

Gold Seal-SAARGUMMI Banks On Innovative Localisation



Gold Seal - SAARGUMMI India's new plant in Sanand, Gujarat

By T Murralli

Continuing its intent to pursue technological innovation and excellence, and showcase its ability to go beyond the expectations of the very exacting OEM clients like Ford, Gold Seal-SAARGUMMI India Private Limited, a joint venture of Gold Seal Engineering Products of Mumbai and CQLT SAARGUMMI of Germany, has commissioned its greenfield sealings plant recently at Sanand, near Ahmedabad.

This state-of-the-art plant with high degree of automation has reiterated the Gold Seal group's commitment to support its customer, Ford India that has recently inaugurated its second India plant at Sanand.

Gold Seal-SAARGUMMI mainly serves the requirements of the Ford

India plants in Sanand and Chennai. It supplies trunk tailgate seals and inner door seals for Ford's new models – the next-generation Figo hatchback and sedan – being produced at Ford India's Sanand plant. The company has been supplying various sealing systems to its Chennai plant for the EcoSport SUV.

Ford was instrumental in bringing both SAARGUMMI, the world leader in rubber weather strips, and Avon, the global leader in radiator coolant hose, to India to form a JV with the Gold Seal Group to transfer latest technology to manufacture products of international design and quality for the first time in India.

"We are looking at supplying to other vehicle manufacturers like Honda Cars India and Maruti Suzuki and Tata Motors",

Darius C Aga, director, Gold Seal-SAARGUMMI India, told AutoParts Asia. Tata Motors make Nano from its plant in Sanand itself. In fact, Sanand became an automotive hub after Tata Motors set up a plant for Nano, after its attempt to build a Greenfield plant in Singur failed.

"We are also in discussion with our existing customers like Mahindra & Mahindra, General Motors India and Volkswagen India among others for bagging new orders which will be catered to from this plant", he said. It was also planned to shift some of the production for Mahindra from the Daman plant to this new facility, he added.

The Gold Seal Group, founded by H.E. Aga in 1958 along with his wife, Daulet H. Aga, now comprises three joint

entities. They are Gold Seal Engg Products Private Limited, a 100 per cent Aga family-owned company having plants in Mumbai and Daman; Gold Seal – SAARGUMMI India, a 49:51 joint venture of Gold Seal Engg Products and SAARGUMMI of Germany; this entity makes EPDM rubber-extruded sealings and weatherstrip profiles for passenger cars, SUVs, MPVs, LCVs and tractors; and Gold Seal Avon Polymers, a 45:55 joint venture of Gold Seal Engg Products and Avon Automotive of the US, now owned by MGI Coutier of France, to manufacture EPDM rubber radiator hoses.

SAARGUMMI operates out of 12 locations in Europe, North America, South America and Asia with about 4,100 employees worldwide. There was a global restructuring of the company after it was taken



Next Gen steering the Gold Seal Group of Companies - Khurshheed C Aga, Darius C Aga and Urvaksh C Aga

over in 2011 by Chongqing Light Industry & Textile Holding Group (CQLT, Chongqing), China.

On the process capabilities inbuilt in the newly commissioned plant, Darius said, “We can explain to all our existing and new clients, partners and stakeholders how our company is very innovative, how we invest in latest technology and the measure of the new technology we bring to India and to the market at present. You can see our facilities, the extrusion capacity we have in the overall size and the structure, the training, the manpower and our thinking for the future.”

With the group’s experience in its Mumbai and Daman plants, the machineries used in Sanand plant are a combination of both locally assembled and brought out. “We have five extrusion lines in Daman and we have the finishing plants in Mumbai. Based on our experience and existing knowhow, we get the world-class technology and the customers can feel that”, Darius Aga said.

“We had a lot of R & D in Daman; we have done more R & D here. It was possible to get the machinery from some of the largest manufacturers. But our team developed the machines based on our requirements. Import content in the machines may be around 40 percent and even in this there is our involvement to make them specific to our operational requirements, raw material availability and local supplies. It was not a plug and play,” explained Darius Aga.

With five extrusion lines, to be in place by July this year, the output from the Sanand plant will total 20,000,000m/year within three years. The company has invested Rs 51 crore in the new facility. A mixing unit has also been installed at the plant with an installed capacity of 25 tonnes daily.

“We are also looking for more sophisticated lines for manufacturing different products. We are in talks with lot of suppliers to develop new technologies for the customers in India. We are planning to diversify our portfolio. We

have space and plans for expansion based on the business requirements. We hope all these would happen in 3-4 years”, he said.

Urvaksh C Aga, CEO, Gold Seal Engg Products and Gold Seal – SAARGUMMI India, said the company and others in the New Auto Hub chose Sanand because, “we wanted to set up the new plant nearer to our clients like Ford. Five to six extrusion lines per plant is the optimum size and hence the necessity for a separate plant as our two other plants are functioning already at the optimum level.

GoldSeal-SAARGUMMI’s Sanand plant is a state-of-the-art facility as continuous improvement is part of the group’s strategy along with more automation and less dependence on human variability in the process. “Sanand is an area that is difficult to get manpower. New companies are coming up all over the place. We have lot of automation in the new plant because of the problem in the availability of human resources and

also for better process quality,” Urvaksh Aga said.

Manpower has its own challenges everywhere. However, this plant requires only 60-70 percent of the manpower for the same capacity plant as in Daman. The investment is up in certain areas, with machines bought from different parts of the world where it was able to get the best price advantage and technology.

Bouquet of Products

Gold Seal – SAARGUMMI makes a range of products including seals for hood, windshield finisher, sun-roof, tail-lamp, glass-run, trunk, B-pillar, waist belt (inner & outer), door (inner & outer), rocker, toolbox, fuel-tank profile, front panel and high-roof. It makes Bi-Component Products (such as single and double bulb door seals, boot and bonnet seals and engine hood seals) Dual Hardness Products (like windshield glass rubbers, windshield and backlight glass edge protectors, inner waist line weather-strips and cabin hood lining seals) Flocked products (like glass runs,

inner and outer waist line seals – also with metal reinforcement) and Slip Coated Products (like door seals and boot seals). Besides, it also makes self-adhesive tape laminated products for applications in tail lamps, secondary door seal, bonnet front seal and rocker panel seals. Its specialty products include 'plastic extruded' products (such as edge protectors and thermoplastic profiles with or without metal

making India a sourcing hub. Now most of the design and development work is done in Germany. "We have the engineering resources to mix and match and this has given us cost and technological advantages. This was because the customer wants lot of engineering support and the customers are outsourcing designs to their suppliers as they have more experience and understanding of the



Gold Seal - SAARGUMMI makes several products including EPDM rubber-extruded sealings and weatherstrip profiles. The one shown in the photo is Seal TEX



Compounds mixing facility at the Sanand plant

reinforcement), 'solid rubber' products (like windshield weather-strips, backlight weather-strips and glass edge finishers) and 'sponge rubber' products such as outer door seals and control panel seals. Globally SAARGUMMI is working on new products such as coloured profiles, coloured flock, hybrid profiles, cloth applicated profiles and coloured EPDM/TPE, in addition to developing light weight seals.

Tech Centre

Yet another interesting aspect of Gold Seal-SAARGUMMI India is the establishment of a technical and design centre at Sanand for the local needs and also for

processes. And globally there is a drive to reduce the development cost".

SAARGUMMI has four technology centres - in China, Germany, Brazil and the US. The one coming up in India is the only joint venture technical centre. "The engineering tech centres are designed not product-wise but programme-wise and the role of the India centre is yet to be decided. Globally the small cars are getting priority and the long-term prospects for the Indian markets also are small cars. The tech centre will support the Indian market," he said.

Gold Seal-SAARGUMMI sealings find their application on a variety

of equipment outside the automotive industry as on cabins of agricultural and earth moving equipment, medical equipment, and enclosures in industrial equipment. The group's primary focus on quality and innovation has been able to keep its OEM customers happy and satisfied. The group exports its products to markets in Africa, Australia, European Union, the West Asia, South East Asia, the UK and the US.

Exacting OEM customer

Ford India is a major OEM customer of Gold Seal-SAARGUMMI. When Ford decided to manufacture 'Figo' in India, the company

wanted SAARGUMMI to come to India. While Ford India will be producing at Sanand the Figo twins for the Indian market, it will also be addressing the overseas demand.

The Sanand plant of Ford has an installed capacity of 2.5 lakh units on an annual basis in the first phase of operations. In the first year production is limited to 800-900 units daily with annual production pegged at 1.5 lakh units. Ford is expected to launch the 2015 Figo 'Aspire', its compact sedan, soon. It is set to take on the Maruti DZire, Honda Amaze, Tata Zest and the likes.

In addition to the Figo twins, Ford India will roll out the new generation Endeavour this year brought in via the CKD route and assembled at its Chennai facility.

P B Madhavan, Purchasing Director, Ford Motor Company said, "We have about 100 vendors for Ford India's Chennai plant and all of them are supporting us from their respective facilities. About 17 of the suppliers have set up their plants in Sanand and most others are in and around Pune. Seals are very sensitive to transportation and that is why we have asked SAARGUMMI to come to India," he said. He further said that GoldSeal

- SAARGUMMI's facility in Sanand is a state-of-the art plant with added features and increased automation.

"All the products we use in India are global products. During the last 15 years since Ford has been in India, the local vendors have collaborated with their global suppliers and have matured very satisfactorily," he said. Still they have some distance to cover. We have the roadmap to bring them up to the level their western counterparts operate. The gap is mainly in the quality outlook, especially when we compare with the global metrics. Still, quite a few have even acquired the quality certification," Madhavan said.

A company with commitment

Bajaj Auto is another major OEM client of Gold Seal - SAARGUMMI. "Gold Seal SAARGUMMI is a reliable company which will fulfil its commitment and even more. The company is customer-oriented and technologically ahead of even the OEMs. "They take the initiative and innovate," said Tryambak D Bharsawade, Manager, Component Development, Bajaj Auto Limited.

"Normally, the suppliers follow the OEMs. But for Gold Seal- SAARGUMMI, it is the other way round. The company makes the OEMs to follow their inventions and innovations. They will not change if they are convinced what they do is good for the customer. With this attitude, they took us ahead, they wanted us to be ahead. The company has developed a lot of parts for our three-wheelers", he added.

Bharsawade said the new plant of the Gold Seal - SAARGUMMI was planned to be set up in Pune. Bajaj



Extrusion line; the company will have five extrusion lines by July this year and the output from the Sanand plant will reach 20,000,000m/year within three years

group was happy about that as it would have been closer to its manufacturing companies. However, owing to some problems in land acquisition, it went to Sanand in Gujarat. It was a location convenient for them as they have their plants in Mumbai and Daman and major OEM clients in Gujarat.

Khursheed C Aga, Director, Gold Seal Group, concludes by saying that the group continuously focus on enhancing quality and to achieve this technology up gradation is the key. There is no dearth of technology at Gold Seal and in future it is committed to keeping itself abreast of the technological developments.

Gold Seal Engg Products Private Limited started its operations in 1958 as a humble, small scale unit to , to manufacture the first door seal and window channel, fitted as

OEM on the first Indian manufactured car – Ambassador. Since then Gold Seal has grown from strength to strength, by remaining committed to delivering a high quality product by constantly adopting new production technologies. The growth was fuelled by Chairman of the Group, Cyrus Aga and the Group Commercial Director Pilloo Aga.

Over the years, Gold Seal has maintained its quality and brand leadership with leading Indian OEMs and supplies its ever-expanding range of products of EPDM rubber, PVC, Nitrile, and TPE extruded sealing profiles and radiator hoses to more than 25 OEM locations all over India. During 1995-97, Gold Seal came together with two world leaders to expand its product offering.

It joined with SAARGUMMI, Germany as they are the world leaders in the design and manufacture of

innovative, technologically high quality body seals; besides, the group wanted to supply German technology body sealing profiles to the Indian automotive industry.

The group joined with Avon Automotive, USA, as they are the world leaders in design and manufacture of fluid conveying systems, with the core focus of supplying high quality, robust coolant and water conveying radiator hose systems to the automotive industry in the country. The company makes low pressure radiator hose systems, spouted hoses, and hoses for heater, fuel filler and reservoir. Its main customers being Ford, Nissan and Mahindra. Avon Automotive has nine manufacturing locations globally including one in India. It caters to a range of customers like JLR, Honda, Ford, Rolls-Royce, Scania, Rover, VW, Volvo, BMW, Nissan, Suzuki, Mercedes Benz and Renault. 

INTERACTION -Michael Lorig, CEO, SAARGUMMI



SAARGUMMI, the global supplier of automotive sealings, has very strong presence in Europe, North America and Asia. It has made rapid inroads into the fast growing automotive markets of China and India. **Michael Lorig**, who was appointed CEO of the company in September 2014, told in an exclusive interview to **T Murralli**, that the focus of the company would be on both the traditional and growing markets with lots of localisation and innovation. Edited excerpts:

Q: How was your first six months as CEO, how was the going?

Lorig: Before joining this company as CEO, I was heading the global sales, product management programme and quality planning. As the CEO is responsible for the operations, after taking over, I have been focussing on globally competitive strategic development and how to make a global footprint.

Q: What is your strategy; how do you propose to implement it?

Lorig: Obviously I have to find out the correct position of the market; that is applicable for any business. I have to find the position of the European market, especially the sealing market, and the technology driving the global automotive market. We have only limited number of suppliers. When we look into the history of these suppliers, we find that they all have a permanent concentration in the market and that brings pressure on margins. When we employ strategies to the automotive market,

we have to compare the traditional markets in North America and Europe and the growing markets in Asia, which are the main drivers. The traditional markets are very stable. The really growing markets are in China and India and this is where to go. When we put all these bits and pieces together, it is clear that we have to come up with a strategy of focussing on these four markets. We have some sizeable presence in North America and Europe.

Q: So your concentration is on Asia-Pacific and the Americas and Europe?

Lorig: The organisation has to follow its own strategy and methods. Each strategy has its own advantages and disadvantages. Every region has its own requirements. North America and Europe are consolidated markets while Asia is a growing market. Every region is responsible to make its own business. This means going down to the customer and lot of localisation and innovation.

Q: What is the idea behind a President's level appointment at the regional level?

Lorig: It is regional focus. We look at it on a priority level in terms of car life cycle, we have to understand which part makes the market and has the volume. Sealing system is part of the volume. This information has to be reached to the production stage and we have to produce on global automotive standards. The organisation has to follow this along with technology and innovation. This regional level innovation has to be synchronised with the global standards of the automotive business.

Q: How do you see the sales coming up for the next five years?

Lorig: SAARGUMMI is making roughly about Euro 400 million in sales; 250 million Euro is from Europe and the rest from the Americas and Asia.

In Asia, we have three production plants in China and two in India. We get about 80 million from Asia including 15 million from India. We expect the market to go up.

Q: Asian markets are emerging, where the value is less. Will value drive your growth or

volume will be the driving force?

Lorig: What we see is that when we look at the content we have to look at sealing system itself. This is driven by the car concept. The Chinese market is growing in the direction for the foreign markets. This means there will be more luxury cars where the content will be more. India is also a growing market with less volume.

Q: How important is this plant in India for the SAARGUMMI group since it is a combination of R & D, design, engineering and production?

Lorig: The Sanand plant is very important for us.

The automotive industry is changing very much, especially in the volume segment. We have three global platforms. We manufacture here in India for a car which was developed in Brazil and launched in India, China and Brazil. We see true global position and we cannot help having such a plant in India having all the features set by the customer. For that it has also a technical and design centre along with the production facility. 