

AUTO COMPONENTS



Executive Summary	3
Advantage India	4
Market Overview	6
Recent Trends and Strategies	13
Growth Drivers	17
Opportunities	23
Key Industry Contacts	28
Appendix	30

Executive summary

1. Robust growth

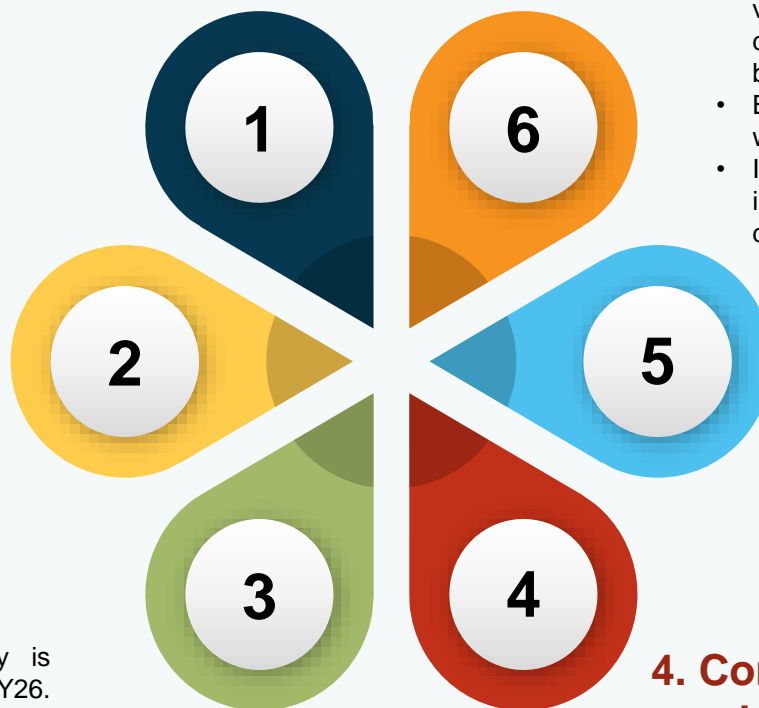
- Due to an ongoing shift in global supply chain, India is witnessing robust demand for auto components.
- In FY23 the Indian Auto component Industry achieved the highest ever turnover of US\$ 70 billion. It is further expected to reach US\$ 200 billion by 2026.

2. Rising indigenisation

- The growth of global original equipment manufacturers' (OEM) sourcing from India and the increased indigenisation of global OEMs is turning the country into a preferable designing and manufacturing base.
- 8% of India's R&D expenditure is invested in the automotive sector.

3. Increasing turnover

- The Indian auto components industry is expected to grow to US\$ 200 billion by FY26. This growth will be backed by strong export demand which is expected to rise at an annual rate of 23.9% to reach US\$ 80 billion by 2026.
- The turnover of the automotive component industry grew 12.6% YoY to Rs. 2.9 lakh crore (US\$ 36.1 billion) during H1 2023-24.



6. Electric vehicles push

- The global move towards electric vehicles will generate new opportunities for automotive suppliers. The mass conversion to electric vehicles may generate a US\$ 300 billion domestic market for electric vehicle (EV) batteries in India by 2030*.
- By 2030, EVs in new two-wheeler and three-wheeler vehicle sales will rise to 50% and 70%.
- In April 2023, GreenCell Mobility announced to invest Rs. 1,500 crore (US\$ 181.59 million) to double EV buses supply in India

5. Growing automobile industry

- India surpassed Japan in new auto sales in 2022, making it the third-largest market for the first time, Nikkei Asia reported.
- In FY24, India sold 23.85 million units, showing a 12.5% YoY growth compared to 21.20 million units in FY23.

4. Contribution to GDP and employment

- The auto components industry accounted for 2.3% of India's GDP and provided direct employment to more than 1.5 million people.
- The industry is estimated to be worth US\$ 200 billion contributing 5-7% of India's GDP by 2026. The Automotive Mission Plan (2016-26) projects to provide direct incremental employment to 3.2 million by 2026.



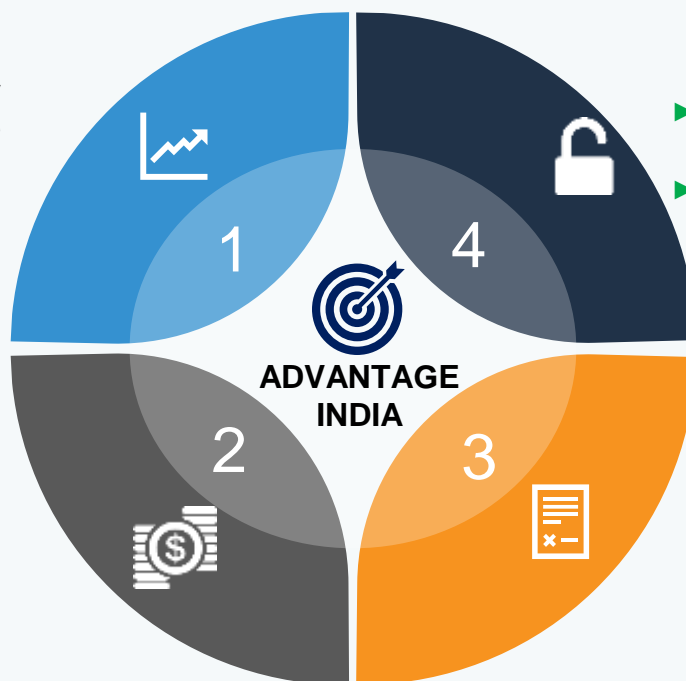
Advantage India

1 Robust demand

- ▶ Growing working population and expanding middle class are expected to remain the key demand drivers.
- ▶ India is the third-largest automobile market globally.
- ▶ By 2025, 4 million EVs could be sold each year and 10 million by 2030. The EV market is expected to reach US\$ 206 billion by 2030.
- ▶ With plans to reduce auto components' import dependence, domestic players are expected to witness a demand surge.

2 Competitive advantages

- ▶ A cost-effective manufacturing base in India keeps costs lower by 10-25% relative to operations in Europe and Latin America.
- ▶ Presence of a large pool of skilled & semi-skilled workforce amidst a strong educational system.
- ▶ Second-largest steel producer globally, hence a cost advantage.
- ▶ India is emerging as a global auto component sourcing hub due to its proximity to key automotive markets such as ASEAN, Europe, Japan and Korea.



4 Export opportunities

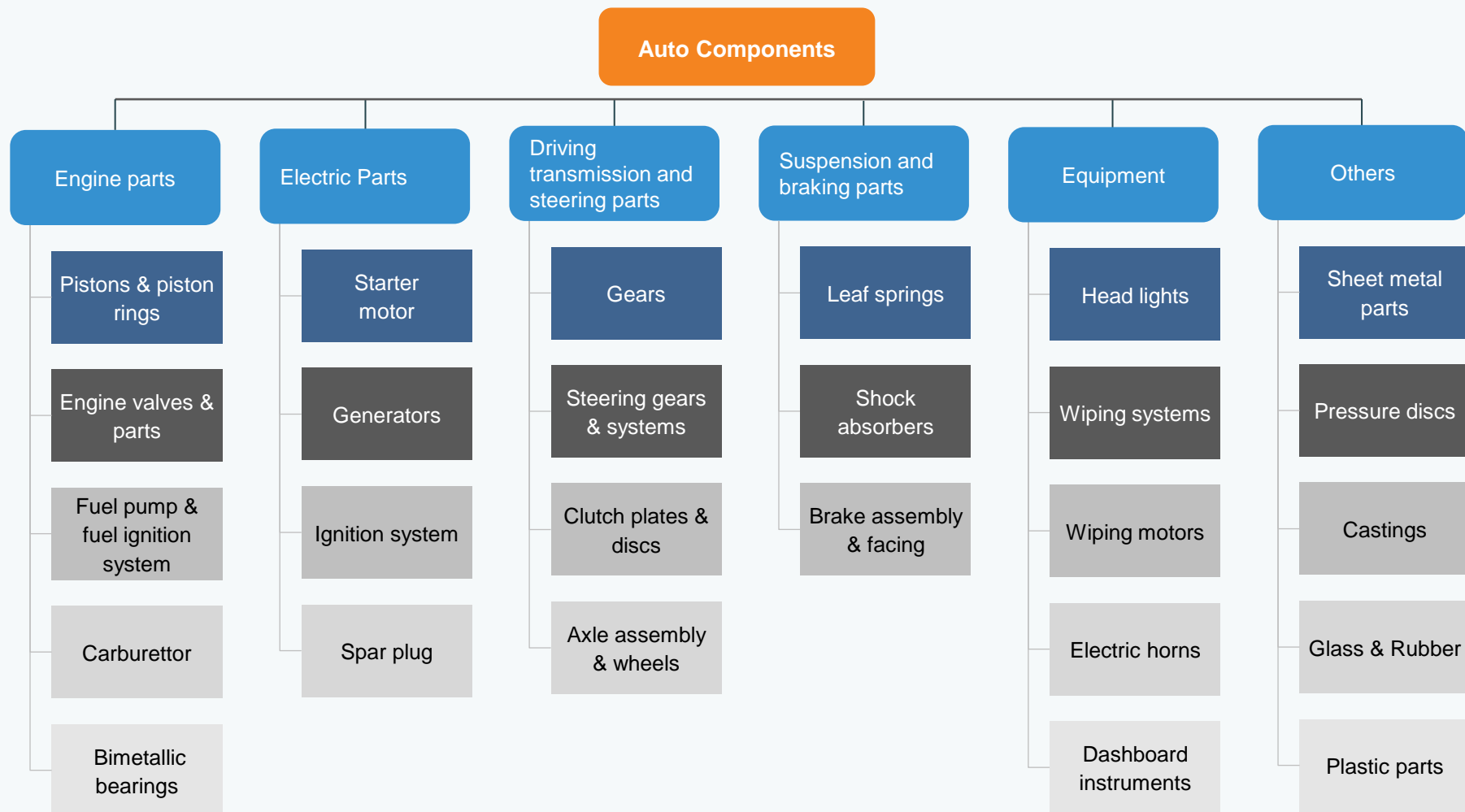
- ▶ India is emerging as a global hub for auto component sourcing and the industry exports over 25% of its production annually.
- ▶ The auto component industry exported US\$ 10.4 billion and imported US\$ 10.2 billion worth of components during H1 2023-24, resulting in the export surplus of US\$ 200 million.
- ▶ Auto component exports from India is expected to reach US\$ 30 billion by 2026.
- ▶ By FY28, the Indian auto industry aims to invest Rs. 58,000 crore (US\$ 7 billion) to boost localization of advanced components like electric motors and automatic transmissions, reducing imports and leveraging 'China Plus One' trend.

3 Policy support

- ▶ On 2nd January 2024, the Union Finance Ministry allocated Rs. 1,500 crores (US\$ 180.3 million) to the second phase of India's FAME-II program.
- ▶ 100% FDI allowed under automatic route for the auto components sector.
- ▶ The Indian government has outlined US\$ 7.8 billion for the automobile and auto components sector in production-linked incentive (PLI) schemes under the Department of Heavy Industries. They are expected to bring a capex of Rs. 74,850 crore (US\$ 9.58 billion) in the next five years.
- ▶ The Bharat New Car Assessment Program (BNCAP) will not only strengthen the value chain of the auto component sector, but it will also drive the manufacturing of cutting-edge components, encourage innovation, and foster global excellence.



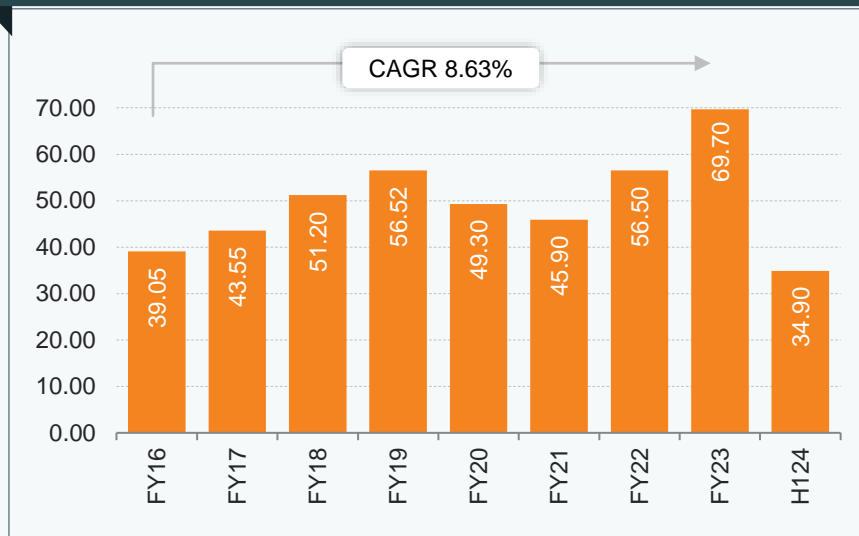
Product segments



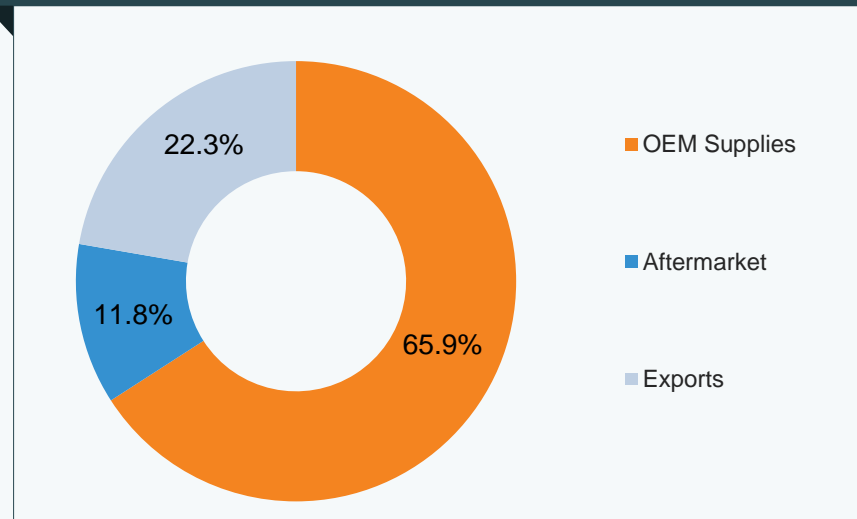
Source: ACMA

Robust growth

Aggregate Turnover (US\$ billion)



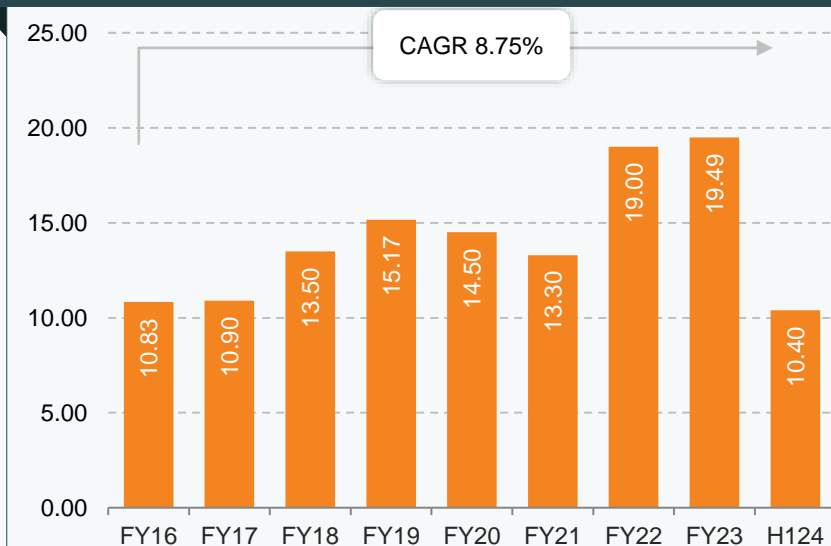
Share in Turnover of the Auto Components Industry (FY23)



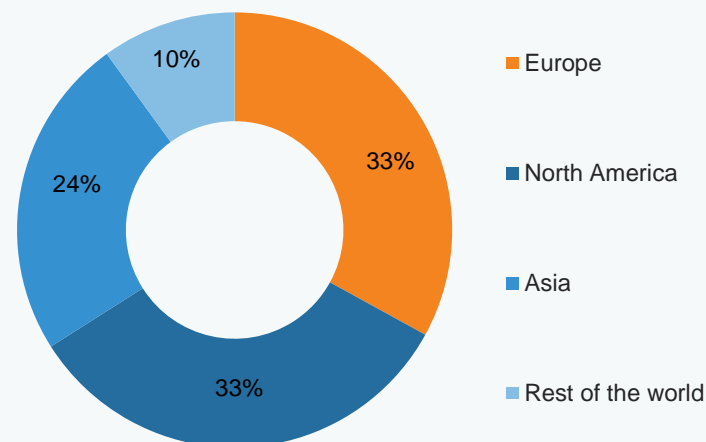
- The automobile component industry turnover stood at Rs. 2.9 lakh crore (US\$ 36.1 billion) during H1 2023-24, registering a revenue growth of 12.6% as compared to H1 2022-23.
- Domestic OEM supplies contributed ~66% to the industry's turnover, followed by domestic aftermarket (~12%) and exports (~22.3%), in FY23.
- The component sales to OEMs in the domestic market grew by 13.9% to Rs. 2.54 lakh crore (US\$ 30.57 billion).
- During H1 2023-24, exports of auto components grew by 2.7% to Rs. 2.54 lakh crore (US\$ 10.33 billion). As per the Automobile Component Manufacturers Association (ACMA) forecast, automobile component exports from India are expected to reach US\$ 30 billion by 2026. In FY22, India's auto component Industry for the first time reached a trade surplus of US\$ 700 million.
- The aftermarket for auto components grew by 7.5% during H1 2023-24 reaching Rs. 2.54 lakh crore (US\$ 5.43 billion).

Export growth

Value of Auto Component Export (US\$ billion)



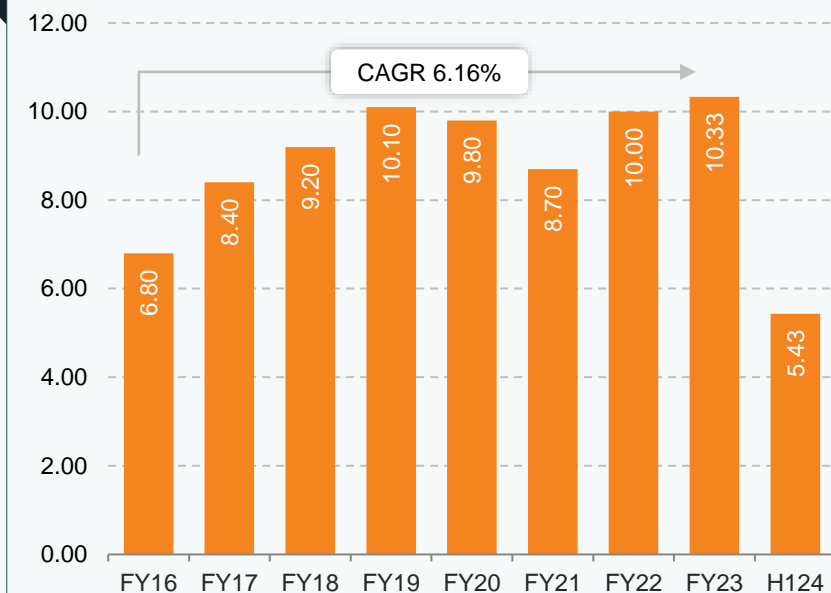
Share of Export by Geography (H124)



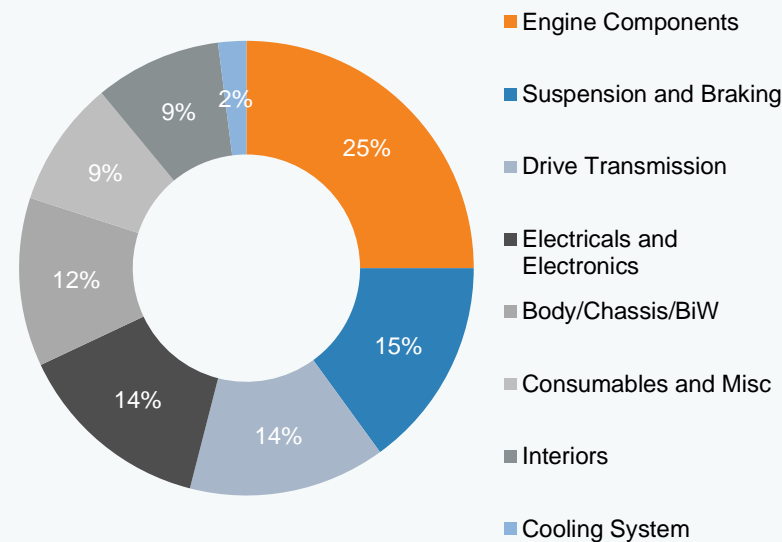
- Exports of auto components grew by 5.2% to Rs. 1.61 lakh crore (US\$ 19.49 billion) in 2022-23 from Rs. 1.41 lakh crore (US\$ 19 billion) in 2021-22. During H1 2023-24, the export value of auto components/parts was estimated at US\$ 10.4 billion.
- In H1 2024, North America, which accounts for 33% of total exports, increased by 2%, while Europe and Asia, which account for 33% and 24% of total exports, increased by 12% and declined by 4%, respectively. The key export items included drive transmission and steering, engine components, body/chassis, suspension and braking etc.
- Exports of automobile components from India increased, at a CAGR of 8.75%, from US\$ 10.83 billion in FY16 to US\$ 19.49 billion in FY23.

Aftermarket growth

Value of Aftermarket Turnover (US\$ billion)



Product-wise Share in Aftermarket Turnover (FY22)

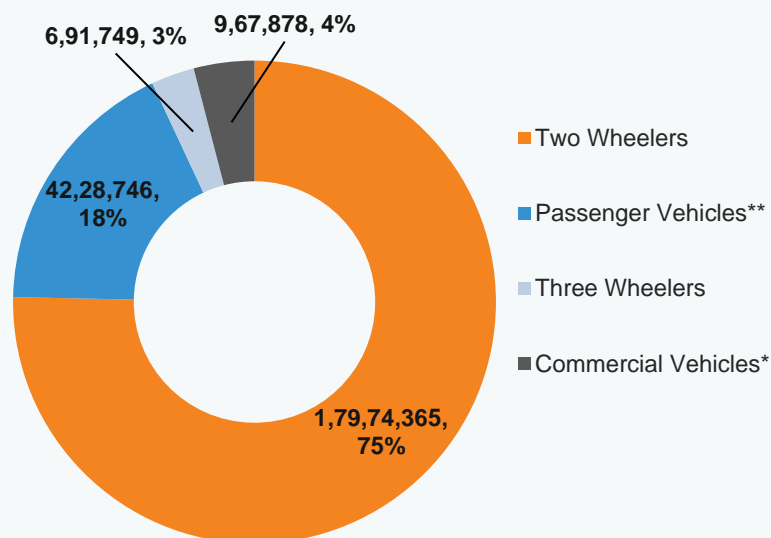


- The aftermarket for auto components grew by 7.5% during H1 2023-24 reaching Rs. 45,158 crore (US\$ 5.43 billion).
- By 2026, the automotive aftermarket segment in India is expected to reach US\$ 32 billion.
- Aftermarket turnover increased at a CAGR of 6.16% from US\$ 6.80 billion in FY16 to US\$ 10.33 billion in FY23 and is expected to reach US\$ 32 billion by FY2026.
- The 'Drive Transmission and Steering' product category accounted for 21% of the aftermarket share followed by 'Engine Components', and 'Electricals and Electronic Components' with 19% and 18%, respectively.
- To support local auto parts suppliers, the auto component sector has tied up with Tesla to manufacture electric vehicles in August 2021.

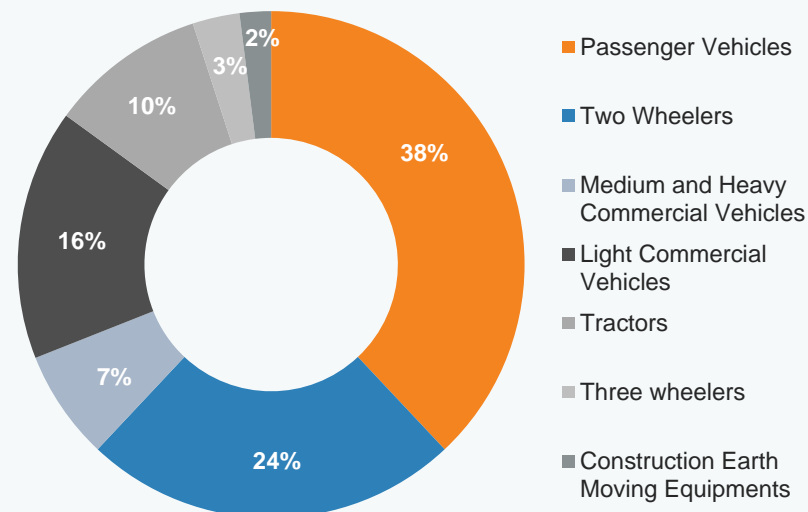
Source: ACMA

Shares in production and supply

Domestic Market Share by Segment FY24 (No. of units)



Auto Component Supply to OEMs (FY21)



- In FY24, domestic sales of passenger vehicles, commercial vehicles, three-wheelers, and two-wheelers amounted to 42,28,746, 9,67,878, 6,91,749 and 1,79,74,365 units, respectively.
- Passenger vehicles had the highest share of total auto component supplies to OEMs in FY21, distantly followed by two-wheelers and light commercial vehicles (LCV).
- In fiscal year 2024, the total number of automobiles sold was 23.86 million units.
- In 2023-24, the total production of passenger vehicles, commercial vehicles, three-wheelers, two-wheelers, and quadricycles was 28.43 million units.

Notes: ** BMW, Mercedes & Volvo Auto data are not available; * Daimler, JBM Auto & Scania data are not available

Source: ACMA, SIAM

Major players by segment

Engine & engine parts	Transmission & steering parts	Suspension & braking parts	Electrical	Equipment
<ul style="list-style-type: none"> ▪ Pistons - Goetze, Shriram Pistons & Rings, India Pistons, Anand I-Power Ltd. ▪ Engine Valves - Rane Engine Valves, Shriram Pistons and Rings, SSV Valves ▪ Carburetors - UCAL Fuel Systems and Spaco Carburetors & Escorts Auto Components ▪ Diesel-based fuel-injection systems - MICO, Delphi-TVS Diesel System and Tata Cummins 	<ul style="list-style-type: none"> ▪ Steering Systems - Sona Koyo Steering Systems, Rane NSK Steering Systems and Rane TRW Systems ▪ Gears - Bharat Gears, Gajra Bevel Gears, ZF Steering Gear (India) Ltd, Eicher, Graziano Trasmissioni and SIAP Gears India ▪ Clutch - Clutch Auto, Ceekay Daikin, Amalgamations Repco, LuK Clutches ▪ Driveshafts - Gkn Driveshafts, Spicer India Private Ltd., Delphi and Sona Koyo Steering Systems 	<ul style="list-style-type: none"> ▪ Brake Systems - Brakes India, Kalyani Brakes, Mando India Ltd. & Automotive Axles and GNA Axles Limited ▪ Brake Lining - Rane Brake Lining, Sundaram Brake Lining, Hindustan Composites and Allied Nippon ▪ Leaf Springs - Jamna Auto & Jai Parabolic ▪ Shock Absorbers - Gabriel India, Delphi, Mando India Ltd. and Munjal Showa, Rane Holdings Limited 	<ul style="list-style-type: none"> ▪ Lucas TVS, DENSO, Delco Remy Electricals, Varroc Group and Nippon Electricals are key players in this segment 	<ul style="list-style-type: none"> ▪ Headlights - Lumax, Autolite and Phoenix Lamps ▪ Dashboard - Premiere Instruments & Controls ▪ Sheet metal parts - Jay Bharat Maruti, Omax Auto and JBM Tools ▪ Sensors - Pricol Limited

Note: OEM means Original Equipment Manufacturer

Source: Media sources

Recent Trends and Strategies



Recent Trends and Strategies...(1/3)

1

Global components sourcing hub

- Major global OEMs have made India a component sourcing hub for their global operations.
- Several global Tier-I suppliers have also announced plans to increase procurement from their Indian subsidiaries.
- India is also emerging as a sourcing hub for engine components with OEMs increasingly setting up engine manufacturing units in the country.
- The aggregate CAPEX outlay for the OEMs is estimated to remain high at Rs. 650 billion (US\$ 7.95 billion) over 2023-2025.
- For companies like Ford, Fiat, Suzuki and General Motors (GM), India has established itself as a global hub for small engines.
- Varroc Lighting Systems (VLS) is supplying the complete exterior lighting solutions for Tesla Model S sedan and the Tesla Model X crossover.

2

Improving product-development capabilities

- Tata Motors partners with LeadIT to achieve net-zero emissions in Passenger Vehicles by 2040 and Commercial Vehicles by 2045, demonstrating commitment to sustainability.
- In October 2023, Tata Motors signed a definitive agreement to acquire a 27% stake in Freight Tiger, a software-as-a-service (SaaS) company, for Rs. 150 crore (US\$ 17.99 million).
- In May 2023, Tata Technologies on Monday announced a partnership with TiHAN IIT Hyderabad, to collaborate in the areas of Software Defined Vehicles (SDV) and Advanced Driver Assistance Systems (ADAS) that incorporate the latest technologies.
- In February 2023, Bridgestone India, a global leader in tyres and sustainable mobility solutions, announced that it would be investing over Rs. 600 crore (US\$ 73.39 million) to meet the increasing demand for quality passenger tyres in the country.
- In January 2023, NXP Semiconductors inaugurated a new state-of-the-art Systems & Silicon Innovation lab at NXP Semiconductors Campus in Manyata Tech Park, Bengaluru.
- In November 2022, Continental Tires, a leading premium tyre manufacturer inaugurates Its First Commercial Vehicle Alignment Center in Jaipur.
- Increased investments in setting-up R&D operations & laboratories to conduct activities such as analysis, simulation & engineering animations.
- The growth of global OEM sourcing from India & increased indigenisation of global OEMs are turning the country into a preferred designing & manufacturing base.

Note: OEM means Original Equipment Manufacturer ACT - ACMA Centre for Technology

Source: Media sources

Recent Trends and Strategies...(2/3)

3

Route to expansion

- Bharat Forge will invest Rs. 1,000 crore (US\$ 119 million) over a period of five years in Tamil Nadu to enhance production capacity for the long term.
- During the 2024 global investor meet, Hyundai Motor India pledges an extra Rs. 6,180 Crore (US\$ 743 million) for long-term investments in Tamil Nadu.
- In May 2023, With Tesla proposing a manufacturing plant in India, the government plans to come out with a modified production-linked incentive scheme (PLI 2.0) for electric vehicles and advanced chemistry cell batteries to invite fresh investments.
- In May 2023, Bridgestone looks to expand its retail footprint in India by 20-25%.
- In February 2022, the government has received investments proposal worth Rs. 45,016 crore (US\$ 6.04 billion) from 20 automotive companies under the PLI Auto scheme. This scheme is expected to create an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion).
- In 2022-23, Tamil Nadu attracted investment proposals worth Rs. 18,063 crore (US\$ 2.20 billion) Tamil Nadu is capitalizing on its previous automotive expertise to enter the EV industry.
- In November 2022, auto components maker Sona BLW precision forgings ltd. announced its plans to increase capex by Rs. 1,000 crore (US\$ 123.28 million) for its electric vehicles business.
- German auto component major ZF has doubled down on India with an investment of €200 million (US\$ 214.10 million).

4

New strategies

- Production Linked Incentive (PLI) Schemes for 14 key sectors have been announced with an outlay of Rs. 1.97 lakh crore (US\$ 23.84 billion) to enhance India's Manufacturing capabilities and Exports.
- The Indian government is exempting imports of capital goods and machinery essential for the production of lithium-ion cells used in EV batteries from customs duty.
- Both Indian & global manufacturers are investing in new capacities & newer programmes to get long term advantage.
- As markets in North, West & South of India are getting saturated, component manufacturers are eyeing untapped markets in the Northeast region of the country.
- In December 2021, MG motor India was exploring export opportunities in UK and South Africa. The company has plans to make India as an export hub.
- In October 2021, TVS Motor Company, collaborated with Tata Power, to boost the comprehensive implementation of electric vehicle charging infrastructure (EVCI) across India and deploy solar-powered technologies at various TVS Motor locations.

Note: OEM means Original Equipment Manufacturer ACT - ACMA Centre for Technology

Source: Media sources

Recent Trends and Strategies...(3/3)

5

Diversification

- In May 2023, Gabriel India inks a pact with Inalfa, to invest Rs. 170 crore (US\$ 20.58 million) to set up a new manufacturing facility. Inalfa Gabriel Sunroof Systems (IGSS), in Chennai which will become operational in the first quarter of 2024.
- Many Indian firms specialising in only one product market or segment are looking to diversify in segments like two wheelers, passenger cars or commercial vehicles.
- They are stepping up their product development capabilities in order to have the best chance of capturing growth opportunity.

6

Capacity

- By 2030, Chinese EV manufacturer BYD hopes to control 40% of the Indian EV market. It already has a manufacturing setup in India, and the current plant's capacity may be increased by another 10,000-15000 units.
- In October 2021, Lucas TVS announced a 20% capacity expansion of its auto and non-auto businesses by the end of 2021.
- In September 2020, off-highway tyre-maker Alliance Tire Group (ATG), owned by the Japanese major Yokohama Group, announced plans to set up its third plant in the country in Visakhapatnam, with an investment of Rs. 1,240 crore (US\$ 165 million). The proposed plant will add over 20,000 tonnes per annum (55 tonnes per day rubber weight) capacity to the 2.3-lakh-tonne annual production from two India plants and will be commissioned by the first quarter of 2023.
- In December 2020, Continental planned to expand its local presence in India by increasing their production capacity at the Modipuram plant.

7

IPO Listing

- Auto components maker Happy Forgings to launch IPO on December 19th, 2023. It comprises a fresh equity issue of Rs. 400 crore (US\$ 47.99 million) and an offer for sale (OFS) of 71.59 lakh shares.
- Auto component manufacturing companies are entering the equity market to raise capital.
- In March 2021, auto component makers, Craftsman Automation and Rolex Rings Ltd. listed their IPOs on the stock exchange.

Note: IPO – Initial Public Offering

Source: Make in India, Media Sources



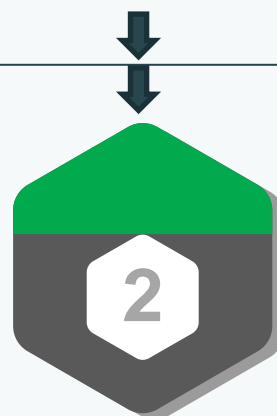
Growth drivers

GROWTH DRIVERS



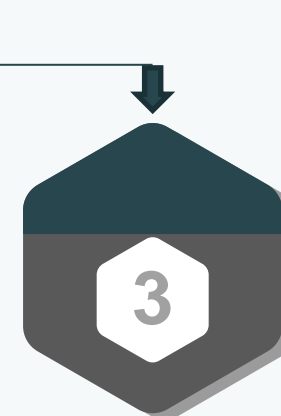
DEMAND-SIDE DRIVERS

- Robust growth in domestic automotive industry
- Increase in investment in road infrastructure
- Growth in working population & middle-class income will drive the market
- With the Self-Reliant India mission, the auto industry is looking to half its Rs. 1 trillion (US\$ 13.6 billion) worth of auto component imports over the next 4-5 years. This will provide significant opportunities for existing and new auto components players to scale up



SUPPLY-SIDE DRIVERS

- Competitive advantage facilitating emergence of outsourcing hub
- Technological shift and focus on R&D



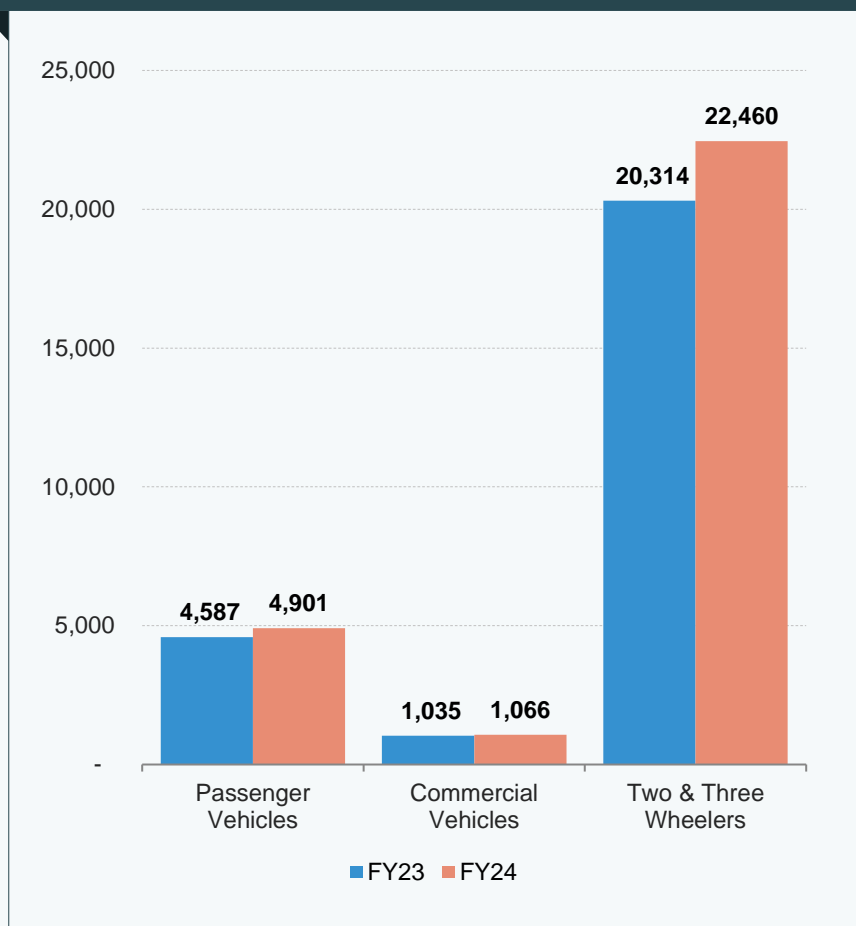
POLICY SUPPORT

- Establishing special auto parks & virtual SEZs for auto components
- Lower excise duty on specific parts of hybrid vehicles
- Policies such as Automotive Mission Plan 2016-26, Faster Adoption & Manufacturing of Electric Hybrid Vehicles (FAME, April 2015) and NMEM 2020 are likely to infuse growth in the auto component sector of the country
- PLI schemes has been extended to the automobile sector with an aim of creating an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion).
- The Government announced National Mission on Transformative Mobility and Battery Storage based on phased manufacturing program (PMP) until 2024

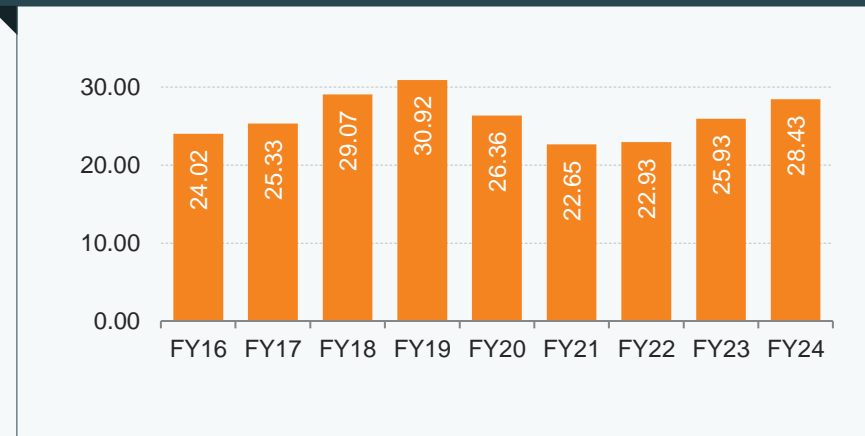
Note: NMEM - National Mission For Electric Mobility

Growth in the automobiles sector

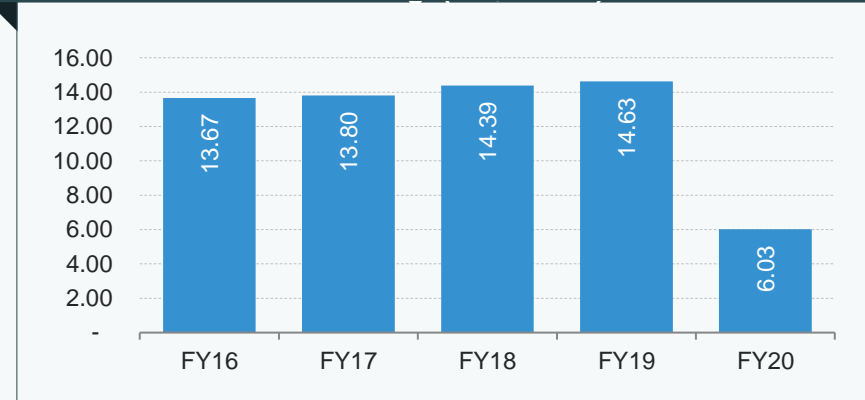
Vehicle Production in India (thousand units)



Vehicle Production (in number of units in million)



Vehicles, Vehicle Parts and Transport Equipment Loan Outstanding# (US\$ billion)



Note: #Loan outstanding at the end of the financial year
Source: ACMA, Reserve Bank of India, SIAM

India is poised to emerge as an outsourcing hub



- Hyundai Motor Group A with KAIST to establish an On-Chip LiDAR Joint Research Lab in Daejeon, focusing on compact sensors and signal detection for autonomous vehicles.
- Hyundai plans to source gasoline and diesel engines from its India manufacturing operations for domestic and global operations.
- The company is also planning to invest US\$ 300 million for a new engine plant and metal pressing shop in India, and it also has plans to open a second manufacturing plant in Rajasthan.



- Ford has expanded its retail distribution network of genuine parts in Gujarat, Daman & Diu and Silvassa.
- Ford is likely to invest US\$ 1 billion in Indian operation over the next 5-7 years.
- In March 2019, Ford Motors signed five memorandum of understandings (MoUs) with Mahindra and Mahindra (M&M) to jointly develop new SUVs and small EVs. The partnership will leverage Ford's global reach and expertise with M&M's presence in the Indian market.



- Honda Motorcycle & Scooter India opens a third assembly line at its Gujarat plant, boosting capacity by 6.5 lakh units.
- The company has an export base for certain key engine components in India.
- As of June 2019, the company planned to invest Rs. 630 crore (US\$ 89.37 million) in setting up a new production line in Gujarat. This additional 600,000 capacity would push up company's total capacity to 7 million units by 2020.



- Toyota Kirloskar Motor partners with Karnataka Govt to establish Advanced Centres of Excellence (ACoE) in colleges, starting with Government Engineering College, Ramanagara.
- Toyota Kirloskar Motor disclosed its fully integrated cloud-based telematics service for the Indian market by the name, Toyota Connect.
- Toyota India in JV with Kirloskar initiated production of diesel engines at Jigani Industrial Area.
- Toyota Kirloskar Motors announced investments of over Rs. 2,000 crore (US\$ 240 million) in India directed towards electric components and technologies

Source: Respective Company Websites, News Articles

Favourable policy measures aiding growth

1 National Electric Mobility Mission Plan (NEMMP) 2020

- The vision of this scheme is for faster adoption of EVs and their manufacturing in the country.
- It aims at achieving sales of 6-7 million units of hybrid and EVs by 2020.

2 NATRIP

- Set up at a total cost of US\$ 388.5 million to enable the industry to adopt & implement global performance standards.
- Focus on providing low-cost manufacturing & product development solutions.

3 Dept. of Heavy Industries & Public Enterprises

- Created a US\$ 200 million fund to modernise the auto components industry by providing interest subsidy on loans & investments in new plants & equipment.
- Provided export benefits to intermediate suppliers of auto components against Duty-Free Replenishment Certificate (DFRC).

6 Union Budget 2023-24

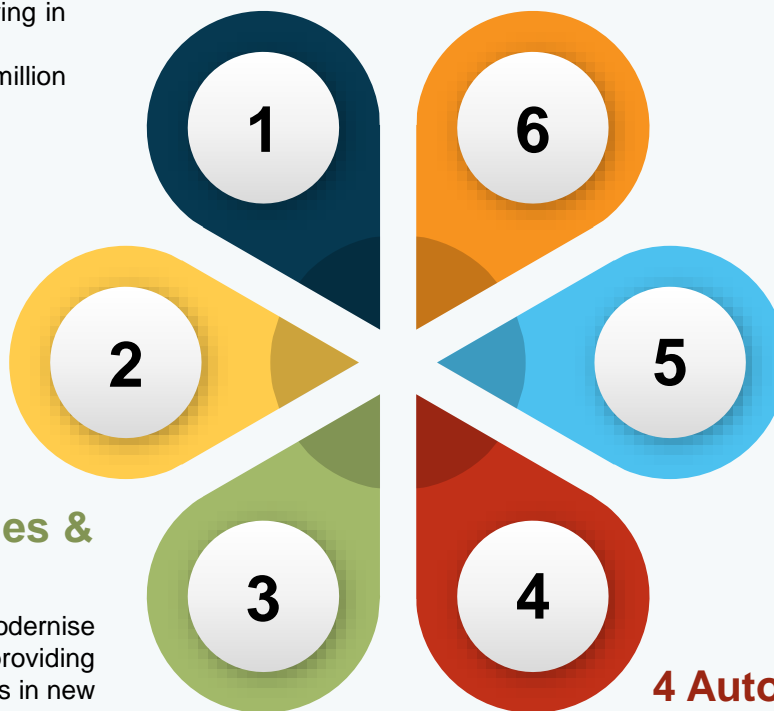
- The Government has reaffirmed its commitment towards EVs and its mission for 30% electric mobility by 2030.
- Budget announced customs duty exemption on the import of capital goods and machinery required for the manufacture of lithium-ion batteries that typically power EVs

5 FAME Scheme

- Aimed at incentivising all vehicle segments - two wheelers, three wheelers, four wheelers, LCVs and buses. It covers hybrid & electric technologies like Mild Hybrid, Strong Hybrid, Plug in Hybrid & Battery Electric Vehicles.
- The FAME Scheme was extended for a further period of 2 years up to March 31, 2024.
In March 2023, centre approved Rs. 800 crore (US\$ 97.85 million) for 7,432 public fast charging stations under the FAME Scheme Phase II.
- 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.

4 Automotive Mission Plan 2016-26 (AMP 2026)

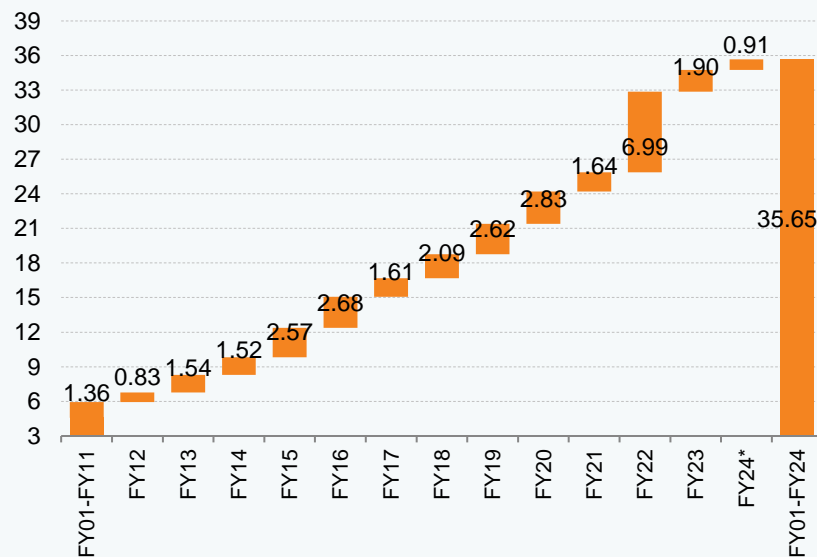
- AMP 2026 targets a four-fold growth in the automobile sector in India, which includes manufacturers of automobiles, auto components & tractors over the next 10 years. It is expected to generate an additional employment of 65 million.



Investments have been rising at a fast pace

- Ola Electric IPO to be the first auto company in India to launch an IPO in over two decades (20 years). It has an expected size of Rs. 8,500 crore (US\$ 1.01 billion).
- A cumulative investment of ~Rs. 12.5 trillion (US\$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's electric vehicle (EV) ambitions.
- The Indian automobile sector recorded an inflow of huge investments from domestic and foreign manufacturers. FDI inflow in the sector stood at US\$ 35.65 billion between April 2000-December 2023 which is around 5.35% of the total FDI inflows in India during the same period.
- With the launch of the "Make in India" initiative, the Government is expected to vitalise substantial investment in the auto components sector.
- In March 2021, the government announced fresh incentives to companies making electric vehicles (EVs) as part of a broad auto sector scheme. The scheme is expected to attract US\$ 14 billion of investment in the next five years.
- In September 2021, the Indian government issued a notification regarding a PLI scheme for automobile and auto components worth Rs. 25,938 crore (US\$ 3.49 billion). This scheme is expected to bring investments of >Rs. 42,500 (US\$ 5.74 billion) by 2026.
- In October 2021, the Maharashtra government signed an MoU with Causis E-Mobility Pvt. Ltd., a joint venture of the UK-based Causis Group, to set up a zero-emission electric vehicle (EV) manufacturing facility at Talegaon, near Pune, with an investment of Rs. 2,800 crore (US\$ 317.96 million).

FDI in the Automotive Sector (US\$ billion)



- In December 2021, India's leading automobile platform CarTrade Tech have invested US\$ 100 million for new acquisition and to accelerate growth.

Source: ACMA, DPIIT, News Articles

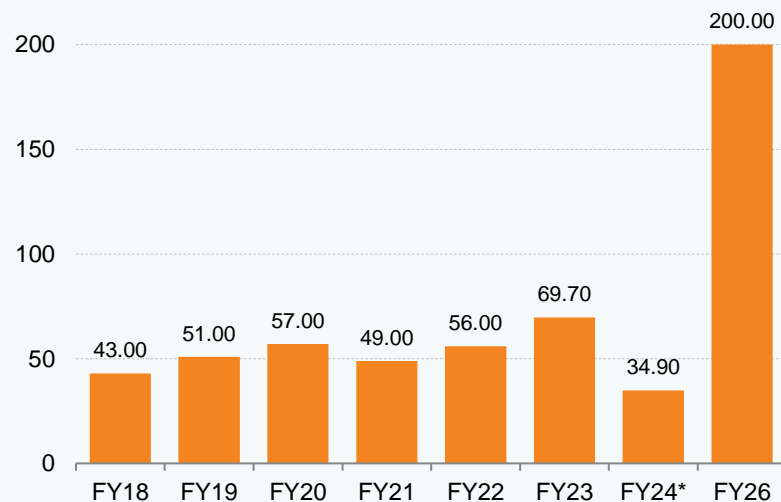
*Note: * Until December 2023*



OPPORTUNITIES

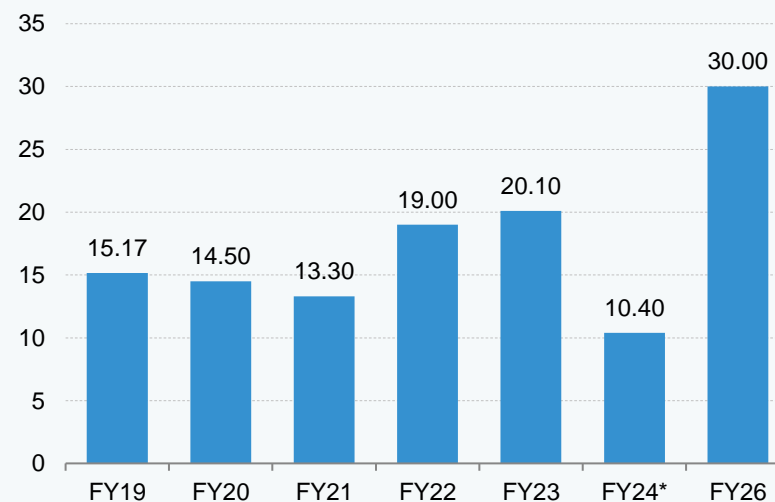
Domestic and exports markets hold huge potential

Domestic Market Potential (US\$ billion)



- The turnover of the automotive component industry grew 32.8% to Rs. 5.6 lakh crore (US\$ 69.7 billion) during 2022-23 compared to the previous year and is expected to reach US\$ 200 billion by FY26.

Export Market Potential (US\$ billion)

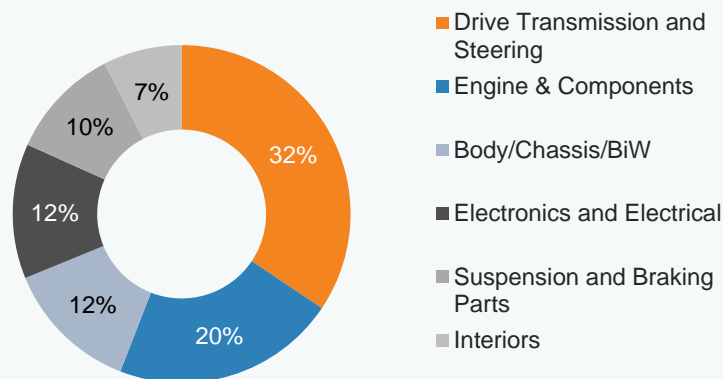


- India's share in the global auto component trade was at US\$ 20.1 billion in FY23. India aims to increase its auto component exports to US\$ 30 billion by 2026.
- The auto-components exports grew by 2.7% to Rs. 85,870 crore (US\$ 10.4 billion) while imports climbed by 3.6% to Rs. 79,815 crore (US\$ 10.2 billion) In H124.

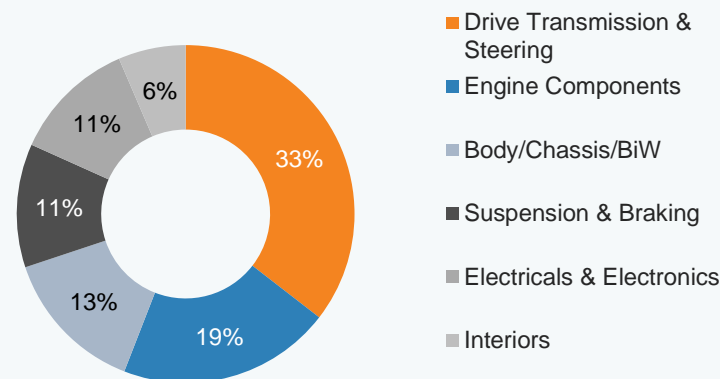
Note: * - April 2023- September 2023 ; E - Estimate
Source: ACMA

Market potential balanced across product types

Domestic Market Potential by Components (FY21)



Export Market Potential by Components (2020)



- Both domestic and export markets are almost similar in terms of potential share by different product types. Engine and Exhaust components along with Body & Structural parts are expected to make up nearly 50% of the potential domestic sales as well as export in 2020.
- Transmission and Steering Parts and Electronics and Electrical equipment are likely to be the other key products.
- Companies like Exide, Exicom, Amaron, Greenfuel Energy Solutions, Trontek, Coslight India, Napino Auto & Electronics, Amara Raja Batteries, Trinity Energy Systems, and Versatile Auto Components have plans to make lithium-ion batteries to ride the wave of green vehicles.
- In February 2021, Vedanta Resources launched its newest—aluminium cylinder head alloy, a crucial raw material for manufacturing cylinder heads and other automotive components. Product
- In July 2021, Steelbird launched a new range of engine oils and lubricants, comprising engine oil, grease and fork oil, for the 2-wheeler segment.
- The ACMA's September 2023 report forecasts the automotive electronics market to surge from US\$ 10.6 billion to around US\$ 74.4 billion by 2032.

Note: 2020E - Estimated value for 2020 by ACMA

Source: ACMA, News Sources

Opportunities in engineering products

1 Engine & Exhaust parts

- New technological changes in this segment include introduction of turbochargers and common rail systems.
- The trend of outsourcing may gain traction in this segment in the short to medium term.

2 Transmission & steering parts

- Share of replacement market in sub-segments such as clutches is likely to grow due to rising traffic density.
- The entry of global players is expected to intensify competition in sub-segments such as gears & clutches.



3 Suspension & braking parts

- The segment is estimated to witness high replacement demand with players maintaining a diversified customer base in the replacement & OEM segments besides the export market.
- The entry of global players is likely to intensify competition in sub-segments such as shock absorbers.

5 Others (Metal parts)

- Metal part manufacturers are likely to benefit from rising demand for body & chassis, pressure die castings, sheet metal parts, fan belts, and hydraulic pneumatic instruments, primarily in the two wheelers industry.
- Prominent companies in this business are constantly working towards expanding their customer base.

4 Electronics and electricals

- In October 2021, Sona BLW Precision Forgings Limited, through its wholly owned subsidiary company, Sona Comstar eDrive Private Limited (Sona Comstar), entered a collaboration agreement with IRP Nexus Group Ltd., Israel, to develop, manufacture and supply magnet-less drive motors and matching controller systems for electric two and three-wheelers.

Note: OEM means Original Equipment Manufacturer

Source: Make in India

Capacity addition plans of key players



- In August 2023, Bosch earmarks Rs. 480 crore (US\$ 58.11 million) for R&D and an additional capex of Rs. 480 crore (US\$ 58.11 million). Bosch plans to invest Rs. 20 crore (US\$ 2.84 million) between FY20-25 in its Robert Bosch Center for Data Science and Artificial Intelligence (RBC-DSAI) at the Indian Institute of Technology-Madras (IIT-M).



- In May 2023, Apollo tyres would be making an investment around Rs. 1,100 crore (US\$ 133.17 million) in the FY24. In 2022, Apollo Tyres became more ESG friendly with the introduction of tyres catering to the EV market and the introduction of green power in its Chennai facility.



- In June 2023, Tata Motors will invest US\$ 2 billion towards developing new products and platforms over the next four years.
- Tata Motors is planning to commence operations at the Gujarat-based manufacturing plant it acquired from Ford, over the next 12-18 months to scale up its production capacity.



- HELLA is working on expanding its business through digitalisation of light and will digitally cover the entire range of LED headlamps in future.



- NGK Technologies India Pvt Ltd., a subsidiary of NGK Insulators Ltd., has been established to market automotive related and metal components across India.





- TVS Group has acquired 90% stake in Universal Components UK Ltd for US\$ 19.2 million as part of its expansion plans. Universal Components is a wholesale distributor of commercial vehicle parts. It has also signed a co-operation agreement with BMW Motorrad to develop motorcycles below 500cc segment. The company is looking for new overseas markets.
- Lucas TVS, a JV between Lucas UK and TVS, introduced traction motors in 2019, that catered to the growing number of electric rickshaws and electric three-wheeler segments.

Source: Respective Company websites, News articles

Key Industry Contacts



Key Industry Contacts

	Agency	Contact Information
 <p>ACMA Automotive Component Manufacturers Association of India</p>	<p>Automotive Component Manufacturers Association of India (ACMA)</p>	<p>6th Floor, The Capital Court, Olof Palme Marg, Munirka, New Delhi - 110 067, India Phone: 91 11 2616 0315, 2617 5873, 2618 4479 Fax: 91 11 2616 0317 E-mail: acma@acma.in ; acma@vsnl.com Website: www.acma.in</p>
 <p>ARAI Progress through Research</p>	<p>Automotive Research Association of India (ARAI)</p>	<p>Survey No. 102, Vetal Hill, off Paud Road, Kothrud, Pune - 411 038 P. B. No. 832, Pune - 411 004 Tel No. : +91-020-30231111 Fax No. : +91-020-30231104 Email Id : info@araiindia.com Website: www.araiindia.com</p>



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
2021-22	74.42
2022-23	78.60
2023-24	82.80

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	73.93
2022	79.82
2023	82.61
2024*	83.21

*Note: * - Until April 2024*

Source: Foreign Exchange Dealers' Association of India

Glossary

- ACMA: Automotive Component Manufacturers Association of India
- SIAM: Society of Indian Automobile Manufacturers
- ARAI: Automotive Research Association of India
- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March); So, FY12 implies April 2011 to March 2012
- GOI: Government of India
- OEM: Original Equipment Manufacturers
- NATRiP: National Automotive Testing and R&D Infrastructure Project
- Rs.: Indian Rupee
- SEZ: Special Economic Zone
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

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