

Automobile Industry

Commercial Vehicle Analysis



Outline

Sector Analysis

SWOT

Porter's Analysis

Pestel Analysis

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Industry outlook

Sector Analysis


LCV is defined in the Motor Vehicles Act as a vehicle with Gross Vehicle Weight of not more than 6 ton.

HCV is defined as a vehicle with Gross Vehicle Weight more than 6 ton.

Automobile Sector has a share of 7.1 % in India's GDP



Strong Position of India in HCV/LCV world market

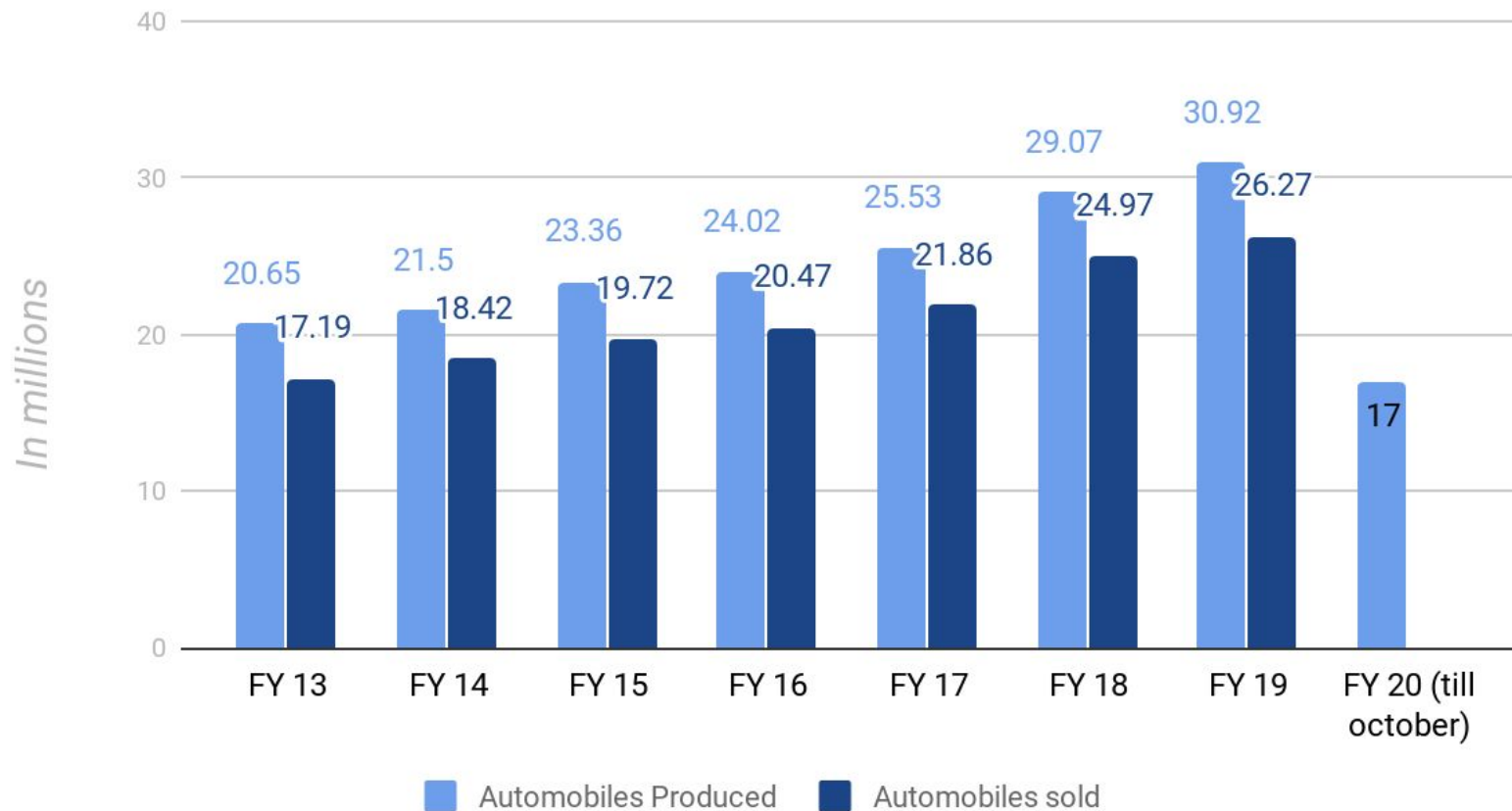


Largest tractor
manufacturer

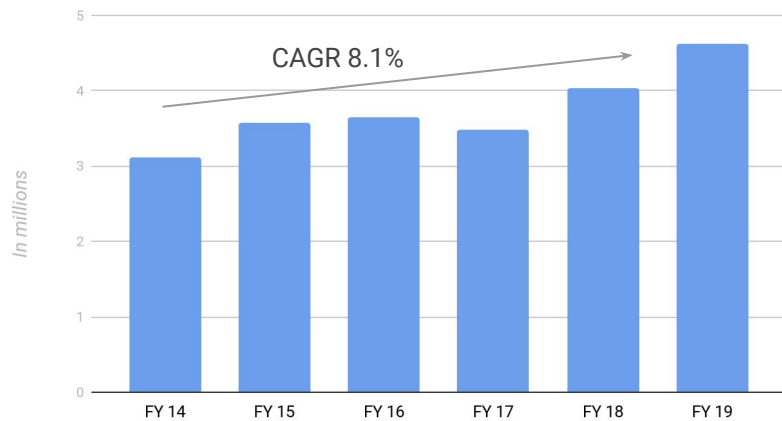
2nd largest bus
manufacturer

3rd largest heavy truck
manufacturer

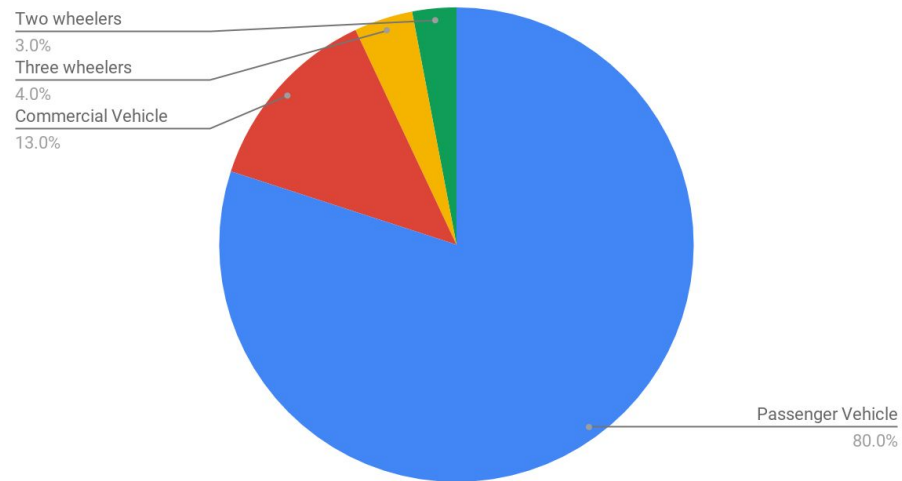
Automobile Sector in India



Number of Automobiles Exported



Share of each Segment in Total Production Volume (FY 19)



SWOT analysis



Strength

Increased Demand: Growing Population
Increase in demand of commercial Vehicles

Opportunities

Expanding R&D hub
Manufacturing shift towards Asian markets
Youngest nation by 2025



Weakness

Liquidity crisis in NBFC
Changing govt. policies
Shift to demand of supply markets

Threat

Govt. policies to expand Railways
Sluggish economy
Volatility in fuel prices

Porter's five force Analysis



Threat of New Entrants

This force is very low as the capital and initial investment is very high. Barrier to exit for existing players are very high due to their existing investment in assets and technologies.

Threat of New Substitutes

This force is low and it is expected to be medium in the near future.. The main substitutes are metros and railway networks.

Internal Rival Competition

The market is almost a monopoly of TATA motors which has an overall market share of 60% followed by Ashok Leyland , Mahindra etc.

Supplier's Bargaining Power

This threat is low due to high number of suppliers. Also many companies have their own independent suppliers

Customer Bargaining Power

This threat is high due to high competition in the market and is expected to remain the same.

Concluding, the market is moderately attractive for existing players. And it is almost impossible for new players to get a hold of the market and is highly unattractive.

PESTEL analysis

P Political

- Implementation of BS-VI vehicles
- Proposal of Government to ban commercial vehicles registered before 2000
- Registration cost state tax upto 4%
- The FAME-II scheme of Indian Govt

E Economical

- Credit/Liquidity Crisis
- Fuel Prices
- GST at 28%

S Social

- Brand Loyalty
- Quality over price

T Technological

- Shift towards electric vehicles
- BS-IV to BS-VI transition

E Environmental

- Carbon emission

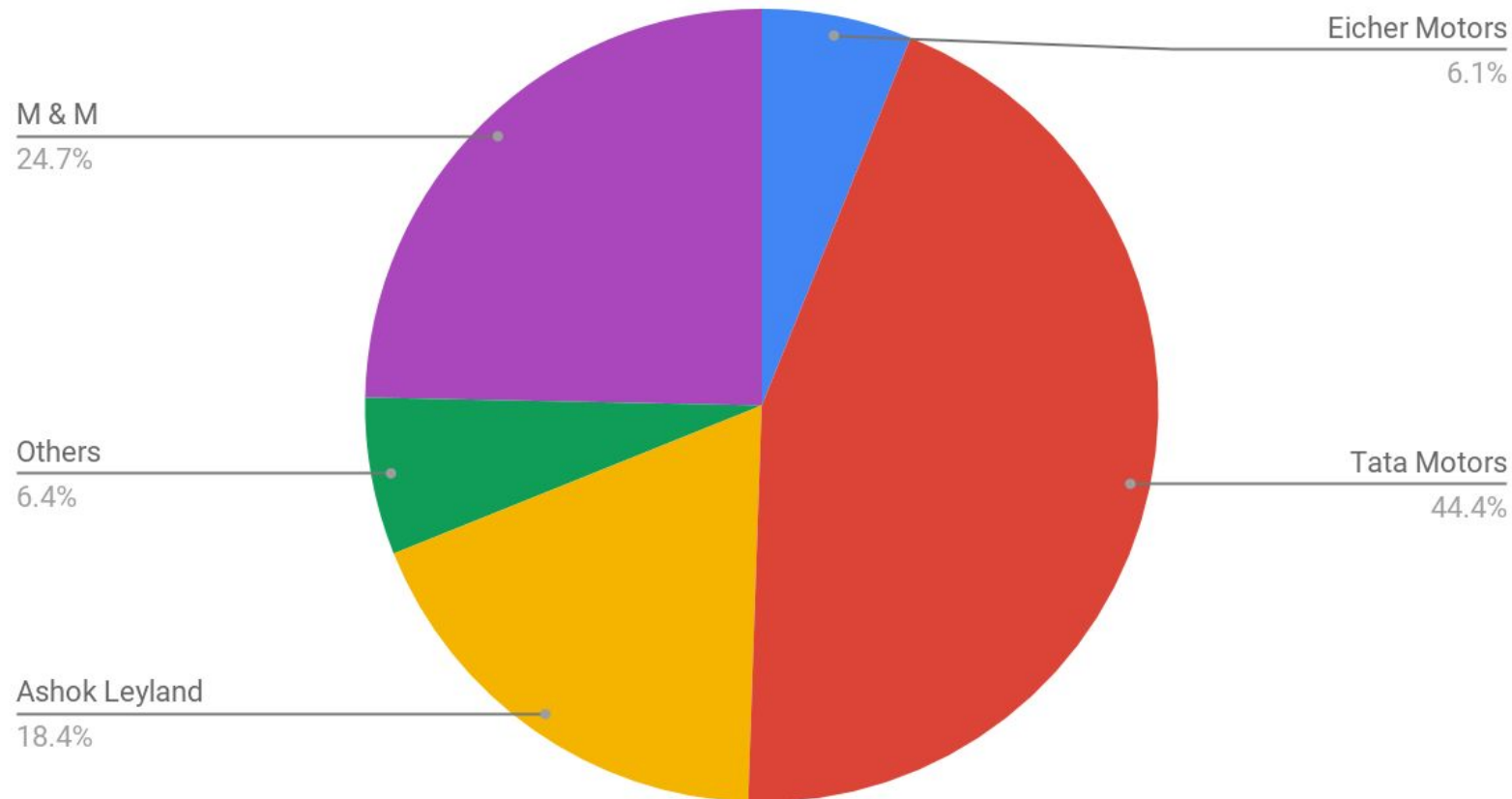
L Legal

- Supreme court's order on 3rd party insurance on newly purchased commercial vehicles
- Increase in axle load(22-25%)
- Labour laws

Companies in HCV & LCV Sector

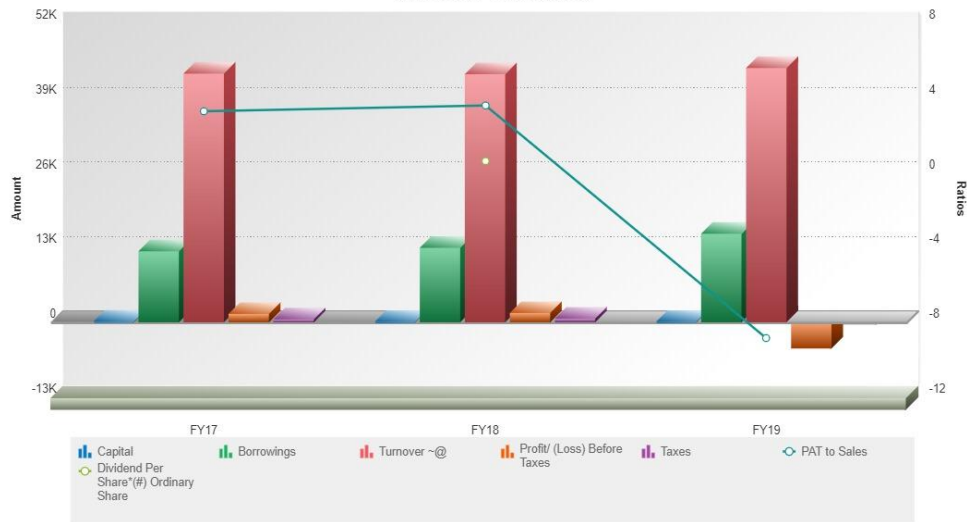


Commercial vehicles' market share (FY 19)

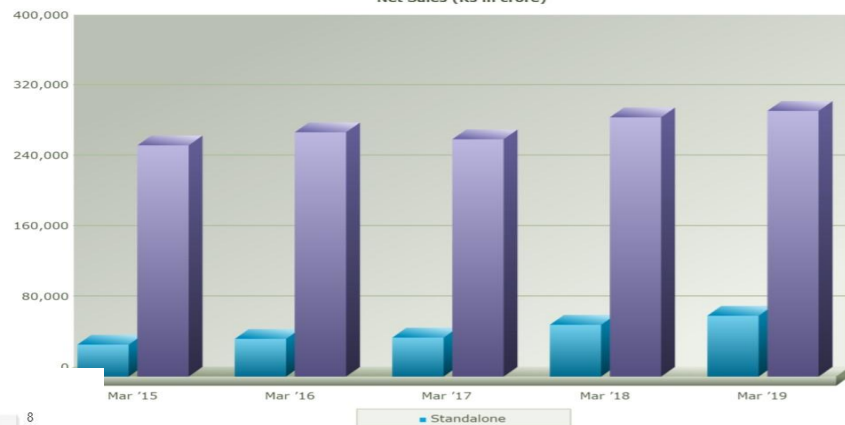


TATA Motors

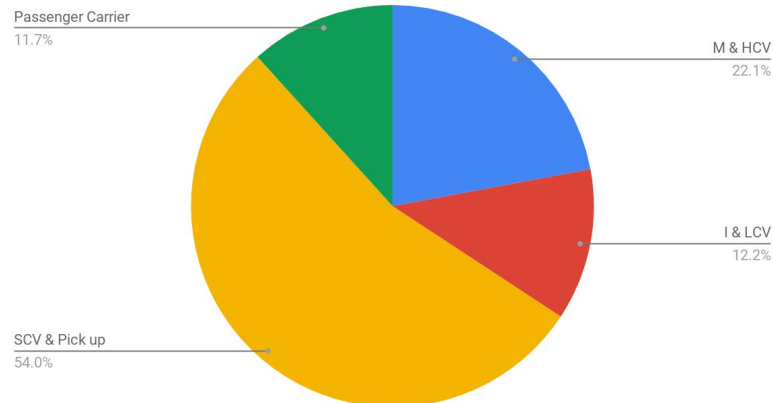
Tata Motors Consolidated



Net Sales (Rs in crore)

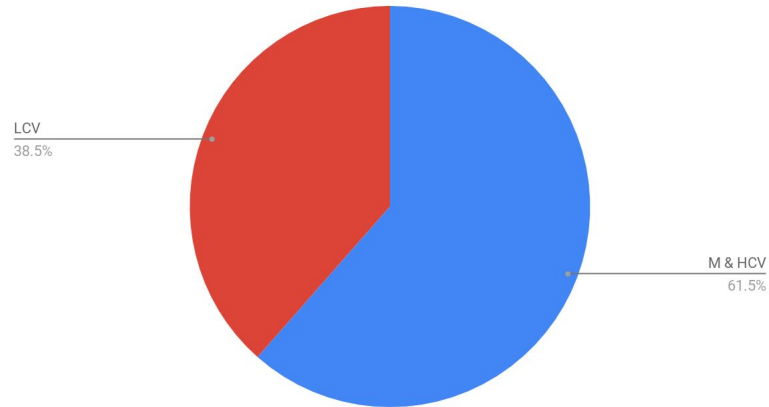


TATA Motors (Units Sold)

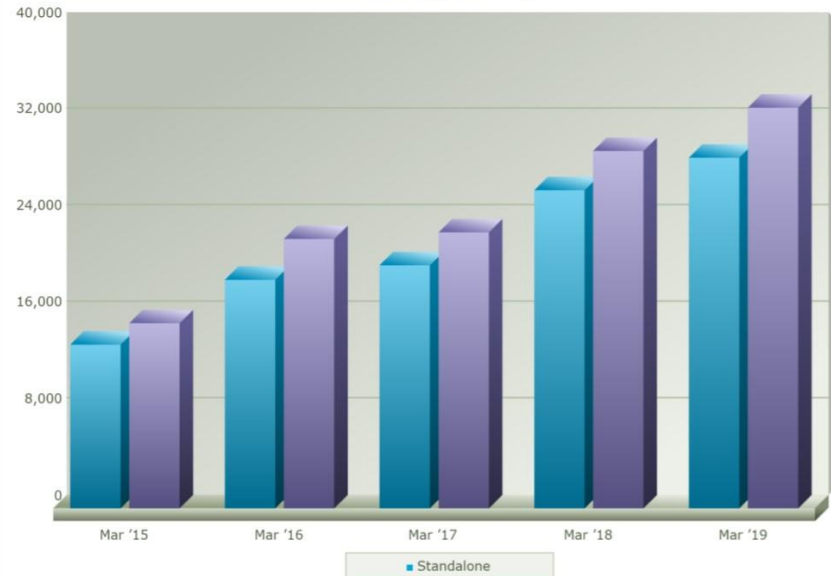


Ashok Leyland

Ashok Leyland (Units Sold)

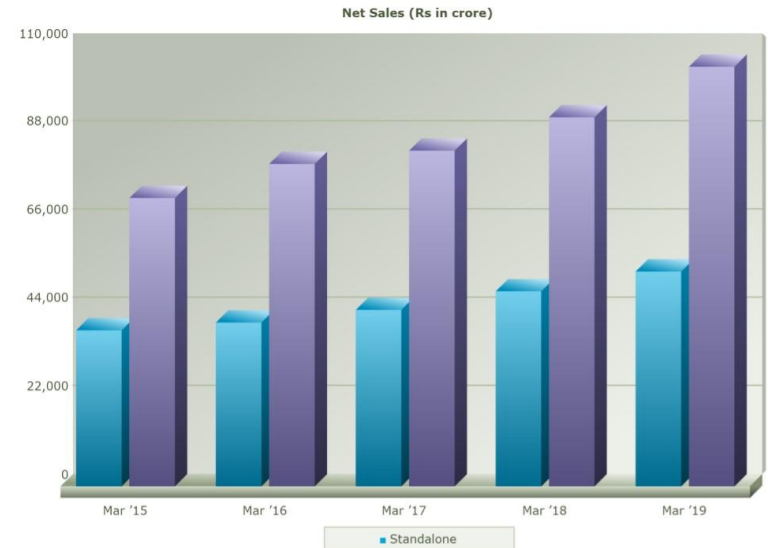
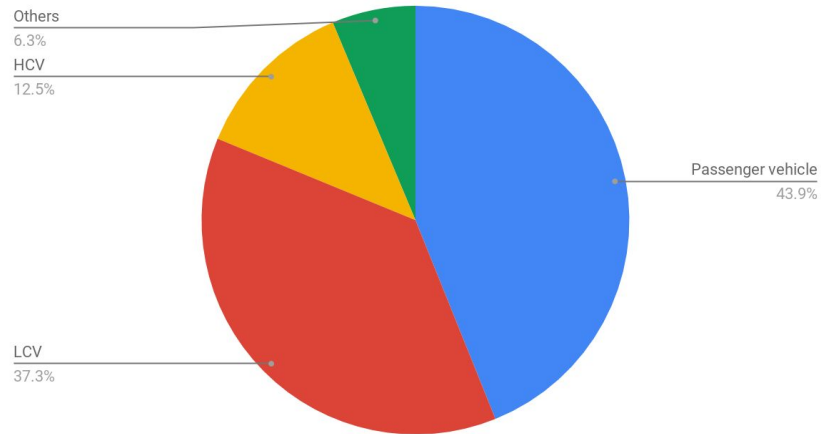


Net Sales (Rs in crore)

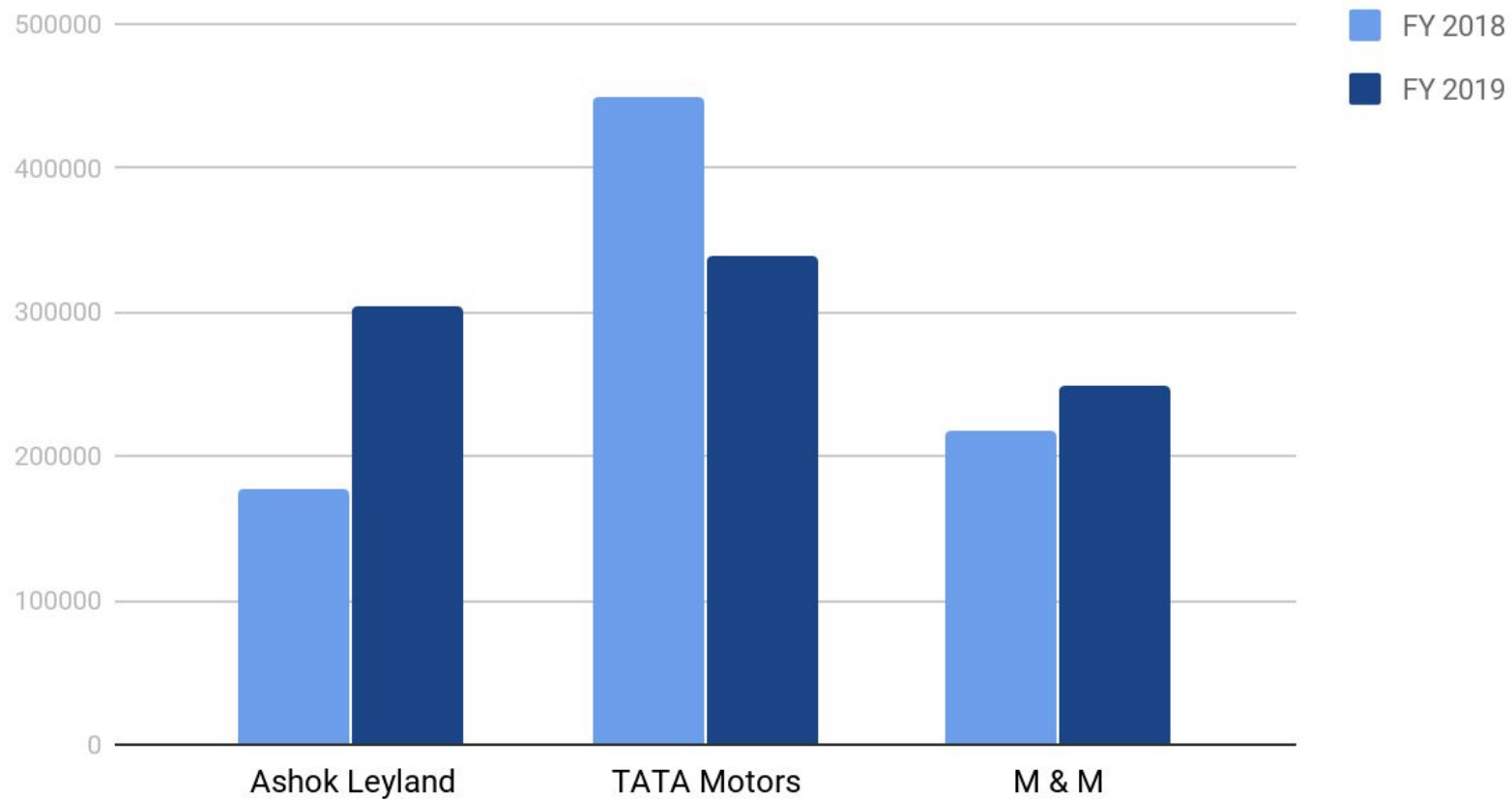


Mahindra & Mahindra

M & M (Units Sold)




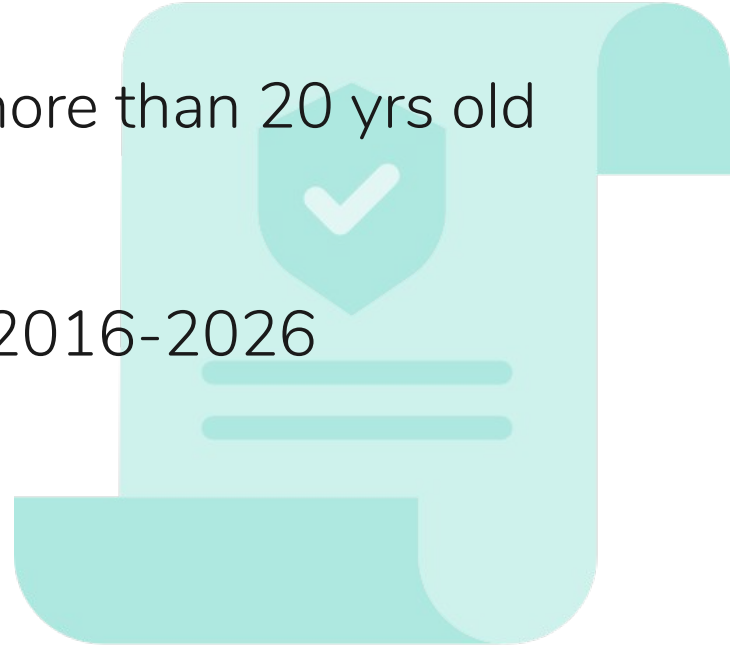
Units sold



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Policies and Initiatives

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- Carbon emission
 - Mandatory deregistration of more than 20 yrs old vehicles
 - FAME
 - The automotive mission plan 2016-2026
 - NATRiP



Outlook



India is expected to be the third largest automotive market in terms of volume by 2020

The dollar 74 billion automobile industry is expected to reach 300 billion by 2026

Many new projects are being set up by govt like

13.17 million Agricultural and earth moving vehicle manufacturing project(Uttarakhand)

6.35 million electric vehicles manufacturing project(Uttarakhand)

Conclusion

- Long term safe bet
- Short term high-risk

Thank You
