

Voltas, Arcelik to set up \$100 million consumer durable JV

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NEW DELHI: Air-conditioner maker Voltas and Turkey's Arducth have agreed to set up a joint venture company in India with equity capital of \$100 million, marking the former's foray into consumer durables sector.

"Voltas Limited, a Tata Enterprise; and Arducth BV, a subsidiary of Arcelik AS - part of the Koc Group, have agreed to establish a joint venture company (JVC) in India, to enter the consumer durables market in the country. The new company to be incorporated in India will be an equal partnership joint venture," the companies said in a joint statement.

The proposed JV will launch refrigerators, washing machines, microwaves and other white goods and domestic appliances in India.

"Consumer durables is a logical extension for Voltas and we are delighted to be forming this joint venture with Arcelik. The Voltas-Beko partnership will also leverage the well-known brand and distribution strengths of Voltas, and we will work towards establishing the joint venture as a market leader for consumer durables in India," Tata Sons Director and Chairman of Voltas Ishaat Hussain said.

The JV will leverage the brand presence, sales and distribution network of Voltas, which is the market leader for residential air-conditioners in India, with over 20 per cent market share.

"The JVC will have an equity capital of \$100 million, and Tata Investment Corporation Limited (TICL) and Koc Holding (KOC) will also hold 1 per cent equity stake each, in the new Joint Venture," the statement said.

While Arcelik will bring to the JVC its R&D and manufacturing speciality along with product range and global sourcing capabilities. Arcelik has been selling home appliance under Beko brand name in Europe for the past 7 years.

"The brand is the market leader in the UK...The complementary strengths of the two partners will help build a sustainable consumer durables business in India," the statement said.

The JVC will set up a manufacturing facility in the country, and it will also source products from Arcelik's global manufacturing facilities and vendor base.

"Given the accelerating shift of global economic power to Asia, this joint venture will be a critical step for Beko's growth in the region. India stands out as an important opportunity window as it offers a great potential with its 1.3 billion population," President of Consumer Durables Group of Koc Holding, Fatih Kemal Ebiclioglu said.