HIGHLIGHTS OF INDIAN AUTO ANCILLARY INDUSTRY
CONTENTS

Indian Economy Scenario

• The Automobile Industry

• Auto Ancillary Industry of India

• Growth Drivers of Auto Industry in India

• Key Players in the Auto Ancillary Industry

• How can BIG Help?
India is among the top 15 countries in the global economy in terms of GDP at current prices.

INDIAN ECONOMIC SCENARIO

- After several consecutive years of strong growth, the world economy entered into the worst recession which started in third quarter of 2008.
- All the advanced economies faced deep economic crisis, as the world GDP dropped by 1.3% in 2009.
- The signs of recovery shall be visible from fourth quarter of 2010.
- The Indian economy which has also been impacted by the global turmoil, posted a growth of 6.7% in FY 2009.
Indian Economy is expected to grow at the rate of 7.2% in the year 2010 and the growth for the second quarter of 2010 was 8.5%.

**INDIAN ECONOMIC SCENARIO**

Real GDP Growth Rate: India vs. World

- Average Real GDP growth in last 5 year was 8.5%.
- GDP Per Capita is INR 48,000
- Projected GDP growth in 2010-11 is 8.2%.

Source: Automotive Components Manufacturers Association of India (ACMA)

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**Transformation**
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- GDP Per Capita is INR 48,000
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INDIA - Growing Trade and Investments

Source: Automotive Components Manufacturers Association of India (ACMA)
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The Indian Automobile Industry is expected to reach the Market size of INR 2684 Billion by the end of 2010 from INR 2324 Billion in 2009.

The total number of Automobiles on the Indian roads has reached a mark of 2.6 Million in 2009.

The Indian Automobile Industry contributes nearly 7.5% to the GDP.
According to New York Times, India's strong engineering base and expertise in the manufacturing of low-cost, fuel-efficient cars has resulted in the expansion of manufacturing facilities of several automobile companies.

**INDIAN AUTOMOBILE INDUSTRY OVERVIEW**

**Players: Indian auto industry**

- **INTERNATIONAL AUTOMOBILE BRANDS**
  - GM
  - Toyota
  - Ford
  - Hyundai
  - Maruti Suzuki
  - Honda
  - Skoda
  - Volvo
  - Mercedes

- **INTERNATIONAL AUTO ANCILLARY BRANDS**
  - Delphi
  - Visteon
  - Bosch
  - Denso
  - Valeo
  - Thyssen Krupp

- **INDIAN AUTOMOBILE BRANDS**
  - Tata Motors
  - Mahindra & Mahindra
  - Bajaj Auto
  - TVS Motors
  - Hero Honda
  - Bajaj Tempo
  - Ashok Leyland

- **INDIAN AUTO ANCILLARY BRANDS**
  - Bharat Forge
  - Sundram Fasteners
  - Rane Group
  - Shriram Pistons
  - RICO Auto
  - Sono Koyo Steering

**The Indian auto industry is highly competitive**
with a number of global and Indian auto companies present.
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The Indian Auto Ancillary Industry has been navigating through a period of rapid changes with great élan.

**INDIAN AUTO ANCILLARY INDUSTRY MARKET**

The Indian Auto Ancillary Industry has been navigating through a period of rapid changes with great élan.

- The Indian Auto Ancillary Industry grew at a CAGR 20% for past couple of years.
- Having gained the global recognition, the Indian Auto Ancillary Industry exports are placed at around INR 16,000 crores.
- The sector is composed of 500 medium and large players, besides over 5,000 units in the small scale sector.
- Owing to Improved performance by the auto industry in the domestic market as well as on the export front, the overall production jumped to INR 70,000 crores in 2009.

**Market Size (Value in INR Crores)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (INR Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>42,780</td>
</tr>
<tr>
<td>2007</td>
<td>51,336</td>
</tr>
<tr>
<td>2008</td>
<td>61,603</td>
</tr>
<tr>
<td>2009</td>
<td>73,924</td>
</tr>
</tbody>
</table>

Source: Automotive Components Manufacturers Association of India (ACMA)
The Market Segmentation in India region wise in terms of Auto Ancillary Industry is as follows:

- North - 35%
- East - 10%
- West - 25%
- South - 30%

An interesting insight provided by a study conducted by the National Council of Applied Economic Research revealed that the market segments for auto components included OEMs constituting 33%, local components having 25% with the balance 42% comprising of spurious market including re-conditioned parts. A large part of the spurious or grey market companies are in the unorganised sector.
According to Bloomberg in 2009 India surpassed China as Asia's fourth largest exporter of cars.

### TYPES OF AUTO ANCILLARY

<table>
<thead>
<tr>
<th>ENGINES AND ENGINE PARTS</th>
<th>TRANSMISSION AND STEERING PARTS</th>
<th>SUSPENSION AND BRAKING PARTS</th>
<th>EQUIPMENTS</th>
<th>ELECTRICAL PARTS</th>
<th>OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pistons and Piston rings</td>
<td>Gears</td>
<td>Brake and brake assemblies</td>
<td>Headlights</td>
<td>Starter motors</td>
<td>Sheet metal parts</td>
</tr>
<tr>
<td>Engine valves and parts</td>
<td>Wheels</td>
<td>Brake linings</td>
<td>Halogen Bulbs</td>
<td>Spark plugs</td>
<td>Body and chassis</td>
</tr>
<tr>
<td>Fuel-injection systems &amp; carburetors</td>
<td>Steering systems</td>
<td>Shock absorbers</td>
<td>Wiper motors</td>
<td>Electric ignition systems</td>
<td>Fan belts</td>
</tr>
<tr>
<td>Cooling system and parts</td>
<td>Axles</td>
<td>Leaf springs</td>
<td>Dashboard instruments</td>
<td>Flywheel magnetos</td>
<td>Pressure die castings</td>
</tr>
<tr>
<td>Power train components</td>
<td>Clutches</td>
<td></td>
<td>Other panel instruments</td>
<td>Other equipments</td>
<td>Hydraulic pneumatic instruments</td>
</tr>
</tbody>
</table>

BIG Strategic Management Consultants
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Growth Drivers of Auto Industry in India

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It is estimated that the total turnover of the automotive industry in India would be in the order of USD 122-159 Billion by 2016.

GROWTH DRIVERS OF INDIAN AUTOMOBILE INDUSTRY

- Availability of Low Cost Skilled Labour
- Increasing demand for vehicles
- Low-cost and high-quality standards
- Policy initiatives to promote growth in the sector
The major exports of the Auto Components from India are to North America and Europe which is in tune of 27% and 39% respectively.

GROWTH DRIVERS OF INDIAN AUTO ANCILLARY INDUSTRY

- Investments announced by global and domestic automobile manufacturers promise the emergence of India as a global hub for auto components.
- Prominent Investments by Government & FDI policy for the sector
- Increase in Contract Manufacturing and OEM Manufacturing.
- Technology Upgradation and Innovation
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How can BIG Help?
HOW CAN BIG HELP?

1. Analyzing the Current Automobile Industry in India.

IDENTIFICATION & VALUATION STUDIES
Thank You