

Quote by Anurag Singh, Advisor, Primus Partners

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Auto-parts companies tap electronics as new growth avenue: Report

By 2030, electronics are expected to account for over 25 per cent of vehicle cost, analysts tracking the sector noted

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Jefferies Stated That The Indian Government Has Placed Strong Emphasis On Boosting Domestic Electronics Production. Image: Bloomberg

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With electronics production growing at a compounded annual growth rate of 15 per cent, auto-component makers are shifting their focus beyond traditional automotive products to electronics components manufacturing, said a recent report by Jefferies.

By 2030, electronics are expected to account for over 25 per cent of vehicle cost, analysts tracking the sector noted, opening up new growth opportunities for auto-parts makers.

Jefferies stated that the Indian government has placed strong emphasis on boosting domestic electronics production, aiming to increase value addition from the current 18-20 per cent to around 35 per cent by 2030.

Auto-component makers, known for their precision manufacturing and close ties with global original equipment manufacturers (OEMs), are well positioned to leverage their expertise in electronics manufacturing, analysts said.

Jefferies pointed out that industry leaders have already begun taking steps in this direction. Motherson has entered the consumer electronics space through a joint venture with Hong Kong-based BIEL Crystal, investing around Rs 2,600 crore in mobile glass manufacturing. Bharat Forge, meanwhile, has partnered with AMD and Compal Electronics to manufacture servers, utilising its existing Surface Mount Technology (SMT) facility.

Anurag Singh, advisor at Primus Partners, said, “Electronics is the fastest growing part of the automobile now. In 2020, they formed about 5 per cent of vehicle cost; by 2030, it will be over 25 per cent, which is a five times jump. Electronics will grow regardless of whether vehicles are internal combustion engine or electric vehicle. India’s automotive electronics sector has a huge headroom to grow both for domestic consumption and exports, and frankly, I feel we are punching below our weight class. I expect this segment to grow over 15 per cent CAGR over the next five years.”

Experts believe that as India builds its electronics sector, the same strengths—manufacturing expertise, global partnerships, and supply chain efficiency—that have supported the auto-components industry can help these companies establish themselves as key players in electronics manufacturing. The crossover between auto and electronics is already visible in global supplier networks, with firms such as Alps Alpine, AGC, Bosch, Minebea Mitsumi, and Sumitomo Electric operating in both industries.