Auto, EV & Components Manufacturing in Rajasthan

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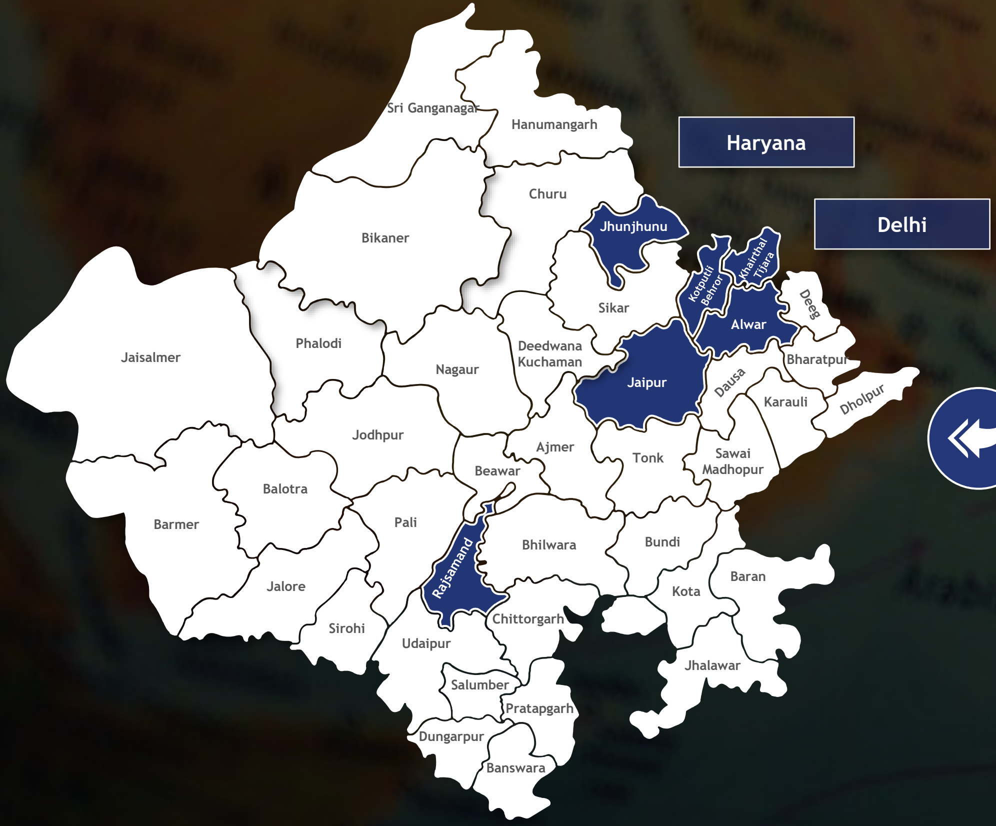
Government of Rajasthan

Non-Exhaustive

Rajasthan has a strong automotive ecosystem with 100+ existing companies across the automotive value chain



1 OEM
- Hero
- Honda
- Ashok Leyland
- JCB
- Toyota
- TAFE
- Eicher
- Okinawa

2 Engines and Parts
- Bosch
- Shriram Pistons & Rings Ltd
- Goetze
- Mikuni
- Badve Group
- Continental Engines
- BAXY

3 Transmission and steering parts
- OCAP Group
- Kalyani
- wipro hydraulics

4 Suspension, brakes and tyres
- NISIN
- BKT
- ASK
- JK Tyre

5 Electric motors & Harnesses
- Nidec – All for dreams
- Havells
- motherson sumi systems limited
- KEI
- Yazaki

6 Others
- Caparo
- Hanon Systems
- Uno Minda
- Toyoda Gosei
- Groz
- nbc
- Sanden – Delivering Excellence
- Okaya

Source: BIP

State has undertaken interventions to make its ecosystem attractive for auto, EV & components players

1

Push to further spur auto / EV ecosystem in RJ via flexible land payment, expedited approvals etc.

2

Dedicated RIICO parks in key locations (e.g., Alwar) with reliable power & water availability

3

Incentives under RIPS 2024 up to ~50% of investment for Auto/EV & components projects in RJ

4

State-of-the-art investor journey incl. single application form, incentive calculator, GenAI investor chatbot

Automotive manufacturing units investing in RJ can avail benefits amounting to up to 50% of Investment

Preliminary

Eligible Fixed Capital Investment - INR Cr	1,000 Cr	5,000 Cr
Fixed Asset Turnover Ratio (FATR)	2.5x	
Operating Revenue	2,500	12,500
Total Cost	~2,250	~11,000
Profit Before Tax (PBT) - Base Case	10-11%	
RIPS Incentives (Turnover Linked Incentives - annual)	45-55	~160
Profit Before Tax (PBT) - RIPS Case	12-13%	11-12%
RIPS Incentives (cumulative - 10 years)	~500 (50%)	~1,600 (32%)

50%

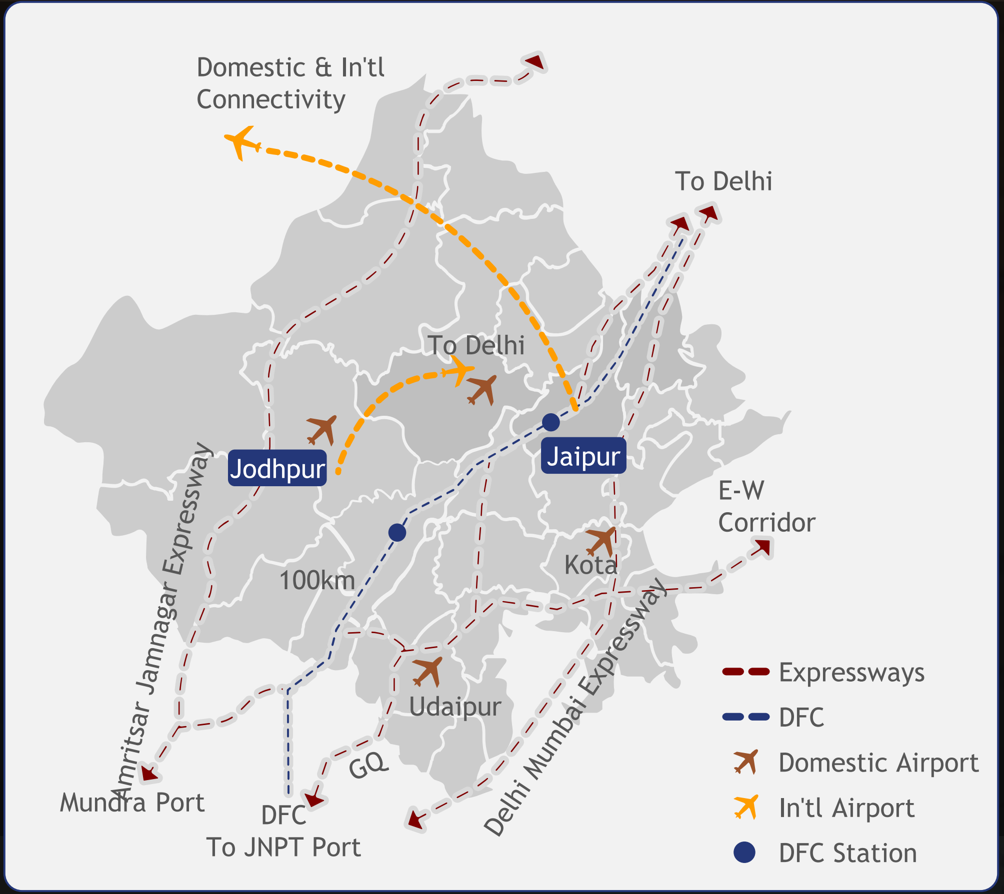
Subsidies up to 50% of investment vs. lower for key peers

100-200 bps

Increase in Operating Margin due to RIPS Benefits in first 10 years

Mother-Anciliary Ecosystem Benefits for large units moving to Rajasthan with supplier ecosystem

Locations in States are well connected to domestic & export markets…



- Served by 20 major National Highways; 3rd Largest network of national highways
- 3rd largest rail network in India; Easy access to major ports such as Mundra Port and JNPT
- 1 International airport and 6 Domestic airports Direct connectivity to Dubai, Muscat, Singapore, etc.
- 8 ICDs (Inland Container Depots), 1 Air Cargo Complex and 4 MMLP established/proposed
- Over 58% of State's area within Delhi Mumbai Industrial Corridor (DMIC); Forms 25% of the total NCR
- Delhi-Jaipur expressway provides excellent connectivity with the Delhi-NCR region

… complemented by a well-developed ecosystem & talent availability

Stable Law & Order

Peaceful labor relations and law and order situation, creating a conducive business environment

Market Access

Shared land border with 5 major Indian states representing 40% of domestic market

Skilled Manpower

Presence of premier institutes like IIM, IIT, BITS with significant no. of skilled labor available

Infra Edge

3rd largest network of national highways[1] and 2nd largest rail network[2] in India

World-class Industrial Parks

420+ industrial areas; 17 Industrial parks awarded highest rating for excellence[2] in infra, utilities, etc.

Large Land Bank

Over 10K hectares of industrial land available along with suitable land aggregation and allotment policies

1. Ministry of Road Transport & Highways, Government of India; 2. Ministry of Railways, Government of India; 3. RIICO; 4. Press Release

Rajasthan Investment Promotion Scheme (RIPS) 2024 launched by Hon'be CM as a comprehensive package for incentives for new investments in RJ

Hon'ble CM emphasizing Rajasthan's ongoing policy overhaul aimed at supporting investors and driving economic growth in Rajasthan

Sh. Bhajan Lal Sharma
Hon'ble Chief Minister of Rajasthan

"State of Rajasthan takes great pride in launching RIPS 2024, which makes significant strides to improve the ease of doing business and reduce the cost of doing business in the State for investors

Through this policy, we are committed to fostering a business environment that promotes balanced development, job creation, and long-term sustainable economic prosperity for all."

RIPS 2024: RIPS 2024 offers incentives across 3 tiers driven by sector, state priorities, and investor flexibility

Tier 1: Standard Incentive Packages 1

- Manufacturing
- Services
- Sunrise
- MSMEs
- Start-ups
- Industrial Infrastructure
- R&D, GCC and Test Labs

Tier 2: Add-On Incentives Driven by State Priorities 2

- Green Growth (including RE Generation & Storage, M-Sand)
- Export Promotion
- Capability Development

Tier 3: Customized Incentive Packages (for 500 Cr+ investments) 3

RIPS 2024: Auto / EV & Components incentivized as an Anchor and Thrust sector under Manufacturing Standard package

Tier 1: Standard Incentive Packages (1)

- Manufacturing
- Services
- Sunrise
- MSMEs
- Start-ups
- Industrial Infrastructure
- R&D, GCC and Test Labs

Tier 2: Add-On Incentives Driven by State Priorities (2)

- Green Growth
- Export Promotion
- Capability Development

Tier 3: Customized Incentive Packages (for 500 Cr+ investments) (3)

RIPS 2024: Rajasthan offers India's most comprehensive package of financial incentives for Auto / EV & Components Manufacturing (1/3)

Asset Creation Incentives (ACI) and Boosters

Capital Subsidy (13-28% of EFCI) OR **Turnover Linked Incentives** (1.2-2.0% of Eligible Turnover) OR **Investment Subsidy** (75% of State Tax)

Employment Booster (10-15% on top of ACI, basis additional employment generation)

The investor can choose one of the following ACI Boosters

Sunrise Booster (25% on ACI; first 3 in battery tech.) OR **Anchor Booster** (20% on ACI; first 3 in backward regions) OR **Thrust Booster** (10% on ACI for Automotive mfg.) OR **Interest Subvention** (5% for 5 years)

Special Incentives

- Flexible land payment option on RIICO land
- Mother Anciliary Ecosystem Incentives

Special incentives applicable to New Battery Tech

- Inclusion of RE CPP investment in EFCI[1]
- Additional 5% SGST reimbursement OR 5% VAT reimbursement on PNG[1]

1. Only applicable for 'New Battery Tech'

RIPS 2024: Rajasthan offers India's most comprehensive package of financial incentives for Auto / EV & Components Manufacturing (2/3)

Project Category for Manufacturing Enterprises

Project Category	EFCI	Employment Generation
Large	INR 50 Cr. to < INR 300 Cr.	100 (with minimum EFCI: INR 50 Cr.)
Mega	INR 300 Cr. to < INR 1000 Cr.	250 (with minimum EFCI: INR 150 Cr.)
Ultra Mega	INR 1000 Cr.+	750 (with minimum EFCI: INR 500 Cr.)

Applicable Capital Subsidy Basis Project and Area Category

Project Category	Area Category 1	Area Category 2	Area Category 3
Large	13% of EFCI	17% of EFCI	20% of EFCI
Mega	17% of EFCI	20% of EFCI	23% of EFCI
Ultra Mega	23% of EFCI	25% of EFCI	28% of EFCI

Applicable TLI Basis Project and Area Category

Project Category	Area Category 1	Area Category 2	Area Category 3
Large	1.20% of Net Sales Turnover	1.40% of Net Sales Turnover	1.65% of Net Sales Turnover
Mega	1.40% of Net Sales Turnover	1.65% of Net Sales Turnover	1.85% of Net Sales Turnover
Ultra-Mega	1.65% of Net Sales Turnover	1.85% of Net Sales Turnover	2.00% of Net Sales Turnover

RIPS 2024: Rajasthan offers India's most comprehensive package of financial incentives for Auto / EV & Components Manufacturing (3/3)

Tier 1 Incentives	Exemptions	75% exemption and 25% reimbursement for stamp duty & conversion charges	100% exemption from electricity duty, mandi fee & land taxes for 7 years
Tier 2 Incentives	Green Growth Incentives 50% subsidy on green project (e.g., ETP/WTP etc.)	Export Promotion Inventive Reimbursement of freight charges spent during exports	Capability Development Incentives Incentives on patents/IP creation and initiatives for upskilling the workforce
Tier 3 Incentives	Option to opt for customized package with tailor-made incentives for investment of Rs. 500 Cr and above		

Mother Ancillary Ecosystem Benefits: RJ encourages units to set up a supplier ecosystem by allowing auto unit & suppliers (ancillaries) to apply as one combined investment

	As individual units		As a Mother Ancillary ecosystem	
	Investment (INR Cr)	Capital Subsidy	Investment (INR Cr)	Capital Subsidy
Auto Unit (Mother Unit)	900 Cr (Ultra-Mega)	Upto 23%	2,500 Cr (Ultra-Mega)	Upto 33.5% for all units • ACI (Upto 28%) • Gold Package Booster (Upto 20% of ACI)
Ancillary Unit 1	500 Cr (Mega)	Upto 23%		
Ancillary Unit 2	500 Cr (Mega)	Upto 23%		
Ancillary Unit 3	250 Cr (Large)	Upto 20%		
Ancillary Unit 4	250 Cr (Large)	Upto 20%		

Benefits for Mother Unit

- Ability to shift full supply chain to RJ
- Ability to negotiate better financial terms with suppliers

Benefits for Ancillaries

- Option of availing higher incentive slabs, significantly improving project IRR

Thank You

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