ACMA
(Western Region)

Press Reports on Automotive Industry 2021-22

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

The Economic Times 15th January 2022

Supply shortage, led by semiconductors, will impact the auto industry this year and the next

Hands Firmly on the Wheel

Sunjay Kapur

The auto component industry has experienced very challenging business cycles in the last few years. Auto component suppliers invested heavily in new technologies to be ahead of the introduction of Bharat Stage VI emission norms in April 2020. But that was also the time when the Covid-19 pandemic was beginning to spread in India, and a three-month long lockdown came into play. Auto suppliers sustained a quarter of almost no revenues.

Although the industry saw a sharp recovery later on account of pent-up demand, it soon ran into several supply side gaps with semiconductor shortage becoming the biggest hurdle. The automotive manufacturing is so deeply integrated that a shortfall of a single component has the potential to bring the whole assembly line to a halt, directly impacting the entire supply chain.

Semiconductor shortage has come at a time when cars are witnessing rising electronic content, which is driven by several aspects ranging from competitive bundling of smart connectivity features to statutory requirements such as the BS-VI emission norms. The onset of electrification and hybridisation of vehicles across the spectrum will further add to the surge in demand for chips.

Consumption of semiconductors in vehicles has already risen from 7% to 10% over the recent past. This is expected to further rise to 20% over the next 3-5 years. This is indicative of how disruptive the automotive industry is going to be in the near term. The Automotive Component Manufacturers Association (ACMA) estimates that the auto component industry alone has sustained an opportunity loss of more than ₹1,000 crore in 2021, which is single-handedly attributable to the persisting chip shortage problem.

Bangalored? No, Siliconed

The auto industry has been the worst hit among all industries in the ongoing global chip shortage. This can be partially attributed to the fact that the industry, which relies heavily on procuring components from the most competitive sources, was never the primary customer for the chipmakers. To add to that, the chips typically deployed in cars aren't the most advanced and, as a result, are low on margins when compared to the ones used in high-end consumer electronics, medical devices and other items. That also explains where the automotive customers stand in the priority list of the chipmakers as they expand and block their capacities.

However, this is rapidly evolving, thanks to the global transition to electric and autonomous vehicles. Prolonged chip shortage will potentially hurt the new product pipelines for all automakers globally at a time when original equipment manufacturers (OEMs) are in a rush to launch newly electrified and connected vehicles. In other words, vehicle manufacturers who secure adequate chip supplies early will have a clear upper hand.

Don't look back now

Globally, carmakers are already signing partnerships with the chipmakers to secure supplies early. For example, Ford has partnered GlobalFoundries to not just secure supply of chips but to also explore joint development of automotive semiconductors. Similarly, Stellantis has partnered with Foxconn to create four new families of chips that will cover over 80% of their future semiconductor requirements. Meanwhile, General Motors (GM) is also consolidating core microprocessor chip purchases into specific families, aiming to reduce the number of unique semiconductors it uses by 95%.

The industry appreciates GoI's approval of the ₹76,000 crore incentive package to create and support the semiconductor ecosystem in India. Semiconductor manufacturing must be a 20-year, public-private partnership (PPP) project as it entails several billion-dollar worth of investments. That said, while this would significantly contribute to solving the chip crisis in the long term, the supply shortage is expected to continue to impact the component industry in the near to midterm.

The auto component industry has recorded an impressive y-o-y recovery in H1 FY2022. But H2 of this fiscal will bear the brunt of the persisting semiconductor supply challenges. The chip shortage is expected to linger over the next fiscal year, too, while gradually gaining stability every quarter.

Chipped No More

Although close to 65% of ACMA members are MSMEs, most suppliers are willing to make new investments in the context of the new production-linked incentive (PLI) schemes. The fundamentals of the automotive component industry are stronger than ever before, as a lot of large businesses are either low on debt or debt-free. This underlines that the sector has the capacity to make new investments in capex.

Almost 60% of ACMA executive committee members are ready to supply competitive products to the budding electric vehicle (EV) industry. The remaining 40% say they will be ready in the next two years.

Even with the challenges ahead, auto component suppliers have only come out stronger from the Covid-19 led challenges.

The writer is president, Automotive Component Manufacturers Association (ACMA)

Globally, carmakers are signing partnerships with the chipmakers to secure supplies early. Stellantis has partnered with Foxconn to create four new chip families

Business Standard 14th January 2022

Icra lowers revenue forecast for auto parts industry

PRESS TRUST OF INDIA
New Delhi, 13 January

Rating agency Icra on Thursday revised downwards the revenue growth forecast for the auto components industry in the current fiscal year to 15-17 per cent, citing the impact of the Omicron wave, delayed recovery in semiconductors shortage and muted two-wheelers demand.

It, however, said despite the potential Omicron impact, the domestic aftermarket demand is expected to grow 8-10 per cent in FY22 while exports remain a bright spot in the Indian auto component story with an estimated growth of over 20 per cent this fiscal year.

"The (revenue) growth forecast for FY2022 has been revised downward by 200 bps to 15-17 per cent from the earlier estimates due to the ongoing Omicron wave, delayed recovery in semiconductors and muted two-wheelers and bus demand," Icra assistant vice-president and sector head Vinutaa S said in a statement.

Icra expects the "robust 15-17 per cent revenue growth" in the ongoing fiscal year for the Indian auto component industry to be driven by domestic OEM, replacement, export volumes and pass-through of commodity prices, she added.

The healthy volume growth would come on a low base of FY21, Vinutaa said, adding there could be a downward bias to Icra's estimates in case of prolonged lockdowns or significant demand slowdown because of the Omicron wave. Most domestic original equipment sub-segments may register healthy volume growth in FY2022, albeit, on a low base of the last fiscal, Icra said, adding pass-through of commodity prices will also inflate revenues by 4-5 per cent.

Business Standard 14th January 2022

Tesla not in India due to challenges with govt: Musk

ANURAG KOTOKY
13 January

Elon Musk has wanted to sell Tesla cars in India as early as 2019. Three years later, the US electric-vehicle pioneer isn't really much closer.

"Still working through a lot of challenges with the government," Musk said on Twitter Thursday, replying to a user who asked if there was any update on Tesla's launch in the country.

Tesla CEO Musk and Prime Minister Narendra Modi's administration have been in talks for years, but disagreements over a local factory and the country's import duties of as much as 100 per cent have led to an impasse. The government has asked the EV maker to ramp up local procurement and share detailed manufacturing plans; Musk has demanded lower taxes so that Tesla can start off by selling imported vehicles at a cheaper price in a Budget-conscious market.

In October, an Indian minister said he had asked Tesla to avoid selling China-made cars in the country, and urged the automaker to manufacture, sell and export vehicles from a local factory. India, with a population comparable to China, is a highly promising market for EV makers, but the country's roads are still dominated by cheap, no-frills cars made by the local units of Suzuki Motor Corp and Hyundai Motor Co

Tesla will also face competition from other foreign players, including Mercedes-Benz, which announced on Wednesday that it will roll out a locally assembled EQS — the electric version of its flagship S-Class sedan — in India by the fourth quarter.

BLOOMBERG

Business Standard 15th January 2022

Automobile sales in Q3 hit multi-yr low

Chip shortage, pandemic, and high costs to blame, says Siam

SHALLY SETH MOHILE
Mumbai, 14 January

The December quarter (Q3) sales of automobiles across all segments in India, the world's fifth-largest market, hit a multi-year low owing to pandemic-induced factors, which disrupted both supply and demand.

A persistent increase in raw material costs, coupled with safety and emission regulations, jacked up vehicle prices, particularly hitting those at the entry level of the market, Society of Indian Automobile Manufacturers (Siam) said on Friday.

The auto industry body expects the current quarter to be better but stopped short of sharing any guidance. Sales or despatches to dealers across all the categories dropped to a little more than 1.2 million units in the quarter against just over 1.4 million in the corresponding period last year. They were over 1.3 million units in Q3 2019.

The weak performance this time has pulled the compound annual growth rate (CAGR) of each segment into negative territory.

The CAGR for passenger vehicles — from the December quarter of 2017 to the December quarter of 2022 — is minus 1.1 per cent, for three-wheelers minus 17.6 per cent, and for two-wheelers minus 6 per cent.

"The third quarter was not in accordance with the expectations for most of the segments. The festive season was weak compared to the past years. Soon after the second wave, there was an increase in demand," said Kenichi Ayukawa, president, Siam.

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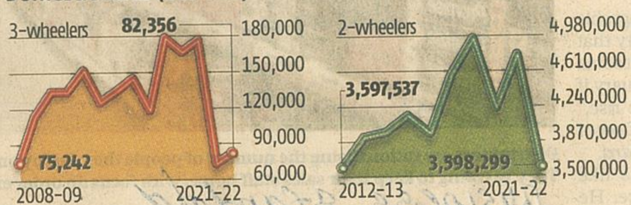
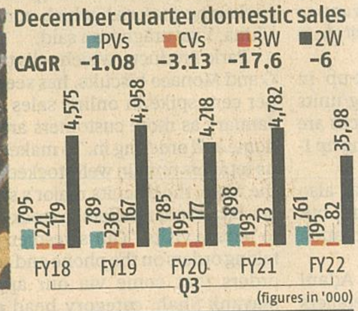
COVID-SIZED BUMP

Domestic sales (Oct-Dec)



December quarter domestic sales



Narnolia Securities.

Automobile...

"But the industry faced challenges mainly due to supply-side issues relating to semiconductors. For the customers of entry-level vehicles, the cost has seen a significant increase mainly due to increase in the raw material prices and the impact of regulations," said Ayukawa, in his opening remarks at the virtual press conference.

As a result, during the quarter, passenger vehicle sales touched the lowest point in five years, two-wheelers the bottom in nine years, commercial vehicles (leaving aside 2020) the lowest in five years, and three-wheelers, the worst impacted, tanked to the lowest level in 13 years, said Ayukawa. Besides the pandemic, a high cost of ownership, which came on the back of rising raw material prices and ensuing price hikes, dented sales, he said.

The industry has been facing supply-chain issues for more than a year. The shortage is expected to continue as fresh investment in creating semiconductor-making units will take some more time to come on stream, he said.

Ayukawa said some segments of the automobile market, like two-wheelers, did have high inventories.

Three-wheelers had started recovering but things have gone into reverse during the third wave, he said.

Sales in the current quarter are expected to be better than in the previous one but will depend on the way the pandemic pans out, said Ayukawa, steering clear of giving any firm projections.

Hemal Thakkar, director, CRISIL Research, said the Siam data showed that dealers in passenger vehicles continued to have lean inventories and demand continued to outpace supply. In the case of two-wheelers, there is a slowdown in demand, resulting in high inventories at the dealers' end despite two continuous months of correction by the manufacturers.

"Sales of commercial vehicles have seen consistent recovery as economic activities continue to show improvement ... However, the impact of Omicron is something that needs to be monitored in the coming months," he said.

The Economic Times 15th January 2022

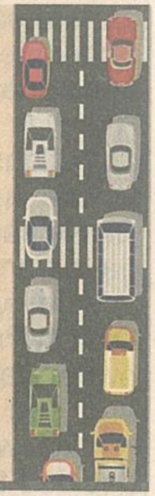
DESPITE STRONG DEMAND...

Car Sales Fall 13% in Dec as Chip Shortage Hurts Production

Rocky Road

CATEGORY	DEC-20	DEC-21	% CHG
Passenger vehicles*	2,52,998	2,19,421	-13
Three-wheelers	22,476	28,111	25
Two-wheelers	11,27,917	10,06,062	-11
CATEGORY	**CY2020**	**CY2021**	**% CHG**
Passenger vehicles	24,33,473	30,82,421	27
Commercial vehicles	5,05,021	6,77,119	34
Three-wheelers	2,62,497	2,63,373	0.3
Two-wheelers	1,42,69,821	1,44,69,514	1.4
TOTAL	**1,74,70,854**	**1,84,92,506**	**5.8**

*Does not include Tata Motors. Domestic sales only
Source : Society of Indian Automobile Manufacturers (SIAM)



Our Bureau

New Delhi: Passenger vehicle sales in India slid last month despite a strong demand because the global shortage of semiconductors continued to impact production, even as calendar year sales breached the 3 million mark for only the third time in 2021.

As per data from industry body Society of Indian Automobile Manufacturers (SIAM), carmakers sold 219,421 passenger vehicles in the domestic market in December, down 13% year on year.

The decline in sales is lower at around 8% when the numbers of Tata Motors are included. Tata Motors, which has stopped reporting data on a monthly basis to SIAM. sold 35,299 passenger vehicles last month.

For the full year 2021, sales of passenger vehicles in the local market grew by about 27% to 3.08 million units. Passenger vehicles sales had previously crossed the 3-million mark in 2017 and 2018.

Automakers in India report wholesale dispatches from factories and not retail sales to customers.

In the financial year third quarter ended December, passenger vehicle sales fell 15% year on year to 761,124 units mainly due to a global chip shortage that forced almost all carmakers to cut down production.

Two-wheeler sales in the domestic market were down 25% to 3,598,299 units in the third quarter due to rise in acquisition costs and continued economic impact of the second wave of the pandemic in rural markets.

For December, two-wheeler sales fell 11% to 1,006,062 units.

"Quarter-3 sales including those of the festive season were not as per expectations," said Kenichi Ayukawa, president of SIAM and managing director and CEO of Maruti Suzuki. "All segments are still behind by many years. Industry is working hard to maximise production and minimise the impact of supply constraints while ensuring safety of people in the entire value chain."

Rajesh Menon, director general of SIAM, said passenger vehicle sales in the third quarter were largely affected by supply constraints while the two-wheeler segment was majorly impacted due to subdued demand.

PRESS REPORTS ON ELECTRIC VEHICLE

Business Line 11th January 2022

'Electric 2-wheeler industry may see ₹94,000-cr investments in 5 years'

Sohinder Gill, CEO, Hero Electric, speaks on the challenges, growth outlook for the sector

G BALACHANDAR
Chennai, December 31

The electric vehicle revolution in the Indian two-wheeler market has created big opportunities, and as a result, the segment has seen the entry of numerous players. Many of them are reporting good progress and are making additional investments even as the charging ecosystem is evolving.

Hero Electric is the largest electric two-wheeler brand in the country, and has embarked on a massive expansion plan for future growth. CEO of the company Sohinder Gill spoke about electric two-wheelers, supply chain industry, challenges and the growth outlook. Excerpts:

How would you describe the electrification in the two-wheeler segment?

The conscious shift to sustainable solutions and increased fuel prices have fuelled the demand for electric 2Ws in the country. The Government's push towards electrification with a revised FAME-II subsidy structure and State-wide policies have helped steer the segment.

At Hero Electric, we have witnessed a hockey stick growth with upward sales momentum, which has driven us to expand production capabilities at our Ludhiana plant to 5 lakh units, from 1 lakh. We will manufacture more than 1 million EVs by 2025.

The EV penetration will continue to grow with the Government's aim to have sales penetration of 30 per cent for private cars, 70 per cent for commercial vehicles, 40 per cent for buses, 80 per cent for two and three-wheelers by 2030.

Do you see the supply chain industry gathering pace?

As demand for electric two-wheelers surge, the supply chain has been marginally strained. But, once the manufacturing capacity and other facilities are in order, the pace will gradually pick up.

So far, there is limited traction in the EV space. However, more companies are now investing in the segment like manufacturing, infrastructure, battery/cell chemistry, etc. There is a strong push from the Government to promote the production of cell technologies, components, etc., with PLI and ACC PLI schemes. Implementing these schemes will ease supply chain stress aiding growth.

THE BL INTERVIEW

How are OEMs ensuring quality standards in EV manufacturing?

OEMs have multiple checkpoints during the production stages of an electric two-wheeler to ensure the quality of products. These standards are defined for product specifications, process workflows, and work instruction. It is imperative to note that EVs have fewer moving parts, which means lower maintenance costs and needs. The SAE standard has set the acceptance criteria for the lithium-based rechargeable system used in electric vehicles. Moreover, the 'Charging Infrastructure for Electric Vehicles – Guidelines and Standard' states the role of various stakeholders of Central and States to ensure quality developments across the country.

At Hero Electric, safety is of utmost priority that is ensured by our R&D team through various checks during the production process. Moreover, we only use the highest quality materials and parts to make the vehicle safe for our customers.

The conscious shift to sustainable solutions and increased fuel prices have fuelled the demand for electric 2Ws in the country.

SOHINDER GILL
CEO, Hero Electric

What is your growth outlook for electric two-wheelers in 2022?

Overall, the electric two-wheeler segment is projected at 60-70 per cent adoption by 2030 and 80 per cent penetration by 2050. As the sector grows, we anticipate multiple challenges in 2022 like charging infrastructure, easy and faster loan approvals, etc.

It will increase in demand with significantly increased competition, considering consumers' understanding of the potential and benefits of making the EV switch.

India is the largest two-wheeler market with 17 per cent segment space, with 1 EV per 125 vehicles. The segment's heightened interest and investments are estimated at ₹94,000 crore in the next five years.

The Economic Times 5th January 2022

NEW FACILITY with 500,000-unit capacity to come up in Pune; co working with KTM on R&D

Bajaj Auto to Charge Up 2-wheeler Portfolio, Expects EVs to Grab 15-20% Share in 4-5 Yrs

Ketan.Thakkar@timesgroup.com

Mumbai: Bajaj Auto, the country's second-largest motorcycle maker expects electric vehicles to account for 15-20% of the overall two-wheeler market in the next 4-5 years, as it gears up to build a range of products across price points and lead the space.

The company has already announced the setting up of a subsidiary and the foundation stone for the 500,000-unit electric vehicle facility was recently put up at Akurdi in Pune.

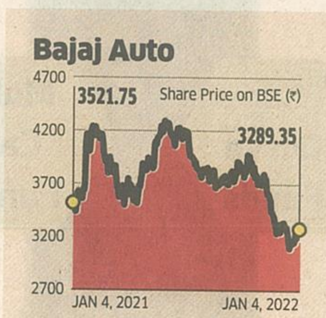
Rakesh Sharma, executive director, Bajaj Auto told ET that the transition from two-wheelers to EVs has gathered pace but will unfold in a significant manner only over a long period of time. "While it is difficult to precisely predict the penetration due to the multiplicity of variables, we may see the rate climbing 15% to 20% of the two-wheeler industry in say 4 to 5 years from the current 1% levels."

At present, electric vehicles account for about 1.1% of the overall two-wheeler market with sales of 135,000 high-speed two-wheelers. A 15-20% penetration of FY21 market size would mean a volume of about 2 million to 3 million units. Yet the excitement in the marketplace is unprecedented, with new players and a fresh capacity of about 12 million units lined up with an investment of over ₹10,000 crore committed for EVs.

The company believes it has a good portfolio across KTM, Chetak and Husqvarna to succeed in this space

Sharma said that the developments are leading to the birth of a new industry and the disproportionate excitement generated is only to be expected. In fact, new entrants and the high profile discussions will aid the transition of the industry.

"While convenience, freedom from fuel price hikes, government support and new product solutions are driving the transition, there is considerable ambiguity around product stability, real-world user experience and costs which are mitigating this transition. Hence, we can anticipate that both formats may coexist for a considerable period," Sharma said.



Bajaj Auto's managing director Rajiv Bajaj recently said that going forward, except for implementing one state-of-the-art ICE platform that is currently under development, all "our R&D drivetrain resources are now laser-focused on creating EV solutions for the future".

"This alignment reflects our belief that light electric vehicles for sustainable urban mobility is an idea whose time may finally have come," Bajaj had said.

Bajaj Auto on its part has started working on a range of products right from scooters, motorcycles, three-wheelers and high-performance scooters and motorcycles for KTM and Husqvarna brands.

Sharma said KTM and Bajaj are working jointly in several areas of EV development, including design, technology and product development. Alternatively, its association with Yulu is also offering critical inputs into the last mile two-wheeler market. "As we do currently, we will continuously evaluate the opportunities to share platforms too. Our alliance with Yulu gives us invaluable insights into customer behaviour and developments in the shared mobility and delivery space which will inform our product development," added Sharma.

Bajaj Auto believes that it has a potent portfolio of products right from Chetak, KTM, Husqvarna amongst others to succeed in this emerging space in India and around the world.

Business Line 5th January 2022

Greaves Electric to drive in new scooter, cargo 3W

Hopes to emerge a strong player in the last mile transportation segment

G BALACHANDAR

Chennai, January 4

Leading electric two and three-wheeler manufacturer Greaves Electric Mobility, an arm of Greaves Cotton Ltd, is working on a new set of products, which will include a high-speed electric scooter and an electric three-wheeler cargo vehicle, to strengthen its position as an integrated player in the last mile transportation segment.

Two and three-wheelers make about 84 per cent of the Indian last mile mobility segment.

"Our intent has been to be a strong player in this segment with a range of electric two and three-wheelers. We are now in a good position because we have now proven product platforms and the learnings from customers. These will only make us better going forward," Nagesh A Basavanhalli, MD and Group CEO Greaves Cotton Ltd, said at its electric vehicle manufacturing facility at Ranipet, about 115 km from Chennai.

With the establishment of its new electric vehicle factory at Ranipet, which can be ramped up to produce 1 million vehicles a year over phases from about 120,000 units now, and higher localisation levels in its electric products, strong retail presence through its Greaves Retail, the company hopes that it is well-positioned to benefit from growing acceptance of electric vehicles in the country.

About 70 per cent of the workforce at the Greaves Electric Mobility factory at Ranipet are women from nearby locations BIJOY GHOSH

Robust demand

Last month, the Greaves Electric Mobility (erstwhile Ampere Vehicles Private Ltd) sold more than 10,000 units, including 9,000+ electric two-wheelers. "The market demand for our electric vehicle has been robust. We expect the trend to continue if there is no big surge in the third wave of the pandemic," said Basavanhalli.

Ever since the acquisition of Ampere, our teams have been able to improve on product and pricing in the past 3 years. "When we acquired it was 70 per cent lead-acid products and the average selling price was ₹35,000. Now, about 80 per cent is lithium-iron based and the average selling price is more than ₹70,000 by transitioning into the high-speed scooter segment, which will be our core," he added.

Affordable mobility

"We will come out with a new high-speed scooter and our positioning will be affordable mobility. Under this, we will offer high speed, lithium-battery powered products. But we may not play in the sub-₹1 lakh category. More details about the new products will be announced in a quarter or two," said Basavanhalli.

He also indicated that the company will soon come out with a new electric cargo three-wheeler with a carrying capacity of about 500 kg, targeting categories such as e-commerce segment.

E-rickshaw category

Its electric two-wheelers are sold under Ampere brand, while e-rickshaws are sold under ELE brand, which was acquired by Greaves in July 2020. To further strengthen its 3W business, it picked up 26 per cent in Hyderabad-based MLR Auto, which makes electric three-wheelers, a few months ago. With these three categories, the company hopes to emerge as a strong player in the last mile segment.

The company, on Monday, opened an Ampere Experience Centre at the Ranipet factory campus. The move is part of its objective to provide a phygital experience to the prospective buyers of its electric two-wheelers.

The Economic Times 7th January 2022

Ola Says Deliveries on Track amid Plaints

Sharmistha Mukherjee, Pranav Balakrishnan & Nehal Chaliawala

New Delhi | Bengaluru | Mumbai: Ride hailing major and electric vehicle (EV) manufacturer Ola said it is ramping up production operations and ensuring deliveries as scheduled, amid allegations from a dealer's body of receiving consumer complaints regarding non-adherence to committed timelines.

"We've pioneered a direct to consumer delivery model and dispatched the 4,000 vehicles we had committed for December. We are now focussing on the dispatches we have committed for January and February 2022. We are ramping up our production accordingly", Varun Dubey, chief marketing officer, Ola Electric Mobility told **ET**. The firm's statement comes at a time when Industry body Federation of Automotive Dealers' Association (FADA) has said it has received several complaints from consumers regarding the non-adherence to delivery timelines and product specifications committed by Ola Electric Mobility.

Vehicle registration data of Ola Electric scooters are significantly lower than the number of deliveries the company claims to have made so far. As per the road transport and highways ministry's VAHAN dashboard, which maintains real-time vehicle registration data, about 439 Ola Electric vehicles have been registered in total as of Thursday morning.

For full report, go to www.economictimes.com

Business Standard 13th January 2022

Mercedes-Benz to launch EV model, assemble EQS in India

- Touted to be the 'S-Class of EVs', slated for a Q4 launch
- German automaker expects to 'mainstream luxury EVs'

SHALLY SETH MOHILE
Mumbai, 12 January

Luxury car market leader Mercedes-Benz India will launch another electric vehicle (EV) model and assemble it locally. This will be one of the 10 models the company plans to introduce in the current year as it seeks to fortify its position in the Indian market, said the company's senior executive.

It will launch the EQC, the five-seater electric sedan in India in the fourth quarter of the current calendar year. It currently sells the EQC coupé here.

"It's a product that will create significant attraction in the market. We will get a very good response to the model," said Martin Schwenk, managing director and chief executive officer, Mercedes-Benz India.

It (the local assembly) gives an indication that the company is expecting good volumes, he added.

"There is a good case for the model to be locally assembled. It's a sedan - a segment we understand really well. We are not talking of some niche segment here," he said.

Though Schwenk was non-committal on whether the local assembly will enable Mercedes-Benz to price the EQS more competitively than the EQC, which is priced at ₹1.06 crore (ex-showroom), he said the local assembly will help in "mainstreaming luxury EVs".

The EQS is the brand's first all-electric luxury limousine, which, as its nomenclature suggests, is touted to be the 'S-Class of EVs'.

India levies an import duty of 100 per cent on imported cars if the cost, insurance, and freight (CIF) value exceeds $40,000, or has a petrol or diesel engine with a displacement greater than 3,000cc and 2,500 cc, respectively. For cars that have a CIF value of less than $40,000, the duty is 60 per cent.

Most luxury carmakers have lined up EV models for India. They have been lobbying with the Indian government to reduce the goods and services tax on imported EV models. Schwenk said there has been no progress on that front yet.

Retaining its leadership position in the segment for the seventh straight year, Mercedes-Benz sold 11,242 units in 2021 - up 42 per cent year-on-year (YoY). Most of the other luxury carmakers also saw the 2021 sales advance at a brisk pace YoY.

While sales at BMW India soared 34 per cent to 8,876 units, Audi reported sales of 32,921 units — up 101 per cent YoY. The sales came on the back of a low base of 2020.

As part of its "product offensive" for Indian customers in 2022, Mercedes-Benz has planned to launch the new S-Class Maybach, along with other offerings from the AMG stable, in the current year

Commenting on the overall impact of the third wave on the luxury car segment, Schwenk said the showroom walk-ins have not been impacted substantially. He expects a sharp bounce-back in much the same way after the second wave of Covid-19.

The global shortage of semiconductors, which have been crimping global production, is unlikely to ease for another six months or so. "We will have a year of shortage in supplies," he said, adding that the immediate threat is from a business shutdown. As far as possible, lockdowns must be avoided, he pointed out.

As part of its "product offensive" for Indian customers in 2022, Mercedes-Benz plans to launch the new S-Class Maybach and the EQS, along with many other offerings from the AMG stable, in the current year. A strong demand pull for its models will help the German automotive major achieve double-digit growth even in the current year, said Schwenk.

At the end of 2021, Mercedes-Benz had an order book of over 3,000 models, with a waitlist for some models being as high as six months. The GLA, GLC, GLE, GLS, A-Class, E-Class, and the S-Class are the models on the waitlist.

Customers counter Ola's claim on e-scooters dispatch

YATTI SONI
Bengaluru, December 31

Business Line
1st January 2022

Ola electric customers have countered Ola CEO Bhavish Aggarwal's claims of e-vehicles dispatch that were due for delivery in December.

Multiple customers took to Twitter to share screenshots of their order tracking page which still says that the scooter is getting ready.

"If ALL vehicles are dispatched then why app/website showing the status like "Getting your scooter ready?? Is it an app/website bug? Please let us know the exact status of our vehicle," tweeted Chintan Bhatt (@iamchintanbhatt).

Another customer from Pune, Amit (@amit123) said in reply to Aggarwal's tweet, "Honestly, what the point of lying? My vehicle is not even ready as per your app. Why not just say, we tried best, almost finished, failed some people, will deliver remaining as early as possible etc. Saying we dispatched all, is not right when app says it is getting ready."

In addition to this, customers who have ordered liquid silver colour Ola scooters said the company itself has intimidated them of delay in deliveries.

"Seems like your team is taking you for a ride. Got a mail from @OlaElectric that liquid silver is behind schedule for December delivery and delivery date is now Jan 10th," said TSB (@TheBalaSub) on Twitter.

Heavy demand

The email screenshot shared by the customers said due to heavy demand for the liquid silver colour scooter, the delivery is running behind schedule and will be dispatched by January 10.

However, if the customers want to expedite the dispatch of their scooter, they can pick any of the other nine colours.

BusinessLine queries sent to Ola did not elicit a response, till the time of publication.

Business Line 6th January 2022

EV sales more than double in 2021, cross 3-lakh mark

Two-wheelers continue to drive volumes

G BALACHANDAR

Chennai, January 5

With record volumes in December, total registered electric vehicle sales in India more than doubled in 2021 compared to 2020 and crossed the three-lakh mark in 2021, the highest-ever annual volumes.

The EV segment continued its sales momentum in December, clocking 50,889 units, up 21 per cent on a sequential basis and a jump of 240 per cent year-on-year. This is the first time that EV registrations have crossed the 50,000-mark in a month, according to official data from the Union Ministry of Road Transport and Highways.

The total registered EV sales for the full calendar year 2021 crossed the three-lakh mark and stood at 311,339 units. In 2020, it stood at about 119,654 units, while the total number for 2019 was 161,312 units.

The electric two-wheeler segment continues to drive EV volumes in the country. The overall high-speed electric two-wheeler sales in December 2021 stood at 24,725 units, up 10 per cent sequentially and a whopping 444 per cent year-on-year.

Overall high-speed electric two-wheeler sales in December 2021 stood at 24,725 units, up 10 per cent sequentially

The total high-speed electric two-wheeler sales for 2021 are estimated at 1.37 lakh units, according to data compiled by JMK Research.

Alternative to ICE

"Higher purchase costs of ICE two-wheelers and fuel prices have adversely affected the TCO (total cost of ownership) equations, compelling prospective buyers to look for alternatives. And electric 2Ws have timely emerged as the most competent and comparable alternative to ICE 2Ws. So, the outlook for this disruptive tech looks bright," said Suraj Ghosh, Associate Director, Powertrain & Compliance Forecasts-South Asia, IHS Markit.

However, industry analysts point out that the demand for electric two-wheelers has to turn organic before the subsidy schemes run out. Because at present Central and State governments' promotional programmes have played a vital role in helping E2Ws achieve price parity with ICE vehicles.

The top 10 players – Hero Electric, Okinawa Autotech, Ampere, Ather, Pure EV, TVS Motor, Benling India, Revolt, Bajaj Auto, Jitendra New EV Tech — accounted for 94 per cent of the total registrations in December 2021. Also, after a gap of about seven months, sales of Okinawa were higher than Hero Electric's volumes in December 2021," says JMK Research.

Total electric car sales stood at 2,522 units in December 2021, up 64 per cent over the previous month and 410 per cent year-on-year in registrations. Tata Motors was the major driver of electric car sales during the month, accounting for 93 per cent of the total registrations in December 2021.

Electric 3W sales

The sales of registered E3Ws (both passenger and cargo-type) in December 2021 stood at 23,373 units, a sequential growth of 29.8 per cent.

Electric two-wheelers and passenger-type electric three-wheelers accounted for 90.3 per cent of total registrations in December 2021. Electric cars accounted for 5 per cent, and cargo electric three-wheelers held 4.3 per cent.

EV sales race past 3-lakh mark in 2021

Chennai, January 5

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Business Line 13th January 2022

EV start-up Simple Energy to begin e-scooter deliveries from June

OUR BUREAU

Bengaluru, January 12

Electric vehicle (EV) and clean energy start-up Simple Energy, will start the delivery of its flagship scooter Simple One from June.

The company has reported a total of 30,000 pre-bookings till date, for the EV scooter priced at ₹1,09,999 (ex-showroom). Simple One offers a driving range of 203 km in Eco mode and a maximum range of 236 km in IDC for a fully charged battery.

The vehicle can accelerate from 0 to 40 in less than 2.95 seconds along with a speed of up to 105km/h, the company said in a statement. It comes with the 30L boot space and features like intuitive smart dashboard, among others.

Suhas Rajkumar, Founder and CEO

Suhas Rajkumar, Founder and CEO, Simple Energy, said, "We are elated with the market response that has been coming across our way on Simple One. The technology used for Simple One will define and enable our future in this industry." The electric scooter will be produced in phase 1 of the manufacturing unit located at Hosur, Tamil Nadu, which will have an annual capacity of up to 1 million units.

The factory is currently getting ready for mass manufacturing, and will be operational in the coming weeks. The company has also commissioned a second plant in Dharmapuri, Tamil Nadu, which will be spread across 600 acres and have a capacity of 12.5 million units annually.

The Economic Times 5th January 2022

HOP has ₹100 cr to Expand EV Unit

Eyes 10 new products over next 3 yrs

Sharmistha.M
@timesgroup.com

New Delhi: HOP Electric Mobility, a diversified business venture of Rays Power Infra, is looking at investing ₹100 crore over the next two years to expand manufacturing capacity for electric vehicles.

The company currently has a manufacturing unit at Jaipur with a production capacity of 50,000 vehicles per annum, which can be expanded to roll out 100,000 units every year. HOP Electric plans to set up a second manufacturing facility, which will take the total capacity to 500,000 units per year by 2023. The company is looking at raising resources to fund its expansion plans.

To shore up volumes, the company is looking at launching 10 new products over the next three years.

Business Line
6th January 2022

E-mobility business: TVS Motor appoints Venkat Viswanathan as technical advisor

OUR BUREAU

Chennai, January 5

TVS Motor Company has announced the appointment of Professor Venkat Viswanathan as Technical Advisor for its Electric Mobility business as the leading two and three-wheeler maker has been accelerating its electric vehicle focus through organic and inorganic means.

Venkat Viswanathan

Viswanathan brings broad expertise in energy storage and Li-ion batteries, specifically electric vehicles. This association will significantly enhance TVS Motor Company's battery technology capabilities and strengthen its commitment to offer best-in-class green mobility globally, said a company statement.

Professor at CMU

Viswanathan is an Associate Professor of Mechanical Engineering at Carnegie Mellon University and is a recipient of numerous awards, including the National Science Foundation CAREER award, Alfred P. Sloan Fellow, ONR Young Investigator Award and MIT Technology Review Innovators Under 35 Finalist.

"I am excited to associate with TVS Motor Company to be a part of their vision to build a strong EV ecosystem. I look forward to working in great synergy with the company known for its pioneering technologies in future mobility," said Viswanathan.

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Line 1st January 2022

Two-wheelers will continue to ride the e-wave

\cquisition costs of conventional vehicles ınd higher fuel prices have pushed ɔeople in cities towards e-vehicles

The major driver has been the revamp of the Central government's incentive scheme

BALACHANDAR
hennai, December 31

021 proved to be a mix of ;hock and surprise' for the ndian two-wheeler industry.

After a good start for 2021 vith about 25 per cent ;rowth in bike and scooter ales (wholesale) in the Aarch quarter, the two-vheeler slipped into a sluggish phase in the subsequent ɔeriod of the year with the econd wave of the pandemic ıpplying brakes to growth. \pril-November 2021 period aw a six per cent decline in ɔike sales as compared to the ame period last year, while cooter volumes fell 3 per :ent.

Key factors

Many factors pulled down he two-wheeler sales. They ncluded a dent n the affordability and sentinents of prospective :wo-wheeler ɔuyers due to educed discre:ionary income ɔn the back of ob losses, salary cuts and higher medical expenses. Also, relentless hike in prices of two wheelers, record high level of petrol prices along with uneven monsoons and delayed harvest impacted the revival. Rural-dependent entry bike segment was among the worst affected even as the demand for premium two wheelers was relatively better till semiconductor shortage issue cropped up.

2021 A PERSPECTIVE 2022

"Despite stable rural economy, there has been little to no improvement in the income levels and the actual cash in hand of the rural folks, perhaps employment opportunities have been scarce and uncertain. As a result, the mass market sub-125cc segment 2Ws, including bikes and scooters, have seen tremendous decline," said Suraj Ghosh, Associate Director, Powertrain & Compliance Forecasts-South Asia, IHS Markit.

Though the two-wheeler segment may end 2021 with a marginal growth due to strong performance in Q1, the outlook remains challenging as enquiry levels at dealerships are low.

"The 2W market, which continues to face demand headwinds, may further go into a slump if the third wave becomes a reality," said Vinkesh Gulati, President, Federation of Automobile Dealers Associations (FADA).

The E-wave

Amid this gloom, the E-wave spelt some cheer. Electrification caught on well in the two-wheeler segment in the post-second wave period and sales of electric two wheelers have been soaring.

"2021 has been disruptive for the Indian automobile industry marking the beginning of electrification and the green mobility revolution. The EV penetration will continue to grow in the coming years," says Sohinder Gill, CEO, Hero Electric, country's largest electric two-wheeler company.

While high acquisition costs of conventional two-wheelers and higher fuel prices pushed people in cities towards electric vehicles, the major driver has been the revamp of the Central government's incentive scheme. Scooter segment has turned out to be most attractive for electrification now, though electric bike models have also hit the market.

According to rating agency ICRA, total electric two volumes crossed the one-lakh mark during January-November 2021 period. Share of electric scooters touched high single digit overall scooter volumes in November 2021. "The government's move to increase the FAME II subsidy from ₹10,000/kwh to ₹15,000/kwh saw immediate impact on demand. Additionally, several state government EV policies have also added to the benefits and galvanised demand," said Suraj.

New players

Interestingly, the electrification journey in the two-wheeler segment was spearheaded by new entrants. Though players like Ola Electric are struggling for a take-off after making a huge noise, other players such as Hero Electric, Okinawa, Ather, Pure EV, Ampere and WardWizard are carving a niche. Gradual increase in electric two-wheeler sales have prompted a number of new players to ramp up operations with additional investments even as they continued to join hands with many players to beef up charging infrastructure across the country.

"Considering the size of the two-wheeler market in India, it's one of the most important segments to undertake the decarbonisation process across the country. Customers have shown a positive intent towards the electric two-wheelers," said Yatin Gupte, Chairman & Managing Director, WardWizard Innovations and Mobility Ltd.

The pace of acceleration has also driven conventional segment (internal combustion engine) leaders such as Hero, TVS Motor and Bajaj to accelerate their electric vehicle plans with several hundred crores of investments in product development and manufacturing.

But challenges abound. The supply chain of key EV components is still heavily dependent on imports, especially for batteries.

Business Line 7th January 2022

Export demand helps two-wheeler companies tide over domestic setback

Last year, Hero MotorCorp, Bajaj Auto and TVS Motor sold more two-wheelers outside the country than ever before

SWARAJ BAGGONKAR
Mumbai, January 6

Hero MotorCorp, Bajaj Auto and TVS Motor Company sold more two-wheelers outside the country than ever before after local demand suffered a setback following incessant rise in product and fuel prices.

These three Indian brands, which control over 60 per cent of the domestic two-wheeler market, have made inroads not only into developing markets of Latin America, Asia and Africa but also in the developed markets of Europe, US and Japan.

Like in India, the three companies compete with each other in several overseas markets besides competing with the traditional heavyweights Honda, Suzuki and Yamaha and some Chinese companies.

Pulsar's dominance

Pune-based Bajaj Auto, India's third largest two-wheeler producer, sold more two-wheelers abroad than within the country in 2021, a first for the company. Export share in Bajaj Auto's total sales last year stood at nearly 56 per cent against 49.44 per cent in 2020.

The 125cc plus segment contributed 41 per cent of two-wheeler volumes during 2021 while its flagship brand Pulsar achieved its highest ever export sales as it remained the dominant two-wheeler brand in Colombia, Mexico, Argentina, Turkey, Bangladesh and Egypt. Boxer, a bike brand withdrawn from India, is the best-selling brand in key African nations.

While exports of Bajaj Auto in 2021 grew 32.5 per cent to 2.23 million (1.68 million in 2020), domestic volumes in comparison grew by only 3.76 per cent in 2021 to 1.78 million units (1.72 million in 2020).

Models by TVS

Chennai-based TVS Motor Company also expanded its export market last year, by selling more than one million two-wheelers for the first time. The maker of Apache and Jupiter, TVS's export contribution grew to 34 per cent in 2021 from 24.44 per cent in 2020, as per data shared by the company.

Demand from South Asia, West Africa and Latin America helped TVS to grow exports by 71 per cent to 1.09 million units in 2021 (6.43 lakh in 2020). TVS has the highest number of two-wheeler brand offerings outside of India than within the country including motorcycles, scooters and mopeds.

In fact, TVS has come up with country or region specific models. Some of its models are specific to a country or region and won't be found in other parts of the world.

On the other hand, domestic demand for TVS remained subdued during 2021. The company posted a growth of 6 per cent with sales of 2.11 million units in 2021 against 1.98 million in 2020.

Bajaj Auto's flagship brand Pulsar achieved highest-ever export sales

Hero's thin export volumes

Hero MotoCorp, India's largest two-wheeler maker, also significantly expanded its export market. The Delhi-based company has been focussing on expanding its global footprint. The company even opened few assembly plants in countries such as Columbia and Bangladesh.

Compared to Bajaj Auto and TVS, Hero's export volumes are smaller. The export share of the Munjal family-promoted company grew to 5.4 per cent in 2021 compared to 3 per cent in 2020. The company clocked a growth of 71 per cent in export volumes at 2.89 lakh in 2021 against 1.69 lakh in 2020.

Impact of Covid-19

High cost of ownership, bad rural sentiment, work-from-home practice and the latest threat of Omicron impacted sales of two-wheelers in India during December, according to the Federation of Automobile Dealer Association (FADA).

ICRA, in its report, said: "The two-wheeler segment has been the most impacted, as affordability and demand sentiments was hit sharply by the second wave. The reduced discretionary income due to job losses, salary cuts and/or Covid-induced medical expenses, coupled with relentless increase in two-wheeler prices, record high petrol rates, uneven monsoons and delayed harvest, and moderation in financing availability, have significantly impacted the industry's prospects, especially in the entry segment."

PRESS REPORTS
ON
TRACTORS

Business Line 10th January 2022

Annual tractor production crosses 1 million, exports surpass 1 lakh for the 1st time in 2021

But production, sales hit a 20-month low in December

G BALACHANDAR

Chennai, January 9

Despite hitting a 20-month low in production and domestic sales in December, the calendar year 2021 proved to be a record year for the tractor industry with annual production surpassing the one million milestone and exports crossing the one lakh mark for the first time in history.

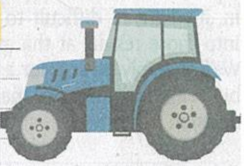
Strong domestic sales momentum in the first half of 2021 and sustained growth in exports in the past several months pushed the total domestic tractor production for 2021 to 1,065,280 units, the highest-ever annual number, compared with 8,63,125 units in 2020.

Domestic sales up

Total domestic sales grew 13 per cent at 9,03,724 units in 2021 compared with 8,02,670 units in 2020, while exports recorded a 61 per cent at 1,24,901 units, the highest-ever annual export volume. In 2020, exports were 77,378 units.

Tractor industry performance *(in units)*

Year	Production	Domestic sales	Exports
2021	10,65,280	9,03,724	1,24,901
2020	8,63,125	8,02,670	77,378
2019	7,75,085	7,23,518	80,482
2018	8,97,342	7,89,473	93,988



Source: TMA

However, December 2021 saw tractor production and domestic sales hit a 20-month low.

Total domestic sales declined 27 per cent at 44,428 units in December 2021 compared with 61,249 units in December 2020.

On a sequential basis, December volumes plunged 30 per cent compared with November 2021 sales of 63,783 units, data provided by the Tractor & Mechanisation Association (TMA) show.

"This was the fifth month of subdued tractor sales and can be attributed to relatively high base and delayed harvest owing to uneven and prolonged monsoons. Accordingly, rural sentiments have been relatively muted," said Shamsher Dewan, Vice-President & Group Head - Corporate Ratings, ICRA.

Total production was lower at 53,527 units during December 2021 compared with 67,566 units in November 2021 and 91,969 units in December 2020.

However, boom in tractor exports continued as shipments were higher by 7 per cent at 11,186 units in December 2021 compared with 10,491 units in December 2020.

Key factors

"The de-growth in sales in December has been on account of a combination of factors, including the high base of last year and both delayed and very heavy rainfall in some geographies," said Hemant Sikka, President-Farm Equipment Division, Mahindra & Mahindra. It reported 21 per cent drop in its December tractor sales.

Mahindra, the market leader in tractor, expects a recovery in the coming months due to good progress of kharif procurement that has put money in the hands farmers and rabi acreage showing signs of growth over last year.

"We expect a 2-6 per cent decline in tractor sales for FY2022. However, medium-term drivers aided by steady support to the farming community and rising mechanisation remain favourable," said Dewan.

PRESS REPORTS
ON
WORLD AUTOMOBILES

The Economic Times 7th January 2022

Chips and China: The Auto Storylines to Watch in 2022

Semicon shortage may continue in 2022, China's relaxed rules to take effect

Bloomberg

The days after New Year's are all about looking ahead, but I have to start 2022 by calling out an unrealised resolution for 2021.

Tesla's German factory still isn't up and running, even though Elon Musk predicted in October the facility near Berlin would churn out Model Ys before the year was over.

Stellantis on Wednesday announced deals to develop software with Amazon and sell its Ram ProMaster electric delivery vehicle to the online retailer. Daimler's Mercedes-Benz on Monday unveiled a battery-powered prototype, while Volkswagen last month allocated some $100 billion to EV and software development. 2022 may well be the year when traditional automakers try to catch up in earnest.

Here are some other storylines to watch out this year:

CHIP CRISIS

The semiconductor shortage that decimated auto production and sales last year is poised to stick around in 2022. Mercedes said this week it's keeping in place a task force set up in response to the bottleneck because it's expecting especially limited supply in the first half. It expects the situation to ease toward the end of the year, but that was also the prediction in early 2021.

CHINA JOSTLING

This year is also special because China's relaxed foreign ownership rules take effect. BMW expects to get a nod this quarter from Chinese regulators for its plan to fully consolidate its local car-making joint venture with China's Brilliance.

Business Line 1st January 2022

China to reduce new energy vehicle subsidies by 30% in 2022

REUTERS

Beijing, December 31

China will cut its subsidies on new energy vehicles (NEV), such as electric cars, by 30 per cent next year, the Finance Ministry said on Friday.

The Ministry said on its website the 2022 NEV subsidies policy will terminate on December 31, 2022, and NEV will not be subsidised afterwards.

The ministry had said in April 2020 that subsidies for NEV would be cut from 2020 to 2022 by 10 per cent, 20 per cent and 30 per cent, respectively.

For NEVs for public transport, subsidies would be cut by 10 per cent in 2021 and 20 per cent in 2022.

China, the world's biggest auto market, has set a target for NEVs, including plug-in hybrids and hydrogen fuel cell vehicles,to make up 20 per cent of auto sales by 2025.

Global automakers such as Volkswagen AG, GeneralMotors Co, Toyota Motor Corp and Tesla Incare ramping up electric vehicle production in China.

PRESS REPORTS
ON
COMPANY NEWS

Business Line 3rd January 2022

Hyundai retains top spot in SUV sales in 2021

In October, Tata Motors sold more SUVs than others to emerge as the best-selling brand

SWARAJ BAGGONKAR
Mumbai, January 2

Hyundai Motor India emerged the leader in the sports utility vehicle segment for the second consecutive year in 2021.

Hyundai sold 252,586 units of the Creta, Venue, Tucson, Kona and Alcazar in 2021and has pending orders for more than 100,000 units, 40 per cent of which are for the flagship Creta.

Tarun Garg, Director (Sales, Marketing & Service), Hyundai Motor India said, "Hyundai had sold more than 180,000 SUVs in 2020 and followed it up with sales of more than 252,000 units in 2021, which is a growth of 40 per cent."

But while Hyundai maintained its grip on the top spot in the SUV segment, Mumbai-based Tata Motors raced to close the gap with the segment leader. As per data available till November 2021, Tata Motors expanded its market share to 14 per cent in the SUV segment from just under 9 per cent till November 2020.

Best-selling brand

Tata Motors, which sells Nexon, Punch, Harrier and Safari in the SUV segment, sold more SUVs in October than any other company in India, to emerge as the best-selling brand.

Hyundai's share during the same period came down due to issues in the supply chain network. Hyundai's market share in the SUV segment closed at 21 per cent from 25.5 per cent clocked by the end of November 2020.

Like the rest of the industry, Tata Motors has also been affected by the shortage of semiconductors. However, the severity of the shortage is not as negative on production as it has been for its rivals like Maruti Suzuki, Mahindra & Mahindra, Hyundai and Renault.

Riding on the continuous increase in production, Tata Motors managed to beat Hyundai in overall passenger vehicle sales for the first time in monthly sales in December.

SUVs have heavily influenced the decision-making process of the Indian car buyer in the last few years.

Rise in SUV market share

From 13.5 per cent in 2015, the share of SUVs in the total passenger vehicles (PV) sales increased to 38 per cent in 2021.

There are 15 large volume SUVs on sale in India, including the Maruti Suzuki Brezza, Hyundai Creta, Tata Nexon, Kia Seltos, Sonet, Mahindra XUV300. "Last year the SUV share in PVs was 29 per cent and we were thinking if it had hit a peak. But in 2021 it has gone up to 38 per cent.

"We can see this crossing the 40 per cent mark in 2022. Aspects like status, features, space, design is what is drawing in the consumers," Garg added.

Hatchbacks in slow lane

The growth is happening at the cost of hatchbacks. In 2020, hatchbacks contributed 47 per cent to total sales, which crashed to less than 41 per cent in 2021.

"Compact low hatch dropped to 8.8 per cent from 10.9 per cent, compact mid hatch to 9.7 per cent (11.6 per cent), compact high hatch to 10.3 per cent (11.6 per cent) and compact premium to 13 per cent to 12 per cent till November 2021.

Share of sedans too came down from 11.4 per cent to 9.6 per cent," Garg added.

Hyundai sold 252,586 units of Creta, Venue, Tucson, Kona, Alcazar in 2021

The Economic Times 4th January 2022

Maruti Suzuki Rules Indian Roads with Most Number of Bestsellers

Eight models in 2021 Top-10 list; WagonR highest selling car, co's overall share at around 45%

Sharmistha.M@timesgroup.com

New Delhi: Maruti Suzuki continued to rule Indian roads with eight of the 10 best-selling models coming from the company's stable in calendar year 2021 — the highest number in more than a decade.

Seven out of the top 10 most popular vehicles in the local market belonged to the Maruti Suzuki family in 2020. The company's tally in the best-sellers list stood at 5 in 2013.

Interestingly, in a country where consumer preference is swerving towards SUVs, Maruti Suzuki WagonR emerged as the highest selling model with sales of 183,851 units in 2021. In fact, hatchbacks cornered the top four slots in domestic sales last year with Maruti Suzuki Swift clocking in 175,052 units, Maruti Suzuki Baleno recording wholesale of 172,241 units and Maruti Suzuki Alto 800 bringing in 166,233 units.

"If you look at the entire year, excepting the couple of months which saw disruptions (due to the second wave), hatchbacks managed to maintain market share of 45-47% as in the last 5 years. SUVs are growing at the expense of sedans," said Shashank Srivastava, senior executive director (marketing and sales) at Maruti Suzuki. The company commanded a lion's share in the hatchback segment at 67% in 2021.

In the sports utility vehicle segment – where 43 brands battled it out for customer attention – Hyundai Creta emerged the winner with sales of 125,437 units in 2021. Maruti Suzuki Vitara Brezza and Tata Nexon too made their way into the top 10 list with sales of 115,962 units and 108,577 units, respectively.

Srivastava said "Maruti Suzuki Vitara Brezza dominated sales in the entry SUV segment. The mid SUV segment (where the company currently does not have a product) dragged down our market share in the category." Maruti Suzuki's market share in SUVs stood at 12% in 2021. Led by Creta SUV, Hyundai Motor India consolidated its position as the leader in the SUV segment in 2021 for the second year in a row.

Overall, Maruti Suzuki's market share stood at around 45% in CY2021.

In Fast Lane

Maruti Suzuki Vitara Brezza dominated sales in the entry SUV segment

Co plans to have four new options in the SUV segment at a price point of ₹8 to ₹20 lakh in couple of years

230,000 units
Maruti's current order backlog

Top 10 models in 2021	Volumes
WagonR	183,851
Swift	175,052
Baleno	172,241
Alto	166,233
Creta	125,437
DZire	116,222
Vitara Brezza	115,962
Eeco	114,524
Ertiga	114,408
Nexon	108,577

Source : Industry

Business Line 4th January 2022

At 2.05 lakh cars, Maruti exports hit record in 2021

Popular in Asean, Latin America, Africa, West Asia

OUR BUREAU

New Delhi, January 3

The country's largest passenger vehicle maker, Maruti Suzuki India (MSIL) on Monday said it exported 2,05,450 vehicles in 2021, creating another new record and this is the highest ever export figure in any CY by the company.

MSIL started exports of its vehicles in 1986-87 with the first large consignment to Hungary. Today, it exports to over 100 countries. Till date, it exported over 21.85 lakh units, the company said in a statement.

"Maruti Suzuki is dedicated to government's vision of 'Make in India for the world'. This milestone reflects the confidence of customers around the world in the quality, technology, reliability, performance and cost effectiveness of our cars," Kenichi Ayukawa, Managing Director and Chief Executive Officer, MSIL, said.

The company exports as many as 15 models PTI

Maruti Suzuki's vehicles are popular with customers across Latin America, ASEAN, Africa, West Asia and neighbouring regions, he said.

Currently, the company exports as many as 15 models including the most recent additions Jimny (Suzuki's compact off-roader) and the all-new Celerio. The top five exports models in 2021 include Baleno, Dzire, Swift, Spresso and Brezza, the company added.

Meanwhile, Kia India said it registered cumulative sales of 2,27,844 units in 2021, including domestic sales of 1,81,583 units, which is a growth of 29 per cent year-on-year (YoY). In CY2021, the company shipped 46,261 units, a growth of 23 per cent YoY in exports. Since the commencement of sales operation in India, Kia exported 96,242 units, taking the cumulative sales of 4.5 lakh units in under 2.5 years, the company said.

Kia monthly sales

However, on monthly sales, it saw a decline of 34 per cent YoY in December 2021 at 7,797 units as compared with 11,818 units in December 2020.

"We have sold more than 3.7 lakh units since entering the Indian automotive market in August 2019, a remarkable feat for a new entrant; not just that, till date, we have exported to around 90 countries across the world. Kia India has always focused on providing quality after-sales services to our customers," Tae-Jin Park, MD and CEO, Kia India, said.

The company remains optimistic about 2022 with the aim of full utilisation of the plant in the year. A successful launch of the Kia Carens in the first quarter of 2022 also remains the company's focus, he said.

Kia India foresees supply chain constraint to continue in early 2022 but hopes that semiconductor production and supply will start improving from second quarter onwards.

The Economic Times 8th January 2022

Maruti Suzuki Lines Up Biggest Annual Product Onslaught Ever

Eight new products, including facelifts, to hit assembly lines in 18 mths

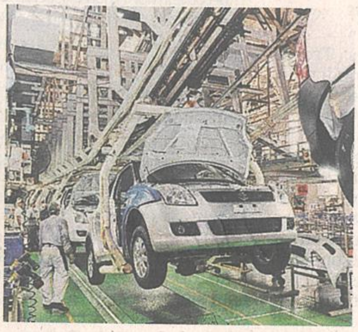
Ketan Thakkar & Ashutosh R Shyam

Mumbai: After a hiatus of almost two and half years and braving through two waves of Covid-19, Maruti Suzuki, the country's largest car maker is readying itself with its biggest annual product onslaught ever.

The maker of Swift and Baleno will be launching over half a dozen new products in one year alone and half of them will be in the fast-growing SUV space and the rest in the core of its own small car space. An updated product range at Maruti would mean, its global alliance partner Toyota too would spruce up its portfolio in 2022.

The move will not only help seize lost market share but also help Maruti Suzuki climb a critical 2 million annual sales mark which has been alluding for the last few years.

This would mean a second consecutive year of strong double-digit growth for the company provided there are no further disruptions in semiconductor supplies. A strong Maruti would mean the Indian market too would be on path to a strong double-digit growth.



In the first nine months of FY22, the company has produced 11.64 lakh units, compared with 9.39 lakh units in the same period last fiscal.

The company did not offer any specific comments on the new product launches or volume growth plans. But in an email response, Shashank Srivastava, Sr ED, marketing and sale at Maruti Suzuki said one of the key reasons of continued dominance is the strong product portfolio.

"We have been aggressively mapping customer needs and bringing products aligned with needs of the customers across segments. New model development and refreshments are a regular phenomenon with us to keep customers delighted and part of the Maruti Suzuki family. Going forward, we will expand our portfolio across segments including SUVs, as pointed out by you it is a growing segment. In the entry segment our offering Vitara Brezza enjoys the leadership position ever since it was introduced," added Srivastava.

According to several people in the know, there are eight new products including facelifts, refreshes and all new models which will hit the assembly lines in the coming 18 months. The biggest excitement will be around its jointly developed SUV codenamed YFG with Toyota which will take on the market leader Hyundai Creta, there is an all new Jimny planned, which may wean away some of Mahindra Thar buyers and attractive crossover based on Baleno. There are facelifts and mid-cycle actions on Baleno, Ertiga, Wagon R and there is an all new Alto 800 also on the anvil.

From a volume perspective, the new model plays the most pivotal factor for volume growth that it potentially adds to 10-15% of the incremental volume. Historically, the company has launched two-three vehicles in a year that includes facelift, upgrades and new model launch.

The drought in product launches for Maruti Suzuki can be gauged from the fact that before the launch of new Celerio in November 2021 it had not introduced a new model or upgrade for more than 30 months. A tepid presence in the SUV segment made a big dent on the company's market share.

Business Line 11th January 2022

Motherson Sumi to accelerate acquisition plans post rejig

Move to simplify group structure, align with 'Vision 2025'

SWARAJ BAGGONKAR

Mumbai, January 10

The completion of the 18 month-long mega restructuring exercise at the Sehgal-family controlled Motherson Sumi Systems (MSSL) has paved the way for an organisation that will accelerate growth through inorganic ways.

The restructuring, which started in July 2020 and has led to creation of two companies, is done to simplify group structure as well as align itself for 'Vision 2025' which targets revenues of $36 billion with 40 per cent ROCE.

Motherson Sumi, India's largest automotive parts manufacturing company, has been the most aggressive of Indian companies to chart expansion and growth through acquisitions over the past several years. The company has made 27 acquisitions till date in the automotive sector and beyond.

Speaking to analysts, Vivek Chaand Sehgal, Chairman, MSSL, said, "The improved structure will help us to grow further, be of more value to the shareholders and create more synergies. The inorganic opportunities are increasing dramatically. Covid has carried on for the second year now. Motherson will get a lot of opportunities for acquisition."

Vision 2025

As per the 'Group Reorganisation Plan' the domestic wiring harness (DWH) has been demerged from MSSL and is now in the process of being listed as a wholly owned subsidiary of MSSL. Samvardhana Motherson International (SAMIL), the principal holding company of the Motherson Group, has been merged into MSSL. Requisite shareholder and NCLT approval have been taken by MSSL for the process.

Diversifying revenue streams is a part of the Vision 2025 of MSSL. The company targets 75 per cent of the revenue to come from the automotive industry and the rest from new divisions.

As of end September 2021, the non-automotive business

Vivek Chaand Sehgal, Chairman, MSSL

made up 0.3 per cent of the revenue share of MSSL, which was ₹35,270 crore.

In October, MSSL acquired a controlling stake in CIM Tools, a company that supplies components to the aerospace industry, for an enterprise value of ₹ 400 crore.

To grow business

Laksh Vaaman Sehgal, Group Vice-Chairman, MSSL, said, "The acquisition (of CIM Tools) showcased that we are very serious about this and this was also our first acquisition which creates a path of much larger ones to happen in the future. This will also establish ourselves as a key supplier with a large aerospace player. We believe that in the next five years we can grow this business substantially and also deliver 40 per cent growth." Motherson is looking to expand business in four key non-automotive areas — aerospace, logistics, technology and industrial solutions and health and medical. In the logistics space, the company has a joint venture with a Japanese premium car carrier. It plans to enter other verticals such as auto wagon (rail transportation), yard management and export logistics.

The technology and industrial solutions segment of MSSL aims to position itself as an IT services provider expanding to customers outside of the Motherson Group having offices in the UAE, Spain and Singapore.

In the health and medical field, MSSL aims to become a strategic partner for medical device OEMs, enabling manufacturing globally. This will be done through leveraging the group's capabilities across the value chain along with three key areas — durable medical equipment, imaging systems and in-vitro diagnostics.

"We have quite large targets and for that we will be doing multiple acquisitions," Sehgal added.

Business Line 11th January 2022

Korean EV maker to drive SsangYong out of M&M

A consortium led by Edison Motors agrees to buy debt-ridden firm for $254.65 million

OUR BUREAU

Mumbai, January 10

A consortium led by South Korea's Edison Motors will acquire a controlling stake in SsangYong Motor Company, ending Mahindra & Mahindra's fruitless attempts to make the troubled SUV maker a profitable buy-out.

A bankruptcy protection court gave its nod to the consortium, which has agreed to pump in 305 billion Won ($254.65 million) into the debt-laden SsangYong

Edison Motors will be SYMC's fifth owner since its formation more than seven decades ago. Since its acquisition in 2010, SsangYong has been a troubled unit for M&M almost every year despite several attempts by the latter to turn it around.

SYMC has been in court receivership since April of last year. This was preceded by a 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 the last financial year.

Losses for 19 quarters

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 to the same period in the previous year. It posted an operating loss of 238 billion won during the same period.

EV-maker

Founded in 1998 Edison Motors is a 100 per cent electric vehicle maker. It has so far built a multi-seater passenger bus and a mini-truck, both battery powered.

Business Line 13th January 2022

M&M won't get proceeds from SsangYong sale

The offer made by the Edison-led consortium is nearly the same as M&M's purchase price inked in late 2010

SWARAJ BAGGONKAR

Mumbai, January 12

The proposed sale of the troubled Korean SUV maker SsangYong Motor Company (SYMC) won't fetch its largest shareholder Mahindra & Mahindra (M&M) any proceeds. SYMC has been under a court-led rehabilitation process since December 2020.

Consortium's offer

M&M has been informed by a court-appointed receiver that a consortium led by South Korean electric bus maker Edison Motors Co has agreed to acquire SYMC for 304.858 billion won (about ₹1,882 crore) through a primary equity investment.

"Subject to a rehabilitation plan reflecting the terms of the Edison Motors Co's investment being approved at an interested parties' meeting of SYMC which is expected to take place in some months from now and pursuant to primary investment by Edison Motors Co. and certain expected capital restructuring undertaken as part of the rehabilitation process of SYMC, the company's holding in SYMC will reduce," M&M said in a statement.

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

While M&M holds 74.65 per cent in SYMC, the Mumbai-based company ceased consolidating SYMC and its subsidiaries as subsidiaries from December 28, 2020 and has classified it as discontinued operations. SYMC and its four subsidiaries, however, are considered as subsidiaries of M&M under the Companies Act, 2013.

"The company will not receive any consideration on account of the proposed primary investment being made by a consortium led by Edison Motors Co in SYMC," M&M clarified.

Sale offer

The offer made by the Edison-led consortium is nearly the same as M&M's purchase price inked in late 2010. The Mumbai-based SUV specialist had paid ₹2,100 crore ($462 million at the then exchange rates) for a 70 per cent stake in SYMC. The SYMC buyout was the biggest outbound deal by M&M.

During FY20, M&M wrote off investments of around ₹2,000 crore it made in SsangYong after putting its entire stake in the Korean company for sale in February that year. Also, in April 2020, M&M announced that it will not make any further investments in SYMC and declined SYMC's request for fund infusion following the business disruption caused by the Covid-19 pandemic.

Mahindra and SYMC jointly developed the X100 platform which saw the birth of the Mahindra XUV300 compact SUV in India and the SsangYong Tivoli in Korea. Mahindra also experimented with launching the SsangYong SUV under its namesake brand.

The Alturas premium SUV from Mahindra was a rebranded SsangYong G4 Rexton.

Business Line 13th January 2022

Ashok Leyland, Aidrivers ink pact for autonomous vehicle tech

OUR BUREAU

Chennai, January 12

Leading truck and bus maker Ashok Leyland has entered into a collaboration with Aidrivers for development of AI-enabled autonomous vehicles.

The two companies signed a Memorandum of Understanding (MoU) for long-term collaboration which will combine their specialist knowledge and experience to push forward together in this rapidly advancing field, according to a statement.

As part of the collaboration, Aidrivers will provide AI-enabled autonomous solutions and Ashok Leyland will provide vehicle platforms. The partners will work together to explore target markets and opportunities for cooperation.

More opportunities

"There are clear opportunities where the skills, resources, reputation and technical know-how of both Aidrivers and Ashok Leyland can complement each other, particularly in meeting the needs of industry for a sustainable future," Rafiq Swash, founder and CEO of Aidrivers, said.

Tech development

The agreement foresees the development of autonomous vehicles, industrial mobility equipment and other autonomous industrial automation solutions that can deliver significant value to fleet operators, logistics providers and others. In relation to specific project opportunities, the MoU encompasses joint marketing and joint market access as appropriate.

Times of India 11th January 2022

ZF takes majority stake in JV

Pune: German auto-components manufacturer and OEM ZF has announced of taking a majority stake in its joint venture with the Rane Group, Rane TRW Steering Systems, for around Rs 20 crore.

"This move is aimed at enhancing the partnership that we have, with a lot of disruption going on currently in the Indian auto market, and is a win-win for both of us," said Harish Lakshman, vice-chairman of the Rane Group, told **TOI**.

KV Suresh, the president of ZF India, said the move will help in retain capabilities. TNN

Business Standard 14th January 2022

Motherson Sumi to expand non-auto biz

ARINDAM MAJUMDER
New Delhi, 13 January

India's largest automotive manufacturing company Motherson Sumi Systems (MSSL) is looking to expand business in four key non-automotive areas. These are aerospace, logistics, technology and industrial solutions and health and medical.

According to Laksh Vamaan Sehgal, group vice-chairman, MSSL, diversification into non-auto segments will help it leverage its strength of global presence, product design and development expertise. The company expects the new verticals to generate 25 per cent of its revenue by 2025. In the logistics space, the company has a joint venture with a Japanese premium car carrier.

THE LONG DRIVE

Motherson Sumi wants 25% of revenue from non-automotive areas by 2025

Segment	Target areas
Aerospace	Focus area in aerostructure, system and cabin parts
Logistics	Eyeing opportunity in waggon, yard management, export logistics
Technology & industrial solutions	Established as an in-house IT services provider. Now being given to clients outside the group
Health & medical	To develop capability in durable medical equipment, imaging systems, in-vitro diagnostics

"We spent the last five years thinking about where our strength areas are and where we can make maximum impact. We found that our strength is in manufacturing and supply chain. So, we wanted to use that strength in other verticals like medtech and aerospace. These are all segments where we can use our expertise that we have developed in the automotive side," said Laksh Vamaan Sehgal.

Motherson recently said it acquired a majority stake in Bengaluru-based CIM Tools. CIM Tools is a leading supplier in the aerospace supply chain. "We reached out to Boeing and Airbus to show what we have done on the automotive side. We took over CIM Tools as they want their suppliers to grow in this region. We want to grow that business and use it as a launching pad to grow our operations globally for these customers," he added.

Sehgal said IT will be another focus area in the non-automotive business. "We already have our software company, which has done very well. Now, we want to open that up for external customers as well and grow it. It's promising because we have seen a lot of our customers wanting the same solution that we have built for our internal purposes like ERP (enterprise resource planning) and product lifecycle management system. We have organic orders already and customers are enthused to see us go into the new areas," said Laksh.

Business Line 4th January 2022

Electric power: Audi India doubles sales to 3,293 units

OUR BUREAU
New Delhi, January 3

German luxury car manufacturer Audi on Monday said it sold 3,293 units in 2021, a 101 per cent growth compared to the previous year.

The uptick was propelled by the five electric cars — the Audi e-tron 50, Audi e-tron 55, Audi e-tron Sportback 55, Audi e-tron GT, Audi RS e-tron GT and the petrol powered Q-range, along with A-sedans, it said in a statement.

The Audi A4, A6, Q2, Q5 and Q8 remain volume sellers for the brand. The RS and S performance cars sustained strong demand and a good order bank for 2022, it said.

"At over 101 per cent, our sales have more than doubled compared to the last year. 2021 was a big year for us, with nine new models launched, and marking our entry into the Indian EV market with five electric car launches. We are currently the only brand to have five electric cars on offer," Balbir Singh Dhillon, Head of Audi India, said.

On the retail front, not only did the company open a new showroom and workshops, but also doubled its pre-owned car facilities in 2021. "This year is going to be another power-packed year for Audi India. We will continue to focus on our Strategy 2025 that focuses on customer centricity, digitalisation, products and network. With our promising portfolio of volume, performance and electric cars, we will continue to redefine luxury for our customers," he said.

"We will have the full strength of our models back in the country and are confident of a strong performance in the months ahead," Dhillon added.

Toyota Kirloskar sales jump 72% as demand returns

OUR BUREAU
Bengaluru January 3

Toyota Kirloskar's product refreshments in IMV models are said to have hit a sweet spot with customers REUTERS

Toyota Kirloskar Motor — which sells popular auto products such as Innova and Fortuner in the Indian market — reported sales of 130,768 units in 2021 calendar , a 72 per cent increase compared to 2020.

Toyota Kirloskar Motor had sold 76,111 units in domestic wholesales in CY 2020.

According to V Wiseline Sigamani, Associate General Manager (AGM) - Sales and Strategic Marketing, Toyota Kirloskar Motor, the company is witnessing demand trends returning to pre-Covid times. Toyota Kirloskar Motor had the highest customer orders for the entire year in December.

Model-wise growth

Sigamani added that Crysta and the Fortuner continue to dominate their respective segments. Legender is said to have received tremendous response from customers. Further, Toyota Kirloskar Motor's product refreshments in IMV (innovative international multi-purpose vehicle) models are said to have helped retain huge customer interests and orders.

The Toyota Glanza and the Urban Cruiser recorded sustained sales as they generated interest in their respective segments.

PRESS REPORTS
ON
RAW MATERIAL

Business Line 5th January 2022

Steel companies expect market to stay stable in 2022

With economic activity gradually picking up, domestic demand saw a recovery last year

SURESH P IYENGAR

Mumbai, January 4

Steel demand in 2022 is expected to remain buoyant after hitting an all-time high in 2021 despite price pressure. With economic activity gradually picking up, domestic steel demand registered a sharp recovery last year.

Prices also increased sharply on the back of high input costs of materials such as coking coal and iron ore.

Dampened by rain

Although the industry remains hopeful, steel demand, which started slowing down during the monsoon in the September quarter, has not recovered fully due to unseasonal rain hampering infrastructure activities in key consumption States.

Moreover, the steel demand from the automobile sector is yet to bounce back to the pre-Covid level even as other steel-consuming sectors such as white goods, packaging and real estate are limping back to normalcy.

Supported by the government's infrastructure push, the domestic finished steel consumption is estimated to grow 16 per cent in 2021, albeit on a low base and expected to halve in 2022 depending on the impact of Omicron and subsequent restriction to be imposed by the government.

With the rising input cost and falling selling price, profitability of steel companies is expected to come under pressure. However, the reduction in overall debt will lead to lower interest outgo and cushion the drop in margins to an extent.

Profits up

Steel companies had managed to register a rise in September quarter net profit despite a sequential moderation in steel spreads due to cost pressures, largely supported by higher sales following the recovery in economic activity post the second wave.

Input cost pressures for domestic mills may moderate somewhat towards the later part of March quarter, as seaborne coking coal prices have declined 20 per cent from the high of mid-November, the benefit of which would slowly get reflected in mill margins after a lag of 2-3 months.

VR Sharma, Managing Director, Jindal Steel and Power, said steel prices are expected to remain stable with downward bias till the March quarter and from there it will depend on sustainability of domestic demand. Australian coking prices are expected to fall from the current $340-350 a tonne to below $300 and the benefit of it will creep into India by April, he added.

With the rising input cost and falling selling price, profitability of steel companies is expected to come under pressure REUTERS

MSMEs feel the pinch

The sharp rise in steel price has crushed the small-scale user industries, forcing them to reach out to the government for help. Steel prices have gone up to ₹70,000-75,000 per tonne from ₹35,000-40,000 over the past year and pushed up the working capital requirement of MSMEs by almost 70 per cent. Following the complaint by MSMEs, the government has directed steel companies to reduce prices for small companies.

"Our concerns are with MSMEs which have been sandwiched between original equipment manufacturers and steel producers even while steel companies are ready to extend a helping hand," he said.

Large OEM (original equipment manufacturers) companies such as Maruti Suzuki, M&M, Hyundai and Larsen & Toubro, which get their work done by MSMEs, should revise contracted price as soon as they get the request so that there is no working capital strain on contractors. Any delay in revision of prices even for a month will wipe out many small industries as they do not have the withholding power, he added.

Exports outlook

With the domestic demand expected to hold the fort in 2022, steel exports are expected to moderate.

Seshagiri Rao, Joint Managing Director, JSW Steel, said exports have moderated to pre-Covid levels with revival of domestic demand. Government spending still remains the major driver even as there is some traction in private sector spending in select sectors. It is a matter of a few months before the private sector takes over, he said.

Ritabrata Ghosh, Assistant Vice-President, ICRA, said steel prices went up to an all-time high in 2021, helping mills report a surge in earnings and thereby an accelerated pace of deleveraging.

China led the first leg of the recovery in global steel markets during 2020 and the early part of 2021. However, going forward, the sustenance of the upcycle in the second leg would hinge on the healthy demand momentum continuing outside of China, he said.

While international steel prices in 2022 are poised to settle at lower levels compared to 2021, the industry's absolute profitability metrics are still expected to remain at healthy levels in the next 12 months, he added.

Business Standard 14th January 2022

Steel firms eye higher offtake from auto space

ISHITA AYAN DUTT
Kolkata, 13 January

Steel companies are expecting an increase in offtake from the automobile segment in the January-March quarter after its muted showing in the third quarter, led by a weak festive demand and supply-side issues.

While two-wheelers suffered on the back of poor demand, volumes of passenger vehicles (PVs) suffered due to supply-side constraints. But according to steelmakers, going by the current trend, Q4 is looking better in terms of offtake from the auto segment.

ArcelorMittal Nippon Steel India (AM/NS India) Chief Marketing Officer Ranjan Dhar said the cues from the automobile sector are very positive for the January to March quarter.

"Indications are that the schedule is very strong and we have been asked to enhance the allocations," he added. The company is expecting a 15-20 per cent increase in offtake from the auto segment in Q4 compared to Q3.

JSW Steel director (commercial & marketing), Jayant Acharya, said the January-March quarter looks even better than Q4 of last year. "Many of the PVs have a waiting period, which reflects a good demand," he said.

"We are seeing demand from the automobile sector picking up. October to November has seen some moderation but from December onwards, demand has improved across CV and PV," he said.

In Q2FY22, auto accounted for about 19 per cent of JSW Steel's domestic sales.

It is not clear how soon the chip shortage will get sorted, but analysts expect a gradual easing of constraints. Over a two-year timeframe, strong growth is expected from CVs and PVs.

Steel accounts for about 50 per cent of a car's weight; for two-wheelers, it is lower. About 90 per cent of the auto companies' steel requirements are met by Tata Steel, JSW Steel and AM/NS India.

As far as the share in raw material cost is concerned, steel accounts for about eight per cent of the raw material cost for cars, seven per cent in two-wheelers and nine per cent in CVs.

Auto contracts

Steel companies have settled contracts with auto companies over November and December for H2.

Acharya said, "Our contracts with auto companies have been finalised in November/December."

In flats (hot rolled/cold-rolled), the increase is ₹9,500-10,000 a tonne and in longs, it's ₹4,600-4,700 a tonne. The increase will be applicable during October to March 2022," he added.

Dhar said AM/NS was the first to settle contracts with auto companies and also to revert to the six-month cycle.

Typically, contracts with auto companies have been six-monthly. But companies moved to quarterly pricing with a surge in steel prices over the past year. But steel prices saw a steep correction in December and are at a discount to contract prices.

But Dhar pointed out that in May auto contractual prices were at 35-40 per cent discount to spot.

The Economic Times 8th January 2022

JSW Steel to Invest ₹15,000 crore to Expand Vijayanagar Facility

Steelmaker aims to increase its capacity by 5 mtpa by 2024

Our Bureau

Mumbai: JSW Steel on Friday announced a ₹15,000-crore brownfield expansion project at its Vijaynagar Steel Works to increase its capacity by 5 million tonnes per annum (mtpa) by 2023-24.

The expansion will be spread across 600 acres and includes establishing a 4.5 mtpa blast furnace, two steel melt shops of 350 tonnes each, and 5 mtpa hot strip mill along with other allied and auxiliary facilities, the company said in a media statement.

"This expansion reiterates our commitment to be a significant partner in building a stronger India through sustainable means," JSW Group chairman Sajjan Jindal said.

The JSW Steel plant in Vijayanagar, Karnataka, is the largest single-location integrated steel-making facility in the country with a capacity of 12 mtpa.

The company aims to take its capacity to 18 mtpa by FY24. An ongoing 1 mtpa expansion through upgradation of the current facility is expected to be completed within 12 months.

Union steel minister Ram Chandra Prasad Singh laid the foundation stone for the new 5 mtpa project. He said the project would help in augmenting availability of world-class steel and the progressive plans of his ministry.

JSW said it has received the environmental clearance for the project.

"We will create new job opportunities as well as generate immense value for all our stakeholders," Jindal said in a statement. "Through the introduction of artificial intelligence and other Industry 4.0 interventions at this facility, it will become an integral part of our network of digitally connected smart steel factories in India."

JSW Steel, as part of its next phase of growth, is targeting an overall capacity of 37.5 mtpa in India and the USA by FY25, up from 28 mtpa at present.

"The brownfield expansion at JSW Steel Vijayanagar Works is part of this broader target," the company said in its statement.

Steely Resolve

600 acres Of land to be used for the proposed expansion

4.5 mtpa **Blast furnace** to be established

350 tonnes **Of two** steel melt shops to come up

12 mtpa **Is the** current capacity of JSW Steel plant in Vijayanagar

We will create new job opportunities as well as generate immense value for all our stakeholders. Through the introduction of artificial intelligence and other Industry 4.0 interventions at this facility, it will become an integral part of our network of digitally connected smart steel factories in India

JINDAL STATEMENT

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 5th January 2022

India to surpass China as 3rd largest user

Domestic ethanol demand tripled between 2017 and 2021 with consumption at 3 crore litres in the last calendar year: IEA

RISHI RANJAN KALA

New Delhi, January 4

India is on course to race past China as the world's third largest ethanol consumer by 2026 as it accelerates the transformation towards a clean energy ecosystem. Ethanol demand in India tripled between 2017 and 2021 with consumption expected at 3 crore litres in the last calendar year, the International Energy Agency (IEA) said.

"In January 2021, India brought forward its target of 20 per cent ethanol blending of gasoline to 2025 from 2030, and is aiming to start selling 20 per cent blends in 2023," the agency said in a report.

IEA added that the country is supporting ethanol as it helps reduce oil imports, cut down air pollution and offers economic and employment opportunities for farmers.

Lifting ethanol demand is also aligned with its net zero pathway. India, the world's third largest oil importer and consumer, imported petroleum products worth more than ₹ 1.09-lakh crore in FY21.

'Impressive progress'

The agency noted that India made "impressive progress" in increasing ethanol blending. In 2017, blending stood at 2 per cent, but by the summer of 2021 it touched 8 per cent, putting the country on track to achieve 10 per cent blending this calendar year.

"India has also increased its policy commitment. In pursuit of its 20 per cent target, the country has set guaranteed prices per litre of ethanol according to feedstock; established financial support for new ethanol capacity; released an ethanol roadmap;

Lifting ethanol demand is also aligned with India's net zero pathway

and is planning to mandate flex-fuel vehicles that can operate on higher ethanol blends, it pointed out.

However, the target of achieving 20 per cent blending of ethanol has "significant challenges", IEA said adding that "Vehicle compatibility, greenhouse gas (GHG) and sustainability criteria, feedstock availability, and maintaining incentives at the right level will all require dedicated attention". "In our accelerated case, we assume India meets these challenges and achieves its 20 per cent blending target in 2025," IEA projected.

Compatibility concerns

A large segment of India's existing vehicle fleet may have compatibility issues with fuel blends above E10. Retrofits are an option, but the scale of the undertaking may make that impractical. Flex-fuel vehicles or vehicles otherwise compatible with 20 per cent blends will need to be made available and consumers will need to be convinced to purchase them, IEA explained.

Clear GHG performance requirements and sustainability criteria will also help ensure ethanol production reduces emissions and avoids other impact. India estimates that ethanol blending has reduced its GHG emissions by 19 million tonnes of carbon dioxide equivalent since 2014 and its ethanol roadmap notes the need to supplement sugarcane, a water-intensive crop, with less water-intensive feedstock, IEA said.

Fixed rates

India is currently guaranteeing fixed rates for ethanol according to the feedstock it is produced from. In November, it increased the incentive rates by 1-2 per cent to encourage production, it added.

"The incentive structure and funding system will need to be carefully structured. Here, too, India can learn from other examples. Indonesia for instance has scaled back its biodiesel blending ambitions because of high costs, a situation India would like to avoid. India may also look to other models, such as targets with credit trading, as applied under the US RFS, the agency suggested.

At present, public sector oil marketing companies are selling 10 per cent ethanol blended petrol.Similarly 5 per cent biodiesel is blended as per availability.

Business Line 5th January 2022

Green hydrogen is the 'fuel of the future', says Gadkari

SWARAJ BAGGONKAR

Mumbai, January 4

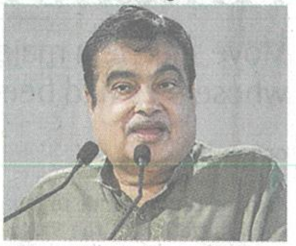
After electricity, LNG and ethanol it's the turn of hydrogen to get the nudge from the government to be positioned as fuel for mobility of the future.

Speaking at the inauguration and foundation stone laying ceremony of six national highway projects in Goa, Nitin Gadkari, Minister for Road Transport and Highways said, "Green hydrogen is the fuel of the future."

Green hydrogen is produced by splitting water using electricity generated from solar panels or through wind turbines. When produced using fossil fuels, it is not classified as green hydrogen.

"Toyota has brought a car from Japan for me which runs on green hydrogen. I am going to drive it on a pilot (basis) in Delhi. And the green hydrogen required to run it will be procured from the Indian Oil outlet in Faridabad," Gadkari added.

Hydrogen as a fuel for mobility is a long-term concept for Indian automobile manufacturers who are currently busy with electric vehicle technology and related product development.



Nitin Gadkari, Minister for Road Transport and Highways

'Zero emission'

Hydrogen is known to be the cleanest fuel used for powering vehicles as it has zero tailpipe emissions.

India has committed to spending $200 million over five to seven years to promote use of hydrogen, making it the government's first concrete announcement since Union Budget 2021 that talked about the National Hydrogen Mission.

This was followed by the launch of the mission on August 15 last year where PM Narendra Modi said that the government's aim is to make India the global hub for the production and export of green hydrogen.

Under NHM the government is working on Blue Hydrogen, Hydrogen CNG (H-CNG) and Green Hydrogen. H-CNG is the blending of hydrogen with CNG.

'Practical option'

Korean automaker Hyundai was the first company to declare its intention of getting a hydrogen-powered car to India. It even signed a memorandum of understanding with an Indian company for the supply of hydrogen. However, the company dropped its plans last year since there is still no clarity over the availability of hydrogen throughout India.

Hydrogen can be a practical option for long-distance vehicles because of its light weight and high energy. Hydrogen-powered vehicles have a higher drive range. They consume 50 percent less fuel than conventional fuels.

Business Line 12th January 2022

ACMA seeks uniform GST rate of 18 per cent on all auto components

OUR BUREAU

New Delhi, January 11

The Automotive Component Manufacturers Association (ACMA), on Tuesday, stressed the need to ensure a uniform GST rate of 18 per cent on all auto components, in its recommendations to government for the forthcoming Budget.

The apex body of the Indian auto component industry also requested the government to consider upward vision of Remission of Duties and Taxes on Export Products (RoDTEP) rates adopting measures for enhancing investments, including for research and development.

"The industry has significant after-market operations that are plagued by grey operations and counterfeits due to the high 28 per cent GST rate. A moderate rate of 18 per cent will not only address this challenge but will also enhance the tax base through better compliance," Sunjay Kapur, President, ACMA, said.

The RoDTEP scheme was introduced effective January 1, 2021, replacing the MEIS scheme (Merchandise Exports Incentive Scheme). However, the rates notified for auto components sector at one per cent or lower are inadequate to cover the incidence of unrefunded taxes and duties borne on export products, deterring the competitiveness of Indian auto component industry, he said.

Other recommendations

Other key recommendations include: to encourage domestic R&D and testing, to retain weighted tax deduction on R&D expenditure, which is critical. The 2016-17 Budget reduced weighted deduction benefit from 200 per cent to 150 per cent and further restricted deduction to 100 per cent from April 1, 2020.

ACMA sought provision to reintroduce investment allowance at 15 per cent for manufacturing companies that invest over ₹25 crore in plant and machinery, to motivate manufacturers to invest in new technologies, specifically e-mobility and its components/ancillaries related plant and machinery.

It also voiced suggestions to ease 'cost of doing business' in India.

"Policy announcements on PLI scheme for ACC battery, for auto and auto components, and extension of FAME-2 facilitate Indian automotive sector becoming integral to global value chains," Kapur added.

MISCELLANEOUS REPORTS

Business Standard 4th January 2022

5% GST on electricity may cause ₹5,700-cr loss to states, Centre

Power cost may fall for industrial consumers, says NTPC-commissioned report

SHREYA JAI
New Delhi, 3 January

A proposal to bring electricity under the goods and services tax (GST) regime may cause a fiscal hole of ₹5,780 crore for both states and the Centre. In a report commissioned by state-owned NTPC, a 5 per cent GST rate has been suggested for electricity.

In a scenario when all existing electricity duties are also subsumed under the GST, the losses balloon to ₹59,000 crore with the lion's share to be borne by states, that is, ₹57,000 crore.

The report, however, is based on 5 per cent GST and partial electricity duties.

The ministry of power and ministry of finance have been deliberating on imposing GST on electricity. NTPC and the Central Electricity Authority (CEA) were mandated to study the impact of this. The report, prepared by EY and commissioned by NTPC, analysed the impact of 5 per cent GST on consumers and the government treasury.

While coal, which fuels 70 per cent of India's electricity supply, is taxed under the GST regime, electricity generation, transmission and distribution are exempted from GST. There is a 5 per cent GST and ₹400 per tonne GST compensation cess levied on coal along with 14 per cent royalty on basic price. Similarly, several components involved in the electricity supply chain come under various GST tax slabs.

"Due to GST exemption on outward supply, power companies (generation, transmission and distribution firms) cannot avail the 'input tax credit' on GST paid on goods/services procured by them. This results in an increase in power cost for industrial and commercial consumers," said the report.

In August 2021, NITI Ayog along with RMI International, in a report on the power distribution sector, said, under GST, per unit cost of power can reduce by "17 paisa across the power value chain on account of availability of input tax credit."

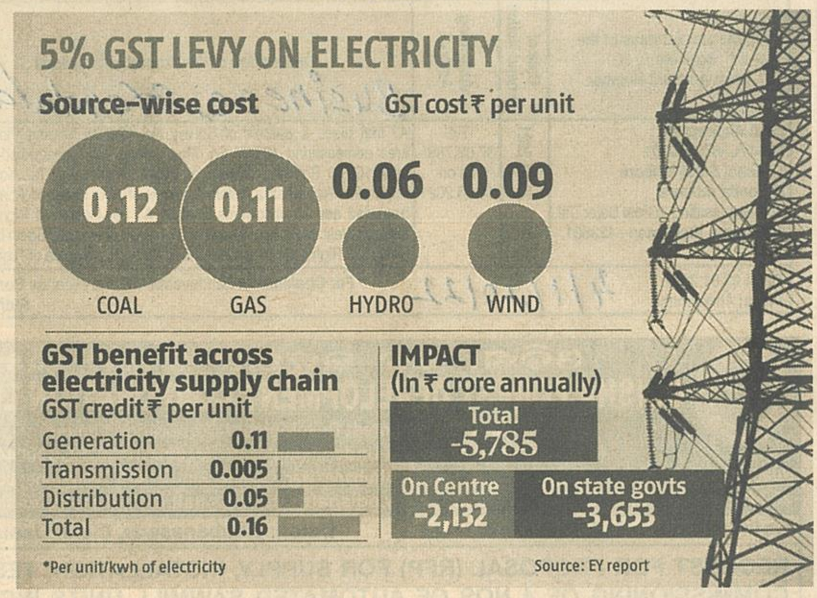
The EY report has supported the claim, saying GST imposition on electricity would lead to reduction in cost for consumers, especially industrial and commercial consumers. EY has estimated a cost reduction of 9 to 12 paisa for different fuel sources of electricity and 0.05 to 11 paisa (average 16 paisa) across the generation, transmission and distribution chain of electricity.

While electricity is exempted under GST, almost all states impose an electricity duty on consumers. This duty is higher for high consumption slabs, which include industrial and commercial consumers. Non-availability of input tax credit in electricity leads to higher costs for industries.

"Allowing input tax credit by covering electricity under GST will reduce the power tariff cost for industrial and commercial consumers, resulting in low cost of production of goods and services. Accordingly, Indian products would be a competitive market," said the EY report.

However, for the domestic segment, EY's report said chargeability of GST will lead to a per unit increase in tariff, which the state governments should absorb through a subsidy. It said this would need to be done for agricultural consumers as well. The report also added the amount of subsidy levied would get set-off by the revenue earned by a state government on account of charging GST.

Last year, India Inc, in its Budget representation to finance minister Nirmala Sitharaman, had suggested either bringing electricity under GST or keeping it exempt from refund of input tax credit.



Business Line 11th January 2022

'Each SME loses ₹67 lakh a year due to legacy system'

Limited resources, lack of knowledge main blocks, says report

OUR BUREAU

Bengaluru, January 10

The annual average loss from legacy systems dependence is ₹67 lakh (per SME, annually), according to an IDC Infobrief commissioned by RazorpayX.

The business banking platform of Razorpay, RazorpayX, commissioned an IDC Infobrief titled 'SME Banking is Broken: Will India's Promising Neobanks Fix it?', which surveyed around 200 SMEs across India. The findings are based on the responses garnered from quantitative surveys of 20-25 minutes in length and in-depth research.

Major challenges

The report noted that 1 in every 2 businesses agree that limited resources and lack of knowledge are the two major roadblocks to their digital transformation aspirations. Over 45 per cent SMEs fear there is a high chance of manual errors because of the dependence on traditional processes. And, over 56 per cent reported that they wasted time from deploying resources for repetitive tasks; 44 per cent SMEs complained of spending significant time (an average of 1446 hours) on financial operations and repetitive tasks.

Further, the IDC infobrief added that 66 per cent SMEs insist on the need for easier access and faster means for loan approvals and verifications. 75 per cent SMEs wish for a reduction in time spent on data entry when it comes to payroll, 60 per cent SMEs want a unified view of financial transactions to check and improve visibility of overall business health and identify hiccups early on and 55 per cent SMEs prefer automated approval processes for better time management.

75 per cent SMEs wish for a reduction in time spent on data entry while 66 per cent insist on the need for easier access and faster means for loan approvals and verifications

Inflection point

Shashank Kumar, Co-founder and CTO, Razorpay, said, "While the banking problems faced by small businesses are many, it's good to know that some SMEs are slowly becoming aware of how neobanks can solve their broken banking experience. This IDC Infobrief commissioned by RazorpayX, our neobanking platform, attempts to bring to light the challenges faced by SMEs, the enormous time and money lost, due to dependence on traditional banking processes."

He added that due to lack of awareness, small businesses aren't able to take full advantage of the seamless, integrated banking experience that neobanks can offer in managing their business financing and banking needs.

Michael Yeo, Associate Research Director, IDC Asia/Pacific, said, "Neobanking is at an inflection point in India and has reshaped consumer expectations of what their bank can do for them. However, visibility on what they can do for businesses is yet to be discovered. SMEs in India are in dire need for solutions that can automate their end-to-end financial operations. Neobanks in India are now developing technology-first solutions specifically designed for SME needs in a dynamic and ever-changing environment that has the potential to disrupt the incumbent business banking in the long run."