ACMA
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Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 25th June 2022

Bharat NCAP crash test protocol cleared; vehicles to get star rating

Will allow customers make informed decision; also help in exports, says Minister Gadkari

S RONENDRA SINGH

New Delhi, June 24

India is to soon set up its own testing authority, called Bharat NCAP (New Car Assessment Programme), which will provide star ratings to vehicles based on their crash-test performance. The government on Friday approved the draft notification to introduce Bharat NCAP, a crash test programme, wherein automobile manufacturers can send their vehicles to get the crash-test ratings.

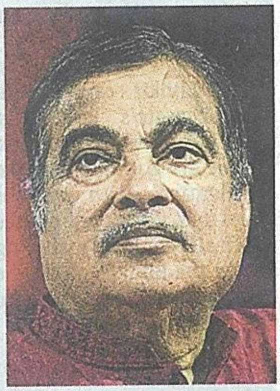
"I have now approved the draft GSR notification to introduce Bharat NCAP, wherein automobiles in India shall be accorded star ratings based on their performance in crash tests," Nitin Gadkari, Minister of Road Transport and Highways, said.

The programme will serve as a consumer-centric platform allowing customers to opt for safer cars based on the star ratings while promoting healthy competition among original equipment manufacturers (OEMs) to make safer vehicles, he said.

Such a rating is 'extremely crucial' not only to ensure structural and passenger safety, but to also increase the export-worthiness of Indian automobiles, he added.

Till now, manufacturers have been doing crash tests on a voluntary basis in their labs or would send the vehicles to independent agencies (third party) such as Global NCAP in the UK to get star ratings.

> It will allow customers to opt for safer cars based on star ratings, while promoting a healthy competition among OEMs to manufacture safer vehicles
>
> NITIN GADKARI
> Transport Minister



Selling point

While the Centre's front offset test is conducted at 56 kmph, same as European standards, Global NCAP does it at 64 kmph.

In recent years, it has become a selling point for manufacturers like Mahindra & Mahindra (M&M) and Tata Motors, which have been sending their vehicles to Global NCAP for crash tests and have got five-star rating for some of their new products such as the Tata Nexon and Punch, and M&M's XUV300 and XUV700.

'Safety, a priority'

However, the country's largest passenger carmaker, Maruti Suzuki India (MSIL), has been following the Indian standards and its products like Alto, SPresso, WagonR and Swift have got poor ratings at Global NCAP crash tests.

In February, MSIL's then MD and CEO Kenichi Ayukawa had said, "Global NCAP is an organisation and not a regulator. The Indian and European regulations are exactly the same in frontal offset norm, side impact norm and pedestrian impact norm. India is at par with Europe in crash test norms and we are already there (meeting the norms)."

Although companies will come out with structured responses to the draft rules later, Shashank Srivastava, Senior Executive Director (Marketing and Sales), MSIL, told *BusinessLine* that safety has always been their priority, and will continue to remain so. MSIL has its own crash testing lab at the company's R&D centre in Rohtak, Haryana.

Testing protocol

The testing protocol of Bharat NCAP will be aligned with global crash test norms factoring in the existing Indian regulations, allowing OEMs to get their vehicles tested at India's own in-house testing facility, Gadkari said. "Bharat NCAP will prove to be a critical instrument in making our automobile industry *Aatmanirbhar* with the mission of making India the No. 1 automobile hub in the world," he added.

According to analysts, Bharat NCAP is clearly a step forward for India to get on a par with global automobile standards as India did not have such rating agencies until now. Agencies like the Automotive Research Association of India (ARAI) and the International Centre for Automotive Technology (ICAT) do not provide star ratings or certifications on crash tests.

Choosing right product

"The government is clearly aspirational in terms of elevating the standards for cars in the last few years. India is the fifth biggest car market in the world and the proactiveness in terms of bringing in regulations will force our suppliers and OEMs to make the best with high standards in the country," Puneet Gupta, Director at IHS Markit, told *BusinessLine*.

"Bharat NCAP should help car buyers easily evaluate safety standards/features provided by manufacturers and make informed decisions. The fact that these protocols will be aligned with global standards will also benefit exports," said Vinay Raghunath, partner and automotive sector leader, EY India.

Business Line 28th June 2022

Carmakers battle for glory in fast-growing compact SUV segment

Hyundai, Maruti, others roll out new models; segment to grow faster, say experts

S RONENDRA SINGH

New Delhi, June 27

The compact sports utility vehicle (SUV) is going to be a very competitive segment in the coming months as there are around 10 models competing with each other in the market currently, with companies launching new as well as full model changes to the existing ones.

For instance, Hyundai Motor India (HMIL) recently launched the all-new Venue and Maruti Suzuki India (MSIL) is going to launch Vitara Brezza on June 30 as a full model change with a slew of new features. HMIL has received bookings for more than 8,000 units while MSIL, which had also started bookings for the new Brezza last week, has received bookings for around 10,000 units so far. Both the companies had an order book of more than 20,000 units of the previous/existing models of the vehicles.

Maruti Suzuki India will launch the latest Vitara Brezza on June 30 with a slew of new features AFP/FILE PHOTO

Market share rise

"The size of the entry SUV segment was 5 per cent in 2016 when we launched Brezza (the only competitor was Ford EcoSport at that time). It has grown up to 22 per cent by 2021. It is the largest segment in the industry, overtaking the premium hatchback segment, which used to be 23 per cent of the overall market for the last five years," Shashank Srivastava, Senior Executive Director (Marketing & Sales), MSIL, told *BusinessLine*. The upcoming Brezza will have more than 30 new features in terms of safety, technology and comfort. Some of its features include a sunroof, which is the first in the history of MSIL, a 360-view camera and a heads-up display as first in the segment.

Other cars

From just Brezza and Ecosport (which is no more in the market) in 2016, the market now includes Hyundai Venue, Kia Sonet, Tata Nexon and Punch, Mahindra XUV300, Renault Kiger, Nissan Magnite and Toyota Urban Cruiser, competing with each other.

MSIL has the largest market share of 20 per cent in the segment, and the company has sold around 7.50 lakh units of the Brezza till now, Srivastava added.

Driving force

According to Tarun Garg, Director-Sales, Marketing & Service at HMIL, the company has also sold around 3.25 lakh units of the Venue in the domestic market since its launch in 2019. He said the driving force for the compact SUV is the convenience factor — whether it is in driving, higher stance, seating space, functionality — and apart from design and looks.

"We have given a lot of importance to design aspect alsp ... today's SUVs are looking as good as they are functional. And, small things like sunroof because today, one in three cars sold is with a sunroof as far as Hyundai is concerned. In India, where probably you can open a sunroof for a few days in a year, but that is what aspiration is doing ... people want a car with a sunroof," Garg said.

According to the Society of Indian Automobile Manufacturers (SIAM), in April-May 2022-23, the compact SUV segment grew by 26 per cent to 1,04,553 units compared to 83,099 units in the year-ago period. And, it will only grow in the coming years, said industry veterans.

Business Line 22nd June 2022

LML Electric promoter acquires brand rights of Contessa, to launch its electric avatar

SWARAJ BAGGONKAR

Mumbai, June 21

Yogesh Bhatia, the promoter of LML Electric, has acquired the brand rights of yesteryear's popular car brand Contessa from Hindustan Motors through a newly-formed company SG Corporate Mobility.

While the buyout details of the transaction were not disclosed by either parties, talking to *BusinessLine*, Bhatia said the idea behind the acquisition was to launch the Contessa in an electric avatar.

"Like we acquired the LML brand last year we have acquired the Contessa brand now. We intend to launch Contessa in an electric form. We were in discussion to acquire this brand since the past one year," Bhatia said.

Earlier today, Hindustan Motors said it executed a brand transfer agreement with SG Corporate Mobility in mid-June, for the transfer of the Contessa Brand and certain related rights. The transfer of the brand shall be effective upon fulfilment of the terms and conditions as prescribed in the said agreement.

Contessa was first launched in the early 1980s but got phased out 20 years later in 2002

Forging partnerships

Contessa was a premium sedan manufactured by Hindustan Motors which rivalled the Maruti Esteem and Daewoo Cielo. The four-door sedan was first launched in the early 1980s but got phased out 20 years later in 2002. According to Bhatia, his company would be open to forging partnerships for sourcing electric car technology and technical know-how for the Contessa.

"We have been approached by EV makers outside of India with regards to Contessa but we are in no hurry. We are open for partnerships for this. We will share appropriate business plans for the Contessa at a future date because now our energies are focussed on launching our LML electric models which will happen in September," Bhatia added.

"We want to continue with the legacy of the brand. We want to revive the connection people had with the Contessa," Bhatia added

In early 2017, Hindustan Motors sold brand rights of its most popular car brand Ambassador to French automaker PSA (now Stellantis) for ₹80 crore. Stellantis, however, is still to firm up plans for the Ambassador, while there are speculations that an electric version of the car can get launched.

Business Standard 17th June 2022

Auto sector could grow in double digits in FY23

Analysts say SUVs to lead charge in cars, two-wheelers could make strong comeback

SHALLY SETH MOHILE
Mumbai, 16 June

- Share of passenger cars is estimated to decline to 141,000 units
- **PV sales to surpass FY19 peak** this year as chip shortage eases
- Share of SUVs and MPVs in the overall PV market is expected to jump to 1.6 mn units in FY23
- Replacement demand could help **CV, two-wheeler sales**

After negotiating some tight corners over the last three years, India's automotive market is poised for single-to-double-digit growth across segments — from commercial vehicles (CVs) and tractors, to passenger vehicles and two-wheelers — as demand and supply-side problems even out.

While CVs are expected to benefit from strong replacement demand, the two-wheeler and tractor segments are expected to gain from a recovery in the rural economy.

PV sales, which have remained range bound because of the semiconductor shortage despite robust demand, too, are expected to advance at a fast clip and will be the first to return to the peak volume levels of financial year 2018-19 (FY19) as automakers start sourcing chips from multiple vendors, said Binay Singh, India autos and shared mobility analyst, Morgan Stanley. It will be followed by CVs and two-wheelers, he added.

Continuing the recent trend, SUVs (sport utility vehicles) will lead the momentum, said Shashank Srivastava, executive director, Maruti Suzuki India. In the last couple of years, the share of SUVs and MPVs has risen in the PV segment. There has been a decline of entry-level hatchbacks and sedans. In fact, SUV was the largest segment for the first time last year, he said.

"This trend is expected this year as well and subject to no supply-side constraints the overall PV market may exceed the previous best of FY19. However, segment-wise the market structure will change with greater share of SUVs and MPVs," Srivastava told *Business Standard*. The share of SUVs and MPVs in the overall PV market is expected to jump to 1.6 million units in FY23 from 976,000 units in FY19. Similarly, the share of passenger cars is estimated to decline to 141,000 units from 217,000 units over the same period, he said. "Replacement will be the key driver in FY23 across all segments of the auto market, be it passenger vehicles, two-wheelers or commercial vehicles," said Singh. For instance, PVs, which have seen strong underlying demand for several quarters, are expected to surpass the FY19 peak of 3.3 million units and reach around 3.7 million units as semiconductor availability improves, he said.

Semiconductor inventory at some of the global tier-I OEMs (original equipment manufacturers) has now increased to one or two months, said Singh. This will gradually trickle down across the industry and improve supplies by the second half of FY23.

Car market leader Maruti Suzuki India's management said during the post-earnings investor call that they expect the PV market to end FY23 with sales of 3.4-3.5 million units. This despite the company expecting chip availability to remain a challenge.

Others, too, are optimistic on PVs. According to a recent note by brokerage Motilal Oswal, PV volumes are likely to recover from the low base of FY21, driven by higher aspirations, improving affordability, and lower penetration. It expects the PV industry to clock a compound annual growth rate (CAGR) of 15 per cent in terms of volumes over FY22-24.

There were some indications of this bounce in May as auto sales increased fourfold year-on-year (YoY) to 1,532,809 units, according to the Society of Indian Automobile Manufacturers (Siam).

More on business-standard.com

Business Line 17th June 2022

Ukraine war, China lockdowns can hit chip, parts supplies: Tata Motors

Sees JLR sales taking a hit in China; fears production stoppage in some/all India units

SWARAJ BAGGONKAR

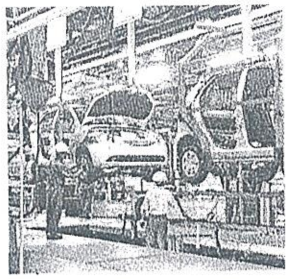
Mumbai, June 16

The Russia-Ukraine war has crippled the supply of semiconductors and pushed up gas prices, while the resurgence of Covid-19 has led to lockdowns in Chinese cities, all of which could impact business, warned Tata Motors in its latest annual report.

"Full year performance in FY22 was significantly impacted by the constraint on production and sales resulting from the global chip shortage. The ongoing supply challenges are compounded by the conflict in Ukraine and China's Covid lockdowns. We expect the global semiconductor shortage to continue through the next fiscal year with gradual improvement," Tata Motors pointed out.

While China is one of the three biggest markets globally for Tata Motors-owned British brands Jaguar and Land Rover, the markets of Russia and Ukraine represent just 2.5 per cent of JLR's revenue. However, European governments are seeking to reduce energy reliance on Russia and are restricting imports of oil and gas from Russia. "This is driving up energy costs, which could increase inflationary pressures during FY23," Tata Motors added.

Russia and Ukraine control global supplies of neon gas and palladium, which are used in the production of semiconductors. Tata Motors believes that there is a risk of further escalation of the conflict in FY23 which could bring challenges to its wider supply chain.



Tata Motors believes that further escalation of Russia conflict could bring challenges to its wider supply chain

Lockdowns affect supplies

Recent lockdowns in parts of China to contain the spread of Covid-19 are adversely impacting Tata Motors' supply chains as its suppliers are unable to produce or deliver products. The company is also seeing a temporary dip in demand. The lockdowns have also led to some temporary closures of dealerships in some regions of China, which "may have an adverse impact on our sales outlook in FY23".

Cash flow issues

"If we are unable to ensure supply of critical parts from China for production, we may be forced to stop production in some or all of our plants, which will have a significantly negative impact on our cash flows. We are witnessing certain supply chain disruptions as a result of China lockdowns and dealership closures, possibly resulting in negative EBIT and negative free cash flows in the first quarter of FY23 for Jaguar Land Rover, while our domestic business is also likely to witness a negative impact on financial performance," Tata Motors added.

Business Line 21st June 2022

Auto parts makers' revenue to grow 8-9% this fiscal: ICRA

Stable demand in vehicle sector among factors seen boosting growth

OUR BUREAU

Chennai, June 20

Auto parts makers' revenues are expected to grow by 8-10 per cent in FY23, supported by stable demand in the vehicle sector and likely easing of supply chain-related constraints in the second half of the fiscal, according to a report by rating agency ICRA.

In the last fiscal year, 31 auto component companies with cumulative revenues of over ₹1,75,000 crore had registered a 23 per cent year-on-year growth in revenues, driven by domestic original equipment manufacturers (OEMs), replacement, export volumes and pass-through of commodity prices.

Revenue above estimates

Though the growth came on a relatively low base of FY21, the actual revenue expansion was better than estimates, partly on account of better-than-expected exports and an increase in realisations to pass on the impact of higher commodity inflation and freight costs, it said.

"The estimated revenue growth for the sample in FY2022 was constrained by factors like semiconductor shortage issues, muted two-wheeler and tractor demand, and the impact of geopolitical developments on international business. However, the industry's actual revenues were supported by healthy exports and better realisations," said Vinutaa S, Vice President and sector head, ICRA.

Hike in production costs

The unprecedented inflation in raw material costs and freight costs in H2 FY22 (October-March) and the inability to pass on the same completely and in a timely manner impacted the profit margins in the previous fiscal year. The operating margins of companies in FY22 were the lowest in the last five years. The capex spend of the auto ancillary sample for FY22 as a proportion of their operating income was 5.9 per cent.

Business Line 30th June 2022

Japan's Renesas, Tata Motors partner to develop chip solutions

REUTERS

New Delhi, June 29

Japanese chipmaker Renesas Electronics Corp and Tata Motors have formed a strategic partnership to design, develop and make semiconductor solutions, the firms said on Wednesday.

Renesas will collaborate with Tata Motors on developing "next-generation automotive electronics" to accelerate the growth of electric and connected vehicles, the companies said in a statement.

"The collaboration will accelerate our presence in these areas in India as well as globally," N Chandrasekaran, the chairman of Tata holding company Tata Sons, said.

Areas of collaboration eyed by the firms include a non-exclusive partnership on emerging automotive technologies, such as advanced driver-assistance systems (ADAS) as well as wireless network solutions including 5G.

Here Renesas will work with Tata group firm Tejas Networks to make products initially destined for India and eventually global markets.

India is among the countries racing to subsidise domestic construction of factories that turn out semiconductors and displays in an effort to minimise supply risks.India expects the domestic chip market to reach $63 billion by 2026 from $15 billion in 2020.

PRESS REPORTS
ON
PASSENGER CARS

Business Line 23rd June 2022

TaMo may go fully online for car sales

Auto major will have a platform of its own

SWARAJ BAGGONKAR
Mumbai, June 22

Tata Motors is laying the ground work to explore selling cars entirely online, a move in line with the broader market trend of retailing the goods digitally. This would be the biggest transformation for the company on the sales and distribution front.

Click to Drive initiative

The company had received a favourable response for its 'Click to Drive' initiative launched during the peak of the Covid-induced lockdown in 2020. While this has helped buyers explore and reserve their preference, the aim was to reduce the in-person interactions.

There will be no physical visit to the showrooms and buyers can carry out the entire transaction online. From making the payment for the vehicle to opting for a loan to buying the insurance and accessories, all transactions will be done online. Buyers can, however, opt for taking delivery at their preferred location or pick it up personally from the showroom. While the Tata Group has promised to sell Tata cars through its super app Tata Neu, Tata Motors will also have a platform of its own, said a senior executive of the company.

Speaking to *BusinessLine*, Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said, "You can deliver a lot of showroom-like experience digitally. Things will come closer and converge, but it will happen over a period of time. There will be a growing penetration of online purchase."

While direct to customer sale of vehicles is not a new concept in India, as brands, including Mercedes-Benz, Citroen, Ola Electric and Ather Energy have switched to the digital medium for sales, it was expected that others will take some time before taking the plunge into this medium.

"There will be some part of the market which will remain hybrid – a few customers who are more comfortable with experiencing the technology first hand. As they gain confidence, they will prefer an online buying experience and it is then that the trend will evolve in the automotive industry," he added.

Timeline

While Chandra did not provide a timeline for the launch of online sales, he did mention that it will become important to get its dealer partners onboard before officially launching the project.

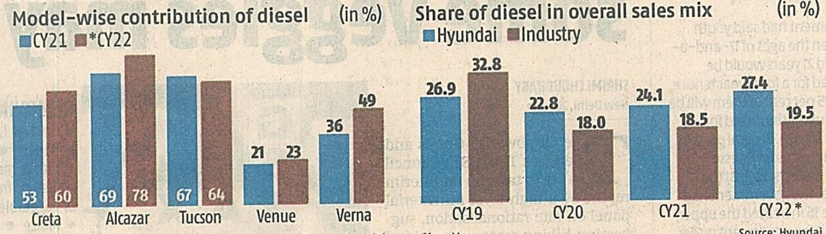
"There will be certain models which buyers need not see physically or test drive, because in any case they are seeing many of them through their friends and relatives. I would definitely say (online sales) will happen...not very far away. Both Tata Neu and Tata Motors can sell cars together online," Chandra added. While Tata Motors was to get integrated into Tata Neu before June-end, Chandra said that it will happen soon. "We have to do some work on the integration."

Business Standard 27th June 2022

SUVs drive Hyundai diesel sales to 3-yr high

SHALLY SETH MOHILE
Mumbai, 26 June

VROOMING AHEAD



A strong demand for diesel SUVs has bumped up the contribution of these variants to Hyundai Motor India's sales to a three-year high, a company top official told Business Standard.

The local arm of the South Korean carmaker has benefitted after some leading manufacturers — including car market leader Maruti Suzuki — pulled the plug on diesel models amid tightening regulations.

Hyundai has also gained from the changing travel preference — people are frequenting getaways and taking to the road a lot more than what they did before the pandemic.

This trend has been fuelling overall SUV sales. SUVs outpaced hatchbacks with a contribution of 41 per cent to passenger vehicle sales in the first five months of 2022. The share of the latter stood at 35 per cent.

The share of diesel variants in the overall sales mix at Hyundai rose to 27.4 per cent in the first five months of the current calendar year (CY). It was 26.9 per cent in CY 2019, said Tarun Garg, director of sales and marketing at Hyundai Motor India.

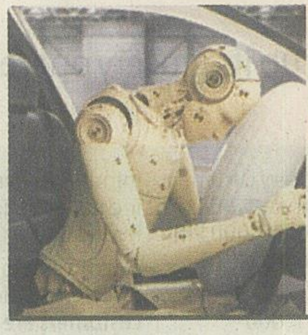
This came even as the contribution of diesel variants in the passenger vehicle market saw a decline from 32.8 per cent to 19.5 per cent in the same period.

"Diesel models contributed close to 46 per cent of the overall SUV sales at Hyundai in the first five months of 2022. This is against 40 per cent in the whole of 2021," said Garg. The clear strategy with regard to fuel type — diesel and petrol — for executive sedans and SUVs as well as petrol and CNG variants for the entry-level models has paid off, he said.

The trend is clearly pronounced in the recently-launched Venue, for which the company has received over 27,000 bookings till Saturday. Of this, the contribution of diesel is 33 per cent, up from 23 per cent for the outgoing model.

Business Standard 30th June 2022

Why new car safety ratings are important



LATEST MODELS TO GET RATED	Adult Occupant Protection (AOP)	Child Occupant Protection (COP)	Safety Assist Technologies (SAT)
Mahindra XUV700	2	★★★★★	★★★★
Tata Punch	2	★★★★★	★★★★
Mahindra XUV300	2	★★★★★	★★★★
Tata Altroz	2	★★★★★	★★★
Tata Nexon	2	★★★★★	★★★

Source: GNCAP

SHALLY SETH MOHILE
Mumbai, 29 June

Last week, Road Transport and Highways Minister Nitin Gadkari approved the draft notification for Bharat New Car Assessment Programme (BNCAP), a safety rating system for passenger cars. Once implemented, this will pave the way for "star ratings" of new car models sold in India — much the same way air-conditioners and a few other consumer appliances get rated based on their energy efficiency standards.

BNCAP is designed to offer an assessment of cars' crash safety performance based on lab tests according to the Automotive Industry Standards (AIS).

What is BNCAP and how is car safety currently assessed?

BNCAP is the India equivalent of the Global New Car Assessment Programme (GNCAP). The UK-based agency promotes motor vehicle safety and independent consumer rating. With funding from the Bloomberg Philanthropies and the FIA Foundation, it serves as an international partnership for cooperation among NCAPs, and supports vehicle rating projects in Africa, India, Latin America and Southeast Asia.

In India, it has been rating cars — both on its own and also when they are voluntarily sent by a manufacturer – under the "Safe Cars for India Programme" since 2014.

"Most important for any NCAP is operational independence. This is essential to retain public confidence in the test results," GNCAP Founder David Ward told *Business Standard*. Also important is a roadmap process, which enables the NCAP to update its test requirements on a rolling basis, typically every five years, to anticipate and lead technology changes and market trends. "I am hopeful Bharat NCAP will follow this approach," Ward said.

Once in force, BNCAP would be applicable to passenger vehicles with up to eight seats, including the driver's seat, with gross vehicle weight less than 3.5 tonnes, manufactured or imported in the country, in accordance with AIS.

Why BNCAP?

India has the largest number of road fatalities in the world. With BNCAP, the world's fifth-biggest auto market that currently relies on GNCAP to get its cars rated, will have its own framework. Significantly, it would leave little room for carmakers that do not accord importance to the GNCAP rating since it is not aligned to Indian driving conditions. For instance, car market leader Maruti Suzuki has for long maintained that it will abide only by the government regulations and not by parameters set by a private firm that has "vested interests".

DECODED

How will BNCAP work?

The testing will be done by a BNCAP-authorised testing agency. Here's what the process flowchart will look like: the carmaker will submit a *popular model* (defined as the vehicle model, along with its variants, which has sold at least 30,000 units from the date of its introduction in the previous calendar year); it would also submit the model's additional variant voluntarily. Then, the manufacturer will submit an application for BNCAP Star rating to the authority.

Alternatively, the road transport and highways ministry can also nominate a model based on market intelligence. The authority would then notify the manufacturer for selection of test vehicles and the testing agency, respectively. Once the assessment is done, the agency will submit the report to the authority, which would inform the carmaker about the results and also publish them on its website. The manufacturer will bear the cost of testing. Manufacturers will not be able to propose further modifications, leading to a retest, and may not use the star rating or refer to it until the BNCAP authority has published the result.

The rating procedure?

The star rating methodology will include performance in full crash tests, and separate scores will be awarded on how the vehicle behaves with regards to adult occupant protection and child occupant protection when it is crashed. The cars will be crashed to see the effect when the impact is frontal, sideways and with a pole. The speed at which it will be crashed will vary from 29 km/hour to 64 km/hour, depending on the kind of impact it's being tested for.

Fitment of safety technologies such as airbags, ISOFIX (international standard for attachment points) for child safety mounts, crumple zones etc., and the role they play in protecting the occupants during the crash, will also be assessed.

The higher the rating (five stars), the safer the car.

How do safety ratings impact car sales?

While models with good GNCAP ratings — Mahindra XUV700 being the latest — have become a talking point for auto companies, even bad ratings — a zero rating for bestselling models such as the Alto and Baleno — haven't had an impact on their volumes and they continue to top the sales chart in their respective segments.

More on business-standard.com

Business Line 29th June 2022

Is it end of the road for small cars in India?

Customers' preference shifts to compact SUVs, larger hatchbacks

S RONENDRA SINGH

New Delhi, June 28

With Maruti Suzuki India saying that it may be forced to discontinue making small cars if costs become unviable because of the Central government's policies, it could bring down the curtains on an important segment.

It could also mean MSIL losing out on market share in the overall Indian car market, which has already shrunk to 42 per cent from 50 per cent a few years ago.

The company's Chairman RC Bhargava said on Monday the company may stop making small cars if the government makes it mandatory to have six air bags from October 1. Bhargava said the company anyway does not make much profits from the sale of small cars.

Staring down the barrel?

Trends show that MSIL's mini or small cars like the Alto and S-Presso have seen their sales decline in the last five years. In 2017-18, the total sales of mini segment (Alto, WagonR previous generation) which used to be 4,27,183 units, declined by more than 50 per cent to 2,11,762 units (Alto, S-Presso in 2021-22.

According to analysts, small cars market is likely to exist only till 2027 as buyers shift to bigger, more comfortable and feature-rich cars, a combination which one can see in the compact or premium hatchback or the compact sports utility vehicles (SUVs), which are selling like hot cakes.

"For Indians, it was a sub-compact car, but they say anything below ₹10 lakh doesn't make sense now... in internal combustion engine (ICE), we won't see more small cars now. We may see some small cars in the electric segment because bigger size is not profitable yet," Puneet Gupta, Director at IHS Markit, told *BusinessLine*.

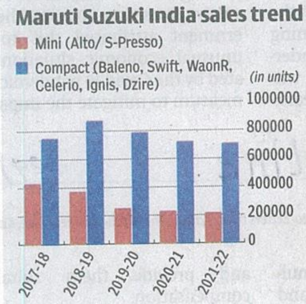
On MSIL's market share, he agreed that not only will the industry size shrink, but overall market share of the company may also decline by five per cent.

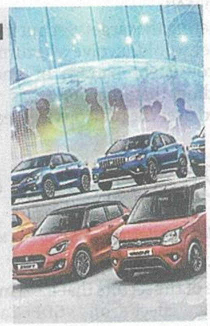
Meanwhile, MSIL will not be the first company to stop making cars which are not viable or profitable in the market. The second largest car maker Hyundai Motor India has already stopped making Eon a few years ago and the entry-level Santro recently.

Customer preference

According to Tarun Garg, Director (Sales, Marketing & Service), Hyundai Motor India, customers are looking for more and more from their cars today – both in terms of features and options, even the first time buyers.

Maruti Suzuki India sales trend





First time buyers no more want to buy a hatchback, which is clearly evident from numbers. From around 20 per cent first time buyers for the compact SUV three years ago, now it has become 36 per cent, Garg said.

Other car makers like Honda Cars India discontinued the Brio, Datsun with RediGo and General Motors' with Chevrolet Beat, while Volkswagen India has stopped the Polo hatchback.

The Economic Times 30th June 2022

ET GRAPHICS

Every Car Brings More Money Now

The total industry volume for the passenger vehicle market must have dropped to a decade low in FY21, but higher price realizations have meant revenues for top car makers have returned to pre-Covid levels

The shift towards higher-priced vehicles and SUVs has meant that the lower market share companies such as Hyundai and Kia are making more revenue per vehicle

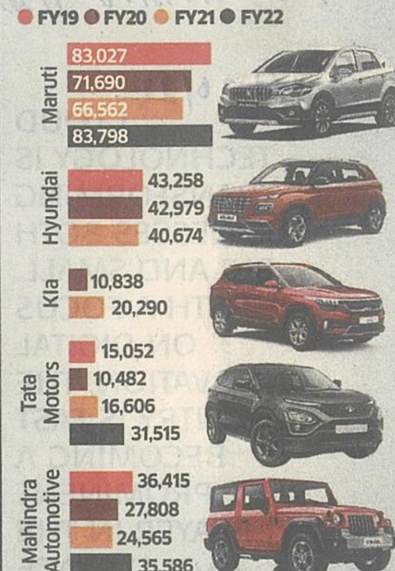
In FY22, Maruti Suzuki, despite selling 11% lower volumes than in FY19, had delivered almost similar revenue, whereas Tata Motors, which has a strong tailwind in its volumes, saw its revenue double since FY19, even as the volumes grew 76%

While Maruti Suzuki has the largest market share, its operating margin over the last few years has dropped by over 500 basis points in the last few years. On the contrary, Hyundai – continues to operate in a double-digit margin between FY19 and FY21

The biggest gainers in profits have been Tata and Kia India. From a negative operating margin in FY19 for Tata Motors, the maker of Nexon and Harrier swung into a 5% operating margin at the end of FY22, whereas Kia operations broke even in less than three years of its entry and is inching towards a double-digit operating margin

(This is the second of a two-part chartcle)

REVENUE OF CAR MAKERS (FIG IN ₹ CRORE)



OPERATING PROFIT MARGIN OF INDIA CAR MAKERS (FIG IN %)

	FY19	FY20	FY21	FY22
Maruti	13.25	10.19	8.03	6.76
Hyundai*	11.18	9.97	10.26	–
Kia*	–	2.84	8.84	–
Tata Motors	0.1	-10.6	2	5.3
M&M Automotive**	7.64	6.05	3.39	3.76

* Financial of Kia and Hyundai are yet to be published for FY-22

** M&M Automotive numbers includes depreciation and it also includes profits earned from sales of commercial vehicles

PRESS REPORTS
ON
ELECTRIC VEHICLE

The Economic Times 24th June 2022

CO AIMS TO BECOME THE 'UTILITY OF THE FUTURE': CEO

Tata Power Plans to Set Up Pan India EV Infra in 5 Yrs

Kala.Vijayraghavan
@timesgroup.com

Mumbai: Tata Power has kicked off an ambitious nation-wide plan of setting up electric vehicle (EV) charging stations from North to South, connecting Kashmir to Kanyakumari and from East to West, from Guwahati to Dwarka and Bikaner over next the next 3-5 years. The move is part of the company's transformation programme, Tata Power 2.0, which focuses on customer centricity, sustainability, digital so as to become the 'utility of the future' said CEO Praveer Sinha.

Tata Power has tied up with OEMs like Tata Motors under which home charger solution is provided to each of the vehicle owner, as part of the vehicle purchase and nearly 15,000 home chargers have been provided. In addition to this, nearly 2,000 plus public chargers are provided in nearly 170 cities including highways between cities so as to provide flexibility to users to top up their charging, as and when required.

In addition to this fleet charging facilities is being provided alongwith captive charging for public transportation and buses at their depot. To deal with range anxiety, we have also developed an user friendly mobile App for locating charging stations in the cities and highways, which during travel, one can plan to book in advance, or charge, as required. The payments can be made through the payment gateway available on the App

The revised strategy for Tata Power 2.0 was developed about three years back to create a roadmap as also a mindset change to have more retail focussed businesses from the earlier purely related business.

"We are reinventing ourselves to be an agile energy services and solution company offering renewable power alongwith hybrid solutions provider through effective data management," said Sinha.

The new Tata Power is providing consumers with a choice to be responsible in energy usage and also offering them 24/7 renewable solutions with a combination of solar -wind -storage and demand side management by controlling usage of critical and non critical loads during peak and off peak periods of energy availability through usage of sensors, IOT's and information technology.

Going forward nearly 60% of the business will be regulated business and 40% will be market driven businesses.

Tata Power is India's largest integrated power companies, present across the entire power value chain of conventional & renewable energy, power services, and customer solutions including solar rooftop, EV charging stations, and home automation.

TATA POWER 2.0

We are reinventing ourselves to be an agile energy services and solution company offering renewable power

PRAVEER SINHA CEO, Tata Powers

Business Line 17th June 2022

'EV sales may cross 10-m mark by 2030'

Study urges private sector, govt to work together to remove barriers in raising adoption

PRESS TRUST OF INDIA

Mumbai, June 16

The domestic electric vehicle (EV) industry will cross sales of 10 million vehicles by 2030, with an overall adoption rate of more than 30 per cent across different vehicle categories, says a study.

According to a study by Arthur D Little released on Thursday, EV adoption for passenger vehicles is likely to be just 10 per cent by the end of the period, amounting to a 5 per cent of total EV sales. The study titled, 'Unlocking India's electric mobility potential' noted that to attain more than 30 per cent EV adoption, India will require approximately 800 GWh of batteries by 2030.

Study says industry could attract foreign investments worth $20 billion by 2030

Foreign investments

In terms of investment, given FDI inflow of nearly $6 billion in 2021, the industry could attract further foreign investments of about $20 billion by 2030, as per the study.

"Despite the obstacles, India is one of the largest markets for EVs in Asia behind only China and surprisingly, ahead of Japan. We can build on this position by acting to support product innovation, create reliable charging infrastructure, and provide subsidies to buyers and additional incentives to start-ups involved in battery R&D, among others," said Barnik Chitran Maitra, Managing Partner and CEO, India & South Asia at Arthur D Little.

Global powerhouse

If India achieves its true EV potential of 50 per cent electrification, every 10th EV sold globally could be manufactured in India, making the country a global EV powerhouse, he said. The study cites several factors for the low adoption of passenger EVs, including higher upfront costs, lack of models, dearth of charging infrastructure and low consumer confidence. It recommends that the private sector and the government work together to remove the said barriers.

The country's import bill is expected to come down by almost $14 billion in 2030, besides creating 10 million new jobs, said the report.

The report was launched in the presence of Pawan Goenka, industry veteran and former MD & CEO of M&M; Mahesh Babu of Switch Mobility; Chetan Maini of Sun Mobility; Balbir Singh Dhillon of Audi India; and Rajan Wadhera, former SIAM president.

The Economic Times 22nd June 2022

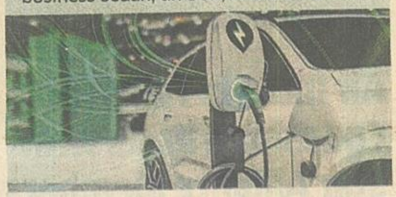
VIETNAM AND INDONESIA ALSO ON RADAR

Foxconn Mulls India EV Drive

Last year, Foxconn bought a factory in the US to produce electric vehicles for the North American market

It will also use the plant to contract-manufacture for customers like hybrid EV brand Fisker

Foxconn has showcased three EVs it has developed indigenously: A premium business sedan, an SUV, and a bus



India manufacturing plan part of Taiwanese co's plan to expand Asian manufacturing supply chain beyond China

Dia Rekhi & Bharani V

Chennai: Taiwanese electronics giant Foxconn is looking at making electric vehicles in India, part of a larger diversification plan to expand its Asian manufacturing supply chain beyond China, according to people aware of developments at the contract phone maker for Apple.

Foxtron—the company's EV venture—may consider manufacturing in India in addition to other locations in South East Asia such as Vietnam and Indonesia, they said.

At present, in addition to an exclusive facility — outside Chennai — manufacturing Apple's phones, Foxconn subsidiary Bharat FIH, formerly known as Rising Stars Mobile India Private Ltd, operates another unit nearby, which manufactures phones for Chinese brands including Xiaomi.

"Foxconn has evinced interest as a group in manufacturing other lines — their own (and) for their clients — apart from the phones that they currently manufacture," a person in the know who did not wish to be named told ET.

Business Line 24th June 2022

BIS issues performance standards for EV cells

PRESS TRUST OF INDIA

New Delhi, June 23

The Bureau of Indian Standards (BIS) has come out with performance standards for electric vehicle (EV) batteries in order to ensure the safety of consumers, a senior Consumer Affairs Ministry official said on Thursday.

BIS, the national standards-setting body that functions under the ministry, has published the "performance standards for electronic vehicle batteries", the official said. The standard has been formulated for lithium-ion traction battery packs and systems of electrically-propelled road vehicles.

Real-life scenarios

According to the official, the new standard incorporates test procedure for the basic characteristic of performance, reliability and electrical functionality for battery packs and system for either high power or high energy application.

This has been formulated considering real-life scenarios for an EV such as in parking (battery is not used for an extended period of time), while being shipped (stored), operating at low and high temperature etc.

Electric vehicles operate on an electric motor and rechargeable batteries.

More in the offing

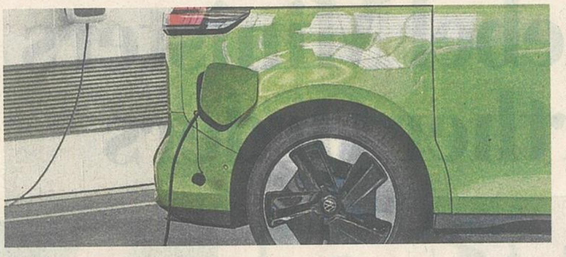
Over the past decade, EVs have grown in terms of visibility and availability in the market. Most EVs use lithium-ion batteries because of their high power-to-weight ratio. Considering the safety aspect of batteries for EVs, the BIS is in the process of publishing two more standards related to batteries for various passenger and goods carrying vehicles, the official said.

The Economic Times 28th June 2022

EV Cos Availing Sops Under FAME-India Face Scrutiny

Certificate from CAG-empanelled CA must on extent of imported components

Nehal Challawala & Twesh Mishra



Mumbai | New Delhi: Companies availing subsidies under the government's flagship electric vehicles (EV) promotion scheme are facing increased scrutiny from the authorities after it came to their notice that many manufacturers are providing misleading information.

EV makers now must produce a certificate from a CAG Empanelled chartered accountant verifying the extent of imported components in their vehicles before their products can qualify for subsidies under the Faster Adoption and Manufacturing of Electric and hybrid vehicles in India (FAME-India) scheme.

Scrutiny from certifying authorities that validate models as compliant under the scheme has also become more stringent, said people in the know.

The subsidies are disbursed by the Ministry of Heavy Industries. As per the FAME-India scheme, companies availing subsidies must comply with strict norms around local sourcing of components for their EVs. These include key components like motor, controller, onboard charger, instrument panel, chassis and wheels, among a long list of other components.

The government's intention is to incentivise the development of a local manufacturing ecosystem through subsidies, making India a hub for EVs.

However, many companies wrongfully declared imported components as locally sourced by routing the imports through local companies who did little value-addition in India, according to multiple people in the know. The practice is particularly rampant in the electric two-wheeler market, where most manufacturers are reliant on Chinese imports, they said. The subsidies could range from ₹15,000-60,000 for a two-wheeler.

To put a check, the authorities have introduced these new measures. "The goal is to keep a check on companies that claim made-in-India status for their products but actually try and pass off largely imported goods," a senior heavy industries ministry official told **ET**. "The scrutiny of companies that claim subsidy under FAME is an evolving process. We have been trying to make the procedure for availing subsidy support more robust as the ecosystem evolves."

If an EV company tries to sell a non-compliant vehicle as a subsidised one, then they are penalised, and any subsidy accrued is borne by the company itself, the official added.

Scrutiny has not just gone up in terms of the documentation required to claim subsidies. In some cases, validating authorities were also inspecting the premises of the EV manufacturer and their suppliers before certifying a vehicle compliant with the FAME-India norms.

The Economic Times 17th June 2022

GM Could Start to Sell Electric Hummer in Europe Amid Reboot

Move a renewed push in the region after co sold Opel & Vauxhall in 2017

Bloomberg

New York: General Motors plans to return to Europe with battery-powered models starting with the Cadillac brand and is considering selling the hulking Hummer electric vehicle, according to people familiar with the matter.

The carmaker may start importing the electric Cadillac Lyriq model, which is already on sale in the US, the people said, asking not to be identified discussing confidential deliberations. Broadening GM's offering would expand its presence in a market where the company currently only sells luxury vehicles and the Corvette sports car in small numbers.

A GM spokesman said no final decisions had been made.

The move would be a renewed push in the region after the company sold its mass-market Opel and Vauxhall brands in 2017 to what is now Stellantis NV, following two decades of losses.

GM has recently revived the dormant Hummer brand, starting production of the electric pickup in December. The nameplate was controversial among environmentalists with the Hummer H2 model that used about one gallon of fuel to drive 10 miles. The carmaker acquired Hummer brand from military contractor AM General in the late 1990s, at the height of the American SUV boom.

High gasoline prices had reduced sales and GM's 2009 bankruptcy led the company to stop production of all Hummers in 2010.

While GM sold the bulk of its European operations, it continued to market a limited number of imported Cadillac models through a Swiss unit. The company is also considering setting up a mobility startup in Europe along with the possibility of traditional sales.

Europe's new-vehicle sales slumped for an 11th consecutive month in May as record inflation and falling consumer confidence joined prolonged supply-chain disruptions. A Bloomberg Intelligence report predicts shipments will pick up in the second half of this year.

Business Line
21st June 2022

Saera Electric starts production at Haryana plant

PRESS TRUST OF INDIA

New Delhi, June 20

Electric vehicle maker Saera Electric Auto Pvt Ltd (SEAPL) has commenced production at its Bawal plant in Haryana, which it acquired from American cult bike maker Harley Davidson.

The firm, which first introduced e-rickshaw under the Mayuri brand, produces e-rickshaws and e-carts at the plant, where it has invested over ₹350 crore, SEAPL said in a statement.

"Our new plant at Bawal, in addition to our existing plant at Bhiwadi in Rajasthan, will further enhance the growth of our manufacturing capacity," SEAPL Managing Director Nitin Kapoor said.

He said the new plant has a production capacity of two lakh units of electric two-wheelers and 36,000 units of electric three-wheelers in a year.

The Economic Times 30th June 2022

EV Co Okinawa Adopts Govt's Open Battery Mgmt System

BMS can help ensure enhanced safety, better performance: Amitabh Kant

Lijee Philip & Pranav Balakrishnan

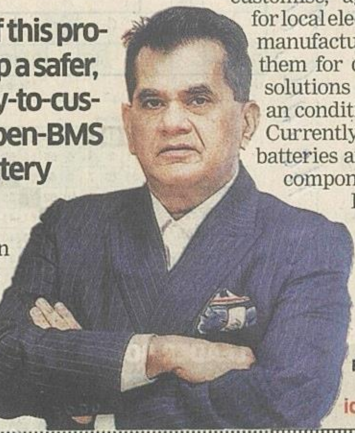
Bengaluru: Electric vehicle (EV) maker Okinawa will adopt the government's open battery management system (Open-BMS).

Government think-tank Niti Aayog, in collaboration with IITs, battery makers, the Department of Science and Technology, World Resources Institute and other industry bodies, is coming up with an Open-BMS for EVs that any manufacturer can adopt. A spokesperson for Okinawa told ET that Open-BMS "will improve the performance of the battery by knowing the real-time update of the battery and its cells."

An effective BMS can ensure better performance, driving experience, and enhanced safety, Amitabh Kant, the outgoing CEO of Niti Aayog, told ET. "As per primary discussions with Original Equipment Manufacturers, the industry is happy to explore BMS which is customised for Indian operating conditions and has shown keen interest to join hand with academia through the platform," he said. The government expects the easy customisation opportunity of this basic BMS version will not only be vetted by a wider pool of experts but also reduce pressure on the R&D units of manufacturers.

AMITABH KANT
CEO, Niti Aayog

The objective of this project is to develop a safer, robust, and easy-to-customise, agile, Open-BMS for local EV/battery manufacturers



"The objective of this project is to develop a safer, robust, and easy-to-customise, agile, Open-BMS for local electric EV/battery manufacturers to empower them for developing BMS solutions specific to Indian conditions," Kant said.

Currently, India imports batteries and other critical components of EVs.

In India, the EV market is mainly dominated by electric two- and three-wheelers.

FOR FULL REPORT, GO TO www.economictimes.com

The Economic Times 18th June 2022

Electric Shift Hit as Inflation Turns EVs Into a Luxury Item

EVs are becoming affordable only to a limited group of well-off buyers

Bloomberg

Electric-vehicle prices are going up at a dizzying pace these days. Tesla raised prices by as much as $6,000 per car this week. Rivian bumped up the ask on its battery-powered R1T pickup truck in March, while Ford hiked the sticker on the Mach-E.

Add it all up and an electric car now costs $61,000 on average, according to researcher Edmunds.com. That's a lot of money when the average new-vehicle price — across all cars — has inflated to $46,000. And yet the buyers keep coming.

But there's an underlying problem here. New cars are already out of reach for more than half of Americans, which means EVs are affordable to a limited group of well-off buyers only. Some 30% of all new cars sold last year had a suggested retail price above $50,000, up from just 6% ten years ago, according to Charlie Chesbrough, a senior economist at Cox Automotive. With many buyers priced out of the new-car market, ever fewer people will be able to make the switch to electric and instead keep burning gasoline for years to come.

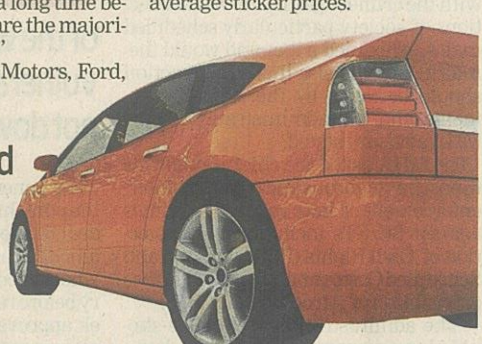
"It's clearly a product for the upper crust," Chesbrough said in an interview. "It's going to be a long time before electric vehicles are the majority of cars on the road."

CEOs from General Motors, Ford, Toyota and Stellantis wrote to leaders in Congress this week to ask them to waive limits on the $7,500 federal tax credits.

Despite the recent surge in EV sales, automakers will need to sell to middle-class buyers both to reach cost-effective scale with batteries and to make a dent in carbon emissions. That will be tough with $61,000 average sticker prices.

STICKER SHOCK

Add it all up and an electric car now costs $61,000 on average in US



The Economic Times
25th June 2022

EV Startup Mecwin India to Set Up Plant in Bengaluru

Press Trust of India

Bengaluru: Electric vehicle startup Mecwin India on Friday said it is going to invest ₹50 crore for setting up a manufacturing plant here for EV motors and controllers. The facility will cater to the demand for indigenous mid drive and hub motors along with controllers from EV Original Equipment Manufacturers in India, it said in a statement.

The plant, which will become operational by this year-end, will have an initial manufacturing capacity of 2,000 units per day, it was stated.

"As demand for electric vehicles takes off in India, the time is right for enhancing our manufacturing capacity and contributing to the growth of the EV segment. We also plan to gradually scale up capacity as demand rises," Mecwin India's Co-founder and Director Shiva Kumar H M said. The announcement comes just months after Mecwin India announced its foray into the EV retrofitting segment with a ₹1,500-crore deal with Raipur-based Tatva Group. As a part of the deal, Mecwin India will manufacture and supply five lakh retrofitting kits, which include motor, controller, lithium-ion battery, and charger, for different kinds of vehicles over the next three years to Tatva Group, the statement added.

The Economic Times 24th June 2022

Ola Electric EV Sales Slow on Fires, Glitches

Daily sales drop to 130-200 over the past two weeks

Pranav. Balakrishnan
@timesinternet.in

Bengaluru: Ola Electric's e-scooter sales have moderated to 130-200 units a day over the last two weeks after the company switched from the multiple-payment window model to one-time full payment for the vehicle, two people aware of the matter told **ET**.

The Softbank Group-backed company, which aims to produce 10 million scooters a year, had moved to the new payment model on May 28. Earlier, customers could only make part payments through four separate windows which opened on specific dates.

Several sources told ET that Ola was able to sell around 500 scooters a day for three-four days after moving away from the multiple-payment window model, but sales have slumped after that.

"The company has also offered employees around Rs 10,000 discount if they are interested in buying the scooter," a source said, adding that some customers are getting delivery of their scooters in 48 hours, which some people say is a possible sign of a shrinking order book for Ola.

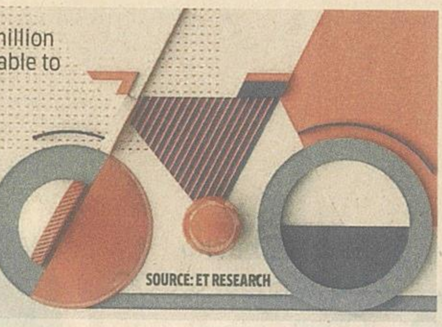
Ola Electric did not respond to ET's request for a comment.

Experts said that even if Ola manages to sell 1,000 scooters a day, it will add to 365,000 a year, which will be far from the company's target.

The company has so far delivered about 50,000 vehicles.

Before the slowdown in Ola's sales, India had reported multiple fire incidents involving electric vehicles, including an Ola scooter catching fire in March this year.

- **Current capacity:** Two million scooters a year, expandable to **10 million**
- **Scooters delivered:** so far **50,000**
- **Ola S1 Pro** registrations fell from **12,683** in April to **9,196** in May, according to complied by Elara Capital from Vahan



SOURCE: ET RESEARCH

PRESS REPORTS
ON
TWO – THREE WHEELERS

Business Standard 18th June 2022

TVS-owned Norton plans to produce e-bikes in UK

The iconic British motorcycle maker will work with six UK partners to develop the product

BLOOMBERG
17 June

Norton Motorcycles plans to develop and build an electric motorcycle in the UK that it claims will have "racing performance, touring range and lightweight handling," as part of a 30-month project co-funded by a government program.

The iconic British motorcycle maker, now owned by TVS Motor, will work with six UK partners including Delta Cosworth, HiSpeed as well as the University of Warwick to develop the product, Norton said Friday. The project won government funding from the UK program that assists automotive companies to develop low-carbon products.

The plan, which Norton claims will create a "significant" number of manufacturing and research and development jobs, is a rare shot in the arm for the UK automotive industry which has grappled with declining production amid a global shift towards electric mobility. Last month, *Bloomberg News* reported that Jaguar Land Rover were in talks with Northvolt AB and SVolt Energy Technology Co. about supplying batteries for a range of EVs it may assemble in Slovakia.

"We're confident that project Zero Emission Norton will eliminate the current dispute between a conventional and electric motorcycle to create EV products that riders desire," said Norton Chief Executive Officer Robert Hentschel in the statement.

Recently, Norton kicked off production if its V4 1,200-cc flagship sportbike after subjecting it to an extensive re-engineering process to iron out several reliability problems.

The Economic Times 25th June 2022

Yamaha Motor Aims to Tap Demand from Rich Bike Enthusiasts, Plans to Bring R3 & R7

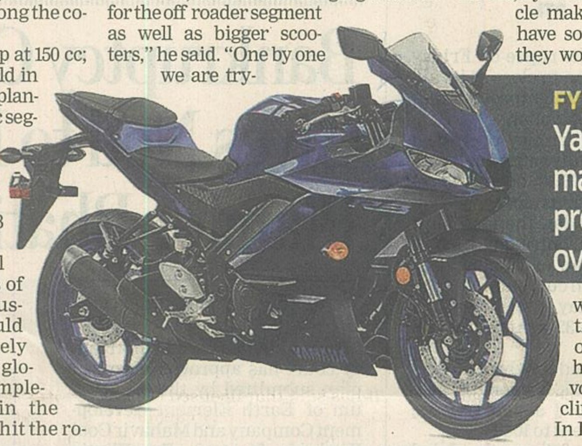
Ketan.Thakkar@timesgroup.com

Mumbai: Japanese two-wheeler maker Yamaha Motor is looking to expand its India product line to include 300-700 cc motorcycles, a segment that is seeing strong demand among the country's upper middle class.

"We are not planning to stop at 150 cc; the displacement of bikes sold in India is moving up. We are planning to enter the 300 and 690 cc segments in the coming years," Eishin Chihana, chairman of Yamaha Motor India, told ET, adding that the company is looking at bringing in its R3 and R7 models.

In India, the R3 and R7 will compete with the products of Royal Enfield, KTM and Husqvarna. While the R3 would be imported as completely knocked down units, the R7 global bases would come as completely built units. People in the know said these bikes may hit the road in the next few quarters.

Chihana said the younger generation is more open to premium motorcycles and different types of two-wheelers, and Yamaha would like to carve a niche there. "We are aware of the rising adventure flavour, there is an emerging demand for the off roader segment as well as bigger scooters," he said. "One by one we are trying to target that. Our intention is to create our own unique position in this emerging space."



FY22 TALLY

Yamaha had 15% market share in premium bikes over 150 cc

The Indian government has plans of implementing a regulation to make onboard diagnostics version 2 mandatory in 2023, a year ahead of Europe. But vehicle makers, including Yamaha, have sought more time, saying they would like to harmonise it with the European regulations as implementation of OBD2 may increase vehicle prices and impact volumes in an already declining two-wheeler space.

In India, Yamaha had shifted focus to the premium end of the market in 2018, vacating the mass-market motorcycle segment. At the end of FY22, Yamaha had a market share of 15% in the premium motorcycle space above 150 cc. It sold a little over 500,000 units during the financial year, with an overall market share of 3.6%.

The company currently sells premium motorcycles under the R15 and FZ brands, and Fascino and Aerox scooters. While Yamaha may begin with importing the bigger motorcycles into India, it intends to have a deeper manufacturing footprint in the country in the future.

According to Chihana, in the group's long-term global manufacturing strategy, India is seen as a critical alternative to Indonesia to cater to the global markets of Europe and Japan for mid-size motorcycles.

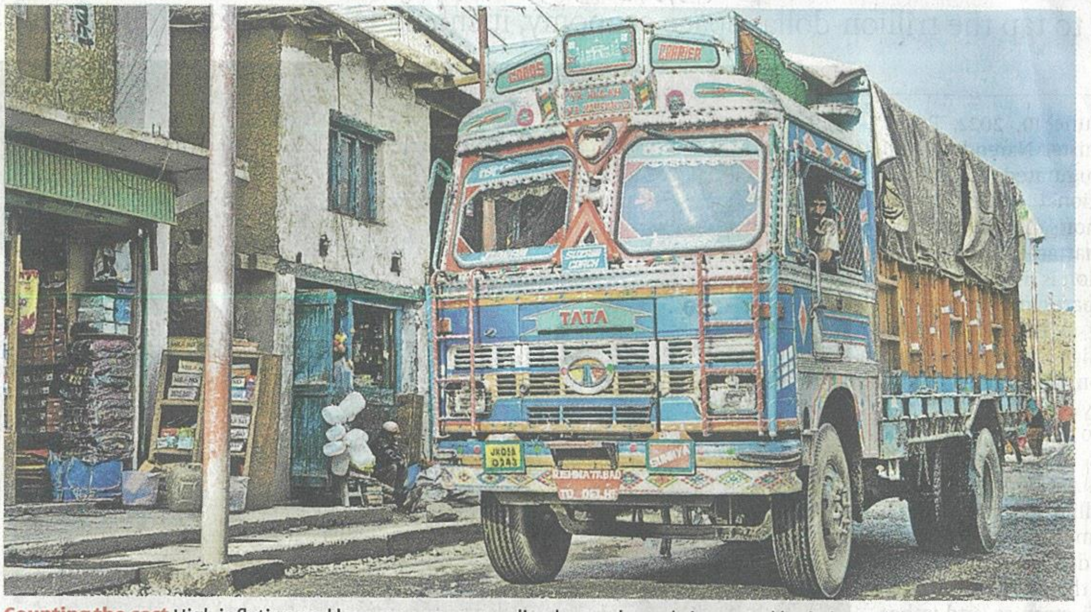
"Indonesian plant is set to reach full capacity. From a business contingency point of view, to encounter an unforeseen situation of a pandemic or political instability, Yamaha Japan is considering an Indian factory as a second alternative in the mid to long term," said Chihana.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

Business Line 27th June 2022

Trucking costs likely to zoom

Diesel shortage and high inflation will increase operating expenses



Counting the cost High inflation and low consumer spending have adversely impacted logistics activity in May

RISHI RANJAN KALA

High inflation and supply shortages of diesel threatens to increase trucking costs. Analysts point out that if the scenario persists, it could lead to not just an increase in operating expenses, but will have a cascading effect on the already high inflation considering that 70 per cent of diesel is consumed by the transport sector.

Fuel accounts for 45-60 per cent of a truck's operating costs. Besides GST, Excise, VAT, tolls and agriculture cess are other costs, analysts say. High inflation and low consumer spending have impacted logistics activity in May. Inflation is already above the RBI and government's comfort zone, they said.

Diesel shortage

"Trucking rates depend on demand supply. The off take of agri-commodities is happening. Truckers will carry the load even at high prices and will pass on the cost to end-consumers. High inflation and diesel costs are already a dampener. Diesel shortage would mean purchasing fuel at higher costs in black. It can lead to demand destruction. Major impact will be on small truck operators," said a senior executive from an FMCG company. The All-India Motor Transport Congress (AIMTC), which represents around 95 lakh truckers and about 50 lakh bus, taxicabs and maxicabs, said fuel shortage is likely to disrupt supply chains across all sectors.

The government is attributing the increase in demand to seasonal surges due to agricultural activities, bulk buyers shifting purchases to petrol pumps, a substantial reduction in sales by private firms and a sudden surge in fuel demand. Though the government is assuring of sufficient supplies, the ground reality is quite different, the AIMTC warned.

The problem is some States have diesel shortages and have rationalised quotas. If the requirement is more, even then you won't get the higher quantum. A few days ago, pumps in Madhya Pradesh, Rajasthan, Maharashtra, Karnataka, Punjab and Himachal Pradesh were running dry, said AIMTC President, KS Atwal.

"If the cost is high, then it will be passed on to consumers. I don't think prices (logistics) will come down. Demand is there. Trucking costs are likely to maintain at May levels as there is seasonal demand for agro-commodities," Atwal said. The Chief Operating Officer of Mahindra Logistics (MLL) Transportation & Procurement, Sushil Rathi, said, "In most transportation contracts, we benchmark fuel rates and as per changes in fuel cost, it is only natural for transportation rates to get affected. Lately, we have observed drastic changes in fuel rates, which we believe, will definitely trigger the value-based threshold."

Impact of inflation

In the short-term, inflation may hamper growth, but for a country like India where there are heightened manufacturing activities, Rathi said he does not see much slowdown.

"Indian Foundation of Transport Research & Training said freight rates on grand trunk routes have already shot up by an average 3-4 per cent m-o-m. The recurrent increase in fuel prices singe into margins of small and large transporters and will eventually force them to pass on the hike to their customers," he added.

On the scenario for the next three to six months, Rathi said trucking capacity enhancement is happening at a slow pace, thereby resulting in shortages for specific truck types. This has already resulted in freight corrections in the last few months. A case in point is the car carrier segment.

Business Line 29th June 2022

Daimler India may explore small electric truck space

SWARAJ BAGGONKAR

Mumbai, June 28

Chennai-based medium and heavy truckmaker, Daimler India Commercial Vehicles (DICV), could enter the small electric truck space which may lead to a development of an all-new vehicle platform.

The battery-powered, less than 3.5-tonne load-carrying segment has caught the interest of major commercial vehicle manufacturers and start-up companies in India. Tata Motors recently launched the electric version of its mini truck, Ace, while Ashok Leyland's subsidiary Switch Mobility is working on an electric light commercial vehicle.

Gamechanger

"The below 10 tonnes space is primarily split into two segments — up to 3.5 tonnes and 3.5-9 tonnes. The latter is a smaller segment and definitely not too much of interest to us. But the up to 3.5 tonne is a large segment comprising pick up and small commercial vehicles," Satyakam Arya, Managing Director and CEO of DICV, told *BusinessLine*.

Satyakam Arya, Managing Director & CEO, Daimler India

"If we get into the 3.5 tonne segment, it will be (through) electric, because it does not make sense for a new player to enter with diesel. And globally, we don't operate in that segment and we will not invest in diesel technology there," Arya added.

When asked if DICV is planning to enter the small commercial vehicle segment with a new product, Arya said the company has to evaluate if their offering can become a gamechanger, based on which it will take a decision.

"Can we bring an offering which can be a gamechanger in terms of technology or total cost of ownership? If we have a good answer, then definitely, we will invest," Arya added.

PRESS REPORTS
ON
COMPANY NEWS

Business Line 25th June 2022

Brakes India sees high-growth trajectory for domestic and export businesses

Bets big on European market; in the process of building ₹100-cr factory near Chennai

G BALACHANDAR
Chennai, June 24

Brakes India, one of the largest braking system suppliers and part of the TVS-Santhanam Group, expects two-fold growth in domestic business and a three-fold increase in export business over the next five years, supported by capacity expansion, surge in new orders and launch of a new range of products.

"On a five-year horizon, we expect the domestic business to grow by 2x and exports will grow by 3x. In the domestic market, volume growth will be a big driver of our business in addition to new products and content that we will get on vehicles. We will introduce more advanced products which will result in a high-value generation," Sriram Viji, Managing Director of Brakes India, told *BusinessLine*.

Upbeat on exports

He is also optimistic about export opportunities and for Brakes India, which has three major businesses — brakes, foundry and polymer — exports would be one of the key levers for growth, going forward.

"There is some level of de-risking global customers are looking at. We are seeing new RFQs (requests for quotes) based on that. But India does have other challenges. Compared with China, our cost competitiveness is still an issue. They have commodity prices that many Indian companies are not able to meet, while shipping and logistics from India are not the most efficient. There is still a little bit of competitive edge that India needs to get, he felt.

However, Viji is of the view that India would improve its competitiveness. The government has made a lot of efforts to get India there. PLI scheme will be a good move, while infra development started to improve quite rapidly, he added.

Currently, the company's exports are in the range of ₹800-900 crore out of the turnover of ₹5,000 crore. However, the total turnover including its associate companies would be about ₹5,500 crore, of which total exports would be around ₹1,400 crore.

Sriram Viji, Managing Director, Brakes India BIJOY GHOSH

"Europe is a big focus for us as we already do about ₹1,000 crore of exports of the total ₹1,400 crore. We will further strengthen our exports to Europe. We are a big supplier of safety-critical braking castings. One in four cars in Europe will probably have Brakes India's castings. We will look at growing even further. Also, we expect new opportunities in South-East Asia due to emerging trade agreements," he added.

In terms of capacity, it may run out of capacity in the next couple of years given a favourable order outlook. The company is already exploring further investments in ramping up the capacity of existing products. It will also invest in new product manufacturing. It is in the process of building a new factory at Thervoy Kandigai near Chennai at an investment of ₹100 crore.

New facility

"This is for CV braking systems where we will have to make products for which we have been working with all CV makers for the past two years. These products are in the process of getting validated. It is also exploring the capacity increase in other factories. It has one of the largest foundry capacity of 1,80,000 tonnes.

With the electric revolution kicking in, the company is making investments in certain product segments, which will be impacted by the EV push, for changeover to electric. "We have already started supplying several parts to EV customers. We already have a pretty large order from an EV company in Europe," he added.

Business Line 30th June 2022

Sundram Fasteners to invest ₹750 crore to ramp up capacity of emerging businesses

To focus on diversified product range from EVs to non-autos as opportunities grow

G BALACHANDAR

Chennai, June 29

Leading auto parts maker Sundram Fasteners proposes to invest ₹750 crore, including investments under the PLI scheme, over the next 2-5 years in creating capacity for defence and wind energy parts businesses as well as developing components in emerging technology segments.

Many new products introduced by the company have started growing well, and Sundram Fasteners is no longer a "fastener company, but an "engineering" company as we keep adding engineering products, Suresh Krishna, Chairman of Sundram Fasteners, said while addressing the 59th annual general meeting of the company virtually.

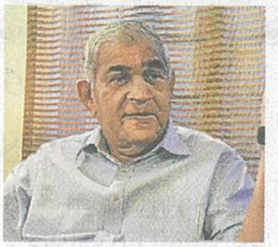
EV business

He said the EV market was growing in a start-stop kind of mode. It seems like it is growing and suddenly there is a break. The EV infrastructure-related concerns are also impacting the sales of EVs. While there are still a lot of questions about the EV market, a lot of companies areworking on solutions such as hybrid engines, hydrogen, etc. "We still don't know what will emerge as a final solution, but we are definitely concentrating on EVs. We have the ability to diversify our engineering expertise," he added.

Sundram Fasteners already has orders worth ₹150 crore for electric vehicle products, and it expects orders more than ₹200 crore for new EV products. The Sri City factory to make products for hybrid and EV vehicles is expected to provide a boost to its EV business.

Arathi Krishna, Managing Director of the company, had indicated that going forward the company would focus on a diversified product range from EVs to non-autos, including aerospace, defence, wind, solar, etc., given growing business opportunities in these non-auto parts.

As a result of the strategy, the company sees significant potential in the wind energy business and plans to make additional investments of ₹300 crore over the next two years in ramping up capacity. It has expanded its range of



Suresh Krishna, Chairman, Sundram Fasteners

fasteners in the wind energy segment and has also started exporting them.

Export opportunities

Exports (including subsidiary operations) bring about 35 per cent to the overall revenue of the company. "Export markets have been a great boon for enhancing our topline," said Suresh Krishna.

As the Atma Nirbhar initiatives of the government provide opportunities for the private players, Sundram Fasteners is working with the defence establishments and is in the process of getting customer validation for various parts. It plans to produce and supply value-added sub-assemblies. To grow this business, the company plans to invest more than ₹100 crore in the next two years.

The ₹4,198 crore company is proposing an investment of ₹350 crore under the PLI scheme for the manufacture of Advanced Automotive Technology (AAT) components such as powertrain sub-assemblies for electric vehicles and select Internal Combustion Engine (ICE) vehicles. It has secured firm orders from global OEMs for the supply of components under their EV programmes. The company has already got approval from the government for its PLI investment.

'Boosting productivity key in grabbing global opportunities'

Business Line 17th June 2022

India can emerge as an alternative sourcing hub to China, says Rane Group's L Ganesh

G BALACHANDAR

Chennai, June 16

India needs to focus on improving productivity levels over the next decade in order to take advantage of global companies' China de-risking strategy, said L Ganesh, chairman of Rane Group.

"Whatever people call it — China plus one or China de-risking — it is a reality now. India has a great opportunity to become an alternative sourcing hub for global firms. But we have to continuously improve ourselves. We still have a long way to go in terms of infrastructure and productivity," he told *Businessline*.

Ganesh is of the view that India has already achieved global standards in manufacturing quality, but what is needed is an enhancement in productivity levels. "One of the things we are doing is continuous productivity improvements. Of course, we can't be complacent. But, we need to focus on productivity, skill in manpower, good quality management... everything is a shortage in India. While we have a big population, good and talented people are still in shortage," he added.

L Ganesh, Chairman, Rane Group

Efficient environment

Incentivising businesses through PLI and other schemes is good for large investments like battery technology, chips, etc. But more than that, making the environment efficient will be essential. "Improving infrastructure and efficiency will make doing business easier for all," he said, while pointing out the huge demographic advantage of the country.

Ganesh also lauded aggressive measures of various States to be investor-friendly. "We have observed quicker approvals for our new investments in expansion in Tamil Nadu as also in Telangana. Guidance Bureau in Tamil Nadu and the industry department in Telangana have been very responsive and facilitated faster approvals," he said.

ESG commitment

Ganesh also discussed the growing commitment towards sustainability under ESG (environmental, social and governance) journey. "From a mandatory point of view, the government is talking about top 1,000 companies for ESG disclosures. But interestingly, many of our customers have proactively been pushing for that. Recently, we had to get a certification and show certain things to Europe's largest automaker. Thus, it is just not the government, global customers are also driving ESG goals," he said.

For Rane Group, the transition towards sustainability is key, both from the environment and cost points of view. "Today, about 32 per cent of energy comes from renewables, and will gradually increase to 40 per cent as we continue to make investments in clean energy generation," he added.

Business Line 28th June 2022

TVS Motor plans 'product offensive' drive in FY23, bullish on export growth

Confident of sustaining profitable growth, says Chairman

G BALACHANDAR

Chennai, June 27

Leading two- and three-wheeler maker, TVS Motor Company, plans a 'product offensive' strategy and strong success story on the export front in FY23 even as it is cautiously optimistic about the growth outlook. "The company will launch additional products, including electric vehicles with outstanding technologies," Ralf Dieter Speth, Chairman, TVS Motor, said at the 30th annual general meeting.

He said the company is confident of sustained profitable growth despite the global challenges ahead. "We are positive about the performance of the scooter segment in FY23. The scooter market will see significant demand from the students and working women," he said.

Ralf Dieter Speth, Chairman, TVS Motor Company

New premium bike

The company is also gearing up to launch a new premium bike. This will generate a lot of excitement not just in India, but also in international markets, said Speth. The overall demand in certain countries is expected to be impacted due to high fuel and food prices, while several other markets that are agro-based and have surplus crude oil are to bring good growth. "We have been growing in the key markets of Africa at a pace faster than the industry and we are confident of maintaining this. Latin American market is a further opportunity to expand base," he said.

EV focus

In this fiscal, the company will be launching a series of new products. The company is also developing a portfolio of two- and three-wheelers in the range of 5-25kW.

Sudarshan Venu, MD of TVS Motor, said the recently launched all-new iQube was well-received with over 15,000 bookings and the company will ramp up its presence to more cities. "We expect the association with BMW to grow multifold in the coming years. TVS and BMW are also working on electric two-wheelers in the sub-15kW platform and the launch date will be announced at the appropriate time," said Venu.

Global acquisitions

He said the Norton deal carried tremendous value and legacy and TVS was attempting to reinvent the brand in a modern way. After much efforts, Norton has started production and will soon reach customers. Norton is also in the process of developing an electric superbike.

Business Line 30th June 2022

Tata Motors may look at separate showrooms for selling electric cars

The car-maker has committed to invest ₹15,000 crore in the EV space

SWARAJ BAGGONKAR

Mumbai, June 29

Market leader Tata Motors is contemplating setting up new stand-alone EV showrooms, which could become a first in the car industry.

However, since Tata Motors has a limited number of EV offerings at present, comprising just two models, the company does not see an urgent need for a separate retail network.

Speaking to *BusinessLine*, Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, said, "After a certain stage, it might make sense (to have EV showrooms) when you have a range of products and when the demand for EVs has reached a level where it can independently support a profitable channel process and where showrooms can exist on their own."

Tata Motors currently offers the Nexon EV and the Tigor EV and their derivatives. It has in the pipeline both budget as well as premium offerings. These comprise Punch EV, Altroz EV, Sierra EV and final versions of the Avinya and Curvv. These could make up the 10 electric vehicles promised by Tata Motors.

Low EV penetration

For the traditional petrol and diesel-fired models, Tata Motors is looking at switching to selling cars online soon. The electric car buying and retailing business is different. Since EV penetration in India is very low, buyers are not fully accustomed to the workings of an electric vehicle. Most buyers will need tutoring on critical aspects of the EV, such as driving behaviour, charging of the vehicle and its maintenance and upkeep.

Tata Motors currently offers the Nexon EV and the Tigor EV

"(Separate showrooms) have merit going forward and having dedicated sales executives. At some stage, we might think about that. EVs have their own experience and explanation," Chandra added.

While Tata Motors set up a separate EV company which even received external funding that would help accelerate its product development and production plans, many of the company's rivals are yet to break ground on the same despite the tremendous consumer interest in EVs. Tata Motors has committed to investing ₹15,000 crore in the EV space.

Global heavyweights such as Honda, Toyota, Volkswagen, Renault, and Nissan are yet to make any major announcements on their EV plans for India. Maruti Suzuki will not launch its first EV before 2025, while Hyundai will introduce its first mass-market EV by 2024. Hyundai's sister brand Kia recently made a debut in the EV space, but in a low volume, premium segment.

Tata Motors has a market share of more than 85 per cent in the electric passenger four-wheeler segment, followed by MG Motor and Hyundai. The Nexon EV is the largest-selling electric car in India and has an average waiting period of 4-6 months.

Business Line 28th June 2022

M&M's Scorpio N hits the market

Priced at ₹11.99 lakh, this is the company's biggest launch since XUV700 in Sept last

OUR BUREAU
Mumbai, June 27

(From left) Pratap Bose, Chief Designer, Mahindra Group; R Velusamy, President, Automotive Technology and Product Development; Rajesh Jejurikar, ED; Veejay Nakra, President, Automotive Sector, M&M, at the launch in Pune BIJOY GHOSH

Mahindra & Mahindra (M&M) on Monday launched the all-new Scorpio N with prices starting at ₹11.99 lakh. Its top-end variant is priced at ₹19.49 lakh, both prices ex-showroom. The company has provided prices for only the manual variants as of now as prices of the automatic variants will be revealed later. These prices are applicable for the first 25,000 customers.

No carry forwards

The Scorpio N is built using a completely new platform and new engines and does not borrow any parts or essentials from the current generation Scorpio, which will continue in the market, M&M clarified.

The car will be available for test drives starting July 5 in 30 cities and in rest of the country by July 15. Its bookings will open online and offline simultaneously on July 30, on a first-come-first-serve basis. Customers will get a two weeks' window to change their choice after the first booking is made. Deliveries will commence in the forthcoming festive season. The Scorpio N will come powered by a choice of two engines (petrol and diesel) and five model variants and seven colours. This is the biggest launch by M&M since XUV700 in September last year.

Business Line 28th June 2022

Escorts Kubota readies mid-term plan to drive domestic, export growth

G BALACHANDAR
Chennai, June 27

Escorts Kubota Ltd (formerly Escorts Ltd) is planning to launch new tractor series, ramp up the dealer network and leverage tractor brands with differentiated positioning. This, even as the company readies mid-term business plan (MTBP) FY28 to provide strategic direction for growth in domestic and export businesses, expected to be finalised by Q3, according to the firm's integrated annual report 2021-22.

Nikhil Nanda, Chairman and MD, Escorts Kubota

Escorts has now become Escorts Kubota Ltd following Japan's Kubota Corporation's acquisition of a stake in the company. Kubota owns 44.8 per cent in the company and is now a joint promoter.

In its MTBP, the company will discuss strategic direction for growth aspiration, setting up of a global R&D centre, creation of a global procurement centre, approach towards carbon neutrality, investment in infrastructure to enable and execute for the future, digital readiness, products towards farm mechanisation and capital allocation principles, among others.

"We will have three powerful brands — Kubota will stand for premium quality and technology; Powertrac will compete in the mass market with fuel efficiency and total cost of ownership; and Farmtrac will continue to attract productivity-oriented customers," said Nikhil Nanda, Chairman and Managing Director, Escorts Kubota Ltd, in the report.

The product range will be expanded from 11 HP to up to 120 HP covering all application and crop requirements, not just for India but also for other focus markets globally.

New tractors

The company is also gearing up to launch a New Escorts Tractor series, which will consist of new design tractors that ensure their readiness for the 50+ HP emission norms, expected to be introduced soon. According to the company, its current dealer count will be increased by 30-40 per cent over the next few years.

Business Line 24th June 2022

Volvo Group India launches green casting to build its global engines

The castings use scrap, alloys and radioactive-free raw materials

OUR BUREAU

Mumbai, June 23

Sriram Viji (left), MD, Brakes India, and Kamal Bali, President and MD, Volvo Group in India, at the launch of green castings for Volvo engines in Naidupet, Andhra Pradesh BIJOY GHOSH

Volvo Group in India on Thursday launched its first green casting built by Brakes India that will go into building its engines. India is one of the key sources for Volvo Group's global casting requirements.

The manufacturing plant will operate on solar and wind energy, and will eliminate the use of diesel with electric ladle preheater, a solution developed with Afeco India.

The green castings will include bearing caps and bearing housing for select Volvo engines which translates to 8,500 tonnes of CO_2 reduction for the Swedish brand. These castings utilise scrap, alloys and raw materials which are 100 per cent free of radioactive material. It involves recycling of metallic scrap generated by other industries to manufacture a usable product.

'Kickstarting revolution'

These castings are certified by the Confederation of Indian Industry – Green Products and Services Council. Kamal Bali, President and Managing Director, Volvo Group in India, said, "India is a home base for the Volvo Group and we not only 'Make in India' but also design, process, sell and source from India to the world. Green casting has the potential to kickstart a revolution in the casting manufacturing process for a sustainable future."

Business Line 27th June 2022

Toyota Kirloskar Auto Parts sets up e-Drive production line

VENKATESHA BABU

Bengaluru, June 26

Toyota Kirloskar Auto Parts (TKAP) on Sunday said it has set up a new e-Drive (electrified component) manufacturing line at its plant near Bengaluru.

TKM Vice president Vikram Gulati, told the *BusinessLine* that the new manufacturing line will cater to local requirements and for exports. For the first time, the e-Drive will be exported back to Japan and to other countries on a global scale. "We believe that with the localization of e-Drive, there will be a higher penetration of electrified mobility including strong hybrid electrified vehicles (SHEV) in the country," he said. e-Drive is an Advanced Automotive Technology (AAT) with a high-speed motor and is notified under the PLI scheme.

Sustainable mobility

At TKAP, this advanced facility has been set up with high and stringent quality standards to produce electrified parts for manufacturing clean cars. The annual production capacity is 1,35,000 units at its Bidadi plant, enabling a strong supply chain toward sustainable mobility.

"With the recent MoU (between Toyota Group and Karnataka Government) signing, our clear objectives are to usher large-scale investment to make deeper cuts in carbon emissions, higher employment generation, creating local manufacturing hub not only for domestic needs but also for global markets," Toyota Kirloskar Motor Vice- chairman, Vikram Kirloskar said in a statement.

Toyota has so far, cumulatively sold over 20 million electrified vehicles (EVs) globally. In India too, TKM introduced hybrid electric vehicles in the market. The HEVs which have both a petrol engine and electric powertrain, are extremely environment friendly while requiring no behavioural changes at the customer's end. Hybrids can run 40 per cent of the distance and 60 per cent of the time as an electric vehicle with a petrol engine shut off, as proven in a study by iCAT, a Government testing agency. This gives hybrids tremendous fuel efficiency and much lower carbon emissions.

The Phase II of the Toyota Technical Training Institute (TTTI) involving the major enhancement of skilling infrastructure from 200 to around 1,200 students has also been launched. It involves an investment of ₹700 crore.

Business Line 23rd June 2022

The Economic Times 18th June 2022

PLANS RANGE OF TRACTORS IN 25-40 HP CATEGORY

Tractor Maker CNH Targets Mainstream Market in India

Ketan.Thakkar@timesgroup.com

Mumbai: Case New Holland, or CNH, a leading tractor maker from Europe, aims to get into the mainstream market in India, readying itself to rival local players Mahindra & Mahindra, Escorts and TAFE. As part of its vision to double its market share here, CNH has started developing a range of tractors in the 25-40 hp category. These new series of tractors will allow CNH to offer an entry point to prospective tractor buyers into its brand and widen its range to bring in incremental buyers.

Raunak Varma, managing director, CNH Industrial India, told ET that for its growth locally, the company plans to invest about ₹1,000 crore across manufacturing and supplier capacity, new product development and financial services expansion. "By not participating in the core of the market, we are not doing justice to the organisation and shareholders. We are making a strategic shift to have a tailored portfolio for 25-50 horsepower range. We are not looking at a commoditised product, we will come out with an application-specific product," added Varma.

Having a presence in the country for over two decades now, CNH is already profitable with a turnover of over ₹6,500 crore. All of its investment for India will be self-funded, said Varma.

Apart from playing a larger global role, CNH is seeking to tap into the growing farm business. The company had recently strengthened its offerings in the 45 and 49.5HP segments. With entry into the sub-30 horsepower space, CNH will be present in the entire product range available in the country.

Apart from expansion of the portfolio, CNH has plans of doubling its tractor manufacturing capacity to 1 lakh units. Already the capacity has been expanded to 65,000 units in April; by the end of 2023, CNH wants to take it up to 75,000 units, before scaling it to 1 lakh units per annum, given the fact that India will serve both the domestic market as well as exports.

Ford delays Chennai factory closure by a month

G BALACHANDAR

Chennai, June 22

US carmaker Ford has delayed the shutting down of its Chennai factory by a month in order to meet its export orders.

When the company announced its plans to exit car manufacturing in India, it said it would wind down its production at the Chennai factory by the end of June after meeting its export obligations.

But the recent protest by a section of workers affected the production schedules meant for exports and, as a result, it has now extended production till July end.

"Keeping disruptions in mind, the company has decided to extend production till July 31 and for all employees continuing to support production in July, the company will protect wages," said a communication from the company.

Positive response

"Pursuant to the employee cascade on June 9, 2022, the company received a positive response, with a vast number of employees consenting to support production in parallel to continuing discussions on the severance package on offer (i.e., about 115 days for every completed year of service). Over 50 per cent of permanent employees have been supporting production since June 14," it added.

However, for employees continuing to be on an illegal protest, a 'loss of pay' as per the Certified Standing Orders remains in effect from June 14, 2022.

"Over 2,000 employees of Ford's Chennai factory went on strike early this month demanding a better severance package.

The Economic Times
23rd June 2022

Behr-Hella Expects 10% of its Revenues to Come from India

German co to make India key sourcing base for EV solutions, to invest ₹100 cr in expanding Pune plant

Ketan.Thakkar@timesgroup.com

Mumbai: Behr-Hella Thermocontrol (BHTC), a leading multinational player in the climate control and thermal management solution for the automotive industry, expects its India business to grow at double the pace of its global operations.

The company plans to tap into the growing domestic market and use India as a critical sourcing base for electric vehicle (EVs) components and solutions.

"We expect India to grow at a CAGR of 15% in the next five years against a plan of 7% growth we expect globally," said Michael Jaeger, CEO of BHTC group, who was in the country along with other board members of the German firm to inaugurate its new manufacturing facility in Pune.

"The new facility will cater to the growing demand in the country but will also be a key strategic export hub for our thermal management system and automotive displays, or human-machine interface (HMI) solutions," he told ET.

BHTC has committed ₹100 crore to expand the facility in Pune.

There is big growth plan for global development from India and the new facility will focus on both manufacturing and R&D side, Jaeger said. "The centre of competency here will also work on software development for global projects."

He said the company plans to ramp up "our R&D strength to about 300 very soon" to accelerate its global development activities in the coming months. "Our engineers in India are already working on the latest technologies and innovations for local and global customers," he said.

The firm will leverage its local expertise to provide end-to-end, innovative and cost-effective solutions to global and local customers, the CEO said.

BHTC expects the share of its Indian business to double to about 10% of its total revenues and profits in the next five years. The firm believes that the shift towards electrification adds to the opportunities for the company to grow, and its content per car will grow in the coming years.

The change in vehicle interiors is becoming a "key differentiator or USP" in the automotive industry, which puts BHTC in a good position as its products such as advanced climate control and HMI solutions are integrated into functionalities of future cars, Jaeger said.

"We sincerely believe that the Indian automotive industry can play a key role in the global industry," he said, adding that having a strong presence in India is key for the future of BHTC.

Its existing facility in Pune specialises in end-to-end product development and manufacturing of advanced HMI and climate control panels for leading automotive OEMs in India and abroad. It houses an advanced testing and validation centre, global R&D centre, global IT and shared services under one roof.

PRESS REPORTS
ON
RAW MATERIAL

Business Line 21st June 2022

Steel exports to fall 40% in FY23: Crisil

PRESS TRUST OF INDIA

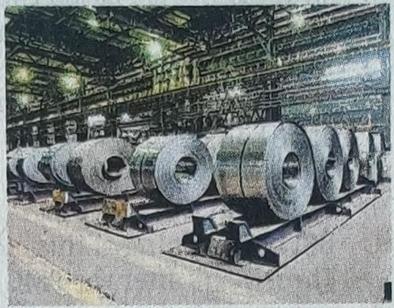
New Delhi, June 20

India's steel exports is expected to come down by 40 per cent to 12 million tonnes (mt) this fiscal, owing to duty-related measures taken by the government last month, said ratings agency Crisil.

"Steel exports will drop 35-40 per cent to 10-12 mt this fiscal following the 15 per cent export duty imposed on several finished steel products last month. Exports of iron ore and pellets will also fall this fiscal, and lower domestic prices," the Crisil research analysis said.

Momentum to continue

Finished steel exports had reached a record high of 18.3 mt in FY22 and so were the prices, the agency said on Monday. However, it will continue to see momentum because of the disruptions caused by the ongoing Russia-Ukraine conflict. Additionally, the European Union's move to raise India's export quota benefitted domestic steelmakers, the report said.



The duty imposition has driven prices down as well

But while steel firms enjoyed fat realisations overseas, domestic demand grew 11 per cent year-on-year, driving domestic prices to all-time highs. This led to soaring construction costs and multiple price hikes across sectors. The hike in export duty was aimed at curbing this inflation.

Domestic prices

Hetal Gandhi, Director, Crisil Research, said: "The duty-driven price correction will improve availability of steel in the domestic market. This will directly impact the export volume in the current fiscal. Steelmakers will attempt to skirt the duties by bumping up exports of alloyed steel and billets, but that is unlikely to compensate for the loss of finished steel exports."

The agency further said the combined export volume of iron ore and pellets is expected to see a massive drop from 26 mt last fiscal to 8-10 mt in the current one, and bring about a sharp correction in domestic prices.

Steel prices (ex-factory), which averaged ₹77,000 per tonne in April, had already cooled off by ₹4,000-5,000 per tonne in early May in line with global prices. The duty imposition has driven prices down further, as current prices stand close to ₹14,000-15,000 per tonne lower than the April peak.

Koustav Mazumdar, Associate Director, Crisil Research, said: "Correction in steel prices was already on the cards as global prices started correcting ... As of mid-June, prices are already at ₹62,000-64,000 per tonne and can be expected to trend below ₹60,000 per tonne by the end of the fiscal."

GOVERNMENT POLICY

The Economic Times 27th June 2022

States Race to Woo Foxconn as EV, Chip Fab Plan Take Shape

TN, K'taka, M'rashtra and Gujarat cite manufacturing chops while Telangana looks to break new ground

Bharani V & Dia Rekhi

Chennai: A slew of Indian states are wooing Foxconn to set up its proposed electric vehicle factory in their jurisdictions as the Taiwanese manufacturer's chief executive Young Liu displayed strong intent to redouble its investments in the country during his visit last week in a bid to deepen his firm's global supply chain systems.

A senior bureaucrat who was part of his state's delegation that met Liu said, "it was an opportunity to understand Foxconn's priorities on its India manufacturing agenda, and their work plan." Noting that the Taiwanese major is "looking at a basket of products; EVs is one among them, advanced communication equipment is another, and there are several more," he told ET. "They (Foxconn) also have a short list of states. I don't think they will implement all these projects in one state," he added.

Tamil Nadu, where Foxconn currently operates manufacturing units for Apple iPhones and other brands like Xiaomi, has suggested the Taiwanese major take over a 350-acre factory due to be shuttered by American car maker Ford, sources said.

It has also offered an alternative site at an EV park it is developing in Manallur as well as in Hosur along the border with Karnataka, they added.

While it is not immediately clear if Foxconn has evaluated the Ford factory, the American carmaker in a statement to ET denied "having a meeting with Foxconn and would refrain from commenting on rumour any further." Foxconn did not respond to queries by ET.

AGGRESSIVE PITCHES

People present during Liu's meeting with Indian state ministers and bureaucrats said the stream of officials arriving in Delhi "one after the other to talk to an investor (Foxconn), did not happen even when Tesla was looking to enter India."

While Maharashtra, Telangana, and Karnataka had officials visit Liu on the first day of his India visit, while Tamil Nadu and Gujarat arrived in Delhi the next day.

A person aware of the developments is of the view that Foxconn's India push is likely to see investments in more than one destination, and across products. For example, Telangana has strongly advocated for manufacturing of wearable devices, besides other products as part of a strong pitch from industries minister KT Rama Rao on Thursday.

Pointing out that political stability is of utmost importance to Foxconn, the person said that the "on that front, a few states could fall behind in the race."

"Karnataka and Maharashtra did have a problem with respect to (political) stability, Telangana seems to be a promising state from that perspective," the source cited above added.

"Gujarat is top priority for Foxconn. They are investing in multiple things like wearables, electric vehicles and so on for which they are looking for land parcels. All of this will be diversified across more than one state."

In the Race

SOURCES SAY...

Tamil Nadu has suggested Foxconn to take over a 350-acre factory of Ford

Has offered an alternative site at an EV park in Manallur and Hosur

Telangana has strongly pushed for plant manufacturing of wearable devices

A SOURCE SAID...

Karnataka and Maharashtra did have a problem with respect to political stability, Telangana seems to be a promising state from that perspective

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The Economic Times 25th June 2022

Parameswaran Iyer to be NITI Chief

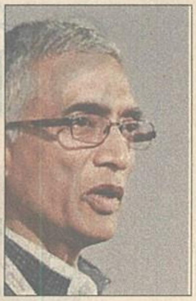
Our Bureau

New Delhi: The government has named Parameswaran Iyer the next chief executive of the NITI Aayog to succeed Amitabh Kant, whose term ends on June 30.

"Iyer has been appointed for a period of two years or until further orders, whichever is earlier, on the same terms and conditions as were applicable in respect of Shri Amitabh Kant," the Appointments Committee of the Cabinet said in a notification on Friday.

Iyer, an IAS officer of the Uttar Pradesh cadre, had led the Swachh Bharat Mission of the government between 2016 and 2020.

He entered the Indian Administrative Service in 1981 and took voluntary retirement in 2009 to join the water and sanitation initiatives at the World Bank. In 2016, Iyer returned to India and was appointed by the government to head the drinking and sanitation department and lead the Swachh Bharat Mission.



Before joining the Ministry of Drinking Water and Sanitation in 2016, Iyer had worked in Vietnam, China, Egypt, Lebanon and Washington for the World Bank. In 2020, Iyer resigned from the position and returned to the US to join the World Bank again.

Kant was appointed as the CEO of the NITI Aayog on February 17, 2016, for two years. Since then, he got three extensions to the term.

Kant is credited with identifying a long list of public sector enterprises for disinvestment and asset monetisation.

He was instrumental in drafting the production-linked incentive scheme for over a dozen sectors and the national monetisation pipeline which has laid a roadmap for the government over next six years.

During his long stint at NITI Aayog, Kant spearheaded some of the key programmes including the government's electric mobility mission and the Aspirational Districts Programme.

In his career spanning almost four decades, Kant has been a key driver behind government initiatives like the Incredible India, Startup India and God's Own Country.

Regarded as one of India's most influential policymakers, Kant played an instrumental role in making the government's flagship Make in India scheme a success and popularising digital payments across the country.

Kant also developed at least half a dozen parameters, including in education and health, to rank states on these indicators.

MISCELLANEOUS

The Economic Times 30th June 2022

Improving Road Safety can Save 500k Lives a Year: Lancet

Teena.Thacker@timesgroup.com

New Delhi: Improving road safety by adopting interventions targeting key risk factors like speeding, drunk driving, lack of helmet, and seatbelt use could save up to half a million lives a year, as per a new series published in the Lancet.

An analysis of data from 74 studies in 185 countries estimates that interventions to reduce speeding such as infrastructure changes and electronic speed control could save an estimated 347,258 lives globally each year, while measures to tackle drunk driving could save a further 16,304 lives. Furthermore, an estimated 121,083 and 51,698 lives could be saved by passing and enforcing rules on wearing seatbelts and motorcycle helmets, respectively.

In India, the benefits of increasing motorcycle helmet wearing can save 5,683 lives a year

In India, the benefits of increasing motorcycle helmet wearing can save 5,683 lives a year. The largest would be in China (saving 13,703 lives a year), Brazil (5,802), that have a high incidence of motorcyclist injuries.

Likewise, strict implementation of wearing seatbelt can save 3204 lives a year in India and enforcing rules to check speeding in India could save 20554 lives, the study said.

"New global and country-level estimates suggest that routinely wearing helmets and seat-belts, obeying speed limits and avoiding drunk-driving could save between 347,000 and 540,000 lives worldwide every year," it said.