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

Economic Times 5th May 2021

OVER HALF A DOZEN COS GO FOR MAINTENANCE SHUTDOWNS AMID COVID SPIKE

Auto Industry Output Set to Hit a 9-Month Low in May

Total industry output likely to be 1.2-1.5 M vehicles – almost half of the original plan

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Production in the Indian auto industry is set to hit a nine-month low in May as factories are getting shut and the supply chain is fractured amid a surge in Covid-19 infection across the country and partial lockdowns in several places.

More than half a dozen vehicle makers including Maruti Suzuki, Hyundai Motor India, Mahindra & Mahindra, Toyota Kirloskar, Hero MotoCorp, Honda Motorcycle, and Ashok Leyland have advanced maintenance shutdown to break the chain of infection.

South Korean carmaker Hyundai on Tuesday became the latest vehicle maker to intimate vendors of a shut down from May 10 to 15.

The total auto industry output this month is likely to be 1.2-1.5 million vehicles – almost half of the original plan, industry insiders said.

With about half of the retail stores also shut, sales are likely to fall to a 6-9 months low, they said.

Indian automakers had produced nearly 2.5 million vehicles in March 2021, of which 81% was two-wheelers, 14% passenger cars, and the remaining 5% commercial vehicles and three-wheelers.

The tentative production plans carmakers shared with vendors suggest that they are planning to produce 180,000-200,000 units this month, down from 320,000 units in March. This would be the lowest in nine months.

Passenger vehicle makers had sold nearly 297,000 units on an average in a month in the second half of FY21.

A vendor of a leading carmaker said the company's plans are fluid and a ramp-up of production will entirely hinge on caseloads of coronavirus on May 9 and May 10 as well as availability of industrial gases for production of vehicles and their parts.

Cryogenic tankers used to transport nitrogen, argon and other industrial gases are now being used for ferrying medical oxygen from plants to various states as hospitals across cities face a shortage of the life-saving gas.

If Covid-19 cases continue to be elevated with high demand of medical oxygen, vehicle makers may extend the shutdown by a few more days, said the vendor cited earlier.

Automakers have issued advisory for opening of plants from the second week of May and they have called workers two-days before the scheduled planting opening data to ensure adequate testing and preparation of adequate quarantine facilities.

"The supplies from the tier one suppliers could be resumed swiftly, but situation at the tier-two vendors is turning worrisome," plant head of a Pune-based auto ancillary company, citing financial and operational challenges. Companies are "shelling out significant amount on Covid-19 testing of employees when revenues are dwindling", the person said.

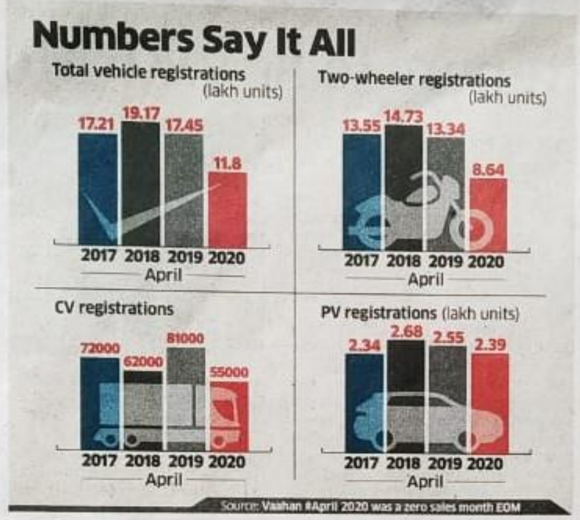
Mahindra & Mahindra in a statement to stock exchanges on Monday had said it has decided to advance maintenance shut down by four days but that it continues to work with vendors and dealers to minimise the impact of disruption.

Economic Times 9th May 2021

BRACING FOR A BUMPY RIDE

April Auto Retail Sales Hit Lowest in Eight Months

Nearly 45-50% of automobile dealerships are shut as states impose lockdown restrictions



Lijee.Philip@timesgroup.com

Mumbai: After weeks of pursuing with the dealer to speed up delivery of his Mahindra Thar, Alwar-based Rohan Mehta was allotted the sport utility vehicle out of turn on April 16, but was unable to take delivery — scheduled originally for August — as there were four Covid-19 positive cases in the family.

MEHTA'S CASE IS NOT UNIQUE.

Several customers were unable to take delivery of their vehicles last month as rising caseloads resulted in dealerships being shut. Walk-ins by new customers also reduced drastically.

Around 75,000-80,000 passenger vehicles (PV) ready for delivery are stuck at various dealerships across the country, according to the Federation of Automobile Dealers Associations of India (FADA)

"In April, we saw 60,000 fewer deliveries of cars and 5 lakh fewer deliveries of two-wheelers," said FADA president Vinkesh Gulati.

Gulati said, with several state governments announcing or extending restrictions to check the spread of the infection and top automakers temporarily closing plants or rescheduling maintenance shutdowns, automobile dealers expect the ongoing April-June quarter to take a hit.

The situation, he said, is a reversal after the uptick seen in retail sales starting August 2020.

An automotive dealer for Mahindra & Mahindra in Alwar (Rajasthan), Nikunj Sanghi, said, "I have some 100 vehicles ready for delivery, but am unable to do so."

"This period (April, May, June) is critical and the peak time for us,

les, especially two-wheelers and entry-level cars."

In fact, the poor delivery schedules of the Thar have even resulted in M&M's customers switching over to other models, said a dealer who did not wish to be quoted.

LOWEST IN 8 MONTHS

Auto retail sales were the worst affected in April and hit the lowest in eight months at 1.18 million units.

"Today, the lockdown is in place in 20 states which account for almost 70% of industry PV sales. Obviously, the retails will be affected both on account of this and also because the consumer sentiment turns adverse the longer the lockdown lasts," said Shashank Srivastava, executive director of Maruti Suzuki, India's largest car maker. "Consumer sentiment plays a major role for discretionary products like cars."

States, including Maharashtra, Delhi, Karnataka, Haryana, Madhya Pradesh, Rajasthan and West Bengal, have imposed lockdown-like restrictions.

As a consequence, at least 45-50% of the around 26,500 automobile dealerships in the country are shut. Uttar Pradesh tops in new vehicle registrations, followed by Maharashtra, Tamil Nadu, Karnataka and Gujarat.

Auto dealers told ET that footfalls in passenger vehicle outlets that are open have dropped by 35% in the past few weeks, while the fall has been more than 70% at commercial vehicle and two-wheeler dealerships. In the PV segment, dealers are not too worried as most models continue to have long waiting periods.

FOR FULL REPORT, GO TO

Business Line 4th May 2021

Covid surge may prove a road block for the mobility sector

SANGEETHA CHENGAPPA

Bengaluru, May 3

Just as the Indian mobility sector including cabs, autos and bike taxis recovered to 69 per cent with 78 million rides in March compared with pre-Covid levels, the second wave of Covid has stalled the recovery.

Consequently, with States including Maharashtra, Karnataka, Delhi, Haryana, Telangana, Jharkhand, Uttar Pradesh, Jammu and Kashmir in lockdown mode and others imposing night curfews and travel restrictions, the recovery of the mobility sector is likely to drop of 30-40 per cent in the next few months, says RedSeer Consulting. "We are dependent on our vehicles for our livelihood and lead a hand to mouth existence as we depend on daily earnings The government should understand our plight and provide in- [illegible] loans, protect us from financier's goons/recovery agents and provide us free groceries and medicines," said Tanveer Pasha, former President of Ola and Uber Drivers Association.

Some of the vehicles of Ola and Uber drivers that *BusinessLine* spoke to have been repossessed as the owners defaulted on EMIs. While many of the drivers have returned to their villages, some have taken up job miscellaneous jobs.

"Last year after the national lockdown, we were given loan moratorium and e-pass facility for intercity and interstate travel, but nothing is forthcoming during this lockdown. Most corporates are working from home, therefore, we have no business from them either" said K Radhakrishna Holla, President of Karnataka State Travel Operators Association, which represents over 2.5 lakh taxis, tourist vehicles and corporate on-call service vehicles.

Bus transport

Even the bus segment, a primary mobility option for the common man which recovered sharply from November - December 2020 and exceeded pre-Covid levels in January/February is expected to be badly hit. Rohit Sharma, COO, Abhibus.com, an online e-ticketing platform that aggregates solutions to 3,000 private bus operators and State Road Transport Corporation said "till March 20th we were clocking 20,000 transactions a day, which is now down to 7,000 transactions. RTCs have reduced the volume of buses by 85 per cent and private bus operators have reduced volumes by 75 per cent."

He said, as of mid-January 2021, 10-15 per cent of private bus operators had shut down operations. "I see this increasing to over 30-40 per cent per cent because this time the impact of the second Covid wave is much worse than last year."

Prakash Sangam, CEO, redBus, the world's largest online bus ticketing platform feels, there is a dire need for the Government to step in with a differential policy to support badly hit sectors like mobility. How can bus operators be expected to pay EMIs along with accrued interest, even for the period when they are not running buses?, he asked.

Business Line 4th May 2021

Chip shortage will persist for 'couple of years': Intel

BLOOMBERG

May 3

The global semiconductor shortage roiling a wide range of industries likely won't be resolved for a few more years, according to Intel Corp.'s new Chief Executive Officer Pat Gelsinger.

The company is reworking some of its factories to increase production and address the chip shortage in the auto industry, he said in an interview with CBS News, based on snippets from its "60 Minutes" program that will be aired later Sunday. It may take at least several months for the strain on supply to even begin easing, he added. "We have a couple of years until we catch up to this surging demand across every aspect of the business," Gelsinger said. Demand for semiconductors was boosted in 2020 as consumers scooped up home gadgets during the pandemic. But meeting that increase has been hard, thanks to shuttered plants, among other factors. Companies worldwide say they expect supply-chain constraints due to logistics backlogs and the chip shortage to continue for much of 2021.

The global crunch has catapulted semiconductor firms into the limelight and to the top of political agendas. The Biden administration last month told companies vying with each other for semiconductors that he has bipartisan support for government funding to address the shortages.

Gelsinger said US dominance in the industry had dwindled so

much that only 12 per cent of the world's semiconductor manufacturing is done in the country today, from 37 per cent a quarter of a century ago. Intel is the only manufacturer of high-end, cutting edge chips, he told CBS.

"And anybody who looks at supply chain says, 'That's a problem,'" he said. "This is a big, critical industry and we want more of it on American soil: the jobs that we want in America, the control of our long-term technology future." He added that his company won't be "anywhere near as focused" on its share repurchase program as it's been up to now.

Supply constraints

The supply constraints are hitting a wide array of industries, with tech firms and automakers alike flagging production cuts and lost revenue from the fallout. It has forced the entire auto industry to cut output, with Ford announcing the shortage will likely reduce production by 1.1 million vehicles this year. Jaguar Land Rover Automotive Plc, Volvo Group and Mitsubishi Motors Corp. recently joined the growing list of manufacturers idling factories. Apple Inc. warned supply constraints are crimping sales of iPads and Macs.

Times of India 7th May 2021

Auto cos shut ops as lack of O_2 hits parts supplies

Rajesh Chandramouli & Nandini Sengupta | TNN

Chennai: While automotive vehicle manufacturers opt for shutting down plants to avoid inventory pile up as major sales markets are under complete lockdown, shop floor managers are witnessing shortage of auto parts — made using cutting and welding sheet metals — as oxygen supplies, key to cutting metals, are diverted for medical purposes.

In a bid to make available oxygen for medical purposes, the government has imposed restrictions on its industrial use. The iron and steel sector, which are oxygen guzzlers, have diverted their entire oxygen production to hospitals. Besides, cutting sheet metal also requires oxygen gas, before they are welded. Thus, some welded parts that are required by auto companies are in short supply.

"We appreciate the need for oxygen for medical purposes and are in no way suggesting that it should be diverted to industrial requirements but a disruption in welded parts is a potential bottleneck once the factories start production," said Naveen Soni, senior VP, Toyota Kirloskar Motor.

LOCKDOWNS AFFECT SALES

Smaller engineering units are at their wits end and facing closure. "We may suspend operations in a couple of days," said Rajappa Rajkumar, president of BHEL Small Scale Industries Association (Bhelsia) in Trichy. "We are holding on to the 2-3 oxygen cylinders we have in stock and continue with our work. Our requirement is 10 cylinders a day."

Bigger auto component companies face a similar roadblock due to steel supplies because steel furnaces use oxygen. Manish Bhatnagar, MD, SKF, said: "We don't use oxygen directly at our manufacturing sites, however our steel suppliers are heavily dependent on oxygen for the steel-making process. As our main raw material is steel, we foresee a major impact in May and June due to short supplies of steel from our supplier."

The potential shortage of steel and welded parts is an add-on because auto OEMs are already facing parts supply disruption due to infection in vendor factories. Diego Graffi, CEO & MD, Piaggio Vehicles said: "We are facing some shortage of components mainly due to manpower availability issues at vendors affected by Covid19," he said.

(With inputs from Deepak Karthik in Trichy)

Business Line 11th May 2021

Lockdown effect: In a month, auto registrations skid 28% in April

FADA says second wave hitting rural markets, too; timely onset of monsoon, the only hope

OUR BUREAU

New Delhi, May 10

Auto registrations in April skidded a whopping 28 per cent over March, as most States started imposed strict restrictions and local lockdowns to break the raging Covid second wave.

On a yearly basis, the total vehicle registrations fell 30 per cent to 1,52,71,519 units in financial year 2020-21, the lowest in the last eight years, the Federation of Automobile Dealers Associations (FADA) said on Monday. In 2019-20, 2,17,68,502 vehicles were registered.

According to the monthly FADA report, all categories closed April on a low, with two-wheelers (down 28 per cent, three-wheelers (3W) by 43 per cent, passenger vehicles (PV) by 25 per cent, tractors 45 per cent and commercial vehicles (CV) 24 per cent month-on-month.

Rural markets also hit

The second wave has unsettled not just urban but also the rural markets. Recovery will take a longer time compared to the come back post the first wave, the industry association said.

In the two-wheeler category, 8,65,134 units were registered in April compared to 11,95,445 units in March. Similarly, PV registrations dropped to 2,08,883 units during the month (2,79,745 in March).

Three-wheeler registrations declined to 21,636 units last month from 38,034 units in March. Tractor registrations at 38,285 units were also down in April from 69,082 units in March, the FADA report said.

All-India vehicle registration data

Category	April 2021	April 2019	Change % with respect to April 2019	March 2021	M-o-M %
2-wheeler	8,65,134	13,38,278	-35.35	11,95,445	-27.63
3-wheeler	21,636	48,722	-55.59	38,034	-43.11
PV	2,08,883	2,36,188	-11.56	2,79,745	-25.33
Tractor	38,285	36,984	3.52	69,082	-44.58
CV	51,436	78,630	-34.58	67,372	-23.65
LCV	28,511	43,881	-35.03	38,450	-25.85
MCV	3,547	4,716	-24.79	4,663	-23.93
HCV	16,062	27,100	-40.73	18,609	-13.69
Others	3,316	2,933	13.06	5,650	-41.31
Total	**11,85,374**	**17,38,802**	**-31.83**	**16,49,678**	**-28.15**

Source: FADA Research

"India is currently facing one of its toughest times with the second wave of Covid creating havoc in everyone's life. This time, the spread is not only limited to urban markets but has also taken rural India in its grasp," FADA president Vinkesh Gulati said.

Unlike last year, the restrictions and local lockdowns this time around have been imposed by State governments and not the Centre.

Financial relief sought

Due to this, there have been no relief announcements till now either by the Centre, the RBI or original equip... manufacturers (OEMs), ... said.

FADA has requested the government to come up with a financial package as was done last year. It has requested the RBI to issue guidelines/notifications for relaxation of loan repayment equivalent to the number of days of lockdown each State has announced. It also requested OEMs to not burden dealers with high billings in the States where a lockdown has been announced.

In the near term, overall, FADA maintains absolute sluggishness for May as most States have announced extension of curbs/lockdowns till the month-end.

In the long-term, the only ray of hope lies in the monsoon's on-time arrival. This will also lead to rural markets recovering faster than urban and categories and tractors and two-wheelers getting a ...

Auto component makers brace for a bumpy ride

SHALLY SETH MOHILE
Mumbai, 9 May

ON ROUGH TERRAIN

- Absenteeism, parts shortage, Covid-related restrictions, impacting suppliers
- Maruti extends plant shutdown by another week
- Firms prioritising exports to ride out the second wave
- Amid persistent rise in cases, manufacturers uncertain of production schedules

Auto component makers in India are bracing for a tough time. High absenteeism among workers owing to Covid-19, shortages of critical parts, and temporary closures of plants by automobile manufacturers have thrown a spanner in the works for the ₹3.2-trillion sector, which derives 60 per cent of its revenues from automobile original equipment manufacturers (OEMs), with the balance split equally between replacement demand and exports.

Car market leader Maruti Suzuki India on Saturday said it was extending the maintenance shutdown, which was from May 1 to 9, till May 16, "keeping in view the current pandemic situation". Some activities will continue in the plants.

Suzuki Motor Gujarat has taken the same decision, it said in a stock exchange filing.

Maruti Suzuki and a host of other automobile manufacturers, including Mahindra & Mahindra, Toyota Kirloskar, Honda Motorcycle and Scooter India, Ford India, and BMW India, have taken a call either to advance the shutdown or extend it due to the pandemic.

Auto component makers have their production plans closely tied to manufacturers and will be adversely affected by these partial closures, said Deepak Jain, president, Auto Component Manufacturers Association.

"It's not an industry that shuts its plant. But running production under current circumstances is becoming difficult," said Jain, pointing out that OEMs had no choice but to "calibrate their plans to this reality".

"No one has any visibility on what lies ahead and we are taking each day as it unfolds. The safety of the associates and saving lives are the top-most priorities now," he said.

Others echo similar sentiments.

"The condition of supplies and workers — everything — is affected. Our capability to produce is also constrained," said F R Singhvi, joint managing director at Bengaluru-based Sansera Engineering, which makes integrated, complex, and quality precision components. To ride out the disruptive phase, Sansera is sharpening its focus on exports, which account for 33 per cent of the company's revenues.

CRISIL Research in a March 26 report had said the uptick in OEM demand would rub off on the automotive components sector, which could see revenue growth of 21-23 per cent in FY22 against the decline of 13 per cent and 8 per cent in FY20 and FY21, respectively.

Replacement demand, which was impacted due to lockdowns and restricted movements of people and freight, will recover gradually.

Besides, exports (20 per cent of revenues) will be aided by steady demand in the US and staggered recovery in the European Union — the two geographies that account for 55 per cent of India's automotive component exports.

Signs of recovery had been visible here since the third quarter of FY21.

However, given that the second wave — which has claimed more lives — has been more infectious and widespread and has also hit sentiment hard, things are uncertain.

Karan Shah, executive director of Precision Camshaft Ltd (PCL), the world's largest camshaft manufacturer, is nevertheless optimistic.

"The disruption will impact the business only temporarily. No OEM has announced more than two weeks' shutdown and we hope they make up for the production loss in the coming months," said Shah.

Camshafts are used in internal combustion engines, mechanically controlled ignition systems, and early electric motor speed controllers.

Despite Covid-related disruptions, PCL is operating at 80-90 per cent capacity owing to its "export obligations". The company draws 65-70 per cent of its revenues from exports.

"Quite a few of our export markets are looking up," said Shah, citing the US, Brazil, and Russia.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Greaves sees bright scope for EV business growth amid short-term Covid blues

Segment delivered a record performance in Q4FY21 with revenue of ₹68 crore

G BALACHANDAR

Chennai, May 6

Greaves Cotton has reported strong growth in its electric vehicle business and presents a bright future outlook amid short-term disruptions due to headwinds from the second Covid-19 wave.

The company's electric mobility business has seen higher growth momentum, with its EV arm Ampere gaining popularity due to rise in demand for its electric two-wheelers (electric scooters) and electric three-wheelers (electric rickshaws).

The company's electric two-wheeler volumes have grown by 63 per cent at 8,210 units in the March 2021 quarter as against 5,029 units in the year-ago quarter. Electric three-wheeler volumes more than doubled to 1,865 units in January-March 2021 quarter from 918 units a year-ago.

For the full year 2020-21, the total electric two-wheeler volumes stood at 22,661 units (18,536 units in FY20), while electric three-wheeler volumes were at 4,649 units (4,382 units). The company claims a market share of about 20 per cent in the electric two-wheeler market.

Strengthening team

While it is preparing for the future growth curve, the current quarter demand for electric vehicles is expected to be impacted by the second wave related disruptions and lockdowns due to the second wave of the pandemic.

Keeping in mind future growth plans, the company has strengthened the leadership team of e-mobility business to accelerate business expansion. It has roped in Roy Kurian, who served as marketing head of Yamaha India, to spearhead its EV business.

Nagesh A Basavanhalli, Group CEO and Managing Director, Greaves Cotton Limited

"Electric mobility business delivered an all-time high performance in Q4FY21 with revenue of ₹68 crore," Nagesh A Basavanhalli, Group CEO and Managing Director, Greaves Cotton Limited, said in a Q4 results concall with investors.

With the addition of 132 new dealers in FY21, e-mobility business has 328 dealers across 260 cities. The company's B2B customer base has expanded to 50-plus partners now. It has 165 dealers for electric three-wheelers.

The company bets on a comprehensive eco system it has built for the electric vehicle business. Apart from a range of products, it has built a strong service set-up with doorstep service. It has also been seeing traction in the fleet owners and institutional buyers segment supported by customised packages, according to Basavanhalli.

New unit in TN

In order to be cost-competitive, the company is continuously working on increasing localisation in its e-vehicles with the only major import being lithium-ion cells. It is getting ready for large-scale production of electric vehicles; the company is building a new electric vehicle manufacturing unit at Ranipet in Tamil Nadu at an estimated investment of ₹700 crore, spread over a long term. The factory is likely to be ready by this year and may have a capacity of one lakh units per annum initially.

The company's objective is to become an integrated player in the last mile E-mobility segment with strong presence in electric two- and three-wheeler categories.

Business Line 7th May 2021

Despite Covid second wave, TVS Motor plans to charge up its EV range in FY22

Cautious on Q1 demand, but bullish on international sales growth

G BALACHANDAR

Chennai, May 3

TVS Motor Company plans a slew of new product launches including expansion of its electric vehicle range in FY22 even as the leading two and three-wheeler maker expects weak sentiments and drop in sales in this quarter due to the second wave of Covid-19.

In FY21, the two-wheeler industry recovered in the second half after the disruptions caused by the pandemic in the first half. With good rural demand, the industry expected momentum to continue in this fiscal too.

But the second wave of the coronavirus forced authorities to resort to localised shut downs and restrictions. These are likely to impact customer sentiments and dampen Q1 sales.

"We are cautious about Q1 due to Covid second wave. We believe that the adverse impact on the economy will be short term and minimal as we hope vaccinations for the above 18 age group and other measures will help the economy bounce back faster. Two-wheeler industry will bounce back in Q2 and resume good growth in Q3 like last time," said K N Radhakrishnan, Director & CEO of TVS Motor Company.

₹600-crore capex

The company is expected to incur a capex in the range of Rs.500-600 crore this fiscal largely on electric vehicles, new products and emerging technologies. It is also planning a series of new launches in this fiscal. EV portfolio will also be expanded.

The company is selling 250-300 units of its electric scooter iQube per month in Bengaluru. It recently launched the product for the New Delhi market.

"We happy to state that our iQube is doing well and we are working on a capacity ramp up. We plan to make our electric scooter available in more than 20 cities this year," said Radhakrishnan.

KN Radhakrishnan, Director & CEO, TVS Motor Company

Though the second wave poses short term challenges, the growth outlook is reported to be bright for the two-wheeler industry.

"In view of more preference for personal mobility on the back of distancing norms, we expect the demand for two wheelers to be robust over the mid-term," said Radhakrishnan. "Also, like last year, we are expecting a normal monsoon this year. All reservoirs are full and the agri sector is expected to grow this year too. This will definitely help the rural market, which will drive two-wheeler sales," he added.

International sales

TVS Motor is also bullish on international sales growth. It expects good growth in exports in FY22 helped by growing consumption and stable economic and political situations across markets.

"In all key geographies TVS Motor operating, stable crude oil prices will have a positive impact on the oil-dependent economies of Africa, South and Central America and as a result we expect good growth in this fiscal," he added.

TVS Motor's global sales grew a whopping 74 per cent in March 2021 quarter ahead of industry growth of 33 per cent.

For the first time, the company's internati8nal two-wheeler sales crossed one lakh mark in March 2021.

Business Line 4th May 2021

Business Line 5th May 2021

Ola Electric hires Wayne Burgess as Head of Vehicle Design

OUR BUREAU

Bengaluru, May 4

Ola Electric on Tuesday announced the appointment of Wayne Burgess as Head of Vehicle Design for its entire product range, including scooters, bikes, cars and more.

Commenting on the appointment, Bhavish Aggarwal, Chairman and Group CEO, Ola, said, "As the world moves to EVs, the vehicle form factors will be fundamentally reimagined. Wayne's expertise in designing some of the most legendary vehicles will also help bring these new form factors to consumers. I look forward to collaborating with him to build the most iconic range of EVs in the world."

Wayne Burgess

Prior experience

Wayne has spent almost three decades designing vehicles for most of the British premium automotive manufacturers, from Rolls Royce and Bentley in his early career to Aston Martin and Jaguar Land Rover, too, more recently, Lotus. He has worked on some of the most legendary and iconic cars in automotive history, including the Bentley Arnage in 1998, Aston Martin's DB9 in the mid-2000s and more recently as the Chief Designer for the Jaguar F-Type sports car and as Studio Director for the Jaguar F-Pace SUV, XE as well as many others.

"I am looking forward to my work at Ola Electric and to the opportunity to lead a team that will work on designing cutting-edge electric vehicles for the world. I am thrilled to be part of Ola as it accelerates on its path to become a leader in global EV solutions," said Burgess in a statement.

Business Line 7th May 2021

N Balachandar is CHRO, Ola Electric

OUR BUREAU

Bengaluru, May 6

Ola Electric has hired N Balachandar as Chief Human Resources Officer. Balachandar's appointment comes close on the heels of Wayne Burgess who joined Ola Electric recently as Head of Vehicle Design.

Balachandar is a 33-year industry HR veteran, and brings global experience to the company, having worked across India, Europe and Asia with GE Healthcare & GE Capital in several senior HR leadership and M&A roles, with Strides Arcolab, Standard Chartered Bank and with Asian Paints early in his career, and most recently as Group Director with the Coffee Day Group.

"Bala's over three decades of experience across various consumer-facing segments will help us ensure we rapidly scale up the organisation's structure, capacity, and capability to meet our global growth ambitions" said Bhavish Aggarwal, Chairman and Group CEO, Ola in a statement.

Business Line 5th May 2021

EeVe India aims ₹100-crore fundraising via debt, equity

E-vehicle firm to sell 80,000 vehicles

OUR BUREAU

Bengaluru, May 4

Electric vehicle maker EeVe India plans to raise ₹100 crore for product development through a combination of debt and equity.

Lithium-ion battery

Harsh Didwania, Director and co-founder of EeVe, told *BusinessLine* that during the fiscal, the company plans to sell 80,000 vehicles through 300 dealers across the country. "We have already started working on our own set up to manufacture Lithium-ion battery. We have also shortlisted our Indian supplier and the work is under way," he said.

The company, which has received the ICAT (International Centre for Automotive Technology) certification, has scooters that have a range of 50-60 km. "Our strength lies in the kind of range and the number of features that our models have even though we are just a year old," Didwania said.

'Low maintenance'

He also pointed out that the removable batteries are no longer a drawback but in fact very beneficial. With low maintenance, higher energy density, lower self-discharge rate, a Lithium-ion battery is the preferred choice for customers these days, he said. Didwania said most of the lithium-ion batteries are damage proof with the outer cover made of aluminium which is fire-proof.

He also said the company's vehicles have been designed in such a way that they are as easy to charge as mobile phones and are equipped with a two-pin charger.

Business Line 14th May 2021

EVs need regulatory charge

India must put its electric vehicle transition plans in high gear

HARSIMRAN KAUR

Soon after US President Joe Biden took office, he passed an order for an all-electric federal vehicle fleet. Since then, leading auto manufacturers including Ford, General Motors, and Jaguar have announced ambitious targets to sell only zero-emission vehicles in the coming years. Late last year, the UK and China announced bans on selling petrol and diesel cars from 2030 and 2035 onwards respectively.

While India, too, has signalled strong electric vehicle (EV) ambitions, bold policies and announcements from domestic automakers are awaited. India cannot afford to miss the EV revolution given that its automotive sector is one of the largest contributors to national GDP. Recent research by the Council on Energy, Environment and Water (CEEW) also finds that 30 per cent EV sales in 2030 could result in ₹1-lakh crore of oil savings, 1.2 lakh new jobs, and 16 $MtCO_2$ reductions in GHG emissions. So, while the goal is clear, what will it take to realise this ambition?

So far, India's EV adoption story has primarily been driven by market-pull policies in the form of financial incentives to consumers provided by the national and state governments. While these policies have helped kickstart an ecosystem for EVs, the uptake has only been about 1 per cent of the total new sales.

A strong regulatory push is the missing piece in the policy puzzle to accelerate the transition to EVs. Leading EV markets – China, the EU and the US – have demonstrated the impact of well-designed mandates and strong regulatory standards on bringing about transformational market shifts. India, too, has a strong case to adopt these policy-push measures going forward.

First, India must announce a mandate for manufacturers of two-wheelers (2Ws) and three-wheelers (3Ws) to sell 30 per cent zero-emission vehicles (ZEVs) by 2030. In spite of being the world's largest market of 2Ws and 3Ws, India's big conventional automakers have been reluctant to shift to EVs so far in these segments.

China's New Energy Vehicle (NEV) mandate introduced in 2018 pushed car manufacturers into increasing output of EVs. The mandate also gave an impetus to global automakers to tie up with local Chinese players.

To help Indian manufacturers comply with ZEV mandates, policymakers should lay out annual targets for compliance combined with a credit mechanism, including provisions for banking and trade of credits.

Stringent CAFE standards

Second, India must adopt significantly stringent corporate average fuel economy (CAFE) standards for the 2025-2030 period to nudge car companies into manufacturing EVs. India introduced CAFE standards for passenger cars in 2015, taking effect as two-phase targets in FY18 and FY23.

To comply with the targets, manufacturers have to innovate and adopt incremental technologies such as light-weighting, higher engine efficiency, aerodynamics, or advanced technologies such as EVs. Indian CAFE standards, however, are lenient compared to global regulations. An analysis by the International Council for Clean Transportation (ICCT) shows that Indian car manufacturers could easily achieve FY23 targets without shifting to EVs.

Tightening of CAFE standards has proved to be an effective measure in other leading EV markets. Manufacturers in the EU are heavily promoting EVs to meet the 2021 standards of 95 gCO_2/km. This has supported a rise of 137 per cent in EV sales, year-on-year, in a disturbed auto market that was down 20 per cent, year-on-year, overall. Given that this regulatory mechanism is already in place, India too must leverage it to accelerate the supply and uptake of EVs.

While regulatory nudges could accelerate India's EV transition, the auto industry too must chart out plans for EVs. For a sector that is still recovering from the adverse effects of the pandemic and recouping investments made in the BS-VI transition, the transition to EVs is not going to be easy. But recent government announcements such as the vehicle scrappage policy and the production-linked incentives could be leveraged to capitalise on the immense opportunity that lies ahead for India.

The leapfrog to BS-VI standards in 2020 has shown what a determined regulatory push can achieve. But the job of decarbonising the transport sector is only half done. India must now put its EV transition plans in the high gear to truly achieve the vision of Aatmanirbhar Bharat.

The writer is a Research Analyst at the Council on Energy, Environment and Water

Business Line 14th May 2021

Low-cost charge-points plan seen as big plug for EV adoption

S RONENDRA SINGH
New Delhi, May 13

The government's initiative on low-cost AC charging infrastructure and the decision to bring it under the Bureau of Indian Standards (BIS) will not only benefit local companies, but also solve the hesitancy among vehicle buyers for whom charging is a key issue.

The Indian Standards for low-cost AC charging point (LAC) for electric vehicles (EVs) will be released in the next two months.

Fast-track process

A committee involving key stakeholders, including EV manufacturers, auto and electronic component suppliers, power utilities, and communication service providers, worked in fast-track mode to develop specifications, prototype products, and test and validate the proposed standards, which will be formally issued by the BIS.

The Department of Science and Technology (DST), and the Office of the Principal Scientific Advisor (PSA) worked in co-ordination with a NITI Aayog team on this.

According to EV manufacturers and industry veterans, this will ease the access to charging at public places.

"Till now, the lack of adequate charging infrastructure was touted as the biggest hindrance in the wide-scale adoption of electric vehicles. After the implementation of this initiative, there will be a significant increase in the confidence levels of people to use this technology that is cost-efficient and rational," Jeetender Sharma, Managing Director and Founder of Okinawa Autotech, told *BusinessLine*.

Mainly for metros/cities

LAC charging points will be mainly for metros and big cities, as large numbers staying in housing complexes raise challenges in setting up home charging facilities, said Akshay Singhal, Founder, Log 9 Materials.

According to a government statement, several Indian manufacturers are already on board to make this charge-point device to Indian standards, at prices starting as low as ₹3,500.

The LAC device is intended to be highly scalable and deployable at any place where a 220V 15A single phase line is available, mainly parking lots of metro/railway stations, malls, hospitals, office complexes, and apartment complexes, it said.

"It's a positive development that will allow the creation of a robust charging network across the country and help in eliminating the range anxiety among commuters," Sohinder Gill, Director-General, Society of Manufacturers of Electric Vehicles (SMEV), said.

V Sumantran, Chairman, DST-PSAO Group on Charging Infrastructure, observed, "Furthermore, this effort brought out the talent in India for intelligent cost-innovation. Affordability constraints in India demand that we address problems keeping in mind both cost and scalability."

According to industry watchers, charging units currently available for electric two- and three-wheelers are priced upwards of ₹15,000 and that is one of the reasons for low adoption of EVs.

The government sees fastest adoption of EVsin two- and three-wheeler segments as the share of Internal Combustion Engine (ICE) versions of these vehicles account for around 84 per cent of total vehicle sales in India.

It expects up to four-million of such EVs could be sold each year by 2025, growing to almost 10 million by 2030. Therefore, any charging solution to serve this sector must be highly scalable, easily accessible by public to support interoperability, and be affordable, it added.

Business Standard 13th May 2021

Ola Electric's moonshot challenge

It aims to become a game changer in electric two-wheelers and is building up expectations with some high-profile moves

PAVAN LALL
Mumbai, 12 May

In the last few months, Ola Electric, the vehicle manufacturing division run by Bhavish Aggarwal, founder of cab-hailing platform Ola, has been making announcements that have attracted the attention of every two-wheeler operator in the land.

In March, Ola Electric, which is backed by investors that include Hyundai and Kia, Tiger Global and Softbank, announced that it was setting up a 500-acre Ola Future Factory in Tamil Nadu. Then in April, Ola Electric said it would create a "hypercharger electric network", which Aggarwal says he hopes to make the world's largest.

In recent weeks the company roped in expat auto executive Wayne Burgess, who has created vehicles for Aston Martin, Rolls-Royce and Jaguar Land Rover, as head of vehicle design. Burgess has worked on models that include the Jaguar F-Pace, Jaguar F-Type and the Jaguar XE.

That was soon followed by the appointment of former GE India hand N Balanchandar as chief human resources officer. Clearly, these are signs that more high-level hires are to follow.

Like the Tata Nano, Ola Electric is building huge expectations, more so because it is entering a market — scooters — which hardly has a reputation for high-tech in India. So the question is: Can Ola Electric deliver on these expectations? It has one advantage in that it has no internal combustion engine (ICE) legacy to overcome unlike, say, Bajaj Auto, which is making a play with its electric Chetak, announced in 2020.

Naturally, Ola Electric has said its scooters will be feature-rich and high-quality with a price that positions it above scooters in the market today. "The object is to make the best scooter, period," said Varun Dubey, who runs marketing at Ola Electric, and he means the best regardless of whether it is electric or fossil-fuel driven.

Dubey is well aware that in a price-sensitive market like India every few thousand rupees make a difference. So will Ola Electric price its products according to demand or will they follow the likes of Bajaj Auto and Ather, which sell electric scooters for ₹1,40,000 and ₹146,000, respectively?

"We will price our products very aggressively so that as many people as possible can afford to buy them," Dubey emphasised.

Ola's product launch schedule, slated this summer, remains unchanged, he said, adding that the company will also make motorcycles and cars in the future. The factory will start manufacturing the Ola Scooter as soon as its first phase of 2 million annual capacity is ready. The company claims the Ola Future Factory will be the world's largest two-wheeler factory, when fully operational, with 10 million annual capacity next year.

Those are big numbers given that the current market for electric vehicles is small — just 155,400 units for both cars and two-wheelers — and is unlikely to accelerate appreciably over the next five years. Suraj Ghosh, principal analyst, South Asia Powertrain Forecasts, IHS Markit, said, "With the current level of visibility on the policy landscape, government support, capital allotment by carmakers, key components' price trends and consumer perspective, our research estimates that the share of EVs could be between 2.4 to 3 per cent by 2025." Given that industry projections for two-wheelers are pegged at 25 million units by 2025, EVs' share would translate to 500,000 to 600,000 units.

Ola Electric has said its scooters will be feature-rich and high-quality with a price that positions it above scooters in the market today

Ola claims manufacturing capacity and projections are based on their ambitions to tap global markets as well. But there are well-entrenched players — Hero, Bajaj and Royal Enfield — so what makes this early-stage company think it can take them on? Dubey's answer is that Ola Electric isn't an assembly manufacturer and is building as much of the scooters itself through a vertically integrated process. The company entered the two-wheeler space via the acquisition route, acquiring the Dutch company Etergo in May 2020 for an undisclosed amount. The company never started manufacturing but had designed its own scooters.

Two-wheeler expert Rishad Cooper, who has been testing and reviewing bikes and scooters for over 20 years, said electric is undoubtedly the best option for two-wheelers. "Low running costs, still to be marketed by the EV makers, are there for all to see. It's some 30 paise per km versus ₹3 rupees per km and rising for ICE two-wheelers, which is a nail in the coffin for a cost-sensitive market like India," he said. "Also EVs are super-easy to use; no gears, no clutches and also no thermal management. Remember, all big bikes suffer from overheating in tropical countries."

But Ola Electric's claim that it aims to democratise the MRP and stay profitable remains an open question.

The other metrics to be worked out is the element of convenience around EVs. "An EV will take a minimum of 25-30 minutes to recharge. Is that enough for people to be patient?" Ghosh asked.

Ola Electric doesn't share specific product details but Dubey, who has been test-driving the scooter that will be soon launched, said even though he has ridden it multiple times he can't get over how silent and how fast it is. "It feels surreal to drive but more than that one can imagine how, when it achieves scale, this will help in reducing both air and sound pollution."

The bottom line is that current two-wheeler makers in India have the R&D muscle and capability required to produce EVs but aren't completely committed yet because they want to milk the ICE two-wheeler engines as long as possible. Why? Cooper said one possible reason is that they are waiting for demand to acquire critical mass. If that's true, then Ola Electric undoubtedly has the potential first-mover advantage. Its challenge, then, would be to ensure that it doesn't squander this head-start by creating a market that enables others to overtake it.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 4th May 2021

Ashok Leyland scales down production across plants

PRESS TRUST OF INDIA

New Delhi, May 3

Hinduja group flagship Ashok Leyland on Monday said it has curtailed production at its manufacturing plants due to dip in demand with second wave of Covid-19 sweeping across the country.

The company has carefully studied the demand situation, and efforts are being made to match the demand on the one hand, while being cognisant of the disruptions in the supply situation, Ashok Leyland said in a regulatory filing.

"The demand outlook for all our products is expected to be affected temporarily. Accordingly, the operations of our plants have been scaled down and are expected to work for 7-15 days in May. We will continue to respond to the Covid situation in the country as it unfolds," it added.

At the same time, the company would continue to meet the requirement of defence vehicles and also ensure support of essential parts and aggregates for commercial vehicle portfolio, enabling movement of essential goods and services, the Chennai-based firm noted.

With a surge in Covid-19 cases across the country, various auto companies have either taken a temporary break from production for a few days or have scaled down manufacturing in order to adjust inventory with a dip in demand.

Vaccination of employees and families is being monitored, it added.

PRESS REPORTS
ON
TWO - THREE WHEELERS

Business Line 4th May 2021

Two-wheeler makers report double-digit decline in sales in April on MoM basis

Honda, Bajaj Auto post record export sales

OUR BUREAU
New Delhi, May 3

Just like passenger vehicle manufacturers, major two-wheeler companies in the country, including Hero MotoCorp, Honda Scooter & Motorcycle India (HMSI), TVS Motor and Bajaj Auto have reported a decline in sales on a sequential basis in April.

While market leader Hero MotoCorp reported a decline of 37 per cent in its wholesales to 3,42,614 units in April as against 5,44,340 units in March, its competitor and scooter market leader HMSI also reported decline 39 per cent to 2,40,100 units in its domestic wholesales last month as compared with 3,95,037 units in March this year. With stricter lockdowns being announced across regions amidst the second wave of Covid-19, Honda prioritised the safety of all its stakeholders and pro-actively controlled its dispatches to avoid inventory build-up across its pan-India network, the company said.

In slow lane (in units)

	Apr-21	Mar-21	% change
Hero MotoCorp	3,42,614	5,44,340	-37
Honda Motorcycle & Scooter	2,40,100	3,95,037	-39
TVS Motor	1,31,386	2,02,155	-35
Bajaj Auto	1,26,570	1,81,393	-30
Suzuki Motorcycle	63,879	60,222	6
Royal Enfield	48,789	60,173	-19
Total	**9,53,338**	**14,44,040**	**-34**

Source: Companies

Overseas focus

With new focus on overseas business expansion, Honda's April exports zoomed to 42,945 units from 16,000 units in March, it said, adding that with global demand opening up, Honda's exports crossed the 40,000 units mark for the first time in 36 months.

"Regional lockdowns since the beginning of April have dragged down the consumer sentiments considerably. While the need for personal mobility still exists, the recovery may be pushed back by few months as staying safe at home is India's first priority. Starting May 1, we have already temporarily halted production operations across all four plants till the first fortnight of May," Yadvinder Singh Guleria, Director – Sales and Marketing, HMSI, said.

On exports, Pune-based Bajaj Auto has also clocked 2,21,603 units, emerging India's top motorcycle manufacturer in April. The company said it already leads the exports segment from the country, accounting for almost 60 per cent of India's motorcycle and three-wheeler exports last year.

"The wide range of motorcycles made by us cover the entire spectrum from entry, middle and up to premium level segments allowing us to engage with a wide spectrum of customers from the moto-taxi driver in Africa to the adventure seeker in Europe. This versatility is of enormous value in managing the current volatility as well as uncertainty and to keep the wheels of business moving for all our stakeholders," Rakesh Sharma, Executive Director, Bajaj Auto, said.

Domestic sales

However, its domestic sales stood at 1,26,570 units in April as against 1,81,393 units in March, down 30 per cent on a sequential basis.

Similarly, Tamil Nadu based TVS Motor reported domestic two-wheeler sales of 1,31,386 units, down 35 per cent as compared to 2,02,155 units in March this year.

'Thunderbird' maker Royal Enfield had also reported month-on-month (MoM) decline of 19 per cent in its sales.

However, Japanese subsidiary Suzuki Motorcycle India has seen a growth of six per cent in its sales on the MoM basis to 63,879 units in April as against 60,222 units in March.

Business Line 1st May 2021

Two-wheeler sales may dive 17% in April: Report

Local lockdowns, uncertainties due to second Covid wave to blame

OUR BUREAU
New Delhi, April 30

The wholesale volumes of two-wheelers for April are estimated to decline by 17 per cent month-on-month (MoM) due to regional lockdowns and uncertainties following to the second wave of Covid-19.

Most of the companies will declare their sales numbers on Saturday.

According to an automobiles report from Motilal Oswal Financial Services Limited (MOFSL), passenger vehicle (PVs) sales are expected to decline by seven per cent, commercial vehicles by 23 per cent, three-wheelers by 13 per cent and tractors by eight per cent.

Demand slows down

"Regional lockdowns (in nine States) and the uncertainties due to the second wave of Covid-19 has led to a slowdown in the demand momentum in April. PVs are better off on the back of a strong order book. Supply-chain constraints are leading to lower inventories for PVs and tractors, leaving scope to replenish inventory in coming months," the report said.

The report said two-wheeler demand has been slowing, with inventory of 30-60 days at the dealers' end, especially since the key marriage season and mini festival season are impacted due to the pandemic, resulting in inquiries declining by around 50 per cent. And, with companies announcing temporarily shut down of manufacturing plants till mid-May, analysts believe that the MoM growth would further come down in the coming month.

Companies including Maruti Suzuki India, Toyota Kirloskar Motor, Hero MotoCorp and Honda Motorcycle & Scooter are temporarily shutting down their manufacturing facilities till May 15.

Two-wheeler wholesales

Meanwhile, the MOFSL report said dealers are also holding one-to-two months of inventory. It expects two-wheelers wholesales for Bajaj Auto to fall by 6 per cent MoM, TVS Motor by around 20 per cent, Honda Motorcycle & Scooter by 22 per cent and Royal Enfield by six per cent.

In the PV segment, bookings declined by 30-50 per cent while cancellations were around 10 per cent.

In the tractors segment, the demand remains strong due to a bountiful Rabi harvest and ahead of Kharif sowing, supported by an expected normal monsoon. Both Mahindra & Mahindra and Escorts are operating at full capacity, it added.

E-scooters hope to ride out the pandemic

Manufacturers are aiming higher on the back of encouraging initial demand

SHALLY SETH MOHILE
Mumbai, 4 May

India's electric vehicle revolution, which was being led by two-wheelers till recently, has suffered a setback from the Covid-19 pandemic. But that is not deterring the manufacturers who remain optimistic of the small but promising segment and believe the tide will turn soon as the pandemic recedes. An encouraging initial response to the new launches in the last one-and-a-half years has made them confident of the road ahead.

Meet Mahesh Joshi, 58, a Pune-based businessman. Joshi bought an electric Chetak for his wife eight months ago. The e-scooter soon became his own favourite ride. The overall impressive, hassle-free running of the scooter and sky-rocketing fuel prices have made his petrol-powered motorbike redundant. He is now anxiously waiting for the manufacturer Bajaj Auto to reopen bookings for the model so that he can buy one for himself.

Joshi is not alone. Noida-based Avinash Sharma bought an Okinawa I-Praise e-scooter a few months ago. His old motorcycle has since been lying idle in the parking lot.

McKinsey estimated that the Indian e-two-wheeler market would hit 4.5-5 million in FY 2025, accounting for 25-30 per cent of the market

Satisfied customers such as Joshi and Sharma are the reason many believe that India's electric vehicle revolution might be led by e-scooters. The running costs of e-scooters are only a tenth of those of internal combustion-powered two-wheelers, and a persistent rise in fuel prices is only widening this difference. Two wheelers — scooters and motorbikes together — also make up 81 per cent of vehicles on India's roads, and given that e-scooters are much cheaper, there is a shorter payback period than electric cars.

After a rocky start with cheap uninspiring models that failed to whet buyers' appetite, the e-scooter segment is now aiming higher. Ather, which is backed by the largest two-wheeler manufacturer in the world, Hero MotoCorp, launched its first e-scooter, the 450, in 2018. It cost ₹30,000 more than the Activa. Ather's success encouraged legacy two-wheeler manufacturers such as Bajaj and TVS, which were already working on e-scooters, to position themselves at the premium end of the market.

Bajaj launched its maiden offering under the Chetak brand in January 2020. The response to the model, with its retro-modern style, has attracted more buyers than Bajaj can cater to. The company was forced to suspend fresh bookings. It reopened the bookings on April 13 this year but had to close it within 48 hours as it was all sold out. Bajaj is hoping to streamline the supply-related issues by June or July and then accept fresh bookings. It currently sells only in Pune and Bengaluru.

Others are also finding that there is a healthy demand. "We are getting very good response from the market," said Jeetender Sharma, founder and managing director at Okinawa Autotech.

Consultancy McKinsey estimated that the Indian e-two-wheeler market would hit 4.5-5 million in FY 2025, accounting for 25-30 per cent of the total market, and nine million by FY 2030 (around 40 per cent of the total market).

LOW POWER

Pandemic has hit sales of two-wheeler EVs in India

(Based on 2020-21 sales estimates)

Source: Society of Manufacturers of Electric Vehicles

Some are taking the gamble already. In December last year, Bhavish Aggarwal, the founder of the ride-hailing company Ola, announced an investment of ₹24 billion to build a factory with a capacity of 10 million e-scooters by 2022. At full capacity this would be the equivalent of 20 per cent of the global two-wheeler production capacity. His vision is to make India a hub for the production of urban mobility vehicles.

Sohinder Gill, director-general of SMEV and chief executive of e-scooter company Hero Electric, said: "Seeing the plans of all companies, particularly Ola Electric, it seems things are going to change dramatically for e-two-wheelers in the next couple of years, marking an inflection point." But Gill is less sure that the transformation will take place as quickly as Aggarwal believes. "While he [Aggarwal] believes it will happen by 2022, the rest of us believe it will take another seven to eight years for the market to reach that scale," said Gill.

Last month, the government extended the validity of FAME II (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) scheme by a year till March 2022. EV makers are now waiting for the government to announce the third phase of the FAME III policy, laying out a long-term roadmap to spur investment and inspire confidence.

Manufacturers have been divided on the merits and demerits of the second one. Some like Rajiv Bajaj, managing director, Bajaj Auto, believe the earlier policy was flawed, and did not achieve the desired results, especially in making localisation mandatory. "It's like putting the cart in front of the horse," said Bajaj. "When a new technology is introduced in a market, the priority should be demand generation, as demand will drive scale and scale will lead to localisation."

Others, like Ather Co-founder Tarun Mehta, maintain that FAME II gave a clear direction to the industry, and it was only after the policy that there were some credible product launches such as Chetak and iQube from TVS. "I don't think it's in the interest of the country to incentivise such policy [based in imports] after a decade of failure," said Mehta.

In the end, though, it will be buyers like Joshi and Sharma who will determine which policy works — provided the pandemic is controlled quickly, of course.

This is an abridged version of a report first published by thethirdpole.net

2-wheeler dealers fear defaulting on loans as sales crawl

Lockdowns due to Covid second wave have pushed up inventory levels

AYUSHI KAR

Mumbai, May 12

Drop in demand due to the lockdowns imposed to curb the Covid second wave has pushed up inventory levels of two-wheeler dealerships across the country. Compared to stocks of 15-20 days prior to the lockdown in the first quarter of 2020, the inventory has climbed to 41-46 days at the end of the fourth quarter of FY21. This has brought a majority of dealers close to defaulting on credit.

Vinkesh Gulati, President, Federation of Automobile Dealers Associations, told *BusinessLine*: "We already started the lockdown with a high inventory level of 40-plus days. After which, there have been no sales. A typical tranche cycle of a bank is 30-45 days, after which the dealers have to repay the loans. Loan repayment is coming up. However, dealers are yet to clear their inventory, so they don't have the money to repay."

According to FADA, the average inventory for two-wheelers was 30-35 days at the end of April.

Above normal inventory

According to Crisil, the inventory range for the two-wheeler segment has been above normal since the onset of the pandemic from the second quarter of FY21. "Our interactions with two-wheeler dealers suggest that muted consumer sentiments have resulted in inventory build-up. Two-wheeler retail sales have failed to pick up owing to significant increase in the cost of acquisition, the surge in petrol price, and the decline in income levels," said Hetal Gandhi, Director, Crisil Research.

Auto dealerships get new stocks by securing bank credit.

The inventory range for the two-wheeler segment has been above normal from the second quarter of FY21

This line of credit is paid back in cycles of 30 days, once the inventory is sold. In case of default, a dealership faces credit rating downgrade, making it difficult to get new loans. Default also increases the rate of interest.

'No retail happening'

"At the moment two-wheeler dealerships have the cash flow to manage fixed expenses for a month or two, but we are not capable of making payments to banks since no sale is happening. We hope OEMs will give us interest-free support whenever lockdowns are lifted, and banks will give us some extra time to compensate for the lockdowns," said Gulati.

According to Bharat Chordia, a dealer in Chennai, there are two reasons for the high inventory levels. First, the key buying segments — young adults/professionals and the rural customers — have been especially badly affected in the second wave. Second, OEMs insisting on dealers carrying inventories of 35-40 days.

"Two-wheeler OEMs have not been very sensitive to the profitability and business continuity of our dealerships. In case we do not get help, it will affect the entire segment since banks will pull out citing us a risky portfolio which would be really bad for dealers," Chordia said.

Last year, the RBI extended loan moratoriums. "This has yet to be announced. What we need most is an extension linked to the number of days of lockdown or some sort of restructuring of credit," he added.

Pranav Shah, a two-wheeler dealer in Gujarat predicted that over 50 per cent of the two-wheeler dealers in the country will default on credit unless some assistance is given quickly. "In order to aid retail sales, OEMs have rolled out discounts, part of which is being borne by dealers, thereby further denting dealers' profitability. Hence, any further build-up of inventory could worsen situation for two-wheeler dealers," said Gandhi.

PRESS REPORTS ON TRACTORS

Economic Times 7th May 2021

Tractor Sales Down in April but May Revive

Nehal.Chaliawala
@timesgroup.com

Mumbai: Tractor sales lost steam in the month of April for the first time since last year, but experts and manufacturers say it was a temporary glitch and sales will rebound as the second Covid-19 wave subsides.

Retail sales of tractors declined by as much as 40-45% in the month of April compared to the preceding month due to lockdowns in several parts of the country and the rising number of Covid-19 infections, as per data from Crisil.

Decline in wholesale was narrower at about 20-25% as manu-facturers increased channel inventory

The decline in wholesale was narrower at about 20-25% as manufacturers increased channel inventory which was running low after months of high sales.

Despite this, the wholesale in April 2021 were higher by about 17% when compared to April 2019, indicating a lower impact on tractor demand compared other automobile segments. April 2020 was an abnormal month due to large-scale lockdowns to arrest the spread of Covid-19 and hence cannot be compared with.

"Assuming the spread of Covid-19 does not intensify further in rural areas, we believe sales lost in the month of April will comeback in the subsequent months as was seen in the previous fiscal," said Hetal Gandhi, director, Crisil Research.

"In fact, the current rabi harvest remains on schedule with about 82% of wheat sown being already been harvested as of April-end." As per Crisil estimates, the domestic tractor demand could grow by 3-8% in FY22.

Hemant Sikka, president for the farm equipment sector at Mahindra & Mahindra, the market leader, said all the agriculture-related fundamentals remained strong, with a bumper rabi crop harvest and the forecast of a normal monsoon. "We expect that tractor demand will bounce back as farmers start preparing their land for Kharif crops in the ensuing weeks," he said.

Mahindra and Mahindra's wholesale in April stood at 26,130 tractors for the domestic market in April as against 29,817 a month prior. Escorts, the other listed tractor maker, said that its wholesale was about 6,386 units, down from 11,730 units in March.

Industry stakeholders expect that the ongoing demand downturn can help component makers catch up with demand and build buffer stocks.

PRESS REPORTS
ON
WORLD AUTOMOBILES

Economic Times 4th May 2021

Tesla Boosts Talks with China Regulators

Electric vehicle maker facing scrutiny over safety, customer service complaints

Beijing: Electric vehicle maker Tesla, facing scrutiny in China over safety and customer service complaints, is boosting its engagement with mainland regulators and beefing up its government relations team, industry sources said.

Tesla's change of strategy leading to more behind-the-scenes interaction with policymakers in Beijing compared to relatively little previously shows the seriousness with which the US automaker views the setbacks in its second-biggest market.

It also comes at a time when China is trying to regulate large and powerful private companies, especially in the technology sector, on concerns about their market dominance.

As they do elsewhere, regulators in China, the world's biggest auto market, discuss industry policies and standards with global and local companies, industry associations and think tanks.

Manufacturers typically join such meetings in China, but unlike rivals including Toyota Motor and General Motors Co, Tesla officials were largely absent from the closed-door gatherings, according to four people familiar with the matter. **Reuters**

Business Standard 12th May 2021

Tesla puts brake on Shanghai land buy as US-China tensions weigh

REUTERS
11 May

US electric car maker Tesla has halted plans to buy land to expand its Shanghai plant and make it a global export hub, people familiar with the matter said, due to uncertainty created by US-China tensions.

With 25 per cent tariffs on imported Chinese electric vehicles imposed on top of existing levies under former President Donald Trump still in place, Tesla now intends to limit the proportion of China output in its global production, two of the four people said.

Tesla had earlier considered expanding exports of its China-made entry-level Model 3 to more markets, including the US, sources told *Reuters*, a plan that had not previously been reported.

Tesla currently ships China-made Model 3s to Europe, where it is building a factory in Germany. Tesla's Shanghai factory is designed to make up to 500,000 cars per year, and is currently producing Model 3 and Model Y vehicles at a rate of 450,000 units per year.

In March, Tesla refrained from bidding on a plot of land across the road from the plant as it no longer aimed to boost China production capacity significantly, at least for now, three of the people said, declining to be named as the discussions were private.

In a statement to *Reuters*, Tesla said its Shanghai factory was "developing as planned".

The Shanghai city government, a key supporter in Tesla's establishment of a wholly-owned factory in China — the first and only foreign passenger car plant not required to form a joint venture — did not respond to a request for comment.

Business Line 15th May 2021

Automotive chip-shortage cost estimate surges to $110 billion

BLOOMBERG

May 14

As the semiconductor shortage hobbling the global automotive industry has worsened, its cost as a hit to sales has almost doubled to $110 billion, up from an earlier estimate of $61 billion.

That's the latest assessment of AlixPartners, a global consulting firm closely monitoring the widening crisis. It also now says the world's car makers will lose 3.9 million vehicles of production to the chip shortage this year, more than its prediction four months ago of 2.2 million. That's about 4.6 per cent of the 84.6 million vehicles that AlixPartners had projected in total production for 2021.

Auto makers issued warnings in earnings reports in recent weeks that the chip shortage would get worse before it gets better. Fordand General Motors each predicted the second quarter would be the worst of the calamity, as they are forced to idle factories for lack of the essential components. But the industry isn't likely to see signs of recovery until the end of the year, according to the AlixPartners assessment.

"It's still deeply impacting the third quarter," Mark Wakefield, head of the firm's global automotive practice, said in an interview. "We don't really have it getting into a recovery mode at all until the fourth quarter."

The timing takes on added importance because the chip-related production cuts are driving up prices of new and used vehicles, contributing to higher inflation in the US.

Ford Chief Executive Officer Jim Farley said Thursday the company is redesigning its vehicles to use the most common and "accessible" chips. It also is planning to boost semiconductor inventory and sign contracts directly with chip makers, rather than go through an auto supplier.

The crisis that grew out of pandemic-related production cuts has been exacerbated by a fire at semiconductor factory in Japan and this winter's historic cold snap in Texas that curtailed output.

Revamping supply chain

AlixPartners, which helped guide GM through bankruptcy more than a decade ago, estimated in January that the chip shortage would cost the auto industry $61 billion in lost revenue. As the crisis has worsened, the firm has begun working with automakers to overhaul supply-chain management to try to avoid this happening again.

The first lesson auto makers are learning, Wakefield said, is they are no longer "the 800-pound gorilla" in supplier relations, especially with chipmakers who also serve tech giants that pay higher prices for more advanced semiconductors for mobile phones, laptops and video games. Suppliers like that can't be strong-armed into dancing to Detroit's tune.

PRESS REPORTS ON COMPANY NEWS

Business Line 7th May 2021

Mahindra Group to set up mobility design centre in UK

To be operational from July 2021

The centre will work on electric vehicle SUVs

OUR BUREAU

Mumbai, May 6

Mahindra Group has announced the setting up of an advanced design centre in the UK which will become operational from July 2021.

The centre will work on future automotive and mobility products including electric vehicle SUVs and be a resource available to Mahindra Group companies.

Rajesh Jejukar, Executive Director, Mahindra and Mahindra Ltd, said, "Mahindra is poised to enter a new, exciting era to build upon our rich 75 years of automotive history. A key lever to make the business future ready is to significantly strengthen design capability across automotive, farm equipment and two-wheelers globally."

The new centre will be a part of the Mahindra Global Design Network that includes the Mahindra Design Studio in Mumbai, and Pininfarina Design in Turin, Italy.

The Mahindra Advanced Design Europe will be set up in Coventry region in the UK which is a power house of automotive design.

It will contribute and leverage the skills, experi ence, and expertise of thi network of design talent. I will also support the cre ation of highly skilled design roles, drawing from Coventry University, Roya College of Art, and othe design colleges in the UI and Europe.

Business Line 7th May 2021

Sundram Fasteners posts highest-ever net of ₹130 crore in March quarter

To pay interim dividend of ₹3.40

OUR BUREAU

Chennai, May 6

Sundram Fasteners has reported its highest-ever standalone net profit of ₹130 crore during the March 2021 quarter, on the back of strong operating profit aided by robust vehicle sales during the period. It reported a net profit of ₹47 crore in the year-ago quarter.

The company's earnings before interest, taxes and depreciation (EBITDA) was higher at ₹212 crore against ₹121 crore, an increase of 75 per cent.

"The company has posted and sustained a higher EBITDA at 19.7 per cent against 16.9 per cent. This has been due to stringent cost control measures and

Arathi Krishna, MD, Sundram Fasteners

improvement in operational efficiency," a company release said.

Profit before Tax (PBT) more than doubled to ₹173 crore (₹75 crore). Revenue from operations grew 50 per cent to ₹1,079 crore helped by strong growth in both domestic and export sales.

Full year net up

For the full year 2020-21, Sundram Fasteners' standalone net profit stood at ₹328 crore (₹314 crore). Revenue from the operations was lower at ₹3,065 crore (₹3,125 crore).

The company has transferred ₹300 crore to reserves. The Board has declared a second interim dividend of ₹3.40 per share (340 per cent). The total dividend for the financial year 2020-21 would amount to ₹4.70 per share (470 per cent).

The company said its step-down subsidiary in China crossed the milestone of ₹100- crore revenue mark for the first time in a quarter and it stood at ₹101.69 crore in March 2021 quarter (₹48.89 crore).

For FY21, Sundram Fasteners' consolidated net profit was at ₹363 crore (₹327 crore) and consolidated revenue stood at ₹3,644.29 crore (₹3,723 crore).

Business Line 8th May 2021

Tata Motors announces price hike averaging 1.8%

Price protection for passenger vehicles booked on or before May 7

Shailesh Chandra, President – Passenger Vehicles Business

OUR BUREAU

Mumbai, May 7

Tata Motors will increase the prices of its passenger vehicles, averaging 1.8 per cent, depending on the variant and model. The company will offer protection from the price increase to customers who have booked PVs on or before May 7.

Shailesh Chandra, President – Passenger Vehicles Business, said, "The increase in prices of commodities, such as steel and precious metals, necessitates us to pass on a part of it through increase in price of our products. Keeping in mind the interest of customers who have booked cars already, we are offering price protection for all bookings done till date (on or before May 7, 2021).

This price increase will be effective for bookings made thereafter (effective May 8, 2021). Our 'New Forever' product range continues to witness strong acceptance in the market and we are thankful to our customers."

Business Line 15th May 2021

Escorts Q4 net doubles to ₹265 crore on pick up in sales

OUR BUREAU

New Delhi, May 14

Farm equipment and engineering major Escorts on Friday reported a consolidated net profit of ₹265 crore for the fourth quarter ended March, compared with ₹128 crore in the corresponding period last year.

Consolidated revenue from operations also rose by 61 per cent year on year (YoY) during the period under review to ₹2,229 crore as against ₹1,386 crore in the January-March quarter 2020, the company said in a regulatory filing.

Tractor sales were up by 62 per cent at 32,588 units during the fourth quarter, Escorts said adding that the construction equipment sales were also up by 63 per cent at 1,604 units during the quarter.

Dividend

The company said its Board has recommended a total dividend of 75 per cent comprising a normal final dividend of 50 per cent and one time 'Platinum jubilee year' special dividend of 25 per cent i.e. total dividend of ₹7.5 per share of face value ₹10 for the financial year 2020-21 as against ₹2.5

Escorts did well in the agri machinery space, registering a higher market share in Q4

per share for 2019-20. On a yearly basis, the company recorded its consolidated net profit at ₹872 crore, a growth of 85 per cent compared with ₹472 crore in 2019-20. Consolidated revenue from operations also grew 21 per cent to ₹7,014 crore against ₹5,810 crore in last fiscal, it said.

'Agri sector buoyant'

Tractor sales during the year were up 24 per cent at 1,06,741 units, it added.

"Agri machinery industry remained buoyant in the fourth quarter of fiscal year 2020-21 owing to positive macroeconomic factors and pent-up demand from the first and second quarters of the year. Escorts did well in this space by registering a higher market share in the fourth quarter than our average market share of the year," Nikhil Nanda, Chairman and Managing Director, Escorts, said.

"Following government guidelines, we are making efforts to ensure that farming communities are well served in the upcoming sowing season," Nanda said, adding the second wave of the pandemic has impacted the rural geographies as well, affecting Escorts' core customer base.

Business Standard 13th May 2021

TVS Motor rejigs top brass of Norton Motorcycle

SHALLY MOHILE
Mumbai, 13 May

TVS Motor (TVS), owner of The Norton Motorcycle Company, has appointed Robert Hentschel chief executive officer (CEO) and Vittorio Urciuoli chief technical officer (CTO) of the Solihull (UK)-based brand, TVS said in a statement on Thursday. It acquired Norton in April 2020.

The announcement forms the next key phase of the historic marque's transformation, as it builds on its newly re-established foundations and prepares for revitalisation of the brand for the future, it added.

Over the last 12 months, TVS has ensured that transformation of Norton gets done with significant improvements to the product and by creation of a world class manufacturing facility in record time. "Now, Norton is ready to move to the next phase of its journey," said Sudarshan Venu, joint managing director of TVS Motors. "TVS has created a plan for Norton to transform into the future. The brand will retain its core values, which will be interpreted in a modern way for customers. As part of this, we are excited to welcome on board a new management team led by Robert to lead this next phase of the journey," added Venu.

Hentschel and Urciuoli will take up their new positions as John Russell steps down from his role as interim CEO. Hentschel joins Norton from Valmet Automotive Holding GmbH & Co KG, where he has served as MD since 2017.

Prior to that, he headed Ricardo Deutschland and Hentschel System and was also director of Lotus Engineering. Urciuoli's former key assignments within the global automotive industry include leadership roles at URVI LTD, Lotus Cars, Ferrari and Aprilia Racing."I would like to take this opportunity to thank John Russell for his accomplished leadership, experienced judgement and clear vision that he has displayed during his time as interim CEO of Norton," said Venu.

"Under Russell's tenure, with investment and support from TVS, Norton has returned to a firm footing and made marked improvements in engineering and product quality, which will be seen in the updated V4SS that will be launched soon. In addition, we have established a new state-of-the-art global design, engineering, manufacturing and sales and marketing headquarters in Solihull," Venu added.

Business Line 13th May 2021

Fiat Chrysler drags M&M to court in Australia, saying Thar infringes Jeep IP

Case listed for hearing on May 20

OUR BUREAU
Mumbai, May 12

After scuttling Mahindra & Mahindra's plans to launch the Roxor off-road vehicle in the US, Fiat Chrysler has now filed a plea in Australia against the Indian company's latest SUV Thar, alleging that it infringes on the intellectual property of the Jeep brand.

Fiat Chrysler Automobiles (FCA) has approached the Federal Court of Australia, alleging that Thar's design and styling were similar to the Jeep Wrangler off-roader.

'Misleading representation'

"FCA firmly believes that Mahindra is seeking to intentionally infringe the intellectual property rights of our Jeep brand, specifically the Jeep Wrangler. FCA will pursue all available avenues to stop Mahindra from continuing to make misleading and deceptive representations in relation to our Jeep brand, pass off their Thar as a Jeep Wrangler, and infringe our design rights," FCA said in a statement.

Mahindra Thar was launched in India in October 2020

M&M launched the Thar in India in October 2020 and is betting big on its success. The Mumbai-headquartered auto major had started selling the Thar in other countries although it was yet to launch in Australia.

A Mahindra official spokesperson said there are no plans to launch the current model of the Thar in Australia. "We have filed our reply in the proceeding commenced by FCA against us. There are no plans to launch the current model of the Thar in Australia. We would provide adequate notice to FCA, as is requested, if we were to launch any future model of the Thar in Australia."

The Australian court has listed the case to be heard on May 20.

Roxor case

In 2018, FCA had filed a complaint in the US to prevent the sale of Mahindra's Roxor there on the grounds that it infringed the designs of its subsidiary, Jeep. The company said Mahindra Roxor is modelled on the original Willys Jeep.

While the US Trade Commission's investigative staff had found no merit in Fiat Chrysler's complaint, in October 2020 a judge at the International Trade Commission upheld FCA's view that Mahindra's off-road vehicle was a copy of the Jeep.

PRESS REPORTS
ON
RAW MATERIALS

Business Line
8th May 2021

Slashing of steel export rebate by China augurs well for India

Provides enough room for companies to raise prices as global rates pick up

OUR BUREAU
Mumbai, May 7

China's withdrawal of export rebates of 13 per cent on 146 steel products and scrapping import duty cut on crude steel, pig iron and scrap augurs well for Indian steel companies. The withdrawal of incentives by India's eastern neighbour would push up steel prices globally and provide enough room for Indian steel companies to raise prices even as the fall in demand remains a concern.

China's export

The Indian steel companies will have to depend on export market. China's steel exports have been on an upward trend in the current year and grew 24 per cent in March quarter, partly due to lower base and rise in demand from other countries.

The expectations of a cut in export rebates by China to rein in steel production, a move aligned to meet its long-term carbon neutrality targets also pushed up exports, said ICRA.

In 2020, when other countries reported a fall in steel output, China's crude steel production reported a growth of 5.2 per cent. In March quarter, its crude steel production increased 16 per cent due to a lower base.

Consumption to grow

As per the World Steel Association, China's steel consumption is expected to grow by 3 per cent this year. It recorded a demand growth of 15 per cent in March quarter.

Jayanta Roy, Senior Vice-President, ICRA, said the Chinese Government intends to keep steel capacities under check with stricter production curbs and it may not have excess steel volumes to divert to export markets. As a result, international steel prices are expected to remain buoyant in the near term, which in turn would support India's steel prices, he said.

China's steel exports have been on an upward trend in the current year and grew 24 per cent in the March quarter, partly due to lower base and rise in demand from other countries

Hot rolled coil(HRC) export price from China has touched $915 a tonne without export rebate of 13 per cent while it's domestic price was close to $900 a tonne as of April-end.

As on May 1, India's HRC export price was higher at $950 a tonne compared to China. Domestic realisation of steel companies was lower at $900 a tonne.

Indian steel mills would be able to offload large steel volumes to export markets and still remain highly profitable, said ICRA.

Economic Times
7th May 2021

ROBUST Q4 Operating profit and Ebitda/tonne touch all-time highs; analysts expect the momentum to continue, which will boost the stock

Strong Demand, Firm Prices to Buoy Tata Steel's FY22 Show

Jwalit.Vyas@timesgroup.com

ET Intelligence Group: The management of Tata Steel, India's largest steel company, gave a positive outlook for the current fiscal with steel demand expected to remain strong. After grappling for decades with high debt and weak demand, the situation has turned favourable for the company and it is witnessing a period of high growth and fast deleveraging and finds itself in a sweet spot.

"In terms of structural changes, the next 10 years will be very different from the last 10 years. China committing to reduce carbon footprint because of geopolitical issues, higher cost of production in China, less appetite in Europe due to high carbon costs and government spending globally is helping," said TV Narendran, MD, Tata Steel in an earnings call.

Steel prices in the US are at $1,500 per tonne, €1,000 per tonne in Europe and $1,000-1,050 in Southeast Asia. In India, prices are below $900 per tonne. The current domestic steel prices may sustain as Indian steel buyers are at an advantage in terms of costs compared to global peers.

In the March quarter, the company witnessed its highest-ever operating profit (Ebitda) of ₹14,290 crore. This was 48% higher quarter-on-quarter and 200% higher year-on-year. The number was also 10% higher than Street estimates.

The Ebitda per tonne at ₹18,253 was also the highest ever — 40% higher quarter-on-quarter and 167% year-on-year. This was mainly driven by higher realisations and strong performance, especially in the Indian business. Thanks to higher steel prices, Tata Steel has guided for higher Ebitda/tonne for the current quarter.

Analysts are estimating the operating profit for FY22 to grow to ₹42,000-45,000 crore against ₹29,805 crore in FY21. Strong cash flows helped the company reduce net debt, which was down ₹10,781 crore in the quarter to ₹75,389 crore. It reduced by ₹29,390 crore in FY21, thereby reducing net debt to Ebitda to less than 2.5, from more than five a year ago. The management has guided at least ₹7,500 crore ($1 billion) debt reduction every year as it will be using most of the remaining amount for growth capex — mainly Kalinganagar project and the new raw material projects in India.

The company's stock closed at an all-time high of ₹1,100.6 on Thursday, 3% higher than the previous day's close. At this price, the stock is trading at 4.5 times EV/Ebitda, which is below its five-year average. With growth expected to continue through FY22, the momentum in the stock may sustain.

Reaching New Highs

Tata Steel Financials (fig. in ₹ cr)

	Q4FY21	Q3FY21	Q4FY20	FY21
Production (MT)	8.02	7.74	7.9	28.54
Deliveries (MT)	7.83	7.41	7.06	28.5
Total Revenues	49,977	41,902	36,009	1,56,294
EBIDTA	14,290	9,652	4,824	30,892
EBIDTA/ton	18,253	13,021	6,838	10,838
Net Profit	7,162	4,011	-1,615	8,190

PRESS REPORTS
ON
GOVERNMENT POLICY

Business Line 7th May 2021

RBI allows lenders to revamp MSME accounts under Covid-19 related stress

OUR BUREAU
Mumbai, May 6

The Reserve Bank of India (RBI) has allowed lenders to extend the facility for restructuring existing loans of micro, small and medium enterprises (MSMEs) without a downgrade in the asset classification under the "Resolution Framework 2.0" given the uncertainties created by the resurgence of the Covid-19 pandemic.

Among the conditions specified by the central bank for restructuring existing MSME loans include: the aggregate exposure, including non-fund based facilities, of all lenders to the borrower should not exceed ₹25 crore as on March 31, 2021; and the borrower's account should have been a 'standard asset' as on March 31, 2021. Further, the borrower's account should not have been restructured earlier.

Restructuring deadline

RBI said the restructuring of the borrower account has to be invoked by September 30, 2021. The decisions on applications received by the lenders from their customers for invoking restructuring under this facility should be communicated in writing to the applicant by the lending institutions within 30 days of receipt of such applications.

Further, the restructuring of the borrower account has to be implemented within 90 days from the date of invocation.

Upon implementing the restructuring plan, lenders have to keep the provision of 10 per cent of the borrower's residual debt. The RBI asked lending institutions to put in place a Board-approved policy on the restructuring of MSME advances at the earliest, and in any case, not later than a month. The central bank also said the the accounts provided relief will be subject to subsequent supervisory review about their justifiability on account of the economic fallout from Covid-19.

Economic Times 11th May 2021

Labour Codes may be Pushed to Next Year

Most states going slow on readying rules framework for implementation; India Inc reluctant to take on additional cost for now

Yogima.Sharma
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New Delhi: Implementation of big-ticket labour reforms could get pushed to next year as most state governments are going slow on readying the rules framework for implementation of the four labour codes. India Inc also is also reluctant to take on the additional cost and compliance burden under the codes amid the second wave of the Covid-19 pandemic.

The Centre is no longer pursuing states to hasten the process of framing rules for the four codes, as the focus has shifted to healthcare at a time when almost all states are struggling to keep the spread of the pandemic under control, said a senior government official.

"Priorities have changed. It doesn't look like states will be ready with the rules anytime soon," said the official, who did not wish to be identified.

While the Centre is non-committal on the fresh date for rolling out the labour codes, industry executives and experts said it is unlikely to be before the next financial year.

"We are in talks with the government to defer the roll-out of the codes to next year as the majority of companies across sectors do not have enough resources to bring about the commensurate changes," a representative of an industry body said on condition of anonymity. "With changes in the definition of wages and stringent working conditions, the cost to companies will go up on various accounts once the codes are implemented, and the industry is not prepared to take on any additional burden."

The labour ministry has consolidated 29 central labour laws into four labour codes – the code on wages, the social security code, the industrial relations code, and the occupational, safety, health and working conditions code.

The Centre had initially intended to roll out the codes from April 1 this year and had put in place the rules for the four codes. However, it is waiting for a handful of states to come on board with the rules in their domain to avoid any legal void at the time of implementation of the codes.

Labour economist and XLRI professor KR Shyam Sundar said the implementation of labour codes has taken a back seat, with energies of both the Centre and state governments diverted to handle the health crisis. "Perhaps, industry is also lobbying with the government to defer the implementation of the codes, especially the code on social security and the wage code, as they would have substantial financial implications on the employers," he said.

The wage code and the social security code will have a significant impact on the cost of employment. The government has capped allowances at 50% of the wages which is expected to lead to higher gratuity payout by employers.

Further, the government will come up with a statutory national minimum wage for all workers and urge employers to undertake social security cover for their workers.

Reforms Delayed

Govt no longer pursuing rules under labour codes

Not pushing states to hasten the process in their domain

Focus, both at Centre and states, now on handling Covid crisis

Employers lobbying to defer implementation

Says rollout will mean additional cost burden

WHAT WILL THIS MEAN?

Workers to be deprived of national floor-level minimum wage

Social security cover for gig workers may not come now

Rationalisation of wage structure may not happen

Illustration: ZAHID

Business Line 12th May 2021

CSR spending: Corporates told to create accounting 'liability' for unspent amounts

CA Institute's clarification follows MCA's diktat on fulfilling 'obligation'

K.R.SRIVATS

New Delhi, May 11

Close on the heels of the Ministry of Corporate Affairs (MCA) requiring companies to mandatorily spend their Corporate Social Responsibility (CSR) obligation, the CA Institute has clarified on the accounting treatment of the unspent amounts, stipulating that Corporate India should create "liability" for such amounts in their financial statements every year.

Both the MCA and the ICAI actions, when seen together, would mean that the corporates cannot escape from their CSR obligations by explaining the reasons for the underspend. "They will have to provide as 'liability', the amounts remaining unspent in a financial year," said a top ICAI official.

Under company law, a corporate is supposed to spend 2 per cent of its net profit in the preceding three financial years towards CSR

'FAQs issued'

This could now result in a hit on the bottomline of companies that hitherto opted not to fulfil their CSR spend and came with explanations for not doing so.

"This ICAI clarification has been made as a FAQ and it follows the MCA bringing amendments in the CSR rules in January 2021. This will instill more discipline among corporates as they will have to spend or earmark the unspent to certain designated accounts. Further, they would have to account for the unspent amount as a liability in the same financial year", Nihar Jambusaria, President, ICAI told *BusinessLine*. He said that ICAI's Accounting Standards Board deliberated on the Accounting Standards and came to a conclusion that at the end of the financial year, a provision has to be made on the unspent amount. Asked if a company does not still make provision for unspent amount of CSR, Jambusaria said that auditors will have to qualify the accounts. "The FAQs issued by ICAI are binding on its members," he said. This accounting treatment will apply from current financial year 2021-22 itself.

Under company law, a corporate is supposed to spend 2 per cent of its net profit in the preceding three financial years towards CSR. "Prior to January 2021, if a corporate did not spend its entire CSR amount, it had to explain why it couldn't spend it. That's all. But now if a corporate is unable to spend on an ongoing project, I will have to transfer it to an earmarked bank account and after our FAQ also provide for the unspent amount as liability," Jambusaria said.

Economic Times 14th May 2021

Auto Retailers' Lobby Writes to FM, RBI Guv

Our Bureau

Mumbai: A lobby of automobile retailers has written to the finance minister and the Reserve Bank of India governor seeking a loan moratorium and a three-month extension for filing goods and services tax (GST) as localised lockdowns have forced three-quarters of the showrooms across the country to close shutters temporarily.

Retailers, or dealers, make an upfront payment to automakers while purchasing vehicles and this is usually funded through loans with a payment cycle of 30-90 days. Localised lockdowns across the country means that the inventory hasn't been sold within the expected period, dealers argue, impacting their ability to make good on their payments to lenders.

"Since dealers have not been able to do business during the lockdown, this period should be considered as null and void when considering repayment to the banks," Federation of Automobile Dealers' Associations said in its letter to the central bank's governor. ET has viewed a copy of this letter. Similarly, the lobby group requested a three-month extension on filing of GST returns from FM Nirmala Sitharaman. Auto retail was down 28% in April compared to March, vehicle registration data show.

Business Line 13th May 2021

Govt looks to limit RoDTEP spends

Capping refunds, limiting eligible sectors could ease budget constraints

AMITI SEN

New Delhi, May 12

The Centre is examining options such as putting a cap on the refund amount for individual exporters and limiting the number of items eligible for refunds to stay within the limited budget sanctioned for the Remission of Duties and Taxes on Export Products (RoDTEP) scheme implemented from January 1 2021, according to sources.

Exporters, however, want the RoDTEP rates, recommended by the GK Pillai committee appointed by the government last year, to be implemented fully for all relevant sectors.

"The Revenue Department and the Commerce Department are finding it difficult to take a final call on RoDTEP rates for exporters who are waiting for it for over four months. This is because there is a big gap between the outlay required for rates proposed by the Pillai Committee and the available money. The government is weighing options such as putting a cap on the reimbursements for units and limiting the number of eligible sectors, but these are not popular decisions with exporters," a source tracking the matter told *BusinessLine*.

While the government understands that the Pillai Committee recommendations for input tax refund are precise, the budgeted amount, around ₹13,000 crore annually, is not enough for that

The RoDTEP was implemented this year simultaneously with the withdrawal of the popular Merchandise Export from India Scheme (MEIS) for exporters following a WTO verdict against the latter. Under the MEIS, a number of sectors would get refunds ranging from 2 per cent to 4 per cent of the value of the exported good but this calculation was not done strictly on the basis of input taxes paid and thus was considered an export sop that the WTO did not allow. On the other hand, the RoDTEP rates proposed by the Pillai Committee have been calculated based on all input taxes paid by exporters, including embedded taxes, that have not been refunded under any other scheme, and can be transparently traced. Therefore it poses less risk of challenge at the WTO.

Large exporters to be hit

"While the government understands that the Pillai Committee recommendations for input tax refund are precise, the budgeted amount, around ₹13,000 crore annually, is not enough for that. There is therefore indecision about how the scheme should be pruned as that would genuinely hurt exporters," the source said.

Placing a cap on the refunds for individual exporters or units would mean that the larger ones would be at the receiving end as their entitlements would be higher and they would end up paying much of the input taxes on their exports from their own pockets.

"The government is favourably considering a cap on the refunded RoDTEP amount as it would not hurt MSME exporters but large exporters may be deeply hit," the source said.

The Finance Ministry had initially projected that the revenue foregone towards the scheme would be ₹50,000 crore annually but then revised it to ₹13,000 crore. However, it may be ready now to increase it to ₹16,000 crore.

"As the RoDTEP scheme is WTO compatible, whatever rates have been proposed by the Pillai Committee should be implemented. In any case, there aren't many incentives to support exporters. It has to be understood that it is not a subsidy," said Ajay Sahai, Director General, Federation of Indian Export Organisations (FIEO).

Business Line 13th May 2021

Target of $400 billion achievable if exporters' concerns are addressed: FIEO

Exporters' body seeks adequate liquidity, release of all benefits

OUR BUREAU

New Delhi, May 12

The Federation of Indian Export Organisations (FIEO) has said a concerted strategy would be required to achieve the goods exports target of $400 billion for 2021-22 set by the Commerce Ministry. Exports should be treated as national priority, by providing adequate liquidity and releasing all export benefits for achieving the target, it said.

"Liquidity should be addressed by encouraging banks to lend to the export sector and all export benefits should be released immediately, including drawback, MEIS, GST and RoDTEP (Remission of Duties and Taxes on Export Products), to name a few," according to an official release circulated by FIEO.

FIEO is concerned over the rising prices of domestic inputs and suggested cut in import tariff to soften prices

This will help in making exports profitable because if there is a further delay in refund, exporters' profitability will be wiped out with increasing interest burden, the statement explained.

FIEO chief SK Saraf said the $400-billion milestone for exports in the on-going financial year reflected the optimism and confidence not only of the government but equally of the trade and industry.

Optimism evident

"While facing numerous challenges in manufacturing and logistics, the recent export growth has been more than satisfying and shows that the industry is better equipped to handle the second wave with minimum of disruptions.... the order booking position of exporters is extremely encouraging," he said.

FIEO is also concerned over the rising prices of domestic inputs and suggested reduction in import tariff to soften prices. Saraf urged the shipping companies to rationally increase freight as all stakeholders are facing the same problem and with

together. India's exports during April-March 2020-21 declined by 7.4 per cent to $290.18 billion compared to $313.36 billion in 2019-20, as exports had fallen steeply in the initial months of the fiscal due to the Covid-19 lockdown and halt in manufacturing activities. Exports in April 2021 jumped to $30.21 billion, an increase of 197.03 per cent over $10.17 billion in April 2020, and an increase of 16.03 per cent over $26.04 billion in April 2019.

MISCELLANEOUS REPORTS

Economic Times 7th May 2021

Facing up to Pandemic, India Inc Proves it's Good Company

Leading corporates give unstinting support by arranging medical supplies, vaccines, food and funding for those in need

Sreeradha D Basu & Anjali Venugopalan

Kolkata | New Delhi: India Inc's leading companies have mounted an unprecedented response in the fight against Covid-19 as the country grapples with the debilitating second wave of the pandemic.

Hindustan Unilever (HUL), ITC, Tata group, Reliance Industries, Bajaj Group, Accenture, Flipkart, Amazon, Capgemini, L'Oreal, Citi, UBS, RPG Group, Google, Apple, Honeywell, Axis Bank, Procter & Gamble and ICICI Lombard are among those extending support.

Their efforts are directed toward procurement of oxygen concentrators and ventilators; helping build healthcare and medical infrastructure by way of ICU/oxygen beds and isolation centres; providing meals and kits to underprivileged communities; donating hygiene and sanitisation products or even funding vaccine doses.

"There is huge support pouring in from corporates," said Atul Satija, chief executive, GiveIndia, which is working with the likes of Google, Oyo Care, Walmart Foundation and Cred and is in advanced conversations with at least 50 more companies.

Corporates are focusing more on areas such as physical infrastructure and medical equipment and supplies this time, since this wave is more of an urgent healthcare crisis, compared with last year, when it was more of a social and humanitarian one, Satija said.

A significant part of the corporate initiative is aimed at fixing the country's oxygen supply and the medical infrastructure challenge. HUL, for instance, has procured more than 2,000 oxygen concentrators for the most affected cities and localities, while an additional 47 ventilators are being donated.

ITC has supported the setting up of a more than 200-bed medical facility in Kolkata in collaboration with Medica Superspecialty Hospital, besides tying up with Linde India to import cryogenic containers for oxygen supplies.

Reliance Industries has tweaked manufacturing at its Jamnagar oil refinery to become the largest producer of medical-grade liquid oxygen, which is being supplied free to badly-hit states.

There To Help

Covid-19 second wave sees outpouring of aid from Indian corporates

COS HELPING OUT

HUL, ITC, Tata group, Reliance Industries, Bajaj Group, Accenture, Flipkart, Amazon, Capgemini, L'Oreal, Citi, UBS, RPG Group, Google, Apple, Honeywell, Axis Bank, Procter & Gamble, ICICI Lombard, BookMyShow, Amway, UnitedHealth Group

FOCUS AREAS

1. Health & Medical Infrastructure
2. Oxygen Supply
3. Vaccination Drive
4. Helping Underprivileged

Illustration: ZAHID