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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Standard 18th October 2021

Chip woes dent festive mood for auto firms

Diwali and Dhanteras, too, unlikely to script any turnaround in demand-supply scenario, say dealers

SHALLY SETH MOHILE
Mumbai, 17 October

The first leg of the 35-day festive period, which ended with Dussehra, failed to bring any cheer for auto companies.

While makers of passenger vehicles struggled to meet demand due to the persistent shortage of semiconductors, a recovery in demand remained elusive for two-wheeler manufacturers despite offers and schemes.

The overall season, which ends two days after Diwali, is unlikely to bring any turnaround in either the supply or the demand scenario, said dealers and officials at auto companies.

In contrast to last year, when most carmakers ended the festive season with high double-digit deliveries, this year overall retails are expected to be down 50-60 per cent year-on year as carmakers are unable to cater to the demand owing to the chip shortage.

For two-wheelers it will be a second straight year of weak Navratri sales amid weak demand and high costs. In a continuation of the trend seen in the previous months, model launches and a strong preference for personal mobility have kept up the demand momentum for cars and SUVs.

But buyers are now running out of patience and are no longer keen to be in the long queue waiting for their chosen model, said Shashank Srivastava, executive director (sales and marketing), Maruti Suzuki India.

"This reflected in the 6-7 per cent drop in bookings. They were strong initially but started tapering off in the later part," said Srivastava.

Buyers have realised it is not possible to get delivery by Dhanteras or Diwali, and are postponing the buying decision for now, he pointed out.

Vinkesh Gulati, president at the Federation of Automobile Dealers Association (FADA), agreed.

"Launches are keeping the customer excited but lack of choice and availability is making things worse. Deals are not getting closed," he said.

The non-availability of models -- particularly the top-end trims – has dented retail sales, which are estimated to "have dropped 50 per cent y-o-y in the period between October 7 and 15," said an industry executive.

Buyers are giving entry-level models a miss and the demand is mostly skewed towards mid- and high-trim variants, which are in short supply due to the chip shortage. As a result, the entry-level segment is not showing enough traction despite attractive consumer offers.

But going by the response that Mahindra & Mahindra (M&M) got for its recently launched XUV700, buyers seem keen on waiting for the latest in the market.

The XUV700 clocked more than 50,000 bookings in just three hours (over a two-day booking window).

Veejay Nakra, chief executive officer, automotive division, M&M, said enquiries from customers were up 74 per cent and bookings rose 300 per cent.

"Over 150,000 customers are awaiting their preferred vehicles," he said. Despite the on-going supply chain disruption including the global semiconductor shortage, M&M is working 'on a war-footing' to implement innovative solutions to ensure deliveries are done at the earliest. It expects the chip shortage to improve steadily. The Thar, which has rung up over 75,000 bookings, continues to see strong momentum. Other brands including XUV300 and the recently launched Bolero Neo continue to see traction, said Nakra.

Two-wheeler makers have their plate of woes full. The segment, which hasn't been able to recover from the impact of the pandemic, was pinning its hopes on the festive season but the sales have been anything but satisfactory. "The Navratri sales are nowhere close to our expectations. Inquiry for two-wheelers has been weak as customers are not willing to come forward and show an interest in purchase decisions," said Gulati.

Most of India is witnessing at least 25 per cent lower sales than during last Navratri due to the impact of the high vehicle acquisition cost. The average acquisition costs of a two-wheeler have gone up over 30 per cent for the entry-level segment in the past two years. The high price has also weighed on sentiment, he added. Petrol prices have breached the ₹110 mark in various cities.

"Affordability is becoming a major issue for two-wheeler buyers," said Nikunj Shanghi, managing director at JS Fourwheel Motor, a dealer for M&M and Hero MotoCorp. Every single two-wheeler manufacturer has doled out consumer offers but buyers are not keen. As a result, sales in the entry-level segment are down by almost a fourth.

"We don't expect much improvement in the rest of the festive season," he said.

Two-wheeler despatches to dealerships declined by 17.3 per cent to 1,528,472 units in September 2021 compared to 1,849,546 units in September 2020, according to Society of Indian Automobile Manufacturers.

NAVRATRI SCORECARD

- PV sales are estimated to be down 50% YoY
- 2-wheelers sales down by almost 20-25% YoY
- Maruti sees a drop of 6-7% in bookings
- Mahindra says inquiries up 74%, bookings up 300%

Business Line 23rd October 2021

Jeep India aims to double sales on 'SUV momentum'

G BALACHANDAR
Chennai, October 22

Jeep India, part of the Stellantis Group, hopes to double its sales this year due to strong sales momentum for its SUV Jeep Compass supported by the ongoing shift in buyer preference from sedans to SUVs.

Encouraging sales

"September sales were very encouraging and October has been even stronger due to festival season buying. We have already seen a 40 per cent rise in volumes in this festival season when compared with the 2019 festival season. So, our expectation is to better our overall volumes of the festive season of 2019," Nipun Mahajan – Head of Jeep India, told *BusinessLine* after launching its new Jeep sales and service operation VTK Automobiles, which is the second Jeep showroom in Chennai.

In September 2021, sales of Jeep Compass more than doubled at 1,311 units compared with 554 units in September 2020 and it commands a market share of more than 55 per cent in the SUV category that is priced in the range of ₹20-30 lakh.

Attracting buyers

"It is pretty encouraging to see customer response to the new Compass and we are growing stronger. Our brand positioning and price packaging have helped attract more buyers. Also, we are attracting all types of buyers —corporate executives, doctors and the self-employed, first time and upgrades," said Mahajan.

Premium segment

He said Jeep will remain a premium brand in its segment.

"The response to our new products such as Jeep Wrangler has clearly indicated that our positioning has been perfect. We will continue to focus on premium play," he added.

In line with its premium positioning, Jeep is boosting its digital presence and physical outlets to improve customer experience. "We are looking at enhancing our website where customers could do customisation, ownership options and financing etc," he said.

Expansion plan

The company's $250-million expansion plan for launch and production of four SUVs, including a seven-seat mid-size SUV, in 2022 is on track. "We will start 2022 with a big bang launch," he said.

India is also aligning with the global trend of an SUV-driven market. In the last couple of years, there has been a gradual increase in sales of SUVs. In the post-lockdown phase twice, revival of demand was stronger on the SUV side. "It suits us very well as Jeep is a SUV brand," he said.

Jeep has 65 sales and service outlets across India and will continue to increase its distribution network.

Roland Bouchara, CEO and MD, Stellantis in India, and Nipun Mahajan, Head of Jeep India, at the launch of a Jeep showroom on OMR, the IT corridor of Chennai BIJOY GHOSH

Business Standard 21st October 2021

UTTARAKHAND FLOODS

Auto firms resume ops, but normalcy to take some time

SHALLY SETH MOHILE
Mumbai, 20 October

Manufacturing units of auto companies in flood-hit Uttarakhand resumed operations on Wednesday, a day after most of them shut their plants.

The National Disaster Response Force on Wednesday said it rescued more than 1,300 people from flood-hit areas and enhanced its rescue teams from 15 to 17. At least 46 people have died in rain-related incidents in the state so far.

Some of the major automobile manufacturers, including Tata Motors, Bajaj Auto, and Ashok Leyland, and their suppliers have plants in the hill state. Officials at these companies said they closed the plant for a day on Tuesday.

They declined to comment on the loss in the production volumes. Suppliers to these manufacturers said the firms would compensate for the production loss.

"We shut down for a couple of days and are now back on track," said Rakesh Sharma, executive director, Bajaj Auto. Its Pantnagar plant makes Discover and a few more models and has a monthly capacity of 150,000 units.

The production has resumed, but it would take another week or so before normalcy can be restored as the premises remain water-logged, said an official at a component maker that supplies to Bajaj Auto and other companies.

"The company will make up for the loss by making the same models at its Waluj plant," said the supplier cited above.

"We ran operations with low attendance on Wednesday," said an official at another supplier.

A spokesperson at Tata Motors said the Pantnagar plant was shut for a day on a precautionary basis. The company has a capacity to make 1,200 vehicles a day and is currently making 650-700 units per day, said a supplier.

Ashok Leyland has also resumed operations, said a company spokesperson.

PRESS REPORTS
ON
TWO – THREE WHEELERS

Business Standard 29th October 2021

Guess the breakfast of the champions? It's just OATS, says Rajiv Bajaj

Says two-wheeler makers not lightweight as start-ups think they are

SHALLY SETH MOHILE
(Akurdi) Pune, 28 October

As a 75-year-old septuagenarian, Bajaj Auto has adapted itself as a nod to competition, regulations, and changing buyer preference. It will continue to do so, said its Managing Director Rajiv Bajaj at the launch of the all-new Pulsar 250. This was in response to a question on the company's preparedness for disruption by electric two-wheeler start-ups.

"Indian two-wheeler makers are not as lightweight as some start-ups would like to think they are. The question is who I would like to bet on. I would like to 'bet on BET' — Bajaj, Enfield, and TVS. They are the champions with a proven track record," said Bajaj.

Taking a swing at Ola Electric, Bajaj said, "Two things are very clear. If we launch a motorcycle in October, you will get in November. It's not that if we launch it in 2021, you will get it in 2022. That's the start-up way, not the legacy way. From a company point of view, Ola's business model is a cash-burn one. Ours is a cash-flow model," said Bajaj. According to Bajaj, while some newcomers like Ather Energy and Tork Motors have done well, others are yet to prove their mettle. "Do you know the breakfast of the champions? They have O.A.T.S. — Ola, Ather, Tork, and Smart EV (an electric three-wheeler start up)," he said.

"I would like to 'bet on BET' – Bajaj, Enfield, and TVS. They are the champions with a proven track record"
RAJIV BAJAJ
MD, Bajaj Auto

Bajaj said after the 'strategic lifting' last month that involved a share swap in its Austrian partner KTM AG, Bajaj Auto should be encompassing brands, including KTM, Husqvarna Motorcycles, PIERER Mobility, and Triumph Motorcycles.

Rakesh Sharma, executive director, Bajaj Auto, said, "The company will participate vigorously in the EV space. At this stage, we don't need to look at volumetric targets, but capabilities in terms of research and development and manufacturing to ensure we have the adequate mindshare." On whether the company has plans to bring in electric motorcycles, Sharma said, "We are working with KTM to understand the possibility in that area."

Bajaj Auto's sells the Chetak electric scooter in the EV segment. Referring to Chetak's ramp-up plans, he said while Bajaj has found traction for the brand in smaller cities, it has adopted a calibrated approach owing to supply-related issues. It plans to be present in 30 cities by the end of the current financial year.

Business Line 17th October 2021

Shift towards high-powered scooters gathering momentum

G BALACHANDAR
Chennai, October 16

Even as the scooter segment has been seeing a gradual recovery, the premiumisation trend is gathering strong momentum in the segment. Though the 110cc segment is quite a large category in the scooter market, the 125cc scooter market has been seeing action in the past several months in view of the growing customer shift towards higher-powered scooters.

As customers in the segment aspire for more power and better riding experience in scooters, two-wheeler makers have been coming out with new 125cc scooters and variants, packed with a range of features, from time to time. This has only accelerated in recent times. It is estimated that a little over a third of volumes in the scooter market comes from 125cc scooters, up from about 20 per cent three years ago. With the evolution of customers in the 125cc segment, in particular, young buyers, this market is expected to see better growth in cities.

"As a natural progression, once there is a general acceptance and demand for the category, it leads to a sub-segmentation with evolving customer needs. Especially after the introduction of BS6 norms, the new technology allowed us to introduce advanced features at a new price proposition to the customers. The advanced technology has brought a transformation in the segment and, at the same time, upgradation & premiumisation is aided by the increasing penetration of retail finance for growth of 125cc scooter segment," Yadvinder Singh Guleria, Director, Sales & Marketing, Honda Motorcycle & Scooter India Pvt. Ltd told *BusinessLine*.

TVS Motor's 125cc Jupiter

The big players

While Honda is the top player in the entire scooter market, TVS Motor is the second big player. Recently, TVS Motor launched its 125cc Jupiter to further strengthen its position in the segment, while a few weeks earlier Yamaha rolled out its new sports scooter.

Honda and Suzuki have been dominating the 125cc segment, while Hero MotoCorp has also strengthened its presence. Both Suzuki and Yamaha sell only in the 125cc scooter space. "With almost all OEMs having product offerings in the 125cc category, Honda's Activa 125 and Grazia, TVS's NTorq and Suzuki's Access and Burgman have been a few of the most-sought-after models in this category," says Ritu Goswami, Assistant Vice President, ICRA. Meanwhile, there is another view that growing acceptance of electric scooters in cities may cause some dent in the ICE-based 110cc scooters due to price parity and high fuel prices. Hence, two-wheeler companies seek to create a buzz and excitement in the market with the launch of premium products.

However, two-wheeler makers say it is too early to form an opinion on the impact of electric scooters.

Top scooter maker Honda says that while other segments will grow, the mass segment continues to drive significant volumes at present. However, industry analysts point that improving the ecosystem for electric two wheelers will drive electric scooter sales northwards.

Business Line 29th October 2021

Bajaj Auto drives in two new versions of Pulsar 250

While the N250 is priced at ₹1,38,00, F250 comes in at ₹1,40,000

OUR BUREAU
Pune, October 28

Celebrating its 20 years of leadership in the Indian sports motorcycle market, Bajaj Auto on Thursday announced the launch of the all-new Pulsar 250, bringing the next generation of power, performance, and style to the quarter-litre sports segment.

The advent of the Pulsar 250 mirrors the evolution of the young Indian rider, who seeks a motorcycle of sporty character, yet rideable in everyday conditions. The Pulsar 250 straddles these two demands with ease, offering the balance of its versatile form with power-on-tap performance. This quarter litre offering elevates the popular Pulsar portfolio that has spawned motorcycles from 125cc-220cc since its launch two decades ago. Its design language boasts of a sharp unibody gesture with tighter proportions and modern aerodynamic design. The muscular dynamic tank is contrasted with a sleek stylish waist section that extends to a contoured step seat, making for an eye-catching profile. It is further equipped with a sportier, throatier, and stylish exhaust in a satin grey finish. The floating body panels such as the belly pan, front fairing, and front fender along with the wider tyres complete the imposing profile of the new Pulsar.


Rajiv Bajaj, MD, Bajaj Auto, flanked by Pradeep Shrivastava (left), ED, and Rakesh Sharma, ED, at the launch of the new versions of Pulsar

Available at a price of ₹1,38,00 for N250 and ₹1,40,000 for F250 (ex-showroom Delhi), the Pulsar 250 comes in 2 colour options – Techno Grey and Racing Red.

New look

Through a progressive lightening of tone from front-to-back, the new Pulsar 250 looks fresh at every glance. The tone-on-tone treatment further enhances the contours at play.

Business Line 19th October 2021

Global two-wheeler brands plan EV plunge in India

Players undertake feasibility studies, explore ecosystem

G BALACHANDAR
Chennai, October 18

Global two-wheeler brands operating in India are gearing up for electric vehicle plunge as the ecosystem for electric two-wheelers continue to improve in the country.

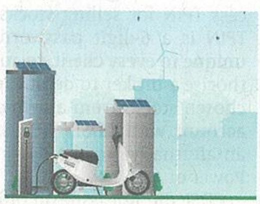
Though the EV market is still at an evolutionary stage, it appears to be the future of the automobile sector. Last few months saw growing momentum for electric two-wheelers in India and FY22 is expected to see total electric two-wheeler volumes surpass the one-lakh mark.

At present, electric two-wheeler sales in the country are fuelled by a few start-ups and many of them have made a mark with their technology and products.

However, most of the traditional players also have EVs ready or are getting them ready. Electric two-wheelers are expected to have a higher penetration (along with 3W) on account of several factors such as lower initial purchase prices as the battery size can be smaller to take care of a normal daily running of 30-50 km, ease of taking closer to one's home for charging or even carrying the battery home for charging or swapping the same without the use of a robotic arm.

Traditional players

"It is expected the traditional players will also come out with their offerings and will leverage their brand, network, ability to engineer robust products for the myriad road conditions, etc. to gain a strong position in the EV segment," says Ashim Sharma, Partner & Group Head Business Performance Improvement Consulting at Nomura Research Institute.



Home-grown ICE players such as TVS Motor and Bajaj have entered the segment with their electric scooters. Now, global players like Honda and Yamaha are undertaking feasibility studies and examining the evolving ecosystem here for their entry into the segment.

Considering the sheer volumes generated by the world's largest two-wheeler market, it can be said that start-ups have just begun scratching the surface as they lay down a stronger foundation for electric mobility, which can be classified into 3 categories — vehicle manufacturing, EV charge and battery swap infrastructure and services, says Motofumi Shitara, Chairman, Yamaha Motor India Group.

Investment challenges

Global two-wheeler brands point out that though there is a favourable ecosystem supported by policy framework with attractive subsidy and incentive schemes, there are bigger challenges related to investments.

"We are contemplating on factors like pricing, performance, and infrastructure before we roll out any products for the Indian market. Mainly since the success of EVs solely depends on the acceptance of customers at large, which is only possible with proper availability of infrastructure, universal charging stations, battery production and swapping infrastructure for electric vehicles," Shitara adds.

Honda Motorcycle & Scooter India (HMSI) says the company certainly has plans to make its presence in the EV ecosystem in the country. "The results of the on-going feasibility test are a work-in-progress. Some areas need to be worked out and post that we will surely be able to share more details on our plans. For now, we hope to present an electric two-wheeler in the next financial year," states Yadvinder Singh Guleria, Director, Sales & Marketing of HMSI, the top player in the ICE-based scooter market in India.

Electric scooters have emerged as the ideal choice to start with for EV play as metros and cities would be the early adopters of electric scooters.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 30th October 2021

Bharatbenz may end the year with 2019 sales volumes

Total truck sales for the Jan–Sept period was 10,408 units

G BALACHANDAR

Chennai, October 29

Daimler India Commercial Vehicles (DICV), which sells BharatBenz brand of trucks and buses in India, is likely to end the current calendar year with overall truck sales close to 2019 levels, supported by the strong recovery in the commercial vehicle market in the country.

9,624 units. The company clocked volumes of 3,528 units in the December 2020 quarter and with improving demand scenario in the medium and heavy commercial vehicle (CV) segment, the company may clock higher volumes this quarter as compared to a year-ago period. As a result, the company's total truck sales for 2021 are expected to touch close to 2019 volumes of 14,474 units. In 2018, the company clocked 22,530 units.

Tippers, ICVs and some replacement demand for MAVs," said auto-analysts at Emkay Global Financial Services.

In the past two quarters, CV sales have improved substantially by 65 per cent y-o-y, and

of road construction projects.

In a recent interaction with *BusinessLine*, Satyakam Arya, Managing Director & CEO of Daimler India Commercial Vehicles (DICV), said the recovery in the CV segment has been impressive and with the current sales momentum, the M&HCV industry may end 2021 with total volume close to 2 lakh units, though it would still below the pre-Covid size of the industry.

Market share

DICV's parent company.

As the CV industry enters the next growth cycle, DICV will be rolling out new products to fill some gaps in its product portfolio and to take advantage of demand revival.

It will also ramp up its dealer network to support the emerging growth curve.

Business Standard 29th October 2021

TaMo unveils 21 commercial vehicles across segments

Tata Motors , India's largest commercial vehicle manufacturer, on Thursday unveiled 21 new commercial vehicles, including trucks and buses, to cater to evolving needs of cargo and people transport across segments. The company has unveiled seven products in the medium and heavy commercial vehicles (M&HCV) segment and five products in the intermediate and light commercial segment (4–18 tonne GVW) with CNG powertrains. Besides, the auto major has unveiled four new LCVs (Light Commercial Vehicles) to improve last-mile delivery efficiency and reduce operational cost. It includes Ace with a petrol engine and Winger Cargo for the growing needs of e-commerce distribution. Tata motors also unveiled five passenger commercial vehicles including buses for intra-city transportation requirements.

BS REPORTER

Business Line 21st October 2021

Volvo Eicher sees recovery in CV sales

Reports sale of 6,070 vehicle units in October

AYUSHI KAR

Mumbai, October 20

Volvo Eicher Commercial Vehicles (VECV) is seeing significant demand recovery following the Covid second wave. However, CEO and MD of VECV, Vinod Aggarwal believes that the company is yet to reach peak sales numbers, seen in 2019 and 2018.

The commercial vehicles manufacturer, which is seeing a rapid increase in sales since the end of the second wave, reported sales of 6,070 vehicle units in October 2021.

Pre-pandemic sales

This was an increase of 73 per cent year-on-year against sale of 3,506 units in October 2020. VECV has also surpassed pre-pandemic sales, selling 60 per cent higher units in October 2021, against 3,784 units sold in October 2019. Aggarwal believes that economic recovery, particularly in the construction and school segments, will be the major factor in future sales.

October sales saw 73% increase y-o-y

School segment

"The commercial vehicle segment is a cyclical one. It was seeing a slump, especially with the pandemic. However, now is the time for uptick and recovery. This should continue for quite some time." he said.

Aggarwal told *BusinessLine* that VECV expects future demand to come from the school segment, and is already starting to receive tenders for supply of buses from State transportation units.

New launch

VECV has launched its first new product after the 2020 merger of the two entities, Volvo and Eicher. VECV launched an all-new Coach and Sleeper bus range. The customised buses are designed and built in Volvo Buses India's factory in Hosakote, for luxury intercity bus travel.

Bus business

"A year ago, we announced the formation of a bus division within VECV, with the clear aim to shape the developments in the Indian bus industry. Today, I am proud to launch a new range that synergises the Eicher brand's extensive local presence and expertise in value engineering with Volvo Buses India's competence in the premium bus segment. This product truly combines the 'best-of-both-worlds'," Aggarwal said.

PRESS REPORTS
ON
WORLD AUTOMOBILES

The Economic Times 26th October 2021

Tesla Drives Toward $1 tr Club on Record Hertz Order

Reuters

Tesla Inc on Monday neared $1 trillion in market capitalization as the company founded by Elon Musk received its biggest-ever order from Hertz, which announced plans to buy 100,000 electric rental cars. Tesla shares opened up 4.5% at $950.53, a new record high, following the order. Shares were also buoyed by news of the company's Model 3 becoming the first electric vehicle to top monthly sales of new cars in Europe.

The news from Hertz comes as Tesla is coping with a backlog of unfulfilled orders for its vehicles and continuing supply chain disruptions, but it does solidify the mainstream appeal of electric cars.

Interim Hertz Chief Executive Mark Fields in an interview told Reuters the order, delivered by the end of 2022, will primarily be Model 3 vehicles. Tesla vehicles will start being available at Hertz rental facilities in November.

"We absolutely believe that this is going to be competitive advantage for us," Fields said of the Tesla order. "We want to be a leader in mobility... Getting customers experience with electrified vehicles is an absolute priority for us."

Hertz has around 430,000 to 450,000 vehicles worldwide, Fields said. He said Hertz would work with other automakers producing electric vehicles.

Tesla would have to top $995.75 to become a company worth a trillion dollars, according to Reuters calculations based on its latest filing. The world's most valuable carmaker will join an elite club that includes Apple Inc, Amazon.com Inc , Microsoft Corp and Alphabet Inc

The world's most valuable automaker delivered a record would pressure margins.

Tesla's cheapest Model 3 sedan starts at about $44,000, making this order worth about $4.4 billion, if the entire order were for its mass-market sedan.

Fields declined to say how much Hertz was paying for the order. Tesla was not immediately available for comment.

With the current order, Hertz said EVs will make up more than 20% of its global fleet.

"It (the order) puts an exclamation point under guidance for 50%+ growth in deliveries," Roth Capital analyst Craig Irwin said. "Another solid piece of evidence EVs are going mainstream."

The car rental firm also said it was installing thousands of chargers throughout its network. Customers who rent a Tesla Model 3 will have access to 3,000 Tesla supercharging stations throughout the United States and Europe.

"Electric vehicles are now mainstream, and we've only just begun to see rising global demand and interest," said Hertz interim Chief Executive Officer Mark Fields.

U.S. President Joe Biden has made it a priority to support the rollout of electric vehicles to combat climate change, but a lack of charging network infrastructure could remain a key hurdle to his ambitious plan.

Analysts at Morgan Stanley bumped their price target on Tesla by 33% as the brokerage expects the electric carmaker to keep posting higher volumes, reaching more than 8 million deliveries in 2030.

A Cox Automotive study said Americans are hesitant to buy EVs due to anxieties about the ranges of the vehicles and high price tags, as well as weak charging infrastructure.

Hertz had filed for bankruptcy protection last year as travel demand sank during the height of the pandemic and talks with creditors failed to provide relief.

It was rescued by a group of investors including Knighthead Capital Management, Certares Opportunities and Apollo Capital Management.

Business Standard 29th October 2021

Ford bucks trend, doubles Street's earnings expectations

BLOOMBERG
28 October

Ford Motor, charging forward with big investments in electric vehicles, raised its full-year profit forecast and said it will restore its dividend, sending the stock soaring as much as 11 per cent.

The automaker lifted its 2021 profit forecast for the second time in as many quarters and is now projecting $10.5 billion to $11.5 billion in earnings before interest and taxes. The reinstated quarterly dividend of 10 cents a share will be paid on December 1, the company said. Ford suspended the payout at the onset of the pandemic in March 2020.

Ford attributed the strong results to a let-up in the critical shortage of semiconductors — a problem still haunting most automakers — along with strong demand for its vehicles. Ford has amassed the largest inventory of vehicles in the industry and boosted average selling prices by 13 per cent to $51,460, according to researcher Edmunds.com.

"We're fully invested in this future and we're taking big swings," Chief Executive Officer Jim Farley said on a call with analysts. "We're moving aggressively to lead the electric vehicle revolution."

Farley said the company has annual demand for 200,000 electric Mustang Mach-E SUVs and is moving quickly to boost output of EVs. The automaker is beginning to build the Mach-E in China, augmenting production in Mexico.

By the mid-2020s, Ford will have factory capacity to build more than 1 million battery electric vehicles a year. "And I think we'll need more," Farley said.

While Ford sees the chip shortage easing, Chief Financial Officer John Lawler told reporters it could still extend into 2023. Ford's factories won't run at full tilt until the end of next year, he said.

"We seeing about 10 per cent" sales growth in 2021, Lawler said. "And we see that the chip constraint will still hit us."

Third-quarter profit came to 51 cents a share excluding some items, beating 27-cent average of analysts' estimates, the automaker said. Revenue amounted to $35.7 billion, topping projections. The results marked the sixth consecutive quarter Ford has beaten analysts' estimates, according to Dan Levy, an analyst with Credit Suisse.

Shares rise

Ford shares rose as high as $17.17 in early trading Thursday after closing Wednesday at $15.51. The stock has more than doubled since Farley became CEO a year ago.

Earlier Wednesday, General Motors beat third-quarter estimates but cautioned the chip shortage that has held back vehicle production may linger well into 2022. On Thursday,

Ford shares rose to $17.17 in early trading on Thursday after closing on Wednesday at $15.51. The stock has more than doubled since Farley became CEO a year ago

Amid split bid, Shell profit falls short of expectations

Royal Dutch Shell reported an increase in third quarter profit but fell short of expectations. "This quarter we've generated record cash flow, maintained capital discipline and announced our intention to distribute $7 billion to our shareholders," Chief Executive Officer Ben van Beurden said in a statement on Thursday. Combined with the more ambitious emissions target, "this is clear evidence of how we are accelerating our Powering Progress strategy, purposefully and profitably". Shell B shares fell 1.6 per cent to 1,740 pence at 8.01 am in London. Meanwhile, the company mounted a robust defence against activist investor Dan Loeb's bid to split the company, and pension funds that are dumping its shares, saying the company's integration of oil, gas and renewables is key to delivering the energy transition. Dan Loeb's Third Point Capital LLC is seeking the breakup of the energy giant, a move that would thwart its plan to keep pumping oil and gas as it embraces renewable energy. BLOOMBERG

Business Standard 22nd October 2021

Tesla skirts chip woes, beats Street

BLOOMBERG
21 October

Tesla reported third-quarter revenue that fell short of Wall Street estimates but managed to beat profit projections, overcoming a semiconductor shortage and supply-chain challenges that have stymied competing automakers.

The results mark the ninth straight quarter of profit for the 18-year-old electric carmaker and came despite obstacles that included backups at ports and even rolling blackouts in China that made it tough to keep factories operating at full capacity.

Revenue at Elon Musk's electric-vehicle and clean-energy company rose 57% to $13.8 billion, missing estimates of $13.9 billion. Earnings came to $1.86 a share on an adjusted basis, the Palo Alto, California-based automaker said Wednesday. That beat the $1.67 a share average of analysts' estimates.

Tesla said supply-chain issues ranging from semiconductor shortages to congestion at ports hurt its ability to boost output and meet growing demand for its EVs.

"We're trying as far as we can to maximize that capacity and to be able to meet the demand that we're receiving," said Kirkhorn, who spoke of a "profound awakening" when it comes to consumer interest in electric cars. "But the net, net of all this is that we're not able to increase production capacity fast enough."

Shares of Tesla fell more than 1 per cent in extended market trading. They were little changed at $865.80 at the close in New York and have gained 23 per cent this year.

Volvo warns chip stortage will curtail truck production

Volvo Group said the chip shortages and supply-chain snarls will continue to cap truckmaking, leaving the Swedish manufacturer with little choice but to turn away some customers. Disruptions and stoppages in the production of trucks and in other parts of the group will continue, Volvo said Thursday. The company reported third-quarter adjusted operating profit of 9.4 billion Swedish kronor ($1.1 billion), beating the average analyst estimate. The supply situation that's characterized by "disruptions, unpredictability and a lack of freight capacity" is delaying deliveries to customers, Volvo Chief Executive Officer Martin Lundstedt said in a phone interview. "We are talking about a couple of months at least longer, and in some certain regions and segments it could be considerably longer than that," he said. Volvo managed to grow third-quarter sales. BLOOMBERG

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 29th October 2021

TVS EVs in cruise control

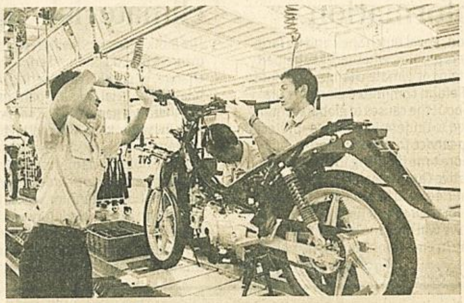
Having failed once, the Chennai–headquartered company is taking the slow and steady route for its newly created subsidiary for electric two–wheelers

SHINE JACOB
Chennai, 28 October

In April 2008, TVS Motor Company came out with Scooty Teenz Electric, the electric version of its Scooty model, targeting young women and college-going teenagers.

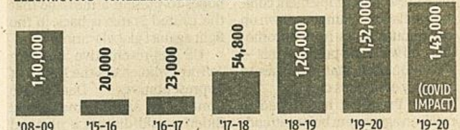
The company initially targeted sales of around 40,000 units a year. Though Scooty Teenz appeared to be a smartly positioned and prescient product, it failed to attract buyers, forcing TVS Motor to stop production in May 2009. Plans to launch TVS King, an electric three-wheeler, were also shelved. The executive heading marketing at the time had reportedly said the company had decided to "concentrate on selling regular motorcycles and scooters as the market was not good enough" for electric two-wheelers then.

Now, more than a decade later, the flagship company of the $8.5-billion TVS Group has been making slow but steady moves into the electric vehicle segment, but much of it is under the radar. At present, TVS has only one product in the category, iQube, which was launched in January 2020. But as Ola Electric's announcement of mega-plans on e-two-wheelers stole the show, TVS Motor made two announcements in the last two months that point to a long-term and fairly ambitious strategy for its EV business.



CHARGED UP

ELECTRIC TWO–WHEELER SALES IN INDIA



Source: SMEV and industry

In September, the Chennai-based two-wheeler major bought 80 per cent in EGO Movement, a Swiss e-bike company, for $17.9 million to expand its presence in developed markets, including Europe. The company aims to generate $100-150 million in the next three to five years via EGO. This was immediately followed in October by the announcement of a strategic partnership with Tata Power to build electric vehicle charging infrastructure (EVCI) across the country, adding to a similar tie-up with state-run Convergence Energy Services (CESL) signed in June 2021.

Last week, TVS' board also cleared a proposal to establish a separate subsidiary for the electric vehicle business (the name is yet to be announced). "The subsidiary will give us freedom, better focus and flexibility to create scale in the EV business globally," said K N Radhakrishnan, director and chief executive officer, TVS Motor Company, in a conference call. TVS is also looking to invest ₹1,000 crore in EV expansion. According to the plan lined up by Radhakrishnan, TVS is geared to create a capacity of 10,000 EVs per month by the end of this fiscal.

Impressed by this long-term road map, brokerage firm Nirmal Bang said TVS' EV plans were "in the right direction that may lead to further value unlocking and capitalisation on the electrification shift". Given the speed with which new players such as Ola and existing competitors such as Hero and Bajaj are moving, will TVS' relatively slow-moving strategy work? More so, when the market is far from stable and faces many nascent challenges?

For instance, when TVS put the brakes on EV production in India in 2008-09, the electric two-wheeler market in the country was around 110,000 units (according to data from the Society of Manufacturers of Electric Vehicles). It fell to as low as 23,000 units in 2016-17 and bounced back to around 143,000 units in 2020-21. Much of this revival in demand has come on the back of heavy incentives that state and central governments have extended to consumers. But the ownership issues — a paucity of charging infrastructure, availability of parts and raw materials and poor resale value — remain.

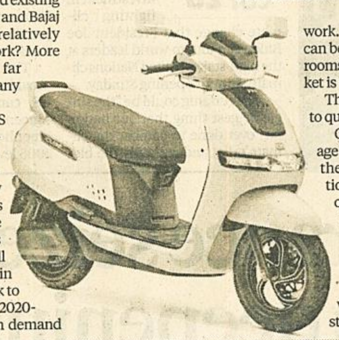
There is no doubt, however, that the electric two-wheeler market is at an important inflexion point. India's biggest electric-scooter maker, Hero Electric, has already called for the stoppage of gasoline-powered two-wheelers by 2027. India is going slow on switching to clean vehicles compared to competitors like China. Similarly, newcomer Ola has set ambitious production plans — 10 lakh a year initially, scaling up to 20 lakh depending on market demand.

"The interest from consumers is at an all-time high but the issue with players like TVS is low production, less availability and reach. When Ola is talking about producing 100,000 EVs per month within six months, why are traditional players such as TVS, Bajaj or even Hero unable to produce 10,000 vehicles despite being cash-rich, instead producing not even a quarter of that? That means they are still conservative in their approach towards EVs," said Vinkesh Gulati, president of the Federation of Automobile Dealers Associations (FADA).

Even after 20 months since iQube's launch, TVS is available only in 33 cities and able to showcase its EV products in only a handful of showrooms

Another major factor that Gulati highlights is the lack of focus by major players, pointing out that making the products available only in select cities is a big drawback for players like TVS. Even after 20 months since iQube's launch, TVS is available only in 33 cities and able to showcase its EV products in only a handful of showrooms out of its dealer network of over 4,000.

"iQube is a very good product but as long as customers are unable to see the product in the showroom, they will not opt for it. Players like TVS are unable to fully utilise their existing dealer and marketing network. The day when one single EV can be showcased at all these showrooms, I will say that India's EV market is maturing," Gulati added.



The company declined to reply to queries from *Business Standard*.

Clearly, TVS will have to leverage its existing network, accelerate the setting up of charging stations, add thrust to the launch of new models, and gear up for rolling out its marketing strategy and logistics network at a faster pace. It's making all these moves, of course, but the next few years will reveal whether, in EVs, slow and steady can win the race.

Business Line 18th October 2021

'Electric vehicles are fast entering the centre lane'

Gap in cost, performance narrowing *vis-a-vis* conventional vehicles, say experts

AYUSHI KAR
Mumbai, October 17

Auto manufacturers have been increasingly recognising electric vehicles as the technology of the future. Yet the common perception is that mainstream adoption remains a thing for the distant future.

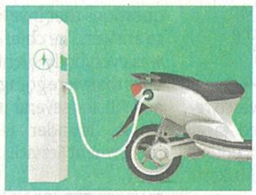
However, data reported by the Centre for Energy Finance at Council on Energy, Environment and Water at Centre for Energy Finance (CEEW-CEF) shows that the 57,043 registrations recorded between April and September 2021 for high-speed EV have surpassed the total registrations recorded in FY21 (40,837 units).

In September alone, sales reported by various electric two-wheeler (e-2W) OEMs shows a YoY growth of over six times.

India Ratings & Research (Ind-Ra), also expects the e-2W industry to grow at a strong compounded annual growth rate of 75-80 per cent over FY22-FY25. This would result in e-2Ws contributing 7-10 per cent of the overall 2W sales by FY25 from less than 1 per cent as of FY21.

Comparable costs

The strong growth expected over FY22-25 is primarily because of the comparable total cost of ownership of electric vehicles (EV) and internal combustion engine (ICE) vehicles after incremental subsidies were announced under the FAME-II scheme and by a few State governments.



Sales of e-2-wheeler OEMs show a YoY growth of over six times

Shruti Saboo, Associate Director – Corporates, Ind-Ra, observed that as a result of this, new model launches are expected over the next few years with better specifications, making the performance of an e-scooters on par with ICE vehicle. As more OEMs are entering this space, the production capacities are also likely to increase manifold by FY25, she said.

At the moment it is not clear, which enterprise will be leading the charge to capture this new segment. Saboo expects the market to be fragmented.

Industry view

Naveen Munjal, MD, Hero Electric, said: "There has been an inclination towards EVs with the FAME II subsidy, charging infrastructure, and easy financing options. Looking at the current demand, we aim to achieve double-digit growth by the end of the current financial year.

To aid this growing demand, Hero Electric is ramping up the production capacity at its Ludhiana plant to five lakh units from one lakh. And in the next five years, we aim to reach 10 lakh units."

Rohit Vadera, the CEO, Pure Energy, emphasised that his company has planned to attain a sales volume of two lakh vehicles annually by FY25. In terms of production capacity, Pure Energy has planned to make it four times of what it has at present. "Our R&D team is working on new products which will be mostly visible by next year in the market," Vadera said.

Bhavish Aggarwal CEO and Co-Founder of Ola Cabs, in a recent blog, said: "We will bring this multi-modal mobility to all 1.3 billion people by Ola designed EVs customised for the diverse shared mobility needs.

EVs are 80 per cent cheaper to run so the service will be more affordable and accessible to all." Further, with miniaturisation and high energy density, Ola's EVs also create the opportunity for custom vehicle form factors serving many more use cases, better."

Business Line 29th October 2021

Euler Motors launches e-3W with highest payload capacity

OUR BUREAU
Chennai, October 28

Euler Motors, a home-grown company focused on electric commercial vehicles, has introduced its first electric cargo three-wheeler - HiLoad EV, at a price of ₹3,49,999.

Boasting the highest payload capacity (688 kg as against the 3W industry standard capacity of 550 kg) across the 3W cargo segment in India (including ICE), HiLoad EV also comes with a powerful combination of highest battery power (12.4 kWh) and certified range (151 KM) in a single charge. The vehicle is equipped with advanced telematics and software assistance for fleet tracking, battery monitoring and real time charging, according to a statement.

Saurav Kumar, Founder and CEO, Euler Motors

HiLoad carries 6 segment first innovations in 3W cargo that are suited to deliver higher performance and longer life in the unpredictable Indian road and weather conditions, claims the company.

Boasting a torque range at 88.55 Nm and 10.96 kW peak power, it promises superior ground clearance, better gradeability, more speed and higher acceleration for improved on-road operations.

Three charging variants

The vehicle has been launched with three new advanced charging variants – home or on-board chargers provided with the vehicles; lightning chargers that can give 50 km charge in 15 minutes and charge-on-wheels for an enhanced customer experience.

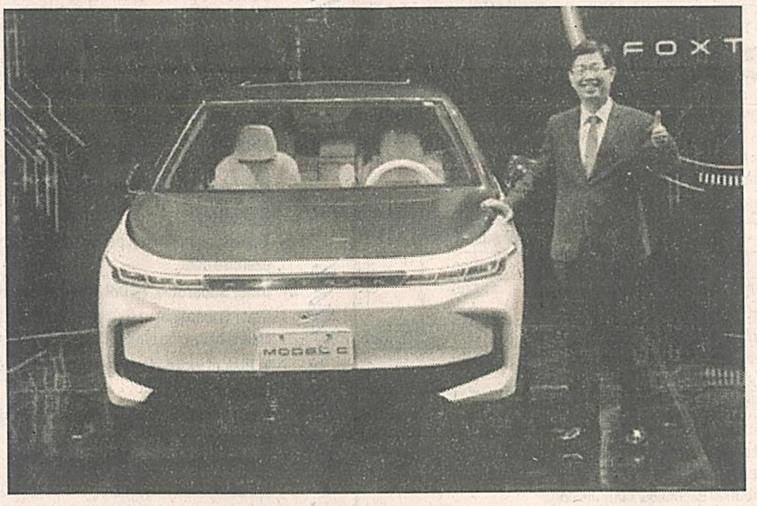
"HiLoad, is a world class innovation from India, designed for India, boasting several category-first features. It is ready for the world," said Saurav Kumar, Founder and CEO, Euler Motors.

Euler Motors already manages a network of 200+ charging infrastructure in Delhi NCR to support electric vehicles on ground. Euler Motors aims to sell 5,000 units by FY23 and plans to expand to markets such as Mumbai, Bengaluru, Chennai, Hyderabad and Pune.

The company's new 'Charge on Wheels' mobile service station will provide charge and service to the vehicle at any given location or breakdown point.

Several mainstream e-commerce players have already executed successful pilots with Euler Motors. Companies such as BigBasket, Flipkart and Udaan, along with other e-commerce, hyperlocal and B2B delivery players, have already placed an order for 2,500 EVs for intra-city deliveries.

iPhone supplier Foxconn unveils its first electric cars



Foxconn Chairman Liu Young-way next to a Foxtron Model C electric vehicle, unveiled at a company event in Taipei on Monday
PHOTO: REUTERS

DEBBY WU
18 October

Foxconn Technology Group unveiled its first electric vehicles, a milestone that could boost the Taiwanese electronics manufacturer's credentials as a serious bidder for Apple's secretive automotive project.

The SUV and sedan models introduced on Monday are concept vehicles that the manufacturer plans to build for automotive customers rather than sell under its own brand. Executives including Young Liu, chairman of Foxconn's flagship unit Hon Hai Precision Industry, unveiled the vehicles at its Technology Day event in Taipei.

Foxconn is the largest assembler of iPhones, giving it an edge as a potential carmaker partner for Apple as the U.S. company weighs expanding into vehicles. As part of its aggressive push into cars, Foxconn agreed in late September to spend $280 million on the purchase of an auto plant in Ohio from embattled start-up Lordstown Motors.

"We are no longer the new kid in town," Liu said. "We have gradually built an EV supply chain and showcased our EV hardware."

Taiwan's Yulon Motor will be Foxconn's first electric-car customer, Lilian Chen, Yulon's chairwoman, said at the Taipei event. Foxconn also displayed its electric bus, which is set to be delivered to a local transportation provider next year.

Foxconn is among the technology firms targeting EVs as a source of growth beyond low-margin electronics assembly. The Ohio plant deal is a boon for Foxconn, giving it assembly capacity, equipment and talent. **BLOOMBERG**

Volvo Car eyes $2.6 billion via Stockholm IPO

Volvo Car is looking to raise 25 billion kronor ($2.9 billion) in a Stockholm initial public offering in a test for automakers amid the sector's transition to electric vehicles.

The Swedish carmaker, owned by China's Zhejiang Geely Holding Group, is offering shares at 53 kronor to 68 kronor each, according to a statement Monday.

The deal values Volvo Cars at as much as $23 billion, 11 years after the Chinese firm bought the business from Ford Motor Co. for $1.8 billion. The IPO is set to be Europe's largest since January, according to the data compiled by Bloomberg.
BLOOMBERG

Business Line 27th October 2021

REVOS offers EV charging points at a launch price of ₹1

The units, compatible with any portable charger, can be bought and installed by anyone

OUR BUREAU

Bengaluru, October 26

Union Square Ventures-backed REVOS has launched BOLT charging points which can be bought and installed by anyone in their shops, garages, commercial parking spaces etc.

BOLT charging points are compatible with any portable charger and work with the existing AC power supply at home and establishments. The charging points can be bought for a one time cost of ₹3,000 and opened up for public use for a charging cost decided by the owner. Initially, the company is offering BOLT charging points to buyers at a launch price of ₹1 from October 29, till the end of December.

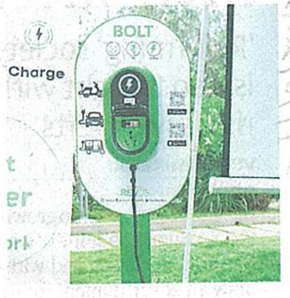
Energy calculator

The charging units come with an energy calculator to monitor power consumption and payments can be made by the customer by scanning the QR code placed next to the charging point. Currently the company is not charging any other costs from the customers other than the initial cost of setting the charger.

Jyotiranjan Harichandan, co-founder of REVOS, told *BusinessLine*, "Theoretically, our charging points can fully charge any electric vehicle within one hour, it is just that vehicles don't have the capacity to charge at that rate. We have some OEMs working with us who are able to fully charge their EVs in less than 30 minutes but there are also other EVs that take 3-4 hours to get charged. It depends on the EV's battery technology and portable charger that the OEMs bundle with the bike."

Pre-launch phase

In the pre-launch phase, the company has installed about 2,000 charging points across 60 cities in India with an installed capacity of over 3,600 KW. The charging points can be located by EV owners using the REVOS BOLT mobile app.



In the pre-launch phase, the company installed 2,000 charging points across 60 cities

Mohit Yadav, cofounder, REVOS said, "A robust and pervasive charging infrastructure is key for rapid adoption of EVs in India. The PCO box revolutionised the telecom industry by making it available to the masses. BOLT is aiming to do the same for the EV industry by being ubiquitous; just like the yellow phone box, we envisage the green BOLT charging points in every nook and corner of the country."

The company has also built BOLT operating system, which is a patent-pending modular system that can be integrated with any EV to turn it into a smart and connected vehicle with features like anti-theft locking, find-my-bike tracking technology to prevent the EV from being stolen. BOLT OS has been deployed in 10,000 devices (EVs and charging points) with 30 OEMs across India, China, Vietnam, Nepal and Egypt.

Domestic, global launch

The company plans to soon launch in Europe and other parts of South-East Asia. In the next two years, REVOS aims to install more than 1 million BOLT charging points across 500 cities in India and other emerging markets.

REVOS was founded by Yadav and Harichandan in 2017. The company has raised $4.5 million in funding from Union Square Ventures and Prime Venture Partners and has offices in Bengaluru and Singapore.

Business Line 25th October 2021

Honda Motorcycle gears up for EV segment foray

PRESS TRUST OF INDIA

New Delhi, October 24

Two-wheeler major Honda Motorcycle & Scooter India (HMSI) is gearing up to launch its first electric product in the country in the next financial year, a top company official has said.

The company, which sells popular models like Activa and Shine in the country, aims to start feasibility run of the electric scooter with its dealer partners at the end of the festive season this year. In an interaction with *PTI*, HMSI President, Managing Director and CEO Atsushi Ogata said the company has decided to foray into the segment after having a detailed discussion with its parent firm – Honda Motor Company in Japan.

In-depth details are yet to be finalised but "we have made a commitment to launch (EV product) within the next financial year," he noted. When asked if the company has started testing the product in India, Ogata said, "Not yet officially but after Diwali...we will set up the feasibility study officially at our dealerships."

The Economics Times 23rd October 2021

Bounce Plans E-scooter Next Month

MUMBAI: Scooter rental startup Bounce has become the latest company to join the electric vehicles (EV) frenzy in India with plans of launching its first electric scooter next month and then building a battery swapping network that will serve both retail customers and its ride-sharing business, writes **Nehal Chaliawala.** The company acquired 100% stake in 22Motors for about $5 million, Vivekananda Hallekere, the chief executive of Bounce, told ET. Bounce has set aside $25 million to be invested in the EV business over the next one year. This would mark another pivot for the startup that started life as a rental service for high-end performance motorcycles. The company plans to replace its entire fleet of vehicles for shared mobility with its own EVs.

The Economic Times 19th October 2021

Sun Mobility Bags ₹374 cr from Dutch Co Vitol, Others

Firm to use funds to expand its battery swapping network to major cities

Our Bureau

ON THE MOVE

TULLIO CRALI, The Forces of the Bend

Sun Mobility plans to expand battery swapping network to all major cities

Firm looks to collaborate with more EV manufacturers and operators

Plans to set up 500 battery swapping stations in India

Mumbai: Reva Electric Car Company founder Chetan Maini-led Sun Mobility said on Wednesday that it has closed its latest round of funding after raising \$50 million (about ₹374 crore) from investors led by Dutch commodity and energy trader Vitol.

Sun Mobility facilitates battery swapping for electric vehicles (EV) and has tied up with Italy's Piaggio to offer battery swapping for its electric three-wheelers in India.

With the new funds, the company plans to expand its battery swapping network to all major cities. It is also looking to collaborate with more manufacturers of EVs and EV fleet operators. It aims to set up 500 battery swapping stations in India by the end of 2022. Presently, it has 65 swapping stations in about 15 cities.

"As part of Sun Mobility's long-term strategy to build affordable EV technologies in India, we will be deploying the funds into capacity expansion to meet the high customer demand," said Chetan Maini, chairman, Sun Mobility.

Business Line 29th October 2021

Electric cars to make up 12% of passenger car market in India by FY26: Report

E-car sales rose 361.78% in 2020

G BALACHANDAR

Chennai, October 28

The electric car market in India is expected to make up about 12 per cent of all passenger cars in the country by FY26, supported by improving ecosystem and faster adoption of electric vehicles on the back of factors such as lower maintenance costs and rising fuel prices.

The adoption of electric cars globally has witnessed a surge, with sales in the first half of 2021 already surpassing the 2020 numbers. Similar trends can be observed in India too.

The growth in the electric vehicle market in India is not at the same scale as in other countries. For instance, while the share of battery electric vehicles (BEVs) in the total number of passenger vehicles sold in Europe was 5.4 per cent, in India, it was a minuscule 0.2 per cent in FY20. However, with improving ecosystem, it is estimated that the share of e-cars will grow to 12 per cent of all passenger cars by FY26, clocking 5,14,365 units in e-car sales, which translates to a CAGR of 152.94 per cent from FY21 to FY26, says a report by JMK Research

E-car sales have increased in India post 2019, with a 361.78 per cent y-o-y increase in 2020. 2021 registrations, as of July this year, have further increased, having already crossed the 2020 sales figure.

Shift in focus

The recent restructuring in FAME-II policies suggest that the government has shifted its focus to electric two-wheelers (E2Ws) to generate demand for achieving short-term growth.

According to JMK Research's recent analysis, e-cars may demand a higher upfront cost versus its ICE counterparts, but the TCO over a 5-year and 10-year period will be 35-56 per cent lower for e-cars, depending on the driving scenario.

Honda to provide battery sharing service for e-rickshaws

Business Line
30th October 2021

The sharing service will enable rickshaw drivers to swap a mobile power pack with low charge for a fully-charged one

OUR BUREAU
New Delhi, October 29

Japan-based Honda Motor Company on Friday said that it would begin a battery sharing service for electric tricycle taxis (rickshaws) in India in the first half of 2022, using the Honda Mobile Power Pack (MPP), the company's all-new portable and swappable lithium-ion batteries.

"Honda MPP has huge potential to electrify all kinds of devices, including small-sized mobility products. By offering a battery sharing service in India, Honda will contribute to the accelerated electrification of rickshaws and expanded use of renewable energy," Minoru Kato, Chief Officer, Life Creation Operations, Honda Motor, said in a statement.

Moreover, Honda will continue serving people worldwide with the joy of expanding their life's potential by further expanding the utilisation of the MPP in broader areas, he said.

Demonstration testing

Honda began demonstration testing in India in February, with 30 units of electric rickshaw taxis driven for a total of more than 200,000 km in operation. Through this testing, it identified the issues to be addressed and verified business viability, the company said.

Honda's battery sharing service will enable rickshaw drivers to stop at the nearest battery swapping stations being set up in the city and swap an MPP – with a low remaining charge – for a fully-charged MPP.

The use of this service will significantly reduce driver concern about running out of batteries as well as the risk of losing business opportunities with customers while waiting for rickshaw batteries to be charged, Honda said.

To begin this service, Honda will establish a local subsidiary in India to conduct a battery sharing service business. The subsidiary will install a number of Honda Mobile Power Pack Exchangers as battery swapping stations and conduct a battery sharing service in the city.

Honda will also work with electric rickshaw manufacturers and begin the service in selected cities first, it said.

The company said as the economy continues to grow in India, energy demand is increasing. To address these issues, country-wide efforts are being made to expand utilisation of renewable energy and to actively pursue electrification of the transportation sector, which accounts for around 20 per cent of the nation's greenhouse gas emissions.

There are more than eight-million units of auto rickshaws in India, and they have been an essential means of daily transportation . In urban areas, these rickshaws are powered mainly by CNG and have been a key challenge for electrification, it added.

Business Line
27th October 2021

Volvo's XC40 electric car to hit the roads next year

RUTAM VORA
Ahmedabad, October 26

The first electric car from Volvo's stable will hit the roads next year, a senior company official said here.

The company, which recently launched two new petrol milk-hybrid models — sedan S90 and SUV XC60 — will start selling XC40 Recharge model from next year.

"As per our transition strategy, we move from diesel to petrol and from petrol to electric. We plan to introduce our first EV model — XC40 electric next year and then every following year we will launch one EV model," said Prakash Mishra, Head of sales, Volvo Car India.

He, however, did not reveal the time of the launch next year. Volvo has one EV model globally —XC60, which it would bring to India to ride on the electric bandwagon.

CBU import

The company will decide on whether to import the completely built unit (CBU) or have a completely knocked down (CKD) model when it gets closer to the launch. "Currently, all Volvo cars are made in Bengaluru," said Mishra. He said the mild-hybrid cars are the strategic shift from diesel to all-petrol portfolio. "The model S90 and XC60 cars were already there. We have introduced a new engine and technology in these cars. While driving, it gives power to the batteries and helps improve the efficiency of the car," he added.

Waiting period

Mishra said the waiting period is about 2-3 months depending on the market. The sales growth was robust at about 48 per cent in the first 9 months, while it expects to see a robust demand growth in the remaining part of the year.

Dealerships in Gujarat are witnessing a surge in demand as part of the festival season, but are yet to reach the pre-Covid levels.

"We have seen good inquiries and the demand is also robust. But this is not at par with a normal year," said Dhaval Thakker, Managing Director, Autobots Volvo, Gujarat dealer for Volvo Car.

The Economic Times 23rd October 2021

Indian EV Cos Running Low on Li-ion Batteries

Cell makers' focus on US, Europe demand; production curbs in China have led to supply shortages, higher costs

Hitting A Bump

Cell makers prefer selling to US, Europe-based cos that provide better prices, higher volumes

India relies completely on imports for lithium-ion cells

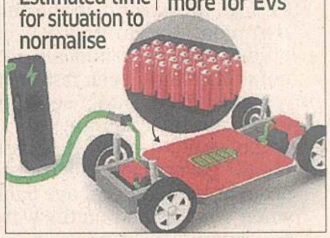
Key Suppliers
China, South Korea and Taiwan

₹9000 Cr
India's import of lithium-ion cells in FY21

Rise in raw material prices, logistics costs have pushed up cell prices

2 Years
Estimated time for situation to normalise

Customers may end up paying more for EVs



Nehal.Chaliawala
@timesgroup.com

Mumbai: For Indian automakers, this isn't really turning out to be an electrifying Diwali. First, a chronic chip shortage has forced fuel-based carmakers to skip production shifts. And now, even electric vehicle (EV) manufacturers are struggling to source lithium-ion batteries, prices of which are heading north even more quickly than Mumbai's record-setting equity gauges.

At the heart of the supply constraint is surging global demand — and a definitive shift in favour of the EV powertrain in Western Europe and the US. Additionally, factors such as production curbs in China due to a shortage of coal-fired power and congestion in shipping routes have hurt supplies to India from its northern neighbour.

China is a key supplier of lithium-ion cells to India apart from South Korea and Taiwan.

Furthermore, cell manufacturers prefer supplying to markets such as the richer neighbourhoods in Europe and the US — or markets that guarantee higher volumes.

To be sure, sales of EVs still remain negligible in India compared with more mature markets such as China, the US and some European countries.

According to Samrath Kochar, chief executive officer of Trontek Electronics, delays of 10-15 days in shipments from China have become the norm due to a shortage of containers. His company imports cells and assembles them into battery packs for several EV makers. "In September, our procurement declined by 50%; so our supplies also went down by 50%," Kochar told ET.

Shipments due in September have finally arrived this month, providing some relief, but there was uncertainty on the next consignment, Kochar said.

PRESS REPORTS ON COMPANY NEWS

Business Line 19th October 2021

'Punch will have an impact on Tata Motors' ranking in SUV space'

AYUSHI KAR

Mumbai October 18

Tata Motors is gearing up to capture a major chunk of the increasingly popular SUV market, with the launch of India's first sub-compact SUV, 'Punch'. The SUV category is seeing immense growth momentum, having grown globally six times in the last decade, where one in every three cars sold is an SUV. In India, sales ofSUVs contribute to 40 per cent of overall sales. According to Shailesh Chandra, President of Passenger Vehicles Business Unit, Tata Motors, while this growth momentum led to the proliferation of a variety of SUV styles, there is a major void in the sub-4-meter category. Here, people were only left with the options of cars and compact sedans. The core goal for Tata Punch, according to Chandra is to bring a capable SUV to fill this exact void. In an interview with *BusinessLine*, Chandra talked about the automaker's efforts and future plans in the segment. Excerpts:

THE BL INTERVIEW

How is the chip shortage at the moment?

A lot of these supply chain issues seen in Q1 and Q2 were temporary, such as the Malaysia Covid wave, or the Renaissance fire in Japan. These issues will now be slowly subsiding. But still, there will be structural issues of capacity in the semiconductor world, which we as OEMs are trying to get past. For instance, we are looking to convert specialised chips to standard chips, buying from the stockists directly, looking for designs for semiconductor usage. With the situation now improving in Malaysia, we might be veering back to 300,000 sales in the industry per month.

But will the chip shortage impact Punch launch?

We will never know when it is the ideal scenario for the launch of Punch since we don't know when the chip shortage will subside. Customers are waiting for our product. The product has relevance to being launched at the market at this point in time. So we are reconciling with the reality and launching it right now. Tata Motors Punch has seen the highest number of pre-bookings in comparison to our whole portfolio of cars. Therefore, we will try to best manage the situation, do certain prioritisation and go ahead with the launch.

Is there a dilution in the market, regarding what we now define as an SUV, does Tata Punch truly fit that definition?

There can be different ways of defining SUVs, one can live in the old world of what SUVs were, but you have to be cognizant of the fact of how consumer trends are changing and how design trends are changing.

If you break down what an SUV is, it is about the external styling, the commanding seating position, the ground clearance, the departure and approach angles. If you take all these metrics into account, and its capability to do a bit of offroading, that defines SUV. In this car, we have provided such capabilities, we tick all the boxes, therefore Tata Punch fits the definition of an SUV.

Is Tata Motors gearing up to take the third place in the SUV market with the Punch?

Today, we are selling 13,000-15,000 SUVs a month, between Nexon, Harrier and Safari. And Punch is of course going to add to the volume. I truly believe that this is a very capable product that can attract customers from adjacent segments, therefore volume additions will be quite high. This will have an impact on the overall ranking of the SUV space.

But I am not chasing a rank. I am targeting the rightful volume for all of these products. We have seen overwhelming bookings for Punch which is a very good sign, but you must wait for the demand to stabilise. I am still imagining that the demand is going to be significantly high, it might be a challenge to meet the demand. With limitations of supply on the electronics components side, there will be the need for some prioritisation amongst all the products in our portfolio.

Tata Motors Punch has seen the highest number of pre-bookings in comparison to our whole portfolio of cars.

SHAILESH CHANDRA,
President of Passenger Vehicles Business Unit, Tata Motors

Business Line 30th October 2021

Wheels India plans fresh capex of ₹37 cr on export boom

Sees demand growth across segments in domestic market

OUR BUREAU

Chennai, October 29

Leading auto part maker Wheels India is making a fresh investment of ₹37 crore in expanding the capacity to serve the booming export business even as the domestic business continues to improve across automotive segments.

The Chennai-headquartered company's export business, which makes up about a quarter of the revenue, has been recording positive growth for the last 6 quarters. It expects the momentum in exports to continue for a while.

Srivats Ram, MD, Wheels India

Expansion of capacity

"Today, our Board has cleared a fresh capex of ₹37 crore to enable us to serve the export demand in the coming months. The capex will largely be spent on expansion of wheel capacity meant for the construction equipment sector and also for ramping up capacity for supply of parts in the wind mill segment," Srivats Ram, Managing Director of Wheels India, said here.

Growing orders

The company had proposed a capex of ₹99 crore during March 2021 for the current fiscal. Now it has planned additional capex on back of growing orders from the export markets.

In the domestic market, Wheels India witnessed a notable increase in business volumes from almost all segments. Since its exposure to the passenger vehicle segment is very low (at about 10 per cent), the company has not been impacted severely like several others due to semiconductor shortage, but its subsidiary that supplies to the passenger vehicle segment has been hit.

All-round growth

"Q2 of this fiscal was basically a little bit of return to normality. We had decent volumes across segments. It has been a pretty good quarter in terms of revenue growth and all businesses have grown. But our export businesses were particularly strong in construction equipment, tractors and windmills," he added.

While demand side things are quite positive, major concerns are rising steel and aluminium prices. The company has witnessed an unprecedented increase of 40-50 per cent on commodity prices over a 12-month period. Spike in fuel costs also added to cost increases.

The company's new plant for catering to the wind mill segment will be operational by January 2022.

Q2 & H1 results

For the quarter ended September 30, the company reported close to three-fold increase in net profit at ₹21.2 crore compared to ₹7.4 crore in the year-ago quarter. Revenues for reporting quarter was up 78 per cent to ₹911.2 crore compared to ₹510.9 crore in the year-ago quarter.

For the half year ended September 30, Wheels India registered a net profit of ₹31.3 crore compared to a loss of ₹30.8 crore in the first half of the previous fiscal.

Revenues more than doubled to ₹1,585.8 crore compared to ₹722.9 crore.

Business Line 30th October 2021

Suprajit Engineering to acquire Norwegian Light Duty Cable unit for $42 million

Transaction also involves the transfer of global sales and engineering expertise

OUR BUREAU

Bengaluru, October 29

Suprajit Engineering, a Bengaluru-headquartered automotive components supplier, has announced that it has signed an agreement to acquire Light Duty Cable (LDC) business unit of Kongsberg Automotive ASA, which is listed on the Oslo Stock Exchange, Norway for an enterprise value of $42 million (around ₹315 crore).

The LDC business unit of Kongsberg Automotive Group consists of cable business, supplying to automotive, non-automotive and two-wheeler segments along with Electro-Mechanical Actuators (EMA).

This transaction also involves the transfer of global sales and engineering expertise related to this business to Suprajit, a release from the company added. 3

The transaction is expected to close by end of January 2022. LDC has three manufacturing plants located in Matamoros, Mexico; Siofok, Hungary; and Shanghai, China; apart from a warehouse in Brownsville - USA.

LDC's global business development and engineering teams are at plants and other key geographies including the US, Germany, France, Norway, Sweden and the UK, and will come under the fold of Suprajit. The total employee strength of LDC is approximately 1,300 employees at the end of Q2, Suprajit said in press release. The current year sales of the division is expected to be in the range of $90 million.

'Perfect fit'

Ajith Rai, Founder and Chairman of Suprajit, commenting on the transaction said, "The LDC business unit of Kongsberg Automotive is a perfect fit for Suprajit. With LDC's manufacturing footprint in 3 continents with sales, business development and engineering support across the world, and, with the annual cable capacity of 400+ million would make Suprajit a truly global major in the cables business"

Business Line 20th October 2021

Ola's CFO, COO quit firm ahead of IPO

OUR BUREAU

Bengaluru, October 19

Mobility major Ola's Chief Financial Officer Swayam Saurabh and Chief Operating Officer Gaurav Porwal have quit the company, as the firm undergoes internal restructuring.

According to sources, both exits happened during the last week. Porwal is said to be leaving the company to pursue other interests while Saurabh is moving on to pursue other opportunities.

Porwal used to head Ola delivery before becoming the COO in November 2020 and Saurabh was the CFO of Ola's entire consumer Internet businesses – mobility, food and financial services.

New Mobility

Earlier this month, Ola launched its vehicle commerce platform Ola Cars, to enable consumers purchase both new and pre-owned vehicles through the Ola App. Ola Cars is part of Ola's larger vision of New Mobility that encompasses three key pillars – New Mobility Services expanding from 150 to 500 cities and increasing the reach from 100 million people to 500 million people, New Energy Vehicles with EVs across existing and new vehicle form factors to bring cleaner, efficient and more affordable

Ola is looking to go public by next year and is estimated to raise around $1-2 billion REUTERS

transportation to people, and third, New Auto Retail that will improve the entire lifecycle of vehicle ownership for a customer.

This month, Ola also acquired a Pune-based geo-spatial start-up GeoSpoc to develop technologies that would make mobility universally accessible, sustainable, personalised, and convenient, across shared and personal vehicles.

Marquee investors

In July, Temasek, Warburg Pincus and Co-founder Bhavish Aggarwal had invested $500 million in Ola. The company has a clutch of marquee investors on its board including SoftBank, Steadview Capital, Tiger Global Management, Matrix Partners, among others. Ola is looking to go public by next year and is estimated to raise around $1-2 billion from the IPO.

The Economic Times 26th October 2021

JLR Production Cuts Extended Amid Chip Crunch

Co has lost close to £4 b in incremental revenues due to chip shortage in 1st two quarters of FY22

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Luxury carmaker Jaguar Land Rover (JLR) is being forced to resort to production cut in the current quarter as well due to continued shortage of semiconductors across the world.

The Tata Motors-owned British carmaker has taken production shutdown at its plants in Nitra (Slovakia) and Solihull (UK) between October 25 and 29, while the plant in Graz (Austria), which is owned by its partner Magna Steyr, will see no-production days on October 25 and 26, and November 1 and 2, people familiar with the development said.

Some engines such as AJ20-P4 and AJ20-D4 also will have no production from October 25 to November 12, they said.

Together, all this may result in a volume loss of between 5,000-7,000 units and an incremental revenue loss of £300-325 million, or about ₹3,100-3,350 crore, sources said.

JLR has already suffered a loss of close to £4 billion, or about ₹41,300 crore, in incremental revenues due to the global chip shortage in the first two quarters of 2021-22. The company managed to despatch only 84,442 and 64,032 units, respectively, in the first and second quarter of the current fiscal. But now, it seems reaching annual volume of 360,000-370,000 units – that analysts have forecast – would be an uphill task.

Analysts had forecast a 20% volume growth at the beginning of FY22. Instead, it could be 5-10% lower than last year's volumes. This may pull JLR's volumes to its lowest in eight years.

Analysts have factored in wholesale volume of 90,000-95,000 in the third quarter and 120,000-125,000 units in the fourth quarter based on the company's guidance of easing the chip shortage in the second half.

However, the non-scheduled shutdown may delay expected gradual volume normalisation guidance in the second half of FY22.

There is a fear that JLR may not be able to reach its break-even production volume around 90,000 this quarter, which would weigh on its operating margin.

Tata Motors, in an email response, said it could not comment because it is in a silent period ahead of the second quarter results.

The current shutdown translates to four days of production loss for Defender, Discovery, Range Rover, Range Rover Sport, I-pace and E-pace. In the sales release for the second quarter, the company had said it is having global retail orders at record levels in excess of 125,000 vehicles despite the impact of the semiconductor shortage on production and sales.

"The global semiconductor supply issue represents a significant near-term challenge for the industry, which will take time to work through," said Lennard Hornik, CCO of JLR.

Slow Lane

JLR production shutdown at plants at **Nitra (Slovakia)** and **Solihull (UK)** between **Oct 25** and **Oct 29**

Graz plant will see **no-production days** between **Oct 25** and **Oct 26** and **Nov 1** and **Nov 2**

5,000 to 7,000 units Volume loss due to no production days

£300-325 million Likely incremental revenue loss

Business Line 22nd October 2021

TVS Motor reports highest-ever quarterly revenue of ₹5,619 cr in Q2

The two-wheeler major's EBITDA of ₹562 cr was also the highest-ever; net jumps 42%

OUR BUREAU
Chennai, October 21

Leading two-wheeler major TVS Motor Company reported its highest-ever quarterly revenue and EBITDA during the September quarter which saw a 42 per cent rise in its net profit to ₹278 crore against ₹196 crore in the year-ago period.

The company posted an EBITDA of ₹562 crore, its highest-ever, compared to ₹430 crore in the year-ago quarter, supported by significant cost-reduction initiatives and growth in revenue amid various challenges such as increase in commodity costs, scarcity of containers for international business and shortage in semiconductors. Its operating EBITDA margin was 10 per cent against 9.3 per cent during the quarter ended September 2020. Its profit before tax grew 41 per cent to ₹377 crore (₹267 crore). TVS Motor reported its highest-ever revenue of ₹5,619 crore in Q2 (₹4,605 crore), a growth of 22 per cent.


Venu Srinivasan, Chairman, TVS Motor Company

Two-wheeler sales stood at 8.70 lakh units (8.34 lakh units). Two-wheeler exports grew 46 per cent compared to Q2 of the last year. Motorcycle sales stood at 4.39 lakh units (3.66 lakh units), while scooter volumes were lower at 2.66 lakh units (2.70 lakh units). Three-wheelers sales were at 0.47 lakh units (0.33 lakh units).

Focused working capital management and improved operating performance helped the company generate operating free cash flow of ₹1,090 crore, according to a statement.

₹1,000-cr investment in EV business on track

G BALACHANDAR
Chennai, October 21

TVS Motor Company's board on Thursday approved the proposal to establish a separate subsidiary under the company to operate its electric vehicle business.

"The subsidiary will give us freedom, better focus and flexibility to create scale in the EV business globally," KN Radhakrishnan, Director and Chief Executive Officer, TVS Motor Company, said during Q2 FY22 conference call.

He said the company is progressing as per plan to invest ₹1,000 crore in building the product portfolio, next level of capacity and market development in the EV business. "We are creating a capacity of 10,000 per month in the last quarter of this fiscal. We are committed to lead the technology development in EV and green fuel towards electrification of our product portfolio in two and three-wheeler segments," he added.

Business Line 28th October 2021

Maruti Q2 net hit 66% to ₹487 crore on chip crunch, rise in commodity prices

But exports at 59,408 units were the highest ever in any quarter

OUR BUREAU
New Delhi, October 27

The country's largest passenger vehicles maker Maruti Suzuki India (MSIL) on Wednesday reported a 66 per cent year-on-year (y-o-y) decline in net profit to ₹487 crore for the second quarter ended September 30, compared with net profit of ₹1,419 crore in the corresponding period last year. However, consolidated total revenue of the quarter under review grew 10 per cent y-o-y to ₹20,551 crore against ₹18,755 crore in the same period last year.

"The most notable aspect this year was a record growth in exports. Export sales were the highest ever in the company's history and the figures of the first half this year exceeded the full year sales of last year," the company said.

Dip in growth estimate

The car maker also announced a reduction in its overall sales growth estimate for this year to single-digit from double-digit.

"Obviously in the beginning of the year, we did not expect to lose so much production in the second quarter because of chips, and we may also lose production in the third quarter to some extent because component or commodity prices will shoot up. So, what we had expected in terms of volumes...profitability has changed substantially," said RC Bhargava, Chairman, Maruti Suzuki India.

In the beginning of the year, the company had expected a


RC Bhargava, Chairman, Maruti Suzuki India

double-digit sales growth this year. Total vehicle sales were down 3 per cent at 3,79,541 units in the second quarter against 3,93,130 units in the corresponding period last year.

Bhargava said Maruti sources its chips from a German-based company with manufacturing plants in Malaysia where production was halted due to the pandemic. Sales in the domestic market stood at 3,20,133 units and exports were at 59,408 units, the highest ever in any quarter, MSIL said. An estimated 1,16,000 vehicles could not be produced owing to the electronics component shortage mostly corresponding to the domestic models. The company had more than two-lakh pending customer orders at the end of the quarter for which the company is making all efforts to expedite deliveries, it said.

Commodity price hike

"This quarter was also marked by an unprecedented increase in the prices of commodities like steel, aluminium and precious metals within a span of one year. The company made maximum efforts to absorb input cost increases offsetting them through cost reduction and passed on minimum impact to customers by way of car price increase," MSIL said.

Business Line 23rd October 2021

Mercedes-Benz rolls out 'direct to customer' retail strategy in India

HEMANI SHETH

Mumbai, October 22

In a fundamental shift to its retail strategy, German luxury car market Mercedes-Benz on Friday implemented its 'direct to customer' model in India.

Called its 'Retail of the Future' (ROTF) business model, the strategy was first announced in June. It was launched after the successful beta testing phase, by Martin Schwenk, Managing Director & CEO and Santosh Iyer, Vice-President- Sales & Marketing, Mercedes-Benz India, from the company's Metro Auto Hangar dealership located in South Mumbai.

Franchise partners

With 'Retail of the Future', Mercedes-Benz India will retain the ownership of the entire stock of cars and retail them via appointed Franchise Partners, by invoicing them directly to the customers. Mercedes-Benz will also be responsible for processing and fulfilling customer orders. With ROTF, there will be one nationally set price by the company, which will be uniform across the country.

According to Martin Schwenk, Managing Director and CEO, Mercedes-Benz India, the new "omnichannel," "customer-centric" business model will help empower its Franchise Partners by significantly reducing their financial and operational risks in the market.

The company has invested ₹60 crore into its ROTF strategy. Mercedes Benz had recently infused around ₹1,700 crore into its India business to transform its retail strategy in the country.

Martin Schwenk, MD & CEO

Investment into retail biz

Talking about its investment into the new business model, Schwenk said, "The ₹60-crore investment will go into the process itself and into the IT systems. The ₹1,700 crore which we brought in, a good portion of that is to fund our future inventories. In order to optimise our financing cost, we can now work with equity which we have received via that increased equity infusion," he said.

The strategy has been implemented over 24 months with over 200 people across India, Singapore and Germany being involved in the process.

Talking about the process, Schwenk told *BusinessLine*, "The whole journey itself is a two-year journey. From June onwards, a lot of work has happened on the system side, on integrating the processes and then bringing it to life. We have had extensive discussions in the project phase with our franchise partners on the future sales processes on the sales framework."

The company had a soft launch for the new model at the beginning of October where it brought the system live and converted and took the first customer orders into the new system. Mercedes-Benz has already received over 1,700 units of customer booking through the ROTF in the beta phase

India is the first CKD and the fourth worldwide market to implement the new ROTF strategy.

The model has been live in Austria for two months. It has been live in South Africa for at least four years and for around two years in Sweden. "When we reviewed South Africa and Sweden, where we have certain maturity, we have received a very positive feedback, which we get from the dealers or the franchise partners."

Business Line 21st October 2021

Rane Madras Q2 standalone net rises 32.5%

OUR BUREAU

Chennai, October 20

Auto parts firm Rane Madras reported 32.5 per cent growth in net profit at ₹8.5 crore for the quarter ended September 30, compared with ₹6.4 crore in the year-ago period, supported by good demand across segments of the automotive industry.

Total revenue for the quarter stood at ₹413.2 crore (₹285.7 crore), an increase of 45 per cent. EBITDA grew 7 per cent to ₹31.2 crore (₹29.3 crore), while EBITDA margin saw a fall of 268 basis points (bps) at 7.6 per cent (10.2 per cent), according to a statement.

Net profit

On a consolidated basis, the company returned to the black with a net profit of ₹2.3 crore compared to a net loss of ₹10 crore in the year-ago quarter. Total revenue stood at ₹459.5 crore (₹322.1 crore).

Business Line 26th October 2021

TVS Motor, Bahwan International ink agreement for distribution in Iraq

To include 3S dealership facilities across Iraq with after-sales service

OUR BUREAU

Chennai, October 25

Leading two- and three-wheeler maker TVS Motor Company has roped in a distribution partner to strengthen its presence in Iraq. The company on Monday signed a tripartite deal with Bahwan International Group in Muscat, Oman.

The agreement was signed by Sheikh Ahmed Bahwan, Chairman Bahwan International Group, and Sudarshan Venu, Joint Managing Director - TVS Motor Company, according to a statement. As per the deal, ARATA International FZC, registered in the UAE and a subsidiary of Bahwan International Group (Big), Oman, will be the new distributor for TVS Motor in Iraq.

Sudarshan Venu (left), Joint Managing Director – TVS Motor Company with Sheikh Ahmed Bahwan, Chairman, Bahwan International Group

"ARATA International FZC, a part of the Bahwan International Group LLC (BIG), comes with rich experience, deep understanding and vast industry knowledge. Iraq is an important market for us, and ARATA International FZC's extensive distribution network, along with our shared ethos and values, makes them the ideal strategic partner. This association with them is a significant step towards further expanding and bolstering TVS Motor Company's market presence in Iraq," Sudarshan Venu, Joint Managing Director - TVS Motor Company, said.

Bahwan International Group and its channel partners plan to operate more than 30 dealerships for TVS Motor Company. The dealerships will include 3S dealership facilities in all the major cities of Iraq with after-sales service, and spare parts support in tier-2 cities to expand the TVS presence in Iraq.

INFUSES ₹1,700CR FOR 'RETAIL OF THE FUTURE' PLAN

Merc Bets on New Biz Model to Prop Up its Order Book

Auto major generates $100 million orders in less than a month led by festive buying

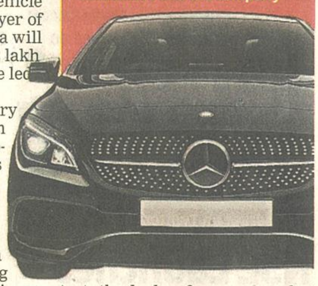
Ketan Thakkar & Ashutosh R Shyam

Easier Options

Co has taken away incidental charges/ handling fee from system

Advantages of new model...

- Better cost structure for dealers
- Transparent pricing for customers
- Closer connect between the consumers and the company



Mumbai: At a time when vehicle prices are moving up, a buyer of Mercedes Benz cars in India will be able to gain ₹1 lakh to ₹2 lakh benefits on the selling price led by the new business model.

The country's largest luxury carmaker has pumped in equity of ₹1,700 crore to implement the new business model — called the 'Retail of the Future' from October 1. The company has already garnered an order book of $100 million in less than a month led by festive buying under this new model retailing over 1,700 cars

Under the new model the company has taken charge of all the inventory — reducing the interest burden on the dealers and offering a more transparent pricing for the end consumers — taking away the incidental charges or handling charges from the system. The new model will ensure a better cost structure for dealers hence ensuring profitable business, transparent pricing for the customers and closer connect between the consumers and the company, claimed Mercedes Benz.

Martin Schwenk, MD of Mercedes Benz India told ET, the new model brings in more flexibility in the overall operations, it protects the dealers from any market facing risks and it allows the company to react quickly and aggressively amid dynamic business environments.

"There is an upside on profitability for both dealers and the company and the consumer gets a fair deal. With a transparent system in place, the overall value chain right from factory to dealers will improve customer experience and that will help in customer retention," added Schwenk.

The capital infused earlier in the year, will help Mercedes in funding the inventory, in case of a future growth, the maker of S Class will be able to borrow from the market at a much better finance rates, than what its dealer partner could.

The Economic Times 23rd October 2021

PRESS REPORTS
ON
RAW MATERIAL

Business Line 29th October 2021

EU steel tariff extension: India may strike back

Russia, Turkey too notify their intent to suspend concessions against EU

AMITI SEN

New Delhi, October 28

The spat between India and the EU over the bloc's decision to extend safeguard duties on steel imports from the country for three more years has intensified with New Delhi confirming its intention to impose retaliatory duties on imports from EU countries after Brussels justified its action at a recent WTO meet.

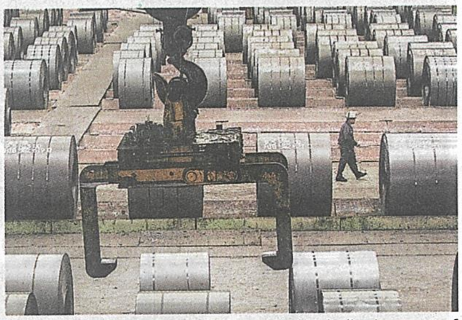
At a recent meeting of the WTO Safeguards Committee, India said that it will provide the details of the suspended concession, estimated at €292 million, to the WTO's Goods Council before the tariff increase is applied, a Geneva-based trade official told *BusinessLine*.

Russia and Turkey too have notified the WTO of their intent to suspend concessions against the EU for its decision to prolong the safeguard measure.

EU's tariff rate quotas

The EU had implemented tariff rate quotas on steel imports as a safeguard measure in 2018 for three years following the US decision to impose additional import duties on steel from a number of countries including Russia, India and Turkey.

It fixed specific quotas for steel imports for exporting countries beyond which the items attracted additional import duties of 25 per cent.



India estimated that safeguard measures led to decline in exports of €1.168 billion on which duty collection would be €292.01 m REUTERS

The situation became tougher for Indian exporters after the EU made certain changes in the TRQ administration and then decided to extend the measures for another three years.

"One of the reasons behind the EU's decision to impose TRQs on steel was to avoid diversion of exports from the US to the EU market. But this has caused losses for Indian exporters due to no fault of theirs. That is why India wants to impose retaliatory duties in case the EU does not roll back its decision," another official said. India is among the main steel exporters to the EU, which also includes China, Russia, South Korea, Turkey and Ukraine.

In talks with Brussels

India estimated that the safeguard measures resulted in the decline of exports to the tune of €1.168 billion on which the duty collection would be €292.01 million. New Delhi held consultations with Brussels trying to persuade it to withdraw the measures, but the latter has not agreed yet. The retaliatory action being planned by India, Russia and Turkey are being taken in line with Article 8.2 of the Safeguards Agreement, which allows a member to suspend concessions if an agreement on compensation with the member imposing the safeguard cannot be reached.

The right to suspend concessions can only be exercised three years after the safeguard is in place.

Standing firm on its decision to extend the safeguard beyond the original three years, the EU, said that it had carried out an investigation which found that the relevant criteria under the WTO's Safeguard Agreement for an extension were all met.

PRESS REPORTS
ON
ECONOMY

Business Standard 23rd October 2021

Recovery on but external shocks biggest risk: MPC

Minutes show members calling for a data-driven approach to policy

ANUP ROY
Mumbai, 22 October

The RBI's monetary policy committee (MPC) saw economic recovery gaining traction but external shocks posing inflation risks as it called for a data dependent approach to deal with it, showed the minutes released on Friday.

The six-member MPC had kept the policy rate and stance unchanged. The repo rate continues to be at 4 per cent, reverse repo at 4.35 per cent, and the stance at accommodative.

RBI Governor Shaktikanta Das emphasised that while the central bank remained "laser-focused" to bring back CPI inflation to 4 per cent, during the last 18 months, the priority has been to "revive growth and preserve financial stability".

He expected the economic output to exceed the pre-pandemic level only by Q3FY22. "Durable recovery in manufacturing and services sectors should support revival in the informal economy. The future trajectory of growth, however, is strewn with many challenges. Overall, growth remains critically dependent on policy support and needs nurturing for sustained recovery," the governor said.

In this context, continued monetary support is necessary. "At this critical juncture, our actions have to be gradual, calibrated, well-timed and well-telegraphed to avoid any undue surprises," Das said.

RBI Deputy Governor Michael Patra said inflation should soften but there are repeated shocks which the central bank must remain guarded against.

"The biggest risks to India's macroeconomic prospects are global and they could materialise suddenly," Patra said. "While the trajectory of inflation may undershoot the projections made in August, it is likely to be uneven, sluggish and prone to interruptions."

The sole dissenter in the group, Jayanth R Varma, who favoured a reverse repo hike and voted against the accommodative stance, said the ongoing transition to green energy worldwide "poses a significant risk of creating a series of energy price shocks similar to that in the 1970s".

There are also risks to global growth because of the emerging financial sector issues in China, reminiscent of Japan of the late 1980s.

"Both of these risks — to inflation and growth — are well beyond the control of the MPC, but they warrant a heightened degree of flexibility and agility," he said.

RBI Executive Director and head of monetary policy department Mridul K Saggar also warned of "significant headwinds" from the shifting global macroeconomic conditions.

"These (global policies) can have significant spillovers and spillbacks running through trade, financial and market expectations channels," he warned, even as he was confident that the country has enough buffers.

In a flexible inflation-targeting framework, the RBI has to remain conscious about exchange rate dynamics originating from exogenous shocks.

If no new disruptions to growth emerge, "output gap will close sometime in 2022-23 and monetary policy should start to gradually reposition to lowering underlying inflation and inflation expectations next year," Saggar said.

If oil prices average $80/barrel or more in the second half, it can tentatively raise inflation by 15-20 basis points, lower growth by 13-15 bps and widen the current account deficit by about 0.25 per cent of GDP, Saggar said.

"Tax cuts on petroleum products are essential," said external member Ashima Goyal, adding, "a real policy rate of about -1 per cent is appropriate."

The current prices include "large uncertainty" due to speculative elements. Therefore, "large sudden falls are possible." Policy has to be data-based, she said, while liquidity has to be kept at sufficient level as reverse repo is raised gradually.

External member Shashanka Bhide said: "While return to the pre-pandemic level of economic activity is to be expected when the restrictions on the supply side are liberalised, the pace of this return to normalcy would depend on the factors affecting supply as well as demand," Bhide said.

MEMBER SPEAK

"Durable recovery in manufacturing and services sectors should support revival in the informal economy. The future trajectory of growth, however, is strewn with many challenges, most notably from how the pandemic will evolve"
SHAKTIKANTA DAS, Governor, RBI

"In my view, the biggest risks to India's macroeconomic prospects are global and they could materialise suddenly"
MICHAEL PATRA, Deputy Governor, RBI

"Transition to green energy worldwide "poses a significant risk of creating a series of energy price shocks similar to that in the 1970s"
JAYANTH VARMA, Member, MPC

"Policies will need to respond with alacrity... If at all some guidance is needed at this stage, it has to be a soft one"
MRIDUL SAGGAR, Executive Director, RBI

"Tax cuts on petroleum products are essential... that could impart persistence to domestic inflation"
ASHIMA GOYAL, External Member, MPC

"Pace of the return to normalcy would depend on the factors affecting supply as well as demand"
SHASHANKA BHIDE, External Member, MPC

Business Standard 22nd October 2021

Power play in coal shortage

Why the recent crisis has opened the doors for governments to micro-manage the market

JYOTI MUKUL

New Delhi, 21 October

India's power problems, accentuated by a coal shortage, are a testimony to not just the sector's dependence on this fossil fuel but also to how fuel availability and its high price could impact the post-Covid-19 economic recovery. Coal supplies to non-power generators have not resumed yet, and companies that still have a substantial number of employees working from home across the country have started to rethink their business continuity plans and look for backup arrangements because of the frequency of power cuts.

Though there are captive coal blocks that have been allocated to power companies, generators largely depend on coal linkages or supply arrangements with Coal India Ltd (CIL) and its subsidiaries to meet their requirement. Every year, the coal behemoth advises power producers to stock up before the monsoon since the mines tend to get flooded, impacting production. Transporting coal in the rainy season is equally tricky. But this time round the situation went out of hand. Even at the peak of the festival season when power consumption usually goes up, around 48 thermal power plants on October 16 reported coal shortage as the reason for lower or no generation. None of the power plants that have coal linkages had more than eight days of stock, while 22 plants with 29,640 MW capacity had only a day's stock on October 19.

The Union power ministry in August decided to limit the stock holding to 15 days, which implied it wanted power plants to stock the bare minimum of what the CEA advises

In fact, coal stocks at generation sites had started to come down to less than five days in August. The government is now looking to revise the stocking norms and make it mandatory for power companies to have a minimum 20-day of coal if they are away from the mines. The number of days could be higher for peak summer and winter months.

Currently, the quantity of coal bought and supplied to users is governed by the fuel supply agreements (FSAs) that the CIL group companies sign with customers. But these are only supply contracts with a penalty and incentive mechanism in place and do not make stocking mandatory. CIL can terminate an FSA if a power generator lifts below 30 per cent of its annual contracted quantity (ACQ), and 40 per cent of the basic sale price is levied as a penalty if the power companies lift 50-40 per cent coal. "Power generators on an average lift 80-85 per cent of the ACQ; a penalty kicks in only if the quantity lifted is less than 75 per cent of ACQ," a senior government official explained.

For a commercial organisation like CIL, inspecting stock positions at power plants is neither part of its mandate nor does it have the wherewithal to do so. Current stocking norms are not mandatory and are monitored by the Central Electricity Authority (CEA), which has standard classification norms for judging which power plants are in the critical stocking position. CEA is the technical body for the power sector. Those units that are at the pitheads are advised to stock a minimum 15-day requirement. Depending on the distance, the requirement increases to 30 days (*see chart*).

A BIG SHORT

(As on October 19, 2021)

Mode	No. of Plants	Capacity (MW)	Daily Req ('000 tonne)	Total Stock ('000 tonne)	Total Stock (in Days)
Pithead	16	35,200	446.0	2,469.5	6
Non-Pithead	119	129,866	1,390.0	5,033.9	4
TOTAL	135	165,066	1,836.1	7,503.5	4

Stock in Days (Critical/Super Critical)	Number of Plants	Capacity (MW)
0 day	15	15,080
1 day	22	29,640
2 days	19	25,445
3 days	18	22,594
4 days	15	18,130
5 days	10	11,495
6 days	8	7,800
7 days	0	0
8 days	0	0
TOTAL	107	1,30,184

COAL STOCKING GUIDELINES OF CEA

Distance of Power Plant from Mine	Number of Days
Pit-head station	15
Up to 500 km	20
Up to 1,000 km	25
Beyond 1,000 km	30

SOURCE: Govt of India

With alarm bells going off on coal stocks, the Union power ministry in August decided to limit the stock holding to 15 days, which implied it wanted power plants to stock the bare minimum of what the CEA advises. According to a government statement of August 29, this freed up 177,000 tonne of coal or just about 10 per cent of a day's requirement of 1.8 million coal for power plants that have coal linkages.

According to a CARE Ratings analysis, power plants on an average had stock equivalent to only four days of consumption as on 30 September, 2021, significantly below the September 2020 level of 19 days and September 2019 level of 11 days. CIL's inability to produce more and generators' refusal to stock up adequately led to this year's unprecedented crisis. A letter from the ministry of coal indicated CIL could produce about 237 million tonne (mt) of coal against a target of 261 mt from 1 April to 21 September, while dispatches were 293 mt against a targeted 351 mt in the same period. This indicates that earlier stocks were being used for supply.

Usually, the shortage of domestic coal is made up by coal imports, which this year was restricted due to a surge in imported coal prices. Higher prices of imported coal and natural gas added fuel to the fire. CARE Ratings' report said the Indonesian HBA (Harga Batubara Acuan) thermal coal price remained benign during 2020 at less than $60 a tonne but more than doubled to $161.63 on 5 October, 2021. "This extraordinary price rise is largely attributable to China-related issues, including surging power demand, its lower domestic coal production and an unofficial ban on import of Australian coal," the report said.

Both China and India are among the top global producers of coal but shortages in the coal supply and power market have put a question mark on their energy policies. Assuming that the government mandates higher stocking at power plants and aligns CIL production as well, the other issue of whether generators will be able to bear the carrying cost will have to be addressed.

The working capital requirement of power generators will go up and that will reflect in higher power tariffs. This cost will have to be borne by power consumers. It will also mean a constant struggle to get past the state and central electricity regulatory processes of tariff petition approval. At the distribution end, power retailing companies with their poor balance-sheets could keep payments pending.

Apart from these reasons that could make mandatory stocking norms tedious for generators, it will also mean the Union government, the CEA or even state power departments will enter into micro-level management of a coal market that is clearly not out of the woods.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 28th October 2021

FADA calls for legislative protection akin to developed nations

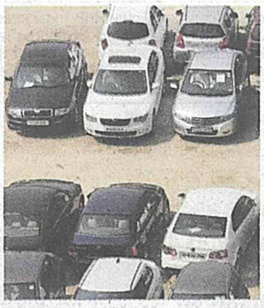
Says OEM-dealer contracts not balanced; seeks Govt support

S RONENDRA SINGH

New Delhi, October 27

The Federation of Automobile Dealers Associations (FADA) on Wednesday said that original equipment manufacturer (OEM)-dealer contracts in India are not balanced or equitable, and called for polices similar to those in developed countries like the US and Australia.

Triggered by Ford Motor's exit from India recently, the industry body said the country should also have an Automobile Dealers' Protection Act so that they are not left in losses in the future. After General Motors (2017), MAN Trucks (2018), UM Lohia (2019), Harley Davidson (2020), Ford is the fifth major auto company to stop domestic production and sales and exit the market.



FADA has already written to the Ministries of Heavy Industries and Micro Small and Medium Enterprises (MSME) and will forward the same letter to the Commerce Ministry in the next two days.

"We are already following up with the Heavy Industries Ministry and MSMEs. Now, we are seeking help from the Commerce Ministry and have also sought a meeting with Minister Piyush Goyal," Vinkesh Gulati, President, FADA told *BusinessLine*.

Gulati said in countries like the US, Australia and even in some European countries, the governments support the Acts by providing a level-playing field.

"While we (India) are number one in motorcycles and number four in passenger cars market in the world, and wanting to become number three or two, we don't have such regulations. Unfortunately, the existing legal regime in India is inadequate to address these specific concerns of dealers. While OEM-dealer agreements are governed by the Indian Contract Act, the law does not contain any clear solutions for us," Gulati said.

Needed, a legislation

India should also urgently consider the introduction of an 'Automobile Dealers Protection Act' to make contracts more balanced and equitable. The legislation should introduce robust contract enforcement and dispute settlement measures by incorporating a special authority with adequate representation from the government, FADA and Society of Indian Automobile Manufacturers (SIAM), he said.

At present, disputes between the OEMs and dealers are usually subject to arbitration under the dispute resolution clauses of the dealership agreements. However, under the terms of most dealership agreements, there is no recourse for the dealer.

"The dealer is rarely given an opportunity for course correction before the threat of termination and/or litigation is brandished upon them. Even if a dispute arises and is referred to arbitration, the imbalance of power between the parties is very evident and would only make matters worse for the dealer that has a huge amount of capital locked into the dealership," Gulati added.

Business Line 19th October 2021

Anti-dumping duty levied on arylides imports from China

KR SRIVATS

New Delhi, October 18

The Finance Ministry has imposed definitive anti-dumping duty on arylides imports from China.

Laxmi Organics Industries — the sole producer of arylides in the country — had filed a petition seeking an anti-dumping probe on arylides imports from China.

Arylides are organic compounds and are used as intermediates to make different kinds of yellow pigments.

They are also used in other industries like agrochemicals, and orange and red pigments. Industries like paper, plastic and textiles use arylide group of products in the production of pigments, dyes and printing inks.

Based on the recommendations of the designated authority in the Commerce Ministry in its final findings, the revenue department imposed a definitive anti-dumping duty of 24.79 per cent of cost, insurance and freight (CIF) value in the case of arylides produced by Qingdao Haiwan Speciality Chemicals and 26.64 per cent of CIF value in the case of arylides produced by Nantong Acetic Acid Chemical.

For all other producers and exporters from China, the definitive anti-dumping duty has been pegged at 44.9 per cent of CIF value of imports.

Period of probe

The definitive anti-dumping duty on arylides (aceto acetyl derivatives of aromatic and heterocyclic compounds) will last for five years.

The period of investigation ranged from April 1, 2019 to March 31, 2020. The injury investigation period covered the years 2016-17, 2017-18, 2018-19 and the period of investigation.

The Economic Times 22nd October 2021

Cabinet Clears Rollout of GatiShakti Master Plan

Nod to set up institutional framework for providing multi-modal connectivity under GatiShakti

Our Political Bureau

New Delhi: The Cabinet Committee on Economic Affairs gave its approval on Thursday to the implementation of the ambitious PM GatiShakti National Master Plan which will ensure coordination between ministries on government projects and prevent wasteful expenditure and delays caused by red-tape. It will have a 3-tier monitoring system that will be chaired by the Cabinet secretary and comprise an Empowered Group of Secretaries of 18 ministries.

The cabinet gave its nod to the setting up of the institutional framework for rolling out, implementation, monitoring and support mechanism for providing multi-modal connectivity under GatiShakti. Prime Minister Narendra Modi had launched the master plan on October 13, 2021. Other than the empowered group of secretaries (EGOS), it will have a Network Planning Group (NPG) and Technical Support Unit (TSU) with required technical competencies.

EGOS will be headed by Cabinet Secretary and will consist of Secretaries of 18 Ministries as members and Head of Logistics Division as Member Convenor. The EGOS has been mandated to review and monitor implementation of the PM GatiShakti national master plan to ensure logistics efficiency. It is empowered to prescribe framework and norms for undertaking any subsequent amendments to the national master plan.

The empowered group of secretaries shall also set out the procedure and definitive framework for synchronization of various activities and ensure that various initiatives of infrastructure development are part of the common integrated digital platform. It will also look at the interventions required to meet the demand side, in efficiently transporting bulk goods on the requirement of various ministries like steel, coal and fertilizer.

Approval was also given for the formation, composition and terms of reference for Network Planning Group (NPG) consisting of heads of Network Planning wing of respective infrastructure ministries. NPG will assist EGOS. A Technical Support Unit will be set up to help in handling complexities involved in overall integration of networks, enhancing optimization to avoid duplication of works for holistic development of any region as well as reducing logistics costs through micro-plan detailing. TSU will have domain experts from various infrastructure sectors such as aviation, maritime, public transport, rail, roads and highways, and ports. It shall also have subject matter experts from urban and transport planning, structures (roads, bridges and buildings), power, pipeline, GIS, ICT, finance/market PPP, logistics and data analytics.

To have empowered group of secretaries, a Network Planning Group and Technical Support Unit

MISCELLANEOUS REPORTS

Business Line 25th October 2021

Apollo Tyres expects two-wheeler biz to hit ₹1,000-crore by next year

S RONENDRA SINGH
New Delhi, October 24

Apollo Tyres has said that the company's two-wheeler business will touch ₹1,000 crore by next year from around ₹650 crore right now, as the demand for aftermarkets grows, especially from the rural areas.

"We are not into OEMs where the margins are less...we are only in the aftermarket and that keeps our margins better, and very soon by end of next year two-wheelers will be a ₹1,000 crore business from around ₹650 crore now," Satish Sharma, President, Asia Pacific, Middle East and Africa (APMEA), Apollo Tyres, told *BusinessLine*.

He said the company's strategic focus is at the premium-end of the market, where margins are high. "We are now at almost six-lakh tyres a month as compared to zero three-four years back (for two-wheelers), and we have around 8 per cent of the market. The penetration in the rural areas is also good," Sharma said.

Satish Sharma, President, APMEA, Apollo Tyres

The company on Saturday launched the premium European brand, Vredestein in India. The Vredestein brand of tyres will be manufactured at facilities in India, and will cater to the premium and luxury segment in passenger cars, while the two-wheeler tyres from the brand would cater to the growing superbiking segment in India.

While Vredestein Ultrac Vorti would cater to premium luxury sedans such as Mercedes, BMW, Audi, Land Rover and Volvo, Vredestein Ultrac would cater to premium hatchbacks and sedans such as Honda City, Maruti Suzuki Ciaz and Baleno, the company said.

The two-wheeler tyres from Vredestein, Centauro NS and ST, will cater to the entire sport touring and super sports range of motorcycles such as BMW, Ducati, Aprilia, Triumph, Kawasaki, Suzuki, Honda and Yamaha, it said.

Apollo Tyres had acquired the Netherlands-based company 12 years back and so far was catering to the export markets, especially in Europe and the US.

"It will definitely strengthen our offerings in the passenger vehicle and two-wheeler segments in India. The import restrictions on tyres imposed by the government recently, made a strong business case for us to bring the Vredestein brand to India for the high-end cars and motorcycles," Sharma said.