ACMA

(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India

(Western Region)

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(Western Region)
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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 14th February 2023

UVs continue to drive overall PV market in Jan: SIAM

S Ronendra Singh
New Delhi

With the launch of refreshed utility vehicles (UVs) like the XL6, Ertiga and Brezza, and the all-new Grand Vitara in the last one year, Maruti Suzuki has topped UV sales in January, followed by M&M and Tata Motors.

According to monthly sales data released by the Society of Indian Automobile Manufacturers (SIAM) and data collected from companies, the UV segment continues to drive the total passenger vehicle (PV) market with most manufacturers posting higher double digit growth.

DEMAND GROWTH

According to analysts, new model launches and a healthy order backlog should keep the demand steady. However, manufacturers may keep channel inventory under check during the current quarter due to upcoming on-board diagnostic (OBD-2) norms from April.

The total UV segment grew 28 per cent y-o-y to 1,49,328 units in January domestic wholesales (dispatches to dealers) as against 1,16,962 units in the corresponding month last year, show SIAM data. Similarly, the passenger car segment grew 8 per cent y-o-y to 1,36,931 units (1,26,693 units).

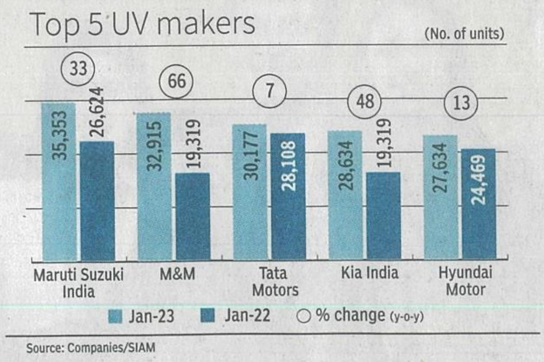
Led by the UV segment, total PV sales grew 17 per cent y-o-y to 2,98,093 units (2,54,287).

In the two-wheeler segment, both scooters and motorcycles grew by low single digit percentage as the rural market has not picked up yet. Total two-wheeler sales grew 4 per cent y-o-y to 11,84,379 units (11,40,888). Total three-wheeler sales more than doubled to 48,903 units (24,178).

MILES TO GO

"Better consumer sentiments is driving demand for PVs. The three-wheeler segment has gained traction compared to the past two years, though they are yet to reach the pre-Covid levels. The rate of growth of two-wheelers in recent years has not kept pace with the growth in other segments. Positive announcements in the Budget should help continue the overall momentum," Vinod Aggarwal, President, SIAM, said.

"PVs again saw the highest-ever sales in January and for the first time, it has crossed the three-million sales mark in 10 months, from April to January period," Rajesh Menon, Director General, SIAM, said.



Source: Companies/SIAM

Domestic wholesale performance

Segment/ Sub-segment	Jan-23	Jan-22	% change (y-o-y)
Passenger cars	1,36,931	1,26,693	8
Utility vehicles	1,49,328	1,16,962	28
Total PVs	2,98,093	2,54,287	17
Total three- wheelers	48,903	24,178	102
Scooters	3,76,035	3,61,299	4
Motorcycles	7,71,621	7,43,804	4
Total two- wheelers	**11,84,379**	**11,40,888**	**4**
Grand total	**15,31,447**	**14,19,354**	**8**

Source: SIAM

The Economic Times 15th February 2023

Ford to Slash 3,800 Jobs in EU, Mostly in Germany, UK

Plans to restructure its EU biz for leaner, more competitive cost structure

Paris: US automaker Ford said Tuesday it would cut 3,800 jobs in Europe, mostly in Britain and Germany, as competition in the electric car sector intensifies. The company said 2,300 positions in product development and administrative functions would be slashed in Germany, 1,300 in Britain and another 200 elsewhere in Europe over the next three years.

"These are difficult decisions, not taken lightly," said Martin Sander, general manager of Ford Model e in Europe. "We recognise the uncertainty it creates for our team, and I assure them we will be offering them our full support in the months ahead," Sander said.

The company said the decision was aimed at revitalising its business in Europe and competing profitably with a new line-up of passenger vehicles.

"The company is taking action to restructure its business in Europe, creating a leaner, more competitive cost structure," Ford said.

The company said it was "responding to rapidly changing market conditions and a growing field of electric vehicle competitors entering the market".

The job cuts in Germany are lower than the 3,200 layoffs that the IG Metall union had expected in January.

The union expressed relief, saying the move "includes cost savings for the company and also safeguards its German sites".

But a union statement also warned the Ford case "shows that in an era of increasing digitalisation and globalisation, it is not just assembly and production jobs that could be relocated, but also those of highly qualified (workers)".

Like its rivals, Ford has invested heavily in electric vehicles, unveiling emission-free versions of best-selling autos like the F-series pickup truck. Ford said its plan to offer an all-electric fleet in Europe by 2035 was "unchanged".

"We are completely reinventing the Ford brand in Europe. Unapologetically American, outstanding design and connected services that will differentiate Ford and delight our customers in Europe," Sander said. **AFP**

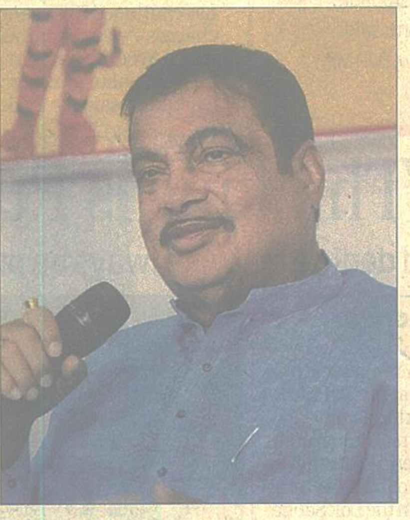
Co to Build $3.5B Battery Factory in Michigan

Detroit: Ford Motor is investing $3.5 billion in an electric-vehicle battery plant in southwest Michigan that it will operate with technology and support from a Chinese battery maker that has stirred political controversy. The factory near Marshall, Michigan, will employ 2,500 workers, Ford said Monday, confirming a Feb. 10 Bloomberg report. The facility is set to open in 2026 and will produce enough batteries to power 400,000 EVs a year. **Bloomberg**

The Economic Times 9th February 2023

Scrapped Govt Vehicles to be Replaced with Green Options, says Gadkari

Our Bureau



New Delhi: Government vehicles to be scrapped under the Centre's vehicle scrappage policy will be replaced with cleaner mobility technology vehicles, road transport and highways minister Nitin Gadkari said Tuesday while speaking at the 7th edition of the ET Auto EV Conclave in the city.

Finance minister Nirmala Sitharaman had said while unveiling the union budget that all state and central government-owned vehicles including buses owned by transport corporations and public sector undertakings that have been on the road for over 15 years would be scrapped.

Gadkari said about 900,000 government vehicles would be replaced by electric or alternative fuel vehicles to reduce the country's crude oil import bill as well as cut down on pollution.

There is also a demand for about 1 million buses which should be converted to electric buses as they offer a far superior operating cost while also reducing pollution, he said. "We are planning a sky bus in Bengaluru as a cheaper alternative to the metro," he added.

India faces two major challenges pertaining to the auto industry, he said — the import of fossil fuels worth over ₹17 lakh crore and the increasing levels of pollution. "If we can save fossil fuel imports, we can make India green and create employment."

There are about 1 million electric vehicles registered in India, he said, and the government is aiming for 10 million units by 2030.

The minister said two philosophies were required to move towards green mobility: investment in new technology and avoiding material waste. "Technology is all about converting knowledge to wealth," he said.

"Convert rice straw, barley to bio bitumen. India requires 80 lakh tonnes of bitumen out of which 30 lakh tonnes is imported at the moment," he said, adding: "NHAI (National Highways Authority of India) is ready to buy bio-bitumen from farmers produced locally."

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 15th February 2023

FAME-II: Centre pushes states to place more e-bus orders

NITIN KUMAR
New Delhi, 14 February

The ministry of heavy industries (MHI) is pushing state governments to place more orders for electric buses to meet the target of 7,090 under the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) scheme. The scheme ends in a year, but the deployment of e-buses by states under the plan stands at 31 per cent (2,232) of the target.

"The ministry has set a target of deploying around 3,000 buses by the end of this calendar year," a senior ministry official said.

To achieve this year's target, the ministry is reaching out to states like Maharashtra, Uttar Pradesh, and Karnataka, and has so far managed to get orders for 1,506 more buses.

Since the FAME-II's launch in April 2019, the ministry has sanctioned 6,315 electric buses to 65 cities/state transport undertakings/state government entities for intra-city operations. However, it has been able to secure state tenders for just 3,738 buses, Union Minister of State for Heavy Industries Krishan Pal Gurjar told Lok Sabha last week.

FAME-II was launched with an outlay of ₹10,000 crore for a three-year period, but was extended till March 2024. "Our targets are not being achieved because we have to depend on state governments' orders. They show little interest in buying electric buses. Some states like Tamil Nadu, Rajasthan, Madhya Pradesh and Punjab have shown little interest in buying electric buses," the official said.

GREEN RIDE

7,090 buses: Deployment target under FAME-II

6,315 buses: Sanctioned

3,738 buses: Tenders issued

2,232 buses: Deployed as of February 7

The MHI takes applications from state governments and issues tenders to electric bus manufacturers. States are reluctant because of the high cost. Each electric bus costs more than Rs 1.2 crore, about five times that of a diesel one.

The Centre has been pushing for more electric vehicles as the transport sector is responsible for 13.5 per cent of India's energy-related carbon dioxide emissions, with road transport accounting for 90 per cent of the sector's total final energy consumption, according to an International Energy Agency report published in 2020.

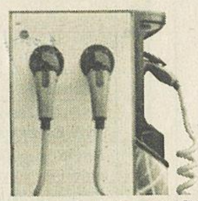
The FAME scheme provides subsidy of ₹20,000 per kWh for e-buses with a cap of 40 per cent of the vehicle's cost and a maximum ex-factory price limit of ₹2 crore. According to the FAME-II guidelines, the approximate size of battery in a e-bus is 250 kWh.

A majority of the buses that are sold in the country avail of FAME subsidy. Under the FAME-II, the total fund support for buses is ₹3,545 crore. FAME-II primarily focuses on supporting electrification of public and shared transportation, and aims to support through demand incentive 7,090 buses, half a million three-wheelers, 55,000 passenger cars and one million two-wheelers.

Government data shows that under FAME-I, about 278,000 pure EVs were supported with total demand incentives of ₹343 crore. Under the first phase, 425 electric and hybrid buses were deployed across various cities with government incentives of about ₹280 crore. The government almost doubled the allocation for FAME-II in the FY24 Budget to ₹5,172 crore. Under the scheme, it has so far spent ₹3,889.94 crore.

TN offers sops to firms, users

Tamil Nadu will encourage electric vehicles (EVs) by offering incentives to manufacturers, customers and charging-infrastructure providers, announcing a new policy after seeing investment interest of around ₹24,000 crore in the past five years. Incentives for manufacturers under the Tamil Nadu Electric Vehicles Policy 2023 include 100 per cent reimbursement on state goods and services tax (SGST), investment- or turnover-based subsidy, and advanced chemistry cell subsidy. The state for five years will fully exempt tax on electricity purchased from its discom, exempt stamp duty and subsidise land cost. In the past five years, the state has seen EV projects with employment potential of 48,000 jobs. Tamil Nadu will gradually make a substantial share of its public transport EV based. State transport utilities will be encouraged to electrify fleets through loan programmes from multilateral agencies. The state may increase the share of electric buses to 30 per cent of the fleet by 2030.



For people using EV, there will be exemptions and waivers on road tax, registration charges and permit fees. This is in addition to purchase incentives ranging between ₹5,000 and ₹10 lakh. The state will develop bus-charging infrastructure through budgetary allocations and exploring the option of providing the infrastructure as a service for private operators. Private buses, school and college vehicles will be encouraged to switch to EV. SHINE JACOB

Business Standard 8th February 2023

EV registrations in Jan dip 15% despite Centre push

NITIN KUMAR & SHINE JACOB
New Delhi/Chennai, 7 February

After seeing a big rise last year, the retail market share and sales of electric vehicles (EVs) fell in January.

According to industry players, the decline in sales is owing to a halt in FAME-II (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) subsidies, the rising cost of EVs, and supply-chain constraints.

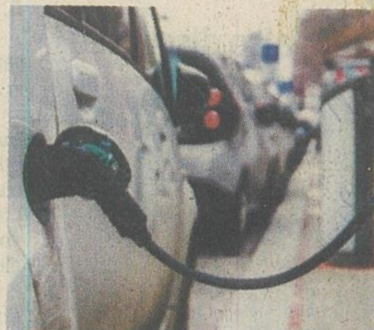
This comes after sales touched an all-time monthly high of 119,483 units in November.

EV registration in January declined over 15 per cent to 100,852 units.

Sales in January are lower than those of December (102,422 units), according to the data on the Vahan portal of the Ministry of Road Transport and Highways.

According to the data shared by the Federation of Automobile Dealers Associations (FADA), the EV market share declined across categories compared to ICE vehicles. "In two-wheelers, the share came down from 5.7 per cent in December to 5 per cent in January. Similarly, the three-wheeler share declined from 53.3 per cent to 50 per cent, for passenger vehicles it was from 1.3 per cent to 1 per cent and for commercial vehicles from 0.3 per cent to 0.2 per cent," said Manish Raj Singhania, President, FADA.

This decline is despite the government push for green mobility by doubling its budgetary allocation for the FAME scheme and extending Customs duty exemption for manufacturing lithium-ion batteries.



In terms of the retail sales data shared by FADA, on a year-on-year basis, they more than doubled in electric two-wheelers to 64,363 units (115 per cent), while being flat at 0.2 per cent growth over December 2022.

Ola Electric (18,245), TVS Motor (10,404), Ather Energy (9,139) and Hero Electric (6,393) were the top players during the month. In three-wheelers, sales declined by 3 per cent over December to 32,911 units and were up by 73 per cent over January 2022.

Sales of commercial EVs were down by 15 per cent over January 2022 and 23 per cent against December 2022. As regards passenger vehicles, they were up 116 per cent on a year-on-year basis and 11 per cent on a monthly criterion. Though market leader Tata Motors saw a 73 per cent increase over January 2022, compared to December, it saw a 17 per cent dip.

"EV penetration and volume have largely plateaued across segments in recent months. Though the reasons are varied, we believe for two-wheelers, it is the implementation of stricter norms; for three-wheelers, it is the absence of the market leader; and for passenger vehicles, it is the lack of a wide range of model offerings," said a report by equity research firm BNP Paribas.

Based on the industry data, the sales of largest barred (their subsidies were stopped) original equipment manufacturers (OEMs) — Okinawa Scooters and Hero Electric — declined 51 per cent and 29 per cent, respectively, since November. Dealers of both electric two-wheeler manufacturers say the decline in sales is due to price hikes and longer waiting periods. A majority of the dealers bearing the brunt of the Centre's decisions are from the stable of Okinawa Scooters and Hero Electric because they contribute 83 per cent of the 243,310 vehicles sold by the 17 excluded OEMs (of the 64 OEMs registered under FAME II so far) and 20 per cent in the total EVs sold in 2022. Subsidies of both the OEMs were halted in September.

The halt on FAME subsidies led to an increase in prices of EVs. "The prices of Okinawa's electric scooters have seen a ₹13,000-40,000 increase," said an Okinawa dealer in Gurugram.

Business Line 3rd February 2023

EV registrations dip marginally in Jan, but up 100% y-o-y

WHAT WORKED. Ather Energy said its growing presence as well as new features on the scooters contributed to the company's increase in sales

G Balachandar
Chennai

The electric vehicle sector has maintained its monthly sales momentum at one-lakh plus units during the first month of 2023 amid a marginal decline of 2 per cent, compared with the previous month's (December 2022) volumes.

This is the fourth consecutive month of EV registrations clocking over 1 lakh units.

Total EV registrations (all segments included) in January stood at 100,676 units compared with 102,457 units in December 2022 and 50,623 units in January 2022, according to data on Vahan Dashboard.

FOCUS: POLICY PUSH

"January 2023 volumes represent a 100 per cent increase over January 2022. While this rate of growth puts us on the right track to achieve 1 crore volumes by 2030 (as estimated in the latest Economic Survey), maintaining it will become challenging as the base expands. It's important to keep the policy push in focus, particularly as many States are yet to notify their EV policies," Gagan Sidhu, Director, CEEW Centre for Energy Finance, told *businessline*.

Electric two-wheeler (E2W) sales reported a marginal drop at 64,297 units in the month (64,527 in December). Electric three-wheeler (E3W) sales stood at 32,912 units (33,951).

According to Vahan data, while Ola Electric retained its leadership position in the E2W space with total registrations of 18,220 units in January (up from 17,346 units),, TVS Motor Company followed suit with total registrations of 10,397 units, up from 9,351 units.

Ather Energy was at the third spot with sales of 9,129 units, followed by Hero Electric at 6,392 units and Ampere Electric at 4,366 units.

Electric car sales were marginally up at about 3,000 units.

The Economic Times 6th February 2023

India on Volvo Cars' Radar for Setting up New EV Manufacturing Plant: Global CEO

'Open to partnering a company in the region for contract manufacturing'

Sharmistha.Mukherjee
@timesgroup.com

Kiruna (Sweden): With sales of electric vehicles expected to accelerate in the coming year on the back of development of charging infrastructure and price parity with internal combustion engine vehicles, Swedish luxury carmaker Volvo Cars is examining possibilities to set up a new manufacturing facility in Asia, outside China.

Volvo Cars global chief executive officer Jim Rowan said while a final decision on the location of the new manufacturing unit for electric cars is yet to be taken, India and Southeast Asian countries are among the contenders. The facility being considered will be utilised to meet domestic requirements as well as ship vehicles to other markets globally.

"We need to make sure that we can feed other countries other than just India from that location. And then, therefore, we need to look at the logistics of that. And also the cost benefits", explained Rowan, adding: "But (we are looking) in Asia, that's something that we're looking at the moment." Volvo Cars – which has firmed up plans to go all electric by the end of the decade — is also open to collaborating with a partner in the region for contract manufacturing. Last year, Volvo Cars announced plans to set up a new manufacturing facility in Slovakia to meet increased demand for its EVs in Europe and the US.

Rowan said the company believes that internal combustion engine and EVs will be at price parity by 2025. This will make EVs affordable for a larger number of customers. "But you're going to continue to see the improvements in technology on battery electric vehicles. Whereas there is much less investment that's going into internal combustion engines for obvious reasons.

Jim Rowan, Volvo Cars global chief executive officer

So, you'll start to see BEV technology accelerate and that's going to reduce cost and increase range, effectively," he said. Volvo Cars is looking at introducing one new electric vehicle every year for the next few years to tap into the potential in this fast-evolving space. Globally, the company is targeting clocking half its sales from BEVs by 2025. In India, the proportion of sales from electric vehicles will be higher at about 80% in the same period, albeit on a lower base. "We've announced that we will release one brand new electric car every year for the next few year", Rowan said.

Volvo Cars India currently sells the XC40 Recharge in India, which is priced at Rs 56.90 lakh (ex-showroom), which has received a strong response from customers. The company will drive in a second electric car – the C40 a- head of the festive season this year. Volvo Cars India assembles the XC40 Recharge at its plant in Karnataka, India.

Overall, Rowan said different countries are transitioning to e-mobility at different speeds, predominantly driven by the pace of development of charging infrastructure. Volvo Cars, however, has decided to exit completely the market for internal combustion engine vehicles and focus fully on newer technologies. We think we have a game plan that allows us to go and do business successfully. Even if we can serve some of those markets (where electrification is growing). Then looks like that's okay with us."

(The writer was in Sweden on an invitation from Volvo Cars)

Business Line 7th February 2023

Nissan set to buy up to 15% stake in Renault EV unit under new alliance

Reuters
London

Nissan and Renault, on Monday, unveiled details of their redesigned alliance, with the Japanese carmaker committing to buy a stake of up to 15 per cent in Renault's electric vehicles unit, Ampere.

The agreement, which also includes the previously announced reduction of Renault's stake in Nissan to make the two more equal partners, aims to make the alliance freer and more balanced for the next 15 years, said Renault's CEO Luca de Meo.

The lopsided relationship between the two car makers, which was deeply strained by the 2018 arrest of its architect and former chairman, Carlos Ghosn, amid financial scandal, had long been a source of friction among Nissan executives. While Renault bailed out

Makoto Uchida, CEO, Nissan (left), and Luca De Meo, CEO, Renault, unveil the agreement in London on Monday REUTERS

Nissan two decades ago, it is the smaller automaker by sales. "I consider that what we have agreed is a much better set-up than what we have had in the last past few years," de Meo told a presentation of the new-look alliance in London. "We have now a new governance scheme that is much more straightforward, we can now operate like a normal company. Seen from Renault, [it] is about regaining some strategic agility without breaking necessarily the ties and the synergies that were existing."

The size of Nissan's investment or even a firm commitment to put money in the EV unit, Renault's flagship business which is due to be listed on the market, has so far been unclear.

FINANCIAL DETAILS

No financial details were disclosed on the valuation of the business on Monday, which some sources have indicated could be up to €10 billion. De Meo said the market would decide the value of the unit.

The alliance's junior partner, Mitsubishi Motors, will also consider investing in Ampere. The pair had already announced that Renault would reduce its stake in Nissan to 15 per cent from around 43 per cent by transferring a 28 per cent stake into a French trust.

To team up for India projects

Press Trust of India
New Delhi

Renault Group and Nissan plan will collaborate on several new vehicle projects, including SUVs in India, as part of new initiatives announced by the Renault-Nissan-Mitsubishi Alliance.

"For India and export, Renault Group and Nissan will collaborate on several new vehicle projects, including SUVs shared by both Renault and Nissan, and a new Nissan car derived from the Renault Triber," said the Renault-Nissan-Mitsubishi Alliance in a statement.

PRESS REPORTS
ON
COMPANY NEWS

Business Line 9th February 2023

Hero MotoCorp looks to regain market share in 125 cc bike segment

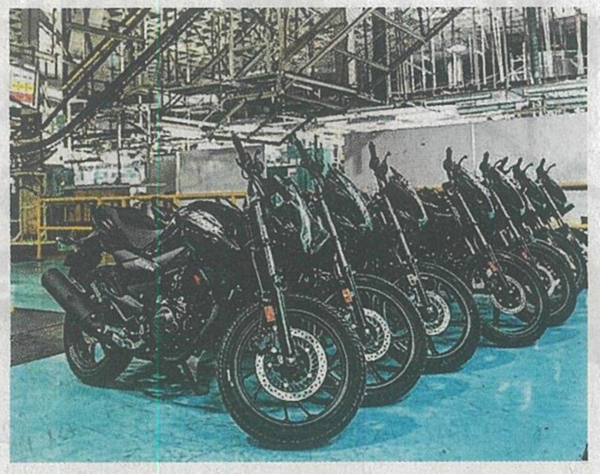
GROWTH STRATEGY. Lines up more launches; bullish on EV plans

S Ronendra Singh
New Delhi

Two-wheeler manufacturer Hero MotoCorp said the company is increasing its portfolio over the next 18-24 months to gain market share, including launching more 125cc motorcycles, whose market share came down to around nine per cent last quarter from 13-15 per cent in the earlier quarters.

"In the 125cc, we have actually made good progress with Glamour XTEC...it has added to confidence in the market. It has a tremendous amount of acceptability ... we are strengthening our 125cc portfolio as we go forward. The Super Splendor will be coming in with XTEC and will be a positive fill up to the entire portfolio. It's also the time for marriages and we see a great outlook," Ranjivit Singh, Chief Growth Officer, Hero MotoCorp, said at an earnings call on Wednesday.

Going forward, the company will launch a couple of models in FY24. The premiumisation trend is coming in quite strongly in Hero's overall portfolio and XTEC contributes to over 30 per cent in the overall portfolio, he said, adding that it is helping the company consolidate and strengthen market share in core markets.



LOSING TRACTION. The share of 125cc motorcycles came down to around nine per cent last quarter from 13-15 per cent in the earlier quarters

The premiumisation trend is coming in quite strongly in Hero's overall portfolio and XTEC contributes to over 30 per cent in the overall portfolio

Per latest monthly data by the Federation of Automobile Dealers Associations (FADA), Hero MotoCorp's market share fell to 29.30 per cent in January compared to 31 per cent in January 2022.

"In the quarter, we have done inventory adjustments also," Niranjan Gupta, Chief Financial Officer, Hero MotoCorp, said.

EV PLANS

On electric vehicle plans, both the senior executives said the company is going ahead as planned and new products will be launched accordingly, apart from expansion in new markets.

The company on Tuesday, reported a 2.41 per cent rise in consolidated net profit at ₹721 crore for the third quarter ended December 31, 2022 compared with ₹704 crore in the same quarter last fiscal.

MUTED PERFORMANCE

Revenue from operations stood at ₹8,118 crore against ₹8,013 crore in the October-December quarter 2021.

Total expenses were at ₹7,373 crore, higher than ₹7,217 crore in the corresponding quarter last fiscal.

Shares of Hero MotoCorp settled over one per cent lower on Wednesday after the company's December quarter results failed to cheer investors. The stock fell 1.51 per cent to end at 2,613.65 apiece on the BSE.

On the NSE, it declined 1.37 per cent to settle at ₹2,616.35.

Business Line 14th February 2023

Renault-Nissan mulls investment of ₹5,300 crore in TN over 5 years

(From left): V Vishnu, MD & CEO, TN Industrial Guidance and Export Promotion Bureau; Guillaume Cartier, Chairperson for Nissan's Africa, Middle-East, India, Europe and Oceania region; MK Stalin, Tamil Nadu CM; Ashwani Gupta, COO, Nissan Motor Corporation; and S Krishnan, Additional Chief Secretary, TN Industries Department, at the signing of MoU in Chennai on Monday BIJOY GHOSH

G Balachandar
Chennai

Renault and Nissan have announced their new growth plans for the Indian market with an infusion of ₹5,300-crore investment over five years that will see the Indian operations of the alliance develop, manufacture and sell at least six new models, including two electric vehicles, both in domestic and export markets.

The alliance of the French and Japanese companies on Monday signed a memorandum of understanding (MoU) with the Tamil Nadu government in the presence of Chief Minister MK Stalin.

MAKING FOR WORLD

The biggest transformation in their Indian operations will be making localised models for global markets from now as against localising global models earlier, said Ashwani Gupta, Representative Executive Officer and Chief Operating Officer, Nissan Motor Co Ltd.

The six new models — three for each company — will be built on common alliance platforms while retaining the individual, distinctive properties of the respective brands. There will be four new C-segment SUVs and new A-segment electric vehicles, which will be the first EVs for both Renault and Nissan in India. The first vehicle is expected to be rolled out in 2025.

After fixing the business operations in core markets like the US, China, Japan and Europe, Nissan had been exploring growth potential in markets where the brand has the asset, experience and market for future growth potential. "Being the fastest growing market, India fits into the strategy. Also, the success of 'Magnite' indicates the evolving customers in India. So, all these factors have pushed Renault-Nissan to take this decision, Gupta told *businessline*.

"Nissan's strength is in SUVs. More than 70 per cent of Nissan's global sales come from SUVs. In India, too, the SUV market is growing faster than cars. Going forward, Nissan's intent would be double the market coverage with the proposed SUV launches across — A, B and C segments," he said.

With new product rollout plans, the alliance expects the capacity utilisation of the Oragadam factory near Chennai, which will be modernised as part of the current investment programme to produce electric vehicles, to reach 80 per cent in the future by selling both in India and exporting vehicles, from about 47 per cent now.

LEARNINGS IN INDIA

With its new experiments — building the first alliance plant, setting up the first alliance R&D unit and roping in a partner for dealer operations — Nissan had fumbled quite badly in the Indian market. On the product side too, it failed in creating and selling a model to boost its presence and share. But things appeared to have worked out with the launch of SUV Magnite.

"We have done all trials and errors in the last 15 years in India. Of course, we have learnt from our experiences," said Gupta.

Business Line 3rd February 2023

Ashok Leyland to get alternative fuel platforms ready in two years

NEW ROUTE. A chunk of its proposed ₹2,000-cr investment under PLI will be for productionising electric, H_2 tech

G Balachandar
Chennai

Leading truck and busmaker Ashok Leyland has said it is open to partnerships to develop products in the alternative fuel segments. This as the Hinduja flagship has pledged to offer alternative fuel platforms in its product categories in the next two years.

While diesel is likely to be the major fuel for some more years, some specific segments in the commercial vehicle market may demand trucks and buses, powered by batteries, LNG, CNG, hydrogen ICE and fuel cells in the near future. However, electric buses and small electric trucks will be made and sold by its EV arm Switch Mobility.

"For example, customers want higher tonnage electric trucks in port activities. We want to make sure that alternative fuel variants are offered across product categories in the next 24 months," Dheeraj Hinduja, Executive Chairman of Ashok Leyland, told *businessline*.

> The company will be open to working with partners as long as they bring expertise to develop and offer products at the right cost structure in these segments
>
> **DHEERAJ HINDUJA**
> Executive Chairman, Ashok Leyland

PARTNERSHIP

Hinduja said while the company had the skill set to develop products powered by alternative fuel engines, CNG and electric in particular, it will be open to working with partners as long as they bring expertise to develop and offer products at the right cost structure in these segments.

Ashok Leyland has already tied with some partners including Toyota to develop platforms for hydrogen and fuel cell segments. Hinduja said a major portion of its proposed ₹2,000 crore investment under the PLI scheme would be made in productionising electric and hydrogen technologies over the next few years.

GAINING MARKET

Meanwhile, Ashok Leyland continued to gain market share in the medium and heavy commercial vehicle market. Its market share stood at 32.6 per cent in Q3 of this fiscal, a gain of 7.3 per cent over the same period last year. "This is the fourth consecutive quarter of 30 per cent plus market share for Ashok Leyland, supported by product performance and network expansion," he added.

However, the company is hoping to regain its dominant position in the bus segment with the realignment of its products in the school bus category, a weak segment earlier for the company. It also hopes to accelerate its small truck sales with the proposed launch of electric Bada Dost, followed by electric Dost.

VOLUME PEAKS

Shenu Aggarwal, who recently took over as the MD & CEO, said the company was hopeful of maintaining about one-third of the medium and heavy-duty truck market share supported by an expanded product portfolio and strengthening its presence in some of the regions.

The company management said the M&HCV industry is unlikely to hit the previous peak (FY19) of more than 4 lakh units in this fiscal although growth has been strong so far. But the industry could reach those volume levels during the next fiscal if the current momentum is continued.

The Economic Times 15th February 2023

DUE DILIGENCE EXERCISE UNDERWAY

TVS EV Co may Get $350m from ADIA, Goldman, Carlyle

Unit could become most-valuable electric 2W co as deal seen at $3-3.5 b valuation

Arijit Barman, Shally Seth Mohile & Ashutosh R Shyam

Mumbai: Abu Dhabi Investment Authority (ADIA), Goldman Sachs and Carlyle are in active discussions with TVS Motor Co to invest $300-350 million in its electric vehicle (EV) arm at a potential $3-3.5 billion valuation, said people with knowledge of the matter. If the deal takes place at this valuation, it will become the most valuable two-wheeler EV company in the country. The current market value of TVS Motor is Rs 51,238.15 crore.

Due diligence is currently underway.

TVS had appointed Citi to manage the capital-raising exercise last year. With its range of iQube models, TVS has emerged as the second-largest selling brand in the electric two-wheeler market in volume terms after Ola Electric.

The TVS Motor board had approved the creation of a new arm to house its electric mobility business in October 2021. TVS Electric Mobility was incorporated in December as a subsidiary with an investment plan of Rs 1,000 crore.

TVS and ADIA didn't respond to queries. Goldman Sachs and Carlyle declined to comment.

The deal structure is said to be broadly similar to that of Tata Motors EV with TPG's investment in that company being part equity and partly linked to performance-based milestones.

One of the first legacy manufacturers to enter the EV segment in January 2020, the Hosur-based firm has seen its volumes climb month-on-month. Bajaj Auto, which entered the market with e-Chetak scooters around the same time, has struggled to achieve scale amid a semiconductor shortage.

TVS is the third-largest two-wheeler company in terms of domestic volumes. It sold 10,404 electric two-wheelers in January 2023 against 1,157 in the corresponding month a year ago. It expects total e-scooter numbers to cross 100,000 this fiscal year.

Ramkrishna Forgings to clock ₹5,000-cr revenue by FY25

Shobha Roy
Kolkata

Ramkrishna Forgings Ltd, which expects its additional 56,400 tonne capacity to come on stream by September this year, is hopeful of growing at a CAGR of around 25 per cent and clocking a turnover of close to ₹5,000 crore by FY25.

The company, which had registered a turnover of ₹2,285 crore in FY22, is hopeful of touching revenues of ₹2,900-3,000 crore by the end of FY23.

According to the company's Wholetime Director and CFO Lalit Kumar Khetan, the overall capacity utilisation is close to 86 per cent but in some plants, it is more than 100 per cent. The increase in demand, coupled with the additional capacity being added, will help bring in more revenues.

STEADY DEMAND

"The 56,400-tonne capacity should come on stream by September 2023, and then we are hopeful of touching revenues of close to ₹5,000 crore by FY25," said Khetan.

The commercial vehicle segment has seen steady growth following the festive season due to the high fleet utilisation of fleets resulting from increased economic and infrastructure activity. The momentum is expected to continue and the market is predicted to remain strong, the company said.

It recorded 24 per cent growth in revenue at ₹752 crore in Q3 FY23 and the EBITDA margin stood at around 22 per cent. The company is hopeful of maintaining a margin of over 22 per cent.

Ramkrishna Forgings has been taking steps to diversify its product portfolio and has strengthened its foothold in the EV space. It has recently acquired a 51 per cent stake in TSUYO manufacturing. This will significantly improve its capabilities and expand the market share in evolving EV segment, Khetan said.

The Economic Times 7th February 2023

The Economic Times 13th February 2023

ORDER BACKLOG with economies of scale offers room to expand margins, grow earnings by 30%

Mahindra Can Outpace Rivals on Strong Automotive, Tractor Sales

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Mahindra: Open Bookings

Period	Outstanding open booking	XUV 300/400	XUV 700	Thar	Bolero	Scorpio
Q3FY23 end	266,000	23,000	77,000	37,000	9,000	119,000
Per month rate		9,300	9,900	4,600	10,400	16,500

Source: Company presentation

ET Intelligence Group: Mahindra & Mahindra may sustain its outperformance driven by a consistent improvement in automotive segment margin and encouraging tractor cycle for the current fiscal. A sizeable room for further expansion of automotive margin with higher economies of scale supported by swelling order backlog could help maintain earnings growth of more than 30% for the next fiscal year.

On an absolute basis, the operating profit of the automotive business grew about three times to ₹989 crore in December 2022 and it has been consistently improving for six quarters in a row. The dual benefit of margin expansion and volume growth is a vindication of its improving automotive franchise.

The operating profit (EBIT) margin of the automotive segment of M&M where it earns revenue from sales of vehicles such as XUV 700 and Scorpio-N nearly doubled in the last year to 6.7% in the December 2022 quarter. The sales volume of the automotive segment rose 45% year-on-year to 176,094 units aided by price realisation growth of 5.5%, resulting in the segment EBIT margin rising to 6.7% in the December quarter, a growth of 50 basis points on a sequential basis.

The EBIT margin sequential growth for M&M's automotive segment has been better than the market leader in the December quarter. The superior volume growth for the UV segment catapulted the company to become the largest player in the SUV segment with a market share of 20.6% in December 2022, up from 15.6% a year ago.

ET ANALYSIS

With the pending order book reaching 266,000 units at the end of December 2022, the volume growth of the UV segment is expected to grow more than 50% in the current fiscal and more than 20% in FY24. The monthly order rate of XUV 700, Scorpio and Bolero has been more than 9,000 per month in the previous quarter. Attractive pricing for the recently launched electric XUV 400 initially led into bookings for 15,000 units.

Revenue for the automotive segment could potentially reach ₹70,000 crore for the next fiscal from around ₹55,000 crore in the current year and the EBIT margin could improve 150-200 basis points to the 8-8.5% range. The automotive segment installed capacity would increase to 39,000 units per month at the end of the current fiscal year and 49,000 units per month at the end of the next fiscal from 29,000 units currently.

On the tractor segment, the company expects industry growth could be around 10% in the current fiscal owing to higher spending by the government in the second half of FY23, four years of good monsoon in a row and improving terms of trade for farmers. M&M's market share in the tractor segment rose 160 basis points to 41% in December 2022.

It has been able to gain market share for the tractor business despite price hikes to pass on raw material costs as it has been working on product differentiation with an aim to bring newer technologies at affordable prices. For example, Yuvotech tractors are derived from Yuvo tractors and contribute around 15% of the total volume. The company sees huge revenue growth potential from farm implements, as there is a huge gap between the tractor market share and its market share in the farm implements business. In the first nine months of FY23, farm implements vertical rose 40% to ₹450 crore.

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'Audi Expects India Sales to More than Triple in 2 years'

India's luxury car market to touch 100k units over 10 yrs: Top official

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Andre Konsbruck, VP sales overseas, Audi AG

Mumbai: Audi AG expects the India subsidiary to more than triple its sales volumes over the next couple of years on back of multiple model new launches, better availability of semiconductors globally and a strong demand for luxury cars, Andre Konsbruck, VP sales overseas, Audi AG, told **ET**.

Led by a fast- paced growth in the years to come, Konsbruck also expects India's luxury car market—which has remained range bound in the past decade — to touch 100,000-unit mark over the next 10 years.

"We will do at least 14,000 units in the next couple of years (in India) if the market remains stable and the economic growth continues," Konsbruck said. Audi India delivered 4,187 units in 2022, up 27% year-on-year.

Currently, Audi is not competing in the full range of the premium market because it exited the diesel segment which accounts for 40% of the premium market, he said. This, he believes, is anyway set to change with electrification trend. "Diesel will disappear gradually, its share has already halved from the high of 80%," he said.

As a run up to BSVI emission norms which took effect from 1 April 2020, Audi pulled the plug on diesel cars in India even as its rivals Mercedes and BMW continue to sell diesel variants. It has been focusing on petrol and battery electric vehicle (BEV). According to Konsbruck, Audi's current volume is constrained by supplies.

"It's not the real starting base as we could have done much more. Dealers are asking for more," he said.

Balbir Singh Dhillon, head Audi India said all the initiatives taken by the company during the pandemic for a sustainable growth in the market has started paying off and there won't be any looking back now.

"We looked inwards and undertook a holistic approach," he said alluding to strengthening the dealer network and taking the "bold decision" of exiting the diesel segment and strengthening the processes and systems.

For the Volkswagen Group company which entered India's luxury car market in 2009, the innings have been nothing short of a roller coaster ride. It delivered 10,857 cars in 2014 and a record 11,192 units in 2015.

Subsequently, it lost the pole position to Mercedes India and BMW India and its sales started tumbling from 2016 touching the low of 1693 units in 2020.

The high paced growth Audi now expects will be particularly led by the high-end C and D segments of the luxury car market, said Singh. The pandemic has really given a thrust to luxury goods across all product categories said Konsbruck and high end models have been a clear beneficiary of the trend.

The model launch plans for India in 2023 includes the Q3 Sportback, top-of-the-line Q8 e-tron and face lifts of two to three more models.

GOVERNMENT POLICY

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6th February 2023

Centre Scraps Import Duty on Automobiles Brought for Testing

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Manesar: In a bid to encourage foreign automakers to test their vehicles in India, the Centre has decided to remove import duty on automobiles brought in for testing at its agencies such as International Center for Automotive Technology (iCAT) and Automotive Research Association of India (ARAI).

Foreign automakers have to pay a high import duty of 252% on the vehicles they bring into the country for testing.

Minister for heavy industries Mahendra Nath Pandey on Saturday said the move will make vehicle testing competitive and will support the development of a testing hub in India.

His remark came at a media interaction on the sidelines of an exposition on clean mobility at iCAT in Manesar.

The revision in customs duty on vehicles brought in for testing to India has been made in the Finance Bill that was presented on February 1.

"Vehicle testing is done in some select countries. Indian testing agencies already have the capability to test vehicles as per international standards," said Pandey. "International automakers can now bring in vehicles for testing in India and avail of exemption on import duties."

Pandey said automakers mostly test their vehicles in the UK, Japan, Korea, China and Taiwan.

The exemption of import duty will enable carmakers to introduce advanced technologies in the country at reduced costs and also support development of India as an attractive destination for testing and certification of vehicles for the other markets.

"This firstly helps in reducing the cost for OEMs (original equipment manufacturers) evaluating new CBUs (completely built units) in India, specially the high cost ones," said Ravi Bhatia, President at consultancy firm Jato Dynamics. "Secondly, it will make India a possible attractive destination to test and certify vehicles not only against Indian standards but also standards in other markets."

The government has four vehicle testing centres--iCAT (Manesar), ARAI (Pune), GARC (Global Automotive Research Center, Oragadam) and National Automotive Test Tracks (NATRAX, Pithampur)—under its Rs 15,000-crore National Automotive Testing and R&D Infrastructure Project (NATRIP).

"Given the pace of introduction of regulatory norms in India, it is important that testing agencies set up adequate capacity to avoid backlogs," said a senior industry executive. India is set to transition to the second phase of BSVI standards from later this year.