(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

Business Standard 7th February 2022

Steel, auto, textile firms at heart of PLI job target

Five sectors form core of the govt's aim of generating employment for 6 million

SURAJEET DAS GUPTA
New Delhi, 6 February

The government's ambitious target of generating over 6 million jobs in five years from the production-linked incentive (PLI) scheme will hinge on five of the 14 specified sectors reaching the magic numbers.

The five sectors are textiles, speciality steels, white goods such as ACs and LED TVs, autos and auto components and high-tech mobile device manufacturing.

Based on the commitments made by the companies (on which the government has based its targets), these five sectors will account for 53 per cent of the jobs that need to be generated through direct and indirect employment.

More importantly, mobile device manufacturing alone, with 200,000 direct jobs and 600,000 indirect jobs, will account for over 13 per cent of all the jobs generated from PLI, the highest of all the sectors.

What is even more interesting is that the three vendors of just one company, Apple, will constitute 8 per cent of the government's overall PLI job target, based on their promises.

The three vendors, Foxconn, Wistron and Pegatron, have made a commitment to generate 60 per cent of the 200,000 direct jobs. Analysts assume that they will also account for a similar percentage of indirect jobs.

Spliced another way, a fourth of the jobs will come from just two sectors: textiles and autos and auto components. These are expected to generate 150,000 jobs collectively.

The incremental job generation has to be seen in the context of how manufacturing jobs have vanished. The CMIE data points out that from employing 51 million Indians in 2016-17, the manufacturing sector employed only 27.3 million in 2020-21, predating the pandemic.

For eligible PLI companies, the commitment to generate employment is not a condition for earning their financial incentives each year. If they fail, the incentives are not withdrawn. The incentive scheme (4 to 6 per cent of production value in most cases) is pegged to incremental investment and incremental production value for each year.

The government is keeping a very close eye on the commitments. At least in the mobile device space, one of the first big PLI schemes to take off, the jobs target given by companies seems to be on track.

According to estimates by the Indian Cellular and Electronics Association, it is expected that mobile device manufacturing will generate additional jobs of over 100,000 by the end of this calendar year — half the target by the second year.

Analysts sound a word of caution over the targets. They cite an April 2021 press statement announcing the approval of the PLI scheme for white goods (ACs and LED TVs) and saying it will generate 400,000 jobs in five years.

But seven months later, in another press release announcing the number of players who had applied for the scheme, direct employment was pegged at only 44,000, which meant that indirect employment would have to be nine times more if the earlier target was to be achieved.

According to estimates by the Indian Cellular and Electronics Association, it is expected that mobile device manufacturing will generate additional 100K jobs by the end of this calendar year

THE MAGIC NUMBER

Sector	Total jobs to be created under PLI scheme (direct and indirect, unless otherwise specified)
Mobile devices	200,000 direct; 600,000 indirect
Textile products	750,000 direct
Auto and components	750,000
White goods – ACs and LED	400,000
Speciality steels	525,000; 68,000 direct
Food products	250,000
IT hardware	144,000; 36,000 direct

Source: Government announcements

Business Standard 8th February 2022

Tata Motors' domestic biz reports best net sales

Domestic automotive business accounts for 31% of consolidated net sales in Q3

KRISHNA KANT
Mumbai, 7 February

Tata Motors' domestic business has continued to outgrow its global business as it reported its highest quarterly net sales of around ₹22,300 crore in the December quarter of financial year 2021-22 (Q3FY22), a 45 per cent jump year-on-year (YoY) from ₹15,390 crore a year.

In comparison, the company's consolidated net sales declined 3.2 per cent YoY to around ₹72,500 crore, from around ₹74,900 crore a year ago.

This was also the first quarter when the company reported profits at its passenger vehicle (PV) division since Q1FY18, when separate numbers were made available. Before that, the entire domestic business was a single reporting segment for the company.

The domestic PV business reported profits before interest and taxes (PBIT) of ₹835 crore in Q3FY22, against a loss of ₹381 crore a year ago. The commercial vehicle (CV) segment, however, reported a loss of ₹77 crore in Q3FY22, against PBIT of ₹350 crore a year ago.

The domestic automotive division, which includes the CV and Tata-branded PV divisions, accounted for 31 per cent of consolidated net sales in Q3FY22, just a notch below the decade-high figure of 31.6 per cent in Q2, and up from 20 per cent in Q3FY21. (See the adjoining chart)

However, on a trailing 12-months basis, the domestic automotive business accounted for 26 per cent of the company's consolidated net sales, the highest since Q3FY13. Tata Motors' consolidated business includes its British subsidiary Jaguar Land Rover (JLR), the domestic vehicle financing division, besides the domestic CV and PV divisions.

In contrast, the JLR division, which still accounts for two-thirds of Tata Motors' consolidated net sales, is facing a slowdown due to semiconductor chip shortage. JLR's net sales dropped 18.3 per cent YoY in Q3FY22 to ₹47,900 crore, from ₹58,600 crore a year ago.

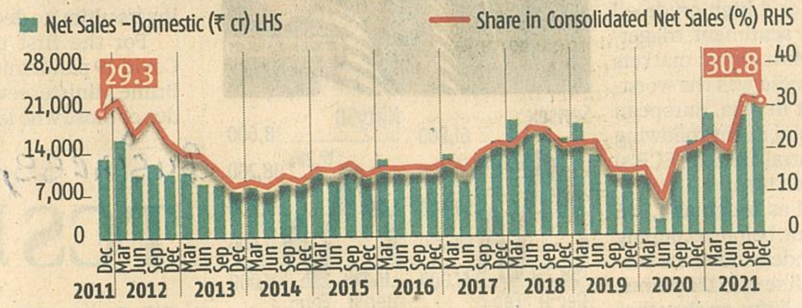
The growth at the company's domestic business is being driven by its PV division, which reported its highest-ever quarterly revenues of ₹8,600 crore in Q3, a 72 per cent jump YoY. In comparison, the CV division — that includes buses, trucks and light CVs — reported revenues of ₹12,316 crore in Q3FY22, up 29.2 per cent YoY from ₹9,530 crore a year ago.

The current financial year has so far been one of the best for Tata Motors' domestic automotive business, especially its PV segment, since the acquisition of JLR in 2007. For nearly a decade after that acquisition, the company's finances at the consolidated level were dominated by the performance of its British subsidiary, while the domestic business only played a marginal role.

For example, between 2013 and 2020, the domestic business contributed just 17 per cent to Tata Motors' consolidated revenue on average and very little to profits as the company consistently lost money in its domestic PV business.

Most analysts expect Tata Motors' domestic business to continue its good show, driven by a robust demand for its new range of sports utility vehicles and first-mover advantage in the electric vehicle segment.

The historical trend in Tata Motors domestic automotive business



Source: Capitaline, Compiled by BS Research Bureau

Tata Capital and subsidiary to raise ₹1,500-crore debt

DEV CHATTERJEE
Mumbai, 7 February

Tata Capital and its subsidiary, Tata Capital Financial Services, are planning to raise fresh debt of ₹1,500 crore through bonds. The boards of both companies cleared the fundraising by issuing non-convertible debentures (NCDs) in the last week of January.

Tata Sons has infused ₹3,500 crore in Tata Capital in the last five years. Of this, ₹1,000 crore was infused in financial year 2019-20 (FY20) and ₹2,500 crore in FY19. Tata Sons has not invested in TCL's equity thus far in the current fiscal. In the fresh fundraise, a banker said Tata Capital will raise ₹1,000 crore while another ₹500 crore will be raised by Tata Capital Financial Services.

Business Line 12th February 2022

Top auto firms get approval for PLI scheme

Axis Clean Mobility, Ola Electric Tech among new non-automotive investors

OUR BUREAU
New Delhi, February 11

Applications of the top auto companies such as Ashok Leyland, Eicher Motors, Hyundai Motor India, Kia India, Mahindra & Mahindra, Tata Motors, Hero MotoCorp, Bajaj Auto and TVS Motor have been approved by the government under the production linked incentive (PLI) scheme.

The scheme has received an overwhelming response with a proposed investment of ₹45,016 crore from approved applicants, the Ministry of Heavy Industries said in a statement on Friday.

Applications of other original equipment manufacturers (OEMs) including Suzuki Motor Gujarat, Ford India, PCA Automobiles India, Pinnacle Mobility Solutions and Piaggio Vehicles have also been approved by the government.

The Ministry of Heavy Industries said 20 applicants have been approved under the 'Champion OEM Incentive Scheme' under the PLI scheme.

Efficient EVs

"Incentive up to 18 per cent, to encourage industry to make fresh investments in indigenous supply chain of advanced automotive technology (AAT) products. The PLI scheme for automobile and auto components (₹25,938 crore) and PLI for ACC (₹18,100 crore), along with Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme (₹10,000 crore) will enable India to leapfrog to an environmentally cleaner, sustainable, advanced and more efficient

electric vehicles (EVs) based system," it added.

A total of 115 companies had filed applications under the PLI scheme for the automobile and auto component industry, which was notified on September 23 last year. The scheme was open for applications till January 9.

Incentives are applicable under the scheme for determined sales of AAT products (vehicles and components) manufactured in India from April 1 this year for a period of five consecutive years.

Some of the new non-automotive investors include Axis Clean Mobility, Booma Innovative Transport Solutions, Hop Electric Manufacturing, Ola Electric Technologies and Powerhaul Vehicle.

Companies such as Tata Motors and Ford Motor thanked the government for the opportunity to participate in the PLI scheme. "We are committed to shape India's vehicular landscape with smart and sustainable mobility solutions, powered by new age technologies to address the evolving needs of both personal and commercial mobility, and this opportunity will help us drive this with even greater vigour," a Tata Motors spokesperson said.

Ford Motor, which has stopped manufacturing for the Indian market, said as Ford leads customers through the global electric-vehicle revolution, it is "exploring the possibility of using a plant in India as an export base for EV manufacturing".

Business Line 5th February 2022

Audi on road to double-digit growth in 2022

Launch of Q series to drive up volumes, says India head

AYUSHI KAR
Mumbai, February 4

After ending 2021 on a record high, Audi expects double-digit growth in 2022 as well. Head of Audi India, Balbir Singh Dhillon told *BusinessLine* that the launch of Audi Q7, as well as other launches slated for this year will drive up volumes.

Last year was a particularly good year for the German carmaker with an increase in demand in the luxury car market as well as Audi's bullish car launches driving up sales.

"Last year, we launched nine new cars in the Indian market and the aim is to have many launches this year as well," Dhillon said.

Demand in the luxury car market set to grow

While it is too early to ascertain whether Audi will emulate last year's sales growth, Dhillon is certain that growth this year will be in double digits, especially with the launch of the Q series.

Sales of the Q series were restarted with the launch of Audi Q5 in September. Their sales make up nearly 45 per cent of Audi's sales portfolio, said Dhillon. Audi launched its much anticipated seven-seater SUV at an ex-showroom price of ₹80 lakh for the Premium Plus variant and ₹88 lakh for the technology variant.

Auto policy

Audi started manufacturing Q7 at its Aurangabad facility last month, and is one of the four models being manufactured in India, due to high demand volume.

On the impact of the Budget on the luxury car industry, Dhillon said, "while not much impact will be seen directly, a lot of auto policy around battery swapping is focused on two-,three- wheelers. We are always grateful for the policy stability that we need as car makers."

Dhillon also believes that the investment in infrastructure will drive up sales for automobile companies.

On Q7, Dhillon said:, "There is no better way to start the year than launching a car that has been an absolute favourite in India. The Audi Q7 has been an icon of our Q-range for several years and we are confident that the latest model will be as successful with its new look and upgraded features. The Audi Q7's versatile performance, both on and off the road, is a key trait that makes it stand apart from all others."

Business Line 12th February 2022

Vehicle wholesales skid 19% in Jan on Omicron concerns, chip crunch

Sales of passenger car decline 8%, two-wheelers dip 21%, SIAM data show

OUR BUREAU

New Delhi, February 11

In the slow lane

Segment/category	Jan 2022	Jan 2021	% change
Total passenger vehicles	2,54,287	2,76,554	-8
Total three-wheelers	24,091	26,794	-10
Scooter/scooterette	3,48,704	4,54,556	-23
Motorcycle/step-throughs	7,43,804	9,16,365	-19
Total two-wheelers	11,28,293	14,29,928	-21
Grand total	**14,06,672**	**17,33,276**	**-19**

Source: SIAM

The total passenger vehicle (PV) wholesales (dispatches to dealers) in the domestic market declined by eight per cent year-on-year (y-o-y) to 2,54,287 units in January compared with 2,76,554 units in corresponding month last year.

According to the monthly sales data shared by Society of Indian Automobile Manufacturers (SIAM), passenger car sales declined by 1,26,693 units compared to 1,53,244 units in the year-ago period. Similarly, van dispatches declined to 10,632 units (11,816 units).

However, utility vehicle sales increased five per cent to 1,16,962 units compared to 1,11,494 units.

Total total two-wheeler dispatches declined 21 per cent to 11,28,293 units (14,29,928 units). Three-wheeler wholesales dropped to 24,091 units (26,794 units).

Overall, total dispatches across categories fell 19 per cent to 14,06,672 units (17,33,276 units).

Demand issue

"Sales in the month of January declined compared to January 2021, due to both Omicron related concerns and semi-conductor shortages. There is clearly a demand issue for two-wheelers due to lower rural off-take of entry level models. Three-wheelers continue to be severely affected due to lower sales. On the other hand, passenger vehicle segment is unable meet the market demand due to supply side challenges resulting sales in January being even lower than January 2021," Rajesh Menon, Director-General, SIAM, said.

Business Line 9th February 2022

Electric vehicle battery: Tata Group sits out PLI scheme over returns worry

However, 10 firms have responded with bids for twice the manufacturing capacity

SWARAJ BAGGONKAR

Mumbai, February 8

The Tata Group has declined to participate in the government's ₹18,100-crore production-linked incentive (PLI) scheme as it found the return on the risk involved unfavourable.

The scheme for advanced chemistry cell (ACC) battery storage to achieve manufacturing capacity of 50 gigawatt-hour (GWh) is part of the government's efforts to promote adoption of electric vehicles and lower the dependence on fossil fuel-based transportation.

"We had considered this extensively and, when we looked at the conditions of this particular PLI, we found that the risk-return equation was not working out for us and, therefore, we decided to stay away from it after having done humongous amount of work," PB Balaji, Chief Financial Officer of Tata Motors, said in a recent post-earnings conference call on being asked why the Tata Group did not participate in the scheme.

Last month, the Centre received an overwhelming response to the scheme with participation from 10 companies — Reliance New Energy Solar (RIL subsidiary), Hyundai Global Motors, Ola Electric, Mahindra & Mahindra, Larsen & Toubro, Amara Raja Batteries, Exide Industries, Rajesh Exports, India Power Corporation, and Lucas-TVS. The bids were for a capacity of 130 GWh, more than twice the manufacturing capacity to be awarded.

The manufacturing facility would have to be set up within two years, while the incentive would be disbursed over a period of five years on the sale of batteries manufactured in India.

Market leader

Tata Chemicals, the world's third largest soda ash producer, is leading the Tata group's charge as far as interest in producing EV batteries goes, including plans for a lithium-ion battery production plant in Gujarat.

Tata Motors has a near-monopoly in the four-wheeler EV market in India — with 81 per cent share as of December 31, 2021, and sale of 10,011 units during the nine months. With just two products — Nexon EV and Tigor EV — the company has capitalised on the robust demand for EVs in India, with an average waiting period of four months.

Tata Motors plans to have 10 EVs by 2025 in varying ranges, price points and styles. It vies to retain its market leadership even as rivals like Hyundai and Mahindra & Mahindra rev up their EV play.

Business Line 8th February 2022

Auto sales to turn the corner in couple of months: FADA

January retail sales decline 11% y-o-y

OUR BUREAU

New Delhi, February 7

As India gets back on its feet post the third wave of Covid, the Federation of Automobile Dealers Associations (FADA) on Monday said it expects auto retail sales will slowly turn positive.

Semi-conductor shortage is also showing signs of easing as many passenger vehicle (PV) manufacturers assures better dispatch, it said. "We hence expect vehicle availability to improve further. Overall, FADA changes its outlook from 'negative – neutral' to 'neutral' for the next couple of months," Vinkesh Gulati, President, FADA, said.

All India vehicle retail data for Jan'22 *(in units)*

Category	Jan-22	Jan-21	% change
Passenger vehicles	2,58,329	2,87,424	-10
Two-wheelers	10,17,785	11,75,832	-13
Three-wheelers	40,449	31,162	30
Commercial vehicles	67,763	56,227	21
Tractors	55,421	61,485	-10
Total	**14,39,747**	**16,12,130**	**-11**

Source: FADA

Retail sales

In terms of monthly retail sales, January continued to show weak performance as overall retails on year-on-year basis, fell by around 11 per cent. The latest FADA report said that PV retail sales declined by 10 per cent Y-o-Y to 2,58,329 units in January against 2,87,424 units in corresponding month last year.

Two-wheeler sales also declined by more than 13 per cent to 10,17,785 units during the month.

Tractor sales declined 10 per cent to 55,421 units in January compared with 61,485 units in the same month last year.

Three-wheeler sales up

However, three-wheeler sales rose 30 per cent to 40,449 units during the month compared with 31,162 units in January last year.

Commercial vehicles sales also grew by more than 20 per cent 67,763 units compared with 56,227 units in January 2021.

"In spite of good demand, PV continues to face the brunt of semi-conductor shortage resulting in void of a healthy inventory. In the two-wheeler category, the rural distress coupled with price rise and omicron wave played a villain's role for this segment," Gulati added.

Business Line 1st February 2022

Auto companies facing backlog of 7-lakh cars due to chip shortage

OUR BUREAU

New Delhi, January 31

Indian car manufacturers had a cumulative pendency of over seven lakh orders as of December 2021 due to semi-conductor shortage, the Survey revealed.

With the delay in supply, the average lead time in the automobile industry for 2021 has been around 14 weeks globally. India has also experienced similar trends and as per Society of Indian Automobile Manufacturers (SIAM) data, carmakers sold 2,19,421 passenger vehicles in the domestic market in December 2021, down 13 per cent year-on-year (YoY).

And, this is not a demand problem but a supply-side issue, it said.

The Survey said a report by investment bank Goldman Sachs 2021 said the supply chain disruptions in the semiconductor industry have spillovers in over 169 industries. The manufacturing of semiconductors requires large amount of capital and has an average gestation period of six-nine months. Moreover, it has a fairly long production cycle of about 18-20 weeks.

Among manufactured goods, however, some sectors showed strong YoY increase, including iron and steel, electronic components and pharmaceuticals while others such as automotive products and telecommunications equipment showed stagnation or decline, reflecting the recent shortage of semiconductors, the survey said.

Govt push

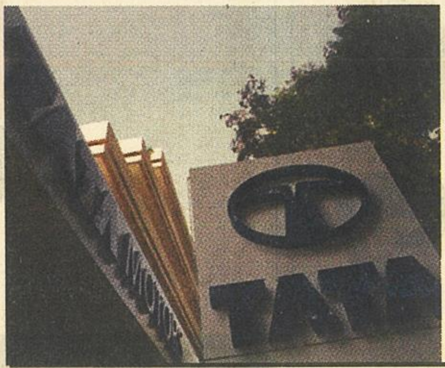
It also highlighted about the government's recent approval of an outlay of ₹76,000 crore for the development of semiconductors and display manufacturing ecosystem.

Business Standard 11th February 2022

TaMo net loss narrows as chip shortage eases

Down to ₹1,451 crore in December from ₹4,415 crore in the previous quarter

SHALLY SETH MOHILE
Mumbai, 31 January



CONSOLIDATED EARNINGS

	Dec 21	Dec 20	YoY change %
Revenue from operations	72,229	75,653.69	-4.5
Net loss	-1,451	2,941	
Ebitda	7,395	11,225	-34.1
Ebitda Margin (%)	10.2	14.8	-460bps

Source: Company

Tata Motors pared its consolidated loss quarter-on-quarter in September-December 2021 as better availability of semiconductors is helping Jaguar Land Rover (JLR) ramp up production, the company said on Monday.

The Tata group flagship reported a net loss of ₹1,451 crore in the quarter ended December 31, 2021. This is narrower when compared with a ₹4,415-crore net loss in the September quarter.

For the year-ago quarter, it had posted a net profit of ₹2,941 crore.

Revenue from operations during the three-month period declined 4 per cent year-on-year (YoY) to ₹72,229 crore against ₹75,653 crore in the corresponding period, the company said.

"We are seeing all businesses starting to improve sequentially. As the semiconductor crisis eases and commodity prices stabilise, we should see a strong Q4 and beyond." said P B Balaji, group chief financial officer (group CFO), Tata Motors, in a post earnings call.

Notwithstanding all the disruptions, Tata Motors is optimistic of being a net debt-free company by 2024, he said.

This will be driven by a positive cash flow coupled with monetisation of non-core assets and pumping in top-up equity as and when required, he said.

"We are confident of getting there," said Balaji.

At the end of the third quarter, Tata Motors automotive net debt stood at ₹60,000 crore, down from ₹64,000 crore in Q2 of FY22 and ₹61000 crore in Q2 of FY21.

Meanwhile, the transformation programme embarked upon by the firm a year ago, delivered £1 billion of value year-to-date. It is now expected to achieve £1.4 billion of value in FY22, beating the company's target of £1 billion.

Dented by the chip shortage, JLR's retail sales declined 37 per cent YoY to 80,126 in the December quarter. With the chip supply situation gradually improving, production volumes jumped 41 per cent to 72,184 units over the second quarter of FY22. The sequential improvement reflected in the earnings.

While the revenue at £4.7 billion, was up 22 per cent sequentially, a rich product mix bumped up the EBIT (earnings before interest and tax), masking the low volumes. It reported an EBIT of 1.4 per cent in the December quarter of FY22 from a negative 4.7 per cent in the previous quarter.

JLR's order book hit a record of 155,000 units, up 30,000 sequentially, reflecting strong demand for the New Range Rover, the company said.

"We believe lower capex and the government's stimulus would support JLR, improving passenger vehicles' business and focus on cost control would improve the standalone margin. Moreover, tight control on capex and R&D would lower its automotive debt to a greater extent over the next 2-3 years," wrote Mitul Shah, head of research at Reliance Securities.

Revenue for the India business during the quarter rose 43.3 per cent to ₹2,959 crore while EBITDA margin fell 350 basis points to 3.3 per cent.

The Economic Times 8th February 2022

Auto Retail Remains in Negative Territory in Jan

Registration of vehicles at RTOs fall 11%, but industry hopeful the situation will improve in the coming months

Our Bureau

Mumbai: Retail of automobiles sales continued on a downward clip as semiconductor shortage and poor rural sentiment impacted demand, but vehicle retailers remain hopeful of an improvement in the coming months.

Registration of vehicles with regional transport offices (RTO), which is a good proxy for retail sales, declined by 11% year-on-year in January. Registrations were down 18% compared to the pre-covid month of January 2020, as per data from the road transport and highways ministry's VAHAN platform.

Two-wheelers remained the category under maximum pressure with the rural economy being in disarray. Meanwhile, passenger vehicle (PV) or car sales took a hit due to poor availability of semiconductor chips despite robust consumer demand.

Two-wheelers remained the category under maximum pressure with the rural economy being in disarray

Commercial vehicle (CV) and three-wheeler registrations grew year-on-year, however on an exceptionally low base. Compared to the pre-pandemic period, both categories remained in the red.

Data were compiled by the Federation of Automobile Dealers' Associations (FADA), a lobby of vehicle retailers. The data are incomplete as only 1,379 out of 1,590 RTOs in the country are on the VAHAN platform. But they paint an accurate picture in terms of trends.

In Slow Lane

	Change over Jan 2021	Change over Jan 2020
Passenger vehicles	-10.1%	-12.4%
Two-wheelers	-13.4%	-20.3%
Commercial vehicles	20.5%	-9.2%
Three-wheelers	29.8%	-36.6%
Tractors	-9.9%	1.4%

"Auto retail's weak performance of -18.4% compared to January 2020 continues to show that India is yet to recover from the covid effect which gripped the world two years ago," Vinkesh Gulati, the president of FADA, said in a statement.

However, Gulati remained hopeful of an improvement in the near term.

"As India gets back on its feet post the third wave of Covid-19, we expect that auto retail will slowly turn positive. Semiconductor shortage is also showing some signs of easing as many PV OEMs assure of better dispatches," he said. OEM here refers to original equipment manufacturers, or automakers.

The budget announcement by Finance Minister Nirmala Sitharaman to construct 25,000 kilometres of highways in FY23 and other infrastructure spending augurs well for CV sales. Meanwhile, the government's plan for increasing rural spending may help two-wheeler, tractor and entry-level car sales, Gulati said.

The average inventory with car dealers was about 8-10 days' worth at the end of January compared to the industry norm of holding a month of inventory. Two-wheeler dealers had 25-30 days of inventory on average, a FADA survey found.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 12th February 2022

Hero Motocorp, Ather may join hands for vehicle charging, sales and export

The two-wheeler major is set to debut in the EV space next month

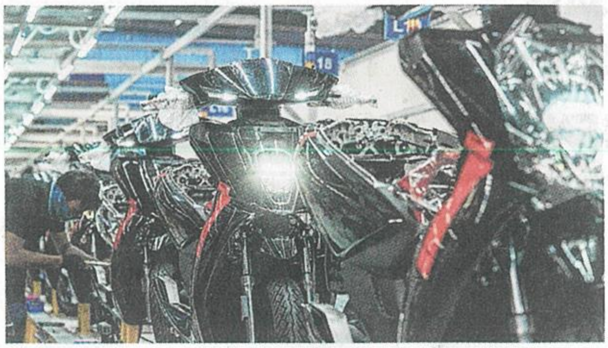
SWARAJ BAGGONKAR

Mumbai, February 11

Hero MotoCorp, India's biggest two-wheeler manufacturer, and electric vehicle (EV) start-up Ather Energy could work together in areas beyond product development to tap into each other's strengths as both look to step up their EV play.

Business areas like development of charging infrastructure, export markets, and even managing front-end businesses like vehicle sales could be explored by both the companies.

Niranjan Gupta, CFO, Hero MotoCorp, said, "Both companies are exploring collaborations in the spaces where there can be synergies. We strongly believe that EV is more about partnerships and collaboration rather than competition. This bs a category that has to be built and built under different streams of revenue and with optimisation."



The two companies have charted aggressive near-term plans including new products and expansion of manufacturing footprint

Aggressive growth plans

The Pawan Munjal-led Hero MotoCorp owns over 34.8 per cent stake in Bengaluru-based Ather Energy, which is promoted by Tarun Mehta. Both companies have operated independently till date without tapping into each other's strengths.

"Whether it is charging, global business or front end, there are multiple collaborations explored between the two companies (Hero MotoCorp and Ather). Already there is so much learning that gets cross-pollinated," Gupta added in a post earnings call.

Both Hero and Ather have charted aggressive near-term plans including new products and expansion of manufacturing footprint.

While Hero is ready to debut in the EV space next month with the launch of an electric scooter, Ather will work towards ramping up production to 1 million units a year within the next three years.

Ather is presently proceeding with yet another funding round which saw the participation of Hero as well with an investment of ₹420 crore. Hero's stake in Ather is set to go up further, but to what extent will be known only after the round is concluded, Gupta said.

Ather delivered 2,825 units in January but was struggling to meet demand due to supply chain challenges. The company currently has 29 outlets across 24 cities with 304 fast-charging points installed.

Business Line 2nd February 2022

A big charge up for electric vehicle industry

Battery swapping to help reduce cost of ownership and ease of buying

G BALACHANDAR

Chennai, February 1

In her 'green budget', with a strong push to meet decarbonisation objectives, the Finance Minister has announced some much-needed support measures for electric vehicles (EV) as the availability of seamless and widespread charging infrastructure is the need of the hour to aid the EV revolution in the country.

While new-age players have been driving the EV market, the budget announcements may lead to the further active role of start-ups.

Improving user confidence

The government's proposals are expected to improve user confidence and accelerate EV adoption as the measures will address the range anxiety issue, which is seen as one of the impediments to the mass adoption of electric vehicles. Battery swapping is expected to help democratise the buying of EVs by reducing the cost of ownership and enabling the ease of buying.

"The government has been privy to the fact that the way forward in the mobility sector is to shift to EVs. Interoperability standards will help address range anxiety issues and battery swapping stations will be an asset to the evolving EV ecosystem across the country," said Naveen Munjal, Managing Director, Hero Electric.

Rajesh Jejurikar, Executive Director, Auto & Farm Sectors, Mahindra and Mahindra, stated that battery swapping could offer a practical alternative to increase adoption of EVs and "M&M will work with all stakeholders in formulating interoperability standards as well as driving innovation in the battery as a service business model."

Multiple operating models will continue to compete for a share in the Indian EV market spanning both privately owned and public transport system

But, industry experts present different views on the benefit of the battery swapping model. "In any transport system that moves in a fixed route and wherein one entity owns the vehicle as well as the swapping station the demand management of batteries is much easier. So buses become the best candidate for this and if the density of the network increases (e.g. in Taiwan), 3W and 2W can also be accommodated," said Ashim Sharma, Partner & Group Head at NRI Consulting & Solutions.

Multiple operating models

Multiple operating models will continue to compete for a share in the Indian EV market spanning both privately owned and public transport systems.

"Battery swapping is a model which may initially find traction in the two & three-wheeler market, due to the smaller lithium battery sizes and the lower footprint requirements from an infra/land bank perspective," said Vinay Raghunath, Partner and Automotive sector Leader, EY India.

Of course, a lot will, however, also depend on the evolution of standardisation of the battery, not only in terms of size but also in terms of battery technology.

"Swapping policy will call for collective efforts by electric vehicle OEMs to launch models with interoperable batteries across their product lines," stated Rishabh Jain, Programme Lead, CEEW Centre for Energy Finance.

FM's announcement to encourage 'Battery or Energy as a Service' business would throw up opportunities for start-ups and may result in collaboration between vehicle manufacturers and battery/service technology providers to foray into BaaS (Battery as a Service) to scale up charging infrastructure."

Suhas Rajkumar, CEO & Founder, Simple Energy, felt that impetus should be given on developing safer battery packs as swapping stations cannot be applied to direct consumers given the safety aspect as this will further lead to making the ownership of the vehicle complex.

Business Line 4th February 2022

Electric two-wheeler sales continue dream run in 2022

However, overall EV volumes see marginal fall

G BALACHANDAR

Chennai, February 3

The year 2022 has started off well for the electric two-wheeler industry — which has been driving overall EV volumes in the country for several months — as the segment maintained a good growth during January 2022 amid a marginal decline in overall EV volumes during the month.

Total EV registration for January 2022 reported a drop of 5 per cent month-on-month due to the impact of the Omicron-induced third wave and associated restrictions. But registrations saw a three-fold growth compared to January 2021 numbers.

Total EV volumes (all segments put together) for January 2022 stood at 48,130 units as compared to 50,906 units in December 2021 and 16,214 units in January 2021, according to official data from the Union Ministry of Road Transport & Highways.

Surge in high-speed E2W

Overall high-speed electric two-wheeler registrations in January 2022 increased to 27,563 units compared to 24,725 units in December 2021, up 11 per cent sequentially and a fivefold increase compared to January 2021 volumes.

"The domestic electric 2W sales continued to have a dream-run during this fiscal. In January 2022, high-speed E2Ws saw an 11 per cent m-o-m growth with the highest-monthly sales for this fiscal. Meanwhile, the proposed formulation of a battery swapping policy and interoperability standards, announced in the Budget 2022-23, could be game-changers for faster EV adoption in the medium term," said Rohan Kanwar Gupta, Vice-President & Sector Head – Corporate Ratings, ICRA Ltd.

Electric scooters make up a bulk of EV sales

The top 10 players accounted for 93 per cent of the total electric two-wheeler registrations recorded in January 2022.

Hero Electric remains the largest player and its electric two-wheeler registrations during the month stood at 7,763 units, followed by Okinawa at 5,611 units and Ampere Vehicles at 4,218 units. Together, these three players accounted for a little over two-thirds of electric two-wheeler registrations during the month.

So far, electric scooters have been the big lure for the buyers and make up the bulk of sales. The coming months will witness numerous launches, particularly in the high-speed scooter segment. A host of new electric bikes will be introduced as both traditional ICE majors such as Bajaj Auto and new entrants line up new electric motorcycles.

Total electric car registrations stood at about 1,460 units in January 2022, down from 2,522 units in December 2021. Tata Motors remains the player in this segment with more than 90 per cent of the market share.

3W segment

"Electric three-wheeler registrations (both passenger and cargo-type) in January 2022 stood at about 18,176 units, a sequential decline of 22 per cent as compared to 23,373 units registered in December 2021. But it grew 71 per cent year-on-year, according to JMK Research.

Meanwhile, some support measures announced in the Budget are expected to give huge impetus to the electric vehicle industry as they are aimed at strengthening the ecosystem for the EV industry.

The industry has welcomed plans to formulate battery-swapping policy and an interoperability framework will bring down the cost of EVs drastically, increasing the rate of their adoption.

Business Line 3rd February 2022

Bajaj Auto readies electric 3-wheeler launch for Q1 FY23

Aims at range to cover cargo and PV segments

SWARAJ BAGGONKAR

Mumbai, February 2

Bajaj Auto, India's biggest three-wheeler manufacturer, will make its debut in the electric three-wheeler space next quarter to challenge the dominance of Mahindra & Mahindra (M&M).

The Pune-based company, which has been testing its indigenously developed battery-powered three-wheelers (commonly called as autorickshaw) for the past few years, said it will launch a range of electric three-wheelers suited for different applications.

Speaking to analysts, Rakesh Sharma, Executive Director, Bajaj Auto, said,

Rakesh Sharma, Executive Director, Bajaj Auto

"The three-wheeler development is now nearing its final phase and we expect putting it up for approvals by the end of this fiscal & will will launch them in the next quarter."

Bajaj Auto, which has a 62 per cent share in the fossil fuel-powered three-wheelers space, as per SIAM data, had initially planned to launch electric three-wheelers two years ago but due to the disruption caused by the pandemic, the company decided to hold back the launch.

"We will have a comprehensive range which will progressively cover the cargo, the small passenger and large passenger. We will be using use our current brand name and try to flow over the enormous equity which we enjoy with the mechanics, drivers and fleet owners. ," Sharma added.

Bajaj Auto will begin with fixed battery technology for with its three-wheelers. This would means that the batteries cannot be taken out for charging and can neither be swapped. This is done to keep the acquisition cost of the product down since battery costs remain high.

The company is, however, working on battery swapping technology and hopes to employ it in three-wheelers in future.

Business Line 10th February 2022

'Ola's production claim doesn't tally with sales'

Only 1,102 units sold in January versus 'rollout' of almost 1,000/day, says FADA

SWARAJ BAGGONKAR
Mumbai, February 9

After ramping up production of electric scooters to 1,000 a day in the first week of January, start-up giant Ola Electric has managed to sell just a fraction of that number during the entire month.

According to auto retail sales data supplied by the Federation of Automobile Dealers Association (FADA), the Bengaluru-based company sold just 1,102 electric scooters in the whole of January.

The data, sourced in collaboration with the Ministry of Road Transport and Highways, is from nearly 87 per cent of the regional transport offices (RTO).

On January 6, Founder and CEO Bhavish Agarwal

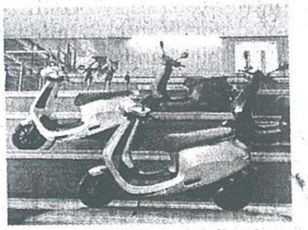
day', while announcing the opening of the next purchase window for customers.

Ola sells its scooters direct to customers and does not have a dealer network.

Delay in deliveries

In January, Ola Electric attributed the low retail numbers to the fact that the vehicles were in transit. However, according to FADA, it takes less than 10 days to deliver a vehicle to be registered anywhere in India. As there was no lockdown in the third pandemic wave, RTOs have been fully operational.

A mail seeking clarification on the discrepancy in production and sales data sent to Ola Electric remained unanswered at the time of this article going to print.


The company started deliveries only in mid-December after a two-month delay PTI

1,000 production a day) are not true and I don't know why they are blaming the dispatch. They are saying it takes 3-4 weeks for dispatching the vehicles. Normally, we deliver vehicles within 24 hours to a maximum of three days once the customer makes full payment. Even if transportation is an issue, it can be done in a maximum of 5-7 days with registration taking another 2-3 days. Even where there are no dispatch issues, they are not able to show

have received orders for 100,000 units for its S1 model from the time it opened bookings last year. The company started deliveries only in mid-December; after a two-month delay and six months after opening the bookings.

Consumers unhappy

The company has been facing consumers' ire for delaying the delivery of vehicles with several taking to social media to express their anger. Some have approached FADA for help. With Ola Electric not going through dealers but supplying to consumers directly, it has become difficult for FADA to find a recourse.

However, FADA has sought the intervention of the Ministry of Heavy Industries in the matter. "We have forwarded the mails to the Heavy Industries Ministry seeking their intervention. All we

Business Line 4th February 2022

Bounce records over 10 lakh EV scooter battery swaps

OUR BUREAU
Bengaluru, February 3

Mobility start-up Bounce has registered more than 10 lakh battery swaps for electric scooters on its energy infrastructure network, Bounce Infinity.

The Infinity swapping stations work on similar principles to a fuel station.

They have charged batteries that customers can swap with their near-empty batteries in a few minutes.

With this infrastructure in place, customers do not to wait for the scooter to charge.

Bounce is amplifying its battery-swapping network in line with its recently launched consumer electric scooter, the Bounce Infinity E1.

The scooter, which was unveiled in December, comes with 'battery as a service' option.

This pushes the running costs of the scooter down substantially, by as much as 40 per cent, compared to conventional scooters.

The Bounce Infinity E1 will also be offered with a removable battery that can be charged by customers.

Vivekananda Hallakere, Co-founder & CEO, Bounce, said, "With the recent Budget announcement on bringing out a robust battery swapping policy, this is a vindication of the path that we have pioneered for Bounce Infinity. Government and policymakers have recognised battery swapping and battery-as-a-service (BaaS) as the most effective solution to accelerate EV adoption in India by addressing range anxiety.

Bounce has recently partnered with brands such as Nobroker, Park+, Readyassist, Kitchens@, Hello-World, Goodbox, etc to set up infrastructure to support 10 lakh+ scooters in the next 12-24 months.

Business Line 12th February 2022

'State's EV policy driving sales in Pune'

Shiladitya.Pandit
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Pune: The electric two-wheeler maker Ather has announced that more than 10% of its two-wheeler sales in January came from Pune.

Ather said it sold 342 units from its experience centre in Pune, out of the total of the 2,825 units sold all over India in January 2022. The company added that while part of the "dominance" of the Pune market stems from the pre-eminence of the city being one of the largest two-wheeler markets in the country, recent factors have also helped.

"The Maharashtra government's EV policy provided the initial impetus... Owners can now break even on their investment in 18-24 months and save nearly Rs 2/km in the years after," said Ravneet Phokela, chief business officer of Ather.

Times of India 12th February 2022

Atumobile ramps up manufacturing capacity; opens second unit

OUR BUREAU
Hyderabad, February 11

Electric vehicles maker Atumobile Pvt Ltd has set up its second factory here to expand manufacturing capacity. With the new unit, manufacturing capacity has increased from 25,000 per annum to 3,50,000 units per annum. The new 20,000 sq ft unit will be used to manufacture Atum 1.0, a low-speed new generation electric bike, and subsequent models which are expected to be launched, Vamsi Gaddam, Founder and Managing Director, Atumobile Pvt Ltd, told newspersons after formal inauguration of the facility.

Citing industry data, Gaddam said the electric two-wheeler market grew 135 per cent in 2021 and touched 2.30 lakh units. In view of demand for high-speed variants, Atumobile will launch Atum 1.1 with a 50-km speed and Atum 2.0 with a 70-km speed in a few months' time.

Business Line 4th February 2022

Jaguar Land Rover explores partnerships in EV space

SWARAJ BAGGONKAR
Mumbai, February 3

Tata Motors-owned British luxury brands Jaguar and Land Rover have said that they are exploring partnership opportunities for the future as the work to make both brands go fully electric by 2030 intensifies.

Responding to a question during a post earnings call on whether JLR (which owns the two brands) would collaborate with other automakers for licensing of electric vehicle platforms, Thierry Bollore, CEO, Jaguar Land Rover, said, "We are being solicited and are also exploring partnership opportunities for the future."

JLR has developed two new platforms for the electric transition. While the MLA (modular longitudinal architecture) platform can house hybrid and pure electric vehicle solutions, the EMA (electric modular architecture) platform is purely for electric purposes.

Thierry Bollore, CEO

In-house platform

In addition to these platforms, JLR said it will develop its own electric platform in-house, which will be supported by a £625 million UK government-backed loan.

Jaguar and Land Rover aim to offer pure electric power, nameplate by nameplate, by 2030. By this time, in addition to 100 per cent of Jaguar sales, it is anticipated that around 60 per cent of Land Rovers sold will be equipped with zero tailpipe powertrains. Tata Motors has made commitments of pumping in £2.5 billion in electrification technologies and the development of connected services at JLR.

In 2019, JLR announced a partnership with German luxury auto giant BMW to jointly develop electric motors transmission and power electronics.

Jaguar I-Pace is currently the only fully electric model in the JLR portfolio. While the first all-electric Land Rover will hit the market in 2024, Jaguar is on track to become an all-electric luxury brand from 2025.

Business Line 12th February 2022

Ashok Leyland transfers EV biz to Switch Mobility for ₹240 crore

Posts ₹6-cr profit in Q3 against ₹19 cr loss in the same quarter last year

OUR BUREAU
Chennai, February 11

Leading truck and bus maker Ashok Leyland has completed the sale of its electric vehicle (EV) business to Switch Mobility Automotive Ltd (SMAL), its EV arm, for a consideration of ₹240 crore.

"The transfer of EV business resulted in a profit of ₹96 crore for the company and the transfer of EMaaS (Electric Mobility-as-a-Service) business is pending regulatory and other approvals, according to a note filed with the stock exchanges.

In November 2021, the board had approved the sale of the EV business to SWAL and the transfer of EMaaS business to Ohm Global Mobility, fellow subsidiary of Ashok Leyland, with effect from October 1, 2021.

Dheeraj Hinduja, Executive Chairman, Ashok Leyland

The electric vehicle business under Switch continues to expand. While Switch UK is setting up of manufacturing plant in Spain, the company continues to win EV orders from state transport undertakings in India. In Q3, it won an order to supply 300 electric buses to Bangalore Metropolitan Transport Corporation. It is also supplying 40 electric buses to the Chandigarh Transport Undertaking.

Meanwhile, the Hinduja flagship has reported a net profit of ₹6 crore for the quarter ended December 31, 2021, when compared with a net loss of ₹19 crore in the corresponding quarter in the previous fiscal, helped by exceptional items which included gains through transfer of EV business.

Revenue from operations grew 15 per cent to ₹5,535 crore as compared to ₹4,814 crore in the previous fiscal, helped by higher sales of trucks on the back of revival in demand in the commercial vehicle market. Total income stood at ₹5,553 crore against ₹4,848 crore.

The Economic Times 17th January 2022

Ford makes U-turn for electric vehicles

Co Among 20 Players Selected For PLI Mfg Scheme, Had Announced India Exit Last Yr

Pankaj.Doval@timesgroup.com

New Delhi: After announcing an exit from the Indian market around the middle of 2021, American auto major Ford seems to have had a rethink, and is now planning its global electric strategy out of India. The company is among the 20 automakers, that also includes Maruti's Japanese parent Suzuki's Gujarat subsidiary, who have been selected for benefits under the Rs 25,938-crore production-linked incentive (PLI) scheme for manufacturing and selling electrics.

Ford plans to use one of its India factories — most probably the Sanand plant in Gujarat—for making electric vehicles with plans to export 100% of the production. The company, which at the time of exit had promised a token presence in India by selling marque brands such as the Mustang, will also assess whether the electric vehicles meant for exports can be pushed into the Indian market. "We thank the Indian government for approving Ford's proposal under the PLI scheme. As Ford leads customers through global electric-vehicle revolution, we're exploring the possibility of using a plant in India as an export base for EV manufacturing," the company said.

An official with the ministry of heavy industries told **TOI** that Ford had expressed confidence on India's electrics focus, and resultant incentive schemes. "They have an export-led strategy, and our scheme has no bar even if 100% sales are outside the country. We want the manufacturing footprint to grow in India when it comes to green vehicles and that is the reason that the company was chosen for the scheme," the official said. At the close of applications on January 9 this year, a total of 115 companies had applied for the government benefits under the scheme for Advanced Automotive Technology (AAT) products — vehicles and components. Winners will now be given two years to work on strategy and products, and incentives will start getting rolled out from April 2024 and would be spread over a five-year period.

Those who have made the cut are local makers Ashok Leyland, Eicher Motors, Mahindra & Mahindra, and Tata Motors, apart from Indian subsidiaries of Ford, Hyundai, Kia and Peugeot Citroen Automobiles, and Suzuki. Pinnacle Mobility Solutions, a joint venture between local Pinnacle group and VDL Groep, Netherlands (which specialises in buses and coaches) has also been selected in the 'Champion OEM' category for larger vehicles.

May Use Guj Plant

- Ford may use Sanand plant in Gujarat for making electric vehicles
- Plans to export 100% of production
- Will also assess whether EVs for exports can be sold in Indian market
- 115 companies applied for government benefits under scheme for Advanced Automotive Technology products

Business Line 9th February 2022

TVS Motor to charge up electric two-wheeler business

Plans capacity ramp-up, charging infra pacts; eyes investor for its NBFC arm

G BALACHANDAR

Chennai, February 8

TVS Motor Company plans to expand its electric two-wheeler capacity and charging infrastructure as the two- and three-wheeler maker prepares for pan-India sale of its electric scooter, launch new products and take its electric two-wheeler to the global markets soon.

"Our electric scooter iQube continues to draw a good response. We have more than 6,000 bookings as of now. Despite the challenge in the electronic parts supply chain, we have been able to improve production and sales month after month. We are engaged in discussion with major suppliers for long-term arrangements for parts," said KN Radhakrishnan, Director and CEO, TVS Motor Company, during the company's earnings call.

He said iQube was being sold in 33 cities, and the company was working on reaching across the country by the end of this fiscal. TVS Motor has sold more than 5,000 units of iQube during this fiscal. The company is also contemplating launching the vehicle in international markets.

Investments

The company is progressing on the ₹1,000-crore investments in the EV business. The newly formed EV subsidiary is expected to give the company better flexibility and scale in the EV segment globally.

KN Radhakrishnan, Director and CEO, TVS Motor Company

"We are creating a capacity for 10,000 units a month for electric two-wheelers. We will scale up this further from Q1 of next fiscal. We have planned some aggressive capacity expansion during next fiscal, he said. The company is working on a set of electric products, targeting a different set of buyers in two- and three-wheeler segments.

"The next few quarters will see new electric two-wheelers, followed by electric three-wheelers," he added.

As the company seeks to offer wide and reliable charging infrastructure for its EV customers across India, it is in the process of entering into partnerships with major companies in the charging infra space, and hopes its charging infra partners such as Tata Power and CESL (Convergence Energy Services Ltd) will substantially enhance customer convenience. "CESL has shortlisted TVS Motor for supplying more than 2,000 electric three wheelers," said Radhakrishnan.

TVS Motor is looking for an external investor for its NBFC arm, TVS Credit. The book size of the NBFC is ₹12,805 crore as of December 31, 2021, and it is likely to end the fiscal with a book size of ₹14,000-15,000 crore.

"The very good part is in the last four months we have not made any provisions towards NPAs as our collections were extremely good. As of December 31, 2021, the gross NPA was 3.9 per cent against 4.3 per cent as of September 2021 and net NPA was 2.2 per cent against 2.75 per cent. It has a very healthy capital adequacy ratio of 18.8 per cent," said K Gopala Desikan, Chief Financial Officer, TVS Motor Company.

Total collections were at ₹2,700 crore in December 2021 quarter, compared to ₹2,200 crore in December 2020 quarter, while disbursements were about ₹4,000 crore against ₹2,800 crore.

"Overall, the performance has been externally good. What we are looking for outside capital and partners for value unlocking and future growth," he added.

BMW tie-up

Along with BMW, its partner since 2013 for the development and manufacturing of sub-500cc bikes, TVS Motor will develop a common platform by mutually tapping the emerging technologies in the future mobility space with a special focus on EV.

This partnership will see the development of exclusive products by both the companies on the common platform and both will retail their products globally.

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Standard 17th January 2022

Business Line 3rd February 2022

Domestic two-wheeler sales dip 21% y-o-y, rise 14% sequentially

Recovery likely in coming months

PRESS TRUST OF INDIA

Mumbai, February 2

Domestic two-wheeler sales witnessed 21 per cent year-on-year decline in January, even as the segment registered a 14 per cent sequential growth in domestic wholesale volumes, according to credit ratings agency ICRA.

The numbers are based on data released by six major original equipment manufacturers (OEMs).

Premium segment also hit

The low year-on-year sales volume in January highlights the adverse impact of price hikes, fuel inflation and Omicron-related concerns on consumer sentiments, said Rohan Kanwar Gupta, Vice President and Sector Head - Corporate Ratings, ICRA.

Exports remain the silver lining for the industry PTI

Noting that supply chain issues in production of premium motorcycles also persisted, he said the reinstatement of localised restrictions to contain the third wave of pandemic constrained retail sales and led to a 11 per cent sequential (14 per cent y-o-y) fall in volumes, to 10.2 lakh units.

Nonetheless, the industry is cautiously optimistic about recovery in coming months, with easing supply chain constraints and spillover impact from positive announcements on infrastructure spends and agri-initiatives in the Union Budget, Gupta said.

Steady demand from African and Latin America regions continued to be the silver lining for the industry, with exports growing 3 per cent sequentially, according to ICRA.

Gupta also noted that the domestic electric two-wheeler sales continued to have a dream-run in the April-January period of FY22, posting a 5x year-on-year growth at 1.49 lakh unit sales.

In January 2022, high-speed e-two wheelers saw a 11 per cent month-on-month growth with 27,563 unit sales (highest monthly sales this year), he said.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 8th February 2022

200 Ashok Leyland trucks for Bangladesh under GoI credit line

OUR BUREAU
Chennai, February 7

Truck and bus maker Ashok Leyland said that it is supplying 200 trucks to the Government of Bangladesh.

"These trucks will be a part of a project from India under a $2 billion line of credit announced by Prime Minister Narendra Modi," according to a statement.

Ashok Leyland had won the tender floated by the Bangladesh government for 135 fully-built trucks comprising 3T truck, hydraulic beam lifter and sewerage sucker which have already been handed over from India to the Roads and Highways Department of Bangladesh in the current fiscal.

New contract

Now they have been awarded another lot of 65 truck-mounted wreckers, a specialised vehicle to be deployed by the Bangladesh government for various highway applications.

"Bangladesh is one of our key export markets and this supply further strengthens our position in the country. We are enthused by the various export facilitation measures taken by the Indian Government, and we plan to further increase our volumes and footprint in overseas markets especially SAARC, GCC and Africa. Exports have been a strong focus for us to de-risk from cyclicality in the Indian market, and this is a significant step in that direction," said Amandeep Singh, Head – International Operation, Ashok Leyland.

Ashok Leyland said it is one of the leading commercial vehicle brands in Bangladesh.

The company also assembles its range of trucks, buses, and LCVs locally at IFAD Auto Dhamrai plant in Bangladesh.

PRESS REPORTS
ON
TRACTORS

Business Line 10th February 2022

Tractor exports cross 1-lakh mark for first time

Domestic sales show sequential rise of 19 per cent

G BALACHANDAR

Chennai, February 9

With a robust trend in shipments, tractor exports from India have surpassed the one-lakh mark for the first time even as domestic tractor volumes are on a recovery mode after moderation in sales in the past few months.

Total tractor exports stood at 10,490 units as compared to 9,234 units in January 2021 and 11,186 units in December 2021. For the 8th month in a row, export volumes were at 10,000+ levels.

During April 2021-January 2022, exports grew 54 per cent to 106,957 units against 69,421 units in the same period of the previous fiscal. The total value of tractor exports is estimated at more than $1 billion.

This is the first time exports have achieved more than a lakh units and it will be a record year for tractor exports with two more months to go for this fiscal to end.

During April-January 2022, exports grew 54 per cent to 106,957 units

The major destinations for India-made tractors are USA, Nepal, Bangladesh, Thailand and Sri Lanka.

Lower volumes

Meanwhile, domestic tractor sales reported a sequential increase of 19 per cent. Total domestic tractor sales stood at 52,767 units for January 2022 as compared to 44,428 units in December 2021. But, volumes were down 33 per cent when compared with the January 2021 volume of 78,345 units, according to data provided by the Tractor & Mechanisation Association.

The recovery since the abatement of the second wave had been healthy for the industry, with favourable underlying demand drivers supporting volumes. There has, however, been a moderation in demand over the past few months, reflected in a double-digit y-o-y decline in wholesale volumes (23 per cent, 27 per cent and 33 per cent decline in monthly sales on a y-o-y basis in November, December and January).

"The decline is partly on account of a higher base last year (aided by pent up demand from the enforced lockdown in March-April 2020), inventory correction, and uneven rainfalls since September 2021 delaying harvest in some parts of the country," said Shamsher Dewan, Vice President & Group Head - Corporate Ratings, ICRA.

Tractor production stood at 72,064 units in January 2022 as compared to 53,527 units in December 2021 and 96,020 units in January 2021. Robust exports trend also contributed to higher production by OEMs.

Total domestic tractor sales declined by 3 per cent at 7.17 lakh units when compared with 7.39 lakh units during April 2020-January 2021 period. However, total production was higher at 8.42 lakh units as against 7.66 lakh units.

Boosts sentiment

Government support (in terms of MSPs), healthy rainfall, easy availability of finance and expected healthy kharif harvest, continue to support the sentiment of the farmer community to an extent.

"Given the high base and recent moderation in demand, industry volumes are expected to contract marginally in the current fiscal (-2 per cent to -6 per cent forecast for FY22); downside risk to estimates dependent upon Covid-19 induced disruptions and/or unseasonal rainfall impacting rabi harvest," said Dewan.

PRESS REPORTS
ON
WORLD AUTOMOBILES

Business Standard 11th February 2022

Trucker blockade knocks out Ford, Toyota, GM plants

AGENCIES
10 February

Ford and Toyota on Wednesday both said they were halting some production as anti-coronavirus mandate protesters blocked US-Canada border crossings that have prompted warnings from Washington and Ottawa of economic damage.

General Motors, joining the list of impacted automakers, said on Thursday it was forced to cancel two production shifts at a plant in Michigan.

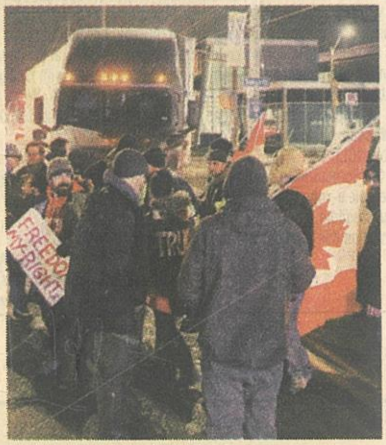
Many pandemic-weary Western countries will soon mark two years of restrictions as copycat protests spread to Australia, New Zealand and France now the highly infectious Omicron variant begins to ease in some places.

The bumper-to-bumper demonstration entered its fourth day on Thursday at the Ambassador Bridge connecting Windsor, Ontario, to Detroit, disrupting the flow of auto parts and other products back and forth across the border.

The bridge is the busiest US-Canadian border crossing, carrying 25 per cent of all trade between the two countries. GM cancelled the second shift on Wednesday and the first shift Thursday at its midsize SUV factory outside Lansing, Michigan.

Toyota said it will not be able to manufacture anything at three Canadian plants for the rest of this week because of parts shortages.

Stellantis, formerly Fiat Chrysler, said all of its North American factories were running Thursday, but shortages because of the blockade forced it to shorten shifts at several plants.



Protestors blocked the last entrance to the Ambassador Bridge that connects Detroit and Windsor PHOTO: REUTERS

Police arrest over 50 anti-vax protesters in New Zealand

Police and anti-vaccine protesters clashed on the grounds of New Zealand's parliament on Thursday, with more than 50 arrested after demonstrators who camped outside the legislature for three days were ordered to move on. Activists chanted the Maori haka and yelled "hold the line" as they scuffled with a line of police moving to clear a makeshift settlement from the lawns of parliament. Police moved in early Thursday after taking a hands-off approach to the first two days of protests, using loudhailers to warn a crowd of about 150 they faced arrest unless they left. AGENCIES

PRESS REPORTS
ON
COMPANY NEWS

Business Line 11th February 2022

M&M may spin off farm equipment biz

Eyes huge growth opportunities; not looking to demerge tractor business now

SWARAJ BAGGONKAR
Mumbai, February 10

Mahindra & Mahindra, the market leader in the tractor segment, may look at spinning off its farm equipment business in the hope oftapping growth opportunities in the future. However, the Mumbai-based company is not looking at demerging the tractor business from itself at the moment.

Anish Shah, Managing Director and CEO, Mahindra Group, said, "We may look at a spinoff of farm machinery business because that is one area where we see huge potential for growth and it may require a very different mindset for driving that growth which can actually be 10X growth in 3-5 years, potentially even more. But that is not finalised as yet. This is only for farm equipment and farm machinery. We are not looking of a demerger of the farm business right now."

Over the years, M&M has strengthened its position in the non-tractor, farm equipment and machinery business where it makes tractor implements, harvesters and rice trans planters in partnership with Japanese and European companies. M&M has bought controlling stakes in Turkish companies for making such equipment which cater to land preparation, sowing, crop care, harvesting and post harvesting.

M&M also produces and sells implements like cultivator, disc harrow, bucket scrapper, potato planter, boom sprayer, threshers and shredder to name a few, under its own brand. The Indo-Japanese joint venture of Mitsubishi-Mahindra where M&M has 33 per cent stake, makes power tillers, mini rotors, horticulture machines.

Share in revenue

At present, M&M's farm equipment business, which includes the tractor business as well, makes up 29 per cent of the total consolidated revenue. While the farm equipment segment saw a growth of 2 per cent during the December 2021 quarter compared to the same quarter last year, the company give separate revenue data of its non-tractor vertical.

The automotive segment, which houses, SUVs, trucks, buses and three-wheelers, generates the highest revenues for M&M, commanding

Anish Shah, MD and CEO, Mahindra Group

41 per cent of its total consolidated revenues. M&M has a market share of more than 40 per cent in the domestic tractor market. In the past, there have been suggestions from analysts to M&M to demerge the farm equipment business (including tractors) and make M&M as a purely automotive company.

This would have facilitated value unlocking of the M&M stock. However, the tractor business has helped the company in tiding over the slump in demand for passenger vehicles on several occasions.

"The more interlocking things you do it becomes (that much more) difficult for competitors to imitate. If you spin off tractors, you make somebody happy in the short term but then you are like everybody else. You are a standalone tractor company. We are not the PE (private equity) guys, we are looking at what we have built overtime," Anand Mahindra, Chairman, M&M, had said in a 2018 annual analyst meet.

Q3 net grows to ₹1,351 crore

OUR BUREAU
Mumbai, February 10

Mahindra & Mahindra reported a 150 per cent increase in standalone net profit in the December 2021 quarter, helped by an exceptional item pertaining to impairment provisions in the same quarter last year.

The company posted a standalone net profit of ₹1,350.93 crore for the reporting quarter against ₹540.86 crore in the same quarter last year. M&M had taken an impairment provision of ₹1,213.98 crore in the quarter ended December, 2020. Standalone revenue from operations for the reporting quarter stood at ₹15,238.82 crore, a growth of 8.41 per cent against ₹14,056.54 crore posted in the same quarter last year. The company claims to have a booking pipeline of 155,000 units.

Anish Shah, Managing Director and CEO, M&M, said, "We have seen improved performance across multiple businesses. Our auto business has done well despite supply side challenges while our farm business has shown market share increase despite a slowdown in the market."

Consistent rise in expenses dented marginsy. Total expenses rose 14 per cent during the quarter. The company hiked prices to offset the input cost pressure during the quarter.

Chip shortage

M&M suffered a production loss of 20,000 units due to shortage of electronic control units. The company said it is creating a new source for fungibility as well as reserve stock of critical chips.

M&M board cleared the sale of 9.24 acre, which is part of the land factory situated at Kandivili, Mumbai, to Mahindra Lifespace Developers for ₹365 crore.

Business Line 5th February 2022

Tata Steel net doubles to ₹9,589 cr in Q3 on strong demand, revenue

Expenses jump 33% to ₹48,666 cr on rise in costs

OUR BUREAU

Mumbai, February 4

Strong growth in revenues following robust demand from the automotive sector led to more than doubling of net profit of Tata Steel during the December 2021 quarter, despite a sharp increase in expenses.

The company posted a consolidated net profit of ₹9,589.16 crore, a growth of 139 per cent, against ₹4,010.94 crore in the same quarter last year.

Total consolidated income grew to ₹60,842.72 crore, an increase of 44 per cent, compared to ₹42,152.87 crore posted in the same period last year. Expenses jumped 33 per cent to ₹48,666 crore during the reporting quarter following an unabated rise in raw material costs like that of coal and an increase in working capital.

Capex spend

The company spent ₹2,790 crore on capital expenditure during the quarter and ₹6,416 crore during the nine months. Its gross debt decreased to ₹72,603 crore with repayments of ₹17,376 crore during the nine months ended December, 2021. Net debt declined to ₹62,869 crore.

T V Narendran, Chief Executive Officer and MD, Tata Steel

TV Narendran, Chief Executive Officer and Managing Director, Tata Steel, said, "India steel demand has begun to improve on the back of continued economic recovery as the third wave of Covid-19 begins to ebb. We continue to drive value accretive growth in our chosen segments and our performance in key segments such as auto was robust despite the sector being impacted by the semiconductor shortage. Our European operations continue to perform underpinned by strong improvement in realisations."

In January, Tata Steel Long Products was declared the winning bidder for Neelachal Ispat Nigam. The company will pay ₹12,100 crore for the state-run company. "This will enable us to significantly ramp up our long products portfolio and benefit from the growth in infrastructure in India and retail housing growth in semi urban India," Tata Steel said in a statement

Business Line 10th February 2022

Maruti Suzuki considers CNG for Nexa

Cautions customers against retrofitting with CNG

S RONENDRA SINGH

New Delhi, February 9

The country's largest passenger vehicle maker Maruti Suzuki India (MSIL) said it is still considering CNG option for its Nexa channel where it sells premium vehicles including the Baleno, S-Cross, Ciaz, Ignis and XL6.

"We are open to CNG cars in Nexa as we have said in the past also...we are going step-by-step as we have just launched the CNG version of Celerio (sold through Arena) in January. We now have nine models in CNG from an overall 15 models line-up...so as we go along, we would like to do that. We have got the feedback from the customers too, it's only a question of timing," Shashank Srivastava, Senior Executive Director (Marketing & Sales), MSIL, told *BusinessLine*.

MSIL launched the Nexa channel concept for selling its premium vehicles starting with Baleno in 2015, but none of the said vehicles have CNG option available till now, unlike most of the vehicles it sells through the Maruti Suzuki Arena outlets.

The company offers CNG option in cars including Alto, S-Presso, WagonR, Dzire Tour (for commercial use), Eeco and Ertiga.

Future plans

Srivastava said the company plans to launch "more and more vehicles in CNG option because that is something we are having a great attraction for being not in diesel".

However, he also cautioned customers against

Shashank Srivastava

getting vehicles retrofitted with CNG because there are high risks involved in them.

"It (retrofitting) is not a good solution because the design material of the whole vehicle, right from the beginning has to be made for CNG. Whether it is the chassis, the braking system, weight distribution or driveability...all features we have to drive from the inception of making the vehicle (from design stage). You can't have a petrol vehicle and then retrofit with CNG because those factors will not be taken into account," he explained.

Past experience

MSIL has been selling CNG vehicles for over a decade (since 2010) and in 2021 calendar year, the company sold around 2.09 lakh CNG cars. In January alone this year, the company sold around 30,000 units. In 2020-21, the company sold 1.63 lakh CNG cars and in the current financial year, MSIL expects to sell between 2.35 lakh and 2.40 lakh CNG cars, Srivastava added.

The company is the highest CNG vehicle seller in the country and companies like Hyundai Motor India and Tata Motors are catching up to the trend. Tata Motors had recently launched Tiago iCNG and Tigor iCNG in its portfolio to catch up to the trend.

Business Line 9th February 2022

Escorts net profit slides 32 per cent to ₹194 crore

Revenue dips 3% to ₹2,025 crore

OUR BUREAU
New Delhi, February 8

Farm and construction equipment to railway products maker Escorts on Tuesday reported a consolidated net profit of ₹194 crore for the third quarter ended December, a decline of 32 per cent year-on-year (YoY) compared with ₹286 crore in the corresponding period last year.

Consolidated total income also declined by three per cent at ₹2,025 crore (₹2,091 crore). The company said tractor sales were down 20 per cent at 25,325 units and construction equipment sales were down eight per cent at 1,151 units.

"The tractor industry has now been impacted for two consecutive quarters due to high base of last year, delayed harvest of kharif crops owing to late monsoon rains this year which affected the rural cash flows and the retail demand. Going forward, we do expect cash flows to improve with better kharif procurement and positive outlook with good rabi sowing," Nikhil Nanda, Chairman and Managing Director, Escorts, said.


Nikhil Nanda, Chairman and Managing Director, Escorts

While high inflation remains a concern, the company hopes macro-economic factors will favour agriculture to boost rural demand, he said.

New product development

"We continue to invest in new product development and distribution spread to offer enhanced reach and customer experience across domestic and global markets. Multiple initiatives in agriculture and infrastructure development focus from government will be helpful in creating opportunities across our agriculture, construction and railway portfolio," Nanda said.

Shares of Escorts closed at ₹1,843.30 apiece on the BSE on Tuesday, up 1.08 per cent from the previous close.

Business Line 10th February 2022

Aftermarket business lifts Bosch's Q3 revenue

OUR BUREAU
Bengaluru, February 9

Bosch Limited, a leading supplier of technology and services, posted total revenue from operations of ₹3,109 crore in Q3 FY22, an increase of 2.6 per cent from ₹3,030 crore in the same period of the previous year. The company attributed the increase to growth in aftermarket business given that overall automotive production in India (excluding two-wheelers) declined by 12 per cent.

Profit before tax stood at ₹336 crore amounting to 10.8 per cent of total revenue from operations. Profit after tax stood at ₹235 crore, that is 7.6 per cent of revenue from operations. Net profit was up 26.4 per cent y-o-y but down 57 per cent sequentially.


Soumitra Bhattacharya, MD, Bosch Ltd

Soumitra Bhattacharya, Managing Director, Bosch Limited and President of the Bosch Group in India, told *BusinessLine* that business had been impacted due to supply chain issues and the global semiconductor shortage. He said there were margin pressures due to the increase in prices of steel and aluminium. "It's been a decent performance under very difficult supply chain issues and specially semiconductor shortage which, I repeat, is an industry-wide issue. Apart from aftermarket, our power tools and powertrain business has done well."

Employee rationalisation

Responding to a question on employee rationalisation, he said, "We did the restructuring in a very Bosch-like way with some of the best packages in the voluntary programme. We have done it with a lot of care and concern. In summary, personnel costs, which used to hover around 14 per cent of the turnover, is down to 10 per cent."

The company has spent ₹750 crore each over the last two fiscal years on the rationalisation exercise, Bhattacharya added "That's ₹1,500 crore. It was not just restructuring, it was redeployment. It was reskilling and restructuring. The permanent headcount today is far better trained and has more competencies."

Over the last two fiscal years, the headcount at Bosch has reduced by around 2,500 and it now stands at around 6,000 permanent employees, the company added.

Product sales increased by 3.6 per cent in the third quarter of FY22, with the aftermarket division witnessing an increase of 29 per cent due to high demand for diesel products and strategical changes in the supply chain leading to higher sales fulfilment. Outside the mobility solutions business sector, Bosch recorded an increase of 11 per cent, mainly due to business growth in the building technologies division.

Business Line 10th February 2022

Sundaram-Clayton to demerge auto parts biz, issue bonus NCRPS

Sundaram-Clayton DCD Pvt Ltd will be listed on bourses

Reward for shareholders

- Shareholders to get 116 non-convertible redeemable preference shares for each share held in the company
- The date of maturity will be February 2, 2024, or 12 months from the date of allotment
- Total bonus issue size works out to ₹2,346.92 crore

OUR BUREAU

Chennai, February 9

Sundaram-Clayton, an auto component manufacturer and holding company of TVS Motor Company, has proposed a demerger of its auto parts manufacturing business, as Sundaram-Clayton DCD Pvt Ltd, and will reward shareholders with excess cash.

"The excess cash of the company will be distributed to shareholders by issuing fully paid-up listed NCRPS by way of bonus," the company said in a communique to the stock exchanges. 'It will issue 116 non-convertible redeemable preference shares (NCRPS) of ₹10 each for every equity share held in the company.

Assuming the existing number of equity shares of the company, an amount of ₹2,346.92 crore will be utilised from general reserves/retained earnings for issuance of bonus NCRPS, under the scheme after the approval of the National Company Law Tribunal (NCLT), it said.

The date of maturity will be February 2, 2024, or 12 months from the date of allotment, whichever is later.

The company said it has built substantial surplus reserves, from its retained profits. The surplus reserves are well above the company's current and likely future business needs. The overall reserves position is expected to improve further even after considering cash requirements for company's capex programme and working capital requirements.

Accordingly, the company is of the view that the excess funds can be optimally utilised to reward its shareholders in such difficult and unprecedented times. However, in keeping with the company's tradition of conventional cash management and being mindful of the challenging business environment, the company is of the view that it would be prudent to retain liquidity as well. Hence, the company has proposed the issuance of NCRPS, which will be listed on the BSE and the NSE.

To unlock value

Sundaram-Clayton has proposed to reorganise and segregate the businesses of manufacturing non-ferrous gravity and pressure die castings from its other businesses as it will enable an enhanced focus on each of the businesses and will further unlock value for the shareholders.

As part of the overall restructuring exercise, it is also proposed to consolidate promoter holding entities with the company by way of merger. The proposed rearrangement scheme involves the amalgamation of TVS Holdings Ltd and VS Investments Pvt Ltd with Sundaram-Clayton Ltd.

Also, the entire business of manufacturing non-ferrous gravity and pressure die castings of Sundaram-Clayton and its related assets and liabilities are proposed to be demerged to Sundaram-Clayton DCD Pvt Ltd. The turnover of the manufacturing business was ₹1,177 crore as of March 31, 2021.

The equity shares of Sundaram-Clayton DCD will be listed on the BSE and the NSE.

From April 1, 2022, Venu Srinivasan, would continue to be the Managing Director of the company designated as Chairman Emeritus.

Business Line 5th February 2022

Harsha Engineers aims to raise ₹755 crore via IPO

OUR BUREAU

Ahmedabad, February 4

Harsha Engineers International Limited, the Ahmedabad-based maker of precision bearing cages, will raise up to ₹755 crore through the initial public offering (IPO). The company has filed the draft red herring prospectus (DRHP) with the regulator.

The offer consists of a fresh issue of equity shares aggregating to ₹455 crore, and offer for sale of up to ₹300 crore by existing shareholders that include promoters and promoter groups.

The company will utilise ₹270 crore for part repayment/pre-payment of loans, while ₹77.95 crore will be used for funding capital expenditure requirements towards purchase of machinery, and up to ₹7 crore will be used for infrastructure repairs and renovation of the existing production facilities and general corporate proposes.

Founded in 1986 by Harish Rangwala and Rajendra Shah, the company had earlier filed its draft papers with the regulator in August 2018.

The company's target sectors include automotive, aviation and aerospace, railways, construction, mining, renewable energy, agriculture, and other industrial sectors.

Business Line 11th February 2022

Sundram Fasteners profit falls 17% on cost pressure

Revenue from operations up at ₹1,024 crore in Q3

OUR BUREAU

Chennai, February 10

Leading auto parts maker Sundram Fasteners reported a 17 per cent drop in its net profit to ₹103 crore for the quarter ended December 31, 2021, compared with ₹124 crore in the same quarter a year ago.

EBITDA for Q3 of this fiscal was at ₹180 crore against ₹206 crore in December 2020 quarter. EBITDA percentage on revenue from operations is at 17.6 per cent against 21.9 per cent in the year-ago quarter.

> The increase in commodity prices, as well as the costs of logistics and other inputs, had a significant impact on margins

The increase in commodity prices, as well as the costs of logistics and other inputs, had a significant impact on the margins which, was mitigated through cost reduction measures and price support from customers, said a statement by Sundram Fasteners.

Revenue from operations stood at ₹1,024 crore (₹942 crore). Domestic sales were at ₹658 crore (₹637 crore).

However, the company maintained the momentum in exports as it grew 21 per cent to ₹336 crore from ₹277 crore in Q3 of last fiscal.

EPS down

Profit before tax was at ₹138.48 crore (₹166 crore). Earnings per share for the quarter ended December 31, 2021, amounted to ₹4.91, down from ₹5.91 a year ago.

On a consolidated basis, the company's net profit stood at ₹110 crore (₹144 crore). Consolidated revenue grew to ₹1,208 crore (₹1,109 crore).

For the 9 months ended December 31, 2021, the company's standalone net profit was higher at ₹336 crore when compared with ₹198 crore in the same period a year ago.

Revenue from operations grew 52 per cent to ₹3,026 crore from ₹1,986 crore in the previous fiscal.

The board declared an interim dividend of ₹6.45 per share (645 per cent) for FY22.

Business Line 3rd February 2022

Wheels India posts 72% jump in Q3 profit

OUR BUREAU

Chennai, February 2

Wheels India Ltd has reported a 72 per cent increase in standalone net profit at ₹21 crore for the December 2021 quarter, against ₹12 core in the corresponding quarter of the previous year. Total revenues grew 57 per cent to ₹1,007 crore against ₹642 crore last year, supported by a strong growth in exports which stood at just over 26 per cent of overall sales at the end of Q3.

"The company has had the fifth sequential quarter of growth in exports, with good growth in Q3 exports across segments. We expect the growth trend in exports to continue. On the domestic front, while the tractor and CV (commercial vehicles) segment saw a slowdown in November and December, we expect the CV business to improve in Q4," said Srivats Ram, Managing Director, Wheels India.

For the nine months ended December 31, the company reported a net profit of ₹52 crore against a net loss of ₹19 crore in the year-ago period. Total revenues stood at ₹2,593 crore (₹1,365 crore).

Business Line 5th February 2022

Minda Corp net up 41% at ₹70 crore

OUR BUREAU

New Delhi, February 4

Auto components major Minda Corporation (Minda Corp) on Friday has reported a consolidated net profit of ₹70 crore for the third quarter ended December 31, up 41 per cent year-on-year (YoY) compared to ₹49 crore in the corresponding period of the previous year.

However, overall revenue declined marginally YoY to ₹738 crore against ₹739 crore in the same quarter in 2020.

"In the third quarter, auto industry continued to be plagued with challenges in supply chain, threat from Covid waves and overall subdued sentiments. There was broad-based impact on all vehicle segments and the industry declined by around 10 per cent on quarter-on-quarter basis. On a YoY basis, industry has declined by around 20 per cent as last year third quarter recorded steep pent-up demand and filing of BS-VI inventory during that period," Ashok Minda, Chairman and Group Chief Executive Officer, said.

He said the company's focus continues to remain on strengthening its core business.

Business Line 4th February 2022

Bosch to invest ₹2,000 cr in India over next 5 years

VENKATESHA BABU

Bengaluru, February 3

Bosch, a leading supplier of technology and services, is celebrating a century of its presence in India, said it would invest an additional ₹2,000 crore over the next five years The investments would be primarily in advanced automotive technologies and digital mobility space.

The company also launched its mobility marketplace, providing all its mobility related assets under a single platform. It is also working towards improving the employability of youths through partnerships with Industrial Training Institutes (ITIs) and Government interventions.

Soumitra Bhattacharya, MD, Bosch

Soumitra Bhattacharya, Managing Director of Bosch Limited and President of the Bosch Group in India, said, "Bosch's 100-year journey in India is a testament to the passion, hard work, and dedication of our associates. I sincerely thank our associates for the part they have played in this. Bosch India will remain true to its roots and evolve, innovate, and spark the next wave of big-ticket products and services. We will continue to pursue this vision for a digital, sustainable, efficient, self-reliant, and future-ready India."

Bosch said that it had opened its first sales agency in Kolkata in 1922. From these beginnings, it now encompasses 18 manufacturing sites and 7 development and application centers, employing close to 31,500 associates. Over the next five years, Bosch India will invest over ₹1,000 crore in the localisation of advanced automotive technologies, and support Atmanirbhar Bharat, the vision of making India self-reliant.

India investment plan

Emphasising that it would invest heavily in India to expand its portfolio close to 7 per cent of total net sales, the company pointed out that this was backed by the biggest R&D team outside Germany. Bosch's Beyond Mobility business, the company said, works to the highest international standards of manufacturing, product, and service quality to formulate indigenous, affordable, and India-specific innovations.

Revenue

Bosch in India generated consolidated revenue of about ₹17,354 crore (€2.05 billion) in 2020 of which ₹10,942 crore (1.29 billion euros) from third party. In India, Bosch Limited, the flagship company of the Bosch Group, earned revenue of over ₹8,386 crore (€0.99 billion) in 2020, it added.

Business Line 11th February 2022

TVS Supply Chain goes for top-level rejig

Dinesh will be Executive V-C; Ravi Viswanathan to be MD

OUR BUREAU

Chennai, February 10

R Dinesh, Executive Vice-Chairman

TVS Supply Chain Solutions (TVS SCS), a part of the ₹15,000-crore TVS Mobility Group, has announced the appointment of Ravi Viswanathan as Managing Director while R Dinesh, a fourth generation TVS Scion, would continue to guide the company in his new role as Executive Vice-Chairman.

The changes are in line with the company's commitment to further integrate its business globally and leverage the growing demand for value-added supply chain management services in India, said a company statement.

The company, in its recently concluded board meeting, approved the appointments and announced the changes with effect from February 7.

"The organisation has a grand vision and these executive appointments will help in realising the organisation's potential and help the company cement its leadership as a technology-led Global Supply Chain player," said S Mahalingam, Chairman, TVS Supply Chain Solutions.

Ravi Viswanathan joined the company in February 2020 as Joint Managing Director and has been working on growing the business with a specific focus on technology adoption.

He will continue to drive the business transformation and focus on the integration of the varied capabilities across the operating geographies of the company.

Dinesh, the founder of the company, has been instrumental in driving the company's strategy and growth. He will continue to play an active role in guiding the strategy of the company and work in guiding the M&A strategy of the company. TVS SCS has over the last two decades made a string of acquisitions and integrated these entities effectively, it said.

PRESS REPORTS
ON
RAW MATERIAL

Business Line 9th February 2022

Tata Steel to set up mini recyling plants

It had commissioned first such plant in Rohtak last year

SWARAJ BAGGONKAR

Mumbai, February 8

Tata Steel will set up small-sized factories to make reinforced steel from scrapped automobiles and other products, a top official of the company said. The company commissioned its first such steel recycling plant in Rohtak, Haryana last year in partnership with Aarti Green Tech, a build-own-operate partner.

TV Narendran, Managing Director and CEO, Tata Steel, said, "We are talking about setting up, in the next few months, half a million or 800,000-tonne steel plant which will process scrap steel and convert that into reinforced steel."

While the vehicle scrap yards announced by Minister of Road Transport and Highway, Nitin Gadkari, under the scrappage incentive scheme, is the first step in the process of scrapping an automobile, the left-over metal, which is the body shell, is used to make recycled steel.

TV Narendran, MD and CEO, Tata Steel

According to Narendran, more plants like the one in Rohtak are set to come up in other parts of the country in the next few years. Such plants can be set up on an area of 50-100 acre closer to the recycling unit using the electric arc furnace route instead of the conventional steel plant that requires 3,000 acres.

"In the first step the car is separated from items like seats, steering, copper wires. We don't want to do anything with those items. We can shred the steel shell, do a quality check and supply. We are the step two of that process. The scrapped steel facility itself will be more concentrated. We plan to set up one in the South and West over the next few years," Narendran added.

Sourcing scrap

The Rohtak facility would source scrap from market segments such as end-of-life vehicles, obsolete households, construction and demolition, industrial etc. through an app FerroHaat. The scrap is processed through mechanised equipment and supplied for downstream steel making. Steel thus producedentails lower carbon emissions, resource consumption and energy utilisation.

While Tata Steel did not provide estimated investments required for the initiative, typically a 1 million tonne per annum recycled steel plant requires an investment of ₹3,000 crore, as per industry estimates.

PRESS REPORTS
ON
GOVERNMENT POLICY

The Economic Times 7th February 2022

Labour Code may Cap Allowances at 75% of Wages in First Yr, 50% Over Next 3 Yrs

UNDER CONSIDERATION Restoration of threshold on number of employees in an organisation to 100 from proposed 300

Yogima.Sharma@timesgroup.com

Revamping Codes

Stiff opposition from employers, unions holding back roll-out

Industry fears proposed changes would put unnecessary pressure and increase their employee cost

May restore employee threshold to **100 under IR Code**

IR Code says establishments with up to **300 workers** can fire without govt permission

Allow higher allowances at **70-75%** of wages under Wage Code

It could be brought down to proposed **50%** over three years

New Delhi: The government is mulling a high limit on allowances at 75-80% of the wages of an employee in the first year of the rollout of the labour code on wages. This could gradually be brought down to 50% over three years, as specified in the code, people familiar with the deliberations told **ET**.

The other major change under consideration is restoration of the threshold on the number of employees in an organisation to 100 from the proposed 300 under the industrial relations code for seeking the government's permission before retrenchment or closing down operations.

The industry has resisted a cap on allowances at 50% of wages reasoning it would raise their employee costs.

Under the code, wages include all remuneration by way of salaries, allowances or otherwise and include basic pay, dearness allowance and retaining allowance, if any, but excludes allowances such as house rent allowance, overtime allowance among others.

The code provides that if all these allowances not included in wages together exceeds one-half, or the per cent so notified, the excess amount shall be deemed as remuneration and added to wages under this clause.

Such an increase in wages would require higher payment to provident fund by both employer and employees and also raise gratuity payments. This would reduce take-home pay for workers though they would gain a higher contribution to retirement savings.

"Government is discussing changes that can be made to the code in view of the concerns expressed," said an official privy to the deliberations.

The Code on Wages was passed by the Parliament in 2019 while the Industrial Relations Code was approved in September 2020.

Though the Rules under all the four codes passed by parliament were ready by March 2021, they have not yet been implemented because of stiff resistance from employers and employees on certain issues.

The industry fears the proposed changes in the code when the economy is still recovering from the impact of the pandemic would put unnecessary pressure and increase their employee cost.

"This has prompted the Centre to relook at the necessary changes that can be made to ensure minimum additional liability on employers, especially now when the pandemic has hit the businesses hard," another person aware of the deliberations said.

The Industrial Relations Code had raised the threshold for requirement under a standing order, which are rules of conduct for workmen employed in industrial establishments, to over 300 workers from the earlier 100 workers.

This would have given more businesses freedom to manage their workforce without requiring government permission.

Experts say tweaking some of the provisions may help the government to win over the employers and trade unions' confidence, thus enabling faster implementation of the Codes which are critical to the ease of doing business.

"Phased introduction of capping allowances at 50% will help the government buy-in employers' consent for more important minimum wage provisions to kick in," labour expert KR Shyam Sundar said.

"Further, redefining the threshold from 300 to 100 will have limited implications for flexibility for employers but will largely appease the trade unions," Sundar said, adding it will enable the government to roll-out all the codes faster.

Business Line 2nd February 2022

Prohibitively high taxes on cryptos

The high rates could make millennials shift to equity investments

Business, Line. 2|2|20122

KUMAR SHANKAR ROY
BL Research Bureau

It is a bittersweet moment for the estimated 10 crore+ Indians that own cryptos. With the Finance Minister announcing a taxation regime for virtual digital assets in the Union Budget, crypto assets and non-fungible tokens (NFTs) are no longer outcasts, but this deemed recognition comes at an exorbitant price that is almost Shylock-esque! No wonder, the stock market appears more elated than the crypto market, which is compelled to swallow this bitter pill with a smile on its face.

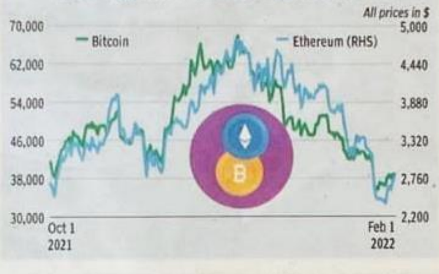
What has changed

First, the tax rate for crypto is 30 per cent, which puts it in the company of speculative activities — lottery, horse-racing, card games, gambling, etc. This will be effective April, 1, 2023, ie., for income earned from April 1, 2022-March 31, 2023. If you add surcharge and cess, the effective tax rate for cryptos can be 34 per cent to 42.7 per cent.

In comparison, you pay a much lower tax rate on equities and the long-term capital gain tax of 10 per cent is applicable only after your profit for a year tops ₹1 lakh. The high rates of crypto taxes could eventually lead to more and more millennials — who have been early adopters of cryptos — coming into the equity fold.

Second, there will be no deduction in respect of any expenditure (other than cost of acquisition) or allowance or set-off of any loss to the assessee under any provision of the Act while computing income from transfer of such virtual digital assets. So, crypto investors lose. In comparison, there are deductions allowed for certain other investment incomes. For instance, the amount paid as interest on any monies borrowed to invest in shares or mutual funds is allowable as a deduction. The interest deduction is limited to 20 per cent of the gross dividend income received.

How major cryptocurrencies moved in last 6 months



Three, for cryptos and NFT investors, no set-off of any loss arising from transfer of virtual digital asset will be allowed against any income computed under any other provision of the Income Tax Act. Also, such loss shall not be allowed to be carried forward to subsequent assessment years. In case of equities, there are norms that allow set-off and carry forwarding of capital losses, which is a boon for many investors.

Four, in order to capture the transaction details, there is TDS on payment made in relation to transfer of virtual digital asset at the rate of 1 per cent of such consideration above a monetary threshold (₹10,000-50,000 per fiscal). Gift of virtual digital asset is also proposed to be taxed in the hands of the recipient, which closes yet another way for existing crypto investors to escape tax. TDS norms for virtual digital assets will take effect from July 1, 2022.

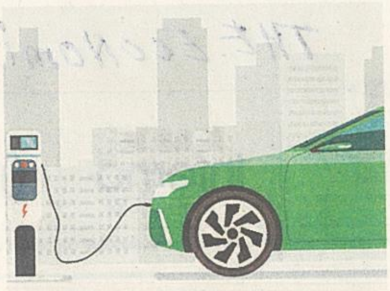
Five, there seems to be some confusion in what will happen to transactions that people execute in the interim period before the implementation dates. If crypto investors want to get out and avoid high tax rates, there could be an avalanche of supply and this could further impact cryptocurrencies such as Bitcoin, which is still down $30,000 from the peak of $68,000 hit in November 2021.

The Economic Times 4th February 2022

EV Subsidy Allocation More than Triples

GREEN PUSH Subsidy under FAME scheme is projected at ₹2,908 crore for FY23

Ashutosh R Shyam & Nehal Chaliawala



Mumbai: In its bid to accelerate the adoption for less-polluting vehicles in India, the government has tripled its budgetary allocation for the scheme to subsidise the purchase of electric vehicles.

As per the budget document, the subsidy under the Faster Adoption and Manufacturing of Hybrid & Electric Vehicles (FAME) for fiscal 2023 is projected at ₹2,908 crore, or more than three-and-a-half times the allocation of ₹800 crore for the current financial year and almost nine times higher than FY21. Demand for electric vehicles is already growing and the government is seeking to accelerate it. According to data from the government's Vahaan portal, India registered 311,000 battery-operated vehicles (BOV) in 2021, compared with 119,000 the previous year. Nearly 95% of the BOVs registered were two- and three-wheelers. In the first month of 2022, the number for two-wheelers rose to 27,555 units from 4,936 a year earlier.

"The sales of EVs have accelerated post-FAME-II scheme which brought confidence among government shareholders to continue the scheme. With time, the effects will compound and shape consumer behaviour in a positive direction towards e-mobility," said Sohinder Gill, director general of EV industry lobby group Society of Manufacturers of Electric Vehicles. "Taking into cognisance the on-ground impact of FAME-II, yes, the allocation of ₹2,900 crore will be utilised in FY23, with a probability of overshooting the allocated fiscal amount."

The industry body said after multiple requests to the government, the FAME-II scheme was amended to offer higher subsidies. The government has increased the incentive for electric two-wheelers to ₹15,000 per kwh from ₹10,000. Also, the cap on incentive has been increased to 40% of the vehicle cost from 20%.

To be sure, EV demand over the last one year has got a major fillip due to soaring fuel prices.

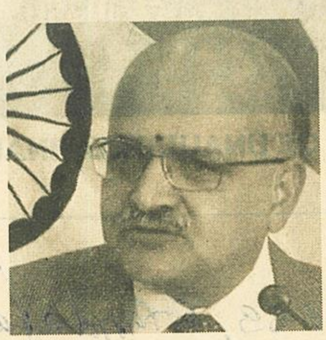
The budget document of FY23 shows the union government's total spending under the FAME policy to be ₹4,671 crore between FY19 and FY23.

— With inputs from Ketan Thakkar

Business standard 3rd February 2022

SEZ 2.0 to revive activities: Comm secy

SHREYA NANDI
New Delhi, 2 February



The government is in the process of drafting a new legislation for the next chapter for special economic zones that will see more participation of state governments in creation of manufacturing hubs in the country, commerce secretary BVR Subhramanyam said on Wednesday.

The Centre will take states on board and will cooperate with them to enable them to become partners in creation of New Development of Enterprise and Service Hubs (DESH) or SEZ 2.0.

"We would like states to bring their estates also on to this so that when you have single window clearance, it is single window clearance for both central and state-level clearances, we may even think of putting the states on the approval bodies either at the state level or regional limit. That's the direction in which we are thinking. It's a work in progress. But I'm sure that this newest season will lead to a huge revival of activity in SEZ in areas they will be manufacturing both for the international market as well as for the domestic market," Subhramanyam told reporters.

Commerce secretary BVR Subhramanyam said India needed large industrial manufacturing zones, with world-class infrastructure, which was digitally-enabled

"What India needs is large industrial manufacturing zones, which have high-quality world-class infrastructure, digitally-enabled and highly competitive in terms of services it provides. These places will become the manufacturing hubs and we will recast the SEZ Act in the next couple of months as the finance minister said set to actually bring this system into place," he said.

Approval on FDI policy tweak to facilitate LIC IPO

Inter-ministerial consultation towards changes in the foreign direct investment ahead of the proposed initial public offering of the Life Insurance Corporation is in the last stages. The industry department will soon seek the approval of the cabinet regarding the same, Department for Promotion of Industry and Internal Trade Secretary Anurag Jain said. "Hopefully, it should happen very soon," he said.

Business Line 11th February 2022

26,000 reasons why an entrepreneur can land in jail

A report by TeamLease Regtech and ORF points to how non-compliance with 2 out of 5 provisions for doing business is jailable

OUR BUREAU

New Delhi, February 10

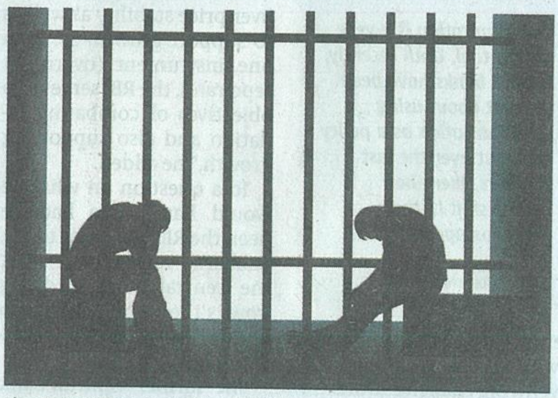
India may have steadily improved its position in the Ease of Doing Business global rankings (discontinued by the World Bank since last year), but a startling revelation in a new report is that there are 26,134 imprisonment clauses in India's business laws.

Non-compliance with two out of five provisions for doing business can send an entrepreneur to jail, says the report titled *Jailed for Doing Business* by TeamLease RegTech, in association with think-tank Observer Research Foundation (ORF).

Burdensome on MSMEs

According to the report, among the 69,233 unique compliances that regulate doing business in India, as many as 26,134 have imprisonment clauses for non-compliance. Five States have more than 1,000 imprisonment clauses in their business laws — Gujarat (1,469), Punjab (1,273), Maharashtra (1,210), Karnataka (1,175) and Tamil Nadu (1,043).

"Excessive compliances are especially burdensome on MSMEs; a typical MSME, having more than 150 employees, faces 500-900 compliances that cost ₹12-18 lakh a year," the report said. Further, it mentioned that such regulatory overreach impacts not just entrepreneurs running for-profits, but also not-for-profit institutions. There is a widening gap between the goods and services the country needs and how the state views the entrepreneurs creating them.



Five States have more than 1,000 imprisonment clauses in their business laws — Gujarat (1,469), Punjab (1,273), Maharashtra (1,210), Karnataka (1,175) and Tamil Nadu (1,043) ISTOCKPHOTO

Actionable reforms

According to Manish Sabharwal, Vice-Chairman of TeamLease, the excessive criminalisation of India's employer compliance universe breeds corruption, blunts formal employment and poisons justice. "This report is a wonderful contribution to ideas for actionable reforms; the government has made a good start in purging compliances but truly reducing regulatory cholesterol requires extending that project to purging the 26,134 jail provisions for employers at the Centre and State," he said.

The report has 10 recommendations to improve the doing business scenario. Using criminal penalties with restraint and constituting a regulatory impact assessment committee could lay the foundation of policy reformation. It also recommends rationalising imprisonment clauses.

Samir Saran, President, Observer Research Foundation, feels this publication lays the foundation for engaging with and delivering India's third-generation economic reforms. "I see this report as a springboard for new research and efforts that are needed to do away with rules, laws and codes that hold back India's entrepreneurial energy and its emergence as a global economic powerhouse," he said.

MSMEs fired up by the Defence 'Make in India' programme

G BALACHANDAR

Chennai, February 6

Business Line 7th February 2022

Unfazed by the disruptions caused by the Covid-19 pandemic, Micro, Small and Medium Enterprises (MSMEs) in the country have lined up in a big way to support the indigenisation programme of the Indian defence forces.

Of the total 81 MoUs (memorandum of understandings) signed by both the Tamil Nadu and Uttar Pradesh governments for their Defence Industrial Corridors, 30 agreements have been signed up with MSMEs.

"MSMEs are an integral part for the successful implementation of both the corridors attracting investments in aerospace and defence sector. In both the defence corridors, investments have been attracted from MSMEs and start-ups, besides anchor industries and foreign players," Ajay Bhatt, Union Minister of State for Defence told Lok Sabha recently.

MSMEs prefer to be part of the 'Make in India' programme

There is a well-intended preference for MSMEs to be part of the 'Make in India' programme of Indian defence.

The government has set up a Technology Development Fund (TDF) to encourage the participation of private players, especially MSMEs, through the provision of grants, to create an eco-system for enhancing cutting-edge technology capability for defence applications.

TN units upbeat

Since the latest Budget announcements will also result in further opportunities, MSMEs in Tamil Nadu have been gearing up to participate in the 'Make in India' programme of Defence forces.

V Ramesh Babu, President, CODISSIA (Coimbatore District Small Industries Association), says that MSMEs in the Coimbatore region are at the forefront of supporting local manufacturing of defence equipment.

CODISSIA Defence Innovation and Atal Incubation Centre (CDIIC) has identified 124 products from various defence PSUs that will come up for indigenisation. CDIIC will be getting into an MoU with defence majors such as BHEL, BEML, HAL, BDL, AVNL and OLF. The Union government has issued 556 licenses till December 2021 to the companies for the manufacturing of defence items.

Already more than 350 items have been indigenised through the manufacturing of local players supported by MSMEs.

Times of India 12th February 2022

Tata Sons retains Chandra as chairman for 5 more yrs

Move Will Ensure Leadership Continuity At $103Bn Group

Reeba.Zachariah
@timesgroup.com

SET FOR MARATHON RUN

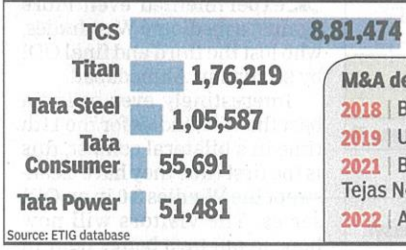
From techie to two-time chairman

- **Jan 27, 1987** | N Chandrasekaran joined TCS as a software programmer
- **Sept 6, 2007** | Became COO & ED
- **Oct 6, 2009** | Promoted to CEO & MD
- **Oct 25, 2016** | Appointed as Tata Sons director
- **Feb 21, 2017** | Took over as Tata Sons chairman
- **Feb 11, 2022** | Re-appointed as chairman

What Chandra achieved:

- Reduced Tata Teleservices' debt; resolved DoCoMo dispute and sold consumer mobile unit to Bharti Airtel
- Increased Tata Sons' stake in group cos like TaMo
- Untangled cross-holding structure & exited non-core businesses

Top mcap gainers since Chandra took over (Rs cr)



Source: ETIG database

M&A deals under Chandra

- **2018** | Bhushan Steel
- **2019** | Usha Martin Steel
- **2021** | Bigbasket, 1MG, Tejas Networks
- **2022** | Air India, Neelachal

YOU READ IT HERE FIRST

The Times of India dated Feb 11, 2022

Mumbai: Tata Sons has reappointed N Chandrasekaran as its executive chairman for another five years, ensuring leadership continuity even as the owner of one of India's oldest conglomerates syncs itself with the new business environment. Its board, which met on Friday, reviewed the last five years' performance of the $103-billion conglomerate and decided to renew his term, which ends on February 20.

TOI had reported in its February 11 edition about the Tata Sons board meeting to ratify Chandrasekaran's second innings as its chairman.

In a statement, Tata Sons said that chairman emeritus Ratan Tata, who was a special invitee to the board meeting, expressed his satisfaction on the "progress and performance" of the conglomerate under Chandrasekaran's leadership and "recommended his term be renewed for a further five-year period". Since the Tata Sons chairman is also the chairman of companies promoted by it, many of them being publicly listed, the development reassures investors of leadership stability and continuation of Chandrasekaran's business strategy.

The reappointment will be effective after a majority of Tata Sons shareholders support the ordinary resolution enabling Chandrasekaran's chairmanship continuation and his revised remuneration at its annual general meeting expected to be held in August. Chandrasekaran is one of the country's highly paid professional CEOs with an annual compensation package exceeding Rs 60 crore. Since Tata Sons is majorly owned (66%) by Tata Trusts, which is chaired by Ratan Tata, the resolution is expected to be passed.

A Tata lifer, Chandrasekaran was appointed chairman after Tata Sons removed Cyrus Mistry from the top post following his differences with Ratan Tata.

It inducted Chandrasekaran, now 58, as an additional director on October 25, 2016 and subsequently, designated him as chairman on January 12, 2017. A non-Parsi, he officially took charge as chairman on February 21, 2017 (until then Tata Sons, which was founded by Parsis, was also led by a member of the same community).

Business Line 1st February 2022

WFH spurs shift from blue-collar jobs in the US

The pandemic shift to working at home has spurred blue-collar Americans — who've largely been left out of that trend — to seek a career change. A new study by management consulting firm Oliver Wymans research arm found that the desire for more work flexibility was a key motivation for blue-collar employees to make the transition. It also said that almost four out of five who tried were successful.

"Despite being front and centre during the spread of Covid-19, the well-being of blue-collar workers took a back seat," the report said. "Most clocked hours in person — putting themselves and their loved ones at risk — while they watched their white-collar counterparts migrate to comfortable and safe remote setups, with their jobs and pay protected."

To be sure, any such moves are on a small scale when measured against the overall labour force. Still, they can add to the difficulties facing US businesses as they try to fill record numbers of vacant jobs — more than 10 million as of November — in a rebounding economy.

Federal Reserve surveys of manufacturing firms continue to highlight the shortfall. "Applicants are trickling in," one firm told the Kansas City Fed. "Not fast enough to satisfy current demand." Economists point to lagging pay, Covid sickness, a lack of child-care facilities and early retirements among the reasons for the squeeze. Career rethinks may be another one.

Research by Brad Hershbein, an economist at the WE Upjohn Institute for Employment Research, shows that there was a bigger migration last year — compared with 2019 — from blue-collar jobs in construction or mining to more office-based fields.

The Oliver Wyman Forum study found that the shift from blue- to white-collar work has been most pronounced in IT industries, including cyber security, and sales. Respondents to the group's survey said they quit because they wanted more flexible hours and better benefits. "If they'd let me have some of the flexibility that we see our white-collar counterparts experiencing," said one participant, "I'd gladly stay." BLOOMBERG