ACMA

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Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India

(Western Region)

Mumbai

Report No. 15/22- 23 **1st Fortnight November 2022**

ACMA

(Western Region)

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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MISCELLANEOUS

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

The Economic Times 12th November 2022

PRICE CUTS UNLIKELY While the worst is over for vehicle makers with regard to chip shortage, there is no uniformity in supply and there is still a design-specific chip shortage for auto makers

Auto Delivery Timelines set to Shrink as Chip Shortage Eases

Lijee Philip & Pranav Balakrishnan

Mumbai | Bengaluru: As the global chip shortage is set to ease with an impending inventory glut, Indian vehicle makers do not expect retail prices to reduce although delivery timelines are likely to fall for some brands.

However, the supply will take some more time to find its way into the broader market.

"The semiconductor issue easing out is definitely a big positive for the industry. There is certainly more predictability now in manufacturing and in meeting production timelines," said Ravneet S Pokhela, chief business officer of electric scooter maker Ather Energy.

The availability of semiconductor chips may get reflected in specific models, said Shashank Srivastava, senior executive director of Maruti Suzuki, the country's largest car maker.

"For instance, on the one-litre models, there is easy availability now, but for the bigger engine models, there can be shortfalls. So, clearly, there is a lag for certain models," he said, adding that prices are unlikely to reduce.

Due to the supply crunch, Tata Motors-owned Jaguar Land Rover has been finding it difficult to sell some of its high-margin products.

However, the company's quarterly sales in China – where it has factories and where parts shortages have eased significantly this year after earlier lockdowns – have rebounded more strongly than elsewhere, said David Leggett, automotive analyst at GlobalData, a leading data and analytics company.

"Overall, it's a gradually improving picture in terms of the easing of supply shortages for the sector, as capacity additions upstream in the semiconductor industry take time to come through," Leggett said.

In recent weeks, chip companies have reduced output and cut back on capital expenditure for the year after a sharp growth during the Covid-19 pandemic.

They say many of their biggest customers have built up large chip inventories, which would take a couple of quarters to resolve.

"In a way, we have to be cautious and balance production schedules instead of piling inventory," said an executive at a large Taiwanese contract chip making company.

Some EV makers bought chips 8-12 months in advance of production; hence the situation won't affect prices, said Sohinder Gill, CEO of Hero Electric, and director-general of the electric vehicle industry lobby Society of Electric Vehicle Manufacturers (SMEV).

Automakers say they have invested heavily to secure semiconductor supplies post-Covid-19.

"As the chip industry is notoriously cyclical, there is either oversupply or there is a short supply of semiconductors and we need to plan accordingly," Gill added.

While the worst is over for vehicle makers with regard to chip shortage, there is no uniformity in supply and there is still a design-specific chip shortage, he said.

The over-supply of chipsets is likely to lead to better margins for Ather, which has brought down its waiting period in most cities to 15-30 days from four to five months earlier.

"When we were procuring semiconductors from the open market, we did not pass on the cost to our customers," said Pokhela. "Now, with the semiconductor supply stabilising, the price of our vehicles would remain unchanged and yet we would benefit from our gross margins becoming better."

Srivastava of Maruti Suzuki said the chip glut could bring in some much-needed savings for manufacturers.

"During the shortage in semiconductors, many automakers bought it from the open market at a higher price. Now, with the ease in availability, there could be better savings," he added.

Shortage of semiconductors has been a major theme during the pandemic, not only for EV makers but also for other sectors using electronic features in their products.

The demand for chips skyrocketed as the adoption of gadgets increased during the pandemic due to remote work and other pandemic-induced lifestyle changes.

In April, Hero Electric did not even deliver one vehicle because of the shortage. Maruti Suzuki could not produce 51,000 units in the April-June quarter owing to the same reason.

Both electric and fuel-powered vehicles have been seeing record sales, but the easing of the shortage could also test their ability to generate demand.

"Real test of demand will happen not only for EVs but the larger automotive industry," said Jay Kale, senior vice president, equity analyst, auto and auto ancillary, Elara Capital. "Falling EV prices is more a function of battery prices coming down than chip prices, while the falling chip prices could aid a little bit in reducing prices." Lithium-ion cells, which power a majority of the EVs around the world, is still in short supply globally.

Chip On Track

The semiconductor issue easing out is definitely a big positive for the industry. There is certainly more predictability now in manufacturing and in meeting production timelines

RAVNEET S POKHELA, Chief Business Officer, Ather Energy

As the chip industry is notoriously cyclical, there is either oversupply or there is a short supply of semiconductors and we need to plan accordingly

SOHINDER GILL, CEO, Hero Electric

The availability of semiconductor chips may get reflected in specific models. For instance, on the one-litre models, there is easy availability now, but for the bigger engine models, there can be shortfalls

SHASHANK SRIVASTAVA, Senior ED, Maruti Suzuki

NOT OVER YET

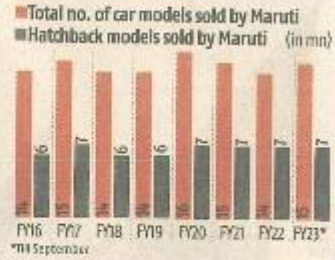
While the worst is over for vehicle makers, there is still a design-specific chip shortage

Business Standard 15th November 2022

Hatchback sales lose momentum in India

Sales growth of entry-level cars or hatchbacks like WagonR and Alto have seen a decline during the past few years due to changing consumer preference. Maruti Suzuki Chairman R C Bhargava had on October 28 said that he does not expect hatchback unit sales to grow in the fourth quarter (Q4FY23) or in the next fiscal year. "This means that everywhere — whether urban or rural — the ability of people to buy hatchbacks has eroded," he had mentioned. The sales have dropped from 49.4 per cent in FY17 to 35.1 per cent in the first half of FY23 as car companies have turned their attention to the SUV segment, which is seeing the highest growth. Bhargava had said that people's preference shifted from hatchbacks to SUVs much before the current inflationary pressures, even though the prevailing situation will further affect the hatchback segment.

Compiled by Deepak Patel



Source: Maruti Suzuki

Oct vehicle retail sales catch up with pre-Covid levels: FADA

Our Bureau
New Delhi

All India vehicle retail data for Oct '22

(No. of units sold)

Category	October-21	October-22	y-o-y growth %
Passenger vehicle	2,33,822	3,28,645	40
Two wheeler	10,39,845	15,71,165	51
Three wheeler	40,251	66,763	66
Commercial vehicle	59,363	74,443	25
Tractor	45,445	53,362	17
Total	**14,18,726**	**20,94,378**	**48**

Source: FADA

The Federation of Automobile Dealers Associations (FADA) on Monday said it remains cautious for the year-end, as original equipment manufacturers (OEMs) migrate to manufacturing on-board diagnostics (OBD)-2-compliant vehicles (as per emission norms) which could see a steep price increase across all categories of vehicles.

In its monthly retail sales report, FADA said the immediate next month of festivities generally witnesses a certain amount of softness in sales, and also with year-end around the corner, many customers wait for vehicles that will be manufactured in the new year.

THE WAY OUT

"While farmers will start receiving crop realisations, the overall sentiment continues to show some headwinds especially in the two-wheeler rural segment. For auto retails to show strength, the 2W segment will have to grow for at least 3-4 months over pre-Covid months to come out of the woods," Manish Raj Singhania, President, FADA, said.

He said the commercial vehicle (CV) segment is anticipated to see continued demand due to rising infra projects and government spending. While the passenger vehicle (PV) segment continues to outperform, demand in entry level segment continues to show some softness.

BEST FESTIVAL SEASON

On its monthly retail sales data, FADA said the total vehicle retail sales grew 48 per cent year-on-year (y-o-y) to 20,94,378 units in October compared with 14,18,726 units in October 2021.

In the passenger vehicle segment, retail sales grew more than 40 per cent to 3,28,645 units during the month, compared with 2,33,822 units in the corresponding month last year. Similarly, two-wheeler sales grew 51 per cent to 15,71,165 units in October, as against 10,39,845 units in October 2021. Also, three-wheeler and commercial vehicle sales also grew by double digits during the month.

FADA also noted that the festival season this year turned out to be the best for the industry in the last four years, and during the 42-day festival period, total vehicle retails were up 28 per cent y-o-y.

Passenger vehicle sales grew over 34 per cent y-o-y to 4,56,413 units during the period as against 3,39,780 units in same period last year. Two-wheeler sales also grew 26 per cent to 21,55,311 units as against 17,05,456 units in last year's festival season.

"With most of the month under festive period, the sentiments were extremely positive across all categories of dealership outlets. Even when compared to pre-Covid month of 2019, overall retails for the first time closed in green, growing 8 per cent," Singhania added.

FADA SAYS...

The CV segment is anticipated to see continued demand due to rising infra projects and government spending. While the PV segment continues to outperform, demand in entry level segment continues to show some softness

Business Line
8th November 2022

Business Standard 4th November 2022

1-million target may be missed

SHALLY SETH MOHILE & SHINE JACOB

Mumbai/Chennai, 3 November

India's electric two-wheeler market, which was likely to touch 1 million units by 2022-23 (FY23), may fall short of the target, even as sales at most firms have been advancing at a fast clip, reveals the Society of Manufacturers of Electric Vehicles (SMEV) — an association representing Indian manufacturers of electric vehicles (EVs) and EV components.

Electric two-wheeler makers attribute it to an amalgam of factors, including supply-side glitches, impending government regulations, incidents of fire, and delay in the disbursement of Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles II (FAME II) subsidies, forcing start-ups to mothball their expansion and ramp-up plans.

"Notwithstanding strong demand, electric two-wheeler sales in India are likely to end FY23 with 750,000 units, against our earlier projection of 1 million units," says Sohinder Gill, director-general, SMEV.

Electric two-wheeler sales in the first seven months of FY23 rose to 392,349 units, against 110,753 units in the corresponding period last year.

The Ministry of Heavy Industries on Wednesday announced a list of safety tests that will be mandatory for EV manufacturers from April 2023 to receive subsidies under various EV promotion schemes.

These tests will enhance human safety of the battery used in these vehicles by requiring checks at three levels — battery pack, battery management system, and the cell — the ministry said in a circular.

Rakesh Sharma, executive director at Bajaj Auto, says even as "the progression is strong, it's slower than expected due to a combination of supply-chain issues, pricing, and to some extent, worries around quality".

Sharma expects electric two-wheelers to account for 20 per cent of the internal combustion engine (ICE)-driven market by the end of FY23. It presently accounts for 11 per cent.

According to Gill, although the festival season was good for most manufacturers, it could have been better, if not for supply-related issues and a delay in FAME II incentive handout. It led to a working capital squeeze at different start-ups, says Sharma.

Electric two-wheeler registrations hit an all-time high this year, touching nearly 68,324 vehicles in the festival month of October this year — an increase of 29 per cent over the previous month. Electric two-wheelers now account for about 4 per cent of total two-wheeler registrations (ICE and electric) between January and October this year.

"We don't see any slowdown in sales in the months to come. While the first half was slow because of supply-chain issues, the recent sales trend has been very encouraging for all manufacturers," says a source at Ather Energy.

Ather is optimistic about the industry reaching the target of 1 million units by the year-end, informs the source.

Nitin Kapoor, managing director, Saera Electric — the manufacturer of low-speed two-wheelers and three-wheelers which will contract-manufacture LML's e-scooters — says the impending regulations for battery safety are set to create a temporary disruption in the market.

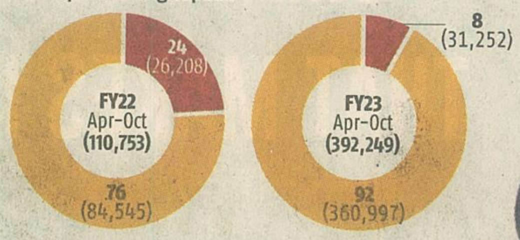
The government's testing agencies, says Kapoor, do not have the requisite instruments in adequate numbers. This, he says, may also lead to some delay in testing all models and variants of manufacturers. This may hold up launches of models and, in turn, impact overall industry volumes.

"All these issues may temporarily crimp sales. Once everything is streamlined in six months or so, volumes will advance," he adds. As a result, the electric two-wheeler penetration is likely to be 9 per cent of the total two-wheeler market, against the earlier projection of 12 per cent by FY23, observes Kapoor.

ELECTRIC 2-WHEELER SALES

% share total e-2 wheeler mkt (Figures in brackets no. of sales)

■ Low speed ■ High speed



Source: Society of Manufacturers of Electric Vehicles

Business Line 12th November 2022

Passenger vehicle sales accelerate to 29 % in October

Our Bureau

New Delhi

Passenger vehicle (PV) wholesales (dispatches to dealers) in India rose 29 per cent year-on-year (YoY) to 2,91,113 units in October aided by robust festival season demand compared with 2,26,353 units in October 2021, the Society of Indian Automobile Manufacturers (SIAM) said on Friday.

The utility vehicle (UV) segment, again, has outsold the passenger car (PC) segment with 1,41,254 units during the month against 1,40,926 units of PCs.

RURAL DEMAND HIT

In the two-wheeler segment, the scooter sales grew by seven per cent YoY to 5,12,761 units in October. But, motorcycle sales grew marginally at 10,20,295 units (10,17,874 units).

"Good market sentiments coupled with festival boost, resulted in higher sales in October, especially for PVs. Higher inflation and rising interest rates have impacted the rural market more, thereby returning marginal growth of the two-wheeler segment. Passenger three-wheelers is seeing better off-take due to increased shared mobility in semi-urban and urban areas," said Vinod Agarwal, President, SIAM. The total three-wheeler dispatches grew by 70 per cent YoY to 54,154 units (31,812 units).

"Though the PVs have reported highest ever domestic sales in April to October period, sales of two-wheelers in these seven months of 2022 is still lower than that of 2016," Rajesh Menon, Director-General, SIAM, said.

On the fast lane

(in units)

Segment/ Sub-segment	Oct 2022	Oct 2021	% change (y-o-y)
Passenger cars	1,40,926	1,03,829	36
Utility vehicles	1,41,254	1,12,112	26
Total passenger vehicles	2,91,113	2,26,353	29
Total three-wheelers	54,154	31,812	70
Scooter	5,12,761	4,79,459	7
Motorcycle	10,20,295	10,17,874	0.23
Total two-wheelers	15,77,694	15,52,689	2
Grand total of all categories	**19,23,032**	**18,10,856**	**6**

Source: SIAM

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 3rd November 2022

'Switch Mobility aims to be in EV markets worldwide'

Switch Mobility expects the market for electric buses to double next year, says **MAHESH BABU**, chief executive officer, India, and chief operating officer of the start-up owned by Ashok Leyland. The "big advantage" for the company is its synergy with Ashok Leyland, he tells **Shine Jacob**. Edited excerpts:

What is the role of Switch Mobility in Ashok Leyland's journey towards electric vehicles (EVs)?
Firstly, Switch is positioned as a global company. We are headquartered in UK, we have offices in Chennai, Spain and several other locations. Switch has a vision of democratising zero-carbon mobility. Our intention is to bring, globally, people to public transport in electric mobility. These two areas we will do in the passenger as well as in the goods segment. We have taken two segments: bus and also light commercial vehicles (LCVs) up to 7.5 tonnes. Switch will be looking at electrification across the globe — including the UK, Spain, West Asia, South East Asia, India, Africa and other countries, where we want to participate in these two segments.

Switch, being a subsidiary of Ashok Leyland, will have a lot of synergies and support from the company, the platform, manufacturing channel and many more. That is the big advantage for us, while we are a start-up 20 months old, we have leveraged Ashok Leyland assets significantly in the past two years. We are trying to get the maximum asset utilisation to bring the best products to our customers.

Q&A

MAHESH BABU
Chief executive officer, India, and chief operating officer, Switch Mobility

How many buses did you supply in the Indian market so far and how do you see the growth potential?
We had about 100 buses at the start of the year, supplied in the last four years. There are two portions to it, one is the India portion and another is the UK portion. We have around 100 electric buses running in the UK as well. We kicked off in India last October. When we made Switch, we had around 65 buses on the road and we were delivering the first 40 last financial year taking around 105 buses on the road.

Now, we have around 600-plus orders this year. From last year, delivery of 60 to 600 buses is the journey we have taken. It is a very substantial task and the team is working to get into that level of growth this financial year.

In September, you sold 39 per cent of the total buses sold. Do you see it as a good sign for the company?
Absolutely, if you look at last year to this year, our expectation was that the market will double and treble next year. I am happy that this year, numbers are growing at more than double the rate. In September, we had substantial delivery with BMTC (Bangalore Metropolitan Transport Corporation), which we are delivering right now. We have many more buses in the pipeline. It is very satisfying to see that we are contributing to the electric mobility transition in India.

How are you looking at the upcoming tenders by the government?
Firstly, we will have to give credit to the government of India and CESL for coming up with some fantastic, futuristic tenders. India has committed to net zero by 2070 and a lot of work is happening in this decade up to 2030 on electrification and solar and many renewable energy actions, both in mobility and energy. That is putting a lot of industry investment and action towards sustainable mobility, which is a vision of Switch as well. I appreciate CESL for taking the next tender, draft is almost out for another 5,400 buses. This is just a beginning and every year we have the potential to add about 5,000 to 10,000 buses. Many developed countries, like Germany last year, have sold only 500 electric buses. But India has registered more than 1,000 and this year is likely to be more than 2,000.

What is the global expansion strategy of Switch, specially with the crisis in the international market?
India is doing extremely well in the turbulent situation globally. Europe has an energy crisis, there is a war going on, the UK has seen a leadership change and we have seen a lot of flip-flops in its policies. I believe it will stabilise. We are in the UK, we are looking at Europe through Spain, we are looking at African countries, West Asia, South East Asia and have sent a bus to Japan to explore possibilities. We are going to be present long-term globally. Each country and region will have challenges at multiple points of time, so we have to work around it and take specific action related to the geopolitics. Scale up or scale down business, plan accordingly. In the long run, we believe that the markets will come back after the turbulent times are over.

What will be your strategy regarding LCVs?
We will be there with LCVs during the next financial year. That strategy is intact and we are working hard to get the products out. Our strategy is to be below 7.5 tonnes on EVs, which will be the first one to adapt on a mass scale. We are working on a strategy on how to participate on a global scale. Since there is too much traction in the bus segment right now in India, we don't want to lose this. As you have seen, we are leading and also participating in this segment. We don't want to lose the momentum. We want to make sure that the bus segment is actively participating, and that enough products are there.

You were in talks with financial investors for raising funds. What is the status?
We have talked about it a lot. Since the market in India is futuristic, I don't see any issue in financing either from the group or a strategic partner who will come and work with us for scaling up the business globally. We are working with partners, who will invest in it, and it is as per the plan, and if it goes well by the end of this financial year, we will have all the partners in place.

We talked about $250-300 million between Switch and Ohm and we are working on it.

What is the role of Ohm Global Mobility in the Switch scheme of things?
India is running mostly GCC (gross cost contract) models for our buses. As original equipment manufacturer, Switch is the manufacturer and distributor and channel partner for electric buses and LCVs. We need a company that will capitalise these buses and run on pay per kilometre basis.

More on business-standard.com

The Economic Times
7th November 2022

VOLUME GROWTH faces headwinds in entry-level bikes & scooters, which can cap upside in the near term of an otherwise reasonably valued stock

Hero Moto's Street Appeal Hinges on Premium Bikes, EV Road Map

Ashutosh.Shyam
@timesgroup.com

ET Intelligence Group: Hero MotoCorp's September-quarter financial performance is unlikely to change the trajectory of its shares, as it has been largely in line with expectations and unlikely to reset full-year earnings estimates.

Lack of triggers in the near term may keep the upside capped for the shares as many investors remain underweight on the country's largest two-wheeler maker despite institutional holding in the auto sector being close to a multi-quarter high.

The September-quarter earnings show that the benefits of the softer commodity prices and the company's own price increases have started to transpire in earnings. The gross profit per vehicle increased by 9.4% year-on-year to ₹17,822 per vehicle in the second quarter of FY23, mainly on account of softer raw material prices and increasing premiumisation, which has lifted its average realisation per unit to ₹63,545 per unit.

ET ANALYSIS

Hero's realisation rose 8.1% YoY in the September quarter, as the share of premium products increased, while total volume growth remained flat at 1.43 million units. The share of executive and premium bikes accounted for 71.7% of the total bike volume, a growth of more than 7% over the corresponding quarter of the previous year.

The favourable trend of premiumisation is reflected in the festival season sales, where its retail volume rose 20% YoY.

The Xtec variant — a premium vehicle priced 7-10% higher than the conventional variant — accounted for 20% of the total festive season retail sales. The Xtec variants of Super Splendor and Passion have witnessed double-digit growth in the festive period.

According to the company, the demand for the Splendor Xtec variant is higher than what it could supply and the momentum of the premiumisation is likely to continue with a higher focus on the premium end of the market. The continued tailwind from lower raw material prices and the benefit of premiumisation may improve its margins in the second half of the current fiscal.

In contrast, headwinds to volume growth continue. The volume of the economy segment — an entry-level bike segment where the company has historically maintained its nearly two-third market share — saw a drop of 26% in the September quarter, which compressed its market share in the bike segment to 43.2% from more than 50% a quarter ago. The domestic bike volume grew just 2.5% in the second quarter, while industry volume had a growth of 15% in the same period. On the scooter side, it showed significantly higher divergence with industry volume and recorded a volume contraction of 7.4% YoY.

The company's management is expecting volume growth in the rural segment to pick up, thanks to above-normal rains, the expectation of good winter crops and the upcoming marriage season.

The stock market has factored in moderate volume growth in the second half as the entry-level bike segment continues to struggle, bringing in volumes nearly similar to the first half. This would translate into volume growth of 15-17% YoY basis for the full year for the domestic bike business after contracting in the range of 11-16% in the previous three years.

The volume growth from electric scooters may not be meaningful in the medium term despite it having launched its maiden EV scooter, Vida V1, as it is targeted to cater to the premium segment. The EV scooter ratio to the total scooter volume has already reached about 15%, therefore maintaining the current market share of two-wheelers would be an uphill task for the company in the medium term owing to phenomenal growth in the EV two-wheeler segment.

The company's shares are trading at 14 times one-year forward earnings, compared with the long-term average of 16 times. A reasonable valuation in the richly valued market may support the downside, but any substantial upward movement hinges upon how the company delivers on premiumisation plans on bikes compared with its stated guidance, and a clear road map to gain market share in the EV scooter space.

The Economic Times
12th November 2022

'Vested Interests' Behind Smear Campaign, EV Body Tells Panel

Nehal.Chaliawala@timesgroup.com

Mumbai: An industry body for electric vehicle (EV) makers has written to a parliamentary committee to lobby against an investigation into the alleged misappropriation of subsidies by some manufacturers. Some anonymous "detractors" were keen to derail e-mobility, it said.

The Society of Manufacturers of Electric Vehicles (SMEV) in its petition to the parliamentary standing committee on electric and hybrid mobility said that "vested interest groups" were trying to scuttle the government's e-mobility policy through an anonymous campaign.

The lobby group was referring to anonymous emails sent to various government departments and media organisations that alleged that several companies, including leading sellers Hero Electric and Okinawa Autotech, were wrongfully claiming subsidies under the government's Faster Adoption and Manufacturing of Electric and hybrid vehicles (FAME) scheme.

ET is in receipt of these emails.

The FAME scheme stipulates that to receive subsidies, EV makers must comply with a strict localisation road map for components used in vehicles to promote the development of a local manufacturing ecosystem.

Business Line 2nd November 2022

Monthly EV registrations cross the 1-lakh mark for first time in October

G Balachandar
Chennai

Monthly electric vehicle registrations (all segments) in the country surpassed the one lakh mark for the first time in October, thanks to the strong growth in the two-wheeler segment.

Total EV registrations have risen for the fifth month in a row.

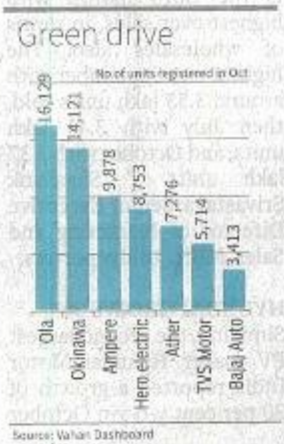
Total EV registrations in October at 114,001 units were up 23 per cent over 92,833 units in September. To put this in a perspective, EV sales in the full year 2020-21 totalled 1,33,000 vehicles.

Compared with registrations in the same month of 2021, the October numbers had soared by 190 per cent, according to data on Vahan Dashboard.

At 75,294 units, electric two-wheelers accounted for 66 per cent of all EVs sold in October; this is the highest sales ever in the segment. Electric 2W volumes grew about 42 per cent month-on-month and about 290 per cent year-on-year.

"Fifteen States have introduced EV policies with consumer-specific incentives since 2020. These coupled with the benefits provided by the FAME II scheme have helped bring down the high upfront cost of EVs, especially two-wheelers. Fleets and commercial entities are increasingly committing to deploy E2Ws," said Meghna Nair, Research Analyst, CEEW-Centre for Energy Finance.

CHARGED UP. At 75,294 units, electric two-wheelers accounted for 66 per cent of all EVs sold in October



EV PENETRATION RISES

"EV penetration (share in overall sales) for the two-wheeler industry was at 4.4 per cent in October, down from 5 per cent in September – a reflection of bunch-up of demand during the festival period that is difficult to match for EVs due to supply constraints," said Kumar Rakesh, Analyst-IT & Auto, BNP Paribas India.

Electric three-wheeler industry volume grew by about 11 per cent month-on-month and the penetration increased to about 55 per cent from about 49 per cent in September, he added.

Business Standard 4th November 2022

Indian EV makers 'not doing it right': Gogoro CEO

DEEPAK PATEL
New Delhi, 3 November

About 95 per cent of Indian electric vehicle (EV) makers are "not doing it right" and a lot of them are developing products in an ad hoc manner without consideration of safety, durability, and quality, said Horace Luke, chief executive and co-founder of Taiwaneese EV major Gogoro.

The company operates approximately 80 per cent of EVs in Taiwan.

There have been multiple EV fire incidents in India this year involving companies, such as Okinawa Autotech, Ola Electric, Pure EV, and Boom EV, following which they recalled specific batches of EVs from the market.

Luke on Thursday launched Gogoro in India with a pilot project in collaboration with ZyppElectric. In the pilot, Gogoro's 100 vehicles with its trademark swappable batteries will be deployed with B2B riders in Delhi to gather data. The company will also establish six battery-swapping stations in Delhi under the pilot project.

Gogoro's existing products, batteries, and swapping stations are being tested in India to know how to successfully commercialise them in the country with a partner or partners eventually, Luke told reporters. Will Gogoro launch its own EVs in India? "We don't know that yet," Luke replied.

He said the pilot would go as long as it was required to get sufficient data, after which the company will decide its future course of action.

The CEO said there was too much excitement in India regarding EVs. "There are a lot of people rushing into creating shiny bits (products), and creating solutions that are put together in an ad hoc manner without consideration of safety, durability, quality, and usability. That is where Gogoro comes in," Luke said.

He said Gogoro did not enter the Indian market earlier because it was not ready. Gogoro's own electric scooters — S1, Viva, SuperSport, Delight, etc. — are sold in Taiwan and other countries.

India's largest two-wheeler maker Hero MotoCorp had in April last year signed a pact with Gogoro to establish a battery-swapping network across the country and collaborate on EV development.

Luke said the collaboration with Hero MotoCorp was open and a "work in progress". Gogoro is free to launch its own vehicles and battery-swapping ecosystem in the country, he added.

He said Gogoro's battery swapping ecosystem should help the Indian EV industry build itself.

Business Line 5th November 2022

Ola Electric crosses 1 lakh mark in production...

Our Bureau
Bengaluru

EV manufacturer Ola Electric has rolled out its 1,00,000th scooter from its all-women-run Future factory in Krishnagiri, Tamil Nadu. Having commenced mass production in late November last year, Ola Electric has managed to reach this milestone in just 11 months.

Bhavish Aggarwal, Ola Electric founder and CEO, said: "Since embarking on our journey towards electrification of India, we have unlocked the potential of EVs in our country by offering customers a much superior product and experience than what any petrol alternative can offer.

"This milestone is just the beginning. The next 1 lakh will be in half this time as the transition to EVs gathers even more pace."

In October, Ola clocked an unprecedented 20,000 units in sales — the highest ever for any EV manufacturer in India. This was 60 per cent growth m-o-m, outpacing the entire EV segment by 2x.

DIWALI LAUNCH

Ola made a big push during Diwali with the launch of the Ola S1 Air for ₹84,999.

The S1 Air, along with the S1 and S1 Pro, will offer customers a premium 2W experience across multiple price points.

The bookings for the Ola S1 Air will begin in February 2023, while the deliveries are scheduled to begin in April of that year.

...but to miss target to fully utilise capacity in 6-8 months

Press Trust of India
New Delhi

Ola Electric will miss its target to fully utilise installed production capacity in the next six to eight months, and will achieve only 50 per cent of it by November 2023, said CEO, Bhavish Aggarwal, on Friday.

At the time of launch of the new S1 Air electric scooter ahead of Diwali last month, he had said the company was already producing more than 1,000 a day at its future factory and would be scaling it up significantly beyond that.

"We feel that in the next six to eight months we will exhaust the [current] installed capacity, and we are also, in parallel, expanding our capacity in the future factory," he had said.

Company officials had insisted that Ola Electric has a current capacity of 20 lakh units per annum at its factory, and it would be exhausted in the next six to eight months.

Business Standard 10th November 2022

Qualcomm plans to pick up equity in EV start-ups

SURAJEET DAS GUPTA
New Delhi, 9 November

In what could turn out to be a big push for the country's auto sector, especially electric two-wheelers, global chip design maker Qualcomm's venture capital arm is scouting around for domestic start-ups in the advanced auto tech space to buy equity stakes or go for a merger and acquisition. The company is also open to take minority stakes in electric vehicle (EV) companies if it fits into their overall strategy in expanding their technology use.

"Our ventures arm invests in key areas, including 5G, artificial intelligence (AI), automotive and Internet of Things (IoT) to help expand Qualcomm's ecosystem of customers and partners. We want to gain insights and invest in companies that advance our technologies. When we invest in start-ups, we help them with products or go to market operations," says a spokesperson at Qualcomm India.

Explaining the strategic direction of India's auto space, Qualcomm executives say that the country is the fourth largest auto market globally, and the biggest one for two-wheelers. Currently, the company is seeing and enabling a trend of cellular connectivity in automobiles as part of a basic offering for telematics, infotainment and advanced driver assistance systems (ADAS).

The spokesperson adds, "With the transition to EV, this trend is getting accelerated. And Qualcomm, with its cutting edge technology, is well positioned to provide advanced solutions that support the ongoing transformation of the automotive industry." Sources in the company point out that the country also has a large, and yet to be exploited, market for "subscription services", which can supplement revenues for vehicle makers. One such subscription service could be to offer advanced warning on whether there are potholes on the road or something lying ahead, which would obstruct driving. This could provide a safety net for drivers. Work is also on to build "assisted driving applications" which would help commuters.

"These packages can be bought with yearly, monthly or even daily subscription models, depending on the commuter's need. For instance, he might want to subscribe to a service which tells you about potholes only during the monsoon and maybe not in winter. So one has flexibility," says the source.

Executives also point out that with technology changing, electric cars will have processors with more computing power so that they can respond instantly to crisis situations. That quick response might not be possible by storing and processing the information on cloud even with the low latency of 5G.

Qualcomm has been in the forefront of cashing in on the huge increase in the demand for chips as a result of the growing move from internal combustion engine-powered vehicles to EVs. The company is also working on introducing use-cases in electric two-wheelers of technology that is already available in passenger cars.

The US chip design company has already supplied its processors to Ola Electric and is now in advanced talks to offer it to Hero Electric.

RETAIL EV SALES SOAR 185 % IN OCTOBER

The overall retail sales of electric vehicles (EVs), including passenger vehicles, in the country surged nearly 185 per cent year-on-year to 1,11,971 units in October, automobile dealers' body Federation of Automobile Dealers Association of India (FADA) said on Wednesday. EV sales stood at 39,329 units in October 2021.

PTI

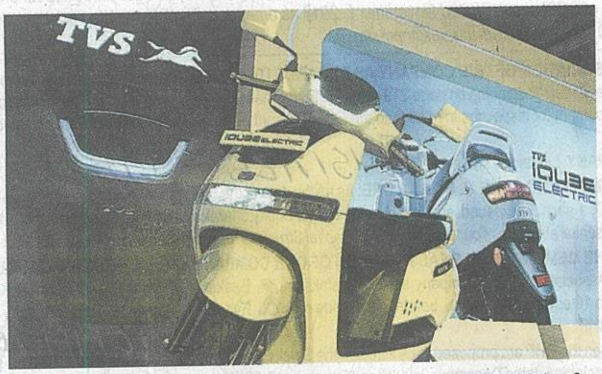
Business Line 10th November 2022

TVS Motor, Amazon India ink pact for deployment of EVs

Our Bureau
Chennai

Leading two- and three-wheeler maker TVS Motor Company has entered into a partnership with Amazon India under which the latter will use TVS' electric vehicles to deliver goods to customers.

In addition, the two companies will work together to examine EV use cases for various Amazon businesses.



USE CASE. Amazon will deploy TVS Motor's electric vehicles for its last-mile deliveries

STRONG NETWORK

Abhinav Singh, Director, Customer Fulfilment, Supply Chain and Global Specialty Fulfilment, Amazon India, said the collaboration will strengthen its delivery network. "This will support our supply chain in minimising the environmental impact of our operations and contribute to Amazon India's goal of inducting 10,000 EVs by 2025."

"We intend to expand our electric offering across multiple segments and commercial mobility stands at the opportune inflection point," said Manu Saxena, Senior V-P, Future Mobility, TVS Motor Company. He added that the company is ready with electric two- and three-wheeler options for B2B.

The partnership is also in line with TVS Motor's announcements aiming to have EVs across delivery, commuter and premium segments. The company will introduce a full portfolio of EVs over eight quarters in the domestic and international markets.

TVS Motor targets local logistics players, delivery associates, and fleet operators, among others for its electric two and three-wheelers.

The Economic Times 10th November 2022

Skoda Plans to Launch Electric In India Soon

Sharmistha.M
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New Delhi: Czech carmaker Skoda Auto is looking at jumping on to the electric vehicle bandwagon in the Indian market with the launch of its first vehicle in the next 12-18 months.

The company would initially introduce a fully-built model to test the market for electric vehicles in India. "First things first, we would like to test the market with a ready-made unit from Europe," said Petr Solc, brand director at Skoda Auto India told ET, adding eventually Skoda Auto will drive in some vehicles as parts and components, some fully built units and produce some locally and have wide combination of products in the years to come. The pace of introduction, of course, would depend on how charging infrastructure for EVs develops in the country.

Skoda — which has seen volumes grow in the local market with SUV Kushaq and sedan Slavia under the India 2.0 program — is upbeat about growth prospects and is in fact considering upping investments to expand its portfolio across both ICE (internal combustion engine) and EV (electric vehicle) segments.

Co would initially introduce a fully-built model to test the market for electric vehicles in India

Solc said, "The Indian market is getting more and more important for Skoda. Now we are the third biggest market for Skoda brand globally. And actually the biggest market for Skoda out of Europe." India has emerged as one of the fastest growing markets for passenger vehicles in the world in recent times, with sales this year expected to close in on the 4 million mark.

Sales volumes for Skoda itself in the country are expected to more than double to about 50,000 units in 2022. Prior to this, the company had clocked best-ever sales a decade back at about 34,000 units.

The Economic Times
5th November 2022

Tesla's Ex-India Policy Chief to Join EV Co Ather

Bloomberg

Tesla Inc's former India policy chief is joining homegrown electric scooter startup Ather Energy, one of the best-funded fledgling firms in a sector attracting record investment. Manuj Khurana, who quit his post as Tesla's local head of policy and business development in June, will start next week at the firm based in the southern technology hub of Bengaluru, a person with knowledge of the matter said. Khurana will join as a vice president, though his specific role there is unclear, the person said, declining to be named as the matter is not public.

Ather, which competes with local rivals including Ola Electric, this year raised $128 million from investors including Hero MotoCorp and India's National Investment & Infrastructure Fund. It's one of players vying for a slice of a market expected to surpass $150 billion by end of the decade.

PRESS REPORTS
ON
TWO-THREE WHEELERS

Business Line 11th November 2022

Oct 2-wheeler sales at 2-year high

Aroosa Ahmed
Mumbai

Two-wheeler sales in October hit a two-year high with more than 1.5 million vehicles being sold across the country.

According to vehicle retail data by the Federation of Automobile Dealers Associations (FADA), two-wheeler sales in October stood at 15,71,165, the highest monthly sale since March 2020 when 18,47,314 units were sold primarily due to the transition of vehicles from BS4 to BS6.

"There was single-digit growth over the last two months. In October, a 51 per cent growth was reported in every segment. The demand was not just witnessed at the premium segment but also in the entry-level two-wheeler segment with good schemes offered by OEMs at 10 per cent of vehicle value," said Manish Raj Singhania, President of FADA.

LOOKING UP. The industry is anticipating the demand to increase in the coming months

WHAT WORKED

With sales coming back to pre-Covid levels, an uptick in demand for two-wheelers from the rural areas was also witnessed during the month.

"A combination of positive factors, including pent-up demand, a mega festival month, increased EV sales, and upbeat tier-3, -4 demand due to robust monsoon in many States seems to be responsible for driving sales. Many rural markets saw double-digit y-o-y growth over the last festival season," said Atul Jairaj, Partner, Deloitte India.

The industry is anticipating the demand for two-wheelers to increase in the coming months.

"With the rural economy picking up due to crop harvest, the wedding season and State elections, we are hoping the growth trend will continue," said Singhania.

An uptick in demand is also being anticipated with new launches. "The slightly higher retail numbers (15.7 lakh) over wholesale/dealer dispatches (14.9 lakh) in October augurs well for increased dispatches over the next few months. However, given the anticipation for new launches combined with continued macro-economic uncertainties around inflation, the industry needs to continue being cautiously optimistic," Jairaj added.

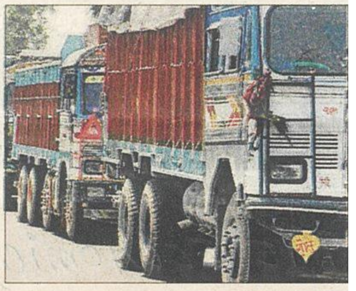
PRESS REPORTS
ON
COMMERCIAL VEHICLE

The Economic Times 10th November 2022

'Commercial Vehicle Sales will Reach Previous Peak of 1 m Units by FY24'

Rapid recovery in economic activity and resurgence in replacement demand to help: Fitch

Our Bureau



Mumbai: Sales of commercial vehicles will likely reach the previous peak of nearly a million units by FY24, Fitch Ratings said, aided by a rapid recovery in India's economic activity and resurgence in replacement demand.

The ratings agency expects commercial vehicle (CV) sales to expand at 14-19% over the coming few years.

Apart from a better macroeconomic environment, the CV industry will also benefit from better availability of financing, the report noted.

Meanwhile, higher fuel prices will nudge fleet operators to replace their older vehicles with newer, more efficient ones.

"Most fleet operators chose to defer the purchase of new CVs in view of various challenges since 2018 that weighed on fleet utilisation rates and profitability," noted analysts at Fitch led by Snehdeep Bohra. "This caused a stagnant population of active CVs since FY19. The average age of vehicles also rose to multi-year highs, which is typically associated with lower fuel efficiency."

This will directly aid the business of companies such as Tata Motors, Ashok Leyland, Eicher Motors and Mahindra and Mahindra, which have reported muted commercial vehicle sales since FY19.

The medium and heavy commercial vehicles (MHCV) segment was particularly hit hard by macroeconomic headwinds even before the pandemic struck. Now, the recovery in the segment is expected to be sharper as well.

"We expect volume in the MHCV segment — which typically exhibits a higher degree of cyclicality due to end-market exposure and higher dependence on financing — to recover by more than 20% y-o-y in FY23, faster than the broader CV industry," Fitch said.

Meanwhile, the light commercial vehicles segment is forecast to continue to perform well.

Business Line
12th November 2022

Ashok Leyland vows to maintain a market share of more than 30%

G Balachandar
Chennai

Leading truck and bus-maker Ashok Leyland, which has reported strong growth in profit and revenue for the September 2022 quarter, seeks to maintain its market share of 30 per cent plus in the medium and heavy commercial vehicle (M&HCV) market, supported by acceptance of its new product range, plugging of gaps in its portfolio and network.

The company has achieved a market share gain of 9.6 per cent in the quarter and the total market share touched 32 per cent in M&HCV segment in Q2 of this fiscal. Along with network expansion, strong acceptance of its Avtar range of vehicles contributed to the market share growth.

"Our products have been performing well and there has been a lot of work going on since last one year on the network expansion, especially in some of our weaker zones in northern and eastern India," Dheeraj Hinduja, Executive Chairman, Ashok Leyland told *businessline*.

SHIFT TO CNG

The company addressed some gaps in its product portfolio, particularly in the ICV (intermediate commercial vehicle) segment. It had a setback last year as there was a big shift to CNG models in the ICV market due to the lower price of CNG and delays in the introduction of its CNG models.

> **ALL has achieved** a market share gain of 9.6% per cent this quarter and the total market share touched 32% in the M&HCV segment

In Q4, it introduced our CNG models. But since then, there has been a shift from CNG to diesel due to CNG price increases. With new launches, it achieved growth in its market share in the ICV segment - from low teens a few years ago to about 25 per cent now.

"Going forward, we will not only be able to maintain market share but also grow it further. I would say that 30 per cent plus is something that we are confident of maintaining. But we will not do any deep discounting to win market share," said Hinduja.

SOLID QUARTER

The Hinduja flagship posted a net profit of ₹199 crore in Q2 of this fiscal compared with a net loss of ₹83 crore in the year-ago quarter. Revenue from operations soared 85 per cent at ₹8,266 crore (₹4,458 crore).

PRESS REPORTS ON TRACTORS

Business Line 14th November 2022

Festival demand lifts Oct tractor sales to all-time high

ON THE FLIP SIDE. Exports drop below 10,000 units for the first time in 16 months

G Balachandar
Chennai

With a festival boost, the domestic tractor industry hit a historic volume level this October, but exports moderated during the month.

September was also a strong month for the industry. As the sales momentum continued in October and the festival season boosted positive sentiments further, the total domestic tractor volumes stood at 1.24 lakh units (up 7 per cent y-o-y), the highest-ever monthly sales to date.

On a month-on-month basis, the growth was 9 per cent, according to data provided by Tractor & Mechanization Association (TMA).

'HEALTHY GROWTH'

October was the second month that domestic tractor sales recorded a y-o-y growth after April. "The wholesale volumes over the past two months (September and October) have grown at a healthy pace (23 per cent and 7 per cent y-o-y, respectively), with OEMs building up dealer inventory to cater to strong demand during the festival season," said rating agency ICRA.

"Festival season kept the spirits high and led to very strong momentum in demand for tractors and farm machinery," said Hemant Sikka, President-Farm Equipment Sector, M&M. The company saw its tractor sales grow 10 per cent at 50,539 units.

GOOD SHOW. Sonalika Tractors said the company clocked its highest-ever deliveries of 20,000 units in October with 16 per cent billing growth

Sonalika Tractors said the company clocked its highest-ever deliveries of 20,000 tractors in October with 16 per cent billing growth which is almost double the industry growth during the month.

NEW PEAK

Total tractor production during October stood at 86,856 units compared with 90,395 units in October 2021. For the first time in 16 months, tractor exports dropped below 10,000 units. Total exports stood at 8,888 units compared with 12,194 units in October 2021.

For April-October period, total domestic tractor sales grew 10 per cent at 610,731 units compared with 556,447 units in the year-ago period, while total exports grew 6 per cent at 79,308 units compared with 74,491 units.

"For FY23, we expect the domestic tractor industry to grow in single digit and may touch a new peak in the current fiscal," said Bharat Madan, President-Finance, Group CFO and Corporate Head, Escorts Kubota Ltd.

Business Line 2nd November 2022

'Tractors in 40-50 horse power segment are now the top sellers'

Our Bureau
Bengaluru

Tractors in the 40-50 horse power (HP) segment are seeing the highest sales traction, TractorJunction.com, a digital market place for farm equipment said.

"Farmers are now buying tractors based on their application or usage. Since majority of the Indian farmers have landholdings below 2-3 hectares, the segment of 40-50 HP tractors witnesses high traction. This segment of tractors fall in the compact and standard segment, ideal for ploughing and tilling work. Tractors in the 40-50 HP segment are suited for diverse non-agri applications, thereby allowing a farmer to diversify his income sources and providing the highest value for money" said Rajat Gupta, Founder of Tractor Junction, said in a statement.

M&M AT THE TOP

Tractors in the 40-50 HP segment are among the top 10 models. M&M 575 – 47 HP topped the list for the highest traction and sales. In terms of the best tractor brand - Mahindra & Mahindra remains highest-selling tractor in India with offerings in almost every segment and various specifications. Further, TractorJunction said the highest users of tractor were in Uttar Pradesh, followed by Madhya Pradesh, Rajasthan and Maharashtra. These States are leading the tech savvy list of farmers who are capitalising technologies such as telematics based tractors, soil testing and monitoring of farms. This has improved the farm yields and food quality, the statement said.

TractorJunction helps to buy, sell, finance, insure and service new/used tractor and farm equipment and has more than 300 new tractors, over 75 harvesters, 580 implements, 135 farm tools, and 120 tyres across brands listed on its platform.

PRESS REPORTS ON COMPANY NEWS

The Economic Times 14th November 2022

COMPANY'S PLAN TO DOUBLE CAPACITY at a time of rising orders to boost automotive segment volumes, improve operating margins and help maintain current valuation premium

As Buyers Drive In for More SUVs and M&M Makes More, Stock to Revv Up

Ashutosh.Shyam@timesgroup.com

ET Intelligence Group: Mahindra & Mahindra's stock outperformance may sustain on improving volume visibility as the company laid out a plan to nearly double its automotive segment installed capacity in the medium term which would help strengthen its market share in the sport utility vehicle (SUV) segment.

The company's move of increasing capacity would lend more credence to investors that it is able to bring down the waiting period that has crossed more than a year for certain variants of the top-selling models, thereby lowering the risk of cancellation as supply pressure is easing for the competition. M&M's stock has outperformed the Nifty 50 by 28% in the past six months and it is one of the best-performing stocks in the auto segment.

The maker of the Scorpio and the XUV 700 is set to increase its installed SUV capacity to 39,000 a month by the end of this financial year and further to 49,000 a month by the end of the next fiscal. At the end of FY22, M&M had a capacity of about 29,000 units of passenger vehicles a month. By next fiscal, top-selling models such as the XUV 700, Scorpio-N and Thar will account for two-thirds of the total new installed capacity.

A higher installed capacity base may lift the consensus volume estimate for the next fiscal. Analysts have forecast sales of 350,000 SUVs in FY23 and 410,000 units in FY24, which implies year-on-year growth of 56% and 17%, respectively. In the first seven months of the current fiscal, M&M's passenger vehicle sales grew 77% year-on-year to about 201,000 units, which translates into an average monthly volume of 28,714 units.

Demand for M&M's SUVs remains encouraging, with the total order book reaching 260,000 units at the beginning of November — equivalent to 1.2 times the sales last fiscal. XUV700 and Scorpio-N have monthly bookings of 11,000 and 17,000 units, respectively, which took total monthly bookings to a record 53,000 units in September.

XUV700 and Scorpio see a large chunk of demand from major metros and from additional car buyers. This shows that the company has been able to penetrate beyond its traditional customer catchment in rural areas. Besides, capacity addition will help the company expand its base in export markets such as South Africa and South America and gear up for incremental volume for electric vehicles.

The move to increase capacity lends credence to investors that M&M is able to bring down waiting periods

Increasing utilisation will help M&M maintain its trajectory of improving its operating margin (EBIT). In the September quarter, the automotive segment EBIT expanded 40 basis points to 6.1% on a sequential basis as the company ended its introductory pricing on XUV 700 and Thar, cost optimisation and the positive effect of higher operating leverage. The absolute quarterly EBIT of the automotive is just a shade away from the farm machinery segment with a contribution of about ₹900 crore.

Just a few quarters ago, the automotive segment contributed one-third of the operating profit and the farm segment the rest. Improving operating leverage, price hikes and moderating raw material prices may help operating profit reach 7% in the next fiscal, close to that of the leading industry peers.

On the farm business side, the sales volume grew 10% during the festive season and the company reiterated its guidance of 5% volume growth. This may result in an upside for the volumes of the farm segment, where analysts have been factoring in flat volume growth for the current fiscal.

The stock is trading at 21 times one year forward earnings, a 16% premium to its long-term average. The premium may sustain with a strengthening SUV franchise, improving profitability and continued focus on capital allocation.

Business Standard 4th November 2022

A first for industry: Hyundai may ink pacts for direct power purchase

DEEPAK PATEL
New Delhi, 3 November

In a first for a car company in India, Hyundai Motor India Ltd (HMIL) may sign direct power-purchase agreements to procure electricity, both conventional and renewable, from power generators or through the grid to boost its charging infrastructure for electric vehicles (EVs) in the country.

Such direct contracts will assist the carmaker in getting cheap power.

Companies usually rely on discoms for electricity supply at relatively high commercial rates. HMIL, which has EV-charging points at its 34 dealerships, is planning to do sizeable investment in its charging infrastructure, sources said.

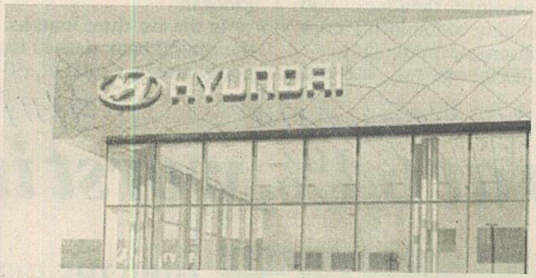
Lack of sufficient EV-charging points is a major factor hampering the growth of EVs in India. The South Korean carmaker, which is planning to launch six EVs in India by 2028, had on August 8 this year amended its Articles of Association (AoA) to include the aforementioned points regarding direct electricity procurement.

Business Standard has reviewed the revised AoA. HMIL did not respond to queries sent by the newspaper.

In its revised AoA, the company said it planned to "invest in electric charging infrastructure, develop revenue models, enter into all types of contracts, agreements including but not limited to consultancy services, development of software, procurement of electricity either from the grid or through non-renewable sources etc".

Green as well as non-green power producers sell electricity in the open market "grid".

HMIL sells one EV — Kona Electric — in India. The company is expected to launch a second EV —Ioniq 5 — for the Indian market in a few months, sources said. EV sales are seeing huge growth amid the Central government's push for greener vehicles.



DOMESTIC SALES OF TOP 5 EV MAKERS

	Apr '22	May '22	Jun '22	Jul '22	Aug '22	Sep '22
Tata Motors	1,812	2,495	2,724	2,891	2,765	2,831
MG Motor	245	247	235	268	316	280
Hyundai	23	27	51	61	73	74
BYD	21	42	49	44	45	63
Mahindra & Mahindra	13	9	19	26	17	112

Source: FADA

According to the Federation of Automobile Dealers Associations (FADA), 18,142 EVs were sold in the first half of FY23 against 4,932 units in the corresponding period of FY22.

HMIL is a small player in the Indian EV market, which is dominated by Tata Motors. HMIL sold 309 EVs (Kona Electric) in India during the first half of FY23 as compared to Tata Motors, which sold 15,518 in the same period, according to FADA. In terms of domestic car sales, HMIL was number two in September. According to the FADA, the South Korean carmaker sold 39,118 cars in India last month. Maruti Suzuki was at number one with 103,912.

In a statement on May 17, Tata Power had said it had signed a memorandum of understanding (MoU) with HMIL to set up fast chargers (DC 60 kW) at the latter's existing 34 EV dealer locations in 29 cities along with the supply, installation, and commissioning of home charging for the car company's EV customers.

However, the statement did not mention anything about any power-purchase agreement between HMIL and Tata Power. "Currently, all 34 HMIL dealer locations are equipped with AC 7.2 kW chargers, and the company aims to expand the fast-charging infra network across its pan-Indian dealerships. This new partnership will be of tremendous benefit to customers as the vehicle-charging time of a DC 60 kW charger is much less than the AC 7.2 kW charger. DC 60 kW charging stations will enhance customer convenience," Tata Power had said in its statement.

Under the tie-up, the charging stations at HMIL dealers will be open for EV owners of all firms, it had said. "Also, end-to-end charging solutions at the home of HMIL's EV owners will be offered by Tata Power for their convenience resulting in hassle-free EV ownership," Tata Power had added.

Business Standard 11th November 2022

Eicher logs highest-ever profit of ₹657 crore in Q2

SHINE JACOB
Chennai, 10 November

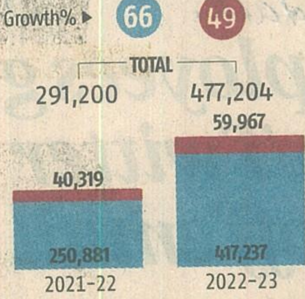
Royal Enfield maker Eicher Motors logged its highest-ever net profit in the second quarter of the financial year (Q2FY23), seeing a 76 per cent rise in net profit to ₹657 crore, compared to a ₹373-crore profit during the same period last year on account of improved sales.

The firm also recorded a 56 per cent increase in revenue from operations at ₹3,519 crore, its highest ever, compared to ₹2,250 crore in the corresponding quarter of FY22. The company's earnings before interest, taxes, depreciation, and amortization (Ebitda) was also up 75 per cent to ₹822 crore against ₹470 crore in FY22.

Royal Enfield, made by Eicher Motors, sold 203,451 units in the quarter, a 65 per cent increase from 123,515 motorcycles sold over the same period in FY22.

RACING AHEAD

Eicher Motors' Apr-Oct sales



"We have seen the highest ever revenue from operations and profit after tax. We started the quarter with the launch of Hunter 350. The festival season brought in strong sales for Eicher Motors," said said B. Govindarajan, chief executive officer—Royal Enfield and Wholetime Director, EML. He said that the company is looking at a capital expenditure of ₹750 crore during the current financial year, out of which over ₹300 crore is already deployed.

"At the halfway mark, our overall performance has been very encouraging. We have witnessed great uptick with the launch of new Hunter 350. Further, we are super happy at having showcased our spectacular new cruiser, the Super Meteor 650 at EICMA, earlier this week. This elevates our portfolio in the 650 twin category," said Siddhartha Lal, managing director, Eicher Motors.

The Economic Times 11th November 2022

VOLUME STRESS at UK arm and margin headwinds at home to lead to net loss for fifth year in a row

Little Cheer for TaMo Investors till JLR Chips In, Local Pressure Eases

Ashutosh.Shyam@timesgroup.com

ET Intelligence Group: Tata Motors has underperformed the benchmark Nifty 50 by 20% over the past 12 months. The trend may continue in the near term going by its lacklustre second-quarter result.

The UK subsidiary Jaguar Land Rover (JLR) has trimmed volume and margin guidance for the current fiscal due to continued supply shortages. In addition, the domestic business was marred by commodity inflation that suppressed margins. This is likely to reduce the consensus earnings estimate for Tata Motors by 5-9%.

ET ANALYSIS

JLR expects a sales volume of 1,60,000 units (excluding China JV) in the second half of the current fiscal year. In the first half of the year, JLR had a sales volume of 147,000 units, implying an expected full-year volume of 310,000 units. This is 40,000-50,000 units lower than the consensus volume forecast reflecting a foregone revenue of around £3 billion based on the average selling price of JLR cars.

Worryingly, the volume decline for JLR on a three-year annualised basis is higher than global luxury peers. This shows an accentuated impact of semiconductor shortage on JLR. The company has moderated the outlook for operating margin (EBIT margin) to "positive" from the earlier expectation of 5%.

JLR has entered into partnership agreements with chip suppliers to alleviate the shortage. It expects to improve volume in the second half of the current fiscal year. Analysts estimate a volume of 310,000 and 360,000 units for the current and next fiscal years implying a volume growth of 6% and 16%, respectively. If the company increases volume growth this year, it would be for the first time in four years.

The demand for JLR appears to be strong given the order book of over 200,000 vehicles, of which 72% are Range Rover, Range Rover Sport and Defender. JLR has ramped up production of Range Rover and Range Rover Sport to 2,400 per week in October compared with 1,350 in August. Richer product mix and cost savings helped JLR to post an Ebitda margin of 10.3% in the September quarter compared with 6.3% in the previous quarter. It has reduced the cash break-even level to 300,000 units in FY23 compared with 660,000 units in FY19. This would support margin expansion when capacity utilisation moves up.

Back in India, the Ebitda margin dropped by 70 basis points sequentially to 5.4% in the September quarter due to commodity inflation and one-off cost despite 9% growth in volume at 1,42,000 units. The margin pressure is expected to ease with moderation in input prices and rising product prices.

After a 50% growth in FY23 so far, analysts expect a single-digit volume growth for the next year. In the commercial vehicles (CV) segment, the Ebitda margin dropped by 50 bps to 5% due to the residual impact of commodity inflation and lower export mix as volumes in international markets dipped sharply. The CV retail market share of Tata Motors dropped to 43.2% in the September quarter compared with 44.7% in FY22.

The volume pressure in the overseas business and margin headwinds in local business would result in Tata Motors posting a net loss in the current year on a consolidated basis. This would be the fifth year in a row when Tata Motors would have an accounting net loss.

Business Line 1st November 2022

Maruti starts offering CNG variants of Baleno, XL6

Our Bureau
New Delhi

Maruti Suzuki India (MSIL) on Monday expanded its S-CNG technology in Nexa channel — the new Baleno and the all-new XL6 — providing customers with feature-rich and class leading products with minimal impact on the environment.

Introduced first in 2010 with Eeco, Alto and WagonR, MSIL has so far sold 1.14 million CNG vehicles, which has saved CO_2 emissions of around one-million tonne and this extension of CNG fuel option to vehicles sold under premium retail chain Nexa is to meet the target of nearly 75 per cent jump in sales of CNG vehicles at four-lakh units this fiscal, a senior executive at MSIL said.

"This year, we should be selling close to four-lakh CNG cars as against 2.3 lakh cars we sold last year. Today, we have 10 out of the total of 16 models (that the company sells) which have the CNG," Shashank Srivastava, Senior Executive Director - Marketing and Sales, MSIL, told reporters adding that with these two new models the company's CNG offering will go up to 12 models.

Shashank Srivastava, Senior Executive Director, Marketing and Sales, MSIL

TWO VARIANTS

The Baleno S-CNG will be available in two variants -- Delta, manual transmission (MT) to be priced at ₹8.28 lakh and Zeta (MT) priced at ₹9.21 lakh, while the XL6 S-CNG will be available only on Zeta (MT) variant at ₹12.24 lakh (all ex-showroom prices), he said.

On the overall demand for CNG vehicles, Srivastava said the average bookings per day last year was 1,300-1,400 vehicles and it went up slightly in the first quarter of this fiscal to 1,400-1,500 range.

In terms of order book for CNG vehicles, he said, "As of today pending bookings for CNG vehicles is about 1.23 lakh units." However, the unavailability of CNG controller semiconductor along with certain other components related to the technology led to long waiting period for CNG vehicles, which ranged from a week for WagonR CNG to about eight to nine months for Ertiga CNG which has the highest pending order of 72,000 units, he added.

Business Line
5th November 2022

Maruti Suzuki plans ₹7,000-cr capex in current fiscal: CFO

Press trust of India
New Delhi

Maruti Suzuki India plans to invest over ₹7,000 crore this year on various initiatives, including the construction of its plant in Haryana and model launches, according to company CFO Ajay Seth.

The country's largest carmaker has already commenced work at the new facility in Sonipat district.

The Kharkhoda-based plant, is expected to be operational by 2025 with an installed production capacity of 2.5 lakh units in the first phase.

Currently, Maruti Suzuki India has a cumulative production capacity of over 22 lakh units per annum across its two manufacturing plants in Haryana and parent Suzuki Motor's facility at Gujarat.

The two plants in Haryana — Gurugram and Manesar — together roll out around 15.5 lakh units per annum. In May, the auto major had announced to invest ₹11,000 crore in the first phase of the Sonipat facility. "We will be spending upwards of ₹7,000 crore this year," Seth said in an analyst call.

FOCUSED ON TWO AREAS

Elaborating on the investment plans, he said the earmarked amount would cover various activities.

"We'll have to place orders to vendors (for the Sonipat plant). So, that will be one major portion of the capex," Seth noted. He added, "Besides that, all the new model launches that we are doing

Ajay Seth, CFO, Maruti Suzuki

where we have to have the investment on toolings. I think that will be another large piece of capex. So, these are two areas where the capex will be maximum." The capex would also go into other areas like R&D, the regular maintenance among others, Seth said.

BUSINESS OUTLOOK

On current business outlook, Seth said: "The electronics component shortages are still limiting our production volumes. In this quarter, the company could not produce 35,000 vehicles." Limited visibility on the availability of electronics components is a challenge in planning the company's production activities, he added. "Our supply chain, engineering, production, and sales teams are working towards maximising the production volume from available semiconductors. The supply situation of electronic components continues to remain unpredictable," Seth stated.

He said the company's pending customer orders stood at about 4.12 lakh vehicles at the end of Q2 with recently launched models accounting for around 1.3 lakh pre-bookings. Having achieved success with both Brezza and Grand Vitara, the company aims to bring in more models in the SUV segment, Seth said.

"Going forward, the company will strive to further strengthen its SUV portfolio to dominate the SUV segment, just like all other segments," he said.

Business Line 11th November 2022

Skoda India hopes to cross 50,000-mark in sales this year

S Ronendra Singh
New Delhi

Skoda Auto India on Thursday said the company will sell 50,000 vehicles this year, from around 23,000 units last year.

"Year to date, we have sold 44,500 cars in the Indian market, which is almost double to what we did last year and of course our ambition is to cross 50,000-mark this year. Also, it is an all-time high record for us," Petr Solc, Brand Director, Skoda Auto India, told *businessline*.

MORE GROWTH

He said the company expects to further grow its sales in the coming years. Talking about the current market scenario, he said the Indian car market with around 31 lakh cars is in one of the best times right now

Petr Solc, Brand Director, Skoda Auto India

and is expected to close the current fiscal with around 36 lakh vehicles. "The market will grow much stronger in the years to come, so there's a good chance the market hits the 40-lakh mark within the next two years," Solc said.

The company is riding its success because of two products – Kushaq SUV and Slavia sedan. The company has enabled lower maintenance costs for its cars, Solc said.

Business Line
12th November 2022

Auto, farm verticals drive M&M net up 45%

Our Bureau
Mumbai

Mahindra and Mahindra Ltd posted a 45 per cent increase in net profit for the quarter ended September 30,2022, driven by growth and sales of its auto and farm divisions.

The company clocked ₹2,772 crore net profit during the quarter against ₹1,928 crore in the same quarter last year.

Revenue from operations grew 39.1 per cent to ₹29,870 crore (₹21,469 crore).

The company said it remains the No. 1 brand in SUV with the highest ever monthly booking of 53,000 units in September. It has an open booking of over 2,60,000 units in SUVs and light commercial vehicles achieving 60 per cent market share in Q2 F23 with an uptick of 10.8 per cent year-on-year.

"While the auto segment has led growth, we have seen steady performance across our group companies. Our journey of creating value and providing growth capital continued through the Susten-OTPP transaction and the BII transaction," said Anish Shah, Managing Director.

"We recorded our highest quarterly revenue for the auto and farm segments. In SUVs, we continue to be the revenue market share leader. Festival sales have been strong this year across auto and farm sectors," said Rajesh Jejurikar, Executive Director of Auto and Farm Sectors, Mahindra and Mahindra Ltd.

Bharat Forge gets ₹1.2K-cr order to export artillery

Order value over 1/10th of India's defence exports in each of last 2 years

AJAI SHUKLA
New Delhi, 9 November

In a breakthrough in indigenous weapons systems exports, Pune-based Bharat Forge announced on Wednesday that Kalyani Strategic Systems — a wholly owned subsidiary — "has been awarded an export order for a 155-millimetre (mm) artillery gun platform to be executed over a three-year time frame".

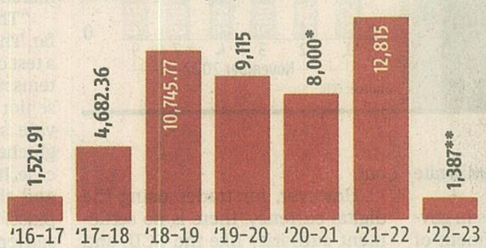
"The total value of the order is $155.5 million," stated a company media release. That amounts to approximately ₹1,265 crore — more than one-tenth the value of India's annual defence exports in each of the last two years. Bharat Forge has neither announced the name of the buyer country nor the type of gun being exported. However, Ministry of Defence (MoD) sources have confirmed that the buyer country is Armenia and the order consists of 155 mm, 39-calibre howitzers mounted on trucks for mobility. Sources in the MoD say the order has been made public only to conform to the Securities and Exchange Board of India regulations that demand the publication of information likely to affect stock prices. Bharat Forge had its board meeting on Wednesday. At the price that Bharat Forge has divulged, the Armenian order will involve the purchase of four to five regiments of 155 mm mounted gun systems (MGS). Each regiment consists of 18-20 guns.

"This order, to a non-conflict zone, is a great testament to the Government of India's Aatmanirbhar Bharat agenda and its sustained push to promote exports of indigenously designed, developed, and manufactured advanced defence platforms from India," stated the Bharat Forge press release. Bharat Forge is becoming a big player in artillery gun systems, along with Tata Advanced Systems. Both companies are working with the Defence Research and Development Organisation in developing the indigenous Advanced Towed Artillery Gun System, a 155 mm, 52-calibre howitzer that is significantly heavier, more powerful, and has a longer range than the MGS. This order will have a significant impact on the growth of overall defence exports. The government had stated in the Rajya Sabha on February 10, 2020, that India's defence exports had grown sevenfold in two years - from ₹1,522 crore in 2016-17 to ₹10,746 crore in 2018-19.

According to a target set by MoD in the Defence Production Policy of 2018, the annual defence exports are to grow to $5 billion by 2023.

STEADY GROWTH

India's total defence exports (₹cr)



Note: *approximate value; **as on June 30, 2022
Source: Analysis based on Budget figures

Business Standard
10th November 2022

Wheels India may cut back capex on higher costs, drop in exports

Our Bureau
Chennai

Leading auto parts player, Wheels India Ltd, has indicated that it is likely to hold back a portion of the capex planned for this fiscal due to sluggish export demand and a spike in costs.

DECLINE IN PROFIT

The company reported a net profit of ₹15.14 crore for the quarter ended September 30, 2022, as against the ₹21.2 crore in the same period the previous year. However, revenues for this September quarter went up by 22 per cent to ₹1,109 crore from ₹911 crore a year ago, driven by the commercial vehicle market.

For the half-year period ended September 30, 2022, net profit was lower at ₹26 crore when compared with ₹31 crore in the year-ago period. Revenues stood at ₹2,166 crore as against ₹1,586 crore, an increase of 37 per cent.

The drop in profit was due to sudden fall in some of the export businesses, notably in August and September.

Srivats Ram, Managing Director, Wheels India

IMPACT IN US, EUROPE

Exports have been impacted especially more in retail-related segments in the US and Europe. "It is more of a temporary trend. Exports will improve from the current level from December this year," Srivats Ram, Managing Director, Wheels India said.

Also, the impact was due to an increase in interest cost, on account of rate increase and a spike in working capital.

Business Line
2nd November 2022

Business Line 1st November 2022

Rane Group firms bag ₹620-cr orders in H1

G Balachandar
Chennai

Leading auto component house Rane Group has bagged ₹620-crore worth of new business orders during H1 of this fiscal and targets to achieve higher than industry growth.

During H1, ZF Rane Automotive India bagged ₹240-crore orders for occupant safety products and ₹155-crore new orders for steering gear products. Rane (Madras) bagged ₹105-crore orders for steering products from various international and domestic companies.

Rane NSK won ₹75-crore orders for manual steering columns from various companies. Rane Brake Lining and Rane Engine Valves secured orders worth ₹.35 crore and ₹10 crore respectively.

During the period under review, the group recorded a 33 per cent increase in total revenue at ₹3,306 crore compared to ₹2,485 crore in the year-ago period.

L. Ganesh, CMD, Rane Holdings Ltd

"The group companies posted strong revenue growth supported by favourable demand from Indian OE and export customers. Higher volumes and improved operational performance helped to mitigate material price increases," said L Ganesh, Chairman and Managing Director, Rane Holdings Ltd, the holding company of the Rane Group.

REVENUE GROWTH

Revenue from Indian OE customers (accounted for 68 per cent of total revenue) grew 36 per cent supported by strong growth across vehicle segments.

Also, revenues from International customers (23 per cent of total revenue) increased by 25 per cent driven by higher off-take across products. Revenue from the Indian aftermarket segment (which makes up 9 per cent of total revenue) grew 31 per cent.

"More than 93 per cent of revenue came from powertrain agnostic products and the company continued to dominate the domestic market across products," according to the group's investor document.

HIGHER GROWTH

Meanwhile, the group continues to target higher-than-industry growth in business segments.

During H1, the group's passenger vehicle revenue recorded 34 per cent growth compared to industry growth of 36 per cent. "Lower growth was due to lower increase of few served models," it said. However, the group recorded significantly higher growth in the commercial vehicle, tractor, and two-wheeler businesses. In CV, the group's growth was 71 per cent as against industry growth of 56 per cent, while tractor revenue grew 15 per cent as against 5 per cent industry growth, supported by an increase in power steering penetration. In two-wheeler, the group recorded a 34 per cent increase, while the industry growth was at 20 per cent. "Better performance is driven by higher offtake of valve train products," it said.

GROWING DEMAND

The management pointed out that the easing of semiconductor shortage is driving demand from Indian PV customers.

The the group is witnessing a demand up-cycle in the CV segment. Also, it is seeing plateauing of commodity prices and expects some softening in the coming quarters.

The Economic Times
7th November 2022

Maruti Suzuki may Expand its Manesar Plant Capacity by 1L Units by April 2024

New Delhi: Maruti Suzuki India (MSI) may increase its Manesar plant production capacity by one lakh units to cater to the enhanced demand before its Sonipat facility commences operations in 2025, a senior company official said.

The additional one lakh unit per annum capacity at Manesar may come by April 2024 and Kharkhoda in the subsequent year, he added.

The country's largest carmaker may also look at expanding production capacity at its Gurugram-based manufacturing facility to cater to the rising demand for its products. Currently, MSI has a cumulative production capacity of 15 lakh units per annum at both Manesar and Gurugram plants. It additionally has access to 7.5 lakh units from parent Suzuki Motor's facility in Gujarat.

The company has already commenced work at the new facility in Kharkhoda in Haryana. The plant is expected to be operational by 2025 with an installed production capacity of 2.5 lakh units in the first phase.

"As of now, we have about 22.5 lakh capacity in Haryana plus Gujarat...And in times to come, we are in process of working on the Kharkhoda plant, which will be up and running in the year 2025.

"And if required, I think most likely we might have to add about one lakh capacity on a short-term basis in Manesar to meet intermediate demand," MSI executive director (corporate planning and government affairs) Rahul Bharti said in an analyst call.

MSI currently rolls out models like Ertiga, XL6, and Eeco from the Gurugram plant and models like Alto, S-Presso, Celerio, Brezza and Dzire from the Manesar facility.

When asked if MSI is looking to increase capacity at Manesar plant to reduce manufacturing footprint at the Gurugram facility, the company's oldest plant, Bharti said: "We are not looking at any kind of reduction in Gurugram, in fact, at least in the shorter term, we might have to increase production in Gurugram."

On the upcoming plant at Kharkhoda in Sonipat, he said, "Our first plant (first phase) should be commissioned by the first quarter of calendar 2025. And I think we already have to start thinking about a second plant if demand growth continues in India."

The company plans to invest ₹11,000 crore in the first phase of the Sonipat facility. **PTI**

Business Standard
4th November 2022

Hero to invest ₹2,500 cr to launch 4 mn units by 2026

SURAJEET DAS GUPTA
New Delhi, 3 November

Hero Electric has decided to invest ₹2,500 crore to build additional capacity of about 4 million electric two-wheelers by 2026. The first stage of investment will roll out this year for a new factory in Rajasthan, where vendor units will invest another ₹400 crore. In the second stage, it is scouting for a location of a plant in South India. Both factories will be of equal size and investment. The firm has the capacity to manufacture 500,000 vehicles.

Its projected capacity of 4.5 million units per annum that it is building is half of Ola Electric's. The latter is building a factory with a capacity to make 10 million electric vehicles (including two-wheelers) in phases.

Hero plans to finance the expansion by raising over ₹1,000 crore and is in advanced-stage talks with private equity (PE) funds. This is the second time the company is resorting to raising money from PE players.

Speaking about its ambitious electric scooter expansion plan, Naveen Munjal, managing director of the country's largest electric scooter company, says: "We expect the industry to hit 1 million units by 2023-24 (FY24). According to research, it will reach 9 million units by 2026-27. We want to produce about 4 million electric two-wheelers by 2026. The market for electric is charged up and the conversion from internal combustion engine (ICE) to electric is clearly moving fast." This explains why Munjal is aiming at expanding sales more than threefold — from the projected 160,000 in 2022-23 to 500,000 in FY24.

Business Line
1st November 2022

Rane Group's L Ganesh receives Deming award

Chennai: L Ganesh, Chairman of Rane Group, was conferred with Japan's prestigious Deming Award in recognition of his outstanding contribution to the dissemination and promotion (overseas) of total quality management (TQM). Ganesh is the third Indian and the fifth globally to be bestowed with this award, said a statement. "The Rane Group embarked on the TQM journey in 2000 under the leadership of L Lakshman who was the then Chairman. Commencing from 2003, five of our Rane companies won the Deming prize and three of our group companies went on to win Deming grand prize," said Ganesh. OUR BUREAU

The Economic Times
7th November 2022

Sona Comstar to Invest up to ₹1K cr by FY25 on Scaling Up Capacity

New Delhi: Auto components maker Sona BLW Precision Forgings Ltd (Sona Comstar) plans to invest up to Rs 1,000 crore by FY25 to scale up capacity, majorly for EV business, according to Group CFO Rohit Nanda. The company, a major supplier of systems and components for the electrified and non-electrified powertrain segment to automobile manufacturers, expects revenue from the electric vehicle (EV) segment to account for up to 45% of its total revenue, up from 25% currently.

"Over a timeframe of FY23 plus two years -- FY24 and FY25, I will say our expected capex spend will be anywhere between Rs 900 crore to Rs 1,000 crore. A large part of this (around 75 to 80%) is for the EV business," Nanda told PTI.

Under the expansion plan, Sona Comstar would set up another plant at Manesar in Haryana for additional differential assembly capacity, he said adding the capacity of the existing facility has been fully utilised.

The company expects revenue from the electric vehicle segment to account for up to 45% of its total revenue, up from 25% currently

The company had also moved to a new larger facility from a smaller unit in Pune.

"On the EV motor side, right now, we continue to expand within our existing facility in Chennai," Nanda said, adding in future as the Indian electric EV segment grows, the company might have to look for additional location in Chennai also.

On the growth expectation from the EV business, he said,"As of September end — for the first six months — 25% of the revenue has come from EV. I think by FY25, it should be between 40-45%."

In the first half of 2022-23, Sona Comstar had posted a revenue of Rs 1,247 crore, up 15 % from the year-ago period.

In the domestic market, the company supplies its different EV components to two-wheelers, three-wheelers and even for passenger vehicles, he said, adding for exports it is only four-wheeler for passenger vehicles and commercial vehicles.

Nanda said over the last two to three years, the company has focussed its investments on the R&D, new product development and embarked on electrification journey. PTI

GOVERNMENT POLICY

Business Line 12th November 2022

‘CSR expenditure incurred in furtherance of business eligible for Input Tax Credit’

Shishir Sinha
New Delhi

Input tax credit (ITC) on corporate social responsibility (CSR) is still attracting contradictory rulings from Authority for Advance Ruling (AAR). The latest one is from Telangana AAR which has favoured ITC on CSR related purchases.

“The expenditure made towards corporate responsibility under Section 135 of the Companies Act, 2013, is an expenditure made in the furtherance of the business. Hence, the tax paid on purchases made to meet the obligations under corporate social responsibility will be eligible for input tax credit under CGST and SGST Acts,” Telangana AAR said while disposing an application by Hyderabad based Bambino Pasta Food Industries.

A company with net worth of ₹500 crore or turnover of ₹1,000 crore or a net profit of ₹5 crore or more in the immediately preceding financial year will spend at least 2 per cent of the average net profits made during the three immediately preceding financial year on CSR.

SECTION 135

A company not doing so will attract penalty under Section 135 which may go upto a maximum of ₹1 crore.

As a part of CSR, the applicant donated an oxygen plant to AIIMS hospital Bibinagar, Yadadri Bhongir district for the benefit of patients and for that purposes, purchased PSA oxygen plant and incurred expenditure for spare parts. This expenditure was part of the CSR norms. The company moved to AAR for ruling on whether ITC is available on CSR expenditure.

AAR said the running of the business of a company will be substantially impaired if they do not incur expenditure to meet CSR obligation. Accordingly, such expenditure is made in the furtherance of the business. Hence, tax paid on purchases made to meet the CSR obligation will be eligible for ITC under GST.

SPECIFIC RESTRICTION

Harpreet Singh, Partner (Indirect taxes) at KPMG in India said pursuant to the specific restriction on availing credit under Section 17(5) (h) of the CGST Act and the fact that both under CSR rules and Income tax Act, CSR activities are considered as non-business expenses, availment of input GST credit on CSR spends has been contentious. “This is true, even though some recent rulings under GST and under erstwhile service tax have given an affirmative answer on availability of credit and thus, tend to give hope to taxpayers on its availment,” he said.

Earlier, in the case of Dwarikesh Sugar Industries , the Uttar Pradesh AAR has ruled that ITC shall be available on expenses incurred to comply with the requirements of CSR. However, Kerala AAR , in the matter of Polycab Wires Ltd held that ITC shall not be available on free distribution of electrical items like switches, fans, cables, etc., to flood affected people under CSR.

The Economic Times 1st November 2022

NEARLY 9 OUT OF 10 COS HAVE PAID FINES, FINDS A SURVEY

‘Autocos Find Compliance Burden Too Heavy’

Nehal.Chaliawala
@timesgroup.com

Mumbai: Nine out of 10 companies in the automotive industry have paid fines in the past 12 months after failing to meet one of the over 900 regulatory compliances listed for them, and most of these companies have advocated for a simplification of compliances, found a survey.

The reasons for these lapses include the lack of a comprehensive and current list of compliances, missing deadlines, and rapid regulatory changes, according to TeamLease Regtech, the compliance outsourcing firm that conducted the survey. In all 34 companies were part of the survey.

However, at the core of the issue is the high number of compliances that automotive companies and manufacturing companies in general must deal with.

“The sheer number of applicable acts and compliances is too high,” Rishi Agarwal, the chief executive of TeamLease Regtech, told ET. “Many of them, especially regarding labour, are overlapping and redundant.”

A manufacturing company in the automotive industry must deal with 489 central, state and local-level compliances, the report noted. These fall under the labour, EHS (environment, health & safety), corporate law, commercial law and finance and taxation law categories.

In addition to this, there are industry-specific compliances for automakers.

REPORT FINDING

A manufacturing co in the auto industry must comply with 489 central, state and local-level rules, says report

All put together, “a small automobile manufacturing company operating in a single state in India deals with at least 900 one-time and ongoing compliances in a year,” as per the report.

Half of these compliances carry a provision for a jail term.

To make things worse, the laws constantly undergo amendments leading to further confusion for companies. There are over 3,500 regulatory updates annually published on any of the 2,233 websites of central, state and local government websites through notifications, gazettes, press releases or other means.

A recent study by TeamLease Regtech found that there were over 600 regulatory updates that concerned micro, small and medium companies in the automobile industry.

The Economic Times
7th November 2022

Fate of Labour Codes Hangs in Balance as States Head for Polls

Govt would not want them to meet with same fate as farm laws: Experts

Yogima.Sharma@timesgroup.com

New Delhi: The window for the government to operationalise the labour codes may be fast diminishing with multiple states headed for assembly elections by the end of next year followed by general elections in 2024, at least half-a-dozen experts told **ET**.

Implementation of the codes – touted as a significant labour reform – looks to be on the back burner as the government would not want them to meet the same fate as farm laws, they said.

The government has adopted a wait-and-watch policy as neither the employers nor the trade unions are keen on the labour codes, said a top government official who did not wish to be identified.

"The government is apprehensive that the codes may backfire as had happened in the case of farm laws," the official told ET. "Hence the wait and watch mode till these have the clear backing of all stakeholders."

The government had in 2019 and 2020 passed four labour codes – Code on Social Security, 2020, Code on Wages, 2019 Industrial Relation Code, 2020, and Occupational Safety, Health, and Working Conditions Code, 2020 – to replace 29 labour laws. While the President of India has given assent to all the codes, the government is yet to implement them.

In Doldrums

Centre yet to announce a timeline for implementation of four labour codes

Experts say last it could be done is from April 2023

Many fear the codes have been put on the backburner

They say implementation unlikely before the general elections in 2024

Govt keen to avoid any backlash ahead of crucial assembly elections

Beginning of the next fiscal year is considered to be an appropriate time to roll out the codes as they have implications on the salary structure. In fact, experts said, April 2023 is the last opportunity for the government to implement the codes before the country goes for general elections in the following year.

"We feel if April 2023 is crossed, the codes may not see the light of the day with states not keen on the rollout though the Centre continues to reiterate that it has the intent to roll out the codes at the earliest," a key person in the staffing industry said on condition of anonymity.

So far, there has been no timeline from the Centre on the implementation of the codes, either all in one go or in a staggered manner.

MISCELLANEOUS REPORTS

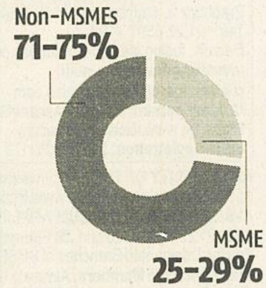
Business Standard 2nd November 2022

CRISIL SME TRACKER

OEMs to drive 16-18% rise in auto-part MSME revenue

CRISIL Research expects the auto-components industry's revenue to grow 19-21 per centyear-on-year (YoY) in the current fiscal year (FY23), driven by four tailwinds: strong demand from the original equipment manufacturer (OEM) segment, with sales of passenger vehicles (PVs) expected to surpass pre-Covid levels and resilience in tractor demand; sales of commercial vehicles (CVs) and two-wheelers recovering from the pandemic-driven slump over FY21 and FY22; improving exports triggered by the supply-chain derisking strategy of global OEMs; and demand from the after-market segment. Micro, small and medium enterprises (MSMEs) in the automotive components sector should see higher growth as well, but will lag average industry revenue growth owing to lack of vertical integration. Improving rural incomes andre-opening of schools and colleges are expected to drive two-wheeler sales, while improving transporter profitability, rising freight demand and healthy construction activities will drive CV growth.

AUTO-PARTS INDUSTRY REVENUE SHARE



Source: CRISIL Research

Revenues of auto-component MSMEs, which account for a fourth of the industry, rebounded strongly in FY22 after plunging in FY21, and are expected to grow 16-18 per cent YoY in FY23 on demand recovery for Tier-1 suppliers catering to OEMs. Replacement demand, the other major source of revenue, continues to grow owing to increased vehicular movement. Exports are seen sluggish owing to the global economic slowdown. Softening of commodity prices, like steel, aluminium and plastic, coupled with increased demand, is leading to a positive operating leverage, which in turn will result in margins improving by 20-40 basis points YoY to 7.5-8.5 per cent. We expect MSME clusters in Pune to grow by 14-17 per cent, and Pantnagar and Aurangabad by 19-22 per cent.