ACMA
(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

ACMA
(Western Region)
AUTOMOTIVE COMPONENT MANUFACTURERS ASSOCIATION OF INDIA
80, Dr. Annie Besant Road, Worli, Mumbai 400 018
Phone: (022) 24933507, 24980502, 24975877 Fax: (022) 24936527
E-mail: acmawr@acma.in

PRESS REPORTS ON AUTOMOTIVE INDUSTRY

CONTENTS

****

PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Standard 27th March 2023

Steelmakers eye higher auto contract prices

Steel prices have been rising both globally and at home since December

ISHITA AYAN DUTT & SOHINI DAS
Kolkata\Mumbai, 26 March

Cost to automakers is set to go up with steel companies pressing for an increase in contract prices after about three quarters. But, it remains to be seen if the automakers pass on this hike to customers. Most carmakers have already announced a hike in prices which will come into effect from April.

Steel accounts for about eight per cent of the raw material cost for cars and utility vehicles, seven per cent in two wheelers and nine per cent in commercial vehicles.

Major steel companies – Tata Steel, JSW Steel and ArcelorMittal Nippon Steel India (AM/NS India) – have initiated discussions with auto original equipment manufacturers (OEMs) for the April to June contract in the backdrop of firming up of steel prices.

The negotiation comes on the heels of a rash of announcements on price hikes by vehicle manufacturers.

"Steel prices have moved up globally reflecting higher cost structure over December 2022. So, directionally, there would be an increase in auto contract prices," Jayant Acharya, deputy managing director, JSW Steel, said.

Ranjan Dhar, chief marketing officer, AM/NS India, confirmed that discussions have started for the contracts.

"The last three quarters have seen a drop in prices. But steel prices have increased since the end of December on account of rising input costs, which would reflect in the negotiations. Typically, the average of the last three/six months forms the basis for discussion," Dhar said.

Tata Steel, JSW Steel, and AM/NS India supply about 90 per cent of the steel requirements of auto companies. Tata Steel is also believed to be seeking an increase in prices, sources said.

Since December, spot steel prices have moved up globally — in the US by about 49 per cent and in Europe by 22 per cent till March. The domestic market followed with a more than 12 per cent hike, which would be the basis of negotiations for the upcoming contracts.

Typically, contracts for auto were for six months, but volatility in steel prices led by supply disruptions in the aftermath of the Covid-19 pandemic prompted companies to move to quarterly contracts.

Vehicle prices have been increasing since January to offset past rise in costs coupled with the compliance cost of new emission norms effective April 1.

On Thursday, the country's largest passenger vehicle maker Maruti Suzuki India (MSIL), indicated that it would hike prices of its models come April, the extent is not known.

Maruti joins rival Tata Motors and two-wheeler maker Hero Motocorp, who said that they would raise prices by 5 percent and 2 percent respectively, as they grapple with increased costs to meet new emission norms.

Commodity prices had soared till about April last year and thereafter tumbled. Contract prices for steel dropped by about ₹15,500 a tonne over three quarters, at least one of the steel suppliers to auto said. Since the end of December, however, prices started moving up.

Even as prices had cooled, auto majors such as, Maruti Suzuki, Tata Motors, Hero MotoCorp and Kia India continued to hike prices in the last several months to recover the earlier spike in raw material costs and to prepare for the incoming real driving emission (RDE) norms. With the opening up of China, the vehicle manufacturers are now wary about an uptrend in commodity prices.

"Commodity pricing outlook is speculative. The one thing we are waiting to see right now is what happens to China after opening up," said Rajesh Jejurikar, executive director of Mahindra and Mahindra, during the third quarter earnings call.

Another senior executive from the auto industry said, while the changing norms impacted diesel vehicles more, one would have to keep a close watch on input costs.

"Commodity prices had shown some signs of softening around December-January, but were still high compared to what it was two years back. The rise in vehicle prices have not been proportional to the rise in commodity prices as no manufacturer had the will to pass it on to the consumer in a Covid-19 hit demand disruption. Therefore, chances of price hikes remain, but we have to be very cautious," the executive said.

FEELING THE PINCH

- **Contract prices of steel for auto firms headed for increase** in April–June quarter, after three quarters
- **Tata Steel, JSW Steel, and AM/NS India** are major suppliers to automakers
- **Steel accounts for**
  - **8%** of raw material cost for cars and utility vehicles
  - **7%** in two-wheelers
  - **9%** in CVs

Business Standard 23rd March 2023

Auto sales may moderate in FY24 on weak sentiment

Passenger vehicle segment will close FY23 with 24 per cent growth, says report

SOHINI DAS & SHINE JACOB
Mumbai/Chennai, 22 March

Passenger vehicle (PV) and commercial vehicle (CV) companies did well in FY23 as sales of two-wheelers (2W) and tractors were muted but growth is likely to moderate for most segments in the new financial year, said experts.

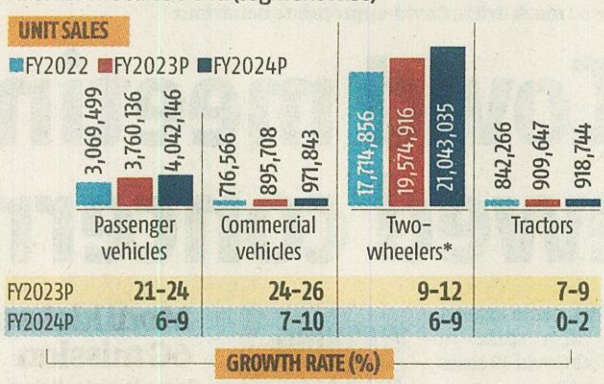
The PV industry will close FY23 with a 24 per cent growth rate touching 3.8 million units, marking a record year, according to ICRA. Shamsher Dewan, senior vice president and group head—corporate ratings at ICRA, said that after a lull in PV sales during the pandemic, there was pent-up demand.

"This has been largely addressed during this year and now there is a healthy inventory with dealers," Dewan told *Business Standard*. Some moderation in demand is expected in the coming fiscal.

"PVs are a very sentiment-driven segment, and news of IT job losses, economic slowdown, stock market not doing so well are factors that will impact demand in the segment. Discounts are already back for some models, and from our discussions with dealers and financiers we have learnt that inventory levels are building up," Dewan said, adding that for FY24 a 6-9 per cent growth is expected in the PV segment. Maruti Suzuki India, the country's largest PV maker, agreed with the estimate. "In FY23, PV sales are expected to end the year at a record 3.8 million units, up 26 per cent. In FY24, however, the industry is expecting 5-7 per cent volume growth," said Shashank Srivastava, senior executive officer-marketing and sales.

PATH OF GLORY

Automobile sales trend (segment wise)



*Includes exports

Source: ICRA

Replacement demand has helped the CV segment grow 26 per cent in FY23. "For almost three years, there has not been much replacement in fleets. ICRA analysis shows that the average age of medium and heavy commercial vehicles (MHCV) in India is right now around 9.5 years," said Dewan.

Replacement pushed sales in FY23 but the next fiscal will primarily see organic growth of around 7-10 per cent, said Dewan. OEMs hope that infrastructure spending would continue to drive demand. "The automotive mission plan 2026 intends to increase the value of India's automotive industry to over 12 per cent of its GDP and create 65 million employment by 2026, placing it among the top three global automotive leaders in engineering, manufacture, and exports," said Sanjeev Kumar, Head M&HCV Business, Ashok Leyland, India's second largest CV player.

Kumar said that volumes for the medium and heavy commercial vehicle (MHCV) industry are up 53 per cent over last year. He is optimistic that steady freight rates and commodities will negate the impact of rising interest rates.

"Bus volumes grew mainly due to the re-opening of schools, offices and inter-city travel taking off. Even tier 2 and 3 cities have experienced a spike in the ecommerce boom, which is fueling steady demand for LCVs (light commercial vehicles) for logistical needs in last mile delivery," he said.

Two-wheelers, as a segment, are lagging: volumes in FY23 are about 90 per cent of FY20.

Business Line 30th March 2023

Auto parts sector to grow 5-8% in FY24 on increased domestic demand: ICRA

Our Bureau
Mumbai

Driven by increased domestic demand, the automobile component industry's revenue is seen growing 5-8 per cent in FY24, according to a report.

The industry is expected to touch a revenue of over ₹2.5-lakh crore on increased premiumisation of vehicles, focus on localisation and improved export and regulatory norms.

Auto component suppliers are likely to report growth over medium-to-long term.

INDUSTRY REVENUES

In the first nine months of FY23, the sector's revenue has risen by over a fourth from year ago.

The industry is also expected to incur a capex of over ₹20,000 crore in FY24, with incremental investments towards new product additions, product development for committed platforms, development of advanced technology and EV components.

"Domestic OEM demand constitutes almost 50 per cent of sales for the Indian auto component industry. This is likely to remain healthy in FY24, with high single-digit growth expected across segments except for tractors," ICRA said in the report.

The replacement demand is seen stable in FY24, growing at 6-8 per cent, supported by the increase in mobility, economic activity and healthy freight movement.

"Discouragingly, the export orders have slowed down in the last few months and are likely to remain weak in H1 FY24, impacted by economic gloom, geopolitical tensions and supply-chain issues. However, ancillaries will benefit from supplies to new platforms due to vendor diversification initiatives by global OEMs," said Vinutaa S, Vice-President and Sector Head – Corporate Ratings, at ICRA.

"The expected demand uptick and technological changes would result in a capex upcycle in FY24. The recently announced PLI scheme will also contribute to accelerating capex over the medium term besides investments by new entrants in the EV segment," she added.

Business Line 21st March 2023

Renault Nissan Alliance, Kamarajar Port ink pact to enhance car exports

Our Bureau
Chennai

(From left) Venkatram Mamillapalle, Country CEO & MD, Renault India Operations; Sunil Paliwal, CMD, Kamarajar Port; Frank Torres, President, Nissan Motor India; and Keerthi Prakash, MD, RNAIPL

The Renault Nissan Alliance on Monday announced that it has signed an agreement with the Kamarajar Port Ltd. (KPL) for the export of its cars manufactured in Chennai to regional and global destinations.

In a press release, the carmaker said, "The agreement builds on the existing partnership between the Renault Nissan Alliance and Kamarajar Port Ltd and will facilitate further exports of cars via KPL."

The agreement was signed by Frank Torres, President, Nissan Motor India, and Sunil Paliwal, CMD, Kamarajar Port Ltd., in the presence of Venkatram Mamillapalle, Country CEO and Managing Director, Renault India Operations, and Keerthi Prakash, Managing Director, RNAIPL.

"Chennai is an important export hub for us. We continue to add new export destinations to vehicles manufactured at our plant in Oragadam, building on our 1 million cars exported milestone from 2022," said Torres, who is also the Divisional Vice President, Business Transformation, AMIEO.

The partnership with the alliance is an exciting opportunity for Kamarajar Port to further contribute to India's growth story through positive impact from automotive exports, said Paliwal.

Prakash said the port has been a valuable partner in strengthening the company's export capabilities and helping it to serve its global customers more efficiently.

The Times of India 25th March 2023

VW to invest in electrics, eyes pact with M&M

Pankaj.Doval
@timesgroup.com

New Delhi: Highlighting India as one of its key strategic markets, Volkswagen Passenger Cars global CEO **Thomas Schaefer** on Friday said the company is working on electric vehicles investments and product localisation plans for the country even as it explores joint platforms and other synergies with Mahindra (M&M) to strengthen its pitch.

Schaefer said VW group's India 2.0 strategy, that saw it invest Rs 8,000 crore and launch two highly localised products each under Volkswagen and Skoda brands, has given good results, which is now prompting it to look at next phase of expansion.

"We managed first phase within the budget, and there had been incredible cost discipline. In terms of sales, we probably had the best year ever, despite challenges on the supply front," he said, adding that margins are not high when compared to other European markets.

Electrics would be an integral part of next phase of growth in India, and the group is looking at investment plans, products and body styles, and partnerships.

Speaking about partnership plans with M&M, he said two groups have had a good collaboration on purchase of parts, and they may now look at exploring an electric vehicle platform together. "Right now they (M&M) are buying components from us. There is potential for friendly discussions on further collaborations.. It is a good company."

In August last year, Volkswagen had first hinted that it can look at developing joint vehicle platforms with M&M.

The Times of India 22nd March 2023

In SUV market, sedans look to make comeback

Pankaj.Doval
@timesgroup.com

New Delhi: In the era of SUVs, sedans are striving to make a comeback. As their sales and market share went down with the growing popularity of the SUVs, sedans are now undertaking a spirited fightback in the hunt for customers, and relevance.

After Skoda took a bet with the Slavia in the premium sedan market last year and Volkswagen with the Virtus, it is now the turn of Hyundai to show its muscle with the new-gen Verna sedan.

The new Verna, which is a stylised version of its previous avatars, hits the market with an entry price of Rs 10.9 lakh (ex-showroom, Delhi) for the base variant, and the top-end costs Rs 17.4 lakh.

FIGHTING BACK

- Sedan's share has moved up marginally from **9.5%** in **2021** to around **10.5%** in **2022**
- Skoda drove in Slavia and Volkswagen the Virtus last year
- Korean Hyundai has now brought in the new-gen Verna sedan

Petr Solc, brand director for Skoda in India, said that the Slavia has been able to generate credible inroads into the market, with a sizeable number of buyers coming in from the relatively younger age groups. "The best part is that the good run for Slavia came in at a time when the SUVs had been dominating."

Hyundai is trying to add the muscle part to the car's positioning — perhaps to counter the bold stance of the SUVs — by calling the Verna as "ferocious". The vehicle promises new age features such as twin instrument-panel screens and a turbo petrol engine (1,500cc).

Hyundai India MD & CEO Unsoo Kim said that the company hopes to double the Verna's sales to 38,000 units this year against the 19,000 units that the previous generation sold in the past year.

Tarun Garg, COO of the company, said that sedans are attempting a comeback riding the new found interest of carmakers, and pointed out that their share had moved up marginally in the past year from 9.5% in 2021 to around 10.5% in 2022.

"And the best part is that the sedans are being preferred by the younger population," Garg said.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 27th March 2023

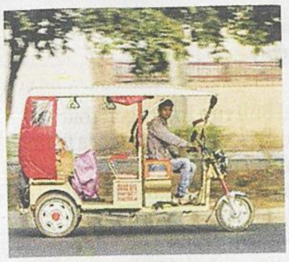
E-rickshaws drive EV penetration in three-wheelers to over 50% in FY23

G Balachandar
Chennai

The penetration of electric vehicles in the three-wheeler segment has crossed 50 per cent in FY23, spurred majorly by electric rickshaws (e-rickshaws).

As one of the early adopters of electric vehicles (EVs) in the country, the three-wheeler segment has reported an EV penetration of 53 per cent in this fiscal, while the penetration of EVs in the two-wheeler and passenger vehicle segments stands at about 5 per cent and 1 per cent, respectively, in FY23, according to the data Vahan Dashboard.

However, the EV penetration in the three-wheeler segment is currently driven by unorganised e-rickshaws. In this fiscal, of the 3.9 lakh electric three-wheelers sold (as on March 26, 2023), e-rickshaws accounted for a little over 90 per cent.



BUDGET-FRIENDLY. Running cost (for fuel) for e-rickshaw ₹0.3-0.5 per km

RAPID ADOPTION

Though electric auto passenger carriers offer better range and top speed and higher load-carrying capabilities, the adoption has been slow. On the other hand, e-rickshaws, which are also available as an alternative for passenger transportation requirements, have seen rapid adoption in the past few years due to affordability, lower maintenance costs and minimal compliance requirements.

According to estimates of ICRA, running costs (for fuel) for e-auto and e-rickshaw are ₹0.2-0.4 per km and ₹0.3-0.5 per km respectively, when compared with ₹2.8-3.2 per km for diesel three wheeler and ₹2.5-3 per km for CNG 3W.

"Given the lower upfront costs and operational savings, coupled with minimal compliance needs, this segment has flourished over the past 5-7 years. However, e-autos, with a higher load-bearing capacity and top speed vis-à-vis e-rickshaws, are also gaining prominence now," says Shamsher Dewan, Senior Group Vice President & Group Head — Corporate Ratings, ICRA.

Excluding the e-rickshaw segment, the penetration of EVs in the 3W segment is relatively lower at 8 per cent, though it has been picking up over the past two years. This penetration level is projected to increase to 14-16 per cent (excluding rickshaws) by FY25.

In the e-auto segment, the penetration trends have been more favourable in the goods carrier category, driven by favourable operating economics and a push by e-commerce companies and other logistics players towards the use of green vehicles.

FAVOURABLE POLICY

Going forward, multiple factors are to drive faster adoption of e-autos and they include a favourable policy environment with Central and State government subsidies to reduce capital costs, reduction or waiver of registration fees, road taxes and permit requirements.

The Economic Times 26th March 2023

RETAIL SALES CROSS 1.11 MILLION UNITS IN FY23

EV Sales to Cross 2M in FY24: Experts

BIG FACTORS EV fleet operators, individuals buying 2- & 3-wheelers have been main drivers of growth

Lijee.Philip@timesgroup.com

Mumbai: The next fiscal is expected to see electric vehicle (EV) sales crossing the 2 million mark if current trends continue, experts said. A significant incentive amount is yet to be disbursed under the Faster Adoption and Manufacturing of Electric Vehicles (FAME) II programme set to end at the end of the next fiscal and will add to the momentum across segments in FY24, they said.

Retail sales of EVs have already crossed 1.11 million units this fiscal year, accounting for more than 5% of total automobile sales and posting a growth surge of 147% from FY22. According to data on the government's Vahan website, about 1.1 million EVs have been registered with regional transport offices this fiscal.

EV fleet operators and individuals buying two- and three-wheelers have been the main drivers of this growth, with new launches and increased availability of charging points, along with low running costs, attracting buyers. Electric two- and three-wheelers accounted for maximum sales this fiscal at 690,000 units and 372,000 units, respectively.

E-vehicle registrations so far this month stood at 84,635 units, as per the Vahan site. In February, retail sales touched 105,976 units, indicating sustained growth.

Electric Acceleration

EV SALES

Break-up of EVs sold this fiscal year (as of March 24, 2023)

Two-wheelers	690,386
Three-wheelers	373,391
Cars (personal)	37,285
Cars (commercial)	6,115
E-bus	1,826

Source: Vahan

EV Makers on Hiring Overdrive

Electric vehicle firms are accelerating their talent search, as the segment shows strong growth due to a rising inclination towards sustainable mobility. **Brinda Sarkar** reports. ▸▸ 3

Consumer Education Pays Off ▸▸ 3

PRESS REPORTS ON COMPANY NEWS

The Economic Times 21st March 2023

Plugged In: Royal Enfield Plans 'Differentiated' EV

First e-bike's expected in two years; ideas in advanced stages: CEO

Shally.Mohile@timesgroup.com

Mumbai: Royal Enfield is on track to launch its maiden electric motorcycle by 2025 and the company has made considerable progress in its EV journey, the company's top official said.

The Chennai-based manufacturer, which leads the middle weight segment of the motorcycle market with more than 94% of the segment share, is looking at a record volume for the year that ends on March 31. "We are progressing on our EV journey and have several ideas that are already in advanced stages of testing. Our approach toward our electro mobility journey is very different and we have spent considerable time to understand the market and trends," B Govindarajan, chief executive, Royal Enfield, told ET.

The first e-bike based on the L-platform codenamed L1C is expected in 2025, with an initial volume plan of 5,000 units a year, said a person aware of the company's plans. A dedicated research and development team with Umesh Krishnappa at the helm is working on the EV project. He joined the company in 2021 from Ola Electric.

Royal Enfield is the first among the legacy motorcycle manufacturers that has made its EV plans public. Plans of most of the other manufacturers to bring an e-bike remain under the wrap and the segment presently comprises models from the startups. In their initial phase of the e-mobility journey, companies including Bajaj Auto, TVS Motor Co and Hero MotoCorp, have chosen to focus on the electric scooter market.

The motorcycle making arm of Eicher Motors is aggressively building its EV technology and working towards creating a "differentiated motorcycle" that will have a global appeal, said Govindarajan. "You can expect something different, pathbreaking and fantastic from us in the near future," he said. In December, the manufacturer of Classic and Hunter models, made a strategic investment of €50 million in Spanish company Stark Future. The two companies plan to share EV platforms in the future, he said.

All Charged Up

Royal Enfield

Over 94% share of middle-weight motorcycle segment

Plans a motorcycle that will have a global appeal'

Has over 65 people as part of its EV team

No plans yet to hive off electric mobility biz

Our approach toward electro mobility is different & we have spent considerable time to understand market & trends

B GOVINDARAJAN
CEO, Royal Enfield

Business Line 28th March 2023

TVS Motor launches 7 new vehicles in Ghana

Our Bureau
Chennai

Leading two- and three-wheeler maker TVS Motor Company said it has launched seven new products in Ghana, Africa. The company aims to expand its reach and explore new opportunities and avenues for growth in the region.

The new products include Bebek-TVS Neo NX, three variants of the TVS HLX series (TVS HLX 125, TVS HLX 150 & TVS HLX 150X), the TVS Apache 180, and the three-wheelers TVS King series, said a company statement.

"Our products are engineered specifically to cater to the demands of the African market while delivering superior quality and reliability," said Rahul Nayak, Vice President, International Business, TVS Motor Company.

"We are excited to partner with TVS Motor Company and bring a range of mobility solutions to Ghana that addresses the specific requirements of varied customers... With these seven new products, we will be able to build a strong connection with our customers," Dev Bulani, Managing Director, Arash Motors said.

Business Line 24th March 2023

'Mercedes-Benz to launch more EVs in India, but will continue to sell ICE vehicles'

S Ronendra Singh
New Delhi

German luxury carmaker Mercedes-Benz on Thursday said it will launch more electric vehicles (EVs) in future than the internal combustion engine (ICE) vehicles in India, but also added that petrol and diesel engine cars will continue to sell in India.

The company is also launching its first plug-in hybrid GT 63 S E-Performance in India as a completely built unit (CBU) this year, Matthias Luehrs, Head of Region Overseas, Mercedes-Benz AG, told reporters here. Talking to select mediapersons, he also said that Mercedes Benz's plant in India (Pune) will remain as a completely knocked down (CKD) plant as the volumes are still low here compared with other developed markets.

"In order for us to think about production or exports, it depends on the business plan or the finance plan. At this particular moment, we don't see any needs to further to increase our production capacity because we have enough production capacities worldwide – whether it is the US, German plant or the China plant – in terms of production, we have enough. And, the Indian market does not require for us to have a production (100 per cent) other than CKD facility," he said.

He also added that over time, if the company needs more production capacity then will 'obviously' look into the Indian facility because it is one of the important markets.

Matthias Luehrs, Head of Region Overseas, Mercedes-Benz AG

For production, he said, there is a minimum requirement of three-lakh units per annum, including the domestic and export markets.

"From the existing plants (from the US, Germany and China), we have enough capabilities for the next five-to-eight years from worldwide perspective," he said.

TOP 5 MARKETS

He also said, India is the fastest growing market globally and fifth in volumes for the overseas region (except US, Germany, China, UK and some Western European markets which are treated as separate markets).

India, with around 16,000 units in 2022, is in top five counties in terms of growth in this region after South Korea (around 80,000 units per annum), Japan (around 50,000 units), Australia (around 25,000 units) and Turkey (around 18,000 units).

Business Line 30th March 2023

In a push to farm machinery segment, M&M plans new products; to rejig dealership

G Balachandar
Chennai

Mahindra & Mahindra is working on more than a dozen new products in the non-tractor farm machinery segment and dealership rejig to grow its nascent farm machinery business exponentially over the next five years.

The top tractor maker's plan for quantum growth in the farm machinery segment has been prompted by increased demand in the market and brighter prospects of agri mechanisation in the country. The farm machinery market (excluding tractors) was estimated at ₹9,300 crore in FY22.

NEW AVENUES

"As leaders in tractorisation in India for several decades, we are now determined to grow our farm machinery business by 10 times in 5 years," said Hemant Sikka, President of the Farm Equipment Sector (FES), Mahindra & Mahindra Ltd. The company has already planned a cumulative investment of ₹3,400 crore across FES business during 2022-24. This business grew 40 per cent at about ₹450 crore during the 9 months of FY23.

Hemant Sikka, President, Farm Equipment Sector, Mahindra & Mahindra

The company plans to launch a new range of products with the help of its global Centres of Excellence in Turkey, Finland, and Japan.

"We will soon roll out new generation harvesters, boom sprayers, loaders, etc. Also, 15 new products are being developed in-house," said Sikka. The company has established a new exclusive farm machinery (FM) plant at Pithampur in Madhya Pradesh, spread over 23 acres and can manufacture 1,200 combine harvesters and 3,300 rice transplanters per year. The unit, along with its dedicated supplier park, will also manufacture products for export to global markets.

On the retail side, the company is rethinking its tractor network to market differentiated farm machinery products to increase sales and service reach for these products.

In addition to the organic expansion, the company has also acquired stakes in agri start-ups and other farm machinery manufacturers.

NON-TRACTOR SEGMENT

Since India has a comparative advantage in tractors, tractor-mounted machinery is a complementary good that has a domestic market among large farmers. Self-propelled/hand-driven mechanised farm machinery has a market in emerging and developing countries with similar socio-economic structures says a report by the National Council of Applied Economic Research.

"India needs a vision for the next 15 years to convert itself into a production and export hub for non-tractor farm machinery. Policies should address current challenges and act as accelerators to convert India's dual farm machinery market into an advantage," it added.

The Economic Times 17th March 2023

Lamborghini Plans to Install Hybrid Tech in Indian Models by 2024

PTI

New Delhi: Italian automaker Automobili Lamborghini plans to deploy hybrid technology in its models in India by the end of 2024 as the Italian super sports car maker aims to halve the emissions from its cars in the coming years, according to a top company executive.

The niche player also expressed confidence that the country's taxation policy remains consistent though any tax reductions will be welcome. The company currently sells three models -- premium SUV Urus and two super sports cars Huracan Tecnica and Aventador in the country, with prices starting upwards of ₹3 crore.

"The road map for us is that by the end of 2024 we are going to hybridise our entire model range. So this year we will have a first hybrid, the new V12, then in 2024 we will have the Urus hybrid and also a new V10 which is also going to be a hybrid," Lamborghini India Head Sharad Agarwal told PTI.

In 2028, the company plans to bring in a fourth model globally which is going to be the fully electric model, he added.

"The idea is to reduce 50% of the emissions from our cars by 2025," Agarwal said.

The company will bring in the upgraded models globally and then introduce them in the Indian market as well.

Lamborghini began its India operations in 2007. Last year, it sold 92 units in India, a growth of 33% over 69 units in 2021.

Business Line 30th March 2023

Honda Motors targets one-million EVs from Karnataka factory by 2030

S Ronendra Singh
New Delhi

Honda Motorcycle and Scooter India (HMSI) on Wednesday said its new factory at Narsapura (Karnataka) will produce one million (10 lakh) electric vehicles (EVs) by 2030.

The company will start mass production of the EVs by March 2024, and simultaneously launch its first product in the Indian market. The Narsapura factory will have a dedicated line for the EVsand HMSI will further expand that line for battery packaging for the EVs as well.

FLEX FUEL ENGINES

While the first EV will be launched with a fixed battery, the second product will have swappable battery including mid-range EVs. The company is strengthening its network of battery swapping stations for that. HMSI has also tied up with Hindustan Petroleum to install these battery swapping infrastructure.

The assembly line at Honda Motorcycle and Scooter India's Narasapura plant

"In line with Honda's global direction—to increase EV and fuel cell vehicle unit sales ratio to 100 per cent by 2040, we will continue to improve the efficiency of internal combustion engine (ICE) with introduction of flex fuel engines, and follow government directions for alternate fuels while expanding electrification of models and ecosystem," Atsushi Ogata, Managing Director, President and Chief Executive Officer, HMSI told reporters.

Following the government's direction of 'Make in India', main components including battery and other critical components like PCU will be produced in-house, he said adding that the motors for EVs will also be designed and manufactured locally.

"With our EV roadmap, now in the execution phase, we are taking substantial steps towards creating exclusive infrastructure for manufacturing diverse range of captivating EVs. We are also investing in the development of EV technologies, charging infrastructure of models and ecosystem," Ogata added.

Business Line 30th March 2023

Auto component player Lifelong Group acquires GoMechanic

Our Bureau
Bengaluru

After admitting to financial irregularities, GoMechanic Business has now been acquired by the Lifelong Group as the majority shareholder under Servizzy.

The Lifelong Group manufactures automotive components and medical devices, besides being an e-commerce player. Its customers include Hero Moto Corp, General Motors, Arvin Meritor and Stanley Black & Decker.

The acquisition of GoMechanic will aid Lifelong Group's plans to expand its operations in the automotive service and repair industry.

THE FALL-OUT

In January, GoMechanic laid off 70% of its workforce as its Co-Founder confessed to financial misreporting

"Due to the recent financial difficulties at GoMechanic, the board and shareholders with support from Stride Ventures initiated a speedy and widely publicised sale process to ensure the continuity of business. GoMechanic's technology-driven approach, competitive pricing and brand recognition were some the core value proposition for this acquisition," the Lifelong Group said in a statement. Lifelong added that the transaction will help preserve the ecosystem at large and the livelihood of Gomechanic employees.

A Lifelong Group spokesperson said, "Acquisition of the GoMechanic business aligns with our strategic vision of synergising the Lifelong Group's proven expertise in the automotive industry. We are focused on building upon GoMechanic's business journey, and will continue revolutionising the Indian automotive service and repair industry."

In January, GoMechanic laid off 70 per cent (1,000 employees) of its workforce as the co-founder confessed to financial misreporting.

Business Line 21st March 2023

Uno Minda to acquire Kosei's stake in JV for ₹71 crore

Our Bureau
New Delhi

Auto components maker Uno Minda (formerly known as Minda Industries Limited) said on Monday its board has approved the acquisition of an 81.69 per cent stake in Kosei Minda Aluminum Company (KMA) and a 49.90 per cent stake in Kosei Minda Mould (KMM) from joint venture partner Kosei, Japan (Kosei) at transaction costs of ₹60 crore and ₹11 crore, respectively.

"The acquisition is planned through a composite scheme of merger with Uno Minda through a swap of shares. The enterprise value of KMA and KMM, considered for the purpose of the transaction, is around ₹60 crore and around ₹11 crore, respectively," the company said in a statement.

TECHNICAL AGREEMENT

While the merger will be subject to various statutory authorities, Uno Minda will start managing the business and operations of these two entities with effect from April 1, the company said, adding that it will also be entering into a technical license agreement with Kosei Japan for 10 years, which shall be renewed thereafter with mutual consent of the parties, to ensure continuity of technical support.

"Kosei has been a very important partner in our growth journey. The acquisition will further consolidate Uno Minda's leadership position in the segment," Nirmal K Minda, Chairman and Managing Director, Uno Minda Group, said.

Business Line 28th March 2023

Schaeffler India charts ₹1,500-cr capacity expansion over 3 years; to set up 2 units

G Balachandar
Chennai

Schaeffler India proposes to undertake capacity expansion at an investment of ₹1,500 crore over the next three years, which will include establishment of a new factory at Hosur at an investment of ₹300 crore.

"We have reviewed our capex strategy, taking into account various internal and external factors, and are ambitious to invest ₹1,500 crore over the next three years," said Satish Patel, Director – Finance & CFO, Schaeffler India, said in the company's annual report 2022.

These capex investments are targeted at relocation and export growth, besides growing its domestic industrial business. The company is setting up a large manufacturing facility at Savli near Vadodara in Gujarat for industrial business and another new plant for automotive business at Hosur in Tamil Nadu.

OUT OF EUROPE

The company plans to make India the manufacturing hub of specific product lines by shifting production from its Europe plants

LOCALISATION BOOST

The first phase of the Hosur project is expected to become operational by the end of this calendar year. It will manufacture transmission components and systems for both the automotive and tractor segments. It will also invest in enhancing capacities for export business.

The proposed capex programme indicates that the company is boosting localisation, which has helped the company grow its exports. "In CY22, our focus on localisation proved beneficial in reducing our business risk and increasing our operational flexibility... Our four plants are well positioned to cater to the growing demands, and to localise manufacturing," said Harsha Kadam, MD & CEO.

The company plans to make India the manufacturing hub of specific product lines by shifting production from its European plants. "This allows us to make exports an integral part of our strategy, said Sameer Mathur, Chief Operating Officer.

PRESS REPORTS
ON
GOVERNMENT POLICY

The Economic Times 22nd March 2023

FAME-II Sops of Two EV Makers on Hold; Govt Seeks Localisation Proof

Govt received complaints regarding misappropriation of subsidies, says the MHI minister

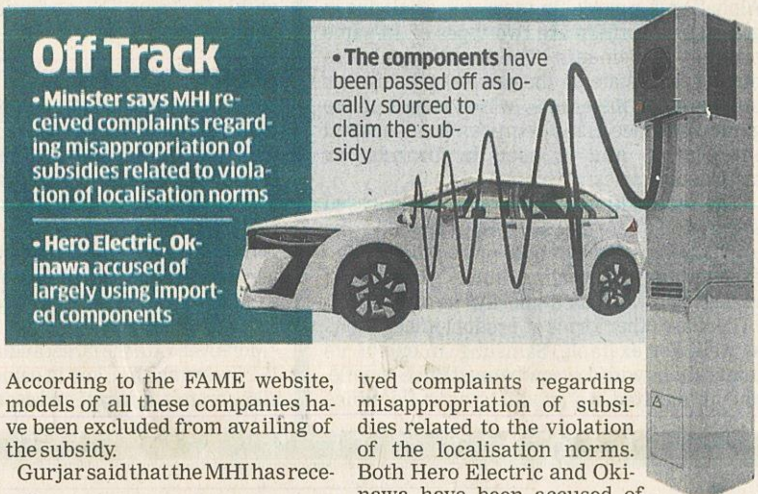
Our Bureau

Bengaluru: The government has stopped processing the pending claims of FAME (Faster Adoption and Manufacturing of Electric and Hybrid Vehicles)-II subsidy of two EV makers until these companies submit sufficient evidence to show their compliance, minister of state for heavy industries, Krishan Pal Gurjar said.

"After examination of reports in respect of two OEMs, the models of these two OEMs have been suspended from the FAME scheme," he said in a written response to a question raised in the Lok Sabha about whether subsidies have been put on hold following complaints about EV makers not complying with the localisation norms.

"Further, the processing of their pending claims has been stopped till they submit sufficient evidence to show their compliance to phased manufacturing plan (PMP) timelines," he said.

ET reported on October 7 that Hero Electric and Okinawa have been served notices by the government.



According to the FAME website, models of all these companies have been excluded from availing of the subsidy.

Gurjar said that the MHI has received complaints regarding misappropriation of subsidies related to the violation of the localisation norms. Both Hero Electric and Okinawa have been accused of largely using imported components in their vehicles and are said to have been passed off as locally sourced to claim the subsidy.

KRISHAN PAL GURJAR
MoS, Heavy industries

Processing of their pending claims has been stopped till they submit evidence to show their compliance to phased manufacturing plan timelines

ET reported on March 13 that the companies are likely to legally challenge the government in the courts as they argue that some of the components are not available in India. Recently, allegations have also emerged against companies like Ather Energy, Ola Electric, TVS Motors and Hero MotoCorp for mispricing their vehicles below Rs 1,50,000 to avail of the FAME II subsidy. He added that all complaint cases have been referred to the testing agencies for re-verification.

Through the FAME II scheme, the government had set a target of selling 10 lakh electric two wheelers, 5 lakh e-three wheelers, 55,000 four wheelers and 7,090 electric business through the subsidy scheme in five years commencing from April 2019.

Gurjar was asked if the government was aware of the delay in meeting the FAME-II scheme's target and what the government's strategy was to expedite the process and complete the set target in a timely manner.

He said in the written statement that as on February 15, 7,92,529 e-two wheelers, 81,172 e-three wheelers, 6,831 electric four wheelers, and 2,435 e-busses have been sold through the scheme till date.

Business Line
17th March 2023

EV charging stations susceptible to cyber attacks: Gadkari tells LS

Press Trust of India
New Delhi

Electric vehicle charging stations are also susceptible to cyber attacks and cyber security incidents like any other technological application, Parliament was informed on Thursday.

In a written reply to Lok Sabha, Minister Nitin Gadkari said the Indian Computer Emergency Response Team (CERT-In), which is mandated to track and monitor cyber security incidents in India, received reports of vulnerabilities in products and applications related to electric vehicle charging stations.

"The government is fully cognizant and aware of various cyber security threats and is actively taking steps to combat the issue of hacking," Gadkari said.

He said as per the information reported to and tracked by CERT-In, the number of cyber security incidents during 2018, 2019, 2020, 2021 and 2022 was 2,08,456; 3,94,499; 11,58,208; 14,02,809 and 13,91,457, respectively.

Road Transport and Highways Minister Nitin Gadkari

Replying to a separate query, the Minister said ₹147 lakh was disbursed as compensation to victims of hit-and-run cases in current fiscal year till February. The Ministry has notified the Compensation to Victims of Hit and Run Motor Accidents Scheme, 2022. It provides for increased compensation to victims of hit-and-run accidents, ₹50,000 (in case of grievous injury) and ₹2,00,000 (in case of death) including detailed procedure for availing this compensation.

NH CONSTRUCTION

Replying to another question, Gadkari said the Ministry has set a higher target of 12,200 km for construction of National Highways during current financial year as compared to previous three financial years.

"The target of construction of NHs for financial year 2023-24 has not yet been finalised," he added.

Gadkari said a total of 19 projects costing ₹21,864 crore, are delayed owing to land acquisition.

The Economic Times 16th March 2023

Three-wheeler EV Cos Seek 50% Hike in FAME-II Subsidy

Firms want government to increase the sops to ₹15,000 per kWh under FAME- II policy

Lijee Philip & Pranav Balakrishnan

Bengaluru: Even as FAME subsidies for Electric Vehicle (EV) two-wheelers are about to run out in a few months, the three-wheeler EV makers have asked the government to increase their subsidies to at least 50%, according to multiple industry sources. Currently, three-wheelers receive subsidies of ₹10,000 per kilowatt hour (kWh) but these companies have asked the government to increase the sops to ₹15,000 per kWh under the Faster Adoption of Electric and Hybrid Vehicles (FAME)- II policy, these people said. This would bring it at par with EV two-wheeler subsidies. kWh signifies the size of the battery, which would mean that bigger the battery, higher the subsidy.

"Various industry bodies have made representations to the Ministry of Heavy Industries (MHI). MHI arranged stakeholder consultation and is currently considering the same," said a senior government official."

A source associated with the industry body said that an industry study has been conducted on the impact of a higher subsidy on the sector and the findings have been submitted to the MHI. "It is currently at the evaluation stage" the source added.

There was a significant uptick in sales of EV two-wheelers after the government increased the subsidy level by 50% in 2021. The FAME-II website says that it has a target of selling 1 million electric two-wheelers and 500,000 three-wheelers. While 842,985 electric two-wheelers have been sold under the FAME-II scheme, only 85,166 three-wheelers have been sold under the scheme.

According to the FAME-II website, only about ₹4,238 crore of the ₹10,000 crore allocation by the central government has been used.

Major three-wheeler EV manufacturers include Mahindra Electric, Bajaj Auto, Kinetic Motors, Piaggio and Euler Motors.

"The buyers of three-wheelers are hesitant to buy electric three-wheelers due to the initial cost difference vis-a-vis ICE (internal combustion engine)," said Sulaja Motwani, founder and CEO of Kinetic Green. "They are either sticking to the CNG or diesel products or opting for non-FAME approved e-rickshaws."

She said that once the FAME-II subsidy is increased by 50% for the form factor, then the upfront cost of the vehicle would be more competitive with EVs.

The development comes amid significant scrutiny on EV two-wheeler makers as multiple companies have been accused of flouting localisation norms and mispricing the vehicles to avail FAME-II subsidy.

The government is also relooking at the prospect of not extending the FAME-II subsidy even as the industry demands an extension beyond 2024. ET had reported on March 7 that the ₹10,000-crore scheme is unlikely to be extended after the end of the next financial year.

The two-wheeler EV makers are expecting the subsidy for the form factor to run out before the policy's validity, which is at the end of March 2024. Following the allegations against two-wheeler makers for mispricing, company representatives of TVS Motors, Ola Electric, Ather Energy, and Ola Electric met the MHI officials multiple times to defend themselves, which **ET** reported on March 13.

Helping Hand

Currently, three-wheelers receive subsidies of ₹**10,000 per kilowatt hour (kWh)**

An industry study has been conducted on the impact of a higher subsidy on the sector

Findings have been submitted to the Ministry of Heavy Industries

IT IS CURRENTLY AT THE EVALUATION STAGE, A SOURCE SAID

There was a significant uptick in sales of EV two-wheelers after the govt increased the subsidy level by **50%** in 2021

SULAJA MOTWANI
CEO of Kinetic Green

Buyers of three-wheelers are hesitant to buy electric three-wheelers due to the initial cost difference vis-a-vis ICE (internal combustion engine

FOR FULL REPORT, GO TO
www.economictimes.com

Extend FAME subsidy for EVs by 2 yrs: Panel

Pankaj.Doval
@timesgroup.com

New Delhi: The government should extend benefits for electric vehicles (EVs) under the FAME scheme by two more years after incentive ends in March next year or else the pace of EV adoption would slow down due to expensive vehicles, while startups in the category may fold up, a Parliamentary committee on EVs has said.

"Removal of government support would result in price escalation of EVs significantly. The committee finds that a large number of startups are also involved in this field, which may have to shut down once the FAME II is closed," the Committee on Estimates (2022-23) on 'Evaluation of Electric Vehicle Policy' pertaining to the ministry of heavy industries (MHI) said in its report that was presented at Lok Sabha on Friday.

It recommended that the government extend FAME-II scheme "to allow more time to evaluate the effectiveness of the scheme and to make necessary adjustments/modifications to promote EVs".

The committee recommended that a comprehensive FAME-III scheme should be introduced once the extended period of FAME-II is over, based on the experience gained from FAME I and FAME II. This would help in continuing support towards EV penetration to a level where green vehicles will be able to compete with Internal Combustion Engine (ICE) vehicles, especially in terms of upfront costs, without requiring high incentives.

The committee said along with EVs and hybrid vehicles, the government should promote other technologies such as flex fuel vehicles, hydrogen ICE, hydrogen fuel cell vehicles, with greater emphasis for mobility transition.

The committee also recommended that a road map for setting up of solar charging stations should be prepared in a time-bound manner to reduce dependence on electricity generated by using coal, to remain true to the green mobility objective of the government.

The panel added that purchase subsidies and cash-incentive schemes for scrapping/exchanging petrol/diesel vehicles for EVs can be considered in our country as it would lead not only to faster adoption of EVs but also have a major impact on controlling CO2 emissions.

> Removal of government support would result in price escalation of EVs significantly. The committee finds that a large number of startups are also involved in this field, which may have to shut down once the FAME II is closed

> Along with EVs and hybrid vehicles, the government should promote other technologies such as flex fuel vehicles, hydrogen ICE, hydrogen fuel cell vehicles, with greater emphasis for mobility transition

—PARLIAMENTARY COMMITTEE ON EVs

The Times of India 25th March 2023