolio of funds from Duke Equity, a private equity fund which raises its own corpus from family offices in the US, Europe and the Middle East. Family offices are large funds of either families or corporations, used to invest in high growth areas.

DIAF has invested Rs 7 crore in Autoline Industries, manufacturers of sheet metal assemblies and components two-three-and

four-wheelers. Autoline is a contract manufacturer of tippers and other products that Stokota India plans to introduce.

Stokota India is a joint venture between Stokota NV, Belgium and Pune-based technocrats, in which DIAF has invested \$1.5m. The JV assembles bodies for the tractor trailers that original equipment manufacturers (OEMs) make. In turn, Stokota India will source up to 80% of the product from a single source, Autoline, where DIAF is already invested.

This move will give both players volumes and the ability to scale up fast. Anand Singh, CEO, Stokota India, said they intend to roll out 100 built bodies per month, using the Autoline production line.

"We supply the applications to the tractor trailers that Tata Motors, Ashok Leyland, MAN Force Motors build and our Belgian partner has 55 applications," Mr Singh explained.

"We want to create an eco system wherein everyone benefits," Gopal Patwardhan, vice-chairman and managing director, Duke Equity, said. In the bargain, it ensures all the companies it invests in, gain. DIAF's other investment, in Harig Crankshafts, is another such example. The Noida-based manufacturer of crankshafts and stub axles for commercial vehicles and tractors, is a joint venture between Harig Crankshafts and PICUP, the investment corporation of the Uttar Pradesh government. DIAF has disbursed \$1.5m of the total \$4.5 m it in-

tends to invest in the component manufacturer.

In the case of Harig India, the aim is to make it a volume manufacturer for small forgings. So, the DIAF is in talks with an Amsterdam-based thermoplastic composite materials manufacturer to get the Indian company to manufacture the aluminium and advanced composites that are replacing sheet metal in the global auto market.

Moving production off shore is part of the plan, getting Indian players to become mass producers is the other.

DIAF will invest at the bottom of the pyramid. In India, this translates into investment in auto component companies manufacturing mechanical systems,

that is, metal and rubber parts. The DIAF is part of a portfolio of funds from Duke Equity, a private equity fund raising funds from family offices in the US, Europe and the Middle East.

This is the largest opportunity, given that globally, it accounts for up to 65% of the value of a car. The DIAF then plans to move up, to companies which manufacture electrical and power systems and doors, which account for 25% of the car's value. Moving higher up, value-wise, the Duke fund plans to invest in electronics, which is about 5% of the value of car and eventually, to info systems, the data transmission within vehicles, ranging up to 5% of the car's value currently.