



Indian Commercial Vehicle Industry is Ready to Leap Forward

India is going to be one of the promising countries in manufacturing in the near future. Only the proper infrastructure, quality product improvement, enhanced skills and low cost is needed to fetch revenues in this sector. Also the Government's intervention is necessary to look into the policy procurement and thereby revamping the existing strategies.

Present Scenario of Indian Manufacturing:

Manufacturing sector currently constitutes around 16% of the total GDP. Increasing this share is absolutely necessary, given the kind of demographic profile India has. In terms of employment, a huge proportion of workforce is still dependent on agriculture and there is a limit to which Service sector, which constitutes 60% of the GDP, can absorb workforce.

In a country with such a huge population and demographic dividend, it becomes imperative that manufacturing share in India has to increase.

India's manufacturing sector has a lot of weaknesses such as poor infrastructure, divided regulations among states and the central government, low-productivity of labor. Our fixed costs are increasing owing to high land acquisition & credit cost. We have to catch up with the rest of the world in terms of manufacturing efficiency and productivity.

India as solution provider to the Global Market:

India has 550 million people under the age of 25 years. It has access to natural resources needed in production such as iron ore and aluminum for engineered goods, cotton for textiles, and coal for

energy generation.

India's domestic demand has been increasing due to strong growth in per capita income, a young and growing population, rapid urbanization and changing lifestyle. Lots of MNCs are diversifying their production by setting up their low-cost plants in India as well.

India has a high potential to become manufacturing hub for both domestic & export markets. Lots of companies are setting up both manufacturing facility as well sourcing office to cater to their global factories. Indian manufacturing industry still needs to cope up to the high quality requirements of the global standards.

We also need to overcome the lack of high quality capital goods manufacturing capability this is adding to the already hurting high cost of capital Globalization is increasing the competitiveness in India & driving shorter product development cycle industrialization is key in supporting shorter product development cycle time

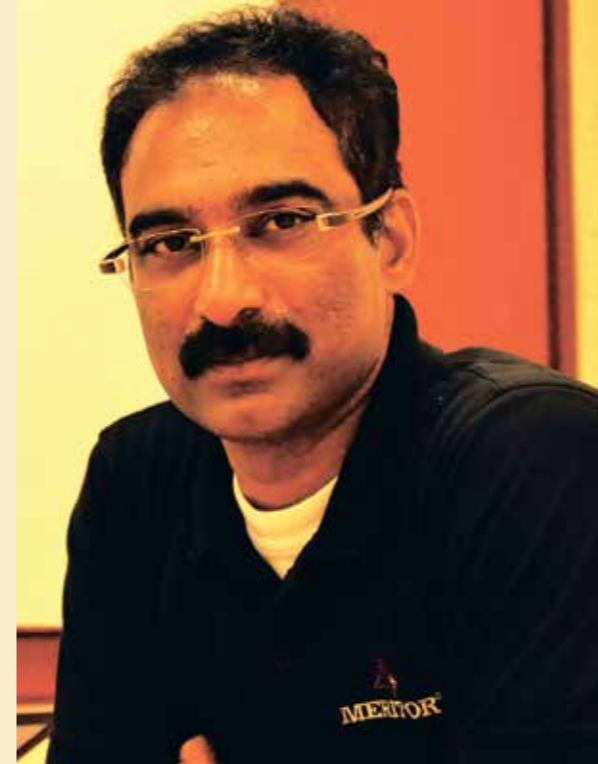
Crisis factors and remedies:

I would focus on the following five key initiatives which are in our control on the day to day basis .

Focused training & capability development to enhance Skill at all levels.

Meritor Inc is a global supplier of a broad portfolio of axle, brake and suspension solutions to original equipment manufacturers and the aftermarket for the transportation and industrial sectors.

Thimmaiah N P



Thimmaiah N P, is the Managing Director & Chief Executive Officer (CEO) of Meritor India. In his role as Head of Meritor India, Thimmaiah has the overall responsibilities of Meritor and its Joint Venture activities in India which includes, Meritor Heavy Vehicle Systems, Automotive Axle Ltd.- the joint venture, and India Technical Centre.

After pursuing his Automobile Engineering from Mysore University in 1990, securing 5th rank in the University, Thimmaiah took his first career assignment with Bharath Earth Movers in the Engine Assembly Plant in Mysore.

He has held various leadership positions at Cummins India. Before joining Meritor, he

held the position of Managing Director at Honeywell Turbo Technologies India. In his 22 years of experience, Thimmaiah has worked in supply chain, operations, sourcing and Business Management profiles. He is also a certified Six Sigma Black belt.

While at Honeywell Turbo, he was one of the first employees and is instrumental in establishing the Business & factor in India that has been recognized as world's best plant across 275 Honeywell plants. In his career, Thimmaiah has been associated with two green field operations. Under his leadership Pune facility has grown to become one of the largest Turbo manufacturing plants in the world.

Productivity improvement to enhance overall efficiency & to remain low cost.

Quality process implementation & adherence to ensure consistency in quality performance.

Improvement in logistic efficiency.

Flexibility & lead time reduction to accommodate volatile customer demands – adapt to Plan as per forecast & produce as per demand methodology.

Government Plans and Initiatives:

The National Manufacturing Policy of India has made an ambitious target of raising the manufacturing sector's share from current 16% to 25% in the next 10 years and thereby creating 100 million jobs. This year's union budget has proposed that the companies investing around 100 crores in plant & machinery from Apr '13 to Mar '15 would be entitled to investment reduction allowance of 15%.

I would like to reiterate the need of following initiatives :-

Develop manufacturing corridors with ready infrastructure to enable speedy execution of factories.

Speedy & less cumbersome approval process to open new facilities.

Infrastructure support to reduce end to end logistic lead-time both for domestic & export activities.

Incentives to counter other low cost

countries

Meritor at 2020:

Traditionally, Meritor in India had footprint only in axles and brake segments of Medium & heavy commercial vehicle industry. We all know that CV industry is cyclical in nature which has serious risk during downturns to sustain.

To mitigate this we are diversifying into new businesses like axles for LCV industry, off-highway and defense, aftermarket and suspensions. In addition to these we are also strengthening our alliance with our customers by offering superior technological & quality products and delivery improvement.

The key here is to get as close to customer locations as possible, which is exactly what we will be doing in the near future. Also we are working on the challenges all manufacturing industries are facing as narrated earlier.

We are allocating right resource & infrastructure to grow our business significantly in all the above areas & have an ambitious & sustainable growth targets for 2020.

Brand India as a manufacturing Hub at 2020:

I see a huge potential for India to become a manufacturing hub by 2020 & beyond I reiterate the only way we can get their & sustain is through low cost high quality manufacturing process. The potential is huge each one of us need to ensure

