

# AUTO COMPONENTS



MARCH 2015

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# AUTO COMPONENTS



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## EXECUTIVE SUMMARY

### Robust growth in Auto component

- Turnover of the Indian auto component sector stood at USD35.1 billion in FY2013–14; the industry is expected to reach USD115 billion by FY2020–21

### Rising indigenisation

- During 2011–12, the indigenisation level of domestic players was around 95 per cent and foreign OEMs 65–70 per cent; indigenisation of foreign OEMs is expected to reach around 80 per cent by 2014

### Growing automobile industry

- The Indian automobile market is estimated to become the third largest in the world by 2016 and will account for more than 5 per cent of the global vehicle sales; India is expected to become the fourth largest automobiles producer globally by 2020 after China, US and Japan

### Demographic advantage

- The total working population (between ages 15–64) in India was around 780 million in 2011; it is expected to increase to nearly 900 million by 2030

### Expanding middle class

- The middle class population in India will increase from 160 million people (over 50 per cent of the total US population) in 2011 to 267 million by 2016, equivalent to more than three times the population of Germany, the largest economy in Europe

### Among top steel producers

- India is the fourth-largest producer of steel in the world and among the lowest-cost ones as well; the country is slated to become the second-largest steel producer by 2015; Steel is a key raw material used in automobiles

Source: ACMA, CARE Research, IHS, NCAER, Asian Development Bank, Aranca Research  
Note: OEM: Original Equipment Manufacturer

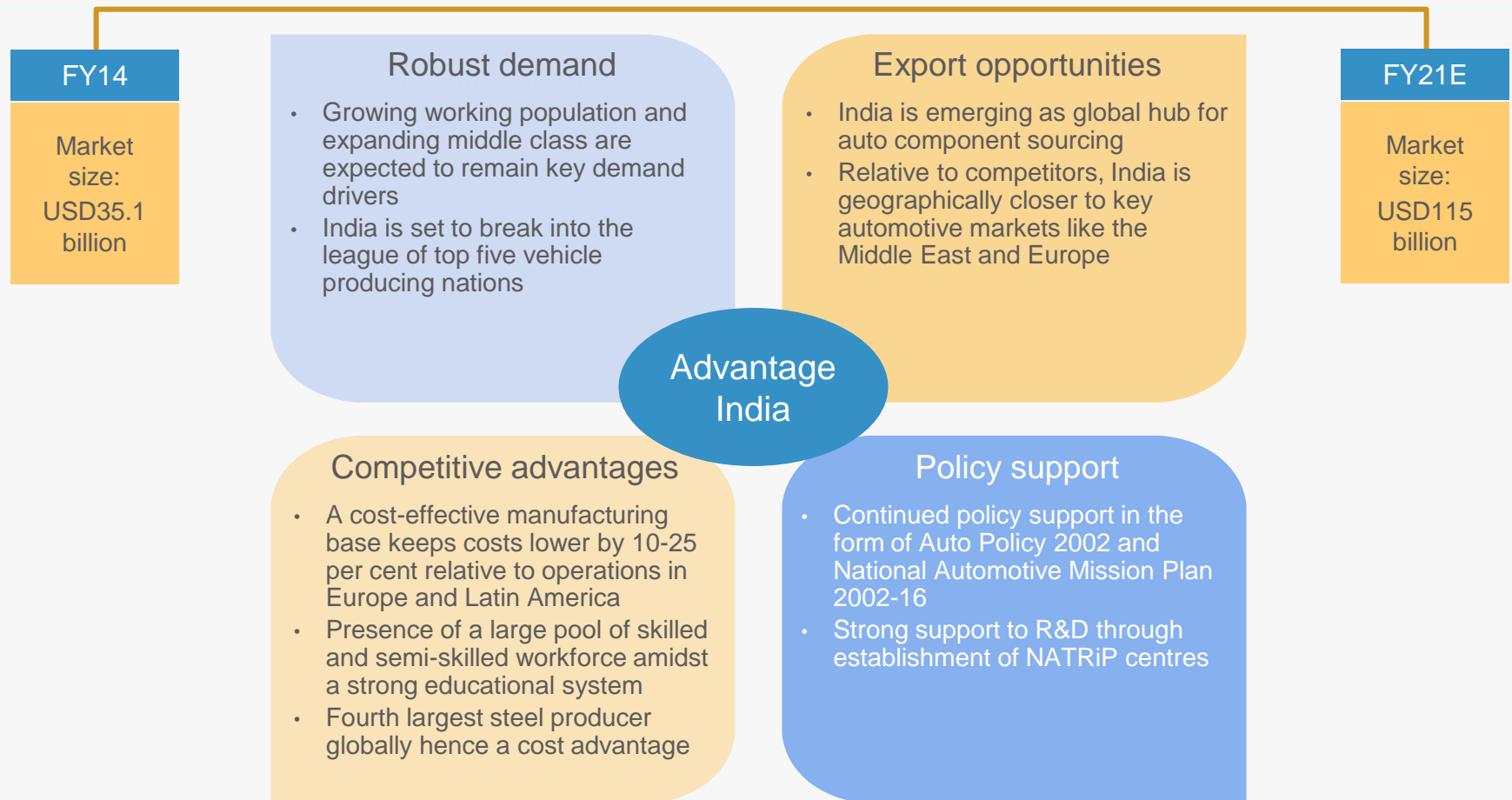


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## ADVANTAGE INDIA

## ADVANTAGE INDIA



Notes: NATRiP - National Automotive Testing and R&D Infrastructure Project; FY - Indian Financial Year (April to March); FY21E – Estimated figure for the financial year 2021; Estimates are from Automotive Component Manufacturers Association of India (ACMA); R&D – Research and Development

# AUTO COMPONENTS



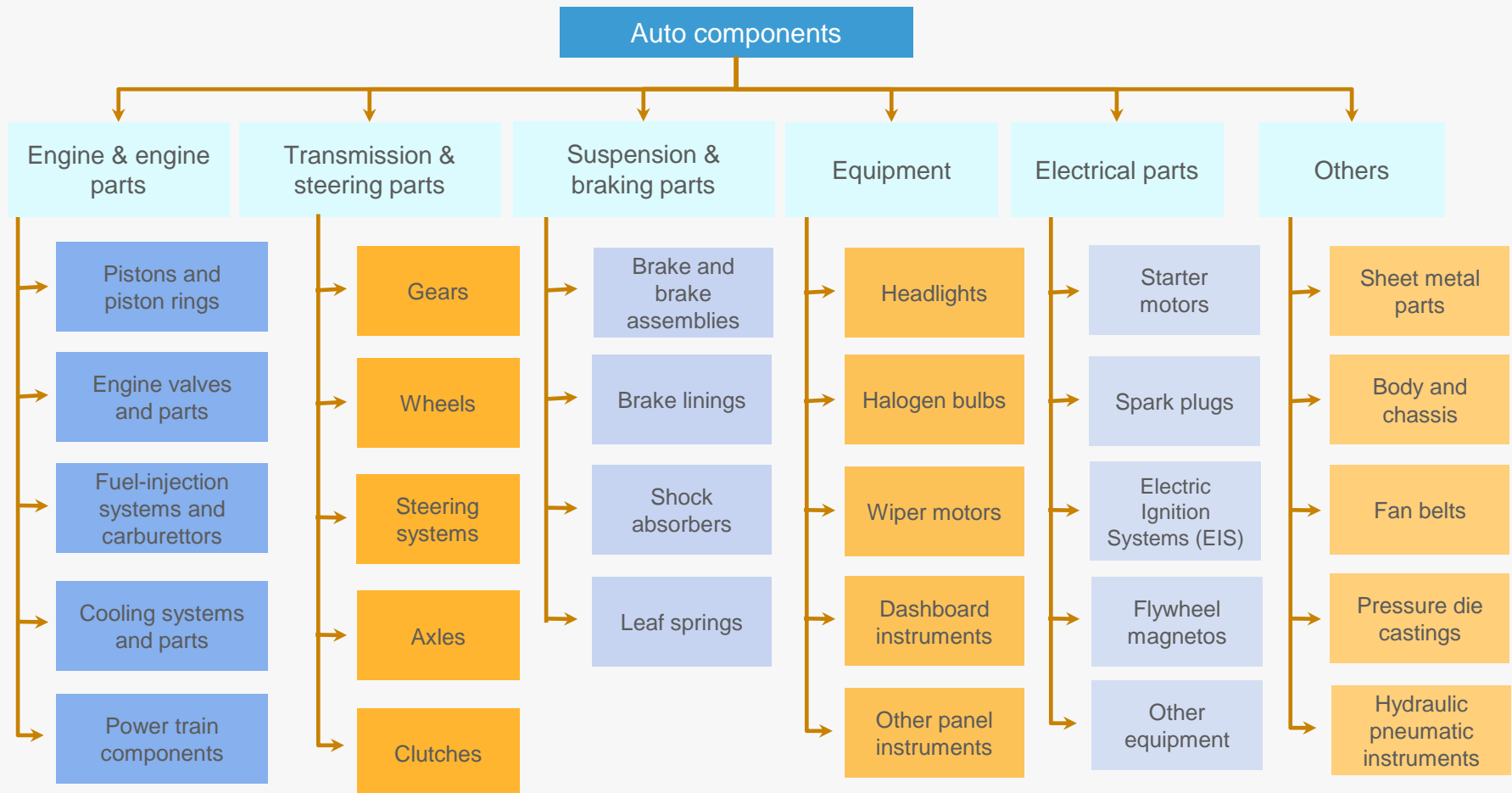
## MARKET OVERVIEW AND TRENDS

MARCH 2015



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## THE AUTO COMPONENTS MARKET IS SPLIT INTO SIX PRODUCT SEGMENTS

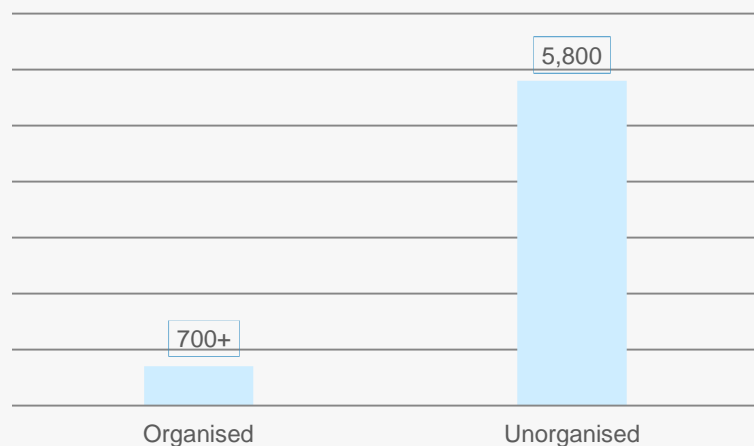


Source: Aranca Research

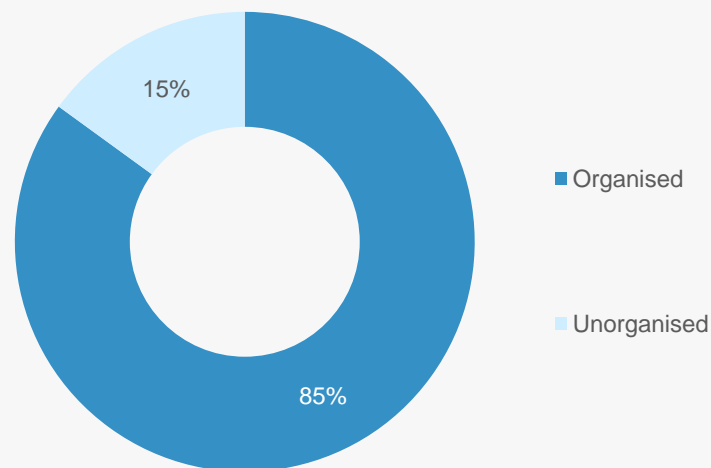
## ORGANISED SECTOR DOMINATES PRODUCTION DESPITE LARGE NUMBER OF UNORGANISED PLAYERS

- \* The number of manufacturing units in the unorganised sector are far higher than those in the organised one
- \* Although lesser in number, the organised sector accounts for 85 per cent of total industry turnover (FY13)

Number of players:  
organised vs. unorganised



Turnover breakup:  
organised vs. unorganised (FY14)



Note: Organised players refer to ACMA members in FY14 whereas unorganised players are of FY10

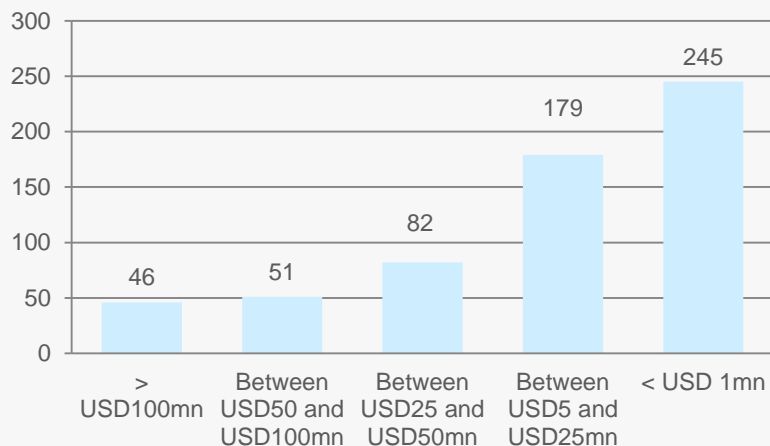
Source: ACMA, Aranca Research



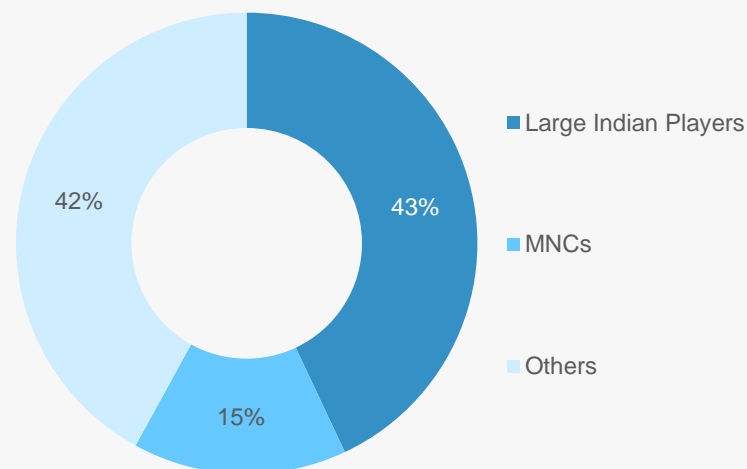
## WITHIN THE ORGANISED SECTOR, LARGE PLAYERS PLAY A KEY ROLE

- \* Large firms play a dominant role in the organized sector; of the total production in the sector in FY10, large Indian firms accounted for a major share (at 43 per cent); MNCs formed 15 per cent
- \* High-value precision engineering products are primarily produced by the organized sector
- \* From a sales perspective, about 30 per cent of firms have revenues higher than USD25 million (FY10)

Number of players by revenue in the organised sector (FY10)



Production breakup in the organised sector (FY10)

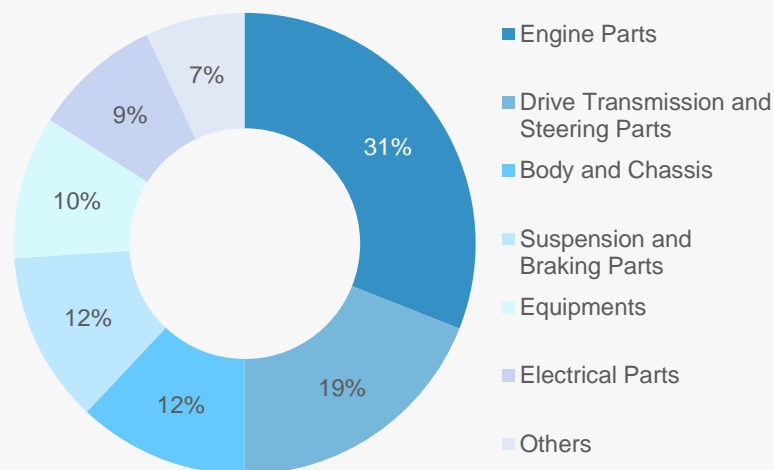


Source: ACMA, Aranca Research

## PRODUCTION BREAKUP ... (1/2)

- \* 'Engine parts' account for 31 per cent of the entire product range of the auto components sector followed by 'drive transmission and steering parts' (19 per cent)
- \* 'Two wheelers' is the largest domestic customer segment for the auto components industry
- \* Original Equipment Manufacturers (OEMs) dominate production volumes by market range; encouragingly, exports account for a healthy 15 per cent

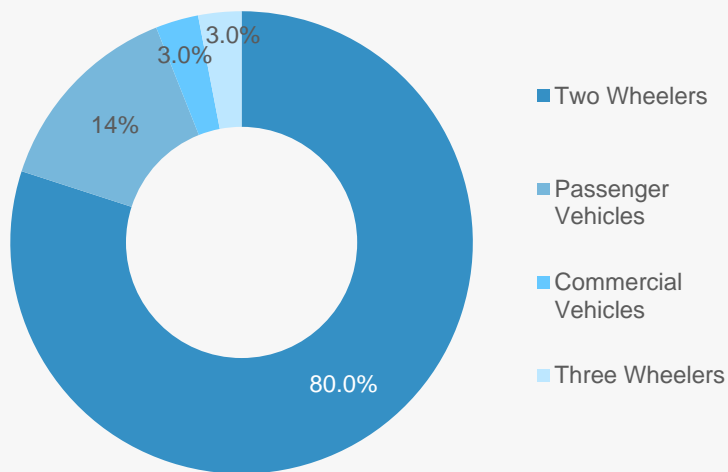
Production volumes by product range (FY14)



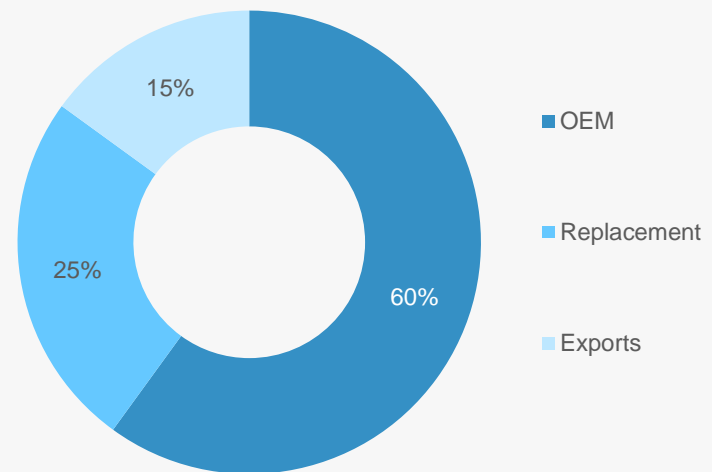
Source: ACMA, Aranca Research

## PRODUCTION BREAKUP ... (2/2)

Domestic market share by segment (FY14)



Production volumes by market range (FY11)

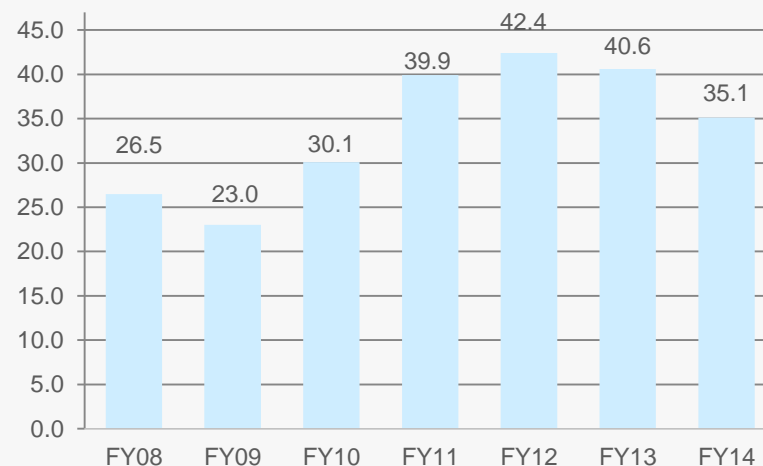


Source: ACMA, SIAM, Aranca Research

## THE AUTO COMPONENTS SECTOR HAS RECORDED ROBUST GROWTH OVER THE YEARS

- \* Revenues have risen from USD26.5 billion in FY08 to USD35.1 billion in FY14 – a CAGR of 4.8 per cent

Aggregate turnover\* (USD billion)



Source: ACMA, Aranca Research

Notes: CAGR – Compound Annual Growth Rate,

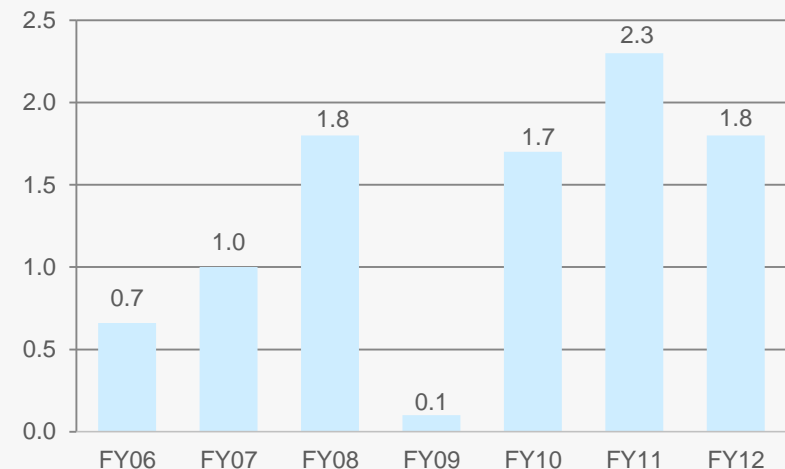
\* Turnover data covers the entire supply from the auto components industry to on-road and off-road vehicle manufacturers, and the aftermarket in India and overseas from both ACMA members as well as non-member firms (including component suppliers captive to the OEMs, unorganised and small players)



## INVESTMENTS HAVE BEEN RISING AT A FAST PACE

- \* Investments in the auto components sector increased at a CAGR of 28.4 per cent to USD2.3 billion in FY11 from USD0.66 billion in FY06
- \* Investments in the sector slowed in FY12, but remained high

Investments in the auto component sector  
(USD billion)

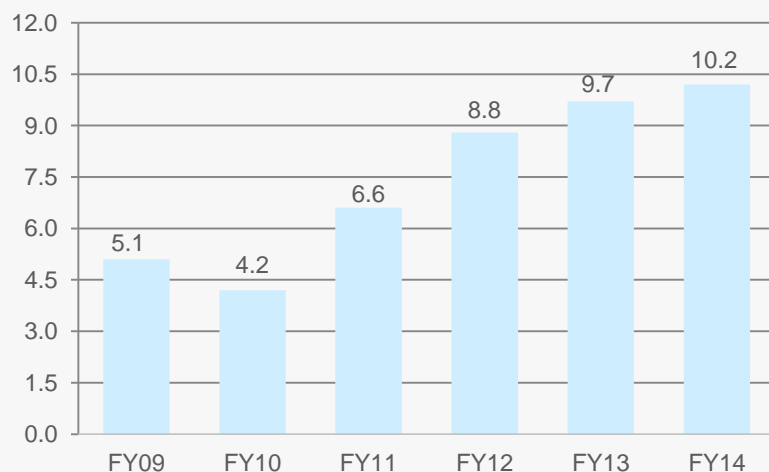


Source: ACMA, Aranca Research

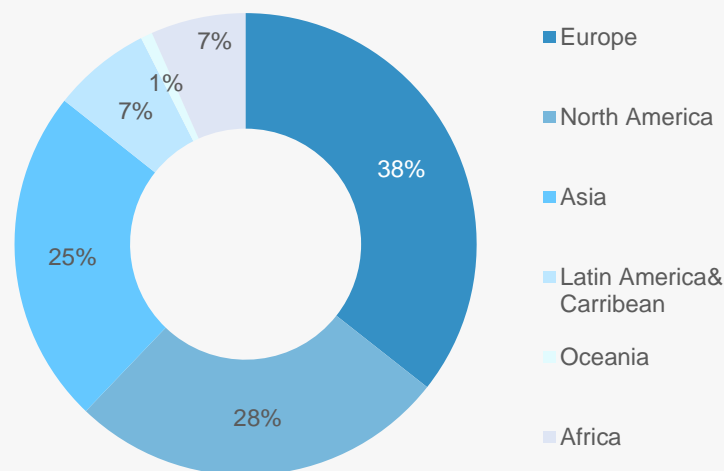
## EXPORTS HAVE AIDED OVERALL GROWTH IN THE SECTOR

- ✳ India's exports of auto components increased at a CAGR of 15 per cent to USD10.2 billion during FY09-14
- ✳ Europe accounts for the largest share of Indian auto components exports (38.1 per cent) followed by North America (28.4 per cent) and Asia (25.1 per cent)

Value of auto component exports  
(USD billion)



Shares in export volumes by geography  
(FY14)



Source: ACMA, Aranca Research

## NOTABLE TRENDS IN THE INDIAN AUTO COMPONENTS SECTOR

### Global components sourcing hub

- Major global OEMs are planning to make 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

### Improving product-development capabilities

- Increased investments in R&D operations and laboratories, which are being set up to conduct activities such as analysis and simulation, and engineering animations
- The growth of global OEM sourcing from India and the increased indigenisation of global OEMs is turning the country into a preferred designing and manufacturing base

### Inorganic route to expansion

- Domestic players are acquiring global companies to gain access to latest technology, expand their client base and diversify revenue streams
- Players such as Amtek Auto and Bharat Forge have adopted a dual-shore manufacturing model

Source: Aranca Research

Note: OEM means Original Equipment Manufacturer

# AUTO COMPONENTS



## PORTER FIVE FORCES ANALYSIS

MARCH 2015



## PORTERS FIVE FORCES ANALYSIS

### Competitive Rivalry

- Competition among industry players is intense as government has already deregulated the sector
- Increasing number of foreign firms (Ford, Volkswagen, etc.) are increasing their presence
- Cheaper imports of components from China is increasing

### Threat of New Entrants

- The threat level is medium, given the concentration of industry clusters in specific strategic centers
- Foreign firms are increasing their footprints in India

### Substitute Products

- Threat from substitute products remains low, as public transportation is underdeveloped even in most cities
- Rapid growth in Indian economy has changed travel patterns

### Bargaining Power of Suppliers

- Bargaining power of suppliers is medium, as there are a large number of steel and aluminum manufacturers (key raw material)
- Some of them have their own units which give them linkage power

### Bargaining Power of Customers

- High demand from car manufacturers give them lesser bargaining power
- Product differentiation is low



Source: News updates

# AUTO COMPONENTS



## STRATEGIES ADOPTED

## STRATEGIES ADOPTED

### New strategies

- Auto component suppliers are focused on entering new vehicle segments and manufacturing new products with higher margin
- Both Indian and global manufacturers are investing in new capacities and newer programmes, in order to get long term advantage

### Diversification

- Most of the Indian firms specialise in only one product market or segment like two-wheeler, passenger cars or commercial vehicles. Now, most of the firms are looking to diversify horizontally
- They are stepping up their product development capabilities in order to have the best chance of capturing growth opportunity

### Capacity

- India's projected production is around 8.7mn passenger vehicles per year by 2020 (with most of them being compact cars)
- Many MNC's including (Ford, Hyundai, Toyota, GM, and Honda) have either built or are in the process of building facilities in India

### R&D facilities

- Looking at the opportunity many global suppliers for example Bosch Chassis Systems, Tenneco and Faurecia have established R&D facilities in India to adapt global designs and develop new products

Source: News updates



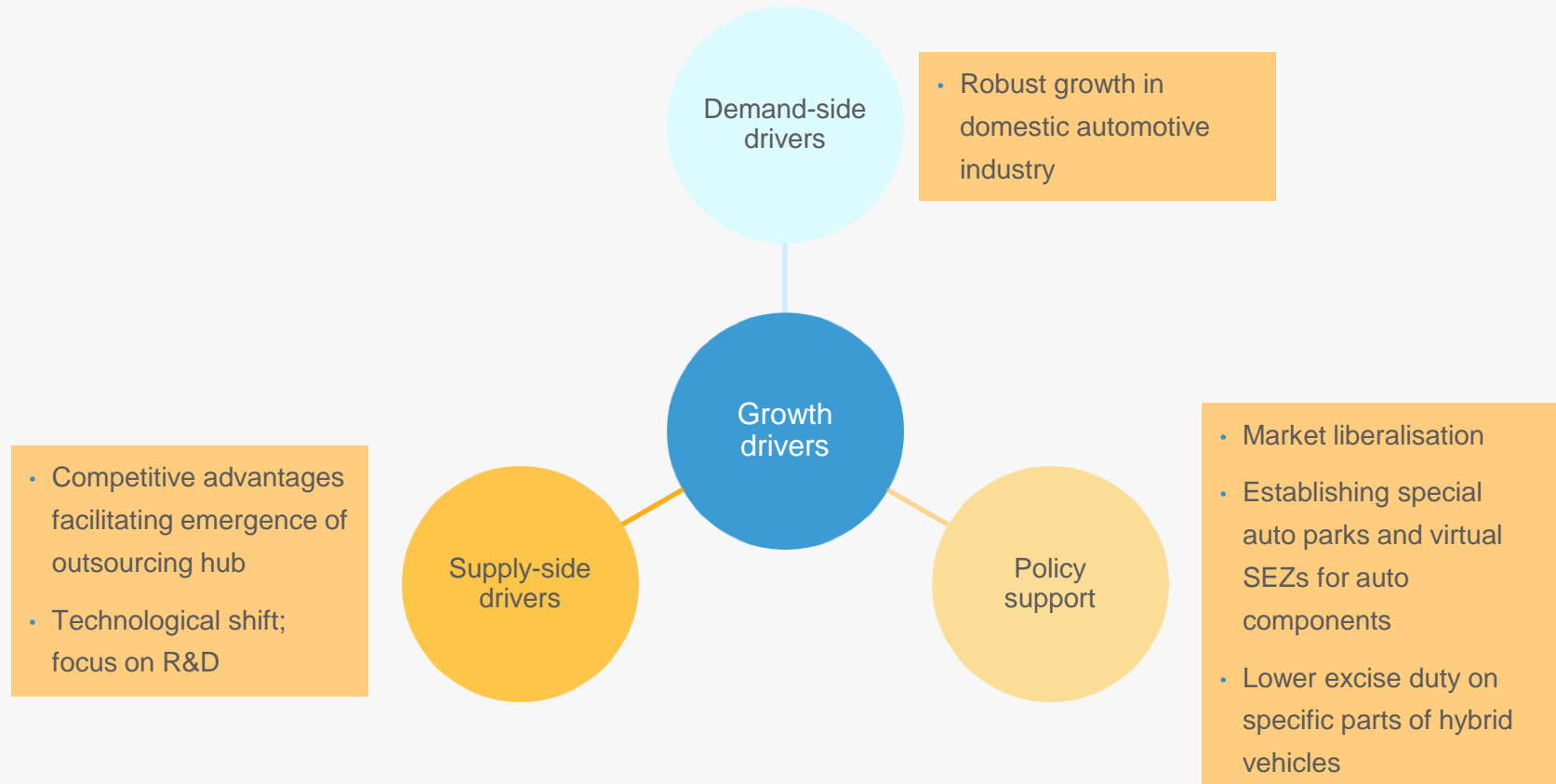
# AUTO COMPONENTS



## GROWTH DRIVERS



## GROWTH DRIVERS OF THE INDIAN AUTO COMPONENTS MARKET

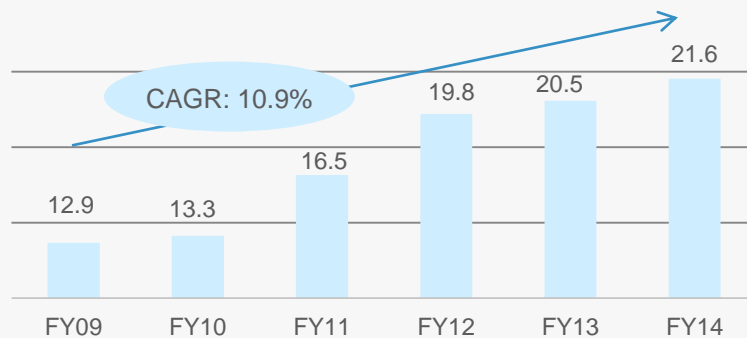


## ROBUST GROWTH IN DOMESTIC AUTOMOTIVES INDUSTRY

### Favourable government policies

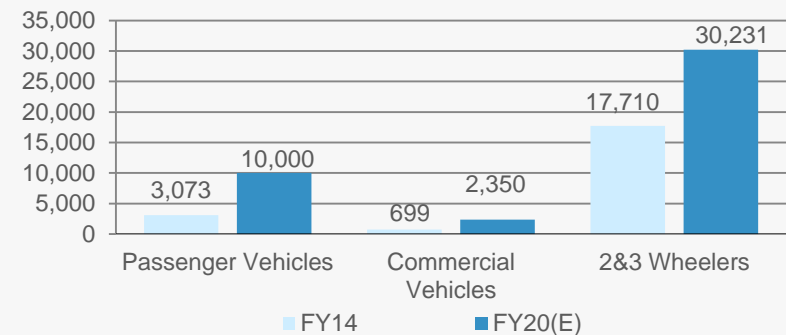
- Launch of the Automotive Mission Plan, which allows FDI and tax holidays, has been favourable for the industry
- Union Budget for FY14 extends the concessional excise duty of 6 per cent up to 31 March 2015 for battery manufacturers supplying to producers of electrically operated vehicles

### India vehicle loan outstanding\* (USD billion)

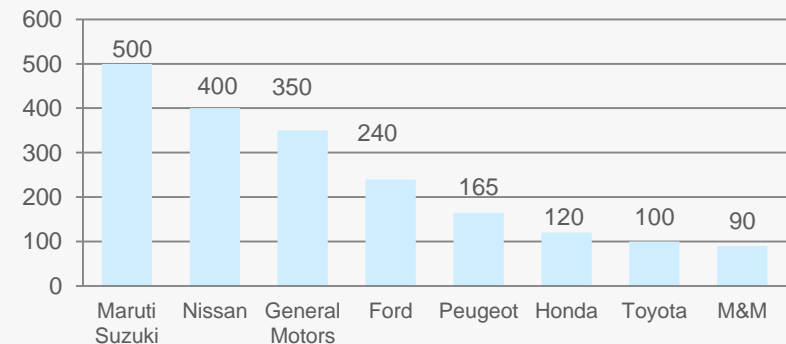


Source: Reserve Bank of India, Aranca Research  
Note: \* Loan outstanding at the end of financial year

### Vehicle production in India (thousand units)



### Capacity addition by 2015 (thousand units)



Source: Media Publication  
Note: (E) - Estimate

## FAVOURABLE POLICY MEASURES AIDING GROWTH

### Auto Policy 2002

- Automatic approval for 100 per cent foreign equity investment in auto component manufacturing facilities
- Manufacturing and imports in this sector exempt from licensing and approvals

### Automotive Mission Plan 2006–16

- Setting up of a technology modernisation fund focusing on small and medium enterprises
- Establishment of automotive training institutes and auto design centres, special auto parks and auto component virtual SEZs, encouragement to fuel efficient technologies

### NATRIps

- Set up at a total cost of USD388.5 million to enable the industry to adopt and implement global performance standards
- Focus on providing low-cost manufacturing and product development solutions

### Dept. of Heavy Industries & Public Enterprises

- Created a USD200 million fund to modernise the auto components industry by providing an interest subsidy on loans and investment in new plants and equipment
- Provided export benefits to intermediate suppliers of auto components against the Duty Free Replenishment Certificate (DFRC)

### Union Budget 2014–15

- Reduction of excise duty on auto components from 12 per cent to 10 per cent, Vehicles (CV's, Small Cars and two wheelers from 12 per cent to 8 per cent, SUV's from 30 per cent to 24 per cent
- Reduction in excise duty on capital goods from 12 per cent to 10 per cent will provide a push towards investments, elimination of customs duty on auto components will also help

Source: News articles, Government Websites, Aranca Research  
Note: NATRIp - National Automotive Testing and R&D Infrastructure Project

## INDIA (GLOBAL HUB): KEY DEVELOPMENTS & INVESTMENTS

### Hotbed for automotive R&D

- 874 MNC's have set up 1,031 centers
- Around 45 per cent of the top most 500 global R&D spenders have their presence in the country

### On path of becoming a global hub

- Nissan India exporting engine and body parts regularly to 14 countries from India
- South African auto component industry looking to partner itself with Indian players
- Yamaha increasing its global operations by basing India as its procurement center

### New tie-ups

- RSB transmissions have formed partnerships with DHB Automotives, Brazil, to launch its auto components business in India
- Infosys signed a multi-year contract with Volvo cars, to provide application development services for Volvo's international operations

### Developments

- Denso International India is working on the improvement of fuel emission for Indian as well as global vehicles manufacturers
- MRF launched main wheel tyres, specifically for the use of Indian Air force's Sukhoi 30MKI

### Investments

- Tata Opportunities Fund got a 15 per cent stake in Varroc group (Aurangabad-based auto component manufacturer) for USD50 mn
- Tata Cummins, started its third manufacturing facility in Phaltan to develop diesel engines

Source: News articles, Government Websites, Aranca Research, Ministry of External Affairs, Govt. of India (ITP) Division

# AUTO COMPONENTS

## EXPORTS DRIVEN BY INDIA'S COMPETITIVE ADVANTAGE OVER PEERS

		Design and engineering skills	Manufacturing skills	Manpower costs	Supplier base	Raw materials
East Asia	Korea	In competition with India	In competition with India	Less competitive than India	Less competitive than India	In competition with India
	China	In competition with India	Less competitive than India	In competition with India	Less competitive than India	In competition with India
	Thailand	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Indonesia	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Vietnam	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
Central & Eastern Europe	Czech Republic	In competition with India	In competition with India	Less competitive than India	In competition with India	In competition with India
	Romania	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Poland	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Slovakia	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India
	Russia	In competition with India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India
	Hungary	In competition with India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Turkey	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India
Latin America	Brazil	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India
	Mexico	Less competitive than India	Less competitive than India	Less competitive than India	Less competitive than India	In competition with India

Less competitive than India    In competition with India

Source: ACMA, Aranca Research



## INDIA IS POISED TO EMERGE AS AN OUTSOURCING HUB

- \* Global auto component players are increasingly adopting a dual-shore manufacturing model, using overseas facilities to manufacture few types of components and Indian facilities to manufacture the others



- Hyundai plans to source gasoline and diesel engines from its Indian manufacturing operations for its domestic and global operations
- The company is also planning to invest USD300 million for a new engine plant and metal pressing shop in India, and is also in plans to open its second manufacturing plant in Rajasthan



- Ford is investing USD72 million to expand its power-train facility in Chennai to further support its sales and export growth plans in India.
- Plans to make India its manufacturing hub for engines for the Asia-Pacific region and Africa



- Honda intends to set up a power-train facility in Rajasthan with an investment of USD115 million.
- The company has an export base for certain key engine components in India
- It is planning to launch low cost bike for India with the help of local R&D



- Volkswagen plans to increase sourcing from India to 70 per cent of its total global sourcing
- Plans to build engine assembly plant in India by 2015 and additional investment of USD84\* million on component manufacturing. It also plans to set up a USD244 million plant in India.

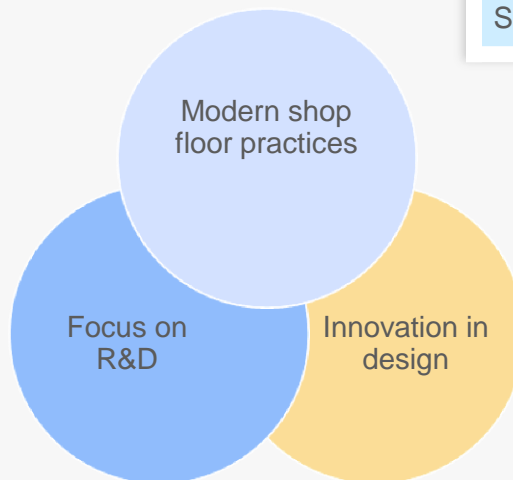
Source: Respective Company Websites, News Articles, Aranca Research  
Note: (\* Figure converted from EUR to USD at EUR/USD = 1.4)

## TECHNOLOGICAL SHIFT; FOCUS ON R&D

- Indian manufacturers are embracing best shop floor practices such as 5-S, 7-W, Kaizen, TQM, TPM, 6 Sigma and Lean Manufacturing
- Most players in the organised sector are certified ISO 9000, ISO 14001 and TS 16949 companies

Awards received by Indian players	
Awards	Number
Total Productive Maintenance (TPM) Award	15
Deming Award	14
Japan Institute of Plant Maintenance (JIPM) Award	3
Japan Quality Medal	5
Shingo Silver Medallion	2

- NATRIIP centres are being set up by the government
- Private players are keen to set up their R&D base in India

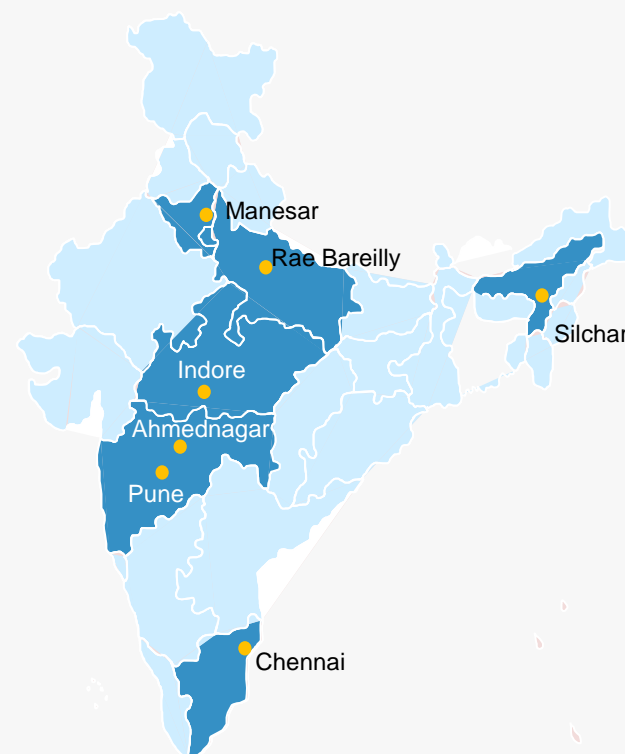


- Increased deployment of IT-enabled automobile support systems such as Global Positioning Systems (GPS), Anti-Braking Systems (ABS), Automatic Speech Recognition (ASR) and safety systems promoting innovation in the auto components industry

Source: ACMA, Aranca Research

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

	Business description
Vehicles Research & Development Establishment (VRDE), Ahmednagar	<ul style="list-style-type: none"> <li>• Research, design, development and testing of vehicles</li> <li>• Centre of excellence for photometry, Electromagnetic Compatibility (EMC) and test tracks</li> </ul>
Indore: National Automotive Test Tracks (NATRAX)	<ul style="list-style-type: none"> <li>• Complete testing facilities for all vehicle categories</li> <li>• Centre of excellence for vehicle dynamics and tire development</li> </ul>
Automotive Research Association of India (ARAI), Pune	<ul style="list-style-type: none"> <li>• Services for all vehicle categories</li> <li>• Centre of excellence for power-train development and material</li> </ul>
Chennai Centre, Tamil Nadu	<ul style="list-style-type: none"> <li>• Complete homologation services for all vehicle categories</li> <li>• Centre of excellence for infotronics, EMC and passive safety</li> </ul>
Rae Bareilly Centre	<ul style="list-style-type: none"> <li>• Services to agri-tractors, off-road vehicles and a driver training centre</li> <li>• Centre of excellence for accident data analysis</li> </ul>
International Centre for Automotive Technology (iCAT), Manesar	<ul style="list-style-type: none"> <li>• Services to all vehicle categories</li> <li>• Centre of excellence for component development, Noise Vibration and Harshness (NVH) testing</li> </ul>
Silchar Centre, Assam	<ul style="list-style-type: none"> <li>• Research, design, development and testing of vehicles</li> <li>• Centre of excellence for photometry, Electromagnetic Compatibility (EMC) and test tracks</li> </ul>

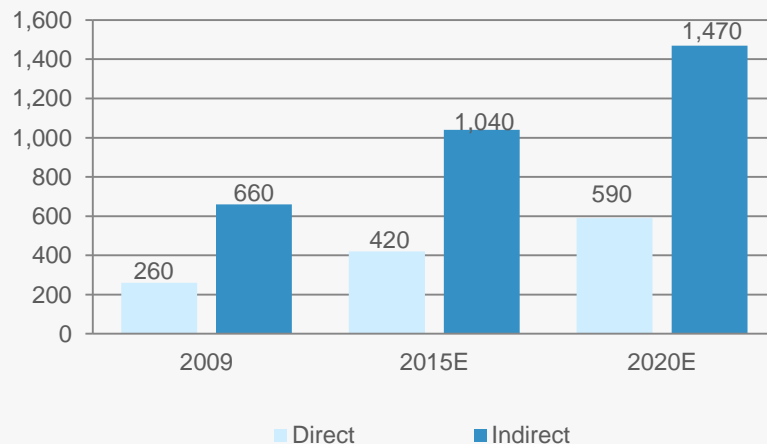


Source: NATRIP

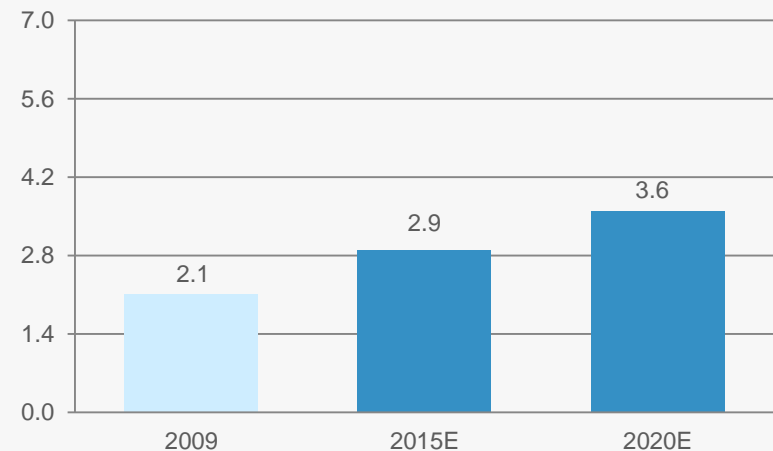
## CONTRIBUTION TO EMPLOYMENT AND GDP TO HOLD HUGE POTENTIAL

- \* The employment in the auto component industry is bound to increase by 1-1.2 mn jobs between 2009 and 2020
- \* Contribution to GDP will account to as much as 3.6 per cent by 2020 from 2.1 per cent in 2009
- \* This is going to grow in coming years as bigger players move to India

Auto component Industry's contribution to employment (000 persons)



Contribution to GDP (%)



Source: ACMA, Aranca Research  
Note: E - Estimated

## KEY PRIVATE EQUITY DEALS

Company	Investor	Deal date	Deal value (USD million)
Honasco GmbH	Jumps Auto	5 <sup>th</sup> January 2015	NA
Amtek Auto Ltd	KKR	10 <sup>th</sup> November 2014	293.0
Peguform GmbH	Motherson Sumi Systems Ltd	23 <sup>rd</sup> November 2011	200.8
Endurance Technologies	Actis PE	24 <sup>th</sup> December 2011	71.0
Sansera Engineering Pvt Ltd	Citi Venture Capital Intl	9 <sup>th</sup> July 2013	56.0
Bombay-BCL Springs Division	NHK Automotive Components Pvt	30 <sup>th</sup> November 2011	39.1
Mahindra Forgings Ltd	Participaciones	23 <sup>rd</sup> October 2013	34.5
Mahindra Two Wheelers Ltd	Samena Capital Management LLP	24 <sup>th</sup> February 2014	29.3
Minda Corporation	Kotak PE	10 <sup>th</sup> February 2012	25.0
Nederlandse Radiateurs	Banco Products(India)Ltd	23 <sup>rd</sup> February 2010	24.1
Uniparts India Ltd	Pinebridge Capital Partners LLC	12 <sup>th</sup> February 2008	20.0
Kirloskar Oil Engines Ltd-BBD	Pierburg India Pvt Ltd	20 <sup>th</sup> May 2011	19.2
Craftsman Automation Pvt Ltd	Standard Chartered Private Ltd	9 <sup>th</sup> August 2012	15.4
JMT Auto Ltd	Amtek Auto Ltd	04 <sup>th</sup> October 2013	9.6
Avtec Ltd	Warburg Pincus LLC	15 <sup>th</sup> April 2013	NA

Source: Thomson Reuters, Aranca Research



# AUTO COMPONENTS



# OPPORTUNITIES

MARCH 2015

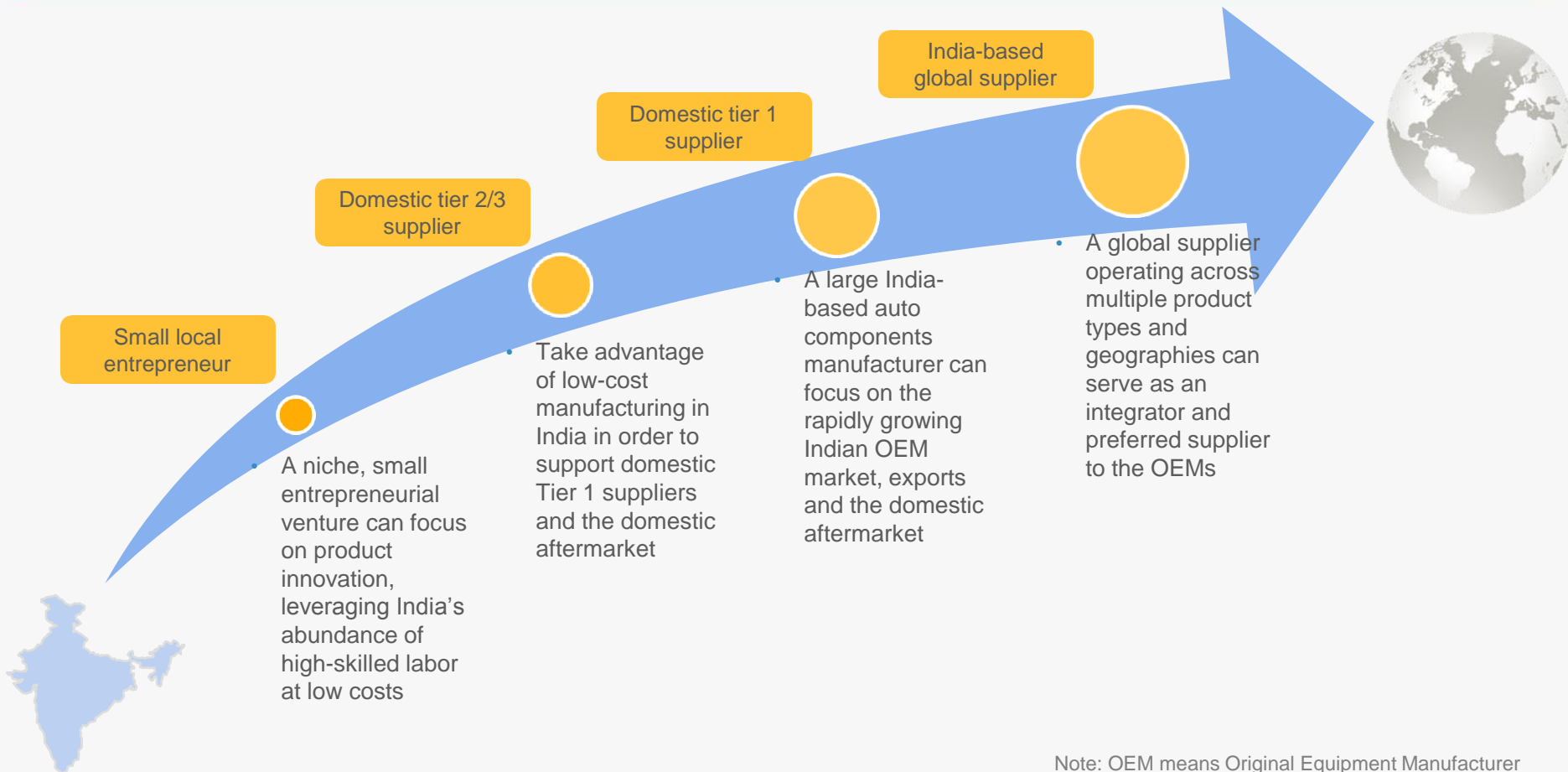
## OPPORTUNITIES IN ENGINEERING PRODUCTS

### Outlook

Outlook	
Engine & engine parts	<ul style="list-style-type: none"> <li>• New technological changes in this segment include introduction of turbochargers and common rail systems</li> <li>• The trend of outsourcing may gain traction in this segment in the short to medium term</li> </ul>
Transmission & steering parts	<ul style="list-style-type: none"> <li>• Share of the replacement market in sub-segments such as clutches is likely to grow due to rising traffic density</li> <li>• The entry of global players is expected to intensify competition in sub-segments such as gears and clutches</li> </ul>
Suspension & braking parts	<ul style="list-style-type: none"> <li>• The segment is estimated to witness high replacement demand, with players maintaining a diversified customer base in the replacement and OEM segments besides the export market</li> <li>• The entry of global players is likely to intensify competition in sub-segments such as shock absorbers</li> </ul>
Equipment	<ul style="list-style-type: none"> <li>• Companies operating in the replacement market are likely to focus on establishing a distribution network, brand image, product portfolio and pricing policy</li> </ul>
Electrical	<ul style="list-style-type: none"> <li>• Manufacturers are expected to benefit from the growing demand for electric start mechanisms in the two-wheeler segment</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Leading players in the sheet metal parts sub-segment are in the process of expanding their customer base. This sub-segment is expected to grow 10–11 per cent between 2010–15</li> </ul>

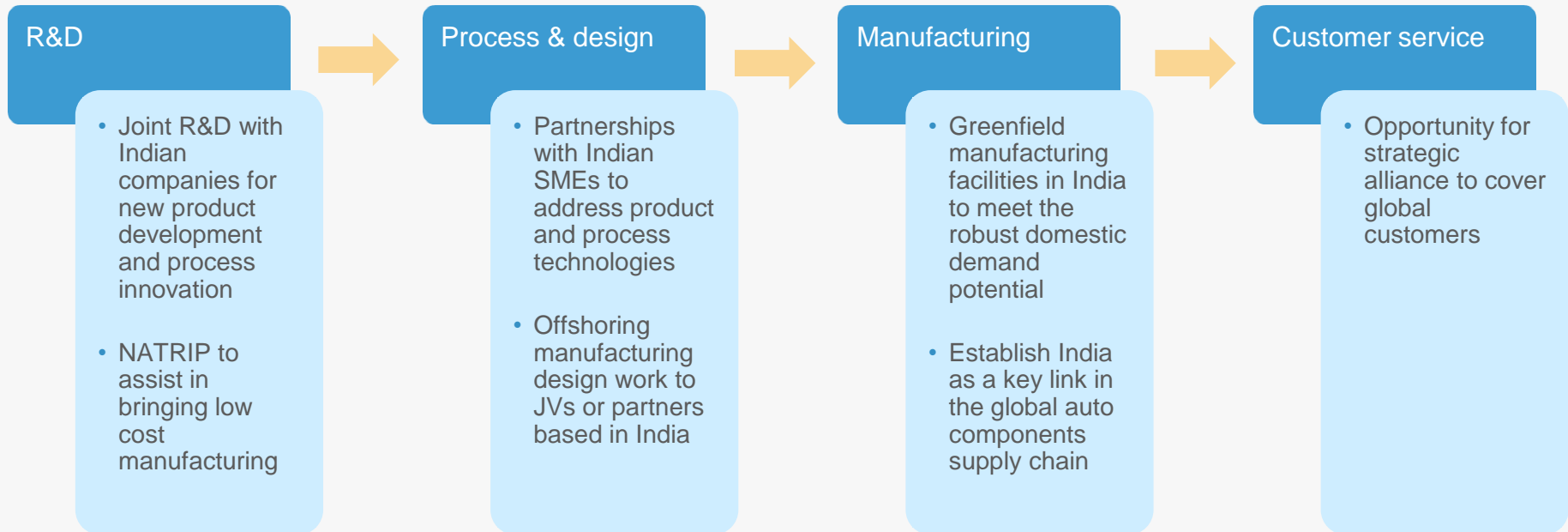
Note: OEM means Original Equipment Manufacturer

## OPPORTUNITIES ABOUND FOR ALL PLAYERS



Note: OEM means Original Equipment Manufacturer

## OPPORTUNITIES EXIST ACROSS THE INDUSTRY VALUE CHAIN

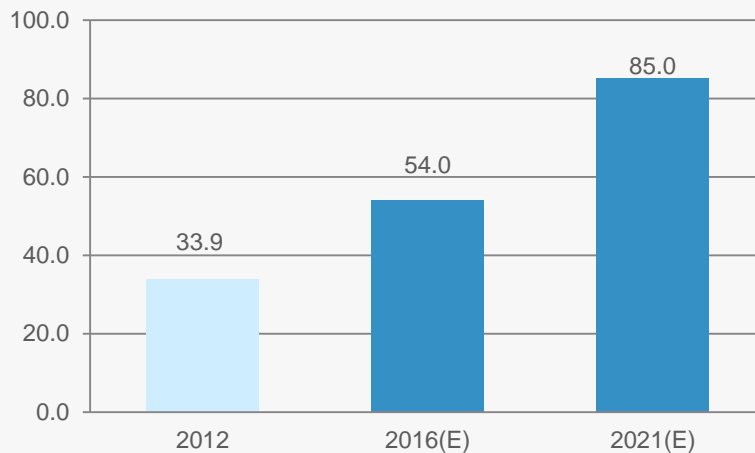


Note: SME – Small and Medium Enterprise

## DOMESTIC AND EXPORT MARKETS HOLD HUGE POTENTIAL

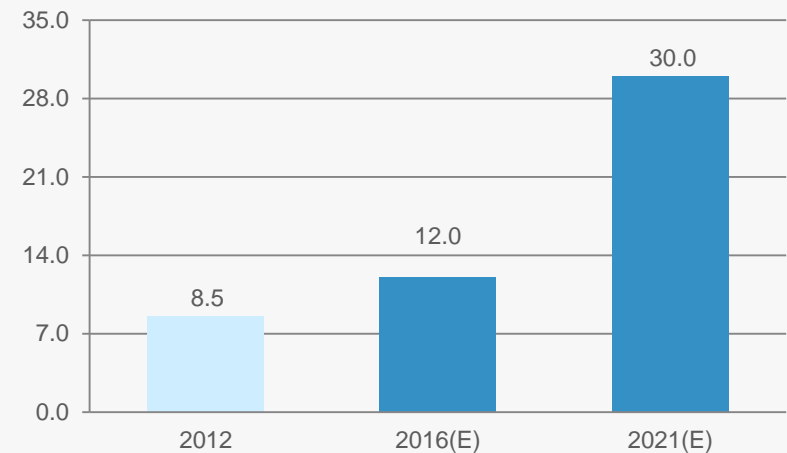
- \* The domestic market is expected to account for 74 per cent of total sales by 2021 with a total market size of USD85 billion

Domestic market potential (USD billion)



- \* Exports will account for as much as 26 per cent of the market by 2021

Export market potential (USD billion)



- The total market size is expected to be USD115 billion by 2021, which is more than 2.7 times the current market size of USD42 billion

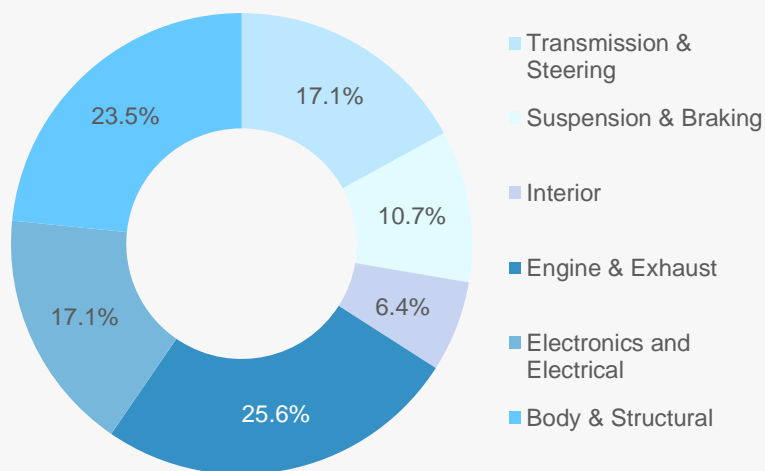
Source: ACMA, Aranca Research



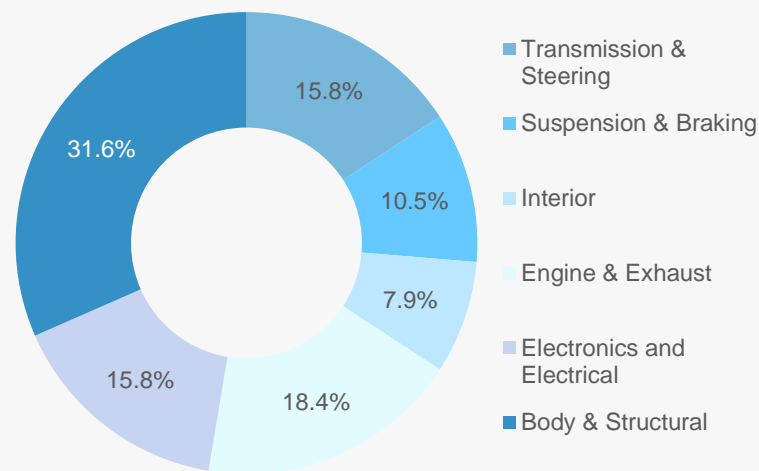
## MARKET POTENTIAL BALANCED ACROSS PRODUCT TYPES

- ✳ Both domestic and export markets are almost similar in terms of potential share by different product types. For example, Engine & Exhaust components, along with Body & Structural parts, are expected to make up 50 per cent potential domestic sales as well as exports in 2020
- ✳ Other key product types will most likely be Transmission & Steering components, and Electronics & Electrical parts

Domestic market potential by components  
(2020E)



Export market potential by components  
(2020E)



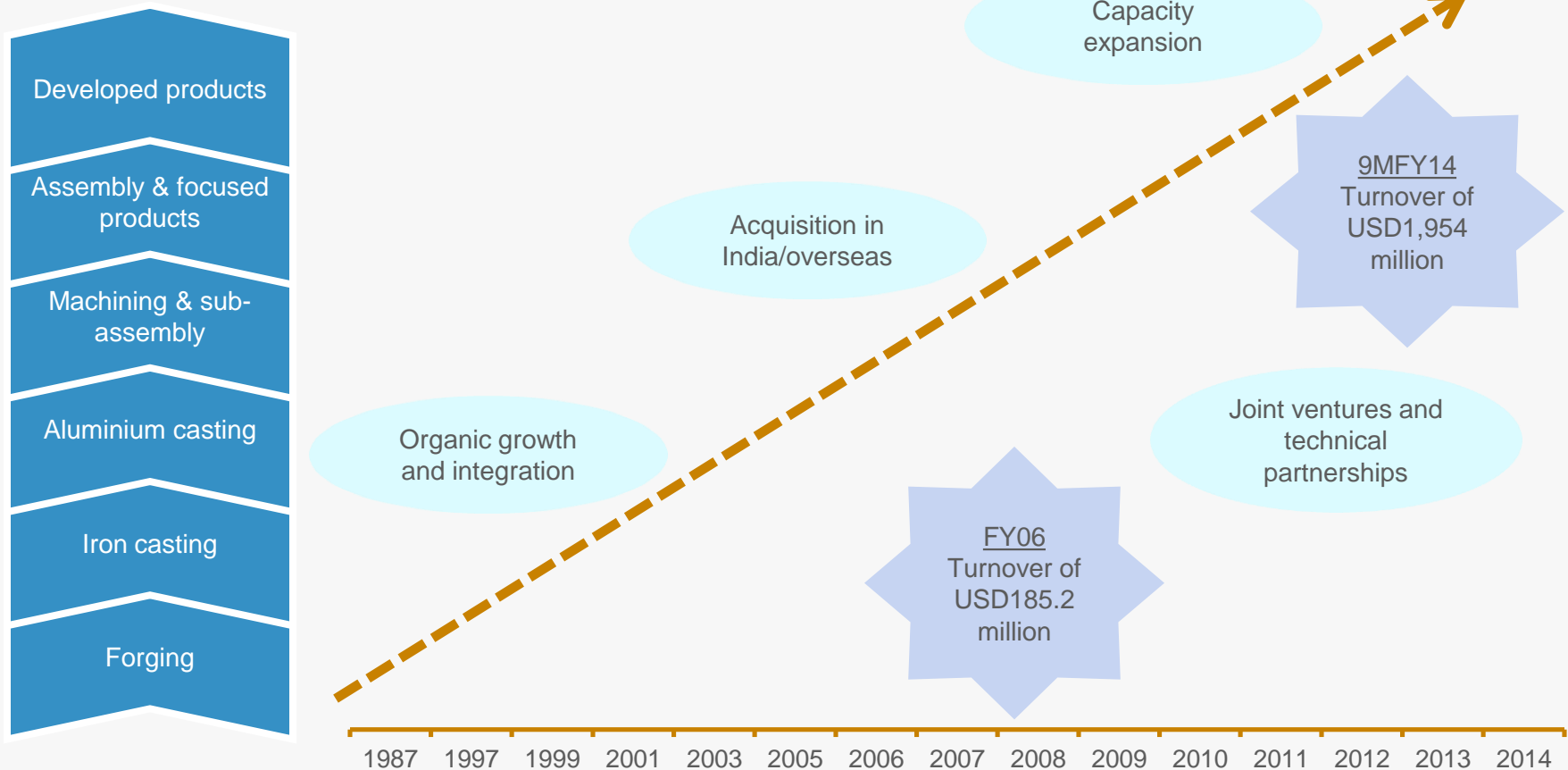
Source: ACMA, Aranca Research;  
Note: 2020E – Estimated value for 2020 by ACMA

# AUTO COMPONENTS



## SUCCESS STORIES

## AMTEK: CONTINUING ON ITS JOURNEY OF SUCCESS

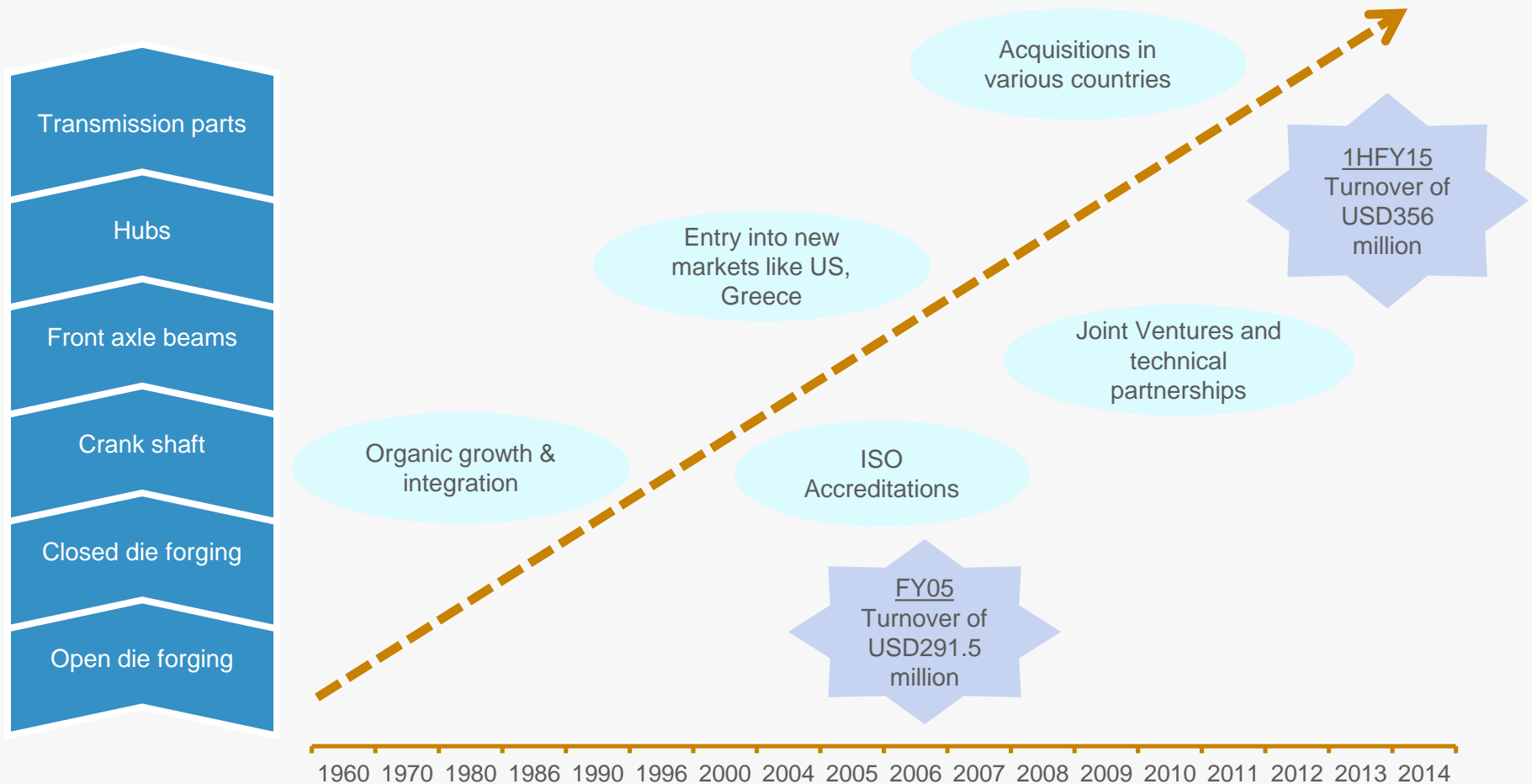


Source: Company website

Note: 9MFY14 represents 6 months period ended June 30, 2014

# AUTO COMPONENTS

## BHARAT FORGE: INDIA'S LARGEST AUTO COMPONENTS EXPORTER



Source: Company website

Note: 1HFY15 represents 6 months period ended September 30, 2014

## MAJOR PLAYERS BY SEGMENT

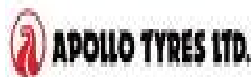
Players	
Engine & engine parts	<ul style="list-style-type: none"> <li>• Pistons – Goetze, Shriram Pistons &amp; Rings, India Pistons</li> <li>• Engine Valves – Rane Engine Valves and Shriram Pistons &amp; Rings</li> <li>• Carburetors – Ucal Fuel Systems and Spaco Carburetors &amp; Escorts Auto Components</li> <li>• Diesel-based fuel-injection systems – Mico, Delphi, TVS Diesel System and Tata Cummins</li> </ul>
Transmission & steering parts	<ul style="list-style-type: none"> <li>• Steering Systems – Sona Koyo Steering Systems, Rane Madras and Rane TRW Systems</li> <li>• Gears – Bharat Gears, Gajra Bevel Gears, Eicher, Graziano Trasmissioni and SIAP Gears India</li> <li>• Clutch – Clutch Auto, Ceekay Daikin, Amalgamations Repco, Luk Clutches</li> <li>• Driveshafts – GKN Driveshafts, Delphi and Sona Koyo Steering Systems</li> </ul>
Electrical	<ul style="list-style-type: none"> <li>• Lucas TVS, Denso, Delco Remy Electricals and Nippon Electricals are key players in this segment</li> </ul>
Suspension & braking parts	<ul style="list-style-type: none"> <li>• Brake Systems – Brakes India, Kalyani Brakes and Automotive Axles</li> <li>• Brake Lining – Rane Brake Lining, Sundaram Brake Lining, Hindustan Composites and Allied Nippon</li> <li>• Leaf Springs – Jamna Auto and Jai Parabolic</li> <li>• Shock Absorbers – Gabriel India, Delphi and Munjal Showa</li> </ul>
Equipment	<ul style="list-style-type: none"> <li>• Headlights – Lumax, Autolite and Phoenix Lamps</li> <li>• Dashboard – Premiere Instruments &amp; Controls</li> <li>• Sheet metal parts – Jay Bharat Maruti, Omax Auto and JBM Tools</li> </ul>

## CAPACITY ADDITION PLANS OF KEY PLAYERS

### Plant capacity additions



- Bosch, which has six companies in India, plans to invest USD458 million on fuel economy and safety technology along with an additional USD7.7 million by end-2013 to nearly triple its Antilock Braking System manufacturing capacity to about 800,000 units at its Chakan plant; moreover, the company has acquired 97 acres of land in Bidadi for the construction of a new manufacturing facility which will commence production of Diesel Fuel Injection System components in 2015



- Apollo Tyres is planning to invest USD551.4 million\* over by 2015 to set up two new facilities in East Europe and Brazil and expand its global footprint. Apollo Tyres currently generates approximately 40 per cent of the group's total revenue from overseas operations. Currently it is looking to expand Chennai facility



- Tata Auto Component Systems is setting up five auto component manufacturing plants in Sanand, Gujarat, at an investment of USD62 million. These new factories are part of the vendor park being developed at the Tata Nano plant site. It is also investing USD114 million for capacity addition in its Chakan plant in Maharashtra



- Hyundai India is setting up a plant in Tamil Nadu with an investment of USD333 million to manufacture diesel engines and auto components



- India's TVS Group has acquired a 90 per cent stake in Universal Components UK Ltd for USD19.2 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. Looking for new overseas markets

Source: Respective Company websites, News articles, Aranca Research  
Note: (\* Figure converted from EUR to USD at EUR/USD = 1.4)



# AUTO COMPONENTS



## USEFUL INFORMATION

## INDUSTRY ASSOCIATIONS

### **Automotive Component Manufacturers Association of India (ACMA)**

6<sup>th</sup> 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](mailto:acma@acma.in); [acma@vsnl.com](mailto:acma@vsnl.com)

- \* **ACMA:** Automotive Component Manufacturers 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
- \* **INR:** Indian Rupee
- \* **OEM:** Original Equipment Manufacturers
- \* **NATRiP:** National Automotive Testing and R&D Infrastructure Project
- \* **SEZ:** Special Economic Zone
- \* **USD:** US Dollar
- \* Wherever applicable, numbers have been rounded off to the nearest whole number

## EXCHANGE RATES

Exchange rates (Fiscal Year)

Year	INR equivalent of one USD
2004–05	44.81
2005–06	44.14
2006–07	45.14
2007–08	40.27
2008–09	46.14
2009–10	47.42
2010–11	45.62
2011–12	46.88
2012–13	54.31
2013–14	60.28

Exchange rates (Calendar Year)

Year	INR equivalent of one USD
2005	45.55
2006	44.34
2007	39.45
2008	49.21
2009	46.76
2010	45.32
2011	45.64
2012	54.69
2013	58.44
Q12014	61.58
Q22014	59.74
Q32014	60.53

Average for the year

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