



Press Release

11th September 2012

Indian automotive market remains optimistic despite economic concerns

On 6th September, Pete Kelly, Managing Director of LMC Automotive, presented the company's latest light vehicle market assessment of India, alongside a global overview, at the SIAM 52nd Annual Convention in New Delhi.

One of the key points during the presentation was how India's vast potential was now clearly being unlocked. "Despite some short-term economic concerns, which are being manifested in weak consumer confidence and softness in vehicle demand, our longer-term thinking remains essentially unchanged: by the end of this decade, an annual light vehicle market of 10-11 million units is a core assumption."

A number of emerging trends are to be seen as India's domestic market moves to this critical mass. Kelly highlighted that global OEMs will need to emphasize most on designing and developing vehicles for the volume-driven A, Sub-B and B segments while continuing to use C/D/E segment car models to build brand image.

"What's very important to note is that aspirational first-time car buyers in India want their vehicles to have all the comforts and amenities at an affordable price. A 'cheap car' image or product will just not sell. It is finding this balance of satisfying your customers and achieving profitability that will be one of the biggest challenges for international OEMs selling in India."

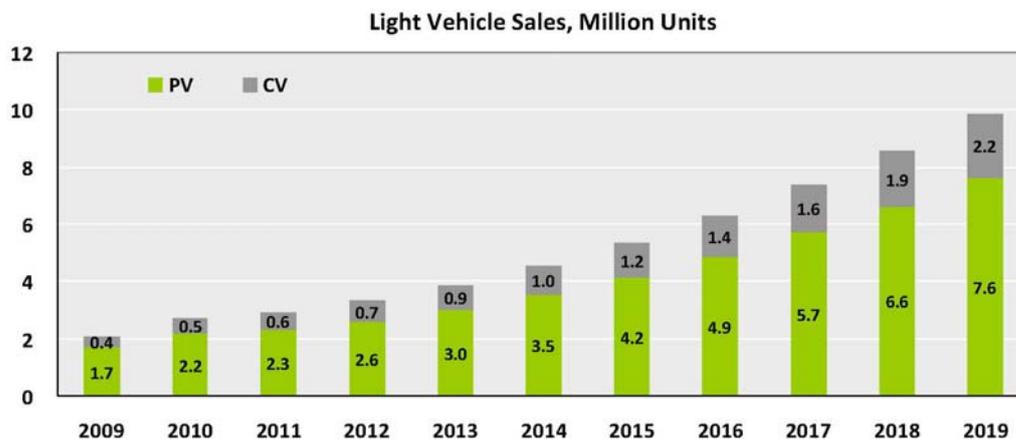
Furthermore, Kelly stressed: "This large increase in scale will enable Indian OEMs to achieve some of their strategic aims, not least supporting the emergence of a global small car export hub."

In addition to commenting on India, Kelly also discussed other market developments. LMC Automotive expects the global light vehicle market to increase by more than 5% this year, to approximately 81 millions units. Further growth is envisaged for 2013, but Kelly highlighted the serious risks to vehicle markets related to possible dangers in the Eurozone or the slowdown in China. "It is conceivable that our projected increase in global light vehicle sales could be pushed forward by two-to-three years in the event of a renewed economic crisis."

The key projection for India from the presentation is shown below.

India Light Vehicle Sales Forecast

- In second half of 2012, consumer confidence remains a concern as economic worries continue.
- Increase in duties partly offset by interest rate cuts in benchmark lending – positive for loans.
- Cautiously optimistic for remainder of 2012 and 2013.
- Long-term thinking remains unchanged at just under 10 mn units (light vehicle) in 2019.



Source: LMC Automotive

About LMC Automotive

LMC Automotive is a market leader in the provision of automotive intelligence and forecasts to an extensive client base of car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions around the world and is widely respected for its extremely responsive customer support.

It offers forecasting services covering global sales and production for light vehicles and heavy trucks, as well as forecasts of engine and transmission supply and demand. In addition, LMC Automotive publishes special studies on subjects of topical interest to the automotive industry.

LMC Automotive is part of the LMC group. LMC is the global leader in economic and business consultancy for the agribusiness sector.



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