

Automobile Industry

VALUE REPORT

May
2024

Primus Partners Analysis

India's Automobile Industry grew **19% in value** in FY 24

IN THIS REPORT

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India Automobile Value Report - II

Second of our series of Value Reports.
Where did the value grow? What were the
drivers?

02

Break up of the Industry Value

A segment wise break up of the Automobile
Industry Value. Which segments contributed
the most in terms of value and volume?

03

Rise and Rise of UV Segment

Why are SUV / UV the most preferred vehicle?

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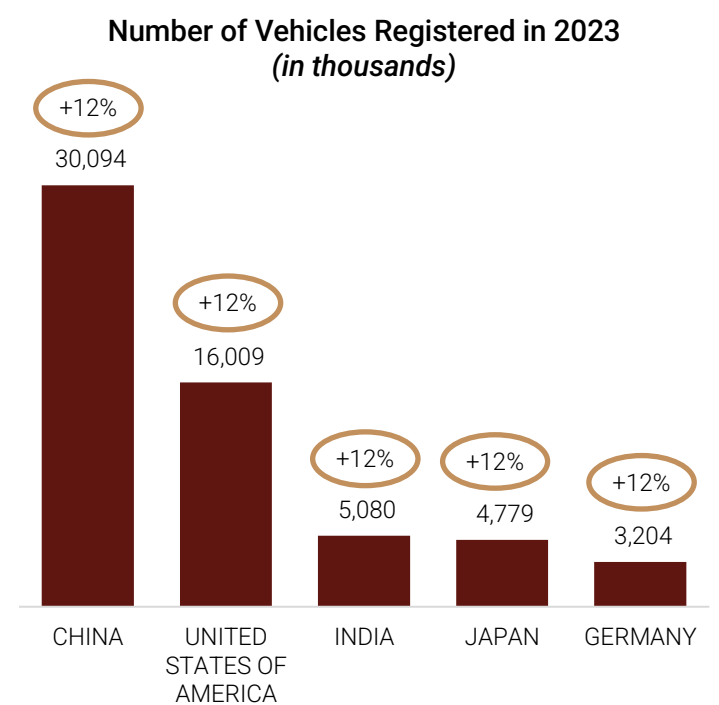
Global Automobile Scenario

2023-24 proved to be a strong year for the global automobile industry. The lingering pent-up demand from the COVID-19 pandemic remained active, and many of the supply chain constraints eased up. According to Organisation Internationale des Constructeurs d'Automobiles(OICA), the Global Auto Industry grew by ~12% in terms of vehicles sold in 2023.

Global Pecking Order : The OICA also reported that India ranked as the world's third-largest market for vehicle registrations, including passenger cars, LCVs, HCVs, and buses for the calendar year 2023:

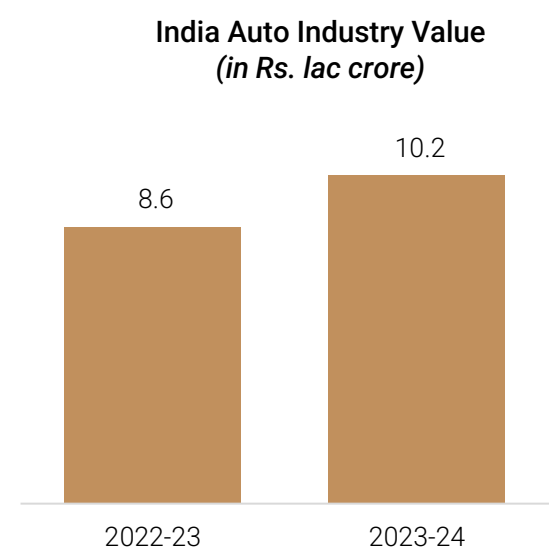
1. China
2. USA
3. India
4. Japan
5. Germany

However, the average price of a vehicle sold in India is significantly lower compared to advanced countries. According to JATO Dynamics, India would rank in the mid-teens in terms of value.



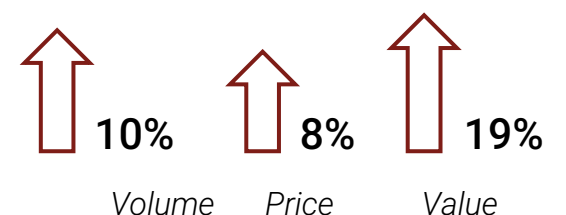
Source: OICA

While India is #3 in terms of vehicles registered, in terms of value, it is behind Japan and Germany



India Automobile Industry grew 19% in value in 2023-24

2023-24 was a positive year for the Indian Automobile Industry. According to SIAM, the number of vehicles sold grew by 10% year-over-year. This report presents the insights from a ground up study on the market value of Indian Automobile Industry carried out by Primus Partners.



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Growth of the Indian Automobile Industry

Given below is a deep dive into the changes in various automobile segments compared to 2022-23:



- Volume of the **UV + SUV segment** increased by 23%, with average price increasing by 16% and the overall value increasing by a massive 39%. A detailed analysis and breakup of this surge in value is presented in the following chapters.



- Volume of **Passenger Vehicles (PV)** or cars decreased by 9%, while price went up by 5% resulting in a decrease of 4% in value. In 2023-24, the market shift from cars to Utility Vehicles (UV) continued.



- Volume of **2 wheelers (2W)** grew by 10%, price increased up by 3% and value rose by 13%.

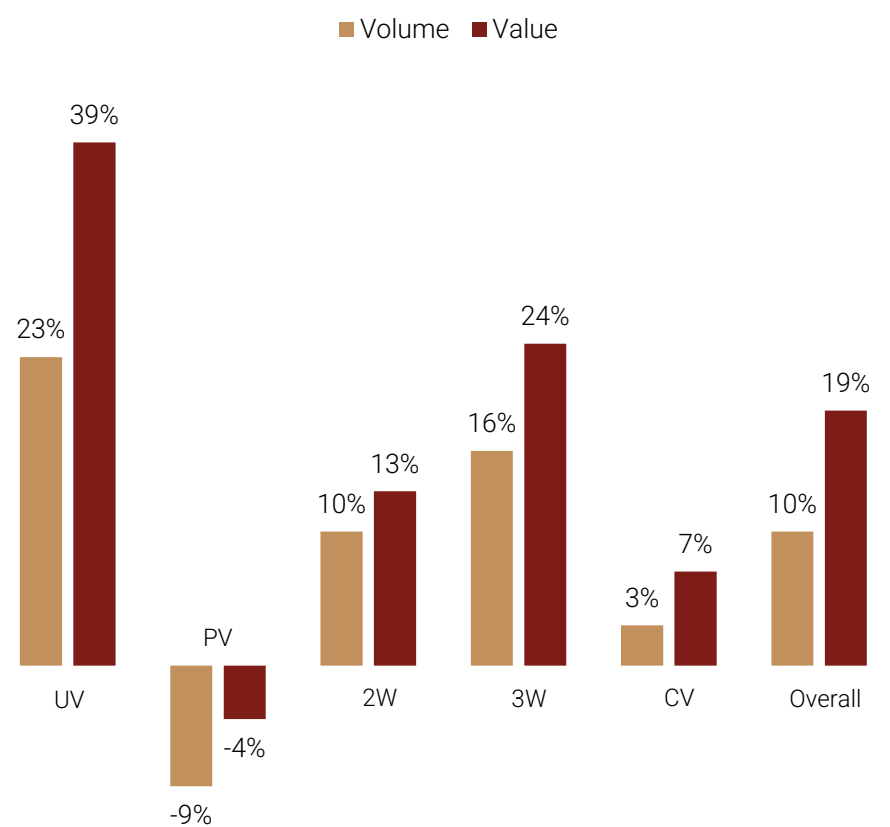


- Volume of **3 wheelers (3W)** grew by 16%, price increased by 8% and value went up by 24%.



- Volume of **Commercial Vehicles (CV)** grew by 3%, price increased by 4% and value went up by 7%.

Growth of Indian Automobile Industry 2023-24 vs 2022-23



While India grew 10%(including 2 wheelers) in terms of vehicles produced, in terms of value, it grew by 19%.

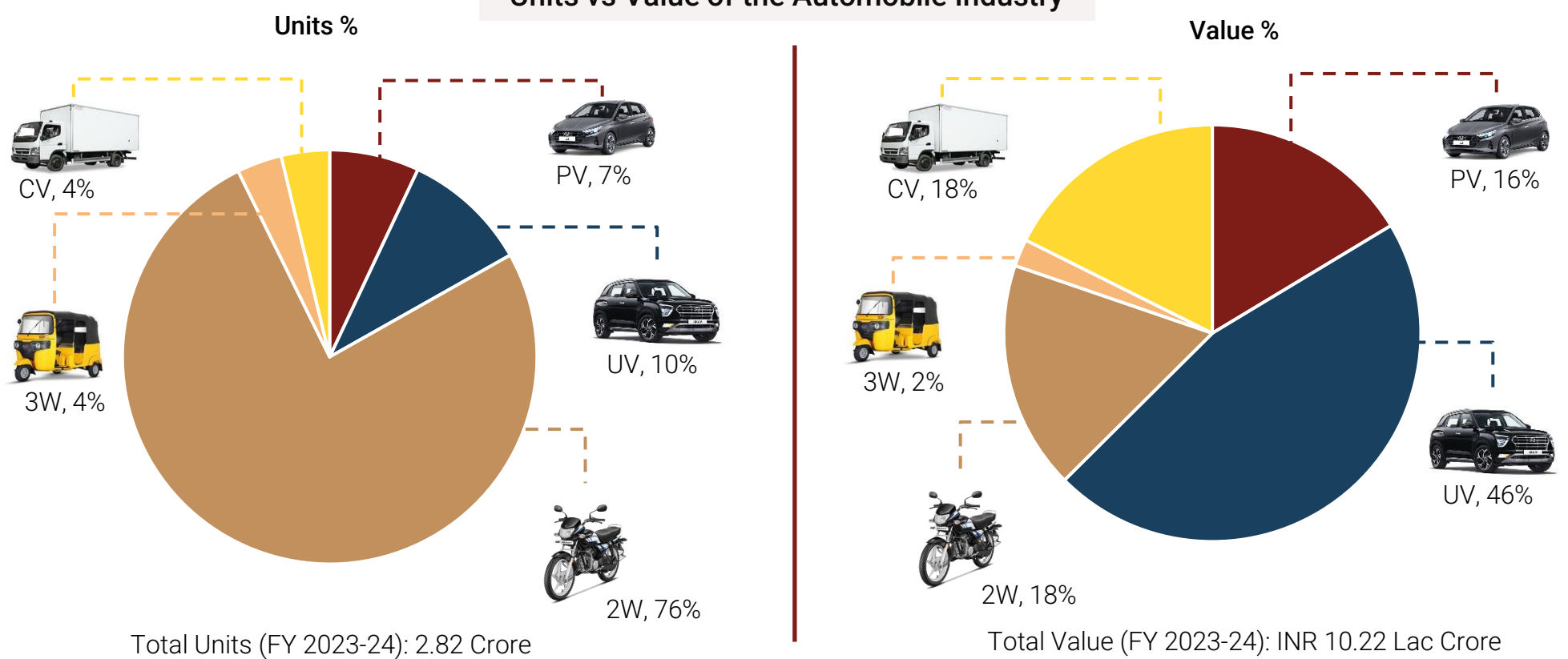




02 A. Breakup of INR 10.22 Lac Cr. Industry Value

The automobile industry produced **2.8 crore vehicles** during 2023-24, with two wheelers surpassing other vehicle categories with 76% of production numbers. Four-wheeler passenger vehicles generated the highest Value share which contributed to 63% of the **INR 10.22 lac crore** Value generated by the industry.

Units vs Value of the Automobile Industry



7 % of units
16% of Value

Passenger Vehicles

India is #3 in passenger vehicles production behind China and USA. India is expected to be the fastest growing geography. Passenger vehicle category values over **INR 1.7 lac crore** and accounts for **7% of the volume** and **16% of value**. The key manufacturers in this segment are Maruti, Hyundai, KIA, TATA, Toyota, and Mahindra



10 % of units
46% of Value

Utility Vehicles

India produced **27.7 lac** utility vehicles that account to **INR 4.72 lac crore**. Furthermore, utility vehicles accounted for **10% of volume** and a significant **46% of value**. The key manufacturers in this segment are TATA, Mahindra & Mahindra, Toyota, and Kia.



76 % of units
18% of Value

Two-Wheelers

India is #1 country for two-wheeler production, closely matched by China. Over 20 million two-wheelers were produced during the last year, accounting for **76% of the volume** share. The overall segmented accounted for **INR 1.8 lac crore** amounting to **18% of value**. The key manufactures in this segment are Hero Motocorp, Honda Scooters, Bajaj, TVS etc.



4% of units
2% of Value

Three Wheelers

India produced **9.9 lac** three-wheelers that account to **INR 0.21 lac crore**. Furthermore, three-wheeler accounted for **4% of volume** and **2% of value**. The key manufacturers in this segment are Atul, Mahindra & Mahindra, and Continental Engines.



4 % of units
18% of Value

Commercial Vehicles

India has produced over **10.66 lac** commercial vehicles ranging from a small 4-wheel carrier with less than 2-ton capacity to large tractor trailers and specialty vehicles like tippers. The commercial vehicles category generates over **INR 1.8 lac crore** and accounts for **4% of volume** and **18% of value**. The key manufacturers in this segment are TATA, Ashok Leyland, Eicher, and BharatBenz.



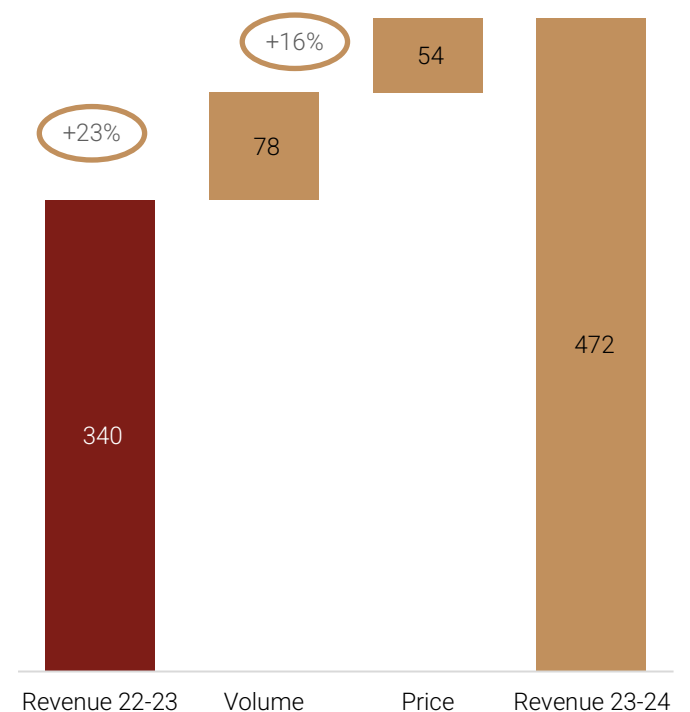
03 The Rise and Rise of the UV Segment

UV / SUV segment has grown 23% in Volume, and 39% in Value

Why are SUV / UV preferred vehicle for Indians?

- The form factor works well – they are roomier, have an upright seating position, and higher luggage capacity
- They have higher ground clearance, which works well for Indian roads having potholes, high speed bumps makes higher ground clearance a preference.
- Many hatchbacks and cars which are not primarily meant for off-road capabilities, are getting a makeover and are getting the form factor of SUVs.
- Their perceived prestige value is higher.
- Rural India is buying more and more vehicles, and prefer SUV / UV

Utility Vehicles Value
(in Rs. 1000's cr)



UV / SUV Segment has grown 16% in Price

The average price of UV went up by 16%, which is quite a lot for a year. The top 5 reasons for this growth have been :

1. **General Rise in price:** The OEMs were able to dictate series of price rises through the year on back of good demand and limited production
2. **Shift to a higher segment:** Consumers are increasingly shifting towards higher-end UV segments, opting for more premium and luxurious models.
3. **Shift to Hybrid:** Hybrid UVs offer better fuel efficiency and lower emissions, typically come at a premium compared to their conventional counterparts.
4. **Shift to Automatic Gears:** Consumers are willing to pay a premium for the convenience and comfort provided by automatic transmissions.
5. **Popularity of Sunroof:** The increasing demand for sunroofs, now common in mid to high-end UV variants, has driven up the average price of UVs.
6. **Shift to higher variant:** Consumers are increasingly opting for higher variants of UV models, which come with additional features, better technology, and enhanced comfort.
7. **Shift to higher EV:** The growing shift towards higher-end electric UVs with longer ranges and advanced technology has significantly increased the average price.



Hybrid powertrain



Automatic Gear



Sunroof



03 Break up of the UV Segment

UVC

UVC category has seen an increase of 20% in terms of Production, 18% in price and an increase of 48% in Value from last year. This highlights a significant growth in this sub-segment, showing that consumers prefer small-sized SUVs such as Bolero, WR-V, Venue, Exter Sonet etc.

UV1

UV1 segment has seen an increase of 27% in terms of Production, decrease of 4% in price and an increase of 23% of Value from last year. Examples in segment Hyryder, Ertiga, Creta, Elevate

UV2

UV2 segment has seen an increase of 21% in terms of Production, and an increase of 50% in Value from last year. Examples in segment Alcazar, Hector, Harrier

UV3

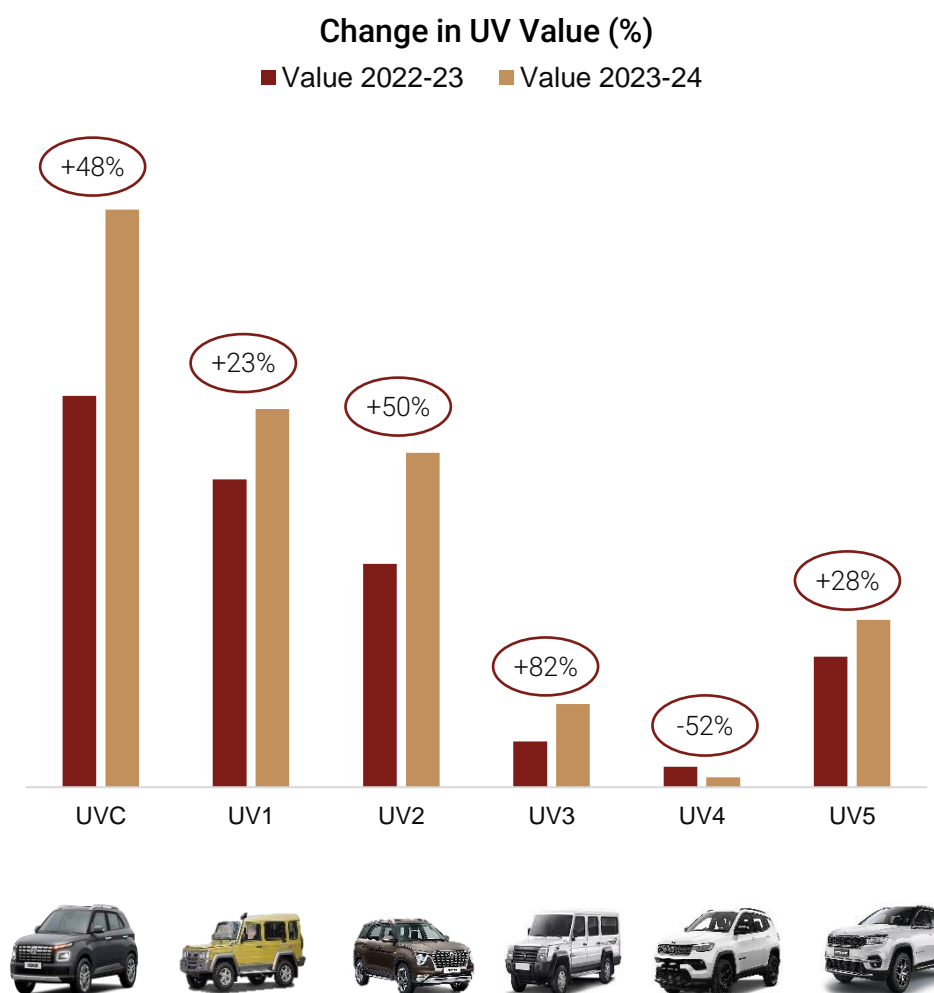
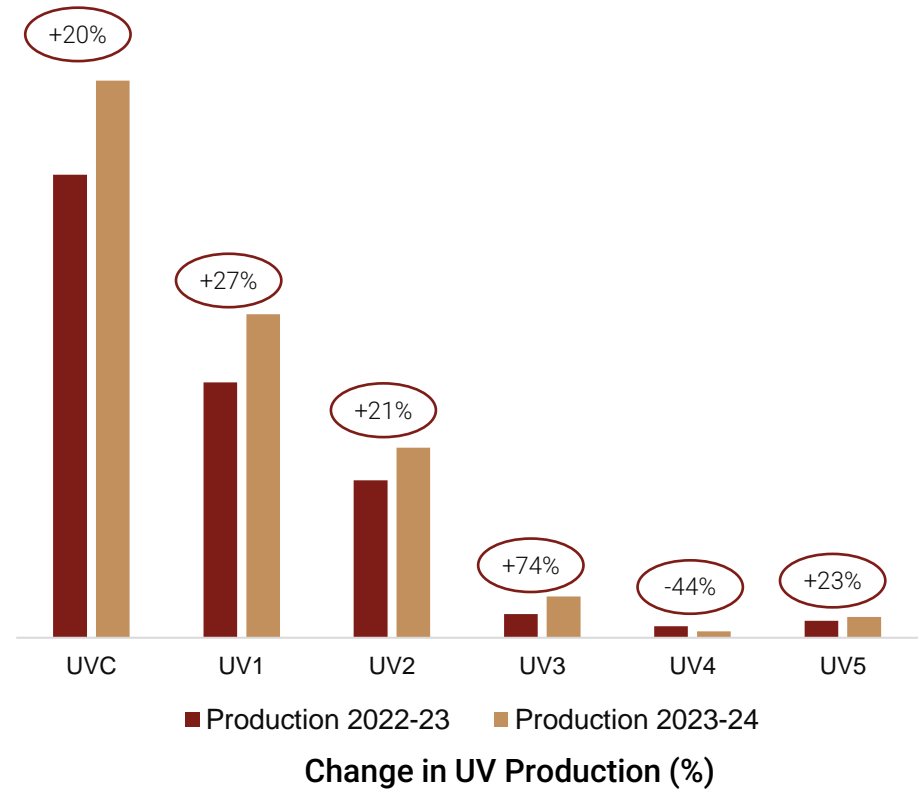
UV3 segment has seen an increase of 74% in terms of Production, 8% in price and an increase of 82% in Value from last year. Examples in segment Innova, Trax

UV4

UV4 segment has seen a decrease of 44% in terms of Production, and a decrease of 52% in Value from last year. Even though the category saw addition of new SUV models (Gurkha, MU-X), the decrease signifies that consumers are moving away from large SUVs towards smaller ones.

UV5

UV5 segment has seen an increase of 23% in terms of Production, 5% in price and an increase of 28% in Value from last year. Examples in segment Fortuner, Kodiaq, Gloster, Meridian.





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PASSION

for providing solutions to help clients achieve their goals

RESPECT

for all and alternate viewpoints

INTEGRITY

of thoughts and actions

MASTERY

of our chosen subject to drive innovative and insightful solutions

US

representing the Primus collective, where each individual matters

STEWARDSHIP

for building a better tomorrow

About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'. 'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability. Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc.), and with varied specialization (engineers, lawyers, tax professionals, management, etc.).



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