ACMA

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Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 17th July 2021

SUV boom to continue on strong order books

Manufacturers, experts bullish on segment despite threat of a third Covid wave

G BALACHANDAR
Chennai, July 16

If there's a SUV product in a passenger vehicle (PV) company's portfolio, then the probability of it getting included in the customers 'decision bucket' is high. The SUV segment is turning out to be a lifeline for PV makers with a positive growth outlook this fiscal as the economy and industries limp back to normalcy amid the pandemic.

The SUV segment will continue to buck the market trend on the back of robust demand. The segment has been clocking monthly volumes of more than a lakh units for the past several months (except lockdown-hit May 2021) and the trend is expected to stay or even get better.

Multiple factors aid the growth of SUVs — increasing need for personal mobility, shift in buyers' preference from sedans to SUVs and strong order book of vehicle makers will keep the SUV sales momentum intact for several months.

Market analysts indicate that the current SUV order book could last up to festival season and beyond. But, continuing challenges in sourcing semi-conductor parts may delay the delivery of vehicles. If there are no major lockdowns, the order book is likely to be strong.

Increasing need for personal mobility and shift in buyers' preference will keep the sales momentum intact

Pending orders

Companies such as Maruti, Hyundai, Kia, Mahindra, Tata, Toyota, Renault and Nissan have strong pending orders for their SUVs, particularly for their recently launched products.

Market leader Maruti Suzuki has more than 70,000 pending customer orders for its UVs (including SUVs and MPVs).

"The UV segment is indeed witnessing a lot of customer interest over the last few years. Many OEMs have introduced many new offerings in this segment keeping it vibrant and engaging. We are confident that this segment will continue to garner customer interest," Shashank Srivastava, Senior Executive Director, Marketing and Sales, Maruti Suzuki India Ltd, told *BusinessLine*.

Maruti sold nearly 230,000 UVs (SUVs & MPVs) in FY21, while its total UV volumes stood at more than 60,000 units during April-June 2021 period. Vitara Brezza, despite being available only in petrol, holds one-fifth of market share in the entry SUV segment. Ertiga and XL6 together hold 70 per cent of the MPV segment.

"Since the emergence of the SUV segment, its growth trajectory has become more or less immune to external factors which normally affect any other car segment or for that matter any other consumer product. We don't expect this segment to slow down anytime soon. SUV-body type has become the most popular type in any price segment, be it the sub-4 metre or the mid or large car segments," said Suraj Ghosh, Associate Director, Powertrain & Compliance Forecasts, South Asia, IHS Markit.

UV sales

During Q1 of this fiscal, total UV sales (including SUVs, MPVs and MUVs) stood at 286,092 units compared with 224,224 units in June 2019 period (June 2020 quarter was hit by the first wave). Share of SUVs in total PV sales (excluding vans) increased to 46 per cent now, from 33 per cent in Q1 of FY20.

"While there have been good enquiries and healthy pending customer orders after the lifting of lockdown, it is difficult to predict the surge and its likely impact this fiscal. We believe that the pace of vaccination has been picking up and will play a major role in spurring consumer sentiments. We anticipate SUV sales to be better in the coming months, provided that the pandemic does not pose newer challenges," said a spokesperson for Toyota Kirloskar Motor.

Business Line 31st July 2021

FY21 the most challenging year to date: Tata Motors' Chairman

A year marked by muted demand, disruption in output, supply chain

AYUSHI KAR
Mumbai, July 30

With muted consumer demand and disruption in production, supply chain, and retail networks, fiscal year 2020-21 has been amongst the most challenging to date, according to N Chandrasekaran, Chairman of Tata Motors.

"As the impact of the pandemic recedes globally with more people getting vaccinated, we expect demand to remain strong with consumer preferences shifting further towards personal mobility. The supply situation however is expected to be adversely impacted for the next few months due to disruptions from Covid-19 lockdowns in India and semi-conductor shortages worldwide for the auto industry globally which will take time to work through. This will impact production volumes, sales, cash flows and margins," Chandrasekaran said at the Tata Motors Annual General Meeting on Friday.

N Chandrasekaran, Chairman

"We expect the situation will start to improve in the second half of FY22 even as the broader underlying structural capacity issues resolve with new capacities coming online over the next 12-18 months. Some level of shortages will therefore continue through to the end of the year and beyond," he added.

Tata Motors saw an overall decline in volumes by 10.3 per cent to 903,000 units, and a decline in revenue of 4 per cent to ₹2.5 lakh crore during FY21. Despite an overall industry contraction of 6.1 per cent, India business grew by 2 per cent in volumes and 7 per cent by revenues led by the PV segment. Tata Motors improved its EBIT margins by 260 bps to ₹6471 crore, while its India business improved its EBIT margin by 370 bps.

India business

In India business, PVs recorded the highest annual sales in eight years, with its market share now touching double digits. Chandrasekaran attributed this to a preference for personal mobility and the rising popularity of the 'New Forever' range of cars and SUVs. PV volumes grew 69 per cent. EV business has also been especially noteworthy, where Tata Motors now enjoys a market share of 71.4 per cent in India, with sales of over 4,000 Nexon EVs since launch, and volumes growing by 218 per cent, he said.

The Times of India 26th July 2021

Tesla Sops Call Upsets Local Auto Companies

Firms feel incentivising fully-built imported EVs will be contrary to localisation policy

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New Delhi: Indian automakers have raised concerns about Tesla seeking tax concessions on fully-built imported electric vehicles (EV) ahead of their local launch.

The world's most valued car company would, however, consider building a factory in the country if it succeeded with imported models, chief executive Elon Musk said.

Leading automakers said that at a time when New Delhi has outlined stringent localisation norms for EVs, including advanced chemistry cells, it will be a striking deviation if another manufacturer gets duty benefits on the entire vehicle, including tyres and seats.

At present, India imposes 100% import duty on cars with cost, insurance, freight (CIF) value over $40,000, and 60% import duty on those below that

"The government has put very high threshold conditions in most EV schemes for local content and the industry is stretching and making investments to meet these," the Society of Indian Automobile Manufacturers (SIAM) told ET in response to its queries. "The government wants industry to achieve 60% localisation for the advanced chemistry cell, which is part of the battery. It will be a major concern that some manufacturers have to localise 60% of the cell, but others get import duty reductions on the whole car."

SIAM represents all major automotive companies, including the locally-listed Maruti Suzuki, Tata Motors and Mahindra & Mahindra.

The Times of India 20th July 2021

Chip Shortage to Keep Car Delivery in the Slow Lane

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Mumbai: The long waiting periods for popular cars may remain a norm well into 2022 as the semiconductor shortage for the automotive industry causing these delays won't be resolved any time soon, said some of the largest chip makers and analysts.

Chipmakers globally are working overtime and investing in additional capacities to bridge the current shortfall. But new plants take time to become operational and it could take as long as two years before supply can match the current demand levels.

"The demand shortage is unlikely to resolve in the short-term," Vinay Raghunath, partner and automotive sector leader at EY India told **ET**.

"Semiconductor manufacturing is a globally intertwined ecosystem, which makes the supply chain vulnerable to macroeconomics, geopolitics and natural blips."

India completely relies on imports for its semiconductor needs. Most of the world's chip production is concentrated in Taiwan and countries across the world are lobbying for their automakers to be put at the front of the queue.

Several auto industry executives have said in public and private fora that their procurement teams were tracking the supply chain on almost a daily basis not just for themselves but their direct and indirect vendors too.

"We have worked on alternatives and spot-buying. I think we are in a reasonable level of control for this quarter at least; can't say beyond this quarter," Shailesh Chandra, the president of Tata Motors' passenger vehicles business unit said. "The situation remains a bit precarious. Our impact is going to be within the limits of what we imagine."

IMPORT DEPENDENCE

India relies on imports for all its semiconductor needs

Earlier this month, the stock of Tata Motors touched its lower circuit of 10% after its British subsidiary Jaguar Land Rover said that its production during the ongoing quarter could be lower by 50% than what was planned due to semiconductor shortage.

If one is in the market for a less-popular or an affordable car, chances are the wait periods would be even longer as automakers divert the semiconductors available towards the more popular and high-margin models.

"The company will continue to prioritise production of higher margin vehicles for the chip supply available as well as make chip and product specification changes where possible to reduce the impact," Jaguar Land Rover said in a press statement.

JLR said that the situation may improve in the second half of this financial year but it will be completely resolved only over the next 12-18 months, something which chipmakers concur with.

Taiwan Semiconductor Manufacturing Company told Bloomberg last week that it worked "dynamically with other customers to reallocate our wafer capacity to support the worldwide automotive industry."

Business Line 16th July 2021

Ola, a strong contender for using Ford factory: Sources

Officials visit Ford Chennai factory to evaluate feasibility for contract manufacturing of its electric cars

S RONENDRA SINGH

New Delhi, July 15

Ola is the latest contender to visit the Ford India factory in Tamil Nadu for contract manufacturing of its yet to be launched electric cars.

According to various sources in the industry, senior officials of Ola have visited Ford's factory in Maraimalai Nagar, near Chennai, recently, to evaluate the feasibility of manufacturing its products.

"Nothing is finalised yet…they (Ola) are exploring the idea right now. Ola may even acquire the plant as they have a lot of funds right now and acquiring makes more sense than contract manufacturing," a source in the know told *BusinessLine*.

Ola in the picture

Ford's Figo Aspire was ready as an electric car, but due to the break-up with Mahindra, they no more can produce EVs from there and Ola may utilise that shopfloor, said another source.

Ola is already building its 'Futurefactory' in Chennai

Recently, many companies including MG Motor India, Citroen India, Changan and Great Wall Motor had also visited Ford's plants in Chennai and Sanand (Gujarat) to evaluate the possibilities of purchase or contract manufacturing, the sources said.

When contacted a Ford India spokesperson said, "We don't comment on market speculations and remain committed to serving our customers. India is an important market for us, with more than 16,000 employees, as well as being a source of our global powertrains for Ranger (pick-up truck on same platform as the Endeavour)."

"We are continuing to assess our capital allocations in India and expect to have an answer on the way forward in the second half of this year," he added. Ola declined to comment. Ola is already building its 'Futurefactory' in Chennai for its electric two-wheeler.

BusinessLine on July 12 had reported that Ford Motor is looking for a new partner in India, after its joint venture with Mahindra & Mahindra ended earlier this year.

Ford Motor, through its subsidiary Ford India manufactures and assembles engines in its two factories. The company has invested more than $1 billion in each of these plants.

The Chennai factory manufacturers its SUVs EcoSport and Endeavour.

The Economic Times 16th July 2021

Quick Recovery may Keep Demand for Super Luxury Cars in Fast Lane

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New Delhi: Demand for super luxury cars - tagged upwards of ₹1 crore - in the local market are expected to grow in strong double digits in the ongoing calendar year with businesses recovering on a fast clip post the second wave.

With companies posting robust financial earnings despite the outbreak of the coronavirus pandemic, debt levels of companies reducing and stock markets booming, industry captains, new-age entrepreneurs, chiefs of small and medium enterprises are going ahead with high-end vehicles purchases, senior executives of luxury car makers told **ET**. India added one billionaire every 10 days in 2020. The country has over 250 millionaires, according to a Hurun Research report.

"Corporate India has shown one of the best ever results, in spite of the pandemic, debt has come down significantly for many of the companies. Also if you look at the stock markets, which is a barometer of future potential, the expectations of results are still strong. So with that sentiment behind, industry captains, leaders, SMEs, they are going ahead and purchasing luxury or super luxury cars without much of hesitation, which they used to have 1-2 years back", confirmed Santosh Iyer, senior V-P (sales and marketing) at Mercedes Benz India.

The German luxury car maker, which has seen sales of its AMG range of performance cars treble in the first half of the year, drove in two more models – AMG E53 and AMG E 63S – priced at ₹1.02 crore and ₹1.70 crore respectively (ex-showroom, India) Thursday.

With the country's well-heeled displaying an increased propensity to spend post the pandemic, the market for super luxury cars is expected to grow to 2,500-3,000 units in 2021. The market for super luxury cars priced, pre-Covid, was little over 1,000 cars.

"I think people are now able to see how things will shape up. After the first wave, there were a lot of inhibitions, a lot of doubts, a lot of theories going around how things will shape up post pandemic,. This time (post the second wave) what we are seeing is recovery is much faster", said Sharad Agarwal, head, Lamborghini India.

Business Standard 28th July 2021

You could get your next take-out order delivered on e-bikes

SHALLY SETH MOHILE
Mumbai, 27 July

In a few years from now, delivery executives of e-commerce firms will be swapping the gas-guzzling two-wheelers with modest, low-speed, battery-operated electric bikes (e-bikes) to make deliveries quicker and quieter.

At least, that's the plan Amit Gupta, founder, Yulu Bikes, is stitching up as he seeks to offer an affordable ride to close to a million-plus gig workers employed by e-commerce firms for home delivery services, over the next few years.

CHARGED UP

- The tech-base mobility service provider has seen 70% jump in its user base
- To deploy a model specifically to suit gig workers' needs
- Bajaj Auto developing a low-speed, third-generation e-bike for Yulu, to be ready next year
- Plans to double the number of e-bikes to 20,000 by end of 2021-22

Gupta said close to 80 per cent of people in India don't have a driving licence and not many can afford a two-wheeler since they don't have the requisite credit history. This is the white space Yulu is targeting.

"Yulu has been very instrumental in creating a livelihood for the marginalised," says Gupta, adding that the company has been able to offer a mobility solution that plugs the last mile sustainably. The user has to simply download the Yulu application, locate its e-bike, scan the quick response code, and start the ride. The rider pays on the basis of time used, but it averages to ₹10 per kilometre (km).

The whole model, which allows users the flexibility to pay as you use - leaving aside the headache related to ownership, including maintenance and equated monthly instalment - fits in well with the complex delivery and supply chain mechanism of e-commerce firms.

The technology-based mobility service provider has seen the number of monthly active users increase to 170,000, from 100,000, in February 2020, and business grow 2.6x in the same period.

The four-year-old start-up, which began operations with a view to offer sustainable, affordable last-mile mobility solutions through its e-bicycle, now boasts of a 10,000-strong fleet of e-bikes, and plans to double it by the end of this year. In addition to those using the e-bikes for short commutes, the demand from gig workers has been very encouraging.

The company, in which Bajaj Auto has 18 per cent stake, is now looking to deploy a model Yulu DEX designed specifically to suit the needs of gig workers. Bajaj is also developing a new low-speed e-bike ground up for personal users looking for a mobility solution for the last mile. It is expected to be launched sometime in 2021-22. Since it entered the market in 2017, Yulu has been importing kits for the bike from China and Bajaj has been assembling them at its factory.

The government has been doling out incentives and tax exemptions for battery-operated vehicles. It is part of the larger objective to reduce dependence on fossil fuel and cut carbon emissions. But Yulu is not a beneficiary of these incentives owing to the low speed of e-bikes in its fleet.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 25th July 2021

Keen on India drive but high import duty remains a roadblock: Musk

The electric carmaker aims to begin sales in the country this year

OUR BUREAU
Mumbai, July 24

Tesla's Elon Musk has urged India to lower import duties on electric vehicles even as the iconic brand is set to be launched in the country.

Musk in a tweet said, "We want to do [launch EVs in India] so, but import duties are the highest in the world by far of any large country! Moreover, clean energy vehicles are treated the same as diesel or petrol, which does not seem entirely consistent with the climate goals of India." Tesla had announced its plans to launch in India in January. Since then the company has hired key top executives to look after local operations.

Tariff relief

"But we are hopeful that there will be at least a temporary tariff relief for electric vehicles. That would be much appreciated," Musk said in another tweet.

Other luxury car makers including Audi and Mercedes have been asking for a lower tax regime in India. "First you pay

Elon Musk

import duties (100 per cent) then you pay GST which is 48 per cent and then you have registration tax of another 15 per cent. So, it's duties on duties on duties — multiple layers of duties which is keeping this sector very niche," Balbir Singh Dhillon, Head of Audi India, told *BusinessLine* recently. That is why for the last five-six years, the luxury car market is stuck in the range of 30,000-40,000 units a year, he said.

Former Managing Director of Mahindra and Mahindra, Pawan Goenka, came out in support of Musk's demand. "Tesla wants a reduction in the import duty. I think the Government should consider lowering 100 per cent slab to 60 per cent for electric vehicles."

Economic Times 27th July 2021

'Govt Open to Sops if Tesla Decides to Make in India'

Company has approached the government to seek reduced customs duty on its cars

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New Delhi: India is open to considering lower import duty and other incentives for Tesla if the company decided to manufacture its cars in the country, a senior government official told **ET**.

Tesla has approached the government to seek reduced customs duty on its cars, reasoning that they should be treated as electric vehicles and not luxury automobiles.

"We will be open to consider, especially if they will set up a manufacturing place here," said the official, who did not want to be identified. Any decision on this count will be sector specific and not for a particular company.

Electric vehicles and clean energy have been among key focus areas for the Narendra Modi government, which has offered multiple incentives to encourage production of such automobiles in the country.

The government is also in touch with large global companies to set up manufacturing plants in the country. The goods and services tax (GST) on electric vehicles has been cut to 5% from 12% while that on chargers and charging stations for electric vehicles has been reduced to 5% from 18%.

Additionally, under the FAME-India scheme, incentives are provided on the purchase of electric vehicles through an upfront reduction in their price. Income tax deduction of Rs 1.5 lakh on interest paid has also been provided on loans taken to purchase electric vehicles. There is no relief for imported electric vehicles though.

The current import duty structure does not differentiate between electric cars and those that run on traditional fuels

ET had reported last week that Tesla had sought a 40% import duty on fully assembled electric cars against the current rate of 60% applicable on those priced below $40,000 and 100% on those above that threshold. The company has flagged this issue in a letter to various government ministries and departments.

The current import duty structure does not differentiate between electric cars and those that run on traditional fuels. Tesla CEO Elon Musk last week flagged high import duties on EVs levied by India.

"We want to do so, but import duties are the highest in the world by far of any large country!" he tweeted in reply to a question on the India launch. "Moreover, clean energy vehicles are treated the same as diesel or petrol, which does not seem entirely consistent with the climate goals of India. But we are hopeful that there will be at least a temporary tariff relief for electric vehicles. That would be much appreciated."

About 1% of vehicles sold in India are electric.

Business Line 28th July 2021

Ola's Aggarwal 'strongly disagrees' with Musk's call

Says must build locally, not just import vehicles

SANGEETHA CHENGAPPA

Bengaluru, July 27

In a strong comeback to Tesla founder Elon Musk's call for lower duties on imported EVs, and echoed also by Hyundai MD S S Kim, Bhavish Aggarwal, founder of Ola Electric, which is building the world's largest two-wheeler factory in Tamil Nadu, said he "strongly disagrees with both (their statements)".

"Let us have confidence in our ability to build indigenously and also attract global OEMs to build in India, not just import. We won't be the first country to do so," tweeted Aggarwal on Tuesday, giving an early indication of the kind of resistance Musk's proposal might receive from domestic EV manufacturers.

'Highest' duty

Last week, Tesla founder Elon Musk said his company wants to launch electric vehicles in India but said the import duties are the highest by far for any large country. "Moreover, clean energy vehicles are treated the same as diesel or petrol, which does not seem entirely consistent with the climate goals of India," he had tweeted in response to a question about launching Tesla cars in India.

Musk is hoping for temporary tariff relief for electric vehicles in India. Echoing

Bhavish Aggarwal, Founder, Ola Electric

Musk, Hyundai MD SS Kim said: "Lower duties will help grow the EV market." Incidentally, Hyundai Motor Company and Kia Motors are early investors in Ola Electric. Hyundai has also invested around $300 million in Ola Cabs for a 4 per cent stake.

'Build in India'

Echoing the sentiments of Aggarwal, Suhas Rajkumar, Founder-CEO of Simple Energy, a Bengaluru-based electric two-wheeler manufacturer, said that 'Build in India' is the way forward for the EV industry. "Although lowering the import duty will welcome global players, the industry needs to take our nation and talent to a global standard which will be possible by supporting 'build in India' and not just reducing the import duties," he said. Hero Electric and Ather Energy, two other large EV players, were not available for comment.

India imposes 100 per cent Customs duty on fully-built imported cars with CIF (Cost, Insurance and Freight) value more than $40,000, and at 60 per cent on those costing less than the amount.

Twitterati responded vociferously with, "why wud (sic) such a huge country (India) import cars when it has the resources to build one. It doesn't make sense."

"If they believe in the India story, they should invest here. Can't be friends for benefits."

"Import duties won't be cut down just to bring Tesla to India."

However, some disagreed with Aggarwal, tweeting, "It is very obvious that you'll disagree... import duties should definitely be reduced... Also, domestic capabilities need to be built... but import duty reduction will bring in foreign brands and increase competition... Good for the consumer."

Two weeks ago, when Ola Electric opened reservations for its electric scooter, Aggarwal had said that "India has the opportunity and potential to become the world leader in EVs and at Ola, we are proud to lead this charge," making his aspirations for Ola Electric clear.

Aggarwal's is investing around ₹2,500 crore in Ola Electric. Its 'Futurefactory', being near Krishnagiri in Tamil Nadu, is nearing completion.

In a welcome move for the industry, the Government has cut GST on electric vehicles from 12 per cent to 5 per cent, and that on chargers and charging stations from 18 per cent to 5 per cent.

The Times of India 24th July 2021

MCCIA lauds EV policy, points to improvements needed

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Pic for representation

The policy includes incentives for setting up charging facilities

Pune: The Mahratta Chamber of Commerce, Industry, and Agriculture (MCCIA) has commended the new electric vehicles (EVs) policy announced by the state government in a new comparative paper with similar policies of other states, but has also pointed out improvements needed, especially with regard to development of EVs.

The MCCIA paper compared the state EV policy with those announced by other states such as Karnataka, Tamil Nadu, and Delhi, among others, with policy proposals for both supply and demand side economics, such as direct subvention for buyers of EVs as well as subsidies for manufacturers of EVs and allied ancillaries and players in the battery and charging market.

The paper specifically praised Maharashtra for proposing to implement both supply and demand verticals, as well as capping the number of vehicles that can be incentivised, which can "nudge" competition among both manufacturers and buyers.

The policy also includes incentives for setting up charging facilities, with additional incentives to set them up in rural and underdeveloped areas of the state.

"A policy like this is required when there is a market failure, and in the case of EVs, the market failed because of the costs involved, and so the state government had to step in and create this policy. The policy of capping the number of vehicles in each class will also help in generating competition among manufacturers," said Prashant Girbane, director-general, MCCIA.

The Economic Times 26th July 2021

'Munjal Family Pact Puts No Curbs on Hero MotoCorp's EV Biz Plans'

Source: Pact only restricts it from using conjunctive term 'Hero Electric'

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Way Ahead

Hero MotoCorp has plans to launch its first EV in Q4 of this fiscal

Hero MotoCorp entitled to manufacture and brand its EVs as it wants, says source

Family agreement only restricts Hero MotoCorp from using **'Hero Electric'** for its products

Naveen Munjal says his businesses will seek to protect its rights on the use of **'Hero'** brand for its EVs

New Delhi: Differences seem to be brewing between two factions of the Munjal family, with a top source close to the Pawan Munjal branch saying the decade-old 'Family Agreement' of the Munjals does not place curbs on Hero MotoCorp from selling electric vehicles (EV), nor does it prevent the two-wheeler maker from using its trademarks in other product segments.

Pawan Munjal's nephew Naveen Munjal (son of Vijay Munjal) who is at the helm of Hero Electric — said his family has exclusive ownership rights of the brand 'Hero' for eco-friendly products and his businesses will take measures to protect its rights on the use of the brand 'Hero' on EVs.

"Contrary to the impression being created, Hero MotoCorp is entitled to manufacture and brand its EVs as it wants. The family agreement only restricts Hero MotoCorp from using the conjunctive term 'Hero Electric' for its products," the source close to the Pawan Munjal branch said, on the condition of anonymity. According to him, all Hero MotoCorp products have a different brand name (such as Splendor, Passion, XPulse & Xtreme), and similarly EVs will also have a distinct name and identity.

"As per the family pact of 2010, the right to own and use the brand name 'Hero' was given to the family of Shri Brijmohan Lall Munjal. Certain specific marks such as 'Hero Electric' & 'Hero Eco' were given to the Vijay Munjal family for specific goods," said the source.

The pact leaves room for internal competition among the various family branches in various product categories to pre-empt stagnation and foster growth.

The Pawan Munjal-led Hero MotoCorp is the market leader in ICE (Internal Combustion Engine)-enabled motorcycles and scooters, and has recently announced its foray into the EV segment. It has formed a joint venture with Taiwan-based Gogoro Inc, an EV maker and owner of the world's largest battery swapping network.

FOR FULL REPORT, GO TO www.economictimes.com

Business Line 23rd July 2021

Audi kickstarts EV journey in India with e-tron SUVs

Luxury carmaker offers complementary charging at dealerships through 2021

HEMANI SHETH

Mumbai, July 22

German luxury carmaker Audi is expecting electric cars to account for 15 per cent of its total sales in India by 2025, according to Balbir Singh Dhillon, Head of Audi India.

Audi, on Thursday, kicked off its electric vehicle journey in India with the launch of three new all-electric SUVs under its e-tron range.

"What we wish to achieve by 2025 is 15 per cent of all the cars that we'll be selling in India will be electric cars," Dhillon said on the sidelines of the launch.

"This is just the start of Audi India's electric journey and you will hear from us very, very shortly on our next EV offering," he said. "There is a clear road map towards sustainable mobility and as Audi India, we are committed to developing an EV ecosystem. We have agreements in place that cover aspects, right from setting up charging infrastructure to end-of-life battery recycling. The future is electric and Audi India is ready for it," he further said.

Globally, Audi is aiming at eventually becoming an electric car company. Starting 2026 onwards, the company will only launch electric cars. It will continue to sell cars with Internal Combustion Engines (ICE) till 2033, Dhillon said. The three all-electric SUVs, e-tron 50, e-tron 55, and e-tron Sportback 55 are

priced at ₹99.99 lakh, ₹1.16 crore, and ₹1.18 crore respectively (all prices ex-showroom).

Charging facilities

In a bid to help ramp up the charging infrastructure in the country and to help ease customers' range anxiety, Audi will offer a complementary wall box charger in addition to the 11kW portable charger that comes with the car through 2021. Select Audi India dealerships will be equipped with a 50kW DC fast charger.

Audi e-tron customers can avail of complementary charging at any Audi India dealership through 2021. It also plans to set up 100 chargers across the country in 75 key cities over the next few months. Customers can find all the charging stations compatible with the 'myAudiconnect' app and plan intercity trips accordingly.

Waiting period

Talking about the waiting period for the cars, Dhillon said, "We already have a certain number of cars brought into the country. So they will be available immediately if a customer wants to buy. But if somebody wants to configure the cars, it takes about four to six months depending upon what kind of configuration and some integration because of the semiconductors."

The Economic Times 24th July 2021

State all set to make electric vehicles a must for corporates

2030 Target To Attain New Normal

Somit.Sen@timesgroup.com

Mumbai: After the state unveiled its Electric Vehicle policy 2021 recently, it has now taken upon itself the task to make electric transport the new normal for corporates by 2030. It has partnered with an initiative to boost corporate adoption of electric vehicles.

"We already have over 110 companies globally that have pledged 100% electric vehicles for its fleet by 2030," said Divya Sharma, India Executive Director of Climate Group. "This includes 11 India-headquartered companies including Bounce, BSES Rajdhani and Yamuna, Dalmia Cement, Flipkart, JSW Cement, Mindspace Business Parks REIT, SBI, Shuttl, Wipro and Zomato which have made the EV100 commitment with a combined fleet size of over 2 lakh e-vehicles in next ten years," she stated.

Environment minister Aaditya Thackeray said: "The EV100 partnership aims to build a robust demand for green vehicles and will support faster uptake of the new policy in Maharashtra. As the first Indian state to partner with EV100, we want to take the lead in driving corporate EV demand and encourage other states towards catalysing pan India EV revolution."

Thackeray added that investing in a clean transport system was an essential part of the state climate action plan. "With the revised policy, we want to engage early on with businesses," he said.

Sharma said: "We urge businesses in Maharashtra to utilise the incentives offered by the state and join EV100 to drive 100% fleet transition by 2030."

Maharashtra's new EV Policy 2021 aims to have 10% battery-operated electric vehicles in new registrations by 2025. The new policy is armed with economic incentives to enhance purchase of e-bikes, electric autos, e-cars/SUVs and electric commercial vehicles such as buses, trucks etc. The state has set targets for electrifying government vehicles and 15% of Maharashtra's state-run road transport corporation's existing bus fleet.

HIGHLIGHTS OF POLICY

- Full waiver in road tax and registration fees
- Rebate on property tax for housing societies setting up charging stations
- Electric vehicle manufacturers will receive concessions enjoyed by industries in remotest parts of the state. Like, waiver in electricity duty, low electricity tariff, concession in land rates

10% The quantum of e-vehicles among new vehicle registrations by 2025

Business Standard 23rd July 2021

Mercedes speeds up electric shift with $47 bn push

CHRISTOPH RAUWALD
22 July

Daimler AG's Mercedes-Benz vowed to spend more than 40 billion euros ($47 billion) this decade to electrify its lineup and defend its position as the world's leading luxury-car maker through a historic industry transformation.

Mercedes plans to launch three new all-electric vehicle platforms in 2025 and set up eight battery factories with partners, the company said in a strategy update on Thursday.

Mercedes is betting the luxury segment will shift faster toward battery cars than the mass market because of customers' greater purchasing power.

Mercedes said it expects plug-in hybrid and fully electric cars to account for more than half of global car sales by 2025

"The tipping point is getting closer and we will be ready as markets switch to electric-only by the end of this decade," CEO Ola Kallenius said in a statement. "This step marks a profound reallocation of capital."

After years of criticism for being late to adopt purely battery-powered cars, the storied German manufacturer stepped up its game with the launch of the EQS — the electric version of its flagship S-Class — earlier this year. The sedan drew praise from analysts and car reviewers for blending upscale appeal and competitive battery range that challenges models from Tesla.

Mercedes is sticking to its profitability targets amid the EV shift. The company didn't give a concrete date for when it will phase out combustion engines, saying the pace of the shift toward EVs will vary widely across regions. It pledged to be ready to go all-electric by the end of the decade where conditions allow.

Mercedes will make eight fully electric cars on three continents next year. It's flanking the EQS with models including the compact EQA and plans to unveil the electric version of its bestselling E-Class sedan at the Munich auto show in September.

The Mercedes budget is one of the largest that major automakers have announced recently for electrification.

Mercedes said it expects plug-in hybrid and fully electric cars to account for more than half of global car sales by 2025, five years sooner than the company forecast months ago. By 2039, it aims to turn its new-car fleet carbon-neutral.

On Wednesday, Daimler reiterated that Mercedes is forecast to be more profitable in 2021 than it's been in years, thanks to strong demand and a tilt toward high-margin models that have been prioritised during the global semiconductor shortage. It has projected an annual return on sales for the cars and vans division between 10 and 12 per cent, despite the heavy investment in EVs and other technology. **BLOOMBERG**

Business Line 16th July 2021

Ola opens reservation for e-scooter at ₹499

First of range of e-2-wheelers to roll out of TN plant

OUR BUREAU
Bengaluru, July 15

Ola opened pre-bookings for its electric scooter, keeping the reservation amount at ₹499, perhaps the lowest for any vehicle. Customers can reserve a scooter on *olaelectric.com* paying a refundable ₹499 deposit. Those who book now will get priority delivery.

The Ola Scooter is expected to be priced aggressively to make it widely accessible. The price and features are expected to be out soon.

The first in a range of electric two-wheelers, the scooter will roll out from the Ola Futurefactory in Tamil Nadu. Ola Electric is racing to operationalise the first phase with 2 million annual capacity, with the total capacity of 10 million units to be completed next year.

"India's EV revolution begins today as we open reservations for our electric scooter, the first in our range of upcoming EVs. With its incredible performance, technology and design, along with aggressive pricing, it will help accelerate the transition to sustainable mobility. India has the potential to become the world leader in EVs," said Bhavish Aggarwal, Chairman and Group CEO, Ola, in a statement.

The Ola Scooter has already won several awards, including the IHS Markit Innovation award at CES, and the German Design Award.

The Economic Times 26th July 2021

Luxe Car Cos are Friends in EV Push

After Merc opened showrooms for Jaguar I-Pac, Audi to allow rivals to use its app, too

Ketan.Thakkar@timesgroup.com

Mumbai: Arch-rivals of yore are now frenemies in India. "Welcome Audi E-Tron to our electric car company," Mercedes-Benz India tweeted on Thursday.

Such bonhomie is rare between Mercedes-Benz and Audi. In the Indian automobile industry, it is viewed as a significant change of stance by the two German luxury-car makers, as they bend backwards to entice customers to buy electric vehicles in a country that is at an initial stage of putting up charging infrastructure. Mercedes, in March, opened its showrooms and charging infrastructure for the Jaguar I-Pace, which gave its British rival access to 100 charging stations.

These partnerships in an otherwise fiercely competitive landscape ensure the automotive ecosystem grows towards an electric future with each other's support.

Audi India head Balbir Singh Dhillon said Audi reciprocated the gesture from Mercedes-Benz, opening its charging infrastructure to all competing carmakers. Users of any car brand can use the MyAudi App to spot a charging infrastructure. "Electrification is a journey which we need to walk together between all OEMs (automakers)," Dhillon told ET.

There are about 1,800 charging stations in India, and the count is likely to grow multifold in the coming three years, say industry players. About 300 fast-chargers are being set up in India through an alliance of private power companies, government agencies and vehicle makers.

Plug In & Drive

Mercedes Benz India has opened up charging infra at 100 outlets

Globally, Mercedes Benz, BMW, Volkswagen Group & Ford have formed a JV called Ionity

This union to offer over **3,200 charging stations** across Europe

M&M has approached rivals Tata Motors, Hyundai, Renault to share powertrain architecture, parts

Such collaborations are happening elsewhere as well. In Europe, Mercedes-Benz, BMW Group, Ford Motor, Hyundai Motor Group and the Volkswagen Group including its Audi and Porsche subsidiaries have formed a joint venture, called IONITY, to build a high-power charging network for EVs along major highways. About 3,600 fast chargers are being set up at key locations under this venture.

Electrification at the top end of the India market has been in the spotlight since Elon Musk announced his India entry plans for Tesla.

Since then, the largest luxury-car maker has debuted its electric offering, the Mercedes-Benz EQC, which was soon sold out in India for 2021 delivery. The Jaguar I-Pace followed and now Audi entered the fray. Volvo and Porsche are also likely to bring their offerings in the coming six months. Over the next 12-24 months, close to a dozen new electric models are expected to hit the Indian roads.

It is a case of more the merrier when it comes to electric vehicles and Mercedes-Benz is exploring adding new models to the India portfolio, said Santosh Iyer, senior vice-president of sales and m arketing at the local unit of the company.

"More models mean more options to consumers, and we will collectively educate the buyers in their journey towards electrification. By sharing charging infrastructure, we can take away the anxiety for the prospective buyers," he said.

FOR FULL REPORT, GO TO www.economictimes.com

Business Standard 19th July 2021

Ola e-scooter to start at ₹85,000; eyes 50% of two-wheeler market

SURAJEET DAS GUPTA
New Delhi, 18 July

Ola Electric, which opened for bookings on Saturday and has netted as many as 100,000 bookings on the very first day, is expected to price its electric scooter in the range of ₹85,000-₹1.1 lakh. The price range is one that accounts for 70 per cent of conventional, internal combustion engine (ICE) scooter sales in the country.

Speaking with *Business Standard*, Varun Dubey, head of marketing at Ola Electric, said: "We are addressing the entire two-wheeler market in the country — which is around 21 million per annum. We see no reason why customers will not shift to electric. The bulk of the ICE scooter market in India is between ₹85,000 and ₹1.1 lakh on road , and that is where we will position our range of electric scooters." Dubey says that Ola's target is to get 50 per cent or more of the total two-wheeler market — ICE and EVs. With a projected capacity of 10 million two-wheelers per annum, they should be able to grab half of this market, he says.

At present, of the total two-wheeler market of 21 million vehicles per annum, scooters account for 6.5 million, while the rest is mostly motorbikes. "We will also start booking for international market sales soon, as there is a large market in southeast Asia, Europe, amongst others," says Dubey. He reckons that the total global two-wheeler market is around 60-65 million vehicles.

Asked whether Ola will be able to compete with the Chinese in the international arena, Dubey says, "It's not a zero-sum game. There will be multiple players and we want to be one of them. Our plant capacity accounts for nearly 15 per cent of the world's total production. So we have scale."

Ola is investing ₹2,400 crore to set up a plant, which will have a capacity to produce 10 million vehicles by next year

Dubey says that to address the challenge of charging the EVs, Ola will roll out 100,000 fast chargers in over 400 cities in the country. These chargers can charge the battery to 50 per cent in 18 minutes. That apart, the company will provide an overnight charger to its EV buyers for use at home.

Ola will initially address the B2C market, and not the B2B market, Dubey has said.

The company on Sunday announced that it has got bookings of over 100,000 (the booking amount is ₹499 which is refundable) for its electric scooter which will be offered in more than one model. The scooters will run for 150 kilometres on one full charge at a maximum speed of 100 km an hour. The models have three to four colour choices. Since it does not have a large dealer network, Ola is delivering the product at the customer's doorstep for test rides. The company plans to build its dealer network slowly.

Analysts say that even if 30 per cent of those who booked on the first day continue with their bookings, Ola would have orders for 30,000 electric scooters, which is nearly as much as the total EV two-wheeler sales in the country between January to June this year.

However, the incumbent two-wheeler manufacturers such Bajaj, TVS, Hero Motocorp are not impressed with Ola's plans. A top executive at a leading two-wheeler company points out: "We have heard many brazen claims from them. So it's best to wait and see."

Ola is investing ₹2,400 crore to set up a plant which will have a capacity to produce 10 million vehicles by next year. Earlier, it had announced that the plant would achieve 2 million capacity by the middle of this year.

Incumbent operators say that the growth in the EV market will be gradual and, hence, they are investing accordingly. McKinsey projects that by 2025, India's electric two-wheeler market will hit around 4.5-5 million vehicles per annum. Tarun Mehta, founder of Ather Energy (funded by PE and Hero), a key competitor of Ola, projects that the market will go up to 5-6 million vehicles in the next five years. Ather Energy is investing Rs 650 crore to expand its plant in Hosur from 110,000 to 500,000 electric scooters per annum by next year.

Mehta believes that the inflexion point for electric two-wheelers has come already and the price differential between their Ather 450 Plus electric scooter and that of an ICE-powered 125 cc conventional scooter is now only ₹5,000-8000. Besides, buyers can save ₹2,000 on petrol per month if they go for an EV. With the increase in subsidies and the incentives offered in some states, the price of e-scooters will fall below ₹1 lakh, Mehta adds.

Business Line 30th July 2021

TVS Motor to develop electric vehicles in 5-25kW range

Will introduce 2 new vehicles in the traditional segment this fiscal

G BALACHANDAR

Chennai, July 29

Leading two and three-wheeler maker TVS Motor Company said its 500-odd engineers are working on developing electric two- and three-wheelers across categories both for domestic and international markets, while outlining its FY22 plans which include launch of two new products in the traditional two-wheeler segment.

Ramping up presence

"EV adoption in India is being accelerated through significant policy interventions and rising fuel costs. TVS Motor Company is aggressively ramping up to establish its presence. While we have established a separate vertical for EVs and have committed ₹1,000 crore in establishing a dedicated and scalable EV facility, more than 500 engineers

Venu Srinivasan, Chairman

are working on design and concepts for launching EV products both for domestic and international markets," said Venu Srinivasan, Chairman, while addressing shareholders virtually.

He also said though TVS Motor offered a full range of products from mopeds to premium bikes, there were some gaps in the mid-to-premium segment and the company will enter those categories with new launches.

Elaborating on the EV plan, Sudarshan Venu, Joint Managing Director, said, the company was working on a complete range of EVs — from 5kW to 25 kW — to cover commuter, premium as well as delivery and shared mobility segments. "We will have a complete profile of products for electric two and three-wheelers," he added.

To maintain the momentum, the company plans to launch two new products this year. "These will be customer delighting products," said KN Radhakrishnan, Director & Chief Executive Officer, adding, "we are also planning to launch new products for the international products, which have been stable and reporting good growth."

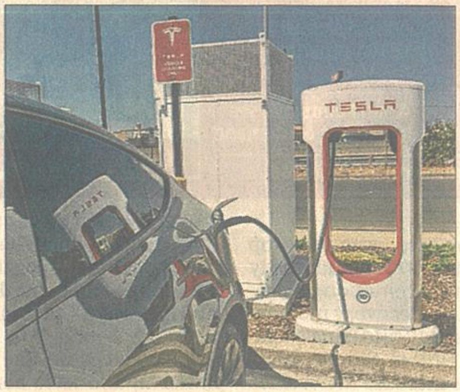
Q1 results

The company reported a net profit of ₹53 crore for the quarter ended June 30, against a net loss of ₹139 crore in the year ago quarter when its production and sales were severely impacted due to Covid-19 lockdown.

Its revenue stood at ₹3,934 crore compared to ₹1,432 crore in June 2020 quarter. It reported an EBITDA of ₹274 crore against negative EBITDA of ₹49 crore a year ago. During Q1, the company incurred ₹30 crore towards Covid-19-related expenses.

Tesla's Quarterly Profit Tops $1 Billion

Co now boastsa market value of roughly $630 billion, far more than any other automaker and 14 times more than what Tesla was worth just two years ago



San Ramon, California: Tesla's quarterly profit has surpassed $1 billion for the first time thanks to the electric car pioneer's ability to navigate through a pandemic-driven computer chip shortage that has caused major headaches for other automakers.

The financial milestone announced Monday extended a two-year run of prosperity that has erased questions about Tesla's long-term viability raised during its early years of losses and production problems.

Tesla now has cemented its position as the leader in the shift away from gas-combustion that is expected to make it even more profitable than during its most recent quarter.

The Palo Alto, California, company earned $1.1 billion, or $1.02 per share, in the April-June period. That was more than 10 times its profit at the same time last year. Revenue nearly doubled from last year to about $12 billion.

Adjusted to exclude one-time times items, Tesla earned $1.45 a share in the latest quarter, easily topping the 94 cents expected by Wall Street analysts, according to FactSet.

Tesla now boasts a market value of roughly $630 billion, far more than any other automaker and 14 times more than what the company was worth just two years ago. Its mercurial CEO, Elon Musk, is now sitting on the world's third largest fortune at an estimated $163 billion, according to Forbes magazine's calculations.

For all its recent success, Tesla's momentum could still be slowed by a persisting shortage of chips that have become vital parts in modern cars. While other major automakers had to dramatically curtail production during the first half, Tesla so far has been able to secure an adequate supply of chips to churn out vehicles at the fastest rate in its history.

In a Monday conference call, Musk said Tesla keep its manufacturing lines running largely by finding chips from alternate suppliers and then scrambling to rewrite some of the software in its cars to ensure all the technology remained compatible. Although he said things appear to be slightly approving, Musk described the chip shortage as still being "quite serious," making it difficult to plan for the second half of the year.

"The chip supply is a governing factor on our output," Musk said. "It is out of our hands."

In a telling sign that Tesla isn't immune to the shortage of chips and other components, the company disclosed that it will delay the introduction of a highly anticipated semi truck to some time next year. Its original plan was to introduce it this year. AP

Musk Criticises Apple for Using More Cobalt in Its Batteries Than Tesla

SAN FRANCISCO Tesla CEO Elon Musk has criticised Apple, saying the iPhone maker uses more cobalt in its batteries than Tesla. Musk said the electric carmaker does not uses cobalt in its vehicles. "Tesla uses no Cobalt and almost none in the nickel-based chemistries. On a weighted average basis, we might use 2% Cobalt compared to say Apple's 100% Cobalt," he said during the earnings call on Monday. "There is somehow a misconception that Tesla use a lot of Cobalt, but we actually don't. Apple uses I think almost 100% Cobalt in their batteries in cellphones and laptops," he added. IANS

Elon Musk Says he may Skip Future Tesla Earnings Calls

Elon Musk dropped a bit of a bomb on Tesla Inc.'s earnings call: He won't necessarily be doing the quarterly calls going forward. "I will no longer default to doing earnings call," Tesla's chief executive officer said during the company's second-quarter earnings call Monday. "Obviously I'll do the annual shareholder meeting, but I think that going forward I will most likely not be on earnings calls unless there's something really important that I need to say." Bloomberg

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Line 3rd July 2021

World's largest 2-wheeler market set for a shake-up

SHALLY SETH MOHILE
Mumbai, 20 July

The entry of SoftBank-backed Ola into the electric scooter (e-scooter) segment is set to power up the overall market and perhaps fast-track the adoption of battery-operated vehicles. But for manufacturers of internal combustion engine (ICE)-powered two-wheelers, such as Bajaj Auto, Hero MotoCorp, and TVS Motor, it will be a double whammy. Not only will they have to contend with the aggressive pricing of Ola's scooter and incur a loss at each unit of the e-scooter sold, the volumes of their regular (ICE) models, too, could feel the squeeze, observed analysts.

Ola is expected to price its e-scooter in the range of ₹85,000-1.1 lakh. The price range is one that accounts for 70 per cent of the conventional ICE scooter sales in the country, *Business Standard* reported on Monday. Large listed two-wheeler makers, part of the world's larges two-wheeler market, are positioning themselves to benefit from the anticipated electric vehicle (EV) adoption, according to a research report by Emkay Global.

Ola's entry is expected to fast-track the adoption of battery-operated vehicles

"Considering the competition from other original equipment manufacturers (Hero Electric, Ola Electric, Okinawa, Ampere, etc), we expect some pressure on the market share and margins in the medium term," it said.

India sold a total of 143,837 units of e-two-wheelers in 2020-21, representing penetration levels below 1 per cent. Emkay expects this could improve to 5-10 per cent over the medium term, with falling EV prices due to the reduction in battery costs, localisation efforts, and scale benefits. "It's a double whammy for automakers," said an analyst at a domestic brokerage, indicating that if Ola indeed prices its models aggressively, others won't have an option but to match it. As a result, they will incur a loss on every unit they sell. "Not to forget, the EV volumes will come at the cost of regular models. Hence, it will be a loss of opportunity as well."

A day after Ola Electric opened bookings for its yet-to-be-launched e-scooter, Bajaj Auto said the company has opened bookings for the Chetak in Nagpur. Launched in January 2020, Bajaj has been launching the model in a calibrated way due to supply-related glitches. Previously, the booking slots available for Pune and Bengaluru were fully subscribed to, in less than 48 hours, and the same is anticipated in Nagpur as well, said Bajaj in a statement.

Rakesh Sharma, executive director, Bajaj Auto, said the company's ramp-up and booking plans remain unchanged. They have not been revisited or accelerated because of competition. "As stated earlier, we plan to have a presence in 25 cities by the end of the fourth quarter," said Sharma.

On Saturday, the Bhavish Aggarwal-led firm said it has garnered 100,000 bookings in 24 hours. While it remains to be seen whether the high decibel pitch ahead of the launch translates into sales, it is grabbing eyeballs for now.

"No matter how this scooter ultimately fares, it is exciting to see courage and risk-taking being rewarded. The more entrepreneurs that follow the lead of @bhash and show no fear of failure, the more robust Indian innovation will become," Anand Mahindra, chairman, Mahindra Group, tweeted on Sunday.

For all the excitement around e-two-wheelers, analysts are also unsure of the price viability after the end of subsidy. Last month, making an amendment to the FAME incentive scheme, the government increased the demand incentive for e-two-wheelers to ₹15,000 per kilowatt hour (kWh), from the earlier uniform subsidy of ₹10,000 per kWh for all EVs. It also capped incentives for e-two-wheelers at 40 per cent of the cost of vehicles, up from 20 per cent earlier. India sells close to 16 million two-wheelers annually.

According to Mahantesh Sabarad, head, retail research, SBICAP Securities, while electrification is set to happen at a rapid pace due to the falling cost of ownership of e-two wheelers — fuelled largely by incentives and rising petrol prices — one cannot say whether Ola will be a big beneficiary. "Ola's speed and hurry to launch the model makes me unsure of its success. There are a lot of unknowns when it comes to its product," said Sabarad, referring to the product specification and overall preparedness.

Meanwhile, others, too, are gearing up for an EV ride. TVS Motor has created a separate vertical for EVs and outlined a ₹1,000-crore investment plan over the next two years, a financial daily reported last week. The launches are targeted at segments such as premium scooters, high-performance sport motorcycles, commuter space, delivery market, and three-wheelers. Two-wheeler market leader Hero MotoCorp — that backs Ather Energy — has aggressive plans for the segment.

The Economic Times 28th July 2021

Bajaj Auto to Swap Stake in KTM for Holding in Pierer

Our Bureau

Mumbai: Bajaj Auto and Pierer Industrie, its partner in KTM AG, have decided to undergo a share-swap agreement, at the end of which Bajaj Auto will become an indirect stakeholder in not only KTM AG but also other brands such as Husqvarna, Gas Gas and Ramon.

Bajaj Auto holds 48% stake in KTM AG through its fully owned Netherlands-based subsidiary Bajaj Auto International Holdings. Pierer Mobility AG (PMAG), a Pierer Group company listed on the Zurich and Frankfurt exchanges, holds another 51.7% stake in KTM AG.

Bajaj Auto will become an indirect stakeholder in not only KTM AG but also brands such as Husqvarna

Bajaj Auto will swap a 46.5% stake in KTM AG for a stake in PTW Holding, which holds 60% share in PMAG. Thus, after the conclusion of the deal, Bajaj Auto will become an indirect stakeholder in PMAG, which controls not just KTM AG but also Husqvarna, Ramon and Gas Gas brands.

PTW Holding will relinquish the stake it gets in KTM AG from Bajaj Auto to PMAG for fresh shares in the company. After completion of this transaction, the shareholding of PMAG in KTM AG will increase to about 98.2% from 51.7% at present.

The board of Bajaj Auto has granted in-principle approval to the transaction, the company said in a press statement late Monday evening.

It is yet to be determined how much stake Bajaj Auto will get in PTW Holding in exchange for its KTM AG shareholding. The companies are taking the necessary clearances from competition, takeover and other relevant authorities.

In a release by PMAG in Austria, the company said that it has been informed of the proposed transaction by its parents Pierer Industrie and PTW Holding.

"The Pierer Group will continue to maintain sole control over PIERER Mobility AG," said PMAG.

Business Line 21st July 2021

EV makers getting all charged-up

Both industry newcomers and existing auto giants are pulling out all stops to hog a bigger share of the road

PARAN BALAKRISHNAN

THE WIDER ANGLE

It isn't often corporate chieftains congratulate their competitors on a bold move forward. But that's what Mahindra Group Chairman Anand Mahindra did this week on Twitter. "No matter how this scooter ultimately fares, it is exciting to see courage & risk-taking being rewarded. The more entrepreneurs that follow the lead of @bhash & show no fear of failure, the more robust Indian innovation will become..."

The effusive message was for Ola chairman Bhavish Aggarwal who looks set to translate a daring dream into reality. He's built what's billed as the world's largest two-wheeler factory spread over 500 acres that will one day be able to produce 10 million vehicles. Ola Electric hasn't announced a launch date but it's ambitiously opened bookings for a scooter that nobody has yet seen. In just 24 hours, it collected 100,000 bookings from potential buyers who each paid the modest sum of ₹499 but who had no idea what they might get for it.

Aggarwal's move could be called a publicity stunt—but it's a necessary one. Electric vehicles have been revving up for several years but haven't advanced forward too far in the Indian market. There are over 50 companies, mostly aspiring start-ups, producing EVs. But the numbers of vehicles on the roads are still relatively small.

Consider the last six months. Some 29,288 electric two-wheelers were sold during the period when admittedly the pandemic tossed the entire automobile industry's sales figures asunder. The number is up sharply from the 25,598 high-speed two-wheelers sold last year. But by way of cruel comparison, look at Hero Motors which during the April-June quarter alone sold 1.02 million scooters and motorcycles. Still, Aggarwal's betting EV two-wheelers are the future and will blast the old IC-tech bikes off the road. Phase I of the Ola Future-Factory can produce two million vehicles and Ola Electric also aims to sell in sophisticated European markets. On the cards as well from Ola is a "Hypercharger Network" that will have 100,000 charging points over 400 cities.

On the fast track The e-scooter segment is all set to race forward ISTOCK

Aggarwal isn't the only one getting into high gear. Hero Motors-backed Ather Energy has been a trendsetter in the industry and it's now in nine cities where it's also installing charging points. Coming up in second place is Okinawa which made its market entry in 2017. Okinawa Founder and Managing Director Jeetender Sharma calls it "exciting time" for India's EV firms. He sees zero-polluting EVs' popularity growing, thanks to rising fuel bills and growing environmental "social conscience."

Gearing up

It isn't only hard-charging industry newcomers like Ola Electric and Ather Energy that are out to hog a bigger share of the road. Also in the EV race are existing auto giants like TVS, Hero Motors and Bajaj Auto. All now have EVs on the road and TVS has just announced a new vertical in which it will invest ₹1,000 crore to develop EVs.

TVS brought out the iQube last year and aims to release a high-performance vehicle based on the Creon concept vehicle it displayed at the 2018 Auto Expo. However, the industry giants are playing a careful game. They spent heavily on switching from BS4 to BS6 and don't want to cut into their existing IC-engine vehicle sales.

Bajaj Auto already has its Chetak launched last year. Similarly, Hero MotoCorp aims to introduce a new vehicle in early 2022 with Taiwanese company Gogoro. Hero MotoCorp is looking at vehicles with fixed and swappable batteries. The world's largest two-wheeler manufacturer also has a substantial stake in Ather Energy.

Now, let's swerve away from two-wheelers. It was always understood EVs would only boom when the industry's big players began barging onto the road. That's happened in a big way in two-wheelers but it's also happening in passenger vehicles. The Tatas are the market leader with the Nexon electric compact SUV and have sold 5,500 vehicles since last year's launch, again not a huge number but a future pointer.

The Nexon is ahead of the MG ZS which sold 250 units in June. (Two other EVs, the Tata Tigor and the Hyundai Kona, are badly trailing.) Tata has also just made the first deliveries of another EV, the Xpres T, priced at just below ₹10 lakh targeting mainly fleet-owners. Another model, the Altroz, is expected this year. And the Tata's announced ambitious plans to race ahead in the EV market with 10 new vehicles by 2025. At a different level, Jaguar LandRover also aims to be totally electric.

The Mahindra Group was one of the EV early-birds and it's looking at different ways to get a firm market grip. This year, its hopes are mainly pinned on the eKUV100 expected later in 2021. The group's looking at spending ₹3,000 crore on EVs in the coming years. Last but definitely not least in India's EV market coming of age, Elon Musk-owned Tesla has registered in India and just began testing its entry-level Model 3 on domestic roads.

What's the other factor likely to steer EVs into the fast lane? Quite simply, price. The biggest reason for EVs' slow growth isn't tough to figure: they cost more than IC-engine vehicles and that's unlikely to change until battery prices start falling significantly.

But prices are about to reduce, aided by Central Government Fame II subsidies extended to 2024. State governments, too, are adding subsidies to make buying EVs more manageable price-wise. Ather Energy says the price of its cheaper model, the Ather 450 Plus, could plummet from ₹1.27 lakh to ₹1.13 lakh and it's mulling a sub-₹1 lakh vehicle. Other companies already have scooters starting from ₹70,000 onwards.

State policy

Maharashtra, meanwhile, is hoping by 2025, EVs will comprise 10 per cent of new registered vehicles. The State aims to turn this goal into reality by establishing 2,300 charging stations in government offices, malls and petrol pumps. It's also looking at building a Gigafactory to manufacture lithium-ion batteries.

Other States are moving in similar directions. Rajasthan's new EV policy announced this week will remove State GST from EVs and also pay lump-sums to buyers, depending on battery capacity. Gujarat, which has just issued a new EV policy, will also offer a subsidy of ₹20,000 for two-wheelers and up to ₹150,000 for four-wheelers. Most other States have similar offerings.

Avendus Capital projects India's EV market will likely be a ₹50,000 crore opportunity by 2025, with commercial and two-wheeler segments leading the way. So, are we on the brink of the electric dream turning into reality? Let's just say the electric Promised Land is coming ever closer.

PRESS REPORTS
ON
TRACTORS

Business Line 21st July 2021

Sonalika Group to invest ₹200 crore in new facility in Himachal Pradesh

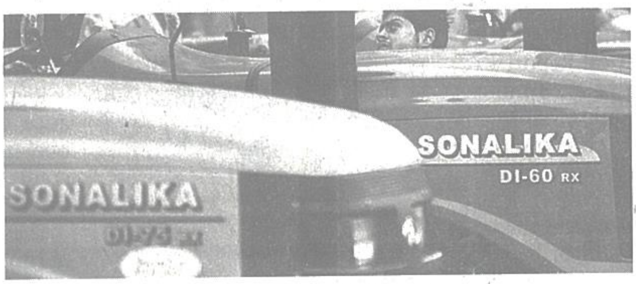
OUR BUREAU

New Delhi, July 20

Farm equipment manufacturer Sonalika Group on Tuesday said it will invest ₹200 crore to set up a new high-tech facility at Amb, Himachal Pradesh, to roll out advanced quality harvesters.

The new Amb plant is spread across 29 acres and is designed with multi-stage Cathode Electric Deposition (CED) paint process often seen at car manufacturing facilities.

Established with an investment of ₹18 crore, the CED paint process involves 14-stage treatment process that ensures rust-free and longer period of the harvester's performance, the company said in a statement. Meanwhile, Sonalika has also launched one of the most advanced harvesters available in India, the 'Sonalika Samrat' at ₹25.5 lakh. The self-propelled harvester is fully equipped with next-gen technologies that not just reduce the tedious labour tasks during the harvesting season but also remain economical, thereby leading to quick savings for farmers, it said.



The plant will roll out advanced quality harvesters

The Sonalika Samrat facilitates operations like reaping, threshing and winnowing. It is designed for farmers to obtain maximum yield with ease and comfort in operations during harvesting, the company said.

To enhance productivity

"Our new plant at Amb, HP has been installed with world-class technologies to manufacture high-tech harvesters that significantly increase farmer's productivity. Our latest launch, the Sonalika Samrat combine harvester has been designed to maximise farmer efficiency during harvesting," Raman Mittal, Executive Director, Sonalika Group, said.

The new harvester is powered by a diesel engine that generates 101 HP power at 2,200 rpm and is coupled with 5-speed constant mesh gearbox for smoother operations.

PRESS REPORTS
ON
COMPANY NEWS

The Economic Times 27th July 2021

Rising market share, recovery in local 3-wheeler market should also support the stock that is trading at slight premium to its long-term avg

Exports Could Help Bajaj Auto Outrun Peers in Medium Term

Ashutosh.Shyam
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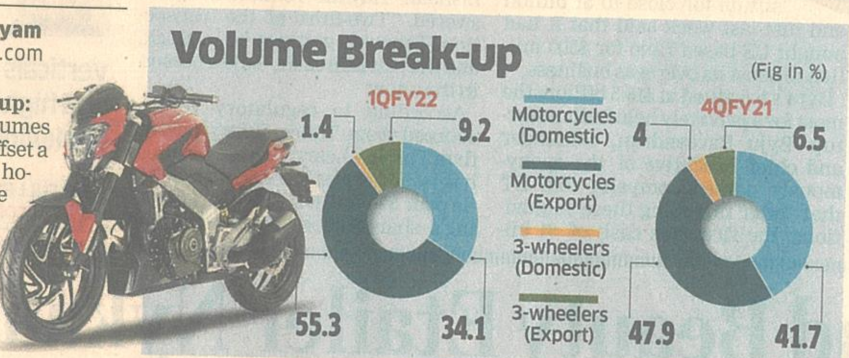


ET Intelligence Group: Sustained export volumes that helped partially offset a moderation in sales at home should help the stock of Bajaj Auto to outrun peers in the medium term. An increasing share of earnings from overseas should mitigate the disruptive impact of India's increasing EV focus on the company that sells in markets as diverse as Africa and Latin America.

The monthly run-rate of exports for the last 12 months is 13% higher than in FY20 despite sporadic lockdowns. In June quarter, the share of two-wheeler exports in the total volume rose to 55.3% compared with 47.9% in the previous quarter. Including three-wheelers, the export volume rose to 65%.

The company has been witnessing fairly stable demand for vehicles from Africa, Latin America and the Middle East. But demand in the Asean and the Philippines continues to remain soft. It has been able to expand the share of higher priced bikes in the export market. The share of Pulsar and KTM rose to 26% of exports in the June 2021 quarter, compared with 22% in the March quarter.

Bajaj Auto is the market leader in nearly 80% of the markets where it exports; therefore, it enjoys sizeable pricing power and a fair bit of understanding of consumer behaviour during economic cycles. As a result, the company gained 2% and 6% additional export market shares, respectively, in two-wheelers and three-wheelers.

In addition, the rupee depreciation from export earnings helped support blended margins. Average realisation on export earnings rose to ₹74.25 to a dollar in June 2021 quarter against ₹72.9 in the March quarter. Total revenue from exports stood at ₹4,500 crore, a gain of 13% sequentially.

Owing to a strong volume visibility, exports are expected to grow 30% in the current fiscal compared with total volume growth of 17% in the same period.

At home, the company is expanding its share in the 125cc segment from improving volume of Pulsar 125cc, which received an encouraging response from value-conscious buyers. The share of Bajaj Auto in the 125cc bike segment rose to 27% in June 2021, a gain of 8% from the previous quarter, while the total share in the domestic bike segment rose to 260 basis points in the same period.

The company plans to further consolidate market share with aggressive product launches in the 125cc segment, retaining dominant position in the sports segment and providing innovative offerings in the top end of the entry-level bike segment.

Volume growth is expected to gradually recover from the June quarter, but margin pressures are likely to remain in the first half due to commodity prices. This is likely to weigh on the gross margin in the second quarter of FY22. Operating margin fell 260 basis points sequentially to 15.2% in the June quarter. The Street is penciling in 16% and 18% operating profit margins in FY22 and FY23, respectively.

Bajaj Auto's stock trades at 19 times one-year forward earnings, a slight premium to long-term average of 17 times. Volume support from exports, a gradual recovery in the high-margin domestic three-wheeler market and a dividend yield of 4% should support the stock.

The Times of India 22nd July 2021

'Pawan Munjal can't use Hero tag for EVs'

Nephew Naveen Says Only His Family Has Right, Violation To Attract Legal Action

Pankaj.Doval@timesgroup.com

New Delhi: In a setback for the Pawan Munjal-run Hero MotoCorp, a 2010 family settlement bars the company and its promoter from using the popular 'Hero' brand name for any type of electric vehicle — two-, three- and four-wheeler — as the global rights for the green technology have been allotted to his family member and nephew Naveen Munjal's Hero Electric.

Any violation here "will lead to legal action", Naveen told **TOI**, making it clear that "only my family has the right to use the Hero brand for green vehicles", even though there is no non-compete/prohibition on other clan members who can enter the category but with a different branding.

Naveen, son of Pawan's cousin Vijay Munjal, runs the Hero Electric two-wheeler business since 2007, and said his family received "global rights over the Hero brand name in perpetuity for electrics", be it for personal-consumer use, or the commercial market.

This was done as part of a larger settlement between various members of the Munjal clan, which runs several businesses under the ubiquitous 'Hero' brand name (two-wheelers, cycles, insurance, realty, electric vehicles, components, education), and has players such as Sunil Munjal and Pankaj Munjal, besides Pawan Munjal and Vijay Munjal.

"We have the ownership of the Hero brand name for electrics and no one else can use it. There is no ambiguity here. We can use it for any type of vehicle running on land — two-wheelers, three-wheelers, cars, or commercial vehicles," Naveen said, adding that, "If our rights are encroached upon, we will take legal recourse."

A spokesperson for Pawan's Hero MotoCorp said, "Hero MotoCorp remains fully committed to driving sustainability and clean mobility, including through electric vehicles, in India and in our markets around the world. There is a family understanding in place, which everyone in the Munjal family is well aware of, and everything is being done within the parameters of the understanding and the agreement. The brand names used on the vehicles even as on date speak for themselves. The family agreement is crystal clear. Hero MotoCorp is well aware of its rights, and has always acted, and will continue to act based on the best legal advice."

However, Hero MotoCorp skirted the question on whether it can use the 'Hero' brand name for its upcoming EVs. At a time when it braces for stiff competition from newcomers such as Ola Electric, Hero MotoCorp has announced aggressive investments in the EV business (it also has a financial exposure in startup Ather) and plans to launch its first green vehicle this year.

However, what branding will be used by the company is still not clear.

A SETBACK FOR NEW VENTURE

- Legal issues may dampen **Pawan Munjal's** plans to use popular 'Hero' brand for electrics
- Could be a big setback as 'Hero' is a trusted brand in 2Wheelers
- Issue erupts as Ola Electric plans aggressive challenge
- Hero Moto will launch its first electric by fiscal-end
- **Naveen Munjal** will continue ops, plans massive expansion under 'Hero Electric' brand

Open to partnership with Hero Moto

New Delhi: Hero Electric MD Naveen Munjal said he remains "open to anything", including partnerships within the family, as he expands his business under Hero Electric. "We are open to partnerships within the family. We are not closed to the idea," Naveen said when asked whether he is ready to collaborate with uncle Pawan Munjal's Hero Moto. "We have cordial family relations, and there is no animosity. It's just that we've got to protect our business interests." TNN

Business Line 28th July 2021

Skoda to scale up presence to 100 cities in India

AYUSHI KAR

Mumbai, July 27

Czech automaker Skoda Auto has improved its network presence by almost 15 per cent since the launch of Kushaq less than a month ago and is targeting to be present in 100 cities across India by August. Skoda Auto India will have more than 170 customer touchpoints, including sales and after-sales facilities, by next month, which will be ramped up to 225 by next year.

Driving growth

"Launch of Kushaq was instrumental in driving this growth, as it infused tremendous confidence and excitement across the dealer fraternity. There have been more than 200 applications by potential partners. This includes a new mix of dealers as well as existing dealers who want to build on the brand association and open additional facilities," Zac Hollis, Brand Director, Skoda Auto India, told *Business Line.*

Zac Hollis, Brand Director, Skoda Auto India

According to a press note, the increased network reach will also support the brand's three-pronged strategies of launching new products, including new services and building on its promise of customer-centricity.

Hollis said the newly launched Kushaq has created a major boost in sales, with orders picking up not just for Kushaq but previous models as well. "New products help drive customer engagement. As consumers flock to showrooms to appraise the new Kushaq, sales for older models such as Octavia also see a boost," Hollis said.

Business Line 27th July 2021

Tata Motors Q1 net loss narrows to ₹4,451 cr

JLR hit by chip shortage; product redesign on to reduce semiconductor dependence

OUR BUREAU
Mumbai, July 26

The Tata Motors Group has narrowed its consolidated losses to ₹4,450.92 crore in the first quarter ended June 30, compared to the loss of ₹8,438 crore reported in the corresponding previous quarter. The losses are down 41 per cent compared to the ₹7,605.40-crore loss reported in the fourth quarter ended March 31, 2021.

The company reported a 107 per cent uptick in revenue from operations at ₹65,535.38 crore in the first quarter (₹31,481 crore).

JLR sales skid

The losses in the first quarter are primarily due to a decline in sales at Jaguar Land Rover, which has been hit by the global shortage of semiconductors. JLR's wholesales dipped by 30,000 vehicles during the quarter. "We expect a wholesale of 65,000 units in the second quarter for JLR, which is 50 per cent less than the internal target. As a result, we expect a negative EBIT margin and cash outflow of £1 billion," said PB Balaji, Group CFO.

Tata Motors said that while demand remains strong for JLR, and passenger and commercial vehicles in India, the semiconductor issue, commodity inflation and pandemic uncertainty will continue to have an impact in the short term. The performance will improve progressively starting the second half of the fiscal year as the supply chain improves and pandemic comes under control.

"The business has demonstrated strong resilience in the face of adversity and its fundamentals are strong. We will remain agile to address these challenges and drive consistent,


Covid woes and dip in JLR sales have kept Tata Motors in the red

competitive and cash accretive growth over the medium to long term whilst deleveraging the business to near-zero automotive debt by FY24," said a company statement.

To circumvent the silicon shortage, higher-margin models are being prioritised. There is a long-term design-based effort to reduce dependence on semiconductors and an ongoing effort to increase visibility and control over future semiconductor supplies, including long-term contracts, the company said. Tata Motors' standalone numbers reflect the recovery. The India business reported a loss of ₹1,320.74 crore in Q1 compared to a net loss of ₹2,190 crore in the year-ago period. The passenger vehicle segment is especially showing strong growth momentum with volumes up at 64,600 units — a 343 per cent jump YoY. The electric vehicle business (EV reported the highest-ever quarterly sales at 1,715 units.

CV demand subdued

The Commercial Vehicle (CV) demand continues to remain muted albeit reporting a 363 per cent improvement in volumes over Q1 of 2019-20, which was severely affected by the first lockdown. But sales are 55 per cent lower sequentially, too.

The domestic market has so far not been too affected by the semiconductor shortage, but the situation is being monitored. Balaji believes that recovery will be seen in the domestic front from the second quarter while JLR will start showing signs of improvement in the second half of FY22.

Business Line 27th July 2021

Bharat Forge draws up growth plans for future business segments

e-mobility, defence and aerospace among focus areas

G BALACHANDAR
Chennai, July 26

The country's leading auto parts maker Bharat Forge has set ambitious growth plans for emerging business segments such as e-mobility, defence and aerospace as the company bets big on its R&D capabilities and resilient business model it has built over the years.

The ₹6,336-crore company said new business verticals such as e-mobility, light weighting, defence and aerospace and turbomachinery have been conceived keeping in mind the future growth. In the past few years, the company has been nurturing the new business areas by providing the right ingredients —capital to invest in technology and people and access to R&D set-up. It has also been upskilling and reskilling people in line with the requirements of the future.

"As we go deeper into defence, e-mobility, light-weight materials and industrial beyond the existing business, the challenges will be different from what we have faced so far. It will entail creating a talent pool with completely new skill sets and intensifying research and innovation. It is because of this that we have put these businesses under separate companies which employ a


BN Kalyani, CMD

large number of young engineers having expertise in software designing," BN Kalyani, Chairman & Managing Director, said in the company's latest annual report.

Plans for different verticals

Led by its primary R&D centres — Kalyani Centre for Technology and Innovation (KCTI) and Kalyani Centre for Manufacturing Innovation (KCMI) — the company continues to lay strong emphasis on research and innovation. It has solid manufacturing capabilities with six factories in India, four in Europe and two in North America.

Under the e-mobility vertical, the company aims to achieve 5-6 per cent market share by 2025 in two-wheeler, three-wheeler and commercial vehicle (buses and trucks) segments. It has devised business strategies around 'Making locally but selling globally'. In FY20, it commenced work for localising electric powertrain for intermediate and light commercial vehicle (ILCV) and certain bus segments in India.

In light-weighting business, Bharat Forge aims to be a one-stop shop for all light-weighting requirements. It seeks to focus on development of structural parts for customers globally across automotive and industrial sectors. Stricter emission norms and growing momentum for EVs will throw up huge opportunities for light-weight materials.

In defence, a 10-year-old business now, the company intends to emerge as a major product supplier in India and globally. Its strategy will be to 'Make in India' for the world. In FY21, it completed trials for a few of its defence logistics vehicles and in a couple of other areas and secured a contract for its Kalyani M4 armoured vehicles from the Army.

Business Line 21st July 2021

Hero MotoCorp drives in Glamour 'Xtec' at ₹78,900

OUR BUREAU
New Delhi, July 20

The country's largest two-wheeler manufacturer Hero MotoCorp on Tuesday launched Glamour 'Xtec' priced at ₹78,900 for drum break variant and ₹83,500 for disc break variant, all ex-showroom prices, Delhi.

The Glamour Xtec is packed with features such as first-in-segment Bluetooth connectivity, turn-by-turn navigation, integrated USB charger along with side-stand engine cut off, bank angle sensor and LED headlamp, the company said in a statement.

The motorcycle is powered by a 125cc BS-VI engine with XSens programmed fuel injection and is seven per cent more fuel efficient. The engine produces a power output of 10.7 BHP @ 7500 RPM and torque of 10.6 Nm @ 6000 RPM. Featuring Hero MotoCorp's revolutionary i3S (idle start-stop system), together with Auto Sail Technology, the Glamour Xtec delivers on its brand promise of performance and comfort, it said.


The motorcycle is powered by a 125cc BS-VI engine

Business Line 16th July 2021

Renault India commences export of Kiger to Nepal

OUR BUREAU
Chennai, July 15

Renault India has commenced export of its sub-4 metre compact SUV Kiger to Nepal.

First batch of 122 Kigers have been despatched to Nepal where the compact SUV will be sold through Renault's distributor Advanced Automobiles, part of Vaishal Group which is one of the largest in Nepal. Renault has a network of 15 sales and 13 service outlets across Nepal, according to a statement

"The commencement of Kiger exports has marked a significant milestone in Renault's Make in India journey, demonstrating the competence of India's design, engineering and manufacturing capabilities," said Venkatram Mamillapalle, Country CEO & Managing Director, Renault India Operations.

Business Line 23rd July 2021

Bajaj Auto profit at ₹1,170 cr in Q1

To set up a wholly-owned subsidiary to build EV business

OUR BUREAU
Mumbai, July 22

Bajaj Auto reported a consolidated net profit of ₹1,170 crore in the first quarter ended June 30, compared to ₹395 crore in the corresponding quarter last year. The auto company reported a profit of ₹1,332 crore in the fourth quarter of FY21.

The company's total revenue from operations stood at ₹7,386 crore in Q1 against ₹3,079 crore in Q1 FY21.

Covid impact

Soumen Ray, CFO, Bajaj Auto Ltd, said the lockdowns have been less severe in the second wave in comparison to the first wave. Exports remained neutral to such effects as the entire world was not going through severe effects of the pandemic at the same time.

Soumen Ray, Chief Financial Officer

Ray also maintained that since the severity of impact was very different for the first quarters of FY21 and FY22, the performance of the two quarters is not strictly comparable.

EBITDA margin for Q1FY22 was 15.6 per cent against 18.1 per cent in Q4FY21, largely impacted due to the increase in the cost of raw material. However, this was partially offset by higher US dollar realisation and improved mix.

Bajaj Auto also said it will set up a wholly-owned subsidiary to tap growth opportunities in the electric and hybrid two-wheeler, three-wheeler and light four-wheeler categories.

Since the severity of Covid impact was very different for the first quarters of FY21 and FY22, the performance of the two quarters is not strictly comparable.

Electric platform

Speaking at the annual general meeting), Rakesh Sharma, Executive Director, Bajaj Auto, said, "We are evaluating the full spectrum of possibilities in micro-mobility to performance motorcycles on the electric platform. Today, the board of directors has approved the formation of a 100 percent subsidiary purely to build the electric vehicle (EV) business. We view the future of the development of EV industry as an opportunity and not as a threat."

PRESS REPORTS
ON
RAW MATERIALS

Business Line 16th July 2021

AP allots 860 acres in Nellore to Jindal Steel for integrated plant

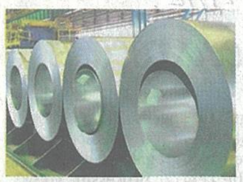
The facility will be set up at a cost of ₹7,500 crore

V RISHI KUMAR
Hyderabad, July 15

Jindal Steel Andhra, part of the OP Jindal Group, has been allotted 860 acres of land in Thamminapatnam of SPSR Nellore district of Andhra Pradesh for setting up a ₹7,500 crore, 2.25 metric tonnes per year (MTPA) integrated steel plant.

The Industries and Commerce Department, in a government order, allotted the land to Jindal Steel & Power., Gurgaon.

The Andhra Pradesh Industrial Infrastructure Corporation (APIIC) was directed to cancel the land allotment made in favour of Kinneta Power and allot the land for the proposed steel plant. The land was cancelled as Kinneta Power could not implement a coal-based thermal power project at the APIIC allocated land.



Proposed plant will make TMT bars and wire rods

JSPL plant expects to employ 2,500 people directly, 15,000 people indirectly over a period of four years

Job creation

Jindal Steel & Power proposes to set up the plant for manufacturing of TMT bars and wire rods.

It expects to provide employment to 2,500 people directly while it plans to employ 15,000 people indirectly over a period of four years.

The group has dominant presence in steel, power, mining and infrastructure sectors with a total steel production of 11.6 MTPA and has expertise in running integrated steel plants in Odisha, Chhattisgarh and Jharkhand.

Approval

As per the Land allotment Policy, the proposal was approved by the Secretaries' Committee which was later approved by the State Investment Promotion Board (SIPB) chaired by Chief Minister YS Jagan Mohan Reddy on June 29, 2021 for allotment of land to JSPL, as per the rate fixed by the Price Fixation Committee of APIIC.

However, the developer is expected to bear the costs of relief and rehabilitation.

The APIIC, Mangalagiri, the nodal agency for land allocation to industries, has been asked to take necessary action accordingly and intimate the status of the progress of work done by the unit from time to time to the government.

Business Line 28th July 2021

Steel prices are a concern, hope they come down: Minister

RICHA MISHRA
MONIKA YADAV
New Delhi, July 27

Prices, self-sufficiency in production and enhancing consumption are the focus areas for the new Steel Minister, Ram Chandra Prasad Singh, a bureaucrat-turned- politician.

"Steel prices are a matter of concern and we definitely hope they come down..." In an interview to *BusinessLine*, Singh explained that "steel is a deregulated sector. Market forces decide the rate. The government on its own has reduced Customs duty on many items which we are importing, to improve the supply side..."

"We are spending more than ₹1-lakh crore on importing coking coal and speciality steel. We hope our latest decision will definitely assist us in saving our foreign exchange in the days to come," Singh said, elaborating on the objectives before him and his Ministry.

The objective is that our policy of 2017 envisages steel production of 300 mt by 2030; we have to see how this will be achieved

RAM CHANDRA PRASAD SINGH
Union Minister of steel

Low consumption

"The second objective is that our policy of 2017 envisages production of 300 million tonnes by 2030, we have to see how this will be achieved. We also want that the consumption of steel increases in the country," he said.

"We are the second largest producer in the world, but our per capita consumption is declining. It is hardly 70 kg and if you see the rural area this is around 19 kg," he added. According to Singh, the scope of steel in construction activity, especially housing, is immense. "So we will try to start an awareness campaign so that use of steel products is increased in rural areas as well as steel is a green product and you can recycle it," he added.

Calling the latest Production-Linked Incentive scheme as a booster shot, he felt this will go the long way in making the industry more self-sufficient.

Full interview on p12

Business Line 23rd July 2021

Cabinet approves ₹6,322-crore PLI scheme for specialty steel

Decision to help create more than 5,25,000 jobs in the country

OUR BUREAU

New Delhi, July 22

To cut down import dependence and promote the Made-in-India campaign, the Union Cabinet on Thursday gave its nod for a ₹6,322 crore production-linked scheme for specialty steel.

Briefing the media here after the Cabinet meeting, the Information and Broadcasting Minister Anurag Thakur said this key decision would help in the creation of more than 5,25,000 jobs in India and attract investment to the tune of ₹39,625 crore.

Under this scheme around ₹2.5 lakh crore worth of steel can be manufactured over a period of five years. He added that it is a demand-driven scheme which will fulfil the country's need for steel and create opportunities for export.

Cap on incentive

Thakur further explained that there is a cap on the incentive that will be provided.

"Per group, it is capped at ₹200 crore. So, no company will get the incentive of more than ₹200 crore per year," he said.

There are five categories of this specialty steel which are

coated/plated steel products used in AC, fridge, solar energy structure etc., high strength/wear resistant products used in construction equipment, and armour bodies, specialty rails used in high speed rails, alloy steel wires used in crank-shaft walls, tyre tracks and electrical steels used in transformers or electric motors.

Welcoming the move, Managing Director of Jindal Steel and Power, Vidya Rattan Sharma said, "Currently, we export more than 10 million tonnes of steel, but also import 5 million tonnes of specialty steel. This particular incentive is for Atmanirbhar Bharat Abhiyaan and this decision will help to invest in railway and forging grade of steel."

SAIL Chairman Soma Mondal said, "... this significant decision to introduce PLI for the specialty steel will have far reaching positive impact on the domestic steel industry in general and SAIL in specific. We shall consider the scheme while deciding our next capex cycle and product-mix in the coming times."

Business Line 31st July 2021

'Steel demand will be subdued in Sept quarter due to monsoon'

Post September, it is expected to pick up sharply, says JSW Steel's Seshagiri Rao

SURESH P IYENGAR

Mumbai, July 30

Having achieved a record profit of ₹5,900 crore in the June quarter, JSW Steel has set its eye on next phase of growth. The upturn in steel prices has come when doubling of its Dolvi plant to 10 MTPA is close to completion. Seshagiri Rao, Joint Managing Director, JSW Steel, spoke to *BusinessLine* on the future outlook. Excerpts:

THE BL INTERVIEW

Have high steel prices led to record prices?

More than the high prices, the profit was driven by complete turnaround in our overseas subsidiaries. In the US, last quarter, we had an EBITDA loss of ₹322 crore; it turned out to be ₹282 crore positive EBITDA. The Indian subsidiaries contributed ₹1,145 crore against ₹321 crore in the previous quarter. In all, there was a swing of ₹825 crore from subsidiary companies itself. Joint ventures chipped-in another ₹322 crore. Bhushan Power and Steel has made a profit ₹745 crore; and ₹63 crore by Monnet Ispat. In these, the share of JSW Steel's profit was ₹322 crore.

Do you think assets acquired under IBC will turn around faster than expected?

In Monnet Ispat, we expected a turnaround in three years which ends this September. The last step for turning the asset around is currently going on.

We took over BPSL during the upturn in steel demand and it will become profitable much faster. While the turnaround of Monnet Ispat will be delayed by a year, BPSL will be ahead of our expectations. We have approached the Supreme Court for a quick hearing of the BPSL case and it will be taken up in the third week of August.

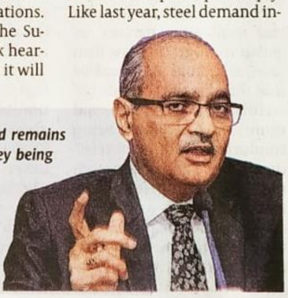
Do you expect demand to slow down with monsoon setting in?

We are expecting the demand in the September quarter to be subdued due to the monsoon. After September, demand will pick-up sharply. Like last year, steel demand increased from 12 million tonnes in June quarter to 24 MT the following quarter. The monsoon impact will be more on the construction and infrastructure side. The demand in automotive, yellow goods, tin plates and packaging are doing well compared to the first wave of Covid.

Overall, global demand remains very strong with money being spent on infrastructure by the government or energy transition.

SESHAGIRI RAO

Joint MD, JSW Steel



Will high steel prices sustain?

We have seen some fall in prices in July. The series of steps taken by China has led steep fall in prices. In the last one week, China prices have started moving up. Interestingly, prices in the US and Europe never came down. Fall in prices is limited only in Asia. Both the US and Europe have built strong restrictions on imports from China. US has put import duty ranging from 25 per cent to 50 per cent on Chinese imports. Europe has levied anti-dumping duty and imposed quota against all other countries. So, exports cannot happen to these countries anymore. Overall, global demand remains very strong with money being spent on infrastructure by the government or energy transition. Steel prices are to remain strong due to heavy consumption by these two sectors and cost-push from iron ore and coking coal.

Will you go slow on Odisha greenfield project?

We will look at it once the Dolvi expansion is completed. We have applied for environment clearance. We expect to get all the clearance and get the land transferred to us by end of this fiscal.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Standard 20th July 2021

Local procurement for defence to see 6% hike this year

64% defence capital budget for buys from domestic firms

AJAI SHUKLA
New Delhi, 19 July

The Ministry of Defence (MoD) has earmarked 64 per cent of the defence capital budget for this year for acquisitions from domestic companies, the MoD said in Parliament on Monday.

This is an increase of six per cent from the last financial year, which was the first time a distinction was overtly made between domestic and overseas defence expenditure.

"In line with the government's initiative of 'Atmanirbhar Bharat', it has been decided to earmark an amount of ₹71,438 crore for domestic capital procurement out of the total allocation of ₹111,463 crore for capital acquisition," said the MoD in a written reply to a question from a member.

The figure of ₹71,438 crore that the MoD has earmarked for domestic capital procurement does not actually go in full to domestic firms. For example, when the MoD signed a contract in January with Hindustan Aeronautics (HAL,) worth ₹45,696 crore for 83 Tejas Mark 1A fighter aircraft, just about half that figure would be spent in India.

The MoD also stated: "During last three financial years, i.e. 2018-19 to 2020-21, 102 contracts have been signed with Indian vendors for capital procurement of defence equipment such as aircrafts, missiles, tanks, bullet proof jackets, guns, navy vessels, radars, and networks, etc."

In that same period, "The government has accorded Acceptance of Necessity (AoN) to 119 defence proposals, worth ₹215,690 crore approximately, under the various categories of capital acquisition, which promote domestic manufacturing as per the Defence Acquisition Procedure (DAP)," stated the MoD.

The DAP categories that promote domestic manufacturing are: Buy (Indian — Indian Designed, Developed and Manufactured)", "Buy (Indian)", "Buy and Make (Indian)", "Buy and Make", "Strategic Partnership Model", and "Make" categories.

Amongst the indigenous defence projects the government laid claim to were: The 155 mm Dhanush artillery gun, the Tejas Light Combat Aircraft, Akash surface to air missile system, Scorpene submarine, the destroyer INS Chennai, and the anti-submarine warfare (ASW) corvette. Many of these procurements originated well before the tenancy of this government.

The MoD also laid claim to the "SRIJAN" portal that it launched on August 14, 2020, to promote indigenisation of spares and components. "As on date, 10,929 items, which were earlier imported, have been displayed on the portal for indigenisation. The Indian industry has shown interest for 2,890 displayed items so far. Defence public sector undertakings (DPSUs) and Ordnance Factory Board (OFB) are interacting with these industries to facilitate indigenisation," said the MoD.

"1,776 components and spares have been indigenised in 2020-21 as a result of efforts by DPSUs, OFB, and service headquarters, via their own processes of indigenisation," stated the MoD in its reply.

Business Line 28th July 2021

MSMEs need more support, speedy relief: Parliamentary panel to Centre

Larger package will spur demand, investment, exports and jobs, it says

OUR BUREAU

New Delhi, July 27

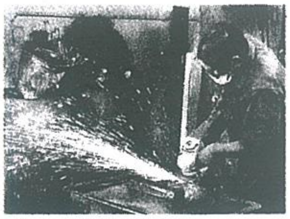
The Industry Standing Committee of Parliament, headed by TRS leader K Keshava Rao, asked the Centre to immediately come out with a larger support package to boost the economy.

The panel, noting the importance of Ministry of Micro, Small and Medium Enterprises (MSMEs) in the employment generation, demanded the Centre to draft a new employment policy to address the growing rate of job loss.

The report of the panel, titled *'Impact of Covid-19 Pandemic on MSME Sector and Mitigation Strategy Adopted to Counter It'*, pertaining to the MSMEs, observed that the Atmanirbhar stimulus package announced by the Centre for the economic revival is "inadequate". It said the measures adopted under the scheme were more of loan offering and long-term measures instead of improving the cash flow to generate demand for immediate relief.

Covid impact

The second wave of Covid-19 ripped through the economy even more vigorously than the initial outbreak, the report said and asked the Centre to issue a larger economic package that is "aimed at bolstering demand, investment, exports and employment generation to help the economy, including MSMEs to recover from the pandemic fall-out".



The panel report said that the second Covid wave "ripped the economy even more vigorously" than the first

Expressing concern over the grim situation of the small enterprises, the panel wanted the Centre to ensure liquidity support to keep businesses running and generate jobs.

It also criticised the MSME Ministry for not conducting any intensive studies to ascertain the actual losses suffered by the sector due to the pandemic. It called for a detailed study to make an assessment of the losses suffered and to chalk out an effective plan for revival of the sector.

'New policy needed'

"A new National Employment Policy may be considered along with exploring the feasibility of establishing a National Electronic Employment Exchange and building a skill-based database to provide employment to the skilled manpower in their area of expertise. Besides, the Ministry should facilitate the MSMEs to scale up their capacity building and technical know-how through extensive training and up-skilling programmes," the report said.

Business Line 31st July 2021

Government reviewing if anti-dumping duties on steel wire rods from China can be withdrawn

Domestic industry fears dumping will resume if duties are withdrawn

AMITI SEN

New Delhi, July 30

The government has initiated a sunset review investigation on continuing imposition of anti-dumping duties on steel wire rods originating from China.

This follows concerns raised by the domestic industry, including SAIL and RINL, about possible recurrence of dumping of the items once duties are withdrawn.

In a gazette notification put up on July 28, the Directorate General of Trade Remedies (DGTR), under the Commerce & Industry Ministry, has said that it had initiated a review as the domestic industry has provided *prima facie* evidence substantiating the likelihood of continuation or recurrence of dumping and injury to domestic producers in case the anti-dumping duties were allowed to lapse. "The domestic producers namely, RINL, SAIL and JSW Steel Limited have provided the prescribed information in the application. Further, Tata Steel Long Products Limited and Jindal Steel and Power Limited have supported the application," the notification stated.

Anti-dumping duties are imposed when it is conclusively proved that a particular item is being exported at a price lower than what is prevailing in the domestic market of the exporter and is leading to disruption in the domestic market, injuring the local producers.

Duties to lapse this year

Preliminary anti-dumping duties on steel wire rods from China were first imposed in November 2016. After detailed investigation, definitive anti-dumping duties of $546 per tonne were imposed in October 2017 for five years from when preliminary duties were imposed. The anti-dumping duties would, therefore, lapse this year-end if they are not renewed.

"There is *prima facie* evidence of likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of duty, considering the volume and price of imports of subject goods (steel wire rods) from China, positive dumping margin, significant unutilised capacities in subject country, existence of trade remedial measures imposed by other countries against the subject country, potential trade diversion, price attractiveness of Indian market and reduction of basic custom duty by India on imports of product under consideration," according to the notification.

Steel wire rods, made from both alloy or non-alloy steel, are used in many applications and sectors such as automotive components, welding electrodes, springs, wire mesh, fasteners including nuts and bolts, nails, railway sleepers, general engineering, binding wires for construction industry, armoured cables etc.

The sunset review investigation will undertake likelihood analysis of dumping and injury. A period of investigation of 18 months from October 1, 2019 to March 31, 2021, has been fixed. All affected parties, including exporters of the items and importers and users of the products, have been given 30 days to give their submissions on the matter.

PRESS REPORTS
ON
ECONOMY

Business Standard 23rd July 2021

India still a challenging place to do business: US

State Department cites protectionism, procurement rules as reasons

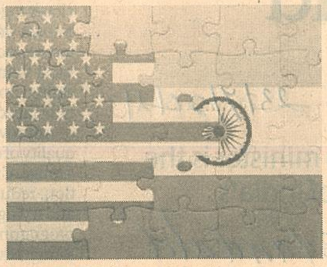
PRESS TRUST OF INDIA
New Delhi, 22 July

India "remains a challenging place" to do business, the US has said, urging it to foster an attractive and reliable investment climate by reducing barriers to investment and minimising the bureaucratic hurdles.

The State Department, in a report '2021 Investment Climate Statements: India' released on Wednesday, said India "remains a challenging place to do business" and also referred to the removal of the special constitutional status from the state of Jammu and Kashmir (J&K) and the passage of the Citizenship Amendment Act (CAA).

"New protectionist measures, including increased tariffs, procurement rules that limit competitive choices, sanitary and phytosanitary measures not based on science, and Indian-specific standards not aligned with international standards, effectively closed off producers from global supply chains and restricted the expansion in bilateral trade," the report said.

The report said that the National



Democratic Alliance (NDA) government's first 100 days of its second term were marked by two "controversial" decisions.

India maintains that CAA was its "internal matter" and that "no foreign party has any locus standi on issues pertaining to India's sovereignty". The State Department report said that protests followed the enactment of the CAA but ended with the onset of Covid-19 in March 2020 and the imposition of a strict national lockdown.

"The management of Covid-19 became the dominant issue, including the drop in economic activity and by December 2020, economic activity started to show signs of positive growth.

"The BJP-led government has faced some criticism for its response to the recent surge in Covid-19 cases," it said.

The State Department said that in response to the economic challenges created by the pandemic and the resulting national lockdown, India enacted extensive social welfare and economic stimulus programmes and increased spending on infrastructure and public health.

"The government also adopted production-linked incentives to promote manufacturing in pharmaceuticals, automobiles, and other sectors. These measures helped India recover from an approximately eight per cent fall in GDP between April 2020 and March 2021, with positive growth returning by January 2021," it said.

Noting that the Indian government continued to actively court foreign investment, the report said that in the wake of Covid-19, India enacted ambitious structural economic reforms, including new labour codes and landmark agricultural sector reforms, that should help attract private and foreign direct investment.

Business Line 23rd July 2021

Reserve Bank of India working towards implementing digital currencies in phases

OUR BUREAU
Mumbai, July 22

The time for introduction of central bank digital currencies (CBDCs) is possibly near, with the Reserve Bank of India (RBI) currently working towards a phased implementation strategy and examining use cases which could be implemented with little or no disruption, according to Deputy Governor T Rabi Sankar.

Referring to countries generally implementing specific purpose CBDCs in the wholesale and retail segments, Sankar observed that going forward, after studying the impact of these models, launch of general purpose CBDCs will be evaluated.

A CBDC is the legal tender

issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Only its form is different.

Some key issues under examination by the RBI relate to the scope of CBDCs – whether they should be used in retail payments or also in wholesale payments; the underlying technology — whether it should be a distributed ledger or a centralised ledger, for instance, and whether the choice of technology should vary according to use cases, the Deputy Governor said.

Further, the validation mechanism — whether token-based or account-based distribution architecture — whether direct issuance by the RBI or through banks; degree of anonymity etc., are also being examined.

However, conducting pilots in wholesale and retail segments may be a possibility in near future.

Benefits and risks

At a webinar organised by New Delhi-based Vidhi Centre for Legal Policy, Sankar emphasised that introduction of CBDC has the potential to provide significant benefits such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk.

"Introduction of CBDC would possibly lead to a more robust, efficient, trusted, regulated and legal tender-based payments option," he said.

The Deputy Governor cautioned that there are associated risks, no doubt, but they need to be carefully evaluated against the potential benefits.

He underscored that it would be the RBI's endeavour, as we move forward in the direction of India's CBDC, to take the necessary steps which would reiterate the leadership position of India in payment systems.

Economic Times
31st July 2021

Gujarat to Host Its 1st Defence Expo Next Year

'India as a defence manufacturing hub' to be the theme of this flagship event

Our Political Bureau

New Delhi: In a first, Gujarat will host its first ever Defence Expo, the flagship event of the Ministry of Defence for the domestic and global industry interested in the Indian arms market. The DefExpo event will take place at Gandhinagar in March next year, with the theme of 'India as a defence manufacturing hub'.

Past editions of the show have been held at New Delhi, Goa, Chennai and Lucknow. The decision to choose Gujarat, sources said, was taken after interacting with all interested states that gave presentations to the defence ministry. Goa and Telangana had also been shortlisted for the show that brings thousands of representatives from global arms companies, Indian private sector players and officials from the armed forces.

IN THE OFFING

State has potential to tap into the growing market that is set to be driven by Indian arms exports

While Gujarat is not yet a defence manufacturing hub, the state has potential to tap into the growing market that is set to be driven by Indian arms exports to the world. The biggest private sector shipyard (the erstwhile Pipavav) geared for producing naval warships is located at Gujarat but is currently under litigation due to loan defaults.

The Ahmedabad based Adani Group has identified the defence sector as a focus area and has already invested in acquiring smaller companies engaged in military manufacturing. The group has identified small arms and ammunition, UAVs and anti drone systems as its growth areas in the short term.