

AUTOMOBILES



August 2021

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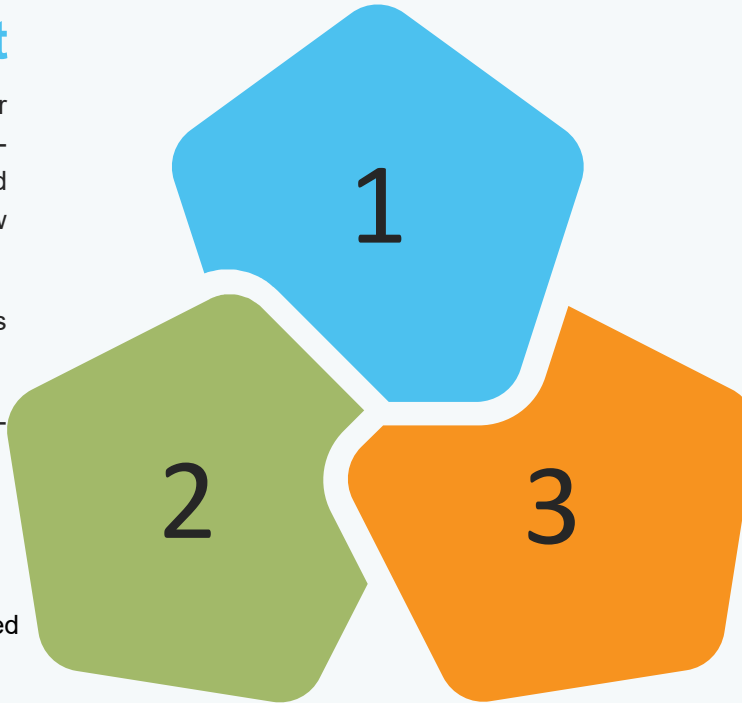
1 Segmented market

- Automobile sector split into four segments, i.e., two-wheelers, three-wheelers, passenger vehicles and commercial vehicles, each having few market leaders.
- Two-wheelers and passenger vehicles dominate the domestic demand.
- In June 2021, sales volume of two-wheelers stood at 1,055,777 units.

2 Growth prospects

- The Indian automotive industry is expected to reach US\$ 300 billion by 2026.
- Strong policy support from the Government.
- A study by CEEW Centre for Energy Finance recognised US\$ 206 billion opportunity for electric vehicles in India by 2030. This will necessitate a US\$ 180 billion investment in vehicle manufacturing and charging infrastructure.

Sources: SIAM, OICA, Business Standard



3 Fifth-largest automobile market

- In 2019-20, the total passenger vehicles sales reached ~2.8 million, while ~2.7 million units were sold in FY21.
- In June 2021, sales volume of passenger vehicles stood at 231,633 units.
- Presence of established domestic and international original equipment manufacturers (OEMs).
- Strong market in terms of domestic demand and exports.



Advantage India

1 Growing demand

- ▶ Rise in middle class income and young population may result in strong growth.
- ▶ Indian automotive industry is targeting to increase export of vehicles by five times during 2016-26.
- ▶ In June 2021, the total production volume of passenger vehicles*, three wheelers, two wheelers and quadricycles reached 1,693,639 units.
- ▶ Indian automobile exports stood at 1,419,430 units from April 2021 to June 2021, compared with 436,500 units from April 2020 to June 2020.

2 Rising Investments

- ▶ India has significant cost advantages. Auto firms save 10-25% on operations vis-a-vis Europe and Latin America.
- ▶ The automobile sector received cumulative FDI inflow of about US\$ 25.85 billion between April 2000 and March 2021.
- ▶ The Government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investments by 2023.



4 Opportunities

- ▶ Focus shifting on electric cars to reduce emissions.
- ▶ Government aims to build India into a R&D hub.
- ▶ India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles.
- ▶ The electric vehicles industry is likely to create five core jobs by 2030.

3 Policy support

- ▶ Automotive Mission Plan 2016-26 is a mutual initiative by the Government of India and Indian Automotive Industry to lay down the roadmap for development of the industry.
- ▶ The Government aims to develop India as a global manufacturing centre.
- ▶ In Union Budget 2021-22, the government announced the voluntary vehicle scrappage policy to phase out old and unfit vehicles.

*Notes: *Data except for BMW, Mercedes, Tata Motors & Volvo Auto*

Sources: Automotive Mission Plan (2016-2026), Make in India, SIAM, ICRA, Federation of Automobile Dealers Association

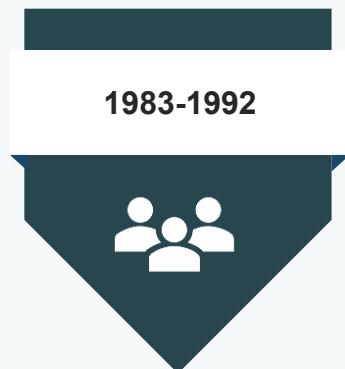


Evolution of the sector



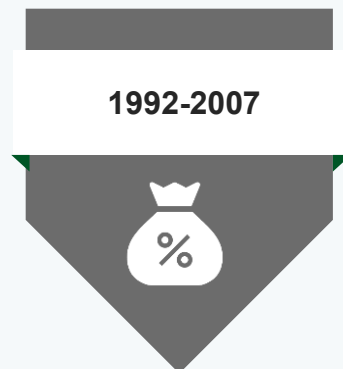
Before 1982

- Closed market
- 5 players
- Long waiting periods & outdated models
- Seller's market



1983-1992

- Indian Government & Suzuki formed Maruti Udyog and commenced production in 1983.
- Component manufacturers entered the market via joint venture (JV).
- Buyer's market.



1992-2007

- Sector de-licensed in 1993.
- Major OEMs started assembly operations in India.
- Imports permitted from April 2001.
- Introduction of value-added tax in 2005.



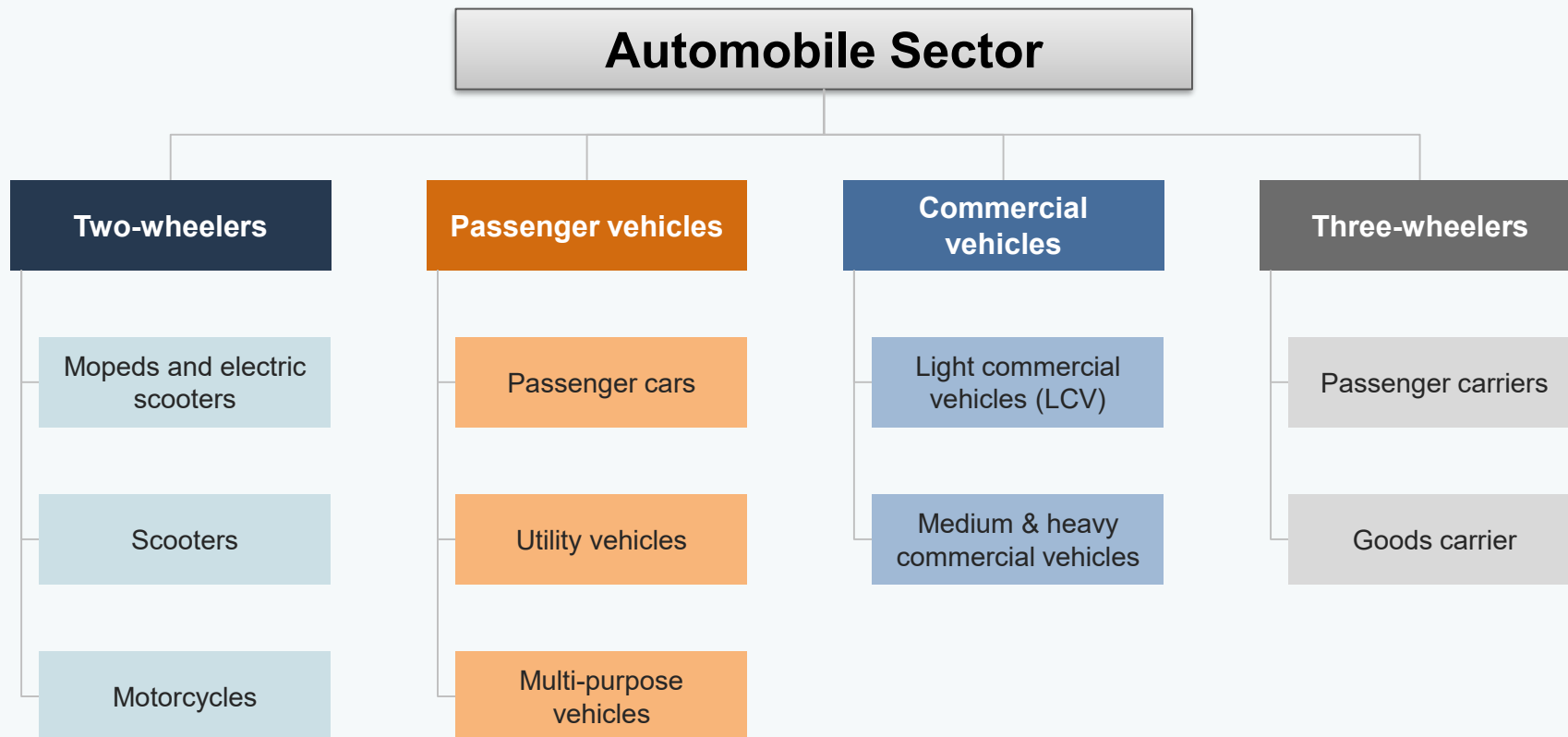
2015 Onwards

- Automotive Mission Plan 2016-26 launched in 2015.
- Bharat Stage (BS) IV emission norms since April 2017 and to adopt BSVI norms from 2020.
- 26.36 million vehicles produced in FY20.
- In FY21, a total of 22,652,108 passenger vehicles were manufactured.
- In June 2021, the total production volume of passenger vehicles*, three wheelers, two wheelers and quadricycles reached 1,693,639 units.
- In the Union Budget 2021-22, the government announced the voluntary vehicle scrappage policy to phase out old and unfit vehicles.

*Notes: *Data except for BMW, Mercedes, Tata Motors & Volvo Auto*

Sources: Tata Motors, Society of Indian Automobile Manufacturers (SIAM)

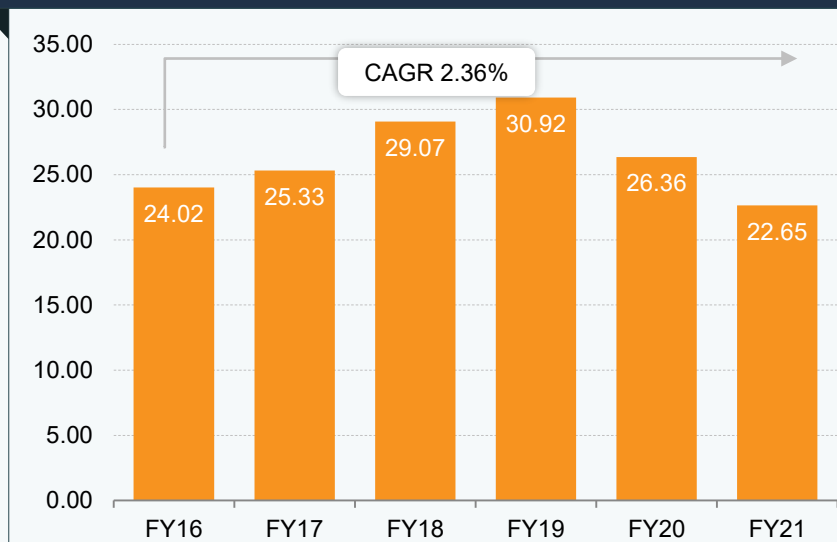
Market overview...(1/3)



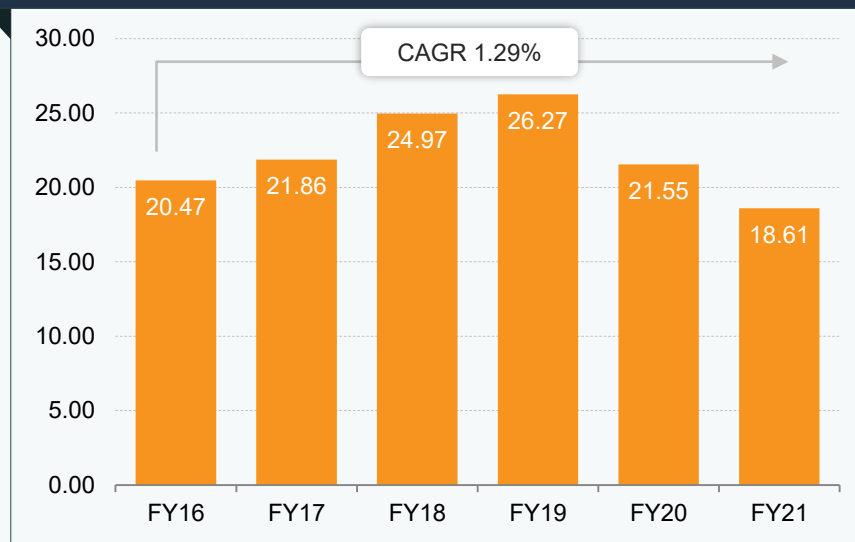
Source: Society of Indian Automobile Manufacturers (SIAM)

Market overview...(2/3)

Number of Automobiles Produced in India (in million)



Number of Automobiles Sold in India (in million)



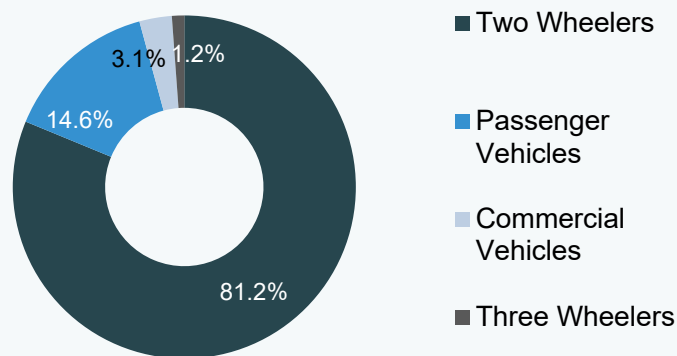
- The automotive manufacturing industry comprises the production of commercial vehicles, passenger cars, three-wheelers and two-wheelers.
- In FY21, domestic automobile sales (passenger, three-wheeler and two-wheeler vehicles) stood at 18.61 million.
- In Q1 FY22, India witnessed a 113% growth in the total domestic sales of vehicles.
- In June 2021, automobiles production (comprising Passenger Vehicles*, Three Wheelers, Two Wheelers and Quadricycles) stood at 1,693,639 units.
- Overall, domestic automobiles sales increased at a CAGR of 1.29% between FY16-FY20 with 21.55 million vehicles being sold in FY20.
- The Indian auto industry is expected to record strong growth in 2021-22, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2021-22.
- A report by India Energy Storage Alliance estimated that EV market in India is likely to increase at a CAGR of 36% until 2026. In addition, projection for EV battery market is forecast to expand at a CAGR of 30% during the same period.

Notes: *Data except for BMW, Mercedes, Tata Motors & Volvo Auto

Source: Society of Indian Automobile Manufacturers (SIAM), The Economic Times

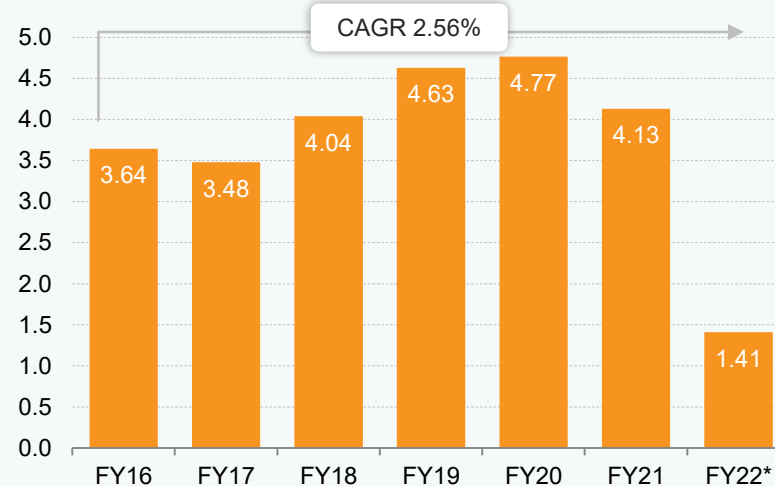
Market overview...(3/3)

Segment-wise Domestic Market Share in FY21 (%)



- Two-wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two-wheelers and passenger cars accounted for 81.2% and 14.6% market shares, respectively, accounting for a combined sale of over 17.8 million vehicles in FY21.
- Indian automobile exports stood at 1,419,430 units from April 2021 to June 2021, compared with 436,500 units from April 2020 to June 2020.

Number of Automobiles Exported (in millions)



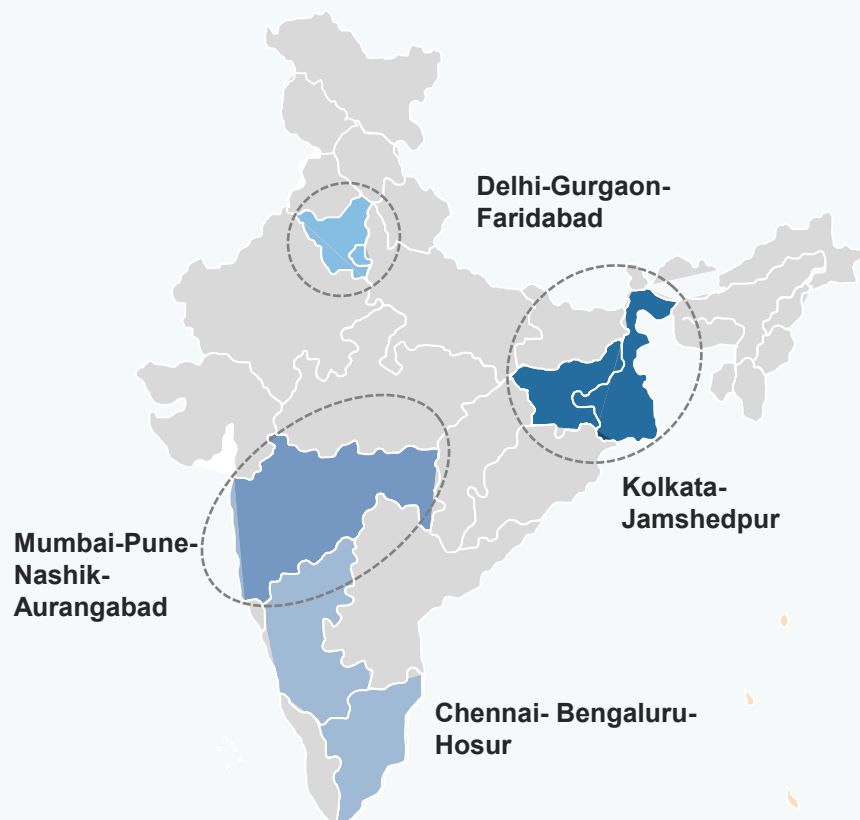
Indian Car Sales Figures - July 2021

OEM	July 2021	July 2020	Growth
Maruti Suzuki	162,462	108,064	50.4%
Hyundai	60,249	41,300	45.9%
Tata	51,981	27,711	87.6%
Mahindra	42,983	25,678	67.4%
Kia	15,016	8,502	76.6%

Notes: *From April 2021 to June 2021

Source: Society of Indian Automobile Manufacturers (SIAM), News Article

Clusters and leading companies



List of Companies

Region	Companies
North	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Ashok Leyland Bajaj Auto FIAT M&M Eicher Skoda Bharat Forge Tata Motors Volkswagen Renault-Nissan John Deere Mercedes Benz Tata Hitachi Volvo Eicher
East	<ul style="list-style-type: none"> Tata Motors Hindustan Motors Simpson & Co International Auto Forgings JMT Exide
South	<ul style="list-style-type: none"> Ashok Leyland M&M Toyota Kirloskar Volvo Sundaram Fasteners Enfield Hyundai BMW Bosch TVS Motor Company Renault-Nissan TAFE Daimler Caterpillar Hindustan Motors

Over the past few years, four specific regions in the country have become large auto manufacturing clusters, each having different set of players.

Sources: ACMA

Key players

Each segment in the Indian automobiles sector have few established key players who hold major portion of the market.

2 COMMERCIAL VEHICLES

- In FY21, commercial vehicles production, domestic sales stood at 448,914 units.
- Tata Motors recorded sales of 22,100 commercial vehicles in June 2021.

3 TWO-WHEELERS

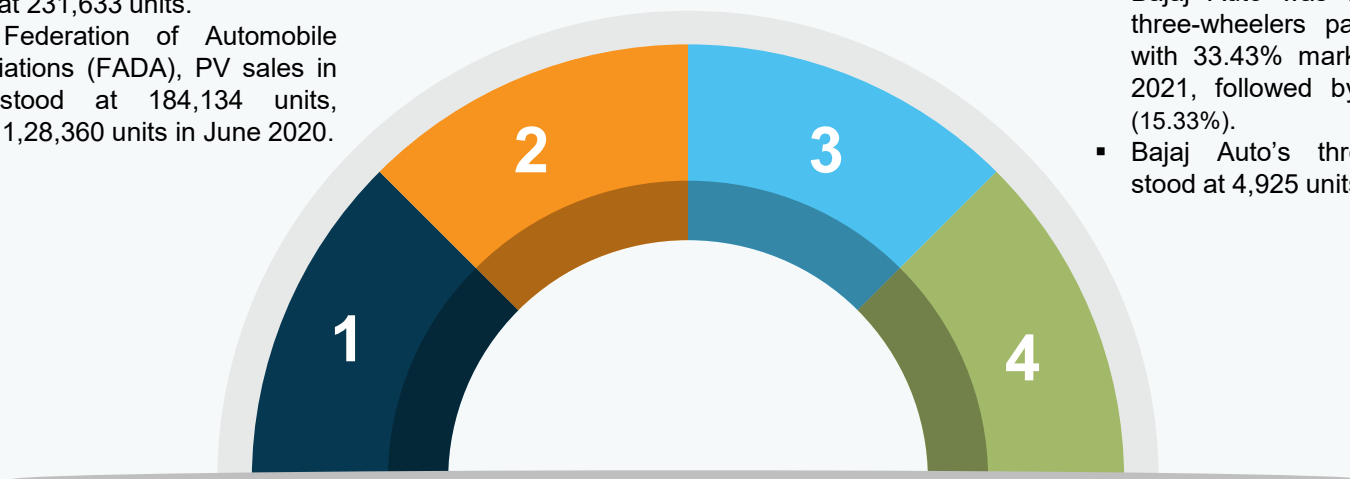
- Hero MotoCorp and Honda Motorcycle and Scooter India (HMSI) were the top two players in the two-wheelers segment, with 44.65% and 21.14%, market shares, respectively, in June 2021.
- Hero Motocorp Ltd. recorded sales of 415,366 two-wheelers in June 2021.

1 PASSENGER VEHICLES

- In FY21, passenger vehicles domestic sales stood at 2,711,000 units.
- In June 2021, domestic sales of passenger vehicles stood at 231,633 units.
- As per the Federation of Automobile Dealers Associations (FADA), PV sales in June 2021 stood at 184,134 units, compared with 1,28,360 units in June 2020.

4 THREE-WHEELERS

- Bajaj Auto was the leader in the three-wheelers passenger category with 33.43% market share in June 2021, followed by Piaggio vehicles (15.33%).
- Bajaj Auto's three-wheeler sales stood at 4,925 units in June 2021.



Source: Autocar India, Financial express, SIAM, Economic Times, Times of India, Autocar India

Recent Trends and Strategies



Recent trends

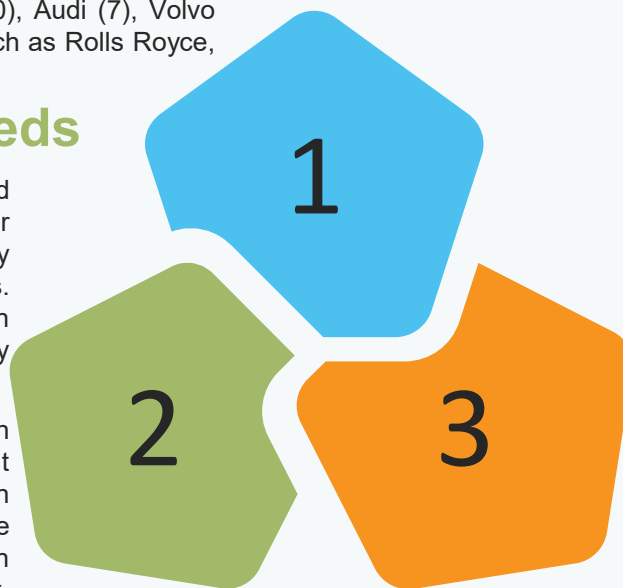
1 Luxury vehicles

- The luxury car market registered sales of 19,781 units in FY21. The entry of new manufacturers and new launches is likely to propel this market in 2021.
- In 2021 luxury car manufacturers have lined up 70 new product launches which includes BMW bringing in 25 new units, Mercedes Benz (15), Jaguar Land Rover (10), Audi (7), Volvo (5) and the remaining from manufacturers such as Rolls Royce, Lamborghini, Ferrari and Porsche.

2 Catering to Indian needs

- Most firms including Kia Motors and Volkswagen have adapted themselves to cater to the large Indian middle-class population by dropping their traditional structure and designs. This has allowed them to compete directly with domestic firms, making the sector highly competitive.
- Hyundai has entered a strategic alliance with shared mobility company, Revv, under which it will provide cars on subscription in six cities in India. This will provide customers the opportunity to use Hyundai's models with hassle-free ownership and limited commitment.
- Tata Motors introduced the Ace Gold Petrol CX in July 2021, which is India's most cheap, compact and commercial four-wheeler vehicle, starting at Rs. 3.99 lakh (US\$ 5,362). For this, it has partnered with the State Bank of India to provide up to 90% financing of on-road pricing, with monthly EMIs starting at Rs. 7,500 (US\$ 101).

Sources: Society of Manufacturers of Electric Vehicles, Moneycontrol, News Articles



3 New financing options

- According to NITI Aayog and Rocky Mountain Institute (RMI) India's EV finance industry is likely to reach Rs. 3.7 lakh crore (US\$ 50 billion) in 2030.
- In January 2021, Tata Motors entered a partnership with leading private banks, including HDFC Bank, ICICI Bank and Yes Bank, to fund its commercial vehicles.
- In November 2020, Mercedes Benz partnered with the State Bank of India to provide attractive interest rates, while expanding customer base by reaching out to potential HNI customers of the bank.

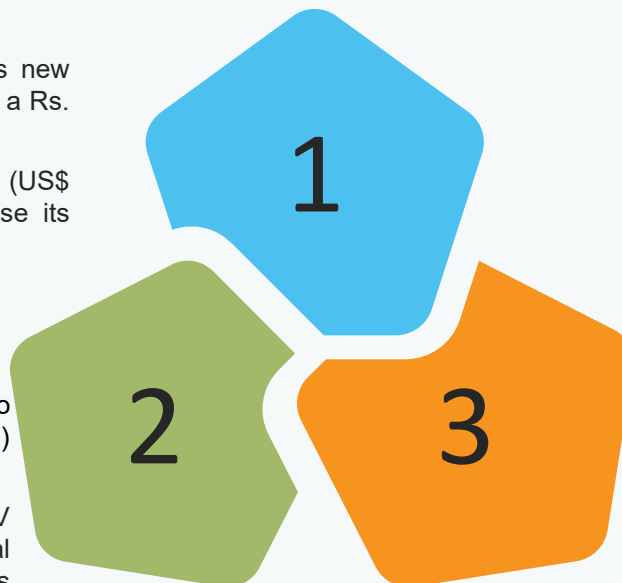
Strategies adopted

1 Capacity addition

- In July 2021, Maruti Suzuki India announced a Rs. 18,000 crore (US\$ 2.42 billion) investment in a new manufacturing facility in Haryana, with an installed capacity of 7.5-10 lakh units per annum.
- In July 2021, Hyundai Motor India opened its new corporate headquarters in Gurgaon, backed by a Rs. 2,000 crore (US\$ 269 million) investment.
- Hero MotoCorp will invest Rs. 2,500 crores (US\$ 387.9 million) by the end of FY21 to increase its production capacity in India.

2 Electric vehicles

- The electric vehicle (EV) market is estimated to be Rs. 50,000 crore (US\$ 7.09 billion) opportunity in India by 2025.
- Between January and July 2021, EV component makers, electric commercial vehicles and last-mile delivery companies invested a total of Rs. 25,045 crore (US\$ 3.67 billion) on electric vehicles.
- EV sales, excluding E-rickshaws, witnessed a growth of 20% and reached 1.56 lakh units in FY20.
- In August 2021, Hindustan Zinc Ltd. announced a US\$ 1 billion investment across its eight mines to replace diesel-powered trucks and equipment with battery EVs.



3 Launch of new models

- In July 2021, Audi launched electric SUV at a starting price of Rs. 99.99 lakh (US\$ 134,370), which will be available in two variants—e-tron and e-tron Sportback.
- In April 2021, BMW launched an updated 6 Series Gran Turismo at the starting price of Rs. 67.90 lakh (US\$ 91,246). It will be available in three variants with three engine options.
- In March 2021, Mercedes-Benz launched E-Class long-wheelbase facelift at the starting price of Rs. 63.6 lakh (US\$ 87,615). The sedan is available in five variants with three engine options.
- In February 2021, Morris Garages (MG) India launched the 2021 ZS EV Electric SUV at the starting price of Rs. 20.99 lakh (US\$ 28,769.73).
- In January 2021, Daimler India Commercial Vehicles (DICV) rolled out six new trucks, including BSafe Express reefer truck (for transportation of vaccines), 1917R, 4228R Tanker trucks, 1015R, 42T M-Cab and 2828 construction vehicles.

Growth Drivers and Opportunities



2 PRODUCTION-LINKED INCENTIVE (PLI) SCHEME

- On November 11, 2020, the Union Cabinet approved production-linked incentive (PLI) scheme in 10 key sectors (including automobiles & auto components) to boost India's manufacturing capabilities, exports and promote the 'Atmanirbhar Bharat' initiative.
- The Union Cabinet outlaid Rs. 57,042 crore (US\$ 7.81 billion) for automobiles & auto components sector under the Department of Heavy Industries.

1 NATRIP

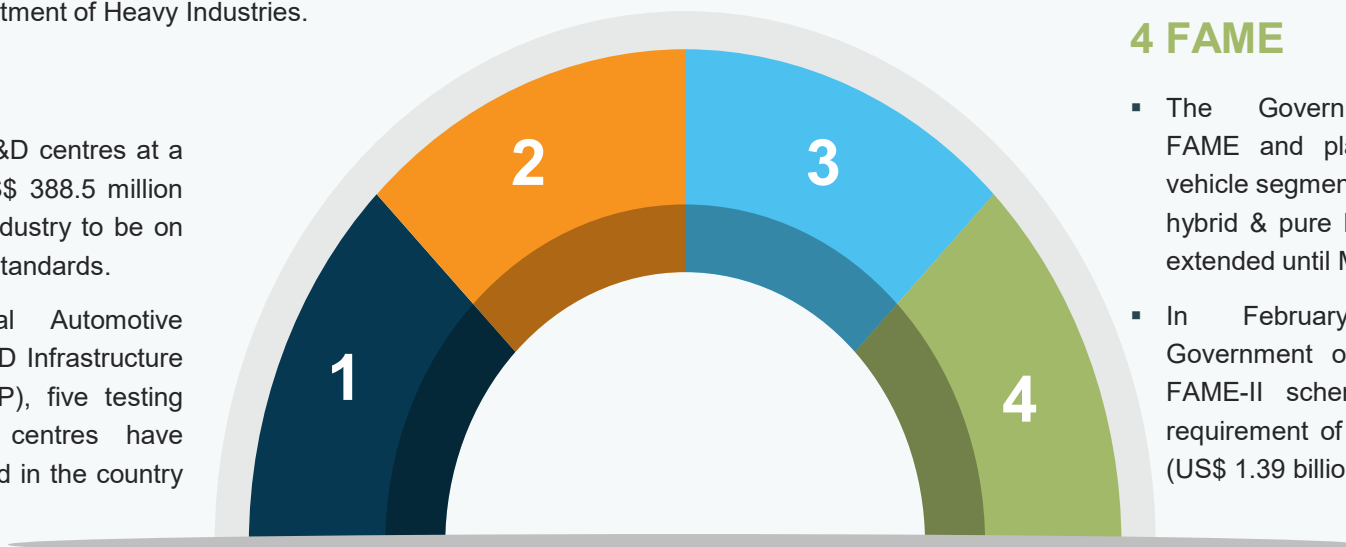
- Setting up of R&D centres at a total cost of US\$ 388.5 million to enable the industry to be on par with global standards.
- Under National Automotive Testing and R&D Infrastructure Project (NATRIP), five testing and research centres have been established in the country since 2015.

3 THE AUTOMOTIVE MISSION PLAN 2016-26 (AMP 2026)

- AMP 2026 targets a four-fold growth in the automobile sector in India which include manufacturers' of automobiles, auto components & tractors over the next 10 years.

4 FAME

- The Government approved FAME and plans to cover all vehicle segments and all forms of hybrid & pure EVs. FAME-I was extended until March 31, 2019.
- In February 2019, the Government of India approved FAME-II scheme with a fund requirement of Rs. 10,000 crore (US\$ 1.39 billion) for FY20-22.



Source: Media Sources

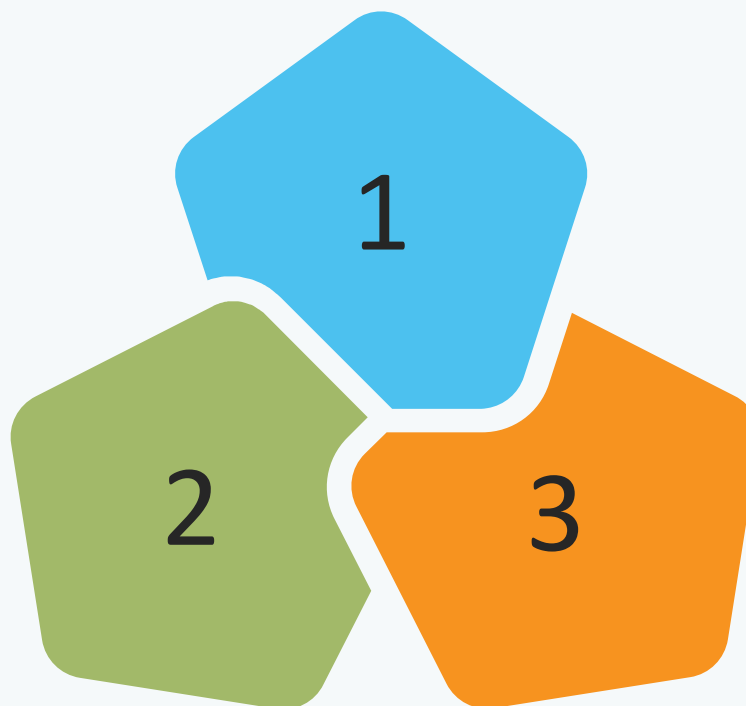
Growth drivers

1 Policy support

- Initiatives like Make in India, Automotive Mission Plan 2026, and NEMMP 2020 will give a huge boost to the sector.
- In Union Budget 2021-22, the government introduced the voluntary vehicle scrappage policy, which is likely to boost demand for new vehicles after removing old unfit vehicles currently plying on the Indian roads.
- To install electric vehicle supply equipment (EVSE) infrastructure for EVs, various public sector firms, ministries and railways have come together to create infrastructure and manufacturing components.

2 Growing demand

- Rising income and a growing young population.
- Greater availability of credit and financing options.
- Demand for commercial vehicles increasing due to high level of activity in the infrastructure sector.



3 Support infrastructure and high investment

- As of June 2021, Rs. 871 crore (US\$ 117 million) has been spent under the FAME-II scheme, 87,659 electric vehicles have been supported through incentives and 6,265 electric buses have been sanctioned to various state/city transportation undertakings.
- In July 2021, India inaugurated the national automotive test tracks (NATRAX), which is Asia's longest high-speed track to facilitate automotive testing.
- From April 2000 to March 2021, the automobiles sector received 5% of the total FDI inflow to India.
- In February 2021, the Delhi government started the process to set up 100 vehicle battery charging points across the state to push adoption of electric vehicles.

Note: NEMMP - National Electric Mobility Mission Plan

Source: Society of Indian Automobile Manufacturers (SIAM), Union Budget 2021-22

Investment scenario (1/3)

The Indian automobile sector witnessed an inflow of huge investments from domestic and foreign manufacturers. FDI inflow in the sector stood US\$ 25.85 billion between April 2000 and March 2021.

1

Nissan

- In July 2021, Nissan conducted a feasibility study to manufacture electric vehicles in India. To prepare for production of the latest version of Navara pickup, the company plans to launch eight new car models in India by the end of 2021.

2

Maruti Suzuki India (MSI)

- In July 2021, Maruti Suzuki India announced a Rs. 18,000 crore (US\$ 2.42 billion) investment in a new manufacturing facility in Haryana, with an installed capacity of 7.5-10 lakh units per annum. As it prepares to protect its market dominance, the company aims to increase capital spending by 67% to Rs. 4,500 (US\$ 605 million) crore in FY22.

3

Toyota

- In September 2020, Toyota Kirloskar Motors announced investment of over Rs. 2,000 crore (US\$ 272.6 million) in India directed towards developing electric components and technologies

4

Hyundai Motor India

- In July 2021, Hyundai Motor India opened its new corporate headquarters in Gurgaon, backed by a Rs. 2,000 crore (US\$ 269 million) investment.
- Hyundai Motor India invested close to Rs. 3,500 crore (US\$ 500 million) in FY 2020 with an eye on gaining market share. The investment is part of Rs. 7,000 crore (US\$ 993 million) commitment by the company to the Tamil Nadu government in 2019.

Source: Media Sources, Company Website

5

Mahindra & Mahindra

- In April 2021, Mahindra & Mahindra announced a three-year investment plan in the electric vehicles segment of Rs. 3,000 crore (US\$ 403 million).

6

SAIC

- Chinese state-owned auto major, SAIC Motor, has announced investment of over US\$ 310 million in India. In March 2018, SAIC announced that its subsidiary, MG Motor India, would invest Rs. 5,000 crore (US\$ 775.8 million) in India over the next six years.

7

Mercedes-Benz

- Increased its plant capacity at Chakan to 20,000 units per year, the largest for any luxury car manufacturer in India. In March 2019, the company inaugurated two new service stations in New Delhi.

8

Motoroyale Kinetic

- Superbike seller Motoroyale Kinetic is planning to establish a plant in Supa, Maharashtra with an outlay of Rs. 12 crore (US\$ 1.71 million) by 2021.

9

Fiat Chrysler Automobiles

- In January 2021, Fiat Chrysler Automobiles (FCA) announced an investment of US\$ 250 million to expand its local product line-up in India.
- FCA plans to launch four new SUVs by the end of 2022.

10

MG Motor

- In October 2020, MG Motors announced its interest in investing Rs. 1,000 crore (US\$ 135.3 million) to launch new models and expand operations despite the anti-China sentiments.

11

Olectra Greentech Limited

- In December 2020, Olectra Greentech Limited and Evey Trans Private Limited bagged an order for 150 electric buses under FAME-II Scheme from Pune Mahanagar Parivahan Mahamandal Ltd.

12

Kinetic Green

- In October 2020, Kinetic Green, an electric vehicles manufacturer, announced plan to set up a manufacturing facility for electric golf carts besides a battery swapping unit in Andhra Pradesh. The two projects involving setting up a manufacturing facility for electric golf carts and a battery swapping unit will entail an investment of Rs. 1,750 crore (US\$ 236.27 million)

2 Opportunities for creating sizeable market segments through innovations

- Mahindra & Mahindra (M&M) is targeting to implement digital technology in the business.
- Hyundai is planning to enter the hybrid vehicles segment to explore alternative fuel technology and to avail the Government incentives.
- In May 2019, Nissan Motor Company received a patent for wireless charging of EVs in India.



1 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, and GM, keen to set up R&D base in India.
- In January 2021, Tesla, the electric car maker, set up a R&D centre in Bengaluru and registered its subsidiary as Tesla India Motors and Energy Private Limited.




3 Small car manufacturing hub

- GM, Nissan and Toyota announced plans to make India their global hub for small cars.
- Strong export potential in ultra low-cost cars segment (to developing & emerging markets).

Key Industry Contacts



Key Industry Contacts

	Agency	Contact Information
 <p>SIAM Society of Indian Automobile Manufacturers</p>	<p>Society of Indian Automobile Manufacturers (SIAM)</p>	<p>Block 'J' Mahapalika Marg, Mumbai-400 001 Tele fax: 91-22 22621612/2265 9715 E-mail: cgsibom@gmail.com Website: www.cgsiindia.org</p>
 <p>ARAI Progress through Research</p>	<p>Automotive Research Association of India (ARAI)</p>	<p>111/112, Ascot Centre, Next to Hotel Le Royal Meridien, Sahar Road, Sahar, Andheri (E), Mumbai-400099. Tel: 91-22-28269527—28 Fax: 91-22-28269536 E-mail: info@rai.net.in Website: www.rai.net.in</p>
 <p>FIAA</p>	<p>Federation of Indian Automobile Associations</p>	<p>3/242, Rajendra Gardens, Vettuvankeni, Chennai, Tamil Nadu-600 041 Tel: 91-44-2449 4576/4578 Fax: 91-44-2449 4577 E-mail: caiindia1@gmail.com Website: http://caiindia.org/</p>



- CAGR: Compound Annual Growth Rate
- Capex: Capital Expenditure
- CENVAT: Central Value Added Tax
- EHTP: Electronic Hardware Technology Park
- EPCG: Export Promotion Capital Goods Scheme
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March); So, FY10 implies April 2009 to March 2010
- LCD: Liquid Crystal Display
- R&D: Research and Development
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021*	74.41

Note: As of August 2021

Source: Reserve Bank of India, Average for the year

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