

Indian Automotive Components Industry has short term risks but long term prospects are excellent, according to a new research study

LONDON (21 May 2008) - The Indian automotive components market has experienced 5 years of rapid growth, driven by strong growth in consumer demand for vehicles, exports and an increasingly supportive regulatory environment.

The industry is still relatively fragmented with hundreds of small component manufacturers – but the largest players now have the scale and capability to compete in international markets and meet the growing domestic demand. Through collaborating with technically sophisticated overseas manufacturers, they have developed the design and manufacturing expertise to become OEM and Tier 1 suppliers.

Foreign investment rules allow overseas players to establish 100% owned subsidiaries; this has helped to integrate the India into the world market and also forced domestic players to enhance the quality of their products.

The industry does face a number of challenges including poor power and transport infrastructure, counterfeit components, currency risk and increasing competition from other emerging countries (particularly China, Vietnam and Malaysia).

Domestic demand is the primary 'long term' growth driver for the automotive components industry - both due to India's current, modest level of car ownership and also the commercial vehicles market. As middle class Indians purchase more sophisticated cars, they are also less likely to buy replacement components from the 'unorganised sector'. Lower income groups are now able to afford 2 wheelers and cars such as the Rs 1 lac (US\$2,000) Tata Nano car.

This new research study provides a comprehensive analysis of the Indian Automotive Components Industry. It covers: market size and structure; historical development; regulatory environment; detailed quantitative analysis of demand drivers; major players; foreign investment and key OEM/Tier 1 collaborations and partnerships; and growth prospects.

The report contains profiles of the following automotive component manufacturers: Amtek Auto, Asahi India, Automotive Axles, Balkrishna Industries, Bharat Forge, Bharat Gears, Bosch India, Bosch Chassis Systems, Clutch Auto, Denso India, Exide Industries, Fag Bearings, Gabriel India, Jamna Auto, Jay Bharat Maruti, Lumax Industries, Minda Industries, Motherson Sumi, Munjal Showa, Omax Auto, Pricol, Rane Brakes, Rico Auto, Setco Automotive, Sona Koyo Steering Systems, Subros, Sundaram Clayton, Sundram Fasteners and Ucal Fuel Systems. Each profile covers the company's key activities, financials and joint ventures and partnerships.

The report is targeted at automotive and component manufacturers who are keen to build a detailed understanding of the industry in India and the opportunities it presents. In addition to this, it will be extremely useful for financial investors pursuing investment opportunities in India, consultants and other industry analysts.

Commenting on the research, Harjinder Singh-Heer, Director of India Analysis said "India's low vehicle penetration and the strategic importance of the automotive sector to the country's economy mean that there remain many opportunities in the Indian market."

India Analysis is a research firm focused on helping investors and companies better understand commercial opportunities in India. India Analysis is a division of Heernet Ventures Limited.

For further information or to order the report: visit IndiaAnalysis.com

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