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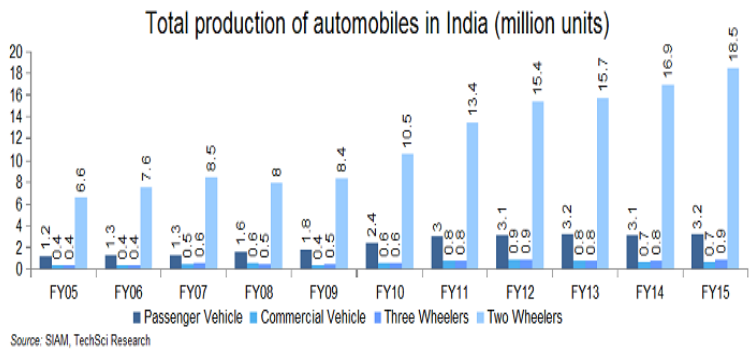
Automobile Industry Update

WESCHOOL LRC

Automobile Industry in India

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). As of FY 2014-15, around 31 per cent of small cars sold globally are manufactured in India.



The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector.

The overall Passenger Vehicle (PV) segment has 13 per cent market share.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-January 2016, exports of Commercial Vehicles registered a growth of 18.36 per cent over April-January 2015.

In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

Source: IBEF

Automobile Industry—Road ahead

India's automotive industry is one of the most competitive in the world. It does not cover 100 per cent of technology or components required to make a car but it is giving a good 97 per cent, as highlighted by Mr Vicent Cobee, Corporate Vice-President, Nissan Motor's Datsun.

Leading auto maker Maruti Suzuki expects Indian passenger car market to reach four million units by 2020, up from 1.97 million units in 2014-15.

The Indian automotive sector has the potential to generate up to US$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to

Source: IBEF

Inside this issue:

Special points of interest:

- *Automobile IBEF Report*
- *Top companies in Automobile Industry*
- *Self-Driving Vehicles, Robo-Taxis, and the Urban Mobility Revolution*
- *Crisil Opinion - Tyre makers cruising towards profit hump*

Industry Trends—Whitepapers

Title	Source	Abstract	Link
Self-Driving Vehicles, Robo-Taxis, and the Urban Mobility Revolution	Boston Consulting Group	Widespread urban adoption of self-driving vehicles could result in major decreases in congestion, emissions, and road accidents—and a big boost in livability. But the extent to which cities will be able to reap these benefits depends substantially on the degree and pace of cooperation among multiple players in the public and private sectors.	Click here
Digital Reroutes the Auto Purchase Journey and OEM Strategies	Boston Consulting Group	Automakers need to develop brand, distribution, and marketing and communication strategies adapted for the digital age and designed to engage consumers throughout the purchase journey.	Click here
What Automakers Can Learn from the Tesla Phenomenon	Boston Consulting Group	Given Tesla's ability to combine driving performance, new technologies, and online connectivity with outstanding design, it is clear that a major new competitor has arrived on the automotive scene.	Click here
Gearing up for growth: Future perspectives on the global truck market	McKinsey	*Gearing up for growth: Future perspectives on the global truck market,* a comprehensive report based on new market research, analyzes major trends that will drive the industry, from the Chinese truck market and its growth prospects to success factors for modular strategies and technologies and business models that unlock value for customers.	Click here
The Next Big Disruption in Auto Industry	Infosys	The long gestation period involved in developing new models has not inhibited auto majors from introducing new cars. However, going by the shifts in automobile technology, the next big disruption will likely be the brainchild of technologists.	Click here
The evolving mobility ecosystem	Deloitte	Transportation technology and social trends are transforming the automotive industry's business ecosystem. How will the structure and dynamics of the industry evolve? What impact will this evolution have on OEMs, automotive suppliers, and dealers? What strategic and operational implications should legacy incumbents, extended industry participants, and disrupters consider they weigh future directions?	Click here
Automotive M&A Deals Insights - First half of 2016	PwC	We are pleased to present Automotive M&A Deals Insights - First half of 2016, PwC's review of mergers and acquisitions (M&A) activity and key trends impacting the global motor vehicle industry	Click here

Crisil Opinion

Tyre makers cruising towards profit hump

January 2016

Profitability of tyre manufacturers is set to shrink significantly next fiscal as pricing power erodes because of expanded capacities coming on stream and cheap Chinese imports. The three years ended fiscal 2015 have seen multi-fold jump in profit despite lacklustre demand growth.

Momentum in CV sales to continue

February 2015

After languishing for a couple of years, commercial vehicle (CVs) sales are likely to perk up in 2015-16 due to a resurgence in economic growth, pick-up in industrial and agricultural activity, replacement demand from large fleet operators (LFOs) and better availability of finance.

Buying a diesel car makes less economic sense now

September 2014

Diesel cars have been smoking hot in the last couple of years because of a wide differential in the price of fuel in India driven by disparities in excise duty and sales tax. But with the price gap between petrol and diesel narrowing sharply since fiscal 2012, the extra money paid to buy a diesel variant

Top companies in Automobile Industry (Figures Rs. Million)

Company	Listed/Unlisted	Total Assets	Total Liabilities	Total Operating Revenue	Fiscal Year
Maruti Suzuki India Ltd.	Listed	344,786.00	101,468.00	506,218.00	2015
Tata Motors Ltd.	Listed	485,254.10	524,262.50	466,466.70	2016
Mahindra & Mahindra Ltd.	Listed	347,221.90	364,123.40	436,066.40	2016
Motherson Sumi Systems Ltd.	Listed	175,708.00	132,328.00	350,224.00	2015
Hyundai Motor India Ltd.	Unlisted	126,938.50	69,296.10	297,575.90	2015
Hero MotoCorp Ltd.	Listed	126,717.00	46,654.00	290,028.10	2016
Bajaj Auto Ltd.	Listed	153,514.90	156,727.60	239,810.50	2016
Ashok Leyland Ltd.	Listed	229,631.54	176,700.01	196,410.74	2016

Source: EMIS

Automobile Report—India Brand Equity Foundation

To get the entire report click here

Automobile —News & Deals

News

- How Internet of Things can transform cars
- India growth story is likely to shine brighter in auto ancillary industry
- Impact of GST on Indian auto industry
- Indian auto component industry to grow 5 times by 2026
- Road ahead for the Automotive Industry

Deals

- Escorts divests auto products business
- How reforms altered the automobile landscape
- Renault forays into pre-owned car business in India

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(Fee Rs. 20000/- and Deposit Rs. 5000/-)

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Automobile Infographics—Click to view the larger image