Insights on Automotive Market in India

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V. G. Ramakrishnan, Sr. Director - Automotive Practice
Transportation & Logistics Practice

FROST & SULLIVAN

Agenda

- Automotive Markets – Where are they headed
- Automotive Logistics – Key Issues

Top 5 defining automotive trends in India impacting logistics

- **2.5 fold increase in sales and 3 folds increase in passenger vehicles production in the next 10-12 years**

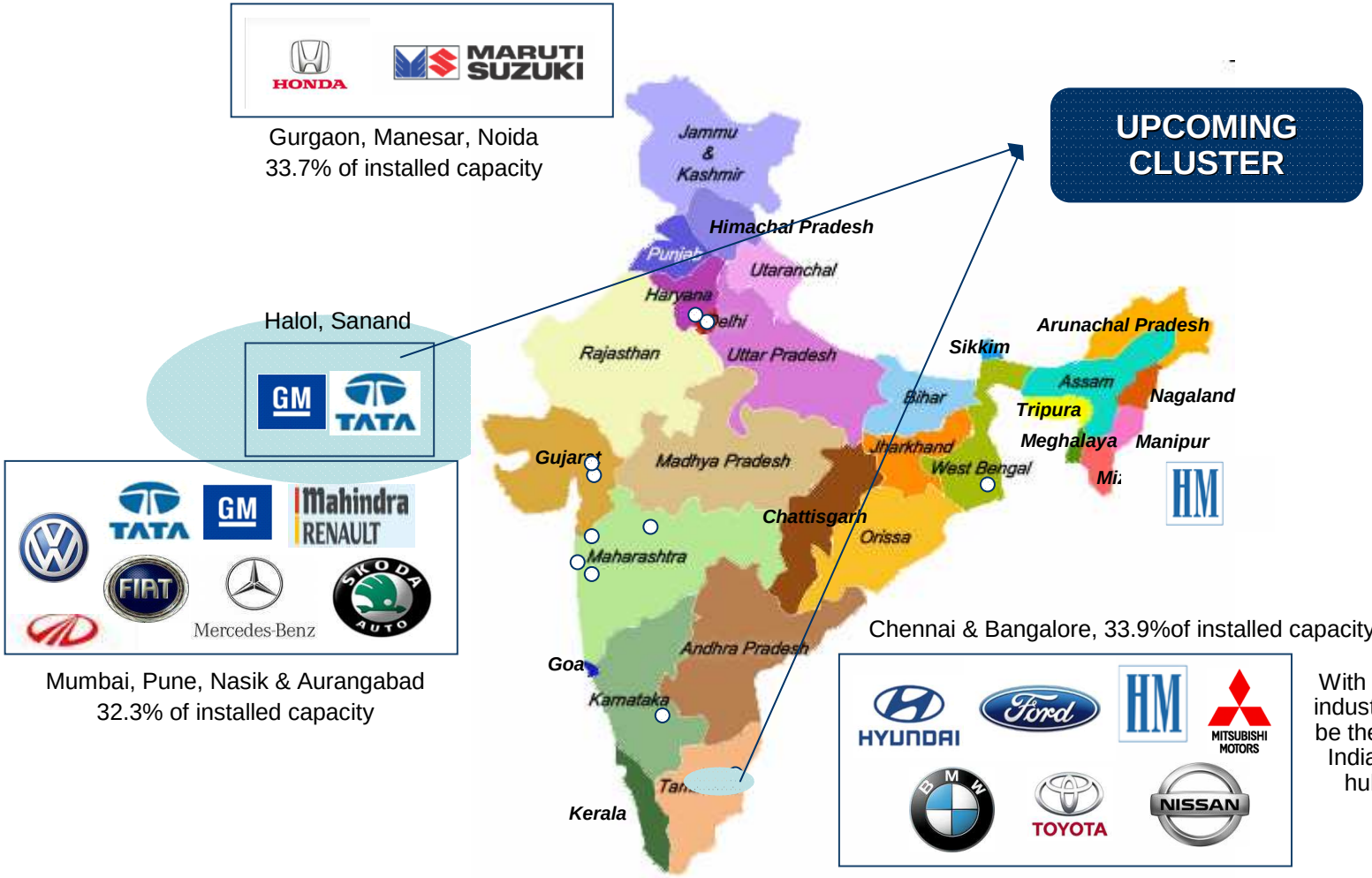
- **4-5 new companies to enter India in the passenger vehicles landscape**

- **Over 100 new component companies to enter in the next 2-3 years**

- **Indian companies (vehicle makers and component companies) to increasingly go <u>GLOBAL</u>**

- **New manufacturing hubs likely to be created, breaking the traditional strongholds**

Automotive Clusters & Market Participants



With growing automotive industry, Chennai likely to be the largest auto hub in India by 2020 & largest hub in Asia by 2030

Source : SIAM & Frost & Sullivan Analysis

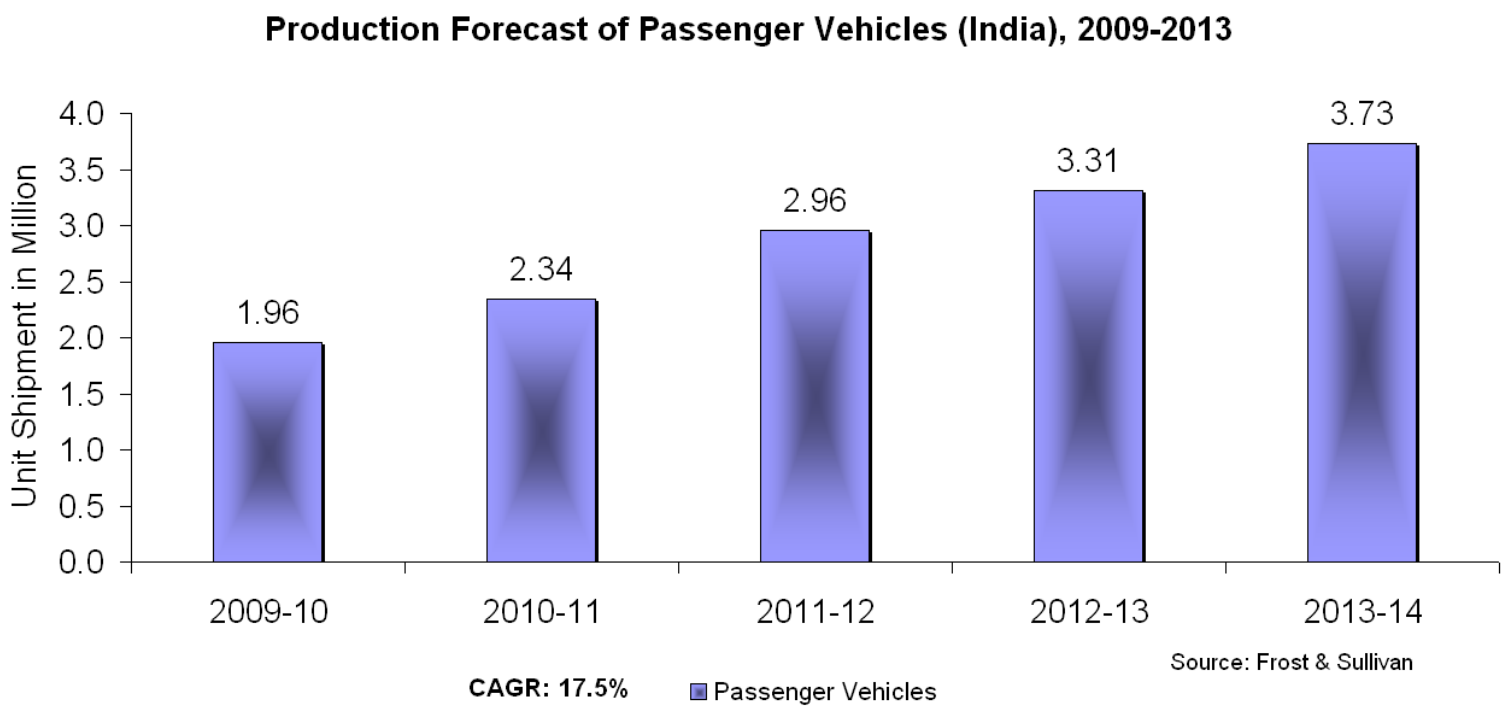
4.3 million capacity expected by 2015

Passenger Vehicle Capacity in 2008
2.1 million

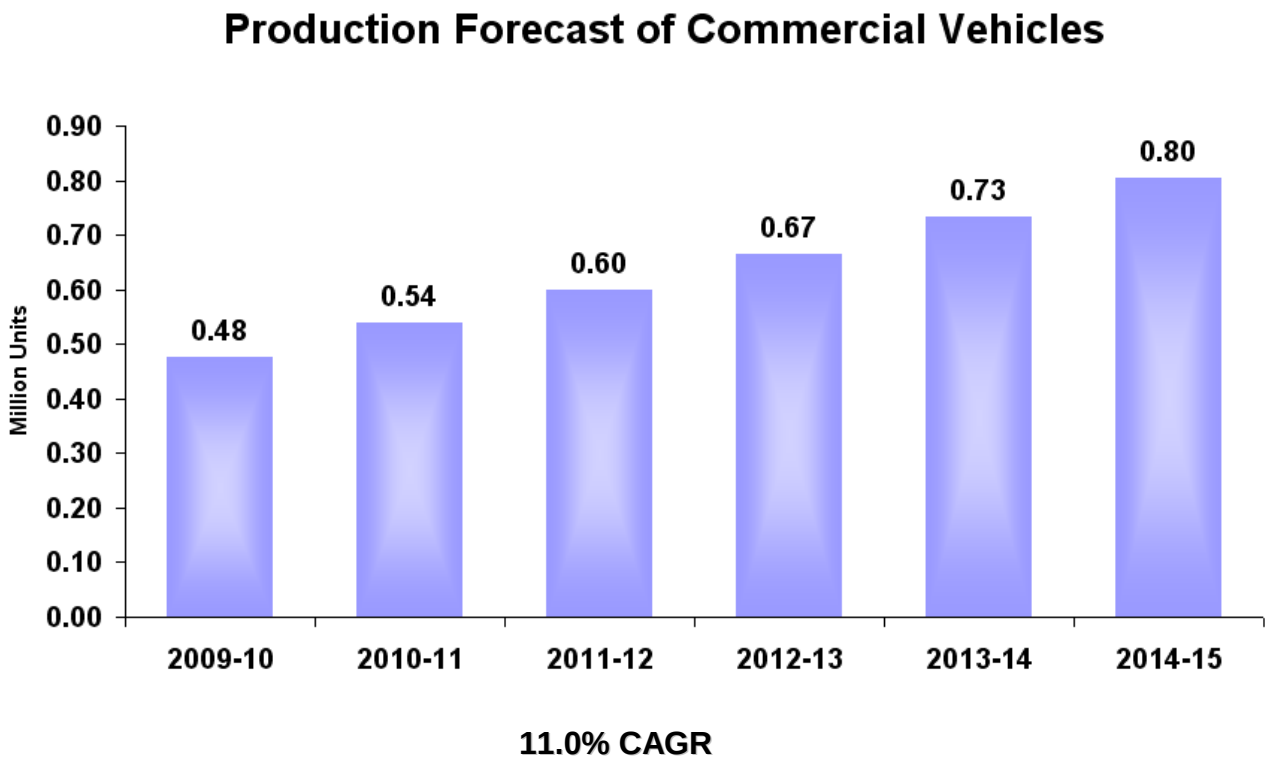
Passenger Vehicle Capacity in 2015
4.3 million

>100% growth in the next 7 years

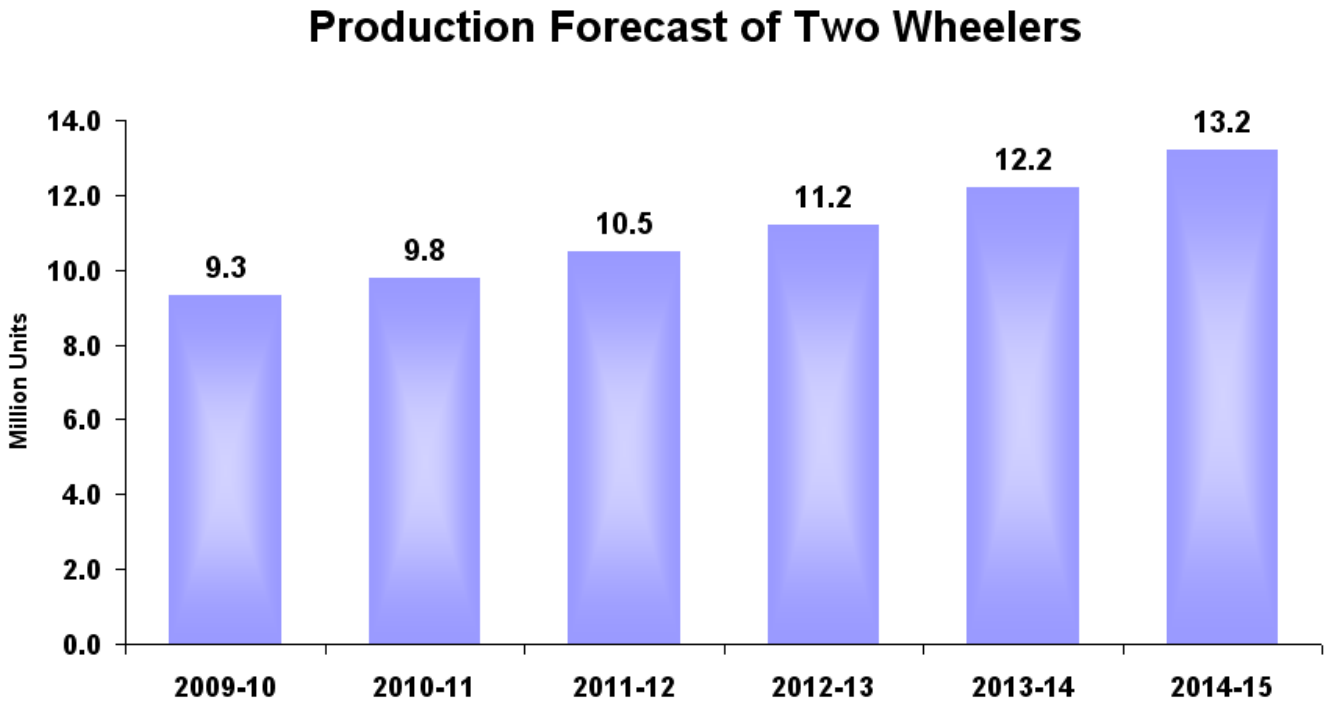
Forecast of Passenger Vehicle Growth In India – CAGR -17.5%



Rapid Growth of Sub 5 ton vehicles leading demand for Commercial Vehicles



More steam left in the 2 wheeler market- expanding middle class continue to drive growth



7.2% CAGR

Implications for Logistics Companies

- **Expected volume increase requires RAPID capability building in finished vehicles as well as parts logistics**

- **Integration of multi modal transportation may become relevant**

- **International affiliations/presence importance increasing in relevance in parts logistics**

- **Is it an appropriate strategy to move to next level (4PL) without sequential movement- COST –BENEFITS - Are companies ready? How often is supply chain redesign required?**

THANK YOU