AUTOMOBILES

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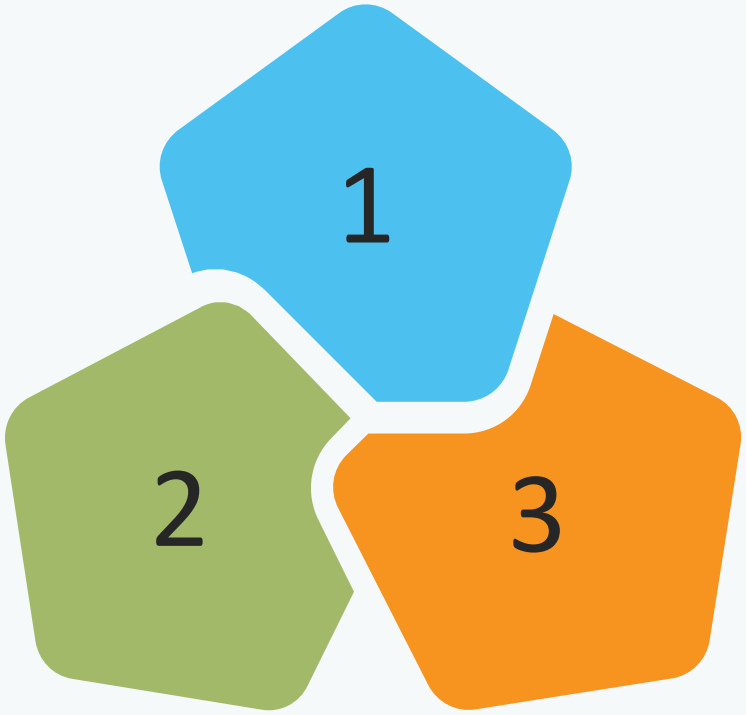
Executive summary

1. Segmented market

- The automobile sector is split into four segments, i.e., two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles, each having few market leaders.
- India is the largest E2W and E3W manufacturer in the world.
- A total of 2.83 crore automobile units were sold in FY26, registering a growth of 10.4% over FY25.

2. Growth prospects

- The Indian automotive industry is expected to reach US$ 300 billion by 2026.
- Strong policy support from the Government.
- India's passenger vehicle (PV) industry is projected to achieve a record cumulative domestic and export volume of 5.9 million units in FY27.



3. Third-largest automobile market

- In FY26, the total passenger vehicle* sales reached 46.43 lakh units.
- Automotive Industry's share of the national GDP increased from 2.77% in 1992-93 to around 6% presently. It employs about 4.2 million directly and 26.5 million people indirectly.
- Presence of established domestic and international original equipment manufacturers (OEMs).
- Strong market in terms of domestic demand and exports.

Sources: *SIAM, PIB*
Notes: **BMW, Mercedes, JLR & Volvo Auto data are not available. Tata Motors Domestic Sales data included only in this document*

Advantage India



Advantage India

1. Growing demand

- Rising middle-class income and young population will result in strong demand growth.
- The Indian automotive industry is targeting to increase the export of vehicles by five times between 2016-26.
- Automobile exports from India rose 24% to over 6.7 million units in FY26, led by strong demand for passenger vehicles, two-wheelers, and commercial vehicles abroad.
- The total production of Passenger Vehicles*, Three Wheelers, Two Wheelers, and Quadricycle in March 2026 was ~2.98 million units and bringing the total production for FY26 to 34.71 million units.

2. Rising Investments

- India's leading automakers plan nearly Rs. 40,000 crore (US$ 4.23 billion) in capex to expand capacity and accelerate EV adoption.
- The automobile sector attracted Rs. 2,70,230 crore (US$ 40.31 billion) in equity FDI Inflow between April 2000 - March 2026.
- India is set to become the largest EV market by 2030, with an investment potential exceeding US$ 200 billion over the next five years.
- The Government of India allocated Rs. 5,940 crore (US$ 672 million) for the auto PLI scheme in the Union Budget 2026-27.



4. Opportunities

- Focus shifting on electric cars to reduce emissions.
- Government aims to transform India into an R&D hub.
- India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles.
- The Indian EV market, valued at US$ 3.71 billion in 2025, is projected to reach US$ 191.04 billion by 2034, growing at a CAGR of 54.94% during 2026-34.

3. Policy support

- Automotive Mission Plan 2016-26 is a mutual initiative by the Government of India and the Indian automotive industry to lay down the roadmap for the development of the industry.
- The Centre has launched the PM E-DRIVE scheme with a budget of Rs. 10,900 crore (US$ 1.30 billion), effective from October 1, 2024, to March 31, 2028 (Earlier March 31, 2026). The initiative aims to accelerate the adoption of electric vehicles (EVs), establish charging infrastructure, and develop an EV manufacturing ecosystem in India. The target for e-3W (L5) (2,88,809 Nos.) was achieved in December 2025.

Notes: **Data except for BMW, Mercedes, JLR, Tata Motors & Volvo Auto*
Sources: *Automotive Mission Plan (2016-2026), Make in India, SIAM, ICRA, Federation of Automobile Dealers Association, News Article, DPIIT*

Market Overview



Evolution of the sector

Before 1982



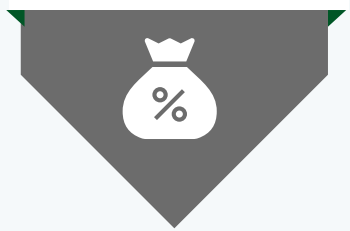
- Closed market
- 5 players
- Long waiting periods & outdated models
- Seller's market

1983-1992



- Indian Government & Suzuki formed Maruti Udyog and commenced production in 1983.
- Component manufacturers entered the market via a joint venture (JV).
- Buyer's market.

1992-2020



- Sector de-licensed in 1993.
- Major OEMs started assembly operations in India.
- Imports permitted from April 2001.
- Introduction of value-added tax in 2005.
- Automotive Mission Plan 2016-26 launched in 2015.
- Bharat Stage (BS) IV emission norms used since April 2017, and BSVI norms adopted from April 1, 2020.

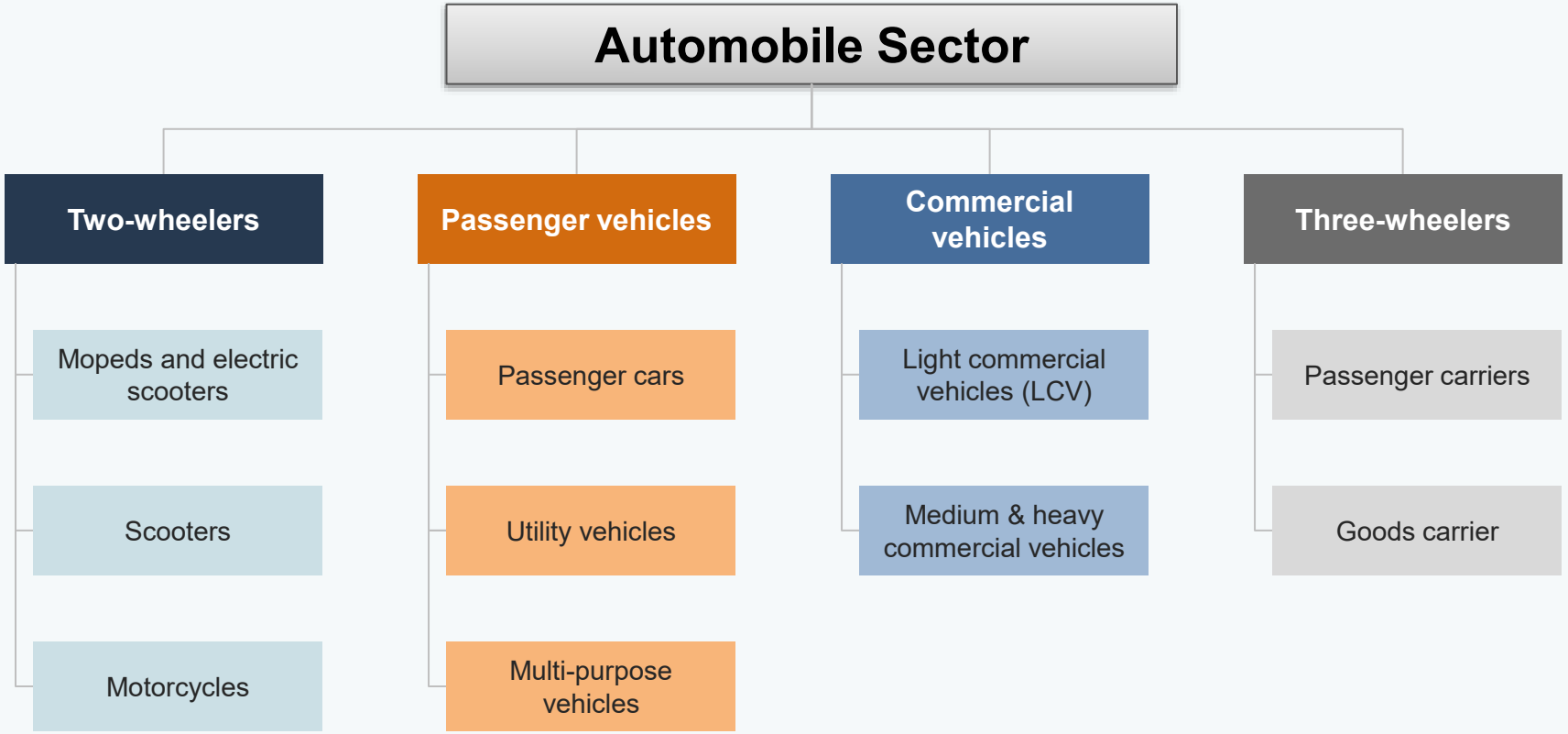
2020 Onwards



- In FY26, domestic commercial vehicle* sales stood at 10,79,871 units.
- Goods and Service Tax (GST) on EVs has reduced from 12% to 5%.
- The India-United Kingdom (UK) trade deal signed in July 2025, boosts the Indian auto sector's domestic competitiveness by reducing import tariffs on fully built passenger vehicles from 100% to 10% over 10 years, alongside calibrated annual quotas starting at 10,000 units, encouraging localisation, innovation, and technology upgrades.

Notes : ** - Daimler data is not available.*
Sources: *Tata Motors, SIAM, PIB, News Articles*

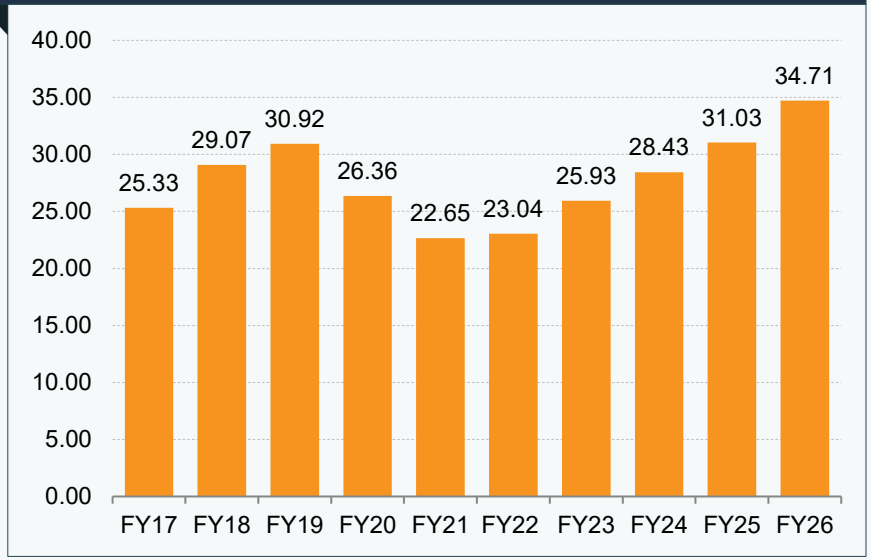
Market overview



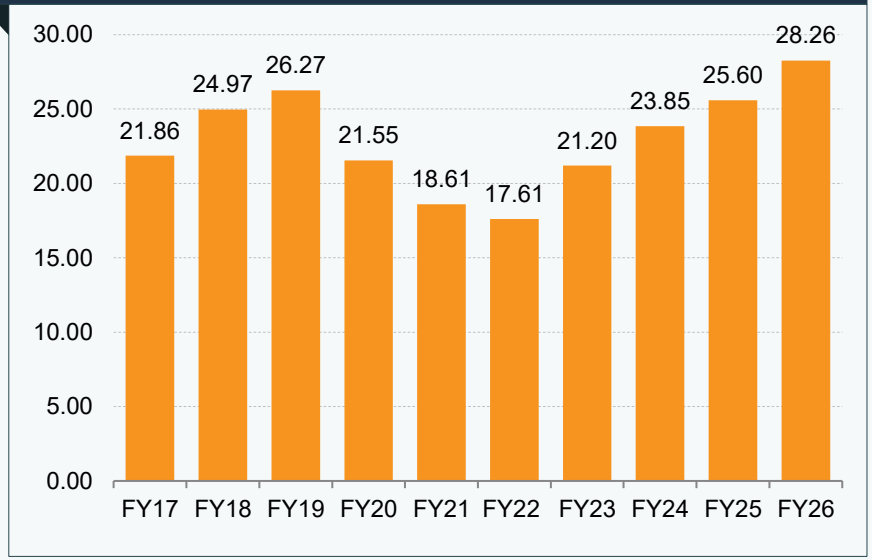
Source: *SIAM*

Market overview

Number of Automobiles Produced in India (in million)



Number of Automobiles Sold in India (in million)

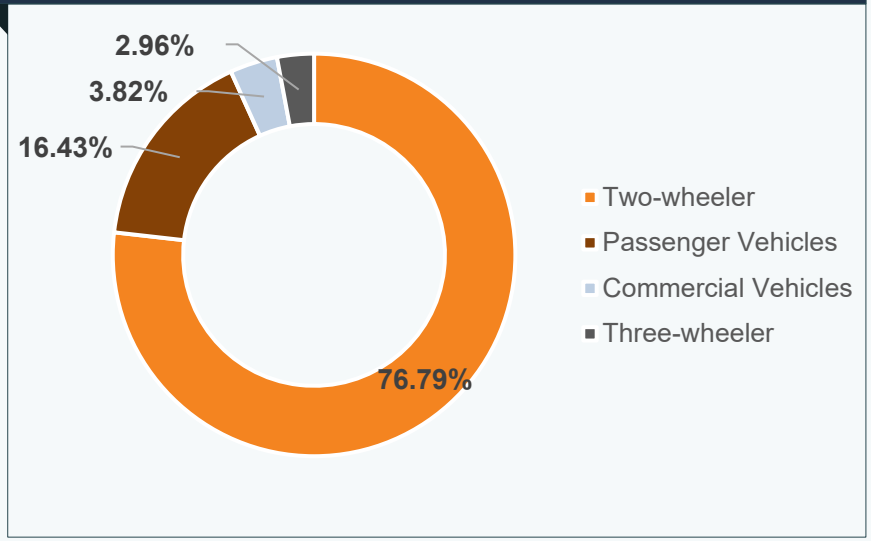


- The automotive manufacturing industry comprises the production of commercial vehicles, passenger vehicles, three-wheelers, and two-wheelers.
- In FY26, the total number of passenger vehicles^, commercial vehicles`, three-wheelers, two-wheelers, and quadricycles sold in India was 28.26 million units.
- The total production of Passenger Vehicles^, Three Wheelers, Two Wheelers, and Quadricycle in March 2026 was ~2.98 million units.
- India accomplished a significant milestone, with the sale of 24.5 lakh Electric Vehicles in FY26.
- The Indian EV market, valued at US$ 3.71 billion in 2025, is projected to grow to US$ 191.04 billion by 2034, registering a remarkable CAGR of 54.94%, while the Indian EV battery market is expected to expand from US$ 2.71 billion in 2025 to US$ 15.90 billion by 2034 at a CAGR of 21.70%.

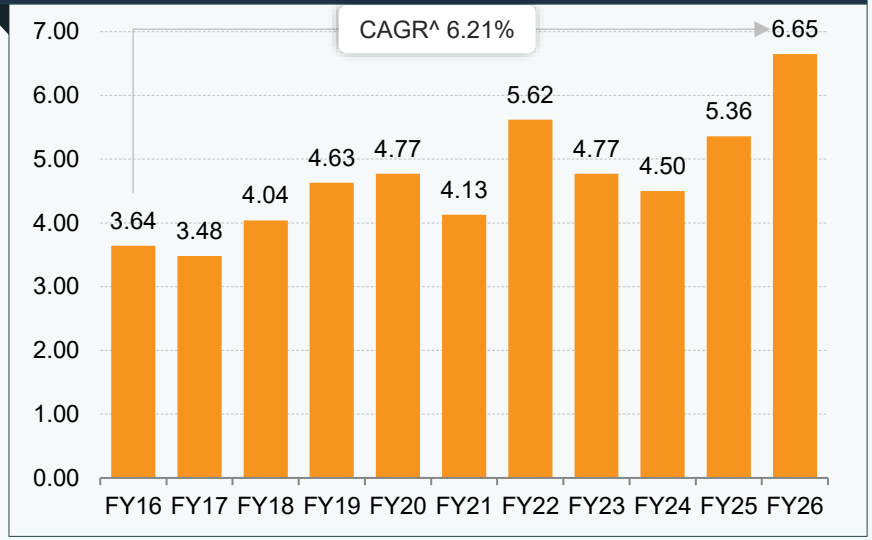
Notes: ** - ^- BMW, Mercedes, JLR, Tata Motors & Volvo Auto data are not available, ` - Daimler data is not available*
Source: *SIAM, News Articles*

Market overview

Segment-wise Domestic Market Share in FY26* (%)



Number of Automobiles Exported (in millions)



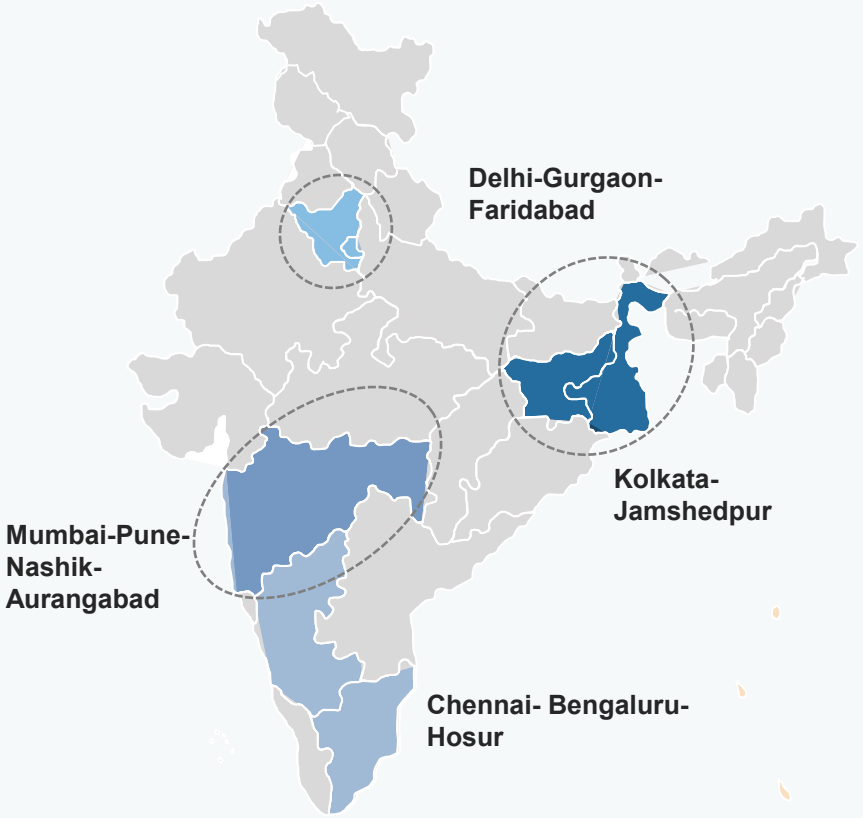
- Two-wheelers and passenger vehicles dominate the domestic Indian auto market. Two-wheelers and passenger cars accounted for 76.79% and 16.43% of market shares, respectively, In FY26 (April-December 2025) Passenger car sales are dominated by small and midsized cars.
- Exports of automobiles from India rose by 24% YoY in FY26, reaching 66,47,685 units compared with 53,62,884 units a year ago.
- India's automotive aftermarket was Rs 99,500 crore (US$11.5 billion) in FY25 and is projected to grow at a CAGR of 8–10% to around Rs 1,55,000 crore (US$16.4 billion) by FY30.

OEM market share figures

Two-wheeler OEM	FY26	FY25	Market Share (%) FY26
Hero MotoCorp	60,83,248	54,46,404	28.40%
Honda	53,61,458	47,91,389	25.03%
TVS Motors	40,46,666	33,03,633	18.89%
Bajaj	22,49,778	21,55,582	10.50%

***Source**: SIAM, FADA, News Articles;*

Clusters and leading companies



List of Companies				
North	Ashok Leyland Force Motors Piaggio Swaraj	Mazda Amtek Auto Eicher Honda SIEL Maruti Suzuki	Tata Motors Bajaj Auto Hero Group Escorts ICML	JCB Yamaha Mahindra Suzuki Motorcycles
West	Ashok Leyland Bajaj Auto FIAT M&M	Eicher Skoda Bharat Forge Tata Motors	Volkswagen Renault-Nissan John Deere Mercedes	Benz Tata Hitachi Volvo Eicher
East	TataMotors Hindustan Motors Simpson & Co	International Auto Forgings JMT Exide		
South	Ashok Leyland M&M Toyota Kirloskar Volvo	Sundaram Fasteners Enfield Hyundai BMW Bosch	TVS Motor Company Renault-Nissan TAFE Daimler	Caterpillar Hindustan Motors

Over the past few years, four specific regions in the country have become large auto manufacturing clusters, each having a different set of players.

Sources: *ACMA*

Key players

Each segment in the Indian automobiles sector have few established key players, who hold a major portion of the market.

1. PASSENGER VEHICLES

- In FY26, domestic passenger vehicle sales reached 46,43,439.
- In FY26 Maruti Suzuki accounted for 39.26% market share in the domestic passenger vehicles segment with 1.8 million units sold.

2. COMMERCIAL VEHICLES

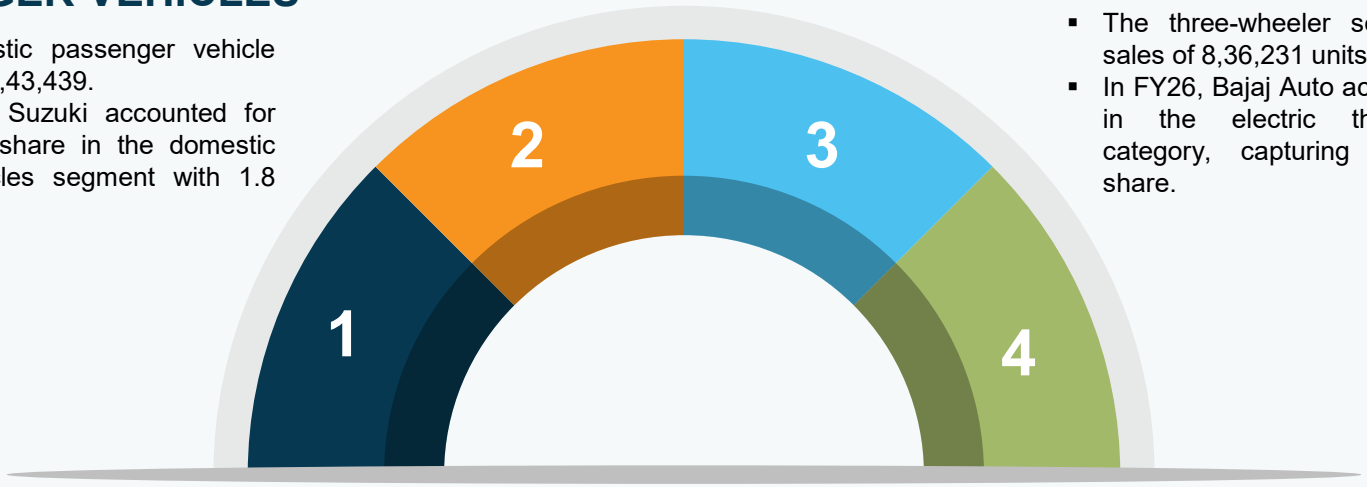
- In FY26, total commercial vehicles sales in India reached 10,79,871 units.
- In FY26, Tata Motors sold 3,62,428 commercial vehicles, accounting 34.16% of market share in the domestic commercial vehicles segment.

3. TWO-WHEELERS

- In FY26, total two-wheelers record sales in India reached 2,17,05,974 units.
- In FY26, Hero MotoCorp sold 60.83 lakh units' motorcycles and scooters.

4. THREE-WHEELERS

- The three-wheeler segment achieved sales of 8,36,231 units in FY26.
- In FY26, Bajaj Auto achieved leadership in the electric three-wheeler L5 category, capturing 34.71% market share.



Source: *SIAM, FADA, Company Websites, News Articles*

Recent Trends and Strategies



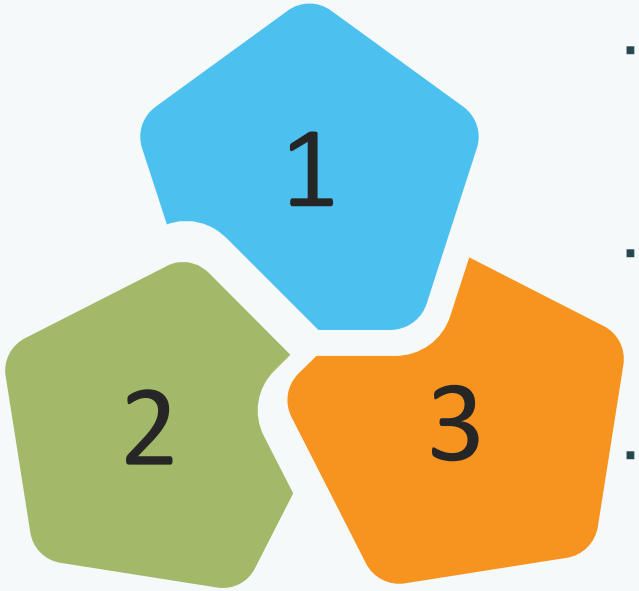
Recent trends

1. Luxury vehicles

- In FY26, Mercedes-Benz sold 18,160 luxury cars respectively, the highest in the segment.
- BMW the second highest in the segment recorded its best-ever sales of 17,301 cars in FY26
- The luxury car market registered sales of 43,751* units in FY26.

2. Catering to Indian needs

- Automakers are increasingly tailoring their product portfolios and powertrain strategies to meet evolving Indian consumer preferences. For instance, in April 2026, Renault announced plans to expand its India portfolio to seven models by 2030, with a focus on SUVs, EVs and hybrids.
- OEMs such as Volkswagen, with the updated Taigun; Toyota, with the Urban Cruiser Ebella; and Kia, with additional Seltos variants, are tailoring their offerings to evolving Indian preferences through feature upgrades, expanded EV options and wider model choices, strengthening their appeal across India's SUV and EV segments.
- The industry witnessed strong demand recovery in 2025–26, supported by GST reforms, income tax relief, and lower interest rates, leading to highest-ever sales across segments including two-wheelers and commercial vehicles



3. New financing options

- In May 2026, Mahindra & Mahindra partnered with DBS Bank India to launch India's first sustainability-linked dealer financing programme in the automotive sector, offering preferential interest rates to authorised dealers based on their performance against defined sustainability parameters.
- In April 2026, Euler Motors partnered with Annapurna Finance to expand customised financing for its electric three- and four-wheelers across India, improving EV access for fleet operators, small businesses and last-mile delivery entrepreneurs.
- In March 2026, VinFast India partnered with CSB Bank to provide EV financing across its product portfolio, offering up to 100% on-road funding, competitive interest rates and flexible repayment options to improve customer access and support dealer financing.
- In March 2026, Axis Bank became a preferred financing partner for Tesla in India, offering customised, digitally enabled vehicle financing solutions nationwide to improve accessibility and simplify the EV purchase process.
- On December 24, 2025, Maruti Suzuki India Limited partnered with Uttar Pradesh Gramin Bank to expand its retail car financing network, marking its 50th finance partner and enhancing vehicle affordability and accessibility

Sources: FADA, *News Articles, *Note: Luxury cars sales consist of Mercedes-Benz, BMW, JLR, Volvo, Porsche and Audi*

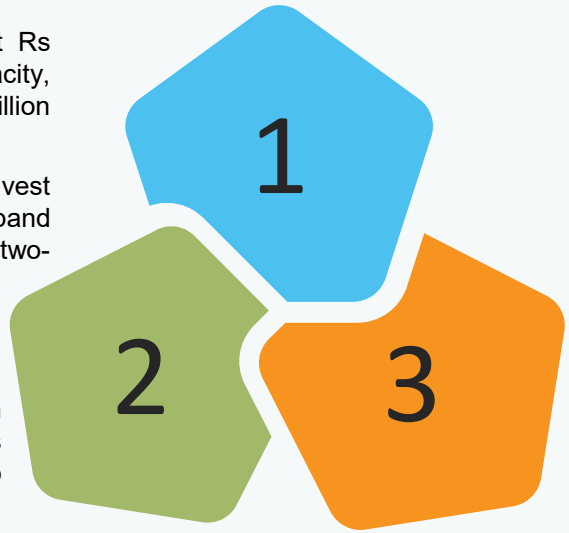
Strategies adopted

1. Capacity addition

- In May 2026, Maruti Suzuki commenced commercial production at its second Kharkhoda plant in Haryana, adding annual capacity of 250,000 vehicles and increasing the site's total capacity to 500,000 units, with plans to reach 1 million units annually.
- In May 2026, Toyota announced plans to establish a new manufacturing plant in Maharashtra's Bidkin Industrial Area with annual capacity of 100,000 vehicles, scheduled to begin production in the first half of 2029
- In May 2026, TVS Motor announced plans to invest Rs 3,500 crore (US$ 370.8 million) in FY27 to expand capacity, product development and R&D, including adding 1.5 million units of annual capacity over the next 12 months.
- In May 2026, Hero MotoCorp announced plans to invest over Rs 1,500 crore (US$ 158.9 million) in FY27 to expand scooter production capacity while scaling its electric two-wheeler operations.

2. Electric vehicles

- In May 2026, Ola Electric's board approved an investment of Rs 2,000 crore (US$ 211.9 million) in its EV and battery-cell technology businesses to strengthen localisation and in-house cell production.
- In April 2026, Hyundai Motor and TVS Motor signed a Joint Development Agreement to jointly develop and commercialise electric three-wheelers for last-mile mobility in India and other markets
- In March 2026, Honda Cars India announced plans to invest around Rs 1,200 crore (US$ 127.1 million) in a new EV manufacturing line at its Tapukara plant in Rajasthan for its upcoming electric SUV.



3. Launch of new models

- In May 2026, Tata Motors Passenger Vehicles introduced the Altroz iCNG with AMT, combining CNG technology with automatic transmission and expanding its alternative-fuel passenger vehicle portfolio. It also
- In April 2026, Volkswagen introduced an updated Taigun in India, strengthening its mid-size SUV portfolio with refreshed features and positioning.
- In April 2026, Renault announced plans to make India one of its top three global markets by 2030, targeting around 5% market share and seven model launches, including battery-electric vehicles.
- In March 2026, Škoda launched the updated Kushaq in India, introducing refreshed styling and feature upgrades to strengthen its position in the competitive mid-size SUV segment.
- In March 2026, Renault launched the new-generation Duster in India, marking the return of the SUV nameplate and strengthening its presence in the mid-size SUV segment.
- On February 17, 2026, Maruti Suzuki launched the e Vitara, its first electric SUV in India, with introductory pricing starting at Rs. 10.99 lakh (US$ 12,500) under a Battery-as-a-Service model.

Sources: *News Articles*

Growth Drivers and Opportunities



Policies and initiatives…(1/2)

1

NATRIP

- Setting up of R&D centres at a total cost of US$ 388.5 million to enable the industry to be on par with global standards.
- Under NATRIP, five testing and research centres have been established in the country since 2015.

2

PLI Scheme

- In January 2024, the Ministry of Heavy Industries extended the tenure of the PLI Scheme for Automobile and Auto Components by one year. The incentive will now be applicable for a total of five consecutive financial years, until March 31, 2028.
- In September 2021, the Indian government issued a notification regarding a PLI scheme for automobile and auto components worth Rs. 25,938 crore (US$ 3.49 billion).
- The Union Cabinet outlaid Rs. 57,042 crore (US$ 7.81 billion) for the automobiles & auto components sector under the Department of Heavy Industries.

3

AMP 2016-2026

- India is developing the Automotive Mission Plan 2047 to strengthen innovation, global competitiveness, exports and sustainable mobility, with a long-term objective of positioning the country among the world's leading automotive manufacturing hubs.
- AMP 2026 targets a four-fold growth in the automobile sector in India which include manufacturers of automobiles, auto components and tractors over the 10-year period of 2016-2026.

4

FAME

- As of July 31, 2025, India has advanced EV adoption through FAME-II, PM E-DRIVE, and PM-eBus Sewa, committing over Rs. 42,000 crore (US$ 4.91 billion) towards incentives, infrastructure, and localisation across vehicle segments and regions.
- The Ministry of Heavy Industries has launched PM E-DRIVE Scheme (FAME III), with a budget of Rs. 10,900 crore (US$ 1.30 billion) to promote electric mobility and reduce reliance on fossil fuels over a two-year period from April 1, 2024, to March 31, 2026.

Notes: *NATRIP- National Automotive Testing and R&D Infrastructure Project, PLI - Production Linked Incentive, AMP - Automotive Mission Plan*
Sources: *News Articles*

Policies and initiatives…(2/2)

5

Flex-fuel Engines

- In April 2026, the government and automobile industry reached broad consensus on proposed CAFE-III norms, which are expected to progressively tighten fleet-level emissions requirements while providing compliance recognition for cleaner vehicle technologies.
- In September 2021, Minister of Road Transport and Highways, Mr. Nitin Gadkari, announced that government is planning to make it mandatory for car manufacturers to produce flex-fuel engines after getting the required permissions from the Supreme Court of India.

6

Ethanol Blending

- In April 2026, the government proposed regulatory amendments to enable vehicles using higher ethanol blends, including E85 and E100, as India evaluates the next phase of its ethanol mobility strategy.
- India achieved 20% ethanol blending in petrol in 2025, five years ahead of the original 2030 target, marking a major milestone in reducing crude-oil dependence and supporting domestic biofuel production.

7

Battery Waste Management Rules, 2022

- Ministry of Environment, Forest and Climate Change, Government of India published the Battery Waste Management Rules, 2022 on August 24th, 2022, for environmentally sound management of waste batteries, including EV batteries.
- On October 25, 2023, the Ministry of Environment, Forest, and Climate Change issued a notable notification introducing the Battery Waste Management (Amendment) Rules, 2023, which impose fresh obligations and duties on battery producers, recyclers, and refurbishes.

8

PM E-Drive Scheme

- PM E-DRIVE, started in October 2024, is India's umbrella scheme to accelerate EV adoption and ecosystem support with a Rs. 10,900 crore (US$ 1.31 billion) outlay, encompassing e-2Ws, e-3Ws, e-buses, heavy EVs, public charging infrastructure, vehicle testing, and localisation, with its tenure extended to March 31, 2028. The initiative aims to accelerate the adoption of electric vehicles (EVs), establish charging infrastructure, and develop an EV manufacturing ecosystem in India. The target for e-3W (L5) (2,88,809 Nos.) was achieved in December 2025.

Notes : *FAME - Faster Adoption and Manufacturing of Electric Vehicles, CAFÉ - Corporate Average Fuel Efficiency*
Sources: *News Articles*

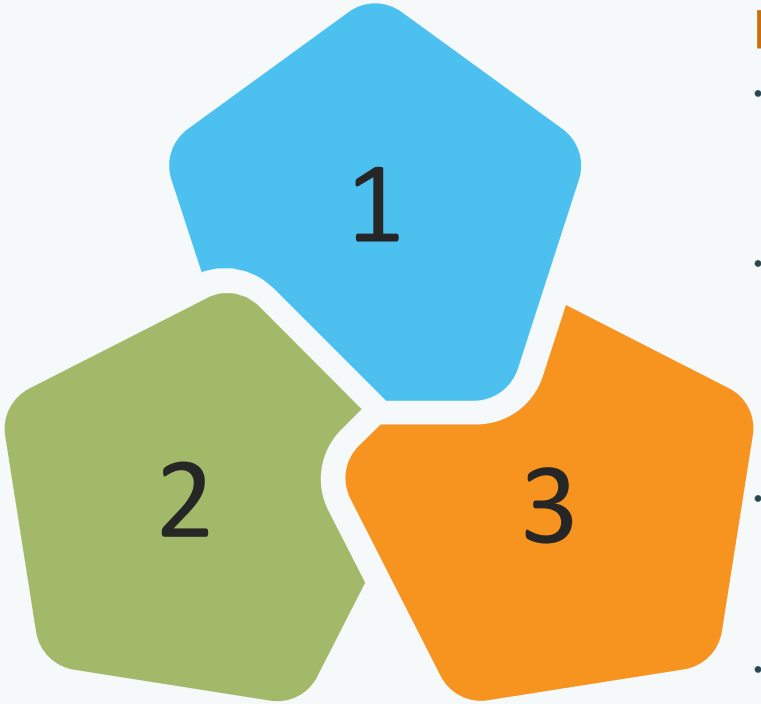
Growth drivers

1. Policy support

- Initiatives like Make in India, the Automotive Mission Plan 2026, and NEMMP 2020 will give a huge boost to the sector.
- The government introduced a battery-swapping policy, which will allow drained batteries to be swapped with charged ones at designated charging stations, thus making EVs more viable for potential customers.
- To install electric vehicle supply equipment (EVSE) infrastructure for EVs, various public sector firms, ministries, and railways have come together to create infrastructure, and manufacture components.

2. Growing demand

- Rising income and a growing young population.
- Greater availability of credit and financing options.
- Demand for commercial vehicles increasing due to the high level of activity in the infrastructure sector.



3. Support infrastructure and high investment

- Under Electric Mobility Promotion Scheme 2024 government aims to support 3,72,215 EVs including e-2W (3,33,387) and e-3W (38,828 including 13,590 rickshaws & e-carts and 25,238 e-3W in L5 category).
- On August 26, 2025, India's EV push included 14,028 e-buses, 9,332 public charging stations, and over Rs. 54,000 crore (US$ 6.32 billion) in investments through PM E-DRIVE and PLI schemes to boost domestic manufacturing and green mobility.
- In October 2024, Hyundai Motor India raised a record Rs. 27,870 crore (US$ 3.26 billion) through what became India's largest-ever IPO, achieved via a fully subscribed offer-for-sale.
- In April 2023, Power Finance Corporation Ltd (PFC) approved a Rs. 633 crore (US$ 76.39 million) loan for 5,000 passenger EVs and 1,000 cargo EVs.
- In March 2023, the Central Government sanctioned Rs. 800 crore (US$ 72.41 million) under FAME India Scheme Phase II to Indian Oil (IOCL), Bharat Petroleum (BPCL), and Hindustan Petroleum (HPCL), for setting up 7,432 public fast charging stations across the country.

Note: *NEMMP - National Electric Mobility Mission Plan, IPO - Initial Public Offering*
Source: *SIAM, Union Budget 2022-23, News Articles, JP Morgan*

Investment scenario (1/4)

1

Tata Motors

- In May 2026, Tata Motors announced plans to invest around Rs. 10,000 crore (US$ 1.06 billion) over two years in new products, EVs, and capacity expansion.
- Tata Motors is set to invest Rs. 33,000-35,000 crore (US$ 3.86-4.10 billion) between FY26 and FY30 to bolster its passenger vehicle and electric portfolio, launching 30 new models, aiming for a 16% market share by FY27 rising to 18-20% by FY30, with Rs. 16,000-18,000 crore (US$ 1.87-2.11 billion) specifically allocated to the EV arm.
- On April 17, 2025, Tata Motors announced that it had filed a record 250 patents and 148 design applications in FY25, its highest ever in a single year.
- Tata Passenger Electric Mobility, a subsidiary of Tata Motors Limited and pioneer of India's EV revolution (TPEM), along with the Rajasthan Solar Association (RSA), has entered a Memorandum of Understanding (MoU) to promote electric vehicles (EVs) and the use of solar energy for EV charging in Rajasthan.

2

Maruti Suzuki India

- In April 2026, Maruti Suzuki announced plans to invest around Rs 14,000 crore (US$1.48 billion) in FY27, its highest-ever annual capital expenditure, to expand capacity at its Kharkhoda plant in Haryana, develop a new manufacturing facility in Gujarat and support future products and export growth, with recently commissioned 250,000-unit lines at Kharkhoda and Hansalpur expected to support additional production in FY27.
- In July 2025, Maruti Suzuki India Limited partnered with DPIIT, to support 'Startup India' innovators in mobility and manufacturing with mentorship, industry access, and testbed facilities to accelerate market-ready solutions.
- In March 2025, Maruti Suzuki had announced a significant investment of Rs. 7,410 crore (US$ 864 million) to establish a third manufacturing facility in Haryana. This strategic expansion is projected to elevate the region's production capacity to 7,50,000 units annually by 2029.

3

NISSAN

- On May 28, 2025, Nissan announced a Rs. 6,496 crore (US$ 760 million) investment in India over the next two years to launch multiple new models and expand operations, reinforcing its strong commitment to the Indian market.
- The Renault-Nissan alliance is stepping up its investments in India plans to invest US$ 600-700 million at its Chennai-based facility to step up platform localisation and improve sophistication levels in manufacturing.
- In July 2023, Renault Nissan to invest Rs. 1.4 crore (US$ 1,68,762.86) to upgrade infrastructure at eight schools near Chennai.

Source: *Media Sources, Company Website, News Articles*

Investment scenario (2/4)

4

Hyundai Motor India

- In May 2026, Hyundai Motor India announced plans to invest around Rs. 7,500 crore (US$ 794.7 million) in FY27 to expand production capacity to 1.14 million units and strengthen its SUV and EV portfolio.
- On October 15, 2025, Hyundai Motor India Ltd. (HMIL) announced an investment plan of Rs. 45,000 crore (US$ 5.07 billion) through FY30, aiming for 26 new launches (including 7 new nameplates), positioning India as a global export hub with target exports of up to 30% and revenue crossing Rs. 1,00,000 crore (US$ 11.28 billion) by FY30.
- In October 2024, Hyundai Motor India raised a record Rs. 27,870 crore (US$ 3.26 billion) through what became India's largest-ever IPO, achieved via a fully subscribed offer-for-sale.
- In February 2024, company had announced it will invest over Rs. 32,000 crore (US$ 3.85 billion) from 2023 to 2033 in expanding its EV range and enhancing its current car and SUV platforms.

5

MAHINDRA & MAHINDRA

- In April, 2026, Mahindra & Mahindra announced a 20-fold increase in patents granted over the past decade, rising from 56 since inception as of FY16 to 1,334 in FY26, reflecting its continued focus on R&D and 'Make in India'.
- In February, 2026, Mahindra & Mahindra Limited announced an investment of Rs. 196 crore (US$ 23.6 million) to expand its Chennai-based R&D hub, strengthening capabilities in advanced vehicle design, engineering, & testing for next-generation platforms
- In February, 2026, Mahindra & Mahindra Limited announced a Rs. 15,000 crore (US$ 1.65 billion) investment to establish its largest integrated automobile & tractor manufacturing facility in Nagpur, Maharashtra, with production expected to begin in 2028.
- Mahindra & Mahindra Ltd plans to invest Rs. 26,000 crore (US$ 3.08 billion) in its automotive business over 2027, with Rs. 12,000 crore (US$ 1.42 billion) allocated specifically for its electric vehicle unit.

6

SAIC

- On February 16, 2026, JSW MG Motor India announced plans to invest up to US$ 440 million (Rs. 3,894 crore) to expand manufacturing capacity to ~300,000 units annually and launch 3–4 new models, with a focus on hybrid and electric vehicles.
- In November 2023, SAIC Motor and JSW Group announced a strategic joint venture to accelerate growth with focus on green mobility.
- In January 2023, MG Motor India to invest US$ 100 million to expand capacity, eyes 70% growth in 2023.

Source: *Media Sources, Company Website, JP Morgan, News Articles*

Investment scenario (3/4)

7

Mercedes-Benz

- Mercedes Benz will make an investment of Rs 3,000 crore (US$ 360.14 million) in Maharashtra.
- In January 2024, Mercedes-Benz announced an investment of Rs. 200 crore (US$ 24.04 million) in India and is gearing up to introduce more than a dozen new cars, including EVs, in the coming years.
- In January 2023, Global chief executive officer (CEO) Mr. Ola Kallenius said that India was Mercedes-Benz's fastest-growing market worldwide in 2022 and plans on investing more.

8

Skoda Auto

- Skoda Volkswagen India plans a Rs. 9,923 crore (US$ 1.16 billion) investment under its India 3.0 strategy to boost premium SUVs and electric vehicles using the CMP 21 platform.
- In February 2024, Mr. Klaus Zellmer CEO of Skoda Auto said India is the most promising growth market for Skoda Auto and Skoda Auto India is looking to increase its share in the Indian market to 5% by 2030.

9

Hero MotoCorp

- In May 2026, Hero MotoCorp announced plans to invest over Rs. 1,500 crore (US$ 158.9 million) in FY27 to expand scooter and Vida EV capacity, along with Rs. 700 crore (US$ 74.2 million) for a second global parts centre in South India.
- On February 6, 2026, Hero MotoCorp approved an additional investment of up to Rs. 275 crore (US$ 31 million) in Euler Motors to strengthen its presence in the electric three- and four-wheeler segment, with its stake expected to rise to ~36%
- On August 12, 2025, DPIIT signed an MoU with Hero MotoCorp to support early-stage startups via the 'Hero For Startups' accelerator, offering mentorship and R&D access.
- Between March and May 2025, Hero MotoCorp invested Rs. 525 crore (US$ 62.1 million) in Euler Motors for a 32.5% stake, leading its Rs. 638 crore (US$ 76.6 million) Series D round and marking its entry into the electric three-wheeler market.

10

Kinetic Green

- On May 15, 2024, Kinetic Green announced plans to enter battery manufacturing as part of its Rs. 10,000 crore (US$ 1.17 billion) 2029 strategy, with a Rs. 500 crore (US$ 58.5 million) capex investment over 3-4 years to produce batteries for its e-Luna and L5 3-wheeler models.
- In 2024, Kinetic Green raised Rs. 214 crore (US$ 25 million) from Greater Pacific Capital as part of a Series A round.

Source: *Media Sources, Company Website, News Articles*

Investment scenario (4/4)

11

TVS Motor

- In May 2026, TVS Motor Company announced plans to invest around Rs. 3,500 crore (US$ 370.8 million) in FY27 to expand capacity, product development and R&D, including adding 1.5 million units of annual capacity.
- On January 28, 2026, TVS Motor Company revised its FY26 investment plan upwards to Rs. 2,900 crore (US$ 327.7 million), driven by stronger growth momentum and increased investments across key business areas.
- in February 2025, TVS Motor Company announced a Rs. 2,000 crore (US$ 236.6 million) investment in Karnataka over the next five years to enhance its presence in the state through new infrastructure and expanded capabilities.

12

BYD

- On March 29, 2025, BYD announced plans to set up its first EV manufacturing plant near Hyderabad, Telangana, targeting an annual capacity of 6,00,000 vehicles by 2032.
- In March 2024, BYD India, a subsidiary of the world's leading New Energy Vehicles (NEV) manufacturer, announced its entry into the luxury electric sedan segment with the launch of the BYD SEAL. BYD India currently has two products in its portfolio - the BYD ATTO 3 and the All-New e6, both of which have been very well received by Indian consumers.

13

VinFast

- In April 2026, Vietnam-based Vingroup announced plans to invest Rs. 61,347 crore (US$ 6.5 billion) in Maharashtra over 2 years across electric mobility, renewable energy, smart townships, and public infrastructure, potentially creating around 24,700 jobs.
- On December 4, 2025, VinFast announced an investment of US$ 500 million (Rs. 4,425 crore) to expand its manufacturing operations in India, including new production lines for electric buses and scooters.
- On August 11, 2025, VinFast inaugurated its Rs. 16,000 crore (US$ 1.87 billion) EV assembly plant in Thoothukudi, Tamil Nadu, its first outside Vietnam, aiming to make the city a South Asian export hub with an initial capacity of 50,000 vehicles annually, scalable to 1.5 lakh units.

14

Force Motors

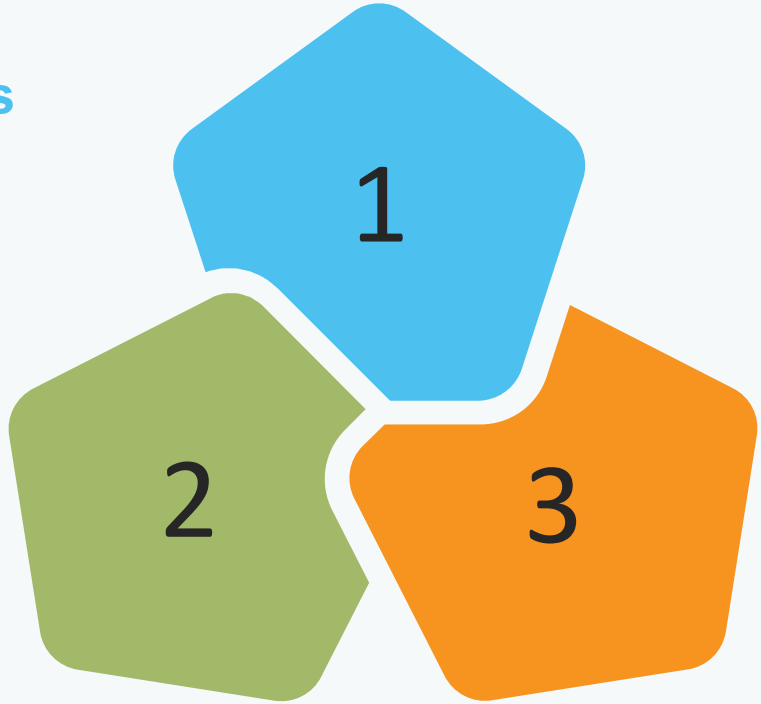
- In May 2026, Force Motors announced plans to invest over Rs. 3,000 crore (US$ 317.9 million) over the next two-and-a-half years to expand its product portfolio, develop hybrid powertrains and strengthen exports.
- In January 2025, Force Motors Ltd announced securing an order to supply 2,429 ambulances to Uttar Pradesh's Health Department, enhancing the region's medical services.

Source: *Media Sources, Company Website*

Opportunities

1. Opportunities for creating sizeable market segments through innovations

- In April, 2026, Mahindra & Mahindra announced a 20-fold increase in patents granted over the past decade, rising from 56 since inception as of FY16 to 1,334 in FY26, reflecting its continued focus on R&D and 'Make in India'.
- Hyundai is planning to enter the hybrid vehicles segment to explore alternative fuel technology and to avail government incentives.
- On April 17, 2025, Tata Motors announced that it had filed a record 250 patents and 148 design applications in FY25, its highest ever in a single year.



3. India is fast emerging as a global R&D hub

- Strong support from the Government; setting up of NATRIP centres.
- In April 2026, Škoda Auto Volkswagen India inaugurated a new 33,000 sq. ft. R&D wing in Pune, accommodating over 250 engineers to strengthen vehicle development and software capabilities.
- On February 12, 2026, Mahindra & Mahindra Limited announced an investment of Rs. 196 crore (US$ 23.6 million) to expand its Chennai-based R&D and testing hub.
- India accounts for 40% of global engineering and R&D spending of US$ 31 billion. The automobile sector accounts for 8% of the country's R&D spending.

2. Small car manufacturing hub

- Nissan and Toyota announced plans to make India their global hub for small cars.
- With Maruti Suzuki and Hyundai leading, the Indian passenger vehicle market is dominated by small cars.
- Strong export potential in ultra-low-cost cars segment (to developing & emerging markets).

Source: *Media Sources, Company Website*

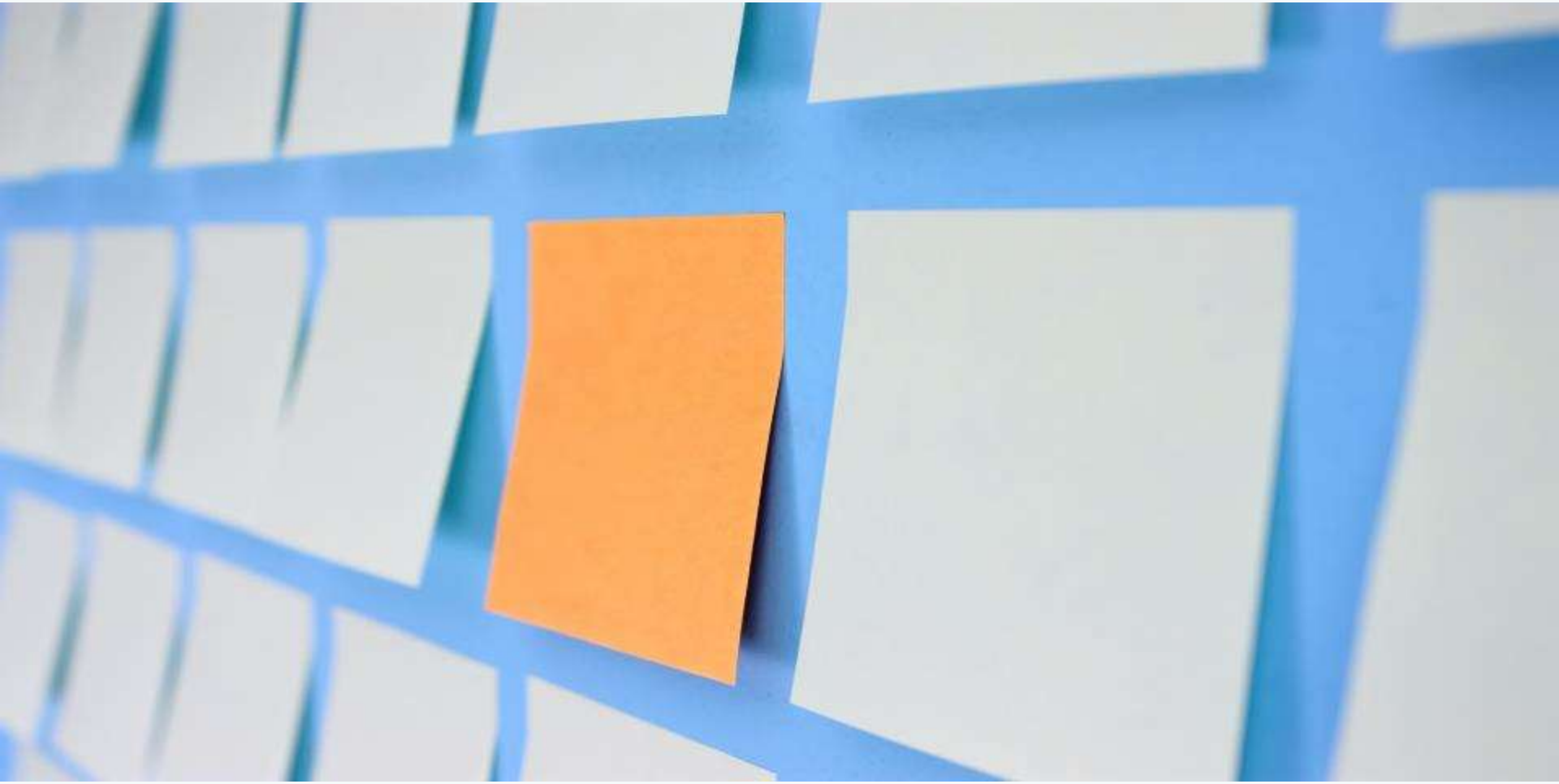
Key Industry Contacts



Key Industry Contacts

Agency	Contact Information
Society of Indian Automobile Manufacturers (SIAM)	Core 4-B, 5th Floor, India Habitat Centre Lodhi Road, New Delhi - 110003 Phone: 91 - 11 - 24647810 -12, 91-11-47103010 Fax: 91-11-24648222 E-mail: siam@siam.in Website: www.siam.in
Automotive Research Association of India (ARAI)	Survey No. 102, Vetal Hill, off Paud Road, Kothrud, Pune - 411 038 P. B. No. 832, Pune - 411 004 Tel No. : +91 20-67621111 Fax No. : +91 20-67621104 E-mail: info@araiindia.com Website: www.araiindia.com
Federation of Indian Automobile Associations	Ind. Merchant's Chamber Bldg. 76 Veer Nariman Road Churchgate, Mumbai Tel: +91 22 2204 1085 Fax: +91 22 2204 1382 Website: www.fiaa.in

Appendix



Glossary

- CAGR: Compound Annual Growth Rate
- Capex: Capital Expenditure
- CENVAT: Central Value Added Tax
- EHTP: Electronic Hardware Technology Park
- EPCG: Export Promotion Capital Goods Scheme
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
- LCD: Liquid Crystal Display
- R&D: Research and Development
- US$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60
2023-24	82.80
2024-25	86.47
2025-26	88.37
2026-27*	94.38

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US$
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024	84.49
2025	87.16
2026*	92.66

Note: **- Until May 2026*

Source: *Foreign Exchange Dealers' Association of India*

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