

Identifying and Prioritising New Business Opportunities for an Auto Component Manufacturer

THE AVALON EDGE

Avalon helped a leading Indian auto-components manufacturer to identify and prioritize new business opportunities for diversification; assess the most relevant option and determine the most viable entry strategy - thereby helping the client achieve its growth ambition in a rapidly evolving automotive landscape



Client Situation

- The client is a leading auto component manufacturer of exhaust systems, spoke rims, steel wheel rims, fuel tanks, seat frames and other automotive assemblies



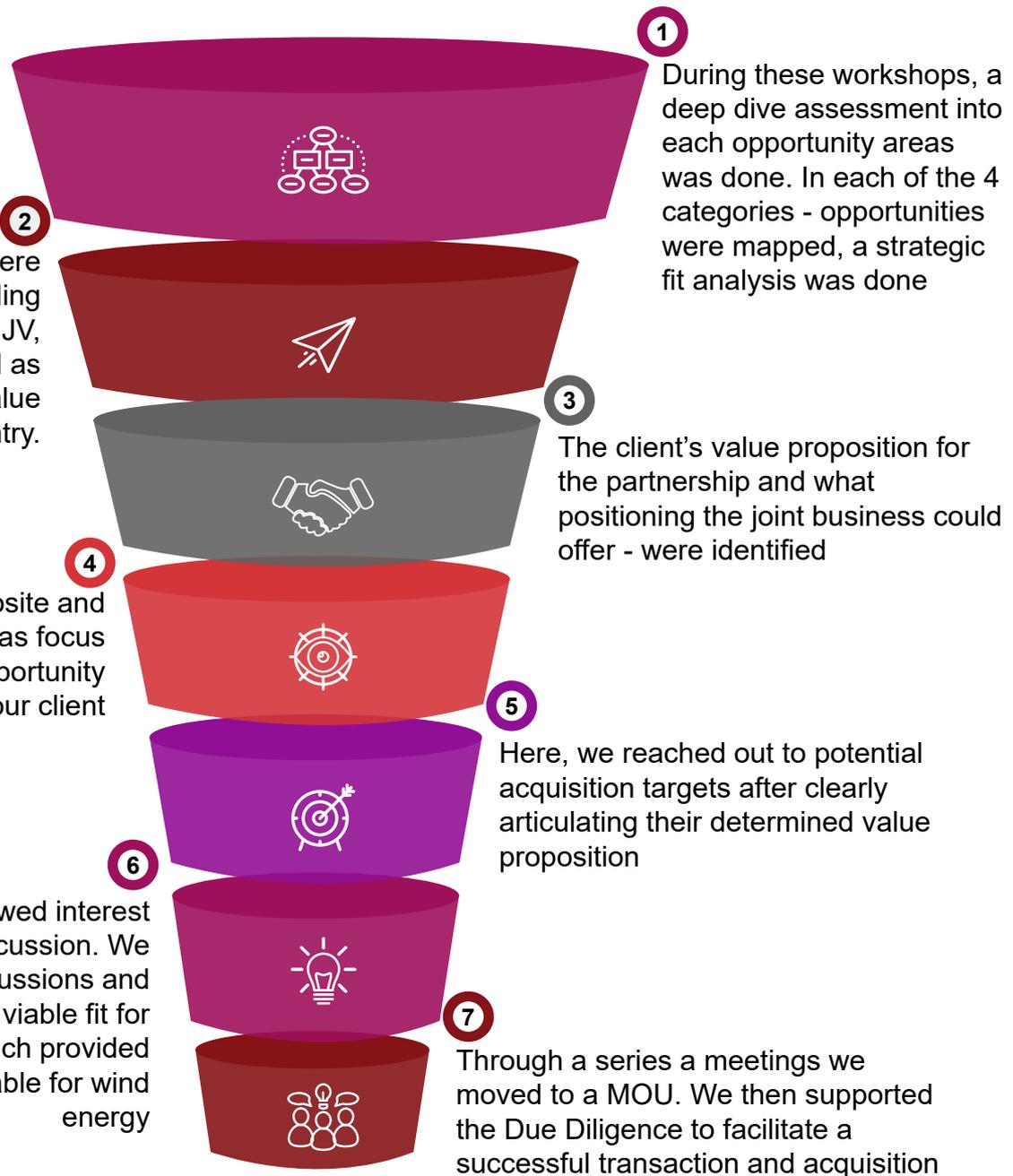
Objective of the assignment

- Due to changes in the regulatory environment and imminent threat from electric vehicles in the next 5 to 10 years, the client wanted to explore diversification opportunities
- They had identified 4 potential opportunity areas adjacent to their core business namely EV, Li-ion batteries, Defense and Composites; wanted to explore the market opportunity in each of the areas besides determining possible routes to enter the market



Avalon Intervention

A series of workshops were held on each opportunity area to understand the sector dynamics and specific business models / opportunity areas that can meet the client requirements



Also, entry strategy options were evaluated for the client including Technology collaborations, JV, Acquisitions as well as determining what part of value chain could be targeted for entry.

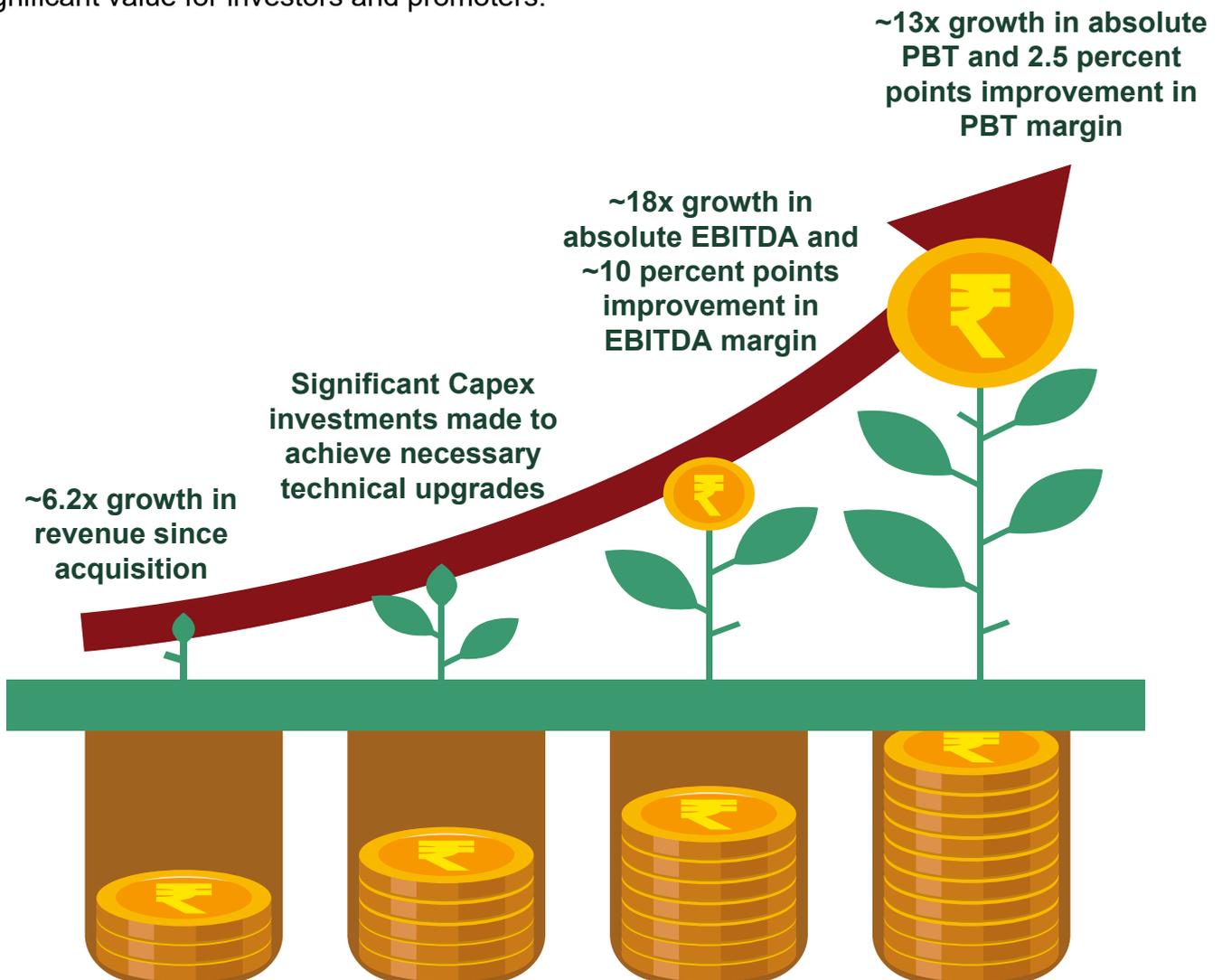
Basis this, Composite and Defence were prioritized as focus areas with the best opportunity and best fit for our client

5 companies that were showed interest were shortlisted for discussion. We supported the initial discussions and helped zero in on the most viable fit for our client – one which provided Composite technology suitable for wind energy



Impact of our Interventions

- 01** The finalized target's management possessed significant technical expertise in this domain, but needed capex infusion to upgrade technologically- something our client could provide
- 02** We handheld the client through the entire process and counselled both sides to iron out issues, thereby facilitating a successful acquisition
- 03** The original owners remain invested as minority shareholders and continue to manage the business - thus retaining the technical expertise inhouse
- 04** The client's money was used to buy out a dormant investor and as growth capital.
- 05** The acquired business has seen significant improvement in the years since and generated significant value for investors and promoters.



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