ACMA
(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

The Times of India 4th August 2021

Vehicle registrations in July almost match pre-Covid tally

Overtake June Figures By A Huge Margin

Joy.Sengupta@timesgroup.com

Pune: Vehicle registrations in the Pune and Pimpri Chinchwad regional transport offices (RTO) in July this year narrowed gap to a large extent with the pre-Covid count of July 2019. Besides, the registrations at both the RTOs in July beat the previous month numbers by a huge margin, indicating a healthy recovery.

Confirming the trend, a Pune RTO official told **TOI**, "The faceless vehicle registration process, which allows online submission of documents of new vehicles by showroom owners, helped in achieving the healthy growth."

The vehicle registrations in July this year increased by over 77% of what it was in June at the Pune RTO office, while the July registrations at Pimpri Chinchwad RTO increased by 82% against the previous month, data from both the RTO offices revealed.

"The number of vehicles registered in July this year are 14% less than the vehicles registered in July last year at the Pune RTO office. This difference is just 4% at Pimpri Chinchwad RTO. If the registrations continue like this, the numbers will go past the pre-Covid levels by next month," another RTO official said.

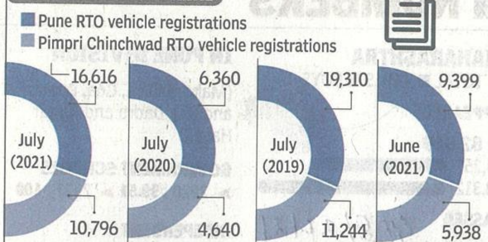
Shailesh Bhandari, regional director of Federation of Automobile Dealers Associations in Pune, said while the overall automobile market was picking up, two-wheeler sales were a concern. "Many offices as well as schools, colleges and other institutions are still closed. Hence, there is a problem in the two-wheeler market," Bhandari said.

An automobile dealer said the perception of people towards buying new vehicles had changed. "Earlier, people used to wait for a special moment, an auspicious month, festival or an occasion, to buy new vehicles. This trend has changed after the pandemic," the dealer said.

VK Navrekar, a government employee who recently bought a four-wheeler, said there was no point in waiting. "The pandemic has taught us that every positive moment is the right time. We had planned to buy the car on Ganesh Chaturthi, but were wary about the threat of restrictions," Navrekar said.

HEALTHY RECOVERY

TRACKING THE TREND

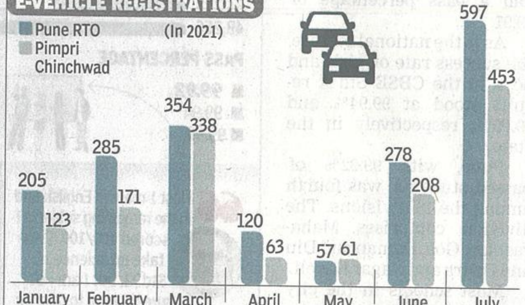


Pic for representational purpose

BUYING PATTERN

Data from the Pune and Pimpri Chinchwad RTOs showed that there was a remarkable change in the perception of people towards buying new vehicles. Earlier, people would wait for a special moment, an auspicious month, festival or an occasion, to buy new vehicles. This trend, however, has changed after the pandemic and people are buying vehicles as per the need than the timing

E-VEHICLE REGISTRATIONS (In 2021)



State looking to increase charging station count

Joy.Sengupta@timesgroup.com

Pune: State transport minister Anil Parab on Tuesday said the state government was planning to approach petrol pumps and individual land owners for leasing space to set up charging stations for electric vehicles, registrations of which were on a rise in the Pune and Pimpri Chinchwad areas, especially.

"We are in talks with vehicle manufacturers and dealers on the issue of charging stations. We are also looking at approaching petrol pump and individual land owners in cities across the state to collaborate with them for space required for setting up charging stations. The manufacturers have also been asked to take a lead and negotiate with them to secure space in exchange of revenue," the minister said.

A transport department official said the system was expected to be similar to the one adopted by the telecom sector. "Petrol pumps are the best place to set up charging stations and talks can happen with them at the government level or by vehicle manufacturer," the official said.

With the sale of e-vehicles increasing and the state government recently coming out with a policy on the same, the availability of charging stations poses a major challenge, dealers said.

RTO officials in Pune and Pimpri Chinchwad said July had seen the highest sale of e-vehicles in 2021. "The registrations are going up and most of the vehicles bought are either two wheelers and e-carts," a Pune RTO official said.

Amey Pawar, a dealer of electric two-wheeler, said the market for e-vehicles was growing, but limited charging stations was a concern.

The Economic Times 4th August 2021

'Foreign Carmakers Welcome in India but Must have a Plan for Localisation'

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: India's $46-billion auto component industry has 'invited" Tesla to make parts locally in response to the American carmaker's request for tax concessions on fully imported electric vehicles ahead of their local launch.

Deepak Jain, president of the Automotive Component Manufacturers Association (ACMA), said with the government committing itself to a phased manufacturing plan (PMP) and the FAME II (Faster Adoption and Manufacturing of Electric Vehicles) Policy, the industry would always welcome any foreign or domestic entity in any segment as long as it promotes good value addition and localisation.

"The government is expected, as per what it has already announced in FAME I and FAME II, to a committed policy toward adopting new-age mobility. And we are very clear that in the PMP, it should continue to support the localisation of key components," Jain told ET.

"ACMA welcomes all new entries, irrespective of domestic or global, into the Indian market. But we appeal that all new entrants must have a good localisation plan so that the component industry can flourish within the ecosystem."

ACTION ON PLI

Auto component industry has urged govt to come up with PLI for electric, electronic part making

The auto parts industry has urged the government to come up quickly with the production-linked incentive scheme (PLI) for electric and electronic part making in India to facilitate local sourcing by global vehicle makers, including Tesla.

Last month, Tesla chief Elon Musk said on micro-blogging platform Twitter that import duties on vehicles imposed in India are the highest in any large country, and that the company can consider setting up a factory locally if it succeeds with imported models.

Musk, who regularly features on Bloomberg's index of the richest on the planet, also said the duty structure for cars running on the electric powertrain should not be out of kilter with India's climate-change objectives.

Jain's comments come at a time when Tesla's proposal for a reduction in import duty on fully-built EVs has split the local industry down the middle.

Business Line 13th August 2021

Automobile wholesales improve in July

OUR BUREAU

New Delhi, August 12

Amidst rising costs and heavy headwinds, domestic automobile wholesales in July grew on a sequential basis with positive numbers across segments, according to the latest monthly data shared by the Society of Indian Automobile Manufacturers (SIAM) on Thursday.

Passenger car sales grew seven per cent month-on-month (m-o-m) to 1,30,080 units in July compared with 1,21,378 units in June. Utility vehicle sales grew 23 per cent at 1,24,057 units against 1,00,760 units in the previous month. As a result, total passenger vehicle sales grew 14 per cent to 2,64,442 units, compared with 2,31,633 units in June.

In the two-wheeler segment, motorcycle sales grew eight per cent to 8,37,096 in July compared to 7,77,100 units in June. Scooter sales grew 51 per cent to 3,66,292 units during the month against 2,41,689 units in June.

Higher sales in both the categories pushed the total two-wheeler sales growth up 19 per cent to 12,53,937 units in July compared to 10,55,777 units in June.

Three-wheeler sales grew 90 per cent to 17,888 units in July compared with 9,397 units in the previous month, the SIAM data showed.

On a year-on-year basis, wholesale performance improved for most of the categories with double-digit growth, except the two-wheeler segment because of lower sales volume of motorcycles.

Domestic wholesale performance (in units)

Segment/ Sub-segment	July-21	June-21	July-20	% change (MoM)	% change (YoY)
Passenger cars	1,30,080	1,21,378	1,02,773	7	26
Utility vehicles	1,24,057	1,00,760	71,384	23	74
Total PVs	2,64,442	2,31,633	1,82,779	14	45
Total three-wheelers	17,888	9,397	12,728	90	40
Scooter	3,66,292	2,41,689	3,34,288	51	9
Motorcycle	8,37,096	7,77,100	8,88,520	8	-6
Total two-wheelers	12,53,937	10,55,777	12,81,354	19	-2
Grand total of all categories	**15,36,269**	**12,96,807**	**14,76,861**	**18**	**4**

Source: SIAM

Facing challenges

Speaking on the July performance, Rajesh Menon, Director General, SIAM, said, "Indian automobile industry continues to face heavy headwinds in the form of global semi-conductor shortage and steep rise in commodity prices. On one hand, the industry is managing such supply chain challenges while ensuring safety of its people, and on the other hand industry is also keeping a close eye on the onset of a third wave in India and across the world."

The Times of India 9th August 2021

7 big states start feeding live data on road crashes

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New Delhi: In a move that will eliminate the discrepancies in road death data, seven big states including Uttar Pradesh, Tamil Nadu, Rajasthan, Maharashtra, Madhya Pradesh and Karnataka have uploaded real time data of 90,500 road crashes this year in a central database, named IRAD. This includes 30,114 road crashes in such crashes.

Chhattisgarh is the latest to feed live data in the Integrated Road Accident Database (IRAD). The data are uploaded as and when any road crash is recorded in these states. The government agencies can now analyse the daily, month and yearly trends. Moreover, the causes of such crashes are also recorded from the spot. The road transport ministry has stepped up the plan to cover 24 more states soon.

PTI

MOVE TO END DISCREPANCIES

The IRAD gains importance considering that while the government reports say that annually 1.5 lakh people die in road crashes in India, the World Health Organisation (WHO) has estimated this to be around 2.5 lakh in a year. Experts have always raised questions on the data captured by the police.

The data which have been uploaded till now by the seven states indicate a national trend in road crashes. This shows that more than one-fourth of the reported crashes — 27,380 out of 90,500 — are fatal ones and another 22,434 grievous injuries. So far as the number of persons impacted by the crashes uploaded in the IRAD, out of the 1.32 lakh victims, 30,144 died and the rest were left injured.

The central database also maintains records of the FIRs filed in crashes and the details of how many of the injured actually needed hospitalisation. It also classifies the crashes according to weather conditions, time, type of road and junction, traffic violation and pedestrian infrastructure.

"This will address a lot of issues. Once we have robust data, we can analyse them to take right corrective measures," said an official.

Business Line 3rd August 2021

High tax regime slowing down car demand: Maruti's RC Bhargava

The cost of acquisition for consumers has increased, says Chairman, MSIL

OUR BUREAU

New Delhi, August 2

High cost of acquisition due to a variety of reasons, including higher Goods and Services Tax (GST), which is higher than other major countries, is slowing down car demand and unless the Centre and States take steps to reduce taxes, the industry is unlikely to experience reasonable growth, Maruti Suzuki India (MSIL) said on Monday.

Addressing shareholders in the company's Annual Report for 2020-21, RC Bhargava, Chairman, MSIL, said the company's performance in the next three quarters largely depends on how effectively all citizens follow the government's advice to get vaccinated and observe safety protocols.

Covid-19 effect

"If we can avert the third wave, or substantially reduce its effect, and there are no further waves, economic activities and sale of cars can improve significantly over what was achieved last year. In March 2021 we were quite optimistic about the outlook for fiscal year (FY) 2021-22. The suddenness and ferocity of the second wave of the pandemic was a surprise to all and led to lockdowns and restrictions in most parts of the country. The first quarter sales were limited at 3,53,600 units," Bhargava wrote.

RC Bhargava, Chairman, Maruti Suzuki

He said the slowing down in the demand was largely because the cost of acquisition by consumers has increased due to various reasons like regulatory changes, depreciation of the rupee, increase in cost of raw materials and taxes imposed by the State governments.

"The GST on cars, based on the past rates of excise duty, is much higher than the GST (or equivalent) in all other major countries of the world," Bhargava said.

He also said that Suzuki Motor Corporation Japan is giving priority to the development of technologies suitable for the Indian market, and research and development efforts are being accelerated. MSIL would also be fully involved in this work and Suzuki's alliance with Toyota in Japan would prove very valuable for this effort.

On electrification and various green technologies, Bhargava added, "...I have no doubt that the large resources that are now being deployed for technology development will lead to lowering the cost of electric vehicles (EVs) and reducing dependence on Lithium, procurement of which poses some strategic issues of national importance."

Carbon footprint

Kenichi Ayukawa, Managing Director and CEO, said the company is following a philosophy of reducing carbon footprint with every new model introduction. For further reduction in CO_2 emissions, MSIL is adopting a mix of powertrain technologies based on electrification and CNG, he added.

"The company is strongly committed to reducing carbon footprint and has been working consciously for many years, irrespective of regulatory requirements. As measured by the CAFÉ (Corporate Average Fuel Economy) regulation, the company's fleet has the least CO_2 emission per vehicle among all car manufacturers in India," he said.

Business Line 10th August 2021

July auto retail sales pick up to pre-Covid levels

With the entire country opening up, demand across all categories remained high

OUR BUREAU

New Delhi, August 9

The July automobile retail sales across all categories grew 28 per cent on a monthly basis to 15,56,777 units against 12,17,151 units in June.

"Auto retails have now started narrowing the deficit when compared to pre-Covid months. With tractor retails already above pre-Covid levels during the last month, passenger vehicles for the first time have reached the same," Vinkesh Gulati, President, Federation of Automobile Dealers Associations (FADA), said.

In the passenger vehicle (PV) segment, retail sales stood at 2,61,744 units during July, a growth of 42 per cent on a month-on-month (MoM) basis against 1,84,134 units in June, the latest data shared by FADA said on Monday.

Two-wheeler segment

In the two-wheeler (2W) segment, the number of registrations rose to 11,32,611 units in July, a growth of 22 per cent compared to 9,30,324 units in the previous month. Three-wheeler (3W) sales grew 89 per cent MoM to 27,904 units compared with 14,732 units in June.

Tractor sales grew 58 per cent at 82,388 units compared to 52,261 units in June.

The commercial vehicle (CV) segment also recorded a growth of 46 per cent MoM to 52,130 units compared with 35,700 units in June.

Revving up (in units)

Segment/ category	June-21	July-21	% Change
Passenger vehicles	1,84,134	2,61,744	42
Two-wheelers	9,30,324	11,32,611	22
Three-wheelers	14,732	27,904	89
Commercial vehicles	35,700	52,130	46
Tractors	52,261	82,388	58
Total	**12,17,151**	**15,56,777**	**28**

Source: FADA

With the entire country now open, July saw robust recovery in auto retails as demand across all categories remained high. The low base effect also continued to play its part, he said.

With all categories in green, CVs continued to see increase in demand specially in medium and heavy commercial vehicles segment with the government rolling out infrastructure projects in many parts of the country, Gulati said. "PVs witnesses high demand specially with buzz around new launches and compact SUV segments. The waiting period due to supply side constraints has been persisting for quite a few months and is now becoming a deep routed issue for original equipment manufacturers (OEMs)," he said.

On the other hand, the global semi-conductor shortage is now becoming a deep routed problem for the PV segment which is now above the pre-pandemic mark. FADA has been raising red-flag on demand-supply mis-match, he said.

Near-term outlook

On the near-term outlook, Gulati said the month of August began on a positive note as demand and enquiry levels continued to improve across all categories. With IMD forecasting a normal monsoon during August- September period, sowing operations will pick up gradually. This will have a rub off effect on rural sales, especially in the tractor segment.

But if the Delta variant of Covid goes out of proportion, it can be another deterrent and put brakes on auto retail's recovery with India entering the festival months, he added.

The Economic Times 4th August 2021

ECONOMIC SLOWDOWN, PANDEMIC REASONS FOR CAUTION: ACMA CHIEF

'Auto Parts Firms Lost Out on $1-B Investment Opportunity'

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: The auto component industry has lost $1-billion of investment opportunities with the market declining by two consecutive years triggered by disruptions caused by the economic slowdown and the outbreak of the coronavirus pandemic.

The industry had spent a similar amount which helped the market expand 14.5% to attain peak sales of $57 billion in FY19, but has since reported a drop in revenues for two consecutive years by 12% and 3%, respectively to close at $45.9 billion in FY21.

The CAGR (compounded annual growth rate) in the sector stands at a meagre 4% for the five year period between 2017-21.

Deepak Jain, president, Automotive Component Manufacturers Association said, in the last two years industry has declined by 15%, and hence industry has been compelled to optimise capex.

"The opportunity loss is to the tune of a billion dollars. While the said capex has not gone in capacity expansion, it has gone towards technology development over a period of time. The key challenge remains how and when we will be able to have sustained growth, that will invite investment," added Jain.

The president of ACMA says if India is to realise the prime minister's vision of becoming a $5 trillion economy by FY25, the automotive industry needs to get investments back on track and grow at a CAGR of 18-19%.

"If I were to look at the PM's vision of $5 trillion economy, $1 trillion of manufacturing value-add needs to be done. Of that, 45-50% must come from the auto industry. From that point of view, we are talking of very high double-digit growth of 18-19% CAGR. For us, we are talking about 4% CAGR for the last five years, we are negative for the last two years, how do you go from reverse gear to fifth gear directly?", said Jain.

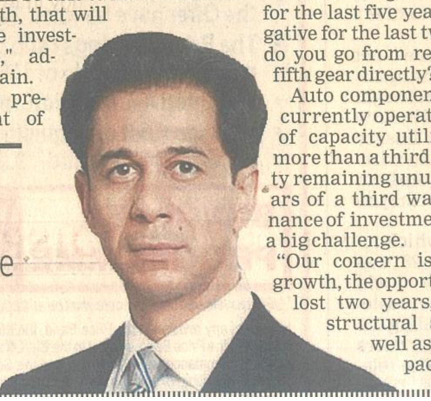
Auto component makers are currently operating at 65-70% of capacity utilisation. With more than a third of the capacity remaining unutilised and fears of a third wave, the sustenance of investment in future is a big challenge.

"Our concern is slowness of growth, the opportunity loss. We lost two years, because it's structural slowdown, as well as the Covid impact," he said.

FOCUS ON TECH

While capex has not gone into capacity expansion, it has gone towards tech development

DEEPAK JAIN, President, Automotive Component Manufacturers Association



Business Line 3rd August 2021

Firms should create bio-bubbles to avoid lockdown: Maha CM

OUR BUREAU

Pune, August 2

Maharashtra Chief Minister Uddhav Thackeray, on Monday, said that industries in Maharashtra should create bio-bubbles ahead of the third wave of Covid-19 so that they could continue operations and avoid lockdowns.

"Industries, especially big industries, must create bio-bubbles. I understand that it is not going to happen immediately.

"But on the lines of field hospitals started by the State to fight Covid, industries must create bio-bubbles so that workers could live there and avoid contact with the outside world. The government will help industries in this task," said Thackeray while speaking to reporters in Sangli.

Maharashtra Chief Minister Uddhav Thackeray

What is a bio-bubble?

A bio-bubble is a safe and secure environment isolated from the outside world to minimise the risk of Covid infection, which permits only staff to enter the protected area after testing negative for Covid. The concept of bio-bubble was used during IPL matches.

The CM said that the government wants industries to continue operations without any break and for that the safety of workers is necessary.

He appealed to business establishments and offices to divide the workforce into shifts to avoid crowds in workplaces.

The CM said that the government is not going to take any decision about restarting Mumbai local trains.

"It looks difficult to take a call on local trains. We are relaxing some restrictions and checking the repercussions," he said.

The Economic Times 3rd August 2021

Auto Expo 2022 Deferred Due to Uncertainties Surrounding Covid Impact

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Mumbai: The biennial auto show in India — the Asia's largest and world's second largest automotive show for 2022 edition — that showcases the future potential of the country's automotive industry has been deferred due to uncertainties surrounding the Covid-19 impact.

This is the first time ever, the biennial show that invites an interest of over half a million visitors in a week-long event — a stage where over a couple of dozen vehicle premiers and over 100 vehicles are showcased — has been delayed. The decision on the revised dates will be taken later in the year.

Over time, the number of participants have decided to drop out of the event and the previous edition witnessed most of the two-wheeler makers and commercial vehicle makers giving the show a miss on account of high cost of participation and falling automotive market.

The show however was resurrected by some new players in the market like Great Wall Motor, Haima Automobile, MG Motor amongst a few start ups and VW Group's — Volkswagen and Skoda Auto who returned to the show.

Auto Expo - The Motor Show 2022 was scheduled from February 2-9, 2022, at India Expo Mart in Greater Noida, by the middle of the year, majority of the participant slots are almost finalised. But with the rising cases and uncertainties around Covid, majority of the big participants were hesitant.

The industry body Society of Indian Automobile Manufacturers Association in a statement said, safety of exhibitors, visitors and all stakeholders involved and present at the expo is the topmost priority for SIAM. Given the uncertainty around how Covid-19 would develop in the coming months, the association would need a lead time of preferably a year for organising the Auto Expo.

"The Indian Automobile Industry and SIAM recognises the inherent risks in organising the Auto Expo due to the on-going Covid-19 pandemic and the apprehensions of a possible third wave. Also Auto Expo is like a festival of celebration for the Indian Automobile Industry and we look forward to receiving maximum people with no fear of spread of infection," said Rajesh Menon, director general for SIAM.

Business Line 11th August 2021

Exports charge up growth for battery maker Exide Industries

ABHISHEK LAW

Kolkata, August 10

Exide Industries registered double-digit growth in export of automobile batteries, banking primarily on new markets like South Africa and the US, while consolidating its position in existing ones.

Expanding distributor base, launching products and investing in strengthening of brands led to "record growth in the export market", the Kolkata-based company said in its annual report.

Exports account for nearly 8 per cent of the turnover. Exide reported over ₹10,000 crore in turnover in FY21 with 26 per cent coming from the industrial sector and the remaining coming from automotive.

Exports grew in existing markets like the Middle East, Africa and the rest of the world region, while the company made "significant in-roads in GCC countries like Saudi Arabia" with the UAE office allowing it to stay connected to vendors.

South Asian businesses witnessed a "de-growth" with the pandemic "slowing down businesses (there) significantly".

In India, despite a slowdown in auto sales in FY21, the company entered into tie-ups with Maruti, Nissan and Tata Motors with models like New Maruti Suzuki Swift-ISG, Nissan Magnite (Petrol) and Tata Motors Safari being launched with 'Exide-only batteries'. In India, it has tie-ups with over 75 OEMs.

However, Exide maintains that "with many players fighting for market share in the lead acid battery space" its (market) dominance "will face some pressure".

"The (business) outlook will depend upon the pandemic's resurgence, which has already started impacting the recovery process," it said on the future prospects of the segment.

Overall, there was a slowdown in the industrial battery segment, especially in the first half of last fiscal.

Exide's punched grid battery manufacturing unit at Haldia

Industrial batteries

Exports in the industrial sector include sale of storage batteries for material handling equipment such as cranes, pallet-trucks and forklifts. With slowdown in economic activities and border closures across the globe, exports in the industrial sector continued to be impacted in the first two quarters of last year (April to September).

However, the segment continued to witness "steady demand" and "clocked double digit growth in the second half of the fiscal" (performing better than the previous year) as e-commerce activities resumed and picked up leading to increased demand for storage batteries across devices, equipment and vehicles being used in warehouses and for material handling. The segment "almost bounced back" to "match its pre-Covid level performance".

The solar battery segment continues to face challenges because of financial issues - like increase in module prices impacting project viabilities and stalling construction activities.

"We can expect decent growth in the industrial UPS business while the solar division also shows a lot of promise, with a decent order book in place. The government policy to buy only India-made products with more than 95 per cent raw materials (in the country) is likely to eliminate some competition," it said in the business outlook adding that the industrial exports market "is expected to be under stress in the coming year due to restrictions imposed by several countries".

Investment in subsidiaries

In FY21, the company invested close to ₹100 crore across two of its subsidiaries.

Around ₹66 crore went into raising stake to 80 per cent in its lithium-ion battery making subsidiary Exide Leclanche Energy Private Limited (called NexCharge).

Another ₹35 crore was invested as capital and other funding requirements for the upcoming greenfield facility at Haldia (West Bengal) of Chloride Metals Limited (CML), a secondary smelting & refining unit that is promoted as a part of backward integration to meet the lead and lead alloys demand of the company. The Bengal unit – the third after Pune and Karnataka – is expected to be operational in FY22 with a capacity of 110,000 mt.

The Economic Times 9th August 2021

Auto Cos Pick Key Parts to Focus on in Localisation Drive

SIAM & ACMA along with Ernst & Young identify 12 key components with localisation potential aimed at reducing imports by 15-20% over 5 years

Sharmistha.Mukherjee
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New Delhi: With top automakers worldwide embarking on a 'China Plus One' de-risking journey, India's motown is eyeing twin localization benefits: slashing imports of critical vehicle content by up to a fifth in five years, and ensuring a bigger future share of the global parts business.

The Society of Indian Automobile Manufacturers (SIAM) and Automotive Component Manufacturers Association (ACMA), with the help of Ernst & Young, last week concluded a study that identified 12 key components with localisation potential.

This is aimed at cutting imports by 15-20%, or ₹34,400 crore, over a period of five years.

These items include drive transmission and steering, engine and engine components, electricals and electronic components and iron and steel, which account for more than 75% of auto parts imported into the country.

Industry stakeholders said apart from ensuring a larger play in the global supply chain, the exercise will also help reduce dependence on China, which accounted for 32% of imports in FY20. Indian automakers and suppliers imported components worth ₹1.75 lakh crore (excluding aftermarket component imports) in the period.

"The biggest benefit of 'China Plus One' is that now the whole world has seen there should not be overdependence on any one region," said a top industry executive. "There is a massive exercise on (between SIAM and ACMA) to see what potential localisation opportunities are there, where we need to invest and grow our capabilities."

The study, concluded after extensive interviews with 18 major original equipment manufacturers (OEMs) and 42 suppliers, said the industry should target localisation of 2-5% across the identified 12 product lines in the first two years, and by 17-21% over the next three years.

"The coronavirus outbreak has exposed the vulnerabilities of the supply chains and the risks of over-dependence on one region. That's the biggest learning and opportunity for us going forward," said a second industry executive. "Globally, there is also a transition in mobility. It is an opportune time to ensure, as we smoothly transition to new mobility, to focus on creating more value-addition and localisation. This is to ensure we are not import dependent, but grow our capability as an industry."

Of the 12 components identified for localisation, drive transmission and steering accounts for the largest share of imports at 22%, followed by electricals and engines at 16% and 13%, respectively.

Industry insiders said with the surge in demand for automatic transmission (AT) in the country, the share of drive transmission and steering in auto parts imports has been rising. About 55% of such imports happen from China, South Korea and Germany.

The study has held automakers and suppliers in India can target localisation of 2-4% in 0-2 years, and 18-22% in 2-5 years across such product lines.

Making them at Home

COUNTRY-WISE IMPORT OF AUTO COMPONENTS	
China:	32%
EU:	17%
Korea:	13%
Japan:	9%
USA:	5%
Thailand:	5%
Vietnam:	4%
Taiwan:	3%
Indonesia:	2%
Others:	10%

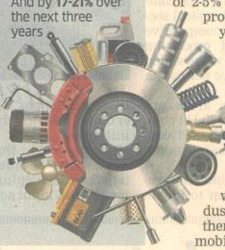
PRODUCT-WISE IMPORT	
Drive transmission and steering	22%
Electricals	16%
Engine	13%
Electronic components	11%
Iron/steel	10%
Rubber raw material	10%
Tools, dies and moulds	6%
Body, chassis	5%
Interiors (non-electronic)	2%
Rubber components	2%
Fasteners	2%
Tyres	1%

Source : Report on Localisation Roadmap for Indian Automotive Sector

STUDY SAYS...

Industry should target localisation of 2-5% across identified 12 product lines in the first two years

And by 17-21% over the next three years



Times of India 8th August 2021

Top cop urges Chakan firms to seek help against harassment

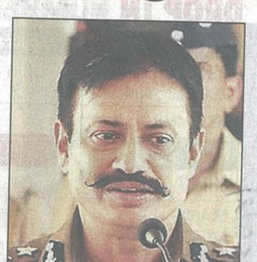
'Complain About Those Forcibly Taking Contracts'

Sandip.Dighe@timesgroup.com

Pune: Pimpri Chinchwad police commissioner Krishna Prakash has urged industries in Chakan to file complaints against those who use strongarm tactics to secure contracts.

At a recent meeting with representatives of various units based in the Chakan industrial belt, Prakash said police were unable to help as several companies prefer to tackle the problem on their own rather than reporting the matter to the police. "In many cases, the companies affected don't even help police with the investigation. On some occasions, they don't file FIRs," he told **TOI** on Saturday.

He said the police will continue to hold monthly meetings with industrial units.



> In many cases, the companies affected don't even help police with the investigation. On some occasions, they don't file FIRs. We have deployed 60 police personnel in industrial areas
>
> **Krishna Prakash** | PIMPRI CHINCHWAD POLICE COMMISSIONER

Prakash also urged companies to deploy traffic wardens in view of the manpower crunch at the Chakan police station, as was done in the Hinjewadi IT hub.

Prerna Katte, ACP (Chakan), conceded that there were some local criminal groups who are active in the industrial areas. "They put pressure on senior officials of the companies to secure contracts. This leads to crime," she added.

Dilip Batwal, secretary of a Chakan industrial association, said, "We are going to form a committee to deal with issues pertaining to the hub."

The Economic Times 6th August 2021

TaMo Expects Pent-up Demand to Brighten Sales During Festivals

Co lines up slew of new offerings; all data points suggest exponential growth, says a senior exec

Nehal Chaliawala & Ketan Thakkar

Mumbai: Tata Motors, which has the third biggest share in India's car market, expects a 25-30% uptick in its monthly volumes for the upcoming festival season that the management believes might turn out to be one of the best in recent years due to pent-up demand and an increasing consumer preference for personal mobility.

To further build the excitement for the festive season that starts with Onam mid-August, Tata Motors has lined up a slew of new offerings, starting with Tiago NRG. It will be followed with the all-new mini-SUV, tentatively called Hornbill, based on the HBX concept in September. Separately, there may be several limited-edition variants of the Nexon, Harrier and Safari.

"This festive season is going to be the mother of all festive seasons," said Rajan Amba, vice president for sales, marketing and customer service at Tata Motors. "There is a huge pent-up demand. All data points – customer flow, bookings, enquiries, website visits – suggest exponential growth."

The company is preparing for an even higher offtake, and it is readying a plan to make about 40,000 units per month once Hornbill hits the roads next month.

Onam would be a key indicator for the industry on the likely demand in the coming months through to Diwali in November, said Amba. The recovery after the second wave has been very strong and secular and the demand has revived across segments – and geographies.

The company, however, is struggling to cope with the shortage of semiconductors. Apart from getting into three-way agreements with its suppliers and the chip makers, Tata Motors has also been sourcing semiconductors from the open market.

The company has had to adopt unique ways – like giving only one electronic key fob at the time of purchase to the customer and giving the second one later, as per availability. It also launched a variant of the Tiago hatchback without a music system, since chips needed for the system are in short supply. The company may employ this strategy with other models as well.

With sustained demand for its existing models, Tata Motors crossed a 10% market share in the passenger vehicles segment for the first time after nine years in FY22. Its popular SUV Nexon crossed 10,000 units in sales for the first time ever in the month of July.

The production plan in the coming months for Nexon SUV is in excess of 10,000 to 12,000 units, indicating strong traction for the brand. Premium SUVs Harrier and Safari are also delivering monthly sales of more than 4,000 units between them.

The Economic Times 4th August 2021

Auto Cos Likely to Cut Volumes in Q2 Amid Chip Crunch

IN SLOW LANE Production likely to fall short by a lakh units; many tapping open market for parts

Ketan Thakkar & Ashutosh R Shyam

In Reverse Gear

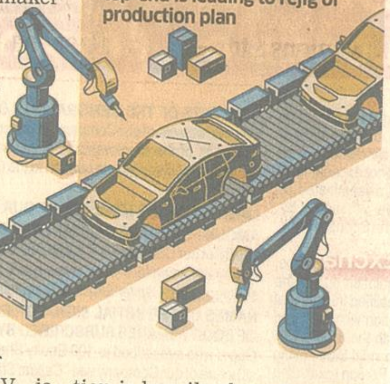
1.71 lakh Production target Maruti was compelled to meet for June from 1.99 lakh

What are carmakers up to?

1. Redesigning products
2. Source from the open market
3. Get into three-way tie-ups i.e., car maker, tier I vendor and chipset maker

Model mix production is skewed in entry, and mid variants

Higher concentration of chipset requirements in the top-end is leading to rejig of production plan



Mumbai: The Indian passenger vehicle market will make about 100,000 fewer units this quarter, leading to a loss of about ₹10,000 crore in revenue, as a global semiconductor shortage that has upset production plans from Tokyo to Toronto finally takes its toll on output locally.

According to multiple people catering to the auto industry, vehicle makers are losing a minimum of 10-15% of volumes in Q2. That would translate into a volume loss of up to 100,000 units.

One of the five people in the know said the largest carmaker Maruti Suzuki was compelled to revise production volumes for June from 1.99 lakh to 1.71 lakh due to the shortage of parts. For August, it has again lowered its production plan from 1.72 lakh to 1.57 lakh units.

Mid-July, Kia Motors had shut its factory for a week for maintenance, but the supplies to the factory had continued to stock up to manage shortage. MG Motor, the maker of Hector and Gloster SUV, is struggling to push volumes beyond 3,500-4,000 units — not on account of lack of demand but shortage of parts.

The booking momentum is still strong at MG, said people aware of the matter.

Gaurav Vangaal, associate director at IHS Markit, says if not for shortage of parts, output in 2021 could have increased a further 5-7 percentage points, from the current forecast of 28% growth.

"The market rebound is better than expected and it is going to be a big challenge to secure supplies. We expect Q3 to be the worst quarter in terms of availability of parts," added Vangaal.

The situation has compelled vehicle makers to redesign products, source from the open market, and get into a three-way tie-up — i.e., car maker-tier I vendor and chipset maker.

Already, the model mix production is heavily skewed in entry, and mid variants and a higher concentration of chipset requirements in the top-end is leading to rejig of the production plan.

Due to the shortage, the vehicle makers are compelled to source parts from the open market at higher prices, affecting their margins.

Carmakers such as Maruti Suzuki, Hyundai, and Tata Motors are taking critical measures such as directly reaching chip manufacturers, buying in the spot market, making design changes to their vehicles, and tweaking variants.

Tata Motors said in an analyst call that while the supply engagement is at the first tier level where the contractual points are, the company is engaging with semiconductor manufacturers directly for clear visibility. Automakers have been compelled to explore an option of the wide use of the standard chip.

As tech evolves, flying cars get ready to take off

DEVANGSHU DATTA
New Delhi, 6 August

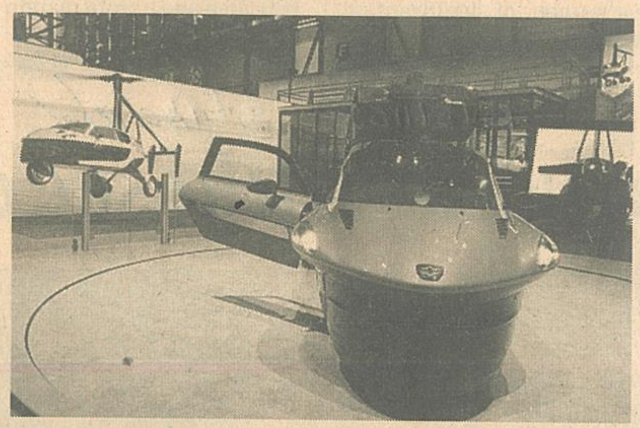
The motto of the US state of New Hampshire is "Live Free or Die". Appropriately enough, NH is currently the only US state offering legal certification for flying cars. But while such a vehicle sounds like a figment of science fiction, it could soon become perfectly normal technology.

A month ago, the Slovak company Klein Vision tested its AirCar prototype 1 with a 35-minute flight between Nitra and Bratislava airports. The AirCar's 160 bhp BMW engine can take it up to 2,500 metres, propelling it through the air at 190 kmph for round trips of 1,000 km. Once it lands, it takes under 3 minutes to fold up the wings and become a high-performance car. The production version will have an even more powerful engine.

AirCar is one of dozens of flying cars, or drivable aircraft, if you prefer, under development. Wikipedia lists over 30 such designs in development, or, in a few instances, already legally cleared for public use.

Apart from AirCar, there's Terrafugia Transition, which is described as a "drivable light sports aircraft". The Transition has been cleared by America's Federal Aviation Administration and it can be used by someone with a pilot's licence. This two-seater aims to meet the US National Highway and Traffic Safety Administration driving safety standards by 2022. Meanwhile, Germany's Volocopter, is trying to license its VoloCity as an autonomous air taxi.

The Dutch company PAL-V's Liberty has been approved for road usage in Holland. It's passed the road vehicle tests and is seeking air certification.



Drivers will have to undergo flight training to use it, if they don't already have pilot licences.

Alongside boutique engineering outfits, transportation majors are also interested in air-car development. A joint team from BMW, Aston Martin, Lockheed Martin and Airbus is working on the AeroMobil. This vehicle, which can also transform from car to aircraft quickly, has a top speed of about 160 kmph on the ground and 250 kmph in the air. It's already undergone thousands of hours of testing and the first commercial versions are to launch in 2023.

The interest in such vehicles is driven by e-commerce penetration and the popularity of ride-hailing. The pandemic has also led to a new focus on personal transport

Japanese startup SkyDrive, which is backed by Toyota, is testing its SD-03, an all-electric vehicle capable of vertical take-off and landing (VTOL). Hyundai is looking at an electric VTOL air-car. General Motors' Cadillac Vertile, which was on display at CES 2021, is targeting a utilitarian market, like the Volocopter. The single passenger, all-electric Vertile is an autonomous quad-copter with wheels. It's designed for urban commutes — VTOL capability lets it land on roofs, or in parking lots.

Audi-Airbus displayed their collaborative Pop.Up Next concept at the Geneva Motor Show in 2017. This is to be a self-driving, self-flying, fully autonomous electric taxi. It uses four wheels to drive on the streets, and an eight-rotor unit for VTOL.

The interest in such vehicles is driven by e-commerce penetration and the popularity of ride-hailing. The pandemic has also led to a new focus on personal transport. Commuters would like to avoid traffic jams and they're reluctant to use public transport for fear of infection.

Evolving drone technologies and AI developments have made it easier to dream up ambitious designs.

Clean, electric autonomous air-cars with VTOL capability could alter how we live, work and travel as well as consumption patterns. Urban planning would change radically if these catch on. And of course, safety norms must evolve.

The "first editions" of such

The Times of India 10th August 2021

After 5G, Tatas gear up for chip manufacturing

Reeba.Zachariah
@timesgroup.com

Mumbai: Days after it announced its entry into production of 5G network equipment, the Tata Group is gearing up for a play in semiconductor manufacturing. The move will pit India's largest industrial house against the likes of Samsung, Intel, Taiwan Semiconductor and Renesas.

Tatas are placing bets on hi-tech manufacturing to boost its fortunes in a post-pandemic world. Estimating the market opportunity of hi-tech manufacturing of electronics to be worth $1 trillion, Tata Group chairman **N Chandrasekaran** said the conglomerate has set up a business to seize the opportunity. He, however, didn't elaborate.

The development comes against the backdrop of group flagship Tata Motors facing production challenges due to the ongoing chip supply crisis globally.

> We have set up a business to seize the promise of hi-tech manufacturing of electronics, precision manufacturing, assembly & testing and semiconductors

N Chandrasekaran | CHAIRMAN, TATA SONS

While the semiconductor manufacturing hubs are in East Asia — China and Taiwan — India has been encouraging companies to set up chip-fabrication units to make the country a production hub and to reduce auto and electronics industries' dependence on China for supplies following the border skirmishes last year.

Chandrasekaran said that there will be alterations to global supply chains, which are highly dependent on China, in the aftermath of the pandemic and geopolitical changes, and businesses will have to shift their reliance onto other countries, providing India with a huge opportunity to become a second base. "At the Tata Group, we have already pivoted into new businesses like electronics manufacturing, 5G network equipment as well as semiconductors."

On July 29, Tata Group inked a Rs 2,923-crore deal to buy 72% of Tejas Networks, marking its entry into 5G network equipment manufacturing.

It is also putting up a mobile phone component factory in Tamil Nadu. And is now gearing up to manufacture chips, which are used in products ranging from CCTV cameras to 5G equipment.

Business Line 10th August 2021

... charts priority areas to take advantage of CV demand recovery

G BALACHANDAR
Chennai, August 9

The country's top commercial vehicle maker Tata Motors said it has worked out key priority areas this fiscal to take advantage of the recovery in demand, amid continuing major challenges such as commodity price hike and semiconductor shortages.

The company said it has been witnessing a far more positive sign when compared with the year-ago post-lockdown phase.

Economy improving

"We are definitely seeing an improving economic scenario and revival of positive business sentiments. Freight availability is also getting better.

"Trucking industry says there is cargo to carry now. The continued government spending on infra and resumption of construction activities will drive demand for trucks. Growth of core sectors such as cement and steel will also augur well for the industry," Rajesh Kaul,

Rajesh Kaul, Vice-President, Sales & Marketing, CVBU

Vice-President, Sales & Marketing, CVBU, Tata Motors, told *BusinessLine*.

Scrappage policy is expected to give an impetus to CV industry, while the growth in e-commerce, driven by increase in online shopping due to social distancing and other restrictions, has fuelled last-mile transportation, thereby driving strong demand for cargo trucks across small and intermediate commercial vehicle segments.

"Also, a good monsoon and associated impact will help. So, this time, recovery in CV industry will be much stronger than last year despite apprehensions about possible resurgence of a third wave," said Kaul.

While the CV industry volumes have been improving month-on-month, they are still lower than 2019 levels, as freight availability is yet to touch H2FY21 levels. Meanwhile, prices of trucks have gone up 15-20 per cent from the BS6 introduction period last year to now.

BS VI transition

The company is hopeful of maintaining the sales momentum helped by its BS VI trucks, which, according to Kaul, not only comply with new norms but also offer substantial value in terms of low-cost operations and higher fuel efficiency, to ensure best-in-class total cost of ownership for buyers.

The Indian commercial vehicle industry reported a 21.7 per cent decline in FY21 compared to a 30 per cent fall in FY 2019-20, due to the Covid-19 pandemic, lower freight utilisation, constraints in obtaining financing and some hesitation to buy new trucks due to higher prices of BS VI vehicles.

Economic Times 13th August 2021

US Auto Parts Co Dana Eyes India as Key Export Base

Co has diverted some of its parts production from China to India due to rising trade tensions

Ketan Thakkar & Nehal Challawala

Mumbai: At a time when automotive and ancillary factories are sitting on excess capacity, American auto components maker Dana said its Indian facilities were running 24x7 and it was investing in expansion of capacity by 15-20%.

Using India as a key base for exports with almost a third of its output shipped overseas, the American company has diverted some of the critical parts production from China to India to protect itself from the rising tariffs due to trade tensions between the US and China.

While it may take about two to three years for the Indian auto industry to regain its previous sales peak, Gajanan Gandhe, country head, Dana India, said that the company was betting on the domestic market returning to double-digits annual growth in the coming years.

The company expects India to account for 10% of the Dana Group's global revenue in the mid-term, which could translate to a billion dollars in actual value. The group is predicting a global revenue of $9 billion for 2021.

"We have now reached a fairly large scale and India is a significant part of our global operations," Gandhe told **ET**. "We don't have enough capacity. In spite of Covid, our plans have been running 24x7." Gandhe was hired by the group to implement a "one-Dana" policy which involves having the same quality and governance standards at all facilities in India, including joint ventures.

Dana primarily makes automotive parts like axles and other drivetrain components. It recently set up a dedicated electric vehicle (EV) drivetrain making the facility at Pune its 18th plant in India including joint ventures. The new EV drivetrain plant in Pune was similar in its technological capabilities to the group's two other such plants in Canada and China, Gandhe said. The company invested $50 million to increase capacity across plants in India over the last two years.

Business Line 4th August 2021

Auto component industry's turnover declines 3% to ₹3.40-lakh crore in FY21

Sales also dip 3%

OUR BUREAU

New Delhi, August 3

The turnover of the automotive component industry stood at ₹3.40 lakh crore ($45.9 billion) for the period April 2020 to March 2021, registering a de-growth of 3 per cent over the previous year. This is the second consecutive year of decline in turnover.

The Indian auto component sales to original equipment manufacturers (OEMs), also declined by three per cent in the domestic market to ₹2.79 lakh crore ($37.7 billion) compared to the previous year, the Automotive Component Manufacturers Association of India (ACMA) said in its Industry Performance Review for the fiscal year 2020-21 released on Tuesday.

Sales to OEMs in the first half of 2021 declined 31 per cent over the first-half of the previous year. However, it witnessed a healthy recovery in second half 2021, it said.

The apex body said the exports of auto components also witnessed degrowth of 8 per cent to ₹98,000 crore ($13.3 billion) in 2020-21 from ₹1.02 lakh crore ($14.5 billion) in 2019-20.

Export market

Europe, which accounts for 32 per cent of exports, saw a decline of 4 per cent, while the US and Asia, which account for 30 per cent and 26 per cent of exports, declined 7 per cent and 8 per cent respectively. The key export items included drive transmission and steering, engine components, body/ chassis, suspension and braking.

Slowdown in the domestic market also reflected on imports of component into India, the ACMA report said adding that component imports fell 11 per cent to ₹1.02 lakh crore ($13.8 billion) in 2020-21 from ₹1.09 lakh crore ($15.4 billion) in 2019-20.

Aftermarket segment

In the aftermarket segment, while the two-wheelers and passenger vehicles segments witnessed strong recovery, revival in the commercial vehicles segment was less than expected leading to an overall decline of 7 per cent.

The turnover of the aftermarket in 2020-21 stood at ₹64,524 crore ($8.7 billion) compared to ₹69.381 crore ($9.8 billion) in the previous year, it said.

The industry is cautiously optimistic about growth prospects in the current fiscal amid various challenges like an increase in raw material cost and logistics continuing to hinder a smooth recovery, Deepak Jain, President, ACMA, said.

PRESS REPORTS ON ELECTRIC VEHICLE

Business Standard 12th August 2021

Audi's latest concept is an EV that expands & contracts

It can change from a sports car to an elegant touring car with the push of a button

HANNAH ELLIOTT
11 August

Audi has unveiled the first of an upcoming trio of concept vehicles, the Audi Skysphere.

An all-electric roadster with carriage-style doors and oversized wheels, the Skysphere's most notable characteristic is that it can shorten or elongate its wheelbase with the push of a button. Skysphere presages two other concept cars planned for debut this year: The Grandsphere concept, due out next month, and the Urbansphere concept, which will debut in 2022.

"This is the first piece in how we are foreseeing the future," said Henrik Wenders, the head of brand for Audi AG, at a private preview of the vehicle August 9 at a studio in Hollywood. "The present is offering everything we need for the future... and we had better hurry up."

News of the concept comes as Audi reports its best-ever first six months in the 52-year history of the modern iteration of the brand, with net cash flow between €4.5 billion ($5.27 billion) to €5.5 billion, up from €3.5 billion to €4.5 billion previously. In July, parent-company Volkswagen AG lifted its forecast operating return to as much as 7.5 per cent, thanks in part to big double-digit margins at Audi. Closer to home, Audi of America increased deliveries by 92 per cent in Q2 over the same period in 2020. Year to date sales in North America are up 60 per cent, Audi reported in July.

Meanwhile Audi has committed €15 billion to electrification across its entire fleet, said Hildegard Wortmann, the member of the board of management for sales and marketing for Audi AG. By 2025, Audi will offer 20 different electric cars across its global portfolio. Audi's hybrids and EVs are already profitable and best-sellers in Europe, Wortmann said.

In the United States, 30 per cent of sales will come from electric vehicles by then, a spokesperson said. The hybrid Q5 already comprises 12 per cent of total Q5 sales. So the electric concept series fits right according to plan, she said. "We are not going to do this by half," Wortmann said. "We want to go the full way. We want to be the leading sustainable premium brand."

The variable wheelbase of the Skysphere offers owners two options for transport: the elegant comfort of a longwheel-base grand touring car and the sporty handling of a sports car. When in 5.19-meter longwheel-base form, the car operates on level four autonomous driving and offers maximum, extensive legroom.

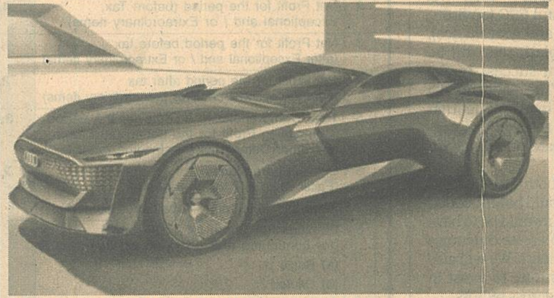
The shortened form shrinks the length of the car by 250mm (nearly 10 inches), lowers it by 10mm, and reveals a steering wheel, pedals, and shifting column from underneath the dashboard. Only in shortened form is the vehicle is drivable like conventional modern vehicles.

"It's about a different way to travel—not just getting from A to B but the space in between," said Gael Buzyn, the head of Audi's Malibu Design Loft, at the preview. "As a designer, I design for experience first, and the car follows." Buzyn said such a transformational structure would never have been feasible on a chassis built for internal combustion. "Electrification is the best thing that has happened to car design," he said.

An electric motor at the rear of the car delivers 465kw (623hp) of power to the 1,800kg (3,968-pound) car. If tested in real-world conditions, acceleration from 0mph to 62mph would be four seconds, according to Audi. Total range in GT mode is 500km, or 310 miles, the brand said in notes accompanying the car, although brand brass declined to say whether it would ever be made in production form.

The interior of the Skysphere is oriented to support level four autonomous driving—the level at which drivers can delegate complete movement responsibility to the car without having to give any inputs like hands on the wheel or feet on the brake. Seats come in microfiber fabric while eucalyptus wood accents make it feel warm and welcoming, like a private lounge.

Audi will debut the Skysphere in public Aug. 13 during Monterey Car Week in Carmel, Calif. BLOOMBERG



The all-electric Audi Skysphere Concept car is the first of three "sphere" concepts Audi will present in the coming months PHOTO: AUDI

Economic Times 11th August 2021

SIAM Opposes Tesla's Plan to Seek Lower Tax for Imported EVs

Such a move would make localisation unviable, it says in a presentation to govt

Nehal Chaliawala & Ketan Thakkar

Mumbai: The Society of Indian Automobile Manufacturers (SIAM) has vehemently opposed the proposal by Tesla to seek concessional duty rates for its imported electric cars, saying that such a move would make localisation unviable and set a precedent for others to seek further concessions on imports. The industry association put forward their case in a presentation made to the Ministry of Heavy Industries last week, which the ET has viewed.

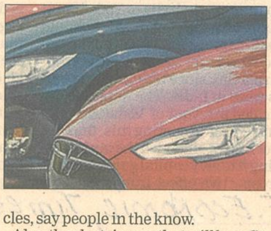
The association argued that importing completely knocked down vehicles through a 30% import slab is preferential route for most, and if the Centre does decide to bring down the slab to 40% for importing EVs, then there will be no incentive for one to localise the production for electric vehicles, say people in the know.

Also, the electric cars that will benefit from such a concession cater to the "ultra-rich" who will benefit from lower prices at a time when the poor in the country are paying a tax rate of 28% for affordable two-wheelers, SIAM said in a presentation to the government. It said that such a concession was against the government's emphasis on Make in India and 'Atma Nirbhar Bharat', or self-reliant India.

"What is the rationale of government foregoing tax of ₹22 lakh to a person who can afford to buy a ₹44 lakh electric car but not a ₹66 lakh electric car when there are lakhs of two-wheeler buyers who continue to pay tax in excess of 28%. There is a steep duty of 10-12% on imports of even raw materials like platinum, rhodium, palladium, in order to make people localise, so why have lower duties on completely-built units (CBU)," argued an executive requesting anonymity.

India currently charges an effective duty of almost 110% on imported electric cars costing over $40,000 (₹29.7 lakh). US automaker Tesla is lobbying for this to be pared down to 40% for imported EVs before its India entry.

If the import duty for CBUs of EVs was reduced to 40%, it would leave little incentive for firms to invest in locally assembling vehicles from imported kits, SIAM argued. Called semi-knocked down (SKD) units, cars imported as kits with their key components pre-assembled attract a 30% duty rate.



The Times of India 10th August 2021

Hero bets big on EVs, ready for cash-burn

Pankaj.Doval@timesgroup.com

New Delhi: Pawan Munjal, chairman of Hero MotoCorp, has said the company is ready to shed its 'old guard' stance and play the startup game — including getting into the 'cash-burn' customer-subsidy model, if the need arises — as it lines up new investments worth thousands of crores, while being open to raise fresh funds.

The bold statement by Munjal, a generally reticent businessman, comes at a time when the SoftBank-backed Ola Electric is challenging traditional two-wheeler players with its green scooter that claims to have garnered one lakh bookings in just one day (vehicle gets launched on August 15).

"In case the market is disrupted in a manner that we are required to do that (engage in cash-burn) to get into the market with pricing where we have to become aggressive and get a fair share, then we will do it," Munjal told **TOI** when asked whether he is ready to look beyond traditional business wisdom and engage in aggressive price one-upmanship.

"We may be the so-called established player — the old guard. Having said that, if and when it comes to playing the right type of game, we will become a startup. In many ways right now, many teams within the EV programme are working like startups." Hero MotoCorp is celebrating the 10th anniversary of a solo journey after separating from the JV with Japanese Honda. While Ola Electric is a startup, it promises mega investments and a production scale of 10 million units (annually) by next year — capacity what the 1985-incorporated Hero still doesn't have.

Munjal remains unfazed and is ready to fight it out. "I do believe the way forward is electric (and) we cannot be left behind... We want to be a leader in electrification also, (and) we want to be a global leader... Hero will do whatever it takes to become the leader." The company, he said, will not shy away from raising funds to maintain an aggressive posture. "... who says that we as a company cannot bring in funds, if and when required? Today, we are a debt-free company. We don't have to be a debt-free company all our lives. Is it impossible or difficult for a Hero MotoCorp to bring in funds? I believe investors will come forward to support a company like Hero MotoCorp."

Munjal added that Hero will ensure it keeps making margins and does not simply rely on a cash-burn model. "What we are also doing with our supply chain partners is to create a very competitive product. Depending on the type of products and the segments we get in — yes, to start with, there is a possibility that in one, there could be a cash-burn and in the other maybe not."

> We may be the so-called established player — the old guard. Having said that, if and when it comes to playing the right type of game, we will become a startup. In many ways right now, many teams within the EV programme are working like startups
>
> Who says that we as a company cannot bring in funds...Today, we are a debt-free company. We don't have to be a debt-free company all our lives
>
> —PAWAN MUNJAL
> CHAIRMAN, HERO MOTOCORP

Business Standard 4th August 2021

Tesla's drive to make the cut

The iconic EV maker's demand for duty cut on imported vehicles reopens a longstanding debate between domestic and foreign car-makers in an emerging market segment

SHALLY SETH MOHILE
Mumbai, 3 August

Elon Musk rarely stays out of controversy in whatever market he operates. But the latest one, a request for a duty cut on Tesla's iconic electric vehicle (EV), has revealed an old fissure between automakers in India, with home-grown manufacturers on one side and global manufacturers on the other. The two have been split on the matter for several years. The only thing that has changed is the context. Triggered by Tesla lobbying with the Indian government for an import duty cut, the debate now centres on EVs. Earlier, the arguments were over a duty cut on internal combustion engine or ICE-powered cars.

India levies an import duty of 100 per cent on imported cars if the CIF (cost, insurance and freight) value exceeds $40,000 or has a petrol or diesel engine with a displacement of greater than 3,000 cc and 2,500 cc, respectively. For cars that have a CIF value of less than $40,000, the duty is 60 per cent. Tesla's EV, which the company plans to start selling in India from this year, will have a CIF exceeding $40,000 and will, therefore, attract a 100 per cent duty. But the Elon Musk-founded firm is seeking a duty cut of 60 per cent for this category.

Unsurprisingly, Indian manufacturers are not in favour of such a sharp cut; they believe that a duty cut will be in contravention of the thrust on make-in-India and affordable EVs through the Faster Adoption and Manufacturing of Electric Vehicles or FAME II incentive scheme.

"The Indian government, through FAME II eligibility criteria, has set the right direction for the country to accelerate the adoption of EVs. The eligibility criteria has always emphasised affordable EVs and localisation as per the Phased Manufacturing Plan (PMP). We are sure the government will remain consistent to the philosophy and principles of FAME II," P B Balaji, chief financial officer, Tata Motors, told reporters last week during a post-earnings call.

HEAVY DUTY

Specifications	Import duty on cars (in %)
Cars CBUs* whose CIF** value is more than $40,000 or petrol engine > 3,000 cc or diesel engine > 2,500 cc	100
Cars CBUs whose CIF value is less than $40,000 and petrol engine < 3,000 cc and diesel engine < 2,500 cc	60

* CBU: Completely Built Unit; **CIF: Cost, insurance and freight
Source: Society of Indian Automobile Manufacturers

Tata Motors' anxiety on the issue is understandable. The company has an aggressive plan to tap India's nascent EV market. It currently sells the e-Nexon in the personal mobility segment and targets a fourth of its total passenger vehicles sales coming from EVs in the foreseeable future. As part of the larger strategy, the Mumbai-headquartered firm will introduce 10 e-cars before 2025.

But Tesla's call for an import duty cut has added heft to the demand of the local arms of global luxury carmakers who have been lobbying for a lower duty on imported cars. They are, therefore, endorsing Musk's proposal.

"A duty cut on imported e-cars will propel demand and have a trickle-down effect even on the mass market segment," said Santosh Iyer, vice-president - sales and marketing at luxury car market leader, Mercedes. According to Iyer, for a market like India that is at a nascent stage in its EV evolution with underdeveloped charging infrastructure, a cut will help manufacturers test market before going ahead and committing investments to localisation.

He said the FAME II scheme and other policy measures such as a lower 5 per cent GST on EVs and exemption of road tax and registration charges have helped lower e-car prices. But the price point is still high. A cut will help pass on the benefit to buyers. Iyer says this for a reason. The Mercedes EQC costs ₹1.11 crore on-road in Delhi, while Audi e-tron costs ₹1.25 crore. Even MG Motors' ZVS and Hyundai Kona, the EV offerings from MG Motor India and Hyundai, have found only a few takers owing to their very high sticker price.

Balbir Singh Dhillon, head - Audi India, echoed a view similar to Iyer's at the virtual launch of the company's maiden EV offering, e-tron, last month. "While a lower GST on EVs and exemptions help, a duty cut will help further," said Dhillon. Audi eyes 15 per cent of its total sales coming from EVs by 2025.

Pawan Goenka, who recently superannuated from Mahindra and Mahindra and now heads the Steering Committee for Advancing Local Value-Add and Exports, a joint government-industry panel tasked with fast-tracking the growth of the Indian manufacturing sector, suggests a middle ground. "Tesla wants import duty reduction. I think the government should consider lowering the 100 per cent slab to 60 per cent for EVs," he said in a tweet last week.

Analysts also believe an import duty cut on EVs will spur growth and help create a market for high-end vehicles. "This is a good opportunity for India to open its market. The companies here don't have to compete amongst themselves but also with other countries," said Puneet Gupta, associate director at IHS Markit, a sales forecasting and market research firm.

The average middle class Indian aspires for such models and tends to benchmark the mass market purchase with the best, hence a lower duty will help companies seed the market, says Gupta. Moreover, it will pave the way for luxury car makers in India who have seen sales being stuck in neutral gear since the last decade, to introduce more e-cars.

Business Standard 14th August 2021

Hero gears up to join EV race, 1st e-bike by March

ARINDAM MAJUMDER
New Delhi, 13 August

India's largest two-wheeler company Hero MotoCorp will launch its first e-vehicle by March and it is most likely going to be an e-scooter. An e-scooter will help expand the company's scooter portfolio in which it lags behind its rivals in market share.

"We expect the EV to come out of the IC-engine-based scooter category and that plays to our strength, as it will give a boost to our scooter market share. Any EV evolution on the scooter side will be accretive to the Hero topline," Niranjan Gupta, chief financial officer at Hero MotoCorp, said.

CEO Pawan Munjal recently showcased a pre-production prototype of the upcoming electric scooter at the company's 10th anniversary celebrations. The firm is also ready to take on cash-rich start-ups that are entering the EV space, executives said.

"The pace of expansion will also depend on the infrastructure readiness of the country. If you grow too fast, you might suddenly be caught without adequate infrastructure," Gupta said, adding over a medium-term, 50 per cent of the company's new capex will be dedicated to EV. Hero has an annual capex plan of around ₹750-1,000 crore.

Ola, which netted 100,000 bookings on the very first day last month, 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 India.

"We all know the EV category will not be profitable from Day 1 and it will require a lot of cash. Hero will be placed in a better situation simply because of the size of the procurement, manufacturing and distribution, which a new player will have to replicate."

Hero MotoCorp as on March 31 had cash balance of ₹169.22 crore, which it can use to fight new age start-ups. "There is a cash-generating machine from the IC business. We see electric vehicles to be incremental to our topline," Gupta said, indicating the healthy cash balance.


CFO Niranjan Gupta indicates Hero MotoCorp will use its cash balance to take on Ola

More on business-standard.com

The Economic Times 8th August 2021

More EVs Hit the Road in 7 Months than Entire Last Yr

121,170 units sold across all categories in Jan-July against 119,647 in 2020

Lijee.Philip@timesgroup.com

Mumbai: Electric vehicle (EV) adoption is gaining traction in the country with more vehicles sold in the first seven months than the whole of 2020.

A positive outreach by manufacturers including improved charging infrastructure along with price parity with conventional vehicles on the back of government incentives and falling battery prices are driving demand for EVs, particularly for two- and three-wheelers from logistics and ecommerce players, industry officials said.

Electric vehicle manufacturers sold 121,170 units across all categories between January and July against 119,647 EVs sold in the whole of last calendar year, data collated by the government's Vahan portal shows.

July recorded the highest monthly EV sales in the last two calendar years at 26,157 units. This represented 1.67% of all vehicle sales sold in the country across all categories last month. Share of EVs in overall vehicle sales has been growing steadily this year from 1% in January.

"The tide is clearly turning towards EVs," said Sulajja Firodia Motwani, CEO of electric vehicles maker Kinetic Green Energy & Power Solutions. "The inflection point is the price parity between EV and conventional engine vehicles, the recent government incentives and the falling battery prices, which is working in favour of EVs."

The Kinetic group company is seeing a lot of traction from ecommerce companies and logistics partners for electric three-wheelers, Motwani said.

Green Drive

	EV sales across categories in 2021 (units)	Share of EV in total vehicle sales (%)
Jan	16,214	1
Feb	19,120	1.25
Mar	26,079	1.55
Apr	14,178	1.18
May	3,310	0.61
Jun	11,190	0.91
Jul	26,157	1.67

Source: CEEW-CEF Analysis

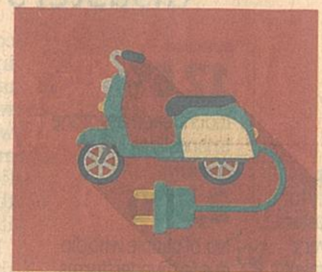
Govt sops, falling battery prices are driving EV demand, particularly for two- and three-wheelers from logistics & ecomm cos

State and central government incentives have helped bring down on-road electric vehicle prices on a par with petrol or diesel-powered vehicles in many states.

For example, a Kinetic Safar Jumbo 500 KG pay load three-wheeler with battery is priced at ₹3 lakh after the subsidy under the central government's FAME-II (Faster Adoption and Manufacturing of Electric Vehicles) scheme.

'Huge Savings on Running Costs too' ▸▸ 6

'Huge Savings on Running Costs too'



▸▸ From Page 1

A similar payload ICE (internal combustion engine) models like Piaggio Ape or Bajaj Maxima also cost ₹3 lakh.

Now, the operational cost of EVs is much less in comparison as petrol and diesel prices move northwards, crossing the ₹100 mark in some states.

"So, in addition to upfront price parity, there are large savings on running cost too," Motwani said.

An 8 KWh lithium-ion battery gives a range of 100 km per charge and the running cost is 40 paise per km while the running cost of a similar diesel-powered vehicle is around ₹4 per km, she said.

Several states, including Maharashtra, Tamil Nadu, Karnataka and Uttar Pradesh, have rolled out incentives to encourage mass adoption of EVs in recent months. This has led to a number of electric two-wheeler makers launching e-bikes and scooters in the sub- ₹70,000 price point. Most existing electric two-wheelers retail for between ₹80,000 and ₹1.4 lakh. Experts said the subsidies will increase adoption, encourage research and development (R&D) and innovation, and help in making EVs reach about 10% of the overall two-wheeler market in five years, up from 1% at present.

"The Indian market for electric two-wheelers will hit five million units in three years as the latest financial support announced by the government will no doubt help make e-two-wheelers more affordable," said BVR Subbu, an auto industry veteran who is on the board of Ola Electric.

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Line 11th August 2021

Bikes for gig workers: Yulu to raise $40 million

Plans to add 10,000 Yulu DEX bikes by December

YATTI SONI

Bengaluru, August 10

Yulu is in talks to raise a $40-million funding round for its new gig workers-focussed vehicle Yulu DEX. This funding round will be a mix of equity and debt, CEO Amit Gupta told *BusinessLine*. The company plans to add 10,000 Yulu DEX bikes across Bengaluru, Mumbai, and Delhi in the first phase, by December 2021.

Growing market share

The company started bike rentals for gig workers last year and claims to have seen a great market response. During India's second Covid wave, Yulu's revenue share from gig worker rentals has grown from single-digit to almost 20 per cent of the total revenue.

Yulu's revenue share from gig worker rentals has grown from single-digit to almost 20 per cent of the total revenue.

"Quick commerce companies are getting bigger and most of these companies require gig workers to deliver a product or a service. On the other hand, there are several people in India, who are either looking for employment or additional income. But, they do not have a driving licence or a bike to become a gig worker. So we saw this white space for someone offering mobility as a service," said Gupta.

As compared to Yulu's people mobility vehicles, Yulu DEX will have an added carrier with a luggage capacity of 12 kg, better seats, and high-duty shock absorbers. These bikes will have a range of 60 km per charge, a maximum speed of 25 km/hr, and would not require a driver's licence to ride. Each of these new bikes costs approximately ₹50,000 to Yulu, which they rent to gig workers for a daily fee of ₹200 along with refundable security of another ₹200. Yulu DEX is said to save 30 per cent costs for gig workers as compared to what they spend with petrol-powered vehicles.

Cost-effective vehicle

According to Gupta, a typical delivery guy uses Yulu for around 60-70 km. In comparison, if he used a petrol vehicle for the same distance, the cost of fuel tself will be ₹200. In addition to the fuel costs, he will also have to pay the EMI, repair, and maintenance, etc, for that vehicle. So the notional cost is another ₹125-250.

Currently, 1,500 out of 7,500 Yulu bikes in Bengaluru are being used by the gig workers.

Business Line 3rd August 2021

Two-wheeler sales grow marginally in July

But Hero Motocorp registers 3% decline

OUR BUREAU

New Delhi, August 2

The two-wheeler industry saw a marginal growth in July wholesale numbers (dispatches to dealers) on a monthly basis, some growing by even double digits. However, market leader Hero MotoCorp reported a decline of 3 per cent on a month-on-month basis.

Hero MotoCorp reported wholesales of 4,29,208 units during the month against 4,41,536 units in June this year.

However, other manufacturers such as Honda Motorcycle & Scooter India, Bajaj Auto and TVS Motor have recorded positive numbers.

Bajaj Auto reported marginal growth with 1,56,232 units against 1,55,640 units in June.

TVS Motor

Tamil Nadu-based TVS Motor reported 20 per cent growth in sales on MoM basis to 1,75,169 units in July against 1,45,413 units in the previous month.

Chennai-based motorcycles maker Royal Enfield said it sold 39,290 units in July, a growth of 10 per cent on a monthly basis as compared with 35,815 units in June this year.

Mixed fortunes

Company	July 2021	June 2021	% Change
Hero MotoCorp	4,29,208	4,41,536	-3.0
Bajaj Auto	1,56,232	1,55,640	0.38
TVS Motor	1,75,169	1,45,413	20.0
Royal Enfield	39,290	35,815	10.0

PRESS REPORTS
ON
TRACTORS

Business Line 10th August 2021

At 11,187 units, July tractor exports hit historic high

Industry expects single-digit growth in FY22

G BALACHANDAR

Chennai, August 9

The tractor sector bounced back strongly in July with exports hitting historic high. Domestic sales too recovered with year-on-year growth.

The tractor industry is sticking to its growth guidance of single digit for the current fiscal as the second half may see some moderation due to high base effect and reduced replacement demand. However, the industry is not seeing anything negative on the ground so far.

As the pent-up demand remained robust last month, the total tractor production stood at 104,308 units, which was the second highest monthly production number in this decade. Exports stood at 11,187 units, which was the highest-ever monthly export number.

Demand remained buoyant in July as crop sowing operations gained traction with monsoon picking up pace across the country

Domestic sales

Total domestic tractor sales stood at 65,216 units in July compared to 63,137 units in July 2020 and 45,571 units in July 2019, according to data provided by the Tractor & Mechanisation Association (TMA).

For the April-July 2021 period, total domestic tractor sales grew 29 per cent at 2.95 lakh units compared with 2.28 lakh units in the year ago period, while exports more than doubled to 37,847 units compared to 18,316 units in April-July 2020 period. Total tractor production zoomed to 3.53 lakh units compared to 1.92 lakh units.

"Tractor retails already above pre-Covid levels in July. With IMD forecasting a normal monsoon during August-September period, sowing operations will pick up gradually. This will have a rub off effect on rural sales especially in the tractor segment," said Vinkesh Gulati, President, of FADA (Federation of Automobile Dealers Associations).

Top tractor maker Mahindra & Mahindra pegged outlook at low to mid-single digit growth for the industry for the current fiscal. The company said South India has been performing better, while monsoon has now progressed in the North and East as well.

Demand bullish

"Demand remained buoyant in July as crop sowing operations gained traction with monsoon picking up pace across all the regions. Easing of Covid curbs and robust farm incomes on account of record Rabi crop procurement has bode well for the rural economy. We continue to stay bullish on tractor demand in the coming months owing to revival of monsoon, hike in MSP of key Kharif crops an upcoming festival season," said Hemant Sikka, President - Farm Equipment Sector, Mahindra & Mahindra Ltd.

Escorts, India's fourth largest tractor maker, also maintains tractor industry growth outlook for this fiscal at low to mid-single digit level.

Macro factors (monsoon progress, crop production and procurement levels, etc) remain supportive but high installed base is viewed as a limiting factor for the industry, the company management said at the Q1FY22 conference call.

Frequent price hikes by tractor makers in order to pass on raw material price increases are reported to be causing a delay in purchase decision or conversion of enquiry into sales. However, price hikes have not had a meaningful impact on volumes yet.

PRESS REPORTS
ON
COMPANY NEWS

Business Standard 10th August 2021

Maruti sales at lowest in 6 years

Firm's own production at a decadal low

KRISHNA KANT
Mumbai, 8 August

Maruti Suzuki is facing its biggest challenge in nearly two decades thanks to the economic slowdown and the impact of Covid-19. Its production declined for the third consecutive year in financial year 2020-21 (FY21) to an 11-year low, while sales volume contracted for the second year to the lowest since FY15.

The company manufactured around 1.08 million vehicles last fiscal, a decline from 1.17 million the previous year, and a steeper fall from its all-time high tally of 1.62 million reported in FY18.

The company's net sales were down for a second year in FY21, while net profit contracted for the third year in a row. This is the first time in over two decades that the company reported consecutive years of earnings decline.

The company's books, available since FY99, show that its net sales declined only twice — in FY01 and FY12. As a result, the company's financial ratios declined to their lowest levels in nearly two decades in FY21. It reported return on capital employed (RoCE) of 10.1 per cent in FY21, down from 14.3 per cent in FY20 and recent high of 29 per cent in FY17. And, its return on equity (RoE) declined to 8.6 per cent from 11.8 per cent in FY20 and high of 22.2 per cent in FY17. *(See adjoining charts)*.

Maruti Suzuki sold around 1.46 million units in FY21, down 6.7 per cent year-on-year (YoY) and the lowest since FY17. This included around 30,000 units of light commercial vehicles (LCVs), a market that the company entered in FY17. Excluding LCVs, passenger vehicle (PV) sales of 1.43 million units was the lowest since FY15, when the company has sold 1.29 million units.

The decline in vehicle production was, however, much sharper as the company now outsources a significant part of its sales volume from its parent Suzuki Motor owned manufacturing unit in Gujarat. Own manufacturing only accounted for around 74 per cent of total sales volume in FY21, down from 75 per cent in FY20 and 84 per cent in FY19. This is likely to decline further as Suzuki Motor Gujarat has now raised its production capacity to 750,000 units, equivalent to nearly half of Maruti Suzuki's own manufacturing capacity.

The company blamed the volume decline on a structural slowdown in car sales in India. "It is a matter of some concern that the rate of growth of car sales has been steadily declining in the last decade. During the period 2010-2015, the compound annual growth rate of car sales in India dropped from 12.9 per cent to 5.9 per cent and in the next five-year period the growth rate further declined to 1.3 per cent," said the company's Chairman R C Bhargava informed shareholders in the annual report for FY21.

The PV industry witnessed its sharpest demand contraction in the last two decades in FY20. The pandemic worsened the situation, the company said in its annual report. According to Maruti, PV demand in FY21 just recovered to FY16 levels.

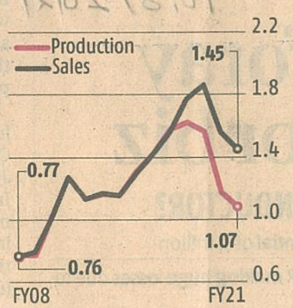
Bhargava attributed this decline to the rising cost of car acquisition. "The cost of acquisition by consumers has increased due to regulatory changes, rupee depreciation, increase in cost of raw materials and taxes. The GST on cars, based on the past rates of excise duty, is much higher than the GST (or equivalent) in all other major countries," he said.

And, the current financial year too looks challenging for Maruti Suzuki. Its net sales in Q1 was the lowest in the last five years, while net profit was the lowest in nearly nine years. The comparison excludes Q1FY21, when sales were impacted by the nationwide lockdown. Analysts, however, remain upbeat on the company. "Maruti Suzuki (MSIL) reported a weak performance in Q1FY22, weighed by the impact of the lockdowns on volumes as well as commodity cost inflation. While commodity inflation would persist in Q2, there are drivers in place for sustained volume and margin recovery from the second half of FY22," write analysts at Motilal Oswal Financial Services.

"We remain positive on MSIL due to expectations of a cyclical upturn, which generally lasts for at least three years. We expect volumes to improve to 1.9 million units in FY22E and 2.2 million units in FY23E, driven by the robust order book, pent-up demand, improving macros and new product launches," write analysts at Emkay Global Financial Services.

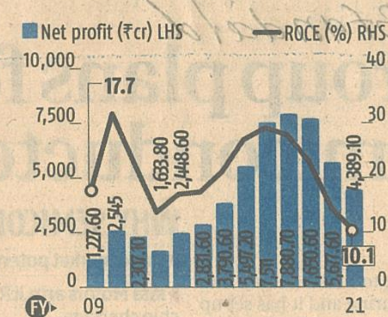
FIRM CUTS PRODUCTION

Historical trend in Maruti Suzuki production and sales volumes (in mn)



PROFIT TAKES A HIT

Maruti Suzuki net profit & return on capital employed at multi-year lows



Sources: Capitaline, *Business Standard* calculation

Business Standard 9th August 2021

M&M eyes pole position in core SUV segment in 3 years

SHALLY SETH MOHILE
Mumbai, 8 August

Riding high on recent launches and a pipeline of new SUVs, Mahindra & Mahindra (M&M) is eyeing pole position in the "core SUV" segment in three years, a top company executive said.

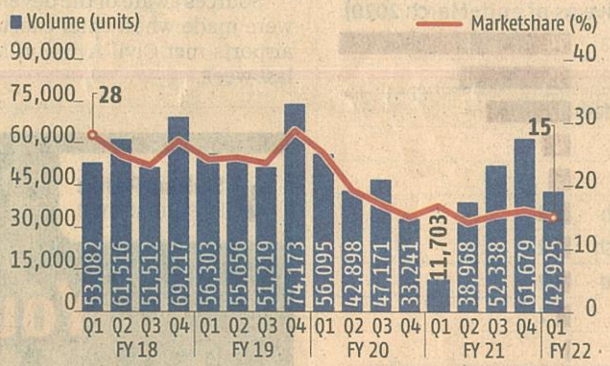
The erstwhile market leader is in the process of redefining what it considers a core SUV.

"In the next three years, we are pretty sure that we will be the No.1 in what we call core SUVs. We will put out a formal definition (of core SUVs) by the next quarter," Rajesh Jejurikar, executive director – farm equipment and auto sectors – at M&M told Business Standard. It doesn't only mean body-on-frame or chassis-based vehicles, but M&M will exclude some models in the count of what's a core SUV, he clarified.

"Many of the models in the market today that claim to be an SUV are not so by any standards – be it ground clearance or seating height, among others. Hence, we are doing some "re-processing" to arrive at a definition," he said.

Mahindra, he pointed out, is very comfortable with a model like XUV300. "If you compare it with the competitive set, it is bigger, better, has higher ground clearance and seating height which gives it that distinctive positioning. In the future, we may not go below that," said Jejurikar.

M&M'S PASSENGER UV VOLUMES



Source: Company, Motilal Oswal

As part of a plan to make a strong comeback in a segment it ruled till recently, M&M plans to launch nine models by 2025-26. Four of these — the XUV700, all new XUV300, W620, and V201 — will also have an electric powertrain option; two will be pure electric models and the rest will be internal combustion engine-powered ones.

First among these to go on sale will be the XUV700. Mahindra plans to take wraps off the seven-seater model this weekend. Much the same way it did with the new Thar. The Thar has been a huge success for the company and commands a waiting period of 8 to 10 months. The model was unveiled on August 15 last year.

Jejurikar's confidence to be able to get back in the leadership position stems from strong bookings of most models in the company's portfolio.

While the Thar has an order book of over 39,000, XUV 300 and Scorpio have over 10,000 and 6,000 bookings, respectively. The Bolero Neo, launched on July 13, has over 5,500 bookings. The global shortage of chips, which has been crippling production at most of the auto firms, could be a deterrent in an otherwise strong outlook the company has.

Considering the uncertainty due to a chip shortage, it is building a system stock to prepare for the festive season. Inventory is still low at 72 per cent of what it was in the first quarter of FY20. The festive season this year may be a challenge from the supply point of view even as demand looks strong, Jejurikar said during the post earnings call on Friday.

In the quarter that ended in June, Mahindra sold 43,202 units of utility vehicles (UVs) against 11,942 units in the corresponding period of the previous year. The volumes are, however, not comparable owing to last year's lockdown. Though the numbers are rising month-on-month, it's still some distance away from the sales performance in 2019 when it sold 56,095 units, according to Society of Indian Automobile Manufacturers.

Its market share in the UV segment during the quarter dropped to 14.88 per cent from 17.20 per cent in the same period a year ago. The market share is not a correct representation of Mahindra's position as it includes even crossovers/soft roaders and cars with SUV-like body style.

More on business-standard.com

Business Standard 7th August 2021

Strong tractor, utility vehicles sales drive up M&M's Q1 profit

SHALLY SETH MOHILE
Mumbai, 6 August

Robust sales of tractors and automobiles coupled with last year's low base bumped up the net profit (standalone) of Mahindra & Mahindra (M&M) for the quarter ended June, the company said on Friday. The earnings were broadly in line with analysts' estimates.

The Mumbai-headquartered firm reported a 23 times year-on-year (YoY) jump in net profit at ₹934 crore for the quarter ended June. Earnings, however, are not strictly comparable owing to last year's low base. Businesses had come to a halt in the June quarter of 2020 due to the Covid-induced national lockdown.

Revenue from operations at the combined entity jumped 110 per cent YoY to ₹11,763 crore. However, it was lower than the revenue of ₹13,338.15 crore it reported in Q4 of last financial year.

"The company's performance is not strictly comparable on QoQ (quarter-on-quarter) and YoY basis as it has restated its base quarter numbers pursuant to absorption of MVML (Mahindra Vehicle Manufacturing) into M&M," said a research note by ICICI Securities.

Standalone profit after tax (PAT) for the quarter came in at ₹856 crore against the expectation of ₹768 crore. This was due to higher-than-expected margins despite lower-than-expected other income, said the research note. While tractor sales more than tripled to 85,858 units from 26,619 units, dispatches of passenger vehicles increased by 52 per cent to 99,127 units from 65,1195 units in the year-ago quarter.

The company's farm equipment sector, its cash-cow, reported the highest-ever operating profit of ₹1,081 crore for the June quarter while revenues stood at ₹5,319 crore.

"Our focus on operational efficiency and financial discipline gives us the confidence that our core performance will continue," said Anish Shah, MD & CEO, M&M.

The group's sharp focus on capital allocation has paid off, he said, pointing out that the group is through with the exercise of exiting non-core and underperforming businesses.

IN TOP GEAR

M&M STANDALONE (₹ crore)	Q1FY22	Q1FY21	Growth YoY
Revenue from operations	11,763	5,589	110%
PAT before *EI	934	39	23x
PAT after EI	856	68	12x
GROUP CONSOLIDATED RESULTS			
Revenue	19,172	11,969	60%
PAT before EI	473	-20	25x
PAT after EI	424	-49	10x
VOLUMES			
Total vehicles sold	85,858	29,619	190%
Total tractors sold	99,127	65,195	52%

*EI: Exceptional item

Source: Company

Will measure social impact rigorously, says Mahindra

Mahindra Group will measure its social impact as rigorously as it measures its financial performance as part of its ESG commitments, Anand G Mahindra, group chairman, said on Friday.

"On the 75th anniversary of Mahindra Group, we proudly commit that we will measure our social impact as rigorously as we measure our financials. We will compute our social impact, quantify it in financial terms, and target its increase," Mahindra told shareholders at the company's annual general meeting on Friday.

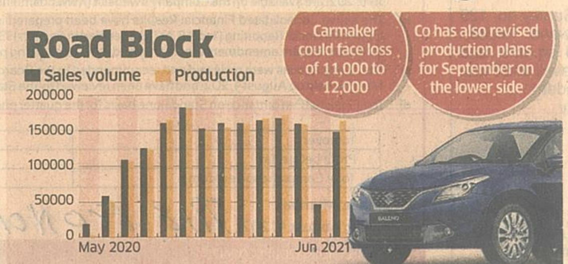
BS REPORTER

The Economic Times 5th August 2021

SUZUKI MOTOR GUJARAT CUTS MANUFACTURING TO A SINGLE SHIFT

Maruti Reduces Production Amid Parts, Chip Shortage

Ketan Thakkar
& Ashutosh R Shyam



Mumbai: Maruti Suzuki, the country's largest carmaker's production volumes in August, will be hit because of the acute shortage of semiconductors. The company's sister arm — Suzuki Motor Gujarat — is streamlining production from two shifts to a single shift for its popular models — Baleno, Swift and Dzire from Wednesday (August 4) to August 11.

According to people in the know, this will lead to a loss of 11,000 to 12,000 units or ₹500-700 crore of revenue loss during August.

Not only are these models the fast-selling models, but the three models command high-profit margins.

The production is likely to move to one shift in the coming week till the supplies are restored from the 12th of this month.

Maruti Suzuki has been compelled to revise production volumes for June from 1.99 lakh to 1.71 lakh due to parts shortage. For August, the company has again revised its production plan from 1.72 lakh to 1.57 lakh, which is largely due to a shortage of semiconductors.

The company was, however, able to meet its production plan for July to almost 99%. The shortage is expected to persist in September, too, and the company has also revised its production plans for September on the lower side.

In a statement to the Bombay Stock Exchange, the company said due to the semiconductor shortage. Its contract manufacturing associate, Suzuki Motor Gujarat Private (SMG), is staring at a partial loss of production in August.

"SMG will tentatively not carry out production on the three Saturdays (August, 7, 14 & 21). In addition, some of the production lines may see a temporary reduction from 2-shift to a single shift working. As the situation is dynamic and uncertain, the company will monitor and take a day-to-day decision on models, lines or shifts to optimize resources for maximum efficiency," the statement added.

The Indian passenger vehicle hurt cumulatively is set to witness a hit of close to lakh units in Q2 of FY22.

The market may witness about ₹10,000 crore revenue loss, extending the waiting period for high in-demand models.

It is not Maruti Suzuki alone. Its peers, including Hyundai, Tata Motors, Mahindra & Mahindra, have been dealing with the shortage and are adopting innovative ways to source more and produce.

Business Line 7th August 2021

M&M posts ₹424-cr profit in Q1

Financial services arm's NPA provisioning weighs on numbers

OUR BUREAU

Mumbai, August 6

Mahindra & Mahindra reported profit of ₹424 crore for the first quarter ended June 30, compared to a loss of ₹49 crore in the corresponding period last year. The company had reported a profit of ₹1,513 crore in the fourth quarter ended March 31.

The company's consolidated net profit was impacted by Mahindra & Mahindra Financial Services' NPA provisioning of ₹2,517 crore. MMFSL's gross NPA is expected to improve during the course of the year, the company said.

Revenue from operations was at ₹19,171 crore compared to ₹11,969 crore in the first quarter last year. Revenue was at ₹21,770 crore in the fourth quarter of FY21.

Financial discipline

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

Anish Shah, MD and CEO

"Our focus on operational efficiency and financial discipline gives us the confidence that our core performance will continue. Our farm business delivered yet another exemplary quarter result, while our auto business showed demand recovery. Our growth gems are seeing good momentum and we will continue our stringent focus on fiscal discipline."

M&M operating margin was at 13.9 per cent despite Covid challenges and commodity price increase.

Farm Equipment Segment (FES) revenue stood at ₹5,319 crore. The tractor industry witnessed strong demand growth (39 per cent) during the quarter. The growth in company's volume (48 per cent) led to highest domestic market share in eight quarters (41.8 per cent). The farm business delivered the highest-ever first quarter profit before interest and taxes (PBIT) of ₹1,081 crore

Total vehicles sold aggregated to 85,858 units in Q1 FY22, up 190 per cent from 29,619 units sold in Q1 FY21. Total tractors sold rose 52 per cent to 99,127 units in Q1 FY22 from 65,195 units in Q1 FY21.

M&M AGM

Separately, Anand Mahindra Chairman Mahindra Group, said on Friday that the company is working on measuring the social impact the group creates as part of its ESG commitments.

"On the 75th anniversary of the Mahindra Group, we proudly commit that we will measure our social impact as rigorously as we measure our financials. We will compute our social impact, quantify it in financial terms and target its increase," Mahindra informed shareholders at the company's Annual General Meeting.

Business Line 13th August 2021

Hero MotoCorp Q1 net declines 72%

OUR BUREAU

New Delhi, August 12

The country's largest two-wheeler manufacturer Hero MotoCorp on Thursday reported a net profit of ₹249 crore for the first quarter ended June 30, a sequential decline of 72 per cent over net profit of ₹885 crore recorded during the fourth quarter of the last financial year.

Revenue from operations also declined by 37 per cent quarter-on-quarter (Q-o-Q) at ₹5,503 crore as against ₹8,690 crore in the previous quarter.

Lockdown impact

The company's operations and financial results were partially impacted by the lockdown announced by various State governments during the quarter.

On May 6, the Board of directors had recommended a final dividend of ₹35 per equity share (face value of ₹2 per share) for the financial year ended March 31, which together with the interim dividend of ₹70 per share, has been approved by the shareholders in the annual general meeting held on August 4, the company said in a statement.

On year-on-year (y-o-y) basis, the company reported net profit growth of 370 per cent as against ₹53 crore in a year ago period. Similarly, revenue also grew by 85 per cent y-o-y (against ₹2,969 crore) basis. The company said it sold 10.25 lakh units of motorcycles and scooters during the first quarter, which is decline of 35 per cent on Q-o-Q basis as compared with 15.68 lakh units in January-March quarter this year.

However, on y-o-y basis there is a growth of 81 per cent over the corresponding quarter (April-June) in the previous fiscal. "The first quarter of this fiscal has been adversely impacted by Covid-19. Despite the challenges, Hero MotoCorp achieved significant growth in both earnings and profitability compared to the corresponding quarter of the previous fiscal. The company improved its market share in the quarter by more than 200 bps over the full year of fiscal year 2021," Niranjan Gupta, Chief Financial Officer (CFO), Hero MotoCorp, said.

He said the commodity costs continued to rise, thereby impacting the industry margins adding that the company has taken judicious and measured pricing decisions, reducing the impact on the customers by offsetting part of the increase through the accelerated Leap-2 saving programme.

Shares of Hero MotoCorp closed at ₹2,782.65 apiece on the BSE on Thursday, down 0.17 per cent from the previous close.

Business Line 11th August 2021

Motherson Sumi Q1 profit down 57% sequentially

OUR BUREAU

New Delhi, August 10

Auto components manufacturers Motherson Sumi Systems Ltd (MSSL) on Tuesday reported a consolidated net profit of ₹368 crore for the first quarter ended June 30, a decline of 57 per cent on a sequential basis compared with ₹848 crore in the fourth quarter last year.

The company had posted a consolidated net loss of ₹1,121.60 crore in the same quarter last fiscal, MSSL said in a statement.

Consolidated total revenue from continuing operations stood at ₹16,157 crore during the April-June quarter, which is a decline of 5 per cent on quarter-on-quarter basis compared with ₹16,972 crore in the January-March period.

However, on the yearly basis, the revenue almost doubled from ₹8,348 crore (April-June 2020).

Production stopagge

During the quarter, the company said irregular production stoppages by original equipment manufacturers (OEMs) globally due to supply chain constraints impacted its

Vivek Chaand Sehgal, Chairman

profitability. Revenues were also impacted in India due to OEM production shutdown for the most part of May in the current quarter, the company said.

"We have witnessed many localised and unpredictable challenges such as lower OEM production due to unavailability of semiconductor chips, higher commodity and logistics costs, etc in this quarter. Despite challenging market conditions, the team has been able to deliver good results. We expect these headwinds to ease in the upcoming quarters as demand for personal mobility remains strong," Vivek Chaand Sehgal, Chairman, MSSL, said.

He said the supply chain disruptions due to semiconductor and other material shortages globally are likely to be headwinds for OEM production in the near term and are expected to improve from the second half of this year.

Group reorganisation

MSSL said its board of directors had on July 2, approved a group reorganisation plan which entailed demerger of the domestic wiring harness (DWH) business from it into a new company Motherson Sumi Wiring India Ltd (MSWIL).

Subsequently, Samvardhana Motherson International Ltd (SAMIL) would merge into MSSL to consolidate 100 per cent shareholding in Samvardhana Motherson Automotive Systems Group BV (SMRPBV) as well as to bring all auto component and allied businesses in SAMIL under MSSL.

MSSL said the demerger of DWH into MSWIL meets the regulatory criteria to be considered as a discontinued operation, hence DWH business has been disclosed as discontinued operations in consolidated financial results.

Shares of MSSL closed at 223.15 apiece on the BSE on Tuesday, down 3.36 per cent from the previous close.

The Times of India 7th August 2021

Tata Adv Systems to make fan cowls for Boeing 737

TIMES NEWS NETWORK

Mumbai: Tata Advanced Systems will now make fan cowls for the Boeing 737 aircraft, strengthening its association with the US aerospace major. Tata gave no financial details about the procurement contract from Boeing, but said it will supply 50% of the 737 fan cowl requirements from its Hyderabad facility from FY25.

Tata has multiple component supply deals with Boeing, for instance, it manufactures floor beams for all Boeing Dreamliner aircraft variants at its Nagpur facility. Additionally, it has a joint venture with the US company to manufacture fuselages for its Apache helicopters.

IN HYD PLANT

"This contract is a significant milestone in our partnership with Boeing," said Tata Advanced Systems MD Sukaran Singh. "Projects like these, with Boeing and other global aerospace companies, have helped build the company's capabilities such that today it has the ability to build an entire aircraft or helicopter at high rate production, to global quality, in India."

Fan cowl doors provide an aerodynamic surface over the fan case of the engine between the inlet and the thrust reverser and protect engine mounted components and accessories. There are two fan cowl doors around each engine.

Business Line 7th August 2021

Sona BLW Precision net profit up 37%

OUR BUREAU

New Delhi, August 6

Gurugram-based automotive technology company Sona BLW Precision Forgings (Sona Comstar) on Friday reported a consolidated net profit of ₹82 crore in the first quarter ended June 30, a jump of 36.70 per cent on sequential basis, compared to ₹60 crore recorded in the fourth quarter last financial year.

The company had reported a net loss of ₹4.6 lakh in the April-June quarter last fiscal.

Revenue from operations

However, revenue from operations during the quarter declined 7 per cent sequentially to ₹500 crore against ₹539 crore in the January-March quarter.

But, on a year-on-year (YoY) basis, the revenue jumped over 223 per cent compared with ₹155 crore in the April-June quarter 2020.

"Despite headwinds, we have delivered robust revenue growth and best-in-class profitability and return metrics. We continue to make significant progress on our strategic imperatives of increasing electrification, global market share, diversification, and product innovation. Our net order book stands at ₹14,000 crore as of June 30, of which 57 per cent is from EV," Vivek Vikram Singh, Managing Director and Group Chief Executive Officer, said in a statement.

Shares of Sona BLW closed at ₹411.85 apiece on the BSE on Friday, up 0.55 per cent from the previous close.

Business Line 10th August 2021

Hyundai to drive in 'N Line' range of sporty cars in India

OUR BUREAU

New Delhi, August 9

Hyundai Motor India Ltd (HMIL) on Monday announced the introduction of 'N Line' range of sportiness and fun driving cars for India.

Hyundai will introduce the first N Line model for India next month and it is most likely the i20 N Line, which has been seen testing on the Indian roads.

The N-Line trims are based on the existing product portfolio with engines tuned for performance. They also come with motorsports inspired styling as well as sporty sound note from the exhaust.

Hyundai currently sells the N Line series of cars in various countries in Europe, South Korea, US and Russia, among others. "As the country's leading smart mobility solutions provider, Hyundai has been redefining the mobility landscape with products that take customer aspirations to new heights. The introduction of our N Line range to India, will induce sporty experiences like never before, making every drives a fun experience with products that personify excitement and athleticism," SS Kim, Managing Director and Chief Executive Officer, HMIL said.

For new age buyers

With N Line, HMIL will continue to challenge new boundaries and introduce new cars that amplify the aspirations and personalities of new age Millennial and Gen Z buyers, he said.

The Times of India 10th August 2021

Skoda sees strong India sales in July

Shiladitya.Pandit
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Pune: Czech automaker Skoda has said that its July sales in India increased by triple digits on strong bookings and interest in its new SUV range Kushaq. The firm looks to facelift its existing models in the country and introduce a new sedan by the end of 2021.

Over the same month in 2020, Skoda's India sales rose by 234%, standing at 3,080 cars sold. Sequentially, the jump was even higher, by a margin of 320%, with June seeing 734 units sold. Skoda's new SUV offering Kushaq, priced at a mid-to-premium range, will be manufactured at Volkswagen-Skoda's Chakan plant.

The company has said that up to 95% of the production of the vehicle has been localized, which has helped the firm avoid supply and import difficulties over the past year due to the pandemic.

"Kushaq was launched with the vision of substantially growing our volumes in India, and it is very encouraging to see our plan taking shape. Despite a challenging environment, we have managed to have a really successful launch, which is in line with our strategic focus and volume expectations," said Zac Hollis, Skoda India's brand director.

Skoda said that it was pushing forward with facelift to other models in the Indian market, such as the Superb and the Rapid, and also designing and possibly launching a new sedan for the Indian market by the end of this year. The company will also launch a design contest for the car in August.

Business Line 11th August 2021

Pricol posts ₹2-cr PAT in Q1

OUR BUREAU

Chennai, August 10

Pricol Ltd, a manufacturer of auto parts and precision engineered products, reported standalone net profit of ₹2 crore for the quarter ended June 30 compared with a loss of ₹29 crore in the year-ago quarter.

Its operational EBITDA stood at ₹33 crore against ₹2 crore in the year-ago quarter. Revenue from operations grew significantly to ₹293 crore compared to ₹104 crore.

Profit before tax for the June quarter stood at ₹4 crore against ₹31-crore loss in June 2020 quarter.

"We are going through challenging times in the automotive industry thanks to the lockdowns due to the pandemic compounded by acute shortage of electronic components globally which is taking its toll on the company's performance. Nevertheless, with prudent cost control and continual new business wins we are confident of delivering above market growth rates and maintaining the bottom lines," Vikram Mohan, Managing Director, Pricol Ltd, said in a statement.

"Loss of sales due to potential further lockdowns and shortage of electronic components we believe will continue to impact the automotive industry for a few more quarters. But we remain bullish about the mid to long term prospects for our company due to the new business wins, especially in the electric vehicle (EV) area and growth in market share of the company, he added.

Business Line 13th August 2021

Sundram Fasteners net profit soars to ₹113 crore in Q1

OUR BUREAU
Chennai, August 12

Auto parts maker Sundram Fasteners reported net profit of ₹112.55 crore for the quarter ended June 30, compared with a net loss of ₹23.48 crore in the year-ago quarter.

The EBITDA for Q1 was at ₹192.88 crore against ₹12.99 crore. The company posted and sustained a higher EBITDA percentage on revenue from operations at 20.5 per cent. This was due to stringent cost control measures and a strong operating performance, according to a statement.

"Despite the challenges posed by the second wave of the pandemic during the first quarter of FY2022, we managed to deliver a strong operating performance by judiciously planning our manufacturing and at the same time ensuring the health and safety of our people," said Arathi Krishna, Managing Director, Sundram Fasteners Ltd. Revenue from operations stood at ₹938.81 crore (₹276.73 crore).

Arathi Krishna, MD

Domestic sales

Domestic sales were at ₹559.93 crore (₹132.85 crore). Export sales rose to ₹356.33 crore (₹135.02 crore).

Finance cost was lower at ₹4.17 crore (₹7.91 crore) due to sharp reduction in borrowings during the quarter, attributable to the efficient working capital management and improved operating performance.

"The gradual opening up of the economy from the second quarter of FY2021 helped create an upward trend in demand as OEMs ramped up their production levels. However, the second wave of Covid-19 did cause pressure on the automotive sector. This proved to be a challenge for several OEMs across the country, forcing them to cut production or suspend operations temporarily. Despite this, the cost and efficiency improvement measures enabled the company to sustain its operating and net margins," she added.

On a consolidated basis, the company's net profit stood at ₹120.49 crore against net loss of ₹25.43 crore in the year-ago quarter. Its consolidated revenue grew to ₹1,112.43 crore (₹373.17 crore).

Business Line 5th August 2021

Wheels India expects export momentum to remain strong

Domestic business should recover in second half of this fiscal, says Chairman

OUR BUREAU
Chennai, August 4

The positive trend for export of auto parts continues even as the domestic vehicle market is in the process of recovery, said S Ram, Chairman of Wheels India.

"The growth in the global economy and opportunities in front of the company are likely to ensure that this positive trend will continue. While our export business will grow, the domestic business should recover in the second half of the year," said Ram while addressing shareholders at the 62nd AGM, virtually.

"One of the important developments in FY21 was that the company had been able to increase its exports as a percentage of its sales to over 25 per cent," he added.

He said the passenger vehicle market would show reasonable growth this year. "The increasing adoption of aluminium wheels on passenger vehicles will limit the growth of steel passenger car wheels. Wheels India has started production of cast aluminium wheels at the new plant in Thervoy Kandigai, near Chennai and started export of these wheels to the US market. Also, we are seeing a strong demand for forged aluminium wheels in export markets," he added.

S Ram, Chairman of Wheels India

Tractor on strong ground

The company expects agri equipment such as tractors to maintain growth momentum during this fiscal. "We see an opportunity for Wheels India to grow in its export of tractor wheels this year," he added.

The construction equipment market where Wheels India is a supplier of wheels globally too is likely to grow this year.

However, air suspension business had been badly affected in FY21 due to the pandemic and the reluctance of people to use mass transport. "The bus segment's recovery would depend to a great extent on how effectively the third wave is managed in our country," he felt.

Wind energy business

Wheels India has become an important supplier to the global wind energy business, manufacturing a number of structural components to the industry.

The company, a leading manufacturer of wheels for trucks, buses, agricultural tractors, construction equipment, utility vehicles and passenger cars with an overall annual capacity of 10.3 million wheels, has made significant investments in new growth areas and hopes to benefit from that with the return to growth this year.

Business Line 5th August 2021

Business Standard 7th August 2021

TVS Automobile may partner used-car firms

SHINE JACOB
Chennai, 6 August

After the recent acquisition of Mahindra First Choice (MFC), India's largest automotive aftermarket player TVS Automobile Solutions (TVS ASPL) is looking to rope in second car platforms, such as Mahindra First Choice Wheels, Spinny, Cars24, CarWale and CarDekho, for strategic tie-ups, and integrate them with the firm's digital platform KiMobility.

As part of its expansion drive under KiMobility, the firm is planning to expand to overseas markets like the UK. The Chennai-based firm has said it is already in talks with a couple of players in the used-car business. TVS ASPL is part of the $8.5 billion TVS Group.

TVS Automobile Solutions had launched its new subsidiary Ki Mobility Solution (an online to offline digital platform) in November 2020

TVS Automobile Solutions had launched its new subsidiary Ki Mobility Solution (an online to offline digital platform) in November 2020. Later, the new entity raised ₹85 crore from investors such as Pratithi Investment Trust (represented by its trustee and Infosys co-founder Kris Gopalakrishnan) and SeaLink Capital Partners (SCP). Through KiMobility, TVS ASL is looking to capture a larger market share in the $10-billion automotive after-market, which is largely unorganised through the presence of 500,000 garages, by playing the role of an aggregator.

"We are talking to a couple of used car platforms for strategic partnerships. If any of our customers wants to sell their car, they can sell it through their platform and the buyer can come to us for service. But we will not get into the used-car business. Our objective is to partner these platforms that can use our infrastructure and technology," said G Srinivasa Raghavan, MD, TVS Automobile Solutions.

Currently, KiMobility is present in 12 cities and has set a target of expanding to 140 cities in the country by March 2022. It also has plans to expand the customer base from 3 million now to 5.5 million by 2022 and 10 million by 2023.

Maruti says out of chips, may temporarily shut Haryana plants

S RONENDRA SINGH
New Delhi, August 4

Maruti Suzuki India (MSIL) has said that it may soon run out of semiconductors at the Manesar and Gurugram plants in Haryana. This may result in the company incuring a loss of ₹1,500-1,700 crore this month.

MSIL on Wednesday said it has been informed by its contract manufacturer, Suzuki Motor Gujarat Private Limited (SMG), that semiconductor production will be partially impacted this month.

"...we may run into difficulty in Haryana plants also... managing so far, but there is no guarantee for any period of time anywhere. It is such a difficult situation... the chip (semiconductor) problem is globally is not likely to disappear in less than six months," Maruti chairman RC Bhargava told *BusinessLine*.

He said it is not clear how long this situation would last, and till things improve, production across the industry would be affected with temporary shut downs, too.

Cutting down on shifts

SMG has three plants in Gujarat that manufacture three best selling cars – Baleno, Swift and Dzire. The company makes around 3,000 cars a day at each plant. SMG produced 6.50 lakh cars last year.

"SMG will tentatively not carry out production on the three Saturdays (August 7, 14 and 21)... Some lines may see temporary reduction from two to one shift," the company said in a filing to stock exchanges on Wednesday.

Business Standard 13th August 2021

Vinod Dasari resigns as Royal Enfield CEO

Eicher drives in Q1 profit at ₹237 cr

SHINE JACOB
Chennai, 12 August

Eicher Motors on Thursday posted a consolidated net profit of ₹237 crore during the first quarter of 2021-22 (FY22), compared with a loss of ₹55 crore during the same period in the preceding financial year (2020-21, or FY21).

The auto major's total revenue for the April-June period of FY22 was seen at ₹1,974 crore, up 141 per cent, compared with ₹818 crore in the corresponding quarter of FY21.

The company announced a change in its senior leadership, with Vinod K Dasari stepping down as chief executive officer of Royal Enfield — a division of Eicher Motors — and executive director (ED) on the board of Eicher Motors, with effect from August 13. He will be replaced by B Govindarajan, who has been the chief operating officer at Royal Enfield since 2013. Govindarajan will be inducted as whole-time director on the board and ED-Royal Enfield, with effect from August 18.

Vinod K Dasari steps down as CEO of Royal Enfield and executive director on the board of Eicher Motors, with effect from August 13

Dasari is planning to dedicate his time to building affordable and accessible health care facilities. He had recently started a not-for-profit hospital in Chennai.

The rise in Eicher Motors' profit was largely due to an increase in sales. Royal Enfield sold 122,170 motorcycles in the quarter, an increase of 109 per cent, from 58,383 motorcycles sold over the same period last year. The company's earnings before interest, tax, depreciation, and amortisation was ₹363 crore, against ₹4 crore in the same quarter of the previous financial year.

Siddhartha Lal, managing director of Eicher Motors, said, "The second wave did impact business. In India, our bookings saw an uptick in June, as local lockdowns and restrictions were gradually lifted across the country. The global shortage of semiconductors continues to be a concern, and is likely to hamper production for the ongoing quarter, and possibly through the rest of the year as well."

Lal said the company will see an uptick in supply and production in the upcoming quarters and the demand situation seems promising. The company has also lined up a capital expenditure plan of around ₹500 crore, similar to the previous financial year. Royal Enfield expanded its presence in international markets and commenced operations in Singapore and the Netherlands with the launch of standalone flagship stores.

Business Line 13th August 2021

Ashok Leyland loss narrows to ₹282 cr in Q1; revenue grows to ₹2,951 crore

OUR BUREAU
Chennai, August 12

Hinduja flagship Ashok Leyland reported a lower net loss of ₹282 crore for the quarter ended June 30, compared to a net loss of ₹389 crore in the corresponding quarter of the previous year, as the commercial vehicle industry recovers from the impact of the pandemic.

Its revenue grew to ₹2,951 crore against ₹651 crore in Q1 of the previous fiscal.

"The industry has seen signs of volume recovery in Q1 FY22 over the same period last year, and we expect this trend to continue going forward. We have worked to improve our businesses and ensured a strong focus on reining in costs this quarter," said Vipin Sondhi, MD & CEO, Ashok Leyland.

While its total income stood at ₹2,964 crore, its total expenses were at ₹3,345 crore (including ₹2,233 crore raw material costs and services).

Vipin Sondhi, MD and CEO

The company's loss before exceptional items and tax stood at ₹381 crore against a loss of ₹548 crore in the year-ago quarter.

Volumes picking up

"With our volumes picking up on account of our versatile product offerings, our robust cost initiatives have helped us improve our bottom line. Revenue from our other businesses like power solutions, defence and digital customer solutions, have also contributed increasingly, improving our revenue potential. We will continue to nurture our growth businesses, while we keep our focus on cost initiatives and converting the receivables and inventory to cash," said Gopal Mahadevan, Director & CFO, Ashok Leyland.

The company's total domestic medium and heavy commercial vehicle volumes (including trucks and buses) stood at 7,860 units against 723 units, while LCV sales grew to 8,690 units from 2,686 units.

"We expect the commercial vehicles segment to outperform strongly on a low base and cyclical recovery in FY22," said Mitul Shah, Head of Research, Reliance Securities.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 14th August 2021

Scrappage policy will redefine automobile sector: PM Modi

Sees investments of ₹10,000 cr; win-win for all, says industry

RUTAM VORA/S RONENDRA SINGH

Ahmedabad/New Delhi, August 13

Prime Minister Narendra Modi

Wealth from waste

- India to become automobile scrapping hub for South-East Asian region.
- The Kandla Port on the Kutch coast can be utilised to generate economic benefits from scrapping of the vehicles from Bangladesh, Bhutan, Nepal, Myanmar, Maldives and Sri Lanka
- Gujarat Govt signs six MoUs for vehicle scrapping facilities
- Gujarat, currently an automobile hub, aspires to capitalise on its existing ecosystem to emerge a vehicle scrapping hub of the country

With the launch today of the National Automobile Scrappage Policy, India moved to a waste-to-wealth phase in the automobile sector, with spin-off benefits for ancillary industries.

Prime Minister Narendra Modi, while virtually launching the policy at an Investor Summit in Gandhinagar on Friday, hinted that the policy would attract fresh investments worth ₹10,000 crore towards the development of scrapping infrastructure. It will redefine country's mobility and automobile sector, he said.

"In the 21st Century, India needs to aim for clean, congestion free, and convenient mobility that will bring positive results in the lives of every citizen. The policy is an important link to achieve the circular economy of waste-to-wealth and energise India's auto sector and metal sector with the principle of reuse, recycle and recover," Modi said.

5% concession

The policy incentivises scrapping unfit vehicles with tax concessions and registration fee waivers, etc., for new purchases. Union Transport Minister Nitin Gadkari also hinted that car makers may be urged to offer 5 per cent concession to those producing a scrappage certificate of an old vehicle.

Auto industry veterans lauded the move, terming the scrappage policy a panacea that will also generate jobs in the auto ancillary/scrappage space.

Girish Wagh, Tata Motors' Executive Director & President - Commercial Vehicle Business, termed it a historic step for the company to participate in the vehicle scrapping space. "Appropriate scrapping of end-of-life vehicles will have sustained benefits for the ecosystem stakeholders and the environment alike. Tata Motors is setting up a Registered Vehicle Scrapping Facility (RVSF) in Ahmedabad to recycle up to 36,000 vehicles a year. An MoU for the same was signed on Friday with the Gujarat Government," he said.

Renault India CEO & MD Venkatram Mamillapalle said: "This policy will provide the much-needed impetus in countering the old methods of scrapping, which were counterproductive. The (policy) framework augurs greater investments and will significantly prune the raw material cost and support refurbishment of sheet metal recycling."

Sector analysts, however, maintained that the effective implementation of the policy would depend on the States that would need to workout financial incentives such as waiver of registration charges and road tax concessions, as promised in the policy.

Terming the policy a win-win for all stakeholders, Arindam Guha, Partner and Leader (Government and Public Services), Deloitte India, said, "States, which are early adapters, are likely to capture a higher share of investments and economic benefits."

By government estimates, India has about one crore cars without valid fitness parameters, adding to the pollution and fuel costs.

Channelising used materials

The new policy would channelise the used materials — copper, aluminium, steel, rubber and plastic — back into production. "We aim for maximum recovery up to 99 per cent. This will increase availability of materials and reduce costs by up to 40 per cent for raw materials, thereby fuelling India's competitiveness globally," said Gadkari, adding that improved sales globally will fetch spill-over benefits for the Centre and States in terms of projected GST earnings of ₹40,000-50,000 crore and ₹30,000-40,000 crore, respectively.

Business Line 13th August 2021

Renewable energy capacity touches 1 lakh MW

M RAMESH

Chennai, August 12

There has been a marked increase in new capacity additions of wind and solar, particularly rooftop solar, in the first quarter of FY21. Total renewable energy capacity in the country was, as of July 31, a shade under the 1-lakh MW mark, which means it could have well touched the mark as of today.

Notably, the achievement in the three-month period accounts for 50 per cent of the target for the year.

What stands out starkly is the performance of the rooftop solar sector, where the achievement of 1,924.44 MW is 96.2 per cent of the annual target. After languishing for years, the rooftop solar subsegment has perked up, with total grid-connected installations at 5,099 MW.

Animesh Damani, Managing Partner, Artha Energy Resources, a solar consultancy, says rooftop solar growth is due to a spike in government tenders in 2020 and increased demand from commercial and industrial (C&I) segment. "We have also witnessed a surge in customer confidence towards the rooftop solar offerings, primarily due to the increased awareness of the cost savings and environmental impact," Damani told *BusinessLine*.

Renewable energy sector performance (in megawatts)

	April – July 2021	Up to July 31, 2021
Wind	1,503	39,588
Solar – ground mounted	3,533	37,545
Solar – Rooftop	1,924	5,099
Total*	**7,356**	**98,883**

*includes others such as biomass and small hydro

Net-metering

If the government's policy on net-metering is more conducive, India could see rooftop installations of 5GW annually, says Damani. Various State governments have put restrictions on net-metering, affecting rooftop solar's viability.

Net metering is the system of netting-off any sale of surplus energy from a solar plant against the plant owner's consumption. The safeguard duty on imports from China has expired and the 40 per cent basic customs duty on solar modules will kick in from April 2022. So, for developers, there is a duty-free window at the moment. This is one of the reasons for the perk-up in solar installations.

Historic milestone

With these installations, India's cumulative renewable energy capacity, at 98,882.73 MW, accounts for 25.2 per cent of the country's total energy capacity, crossing the 25 per cent mark for the first time. This, it must be pointed out, is not all of non-fossil fuel energy, because it doesn't count the large hyrdo capacity, which is another 46,367 MW. Together with wind and solar, total non-fossil fuel-based electricity installed capacity accounts for 37.54 per cent of the total installed capacity of 3,86,888.15 MW.

It is pertinent to note that in the 2015 Paris Agreement, one of the three commitments of India was that by 2030, 40 per cent of its electricity capacity would be of non-fossil fuels.

Business Line 5th August 2021

'Amended Limited Liability Partnership Act will help start-ups and CAs'

Bill will improve ease of doing biz

OUR BUREAU

New Delhi, August 4

The Rajya Sabha on Wednesday passed the Limited Liability Partnership (Amendment) Bill with a brief debate of 20 minutes.

Asserting that it is a "very timely Bill", Finance Minister Nirmala Sitharaman said it will help start-ups, professional limited liability partnerships, chartered accountants and cost accountants.

"All of them will be benefited by ease of doing business," Sitharaman said.

The Opposition members were protesting a discussion on Pegasus Spyware issue during the debate started at 2 pm on Wednesday.

The Bill will decriminalise 12 offences under the law and help to improve ease of doing business by amending the Limited Liability Partnership (LLP) Act, 2008. Sitharaman said in the Statement of Objects and Reasons of the Bill that it was brought in view of the constant endeavour of the Centre to facilitate greater ease of living to law abiding corporates and to decriminalise certain provisions of the LLP Act.

Amendments

The amendments include introduction of the concept of "small limited liability partnership" in line with the concept of "small company" under the Companies Act, 2013.

It also amends certain sections of the Act so as to convert offences into civil defaults and to convert the nature of punishment provided in the said sections from fines to monetary penalties.

A new section 34A will be inserted to empower the Centre to prescribe the "Accounting Standards" or "Auditing Standards" for a class or classes of limited liability partnerships.

Section 39, in amended form, will deal with "compounding of offences" to authorise the Regional Director to compound any offence under this Act which is punishable with fine only.

New section 67A empowers the Centre to establish "Special Courts" for providing speedy trial of offences under the Act.

Business Line 12th August 2021

RoDTEP rates likely to be notified by tomorrow: Secretary

Goods exports may touch $1 trillion and services exports $700 billion by 2027-28

OUR BUREAU

New Delhi, August 11

Rates under the government's new scheme for remitting input taxes on exports may be finally notified this week, bringing an end to exporters' long wait since January 1 this year.

"Probably by Friday (August 13), we should notify the rates for the Remission of Duties and Taxes on Export Products (RoDTEP) scheme," Commerce Secretary BVR Subrahmanyam said while speaking at the CII's Annual Meeting on Wednesday.

By 2027-28, goods exports from the country can touch $1 trillion while services exports could be to the tune of $700 billion, the Secretary pointed out, stating that the calculations were based on an analysis carried out by his Ministry.

The detailed data analysis of exports, carried out by the Commerce Ministry, focussed on about 31 commodity groups being exported to roughly 200 countries based on which export targets have been set, Subrahmanyam said "I guess by then (2027-28), our economy would have grown to $5 trillion. That means 35 per cent of the economy would be traded. That puts us at par with the best economies of the world like the EU, the US and Japan," he pointed out.

RoDTEP Scheme

Elaborating on the RoDTEP Scheme which was notified on January 1 2021 to replace the Merchandise Export from India Scheme, which was incompatible with WTO norms, Subrahmanyam said it will ensure that exporters receive refunds on the embedded taxes and duties, previously non-recoverable.

RoSCTL is also to be immediately notified by the government, Commerce Secretary said

The Secretary added that a similar scheme for remission of input taxes for exporters of textile products, the Rebate of State and Central Taxes and Levies (RoSCTL), is also to be immediately notified by the government.

"It (the schemes) brings in a good set of incentive for exporters which would be much higher than what anybody else gives. So, this should give a big boost to our export sector," he said.

The five-year Foreign Trade Policy will cover the Production Linked Incentive (PLI) Scheme and is to be notified by the end of August. It will be launched by mid-September so that export and manufacturing can be seamless. India's exports have been fluctuating between $290 billion and $330 billion over the last ten years and the time has now come to make the big leap, the Secretary added. For 2021-22, a target of $400 billion has been set based on the analysis carried out by the Commerce Ministry.

The Secretary also stated that the authorities were working on promoting 'Brand India' that would help establish India as a global manufacturing hub; focus wpuld also be on improving the policies for SEZs by undertaking measures such as de-notifying the spaces which are currently empty.

Business Line 12th August 2021

'New foreign trade policy to promote e-comm, GIs, district hubs, SEZs, R&D'

Official says incentives will be WTO-compatible

AMITI SEN

New Delhi, August 11

The new five-year Foreign Trade Policy, scheduled to be in place from October this year, is likely to focus on promoting e-commerce, geographical indication (GI) products, district export hubs initiative, special economic zones, and research & development, an official tracking the development said.

The new incentives given to the industry will not be in the form of direct export sops as these are disallowed by the World Trade Organisation. "The Centre has done away with some export schemes, like the Merchandise Export from India Scheme that are facing problems at the WTO. The new initiatives will all be WTO-compatible," the official told *BusinessLine*.

However, some existing schemes like the Export Promotion Capital Goods (EPCG) scheme, which allows exporters to import certain capital goods used in manufacturing without paying duties subject to specified export obligation, could continue despite being challenged at the WTO.

"Exporters need continuity. Already the MEIS has been junked and is being replaced by a new scheme which is causing adjustment pains. That is why an important scheme like EPCG may be allowed to continue for some time to help exporters deal with the changing situation and ensure that export targets are met," the official added.

Export target

Commerce Minister Piyush Goyal earlier talked about reaching an export target of $1 trillion in five years which could be the official goal for the five-year FTP. With exports on a high growth track in the

Commerce Ministry set an export target of $400 b for FY22

on-going fiscal, the Commerce Ministry has set an ambitious target of $400 billion for 2021-22.

"The Commerce Ministry is in consultations with the industry and various export bodies on ways to develop export capability. E-commerce, GIs, district export hub and R&D are some of the areas where the government wants to focus," the official said.

The district export hubs initiative will form an important component of the new FTP under which around 700 districts will be identified to become export hubs with a focus on select products. "The Centre and States will together address bottlenecks for exporting these products, help local producers scale-up manufacturing, and find potential buyers outside India," the official said.

Mapping of products that have gained GI tag — a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin — and using e-commerce to market them effectively within the country and globally is also likely to feature in the FTP.

"The FTP will push e-commerce in a big way to help producers of niche items and GI products located in various corners of the country to be able to market their items to the world. There is likely to be a separate chapter for this," the official said. The DGFT is looking at various recommendations such as reducing compliance burden on MSMEs, among others, according to the official.

The Economic Times 4th August 2021

India Inc Seeks Clarity Over ITC on CSR Spends

Allowing input tax credit will require change in law, GST Council's review

Deepshikha.Sikarwar
@timesgroup.com

New Delhi: With India Inc opening up purse strings during the pandemic to provide medical equipment and aid, non-availability of input tax credit (ITC) on goods purchased as part of corporate social responsibility is again in focus.

Industry has petitioned the finance ministry on the issue, seeking clarity on availability of input tax credit on goods purchased as part of the CSR spending. Industry has pitched for relief arguing that the CSR spending was a mandatory business expense.

The government is examining the issue, an official said, adding that the provision was clear in terms of non-availability of the credit. The government could issue a further clarification on the matter, the official said, adding that any relief would require change in the law and would have to be taken up by the GST Council.

ITC can be claimed under GST only if the output supply is taxable. It cannot be availed of on gifts or free samples. The industry has argued that these were not free, and were carried out as part of activity mandated by the government for furtherance of business.

"CSR activity is an integral part of business activity of a company and hence credit needs to be allowed on goods and services used for that purpose," said Bipin Sapra, partner, tax & regulatory services, indirect tax, Ernst & Young LLP. Rulings from the Authority for Advance Rulings — including the one in April from UP AAR allowing input tax credit on CSR spend — have added to the confusion.

Business or Responsibility?

Input tax credit can be claimed under GST only if output supply is taxable

Industry says all CSR activity mandated by govt for furtherance of business

WHAT'S THE LAW?

Mandate to spend at least 2% of average net profit made in preceding three fiscals on CSR for...

Cos with net worth of ₹500 crore or more

Turnover of ₹1,000 crore or more

Net profit of ₹5 crore or more

Govt has eased CSR rules to encourage cos to spend on aiding Covid healthcare

Business Line 2nd August 2021

Anti-dumping duty on PTFE from Russia to stay

KR SRIVATS

New Delhi, August 1

The Finance Ministry has extended by one month the validity of the anti-dumping duty on 'Polytetrafluoroethylene' (PTFE) imports from Russia. The anti-dumping duty will now lapse on November 30 as against October 31 specified earlier, according to the revenue department.

The latest move follows the Directorate General of Trade Remedies (DGTR) in the Commerce Ministry requesting for further extension of the anti-dumping duty on PTFE imports from Russia.

PTFE is primarily used in electrical, electronic, mechanical and chemical industries for its unique characteristics like chemical inertness, electrical and thermal insulation and outstanding electrical properties over wide frequency range.

It maybe recalled that Finance Ministry had in June 2016 levied a definitive anti dumping duty of $739.77 per tonne on PTFE imports from Russia for a period of five years. This duty was to lapse on June 5 this year, but was extended to October 31 after the initiation of the fourth sunset review investigations by the DGTR in February for continued imposition of anti-dumping duty. The DGTR had recommended extension of anti dumping duty in the wake of initiation of sunset review investigations.

Gujarat Fluorochemicals Limited had filed a petition seeking fourth sunset review investigation on PTFE imports from Russia.

Business Line 10th August 2021

Govt 'mulls slashing import duties on electric vehicles'

REUTERS

New Delhi, August 9

India is considering slashing import duties on electric cars to as low as 40 per cent, two senior government officials told Reuters, days after Tesla Inc's appeals for a cut polarised the country's auto industry.

For imported electric vehicles (EVs) with a value of less than $40,000 — including the car's cost, insurance and freight — the government is discussing slashing the tax rate to 40 per cent from 60 per cent presently, the officials told Reuters.

For EVs valued at more than $40,000, it is looking at cutting the rate to 60 per cent from 100 per cent, they said.

"We haven't firmed up the reduction in duties yet, but there are discussions that are ongoing," one of the officials said.

Tesla, in its pitch to the government — first reported by Reuters in July — argued that lowering import duties on EVs to 40 per cent would make them more affordable and boost sales.

Even so, the government is in favour of a cut if it can see companies such as Tesla providing some benefit to the domestic economy — manufacture locally, for example, or give a firm timeline on when it would be able to, one of the officials said.

"Reducing import duties is not a problem as not many EVs are imported in the country. But we need some economic gain out of that. We also have to balance the concerns of the domestic players," the official said.

The second official said that since the duty cut is being considered only for EVs and not other categories of imported cars, it should not be a concern for domestic automakers that mainly manufacture affordable gasoline-powered cars.

WORLD AUTOMOBILES

Business Standard 6th August 2021

Biden sets US goal for clean cars to be half of 2030 sales

ARI NATTER AND KEITH LAING

5 August

US President Joe Biden plans to call for half of all vehicles sold in the US to be capable of emissions-free driving by the end of the decade, an ambitious goal that automakers say can only be achieved with bigger government investment in charging stations and other infrastructure.

Biden will be joined at the White House Thursday by representatives of Detroit automakers and the United Automobile Workers union as he unveils an executive order establishing the goal for half of all cars sold to be battery-electric, plug-in hybrid or fuel cell-powered by 2030, according to senior administration officials and a White House fact sheet.

"These new actions — paired with the investments in the president's Build Back Better Agenda — will strengthen American leadership in clean cars and trucks by accelerating innovation and manufacturing in the auto sector, bolstering the auto sector domestic supply chain, and growing auto jobs with good pay and benefits," the White House said in a statement.

Biden will also announce his administration is crafting greenhouse gas-reduction standards and fuel economy requirements for vehicles, including medium-duty and heavy-duty trucks, according to the White House. The mandates are a centerpiece of Biden's climate plans and mark his administration's first major effort to use regulation to stem planet-warming greenhouse gases. Federal agencies are developing additional rules targeting methane emissions from oil wells and carbon dioxide releases from power plants, after the Trump administration relaxed requirements. Automakers say they are counting on the government's help to meet the new vehicle goals, even as some environmentalists said they were not tough enough to confront ecological distress in the form of droughts, forest fires and melting arctic ice. The transportation industry accounts for the largest share of US greenhouse gas emissions, according to data from the Environmental Protection Agency.

▶ The Biden admin also is expected to announce proposed federal fuel economy standards through the 2026 model-year Thursday that build on California's tougher regulations

▶ Big investment in charging stations needed, say carmakers

▶ White House sees plan boosting domestic jobs and supply chain

'A Dramatic Shift'

"This represents a dramatic shift from the US market today that can be achieved only with the timely deployment of the full suite of electrification policies committed to by the administration," Ford Motor Co., General Motors Co. and Stellantis NV said in a joint statement. "Our recent product, technology, and investment announcements highlight our collective commitment to be leaders in the US transition to electric vehicles."

UAW President Ray Curry said in a statement released by the White House that the effort is needed to "build the vehicles of the future." Electric vehicles represented only 2 per cent of passenger-car sales in 2020, according to an analysis by *Bloomberg*NEF. "We are falling behind China and Europe as manufacturers pour billions into growing their markets and expanding their manufacturing," Curry said.

BLOOMBERG

US trade deficit jumps to record high in June on strong import growth

The US trade deficit surged to a record high in June as efforts by business to rebuild inventories to meet robust consumer spending drew in more imports. The Commerce Department said on Thursday that the trade gap increased 6.7 per cent to $75.7 billion in June, an all-time high. Economists polled by *Reuters* had forecast a $74.1 billion deficit.

Goods imports rose 1.8 per cent to $239.1 billion, also a record high. Exports of goods gained 0.2 per cent to $145.9 billion in June, an all-time high.

REUTERS

Business Line 12th August 2021

Great Wall Motor set to shift some India investment to Brazil after approval delays

Move follows increased scrutiny on Chinese investments after border row

REUTERS

New Delhi/Beijing, August 11

Great Wall Motor has decided to re-allocate to Brazil a portion of its $1-billion investment in India, as a year-long delay in winning government approvals unnerved the Chinese auto maker, three sources told Reuters.

The re-allocation, which could range up to $300 million, comes as the sources said the maker of popular sport-utility vehicles (SUVs) and pick-ups was close to acquiring a former Daimler plant in Brazil to build cars. Great Wall has also tasked James Yang, its India president since last year, with the responsibility of assisting with operations in the Latin American nation, said the sources, who have direct knowledge of the matter.

"Brazil is almost a done deal and it did not make sense to keep the funds blocked for India," said one of the sources.

Great Wall's move is a fallout of India's decision in April 2020 to more closely scrutinise investments from China, the sources said, as part of a crackdown that followed a border clash between the two Asian giants.

Two months ago, amid the fanfare of India's biennial car show, Great Wall said it would invest $1 billion to build cars there by buying a former General Motors (GM) factory, as well as making batteries and car parts. Two of the sources said the re-allocated funds, budgeted by Great Wall for India since 2020, would mainly have been used to buy GM's factory, a cost that sources had earlier put at about $300 million.

Great Wall declined to comment. The Indian government did not immediately reply to an e-mail seeking comment.

Delayed approvals

The step highlights growing nervousness and impatience among Chinese investors, who have seen roughly 150 investment proposals worth more than $2 billion held up by India's slow approvals process, according to industry estimates.

PRESS REPORTS
ON
ECONOMY

Times of India 7th August 2021

RBI sees inflation rising but holds rates to fuel growth

Retains FY22 GDP Forecast At 9.5% | One MPC Member Dissents

TIMES NEWS NETWORK

Mumbai: The RBI on Friday kept key interest rates unchanged and the monetary policy committee (MPC) vowed to persist with an easy stance as long as necessary to revive and sustain growth and continue to mitigate the impact of Covid on the economy.

The decided to keep the policy repo rate (the rate at which the RBI lends money to commercial banks) unchanged at 4%. It also retained the GDP forecast for FY22 at 9.5%, while raising the inflation forecast to 5.7%, stating that it expects the pressure to ease on the prices front with the arrival of the kharif crop and the impact of the supply side measures. This is the seventh consecutive meeting when the RBI has kept rates unchanged.

"The outlook for aggregate demand is improving, but the underlying conditions are still weak. Aggregate supply is also lagging below pre-pandemic levels. While several steps have been taken to ease supply constraints, more needs to be done. The recent inflationary pressures are evoking concerns; but the current assessment is that these pressures are transitory and largely driven by adverse supply side factors," RBI governor Shaktikant Das said in his policy statement.

"The conduct of monetary policy during the pandemic has been geared to maintain congenial financial conditions that nurture and rejuvenate growth. At this stage, therefore, continued policy support from all sides — fiscal, monetary and sectoral — is required to nurture the nascent and hesitant recovery," said Das.

The implication for borrowers is that there is not much scope for interest rates to come down, barring some pass-through of earlier cuts by lenders. The RBI has cut the repo rate by 250 basis points (100bps = 1 percentage point) since February 2019 and banks have responded with a 217bps cumulative decline in their weighted average lending rate.

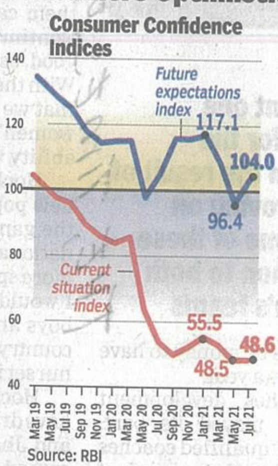
Das said that the country was in a much better position than it was in June 2021 but advised caution. "The need of the hour is not to drop our guard and to remain vigilant against any possibility of a third wave, especially in the background of rising infections in certain parts of the country," he said.

Announcing the MPC decision, Das said that members were unanimous on retaining the repo rate at 4%. However, one member, J R Varma, voted against the proposal to continue with the 'accommodative' stance. "The decision of keeping the repo rate unchanged along with maintaining of accommodative stance is on expected lines as low-interest rates are critical to an economic revival," said S S Mallikarjuna Rao, MD & CEO, Punjab National Bank.

Das said that the new variable rate reverse repo, which could soak up a large part of liquidity was not a reversal of the accommodative phase. He said that the policy had to be nuanced as it had to address conflicting objectives. On the action against Mastercard, Das said that it was to ensure compliance with RBI norms.

Consumers Optimistic About Future: Survey

Consumer Confidence Indices



Source: RBI

One year ahead expectations compared with current situation

	May 2021	July 2021	Change
Economic Situation	-18.3	-4.8	↑
Employment	-13.0	0.9	↑
Price level	-64.3	-59.5	↑
Income	27.0	30.6	↑
Spending	50.9	52.8	↑
Consumer Confidence Index	96.4	104.0	↑

↑ Negative sentiments with sign of improvement compared to last round

↑ Positive sentiments with sign of improvement compared to last round

Business Standard 7th August 2021

PM unveils plan to boost exports

Says India needs a seamless, high-quality supply chain and low-cost logistics to expand exports

SHREYA NANDI
New Delhi, 6 August

Prime Minister Narendra Modi on Friday spelt out a strategy to boost export of goods from India, a move aimed at lifting a sagging economy amid the outbreak of Covid.

Interacting with the heads of Indian Missions abroad and stakeholders of trade and commerce virtually, Modi pointed out four factors that are very important for accelerating outward shipments from India.

These include increasing domestic manufacturing, ironing out problems of transport, logistics, need for the Centre and state governments to walk shoulder to shoulder with the exporters and expanding the international market for Indian products.

The larger idea of the interaction aimed at encouraging stakeholders towards expanding India's export potential and utilising the local capabilities to fulfil global demand.

Towards this, the Prime Minister said there is a need for diversification of India's export basket as well as identification of new products that can be exported and relevant markets for such items and prepare strategies for that. Currently, India's export basket has been dominated by products like engineering goods, petroleum products, gems and jewellery and pharmaceuticals.

"Considering the size of our economy, our potential, the base of our manufacturing and service industry, it has the potential to grow a lot"

"Our exporters doing business in different countries know very well how big the impact of stability is. The decision taken by India to get rid of retrospective taxation shows our commitment, shows consistency in policies"

–NARENDRA MODI, Prime Minister

"At present our exports are about 20 per cent of the GDP. Considering the size of our economy, our potential and the base of our manufacturing and services industry, it has the potential to grow a lot," Modi said.

Robust exports can boost economic growth at a time when private consumption as well as investment have been tepid due to the disruption caused by the pandemic.

The interaction comes at a time when the Centre has set a target of $400 billion worth of merchandise exports in the current fiscal. India has met nearly a third of its annual target in the first four months of 2021-22.

Over the last nine years, merchandise exports from India have hovered around $260-330 billion, with the highest ever being $330 billion in 2018-19. July saw the highest ever merchandise exports at $35.17 billion. The government has set up a target of $1 trillion in 2027-28 for merchandise exports and $500 billion (exports) in the next two years.

The government had earlier said that targets have been disaggregated via regions and countries, commodity groups, and export promotion councils.

Ambassadors and high commissioners have also been given targets for their territory, breaking it up into various commodity groups. The government is also working out detailed strategies for trade deals, promoting districts as export hubs, import monitoring and using market intelligence for exporters.

"It is time for a new journey with new goals for Brand India. This is the time for us to establish a new identity of quality and reliability. We have to see that there is a natural demand for high value-added products from India in every nook and corner of the world," he said.

Besides, the Centre and states are also trying to reduce regulatory burden for exporters.

Business Standard 3rd August 2021

Modi launches e-RUPI to give DBT benefits a fillip

ANUP ROY
Mumbai, 2 August

Prime Minister Narendra Modi on Monday launched a digital direct benefit transfer (DBT) platform called e-RUPI. It aims at making sure that the money transferred by a user, in this case the government, is used exactly for the purpose it is intended to.

PM Modi termed the e-RUPI a "big reform", in line with the launch of BHIM-UPI payment system in December 2016.

The UPI system has changed the payment landscape in India and become the preferred mode of payment in many cases. In July alone, UPI registered 3 billion transactions, worth over ₹6 trillion.

The e-RUPI is a one-time voucher payment mechanism developed by the National Payments Corporation of India (NPCI). It will be used to connect directly with beneficiaries of the DBT schemes.

To start with, e-RUPI has been launched to transfer benefit schemes of the ministry of health.

Instead of crediting the DBT amount directly to the beneficiary bank account, through the e-RUPI, an equivalent amount voucher will be sent directly to the beneficiary's mobile phone in the form of an SMS string, or a QR code.

The beneficiary will have to show the SMS or QR code to specific centres where it can be redeemed with a code delivered to the same mobile number.

It will be targeted for a specific purpose and cannot be used for any other thing. For example, if the e-RUPI has been sent to the beneficiary to avail vaccination, it can be used at the vaccination centre only. This would ensure that the "money is utilised for the same purpose it is given for," Modi said while inaugurating the facility.

Earlier, as the benefit amount used to get directly credited to the account of the beneficiary, it was possible to withdraw and use it for, say, consumption purposes. With the new transfer scheme, that can be plugged.

However, it is not clear yet what happens to beneficiaries who do not even have a basic mobile phone. In such cases, the DBT scheme may continue for some more time, said a banker.

What is e-RUPI?

A digital voucher developed by the National Payments Corporation of India (NPCI) will be transferred directly to the mobile phone as an SMS string or QR code. e-RUPI users will be able to redeem the vouchers at the merchants accepting UPI e-Prepaid Vouchers.

How does it work?

The beneficiary registered for direct benefit transfer (DBT), registered with the govt using Aadhar, gets an SMS/QR code. Let us say for vaccination purposes. The person can show the SMS/QR code at the vaccination centre. After the scan, the beneficiary gets a code on the same number where he/she received the original SMS or QR that need to be shared with the official at the health centre for redeeming the amount, and the beneficiary can go for the vaccination.

DIGITAL BOOST

Where can the e-RUPI be used?

For now, only for schemes related to the Ministry of Health. Soon, it should be used widely for other DBT schemes of the government. However, the private sector can also use it to sponsor welfare schemes.

Is it an alternative to UPI?

No, but it is derived from UPI and uses NPCI infrastructure to work. For now, e-RUPI is used for DBT schemes in a targeted manner, in order to stop misuse of funds. It is not a standalone payment system but UPI for a specific purpose.

Times of India 7th August 2021

Sebi looks to do away with promoter concept

Board Gives Nod To Shift To 'Person In Control' From 'Promoter' As New Age Cos Get Listed

Times News Network

Mumbai: With the definition of a promoter undergoing a change as a large number of private equity and venture fund-led companies are getting listed on the bourses, Sebi has decided to do away with this traditional concept.

The Sebi board on Friday gave its nod to start the process of changing the concept of 'promoters' to 'person in control' or 'controlling shareholders' and asked the regulator to prepare a road map in consultation with their counterparts. "In recent years, number of businesses and new age companies with diversified shareholding and professional management that are coming into the listed space are non-family owned and/or do not have a distinctly identifiable promoter group," Sebi said.

For instance, in the recently listed Zomato, there are no identifiable promoters, NSE data showed. Its early backers like Info Edge and Alipay (an arm of Alibaba of China), Deepinder Goyal, the founder as well as Uber BV, that sold its food delivery business to it recently, are all listed as public shareholders. Traditionally, most of the bluechips like Reliance Industries, TCS, HDFC Bank and several others have promoters. The exceptions include HDFC, ICICI Bank, ITC and L&T.

The board also decided to halve the 20% lock-in of promoter holding in newly listed companies to 18 months from three years and for non-promoters for six months from one year. These will be subject to some conditions relating to use of funds raised through the IPO, Sebi said.

POST-IPO 20% STAKE LOCK-IN RULE TO BE EASED

> Sebi board on Friday decided to **halve the lock-in period of 20% promoter holding** in newly listed cos to 18 months, and to six months for non-promoters

> The board also gave the go-ahead to change the **concept of 'promoters' to 'person in control'**, and asked Sebi to prepare a road map for it

> **In Zomato there are no identifiable promoters. Its early backers** like Info Edge and Alipay, founder Deepinder Goyal, **are all classified as public shareholders**

Industry experts say both the decisions are to keep market regulations in tune with the emerging shareholding scenario in the country. According to Sandeep Parekh, a securities lawyer and former executive director with Sebi, the concept of promoter is a rigid one with "almost no international parallel". "Sebi's decision to move to the concept of 'person in control' is a more realistic, fluid and accurate portrayal of who actually controls the company," Parekh said.

Securities lawyers also feel that the reduction in lock-in of holdings is a forward-looking step. "Private equity investors will welcome the reduction of the post-IPO lock-in period as they can get a timely exit," Anand Lakra, partner, J Sagar Associates, said. According to Parekh, this decision also has the potential to increase liquidity in the market, "as more shares become available for trading". Lakra also feels that Sebi could use this opportunity — the move to change from promoter to person-in-control — to re-consider the definition of control itself. To facilitate the government's 'ease of doing business' objective, Sebi on Friday also scrapped the requirement of disclosing post-facto nod for acquisitions between 2-5% shareholding in market infrastructure institutions. "The stock exchanges, clearing corporations and depositories shall put in place appropriate mechanism to ensure compliance with fit and proper criteria," Sebi said.

MISCELLANEOUS

Business Standard 11th August 2021

Climate alert: Manufacturing firms list their green goals

Environmentalists say it is time for a more calibrated strategy

SHALLY SETH MOHILE, SHREYA JAI & ADITI DIVEKAR
Mumbai/New Delhi, 10 August

Manufacturing companies in India, particularly the ones that are energy intensive and score poorly on overall sensitivity to the environment, will need to have a much more explicit, calibrated and well-planned strategy to achieve carbon neutrality and cut greenhouse gas emissions, environmentalists say.

The comments come against the backdrop of the United Nations' Intergovernmental Panel on Climate Change (IPCC) report, which warns of extreme climate occurrences and their irreversible nature.

Top officials at manufacturing firms claim they are already working on green goals. "We have made many commitments in the past, including carbon neutrality. But we now have 10 specific ESG (Environment, Governance, and Social) targets. Seven out of these are for the environment," said Amit Sinha, president-Group Strategy at Mahindra and Mahindra, who also heads the group's sustainability mandate. These, he says, include targets on energy productivity, use of renewable energy, sending zero waste to landfills (hope to achieve by 2022), 50 per cent water recyclability (achieved last year) and tree plantation.

Tata Power was the first power company to declare a net-zero target for itself. It will make no new investment in the thermal power sector, and focus solely on expansion in renewable

energy. "We took a stand last year and will not make any new investment in coal ourselves or through our platform Resurgent. We will be net-zero carbon by 2050," Praveer Sinha, Tata Power managing director, said in an earlier interaction with *Business Standard*. Tata Power currently has 2,667 MW renewable capacity and 1,300 MW is under implementation. It is looking to commission 1,000 MW this year.

"By the end of FY22, we will have more than 40 per cent coming from renewables," Sinha had said. The company plans to add nearly 2GW of new generation capacity through hybrid models like solar and wind, and solar and storage.

NTPC Limited, India's largest power generator and a thermal power giant, recently decided to add 60 GW of renewable energy capacity consisting of solar and wind power by 2032. This is equivalent to NTPC's cumulative installed capacity currently. The company's generation backbone is coal, which is a reason it has not declared any net-zero target. It is looking to blend renewable with its existing thermal power at some locations. NTPC plans to retire existing coal-fired plants before that timeline, or hive them off.

Meanwhile, executives at JSW Energy said the company will not add any more thermal capacity and will focus on renewables. JSW Energy plans to expand its current renewable energy capacity of 4.6 GW to 10 GW by FY25 and to 20 GW by FY30.

Anumita Roychowdhury, executive director of research and advocacy at think-tank Centre for Science and Environment, points out that the "manufacturing sector will definitely require a very strong decarbonisation strategy, specially the energy-intensive ones like automobile, cement, steel and power. It needs to be backed by clear targets and mandates and a technology roadmap so that it gets aligned with reducing absolute emissions."

A spokesperson of Ambuja Cements said it is progressing on its Sustainable Development Plan 2030, with a sharper focus on climate and energy. By 2030, it aims to reduce CO2 emissions and targets to reuse 13.5 million tonnes of waste and be 13 times water positive. An ITC spokesperson said the company is pursuing a low carbon growth strategy through extensive de-carbonisation programmes across its value chain. Over 41 per cent of ITC's total energy requirements are met from renewable sources such as biomass, wind and solar, she said. By 2030, it plans to reduce specific energy consumption by 30 per cent and specific greenhouse gas emission 50 per cent as compared to 2018-19 baseline.

Economic Times 12th August 2021

Industries Face Lawlessness in Aurangabad, Petition Maha Govt

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Mumbai: Rising incidents of extortion and violence in Aurangabad, Maharashtra's third largest industrial cluster after Navi Mumbai and Pune, has forced several industries to threaten that they would reconsider setting up new units in the state unless the law and order situation was quickly brought under control.

Businesses in Aurangabad have been complaining of harassment and violence for long, but the latest trigger came after the CEO of Bhogale Automotive, Nityanand Bhogale, was beaten up by 15-20 people on August 8. The incident sent shock waves in Aurangabad. Nityanand is the brother of well-known entrepreneur Ram Bhogale, the chairman of Bhogale Group, and a former director of Nirlep.

"All of us have been trying to get new investments here. However, who would want to set up new units

if there is already so much of nuisance happening?" asked Ram Bhogale when ET reached out to him.

Bhogale said business houses were facing extortion and violence in Aurangabad by people who claim to be connected to social, political and labour outfits. Lately these outfits have become quite brazen.

"Fifteen to 20 people have beaten up my brother after barging into the company premises. They were so brazen that they did this act despite knowing that the CCTV would record the entire incident," said Bhogale. The arsonists claimed to be from a political outfit and were angry after a worker from the company was delegated to a different workstation.

The violence in Bhogale Automotive is not an isolated incident. A day earlier, the HR manager of Shri Ganesh Coating was beaten up so badly by unknown men that he suffered a dislocated shoulder.

Shivprasad Jaju, president of the Chamber of Marathwada Industries and Agriculture, that took up the current incident with the state government, said business houses need to be protected from extortion and violence. "We are currently asking all our industries to report all incidents of extortion and violence they have faced. We would submit these complaints to the state government," said Jaju.

In September last year, Shashank Mahajan and his father Bharat Mahajan, who run BR Precision at Waluj in Aurangabad, were beaten up with iron rods a group of 10-15 people who barged in to their company premises and beat them up.