



INDUSTRY REPORT

COMMERCIAL VEHICLE 2018

September, 2018

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HYDERABAD
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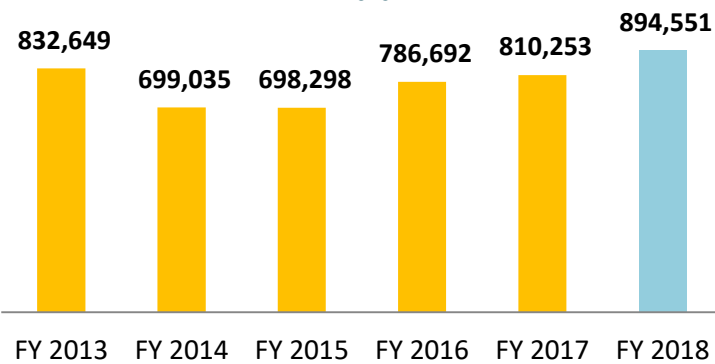
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Overview of Commercial Vehicle Industry in India

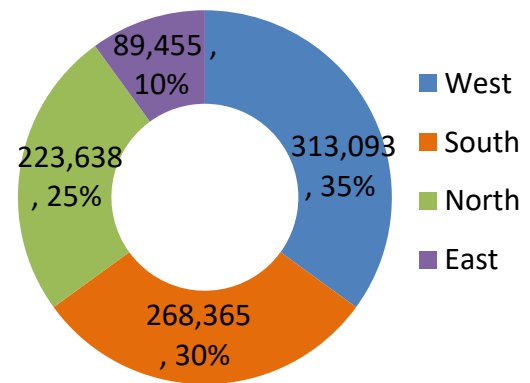
- Total estimated production of Commercial Vehicles in India for FY 2017-18 is **8,94,551 units**
 - Domestic sales: 8,56,453 units
 - Exports: 96,867 units
- The market is dominated by - TATA motors (42%), Mahindra (25%) and Ashok Leyland (18.30%)

Production trend of commercial vehicles in India



Note: All the figures are in Units

Regional break up



Market of commercial vehicle in Telangana & Andhra Pradesh (refer as AP in report)

- Total estimated sales of Commercial Vehicles for FY 2017-18 is **80,000 to 90,000 units*** in Telangana & Andhra Pradesh
- The market is growing with a CAGR of 8-10% Y-o-Y
- Telangana has seen a CAGR of 14-15% in commercial vehicle registration, which is higher than the industry growth rate
- Distribution of registered vehicles in Telangana for FY 17-18 - Contract Carriages (372), Educational institute Bus (1,399), Goods Carriages (32,628), Maxi Cab (2,500), Motor Cab (12,427), Stage Carriages (1,638)
- Hyderabad stands on 2nd rank in registration of commercial vehicles in the country. If number of taxis registration are removed, Hyderabad is the city with highest commercial vehicle registration
- Presence of more than 100+ automotive and auto-component manufacturer within two states
- Around 50,000-60,000 dealers, distributors & retailers of auto components are present in these two states

Existing OEMs



ISUZU



BHARAT FORGE



Source: 1) Society of Indian Automobile Manufacturers (SIAM)

2) * Based on primary interviews with commercial vehicle distributor

3) Telangana & Andhra Pradesh State Portal

Automobile and Auto Components Hub in South India

Hyderabad and its near by region, is home to some of the biggest names in the automobile industry. And, they can be potential Exhibitors for the show

- Mahindra & Mahindra
- Ashok Leyland
- BharatBenz
- Force motors
- Tata Motors
- Deccan Auto
- Isuzu
- Hero MotoCorp
- Kobelco
- Kia Motors
- Royal Enfield
- Komatsu
- Ford India
- Hyundai Motor
- Mitsubishi
- Renault
- Datsun
- Nissan
- TAFE Tractors
- Kamaz Vectra Motors
- Caterpillar
- TVS Motor
- Scania Commercial Vehicles
- Volvo Buses
- Toyota
- TAFE Tractors
- Honda Motorcycle
- Kerala Automobiles
- Apollo Tyres
- MRF Tyre
- PTL Enterprises
- JK Tyre
- Amaron Batteries
- Bosch
- Bharat Forge
- Amtek
- Exide
- ANG Industries
- Jamna Auto
- WABCO
- Suprajit Engineering
- JTEKT Sona
- Rane
- Gabriel
- Wheels India
- Visteon
- Takata
- BorgWarner Thermal Systems
- Turbo Energy
- Titan Automation
- Simpson, Roots

Note: The list is an indicative of the manufactures present in South and does not include all the names

Source: 1) Society of Indian Automobile Manufacturers (SIAM)
2) Automotive Component Manufacturers Association of India (ACMA)
3) Website of Mahindra & Mahindra, Ashok Leyland, Tata Motors, Isuzu

Demand Drivers (1/4)

1. For traditional & advance mobility solutions, Telangana & AP is a go-to destination

- Government of **Telangana** has identified Automobile and Auto Ancillary sector as key thrust sector and is providing necessary eco system through incentives, subsidies through 'Telangana State Industrial Policy Framework'
- While Automotive investments from Germany and Spain found their way to the state, various discussions with other Global Auto Industry Leaders also indicates a strong growth
 - a. Government of Telangana signed a Memorandum of Understanding (MoU) with Attivo Economics Zones, a part of SREI Infrastructure Finance to set up a dedicated industrial park, spread over 500 acres at NIMZ Zaheerbad for the construction equipment industry
 - b. TSRTC placed an order for 40 electric buses to be developed across various routes in GHMC limited, as a part of GOIs Electric Vehicle pilot project
 - c. SVIDHA motors submitted a proposal to set up a bus body plant in Telangana with an investment outlay of INR 200 cr in phased manner
 - d. Ficosa International, a Spanish automotive firm, operating in technology and component manufacturing space, set up its technology centre in Hyderabad, with a plan to create employment for 400 engineers in next 2-3 years
 - e. Zuti Engineering submitted a proposal to expand it's technology center and set up a green field manufacturing facility with an investment of INR + 100 cr
 - f. Bombardier Transportation set up an Engineering Design centre in Hyderabad, with a plan to create employment of 500 engineers in next 2-3 years
 - g. Mining and construction equipment manufacturer, Sandvik submitted an initial proposal for expansion of its manufacturing facility in Hyderabad

Demand Drivers (2/4)

- State interaction with SIAM executive committee
- a. Hyderabad has recently hosted to the SIAM committee meeting and witnessed representatives from leading Indian and Global Automotive OEMs



- **Andhra Pradesh** also, have a strong presence in - The Automobile and Auto Components Industry, owing to a broad base of automotive component manufacturers and a large pool of highly trained and skilled manpower
- a. The automobile sector in Andhra Pradesh has a potential for USD 2 billion investment and USD 3.50 billion output
- b. Andhra Pradesh has to its credit, more than a 100 automotive component manufacturers (including first-tier suppliers and OEMs) which specialize in various auto components such as gears, pistons and axles
- c. Over half the cylinder liners and clutch plates in India are being produced in Andhra Pradesh

Demand Drivers (3/4)

2. Dedicated auto cluster

- **Telangana** State Industrial Corporation is mandated to identify & develop potential growth centers in the state by providing infrastructure through development of industrial areas
- For Automotive & Engineering Cluster, an industrial park with an investment of INR 920 Cr is allotted in Medak District
- Government of **Andhra Pradesh** also plans to set up 2 major auto clusters (apart from the ASMCs) which will cater to Automobile companies, in the PPP mode in districts of Nellore and Chittoor
- Government is planning to set up multiple world-class Automotive Suppliers' Manufacturing Centers
- These will be industrial parks dedicated to Auto Component manufacturers and suppliers, help them meet the expectations of Auto OEMs in terms of product quality, reliability and cost competitiveness
- Center shall offer space, area development, shared business services and optimized logistics services in order to enable a "Plug and Play" business environment
- It will, preferably in a PPP mode, develop the common infrastructure: like:
 - a. Common design and technology facilities for use by all automotive and auto component units
 - b. Facilities like laser cutting center, prototype production facility center, rubber testing lab, polymer testing lab, environmental and endurance testing lab etc.
 - c. State-of-art training facilities, boardroom, and exhibition center for trade fairs
 - d. Common infrastructure such as drainage/ effluent treatment/ solid waste management & utilities including Power, Gas and Water
 - e. Social infrastructure such as housing, primary healthcare, dormitories, schools etc.

Demand Drivers (4/4)

3. Emerging as top consumer logistics hub

- Hyderabad registered 10-12% growth in logistics market in 2018 and occupied 9% of the total warehouse space in India
- Companies such as Amazon, Flipkart, Jubilant Foods, Asian Paints, Johnson & Johnson and Procter & Gamble have significantly invested in warehousing in this market. Other companies like Godrej and Patanjali may look at the city as they grow their business
- At present, almost 90% of the warehousing and logistics activity is concentrated in and around Medchal
- To encourage companies to set up facilities in the State and streamline their functioning, Telangana government is at an advanced stage of finalizing an “integrated logistics policy”
 - a. To meet their growing demand, the State is in the process of setting up a dry port, inland container depot, and multimodal logistic park under PPP mode
 - b. Telangana has 5 operational ICD/ CFS facilities handling around 2 lakh TEU (twenty-foot equivalent unit) per year and Government of Telangana is planning to develop two more such units
 - c. Has entered into MoU with National Highway Authority of India and Container Corporation of India for development of Multi Modal Logistics Park at Hyderabad
 - d. Telangana State Warehousing Corporation operates with 1 million tons, whereas Food Corporation of India (FCI) has an overall capacity of 8.1 million tons
 - e. The state has a cold storage capacity of 1.7 lakh tones which is mainly concentrate in and around Hyderabad

“With the growth in logistics sector, we are seeing a surge in land acquisitions in Hyderabad with the anticipation that there will be demand in future. Several large developers are keen to develop logistics hubs in the country where there is growing consumption. Hyderabad is emerging as a consumption centre.”
Jasmine Singh, executive director and national CBRE South Asia

Initiatives and Policy Support by Government

Policy & regulatory led growth

- As per **Telangana** Industrial Policy, the State plans industrial park along with anchor units, and suppliers/vendors park
- Mega projects will have to compulsorily set up a suppliers/vendors park to encourage growth of local ancillaries. This model can greatly benefit the automobile sector which is dependent on the auto-ancillary units for their operational differences
- T-Works Automotive Prototyping center (India's largest Prototyping Center), will have a dedicated wing for prototyping & soft tooling of automotive components/ assembly
- Mobility Engineering Cluster is at planning stage and is being built with Industry partnership to facilitate development and testing of future automotive technologies
- State Government is currently planning to partner with premier Technical Institutes and research establishments across the state to establish Centre of Excellences for conducting market focused research on future mobility technologies
- **Government of Andhra Pradesh** is planning attract new investments worth at least 20,000 crore in the sector by 2020
- To make Andhra Pradesh one of the most preferred destinations for automobile and auto component investments
- Create additional employment opportunities for 200,000 personnel in the sector by 2020
- Attract mega automobile projects in the State and promote the establishment of new auto clusters

Initiatives and Policy Support by Government

- Identify and address the existing infrastructure gaps affecting the automobile and auto components industry
- Promote innovation, research and development in the industry and ensure continuous technology up gradation
- Encourage skill development in the automobile domain with the help of PPP and Industry-Institution partnerships

Key fiscal incentives

Capital subsidy

Capital subsidy for Auto Clusters and ASMC developers – 50% of fixed capital investment in building and common infrastructure (maximum of ₹20 crore)

75% reimbursement, subject to a maximum of ₹25 lakh

Patent cost

Quality certification

50% reimbursement, subject to a maximum of ₹5 lakh for MSME units

50% reimbursement of cost of participation in international fairs up to ₹5 lakh

International fairs

Why Hyderabad as a Destination for Organizing Expos on Commercial Vehicle (1/2)

Automobile and Auto Component After Market Exhibitions in India

Event	Month	Duration	Venue	Organizer
Auto expo	February	3	Greater Noida	CII, SIAM, ACMA, OICA
ACMA Automechanika	February	3	Delhi	Messe Frankfurt Trade Fairs India & ACMA
Autoserve	November	2	Chennai	CII
Commercial Vehicle Fair & Tyre Expo	November	3	Chennai	All India Motor Transport Congress
BV Tech & India E-Vehicle Show	November	3	Delhi	M7 Creations
ACMEE	June	4	Chennai	AIEMA
Clean India	February	2	Mumbai	Virtual Inform System
Truck Trailer & Tyre Expo	November	2	Mumbai	Media day Marketing
Automotive Engineering Show	July	2	Chennai	Messe Frankfurt Trade Fairs India

Why Hyderabad?

- Hyderabad is a MICE capital of India and an emerging center for automotive cluster
- Currently there are 9 Exhibitions held in automotive space, out of which 4 are being conducted in South, as automotive business thrives there
 - As per SIAM, by2020 Indian vehicle production will touch 46 million units and auto component revenues will increase several fold, South India will contribute at least a third of this output

Why Hyderabad as a Destination for Organizing Expos on Commercial Vehicle (2/2)

- New Business Opportunity
 - a. Opportunity for establishment of electronic vehicles manufacturing in Telangana
 - b. New business opportunity for establishment of suppliers/ vendor parks along with anchor units
 - c. Partner with State Government in establishing Research and Development Centers
 - d. Development of Auto and Auto industrial parks
- Hyderabad is a well connected location for Exhibitors as well as Visitors
 - a. Road connectivity: The density of notified national highways in Telangana is 2.90 km/100 sq.km against the national average of 2.84 km/100 sq.km
 - b. Strong railway connectivity: The State also has an integrated railway network with railway terminals such as - Nizamabad, Mahbubnagar, Kamma Reddy, Bodhan, Jedcherala, Gadwal and, Balanagar
 - c. Access to world class airport facility: Rajiv Gandhi International Airport (RGIA), Shamshabad is one of the largest 7 modern airports in India
 - d. Government of Telangana has entered MoU with Ministry of Civil Aviation and Airports Authority of India for development of small airports at Kothagudem and Warangal
 - e. Government of Telangana is ranked no 1 in Ease of Doing Business given by Department of Industrial Policy & Promotion (DIPP) and World Bank
 - f. State of Telangana has unique geographical advantage. It geographically placed in close proximity to major consumer markets such as Bangalore, Mumbai, Kolkata, Chennai etc.



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- LANDSCAPED FAIR PARK

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