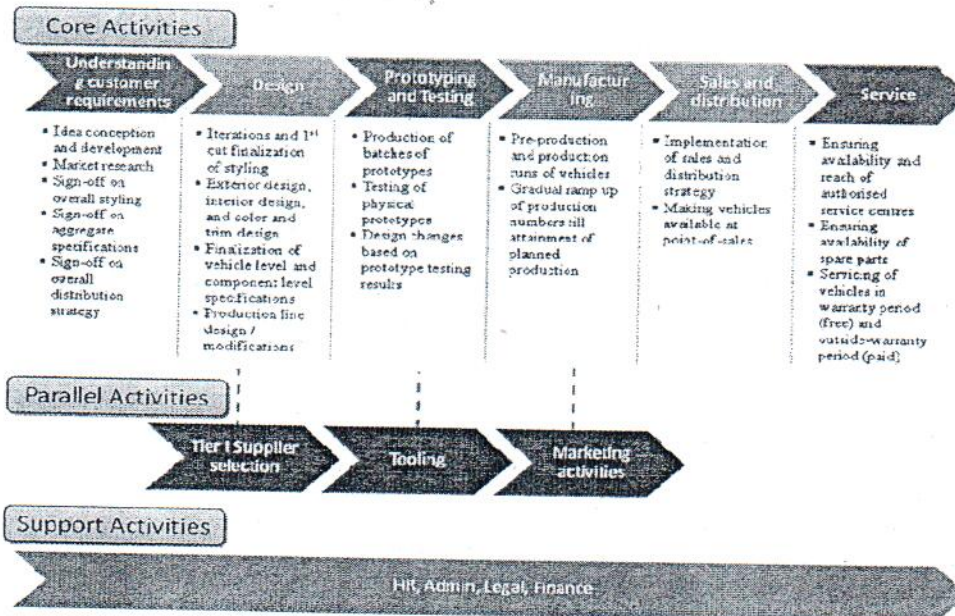


The Indian Automotive Industry today is being seen as one of the most competitive amongst the automotive industries of the world. The growth has largely come in the last 7-8 years where the industry has grown at a CAGR of over 14%. The size of the Automotive sector in 2008-09 was estimated to be around Rs. 1,910 billion, of which the Automobile segment was estimated to be Rs. 1,230 billion (i.e. about 64%) while the Auto Components segment contributed to around Rs. 680 billion (i.e. about 36%).

### Key Activities in Automobile Industry

The Automobile segment, comprising of the OEMs, is at the topmost Tier of the Automotive Industry with a wide network of Tier I, II, III level suppliers supporting the OEMs for end product production. In terms of activity, manufacturing is the most key function in the Automobile segment, owing to nearly 60-70% of the manpower engaged in this activity at the manufacturer's end (direct employment). Indirect employment generated by this sector is considerable as personnel are employed in functions such as sales, finance, insurance, etc. The key aspects of the value chain for the automotive OEMs are captured in the figure below:

Exhibit 15: Value chain of the Automobile segment



Source: IMaCS Analysis