EXECUTIVE SUMMARY (1/3)

- By 2020, India's share in the global passenger vehicle market to touch 8 per cent from 4.68 per cent in 2014
- Third-largest automobile industry by 2016E
- World's second-largest two wheeler manufacturer
- Two wheeler production to rise from 18.5 million in FY15 to 34 million by FY20E
- Passenger vehicle sales to nearly triple by 2020E
- Passenger vehicle production to increase from 3.2 million in FY15 to 10 million in FY20

Domestic Sales of Passenger vehicles grew from 2.0 million in 2010 to 2.6 million in 2015

Domestic Sales of Commercial vehicles grew from 0.5 million in 2010 to 0.6 million in 2015

Domestic Sales of Three wheelers grew from 0.4 million in 2010 to 0.5 million in 2015


For updated information, please visit www.ibef.org
Domestic Sales of Two wheelers is the most growing segment. The total domestic sales of two wheelers grew from 9.4 million in 2010 to 16.0 million in 2015.

AUTOMOBILES

CAGR: 11.3%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>9.4</td>
</tr>
<tr>
<td>2015</td>
<td>16.0</td>
</tr>
</tbody>
</table>

Domestic Sales of Two wheelers in India increased at a CAGR of 11.3% during 2010-15.

Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 6.89 percent, 13.77 percent, 18.69 percent and 16.60 percent CAGR during 2010-15.

CAGR: 14.65%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.8</td>
</tr>
<tr>
<td>2015</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Automobile exports grew at a CAGR of 14.65% during 2010-15.


For updated information, please visit www.ibef.org
### Growing demand
- Strong growth in demand due to rising income, middle class, and a young population is likely to propel India among the world’s top five auto manufacturers by 2015.
- Growth in export demand is set to accelerate.
- Government takes initiatives like to set up manufacturing plants through Make in India.

### Innovation opportunities
- Tata Nano and the upcoming Pixel have opened up the potentially large ultra low-cost car segment.
- Innovation is likely to intensify among engine technology and alternative fuels.

### Rising investments
- India has significant cost advantages; auto firms save 10-25 per cent on operations vis-à-vis Europe and Latin America.
- A large pool of skilled manpower and a growing technology base would induce greater investments.

### Policy support
- The government aims to develop India as a global manufacturing as well as R&D hub.
- There has been a wide array of policy support in the form of sops, taxes and FDI encouragement.

**Source:** Automotive Mission Plan (2006–2020), Make in India

Notes: R&D – Research and Development; FDI – Foreign Direct Investment; FY – Indian Financial Year (April – March); FY16E – Estimated figure for Financial Year 2016
EVOLUTION OF THE INDIAN AUTOMOTIVES SECTOR

- **Before 1982**
  - Closed market
  - Five players
  - Long waiting periods and outdated models
  - Seller’s market

- **0.4 million units (1982)**

- **0.6 million units (1992)**
  - Joint Venture (JV): Indian government and Suzuki formed Maruti Udyog; commenced production in 1983
  - Component manufacturers entered the market via JV
  - Buyer’s market

- **1983–92**
  - Sector de-licensed in 1993
  - Major Original Equipment Manufacturers (OEMs) started assembly operations in India
  - Imports permitted from April 2001
  - Introduction of value-added tax in 2005

- **11 million units (2007)**

- **21.5 million units (FY14)**

- **23.4 million units (FY15)**

- **2008 onwards**
  - More than 35 market players
  - Removal of most import controls
  - Indian companies gaining acceptance on a global scale
  - Setting up of National Automotive Board to act as facilitator between the government and industry
  - Government has proposed GST to support lower raw material cost

**Source**: Tata Motors, Society of Indian Automobile Manufacturers (SIAM), TechSci Research

**Notes**: JV – Joint Venture, GST: Goods and Service Tax
THE AUTOMOTIVES MARKET IS SPLIT INTO FOUR SEGMENTS

Automobiles

- Two-wheelers
  - Mopeds
  - Scooters
  - Motorcycles
  - Electric two-wheelers

- Passenger vehicles
  - Passenger cars
  - Utility vehicles
  - Multi-purpose vehicles

- Commercial vehicles
  - Light commercial vehicles
  - Medium and heavy commercial vehicles

- Three-wheelers
  - Passenger carriers
  - Goods carriers
The gross turnover of automobile manufacturers in India expanded at a CAGR of 6.0 per cent over FY07-14.

Excluding three wheelers, trucks accounted for the largest share of revenues (47.8 per cent in 2011).

Gross Turnover over the past few years (USD billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<td>36.6</td>
<td>33.3</td>
<td>43.3</td>
<td>58.6</td>
<td>66.3</td>
<td>67.6</td>
<td>46.0</td>
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</tbody>
</table>

CAGR: 6.0%

Source: SIAM, TechSci Research
Note: * Does not include three wheelers
**GROWTH IN THE SECTOR EVIDENT FROM HIGHER TOTAL PRODUCTION FIGURES**

- Production of automobiles increased at a CAGR of 10.5 per cent over FY05-15
- Two wheeler vehicle was the fastest growing segment, representing a CAGR of 10.86 per cent, followed by passenger vehicle segment with CAGR of 10.31 per cent between FY05-15.

**Total production of automobiles in India (million units)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Passanger Vehicle</th>
<th>Commercial Vehicle</th>
<th>Three Wheelers</th>
<th>Two Wheelers</th>
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</thead>
<tbody>
<tr>
<td>FY05</td>
<td>1.2</td>
<td>0.4</td>
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<tr>
<td>FY06</td>
<td>1.3</td>
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<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>FY07</td>
<td>1.6</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>FY08</td>
<td>1.8</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>FY09</td>
<td>2.4</td>
<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>FY10</td>
<td>3.0</td>
<td>0.8</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>FY11</td>
<td>3.1</td>
<td>0.9</td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>FY12</td>
<td>3.2</td>
<td>0.8</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>FY13</td>
<td>3.2</td>
<td>0.8</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>FY14</td>
<td>3.1</td>
<td>0.7</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>FY15</td>
<td>3.2</td>
<td>0.7</td>
<td>0.9</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Source: SIAM, TechSci Research

Note: CAGR – Compound Annual Growth Rate
Two wheelers dominate production volumes; in FY15, the segment accounted for about 79.40 per cent of the total automotive production in the country.

India is world’s sixth largest vehicles manufacturer globally. Further, India is the Asia’s second largest two wheeler manufacturer and fifth largest producer of commercial vehicles, fourth largest manufacturer of passenger car and the largest manufacturer of tractor.

**MARKET BREAK-UP BY PRODUCTION VOLUME**

- **Passenger Vehicle**: 13.73%
- **Commercial Vehicle**: 3.00%
- **Three Wheelers**: 3.86%
- **Two Wheelers**: 79.40%

*Source: SIAM, TechSci Research*
MARKET BREAK-UP OF INDIVIDUAL SEGMENTS BY PRODUCTION VOLUME … (1/2)

Share in production of passenger vehicles (FY14)

- Passanger Cars: 75.2%
- Utility Vehicles: 18.4%
- MPV: 6.4%

Share in production of commercial vehicles (FY14)

- MHCV: 68.34%
- LCV: 31.66%

Source: SIAM, TechSci Research
Notes: LCV – Light Commercial Vehicle; MCV – Medium Commercial Vehicle; HCV – Heavy Commercial Vehicle
MARKET BREAK-UP OF INDIVIDUAL SEGMENTS BY PRODUCTION VOLUME … (2/2)

Share in production of three-wheelers (FY14)
- Goods Carrier: 80%
- Passenger Carrier: 20%

Share in production of two-wheelers (FY14)
- Motorbikes: 73.88%
- Scooters: 21.78%
- Mopeds: 4.34%

Source: SIAM, TechSci Research
**AUTOMOBILES**

**STRONG GROWTH IN EXPORTS … (1/2)**

- Automobile export volumes increased at a CAGR of 17.79 per cent over FY05–15
- Two-wheeler segment reported the fastest growth (20.1 per cent) followed by three-wheelers (14.8 per cent) over FY05–15

Exports of automobiles from India (million units)

Source: SIAM, TechSci Research

*For updated information, please visit [www.ibef.org](http://www.ibef.org)*
Two wheelers accounted for the largest share in exports (by volume) at 69.4 per cent in FY15.

Passenger vehicles comprised a sizeable 16.7 per cent of overall exports.

Exports of three wheeler vehicles registered around 11.1 per cent share in exports in FY15.

Source: SIAM, TechSci Research
Auto sales across categories domestically rose by 8.4 per cent in FY15

- Passenger vehicles grew by 3.2 per cent in FY15
  - Passenger car segment declined by 4.58 per cent in 2014
  - SUVs increased by 30 per cent
- Commercial vehicles declined by 0.28 per cent in FY15
  - LCVs declined by 21.2% per cent in FY14
  - MCVs and HCVs declined by 25.2 per cent in FY14
- Three wheelers grew by 12.5 per cent in FY15
- Two-wheelers registered a growth of 9.5 per cent during FY15

**Source:** SIAM, TechSci Research, News articles

**Notes:** E – Estimate, UV – Utility Vehicle
AUTOMOBILES

National Electric Mobility Mission Plan (NEMMP) 2020

Passenger vehicles to increase at a CAGR of 25.6 per cent during FY2015–20

Commercial vehicles expected to register a CAGR of 30.9 per cent during FY2015–20

Two and Three wheelers projected to expand at a CAGR of 12.6 per cent during FY2015–20

Source: SIAM, NEMMP 2020, TechSci Research
Note: Denomination - Million Units
LUXURY CARS GAINING TRACTION IN INDIA

Scenario
The Indian luxury car market expanded at a CAGR of 35.2 per cent between FY07-14, with 33,000 units in 2014 (about 1 per cent of the passenger vehicle market in India). The market is dominated by players such as BMW, Mercedes, Audi, Jaguar. Audi sold 10,126 units in 2013-14, remaining the biggest luxury car seller over Mercedes-Benz which sold around 10,201 cars in FY14.

Key drivers
India has the world’s 12th-largest HNI population, with a growth of 20.8 per cent (highest among the top 12 countries)
With expansion in the education and realty sectors, and increasing wealth of IT professionals, more consumers aspire to own luxury cars
Affluent class of the country is driving the demand of the luxury cars

Notable trends
The Indian luxury car market is estimated to expand at a CAGR of 25 per cent during 2012–20 and reach 150,000 units by 2020 (accounting for 4 per cent of the estimated 6.8-million-unit domestic car market)
The luxury SUV segment is growing at about 50 per cent, while luxury sedans are increasing 25–30 per cent
Audi to launch Q7 SUV and new sports car TT later in the year.
Mercedes Benz is planning to launch 15 new models in India in 2015. The company have increased its production capacity in Pune to 20,000 units.

Note: HNI - High Networth Individuals
The automotives industry is concentrated with leader of each segment commanding a share of over 40 per cent except three wheelers.

<table>
<thead>
<tr>
<th>Market leader</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger vehicles</strong></td>
<td></td>
</tr>
<tr>
<td>Maruti Suzuki</td>
<td>42%</td>
</tr>
<tr>
<td>Hyundai</td>
<td>15%</td>
</tr>
<tr>
<td>Tata Motors</td>
<td>8%</td>
</tr>
<tr>
<td><strong>MCVs &amp; HCVs</strong></td>
<td></td>
</tr>
<tr>
<td>Tata Motors</td>
<td>54.9%</td>
</tr>
<tr>
<td>Mahindra</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>LCVs</strong></td>
<td></td>
</tr>
<tr>
<td>Tata Motors</td>
<td>53.7%</td>
</tr>
<tr>
<td>Force</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Three wheelers</strong></td>
<td></td>
</tr>
<tr>
<td>Bajaj Auto</td>
<td>39.0%</td>
</tr>
<tr>
<td>Mahindra</td>
<td>13.1%</td>
</tr>
<tr>
<td><strong>Motorcycles</strong></td>
<td></td>
</tr>
<tr>
<td>Hero Moto</td>
<td>41.4%</td>
</tr>
<tr>
<td>Bajaj Auto</td>
<td>16.6%</td>
</tr>
<tr>
<td><strong>Scooters</strong></td>
<td></td>
</tr>
<tr>
<td>Honda</td>
<td>54.8%</td>
</tr>
<tr>
<td>TVS Motor</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Source: SIAM, Company annual report TechSci Research
Note: Data is for FY14 except * Motorcycle: Data is for FY15
NOTABLE TRENDS IN THE INDIAN AUTOMOTIVES SECTOR

New product launches
- Large number of products available to consumers across various segments; this has gathered pace with the entry of a number of foreign players
- Reduced overall product lifecycle have forced players to employ quick product launches

Improving product-development capabilities
- Increasing R&D investments from both the government and the private sector
- Private sector innovation has been a key determinant of growth in the sector; two good examples are Tata Nano and Tata Pixel; while the former has been a success in India, the latter is intended for foreign markets

Alternative fuels
- The CNG distribution network in India is expected to increase to 250 cities by 2018 from 125 cities in 2014
- The CNG station in India increased from 142 stations in 2005 to 995 station in FY15 in 12 major states.

New financing options
- Carmakers such as BMW, Audi, Toyota, Skoda, Volkswagen and Mercedes-Benz have started providing customised finance to customers through NBFCs
- Major MNC and Indian corporate houses are moving towards taking cars on operating lease instead of buying them

Source: Ministry of Petroleum & Natural Gas
Note: NBFCs - Non-Banking Finance Companies
The Indian automobile industry attracts foreign direct investment (FDI) worth around USD13.38 billion during the period from April 2000 to May 2015.

51 per cent share of French-based Peugeot Motorcycles (PMTC) has been acquired by Mahindra Two Wheelers Limited (MTWL) in January, 2015.

DSK Hyosung has announced to set up a plant to introduce more models in the 250cc segment in Maharashtra and also the company is planning to add 10-15 dealerships in the next financial year (FY15-16) mostly in the tier-II cities.

Government of India allows 100 per cent FDI under automatic route while excise duty on commercial vehicles, scooters, motorcycles and small cars was reduced to 8 per cent from 12 per cent to boost the ‘Make in India’ initiative.

Under Union Budget 2015-16, the government has announced to provide credit of USD14100 to farmers to boost the tractor segment.

The government plans to promote eco friendly cards such as hybrid vehicles, electrical vehicles, CNG based vehicle in India.

Source: News Articles
PORTER FIVE FORCES ANALYSIS

AUTOMOBILES

AUGUST 2015
AUTOMOBILES

PORTERS FIVE FORCES ANALYSIS

Competitive Rivalry
- Competitive rivalry has increased post liberalisation to a great extent
- The competition has turned more intense after the entry of foreign players like Volkswagen and Ford in low-priced hatchback segment
- Foreign firms have aggravated the competition by changing their traditional designs and substituting it to cater Indian needs

Threat of New Entrants
- The threat of new entrants is generally medium because of the brand equity and capital intensive nature of the business
- But, considering India, foreign firms (with capital) have done pretty well

Substitute Products
- The threat from substitute products continues to be low, with public transportation being underdeveloped even in cities
- Changing travel patterns and the convenience give it an edge

Bargaining Power of Suppliers
- Bargaining power of suppliers is low as most of the auto component manufacturers are specialised in some segments related to only one client
- Suppliers, in turn depend on them

Bargaining Power of Customers
- In a market, like India there is lot of bargaining power available to the customers as there are variety of products available in the same range, by different manufacturers
- It still depends on the markets

AUGUST 2015

For updated information, please visit www.ibef.org
• Most of the big auto names in the world have their presence in the country

• Every company wants to increase its capacity addition with Nissan and Mercedes to increase their capacity in Chennai and Chakan respectively

• Most of the companies eyeing India as an outsourcing hub.

• Mahindra & Mahindra launched new generation XUV500, Bolero Maxi Truck Plus, New Bolero PU Flat Bed in FY14

• Tata unveiled three new models prima LX series Jaguar 3.0 D after successful launching of Zest and Bolt in 2014

• Each and every firm is now focusing on shelling out a chunk of their profits on advertisement

• The idea is to make the customers more brand conscious and increasing brand positioning

• This is giving the firms differential advantage. Success today lies in structuring and restructuring strategies

• India boasts a large population of middle class

• Most of the firms including Ford and Volkswagen have adapted themselves to cater to this class by dropping their traditional structure and designs

• This allows them to compete directly with domestic firms making the sector highly competitive
CAPITALISING ON STRONG DEMAND AND PRODUCT INNOVATION

Growing demand

- Rising income, young population
- Greater availability of credit and financing options
- Strong growth in exports

Policy support

- Goal of establishing India as an auto-manufacturing hub
- R&D focus; GOI has set up a technology modernisation fund
- Policy sops, FDI encouragement

Increasing investments

- Rising investments from domestic and foreign players
- Greater product innovation; market segmentation
- Demand projected to remain strong, making returns attractive

Note: GOI – Government of India

AUGUST 2015
RISING INCOME AND MIDDLE-CLASS POPULATION DRIVING GROWTH IN DOMESTIC DEMAND

Increasing income and middle-class population

- GDP per capita has grown from USD1,430.19 in 2010 to USD1,584 in 2014(E), and is expected to reach USD2,128.78 by 2018(E)

- Apart from the impact of rising incomes, widening of the consumer base will also be aided by expansion of the middle class, increasing urbanisation, and changing lifestyles

- A young population is boosting demand for cars

- Demand for commercial vehicles increased due to the development of roadways and greater market access

Changing income dynamics of India’s population

Note: E-Expected
EASIER ACCESS TO CREDIT A KEY DETERMINANT OF GROWTH IN AUTOMOTIVES

Easy availability of credit

- Greater access to credit eases the purchase of passenger and commercial vehicles
- The auto finance industry has grown at the rate of 13 per cent over FY08-13; the car finance penetration has increased from 68 per cent – 70 per cent in FY08-10 to 70 per cent – 72 per cent in FY11-13
- BMW, Audi, Toyota, Skoda, Volkswagen and Mercedes-Benz have started providing customized finance to customers, dealers and suppliers through dedicated Non-Banking Finance Companies (NBFCs)

Indian car finance market size

Source: Kotak Mahindra Prime, TechSci Research
Note: Greater distributional efficiencies, increasing demand (especially from rural areas) due to rising disposable incomes have created new markets for products within the country
### India Has a Significant Competitive Advantage vis-à-vis Peers (FY14)

<table>
<thead>
<tr>
<th>Region</th>
<th>Design and engineering skills</th>
<th>Manufacturing skills</th>
<th>Manpower costs</th>
<th>Supplier base</th>
<th>Raw materials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>East Asia</strong></td>
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<td>Blue</td>
<td>Yellow</td>
</tr>
</tbody>
</table>

Source: ACMA, TechSci Research

Less competitive than India | In competition with India
STRONG POLICY SUPPORT HAS BEEN CRUCIAL IN DEVELOPING THE SECTOR

Auto Policy 2002
- Automatic approval for foreign equity investment up to 100 per cent; no minimum investment criteria
- Encourage R&D by offering rebates on R&D expenditure

Automotive Mission Plan (AMP) 2006–16
- AMP’s vision is to make India a preferred destination for designing and manufacturing of automobiles and achieve a market size of USD154 billion by 2016
- Setting up of a technology modernisation fund focused on SMEs
- Establishment of automotive training institutes, auto design centers and special auto parks

NATRiPs
- Set up at a total cost of USD388.5 million to enable the industry to be on par with global standards
- Nine R&D centers of excellence with focus on low-cost manufacturing and product development solutions

Dept. of Heavy Industries & Public Enterprises
- Worked towards reduction of excise duty on small cars and increase budgetary allocation for R&D
- Weighted increase in R&D expenditure to 200 per cent from 150 per cent (in-house) and 175 per cent from 125 per cent (outsourced)

Union Budget FY15-16
- Excise duty on chassis for Ambulance reduced from 24 per cent to 12.5 per cent. Basic Customs Duty on Commercial Vehicles increased from 10 per cent to 20 per cent. General excise duty rate increased to 12.5% from 12%, thereby increasing excise duty on small cars, commercial vehicles, two wheelers and three wheelers

STRONG POLICY SUPPORT HAS BEEN CRUCIAL IN DEVELOPING THE SECTOR

Following are the recent agreement and framework done by Indian government:-

- Framework Agreement for establishing Free Trade between India and Thailand
- India-Sri Lanka Bilateral Free Trade Area and the Proposal for Comprehensive Economic Partnership Agreement
- Framework Agreement on Comprehensive Economic Co-operation between the Association of South East Asian Nations (ASEAN) and India.
- Agreement on South Asian Trade Free Trade Area (SAFTA)
- India-SACU (Southern African Customs Union) Framework Agreement
- India-GCC (Gulf Cooperation Council) Framework Agreement
- Joint Study Group between India and Republic of Korea, and India and Japan
- India-Singapore Comprehensive Economic Cooperation Agreement (CECA)

## BOOST TO R&D IN THE AUTO COMPONENTS SECTOR - NATRIP CENTRES

<table>
<thead>
<tr>
<th>Location</th>
<th>Business Description</th>
</tr>
</thead>
</table>
| Vehicles Research & Development Establishment (VRDE), Ahmednagar | • Research, design, development and testing of vehicles  
• Centre of excellence for photometry, Electromagnetic Compatibility (EMC) and test tracks |
| Indore — National Automotive Test Tracks (NATRAX) | • Complete testing facilities for all vehicle categories  
• Centre of excellence for vehicle dynamics and tyre development |
| Automotive Research Association of India (ARAI), Pune | • Services for all vehicle categories  
• Centre of excellence for power-train development and material |
| Chennai Centre, Tamil Nadu                    | • Complete homologation services for all vehicle categories  
• Centre of excellence for infotronics, EMC and passive safety |
| Rae Bareilly Centre                           | • Services to agri-tractors, off-road vehicles and a driver training centre  
• Centre of excellence for accident data analysis |
| International Centre for Automotive Technology (iCAT), Manesar | • Services to all vehicle categories  
• Centre of excellence for component development, Noise Vibration and Harshness (NVH) testing |
| Silchar Centre, Assam                         | • Research, design, development and testing of vehicles  
• Centre of excellence for photometry, EMC and test tracks |
EMERGENCE OF LARGE AUTOMOTIVE CLUSTERS IN THE COUNTRY

List of companies

North
- Ashok Leyland
- Force Motors
- Piaggio
- Swaraj
- Mazda
- Amtek Auto
- Eicher
- Honda SIEL
- Maruti Suzuki
- Tata Motors
- Bajaj Auto
- Hero Group
- Escorts
- ICML
- JCB
- Yamaha
- Mahindra
- Suzuki Motorcycles

West
- Ashok Leyland
- Bajaj Auto
- FIAT
- GM
- M&M
- Eicher
- Skoda
- Bharat Forge
- Tata Motors
- Volkswagen
- Renault-Nissan
- John Deere
- Mercedes
- Benz
- Tata Hitachi
- Volvo
- Eicher

East
- Tata Motors
- Hindustan Motors
- Simpson & Co
- International Auto Forgings
- JMT
- Exide

South
- Ashok Leyland
- Ford
- M&M
- Toyota Kirloskar
- Volvo
- Sundaram Fasteners
- Enfield
- Hyundai
- BMW
- Bosch
- TVS Motor Company
- Renault-Nissan
- Daimler
- Caterpillar
- Hindustan Motors
- TAFE
FDI inflows in the automotives sector aggregated USD13.4 billion (5 per cent of the total FDI) over April 2000 – May 2015.

**FDI trends over the past few years (USD billion)**

- FY10: 4.6
- FY11: 5.9
- FY12: 6.7
- FY13: 8.3
- FY14: 9.8
- FY15: 12.4
- FY16*: 13.4

* indicates FY16 up-to May 2015

**Source:** Department of Industrial Policy & Promotion (India), TechSci Research

For updated information, please visit www.ibef.org
Global car majors have been ramping up investments in India to cater to the growing domestic demand. Also, these manufacturers plan to leverage India’s competitive advantage to set up export-oriented production hubs.

- Planning to double its current investment level of about USD2.5 billion over the next five years
- Aims to raise its market share from 1.5 per cent in FY13 to 10 per cent by FY19
- To increase the Chennai Plant capacity to 400,000 units a year in a few years time

- Investing in Chennai and Sanand plants to raise capacity to 0.44 million cars & 0.61 million engines by FY14. Bought 130 acres of land in Sanand, Gujarat
- Long term strategy to export 25 per cent of vehicles and to make India compact car global production base

- Is in the process of expanding its dealer network from 33 in January 2013 to 50 by 2014 end
- Plans to raise the number of car offerings in the sub USD46,000 category

- Plans to launch up to eight models over the next 5–6 years
- Aims to invest USD460 million in Rajasthan plant by 2014 to build a new assembly line for cars
- This will include a new diesel engine component production and a forging plant

- Expects to invest another USD163 million at Bidadi plant near Bengaluru
- Plans to increase capacity to 310,000 units by 2013 with an investment of USD187 million

- Plans to invest USD552-737 million over the next two to three years to develop new products

- Increased the plant capacity of 20,000 units per year in Chakan Plant, which is the largest for any luxury car manufacturer in India.
- Expansion of MIDC and MoU, and to invest USD244 mn for capacity expansion in Chakan, Pune
- Mercedes-Benz will introduce 15 products in 2015, including products without any predecessors in India. These 15 new products are Mercedes-Benz India's biggest product initiative till date.
India is fast emerging as a global R&D hub

- Strong support from the government; setting up of NATRIP centres
- Private players, such as Hyundai, Suzuki, GM, keen to set up R&D base in India
- Strong education base, large skilled English-speaking manpower
- Comparative advantage in terms of cost
- Firms both National and Foreign are increasing their footprints with over 1,031 centers

Opportunities for creating sizeable market segments through innovations

- The world’s cheapest car (Tata Nano) has directed focus on the low-income market
- Bajaj Auto, Hero Honda and M&M plan to jointly develop a technology for two-wheelers to run on natural gas
- Electric cars likely to be a sizeable market segment in the coming decade
- Tata Motors to launch MiniCAT, a car running on compressed air, thereby stepping into the next era where cars would not require any fossil fuel and emissions would be almost nil

Small-car manufacturing hub

- General Motors, Nissan and Toyota announced plans to make India their global hub for small cars
- Passenger vehicle market is expected to touch 10 million units by 2020
- Strong export potential in ultra low-cost cars segment (to developing and emerging markets)

Note: M&M – Mahindra & Mahindra
MARUTI SUZUKI: CONTINUING TO REMAIN MARKET LEADER

Source: Company website, TechSci Research

- Continuing market leadership
- Product portfolio expansion
- Increased productivity
- Enhanced R&D capability
- Capacity expansion
- Roll-out of people’s car (Maruti 800)

1983: Roll-out of people’s car (Maruti 800)
1994: Production of 1 millionth car
1997: Product portfolio comprising 16 passenger vehicle models
2001: Accounted for 45 per cent share in the Indian car market
2004: In the process of establishing Suzuki’s largest R&D facility outside Japan
2007: To launch six new models by the end of this year
2010: Plans to setup two facilities in Gujarat
2011: Roll-out of 10 millionth car
2013-14: Total sales crossed 1.15 million units

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AUTOMOBILES

TATA MOTORS: LEADING IN TERMS OF INNOVATION AND GLOBAL PRESENCE

- Disruptive innovation
- Market expansion
- Product portfolio expansion
- Enhancing R&D capability
- Acquisitions
- Joint Ventures

1945 - Establishment of Tata Engineering & Locomotives
1954 - JV with Daimler AG
1961 - Introduction of Megapixel, an electric vehicle
1977 - Launch of the first indigenous CV
1982 - Production of first indigenously designed LCV
1986 - Launched Indica, India's first fully indigenous passenger car
1991 - Acquired stake in Hipo Carrocera SA
1998 - Launched Tata Nano
2005 - Acquisition of Jaguar and Landrover
2008 - Unveiled three new models in 2014
2010 - Launched Tata Nano
2012 - Acquired Carrocera
2013 - Joint Ventures
2014 - Production of first indigenously designed LCV

Source: Company website, TechSci Research

For updated information, please visit www.ibef.org
Society of Indian Automobile Manufacturers (SIAM)
Core 4-B, 5th Floor, India Habitat Centre
Lodhi Road, New Delhi – 110 003
India
Phone: 91 11 24647810–2
Fax: 91 11 24648222
E-mail: siam@siam.in
CAGR: Compound Annual Growth Rate

CV: Commercial Vehicle

FDI: Foreign Direct Investment

FY: Indian Financial Year (April to March)

So FY10 implies April 2009 to March 2010

GOI: Government of India

HCV: Heavy Commercial Vehicle

INR: Indian Rupee

LCV: Light Commercial Vehicle

OEM: Original Equipment Manufacturers

PV: Passenger Vehicle

SIAM: Society of Indian Automobile Manufacturers
ULCC: Ultra Low Cost Car

USD: US Dollar

Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates

### Exchange rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
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<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
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<td>2005–06</td>
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<td>2006–07</td>
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<tr>
<td>2012–13</td>
<td>54.31</td>
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<tr>
<td>2013–14</td>
<td>60.28</td>
</tr>
<tr>
<td>2014–15(Expected)</td>
<td>60.28</td>
</tr>
</tbody>
</table>

### Exchange rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
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<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015(Expected)</td>
<td>61.03</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India, Average for the year
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