

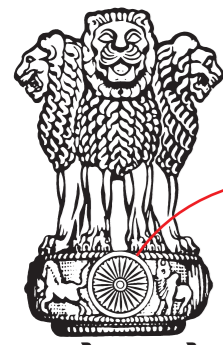


MAKE IN INDIA

AUTO COMPONENTS



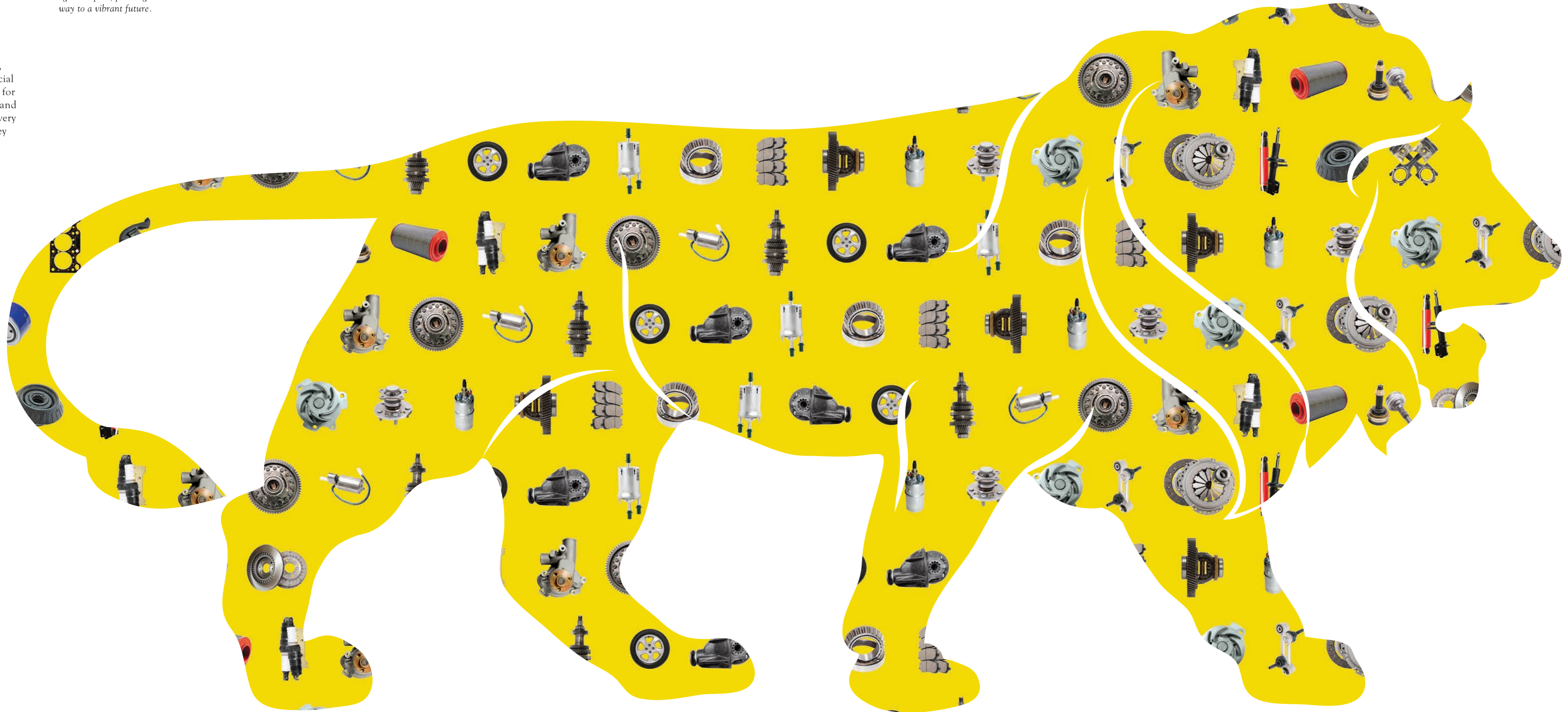
**FROM AGRICULTURE TO AUTOMOBILES
FROM HARDWARE TO SOFTWARE
FROM SATELLITES TO SUBMARINES
FROM TELEVISIONS TO MOVIES
FROM BRIDGES TO BIOTECHNOLOGY
FROM PAPER CLIPS TO POWER PLANTS
FROM ROADS TO CITIES
FROM FRIENDSHIP TO PARTNERSHIP
FROM PROFIT TO PROGRESS
WHATEVER YOU WANT TO MAKE:
MAKE IN INDIA**



The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.

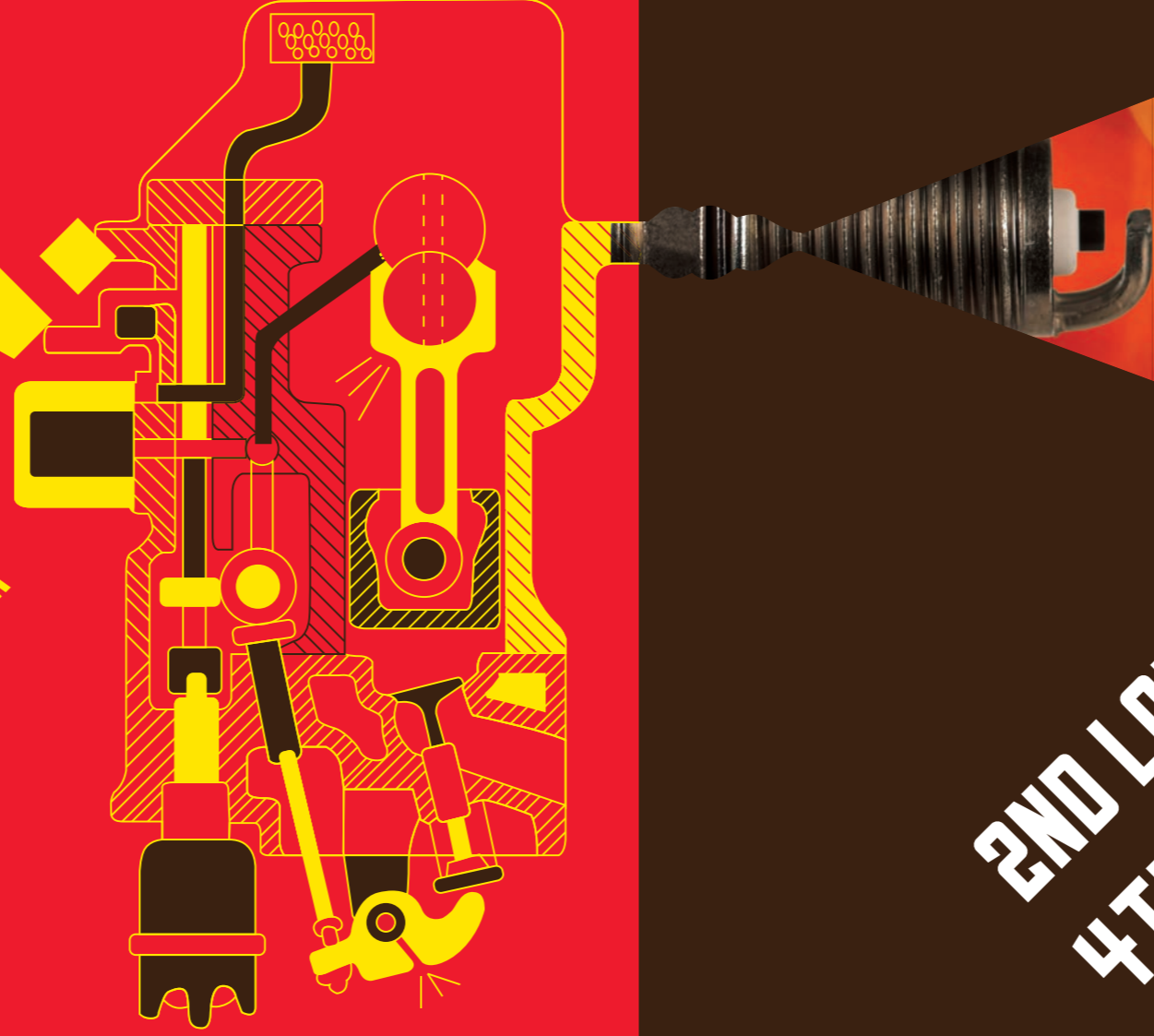
सत्यमेव जयते

Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



WE HAVE IGNITION

THE WORLD'S LEADING AUTO PARTS MAKER IS ONE OF
THE WORLD'S TOP 5 STEEL PRODUCERS. MAKE YOUR
MARQUE IN INDIA.



2ND LARGEST STEEL PRODUCER BY 2015
4TH LARGEST STEEL PRODUCER IN THE WORLD
USD 39.7 BILLION TURNOVER IN 2012-13
17% INCREASE IN EXPORTS DURING 2008-13
USD 9.7 BILLION IN EXPORTS DURING 2012-13

NEW INITIATIVES

THE MAKE IN INDIA PROGRAM
INCLUDES MAJOR NEW INITIATIVES
DESIGNED TO FACILITATE INVESTMENT,
FOSTER INNOVATION, PROTECT
INTELLECTUAL PROPERTY AND BUILD
BEST-IN-CLASS MANUFACTURING
INFRASTRUCTURE.

1 NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2 NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3 NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE,
CONSTRUCTION AND RAILWAYS FOR FDI

4 NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME
INVESTORS FROM TIME OF ARRIVAL
- FOCUSED TARGETTING OF COMPANIES ACROSS SECTORS

FACTS + FIGURES

REASONS TO INVEST

- An emerging global hub for sourcing auto components.
- Geographically closer to key automotive markets like the ASEAN, Japan, Korea and Europe.
- Cost competitiveness.
- Fourth largest producer of steel in the world.
- Cost of making steel significantly lower than competitive nations.
- Slated to become the second largest steel producer by 2015.
- Several global Tier-I suppliers have announced plans to increase procurement from their Indian subsidiaries.

GROWTH DRIVERS

- A growing working population and an expanding middle class are expected to remain key demand drivers.
- The presence of a large pool of skilled and semi-skilled workforce and a strong educational system.
- Increased investments in R&D operations and laboratories, which are being set up to conduct activities such as analysis, simulation and engineering animations.
- Reduction in excise duties in the motor vehicles sector will spur demand for auto components.
- 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.

STATISTICS

- Turnover of USD 39.7 Billion in 2012-13.
- Growth expected to reach USD 115 Billion by 2020-21.
- Market estimated to become the third largest in the world by 2016, accounting for more than 5% of global vehicle sales.
- Expected to become the fourth largest automobiles producer globally by 2020 after China, US and Japan.
- Exports of auto components increased at a CAGR of 17% during 2008-13, reaching USD 9.7 Billion in 2012-13.

INVESTMENT OPPORTUNITIES

ENGINE & ENGINE PARTS:

- New technological changes like turbochargers and common rail systems.
- Outsourcing to gain traction in the short to medium term.

TRANSMISSION & STEERING PARTS:

- Replacement market share 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 and clutches.

SUSPENSION & BRAKING PARTS:

- The segment is estimated to witness high replacement demand, with players maintaining a diversified customer base in the replacement and OEM segments besides the exports.
- 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 and pricing policy.

METAL PARTS:

- Manufacturers are expected to benefit from the growing demand for sheet metal parts, body & chassis, fan belts, pressure die castings, hydraulic pneumatic instruments in the two-wheeler segment.
- Leading players in the sheet metal parts sub-segment are in the process of expanding their customer base.

NATIONAL MISSION FOR ELECTRIC MOBILITY (NMEM) 2020:

- The Government of India has launched a National Mission for Electric Mobility (NMEM) 2020 in 2013 to foster adoption of electrical vehicles (including hybrid vehicles), and their manufacture in India.
- It is estimated that there will be a huge demand in India for low cost hybrid and electric vehicles (xEVs) that are suitable short-distance urban commutes (averaging 50-100 kms per trip) and rugged enough to perform reliably in the summer and in the monsoon season in India. It is estimated that sales for such vehicles would amount to 6-7 Million units by 2020.

FDI POLICY

- 100% FDI is allowed under the automatic route in the auto components sector, subject to all the applicable regulations and laws.



FINANCIAL SUPPORT

KEY PROVISIONS OF THE 2014-2015 UNION BUDGET:

→ Excise duty is being exempted on parts of tractors removed from one or more factories of a tractor manufacturer to another factory of the same manufacturer for manufacture of tractors.

Any of the following two deductions can be availed:

→ Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion.

→ In order to provide a further fillip to companies engaged in the manufacture of an article or thing, the said benefit is an additional deduction of 15% of cost of new P&M, exceeding INR 250 Million which is acquired and installed during any previous year ending up to 31.3.2017.

R&D INCENTIVES FOR INDUSTRY AND PRIVATE SPONSORED RESEARCH:

→ A weighted tax deduction is given under section 35 (2AA) of the Income Tax Act.

→ Weighted deduction of 200% is granted to assesses for any sums paid to a national laboratory, university or institute of technology, or specified people with a specific direction and that the said sum is used for scientific research within a program approved by the prescribed authority.

MANUFACTURERS WITH AN IN-HOUSE R&D CENTRE:

→ Weighted tax deduction of 200% under Section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure, incurred on scientific research and development. Expenditure on land and buildings is not eligible for deduction.

→ Concessional excise duty of 6% extended to March 31, 2015 for manufacturers of batteries supplying to producers of electrically operated vehicles.

→ Exemption from basic customs duty on lithium-ion automotive batteries that are used in the manufacture of hybrid and electric vehicles.

STATE INCENTIVES:

→ Apart from the above, each state in India offers additional incentives for industrial projects.

→ Incentives are in areas like subsidised land cost, relaxation in stamp duty exemption on sale and lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies, tax incentives, backward areas subsidies and special incentive packages for mega projects.

EXPORT INCENTIVES:

→ Export promotion capital goods scheme.

→ Duty remission scheme.

→ Focus product scheme, special focus product scheme and focus market scheme.

AREAS BASED INCENTIVES:

→ Incentives for units in SEZ/NIMZ as specified in respective Acts or setting up projects in special areas like the North-east region, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.



SECTOR POLICY

AUTO POLICY 2002:

→ Automatic approval for 100% foreign equity investment in auto components manufacturing facilities.

→ Manufacturing and imports in this sector are exempt from licensing and approvals.

AUTOMOTIVE MISSION PLAN 2006-16:

→ Setting up a technology modernisation fund focusing on small and medium enterprises.

→ Establishment of automotive training institutes and auto design centres, special auto parks and virtual SEZs for auto components.

NATIONAL AUTOMOTIVE TESTING AND R&D INFRASTRUCTURE PROJECT (NATRIP):

→ A total of USD 388.5 Million to enable the industry to adopt and implement global performance standards.

→ Focus on providing low-cost manufacturing and product development solutions.

DEPARTMENT OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES:

→ USD 200 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).

NATIONAL MISSION FOR ELECTRIC MOBILITY (NMEM) 2020:

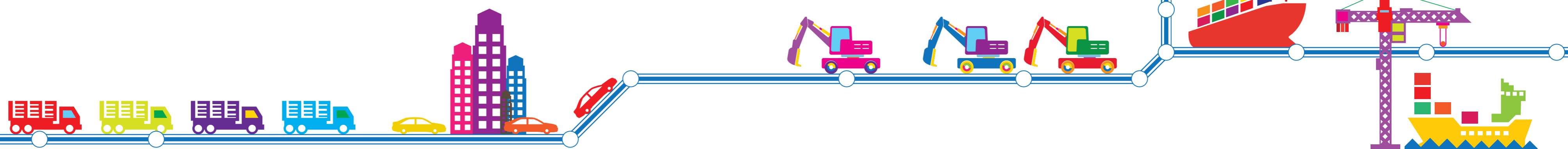
→ The National Mission for Electric Mobility 2020 was launched on 9 January, 2013 for foster adoption of electrical vehicles (including hybrid vehicles), and their manufacture in India to encourage reliable, affordable and efficient xEVs that meet consumer performance and price expectations through government industry collaboration for promotion and development of indigenous manufacturing capabilities, required infrastructure, consumer awareness and technology, helping India emerge as a leader in the xEVs two-wheeler and four-wheeler market in the world by 2020, with total xEV sales of 6-7 Million units.

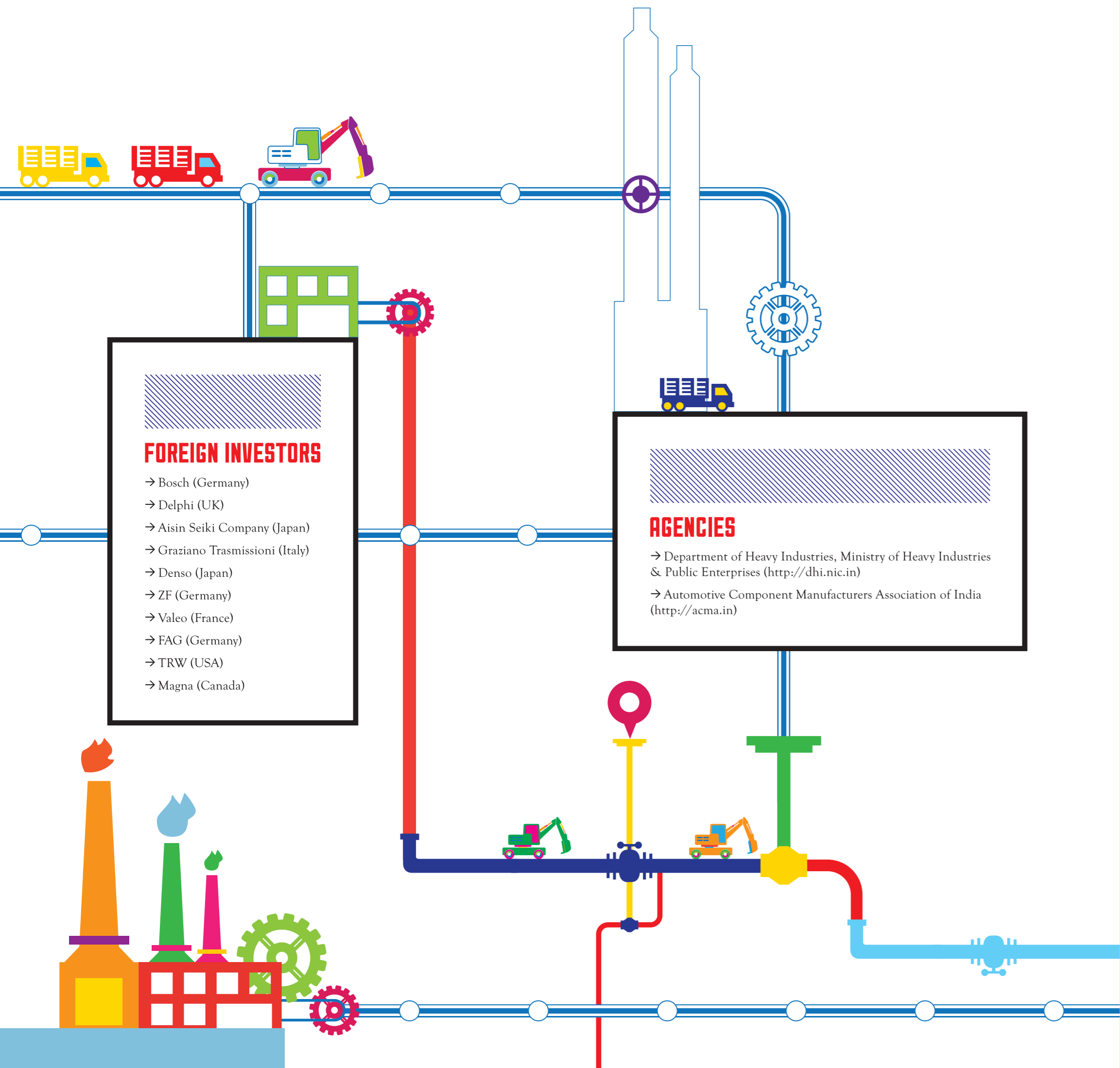
→ It is estimated that there will be excellent demand in India for low cost xEVs that are suited for safe short-distance urban commute (average 50-100 km/trip), and are rugged enough to perform reliably through the most hot climatic conditions that also see torrential monsoon rains for 3-4 months of the year.

PILOT PROJECTS OF ELECTRIC VEHICLE:

→ Department of Heavy Industry (DHI) is launching pilot projects on electric vehicles in Delhi and subsequently in other metros and other cities all across the country with a dual purpose of demonstrating and educating the people about the benefits of adopting clean and green mode of transportation.

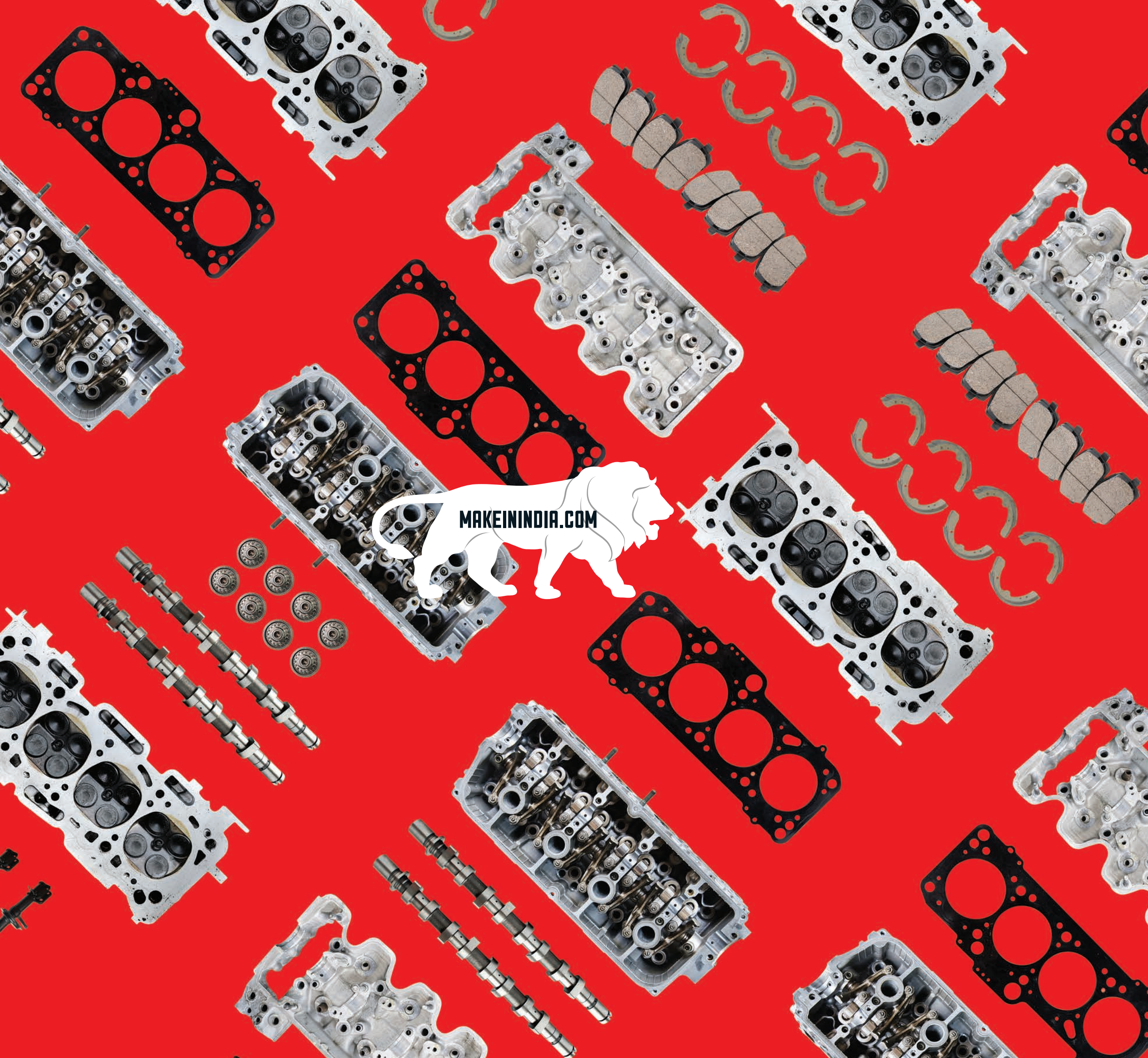
→ It will provide the viability gap funding through subvention to support the extra cost of acquisition and operation of these vehicles by state governments or designated bodies. In the first phase, a pilot project to provide last mile connectivity to Delhi Metro by electric passenger vehicles has been approved.





GOVERNMENT OF INDIA

Department of Industrial Policy & Promotion
Ministry of Commerce & Industry
Investor Facilitation Cell
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