ACMA
(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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ON
AUTOMOTIVE INDUSTRY

Business Standard 2nd April 2022

Auto sector sees 13% jump in sales in FY22

Industry fears supply chain disruptions will dent recovery prospects

ARINDAM MAJUMDER
New Delhi, 1 April

Supply chain constraints will keep plaguing automobile companies even though demand significantly improved resulting in a 13 per cent year-on-year (YoY) increase in sales in financial year 2021-22 (FY22).

Executives at auto firms fear that the Russia-Ukraine war will further dent the sector's prospects of recovery as supply chains face more disruptions.

"The visibility in the supply side is so hazy that it is difficult to give even one quarter projection. But all the parameters of demand like pending bookings and enquiries are increasing. But due to supply constraints, pending deliveries are increasing, which is what we are looking to reduce," said Shashank Srivastava, executive director – marketing and sales, at Maruti Suzuki.

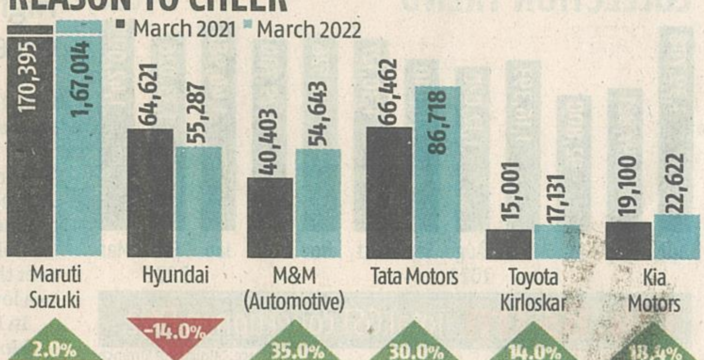
While the country's largest carmaker Maruti Suzuki's domestic sales declined by 8.4 per cent in March, it made up for that shortfall through exports, which jumped 128 per cent YoY to 26,496 units.

Sales of Hyundai, the second largest carmaker, declined 14 per cent YoY in March to 55,287 units.

Tata Motors, however, turned a corner with a significant 28 per cent increase in sales. "Despite the shortage of certain electronic components, we posted the highest ever quarterly sales of 123,051, a growth of 47 per cent vs Q4FY21. We ended the financial year with the highest ever monthly sales of 42,293 units (in passenger vehicles), a growth of 43 per cent [YoY] and highest ever SUV sales of 29,559 units," said Shailesh Chandra, managing director, Tata Motors passenger vehicles.

The company's sales of electronic vehicles (EVs) shot up 353 per cent YoY. "Our annual EV sales touched 19,106 units, a growth of 353 per cent. Quarterly sales of EV were highest at 9,095 units, a growth of 432 per cent vs Q4FY21 and EV sales for March was also the highest at 3,357 units, a growth of 377 per cent. Going forward, semiconductor situation remains uncertain. We will continue to monitor the evolving situation closely and are refining our agile, multi-pronged approach to continue to fulfil customer orders," Chandra said.

REASON TO CHEER



Source: Companies

Rural decline

However, it wasn't all good news as rural sales remained a concern, reflected in the muted growth of tractor and two-wheeler sales. Total tractor sales for Mahindra and Mahindra fell 4 per cent while TVS Motors saw sales drop by 4.5 per cent.

Hemant Sikka, president of the farm equipment sector, Mahindra & Mahindra, said record Kharif acreage, "substantial increase in exports of agricultural products like wheat, sugar and cotton will help improve the financial position of farmers, leading to better cash flow in the rural market to help boost tractor demand".

Experts said the outlook for FY23 is dependent on the Russia-Ukraine conflict as it may continue to impact the global auto supply chain. "FY23 holds cautious optimism for the auto sector. It is expected that improvement in the economic index will give a push to demand, further improving two-wheeler sales. With the stabilisation of the semiconductor supply chain and reduction in oil prices, domestic sales could reach pre-Covid levels," said Saket Mehra, partner and auto sector leader, Grant Thornton Bharat.

Business Standard 12th April 2022

RECOVERY TRACKER

More people flying, registering vehicles

Retail, recreation visits slip over last week but remain higher than pre-Covid days

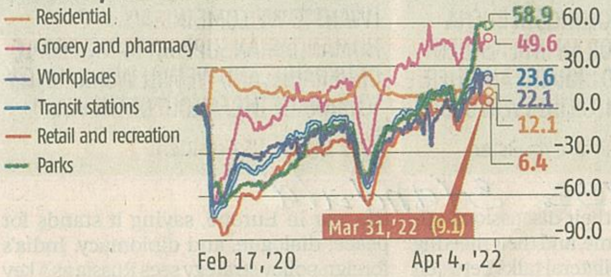
KRISHNA KANT & SACHIN P MAMPATTA
Mumbai, 11 April

With confidence returning as daily Covid-19 cases slipped below 1,000, more people stepped out for retail and recreational activities in the latest week than they did in pre-pandemic days — though, their number was lower compared to last week.

While retail and recreation visits were 6.6 per cent higher than before the pandemic took hold, these were down week-on-week basis. In the previous week, these visits were up 9.1 per cent, shows mobility data from search engine Google, which tracks peoples' movements using anonymised location data. This helps understand mobility trends across countries during the pandemic. Workplace visits also increased (*see chart 1*).

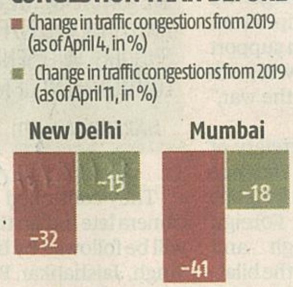
According to a government bulletin on Monday, 816 Covid-19 cases were reported

1: RETAIL, RECREATION VISITS ABOVE PRE-COVID DAYS



Note: Latest update is as of April 7, 2022, based on location data as processed by the company. The percentage change is compared to a baseline value for the same day of the week, calculated on a median basis during the 5-week period, Jan 3–Feb 6, 2020. The chart shows a seven-day rolling average of visits to each category. Residential data refers to change in time spent at home.
Source: Google LLC "Google COVID-19 Community Mobility Reports", Our World In Data

2: MORE TRAFFIC CONGESTION THAN BEFORE

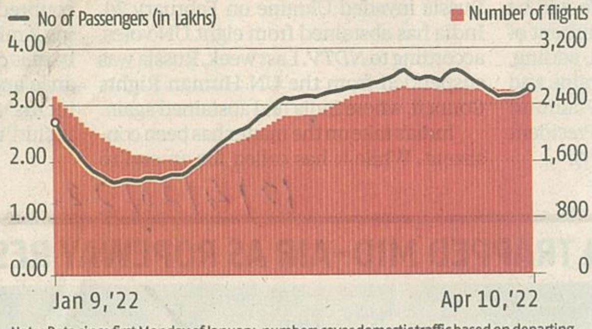


Note: Refers to change in Monday morning (9 am) traffic congestion. Comparison is made to 2019 levels.
Source: TomTom International

3: LARGER GAP IN VEHICLE REGISTRATIONS

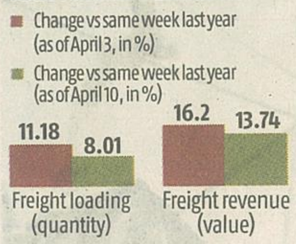
Note: Based on road transport offices (RTOs) for which Vahan data is available.
Source: Ministry of Road Transport and Highways

4: MORE AIR PASSENGERS (7-DAY MOVING AVERAGE)



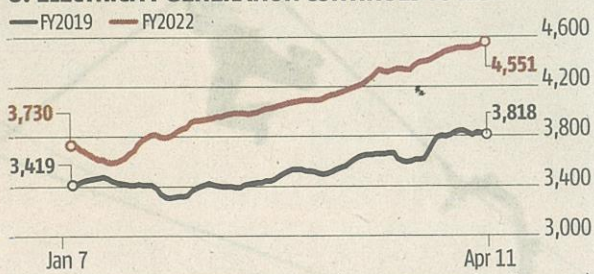
Note: Data since first Monday of January, numbers cover domestic traffic based on departing flights and passengers. Data was not available for March 1–2, the average of the preceding and subsequent day has been used.
Source: Ministry of Civil Aviation

5: MODERATION IN RAIL FREIGHT GROWTH



Note: For seven days ending Sunday.
Source: Indian Railways

6: ELECTRICITY GENERATION CONTINUES TO RISE



Note: Power generation based on reporting day data (million units, seven-day rolling average)
Source: National Load Despatch Centre

Regulation, inputs to drive up vehicle ownership cost

But ICE-powered vehicles to pinch wallet more: CRISIL Research

SHALLY SETH MOHILE
Mumbai, 12 April

Four years from now, whether you buy an electric SUV or an internal combustion engine (ICE)-powered SUV or two-wheeler, be ready to pay more!

But unlike FY22, it's not the electric vehicles (EVs) but the petrol ones that will be heavier on the wallet, according to a cost of ownership study done by CRISIL Research.

Buyers of electric SUVs would pay a premium of 11 per cent (cost of ownership) over the ICE SUVs by 2026. It was 23 per cent at the end of FY22.

The study is based on the premise that the passenger vehicle (PV) segment will continue to enjoy incentives. On an average, the consumer holds on to a new model for at least four years and clocks a certain number of kilometres (see chart).

Rising petrol prices coupled with higher input costs and upcoming regulations are set to make owning petrol cars expensive than what it was in FY22. It is likely to go up from ₹28.2/km in FY22 to ₹31.8/km in 2026.

On the other hand, led by incentives from state and central governments, battery-powered vehicles that have seen a strong run in the last couple of years, are set to make deeper inroads, according to CRISIL Research. At the end of FY22, the minimum cost of owning an e-SUV when driven for 12,000 kilometres during a four-year period was ₹34.8 per km. CRISIL estimates this to increase to ₹35.2 for e-SUVs by 2026.

The expected drop in battery prices, maturing EV technology, higher localisation coupled with competitive pricing, will lower the price gap between EVs and ICE SUVs.

CRISIL estimates battery prices to decline 6 to 8 per cent annually from the current $200-220kw/hour.

"But given that batteries account for 40 per cent of an EV's cost, the e-cars will still see an overall ownership costs increase due to an overall inflationary trend," said Hemal Thakkar, director at CRISIL Research.

The study also takes into account the upcoming new emission regulations for PVs and the inflationary trend in commodity prices. Both these factors are set to make the acquisition cost of ICE-powered vehicles higher.

In a sharp contrast to PVs, owning an e-two wheeler is already cheaper than a petrol-run two-wheeler and the latter is going to get even more expensive.

At the end of FY22, the cost of owning an e-scooter (with all the central and state government subsidies) was ₹3.6 per km as compared to ₹4.5 per km for ICE scooters. This is based on the assumption that, on an average, one holds on to a two-wheeler for three years and has clocked 12,000 km.

By 2026, the ownership cost of an ICE scooter will be ₹4.9 per km as compared to ₹3.6 per km in FY22. Various incentives have been fuelling sales growth of e-two-wheelers in India.

Their contribution, as a percentage to total two-wheeler sales, in the domestic market has increased to 1.9 per cent at the end of FY22 from 0.1 per cent in FY19.

Close to 222,000 of e-two-wheelers were sold during the year as compared to 24,000 units in FY19, according to CRISIL Research and the ministry of road transport & highways.

It doesn't include Andhra Pradesh, Telangana and Madhya Pradesh, which contribute about 17 per cent of the sales.

On whether the recent incidents of e-scooter fires will impede adoption of battery-operated scooters, Thakkar said, this would deter buyers only in the short term. It won't have a long-term impact," he added.

COST OF OWNERSHIP: PETROL VERSUS ELECTRIC SUV

Kilometres (Four-year period)

	6,000	8,000	10,000	11,000	12,000
FY22					
Electric SUV (cost/km)	66.3	50.5	41.1	37.6	34.8
Petrol SUV (cost/km)	44.7	36.5	31.6	29.8	28.3
EV vs Petrol	48%	38%	30%	26%	23%
EV vs Petrol (with subsidy)	7%	0%	-5%	-8%	-10%
FY26					
Electric SUV	67.2	51.2	41.6	38.1	35.2
Petrol SUV	51.8	41.8	35.8	33.6	31.8
EV vs Petrol	30%	22%	16%	13%	11%
EV vs Petrol (with subsidy)	-13%	-17%	-21%	-22%	-24%

Source: CRISL Research & Analysis

Business Standard 13th April 2022

Companies rush to tap into green hydrogen

Greenko, John Cockeril latest to join hands for electrolyser gigafactory

VIVEAT SUSAN PINTO
Mumbai, 12 April

WHO'S INVESTING HOW MUCH IN GREEN HYDROGEN

RIL:	Adani:	L&T:	Greenko-John Cockeril:
₹5.6 trillion	₹26,000 crore	₹15,000 crore	₹ 4,000 crore

Source: Analysts

Green hydrogen appears to be the new fuel that is powering the ambitions of India Inc.

The announcement on Tuesday by Hyderabad-based Greenko Group and Belgium-based John Cockeril to build a 2-gigawatt hydrogen electrolyser gigafactory in India, the largest outside China, has put the spotlight firmly on the sector.

While this is the latest announcement by an Indian company in the green hydrogen space, it will not be the last, sector experts said.

Last week, Indian Oil Corporation (IOC), Larsen & Toubro (L&T), and ReNew Power announced a joint venture to develop green hydrogen. Additionally, IOC and L&T said they would join hands to manufacture and sell electrolysers, used in producing green hydrogen.

Apart from these, Reliance Industries (RIL) and Adani Enterprises recently announced their forays into green hydrogen.

National Thermal Power Corporation and Gas Authority of India have been stitching up partnerships to shore up their presence in the sector.

Analysts estimate that RIL, L&T and Adani together have set aside an investment of nearly ₹6 trillion in green hydrogen projects.

"RIL alone has earmarked ₹5.6 trillion in renewable infrastructure including generation plants, solar panels, and electrolysers. The strategy is to capture the entire value chain of green hydrogen," said G Chokkalingam, founder and managing director (MD) of Mumbai-based Equinomics Research & Advisory.

Adani and L&T, on the other hand, have earmarked nearly ₹26,000 crore and ₹15,000 crore on green hydrogen, respectively, sector experts said.

The push by companies comes as the Indian government bets big on the sector, launching a green hydrogen policy in February.

"Green hydrogen has emerged as key to decarbonisation, since it is a clean energy source that can substitute fossil fuels, especially where electrification is not a viable option. India can become a leader in green hydrogen production and deployment as the government's push leads to greater investment and adoption by industry," said Hemant Mallya, senior programme lead at the Delhi-based Council on Energy, Environment and Water (CEEW).

The green hydrogen policy aims at facilitating green hydrogen production in India by easing the process through time-bound single-window clearances, allowing power banking of surplus unconsumed renewable power for 30 days, and providing access to power grids and long-term transmission charge waivers.

The Greenko-John Cockeril partnership too will entail an investment of around ₹4,000 crore in their 2-gigawatt plant, according to analysts tracking the sector. Anil Chalamalasetty, Greenko's chief executive officer and managing director, said in a statement that the company was working towards re-industrialisation solutions for a low-carbon economy.

"The partnership will strengthen India's green hydrogen ambitions as part of a wider renewable energy focus that will see India run the world's largest energy transition programme," he said.

S N Subrahmanyan, chief executive officer and managing director of L&T, said last week its joint ventures in green hydrogen would help build, expand, and bring in economies of scale in the sector.

The Economic Times 5th April 2022

Auto Cos Slam Brakes on Export, Production in Lanka

Players confident that production will not come to a complete halt even as economic crisis deepens in neighbouring country

Lijee.Philip@timesgroup.com

Mumbai: A severe economic crisis in Sri Lanka has forced many Indian automotive firms to slam the brakes on exports of vehicle kits as well as production at the local assembly operations they have set up in the island nation.

Shipments of vehicle kits, including those for light commercial vehicles, trucks and buses, have declined sharply, as the neighbouring country is grappling with precarious forex reserves and fuel shortages, said industry executives.

While companies like Tata Motors have been exporting vehicle kits to distributors in Sri Lanka, others such as Mahindra & Mahindra, Ashok Leyland and TVS Motors have local assembly operations in the country.

"We are unable to get the kits, so we cannot put finished products out in the market," said Rajeev Pandithage, chief operating officer-mobility sector at Diesel & Motor Engineering, one of the oldest and largest dealers for Tata Motors and Mahindra tractors in Sri Lanka.

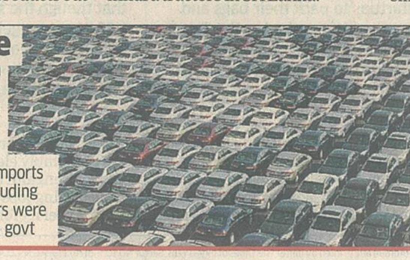
Imports of vehicle kits are heavily restricted in Sri Lanka owing to the forex crunch.

Diesel & Motor Engineering had started assembly of the Tata Ace small commercial since there were import restrictions on completely built units of vehicles. It wants to launch the vehicle soon given the huge demand for such low-cost vehicles, said Pandithage.

In Slow Lane

As Sri Lanka moved from a market economy to a product economy, exports of CBUs (completely built units) came to a halt

Due to forex shortages, imports of most auto products including 2-wheelers and 3-wheelers were stopped by the Sri Lankan govt



Automakers are adopting a wait-and-watch approach because of economic uncertainty and low business activity

Covid led Sri Lanka into a tailspin, drying up earnings from tourism and foreign remittances

In March 2020, the govt imposed an import ban on new cars, which left car parts in short supply

Business Line 6th April 2022

Passenger vehicle sales dip 5% in March

Near-term outlook for auto industry will remain a challenge, says FADA

OUR BUREAU

New Delhi, April 5

The near-term outlook for the auto industry continues to remain a challenge due to the on-going Russia-Ukraine war and China lockdown, the Federation of Automobile Dealers Associations (FADA) said on Tuesday.

The industry will see growth in April this year because of a low base. However, when compared to the pre-Covid year, the industry will still be deep in the red.

Rising costs

"Crude is on a boil and hence fuel prices have been raised by around ₹10. Along with this, increase in raw material costs have made original equipment manufacturers (OEMs) increase the prices of vehicles," Vinkesh Gulati, President, FADA, said.

Speaking about impact on the two-wheeler segment, he added, "While no dent in terms of demand has been seen in the passenger vehicle (PV) segment, it will definitely have an impact on two-wheeler (2W) segment which is extremely price-sensitive." He, however, added that with *Gudi Padwa*, marriage season and re-opening of educational institutions and offices, there will be some pent up demand, especially in the 2W segment.

Monthly sales

In terms of monthly retail sales numbers, FADA's latest data showed that PV sales in March declined five per cent year-on-year (y-o-y) to 2,71,358 units compared with 2,85,240 units in the corresponding month last year.

"PV continues to see high demand and long waiting period as semi-conductor availability remains a challenge, even though supplies slightly improved from the previous month," Gulati said.

2W sales declined

Two-wheeler retail sales declined by four per cent (y-o-y) to 11,57,681 units during the month against 12,06,191 units in March 2021.

However, three-wheeler (3W) sales grew 27 per cent (y-o-y) to 48,284 units in March compared with 38,135 units in the same month last year. In the commercial vehicle (CV) segment too, retail sales grew 15 per cent (y-o-y) to 77,938 units compared with 67,828 units in March 2021.

CV sales up

"CV continues to inch forward even though full recovery from FY20 perspective is still away. Sentiment for the segment remains positive as government's infra push, coupled with replacement demand, is driving sales," Gulati added.

In the tractor segment, however, the sales declined by eight per cent (y-o-y) to 63,920 units against 69,602 units in March 2021.

On a yearly basis too (FY22 vs FY21), tractor is the only segment which was down marginally (one per cent). All other segments including PV, 2W, 3W and CV were positive during the year, as per FADA data.

Bumpy ride

Retail sales for March

	March 2022	March 2021	y-o-y %
Passenger vehicles	2,71,358	2,85,240	-5
Two-wheelers	11,57,681	12,06,191	-4
Three-wheelers	48,284	38,135	27
Commercial vehicles	77,938	67,828	15
Tractor	63,920	69,602	-8
Total	**16,19,181**	**16,66,996**	**-3**

Retail sales for FY22

	FY22	FY21	y-o-y %
Passenger vehicles	27,26,047	23,87,925	14
Two-wheelers	1,19,73,415	1,15,33,928	4
Three-wheelers	3,88,093	2,58,172	50
Commercial vehicles	6,52,125	4,49,324	45
Tractor	6,36,119	6,44,965	-1
Total	**1,63,75,799**	**1,52,74,314**	**7**

Source: FADA

Business Line 2nd April 2022

Shared mobility space to have 150 m users by 2025: Redseer

Rising disposable income, inadequate public transport infra and demand-supply gap among factors seen boosting growth

OUR BUREAU

Bengaluru, April 1

India's shared mobility space is projected to see a 5X growth on the back of growing user penetration, according to consulting firm RedSeer. The firm estimated the sector to have a user base of about 150 million by 2025.

Factors responsible for the growth include growing disposable income, inadequacy of public transport infrastructure and demand-supply gap, the report said.

Expansion in non-metros

In an event conducted by Redseer, Ground Zero 6.0, Siddharth Surana, Engagement Manager, Redseer, said, "The shared mobility sector will witness greater democratisation with the share of moto increasing against the backdrop of low ARV and geographic penetration into smaller cities. And by 2030, we can also expect to see more categories evolving. Penetration in non-metros will also increase, giving a boost to the economy, and creating a viable revenue-generating opportunity for more than three million drivers across various platforms. With the increased y-o-y growth expected in non-metros, the Indian market will evolve to add more categories".

While growing in line with the overall global trend, the Indian mobility market will see some localisation like rapid traction for two-wheelers and three-wheelers. Post Covid, bikes and autos have been seeing rapid traction, gaining share quickly within the wider market.

India is expected to emerge as a key market for some of the world's largest shared mobility players, says report

India is expected to emerge as a key market for some of the world's largest shared mobility players, the report said. Additionally, multiple platforms serving varied use cases are expected to emerge and further consolidate the mobility landscape in India.

Vogo-Chalo deal

The report comes on the heels of shared mobility start-up Vogo getting acquired by public transport tech company Chalo.

As part of the deal, Vogo is said to switch to a complete electric vehicle fleet and expand beyond two-wheelers and offer other types of EVs.

Vogo's competitor Bounce has also switched to an electric vehicle fleet. The company is said to be working on manufacturing a different variant of Bounce Infinity scooters for shared mobility use case.

Last year, Bounce forayed into EV manufacturing and opened consumer bookings for Bounce Infinity scooters. The company is also offering its battery swapping network as a service to OEMs.

Last month, in a conversation with *BusinessLine*, Bounce COO Anil Giri Raju said, "Now that we have withdrawn ICE scooters, we have about 4,000 to 5,000 scooters in shared mobility. In a quarter's time, that number should be close to 12,000-13,000 scooters."

The Economic Times 10th April 2022

RUSSIA-UKRAINE STANDOFF IMPACT

India Could Become a Global Auto Parts Manufacturing Hub

De-risking of supply chain by leading companies gives local OEMs unique opportunity

Lijee.Philip@timesgroup.com

Mumbai: Russia's invasion of Ukraine has made auto component manufacturers in India pivot their business models to source more parts from within the country.

Leading parts makers such as Lumax, Sona Comstar, Minda Industries, and Sandhar Technologies have been forced to look at other de-risking options due to rising input costs, thereby giving the country an opportunity to become a major manufacturing hub.

While several Southeast Asian nations are wooing these companies as well, India provides a unique opportunity to auto original equipment manufacturers (OEMs) since it already has an established manufacturing base.

Auto component makers have already started processing more parts within the country, in addition to holding larger inventories, creating buffer stocks and entering into long-term contracts.

Earlier, the lead cycle for such contracts was shorter, but the ongoing supply disruption has stretched that to about nine months for some components. This has become untenable and resulted in auto component players sourcing more from within the country.

"Now, because of the multiple disruptions and volatility, the forecasting and ordering cycle keeps changing," said Deepak Jain, managing director of Lumax Industries.

From holding a day's inventory, auto component makers have started stocking up for up to one week.

"It's no longer the 'just in time' inventory, as we are now more into the old traditional modes of manufacturing," said Nirmal Minda, managing director of Minda Industries, another leading component maker.

Component makers are also de-risking the supply chain through deep localisation.

Recently announced production-linked incentive schemes for ACC battery and auto components also give India an opportunity to become a major manufacturing hub.

"With newer disruptive technologies like electric, hybrid, green hydrogen coming up, it forces us to manage the future as well as the present," Jain said.

"It's a daily work management making speedy decisions to run the production line," Minda added.

The Russia-Ukraine conflict has led to the cost of raw materials, especially steel, hitting the roof. It has threatened the survival of micro, small and medium enterprises as well as tier 2 and tier 3 suppliers.

"The current situation, in the backdrop of several headwinds, has added to our woes and could derail the recovery of our economy and industry," said Sunjay Kapur, chairman of Sona Comstar. "Fuel prices have also started to rise by the day which will stoke inflation and adversely impact the cost of ownership of vehicles."

The demand for passenger vehicles and growth in commercial vehicles may be sustained, but Kapur pointed out that "we are far from the industry's best performance in 2018-19."

Jayant Davar, founder of Sandhar Technologies, said the situation has become dire and profitability has also been affected. "PVs & CVs demand is a silver lining despite all odds on the supply side," he added.

While the inventory carrying cost is high, the interest cost is low, somewhat cushioning the net impact, said Kavan Mukhtar, head, auto practice at PwC.

Hope in Midst of Conflict

ICRA SAYS near-term challenges persist amid supply-chain issues and rising inflation

EXPORTS REMAIN a bright spot for the industry's growth story

COST INFLATION and semiconductor shortage remain headwinds

WHILE SEMICONDUCTOR supplies have improved, the Russia-Ukraine conflict could hit the chip value chain

SOURCE : ICRA

WHILE DEMAND in Jan-mid-Feb was dull, it has picked up in the last few weeks

ICRA EXPECTS a 13-15% revenue growth in FY2022 for the Indian auto components industry

Business Line 4th April 2022

China's Covid lockdown may hit parts supply for durables

Coming ahead of peak season demand for ACs, customers may find prices going up further

MEENAKSHI VERMA AMBWANI

New Delhi, April 3

Challenges for the consumer durables industry which has been battling hardening of raw material costs amidst the Russia-Ukraine crisis, could further aggravate with the latest round of Covid lockdowns seen in China.

Players said that with robust pent-up demand trends for cooling products in the summer season, components supply could be hit due to supply chain constraints following Covid lockdowns in China.

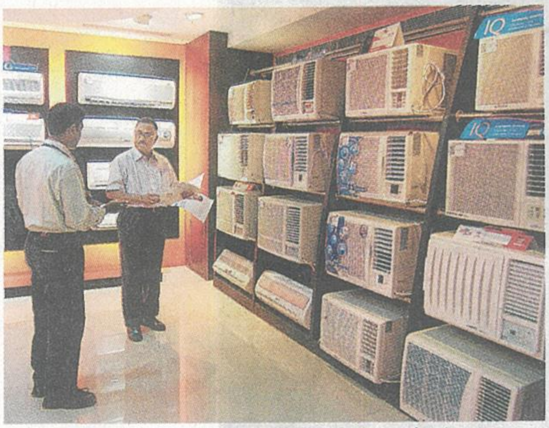
Kamal Nandi, Business Head and Executive Vice President – Godrej Appliances told *BusinessLine*, that the company has already seen a spike in demand for air-conditioners by 15-17 per cent in March compared to the pre-pandemic levels and expects to see similar strong demand trends in the coming weeks with rising temperatures.

Geopolitical conditions

"Commodities such as steel, copper and aluminium have been hardening for some time. The lockdowns in China and Russia-Ukraine was will create further challenges for manufacturers as there could be a short supply of components sometime in May," Nandi added.

While some players have already implemented a price hike of 3-4 per cent from April 1, others are expected to take it during this quarter.

"The commodity prices have gone up by nearly 28-29 per cent starting from December 2020. In comparison, industry players have only been able to hike product prices roughly by 16-17 per cent. So further price hikes are inevitable. While consumer spends have got impacted due to inflationary pressures, rising summer temperatures, we believe, will divert discretionary spends from other categories to cooling products," Nandi said.



Prices of steel, copper and aluminium have been on the rise BIJOY GHOSH

Avneet Singh Marwah, CEO, Super Plastronics Pvt Ltd (SPPL) also pointed out to concerns of short supplies due to pandemic-induced lockdowns in China. The company, which is the brand licensee of Thomson and Kodak, has raised prices by 7-10 per cent starting this month.

"The time of departure and arrival of raw material consignments from China has gone for a toss and lead times have extended. If the situation in China does not get normalised, the industry could start seeing shortages in the May-June period," he added.

Gurmeet Singh, Chairman and Managing Director, Johnson Controls-Hitachi Air Conditioning India Ltd said that the company will increase prices by 3-4 per cent in April.

"The current global scenario due to the Russia-Ukraine conflict, component shortage, global supply chain disruptions, commodity price inflation, and the impact of rising fuel costs is definitely going to push up the costs of everything. However, there is a huge pent-up demand for ACs this year with the onset of early summers and this may also lead to a shortage of air conditioners," he added.

The Economic Times 7th April 2022

Vehicle Prices Set to Surge as Automakers Plan Hikes

Market leader Maruti to increase rates later this month; others likely to follow suit

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: Small cars, sports utility vehicles, sedans and two-wheelers are set to get costlier with automakers effecting price hikes to partially absorb the impact of high material costs.

The country's largest carmaker Maruti Suzuki Wednesday said it will increase prices across its range of vehicles later this month to partially offset the sharp rise in input costs. This will be the fifth price hike for the company in the last 16 months.

"The expected softening in material costs - which have risen very sharply in the last 18-24 months – has not happened. We have taken internal measures to improve efficiency and productivity. However, given the unprecedented increase in costs of raw materials like steel, copper, plastic, aluminium, rare metals like palladium (used in catalytic converters post BSVI) we have to pass on some of the costs to our customers as a last resort," Shashank Srivastava, senior executive director (marketing and sales), Maruti Suzuki told **ET**. Material costs account for 75-78% of overall cost of a vehicle.

Steep Rise

Prices of steel, copper, aluminium, palladium have seen unprecedented rise in last 18-24 months

Material costs amount to 75-79% of the overall cost of a vehicle

Automakers have been raising prices at regular intervals to ease pressure on margins

In Jan the **PV industry** recorded **743 price changes**, in March **180** and in April **244**

Several manufacturers like Hero MotoCorp, Honda Cars India, Toyota Kirloskar Motor (TKM) have already effected a price hike this month to counter the increase in procurement cost of materials. With the market leader now announcing a revision in vehicle prices later this month, others are likely to follow suit.

Shailesh Chandra, managing director of Tata Motors Passenger Vehicle Business told ET, over and above a significant rise in key commodity costs and precious metals, there is now a pressure of rising freight cost and increase in semiconductor chip cost which is compelling the company to look at a price increase.

"Semiconductor chip costs are increasing every month and now they account for almost 1% of total revenues, so pressure is rising on all fronts. We will be taking a price increase shortly, exact quantum is being calculated. We can't pass on the entire cost, so we will try to absorb as well, but the current cost environment has compelled us to look at another price increase," he added. Pune-based Bajaj Auto has indicated it is likely to hike prices later this month. German carmaker Volkswagen has said it is likely to raise vehicle prices by up to 3% in May. Korean auto major Hyundai, though, maintained it has no plans to raise prices "as of now".

Business Standard 13th April 2022

Mercedes-Benz bets on India's nouveau riche

REUTERS
Pune, 12 April

Germany's Mercedes-Benz is betting that an expanding pool of young new millionaires will drive demand for luxury cars in India, creating faster sales growth than for mass market cars, a top company executive said.

India's increasing numbers of "dollar millionaires" include young entrepreneurs or high-earning professionals who appreciate the luxury element and technology of the cars, said Martin Schwenk, chief executive of Mercedes-Benz India.

"The base is getting broader and gradually moving beyond our traditional customers," Schwenk told *Reuters* in a recent interview in the western industrial city of Pune, home to Mercedes' India headquarters and manufacturing plant.

"Going forward we will see higher growth rates in the luxury segment than we see in the mass market," he said, adding that buyers' average age had also fallen below 40, from more than 45 earlier.

Mercedes is the top-selling luxury car brand in India, with a market share of more than 40 per cent, says auto market data provider JATO Dynamics, and it competes with Audi, BMW and Tata Motors' Jaguar Land Rover.

Global carmakers' biggest growth hurdle is a shortage of semiconductors and logistics woes worsened by Russia's invasion of Ukraine. For Mercedes India, this has led to an order backlog of 4,000 cars and wait times of more than six months in some cases, Schwenk said.

"We have very good sales momentum, the concerns are on the supply side. You have congestion at the ports that cause really significant delays and that is hampering our output," he said.

The Economic Times 14th April 2022

Ford, GM to Showcase Electric Cars at New York Auto Show

The auto show, expected after two years of lockdowns to drive off into an irrelevant sunset, isn't dead yet. Following the vibrant Munich auto show in the fall, the New York International Auto Show will open to the public on Friday, April 15, at Manhattan's Javits Center and will run through April 24.

Electric vehicles will command the spotlight's primary glare this week in New York.

Some of them will come from such obscure companies as INDI EV and ElectraMeccanica, but Detroit's heavyweight pickups will hold top billing. Ford Motor Co's F-150 Lightning, revealed via video feed almost a year ago, will appear just weeks before its first deliveries. Prospective buyers can eyeball just how many White Claws they might be able to fit in the front trunk. General Motors , in turn, will showcase the electric version of its Chevrolet Silverado, a rig first unveiled at the Consumer Electronics Show in January. —**Bloomberg**

Business Standard 14th April 2022

Mandatory airbags to hurt sales: Maruti

REUTERS
New Delhi, 13 April

India's plan to make six airbags mandatory in passenger vehicles will make cars more expensive and drive out a chunk of potential buyers, the chairman of Maruti Suzuki, the country's top-selling carmaker, told *Reuters*.

Such a move will hurt sales of small, low-cost cars and put more pressure on companies already facing high costs, R C Bhargava said, pushing back publicly on what the government considers a major safety initiative.

India, which has some of the world's deadliest roads, released a draft proposal in January mandating six air bags in all passenger cars manufactured from October 1. The draft rules, part of a series of road safety measures, are yet to be finalised.

Sales of small cars have been declining through the pandemic and these kinds of cost increases will only mean that they will go down further, while big and expensive cars continue to grow, Bhargava said.

"This will hurt the growth of the small car market and the smaller and poorer people, who cannot afford the more expensive cars," he said.

India is the world's fifth-largest car market, with annual sales of around 3 million units a year, and is dominated by Maruti Suzuki, majority owned by Japan's Suzuki Motor, and Hyundai Motor.

In the country's price-sensitive market, the majority of cars sell for around \$10,000-\$15,000.

Providing driver and front passenger airbags in all cars is already mandatory. Adding another four airbags will increase the cost by ₹17,600 (\$231), according to auto market data provider JATO Dynamics.

Business Line 1st April 2022

Auto parts industry revenue to grow at 13-15% in FY22: ICRA

OUR BUREAU
Chennai, March 31

The Indian auto component industry is expected to post a 13-15 per cent revenue growth in FY22, supported by domestic original equipment manufacturers (OEMs), replacement, export volumes and pass-through of commodity prices, on the back of the low base of the previous fiscal, says rating agency ICRA.

Domestic OEM demand has remained a mixed bag across segments with a slowdown in two-wheelers and semiconductor shortage dragging down overall production volumes. Exports have remained a bright spot, partly aided by the China+1 strategy. This is despite supply chain issues.

For FY23, the auto component industry's revenues are likely to expand by 8-10 per cent supported by the easing of supply-chain issues and commodity inflation in H2 FY23. Over the long term, premiumisation of vehicles and focus on localisation will translate into healthy growth for auto component suppliers.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 7th April 2022

Tata Motors targets exporting EVs to mature auto markets

Looks to increase driving range to 500 km with fast-charging option

SHALLY SETH MOHILE
Mumbai, 6 April

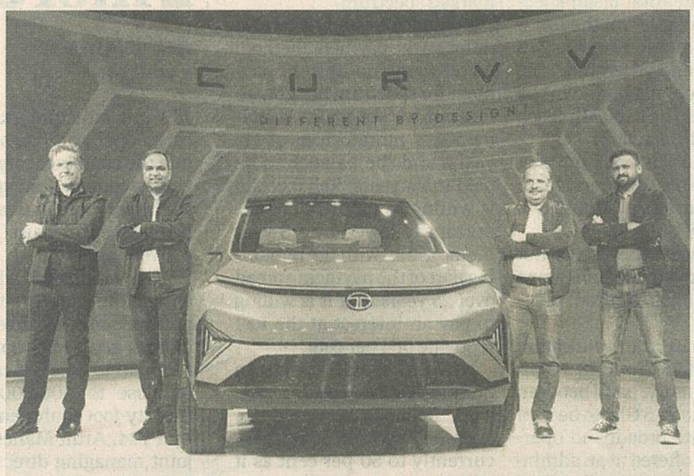
Tata Motors is actively considering tapping export markets beyond South Asia for its range of electric vehicles (EVs) as it sees an opportunity for selling affordable EVs.

The export plans will coincide with the commercial launch of the Curvv, an electric SUV concept that broke cover on Wednesday, in two years from now, Shailesh Chandra, managing director of Tata Motors PVs and Electric Mobility, told *Business Standard*.

"We are actively thinking of the international markets and we would like to go with a portfolio of products. We have identified a few markets and in a couple of years, we should commence the same," said Chandra.

Globally, EVs are priced above $25,000, but Tata Motors' electric models are priced below that and are very disruptive. This is the sweet-spot the company aims to target, he added.

To begin with, it would address the right-hand markets and then extend to other markets. However, taking care of the order backlog for its EVs in the domestic market will top the company's priority, said Chandra. On an average, it has been selling about 1,600 units a month and has an order backlog of four-five months.



(*From left*) Tata Motors' Martin Uhlarik (head of design), Shailesh Chandra (MD, PVs and electric mobility), Anand Kulkarni (VP, product line and operations for electric monility), and Vivek B Srivatsa (head, marketing & sales, electric mobility) at the launch of SUV concept Curvv in Mumbai on Wednesday

The Curvv is part of the company's strategy through which it plans to offer technologically superior EVs in terms of design, architecture and range. The company has adopted a three-step approach to introduce progressively advanced electric products to the customers, said Chandra.

"In generation 1 models, we had promised and delivered a certified range in excess of 250 kms. In generation 2 products, we are looking at a driving range of 400-500 kms with fast charging option," Chandra added.

With this SUV concept, Tata Motors will be taking the next "big leap" to make EVs more aspirational.

The upcoming model will be targeted at the fast-paced life of urban dwellers, who expect shorter charge time, interactive and intuitive interfaces, quicker response, and feature comfort, Tata Motors said in a statement. Chandra said the SUV segment is rapidly splitting up into various sub-segments with a clear demand for differentiated products.

The Tata group flagship saw its EV sales for financial year 2021-22 (FY22) jump 353 per cent year-on-year to 19,106 units.

But for the semiconductor shortage, the company would have sold more. "We will continue to monitor the evolving situation closely and are refining our agile, multi-pronged approach to continue to fulfil customer orders," said Chandra.

Reliance sets up free EV infra for employees

In a first, Mukesh Ambani's Reliance Industries Ltd has set up electric vehicle (EV) charging infrastructure at its Mumbai campus to allow employees to charge their EVs free of cost.

The company's HR on Wednesday sent mailers to employees informing them about the Jio-bp pulse EV charging zone at its Navi Mumbai campus, Reliance Corporate Park (RCP). "Charge your electric vehicle at RCP @ no cost!" the mailer said detailing the process of accessing the facility.

The charging station presently includes six chargers of different configurations for two and four-wheelers.

PTI

Business Standard 14th April 2022

Hero Electric offers temp alarm device to industry

EV lobby head says govt can't enforce recall, should tighten standards instead

SHALLY SETH MOHILE
Mumbai, 13 April

Amid multiple incidents of electric scooters catching fire, Hero Electric is testing a device that would send three levels of alarm for the scooter user if the battery temperature increases beyond the safety limit. The preventive device has been developed by Maker Max, a Canadian start-up, and can be easily attached to the battery box, said a top executive at the company.

"We have all seen fire and smoke alarms installed in offices and many homes. The battery alarm works on the same principle. We have got the design of a miniature battery safety alarm from a Canadian start-up and we are testing the prototype and should be ready to offer it to our customers in a few weeks from now," said Sohinder Gill, CEO Hero Electric.

The device is self-powered on a button cell and is integrated with a thermal sensor. The battery alarm can be easily pasted on the battery box and it can forewarn the customer of any abnormal heating of a battery. This is particularly handy in case of scooters that have portable batteries which can be easily removed and inspected with ease.

According to Gill, this is one another step just to build a higher level of confidence among the buyers that the manufacturers can take even if they are using safest chemistries and best of the battery designs.

On whether the fire incidents have created fear among buyers and, in turn, impacted bookings and enquiries at Hero and other manufacturers, Gill, who also heads the EV makers lobby Society of Manufacturers of Electric Vehicles (SMEV), said while such incidents haven't impacted the walk-in at the showrooms of Hero and others, buyers are spending half the time understanding the batteries and the technology.

"People continue to crave for our products and we have a 45-to-60 day waiting for our models," he said. India sold 330,000 units of e-two-wheelers in FY22, against 144,000 units in FY21.

Going by the current rate of bookings, Gill expects the numbers to swell up to 900,000 units by the end of FY23.

Stoking the concerns on the safety of electric vehicles further, a batch of 20 electric scooters from Jitendra EV caught fire on April 9; the container had 40 scooters in all. No casualties were reported. The incident took place, even as the memories of at least half a dozen e-scooter going up in flames over the last six months were fresh.

Amitabh Kant on Wednesday asked EV original equipment manufacturers (OEMs) to voluntarily recall batches involved in the EV fire incidents. Speaking to CNBC, he said the time is ripe for the EV industry to instill a sense of confidence in consumers the way global automakers do by voluntarily recalling their vehicles over fire risks.

"Manufacturing of (battery) cells isn't regulated. The battery management system needs to be strengthened. There has been a clear partnership between battery manufacturing and battery management," he told the business news channel.

Gill welcomes the governments idea of voluntarily recalling the bikes, however he says we should not expect the government to work like police. Perhaps the need of the hour is to relook at the certification standards factoring India specific climatic and driving conditions and responsibility of good brands to come out with innovations to ensure safe and optimally performing products, he said.

A SAFETY PIN

- **The device can be attached** to the battery box
- **It embeds a chip that sends an alarm** when battery temperature goes beyond the safe level
- **Developed by Maker Max,** Hero is currently testing the prototype
- **Hero Electric to offer it to its customers** and others in two months

The Economic Times 13th April 2022

Honda to Invest $40 Billion in EV Tech over Next Decade

Tokyo: Japanese automaker Honda said Tuesday it will invest nearly $40 billion into electric vehicle technology over the next decade as it works towards switching all sales away from traditional fuel cars. Global auto giants are increasingly prioritising electric and hybrid vehicles, with demand growing for less polluting models as concern about climate change grows.

Honda said in a statement that it plans to launch 30 EV models by 2030, with an annual production volume of more than two million units. The company said it would allocate $39.9 billion over the next 10 years "in the area of electrification and software technologies to further accelerate its electrification". **AFP**

Business Line 15th April March 2022

'City e:HEV is our first step towards electric mobility'

S RONENDRA SINGH

New Delhi, April 14

Japanese auto major Honda Cars, which has been in India for more than 25 years, has made a success of its flagship brand — Honda City. The Sedan has been the best selling in the segment in the Indian car market and remains so, with more than 44 per cent market share. The company is now introducing e:HEV City – the hybrid electric version of the vehicle with self-charging two-motor strong hybrid system connected to a 1.5 litre petrol engine, entailing a peak power of 126 PS and fuel efficiency of 26.5 km per litre. In an interview with *BusinessLine*, the newly appointed President and CEO, Takuya Tsumura, shares more about the new car as well as Honda's long-term plans ahead. Excerpts:

THE BL INTERVIEW

What are the offerings in City e:HEV?

India is an important market for Honda's sedan segment and that is why we are introducing the mainstream of the segment with e:HEV. It will be a practical solution for the Indian customers. This technology has two advanced highly efficient self charging motors and that is why this hybrid gives better fuel efficiency, especially when the petrol prices are going up so high.

So, customers can go for a self-charged electric hybrid system that has 40-45 per cent higher mileage rather than a pure electric car. A lot of safety features also come along like the lane keep assist system, adaptive cruise control, collision mitigation braking system, auto headlamp beam and road departure mitigation.

Is the City hybrid your first step towards electric mobility in India? When do we expect a pure EV from Honda?

Our global head has recently announced the plans to launch 30 EV models by 2030 (globally), with an annual production volume of more than two million units. He has given the direction and also the investment of around $40 billion over the next 10 years in the EV space. The goal is to achieve carbon neutrality by 2050 with Honda products.

Honda is striving to sell two-thirds of its global sales through electrified models, like hybrid fuel cell vehicles and battery EVs by 2030. And by 2040, our aim is to achieve 100 per cent transition to EVs and fuel cell vehicles globally ... Honda is taking to that direction and if it happens, all the countries where Honda has operations (including India) are doing feasibility studies so that each market can give something.

So surely, the City e:HEV is our first step, and we are studying what time would be the best for us with what product.

At one point Honda brought Civic hybrid, too, but the whole model was stopped along with C-RV. What is the reason for Honda being late in taking decisions?

We are always doing feasibility studies on what model should be launched at what time. May be our estimation was wrong at a particular time, but now we think we are launching the vehicles at right time. For example, the SUV that we are launching next year - I think it is the right time for us no matter what competitors may think. We will launch a best model that fits for India.

For instance, Honda Amaze was specifically launched for the Indian customers and it is doing very good. Whatever the product, it is offered specifically for the Indian needs and that's why we will make the SUV keeping in mind the Indian customer.

> Honda is striving to sell two-thirds of its sales through electrified models by 2030 ... By 2040, we aim to achieve 100 per cent transition to EVs and fuel cell vehicles globally
>
> TAKUYA TSUMURA
> President and CEO, Honda Cars India

But, the market is getting bigger and competitive in each segment like the City, where a lot of competitors are also looking at a strong market share. Are you worried?

The new e:HEV City is something which is updated with more advanced technologies to keep up with the competitors and we will keep engaging the customers in future too. Not only the City, but also with other models like the Amaze and the upcoming SUV next year.

We will also grow better than the market every year ... if the market grows by 10 per cent, we will grow more than that. Competition coming in is good for us because customers will get more choices within the Sedan segment. It also means that the segment which had shrunk, is possibly going to increase, and so will our market share.

On the regulations or policies side, are you happy with the Indian norms?

Regulations should not come as a sudden decision. Like in other countries, there should be at least 2-3 years time so that we prepare ourselves; it takes at least three years to make a product. Even in the taxation part, if a sudden change comes in, it is hard to meet what is best for customers.

The Economic Times 14th April 2022

'EV cos should follow global practice of recall'

Surojit Gupta & Pankaj Doval | TNN

New Delhi: Batches of electric vehicle models that have caught fire should be recalled in line with global best practices and for customer safety, a top official of Niti Aayog said on Wednesday amid reports of an increasing number of e-two wheelers catching fire.

"Safety and security is a must. Globally, faulty vehicles are recalled and that should be the practice followed here," Niti Aayog CEO Amitabh Kant told **TOI** when asked about the steps being taken to instil confidence in the new age vehicles.

Kant termed these incidents as "transitory problems" and said such incidents had happened in combustion engines as well. He said manufacturers should voluntarily ensure certification according to the country's AIS 156 standard, which is one the most stringent in the world. The Niti Aayog CEO is confident that the EV industry would overcome these challenges and adopt standards that are globally accepted. He cited the examples of global auto majors such as Hyundai, Ford, BMW and Volvo which had recalled EVs due to issues connected to their products.

> Safety and security is a must. Globally, faulty vehicles are recalled and that should be the practice followed here
>
> —AMITABH KANT | NITI AAYOG CEO

The government had ordered an inquiry into the increasing number of incidents of fire in electric two-wheelers, including that of Ola Electric and Okinawa, and has sought a report in under a month as concerns rise over customer safety and vehicle robustness.

"We have asked an independent expert... to check (on) what are the actual reasons and circumstances," Giridhar Aramane, secretary of ministry of road transport and highways, had told **TOI** when asked about the growing number of cases, and a recent incident where an Ola Electric scooter had caught fire in Pune. On April 11, there were reports of around 40 e-scooters of Nashik-based Jitendra EV catching fire while they were being transported. The incident had occurred on April 9, and the company had said it is looking into the issue.

Union road transport minister Nitin Gadkari had told the Lok Sabha recently that the government will take appropriate action.

The Economic Times 4th April 2022

Maruti Sets Up New Team to Electrify its EV Business

REJIGGING ORGANISATION New mobility unit to help carmaker focus better on 'digitisation'

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Just weeks into announcing investment of ₹10,000 crore on electric vehicles in India, Maruti Suzuki, India's largest car maker is putting in place the building blocks with dedicated teams for EVs and digitalisation.

ET has learnt that starting April 1, Maruti Suzuki has restructured its organisation by forming a dedicated team for electric and connected vehicles called as "new mobility division" to enable a sharper focus. This new team will report into Shashank Srivastava, senior ED, sales and marketing.

Also, to accelerate effort in the area of digitalisation, a new division called business transformation has been formed.

"The EV project is at an implementation stage. Things have to be coordinated in a proper structure to execute the plan; hence, teams are being put in place," said a person in the know.

The parent Suzuki Motor will be investing in a full-fledged factory including lithium ion cell localisation in Gujarat that will call for a significant investment.

The development work has already started for a project codenamed YY8 planned for 2024-2025. Even as the R&D work happens in the background, the organisation is being aligned from sales and marketing at present to prepare for the entry — which will act as a critical sound board, when the likes of Tata Motors, Mahindra & Mahindra, MG and Hyundai introduce their range of models.

An email sent to the company did not elicit any response till the press time.

The automaker's move is akin to setting up of Truevalue business, Nexa division, small commercial vehicle divisions, which were carved out as a separate vertical within the company for a sharper focus. And all these divisions have delivered so far. Experts said the creation of a new vertical by Maruti Suzuki shows that the company recognises the emergence of EV as a key pillar for the future, and if it wants to retain market leadership of more than two decades in the cleaner electrified world, it needs a sharper focus.

The new division will help India's largest car maker give more concerted focus to make up for the lost time and regain the confidence of core customers, which have been drifting away due to new offerings of the competition.

The formation of new vertical means the company will be making a new pool of resource base which has specialized skills and domain experts working on new emerging technologies that would result in lower lead time for the company to respond to competition, particularly at a time when features generate eyeballs in the first year of adoption. Hygiene has been for most carmakers the top concern in the last 18-24 months, said a fund manager of a domestic fund house.

The company has witnessed some erosion in market share in the last few years due to limited options in the SUV segment, which is growing rapidly. The company is losing a lot of existing customers who are upgrading to rivals' SUVs. "Kia and MG Motor have been continuously raising the bar in connected vehicles that is further weighed on market share," added a fund manager.

However, this situation is going to be corrected in the next few years with a range of SUVs starting from ₹8 lakh up to ₹20 lakh aimed at transitioning the brand in the premium end of the market and create its own space in ₹10 lakh to ₹20 lakh.

Future Forward

New team to report into **Shashank Srivastava**, senior ED, sales & marketing

Suzuki to invest in full-fledged factory including **lithium ion cell** localisation in Gujarat

Development work has started for project codenamed YY8 planned for FY25

Co to be making new pool of resource base with specialized skills/domain experts

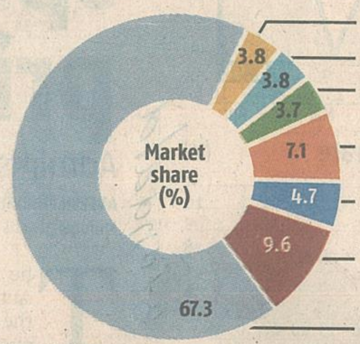
Experts say the creation of a new vertical by Maruti shows that the co recognises emergence of EV as a key pillar for the future

Business Standard 12th April 2022

Bajaj eyes top slot in electric 3-wheeler mkt

A FRAGMENTED MARKET

Market share of three-wheeler EV players as of Feb '22 (in %)



Source: Haitong Securities

SURAJEET DAS GUPTA
New Delhi, 11 April

In a fragmented electric three-wheeler market where no company has more than a 10 per cent share, leave alone a dominant presence, can Bajaj Auto storm in and become king?

The company is set to launch its range of electric auto rickshaws in June and hopes to replicate its success in ICE three-wheelers where it is the undisputed market leader with a 63 per cent market share.

Can it be crowned king of the electric three-wheeler market too? Overall, electric sale volumes are growing at breakneck speed. According to Haitong Securities, they hit 19,053 units in February 2022. That's over 41 per cent of all domestic three-wheeler sales (ICE and electric combined).

The largest player was YC Electric Vehicles with 1,836 units and a market share of sub 10 per cent. Mahindra & Mahindra, the only big player in this space, is at the number two slot with a market share in February of 7.1 per cent.

While the top six players account for below 33 per cent of the overall market, the rest is divided among innumerable small and regional players.

Bajaj Auto has decided it will not go for battery swapping as an alternative because it increases the overall cost of the vehicle. Instead, it will enable charging of the vehicle.

It is also planning to cover different segments such as cargo and small and larger vehicles required for different segments. In three-wheelers, the electric version is growing very rapidly — by 55 per cent in February over the previous year. It is also fast increasing its share in the overall pie of three-wheelers (ICE and electric combined).

A look at domestic sales shows that between April 2021-February 2022, electric three-wheelers accounted for over 40 per cent of total ICE and EV sales.

However, ICE three-wheelers have huge export numbers. In the same period, 461,195 ICE three-wheelers were exported, which is double that of domestic sales.

If both these numbers are taken into consideration, EV's share in total sales (domestic and exports) goes down to around 25 per cent. Hardly any electric three-wheelers are exported from India.

This could change in June when Bajaj Auto launches its electric three-wheeler. The company is the largest exporter of three-wheelers and it may be able to give a push to electric three-wheeler exports too. After all, Bajaj has a presence across the world. That, combined with the growing popularity of electric vehicles globally, should place it in a strong position.

Times of India 3rd April 2022

Regulators will take care of teething EV issues: Aaditya

Major Industry Players Exhibit Their Produce

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Shiladitya Pandit

Aaditya Thackeray (wearing mask) at the Pune AFC on Saturday

Pune: State tourism and environment minister on Saturday Aaditya Thackeray said safety issues that had emerged with electric vehicles, including battery fires, would be taken care of by the regulators.

The minister inaugurated the Pune Alternate Fuel Conclave (AFC) on Saturday. The electric vehicle and allied infrastructure exhibition, as part of the Pune AFC, is being held at the Sinchan Nagar grounds till April 5, which the organisers — the state government in association with the Mahratta Chamber of Commerce, Industries, and Agriculture (MCCIA) — have billed as India's largest EV exhibition.

An electric vehicle rally is scheduled for Sunday that will run for a course of 27 kilometres, starting at the exhibition venue, followed by a two-day conference on the EV and alternative fuels industry on April 4 and 5.

Key players in the electric and alternative fuels space, including EV manufacturers, battery makers, and components makers, are exhibiting their inventory at the event, with bookings and registrations also available for attendees to buy electric vehicles.

"There will be teething issues in the EV space such as those of safety and fires. Those issues will be taken care of and looked into by the regulators involved such as the Automotive Research Association of India (ARAI) and others," Thackeray said while interacting with reporters.

He added that such exhibitions and conclaves will tour across Maharashtra and will become an annual event, adding that the rally on Sunday can alleviate some concerns about range anxiety in electric vehicles.

Some of the exhibitors also launched their products at the event on the occasion of the exhibition as well as Gudi Padwa, including EKA, which is owned by the auto components manufacturer Pinnacle. It launched its nine metre, 31-seater electric city bus E9 on Saturday, which it expects to be running on the roads in around four months' time.

"All of the production process is local, including the components and the software. The one inaugurated today is the first prototype, while another one is currently undergoing homologation at the ARAI. We expect that process to be completed in the next 60 days, and the first buses will be running on city roads in around four months", said Sudhir Mehta, the chairman of Pinnacle Industries.

He said, "We are targeting state transport utilities but there is interest from private players too. While the upfront cost of an electric bus is around twice that of a diesel bus, the running costs are only around 15% of a conventional diesel bus, and the owner can break even in three years."

Business Line 13th April 2022

Ola CEO to shift focus to new projects from daily operations

YATTI SONI
Bengaluru, April 12

Bhavish Aggarwal, CEO, Ola

Ola CEO Bhavish Aggarwal will shift focus from the company's day-to-day operations to products and engineering functions.

In an internal note to the Ola team, Aggarwal said he would spend more time with all engineering functions, team building, and on products. He added that Ola Group CFO and CFO of Ola Electric, GR Arun Kumar, will "drive the day-to-day operations of the group to ensure adequate focus on the execution of the current business."

BusinessLine has seen the internal email sent by Bhavish Aggarwal.

A source close to the company said this move is not related to Ola Financial Services or the acquisition of Avail Finance. "Bhavish Aggarwal is not stepping away and will continue to lead the organisation. Aggarwal is just increasing his focus on tech, engineering, and products. Arun Kumar will help Bhavish manage operations," she added.

Focus on strategic projects

Indeed, in the internal note, Bhavish Aggarwal said he will be increasing the focus on longer-term strategic projects, including "new 2W products, the car project, innovations in quick commerce, electrifying ride hailing, cell R&D and factory, international expansion, building the Pune tech centre and Futurefoundry UK, among others."

Potential reasons

On the potential reasons for the Ola CEO's move, Chartered Accountant and CEO of CapDeck Advisors, Mohnish Wadhwa, said, "When it comes to corporate governance, it's all about what investors want. Investors would want two companies (Ola and the financial services arm) of the same group to be driven independently to reduce the chances of misrepresentations if independence is not maintained. Abuse of power is another reason the CEO position carries its own management power in the board."

Business Line 24th March 2022

'EV fires are a wake-up call; need to focus more on R&D'

Shailesh Chandra, MD– Tata Motors, says EVs should be safer than ICE vehicles

SWARAJ BAGGONKAR
Mumbai, April 12

Rising incidents of electric two-wheelers catching fire spontaneously should be a wake-up call for the electric vehicle industry and manufacturers should provide adequate time for product testing and validation to avoid such incidents in future, a top official of Tata Motors, India's largest producer of electric cars, said in an interview.

In the last few weeks the social media has been abuzz with viral videos and images of electric two-wheelers turning into a raging inferno, with one of the incidents even resulting in the death of the rider. The government, which is pushing for electric mobility, was forced to step in to ascertain the cause of fires.

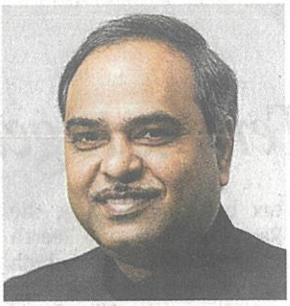
Speaking to *BusinessLine*, Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicle and Tata Passenger Electric Mobility, said, "Electric vehicles (EV) should be safer than ICE (internal combustion engine) vehicles. There are more avenues of thermal incidences in an ICE vehicle compared to EVs. If EVs are given sufficient time for design, testing, validation, especially in the conditions they are supposed to operate, these incidents would not happen."

Incidents only in 2W

So far, only electric two-wheelers have seen fire incidents. There have been no reported fire incidents involving electric mini trucks, passenger electric three-wheelers, cargo electric four-wheelers and passenger electric cars from the house of reputed automotive brands like Mahindra & Mahindra, Tata Motors, MG Motor and Kinetic Green.

Electric scooters of Ola Electric, Okinawa and Pure EV have caught fire in the last few weeks from different parts of the country. While the final verdict is not yet out, EV makers and battery technology specialists blame high operating temperatures, poor vehicle software, usage of dated battery technology and poor vehicle design for the fires.

There have been numerous cases of similar fires in 2021 as well involving electric scooters featuring Chinese design and Chinese battery technology. Market watchers blame the stratospheric retail demand behind the minimal investment and effort towards research and development of EVs leading to gaps in the general product development process.



Shailesh Chandra, MD Tata Motors Passenger Vehicle and Tata Passenger Electric Mobility

Thermal management

It was imperative that all manufacturers really focus a lot on testing and design in the climatic condition of the country and go for proper thermal management application, he said.

"That's the reason we spent a lot of time on the selection of chemistry, and our entire team went to JLR (Jaguar Land Rover) to discuss with them the thermal management strategy," Chandra added.

Business Standard 12th April 2022

20 e-scooters go up in flames while in transit

ARINDAM MAJUMDER
New Delhi, 11 April

In light of the recent incidents involving scooters from prominent electric mobility brands bursting into flames, the subject of electric vehicle (EV) safety has come under the spotlight.

As many as 20 electric scooters of Nashik-based Jitendra EV Tech caught fire after being loaded on a transport container. While no one has been reported injured, the company said it is conducting an investigation to find the 'root cause' of the fire.

"An unfortunate incident took place on April 9 near our factory gate. The situation was immediately brought under control by our team's timely intervention. Safety being of prime importance, we are investigating the root cause and will soon come out with the findings," said a spokesperson for the company.

This is the sixth incident of fire in electric scooters since the onset of summer. Government officials said that they are cognisant of the incident that has happened at Jitendra EV Tech and will call the company's executives for a report on it. The road ministry has already called senior executives of Ola Electric Mobility and Okinawa Scooters to give a detailed presentation on the issue and will take a call on it.

An Ola electric scooter and an Okinawa electric bike recently caught fire, leaving several customers concerned.

Minister of Road Transport and Highways Nitin Gadkari, while speaking in the Lok Sabha on the EV fire cases on March 31, had said that the incidents may have taken place due to higher temperature. He, however, had said reports from an expert committee were still awaited.

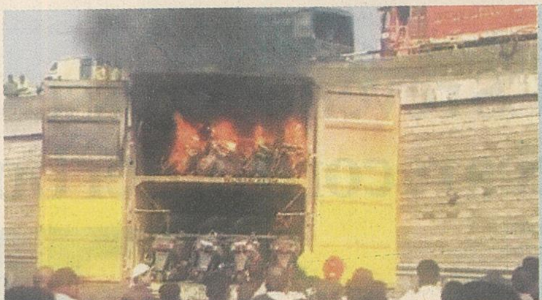
"This is a very serious issue and we have ordered a forensic investigation into each individual event," said Gadkari, adding that the government will take appropriate action after the exact technical reason behind the accident is known.

A government-appointed team — that includes experts from the Indian Institute of Science and the Centre for Fire, Explosive and Environment Safety — has been deputed to visit and investigate the accident sites in Vellore, Pune, and Trichy.

Asked whether the high recurrence of such incidents — particularly those involving models from the same companies — merits stricter action, such as mandatory recall of vehicles, a senior official of the road ministry said unless one knows the reason behind the accidents, it will be pure speculation to proffer a comment.

"Nobody called for such action when a popular car brand from a large automotive (auto) company saw several cases of its model catching fire," he pointed out.

EV sales in the country witnessed over threefold jump last financial year, with two-wheeler offtake leading the segment, according to the data compiled by auto dealers' body Federation of Automobile Dealers Associations of India. Total EV retails reached 429,217 units in 2021-22 — a threefold rise from 2020-21.



E-mobility firms are in firefighting mode after sixth such incident. The first of these took place in December

FEELING THE HEAT

- **25 March** ▸ 2 people die in Vellore after an Okinawa electric scooter catches fire
- **26 March** ▸ Ola e-scooter goes up in flames in Pune
- **28 March** ▸ Okinawa scooter ignites in Trichy
- **29 March** ▸ Pure EV electric scooter burns in Pune

Business Line 7th April 2022

Sale of electric vehicles soar even as safety issues spark concerns

G BALACHANDAR

Chennai, April 6

The electric vehicle industry in India ended FY22 on a high note as total registered EV volumes reported strong growth to 4.3 lakh units from 1.3 lakh units in FY21.

The record volumes were boosted by high fuel prices, revisions in the FAME policy and additional benefits under different State-level EV policies.

March 2022 saw the highest-ever monthly registered volumes at 77,128 units, an increase of 43 per cent over February 2022 and a 196 per cent jump from March 2021 volumes, according to information on Vahan Dashboard.

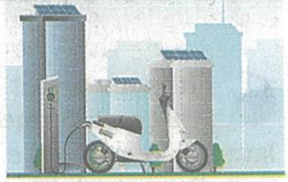
Record numbers

"FY22 was a significant year for EVs in India as they took one big step away from being 'niche' and a step closer to being mainstream, and this phenomenon was more prominent in the 2W category. The year saw electric 2W OEMs clocking record numbers, entry of new players into the 2W EV space, and legacy OEMs deciding that they've waited enough and it's time to enter the game big time. So it could well be the 'zeroth' year for e2Ws in a sense," said Suraj Ghosh, Director – Mobility, S&P Global.

High speed e-bikes

Last month, overall high-speed electric two-wheeler volumes stood at about 50,000 units, the highest-ever monthly number, amid growing debate over the safety of electric two-wheelers after the recent fire incidents.

For FY22, total registered high-speed electric two-wheeler sales are estimated at 2.31 lakh units (about 41,050 units in FY21), though final numbers — including sales of low-speed scooters — are awaited. Hero Electric is the market leader with 28 per cent market share in FY22 in the e2W segment, followed by Okinawa (20 per cent), Ampere (11 per cent) and Ather (9 per cent) among others.



Total registered electric car sales were also the highest monthly number at 3,561 units in March 2022. For FY22, total e-car sales stood at about 19,520 units, according to JMK research.

"In the PV category, though the base is small, growth cannot be underestimated. It's been established by the success of Tata Nexon that Indian customers are ready to experiment if they can get high VFM (value for money). We expect more EV models to be introduced this fiscal as every carmaker is getting enticed to this segment; electric PV sales are likely to grow about 2.5 times over FY22," said Ghosh.

With businesses and educations institutions opening up, the three-wheeler segment is seeing a strong revival, but the market is shifting in favour of EVs.

"A tactical shift from ICE to EV is also visible as 45 per cent of the 3W market is now driven by EVs," said Vinkesh Gulati, President, Federation of Automobile Dealers Associations (FADA).

Total electric three-wheeler sales stood at 177,874 units in FY22 against 88,391 in FY21. YC Electric Vehicle is the market leader with about 10 per cent share, followed by Saera Electric Auto (4.8 per cent) and Mahindra Reva Electric (4.5 per cent), according to FADA's data.

E2W safety issues

"Safety concerns around EVs, especially e2Ws, are a serious issue and they must be addressed by OEMs and relevant government authorities. It has the potential to dent the perception of EVs in general. Having said that, though the recent incidents of e2W fires are likely to add some doubt in prospective customers, we do not expect them to affect full-year sales in the next fiscal, assuming such incidents do not recur," said Ghosh.

The Economic Times 14th April 2022

Electric 2-Wheeler Sales Inch up in the Upcountry Markets

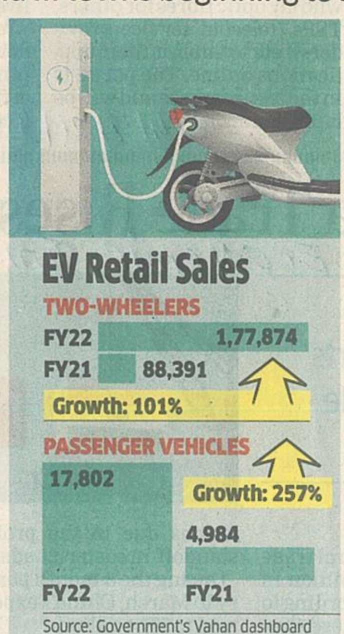
Consumers in tier-II and III towns beginning to see EVs as an upgrade

Lijee.Philip@timesgroup.com

Mumbai: Sales of electric two-wheelers are surging in upcountry markets amid a rapid climb in motor-fuel costs, giving semi-urban India a disproportionate ownership share in the EV business that logged its best performance to date in FY22.

Towns such as Bikaner, Shillong, Meerut, Bareilly and Siliguri are seeing higher EV sales despite the challenges associated with access to an adequate charging network. Although still small numerically in comparison with conventional 100-cc motorcycles, electric scooters are the new rage in these towns. Companies such as Hero Electric, Ather, Pure EV and Revolt have proposed bigger investments to expand their footprint in these markets.

"We began retailing in tier-I markets, but as of now, we have expanded to tier II-III towns. The excitement and demand we've seen in these towns has been phenomenal. In tier II-III centres, when we index e-scooter sales to their population i.e, e-scooters sold per lakh population in a town, 8 of the top 10 towns are tier-II-III," said Ravneet Phokela, Chief Business Officer, Ather Energy.



This yet again challenges the stereotype that tier II,III,IV markets look for value products and are predominantly price-driven. Consumers in these markets are beginning to see EVs as an upgrade — and the technology of the future.

"All this drives the desire and aspiration, and the willingness to pay a premium for these products. Additionally, the fact that total cost of ownership is so attractive makes the overall proposition very compelling," added Phokela.

FOR FULL REPORT, GO TO www.economictimes.com

The Economic Times 3rd April 2022

EV Growth may Slow as Safety Norms Tightened

Testing agencies tweaking parameters to avoid overheating of batteries, accident

Lijee.Philip@timesgroup.com

Mumbai: The surging sales growth of electric vehicles (EVs), especially in the two- and three-wheeler categories that have seen several launches lately, may slow as safety norms are tightened following four recent fires involving such bikes. Government-appointed testing agencies are understood to be tweaking parameters for such vehicles, especially to avoid the lithium ion batteries overheating and going up in flames.

The government has already prescribed the toughest benchmark for EVs.

"India has the world's stringent testing standard, AIS 156, which includes the fire resistance test where the battery is subject to a direct and indirect flame for over two minutes," said Niti Aayog CEO Amitabh Kant. "Manufacturers voluntarily ensure that all of their batteries are certified as per this standard."

The country is also working with the United Nations on the new R136 standard and testing of batteries among the subjects being discussed.

"We may see these being adopted in India soon, once they are released," said Kant.

AIS 156 may be more suited for European climatic conditions rather than the high temperatures in India, said Hero Electric CEO Sohinder Gill.

"There would certainly be delays in new electric vehicle product launches but this would only ensure safer products being rolled out to customers. India needs new certification standards that take care of battery chemistry and design," said Gill, also director general of the Society of Manufacturers of Electric Vehicles (SMEV).

ELECTRIC TWO-WHEELERS SALES (as a percentage of total two-wheeler sales)

	Total industry	Electric
2020	1,24,73,545	26,331
%		0.21%
2021	1,22,87,709	1,36,699
%		1.11%

ELECTRIC CAR SALES (as a percentage of total car sales)

	Total industry	Electric
2019	2,972,786	2,024
%		0.07%
2020	2,447,697	4,812
%		0.20%
2021	3,104,740	14,874
%		0.48%

Source: Jato Dynamics

ELECTRIC TWO-WHEELER LAUNCHES

2020 **18**

2021 **34**

Business Line 13th April 2022

'Shift to EVs opens up ₹3-lakh cr opportunity'

Crisil analysis says newer business models are waiting to take off

G BALACHANDAR

Chennai, April 12

The shift from vehicles with internal combustion engines (ICE) to electric vehicles (EVs) presents an estimated ₹3-lakh crore opportunity for manufacturers of components, financiers, insurers and shared mobility players, among other stakeholders in India, over the next five years, according to Crisil analysis.

Inherent in it is a potential revenue of about ~₹1.5 lakh crore across vehicle segments for original equipment manufacturers (OEMs) and component manufacturers, about ₹90,000 crore in the form of disbursements for vehicle financiers, and shared mobility and insurance accounting for the rest.

EV adoption continues to surge. The Vahan portal shows that electric three-wheelers (3Ws) made up almost 5 per cent of three-wheeler registrations in FY22, as against less than one per cent in FY18. The percentage for electric two-wheelers (2Ws) and e-buses rose to almost 2 per cent and 4 per cent, respectively.

Alongside large cities, smaller towns, too, are witnessing this shift, driven by the government's fiscal and non-fiscal measures. As per Vahan statistics, the share of the top 10 districts in nationwide sales of electric cars and three-wheelers dropped from 55-60 per cent in fiscal 2021 to 25-30 per cent in fiscal 2022. For electric two-wheelers, the percentage declined from 40-45 per cent to 15-20 per cent.

Improving cost parity

"Considering the improving cost parity and the government's focus on electrification of vehicles, we should not be surprised if EV penetration reaches 15 per cent in 2Ws, 25-30 per cent in 3Ws, and 5 per cent in cars and buses by fiscal 2026 in terms of vehicle sales," said Hemal Thakkar, Director, Crisil.

The drivers of EV adoption are all too evident. Rising fuel prices and higher cost of ICE vehicles are impacting their affordability, and government support for EVs is also playing a huge role. Central schemes such as FAME-India, phased manufacturing plan, and production-linked incentive have jump-started the country's EV journey.

The Economic Times 7th April 2022

Business Line 14th April 2022

Business Standard 5th April 2022

Mercedes EV outdoes Tesla by breaking 1,000 km limit

WILLIAM WILKES

14 April

A Mercedes-Benz AG electric car drove more than 1,000 km (621 miles) from Germany to the French Riviera on a single charge, taking the fight to seize the technology limelight from Tesla to the next level.

The EQXX prototype rode from Sindelfingen near Stuttgart via Switzerland and Italy to the Mediterranean coastal town of Cassis, the automaker said on Thursday. The sedan's lightweight chassis and aerodynamic profile allowed it to complete the trip with a battery half the size of Mercedes's EQS flagship electric vehicle.

The EQXX "is the most efficient Mercedes ever built", Chief Executive Officer Ola Kallenius said in a statement. "The technology programme behind it marks a milestone in the development of electric vehicles."

Mercedes plans to spend €60 billion ($65 billion) through 2026 to fend off Tesla and win back the title of the world's best-selling luxury-car maker from its rival BMW AG. The company has a goal to sell only EVs where possible by the end of this decade and plans to set up eight battery factories with partners.

Tesla delivers a record 1 m electric cars over past year

AGENCE FRANCE-PRESSE

New York, April 3

US electric car manufacturer Tesla shipped a record number of more than one million cars over the past year, according to figures published on Saturday.

The company delivered 1.06 million cars from April 2021 to March 2022, including more than 310,000 cars in the first quarter of this year alone, which is 67 per cent higher than over the same period last year.

Still, the figure fell short of analysts' expectations of 317,000 units, according to data compiled by FactSet. Deliveries are considered similar to sales figures published by other manufacturers.

'Difficult quarter'

Growth, however, slowed sharply in recent months for Tesla, with deliveries rising a minuscule 0.4 percent since the fourth quarter of last year.

The number of vehicles produced is also slightly down against the previous quarter.

"This was an exceptionally difficult quarter due to supply chain interruptions and China zero-Covid policy," Tesla CEO Elon Musk said on Twitter, referring to China's strict health restrictions. "Outstanding work by Tesla team and key suppliers saved the day."

However, Tesla is still faring better than its competitors, with the entire automobile industry affected by supply chains snarls.

Toyota saw its sales in North America fall 23.5 per cent in volume in the first quarter of 2022, compared to the same period last year.

General Motors earned a profit of $1.7 billion for the quarter ending December 31, down 38.7 per cent from the final three months of 2020 as revenues dropped 10.5 per cent to $33.6 billion.

TaMo Expects EV Volumes to More than Double in FY23

Strong tailwind for clean cars amid rising fuel prices in country likely to help

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Tata Motors expects electric vehicle sales to more than double in the current financial year backed by a strong tailwind for cleaner vehicles amid rising fuel prices in the country. Given the sustained rise in order book, the company expects the Indian passenger vehicle market to scale to a new peak.

On its part, Tata Motors is working overtime to debottleneck its production and it hopes to bring in incremental capacity of 10-15% or 50,000 to 75,000 units.

Speaking on the sidelines of the new Tata Curvee Coupe concept vehicle showcase on Wednesday, Shailesh Chandra, president of Tata Motors Electric Vehicles said the demand is far exceeding supply and the company expects to sustain a monthly run rate of 3m500 units a month. Chandra said he had not expected this kind of traction. Every month as the company caught up on the supply side, the demand was inching higher.

Tata Motors also expects the Indian passenger vehicle market to scale a new peak this fiscal

"Our trend trajectory indicates, the number could more than double. The semiconductor supply is the only thing, which could pull it back, having said that things however have improved, but one needs to see what is the implication of Russia-Ukraine, the new wave in China, all that remains to be seen," he added.

Chandra expects the share of EVs to be in double digits in FY23 and by FY26, it expects the share to increase to 20-25% of the total production.

Tata Motors sold 19,106 units EVs in FY22, averaging about 1,600 units a month, but it exited with a monthly rate of 3,357 units in March 2022, which pushed the EV penetration to 8% to the total monthly volumes.

COMPANY PHOTO

PRESS REPORTS
ON
TWO – THREE WHEELERS

Business Standard 6th April 2022

Ola second among electric 2-wheeler makers in Mar

Doubles sales in the month to 9,121 units; Hero Electric still market leader

ARINDAM MAJUMDER
New Delhi, 5 April

Softbank-backed Ola Electric has significantly increased delivery of its electric scooters with registrations increasing to 9,121 vehicles in March from just 3,904 units in February, according to auto retail sales data released by the Federation of Automobile Dealers Association (FADA).

The surge in March helped it become the second largest electric two-wheeler seller in the month, only behind market leader Hero Electric.

The jump in deliveries came after two months of teething issues at the company, which saw deliveries falling short of announced production.

Ola Electric had sold just 1,102 units in January even though the company claimed to have increased production to 1,000 vehicles a day. Co-founder Bhavish Aggarwal had said deliveries were expected to touch 15,000 in March, which would have propelled the company to the top of the sales charts in India.

Thanks to the increased deliveries, the company has increased its market share to 6.21 per cent for the whole of financial year 2021-22 (FY22).

The company has invested ₹2,400 crore in building the largest EV manufacturing facility in the country and has set big targets in terms of production volumes and sales.

The response was phenomenal, with Ola claiming bookings worth around ₹1,100 crore in just two days. This was last September, when the company had opened bookings.

The company was at the receiving end of consumers' ire for delays in deliveries with several of them taking to social media to explain their position.

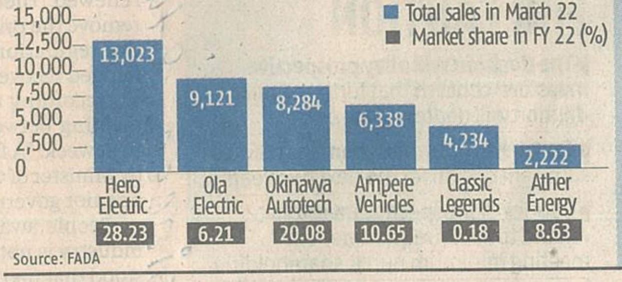
However, analysts said since the industry is at a nascent stage, the pecking order can change rapidly. "These outperformers or underperformers would rapidly change based on which company ramps up capacity in which month. Most of the outperformers like Hero Electric, Pur Energy, Okinawa, Ampere that outperformed this month were underperformers last month," said analysts at Elara Capital.

Hero Electric, which dominates the local electric two-wheeler market with a 28 per cent share, sold 65,303 units in FY22, versus 14,771 the previous year. Sales of Okinawa Autotech, which had 20 per cent market share, jumped 566 per cent to 46,447 in FY22, while Ola Electric sold 14,371 units.

Electric two-wheelers are expected to see increased demand also because of high fuel prices, which are likely to increase substantially as a result of the Russian invasion of Ukraine.

As many as 800,000 electric vehicles will be sold in India in FY23, compared with 429,217 units the previous year, said Vinkesh Gulati, president of the Federation of Automobile Dealers Associations.

ON THE MOVE



Source: FADA

Passenger vehicle retail sales drop 5% in March: FADA

Domestic passenger vehicle retail sales in March declined by 4.87 per cent to 2,71,358 units, as compared to the same month last year, automobile dealers' body FADA said on Tuesday.

According to the Federation of Automobile Dealers Associations (FADA), PV sales stood at 2,85,240 units in March 2021.

"Passenger vehicles continue to see high demand and long waiting periods as semiconductor availability still remains a challenge, even though supplies slightly improved from previous month," FADA President Vinkesh Gulati noted. PTI

Business Line 14th April 2022

Two-wheeler sales skid 11% in FY22, 'lowest in a decade'

For the first time, utility vehicle sales overtake passenger cars

OUR BUREAU
New Delhi, April 13

Two-wheeler sales in March declined 21 per cent year-on-year (y-o-y) to 11,84,210 units as compared with 14,96,806 units in corresponding month last year, and fiscal year (FY) wise, 2021-22 was the lowest in a decade.

On FY basis, sales of two-wheelers declined 11 per cent to 1,34,66,412 units in 2021-22 against 1,51,20,783 units in the previous fiscal.

Also, for the first time, sales of utility vehicles have outdone passenger cars in the April-March period at 14,89,178 units compared with 14,67,056 units, the Society of Indian Automobile Manufacturers (SIAM) data said.

CVs, SUVs fare better

"Despite some recovery from a low base, sales of all four segments of the auto industry are below even the 2018-19 level.

While some segments like commercial vehicles and SUVs are seeing improvement in demand, mass segments like two-wheelers and smaller cars are facing serious affordability issues," Kenichi Ayukawa, President, SIAM, told reporters on Wednesday.

Ayukawa noted that the year gone by was full of unforeseen challenges and new learning for the industry.

All four segments of the industry have increased their exports, and two-wheelers achieved their highest ever exports

Took on challenges

"Indian auto industry has worked hard against these challenges to keep the value chain running, to indigenise parts, control cost, invest in new technologies and enhance exports. The government also came out with targeted support like PLI schemes, FAME scheme extension, etc," he said.

In the 2021-22 fiscal, total passenger vehicle (PV) wholesales rose by 13 per cent to 30,69,499 units from 27,11,457 units in 2020-21. Three-wheeler sales also rose to 2,60,995 units last fiscal from 2,19,446 units in FY2020-21.

Similarly, total commercial vehicle (CV) wholesales also increased to 7,16,566 units last fiscal as compared with 5,68,559 units in 2020-21.

Total sales across categories, however, declined to 1,75,13,596 units in 2021-22 as against 1,86,20,233 units in 2020-21.

On the monthly basis, the latest data by SIAM showed that the total PV dispatches to dealers declined four per cent to 2,79,501 units in March, as compared with 2,90,939 units in March 2021. The domestic sales of three-wheeler however, declined marginally to 32,088 units last month as against 32,310 units in corresponding month last year.

2W exports up

Meanwhile, talking about export performance, Ayukawa said, "We are happy to share that all four segments of the industry have increased their exports. In fact, two-wheelers achieved their highest ever exports. It is good to see that Indian products are becoming more acceptable worldwide for their quality, cost and performance."

The Economic Times 12th April 2022

Enfield Grows in Stature in Markets Abroad, Exports Double in FY22

Motorcycle maker now ranks in the top 5 in markets like Europe, UK, New Zealand and Southeast Asia

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Royal Enfield is making its presence felt in the global mid-size motorcycle segment by breaking into the top 3-5 rankings in the markets of the UK, Europe, New Zealand and Southeast Asia.

Already a global leader in the mid-size motorcycle segment — 250-750 cc — for several years by virtue of large volumes in India, the maker of the iconic Bullet motorcycle started becoming a strong alternative to expensive brands in several matured markets, thanks to its new range of products.

The company's international volume has made a major shift in the last fiscal year ended March 31 by doubling international volumes, with exports accounting for more than 15% of the total output of the company. It now has a mid-term target of garnering about 20-25% of the volume from international markets.

Royal Enfield claims that this has been possible due to building a global portfolio tailored to suit individual market needs and creating robust assembly units and distribution infrastructure.

In the Fast Lane

Exports account for over **15%** of total output of co

Co now has mid-term target of garnering **20-25%** of volume from int'l mkts

Royal Enfield claims this has been possible due to global portfolio tailored to suit individual mkt needs, creating robust assembly units & distribution infra

Co has over **150 exclusive stores**, over **660 multi-brand outlets in over 60 countries**

"Starting from one store in a city, we today have over 150 exclusive stores and more than 660 multi-brand outlets in over 60 countries. We have a better collaboration with dealers and distributors now. Understanding the criticality of building greater accessibility and time to market, we have set up assembly units in Thailand, Argentina and Colombia with plans to set up one more in Brazil," said a Royal Enfield spokeswoman.

In fiscal 2022, the company sold 81,032 motorcycles in markets outside India, an increase of 109% from the previous year. This helped cushion a 9% fall in sales (521,236 units) in the local market. Exports have grown at a compounded annual rate of 40% in the last five years, a period when its overall volumes declined 2%.

In Southeast Asia, Royal Enfield has grown by over 150% in the last five years in sales, while its retail presence has expanded from 30 to more than 150 outlets. In Thailand, Royal Enfield featured among the top four brands in the mid-size segment in FY22, while in New Zealand, it was the top selling motorcycle brand in the 250-1000cc category in June 2021. In the mid-size motorcycle segment, Royal Enfield ranked second in the UK and fifth across Europe in calendar year 2021. While the middleweight motorcycle segment in Europe grew 11% over the last five years, Royal Enfield outpaced it with a CAGR of more than 50%. With a retail network spanning almost 440 stores, including non-exclusive stores, the spokeswoman said the company was all set to launch into the next phase of growth in Europe with a new motorcycle line-up.

In the Americas, wholesale numbers have doubled almost every year since 2016, with a CAGR of over 70% over the course of the last five years.

With more than 300 touchpoints in the region, it has been working towards bringing new riders into mid-size motorcycles, claims the company. Beyond India, the addressable market for Royal Enfield is about 1 million units a year. "There is tremendous headroom for growth in global markets for Royal Enfield. We believe we are at an inflection point in international business. With robust plans of a strong line-up of global motorcycles, sharp focus on growing the retail network, Royal Enfield is confident about replicating the India success story across the world," the spokeswoman added.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 13th April 2022

CV industry expects strong growth this fiscal

Infra development, economic activities to drive sales

G BALACHANDAR

Chennai, April 12

The commercial vehicle industry is sticking to its optimistic growth projections for the current fiscal given the favourable growth drivers despite fuel inflation, chip shortages and geopolitical issues.

CV industry's growth in 2021-22 was supported by increased activity in road construction, mining and improved infrastructure spending by the Central and State Governments apart from the boom in the e-commerce sector.

All leading players such as Tata Motors, Ashok Leyland, VE Commercial Vehicles (VECV) and Daimler India Commercial Vehicles (DICV) reported a significant growth in their truck sales for FY22.

Buses, trucks

"The CV industry is on a recovery path with the industry selling 6,64,009 units in FY22, which is 26 per cent higher than the 5,26,073 units sold in FY2021. In the truck segment, this was supported by replacement demand, recovery in economic activity and government spending on infrastructure. In the bus segment, growth was supported by the reopening of schools and offices and the gradual return to normalcy after the pandemic," said Vinod Aggarwal, MD& CEO of VE Commercial Vehicles, told *BusinessLine*.

The medium and heavy commercial vehicle sales witnessed strong double-digit growth, driven by pick-up in fleet utilisation levels

The medium and heavy commercial vehicle sales witnessed strong double-digit growth, driven by pick-up in fleet utilisation levels led by increased economic and infrastructural activities. Tata, Ashok Leyland & VECV reported growth in the range of 42 to 51 per cent in their M&HCV sales. Intermediate commercial vehicle volumes also grew in double digits with a shift to more CNG-powered vehicles, driven by the e-commerce sector. The small commercial vehicle segment reported a single-digit growth as chip shortages caused some production issues.

"As far as FY22 is concerned, industry performance was fairly positive. The commercial vehicle industry performed far better than the passenger vehicles industry. This barometer shows that the economy was making its way through while there were operational challenges across sectors, said Satyakam Arya, MD & CEO, DICV, adding "but, we couldn't have called this normal. Normalcy is yet to come from a business point of view and this we are expecting sometime in the latter half of FY23. The industry is still tackling constraints and this requires a finite solution.

Market confidence

The last two quarters of FY22 brought a real change in the business environment—the confidence was back in the market. Business-related to haulage, trailers and tippers saw a slowdown but ICVs were much in business given that this segment is directly linked to consumers. But now, these segments are on an upward trend with resumed infrastructural and logistical activities gaining prominence.

"We experienced that at DICV as 2021 was a recovery year for us and we marched with great confidence into 2022, said, Arya.

Semiconductor shortage

But the industry will need to tread with caution due to certain prevailing challenges. The shortage of semiconductors is likely to be a challenge for a few more months. However, increased thrust on infrastructure and rural development by the Central Government is likely to drive demand in the CV industry. But, soaring fuel prices along with a spike in commodity prices may play a spoilsport.

"Much has already been said about semi-conductor shortages. The industry has been coping by adopting alternative measures and we anticipate this to resolve in the coming quarters. Commodity and diesel prices have gone up significantly in the past few months for various reasons. Given the strong underlying growth in GDP, we expect these costs will be transferred to the end customer through higher freight rates," said Aggarwal.

Business Standard 2nd April 2022

'Chip shortage still a challenge for commercial vehicle players'

The rise in fuel prices and the Ukraine crisis have not made any severe dent in the commercial vehicles business as yet, says **UMESH REVANKAR**, vice-chairman and managing director, Shriram Transport Finance (STFC). In an interaction with Shine Jacob, Revankar says the company is expecting a growth rate of 10 per cent in assets under management (AUM) in 2022-23. Edited excerpts:

What sort of impact are you seeing on commercial vehicles demand following the Ukraine crisis and the rise in fuel prices?

What I see is that demand per se has not come down. There is enough demand in the market. But some of it is getting postponed due to certain challenges. On the supply side, the issue of chip shortage continues to be a challenge. Thus, there is a supply-side constraint. The new scenario in demand is likely to continue as long as there is a supply-side shortage and availability remains a challenge. Geopolitical tensions have led to fluctuations in fuel prices but we have seen some cooling off from the highs. Hence, it is not an adverse situation right now. Only when prices go beyond previous all-time highs will I believe that fuel is going to be a major challenge.

Q&A

UMESH REVANKAR
Vice-chairman & MD, Shriram Transport Finance

What is your growth forecast and also with the Securities and Exchange Board of India (Sebi) nod for the merger (of Shriram City Union and Shriram Transport), what is your next step?

We are targeting an AUM growth of 10 per cent next year and we have a plan of action that will help us achieve a higher level of market share. In the last three years, we have grown at 5 per cent, 6 per cent and this year we should end up at 8 per cent. Our growth target remains contingent on the return to normalcy, but despite the uncertainty, we believe it will be better than the last two Covid years. On the credit cost estimation front, we expect to be at 2 per cent by next year-end. On other business verticals, affordable housing finance is likely to grow much faster, as the market scope is very high. For Shriram City, too, growth for two-wheelers and small and medium enterprise finance is showing a pick-up. On the merger front, we are moving from Sebi to National Company Law Tribunal now. It may take six months — around October-November. We are getting our engines ready for the merger by running pilots and we will be focussing on launching the products and services of each company. We are going from geography to geography. We are in the process of upskilling our staff and training them to be future-ready. When you look at the combined Shriram City Union and Shriram Transport, we expect the pace of growth for Shriram City Union products to be faster.

With the slew of fuel price hikes, are you seeing the importance of CNG vehicles?

There is already a switch from standard diesel to CNG or electric vehicles (EVs) in smaller vehicles. On heavy commercial vehicles, however, either CNG or EVs is not an option now. CNG is heavy to carry, and therefore, only small vehicles can use it. The same problem is faced with electric vehicles. The waiting time at any CNG outlet is also quite long. But people are actively shifting to CNG in city-bound vehicles. If you look at the last few months, Tata and Maruti have launched CNG variants in all their base models.

Is there a positive growth curve in terms of used vehicles too?

Chip shortages to make new vehicles and uncertainty on the economic front and now rising fuel prices are driving demand for used vehicles. The demand for used vehicles and their financing is quite robust. There is better demand for used vehicles now and their resale value has gone up by 25 per cent in the last one year.

PRESS REPORTS
ON
TRACTORS

Business Line 9th April 2022

Tractor sales decline 6 per cent in FY22 even as exports zoom

Total production also falls to 9,61,100 units from 9,65,231 units in FY21

G BALACHANDAR

Chennai, April 8

The Indian tractor industry has reported a six per cent decline in domestic sales in 2021-22, a year after registering highest-ever annual production and domestic sales. However, the industry achieved its highest-ever export volumes during FY22.

Total domestic volumes stood at 8,42,266 units for FY22 as compared to 8,99,407 units in the previous fiscal, a decline of 6.4 per cent. Total production also fell to 9,61,100 units compared with 9,65,231 units in 2020-21, according to the data provided by Tractor & Mechanization Association (TMA).

Other factors

The decline in domestic sales in FY22 can be majorly attributed to the high base effect of the previous fiscal.

"However, there are other factors that pulled down the sales during FY22. They include negative retail sentiments due to rising tractor prices amid price hikes taken by OEMs, higher inventory at the dealer's end coupled with lower commercial demand, the rising cost of cultivation, increase in other expenditures (such as marriages and other social occasions) and advancement in tractor purchase (both new and replacement demand) by farmers in fiscal 2021," Pushan Sharma, Director, Crisil Research.

However, buoyancy exports continued almost most of the part of the year and total exports stood at 128,636 units in FY22 as compared to 88,621 units in FY21, an increase of 45 per cent. Exports, accounting for about 13 per cent of the overall tractor sales, grew by 45 per cent on year in fiscal 2022 after recording a 17 per cent growth in fiscal 2021. Improved traction for Indian tractors in Bangladesh, the US, Mexico and European countries have supported export growth.

Hitting a rough patch

- Total domestic volumes stood at 8,42,266 units for FY22 compared with 8,99,407 units in FY21
- The decline in sales can be primarily attributed to the high base effect of the previous fiscal
- However, total exports stood at 128,636 units in FY22 against 88,621 units in FY21

"Specifically, India's export to Bangladesh has seen a sharp increase by 600 per cent from April-January 2022 as compared to the same period last year. The share of Bangladesh in India's export basket rose from 12 per cent in FY21 to about 40 per cent in FY22. Also, exports to Mexico witnessed a rise by about 650 per cent on year from April 21-January'22 and the share in the export basket rose from 2 per cent in fiscal 2021 to 6 per cent in fiscal 2022.

"Due to higher exports to Bangladesh and Mexico, which largely imports low HP tractors from India, the share of up to 30 HP tractors in total exports rose from 13 per cent in fiscal 2021 to 17 per cent in fiscal 2022," said Sharma.

For March 2022, total domestic sales were higher at 72,888 units as compared to 51,953 units in February 2022, but lower when compared with 85,076 units in March 2021.

Though IMD is yet to come up with its monsoon prediction for 2022, a normal monsoon may drive low to moderate growth in tractor volumes in fiscal 2023.

"Record procurement of kharif acreage, a substantial increase in exports of agricultural products like wheat, sugar and cotton will help improve the financial position of the farmers leading to better cash flow in the rural market to help boost tractor demand going forward," said Hemant Sikka, President - Farm Equipment Sector, Mahindra & Mahindra Ltd.

Price hike on cards

High inventory levels at dealers' end, lower replacement demand and negative retail sentiments due to higher retail prices are expected to hamper demand in the first half of the fiscal.

Price hikes to the tune of 2-4 per cent are expected to be taken by OEMs in Q1 FY23 to counter rising commodity inflation, said Sharma.

PRESS REPORTS ON COMPANY NEWS

Business Standard 12th April 2022

MG Motor to invest ₹4,000 crore for second India plant

Begins due diligence for land in Gujarat and other states

PRESS TRUST OF INDIA
New Delhi, 11 April

MG Motor India plans to invest around ₹4,000 crore on a second manufacturing unit, for which it is in talks with several state governments, including Gujarat where its first facility is located, according to a top company official.

The company, which is expanding the annual production capacity of its current plant at Halol in Gujarat to 125,000 units by 2023, is looking to add another 175,000 units capacity from the second plant and take its overall capacity to 300,000 units a year in the next two years.

"Beyond 125,000 (at Halol), we need a second plant. It can be at Halol, and we are in touch with the Gujarat government for some additional land. Also, we have been approached by some other states. So, we have started our due diligence now about the location of the second plant. We are meeting some other states as well as the Gujarat government," MG Motor India President and Managing Director Rajeev Chaba told *PTI*.

He further said, "There were some offers for existing brownfield plants. We have not ruled that out. I think by June-end hopefully, we should be able to finalise about the second plant." When asked about the investment and production capacity for the second plant, he said, "We are looking for close to ₹4,000 crore for the second plant. We will take our total capacity to 300,000 units per year with another 175,000 units coming from it."

On the expected completion timeline for the new unit, Chaba said, "We are talking about finalising this by June, and once we finalise it, we will take approximately two years." In terms of funding of the second plant, Chaba said the company is considering several routes, including the External Commercial Borrowing (ECB) and Foreign Direct Investment (FDI).

"We are looking at all the possible options of raising the funds, including FDI, ECB, and other investors. All the options, we are looking at, wherever we can get a good deal," he added.

Last year, MG Motor India had announced an investment of ₹2,500 crore to increase production capacity at its Halol plant.

ON FAST TRACK

- The company aims to expand the annual production capacity at Halol (Gujarat) to **125,000 units by 2023**
- Looking to **add another 175,000 units capacity** from the second plant
- This will take its **overall capacity to 300,000 units a year** in the next two years
- The company currently produces **four models** — Hector, Gloster, Astor, and ZS EV — from Halol plant
- The fifth, which will be launched by March–April next year, is a **small EV priced between ₹10 lakh and ₹15 lakh**

"The Halol plant itself, we have revamped and invested more to increase the capacity from 70,000 per year to 125,000 per year from next year," Chaba said.

In 2021, the company sold 40,000 vehicles, he said, adding, "This year, we have a severe shortage of chips, but still we think we will end up doing 70,000 units. So our progression will be 40,000 units last year, 70,000 units this year, and 125,000 units the next year."

In order to reach these production targets at the plant, he said, "We have introduced the second shift from this month and the plant will produce 125,000 units annually from the next year on a three-shift basis." The company currently produces four models — Hector, Gloster, Astor, and ZS EV — from the Halol plant. With the capacity enhancement, he said the supplies of these vehicles will go up.

"The fifth, which we are going to launch by March-April next year, is a small EV priced between ₹10 lakh and ₹15 lakh. So, these five products should take care of 125,000 units at the Halol plant, and then the sixth product has to come in at the new plant," Chaba said.

Business Standard 15th April 2022

Hybrids to SUVs: Honda taking India mkt wheel

Initial phase of journey to clean mobility will be through hybrid

ARINDAM MAJUMDER
New Delhi, 14 April

Japanese automotive (auto) major Honda is trying to recover lost ground through the launch of new products and entering new segments in India.

The company on Thursday launched a hybrid version of the popular sedan City as it attempts to make its mark in its transition to clean fuel.

"India is a very important market for us. We have a very strong brand image here and I want to carry that forward," said Takuya Tsumura, new president and chief executive officer at Honda Cars India, who took charge on April 1.

As part of further organisational restructuring, the company has elevated Kunal Behl to vice-president- marketing and sales, from operating head-sales and network development.

Tsumura has experience in the India market, having served here from 1997 to 2000.

Globally, Honda last June announced plans to invest $40 billion to develop electric vehicles (EVs) over the next decade. The company will launch 30 EVs by 2030 and produce 2 million vehicles annually.

However, Tsumura said that the first phase of the clean mobility journey for Honda in India will be through hybrids.

"We need to observe the reaction from the market and competitors, and plan the future," he said, adding that fuel efficiency for the hybrid variant is better by 40-45 per cent. "I think with fuel prices at a record high, this is a good time to launch the model," he said.

While automakers like Tata Motors are bullish about transition to EV, Japanese automakers have been somewhat sceptical.

They feel there are hurdles in infrastructure, affordability, and range to make EVs profitable in India.

Honda is importing a few components for the hybrid system from Japan. "But the commitment of the brand towards India is high. For Indian customers, it is a more practical solution than having a pure electric car. It's a very practical solution for Indian mass-segment customers," said Behl.

The vehicle has two self-charging highly efficient motors. The new City hybrid will be powered by Honda's intelligent multi-mode drive (or i-MMD) hybrid technology — the system is a combination of an internal combustion petrol engine and two electric motors.

Honda Cars India on Thursday unveiled City e:HEV sedan, marking its foray into the mainstream strong hybrid electric vehicle segment in the country

"THE RISE IN POPULARITY OF UTILITY VEHICLES IS A GLOBAL PHENOMENON. AT PRESENT, WE DON'T HAVE THAT LINE UP OF SUVs IN INDIA. THAT'S WHY WE ARE PLANNING TO LAUNCH THE SUV MODEL NEXT YEAR"

TAKUYA TSUMURA,
president & CEO,
Honda India

While Honda had previously tried introducing a hybrid product in India more than 12 years ago, the Civic hybrid was an instant market failure at an asking price of ₹21.5 lakh (ex-showroom) as it was being imported as a completely built unit.

It had launched the Accord hybrid in 2016, but had to discontinue for the same reasons.

"This is locally manufactured. It makes a huge difference in terms of price for the end-consumer," said Behl.

Honda in 2020 went for cost rationalisation and consolidated its manufacturing operations at a single plant in Tapukara, Rajasthan. It discontinued production at its older Greater Noida plant from December 2020 and also discontinued the Civic and the CR-V in India.

One big challenge Honda faces in India is the absence in the sport utility vehicle (SUV) segment, which is the fastest-growing category.

Tsumura said he recognises the challenge and is planning to plug the lacunae. Honda is developing an India-focused SUV in 2023.

"The rise in the popularity of utility vehicles is a global phenomenon. We don't have that line-up of SUVs in India. That's why we are planning to launch an SUV model next year," he added.

Business Line 15th April 2022

Tata Motors, M&M grab market share from foreign auto brands

Combined market share of Maruti, Hyundai at the lowest since FY14

Tata Motors closed FY22 with a higher market share, all thanks to Nexon, Punch, Tiago and Altroz models

SWARAJ BAGGONKAR

Mumbai, April 14

Repeated success with SUV and new car launches have helped Indian heavyweights, Tata Motors and Mahindra & Mahindra, seize market share from their rivals, including Maruti Suzuki, whose control on the domestic market has slipped to its lowest level in eight years.

Per sales data for FY22 shared by the Society of Indian Automobile Manufacturers (SIAM), the combined market share of the two Indian automotive brands stood at nearly 20 per cent, which is the best in nine years. Last year, nearly one in every five passenger vehicles (PV) sold in India was made by either of the brands.

The gain by Tata and Mahindra led to a marked erosion in the share of foreign automotive brands. The combined market share of the top two car and SUV makers, Maruti Suzuki and Hyundai, was at its lowest since FY14. Car market leader Maruti Suzuki saw its single biggest fall in market share in a decade last year, while Hyundai's market share in FY22 was almost at the same level as FY14.

Semiconductor woes

Maruti Suzuki and Hyundai have been hit severely by the semiconductor shortage to the extent that both companies had to cut output and undertake unscheduled production holidays. The two brands control 60 per cent of the domestic PV market, with Maruti Suzuki closing last year with a share of 43.38 per cent (47.71 per cent) and Hyundai with 15.68 per cent (17.39 per cent).

These top four auto companies control nearly 80 per cent of the country's PV market while the balance is split among 13 companies.

India's PV segment, which comprises cars, utility vehicles (consisting of SUVs) and vans, saw sales of 3.06 million units last year, placing it among the top five auto markets in the world.

Tata Motors saw the steepest rise ever in its market share in a single year in FY22. The Mumbai-based company closed FY22 with a share of 12.15 per cent as against 8.26 per cent clocked in FY21, all thanks to Nexon, Punch, Tiago and Altroz.

Limited volumes

In an interview to *BusinessLine*, Shailesh Chandra, MD, Tata Motors Passenger Vehicle and Tata Passenger Electric Mobility, said, "Today, the volumes are limited not due to capacity but because of semiconductor shortage."

Powered by new models Thar and XUV700, M&M was able to not only upgrade existing buyers but draw customers from rival brands, too. Thar continues to be the most popular product with the waiting period stretching to a year.

Business Line 3rd April 2022

TVS Motor buys majority stake in British e-bike maker EBCO

Singapore arm nabs 70 per cent for ₹11.6 crore

OUR BUREAU

Chennai, April 2

Leading two/three-wheeler maker TVS Motor Company has picked up a majority stake in UK-based EBCO engaged in the development and manufacture of e-bikes, for ₹11.6 crore (£1,163,070).

TVS Motor (Singapore) Pte Ltd (TVSM Singapore), a wholly-owned subsidiary of TVS Motor Company, acquired a 70 per cent stake in EBCO and thereby, it (EBCO) has become a subsidiary of TVSM Singapore as well as the company, according to a statement.

Founded in 2010, EBCO is a British company providing smart connected mobility solutions through a pipeline of e-bikes across the city and mountain biking segments. The company has tie-ups with most major dealers across the UK. EBCO is the exclusive distributor of Corratec e-bikes in the UK.

Corratec-maker IKO Sportartikel Handels GmbH is one of Germany's largest e-bike manufacturers with a plant in Bavaria and another coming up in Romania.

Business Line 8th April 2022

M&M's SsangYong woes continue as deal with Edison Motors crashes

Agreement terminated after Edison failed to deposit ₹1,882-crore bid amount

OUR BUREAU
Mumbai, April 7

Mahindra & Mahindra's woes with SsangYong Motor Company (SYMC) refuse to die down. The deal between Edison Motors Co and Ssang Yong has been terminated after the former failed to deposit the bid amount, as per the terms of the investment agreement. In January, Edison Motors Co had agreed to acquire the debt-ridden Ssang Yong for $254.65 million (₹1,882 crore) through a primary equity investment.

The Korean court had also approved SYMC and Edison Motors signing a merger and acquisition (M&A) investment contract.

The Edison-led consortium had asked for a 95 per cent stake in SYMC against their investment and SYMC had agreed to make best efforts to meet the said request.

"SYMC had informed us today that the agreement as mentioned above between a consortium led by Edison Motors Co and SYMC to acquire the debt-ridden SYMC through a primary equity investment in SYMC has been terminated by Ssangyong, after consultation with the Seoul Bankruptcy Court, due to Edison's inability to deposit the bid amount as per the terms of the investment agreement. We are also informed that the Edison Consortium has appealed against the termination of the agreement," said a statement by Mahindra & Mahindra.

Mounting losses

SYMC has been in court receivership since April 2021. This was preceded by an year-long attempt by M&M to find a buyer for SYMC. Following a hard financial review by the M&M management in view of Covid-19, the company decided against investing any further in SYMC in mid-2020. SYMC had sought infusion of $406 million. M&M took an impairment hit of ₹1,210 crore on the SYMC investment in 2020-21.

The cash-strapped Korean company has posted losses for 19 consecutive quarters and has been struggling to stay afloat. It even sold non-core assets to generate liquidity in 2020, after M&M declined to inject new funds.

Between January and September 2021, SYMC sales crashed 21 per cent to 84,496 units compared with the same period in the previous year. It posted an operating loss of 238 billion won during the same period. With the Edison deal being terminated now, SYMC is perhaps heading for liquidation.

Edison-led consortium had asked for a 95% stake in SYMC REUTERS

Business Line 1st April 2022

Exide Industries to invest ₹6,000 cr to set up giga factory in Karnataka

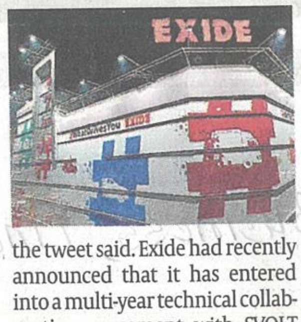
OUR BUREAU
Kolkata, March 31

The country's largest automotive battery maker, Exide Industries, has announced plans to invest ₹6,000 crore in Karnataka for setting up one of India's largest giga factories for advanced cell chemistry technology. The announcement came after Exide MD and CEO Subir Chakraborty met with Karnataka Chief Minister Basavaraj Bommai on Thursday.

The company has sought land in the Haraluru Industrial area for setting up the factory, according to a tweet by the Industries and Commerce department of Karnataka government.

Pact with SVOLT

"This will be one of #India's largest Giga factories for Advanced Cell Chemistry Technology and land has been requested in the #Haraluru Industrial Area," the tweet said. Exide had recently announced that it has entered into a multi-year technical collaboration agreement with SVOLT Energy Technology (SVOLT) for technology and the necessary know-how for manufacturing Lithium-ion cell in India.



As part of the agreement, SVOLT will grant Exide an irrevocable right and licence to use, exploit and commercialise necessary technology and know-how owned by them for lithium-ion cell manufacturing in India. Additionally, it will also provide the support required for setting up of a green field manufacturing plant on a turnkey basis, the company had said. Exide, which had recently received board approval for setting up a multi-gigawatt lithium-ion cell manufacturing plant, is in the process of forming a Special Purpose Vehicle (SPV) by way of a wholly owned subsidiary for carrying out the manufacturing business.

The company has participated in the production linked incentive (PLI) scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage, issued by the Ministry of Heavy Industries. The company has already set up a factory in JV with Leclanche SA, Switzerland, which is equipped with fully automated lithium-ion assembly lines for battery packs and modules. The factory has started production and will offer energy solutions that are scalable and eco-friendly.

Business Standard 1st April 2022

Audi, Porsche to enter F1, get green light from VW

REUTERS
31 March

Audi and Porsche owner Volkswagen is likely to give the green light for the two brands to make their entry into motor racing's Formula One at a meeting next week, two sources familiar with the matter said on Thursday.

"We will hopefully be able to communicate our intention to enter into Formula One then," one of the sources said, with the second adding there was a "good chance" of a positive decision.

Volkswagen declined to comment. The news was first reported by *Business Insider*.

There has long been talk of Audi and Porsche forming partnerships with existing Formula One teams, their most likely method of entry into the highest class of international racing.

Audi and McLaren denied reports last year that a partnership between the two brands had already been formed but said that it was under discussion, with a decision to be expected this year.

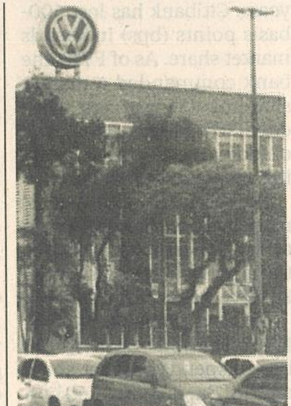
Audi will offer around 500 million euros ($556.30 million) for McLaren, one source said, while Porsche intends to establish a long-term partnership with racing team Red Bull starting in several years' time.

Volkswagen has not previously been involved in Formula One but has worked with Red Bull, notably in the world rally championship. McLaren and Red Bull were not immediately available to comment.

A source told Reuters in November that Volkswagen's ultimate decision will rest on whether Formula One follows through on its plans to switch to synthetic fuels by 2026, and on McLaren's progress regarding electrification of its vehicles.

Volkswagen has invested the most of any global carmaker by far in electric vehicle production and batteries in an attempt to clean up its image from the Dieselgate emissions scandal and remain in line with governmental carbon reduction targets.

The decision comes as Volkswagen grapples with the uncertainty of the impact of the Ukraine war on its finances, which will also be discussed at next Thursday's meeting.



There has long been talk of Audi and Porsche forming partnerships with existing Formula One teams, their most likely method of entry into the highest class of international racing

Business Line 4th April 2022

ZF to set up auto parts factory near Chennai

German firm plans to invest ₹1,800 crore over next 10 years, buys 45 acres for plant

G BALACHANDAR
Chennai, April 3

German auto components major ZF has said that India is a big focus area not just as a market for its products but also as a sourcing hub and an R&D base. The company will invest ₹1,800 crore to create additional capacity and capabilities to emerge as a leading supplier to the Indian commercial vehicle industry.

"India is a strong hub and pillar for ZF Group. We have built a separate organisation here at the group level. It is not part of Asia Pacific but a separate region for our group," Wilhelm Rehm, Member of the Board of the Management, ZF Group's CVS Division said during an interaction with *BusinessLine*.

The Commercial Vehicle Solutions (CVS) Division, formed in January this year by combining its commercial vehicle technology division with Wabco, which it acquired, seeks to focus on trucks and buses, after market, and the relatively smaller trailer and off-highway segments.

In better position

"After the merger of Wabco-ZF, we are in a much better position to support Indian customers with a completely additional set of product lines. Also, ZF being a next-generation mobility leader globally, we would like to support OEMs with advanced technologies, adopted and tweaked for Indian requirements, and also localised solutions wherever possible," said P Kaniappan, Head of ZF Commercial Vehicle Control Systems India Ltd (ZFCVCSI).

ZFCVCSI will bring new products from the global portfolio, localise and sell them at price points that will be accepted here with the help of the group's 300-odd engineers' team in India.

"The Wabco team in India is very strong in frugal engineering. In transmission areas, the products we sell in Europe are too expensive for India and also for European design. This is where the Indian engineering team will help," Rehm added.

For the CV business growth, Oragadam (near Chennai) manufacturing operations will play a bigger role though the company has factories at Ambattur and Mahindra City. Since all factories are operating at full capacity, the company has acquired 45 acres at Oragadam for expansion. It is planning to invest ₹1,800 crore over the next 10 years. The proposed expansion is expected to support the future of CV growth and to grow exports.

Braking systems market

In the braking systems market in India, the group has a strong leadership position with its long-standing relationships with the OEMs. It seeks to acquire a similar pole position for additional product lines such as transmission systems, chassis components, clutch products and electric mobility segments, going forward.

At the moment, ZF is sourcing more than €100 million out of India and will increase it further in the coming years.

Business Line 11th April 2022

Tata Motors says open to partnerships

Company plans to invest ₹15,000 cr in five years to execute its plans

SWARAJ BAGGONKAR
Mumbai, April 10

Tata Motors, India's third-largest manufacturer of passenger vehicles, said it is open to having partners in both of its subsidiaries that make electric vehicles and regular engine-powered cars and SUVs, as it looks to maintain its growth trajectory by tapping new technologies.

The Mumbai-based company, which recorded a trend-defying growth last year in the segments that both the subsidiaries operate in, wants to stay ahead of the curve, as its rivals prepare to make significant investments for the future market shift.

When asked if Tata Motors is looking for a partner in the electric vehicle company, Shailesh Chandra, Managing Director of both the Tata Motors' subsidiaries, said: "We are open to (having a partnership) in passenger vehicle and electric vehicle because both are disrupted by the same new technology."

The EV subsidiary, Tata Passenger Electric Mobility (TPEML), saw the financial participation of TPG Rise Climate and ADQ, who have agreed to pump in ₹7,500 crore in two tranches in exchange of a stake ranging between 11 and 15 per cent. This transaction, which was executed in October last year, gave TPEML a valuation of $9.1 billion.

"TPG is a strategic partner with a lot of knowledge," Chandra added. Tata Motors ended FY22 with a share of more than 85 per cent in the passenger EV category based on just two models, Nexon EV and Tigor EV.

Tata Motors recently unveiled its Curvv concept SUV, which is expected to help it take on Hyundai Creta and Kia Seltos, besides giving it the much-needed EV push

Investments planned

The company has committed to having a total of 10 EV launches in five years, including those which will be based on a born-electric platform. Its existing offerings are essentially petrol/diesel-powered cars converted to battery electric. The next phase of product offerings will see the company introduce electric vehicles with an option of petrol/diesel powertrains.

The company has planned an investment of ₹15,000 crore in five years to execute these plans and meet its ambitions. In 2020, Tata Motors had announced plans to seek a partner for its PV business unit even before it hived off the vertical into a separate company. Disruption caused by the Covid pandemic, and added focus given to the electric vehicle business, meant that the plans to find a partner for the PV business took a back seat.

Chandra clarified that Tata Motors does not find itself in a desperate situation when it comes to finding a partner, and that it is "waiting for a good opportunity" to arise.

"We are still not in a hurry. We are able to bring the right technology and products are doing good, but there are certain areas where partners can become a force multiplier. When that kind of a situation comes, we will actively look for a partner, but today there is nothing of that nature visible. There are desperate times when you need a partner, but we are not in that situation. We are just waiting for a good opportunity to come along," Chandra added.

Tie-up with Volkswagen

Tata Motors and Germany's Volkswagen Group were engaged in a five-month discussion in 2017 for exploring a tie-up for products and technologies. The deal fell through after both companies realised that the envisioned areas of partnership may not yield the desired synergies as originally assessed.

Business Line 3rd April 2022

IIT-M, Renault-Nissan partner to find innovative ways to reduce road accidents

OUR BUREAU
Chennai, April 2

Indian Institute of Technology Madras (IIT-Madras) is collaborating with Renault-Nissan Technology and Business Centre India (RNTBCI) to reduce road accident fatalities in Chennai and neighbouring districts through two projects. This initiative is aligned with the United Nations Sustainable Development Goal (SDG). An MoU for this was signed on Saturday.

Urban transportation lab

The Connected Intelligent Urban Transportation Lab at IIT-Madras will develop innovative, technology and data-driven solutions to improve road safety, says a press release from the top Institute.

The project proposes the use of sensors and data collection techniques to better understand the root cause of bus accidents and propose innovative ways to significantly reduce them, the release said.

Debashis Neogi (right), MD, Renault-Nissan Technology Centre India, and Mahesh Pancha, Dean – Alumni and Corporate Relations, IIT-M, signed the MoU in the presence of Kapil Saratkar, Additional Commissioner, Chennai City Traffic Police

Kapil Saratkar, Additional Commissioner, Chennai City Traffic Police, said that around 4,500 traffic police personnel are deployed to manage traffic in the city. However, there is a manpower shortage and these policemen face many difficulties in managing the traffic. The Police Department had requested students of IIT-Madras to devise a simple but innovative solution to address the problems faced by the Department.

A year-long hackathon, 'Hackcidents', will be conducted and the best ideas on road safety and accident prevention will be implemented. The Centre For Innovation, a voluntary student body at IIT-Madras, will conduct the hackathon, the release said.

Focus on public buses

The project aims to improve public safety with a particular focus on reducing fatal accidents involving public transit buses in Chennai. Over 10 per cent of fatal accidents in Chennai involved buses. This is twice the country average.

The Economic Times 5th April 2022

Lucas TVS Plans ₹3k-cr Diversification Drive

Auto parts co to set up a lithium-ion cell mfg unit, build capabilities in areas like EVs and consumer appliances

Nehal.Chaliawala
@timesgroup.com

Mumbai: Looking to diversify beyond its core line of automotive products, Lucas TVS is looking to invest around ₹3,000 crore over the next 3-5 years to build capabilities in areas like electric vehicles (EV) and consumer appliances, a top executive said.

The company is diversifying into making motors for EVs and is also investing up to ₹2,500 crore to set up a lithium-ion cell manufacturing plant in collaboration with 24M, an American company that is developing new technologies to produce lithium-ion batteries used in electric vehicles.

The auto parts maker is also widening its portfolio for combustion engine vehicles beyond its mainstay products like starter motors and alternators. This will see an investment of about ₹150 crore.

It diversified into making motors for consumer appliances like air conditioners and washing machines over five years ago and plans to grow further in this segment.

The company won two production-linked incentives (PLI) schemes recently – for automotive components and air conditioners – while lost out to rivals in a third one for making advanced chemistry cells.

With this, the company looks to have half of its revenues from its new business lines, according to Babu KSV, the business head for e-mobility and automotive motors at Lucas TVS.

"There are many areas we entered to de-risk from the core automotive business," he said. In the next five years, the company is looking to have 15-25% of its revenues from EV products, 10% from non-core automotive motors and 15-20% from motors for non-automotive applications like consumer goods, the senior executive said.

This comes at a time when the automotive industry is poised for a transition to electric mobility, which may make most of the core products in Lucas TVS' portfolio obsolete. To be sure, the transition is expected to be gradual with about 30% of total vehicles sold by 2030 expected to be electric.

Lucas TVS is looking to start supplies of EV motors by the end of this month, Babu said. Production of these motors at scale was delayed, he said, as the company faced quality issues with its vendors.

For full report, go to www.economictimes.com

The Economic Times 2nd April 2022

TECH STARTUP Zeliot offers IoT services for transport, logistics sectors

Bosch Picks Up Minority Stake in Zeliot for ₹4 cr

Our Bureau

Bengaluru: Bosch has acquired a 14% stake in Zeliot Connected Services, a Bengaluru-based startup that offers connected mobility solutions for enterprises and automobile manufacturers.

Mobility Solutions

Zeliot's platform has hosted more than **100,000** devices

Startup's clients include Royal Enfield, Ashok Leyland, IOC, Red-Bus, Meru Cabs and Here Maps

Investment will enhance Bosch's role in the mobility landscape through offerings on digital platforms

The investment will enhance Bosch's role in the mobility landscape through offerings on digital platforms in personalised and connected mobility, the company said in a statement.

Zeliot was founded in May 2018 by Anup Naik, Sudeep Nayak and Sugam Sharma.

It offers Internet of Things (IoT) platform-based services for vehicle tracking, fleet management, and telematics offerings to enterprises, urban, school, employee transport and logistics sectors.

Zeliot's platform has hosted more than 100,000 devices and companies such as Royal Enfield, Ashok Leyland, Indian Oil Corporation, RedBus, Meru Cabs and Here Maps are part of its clientele.

Zeliot will leverage the Software-as-a-Service portfolio of Bosch's mobility platform to augment its digital product life cycle from development to customer experience, according to the statement.

The investment, supplemented with Bosch Mobility Marketplace, will additionally enhance Zeliot's microservices to offer device-agnostic solutions deployed for a wide range of customers in India.

The German engineering giant launched its marketplace earlier this year to provide its mobility-related assets under one platform.

The platform aims to expand the portfolio of digital assets from application program interfaces to data and hardware covering a wide range of services in an automotive life cycle such as road or weather data, telematics, navigation. Bosch's listed Indian arm had announced the acquisition in an exchange filing in February. As on March 31, 2021, Zeliot's net worth "amounted to *NEGATIVE* (13) million rupees and operating revenue stood at 21 million rupees.

The Economic Times 12th April 2022

Motherson Close to Buying Auto Light Parts Maker Marelli

Deal set to propel the group among global top ten auto component cos

Nabeel.Khan@timesinternet.in

New Delhi: Vivek Chaand Sehgal's Motherson Group is set to make its biggest acquisition, which, when consummated, will propel the group to be among the global top ten auto component manufacturers, says sources aware of the matter.

The transaction is at an advanced stage and will likely be announced by May-end or early June. According to sources aware of the matter, India's largest automotive component manufacturer will acquire Marelli, a leading automotive lighting and interior supplier.

Last year Marelli's total revenue stood at over $11 billion. The company's appetite for inorganic growth will not end with the Marelli acquisition, as they also have six other acquisitions in various stages of completion.

Sehgal has partnered with KKR to crack the deal which owns the company. In 2017, KKR acquired Calsonic Kansei, the Marelli predecessor, which was under Nissan at the time, and merged with Magneti Marelli after KKR acquired it in 2019 and it was renamed, Marelli.

In March 2022, Marelli went for a debt restructuring and settlement system and its total liabilities at the time amounted to $8.2 billion.

With this acquisition, Motherson Group aims to become a global leader in automotive lighting. Currently, KKR owns the debt-ridden Marelli which it acquired in 2019 under Japan's Calsonic Kansei, for a reported sum of $7.1 billion.

On The Table

Deal likely be announced by May-end or early June

Marelli is a leading automotive lighting and interior supplier

Marelli's total revenue in FY22 stood at over **$11 billion**

Motherson also has six other acquisitions in the pipeline

This is not the first time Motherson Group has put a bid for a company having larger revenue than itself. Earlier this acquired Perform. Motherson Group already has a long relationship with Marelli and Calsonic Kansei joint ventures. They produce the suspension, automotive lighting, and HVAC systems here in India. Currently, Motherson Group's total stands at ₹7,000 crore which puts it in a comfortable position to leverage itself.

The Indian auto component giant has made 29 acquisitions which include five new ones done post covid. Motherson Group has undergone restructuring and creating verticals under the wiring business and automotive lighting business.

The company is also diversifying strongly into nonautomotive too which includes sectors like aerospace, logistics, and healthcare from where it aims to grab a total revenue of $ 9billion by 2025. Among the six new companies, the auto parts maker is very close to acquiring another tooling company. It is also planning to create a new entity for the polymer business.

The Economic Times 8th April 2022

CO EYES ENTRY INTO E-BUS BIZ

Pinnacle In Talks with Global Funds for $100 m

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Pune-based electric vehicle startup Pinnacle Mobility Solutions is in advanced talks with several global ESG funds, growth funds and a couple of sovereign wealth funds to raise up to $100 million (more than ₹750 crore) for its entry into the electric bus segment.

A formal announcement of the investment is expected to be made in the next couple of months. The funding would aid the company to expand its installed manufacturing capacity at Pithampur, Madhya Pradesh, and set up a new plant in Maharashtra to produce electric commercial vehicles for last-mile connectivity.

Co has lined up a capex of ₹2,000 crore to make electric buses and e-mini trucks

"Our first bus will be rolled out of Pithampur factory within a quarter, but we are looking at setting up a plant in Chakan, Maharashtra for both buses and small commercial vehicles," chairman Sudhir Mehta told ET, speaking on the side lines of the Pune Alternate Fuel Conclave. "The funds raised will be used in the execution of these projects."

The company had initiated talks with more than 20 investors and a few of them have progressed to the final stages of negotiation, he said. At the Pune event, Pinnacle Mobility showcased a bus model, Eka. The company has lined up a capital expenditure of ₹2,000 crore to make electric buses and e-mini trucks. The company' investment proposal is already approved under the government's production-linked incentive scheme.

Its initial focus will be on a large private customer base instead of government tenders. It has already received interest from several public transport providers to acquire buses, Mehta said.

Business Standard 7th April 2022

TN, Ford in talks for EV unit in Chennai; firm denies

SHINE JACOB
Chennai, 6 April

Over six months after Ford India announced the shutdown of its manufacturing unit near Chennai, the company is said to be in talks with the Tamil Nadu government over a possible return to the same unit as part of its electric vehicle (EV) roadmap.

The talks are said to have started after the government approved Ford's proposal for manufacturing and exporting EVs as part of the ₹25,938-crore production-linked incentive (PLI) scheme in February.

Tamil Nadu is now hopeful that Ford, which had announced the closure of its manufacturing units at Maraimalai Nagar in Tamil Nadu and Sanand in Gujarat on September 9, may repurpose its Chennai plant for EVs.

A source told Business Standard that talks were held, especially after discussions between Tata Motors and Tamil Nadu for taking over the facility did not take off as expected. Tamil Nadu was betting big on EVs, with the state even extending its talks with players like Tesla. When asked about the current round of talks with Ford India, a company spokesperson termed it as "speculative and imaginary".

In October and December, Tamil Nadu Chief Minister M K Stalin had held a couple of rounds of talks with key Tata Motors officials, including Group Chairman N Chandrasekaran and Executive Director Girish Wagh. However, it chose Sanand over Chennai, according to sources. A spokesperson for Tata Motors also refused to comment on the development, terming it as "market speculation".

Before the exit, Ford India was also in talks with companies like Ola and Mahindra & Mahindra for contract manufacturing or for the sale of both factories. After the announcement of the PLI scheme, Ford India had said it was exploring the possibility of using a plant in India as an export base for EV manufacturing.

If Ford India decides to use the Chennai unit for EVs, the unit may need to undergo re-tooling and other technical changes to manufacture EVs as the unit was so far being used for producing only internal-combustion engine (ICE) models.

The Economic Times
2nd April 2022

Sansera Engg Gets ₹300-cr Order from BMW Motorrad

Ketan Thakkar & Ashutosh Shyam

Mumbai: Bengaluru-based Sansera Engineering, a high precision component maker, has bagged its first order from BMW Motorrad worth ₹300 crore, for the supply of aluminium forging components.

The order from BMW's motorcycle brand will be a validation of the company's ability to manufacture small aluminium forged components and will likely help it win more high-value orders from other marquee global customers.

Also, besides the incremental business, the order for high margin aluminium forged components will add to its bottom line.

A formal announcement of the order was made to stock exchanges on Friday. The order for ₹300 crore is over the next 10 years and will cover 26 aluminium forged and machined parts used in suspension in chassis systems.

The company currently has two lines for aluminium forging and it plans to double the capacity in the next financial year. The company is also working on the feasibility of investing in a 4,000-tonne press line in the near future.

The company has outstanding orders of ₹1,400 crore across 49 customers in auto and 30 from non-auto sectors. About 9% of these outstanding orders are from electric vehicles and fuel-agnostic solutions. In FY22, these solutions accounted for 5% of revenue. Sansera plans to increase itto 15% in five years, according to its quarterly presentation for the December quarter.

Since these aluminium forging parts manufactured will be powertrain-agnostic, these will be used in the forthcoming models for internal combustion engines as well as EVs.

The Economic Times 9th April 2022

Merc Sales Grow 26% in Q1, Order Book Swells to Record 4K

Ketan.Thakkar
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Mumbai: Mercedes Benz India, the largest luxury car maker in the country, has posted an impressive 26% growth in sales in January to March quarter of 2022 led by a sustained demand for luxury cars from the top pyramid of India's earning population. The maker of three pointed stars is now sitting on its highest ever order book of 4,000 cars or ₹3,000 crore, at the close of Q1 of calendar year 2022.

Interestingly, the global sales for Mercedes Benz fell 15% in the same period because of a lack of semi conductor supplies.

The country's largest luxury car maker expects this growth momentum of over 25% to sustain, if not accelerate. This would mean, Mercedes Benz will be delivering one of its best years in annual sales in 2022, closing about 14,000 to 15,000 cars.

The company sold over 4,000 cars in the first quarter of 2022, and its booking order of 4,000 cars indicates a smooth runway ahead for the brand in the country.

Martin Schwenk, MD of Mercedes Benz India, says the sales of Q1 2022 lays a strong foundation for a long-term sales recovery. This achievement becomes important in the context of continued intense headwinds like semi-conductor shortage, global supply chain disruptions and rising input costs.

"Despite multiple headwinds, the demand has remained very strong due to strong acceptance of our cars. Our orderbook has increased over the last one quarter.

Mercedes will be delivering one of its best years in sales in 2022, closing 14K to 15K cars

The year has got off to a very good start. We are quite confident that we will see continues demand for the rest of the year. While the supply side challenges remain, we are confident of the demand-side situation to stay strong," said Schwenk to ET.

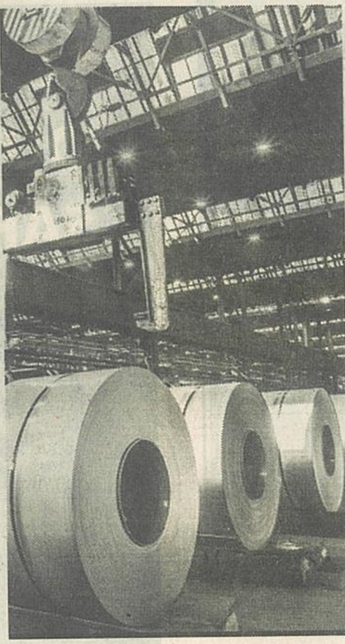
This Q1 sales growth is also achieved at the backdrop of continuing semi-conductor shortage, global supply chain challenges and increasing operating cost for the company. The company will strive to produce more cars and reduce the current waiting list for its products, assured the company.

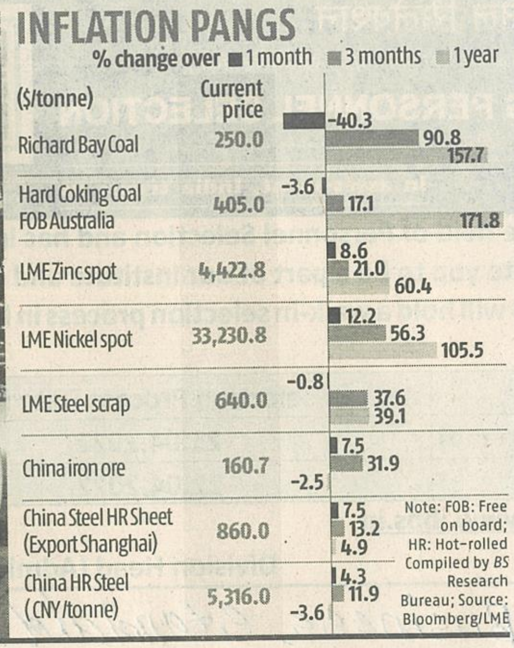
PRESS REPORTS
ON
RAW MATERIAL

Business Standard 6th April 2022

Rising raw material cost pushes steel prices to fresh record highs

ISHITA AYAN DUTT
Kolkata, 5 April





The surge in raw material prices prompted major steel companies to increase prices in April after two successive months of hikes.

JSW Steel, ArcelorMittal Nippon Steel India (AM/NS India), and Jindal Steel & Power (JSPL) are among the top private sector steelmakers that have increased prices of hot rolled coil (HRC) — a benchmark for flat steel — by ₹4,000-5,000 a tonne.

JSW Steel and JSPL, which are into long products, have increased rebar prices by ₹2,250-3,000 a tonne, respectively.

The data from SteelMint shows the price of HRC after the increase stands at ₹79,000-79,500 a tonne for JSW Steel and AM/NS India ex-Mumbai. Revised JSW rebar prices are at ₹73,000-73,500 a tonne ex-Mumbai and JSPL rebar at ₹76,000-76,500 a tonne ex-Delhi. According to a SteelMint analyst, list prices have surpassed previous highs.

JSW Steel Director (commercial & marketing) Jayant Acharya said the company had increased prices by 3-5 per cent across long and flat products but it was only partly covering the cost impact.

"The coking coal that we bought in April will go into the April-May production. So May-June are likely to be peak in terms of cost of production," he explained.

Raw material prices had been on the rise, but since Russia waged war on Ukraine, prices surged.

"Cost push from the raw material side is a concern and we are hoping that it will correct down. It has started correcting to some extent and it is likely to correct further over the next couple of months. That will bring the cost of steel down. But till the time there is an increase of cost in the system, which we will have to see how to navigate, some of the costs will have to be passed on," Acharya said.

Coking coal prices that had gone up to $670 a tonne have come off its highs in the past few weeks. However, industry sources pointed out prices were still high compared to a year back. Moreover, other raw material prices continued to be at high levels. Also, iron ore, the other key input material, was on an uptrend. NMDC also increased prices in April by up to ₹200 a tonne.

Steel prices started increasing from February and scaled to record levels. In the past one month, flat steel prices have increased by ₹10,000 a tonne, said some producers. However, there could be some relief for MSMEs.

"We will continue to support MSMEs through a differential mechanism," said Acharya.

Ranjan Dhar, chief marketing officer of ArcelorMittal Nippon Steel India (AM/NS India), said: "We have a tie-up with the National Small Industries Corporation for delivering products for MSMEs at a preferential price. We are open to strengthening this further basis the need of MSME."

Business Line 2nd April 2022

Indian Metal and Ferro Alloys to invest ₹500 cr in ferro-chrome unit in Odisha

ABHISHEK LAW

New Delhi, March 31

Odisha-based Indian Metal and Ferro Alloys Ltd, which turned debt free recently, has firmed up ₹500 crore capex plan to ramp up ferro chrome production capacity by nearly 35 per cent by FY26.

Investments will be made in its upcoming Kalinganagar unit (in Odisha) which will have around 100,000 tonnes per annum capacity. The capex will include setting up two submerged electric arc furnaces and a 10 MW off-gas power generation unit.

The funds are to be arranged mostly through internal accruals.

Prepaid long-term debt

Earlier this month, the company in a notification to the bourses said, it prepaid long-term debt of ₹127.65 crore (thereby making the total prepayment of ₹308.65 crore). After payment of normal installments for the quarter ending March 31, 2022, it will have miscellaneous loans of ₹14.28 crore that will be paid "as per norms" due to adverse prepayment conditions.

Land allotted

"We have been recently allotted land from the Odisha government and will apply for the necessary clearances. But by FY26, we will add around 100,000 tonnes per annum capacity to our existing ferro chrome production capacity," Deepak Kumar Mohanty, Senior Vice President, Head – Ferro Alloys Business Unit, IMFA Ltd, told *BusinessLine*.

IMFA, which reported a turnover of ₹1,900 crore for the 9M FY22 (April to December), has manufacturing units in Odisha (Therubali and Choudwar) with total production capacity of 284,000 tonnes per annum and a smelting capacity of 190 MVA. It has two captive chrome ore mines - Sukinda and Mahargiri - with a capacity of 6.51 lakh tonne per annum.

It has captive power generation capacity of 204.55 MW, including a solar power capacity of 4.55 MW.

The company is primarily an exporter of ferro alloys, with nearly 80-90 per cent of its offerings being exported to the Far East It has long-term offtake contracts with large-scale manufacturers such as POSCO(South Korea), Marubeni/NSSSC(Japan), Tsingshan(China/Indonesia), among others. Indian clients include Jindal Stainless – the largest stainless steel producer.

Ferro chrome is a key raw material used in the manufacture of mainly stainless steel with a usage level of around 25 per cent ferro chrome as input.

PRESS REPORTS
ON
ECONOMY

Business Line 8th April 2022

MONTHLY ECONOMIC REVIEW

'High commodity prices, supply disruptions pose risks to growth'

FinMin report says impact may be minimal due to domestic momentum; Gati Shakti, PLI schemes to drive investments

SHISHIR SINHA

New Delhi, April 7

The Ukraine-Russia conflict poses two major challenges of growth and inflation, said a Finance Ministry report on Thursday. The report, however, struck an optimistic note about the domestic economic momentum lowering the impact of external challenges.

"Elevated prices of energy and other commodities and supply-side disruptions due to Russia-Ukraine conflict pose a challenge to the growth trajectory. They also pose upside risks to inflation," the Monthly Economic Review (MER), compiled by the Economic Affairs Department, said. Further, the report mentioned that the magnitude of the impact would depend on the persistence of high prices.

All eyes on RBI

These remarks come at a time when many of the global and domestic agencies have cut down the growth projection. Global rating agency Fitch lowered growth forecast for FY23 to 8.5 per cent from 10.3 per cent on higher energy prices. Moody's Investor Service cut growth forecast by 40 basis points to 9.1 per cent for calendar 2022. India Ratings & Research (Ind-Ra) expects GDP to grow at 7.2-7 per cent against the previous estimate of 7.6 per cent. All eyes are now on the RBI Governor Shaktikanta Das, who is expected to present the Monetary Policy Committee tomorrow, and it remains to be seen whether the GDP growth rate will be revised from 7.8 per cent.

Inflation worries

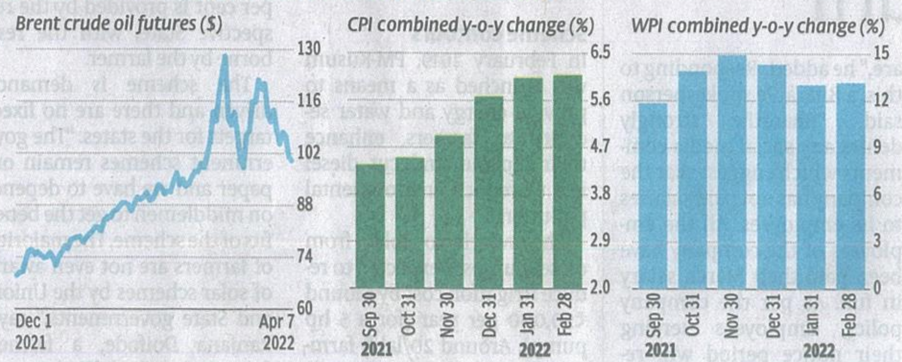
Retail inflation, based on Consumer Price Index (CPI), is ruling over the RBI's tolerable range of 6 per cent, while wholesale inflation, based on Wholesale Price Index (WPI), has been in double-digit for the last 11 months. With surge in fuel prices at pump level, an Ind-Ra report says, a 10 per cent y-o-y increase in petroleum product prices without factoring in currency depreciation is expected to push up retail inflation by 42 basis points and wholesale inflation by 104 bps. Similarly, a 10 per cent y-o-y increase in sunflower oil without taking into account currency depreciation is expected to push retail inflation by 12.6 bps and wholesale inflation by 2.48 bps. Both these events could increase the retail and wholesale inflation by 55 bps and 109 bps, respectively, the Ind-Ra report said.

The MER also raised concern over the surge in global crude prices. However, it said that in the spirit of Atmanirbhar Bharat, the Government is exploring all viable options, including import diversification, to procure crude at an affordable price. "Affordability is desired as even the present level of international crude price, should it persist for a long time, may come in the way of India achieving a real economic growth rate north of 8 per cent in FY23," it said.

However, the MER is optimistic as it said that India's economy, having swiftly recovered in 2021-22, after the pandemic-induced contraction, may prove resilient owing to the government's thrust on capital expenditure and improved financial health of the corporate sector.

"Domestic economic momentum witnessed in government capital expenditure, rise in GST collections and import of capital goods offer comfort that the impact on the economy may turn out to be tolerable," the report said, adding that Gati Shakti and Production Linked Incentive Schemes will drive investment.

Rising crude oil prices threaten price stability



Business Line 2nd April 2022

Led by mining, infrastructure, power and telecom, credit growth to industry revives

Sharp rebound seen in credit demand as Covid restrictions ease

DATA FOCUS

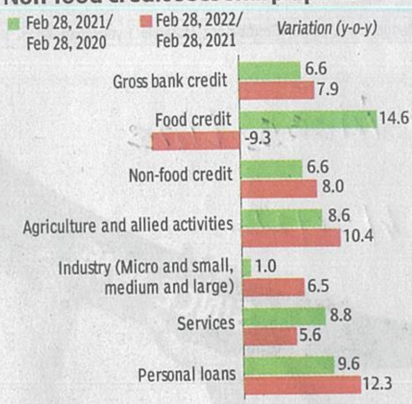
SURABHI
Mumbai, April 1

In a sign that the economy is beginning to shake off the impact of the Covid-19 pandemic, credit growth to industry accelerated to 6.5 per cent in February from just 1 per cent growth in February 2021. Most experts are projecting that the demand for credit would continue as the economy gets back to its feet with the easing of restrictions. Among industries, capital intensive industries such as infrastructure, power and telecom have begun taking on leverage again.

According to Reserve Bank of India data, gross bank credit grew 7.9 per cent in February compared to the corresponding period in 2021. While food credit contracted -9.3 per cent, non-food bank credit grew 8 per cent, mitigating the impact of lower credit offtake by the agri-sector. The growth in non-food credit was 6.6 per cent in February 2021.

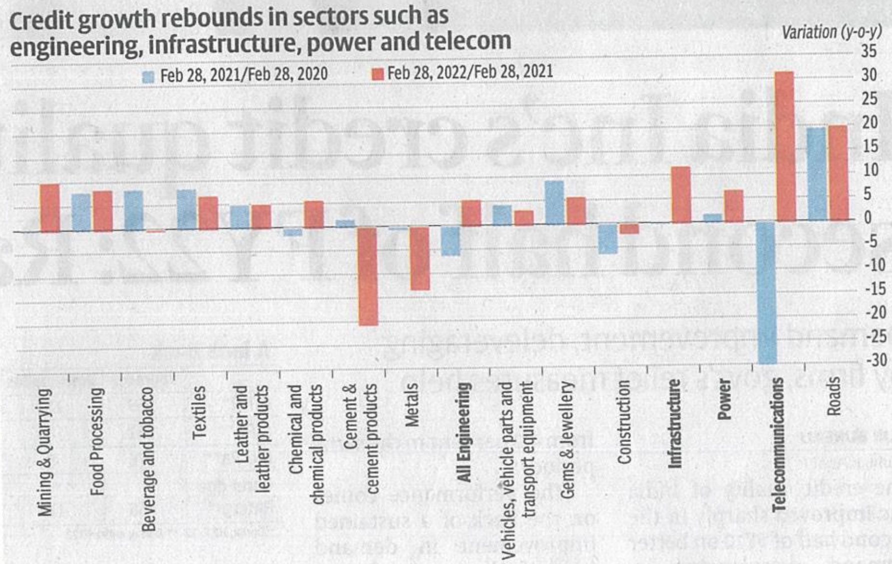
Personal loans continued to show robust growth of 12.3 per cent in February compared to 9.6 per cent a year ago, led primarily by housing loans and vehicle loans. Credit offtake by services sector was, however, sluggish with growth of 5.6 per cent, compared with 8.8 per cent y-o-y growth in February 2021. This seems led by the uncertainties in the services sector caused by the Omicron wave.

Non-food credit sees sharp uptick



Back to pre-pandemic levels

Credit growth rebounds in sectors such as engineering, infrastructure, power and telecom



Source: RBI, ICICI Securities, Axis Bank

Sectors leading the revival

If we look at the sector-wise growth in non-food credit, a sharp rebound was witnessed in sectors such as mining and quarrying, infrastructure, power and telecommunications. Credit revival in these capital intensive sectors is good for economic growth as it will have a trickle-down effect on other sectors as well. Credit growth in infrastructure segment was 11.9 per cent in February, compared with 0.3 per cent in February 2021. There was contraction of 30 per cent in credit to telecom sector in February 2021, which revived to 31.6 per cent growth in February 2022.

The roads sector continued to show high credit demand at 20.1 per cent this year, on par with the growth of 19.7 per cent last February. Food processing and textiles too displayed continued demand for credit.

Commodity-based industries such as cement and cement products and metals, however, appeared wary, with credit growth contracting in February. Similarly, demand for credit from construction sector also remained weak.

Triggers for growth

"We believe revival in consumer demand and rise in government spending can be potential triggers for industry credit growth and this could turn out to be a key catalyst for overall credit growth revival," said a report by ICICI Securities.

Rating agency Crisil on Friday said it expects bank credit to grow at 11-12 per cent in fiscal 2023 from about 9-10 per cent in fiscal 2022.

Axis Bank has projected credit growth at 8.5 per cent in 2021-22 and expects it to grow further to 9 per cent in 2022-23. Credit growth was at 6.1 per cent in 2019-20 and at 5.5 per cent in 2020-21.

Fourth quarter disclosures by banks on growth in advances will shed more light on credit demand.

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Standard 8th April 2022

Maharashtra latest state to raise electricity tariff

Higher coal, gas prices hit power companies across India

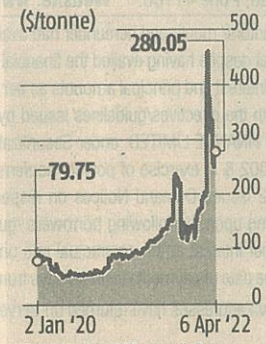
DEV CHATTERJEE
Mumbai, 7 April

With coal and gas prices hitting new highs, the Maharashtra electricity regulator has allowed all companies to raise power tariffs for the entire state. With this, Maharashtra joins a growing list of states to allow higher electricity tariff, citing the record high fuel prices.

On April 4, Karnataka allowed higher tariff for its customers who will pay an additional 35 paise per unit effective April 1. Telangana raised its tariff by 50 paise per unit after a gap of five year, while Andhra Pradesh also raised the power tariff up to ₹1.57 per unit across six different slabs.

In a circular dated April 5, the Maharashtra Electricity Regulatory Commission said the demand of electricity is increasing and power generating companies are facing shortage of domestic coal. Further, the MERC said cost of imported coal has also increased manifold since March 2020. "All these factors have led to increased power purchase expenses of distribution licensees and there is possibility that the surplus maintained so far in the FAC (fuel adjustment charges) stabilisation fund will get exhausted and additional charges will have to be recovered from consumers according to the FAC mechanism," the MERC said.

RICHARD BAY COAL PRICES



Compiled by *BS* Research Bureau
Source: *Bloomberg*

In March 2020, the Maharashtra electricity regulator had determined the tariff for customers for five years when Richard Bay coal prices — the global barometer for the fuel — was hovering at $64-72 a tonne. Since then, the coal prices have gone up by 300 per cent.

The MERC said the fuel adjustment charges payable by each category of consumer will be rounded to nearest 0, 5, 10, and beyond paise per unit. "Thus, if FAC leviable is 1 or 2 paise, then it is rounded to 0 paise and if it is 3 and 4 paise, then it is rounded to 5 paise and likewise," the MERC said.

Based on rising coal prices, Tata Power, which depends on imported coal to supply power to Mumbai, is likely to raise its electricity tariff by ₹1.10 a unit, while Adani consumers are facing a marginal hike of ₹0.15 to ₹0.25 a unit, according to industry sources. Both companies will have to apply to MERC for revised tariff for approval.

When contacted, an Adani Electricity spokesperson said the company has ensured long-term planning with an objective to provide tariff visibility to its consumers. "Our tariff shall remain most competitive with FAC impact on our consumers being mitigated through 100 per cent domestic coal supply and power supply from renewable energy sources," the Adani Electricity spokesperson said.

A Tata Power official said the MERC directives will be followed, and there will be no FAC in the near future. "We are completely prepared to provide 24x7 power to our customers as we obtain power from a variety of (pooled) energy sources that help us keep our tariffs low. As on date we have one of the lowest tariff rates in Mumbai. The current situation is transient in nature, and we will manage it in the best interests of our customers," the Tata Power spokesperson said.

Ratings firm Fitch warned that rising electricity prices will affect the already-weak financial profiles of distribution companies in India that have been unable to pass on the increased costs to customers on a timely basis.

Business Line 8th April 2022

Road ministry notifies mandatory automated test for vehicle fitness

Fitness certificate to be renewed every two years for vehicles up to eight years and yearly for older ones

The new norms for heavy goods and passenger vehicles will come into force from April 1, 2023

OUR BUREAU
New Delhi, April 7

The Ministry of Road Transport and Highways (MoRTH) said on Thursday that it has issued a notification stipulating mandatory fitness testing of motor vehicles only through automated stations registered in accordance with the Central Motor Vehicle Rules 1989.

The new norms for heavy goods vehicles and heavy passenger motor vehicles will come into force from April 1, 2023, while for medium goods vehicles and medium passenger motor vehicles as well as light motor vehicles (transport) the deadline is June 1, 2024, onwards, according to a ministry statement. The norms were notified on April 5, 2022. On the clause related to fitness certificate of transport vehicles, the new norms require renewal every two years for vehicles up to eight years old and yearly for those older.

The Ministry also notified mass emission standards for alternative fuels — blends of ethanol with gasoline (E-10, E-12, E-15, E-20), flex-fuel (E 85) or (E 100), ethanol blend for diesel vehicles (ED 95), biodiesel, bio-CNG, liquefied natural gas (LNG), methanol M15 or M100 and methanol MD 95, dual fuel, M85 and di-methyl ether (DME or D100), hydrogen fuel cell vehicle and hydrogen CNG.

Rules notified

MoRTH notified rules for homologation of vehicles to certify road worthiness, fitness of vehicle and anti-lock braking system, fitment of speed limiting devices, fire alarm and protection system in type III buses of category M3, school buses, and so on.

Business Line 10th April 2022

Battery swapping will reduce price of e-bikes: NITI Aayog Vice-Chairman

OUR BUREAU
Pune, April 4

Battery swapping policy is in final stages and will be announced soon. This will reduce the cost of electric two-wheelers compared to the cost of conventional two-wheelers and would be a turning point in the e-mobility sector, said NITI Aayog Vice-Chairman Rajiv Kumar, speaking at the Pune Alternate Fuel Conclave.

"The most important feature I want to point out is NITI Aayog's initiative of battery swapping policy. This is now in its final stages. It will be announced soon. As soon as it is announced, the total cost of electric two-wheelers will become lower than the cost of fossil fuel two-wheelers. That will be when we see a tipping point (towards electric two-wheelers)," he said.

Kumar added that the government of India has announced various schemes to bring down prices of electric vehicles and will roll out schemes amounting to

Rajiv Kumar, Vice-Chairman, NITI Aayog

$7.4 billion over the next ten years. "States like Maharashtra are on the front seat. 26 States have announced EV policies and 18 of them have notified it," he said.

'Seize opportunity'

Kumar commended steps taken by the Maharashtra government to promote EVs, and said that electric mobility and alternative fuels are one of the biggest opportunities in the country.

"This is time for India to seize the opportunity with both hands. In the past, we have not been able to do so. These (e-mobility and alternative fuels) will become major drivers of our growth and employment generation. In NITI Aayog, we believe that the fundamental mantra for seizing this opportunity is bringing together of the government, industry, academia and civil society on the same platform, serving the same national interest" said Kumar.

He added that the guiding factor is to build trust among all stakeholders to achieve targets.

"India does not have the luxury to grow today and retrofit tomorrow as all other countries have done. We will have to accelerate our growth and take care of our environment as well. We have to be green and growing, and develop our own model of development" he said.

Maharashtra Chief Minister Uddhav Thackeray and other Ministers also addressed the conference.

Business Line 10th April 2022

Fixing minimum wages: Expert group divided over methodology

AM JIGEESH

New Delhi, April 9

Attempts by the expert committee on minimum wages, headed by eminent statistician and economist SP Mukherjee, to change the existing methodology based on nutritional requirement to a Multi Criteria Decision Making (MCDM) method, are facing opposition from members within the panel.

Most of the members are learnt to have suggested that the panel should continue to consider consumption pattern and nutritional intakes as the main criteria for deciding the national minimum wages and floor wages. The next meeting of the panel scheduled in May will finalise the methodology.

NSSO data

A member of the panel told *BusinessLine* that they will finalise a methodology based on the expert analysis of consumer expenditure data compiled by the National Sample Survey Organisation (NSSO), taking into account of the living conditions of workers.

SP Mukherjee, Head of the minimum wage panel

A member of the panel has been entrusted with carrying out the computational activities of the data. The next meeting will be held after the completion of the task of examining the NSSO data on consumer expenditure and after determining the food expenditure in particular. "We will find out how much a household with one worker spends on food and the quantity of calorie intake," the member added.

When contacted, Mukherjee said he will once again suggest a methodology based on MCDM. "If other members do not agree, I will have to withdraw," he said. Mukherjee had earlier made a presentation on the MCDM before Union Labour Minister Bhupender Yadav and he said the Minister was impressed by the methodology.

Members not convinced

"Most people go by the well-trodden path of calculations based on NSSO data, finding out consumer expenditure, etc and consider the workers as the only stakeholder group," a member said.

Trade unions have also questioned Mukherjee's intentions and have written a letter to Yadav in this regard.

MISCELLANEOUS

Business Line 11th April 2022

'Rise in raw material cost unprecedented'

S RONENDRA SINGH

New Delhi, April 10

JK Tyre, one of the leading automotive tyre manufacturers, has said the industry is suffering owing to rising fuel cost and rubber prices for the last one year, and that it has not been able to pass on the increased cost to consumers because of market conditions.

"Everything that you do, you need fuel. Everything right now is in such a state of flux ... for example, [prices of] natural rubber in India is more than double right now ... we are buying it at ₹185-195, and someday, it shoots up beyond ₹200 a kilo," Arun Kumar Bajoria, Director and President, JK Tyre, told *BusinessLine* recently.

Never seen before hike

Since JK Tyre came into existence over four decades ago, the raw material cost has never

Arun Kumar Bajoria, Director and President, JK Tyre

spurted the way it has in the recent past, he said, pointing out that the costs have already gone up 34 per cent higher than what was seen in the beginning of March, and by another 4-5 per cent by March-end.

"So all together, not only me but all the veterans in the tyre manufacturing industry have never seen 39-41 per cent raw material price increase," said Bajoria. Converting it in terms of percentage to sales, the prices would be around 25 per cent higher, he said, adding that they have not been able to pass on even 50 per cent of it to consumers because the market has just started recovering post Covid.

From the demand side, he said, the industry is improving and OEMs, in terms of commercial trucks, have been working well from February onwards. The demands in February and March were better.

"We are hoping that this quarter (April-June) will be better for both passenger vehicles and commercial vehicles," he said.

On global business

Bajoria said JK Tyre's international subsidiaries – Cavendish Industries and JK Tornel, Mexico – have taken several actions and are fully able to cater to a lot of demand – domestic as well as the exports. "We have huge exports to the US and Latin America, in addition to domestic sales. Further, in JK Tornel, we got focussing on further reducing costs to shore up our operating margins. I am optimistic that JK Tornel is all set to achieve newer benchmarks going forward," he said.

Bajoria added that the company's plan to invest ₹500 crore is on track, and will be completed in a phased manner in two years, including in the plant in Chennai to expand the capacities of both, passenger and commercial radial tyres.

JK Tyre is present in 105 countries with over 180 distributors. It has 12 manufacturing facilities – nine in India and three in Mexico – that produce around 35 million tyres annually.

Business Line 8th April 2022

'SMEs facing heightened working-capital pressures'

OUR BUREAU

Mumbai, April 7

Small and Micro Enterprises (SMEs) are facing elevated working capital pressures, largely on account of rising receivables and a lack of similar increase in creditors, according to India Ratings and Research (Ind-Ra).

The increase in receivables has largely been driven by higher commodity prices — particularly key inputs such as steel, cement and crude derivatives — along with delayed payments from large customers, the agency said in a report.

Additionally, credit terms from key suppliers have not been extended.

Limiting flexibility

A sustained rise in receivables amid adverse environment will limit financial flexibility of SMEs, said Soumyajit Niyogi, Director, Ind-Ra.

Per the agency's analysis of the top 1,500 non-financial large corporates, their payables to SMEs as a proportion of the total payable have risen above 1 per cent on a sustained basis since FY18.

The stretch in payables has been more pronounced from FY20, as liquidity management has become a key internal monitorable among large corporates, Niyogi said.

Ind-Ra's analysis suggests that the payables to SMEs by top 10 large corporates (as per total debt) as a percentage clocked 1.24 per cent in FY21 (0.35 per cent in FY18; 0.1 per cent in FY12).

The rise has been sharpest for the top 51-100 bucket to 2.76 per cent in FY21 from 0.12 per cent in FY15.

Covid-affected sectors

Sectoral data suggest point to high financial challenges owing to the pandemic and a higher degree of increase in payables as a percentage than the less-affected ones.

The affected sectors include consumer durables, capital goods, electricals, automobile and ancillaries.

Contrary to a delay in payables to SMEs, analysis suggests that the payable days on an aggregate basis have not changed. In some buckets, a moderate improvement is visible.

Input cost hike

The agency observed that although most SMEs work on fixed-margin basis where cost is passed through to large entities, financing for inventory is required. "As a consequence of the sharp rise in input costs, working capital requirements will shoot up. Going by the current trend, the situation will only exacerbate their challenges," said the analysis.

The agency added that timely disbursement of Emergency Credit Line Guarantee Scheme (ECLGS) had helped SMEs absorb such surge in working capital requirements in FY21 and FY22.

The Times of India
14th April 2022

Cos Act may offer more tools for staff benefit

TIMES NEWS NETWORK

New Delhi: A high-powered committee has recommended amendments to the Companies Act, including allowing the use of restricted stock units (RSUs) and stock appreciation rights.

By allowing the two tools, the committee is hoping to provide companies with more options for remuneration of employees in addition to salaries. While RSUs do not give the employee an option to purchase or subscribe to the share directly, they are a scheme under which the employee will be entitled to the shares at the end of the vesting period, so long as the restrictions concerning the duration of employment and performance parameters are met.

Stock appreciation rights are a form of incentive or deferred compensation tied to the employing company's stock performance.

"If these schemes require the issue of further securities by the company, their issuance must be allowed only after approval of the shareholders through a special resolution," the panel said.

Recommendations include allowing use of restricted stock units & stock appreciation rights

Besides, as reported first by **TOI** on Tuesday, the committee headed by MCA secretary Rajesh Verma has proposed allowing fractional shares. Industry experts such as Uday Kotak, Shardul Shroff and Amarjit Chopra were members of the committee.

While the government had planned to introduce a Bill to amend the Companies Act during the just-concluded Budget session of Parliament, the legislation could not be introduced. The report, which was released for public comments on Wednesday, will form the basis for the proposed Bill.

The committee has also proposed restrictions on independent directors from taking up managerial positions in the company or in subsidiaries, and further tightening norms for auditors, including penal provisions. A host of steps to make life easier for companies has been proposed.

Business Line 7th April 2022

Chennai is lowest-cost FDI location for electronics R&D

Scores on access to supply chain and manpower

TE RAJA SIMHAN

Chennai, April 6

Chennai has been ranked the world's cheapest FDI location for electronics R&D with estimated annual operating costs of $1.24 million for a 50-person centre. Penang ($1.32 million) took the second spot followed by Gurgaon ($1.52 million) and Pune ($1.53 million), says fDi Benchmark, an investment location comparison tool of the *Financial Times*.

Chennai was ranked second, behind Seoul, as the world's most competitive location for electronics R&D. The two Chinese mega cities of Guangzhou and Shenzhen took the third and fourth places, respectively, the report said.

fDi benchmark study

- Chennai has estimated annual operating costs of $1.24 million for a 50-person centre
- Penang ($1.32 million) took the second spot followed by Gurgaon ($1.52 million) and Pune ($1.53 million)

Boost to TN govt

The study should give a major boost to the Tamil Nadu government, which is striving to woo more investors in the electronics sector to Chennai. The SEZs at Oragadam and Sriperumbudur are electronic hardware specific zones. While companies such as Samsung and Apple have a strong manufacturing presence, large R&D centres are missing, said sources.

Location competitiveness was benchmarked based on cost and quality of doing electronic R&D activities.

The State produces nearly 20 per cent of India's electronics. The State's Electronics Hardware Manufacturing Policy 2020 is targeting an output of $100 billion and raising export contribution to 25 per cent. The State government plans to soon announce an R&D policy with focus on using the State's human resources effectively, Industries Secretary S Krishnan recently said at a recent CII seminar.

'Guidance Tamil Nadu', in its website, points out that the State provides a conducive environment for large companies with access to supply chain and manpower.

Pooja Kulkarni, MD & CEO, Guidance Tamil Nadu, reacting to the report, said the presence of top institutions of higher education coupled with the best ecosystem for electronics manufacturing has made this possible.

The electronics manufacturing ecosystem has matured with the presence of global majors and cuts across all electronics domains. It is not for nothing that companies like Ford and Saint Gobain, have their global R&D centres here. The cost of living in Chennai is lower than other places, she added.

Companies, including Flex, Sanmina, Salcomp and Foxconn have strong R&D units in Chennai. Some manufacturers are also engaging with the IIT Research Park, said sources.

"IIT-M Research Park has played its role," said its president Ashok Jhunjhunwala.