

Autoline Ind looking at expanding inorganically

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Contract manufacturing, an opportunity created by the pharma sector, has been found appropriate by another sector. The high profile Indian auto component sector, moving up the tiered levels of the sector, is simultaneously looking to offer its facilities to global manufacturers who do not want to move their operations offshore.

As a first step, the Pune-based, Rs 111-crore Autoline Industries Ltd, manufacturers of sheet metal assem-

blies and components two-three- and four-wheelers, has begun offering such services to Stokota India Pvt Ltd. Autoline will begin supplying tippers to the Indian arm of the Belgian parent company, Stokota, which manufactures 55 kinds of carriers.

"Contract manufacturing in the automotive sector will allow for rapid customisation to Indian standards and we believe this will be the easier way for the overseas original equipment manufacturers (OEMs) to enter the market. There is an opportunity here," M Radhakrishnan, director, Autoline Indus-

tries, said. Besides being a systems solutions provider, Autoline has a presence as a software consultancy, following the acquisition of a 51% stake in Dimension Software Pvt Ltd, a Pune-based design engineering services company. Its global design capabilities will be strengthened when its Memorandum of Understanding (MoU) with Detroit Engineered Products plc, USA, converts into Autoline taking up a majority stake in that engineering consulting and software products firm. Detroit Engineered specialises in product development using a 'morpher' which captures the en-

tire CAD data of an existing product and morphs it on the new design. Autoline, which acquired two domestic companies last fiscal, is targeting two this year, one each in India and in the US.

In India, it is looking at an acquisition in the Chennai area, to cater to the auto hub there. The overseas acquisition would involve moving the manufacturing back to India and keeping the finishing activities in the existing location. "We have a Rs 20 crore war chest, raised through internal accruals, for acquisitions," Vinit Rawal, financial adviser, Autoline,

stated, adding that they would prefer a share swap deal.

The auto component manufacturer, now a Tier I supplier aiming to be even more closely integrated into the OEM chain, has received private equity investment from the Duke Special Opportunity group of Rs 7 crore. The private equity firm now holds a 15% stake in the company. Autoline has filed a draft Red Herring prospectus with SEBI, to raise Rs 75 crore. The draft prospectus was filed on September 25, with the issue tentatively scheduled to open by early November.