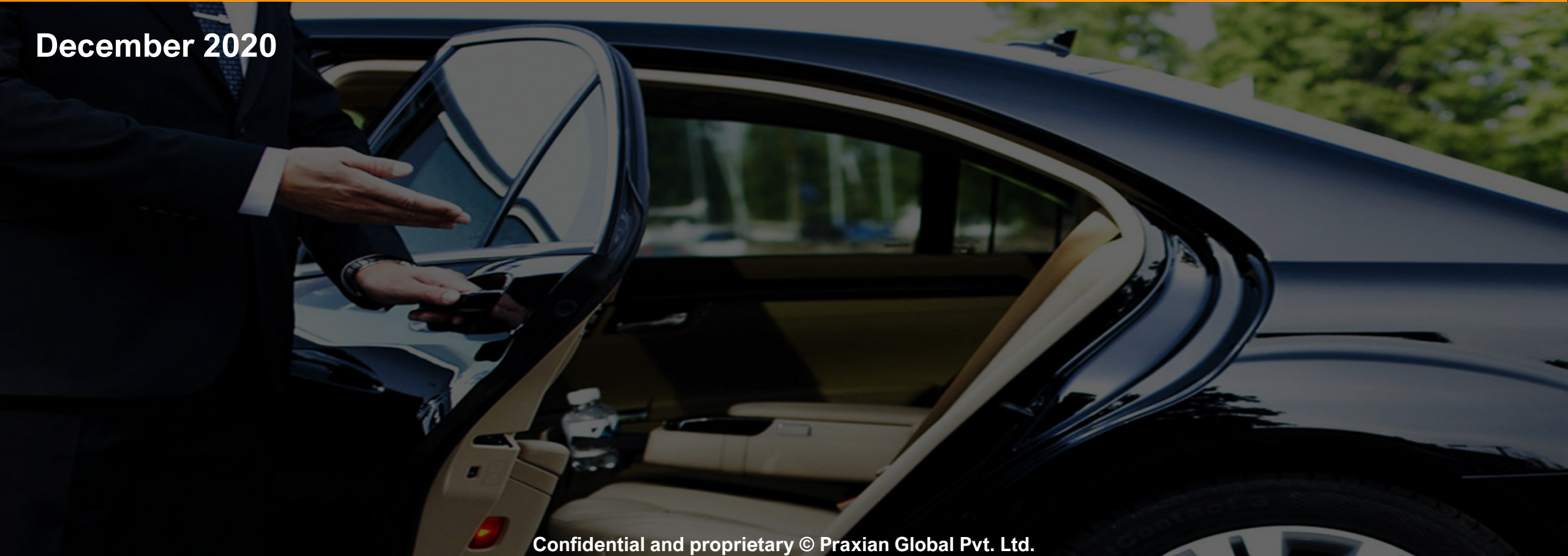


Top 10 trends in Personal Vehicles

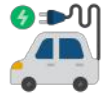
December 2020



Top 10 trends in PV in 2020



- 1 Indian PV market has shown robust growth in the post-COVID world**
 - PV market has shown robust growth in past 2 months with YoY growth rate of 31% in September 2020



- 2 Growing adoption of EVs in the Indian market**
 - Electric vehicle market is growing rapidly, achieving a growth rate of 44% with ~1M units sold in FY20



- 3 Mid-SUV segment shows fastest recovery in the post-COVID world**
 - Mid-SUV is the only segment in PV with a positive CAGR of 27% in the post-COVID sales (combined April to Sept'20 sales)



- 4 Sub-compact SUVs are gaining market share rapidly**
 - Significant market share gained by SUVs led by changing consumer preferences and new model launches



- 5 Emergence of “futuristic digital dealership”**
 - Adoption of digital dealership is increasing due to the rising digital penetration and current pandemic



- 6 Increased preference for personal mobility will drive demand in the post-COVID world**
 - COVID-19 has changed the mode of commute, with an increase of 37% preferring to use personal 4W post-COVID



- 7 New entrants like KIA and MG are capturing the Indian market rapidly**
 - Market structures are being disrupted by new entrants. Competitive intensity in Indian PV market likely to increase further



- 8 New models offering alternatives to car ownership are gaining popularity**
 - New models like subscriptions are giving the consumers the ownership experience without committing to a long-term loan



- 9 Used car sales in India has shown robust growth despite slowdown in new car sales**
 - Used car market has seen a resilient growth of CAGR 6.2% compared to new cars with CAGR -0.2% for FY16-20

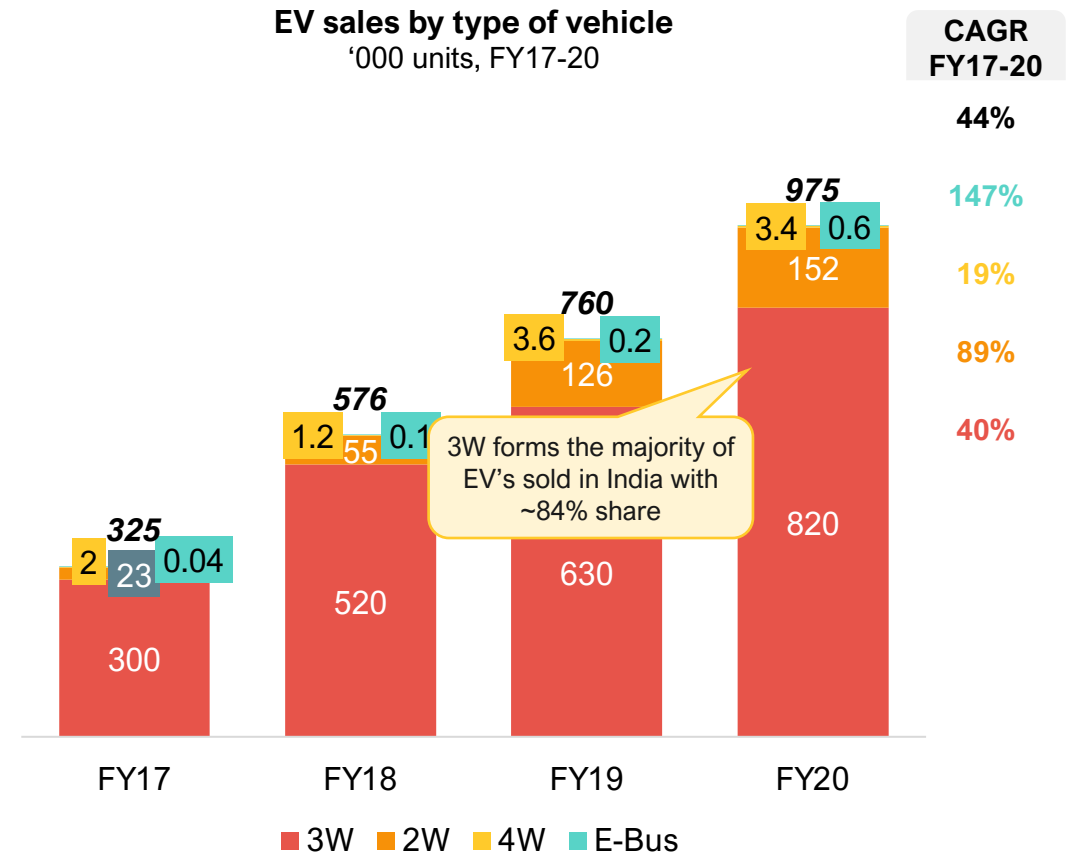
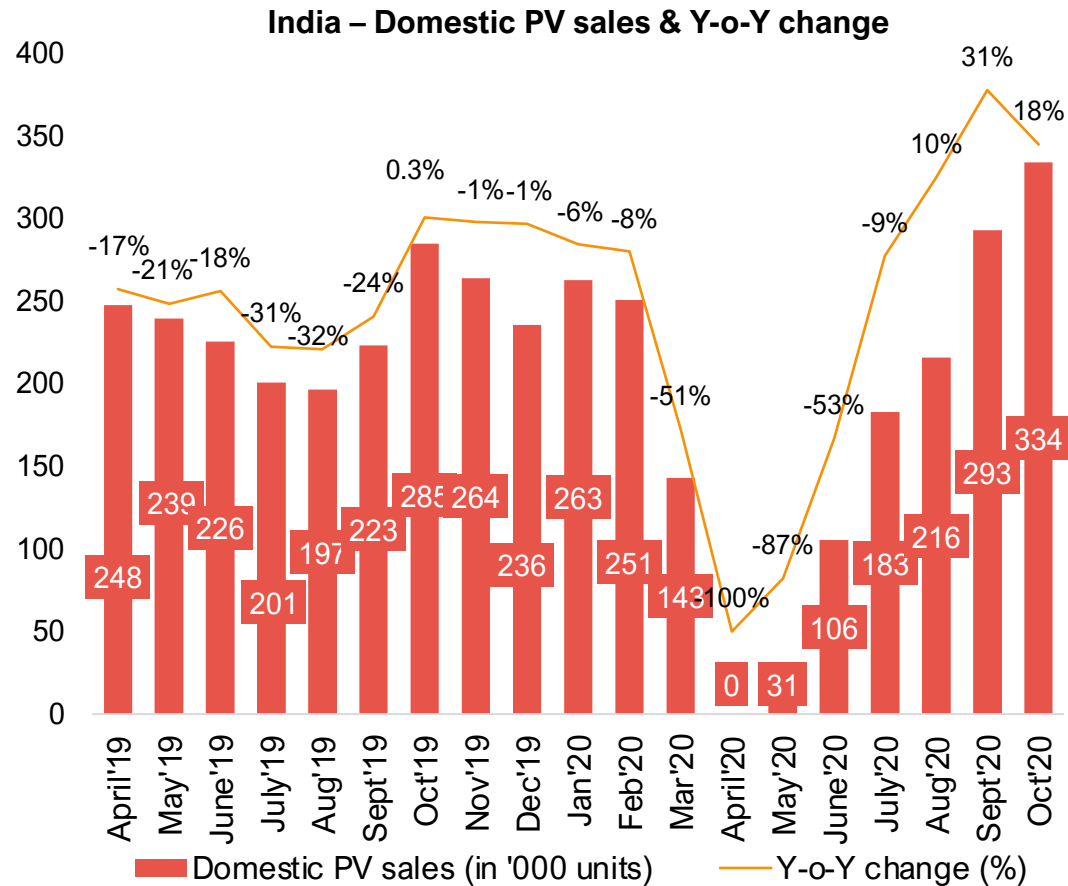


- 10 Successful transition towards cleaner fuel led by BS-VI rules**
 - Indian automobile market made successful transition to BS-VI rules despite the pandemic in 2020

Indian PV market has shown robust growth in the post-COVID world; growing adoption of EVs in the Indian market

Indian PV market has shown robust growth in last 2 months

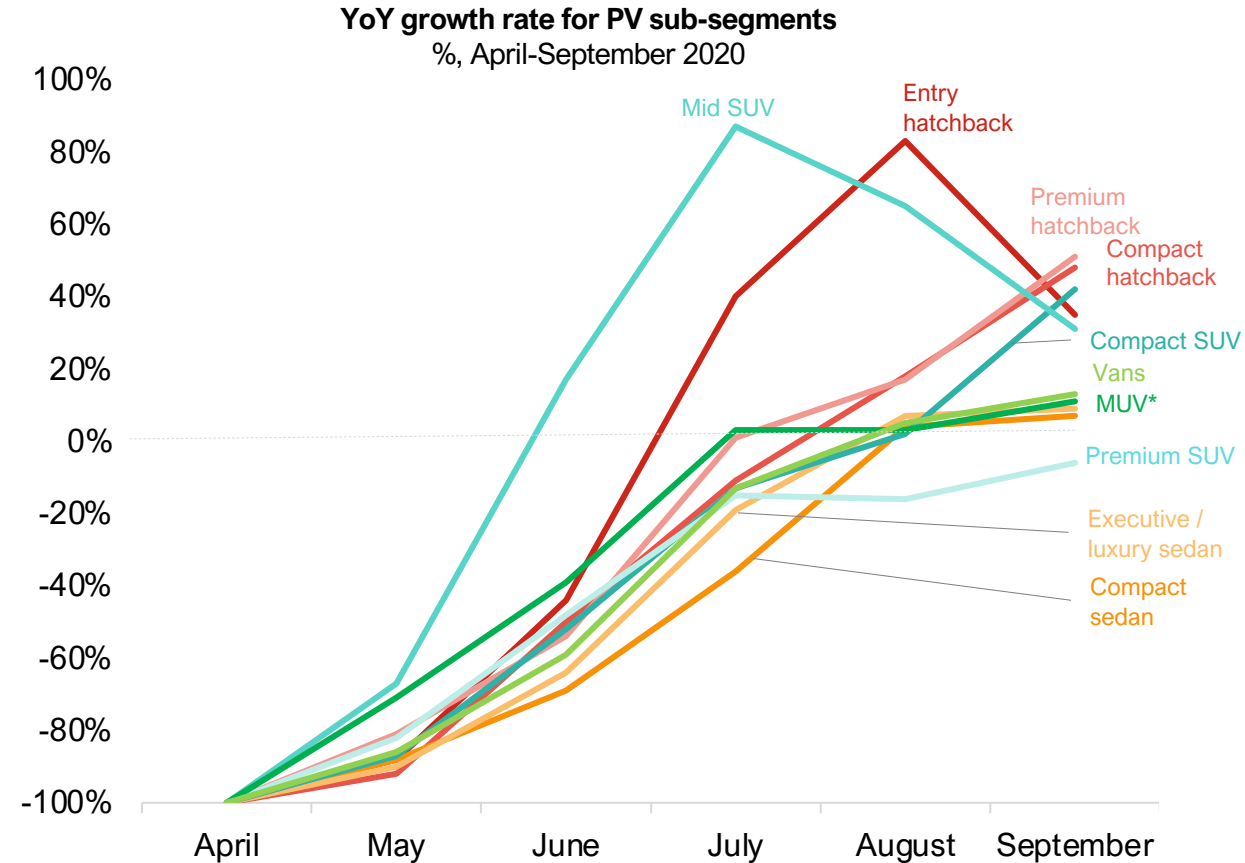
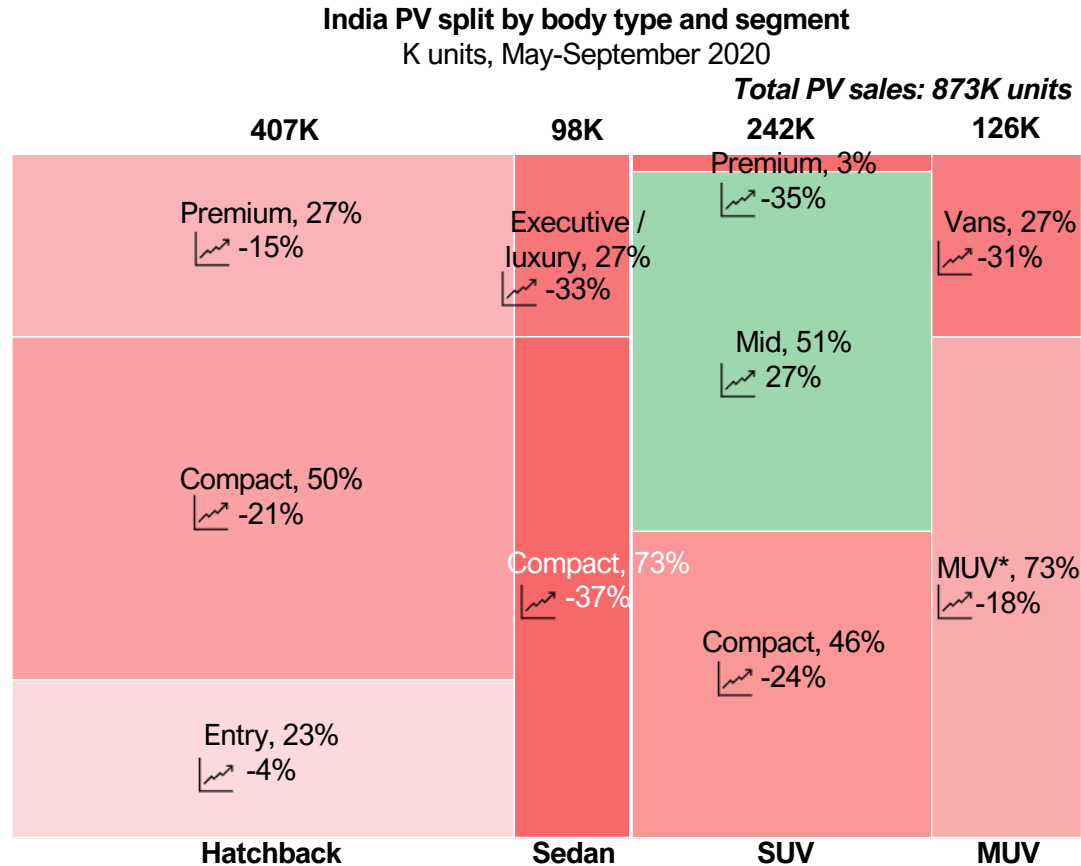
EVs is seeing a growth of 44% with ~1M vehicles sold in 2020



Mid-SUV segment shows fastest recovery in post-COVID world

Market share for mid-SUV is maximum in post-COVID

Mid-SUV segment shows fastest recovery rate post-COVID

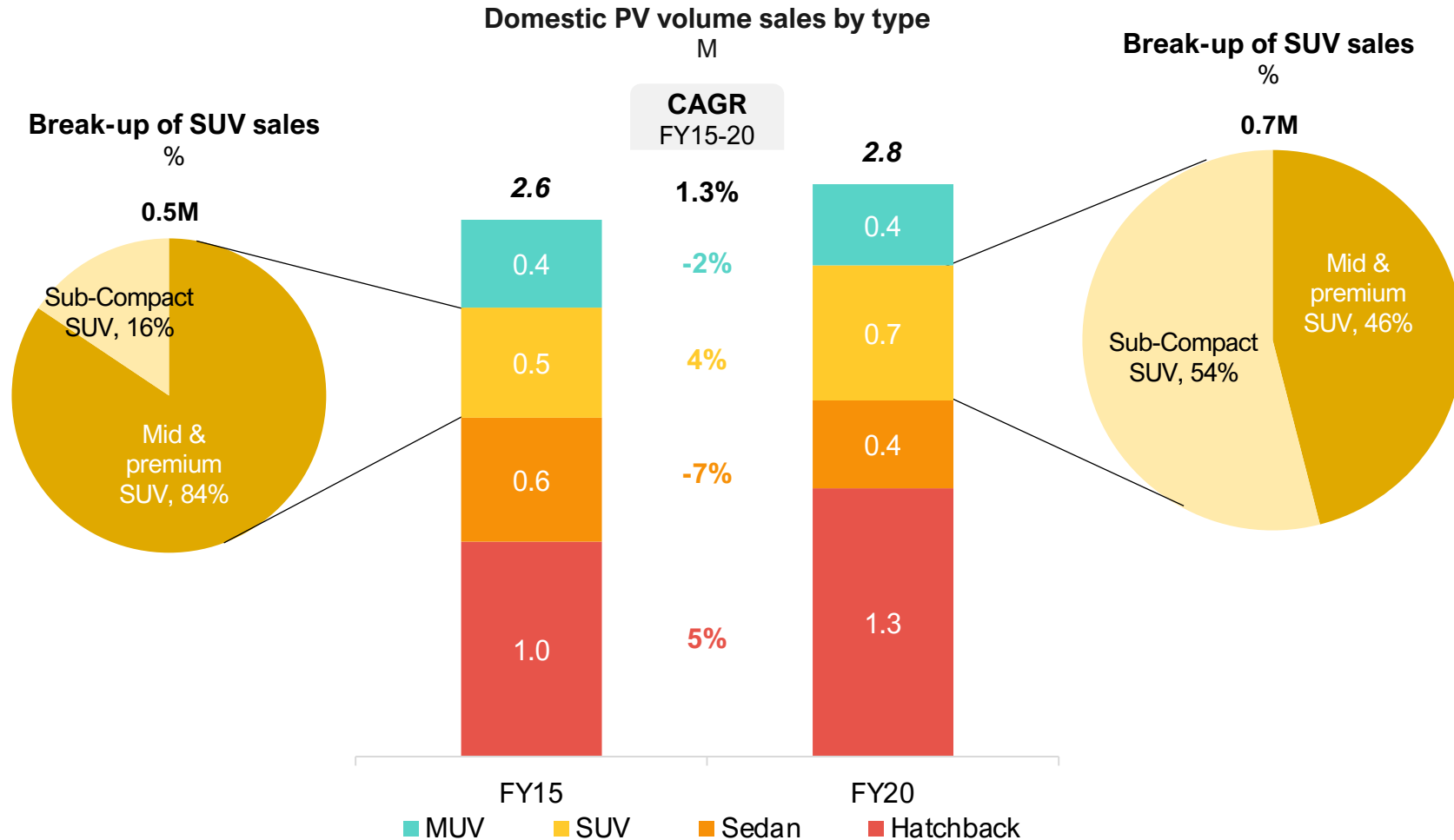


Note(s): *include all MUVs other than vans
Source(s): Secondary research, PGA Labs Analysis

Sub-compact SUVs are gaining share rapidly

Significant share gain by SUVs led by mid and sub-compact SUV

Sub-compact SUV has grown basis consumer behavior shift, etc.

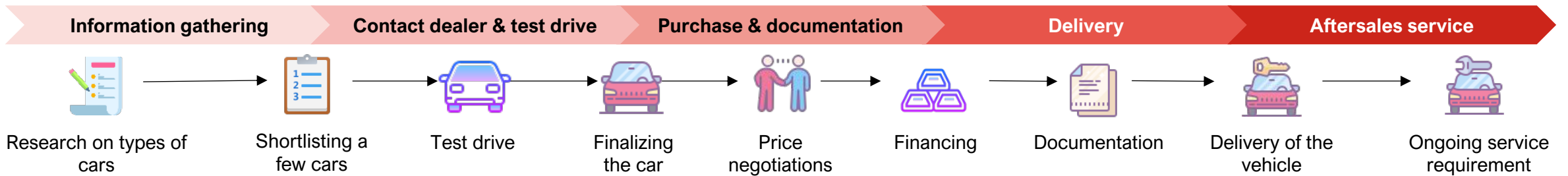


Growth drivers for sub-compact SUV market:

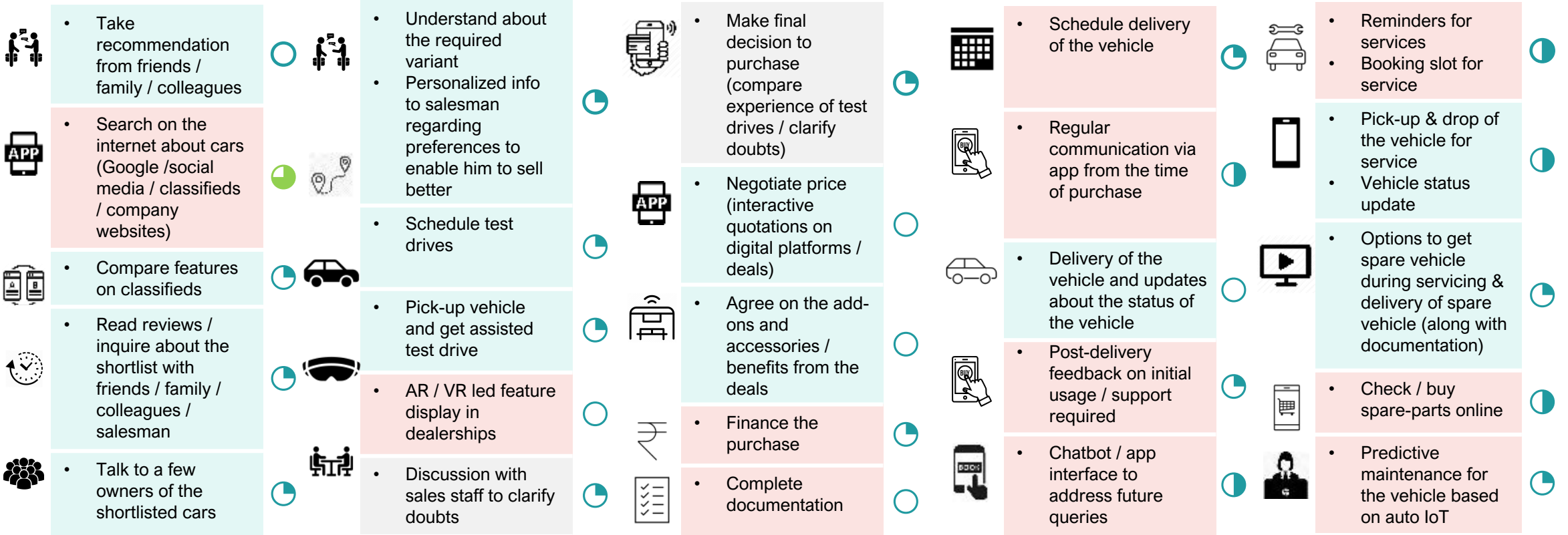
- Lower priced than mid & premium SUVs
- Strong preference for cars with high ground clearance
- Lower taxation (~30%) on cars shorter than 4 meters
- Increased preference for SUVs
- Higher boot space & seating capacity than cars with similar price points
- Shift from sedan / hatchback to compact SUV due to increased safety & advanced features
- Increased purchasing capability / disposable income
- Easy access to car financing

Note: MUVs include vans
Source(s): SIAM, Secondary research, PGA Labs Analysis

Emergence of “futuristic digital dealerships”



Availability and adoption in India



Source(s): PGA Labs Analysis

Influence of technology

Direct In-direct No influence

Low

Adoption level

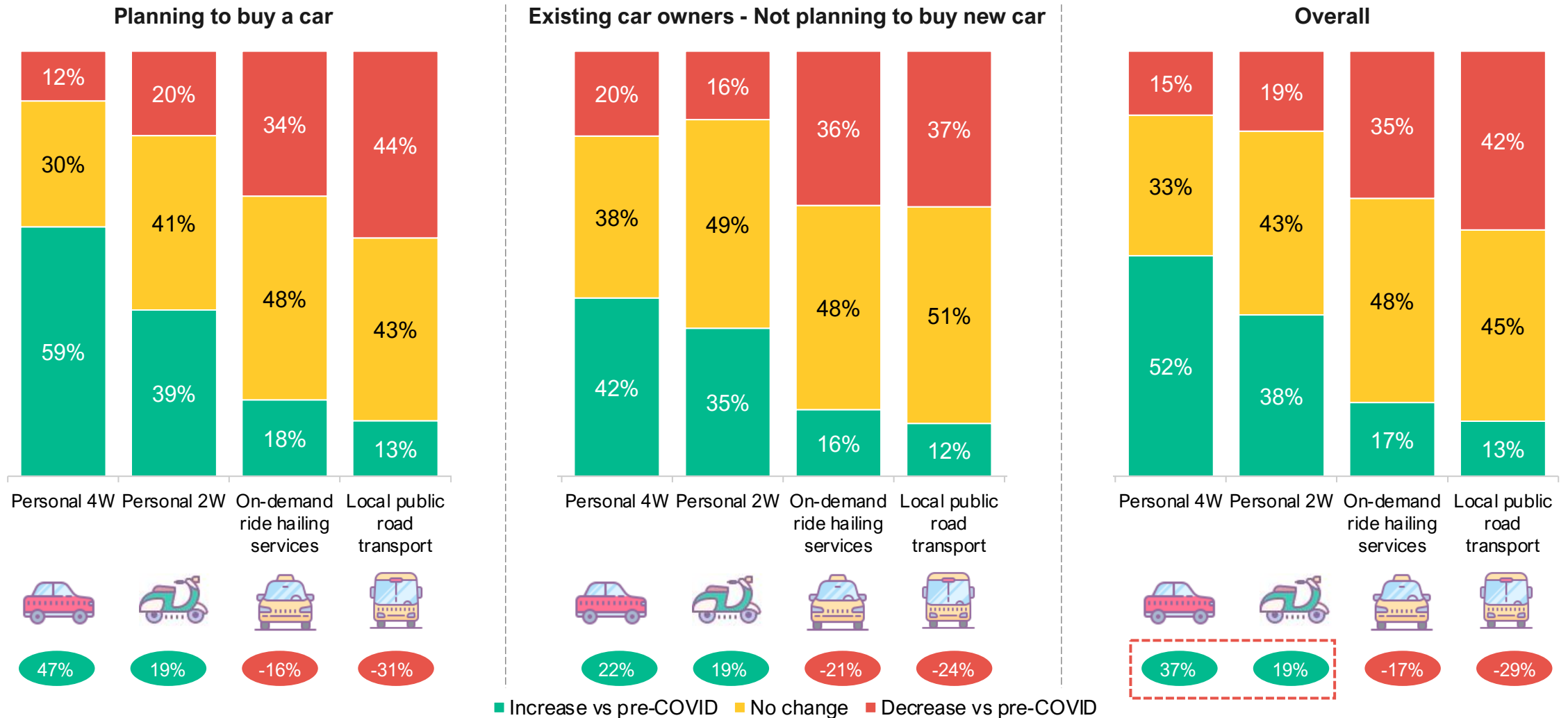
High

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6

Increased preference for personal mobility will drive demand in the post-COVID world

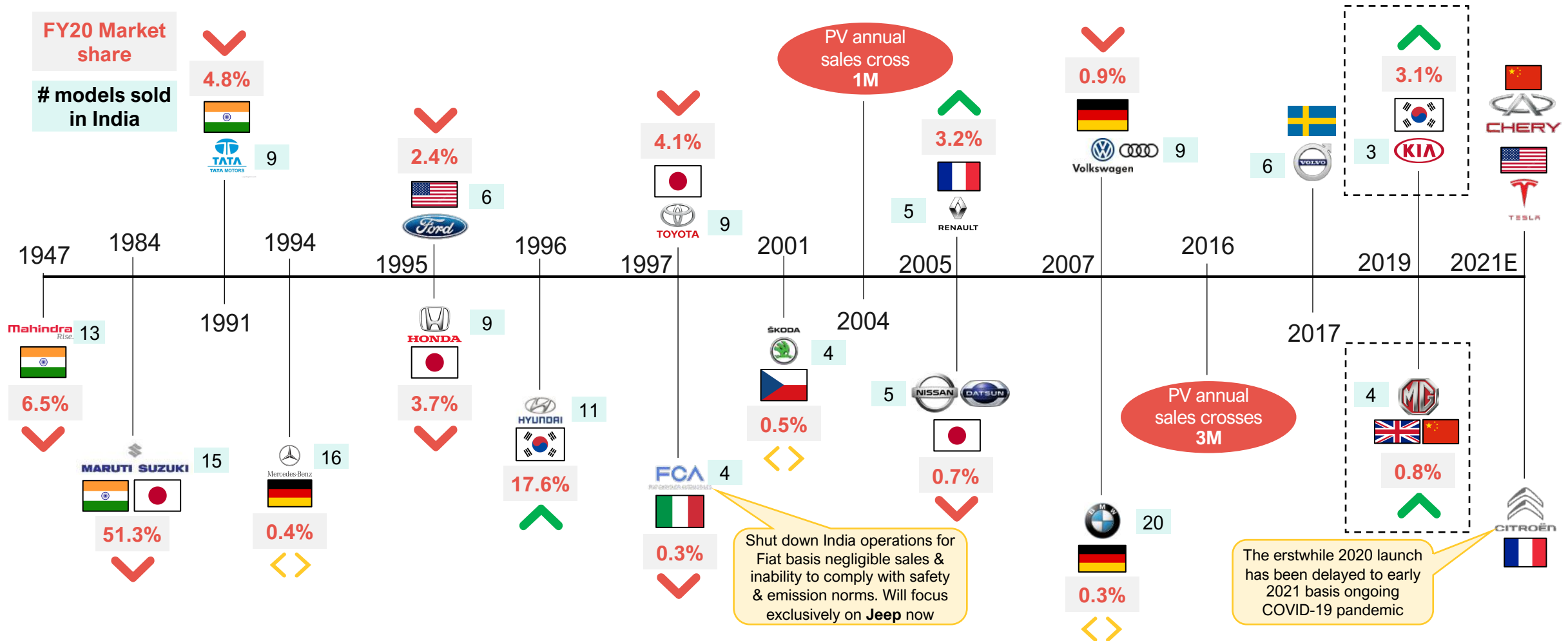
Q. How will your use of various modes of commute change in the long term, post-COVID19 (once lockdown is relaxed)?



Note(s): Net change = % increase - % decrease; SEA = South East Asia
 Source(s): Customer Sentiment Survey (South East Asia; N=1,000+), PGA Labs Analysis

New entrants like Kia and MG are gaining share rapidly

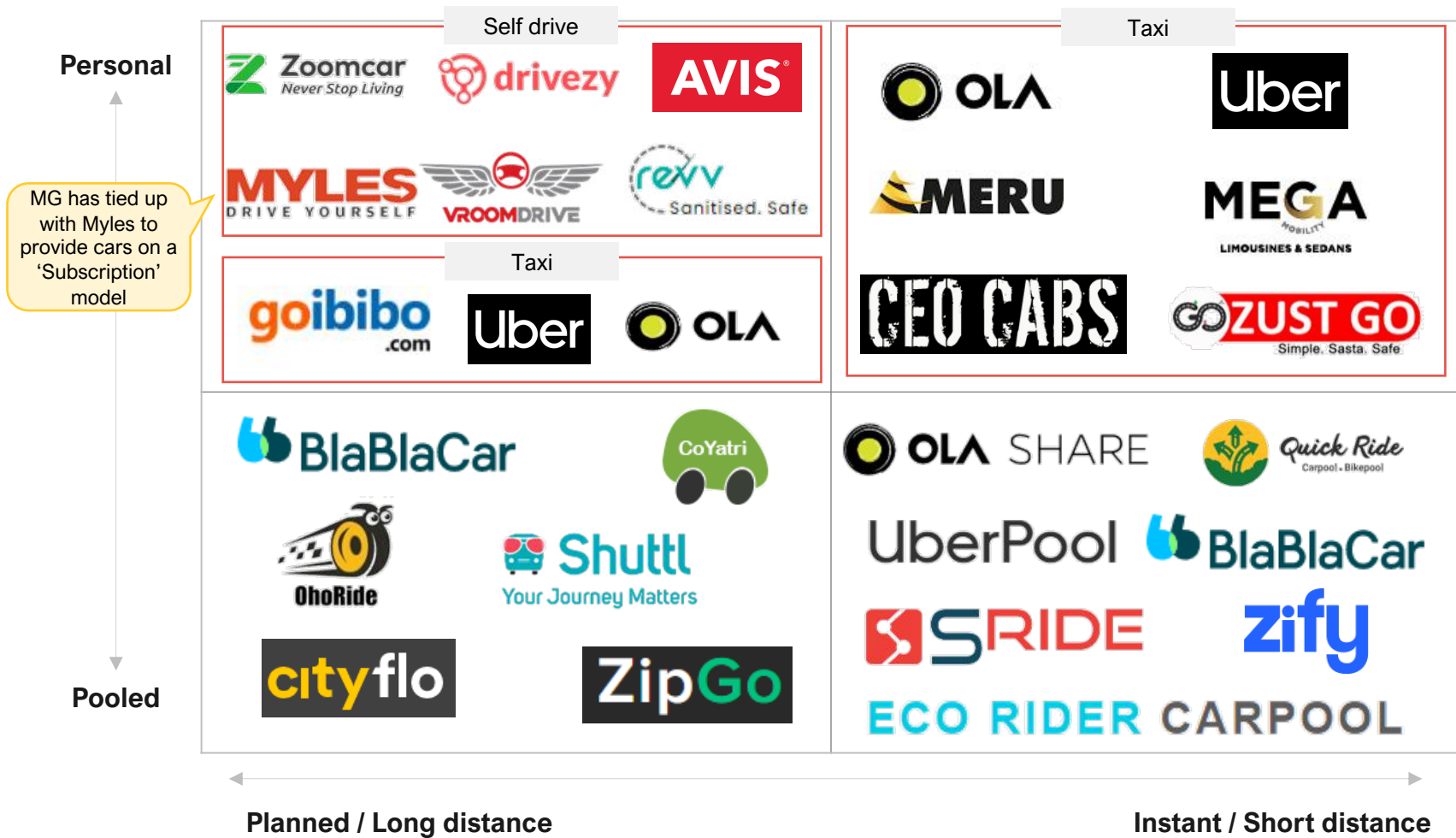
OEM's entry year in the Indian passenger vehicle market and their domestic market share in FY20



Source(s): Company websites, Secondary research, PGA Labs Analysis

New models offering alternatives to car ownership are gaining popularity

Consumer mobility services in India



Key drivers



Economical at lower usage

Car ownership can be economically attractive only if the usage is above a threshold



Convenience

Alternative models offer mobility-as-a-service and free users from commitment, maintenance, parking etc. and do not necessitate having to drive



Eco-friendly

Congestion and pollution levels in cities are very high. Growing preference for 'sharing' economy and optimal usage of natural resources



Technology

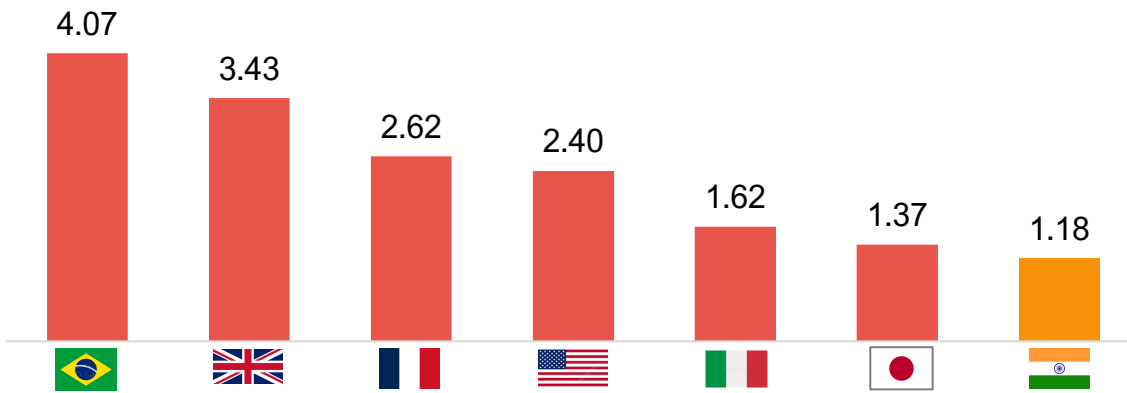
Smartphone penetration increased from 9% to 30% during 2013-18 while internet penetration increased from 15% to 35%

Used car sales in India has shown robust growth despite slowdown in new car sales

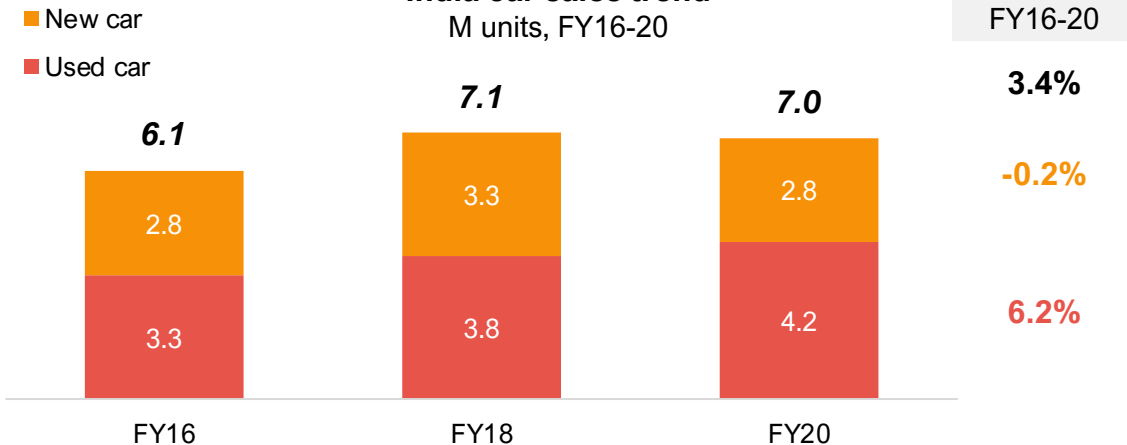
Used car market in India has high headroom for growth; it recorded resilient growth during FY16-20 despite slowdown

Multiple factors including COVID-19 are likely to boost used car sales

Used car sale / New car sales volume ratio
2019*



India car sales trend
M units, FY16-20



COVID-19 pandemic

- COVID-19 pandemic is likely to favour **personal modes** of transportation
- Due to economic uncertainty, more customers are expected to buy used car vs new car



Transition from BS-IV to BS-VI

- Transition from BS-IV to BS-VI has further increased the **price differential** between used car and new car



GST rate differential

- GST rates on used cars were slashed from 28% to 18% (SUVs) and 12% (small cars) in Jan 2018



Reducing avg. car ownership period

- Average ownership period of car has **decreased** from 8-10 years in 2009 to 3-5 years in 2019

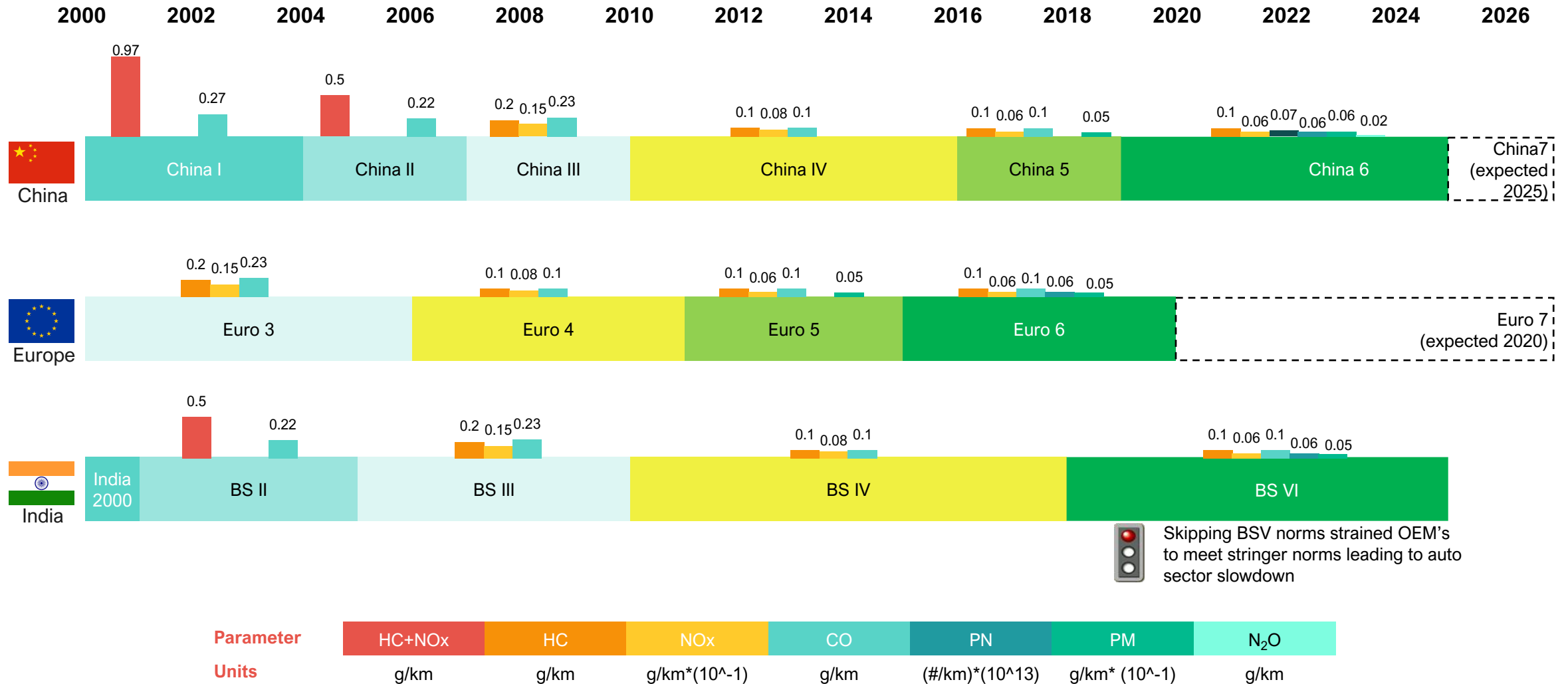


Renewed interest from OEMs in the segment

- Multiple OEMs / players have announced to **bolster** their used car business post lockdowns by **expanding network** and **buying stock**

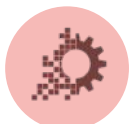
Note(s): *Data for India pertains to FY19
Source(s): India Bluebook, Secondary research, PGA Labs Analysis

Successful transition towards cleaner fuel led by BS VI rules



Notes: Emission standards for Passenger cars with <6 occupants with petrol, direct injection engines. Year indicated is when the norm was first implemented in respective countries.
 Sources: Dieselnets, Transportpolicy.net, AVL, PGA Labs Analysis

Who we are



Full stack 'Knowledge services' provider:
Consulting + Research + Data science + Talent



Unique 'expertise oriented' Domain Partner led model → scaling aggressively



We are thought leaders across



EVs



PVs



CVs



2Ws



Auto ancillaries



Mobility tech



Cutting-edge Automotive focused IP

Leadership



Sanjeev Garg
Automotive Practice Leader
Praxis Global Alliance



Aryaman Tandon
Automotive Practice Director
Praxis Global Alliance

How we help our Automotive clients



Strategy & Transformation

Go-To-Market strategy, Growth & Portfolio strategy, Digital Transformation



Growth & Scale up

Network Planning and Expansion, Dealer Effectiveness, Adjacency Expansion, Aftersales and VAS revenue



Cost & Performance Excellence

Dealer & Supplier Base Development, Rationalization & Audits



Customer & Loyalty Experience

Customer Loyalty and NPS Improvement, Digital Dealerships and CX, Dealer Loyalty Improvement



Organization Productivity

Organization Diagnostic & People Value Creation, Attrition Defence

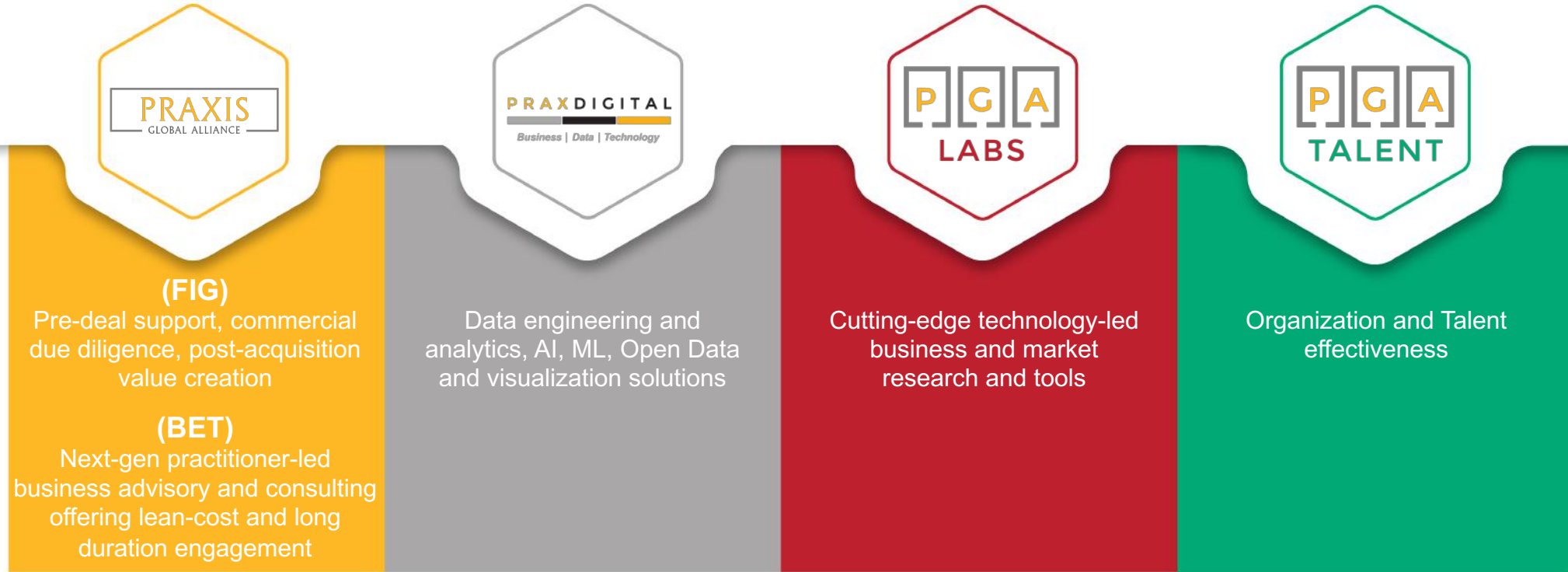


Investment Advisory

Commercial Due Diligence, Post Deal Value Creation, Exit Thesis

About Praxis

Praxis Global Alliance is the next-gen management consulting and business research services firm revolutionizing the way consulting projects are delivered. We deliver practical solutions to the toughest business problems, by uniquely combining domain practitioner expertise, AI-led research approaches, and digital technologies.



Praxis is 'Practical'



We bring the best domain expertise with our deep pool of industry practitioners and implementation teams as two-in-a-box



We work with agility, flexibility and embed with your teams to enable SUPERIOR OUTCOMES



We leverage technology deeply to enable higher ROI on your consulting and analytics spend

Connect with us - We will be happy to share perspectives



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