

Auto part firms bank on EVs, exports to counter slowdown

Diversification fuels resilience in sluggish mkt

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As the Indian auto components sector faces a projected revenue slowdown to 6-8 per cent this and the next financial year due to softening of demand and sluggish global markets, industry players are actively diversifying their markets to mitigate the impact.

According to a recent CRISIL report, while replacement demand will provide some support, export growth is expected to taper compared to the previous year. This has prompted several players to explore new avenues for growth.

RSB Group, a prominent automotive component manufacturer, acknowledged a slowdown in commercial vehicles and construction equipment sectors by 15 per cent due to reduced infrastructure investment. The company highlighted industry's dependence on government spending and GDP growth.

To counter this, RSB is focusing on expanding its global footprint, particularly leveraging its Mexican presence to drive exports from India. The firm aims to increase exports to at least 20 per cent of its turnover in the coming



SECTORAL PICTURE

- Auto components industry projected to see revenue growth slowdown to 6-8% in FY25 and FY26 due to softening demand and sluggish global markets
- Replacement demand will provide some support, but export growth is expected to taper
- Players increasingly targeting EV segment to secure growth opportunities in emerging markets
- RSB Group focusing on increasing exports to 20% of turnover by leveraging its Mexican operations
- Kinetic Engineering is diversifying markets by expanding into Europe and integrating products into the domestic market

financial year. The firm is enhancing its technological capabilities and exploring potential acquisitions to strengthen its global supply chain. "To mitigate the impact of the current slowdown, RSB is committed to expanding its global footprint, particularly leveraging our presence in Mexico to drive exports from India. We are also exploring strategic acquisitions and diversifying into sectors like agriculture, railways, and defence to ensure sustainable long-term growth," said S K Behera, vice-chairman of the RSB Group.

With strategic partnerships and diversification efforts, the group aims to achieve a revenue target of ₹10,000 crore within the next three to four years.

Auto component manufacturer Kinetic Engineering has outlined its strategies to counter the slowdown. Vice-Chairman Ajinkya Firodia emphasised that while stock corrections are complete and production schedules are normalising, the company is adopting several initiatives to drive growth. The company, traditionally focused on US exports, is now

diversifying its customer base as it is now in advanced talks with European clients to expand export opportunities and integrate their products into the domestic market.

Speaking on this, Firodia said, "We are proactively diversifying our markets to counter the recent deceleration in the auto components industry. By introducing new technologies, and expanding our focus to European markets, we aim to unlock new opportunities both domestically and internationally. Additionally, with the rapid growth in the two-wheeler and EV segments, we are developing chassis, gearboxes, and other critical components to position ourselves as key players in these emerging markets."

The company is also setting up one of India's first nylon coating plants, a move aimed at localising a process currently performed in the US.

On the other hand, a provider of industrial electrical solutions, Trinity Touch, is also navigating market volatility through various strategies. While most of their current exports are driven by customer demand, they are exploring direct export opportunities and ensuring compliance with global standards.

The company is also diversifying its customer base by targeting 2-wheeler manufacturers for type-6 charging solutions, leveraging their recent approval by the International Automotive Task Force (IATF).