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Sona Koyo Steering Systems Limited: Spearheading Competitiveness in India's Automotive Components Industry

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A stylized map of South Korea is shown in light green against a dark blue background. A yellow location pin is placed on the western coast, with a yellow line extending from the left edge of the frame. A large, thick, gold-colored circular arc is superimposed over the map. A horizontal gold bar is centered over the map, containing the website name.

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Seoul, South Korea: Hyundai Motors Headquarters

A stylized map of India is shown in light green against a dark blue background. A thick, golden-brown circular line highlights a region in the south. A red location pin is placed on the southern coast within this highlighted area. A yellow arrow points from the right edge towards the highlighted region.

Chennai, India

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Hyundai's Exports

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Introduction

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- *Brief description of the case*
- *Indian automotive industry stats*
- *Questions/Answers*

Brief description of case

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- 1998: Hyundai started greenfield investment in Chennai, India, where it would produce small cheap cars for India.
 - This proved successful but there was excess capacity, so Hyundai started exporting vehicles.
- By 2004, Hyundai was largest exporter, shipping 70K cars/year overseas.
 - 2010- Hyundai was exporting roughly 250K out of the 650K vehicles produced in India.
- 2004-2011 Automobile exports from India jumped from 50,000 to 450,000.
- Increased attraction from other motor vehicle company's like Nissan, Toyota, GM, Ford, BMW, Suzuki, Renault, Mitsubishi, Daimler, Caparo, Mini, and Datsun

Current Auto Stats

- Automobile Production growth of 12.9%
- Automotive industry produced 17.5 million vehicles in 2013-14'.
- The industry accounts for 22 % of the country's manufacturing GDP
- India expected to be the fourth largest automotive market by volume, by 2015

Question

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% of the country's

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e, by 2015

Question 1

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What are the attractions of India as a base for producing automobiles both for domestic sale and for export to other nations?

Question 2

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Both Hyundai and Nissan made their investments in the southern Indian city of Chennai. What is the advantage to be had by investing in the same region as rivals?