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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Standard 7 19th February 2022

Carmakers look to raise output by 18% in Q4

Volumes likely to surpass pre-pandemic level as chip shortage eases

SHALLY SETH MOHILE
Mumbai, 18 February

Passenger vehicle (PV) makers are looking to ramp up production by an average 18-20 per cent in the March quarter (Q4) of financial year 2021-22 (FY22), compared with Q3, as the shortage of semiconductor chips eases.

If the companies stick to the plan, they're likely to exceed the pre-Covid volumes of Q4FY20, according to analysts' and suppliers' estimates.

"They all are going full throttle. But production will still not be optimal and fall short by 10-15 per cent," said a top official at a component manufacturer that counts all the key PV makers as its customers.

Market leader Maruti Suzuki India plans to produce about 490,000 units in Q4, against the 432,368 units it produced in Q3.

"The electronics supply situation is improving gradually. The company hopes to increase production in Q4 of this financial year. The volumes will be higher than those of Q3 but short of full capacity," said Rahul Bharti, executive director, corporate affairs, Maruti Suzuki India.

Tata Motors, the third largest in the pecking order, is likely to crank out over 120,000 units in Q4, against around 99,000 units in Q3, said a person aware of the company's plans. "It may even exceed the pre-Covid volumes," the person said. A query sent to Tata Motors remained unanswered.

Hyundai, the second largest by volume, however, continues to struggle to source semiconductors and may not be able to accelerate production much. This may work in Tata Motors' favour and help it bridge the volume gap with the Korean carmaker. A Hyundai spokesperson wasn't available for comment.

"Going by the recent launches and production plans, we expect the Q4 production volumes at the PV makers to be higher by at least 20 per cent from Q3," said Puneet Gupta, director, IHS Markit—a sales forecast and market research firm.

Production volumes will in all likelihood surpass pre-Covid levels, but the chip shortage will continue to haunt firms for another three-four quarters, he said.

Despite a robust demand that comes on the back of a strong preference for personal mobility, PV sales in India have remained in the slow lane owing to a global shortage of semiconductors. PV sales in India dropped to 761,000 units in Q3, compared with 898,000 units a year ago — the lowest in five years, according to the Society of Indian Automobile Manufacturers (Siam).

Kia Motors, the fourth largest PV maker, too, plans to go full throttle in the next three months. It is looking to add a third shift at its factory and enhance output by a third, it said earlier this week. From the average of around 16,000 units a month, it plans to increase production by around 20 per cent, said a person aware of the company's plans.

Officials at most companies agree that while the availability of chips has improved, the shortage is far from over and may continue till the second half of FY23. For now, they have learnt to work their way around it.

Mahindra and Mahindra, for instance, has taken various measures to address the challenge, Veejay Nakra, CEO automotive division at the firm, said in a post-earnings press conference. It has identified a new IC (integrated circuit or chip) source so that it's able to create fungibility across its products and has already started benefitting from it. It's also sourcing ICs from the open market, to help it create good reserve stocks.

PRODUCTION ESTIMATES
Q4FY22 (quarter-on-quarter)

- Maruti Suzuki likely to produce **490,000 units**, up 13%
- Tata Motors eyeing **over 120,000 units**, up 20%
- Kia Motors India plans to enhance **output by 20%**
- Mahindra & Mahindra's **output to be higher by 10-12%**

Business Standard 16th February 2022

Market for three-row, 7-seater SUVs hots up

SHALLY SETH MOHILE
Mumbai, 15 February

The market for three-row SUVs — that has been gaining traction among SUV buyers in India — is set to hot up further. This is owing to more passenger vehicle makers staking their claim in the small but fast-expanding segment with their offerings.

Kia Motors India stirred up the market further with the roll out of Carens, its seven-seater offering, on Tuesday. Kia's SUV is set to compete with the Suzuki XL6 and Hyundai Alcazar, among other models.

Priced competitively at ₹8.99 lakh onwards and going up to ₹16.99 lakh, the local arm of the South Korean car maker is looking to attract buyers, who are scouting for an affordable yet a premium SUV.

Suzuki and Toyota's C-segment MPV models, which will sell under both Suzuki and Toyota badging, are also expected to break cover.

Last week, Jeep India announced it will be launching the Meridian, a seven-seater sibling of the brand's popular Compass in India.

"The demand was there, but there wasn't that much of a choice and the cars which were available in six and seven-seat options were more functional. It was not taking care of the aspirational needs of the consumers, which is what we have tried to do with the Carens," said Hardeep Singh Brar, senior VP and head of marketing and sales at Kia Motors India.

The overall market (including mass and luxury models) for seven-seater SUVs has seen a moderate growth year-on-year (YoY), according to JATO Dynamics, which provides data for analysis of market trends. It ended the year with 193,619 units (January to November) in calendar year 2021 from 119,524 units in 2020.

"Although the market has almost been flat, there is a case for personal family transportation, given joint families in India. The low-cost modular platform has helped them price the model competitively," said Ravi Bhatia, president and director at JATO Dynamics.

The ongoing semiconductor shortage can lead to delay in deliveries and waiting periods may stretch up to six months unless the third shift of production begins, said Bhatia.

The Hyundai affiliate is betting big on the Carens and envisages selling 50,000 units in the first year of launch.

Brar estimates the segment size in which the model is positioned to be around 360,000 units per annum, accounting for 12-13 per cent of the SUV market.

Kia launched its fourth product — the all-new three-row model Carens — in India, with an introductory price ranging between ₹8.99 lakh and ₹16.99 lakh

More on business-standard.com

The Economic Times 20th February 2022

NON AVAILABILITY OF NEW MODELS IN ENTRY LEVEL & SEDAN SEGMENT SLOWS DOWN USED CAR MARKET

Car Repossessions See a Sharp Boom

Lijee.Philip@timesgroup.com

Mumbai: The usually booming used car market is facing a serious demand-supply mismatch. As new model availability has decreased due to semiconductor shortages, consumers are holding on to their old vehicles instead of trading them in.

Resellers are counting on more consumer bad news — a rising number of auto repossessions — to meet the gap in supply.

"Repossessed car stocks are migrating to the used car market as their defaults get cleared through auction processes, following which banks and other financial institutions are offering fresh financing for these cars," said Sameer Malhotra, Director and CEO, Shriram Automall India — a leading pre-owned vehicles buyer and seller.

The supply is expected to improve over the next 3-6 months, say auto finance companies.

"Finance companies had refrained from repossessing cars during the last two years. Now the supply situation of used cars should improve, after exchange programmes commences and also banks & finance companies start repossessing vehicles of defaulting consumers, including certain consumers surrendering cars", mentioned Ramesh Iyer, MD, Mahindra Finance.

Experts say the acute shortage of used cars is mainly for fast moving models, including entry level and mid-size models such as Swift, Baleno, i20, Innova, etc. Since high-end new cars are available off-the-shelf, their availability on the used market has not suffered, said a senior official from a Chennai-based finance company.

Apart from the longer replacement cycle, lower overall demand for new cars has contributed to the supply shortage in the pre-owned market. And in parallel, these same factors — short supply due to the semiconductor shortage, rising prices and long waiting lists — has driven up enquiries and demand from first time buyers for used cars in the last CY.

Owners' Pride

Longer usage of cars by existing car owners leads to shortage of used cars

Declining sales of new cars due to multiple reasons like economic situations and semiconductor shortage leads to rising demand for used cars

First-time used-cars buyers gone up as high as 60%

Higher waiting time period and rising new car prices lead to more demand for used cars

FOR FULL REPORT, GO TO www.economictimes.com

The Economic Times 26th February 2022

Kia Expects India to Produce About 10% of its Global Output

Auto co says local ops to grow at 3x global rate on strong demand, new models

Ketan Thakkar & Ashutosh R Shyam

Mumbai: South Korean automaker Kia expects India to contribute almost 10% to its global production in 2022, led by strong demand for its vehicles, introduction of new models like the Carens and rising export demand.

India, which was among the fastest growing automobile markets in 2021, is set to outperform again in 2022 with sales for the company expected to grow at almost three times the global rate at 33% to 243,000 units, according to an investor deck presentation.

Including exports, Kia expects to produce 300,000-350,000 units this year, making it the quickest automaker in India to reach that annual mark.

In 2021, Kia's facility at Anantpur in Andhra Pradesh contributed 8% to Kia's total global output. In 2022, the share is set to increase to 9.5%, a company executive said.

The company recently started a third shift and hired more workers at the plant.

In Top Gear

300,000-350,000
Units Kia expects to produce this year, including exports

8%
Contribution from Kia's Andhra facility to global output in 2021

In 2022, share set to increase to **9.5%,** as per company

75,000
Current vehicle bookings

Kia is witnessing a huge demand for India-made vehicles in the domestic market as well as abroad, said Hardeep Brar, vice-president for sales & marketing at Kia India. "With the launch of our fourth product for the Indian market and targeted third shift commencement, we aim to produce over 300,000 vehicles in CY2022, including for exports," Brar said, adding that it would increase the contribution of India by 1.5 percentage points to the global output.

The company is already sitting on pending bookings of 75,000 vehicles, with waiting periods running into 3-6 months. Experts said aggressive pricing of the Carens is set to further offer a tailwind to the growing volumes of the company, but securing chipsets that are in short supply to cater to higher demand would be a key. At the time of launch, the company had secured bookings of over 19,000 units for the new model, which has now crossed 30,000 units.

Interestingly Kia India has not only been the quickest in terms of volume growth, but also in terms of revenue and profitability.

Business Line 28th February 2022

Six airbags mandate may hit slow lane

Auto industry expresses concern over implementation amid airbag availability, cost escalation and chip shortage

SWARAJ BAGGONKAR

Mumbai, February 27

The government's proposal to have cars fitted with six airbags from October 1, 2022 could run into rough weather. The auto industry has expressed doubts over airbag capacity creation amid semiconductor shortages and the ability of car makers to redesign their cars to fit the proposed six airbags within the specified timeframe.

A draft notification issued on January 14 by the Ministry of Road Transport and Highways (MoRTH) mandates vehicles of M1 category (passenger vehicles up to eight-seater), manufactured from October 1 to come fitted with six airbags that would provide safety to its occupants from frontal and side impact.

Present regulations mandate carmakers to install two airbags (one for the driver and the other for the driver-side passengers) only.

Carmakers, through the Society of Indian Automobile Manufacturers, are approaching the government to explore if the date for implementation of the notification can be reconsidered given a variety of issues ranging from airbag availability, cost escalation and semiconductor shortage.

Semiconductor usage

Airbag deployment is controlled by sensors that are managed by semiconductors. The worldwide chip shortage has already led to production losses for carmakers. An increase in the number of airbags per car could lead to a further increase in demand for semiconductors, which would further strain the supply chain.

Rahul Bharti, Executive Director, Corporate Planning and Government Affairs, Maruti Suzuki India, said, "We are in discussions with the Ministry of Road Transport. It's not just cost. It's the feasibility also. There's an implication for semiconductors. So, it is a comprehensive topic in itself."

Maruti Suzuki clarified that it is SIAM that is discussing the matter with MoRTH.

No one-size-fits-all

If the notification comes into effect, not only will the industry require three times the airbag supply, but car manufacturers will have to redesign the interiors of vehicles too. As per the notification, cars "shall be fitted with two side/side torso airbags, one each for the persons occupying front row outboard seating positions, and two side-curtain/tube airbags, one each for the persons occupying outboard seating positions".

Sunil Bohra, Group CFO and Executive Director, Minda Industries, said, "Representations to the government are done because it will need a lot of changes to the design of the vehicle, which is time consuming. There is no one-size-fits-all. You will have to redesign the interiors and the development cycle is pretty long. Based on this success, the vendors will be in a position to expand capacity."

Minda Industries, with an annual capacity of 1 million, is the second largest manufacturer of airbags in India. The company is ready to expand production but not before its clients finalise their requirements.

"While the government in its right intentions set October 1 as the date, practically this date will be very challenging. Our gut feeling is that it will be 1-2 years before we have 100 per cent implementation," Bohra added.

Cost impact

While car manufacturers are yet to arrive at an estimate for cost escalation due to the addition of more airbags, market watchers estimate an increase of ₹10,000-15,000 per car. The airbag industry turnover is expected to swell to more than ₹4,000 crore from around ₹1,100 crore currently if the notification is implemented.

An increase in cost that will be recovered from the consumer will likely have an impact on vehicle demand in the short term. "(Airbag) capacity is being ramped up, but at the same time, there is a strong thought process on how this would be executed. It is a challenge and it's not easy to hike capacity so quickly," said an executive from Tata Motors.

Business Line 16th February 2022

Indian carmakers better global OEMs in offering safer vehicles

No global carmaker's model sold here has 5-star ratings so far

G BALACHANDAR
Chennai, February 15

Two Indian PV makers — Tata Motors and Mahindra & Mahindra — lead in the line-up of safe cars

Indian passenger vehicle manufacturers continue to stay ahead of their global counterparts in selling safer cars.

While announcing results of its latest crash tests conducted on some of the models sold in India, Global NCAP, a UK-based safety and the testing organisation, said, "It has been encouraging to see some leading Indian manufacturers respond so well to the #SaferCarsforIndia challenge, but also rather disappointing that major global brands fall short on safety in India, whilst comfortably exceeding these requirements in other global markets."

5-star safety performance

As part of the #SaferCarsForIndia campaign, Global NCAP, which has partnered with UN Road Safety Collaboration, has been performing independent crash tests on India-built cars since 2014. With the latest crash tests on four models, Global NCAP has reached the 50 model milestone for PVs tested in the Indian market.

"As we pass the #SaferCarsforIndia fifty test milestone, it's important to recognise the progress that has been made. Automakers are rising to the challenge set by Global NCAP with new models increasingly achieving five-star safety performance.

For some Indian manufacturers, this has become a must-have validation of their commitment to safety," David Ward, President of the Towards Zero Foundation said.

True to his statement, two Indian PV makers—Tata Motors and Mahindra & Mahindra—sell the highest number of safer cars in their portfolios. Tata sells three 5-star rated vehicles (Punch, Altroz and Nexon), while Mahindra offers two 5-star rated models (XUV700 and XUV300).

Also, Tata's other models such as Tigor and Tiago models, and Mahindra's Thar and Marazzo have four-star ratings for safety.

No global carmaker's model sold in India has secured 5-star ratings so far.

"I think the strategy of all is shifting towards safety, and the aspect to see will be which of the two i.e., safer during a crash or safety features to avoid a crash. ADAS (Advanced Driver Assistance Systems) will receive a bigger focus. In premium and luxury vehicles, both will be the focus.

But in the lower segments, OEMs will try to achieve a balance between the two. GNCAP tests will help in improving safety across OEMs and vehicle types, said Ashim Sharma, Partner & Group Head at NRI Consulting & Solutions.

Airbags mandatory

Overall, safer cars will help countries like India which has the highest number of fatalities on the road. Though there have been several measures initiated by the Centreto curb accidents, Global NCAP's crash results have also helped sensitise OEMs to introduce more safety features in their models.

Also, the Indian's government's proposal to make it mandatory for all new cars to have a minimum of 6 airbags across all variants & segments of the vehicle is seen as a move in the right direction.

Business Standard 28th February 2022

Freight rates may see more hike

India closely monitoring situation: DG Shipping

SHINE JACOB
Chennai, 27 February

The invasion of Russian forces into Ukraine has triggered panic among Indian exporters, coming as it does after over a year of high freight rates and container shortages. Freight rates to several ports in India had jumped eight to tenfold last year and are already on a rise in the last one week.

According to shipping companies, the cost of chartering a 4,200 TEU (20-foot equivalent unit) has soared from around $8,000 a day eight months ago to around $70,000 a day now. As a result of the Russian invasion, it is expected to touch $100,000 a day.

Shipping companies and carriers are worried about the spike in crude prices, and some industry players expect India to initiate rupee-ruble trade to ease the impact of the sanctions imposed on Russia.

Indeed, the news appears to be grim for the commodities market, with at least three merchant ships reported to have been damaged in the Black Sea. And with insurers hesitating to cover traffic to the region, trade to all six countries in the region – Russia, Ukraine, Georgia, Turkey, Bulgaria, and Romania – may get affected.

India's monthly exports to these countries amount to around $1.4 billion and imports of around $1.6 billion.

Meanwhile, the Directorate General of Shipping said India is closely monitoring the situation. "We are constantly monitoring the current situation. In terms of container trade, if you see globally, India is the best-managed territory, as far as container or freight movement is concerned. That is the reason we have seen growth in exports despite the disruptions," Amitabh Kumar, DG Shipping, told Business Standard.

The Federation of Indian Export Organisations (FIEO) has already asked exporters to hold consignments to the region. "We are worried about the rise in freight rates in the last one week. Also, a likely supply disruption will impact Indian exporters," said A Sakthivel, president of the FIEO.

IN THE LINE OF FIRE

- Countries in the Black Sea region: Russia, Ukraine, Georgia, Turkey, Bulgaria, and Romania
- $1.6 billon: India's monthly imports
- $1.4 billion: India's monthly export to these countries (Dec 2021)
- 34 per cent: Black Sea's exports share in global wheat market

The Indian National Shipowner's Association (INSA) said no Indian flagged ships are stuck in the Black Sea at present. "There will be an impact on freight and business will have to readjust. There may be a rise of 2-3 per cent on insurance as war premium in that region, issuers will be reluctant to go there. Shipowners may also have to give additional reward to the people on board as they are risking their lives," said Anil Devli, chief executive officer of INSA.

Based on data available with the International Grains Council, the overall proportion of global wheat exports taken by the Black Sea region is maintained at about 34 per cent. Similarly, in oilseeds, Russia and Ukraine contribute to one-third of global sunflower exports. A crisis in the region is expected to impact the global commodity prices too.

"Markets like the European Union and the UK are a cause for concern as a war in the region may hit demand for apparel. With crude prices going up, freight rates are also seeing an upward curve. There is also concern about payments from Russia and Ukraine in case of sanctions," said Narendra Goenka, chairman of the Apparel Export Promotion Council (AEPC).

"In the last eight months, we have seen fuel rates going up from $350 a tonne to $749 a tonne. With the Ukraine crisis, we expect this to cross $800. This means, straight away bunker costs are set to go up," said J S Gill, managing director of X-Press Feeders, one of the world's largest independent common carriers.

The Indian Seafood Exporters' Association said Europe accounts for 12 per cent of its annual business of, around ₹50,000 crore and this latest disruption may hobble the industry, which is just about recovering from the pandemic-induced crisis.

The Economic Times 26th February 2022

FEELING THE HEAT

Auto, Pharma, Oil & Gas May Feel the Jitters of Ukraine Conflict

Russia's invasion of Ukraine has impacted markets globally. Even as Indian stock indices staged a partial recovery from Thursday's market slump, investors are assessing the direct and indirect impact of the conflict on sectors and companies. Analysts said companies from the auto, pharma, oil and gas and paint makers could be impacted the most if the conflict continues. ET takes a look at sectors and stocks that will be the most impacted. —Sanam Mirchandani

AUTOMOBILE

Analysts said there could be indirect impact due to supply chain disruptions as well as higher commodity costs through crude derivatives and metals. "There could be an indirect impact because of geopolitical instability and increase in commodity prices from steel, aluminium, copper, lead, crude derivatives like plastic and rubber, etc. Players who have manufacturing units in Europe could also be impacted," said Jinesh Gandhi, senior vice president and deputy head of research at Motilal Oswal. Europe is dependent on Russia for a substantial part of its energy needs and companies operating in Europe stand to get affected if there are any supply disruptions because of sanctions on Russia. ICICIdirect said Tata Motors' subsidiary JLR has manufacturing base in Europe and JLR derives 40% sales from the European region, so any geopolitical ramifications could impact the volume. Mahindra CIE derives around 49% sales from European regions with manufacturing set-up in Europe, while Apollo Tyres derives 33% sales from European regions with manufacturing facility there.

STOCKS THAT COULD BE HIT:
Mahindra CIE, Bharat Forge, Motherson Sumi

PHARMA

ICICIdirect's head of research Pankaj Pandey said he does not expect any significant risk to drug makers besides Dr Reddy's as their exposure to Russia and the Commonwealth of Independent States (CIS) is limited. Russia is not the major source of raw materials for pharma companies. Shares of Dr Reddy's gained 2% on Friday tracking the rebound in the market but has lost 5% in the last one month. Russia/CIS accounts for 13% of Dr Reddy's revenues and further currency devaluation due to sanctions on Russia could raise currency translation risk, it said.

STOCKS THAT COULD BE HIT:
Dr Reddy's Laboratories

OIL AND GAS

Analysts said higher crude oil prices at around $100 per barrel could impact oil marketing companies which are not able to pass on the increases. Upstream companies such as ONGC, GAIL and Oil India could see some benefit. Morgan Stanley on Friday maintained a buy rating on ONGC with a target price of Rs 263.

STOCKS THAT COULD BE HIT:
Indian Oil Corporation, Bharat Petroleum Corporation, Hindustan Petroleum Corporation

PAINT COMPANIES

Analysts said there won't be any significant impact on margins in the fourth quarter (January-March) but in the first quarter (April-June) there could be some impact if current prices sustain. "They use crude derivatives, monomer, titanium dioxide, etc. In the medium to long term if crude continues to go up, there will be some impact," said Abneesh Roy, vice president-institutional equities at Edelweiss. Roy said paint companies could again opt for price hikes after taking 18-20% price hike in the last one year.

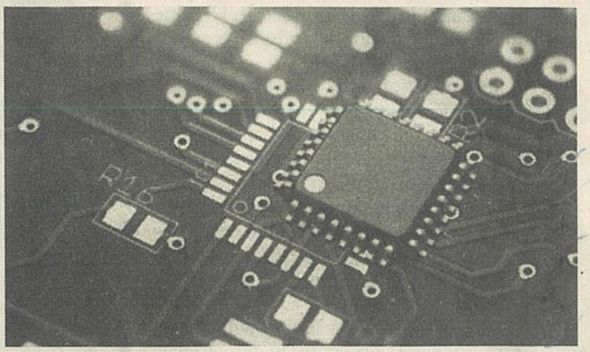
STOCKS THAT COULD BE HIT:
Asian Paints, Berger Paints, Kansai Nerolac

Business Standard 26th February 2022

India's next tryst with semiconductors

No significant global player has participated in the first round of the investment incentive scheme

SURAJEET DAS GUPTA
New Delhi, 25 February



Last week, the government announced the names of four players who had shown interest in the first round of participation in the ambitious incentive scheme to set up fab and display fabrication plants in the country. But a closer inspection of the applications suggests that the excitement at this second attempt to make India a semiconductor hub may need to be tempered.

For one, the leading global semiconductor giants — TSMC, Samsung, Intel, GlobalFoundries, Micron or Infineon — were conspicuous by their absence. The Ministry of Electronics and Information Technology (MeitY) said talks to rope in some global bigwigs are on, as a result of which the deadline has been extended beyond February 15.

For another, among the four applicants were two lesser-known investment companies. One is Mumbai-based Next Orbit Ventures, whose founder Sanjay Jalan claims he will rope in Indian companies, Navratna public sector units and technology partners to build a $3-billion analog chip-making facility in the first phase, going up to $15 billion when it sets up two more companies to undertake digital chips and memory chips.

Jalan says he has tied up with a technology partner but could not divulge the name because of a non-disclosure agreement. According to MeiTY, the technology partner is Israeli-based Tower Semiconductor that has just a few weeks ago been bought by Intel.

The second player again is little-known Singapore-based IGSS Ventures, which says it is a "one stop semiconductor hub" but its founder Raj Kumar says he won't talk before March.

Among the other Indian companies is refining, manufacturing and retailing giant Rajesh Exports, which wants to go high tech with forays into electric vehicles and display fab plants. Only aluminium-to-energy major Vedanta announced that it has tied up with Foxconn Technology in a joint venture to manufacture 28-nanometre chips. Foxconn will have a 40 per cent stake in the venture. Vedanta is also scouting for technology for LCD display units from LG, Japan Display and Sharp for its foray into display fab plant. The investment tag is a substantial $15 billion.

The four players have cumulatively promised to invest $20.5 billion. But the question is whether they have the ability to raise funds, get the partners and the technology (most are still memorandums of understanding) and the team in place to do so? Otherwise, the new effort by the government, which includes providing incentives that match what is given globally (30-50 per cent of the project cost), could go the way of earlier efforts to create fab facilities in the country.

For instance, in 2014 the government had offered attractive incentives and the two players selected had tied up with big names. So, Hindustan Semiconductor Manufacturing Corporation had partnered with STMicroelectronics and SilTerra while Jaypee roped in IBM and Tower (formerly TowerJazz). But both Indian companies failed to even raise 10 per cent of the proposed equity, which was one of the conditions for the incentives.

Now, analysts suggest that the government can replicate the successful model of getting Apple Inc and its vendors to set up a base in India by leveraging the Productivity Linked Incentive scheme to make India a manufacturing hub for them as an alternative to China. It can do so again in getting at least one global player on its own or in a tie-up with a deep-pocketed domestic player to change the game. It is worth noting that big groups such as the Tatas are absent from the initial round despite announcing plans to invest in semiconductors.

It is possible, analysts suggest, that India might be a bit late in attracting the large players — it should have launched the initiative when the chip shortage was peaking. But the four big chip makers — TSMC, Samsung, Intel and GlobalFoundries — have already announced investments of over $400 billion over three to four years, to reduce the global chip shortage.

TSMC, for instance, is investing $44 billion this year, which includes a new plant in Japan. Intel is putting in $7 billion in Malaysia for a chip and packaging unit apart from setting up new plants in the US and Europe. And Samsung, which is a large player in India in consumer electronics and mobiles, has announced plans to invest $200 billion in the next three years for new chip capacity.

The obvious question that is asked is whether the Indian market is big enough to justify fab foundry plants. Vedanta says it will focus on the 28-nanometre chips, which account for the bulk of the Indian market. It will also concentrate on fulfilling the needs of the domestic market.

Industry estimates put the size of the Indian market at $24 billion a year, and it is expected to double by 2025. But for the three applicants who plan to set up a foundry plant (they are contract manufacturers like TSMC) the market is much smaller. Says Satya Gupta, former India Electronics and Semiconductor Association chairman, said, "Out of this only $4 billion a year is supplied by foundries and the rest is with integrated device manufacturers (IDMs) such as Samsung and Intel. The market for foundry players will also double but growth of the sub-28-nanometre chip will be faster."

He added that for foundries the 28 nanometre-plus market would go up from $2 billion to around $3 billion by 2025. But with the requirement for more state-of-the-art chips and high margin sub-28-nanometre will grow from only $1 billion to over $3.6 billion in the same period.

The market could get bigger if foundry players are able to woo fabless players like Qualcomm or Meditek to shift some contract manufacturing capacity they use from Taiwan to India. And that might need the government coming up with incentives for fabless players eventually. But, as Gupta pointed out, no foundry can do without exports — irrespective of the domestic market. In the immediate future, however, the success of the renewed new tryst with fab plants will depend on whether the four players can deliver the goods.

A FAB MARKET

(Total available market projections based on nodes for 2025)

Total market: **$48 billion**

Market for foundries within the total: **$8 billion**

DOMESTIC CONSUMPTION OF CHIPS, NODE-WISE FOR FOUNDRIES (EXCLUDES IDM)

(consumption figures in $ bn)

180 nanometers	0.49
130 nm	0.33
65 nm	0.41
45 nm	0.73
28 nm	1.14
14 nm	0.73
Less than 10 nm	3.18
Others	0.98

Source: Semiconductor TAM analysis by Satya Gupta, former IESA chairman

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 23rd February 2022

Ola Electric set to invest ₹3,500 crore under PLI

Pips Ather Energy, which had to compete with larger OEMs

SURAJEET DAS GUPTA
New Delhi, 22 February

Ola Electric has committed total investments of ₹3,500 crore in five years, much higher than the minimum investment required for such firms (₹2,000 crore) under the production-linked incentive (PLI) scheme for the automobile industry. It is one of six non-automotive investors that made the cut for the scheme.

Sources say Ola had announced that it would invest ₹2,400 crore in the first phase of its electric two-wheeler plant with an initial capacity of 2 million and work started in February-March 2021. As part of the scheme's conditions, it will be able to include a substantial chunk of the investment it has already made in the new plant. That is because cumulative new domestic investments starting from April 1, 2021, will be considered under the scheme.

Ola was also able to take advantage by applying as a non-automotive company, defined under the PLI scheme as companies that have no revenue from manufacturing of automobiles as on March 31, 2021.

Ola started selling its scooters only by the end of 2021. And it also met a moderate networth criterion requirement of only ₹1,000 crore for non-automotive players. Ola Electric declined to comment on the issue.

However, its key rival and start-up, Bengaluru-based Ather Energy (in which Hero MotoCorp has invested), which had also applied under the existing two-wheeler champions category, did not make it to the list.

While a spokesperson of Ather Energy declined to comment on the issue, sources said it has approached the central government to ascertain why it was not selected, as it is the first electric two-wheeler start-up and has been selling scooters in the country for over three years.

Some auto players say the PLI scheme seems to have ignored existing electric two-wheeler companies by putting in stiff financial eligibility rules for them, while making it very easy for non-automotive players.

However, defending the scheme, some analysts argue that the government's aim was to rope in large players who can make big investments. Hence, Ather's investor, Hero MotoCorp, the largest two-wheeler maker in the country, has made the cut.

However, since Ather has been making electric two-wheelers for three years now it had to apply as an existing auto company and was confronted with stiff eligibility criteria— the company or its group companies needed to have minimum revenue of ₹10,000 crore and a gross block of ₹3,000 crore.

Under the scheme, non-automotive companies have been provided incentives that vary from 13-16 per cent, depending on their sales value.

CRUX OF THE MATTER

- **Ola Electric qualified as a non-automotive investor** as it had no sales as on March 31, 2021
- **Ather Energy had to apply as an existing OEM** as it has been selling two-wheelers for 3 years
- **Existing OEMs have stricter eligibility criteria** like a minimum revenue of ₹10,000 crore
- **Ather's investor, Hero MotoCorp,** the country's largest two-wheeler maker, has made the cut

Business Line 15th February 2022

Tube Investments to focus on electric 3-wheelers, tractors

Will keep away from e-2 wheelers in clean mobility biz

G BALACHANDAR
Chennai, February 14

Murugappa Group has indicated that it has chosen to focus on three-wheelers and tractors for electrification and will stay away from the electric two-wheeler space as part of its clean mobility business, which will come under TI Clean Mobility Pvt Ltd (TCMPL).

TCMPL has been incorporated as a subsidiary of Tube Investments of India Ltd with an initial authorised capital of ₹10 lakh.

Tube Investments has chosen three-wheelers and tractors as the first and second focus areas for launching electric products as both the segments are seen as ripe for disruption.

Vellayan Subbiah, MD, Tube Investments

better approach to electric vehicles is the productive end of the spectrum versus the consumptive end of the spectrum. So, the areas we are staying away from are two-wheelers and passenger cars that are more consumptive. We are focused more on the productive end of the spectrum where the vehicle is an asset and earns income for the owner," said Vellayan Subbiah, Managing Director of Tube Investments of India Ltd, during the com-

He said cost economics worked better in the case of three-wheelers when compared to two-wheelers when factors such as battery capacity, range and cost of the vehicle were analysed. Also, in three-wheelers, the owner or driver of the vehicle will see much more tangible financial benefits on month-to-month basis.

The company sees similar characteristics in tractors too. Since power is subsidised for the agriculture segment, if one takes the running costs per day of a diesel tractor, especially during cultivation, it's extremely high because of high fuel price. Hence, the company sees better economics of moving to electric tractors. "We think that the crossover point on both three-wheeler and tractor is going to come much before the crossover point in other vehicles – that's between EV

Business Line 18th February 2022

BPCL opens EV charging stations on Chennai-Madurai highway

Facilities to come up at every 100 km inside its large formal fuel outlets

BALACHANDAR G
Chennai, February 17

Now, electric car owners can drive through the Chennai-Tiruchi-Madurai highway without worries over availability of charging stations. Oil major Bharat Petroleum Corporation (BPCL) has set up what it calls 'India's first EV fast-charging corridor' under which it has set up charging stations every 100 km inside its large formal fuel outlets along the highway.

"With 10 charging stations located on both sides along the highway, this is the first chain of EV charging stations set up on the highways in India. We have invested about ₹1 crore in setting up these fast-charging stations," said PS Ravi, Executive Director In-Charge – Retail, BPCL.

With top-up charging for about 30 minutes, electric cars could get an additional range of 100-150 km.

Other facilities

"The BPCL fuel stations also house food outlets and other state-of-the-art amenities for the people to spend time during the charging time," Ravi said. He explained that BPCL fuel stations would offer clean and hygienic washrooms for ladies and gentlemen, safe and secure parking while charging and 24-hour operations, among others.

PS Ravi at the launch of the EV fast-charging corridor in Chennai on Thursday BIJOY GHOSH

Select fuel stations will also offer nitrogen-filling facilities.

These large-format bunks also house food outlets such as McDonald's, A2B, Cube Stop, Café Coffee Day and other regional players.

More corridors planned

The first phase launch on Chennai – Tiruchi – Madurai highway will be followed up by key routes that have high existing motorist traffic and a propensity for the shift to electric vehicles.

Ravi indicated that BPCL would be setting up similar EV charging corridors on the Chennai-Bengaluru expressway and Coimbatore-Salem-Chennai highway in the coming months.

The company has chalked out plans to set up 600 EV charging stations by the end of June this year and 1,200 stations by the end of next fiscal.

Business Line 10th February 2022

PLANTS TO COME UP IN PITHAMPUR & PUNE

Pinnacle Lines up ₹2,000 crore to Make E-vehicles

Ketan.Thakkar
@timesgroup.com

Mumbai: Pinnacle Mobility Solutions, a unit of Pune-based Pinnacle Industries, would invest ₹2,000 crore to make electric buses and e-mini trucks to cater to the booming last-mile mobility space.

Pinnacle Mobility has entered into a 74:26 partnership with one of Europe's largest family-owned enterprises — VDL Groep — to cater to this growing demand. The company will set up a 5,000-unit electric bus manufacturing facility in Pithampur, Madhya Pradesh, and a 15,000-unit plant for e-mini vehicles in the 1-2 tonne space in Pune.

The company will be hiring about 1,000 people across two locations.

It will make a range of 9-12 metre electric buses and 1-2 tonne mini-trucks over the next two years.

Sudhir Mehta, chairman of Pinnacle Mobility Solutions, told ET that electric vehicles will be among India's single biggest industries by size. Pinnacle started working on a grounds up solution with a unique lego concept that can be adapted to smaller setups that don't need large investments. The complete product range is developed in India with several patents already obtained and in process, Mehta said.

Pinnacle intends to use its JV expertise in building smart lean factories and expand into multiple small bases across the country. It has created a modular vehicle platform based on the lego concept to deliver a better total cost of ownership, claims Mehta.

EXPANSION PLANS

Co to hire 1,000 people; to make 12 metre e-buses and 1-2T mini-trucks in the next two years

"Our intention is to participate in democratizing EVs in the country. One has to develop products that are innovative and affordable, without subsidy," Mehta said. "One doesn't need large factories to cater to the market; our lego setup can be adapted in smaller settings. We will be coming out with a range of products and may partner local STUs to build scale at low cost."

The company has also been selected to avail benefits under the government's production linked incentive or PLI scheme.

Business Line 23rd February 2022

Tesla's India manufacturing plan not clear yet: Govt

Can't encourage a company that is importing, says Heavy Industry Secy

S RONENDRA SINGH
New Delhi, February 22

It seems the government is not in a mood to indulge Tesla too much on its manufacturing plans in India, and there is a doubt already about whether Elon Musk is at all serious about manufacturing here. The automaker already has four manufacturing facilities (three in the US and one in China) and has announced setting up of two more giga factories – in Texas and Berlin.

We have not changed our stand...from Day 1 we have been telling them (Tesla) to make in India

ARUN GOEL
Secretary, Ministry of Heavy Industries

However, when it comes to India factory, Musk has been vocal about need of government support (tax cuts) for its operations.

Though, it has already incorporated an office in Bengaluru, it may use it for assembly or a research and development centre.

Elon Musk, CEO, Tesla Motors

'No proposal'

According to a senior government official, Tesla has not shared any proposal to be part of the production linked incentive (PLI) scheme for automobile and auto component industry.

"We have not changed our stand...from Day 1 we have been telling them (Tesla) to make in India. So logically why should we encourage a product which is imported (import from Tesla China or anywhere else) and also why should we encourage such company?," Arun Goel, Secretary, Ministry of Heavy Industries, told *BusinessLine*.

Goel explained that the government is saying at least source maximum parts from here. He said the Indian automobile industry is already producing so many parts and companies which are manufacturing here, are sourcing from here.

He said Tesla has also not sent any proposal for investment while many global companies have submitted their proposals and has crossed government's estimated target of ₹42,500 crore.

Some of the companies include Ashok Leyland, Eicher Motors, Ford India, Hyundai Motor India, Kia India, Mahindra & Mahindra, Suzuki Motor Gujarat and Tata Motors.

In the two/ three-wheeler categories, the companies include Bajaj Auto, Hero MotoCorp, Piaggio Vehicles and TVS Motor Company.

Recently, Transport Minister Nitin Gadkari also had urged Tesla to make in India instead of importing its cars from China.

Business Line 16th February 2022

EV sales across categories skyrocketed 160% in 2021

S RONENDRA SINGH

New Delhi, February 15

Retail sales of electric vehicles (EVs) went up by more than 160 per cent at 3,11,350 units in 2021, compared to 1,19,652 units in 2020, driven by two-and three-wheelers.

Many new companies have entered EV manufacturing especially the two-wheeler space. There are more than 55 companies in the two-wheeler segment and these include Hero Electric, Ather Energy, Ampere Vehicles, Kinetic Green Energy & Power Solutions, Okinawa Autotech and Lectro E-mobility.

Segment wise, the electric two-wheeler retail numbers grew 425 per cent at 1,43,271 units in 2021 against 27,269 units in 2020.

The three-wheeler segment, grew 74 per cent in 2021 to 1,53,432 units compared with 88,139 units in 2020, according to the Ministry of Road Transport & Highways' Vahan database.

More players

"We have seen an influx of EV players in the last three-four years. Some are serious players with big infrastructure and others are assemblers in a shed. With India's Faster Adoption and Manufacturing of Hybrid & Electric Vehicles (FAME) scheme picking pace, multiple fly-by-night EV companies have established shop," Vinkesh Gulati, President, Federation of Automobile Dealers Associations (FADA) told *BusinessLine*.

However, he also said with the low complexity of EVs compared to internal combustion engines (ICEs), where majorly only an electric motor with battery needs to be assembled, organisations have started importing cheap materials as well as panel parts and are appointing dealers.

The electric passenger vehicle (PV) segment grew 201 per cent to 12,424 units last year (against 4,121 units). Tata Motors said it has sold more than 14,880 vehicles between January 2020 and December 2021. MG Motor sold more than 4,000 EVs since 2020.

Business Line 25th February 2022

EV-maker Euler Motors plans ₹200-cr capacity expansion

OUR BUREAU

Chennai, February 24

Euler Motors, an electric vehicle manufacturer, plans to invest ₹200 crore in capacity expansion of its recently launched electric three-wheeler HiLoad.

The company has a production capacity of 4,000 vehicles per annum now. Euler Motors plans to increase it to 35,000 units per annum by the end of FY23, according to a statement.

The ₹200-crore investment will be made over the next 12 months to develop advanced shopfloors to drive up production in its two existing facilities across Delhi-NCR. The company will also set up an automated battery line for its patented liquid-cooled battery pack technology.

"The new facility will set industry benchmarks in green manufacturing and sustainable processes that speak to the brand ethos," it said.

Strong demand

The company sees strong demand for its electric three-wheeler HiLoad, launched about four months ago at a price of ₹3,49,999, from both institutional and retail customers.

"Customer response to HiLoad has been excellent, owing to the vehicle's better load capacity, performance and higher returns. HiLoad has been in demand, across segments and across markets all over the country since its launch. Our investments in capacity expansion, are an effort towards fulfilling the growing demand and expanding our market footprint across the country," said Saurav Kumar, Founder and CEO, Euler Motors.

The company has set a sales target of 8,500 units by FY23.

"We intend to design state-of-the-art EV manufacturing facilities and build them both for scalability and also to ensure greater in-house control over quality. . To boost our manufacturing output, we are creating an automatic and futuristic shop floor that will set new benchmarks in the EV space," said Gaurav Kumar, Head of Supply Chain and Manufacturing, Euler Motors.

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Standard 25th February2022

Two-wheeler makers may be hit hardest

Hiking prices to pass on costs will be hard as volumes fall

RAM PRASAD SAHU
Mumbai, 24 February

The NSE Auto index was among the top sectoral losers on Thursday shedding 6.3 per cent. Among the larger listed players, companies with a higher exposure to Europe such as Apollo Tyres (-11.1 per cent), Tata Motors (-10.7 per cent), Motherson Sumi (-7.6 per cent), Balkrishna Industries (-6.7 per cent) and Bharat Forge (-5.4 per cent) were the notable losers.

The largest two-wheeler maker, Hero MotoCorp, fell 6.4 per cent. The Street is concerned about the Russia-Ukraine conflict's impact on volumes and margins. Within the auto segments, the two-wheeler space could feel the pinch of lower volumes and higher raw material prices the most, believe analysts.

The sector had reported a sequential gross margin expansion in the third quarter of financial year 2021-22 (Q3FY22) after 4-5 quarters of contraction. Further improvement could be tough given record prices of aluminium and 10-year high prices for Nickel. Palladium, a precious metal used in catalytic converters too, is trading at a 6-month high.

Say analysts led by Joseph George of IIFL Securities in a report released on February 23, "Two-wheelers have higher exposure to aluminium and precious metals (which have witnessed the highest cost escalation). As a result, two-wheeler makers are more impacted by recent commodity price movements. We estimate two-wheeler makers would have to increase prices by 2-2.5 per cent to fully pass on the recent impact and maintain gross margins at Q3FY22 level."

The surge in prices will mean the quantum of hikes could be much higher than initial estimates; under recoveries due to higher prices till Q3 for the auto sector is pegged at 3-4 per cent.

The problem is that the domestic two-wheeler makers have already hiked prices thrice so far in FY22. The 6-7 per cent price hikes this year comes on the back of a 10-15 per cent increase last year. This sharp increase has delayed recovery in two-wheeler sales during the current fiscal, any incremental hike may further delay recovery in sales, says CRISIL Ratings.

The surge in crude oil prices, which is expected to be passed on by the government, will add to the incremental costs. Says Varun Baxi, research analyst at Prabhudas Lilladher Research, "Increasing crude prices has a negative impact on the demand environment as it increases the cost of ownership. Historically, we have seen a negative correlation between demand and fuel prices."

This comes amidst a falling sales graph. The two-wheeler segment (down 24 per cent year-on-year in Q3) is expected to see volumes drop 8-10 per cent in FY22, the first time in a decade that sales are declining for a third consecutive year.

Says Gautam Shahi, director, CRISIL Ratings, "Three consecutive years of decline will take two-wheeler sales volumes back to the fiscal 2014 level and it may take three to four years to reclaim the peak sales volume of [21 million] seen in 2019." Sales in the first nine months of FY22 were at 10.7 million units.

As the impact on the lower-end of sales has been the highest, Hero MotoCorp could be hit the most. The leader in the entry and executive segment saw market share decline 300 basis points (bps) in the first nine months to 34.9 per cent and is the only one in the listed space to have ceded ground.

With analysts expecting commodity costs to remain inflated and volume recovery likely to take longer, the two-wheeler segment may be sailing into a perfect storm.

GAINING GROUND

Commodity	$/tonne	Chg YTD(%)	Chg 1-Yr (%)
LME nickel	24,887.0	19.2	28.9
LME copper	9,906.5	1.7	7.3
China HRC Steel (CNY/tonnes)	4,998.0	5.2	10.5
LME aluminum	3,321.0	18.4	55.7
Palladium	2,657.0	39.5	8.8

YTD: Year-to-date; source: *Bloomberg*; compiled by *BS* Research Bureau

SEQUENTIAL GAINS

Gross margins in %	Q3FY22	Change in basis points YoY	Change in basis points QoQ
Eicher Motors	40.3	-130	-210
Hero MotoCorp	29.0	-50	130
Bajaj Auto	25.3	-390	20
TVS Motor	23.7	-20	-40

Business Line 25th February2022

Two-wheeler prices rise 16-22% in 2 years; to end fiscal with dip in sales

Manufacturers cite shift to BS-VI norms, spike in commodity prices as reasons for hike

25/2/2022

G BALACHANDAR

Chennai, February 24

A spike in fuel prices and a 16-22 per cent increase in cost of of new vehicles were key factors that led to fall in sales of two-wheelers in the country.

Industry analysts and representatives say the two-wheeler industry is expected to end this fiscal with a high single-digit decline. For the third year in a row, the industry will report a fall in annual volumes.

In the post-second Covid wave period, every segment of the automotive industry reported a gradual increase in volumes. Passenger vehicle volumes showed a strong revival, but the poor supply of chip played spoilsport and the manufacturers are still battling to improve production. Sales of commercial vehicles have been on the rise though there is an increasing shift to CNG models.

But the two-wheeler segment has not shown any robust revival in demand during this period. Several factors are cited for the fall in volumes, but major ones are the higher prices of two-wheelers and a huge increase in fuel prices.

A Crisil report said the two-wheeler industry has increased prices thrice so far in this fiscal, resulting in 6-7 per cent higher prices , adding to the 10-15 per cent increase seen last fiscal (because of BS-VI norms).

Multiple price hikes

Companies such as Hero MotoCorp, Honda, TVS Motor and Bajaj Auto have all undertaken multiple price hikes this fiscal citing a huge increase in commodity prices. Bajaj Auto, the

The two-wheeler segment has not shown any robust revival in demand

second-largest motorcycle manufacturer in India, has effected a price hike to the tune of 5 per cent, higher than its peers, during the nine months of the current fiscal.

More than half of the motorcycle volumes come from the price-sensitive economy segment, which is driven by rural markets.

"The second, third Covid waves and delayed harvest impacted rural demand for two-wheelers this fiscal. Besides higher vehicle and fuel prices also affected rural demand, unlike last fiscal, when rural India was less impacted by the first Covid wave. This sharp increase in prices has delayed recovery in two-wheelers sales during the current fiscal, any incremental hike may delay recovery in sales further," said Anuj Sethi, Senior Director, Crisil Ratings.

Electric push

While ICE two-wheeler sales continue to be subdued, an increasing number of two-wheeler buyers in cities and big towns are shifting to electric two-wheelers. The surge in monthly sales of electric scooters indicates the growing acceptance of electric two-wheelers.

The only silver lining for the home-grown two-wheeler makers is the robust demand for their products in the international markets such as Africa and Latin America where shipments have been on the rise.

PRESS REPORTS
ON
TRACTORS

The Economic Times 26th February 2022

INDIA MAY SELL 10 M TRACTORS THIS DECADE: CNH INDUSTRIAL

'Tractor Sales to See an Uptick from Next Year'

Sharmistha.Mukherjee@timesgroup.com

New Delhi: The tractor market, which has been seeing a decline in sales the past few months, will see an uptick starting middle of next year said agri machinery and construction equipment maker CNH Industrial.

Raunak Varma, managing director, CNH Industrial India, said given low farm mechanisation levels, India has the potential to sell over 10 million tractors in the ongoing decade.

"Tractor sales have declined the past few months because of high base and inflation. Long-term, though, there is a huge potential for growth in the tractor and farm equipment segment. Including replacement, the total equipment PARC is currently 5 million units, as compared with the overall requirement of 16 million units," informed Varma.

To be sure, tractor penetration in the country at about 40% is lower than many developing nations. Tractor penetration stands at 60% in China and 75% in Brazil. Given the potential in the local market, CNH Industrial is working on increasing production capacity for tractors by 60% to 80,000 units in the next 12-14 months.

Varma added, "Our utilisation level is 100%. Last year, we were constrained by capacity. We have several launches planned this year. We are in the process of expanding our capacity and will be able to produce 65,000 units April onwards. This would further increase to 80,000 units over the next one year."

The company has scheduled for launch multiple products in the 41-50 HP segment — which comprises nearly half the tractors sold in the local market — to shore up volumes and gain market share. CNH Industrial manufactures tractors at its facility in Greater Noida (Uttar Pradesh) and farm equipment such as harvesters, balers in Pune (Maharashtra).

Varma informed tractor sales are likely to decline by 7-8% in the ongoing calendar year. But his company expects to grow sales by a similar number on the back of an increase in capacity and new launches in CY2022.

PRESS REPORTS
ON
WORLD AUTOMOBILES

The Economic Times 25th February 2022

US Truckers in Convoy Protest Inspired by Canada

Barstow: Hundreds of truckers and their supporters set off from southern California on Wednesday on a convoy headed across the United States towards the capital Washington to protest against pandemic restrictions.

Inspired by the demonstrations that crippled Canada's cities for weeks, organisers of "The People's Convoy" want an end to mask mandates, vaccination requirements and business shutdowns that are intended to slow the march of Covid-19.

"Let's get back to normal," said Bryan Brase, whose rig was near the front of the caravan that had gathered in the small town of Adelanto, northeast of Los Angeles.

"I think everybody's here for different reasons, but it all boils down

Truckers and their supporters form a convoy bound for Washington

travelled from Idaho to join the rally. "It's time for our government to start understanding that people want that freedom in the Constitution back." The caravan, which began Wednesday as a few dozen vehicles, was expected to take 11 days to get to the Washington, DC area, arriving on March 5, though orga-

PRESS REPORTS
ON
COMPANY NEWS

Business Line 24th February 2022

'Maruti meeting all safety norms in India'

Global NCAP is an organisation, not a regulator: CEO

S RONENDRA SINGH

New Delhi, February 23

The country's largest passenger vehicles maker Maruti Suzuki India (MSIL) on Wednesday said the company meets all the safety norms under the Indian regulations and does not have to meet the requirements of independent organisations like Global New Car Assessment Programme (NCAP).

Maruti Suzuki's Managing Director & CEO Kenichi Ayukawa at the launch of the new Baleno in New Delhi on Wednesday PTI

On par with Europe

"Global NCAP is an organisation and not a regulator. Indian regulations and European regulations are exactly the same in frontal offset norm, side impact norm and pedestrian impact norm. India is at par with Europe in crash test norms and we already meet the norms," Kenichi Ayukawa, Managing Director and Chief Executive Officer, MSIL, said on the sidelines of the new Baleno launch.

Ayukawa said it is up to the customer who decides what to buy.

"The parts/ features have grown in the cars today and the new Baleno has six air bags (in the top two trims), high tensile steel, hill-hold assist, ABS, EBD and we have given the flexibility of choice to the customer. So we have the best of both worlds – safety and features – all after getting feedback from customers," Ayukawa said.

On competition

On competitors like Tata Motors and Mahindra & Mahindra getting four/ five-star ratings in crash tests at Global NCAP, Ayukawa said the market is open and the customer decides at the end what to buy.

"It is the customer's decision to buy the product or not.If the customer feels that the cost is higher than their expectations, they wouldn't buy. Decision makers make decisions, but economically what is feasible is decided by customers," he added.

In the past, Maruti's best selling cars like Alto (zero), S-Presso (zero), WagonR (2-start) and Swift (2-start) have got poor ratings at Global NCAP in adult (front row) safety rating.

Only Vitara Brezza (4-star) and Ertiga (3-star) have better ratings. However, the recent launches by Tata Motors like Punch and Altroz have five-star ratings, and M&M's XUV300, XUV700 too have five-star ratings. But, one of its best selling SUV, Scorpio has a zero rating from Global NCAP.

The auto major, along with its vendor partners, has invested around ₹1,150 crore in developing the new Baleno. MSIL said it has received bookings of 25,000 Baleno so far since it opened for bookings on February 10 and can also be owned through Maruti Suzuki Subscribe at an all-inclusive monthly subscription fee starting from ₹13,999.

The Economic Times 18th February 2022

Honda to Focus on Entry-Level to Catch up with Leader Hero

New Ride

HMSI is the second largest two-wheeler maker in the country

Co's sales till Jan FY22 stand at **2.87m** units

Scooters account for nearly **60%** of volumes at the co

HERO MOTOCORP DOMINATES THE MOTORCYCLE SEGMENT WITH MKT SHARE OF **48%**

Sharmistha.M@timesgroup.com

New Delhi: Honda Motorcycle & Scooter (HMSI), which has scripted success in the scooter segment with the Honda Activa, is looking to introduce multiple products in the motorcycle segment to take on former partner Hero MotoCorp.

The company has concluded a study to introduce an entry-level product, where it has limited presence, with CD110. HMSI is also exploring options to grow its footprint in the 150-cc segment, which is seeing increased traction from customers.

"Of course, we have low-end model CD110, but relatively it's very weak compared to our competitors. It means we have never matched demand with such kind of customer groups. So, I had committed to investigate how to enter this low-end MC segment. This feasibility study (is) already done so we are going to develop this kind motorcycle in low-end category", Atsushi Ogata, President, HMSI said in a recent interaction.

Sales of 4.2 million units of entry-level motorcycles (with engine capacity more than 75 cc and less than equal to 110 cc) comprised 56% of all motorcycles sold in the local market in the first 10 months of the ongoing financial year. Rival Hero MotoCorp commands a lion's share selling three out of every four motorcycles in this category. HMSI's share in the segment stands at a modest 3.6% currently.

The Japanese auto major fared better in 110-125 cc segment, where it dominates with sales of 924,787 units between April and January FY22.

Overall, Hero MotoCorp dominates the motorcycle segment with 48% share till January FY22.

The Economic Times 17th February 2022

Q4 VOLUMES SURGING to new highs; co eyes half a million mark in FY23 and close in on Hyundai to grab 2nd rank

TaMo on Track for Another Record PV Sales

Ketan Thakkar and Ashutosh Shyam

Mumbai: The dream run for Tata Motors' passenger vehicle business continues.

After record sales in calendar 2021, the maker of Nexon and Harrier SUV is eyeing yet another record in FY22 fourth quarter at 125,000 units, thanks to a 10% rise in semiconductor supplies compared to the previous quarter.

A record Q4 will propel the company into operational profits (EBIT) for the first time in a decade in FY22. The company is set to post over 65% growth in FY22 with volumes of 3.7 lakh units.

With a strong tailwind for the brand and rising booking momentum, Tata Motors has already set sights on crossing half a million units annually for FY23.

The company has sounded out its supply chain partners to gear themselves up for volumes of 500,000-600,000 units in FY23, which entails a production plan of 50,000 units a month — ahead of the Street's expectations.

A quarterly output of 125,000 in Q4 will fetch a turnover of ₹10,000 crore and at 5-6 lakh units, turnover may swell between ₹40,000 crore to ₹50,000 crore annually.

The company has sounded out its supply chain partners to gear up for volumes of 500,000 to 600,000 units in FY23

According to several people in the know, the company has been able to add the second line at its Pune plant and has entered into an agreement with JV partner Fiat India to secure higher output from the Ranjangaon plant to cater to higher demand.

At the Sanand factory in Gujarat, the company is expecting a spike in output by 30-40% to 18,000 units a month by the end of 2022, with plans of producing petrol-diesel, CNG and EVs, each accounting for one-third volume share.

In an email response, a Tata Motors spokesperson told ET, "Having overtaken Hyundai Motor India in December due to shortage of parts at the South Korean rival's end albeit for a month, Tata Motors is set to close in further and may overtake Hyundai for the entire financial year if it is able to meet its target."

The company will be banking on the mid-cycle action of Tiago, Tigor, Nexon, Harrier and Safari to sustain the momentum — in the coming 12-24 months. Already the new Tiago and Tigor have offered heft to the volumes with CNG bringing in incremental numbers.

The MCE version or facelifted version of Nexon, Harrier and Safari planned for mid-2023 which will meet the upcoming Real Driving Emissions (RDE) norms will ensure sustained excitement in the marketplace. This is in addition to EVs.

The exit rate of March 2022 production is likely to reach about 50,000 a month, compared with the average monthly production of 32,962 units in the December 2021 quarter.

The sustenance of 50,000 units a month of production of Tata Motors could leapfrog in the pecking order and could be a tough challenger for Hyundai.

In the October to December quarter, Tata's PV division had become the second-largest player in the utility vehicle space with a market share of 18% and total market share rose to 13%.

It had revenue of ₹8,600 crore in the third quarter of FY22 and its EBIT was just a shade below the positive mark if one strikes off 200 bps impact from subsidiarisation.

Interestingly, the production target for FY23 is baked by analysts tracking the company for their estimate of FY24.

Business Line 15th February 2022

M&M looks for partner to tap battery storage PLI scheme

The company has committed ₹3,000-cr investments in the EV vertical

SWARAJ BAGGONKAR
Mumbai, February 14

Tractor and utility vehicle specialist Mahindra & Mahindra (M&M) will explore a partnership arrangement for tapping the government-announced production linked incentive (PLI) scheme on advanced chemistry cell (ACC) battery storage, a top company official said.

M&M is one of the 10 companies that had placed bids for the ₹18,100-crore ACC PLI scheme which aims to achieve a manufacturing capacity of 50 GigaWatt Hour (GWh).

Anish Shah, Managing Director and CEO, M&M, said, "It is very unlikely that we will go alone in this space. The EV space has a long way to play out. We are likely in the first 5-10 overs in a (cricket) test match and we are looking at how the battery technology is evolving, who the potential partners are. Once we have that in place, we will look at how we take that forward."

Shah and other senior executives of the company were talking to analysts at a post-earnings conference call.

Rajesh Jejurikar, Executive Director, Farm and Automotive sectors, M&M, said, "In no scenario will we be taking majority control. It is a potential play that we are considering but we don't intend to lead that."

Anish Shah, MD & CEO, M&M

Electric PV space

While M&M is the leader in the organised electric three-wheeler market with brands such as Treo in the cargo and passenger segment, the company does not have an in-house cell and battery manufacturing unit. It, however, has aggressive plans for the electric passenger vehicle segment with launches expected next year.

M&M has committed ₹3,000-crore investments over a three-year cycle in the EV vertical. This includes development of electric SUVs, electric quadricycles and electric small and light commercial vehicles. In all, the company is eyeing 16 EV launches in seven years.

One of the first will be the electric version of the XUV300 which will be available in the third or fourth quarter of FY23. The electric version of the KUV100 is also on the cards.

Other bidders

Last week, the Centre made public the list of 20 companies whose applications were approved for the Champion OEM Incentive scheme which is also a PLI scheme with at Budgetary outlay of ₹26,000 crore. M&M also participated in the scheme.

Reliance New Energy Solar, Hyundai Global Motors, Ola Electric, Lucas-TVS, Amara Raja, Exide Industries, Rajesh Exports, Larsen and Toubro and India Power Corporation were others who participated.

The 10 bids have a collective capacity of 130 GWh which is 2.6 times the manufacturing capacity to be awarded.

Business Standard 26th February 2022

Kia Carens packs style with smart pricing

PAVAN LALL
Mumbai, 25 February

Kia is a rare example of a newbie auto company that has swiftly ramped up volumes in a short period of time and also managed to do so by studying its customers — fathoming what they want and designing products around their requirements rather than presuming they'd want something that has worked well overseas.

To think about it, there is no shortage of overseas aspirants that landed in India with a hope to crack one of the largest car markets in Asia. However, the results have been less than successful and most of these entrants have also beaten a retreat. General Motors (Chevrolet), Fiat, Harley Davidson and most recently Ford are examples. Kia is perhaps the only entrant to have accelerated as fast as it has. The company had sold 177,982 units in 2020. Domestic sales stood at 181,583 units in 2021 as against 140,497 units in the previous year, a growth of 29 per cent in a tough market with supply constraints.

Of course, it always helps to have the support of an incumbent such as sister company Hyundai, whose mistakes they can learn from. To that end, Kia has rolled out smartly positioned cars in the subcontinent starting with SUVs, and then migrating to large "people-mover" UVs that essentially not only tap growing segments but also make for good economic sense. An SUV is almost always higher on profit margins than smaller sedans or hatchbacks.

If you drive the Carens after a similar sized vehicle such as the Kodiaq, the difference is palpable. The Carens is clearly a car made by an Asian manufacturer for Indian roads. Which is to say, it's not heavy on kerb weight, something that Kia keeps mum on (it does not disclose weight for any of its cars) and second, it looks like a car that's built with today's world in mind. The light weight basically means good fuel efficiency and Kia claims a mileage of around 16 km per litre for petrol and over 20 km for diesel.

It's good looking, with stylish design cues, yet it manages to retain an authentic DNA that had come to be expected of the Korean badge. High ground clearance, a wide cabin and tall stance all mean that the Carens glides over bad roads with ease and comfort and an engine performance that is adequate in terms of the power of this vehicle.

Inside the cabin, quality is premium and similar to what you'd expect from any top grade carmaker such as Honda or Toyota — smart consoles with a good finish, comfy seating and other interiors that show little or no signs of cheap material or cost-cutting. Kia has announced a special introductory price for the vehicle starting from ₹8.99 lakh and going up to ₹16.99 lakh. It's a price range that will make its peer group find the going get tougher. That's a warning for cars such as the Tata Safari, Hyundai Alcazar, Mahindra Ertiga, Toyota Innova Crista and Mahindra XUV 700, because the Kia punches much harder than others in its weight category.

After the Sonet, Seltos and the Carnival, this new launch by Kia marks its expansion into a large seven-seater category that's playing in price segments above the Marutis and the Tatas but below the German cars that include the Volkswagens and Škodas. As a vehicle that is likely to be used in long cross-country style drives, the Carens comes equipped with a suite of safety features that includes all basics such as antilock braking systems, electronic stability control and also downhill brake control and parking sensors.

There's also a smart air purifier that supposedly protects against bacteria and viruses, and automatic air control. And it boasts a 10-inch infotainment screen, different drive modes and, last but not the least, Bose speakers for music lovers.

Comfortable, silent, well-insulated from the world outside and designed for refined performance, the Carens could be another arrow in Kia's growing quiver of winners given its pricing and so long as it keeps its service and repair qualities on track as volumes grow.

Business Line 24th February 2022

Hero's partner Gogoro gearing up to power other vehicle makers too

In talks with Foxconn for production

SWARAJ BAGGONKAR
Mumbai, February 23

Taiwan's Gogoro will not restrict itself to supplying batteries only to Hero MotoCorp, and is keen on bringing more vehicle makers on board to expand its battery-as-a-service platform.

Two-wheeler maker Hero MotoCorp has a partnership with Gogoro to set up battery swapping stations across India as well as launch electric scooters powered by the latter's batteries.

A top Gogoro official said the company is working on three specific areas for the Indian market, including setting up a battery manufacturing plant along with iPhone-maker Foxconn, one of Taiwan's biggest companies, which will help it achieve economies of scale, and help India become a manufacturing hub for electric vehicle batteries.

Horace Luke, Founder, Chairman and CEO, Gogoro

Supplying worldwide

Speaking to *BusinessLine*, Horace Luke, Founder, Chairman and CEO, Gogoro, said, "Gogoro started with a Gogoro scooter with a Gogoro network in Taiwan. The platform matured when other partners came in A similar situation will happen in India eventually. The same batteries go into Yamaha, Suzuki, Gogoro. We have 10 vehicle makers, having 47 models across Korea, Japan, China, Taiwan, Indonesia, Germany, France. The network is designed to be an open network."

Gogoro will open its first battery swapping station in New Delhi later this year.

The station will make available fully-charged batteries for users in exchange for discharged batteries for a fee.

By the end of the year, Hero MotoCorp's first e- two-wheeler using Gogoro's battery technology will mark its debut. This vehicle will be independent of Hero MotoCorp's own electric scooter which it has promised to launch before March- end.

While Gogoro has its own range of electric two-wheelers which are on sale in Taiwan, Luke added that there are no plans to launch them in India.

Business Line 23rd February 2022

MCA moves NCLT to recover ₹2,320 crore from Amtek Auto

Tribunal to hear the case today

SURESH IYENGAR

Mumbai, February 22

The Ministry of Corporate Affairs has asked the Serious Fraud Investigation Office (SFIO) to investigate Amtek Auto's books and its dealings with its group companies.

The Ministry's decision was conveyed to NCLT Chandigarh demanding that the former promoters of Amtek Auto return ₹2,320 crore siphoned off from the company. The MCA's petition to the NCLT comes up for hearing on February 23.

Funds diverted

The MCA said the amount was allegedly diverted by the former promoters to personal entities by way of loans secured through various banks. The investigations by SFIO is also likely to examine if there were short-comings in implementing the findings of E&Y's forensic audit.

In September last year, the MCA has approached the Mumbai Bench of the NCLT against the promoters and other former directors of Metalyst Forgings, a listed subsidiary of Amtek Auto, seeking an order to attach assets and disgorge the money of Metalyst Forgings from the promoter Arvind Dham, Chief Financial Officer Arun Kumar Maiti and Sanjiv Basin among others after discovering questionable financial transactions for ₹3,454 crore.

Of this, there were questionable deals worth ₹2,320 crore, said sources.

Interestingly, the same resolution professional was appointed to resolve all three

companies led by the flagship company — Amtek Auto, Castex Technologies and Metalyst Forgings.

Defaulted on payments

Amtek Auto was one the largest auto component players of India with a large national and global foot print which supplied machines forgings and castings to automotive OEMs. Besides the flagshig Amtek Auto, the group companies Castex Technologies and Metalyst Forgings had borrowed ₹7,500 crore and ₹3,500 crore while other group companies had borrowed over ₹2,000 crore.

In all, Amtek Group companies borrowed over ₹25,000 crore and defaulted on payments to banks. They were taken for insolvency proceedings and lenders appointed the same Resolution Professional to resolve all three companies.

Revival plan

Last November, lenders approved a revival plan submitted by the US-based hedge fund Deccan Value Investors for about ₹2,700 crore.

The Amtek Group owes more than ₹13,000 crore to lenders and was among the 12 debt-laden companies initially taken to the NCLT as per Reserve Bank of India's direction in 2017.

Business Line 25th February 2022

Jeep lines up three models for India this year

Rules out driving in sub-4-meter SUV for now

SWARAJ BAGGONKAR

Mumbai, February 24

Jeep, one of the world's most popular SUV brands, will have three product actions this year, including the launch of a new model and a significantly upgraded version of its flagship product, both of which will be made locally by Stellantis, the company formed by the merger of PSA Group and Fiat Chrysler.

Jeep Meridian, the seven-seat version of the Jeep's best-selling model in India, the five-seater Compass, will go on sale in May or June. This will be the first-ever seven-seat model from Jeep in India since its debut in 2016. The Meridian, which goes into production in May with 80 per cent of its parts sourced from India, will be offered in three powertrains and two trims powered with diesel engine only.

The Meridian will compete with Tata Safari, Mahindra XUV700, Hyundai Alcazar and MG Hector Plus. While price details will be disclosed closer to its launch, the model is expected to be positioned at a premium to its competition.

Grand Cherokee

The second attraction from Jeep will be the all-new Grand Cherokee, which is also Jeep's flagship product in India. The Grand Cherokee will boast new architecture, a redone exterior design and a restyled interior. The vehicle will come equipped with a 2.0-litre turbo-petrol powertrain, paired with 8-speed automatic transmission.

India will be the only market in the world outside North America to locally assemble the Grand Cherokee. The model will debut in India by the year-end.

No sub 4-meter Jeep

The final product of the line-up from Jeep will be the Compass Trailhawk. However, this will be the first of the three to go on sale. The Trailhawk, a derivative of the Compass, will go on sale in the first week of March.

Jeep Meridian will go on sale in May or June. This will be the first-ever seven-seat model from Jeep in India since its debut

Despite the enthusiasm for compact SUVs that measure less than 4 meters in India, Stellantis has no plans to bring a sub-4-meter Jeep in India.

However, before the formation of Stellantis, Fiat Chrysler had concrete plans to launch a mini Jeep in India to take on some of the successful models in that segment, such as the Tata Nexon, Hyundai Venue, Maruti Suzuki Brezza and the Kia Sonet. Jeep believes that the brand enjoys a premium positioning in India, and therefore it would refrain from bringing down the entry price point to benefit from sales volumes.

Speaking to BusinessLine, Christian Meunier, CEO, Brand Jeep, said, "The sub 4-meter product for India, that is a true Jeep, that is cost-competitive and can make money is my dream and we are still studying it. It's not like it's never going to happen but we need to do it the right way. We are not going to take a hatchback and make it look like a Jeep. We have a lot of potential to be a strong player in India and we are building some momentum with the Meridian."

While Jeep is pushing for electrification globally, it currently has no immediate plans to launch them in India. The brand believes that an electrified powertrain will make the Jeep even more off-roading than today.

Business Line 25th February 2022

Bharat Forge, arm to acquire Coimbatore-based JS Autocast

The buy will enable the auto parts maker to expand product portfolio

OUR BUREAU
Mumbai, February 24

Bharat Forge, a leading auto component player, and its subsidiary BF Industrial Solutions (BFISL), on Thursday announced entering into a definitive agreement to acquire 100 per cent of Coimbatore-based JS Autocast Foundry India for an undisclosed sum.

Established in 2004, JS Auto supplies critical machined ductile iron castings for wind, hydraulic, off-highway and automotive applications.

Bharat Forge will acquire JS Auto for an upfront consideration (based on enterprise valuation adjustments) plus a fixed deferred payment at the end of the third year. The closing of the transaction is subject to customary closing conditions.

Amit Kalyani, Deputy Managing Director, Bharat Forge

Amit Kalyani, Deputy Managing Director, Bharat Forge, said, "JS Auto will accelerate our diversification journey and enable in addressing the decarbonization opportunity. This acquisition along with the previous deal in the open die segment significantly broadens our presence, capabilities and product offerings in the industrial space".

The acquisition shall enable Bharat Forge to expand its product portfolio in the industrial sector, customer base and manufacturing presence in south India. After completing the acquisition, JS Auto will become a wholly-owned subsidiary of BFISL and a step-down subsidiary of Bharat Forge.

Over the past five years, the sales of JS Auto has grown at a CAGR of 17.7 per cent. JS Auto registered sale of ₹259 crore in FY21.

Business Line 22nd February 2022

Daimler India inks pact with CERO

OUR BUREAU
Chennai, February 21

Truck and bus marker Daimler India Commercial Vehicles (DICV), a 100 per cent subsidiary of Daimler Truck AG, has entered into partnership with CERO, a scrappage and steel recycling facility owned by Mahindra MSTC Recycling Pvt Ltd (MMRPL).

The partnership is aimed at offering hassle-free service to truck owners, who seek to scrap their end of life (ELV) commercial vehicles and replace them with new BharatBenz trucks.

Eco-friendly recycling

CERO is described as an organised automobile recycling initiative, introduced to reduce carbon footprint using eco-friendly methods of recycling metals from ELVs, said a statement.

"Scrappage is an important step towards reducing carbon footprint and old, polluting vehicles from Indian roads, which is the need of the hour. This is an opportunity for customers to replace their old fleet with new, BSVI BharatBenz trucks. We see great potential for new truck sales with the effective implementation of the Scrappage Policy," said Satyakam Arya, Managing Director & CEO, DICV.

DICV aims to provide an end-to-end solution to customers for scrapping their old trucks right from the process of vehicle valuation up until the receipt of CoD (Certificate of Deposit).

"CERO is India's first government authorised recycler for motor vehicles built on the PPP model, focused on achieving zero pollution while vehicle recycling," Sumit Issar, Managing Director of Mahindra Intertradem, and Director at MMRPL, said.

Business Line 24th February 2022

TVS Motor's two-wheeler exports cross 1 million

OUR BUREAU
Chennai, February 23

Leading two and three-wheeler maker TVS Motor Company has announced that its two-wheeler exports crossed one million (including sales from PT TVS, Indonesia) milestone in this fiscal. This is the first time the company has achieved this export milestone in a financial year.

The key exports include the TVS Apache series, TVS HLX series, TVS Raider, and TVS Neo series. An increase in global motorcycle sales has significantly contributed to this achievement, said a company statement.

Mobility solutions

"The one million export mark is a significant milestone for TVS Motor Company. This further underscores our path towards being a global player in personal mobility solutions.

Sudarshan Venu, Joint MD, TVS Motor Company

We are excited to continue building on this momentum as we expand into newer geographies with attractive products and new first in the segment, technology offerings," said Sudarshan Venu, Joint Managing Director, TVS Motor Company.

TVS Motor Company has presence across 80 countries in Africa, South-East Asia, Indian sub-continent and Central & Latin America and is seeking to enter more markets in Europe and North America.

Business Line 17th February 2022

Royal Enfield Motors' global journey gathers momentum

Company expects supply chain issues to ease with new suppliers coming in

G BALACHANDAR

Chennai, February 16

Royal Enfield Motors, part of Eicher Motors, has presented a favourable growth outlook for both domestic and international businesses.

While production constraints are expected to ease gradually in the coming months with the addition of new suppliers for semiconductors, international business continues to gather momentum with improving volumes and share in key markets.

New supplier

"Chip shortage has impacted our operations in Q3. We are working towards developing an alternative supply ecosystem to minimise the effect. We have onboarded one more chip supplier while the third supplier is in the pipeline. This will ease supply chain issues," B Govindarajan, Executive Director, Royal Enfield Motors, said during the company's Q3 earnings call.

However, the company sees robust demand with new launches.

Siddhartha Lal, MD, Eicher Motors

Its new Classic 350 motorcycle, launched in September 2021, has seen a tremendous response and the company has rolled out more than one lakh units so far. As a result, its market share in the above-125cc segment increased to 27 per cent in the December quarter compared to 25 per cent in the year-ago period. Its market share in the overall two-wheeler segment is 9 per cent.

"Consumer preferences for personal mobility and premiumisation continue to drive demand. With supply chains issues gradually easing out, we expect further production scale soon," he said.

Mid-size motorcycle

Meanwhile, its strategic transition from an Indian brand to a global brand in the mid-size motorcycle market (above 250cc to 750cc) continues to show impressive progress.

Stellar growth abroad

"In Q3, not only did we commence CKD operations in Thailand, which is a promising market for us, we also registered stellar growth in international volumes, which grew by more than 57 per cent," said Siddhartha Lal, Managing Director, Eicher Motors.

For April 2021-January 2022 period, the company more than doubled sale of motorcycles outside India at 64,807 units compared to 28,192 units in the corresponding period of last year, helped by new launches and an expanded network.

In a reflection of its success in international markets, the company has hit a market share of 7.1 per cent and 5 per cent in Europe and the US respectively, in the mid-size bike segment.

CKD units

The company is also evaluating opportunities to set up CKD units in its priority markets in the Asia Pacific and Latin American regions.

It currently has CKD units in Argentina, Colombia and Thailand.

Business Line 22nd February 2022

Hero MotoCorp merges marketing, sales functions; appoints head

OUR BUREAU

New Delhi, February 21

Two-wheeler manufacturer Hero MotoCorp on Monday said it has created a new position, titled Chief Growth Officer, integrating the marketing, sales and after-sales functions, and appointed Ranjivjit Singh for the same.

Singh has been heading marketing since 2021, Hero MotoCorp said in a statement.

"We are now entering a new era of opportunities and growth, with the world rapidly coming out of the corona virus pandemic. As we gear up to further consolidate our leadership by leveraging these emerging opportunities, we must stay nimble and dynamic which requires synergies between the key customer-facing functions of marketing and sales and after-sales," Mike Clarke, Chief Operating Officer and Chief Human Resources Officer, Hero MotoCorp, said.

Business Line 23rd February 2022

Hero MotoCorp, BPCL to set up charging infra

Stations to be set up across 9 cities

OUR BUREAU

New Delhi, February 22

Hero MotoCorp and Bharat Petroleum Corporation Limited (BPCL) on Tuesday said they have collaborated to set up charging infrastructure for electric two-wheelers across the country.

This will be part of Bharat Petroleum's focus on new business segments for sustainable growth. BPCL had announced in September last year that it is converting 7,000 conventional retail outlets into 'energy stations' providing multiple fuelling options, which will include EV charging facility.

The two entities will first establish substantial charging infrastructure at existing energy stations and broaden the collaboration to develop more synergies within the EV ecosystem and adjacent business verticals, Hero MotoCorp said in a statement.

In the first phase, charging stations will be set up across nine cities starting with Delhi and Bengaluru, and the network will be then expanded across the country.

Business Standard 22nd February 2022

Reversal of fortunes for TaMo domestic biz

SHALLY MOHILE & RAM PRASAD SAHU
Mumbai, 21 February

Tata Motors' domestic business has seen a reversal of fortune from the time when brokerages had not given credence to the business in the overall sum-of-the-parts (SOTP) valuation.

Analysts have now started assigning it a higher weighting in the overall valuation, against the company's UK subsidiary Jaguar Land Rover (JLR). The equity value of the India business -comprising commercial and passenger vehicles - now accounts for more than half the value in the SOTP calculations, as opposed to 0-30 per cent two years ago.

CLSA in May 2020 had assigned nil value to the India business. "JLR is the only driver of its valuation; we assign zero equity value to the India business. We believe future equity infusions are also likely to be utilised for loss funding and hence, we do not attribute any equity value to its India business," it said in a report.

The stock had slipped to ₹83 after the zero-valuation report. A year on, CLSA increased the contribution of India business to SOTP to ₹243 per share in May 2021, or 53 per cent of the overall valuation. While the brokerage downgraded the stock earlier this year in January, the contribution of India business after the downgrade is still at a substantial 63 per cent of the overall equity value.

JP Morgan, on the other hand, has an 'Overweight' stance on the company. "We value the India business at ₹319 per share and JLR at ₹310 a share," wrote Amyn Pirani and Vaibhav Zutshi of the brokerage in a report dated February 16.

The brokerage's bull-case fair value of ₹783 per share factors in TPG's valuation for the India passenger vehicle (electric vehicle segment) and the management guidance of 10 per cent earnings before interest and tax at JLR by 2025-26. While the TPG investment in the company bumped up valuation of the domestic business, a sustainable operational performance of both passenger and commercial vehicles lent more heft, bolstering investor confidence.

The turnaround of the businesses had taken effect before the company had announced the investment by the private equity firm in October 2021. The structural strengthening of JLR and India businesses, coupled with the company staying the course with its deleveraging targets, has also helped. The upgrades in the past four quarters are premised on the fact that a combination of rising scale at JLR, along with cyclical uptick in the domestic truck business and continued market-share gains for passenger vehicles, will drive significant free cash-flow generation. This may lead to Tata Motors turning net debt-free by 2023-24. A vast majority of domestic brokerages have also been assigning higher value to the domestic business. HDFC Securities, Motilal Oswal Research, Prabhudas Lilladher Research, ICICI Direct, Elara Capital, among others, have been assigning greater value to the domestic business for the past three to four quarters.

Brokerage	CY20 Date	CY20 India	CY20 Total	CY20 Share (%)	CY21 Date	CY21 India	CY21 Total	CY21 Share (%)	CY22 Date	CY22 India	CY22 Total	CY22 Share (%)
Phillip Capital	Aug '20	67	238	28	May '21	179	522	34	Jan '22	408	697	59
Elara Capital	Aug '20	32	119	27	Jul '21	205	358	57	Feb '22	435	659	66
ICICI Direct	Aug '20	40	160	25	July '21	170	375	45	Feb '22	395	625	63
Emkay Research	Oct '20	92	196	47	May '21	181	410	44	Feb '22	333	575	58

Tata Power, RWE tie up for wind projects

Tata Power on Monday said it has collaborated with Germany-based RWE Renewable GmbH to explore potential for a joint development of offshore wind projects in India. A corresponding Memorandum of Understanding (MoU) has been signed between Tata Power Renewable Energy Limited and RWE Renewables GmbH, a statement said.

PTI

Business Line
16th February 2022

Renault Kiger, Honda City, others get 4-star safety rating

OUR BUREAU
Mumbai, February 15

Renault Kiger, Nissan Magnite, Honda City and Honda Jazz have each scored a four-star adult occupant safety rating at the latest Global NCAP crash tests. Each of the 2022-produced right-hand drive cars had two airbags as standard at the time of their testing at the speed of 64 km per hour.

Jazz among 10 safest

Based on the ratings, only the Jazz has managed to break into the list of top 10 safest cars produced in India. The list continues to be dominated by Tata Motors and Mahindra & Mahindra with eight of their models split equally between them.

According to the test findings, the fourth generation Honda City showed good protection to the head of driver and passenger though the tests concluded that the car's bodyshell was unstable and it was not capable of withstanding further loadings.

The Honda City, however, did get four-star rating for child occupant safety making it the fourth most-safest car for children.

Compact SUVs Renault Kiger and Nissan Magnite got similar crash ratings as the Honda City. The Kiger's bodyshell was also rated as unstable, but the footwell area was rated as stable.

Business Standard 28th February 2022

TaMo wears SUV crown, bucks chip crisis trend

Company first grabbed pole position in October 2021 after rolling out Punch

SHALLY SETH MOHILE
Mumbai, 27 February

The semiconductor shortage has chipped at the sales of most passenger vehicle (PV) makers, but Tata Motors has bucked the trend. The Tata group flagship has sold more sport utility vehicles (SUVs) in the domestic PV market in the past four months than any other automotive manufacturer, cementing its no.1 spot. It first grabbed pole position in the SUV segment in October 2021 after the launch of the Punch — a sub-compact SUV offering.

Zipping past Hyundai Motor India, which was the largest until a few months back, Tata Motors' SUV sales jumped to 96,833 units from October 2021 to January 2022, from 37,242 units in the corresponding period last year. Its market share in the SUV segment stood at 22 per cent in the December quarter of 2021-22 (FY22), compared to the fourth quarter of 2020-21.

The sales comparison with rivals excludes multi-purpose vehicles, such as Maruti Suzuki's Ertiga and the XL6, and Toyota Innova. Year-to-date (April to January), Tata Motors' share is close to 17 per cent. It envisages ending the financial year with 19-20 per cent, said Rajan Amba, vice-president-sales, marketing, and customer care, Tata Motors.

Amba is confident that even as Tata Motors has no new (internal combustion engine) model lined up in 2022-23, it will be able to sustain the current sales momentum from the line-up of existing models.

"You may say there are no new models, but we will be coming up with some interesting production interventions as we go along," said Amba.

The company will be able to leverage the mileage from the Punch launched in the December quarter, he said, adding that the 'dark edition' continues to do well and the recently launched Kaziranga edition, too, has been well-received.

India's PV market is getting sharply defined, based on body type and price, spawning new sub- segments, said analysts. As a result, many crossover vehicles are being defined as SUVs. Such models meet basic criteria, such as body type, ground clearance, and high seating, but fall short on the performance metrics. SUVs, including crossovers, now account for 42 per cent of PV sales.

"The high unit sales of the Punch conform to the trend that customers are favourably inclined due to the price point being attractive," he pointed out.

Tata Motors has been reaping the benefits of a refreshed product portfolio for some time now, but it's the Punch that has helped it catapult to the no.1 position in the segment. With average monthly sales at 10,000 units, the small sub-compact SUV — that competes with the Suzuki Ignis and the Mahindra KUV100 — has emerged as the latest volume-spinner for the company.

It has helped the firm gain momentum month-on-month, with average monthly sales of SUVs increasing from 10,000 units in the first quarter of FY22 to 13,500 in the second quarter to over 22,000 in the third quarter. In January 2022, it sold 28,108 units. Seven out of every 10 PVs sold by Tata Motors come from SUVs.

"There is now a real connection with consumers. That is what will take us through. Therefore, the next financial year is going to be as exciting as the current one," said Amba.

The SUV line-up has seen a lot of traction around mid- to high-level trims. On average, the two trims account for 65-70 per cent of the sales mix, an indication of the growing acceptance of the brand, he added.

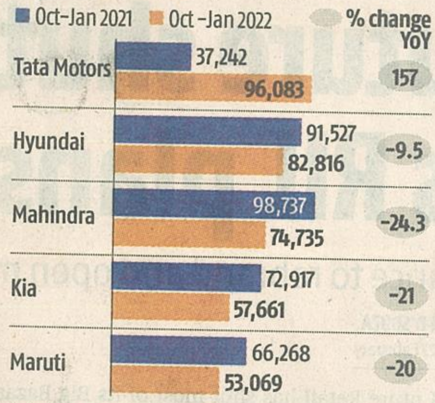
Updating on the semiconductor availability, Amba said most manufacturers have reset their ways and have not let it hobble the industry, at a time when a global chip crunch and a pandemic-driven parts shortage forced production cuts. Automakers have found a way around to keep their production lines running — cutting down on the usage of microchips in their vehicles.

Whether buying computer chips directly from manufacturers, reconfiguring cars, or producing them with parts missing, automakers are having to get creative to cope with the global shortage of semiconductors.

He expects the shortage to ease by the end of the current calendar year. Tata Motors has been able to do some re-engineering in the product portfolio. This has helped it manoeuvre the shortage, he added.

PECKING ORDER

SUV sales figures of top makers



Note: Data doesn't include multi-purpose vehicles but only SUVs
Sources: Society of Indian Automobile Manufacturers, industry sources

PRESS REPORTS ON RAW MATERIAL

Business Line 17th February 2022

'Steel prices to remain stable for now'

Overall sentiment positive, focus on infra will bring back demand: Tata Steel CEO

SWARAJ BAGGONKAR
Mumbai, February 16

The government's continued thrust on infrastructure development augurs well for steel-making companies, especially for Tata Steel, which recently added production capacity through the acquisition of Neelachal Ispat Nigam Ltd (NINL). In an interview to *BusinessLine*, TV Narendran, Managing Director and CEO, Tata Steel, spoke about steel demand, raw material cost pressure and the reason for acquiring NINL. Excerpts:

THE BL INTERVIEW

What has changed for you from the Q3 of last year?

Steel prices have changed significantly. Costs have also risen significantly but the hike in steel price has more than offset the increase in costs. Compared to the previous quarter, the domestic demand growth was strong but international markets like South-East Asian markets weakened. Consequently, a lot of volume of exports markets was diverted to Indian markets, not just by us but by our peers as well.

Overall demand has improved in India but not to the level expected. Semiconductor supplies are getting better. Production has been strong across geographies but sales were a bit weaker due to market conditions. The inventory build-up we had in Q3 will be taken care of in Q4.

How do you see the overall demand for steel as compared to pre-Covid times?

The demand is already at pre-Covid level. In fact, if you see the steel production in India, we are currently at 30 million tonne (mt) a quarter, which is 120 mt a year. And if I allow for exports, we are pretty much at pre-Covid, wherein we were producing 104 mt steel.

The Budget put a lot of focus on infrastructure. What is your take on consequent steel demand and revival of private sector investment?

Focus on infrastructure will create jobs in construction and put more money in people's hands thereby boosting consumption. Secondly, it will create construction activity which is good for steel demand. Thirdly, the cost outside the factory gate dilutes our competitiveness. As infrastructure rises, those costs will get addressed as well.

Private sector investment has started to come back and it has been led by the steel industry, which has announced investments of more than ₹1,00,000 crore, far more than any other industry in the Indian economy.

How are you dealing with inflation and what about dynamic pricing? Are you looking at that?

In Europe, we started to put a surcharge on carbon costs because it fluctuates significantly. Volatility does not help anybody.

Today coking coal prices are higher than what steel prices were three years back. High input costs impact cost competitiveness, but if you can pass on that price rise, then at least you protect your margins.

The second part is that it sucks in a lot of working capital because the steel industry imports coal from Australia, and the cost of coal has tripled in the last year or two.

But indexed contracts may be the way forward. The industry and government must come forward and restructure it correctly.

Private sector investment has started to come back and it has been led by the steel industry

TV NARENDRAN,
MD and CEO, Tata Steel

What is coming in the way of implementing it in India?

The customer should be willing. We did this in Singapore. Wherever the government was the customer, and it appointed a contractor, Tata Steel dealt directly with contractors. We asked for contracts on a fixed term based on the index value – if that index goes up then you pay the contractor more, if it goes down you pay less.

How do you see pricing in future?

Steel prices dropped rapidly in November and December, triggered by a significant drop in coking coal and iron ore prices, but prices of both raw materials have gone up in the last few weeks. Demand is returning with focus on infrastructure and China is managing its own economy.

Overall the sentiment is more positive than it was four weeks ago. We expect steel prices to remain stable over the next few weeks.

In the first nine months, Tata Steel repaid ₹17,376 crore debt and net debt stands at just under ₹63,000 crore. What further de-leveraging plans do you have?

We wanted to bring net debt to EBIDTA to below 1, and we have done it. Net debt would have gone down significantly but ₹12,100 crore (due to NINL acquisition) was added to the debt.

Having a net debt to EBIDTA is a prudent target, rather than looking at absolute debt target. The India business been profitable, generated cash anbd is growing. The European business is able to stand on its own.

Experts say NINL is an expensive buy. How will NINL bring value to your long steel business?

NINL has high strategic and operational value. Our existing sites like Kalinganagar and Miramandali allow us to grow in flat products. What we missed was a site for long products, which will continue to grow in India because of focus on infrastructure.

NINL is a 2,500 acre site and is located across the road from our Kalinganagar site. We can easily go to 5 mt in stage 1, and to 10 mt in stage 2. Basically, in Kalinganagar itself where we have 6,000 acres, we can build 25 mt. That gives us tremendous opportunities to drive cost competitiveness for both long and flat products.

NINL also has 100 mt iron ore, for which the lease is valid till 2067. Our existing iron ore mines are up for renewal in 2030 and have enough iron ore for the medium term future. The strategic value of NINL to Tata Steel is much higher than the others.

What is the capex plan for Tata Steel?

We have just completed the due diligence and will talk about NINL capex plans after we have more access. Roads and railway tracks are already there at NINL, so the cost of building a 4-5 mt capacity will be far, far less. For Tata Steel, our guidance for capex is ₹10,000-12,000 crore a year and that will continue.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 14th February 2022

New CSR mandate to increase compliance burden for India Inc

Centre rolls out new 11-page form for comprehensive data collation

KR SRIVATS

New Delhi, February 13

The Centre has now mandated Corporate India to furnish a comprehensive report on its corporate social responsibility (CSR) activities, specifying a 11-page form (CSR-2) for the purpose. It is expected to give the government a comprehensive picture of the CSR funds spent and activities carried out.

This form should be submitted to the Registrar of Companies for the preceding financial year (2020-21) and onwards, the Ministry of Corporate Affairs (MCA) has said. For the information related to FY20-21, the CSR-2 has to be submitted by the end of March 2022.

Mixed reaction

This move has evoked mixed reaction from corporates and legal experts with some contending that it would end up increasing the compliance burden of corporates. Some of the disclosures now mandated under CSR-2 are already being disclosed under the main directors' report forming part of the annual report, they noted.

Some corporate observers, however, felt that the information trove on CSR — on the back of CSR-2 — could come in handy for the CSR department in the MCA to undertake data mining and analytics so that improved policies could be rolled out on this front.

Form CSR-2, amongst other things, requires certain companies to report on matters such as the constitution of the CSR committee, its meetings, whether or not the company has disclosed on its website details about its CSR committee, CSR policy and approved CSR projects.

Also, the company is required to confirm whether an impact assessment of CSR projects has been carried out in pursuance of the Companies (CSR Policy) Rules, 2014. Under the report, the company is also required to submit detailed information around its investment in CSR projects and the quantum of funds that has remained unspent.

Maneet Pal Singh, Partner, IP Pasricha & Co, said this new form would result in greater transparency in CSR expenditure by corporates but will increase the compliance burden of companies.

"We believe the action taken by the MCA is effective, but in future, efforts should be made by the MCA to acquire maximum information with minimum increase in compliances", Singh said. Pritika

Experts say such steps are not in sync with the macro-level focus of the government to improve the ease of doing business

Kumar, Founder & counsel, Cornellia Chambers, said this is an impactful amendment that will improve the manner in which corporate social responsibility as a concept is being managed across India. This amendment will also help impact-driven organisations find synergy with companies whose CSR objectives are aligned to theirs. This amendment is a step in the right direction, she said.

Snigdhaneel Satpathy, Partner, Saraf and Partners, said the existing framework under the CSR rules already obligates a company to file a detailed report of its CSR activities, to be annexed to the board report.

"In this context, the recent decision to introduce a separate reporting requirement of CSR activities being undertaken by companies to be annexed to the financial statements, appears unnecessary and is precisely the type or irritant which increases compliance burden, adding to the cost of doing business. Such steps are not in sync with the overall objective of the government...the macro-level focus, bid to improve the ease of doing business and the general push towards simplified reporting requirements," Satpathy said.

Prasenjit Chakravarti, Partner, Khaitan & Co said that given that companies are already aware of the broad level of disclosures expected from them in CSR via the already amended rules, they should not find it too arduous to adhere to the requirement of preparing and submitting Form CSR-2.

CSR spending

The Companies Act 2013 requires companies with a net worth of ₹500 crore of more, or turnover of ₹1,000 crore or more or a net profit of ₹5 crore or more during the immediately preceding three years to spend 2 per cent of their average net profit on CSR activities.

It maybe recalled that India Inc's (1,619 companies) CSR spend for FY20-21 fell sharply to ₹8,828.11 crore, much lower than the cumulative spends of ₹20,150.27 crore (25,099 companies) in FY19 and ₹24,688.66 crore (22,531 companies) in FY20.

The Economic Times 4th February 2022

From April 1, GST e-invoice mandatory for businesses with ₹20-crore turnover

Standardisation and inter-operability to reduce disputes, cut processing costs

SHISHIR SINHA
New Delhi, February 25

The threshold of issuing GST e-invoice (electronic invoice) has been lowered to ₹20-crore turnover from ₹50 crore earlier by the Central Board of Indirect Taxes and Custom (CBIC).

By the new rule, which is to kick in from April 1, businesses with turnover of ₹20 crore or more will have to issue e-invoices. If the invoice is not valid, not only the recipeint cannot claim Input Tax Credit (ITC) but will also face a penalty.

Simplifying norms

Experts say this amendment seems to be to dovetailed to the government's digital economy agenda. Bipin Sapra, Tax Partner with EY India, said: "By making it mandatory for all assesses whose turnover is more than ₹20 crore to issue e-invoices, the government has expanded the compliance automation to a larger set of taxpayers, which will not only simplify compliance but also plug revenue leakages on account of input tax credit frauds."

E-invoices are formatted to be machine-readable, with B2B invoices authenticated electronically by the Goods & Services Tax Network for further use on the common GST portal. Under the electronic invoicing system, an identification number is issued against every invoice by the Invoice Registration Portal (IRP) managed by the GSTN.

Standardised format

The government has already made it clear that the new mandate will not add financial burden on businesses as GSTN has empanelled seven accounting and billing software products that provide basic accounting and billing system free-of-cost to small taxpayers.

E-Invoicing

Several advantages

Tax officials say e-invoice has advantages such as auto-reporting of invoices into GST return and auto-generation of e-way bill. E-invoicing will also facilitate standardisation and inter-operability leading to reduction in disputes, improve payment cycles, reduction of processing costs and thereby improving overall business efficiency.

Businesses use various accounting/billing software generating and storing invoices in their own electronic formats. E-invoicing aims at machine-readability and uniform interpretation. To ensure inter-operability of e-invoices across the GST eco-system, an invoice standard is a must. By this, e-invoices generated by one software can be read by any other software, thereby eliminating the need of fresh/manual data entry.

The Economic Times 26th February 2022

Niti may Launch Electric Vehicle Battery Swapping Policy Soon

Move to give EV owners an option not to own its battery, which will help bring down vehicle cost

The Game Changer

Policy will introduce disruptive biz models such as battery as a service, leasing, etc.

Users can even swap the batteries at swap stations in minutes

They can switch between fuels and charge the battery at home

Battery swapping policy will provide flexibility to EV consumers

Battery swapping to minimise recharging time to below 2 mins

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Mumbai: Public policy think tank Niti Aayog plans to roll out a 'battery swapping policy' – which will give electric vehicle buyers an option not to own its battery thereby bringing down the upfront cost and fast-tracking EV adoption – in the next 3-4 months.

"I am confident that electric vehicles will be cheaper than ICE engine vehicles in the near future," Niti Aayog chief executive Amitabh Kant said.

The proposed policy will introduce disruptive business models such as battery as a service (BaaS), leasing, etc. so that electric two-wheeler and three-wheeler customers need not own the battery, which is about 50% of the total vehicle cost, bringing down the upfront vehicle

man of Sun Mobility, a Bengaluru-based company engaged in developing and operating energy infrastructure for electric mobility.

The battery swapping policy needs to be implemented in the next 2-3 months to scale up EV ecosystem and give a push to adoption of EVs in the country, Maini said.

"The customer should be given the flexibility, and both options (fixed and swappable) should co-exist," he said.

Aayog's Kant said the focus in the initial phase will be to cater to light electric

segments."

Aayog held the first pre-draft stakeholder discussion for he proposed policy earlier this month, where participants included vehicle OEMs, battery OEMs, financiers, think tanks, multi-modal agencies, and independent experts and consultants.

Sulajja Firodia Motwani, CEO of electric two and three-wheeler maker Kinetic Green Energy & Power Solutions, said that after the Fame-2 and state incentives to bring down EV prices and the performance linked incentive (PLI)