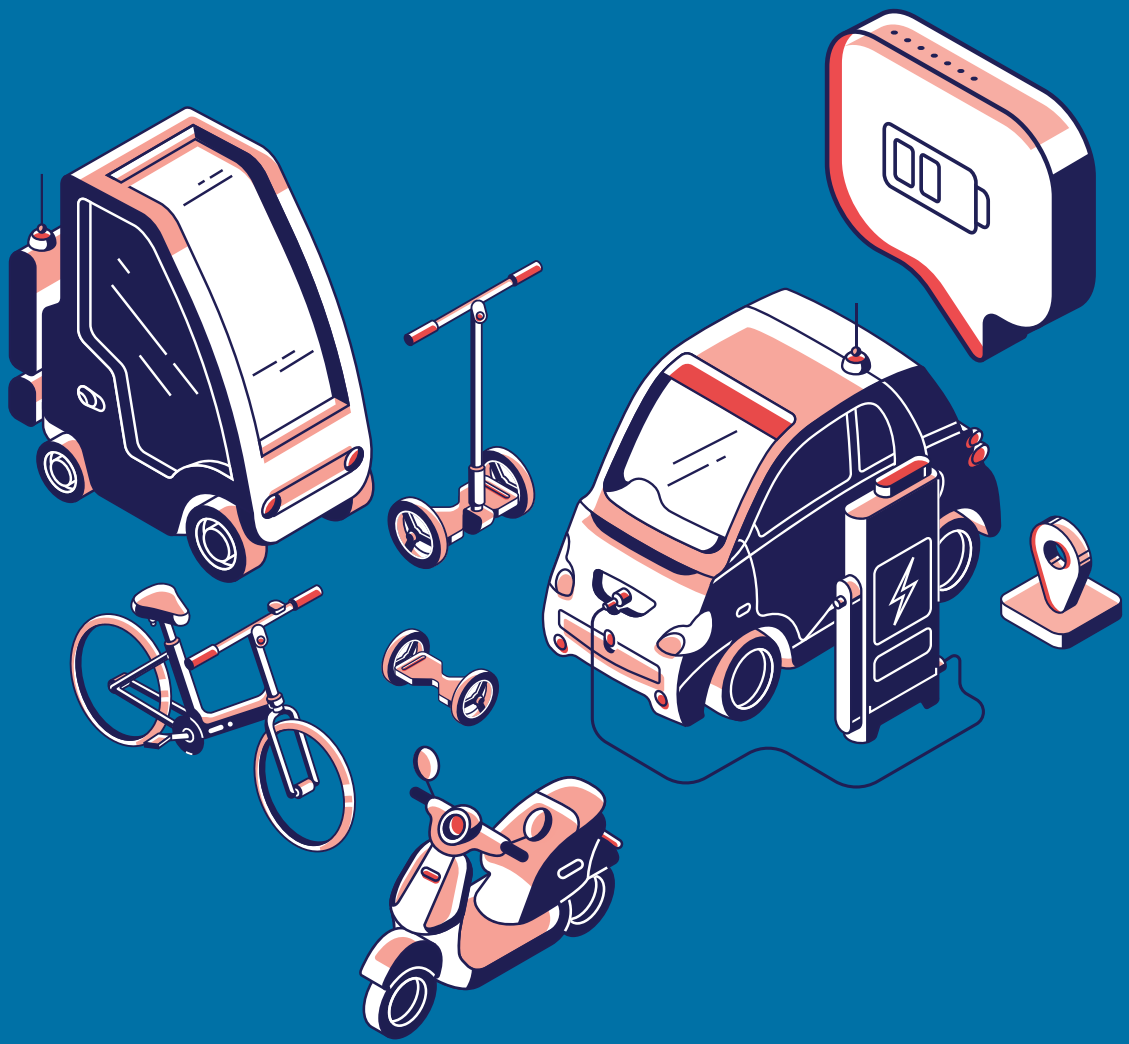
OPPORTUNITIES IN THE INDIAN AUTO COMPONENTS INDUSTRY



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INTRODUCTION

The global automotive and auto component industry is at an inflection point. Increased environmental concerns and various governments trying to meet their respective climate agenda has forced OEMs to move towards cleaner and greener transportation technologies.

On account of possible shift in powertrain technology, from traditional internal combustion engines to electric and enhanced connectivity of vehicles with myriad connected features, the global automotive industry is staring at headwinds. This disruption will change the way the auto industry has been operating in the last 100 years or so, ushering in both, opportunities and challenges for OEMs and component manufacturers.

However, going forward, disruption will be the new normal for this industry.

The International Monetary Fund (IMF) has endorsed India as the fastest growing economy globally with a growth projection of 7.0 per cent in 2020 , while the global growth forecast stands at 3.4 per cent. The manufacturing sector will be the mothership of this growth. The 'Make in India' initiative by our Hon'ble Prime Minister Shri Narendra Modi aims to increase the share of the manufacturing sector to GDP to 25 per cent by 2022, from the current rate of 16 per cent . This in turn is expected to create 100 million new jobs by 2022.

The Indian auto industry is one of the largest in the world. It accounts for 7.5 per cent of the country's GDP and contributes 49% to the manufacturing GDP . It is poised to become the fourth largest manufacturer of automobiles globally by 2020 after China, the US and Japan. Not to mention, India is currently the world's second largest two-wheeler manufacturer. While governments across the world, including the Indian government, have been focusing on reducing their global carbon footprint, the disruptions triggered by the introduction of electric vehicles (EV), digitisation and connectivity across auto and auto components industry, is hard to ignore.

Currently, the Indian automotive industry is witnessing testing times. The market continues to experience volatility and everyone is waiting to see clear signals of revival in growth. With the government and the judiciary taking steps to make transport cleaner and safer, there is some degree of uncertainty for automakers, especially regarding the fuel mix and the necessary investments for technology upgrades. These could be just short-term challenges as the long-term growth story for the automotive industry in India remains intact.

The Government's Automotive Mission Plan (AMP) 2016 – 26 envisions the auto industry to grow around four times by FY26 with approximately 10 % CAGR for vehicle sales volumes. The same AMP 2026 policy projects the Indian auto component industry, to touch US$ 200 bn (estimated at US$ 43.5 bn, in 2018). Exports are expected to reach US$ 70 to 80 bn, roughly accounting for 40 per cent share in the total turnover with key emphasis on technology and R&D development, collaboration and alliances to address capability gaps and positioning India as a preferred manufacturing destination for auto components globally.

[01] https://economictimes.indiatimes.com/news/economy/indicators/imf-revises-indias-growth-projection-to-6-1-per-cent-in-2019/articleshow/71600157.cms?from=mdr

[02] https://www.ibef.org/industry/manufacturing-sector-india.aspx

[03] https://economictimes.indiatimes.com/industry/auto/auto-news/when-indias-economy-is-growing-at-about-7-then-how-could-auto-industry-be-hurting-so-badly/articleshow/69075048.cms?from=mdr

According to the EY's India Attractiveness Survey 2015, the country was ranked as the most attractive investment destination and 62% of the respondents suggested "manufacturing" as the nature of business activity they are planning in India.

This is the right time for India's automotive and auto component industry to display its resilience and capability on the global stage.

INDIA'S GROWING AUTOMOTIVE AND AUTO COMPONENTS INDUSTRY

Indian automotive manufacturers have been very successful across segments in the local market as the population becomes more and more upwardly mobile.

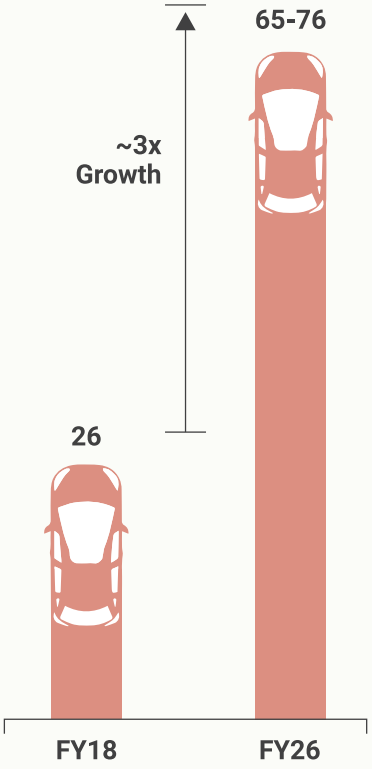
Globally, India's automotive industry is at the forefront of many segments—by volumes, it ranks number 1 in two-wheelers, segment A cars and tractors. India is renowned as a global hub for frugal and scalable engineering. Busy automotive clusters across India drive the industry— especially the three major clusters of Mumbai–Pune–Nasik–Aurangabad in the West, Chennai–Bangalore–Hosur in the South, and Delhi–Gurgaon–Faridabad in the North, as well as upcoming areas like Sri City, Anantapur and Sanand.

The industry aspires to triple in size by 2026. An optimism pervades all vehicle categories—passenger vehicles, commercial vehicles, two-wheelers and tractors. The pace of infrastructure development (adding an average of 40 km of road per day) could support this growth.

This exciting forecast for automotive manufacturers also implies healthy growth for auto component manufacturers. The auto component industry's turnover increased from INR 1.1 lakh crore (US$ 24 bn) in FY 2009, to INR 3.5 lakh crore (US$ 51.2 bn) in FY 2018. The industry now aspires to double its contribution to manufacturing GDP with a four-fold growth in size and a six-fold growth in exports by 2026. Exports in 2018 were worth INR 91,000 crore (US$ 13.5 bn), with most products headed to developed markets, especially North America and the European Union.

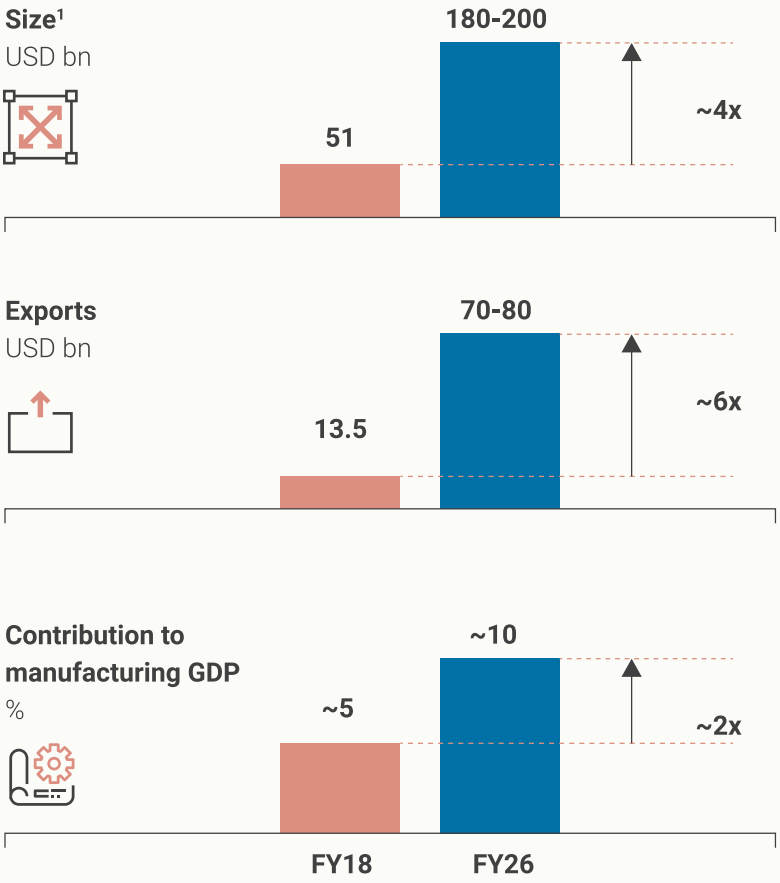
Auto OEMs' sales aspiration

Million Units



Auto component manufacturers' aspiration

Growth



1 Includes OEM sales, aftermarket and exports
2 For contribution to manufacturing GDP, year used is 2017

SOURCE: OEM aspiration numbers drawn from Automotive Mission Plan 2026 and expert inputs to estimate three-wheeler sales, which were extrapolated at 7 percent (base case) and 10 percent (optimistic case); Society of Indian Automobile Manufacturers, IHS Markit

These bold aspirations, along with the trends shaping the industry could create new opportunities in the years ahead.

While these are impressive numbers, India still has only a 3 percent share of the US$ 1,690 bn global industry today, which further highlights the market potential for Indian Auto component manufacturers. As the industry forges ahead to achieve its ambitious goals— four-fold growth in size by 2026, six-fold growth in exports and double the contribution to manufacturing GDP— It is critical that each auto component player focuses on the opportunities most suited for them.

OPPORTUNITIES

Pursue Export Opportunities Aggressively

The Indian automotive OEM industry has been steadily growing its exports. Passenger and commercial vehicle exports in terms of units were 25 percent higher in FY 2018 compared to FY 2014; for two-wheelers this number was 40 percent. While the auto component industry has also grown its exports, scope remains for more. Despite exporting to 160 countries, India's share of global exports is only 3.5 percent or US$ 13.5 bn of US$ 386 bn.

Reasons for the low share include the following:

- Gaps in tolerances, fit and finish
- An RFQ responder mindset rather than a business-development mindset
- Gaps in quality of raw material
- Gaps in technology and cost-competitiveness (e.g., electronics)
- Low flexibility to change and innovation

Despite these challenges, potential is ripe to actively grow exports. Three factors help to build conviction in this opportunity.

Localized Domestic Market

First, the highly localized domestic market across vehicle segments establishes that the auto component industry's core capabilities are in place to manufacture a variety of components in India. Localization levels are upwards of 95 percent in two-wheelers and tractors, and around 90 percent in case of commercial vehicles. Mass market cars, including some of the latest launches, have achieved close to 90 percent localization.

High Tier 1 localization levels across vehicle segments

Vehicle category	Average localization in top selling models1	Details
Hatchbacks, compact sedans/SUVs	90-95%	▪ Segment leaders have achieved 95% localization ▪ Foreign OCEM launches also securing as high as 98% localization
Premium sedans	85-90%	▪ Even smaller players have increased localization levels from - 70% to >80% in the past - 5 years and intend to increase to - 90% in the next - 5years
Commercial vehicles	>90%	▪ Home grown leaders have localization well above 90% ▪ Premium offerings have also increased their localization from ~80% to >90% in 2015
2-wheelers	>90%	▪ Market leaders have started developing bikes which are 100% indigenous ▪ Mass foreign players have also surpassed 90% localization
Tractors	>95%	▪ Cost-sensitive segment dominated by Indian players who have localization levels close to 100%

[1] Represent more than 80 percent of sales in their respective categories (e.g., premium sedans, two-wheelers, tractors, etc.)

SOURCE: IHS Markit; Press search; Expert interviews

EXPORT VOLUME

Second, despite high component imports across regions, India's contribution to the top 15 imported components for the US, EU and China remained minuscule, ranging from 0.7 to 1 percent, suggesting room for growth. For example, at US$ 1.2 bn, India contributes only a sliver of the US's total imports of US$ 124 bn. This could change, given that India does manufacture many of the top import components in these import markets.

India's contribution to auto component imports of big importing markets

USD bn, CY 2017

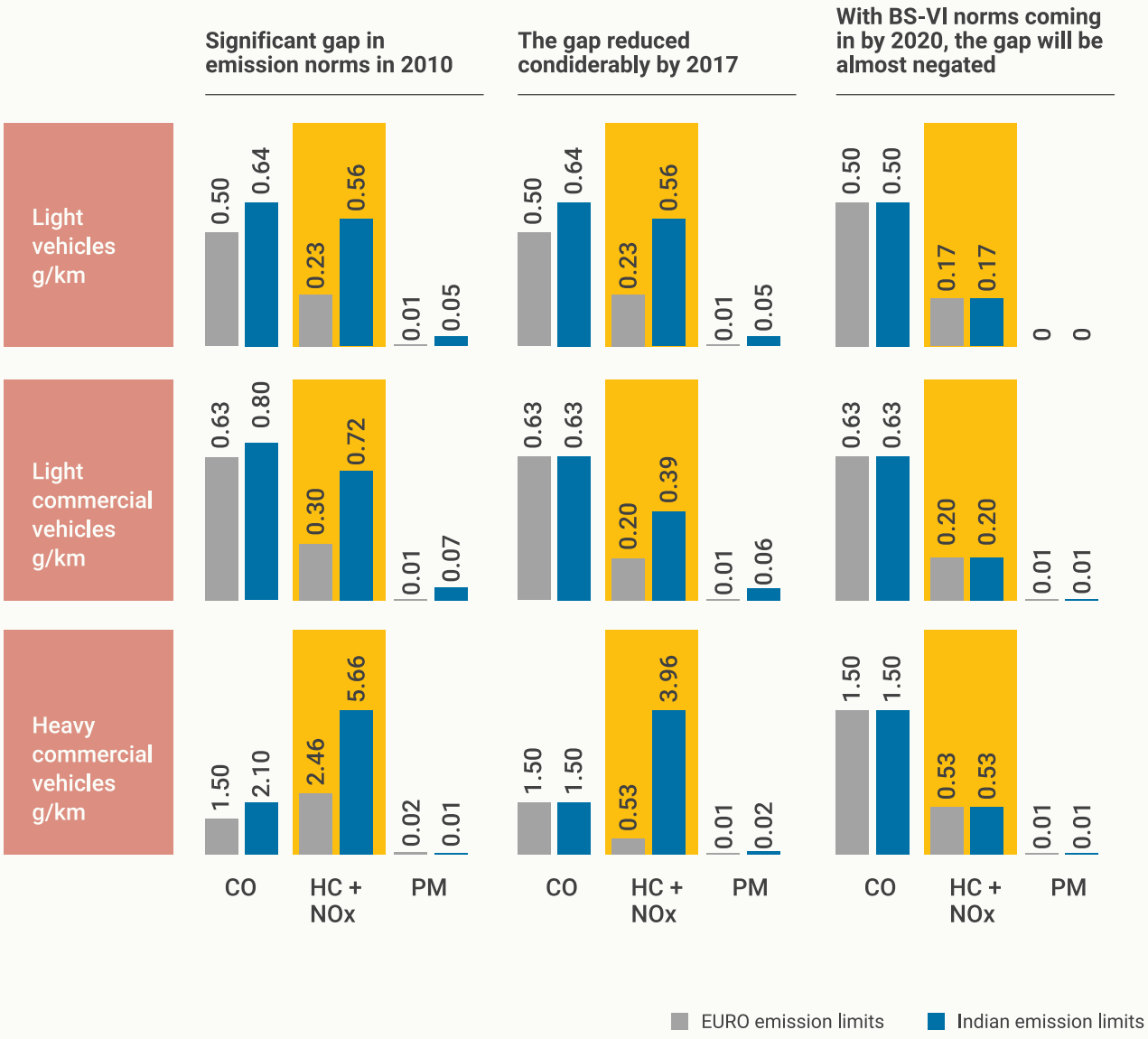
Top 15 auto component imports for various countries/regions	India's contribution to imports	Top 10 exported components
	1.2	▪ Steering reservoir & steering gear system ▪ Diesel engine parts ▪ Chasis/body ▪ Brakes and servo brakes ▪ Ignition wiring sets ▪ Pumps ▪ Drive axles ▪ Gear box and parts ▪ Forged or stamped parts ▪ Transmission shafts
	1.6	
	0.3	

SOURCE: UN Comtrade

REDUCING REGULATORY GAP

And third, the gap in regulations between India and developed markets, particularly on emissions but also in terms of safety standards, has been steadily narrowing. This creates several more opportunities for components to be exported to the developed markets. For instance, the enforcement of Bharat Stage VI emission norms in 2020 will mean that the same powertrain specifications are required in India and developed markets.

Closing gap on emission norms creates export opportunities for Indian auto industry



Source: Dieselnet database, Automotive Research Association of India

Enhance Import Substitution

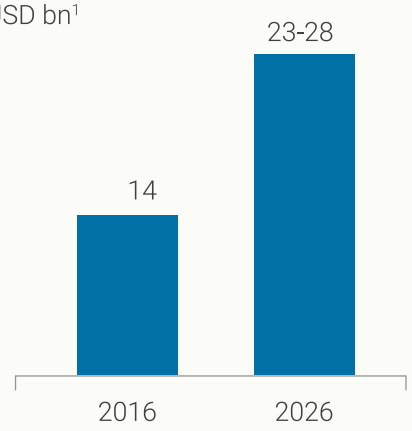
India's imports of auto components were valued at US$ 16 bn in 2018 . According to the Automotive Mission Plan, this figure could rise to nearly US$ 23 bn to 28 bn by 2026. The reasons for high and growing imports are similar to those for India's low exports—gaps on fit and finish, raw material, technology, cost-competitiveness, etc.

Exhibit 14

The expected rise in auto component imports to India indicates scope for import substitution

Indian imports of auto components

USD bn[1]



Top 10 components imported to India[2]

- Steering reservoir & steering gear systems
- Gear boxes
- Electric motors parts
- Gears parts
- Lithium-ion
- Body and frame parts
- Motorcycle parts (inner tubes, axies, clamps, radiators)
- Spart ignition engines
- Steering wheels & columns
- Engines (>250cc)

1 Calculated using exchange rate of USD 1 = INR 65
2 Import data at Hamonized System code 8 digit level

Source: UN Comtrade: Ministry of Commerce & Industry, Automotive Component Manufacturers Association

The rising thrust on Make in India and growing localization can support manufacturers to develop more parts on Indian soil. It could also help to increase the localization of premium features across segments, since these are a new source of growth.

Offer Premium Features At "Indian Costs" More Rapidly Than Before

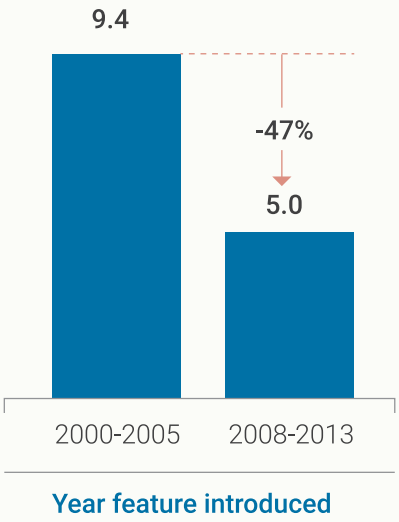
The trend of faster commoditization of premium features is a clear indicator of customer demand. Premium features now appear on mass-segment vehicles in half the time it took earlier. For example, in 2005, a high-end vehicle launched on-steering controls, which an Indian OEM offered in its mass-segment four-wheeler only in 2014 – nearly a decade later. But this process has sped up over time, so features like Bluetooth connectivity or keyless entry appeared on one of India's commonly driven mass vehicles only five years after first hitting the market on luxury vehicles. Many premium features are even travelling across segments, such as daytime running lights on commercial vehicles, ABS and Bluetooth connectivity on two-wheelers, etc.

[4]**Source**: ACMA

Exhibit 15

Premium features are seeing faster commoditization across segments

Average number of years for mass market adoption of premium features[1]



Premium feature commoditization across segments

- Bluetooth connectivity
- Keyless entry
- Daytime running lights
- Gesture control infotainment system
- EBD module
- Electronic seat adjustment system

- Climate control system
- On-steering control
- Daytime running lights (DRLs)
- Cruise control

- ABS
- Bluetooth connectivity
- Digital instrument cluster

1 Passenger vehicle analysis

Source: Company websites; Press releases

Further speeding up the appearance of premium features on mass-segment vehicles, especially on the strength of the famed Indian frugal innovation, could help to cut the time to market and costs for such offerings. It is important that auto component manufacturers anticipate the mass-market potential of such premium features—rapidly adding these to their pipeline could help them tap the high and growing demand for such features.

Focus On Component Categories That Would Contribute More To Vehicle Costs In The Future

A comparison of the top 10 component manufacturers indicates that while Indian and global auto component manufacturers play in a similar number of component categories, global companies offer as many as 50 percent more sub-categories than Indian players (27 for global, 18 for Indian).

Indian manufacturers could expand their portfolio to match global offerings, and in doing so, it would make sense to focus on component categories that might contribute more to the cost per vehicle (CPV) in coming years.

The cost composition of vehicles across various segments is changing—influenced by new technology, materials, customer expectations and automotive megatrends. For instance, a breakdown of the cost composition of light vehicles indicates that the greatest contributors to future vehicle costs are four categories:

- **Electricals & Electronics (E&E)**
- **Braking**
- **Exhaust and**
- **Passenger restraint.**

This is also true for two-wheelers, where Braking (e.g., because of ABS), Exhaust treatment and E&E (e.g., because of digital instrument clusters) could contribute more to vehicle costs. zFor commercial vehicles as well, exhaust treatment and telematics could contribute more to vehicle costs. For farm equipment, roll over protection systems, power transmission systems and pneumatic brakes are expected to contribute more to vehicle costs.

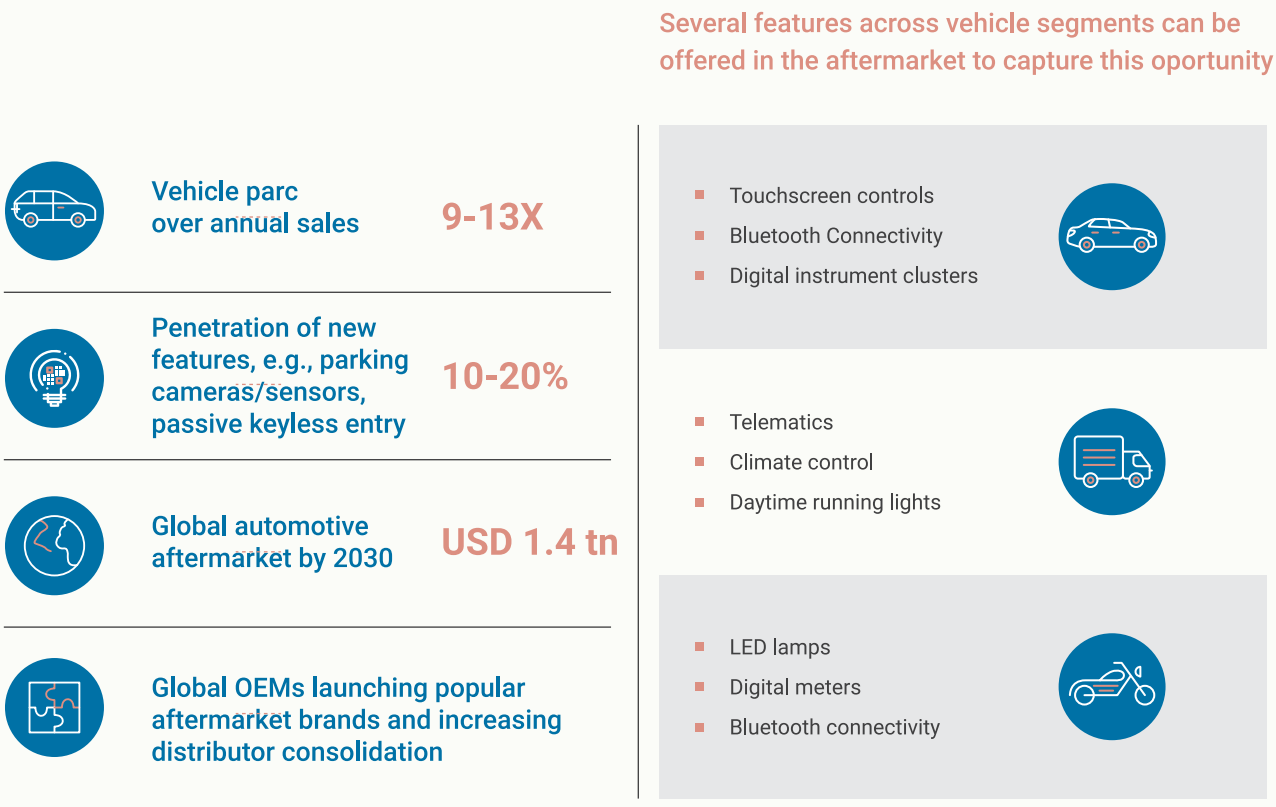
Expand Aftermarket Offerings To Capture Value From Existing Vehicle Parts And Aftermarket Exports

The global automotive aftermarket is expected to grow at around 3.5 percent per annum, to US$ 1.4 tn by 2030. Given the high vehicle parc in India (typically 9x to 13x of latest year vehicle sales), and the many attractive new features across segments (premium accessories or new technologies), auto component manufacturers could tap a ready market by producing such components. The penetration of many new features, such as parking cameras/sensors, keyless entry, etc. is only around 10 to 20 percent in new vehicles, which means there is plenty of scope to offer such components.

Several disruptions make the auto aftermarket an attractive opportunity: OEMs are creating their own brands for the aftermarket, there is a growing global trend of distributor consolidation, multiple platforms are emerging for online parts sales, and customer preferences are changing to tailored and premium service offerings.

Exhibit 16

Companies could could expand aftermarket offerings to capture value from existing vehicle parc and aftermarket exports



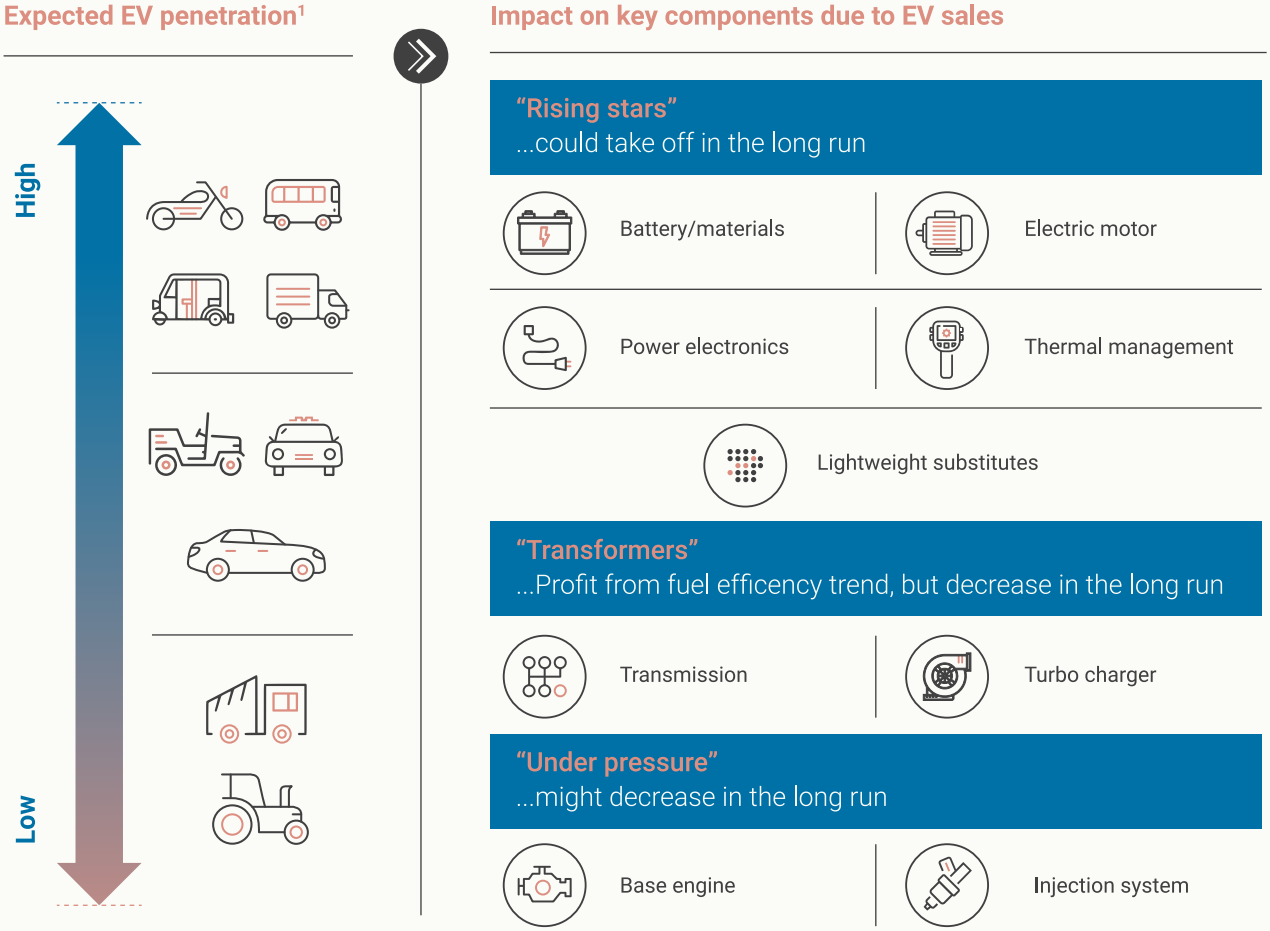
Source: Society of Indian Automobile Manufacturers

Offer "Rising Star" Components Which Could Take Off In The Long Run Due To An Increase In EV Sales

Industry experts in India believe that EVs could grow by 2030, especially for public buses, motorcycles (under 125 cc), scooters, three-wheelers and light commercial vehicles, which are likely to see at least 25 percent penetration. Various forecasts estimate that global EV penetration is likely to go up as well, at upwards of 30 percent penetration for several vehicle segments. This could result in some "rising star" components, such as batteries and battery materials, electric motors, power electronics, the demand for which is certain to spike with EV penetration. Auto component manufacturers could benefit from the opportunity to produce and supply some of these components.

While EV penetration is going to be on an upward trajectory, it is important to note that the ICE market is still going to grow—it could double from current size in 2026, based on projections from the Automotive Mission Plan 2026, even after accounting for around 30 percent EV penetration. However, increasing global EV penetration will pressure the prices of ICE components as production capacity is left idle, re-purposed or shut down. This could lead to either the dumping of ICE vehicle components in Indian markets or a shift of demand for ICE vehicle components to India.

Offer "rising star" components which would take off in the long rund due to an increase in EV sales



1 Expected penetration of battery electric vehicles (BEV), based on the mode of response from a survey of around 30 industry experts, McKinsey Centre for Future Mobility India Roundtable, 2017

Source: IHS Markit; Company websites

Offer New Or Modified Features That Could Be In Demand With Increase In Shared Mobility Penetration

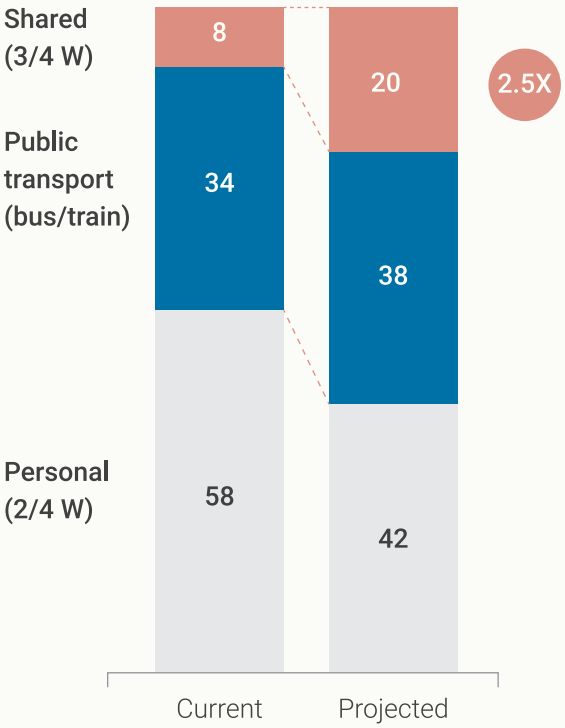
If the cost of shared mobility services drops, urban travellers could show a marked preference for shared transport. Vehicles purpose-built for shared mobility could then prove more attractive for purchasers of the vehicles and the services. Auto component manufacturers could extend their focus to offering the new or modified features needed for such vehicles—flexible room usage concepts and seating, different car sizes, low- maintenance interiors, electrification, etc. Auto component manufacturers might also find new avenues to the aftermarket for this segment through tie-ups with shared mobility service providers.

Exhibit 18

The rise of shared mobility could create demand for a set of new modified features

2.5x shared mobility penetration when offered at ~30% discount

Share of transport modes, %



Faster adoption of shared mobility services will lead to greater demand for purpose-built vehicle

Different car sizes with flexible seating
e.g., rotating swivel seats

Enhanced features for the back seat
e.g., info- and entertainment system

fewer features at the front
e.g., minimalistic dashboard with only essential features

Low maintenance interior
e.g., velour for seating

Highly flexible seating arrangement
e.g., collapsible seat

Source: Market research in Delhi and Hyderabad with a sample size of 600

Develop Data-Enabled Services and Solutions

As digital technologies penetrate all industries, companies that excel at "big data" could gain a strong competitive advantage. This would hold true for auto component manufacturers as well. A modern connected vehicle has on average 40 microprocessors and generates 25 GB of data per hour. Auto component manufacturers could collect customer, vehicle and machine data to build deep consumer insights and develop new use cases.

For example, they could look at possible offerings like:

- On-board diagnostics for end-customer convenience (smartphone-based tracking, maintenance, etc.)
- Using vehicle/component performance data to customize vehicles and improve R&D/ application engineering through understanding of duty cycles
- Plant machine data for performance improvement (OEE, MTBF, etc.)
- Advanced data management for process improvement (e.g., weight/dimension tolerance)

These could be vital inputs in fine-tuning operations, building customer leads, and boosting sales and predictive maintenance. Such insights might be equally useful to penetrate the aftermarket segment.

Form Partnerships and Ecosystems to Create and Capture Value

The arrival on the scene of many companies, often from unrelated sectors, could require auto component manufacturers to reckon with a new set of "challengers", seeing them as potential partners or as collaborators in an evolving industry. The nature of these partnerships could vary, with the most common archetypes being co-creating new data infrastructure platforms, co-creating specific technologies and co-creating new business models and consumer offerings. Examples of such partnerships can be found in India and worldwide, such as the creation of an end-to-end connected vehicle platform, co-creating an EV battery plant, and collaboration to tap an underutilized manufacturing base.

Exhibit 19

New partnership archetypes emerge in a dynamic industry

Type of partnership	Examples		
Co-creating new date infrastructure and platforms	End-to-end connected vehicle platform	Co-creating EV battery plant	Integrate in-vehicle software and systems data
Co-creating specific technologies	Crowdsourced mapping system	Better user experience through a connected infotainment ecosystem	Introducing ADAS solutions for HCVs
Co-creating new business models and consumer offerings	Co-developing entry-level premium motorcycles for emerging markets	Providing connectivity features on mainstream, mass-market vehicles at affordable prices	Collaboration to tap underutilized manufacturing base

Source: McKinsey Centre for Future Mobility; Press search

What is important to note is the urgency of forming such partnerships. The ecosystem is evolving very rapidly and auto component makers aspiring to have a share of the new products and services market would do well to enter such partnerships early on.

Expand Portfolio to Serve Adjacent Industries

As mentioned earlier, adjacent sectors like Aerospace, Defence and Agricultural Machinery offer an exciting new opportunity for auto component manufacturers. Aerospace holds clear opportunities for forged and machined components for engines, airframes and mechanical systems like landing gear, brakes and hydraulics. Similarly, for the defence industry, auto component manufacturers could operate as system suppliers to integrators or as Tier 2 suppliers to Tier 1 companies which manufacture mechanical components like hulls, turrets, engines, gearboxes, etc. They might also develop components for testing equipment and electronics. The agricultural machinery industry offers scope to develop components for sub-segments like implements, threshers and rotavators, which are expected to see a boost given the government thrust on farm mechanization.

Component manufacturers now need to think about how they could move ahead to capture the inherent potential in these tremendous opportunities.

OPPORTUNITIES IN ENGINEERING PRODUCTS

Engine & Engine Parts

- New technological changes in this segment include introduction of turbochargers & common rail systems
- The trend of outsourcing may gain traction in this segment in the short to medium term

Transmission & Steering Parts

- Share of the replacement market in sub-segments such as clutches is likely to grow due to rising traffic density
- The entry of global players is expected to intensify competition in sub-segments such as gears & clutches

Suspension & Braking Parts

- The segment is estimated to witness high replacement demand, with players maintaining a diversified customer base in the replacement & OEM segments besides the export market
- The entry of global players is likely to intensify competition in sub-segments such as shock absorbers

Equipment

- Companies operating in the replacement market are likely to focus on establishing a distribution network, brand image, product portfolio & pricing policy

Electrical

- Manufacturers are expected to benefit from the growing demand for electric start mechanisms in the 2 wheeler segment

Others (Metal Parts)

- Metal part manufacturers are likely to benefit from rising demand for body & chassis, pressure die castings, sheet metal parts, fan belts, hydraulic pneumatic instruments, mainly in 2 wheelers industry
- The prominent companies in this business are constantly working towards expanding their customer base.

KEY INVESTMENTS AND DEVELOPMENTS

The Capacity Addition Plans of Major Players, the Key Developments and FDI Investments in the Auto Components Industry reinforces the promise held by this industry and its potential to become a global hub for manufacturing.

CEAT Ltd: CEAT Ltd. is planning to invest around US$ 413.50 million to expand its tyre production during 2017-22. The company plans to reach an annual production level of 17 million - 2 wheeler tyres, 1 million - Truck & Bus Radial (TBR) tyres and 6 million - Passenger car radial tires.

IMI Precision Engineering: In October 2018, the company inaugurated its second largest manufacturing facility in the Asia Pacific region. The company is planning to expand its product and technical offerings over the course of the next few years.

Rico Auto Industries: As of August 2018, Rico Auto Industries is developing plans to invest INR 400 crore (US$ 57 million) in the next three years.

Kesoram Industries: As of December 2018, Kesoram Industries has decided to demerge its tyre business to unlock value and raise capital for expansion. The restructuring will help the company enter the high margin automotive radial tyre business.

Faurecia Interior Systems: As of June 2018, Faurecia Interior Systems has started construction of its INR 50 crore (US$ 7.46 million) instrument panel plant. The greenfield plant is being set up over an area of 12 acres and Start of Production (SOP) will be initiated from the third quarter of 2019.

Hitachi Automotive: Hitachi Automotive Systems has set up a new technical centre in Delhi in 2018 which will help the company grow in the North India market. The company also plans to step-up its production in India by 2020.

Amara Raja Batteries: In August 2018, the Board of Directors of Amara Raja Batteries approved setting up of a INR 700 crore (US$ 99.74 million) greenfield automotive battery plant with a production capacity of 6.5 million units per annum. As of October 2018, the company decided to further enhance the capacity of the plant to 10.8 million units in phases.

Continental: As of December 2018, German automotive major Continental has planned investments of INR 180 crore (US$ 25.65 million) for setting up a premium surface materials facility in Pune. The facility will have an initial capacity of five million square metres and is expected to start production in 2020.

UNO Minda: UNO Minda Group is expanding its manufacturing capacity in Gujarat with a total investment of US$ 91.87 million.

CAPACITY ADDITION PLANS OF MAJOR PLAYERS

BOSCH

- Bosch inaugurated its 15th plant in November 2015, specialising in manufacturing power tools.
- As of February 2018, Bosch has decided to invest INR 500 – INR 800 crore (US$ 77.58 – 124.13 million) over the next two years (FY19 and FY20) to expand operations in India and increase R&D to develop products for the global market.

APOLLO TYRES LTD.

- The company is planning to invest over INR 1,800 crore (US$ 279.29 million), as of January 2018, for setting up of a new plant in Andhra Pradesh. The new facility will help the company cater to the growing demand for passenger vehicle tyres.
- The foundation stone for the plant has been laid and construction of the plant is expected to start in the next 6 months and production is expected to commence within 24 months.

TATA AUTO COMPONENT SYSTEMS

- Tata Auto Component Systems is setting up 5 auto component manufacturing plants in Sanand, Gujarat, at an investment of US$ 62 million. It is also investing US$ 114 million for capacity addition in its Chakan plant in Maharashtra.

HELLA

- HELLA is building its second manufacturing plant in Gujarat with an estimated investment of US$ 5.36 million in the first phase.

NGK

- NGK Technologies India Pvt. Ltd., subsidiary of NGK Insulators, Ltd. was established to market automotive related & metal components across India.

TVS

- India's TVS Group has acquired a 90 per cent stake in Universal Components UK Ltd for US$ 19.2 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.
- Lucas TVS, a joint venture (JV) between Lucas UK and TVS, is going to introduce traction motors by 2019, which will cater to the growing number of electric rickshaws and electric three-wheeler segments.

FOREIGN DIRECT INVESTMENTS

The cumulative Foreign Direct Investment (FDI) inflows into the Indian automobile industry during the period April 2000 – September 2016 were recorded at US$ 15.80 billion, as per data by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments made into the Indian auto components sector are as follows:

- Gestamp, a Spanish automobile component manufacturing company, has invested INR 260 crore (US$ 38.63 million) in a new hot stamping plant in Pune, in order to cater to the increasing demand for lighter vehicles in India.
- Exide Industries, India's biggest automotive battery maker, plans to invest around INR 300 crore (US$ 45 million) in West Bengal to expand its capacity for advanced motorcycle batteries over a period of 18 months.
- Motherson Sumi Systems Ltd, an automobile components manufacturer, has acquired Finland-based truck wire maker PKC Group Plc for € 571 million (US$ 609.57 million), which will help the company expand its presence in the global wiring harness business for commercial vehicles.
- Sundaram Clayton, part of the TVS group, plans to invest US$ 50 million in the US and INR 400 crore (US$ 59.76 million) in India over the next three years.
- Mercedes Benz India Private Limited has set up India's largest spare parts warehouse in Pune, with an area of 16,500 square meters which can stock up to 44,000 parts. It will also include a vehicle preparation centre that can stock up to 5,700 cars to customise them before delivery.
- JK Tyre and Industries Ltd, India's leading tyre manufacturer, has acquired Cavendish Industries Ltd (CIL) for INR 2,200 crore (US$ 329.2 million), which will enable JK's entry into the fast-growing two-wheeler and three- wheeler tyre market.
- Japanese auto major Honda is planning to step up supply and target exporting of auto components worth INR 1,500 crore (US$ 224.45 million) from India to its various international operations.
- Auto components maker Bharat Forge Ltd (BFL), the flagship company of the US$ 3 billion Kalyani Group, has formalised agreement with Rolls-Royce Plc which will supply BFL with critical and high integrity forged and machined components.
- Canada's Magna International Incorporated has started production at two facilities in Gujarat's Sanand, which will supply auto parts to Ford Motor Co in India.
- Everstone Capital, a Singapore-based private equity (PE) firm, has purchased 51 per cent stake in Indian auto components maker SJS Enterprises for an estimated INR 350 crore (US$ 51.35 million).
- ArcelorMittal signed a joint venture agreement with Steel Authority of India Ltd (SAIL) to establish an automotive steel manufacturing facility in India.

- German auto components maker Bosch Ltd opened its new factory at Bidadi, near Bengaluru, which is its fifth manufacturing plant in Karnataka. The company has also signed a memorandum of understanding (MoU) with Indian Institute of Science (IISc), Bengaluru with a view to strengthen Bosch's research and development in areas including mobility and healthcare thereby driving innovation for India-centric requirements.
- French tyre manufacturer Michelin announced plans to produce 16,000 tonnes of truck and bus tyres from its Indian facility, a 45 per cent rise from the previous year.
- Amtek Auto Ltd acquired Germany-based Scholz Edelstahl GmbH through its 100 per cent Singapore-based subsidiary Amtek Precision Engineering Pte Ltd.
- MRF Ltd plans to invest INR 4,500 crore (US$ 660.231 million) in its two factories in Tamil Nadu as part of its expansion plan.
- Hero MotoCorp is investing INR 5,000 crore (US$ 733.59 million) in five manufacturing facilities across India, Colombia and Bangladesh, to increase its annual production capacity to 12 million units by 2020.

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