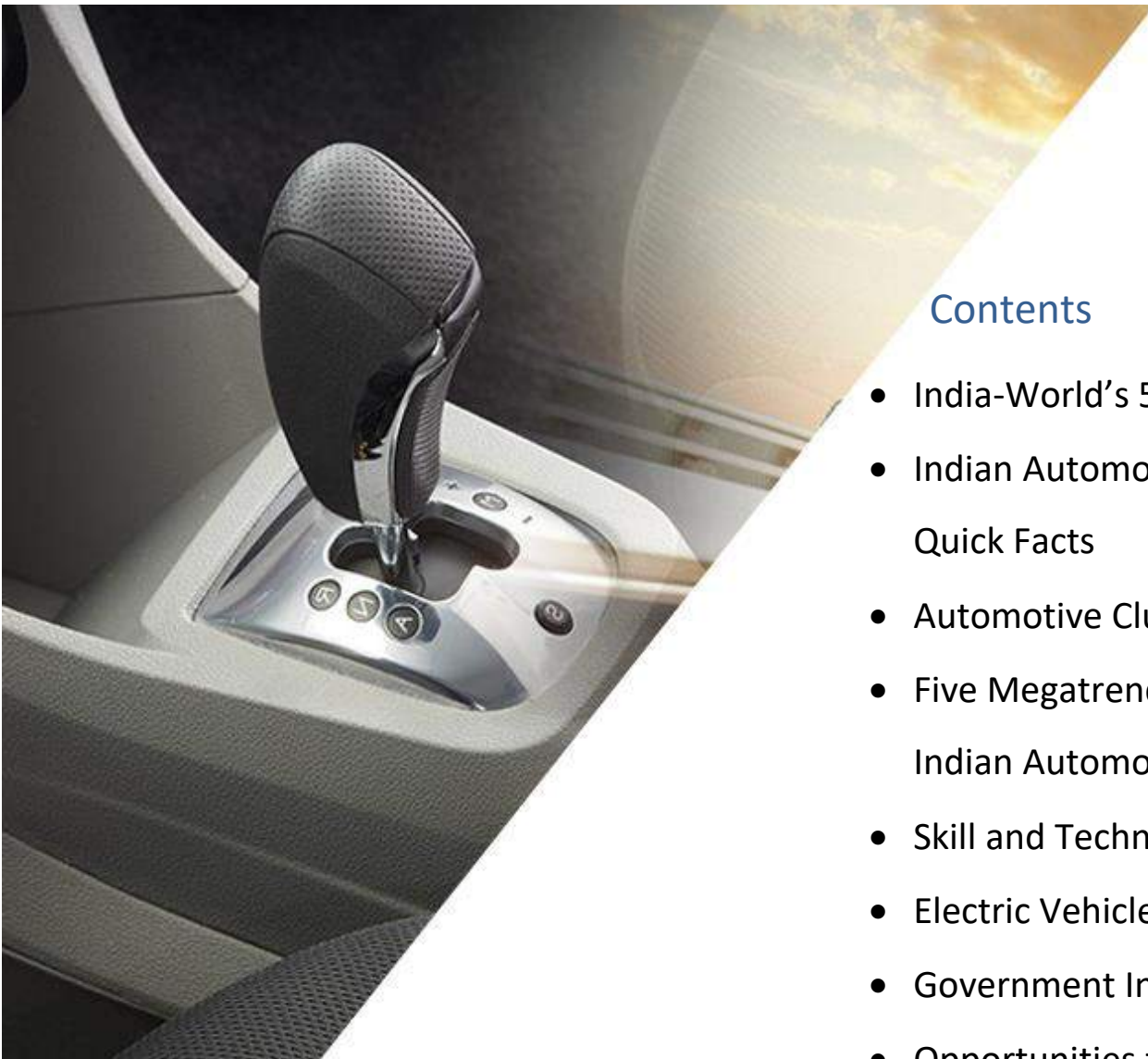


Shifting Gears: Automotive Sector in India





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India - World's 5th Largest Economy



QUICK FACTS
5,000 years old ancient civilization
325 languages spoken, 22 official languages
28 states, 8 union territories
3.28 million sq. kilometers of total area, of which 7,516 kilometers of coastline
World's largest democracy with 1.3 billion people
Stable Government with a single party majority, putting emphasis on foreign policy as a key tool for economic development
World's 5th largest economy with GDP of USD 2.94 trillion

Indian Automotive Sector- Quick Facts

World's largest two wheelers market

World's fourth largest manufacturer of cars

World's largest manufacturer of 3 wheelers and tractors

FDI worth USD 24 billion from April 2000 to March 2020

India exported close to 4.8 million automobiles in 2019-20

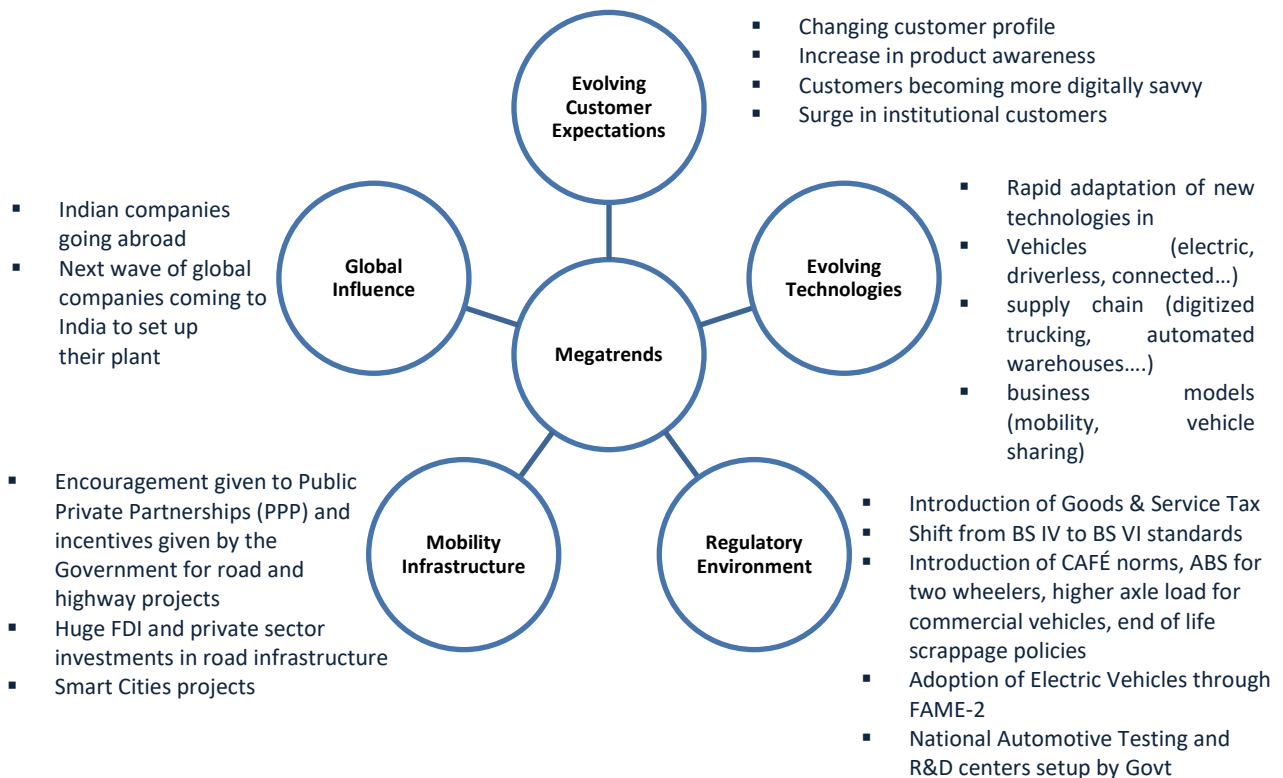
Indian automotive sector expected to reach USD 251 to 280 billion by year 2026

Electric vehicles expected to be USD 7 billion opportunity in India by 2025

Automotive Clusters in India



Five Megatrends Impacting the Indian Automotive Sector



Skill and Technology Upgradation

Automotive sector has been major employer for several decades. Jobs in this sector and skill sets required are rapidly evolving as companies are investing heavily in automation and digitization.

Mechatronics

- With gradual shift to electric and hybrid vehicles, the demand for people specialized in mechatronics will increase.
- The areas include **electrical motor control, battery and power management, sensors amongst others.**

Artificial Intelligence (AI) and Machine Learning (ML)

- Artificial Intelligence and Machine Learning will play an important role in future vehicles and factories as most of the companies are investing in automation and connectedness.

Robotics

- Use of robots in manufacturing in not new to India.
- But their scale of use and application areas are expected to grow beyond manufacturing plant.

Digital

- Earlier, the customer would visit the showroom and would make decision based on the experience.
- Today, customers are increasingly 'experiencing' it online. They make choices based on the online research and views gathered from their network.
- **Digitization of entire value chain and enrichment of online experience need to be undertaken.**

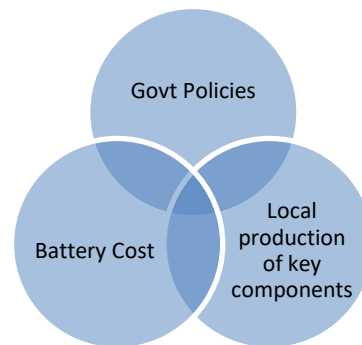
Data Mining & Analytics

- With implementation of digitization, AI, ML, and robotics, it is vital for the **companies to deploy the tools that can collect and analyse the data as well as generate insights at every lifecycle stage of a vehicle.**

Electric Vehicles Sector in India

- **Indian Electric Vehicles sector is estimated to reach USD 7 billion by year 2025.**
- **In the short term and medium term, two wheelers and three-wheelers (rickshaws) are expected to drive electrification of the vehicles.**
- **Current pandemic is expected to accelerate the rate of adoption of EVs as customers will tend to look for environment-friendly and cost-effective personal mobility solutions.**
- **In case of commercial e-vehicles, e-buses are expected to lead the category mainly on account of regulatory push and huge procurement of e-buses for the public transport system by the Government.** It has identified 11 cities in India for introduction of EVs in their public transport system.
- **There are huge opportunities for foreign companies in this sector especially for manufacturing battery compounds, other components and setting up charging stations.**

Key factors that will drive adoption of EVs in India



Some of the Recent Investments:

- **Several automobile companies such as Maruti Suzuki, Tata, Hyundai, Nissan, and Mahindra are planning or have launched their e-vehicle models in India.**
- **It is imperative to have a network of charging stations across India. Several companies have installed charging stations in premises or in public areas to facilitate electric charging. Such companies include Finland-based company Fortum and Indian conglomerate Tata.**
- **French automobile giant- Renault has announced its plans of making India- its global hub of automotive parts for EVs.**
- **Canadian company MakerMax is planning to enter the Indian market and offer skill development in terms of electric vehicles (for maintenance, services, and overall vehicular quality management)**
- **Magnis Energy Technologies is reportedly in talks with the Government of India for setting up India's first Lithium-Ion Battery Cell Gigafactory.**

Government Initiatives

Incentives for buyers of Electric Vehicles

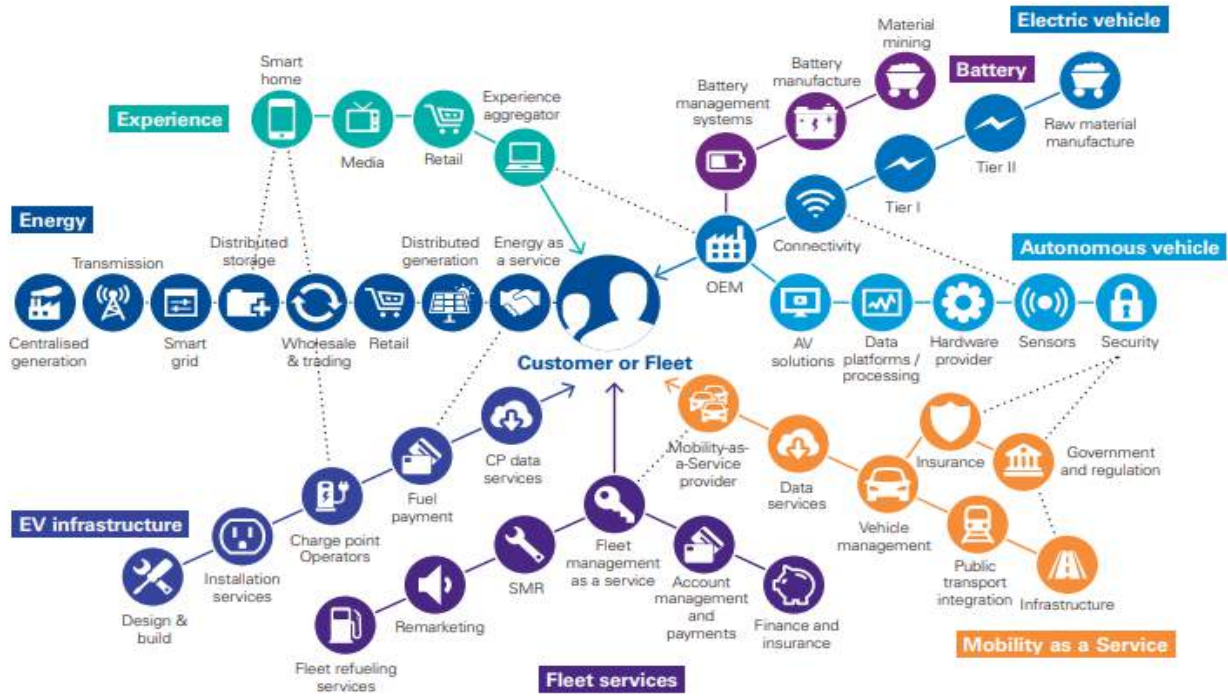
- GST on EVs slashed to 5% from 12% earlier
- Additional INR 150,000 deduction in taxable income allowed for payment of interest on loan for purchase of EV
- Exemption from vehicle registration fees, provision of specific parking slots for EV.

Faster Adoption and Manufacturing of Hybrid and Electric vehicles (FAME)

- The Government started FAME scheme which provides incentives for purchasing electric vehicles and promote investments in EV sector.
- Phase I of the scheme was from 2015 to 2019 and phase II is from 2019 till 2022.
- The Government is in the process of procuring thousands of e-vehicles for the public transport system and various Government departments.
- Government is also releasing tenders to increase charging infrastructure in the country. It has declared public charging stations and EV charging businesses as a de-licensed activity. It plans to have at least one charging station in a grid of 3 km x 3 km in cities and one station every 25 Km on both sides of highways.
- It is planning to offer incentives of USD 4.6 billion by 2030 for companies manufacturing advanced batteries. Related announcements are expected soon.

Opportunities for Foreign Companies in New Mobility Eco System

In new interdependent eco-system, companies are expected to enter into partnerships or collaborate to introduce new solutions in the market.



Shifting Gears : European Companies in India testimonials

In Sept 2020, **UJA**, in collaboration with the **Indo French Chamber of Commerce and Industry (IFCCI)** and **Business France** organized a webinar on automotive sector in India. We had European automotive companies representatives in India as the speakers, who shared their views on the post pandemic market outlook. Here are some quotes mentioned by the eminent speakers.



“We have to re-think our model and approach to business. Going forward, our company will certainly continue to grow and to propose our customers better options for increased efficiency and optimized outbound logistics ”

Mubea

“For companies to stand strong, especially in times of crisis, it is required to demystify the hierarchy, and create a climate of security and trust, ‘family belonging values’ to our employees”



“The numbers are now booming, better than pre-covid, so companies are adjusting their strategies and are looking at capacity. Many companies will also focus on diversification, and reduce the stakes on one particular market, enlarge portfolios...”



“In times of crisis, we certainly face challenges, but also new opportunities; as customers’ expectations are changing, they want a contactless experience, more digital. This trend is now boosted, more and more customers want to buy their car online”

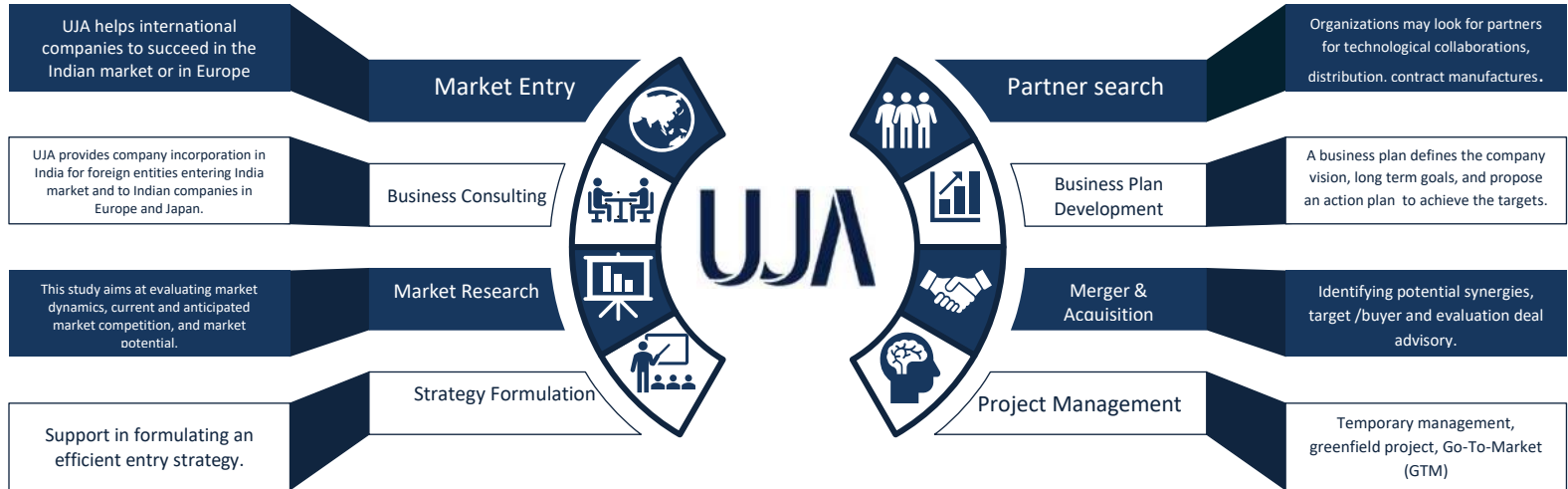


“Pre-covid everyone was talking about electric mobility, shared mobility, public transportations being the means of taking people from point A to point B... Post-covid we talk about social distancing, safety around you, which has attracted non-conventional players, non-standards OEMs, autonomous cars are being tested, driverless cars, electric mobility etc. The ownership model is also changing to a leasing model”



How Can We Of An Assist To You

UJA has an entire professional setup in India as well as in international markets such as Italy, France, Germany, and Japan. We will be happy to advise and assist you, right from the market analysis, formulating a market entry strategy, to establishing and growing your business in India or in France.



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