ACMA

(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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GOVERMENT POLICY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Standard 30th May 2022

Auto firms ring up higher net sales, profits in Q4

Semiconductor shortage and high commodity prices dent margins

SHALLY SETH MOHILE
Mumbai, 29 May

Aggregate net sales and net profits of auto companies rose 12 per cent and 15 per cent, respectively, year-on-year in the quarter-ended March even as the chip shortage, a steep increase in raw material prices, and the demand slowdown facing a few segments have crimped margins.

Automakers expect margins to remain under pressure because the chip shortage is unlikely to be resolved anytime soon and may prevent them from leveraging scale.

A persistent inflationary trend will also continue to mount pressure.

Even as strong demand in the passenger vehicle market may help the industry cross 3.4 million units (last seen FY19) in FY23, "the semiconductor situation is still uncertain" and is a hindrance in tapping the full demand potential, Shailesh Chandra, managing director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said in a post-earnings investor call on May 12.

Ajay Seth, chief financial officer at Maruti Suzuki India, expressed a similar sentiment.

"Supplies of electronic components continue to be unpredictable; they might have some impact on the production in FY23 as well."

Net sales of Ashok Leyland, Eicher Motors, Escorts, Hero MotoCorp, Mahindra and Mahindra, Tata Motors (standalone), Maruti Suzuki, TVS Motor, and Bajaj Auto increased to about ₹1.054 trillion from ₹94,212 crore in the corresponding period a year ago.

They also rose by 13.4 per cent quarter-on-quarter, shows the data from Capitaline.

Though the aggregate margin of the auto companies showed a marginal improvement quarter-on-quarter, it fell to 15 per cent from 15.9 per cent in the year-ago quarter.

The companies witnessed decent volumes year-on-year as well as quarter-on-quarter in the fourth quarter of FY22, aided by improved supplies of semiconductors, said Mitul Shah, head of research, Reliance Securities.

Volume traction, along with regular price hikes, has resulted in revenue growth for the sector. However, higher commodity prices and other costs affected the operating margins during the quarter, resulting in a decline in net profit in the fourth quarter, he said.

"We expect margin pressure to continue in the first quarter of 1QFY23, while it would improve in 2HFY23E," said Shah.

The managements of most companies, during the investor meets, called out a persistent increase in commodity prices as a factor that might impact profitability in the forthcoming quarters.

Prices of hot-rolled steel rose, for instance, nearly 92 per cent and those of cold-rolled steel were up 77 per cent in FY22.

"An area of concern is cost inflation, which is triggered now by the geopolitical situation," said Niranjan Gupta, chief financial officer, Hero MotoCorp in the investor call after the March quarter results.

Hero will navigate inflationary pressure through price increases, cost savings, and broad-based portfolio growth including the premiumisation of certain models it has.

The recent government move to reduce import duty on certain raw materials used in making steel and a surcharge on exports was expected to cool steel prices to some extent.

Following recent developments, some brokerages such as CLSA have raised the earnings estimates of automakers. The impact will be seen only with a lag of a quarter.

Meanwhile, two-wheelers, which have seen a protracted slowdown, are showing early signs of recovery. But the overall volumes are far from satisfactory. The reduction in fuel prices has failed to lift retail demand so far. Improvement in cash flows in the rural economy due to rabi harvesting is supporting the demand revival to some extent, wrote Jinesh Gandhi, analyst at Motilal Oswal wrote in a recent research report.

The opening of schools and colleges next month may add heft to the recovery, he wrote.

EYE ON THE ROAD

	NET SALES (₹ CR)		MARGIN (%)		NET PROFIT (₹ CR)	
Companies	Q3FY22	Q4FY22	Q3FY22	Q4FY22	Q3FY22	Q4FY22
Ashok Leyland	6,627	9,882	9.4	9.7	-122	140
Eicher Motors	2,828	3,140	25.1	29.6	456	610
Escorts	1,984	1,879	15.0	15.7	194	191
Hero Motocorp	8,013	7,497	14.0	12.9	704	611
M & M	23,594	25,934	22.6	20.9	1,987	2,237
Tata Motors*	12,259	17,225	9.9	8.1	176	413
Maruti Suzuki	22,186	25,513	8.6	11.5	1,042	1,876
TVS Motor Co.	6,597	6,585	11.9	12.7	248	277
Bajaj Auto	8,806	7,728	21.1	26.2	1,430	1,526
Aggregate	92,895	105,383	14.9	15	6,115	7,883

*Standalone figures

Source: Capitaline; compiled by BS Research Bureau

Business Standard 30th May 2022

Delhi's green push with EVs in public transport

A ride in a newly launched electric bus gives a sense of how one of the world's most polluted cities is trying to clean up its act

RITWIK SHARMA
New Delhi, 29 May

Mohammad Sajid has been driving city buses in New Delhi for nearly seven years. During summers, the sweltering heat coupled with the discomfort of driving a non-air-conditioned bus and dealing with the odd unruly passenger can be quite trying, he says.

Today, however, he is calm and relaxed at the steering wheel of one of 150 electric buses flagged off by Delhi Chief Minister Arvind Kejriwal. The new fleet was added to Delhi Transport Corporation (DTC) on May 24, after the first of two e-buses were introduced in the city in January.

Until May 26, the new buses ran on trial and gave free rides to commuters, although the vehicles mainly shuttled between depots as fixed routes were not yet assigned. When *Business Standard* took a ride in the afternoon, Sajid, along with a conductor and a bus marshal, was on the way to the Indraprastha depot in central Delhi. A bus without a route number apparently isn't the first choice for commuters to hop on, so it ran empty.

The new light-blue bus is structurally similar to the other low-floor AC buses that have been running on compressed natural gas (CNG) in the city. It includes features such as emergency safe stop buttons, CCTV cameras and real-time passenger information system connected to GPS, with pink seats for women and kneeling ramps for the differently abled. In the absence of an engine, the motor-driven bus boasts noiselessness. Inside, the only constant sound is that of fans.

The trial has been smooth, and the bus is well-equipped with safety mechanisms including fire extinguisher, says Sajid while agreeing that the e-bus would help curb pollution.

RITWIK SHARMA

ECO-FRIENDLY WHEELS

E-buses in Delhi: 152; target by 2023: 2,000

Range: 120-140 km on single charge; charging turnaround, max 2 hours

Energy efficiency: An ECO-LIFE e-bus will save equivalent of **1,000 tonnes** of carbon dioxide in 10 years, says manufacturer JMB Auto

Safety features: Live camera; passenger information system; emergency safe stop buttons; fire extinguisher; electro-pneumatic controlled entry doors; fire detection & suppression system; electronic braking system

The Aam Aadmi Party government in Delhi has described the addition of e-buses a milestone in the capital's uphill battle against air pollution, which vehicular emissions contribute heavily to. According to the 2021 World Air Quality Report by Swiss organisation IQAir, Delhi is the most polluted capital and the fourth most polluted city in the world.

While the new fleet has raised the number of buses to over 7,200, according to estimates, the city requires at least 11,000 buses

While the new fleet has raised the number of buses to over 7,200, according to estimates, the city requires at least 11,000 buses to serve its population.

As the state government sets a target of 2,000 new e-buses by 2023, the addition of EV (electric vehicle) in public transport is being viewed as beneficial for all stakeholders.

An ECO-LIFE electric bus, says JBM Auto, the Gurugram based manufacturer, would save an equivalent of around 1,000 tonnes of carbon dioxide over 10 years of operation.

JBM Auto has been operating e-buses in India over the last two years, starting with Navi Mumbai and followed by other cities such as Ahmedabad, Bengaluru and Jhansi, and also in the Andaman and Nicobar Islands.

The DTC sought e-buses capable of covering 120-140 km on one charge, so the vehicles have been customised accordingly. JBM has also installed chargers, which can fully charge a bus in a maximum of two hours. On May 24, three charging depots were also inaugurated in Delhi.

Asked about safety concerns in the context of EVs catching fire in India, an official of JBM Auto pointed out that the incidents involved two-wheelers and assured that such threats were minimal in its e-buses. The e-buses have safety features such as battery management, and fire detection and suppression systems, with data monitored through a central server.

India's first electric bus was flagged off in Bengaluru in February 2014. While their adoption has been slow since, e-buses, like other EVs, are picking up.

Specifically since the Covid-19 pandemic, there has been a paradigm shift to green alternatives and adoption of cleaner technology, says Puneet Gupta, director-automotive forecasting, S&P Global. Moreover, he adds, EV adoption is being aided by incentives to buyers in India and across the globe.

Delhi has an aggressive plan to embrace EVs. In its EV policy, for instance, the Delhi government has aimed to achieve a ratio of one EV for every four vehicles sold in Delhi by 2024.

Jyoti Gulia, founder, JKM Research, a Gurugram-based consulting firm, says the shift of government-owned vehicles towards electric mobility also makes economic sense due to lower ownership cost given that CNG price, too, has been rising.

She adds that intra-city travel wouldn't be a challenge for e-buses as charging infrastructure is being bolstered in the capital. "Charging stations can be deployed for e-buses at depots, unlike for CNG buses that have to go to fuel pumps for refill."

For Indian metros and big cities, many of which are among the world's most polluted, EV in public transport and an overall shift to cleaner and greener mobility is vital. Gupta points out that the penetration of cars is only around 30 per thousand in India, which is also reliant on imported oil. "The masses will continue to depend on public transport, and e-buses can also help reduce our dependence on fuel. So it is a win-win proposition for everybody."

Business Standard 27th May 2022

Auto parts sector all set for EV shift

SURAJEET DAS GUPTA
New Delhi, 26 May

India's auto component industry is all set to hitch its wagon to the electric vehicle (EV) revolution. According to a recent survey by the Automotive Component Manufacturers Association of India (ACMA), 60 per cent of its 800 members say that they are ready to supply to EVs, while the rest say that they will be prepared to do so later this year, or latest by 2023.

Says ACMA president, Sunjay Kapur, "The investment cycle by auto component companies to prepare themselves for EVs has already begun, and is on track. From the supply side, the EV revolution will give component makers a brand new market segment to operate in. They can supply different kinds of components like telematics, batteries, and cater to the requirements of a new ecosystem which is being created."

He points out that despite the difference in the drive train and the fact that EVs are powered by a battery, many other components like seats, steering systems, brakes, mirrors (might have more electronics) are the same in EVs as they are in internal combustion engine (ICE) vehicles.

Giving his assessment of the kind of investments auto components will need to make to supply to EVs, Kapur says that the 75 companies eligible for the auto components production-linked incentive (PLI) scheme, have to invest ₹250 crore each in five years to get the incentive.

"This means that together, they have to make a minimum investment of ₹18,600 crore in five years to build future technologies in the automobile industry."

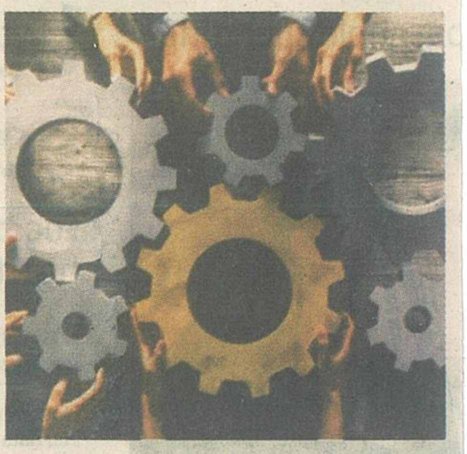
He adds that though the bulk of the money will be used for EVs, some will go towards building technology which is currently imported.

Kapur also points out that to justify the volume, exports must be given a priority. "To justify the volume we have to look at the global market as the Indian piece is still small, especially in passenger cars. But just like global trends, we will also grow and we are heading that way," he says.

The auto component industry has zeroed in on certain areas where India can become a global hub for the manufacturing of EV components, says Kapur. These include electric motors, steering, drive trains, amongst others. The good news is that there are a lot of opportunities now as both the US and Europe are open for the Indian manufacturing industry.

A key problem, though, is electronics, says Kapur. "I think the choke point is electronics and that is something that we are going to have to invest in heavily." He also points out that one way would be to forge alliances between the automotive industry and the electronic industry to see how the former can localise and reduce its dependence on imports.

For that to happen, companies have to invest in technology and research and development (R&D). However, the average R&D spends by auto component companies in India is a mere 0.5 per cent of their total spends, whereas to ensure localisation and become global players, it should be over 3 per cent, says Kapur.



HOPES & CONCERNS

- 800 auto component companies say they are ready to supply products for electric vehicles by 2023
- 75 companies eligible for PLI in auto components would collectively have to invest ₹18,600 crore in 5 years
- High volumes of production will lead companies to look at exports, as domestic market is still small
- Makers zeroed in on certain products where India can become a global hub
- India, though, is weak in electronics for EVs. R&D in this space also remains lacklustre

Sales of high-end cars, SUVs shift to top gear as smaller cars get pricier

Premium cars market share up 5% at 30%, with 38% y-o-y growth

G BALACHANDAR

Chennai, May 16

High-end cars and SUVs carrying a price tag of above ₹10 lakh reported a five-fold growth in sales as compared to lower-priced cars, according to a Crisil report.

The key reasons given for this were the stark difference in income sentiment of the target consumers, a sharper rise in prices of lower-end cars, fewer options as some manufacturers exited the segment, and a slew of new launches in high-end models that are attracting more buyers.

In FY22, cars priced above ₹10 lakh (or the premium segment) saw 38 per cent year-on-year growth compared with 7 per cent y-o-y growth for those with lower prices. Consequently, the market share of premium cars increased 500 basis points (bps) to 30 per cent.

In India, lower-priced cars are bought by first-time users or those upgrading from used cars. With the pandemic impacting income sentiment significantly for entry-level car buyers, purchases and upgrades have been getting postponed, it said.

Safety norms

On top of muted income sentiment, there has been a 15-20 per cent cumulative increase in the sticker price of lower-end cars over the past four fiscals due to increased stringency of safety regulations and the transition to BS-6 emission norms.

Sales of best-selling low-priced vehicles such as Maruti's Alto, Swift, Baleno, Vitara Brezza, Celerio and Dzire; and Hyundai's i10 and i20 (which cumulatively accounted for about 56 per cent of the lower-priced cars sold in FY19) have been on a decline for three fiscals now.

There were only 39 models of lower-priced cars available last fiscal against 54 in FY16. Additionally, new launches in the lower-priced cars segment since FY20 contributed only about 15 per cent of volume share within the segment in FY22. However, the drive was different for higher-priced cars. Older best-selling models such as Hyundai Creta, Maruti Ertiga and Ciaz, Mahindra Bolero and Scorpio, Honda City, Ford Ecosport and Toyota Innova (which cumulatively accounted for 68 per cent of the higher-priced cars sold in FY19) have witnessed a decline in sales over time.

Instead, new launches have outperformed. Though several models available were stable at 53-55 per cent, new launches since FY20 contributed significantly to overall sales volume in the segment. As many as 19 of them racked up 32 per cent of volume share within higher-priced cars in FY22.

Consumer preference has also been gradually shifting from low-priced models that did well previously to similarly priced UVs. Some even prefer buying a used car in a costlier segment than spend an equivalent amount for a lower-segment car.

Business Line 31st May 2022

Why more States want demand-aggregation of e-bus bids

Bulk order enables bus OEMs quote low per-km prices for operating service

M RAMESH
Chennai, May 30

The recently-concluded tender for 5,450 e-buses — the country's largest to date — has thrown up a pleasant surprise. The cost of running a bus service has been brought down to less than ₹45 per km for an e-bus from ₹75-90 diesel-powered bus. Tata Motors bagged a contract for 5,000 buses, Olectra (part of the Megha Engineering group) 300 buses, and VolvoEicher 150.

Some interesting learnings came out of this tender, which was completed in April.

The first is that it is the beginning-of-the-end for diesel; with such cost advantages, an e-bus is an obvious choice over a diesel one. Second is the power of the commonsensical model of 'demand aggregation'. The government-owned Convergence Energy Services (CESL) aggregated the demand for five cities in five States into a single tender for 5,450 buses. The bulk order made it possible for a bus OEM — in this case, Tata Motors — to quote low per-km prices for running a bus service. (In this model, the vehicle manufacturer itself doubles as a bus operator, either through a subsidiary or by outsourcing.)

Who gets what

Bus type	12 m LF AC	12 m LF non-AC	12 m SF non-AC	9 m SF AC	9 m SF non-AC	Total
₹ per km	47.99	43.49	44.99	41.45	39.21	
Delhi	1,500					1,500
Kolkata	250		475	575	700	2,000
Bengaluru		1,500				1,500
Hyderabad		300*				300
Surat				150**		150
Total	**1,750**	**1,800**	**475**	**725**	**700**	**5,450**

m: metres LF: Low Floor SF: Standard Floor *Olectra **VolvoEicher

More demand

And now, it is learnt that governments are keen on an encore, only on a much bigger scale. All stakeholders - NITI Aayog, the Ministry of Road Transport and Highways, and a number of other State governments — are asking CESL for more such tenders.

NITI Aayog is said to be keen on getting 50,000 e-buses on roads as early as possible The Ministry of Road Transport and Highways, on the other hand, is checking if buses older than ten years that are owned by State Transport Undertakings could be replaced by e-buses. There are about 70 STUs in the country, and while it is not clear as to how many of the buses they run are older than 10 years, it is certain that the number is not less than 35,000.

Capacity concerns

While the emerging volumes are heartening, the big question is whether the country has enough capacity to produce these many buses. Assembly line capacity exists, but the supply chain has yet to gear up; without a robust supply chain, every major component would need to be imported.

There are nine electric bus manufacturers in the country — Ashok Leyland, Tata Motors, VolvoEicher, BYD Company, Olectra Greentech, JBM Auto, Solaris Bus & Coach, Deccan Auto and Zhongtong Bus and Holding Company. All these put together can today produce not more than 1,500 business

And this, is the third learning emerging out of the tender — domestic manufacturing capacity needs to be ramped up rapidly.

Carbon offsets

Finally, comes the point of carbon credits — electric buses can fetch saleable carbon offsets, but it is not clear if there is a move to get the offsets. It is pertinent to note that Mahua Acharya, MD & CEO of CESL, has a background in dealing with carbon credits; she is unlikely to pass up the opportunity.

Business Line 28th May 2022

Carmakers may miss June deadline on launching flex fuel vehicles

Low ethanol availability poses challenge; focus now on meeting E20 target by 2023

SWARAJ BAGGONKAR
Mumbai, May 27

Carmakers will most likely miss the advisory deadline issued by the Centre over start of production of flex fuel engine vehicles by June as availability of ethanol as a fuel itself has been a problem for the government.

In December, Minister for Road Transport & Highways Nitin Gadkari signed an advisory urging carmakers to manufacture vehicles with flex fuel engines. These vehicles, which can potentially run on 100 per cent petrol or 10 per cent ethanol, were to get commercially launched before June-end.

"We have asked the carmakers to start production of flex fuel vehicles in the next six months. Three major players - Toyota, Suzuki and Hyundai - have agreed to manufacture them," Gadkari had said in December.

E20 compliance

Carmakers are instead, working towards meeting the April 2023 deadline of making vehicles material-compliant for E20. E20 is a blend of 20 per cent ethanol and 80 per cent petrol. The Centre has laid down a target of achieving E20 by 2025.

CV Raman, Chief Technology Officer, Maruti Suzuki India, said, "Until the last six months, we were doing 8.5 per cent (blending). We have to work on the technology. We understand the potential flex fuel has going forward. But this needs to have a clear roadmap. Availability of the fuel pan India is very important."

The government is simultaneously promoting ethanol blending in petrol in an effort to bring down the fuel import bill. As per official estimates, even a push till E20 can result in savings of $4 billion per annum. While carmakers claim they are ready to make the switch by the stipulated time, rolling out vehicles which can run 100 per cent on ethanol this year itself won't be possible.

"There are changes we have to do with the car, especially in the powertrain area. This will require a huge amount of reengineering," said a senior engineer from another car brand.

Cut in emissions

According to a report by the expert committee formed by the Ministry of Petroleum and Natural Gas, carbon monoxide emissions were observed to be 50 per cent lower in two-wheelers and 30 per cent lower in four-wheelers compared to petrol under E20. The government has also advised carmakers to make flex fuel strong hybrid electric vehicles.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 30th May 2022

As electric 2-wheelers go up in smoke, companies go back to drawing board

Many retesting safety norms, production processes; new launches put on slow lane

SWARAJ BAGGONKAR

Mumbai, May 29

Increasing incidents of electric two-wheelers exploding or catching fire across the country have not only forced companies to postpone new product launches, but also made them retest their safety standards and manufacturing processes.

Electric scooters of market leader Hero Electric and the Hero MotoCorp-funded start-up company, Ather Energy, were the latest to go up in smoke last week. Earlier, fire incidents were reported of electric scooters belonging to Ola Electric, Benling, Okinawa and Pure EV.

The Bharat Forge-promoted Tork Motors has frozen the order-book of its maiden electric bike to just 1,000 units in the light of fires and explosions. The company has appointed an external agency to do a full retest of the product before starting its deliveries.

Amit Kalyani, Deputy Managing Director, Bharat Forge, said: "We have closed the order book at 1,000 orders because after reading all the issues with safety and fire and explosions and vehicle going in reverse of certain products, we've initiated a full testing regimen, including outside agency to make sure that our product is completely robust and will not have any of these issues. So, I believe it is better to take a little time but do it right."

Priced at ₹1.92 lakh (ex-showroom), Tork Kratos (which has the styling of a motorcycle) generates peak power of 7.5kW, has a claimed range of 180km and a top-speed of 100kmph. Tork has been developing an e-bike since 2016.

Test rides

The Bengaluru-based start-up Simple Energy said it will start test rides of its maiden product only in July — a staggering 11 months after the company showcased its product on August 15 last year.

"In the light of recent events in the EV industry, we expect updated guidelines for EVs concerning battery health and overall vehicle safety. In accordance with this, we are postponing the deliveries of Simple ONE. Test rides for ONE will begin in July 2022," a note from the company stated.

From altering product technology to focussing more on product safety, electric two-wheeler makers are going the whole hog to avoid hurting consumer confidence, especially since EVs are at a nascent stage in India, with a penetration level of just 2 percent.

Industry watchers blame the NMC batteries for the fires

Rahil Gupta, co-founder and Chief Technology Officer, HOP Electric Mobility, said: "The fire incidents have come as a dampener to the momentum that EV two-wheelers had gained. We have undertaken backward-integration and further re-engineered quality standards for testing and validation of battery packs. We are now testing our packs in high ambient temperatures moving north to 50 degree Celsius at high discharge rates."

NMC batteries

Industry watchers blame the Nickle, Manganese and Cobalt (NMC) batteries used in most EVs for the fires. These batteries are inherently volatile in nature, claim experts.

"NMC has proved to be dangerous. Even in China, the government is not promoting NMC. Last year, China had 300,000 cases of fire, and all of them had NMC batteries," said Amit Kumar, Executive Director and CEO, Benling India.

Benling had lined up a new product launch in the first week of April, but the company decided to postpone because it wanted to launch the product with lithium ferrophosohate (LFP) batteries, instead of NMC batteries. In fact, it wants to move all its products to LFP batteries progressively from May. LFP batteries have a much safer track record compared to NMC.

Business Standard 23rd May 2022

Battery defects & low testing led to EV fires: DRDO

ARINDAM MAJUMDER & DHRUVAKSH SAHA

New Delhi, 22 May

The electric scooter fires that made news in recent weeks were caused by defects in their batteries, including in the designs of the battery packs and modules, says a report by the Defence Research & Development Organisation. A person who has seen the report told Business Standard the defects may have crept in because electric two-wheeler companies intentionally used lower-grade materials to cut costs.

The country aims to increase the share of electric scooters and motorcycles in total two-wheeler sales to 80 per cent by 2030 from 2 percent now. However, consumer sentiment has been roiled by the nine reported incidents since last year of electric two-wheelers catching fire, including those by Ola, Okinawa, Pure EV, Boom Motor and Jitendra Electric Vehicles.

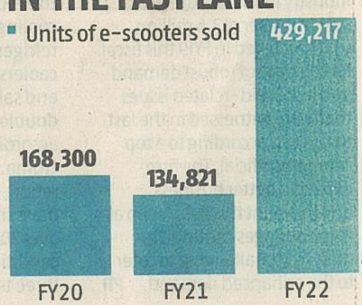
In March, the Ministry of Road Transport and Highways asked the Centre for Fire, Explosive and Environment Safety (CFEES) — the fire science and engineering arm of DRDO — to investigate the circumstances that caused the incidents. The CFEES submitted its report to the ministry last week.

"It can be said the incidents were a result of the low quality of battery cells and lack of enough testing of battery packs under various temperatures," said the person who has seen the report. The CFEES, he said, has suggested strengthening the regulations for EV manufacturers as early as possible.

From January next year, India will make it mandatory for EV makers to comply with a new set of safety standards called AIS-156, which are more stringent than the AIS-048 standards currently in force — the ones that cleared all those vehicles that caught fire.

The AIS-156 enforces higher standards for all tests, such as those for short circuit, overcharge, vibration, shock, and nail penetration.

IN THE FAST LANE



218.36% growth in FY22 vs FY21

155.03% growth in FY22 vs FY20

Data doesn't include Andhra Pradesh, Madhya Pradesh, Lakshadweep & Telangana Source: FADA

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Battery...

In addition, it includes a fire resistance test, which subjects the battery to a direct flame for 70 seconds.

A senior road ministry official confirmed that the report had been received and the findings will be shared with EV makers. "We can make a public statement or take any action only after they respond," the official said. The ministry has already sought detailed information on safety mechanisms and quality standards being adopted by EV makers.

ital ventures SuFin (business-to-business marketplace for small and medium-sized enterprises) and EduTech (e-learning platform) as part of its strategic plan.

The company will set up a 2.5-megawatt (Mw) data centre plant on a pilot basis shortly. Over the next five years, it will set up a 90 Mw-capacity data centre, for which it has signed a memorandum of understanding with the Tamil Nadu government.

All these initiatives are intended to help the company attain a revenue of ₹2.7-3 trillion by FY26, from ₹1.4 trillion in FY21, and ensure an order inflow of ₹3.4 trillion, from ₹1.7 trillion in FY21. The company hopes to achieve a return on equity (excluding exceptional items) of over 18 per cent, from 10 per cent in FY21, by stepping up payouts to shareholders through dividends and buybacks. "People are our biggest asset. Engineering and people skillsets are the most valuable attributes across all our businesses. We will encourage and give young and energetic people all possible opportunities to grow," said Subrahmanyan.

Business Standard 25th May 2022

Hindustan Motors plans to return to the road on EVs

ISHITA AYAN DUTT
Kolkata, 24 May

The country's first carmaker, Hindustan Motors, is looking at a second coming.

Talks are on for a joint venture with a European auto company focused on the electric vehicle (EV) space. A memorandum of understanding (MoU) has been signed and due diligence is expected to start shortly and is likely to take 2-3 months to conclude.

"Initially, the project will launch two-wheelers, and subsequently four-wheelers," said Uttam Bose, director, Hindustan Motors. The company did not divulge the name of its prospective European partner.

While discussions are on for a joint venture, Bose did not rule out the possibility of the European company picking up a stake in the C K Birla-owned Hindustan Motors (HM).

Bose said currently discussions are focused on a 51:49 joint venture in which HM shall have the larger share. He clarified that the equity pattern could be discussed and said: "We will evaluate."

The vehicles will roll out of HM's Uttarpara plant (West Bengal), which declared "suspension of work" in 2014.

The company's notes to annual results for FY22 mentioned that the management declared "suspension of work" at the Uttarpara plant with effect from May 24, 2014, due to low productivity, growing indiscipline, shortage of funds, and lack of demand for products; the Pithampur plant declared layoff with effect from December 4, 2014. The Uttarpara plant, which used to roll out the Ambassador, went downhill with the decline of the iconic brand. Modelled on the Morris Oxford, it was a protracted slide for the Ambassador brand.

HM, established in 1942 by C K Birla's grandfather, B M Birla, was the first indigenous carmaker. By the 1970s, it enjoyed a 75 per cent market share. The slide started when Maruti Suzuki launched the Maruti 800 in 1983. Between 1984 and 1991, reports suggested that the Ambassador's market share tumbled to 20 per cent. Then global automakers descended and hastened the decline. In 2017, the Ambassador brand was sold to Peugeot SA for ₹80 crore. The new HM joint venture shall utilise the 295 acre at Uttarpara for the project that's left with the company. Originally, HM had about 700 acre at Uttarpara. But in 2007, it entered into a deal with Shriram Properties for 314 acre, which was surplus. Last year, the Hiranandani Group signed an MoU with HM to acquire 100 acre for a logistics and hyperscale data centre park. The capital infusion with the deal on land transfer with Hiranandani will be sufficient to take care of the debt, said Bose. Spare funds could be used to plough into the upcoming EV and components project.

The company's notes to results mentioned that it was "practically" debt-free, barring a few liabilities which stand mainly on account of employee accounts, trade payables, and other liabilities.

When the "suspension of work" was declared there were around 2,300 employees. As many as 2,000 were separated in 2017 and 2018 with a VRS after the first round failed in 2015. Now, there are about 300 employees on the rolls. "Their liability is with us and we will take care of them," said Bose.

The company noted that the accumulated loss as on March 31, 2022, stood at ₹148.55 crore, against share capital of ₹104.41 crore; its current liabilities also exceeded its current assets indicating the existence of material uncertainty about the company's ability to continue as going concern.

THE JOURNEY

1948 Hindustan Motors (HM) moved operations to Uttarpara in Hooghly, West Bengal, for manufacturing Ambassador cars

1970s By the end of the decade, Ambassador's market share was 75 per cent

1983-1991 Maruti Suzuki launched; Ambassador's market share drops to 20 per cent

2007 HM enters into a deal with Shriram Properties for surplus land at Uttarpara

2014 It suspends Uttarpara operations

2017 The firm executes agreement with Peugeot SA to sell the Ambassador brand

2021 MoU with Hiranandani group for 100 acres at Uttarpara

2022 HM initiates discussion with European auto company for EV

THE RETURN OF THE KING: The maker of iconic Ambassador cars is in talks with European auto firm for a JV

The Economic Times 27th May 2022

BMW to Launch Multiple Models to Lead Charge in Electric Space

Luxe carmaker expects 10% of demand to come from EVs by 2023 end, says chief of India unit

Sharmistha.M@timesgroup.com

New Delhi: German luxury carmaker BMW aims to introduce multiple models to lead the charge in the electric vehicle segment in the country, said a top company official.

BMW India President Vikram Pawah told **ET**, customer acceptance of electric vehicles has been better than expected and the company expects 10% of its demand to come from such models by the end of the next calendar year. "Electromobility is a new space that is developing. BMW Group wants to take the lead the charge in the luxury space," said he.

BMW India president Vikram Pawah

BMW India has sold out the allocated batches of SUV iX and an all-electric MINI for the year. The company Thursday launched a third offering midsize electric sedan i4 priced at ₹69.90 lakh (ex-showroom). "I was really surprised by the phenomenal adoption of electric vehicles. The two products we launched earlier sold out in no time," informed Pawah.

Globally, BMW is set to introduce 25 electric vehicles by 2023. Nearly half of them–the full electric ones–can be launched in India, said Pawah, provided the current incentives continue and adequate charging infrastructure is set up across the country. At present, the government levies GST on electric vehicles at a reduced rate of 5%. The tax concession needs to be continued to encourage consumers to transition, and for automakers to plan more products.

Pawah said the adoption of any new technology in the premium space is much faster. He said, "Our customers do not want to go for a compromise. They want the latest technology. The way the trends are, and with the i4 launched today, I expect 10% of the demand to come from EVs by the end of next year."

Pawah said the company eventually wants to assemble electric vehicles in the country but cannot share a timeline for the same.

Business Line 27th May 2022

Kia ventures into EV space, launches EV6

Deliveries from June; 100 buyers to get cars in 2022

OUR BUREAU
Hyderabad, May 26

Automobile company Kia showcased an 'all-electric' EV6 car here on Thursday. The vehicle will be delivered to 100 customers on a first-come-first-served basis. Imported as a completely built unit (CBU), the car is scheduled to launch in the country in the first week of June.

Built on Kia's dedicated EV platform (the Electric-Global Modular Platform (E-GMP), the e-car marks the company's foray into the electric vehicle segment.

Features

The India version of the EV6 comes with a 77.4 kWh lithium-ion battery pack. On a single full charge, the car can travel up to 528 km. It is claimed that the vehicle can advance from 0-100 km/h in just 5.2 seconds.

The Kia EV6 hosts multiple convenience features including Panoramic Dual 31.24 cm (12.3") Curved Displays, a Meridian Premium Sound System with 14 Speakers, remote folding seats, and an Augmented Reality (AR) head-up display. The car comes equipped with eight airbags as standard, along with all-wheel disc brakes, Electronic Stability Control (ESC), Vehicle Stability Management (VSM), a Brake Assistant System (BAS), Emergency Stop Signal (ESS) and front and rear parking sensors.

The car will be available in India in a choice of five exterior colours.

Business Line 11th May 2022

Volkswagen, M&M sign feasibility agreement on EVs

SHALLY SETH MOHILE
Mumbai, 19 May

Volkswagen and Mahindra & Mahindra are exploring the use of Volkswagen's MEB (modular electric tool kit) electric components for Mahindra's new "born electric platform," Mahindra said in a statement on Thursday. The two companies signed a partnering agreement on Wednesday to evaluate the scope of collaboration, the statement said.

The binding supply agreement will be negotiated in a constructive and legally compliant way to conclude by the end of 2022

The so-called born electric or pure electric platform is an important pillar of Mahindra's EV strategy as it seeks to mark its presence in the segment and launch various EV models at a fast pace starting from 2025.

Mahindra's agreement with Volkswagen comes less than six months after Mahindra brought the curtains down on all kinds of collaborations with Ford on December 31, 2021.

Designed as an open vehicle platform, the MEB electric platform and its components allow car manufacturers to build their portfolio of electrified vehicles, quickly and cost-effectively. Mahindra is the first Indian company that will be using the MEB.

It presently provides the technology base for ten electric models from five brands, including Ford Motor Co. Used to build approximately 300,000 units in 2021, it is one of the leading electric platforms worldwide, according to the Volkswagen Group website.

Mahindra said it intends to equip its "born electric" platform with MEB electric components such as electric motors, battery system components and battery cells. The agreement evaluates the scope of collaboration – it indicates binding rules for the evaluation phase as well as the non-binding scope of supply.

The binding supply agreement will be negotiated in a continued, constructive and legally compliant way to conclude by the end of 2022.

PRESS REPORTS
ON
TWO – THREE WHEELERS

The Economic Times 16th May 2022

DESPITE THE PANDEMIC-LED MARKET CHALLENGES

Harley-Davidson Regains Lead Spot in High-end Race

Partnership with Hero MotoCorp revives the American co's fortunes in India

Sharmistha.M@timesgroup.com

In Top Gear

Harley's market share in the category rose to 37% last fiscal, from 27% in FY21

Hero sold **601** Harley-Davidsons in FY22, of which 531 were in 1,000cc and above segment

Triumph Motorcycles India sold **336** units, India Kawasaki Motors **283** units

In Oct 2020, Hero MotoCorp took over the distribution of Harley-Davidson

New Delhi: Iconic American motorcycle brand Harley-Davidson has regained leadership in the high-end motorcycle segment in India, spurred by its partnership with Hero MotoCorp that seems to have revived its fortunes in the country.

Despite a challenging market environment on account of Covid-19 induced disruptions, Harley-Davidson emerged as the top seller in the 1,000cc and above segment, taking its market share in the category to 37% in the previous financial year (FY22), compared to 27% in FY21.

According to data from the Society of Indian Automobile Manufacturers (SIAM), Hero MotoCorp sold a total of 601 Harley-Davidson motorcycles in FY22, of which 531 units were in the 1,000cc and above segment, mostly driven by the Pan America 1250 Special and Sportster S motorcycles.

In comparison, only 206 units of Harley Davidson motorcycles were sold in the country in the preceding fiscal year (FY21).

Harley-Davidson has raced ahead of Triumph Motorcycles India, which sold 336 units, India Kawasaki Motors – 283 units, Suzuki Motorcycles India – 233 units and Honda Motorcycle & Scooter India (HMSI) with 71 units in 1000cc+ category in FY22.

"Since the time Hero MotoCorp has taken over the exclusive distributorship of our products, there has been a lot of demand uptick for our entire range, as our customers are now assured of sales, service and parts. The company has also been doing a lot of customer-connect initiatives which is helping in driving sales," a Harley-Davidson dealer based in north India told ET on condition of anonymity.

The market leadership in this segment comes nearly two years after Hero MotoCorp, the homegrown two-wheeler giant, took charge of the sales and distribution of the Harley-Davidson brand in India.

Since then, Hero MotoCorp has expanded the distribution network of Harley-Davidson to 13 full-fledged dealerships and 10 authorized service centres across the country, exclusively for Harley-Davidson customers.

"Hero MotoCorp has also been very proactive in mobilizing the Harley Owners Group (HOG). The company brought back the much-loved H.O.G. Rally in India on April 9-10 this year, after a hiatus of two-years. More than 540 Harley-Davidson riders from across the country participated in the Western HOG Rally in Mahabaleshwar," said a Harley-Davidson owner who participated in the Western HOG rally.

The Economic Times 18th May 2022

CO HAS SEEN A DIP IN ITS CORE SCOOTER BIZ OF LATE

HMSI Sees Top-level Exits Across Verticals

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: Honda Motorcycle and Scooter India (HMSI) has seen exits of about a half-dozen key executives across sales, service and logistics functions, including YS Guleria, director of sales, marketing and service.

Apart from Guleria, Pradeep Pandey, senior vice-president (customer service), has put in his papers, according to people aware of the matter. The latest resignations come after Shekhar MC, general manager (finished vehicles logistics), had resigned from his position in February and joined Ola Electric Mobility.

HMSI managing director Atsushi Ogata said, "Yadvinder Singh Guleria has been a part of HMSI ever since its inception and has made invaluable contribution in expanding and accelerating our business while leading several critical functions in the company. He has cited personal reasons for his decision, and we wish him the very best in his future endeavours." The company communicated the news of Guleria's resignation to employees on Monday evening. He will exit the company in June.

The exits come at a critical time when the company is seeing a decline in sales in its core scooter segment due to rising fuel prices and shift towards electric powertrain. HMSI will be entering a mass market motorcycle segment as well electric vehicles in the next two years and the absence of seasoned top executives may hurt the company, said people in the know.

In May 2020, HMSI had made several changes to strengthen its senior leadership team. As part of this move, Guleria and Vinay Dhingra were elevated to the company's board of directors.

Guleria was assigned additional charge of customer service, logistics planning and control, premium motorcycle business, brand and communication along with sales and marketing.

Business Line 18th May 2022

TVS Motor to divest entire stake in Intellicar Telematics

OUR BUREAU

Chennai, May 17

TVS Motor Company has announced that it will be selling Intellicar Telematics, to Fabric IOT for ₹45 crore.

The leading two and three-wheeler maker had signed the pact on May 16 with the Intellicar's founders Karan Makhija, Shunmuga Krishnan, Sidharth Middela and Fabric IOT to divest its entire shareholding as per the terms of the agreement, according to a statement.

The seven-year old Intellicar Telematics, which provides integrated IoT (Internet of Things) solution with fleet tracking and predictive maintenance solutions to a range of vehicle types, clocked ₹17.06 crore revenue for the quarter ended March 31, 2022. "This divestment is part of the ongoing value creation initiatives. Working together with the founders of each startup, we are laser-focused on supporting them to execute their Value Creation Plan (VCP)," said Rajesh Narasimhan, Director and CEO of TVS Digital Pte.

Fabric IOT has been recognised as a start-up by the Department for Promotion of Industry and Internal Trade and is engaged in the business of setting up an IoT network infrastructure, and platform and deploying various IoT solutions in the smart city, smart home spaces, among others providing energy management products, services and infrastructure, and future mobility solutions.

PRESS REPORTS ON TRACTORS

Business Line 16th May 2022

Shift to gas gensets inflates Escorts' capex

Green Tribunal order to reduce pollution adds ₹100 cr to capex

SWARAJ BAGGONKAR

Mumbai, May 15

Escorts, India's fourth largest tractor manufacturer, has lined up a capital expenditure of ₹350-400 crore for FY23, against its typical annual spend of ₹200-250 crore.

Bharat Madan, Group Chief Financial Officer, Escorts said, "We are working out our mid-term business plan, so this figure could change, but for now we are going ahead with this number. Most of it is split between manufacturing and product."

An order passed by the National Green Tribunal directs a switchover to gas-based gensets from diesel gensets in view of the rising pollution levels in the north. The executive, in an interaction with *BusinessLine*, said that Escorts may have to incur a cost of ₹100 crore towards this.

Escorts was among the first in India to showcase an electric tractor

Cost pressures

In the last financial year, Japan's Kubota Corporation bought controlling stakes in Escorts in a ₹9,400-crore deal to become the joint promoter and assume part control of its management. Kubota is believed to be preparing a multi-year blue print for Escorts.

Following commodity cost pressure Escorts have increased tractor prices by 10-12 per cent over the last six quarters.

"The pressure increased further in the last quarter, which still needs to be passed on, and that's the cost which will hit us in Q1. Whatever increase we suffered till December has been fully passed on," Madan said.

Escorts saw a fall of 34.5 per cent in volumes during the March quarter to 20,272 units. This fall was bigger than the 25.7 per cent drop in industry's volume during the same quarter. Escorts' tractor volumes in April grew 41 per cent, signalling a revival in demand which is expected to be sustained in May and June given the forecast of sufficient and early onset of rains.

Electric tractors

Escorts was among the first in India to showcase an electric tractor. While this tractor is yet to be launched commercially in India, it has been exported to Europe for some time. The company is in the process of finalising the 'Go to Market' plan for electric tractors for India.

"We got a large order for electric tractors from the US. Kubota has also shown interest in sourcing these tractors," Madan said.

The Economic Times 18th May 2022

Tractor Biz Bounces Back in April after a Prolonged Lull

Sales grow 41% as healthy crops boost cash flows; cos also ramping producton

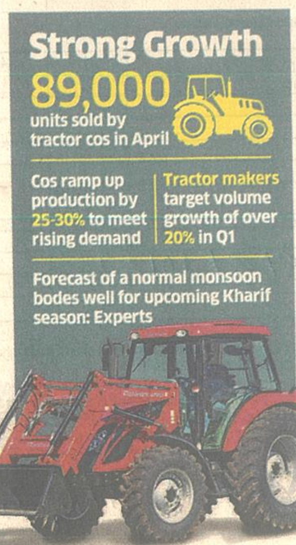
Ketan Thakkar & Sharmistha M

Mumbai | New Delhi: After a prolonged depressed demand, the tractor segment has posted record April sales led by higher cash flow from healthy rabi crops and low channel inventory.

Tractors makers expect this momentum to sustain and are ramping up their monthly production schedules by 25-30% for the next two months to cater to this rising demand.

Sales in April grew by a significant 41% after posting a decline for eight months in a row.

A senior official of a supplier to tractor makers said that May production schedules are 30% higher than April and 50% higher than March from tractor makers, underlining the preparedness on part of companies to be ready to serve higher demand.



Hemant Sikka, president of Farm Equipment Business at Mahindra & Mahindra told ET, April 2022 has been the best ever April in the history of the tractor industry, with the industry having clocked over 89,000 units, a new benchmark for this period compared to the previous high of around 66,700 tractors in April 2019.

Sikka expects the momentum to continue to benefit both the tractor and rural segment with demand drivers staying on course. "Rabi harvesting has progressed well across markets. Amidst the ongoing global situation and high exports of wheat from India, demand for Indian wheat crop has been very high leading to farmers receiving higher prices for the crop in the open market over MSP. Oilseeds too are fetching higher prices in the domestic market," he added.

The tentative production schedules of tractors makers in the current quarter suggest that farm equipment companies are targeting volume growth of more than 20%. A strong start to the year, would mean, the overall tractor market could potentially grow by 4-6% after a 6% drop witnessed in FY22.

Tractor industry volume dropped by 6.3% to 8.42 lakh units in FY22, after growing 26% in the FY21.

PRESS REPORTS
ON
COMPANY NEWS

Business Line 20th May 2022

Ashok Leyland plans ₹2,000-cr investment under PLI scheme

The Hinduja flagship back in black in FY22; grabs 30% market share in Q4

G BALACHANDAR
Chennai, May 19

Leading truck and bus maker Ashok Leyland plans to invest more than ₹2,000 crore in alternative fuel segments over the next five years under the PLI scheme for the automobile sector.

"We have qualified for the PLI scheme. With the expansion in our product range to electric mobility and hydrogen segments, I think the PLI scheme augurs well for us. Our proposed investment will go predominantly into EVs, and hydrogen and there will be something in infrastructure as well," Dheeraj Hinduja, Executive Chairman, Ashok Leyland, told *BusinessLine* on Thursday.

The PLI scheme for the automobile sector has two parts. The Champion OEM Incentive Scheme is for battery electric vehicles and hydrogen fuel cell vehicles of all segments.

The Component Champion Incentive Scheme is for advanced automotive technology components of all vehicles, CKD/SKD kits, vehicle aggregates of 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles, and tractors.

"The final amount to be invested over five years under the PLI scheme will be announced in a couple of months," added Hinduja.

Market share

He also said Ashok Leyland regained its market share in the medium and heavy truck segment and it crossed 30 per cent in March 2022 quarter.

Hinduja further said that a combination of factors had helped the Hinduja flagship to achieve market share growth. During the peak of Covid, some of their dealers in the Northern and Eastern regions closed down, and they have renewed more than 20 dealerships in the last few months.

"Also, the launch of the CNG variant of ICV (intermediate commercial vehicle) is another major factor as ICV is the largest category in the CV industry today and within that CNG variants account for 40 per cent of the volumes. So, the introduction of the CNG variant in the ICV segment helped. We also saw a revival of the MAV (multi-axle vehicle) segment, in which Ashok Leyland has traditionally been strong. All these factors along with our product performance contributed to the growth of our market share," Hinduja said.

Dheeraj Hinduja, Executive Chairman, Ashok Leyland

New launches

Ashok Leyland plans to launch CNG variants of its small commercial vehicles Dost and Bada Dost, Avtar range as also in the bus segment in the coming months.

For the quarter ended March 31, 2022, the company's standalone net profit stood at ₹901 crore, boosted by an exceptional income of ₹470 crore, as against ₹241 crore in the year-ago quarter.

"Exceptional gain was on account of certain adjustments of write-backs and impairments," said Gopal Mahadevan, Whole Time Director & Chief Financial Officer of the company.

Profit before exceptional items and tax stood at ₹528 crore as against ₹277 crore. Revenue grew 25 per cent to ₹8,744 crore compared to ₹7,000 crore, on the back of strong growth in truck volumes.

For the full year FY22, the company's net profit stood at ₹542 crore, boosted by an exceptional gain of ₹511 crore, compared to a net loss of ₹314 crore. Profit before exceptional items and tax stood at ₹16 crore against a loss of ₹400 crore. Revenue grew 42 per cent to ₹21,688 crore compared to ₹15,301 crore on the back of 42 per cent growth in medium and heavy truck sales volumes, 36 per cent growth in bus volumes and 38 per cent rise in export volumes.

Business Standard 31st May 2022

TaMo to charge up its EV biz with Ford Sanand plant buy

VINAY UMARJI & SHALLY SETH MOHILE
Ahmedabad/Mumbai, 30 May

Tata Motors' subsidiary Tata Passenger Electric Mobility Ltd (TPEML) on Monday signed a tripartite memorandum of understanding (MoU) with Ford India Pvt Ltd (FIPL) and the Government of Gujarat for taking over Ford's passenger vehicle-manufacturing plant in Sanand.

This will help Tata Motors accelerate the enhancement of its capacity to make personal vehicles (PVs) and electric vehicles (EVs). This unit is adjacent to the existing manufacturing facility of Tata Motors' PV unit in Sanand, which should help in a smooth transition, said Shailesh Chandra, managing director, TPEML.

With this, Ford India's Sanand plant paves the way for manufacturing EVs. This will be followed by the signing of the definitive transaction agreements between TPEML and FIPL over the next few weeks, Tata Motors said in the statement.

With a plan to increase the EV volumes over four times from 19,000 units in FY22 to 80,000 units by the turn of the current financial year, the TPG Rise Climate-backed firm targets those will account for more than 30 per cent of its passenger vehicle sales by 2030. Earlier this month, TPEM's first-born electric concept, Avinya, broke cover.

The MoU doesn't dwell on the price Tata Motors will pay. Taking into account the liabilities, including taxes, depreciation, and wages, analysts estimate it to be ₹600-700 crore.

"Given the fact that the EV plant may not need so many workers, Tata Motors may have to launch a voluntary retirement scheme. It will also need to completely re-engineer some parts of the plant," said an analyst.

The buyout will help Tata Motors close in on Hyundai Motor India

This will help Tata Motors ramp up EV volumes faster and close in on Hyundai Motor India.

"It's a win-win for both," said Puneet Gupta, director, S&P Global Automotive.

While it gives Ford India a smooth exit from the state, it will help Tata Motors to scale up the EV business at an accelerated pace. In overall volume terms it will help the company close ranks with Hyundai Motor India, the second-largest in the pecking order in the passenger vehicle market, he said.

As part of the agreement, Tata Motors would take over the land, plant building, machinery, and vehicle assembly from FIPL, and also all workers employed by the unit.

The plant offers 3,043 direct jobs and 20,000 indirect jobs.

Ford India's vehicle assembly plant is spread across 350 acres while the engine-manufacturing plant has 110 acres.

Ford India will continue to manufacture engines at the plant, which will be leased to the company by Tata Motors. As a result, water, electricity, the effluent-treatment plant, and other utilities will be commonly used by the two occupants.

TPEML will invest in machinery and equipment, Tata Motors said.

With the proposed investment, it will establish an installed capacity of 300,000 units per annum, which will be scalable to more than 400,000 units.

"We anticipate this to take a few months -- this MoU for a potential acquisition of this unit," said Chandra.

The MoU also entails continuing the state support agreement signed between the Gujarat government and FIPL in 2011, which now includes TPEML.

A statement from the chief minister's office stated the takeover process was completed within 90 days due to the Gujarat government's "positive approach" and will help in precluding an unemployment crisis.

Closure would have led to unemployment for around 25,000 workers directly or indirectly. Ancillary units providing spare parts to the plant would have also run the risk of shuttering down, it added.

After the discontinuation of Ford's passenger cars, workers at the plant were engaged in manufacturing spare parts for its cars, apart from engines. The company had set an internal deadline for the car plant till March 2022 for manufacturing spare parts used for replacement under warranty.

Business Standard 21st May 2022

Wheels India charts ₹155-crore capex

Exports cross ₹1,000 cr in FY22

OUR BUREAU
Chennai, May 20

Leading auto parts major Wheels India plans a capex of ₹155 crore this fiscal as it seeks to take advantage of strong demand potential in some business segments amid a rise in industrial inflation and uncertainty caused by the Russia-Ukraine war.

Srivats Ram, Managing Director, Wheels India, said amid challenges by way of unprecedented steel price increases, there were some milestones. For the first time, the company's exports crossed ₹1,000-crore mark in FY22, it recorded ₹80 crore profit (against ₹7 crore in FY21) and posted revenue of ₹3,687 crore (₹2,212 crore). The board recommended a dividend of 83 per cent (₹8.3 per share). "This percentage takes us to pre-Covid and pre-commercial vehicle slowdown period levels," he added.


Srivats Ram, MD, Wheels India

New plant

Earlier this month, the company opened a new plant at Thervoy Kandigai near Chennai for machining of large wind turbine castings. It has already invested ₹75 crore in this site and will invest another ₹25 crore this fiscal.

Srivats Ram said the proposed investment of ₹155 crore will be spent on expansion of construction equipment fabrication related business, aluminium wheels, completion of phase 1 investment at the site and some will be used for maintenance. He said demand in the CE segment is extremely strong as most countries, including India, have been spending on infrastructure development in the post-Covid period as part of economic recovery measures.

The Economics Times 30th May 2022

Maruti Suzuki Eyes Record Output of Over 2 m in FY23

Ketan Thakkar & Ashutosh R Shyam

Stepping on Gas

Maruti has an order book of **326,000** vehicles, equivalent to nearly 2 months of sales vols

Co has committed over **₹5,500 cr** capex during FY23

Co will introduce new products across price points, rely on current CNG offerings for incremental sales growth

Booking momentum is sustaining despite improving output

Maruti delivered **1.65 m** units in FY22

Mumbai: Maruti Suzuki has targeted 25% growth in volumes for the ongoing financial year (FY23) to surpass an output of 2 million, its highest ever in a year.

If the company secures semiconductor chips on time and achieves the target, then it will be the highest growth posted by India's largest carmaker in over a decade.

The company will introduce new products across price points, from its entry-level hatchback to a premium crossover and a mid-sized sport utility vehicle (SUV), to win back market share and meet the target. Apart from adding new models, Maruti Suzuki will rely on the CNG offerings in its current portfolio to achieve incremental sales growth.

The maker of the Baleno and Swift hatchbacks is targeting production of 2.08 million for FY23, said several people in the know. This is 26% higher than the 1.65 million units it delivered in FY22.

The target production volume suggests that the firm is looking at an average production rate of 174,000 vehicles each month.

When contacted by ET, a spokesperson for Maruti Suzuki said in an email that the company "cannot give any guidance on future volumes or model launches."

Maruti Suzuki has delivered a compounded annual growth rate (CAGR) of 4% in the last decade. It was only in FY11 that the company was able to post a more than 20% spike in volumes.

The depressed growth rate in the last 10 years was due to a spate of disruptions - from an economic slowdown to regulatory changes that increased the prices of entry level cars, its mainstay, by 30% -- especially in the last three years.

A person who is aware of the company's thinking said that the underlying demand has been encouraging and has given it the confidence to prepare for production volumes of 2.08 million units, though achieving the target will hinge on improvement in supply of chips.

The company currently has an order book of 326,000 vehicles, equivalent to nearly two months of sales volumes. Despite improving output, the booking momentum is sustaining.

Most of the order bookings have been for the newly launched crossover SUV Ertiga and the Baleno hatchback.

In April, Maruti Suzuki produced 157,392 vehicles. Its average monthly output over the last four months has touched 162,862 units, according to stock exchange filings.

The company is guiding for double-digit growth in production of its bread-and-butter models such as Wagon R, Swift, Baleno, and Vitara Brezza and expects upcoming SUV models to bring in incremental volumes.

It has committed to a capital expenditure of over Rs 5,500 crore during FY23, which will go into addition of new capacity and model launches.

Maruti's total installed capacity will reach 2.45 million units in FY23, including existing capacity in Gurugram, Manesar and its SMG plant in Gujarat, addition of 250,000 units with the addition of a C plant in SMG and a further 200,000 units from Toyota's plant in Bidadi. Maruti has a cross-badging arrangement with Toyota.

Parent Suzuki Motor Corp had guided for an at least 11% growth in output out of India recently.

Business Line 20th May 2022

Tata-Hitachi expects higher growth as govt spends more on infrastructure

Banks on two-year plan to build 25,000 km road, 22 green expressways

OUR BUREAU

Bengaluru, May 19

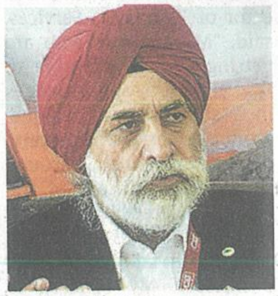
With the Government fast-tracking growth in infrastructure, Tata-Hitachi Construction Machinery expects to grow 15 per cent annually for the next three years.

"Achieving this kind of growth will be very good for us. We expect some tapering of input cost, which will again be a positive for the industry itself," the company's managing director, Sandeep Singh, told *BusinessLine*.

The construction equipment machinery sector's confidence stems from the Government's decision to increase road construction to around 25,000 km in two years and build around 22 green express highways. The production in the mining sector last fiscal was around 665 tonnes, which the Government plans to increase to 1,000 tonnes in the next two years. The Government has also decided to monetise road and Railway assets, Singh pointed out. He said the main demand drivers for the industry are roads, irrigation, mining and the Railways.

Rising input costs

Singh said the construction equipment industry was earlier selling about 96,000 units with revenue of around $7 billion, and it would regain that level in a couple of years. According to a Boston Consulting Group report, India will be the second-largest producer of construction equipment by 2030, with revenues growing to $25 billion and sales touching 3 lakh units, leading to generation of 30 lakh new jobs.



Sandeep Singh, MD, Tata Hitachi Construction Machinery Company

He, however, added that the industry is constrained by rising input costs, which have pushed up the project cost. The increase in fuel and steel prices, and the rising inflation are added pressures. The input cost has gone up by 45 per cent, but the industry has not been able to pass it on to the customer. The overall industry declined by 8 per cent last fiscal, especially in the wheeled equipment segment, Singh said.

Government projects

Singh said the Government is committed to increasing investment in the infrastructure sector with the Prime Minister's Office and the respective chief ministers monitoring the progress of projects closely. For example, ₹60,000 crore has been allocated for the Jal-Jivan project to provide safe and adequate drinking water to every home by 2024. There are also plans to construct four major and several smaller airports across the country, which will again drive demand for construction equipment.

As far as road construction is concerned, Union Minister for Road Transport and Highways Nitin Gadkari has set a target of 50 km per day; Singh says even 35 km per day will be enough to lift the construction equipment industry.

The Economic Times 20th May 2022

TARGETS €2B OF PARTS SOURCING FROM INDIA

Auto Tech Co ZF Group Aims to Double Exports from India

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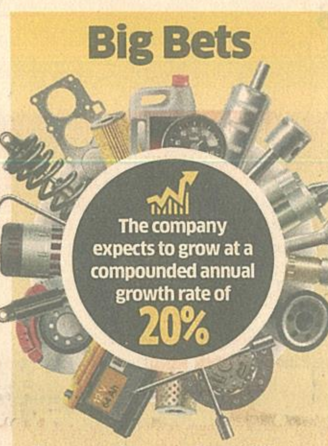
Mumbai: As part of its Refresh India strategy plan, €38-billion ZF Group plans to double its component sourcing from India to €2 billion as part of its China-plus strategy to ensure reliable supplies. Besides boosting exports, the expanding Indian market will help ZF quadruple its local revenues to €3 billion by the end of the decade, making it among the fastest growing markets for ZF, Holger Klein, member of the board of management, and head of India and Asia Pacific region, ZF, told ET.

Klein said, India has a lot of tailwind, "much deserved" after the crisis for a couple of years.

"Everybody is back, energy is high, people are trying to catch up with what they missed over the last few years and it is quite visible in the business too," Klein said. "India will become the most dynamic economy in the world — in terms of GDP growth — and ZF has all enablers in place to participate in this growth."

Having a presence in the country for close to six decades, the presence of ZF was "very fragmented," said Klein, hence India was carved out as an independent region a few years ago to empower the local management to take quick decisions and the results are quite visible under the 'One ZF approach'.



"We doubled down on India several years back and we have seen a 20% compounded annual growth rate and we aim to quadruple our business in the country in the coming decade to about €3 billion," he asserted.

ZF Group believes the industry is facing a threefold transformation — from e-mobility, autonomous mobility and the rising role of software on wheels — and these transformations are playing out in India too. The value chain is getting restructured and ZF has aligned to this transition in India with local R&D set up, a base for software exports and also parts exports.

"There is a clear roadmap to accelerate localization and use India for sourcing and development capabilities for the global markets. We learnt it a hard way over the last few years to diversify the supply chain amid disruption. Earlier it was like clockwork; today, one doesn't want to be too dependent on one source; in this India gains," he explained.

The Economic Times 19th May 2022

IMPROVING DEMAND in local and overseas markets to boost top line and put its stock back in focus

Bharat Forge may Gain Speed with Peak CV Orders and EV Traction

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ET Intelligence Group: After trading in a narrow range for the past three months, the stock of Bharat Forge may gain momentum following a recovery in the heavy truck segment in the domestic and overseas markets and a sustained order flow from the electric vehicles (EV) makers.

The Pune-based company expects the commercial vehicles (CV) volumes at the sector level in the first quarter of the current fiscal year to reach the peak of 98,000 units — seen in the last quarter of FY17. The optimism is on account of a recovery in the domestic truck volume amid rising freight rates, increasing utilisation, which has touched 80% — a threshold where new sales pick up — and the government's push for infrastructure, which boosts CV demand.

ET ANALYSIS

The company's domestic medium and heavy commercial vehicles (MHCV) volume is expected to grow by over 25% for FY23 on top of the 49% increase in FY22 on a low base. The domestic CV revenue grew by 14% year-on-year to ₹253 crore in the March 2022 quarter taking the full-year revenue to ₹741 crore, which accounted for 12% of the company's revenue. Analysts expect the domestic CV revenue to surpass ₹1,000 crore in FY23.

On the export front, the US and EU markets have shown improving demand with production slots filled for the next 12 -15 months. In the March 2022 quarter, the overseas CV volume was impacted by lower Class 8 truck sales — a gauge for heavy trucks in North America — due to chip shortage. The company's overseas CV revenue is likely to grow in double digits in FY23. It expects strong revenue and cash flow growth, given the ramp-up of its US subsidiary, which has an order book of $150 million for steel and aluminium forgings.

Back home, the company received new orders worth ₹1,000 crore in FY22 across the automotive and industrial segments, with nearly half of the orders from the EV segment. The company's EV vertical has secured an order from a global EV company for the supply of aluminium castings and a maiden order from an Indian company for the supply of DC-DC converters. The total EV order book is over ₹1,500 crore.

Bharat Forge's revenue from non-auto segments in the domestic and export markets rose by 50% and 116% year-on-year in the March 2022 quarter given a higher contribution from the oil and gas segment amid rising crude oil prices, and higher defence orders in the domestic market. The non-auto to revenue was nearly 40% of the company's total revenues in the March 2022 quarter.

Revenue of the oil and gas vertical rose to ₹720 crore in FY22 compared with ₹140 crore in FY21. The company expects the division's revenue contribution to remain stable with players turning more financially disciplined and focusing on profitability. The rig count in North America has been inching up which augurs well. In the domestic defence segment, it has secured orders for artillery guns, and a ramp-up in production is expected from the next fiscal year.

The stock trades at a 16% discount to the long-term average price-earnings (P/E) multiple of 29.6. The valuation discount is expected to narrow given the improving demand scenario.

Business Line 20th May 2022

'Bharat Forge can supply 100 artillery guns a year'

SWARAJ BAGGONKAR

Mumbai, May 29

Bharat Forge says the process of final approval followed by formal ordering for the indigenous Advanced Towed Artillery Gun System (ATAGS) is expected to gather steam in the coming months.

Bharat Forge, will be one of the two gun manufacturers for the Indian Army.

The Pune-based auto parts maker is ready to supply 100 ATAGS in the first year before doubling its capacity at later stages, a senior executive of Bharat Forge told analysts. Tata Advanced Systems (TASL) is the other manufacturing entity in this venture.

ATAGS is on the list of weapons are banned from imports to boost local manufacturing of critical defence goods.

Amit Kalyani, Deputy Managing Director, Bharat Forge said, "We expect that this whole ordering process to pick up steam and get completed in this financial year. On capacity, I think in our first year, we will have about 100 guns. And after that, we will increase to 200 a year."

Towards the end of April, the Defence Research Development Organisation completed the firing trials of the ATAGS at Pokhran, Rajasthan and last year high-altitude trials were done. The towed artillery gun (155mm x 52 Calibre) has a firing range of more than 48 km, making it one of the best in the world. Each of these guns, which will become the mainstay of the Indian Army, is expected to cost ₹15-22 crore. While the initial order will be for 150 guns, the ensuing orders of nearly 1,600, represents a business opportunity of around ₹24,000 crore – ₹35,000 crore.

"The investment made by us so far has been about ₹250 crore. But this is only the investment for the gun-making; the machining, forging, heat treatment, steel making, all that was already in place. So, we're leveraging the group capabilities," Kalyani added.

Business Standard 28th May 2022

Okinawa to invest ₹1,500 cr in 2 yrs

SHALLY SETH MOHILE
Mumbai, 27 May

CHARTING AHEAD

- To increase e-scooter units to 250,000 to 300,000 by FY23-end from 85,000 now
- To expand the dealer network to 650 by the end of FY23 from 500 now
- To diversify into e-motorcycle with TACITA
- In talks with private equity funds to raise ₹500 crore

Undeterred by the fire incidents involving its scooters, Okinawa Autotech is charging ahead with an aggressive investment plan. It seeks to make the most of the burgeoning demand for electric two-wheelers in India.

Jeetender Sharma, founder and managing director, Okinawa Autotech, said his company will invest ₹1,200 crore-₹1,500 crore over the next two years. This includes ₹1,000 crore in the joint venture (JV) with Tacita, an Italian e-two wheeler maker. Okinawa has 51 per cent stake in the JV.

Meanwhile, Okinawa is also in talks with private equity firms to raise around ₹500 crore.

It plans to end the current financial year with 250,000 to 300,000 e-scooter sales against 85,000 units 2021-22. It will expand its dealer network to 650 from the current 500 units.

"It's a learning curve for all of us. We have been in the market for over five years now and have sold close to 200,000 units. One or two odd fire cases shouldn't be held against us," said Sharma.

He claims that the pace of bookings for the company has remained unchanged and the average monthly run rate has been steady at 12,000 to 15,000 units.

OKINAWA AUTOTECH HAS RECALLED 3,215 OF ITS PRAISE PRO SCOOTERS LAST MONTH FOLLOWING THE REPETITIVE FIRE INCIDENTS

"As a responsible brand, we recalled the scooters and revisited the entire process. We are accelerating efforts to educate the customers on charging and usage of the vehicle," he said.

On whether the company has got the report submitted by the expert committee to the government on fire incidents, he said, so far, "there's no formal report shared by the government with the company."

The Gurugram-based firm, the second largest in India's nascent e-two wheeler market, has seen at least two incidents of fire involving its models in a span of six months.

Following the repetitive fire incidents, Okinawa Autotech recalled 3,215 of its Praise Pro scooters last month, becoming the first e-two wheeler maker to do so.

The partnership with the Italian firm will give Okinawa a technical edge to come out with better products, said Sharma. The JV with Tacita will make scooters as well motorcycles.

Tacita will design and develop the models at its headquarters in Italy.

Okinawa, on the other hand, will work on development of the powertrain, battery packs and battery management system with the Italian team in India.

The first models of the JV — which include a scooter and a high-end performance motorcycle — will roll out in 2023.

Business Line 21st May 2022

Hyundai to launch all-new Tucson

Has sold over 7 million units globally since its launch in 2004

OUR BUREAU
New Delhi, May 20

Hyundai Motor India (HMIL) on Friday said it is set to launch the all-new Tucson sports utility vehicle (SUV), with the fourth generation model, in the second half of this calendar year (CY). The Tucson is Hyundai's global best-selling SUV brand, with over seven-million units sold globally since its launch in 2004

"As India's No 1 SUV brand of CY2020 and CY2021, Hyundai is geared up to induce customer delight and excitement with the introduction of our global best-seller all-new Tucson. Hyundai has been the pioneer of many technological firsts and all-new Tucson is set to thrill SUV buyers with intelligent technology, futuristic design, unmatched safety and smart innovations," Unsoo Kim, Managing Director and Chief Executive Officer, HMIL, said.

Advanced features

With a bold and dynamic appeal and advanced features, all-new Tucson will captivate the aspirations of customers in India, he said.

The all-new Tucson is crafted to meet and exceed the aspirations of new age luxury seekers and those who actively embrace the integration of most advanced global technologies, stunning modern design and enthralling performance in their lifestyles, Kim said.

"With over 50 prestigious global accolades since 2010, Tucson stands as the most dynamic, innovative, and super performing SUV from Hyundai's remarkable and versatile product line-up," he added.

Business Line 31st May 2022

M&M to launch electric version of XUV300 SUV by end of FY23

Will also invest ₹1,900 cr till FY24 to create additional production capacity

SWARAJ BAGGONKAR
Mumbai, May 30

M&M has lined up a capital expenditure of ₹17,000 crore across segments between FY22 and FY24

Mahindra & Mahindra (M&M) plans to launch an electric version of XUV300 SUV in the January-March quarter of the current financial year. At 4.2 meters in length, the electric version will be longer than the current ICE-powered XUV300.

Besides, the company will invest ₹1,900 crore till FY24 for creation of additional production capacity for XUV700 and other models in an effort to reduce the waiting period, which has stretched to two years on certain models. The company, however, did not specify the additional capacity that will be created.

Largest SUV player

M&M claims to be sitting on an order book of 1,78,000 units, including 78,000 for the XUV700. However, the company is able to meet only half of the demand for the model. Rajesh Jejurikar, Executive Director, M&M, said the additional capacity will help the company in becoming the largest player in the SUV segment by 2025. M&M is also planning to launch the all-new Scorpio on June 27 with its production already kicking off. According to Jejurikar, the company is aiming for a better supply-demand ratio for this vehicle compared to that of XUV700.

M&M has lined up a capital expenditure of ₹17,000 crore across segments between FY22 and FY24. This includes ₹1,900 crore for the automotive segment. M&M's total additional capex between FY22 and FY24 is ₹3,300 crore for automotive (including EV) and farm equipment, taking the total capex for the two segments to ₹15,300 crore for the same period.

Electric vehicle

In addition to new generation internal combustion engine-powered vehicles, M&M is simultaneously working on electric vehicles. The company will unveil its EV vision in mid-August which will include models based on born-electric platforms.

The company joined hands with Volkswagen for sourcing critical components like electric motors, battery system components and battery cells.

The Economic Times 25th May 2022

A GOOD FIT for auto component maker as it can leverage Maxwell's energy storage technologies for 2- & 4-wheelers

Endurance's EV Path Clear with Maxwell Buy

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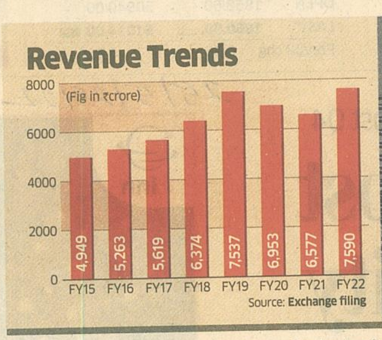

ET Intelligence Group: Endurance Technologies' acquisition of Maxwell Energy paves the way for the auto ancillary company to enter the fast-growing electric vehicles (EV) segment. This should allay investors' concerns over Endurance's lack of EV exposure until now. Maxwell, a subsidiary of UK-based Ion Energy provides battery management systems for EVs.

Aurangabad-based Endurance will pay 51% of the total consideration of ₹310 crore upfront while the rest will be paid as a variable annual pay-out dependent on the financial performance between FY23 and FY27.

Maxwell, based in Mumbai, has focused on designing and developing advanced electronics targeting mobility and energy storage solutions. Its revenue is expected to increase two-fold to ₹40 crore in FY23 from the previous year. It has a cumulative order book of ₹150 crore from the domestic and export markets. A large chunk of the order book is from India's leading two-wheeler EV makers.

Despite its small size, Maxwell's acquisition is a good fit for Endurance. The latter will set up a separate R&D lab in Chakan to develop more products with the help of Maxwell in the segments of telematics, high voltage battery management systems for four-wheelers and commercial vehicles and embedded electronics.

This would expand the addressable market for Endurance. It won orders worth ₹740 crore in the past fiscal year. Currently, it has received inquiries worth ₹2,080 crore from various automakers.

Despite lower two-wheeler volume in the domestic market, the revenue of Endurance grew by 15% to ₹7,459 crore on account of higher realisation following price revision, market share gain in alloy wheels and brakes and ramp-up in volumes of ABS to two-wheeler makers. India accounts for 72% of the company's total revenue, while the balance is from European operations.

The company has started ABS supplies to Bajaj Auto and Royal Enfield. It expects to reach the peak annual capacity of four lakh units by September 2022. The company is the only supplier of the entire assembly with ABS units in India. Given the company's plans to expand existing capacities of discs and brakes, and new product launches, analysts expect FY23 revenue to grow by nearly 20% with a margin expansion of 800 basis points.

The stock has lost nearly 23% since the beginning of January 2022. It trades at 25 times one year forward earnings, compared with a long-term average of 28 times. The valuation discount may narrow given the company's bright prospects.

PRESS REPORTS
ON
GOVERNMENT POLICY

The Times of India 28th May 2022

MSEDCL to ready its EV charger network app 'in just a few weeks'

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File photo

Over 500 charging connections have been provided till date

Pune: The director of projects at the Maharashtra State Electricity Distribution Company Limited (MSEDCL), Prasad Reshme, said during an electric vehicle and allied infrastructure summit in the city on Friday that the state power distribution utility's EV charger grid mapping app is close to rollout.

He said original equipment manufacturers (OEMs) and tier-I suppliers say that a clear vision for mandates in sustainable mobility is required for manufacturers to see returns on investment (RoI).

The summit was organised by the clean mobility platform EMobility+, with hundreds of stakeholders attending, including auto OEMs, supplier of manufacturing and internet of things (IOT) solutions to OEMs and tier-I manufacturers, as well as manufacturers and aggregators of charging stations, both of commercial and domestically deployable varieties.

"We have set up an independent portal for potential charging station operators to apply for a connection for the same, and around 500-550 connections have already been provided by MSEDCL, which is the nodal agency to help deploy charging stations in Maharashtra. In case of any issues, we have also set up a central desk and a toll-free number for any clarifications. We are also rolling out a mobile app that will integrate all chargers in the state, which is almost complete, and it should be ready in a few weeks. I will appeal to all EV charging providers and stations to share that information and be visible on the app, and we shall share that data with the Union government as well, as per the guidelines," said Reshme, as part of a panel on charging infrastructure.

At another panel to discuss the state of developing a sustainable ecosystem for the manufacture of EVs, OEMs and component manufacturers said that despite strides in EV adoption, lack of vision, including the future of demand and supply side incentives as well as changing mandates, are compounding difficulties for them.

Automotive software providers also said that recent incidents of EV breakdowns and fires possibly have to do with inadequate quality control, and the need to get ahead of the market.