ACMA

(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

Automotive Component Manufacturers Association of India

Press Statement

ACMA welcomes thrust on sustainable development in Union Budget 2022-23

- Budget sets the blueprint for 'Amritkal' – the next phase of India's development into a green & digital economy
- Focus on inclusive growth, infrastructure, logistics, roads & highways, ease of doing business, enhanced outlay for capital expenditure, MSME and skilling, among others, auger well for the automotive value chain

New Delhi, February 01, 2022: ACMA, the apex body representing India's auto component sector, congratulated the Government on the measures announced in the Union Budget especially for the focus on inclusive growth, development of infrastructure & logistics, ease of doing business, enhanced outlay for capital expenditure, impetus to growth & development of MSMEs and skilling & education.

Thanking the Union Finance Minister, Nirmala Sitharaman, **Sunjay J Kapur, President ACMA, said**, "The blueprint of a digitally enabled, Aatmanirbhar Bharat, coupled with measures that will drive sustainable yet inclusive growth at a rapid pace for the next twenty-five years. These are the bedrock of the proposals announced in the Union Budget 2022-23, as we redefine our economy in a post-pandemic world."

"Setting the direction for creation of urban fossil fuel free zones, policy for battery swapping and energy as service and incentives for creating a vibrant start-up eco system, India could soon emerge as a fore-runner of green mobility solutions for the world", **added Kapur.**

Kapur further mentioned, "ACMA is also delighted by the measures announced for the MSMEs. The auto component industry is dominated by small players and the extension of the ECLGS (Emergency Credit Line Guarantee Scheme) and its cover, revamping and infusion of funds into the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme combined with the Raising and Accelerating MSME Performance (RAMP) program will help the MSMEs stay relevant and competitive".

The budget also announced reduction in duty on some commodities such as pig iron, ferro alloys, ferrous products etc. as also on copper and aluminium scrap, and removal of anti-dumping duty on some steel items which will help alleviate the current challenge of availability of raw materials in the automotive sector. That apart, opening of the Defence R&D to private sector will create yet another opportunity for the auto component sector.

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Times of India 19th January 2022

State sees 8% growth in vehicle registrations; Pune top grosser

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Mumbai: Vehicle registrations in the state went up by 8% in 2021 compared to 2020, said state transport commissioner Avinash Dhakne on Tuesday.

In the Mumbai region, Thane was among the top three RTOs in the state when it came to both vehicle registrations and revenue earnings, after Pune and Pimpri-Chinchwad. The share of Mumbai vehicle registrations in 2021 stood around 10% of the state registrations.

More than 19.2 lakh new vehicles hit the roads of Maharashtra in 2021 compared to over 17.7 lakh registered in 2020. The registrations in 2021 stood just 17% short of pre-Covid times in 2019, when total vehicle registrations numbered 23.1 lakh.

In Mumbai, nearly 2 lakh vehicles were registered from January to December in 2021, of which the eastern suburbs (Wadala RTO) witnessed the highest registrations at 52,702.

The city registered 57,652 new cars and 1.24 lakh new bikes, and the rest were other categories of vehicles, such as buses and trucks, in 2021.

Dhakne said that despite the lockdown and restrictions during the second wave of the Covid-19 pandemic last year, the 50 RTOs across the state collected a revenue of Rs 6,530 crore till January 13 in the ongoing financial year (2021-22).

A transport expert said that during the pandemic last year, several citizens chose to have their own cars or bikes for travel. It was not just for short-distance travel, but people planned road trips with families in their SUVs, sedans and hatchbacks to go to their hometowns or to any tourist destination within or outside the state. The reason was simple: avoid going out with family in local or long-distance trains or by flights for fear of catching infection.

Experts added that personal cars and bikes were also the best forms of social distancing compared to packed trains or buses. Thane, which was among the top three RTOs in the state, registered 82,401 vehicles and earned a revenue of Rs 483 crore last year.

19.2L VEHICLES ADDED IN A YEAR

Vehicle Registrations in Maharashtra

2021	19.22 L
2020	17.76 L
2019	23.1 L

Car and Bike Registrations in 2021

RTO	Cars	Bikes
Tardeo	15,467	32,606
Wadala	13,325	34,781
Andheri	13,935	23,820
Borivli	14,925	33,020
Pan-Maha	4.53 L	13.33 L

Business Line 17th January 2022

Big jump in sale of CNG vehicles in 2021

1.63 lakh gas-run vehicles were registered

G BALACHANDAR

Chennai, January 16

Even as electrification catches up in some automotive segments, there has been a significant surge in the sale of CNG (compressed natural gas) vehicles as an alternative to costlier petrol/diesel vehicles.

In 2021, there was almost a four-fold increase in registration of CNG-powered vehicles. The total number of CNG-only vehicle registration for 2021 stood at 1.63 lakh as compared with 41,572 units in 2020. Also, the total registration of petrol/CNG vehicles grew to 2.36 lakh units (2.07 lakh) and petrol/hybrid vehicles to 1.22 lakh (84,000), according to official data.

The increased price gap between CNG fuel and petrol/diesel and a good increase in the availability of CNG refilling stations across India have driven buyers' shift towards CNG vehicles.

Aggressive promotion

"Yes, there is a definite shift towards alternative fuel vehicles. In the case of passenger vehicles, we have seen CNG share in sales cross 8 per cent of overall sales and EVs are also seeing some traction more so in the recent months. We are seeing more CNG launches by different manufacturers looking at the current gap in retail prices of petrol and diesel," said Hemal Thakkar, Director, Crisil Research.

In the PV segment, only Maruti and Hyundai have been aggressively promoting CNG vehicles. Maruti, the top player in the sale of CNG models in the PV segment, has seen a big increase in the sale of CNG variants, which accounted for 18 per cent in its volumes during the September 2021 quarter as compared to 11 per cent in the year-ago period. As it makes economic sense to consider a CNG model vs diesel or petrol variants now, many companies are also jumping into the CNG bandwagon. Tata Motors will shortly announce its plans for a CNG range of variants in its PV portfolio.

In the commercial vehicle space, CNG penetration has been happening steadily in the small commercial vehicle segment. However, the recent months saw bigger penetration in the higher tonnage categories also. "Since BS-VI launch we have seen petrol and CNG vehicles breach 20 per cent of sales in the sub-one tonne category of commercial vehicles in recent months. In the case of ICVs, our latest interactions suggest that CNG has reached almost 50 per cent of overall sales in recent months. In the case of buses, EV penetration has seen a good increase on account of STU tenders and CNG penetration has also remained good with diesel losing share," said Thakkar.

Pure CNG vehicles will only be available in the commercial vehicles segment. Company fitted petrol plus CNG options are available in passenger vehicles as well as small commercial vehicles.

Business Line 21st January 2022

Luxury car makers seek 'booster shot' for growth

Want government to rationalise tax structure, a stable policy regime

S RONENDRA SINGH
New Delhi, January 20

Luxury car makers in India do not want much from the upcoming Budget. However, they have asked for a holistic and long-term growth perspective for the automotive industry.

Luxury vehicles in the country attract GST rate of 28 per cent with an additional cess of 20 per cent on sedans and 22 per cent on SUVs currently, taking the total tax figures up to 50 per cent.

"Burdened under high duties, GST, cess and registration costs, we urge the government to rationalise the entire tax structure, which eventually will lead to higher volumes for the industry," Balbir Singh Dhillon, Head, Audi India told *BusinessLine*.

Equally important is a stable policy regime for an uninterrupted business due to long lead times, which is specific to the luxury automotive industry, he said.

"We seek a holistic view towards the industry in light of the contributions made by the original equipment manufacturers (OEMs) in bringing new technologies to India and also long-term investments already made in India," Dhillon added.

Policy stability

Similarly, Martin Schwenk, Managing Director and Chief Executive Officer, Mercedes-Benz India, said, "We expect

the Union Budget to have a holistic and long-term growth perspective for the automotive industry, by helping to create consumer demand and growth. This year's budget should look at the existing taxation structure, and consider offering relief and provide necessary stimulus for creating demand and subsequent growth."

"With growing emphasis on developing the EV ecosystem in India, we expect a long-term stability in the existing e-mobility policies of the government. We expect the current benefits provided to the customers related to GST benefits to continue, thus encouraging more customers to adopt e-mobility. In addition, we expect an increased government spending for accelerate development of the charging infrastructure, in the context of a rapid growth forecasted for the EV segment," he added.

'Help market grow'

According to analysts, the luxury car market in India needs some booster shot from the government right now because the market has not expanded in the last one decade.

"The market has not expanded really in last 10 years, so there has to be an approach as a country to progress in that perspective. The government should help the market grow for the next 10 years with specific approach like on localisation. They should encourage for localisation of content (which they already are doing) and that is the way by which prices of luxury cars will come down," Som Kapoor, Partner – Automotive sector, EY India, said.

There has to be an environment where government and OEMs work on co-creation of localisation and give some time bound to OEMs for maximum localisation in the coming years, he added.

The luxury cars market in India touched around 26,000 units in 2021, the three major brands – Audi, BMW and Mercedes – contributing around 23,400 units. Mercedes-Benz India has the highest market share by selling 11,242 units in 2021, and has been the number one player for last seven years.

Business Line 20th January 2022

With Jawa and Yezdi, Classic Legends to push for growth in mid-market segment

Will focus on exports, before jumping on the electric bandwagon

SWARAJ BAGGONKAR
Mumbai, January 19

Mahindra & Mahindra-promoted two-wheeler company Classic Legends, with niche brands such as Jawa and Yezdi, is ready to push for growth in the mid-market segment, which it believes will pave the way for opportunities in the future.

The company, which made its debut in late 2018 with the introduction of the Jawa brand, launched its second offering last week, with the launch of the Yezdi brand. It has launched three motorcycles with the promise of immediate deliveries as against uneven delivery schedules experienced during the Jawa rollout. Anupam Thareja, co-founder, Classic Legends, said, "We got 100,000 bookings when we launched the Jawa. We planned (production of) 30,000-40,000 in the first year. We were supposed to start deliveries six months after we took the bookings. When we ramped up to 10,000 units in January (2020), we were hit by supply chain snags in February, and March we were hit by Covid."

Since the company depended on a single source for every component it ordered from its suppliers, it soon ran into production snags. It had to shut production if even one component was unavailable since the same could not be ordered from some other supplier.

Classic Legends has launched three motorcycles with the promise of immediate deliveries

FADA numbers

According to the Federation of Automobile Dealers' Association (FADA), Classic Legends saw the retail of under 2,500 units of the Jawa range during December. However, Thareja claims sales done by the company is more than double the numbers shared by FADA. "If production does not suffer and all our dealerships are open, then Yezdi has a demand for 10,000 units a month. Our numbers are generally 2X of what FADA states. Sometimes they are close, but our variation is the highest. Including Yezdi, the total numbers would be much more than 5,000 units a month," Thareja added.

Reintroduction of the Yezdi is the final step of the first phase of Classic Legends. The company will now look to push for exports before jumping to the electric bandwagon to conclude the three strategies.

"Overall investment in designing and industrialising these machines is ₹700 crore. With the launch of the three bikes, we complete our portfolio of the mid-market segment. While pushing for exports is the second strategy, electric vehicles (EV) is the final one," Thareja claimed.

Legendary British bike brand BSA is leading the charge for Classic Legends in the EV space. The UK government's Advanced Propulsion System (APS) is the part financier of the BSA EV project. The idea is to create a modern retro, authentic, electric motorcycle that is unmistakably British. The project includes a bespoke battery, with a specially designed motor that creates the right retro-torque with an authentic sound. The total project value is £9.2 million, with £4.6 million funded through the APC.

Electric push

"We knew electric is set to come, so we started developing EV from Day 1. We could have launched electric even before we got these (Jawa and Yezdi) out. What we did not want to do was a badging job from China and label it electric. The category we are getting into does not lend itself to be electric immediately in India, so our electric will start from the western markets and percolate into India, definitely in the next two years," Thareja added.

Business Line 16th January 2022

Industry upset as Haryana's private job quota law kicks in

Firms to offer to locals 75% of jobs grossing up to ₹30,000/month

MEENAKSHI VERMA AMBWANI
S RONENDRA SINGH

New Delhi, January 15

Senior managers across sectors, especially information technology (IT) companies headquartered in the US, spent an anxious weekend glued to their phones as Haryana's controversial law reserving for local candidates 75 per cent of private jobs offering a gross monthly salary up to ₹30,000 kicked in on Saturday.

In the country's 'BPO capital' Gurugram, senior leaders at various BPO/BPM (business process outsourcing/management) outfits went into a huddle as this sector fears losing talent the most.

Firms to give details

With the Haryana State Employment of Local Candidates Act, 2020, coming into effect, all companies employing more than 10 employees in the State, will need to furnish information regarding employees who get a gross monthly salary or wages up to ₹30,000. Companies will need to complete these formalities in the next three months. They will also need to furnish a quarterly report on the portal providing information regarding the local candidates employed/appointed in the previous quarter. The Act will apply to new recruitments.

Industry bodies say the new law could hit fresh investments in the State and impact ease of doing business

The Punjab and Haryana High Court has dismissed the industry bodies' plea for early hearing of the petitions challenging the law on Friday and scheduled it for hearing on February 2.

"This will clearly have an impact although they (the Haryana government) have reduced the threshold to ₹30,000 from ₹50,000 earlier. When you look at it from the point of the BPM/BPO segment and Gurugram being the capital of world's BPM capital, the impact is going to be significant," Ashish Aggarwal, Vice-President - Public Policy at Nasscom, told *BusinessLine*.

The law would impact not just the IT and start-up ecosystem but also the hospitality and retail industries that employ people from other regions, especially the North-East. The auto and construction industries, similarly, would have issues employing locals. There is anxiety across sectors.

Challenge to implement

Rajiv Chawla, Chairman, Integrated Association of Micro, Small and Medium Enterprises of India (IamSMEofIndia), which is among the petitioners that have moved the High Court for a judicial review of the controversial law, said, "There will be a lot of hiccups, approvals, documentations and GST-like quarterly filings. There is going to be a huge compliance burden even for micro and small enterprises. It will pose a huge challenge for sectors and trades such as construction, which are dominated by workers who come from certain clusters in the country. There are fears regarding shortage of labour especially for seasonal hiring by some industries."

He said even the provision for exemption if an adequate number of local candidates of desired skill or proficiency are not available for a particular category of jobs is up to the discretion of the State government.

Against free labour

"We are deeply disappointed with the implementation of this law as any restriction based on some State level reservations is definitely against the concept of one nation. Anyone should be free to work in any part of the country and not face any discrimination," said Pradeep Multani, President, PHD Chamber of Commerce and Industry.

Industry bodies have been warned that this could impact fresh investments in the State and ease of doing business. "The government has implemented this law to provide employment. But it has been seen in the past that any rule that tries to artificially control the internal functioning of a private enterprise against the market will affect its competitiveness in the market and hurt the enterprise, the State and the very people for which it seeks to protect employment," said Harbhajan Singh, Chairman, CII's Special Task Force on Ease of Doing Business in Haryana.

Business Line 17th January 2022

SUV push gives UVs a lead over cars

Price overlap at the entry level driving the trend

SWARAJ BAGGONKAR

Mumbai, January 16

The utility vehicle segment, led by SUVs, has cruised past passenger cars for the first time in nine months this year following a surge in demand. If the trend continues, utility vehicles could emerge the best-selling body style by the close of FY22, a first in a full year.

According to data shared by the Society of Indian Automobile Manufacturers (SIAM), total sales in the UV segment, which includes sports utility vehicles, stood at 1.03 million units at the end of December 2021, compared to 1.02 million units in the passenger car segment during the same period.

Share of UVs in the passenger vehicle category jumped to 48.21 per cent during the nine months from 38.08 per cent in the same period last year. The share of passenger cars slumped to 47.92 per cent (57.82 per cent). The balance which is under 4 per cent represents the van segment.

Preferred for their high seating stance, better road view, more space and loading capacity and better recall among consumers, SUVs have been on a northward climb since the past several years. The number of buyers choosing an SUV body style as their first car is also climbing with there being no dearth of model offerings in the sub-₹7 lakh category and there are as many as 15 offerings in the UV segment priced under ₹10 lakh.

While traditional bestsellers like Hyundai Creta, Maruti Suzuki Brezza, Tata Nexon and Kia Seltos continue to do brisk business, newer additions like Renault Kiger, Tata Punch, Skoda Kushaq, Mahindra XUV700 and Volkswagen Taigun are gaining momentum as well.

Entry-level SUVs

Barring the Hyundai i20 N Line there has not been any hatchback launch in nearly two years. Shashank Srivastava, Senior Executive Director, Marketing and Sales, Maruti Suzuki India, said, "The sub 4-metre category enjoys concessional GST rate benefit. As a result, there is a price overlap between the entry sedan, premium hatchback and entry level SUVs. Hence, the cross consideration for consumers have increased across segments including SUVs. This phenomenon is visible strongly in the entry SUV segment which is driving this growth."

According to Srivastava, the entry level SUVs accounts for 22 per cent of the market and around 50 per cent of the overall SUV market. The entry level SUV market was around 4-5 per cent in 2016. There are about 43 brands in overall SUV segment-.From a contribution of 47 percent in 2020, hatchbacks fell to less than 41 percent in 2021 as automotive companies shifted focus to SUV due to rising consumer demand.

Business Line 24th January 2022

Ethanol supplies set to rise this season

Sugar mills seen commissioning new capacity; offtake by OMCs too likely to pick up

VISHWANATH KULKARNI/
RICHA MISHRA

Bengaluru/Hyderabad, January 23

With the government adopting a go-green approach, the focus on India's ambitious ethanol blended programme to bolster the country's energy security has gained momentum. Ethanol supplies from sugar sector are set to rise during the year as mills are seen commissioning about 4-5 new distilleries or expanded units every month from January.

Besides, the sugar industry expects the pace of ethanol lifting by public sector Oil Marketing Companies (OMCs) to pick up in the months ahead. Under the programme, the OMCs have tendered for ethanol requirement of 459 crore litres in the current Ethanol Supply Year (ESY) 2021-22 (December-November) and have issued Letter of Intent for 369.4 crore litres as on January 16. The ethanol supply has begun and OMCs have received 41.4 crore litres till January 16, an oil company official told *BusinessLine*.

"We have achieved around 8.6 per cent so far in the current season from December 1. We expect the pace of lifting to improve further," said Abinash Verma, Director General, Indian Sugar Mills Association (ISMA), the apex trade body for the sector.

Bidding for more quantities

Over the next fortnight, the sugar mills are expected to get a good idea on the cane availability for the ongoing crushing season and are expected to bid for more quantities, Verma said. Besides, with the new capacity addition that's expected in the months to come, there's expected to be bidding for more quantities by the mills in the upcoming tenders.

In the sugar sector, it is estimated that around 70-75 new units with an estimated capacity of around 188 crore litres will be operational in the current ESY 2021-22

"From January onwards, there will be 4-5 new distilleries coming up every month. This would also include expansion of some existing units," Verma said.

In the sugar sector, around 70-75 new units with an estimated capacity of around 188 crore litres are likely to be operational in the current ESY 2021-22. The estimated capacity in ESY 2020-21 stood at 519 crore litres from some 239 units. Of these 237 units, 104 were in Maharasthra, 52 in Uttar Pradesh and 29 in Karnataka.

Grain-based projects

Meanwhile, the Centre has recently approved 196 grain-based ethanol projects of 859 crore litre. In the ESY 2020-21 that ended in November last year, 85 per cent of the ethanol supplies came from the sugar sector and the rest from the grain-based projects. Meanwhile, some of the sugar mills are also expanding into grain-based projects to improve their operational capacities throughout the year.

Keeping pace with the trend, India Inc has sought lower customs duty on ethanol in the upcoming Budget. As part of pre-Budget recommendations, CII has suggested certain incentives and a policy roadmap for the bioenergy sector. This includes concessional import duty of 2.5 per cent on ethanol be brought back to provide feedstock for the domestic industry at better rates. CII has sought clarification for concessional duty that was applicable on ethanol imported for use in manufacture of chemical products during the period from July 1, 2017 till February 1, 2021.

Business Standard 31st January 2022

Auto, consumer appliance firms see less cost pressure

SHALLY SETH MOHILE & SHARLEEN D'SOUZA
Mumbai, 30 January

After a persistent increase in commodity prices, firms manufacturing automobiles and consumer appliances are expecting cost pressure to ease because prices of key inputs, including steel, aluminium, copper, plastics, and some precious metals, show signs of softening.

They, however, are watching the inflationary trends. As the price hikes by manufacturers begin to outpace the incremental cost pressure, margins of companies are expected to expand in the current quarter, said analysts.

"Commodity prices are expected to remain volatile but one is unlikely to see a steep hike one has seen in the past one year. With most auto companies having taken price hikes, one can expect margins to improve from here on," said Hemal Thakkar, director, CRISIL Research.

Prices of aluminium, steel, copper, and other commodities have jumped 25-75 per cent in the past one year, he said.

In a post-earnings investor call last week, Maruti Suzuki India said the cost of precious metals declined in the third quarter and a correction was expected in steel prices in the fourth quarter as well. This, coupled with lower discounts and price hikes, will help gross margins, said the company. It expects raw material prices to stabilise, said the management of the car market leader. Average raw material prices rose 10 per cent over last year.

Maruti Suzuki's gross margin during the quarter improved 50 basis points quarter-on-quarter as price hikes and lower discounts more than offset the incremental input cost pressure.

Though still at an elevated level, prices of hot-rolled coil (HRC) steel, platinum, and natural rubber (domestic) have cooled. Current prices of HRC, for instance, are at ₹65,000-66,000 per tonne as compared to ₹68,350 per tonne in the fourth quarter of calendar year 2021.

Similarly, platinum -- a precious metal that has seen an upswing in demand from auto companies since the switchover to BS-VI emission norms -- has also seen prices soften quarter-on-quarter. Its current price stands at $32.5-33.0 a gm from the highs of $38.1 a gm in the second quarter of calendar year 2021.

Bajaj Auto too has indicated cost pressure has reduced to some extent. While it expects some increment in the current quarter, it is not going to be too severe. Like the carmakers, two-wheeler manufacturers have been taking frequent price hikes. Amid weak demand in the domestic market, Bajaj Auto has been able to pass on the costs in phases to the customer, the company said during the call.

Meanwhile, it's not only car and two-wheeler makers that have increased prices. Prices of ACs, refrigerators, and televisions, among other consumer durables, rose by an average 12-13 per cent last calendar year as manufacturers took multiple rounds of price increases to offset cost inflation.

They have taken another round of 5-10 per cent increase in the current month. Firms making consumer durables remain cautious and unsure of the softening seen in the recent past to sustain.

"In the third quarter, we did see some cooling in raw material prices, but the fourth quarter has started again with some volatility. So it's difficult to say what kind of contribution margins would be there in these product categories, but we do believe that it will be now moving north from here," Anil Rai Gupta, chairman and managing director (MD) of Havells, told investors in a post-earnings call.

Others in the sector echoed a similar sentiment.

Atul Lall, MD at Dixon Technologies, a contract manufacturer of consumer electronics and home appliances, said: "There has been some kind of softening in commodity costs and obviously one expects it to continue."

Polymer prices have seen a correction of 2-5 per cent. Even freight costs have come down from their peak of 8-10 per cent. However, they are still higher than last year, he said. In metals, steel has also reduced by 3-5 per cent, aluminium still remains elevated, and copper is stable.

"We expect further softening as the situation stabilises and supply chain disruptions start to ease," said Lall.

Hit by raw material inflation, Havells' gross margins for the third quarter contracted by 580 basis points year-on-year.

HOW RAW MATERIAL COST MOVED OVER THE YEARS

Commodity	Units	Q1CY21	Q2CY21	Q3CY21	Q4CY21	Current level (₹ cr)
Steel (HRC)	₹/tonne	52,717	64,717	67,317	68,350	65,000-66,000
	Growth (YoY)	34%	69%	69%	46%	
Aluminium	$/tonne	2,092	2399	2,647	2,757	2,950-3,050
	Growth (YoY)	24%	61%	55%	44%	
Copper	$/tonne	8479	9711	9,372	9,527	9,750-9,850
	Growth (YoY)	50%	82%	44%	35%	
Platinum	$/gram	37.3	38.1	33	32.2	32.5-33.0
	Growth (YoY)	28%	49%	13%	6%	
Domestic natural rubber	₹/kg	158	169	173	177	160-165
	Growth (YoY)	18%	51%	32%	16%	
International natural rubber	$/tonne	2,271	2,226	1,832	1,897	1,950-1,960
	Growth (YoY)	46%	57%	5%	-16%	

YoY: Year-on-year

Source: Crisil Research

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 28th January 2022

TVS Motor acquires Swiss E-Mobility, powers e-bike play in Europe

E-bike revenue in the EU to be over $100 m in 2022

OUR BUREAU

Chennai, January 27

TVS Motor Company has acquired Switzerland's leading electric bike maker Swiss E-Mobility Group (SEMG) as the leading two and three-wheeler manufacturer continues to pursue its acquisition strategy to emerge a strong Indian brand in mobility space, including electric mobility, in the European region.

All-cash deal

In an all-cash deal, TVS picked up about 75 per cent in SEMG, which has been valued at $100 million. SEMG, which has one-fifth share in the Swiss e-bike market and expected to hit a revenue of $100 million this year, is the second acquisition by TVS Motor in the e-bike segment after it picked 80 per cent in Swiss-based e-bike company EGO Movement four months ago. About two years ago, it acquired the motorcycle brand Norton.

With the latest acquisition, TVS Motor's e-bike business has touched $100 million in Europe, which is the largest e-bike market in the world growing at more than 18 per cent a year. The global e-bike market is estimated to reach $25 billion in the next five years. Headquartered in Switzerland, which is seen as the hub of future mobility and a leading market with multimodal and intermodal urban transport in Zurich, SEMG is expected to give TVS an edge to play across the globe, starting with Europe.

Sudarshan Venu, Joint Managing Director, TVS Motor Company, said: "The acquisition rationale is very compelling. Firstly, it's in line with our push towards electric personal mobility solutions led by e-bikes and other solutions in the European market. Also, Switzerland has always been known for high precision engineering, quality and technology leadership. SEMG has four main e-bike brands Cilo, Simpel, Allegro and Zenith, and have a very strong Swiss heritage and come in different segments of commuting. SEMG is now focusing on Germany and Switzerland."

Expanding presence

He said TVS Motor management would focus on expanding SEMG's presence into newer locations of DACH region (Germany, Austria & Switzerland), where e-bikes have been growing at CAGR of 20 per cent, and also into many other markets, including India, as the company sees a potential for all the brands in these regions.

"With prestigious brands like Cilo, Simpel, Allegro, we believe that in India and in many other markets, there'll be opportunities for these products," he added.

(From left) Sharad Mohan Mishra, President, Group Strategy, TVS Motor Company; Sudarshan Venu, Joint Managing Director, TVS Motor Company; Sir Ralf Speth, Chairman-designate, TVS Motor Company; Reto Waeffler, CEO, SEMG; and Rainer Fröhlich, Founder & Managing Partner, Constellation Capital

The Economic Times 31st January 2022

Foxconn to Make Fisker's Electric Vehicles in India by 2024-2025

Electric SUVs – Ocean and Pear – may hit Indian roads in the next few years

Sumantra Bibhuti Barooah & Ketan Thakkar

Mumbai: Foxconn, the maker of the iPhones, is set to manufacture electric cars in the country for NYSE-listed Fisker Inc in the next couple of years.

Promoted by Henrik Fisker, renowned designer of models like BMW Z8, Aston Martin DB9, Fisker Inc will initially set up a tech centre in Hyderabad, and within two years it plans to make the electric 'global vehicle' Pear in India.

Fisker's first model SUV named Ocean is set for a global launch in November and will be imported to India as a CBU. Fisker is in the process of setting up a local entity starting with the tech centre before it locally manufactures the Pear. The Pear is scheduled for launch in 2024. "Software development is a big strength in India," Fisker Inc's chairman and CEO, Henrik Fisker, told **ET**.

"Why India and China? Because this vehicle will start at under $30,000 (around ₹22 lakh). So it will be very affordable... And we can really only accomplish that if we eventually make a million vehicles a year," Fisker said.

Powered

THE PEAR IS SCHEDULED FOR LAUNCH IN 2024

Fisker eyes 1 million units sale globally

EV is likely to sport an entry-level price tag of around ₹20 lakh

HENRIK FISKER
CEO, Fisker Inc

Why India and China? Because this vehicle will start at under $30,000

Business Line 16th January 2022

Telangana offers Tesla all help to set up shop in India

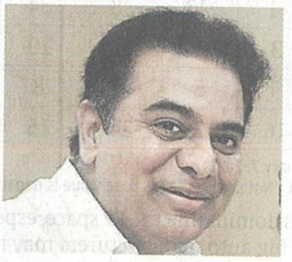
State IT Minister says happy to partner with EV-maker

OUR BUREAU
Hyderabad, January 15

Telangana has offered all help to Tesla Inc, the iconic US-based electric vehicles maker, if it wants to set up shop in India.

Tesla had said there were certain challenges in making an India entry. "Still working through a lot of challenges with the government," Elon Musk, Chief Executive Officer of Tesla Motors, had said, replying to a tweeple query.

The tweeple, tagged to Elon, wondered if there is any update on Tesla's India rollout plan. "They're pretty awesome and deserve to be



K T Rama Rao, Telangana Industries and IT Minister

in every corner of the world," the tweeple said.

Elon's reply attracted a huge interest on the microblogging site, garnering over 27,000 likes and about 2,000 retweets.

Telangana's IT and Industries Minister K T Rama Rao, who is active on Twitter, lost no time to tweeted: "Hey Elon, I am the Industry and Commerce Minister of Telangana State in India. Will be happy to partner Tesla in working through the challenges to set shop in India/Telangana."

Top biz destination

"Our State is a champion in sustainability initiatives and a top notch business destination in India," he said.

Union Minister for Road Transport and Highways Nitin Gadkari had earlier wanted Tesla to manufacture in India and not bring cars manufactured in China.

Business Line 17th January 2022

After Telangana, Maharashtra renews invitation to Tesla

State Minister Jayant Patil, in his tweet, promises all the necessary help

OUR BUREAU
Pune, January 16

After Telangana government's invite to Tesla to set up a facility in the State, Maharashtra Minister Jayant Patil too invited the company to set up a manufacturing unit in the State, promising to provide all necessary help.

On January 12, Pranay Pathole had asked Elon Musk about any further update as to when Tesla will launch in India. Musk tweeted the next day, that "Still working through a lot of challenges with the government".

On Sunday, Jayant Patil, a senior Minister in the Uddhav Thackeray Cabinet, in his tweet to Musk, stated, "Maharashtra is

Jayant Patil

one of the most progressive States in India. We will provide you with all the necessary help from Maharashtra for you to get established in India. We invite you to establish your manufacturing plant in Maharashtra."

Earlier, KT Rama Rao, Industry and Commerce Minister of Telangana, had tweeted, "Hey Elon, I am the Industry & Commerce Minister of Telangana State in India. Will be happy to partner with Tesla in working through the challenges to set shop in India/Telangana. Our State is a champion in sustainability initiatives & a top-notch business destination in India".

The Maharashtra government has been trying to attract Tesla since 2020 when State Industries Minister Subhash Desai held a video call with the Tesla team inviting the electric car maker to Maharashtra. Desai had informed the Assembly that talks are on with Tesla to open its production unit in the State. Last year, Desai told the State Assembly that Tesla had not opened its production unit in Karnataka.

'Discussing possibilities'

"We have been informed that a similar outlet will be opened in Mumbai soon. Based on the response to its e-vehicles, Tesla will finalise its production unit plan in India. The State government is discussing possibilities of the company opening the unit in Maharashtra," Desai had told elected members.

To accelerate EV production, Bajaj Auto to invest ₹1,000 cr under PLI scheme

New ₹300-crore unit in Pune to be ready in June, have annual capacity of half-a-million

G BALACHANDAR

Chennai, January 21

Bajaj Auto proposes to invest more than ₹1,000 crore under the production linked incentive (PLI) scheme, and this will include outlays for a new unit for electric vehicles as the leading two- and three-wheeler maker accelerates plans to widen its EV portfolio.

PLI scheme

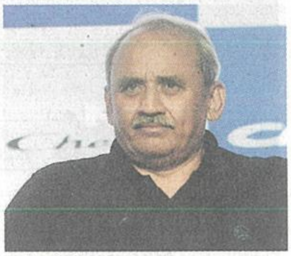
The company has applied for the PLI scheme under which it will invest ₹1,000 crore over the next five years. This investment will include ₹300 crore for a new unit at the Pune factory complex to produce half a million electric two-wheelers annually. The first EV is expected to be rolled out by June, Rakesh Sharma, Executive Director, said during the company's Q3 earnings call.

The company sold about 2,000 electric Chetak scooters during the December 2021 quarter, while the order book for the vehicle stands at about 10,000 units. Currently, Chetak is sold in eight cities and is expected to go pan-India in 9-12 months.

EV portfolio

Bajaj Auto is working on expanding its EV portfolio with the rapid rise in demand. Sharma said the traditional way of segmentation (commuter, mid range or sporty) would not be relevant in the electric 2W space.

New ways of segmentation



Rakesh Sharma, Executive Director, Bajaj Auto

are needed based on usage, speed (low or high) and charging. Bajaj Auto has taken a platform approach to address the demand across different segments.

"Three platforms are being readied and we expect to cover most of the usage cases with these. We are looking at not just motorcycles, but scooters and other forms. KTM and Bajaj are jointly evaluating different forms of EVs," he added.

Supply-chain issues

He said supply-chain issues (primarily on the battery side) started in Q1 of FY20. Arrangements between the company vendor and its suppliers collapsed and as a result Bajaj Auto was impacted. Subsequently, the chip shortage issue emerged and aggravated the problems.

"In the last 6-9 months, we have indigenised a lot of these components and we have also put in new supply-chain arrangements. We have better visibility now though some uncertainties remain on the chip side." he added.

In the three-wheeler space, though the company is developing an electric model (with both cargo and passenger options), it sees brighter scope for CNG-powered vehicles.

EV industry seeks priority lending, sops for charging infrastructure

Also want funding support for R&D

Business Line
21st January 2022

G BALACHANDAR

Chennai, January 20

As the electric vehicle market in India gathered momentum in 2021, various stakeholders have sought additional sops in the upcoming Budget to improve the overall ecosystem for EVs.

The Society of Manufacturers of Electric Vehicles (SMEV) said several supportive measures from the government to promote e-mobility have led to accelerated growth in the last few years.

However, a lot needs to be done, said Sohinder Gill, Director-General of SMEV.

SMEV has called for a host of measures for the industry in the upcoming Budget. It has sought priority lending status for EVs as it will not only help create a robust ecosystem but also help citizens afford vehicles at lower interest rates.

The LED and solar campaigns did wonders for the country, and the same can be attempted for EVs too. "A 'Clean Air Campaign' under Swachh Bharat mission will have the potential to raise

massive awareness about electric mobility and influence customer attitude towards adopting electric mobility," said Gill.

R&D, key for self reliance

Since R&D in battery manufacturing is crucial in achieving self-reliance, the government could allocate sufficient funds for R&D in a public-private partnership mode with a time-bound objective to create EV batteries that are less dependent on offshore minerals and best suited to the Indian condition. "The current level of research is abysmally low, diluted, and scattered," he said.

SMEV's other requests include a citizen reward programme for EV users, skill development and export concessions. Some incentives can be extended in the form of subsidies to be enjoyed by domestic players for exporting such vehicles to get a global stamp on electric vehicles. This is a large space that Indian industries can capture before international players invade the market with cheaper contraptions, it said.

GST rate

Debi Prasad Dash, Executive Director, India Energy Storage Alliance, pointed out that although the GST rate on EV is reduced from 12 per cent to 5 per cent, GST for advanced batteries is still high ranging between 18 and 28 per cent.

"Bringing down GST under the 5 per cent bracket will ensure affordability and a smooth transition towards EVs from internal combustion engines. Also, Fame II incentives could be extended to charging infrastructure and battery swapping," he said.

Gajanan Gandhe, Country Head, Dana India, said the path ahead for EVs looks promising. An increase in tax sops for EVs and charging units will push sales. Supporting PLI in the battery pack and cell manufacturing is a good step in this direction as battery accounts for over 40 per cent of the cost of the electric vehicle.

Business Line 25th January 2022

Bajaj Auto takes pot-shots at Ola Electric again

Not looking at importing tech, launching half-complete product: Executive Director

SWARAJ BAGGONKAR
Mumbai, January 24

Bajaj Auto would prefer designing and developing an electric vehicle locally rather than using an imported technical know-how to launch a half-baked product, a top company official of the Pune-based two-wheeler said, while drawing reference to Ola Electric's launch activity so far.

Rakesh Sharma, Executive Director, Bajaj Auto, said, "We are not looking at importing designs and slapping together a power-train to speedily enter the market with a half complete product. We would prefer that our products are designed to address specific use cases."

Bhavesh Aggarwal-led Ola Electric has taken flak repeatedly from its customers with many of them using the social media platforms to express their displeasure and disappointment. According to the posts, not only has Ola struggled to honour delivery timelines, but even the quality of its maiden electric scooter delivered to customers are below expectations.

The Ola S1 scooter is essentially a product designed and developed by a company based in Amsterdam named Etergo which Ola had acquired at the start of FY21. Ola is currently producing its scooters from a factory in Tamil Nadu which it claims is the world's largest.

Booking amount

Ola created a furore in July last year when it announced the booking amount of its scooters to be ₹499. Back then neither did it specify delivery schedules to customers, nor did it commence production at its factory. Ola later claimed that it received over 100,000 reservations within 24 hours of opening the bookings.

"Despite the frenzy surrounding the whole subject (of electric vehicles), we are clear that we will choose certainty over speed to ensure we do not damage a nascent category (of EVs) and build a robust and dependable brand," Sharma added.

Rakesh Sharma, Executive Director, Bajaj Auto

Bajaj Auto launched its maiden electric product, Chetak, in January 2020. The model's nation-wide rollout was stalled by the Covid-19 pandemic which affected the component supply chain including batteries and semiconductors. The Pune-based company had to halt bookings and limit the roll-out to just two cities.

After reopening the bookings for the Chetak, Sharma claimed Bajaj Auto did experience cancellations because of start of bookings 'by a competitor'. However, those cancellations came down after the product of the competitor was experienced by its customers.

"When the news of competitors was hitting the market in October-November, we did see some cancellations in booking. However, in December and January, when the performance of the competition was seen and experienced by customers, our cancellations dropped down to a trickle," Sharma claimed.

While Bajaj Auto is ramping up output of the Chetak to 5,000 units a month in the June quarter, Sharma added the model has an order book of 10,000 units. In the December quarter, the company delivered 2,000 Chetaks. Chetak is the most expensive electric two-wheeler on sale in India.

Dependable brand

"We are able to carry very large level of bookings at the highest prices for extended periods. Hence, we are convinced that the most important thing for us is to establish Bajaj and Chetak as very dependable brands," Sharma added.

Bajaj Auto is one of 115 companies that has applied for the Champion OEM Incentive Scheme announced by the Centre. Under the Production Linked Incentive (PLI) scheme, the company intends to invest over ₹1,000 crore in five years including ₹300 crore investment in Akurdi, Pune for a new factory with a capacity of 5,00,000 units a year.

The Economic Times 28th January 2022

'Alliance Identifying Right EV Product for India, Closely Watching Pace of Infra'

Renault-Nissan-Mitsubishi may bring in the CMF-B EV platform to India if study concludes favourably: Nissan Motor global COO

Ketan.Thakkar@timesgroup.com

Mumbai: The Franco-Japanese alliance of Renault-Nissan-Mitsubishi is in the process of identifying the right EV product for India and is closely watching the battery localisation and the pace of development of charging infrastructure, Ashwani Gupta, the global COO of Nissan Motor Corporation, said.

Encouraged by the performance of the EV segment in India, Gupta acknowledged the 'big potential'. "In just one year, the Indian EV market has grown three times, and (going ahead) India is going to have a big potential for the EV market," said Gupta, adding, "Definitely we will be there, give us more time to study..."

The company may bring in its global CMF-B EV platform designed for Europe into India — which is of the size of Nexon in the future if the undergoing study concludes favourably.

Responding to **ET**'s query during the global announcement, wherein the Renault-Nissan-Mitsubishi alliance announced €23 billion in the coming five years, Gupta alluded that the newly announced CMF-B EV platform (planned for 2024) as part of the investment may be a potential alternative to make its way into India.

Gupta elaborated that the group is studying three things: "first is product excitement. We know that based on our experience, we will be overachieving with our product to meet the aspirations of Indian customers. The second is competitiveness — while the platform is competitive, the only question is how we are going to localise the battery, and the third one is the ecosystem which includes the infrastructure; once we can tick these three boxes, definitely we will be there," assured Gupta. Last year, Gupta had mentioned a possible feasibility study on the Giga factory for batteries in India.

A new road map announced on Thursday envisages four common EV platforms — which Renault will share, Nissan and Mitsubishi, including Alpine and Infiniti — CMF-A EV, — E-Kei, CMF-B EV and E-LCV platform.

These four platforms will churn out 35 new EVs by the end of 2030. While the alliance sold one million cars from 2009 to 2021, they expect to produce 1.5 million cars per annum by 2026.

The Economic Times 17th January 2022

Powering Up EV revolution takes hold of big conglomerates and startups alike

TaMo Looks to Mainstream EVs, Eyes 50k Sales in FY23

HEADING OUT Backed by a billion-$ TPG funding, firm lines up a range of sub- ₹10 lakh offerings

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Backed by a billion-dollar funding from TPG Capital and a new range of models, Tata Motors is taking an early lead in the electric vehicles race with a plan to produce 50,000 EVs in the next fiscal year starting April.

The company has sounded out vendors on an assured production plan of 50,000 EVs in fiscal 2023 and scale it up to 125,000-150,000 units annually in the following two years, said several people aware of the matter.

If it is able to deliver on the targets, the EV business could potentially generate revenue of ₹5,000 crore for Tata Motors in FY23 itself, justifying the steep valuation at which it sold a stake in the EV business to the PE fund. With bookings for 15,000 vehicles and plans of launching three affordable electric cars in the sub-₹10 lakh range in the coming 12-18 months, the maker of the Nexon EV is confident of scaling upon its early advantage.

Apart from a new Nexon EV with a higher range (mileage), Tata Motors has lined up an all-new Tiago EV, as well as the electric versions of the Punch small SUV and Altroz hatchback in the under- ₹10 lakh range, which will likely bring in new buyers over the next two years. The company's EVs are expected to offer a minimum range of 200 kms per full charge.

Shailesh Chandra, managing director of Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said the company will keep expanding into new cities and by adding products to increase accessibility, but he did not share specifics.

"We will be launching one or two products every year, which will be at different price points which will increase affordability. Nexon is our core today, you will see action below Nexon as well as above the product in the coming years," said Chandra. He declined to give any guidance on the production and the sales plan, but reiterated that the long-term vision of the company is to make 20% of its total sales from electric vehicles. Tata Motors chairman had announced plans of launching 10 EV models by FY26, in his address to shareholders in FY21.

Meanwhile, passenger vehicle market leaders Maruti Suzuki and Hyundai Motor India aren't expected to launch mainstream EVs in India before 2024-25, which means less competition for Tata Motors until then.

EVS SOLD (*estimates)

FY19	350
FY20	1,300
FY21	4,200
FY22 (1st 9 mths)	10,000
FY22	17,000-18,000*

On the Move

Tata Motors plans to produce **50,000 EVs in FY23**

Firm to scale it up to 125,000-150,000 units annually

EV business could generate **₹5,000cr** revenue for Tata Motors in FY23

0.2% Share of EVs in Tata Motors' passenger vehicle volume in FY20

5.6% Share of EVs in December 2021

SHAILESH CHANDRA
MD, TaMo Passenger Vehicles

The company will keep expanding into new cities and by adding products to increase accessibility

FOR FULL REPORT, GO TO www.economictimes.com

Business Line 25th January 2022

Ola Electric gets $200 m from Tekne Pvt Ventures, others

OUR BUREAU
Bengaluru, January 24

EV manufacturer Ola Electric has raised over $200 million from Tekne Private Ventures, Alpine Opportunity Fund, Edelweiss and others. The latest round values the company at $5 billion.

Speaking on the development, Bhavish Aggarwal, Founder and CEO, Ola, said, "Ola Electric is creating India's EV revolution and is driving cutting edge manufacturing from India for the entire world. With Ola S1, the best scooter ever made, we've changed the entire scooter industry and are now looking forward to bringing our innovative products to more two-wheeler categories including bikes as well as cars. I thank the investors for their support and look forward to partnering with them to take the EV revolution from India to the world."

In December, Ola Electric raised ₹398 crore from Temasek along with participation of Edelweiss, IIFL and others

Ola Futurefactory plans to employ over 10,000 women at full capacity. Ola Electric aims to accelerate the world's transition to sustainable mobility by replacing archaic systems with vehicles that are smart, affordable, and good for the planet.

In December 2021, Ola Electric raised ₹398 crore from Temasek along with participation of Edelweiss, IIFL, VSS Investco, and Bollywood personalities such as Zoya Akhtar, Farhan Akhtar, and film producer Ritesh Sidhwani among others, according to the company's regulatory filings.

In September 2021, Ola Electric raised over $200 million from Falcon Edge, Softbank and other investors, at a valuation of $3 billion.

Business Line 21st January 2022

EV production to get priority over other cars: Tata Motors

Move in line with growing demand

SWARAJ BAGGONKAR

Mumbai, January 20

Unabated demand for electric vehicles (EVs) has forced Tata Motors, India's third largest car-maker, to give them a priority on the production lines which also manufacture petrol and diesel-powered vehicles.

With a share of more than 70 per cent in the electric four-wheeler segment, the Mumbai-based company is already operating its plants at 'high utilisation levels'.

At present, it has two models in the segment — Nexon and Tigor — but the number of offerings is expected to touch 10 in the next three years.

The company will offer 10 EV models in next three years REUTERS

Demand growth

Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said, "We will have to prioritise EVs given that it is in a steep growth phase. We are going through a demand discovery phase, and to ensure that we unleash the full demand potential, it is quite logical to give certain priority to EV. And that is what we are doing."

Tata Motors' electric vehicle company, in which the investors TPG Rise Climate and ADQ own 11-15 per cent stake, does not have any factories of its own. It has to rely on the production facilities of Tata Motors Passenger Vehicles for supplies.

While Tata Motors' non-electric vehicles are also facing huge waiting periods extending to beyond four months, the waiting on the electric models is nearly six months.

It is accepting bookings for EVs which are 60 per cent more than its peak delivery capacity. "The order book is extremely healthy. For EVs, we have a monthly rate of bookings which is near 3,500 units and we did a peak supply of 2,200 in December," Chandra added.

Share of EV in total sales

As of December 2021, the share of EVs in Tata Motors' total domestic passenger vehicle sales stood at 6 per cent, which has been the highest since the company's entry into EV segment in January 2020. This share is only heading north with the introduction of new models and expansion of markets.

"One out of five vehicles should be an EV in the next five years which translates to 20 per cent penetration. We only have two EVs from the seven offerings which has given us a six per cent penetration. The penetration of electric in Nexon and Tigor is more than 15 per cent. As we electrify more models, this percentage is going to increase," Chandra added.

While Chandra declined to share the actual installed production capacity, he admitted that there is high utilisation levels of all of its passenger car producing factories. According to Tata Motors Chief Financial Officer PB Balaji, the company has an installed capacity of 4,80,000 units a year or 40,000 units a month. The company sold nearly 35,300 in December 2021.

"We have undertaken de-bottlenecking actions (of production lines). The utilisation levels are quite high but we also have a partner capacity in Ranjangaon, which we try to leverage on, because there was spare capacity available. But it is true that our capacity utilisation levels used to be very low," Chandra added.

Business Line 31st January 2022

Hero Electric in talks with investors for stake sale amid battle for brand ownership

SWARAJ BAGGONKAR

Mumbai, January 30

Hero Electric, the country's biggest manufacturer of electric two-wheelers, is talking to investors to raise funds for expanding business multiple times over amid an ongoing tussle with Hero MotoCorp to ringfence the Hero brand.

From a level of around 130,000 a year, Hero Electric is looking to move to 5 million units capacity a year in the next 24 months. To achieve this, it forged a partnership with the Mahindra Group this month to use the latter's plant in Pithampur, Madhya Pradesh for an initial capacity of 200,000-250,000 units a year.

"We are not growing 40-50 per cent, we are growing multiple times. For instance, we are doubling our volumes this year over the previous year, and next year, we will be tripling over this year; and that's the bare minimum. So, when we are pushing each segment of our business, like sales, R&D, new factories...there is a constant need for capital. We raised capital last year, now again there is need for another raise," Naveen Munjal, Managing Director, Hero Electric, told *BusinessLine*.

Naveen Munjal, MD, Hero Electric

There is already an expansion activity going on at its home factory in Ludhiana where capacity is being tuned up to 250,000-300,000 units a year from just 75,000 units a year. Two new factories having capacities of two million each per year are being planned for which additional capital is required.

Fight for brand

When asked if the promoters are ready to dilute stake in Hero Electric, Munjal said, "We have to look at the larger picture. If dilution of stake means the pie becomes much bigger than what we could have grown ourselves, then of course absolutely. There is no point for us to hold on to equity and remain as part of small pond. I would rather be in the ocean."

This comes even as Naveen is fighting his uncle Pawan Munjal on the use of brand Hero. Earlier this month, Hero Electric moved the Delhi High Court seeking an injunction against the Pawan Munjal-led Hero MotoCorp over the use of the Hero brand name. Hero MotoCorp, which is India's largest two-wheeler producer, has promised its debut in the electric vehicle space before March.

According to Hero Electric, the company has the sole right to use the Hero brand which cannot be used by anyone else, including entities controlled from the broader Munjal family, in the electric vehicle space. This is as per the non-compete clause mentioned in the restructuring plans of the Hero Group hammered out in 2010.

"I have no idea how this would be settled amicably. (However), I am more than happy to settle this amicably. We don't want to wash our dirty linen in the public. This is business and I have to protect the business where I have investors," Naveen said.

Meanwhile, Hero Electric has charted out an aggressive growth plan for itself for the next two to three years including the entry of financial investors through stake sale in the company.

EV space heats up

Since demand for battery electric vehicles has gone through the roof, most automotive companies are aggressively charting out expansion plans. Hero MotoCorp has a significant stake in the privately held Bengaluru-based company Ather Energy as well as a partnership with Taiwan's Gogoro. If Naveen Munjal wins the court battle against his uncle Pawan Munjal, then Hero MotoCorp will have to give up the idea of using the Hero brand on its own range of electric vehicles.

"We have been using the Hero brand for 15 years. The brand ownership is with our family and we will do everything we can to protect that," Naveen Munjal added.

Business Line 21st January 2022

Hero Electric, M&M in pact for e-bike development

Five-year deal includes contract manufacturing and joint parts sourcing; transaction value of ₹140-150 cr expected

OUR BUREAU
Mumbai, January 19

Hero Electric, India's largest electric two-wheeler maker, and the Mahindra Group on Wednesday announced a non-equity collaboration for development, contract manufacturing and joint parts sourcing for electric two-wheelers.

Hero Electric and Mahindra and Mahindra (M&M) will enter into a five-year contract with scope to enhance the area of collaboration in future. Over the contract period, the value of the transaction is expected to be in the range of ₹140-150 crore.

Naveen Munjal, Managing Director, Hero Electric

How it will work

The partnership will see M&M lending its factory in Pithampur, Madhya Pradesh, for production of Hero Electric's Optima and NYX. There will be joint development and knowledge sharing between the companies in addition to electrification of the Peugeot Motorcycles portfolio through platform sharing. M&M will also utilise its reach to take Hero Electric to newer centres.

With this collaboration along with the expansion of its existing Ludhiana facility, Hero Electric will be able to meet its demand of manufacturing over 1 million EVs per year by 2022.

Naveen Munjal, Managing Director, Hero Electric, said, "Hero Electric has been leading the electric two-wheeler sector in the country. To further deepen its roots and strengthen the leadership, Hero Electric has announced a partnership with the Mahindra Group, which is leading the EV transition in the three- and four-wheeler space."

Peugeot electrification

The joint venture will also be a key factor in developing the platform approach to help electrification of the Peugeot Motocycles' portfolio. This is expected to bring significant value to both parties through optimisation of costs, timelines, and shared knowledge in this dynamic, fast growing global EV environment, M&M said in a release.

Rajesh Jejurikar, Executive Director, Auto & Farm Sectors, Mahindra & Mahindra, said: "Peugeot Motocycles has ambitious plans in the EV mobility space in several regions of the world and particularly in Europe. This strategic partnership will bolster these efforts through joint development and a platform sharing approach leveraging the combined strengths of the two businesses."

"Our R&D Centre in India will be integral to this arrangement as will the manufacturing facility at Pitampur that already supplies Peugeot with EV products," Jejurikar added.

The Economic Times
26th January 2022

Kinetic Set to Return in Tie-up with Aima

Nehal Chaliawala & Ketan Thakkar

Mumbai: After China's largest car maker SAIC and SUV maker Great Wall, now one of country's largest electric two-wheeler maker Aima Technology Group is looking to get a foothold in India through a collaboration with Kinetic Green. The deal will see the latter locally manufacture scooters jointly designed and developed by the two companies.

With this, the maker of iconic Luna and Kinetic Honda is planning to make a comeback into the mainstream two-wheeler market and that too in an electric avatar.

As part of the technical collaboration, Aima will assist Kinetic Green in localising its products for the Indian market. This will cut down the time to market for the Indian company to a fraction of the 2-3 years it usually takes and it will launch three electric scooters from the collaboration this year itself, said Sulajja Firodia Motwani, CEO of Kinetic Green.

The two companies are also exploring setting up a joint venture company down the line, Firodia Motwani said.

Priced between under ₹50,000 to Rs 1 lakh, the scooters will be sold under the Kinetic Green brand but Aima's name will also be acknowledged on the vehicles. They will address the commuter, premium as well as delivery segments.

The partners have also explored launching co-branded models in the future, including bringing new global brands to India.

"We won't be importing and selling. The models will be FAME-compliant from day 1," the Kinetic Green CEO told ET. Faster Adoption and Manufacturing of Electric (and hybrid) vehicles (FAME) is the Centre's flagship EV promotion scheme that provides subsidies to vehicles made in India.

Kinetic will make scooters jointly developed with the Chinese co

The company is looking to ramp up its production capacity to 500,000 units a year in the next 24 months. This is in-line with the electric two-wheeler industry where the relatively lower investment required to set up manufacturing lines has seen manufacturers set large capacities in anticipation of a boom in demand.

"Aima has witnessed India's great potential in green mobility," Su Yuhang, President of Aima Technology Group said in a press statement. "India will always be Aima's strategic priority for global investment to cater the need of green and smart mobility."

The Chinese company has over 1,000 models in its portfolio across electric two, three and four-wheelers.

Business Line 28th January 2022

Ola to open vehicle design centre in UK

To invest $100 m in Ola Futurefoundry for advanced tech

OUR BUREAU

Bengaluru, January 27

EV manufacturing company Ola Electric announced the launch of Ola Futurefoundry, its global centre for advanced engineering and vehicle design.

Ola will invest over $100 million for the centre over the next five years and staff it with over 200 designers and automotive engineers. The centre, based in Coventry, the UK, will collaborate with British education and research institutions for technology development.

Ola Futurefoundry will work in sync with the design and engineering teams based at the Ola Campus in Bengaluru. The team will work on two- and three-wheeler design, high-performance automotive engineering, digital and physical modelling, and new energy systems including cell technologies, among other areas.

Bhavish Aggarwal, Founder and CEO, Ola

Next gen EVs

Bhavish Aggarwal, Founder and CEO, Ola, said, "Ola Futurefoundry will enable us to tap into the fantastic automotive design and engineering talent in the UK to create the next generation of electric vehicles. Futurefoundry will work with our headquarters in Bangalore, India, to help us build the future of mobility as we make EVs affordable across the world."

"Ola Futurefoundry is an important step in building a multi-disciplinary team that is agile, flexible, and responsive to the various needs of our consumers around the world. We are setting up in Coventry, a global epicentre of automotive and technology talent. Futurefoundry will supplement and collaborate with our core team in Bangalore, India, to deliver exciting new EVs across two-wheeler, four-wheeler and other form factors," said Wayne Burgess, Vice-President of Vehicle Design, Ola Electric.

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Standard 17th January 2022

Year-to-date 2-wheeler sales lowest in nine years

Even figures for first half of January look muted

SHALLY SETH MOHILE
Mumbai, 16 January

Domestic two-wheeler sales, which were yet to recover from a slowdown and then the first and second waves of the pandemic, have been hit further by Omicron.

After a very weak December quarter and a poor year-to-date (YTD) financial year volumes — when sales plunged to the lowest in nine years — the signs in the first 15 days of January haven't been encouraging either.

"Though the severity of the current wave is not as high as the previous one, it has hit sentiments hard, impacting conversion of enquiries into sales," said Vinkesh Gulati, president, Federation of Automobile Dealers Association (FADA). As a result, stocks are piling up.

Average inventory at the dealerships currently stands at 50 days against the norm of 25-30 days, he said.

There is a lot more to the sales hitting a speed bump in the world's largest motorcycle and scooter market than just the pandemic.

Given the disproportionately high percentage of two-wheeler buyers — close to 80-90 per cent — coming from the lower-income group, the protracted slowdown is telling a tale of India's inequitable economic growth and widening income disparity, point out economists.

"Two-wheeler sales — a proxy of an economy's well-being — have been slipping for three years. The consecutive fall indicates that the economic growth, which has been slowing since FY18, is not equitable. The wage growth in rural India — where the majority of the two-wheelers are sold, has been slowing down and hasn't kept pace with inflation," said Devendra Pant, chief economist and head of public finance at India Ratings & Research.

Rakesh Sharma, executive director, Bajaj Auto, agrees. "Inequality is increasing. The plight of those at the bottom of the pyramid has worsened. Majority of the two-wheelers are bought by those who have a monthly income of less than ₹30,000-40,000," he said.

The pandemic, according to Sharma, has only accelerated the fall.

According to Pant, sales are unlikely to pick up unless the economy comes back on the stable growth path and there is an equitable growth in income.

A 5-10 per cent reduction in goods and services tax (GST) for two wheelers may not be the panacea and it will prop up demand only marginally, he said.

A year-on-year (YoY) fall in sales for the past several months, shows that two-wheeler makers have been curtailing dispatches to dealers to align supplies to ground reality. Still, a high pile up of unsold stocks across the country adds to the retailers' anxiety.

In the pre-pandemic period, it was the changeover to the new emission regulation — to BSVI — that was impacting sales.

In addition to the pandemic-related uncertainties, high cost of acquisition, slowdown in rural sales, high fuel rates and incessant increase in prices of models have been dragging down volumes since the outbreak of Covid in March 2020.

"There is little that we as manufacturers can do. At the most, we can instigate demand. At the end of the day, business has to stand on its own feet. We cannot subsidise dealers," said Sharma, on the measures the company is taking to support its channel partners. Manufacturers, too, have seen cost pressures due to a persistent increase in raw material prices, he added.

Bajaj Auto dealers presently have eight weeks of stock against the six-week norm, he said.

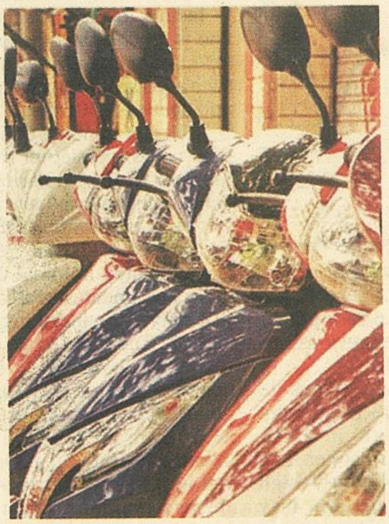
Dealers of other manufacturers lamented at the excessive unsold stock. A dealer of Hero MotoCorp said inventory levels at his dealership "are at an all-time high" with little space to walk around.

He expects things to improve marginally after January 13, which marks the end of an inauspicious period. "Inquiries have dropped and so have conversion into sales," he said.

Dealers of Honda Motorcycle and Scooter India and TVS are also grappling with high inventory and waiting for the tide to turn.

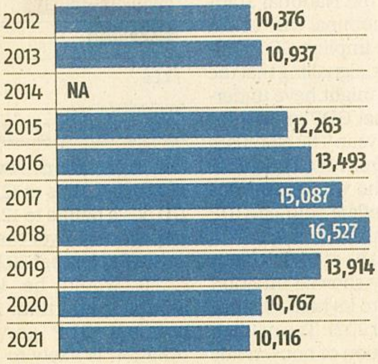
Even as the momentum in exports is expected to be sustained, domestic demand may be impacted in the near term due to increase in Covid cases, Raghunandan NL, analyst at Emkay Global, wrote in a recent earnings preview report.

Emkay expects volume growth to turn positive from Q1 of FY23.



COVID IMPACT

Domestic two-wheeler sales (Apr-Dec) (in 000's)



Source: Society of Indian Automobile Manufacturers (Siam)

"THOUGH THE SEVERITY OF THE CURRENT WAVE IS NOT AS HIGH AS THE PREVIOUS ONE, IT HAS HIT THE SENTIMENTS HARD IMPACTING CONVERSION OF ENQUIRIES INTO SALES,"

VINKESH GULATI,
President, FADA

Business Line 24th January 2022

Bleak demand drives two-wheelers down the hill for 3rd year in a row

Price hike by equipment manufacturers, costly fuel have played spoiler: Report

G BALACHANDAR

Chennai, January 23

The current fiscal may turn out to be the third consecutive subdued year for the domestic two-wheeler industry as total sales are likely to be flat or may see a single digit decline on the back of persisting weak demand across rural and urban markets.

The domestic two-wheeler volumes (wholesale) declined by 13 per cent to 15.12 million units in FY21 with bikes reporting an 11 per cent drop, and scooters dropping by 20 per cent. In FY20, total two-wheeler sales were down 18 per cent at 17.42 million units. Bikes and scooters reported 18 per cent and 17 per cent decline, respectively.

This fiscal, scooter sales were down 5 per cent, while bike volumes were down 6 per cent during April-December 2021 period. Industry representatives point out that there was about 11 per cent drop in retail sales of two-wheelers in the December 2021 quarter.

Rakesh Sharma, Executive Director of Bajaj Auto, India's second largest motorcycle manufacturer, has indicated that domestic demand, across commuter, executive and sport categories, remains weak in the current month.

Rising input prices

"FY22 has been a challenging year for the two-wheeler industry, recording a subdued demand across categories, due to the increased cost of ownership resulting from increasing fuel prices, as well as price hikes undertaken by original equipment manufacturers (OEMs) amid rising input prices, says a report of India Ratings & Research. Demand from the rural/semi-urban sector, which accounts for a major chunk of the motorcycles sales, remained subdued this fiscal.

The Covid wave has dented the purchasing power of buyers of entry-level vehicles

Purchasing power

The demand revival has been severely impacted amid the second Covid wave which has affected the purchasing power of consumers, particularly the buyers of entry-level vehicles, forcing them to defer their discretionary purchases, and also by the erratic monsoons, it added. There is some recovery since the first Covid wave, but it is significantly below the pre-Covid levels. Premium bike segment (more than 200cc) has also been impacted, but mainly due to chip shortages.

Now that the third wave has deferred the re-opening of colleges and offices by another few months, the prospect of demand recovery in two wheelers has further been affected.

'Cut GST rates'

Federation of Automobile Dealers Association (FADA) has made a plea to the Union Finance Ministry to consider cutting the GST rate for two wheelers to 18 per cent from 28 per cent, since two-wheeler is a necessity for lower class and rural people for their daily working needs.

"At a time when vehicle prices are increasing after a gap of every 3-4 months due to continuous price hike in metals, a reduced GST rate will help spur demand," pointed out the auto dealers' body.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 19TH January 2022

Truck sales could scale FY19 peak by general elections

Ageing fleets, costly freight, rising use and e-commerce to boost demand

SWARAJ BAGGONKAR

Mumbai, January 18

If the current growth in commercial vehicle sales continues, the sector could rescale or near the FY19 peak in two years, at half the time taken for the first ascent.

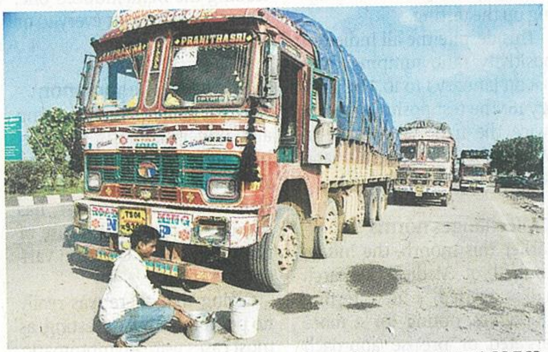
The demand will coincide with the general elections in 2024. The previous general election year — 2019 — saw CV sales cross the one-million mark.

Lowest in a decade, CV volumes in FY21, at 5.68 lakh units, were only better than the FY10 figure of 5.31 lakh. With the final quarter of FY22 underway, the CV segment is expected to end the year with over 6 lakh units. Ageing fleets, steady rise in freight rates, improving truck utilisation, strong demand from e-commerce players and sustained demand from infrastructure companies will help push demand for commercial vehicles, particularly trucks.

Utilisation to improve

Overall truck utilisation in the country is estimated to have improved to 45-50 per cent; in some segments it has exceeded 85 per cent. As recently as Q1 this year, trucks were idling 10 days a month.

"After the peak in FY19 we saw two consecutive years of decline. Starting this year, we anticipate the reversal of the curve. We will see growth every year at least till the general elections. Whether the next peak will be the same as FY19 or not is difficult to predict, but it will be closer or slightly lower," Jalaj Gupta, Business Head (commercial vehicles unit), Mahindra & Mahindra, said.



As per SIAM data, domestic CV sales climbed 30 per cent to 4,66,763 units in the April to December period of this fiscal

As per Society of Indian Automobile Manufacturers (SIAM) data, domestic CV sales climbed 30 per cent to 4,66,763 units in the April to December period this year, as against 3,58,203 units the same period last year. While last year's comparable data is on a low base, the double-digit growth this year is a result of a strong fundamental demand, say market experts.

"Since June 2021, post the second Covid-19 wave, freight rates for trucks gradually gained momentum along with improving utilisation levels. Rate decline in November was led by a major cut in diesel excise duty by about 10 per cent. We believe, in Jan-Feb '22, led by the third Covid-19 wave disruptions, the industry revival would witness a pause, before demand recovery starts again," said ICICI Securities.

PRESS REPORTS
ON
WORLD AUTOMOBILES

Business Standard 19th January 2022

EV sales overtake diesel models for first time in Europe

The sale of electric vehicles (EV) in the European market has surpassed that of diesel cars for the first time ever, according to *Financial Times* preliminary estimates.

Across 18 European markets – including the UK—more than a fifth of vehicles sold were electric, while diesel cars slumped to less than 19 per cent.

In December, around 176,000 battery EVs were sold in Western Europe—an all-time record high and a 6 per cent increase on December 2020 levels – while European car makers sold 160,000 diesel cars, the *Financial Times* reported.

According to Daniel Clarke, automotive analyst at GlobalData, Europe should be galvanised by today's news.

"Europe has historically been home to a number of dominant players in petrol and diesel car industry, but today's news should galvanise EU carmakers to further boost their EV credentials," he told *City A.M.*

"There has been a clear focus on the demand-side, with incentives, infrastructure and charging stations, however, much more focus should be given to the supply side, specifically ensuring that the EU is not dependent on China for batteries or battery metals."

In Europe the diesel car market has steadily gone down since 2015, when Volkswagen was found guilty of having cheated on diesel emission tests.

"The diesel death march has been playing on repeat since September 2015 when 'Dieselgate' was first unveiled — causing VW to draw up the first plans of the ID.3 within 30 days of the scandal coming to light," auto analyst Matthias Schmidt told the outlet.

Despite 'Dieselgate', Volkswagen has sold worldwide 452,9000 battery-electric vehicles, going up 96 per cent on 2020 levels. In Western Europe, EVs accounted for 10.5 per cent of the group's total deliveries.

"Figures for 2021 show how the Volkswagen Group's business model is changing," commented Volkswagen Group's head of sales Christian Dahlheim.

"The sources of income will progressively shift further from conventional petrol engines to zero-emissions electric cars and from sales of vehicles to software and mobility services, underpinned by the key technology of autonomous driving." **AGENCIES**

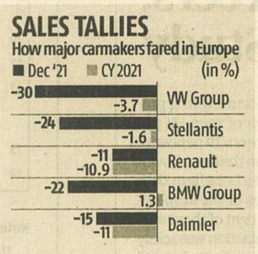
Europe car sales see worst year in decades

Europe's car sales slid during December for a sixth month of declines in a row, showing the extent of the uphill battle automakers are facing in the chip supply crisis.

Passenger car registrations dropped 22% last month to 950,218 vehicles, the European Automobile Manufacturers' Association said Tuesday. New-car sales fell 1.5% last year, when automakers had their worst-ever showing since the association started tracking the market in the early 1990s.

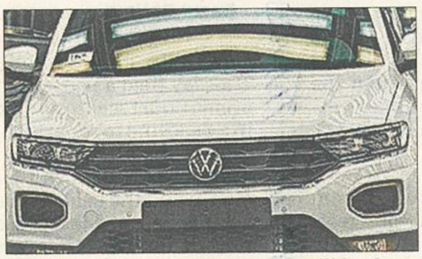
After predicting for months that the dearth of chips disrupting the global industry would ease, automakers' expectations have deteriorated. Sourcing enough semiconductors will remain arduous this year, and the pandemic continues to weigh on consumer confidence. Renault SA last week said the shortage, which cost the carmaker 500,000 vehicles in lost production last year, will peak during the first six month and then slowly improve as more capacity is added.

"Car sales in 2022 will prove just as challenging as in 2021," said Peter Fuss, a partner with EY's automotive team. "We still have the pandemic worldwide, as well as the wave of omicron in Europe, which continues to considerably restrict consumer behavior." **BLOOMBERG**



The Economic Times 26th January 2022

Volkswagen, Bosch Join Forces to Rev Up Automated Driving



Frankfurt: Car giant Volkswagen and parts supplier Bosch have embarked on an "extensive partnership" to bring automated driving to the mass market by next year, the German companies said on Tuesday.

Bosch and VW software subsidiary Cariad are aiming to "make functions available that will allow drivers to temporarily take their hands off the steering wheel" in vehicles sold under the Volkswagen Group brand, according to a statement. These will range from so-called "hands-free" systems for urban and motorway driving to a system that takes over all driving functions on the motorway, the companies said. The first of these functions are to be installed in 2023.

It will also be possible to integrate the component parts developed by the alliance into vehicles made by other carmakers, they said.

The main focus of the project will be data-driven software development on the basis of information from 360-degree surround sensing. "With the help of one of the world's biggest connected vehicle fleets, we will gain access to a huge database. This will allow us to take automated driving systems to a new level," said Mathias Pillin, president of Bosch Cross-Domain Computing Solutions. **AFP**

The Economic Times 21st January 2022

Toyota Expands Plant Halts amid Covid Woes

Bloomberg

Toyota Motor Corp expanded automobile production halts as rising Covid-19 cases impact its suppliers and operations in Japan, adding to disruptions over in China where a key factory has been shut for more than a week to comply with the country's mass testing efforts.

All combined, production halts will reduce the automaker's output for January by around 47,000 vehicles, a spokeswoman said in a statement Thursday. The latest suspensions — caused by Covid-impacted suppliers and semicondcutor shortages — will hit as many as 21 assembly lines at 11 factories over a span of three days this month, according to the company.

A shift on a second production line is also being halted at Toyota's Tsutsumi plant Thursday. That's on top of another shift on a different line at the central Japan plant that's being halted from Wednesday, causing a cut to output of around 1,500 vehicles. Toyota's popular Camry sedan is among the models manufactured at the factory in Aichi Prefecture.

The factory suspensions are the latest of several setbacks the world's top-selling automaker has faced as the highly contagious omicron coronavirus variant takes hold in Asia. Toyota also idled operations in Tianjin, China, as the local government carried out mass testing due to a virus flareup in the port city near Beijing.

Toyota said this week it is unlikely to reach its goal of making 9 million cars this fiscal year due to persistent chip shortages plaguing the auto industry. The company's shares then slumped 5% Wednesday, their biggest loss since December 2018. They rebounded 1.9% as of 1:49 p.m. Thursday in Tokyo.

Separately, Japanese rival Honda Motor Co. said Thursday its Suzuka plant in nearby Mie Prefecture would be operating at around 90% capacity in early February. The production cut stems from supply issues related to the global chip shortage and Covid-19 outbreaks overseas, according to the automaker.

Nissan Motor Co.'s production is "on a recovery track" even though the chip shortage situation remains uncertain, Chief Executive Officer Makoto Uchida said in an interview with Bloomberg Television on Thursday. "We expect the market to recover but the Covid situation is uncertain and we need to be prepared and continue to monitor," Uchida said.

PRESS REPORTS
ON
COMPANY NEWS

The Economic Times 19th January 2022

Kiger Drives India into Renault's Top 5

India as a base has climbed from no. 13 in 2018 to no. 5 in 3 yrs

Ketan.Thakkar
@timesgroup.com

Mumbai: Kiger has helped vault India to a top-five worldwide market for the French car maker, underscoring increasing consumer preference for the high-stance sub-compact SUV.

India as a base has steadily climbed from number 13 in 2018 to number 5 in just three years, paced by the success of Kwid, Triber and Kiger.

These models helped Renault sell more than 1 lakh cars in 2021 despite disruption of semiconductor supplies.

India only trails two big markets in Europe –France and Germany - and two important emerging markets - Russia and Brazil.

The French car maker is now seeking to enter the bigger and cleaner vehicle space, a move that will allow Renault to participate in the fast-growing mid-sized SUV segment and electric vehicles in the coming few years.

F. Cambolive, SVP Renault Brand Sales and Operations, told ET in an exclusive interview that sales recovered after the second wave in the country, helping log volumes that lifted India to the list of top five markets.

He said, the CMF-A plus platform is churning out more cars (Kwid, Triber and Kiger) and helping the brand grow. The next step is to 'define' models that will bolster the existing line-up, and Renault aims to move upward to the B and C segments.

"If you want to grow in India in the future, it has to go in two directions – electrification and the capacity to sell cars in the higher segment," Cambolive said. "That is what we are working on right now with our partner (Nissan)."

On the electrification strategy, he said India is a very important market for Renault and it would be touched by the electrification wave.

"To be competitive, you need to have 95% localisation. We will be watching Nissan's study closely (opening a gigafactory). As long as they are advancing on this topic, we will be very interested to follow," he said. "It will allow us to be fully integrated, which is a key factor behind success in India."

On bringing in the Kwid EV, which people in the know say has been put on the backburner, Cambolive said that the proposal "is still being studied." India has emerged as a critical pillar of international business at Renault, accounting for 44% of its total business. Apart from a decent success of Kiger in India, it has witnessed strong response to the new Duster in the markets of Russia, Brazil, Argentina, Colombia and Mexico. The new Duster is on its way to India too, although the timelines are not finalised yet.

The French car maker has not only moved up the ladder in volumes, but has also made considerable progress on the profitability front.

Business Line 20th January 2022

Tata Motors drives into CNG space with Tiago, Tigor variants

While Tiago iCNG comes at a starting price of ₹6.09 lakh, Tigor iCNG comes at ₹7.69 lakh

OUR BUREAU

Mumbai, January 19

Tata Motors has entered the CNG space with the launch of the Tiago iCNG and Tigor iCNG. With five variants, the Tiago iCNG starts at ₹6.09 lakh while the Tigor iCNG with three variants starts at ₹7.69 lakh, both prices ex-showroom, Delhi.

The CNG variants are a means to fill up the void created by the phasing out of the diesel option on both the models two years ago with the onset of the BS-VI emission norms. Until today, both cars were available only with a petrol engine.

The CNG variants are priced a minimum of little under ₹1 lakh more than the petrol counterparts going up to ₹1.9 lakh for both Tiago and Tigor.

The Tiago iCNG and Tigor iCNG are powered by the Revotron 1.2L BS6 engine which produces maximum power of 73PS, which Tata Motors claims is the highest for any CNG car in this segment. The company added that the petrol tank remains the same at 35 litres while the drive range on the full tank of the CNG is 300km.

Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said, "We expect the CNG penetration to reach 30-35 per cent of the Tiago and Tigor portfolio. We have seen the share of CNG climbing to 70-75 per cent where the fuel option is available."

Tata Tiago iCNG

Tata Tigor iCNG

CNG vehicles sales

The government has been aggressively adding CNG fuel stations since the past few years as a means to encourage manufacturers and buyers to switch to the fuel. As CNG is priced much lower than diesel and petrol buyers have moved to the CNG option much faster than expected. Maruti Suzuki for instance is asking buyers to wait for as much as 6 months for the Ertiga CNG. "During the first half of FY21 we saw 50 per cent growth in sales of CNG vehicles in the industry and the growth is even higher this year. We expect by year end the segment will see more than 200,000 sales and there will see steep growth from there on. There are sufficient CNG stations now," Chandra added.

Tata Motors has provided a single advance ECU on both the cars which provide auto switchover between fuels, direct start in CNG, faster refuelling and a digital instrument cluster.

New features

While the Tiago iCNG comes with new features like the projector headlamps, LED daytime running lights, chrome embellishments on the exteriors and premium black and beige dual tone interiors; the Tigor iCNG comes equipped with features such as rain sensing wipers, automatic headlamps, dual tone roof, new seat fabric and new dual tone black and beige interiors.

Both models come standard with airbags, ABS with EBD and corner stability control. While bookings of both the cars have begun and cars have reached showroom for display, deliveries would begin in the coming days, informed Tata Motors.

The Economic Times 25th January 2022

WITH AN INVESTMENT OF ₹18,000 CRORE...

Maruti Suzuki Set to Start Work on Sonipat Facility

Sharmistha .M@timesgroup.com

New Delhi: The country's largest carmaker Maruti Suzuki will shortly commence work on its new manufacturing facility in Sonipat, Haryana. It could emerge as the largest production base for Maruti in India.

Maruti Suzuki chairman R C Bhargava told **ET** that construction work will begin soon at the unit, which will be commissioned by 2025. "We are waiting for the clearances and will begin construction shortly. The first assembly line at the unit will be commissioned within three years," Bhargava said.

The Sonipat facility could have a total installed capacity of about a million units. Bhargava, "Unlike Gurugram and Manesar, there is land available to set up a fourth assembly line at Sonipat."

The company has three assembly lines each operational at its facilities in Gurugram and Manesar, with combined production capacity of around 1.5 million units. The company additionally sources vehicles from parent Suzuki Motor Corporation's (SMC) facility in Gujarat. Overall, Maruti Suzuki will invest ₹18,000 crore on the facility at Sonipat, which will replace the Gurugram factory that faces issues of traffic and congestion as it is located near residential areas. The Gurugram unit is the first manufacturing facility the company made operational in 1983. The Gurugram unit rolled out the first model in its line-up – the iconic Maruti 800.

Maruti Suzuki's sales (domestic and exports) declined 6.7% to 1,457,861 units due to the impact of the nationwide lockdown imposed to check the spread of the coronavirus pandemic in the last financial year. Demand in the local market has revived on a fast clip post the second wave of covid, however, supply shortage of semiconductors continue to affect production across automakers. In the first nine months of the ongoing financial year, Maruti Suzuki's sales rose 20.5% to 1,163,823 units. The company, in fact, has readied its biggest product onslaught of nearly half a dozen models this year.

Widening Base

Sonipat facility could have total installed capacity of about a million units

Co has 3 assembly lines each operational at its facilities in **Gurugram** and **Manesar**

1.5M Combined production capacity of current units

Co additionally sources vehicles from **Suzuki Motor Corporation's** facility in **Gujarat**

Business Line 26th January 2022

Maruti Q3 net skids 48% on chip shortage

Hopes to raise production in fourth quarter; Dec-end pending orders at 2.4 lakh units

OUR BUREAU

New Delhi, January 25

Maruti Suzuki India (MSIL) on Tuesday reported a 48 per cent drop in the consolidated net profit at ₹1,041 crore for the third quarter ending December compared with ₹1,997 crore in the third quarter for last fiscal year.

Revenues for the period declined by more than 2 per cent y-o-y to ₹23,581 crore against ₹24,165 crore in October-December quarter in 2020.

Shortage of electronic parts

"The company sold 4,30,668 units during the December quarter, down from 4,95,897 units in the corresponding previous period. Production was constrained by a global shortage in the supply of electronic components because of which an estimated 90,000 units could not be produced," the company said in a statement.

Domestic sales stood at 3,65,673 units in the quarter against 4,67,369 units in the third quarter previous fiscal year.

"There was no lack of demand as the company had more than 2,40,000 orders pending at the end of the quarter. Though still unpredictable, the electronics supply situation is improving gradually. The company hopes to increase production in the fourth quarter, though it would not reach full capacity," MSIL said.

Ajay Seth, Chief Financial Officer

It added that this financial year so far has been unique owing to an unprecedented global crisis caused by the pandemic and electronic component shortage. In the first quarter, the performance of the company was hit by Covid-related disruptions and lockdowns.

In the second and third quarters, the company was impacted by the electronic component shortage, it added.

Expansion plan on track

Speaking to analysts, Ajay Seth, Chief Financial Officer, MSIL, said the company was on track in investment for new product development and capacity expansion. "We have invested ₹2,233 crore till December, and ₹5,500 crore is on target for the full year... so it is estimated that an expenditure of around ₹3,000 crore will be incurred in the next three months. This is divided between new models, R&D expenditure, facilities in the existing capacities we have and also new land purchase that we will do as part of our capital expenditure," he said.

Shares of MSIL ended Tuesday at ₹8,600.60 apiece on the BSE, up 6.88 per cent from the previous close.

Business Line 21st January 2022

Bajaj Auto Q3 net skids 17%

High input costs, drop in export volumes weigh on performance

OUR BUREAU

Mumbai, January 19

Bajaj Auto, India's third largest manufacturer of two-wheelers, posted 16.69 per cent drop in consolidated net profit at ₹1,429.68 crore for the quarter ended December, 2021 weighed down by high input cost and drop in high-margin export volumes.

The corresponding period of last quarter saw the company's consolidated net profit settle at ₹1,7 16.26 crore. Total income rose to ₹9,369.31 crore, a growth of 1 per cent compared to ₹9,279.06 crore posted in the same period last year.

Earnings before interest tax, depreciation and amortisation (EBITDA) margin was at 15.6 per cent for the quarter which was much lower than the historical high of 20 per cent that the Pune-based company was able to maintain consistently.

Total volumes, comprising two-wheeler and three-wheelers in export and domestic segments, fell 10 per cent to 1.18 million units in the December, 2021 quarter against 1.30 million units in the same quarter last year.

While export volumes were consistently higher than domestic volumes, they were 4 per cent less than same period last year primarily on account of fall in demand from Sri Lanka, which is one of the biggest overseas markets for Bajaj Auto.

Domestic two-wheeler volumes were 20 per cent lower at 471,284 units in the December quarter against 585,469 units sold in the same quarter last year. The company, however, claimed to have improved its markets share to 19.2 per cent from 18.6 per cent.

Weak sentiments

Consistent rise in product prices and weak sentiments, especially in the rural markets, led to a fall in demand for two-wheelers. While domestic demand is not expected to see much reversal in the coming months, Bajaj Auto hopes that export volumes will touch record levels by the end of this quarter.

Business Standard 14th January 2022

Tata Motors steps on the accelerator

No. 3 carmaker has planned a series of launches in the short term to bolster sales

SWARAJ BAGGONKAR
Mumbai, January 23

Multiple offerings from the newly-formed electric vehicle company coupled with an even higher number of launches from the standard passenger car division will enable Tata Motors to comfortably exceed its traditional run rate of new model launches in a year.

The Mumbai-based company, which beat Hyundai in monthly sales to clinch the second spot in the passenger vehicle ranking in December, has planned a series of launches in the short term to further bolster its sales even as its factories are being run at near peak levels.

Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said, "We had announced in the past of doing two new launches every year since we were in the process of revamping our portfolio then. But now we have electric vehicle launches as well; one or two models every year. There will be launches of ICE (internal combustion engine) vehicles. Excitement can come in different forms."

In a short span, Tata Motors launched three new models — Punch, Safari and Harrier — in the SUV segment. However, the company is going for more launches in this segment as demand remains unabated for such body style. In the EV segment, there are multiple launches planned in the sub-₹10 lakh segment with a comparatively lower drive range than its flagship electric product Nexon EV.

Shailesh Chandra, MD

Tata Motors' two leading vehicle platforms — Alfa Arc and Omega Arc — are built to accommodate electrification. The Punch, the company's first SUV on the alfa-arc platform, will get electrification alongside the Altroz, a premium hatchback, which is built on the same platform.

Chip shortage

Due to the ongoing shortage of semiconductors and other components, there has been slight delays in new launches. The iCNG range on the Tiago and Tigor, for instance, was supposed to be launched a few months ago, but due to the chip shortage, the launch was put on hold.

"We were supposed to launch the CNG models a few months back, but we had to delay it because of chip shortage. There is the urgency of bringing certain new products within certain timelines; otherwise, you miss certain opportunities," Chandra added.

To manage new product launches, Tata Motors had rationalised the number of chips consumed by every vehicle produced in order to keep its production lines running. Chandra, however, admitted that the strategy did not work in all the cases but proved very favourable overall.

Business Line 26th January 2022

Rane Engine Valves posts ₹3-crore net loss in Q3

OUR BUREAU
Chennai, January 25

Auto parts firm Rane Engine Valves Ltd (REVL) reported a net loss of ₹3 crore for the quarter ended December 31, 2021 compared with a net profit of ₹14.2 crore in the year-ago period.

EBITDA for the December 2021 quarter stood at ₹5.2 crore (₹5.6 crore).

The EBITDA margin stood at 5.3 per cent (6.1 per cent). EBITDA margin dropped by 77 bps due to material cost increases. But it was mitigated with a better mix and higher production. Higher costs on account of the increase in employee cost and other costs also caused margin drop, a company statement said.

An exceptional item for Q3 was VRS expenditure of ₹2.7 crore. Net revenue of the company grew 7 per cent at ₹99.1 crore (₹92.6 crore). Q3 was a challenging quarter with semiconductor shortages impacting the supply chain across customers and geographies. The increase in employee costs and other costs impacted profitability," said L Ganesh, Chairman, Rane Group.

Business Line 19th January 2022

Piyush Arora is new Skoda Auto VW India head

OUR BUREAU
Mumbai, January 18

Piyush Arora, former Mercedes-Benz India Director, has been appointed as the new Managing Director of Skoda Auto Volkswagen India (SAVWIPL) effective from March 1, 2022. Arora succeeds Gurpratap Boparai who quit in December after a nearly four-year stint.

Piyush Arora

Arora will be responsible for expanding the Volkswagen Group's businesses in India, which includes the India 2.0 project of both Volkswagen and Skoda Auto. SAVWIPL oversees operations of five Volkswagen Group brands, Skoda Auto, Volkswagen, Audi, Porsche and Lamborghini.

Arora joins the company at a time when the group is in the middle of new product roll-out plan. Both Skoda and VW have rolled out their first products under the India 2.0 programme while Audi entered the electric vehicle segment.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 16th January 2022

Govt prescribes revenue sharing model for land, open access

Charging stations don't need licences, but must meet standards set by the guidelines

RISHI RANJAN KALA

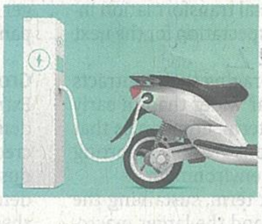
New Delhi, January 15

In a significant development, the Power Ministry has put into effect the revised guidelines and standards for electric vehicle charging infrastructure in a bid to encourage faster adoption of EVs as well as fast-track the setting up of related infrastructure. The revised norms cover individual owners and public charging stations (PCS).

Promulgated on Friday, the major revision in the consolidated guidelines and standards for public and private entities are with respect to land. Now, those setting up the charging infra can get government land on a revenue sharing basis for 10 years. It also allows a government land-owning agency to offer land to a private entity for setting up PCS on a bidding basis with a floor price of ₹1 per kilowatt hour (kWh).

Open access

Another key change is more clarity on open access. Any PCS can now get electricity from any generation company through open access within 15 days of receipt of its application. PCS operators will have to pay applicable surcharge, equal to the current level of cross subsidy (not more than 20 per cent as per Tariff Policy Guidelines), transmission and wheeling charges. No other surcharge/charge will be levied.



An individual or entity is free to set up a PCS without requiring a licence, but the station will have to meet technical, safety and performance standards and protocols under the guidelines. They have to abide by norms set by the Power Ministry, the Bureau of Energy Efficiency (BEE) and the Central Electricity Authority (CEA) from time to time. For personal vehicles, the revised guidelines allow EV owners the freedom of charging at their homes or offices using existing electricity connections.

Faster EV adoption

Somesh Kumar, Leader (Power & Utilities) at EY, said, "Clearly the objective of electrification of transport can be realised only if adequate and reliable EV charging infrastructure is in place.

The Ministry has tried to clarify on certain points which have been gap areas for long. Allowing users to charge using regular electricity connections, prescribing ceiling tariffs, allowing open access, laying down revenue sharing model for land use, creation of database, etc, all will facilitate faster and more efficient adoption of EVs."

The BEE will be the central nodal agency for the rollout of EV PCS. It is also preparing action plans for PCS installation in nine major cities with a million plus population, including the four metros.

Per initial estimates, a total of 3,263 chargers under BAU scenario, 23,524 under the moderate scenario and 46,397 under the aggressive scenario are being targeted for PCS installation in these cities by 2030. PCS will be required to tie up with at least one online network service provider to enable advance remote or online booking of charging slots by EV owners, the Ministry said.

The Economic Times 26th January 2022

Phased Introduction of Labour Codes on the Cards from Next Financial Year

GOOD START Two least controversial and pro-labour codes are likely to be implemented first

Yogima.Sharma@timesgroup.com

New Delhi: The labour ministry is mulling introducing the four labour codes in a staggered way with least controversial and pro-labour codes likely to come in before. The two codes which may come in from the next fiscal will be the Social Security Code and the Code on Occupational Safety, Health and Working Conditions. The idea is to get going on the codes, which have been pending for implementation for more than a year now.

The Parliament had in 2019 passed the Code on Wages while the Code on Industrial Relations, the Code on Social Security and the Code on Occupational Safety, Health & Working Conditions were passed in 2020.

"There is a thinking at the highest level on implementing the Codes in phases though no decision has been taken yet," a senior government official, aware of the deliberations, told ET. The labour secretary Sunil Barthwal did not respond to a query from ET.

The Social Security Code, 2020 provides for a universal social security, starting with the gig workers who would be covered under the Employees' State Insurance Corporation besides paving way for the government to merge all existing social security schemes under the Code.

The Code on Occupational Safety, Health and Working Conditions (OSH&WC Code) provides for longer work hours, double the wages in case of overtime beyond the fixed work hours and a single licence for contractors and staffing firms allowing them to operate pan India under one registration as against the prevailing situation where they have to obtain licence for operating in each location.

"Given the fact that the Codes have long been enacted, the central government would introduce them in a phased manner and may reach out to states to fast track framing Rules across the Social Security Code and the OSH&WC Code which are considered least controversial," labour expert KR ShyamSundar said.

The other two Codes, the Code on Wages, 2019 and the Industrial Relations Code, 2020 have financial implications on the employer and hence the industry has been seeking more time from the government to tide over the existing Covid-19 crisis before it takes on any additional financial burden.

Business Line 17th January 2022

Tamil Nadu, best State to do business in: Study

Attracts investments of ₹1,43,902-crore via 304 projects in April-December 2021

TE RAJA SIMHAN

Chennai, January 16

Tamil Nadu has emerged the most attractive investment destination in the first nine months of FY22, says a report by Projects Today.

The State is the highest net gainer of investments during April-December 2021. It attracted investment worth ₹1,43,902 crore from 304 projects during this period against ₹36,292 crore in the same period last year — a net gain of ₹1,07,610 crore.

Gujarat came in second with a net gain of ₹77,892 crore and Telangana third (₹65,288 crore), says the report.

Some of the companies that have committed to invest in Tamil Nadu include the Tata Group, JSW Renew, Hindustan Unilever, TVS Motor, Adani Group and Larsen & Toubro.

Sound policy, the key

Sound policy and quick problem-solving approach helped Tamil Nadu attract investments. "This is the feedback that we got from the companies. There is a willingness to listen, and a willingness to resolve," said Industry Secretary S Krishnan.

The decision-making on a range of issues, including incentive packages, is fast. Through the Covid pandemic, these factors became important as decision-making was to ensure that the economy did not suffer too much, he added.

MK Stalin, Tamil Nadu CM

The DMK, which came to power in May, has released a series of policies including for FinTech, MSMEs and Data Centres to woo investors.

S Chandra Kumar, Chairman, CII Tamil Nadu and Founder-Chairman, Kauvery Hospital, said that despite the pandemic, the State strengthened its competitiveness of doing business. The State government should continue the ease of doing business initiatives in new and emerging sectors like biotechnology, medical equipment manufacturing and renewable energy.

Globally trusted

CK Ranganathan, Chairman & Managing Director, CavinKare, said the jump in FDI clearly shows the trust global investors and industry leaders have with the current government. The political and bureaucratic leadership of Tamil Nadu is strong and has always had the legacy of attracting Industrial investments.

Across India, the first nine months of the current fiscal saw 7,764 new projects with a total investment commitment of ₹12,76,679 crore.

Business Line 25th January 2022

Chinese investments in Indian start-ups hit a three-year high in 2021 at $14.13 b

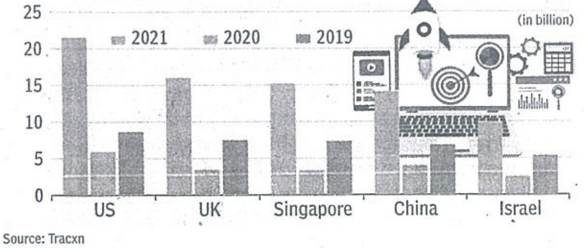
DEBANGANA GHOSH

Mumbai, January 24

Notwithstanding the geopolitical tensions between India and China or India banning over a hundred Chinese apps, investments from China into the Indian start-up ecosystem picked up in 2021 after slumping in 2020. Investments by Chinese venture capital, private equity, accelerators and incubators hit $14.13 billion across 268 rounds in 2021 up from $3.95 billion (225 rounds) in 2020, according to data sourced from Tracxn. In 2019, Chinese investors had invested $6.68 billion in Indian start-ups via 232 deals.

"Chinese investors cannot afford to stay out of India entirely since it is the biggest market outside China for investments. Though there is this geopolitical situation, eventually there will be co-existence. For instance, in smartphones there had been similar fluctuations but today 65-70 per cent smartphones sold in India are from China," Faisal Kawoosa, Founder and Chief Analyst, techARC, told *BusinessLine*.

Top 5 countries that invested in Indian start-ups



Source: Tracxn

Soft investments

The investments have poured in even as Indian authorities have been scrutinising companies with Chinese investments. Analysts suggested that the fresh investments coming in are "soft" where the control is retained by Indian promoters. The big-ticket deals are now being done with investors in the US and the UK. Start-up investments from the US grew 264.64 per cent from 2020 to 2021. Investments from the US hit $21.55 billion via 825 rounds in PE-VC deals, up from $5.91 billion in 2020 across 622 rounds. Investments from the US totalled $8.55 billion in 2019 (577 rounds).

Ashish Sharma, MD & CEO, InnoVen Capital, told *BusinessLine*: "Until 2019, Chinese investors were prominent especially in late-stage start-ups. Tencent, Alibaba, Xiaomi were very active. Last year, the amount of funding was almost 3x of what was the run rate in India but Chinese investors were pretty much a side show. There were only a few investments that happened like deals done by Tencent through some other structure outside China. Overall, there weren't many new investments from Chinese investors. They had only participated in rounds of some of their existing portfolio companies, maybe even in the form of convertible debt."

Business Line 21st January 2022

Exporters from SEZs, EoUs may soon be eligible for RoDTEP scheme

Data to calculate remission rates has been submitted

AMITI SEN

New Delhi, January 20

Special Economic Zones (SEZs) and Export-oriented Units (EoUs) may soon be brought into the ambit of the government's new scheme for remitting import duties, probably as early as the coming fiscal, with the process of fixing the reimbursement rates already in the works, sources have said.

The new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which seeks to reimburse all input taxes that go into the manufacture of an exported item, was introduced for most sectors from January 1, 2021, but it had excluded units in the SEZs and EoUs.

Rectification soon

"There was no justification for excluding EoUs and SEZs from the RoDTEP scheme as all exporters, whether they operate from the special zones or the domestic area, should be reimbursed if they are paying input taxes. This will hopefully get rectified soon," a source tracking the matter told BusinessLine.

The Export Promotion Council for EoUs and SEZs (EPCES) has already submitted the required inputs to the three-member committee, headed by former Union Secretary G K Pillai, for determining the reimbursement rates for various sectors in the EoUs and SEZs.

"We have submitted data to the committee in respect of about 200 SEZ units and EoUs. These are details such as the value of output, the inputs going into it and all the taxes paid so that the rates can be arrived at," said Alok Chaturvedi, Director General, EPCES.

Since the government has already fixed RoDTEP rates for most export sectors operating in the country outside the SEZs (Domestic Tariff Area), the exercise of fixing rates for those operating in SEZs or EoUs would not be an elaborate exercise. "While fixing rates for units in SEZs and EoUs, the committee just wants to ensure that they are comparable to those in the domestic area and if there are some additions that need to be made," Chaturvedi said.

Growth in export from SEZ

Exports of goods from SEZs have been rising steadily and have posted higher growth in the first three quarters of the fiscal compared to overall exports from the country.

In the April-Dec 2021 period, overall goods exports rose 49.66 per cent to $301.38 billion while goods exports from SEZs increased 60 per cent to $ 36.4 billion, per figures shared by the EPCES. Services exports from SEZ increased 17 per cent in the period to $ 51 billion.

The Economic Times 22nd January 2022

Niti Aayog Moots Priority Sector Lending for Electric Vehicles

Our Bureau

New Delhi: Niti Aayog has proposed inclusion of electric vehicles in the Reserve Bank of India's priority-sector lending guidelines, saying the move will help give a significant push to retail lending for EVs.

Banks and non-banking financial companies (NBFCs) in India have the potential to achieve an electric vehicle (EV) financing market size of ₹40,000 crore by 2025 and ₹3.7 lakh crore by 2030, the official think tank said in a report on EVs released on Friday.

"However, retail finance for EVs has been slow to pick up," said the report prepared along with Rocky Mountain Institute (RMI) and RMI India.

It suggested that the central bank may consider various EV segments and use cases based on five parameters: socio-economic potential, livelihood generation potential, scalability, techno-economic viability, and stakeholder acceptability.

Banks and NBFCs have potential to achieve EV financing market size of ₹40,000 cr by 2025: Niti

Priority-sector lending (PSL) aims to expand financial access and support employment opportunities in India.

"Financial institutions have an important role to play in accelerating the adoption of EVs in India and supporting the decarbonisation of road transport," said Amitabh Kant, chief executive officer of Niti Aayog.

"RBI's PSL mandate has a proven track record of improving the supply of formal credit towards areas of national priority. It can provide a strong regulatory incentive for banks and NBFCs to scale their financing to EVs," he said.

Clay Stranger, managing director of RMI, said, "Buyers are unable to access low-interest rates and long loan tenures for EVs as banks are concerned about resale value and product quality."

For full report, go to www.economictimes.com