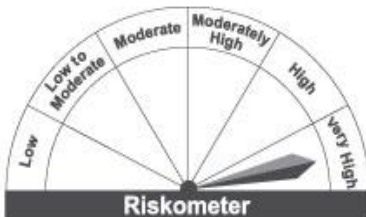
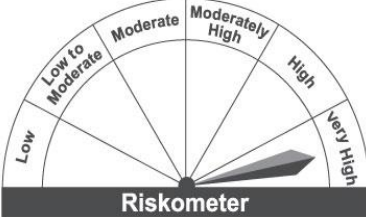


Nippon India Nifty Auto Index Fund

(An open-ended scheme replicating/tracking Nifty Auto Index)

New Fund Offer Opens on	November 14, 2024
New Fund Offer Closes on	November 28, 2024

Offer of Units of Rs. 10/- each during the New Fund Offer and Continuous offer for Units at NAV based Prices

Product Label	Fund Riskometer	Benchmark Riskometer
This product is suitable for investors who are seeking*:	Nippon India Nifty Auto Index Fund	Nifty Auto TRI
Long term capital growth	 <p>Riskometer Investors understand that their principal will be at Very High risk</p>	 <p>Riskometer Benchmark Riskometer is at Very High risk</p>
Investment in equity and equity related securities and portfolio replicating the composition of the Nifty Auto Index, subject to tracking errors		
*Investors should consult their financial advisors if in doubt about whether the product is suitable for them		

The product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Indian Auto Sector - Overview

Evolution of Indian Automobile Industry

1980s Closed Market

- **Limited Players.**
- **Long waiting** period for buying.
- **Sellers Market.**

1983-1992 Production Initiation

- Maruti Udyog formed and **commenced production.**
- **Component manufacturing** started with joint ventures.

1992-2020 Liberalisation, Production and Demand Boost

- Sector de-licensed in 1993, major OEMs started **assembly operations** in India.
- **Automotive Mission Plan 2016-26** launched in 2015, Bharat Stage (BS) IV emission norms used since April 2017 and BS VI norms adopted from April 1,2020.

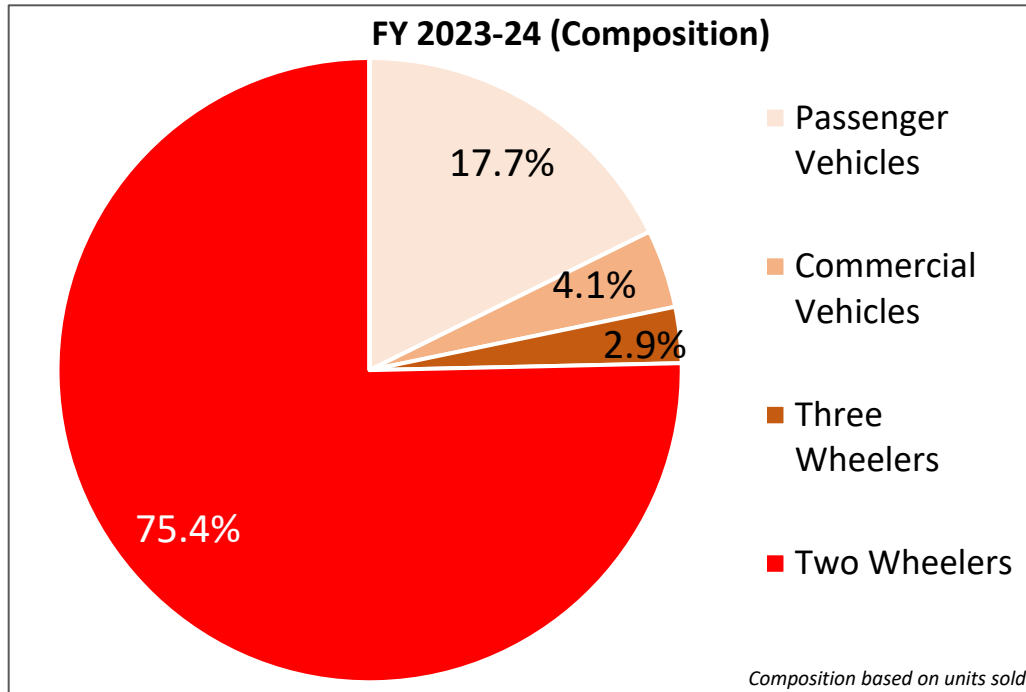
2020-2024 Infra support and Investments

- Post COVID slowdown, demand recovery.
- **FAME subsidies, PM E-DRIVE** benefit EV sales. PLI scheme introduced to boost entire industry.
- Several companies commit for **additional investments and capacity expansion** in India. Shift towards **premiumization**

OEM – Original Equipment Manufacturer, FAME - Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles, PLI – Performance Linked Incentive, E-DRIVE - Electric Drive Revolution in Innovative Vehicle Enhancement.

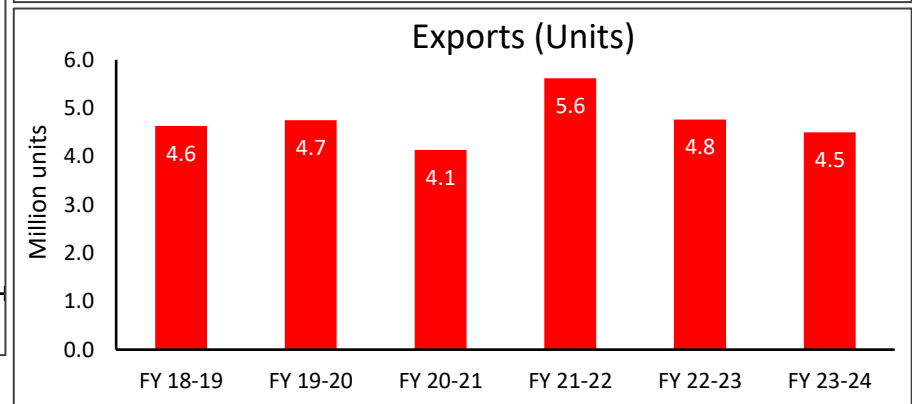
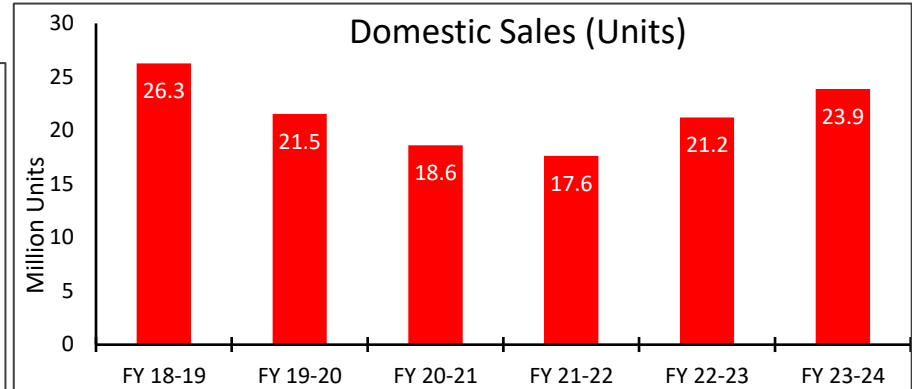
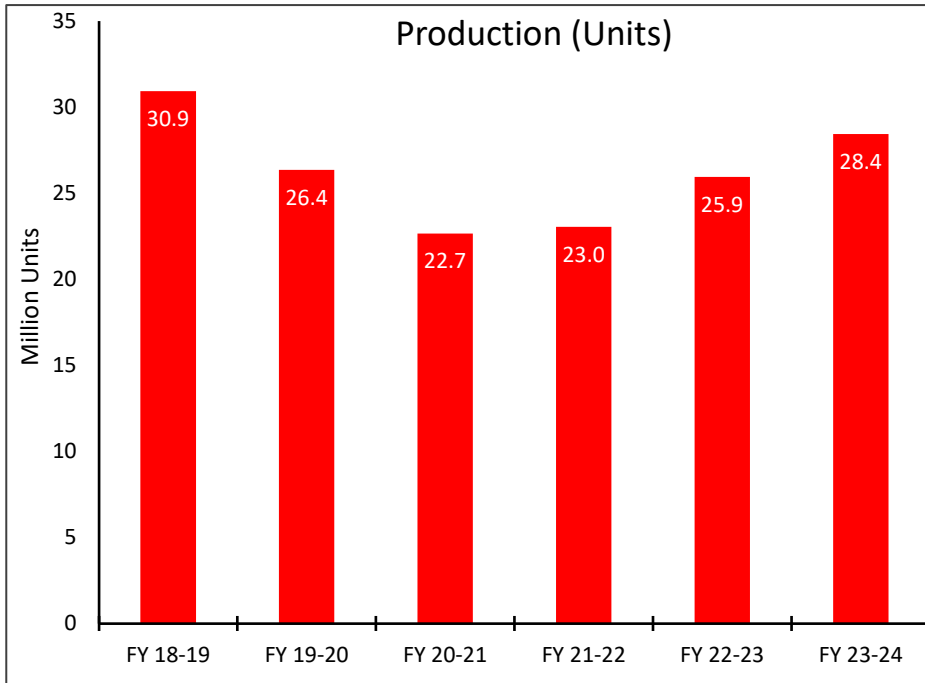
Source: SIAM, IBEF

Auto Manufacturers – Industry Highlights



- Indian automotive manufacturing industry comprises of **passenger vehicles, commercial vehicles, three-wheelers and two-wheelers.**
- Indian Automobile sector contributes **7.1% to Indian GDP (2023)** and **employs millions** directly and indirectly.
- The automobile sector received a cumulative equity FDI inflow of about USD 36.3 billion between April 2000–March 2024. While inflows for FY24 stood at **USD 1.5 billion** (5% of total inflows).

Auto Manufacturers – Steady Numbers

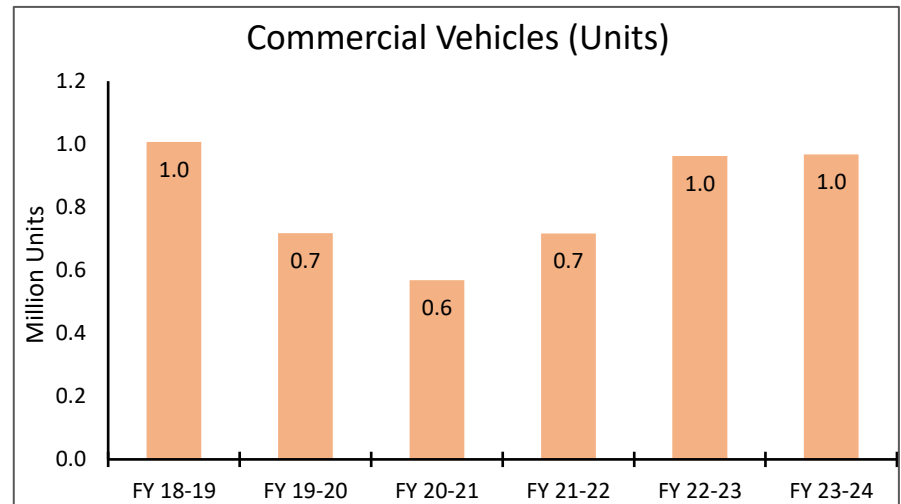
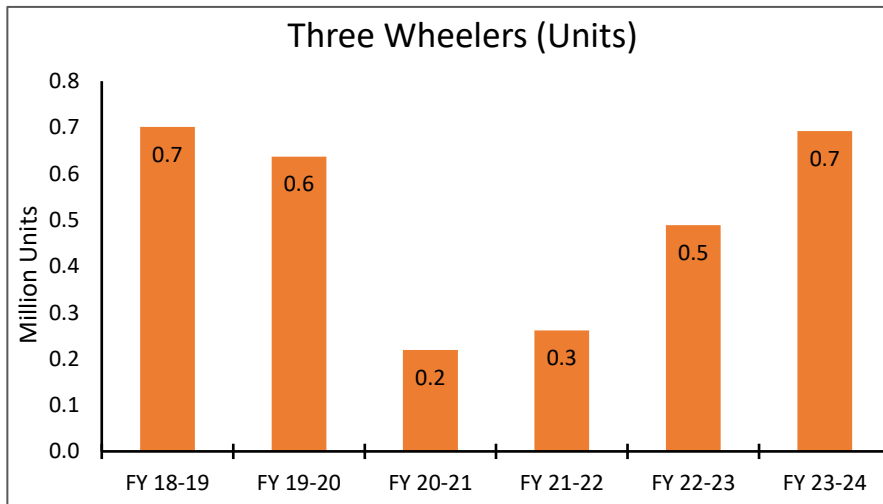
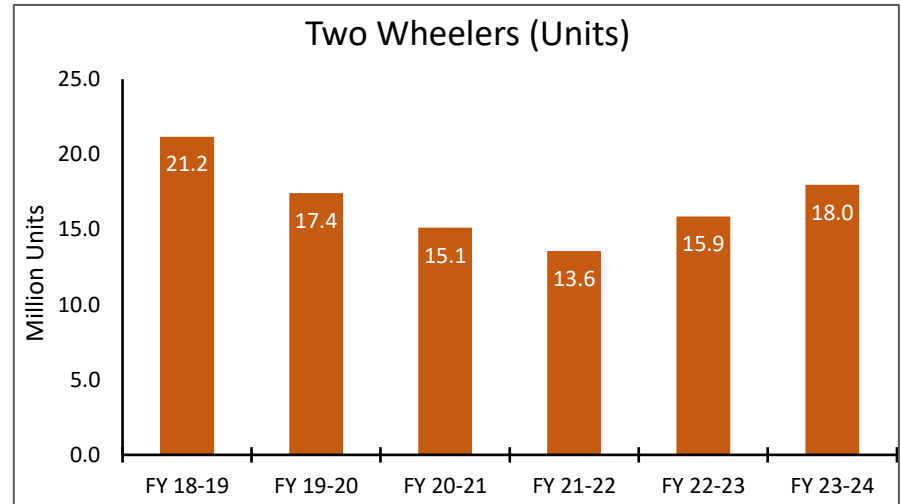
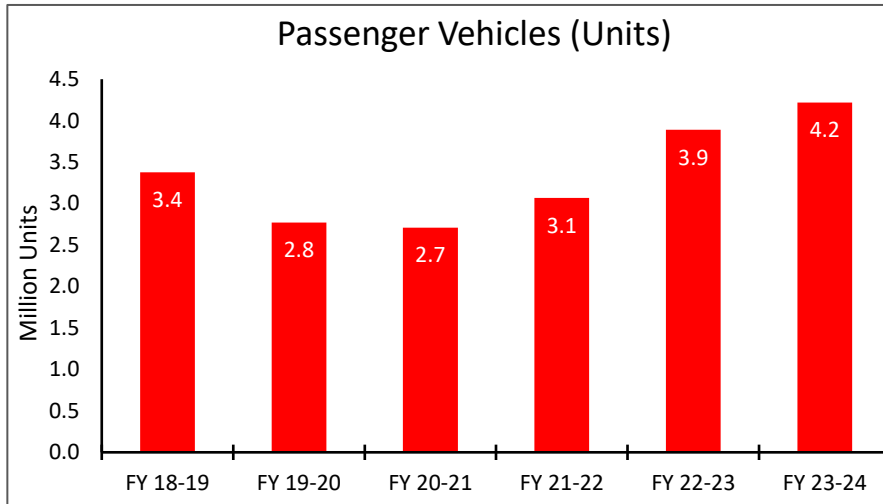


- Indian automotive manufacturing industry produced around **28.4 million vehicles** in FY24, a growth of **~10%** over previous year.
- For FY24, **domestic industry sales (units) grew 12.5% YoY**, wherein two-wheelers having the highest share of **~76%** grew approx. **13% YoY** while passenger vehicles having a share of **~18%** grew **8.4% YoY**.
- Exports stand strong at around **4.5 million units** annually in FY24

Note: The above charts include data of Passenger Vehicles, 2/3 Wheelers, Commercial Vehicles combined.

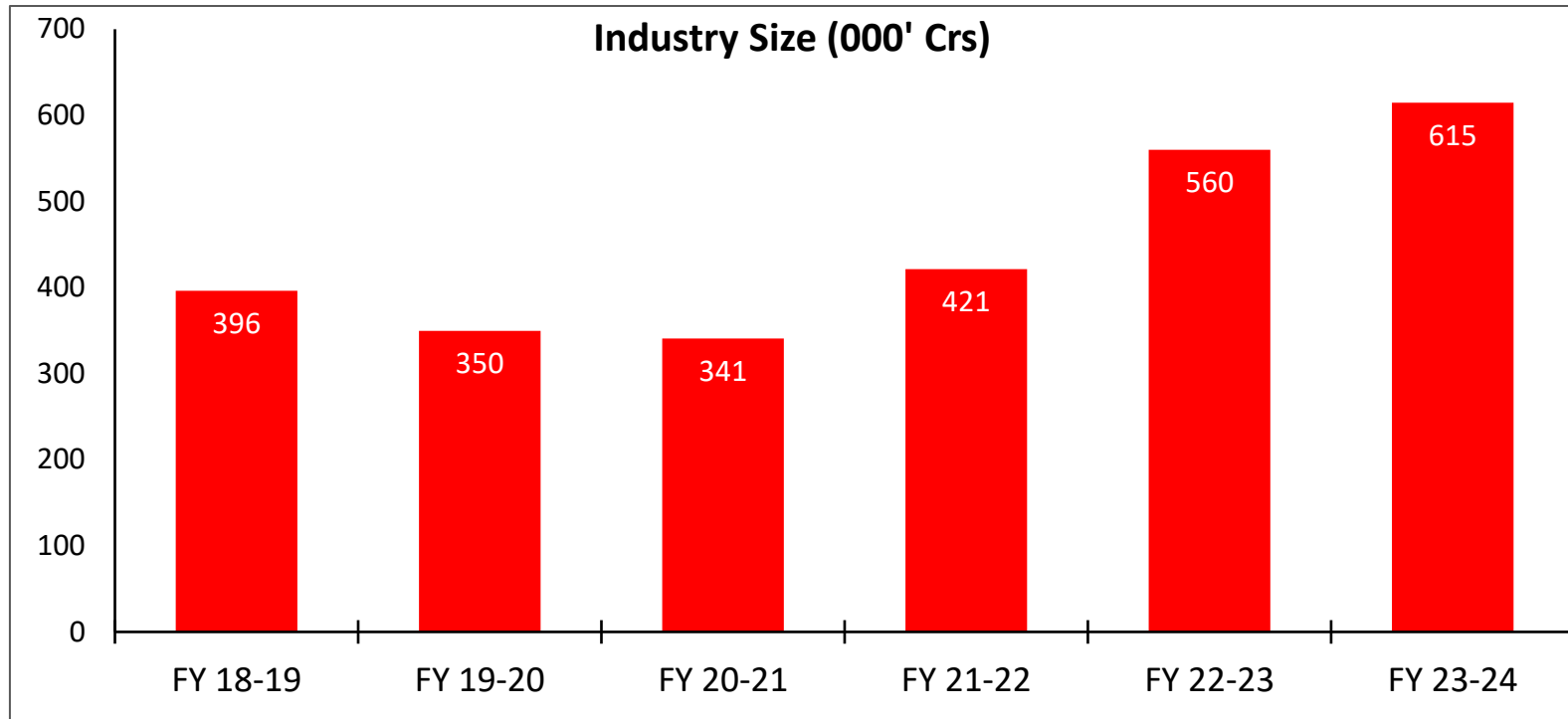
Source: SIAM

Auto Manufacturers – Steady Numbers



➤ **Steady increase in sales volume post Covid across all segments**

Auto Components – Diversified Offering



- The Auto Components industry grew **10% YoY** to **Rs. 6.15 lakh crores (FY24)** attributed to production growth and increase in value-addition per vehicle.
- India distinguishes itself through its **cost-effectiveness and engineering expertise**, particularly in the production of legacy components such as gears, wiring, brakes, bearings and axles.
- Auto components exports from India grew **~9% in FY24** over last year. Major export countries include USA (27%), Germany (8%), Turkey (5%) and others.

Auto Components – Diversified Offering

➤ Component Supply to OEMs:

- The industry caters to Passenger Vehicles, 2/3 Wheelers, LCVs, Tractors, MHCVs.
- Passenger Vehicles, 2 Wheelers and LCVs account for approx. **~80% of exposure.** (FY24)

➤ Diversified Product offerings:

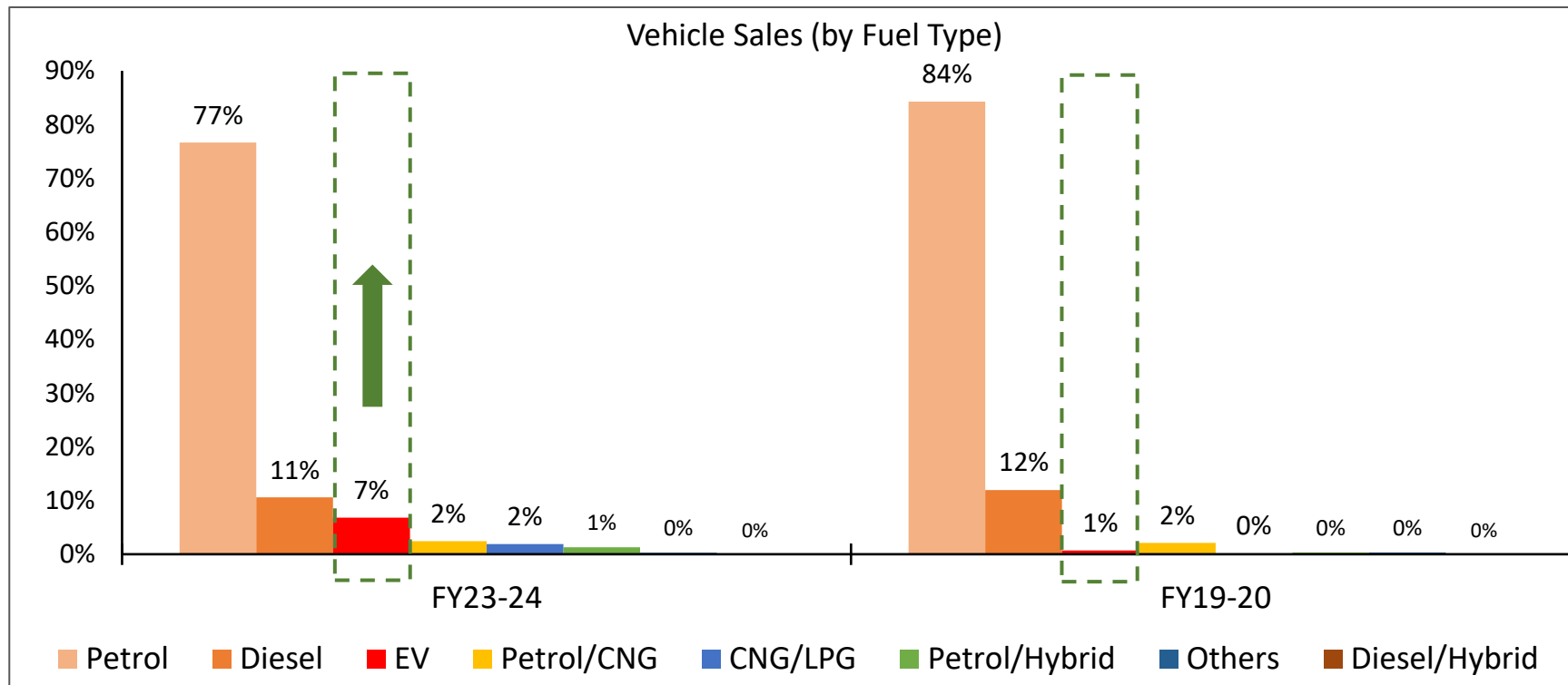
- The industry offers varied product types like - engine components, vehicle body/chassis, suspension & braking parts, transmission & steering systems, electricals/electronic parts, rubber components and interiors.
- The industry derives **major revenue of approx. 26% from supplying engine components** (FY24).

➤ Current Scenario:

The industry is seeing increasing content supplied to OEMs which in turn is being driven by -

- Rising premiumization trend across segments in India.
- Government regulatory push which is pushing up ASP (average selling price).
- Transition to Electric vehicles (EVs).

Electric Vehicles – Acceleration in Growth



- Demand for EVs is booming, driven by government incentives, reducing battery costs and rising fuel costs especially petrol and diesel.
- Sale of EVs gained traction to **7% in FY24** from only 1% in FY20, reflecting a notable rise in market penetration.
- Recently the cabinet approved **PM E-DRIVE Scheme** (PM Electric Drive Revolution in Innovative Vehicle Enhancement) to promote EVs with an investment outlay of Rs. 10,900 crores for Oct 2024-Mar 2026 period.

Indian Auto Sector – Growth Drivers

1. Growing Demand

- Ample growth potential, especially for the passenger vehicles and 2Wheelers segment –
 - India has **26 cars per 1,000 people (FY24)** significantly lower than the developed nations (USA at 504 cars) and even emerging nations like Russia (351 cars), Mexico (280 cars) and Brazil (276 cars).
 - While it has only **160 2W per 1,000 people (FY24)** much below China (300-350 2W), Thailand (300-320 2W) and Vietnam (510-530 2W).
- Rising income levels, urbanization, favourable demographics and a burgeoning middle class with increasing purchasing power to lift up the demand.
- Easy access to financing options is likely to underpin growth in the sector.
- The trend of premiumization is on the rise, wherein consumers are preferring features such as higher safety, driving experience, plush interiors and aesthetics, thereby elevating the average selling price per vehicle.
 - FY24 SUV mix in passenger vehicles sold increased **to 60%** (from 34% in FY20).
 - Unit sales of Motorcycles **with >125cc and above** has also increased.

2. Policy Support

- Initiatives like **PLI Scheme, Automotive Mission Plan 2026** and **PM E-DRIVE** will give boost to the sector.
- **PLI Scheme:**
 - The Union Cabinet outlaid **Rs. 57,042 crore (US\$ 7.81 billion)** for enhancing India's manufacturing capabilities in the sector, giving boost to **economic growth** over the medium term and create **more employment opportunities**.
 - In January 2024, the Ministry of Heavy Industries extended the tenure of the PLI Scheme until **March 31, 2028**.
- **Automotive Mission Plan 2016-26:**
 - A collective vision of GOI and Indian Automotive industry to increase its size and contribution to India's development, improve technical prowess and increase its global footprint.
- **PM E-DRIVE and FAME-2:**
 - Total outlay of **Rs 10,900 crore** for faster adoption of electric vehicles (EVs), setting up of charging infrastructure and development of EV manufacturing ecosystem.
 - EVs continue to get **purchase incentives/ subsidies / road tax exemption** at State level.
- Vehicle scrappage policy will help increase the demand, as old vehicles will be replaced with new ones, create more employment and contribute to reduction in air pollution.
- Other initiatives such as National Infrastructure Pipeline, Gati Shakti Scheme and National Logistics Policy to improve the transportation infrastructure, which will ultimately benefit the sector.

This is for information purpose only

PLI – Production Linked Incentive scheme, PM E-Drive - PM Electric Drive Revolution in Innovative Vehicle Enhancement, FAME - Faster Adoption and Manufacturing of Electric Vehicles.

Source: Internal Research, HMIL DRHP, PMIndia, MHI

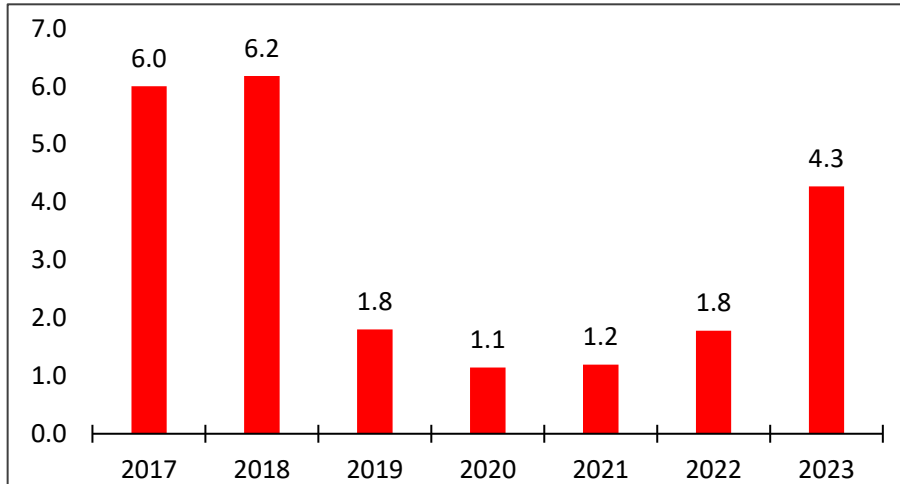
3. Investments and Capacity Building

- Promoting **localization and reduce import dependence** through initiatives such as the PLI scheme, Phased Manufacturing Program, Atmanirbhar Bharat and the Make in India campaign.
- India to benefit from global supply chain de-risking making it an **alternative source**. Additionally, India is witnessing a notable rise in investments from global players.
- Many automotive manufacturers, both **Indian and international**, have stated their intentions and commitments to invest in the **expansion of manufacturing capabilities and capacity enhancements**.

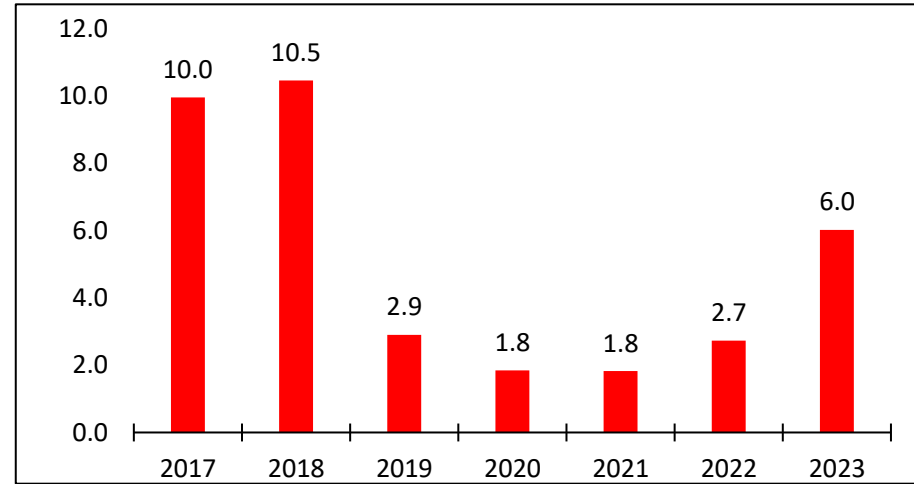
Indian Auto Sector – Fundamentals and Valuations

Nifty Auto – Improving Fundamentals

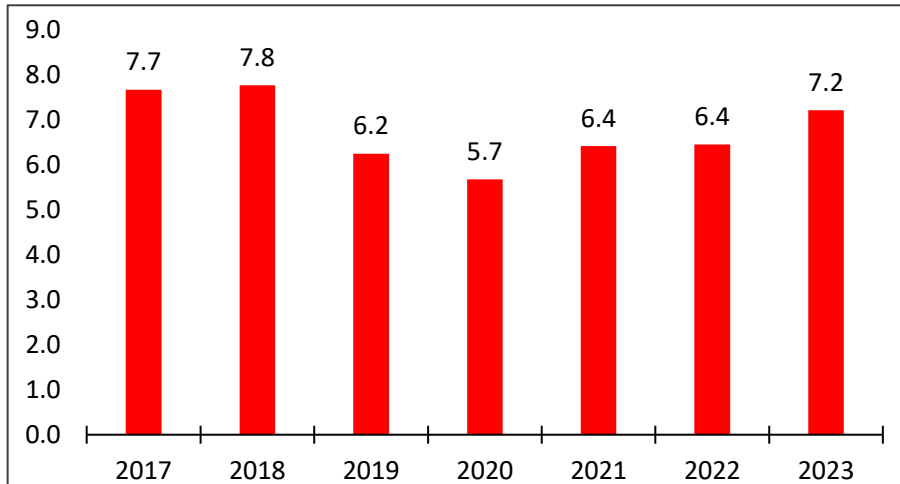
Return on Assets (%)



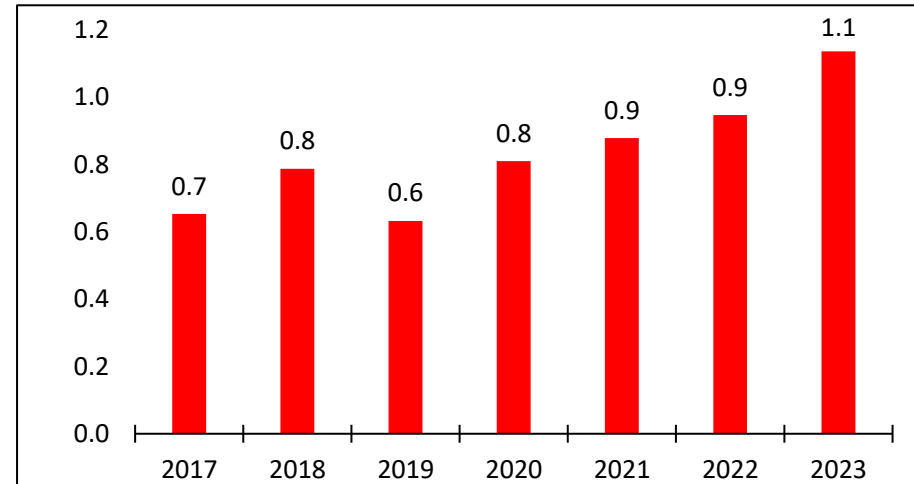
Return on Capital Employed (%)



Operating Profit Margin (%)



Debt-to-Equity



Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments. | Calendar Year ended data
Source: Bloomberg

Nifty Auto – Valuations

Price-to-Earnings (P/E) Ratio		
Dates		Nifty Auto P/E
Current	31-Oct-24	23.1
10 years back	31-Oct-14	38.9
Discount/Premium		-40.6%

- Currently, the Nifty Auto index is valued at a P/E ratio of 23.1x, which represents a ~40% discount relative to its level from ten years prior

Nifty Auto Index

Nifty Auto Index – Methodology

Universe

- Companies should form part of –
 - ✓ Nifty 500^
 - ✓ Auto sector

Eligibility

- The company should have a minimum listing history of 1 month as on cutoff date

Selection and Weightage

- Final selection of top 15 companies shall be done based on the free-float market capitalization. Preference will be given to F&O stocks
- Single stock weightage capped at 33% and weightage of top 3 stocks shall not be more than 62% at the time of rebalancing

Index Rebalance

- Semi-annually in March and September

^Incase the number of eligible stocks representing Auto sector within Nifty 500 falls below 10, then deficit number of stocks shall be selected from the universe of stocks ranked within top 800, 1000, 1100, 1200 and so on.

For more details, please refer Index methodology

Source: NSE

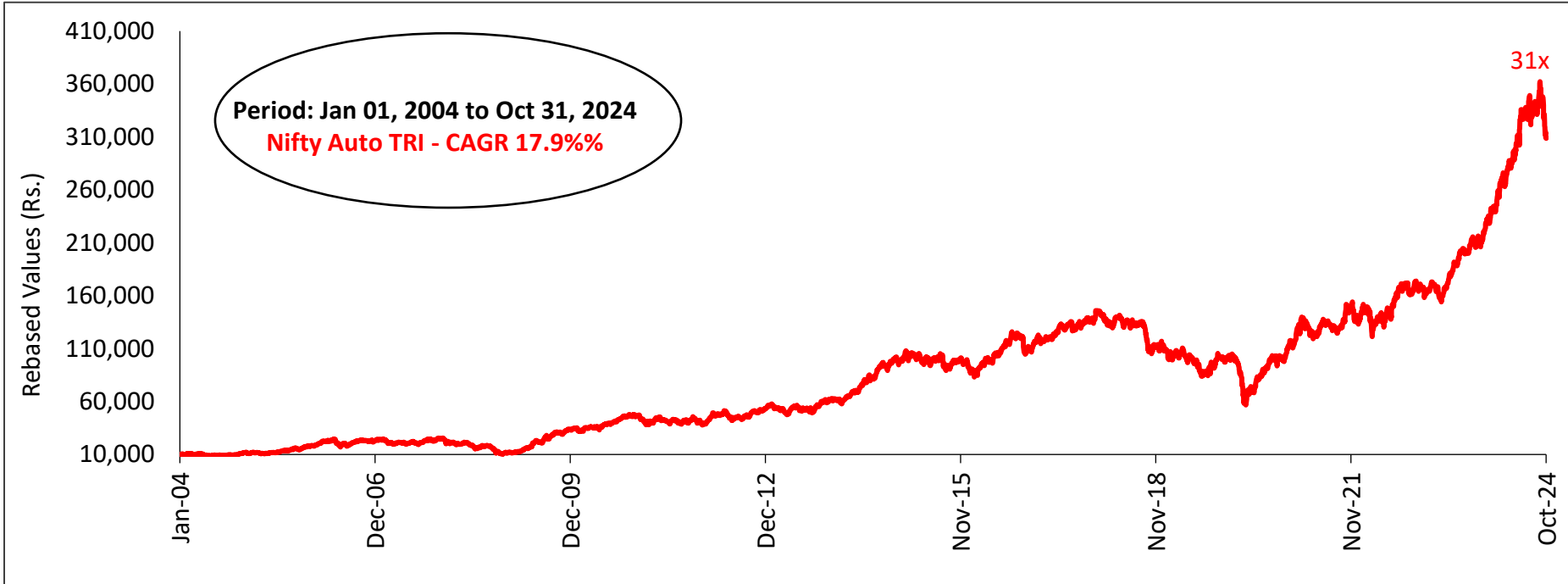
Nifty Auto Index – Constituents

Sr No.	Stocks	Basic Industry	Weightage (%)
1	Mahindra & Mahindra Ltd.	Passenger Cars & Utility Vehicles	22.2
2	Tata Motors Ltd.	Passenger Cars & Utility Vehicles	16.1
3	Maruti Suzuki India Ltd.	Passenger Cars & Utility Vehicles	13.3
4	Bajaj Auto Ltd.	2/3 Wheelers	9.9
5	Eicher Motors Ltd.	2/3 Wheelers	6.1
6	Hero Motocorp Ltd.	2/3 Wheelers	5.9
7	TVS Motor Company Ltd.	2/3 Wheelers	5.3
8	Samvardhana Motherson International Ltd.	Auto Components & Equipments	4.6
9	Bharat Forge Ltd.	Auto Components & Equipments	3.3
10	Bosch Ltd.	Auto Components & Equipments	2.8
11	Ashok Leyland Ltd.	Commercial Vehicles	2.7
12	MRF Ltd.	Tyres & Rubber Products	2.3
13	Balkrishna Industries Ltd.	Tyres & Rubber Products	2.1
14	Exide Industries Ltd.	Auto Components & Equipments	1.9
15	Apollo Tyres Ltd.	Tyres & Rubber Products	1.5
Total			100.0

- Well diversified Index within auto sector
- Most of the index constituents have exposure to EV ecosystem

Performance – Since Inception of Nifty Auto Index

Performance	Absolute (%)			Compound Annualized (%)			
Index Name	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Nifty Auto TRI	-13.0	-11.7	5.3	48.7	28.7	24.0	12.1



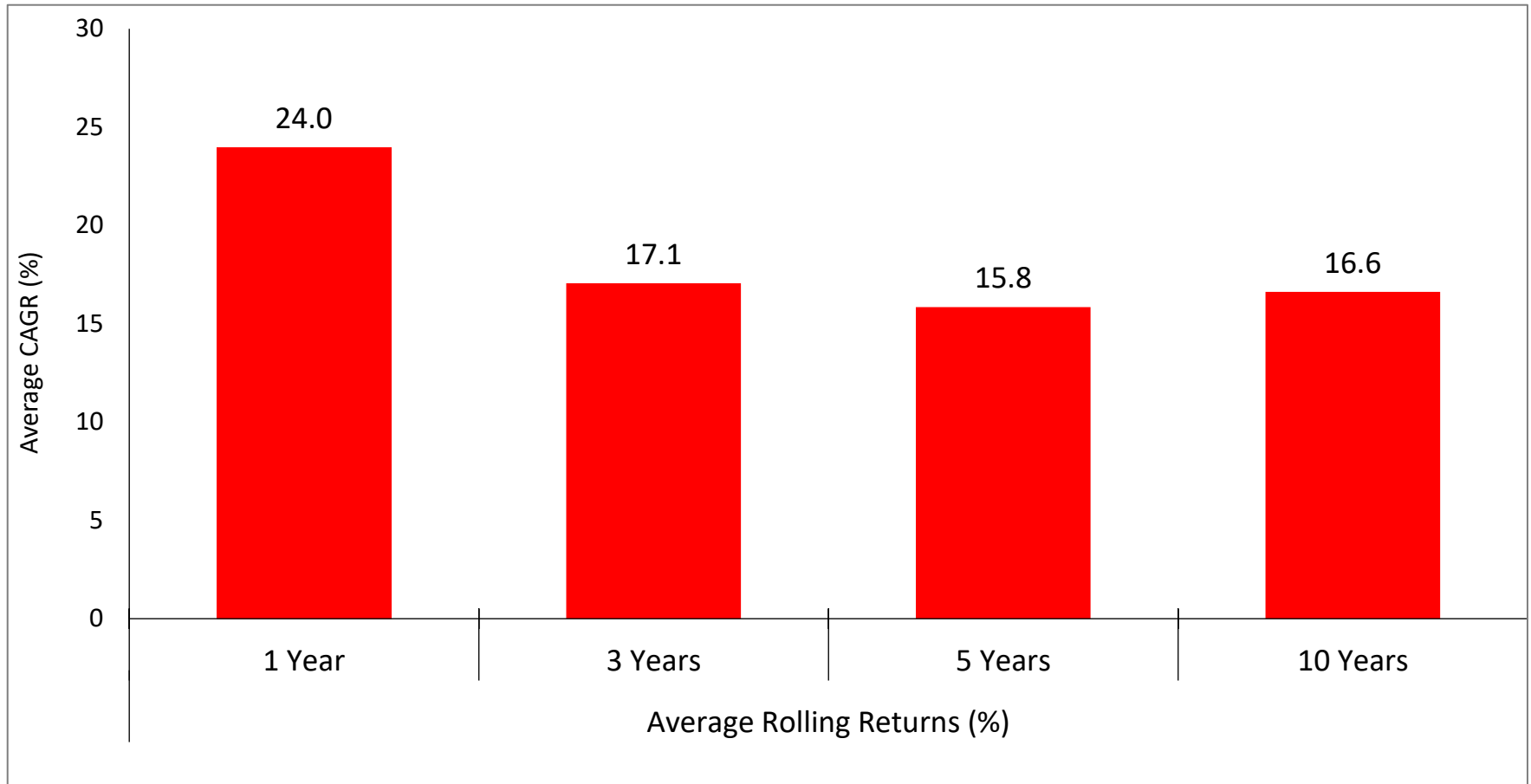
➤ **Rs 10,000 Invested in Nifty Auto at inception has compounded to approx. Rs. 3.1 lakhs**

Less than 1 year are Absolute returns, Greater than 1 year are Compound Annualized returns | Total Return Index (TRI) values rebased to 10,000 from January 01, 2004 |

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data: As on Oct 31, 2024 | Source: NSE

Performance – Rolling Returns



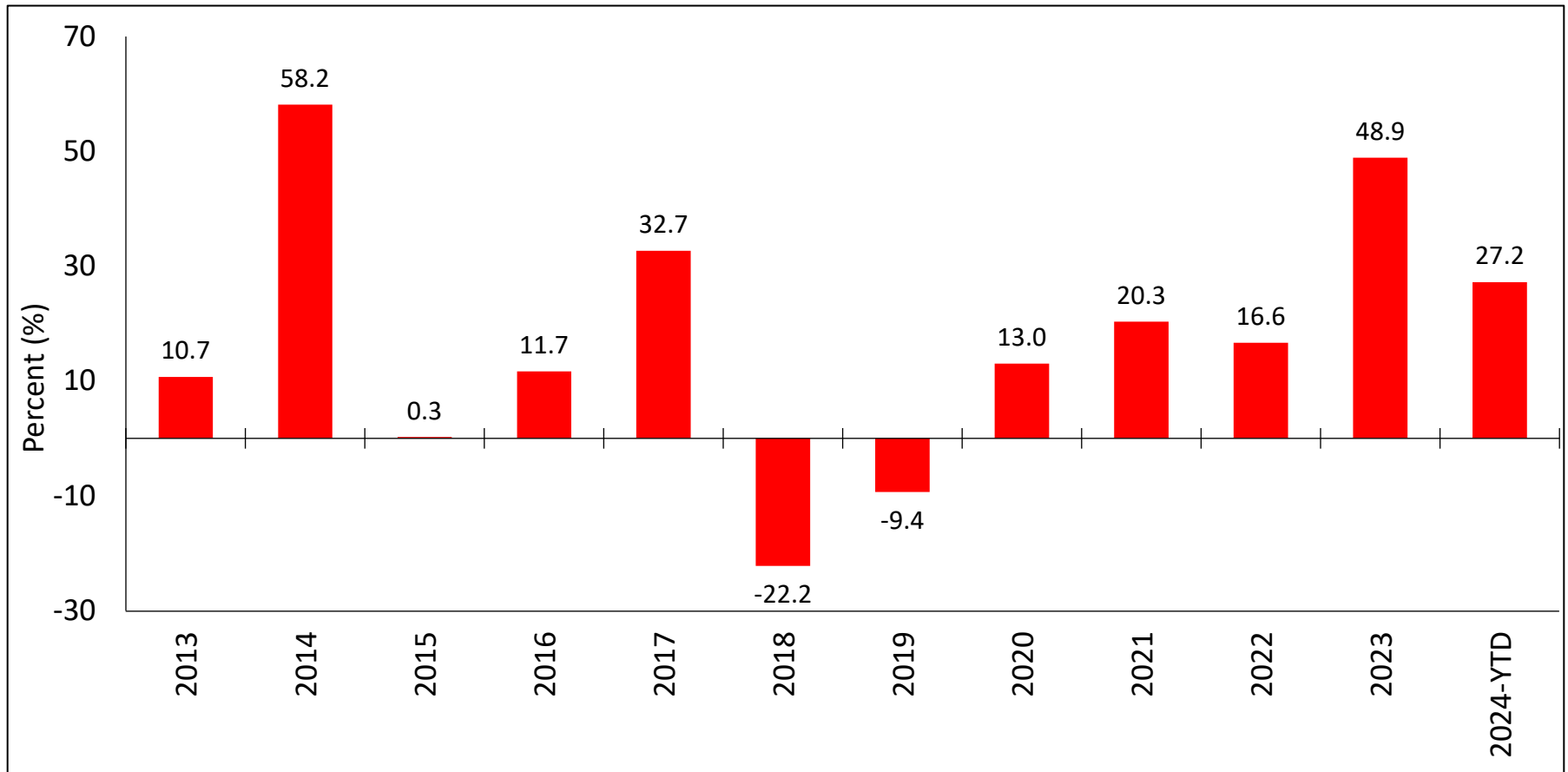
➤ **Consistent performance across time periods**

Rolling returns are compounded annualized and calculated on a daily frequency basis | Total Return Index (TRI) values used for calculation

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data: Jan 01, 2004 to Oct 31, 2024 | **Source:** MFI

Performance – Calendar Year Returns



➤ **Nifty Auto has given an average return of 17.3% in last 12 years**

Total Return Index (TRI) values used for calculation

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data: Calendar years Jan-Dec, YTD – till Oct'24 | **Source:** MFI

Fund Overview

Benefits of Investing in an Index Fund

- **Constructed to track an index**

- **Open ended mutual fund**

- **Diversification through a single unit**

- **Generally lower expense ratio as compared to an active managed mutual fund**

- **Performance tracking the underlying benchmark index (subject to expense ratio & tracking error)**

- **Transparent, as the fund will replicate the index**

Why Invest ??

Sector Exposure

- Provides exposure to top 15 Automobile stocks listed on NSE

Diversified Constituents

- Auto Index constituents include - Passenger vehicles, 2/3 wheelers, trucks, tractors, auto components, tyre manufacturers and EV players

Reduced Risk

- Elimination of non-systematic risks like stock picking and portfolio manager selection

Convenience

- Will also allow non-demat account holders to seek exposure to Automobile sector

SIP Investments

- Investors can also avail the benefit of Systematic Investment Plan (SIP)

Low Cost

- Exposure to Automobile sector via low cost[^] index fund

Nippon India Nifty Auto Index Fund – About The Scheme

Investment objective

The investment objective of the scheme is to provide investment returns that commensurate to the total returns of the securities as represented by the Nifty Auto Index before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.

Asset Allocation

Instruments	Indicative Allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Securities constituting Nifty Auto Index	95%	100%	Very High
Cash & cash equivalents and Money Market instruments, and/or Schemes which invest predominantly in the money market securities or Liquid Schemes#	0%	5%	Low to Medium

#The Scheme may invest upto 5% net assets in money market / liquid schemes without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management company or in schemes under the management of any other AMC shall not exceed 5% of the NAV of the Mutual Fund in accordance with Clause 4 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

For more details, please refer the Scheme Information Document.

Type of scheme

An open-ended scheme replicating/tracking Nifty Auto Index.

Scheme Details

Scheme Features	
NFO Opens on	November 14, 2024
NFO Closes on	November 28, 2024
Benchmark Index	Nifty Auto TRI
Fund Manager	Himanshu Mange
Load Structure	Exit Load : NIL
Minimum application amount (during NFO & ongoing basis)	<p>During NFO: Minimum amount of Rs.1,000 and in multiples of Re.1 thereafter</p> <p>During Ongoing Basis: Minimum amount of Rs.1,000 and in multiples of Re.1 thereafter Additional amount of Rs.1,000 and in multiples of Re.1 thereafter</p>
Plans	<p>The Scheme offers following Plans under Direct Plan and Regular Plan:</p> <ul style="list-style-type: none">a) Growth Planb) Income Distribution cum capital withdrawal Plan

Disclaimers

Disclaimer by the Index Provider:

Performance of the underlying index will have a direct bearing on the performance of the Scheme. In the event the index is dissolved or is withdrawn by the index provider, the Trustee reserves a right to modify the Scheme so as to track a different and suitable index and the procedure stipulated in the SEBI Regulations shall be complied with.

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully

Disclaimer

- **Risk Factors:** Mutual Funds and securities investments are subject to market risks such as trading volumes, settlement risk, liquidity risk and default risk including the possible loss of principal and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme. The present scheme is not a guaranteed or assured return scheme. For more details, refer Scheme Information Document (SID).

Disclaimers

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Thank you for your time!