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# Press Reports on Automotive Industry
# 2021-22


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# PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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## MISCELLANEOUS



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# PRESS REPORTS
# ON
# AUTOMOTIVE INDUSTRY

Economic Times 20th May 2021

LIFE AFTER DEADLY SECOND WAVE

## 'Greater Need for Personal Mobility to Boost Car Sales'

People will likely look to reduce the risk of infection by using own cars, think top car cos

**On the Mend**

**Desire for personal vehicles to drive recovery**

Lockdowns hurting sales but online enquiries surge

**350,000** outstanding bookings for cars across industry

At 15 days, dealer inventory of cars continues to be low

Supply shortages a bigger issue for carmakers than demand

Demand for affordable two-wheelers impacted more than cars due to pandemic

**Nehal Chaliawala & Ketan Thakkar**

**Mumbai:** India's top five automakers are betting on a swift bounceback in demand for cars and utility vehicles once the ongoing second wave of Covid-19 subsides. Senior executives at Maruti Suzuki, Hyundai Motor India, Tata Motors, Kia Motors and Mahindra & Mahindra have all echoed the same sentiment — that people would look for personal means of transport to reduce the risk of coronavirus infection and it would drive demand.

Their optimism is not unfounded. Last year, after the country slowly opened up after lockdowns, car sales started surging, peaking just before the onset of the second wave, leaving automakers struggling to meet demand.

Despite almost a quarter of sales lost in fiscal year ended March 2021, passenger vehicle sales had merely declined 2% over the previous year. Sales had broken previous records in six of the last nine months of the fiscal year.

Meanwhile, the fear factor has only gone up as new studies revealed how the novel coronavirus spreads through aerosols. This is likely to further trigger the desire for a personal vehicle over public or shared mobility.

"We expect a very strong bounceback because clearly the customer is shifting gears and wanting to break free and wanting a safe commute," PB Balaji, group chief financial officer at Tata Motors, said during a media call on Tuesday. "Our order pipelines are very strong. People don't want to cancel, they actually want to wait for the car," Balaji said.

From half a million waiting customers, the cumulative pending bookings across automakers have come down to about 300,000-350,000 units, said people in the lar month's sales in India, and almost 90% of these bookings are with the top five carmakers.

Shashank Srivastava, Maruti Suzuki's senior executive director for marketing & sales, said while the new bookings flow had come down due to the lockdown in several states, the existing bookings had not seen any unusual cancellation.

"With an expectation of more Covid waves in future, there is a strong sense that the pandemic situation will last for some more time; therefore, we can expect that the trend towards personal mobility and away from public will continue and, in fact, accelerate," said Srivastava.

With showroom walk-ins being negligible, there has been an increase in enquiries coming on the digital platforms of the companies. Currently, these total almost 45% of the total enquiries, up from about 30% a few weeks back, at Maruti Suzuki.

Passenger vehicle retail sales declined 25% in April this year compared with the March, registration data show. Sales in May are expected to be just a quarter of the same month before the

Business Standard 21st May 2021

## Shortage of chips a global reality, no relief in 2021: Bosch

**SHIVANI SHINDE**
Mumbai, 20 May

Engineering and technology company Bosch on Thursday said the shortage of semiconductors or chips was a global reality.

Soumitra Bhattacharya, managing director of Bosch, reiterated what the company's chief executive, Volkmar Denner, had said a few days back that shortages of the chip would impact the car market till 2022. "The chip shortage affects the world markets and not just India. Tier-I suppliers like us and our competitors depend on electronic control units, which are supplied by tier-II manufacturers. But one has to remember that automotive as a user of the chips is just about 10 per cent, and the bulk of these chips are used for non-automotive segments like electronic products, which has seen a surge in demand," Bhattacharya said.

He said supply chains were getting disrupted due to the chip shortages and that the situation would continue to be challenging for CY21.

He said the company had put in a lot of finances globally to sort the issue with manufacturers, "but we cannot wish away the challenge. At least in India, part capacities are being met. Unlike in other regions, where original equipment manufacturers (OEMs) have had to shut down," said Bhattacharya. Bhattacharya cited Bosch's positive results to claim that the auto industry was seeing itself on a road of recovery until early this year. "However, with the second wave being more severe, there is a clear uncertainty in the market. With 80 per cent of our revenues driven through mobility business, we have been affected adversely. The challenge will be to manage the fluctuating demand, supply chain crisis, and changing consumer behaviour all at once."

The company has reduced its capex for FY22 to ₹200 from ₹350-500 crore that it used to invest for the past some years. "While the capex for Bosch India, which is the group entity, should be in the range of ₹400-600 crore, it will be between ₹160 crore and ₹200 crore for Bosch," said Bhattacharya. Over the past two years, Bhattacharya said the company invested ₹800 crore in its Adugodi unit in Karnataka.

Business Line 21st May 2021

# We expect a massive supply-chain disruption: Bosch India chief

K GIRIPRAKASH

Bengaluru, May 20

**India's leading auto parts manufacturer Bosch posted a sharp V-shaped recovery with a net profit at ₹482 crore during the fourth quarter of the last fiscal. In an interview with *BusinessLine*, Bosch Ltd Managing Director and Bosch India President, Soumitra Bhattacharya, shares the company's prospects in the current situation. Excerpts:**

THE BL INTERVIEW

**We do know that the semiconductor chip shortage will weigh on global automotive production growth in 2021. But are there any alternatives and how can such disruptions be reduced over a period of time?**

We have to first accept that it is a global problem. That global problem has hit India as well. We don't have a back-end facility in India. Without that, we have a challenge for the future. Can it be done immediately? No. It will take time. We also need several other things to come together for that. Someone suddenly cannot say we will build a chip factory.

**Robert Bosch CEO Volkmar Denner recently said policymakers should not focus solely on battery EVs at the expense of other potential routes to decarbonisation. So, how will it play for Indian players?**

Bosch is into electrification globally. Bosch is an agnostic technology-neutral player. Bosch is even today spending money on diesel and gasoline engines. At the end of the day, anything that you do especially in India should be affordable.

In India, the affordability of electric vehicles is still a big challenge. We have always said electrification in India at the total cost of ownership, of buses, for example, will not be easy. We still believe that by 2030, 80 per cent of the vehicles will still run on IC engines. Based on the current situation, it might become 85 per cent. To say that 75 per cent will be IC and the rest will be EVs is something that will not happen.

*Without the second wave, India had a chance to go near-about to the peak in certain segments.*

SOUMITRA BHATTACHARYA
MD, Bosch Ltd and Bosch India President

**What is the kind of conversation Bosch and car manufacturers are having now in midst of the second wave of Covid?**

The Covid situation is currently an exercise in crystal ball gazing. Nobody knows what impact the second wave of Covid will have on the industry. However, we have seen a fantastic run for the auto industry from January to March. It has reflected in our results as well. If Covid wave 2 had not hit us, there would have been a slight impact in April and not as high as we have seen now. Covid has now entered into the rural area. We expect a massive disruption in supply-chain. If you take even basic supply chain issues, where the OEMs will require parts from all over India, there are disruptions happening already. May and June are going to be very challenging. After June end, we will have to see what kind of scenario will emerge...whether four weeks or in the worst-case scenario, even 12 weeks will be lost.

**Looking at the quarterly results, did the company expect such a sharp V-shaped recovery?**

I don't think anybody expected such a sharp recovery. This V-shape recovery that happened in India did take us to the pre-Covid level but did not take us to the peak of 2018-19. We had earlier said that it will take from 2018-19 another four years to reach the same peak. However, tractor sales reached their peak in three years itself. In the case of passenger cars, the timeline was for four years but it may take five years to achieve 4 million unit sales. Heavy commercial vehicles will take five to six years to get to 4.8 lakh units while light commercial vehicles will take some more time to reach 7 lakh units. In summary, without the second wave, India had a chance to go near-about to the peak in certain segments. Now, we see another setback and whether it is one month or two months... we need to watch out.

**Bosch India made some major investments right in the middle of the pandemic like picking up a 26 per cent stake in Sun Mobility. What does it tell the investors?**

What it means is that we are on course and we are doing whatever is needed for the investment in the future. We will not deviate either in the organic or inorganic for defined bets. It could be in the areas of electrification, aftermarkets, power tools. Our bets on restructuring, deployment and reskilling have clearly paid us good dividends. We now have a clean balance sheet and a clean P&L.

Times of India 25th May 2021

# Auto cos reopen but weak demand keeps output low

Pankaj.Doval@timesgroup.com

**New Delhi:** Production may have resumed, but output at automobile factories — a key component of the country's manufacturing index — remains abysmally weak with a large part of dealerships being shut due to lockdowns and difficulties in getting access to adequate manpower and parts. Moreover, the deadly spell of the virus this time around has severely dented buyer sentiment and demand remains low.

Top companies such as Maruti, Hero Moto, Hyundai, Honda Motorcycle & Scooter (HMSI) and Mahindra & Mahindra (M&M) have resumed production over the past week, but not all their factories are operational. For example, while Hero Moto had started production at its Dharuhera, Gurugram (both in Haryana) and Haridwar (Uttarakhand) factories on May 17, it resumed work at Neemrana (Haryana), Halol (Gujarat) and Chittoor (Andhra Pradesh) only on Monday.

"However, current production is only around 30% of the output as we are doing only a single shift," an executive told **TOI**.

M&M, which has key manufacturing lines in Maharashtra, is also open, but safety protocols and well-being of workers is taking precedence over output levels.

Maruti has started production at its factories in Haryana, while work at parent Suzuki's facilities in Gujarat is yet to begin. Company officials say despite a heavy backlog of committed deliveries, the closure of retail points and tough buyer sentiment are concerns.

## TN car production still suspended

Factories in Tamil Nadu's Oragadam-Sriperumbudur auto cluster will remain silent with extension of production suspension. Hyundai India announced suspension of production for five days starting Tuesday. Nissan Renault, which has its joint plant in Oragadam, meanwhile is facing a worker strike. TNN

Business Line 22nd May 2021

# US seeks sharing of supply chain info to ease pain of global semiconductor shortage

**BLOOMBERG**

May 21

Commerce Secretary Gina Raimondo said the Biden administration is exploring how to help semiconductor producers and buyers share supply chain information to alleviate the global chip supply crisis, and urged Congress to swiftly pass legislation to fund domestic production.

"There's a lack of transparency right now in the supply chain," Raimondo said in a call with reporters on Thursday following a day of meetings with companies. "We are trying to figure out what role the government can and should play in increasing that information sharing and forecasting so we can alleviate the short-term crunch."

Raimondo convened executives from the biggest chipmakers, automakers and technology giants as a global semiconductor shortage weighs on those industries. The summit drew so much interest that it had to be split into two separate sessions, people familiar with the planning said.

Among the attendees were executives from companies including Apple Inc, Alphabet Inc's Google, Ford Motor Co, General Motors Co, AT&T Inc, Cisco Systems Inc, Verizon Communications, Samsung Electronics Co, Qualcomm, General Electric, GlobalFoundries Inc and Taiwan Semiconductor Manufacturing Co.

Commerce Secretary Gina Raimondo

## Defense Production Act

Raimondo said using the Defense Production Act, a wartime power to set priorities for certain supplies, would be "a challenge" because of the impact on a wide range of sectors.

On Monday, Raimondo will tour a Micron Technology Inc. plant in Manassas, Virginia, and is to meet with the company's chief executive officer, Sanjay Mehrotra. She'll be joined by Senators Mark Warner, Virginia Democrat, and John Cornyn, a Texas Republican, two key lawmakers in the debate over chips funding and American competitiveness.

"This meeting was not about how do we fix the near term cause everybody knows that's not something you can put a magic wand over to fix," said Thomas Caulfield, chief executive officer of GlobalFoundries, who attended the meeting, in an interview with Bloomberg News. "But let's go do the things today that will fix this strategically, cause that's the only thing we can do with industrial policies and governments getting involved. Everybody absolutely agreed to that."

Participants said they saw the meeting mainly as an opportunity to communicate their concerns to the highest level in the US government. Semiconductor manufacturers have pushed the US to create incentives through grants and tax credits to help spur production in America.

As part of that proposal, automakers have demanded that 25 per cent of the chips produced with federal grant money be set aside for their industry. After extensive debate, lawmakers have settled on allocating roughly $2 billion for auto-grade chips.

Business Standard 26th May 2021

# Auto firms may not go full throttle amid uncertainties

**SHALLY SETH MOHILE**

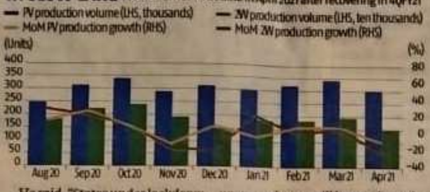
Mumbai, 25 May

Automakers in the country are adopting a wait-and-watch approach prior to ramping up production in the wake of the second Covid-19 wave, parts and raw material shortage and demand uncertainty, said executives at auto firms and component makers.

Earlier this month, several of them, including Maruti Suzuki, Hero MotoCorp, Honda Motorcycle and Scooters India (HMSI), Honda Cars India, Toyota Kirloskar Motor, Tata Motors, and Mahindra and Mahindra had undertaken plant closure amid the raging pandemic. While most of them have resumed production, the capacity will be a third of what most of them manufactured in January and February.

Shashank Srivastava, executive director — sales and marketing — Maruti Suzuki India said the ramp up will be governed by how quickly the restrictions are lifted. Among other things, extension of the lockdown by several states, up to the first week of June, has also added to the uncertainty and will impact retail numbers, he said.

**IN SLOW LANE** Production levels decline in April 2021 after recovering in 4QFY21




He said, "States under lockdown currently account for 80-85 per cent of sales." Added to that are the supply side issues. "When we ramp up, many issues will have to be tackled," said Srivastava. Unlike last time, this time the rural markets are also affected. However, the silver lining is the forecast of a good monsoon, healthy wheat procurement and better Rabi sowing, he pointed out.

I.H.S Markit, a market research firm, has pared its forecast for light vehicle sales in India from 3.65 million earlier to 3.5 million now, said Puneet Gupta, associate director at the firm. "Barring a few, most manufacturers are running single shifts due to employee absenteeism, shortage of parts, and raw materials. We don't see demand coming back as sharply as it had after the first wave," said Gupta.

An executive at a component manufacturer aware of production plans of Maruti, Hero MotoCorp and HMSI, said Maruti produced a total of 45,000 cars this month and plans to scale it up to 165,000-170,000 in June. Hero, which made 120,000-150,000 units this month, plans to increase it to 450,000 units.

HMSI, which made only a few thousand units this month, is looking to scale it up to 320,000-340,000 units next month. Both Tata Motors and Mahindra have clipped next month's schedule by 20-30 per cent from the January and February levels, said an executive at a Pune-based auto parts supplier. "May has been a challenging month in India and we expect June to continue this trend," said Sandeep Khullar, general manager off-highway & commercial vehicles at Dana India. Dana supplies components to commercial vehicles.

Meanwhile, even as the automakers in the northern and western region are limping back to normalcy, their counterparts in Tamil Nadu, are now facing the pandemic's wrath. Plants in the state are suspending operations and reducing shifts as employees threaten to go on strike due to health concerns about Covid-19, Bloomberg reported on Tuesday.

Economic Times 22nd May 2021

Business Line 31st May 2021

The Economic Times, Pune, Saturday, 22 May 2021

**LARGE POPULATION OF HNIs A BIG OPPORTUNITY: CEO**

# For Lamborghini, India's a Key Market in Asia Despite Covid

India remains a growing market, says Stephan Winkelmann

**Ketan.Thakkar**
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**Mumbai:** Italian luxury sports carmaker Lamborghini considers India a key market in Asia despite the severe impact of Covid-19 in the country and just about 1% share of luxury segment in the Indian passenger vehicle market. "India is going to have a central place in our development of the Asian market," Stephan Winkelmann, chief executive of Automobili Lamborghini, said, citing a steady rise in the number of wealthy Indians.

"A large part of India is still in the first stage of motorisation; that is, people buying their first cars," he said.

"But there is a large population of high-net-worth individuals, which is going to be an opportunity for us in the years to come."

Luxury car sales in the country tumbled about 40% year-on-year to less than 19,000 in calendar 2020 mainly due to the impact of Covid-19.

The super luxury car market priced above ₹2 crore was wee bit better than mainstream luxury car market, but still posted a decline.

Yet, top super-premium carmakers stay bullish on India, which has been one of the fastest growing economies in the world till the pandemic outbreak.

"There will be a tipping point in India sooner or later. As soon as the market will reach that point, we will be ready," Winkelmann said.

Led by a 20% rise in bookings earlier in the year, Lamborghini was eyeing the highest ever volumes in India in 2021, till the second wave of the pandemic hit the country hard last month.

"Despite the pandemic, India remains a growing market for us in the future," Winkelmann said. "There are huge opportunities in India; especially our Urus SUV is a big hit. We continue to believe that there is a big opportunity for our sports cars in the lineup."

Lamborghini has sold more than 100 Urus SUVs in the country since its launch in 2018.

Announcing a new vision statement for the coming decade, Winkelmann said the Italian super sports carmaker will invest €1.5 billion in the coming years to bring out plug-in hybrid versions of Huracan, Aventador and Urus. He said the company is working on an "all-electric model 4" that will hit the roads post 2025.

"We have to do whatever it takes to break the company into the safe future," he said.

On the second wave of Covid-19 in India, Winkelmann said it's "heartbreaking" to see the number of deaths amid stretched health infrastructure.

"The last stage of turning to normal will predominantly depend on getting the vaccination done as soon as possible, or else one will see waves of pandemic continuing," he said.

# The world's rich are lapping up luxury cars

The global rebound from the coronavirus pandemic is revving luxury car-makers' sales to never-before-seen heights, as order books at the likes of Lamborghini, Ferrari and Rolls-Royce burst with demand from the world's wealthy.

Just like regular earners around the world, the richest cut back on consumption during 2020, with "double-digit" falls in sales for makers of the most coveted cars, says Felipe Munoz of market research firm Jato Dynamics.

But "customers for these cars were not as exposed as others" to the crisis' financial fallout, he adds. For the wealthy, "most of the problem was that they couldn't get out of their houses," Munoz says. "They postponed their purchases."

The rebound for exclusive cars was already under way in the final quarter of 2020 as they reached for their platinum credit cards again, cushioning the pandemic blow by comparison to mass-market manufacturers.

Annual sales last year at Volkswagen-owned Lamborghini sped past their 2019 record to 7,430 vehicles, driven by the Italian manufacturer's hefty Urus SUV clocking in at around €200,000 ($220,000 in the US).

Closed factories meant sales at Ferrari tumbled 10 per cent last year, to 9,119. But bosses say the black-horse brand now has an 'order book at record levels", powered by the €450,000 SF90 Stradale — the carmaker's first plug-in hybrid — as well as the windscreen-free two-seater Monza, believed to cost around €1.7 million.

"The luxury market still has very specific rules and customers," Deloitte car industry analyst Guillaume Crunelle says. "Behaviour is much more linked to personal situations, how their wealth is developing, rather than market trends."

After a year with less consumption, "there is quite some money around to be spent," Rolls-Royce chief executive Torsten Muller-Otvos tells AFP.

Europe and North American remain solid markets for luxury brands, but China is where most of the growth can be found. AFP

Economic Times 24th May 2021

JLR ACCOUNTS FOR OVER 3/4 OF TATA MOTORS' CONSOLIDATED REVENUES

# JLR Saves Further on Cost, Lowers Breakeven Volume

Nehal.Challawala
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**Mumbai**: Tata Motors' British subsidiary Jaguar Land Rover has slashed by a third its break-even volume threshold – the minimum it must sell to cover production costs – to 400,000 units as part of its targeted cost savings projects Charge and its sequel Charge+.

The company's break-even volume was 600,000 units in FY19, when Charge took off to cut costs and improve cash flow, JLR's chief financial officer Adrian Mardell told analysts.

"We've effectively reset the investment and the structural cost base (by) eight years now," Mardell said on an analyst call on Tuesday, explaining that the luxury car maker had a comparable break-even volume of 425,000 units back in FY14.

"And that's before the power of the Reimagine and the Refocus programs kick in fully," he said.

The project Refocus is the successor of the company's Charge and Charge+ initiatives, which cumulatively helped JLR save £6 billion since FY19. Refocus envisages £1 billion of cost savings in FY22, coupled with several consumer-focused and competitive initiatives.

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

The company expects sales in FY22 to climb more than a fifth, Mardell said during the same call. The Coventry-based company sold 4,39,600 vehicles in FY21, which was a decline of 13.6% over the preceding year.

**POSITIVE OUTLOOK**

**The company expects sales in FY22 to climb more than a fifth, says CFO Adrian Mardell**

A lower break-even volume ensures that the company manages to remain profitable even during periods of unpredictability and low sales, like the ongoing crisis caused by the Covid-19 pandemic.

"We expect the demand situation, particularly on the global side, to keep improving. We are already seeing strong performance in the US and China and as more and more people are getting vaccinated, the UK and Europe are starting to improve," said PB Balaji, group chief financial officer at Tata Motors.

JLR accounts for over three-fourths of Tata Motors' consolidated revenues and thus its performance has a large bearing on the Mumbai-based automaker's financials. The luxury car unit reported pre-tax profits of £534 million in Q4 and £662 million for the full year before exceptional charges.

However, it took a write-down of almost £1.5 billion during Q4 due to project Reimagine, under which it plans to make Jaguar a completely electric vehicle brand by 2025 and electrify most of Land Rover's models by 2026. Subsequently, several ongoing projects were discontinued, resulting in a £952 million non-cash write-down.

Business Line 22nd May 2021

# Pandemic takes a toll on truckers, loan repayments slow

**Truckers are hoping for a blanket loan moratorium as businesses take a hit, utilisation drops**

MAMUNI DAS
New Delhi, May 21

While delays in repayments of truck loans have started, a clear picture on how many will actually become bad loans will emerge in three months, say transport industry executives.

Trucks are lying idle due to lockdown in various States. The All India Motor Transport Congress (AIMTC) said its members are facing difficulties in getting relief on loans and the transporters union is pushing for a blanket loan moratorium for truckers, a large chunk of whom own five-ten trucks.

Business is hit for many with a drop in cargo availability leading to lower rentals. Truck operations have become challenging as the second wave of Covid-19 has spread to rural areas and interiors, fuel prices are soaring, and drivers have left for their villages, note experts.

The Indian Foundation of Transport Research and Training estimates, loans on up to 1.5 lakh vehicles may go into default.

## 'Repayments slow down'

"We don't expect over 1.5 lakh vehicles (out of total 55 lakh) to default this year," SP Singh, Senior Fellow, IFTRT, said. There may be cases where even truckers who can repay are holding back as they expect a loan moratorium from the Reserve Bank of India. The slowdown of 2019 saw about 45,000 trucks getting repossessed, that was reflected in 2020, said IFTRT, based on its study of drop in truck sales in previous years - 1984, 1998, 2008, 2012 and 2019.

"With transport operations down by almost 50 per cent as of now, there are delays in repayments. Trucks operating within a State or within a district are less likely to be hit as also older trucks with most of the loan paid off. But, trucks that are 1-2 years old, which operate in the long distance segment will suffer as they face loan repayments of ₹40,000-60,000 for a medium-to heavy-commercial vehicle loans of five to six years," explained Singh.

AIMTC estimates the drop in the cargo availability to be much steeper at 70 per cent.

## 'Registrations hit'

"This March, a lot of BSVI vehicles were sold, as companies wanted to book vehicles before the financial year end, and also make the most of depreciation benefits (vehicles sold in March can claim 40 per cent depreciation benefits over April-September). Trucks – sold with just driver cabin and chassis – were at the fabricators to be fitted with the truck bodies. By mid-April, several States had started seeing Covid-19 situation deteriorating and leading to lockdown and regional transport offices closed. So, trucks could not be registered and run even if cargo was available," Singh of IFTRT said.

While truck rentals fell sharply in April and May in the open truck market, the fall was not that accentuated in organised, contracted market-place, say industry trackers.

Anjani Mandal, CEO and CoFounder, Fortigo Network Logistics told *BusinessLine*, that before the virulent wave of pandemic hit this year, truck rentals for medium and large size trucks under contract had soared year-on-year. This was because of a 30 per cent drop in supply of trucks in early 2021 as many of the small transporters could not survive the slowdown of 2019 and subsequent first wave of pandemic.

IFTRT has recorded a sequential drop in rentals in the open market since May.

IFTRT's survey in May first week showed drivers were retreating to safety of their native places. They were unwilling to ply long distances as they were not sure of whether they would get cargo back from those locations.

But this did not affect truck rentals in a large number of trunk routes as cargo availability had also dropped.

## Some buck the trend

There are exceptions given as the market is fragmented, largely unorganised, and consolidated data is not available. For instance, Spoton Logistics, a ₹850 crore company, did not see a drop in the number of trucks available for hire in the sectors that it operates in, and expects a 40 per cent growth in revenue next year based on higher volumes.

Economic Times 26th May 2021

# After Covid 2.0, No Green Shoots for Auto in Rural Belt

**Rural sentiment, unaffected by the first wave, has been hit hard this year and may hinder recovery for the automotive industry**

BLOOMBERG

Ketan Thakkar & Ashutosh R Shyam

**Mumbai:** The automotive industry is growing less optimistic about a repeat of the quick turnaround the market witnessed after the lockdown last year.

Rural markets — that account for 30-50% of automobile sales — had remained largely unaffected by the first wave of the pandemic last year, driving sales even before the cities recovered. That has changed, as rural India too is devastated in the second wave.

The agriculture sector that drives the rural economy is buoyant, with the government estimating record foodgrain production this year, but consumer sentiment has taken a hit. People are expected to be more risk-averse this time and spend less on discretionary purchases like vehicles.

"Rural markets started showing signs of weakness from the second fortnight of April," said Shashank Srivastava, senior executive director, Maruti Suzuki. "As for car purchase, sentiment plays a disproportionate role."

According to SBI Research, rural districts account for 48.5% of Covid-19 infections this month, compared with 36.8% in March. With the infection rate also in the 30-40% range in many of these districts, industry experts predicting a quick recovery in demand once states eased lockdowns now say it could take at least three or four months, that too depending on the pandemic situation.

"Fear has gripped the people — with the worry and fear, there is always a tendency to hold back purchases. The impact was seen in the second half of April and early May, with average volumes dropping 15-20%," said Ramesh Iyer, managing director of Mahindra & Mahindra Financial Services, one of the largest automobile financiers in rural India.

"With the lockdown measures, access to dealerships and banks is also difficult; this will lead to deferral in purchases for a quarter," said Iyer.

# PRESS REPORTS
# ON
# ELECTRIC VEHICLE

Business Standard 22nd May 2021

# 'The electric vehicle takeoff should come by around 2025'

**ASHISH GUPTA**, Volkswagen India's recently appointed brand director, tells **Pavan Lall** the firm's plans for the subcontinent remain on track despite the Covid speed-breaker, that there will be new launches, and within the next couple years the share of SUVs in sales will double to account for around half the company's business. Edited excerpts.

Q&A

ASHISH GUPTA
Brand Director, Volkswagen India

**How is Volkswagen India handling the situation in the present scenario?**
The first quarter sales (January to March) for us were up by some 14 per cent. That's not compared to 2020 but to 2019. We were struggling to keep up with the demand. So the second wave took everyone by surprise and for us it's now about adaptation, an increased focus on people, on continuity, on planning business, and keeping the process going with manufacturing, parts and vendors. When the Suez Canal blockage happened, there were six ships that had our consignments on it. Our strategy, however, is intact and our important pillars for India — the SUV roll-out and the focus on the cost of ownership of a car — remain in focus.

**The auto market has seen SUVs becoming popular in India in the past five years. Do you see your share of UVs growing in your sales now?**
Last year began with the launch of the compact SUV — the T-Roc and the Allspace. Last year SUVs accounted for around 20 per cent of sales and they were around 6 per cent the year before that. The share is only limited by the portfolio and we see this growing as high as 45 per cent or 50 per cent in the next year or two. Our launches this year will continue. We have 500 more T-Roc units in the stockyard and the new Taigun SUV is the key one, which will launch sometime in the heart of the festive season.

**When do you see electric vehicles (EVs) taking centre stage, given the huge focus on zero tailpipe emissions?**
EVs are the way forward for the Volkswagen group. According to our estimates, the EV takeoff should come by around 2025, both because of the time required to build volumes and the critical charging infrastructure. Looking at the global mood, we think there will be exponential EV growth of 20 per cent by 2030 at global level for Volkswagen. By 2050, the company aims to be carbon dioxide-neutral globally and to that effect the group will invest €34 billion over the next four years.

**Can you share your views on how the auto sales channel may change? Will there be a stronger digital focus now?**
We have 45 work streams running all touch-points for digital, and all sales and service can be done on our websites. In the next few weeks, finance and all online negotiations will also be possible along with dealers. Customers will be able to use a car availability tool that will permit them to search for a model based on variant colour and prices across the country and be able to decide instantly.

**Volkswagen has been in India for over a decade now. Have you achieved profitability?**
We are getting closer to profitability. We had committed to investing €1 billion in capex.

**Your cost of ownership is directly tied to a greater level of local manufacturing and sourcing. How is that developing?**
The Taigun will be up to 95 per cent locally made in India. The Volkswagen 2.0 project only makes sense if we have a high local content. Most of our cars in India are at 92 per cent now. We are looking to reduce the cost of ownership by adding more "child parts", distinct from components that need a full assembly change when it's time for repair. Specific items like engine oil prices have also reduced more than 35 per cent.

# Hyundai to slash combustion engine line-up, invest in EVs

'The move will result in a 50% reduction in models powered by fossil fuels'

This photo provided by Hyundai shows the Ioniq 5, a new electric SUV that debuts in fall 2021. It packs the interior room of a mid-size SUV, even though it's no longer than a compact crossover AP

REUTERS
Paris/Seoul, May 27

Hyundai Motor Group will slash the number of combustion engine models in its line-up to free up resources to invest in electric vehicles (EVs), two people close to the South Korean automaker told *Reuters*. The move will result in a 50 per cent reduction in models powered by fossil fuels, one of the people said, adding the strategy was approved by top management in March. "It is an important business move, which first and foremost allows the release of R&D resources to focus on the rest: electric motors, batteries, fuel cells," the person said, without giving a time frame for the plan. While Hyundai did not specifically address a *Reuters* query on its plans for combustion engine models, it said in an email on Thursday that it was accelerating adoption of eco-friendly vehicles such as hydrogen fuel cell vehicles and battery EVs.

## Gradual expansion

The automaker added that it aims to gradually expand battery EV offerings in key markets such as the United States, Europe and China with a goal for full electrification by 2040.

Hyundai Motor Group, which houses Hyundai Motor Coand Kia Corp and Genesis, aims to sell about one million EVs per year by 2025 to achieve a 10 per cent share of the global EV market. Facing tightening CO2 emission targets in Europe and China, all major automakers are accelerating their shift to EVs. The huge cost of developing electric motors and increasing the driving range of car batteries has already led some to say their days of investing in conventional engines are over.

"Hyundai has stopped developing new powertrains for internal combustion engine cars," one of the people said.

## Other car makers' move

PSA Group said in November, shortly before merging with Fiat Chrysler to form Stellantis, that it was no longer investing in combustion engines.

Daimler has recently revamped its combustion engines and executives say the new generation will see it through the electrification process. Some car makers have already announced plans to go fully electric, with Sweden's Volvo, which is owned by China's Geely, saying it would do that by 2030.

Ford Motor Co says its line-up in Europe will be fully electric by the same date. For Hyundai, which together with Kia is one of the world's top ten auto groups, the move is particularly important because it has one of the broadest ranges of engine and transmission technologies in the industry.

The group will finalise its strategy to switch to all electric models within the next six months, one source said. In April, Hyundai said it would cut the number of its gasoline models in China to 14 from 21 by 2025, while launching new electric models every year starting in 2022. In February, the group said it was no longer in talks with Apple to develop an autonomous vehicle. Sources familiar with the matter said the idea of the group becoming a contract manufacturer for Apple encountered strong internal opposition.

# MG Motor ties up with Attero to recycle EV batteries

OUR BUREAU

New Delhi, May 28

MG Motor India on Friday said it has joined hands with Attero to recycle electric vehicle (EV) batteries.

The partnership is aimed at reusing and recycling the Li-ion batteries of EVs in India after their end-of-life. Attero is an electronic asset management company and clean-tech provider which conducts its battery end-of-use management in India.

## Expanding ecosystem

"We have been continuously working on expanding the ecosystem in the EV space, as one of the first entrants in the segment. The partnership with Attero gives our customers more confidence with respect to the battery's end-of-life usage," Rajeev Chaba, President and Managing Director, MG Motor India, said.

Rajeev Chaba, President and MD, MG Motor India

The move will assist in responsible recycling and will further minimise the carbon footprint of ZS EV users while supporting the local economy, he said.

## Charging network

ZS EV customers can charge their vehicles up to 80 per cent in 50 minutes at the carmaker's fast charging network. The pure electric internet SUV starts at ₹20.99 lakh (ex-showroom, New Delhi) and comes with a certified range of 419 km, the company said.

"We believe in sustainable approaches as we are committed to the 'Clean India, Green India' vision. More people are purchasing EVs due to environmental concerns and are readily driving the adoption. At Attero, we are enabling India to innovate more and disrupt the global paradigm while generating minimal e-waste, wherein we hold more than 30 global patents for our recycling technologies," Nitin Gupta, Attero's Chief Executive Officer, said.

Business Line
29th May 2021

# Significant EV progress in 2-3 years: Battery makers

Shiladitya.Pandit
@timesgroup.com

**Pune:** Significant progress has been made in battery technology and infrastructure for electric vehicles (EVs) in the past few years, Rahul Walawalkar, founder and executive director of the India Energy Storage Alliance (IESA), said.

In an interaction with **TOI**, Walawalkar said more needs to be done in terms of financing and raw materials.

IESA has worked with the Union government and other stakeholders, such as NITI Aayog, for the R18,100 crore product-linked incentive scheme announced by the Centre last week. The scheme aims to create 50GWh of energy storage in advanced chemistry cell (ACC) batteries over the next five years. The policy includes both mobile and stationary batteries — for EVs and electrical grid supply.

"That process started in 2016, when giga factories to manufacture batteries and EVs were just about to be built. This incentive scheme will accelerate the process to create more energy storage, both mobile and stationary. We are a key stakeholder," Walawalkar said.

He added that electric vehicles were slowly gaining traction in India, and despite the comparatively higher unit costs, overall savings were many times that of vehicles running on fossil fuels, especially for fleet owners. "The transition to electric vehicles can save a lot of money for fleet owners. The only issue with buying electric vehicles in India is adequate financing. More people in India will buy electric vehicles if manufacturers produce aspirational vehicles with good features, like Tesla did in the United States," he said.

REUTERS

GEARING UP FOR THE FUTURE

Walawalkar added that several PSUs and private companies have set up a considerable number of charging stations in India, while issues such as power ratings, and fast and slow charging are being looked at by the Bureau of Indian Standards and other organizations. He added that raw materials were also not a concern for Indian manufacturers, but processing may be.

"Even if India does not have much commercial-grade lithium, many countries in Asia and Latin America do, and they are more than willing to supply Indian companies. Processing of raw materials, however, is an issue. India can also utilize its recycling infrastructure and meet its lithium requirements by recycling," he added.

Times of India 31st May 2021

# PRESS REPORTS
# ON TRACTORS

Business Line 29th May 2021

# Escorts may incur ₹325-crore capex, sees strong pent-up demand for tractors

**G BALACHANDAR**
Chennai, May 25

Agri equipment maker Escorts says its capex plans to ramp up tractor capacity and other programmes are intact as the company sees positive growth outlook for FY22 amid the impact of second wave on tractor demand.

The company, which will be celebrating its Platinum Jubilee this year, says macroeconomic factors (under-penetration of farm mechanisation, expectation of normal monsoon, continued government focus on boosting rural incomes) are extremely positive and will augur well for the tractor industry.

Escorts admitted that Q1 will be challenging for the industry after ending FY21 with record volumes. The second wave of the pandemic has proved to be dampener so far and this time has also affected the rural heartland. Sales and manufacturing have been disrupted due to the lockdown. About 70 per cent of Escorts' dealers are


Sales and manufacturing have been disrupted due to the lockdown KAMAL NARANG

closed. Overall, the second wave is seen clouding the demand environment over the short term.

## Positive sentiments

However, as sentiments are still positive in rural areas due to good monsoon forecast and other favourable factors, the company believes that like last year the industry may see a pent-up demand as soon as the current conditions improve.

"So, the opportunity for positive growth still exists for fiscal. We expect the tractor industry to record growth in mid-single digit in this fiscal. We are continuing with our capex plans. The pace of activity may be slow but expansion plans are very much on track. We may spend ₹300-325 crore capex during this fiscal," Bharat Madan, Group Chief Financial Officer & Corporate Head, Escorts, told *BusinessLine*.

The company proposes to expand capacity from 120,000 units per annum to 150,000 units. It clocked total domestic volumes of more than 1 lakh units for the first time in FY21, while exports stood at about 5,000 units.

The company expects volumes to increase due to new product introduction and penetration into more markets. Also, the JV with Japan's Kubota is expected to open up new markets for the company.

The JV commenced production during last fiscal and produced close to 5400 units. The capacity of this JV unit will also be ramped up to 30,000 units this year. Thus, overall, the company is likely to have a capacity of about 180,000 units.

# PRESS REPORTS
# ON
# WORLD AUTOMOBILES

Business Standard 27th May 2021

## Tesla ditches radar sensors Musk upheld after a fatal crash

DANA HULL
26 May

**CEO recently said radar sensors were 'crutches' to eliminate. Move is a major break from rivals emphasising redundancy**

Tesla is beginning to follow through with Elon Musk's pivot away from using radar for its driver-assistance system Autopilot, five years after espousing greater use of such sensors following a fatal crash.

The electric-car maker announced on its website Tuesday that Model 3 sedans and Model Y SUVs built for North America will no longer be equipped with radar starting this month. Autopilot will now operate largely using camera vision, and some features will be temporarily disabled due to the transition.

Musk referred to radar sensors as "crutches" Tesla wanted to eliminate during the company's latest earnings call. In September 2016, the chief executive officer announced Tesla would upgrade Autopilot by enhancing use of radar. Musk told reporters at the time that he believed the improvement would have prevented a crash that occurred months earlier involving a Model S operating on Autopilot with sensors that failed to detect a tractor trailer before a fatal collision involving a former Navy SEAL.

Tesla's new approach is likely to add to controversy that has surrounded Autopilot for years. While the company said later in 2016 that all its cars from then on would be equipped with the hardware needed to eventually offer full self-driving capability, Tesla continues to tell its customers to keep their hands on the wheel and eyes on the road. The carmaker has been criticised for still branding a suite of features as "Full Self-Driving Capability" and charging thousands of dollars for the package.

Musk's description of radar as a crutch also greatly differs from other companies trying to develop autonomous vehicles, including Alphabet Inc's Waymo and General Motors Co.-backed Cruise, which have emphasise using redundant sensors in case some fail.

BLOOMBERG

# PRESS REPORTS
# ON
# COMPANY NEWS

# Tata Motors loss down to ₹7,605 cr in Q4; revenue growth up 42%

## JLR write-downs slam brakes on bottomline

OUR BUREAU

Mumbai, May 18


Asset write-downs in Jaguar Land Rover weighed heavily on Tata Motors which reported a consolidated loss of ₹7,605 crore in the fourth quarter-ended March 31, 2021, compared to a loss of ₹9,894 crore in the corresponding quarter last year. The auto maker had reported a profit of ₹2,906 crore in the December 2020 quarter.

Exceptional charge of nearly ₹15,000 crore was recognised under Jaguar Land Rover, including asset write-downs of £951.83 milllon (₹ 9,606 crore) on models cancelled and restructuring costs of £533.88 million (₹ 5,388 crore). JLR also reported a pre-tax loss of £952 million for the quarter and pre-tax loss of £861 million for the full year, besides an impairment charge of ₹1,418 crore for the year ended March 31, 2020.

The company's consolidated revenue from operations grew by 41.8 per cent year-on-year to ₹88,627.9 crore in Q4FY21. On a standalone basis, Tata Motors reported a net profit of ₹1,646 crore as against a loss of ₹4,871 crore in the year-ago period.

### Lockdowns, chips shortage

The company said the supply situation over the next few months is likely to be affected by disruptions from Covid lockdowns in India and semi-conductor shortages worldwide. "We expect Q1 FY22 to be relatively weak due to this as well as rising commodity inflation and expect to improve gradually from the second quarter," the company said in a statement.

For FY22, Jaguar Land Rover is still targeting an EBIT margin of at least 4 per cent and break-even free cash flow after £2.5 billion of investment and £0.5 billion of restructuring costs that have already been accrued.

Thierry Bolloré, Jaguar Land Rover Chief Executive Officer, said, "Our strategy is ambitious, and it will make us more agile, efficient and sustainable. Although it is still early days, we have made significant progress in implementing it. This has reaffirmed my confidence that we have the right strategy, the right people and the right product-plans to deliver against our targets."

Tata Motors said sequential improvement in overall performance is expected from the second quarter of FY22. The company targets to deliver over 2.5 per cent EBIT with positive free cash flows. Guenter Butschek, CEO and MD, Tata Motors, said, "The auto industry was deeply impacted by Covid-19 in FY21 but as the lockdown eased, pent-up vehicle demand resulted in steady growth."

Business Line 19th May 2021

# Royal Enfield to recall 2.36 lakh units to fix defect in ignition coil

## Select Classic, Bullet and Meteor models identified for recall

OUR BUREAU

New Delhi, May 19

Royal Enfield on Wednesday said it is recalling close to 2,36,966 motorcycles of the Classic, Bullet and Meteor models due to defect in the ignition coil, commonly used in these models.

"Royal Enfield has discovered a defect in one of the parts used across some of the motorcycle models that we manufacture and sell. The defect is in the ignition coil that can cause misfiring, reduced vehicle performance and in rare cases, an electric short circuit," the company said in a statement.

Of these, the company will call in Meteor motorcycles manufactured and sold between December 2020 and April, and the Classic and Bullet manufactured and sold between January and April this year.

### Inspection, replacement

The motorcycles will undergo inspection and replacement of the said defective part, if required. The company estimates that less than 10 per cent of these motorcycles will require replacement of the part.

"The defect was discovered during routine internal testing, and the issue has been clearly identified and isolated to specific batches of material sourced from our external supplier between December 2020 and April 2021," it said.

While the issue is rare and does not impact all motorcycles manufactured during the above mentioned period, in keeping with safety regulations and as a precautionary measure, Royal Enfield has decided to undertake a proactive, company-initiated recall of select motorcycles models produced in the above mentioned period, the company said.

The company also said the proactive recall action will be applicable to Meteor, Classic and Bullet model motorcycles sold in India, Thailand, Indonesia, Philippines, Australia, New Zealand and Malaysia between the respective periods mentioned above.

Royal Enfield service teams and/ local dealerships will reach out to consumers whose motorcycle vehicle identification number (VIN) number falls within the manufacturing period mentioned above, it added.

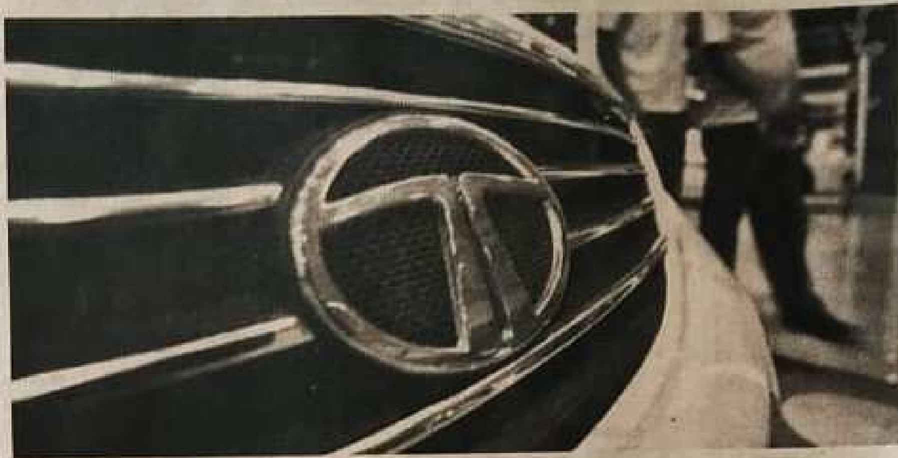
Business Line 20th May 2021

Business Standard 18th May 2021

# TaMo is vulnerable to near-term headwinds

## Its net worth has shrunk again; leverage ratio is up to a decade high

**KRISHNA KANT**
Mumbai, 19 May



Tata Motors has been one of the top-performing index stocks during the pandemic period. The Mumbai based automaker's stock price is up 343 per cent since the end of March last year against a 69.3 per cent and a 74.8 per cent rise in the Sensex and the Nifty50, respectively. The rally in Tata Motors was driven by expectations of a sharp rebound in the company's revenue and profits in the second half of FY21 after a poor showing in the previous three years.

The company's results for Q4FY21, however, suggest that investors are in for a long haul and there's no quick fix to the company's operational and financial problems at its Jaguar Land Rover (JLR) division, which account for nearly 80 per cent of its net sales.

"Tata Motors performance in Q4FY21 was a mixed bag as the overall operating performance was in line. JLR's performance was restricted by an adverse mix despite a sharp beat in volumes," wrote analysts at Motilal Oswal Securities.

According to the brokerage, the first quarter of FY22 would be challenging for both domestic business and JLR division of Tata Motors.

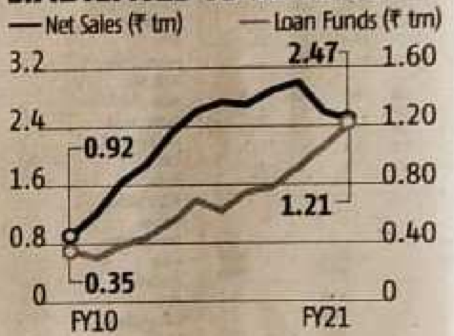
The market didn't take this positively, especially given the 15 per cent rally in the past two weeks and the stock doubling in the past five months. On Wednesday, Tata Motors was the biggest loser among Nifty50 companies, down 5.5 per cent against a 0.5 per cent decline in the Nifty.

Kotak Institutional Equities is cautious on the company's prospects. "We believe the JLR business is trading at expensive valuations. We believe competition is quite aggressive in the electric vehicle space and JLR will launch its pure electric vehicle much later than the competition, which can lead to market share loss. Also, JLR's investment in the EV space is quite weak as compared to other global players," it adds.

### RACING AHEAD


Note: Latest share price is for May 19, 2021

### LIABILITIES VS REVENUES




Source: Capitaline

The company reported a consolidated net loss of ₹7,605 crore in Q4FY21, lower than the net loss of ₹9,894 crore a year ago, but far from the net profit of ₹2,906 crore in the December 2020 quarter. Losses for the full financial year ended March 2021 widened to ₹13,451 against a loss of ₹12,071 crore in FY20. While the company said the losses in Q4FY21 and FY21 were not operating losses but an impairment in JLR assets, they translated into the second annual decline in the company's net worth or shareholder equity in the past four years.

Consolidated net worth or equity was down 12.2 per cent to ₹55,247 crore at the end of March 2021, from ₹63,079 crore a year ago. The company's consolidated equity is now down 42 per cent from its all-time high of ₹95,428 crore at the end of March 2018.

A contraction in equity means that post-results, Tata Motors stock is now more expensive on the price-to-book value basis than before despite a fall in its share price on Wednesday, raising the possibility of a further decline in its share price.

A decline in Tata Motors net worth also means that its balance sheet leverage or gross debt to equity reached a 10-year high of 2.1x at the end of FY21 against around 2x a year ago. This may also weigh on the company's valuation in the near-to-medium term.

The company, however, reported a cash profit of around ₹10,000 crore in FY21 on a consolidated basis higher than the cash profit of ₹9,355 crore in FY20. The net loss in Q4FY21 was, however, nearly 10 per cent less than the Street consensus estimates, while sales were slightly ahead of estimates.

*More on business-standard.com*

# Rane Madras net loss narrows to ₹14.7 crore

## Consolidated revenue grew 40.6% to ₹412.89 crore

OUR BUREAU
Chennai, May 21

Auto parts firm Rane Madras' net loss for the fourth quarter narrowed to ₹14.7 crore, against a net loss of ₹17.3 crore in the year-ago quarter.

The company, which is part of the Rane Group, is into the manufacture of steering and suspension products and light metal casting components for the automobile industry.

Consolidated revenue of the company, on a year-on-year (Y-o-Y), basis in Q4 FY21 grew 40.6 per cent to ₹412.89 crore (₹293.63 crore).

### Second wave impact

"RML (Rane Madras Limited) posted robust sales growth in Q4 FY21 on the back of a favourable demand environment across market segments. The intensity of the second wave and resultant lockdown is likely to impact the growth in Q1 FY22. We continue to prioritise safety of our employees and focus on cost management to navigate the challenging times." L. Ganesh, Chairman, Rane Group, was quoted in a press release.

L. Ganesh, Chairman

"The intensity of the second wave and resultant lockdown are likely to impact the growth in Q1 FY22."

Standalone revenue on a Y-o-Y basis grew 46.6 per cent to ₹380.4 crore (₹259.4 crore) during Q4FY21 while standalone net loss widened to ₹56.6 crore as against a net loss of ₹34.1 crore in the year-ago quarter.

"Net loss stated includes an impairment provision towards investment in the US subsidiary of ₹62.5 crore in Q4 FY21 compared to ₹37.6 crore in Q4 FY20," the company said.

# Auto-parts maker Wheels India posts ₹25.5-crore profit in Q4

OUR BUREAU
Chennai, May 21

Auto-parts maker Wheels India expects the demand for tractors to be stable as all the major factors affecting rural demand continue to remain strong at the moment despite the second wave of Covid-19 pandemic.

"If the rural side gets hit, definitely there will be an impact (on tractor sales) but if you look all the factors that drive demand, they are still very strong," Srivats Ram, MD, Wheels India said, adding, "The MSPs (minimum support price) are strong, the water levels are fairly good, there is an expectation of good to normal monsoon, finance availability is there for the segment. So, given all these factors we believe that demand for tractors will continue to at least be stable if not strong."

Ram was addressing a virtual press conference to announce the Q4 results of Wheels India on Friday.

Wheels India, a TVS Group company, is a leading manufacturer of wheels for trucks, buses, agricultural tractors, construction equipment, utility vehicles and passen-

Srivats Ram, Managing Director

ger cars with manufacturing plants at Tamil Nadu, Maharashtra, Uttar Pradesh and Uttarakhand with a combined overall annual capacity of 10.3 million wheels.

"One domestic segment that has done outstandingly well last year is the agricultural tractors business. We saw fairly strong growth in the tractor industry, and we are able to grow our business not only in the domestic but also in the exports market," Ram said.

### Q4 performance

Meanwhile, the company has posted a standalone net profit of ₹25.54 crore in the fourth quarter of FY21 against a net profit of ₹4.62 crore in the year-ago period. Standalone revenue, on a year-on-year basis, grew 57 per cent to ₹853 crore (₹545 crore) during the compa able quarters.

For FY21, the company standalone revenue fell 9 p cent to ₹2,216 crore (₹2,43 crore). Ram said that the co tribution of exports to tot sales went up to 25 per cen in FY21, from 20 per cent i the previous year. In valu terms, exports increased t ₹565 crore (₹487 crore) du ing this period.

"While we have strong ex port demand for products the domestic business and t some extent execution of ex ports will depend on th state of lockdown in the re gions where our plants are, Ram said.

On a consolidated basis net profit in FY21 fell to ₹12 lakh from ₹47.32 crore while consolidated revenue fell by 10 per cent to ₹2,416 crore (₹2,680 crore).

"This year has been largely unprecedented because there was a national lockdown for the first 45 days so during the first quarter the company registered a loss of ₹51 crore, which is a significant difficulty that we had to overcome over the succeeding three quarters," Ram said.

# Mercedes launches two SUVs; for sale online too

Times of India 26th May 2021

TIMES NEWS NETWORK

**Pune:** German automaker Mercedes-Benz has announced the rollout of two sports utility vehicles in the Indian market under its flagship AMG brand — the GLA and the AMG GLA 35 4M.

Both vehicles will be manufactured at Mercedes-Benz's plant in Chakan.

While the automaker will sell the vehicles at its showrooms where permitted and now offers an online purchase option, with the caveat of possible delays in delivery.

"At this point, we stand firm on our 2021 strategy without any significant alterations. However, some delays can be expected in our product introductions due to the market challenges and sentiments. Interested customers can visit showrooms where allowed or order the GLA from our online store through a completely safe and secure contactless sales process," Martin Schwenk, MD and CEO of Mercedes-Benz India, said.

Business Line 21st May 2021

# Bosch posts five-fold jump in profit at ₹482 cr in Q4

## Demand from farm sector boosts performance

OUR BUREAU

Bengaluru, May 20

Aided by a significant increase in the demand from the agriculture sector, the country's leading auto parts company, Bosch Ltd posted a five-fold increase in net profit to ₹482 crore for Q4 of 2020-21 compared with ₹81 crore during the same period last year.

The company's total income during the quarter rose 40.27 per cent to ₹3,334.79 crore. The company announced a dividend of ₹115 per share for 2020-21. The capex for the current year has been set at around ₹200 crore which is lower than the ₹400 crore-600 crore capex in the previous years.

### Uncertainties remain

"Despite facing a spell of near-zero sales in the month of April and May in 2020, there has been a significant increase in the demand from the agriculture sector, mainly the tractor business. The industry showed continued signs of recovery since the second quarter of FY21, however, it remains impacted due to the uncertainties in the market. International market volatilities in the supply chain will also continue to impact the auto sector. Furthermore, we have seen growth in the Power Tools segment, especially in the construction and e-commerce sectors," said Soumitra Bhattacharya, Managing Director, Bosch Ltd and President of Bosch India, in a press statement on Thursday.

During FY21, Bosch Ltd made a provision of ₹743.8 crore, towards various restructuring, reskilling and redeployment initiatives.

Business Line 29th May 2021

# M&M turns the corner, posts ₹163-crore net profit in Q4

## Net revenue from operations increases 48%

OUR BUREAU

Mumbai, May 28

Mahindra & Mahindra Ltd (M&M) on Friday posted a consolidated profit-after-tax of ₹163 crore for the fourth quarter ended March 31 compared to net loss of ₹3,255 crore in the same period last year.

Net revenue from operations increased 48.1 per cent year-on-year (YoY) to ₹13,338.15 crore during the quarter. The results include the combined earnings of M&M and Mahindra Vehicle Manufacturers (MVML), which is a manufacturing unit of M&M.

Anish Shah, Managing Director & CEO, M&M Ltd, said,

Anish Shah, Managing Director & CEO, M&M Ltd

"Our associates deserve all the credit for outstanding performance in a tough year. We have delivered our promise on capital allocation actions and have seen very positive results. We are now focused on growth ... across our core businesses, growth gems and digital platforms".

The company reported an exceptional loss (net) of ₹839.89 crore in Q4 March 2021, representing impairment provisions for certain long-term assets and other exposures.

Farm equipment sector revenue increased 60 per cent YoY to ₹4,975.5 crore in Q4FY21, with the highest-ever fourth-quarter domestic volumes. Auto sector revenue was up 43 per cent YoY to ₹7,858.14 crore.

### Strong margins

Rajesh Jejurikar, Executive Director, M&M Ltd, said, "The strong margins and turnaround of global subsidiaries in farm equipment sector along with a robust automotive demand momentum through the focused SUV strategy has set the ground for us to now accelerate."

Operating margin improved to 14.7 per cent compared to 13.6 per cent in the corresponding quarter previous year despite a significant strengthening in commodity prices.

Manoj Bhat, Chief Financial Officer, M&M Ltd, said, " Our journey towards our goals of streamlining capital allocation and delivering superior returns has begun well. We are delighted by the robust operating cash flow in a year which saw the impact of the pandemic as well as multiple supply-side challenges."

### Announces dividend

The company also announced a dividend of 175 per cent of face value (₹8.75 per share) for FY21, which is 3.7 times FY20 dividend. "This is the highest-ever in the history of M&M, in light of the strong financial performance and to commemorate the 75th year of the company," said a press statement.

# MSIL ties up with 3 firms for production of O2 generators

ARINDAM MAJUMDER
New Delhi, 27 May

The country's largest carmaker Maruti Suzuki is collaborating with manufacturers to boost production of oxygen generators in the country.

Maruti has tied up with three small-scale companies — Airox Nigen Equipments, SAM Gas Products and Gaskon Engineers — for producing oxygen generators.

The company on Thursday said that as part of the pact, it has been able to increase the output levels of oxygen generators by over 10x.

"Maruti Suzuki decided to involve itself in scaling up production of oxygen generators by small scale units to help overcome the critical shortage of oxygen. We have, in less than a month, increased output levels by more than 10x," said Maruti Suzuki India (MSI) India chairman R C Bhargava.

Bhargava said the reason why the company focused on manufacturing and installing oxygen PSA (pressure swing adsorption) generators was because it provided oxygen at significantly lower cost, avoiding the high cost of transportation and reduced consumption of fuel.

"The government and hospitals need to study this option carefully for the future," he added.

Maruti is telling medium- and big-sized hospitals to install oxygen PSA generators. These generators will not only help with the oxygen shortage but also build efficiency as it will reduce the time taken for transportation and even the losses during the process.

# Renault-Nissan fights battle in HC as workers seek to halt ops

Renault-Nissan has told the Madras High Court it needs to continue production at its car plant to meet orders, rejecting claims from an employee union that Covid-19 safety protocols were being ignored at the factory, legal filings show.

Renault-Nissan India and workers at its plant in Tamil Nadu have been locked in a legal tussle after workers petitioned a court to halt operations because social distancing norms were being flouted and company-provided health benefits were outweighed by the risk to their lives.

In response, Renault-Nissan has argued in a court filing, which is not public, that there was a "compelling need" to continue operations to fulfil domestic and export orders. It said all Covid norms were being followed.

The case will next be heard on Monday at the HC when the state, which is also party to the case, is expected to file its response. A top Tamil Nadu state official told *Reuters* on Sunday automobile companies will be allowed to continue operations, but action will be taken against violations of social distancing protocols by any company. REUTERS

# 'ZF centres in India play critical role in developing platforms, solutions for global operations'

V RISHI KUMAR
Hyderabad, May 25

ZF Friedrichshafen AG (ZF), a €36.5-billion global technology company that supplies systems for passenger cars, commercial vehicles and industrial technology, is upbeat on India tech operations which play a critical role in development of its next generation mobility platforms. The India development centres, including the four-year Hyderabad facility, are playing a critical role in development of next generation platforms, solutions and middleware for the company's global operations and supplies. Dirk Adamczyk, Senior Vice-President, Engineering Services, Innovation, Technology, ZF Group, and Krishnaswamy Jambunathan, Head Tech Centre, India, explain how ZF is consolidating its India presence. Excerpts:

THE BL INTERVIEW

**The global mobility sector is in for a major transition. How is ZF seeking to address this transition?**

Mega trends like digitalisation are changing the mobility industry faster than expected. We have developed our 'Next Generation Mobility' strategy. It defines our goal of a clean and safe mobility. We are active in four technology fields: Vehicle Motion Control, Integrated Safety, Electric Mobility and Automated Driving.

Digitalisation and the Internet of Things (IoT) enable us to use our technologies not only in all mobility applications, but also in industrial technology.

Early 2021, ZF established the new Electrified Powertrain Technology Division that bundles conventional, hybrid and purely electric drive technologies for passenger cars.

In May 2020, ZF acquired WABCO and the integration process is well underway. Software and central computers have become new fields of business. ZF's long-term strategic alignment will now be further accelerated in the areas of electronics, software and autonomous driving.

For the first time, ZF also offers software products that customers can purchase independently of the hardware. ZF has founded a Global Software Center to accelerate the development of software solutions and to turn data-based products and services into profitable business models.

**Electric mobility is expected to gain popularity much faster than most anticipate. What are your plans for this segment?**

At the beginning of 2021, ZF established the new Electrified Powertrain Technology Division that bundles conventional, hybrid and purely electric drive technologies for passenger cars. With this approach, ZF has pushed the transformation to e-mobility.

*ZF has established itself as a committed and fast-growing systems supplier in this high growth potential region.*

DIRK ADAMCZYK
Senior Vice-President, Engineering Services, Innovation, Technology, ZF Group

The core of the product range is the inverter as a central component of the power electronics. In this segment, we want to become the market leader in Europe and a top global supplier. By the end of 2020, ZF has won orders for electric driveline components with a sales volume of €14 billion over the next several years.

Recently, ZF launched Energy Management Systems (EMS) to control the entire flow of energy in the electrified commercial vehicle. With a new EMS software solution, ZF provides another attractive proposal for the commercial vehicle market.

**Apart from electric mobility, which are the new areas ZF is looking at?**

We are active in four technology fields: Vehicle Motion Control, Integrated Safety, Electric Mobility and Automated Driving.

Digitalization and the Internet of Things (IoT) enable us to use our technologies not only in all mobility applications, but also in industrial technology.

**How has the Indian tech center grown and what are your plans? How is it contributing to ZF global business?**

Tech Center plays a critical support role in the area of systems & software development, function control and algorithm development, design and simulation in mechanical engineering, mechatronics and electronics engineering. It is focusing on software that would amount to 70 per cent of the R&D work and is playing a pivotal role in the development of the autonomous-vehicle technology, electric mobility, ADAS Systems, Vehicle Motion Control and Passive Safety Systems.

ZF TCI is growing at a fast pace and there is a plan to hire more than the 2,500 originally planned for 2021.

**What are ZF plans for India?**

ZF has been present in the Indian market for more than 6 decades and operates through eight legal entities. Two hundred per cent subsidiaries, five joint venture partners. Recently, WABCO India became part of the ZF Group through a global acquisition. The regional headquarters of the ZF in India is a multi-product facility in Chakan, Pune. Today, with a turnover of over €1.2 billion sales, 17 manufacturing facilities, 8 technical centers catering to mechanical and software design, development and application engineering needs of OEMs and a talented pool of over 20,000 employees, ZF has established itself as a committed and fast-growing systems supplier in this high growth potential region. ZF Aftermarket division provides a wide range of spare parts for product brands SACHS, Lemfoerder and TRW with strong service support.

We are active in four various technology fields and Digitalization and the Internet of Things (IoT) as also all mobility applications and industrial technology. We are working on ADAS, AI, Advanced Software and are developing platforms, solutions and middleware.

Business Line
26th May 2021

Economic Times 29th May 2021

TO LAUNCH 60 PRODUCTS ACROSS UVs, PICKUP TRUCKS AND TRACTORS

# M&M Lines Up ₹17k-cr Capex; SsangYong Write-offs Dent Q4

**Ketan Thakkar & Nehal Chaliwala**

**Mumbai:** Having successfully restructured the organisation by exiting businesses and right-sizing operations, Mahindra & Mahindra has lined up an investment of close to ₹17,000 crore or $2.3 billion over the next three years that will go into an aggressive product onslaught in the coming three years to recoup its lost share in utility vehicles and build on its leadership in the farm equipment business.

Of the planned capex, ₹6,000 crore will be allocated to the automotive business, ₹3,000 crore for the farm equipment business, ₹3,000 crore for the electric vehicle business and the remaining ₹5,000 crore for equity investment into other group companies. The ₹12,000 crore sans equity investment will mainly go into the development of new products and capacity expansion. The money will be deployed into 60 products across nine utility vehicles, small commercial vehicles and pick up trucks, tractors and two all-new electric UVs.

The combined revenue of M&M and its fully-owned manufacturing arm Mahindra Vehicle Manufacturers (MVML) came in at ₹13,338 crore during the fourth quarter ended March as against ₹9,005 crore in the year-ago period when the transition to BS-VI emission norms and Covid-19 disruptions hurt sales.

Net profit came in at ₹163 crore after exceptional charges of almost ₹840 crore. Of this, ₹440 crore was on account of SsangYong Motor as it didn't go through a pre-packaged bankruptcy resolution plan in South Korea.

Business Line 31st May 2021

# With strong order book, new model launch Royal Enfield confident on demand growth

**G BALACHANDAR**

Chennai, May 30

Royal Enfield is bullish on growth prospects this year due to a strong order book, pent-up demand and a surge in exports.

Royal Enfield said it has two-three months' order backlog, which will be catered to once the lockdowns are lifted.

"Demand is not an issue. We have a large backlog of orders. I think by the time production comes back after lockdown, we will also see strong pent-up demand," Vinod Dasari, Chief Executive Officer, Royal Enfield Motors said during Eicher Motors' Q4FY21 conference call. He expects things to ease from July and it won't be difficult for the company to ramp up the production to 82,000 units per month. It has the ability to manufacture up to one lakh units /month. Production capacity of its new model, Meteor, was increased to 15,000 units a month from 8,000.

Dasari also confirmed that the company would launch one new model every quarter. We have an exciting pipeline of new products. Probably, this year, we will have the highest number of new model launches from the Royal Enfield stable.

The company has 2-3 months of order backlog, which will be cleared once the lockdowns are lifted, says Royal Enfield

## Network ramp up

"In the past three years, the 500cc+ category bike segment has grown significantly in India as a percentage though it is not huge in the overall two-wheeler market. And the entire growth for this has come from Royal Enfield. We will continue to build the story and the brand in this segment with more products," said Siddhartha Lal, Managing Director, Eicher Motors. Along with the new model introduction strategy, the company has also been ramping up its network. In FY21, it added a total of 535 stores, including more than 100 outlets of what it calls 'main stores' and more than 430 studio stores, taking the total number of outlets to 2,056 across 1,750 cities (from 1,200 cities a year ago).

More than half of the studio stores were opened in Uttar Pradesh, Madhya Pradesh, Rajasthan, Odisha, Bihar, Andhra Pradesh, West Bengal where Royal Enfield's market share is lower than its India average.

In the international market, it plans to increase the exclusive stores from 132 in FY21 to about 175 by the end of this fiscal. In FY21, the company entered Japan, Cambodia, Costa Rica, and the Dominican Republic.

Royal Enfield garnered about 10 per cent of its revenue from international markets in FY21, up from about 4 per cent in FY19.

# Maruti digitises to click with buyers

## India's largest car maker is finding traction in the national roll-out of its digital financial services platform

PAVAN LALL
Mumbai, 30 May

A digital financial services platform that the country's largest car-maker Maruti Suzuki started as an idea and was piloted in Gurgaon two years ago has now gone nationwide in the expectation that more and more car buyers will go the online way.

"With Maruti Suzuki Smart Finance (MSSF) customers can choose the car model they want to buy, the dealer along with a bank of preference online in a matter of a few clicks," said Shashank Srivastava, executive director at Maruti Suzuki. "Earlier this service was available but customers had to migrate outside of the MSIL website in terms of executing the financial piece of the transaction."

The service is generating interest — as well as revenue and transactions. Over 80,000 customers have used it to configure on-road prices, close to 20,000 buyers have received sanction letters since inception and MSSF has disbursed around ₹1,150 crore to date for the service. MSSF is partnered with two public sector banks, seven private banks and five NBFCs — 14 partners in all. Those include HDFC Bank, Yes Bank, ICICI Bank, IndusInd Bank, Cholamandalam Finance, AU Small Finance Bank, Mahindra Finance and Kotak Mahindra Prime.

Maruti is not an outlier, of course; other heavyweights have rolled out similar services. In January last year, India's second largest car maker Hyundai launched its Click to Buy platform and sells its cars in over 1,150 Hyundai touchpoints. In April last year, Tata Motors launched Tata Motors Click to Drive that also offers end-to-end digital services, including finance, for 750-plus outlets across the country. Mahindra & Mahindra's Own-Online platform was launched in May 2020, offering car buyers a four-step process to access online finance and insurance for selected Mahindra vehicles. But as an analyst pointed out, Maruti's all-India roll-out has significant impact given that it accounts for over half of all cars sold.

### The digital log

- Process began in 2019 to digitise 23 of the 26 touch points involved in buy a car
- Pilot started in June 2020 with three financiers for Nexa (upscale channel)
- Expanded by December 2020 to 30 cities for Nexa outlets
- Expanded for Arena (regular dealer channel) in January 2021

The idea of the project for Maruti started in May 2019 driven by customer behaviour in the direction of digital processes. Maruti officials explained that there are 26 touchpoints that are part of the car buying process — from visiting the showroom and grabbing a brochure to testing the car. Twenty-three of those were digitised by 2019; the three that were not were the finance process, the test drive and the actual delivery, the last two of which will have to remain physical.

Maruti first kicked off its pilot in June 2020 with three financiers for its premium Nexa channel of outlets, and found the results encouraging. "Four months from the pilot to September, we had expanded it to ten cities and by December it had gone up to 30 cities all for Nexa," Srivastava said. "By January this year, we also launched it for Arena (the regular dealer channel) which accounts for the majority of the company's sales."

How exactly does it work? Customers can upload personal details after they select a car and once they get an online sanction letter they proceed with their transaction in less than a week and receive delivery of their vehicles subject to availability and delivery permissions in their city of order.

The digital service is faster for pre-approved customers who need not upload any documents and according to the company one-time document collection slashes the turnaround time and makes the customer process faster and more efficient.

Maruti sells around 1.4 million cars a year of which 80 per cent are sold through financing, Srivastava said, adding that the company expects to get around 20 per cent of sales directed to the online channel in a year or so.

Why exactly did Maruti create the end-to-end digital car-buying and financing experience? Srivastava said one part of it was to retain customers and prevent them from digitally journeying out to other bank websites that then would offer them a variety of vehicle choices based on their alliances and tie-ups.

Analysts who track the sector said online sale is one of the major changes in the car market. "Digitalisation of the sales process has been a key outcome of the pandemic. Since about 80 per cent of passenger vehicles are financed, the related steps are important elements of the sales process, so, it's an eventuality that happened," says Suraj Ghosh, principal analyst - South Asia Powertrain Forecasts, IHS Markit.

The other driver for Maruti to build such a platform was to retain customers who were moving away. "This platform also looks to counter aggregators like online car sellers, and protect the interest of their (Maruti) dealers who benefit with sales in finance deals," Srivastava said. MSIL has over 3,100 dealerships countrywide.

Why does Maruti think this will be successful in the long term? One reason is that before even walking into a car dealership, most potential buyers have already started their shopping process online, browsing cars and finance options. Research from the BCG Google Digital Lending Survey indicates that about 95 per cent of customers search online for cars. In addition, 43 per cent of buyers have already decided on two or three models before entering dealerships. More than half of all customers search for finance online during their car journey and since no finance company had an online end-to-end finance journey, there was a void for online aggregators like BankBazaar, Paisabazaar and CarDekho to fill, Srivastava said.

In that sense the push for auto finance online is more about strategy than technological upgrade. "The break in the journey in terms of searching for finance outside creates the potential for losing the lead to other OEMs as well," he added.

The bottom-line is, as Ghosh said, "Auto companies and their dealers that don't have an effective digital strategy are and will automatically get left behind the curve." But the question that abounds and will remain to be answered in the years to come when digital finance and sales take off, is whether the established bricks-and-mortar channels remain or get reset.

# Renault Nissan Workers Refuse to Start Ops, Make Demands over Covid Safety

## TN plant workers move court alleging safety protocols not being followed

Dia.Rekhi@timesgroup.com

**Chennai:** Workers at the Renault-Nissan plant have decided not to get back to work on Monday following a meeting that was held on Sunday where it was decided that until the management accepts their demands and assures them of safety protocols being followed, the workers would not resume operations at the plant in Tamil Nadu from Monday.

"We had talks with the management and while they have met some of our demands they have not said anything concrete on two aspects - compensation and reduced footfall," Renault Nissan India Thozhilalar Sangam (Workers' Union) President K Balaji Krishnan told **ET**. "We have decided not to go to work from Monday as we feel that we need assurance that they will adequately compensate both the families who have lost a member to Covid and also those who have contracted the virus. We had also asked the management to space out the shifts so that social distancing can be practised better. For instance, if there are 300 workers in three shifts, we asked them to make it five shifts with the same number of workers. While the management has said they will look into all these aspects, we will not go to work till we are convinced."

Last Tuesday, the company's management took a decision to suspend operations at its plant in Tamil Nadu after workers took the carmaker to court alleging that safety protocols were not being followed at the plant. The Madras High Court on its part, ordered the Tamil Nadu government to supervise operations at the Renault-Nissan plant.

"It is imperative that some kind of supervision be maintained by the state through the appropriate officers so that the workmen at Renault are not forced to work in conditions that may put their health in danger," the court had said on Monday.

# PRESS REPORTS
# ON
# RAW MATERIALS

Economic Times 24th May 2021

# 'JSW Steel's Strategy of Counter-cyclical Investment Pays Off'

## It has helped co reap benefits of record-high commodity prices and gain better margins, says joint MD Seshagiri Rao

**Bhavya.Dilipkumar**
@timesgroup.com

**Mumbai:** JSW Steel's strategy to invest during the counter-cyclical environment in the steel sector has helped the company to reap the benefits of record-high commodity prices and achieve better margins with increased capacities, said the company's joint managing director, Seshagiri Rao.

"If you see JSW Steel's track record, we always differentiate ourselves as the investors who does investment in the counter-cyclical environment...We took a capital expansion plan of ₹48,000 crore for the last three years and we have done it at the right time," Rao said in an interaction with **ET**.

JSW Steel in the last quarter of FY 21, reported a 22 times increase in quarterly profit, its highest ever at ₹₹4,191 crore compared with ₹188 crore a year ago. Its net profit for FY21 was ₹7,873 crore, up by 101% from ₹3,919 crore in FY 20.

The company for the financial year 2022, has announced a capex of ₹25,115 crore, including sustenance and other Capex of ₹6,565 crore spread over three years from FY22 to FY24. The company has plans to increase its capacity in Vijayanagar by 5 mtpa with an investment of ₹15,000 crore, the company is planning to invest ₹3,450 on increasing efficiencies in mining assets and is planning to set up a 120 ktpa colour coated facility in Jammu and Kashmir for ₹100 crore.

**AGAINST THE TIDE**

If you see our record, we always differentiate ourselves as investor who does investment in counter-cyclical environment

**SESHAGIRI RAO**
Joint MD, JSW Steel

"We are an 18 million tonne steel company, just before all the expansion. Now an additional 5 MT of Dolvi, 2.5 million tonnes of Bhushan Power and Steel and one million tonnes of Monnet makes us a 27 million tonne company," said Rao.

However, after all the current and new expansion the company will be at around 37 MTPA in the next three years, Rao said.

The company's debt as of March 2021 is around ₹52,615 crore, as against ₹53,473 crore in the same period last year. Rao said that as the capacities go up, the increased cash generation will help in paring down the debt. The company's debt to equity has improved from 1.48 times in FY 20 to 1.14 times in FY 21.

"There is ₹800 crore of reduction. It has happened after investing ₹15,000 crore in Asian Colours, ₹5,200 crore in Bhushan and ₹8,233 crore of sustenance and other CAPEX...The cash generation out of 18 million tonne capacity and out of 27 million tonne capacity will be different," he said.

JSW Steel had been guiding a Debt to Ebitda of 3.75 times but has changed the target to 2.75 times for FY22, Rao said "our focus is to deleverage, but at the same time growth should not be compromised".

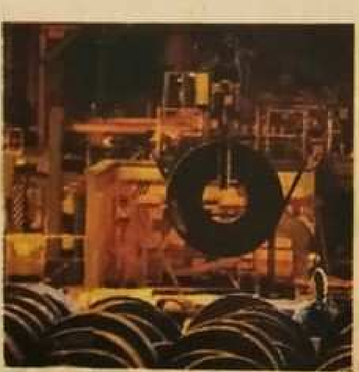
Steel prices have hit record-high levels in the last year, with top steelmakers announcing at least 7-9 price hikes in the lastv six months. Indian HRC prices is around ₹57,000 to ₹58,000 per tonne currently.

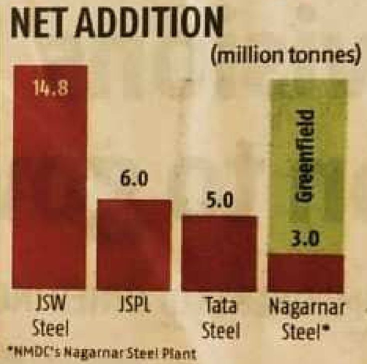
"Globally the prices have gone up in a massive way. If someone wants to import from China the price is around ₹82,900 a tonne for HRC. So, we will analyse the demand scenario and decide whether we need to announce another hike. However whatever increase happened globally has not been reflected in the Indian steel prices," Rao said.

The company's production was at 4.19 million tonne in Q4 of FY21, and it was hit by 5-10% due to oxygen supply to the government and also due to iron ore availability pressure

# Steel companies likely to add 29-mn tonne capacity in 5 yrs

ISHITA AYAN DUTT
Kolkata, 27 May






*NMDC's Nagarnar Steel Plant

Steel companies are looking to restart expansion projects on the back of surging steel prices. In the next five years, about 29 million tonnes is likely to be added, with most of it expected by FY24.

JSW Steel is looking to add 14.8 million tonnes across Dolvi (Maharashtra), Vijaynagar (Karnataka) and at Bhushan Power & Steel facility in Jharsuguda (Odisha). Tata Steel has restarted its five million tonnes expansion project at Kalinganagar (Odisha). Jindal Steel & Power (JSPL) is planning to add six million tonnes at Angul (Odisha).

Additionally, NMDC's Nagarnar Steel Plant is expected to commission its three million tonnes greenfield steel plant. Together, the expansion projects add up to about 29 million tonnes.

JSW Steel's Vijaynagar plant is at 12 million tonnes. Seshagiri Rao, joint managing director (MD) and group chief financial officer, JSW Steel, said that the hot metal capacity at the four units in Vijaynagar is being expanded and will give one million tonnes of extra capacity. That will happen this year.

A five million tonnes expansion at Vijaynagar, approved by the board, will be commissioned in March 2024, at a capex cost of ₹15,000 crore. The revamp of a blast furnace will add another 1.5 million tonnes. "That project was put on hold as we wanted to shut down after the Dolvi expansion. Once Dolvi happens, it can come in," Rao said.

The expansion at Vijayanagar will take the capacity at the location to 19.5 million tonnes by 2024. The commissioning of Dolvi expansion by 5 million tonnes, which got delayed due to the second wave of Covid-19, is expected to take place by the end of September. Also, there are plans to increase Bhushan Power & Steel's capacity to five million tonnes from 2.7 million in three years. The country's other private sector steel major, Tata Steel, recently said it had restarted its 5 million tonnes of expansion project at Kaliganagar (Odisha). It is expected to be completed in FY24.

Jindal Steel & Power, too, said it would expand capacity from six million tonnes to 12 million tonnes in Angul, which would take its overall capacity to 16 million tonnes in India. The capex is pegged at ₹18,000 crore. V R Sharma, MD, JSPL, said the three million tonnes expansion would be commissioned by 2024 and the balance three million tonnes by 2026. He said steel capacity would have to be augmented for India to achieve 300 million tonnes capacity.

For the past one year, steel prices have been on an uptrend, touching record levels. Jayanta Roy, senior vice-president, ICRA, said, upturn in the steel industry has continued unabated since the second quarter of FY21, leading to strong cash flows for players. "With a better financial health, leading companies are now better placed to undertake expansion projects than they were in the past several years," said Roy.

Major steel companies used the current cycle to deleverage and strengthen the balance sheet. Tata Steel's net debt fell by ₹29,390 crore to ₹75,389 crore in FY21; JSPL saw consolidated net debt reduce by ₹13,773 crore in FY21 and government-owned SAIL reduced gross debt by around ₹16,150 crore to ₹35,330 crore (provisional) as on March 2021. JSW reduced ₹858 crore in debt after a cash spend of ₹15,000 crore in organic and inorganic growth last year.

India's capacity for domestic crude steel expanded from 128.27 million tonnes in 2016 to 142.72 million tonnes in 2020. However, Sharma said, with many small plants shut, effective capacity would be 120-125 million tonnes.

# Fall in demand to dent rising steel prices

## But strong export orders to come to the rescue of producers, says India Ratings

OUR BUREAU
Mumbai, May 28

The second wave may impact auto, consumer durables demand

The soaring steel prices may finally face a headwind with the sharp fall in demand from user industries due to Covid-induced restrictions. Finished steel consumption last month was down 23 per cent at 6.78 million tonne compared to March. Steel consumption is likely fall in June quarter compared with the March quarter.

However, year-on-year, it will still be higher due to complete lockdown across the country in last June quarter. The second wave is likely to impact auto and consumer durable demand and partially delay construction and infrastructure activities.

"However, the strong export demand and higher international prices would enable steel producers to increase export levels, although high freight and shipping costs and container availability could be areas of concern," said India Ratings.

Domestic hot rolled coil prices increased 3 per cent m-o-m and 78 per cent y-o-y in mid-May to ₹65,250 a tonne. Similarly, domestic rebar prices increased ₹3,000 a tonne m-o-m to ₹56,000 a tonne in May. Steel prices increased due to higher export orders, leading to a lower supply within the trade segment, strong global demand and high international steel and iron ore prices.

"However, domestic demand is likely to be subdued due to the lockdowns and increased infection rates, thereby impacting auto and consumer durable demand," it said.

### Chinese impact

The fall in Chinese future prices over the last week could partially impact India's export orders and domestic prices over the near term. "Considering the Chinese government's effort in checking prices of steel and lower demand expectation due to the lockdown, domestic and international prices are likely to face headwinds, but would remain higher than pre-Covid levels," said the rating agency.

Crude steel output in April was down 17 per cent m-o-m at 8.3 mt as steel companies diverted oxygen for medical purposes.

Business Line
29th May 2021

Business Standard 28th May 2021

# Non-availability of O2 hits steel production

ADITI DIVEKAR
Mumbai, 27 May

With the government banning the use of liquid oxygen for industrial or non-medical purposes, the domestic secondary steel sector has taken a big hit.

The secondary steel sector contributes nearly 50 per cent to the total domestic production annually.

Integrated players expect the overall steel production to fall 8 to 10 per cent in the current financial year. "We have shut our plant and are losing 20,000 tonnes of steel every month in production due to non-availability of oxygen. We do not know when we will be able to restart the unit, as there is uncertainty," R K Goyal, managing director of Kalyani Steels, told *Business Standard*. The BSE-listed company is in the business of special steels, with its manufacturing facility located in Hospet, Karnataka.

"There has been no steel production in the last 18-19 days due to non-availability of oxygen. Until then we were managing with in-house supply inventory that we had. Now, the plant is shut entirely," an official at Mahindra Sanyo Special Steel said on condition of anonymity. The company runs a 200,000-tonne steel plant at Raigad in Maharashtra.

RP Steel and Arora Steel are among the other secondary speciality steel players impacted by the unavailability of oxygen. According to the Joint Plant Committee data, India's domestic steel production in the first 11 months of FY21 stood at 85.6 million tonnes, down 10.3 per cent compared to the same period last year. Consumption was also down by 9.9 per cent to 84.69 million tonnes.

Tata Steel, Naveen Jindal-led Jindal Steel & Power, Sajjan Jindal-led JSW Steel, state-owned Steel Authority of India (SAIL), and AM/NS India are among the integrated primary steel producers that have already diverted their captive oxygen for medical use. This is expected to hit their production by 8-10 per cent in the current fiscal year.

Industry officials were of the view that not all secondary producers were impacted due to the oxygen ban. According to P K Sen, secretary general of Institute for Steel Development & Growth, secondary producers that use induction arc furnaces to make steel do not require oxygen as the furnace does not produce speciality steel. "It only produces construction material such as TMT bars. Due to this, those players will remain unaffected," he added. The secondary steel sector is unorganised and scattered, so the ratio of those running electric arc furnaces (EACs) and induction arc furnaces (IAFs) is unavailable.

Despite domestic steel production taking a hit, the supply side is not likely to be much impacted due to weak demand in the market. "Demand has come down. So supply not being there is not hurting the market at this juncture," said Goyal of Kalyani Steels.

Steel consumers are also hoping for a price correction in the coming months due to lower demand. Vimal Kejriwal, managing director and chief executive officer at KEC International, a Mumbai-based capital goods company, said, "Prices of steel continue to remain high, but since there is enough supply in the market amid weak demand, we are expecting a price correction, which can help us compensate for paying higher prices."

# PRESS REPORTS
# ON
# GOVERNMENT POLICY

Economic Times 19th May 2021

**Bit by Bit** Government takes notice of rising popularity of crypto currencies

## Govt may Set up New Panel to Study Crypto Regulations

**RETHINK** Many consider 2019 Subhash Garg committee report, recommending blanket ban, dated

**Ashwin Manikandan & Saloni Shukla**

**Mumbai:** The government may form a fresh panel of experts to study the possibility of regulating cryptocurrency in India, three sources privy of the discussions told **ET**. This comes amid the prevailing view that the recommendations by a committee headed by former finance secretary Subhash Garg in 2019 for a blanket ban on these assets had become outdated.

The new committee's ambit could be to explore the use of blockchain for technological enhancement and suggest ways to regulate cryptos as digital assets instead of a currency.

The committee may also be asked to study ways to operationalise the Reserve Bank of India's proposed digital rupee.

"There is a view within the government that the recommendations made by the Subhash Garg are dated and a fresh look is needed at use of cryptos rather than a total ban," an official in the know of the matter said.

These discussions are at an early stage and no formal resolution has yet been passed.

Sources told ET that the finance ministry was monitoring the growing volume of cryptocurrency trading in India and is talking to stakeholders on potential supervisory risks.

Minister of State for Finance and Corporate Affairs, Anurag Thakur, had earlier met with members from the crypto and banking industry forums in this regard.

**Fresh Start**

- The new committee to explore the use of blockchain for tech enhancement
- Suggest ways to regulate cryptos as digital assets
- To study ways to operationalise RBI's proposed digital INR
- Finance ministry is monitoring the growing volume of crypto-currency trading in India
- Ministry is engaging with stakeholders on potential supervisory risks
- No formal resolution in this regard yet

Thakur is among the dozen or so names under consideration who may be part of the committee, which could also have representation from the opposition party. ET could not, however, independently verify the composition of its members.

Finance minister Nirmala Sitharaman's team is expected to brief her later this month around ongoing developments in the cryptocurrency space, amid a massive traction on crypto exchanges on sustained retail demand, another source said. Emails to the Ministry of Finance and the office of Anurag Thakur did not elicit responses till press time Tuesday.

Both Sitharaman and Thakur have in recent months said publicly that the government would take a "calibrated" approach in regulating cryptocurrency rather than impose an outright ban.

The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 was scheduled to be tabled in the Budget session of Parliament in March. However, it was deferred for reasons not made public.

Business Line 19th May 2021

## Commerce Ministry likely to ask RBI to extend Interest Equalisation Scheme

### Exporters say access to cheaper credit essential to retain competitiveness

**AMITI SEN**

New Delhi, May 18

The Commerce Ministry may ask the RBI to extend the Interest Equalisation Scheme for exporters beyond June 30, 2021, till the end of fiscal 2021-22, to help exporters gain back lost ground due to the on-going Covid-19 pandemic.

The Interest Equalisation Scheme is popular with exporters as it allows all eligible sectors to access credit at lower interest rates with the government providing a subsidy.

"A number of exporters and export bodies have asked the government to provide the interest equalisation benefit for the entire year because without the subsidy their competitiveness would be hit further since the pandemic related uncertainties were continuing to pose a challenge," an official told *BusinessLine*.

**Scheme benefits**

The scheme, announced in April 2015, extends a subsidy on interest provided to exporters on pre- and post-shipment export credit varying between 3 per cent and 5 per cent. The banks give credit at lower interest rates to exporters and the government then refunds the difference in amount to the banks. Exporters from 416 identified sectors are eligible for this benefit in addition to all the export units belonging to the MSME sector. Last fiscal, the Interest Equalisation Scheme got extended by a year simultaneously with a one-year extension of the old Foreign Trade Policy (FTP) announced in 2015. A new five-year policy could not be announced due to the pandemic. In the current fiscal, the FTP has been extended till September 30.

The budget made a provision of ₹1,900 crore for the scheme

"The Commerce Minister recently had an interaction with export bodies where there were requests for an extension of the Interest Equalisation Scheme beyond June 30. Exporters say that they are already fighting competition at several fronts, especially from countries like Vietnam and Bangladesh that were given preferential market access in developed countries, and the withdrawal of the scheme could deal a further blow to their competitiveness," the official said.

The Union Budget for 2021-22 has made a provision of ₹1,900 crore for the Interest Equalisation Scheme so funding should not be an issue, the official added.

India's exports had posted a fall of 7.26 per cent in the financial year 2020-21 to $290.63 billion as outbound shipments had been hit massively due to lockdown. Exports in April 2021, however, have shown a sharp recovery encouraging the government to fix the export target for the on-going fiscal at $400 billion.

Business Standard 21st May 2021

# Scheme for MSMEs may be revamped

SHREYA NANDI & NIKUNJ OHRI
New Delhi, 20 May

Stung by mounting criticism, the Centre is considering a revamp of the stressed asset guarantee scheme for small businesses a year after it was announced as part of the government's Aatmanirbhar Bharat package.

As part of the government's ₹20-trillion economic stimulus package in May last year, Union Finance Minister Nirmala Sitharaman had announced the Credit Guarantee Scheme for Subordinate Debt, under which personal loans are given to promoters of stressed micro, small, and medium enterprises (MSMEs). The money is infused by the promoter as equity into the business unit.

Towards this the government is facilitating a provision of ₹20,000 crore as subordinate debt.

The scheme was launched to benefit 200,000 small and medium businesses. It received Cabinet approval on June 1, 2020, and was operationalised in August last year.

As of May 14, guarantees of only ₹68.39 crore had been issued, benefiting 632 businesses, a senior government official told *Business Standard*. "There aren't many takers for the scheme. The response has been low. People are not coming forward to opt for it. Banks have started reaching out to companies where accounts are likely to become non-performing assets (NPAs)," the official cited above said.

The demand for the scheme has remained tepid owing to eligibility constraints, cumbersome processes laid down by banks, and promoters' reluctance to avail themselves of it.

The MSME ministry has asked banks and the Indian Banks' Association (IBA) to suggest how to make the scheme attractive. Thereafter, the proposed changes will be discussed with the finance ministry's Department of Financial Services, the official said. Sanjay Aggarwal, president, PHD Chamber of Commerce and Industry, told *Business Standard* the scheme could prove helpful, but due to lack of awareness, it had little impact.

"One more reason for the weak response to the scheme is its complex model. A circuitous route is required to regularise distressed accounts instead of banks providing loans directly to distressed MSMEs on the guarantee of owners. This would have made the scheme more attractive and extend the intended benefits to the distressed MSMEs," Aggarwal said.

**As of May 14, guarantees of only ₹68.39 crore had been issued, benefiting 632 businesses, a senior government official told *Business Standard***

"One of the key reasons for a low response (towards the scheme) is that loans are being given to promoters and not to enterprises. Promoters are not willing to take the risk in their personal capacity," the official cited above added. The promoters are required to bring in 10 per cent of the sub-debt amount as collateral, which is an issue, another official said.

According to the guidelines, subordinate debt is provided by banks and guaranteed through the Credit Guarantee Trust for Medium and Small Enterprises (CGTMSE). The promoters are given a loan equal to 15 per cent of their stake in the company or ₹75 lakh, whichever is lower. The MSME ministry is offering ₹4,000 crore support to the CGTMSE.

The scheme is applicable to the MSMEs whose accounts were standard on March 31, 2018, and have been in regular operations.

Business Line 27th May 2021

# RoDTEP: Govt explores hiking outlay to include all eligible sectors

## Govt wary of excluding eligible sectors, fixing a cap given the sensitivity involved

AMITI SEN
New Delhi, May 26

With requests pouring in from exporters across sectors for speedy announcement of rates under the new Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, the Commerce Ministry is working with the Finance Ministry to see if the outlay could be raised to ensure all eligible sectors get covered for input tax refunds to the extent possible, sources have said.

"The government is finding it difficult to either exclude any eligible sector from the scheme or fix a significant cap on it to limit expenses as these may be politically sensitive decisions. This is the major reason behind the delay in announcement of rates. The Finance and Commerce Ministries are, therefore, now seriously examining if the outlay for the scheme could be increased enough to give all sectors their due," a person close to the development told *BusinessLine*.

Exporters are getting restless waiting for the rates under the scheme as it has been delayed by almost five months.

The RoDTEP scheme, announced on January 1 with the simultaneous withdrawal of the popular Merchandise Export from India Scheme (MEIS), seeks to refund exporters the embedded duties/taxes that are not rebated under other schemes. These include VAT on fuel used in transportation, mandi tax and duty on electricity used during manufacturing.

### More transparent

The MEIS had to be withdrawn as the refund rates under the scheme were broadly fixed without transparent linkages with actual taxes paid by exporters and was therefore not compatible with WTO norms. The rates under the RoDTEP scheme have, however, been painstakingly calculated by a committee headed by former Home and Commerce Secretary G K Pillai, and are much more transparent.

While the Finance Ministry had initially projected that the outlay for the RoDTEP scheme would be around ₹50,000 crore, at par with the MEIS scheme, it was later pared to just ₹13,000 crore in the Budget for 2021-22 due to the fund crunch the government is facing.

"The Finance Ministry apparently had agreed to increase the budget from ₹ 13,000 crore to about ₹16,000 crore in its internal meetings but that has also not proved to be sufficient. However, according to fresh calculations made based on the Pillai committee rates, it appears that if the government stretches its budget by another ₹ 4,000 crore-₹ 5,000 crore, then the needs for the RoDTEP scheme for 2021-22 could be met," the source said. Finances, however, remain a big constraining factor, the source added.

### Exporters restless

Exporters are getting restless waiting for the rates as it has been delayed by almost five months. Although the refunds would be made from January 1 once rates are fixed, exporters are finding it difficult to work out their costs as they don't know the refund rates.

"There are requests pouring in from various export sectors at the Commerce Ministry asking for early announcements of rates. Most sectors are also specific about the rates they are expecting as they had worked out the calculations for giving their inputs to the Pillai committee," the source said.

Business Line 22nd May 2021

CONTRIBUTION TO PM CARES FUND

# Firms can now set off excess CSR spent in FY20 against obligation for FY21

## However, the offset amount should factor in unspent CSR for previous fiscals


**KR SRIVATS**

New Delhi, May 21

Corporates that had paid heed to the Ministry of Corporate Affairs' appeal last year to contribute generously to the 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM Cares Fund) have some relief coming their way on the Corporate Social Responsibility (CSR) obligations front.

The MCA has now clarified that excess CSR amount spent by the companies — over and above the minimum prescribed amount for FY20 — by way of contribution to the 'PM Cares Fund' can be set off against the mandatory CSR obligation for FY21.

This clarification comes in the wake of several representations received by the Ministry for setting off the excess CSR spent for FY20 by way of contribution to the fund against the mandatory CSR obligation for FY21. It maybe recalled that MCA had on March 28 last year clarified that any contribution made to the fund would qualify as CSR expenditure under the Company Law.

MCA has now in a circular said that where a company has contributed any amount to "PM CARES FUND" on March 31, 2020, which is over and above the minimum amount as prescribed under Section 135 (5) of the Companies Act 2013 for FY20, and such excess amount (or part thereof) is offset against the requirement to be spent under CSR obligations for FY21, then the same would not be viewed as a violation.

### Conditions apply

This is, however, subject to conditions, including that the amount offset as such should have factored in the unspent CSR amount for previous financial years, if any; the chief financial officer should certify that the contribution to PM Cares Fund was indeed made on March 31, 2020 in pursuance of the appeal of the MCA and the same should also be certified by the statutory auditor of the company. The details of such contribution should be disclosed separately in the annual report on CSR as well as in the Board Report for FY21, the MCA has said.

Aseem Chawla, Managing Partner, ASC Legal, said this latest MCA circular is enabling in nature; in line with the earlier prescription suggesting that any excess contribution made would be allowed to be carry forward and act as an offset against future years' CSR contribution obligation.

"In the present awkward times, any CSR related activity or initiative which relates to Covid-19 emergent situation should be welcomed and the corporate compliance ecosystem should facilitate the same," he said.

SN Ananthasubramanian, former President of the ICSI and practising Company Secretary, said: "With the advent of the second wave, this MCA clarification seems appropriate and is inevitable".

The MCA had on March 31 last year appealed to corporate India to contribute to the PM Cares Fund and had highlighted the benefits of such contributions in its official website . In the appeal, it was mentioned that such contributions include the unspent CSR amount, if any, and an amount over and above the minimum prescribed CSR amount for FY 2019-20, which can later be offset against the CSR obligation arising in subsequent financial years

# FM asks CCI to provide regulatory stimulus for India Inc's revival

## Addresses a virtual event to mark CCI's 12th Annual Day

**OUR BUREAU**

New Delhi, May 20

Finance Minister Nirmala Sitharaman on Thursday asked the Competition Commission of India (CCI) to proactively engage with companies, so that stimulus is also given by virtue of the way in which regulator will look at their revival in post pandemic world.

Addressing a virtual event to commemorate the 12th Annual Day of the CCI, Sitharaman said that the competition watchdog must rise from its usual role of keeping the letter and spirit of the competition law.

"The CCI must proactively engage with industry to ensure that their legitimate claims even as they try to recover are patiently heard while also making sure that knowingly or unknowingly, by omission or by commission market processes are not undermined," she said.

Finance Minister Nirmala Sitharaman

### 'Post-pandemic revival'

"... Competition Commission will ensure that market process should never get undermined because it is very critical considering the post-pandemic revival," Sitharaman said.

Noting that the year 2020 was extraordinary and challenging, she said that 2021 is proving to be equally challenging and companies are going to be scrambling to somehow stimulate themselves."So, extra care should be (taken). I am sure you are doing that. I am only reminding you because getting into your teens now is going to have new challenges as any teenager would have. You as a Competition Commission have very wise heads... wisdom will overcome the challenges of teenage growth pangs," she said.

On the occasion, Sitharaman released the CCI journal on competition law and policy and CCI's competition advocacy booklets translated into Bengali, Marathi and Tamil languages.

Business Line 21st May 2021

Business Standard 21st May 2021

# Govt extends timelines for income tax compliance

DILASHA SETH
New Delhi, 20 May

In view of hardships faced by taxpayers because of the pandemic, the government on Thursday extended several income tax (I-T) compliance timelines, including 2020-21 income tax returns (ITR), for individuals by two months to September 30.

*"The Centre, in continuation of its commitment to* address the hardships being faced by various stakeholders on account of the severe Covid-19 pandemic, has, on consideration of representations received from various stakeholders, decided to extend timelines for compliances under the Income-tax Act,1961," said CBDT in a statement on Thursday.

The I-T department also extended the ITR filing deadline for companies by a month till November 30. The due date for filing Tax Deduction at Source (TDS) returns and the Statement of Financial Transaction statements, has been extended by one month to June 30, whereas corresponding due dates for issuance of TDS certificates has also been extended by 1 month to July 15. Besides, for corporate taxpayers and individual taxpayers liable to tax audit, the due date has been extended by a month, from October 31 to November 30.

The due dates for filing of Tax Audit Report and Transfer Pricing Certificate have also been extended by a month from their respective due dates. The last date for filing belated or revised returns for all categories of taxpayers has been extended by a month, from existing December 31, 2021 to January 31, 2022.

Business Line 29th May 2021

# Experts welcome GST Council decision to extend waivers for Covid relief goods

## Group of Ministers will be set up by Saturday to look into further exemptions

OUR BUREAU
New Delhi, May 28

Experts on Friday welcomed the GST Council decision to extend exemptions to Covid-related relief goods till August 31 and that a group of Ministers will be set up by Saturday to look into further exemptions.

The GST Council has recommended full exemption from IGST for specified Covid 19-related goods, even if imported on payment basis, for donating to the government or on recommendation of the state authority to any relief agency. These items are medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and Covid-19 vaccines, etc.

"The 43rd GST Council meeting was much awaited by industry players seeking relief from the government in these tough times of pandemic. Considering this, the GST Council, headed by the Finance Minister, has extended the current exemptions for Covid relief goods up to August 2021, and proposed to set up a GoM committee by tomorrow to look into further exemptions that can be provided on account of Covid relief measure," said Abhishek Jain, Tax Partner, EY.

**'Missed opportunity'**

"...In the backdrop of rising pressure from States to address the need for lowering of GST rate on Covid-related medicines and equipment, the GST Council has taken a decision to set up a Group of Ministers (GoM) to review the proposition and come back with their recommendation in 10 days. This seems like a missed opportunity as even a middle path of reducing the GST rate to 5 per cent, even on an interim basis, instead of a complete exemption might have been beneficial to many," said Mahesh Jaising, Partner at Deloitte India.

Pawan Arora, Partner at Athena Law Associates said the GST Council accepted the judgment of the Delhi High Court on oxygen concentrators for personal use as effective and further confirmed that the committee (GoM) will look into possible rationalisation of some Covid items which are presently taxable like vaccines.

This is a welcome move by the Finance Minister and it would definitely provide some relief to people who are struggling to get treatment and medicines during Covid. We look forward to their next meeting for more tax exemptions on vaccines and other medical products, said Gurpreet Sandhu, President, Council for Healthcare & Pharma

The GST Council, headed by the Finance Minister, has extended the current exemptions for Covid relief goods up to August 2021

Economic Times 31st May 2021

NEW AGE WEAPONS, COUNTER DRONE SYSTEMS TO BE PART OF LIST

# India Set to Expand Negative List for Defence Imports

**Manu.Pubby**@timesgroup.com

Army vehicles move towards Leh via Manali-Leh road in Kullu on Sunday PTI

**New Delhi:** India is set to expand its negative list for defence imports to include new age weapons such as loitering munitions, counter drone systems and a range of small arms and ammunition. The first list, drawn in December last year, is set to be expanded as part of an exercise to bring more business to the Indian industry and cut down reliance on foreign suppliers.

Major platforms that are likely to make it to the list include all light single engine helicopters, next generation corvettes for the Indian Navy and armoured recovery and reconnaissance vehicles, according to people in the know. The final list is expected to be cleared in a meeting on Monday, with each system being designated a particular deadline for indigenous procurement.

While the original list included major platforms such as towed artillery guns, conventional submarines and attack helicopters, the expanded one is likely to also have a range of small arms including 5.56 mm carbines and anti-material rifles.

Besides, a large set of ammunition, ranging from 40 mm grenades, 80 mm warhead rockets, limpet mines and armoured piercing incendiary bullets are likely to be reserved only for Indian manufacturers, both from the private and public sectors.

# FM yet to take a call on grant of fiscal stimulus to industry

## Sitharaman says a decision can be taken only after assessing impact of 2nd Covid wave

**OUR BUREAU**

New Delhi, May 28

Finance Minister Nirmala Sitharaman chairs the 43rd GST Council meeting in New Delhi PTI

The Finance Minister Nirmala Sitharaman on Friday made it clear that Centre was yet to take a final call on grant of any fiscal stimulus to industry or direct fiscal support to those in bottom of the pyramid to cope with the adverse economic impact of the ongoing second wave of Covid-19.

"The process of consulting States and industry is going on. We have not made any final call on this," Sitharaman said at the press conference post the 43rd GST Council meeting. She was responding to a question on whether Centre intends to provide any more fiscal support given the perception that its overall fiscal support last year (for the first wave) was perceived to be inadequate when compared to countries abroad, including some in emerging markets.

"Last year, when there was a lockdown, we kept on assessing the impact of Covid on various sectors and we kept announcing (stimulus packages). This time our Union Budget has been announced in February 2021. We are in May. Entire year has to go. Second wave has come. It's not a complete lockdown and yet States have had lockdowns. So we are getting inputs. We need to take a call and we need to understand where the impact is and how much it is," Sitharaman said.

### 'Increase ECLGS scheme'

Sitharaman's remarks are significant as it comes just few days after industry urged the government to step up fiscal support to those in the bottom of the pyramid through direct interventions and also broaden the definition of stressed sectors and increase the Emergency Credit Line Guarantee Scheme (ECLGS) scheme from ₹3- lakh crore to ₹5-lakh crore.

Business Line 29th May 2021

# Banks warn customers against cryptocurrency transactions

RBI's circular of 2018 does not permit such transactions, they point out

SURABHI
Mumbai, May 30

In further trouble for domestic crypto investors, many banks have started to formally warn against doing virtual currency transactions through their bank accounts as it is not permitted by the Reserve Bank of India

A number of users have taken to social media in recent days highlighting the issue.

### Customers warned

Crypto investors tweeted that HDFC Bank has sent them a cautionary email stating that their account reflects probable virtual currency transactions, which is not permitted under RBI's 2018 circular.

SBI Card too has sent a similar advisory to customers and said that usage of credit cards for transaction on virtual currency merchant platforms may lead to suspension or cancellation of the credit card.

This comes after other banks too have been putting up restrictions for trading of cryptocurrencies through customer accounts and most large banks are not processing cryptocurrency related transactions any longer.

"The issue is that banks are regulated by the RBI. Without a formal direction on how to go about crypto-

currency transactions, most banks prefer to follow the RBI's previous directive," said a banking industry source.

According to another source, some banks are also asking customers for self-declaration forms stating that they are not doing cryptocurrency related transactions.

While the Supreme Court had lifted the ban on trading of cryptocurrency in March 2020, there has been no formal order from the RBI on the issue.

The Finance Ministry had also proposed to bring a legislation to ban cryptocurrencies but it has been put off for now.

### Trade booming

Meanwhile, crypto trading in the country is booming with exchanges registering a large number of sign ups and participation from investors and are launching new products. In April 2021, domestic cryptocurrency exchange WazirX recorded a monthly volume of $5.4 billion.

Similarly, CoinDCX, has seen a year on year growth of 340 per cent in new user sign-ups to four lakh from 1.5 lakh in the last 15 months.

# Banks can lend about ₹46,000 cr to MSMEs, civil aviation sector

OUR BUREAU
Mumbai, May 30

Banks can lend about ₹46,000 crore to the micro, small and medium enterprises, civil aviation sector and for setting up oxygen generation plants in hospitals, nursing homes, clinics and medical colleges under the Emergency Credit Line Guarantee Scheme (ECLGS).

Last May, the Cabinet had approved additional funding of up to ₹3-lakh crore to eligible MSMEs and interested MUDRA borrowers through ECLGS.

Under the Scheme, 100 per cent guarantee coverage is provided by National Credit Guarantee Trustee Company Limited (NCGTC) for the additional funding.

Of the total approved ECLGS amount, loans aggregating ₹2.54-lakh crore have been sanctioned and ₹2.40-lakh crore have been disbursed so far, according to Sunil Mehta, Chief Executive, Indian Banks' Association (IBA).

Under ECLGS 4.0, unveiled by the Government on Sunday, 100 per cent guarantee coverage will be available for loans up to ₹2 crore to hospitals, nursing homes, clinics and medical colleges for setting on-site oxygen plants.

### Interest capped

The interest rate on the aforementioned loans has been capped at 7.50 per cent.

ECLGS 3.0 has been modified, whereby the maximum ceiling on credit outstanding of ₹500 crore across all banks has been removed. This is subject to a maximum of 40 per cent or ₹200 crore, whichever is lower.

Under ECLGS 3.0, civil aviation sector has been included as an eligible sector. Earlier, hospitality, travel & tourism, leisure & sporting sectors were eligible.

Under ECLGS 1.0, additional assistance of up to 10 per cent of the outstanding as on February 29 (borrowers eligible for restructuring) will be offered.

The maximum tenure of the loan has been increased to five years (from four earlier), with repayment of interest only for the first 24 months (12 months earlier) with repayment of principal and interest in next 36 months Also, the validity of ECLGS is extended to September-end or till guarantees of ₹3-lakh crore are issued. Disbursement under the scheme is permitted up to December-end 2021.

# PRESS REPORTS
# ON
# ECONOMY

Business Line 27th May 2021

## 'Surging input prices, rural economic disruption pose upside risks to inflation'

### Crisil had earlier projected it to moderate to 5%

**OUR BUREAU**

Mumbai, May 26

Surging input prices and rural economy disruptions have begun to kick in, posing upside risks to Crisil's consumer price index (CPI)-linked inflation projection of 5 per cent for this fiscal, according to the credit rating agency.

In its base case,Crisil Research expected CPI inflation to moderate to 5 per cent this fiscal from 6.2 per cent last fiscal. This was based on lower food inflation benefiting from the high base of last year and assuming a normal monsoon.

"However, upside inflation risks are clearly growing. On top of rising input prices, supply disruptions brought on by the intensification of the second Covid-19 wave in rural India are adding to the stock of inflationary pressures," said Dharmakirti Joshi, Chief Economist; Adhish Verma, Senior Economist; and Pankhuri Tandon, Economist,Crisil, in a report.

Referring to rising input costs, Crisil Research said it projected Brent crude prices to average $58-63 per barrel in calendar year 2021 compared with $42.3 per barrel the previous year. "Rising fuel inflation will keep core inflation high through elevated transportation costs and aggravate the spiral we are already seeing," the economists said.

On the risk of upside pressure on food prices, the report observed that any shock to food prices can cause headline inflation to go off the mark, as food is the most volatile and largest weighted category in the CPI inflation group.


CRISIL Research flagged two risks on the food prices front --pass-through of high global food prices and rural disruptions

CRISIL Research flagged two risks on the food prices front – pass-through of high global food prices and rural disruptions.

**Food prices**

The report underscored that global food prices have risen for 12 consecutive months now – the longest stretch in almost a decade. On average, they have registered a 30 per cent annual growth until April 2021.

Moreover, they may remain elevated given the surge in global demand (especially from China) amid subdued supply (caused by unfavourable weather conditions in key agriculture commodity producing nations).

"While India is not a price taker in most food commodities, there is still some pass-through that could take place to the CPI food basket from high global food prices, especially through commodities such as edible oils and sugar," the report said. It referred to a recent Reserve Bank of India study, which suggested that a 10 per cent rise in global food prices could lead to a 0.7 per cent rise in India's food CPI in the short run and 3 per cent in the long run.

**Rural disruptions**

Crisil Research cautioned that the rising spread of Covid-19 infections in the hinterland could lead to disruptions in food production as well as its transportation to the wholesale markets/mandis. "In fact, data for April 2021 (when the second Covid-19 wave was rising and localised lockdowns were implemented in several states) does indicate that. Any further rise in rural caseload necessitating further localised lockdowns could slow down mandi arrival rates even more and lead to upward pressure in the coming months,"Crisil economists said.

**Rising rural core inflation**

A spatial analysis of CPI inflation data by Crisil Research shows that the sequential rise in rural core inflation was higher than that in urban in April 2021, a phenomenon not seen in the previous 16 months.

Business Line 26th May 2021

## Q4 GDP growth likely to be better than estimates

### National Statistical Office to release data on May 31

**SHISHIR SINHA**

New Delhi, May 25

**Estimated GDP growth** (In %)

| Agency | Jan-March, FY21 | April-March, FY21 | April-March, FY22 |
|---|---|---|---|
| SBI Ecowrap | 1.3 | (-) 7.3 | Less than 10 |
| QuantEco | (-) 0.4 | (-) 7.8 | 10 |
| NSO | (-) 1 (Implied) | (-) 8 | - |
| RBI | 0.7 | (-) 7.5 | 10.5 |

The Indian economy is now estimated to show growth rather than contraction during January-March (Q4) of FY 2020-21. This will have an impact on the GDP (Gross Domestic Product) estimate for the full fiscal.

The National Statistical Office (NSO) will release the GDP number for Q4 and full FY 21 on May 31. The first two quarters (April-June and July-September) of the last fiscal recorded contraction of 24.4 per cent 7.3 per cent, respectively, while the third quarter (October-December) registered a growth of 0.4 per cent.

**'Nowcasting model'**

Now, using is 'Nowcasting Model' (based on 41 high frequency indicators associated with industrial activity, service activity and global economy), SBI's economic research team has estimated GDP growth at 1.3 per cent during Q4 but with a downward bias. "Interestingly, had India's growth rate crossed 1.7 per cent in Q4FY21, India would have been the second fastest country after China in terms of GDP growth, and going by our estimate of 1.3 per cent GDP growth, India would still be the 5th fastest growing country amongst 25 countries (that have released their GDP numbers so far)," a report released by the research team on Tuesday said.

Research firm QuantEco Research estimates annualised GVA (Gross Value Added, GVA = GDP + Subsidies - Taxes) in Q4 to have expanded by 3.2 per cent, led by stronger pickup in industry, with manufacturing and construction sub-sectors expected to perform well. In comparison, despite a turnaround, services' (after a hiatus of three quarters) contribution to headline growth will remain muted. The rebound in corporate earnings seen so far led by steady consumption and cost rationalisation gives credence to Q4 estimates.

"The divergence in GDP vis-à-vis GVA is, however, likely to be more pronounced, with the one-time food subsidy adjustment announced in the Budget getting reflected. Merely as a statistical/accounting outcome, the GDP growth is estimated to contract by -0.4 per cent in Q4," said Yuvika Singhal, Economist at QuantEco Research.

She added that while GDP is a broader measure, given the unusual circumstances, a narrower focus on GVA to gauge economic activity may be more appropriate this time. Further, "our Q4 estimates for both GVA and GD[P] are better than NSO's im[-]plied advance estimates re[-]leased in late Feb-21, under[-]scoring a stronger econom[ic] momentum," she said.

Based on numbers of thre[e] quarters, NSO's implied ad[-]vance estimate for Q4 was [...] per cent. Earlier, the RBI pro[-]jected growth rate of 0.7 pe[r] cent during Q4.

**Estimate for full fiscal**

SBI's report has revised it[s] contraction forecast a tad fo[r] full FY 21. "We now expec[t] GDP decline for the full yea[r] to be around (-) 7.3 per cent," it said. Its earlier predictio[n] was 7.4 per cent. It may be noted that NSO's predictio[n] is (-) 8 per cent, while the RB[I] expects the economy to con[-]tract by 7.5 per cent.

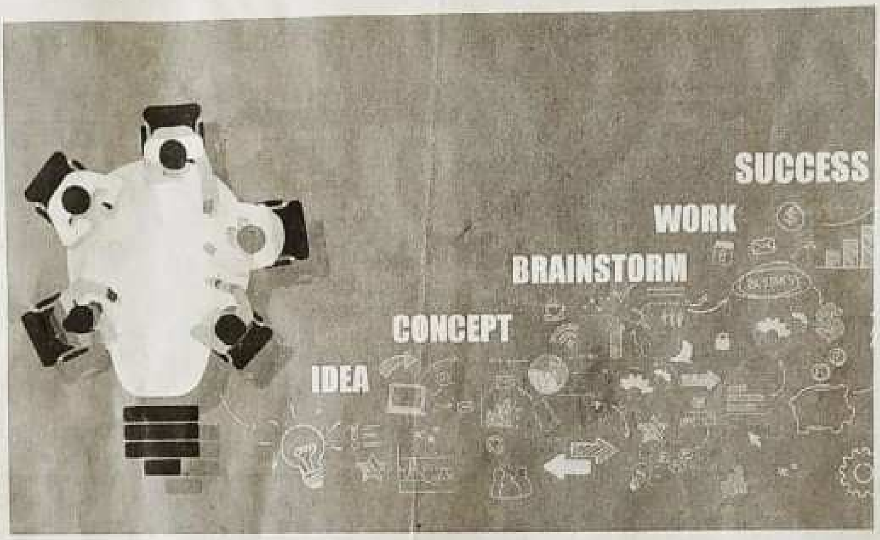
For the full year, QuantEco expects annualised GVA and GDP growth at (-) 6.3 per cent and (-)7.8 per cent respectively. Growth estimates for past quarters, according to CSO's own admission, are "likely to undergo sharp revisions" due to the impact of the pandemic on data collection mechanisms, the report mentioned.

Business Line 21st May 2021

# What sets an entrepreneur apart

## Willing to stay the course, ability to take risks and not being assailed by self doubt are key factors

TT SRINATH




**Striving ahead** despite the possibility of failure marks an entrepreneur. The TTK group exemplifies this

Belonging to an entrepreneurial family that has been in business since 1928 and now in its 93rd year of continuous existence, I have had the good fortune of hearing stories about my late grandfather, TT Krishnamachari, who started the business, establishing new pathways in retailing; watching my late uncle, TT Narasimhan, who converted several of the business he saw potential in, from trading into manufacturing and most recently and at close quarters, my cousins who have firmly set their footprint, employing technology and expertise to remain current and relevant.

What were, and are, therefore, the distinguishing features that sets many in my family apart, as enterprising entrepreneurs, from the few who I have known to give up sooner than later.

### Passion

The word 'Passion' as defined by my family is evidenced by the indefatigable energy, the willingness to stay the course, the consuming desire to succeed and above all, the faith that one will triumph.

My elder cousin, the current patriarch of our family TT Jagannathan, a gold medallist from IIT, a scholar from Cornell in the US, is a man driven by purpose, and has time and again resurrected our family business. TTK Prestige, which today is the flagship brand of the group, is a case in point.

While pressure cookers have been around for many years and no home is without one, TTK Prestige, under the stewardship of TT Jagannathan, has constantly reinvented itself and made the pressure cookers we use nowadays in our homes safe and easy to use.

Another example from our family is TT Varadarajan, who made what seemed to be a commodity product, a mixer grinder, into a product with range and use, unimagined by other manufacturers. When he began to make Preethi mixies in the car shed of his home, brands such as Sumeet and Meenumix, from Coimbatore, were well entrenched. He came in to the business as a 'me too', but soon with the passion he displayed, displaced those other brands, and was wooed by no less a world leader than Philips.

### Resourcefulness

Resourcefulness, as has been demonstrated by my family, lies in the ability to draw on resources and from wherever one needs, in order to achieve what one had set out to accomplish.

From the late 50s to the early 70s, the TTK group's product offerings to the market and consumers varied in such magnitude, that there was rarely a home in India that did not use at least one of its products.

The examples to offer are many:

Woodward's Gripe Water for children, school atlases for students, clocks for the home, fountain pens to write with, shoe polish, inner wear for men, cookers and home appliances, toothpaste, basic chemicals, animal welfare products, contraceptive for population control and even chocolates (a well-known and leading brand that was introduced into India, by TTK).

All these were possible because my late uncle, TT Narasimhan, sought out talent and welcomed them into the fold, for he knew that his business's success lay in harnessing potential.

### Optimism

Not the opposite of pessimism, yet the ability to see possibilities in everything.

Such was my uncle's wisdom that he bought and nurtured a paper cone/tube-making business for he knew that the textile industry would need bobbins and he wanted to be there to offer it to them.

War has always loomed over the sub-continent so he created resin-impregnated tubes which the Defense services would buy.

### Adventurousness

The ability to take a risk and experiment.

When the idea of contraception was still a taboo, my uncle launched what became India's premier brand and reached out to the government, helping them with supply.

Blood collection was becoming difficult so he set up a blood bag collection business, a highly sensitive and sophisticated enterprise to meet this need.

### Adaptability

When the paper cone business needed raw material, and the inner-wear business needed yarn, he set up two business, trailblazing, what has later become popular as 'backward integration'.

### Confidence

Is not about being sure or 'cocky' and is about not suffering 'self-doubt'.

Neither my uncle nor my cousins have ever been assailed by self-doubt.

They have had faith in their ability, in those who have worked with them, and in whatever they have chosen to do.

### Tolerance for ambiguity

Perhaps the most enduring quality that an entrepreneur needs to have is the ability to live with uncertainty.

Like a boy scout or a frontiersman who goes into the unknown without fear or dithering, an entrepreneur must be able to essay forth with the belief that there is a pot of gold at the end of the rainbow.

My uncle was an example of one who faced every possibility of losing out yet strove on, convinced he would come out stronger.

If the TTK group has sustained over 93 years without collapse, though many times being on the brink, it is a testament to these seven qualities.

The seven qualities, making up as they do 'the great bear' point to the 'true north', and it is these qualities that have distinguished successful entrepreneurs from those who floundered after a blazing start and disappeared into the twilight.

As George Bernard Shaw is purported to have said: 'Life is no brief candle to me. It is a sort of splendid torch which I have got a hold of for the moment, and I want to make it burn as brightly as possible before handing it on to future generations'.

This perhaps best defines who an entrepreneur is.

*The writer is an organisational and behavioural consultant*

# Consumer Goods, Auto Staff Get Big Hikes, Bonuses

Economic Times
29th May 2021

## Financial Rewards

**High incentives and bonuses extended** by electronics and smartphones cos like Samsung, LG, Apple, Xiaomi & Bosch Siemens

**FMCG cos like** Dabur, Parle, Nestle, Tata Consumers, PepsiCo & Amway doling out rewards that are on par with or higher than those given last yr

**14,000 employees** across Hyundai, Kia, Toyota, Honda, Skoda Volkswagen were given increments

**Another 15,000-20000 employees** including from the likes of Maruti Suzuki and Tata Motors are likely to get a salary hike

Cos doling out high single- or double-digit hikes and bonuses going up to 200%

**Ketan Thakkar & Writankar Mukherjee**

**Mumbai | Kolkata:** Top consumer goods and automobile companies are doling out high single- or double-digit increments and bonuses going up to 200% to reward and incentivise employees who worked to overcome the challenges of the Covid-19 pandemic.

Record sales after restrictions in India were eased in June last year have prompted electronic and smartphones companies Samsung, LG, Apple, Xiaomi and Bosch Siemens to pay high incentives and bonuses.

FMCG companies Dabur, Parle, Nestle, Tata Consumers Products, PepsiCo and Amway are doling out financial rewards that are on par with or higher than those given last year.

About 14,000 employees across car makers Hyundai Motor India, Toyota, Honda, Renault, Kia and Skoda Auto Volkswagen have got increments after sales rebounded in the second half of FY21 on the growing need for personal mobility.

Maruti Suzuki and Tata Motors, which deferred increments last year, are expected to maintain their normal salary revisions for FY21. About 20,000 employees of six other automakers are likely to get their annual increases in the coming quarter. While Maruti Suzuki has already promoted or re-designated employees, the quantum of hike will be decided soon.

Dabur is offering 200% variable payout this year as a recognition of the efforts of employees during a tough year, executive director (HR) Biplab Baksi said.

**Commitment Kept ▸▸ 10**

# Commitment Kept

**▸▸ From Page 1**

PepsiCo India HR chief Pavitra Singh said the company is not compromising on investing in people even though it has cut costs and reprioritised spending since employees need the assurance of stability and certainty more than ever in these difficult times.

Hyundai Motor India doubled annual increments to 8% for FY21. The company paid its regular annual incentives, including bonuses, in February and over 5,800 employees received their annual increments from April.

Stephen Sudhakar, senior VP – people and business strategy, told ET that Hyundai has kept its commitment towards employees in an extremely challenging business environment for production and sales.

"There is a tremendous resilience displayed by our employees through both the waves and we have stayed true to our commitment by incentivising workers during such trying times. Our increment percentage is almost double of our last year's payout," Sudhakar said.

Consumer electronics companies delivered a better-than-expected performance amid sustained supply chain challenges.

Increments and promotions at LG, India's largest appliance maker, for 2021 are better than in the previous year and the company has also doled out bonuses, director (HR) Sunil Ranjhan said.

Rival Samsung has given a 7-9% increment as per industry average, while top performers have got 11-12%, industry executives said.

Increments at Xiaomi, the largest smartphone maker in India, were not only more than the industry average but employees also got a half-month salary as hardship allowance. Xiaomi did not lay off any employees and it created over 10,000 jobs, a spokesperson said.

German wholesaler Metro Cash & Carry India has offered "exemplary bonus payout to reward commitment of store employees who turned up for work during the initial phase of lockdown last year," MD Arvind Mediratta said. The company has also awarded above-industry increments and promotions.

For most FMCG companies, the increment and bonus cycle begins between May and July. Companies said the bigger rewards will go to the frontline executives who went out to the markets in the midst of the pandemic and delivered results.

Amway India CEO Anshu Budhraja said the company declared a bonus of 109% in 2021, which was higher than last year. Employees were rewarded not only for leading their own functions or geographies, but driving cross-functional efforts.

Neeraj Bahl, MD at BSH Household Appliances India, which sells Bosch and Siemens products, said the company performed above expectations. It reported its highest profit in the previous financial year and shared the gains with all employees.

**HUMAN CAPITAL**

Experts say skilled "human capital" is pivotal for companies in these times. There may be an encore of swift recovery once the markets reopen after the second Covid-19 wave eases and an experienced and skilled workforce is needed to make most of the demand bounce-back.

For Skoda Auto Volkswagen, which is starting a new phase, incentivising employees is critical.

"We are excited about the tangible realisation of the India 2.0 project – an SUV designed and made in India – and we are compensating those who have made this a reality in spite of all odds," said Jan Frydrych, ED of HR at Skoda Auto Volkswagen India.

Newbie Kia is also rewarding workers, having attained the distinction of becoming the fastest to reach 100,000 vehicles in annual sales.

"As a token of our appreciation, we have rolled out salary increments effective April 1, 2021, for both our white-and blue-collared employees," said Tae-Jin Park, chief of sales & business strategy officer at Kia.

Business Line 28th May 2021

# 'The world is going to be ruled by knowledge'

## There's a greater need to move towards data-based decision-making at all levels: L Lakshman, Chairman Emeritus, Rane group

N MADHAVAN

Having started his career in 1970, L Lakshman, Chairman Emeritus of the ₹4,300 crore Rane group, has experienced first-hand the rapid transformation of the Indian economy, from the rigid control era to a highly globalised one. In the process, he has built an institution that is known for its values, culture and quality. As he retires after five long decades in business, he recalls his journey in this conversation with *BusinessLine*. Excerpts:

**How has the business environment evolved in the last 50 years?**

In the early 1970s, when I had started, it was all about the management of the supply side. Licence to manufacture, importation of raw materials and power shortages. It was more about who you knew in Delhi at that time, and the customers always got the short shrift. Disruptions to supply chains were frequent and quality issues were galore.

Things however changed in the mid-80s, with the launch of Maruti. The quantitative constraints on the industry were removed and the volumes started going up. Of course, the big bang was in the early 1990s, when economic reforms were ushered in and India liberalised and globalised in one go.

Focus shifted to managing the demand side of the equation. International competition, challenging quality standards, uninterrupted supply and production, and high engineering standards became the new norms. Looking back, had liberalisation come in earlier, we would have been a much stronger country and industry with strong local brands.

**You were responsible for the transition of Rane group from being a family-owned-promoter-run organisation, to a family-owned-professionally-run set-up. How was the experience?**

There comes a time when the entrepreneur finds himself unequal to the breadth and depth of the task at hand. Increase in volumes and customer demands for a range of competencies which often render professionalisation as an imperative. When we found the right people for our jobs, it kind of energised the organisation and we could move forward like a well-oiled machine, with all the parts carrying out their designated functions.

In the early 2000s, post the 'big bang' of reforms, we even had to redefine customer-centricity. Now this called for greater engineering, greater skills in purchase, planning, after-sales servicing, and a whole new set of competencies as well. Organisations had to be redesigned, and professionalisation was a large measure to do with survival as well as self-interest. I am proud and happy to think that Rane did take all the right measures back in the day, and we have never looked back.

**You were one of the earliest entrepreneurs in the country to start the quality journey..**

The very protected Indian industry had developed skills that mostly focussed on the supply side. Purchasing, and general administration were the competencies that were at premium. Product quality was almost incidental and despite that there were customer queues at our plants. Globalisation changed the rules of the game.

Multinational companies like Hyundai and Ford were at India's doorsteps with their own suppliers. The message clearly was "shape up or ship out".

And it was during these tumultuous times that we launched our TQM (Total Quality Management) journey. We drew lessons from the Japanese — they had conquered the world with their low costs and high quality. Very early learnings from their lessons were that total quality evolves from three things — customer-centricity, employee involvement, and fact-based decision-making. We converted the TQM practice in Rane into a movement. Within a couple of years, Rane Brake Linings competed for the Deming Prize, which it won in 2003. The morale and motivation went sky high, and we felt that we were equal to the best in the world. People felt empowered, and this set in motion a virtuous circle of learning and improvements, across all our companies.

*Looking back, had liberalisation come in earlier, we would have been a much stronger country and industry with strong local brands.*

L LAKSHMAN
Chairman Emeritus, Rane group

**How has this transformed the group?**

In the year 2000, our defects were at 100,000-150,000 parts per million. Today, it averages around 50. We then felt sufficiently confident enough to look for export opportunities. Today, exports constitute about 23 per cent of the group's sales with customers such as BMW, Volkswagen, Ford, Hyundai and so on. So basically, we have come a long way from where we were in the year 2000 when exports constituted less than three per cent of our total sales.

**While Rane as a group aggressively built competencies internally, it remained conservative when it came to grabbing growth opportunities...**

You are right. Rane as a business house had very modest beginnings. I mean, when I joined Rane in 1970, we were a ₹3-crore business, across three product lines. Our resources were limited and stretched. And there was also this desire to keep it as a family-managed and owned business. So, conservatism came to us naturally. However, having said that, in those days, the industry margins and Rane's margins were quite high.

So when I look back, I believe there was a case to shed our conservatism a notch or two. Perhaps, we could have added another product or two to our basket. But, looking ahead, as the industry grows, the appetite for capital will grow, and I assume this will bring about more attitudinal changes in the Indian industry, and it will bring in increased divergence in ownership and management. So, step-by-step, I think we, at Rane, will shed our conservatism as a result of market forces.

**Is Rane looking at taking advantage of the shifting of manufacturing capacities away from China?**

Yes. We are constantly looking forward to opportunities to broad-base our business, based on export models. We are also looking for a new portfolio of products. But ultimately, what would give me satisfaction is not just the mere export of products and services, but the creation of intellectual property within India. Ultimately, the world is going to be ruled by knowledge and not just GDP, so that is an opportunity that we should not miss.

India's track record until now when it comes to the creation of intellectual property has not been great. At Rane, we have registered a few patents in the last few years.

But if you ask me if it has significant commercial value, I think not. But the pride of registering IPRs itself is a great driving force. As far as the nation is concerned, frankly, either at a state-level or a national level, or preferably both, there must be a passion to become national champions.

**What advice will you give to a future entrepreneur?**

From my experience in an Indian context, I feel like there is a greater need to move towards data-based decision-making, and this is at all levels. A greater investment in R&D, although the Indian business policy environment is not conducive or supportive of R&D unlike China which seems to be so focussed on it, is also a must. It would also help to shed our conservatism, although it depends on the financial capacities and the margins and so forth.

**On hindsight, is there something you would have done differently?**

Of course, I think a life without regrets would be too dull and sterile. I would have launched TQM much earlier, which would have facilitated a much more holistic, and faster growth for Rane. I would have committed more resources into R&D, although commercially we may have nothing to show for, but in terms of our debts, we would have been much deeper. And then finally perhaps, shed our conservatism a notch or two.

Economic Times 27th May 2021

**Increased Vaccination will Help** CII president suggests a ₹2-L cr credit guarantee scheme for MSMEs, other affected sectors

# 'Post-May Data Worrying, Calibrate Unlocking 2.0'

**Gaurav Noronha & Deepshikha Sikarwar**

**New Delhi:** Data coming out post May, particularly from rural India, should start to worry, CII president Uday Kotak said while pitching immediate short-term fiscal measures such as cash transfers to protect the worst hit. Kotak batted for calibrated opening up with increased vaccinations and said the situation should improve by October.

In an interview to ET, Kotak suggested bringing another credit guarantee scheme for MSME and other affected sectors with a corpus of Rs 2 lakh crore. "There will be pockets of pain over the next few months... There will be pain, particularly in rural India and unsecured consumer and lower-end SMEs, even microfinance corporates," Kotak said, adding that the unexpected situation required more short-term measures.

Kotak stressed on a more calibrated opening up. "If we open more calibrated, we think we will minimise the risk of 3.0," he said. "We will see tentative movement back to normalcy between the end of June and end of September," he said. He said if by September there is reasonable vaccination and vaccines work on the variant, then "October onwards, we should start feeling a lot better," adding, "Let us not be caught off guard for 3.0 as we open up. Our opening up speed depends on our ability to handle that as well.".

### STIMULUS FOR SOFTER LANDING

He said if in this interim period the government gave support through fisc, it would help in a softer landing.

He said the government should ensure that the bottom of the pyramid gets direct fiscal support. "..., whether it's food, cash transfers, NREGA (Mahatma Gandhi Rural Employment Guarantee Act), or whether MSMEs get another ECLGS (emergency credit line guarantee scheme) package. I recommend that the government may want to consider a package of ECLGS..... I would recommend an incremental Rs 2 lakh crore package so you take it probably to Rs 5 lakh crore and give the support to the economy," he said.

In banking, he said the places where the stress is likely to be the most is at lower-end retail, particularly unsecured where there is no underlying security such as unsecured personal loans.

On rating agencies reaction to increase in fiscal deficit, Kotak said at 6.8-7% fiscal deficit they will understand the reality and know that it was a temporary measure because of a major shock of Covid-19. "Fisc has to step in, the RBI is simultaneously going to step in by expanding its balance sheet so that all the additional fisc does not go into market borrowing and starts hurting interest rates and manage this crucial period of 2021 calendar," he said.

**FISC STEPS IN**

RBI is going to (have to) step in by expanding balance sheet so all additional fisc does not go into market borrowing, start hurting interest rates

### IDEAS ON INOCULATION

On vaccination, he supported a central procurement that many have been advocating. "My frank view is, the ideal policy of vaccination should be Centre one quota, and the Centre allocating to states and private sector. Instead of three buckets, we may be better off with two," he said, pointing out that the current three-step formula was creating challenges. "I think I would much rather have a two bucket situation.... you have only two categories, there is no confusion, central purchase done, allocated appropriately to states and private sector doing its bit to vaccinate business and industry faster," he added.

He also suggested a panel experts to guide the government on the next steps.