



सत्यमेव जयते

GOVERNMENT OF GUJARAT

Auto and Auto components Sector Profile

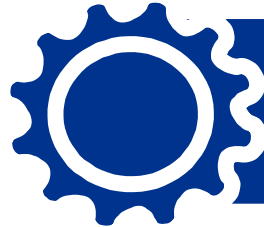
India Scenario

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Auto Industry Facts: India

Automobile manufacturing

 \$ 77 bn.
Size of the Indian Automotive sector

 Contributes 7.1% to India's GDP in volume terms

 Contributes 8% to India's total exports - \$ 19.60 bn .

 Employs 19 million people- directly & indirectly

Largest
Three wheeler manufacturer in the world with annual production capacity of 7.8 million units

2nd largest
Two wheeler manufacturer in the world with annual production capacity of 20 million units

6th largest
Passenger vehicle manufacturer in the world with annual production capacity of 37 million units

8th largest
Commercial vehicle manufacturer in the world with annual production capacity of 8 million units

Auto component manufacturing

\$ 43.5 bn.
Size of the Indian Auto component sector 

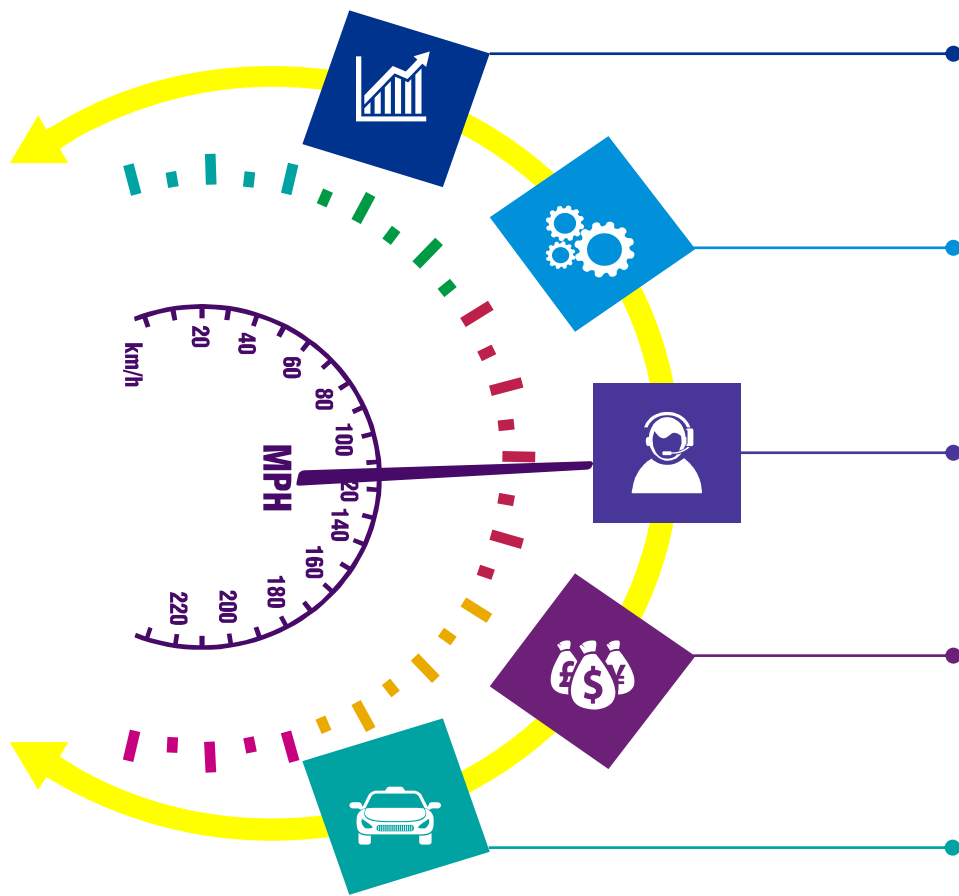
Contributes 2.3% to India's GDP 

Contributes 4% to India's total exports - \$ 10.90 bn. 

Employs 3 million people - directly & indirectly 



Auto Industry Overview : India



India is the 5th largest motor vehicle manufacturing country after China, USA, Japan and Germany* includes passenger cars, light commercial vehicles, minibuses, trucks, buses and coaches

Automotive industry contributes 7.1% to India's GDP and 45 % to the manufacturing GVA

~29 mn. automobiles produced in India in FY18 of which ~ 25 mn. units sold in domestic market and ~ 4 mn. units exported;

FDI worth \$ 18.41 billion received between April 2000 to December 2017; 100% FDI allowed under the automatic route

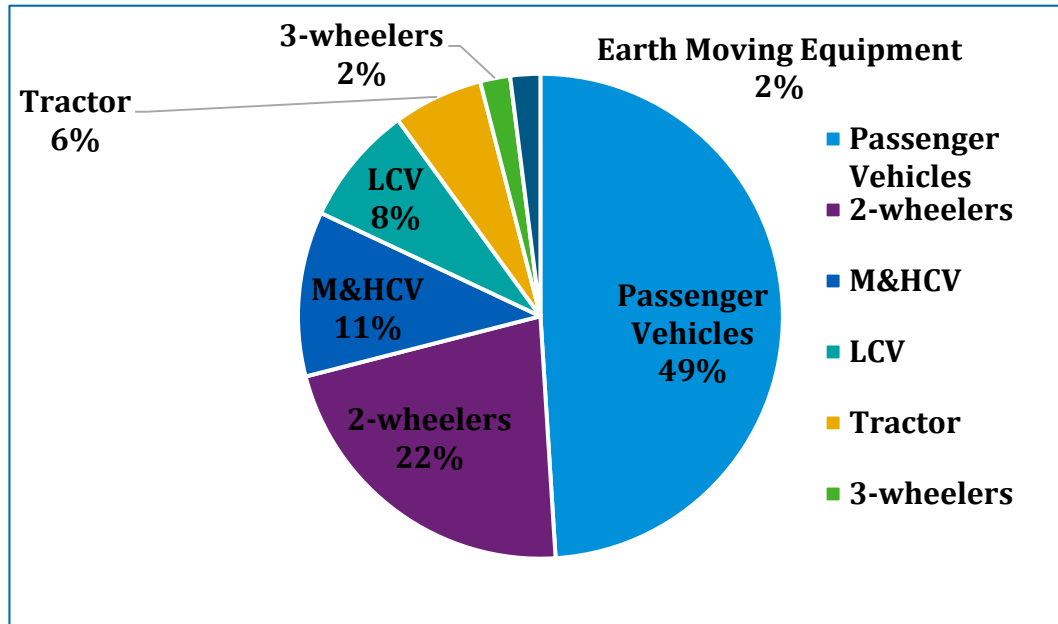
Indian automotive industry (including component manufacturing) is expected to reach \$ 250-280 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12% to India's Gross Domestic Product#



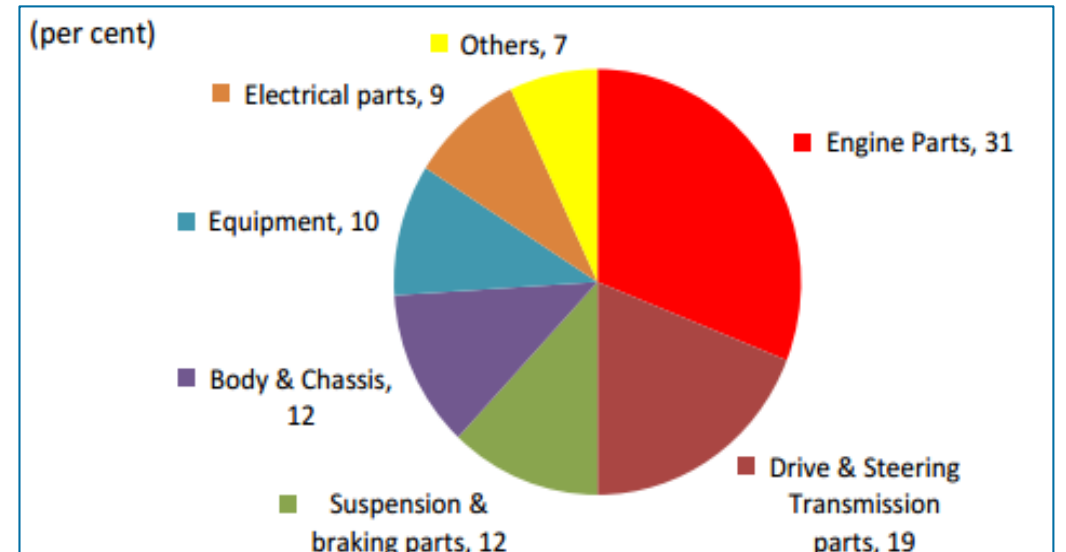
Auto Components Overview : India

- The Indian Auto components (ancillaries) – current market size is around \$ 43 bn.; expected to reach US\$115 billion in 2020-21
- The growth of global OEM sourcing from India & the increased indigenization of global OEMs is turning the country into a preferable designing and manufacturing base
- India has emerged as a top exporting destination for OEM’s worldwide – USA(22%), Germany (7%), Turkey (6.2%), UK(5.1%) and Italy(4.1%) are major export destinations

Composition of auto components supply to OEMS



Auto components segmentation





Government of India : Policy Initiatives

Automotive Mission Plan 2016-26 (AMP 2026)

- AMP 2026 is the collective vision of the Government of India and the automotive industry on where the various segments of the automotive industry and auto component industry need to be by 2026 in terms of size and contribution to the overall Indian economy
- The Indian Automotive industry to be one of the prime movers of Manufacturing sector and “Make in India” initiative
- Specific interventions are envisaged to sustain and improve manufacturing competitiveness and to address challenges of environment and safety

National Electric Mobility Mission Plan 2020 (NEMMP)

- Encourage reliable, affordable and efficient xEVs (hybrid and electric vehicles) through government-industry collaboration
- Provide fiscal and non-fiscal incentives to electric vehicle firms
- Target of putting 6 million electric & hybrid vehicles per year on the road by 2020
- Faster Adoption & Manufacturing of Hybrid and Electric Vehicles (FAME Scheme) to promote EVs for public transport, commercial purposes and high-speed two-wheelers

National Automotive Testing And R&D Infrastructure Project (NATRiP)

- Focus on developing India as R&D hub by setting up R&D centers at an cost of USD 585 million to enable the industry to adopt and implement global performance standards
- Focus on providing low-cost manufacturing and product development solutions

Gujarat Scenario

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Auto Industry Overview : Gujarat

- Gujarat has emerged as a key investment destination for major automotive OEMs and ancillary companies
- Government of Gujarat plans to increase the share of automotive industries in its overall engineering output to 10% by 2020, from the current 3.7%
- Share of automobile sector in Gujarat's overall FDI received is 13% as compared to 5% in India's overall FDI
- Cluster development approach: Well-developed auto clusters in Ahmedabad - Sanand, Mandal-Becharaji, Hansalpur – Vithalpur, Mehsana, Vadodara-Halol, Rajkot
- Dholera Special Investment Regions (DSIR) will act as global investment destination, supported by modern infrastructure, premium social infrastructure, civic amenities, and centers of excellence
- Sound base : 30 clusters comprising castings & machine tools, brass parts, oil engines & electric motors, bearings, auto-ancillaries
- Locational advantage: ability to meet the demands of growing car markets globally on the back of strong car exports from India
- Gujarat is also an ideal automobile export-hub with excellent port connectivity through Kandla, Mundra and Pipavav



Automobile Clusters in Gujarat

Delhi - Mumbai Industrial Corridor influence area

Major investments across the auto sector in Gujarat



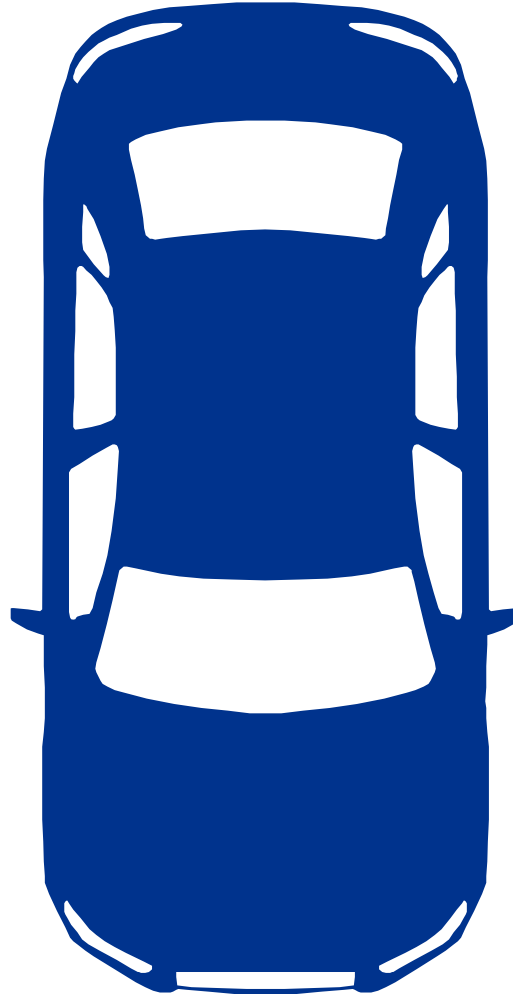
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Description	Tata Motors	Ford India Pvt. Ltd. (FIPL)	Maruti Suzuki India Ltd. (MSIL)	Honda Cars India Ltd. (HCIL)	MG Motor India (SAIC Motor Corp. Limited)	Honda Motorcycles and Scooters India (HMSI)	Hero MotoCorp (HMCL)	Maxxis Rubber India Pvt. Ltd. (MRIPL)	MRF
Location	Sanand, Ahmedabad	Sanand, Ahmedabad	Hansalpur, Ahmedabad	Vithalapur	Halol, Vadodara	Vithalapur	Halol, Vadodara	Sanand, Ahmedabad	Bharuch
Investment	Rs. 4,000 crore (US\$ 615 mn.)	Rs. 6,000 crore (US\$ 923 mn.)	Rs. 13,400 crore (US\$ 2061 mn.)	Rs. 1,070 crore (US\$ 164 mn.)	Rs. 2000 crore (US\$ 308 mn.)	Rs. 1,350 crore (US\$ 207 mn.)	Rs. 1,100 crore (US\$ 170 mn.)	Rs. 2,640 crore (US\$ 406 mn.)	Rs. 4,500 crore (US\$ 692 mn.)
Product	Cars	Cars	Cars	Cars	Cars	Two wheelers	Two wheelers	Tires & tubes	Tires & tubes
Capacity (in units)	0.25 million vehicles per annum	0.24 million vehicles and 0.27 million engines per annum	0.75 million units per annum	Construction of the unit yet to commence	80,000 units per annum	1.2 million per annum	1.2 million per annum	20,000 tires and 40,000 tubes per day	1 million tires per month (est.)

Major Auto Investments: Gujarat



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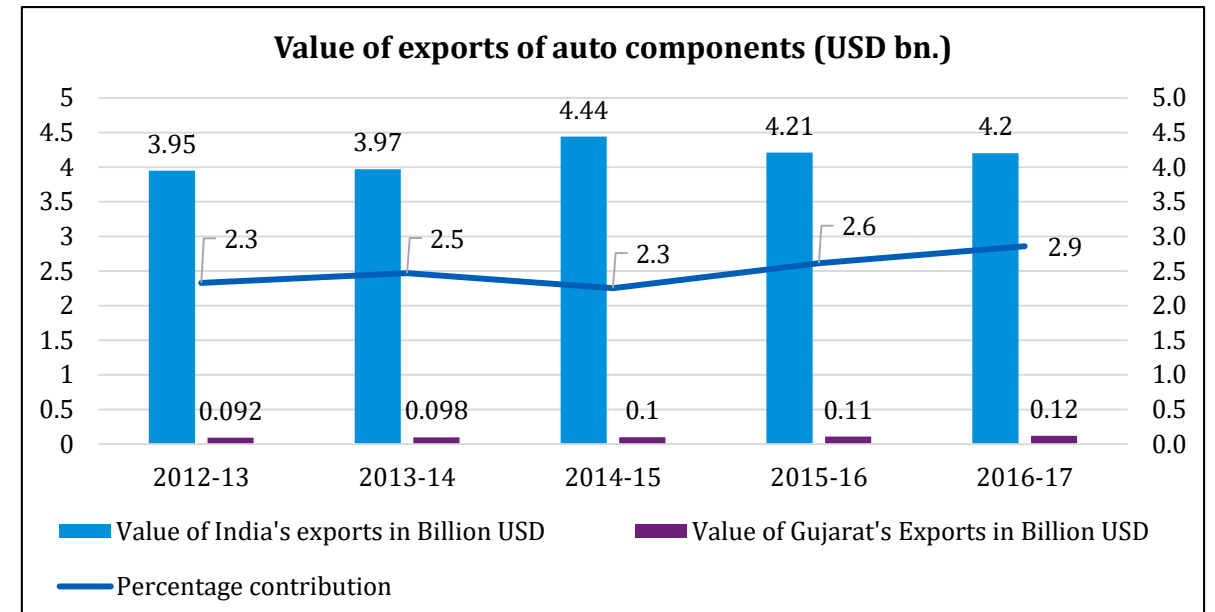
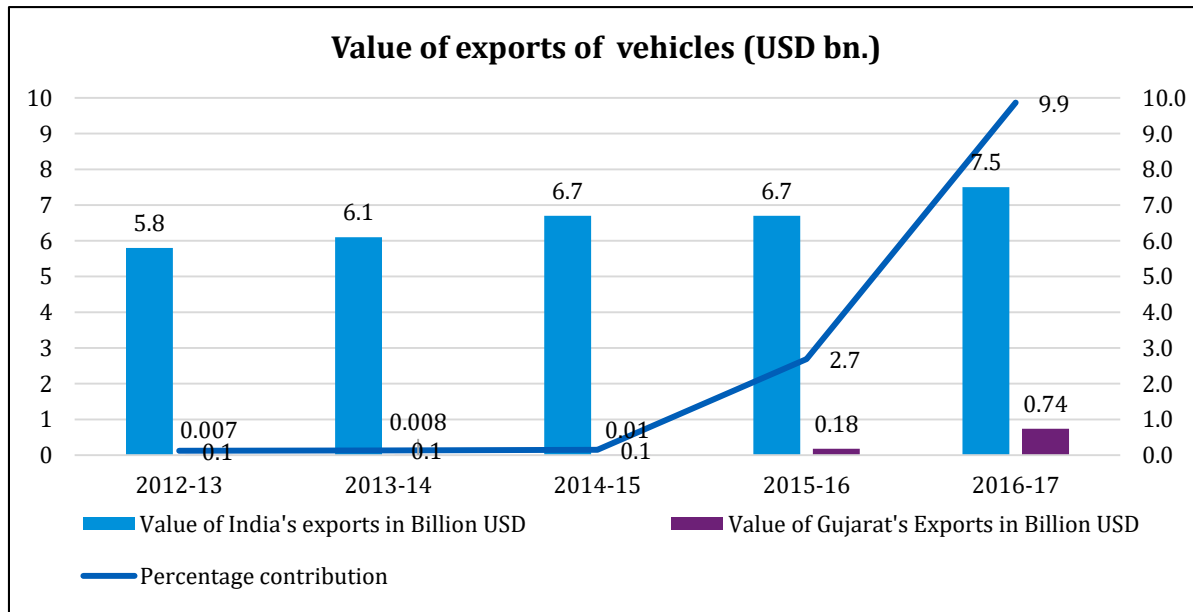




Gujarat : India’s emerging auto exports hub

- Passenger vehicles exports from India—the second largest category after two wheelers—has been advancing at a compounded annual rate of 8.9% over the last six years.
- Over 67% of export volumes comprised of two-wheelers, followed by 22% for passenger cars.
- Gujarat, along with being an automotive manufacturing hub is also emerging as an export hub for auto and auto components given its excellent port infrastructure and connectivity
- Many ports in Gujarat plan to further expand their infrastructure as well as increase its roll-on roll-off (RoRo) business on the back of strong car exports

Value of exports of auto and auto components from Gujarat vis-à-vis share in India’s exports





Electric Vehicles : The future of mobility

- The Indian electric vehicles industry is at a nascent stage contributing to less than 1% of total vehicle sales; Potential to grow to more than 5% in the next few years
- Major cities across India moving their public transportation fleet of buses to EV buses
- Domestic manufacturing to get a boost from the \$ 1.3 bn. (Rs. 8,730-crore) proposal to shift India's public transport to battery-operated vehicles while mandating the local content in electric vehicles upto 70% across 3 years
- Electric vehicles to create a \$300 billion domestic market for EV batteries by 2030
- **Energy Efficiency Services (EESL)** to procure 20,000 electric vehicles. Government of Gujarat has also signed an MoU with EESL to procure 8,000 EVs
- **Tata Motors** is manufacturing the **electric variant of its compact sedan Tigor** at its Sanand facility in Gujarat which are being procured by EESL
- **JSW Group** has signed an agreement with Government of Gujarat to promote **production of battery operated vehicles** in the state along with the production of electric battery, storage solutions and charging infrastructure at an investment of \$615 million
- **Suzuki, Toshiba and Denso** will set up India's first **lithium-ion battery manufacturing plant** in Gujarat with a total of \$180 million
- **ELECTROTHERM (India) Ltd. (ET)**, from Gujarat was the first company to introduce **electric bikes and scooters (Yo Bykes)** in India. It has a manufacturing plant in Kutch District of Gujarat with installed capacity of 0.25 mn. p.a.
- **Adani Group** is in discussion with Taiwanese electric bus manufacturer for technological tie-up to set up a manufacturing unit in its special economic zone at Mundra in Gujarat



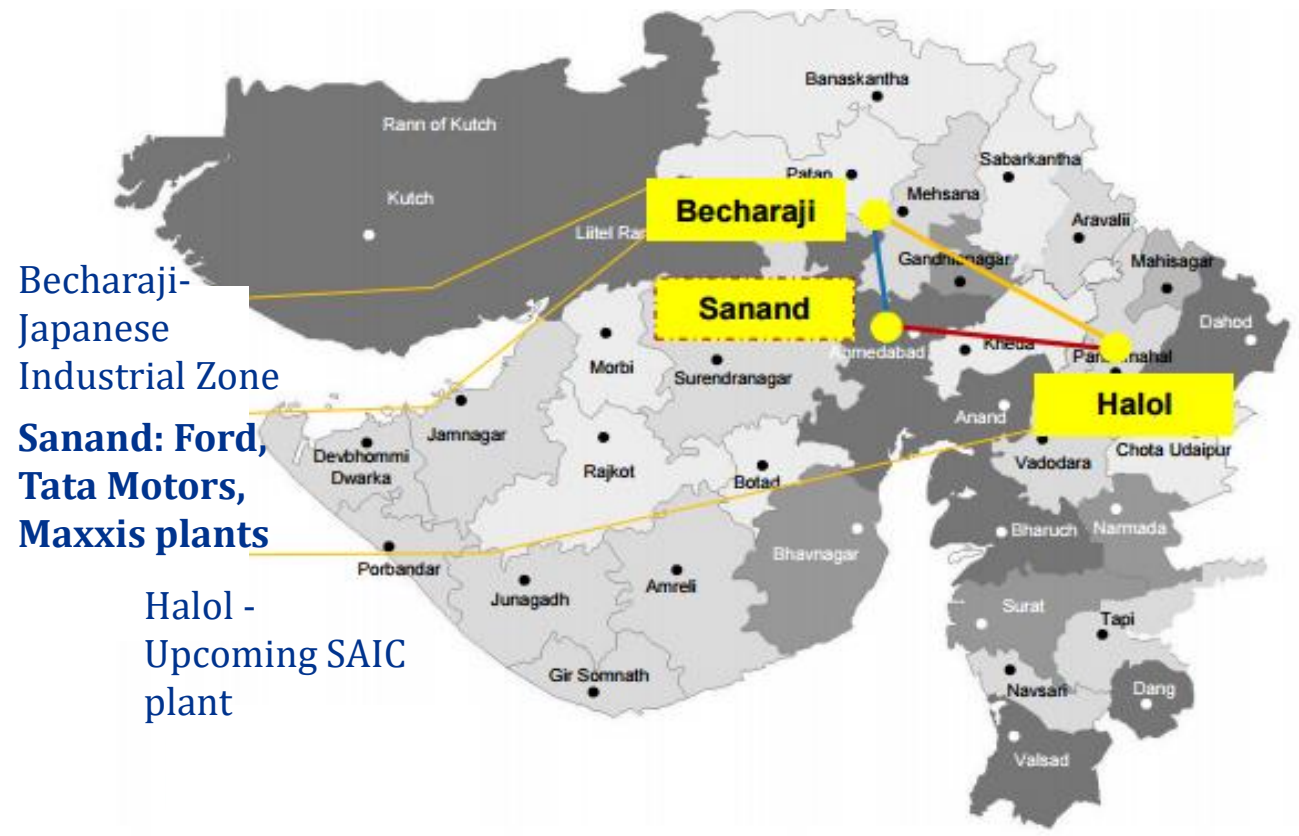


Sanand : Gujarat's Automotive Hub

Sanand Industrial Estate spread across an area of more than 2000 hectares has catapulted Gujarat into the big league of automobile industry hubs with presence of several major multinational auto and auto component companies like Tata Motors, Ford, Maxxis Tires, Bosch, Magna, Magneti Marelli, Valeo, Motherson Sumi among others

The Sanand Industrial Estate provides robust physical and industrial infrastructure & utility linkages with excellent road, rail, port and airport connectivity

Focus Sectors : Engineering, Automobiles & ancillary units, plastics, Semiconductors, Electronics



Sanand : Gujarat's Automotive Hub



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Indo Japanese Industrial Township @ Sanand III (Khoraj)

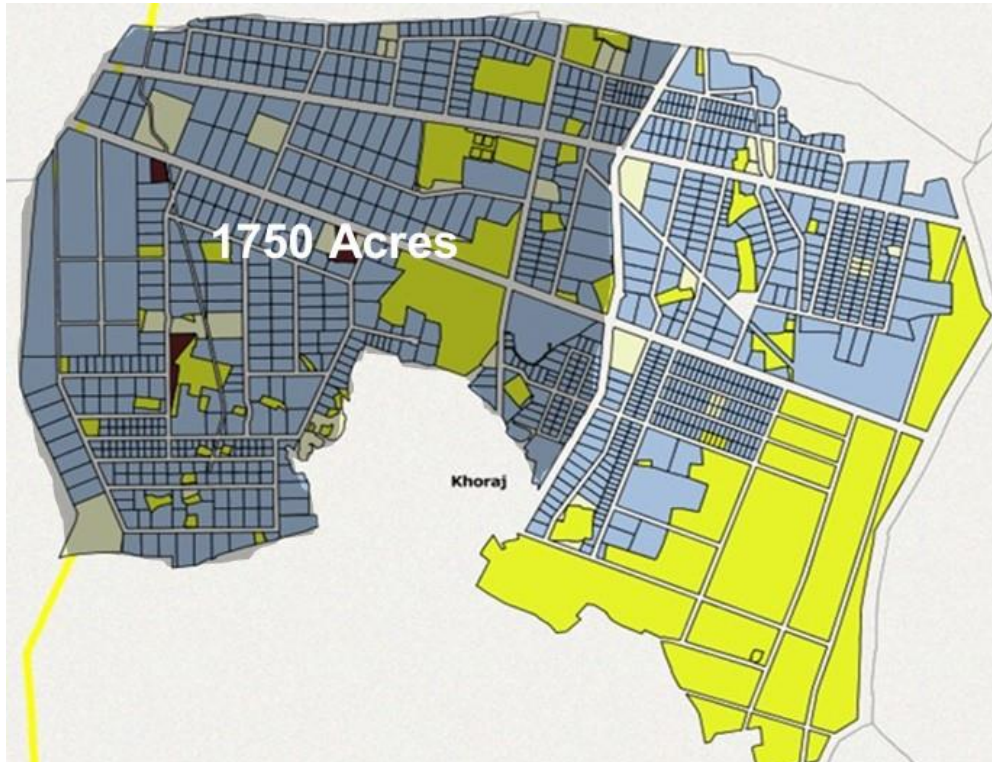


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Dedicated Japanese Industrial Park

Area-1750 acres

Focus Sector: Automobile & Ancillary, Engineering, and Pharmaceutical



Overview

Proposed Land Use: Industrial, Residential, Commercial, Recreational

Distance from Urban Center: 20 Km from Ahmedabad

Proposed Facilities

An ecosystem of core manufacturing, allied industries, supporting facilities including testing labs, warehousing, logistic support etc.

Dedicated housing zone for the units coming up in the Japanese industrial township

Best-in class infrastructure – Excellent roads, including dedicated power, continuous water supply, and seamless communication

Capacity building through training institutes and incubation centre



Mandal Becharaji Special Investment Region (MBSIR)

MBSIR Industrial hub being developed in north-west of Ahmedabad spread over an area of 102 sq. kms.

A Japanese Industrial Zone is being developed at MBSIR which will be home to major auto companies like Suzuki Motor Corp., Honda Motorcycles and Scooter India Pvt. Ltd, and Toyota Tsusho India

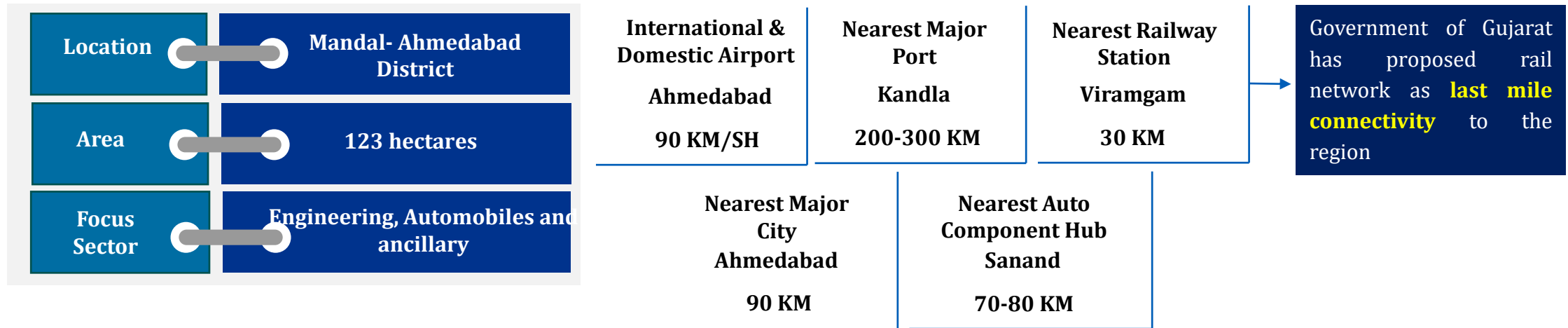


Airport	Ahmedabad (89 km)
Nearest Urban Areas	Ahmedabad, Kadi, Surendranagar, Mehsana
Nearby Ports	Mundra (300 km) Kandla (240 km)



Japanese Industrial Estate @ GIDC Mandal

“Gujarat’s first Country specific industrial estate with an area of 123 hectares delineated for Japanese companies”



Presence of Japanese Companies in the Estate

Name of the Company	Area in Sq m	Name of the Company	Area in Sq m
Technotrends Autopark Pvt. Ltd	2,54,548	Murakami Corporation	30,953
MA Extrusion India	41,614	Topre Corporation	1,02,730
Roki Minda Company	31,614	Sanko Gusai Technology (I) Pvt. Ltd	28,998
TS Tech (Mandal Pvt. Ltd)	20,000	Munjal Kiriu India Pvt. Ltd	38,021



Dholera Special Investment Region (DSIR)

DSIR will be the biggest beneficiary of DMIC and DFC

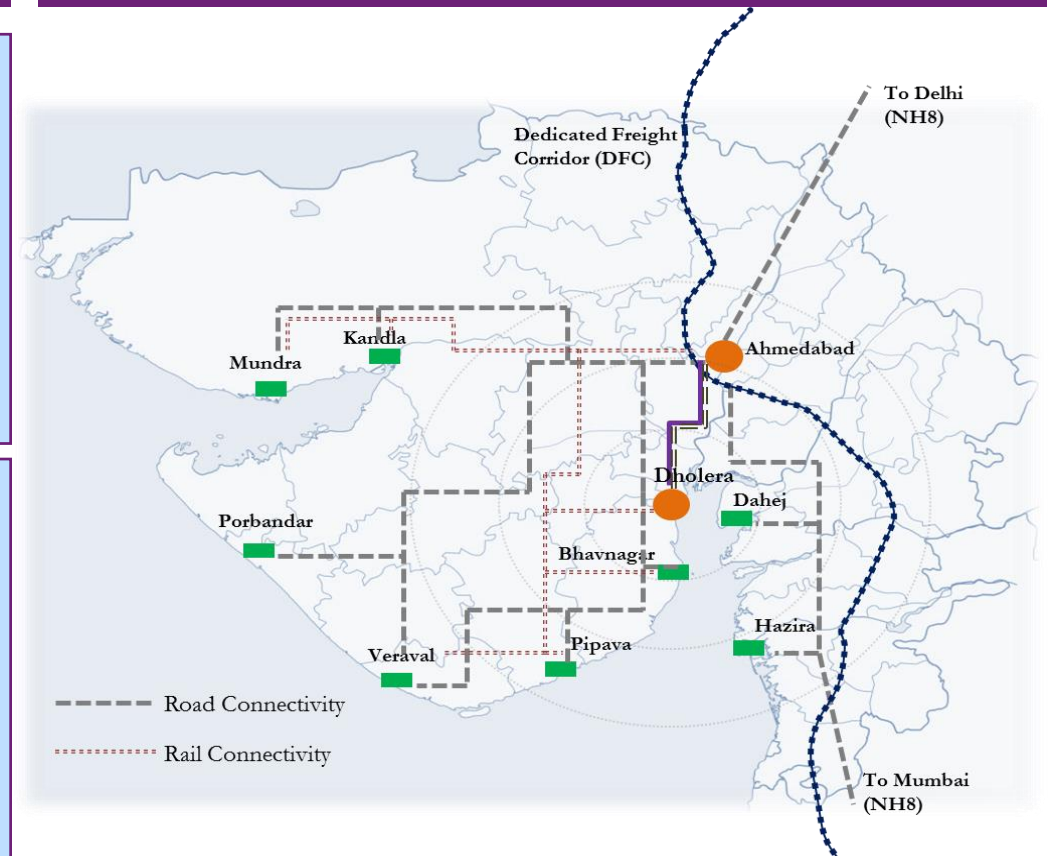
Declared as National Investment Manufacturing Zone (NIMZ)

DSIR Advantages:

- Large & contiguous land parcels for industrial development
- Total Notified Area: 920 sq.km.
- Long term growth potential
- Fully serviced plots – Plug & Play
- Smart & Sustainable Social infrastructure

Investment Opportunities:

- Automobiles & Auto Ancillary
- Defence & Aerospace
- Heavy Engineering
- Electronics, Hi-tech Technologies
- Agro & Food Processing
- Infrastructure Development





Skill Development

Skill development and training in auto sector is a focus area for Gujarat government

Japan-India Institute for Manufacturing (JIM)

- Aimed for human resource development in the manufacturing sector in India as part of the Manufacturing Skill Transfer Promotion Programme agreed between the governments of Japan and India
- **Maruti Suzuki JIM** is operated as Industrial Training Institute (ITI) by Maruti Suzuki in Mehsana, Gujarat and aims to produce 400 graduates annually
- The institute offers total eight 1-year or 2-year practical training courses including Motor Mechanic, Mechanic Diesel, Mechanic Auto Body Repair, Mechanic Auto Body Paint Repair, and Welder
- **Toyota Tsusho Corporation** is also planning to open a JIM in the Mandal Industrial Zone, Gujarat (to be run by Techno Trends Auto Park Private Limited)



Skill University

- **A first of its kind private university established at Vadodara** in collaborative arrangement with Team Lease Foundation
- Aims to create an open and a flexible system which permits accumulation of productive knowledge and skills and the award of higher Diplomas and Degrees
- Offers industry responsive academic programmes with active participation and involvement of industries in curriculum design, implementation, internship, assessment and job placement

Skill Development



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Other initiatives

- **Hyundai Motor India Ltd. opened a State-of-the-art Regional Training Centre in Ahmedabad spanning across 8,200 square feet.** It will provide specialized training to 1,700 service technicians that will empower them with both technical and soft skills
- **Industrial KVK (i-KVK)** to create its own skilled workforce with the help of the government to meet their human resource needs, thereby increasing employability
- To meet the rising demand for skilled workforce, Govt. of Gujarat has ventured into more than **40 Flexi MoUs** with various companies like L&T Ltd., Tata Motors Ltd., Volkswagen Group India Pvt. Ltd., Mahindra Group, Eicher Motors, Toyota Kirloskar (India) Ltd., Royal Enfield, Siemens India Ltd. etc.
- **Under the High-tech Training Scheme**, a training centre has been established in Vadodara with the support from Govt. of India, World Bank and GTZ **to impart training to new-comers and industrial workers for upskilling**
- **20 Superior Technology Centres (for Industry Responsive Short Term Courses) have been established** to train the youth in the latest technologies covering CNC, Automobile, Solar, Chemical.

Gujarat policies aligned with 'Make in India'



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Snapshot of assistance under Gujarat Industrial Policy 2015

- Assistance to labor intensive industries
- Special Incentives for Mega/ Innovative Projects
- Assistance to Industrial Parks
- Assistance to set up Logistics Parks
- Assistance in Development of Common Environmental Infrastructure
- Assistance to MSMEs and Startups
- Assistance for R&D



Assistance under General Incentive Scheme, 2016

- Tax (SGST) reimbursement based on quantum of investment and location of the project*

All incentives and assistance schemes are applicable to the automobile and auto components sector

*Govt. of Gujarat has announced that tax incentives will continue to be given under GST regime; quantum of assistance to be decided

State Government Assistance for Micro, Small and Medium Enterprises



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Incentives under the Industrial Policy 2015

Assistance of Capital Investment Subsidy

@ **10%** and @ **15%** on loan amount in Municipal Corporation areas and in areas other than Municipal Corporation areas respectively

Assistance for Interest Subsidy

@ **5%** and @ **7%** for period of 5 years in Municipal Corporation areas and in areas other than Municipal Corporation areas respectively

Assistance for Venture Capital

Assistance to **raise promoter contribution** in the form of equity or loan through GVFL

Assistance for Quality Certification

50% of capital cost for installing Enterprise Resource Planning (ERP) system, for obtaining ISO certification, for obtaining WHO GMP, for testing equipment and machinery required

Assistance for Technology Acquisition

Grant at the rate of **50%** of cost of technology acquisition

Assistance for Patent Registration

75% of expenditure incurred for obtaining patents

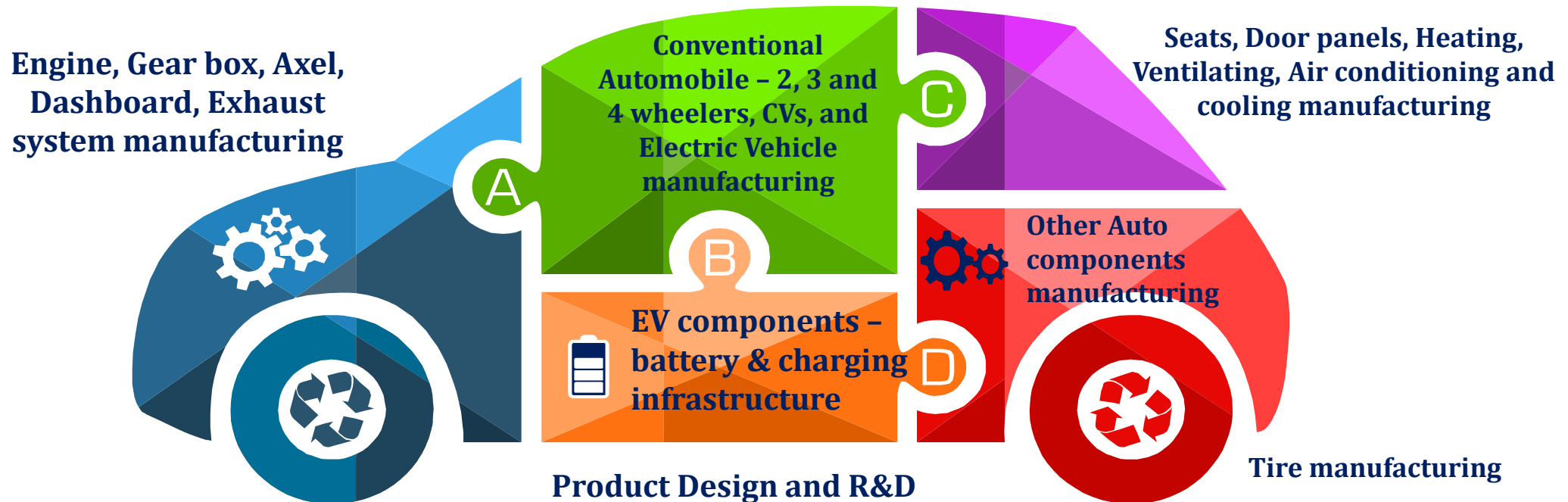
Assistance for Saving in Consumption of Energy & Water

75% cost of energy/water audit conducted in a unit & **25%** of cost of equipment



Investment Opportunities

- India is the 4th largest passenger and commercial vehicles market (4.02 mn.units) in the world {China (29.12 mn.units), USA (17.58 mn.units) and Japan (5.24 mn.units)} and is expected to become the 3rd largest by 2026
- India is the 2nd fastest growing market for passenger vehicles globally, behind China, having expanded by 7% in 2017-18
- India offers huge growth potential due to low vehicle penetration (32 vehicles per 1000 people in 2015) and owing to its unique demographic dividend (66% of population under the age of 35)
- Focus shift towards electric vehicles is likely to intensify product and technology development



For additional information connect us @



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Thank you

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