



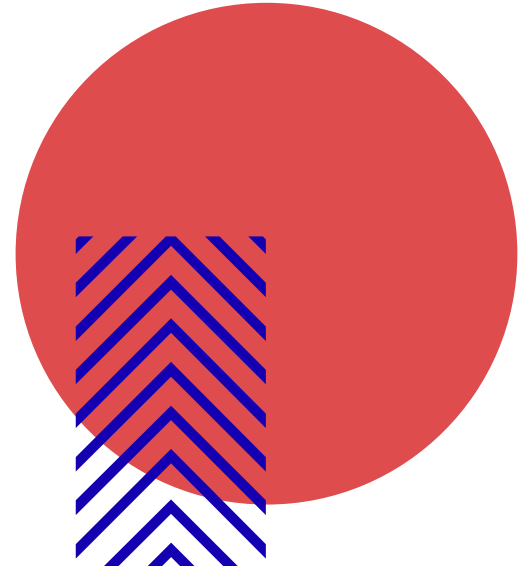
AUTOVERSE

EVOLUTION OF



FORCE MOTORS

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ABOUT THE COMPANY

01

Founder : N. K. Firodia.
Chairman : Abhay Firodia
Force Motors Ltd was
incorporated in the year 1958

02

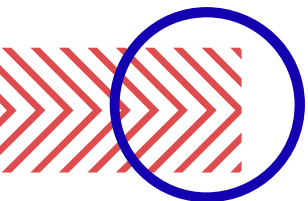
force motors was established
with a commitment to build
a modern India through
industrialization.

03

force motors has been
active in developing
utilitarian, low cost, mass
transport vehicles for the
common man for over 60
years.

04

Its range of products includes Light
Commercial Vehicles (LCV) Multi-
Utility Vehicles (MUV) Small
Commercial Vehicles (SCV) Sports
Utility Vehicles (SUV) and
Agricultural Tractors.





SWOT Analysis

STRENGTHS

- Well known brand with good reputation
- Strong engineering Capability
- Global presence
- Safest Drive in class

OPPORTUNITIES

- Opportunities in India and China reputation
- Launch of new models Hybrid Vehicles
- Increasing demand for dual fuel vehicles



WEAKNESSES

- Low market share
- Dependence upon License agreements for technology
- Most of the market sales is in domestic business.

THREATS

- Economic Slowdown
- High competition from existing players
- Increase in raw material prices
- High interest rates and inflation

INDUSTRY

- **INDUSTRY SEGMENTATION**

Indian automobile market can be divided into four main segments – two-wheelers (motorcycles, scooters), three-wheelers, passenger vehicles (cars and utility vehicles), and commercial vehicles (light, medium and heavy).

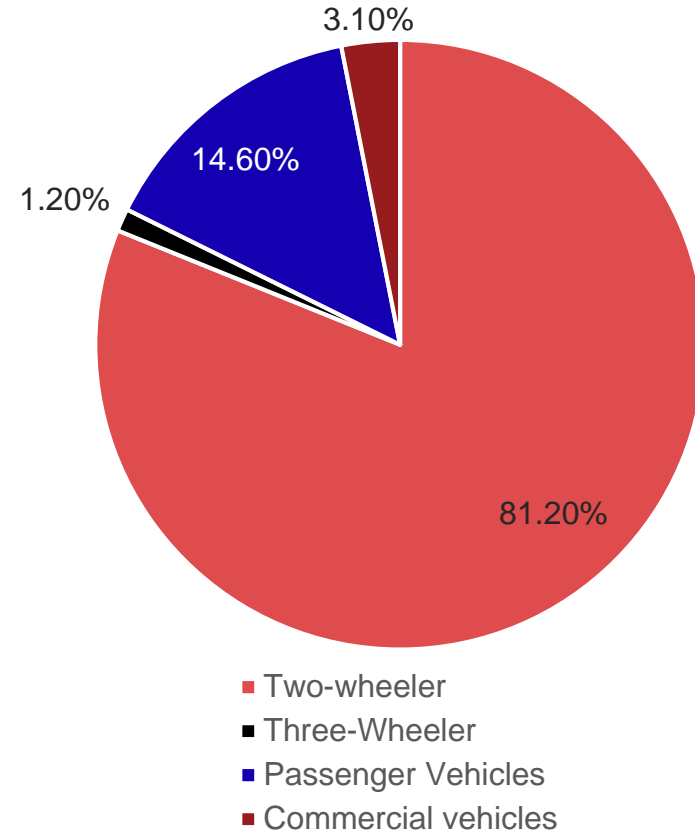
- **KEY INDUSTRY STATISTICS**

India is the 5th largest Auto market with 18.61 million units sold. The Indian automobile industry is expected to reach INR 16- 18 trillion by 2026 and become the 3rd largest in the world. Additionally, the Indian Electric Vehicle (EV) market is expected to grow at 44% CAGR (20-27).

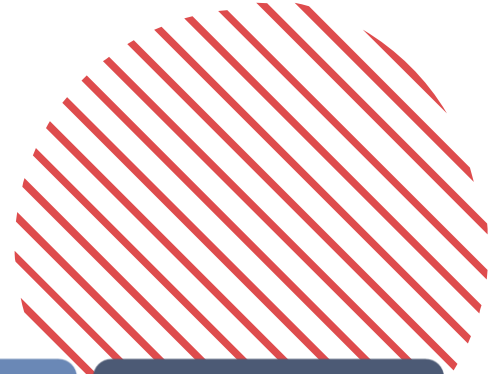
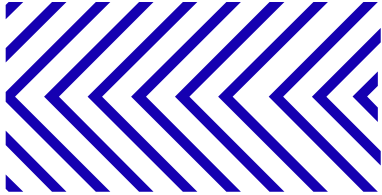
- **KEY PLAYERS**

TATA Motors, Maruti Suzuki, M&M, Hero MotoCorp, Bajaj Auto, Ashok Leyland, TVS Motor Company, Eicher Motors and Force Motors

Market Share



FIVE FORCE ANALYSIS



New Entry

It is difficult for new brands to enter the automobile industry which is because of the large investment required for establishing a car brand.



Substitution

There are several substitutes and alternative modes of transportation including taxis, buses, trains and planes. However, none of them can provide the kind of accessibility and convenience that owning an automobile does.



Supplier

The bargaining power of suppliers in the automotive industry is weak for most of them are small players. Only few of them are significant in size



Buyer

A large part of the buyers are the small individual buyers that buy single vehicles. However, there are corporations and government agencies that buy fleets of vehicles. Such buyers are in a position to bargain for lower prices.



Competitive Rivalry

The number of recognized and influential brands is low and the exit barriers very high. Any brand trying to exit would have to bear large losses. The level of customer loyalty is high and while the industry is large, it has matured. This intensifies the competition for market share.

COVID-19 PANDEMIC IMPACT

SUPPLY SIDE DISRUPTION:

- Starting in China, suppliers around the globe placed production lines in quarantine or shut them down completely leading to decrease in imports of auto components across the globe.
- Quarantine measures and reduced workforce led OEMs to shut down their production. Moreover, top two-wheeler manufacturers such as Hero MotoCorp have advanced their annual maintenance shutdown plans.

DEMAND SIDE DISRUPTION:

- Governments of most Indian states have imposed restrictions or lockdown to curb the spread of Covid-19.
- The hike in prices of vehicles at a time when the second Covid wave had hit did not bode well for the demand in the near term

FACTORS AFFECTING

The availability of spare parts is also a critical factor that affects the demand and sales of car brands in specific markets.

Economic growth:

Government Spending (Ex. On industrialization, infrastructure, heavy engineering products)
Government Policies (Ex. Mining ban, Coal block cancellation, steel tax)

Replacement demand for vehicles:

Customers generally switch from one vehicle to another as per the work order they receive.

Fuel Rates:

The lower crude oil prices is helping the commercial vehicle industry to grow.

Bank Rates:

Cut down in borrowing rates increases the demand. Whenever bankers opens up financing to the commercial vehicle sector, leading to a pick-up in disbursement to large vehicles.

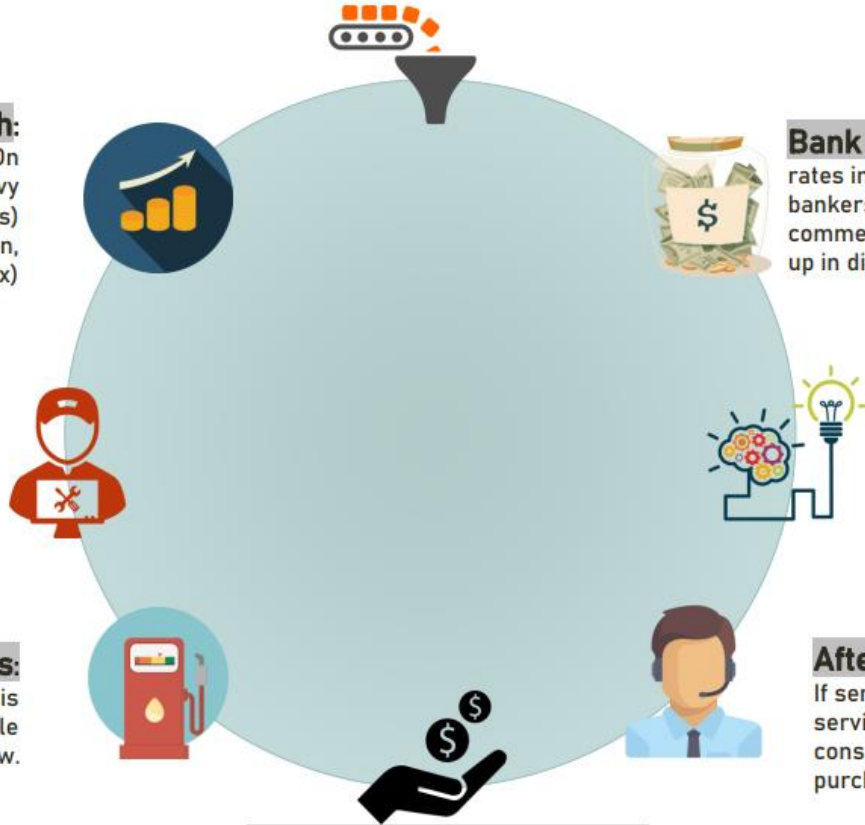
Technological factors:

R&D activity, automation, technology incentives and the rate of technological change. Technological shifts can affect costs, quality, and lead to innovation.

After-sales services

If servicing of the car is difficult or there is no service center of the brand that the buyer was considering purchasing from, he will defer the purchase or switch to another brand

Low total cost of ownership



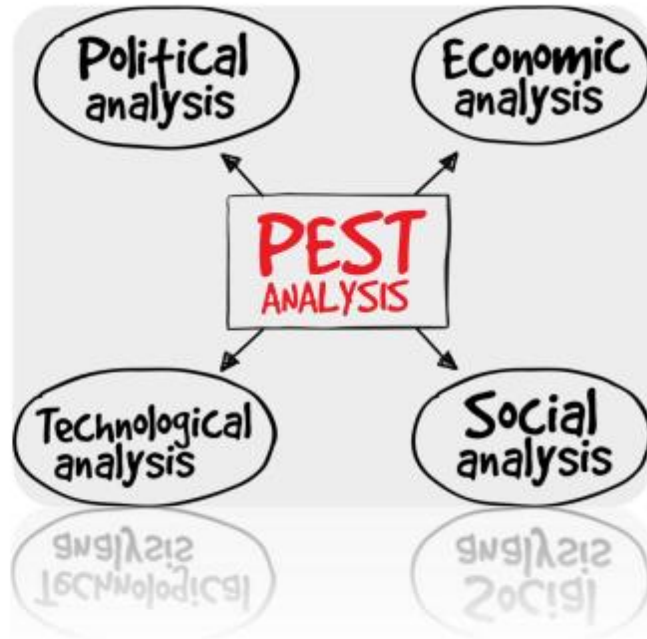
PEST ANALYSIS

Political:

Force is an Indian automobile manufacturing company it is debt free and has a strong cash reserve. It caters needs according to needs of the cities.

Technological:

Force Motors produces high performance and premium quality engines and axles for Mercedes Benz India and BMW-India.



Economic:

The company competes with brands from their home country along with world wide brands. Changing oil prices cause people to want smaller, more fuel-efficient cars.

Social:

Five types of ambulances, two types of school buses and several types of passenger and goods carrier are manufactured by force.

INDUSTRY COMPETITION

- The Indian automotive market faces stiff competition from exports from the German market, but in commercial vehicles Tata Motors has emerged as the market leader with a market share of 41.35%. Force Motors' growth has stagnated, with his 2% market share in this segment.

The industry is threatened by increase in Fuel prices and change in environmental as diesel and petrol is widely used.

- Key factors for competition:

Mileage

Engine power

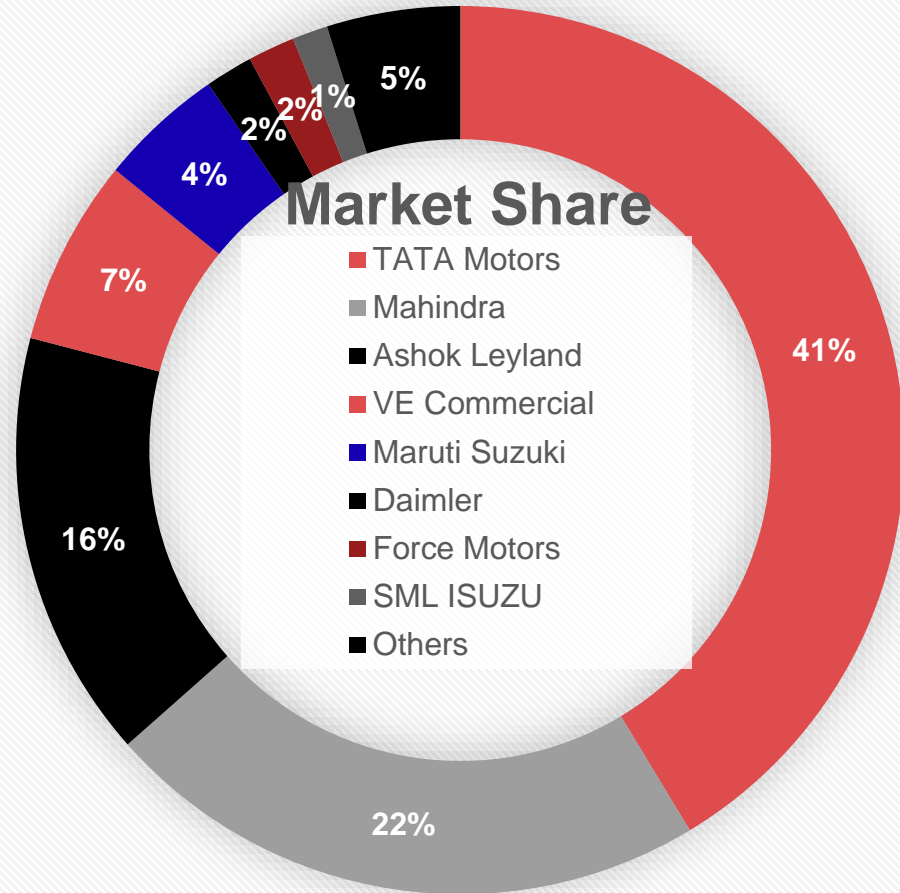
Comfort

Car design

Capacity

Cost for vehicle

Depreciation

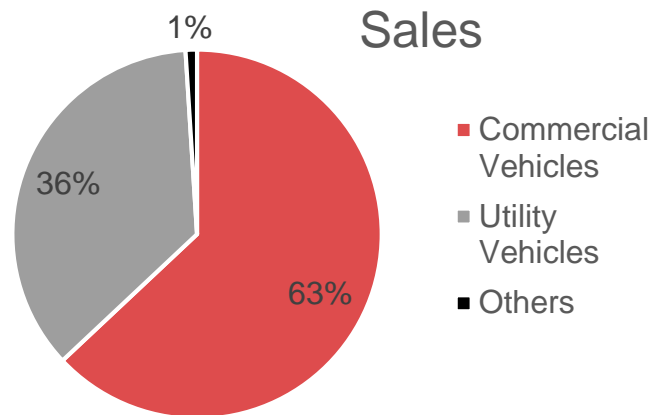


KEY REVENUE SEGMENTS:

The key revenue drivers of the company are

- Automobile Sales
-
- ❑ Company Should also include a good after sales services:
It can contribute to brand loyalty and repeat sales and might result in positive word of mouth
 - ❑ Provide financial services for customers. Over 78% cars and 95% CVs bought are financed

Business segment:



16% of automobiles are exported



VALUE CHAIN ANALYSIS:

Inbound logistics

- Raw material
- Warehouse

Manufacturing

- Primary production (casting, forming)
- Secondary production (machining, welding)
- Quality testing

Outbound logistics


- Warehousing
- Distribution
- Dealership Management

Marketing & Sales

- Advertising
- Pricing
- Promotion

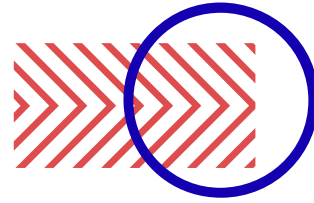
Service

- Repair
- Maintenance
- Warranty

- 
- Cost of raw materials has been increased industry wide
 - Many manufacturing factories have been affected due to covid because of labour shortage and lockdown norms
 - Company needs to improve overall marketing strategy involving increased social media presence, and advertising.



STRATEGIES AND CHALLENGES :



CHALLENGES FACED BY THE COMPANY:

- Increase in commodity cost
- Shortage of semiconductors and lack of supply limit.
- Parts need to imported
- Low manufacturing output
- Decline in tractor demand
- Stiff competition from the competitors
- Low exports

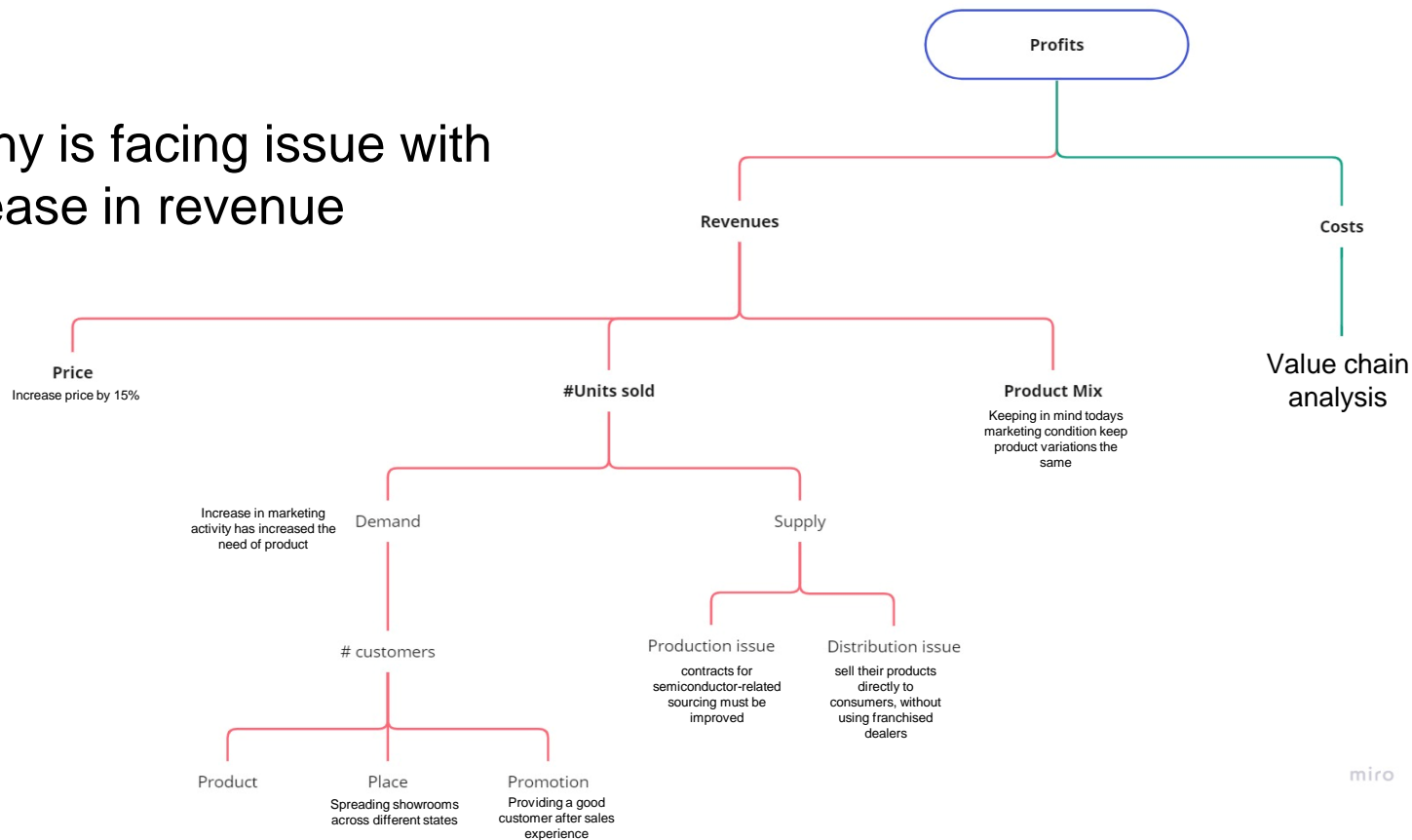
STRATEGIES:

- The company manufactures low cost commercial vehicles that support the small business segment for goods transportation and logistics.
- The company is upgrading its IT infrastructure to support its automobile operations.
- The company use joint-venture to partner up with global leaders to compete in domestic markets



EXECUTIVE SUMMARY STRATEGY MAP

The company is facing issue with decrease in revenue



This will
increase the
market share
by 1-2%



MODEL VALIDATION

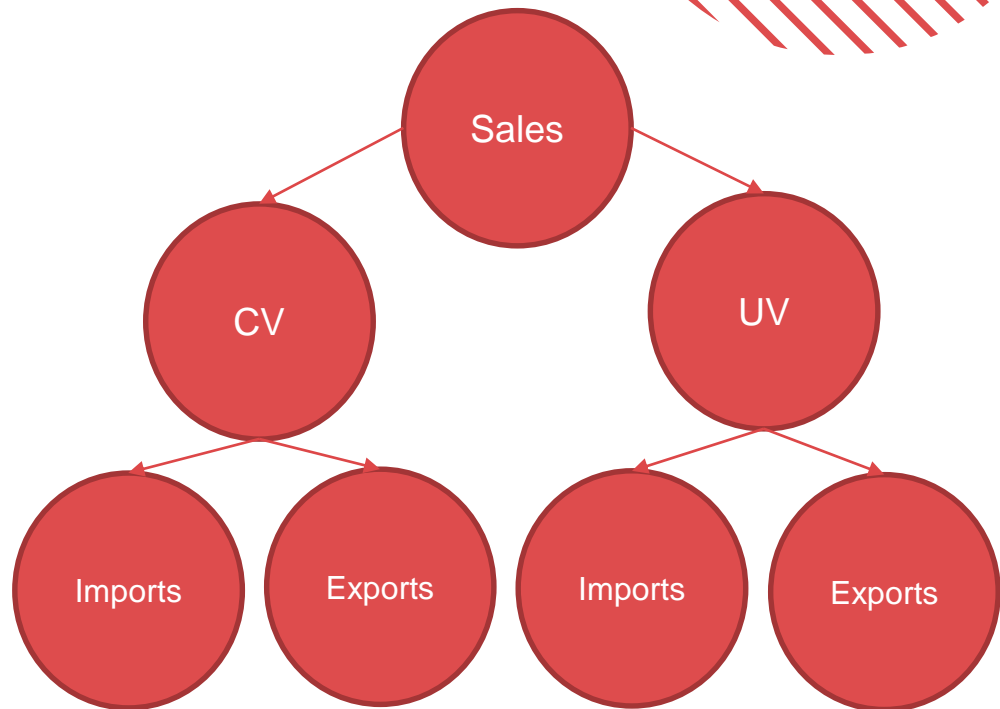
Domestic Sales (Averaging per year):

- Utility: Rs13.2 Billion
- Commercial: Rs 8 Billion

Exports Sales (Averaging per year):

- Utility: Rs 0.3 Billion
- Commercial: Rs 6.9 Billion

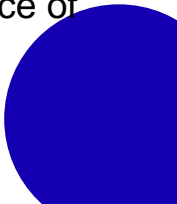
If we could capture 1% of two-wheeler market in next 5 years then revenue would go around Rs 5.3 million
And for E-vehicles around Rs 5 million



TRENDS:



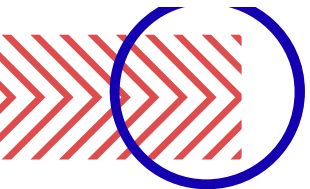
- ❑ Expanding R&D hub: India accounts for 40% of global R&D spend
- ❑ Luxury vehicles: Entry of new OEMs to result in 1.57x sales in FY22
- ❑ Shared mobility: Subscription-based ownership model prominent, OEMs partnering with companies like Revv to suit Indian needs
- ❑ More and more countries are implementing stricter policy controls around emission norms.
- ❑ semiconductor shortages, potential revisions to fuel economy standards and increasing access & availability of vehicle financing are among the notable automotive trends.
- ❑ Introducing Flex-Fuel engines: Growing price of petrol and to reduce carbon footprint.



GROWTH DRIVERS:



- ❑ Key growth drivers include increase in exports, strong policy support from the government and huge influx of investments.
- ❑ Initiatives like Make in India and Automotive Mission Plan 2026 by the government are expected to give a huge boost in revenue to the sector.
- ❑ Automobile exports reached USD 23.6 billion in first half of 2021 which is the highest performance in seven years despite difficulties in procurement of automobile components due to COVID-19.
- ❑ The industry attracted Foreign Direct Investment (FDI) worth US\$ 25.40 billion between April 2000 and December 2020 accounting for ~5% of the total FDI during the period.



APPENDIX

- <https://economictimes.indiatimes.com/markets/stocks/earnings/first-two-quarters-of-fy21-may-be-severely-hit-due-to-covid-19-force-motors/articleshow/76193691.cms>
- https://www.ndtv.com/business/stock/force-motors-ltd_bajajtempo/reports
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- https://en.wikipedia.org/wiki/Force_India
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- <https://www.ibef.org/industry/india-automobiles>

THANKS!

