ACMA
(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 22nd November 2022

In behaviour shift, users preferring electric cars as the first/sole vehicle

Aroosa Ahmed
Mumbai

With October sales of electric cars crossing over one lakh units, consumers seem to be indicating a strong shift in behaviour, showing a marked preference for electric vehicles.

A shift in the purchasing pattern of an electric vehicle being the 'only or first car' has increased to nearly 70 per cent from 25 per cent. Earlier, electric vehicles were bought to be used as secondary cars.

According to the data available on the Vahan website that records vehicle registrations across the country, 73,560 electric vehicles have been registered only in November, till the 20th. Between 2018 and November 2022, about 17,68,050 electric vehicles have been registered in India.

"People who are using Nexon EV as the primary car is now at 65– 70 per cent," said Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles Ltd, and Tata Passenger Electric Mobility Ltd, while speaking at the earning discussion call for the September quarter.

Tata Motors which recently launched the most affordable Tiago EV at an introductory price of ₹8.49 lakh is witnessing an uptick in demand from north eastern States. "On Tiago EV, we have very strong demand in Kerala, Maharashtra, Gujarat, NCR, Rajasthan and Telangana. But now, some states in the East have started showing interest in EVs," said Shailesh Chandra.

The company's electric vehicle segment posted its highest-ever quarterly sales at more than 12,000, with a market share of 87 per cent. Other automobile makers, including luxury car makers, have pointed to a shift in consumer preference to electric vehicles to use mainly within city limits.

"There is a positive momentum in demand and most buyers we spoke are using the e-cars within the city. We launched five electric cars last year in July and most of them are presold before they arrive in India," Balbir Singh Dhillon, Audi's India head, had said to *businessline* earlier.

THE GREEN OPTION. In India, between 2018 and November 2022, about 17,68,050 electric vehicles were registered

The Economic Times 26th November 2022

Toyota rolls out new age Innova, its 2nd hybrid car

TIMES NEWS NETWORK

New Delhi: The new age Innova will soon be available in a hybrid version. Toyota Kirloskar Motor on Friday launched its second hybrid car in India, a seven-seat people-carrier. The move is part of a broader strategy to boost the sale of electric vehicles in emerging markets.

The Innova HyCross, a hybrid version of the multi-purpose vehicle that Toyota already sells in the country, follows the hybrid Urban Cruiser Hy-Ryder, which went on sale in September. The company says that hybrids make more sense in markets such as India where infrastructure is not ready for full-electric vehicles.

Toyota and partner Suzuki Motor Corp have plans to build hybrid vehicles in India for domestic sale and export to markets like Africa, which they think are best suited for this technology. The hybrid push, however, comes amid an aggressive EV push by domestic rivals — Tata Motors and Mahindra.

The Innova HyCross comes with a self-charging strong hybrid electric system with a 2-litre petrol engine along with an e-drive sequential shift system.

PRESS REPORTS
ON
ELECTRIC VEHICLE

The Economic Times 17th November 2022

E-vehicle maker Ather Energy on Road to Five-fold Revenue Growth in This Fiscal

Co riding on Spurt in sales and increased capacity from a new plant to boost numbers in FY23

Ashutosh R Shyam & Nehal Chaliawala

Mumbai: Electric vehicles (EV) maker Ather Energy is on course to increase its revenues fivefold year on year this fiscal to ₹2,000-2,200 crore, riding on a spurt in sales and increased capacity from a new plant.

The maker of 450 Pro and 450X electric scooters is looking to sell between 90,000 and 1,00,000 units in FY23, up more than 300% from sale of 23,000 e-scooters in FY22, people aware of its plans told **ET**.

In the first seven months of this financial year, the Hero MotoCorp and Sachin Bansal-backed company sold about 35,480 e-scooters. The monthly sales run rate has exceeded 8,000 units in recent months and the company is well on its way to producing and selling around 13,000 units a month by the January-March quarter, people cited above said.

Ather Energy's accelerating sales is visible in its market share performance. According to Vahan data maintained by the road transport and highways ministry, Ather Energy registered a share of nearly 10% in the e-scooter market in the last three months, up from 6% at the beginning of the year.

A detailed questionnaire sent to the Bengaluru-based company did not elicit a response till press time Wednesday.

Ather Energy had registered a revenue of ₹408 crore in FY22 from sales volume of around 23,000 units. In the first half of the current fiscal, it has already crossed the annual revenues of previous year by registering a turnover of ₹515 crore with gross profit of ₹40 crore, according to its filing with the Ministry of Corporate Affairs (MCA).

Electric Run

Ather's revenue may hit **₹2,000-2,200** cr in FY23

Co looking to sell **90,000-1,00,000** units, up 300% over FY22

- Co sold about 35,480 e-scooters in first 7 months of FY23
- Monthly sales run rate has crossed 8k units
- May produce & sell around 13k units a month by Q4

Market share in e-scooters rose to 10% in last 3 months from 6% at start of the year

There is also an incremental business opportunity coming from sale of accessories such as helmets and tyre pressure monitoring systems.

"We are targeting sales volume of 90,000-100,000 for the current fiscal year as demand for the product continues to remain encouraging and installed capacity inching up with new plant getting commissioned," a senior company official said on condition of anonymity. "The demand for Ather's scooters continues to outstrip supply despite its premium positioning in the EV segment," the person added.

MCA filing of the company shows that it had an average selling price of ₹1.88 lakh per unit in the first half of FY23. This even exceeds premium motorcycle maker Royal Enfield, whose realisation stood at ₹1.68 lakh per unit in the same period. Mainstream two-wheeler makers like Hero MotoCorp, Bajaj Auto and TVS Motor had average realisation of ₹61,000-80,000 per unit.

That said, realisation per unit for EV companies is higher than ICE players as EV companies get FAME subsidy of around ₹50,000-55,000 per unit that is included in realisation per unit.

Ather Energy has installed capacity of around 1,20,000 units, according to a Jefferies note released in April 2022. This is likely to increase to 5,00,000 units annually when the second plant is operational by the end of this month. The firm has invested close to ₹250 crore in plant and equipment in the last 30 months, according to its MCA filing.

"The company could break even in the next 12-18 months if no further investment is lined up in the medium term and utilisation remains above 70-80%," said the company official cited above.

Ather Energy reported a loss of ₹344 crore in the first half of FY23 and a similar loss in the previous fiscal, according to the MCA filing.

The company has raised \$327 million from equity investors so far. The last round of funding implied a valuation of around ₹6,000 crore.

Business Line 24th November 2022

Ather invests ₹320 cr in second manufacturing plant

Yatti Soni

Bengaluru

EV marker Ather Energy has inaugurated its second manufacturing facility spread across 300,000 sq. ft in Hosur (Tamil Nadu), to help increase the company's production capacity to 420,000 units per annum and bring down delivery timelines from months to a couple of days.

At the time of commissioning its second plant in 2021, Ather had committed to invest ₹650 crore over five years. Of this, it has so far invested ₹320 crore. Ather also plans to build a third manufacturing plant by the end of the next financial year. However, it is yet to decide on the location of the plant.

Speaking at the launch of the new plant, Swapnil Jain, Co-Founder & CTO of Ather Energy, said, "Rapid scale-up is susceptible to quality issues, and delivering safe and reliable products to our customers is our biggest priority while creating a vision for the plant."

LOCAL ECOSYSTEM

Ather's new manufacturing facility houses two units - one dedicated to battery production and the other for vehicle assembly. The battery unit will have five assembly lines and the vehicle assembly will have two assembly lines. With a strong local ecosystem that has been developed, most of the supplier base for Ather Energy is in Tamil Nadu and neighbouring Karnataka, making Hosur an ideal location for the factory.

Currently, the new plant produces 500-600 scooters per day but the company expects to scale this to 1,200 scooters per day by March. The plant has the capacity to employ more than 1100 people directly and over 500 people indirectly.

Ravneet S. Phokela, Chief Business Officer at Ather Energy, saidthe company expects to exit this financial year at a ₹2,400 crore annual run rate.

Business Line 19th November 2022

Electric 2-wheeler sales may cross 1 m units in FY23

G Balachandar
Chennai

As the adoption of battery-powered vehicles gathers pace, total electric two-wheeler volumes (E2W), including both high and low-speed vehicles, are set to cross one million units this fiscal, according to the estimates of JMK Research.

During H1 FY23, the overall E2W sales in India stood at about 4.56 lakh units, which was more than twice the sales in H1 FY22. High-speed E2Ws accounted for more than 65 per cent of the overall E2W sales in H1 of this fiscal.

According to JMK Research estimates, the second half of the fiscal may see total E2W sales of about 7.3 lakh units, including low and high-speed models. But going forward, the share of low-speed electric vehicles is expected to decline as majority of the manufacturers are moving towards producing high-speed products due to new norms.

MONEY FLOW. In H1 FY23, investments to the tune of ₹3,480 crore flowed into the E2W manufacturing space BLOOMBERG

HIGH-SPEED PRODUCTS

An analysis of new product launches indicates that 54 new lithium-ion battery-based E2W models were launched in India by 31 companies during January-October 2022. Of this, 44 were high-speed models (top speed is more than 25 kmph). In terms of maximum battery range (the maximum distance that an E2W can travel on a single charge), 16 models with a range up to 100 km were launched this calendar year, while 27 models with a range of 101-150 km hit the market. As many as nine models with a range of more than 150 km were also introduced.

About 12 electric bikes were launched during this period. Their top speeds range in 65-180 kmph whereas the maximum battery range of these e-bikes varies between 100 km and 200 km.

During H1 FY23, Okinawa emerged the leader with sales of 53,550 units in the high-speed E2W market, followed by Hero Electric (49,484 units) and Ola Electric (48,015 units). The combined high speed model sales of the top 10 OEMs in H1 FY23 surpassed their FY22 sales.

So far, 85 electric two-wheelers have been approved under FAME 2 for the grant of incentive or subsidy. But, only 44 E2W models have active FAME 2 certification, while the certification for the remaining 41 models has either expired or been suspended by the government.

To date, 25 States and Union Territories have either issued draft or implemented their EV policy. During H1, Maharashtra recorded the highest high-speed E2W sales at 53,043 units, followed by Karnataka (42,371 units) and Gujarat (32,414 units).

FY22 proved to be a landmark year for E2W manufacturing as about ₹5,768-crore worth of investments were made during the year. In H1 of this fiscal, investments to the tune of ₹3,480 crore came into the market.

Amid the growing penetration of E2Ws in the country, the market still needs to overcome several challenges in terms of the inadequacies and/or inefficiencies of different support systems required in the EV ecosystem such as retail financing, supply chain and timely disbursal of government subsidy, it pointed out.

Business Line 29th November 2022

IIT-M students' Team Raftar unveils first electric formula racing car, mulls driverless cars

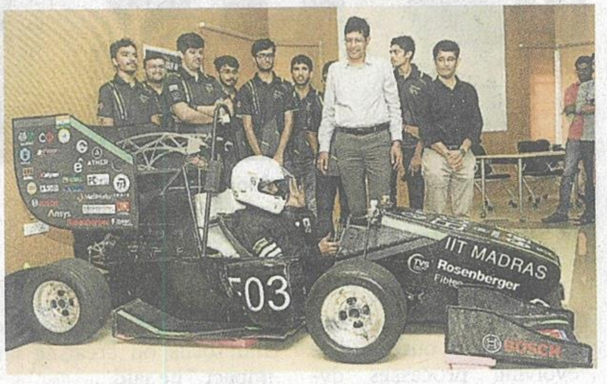
Our Bureau
Chennai

Students of the Indian Institute of Technology Madras (IIT Madras) on Monday launched the first electric formula racing car. Built completely by students of Team Raftar, the formula car 'RF23' is the result of a year-long process of design, manufacturing and testing.

DRIVERLESS CARS

The next step is to work on autonomous (driverless) cars. Work on this project will start next year, IIT Madras Director V Kamakoti said.

Like RF23, technologies in the autonomous race car will be put to various stress tests, he said. Team Raftar comprises 45 students from ten departments involving various disciplines and is one of the competition teams of Centre For Innovation (CFI) at IIT Madras. The team looks forward to representing India at the international level, fostering industry-standard engineering practices and nurturing real-world technical expertise among engineering students.



AMPING UP. V Kamakoti, Director, IIT Madras, with Team Raftar's electric race car, in Chennai on Monday BIJOY GHOSH

For many years, the institute has been working on combustion engines. However, there has been a rapid shift to, and RF23 is one such initiative in the change, Kamakoti told newspersons after unveiling the car on Monday.

RF23 will provide an opportunity to fully test the automobile technology. For instance, the aim is to achieve 100 kmph speed in 4 seconds and expose the battery technology to harsh driving conditions. Similarly, the project will get insights on the battery technology that will be required for passenger cars. This project will be useful to develop the next level of electric vehicle technology, he said.

"This car is a platform to develop passenger electric vehicles," said Professor Satyanarayanan Seshadri of Applied Mechanics department, IIT-Madras and Faculty Advisor to the RF23 project.

The team will participate in the Formula Bharat event to be held in January 2023 at the Kari Motor Speedway in Coimbatore. It also aims to take this car to the world's most prestigious Formula Student event, Formula Student Germany in the August of 2023 to pit itself against the best teams from around the world, vying for a place on the podium.

The Economic Times 18th November 2022

Saera Electric Plans E-bike Foray Next Fiscal

E-rickshaw manufacturer looks to launch its 1st product soon, eyes revenue of up to ₹600 cr in FY24

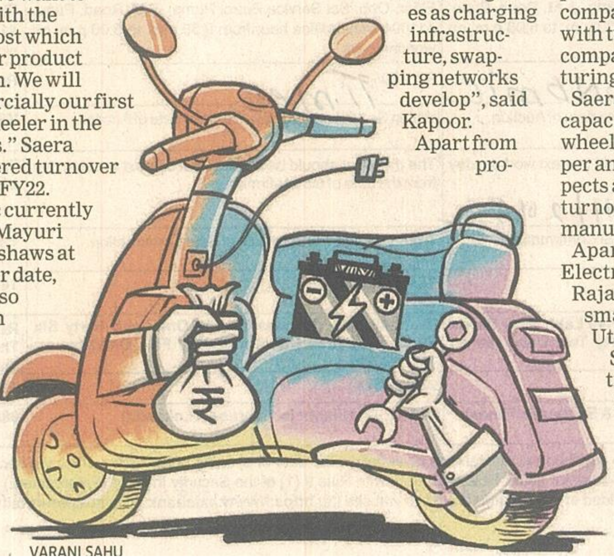
Sharmistha.M
@timesgroup.com

New Delhi: Saera Electric - which currently manufactures e-rickshaws out of American bike maker Harley Davidson's former assembly unit in India - is looking at foraying into the electric two-wheeler segment with the launch of their first product in the next financial year.

The company - which acquired the facility in Bawal (Haryana) for an undisclosed sum last year after Harley Davidson stopped local assembly operations - has readied a product targeting commercial operators. Saera will commence homologation once the government issues clarification on the new norms pertaining to battery safety by the end of the year.

With this foray, the company is looking at doubling revenues to ₹550-600 crore in FY24, from ₹300 crore expected by the close of this fiscal. Saera Electric Managing Director Nitin Kapoor said, "We want to wait in case there are any further changes to the battery safety norms. We want to be compliant with the latest norms, post which we will send our product for certification. We will launch commercially our first electric two-wheeler in the next 3-4 months." Saera Electric registered turnover of ₹147 crore in FY22.

Saera Electric currently manufactures Mayuri brand of e-rickshaws at Bawal. At a later date, the company also wants to launch electric four-wheelers for commercial operations. "There is a strong shift to green mobility in the B2B segment with companies such as Zomato, Swiggy urging vendors to go electric. We see a lot of potential in these categories as charging infrastructure, swapping networks develop", said Kapoor.



VARANI SAHU

Apart from production and sale of its own products, Saera Electric will shortly start contract manufacturing products for LML in Bawal. The company is additionally in talks with two other electric vehicle companies for contract manufacturing of two-wheelers at this plant.

Saera Electric currently has capacity to produce 200,000 two-wheelers and 36,000 three-wheelers per annum at Bawal. Kapoor expects a quarter of the company's turnover to come in from contract manufacturing mid-term.

Apart from Haryana, Saera Electric has a plant at Bhiwadi, Rajasthan, and has also opened a small plant on lease at Kosi, Uttar Pradesh.

Saera Electric started operations in Delhi in 2011 with its Mayuri brand of e-rickshaws. The company claims to have pioneered the concept of e-rickshaws and made it popular in north Indian markets like Delhi, Agra and Nepal.

Business Line 29th November 2022

Switch Mobility to supply 71 e-buses to JSW Steel; hire 200

Our Bureau
Chennai

Switch Mobility Ltd, the EV arm of Ashok Leyland, has bagged an order from JSW Steel to supply 71 electric buses for the latter's employee transportation, for an undisclosed sum.

Switch Mobility will own and oversee entire operations including setting up of charging infrastructure and requisite maintenance efficacy, over a 12-year contract period. To ensure effective operations and services of these electric buses, Switch is hiring 200 people, said a statement.

"This is the first significant and largest electric bus order in the country for employee transportation, with 71 buses being delivered to JSW Steel, for their Vijayanagar plant," it added. The first set of electric buses has been flagged-off by Sajjan Jindal, CMD, JSW Group of Companies, and Mahesh Babu, Global CEO, Switch Mobility Ltd.

NEW OFFERING. The buses are equipped with highly efficient, modular batteries with advanced lithium-ion NMC chemistry

IN TALKS

The private bus market in India is one of the key transportation markets in the country constituting 70 per cent market share, of which the private electric bus market is expected to be valued at ₹6,000 crore in the next five years, said Mahesh Babu. "We are in talks with more corporates across the country who are showing keen interest to join hands in this sustainable journey," he added.

The AC buses include Switch's EiV 12 electric bus, embedded with proprietary, connected technology solutions, 'Switch iON', enabling remote, real-time diagnostics and monitoring services and world-class digital battery management tools.

PRESS REPORTS
ON
TWO-THREE WHEELERS

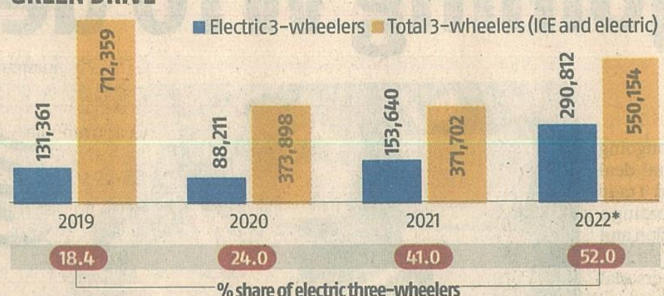
Business Standard 22nd November 2022

3-wheelers take charge in auto industry's electrification race

Account for half the registrations in the category this year

SURAJEET DAS GUPTA
New Delhi, 21 November

GREEN DRIVE



*till date

Source:VAHAN

The popular perception that two-wheelers are leading the auto industry's shift to electrification is a myth. It is electric three-wheelers, led by the proliferation of the popular e-rickshaws used for short distances, that account for half the total registrations in this category (ICE and electric).

The number is based on the latest data from VAHAN for the calendar year 2022 and shows a sharp uptick. In 2021, electric three-wheelers accounted for only 41 per cent of registrations. In 2020, they accounted for 24 per cent and in 2019 it was a mere 18.4 per cent of the total three wheeler market.

There were 290,454 electric three wheelers which were registered from January to date and the bulk of the numbers came from e- rickshaw registration on Indian roads accounting for 93 per cent of the total share.

The remaining three wheeler vehicles (such as the Bajaj Auto) are still dominated by the petrol version. Out of their total registration in 2022 of 278,630 vehicles, only a miniscule 7 per cent are electric.

Companies like Bajaj Auto and Greaves Cotton in this space are pushing on the pedal in that they are expected to launch a variety of models. But it remains a fragmented market where no player has a market share of over 10 per cent. Vivek Singh, MD and group CEO of Sona Comstar, which supplies components to electric vehicles, has a broad view of the relative speed of conversion of vehicle segments from ICE to electric.

"It might not be glamorous but the real conversion from ICE to electric has actually happened in three wheelers," said Singh. "We believe that this will be followed by two wheelers, then electric buses, and electric LCVs and there is also a large potential in electric tractors as they can be very cost-efficient."

Assisted by bulk buying by some state public transportation companies, buses are also seeing a reasonable speed of conversion to electric.

Most of the electric buses are in the heavy passenger vehicle category and VAHAN data suggests that in this category, 18 per cent of total registrations (electric and ICE) are accounted for by them. In the calendar year of 2022 to date, 1,755 electric heavy passenger vehicles under the buses category were registered out of a total of 9692 (ICE and electric).

In fact, after a slow patch, electric two wheelers have seen a sharp increase in sales in October during the festival season. Companies are already talking of reaching inflexion point for a quick acceleration.

Electric two wheelers already account for 4-5 per cent of the total sales in this category and by 2027, Hero Electric says it will reach nine million or nearly half of total two wheelers sold in the country (ICE and electric).

The segment likely to grow much more sluggishly is passenger cars where electric vehicles are currently less than 1 per cent of total sales.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 25th November 2022

CV industry to grow 20-22 % in FY23: CareEdge

Aroosa Ahmed
Mumbai

With the automobile industry witnessing an uptick in demand, the commercial vehicle industry is also set to witness a growth of 20 to 22 per cent in FY23.

According to a report by CareEdge, medium and heavy commercial vehicles are expected to grow by 22-24 per cent, while light commercial vehicles are likely to grow by 10 - 19 per cent.

VOLUME GROWTH

The CV industry reported a 30.7 per cent volume growth in FY22, and recorded a strong volume growth of 60.2 per cent y-o-y in H1FY23, while year-to-date (YTD) growth (April to October 2022) was recorded at 52.3 per cent y-o-y according to CareEdge.

BULLISH DEMAND

"Bullish demand would translate to higher revenues and overall improved operating leverage would result in improved profitability, supported by price hikes by original equipment manufacturers," said Arti Roy, Associate Director, CareEdge.

A decline in raw material prices is anticipated, "The H2FY23 margins are expected to revive moderately as compared to H1FY23, with an expected decline in raw material prices and the planned price hikes by OEMs." The industry, after recording the highest volume growth in fiscal 2019 since fiscal 2001, went into a downturn recording a sharp volume de-growth of around 29.7 per cent and around 20.4 per cent in FY20 and FY21, respectively.

UPTICK. Double-digit growth in sales of medium and heavy CVs was driven by pick-up in fleet utilisation levels

DECLINE IN FY20, FY21

A similar trend was seen in CV exports, which declined 39.6 per cent in FY20 and 16.6 per cent in FY21 before recovering by 83.4 per cent in FY22.

Further, the report points out that the growth momentum in future could be dampened due to headwinds like increasing interest costs, a slowdown in exports, and continuing inflation pressures.

Business Standard 28th November 2022

Volvo Eicher takes bus ride to post-pandemic recovery

SHALLY SETH MOHILE
Mumbai, 27 November

Two years after Volvo Eicher Commercial Vehicles (VECV) acquired the bus business from Volvo Buses and merged it with itself, the company says it is well poised to benefit from the recovery in the segment seen after the pandemic.

VECV claims to have one of the strongest line-ups — from school buses and ambulances to intercity luxury coaches. VECV had acquired the bus business in 2020 for ₹100 crore.

"The integration has resulted in a lot of synergies and helped us to leverage the technology from Volvo and strengthen our product line-up. It made our customers a lot more confident of our capabilities," said Vinod Aggarwal, managing director (MD) and chief executive officer (CEO) of VECV.

The move has helped VECV, which till 2020 was confined to light and medium duty buses, to also get into the intercity segment, he added. It competes with Bharat Benz and Ashok Leyland in the heavy duty bus segment.

As the trend of long-distance road travel (up to 600 km) is gaining traction after the pandemic, VECV is looking at disrupting the intercity segment with its fully (factory)-built intercity luxury coaches, said Akash Passey, president, bus business, VECV.

"We are the only manufacturer to offer fully-built sleeper coaches for the intercity segment. Others sell the chassis and the body is made by bus body builders," said Passey.

VECV says it has one of the strongest line-ups — from school buses and ambulances to intercity luxury coaches

Earlier in August, at annual transport exposition Prawaas 3.0, the bus division of VECV unveiled the next generation Volvo and Eicher intercity buses.

These include the 15-metre and 13.5-metre Volvo 9600 intercity coaches, and the Eicher 13.5-metre intercity coach. The new models are the result of the work the company did during the pandemic, he said.

"The bus industry was the worst hit perhaps because there was no recourse available to the industry. Some support came in the form of a three-month moratorium but that wasn't enough. It was the worst phase one would have seen in 20-30 years," said Passey.

PRESS REPORTS
ON
COMPANY NEWS

Business Standard17th November 2022

Bajaj eyes S-E Asia to take e-scooter space by storm

Thailand expects 30% of ICE vehicles to be electric by 2030

SURAJEET DAS GUPTA
New Delhi, 16 November

Bajaj Auto is planning to tap the big opportunity to sell its electric scooters in the south east Asian market given that countries in the region have announced ambitious targets for conversion of ICE vehicles to electric.

Bajaj's presence in this market in ICE vehicles has been limited till now because the region is essentially a step-through two-wheeler and scooter market. Bajaj does not have products in scooters and step throughs powered by ICE.

Motorcycles, on the other hand, which are Bajaj's mainstay, enjoy only a niche play with limited sales.

Rakesh Sharma, executive director of Bajaj Auto, said, "The transition to electric vehicles is a big opportunity, particularly in countries like Thailand, Vietnam and Indonesia, driven by the intent of the government there. For Bajaj, this will open up a very large market when it unfolds as we are not able to participate in it due to our form factor constraints in ICE vehicles. With these constraints getting removed, we can take aim at this region with an electric vehicle-centred approach."

Sharma said governments have already set up high targets for the conversion of ICE to electric vehicles. For instance, Thailand hopes that 30 per cent of ICE vehicles will be electric by 2030. Under a new policy announced in March, the Thai government aims to have 1 million electric vehicles on the road by 2025 and 15 million in another 10 years.

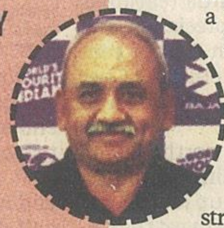
Vietnam's target is a 100 per cent electric fleet by 2030.

According to Sharma, the south-east Asian market is the third largest after India and China. About 10 million ICE two-wheelers are sold per annum in south east Asia. The Indian market is around double the size. However, motorcycles account for only 5-6 of the total market, unlike India where they account for around 60 per cent of the overall two wheeler market.

Bajaj refuses to let this market fact — it sells bikes in the niche category between 100-500 cc — constrain its goals.

"WE HAVE ALREADY ESTABLISHED MANUFACTURING IN MALAYSIA THROUGH OUR PARTNERS MODENAS, WHICH ALLOWS US TO AVAIL OURSELVES OF INTRA-ASEAN TRADE BENEFITS"

Rakesh Sharma,
Executive Director, Bajaj Auto

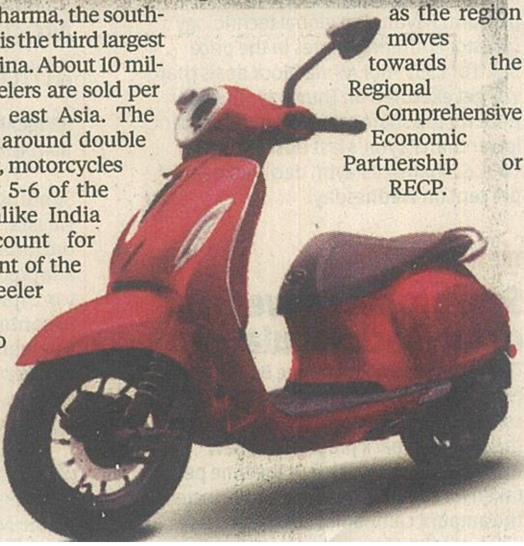


The only place where Bajaj is a market leader is in the Philippines where mobikes are also used as commercial taxis. Bajaj exports a substantial 10,000 units every month to the Philippines.

In other nations, Bajaj's strategy has been to establish a beachhead; it has done this in Malaysia, and is doing it in Thailand.

"We will build the route to market and the brand in a gradual way. We have already established manufacturing in Malaysia through our partners Modenas, which allows us to avail ourselves of intra-Asean trade benefits," said Sharma.

He added that while there is no Asean-level free trade agreement (FTA) with India, there are bilateral agreements and these may remain as the region moves towards the Regional Comprehensive Economic Partnership or RECP.



Business Line 18th November 2022

MM Forgings charts ₹550-crore capex for the next two years

G Balachandar
Chennai

Vidyashankar Krishnan, Vice-Chairman & MD

Auto parts maker MM Forgings Ltd has chalked out a total capex of ₹550 crore for the next two years for expanding its machining operations and electric vehicle business, among others.

The Chennai-headquartered company is investing ₹100 crore in the electric vehicle business. It is targeting to supply products for electric 3-wheelers and 4-wheelers and will also enter the electric two-wheeler space. In the EV space, it will start with motors and will get into the supply of gearboxes and controllers. The company has already received orders for these products.

The money will be spent largely on testing, prototyping, batch production, and a serial production facility. "We will initially set up operations on a leased property and then move into our facility," Vidhyashankar Krishnan, Vice-Chairman & Managing Director, MM Forgings, said during the Q2FY23 post-results conference call.

FUNDING PATTERN

MM Forgings pegs the revenue from EV business at sub-₹25 crore during the next fiscal and may reach ₹100 crore by FY25. The proposed overall capex of ₹550 crore will be funded through a debt of ₹250 crore and ₹300 crore of internal accruals.

A major portion of its planned capex will go into machining and very little is earmarked for the capacity increase – from 120,000 tonnes to 130,000 tonnes.

MM Forgings expects its revenue to touch ₹2,000 crore in the next two years supported by a buoyant order outlook on the back of increasing momentum for the China+1 strategy and improving business prospects in the Indian market. The company reported ₹1,123 crore revenue in FY22.

Recently, the company has won orders from North American firms which are looking to procure more from India. It expects to end this fiscal with about ₹1,400 crore.

Business Line 22nd November 2022

Escorts Kubota pushes for growth with ₹4,000-crore capex, exports

G Balachandar
Chennai

Nikhil Nanda, Chairman & Managing Director, Escorts Kubota Ltd

Escorts Kubota Ltd (formerly Escorts Ltd), a leading manufacturer of tractor and other farm machinery and construction equipment, such as tractors and harvesters, has unveiled its Mid Term Business Plan (MTBP 2023-2028), in which the key elements are investments of about ₹4,000 crore and increasing exports of its products.

On the BSE today, perhaps in sympathy with the company's announcement, the company's share price rose ₹164.90 (8.12 per cent), to close at ₹2,196. The volumes traded were also higher – 1.35 lakh shares compared with a two-week average of 20,000.

The stock has grown at 24 per cent CAGR in last five years from ₹700 in November 2017, vastly outperforming Nifty Auto, observes ICICI direct, a retail stock broker.

EYE ON EXPORTS

The management indicated that Escorts Kubota aspires to grow its overall revenue by 2.5 times in FY28, up from ₹9,068 crore in FY22, supported by the expansion of its network, widening of products across segments, and growth in exports.

Escorts Kubota aims to increase contribution of exports to 15-20 per cent of total revenue by FY28, up from about 6.4 per cent in FY22. The management said that even a 5 per cent shift in total components sourcing globally to India would mean about $500 million worth of potential exports. The company aims to capture a part of this potential by FY28.

It aspires to secure a leadership position in India-led tractor exports while creating a strategic hub for global sourcing. The company at present has five manufacturing facilities and plans to add one more.

DEALER NETWORK

It intends to ramp up the dealer footprint by 50 per cent from the current network of about 1,400 (Escorts has 1,100 and Kubota has 300 dealers.

Times of India
26th November 2022

KPIT to work with Renault in connected cars tech

Shiladitya.Pandit
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Pune: The automotive technology provider KPIT Technologies has announced that it has been chosen by the French global auto major Renault as a strategic software scaling partner in its new connected cars programme, known in auto industry parlance as software defined vehicles (SDVs).

While Renault and KPIT did not comment on the size of the contract in terms of its financials, the parties added in a statement that production under its new SDV programme will start from 2026.

KPIT has been chosen as strategic software scaling partner in its new connected cars programme, known as SDVs.The new SDV will start from 2026

"The power of software from KPIT will unlock electrification, autonomous driving, and connected vehicle experiences that will delight Renault consumers. KPIT will bring competencies at scale, IP, an ecosystem of partnerships, thereby creating long-term value," said Kishor Patil, CEO of KPIT.

"Software is the force behind the transformation of the automotive industry. KPIT is recognized as a leading software integration partner globally with multi-domain software competencies, making them a strategic scaling partner to us. Together, we will develop SDV technology platforms that will help us maintain market leadership and help the industry accelerate SDV transformation," said Thierry Cammal, MD of Renault Software Labs and alliance global vice president of Renault Software.

Business Standard 25th November 2022

Kia profit down 25% in FY22 as tax outgo slams the brakes

DEEPAK PATEL & SHALLY SETH MOHILE
New Delhi/Mumbai, 24 November

SPOKE IN THE WHEEL

Kia India's performance since its launch in India

(₹ cr)	FY20*	FY21	FY22
Total income	10,847.3	20,353	25,403.9
Total expenditure	11,176.8	19,312.9	24,123.5
Net profit	-329.5	1,111.8	825.4
Domestic unit sales	84,900	155,678	186,787

*Company launched its first car in India in August 2019
Source: Company

Kia India, the local arm of the South Korean carmaker, saw its net profit drop by a fourth in 2021-22 (FY22) over the year-ago period, notwithstanding an operationally strong year. An increase in the total tax outgo during the year dented the company's earnings.

Kia is one of the few unlisted global carmakers in India that saw a contraction in profits. It was a year of record net profit for the India arms of Toyota Motor Corporation, Honda Motor Company, Renault SA, Bayerische Motoren Werke AG (BMW), and Mercedes-Benz, to name a few.

This was led by a combination of factors, including strong demand, sharp increase in car prices on the back of high input costs, and an improved model mix, leading to an increase in profits. Stringent cost curtailment and rationalisation measures, too, helped.

The narrative at Kia would have been the same, but for the higher tax outgo.

Driven by a sharp jump in deferred taxes — ₹243.6 crore in FY22, from ₹232.5 crore in 2020-21 — the company's total tax expenses increased to ₹454.9 crore in FY22, from ₹71.6 crore in the year-ago period. This crimped net profit for the maker of the Carnival and the Seltos models by 25.6 per cent to ₹825.4 crore in FY22, according to the financial statements reviewed by *Business Standard*.

In contrast to a 25.6 per cent fall in net profit (profit after tax), the company's profit before tax rose by 23.1 per cent to ₹1,280 crore in FY22.

Kia India did not respond to queries sent by *Business Standard* on its fall in net profit in FY22. The South Korean automotive major, which rolled out its first Seltos in the country in August 2019, sold 186,787 units domestically, up 20 per cent year-on-year (YoY), in FY22.

The Economic Times
28th November 2022

Hero Moto-Harley Bike may Hit Market in Two Years

New Delhi: A bike jointly developed by Hero MotoCorp and Harley-Davidson could hit the market in the next two years, according to Hero MotoCorp CFO Niranjan Gupta. The launch is part of Hero MotoCorp's plans to strengthen its position in the premium segment.

The country's largest two-wheeler maker, which has leadership in the budget bike segment (100-110cc), is looking to drive in models to bring in volumes and enhance profitability in the 160cc and above space.

"Over the next two-year timeframe, you will see models which are in the volume segment and the profitable segment of the premium as well, including the platform that we are developing jointly with Harley," Gupta stated in an analyst call.

The company is building a strong pipeline of premium products and will launch models in this segment every year, he added.

"This will help us build market share in the premium segment and boost profitability over the medium term," Gupta noted.

In October 2020, Hero MotoCorp and American brand Harley-Davidson announced a partnership for the Indian market.

As part of the deal, Hero MotoCorp will develop and sell a range of premium motorcycles under the Harley-Davidson brand name in the country. It will also take care of service and parts requirements for Harley bikes.

It also has the mandate to sell Harley accessories and general merchandise, riding gear and apparel through a network of brand-exclusive Harley-Davidson dealers and its existing sales network in the country.

Elaborating further, Gupta said the company is focussing to grow its Parts, Accessories and Merchandise (PAM) business in the last few quarters. "The PAM business revenue for the first half was at ₹2,300 crore, registering a growth of 45%. The business revenue now accounts for 13.7% of revenue, and we aim to increase it to 15%," he added. — PTI

Business Line 26th November 2022

JLR may cut production in UK on semiconductor shortage

Aroosa Ahmed
Mumbai

Tata Motors' British luxury car brand Jaguar Land Rover (JLR) may look at cutting production at its UK factories in Solihull and Halewood, between January and the end of March, because of semiconductor shortage, per a report in *Guardian*.

The carmaker said the semiconductor shortage impacting its production and deliveries had affected the September quarter results of its parent, Tata Motors.

CHINA LOCKDOWNS

JLR presently has an order book of 2,05,000 units but its operations have been affected by the lockdowns in several cities in China since March.

Further, recently, Thierry Bollore stepped down as CEO, citing personal issues. Bollore had also pointed to the impact on the company of semiconductor and supply chain issues due to the pandemic. However, the company said that a long-term agreement is being finalised for semiconductor supply.

'STRONG DEMAND'

"We continue to actively manage the operational patterns of our manufacturing plants whilst the industry experiences ongoing global semiconductor supply chain disruption. Demand for our vehicles remains strong," a JLR statement said.

CHIP TIE-UPS

"We expect our performance to continue improving in the second half of the year, as new agreements with semiconductor partners take effect, enabling us to build and deliver more vehicles to our clients," it added.

JLR's volumes were constrained even as the revenue was up 36 per cent year-on-year and 20 per cent quarter-on-quarter at £5.3 billion in the September quarter. The company has reported losses for seven quarters in a row, according to *Bloomberg* data.

GOVERNMENT POLICY

Business Standard 19th November 2022

India to be a semiconductor manufacturing hub: MoS IT

Well positioned, given the efforts in last 5-6 years, says Chandrasekhar

PEERZADA ABRAR
Bengaluru, 18 November

India is well positioned to emerge as a major player in electronics and semiconductor products manufacturing as part of the China-Plus-One diversification strategy, said Minister of State for Electronics and IT Rajeev Chandrasekhar.

China-Plus-One, also known as Plus One, is a business strategy to avoid investing only in China and diversifying business into other countries. It started becoming popular in 2018 and gained prominence after the Covid outbreak.

"People around the world do not want to depend on China as the only source," said Chandrasekhar on Thursday evening at the Bengaluru Tech Summit.

He added, "China-Plus-One diversification is underway. India is well positioned, given the last 5-6 years of efforts made by the country in positioning itself as a significant player in these global value chains (GVCs)."

The opportunity is huge for India as electronics and semiconductor is a $1.5 trillion industry. However, China accounts for almost 75 per cent of it and has dominated the space for two decades.

> WE DO NOT INTEND TO BE LIKE TAIWAN (FOCUSED ONLY ON MANUFACTURING). WE BELIEVE THAT INDIA'S OPPORTUNITY SPANS MANUFACTURING, PACKAGING AND DESIGN AND INNOVATION
>
> **RAJEEV CHANDRASEKHAR** MoS, Electronics and IT

The world is looking to reduce their dependence. Chandrasekhar said India is positioned to play a strong role here.

He said India's strategy as a semiconductor nation is closely tied to its ambitions of being a major player in the electronics value chain.

For instance, 66 per cent of foreign direct investment (FDI) in electronics manufacturing has come to India in the last three years. Chandrasekhar added that a growing number of countries and companies are looking at India as a trusted partner in manufacturing and design of electronics products.

Chandrasekhar said that in 2014, over 92 per cent of all mobile phones used in the country were imported, but today over 97 per cent are made in India. He said the country had zero exports in the electronics manufacturing space in 2014. At present, the country exports equipment worth ₹70,000 crore.

The current electronics industry in India is valued at $75 billion compared to $10 billion in 2014. The target is to make it worth $300 billion by 2025-26, a nearly 26 times increase in electronics production in a decade.

The digitisation of automotive, mobility and computing — which has accelerated post-Covid — is also creating additional demand for semiconductors.

Chandrasekhar said the Centre will invest $30 billion in electronics and semiconductors. Of this, $20 billion would be invested in electronics manufacturing and design and $10 billion in semiconductor manufacturing, research and design. The investment will help in creating manufacturing, packaging, verification, design, research and skill capacities in the country.

"We do not intend to be like Taiwan focused (only) on manufacturing," said Chandrasekhar.

He added, "We believe that India's opportunity spans manufacturing, packaging and design and innovation."

He said a new fab proposal supported by the central and state governments would be placed soon before the country. It would include packaging. This would cover logic semiconductors, NAND and memory.

A semiconductor fab is a manufacturing plant in which raw silicon wafers are turned into integrated circuits.

Business Line 22nd November 2022

Govt mulling RoDTEP for steel exports: Official

Abhishek Law
New Delhi

Inclusion of steel exports under the RoDTEP scheme (Remission of Duties and Taxes on Export Products) is under "active consideration"; but Budgetary constraints remain an issue, a senior Steel Ministry official told *businessline.*

The RoDTEP scheme offers refunds against various embedded taxes to exporters across sectors such as automobiles and agricultural produce.

According to the official, the Commerce and Finance Ministries are looking into the matter. However, the bottlenecks remain. Inclusion in the scheme needs approval of the Finance Ministry as additional Budgetary provisions are needed.

Budgetary allocation for RoDTEP this fiscal was ₹13,699.40 crore, up 10 per cent, as against ₹12,454 crore last year.

PENDING DEMAND

"Yes, steel exports are under active consideration for inclusion in RoDTEP ambit. But then there is limited scope because of the Budget allocation issues. So currently, the things are on standby. But as and when Budgetary provisions are made and a new list is announced, steel could find a mention," the official said.

Sources say, "substantial additional Budgetary provisions" needs to be made to add steel exports. Inclusion of steel exports under the RoDTEP scheme has been a long-standing demand of the industry.

Steel exports have been on a slide since of the beginning of this fiscal (April onwards) as recessionary fears and geopolitical unrest led to slowing down of demand.

In October, (steel) exports dipped 66 per cent – amongst the highest for this fiscal – to 360,000 tonnes on the back of weakened global demand and pricier offerings when compared to other competing nations. Exports in October 2021 was 1.05 million tonnes, data available with the Ministry of Steel shows.

Sequentially (October vs September) too exports witnessed a dip of nearly 40 per cent; which was registered across categories that include non-alloy steel, alloyed and stainless steel offerings.

For the seven month period (April to October) exports dipped 55 per cent year-on-year to 3.9 mt. Exports in the year ago period was 8.8 mt. Meanwhile, imports for the period rose substantially by 14 per cent for the seven-month-period to 3.15 mt, up 14 per cent.

The Economic Times
28th November 2022

Industry Body Urges RBI to Moderate Pace of Monetary Tightening

Our Bureau

New Delhi: The Confederation of Indian Industry (CII) Sunday asked the Reserve Bank of India to consider moderating the pace of its monetary tightening ahead of the forthcoming monetary policy review, citing challenges emanating from global headwinds.

"Given the headwinds to domestic growth mainly emanating from the global uncertainties, the RBI should consider moderating the pace of its monetary tightening from the earlier 50 basis points," the industry body said in a statement.

The Monetary Policy Committee (MPC) will meet December 5-7. According to CII, domestic demand is recovering well as mirrored by the performance of a host of high-frequency indicators. However, the prevailing global 'polycrisis' is likely to impinge on India's growth prospects too.

While CII is cognisant that RBI's interest rate hikes of 190 basis points so far in this fiscal have been warranted to tame inflationary pressures, the corporate sector has now started to feel its adverse impact, it said.

Business Standard 29th November 2022

'RoDTEP credit doesn't lapse after one year from scroll generation'

CHATROOM

T N C RAJAGOPALAN

We had made some exports under the RoDTEP scheme more than one year back. We received the duty credit in the electronic credit ledger but did not generate the e-scrip. Now, our ledger shows the credit but does not allow us to make the e-scrip. So, we are unable to use the duty credit. Is there any provision that says that the duty credit will lapse if we do not generate the e-scrip within one year?

No. Regulation 4(1) of the Electronic Duty Credit Ledger Regulations, 2021, says that the exporter will have the option to combine the duty credits under a particular scheme, allowed to him in one or more shipping bills or bills of export, and to carry forward the duty credits to create an e-scrip for that scheme in the ledger, customs station-wise according to the customs station of export, within a period of one year from the date of generation of the scroll in the customs automated system.

Provided that if the exporter does not exercise the option of creating the e-scrip within a period of one year, duty credit in each scroll will be combined customs station-wise for each scheme and will be automatically created by the customs automated system as a single e-scrip for duty credit for that scheme, for each customs station, in the ledger of the exporter. Regulation 6(2) of the regulations says that the e-scrip will be valid for a period of one year from the date of its creation in the ledger and any duty credit in the e-scrip that remains unutilised at the end of this period will lapse.

Regulation 6(3) of the regulations says that such duty credit in the e-scrip that has lapsed will not be re-generated. So, the Customs automated system should have automatically created the scrip, if you did not create the e-scrip within one year from the date of generation of the scroll. The duty credits do not lapse or expire within one year of generation of the scroll. The unutilised portion of the duty credits in the e-scrip expires only after one year of creation of the e-scrip. What you observe appears to be a case of malfunction of the customs automated systems software. You can take it up with the appropriate authorities.

We are an Export House and have received a high-value order from a company based in Ghana, under a UNIDO project. On behalf of the importer, the financing bank (ANA, Germany) will issue an "irrevocable confirmation payment order" (ICPO) in the exporter's favour, covering 75 per cent of the purchase value in lieu of the LC. This document would also serve as Exhibit B in the contract. Is it workable in India? If not, should we opt for a particular transaction-specific ECGC policy? We want full payment security.

In my opinion, the ICPO referred to by you does not give you full payment security, as, say, a bank guarantee or irrevocable LC would give.

The Times of India
27th November 2022

'Over 15-yr-old govt vehicles to be scrapped from April 2023'

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New Delhi: Come April 2023, all vehicles owned by central and state governments, including buses owned by transport corporations, that are older than 15 years will have to be scrapped. The road transport ministry has issued a draft notification proposing this fresh timeline amid lukewarm response from private vehicle owners.

While the scrapping of 15 year-plus vehicles will remain voluntary for personal and commercial vehicles, it has been made mandatory for government agencies, including public sector units (PSUs) and autonomous bodies.

Transport minister Nitin Gadkari said on Friday that he has approved the proposed timeline for retiring old government vehicles. He has also been advocating for modernisation of bus fleets run by state government agencies.

In January 2021, Prime Minister Narendra Modi had suggested to the road transport ministry to implement the policy for scrapping government vehicles from April 2022 as it is a low hanging fruit considering it can be implemented quickly. However, several states were not on board to implement this scheme of retiring buses run by state transport corporations in view of their bad financial health, **TOI** has learnt. Sources said the Centre held discussions recently with states for faster implementation of the policy and has asked all states to give the details of their vehicles which have completed 15 years since registration.