ACMA
(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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ON
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Economic Times 6th June 2021

Need to Drive Out of Covid Gloom. Thus, Auto (Launches)

Cos bet on new models to lift sales; 13 new SUVs planned for next 8-12 months

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Mumbai: Car makers have lined up new launches to lift demand as the second Covid wave abates and states lift curbs that had forced several companies to put plans on hold. There is pent-up demand in the market with consumers looking forward to new products, experts said.

Companies are betting on new models, particularly sports utility vehicles (SUVs), to drive sales. At least 13 new SUVs from leading automakers such as Maruti Suzuki, Mahindra & Mahindra, Hyundai Motor, Tata Motors, Toyota, Kia, Audi, Jeep, Volkswagen and Ford are planned for the next 8-12 months.

This month is likely to see the launch of four models — the Hyundai Alcazar, Skoda's Octavia and Kushaq, and the Audi e-tron. Luxury car maker Mercedes Benz launched its GLA SUV last month and French auto maker Citroen marked its return to India with the C5 Aircross SUV opening for pre-launch bookings in April. Tesla, McLaren and Great Wall Motors are also preparing India launch plans.

Auto makers and dealers expect much of the demand to return once 95% of the markets open.

ROLAND BOUCHARA
CEO, Stellantis India

The SUV segment is the fastest-growing market segment in India. Therefore, the C5 Aircross was the vehicle of choice to launch and establish the brand...

MARTIN SCHWENK
MD & CEO, Mercedes-Benz India

Based on increasing customer demand, to sustain business continuity and support the economic sustenance of the retail network, Mercedes Benz India decided to offer two new products

'Resuming Sales Key' ▸▸ 4

LAUNCHES

CY 2021 (till date)	CY 2020	CY 2019
11	44	38

Passenger Vehicle Sales

2021 (Units)

January	3,05,632
February	3,10,576
March	3,22,981
April	2,88,517
May	1,03,170

Source: Jato Dynamics

STARTING LINE

Make	Model	Launch
CITROEN	C5 Aircross	April
MERCEDES	GLA/AMG GLA	May
HYUNDAI	Alcazar	June
SKODA	Octavia	June
	Kushaq	June
AUDI	e-tron	June

'Resuming Sales Key'

▸▸ From Page 1

This is expected by the middle of the month as states lift curbs amid the decline in cases.

"Sustaining the health of the business, supporting our network and the entire ecosystem are essential elements of managing this crisis at an economic level which helps us maintain a positive outlook for the future," said Martin Schwenk, managing director, Mercedes-Benz India.

The GLA and its AMG version were launched at an introductory ₹42-57 lakh. Prices will be raised after July. "We find that business sentiments are gradually improving, as the Covid-19 infection curve is moving downwards," said Zac Hollis, brand director, Skoda Auto India. "We have decided to launch the new Octavia in India on June 10 and the Kushaq by the end of the month."

Resuming sales is key to maintaining dealer viability, he said.

The Citroën C5 Aircross was launched at an introductory price of ₹29.9 lakh in April. It's got 1,000 pre-launch bookings, said Roland Bouchara, CEO, Stellantis India. Stellantis was formed by the merger of Fiat Chrysler Automobiles and the French PSA Group.

Audi's first attempt at a fully-electric SUV — the e-tron and e-tron sportback—are ready for launch and will be introduced as the situation improves, said Balbir Singh Dhillon, head of Audi India. Mclaren plans to enter the country with the Spider 720S, the Artura hybrid and the Mclaren GT. Indicative price tags start at ₹1.87 crore for the Artura, ₹4.3 crore for the Spider 720S and ₹4.98 crore for the Mclaren GT.

Tesla plans to launch its products sometime this year. It's in the process of hiring senior management and identifying distribution locations in line with its India plan, experts said. Great Wall Motors plans to introduce the Haval F7 SUV soon. "There is a direct online initiative, which reduces physical contact to the minimum for the customers, right from booking to the delivery. Almost 20% of the pre-bookings were online," said Bouchara.

SUVs were the only bright spot for India's auto industry in FY21

SUVs were the only bright spot for India's auto industry in FY21, with sales rising 19% and touching 1 million for the first time. These included multi-purpose vehicles (MPVs). Other segments such as small cars, sedans, commercial vehicles and two- and three-wheelers saw a drop in sales.

FOR FULL REPORT, GO TO
www.economictimes.com

Economic Times 1st June 2021

Auto Cos Prepare Financial Packages to Help Dealerships

With 90% of states under lockdown in the past month, retail sales have dropped more than 70%

Sharmistha.M@timesgroup.com

New Delhi: Several of India's leading automakers are working on or rolling out incentive packages to support their dealers who have been hit hard by lockdowns in states to check the spread of the Covid-19 pandemic.

These incentives being planned or offered by Maruti Suzuki, Tata Motors, Renault India, Toyota Kirloskar Motor, Daimler India Commercial Vehicles and Honda Motorcycle & Scooter India include financial support to offset interest cost on inventory during the lockdown, extension in credit periods, insurance cover, salary support and reimbursement of vaccination expenses for workers.

Companies are also working at quick resolution of claims to facilitate cash flow at dealerships, as retail outlets gradually open up with several state governments expected to ease restrictions over the next few weeks, as the number of Covid-19 cases falls.

With 90% of states under lockdown the past month, retail sales of automobiles in May are estimated to have dropped by more than 70% across segments when compared with average monthly volumes before the second wave of the pandemic struck the country. In the passenger vehicle segment, sales crashed by 75% to 80,000 units in May from a peak of 384,000 units seen in March, as per estimates. This has crimped the cash flow at dealerships.

"While revenues thinned, outflow continued towards inventory costs, rent and manpower expenses, becoming a pain point for dealer partners. We expedited payment of all incentives and reserve funds to support our channel partners", said Shashank Srivastava, executive director (marketing and sales) at the country's largest carmaker, Maruti Suzuki.

The company has already transferred Rs 500 crore towards claims from dealers.

Maruti Suzuki has also initiated discussions with banks for a moratorium on the loans taken for inventory funding for the period of lockdowns.

"To help square off loans of dealers who take vehicles against letters of credit, we have extended the credit period till the end of June. We are also considering some financial support on interest cost on inventory for dealers who have been under lockdown for more than 30 days. A decision will be taken shortly," said Srivastava.

Tata Motors has introduced 'business sustainability support' for its channel partners for the commercial vehicle business unit. Apart from faster claim settlement, the company is extending 45 days' inventory carrying cost support on unsold stock and group insurance coverage of ₹1 lakh for dealer employees.

Helping Hand

COS WORKING OUT INCENTIVE PACKAGES

- Maruti Suzuki
- Tata Motors
- Renault India
- Toyota Kirloskar Motor
- Daimler India Commercial Vehicles
- Honda Motorcycle & Scooter India

INCENTIVES INCLUDE

- Financial support to offset interest cost on inventory during the lockdown
- Extension in credit periods on stocks
- Insurance cover
- Salary support
- Vaccination expenses for manpower at authorised dealerships

Economic Times 15th June 2021

As Fuel Prices Soar, CV Buyers Too are Eyeing CNG Options

Preference for CNG has been on the rise after the transition to BS-VI emission standards

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New Delhi: Compressed natural gas is increasingly becoming the choice of fuel for vehicle buyers including in the commercial segment, amid the steep rise in diesel and petrol prices.

CNG-run passenger vehicles are already popular among cost-conscious consumers, but diesel is the preferred choice for commercial vehicles because the fuel offers better pulling power. But the rising price of diesel is making buyers consider CNG options, as the cost savings are significant.

The fuel cost for running a medium-duty truck for 7,000 km, at 7 km a litre of diesel, ranges between ₹80,000 and ₹90,000, but if the fuel is CNG, the cost would reduce to ₹45,000-50,000, said Vinod Aggarwal, managing director of VE Commercial Vehicles.

The Gurgaon-based company that sells trucks and buses under the Eicher and Volvo brands in India has seen nearly a third of its diesel vehicle sales shift to CNG in the light and medium duty segment in the past year. At market leader Tata Motors, the share of CNG in the commercial vehicle business has increased to 6.6% in the fiscal 2021 ended in March from 4.5% the year before.

"There has been an uptick in consumer preference for CNG vehicles in both cargo and passenger transportation," said Girish Wagh, president of Tata Motors' commercial vehicles business unit. "Over the past 8-10 months, we have been witnessing increased enquiries for CNG vehicles from both private customers and government bodies," he said.

The share of CNG vehicles in the commercial vehicle market has been growing year on year, and the pace has accelerated after the transition to BS-VI emission standards last year, he said.

Commercial vehicle prices increased 15-20% post the transition to BS-VI. The increasing fuel cost is further hurting operators of these vehicles.

Petrol price has crossed ₹100 a litre in several states, while diesel touched the three-figure mark at Sri Ganganagar in Rajasthan on Saturday. In Delhi, diesel was selling at ₹86.98 a litre and petrol at ₹96.12 on Monday. CNG was priced at ₹43.40 per kg.

In small commercial vehicles, CNG may offer a 25-30% advantage in operating costs over diesel and 35-40% over petrol, said Wagh of Tata Motors.

Adoption of CNG has other advantages as well — it will help avoid green taxes and levies in certain states. The availability of the fuel has also now improved. Around 3,400 CNG distribution outlets are operational in 350 cities currently, compared with 1,400 in 142 cities three-four years ago, making more buyers consider the CNG option for their vehicles.

"There is more and more migration happening from diesel trucks to CNG trucks. For instance, in light and medium duty trucks, already more than 30% of the market has moved to CNG," said Aggarwal.

Another Turn

- CV sales fell **21%** to **568,559 units** in the last fiscal
- **15-20%** increase in CV prices post transition to BS-VI norms from April 1, 2020

- Fuel costs too have risen fast, adding to ownership costs
- **3,400** No. of CNG distribution outlets operational across 350 cities

Business Line 3rd June 2021

Auto parts' exports pick up, may grow 8% in FY22

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Chennai: With factory utilisation dropping from 85% in March to 70% in April and 55% in May due to local lockdowns, auto parts makers — including Wheels India, Sundram Fasteners, Wabco, Pricol and Rane Madras — are banking on export orders to keep production facilities busy and maintain bottom lines.

Therefore, exports are driving capex spends in FY22. "In fiscal 2022, export demand is projected to increase by 6-8% on the back of recovery in key destinations. According to S&P, light vehicle sales are expected to increase by over 10% and 15% in Europe and the US, respectively. So, most domestic auto-component manufacturers are planning to increase their capital expenditure," said Crisil Research director Hetal Gandhi.

Already, the export pick-up is showing. India Ratings & Research associate director Shruti Saboo said, "CMIE data shows that from December 2020 onwards, monthly exports are higher than the last 3 years. In February, exports were up 20% YoY. Even as the second wave hit India, the EU and the US have recovered very well." The performance is reflected by financial results. Wabco's exports rose 70% in Q4FY21 as against around 8%

MAIN REASON FOR CAPEX

in Q2, and Sundram Fasteners was up 33% as against a 10.5% fall in Q2. Rane Madras saw its Q4 international sales rise 74%, though it went up only 6% in Q2FY21.

In some of these companies, new customers brought higher business. Rane, for instance, saw "commencement of supplies to new customer programme for steering products". In others, export demand is driving new capex spends. Wabco India is lining up Rs 100-crore capex for FY21, a significant portion of which will be spent on a new export-focused factory in Mahindra World City near Chennai.

"We have an export order pipeline of two months and strong demand from US and Europe," said Wabco India managing director P Kaniappan. Wabco exports mechanical & electronic compressors and braking solutions.

Same is the case for Wheels India, which is ramping up its export plant. "This year, a significant part of our Rs 100-crore capex will be spent on increasing capacity in the newly commissioned cast aluminium wheel plant at Thervoy Kandigai (Tamil Nadu). Last year, the company began its first shipment of cast aluminium wheels to the US from this plant," said Wheels India MD Srivats Ram.

Business Standard 9th June 2021

Auto industry chases the monsoon

Manufacturers think the impact of Covid-19's ravages on rural India will abate if seasonal rains are good. Analysts and economists are less optimistic

SHALLY SETH MOHILE
Mumbai, 8 June

Covid-19 has ravaged rural India, sapping its once rising purchasing power, but auto companies with high dependence on the region, including Hero MotoCorp, Mahindra & Mahindra (M&M) and Maruti, don't see such a bumpy road ahead. Each of these companies draw over a third of their sales from the rural markets. They are banking on the forecast of a good monsoon and a bumper summer crop plus sustained government support to help rural India bounce back as soon as the pandemic recedes.

Some like two-wheeler market leader Hero MotoCorp claimed it is already seeing some green shoots as the number of Covid-19 cases fall in the hinterland. "There are indicators that suggest a faster rural recovery. We have already started witnessing customer's purchase intention through our various innovative digital platforms such as e-Shop, Virtual Showroom, and WhatsApp business," said a company spokesperson.

Maruti, which derives 40 per cent of its sales from rural India, is optimistically cautious. The fear factor in rural India is a lot more pronounced this time, said Shashank Srivastava, executive director, Maruti Suzuki India, which saw retail sales drop 8 per cent over last year. "Sentiments are a lot worse and the element of uncertainty is very high," he said.

But he, too, sees an upside. "Consumer sentiment can be very transient and all the negativity can get converted into irrational exuberance in as little as two weeks."

Economists and analysts do not share the auto firms' optimism. In their analysis, households, particularly the ones that draw their livelihood from non-agricultural jobs, have seen a sharp contraction in incomes and are more concerned about health expenditure. They are likely to cut down on non-essentials.

"Even if agricultural output/income remains intact, there is a strong likelihood that the expenditure behaviour/-pattern of rural households will be different," wrote Sunil Kumar Sinha, economist and director public finance at India Ratings. The slowdown in non-agricultural activities and in turn on non-agricultural income will have a serious impact on rural demand, since non-agricultural income constitutes nearly two-third of the rural income, he added.

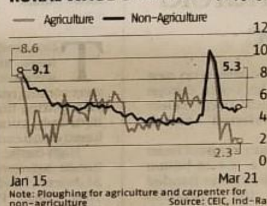
Sinha said a sharp contraction in rural wages in FY22 is also likely to weigh in on rural demand/expenditure. Unlike what most believe, the largest chunk of the rural population consists of daily wage earners and not farmers. "Rural wage growth both for agricultural and non-agricultural activities have declined lately," he wrote.

Average agricultural wage growth during November 2020-March 2021 declined to 2.9 per cent from 8.5 per cent during April-August 2020. Similarly, wage growth for non-agricultural activities during November 2020-March 2021 declined to 5.2 per cent from 9.1 per cent during April-August 2020 (November 2019-March 2020: 4.3 per cent).

But Hero, which sells one in every two models in rural India, remains unflustered. "All the fundamentals and demand drivers in rural areas remain robust and Hero does not expect a major impact on its rural sales," a spokesperson insisted. With the expansion of the vaccination drive and a sharp decline in the number of Covid-19-positive cases, markets across the country are expected to open up gradually. This will aid in the swift recovery of businesses in the coming weeks, according to the company.

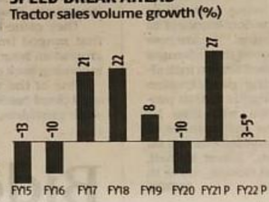
More than cars and bikes, however, the question mark hovers over sales of tractors, an almost entirely rural-facing market. Here, too, economists and manufacturers' outlook remain at variance. Despite the forecast of a normal monsoon and other positives, rating agencies have pared their growth projections for tractor sales in India, one of the largest tractor markets globally.

RURAL WAGE GROWTH (%, yoy)



Note: Ploughing for agriculture and carpenter for non-agriculture
Source: CEIC, Ind-Ra

SPEED BREAK AHEAD
Tractor sales volume growth (%)



*3 to 5% estimates
Source: CRISIL reports

"Growth in domestic tractor sales volume will be limited to 3-5 per cent this fiscal, given the strong second wave of Covid-19 infections and rising cases in hinterland, apart from high-base effect of last fiscal," Crisil said in a report last month. ICRA also cut its growth outlook for tractors to 1-4 per cent this fiscal against 4-6 per cent earlier.

Graduated lockdowns in states in the face of the second wave saw tractor sales drop eight per cent year-on-year last month. But the previous fiscal year, in fact, saw record sales of 900,000 units in FY21, a 27 per cent year-on-year jump, according to Crisil.

"After having witnessed 10 per cent CAGR in the past 15+ years, we believe that tractors' growth will moderate to 5-6 per cent over the next decade," wrote Aditya Makharia, vice-president, HDFC Securities. Additionally, during this period, tractor penetration in the country increased to 45-50 tractors per 1,000 hectares, which is higher than the world average (of less than 30), he wrote.

In fact, M&M, India's largest tractor maker, has also pared its outlook for the segment to low single digits but is confident of a strong demand resurgence. "The sharp fall in the number of Covid cases is leading to a sharp improvement in farmer sentiments, and green shoots of recovery are visible as farmers start preparing their land for the upcoming kharif crop season," said Hemant Sikka, president farm and equipment sector, M&M. "A bumper rabi harvest, record procurement, food prices holding up, gradual opening up of *mandis* and expectations of a normal monsoon will pave the way for growth in the upcoming season."

Escorts Agri Machinery, the fourth-largest tractor maker by sales, said in a statement, "The ground situation has eased in the last few days of the month," and it expects return to normalcy soon. Like most others, Escorts, too, is banking on strong rural sentiments in the medium term, on account of all positive macroeconomic factors, it said in the monthly sales release on June 1.

It flagged unabated inflation as a cause of worry, however. Tractor makers have seen cost of operations escalate as the price of the primary raw material, steel, which accounts for 75-80 per cent of the total cost, has appreciated sharply.

If the rains are timely, we will pass the hump," Makharia said. So the industry is now in wait-and-watch mode. "If the sowing season goes well, buyers will come back as sentiment will improve and customers will want to purchase autos for personal mobility," said Makharia.

Sales during the June-August period is seasonally weak because of the rainy season and the recovery is likely to gain momentum from September onwards, he hopes.

Business Line 2[nd] June 2021

Auto sales skid across segments

But companies expect pent-up demand surge

OUR BUREAU

New Delhi, June 1

Automobile companies across segments reported a multi-fold decline in dispatches in May over April because of lockdowns imposed in most States to combat the Covid second wave.

Passenger vehicles market leader Maruti Suzuki India reported a 76 per cent decline month-on-month (MoM) in May to 32,903 units compared with 1,35,879 units dispatched in April. The No.2 manufacturer, Hyundai Motor India, also reported a decline of 49 per cent in May, dispatching 25,001 units compared to 49,002 units in April.

'Nexon' maker Tata Motors reported 39 per cent M-o-M sales drop to 15,181 units in May (25,095 units in April). M&M, Honda Cars India, Kia India and MG Motors sales also declined in double digits on a monthly basis.

Tae-Jin Park, Chief Sales and Business Strategy Officer, Kia India, said that the Covid-19 second wave had made things tough for all businesses and the automobile industry was no exception, as normal business operations got disturbed. "We are confident that the need for personal mobility and pent-up demand will drive the recovery for the entire industry in the months to come," he said.

Domestic auto sales in May 2021 (in units)

	May-21	Apr-21	% change
Passenger vehicles			
Maruti Suzuki India	32,903	1,35,879	-76
Hyundai Motor India	25,001	49,002	-49
Tata Motors	15,181	25,095	-39
Mahindra & Mahindra	8,004	18,285	-56
Toyota Kirloskar	707	9,622	-17
Kia India	11,050	16,111	-31
Honda Cars India	2,032	9,072	-77
MG Motors	1,016	2,565	-60
Two-Wheelers			
Hero MotoCorp	1,59,561	3,42,614	-53
Honda Motorcycle & Scooter India	38,763	2,40,100	-84
Bajaj Auto	60,342	1,26,570	-52
TVS Motor	52,084	1,31,386	-60
Royal Enfield	20,073	48,789	-59
Commercial Vehicles			
Ashok Leyland	2,738	7,961	-66
Volvo Eicher	1,223	2,145	-43
Tata Motors	9,371	16,644	-44
M&M	7,508	16,147	-53
Maruti Suzuki (Super Carry)	868	1,272	-32
Tractors			
M&M	22,843	26130	-13
Escorts	6,158	6,979	-12

Source: Companies

Two-wheeler sales down

In the two-wheelers segment, market leader Hero MotoCorp reported a decline of 53 per cent in May at 1,59,561 units against 3,42,614 units dispatched in April. Bajaj Auto, Honda Motorcycle & Scooter India, TVS Motor and Royal Enfield also reported double-digit decline in sales in may over April.

"May witnessed a further slowdown in sales momentum with close to 80 per cent of the network being non-operational due to local lockdowns. The situation on ground is very dynamic with weekly announcement of lockdown extensions. We are closely monitoring the situation," said Yadvinder Singh Guleria, Director – Sales & Marketing, HMSI.

The commercial vehicle segment also saw decline in numbers on a sequential basis in may, with companies such as Ashok Leyland, Volvo Eicher, Tata Motors and M&M reporting lower sales.

Farm equipment

In the tractor/farm equipment segment, both M&M and Escorts reported a dip in sales.

However, with cases coming down, and gradual unlocking, the industry expects a strong demand rebound.

"With the cases coming down and gradual opening up of markets, we foresee strong demand rebound. We are working closely with our supplier partners to manage supply chain issues and meet the market demand," said Veejay Nakra, Chief Executive Officer, Automotive Division, Mahindra & Mahindra.

Naveen Soni, Senior Vice-President, Toyota Kirloskar Motor, said that the overall market situation as well as consumer sentiments are better than May 2020. "In fact, we have even registered a 104 per cent growth in cumulative wholesale clocked from January to May this year compared to the same period last year," he said.

Business Standard 9th June 2021

Carmakers see demand in first two days of unlock

But cautious on pace of recovery; 2-wheelers may not bounce back immediately

SHALLY SETH MOHILE
Mumbai, June 8

Auto sales, particularly of two-wheelers, may not bounce back immediately and may take another two months to come back on track even as car booking have started seeing an initial uptick.

Various states started Unlock 2.0 on Monday, following a fall in the number of Covid-19 cases.

Auto sales were hit in May following the impact of Covid-led lockdowns. Restrictions imposed by various states took a toll and derailed the recovery that had started from July 2020 after the first wave. Executives at car companies and dealers are a lot more guarded in their outlook amid restricted operations and graded opening of states. They are also sceptical of the so-called V-shaped recovery that one saw last time.

Market leader Maruti Suzuki, for instance, is seeing a positive response in terms of bookings and walk-ins, said Shashank Srivastava, executive director – sales and marketing. As of Tuesday, dealerships in close to 20 states are open.

These account for close to 65 per cent of Maruti's sales. However, full sales potential is not being utilised, given the restrictions on the hours of operations, he said. "While the overall trend is positive, it's too early to say whether one will see a recovery as sharp as last time," said Srivastava.

A spokesperson at Tata Motors said the company is "seeing a good traction in terms of bookings and walk-ins." July is expected to be better than June and things may improve from thereon as supply and demand get streamlined, he added.

Auto companies have been facing supply-side issues due to the shortage of semiconductors, plastics and a few grades of steel. As a result, companies remain non-committal on the shape of the recovery.

Together, close to 40-45 per cent of the 26,000 automobile dealerships (in the country) opened on Monday, said Vikesh Gulati, president of Federation of Automobile Dealers Association, the apex body of dealerships.

The union territories and states that started unlocking on Monday, after being almost shut for over 45 days, include Delhi, Maharashtra, Rajasthan, UP, Chhattisgarh and one or two more states with some restrictions.

Typically, these 10,000 outlets cater to 700,000 to 800,000 vehicles (combined total of all categories), said Gulati.

The response on Day One was muted, he said. "The walk-ins are less and the only people who are coming to the dealerships are the ones who were waiting to unlock. They are giving priority to other household issues and waiting for things to stabilise further."

Meanwhile, two-wheelers, which were last to recover even after the first wave, may take longer to bounce back. The reason for this is, unlike last year, rural India has been severely impacted this time.

"The kind of excitement one has seen in car dealerships in the last two days, is not being seen in two-wheelers," said Nikunj Sanghi, a Mahindra and Hero MotoCorp dealer in Rajasthan.

A dealer of a two-wheeler company said, "The dealerships were shut for almost two months and one was expecting something like pent-up demand. But that is totally missing as of now." He expects things to improve further in the coming days.

The two-wheeler segment has high dependence on rural sales. Market leader Hero MotoCorp draws almost half its sales from rural India. "There are forecasts of normal monsoon and crop realisation has also been better. However, sentiments have been dented as every second household has been hit by Covid," said Gulati.

HC orders TN to set uniform Covid rules for carmakers

The Madras High Court (HC) tasked industrial safety officials on Tuesday with visiting carmakers in the southern state of Tamil Nadu to draw up uniform safety guidelines for workers during a second devastating wave of Covid-19 infections. Workers at the Indian unit of Renault-Nissan had asked the HC for operations to be halted, saying social distancing norms were being flouted and the risk to their lives outweighed the health benefits provided by the company. PTI

Business Line 11th June 2021

Vehicle retail sales skid sharply in May on Covid disruptions

OUR BUREAU
New Delhi, June 10

Total vehicle retail sales for the month of May fell54.79 per cent on a month-on-month (MoM) basis to 5,35,855 units, compared to 11,85,374 units in April.

Sales in all categories tumbled sharply. Two-wheelers , three-wheelers, passenger vehicles, and tractors and commercial vehicles (CV) fell by 53 per cent, 76 per cent, 59 per cent, 57 per cent and 66 per cent respectively, said the Federation of Automobile Dealers Association (FADA) on Thursday.

"The first nine days of June saw a better start than expected due to pent up demand. At this pace, June may result in almost equivalent sales when compared to June last year," FADA said in a statement.

In the PV segment, retail sales declined to 85,733 units during the month, compared to 2,08,883 units in April.

In the two-wheeler segment, retail sales declined to 4,10,757 units during the month, against 8,65,134 units. Similarly, in the three-wheeler segment, sales declined to 5,215 units in May, compared to 21,636 units in April.

CV sales too declined to 17,534 units from 51,436 units in April and tractor sales fell to 16,616 units in May, compared to 38,285 units in April.

According to the statement, unlike other months, a YoY comparison is not possible since India was under complete lockdown in May 2020. Hence, all comparisons for May'21 have been done with April'21 and May'19.

"The second wave of Covid has left the entire country devastated as there may not be a single household which did not get affected. Apart from urban markets, this time, even rural areas were badly hit. May saw continued lockdown in most of the States," Vinkesh Gulati, President, FADA, said.

Retail sales data

(in units)

Category	May'21	May'19	% change	Apr'21	MoM % change
Two-wheelers	4,10,757	14,20,442	-71.08	8,65,134	-52.52
Three-wheelers	5,215	51,428	-89.86	21,636	-75.90
Passenger vehicles	85,733	2,36,157	-63.70	2,08,883	-58.96
Tractors	16,616	39,417	-57.85	38,285	-56.60
Commercial vehicles	17,534	75,122	-76.66	51,436	-65.91
LCVs	9,411	43,255	-78.24	28,511	-66.99
MCVs	915	5,075	-81.97	3,547	-74.20
HCVs	6,233	23,839	-73.85	16,062	-61.19
Others	975	2,953	-66.98	3,316	-70.60
Total	**5,35,855**	**18,22,566**	**-70.60**	**11,85,374**	**-54.79**

Source: FADA Research

Support needed

He said the auto retail fraternity is in dire need of support. While a handful of original equipment manufacturers (Tata Motors - CV, Renault, Bharat Benz and HMSI) have announced financial help to their channel partners, others are yet to do so. "Hence, FADA humbly requests all those OEMs which have still not announced any financial assistance to kindly do it urgently. FADA also appeals to the Prime Minister that instead of restructuring, banks should allow a moratorium of 90 days to all categories of dealers without keeping a turnover limit. This is required as auto retail trade works on the principle where dealers get funded from financial institutions in terms of inventory funding for a period of 30-45 days to purchase vehicles from auto manufacturers," Gulati said.

Business Line 11th June 2021

Wholesale vehicle sales skid 65% m-o-m in May on lockdown impact

Passenger car segment down 70%, while UVs fall 58%

OUR BUREAU
New Delhi, June 11

The domestic wholesales (dispatches to dealers) of automobiles in May declined drastically on a month-on-month (MoM) basis due to the lockdown in most parts of the country. Overall, the vehicle sales across categories witnessed a dip of 65 per cent to 4,42,013 units in May against 12,70,458 units in April, according to SIAM data.

For instance, the passenger car segment declined by 70 per cent in May at 41,536 units compared to 1,41,194 units in April this year.

Similarly, the wholesale of utility vehicles declined by 58 per cent to 45,158 units (1,08,871 units), the monthly data released by the Society of Indian Automobile Manufacturers (SIAM) said on Friday.

Domestic wholesale performance (in units)

	May-21	April-21	% change
Passenger vehicles (PVs)			
Passenger cars	41,536	1,41,194	-70
Utility vehicles	45,158	1,08,871	-58
Vans	1,351	11,568	-88
Total PVs	**88,045**	**2,61,633**	**-66**
Three-wheelers			
Passenger carrier	712	9,248	-92
Goods carrier	539	4,480	-88
Total three-wheelers	**1,251**	**13,728**	**-91**
Two-wheelers			
Scooter/ scooterette	50,294	3,00,462	-83
Motorcycle/step-throughs	2,95,257	6,67,841	-56
Mopeds	7,135	25,977	-72
Electric two-wheelers	31	817	-96
Total two-wheelers	**3,52,717**	**9,95,097**	**-64**
Grand total of all categories	**4,42,013**	**12,70,458**	**-65**

Source: SIAM

The fall in both the segments has led to the decline of total passenger vehicles by 66 per cent sequentially to 88,045 units in May as against 2,61,633 units in April.

In the two-wheeler segment, the scooter sales declined by 83 per cent sequentially to 50,294 units during the month against 3,00,462 units in the previous month. The motorcycle sales declined by 56 per cent in May to 2,95,257 units compared to 6,67,841 units in April.

Total three-wheeler sales also declined by 91 per cent to 1,251 units in May against 13,728 units in April.

Covid situation

"Since, both May 2020 and May 2021 were abnormal months because of the Covid-19 situation and lockdowns, comparison of these two months holds no meaning. Most part of May was under lockdown in many States thus impacting overall sales and production," Rajesh Menon, Director-General, SIAM, said.

He said many members had also shut down their manufacturing plants to divert oxygen from industrial use for medical purposes.

"Indian automobile industry stands committed to support the government in its battle against Covid-19 pandemic through various initiatives to augment availability of oxygen, support health care infrastructure and local communities," he added.

Business Standard 9th June 2021

Superluxe cars on a roll as India starts to unlock

Taking cue from revenge buying trend in other sectors, carmakers Merc to Lamborghini line up their best

SHALLY SETH MOHILE
Mumbai, 8 June

Consumer confidence may be low and disposable income may be rock bottom but the super luxury car brands are hoping the lifting of the lockdown will see some 'revenge buying' — extreme retail therapy to make up for the shopping that has been missed.

The Maybach GLS 600 and the Lamborghini Huracan Evo RWD Spyder, priced at ₹2.43 crore (ex-showroom) and ₹3.54 crore respectively, went on sale on Tuesday.

Lamborghini expects 2021 to be a record year in India. Mercedes said all the 50 plus units of the Maybach GLS 600 allotted for India were booked even before the market debut over the last six weeks. The next set will be customized and delivered to customers by Q1 2022.

"I don't know whether to call it the revenge buying syndrome but in many households in India and various other markets globally, people have a bit more liquidity in their wallet as they haven't spent on travelling or shopping and various other activities. Hence there is a greater financial capability though I don't have a scientific study to support this," said Martin Schwenk, CEO and MD, Mercedes Benz India.

Despite a small market size, super luxury car makers remain optimistic about the Indian market. In the Wealth Report 2021 released in February, Knight Frank, an international property consultancy, said India's ultra-high-net-worth-individuals (UHNWIs), namely those with $30 million or more, are expected to grow by 63 per cent in the next five years from 6,884 currently to 11,198.

The billionaires club is also expected to increase significantly by 43 per cent from 113 now to 162 by 2025.

Sharad Aggarwal, head, Lamborghini India, said the luxury segment is driven by dreams and aspirations. "The pandemic has prompted people to graduate to better houses and cars and the uncertainties of health and life have made them think 'If I can, then why not today? Why should I wait for three or five years?'," said Aggarwal.

Quick pace of Covid vaccination drive prompted Lamborghini to launch the Huracán EVO Rear-Wheel Drive Spyder

Mercedes said all the 50 plus units of the Maybach GLS 600 allotted for India were booked even before market debut

This mentality, along with the ongoing vaccination drive, will help sales rebound at a quick pace. This assumption has prompted Lamborghini to launch the Huracán EVO Rear-Wheel Drive Spyder.

This year, fuelled by the new launches and other enablers, Agarwal expects the super luxury car segment (those models priced Rs 2.5 crore) to reach 2019 levels when the market size was 265 units.

Meanwhile, more younger buyers are providing another encouraging signal. A lot of Maybach GLS buyers are 40-45 years' old, a sharp drop in the age profile since Mercedes introduced the Maybach brand in India in 2011.

Apart from being the first Maybach SUV, the GLS Maybach 600 will be only the second Maybach model to be rolled out in the Indian market, following the Mercedes Maybach S-Class.

The company has a strong order book for most of its line-up in India. "Our 2021 product strategy remains on track and we expect a further uptick in demand, especially for top end products. The market outlook also remains positive at this point and we continue to stay optimistic. Our customers can expect more product introductions across segments in the coming months," said Schwenk.

The top three firms - Mercedes-Benz, BMW and Audi - account for the lion's share of the segment. All three have lined up over 50 new model launches as they seek to recoup the previous year's loss in volumes.

The pandemic pushed back sales of super premium models (those priced over ₹30 lakh) in 2020 almost to 2010 levels. The year-on-year decline too was 40 per cent.

Maruti Suzuki, Toyota scrappage centre set to kick-start next month

Initially, the centre will start with dismantling MSIL's old test vehicles

S RONENDRA SINGH

New Delhi, June 14

Maruti Suzuki and Toyota Tsusho Group's vehicle dismantling and recycling joint venture — Maruti Suzuki Toyotsu India Private Limited (MSTI), situated in Noida, Uttar Pradesh, may kick off next month.

MSTI is a JV between MSIL and Toyota Tsusho Group (Toyota Tsusho Corporation and Toyota Tsusho India Private Limited) with each owning 50 per cent equity.

Sources told *BusinessLine*, the centre at Noida is ready and some trials were on. The joint venture was announced in 2019 and the operations were to begin during the last financial year.

Trials begin

"Because of Covid it is a bit behind schedule. The operations are expected to start from July and right now trials are on. To begin with, the centre will start with the old test vehicles of Maruti Suzuki India (MSIL), which are at end of life now," an official said.

All the machineries are in place to dismantle vehicle parts like the engine, aluminium, plastics, copper and other raw materials, another official said. All the scrapped materials will be sold to scrap dealers, the official said adding that anybody/ individuals who want to scrap their old vehicles can bring to the unit, and in return they will be provided with a certificate with details to enable them get incentives on buying new cars, according to the government norms, he further said.

The process will include complete solid and liquid waste management as per Indian laws and globally approved norms

Sops for new vehicles

Nitin Gadkari, Minister of Road Transport and Highways, in March had announced that people who junk their old vehicles and buy a new one under the purview of 'Vehicle Scrappage Policy' will receive about five-per cent rebate from automakers on purchase of new vehicles.

Another official aware of the development said MSIL's used car unit True Value will also bring old vehicles for scrappage from its outlets.

MSTI is responsible for procuring and dismantling End-of-Life Vehicles (ELVs). The process will include complete solid and liquid waste management as per the Indian laws and globally approved quality and environment standards.

According to the 2019 announcement, the unit will have an initial capacity to dismantle around 2,000 vehicles per month. MSTI will source vehicles from dealers as well as directly from customers. According to analysts, the auto sector is expected to get a boost from the increased demand and an investment of over ₹10,000 crore. An estimated over one-crore vehicles will be affected by scrappage policy and 35,000 additional jobs are likely to be created under the policy.

Demand in the initial years could be supported by scrapping of government vehicles that are 15 years old and overall around 2.37 lakh vehicles belonging to Central / State governments are likely to be scrapped, they added.

M&M centre

Apart from MSTI, Mahindra & Mahindra has also vehicle scrappage centres - Mahindra MSTC Recycling Private Limited (CERO), which is a joint venture between Mahindra Intertrade and MSTC (a government Enterprise). It has set up three recycling plants at Greater Noida, Chennai and Pune, under the brand name CERO.

COS BET ON FUTURE AS PANDEMIC HITS BUSINESS

Auto Inc Raises R&D Spending Amid Cost Cuts

Cos like Tata Tech, KPIT, Capgemini get orders; EVs, connected car tech among focus areas

Nehal Chaliawala & Anandi Chandrasekhar

Mumbai: Automakers are stepping up investments in technology and future projects, even as they cut costs to weather the Covid-19 pandemic.

Tata Technologies, KPIT, Capgemini and Tata Elxsi have been bagging new projects from carmakers even amid the virus outbreak, as automakers take a long-term view in a competitive environment.

Research and development (R&D) spending by automotive companies is expected to increase by 6.5% on average this year, with a focus on software and electric vehicles (EVs), business intelligence firm IHS Markit said in a report recently. A tenth of the respondents in its survey were from India.

"Like we have addressed during our quarterly results, technology spending is positive," KPIT said in an email to **ET**.

KPIT, Capgemini and Tata Technologies said the bulk of future investments in R&D globally will be related to EVs, autonomous vehicles and connected car technologies.

In India, however, EVs attract bulk of the investments, which have been growing despite cost cuts by automakers in other business areas.

Mahindra and Mahindra (M&M) has outlined capital expenditure of ₹3,000 crore for EVs in the next three years, while Tata Motors' overall investment for this year will be ₹3,000 crore, again focused on EVs. The investments are on track despite both companies delivering significant cost savings in FY21, with similar plans for the ongoing fiscal year.

EV projects involve investment around battery technology and management systems, motors, thermal management systems, and power electronics.

"I can't think of projects which don't have some form of electrification," Warren Harris, chief executive of Tata Technologies, told ET. Citing the example of a leading Indian automaker, Harris said the cost savings came in the form of reduced production costs, streamlined raw materials and headcount.

In the long term, cost reductions are being achieved by shedding legacy IT infrastructure in favour of Cloud and digital systems.

"A lot of the savings have been driven to investment in digital and we have been a beneficiary there," Harris said.

EV projects involve investment around battery tech & management systems, motors, thermal management systems, and power electronics

Investment in connected vehicles is also slowly taking off in India but spending on autonomous technology remains negligible except for some pilot projects, said Shamik Mishra, vice president, Capgemini Engineering–India.

Tata Elxsi said in its annual report that automakers and component manufacturers were also growing their R&D expenditures on initiatives to develop driver assistance and industry 4.0 capabilities.

Revving Up

R&D spending by auto cos may rise by 6.5% on avg this year: IHS Markit

M&M has outlined **₹3,000 cr** capex for **EVs** in next **3 yrs**

Tata Motors' overall investment for this year will be **₹3,000 cr**, focused on **EVs**

Investment in connected vehicles taking off in India

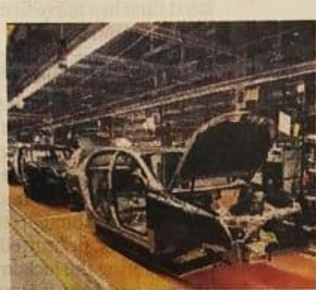
Spending on autonomous technology remains negligible

Business Standard 12th June 2021

Auto firms crank up production in June as states unlock

They expect to reach up to 90% of pre-Covid 2.0 levels

SHALLY SETH MOHILE
Mumbai, June 12



By the end of June, most auto firms expect to manufacture 85-90 per cent of what they produced in the months preceding the second wave.

After the unlock 1.0 that happened in May 2020, carmakers started ramping up production month-on-month from June 2020 and continued doing so till April 2021, the month the second wave hit.

The resurgence in confidence is based on the expectation of a gradual recovery that has come on back of a fall in the number of cOvid-19 cases along with latent demand.

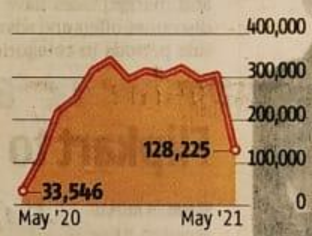
The confidence is based on the expectation of a gradual recovery and latent demand.

"We will reach our full daily rate of production before the end of this month. There is enough demand with over 150,000 pending bookings and new bookings coming in. It will be busy days ahead for the dealerships," said R C Bhargava, chairman, Maruti Suzuki.

However, he pointed out that fear of the 'third wave' remains and both 'vaccinations and observance of safety protocols' are necessary to ensure a rapid recovery.

Even though factories were allowed to operate with minimal manpower amid restrictions, several companies including Maruti halted production for two to three weeks.

ROLLER COASTER RIDE: PV PRODUCTION VOLUMES



Source: Siam

Most companies resumed production last month but they timed their ramped up production schedule to coincide with the gradual unlocking in some states which began on June 1.

With a third of the country still under lockdown, including Karnataka, West Bengal, and Tamil Nadu, carmakers are treading with utmost caution.

Turn to Page 13 ▸

Auto firms crank up production in June as states unlock

"With 70 per cent of the country open, 70 per cent of the demand has also come back," said Tarun Garg, director, sales and marketing at Hyundai Motor India.

He expects further improvement by the month end but this will depend on whether more states lift lockdowns or extend them.

"Though earlier bookings are lined up and new ones also coming, it's too early to make any projections as there are developments on re-opening every day and this is the first week," said Garg.

Ashish Modani, vice president and sector head, corporate ratings, ICRA, pointed out that, in line with expectations, covid 2.0 induced lockdown restrictions across key states have resulted in a sharp decline in wholesale despatches during May.

"While the lockdown situation is easing, the ramp up in volume is likely to be gradual, unlike the fast-paced V-shaped recovery witnessed during the last fiscal," said Modani.

Passenger vehicle dispatches to dealers in May rose year-on-year to 88,045 from 33,546 in May 2020 , said the Society of Indian Automobile Manufacturers on Friday.

However, since 2020 was a year when the pandemic disrupted everything, a comparison with 2019 gives a more accurate picture. Sales fell by over 50 per cent in most categories when compared with 2019.

Jayant Davar, co-chairman and managing director, Sandhar Technologies (an auto component firm that makes aluminium die casting, lighting and other critical parts), said that even though production may catch up with the peak months of January and March by month-end, the full month of June will still be only two-thirds of what it was in the peak months. "Production is directed more at individual companies than the whole sector," he said.

Various companies including Royal Enfield, Hero MotoCorp, Honda Motorcycle and Scooter India, and TVS that have units in southern India, have seen production being halted due to the continuing lockdowns.

The June quarter will perhaps be only 40-60 per cent in revenue terms (the value of business from OEMs), according to Davar.

Others are also reluctant to read too much into what is a gradual uptick in production, the reason being that the production ramp up happening now is mainly in the nature of 'pipeline filling' because automakers have to stock up the dealerships.

The inventory at most dealerships has depleted to 20 days from the normal 25 days, said an official at a component maker. "The real test will be the retail performance of companies in the months ahead," he said.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 2nd June 2021

e-vehicles get an electric charge

An uptick in the availability of public charging infrastructure is gradually powering green transportation

YUVRAJ MALIK
New Delhi, 1 June

There are many reasons the 30 KW Tata Nexon EV was the highest selling electric car in April. Compact SUVs are the flavour of the season but attractive design isn't the only factor. One of the biggest bottlenecks for EV adoption is the charging infrastructure, and that seems to be changing for the better.

For the longest time, there has been a conundrum: Energy firms wouldn't install public chargers because there weren't enough cars. Buyers have not warmed to EVs because there aren't enough charging points.

Over the past two years, however, the charging station network has doubled in India. There is now one public charging spot for every 31 new EVs sold in FY21, according to latest data.

As of March 2021, India had 4,305 charging stations — pooled in by power discoms, private players and original equipment manufacturers (OEMs). The figure could shoot up to 7,000 over 18 months, according to JMK Research.

The hurdle is charging time. Two standards exist: AC charging and DC charging. DC charging is faster, but more expensive and degrades the battery over long use

"The state-held players — EESL and REIL — would account for 50 per cent of the market share. This will be followed by some experienced and established private players — Volttic, Tata Motors, and Fortum," the green energy-focussed research firm said in a recent report. EESL or Energy Efficiency Services Ltd is a joint venture of Power Finance Corp, NTPC, Power Grid Corp of India, and REC Ltd; and REIL or Rajasthan Electronics and Instruments Ltd is a joint venture between the Centre and the Rajasthan government.

Industry participants said the demand and viability of charging stations is improving, given the uptick in EV sales. In 2019-20, EV sales grew 20 per cent to 155,400 units, but dived in the coronavirus (Covid-19) pandemic year FY21 to 133,714. However, sales in the last couple of months have been the highest so far. There are other green signals: the pandemic-induced uptick in automobile sales; Tesla setting up an EV factory in Karnataka and a $300-million fresh investment in Ola Electric, which has some major plans.

Dozens of private and public-sector entities are participants in the charging infrastructure play (*see chart*). Ola, for instance, wants to create its own electric two-wheeler and charging network for its commercial vehicle fleet. IOCL set up charging points at its fuel pumps. Ather Energy, the biggest electric two-wheeler firm, is installing its own network of chargers.

Major firms have assumed pole position in the charging sub-categories, namely public charging for CVs, public charging for PVs, commercial charging for CVs, mainly three-wheelers and home-based charging.

"We are targeting malls, tech-parks, society complexes and points along national highways," said Akshit Bansal, co-founder of Statiq, an electric charging network. "The idea is to put chargers where people have something to do for an hour or so when the vehicle gets charged," he added.

Hero group-backed Ather has adopted a similar model. A spokesperson said its network now totalled 128 charging points (the highest density in Bengaluru at 33), with an aim to cross 300 by December. Each Ather also comes with a home charger that can be plugged into a wall socket.

The other major segment is electric three-wheelers used for commercial operations. Here, a number of companies, including Noida-based Volttic, have created large assets to charge EVs overnight. Experts said EV adoption is being led by this segment, which has seen major demand from last-mile players such as Big Basket, Amazon and Flipkart.

Cost-saving is the single biggest selling point of EVs. The 30 KW battery of the Tata Nexon, a Statiq spokesperson explained, takes just ₹180 to charge and offers a range of 250 km. On the basis of cost-per-km, Nexon is cheaper than even CNG-powered engines that run at roughly ₹2.5 per km.

The hurdle, then, is charging time. Two standards exist: AC charging and DC charging. DC charging is faster, but more expensive and degrades the battery over long use. That is why AC charging is more commonplace. But the difference in time is stark, and so is the cost difference. Tata Nexon will take one hour to fully charge on DC current, and 8-10 hours on AC current; A standard AC charger costs ₹60,000-70,000 while a DC charger can cost upwards of ₹10,00,000, according to the Statiq executive.

A bunch of solutions have come up for commercial two- and three-wheelers. Much work is being done to figure out the feasibility of the battery-swapping solution. Charge Zone, a Vadodara-based start-up that offers DC chargers for electric busses, has recently acquired Ola Electric's battery swapping assets.

Akshay Singhal, founder of nanotechnology firm Log9, disputes the long-term viability of battery swapping. "The batteries required are higher than the number of vehicles, which results in inventory lying vacant. Secondly, nobody is sure that the swapped battery will offer the same range — which is crucial when it comes to commercial operations."

Here, Singhal pitches Log9's proprietary "'Rapid Charging Battery Packs" that can charge in 15 minutes and offer a true range of 60-80 km for three-wheeler EVs. Log9, he says, signed contracts for pilots with Amazon, Vogo, Shadowfax, Delhivery, among others.

India is riding high on the Faster Adoption and Manufacturing of Electric Vehicles (FAME) I and FAME II schemes. Under FAME II, which has an outlay of ₹10,000 crore, 3,397 charging stations were sanctioned of which 2,636 were approved as of 2020. They cover 62 cities, with the highest number in Maharashtra, followed by Karnataka and Tamil Nadu.

In September 2020, the government invited tenders for 1,500 charging stations to be set up along 25 national highways.

Likewise, policy tweaks have encouraged private players. The most significant step has been to treat EV charging as a "service", allowing anyone to set up and operate an EV charging station without a licence. In the Union Budget announced in July 2019, the GST rate on EV charger/charging stations was reduced from 18 to 5 per cent.

But the problem of time remains. "Despite the fact that the FAME-II policy gives importance to encourage charging stations, the government must give serious consideration to invest in battery swapping technology. Charging times for EVs take several hours for a full charge," said Shashidhar of ORF in a note.

SPARKS IN THE SECTOR

Key players in the charging infrastructure market

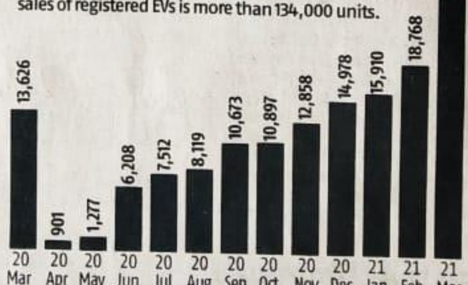
Company	Charging network	Offering	Presence
Volttic	190	AC and DC chargers for 2W, 3W, 4W, and electric buses	Operating at corporate offices of Infosys, McKinsey, Fidelity, HP Computing, TESCO, JP Morgan, and Amazon along with having public installations at Indore, Mumbai, Delhi and Gurugram
Charge Zone	210	Fast DC chargers for electric buses	Ashok Leyland, EEE-Taxi, Shuttl, SmartE, BluSmart, Bajaj Auto
Fortum Charge & Drive	100	Public charging specifically for e-4W	Seven Indian cities
REIL	800	Public charging infrastructure	All major metro and non-metro cities
EESL	1200	Public and captive charging	NDMC Delhi, CMRL Chennai, Maha Metro Nagpur, Noida Authority, SDMC Delhi, NKDA Kolkata
EVI Technologies	215	AC and DC chargers for 3W, battery swapping	Pan-India

Caption: Key players in the charging infrastructure market

Source: Various Reports

THE CHARGING MATH

The registered EV sales in March 2021 has steeply grown to 25,640 units, registering a m-o-m increase of 34.2% and y-o-y increase of 88.2%. The FY2021 sales of registered EVs is more than 134,000 units.



Source: Society of Manufacturers of Electric Vehicles (SMEV)

Business Line 2nd June 2021

Govt plans to exempt EVs from registration fee

OUR BUREAU

New Delhi, June 1

To encourage electric mobility, the government proposes to exempt battery operated vehicles (BOVs) from payment of fees for issue or renewal of Registration Certificate (RC) and assignment of new registration mark.

In places like Delhi, the State government has already exempted road tax on BOVs. Such an incentive-based policy will encourage large-scale adoption of electric vehicles (EVs) in the country.

"The Ministry of Road Transport and Highways (MoRTH) has issued a draft notification dated May 27, 2021, to further amend the Central Motor Vehicles Rules, 1989 proposing to exempt BOV from payment of fees for the purpose of issue or renewal of RC and assignment of new registration mark. This has been notified to encourage e-mobility," a statement issued by MoRTH on Tuesday said.

The Centre has already approved ₹18,100-crore production-linked incentive scheme for building mega factories to manufacture batteries to accelerate adoption of BOVs in the country, to curb the oil imports. The government has committed to reduce carbon footprint by a third by 2030 from 2005 levels.

Business Standard 14th June 2021

FAME II tweaks charge up electric 2-wheeler firms

SHALLY SETH MOHILE

Mumbai, 13 June

Electric two-wheeler makers have either reduced prices of their models or will be doing so in the next few days, following an increase in incentives under the second phase of the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) scheme by the government.

The higher incentives, say manufacturers, will encourage them to reduce prices and the initial high acquisition cost for buyers, thereby accelerating the adoption of electric two-wheelers.

The government had on Friday made a partial modification in the scheme for FAME in India Phase II, including increasing the demand incentive for electric two-wheelers to ₹15,000 per kilowatt hour (kWh), from the earlier uniform subsidy of ₹10,000 per kWh for all electric vehicles (EVs), including plug-in hybrids and strong hybrids, except buses.

In the latest modification, the Department of Heavy Industries also capped incentives for electric two-wheelers at 40 per cent of the cost of vehicles, up from the earlier 20 per cent.

Depending upon the model and the variant, some manufacturers, including Ather Energy and Hero Electric, have slashed prices in the range of ₹15,000-28,000; others will announce price cuts this week. The reduction narrows the price gap between an electric two-wheeler and an internal combustion engine (ICE)-powered two-wheeler. The latter remains cheaper in comparison to a majority of electric two-wheelers.

Take Ather Energy's 450x, for instance: After the recent incentives, the exclusive showroom price of the model in Delhi has come down to -1,32,426, from ₹1,46,926.

Honda Activa 125cc, the comparable ICE model to the 450x, costs ₹97,723. However, when compared to some low-selling, niche models like a Vespa SXL 125 that costs ₹1.17-1.22 lakh (ex-showroom Delhi), the new prices have come on a par.

"The move allows us to launch more scooters at lower price points (sub-₹1 lakh now). Also, the gap is narrower when one compares the on-road prices, which is what customers actually pay (not ex-showroom prices)," said Tarun Mehta, co-founder and chief executive, Ather Energy.

The higher incentives and the subsequent price reduction make EVs a lot more affordable and bring them into the consideration set of a larger number of buyers, particularly those who have shied away due to their high acquisition costs. These come at a time when petrol prices have reached ₹100 per litre. This, too, will lead to quicker adoption of electric two-wheelers, said Mehta. "It eliminates the upfront delta between a petrol and EV scooter completely," said Mehta.

According to him, it pulls back the timeline on EVs by a few years. It will happen now, instead of three years. Sales of electric two-wheelers have grown despite the pandemic. With this additional subsidy, he expects electric two-wheeler sales to disrupt the market and clock 6 million-plus units by 2025.

India sold a total of 143,821 electric two-wheelers in 2020-21, a decline of 6 per cent year-on-year, according to the Society of Manufacturers of Electric Vehicles (SMEV).

Emboldened, Hero MotoCorp-backed Ather now plans to ramp up distribution at an accelerated pace and reach 100 cities, against the earlier plan of 30. It is also looking to advance capacity expansion plans by six to nine months. "The place in Hosur allows us 3x expansion," he added.

Rakesh Sharma, executive director at Bajaj Auto, lauded the government's move, saying it showed the Centre's commitment to EVs and laid to rest all worries.

However, Sharma isn't as enthusiastic. "While this is helpful, it will not change the dynamics. That will happen only when battery costs come down," he said. Bajaj will take a call on the price cut on the e-Chetak in the coming days, said Sharma.

Sudarshan Venu, joint MD, TVS Motor, said sustainable mobility solutions are very important for the future and TVS is investing significantly behind this.

"The improved incentives for electric two-wheelers will increase penetration and encourage further indigenous investments in future technology," said Venu. "The latest step will address the issue of high sticker price of electric two-wheelers," said Sohinder Gill, director-general, SMEV.

CHEAPER RATES

Ex-showroom prices (₹)

ATHER ENERGY	Old	New
Delhi		
450x	146,926	132,426
450 Plus	127,916	113,416
Bengaluru		
450x	159,000	144,500
450 Plus	139,000	125,490

OTHERS	*Price (₹) reduction
Hero Electric	8,000 to 28,000
Okinawa Autotech	7,500 to 15,000

*Based on models/variants Source: Companies

More on business-standard.com

Times of India 13th June 2021

As air quality alarm bells ring, electric vehicles see a window of opportunity

Shiladitya.Pandit
@timesgroup.com

CLEANER, LEANER, GREENER

> Public transport systems are among the worst-hit by Covid lockdowns

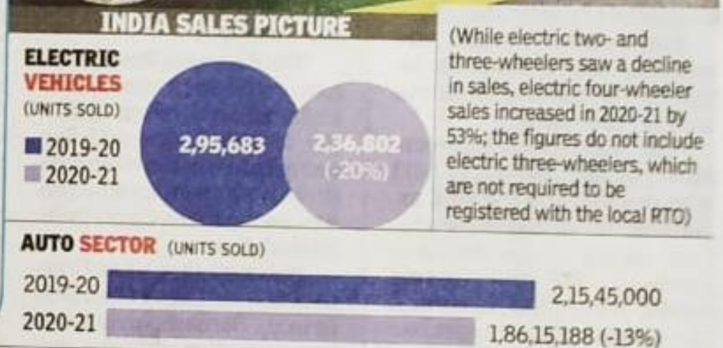
> In major cities, surveys showed transit ridership was down by 50-90%

> As per studies, the pandemic has "increased the interest in private vehicle use as consumers feel safer and protected from the virus in cars than on public transit"

> Experts believe governments must invest in EV infrastructure

> Researchers have found that even a slight spike in fine particulate matter could be associated with an 11% increase in a given area's Covid-19 death toll

Pic for representational purpose



(While electric two- and three-wheelers saw a decline in sales, electric four-wheeler sales increased in 2020-21 by 53%; the figures do not include electric three-wheelers, which are not required to be registered with the local RTO)

"Due to the higher cost, people often choose not to buy EVs — despite the overall savings in fuel and additional utilities. To tide this over, manufacturers must produce aspirational vehicles with value addition, just like what Tesla did in the United States

— **Rahul Walawalkar** | FOUNDER AND PRESIDENT, INDIAN ENERGY STORAGE ALLIANCE

"With a surge in home deliveries, last-mile logistics services have increased their contribution to pollution levels in urban areas. Mandating/incentivising them to use EVs for a certain percentage of their fleet would help curb pollution as well as boost the presence of EVs in urban mobility

— **Sulajja Firodia Motwani** | FOUNDER AND CHIEF EXECUTIVE OFFICER, KINETIC GREEN

Pune: Skyrocketing fuel prices and rising air pollution have ensured that electric vehicles are in prime position to make inroads into a market that's got its eye on a cleaner, greener future.

Preliminary studies, by Indian scientists and those abroad, have found a link between polluted air, and severe infection and increased mortality from Covid-19. Fuel prices are well over the Rs100/litre-mark across India.

Last September, a study across six cities by Indian Institute of Tropical Metrology (IITM) found that people in cities exposed to higher baseline levels of PM2.5 run a higher risk of dying of Covid-19.

"PM2.5 penetrates deeply, reaching the base of the lungs and entering the blood system.

THE WAY FORWARD

Long-term exposure leads to dysregulation and compromises the immune system. A person with a compromised immune system cannot effectively fight Covid," Sachin Gunthe, a professor and researcher at Indian Institute of Technology-Madras, said in an interview with 'The Weather Channel' in December 2020.

Rising fuel costs are another problem — a litre of petrol costs over Rs100 in many cities across India.

A drop in demand and availability of public transportation during the pandemic, and a potential rise in demand for personal vehicles, especially two-wheelers, has prompted policymakers, such as central government thinktank NITI Aayog, to urge manufacturers to consider a mass shift to electric vehicles.

"We need to go all out in that space — as well as in public transport and long-distance commercial transport — with electric vehicles," Amitabh Kant, NITI Aayog CEO, said while addressing a gathering of cell manufacturers late last month.

Kant touted the Union government's new product-linked incentive (PLI) scheme for advanced chemistry cells (ACCs), which are predominaused in the powertrain of electric vehicles.

EV manufacturers said incentives like PLI can help the industry grow and indigenize the import-dependent supply chain but conceded the technology for battery manufacturing was on the expensive side.

"The PLI, and FAME subsidies that apply to vehicles which have a mostly local supply chain, will force companies to indigenize their supply chain. However, setting up a cell manufacturing facility is something that start-ups don't have the financial wherewithal for. That will have to be done by the few players who have access to serious and ready funding," said Ravneet Phokela, chief business officer of Ather, which manufactures electric two-wheelers with backing from Hero.

Activists insisted that, a push towards EVs notwithstanding, the answer to increasing the demand for public transport lies in improving reliability and frequency.

"Most people have little choice but to use buses post-pandemic, as other options are becoming expensive. Concentrate on public transport buses, improve their efficiency and reliability, and you will see improvement in air quality," Sujit Patwardhan, founder of the citizens' group Parisar, said.

Business Line 13th June 2021

'Higher incentives under FAME II will be a game-changer in EV adoption'

OUR BUREAU

Bengaluru, June 12

Electric two-wheeler manufacturers have termed the government's decision to increase subsidy for electric vehicles by 50 per cent under the FAME II scheme as extremely encouraging and a big boost to the industry.

The government on Friday modified the scheme for Faster Adoption and Manufacturing of Electric Vehicles in India Phase II (FAME India Phase II), increasing the demand incentive for electric two-wheelers to ₹15,000 per kWh from the earlier subsidy of ₹10,000 per KWh for all EVs. The heavy industries ministry has also capped incentives for electric two-wheelers at 40 per cent of the cost of the vehicles from 20 per cent earlier.

Sudarshan Venu, Joint Managing Director, TVS Motor Company, said that the government's move was extremely encouraging. "We welcome the government's continued support to EVs. Sustainable mobility solutions are very important for the future and TVS is investing significantly behind this. The improved incentives for electric two-wheelers will increase penetration. Such policy direction should lead to the indigenous development of future technology," Sudarshan Venu said.

Price cut likely

Electric two-wheeler start-up Ather Energy termed the government move as phenomenal. "It will reduce the gap in pricing between a gasoline-based two-wheeler and electric vehicles," Ather Energy's CEO Tarun Mehta told *BusinessLine*. He said the tweaking of the policy will help reduce the price of the electric two-wheelers by around ₹15,000.

He further said that such incentives change the dynamic of the market completely.

"The customers' shift towards buying electric vehicles will be faster now as the total ownership cost of such vehicles is much lesser than the petrol-based vehicles."

Makers gung-ho

"The sales of electric two-wheelers have grown despite the pandemic. With this additional subsidy, we expect it to disrupt the market," he said. Mehta said once the lockdown restrictions are eased, the pent-up demand will gallop which will lead to a spurt in sales. Customers will now look at buying an electric scooter as their first choice compared with what it was earlier, he pointed out. The five-year projected figure will now be achieved in three years, he said.

Suhas Rajkumar, Founder and CEO of electric two-wheeler start-up Simple Energy, said, "Manufacturers like us will benefit as this move will significantly improve the unit economics and accelerate the EV adaptation as it becomes much more affordable."

Bhavish Aggarwal, Chairman and Group CEO, Ola, said: "Our Ola Futurefactory will be coming online soon and we will be aggressively pricing our products. With yesterday's policy incentives, we will be able to accelerate the global transition to sustainable mobility even faster."

Business Line 15th June 2021

RattanIndia to invest in expanding Revolt Motors' presence across 35 cities

AYUSHI KAR

Mumbai, June 14

RattanIndia Enterprises, which recently acquired a stake in homegrown electric two-wheeler manufacturer, Revolt Motors, will invest to expand the network of service centres and dealers across 35 cities.

Funds for this investment were secured after RattanIndia Group sold off its entire solar portfolio to GIP group, and is reinvesting some of the money into the EV space.

"We are really bullish on the EV space, with the government's push for electrification, we think this sector holds a huge promise for growth," said Anjali Rattan, promoter of Rattan India Enterprises.

Rattan India Enterprises had announced in April that it is investing ₹150 crore in electic motorcycle maker Revolt

Revolt Intellicorp's RV400 and RV300 e-motorcycles

Intellicorp, founded by Micromax co-founder Rahul Sharma, for a 43 per cent stake in the company.

Anjali Rattan also disclosed that Revolt Motors has a deal with Domino's to convert its delivery fleet to electric vehicles. he ₹150-crore investment will be used by Revolt Motors to expand the network of service centres and dealers to 35 cities, and also expand the network of switch stations within cities to improve vehicle range for the bikes. The Fame II subsidies announced on June 12 also come right on time, which would translate into an incentive of ₹48,000 per bike for Revolt.

According to Anjali, the focus of investments by RattanIndia Enterprises will be mostly towards businesses that are growth oriented with quicker returns. "Most of our present holdings are in thermal power which requires an extremely high capital expenditure and a huge debt, moreover the thermal power industry is less likely to grow," Anjali explained. Anjali's previous foray into solar power was also abandoned due to high capital expenditure, which along with the tariff drop to ₹2 per unit made the venture unprofitable. Thus, most new investments for RattanIndia Enterprises will be tech-based.

PRESS REPORTS ON TRACTORS

Business Line 10th June 2021

Tractor volumes decline in May as rural sales take a hit

But industry players optimistic of demand revival

G BALACHANDAR

Chennai, June 9

Domestic tractor volumes saw a decline both year-on-year and month-on-month during May as the second wave of Covid-19 and the resultant localised lockdowns in rural areas affected sales.

However, declining daily new cases in the past one week and the start of monsoon and other favourable factors provide a hope for revival of demand soon.

During May, total domestic tractor volumes stood at 55,609 units compared with 60,441 units in May 2020, posting a decline of 8 per cent. The drop was 12 per cent when compared with sales of 63,422 units in April 2021, according to the data provided by Tractor and Mechanisation Association.

During the first wave, most of the semi-urban and rural areas were insulated from the impact of the virus and hence when the lockdown was lifted tractor sales started to pick up helped by pent-up demand and strong government focus, record agri output and favourable monsoon.

"This time the situation didn't appear to be like last year. There have been a lot of restrictions imposed in rural markets and States extended stringent lockdowns at the regional level in the past couple of months and thus demand remained sluggish," said Raman Mittal , Executive Director, International Tractors Ltd.

High Covid cases

The number of cases in rural regions is much higher this time compared to the peak seen last year, and health infrastructure in these regions is also limited.

"While this could impact tractor sales in the first quarter of fiscal 2022, agriculture income is likely to remain healthy given good rabi crop and healthy mandi arrivals seen in April and May. Also, expected normal monsoon and better reservoir levels, will support agriculture income for the rest of the fiscal as well," says Anuj Sethi, Senior Director, Crisil Ratings Ltd.

On the manufacturing front, there could be minor challenges on the supply chain initially in the first quarter of this fiscal. Also, companies are looking to adopt different processes due to absence of oxygen heating process in fabrication works as industrial units had to divert their oxygen production to support Covid-hit patients.

As the daily new infections have come down significantly in the past couple of weeks, industry representatives express optimism over demand revival.

Green shoots of recovery

"It is heartening to see the Covid cases reducing sharply. This is leading to sharp improvement in farmer sentiments and green shoots of recovery are visible. A bumper rabi harvest, record procurement, food prices holding up, gradual opening up of Mandis and expectations of a normal monsoon will pave the way for growth in the upcoming season," said Hemant Sikka, President-Farm Equipment Sector, Mahindra & Mahindra Ltd.

On a low base of Q1 last year and expected recovery in demand during July-September, tractor sales are expected to be still higher during the first half of this fiscal.

Business Line 8th June 2021

Swaraj eyes horticulture segment with orchard tractors

OUR BUREAU

Bengaluru, June 7

Swaraj Tractors, part of Mahindra Group, is eyeing horticulture as a focus area for its orchard tractors. The company sees good demand coming for such orchard tractors from States such as Maharashtra, Karnataka and Gujarat, where mechanisation has picked up in horticulture segment, said Harish Chavan, CEO, Swaraj.

The orchard tractors are smaller tractors in the range of 17-25 Hp and Swaraj offers two wheel drive (2WD) as well as four wheel drive (4WD) variants under its portfolio. Chavan said the orchard tractors are lower in height and compact compared to the normal tractors, built to navigate in small areas or fields and are used in vineyards and orchards. "Currently, we are also working on a light weight series in this segment to enrich our portfolio," he added.

"Mechanisation in horticulture is going to be our focus area," Chavan said. The market for these tractors is rapidly growing in Karnataka and Maharashtra along with some other states as the need of farm mechanization is being realized in the horticulture segment, he added.

Harish Chavan

Chavan said the orchard tractors contribute to about 5 per cent of Swaraj's domestic sales. The company is also expanding its presence in the agri-implement segment.

"We are also working on different mechanisation tools which can be used in low row spaces which could be used for spraying, crop care and other practices in horticulture. We are in fact looking at the entire farming value chain and working on a solution," Chavan said.

Swaraj offers a wide range of basic implements and special purpose implements like potato planters, straw reapers and balers. Swaraj, which also manufactures Combine harvesters and tractor mounted combine harvesters, saw total implement sales of ₹148 crore during fiscal 21, including harvester sales of ₹60 crore.

PRESS REPORTS
ON
WORLD AUTOMOBILES

Business Standard 4th June 2021

Tesla begins hiring seniors for India entry

BLOOMBERG
3 June

Tesla Inc has begun recruiting for leadership and senior level roles in India, according to a person familiar with the matter, as it gears up to break into one the world's biggest emerging car markets.

The California-based maker of electric vehicles is recruiting for positions including a head of sales and marketing, and a head of human resources, the person said, asking not to be identified. A Tesla fan club tweeted last week the company had brought on board a senior legal counsel.

Chief Executive Officer Elon Musk all but confirmed Tesla would enter India in January after months of speculation. The world's second-richest man on Jan. 13 tweeted "as promised" in response to a report on a Tesla-focused blog that the automaker was in talks with several Indian states to open an office, showrooms, a research and development center — and possibly a factory.

Local media reported last month that Prashanth Menon, who has been with Tesla for around four years, was elevated to country CEO.

Tesla didn't immediately respond to a request for comment.

The EV maker is closely monitoring announcements from the government regarding changes to the country's goods-and-sales tax that may reduce the cost of owning an electric car, the person familiar with the matter said. It's also waiting for further incentives for EV makers under India's production-linked incentive program before it makes a real push into the country.

Under the PLI, as it's called, manufacturing incentives will rise each year in an ongoing effort to entice the world's biggest brands to make their products in India and export to the world. Last month, India's cabinet also approved a ₹18,100 crore ($2.5 billion) plan to boost battery storage capacity to 50 gigawatt hours.

Tesla's foray into India may well prove challenging, however, even with sweeteners. Unlike China, India hasn't rolled out the welcome mat for electric cars. Tesla set up its first factory outside of the US in Shanghai and now dominates sales of premium EVs in China. EVs account for about 6 per cent of China's annual car sales, according to BloombergNEF, compared to less than 1 per cent in India.

The expensive cost of Tesla cars is viewed as a sticking point too. Although India is home to a budding middle class, pricey automobiles remain well out of reach of the vast majority of the population.

Economic Times 2nd June 2021

Daimler, Nokia End Mobile Tech War That Threatened Car Sales

Bloomberg

Daimler and Nokia settled their dispute over the licensing of wireless technology patents in cars, ending a legal battle that has been watched beyond the auto industry and initially threatened sales of the iconic Mercedes brand in its home country.

The deal resolves all legal proceedings between the two, including a complaint made by Daimler to the European Commission about Nokia. The companies agreed not to disclose the terms of the pact in a joint statement.

The settlement "is a hugely significant milestone which validates the quality of our patent portfolio, the contribution of Nokia's R&D to the connected vehicle industry, and the growth opportunities for our automotive licensing program," Jenni Lukander, president of Nokia Technologies, said in the statement.

Nokia and Daimler locked horns in Germany's courts last year because the maker of the Mercedes-Benz refused the Finnish company's demand to pay a lump sum for patents used in its vehicles.

Daimler instead wanted its suppliers to buy the technology from Nokia, which would mean lower fees for the use of the intellectual property.

Modern automobiles are brimming with electronic gadgetry and the industry has casually likened its products to smartphones on wheels because the wireless technology allows occupants to make calls, stream music or dial emergency services in case of an accident. Traditionally, automakers require that parts suppliers like Continental handle patent royalty issues and indemnify them for any demands that may come later.

The German litigation last year culminated in a decision by a Dusseldorf court to refer the case to the European Union's Court of Justice to examine the issue. At that point, Nokia had won two rulings in German courts against Daimler saying the carmaker violated its patents. While these injunctions formally authorized Nokia to stop its adversary's car sales, Daimler was able to avert their enforcement while appeals were pending.

"We welcome the settlement — from an economic point of view and because we avoid lengthy disputes," Daimler said in a separate statement.

Economic Times 3rd June 2021

Tesla Recalls 6,000 US Cars over Potentially Loose Bolts

Washington: Tesla Inc is recalling nearly 6,000 US vehicles because brake caliper bolts could be loose, with the potential to cause a loss of tire pressure, documents made public on Wednesday show.

The recall covers certain 2019-2021 Model 3 vehicles and 2020-2021 Model Y vehicles. Tesla's filing with the National Highway Traffic Safety Administration (NHTSA) said it had no reports of crashes or injuries related to the issue and that the company will inspect and tighten, or replace, the caliper bolts as necessary.

Tesla said that loose caliper bolts could allow the brake caliper to separate and contact the wheel rim, which could cause a loss of tire pressure in "very rare circumstances." The company said that, in the "unlikely event" there is vehicle damage from a loose or missing fastener, it will arrange for a tow to the nearest service center for repair. **Reuters**

Economic Times 9th June 2021

Ferrari's customer base limited by design to under 10,000 vehicles a year

Ferrari Flaunts its Latest Models on the Catwalk

Giulio Piovaccari & Giulia Segreti

Maranello, Italy: Talk about fast fashion.

Ferrari is racing through the gears to bring its Prancing Horse brand to the catwalk and fine dining in an attempt to woo wealthy customers beyond its faithful fans.

The Italian company renowned for its Formula One racing team and high-powered sports cars adorned with the Cavallino Rampante logo is launching a fashion collection on Sunday and reopening a restaurant in its hometown of Maranello two days later.

The clothing line comes from creative director and former Armani designer Rocco Iannone while Michelin-starred Italian chef Massimo Bottura is relaunching the restaurant where founder Enzo Ferrari once dined with friends and Formula One stars.

Nicola Boari, Ferrari's chief brand diversification officer, told Reuters the aim was to reach new clients "in terms of both age and culture" — beyond its racing fans and sports car clients who already covet its branded jackets, T-shirts and hats.

Ferrari's restaurant Il Cavallino in Maranello is scheduled to open in in Maranello, Italy

The customer base for Ferrari's cars is limited by design to under 10,000 vehicles a year — fewer clients than Bottura's new restaurant could serve in the same time — and the luxury carmaker has said it hoped its so-called brand extension strategy would account for 10% of profits within a decade.

"Ferrari is one of the strongest brands in the world and definitely the strongest brand in the luxury industry," said Massimo Pizzo of Brand Finance, a brand valuation consultancy.

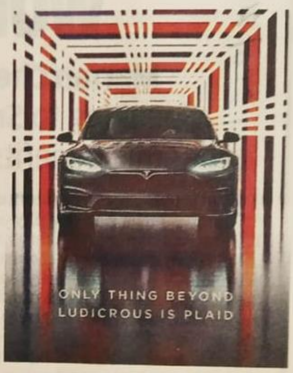
"It has the potential to succeed even in the luxury apparel industry," he said. **Reuters**

Economic Times 12th June 2021

FASHION & FAST CARS

This Car Crushes, says Musk as Tesla Unveils Faster Model

'The new version is designed for a future where cars drive themselves'



Hyunjoo Jin

Tesla delivered a high-performance version of its Model S on Thursday, aiming to reignite interest in the nearly decade-old sedan and fend off rivals such as Porsche, Mercedes-Benz and Lucid Motors in the luxury electric vehicle market.

Tesla redefined electric cars in 2012 when it launched its high-end Model S with a sleek design and long driving range, and chief executive Elon Musk said the new version was designed for a future where cars drove themselves.

"This car crushes," Musk said at an evening delivery event held at Tesla's US factory in Fremont, California. "It's like, man, this is, just, sustainable energy cars can be the fastest cars, be the safest cars, gonna be the most kick-ass cars in every way."

Musk's irreverent attitude and speeches peppered with engineering terms, have given him a star power he uses to draw attention to the brand, allowing Tesla to avoid advertising.

The model is "faster than any Porsche, safer than any Volvo", said Musk, wearing a black leather jacket, after he drove the Model S Plaid down a test track onto the stage.

He said he expects to produce 1,000 a week next quarter.

Ahead of the event, Tesla raised the price by $10,000 to $129,990 against $79,990 for a long-range Model S.

"The Model S has not been changing a lot in terms of looks over the past almost decade," said Jessica Caldwell, executive director at car information provider Edmunds. "I think Tesla has to offer consumers something more ... like new and fun things." **Reuters**

PRESS REPORTS
ON
COMPANY NEWS

Business Line 1st June 2021

Madras HC orders Covid-related audit of Renault-Nissan's TN plant

Employees had alleged that Covid norms were not followed at the unit

OUR BUREAU

Chennai, May 31

The Madras High Court on Monday ordered senior officials of the Directorate of Industrial Safety to visit the Sriperumbudur factory of Renault-Nissan on Tuesday to ascertain whether Covid-19 protocols are followed in the factory.

"It is hoped that after the day off today, the workmen will resume their duties tomorrow, so that the inspection may be made and representatives of the workmen may interact with the concerned government official, along with the representatives of the management, to check the relevant parameters and arrive at some form of solution," said the order by Chief Justice Sanjib Banerjee and Justice Senthilkumar Ramamoorthy.

The car maker said it was following all the required guidelines

The interim order was on a petition filed by workmen of Renault-Nissan (India) Pvt Ltd Through Renault - Nissan (India) Thozilalar Sangam on following Covid-19 protocols in the factories. The management and the workers at the Renault-Nissan India manufacturing facility at Sriperumbudur are in conversation, but several unresolved issues remain. It is the assertion of the petitioning workers that the employer cannot avail of the exemption to the lockdown without complying with the attendant conditions of maintaining Covid protocol, particularly social distancing.

Distancing norms

According to the workmen, the distancing norms cannot be maintained in the production procedure adopted by the employer, particularly in the assembly line.

It appears that a member from the Directorate of Industrial Safety paid a visit to the factory on May 26, but the factory was closed on that day.

The workmen did not report for duty on Monday in protest against the perceived non-adherence to the Covid protocol by the employer.

The employer, however, maintained that all precautionary steps have been taken and the employer is open to any surprise or other inspection by an appropriate government official to ascertain whether Covid protocol is maintained at the factory.

It was suggested by the workmen that if there is a gap between two cars in the assembly line, social distancing norms may be maintained by allowing three or four workmen to work on the vehicle at a time, instead of six or eight of them working on one vehicle at the same time. It is also submitted on behalf of the workmen that the wearing of face shields may not be appropriate and, in any event, dents and damages cannot be conveniently identified through a shield.

The court order hoped that all safety norms are in place and there is no compromise on such an account to keep up the production at the factory. The distancing norms have to be maintained without exception. For such a purpose, the management and the workmen should continue their discussions to arrive at a reasonable solution in the course of the week.

Amicable solution

It will be open to the management or the workmen to request the concerned government official to be present during the discussions to mediate between the two sides, if necessary.

It is hoped that an amicable resolution be reported to the court when the matter appears on June 4.

The employer should indicate the number of workmen infected, including the details of how many are in hospital and how many are at home, the order said.

Times of India 3rd June 2021

Merc first auto co to sell directly, no dealer offers

Pankaj Doval & Nandini Sengupta | TNN

New Delhi/Chennai: Mercedes-Benz will discontinue dealer discounts in India as the company has set up a direct sales network, taking up the responsibility of distribution, warehousing, sales, and customer registrations under its own umbrella.

This is the first instance of an auto company carrying out direct sales with the dealers and retailers — now known as franchise partners — getting engaged only for enquiry, customer experience, delivery and service support, earning a commission and incentive on the volumes they do.

The company said that the new model, under its 'Retail Of The Future' (ROTF) programme, will ensure that customers get the same price and offers, through a centrally controlled setup, and do not face issues in getting access to any variant, colour or model type as direct billing is happening from the India headquarters.

"The dealers will continue to provide brand experience, car showcase, test drives, engage in vehicle delivery, and after-sales," Mercedes-Benz India MD Martin Schwenk told **TOI**.

While the measure will ensure better dealer profitability by eliminating chances of any cut-throat price war between them, for the customers it brings in more transparency in the dealership. The new model will provide details about the pricing and any potential offers transparently directly by the company, and in case a customer does not get any particular model or colour at his/her local dealership, we can move the stock from another location."

> The dealers will continue to provide brand experience, car showcase, test drives, engage in vehicle delivery, and after-sales. However, they will not be carrying out the billing for the cars, they will have no powers to offer discounts, and they will not be involved in stocking of the vehicles or their logistics
>
> —MARTIN SCHWENK | MERCEDES-BENZ INDIA MD

and convenience. The dealers also benefit by saving on the inventory holding cost that they currently have. Such expense generally runs into crores of rupees for each retailer and carries interest cost and potential penalties if stocks are not liquidated (sold) on time by them.

Schwenk said that for the customers, the measure will not have any direct change in experience. "The customer still gets to choose the car from our online channels, or at the

Santosh Iyer, VP (sales & marketing) at Mercedes-Benz India, said that this is the result of a two-year effort made by the company and the model is already in place in Sweden and South Africa. "The idea is to free up the dealers and give them time to engage in customer experience and sales, and after-sales functions. From a discount agent, we want to transform them into a real sales agent," Iyer said.

Business Line 2nd June 2021

Pricol extends shutdown schedules due to Covid-19

To ensure health, safety of employees and stakeholders

OUR BUREAU

Chennai, June 1

Coimbatore-based auto parts maker Pricol is extending shutdown schedules for some factories and effecting partial production operations for other units.

"In view of the widespread resurgence of the Covid -19 virus resulting in a serious pandemic situation, various State Government(s) have enforced a total lockdown in their respective States. Consequent to that, we inform that during June, there will be disruption in operations in our plants," the company informed the stock exchanges.

Plant 1 and 3 in Coimbatore and Plant 2 in Gurugram (Haryana) will be closed during June 1-5 and also on 12th, 19th and 26th of this month.

The Pune unit (Plant 5), Plant 7 at Rudrapur(Uttarakhand) and Plant 9 (Gurugram) will work for only four days a week (Monday to Thursday) and will be closed on Friday & Saturday except for exceptional operations.

Plant 10 at Sricity in Andhra Pradesh will operate for three days a week (June 7-30) and will be closed on Thursday, Friday & Saturday, except for exceptional operations.

Considering the seriousness and dynamics of this situation, the company is taking various measures to ensure the health and safety of its employees and all its stakeholders and comply with the directives regularly being issued by the Central and the State Governments besides the local authorities, it said.

Business Line 11th June 2021

Skoda to go on launching spree

AYUSHI KAR

Mumbai, June 10

Skoda Auto plans to keep launching new products to keep the customers engaged as lockdown restrictions get lifted across the country.

Zac Hollis, Brand Director of Skoda Auto, told *BusinessLine* that the carmaker will be launching the SUV Kushaq next month, which is the first car under the India 2.0 localisation strategy. Skoda aims to sell over 100,000 models of the SUV Kushaq in two years.

New executive sedan

On Thursday, Skoda unveiled a new executive sedan, the fourth generation Octavia. Available at an ex-showroom price of ₹25.99 lakh, the vehicle features the 'shift by wire' technology that complements the seven-speed DSG gearbox. This technology is a first for the Czech marque in India.

The new executive sedan will be available in Style and Lauren & Klement variants and is equipped with a host of advanced safety features.

Regarding the new launch, Hollis, said, "when introduced 20 years ago, Octavia changed the dynamics of the executive sedan segment-which continues to offer tremendous growth potential for discerning buyers with a penchant for luxury. Over the past twenty years, we have sold one lakh Octavias... The new Octavia is a compelling combination that will continue to drive Skoda's success in the Indian market"

Economic Times 2nd June 2021

INDIA 2.0 PROJECT

VW Aims to Quadruple Sales, Cross 50-k Mark in India by 2022

Nehal.Challawala
@timesgroup.com

Mumbai: German carmaker Volkswagen is aiming for looking to quadruple its sales in India, albeit on a low base, and cross the 50,000-unit annual sales mark by 2022 as it launches new vehicles under its ambitious India 2.0 project.

"I'm looking at my doubling my sales volume in 2021 compared to the year 2020 and again doubling it in 2022," Ashish Gupta, brand director Volkswagen Passenger Cars India told ET. This is in line with the VW Group's target of achieving a 5% market share in India by 2025 under its India 2.0 plan, which is being led by Skoda.

To be sure, the Volkswagen brand sold just about 15,600 cars in 2020 accounting for a market share of 0.6%. Experts attribute this to a lack of options from the brand in the market, something which the group looks to rectify with the launch of several new vehicles customised for India based on a new vehicle platform called MQB-A0-IN.

Around Diwali 2021, the company will launch the Taigun, a compact sport utility vehicle and its first car on the new platform, according to Gupta. It will be followed by a sedan on the same platform which is expected to replace the Vento. These launches will be following the launch of sister company Skoda's new vehicles on the same platform.

Automaker is also looking to increase its reach to 150 showrooms across the country from 140 at present

As the company prepares for more sales when the India 2.0 products arrive in India, it is also looking to increase its reach to 150 showrooms across the country from 140 at present. This, Gupta says, will give the company enough reach to sell up to 100,000 cars every year.

While the group is busy in India with its new products, it has no immediate plans of launching electric vehicles (EV) in India. Volkswagen sells EVs like the ID.4, ID.3, e-Golf and e-up! in overseas markets.

Business Line 1st June 2021

TVS Motor opens marquee showroom in Iraq

OUR BUREAU
Chennai, May 31

TVS Motor Company, one of India's leading two-wheeler and three-wheeler manufacturers, on Monday announced that it has inaugurated a new marquee showroom in Baghdad, Iraq with distribution partner Ritaj International General Trade LLC.

In a press release, the company said the showroom, which is spread over 500 sq meters with a built-up area of 840 sq meters, was inaugurated along Palestine Street in Baghdad. It is the first-of-its-kind showroom for TVS Motor Company in the region, and apart from the wide range of two-wheelers and three-wheelers, it will also host spare parts and feature a service facility.

New launches

The company will also launch two products, commuter motorcycle TVS StaR HLX 150 5 Gear and three-wheeler TVS King Deluxe Plus, in the market.

Speaking on the occasion, R Dilip, Executive Vice-President - International Business, TVS Motor Company, said, "The strategic location of the store, as well as the end-to-end service and spare support, will help enhance customer satisfaction."

Business Line 9th June 2021

Mercedes-Benz rolls out luxury SUV Maybach at ₹2.43 crore

Company sells all the units before launch; sees V-shaped recovery in luxury car space

AYUSHI KAR
Mumbai, June 8

Riding high on the momentum of the launch of a new retail model in India, Mercedes Benz rolled out its first-ever SUV offering in the coveted 'Mercedes Maybach' range priced at ₹2.43 crore

Speaking to *BusinessLine*, MD & CEO of Mercedes Benz India, Martin Schwenk, said "with our two back to back launches, Mercedes is seeking to be ahead of the curve and invigorate the market with positivity at the end of the second wave."

All the 50+ units for this premium SUV, Mercedes-Maybach GLS 600 4Matic, have already been sold and the next set of these customisable SUVs will be delivered and sold to customers by the first quarter of 2022.

Selling all of their units before the launch, Schwenk believes that this is the first indicator for the V-shaped recovery in the luxury car space.

"This is extremely healthy demand unlike last year, where there was a spike in sales due to the pent up demand, where people could still order even though the car is not being made at the moment," he added.

Second-hand cars

Schwenk also debunked the prevailing understanding that the luxury used-car business has seen a major uptick as a consequence of the pandemic.

Presently, one in four cars sold by Mercedes is a used car and this trend has not seen a major change as a result of Covid for Mercedes.

"People who are either first-time purchasers of a luxury car brand or old customers who want a new model to be their purchase, I have not seen a major change in this trend as a result of Covid where people who due to some financial crunch are purchasing a used luxury car instead of a new one," said Schwenk.

Indian tax policies, custom duties continue to remain major deterrents in the reduction of price.

For now, the aspirational value of owning a Mercedes remains a major driver for demand across all segments from entry-level to ultra-luxury.

Martin Schwenk, MD and CEO, Mercedes-Benz India

Business Standard 3rd June 2021

Motherson Sumi posts 8-fold jump in profit at ₹1,018 cr

Auto components major Motherson Sumi Systems on Wednesday reported a nearly eightfold jump in consolidated net profit at ₹1,018.69 crore in the fourth quarter ended March 31 riding on robust sales. The company had posted a consolidated net profit of ₹135.66 crore in the same quarter previous fiscal year, Motherson Sumi Systems said.

Consolidated revenue from operations stood at ₹16,971.91 crore as against ₹14,434.48 crore in the year-ago quarter, it added. The firm said its consolidated revenues in the fourth quarter of the financial year 2020-21 were more than pre-Covid levels as industrial activity picked up globally and despite multiple headwinds such as chip shortage, higher commodity costs, it has sustained profitability.

For the year ended March 31, consolidated net profit was at ₹1,569.37 crore as compared to ₹1,294.44 crore in the previous year. PTI

E Times 14th June 2021

Skoda Auto Aims to Cross Its Peak Sales Volume in India Next Yr

Press Trust of India

New Delhi: Czech car maker Skoda Auto is confident of crossing its historic peak sales volumes in India achieved nearly a decade ago by the middle of next year as it continues ramping up and launching new products despite businesses being hit by the second Covid-19 wave, according to a senior company official. Skoda Auto India, which hit its peak volume of 34,265 units in 2012, is targeting to sell at least 60,000 units next year as it brings new products, including those under Volkswagen group's India 2.0 project.

"Historically, we sold around 35,000 cars in India (peak volume) and I think next year we will surpass that number, probably in the middle of the year already. We plan to sell at least 60,000 cars. So certainly we are on a huge growth path and the long-term plan is to sell 1 lakh cars (annually) in India," Skoda Auto India brand director Zac Hollis told PTI.

As for 2021, he said the company plans to sell "three times as many cars as last year".

"Last year we sold just around 11,000 cars, obviously heavily impacted by the pandemic but this year with the ramp-up curve and the launch of the new products, we are confident of selling about three times that number this year and then doubling again in 2022," Hollis said.

The sales growth will be driven by new products that the company is bringing to the market, including the newly launched fourth generation Octavia sedan and the upcoming SUV Kushaq along with a mid-sized sedan at the end of the year.

"There is nothing like new cars in the marketplace to drive sales," Hollis said.

E Times 14th June 2021

Royal Enfield may Launch Highest No. of Models This Fiscal

Press Trust of India

New Delhi: Mid-sized motorcycle maker Royal Enfield expects the current fiscal to be one of the best for the company in terms of new model launches as it looks to drive in an array of new products for domestic and international markets, according to a top company official. The company, which is part of Eicher Motors, noted that it has a rich pipeline of products under development that could hit the market in the coming days.

"In fact, if I may say so, this year will probably be the highest number of new models that you have ever seen from Royal Enfield being launched in a year and that's the beginning of the pipeline. There's a whole bunch that is happening and we are truly excited about it," Royal Enfield CEO Vinod K Dasari said in an analyst call.

The company would continue to have one new model every quarter for the time being due to Covid-related disruptions, Dasari added.

"Just because there is a delay due to Covid right now, I don't think we will squeeze everything but there are some very big models coming in. We are very excited about it. We will have to do all the marketing and do all the market preparedness for that," he noted.

Elaborating on the new product scenario, Eicher Motors MD and CEO Siddhartha Lal said that Royal Enfield is taking extreme care in developing new models so that they can match up to the global competition. "So, we are extremely rigorous, we don't launch just off the cuff. It is not like that something is interesting, let's quickly try and do something. No shortcuts."

Business Line 11th June 2021

Jaguar launches facelifted F-PACE

Priced at ₹69.99 lakh, it delivers better performance than the predecessors

OUR BUREAU

Jaguar has just launched the facelifted 2021 model year F-PACE – its sports utility vehicle. It is being launched in a fully loaded R Dynamic S trim, with both petrol and diesel powertrains that deliver better performance than the predecessors. Both the powertrain variants have been priced at ₹69.99 lakh (ex-showroom).

The new model's exterior design gives the F-PACE a cleaner look with a new sculpted bonnet and a wider power bulge. A new front bumper with a redesigned air intakes and a dark mesh details visually widens the new F-PACE. New super slim all-LED quad headlights with 'Double J' Daytime Running Light (DRL) signatures deliver increased resolution and brightness. At the rear, new slimline lights feature Jaguar's double chicane graphic, first previewed on the all-electric I-PACE. In R-Dynamic specification, the new F-PACE features a series of distinct design elements for a more performance-focused look.

The F-PACE gets an enhanced connectivity and a greater refinement. Two new colourways have been introduced and the new cockpit design is bolder and with a greater focus on the driver. A new centre console incorporates wireless device charging. The new Drive Selector, just one of the many beautiful details in the new F-PACE, features an upper-section finished with 'cricket-ball' stitching, the lower part being made of precision-engineered metal for enhanced tactility.

More storage space

New door casings, featuring a 360-degree grab handle, provide easier access and increased storage for bottles and other items. Other key features include Row 2 Seat with Power Recline, Four Zone Climate Control, Interactive Driver Display and Fixed Panoramic Roof.

The new Jaguar F-PACE also features the latest Pivi Pro infotainment technology accessed through the all-new 28.95 cm curved glass HD touchscreen. Cabin Air Ionisation improves the interior air quality through nanotechnology. The system now also features PM2.5 filtration, which captures ultra-fine particles including PM2.5 particulates to improve occupant health and well-being. The new F-PACE also has exciting features such as the 3D Surround Camera, Meridian Audio System, Smartphone Pack and Remote (with e-call and b-call functionality).

The new F-PACE is available in the R-Dynamic S trim on Ingenium two-litre petrol and diesel powertrains. The 2-litre petrol engine delivers a power of 184 kW and 365 Nm of torque, while the 2-litre, 4-cylinder, turbocharged diesel engine delivers a power of 150 kW and 430 Nm of torque.

Business Line 8th June 2021

Skoda starts manufacturing Kushaq SUV at Chakan plant

OUR BUREAU

Mumbai, June 7

Skoda Auto India has announced that it has started the production of its Kushaq SUV at its Chakan plant in Pune, Maharashtra on Monday. This SUV will be Skoda's first car rolled out under the India 2.0 project.

Kushaq will come with TSI engine options that will be locally manufactured. Kushaq is based on the MOB-A0 platform which has been specially adapted for the Indian market by Skoda, a press release said. This platform is designed to meet the new stricter emission requirements in India. A new MOB-A0 production line is set up in the Pune plant to achieve higher levels of localisation.

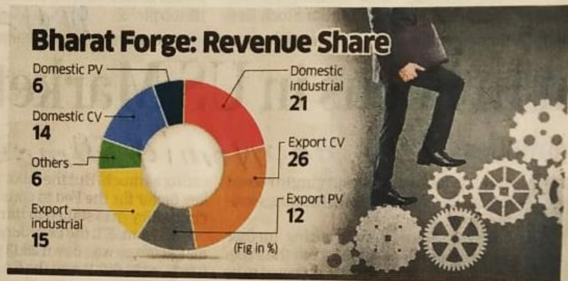
Speaking on the occasion Gurpratap Boparai, Managing Director of Skoda Auto Volkswagen Pvt Ltd, said: "The production roll out for the first car under the India 2.0 project marks a historic milestone for Skoda Auto and Volkswagen Group in India. We have managed to achieve localisation levels of 95 per cent truly puts the engineering and manufacturing expertise on the global map"

Economic Times
11th June 2021

DEMAND UPTICK in the Class 8 truck segment in the US gives volume visibility, while a likely rise in shale gas capex can lead to order flows

Bharat Forge Gears Up for a Better FY22 on Rising Exports

Ashutosh.Shyam@timesgroup.com



ET Intelligence Group: The stock of Bharat Forge has gained nearly 8% in the two trading sessions since its quarterly results on Friday morning.

Analysts have upgraded the FY22 earnings forecast for the company by 15-20% following strong and sustainable growth in exports and improving prospects of the non-automotive segment.

The company's export revenue rose 49.3% to ₹731 crore in the March quarter led by 65% growth in the supply to global truck makers. Exports contributed nearly 55% to the total revenue. The truck segment accounted for nearly half of the exports.

The momentum is expected to continue given the rising demand for Class 8 trucks in the US, which is a gauge for heavy truck demand in that country.

ET ANALYSIS

Between January and May, orders for Class 8 trucks grew by 273% year-on-year. The order flow in the past six months was nearly five lakh units on an annualised basis compared with the production of nearly two lakh units last year.

There is usually a lag of up to six months between orders and production, which provides volume visibility for Bharat Forge. In addition, order flow in Europe also improved by 111% in the five months to May. The volumes of CV exports is expected to grow by more than 50% in the current fiscal year.

In the non-automotive business, the company caters to the oil and gas and mining sectors. The segment's export revenue fell by 36% to ₹555 crore in FY21. The contribution of the oil and gas sector to the export fell to ₹140 crore compared with ₹1,000 crore two years ago. However, the scenario is changing for the better.

Rising demand for shale gas due to firm crude oil prices augurs well for the oil rig demand in the US. Also, global heavy machinery makers such as Caterpillar and Cummins, which are key clients, have shown improving earnings. Any stimulus announcement by the US towards capital expenditure would be a positive development for Bharat Forge.

Back home, the company was able to arrest a revenue drop in the domestic commercial vehicles (CV) segment to just 1% in FY21 due to improving supplies in the second half of the fiscal. The lockdown due to the second wave will impact the supplies in the first half of FY22, but an expected rebound in the second half may help the local CV business report 40-45% growth for the full year.

At Monday's closing price of ₹749.5 on the BSE, the stock was traded at 32 times one-year forward earnings, a 55% premium to the long-term average. The premium may sustain given the upbeat demand scenario for the company.

Any improvement in the new business segments such as renewables, defence and lightweighting of vehicles (a process to reduce vehicle weight) would offer support to the valuation.

Business Line 8th June 2021

Sundaram Clayton sells 5.14% stake in TVS Motor

Deal size is ₹1,506 cr, holding down to 52.26%

OUR BUREAU
Chenani, June 7

Sundaram Clayton, promoter of TVS Motor Company, on Monday sold 2.44 crore shares, worth ₹1,506.09 crore on the NSE, through the bulk deal window.

The stock of TVS Motor closed 4 per cent higher at ₹648.80 on the NSE while the bulk deal has happened between ₹617.25 and ₹623.40. This is 5.14 per cent of the total shareholding of Sundaram Clayton in TVS Motor. Market sources attribute the stake sale, which is 9 per cent of Sundaram Clayton's stake in TVS Motor, to the family restructuring.

It may be recalled that TVS family members in December had announced restructuring of group companies among family members in a bid to align ownership with management. Following this, TVS Motor in January informed the exchanges the process of a composite scheme of amalgamation and arrangement that included de-merger of various businesses managed by various family members into companies that are majority-owned by respective families.

As of March 31,2021, promoter Sundaram Clayton held 57.40 per cent stake or 27.26 crore shares. Post Monday's stake sale, its holding in TVS Motor has slipped to 52.26 per cent. Among the public, mutual funds held 11.50 per cent stake and foreign portfolio investors 12.34 per cent. LIC held 6.46 per cent while small investors owned 6.99 per cent stake, as of March end.

The stock of Sundaram Clayton, which jumped 10.6 per cent on the BSE to ₹3,975, closed at ₹3,878.35, up 7.9 per cent.

Business Line 14th June 2021

Audi plans to boost production in India

This is to avoid paying very high duty, says the head of German automaker in India

AYUSHI KAR
Mumbai, June 13

In a bid to make its cars more affordable, German auto major Audi plans to scale up manufacturing in the country. Currently, Audi manufactures only two of its models – the Audi A 4 sedan and Audi A 6 sedan – in India. According to Balbir Singh Dhillon, Head of Audi India, the carmaker plans to ramp this up to achieve local manufacturing of 80-85 per cent of the cars sold in India.

"Most of the cars that we will be selling in India will be made locally, otherwise, we end up paying very high duty," Dhillon told *BusinessLine*.

The luxury automobile sector has seen stagnation in growth for almost a decade, accounting for just over 1 per cent of the overall market. Luxury car brands have blamed the stringent import duties as a cause of demand suppression.

"All our customers are well connected, very well travelled all across the world, they know what luxury is, the know the price of these cars outside of India. Therefore, it becomes extremely challenging for us to convince these customers to pay two times; 2.5 times the price that they would have gotten abroad. So, this is one of the biggest challenges we face. Even if we look at South-East Asia markets, the luxury segment re-

Balbir Singh Dhillon, Head of Audi India

volves around 5-8 per cent," said Dhillon.

However, with a young and burgeoning middle-class and upper-middle class that is aspirational and double-earning, Dhillon remains convinced that in the middle to long term the Indian market for luxury cars is likely to grow.

"A one per cent market share also indicates that India has a lot of growth potential, once these duties are lifted the volumes will grow exponentially as well. The immediate plans for Audi is not just to drive up volumes, but to keep investing in India, bringing new products to keep customers engaged. Audi believes in India's story" said Dhillon.

Affordability

Audi has been trying to make its products affordable with the launch of Audi Q2 last year for entry-level customers.

"This has been a successful experiment so far. There are many first-time buyers. The average age of the buyers is much younger than what it has been in the first-time luxury space. And we hope we can serve more and more segments and bring in more customers to us."

Business Line 12th June 2021

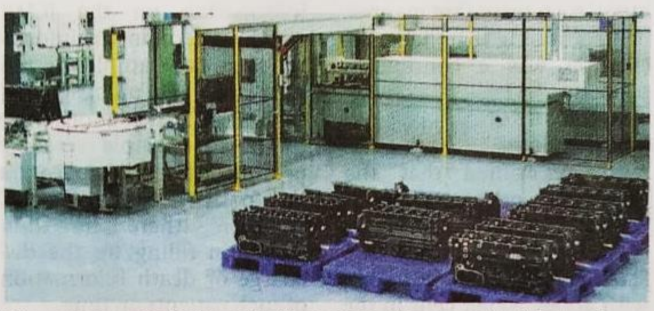
Craftsman Automation chalks out 4-pronged strategy to drive growth

G BALACHANDAR
Chennai, June 11

Craftsman Automation, a diversified engineering company supplying parts to automotive and industrial sectors, has chalked out a four-pronged strategy to achieve profitable growth going forward amid short-term headwinds due to the second wave.

The Coimbatore-based company, which generated ₹150 crore through an IPO in FY21, is engaged in three business segments that include automotive powertrain, automotive aluminium and industrial and engineering.

Under its blueprint for future growth, the company will leverage its manufacturing and engineering capabilities, increase wallet share and acquire new business, capitalise on opportunities in the storage space and reduce operating costs and improve operational efficiencies.



The company seeks to capitalise on growing opportunities and emerging trends in the automotive aluminium products segment

The company seeks to capitalise on the growing opportunities and emerging trends in the automotive aluminium products segment. It will also focus on manufacturing certain critical power transmission components, including castings for gas insulated switchgear in the industrial & engineering segment.

BS-VI norms

Auto segment's shift to BS-VI norms is expected to spur growth for non-ferrous materials for lightweighting of vehicles. "The shift to the BS-VI norms in FY21 has opened significant opportunities. Our initial efforts in aligning with this new standard have yielded heartening business returns. I am confident that our initial success will provide more interesting growth opportunities over the coming years," Srinivasan Ravi, Chairman & Managing Director of the company, said in the company's latest annual report.

The ₹1,546 crore-worth company eyes an early mover advantage in certain segments and plans to leverage long-term relationships with customers, some of whom are more than 10 years old. It will also explore opportunities that could arise from key government announcements such as Make in India, Atmanirbhar Bharat, among others.

Under the industrial & engineering division, it forayed into the high margin storage solution with a slew of products that cater to the warehousing sector.

Warehouse space

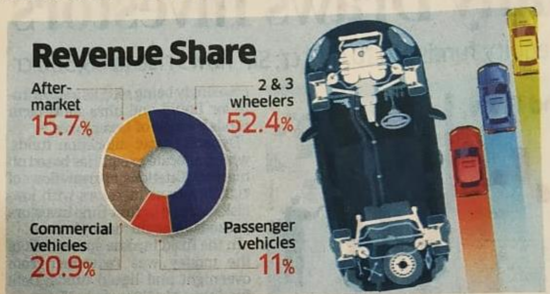
It will establish a presence in the warehouse space and other end-user sectors such as e-commerce, organised retailing, consumer durables, auto components and pharmaceuticals as well as cold storage space. Storage solutions business now accounts for one-fourth of the company's industrial segment.

Economic Times 10th June 2021

SUSTAINED MOMENTUM across all business segments, debt-free status and high return ratios likely to reduce valuation discount to its peers

Minda Corp Going Strong on Exports, After-market Focus

Ashutosh.Shyam@timesgroup.com



ET Intelligence Group: Delhi-headquartered Minda Corporation, a supplier of locking systems to the automobile sector, has been reporting better revenue growth than the two-wheeler makers, its major clients.

This is largely due to its focus on strengthening the after-market or replacement sales and export. The stock has gained 18.5% since its fourth-quarter result on May 18. A sustained business momentum may help the company reduce its valuation gap with other auto ancillary companies.

The domestic two-wheeler makers contribute 52% to Minda's topline followed by 11% from passenger cars and 21% from commercial vehicles. The remaining 16% is from the replacement market. In FY21, Minda's revenue grew by 6.5% notwithstanding the 12% fall in the revenue of the two-wheeler segment.

Minda's better performance was on account of its efforts to introduce new products and boost the after-market sales. It introduced new incentives for large dealers. As a result, its share of aftermarket revenue rose by 210 basis points year-on-year to 15.7% in FY21.

The company also focused on new export markets in Latin America and Africa apart from South Asia. The export revenue grew by 10% in FY21 and contributed 11% to revenue. It expects to improve the cumulative revenue share of the after-market and export to 35-36% in three years from 25% at present. This will be margin accretive since these segments have higher operating margins.

The company's export of housing compressors used in turbocharging is likely to double in the next few months since global automakers are relying on this technology to reduce carbon emission. In addition, their strategy to diversify the sourcing base, which is largely dominated by China, augurs well for Minda. The global market for housing compressors used for turbocharging is worth ₹3,000 crore.

On the domestic front, the company's realisation has improved due to the implementation of BS-VI emission norms. The wiring harness for a BS-VI vehicle costs about ₹800, nearly double that of the BS-VI vehicle.

Electric vehicles are another big opportunity. The part supply potential for an electric two-wheeler is around ₹20,000 compared with ₹7,000-8,000 for an internal combustion powered vehicle.

The company currently supplies DC-DC converters to electrical two-wheelers and plans to enter other categories such as battery chargers, motor controllers, and battery management systems.

Minda became net debt-free in FY21. Its annualised return on capital employed was 24% in the second half of FY21. At Wednesday's closing price of ₹133.5 on the BSE, the stock was traded at 39 times trailing 12-month earnings, a discount of 40-50% to the peers. The improving revenue visibility and expanding margin may narrow the valuation gap.

Business Line 15th June 2021

Amara Raja to focus on new energy, evaluating a $1-billion gigafactory

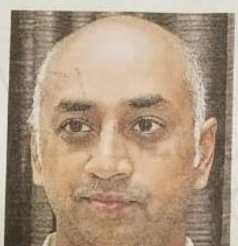
Rejigs board; looks at globalising lead acid business

V RISHI KUMAR
Hyderabad, June 14

Amara Raja Batteries Ltd has ushered in a new era seeking to focus on new energy, foray into setting up a gigafactory using the PLI scheme, focus on lithium ion batteries, while globalising its lead acid batteries.

After nearly three decades of business, the company board approved the move to focus on new areas of business, while restructuring the board which sees its Founder Chairman, Ramachandra Galla stepping down and Jayadev Galla taking up the role of Chairman. The board inducted Harshavardhana Gourineni and Vikramadithya Gourineni, both nephews of Jayadev, as Executive Directors.

In a Zoom interface, along with the newly inducted Board members, Jayadev Galla, Vice-Chairman, told *Business Line:* "this has been a carefully planned strategic transition both in terms of the business focus on energy and mobility as also the restructuring of the board which was planned over seven years ago."



Jayadev Galla

"While there is still huge potential for lead acid batteries, the company plans to step up exports to other markets and may even consider local assembly. Currently, exports account for about 15 per cent of the nearly $1-billion company's total business and we believe that this could go up not necessarily in terms of volume but in terms of value," Jayadev said.

The company has established a New Energy SBU encompassing lithium cell and battery pack, EV chargers, energy storage systems, advanced home energy solutions and related products and services. While the company expects to grow the lead acid business globally, it is looking at lithium as an alternative energy storage technology opening up growth opportunities.

Growth engines

Jayadev Galla said, "After a careful review of the global business opportunities, the ARBL board has decided to future-proof our business by repositioning ARBL as an energy and mobility player. The company is now well poised to build on these strengths and create multiple new growth engines in the new energy space."

The recent board meet is of strategic importance both from the business perspective and future direction and also in terms of restructure of board, Jayadev said.

Referring to the PLI scheme, the newly inducted Director and ED, Vikramadithya Gourineni said "the company is studying the possibility of gigafactory, though no decision has been taken on it as yet. Typically, a large giga factory of about 10 GW could require an investment of about $1 billion over five years."

"What shape this move under the PLI scheme will take will be known over the next 4-5 months," S Vijayanand, President, New Energy, said.

Harshavardhana Gourineni said "the global market for lead acid batteries is estimated at $38 billion with our business at about $1 billion. We believe there is immense scope to grow this business locally and through exports."

The company has been investing about ₹400-450 crore per annum to expand manufacturing capacities and plans to continue to invest. The company also plans to come up a bouquet of solutions for electric mobility, battery charging stations, swapping facilities and solutions for the fleet.

PRESS REPORTS
ON
RAW MATERIALS

Business Line 1st June 2021

Aluminium prices likely to rebound

Rates could rise on global demand, slower output growth in China

SUBRAMANI RA MANCOMBU

Chennai, May 31

Though aluminium prices have dropped from the three-year high witnessed early this month, they are seen rebounding this year as production growth in China is expected to be lower than initial estimates and demand from other parts of the world is likely to increase.

Last month, US ratings agency Fitch Solutions said that it was revising its aluminium price forecast to $2,050 a tonne from $1,850 for this year as "the market is currently tight amidst supply concerns at a time when demand for manufactured goods is recovering strongly".

According to Dutch multinational financial services firm ING, global demand is set to remain strong leading to widening supply gap.

London Metal Exchange aluminium futures ended at $2,434 a tonne during the weekend. The metal prices had hit a three-year high of $2,535 earlier this month before dropping below $2,450.

Undersupply

Prices surged after Chinese aluminium imports increased 36 per cent in April. *Trading Economics* website projected the non-ferrous metal price rising to $3,000 by next year-end as traders see the market undersupplied by 480,000 tonnes. Supply shortage is seen rising to 1.08 million tonnes in 2023.

Dutch multinational financial services firm ING sees the global aluminium market continue tightening into a deficit towards 2025. NG's senior commodities strategist Wenyu Yao wrote in her analysis that the efforts to reduce carbon emissions would have a dual implication for aluminium.

While supply growth in China will be curbed, the global demand for the non-ferrous metal will increase in view of sectors involved in energy transitions such as transport and renewable energy.

Fitch Solutions, too, agreed with the view saying aluminium prices would rule high in the coming years as its demand will be supported by the accelerating shift to a green economy. According to the US ratings agency, aluminium consumption last year was 60.51 million tonnes (mt) against a production of 65.13 mt. This year, demand is projected to increase to 62.36 mt and production to 67.60 mt.

According to International Aluminium, an organisation of bauxite, alumina and aluminium producers, production last year was 65.29 mt against 63.65 mt in 2019. Of this, China contributed 37.33 mt last year (35.79 mt).

During January-April this year, global aluminium production was 22.21 mt compared with 21.34 mt in the same period a year ago.

Business Line 4th June 2021

Steel companies hike prices again

Bid to close the gap between domestic and import prices

SURESH P IYENGAR

Mumbai, June 3

Steel companies increased have increased hot-rolled and cold-rolled coil prices to close the gap between the domestic and import prices even as the local demand remained weak due to Covid-induced lockdown across States.

Hot rolled steel prices were increased by ₹4,000 a tonne to ₹70,000 while that of cold rolled was hiked by ₹ 5,000 to ₹85,000 a tonne, sources said.

The present hike comes on the back of ₹5,500 a tonne in-

crease in two instalments last month.

Despite the series of hikes, domestic steel prices are still at a discount of 10 per cent to the landed cost of imports, said a steel company executive.

However, he added that this might be the last hike in India as China's domestic and export prices have corrected sharply in the last fortnight, posing a risk to regional prices.

In fact, HRC prices in India have rallied by ₹14,000 a tonne since March-end. The rally in steel price comes even as the demand in April has fallen by 23 per cent at 6.78 million tonnes compared to March.

Steel output down

Crude steel output in April was down 17 per cent month-on-month at 8.3 mt as steel companies diverted oxygen for medical purposes. The demand and production are expected to come down further in May as most of the steel consuming industries have shut their operations due to strict lockdown announced by different states.

Steel consumption is likely fall in June quarter when compared with the March quarter due to the second Covid wave.

Steel companies have been relying on export market to beat the weak demand in India. Last month, China cracked whips on speculator for taking prices to dizzying heights.

Following this, steel price in China has already fallen by 17 per cent from its recent peaks to $867 tonnes. With the fall in prices in China, global steel prices are expected to fall putting pressure on Indian companies.

Business Line 10th June 2021

JSW Steel subsidiaries sue three US steel firms for 'cartelisation'

Say defendant companies conspired to boycott and refused supply of feedstock

SURESH P IYENGAR
Mumbai, June 9

The US subsidiaries of JSW Steel have filed a federal court lawsuit against three of the largest US steel companies — Nucor Corp, United States Steel Corp and Cleveland-Cliffs Inc — and its recent acquisition, AK Steel Holding Corp, for indulging in unfair trade practice.

The lawsuit filed in the Southern District of Texas alleges that the defendant companies conspired to boycott and refused to supply JSW Steel (USA) Inc and JSW USA Steel Ohio, Inc with a critical feedstock of semi-finished steel slab since 2018 till date.

JSW alleged that the cartel cost the company hundreds of millions of dollars in lost profits, increased expenses and caused them other damages besides leading to higher prices, significant harm to US steel buyers and fewer jobs for US steelworkers.

Dominant players

Parth Jindal, JSW Steel (USA) Board member, said the three US steel companies have long been the dominant players and continue to use anti-competitive tactics against smaller producers like JSW to succeed at all costs.

Investment plans hit

In 2018, JSW announced its intention to make substantial investments to further expand and upgrade facilities. These companies derailed the plans and the company has filed the suit to respond assertively, he said.

They repeatedly stated that they could make semi-finished steel slab in the quantities and quality to meet JSW needs, but when the company tried to get them to move forward, they dragged things out and made excuses, said Jindal. "We are now convinced that they never intended to make or sell steel slab to us," he said.

JSW alleged that the cartel cost the company hundreds of millions of dollars in lost profits and increased expenses

John Hritz, Board member, JSW Steel (USA) Inc, said the company would have had a modern facility in Baytown, Texas operational by now that would have literally set the standard for green steel production in this country and the world.

"Our costs of production would have plummetted and our production would have increased dramatically. It would have provided US customers an environmentally sound steel products at much better prices," he said.

The three US steel majors, who account for more than two-thirds of US steel production, would have faced stiffer competition, he said.

Business Line 12th June 2021

MSME body seeks Govt aid to control 'irrational' hike in raw material costs

'Prices of some items have risen by as much as 70% in a year'

G BALACHANDAR
Chennai, June 11

Associations representing micro, small and medium enterprises (MSMEs) continue to seek government intervention to control the irrational increase in the price of the raw materials such as iron, steel and non-ferrous materials as survival is under severe threat for thousands of engineering SMEs, which are already reeling under the impact of coronavirus.

MSME associations point out that all steel producers have been jointly increasing the prices without any rationale. "We request the government's immediate intervention to control the prices through Joint Plant Committee (JPC). Alternatively, a regulatory commission could be formed to protect both consumers and producers," said A Shanmuga Velayuthan, Chairperson-MSME Committee, Divine Bharat Chamber of Commerce.

Prices of HR sheet, CR sheet, MS angle, MS channel have shot up

Earlier, prices were controlled by the JPC and raw material prices were increased once or twice a year. "Of course, the quota system was also there," he added.

Steel variants

Primary producers of steel including PSU major SAIL (Steel Authority of India Ltd) have all increased the prices of HR sheet, CR sheet, MS angle, MS Channel and pig iron among others. "Prices of these materials have gone up in the range of 46-73 per cent in the past one year," he said.

Also, the non-ferrous materials such as copper, aluminium, zinc and tin have been increased in the range of 51-107 per cent between May 2020 and May 2021. Indian producers of copper and zinc sell their raw materials based on the LME (London Metal Exchange) price, which is fixed on a day-to-day basis. Most of the MSME players accept firm price contracts from government departments/undertakings and private sector. Amid huge increase/fluctuations in prices of the raw materials in the past one year, MSME units have not been able to increase even on a monthly basis. It is really challenging, particularly in the case of government departments that float tenders with 180-day validity period and placing orders with the delivery schedule of 6-12 months.

"MSME units are forced to supply the materials at a loss mainly for their survival. MSME sector is squeezed between the primary producers of raw materials and end-users," said Velayuthan.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Standard 1st June 2021

108 defence items on import ban list

AJAI SHUKLA
New Delhi, 31 May

The Ministry of Defence (MoD) announced on Monday a "Positive Indigenisation List" of 108 items of defence equipment that must be compulsorily procured from indigenous sources according to provisions in the Defence Acquisition Procedure 2020. The list includes 49 items that will be banned for import after December this year; 21 that cannot be imported after end-2022; 17 that will be banned for import after December 2023; 13 after December 2024; and eight that will have to be procured indigenously after December 2025.

This list supplements an earlier import embargo on 101 defence items announced last August.

"The list lays special focus on weapons/systems which are currently under development /trials (in India) and are likely to translate into firm orders in the future. Like the first list, import substitution of ammunition, which is a recurring requirement, has been given special focus," stated an MoD release on Monday.

The list "provides an excellent opportunity for 'start-ups', as also MSMEs, which will get tremendous boost from this initiative," the MoD said, adding, "Towards this, the MoD, the Defence Research and Development Organisation and service headquarters will take all necessary steps, including hand holding of the industry, to ensure that the timelines mentioned in the 'second positive indigenisation list' are met."

Starting this December, the military will rely exclusively on indigenous vendors for defence equipment, including land-based, single-engine, light helicopters, next-generation corvettes, mission systems for airborne early warning and control system, helicopter launched anti-tank guided missile, warship-grade steel and armoured or mine-protected infantry vehicles.

From December 2022, indigenous defence industry will be required to supply equipment, including thermal imaging sights for rifles and machine guns, an armoured bulldozer for mechanised and engineer units, a data network for the operations rooms of ships and, crucially, a manpack version of a software defined radio (SDR).

From December 2023, the military must rely on indigenous supply for mountain-based weapon locating radar that operate with automatic electronically scanned arrays, an upgraded version of the 76 mm naval super-rapid gun mount, video processing cards for the Sukhoi-30MKI fighter and a hand-held version of SDR.

Similarly, a raft of new equipment can be obtained only within the country after December 2024, including: Onboard oxygen generation system for fighter aircraft, starting with the Tejas, a medium power radar for mountains; fuel drop tanks for Jaguar and Mirage fighter aircraft and long range glide bombs (250 kg and 450 kg).

Finally, after the end of 2025, there will be no import of anti-material rifles and their 14.5 mm armour piercing Incendiary ammunition.

The Society of Indian Defence Manufacturers (SIDM) welcomed the announcement: "The list creates long-term business opportunities that will enable the industry to invest and build capacity and capability. The [defence] industry is motivated and stands highly encouraged with the Second Positive List."

TOWARDS INDIGENISATION

Year of import embargo and name of weapon platform/ equipment

DECEMBER 2021
- Single-engine light helicopter (land variant)
- Next-generation corvette
- Mission system for airborne early warning and control system
- Armoured or mine-protected infantry vehicles
- Helicopter launched anti-tank guided missile (ATGM)
- Multi-functional displays for indigenously produced aircraft
- Warship-grade steel DMR 249A
- Armoured Engineer Recce Vehicle (AERV)
- Armoured Repair and Recovery Vehicle (ARRV)
- Land Based MRSAM Weapon System

DECEMBER 2022
- Thermal Imaging (TI) sight for small arms
- Armoured bulldozer
- Data network for ships
- Trawl assembly for tanks
- Software Defined Radio (manpack version)

DECEMBER 2023
- Software Defined Radio (hand held)
- Mountain Weapon Locating Radar (AESA based)
- Smart Anti Airfield Weapon (SAAW)
- Upgraded 76 mm naval super-rapid gun mount (SRGM)
- Video processing card for Sukhoi-30 fighter

DECEMBER 2024
- Long range glide bomb (250 kg and 450 kg)
- Onboard Oxygen Generation System (OBOGS) for fighters
- Medium Power Radar (MPR) for mountains
- Fuel drop tanks for Jaguar and Mirage fighter aircraft
- General purpose bomb (125 kg and 500 kg) for fighters

DECEMBER 2025
- Anti-material rifle (AMR) 14.5 millimetre
- 14.5 mm Armour Piercing Incendiary (API) ammo for (AMR)
- 1000 Horse Power engine for Tank (T-72)
- Auxiliary Power Unit (APU) for T-72 and T-90 tanks
- Air data computer for trainer aircraft

Business Line 5th June 2021

RBI opens ₹31,000-cr tap for MSMEs

Aid mainly for contact-intensive sectors; leaves repo rate unchanged; trims FY22 GDP growth forecast to 9.5%

OUR BUREAU

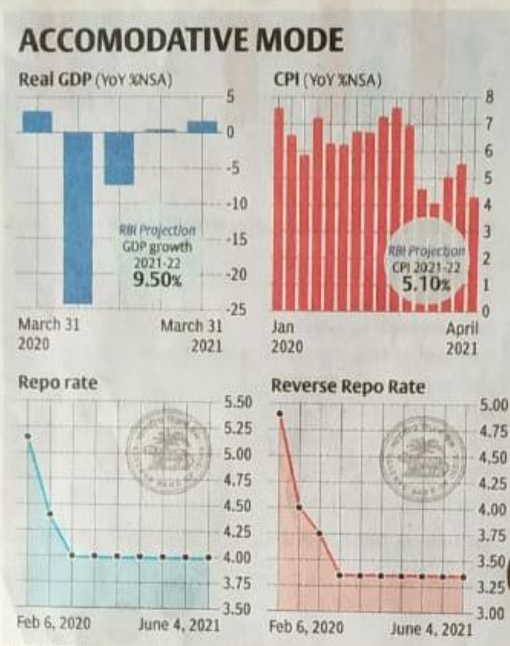
Mumbai, June 4

Even as it left the policy repo rate unchanged, the Reserve Bank of India decided to open the liquidity tap a bit more, this time aggregating ₹31,000 crore, to help MSMEs, especially those in contact-intensive sectors as Covid-19 second wave rages on.

The central bank decided to open an 'On-tap Liquidity Window' aggregating ₹15,000 crore till March 31, 2022 for sectors, including hotels and restaurants, tourism, and aviation ancillary services. Other services, including private bus operators, car repair services, car rentals, event/conference organisers, spa clinics and beauty parlours/salons will also benefit. All these services were badly impacted by the pandemic, the RBI's latest Annual Report had acknowledged.

"We will continue to think and act out of the box, planning for the worst and hoping for the best. The measures announced today, in conjunction with other steps taken so far, are expected to reclaim the growth trajectory from which we have slid," said RBI Governor Shaktikanta Das.

Banks can tap this window to get funds with tenors of up to three years at the repo rate (4 per cent) to provide fresh lending support to these contact-intensive sectors. By way of an incentive, banks will be permitted to park their surplus liquidity up to the size of the loan book created under this scheme with the RBI under the reverse repo window at a rate that is 40 basis points higher than the reverse repo rate (of 3.35 per cent).



Source: Bloomberg

Funds for SIDBI

The central bank will also extend a special liquidity facility of ₹16,000 crore to the Small Industries Development Bank of India (SIDBI) to support the funding requirements of MSMEs, particularly smaller units and other businesses including those in credit-deficient and aspirational districts.

SIDBI can tap this facility for on-lending/refinancing through novel models and structures. "This facility will be available at the prevailing policy repo rate for one year, which may be further extended depending on its usage," Das said.

The Governor observed that to nurture the still nascent growth impulses and ensure continued flow of credit to the real economy, the RBI had announced fresh support of ₹50,000 crore on April 7 to All India Financial Institutions (AIFIs) for new lending in 2021-22. This included ₹15,000 crore to SIDBI.

We will continue to think and act out of the box, planning for the worst and hoping for the best... The measures announced today, in conjunction with other steps taken so far, are expected to reclaim the growth trajectory from which we have slid

– SHAKTIKANTA DAS, RBI Governor

Restructuring framework

The RBI decided to expand the coverage of borrowers under the Resolution Framework 2.0 by enhancing the maximum aggregate exposure threshold from ₹25 crore to ₹50 crore for MSMEs, non-MSME small businesses and loans to individuals for business purposes. This opens the Framework to a larger set of borrowers.

Recognising that the second wave could pose difficulties in loan servicing, the RBI had unveiled the Framework, which allows restructuring of loans taken by individuals, small businesses and MSMEs.

These measures, among a host of others, came ... the Monetary Policy Committee (MPC) stood pat on the policy repo rate.

By leaving the repo rate unchanged, the committee sought to strike a balance between the need to tamp down inflationary pressures being exerted by rising international commodity prices, especially of crude, and logistics costs, and support economic activity, currently hobbled by the adverse impact of the second wave.

All six MPC members unanimously voted to keep the policy repo rate at 4 per cent and continue with the accommodative stance. The repo rate has been static since May 2020.

Risk from rural spread

"Maintaining financial stability and congenial financing conditions for all stakeholders is a commitment that we have adhered to assiduously," Das said.

"The sudden rise in Covid-19 infections and fatalities has impaired the nascent recovery that was underway, but has not snuffed it out. The impulses of growth are still alive," he said. He cautioned that the increased spread of Covid to rural areas, however, poses downside risks to the growth outlook.

FY22 GDP growth lowered

The MPC cut the real GDP growth projection to 9.5 per cent in 2021-22 against its earlier forecast of 10.5 per cent. Retail inflation has been projected at 5.1 per cent during 2021-22 (against earlier projection of 5 per cent), with risks broadly balanced.

Business Line 4th June 2021

'Govt to announce RoDTEP rates soon after addressing certain implementation issues'

PLI scheme compatible with WTO norms, says Commerce Secretary Anup Wadhawan

OUR BUREAU

New Delhi, June 3

The government is addressing "certain implementation issues" related to the Remission of Duties and Taxes on Exported Products (RoDTEP) and the rates will be announced in an "early" time frame, assured the Commerce Secretary Anup Wadhawan.

"There are no doubts the RoDTEP scheme will be introduced from January 1 this year as it has been announced as part of government's policy. There is no question of any reflection on that. It is a new scheme. Needless to say it has some implementation issues and we have been addressing those issues....And I think it will be implemented in an early time frame," Wadhawan said at a media briefing on Thursday.

Exporters have been waiting impatiently for the RoDTEP rates to be announced to factor them in pricing decisions.

The Revenue Department has found it difficult to announce the rates suggested by the expert panel headed by former Commerce Secretary GK Pillai because of inadequate budget. There are expectations now that the Finance Ministry may increase allocation for the scheme and discussions are on with the Commerce Ministry on the final rates.

The popular Merchandise Export from India Scheme, which also provided for refunding taxes on inputs, was withdrawn by the government from January 1 as it was not strictly calculated on the basis of taxes paid and hence not permissible at the WTO.

Merchandise exports

Commenting on provisional data of merchandise exports in May, showing a growth of 67.39 per cent over May 2020 level and 7.93 per cent over May 2019, Wadhawan said that India's export performance continues to be impressive. "Sectors such as leather and leather products, man-made yarn/fabrics/made-ups and marine products, which had been exhibiting negative growth during the pandemic (2020-2021), have picked up from March 2021 onwards," Wadhawan pointed out.

The growth in exports was mostly due to an increase in volume as price effect was not dominant globally, he added.

Export target

He said the export target of $400 billion set by the Commerce Ministry for 2021-22 was feasible although it would require a steep jump over last fiscal's exports valued at $290.18 billion.

Exports in 2020-21 were lower by 7.4 per cent than the previous fiscal due to the Covid-induced lockdown in the early part of the year. On free trade agreements, Wadhawan said India was hoping to start negotiations with the EU and the UK once the initial consultations were over and was also trying to fast-track negotiations with Canada, Australia and Peru.

On India's imports from China being high despite a number of schemes specifically targeting increased domestic production to check Chinese inflow, the Secretary said the country's trade with China had already become more balanced.

He added that the impact of Production-Linked Incentive (PLI) schemes that were getting implemented in the areas of mobile and electronics, bulk drugs and pharmaceuticals would be visible from next year. Answering questions on the compatibility of the PLI scheme with WTO norms, Wadhawan said that all aspects of the PLI scheme were linked to production and hence it was totally WTO compatible.

"It is a new scheme. Needless to say it has some implementation issues and we have been addressing those issues....And I think it will be implemented in an early time frame."

ANUP WADHAWAN
Commerce Secretary

Economic Times 3rd June 2021

AIMING TO BE A LEGIT BUSINESS...

Crypto Industry to Standardise its Regulations

Discussions pick pace for rejig, including a self-regulatory board and code of conduct

Ashwin Manikandan & Apoorva Mittal

Mumbai: India's nascent cryptocurrency industry will overhaul and standardise its disclosure and compliance mechanisms in a bid to establish itself as a legitimate business in the eyes of legacy financial players.

The effort has gathered pace after the Reserve Bank of India (RBI) made it clear banks should not apply its April 2018 circular — struck down by the Supreme Court in 2020 — to penalise customers for dealing in cryptocurrencies.

Leading cryptocurrency exchanges, including WazirX, CoinDCX and CoinSwitch Kuber, have partnered with the Internet and Mobile Association of India (IAMAI) to set up an advisory board to implement a code of conduct for the industry, people aware of the matter told ET.

The board will be set up under the Blockchain and Crypto Assets Council (BACC), part of the IAMAI, and will act as a self-regulatory organisation for the sector.

The code, in the works since last year, will be applicable to all member cryptocurrency exchanges. It will include standardised annual audits, routine disclosures of company information and funding, repeat know your customer (KYC) checks, improved data storage standards as well as a reassessment of customer risk profile, the sources said.

The board will liaison with regulatory and supervisory authorities, such as the Financial Intelligence Unit and the RBI, to flag suspicious transactions.

The board – which will comprise three to four external members – will also create a mechanism to certify exchanges that comply with its criteria.

"India's cryptocurrency industry is young and burgeoning. There must be adequate balance between regulations and supervision to allow companies to grow," said Navin Surya, emeritus chairman of the Payments Council of India and a member of BACC's advisory board.

"The central bank's directive to banks on its 2018 circular...offers much-needed clarity. The industry welcomes steps to improve due diligence and regulations," Surya added.

According to sources, the proposals are in "discussion phase" and the attempt is to bring India's scattered and informal crypto and blockchain ecosystem under one standard authority.

Business Standard 4th June 2021

Labour ministry sets up panel on minimum wage

PRESS TRUST OF INDIA

New Delhi, 3 June

The government has constituted an expert group led by Prof Ajit Mishra, that will give recommendations on fixation of minimum wages and national floor minimum wage.

"The Ministry of Labour & Employment issued an order and has constituted the Expert Group to provide technical inputs and recommendations on fixation of Minimum Wages and National Floor Minimum Wages," a labour ministry statement said.

Minimum wage is different for different categories of workers.

National floor refers to the minimum level of wage that is applicable to all categories of workers across the country.

The group has been constituted for a period of three years from the date of notification.

To arrive at the wage rates, the group will look into the international best practices on the wages and evolve a scientific criteria and methodology for fixation of wages.

The expert group is chaired by Prof Ajit Mishra, Director, Institute of Economic Growth.

The members of the expert group include Prof Tarika Chakraborty, IIM Calcutta, Anushree Sinha, Senior Fellow, National Council of Applied Economic Research (NCAER), Vibha Bhalla, Joint Secretary, H Srinivas, Director General, V V Giri National Labour Institute (VVGNLI).

DPS Negi, Senior Labour & Employment Advisor, Ministry of Labour & Employment is the Member Secretary.

The group will look into the international best practices on the wages and evolve a scientific criteria and methodology

Economic Times 6th June 2021

India, Australia Likely to Resume FTA Talks Soon

Talks were suspended in 2015 due to disagreement over issues such as market access to agriculture and dairy products which Canberra had sought

Kirtika.Suneja@timesgroup.com

New Delhi: India and Australia could soon resume talks on a bilateral free trade deal.

Official-level discussions are on between both countries to resume talks on the India Comprehensive Economic Cooperation Agreement (CECA), Barry O'Farrell, Australian High Commissioner to India, told **ET**.

The talks were suspended in 2015 due to disagreement over issues such as market access in agriculture and dairy products, which Canberra had sought.

O'Farrell also said that the second Covid-19 wave had not dented the world's enthusiasm about India.

"Discussions are on between officials on resuming the trade pact talks," he said. Australia and India launched negotiations for a CECA in May 2011.

There have been nine rounds of negotiations, most recently in September 2015. In the financial year 2021, India's exports to Australia were worth $4.04 billion, while imports were $8.24 billion.

India mainly exported refined petroleum, medicaments, railway vehicles, including hovertrains, pearls and gems, jewellery, and made-up textile articles.

Major imports were coal, copper ores and concentrates, gold, vegetables, wool and other animal hair, fruits and nuts, lentils, and education-related services.

"Our partnership is strong, and the second wave has not dented the world's enthusiasm in India...Like the last wave, the economic agenda will rebound," O'Farrell said, appreciating the way the country had handled the second wave through calibrated and targeted lockdowns.

Re-engagement on the bilateral trade pact is part of the comprehensive strategic partnership between India and Australia, while suitably considering earlier bilateral discussions, where a mutually agreed way forward can be found.

The push for a bilateral trade agreement was renewed after India exited the Regional Comprehensive Economic Partnership (RCEP) in 2019 on account of high market access being sought by other members and inadequate protection against cheap imports from China due to less stringent Rules of Origin norms.

India and Australia are also part of the Supply Chain Resilience Initiative trilateral, along with Japan.

O'Farrell said the Association of Southeast Asian Nations grouping has expressed the most interest to join the bloc.

On India's Production-Linked Incentive scheme aimed at strengthening manufacturing in the country, Australia's trade and investment commissioner Tim White said that infrastructure and energy were the two sectors where Australia could add to India's abilities.

Rare earth minerals and metals were the other areas of interest.

White added that the new focus areas are medical, financial services and technology in the Australia India Business Exchange, the Australian government's flagship programme to advance trade and investment links with India.

Business Line 9th June 2021

Madras HC calls for uniform norms across auto units

OUR BUREAU

Chennai, June 8

The Madras High Court on Tuesday directed the Directorate of Industrial Safety to visit Renault-Nissan facility and other automobile manufacturing units at Oragadam near Chennai and lay down uniform norms to maintain physical distance among workmen.

In an order, Chief Justice Sanjib Banejree and Justice Senthil Ramamoorthy said if a departure from the uniform [norms] is necessary, the special reasons therefor must be indicated. Till such time, the present norms being followed may not be tweaked by the management, they said.

The order was on a petition filed by Workmen of Renault-Nissan (India) Pvt Ltd Through Renault - Nissan (India) Thozilalar Sangam on Covid-19 protocols.

Pursuant to the initial disagreement between the petitioning workmen and the management at the Renault-Nissan manufacturing facility in Oragadam, production is now going on upon a tentative modus operandi on trial basis being put in place under the aegis of a senior official of the Directorate of Industrial Safety.

It was submitted on behalf of the management that the 3:1 (physical distance) pitch suggested and now maintained is impeding production and may not be necessary in view

Officials of the Directorate of Industrial Safety have been asked to visit auto units at Oragadam near Chennai

of the other measures adopted at the manufacturing facility in respect to both the assembly lines in operation. It is the further submission of the management that no gap is required to be maintained in the comparable manufacturing units of other automobiles operating in the State and in and around Chennai and it is unfair to single out this particular manufacturing facility to provide the gap and maintain the 3:1 pitch.

'Flouting Covid norms'

On the other hand, it was submitted on behalf of the workmen that all that the gap provides is additional time to the workmen to complete the works in the previous three vehicles on the line so that two workmen do not have to come close to each other and work simultaneously in derogation of the social distancing norms required to be maintained.

It was further submitted on behalf of the workmen that in a lockdown situation, where only essential production is permitted, it is unreasonable for the management to continue production at the same rate by citing export orders or the like. At any rate, the workmen submitted that since the present temporary arrangement has been arrived at upon discussion between the workmen and the management in the presence of officials from the Directorate of Industrial Safety, the Court should not indulge the management by easing any of the conditions that may have been imposed.

It will be open to the relevant parties, including the State, to file their counter-affidavits to the writ petition and the application, if necessary.

The matter will next appear on June 14, the order said.

Business Line 9th June 2021

Bank accounts can't be attached at the cost of right to business, rules Madras HC in GST violation case

SHISHIR SINHA

New Delhi, June 8

The Madras High Court has held that bank accounts cannot be attached in matters related to GST violation if it is at the cost of doing business. "It is made clear that the attachment proceedings cannot be at the cost of right of provision under Article 19(1)(g) of the Constitution of India," a single bench of Justice C Saravanan said, while disposing the matter of Chennai-based Marg Human Resources Private Limited.

As a part of the Right to Freedom, Article 19(1)(g) says, "All citizens shall have the right to practice any profession, or to carry on any occupation, trade or business."

Fraudulent ITC

The petitioner approached the Court after Director General of GST Intelligence (DGGI) issued an order attaching three bank accounts pursuant to a search and investigation ordered against the said company. The allegation against the company was that it had fraudulently availed of input tax credit on fictitious invoices to discharge the GST liability.

The petitioner submitted that the attachment orders have completely strangled the business of the petitioner. It is submitted that the petitioner was employing about 15,000 employees with security guards who were deployed in various industrial units in and around Chennai and Karnataka. It was also said that apart from the ₹5.68 crore which have been appropriated so far against the projected demand of ₹21 crore, the petitioner has agreed to pay another sum of ₹1 crore, within a week. Defending the action by the Tax Department, its counsel submitted that the petitioner has indulged in large scale fraud and therefore, the department was compelled to initiate proceedings under Section 67 (deals with inspection, search and seizure in case of violation) of the CGST Act, 2017. He emphasised that the law entitles the Department to order provisional attachment of any asset to protect the interest of the revenue. He also informed that the attachment orders merely freeze the power to debit the account and there is no restriction for receiving the amount.

The counsel said that for the last few months, the customers/clients of the petitioner company have directly paid the salaries/wages to the employees including the amount due under the Provident Funds Act and therefore the "continuance of the impugned attachment orders will be of no prejudice to the petitioner." Tax Department also said that the Directors of the company breached the bail order. After going through all the arguments, the bench noted that nearly 27 per cent of proposed/estimated tax due has already been discharged.

"After all, there is a mechanism provided under the Act for proper adjudication of the tax due and determination under Sections 73 and 74. Therefore, there is no meaning in attaching the bank accounts further," the Bench said, while asking the I-T Department to complete the investigation and issue appropriate show cause notice.

PRESS REPORTS
ON
ECONOMY

Business Line 9th June 2021

'Global economy to expand 5.6% in 2021'

PRESS TRUST OF INDIA

Washington, June 8

The global economy is expected to expand 5.6 per cent in 2021, the fastest post-recession pace in 80 years, largely on strong rebounds from a few major economies, the World Bank said on Tuesday, noting that despite the recovery, global output will be about two per cent below pre-pandemic projections by the end of this year.

'Poverty & inequality'

In its latest edition of Global Economic Prospects, the World Bank said that at the same time many emerging markets and developing economies continue to struggle with the

Covid-19 pandemic and its aftermath.

"While there are welcome signs of global recovery, the pandemic continues to inflict poverty and inequality on people in developing countries around the world," said World Bank Group President David Malpass. "Globally coordinated efforts are essential to accelerate vaccine distribution and debt relief, particularly for low-income countries. As the health crisis eases, policymakers will need to address the pandemic's lasting effects and take steps to spur green, resilient, and inclusive growth while safeguarding macroeconomic stability," Malpass said.

The report also noted that per capita income losses will not be unwound by 2022 for about two-thirds of emerging market and developing economies.

Emerging market and developing economies as a group are forecast to expand 6 per cent this year, supported by higher demand and elevated commodity prices.

MISCELLANEOUS REPORTS

Business Standard 5th June 2021

India Inc trims growth target over uncertainty

Companies remain cautious about improvement in sales in FY22

VIVEAT SUSAN PINTO &
SHALLY SETH MOHILE
Mumbai, 4 June

Companies manufacturing automotive, durables, and fast-moving consumer goods (FMCG) remain largely cautious about their sales growth outlook for FY22.

The reason for this tempering of their forecasts revolves around concern about a third Covid-19 wave, weak consumer sentiment, and commodity inflation, which has pushed many firms to increase product prices.

There are outliers, however, such as Bajaj Auto, Mahindra and Mahindra (M&M), and Dabur, which remain bullish about a rebound once the lockdowns are lifted.

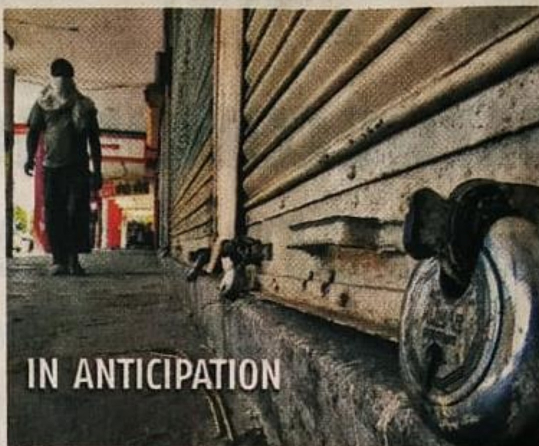
But the broad consensus among most other firms is that growth would be modest in FY22, given the economic challenges in the wake of the second Covid-19 wave.

"The outlook remains uncertain," said Mayank Shah, senior category head, Parle Products.

"A lot will depend on how the economy opens up. While most companies were bullish before the second wave of double-digit sales growth in FY22, that may not be the case now. This is linked to the impact of the second wave plus the pace of vaccination, which is slow at the moment. If the pace improves, then, yes, the outlook could change."

The central bank on Friday cut its economic growth forecast for FY22 to 9.5 per cent from 10.5 per cent projected earlier, joining economists at State Bank of India (SBI), Moody's, Barclays, and the Organisation for Economic Cooperation and Development, who've done the same thing in the past few weeks.

SBI's slash though was the sharpest of the lot at 7.9 per cent from 10.4 per cent projected earlier, saying the recovery in FY22 would be marred by two troughs.



IN ANTICIPATION

- Reason for this tempering of forecasts revolves around concerns regarding a possible third Covid-19 wave, weak consumer sentiment, and commodity inflation
- There are outliers, however, such as Bajaj Auto, Mahindra and Mahindra, and Dabur, which remain bullish about a rebound once the lockdowns are lifted
- At auto firms, production and sales teams are huddled in meetings, strategising for the future in anticipation of a pick-up in demand

"Our analysis shows a disproportionately larger impact on the economy due to the second wave. Given that rural is not as resilient as urban this time, the pick-up in demand will be modest," SBI said.

Kamal Nandi, business head and executive vice-president, Godrej Appliances, said he did not see the situation this year worsening from last year.

"Consumption in semi-urban and rural areas has been impacted because of a surge in infections during the second wave. We may see a drop in consumption in these parts versus last year. However, consumption in metros and Tier I towns should be higher than last year," he said.

Dabur Chief Executive Officer Mohit Malhotra anticipates a V-shaped recovery, saying the rebound will be sharp once lockdowns are lifted by July. Some experts are cautioning that haste in unlocking the economy should be avoided, given the changing nature of Covid-19.

On Friday, the Maharashtra government, for instance, did a volte-face regarding its unlock programme, saying its five-phase re-opening exercise would be undertaken cautiously after taking into account all factors. Maharashtra contributes 14.2 per cent to India's nominal gross domestic product (GDP), the highest among all states, according to its Economic Survey for FY21. So unlocking would have to be done slowly, government sources said.

Meanwhile, production and sales teams at most car companies in India are huddled in meetings, strategising for the future in anticipation of a pickup in demand once the lockdowns are lifted.

With states following a graded approach to opening after a 45-day stringent lockdown, auto firms are planning a steep ramp-up in volumes in June and July. Many are treading with caution though.

According to people aware of the plans, car market leader Maruti Suzuki India intends to make 160,000-170,000 cars this month against 45,000 it made last month.

Shashank Srivastava, executive director, sales and marketing, admits that the "fear" among people this time around is more than in the first wave.

It doesn't help that rural India, which accounts for 40 per cent of Maruti's sales, is also in the grip of the pandemic.

"While the fundamentals of the rural economy will remain strong due to the forecast of a good monsoon, the overall sentiment will drive sales," he said, hinting at a likely weakness in rural demand as infections rise in the hinterland.

"The consensus estimate for passenger vehicles (PV) in India for FY22 was 3.1-3.2 million. In FY21, it was 2.7 million. In FY20, it was 2.77 million. The peak was FY19 at 3.3 million," Srivastava said.

"Now with the expected poor Q1 in FY22 and the uncertain Covid situation, the industry can expect to be much below 3.1 million."

Credit rating agency ICRA also pointed to a hit on disposable incomes and rising vehicle and fuel costs for a cut in sales growth estimates for domestic passenger vehicles. The rating agency said it saw a growth rate of 17-20 per cent now versus a 22-25 per cent expected earlier.

Tractor and utility vehicle major M&M said a demand rebound would remain under pressure from a global chip shortage. It, however, remained optimistic of the future.

"We are ramping up production and we believe there will be a strong rebound as we get out of lockdowns in June-July," Executive Director Rajesh Jejurikar said last week in an earnings' call.

Business Standard 3rd June 2021

Global jobs market won't recover for two years: ILO

World unemployment rate seen at 6.3 per cent this year, 5.7 per cent next

REUTERS & BLOOMBERG
Geneva, 2 June

At least 220 million people are expected to remain unemployed globally this year, well above pre-pandemic levels, with a weak labour market recovery exacerbating existing inequalities, the International Labour Organization (ILO) said on Wednesday.

The United Nations agency forecast the outlook improving to 205 million unemployed next year — still well above the 187 million recorded in 2019 before the coronavirus crisis wreaked havoc.

According to ILO models, that equates to a global unemployment rate of 6.3 per cent this year, falling to 5.7 per cent next year but still up on the pre-pandemic rate of 5.4 per cent in 2019.

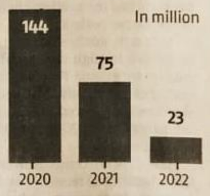
"Employment growth will be insufficient to make up for the losses suffered until at least 2023," the ILO said in a report, World Employment and Social Outlook: Trends 2021.

Stefan Kuehn, ILO economist and lead author of the report, told Reuters that the true impact on the labour market was even greater when reduced working hours imposed on many workers and other factors were accounted for.

The ILO's prediction is the latest evidence that Covid reversed years of progressive gains to welfare around the world PHOTO: REUTERS

REMAINING DEFICIT

Covid-induced shortfall in jobs, relative to 2019



All told, it estimated that working hours losses in 2020 relative to 2019 amounted to the equivalent of 144 million full-time jobs in 2020, a shortfall that still stood at 127 million in the second quarter of this year.

"Unemployment does not capture the impact on the labour market," Kuehn said, noting that whereas hiring in the United States had resumed after massive job losses, many workers elsewhere, particularly in Europe, remained on reduced-hours schemes.

Women, young people and the 2 billion people working in informal sectors have been hardest hit, with 108 million more workers worldwide now categorised as poor or extremely poor compared to 2019, it said.

The Geneva-based body's prediction is the latest evidence that the pandemic has reversed years of progressive gains to welfare around the world.

"Five years of progress towards the eradication of working poverty have been undone," the report said.

Not only has unemployment risen in many countries despite furlough programs to help firms retain staff, but the headline rate masks the extent of the damage. Many people, particularly women and the young, have left the labour market and aren't being counted.

In addition, schooling has been disrupted in many places due to the need to stem spread of the disease.

The ILO estimated that those jobs that are created are likely to be lower quality, with the problem most severe in poorer countries with large informal economies.

"The crisis is likely to aggravate inequality within and between countries for years to come," the ILO said.

"It poses the risk of creating an additional dimension of economic and social scarring at the international level that will manifest itself in slower and more uneven progress toward poverty reduction."

Economic Times 3rd June 2021

AS STATES EASE CURBS AMID FALLING COVID NOS...

Electronics, Mobile & Auto Plants Crank up Output

Companies expect sales to normalise soon led by pent-up demand

Writankar Mukherjee & Ketan Thakkar

Kolkata | Mumbai: India's top consumer electronics, smartphone and auto companies are resuming or raising production this week more than a fortnight after they shut plants or scaled down output for the domestic market as states ease curbs amid a decline in Covid infections. LG, Samsung, Godrej Appliances, Haier, Vivo, Oppo, Bosch, Siemens, Panasonic, Carrier Midea and others have either begun production or are preparing to do so, expecting sales to normalise in a week's time led by pent-up demand, executives said.

With states having imposed restrictions since April as the second wave of the pandemic swept through India, some plants had to close and many saw inventory piling up.

Auto manufacturers such as Maruti Suzuki, Mahindra, Tata Motors, Bajaj and Hero MotoCorp are stepping up output at factories located in western India and the National Capital Region (NCR). Those with plants in the south, such as Hyundai Motors, Royal Enfield and Renault Nissan – which had reported manufacturing disruptions – are gradually ramping up as the workforce isn't back at full strength due to relatively higher infection rates. Major NCR factories restarted operations in the third week of May. Part makers supplying to these companies said they are likely to increase capacities from 25-30% to over 50-60% in June.

May was a muted month with the majority of the states under lockdown, said Lumax Industries CMD Deepak Jain, also president of the Automotive Component Manufacturers Association.

"Factories did produce. However, with high absenteeism, the output for the month was low at about 30-40%," Jain said.

Starting Up

- **Around 85-90%** markets were shut till May
- **States now** allowing stores/ ecomm to sell non-essentials
- **Cos expect** pent-up demand from this mth
- **Auto cos** to ramp up production capacities from 25-30% to over 50-60%
- **Some auto cos** in South start production
- **Cos expect** relaxation in industrial use of oxygen soon which will boost production

SILVER LININGS

COMING BACK FROM COVID

As Covid-19 cases decline, and the worst of the pandemic recedes, **ET** brings you stories of resilience from the business world – as India Inc gets back on its feet and builds for a better year ahead.

Business Standard
1st June 2021

Tata Steel CEO T V Narendran is CII president

Industry chamber CII on Monday said it has elected T V Narendran, CEO and Managing Director, Tata Steel, as its new president for 2021-22.

He takes over from Uday Kotak, Managing Director, and Chief Executive Officer, Kotak Mahindra Bank.

Narendran "has assumed office as the President of CII for 2021-22," it said.

In a statement, it said that Narendran has been engaged with CII for many years at the state, regional and national level. He was the Chairman of CII Eastern Region during 2016-17 and has led CII National Committees on Leadership and Human Resources besides being Chairman of CII Jharkhand.

It also said that Sanjiv Bajaj, Chairman and Managing Director of Bajaj Finserv, is now the President-designate of the chamber for 2021-. Further Pawan Munjal, Chairman, and Chief Executive Officer, Hero MotoCorp, takes over as CII Vice President for 2021-22.

T V Narendran takes over from Uday Kotak, MD & CEO, Kotak Mahindra Bank

Sanjiv Bajaj, Chairman and MD, Bajaj Finserv, is now the president-designate

To curb wasteful spending, Centre looks at tightening purse strings

Targets 20% cut in controllable expenses this fiscal

SHISHIR SINHA

New Delhi, June 11

The Centre has set a target of reducing controllable expenditure by 20 per cent during FY22.

Officials estimate savings of ₹1.5-1.6-lakh crore, if this is implemented 'truly in words and spirits'.

"The government has decided that all ministries/departments should take steps to curb wasteful/avoidable non-scheme expenditure and aim for 20 per cent reduction in controllable expenditure," an office memorandum from the expenditure department said.

As the pandemic can affect revenue collection, the Finance Ministry is looking at all possible ways to use available resources in the best possible way.

"Expenditure in 2019-20 may be taken as baseline," the memorandum said. The expenditure related to Covid-19 containment is excluded from the scope of this order, the memorandum said.

Suggestive list of account heads for controlling expenditure

Overtime allowances	Royalty
Domestic, foreign travel expenses	Cost of ration
Advertising and publicity	Clothing and tentage
Publication	Service or commitment charges
Office expenses	Grants-in-aid General

Grants-in-aid

A senior government official told *BusinessLine* that non-scheme expenditure can be arrived at by computing data related to expenses on establishment and grants-in-aid general. "Normally, grants-in-aid general consists of 40 per cent of other central expenditure," he said. Based on this and taking 2019-20 as the base, the savings could be in the ₹1.5-1.6-lakh crore range, he estimated.

This memorandum was sent within three days from the Prime Minister Narendra Modi's announcement on reworked vaccine policy and extension of free foodgrain scheme for 80 crore people till Diwali.

It has been estimated that the purchase of 75 per cent of vaccine output for free jabs and extension of foodgrain scheme could increase the expenditure by ₹1.45-lakh crore. Though the government is hopeful of meeting the increased expenses with possible tax buoyancy during the second half, the official expects savings from the expenditure plan, as proposed in the Budget, to give more certainty.

Fiscal deficit may go up

The Union Budget for FY22 has prescribed total expenditure of over ₹34.83-lakh crore, comprising over ₹29.29-lakh crore of Revenue Expenditure and ₹5.54-lakh crore of capital expenditure. Fiscal deficit has been pegged at over ₹15-lakh crore, which is 6.8 per cent of GDP.

Now, various agencies estimate that with higher expenditure on account of new announcements and possible lower revenue than the estimate, fiscal deficit could go up by 40 basis points.

Though the government says it is too early to talk about possible increase in deficit, measures for curtailing non-scheme expenditure can keep fiscal deficit under control.

Economic Times 6th June 2021

Separation of Powers: India Inclined? Not Quite

Companies have time till April 1 to fall in line with Sebi's diktat that chairperson and MD/CEO are not same or related

Lijee Philip

Can't wait till the new season of *Succession*? A desi boardroom drama is being scripted by Sebi: it's what happens when the regulator asks family-run business to ensure that its chairperson, CEO and other executives are all different, unrelated, individuals.

The Sebi has mandated a clear separation of the roles of chairperson and managing director. Its directive also says the chairperson should be a non-executive director and not related to the managing director or the CEO. The motivation for this diktat, say experts, is to improve corporate governance, get more professionals in rather than let families run the entire show. It will also encourage a sense of professionalism and reduce concentration of authority in a single individual.

But that is not how Indian business families see things. They counter that family-run corporation is a uniquely Indian phenomenon, and global best practices can't be copied-and-pasted to Indian rulebooks. Venu Srinivasan, chairman of TVS Motor, says, "It's not the right regulation for the country. Indian corporates are largely family-owned businesses. This regulation is borrowed out of context from European practice where managements have very little stake in the company." In fact, he maintains, this is the kind of regulation needed in markets lacking in "shareholder democracy" — to prevent abuse by the CEO. In contrast, in India, "families' interest" in the value for the company is a large percentage, 40-70%, and their objectives are aligned with the company, adds Srinivasan.

According to Nseinfobase.com (run by Prime Database), of the top 500 companies by market capitalisation, 156 have the same person as both chairperson and MD/ CEO. All of these companies will have to take steps to separate the roles, Sebi chairman Ajay Tyagi has said. The new provision will come into force on April 1, 2022.

Sangita Reddy, Joint MD of Apollo Hospitals Enterprises, doesn't agree with the Sebi directive. She says, "Companies need continuity of values and strategy. It takes years to train your son/daughter or successor. In a family-owned/ family-managed company, children are expected to take over and run in the position of MD or CEO while the father mentors and guides as the chairman. Also, if the family member is inadequate, the family and board comprising of independent directors would not put them in a position of responsibility," she says.

Venu Srinivasan, chairman of TVS Motor, says, "It's not the right regulation for the country. Indian corporates are largely family-owned businesses. This regulation is borrowed out of context from Europe"

Harsh Goenka, chairman of RPG Group, agrees that chairman and MD should be different. There is merit in separating the roles, he says. Power should not be concentrated in one person. However, if chairman and MD are related and if shareholders agree to that, they should be allowed to hold those positions, he says. "Why should capability be penalised. Let the shareholders decide," says Goenka.

Sebi has made it clear that it will stick to the deadline. The ball is now in India Inc's court.

"Obviously, promoters will find it difficult to let go of the control of the board and the prestige that the role of CMD brings. Family businesses will be hesitant to bring a non-loyal outsider into the board and give the role of non-executive chairman to that individual," says Shriram Subramanian, founder and MD, InGovern Research, a proxy advisory firm.

"The thinking behind the regulation is that running a company is different from running or chairing a board. What is expected from the two roles is different, so you should separate the roles, with different persons responsible for those," says Amit Tandon, MD of proxy advisory firm IIAS. Asking that the two not be related adds to the complexities for companies. It has added an emotional element to the decision, which has moved from the boardroom to the family room, says Tandon.

If regulations require it, companies will have no choice but to comply with them. A few will comply in both letter and spirit and a few might go for the "Putin put" (moving to a titular role but exercising total control), says Tandon.

"The real test shall be in its implementation and whether it is followed only in letter or in spirit as well, especially by some of the larger companies," says Pranav Haldea, managing director of Prime Database.

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COMPLIANT COMPANIES

Top 10 of 500 firms (by market cap) where chairperson & MD/CEO are not the same or related, and chairperson is non-executive

COMPANY
TCS
HDFC Bank
Infosys
HDFC
ICICI Bank
Kotak Mahindra Bank
Bajaj Finance
Asian Paints
Axis Bank
Maruti Suzuki

*According to market cap
Source: primeinfobase.com

TOP 10 OF 500 COMPANIES WHERE CHAIRPERSON HAS AN EXECUTIVE ROLE

COMPANY	CHAIRPERSON
RIL	Mukesh Ambani
HUL	Sanjiv Mehta
State Bank of India	Dinesh Kumar Khara
Bharti Airtel	Sunil Bharti Mittal
ITC	Sanjiv Puri
Wipro	Rishad Premji
Adani Ports & SEZ	Gautam Adani
Bajaj Finserv	Sanjiv Bajaj
Oil & Natural Gas Corp	Subhash Kumar
Adani Enterprises	Gautam Adani

TOP 10 AMONG 500 COMPANIES WHERE CHAIRPERSON AND MD / CEO ARE THE SAME

COMPANY	CHAIRPERSON & MD
RIL	Mukesh Ambani
HUL	Sanjiv Mehta
ITC	Sanjiv Puri
Adani Ports & SEZ	Gautam Adani
Bajaj Finserv	Sanjiv Bajaj
ONGC	Subhash Kumar
Power Grid Corp of India	K Sreekant
JSW Steel	Sajjan Jindal
NTPC	Gurdeep Singh
BPCL	K Padmakar

TOP COMPANIES BY MARKET CAP WHERE CHAIRPERSON & MD/CEO ARE RELATED

Company	Chairperson	MD/CEO
HCL Technologies	Roshni Nadar Malhotra	Shiv Nadar
Adani Ports & SEZ	Gautam Adani	Karan Adani*
Adani Enterprises	Gautam Adani	Rajesh Adani
Bajaj Auto	Niraj Bajaj	Rajiv Bajaj*
Shree Cement	BG Bangur	HM Bangur Prashant Bangur
UPL	Rajnikant Shroff	Jai Shroff*
Lupin	Manju D Gupta	Nilesh D Gupta Vinita Gupta*
Cadila Healthcare	Pankaj R Patel	Sharvil P Patel**
Apollo Hospitals Enterprise	Prathap Chandra Reddy	Sangita Konda Reddy** Suneeta Reddy
Bajaj Holdings & Investment	Shekhar Bajaj	Sanjiv Bajaj

*CEO, **Joint MD