ACMA
(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

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

PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

Business Line 2nd August 2022

Automobile sales gather pace in July on improved chip supply, new launches

Companies bullish on demand during upcoming festival season

S RONENDRA SINGH

New Delhi, August 1

Improved semiconductor supply and new launches in the last few months led to growth in automobile sales in July, not only in the passenger vehicle (PV) segment, but also in the two-wheeler and commercial vehicle segments.

Some companies recorded one of the highest monthly sales in July post Covid restrictions and some reported highest-ever monthly sales in their history of operations in the country.

In the PV segment, market leader Maruti Suzuki India (MSIL) reported domestic wholesales (dispatches to dealers) of 1,42,850 units, a 7 per cent rise against 1,33,732 units in July last year.

The second largest manufacturer Hyundai Motor India said it sold 50,500 units in the domestic market, a five per cent jump YoY compared with 48,042 units in the corresponding month last year.

'Punch' maker Tata Motors reported sales growth of 57 per cent YoY to 47,505 units (30,185 units).

'Thar' maker Mahindra & Mahindra grew 33 per cent at 28,053 units (21,046 units).

Kia India sold 22,022 units of sports utility vehicles (SUVs) during the month, a growth of 47 per cent compared to 15,016 units in July 2021.

Toyota Kirloskar Motor sold a total of 19,693 units, the highest-ever wholesales clocked by the manufacturer in a single month ever since its inception in India. The company had sold 13,105 units in July last year.

However, companies like MG Motor and Nissan India reported declining number in their domestic sales. While Nissan India reported 14 per cent YoY decline in sales at 3,667 units (versus 4,259), MG Motor recorded five per cent decline at 4,013 units (4,225 units).

Stock build-up

"There is an increase of stock build-up in the industry now – from 1,20,000 units in the beginning of April to almost two-lakh units now for the existing models. That is something we need to watch for, although the bookings for new models are good," Shashank Srivastava, Senior Executive Director (Sales & Marketing), MSIL, said. He said for MSIL, the stock build-up is less, but others have a large inventory now and one of the challenges is to make model-wise matching with the demand, especially with the upcoming festival season.

In the two-wheeler segment, market leader Hero MotoCorp reported marginal growth in sales with 4,30,684 units (4,29,208 units).

Honda Motorcycle & Scooter India (HMSI) reported 18 per cent growth at 4,02,701 units (3,40,420 units).

"Factors like good monsoon and increased demand for personal mobility translated to rise in customer walk-ins and enquiries. Commencing second quarter on a high along with the coming festival season, we expect to regain the growth momentum at a faster rate," Atsushi Ogata, Managing Director, President and Chief Executive Officer, HMSI, said.

TVS Motor Company also reported 15 per cent YoY growth in sales during the month while Bajaj Auto grew by five per cent.

The commercial vehicle segment saw major companies post higher double-digit growth on the yearly basis. However, in the tractor segment, both Escorts and M&M reported decline in sales.

Domestic wholesales on the mend

	July 2022	July 2021	% change
Cars/passenger vehicles			
Maruti Suzuki India	1,42,850	1,33,732	7
Hyundai Motor India	50,500	48,042	5
Tata Motors	47,505	30,185	57
M&M	28,053	21,046	33
Kia India	22,022	15,016	47
Honda Cars India	6,784	6,055	12
Toyota Kirloskar Motor	19,693	13,105	50
MG India	4,013	4,225	-5
Skoda Auto			
Nissan India	3,667	4,259	-14
Two-wheelers			
Hero MotoCorp	4,30,684	4,29,208	0.34
Honda Motorcycle & Scooter India	4,02,701	3,40,420	18
Bajaj Auto	1,64,384	1,56,232	5
TVS Motor	2,01,942	1,75,169	15
Suzuki Motorcycle India	60,892	60,589	0.5
Commercial vehicles			
Ashok Lelyland	12,715	81,29	56
Volvo Eicher	5,360	3,553	51
Tata Motors	31,473	21,796	44
M&M	21,604	16,021	35
Maruti Suzuki (Super Carry)	2,816	2,768	2
Tractors			
Escorts Kubota	4,704	6,055	-22
M&M	21,684	25,769	-16

Source: Companies

Business Line 13th August 2022

'Two quarters of no disruptions will help revive entry-level segments'

EV segment needs to deliver good quality products: FADA chief Vinkesh Gulati

G BALACHANDAR

Chennai, August 12

A clear six-month period or two-quarters of no disruption (from Covid variants and associated issues) may help revive demand in the entry-level car and two-wheeler segments, says Vinkesh Gulati, President, Federation of Automobile Dealers Associations (FADA).

While demand in the automotive segment is much better during the first four-month period of this fiscal compared to the Covid-impacted last two years, it will take some more time to reach the pre-Covid level volumes. "Overall, the industry is still not able to come out of the Covid effect," he said.

Shift in norms

India was always known for cheaper cars and motorcycles as the industry used to sell bikes in the range of ₹40,000-50,000 and mopeds at about ₹30,000. So, our volumes were among the highest in the world. But, everything changed with the shift from BS IV to BS VI. The shift to new norms and the pandemic had a huge impact on entry-level cars and bikes. There are still people who are buying but all are skewed towards premium products, said Gulati.

The continuing sluggish phase in the entry-level segment is mainly due to poor sentiment among the prospective buyers in this category, in particular the rural buyers.

Amid Covid waves, the monsoon in the past three years has been good. MSP prices are best-ever and crop production gets better every year. There are a lot of positive things on the rural front. It means that farmers are in a better position and have more money. They have purchasing power. But they are not buying. Because the sentiments are not right for them to make purchases, he said.

As the people were hugely hurt by the second wave, they want to be sure that there are no such issues in the near term. In the pre-pandemic phase, people bought two-wheelers by paying an initial amount of just ₹5,000. Because sentiments and earning prospects were bright then. So, if sentiments get better, the revival in the entry-level segment will gather pace, he added.

Vinkesh Gulati, President, FADA

"We need at least 6 months of no pandemic or monkeypox-related disruptions in the market. This will see the start of a revival in rural markets and in the subsequent months volumes will start moving northwards. However, it is likely to take at least two years for the two-wheeler industry to reach the pre-Covid levels," Gulati pointed out.

Favourable EV ecosystem

Discussing electrification in the two-wheeler segment, he said everyone is of the view that EVs would be the future. But there has been too much hype and noise. Instead of making a huge noise and bashing the ICE segment, the EV industry should focus on creating a favourable ecosystem and delivering quality products. The impression created is that if you don't buy an EV, you are a criminal. Actually, most of the pollution is caused by the old vehicles –BS1, BS2 and BS3, and not the current range of ICE vehicles. The EV industry is spending more time criticising the ICE segment rather than making its products worthy of buying," he added.

Gulati said several auto dealers have taken a plunge into the EV business on a trial basis. If things turn good for EV business, people will go ahead and expand," he said.

He also said a lot of people without any dealership experience were taking up electric two-wheeler dealerships mostly as "traders". "A vehicle is not sold as an item. Buyers are offered an experience along with a product. Auto dealers explain the features, and measures for maintenance of parts, fuel etc. But in the case of EVs, it is gathered that buyers were not properly educated about the products," he added.

Business Line 1st August 2022

Motorcycle ban in Nigeria could keep Bajaj Auto edgy

Almost a quarter of the firm's 2-w sales dependent on the troubled country

SWARAJ BAGGONKAR

Mumbai, July 31

The call for a blanket ban on 'Okada' or motorcycle taxis in Nigeria could spell trouble for Bajaj Auto which depends on the west African country for nearly a quarter of its two-wheeler exports.

The Federal Government of Nigeria is considering banning Okada to curb the escalating insecurity there even as a top economy awareness group, Nigeria Economic Security Agenda (NESA), warned the government about its repercussions.

"There has been talks in the government circles about banning motorcycles because they are being used for terrorist activities in some parts of Nigeria. There has been no notification of this but we are in touch with the Indian High Commission there, and we are watching out for it," said Rakesh Sharma, Executive Director, Bajaj Auto.

Impact on citizens

According to NESA, the nationwide ban will impact 5.2 million citizens who operate these taxis and another 15 million indirectly dependent on them, including people working at vehicle service stations. The ban has been in effect in Lagos, Nigeria's largest city, since June.

"They (motorcycle taxis) ferry about 40 million people every day. The industry employs a very large number of people such as mechanics. So, an outright ban of motorcycles across Nigeria will be a huge challenge for whoever does it. We expect normalcy to return and it is not as if the entire country is troubled with terrorism," Sharma added.

Honda is the largest player in Nigeria, followed by Bajaj Auto, Hero Moto and TVS Motor

Honda is the largest player in Nigeria, followed by Bajaj Auto, Hero MotoCorp and TVS Motor Company.

Imminent pressure

Pune-based Bajaj Auto depends heavily on its two-wheeler exports, which accounted for 57 per cent of its total sales during the June quarter. The company exported 5.32 lakh two-wheelers during the quarter, while the domestic market saw sales of 3.14 lakh. Nigeria could become the latest trouble market for Bajaj Auto. Sri Lanka, which is trapped in economic turmoil, was also once a large market for Bajaj's three-wheelers. While there are more than 70 countries where Bajaj Auto exports its two and three-wheelers to, the company has expanded to newer geographies such as Latin America to reduce its dependence on its bigger markets.

"Nigeria being the largest market for Indian two-wheeler exporters, any adverse development in the country impacts their overall exports significantly. We expect a huge pressure on the exports of Bajaj Auto in the near to medium term. Therefore, we cut our exports volume estimates by 16 per cent and 14 per cent for FY23 and FY24, respectively," said Mitul Shah, Head of Research at Reliance Securities.

Business Line 5th August 2022

Vehicle retail sales down 8% in July

Semiconductor shortage looms again on the back of China-Taiwan tensions: FADA

OUR BUREAU

New Delhi, August 4

The Federation of Automobile Dealers Associations (FADA) on Thursday said after the Russia-Ukraine tensions, the world is once again facing the threat of a Taiwan-China war due to which, the possibility of semiconductor shortage is once again looming. This, as chipmaker TSMC raises red flag on Taiwanese chip manufacturers being rendered non-operable if a war hits.

Additionally, the services sector PMI fell to a four-month low in July to 55.5, showing that the growth momentum has lost steam as a result of weaker sales growth and inflationary pressure in the previous month.

Mixed bag

Retail sales in July (units)

Category	July 2021	July 2022	% change
Passenger vehicles	2,63,238	2,50,972	-5
Two-wheelers	11,33,344	10,09,574	-11
Three-wheelers	27,908	50,349	80
Commercial vehicles	52,197	66,459	27.32
Tractor	82,419	59,573	-28
Total	**15,59,106**	**14,36,927**	**-8**

Source: FADA

Therefore, FADA remains cautiously optimistic as it enters the festival season.

Meanwhile, according to its monthly report, auto retail sales in July fell by 8 per cent year-on-year (y-o-y) to 14,36,927 units as against 15,59,106 units in July last year. The month is generally considered lean before festival season hits in August, said FADA.

PV, 2-W sales decline

Passenger vehicle (PV) sales also declined 5 per cent y-o-y to 2,50,972 units (2,63,238). "The PV segment is witnessing a dream run as retail sales are already higher than 2019. Even though there is a blip, the industry is continuously introducing new models, especially in the compact SUV segment. Along with this, a better supply in coming months will help bring down customer anxiety due to large waiting period," said Vinkesh Gulati, President, FADA.

Two-wheeler (2W) sales also declined 11 per cent y-o-y to 10,09,574 units in July (11,33,344 units). "The 2W retail run witnessed poor demand as rural India continued to underperform. This, coupled with high inflation, erratic monsoon and high cost of ownership, continues to keep bottom-of-the-pyramid customers at bay," Gulati said.

Demand recovery

The three-wheeler (3W) space continued to see demand recovery even though full recovery to pre-Covid levels is still some time away. It is clearly evident that e-rickshaws are the biggest movers in the segment. "Demand recovery in 3W passenger category also shows that Covid is now behind us as passenger movement has once again started gaining traction," he said.

Commercial vehicle (CV) retail figures continued to witness good demand as government's infrastructure push is helping customers in concluding their purchase. Apart from this, the bus segment also witnessed the beginning of demand recovery as educational institutions and offices are once again back to the normal mode, he added.

Chip Shortage in Rear-view Mirror, Auto Cos Step on to the Launchpad

The Economic Times 13th August 2022

FY23 all set for record 21 passenger vehicles & 17 2-wheeler launches

Lijee.Philip@timesgroup.com

Mumbai: Auto companies are gearing up for record launches in the coming months as the semiconductor shortage that has plagued the industry eases.

FY23 will see an unprecedented 21 passenger vehicles launches and 17 two-wheeler launches, mostly in the upcoming festive season.

The maximum action in the passenger vehicles market will be in the sports utility and electric vehicle segments. Some of the launches include Toyota Hyryder, Maruti Suzuki Alto, Mercedes AMG EQS 53, Audi Q3 and XUV400.

"In the auto industry, new models are typically planned 38 to 46 months in advance. The Covid lockdown period probably affected the pace of development work on new models temporarily. But with the strong bounceback both in work environment as also the market, auto OEMs have resumed development work on an accelerated basis. This probably explains the bunching up of new launches in the current year," said Shashank Srivastava, senior executive director, Maruti Suzuki. The company plans to launch a refreshed Alto 800 and Jimny SUV, among others.

If the semiconductor shortage had continued, manufacturers would have been forced to postpone launches, said Srivastava. With the situation easing and festive season being a good time, many manufacturers are going ahead with launches, he said.

Although the supply-side challenges continue, it won't impact future launch strategies.

NO OF LAUNCHES IN PVs

2022-23	21
2021-22	14
2020-21	11
2019-20	13
2018-19	15
2017-18	16

UPCOMING TWO-WHEELER MODELS

Harley-Davidson Nightster

Suzuki V-Strom 1050

Yamaha MT-03

Husqvarna Svartopilen 125

UPCOMING PV MODELS

Maruti Suzuki Alto

Mercedes AMG EQS 53

Suzuki Grand Vitara

Mahindra XUV400

Tata Motors Altron EV

The Times of India 13th August 2022

Will monitor fuel evolution in CVs, says Mahindra

Shiladitya.Pandit @timesgroup.com

Pune: The automaker Mahindra & Mahindra says that while their commercial vehicle range is being offered in the diesel and CNG segment, it is looking at all "changes" in fuel, including electric mobility, with more cargo demand from intra-city e-commerce needs over the past year.

Mahindra's vice president of marketing, **Harish Lalchandani**, launched the company's new Bolero Maxx pick-up truck range, offered across multiple variants, with the top variants including telematics and software-as-a-service models of geo-fencing, fleet management, fuel consumption monitors.

The company is aiming the new product, made at the company's Chakan facility in Pune, largely at intra-city cargo needs, including at e-commerce and logistics players

The company is aiming the new product, manufactured at the company's Chakan facility on the outskirts of Pune, largely at intra-city cargo needs, including at e-commerce and logistics players. "We have launched the new product in diesel, and part of our portfolio is also available in CNG. But we are always looking at fuel changes, including electric mobility. As a concept, we are always exploring EVs," Lalchandani said, at a media roundtable during the launch.

He added that light-commercial vehicles being a "sensitive" segment, recent input cost increases have been passed on in restricted amounts, to maintain the momentum in sales.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Line 5th August 2022

EV registrations hit a monthly high in July

Total sales surge to 77,474 units from 26,191 units in July 2021

G BALACHANDAR

Chennai, August 4

July proved to be an exciting month for battery-powered vehicles as their sales accelerated to hit the highest-ever monthly figure after a dip in June.

The total number of EVs registered rose 7 per cent over June, driven by the two- and three-wheeler segments. Over July 2021, EV registrations soared 196 per cent.

Electric vehicle registrations (all segments) in July totalled 77,474 units up from 72,528 units in June and 26,191 units in July 2021. The previous monthly highest registration was in March 2022 at 77,254 units, according to Vahan Dashboard data.

High-speed vehicles

Total high-speed electric two-wheeler registrations stood at about 44,500 units in July against about 42,300 units in June 2022 and 13,200 units in July 2021, according to estimates.

Top sellers

- In July, Hero Electric regained its No.1 spot by selling close to 9,000 units, pushing Okinawa (8,100 units) and Ampere Vehicles (6,320 units) to the second and third positions, respectively.
- TVS Motor moved up to the fourth position with 4,250 units
- Ola Electric's registrations stood at 3,860 units
- Ather Energy sales dipped to 1,290 units on factory shutdown

In July, Hero Electric regained its No 1 position by selling close to 9,000 units, pushing Okinawa (about 8,100 units) and Ampere Vehicles (about 6,320 units) to the second and third positions, respectively. TVS Motor moved up to the fourth position from the seventh place, registering about 4,250 units in July. TVS Motor's electric scooter iQube sold more numbers than Ola Electric's S1 Pro. In July, Ola Electric's total registrations stood at 3,860 units.

Ather Energy, which is present in 38 markets, sold about 1,290 units in July, according to Vahan data. "Ather's sales declined last month primarily due to the two-week factory shutdown for smooth transitioning to the manufacture of 450X Gen 3 electric scooters," said a report by JMK Research.

"Our continuous efforts to strengthen supply chain are gradually paying off as we see supply chain constraints ease and are hopeful that our monthly volumes will increase significantly," said Ravneet S. Phokela, Chief Business Officer, Ather Energy.

3-wheeler, car sales

In July 2022, registrations of electric passenger three-wheelers and cargo three-wheeler stood at 26,733 units and 2,736 units, respectively. While electric passenger three-wheelers saw an month-on-month increase of 11.49 per cent, cargo three-wheelers witnessed a decrease of 6.65 per cent.

Sales of electric cars continue to move northwards. The cumulative sales of electric cars in July stood at over 4,000 units. Tata Motors remains the key driver of electric car sales. In July, the company accounted for about 90 per cent share of the total electric registrations. Other than Tata Motors and MG Motor, Hyundai, and Mahindra & Mahindra were the only two OEMs that witnessed a slight increase in sales of their electric cars, added the report.

Business Line 11th August 2022

It's a rocky road ahead for electric vehicles

JAYAKRISHNAN K

Electric vehicles have started playing a big role in reducing emissions and reducing the use of fossil fuels. NITI Aayog has predicted that by 2030, 80 per cent of the two- and three-wheelers, 40 per cent of the buses, and 30-70 per cent of the cars in the country will run on electricity.

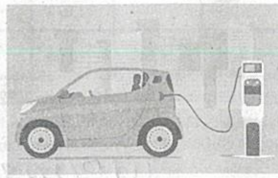
So the government needs to create an ecosystem conducive to the smooth operation of EVs. But the challenges ahead for both the Centre and States are formidable.

Several States have welcomed EVs with exemption from road tax.

States' revenues

Road tax is an important source of revenue for States. Karnataka is likely to suffer an annual loss of around ₹1,500 crore.

Further, goods and services tax (GST), which is at 28 per cent on petrol- or diesel-driven automobiles, is only at 5 per cent for EVs. So a renewable push can lead to substantial loss of revenue for States given the decline in petrol-diesel run vehicles. Currently, taxes on petrol and diesel are a major source of income for States. In the first half of the financial year 2021-22, Karnataka earned ₹9,720 crore on this account, so the annual figure would have been around₹20,000 crore. A 25 per cent fall on account of EVs will be ₹5,000 crore. The additional income from electricity used to charge EV batteries will, at the present rates, be nowhere near this figure.



EV buyers get income tax exemption of up to ₹1.5 lakh on the vehicle loan.

The above losses can hurt the exchequer if the incentives are continued indefinitely. So more EVs on the roads could lead to tensions between the Centre and States on the revenue front.

Given the poor health of Discoms, will they be able to supply power at the present rate to a growing number of EVs? They will have to charge higher tariffs which can take much of the sheen off EVs. Already electric cars are costlier than their fossil-fuel-driven counterparts.

Power pressures

A greater number of EVs on the roads will severely strain the present power supply system. So more investments are needed in power infrastructure.

Another matter that needs to be looked into is the potential unemployment of people working in the automobile servicing industry as the number of EVs on the road rises. There are tens of thousands of them, staff of service centres and roadside mechanics put together. Electric vehicles require less repair than fossil-fuel-driven ones.

No discussion on EVs is complete without recording the concerns of consumers. The most crucial component of an electric car is its battery. As of now warranty on batteries is mostly for eight years. If the battery stops working after that period, the buyer will be forced to change it at a cost which often amounts to half the price of the car.

Laws need to be enacted to protect the interests of the buyer on the warranty issue and the price of the battery.

Besides there have been reports of EVs catching fire, raising fear and doubts among the public. Laws to ensure the good quality of battery and other electrical components are important.

Relying on imports for battery can also lead to issues related to energy security.

As important as production of batteries is their recycling. Already India has a huge problem of dead mobile phone batteries. They contain, among other metals, lithium, a costly natural resource that is not abundant in the country. Battery recycling should be considered seriously as a business proposition though it may not be very profitable in the beginning. Once EVs come, it will have a bright future.

The writer is an advocate

Business Line 11th August 2022

EV push will lead to shutdown of 60% of forging units, says industry body

OUR BUREAU

Chennai, August 10

The Association of Indian Forging Industry (AIFI) has indicated that electrification in the automotive sector may lead to the closure of 60 per cent of forging units in the next few years.

While the electric vehicle push in India will create new business opportunities, it may also cause serious challenges to the forging industry, it said in a statement.

"The demand for moveable parts used in vehicles will decrease, resulting in considerable unutilised forging capacity. Internal combustion engines in automobiles contain about 2,000 moving parts, whereas electric vehicles have only 20. We anticipate that EV growth will shut 60 per cent of the forging and casting industries in the next few years, resulting in loss of jobs," said Vikas Bajaj, President, AIFI.

Vikas Bajaj, President, AIFI

The forging industry will need to look into alternative options such as aluminium forging and expand into non-automotive areas such as infrastructure, defence, healthcare and railways, where the present government is also substantially investing.

Alternative areas

"Moreover, as an association, we would be delighted if the government promoted hybrid vehicles over electric vehicles, as a hybrid contains both an internal combustion engine and an electric motor. Also, as the price of these vehicles declines closer toward the cost of EVs, we are gradually seeing the hydrogen vehicles take centre stage," he added. The forging industry in India comprises 85 per cent of the MSME sector.

MSME sector

The annual output is about 20-lakh tonnes from 400 forging units, of which 80-82 per cent are s tiny and small enterprises, 10 per cent medium segment and the remaining units will be large. The value is about ₹45,000-50,000 crore, and the industry provides 3 lakh jobs directly with an additional 60,000 contract labourers.

Meanwhile, AIFI said the forging industry witnessed a challenging time in the first half of 2022 due to increased input costs, particularly that of steel, aluminium, and nickel prices. First half of this calendar year was the most difficult period for the small and medium segments, which are expected to witness a 50 per cent decline in production in FY23.

Business Line 12th August 2022

Switch Mobility, Chalo ink ₹8,000-cr deal to deploy 5,000 electric buses

Switch Mobility will buy the buses and give them to Chalo on a rental or contract basis

SWARAJ BAGGONKAR
Mumbai, August 11

Switch Mobility India, the electric bus-making subsidiary of Ashok Leyland, and transport-technology start-up Chalo have joined hands to deploy 5,000 electric buses in a deal worth ₹8,000 crore, making it the largest electric bus deal in India to date. A memorandum of understanding (MoU) for an initial period of three years, was signed on Thursday between the two companies.

The buses with seating capacity of at least 30, will have recliner seats and air-conditioning, among other features and will be deployed across metros and other cities. In June, Switch Mobility had showcased the 35-45 seater Switch EiV 12, which has a driving range of 300km and a fast charging capability of 1.5-3 hours.

Ashok Leyland's subsidiary, Switch Mobility India, will buy these buses and provide them on rental basis or gross cost contract (GCC) to Chalo, which will be the operator.

Mahesh Babu, CEO, Switch Mobility India and COO, Switch Mobility, said, "We have the subsidiary OHM Mobility which will buy these buses from Switch. OHM will then give these buses on a monthly rental or GCC model to private players like Chalo. OHM is yet to be made functional in India.

Revenue sharing model

Switch and OHM will invest in the bus and will maintain it while Chalo will invest in consumer experience, charging infrastructure, drivers, IT and connectivity. Switch and Chalo have a revenue sharing model, the two companies said.

Mahesh Babu, CEO, Switch Mobility India

Chalo will deploy its consumer technology solutions such as the Chalo App and the Chalo Card, offering conveniences such as live bus tracking, digital tickets, and travel plans. It will also determine routes, frequency, schedules, and fares. Chalo, which bought the Amazon-backed office shuttle service Shuttl last year, has been in operation since 2014 and claims to be one of the largest tech-based private bus operators in the country. "We make sure that the people waiting for the bus know when exactly the bus will come. We also make sure that they have the ability to make a travel plan of their choice. We do this for 40 cities in India across 7,000 buses. We deliver 125 million rides every month," said Mohit Dubey, Co-founder and CEO, Chalo.

Electric bus mobility is gathering pace in India. A few months ago Tata Motors, one of the largest bus makers in India, bagged a lion's share of the 5,450 orders for electric buses through a tender floated by Convergence Energy Services (CESL).

The Economic Times 11th August 2022

Plug-In Hybrid Cars Gaining Ground as Cos Deal with EV Battery Shortage

Automakers struggle to ramp up car production with the battery supply not growing fast enough

Lawrence Ulrich

New York: In late 2010, General Motors sought to seize the high ground from Toyota's successful Prius hybrid with the Volt plug-in hybrid — a car that could drive short distances on only electricity and fire up a gasoline engine for long trips.

But the Volt and other cars like it struggled to win over drivers as many early adopters opted for fully electric cars like Tesla's Model S and the Nissan Leaf. GM quietly did away with the Volt in 2019 as it trained its sights on all-electric cars. But a funny thing happened on the way to obsolescence: Plug-in hybrid sales are climbing in the US, in part because of the recent surge in gasoline prices.

Automakers sold a record 176,000 such cars last year, according to Wards Intelligence, up from 69,000 in 2020. This year, sales of plug-in hybrids could reach 180,000, analysts said, even as the overall new-car market drops to 14.4 million from 15.3 million a year earlier, according to Cox Automotive.

Automakers are struggling to ramp up electric-vehicle production because the supply of batteries is not growing fast enough. Partly as a result, the average cost of a new electric car is now a steep $66,000. That provides an opening for plug-in hybrids.

Unlike conventional hybrids, which can be refuelled only with gasoline and are dependent on engines, plug-in varieties can operate entirely on battery propulsion. And because these cars have smaller batteries than all-electric vehicles, they can be more affordable. On road trips, they can be refuelled with gasoline, eliminating the range anxiety that keeps many people from buying electric cars.—NYTNS

Business Line 2nd August 2022

Apollo Tyres unveils tyres for EVs, bullish on demand

S RONENDRA SINGH

New Delhi, August 1

Apollo Tyres on Monday said the company expects electric vehicles (EV) adoption to pick up pace over the next few years and is gearing up to cater to demand in passenger vehicle (PV) as well as two-wheeler segments, from both original equipment manufacturers (OEMs) and after sales.

The two-wheeler EV tyres volume is around 30,000 units every month in the after sales market and is expected to grow in the near future, Satish Sharma, President (Asia Pacific Middle East and Africa), told *BusinessLine*.

He said the company has already teamed with Hero Electric as the OEM partner for electric scooters and is in talks with other manufacturers for the same. The company will launch electric motorcycle tyres in the future, once the market flourishes.

"The vehicle weight substantially increases for the EVs because of the battery and the tyres used now are standard

Satish Sharma, President, Asia Pacific, Middle East and Africa, Apollo Tyres KAMAL NARANG

tyres.....We are looking at a lion's share, upwards of 30 per cent for PV and for two-wheelers," Sharma said.

The company unveiled Apollo Amperion range of tyres for the PV segment, and Apollo Wav range for two-wheelers.

The Amperion will cater to the EVs in hatchback, compact SUV and sedan segments in India like the Tata Nexon, MG ZSEV, Hyundai Kona and other upcoming EVs. It has received fuel savings label with five-star rating for the PV category from the Bureau of Energy Efficiency (BEE). Similarly, Wav will cater to the majority of high powered electric scooters like the TVS iQube, Bajaj Chetak and Ather 450.

"Our products are born electric now so more partnerships will happen. Anyone who comes with an EV, we are in the queue and ahead of the curve and more than willing to partner (whether Maruti Suzuki's EV in 2025 and upcoming Hero MotoCorp's Vida brand of EVs)," he said.

For the luxury car segment, the company would start manufacturing in a year's time for the export markets with its 'Vredestein' brand, as demand for them will increase with companies like Audi, BMW and Mercedes-Benz launching more products.

The Times of India 11th August 2022

E-bus rollout in Sept; EV finance needs attention: Eka's Mehta

Shiladitya.Pandit @timesgroup.com

Pune: The chairman of the city-based auto components maker Pinnacle Industries, as well as its fully-owned electric mobility firm Eka, **Sudhir Mehta**, said in an interaction with **TOI** that the company is readying to roll out its "indigenous" E9 bus in September with a private fleet operator, while it is also readying to bid for government transport utility tenders.

Mehta also added that the company is readying a new plant for the manufacture of these buses at Pitampur in Madhya Pradesh, to be operational in around nine months and with a manufacturing capacity of 300 buses per month, and is also talking to the state government in Maharashtra for an additional bus manufacturing plant, to be constructed "preferably near Pune", due to the auto manufacturing ecosystem in the region. The company, which has been selected by the Centre for the auto sector production-linked incentive (PLI) scheme, is scheduled to invest around Rs 2,000 crore over five years.

"We have completed the homologation process with the ARAI. Our first buses will be rolled out with a private fleet operator between September and December. However, around 95% of the electric buses right now are being procured by government agencies. Since we are now eligible to participate in tenders, we are targeting the CESL tender for 50,000 buses that is being floated," Mehta said.

PRESS REPORTS
ON
PASSENGER CARS

The Economic Times 9th August 2022

INDUSTRY UPBEAT ON STRONG DEMAND, BETTER COMPONENT SUPPLIES

PV Sales in 2022 Set to Beat Record Estimates

Likely to be 3.6-3.7 m units, 17-20% higher compared with last year's sales

Sharmistha.Mukherjee
@timesgroup.com

New Delhi: India's passenger vehicle sales this year are expected to be about a quarter of a million units more than the initial projections that were themselves for record high volumes, industry executives said. The industry is upbeat amid improving component supplies that is helping automakers step up production and clear backlogs faster, and new bookings that continue to be strong ahead of the festive season despite high inflation and increasing interest rates.

Sales of cars, utility vehicles and vans in calendar year 2022 are now expected to be 3.6-3.7 million units, 17-20% higher compared with last year's sales.

"This will be the best ever year for car sales," said Vinkesh Gulati, president of the Federation of Automobile Dealers Association, who added that customer demand was still more than supplies. "Every month, whatever we sell, we get 5-10% more bookings which add on to the backlog," he said.

The industry had its best year so far in 2018, with sales of 3.39 million units. These are dispatches from factories and not retail sales, which automakers in India usually do not report. Gulati expects retail sales also to be strong this year, as he projects dealerships to hand over at least 3.6 million passenger vehicles to their customers. The strong demand environment is likely to boost factory dispatches in the fiscal year ending March 31, 2023 too to exceed the projection of 3.5-3.7 million units.

Sales of passenger vehicles had been hit hard at the onset of the pandemic and fell to 2.43 million units in 2020. Demand has since recovered sharply, outpacing supplies and stretching the waiting period for customers, leading vehicle makers to secure multiple sources for parts. A global shortage of semiconductors, a key component in modern vehicles, added to the woes, disrupting operations for the better part of the last year and a half. Sales were 3.08 million units in 2021.

While the supply side is improving, a slew of new launches — Maruti Suzuki's Brezza and Grand Vitara; Hyundai's Venue and Tucson; the Tata Punch and Mahindra & Mahindra's XUV700 and Scorpio — is keeping the consumer interest strong. The industry is currently sitting on 700,000-750,000 pending bookings.

"Based on wholesale dispatches, enquiries and pending bookings, demand parameters remain strong," said Shashank Srivastava, senior executive director at market leader Maruti Suzuki.

'Smartphone Shipments Down 5% in June Qtr'

Smartphone shipments fell 5% sequentially in the second quarter of 2022, hurt by tapering demand due to rising inflation, according to a report by IDC India.

PRESS REPORTS ON TRACTORS

Business Line 10th August 2022

Domestic tractor sales dip 15% in July, exports grow

Reduction in sales due to base effect, uneven monsoon and partial delay in kharif sowing

G BALACHANDAR

Chennai, August 9

The month of July proved to be a mixed bag for the tractor industry as production surpassed the one-lakh mark for the second consecutive month and exports stayed robust, but domestic sales reported a year-on-year and month-on-month decline.

Domestic tractor sales stood at 55,211 units last month compared to 65,216 units in July 2021, a decline of 15 per cent. The decline was higher at 42 per cent compared with June volumes, according to data by Tractor & Mechanization Association.

The reduction in sales was due to a combination of base effect, uneven monsoon, as well as partial delay in kharif season. "The rice crop has been affected in the eastern region, and this may impact overall output this fiscal. Besides, high input inflation resulting in higher cost of tractors and increasing cost of ownership (due to higher interest rates) also impacted sales," said Anuj Sethi, Senior Director, Crisil Ratings.

Production, however, surpassed the one-lakh mark for the second consecutive month

"July witnessed normalisation in volumes. It is traditionally a lean month as the land preparation phase gets over and farmers start sowing. However, monsoon has stayed on the course so far," said Hemant Sikka, President-Farm Equipment Sector of Mahindra & Mahindra Ltd.

Strong production

Export of 'India-built' tractors remained strong as total shipments in July stood at 11,836 units as compared to 11,187 in July 2021 and 12,849 units in June 2022.

Production of tractors during the month was also strong and for the second consecutive month, crossing the one-lakh mark at 101,421 units. In July 2021, production was at 104,308 units, and 103,563 units in June 2022.

Sales may pick up in the remainder of Q2 and Q3 of this fiscal as monsoon gathers pace, added with the approaching festival season and better farm incomes. Therefore, the inventory build-up seen in July is expected to largely normalise gradually. Some of the inventory is also due to moderation in exports due to geopolitical situation and inflationary trends in overseas markets like Sri Lanka, Turkey and parts of Africa, said Sethi.

FY23 so far

For the first four-month period of this fiscal, the total domestic tractor sales increased 9 per cent to about 3.21 lakh units compared with 2.95 lakh units in the year-ago period. Exports rose 24 per cent to 46,982 units (37,847 units) and total production stood at 3.86 lakh units (3.53 lakh units).

Analysts say with the timely arrival of the southwest monsoon and normal monsoon in 29 of 36 sub-divisions, the Kharif crop is expected to deliver record production, which will augur well for tractor demand.

PRESS REPORTS
ON
COMPANY NEWS

Business Standard 2nd August 2022

EV growth, market share to forge gains for Sona

Margins could improve, given a softening in commodity prices

RAM PRASAD SAHU
Mumbai, 1 August

The stock of automotive (auto) component maker Sona BLW Precision Forgings (Sona Comstar) has been under pressure since the start of the financial year (2022-23), shedding 16.4 per cent. By comparison, the BSE Auto Index has significantly outperformed the stock, gaining about 20 per cent over this period.

While the correction was on account of macro concerns in key markets, such as Europe and the US, and margin pressures, some brokerages have turned positive on the stock, given its presence in fast-growing auto segments, lower commodity prices, and valuation comfort.

Some of the pressures on the sales front, especially in the internal combustion engine (ICE)-based business, were reflected in the April-June quarter (first quarter, or Q1) due to weakness in global auto sales (Europe and China) on the back of supply disruption, war in Ukraine, and slowdown due to Covid-related lockdowns. The company indicated that the situation has improved over the past quarter and is expected to improve further, albeit gradually.

Some of the weakness in the ICE business was offset by a 68 per cent year-on-year (YoY) increase in the electric vehicle (EV) segment. Given the strong growth in this segment, the share of EVs in overall revenue has increased to 29 per cent in Q1, compared with 25 per cent in 2021-22 (FY22). While the near-term may remain challenging, given looming recession risks, especially in the European Union, medium-term growth prospects remain strong, say Rishi Vora and Eswar Bavineni of Kotak Institutional Equities. This will be led by a robust order book, especially in differential assembly and traction motor segments, a higher mix of EV segments, and increase in content per vehicle (led by product launches).

GROWTH AHEAD

	FY22	FY23E	FY24E
Net sales (₹cr)	2,130	2,885	3,858
Change % YoY	36.0	35.4	33.7
Operating profit (₹cr)	559	754	1,044
Change % YoY	26.8	34.9	38.5
Margin (%)	26.2	26.1	27.0
Net profit (₹cr)	348	452	661
Change % YoY	52.0	29.9	46.0

E: Estimates Source: PhillipCapital Research

A key trigger for the stock is its exposure to the EV segment and a healthy order book, offering growth visibility. The company won six new programmes and added four new customers in the EV segment in Q1. The overall order book now stands at ₹20,500 crore. More importantly, two-thirds of the order book pertains to the EV segment — this should increase, given that its key products are gaining market share.

Growth prospects are strong in the domestic market, and Sona has a high market share for differential gears, which varies between 60 per cent and 95 per cent across product segments of passenger and commercial vehicles. The electric two- and three-wheeler motor controller business is also expected to see strong growth, given electrification trends and new orders. However, the company faces the risk of margin pressures in the global market.

Operating profit margins were down 350 basis points (bps) YoY and 40 bps on a sequential basis to 24.2 per cent. Margins were impacted by a sharp rise in raw material costs, which were only partly offset by an improved product mix. The correction in commodity prices and favourable currency impact is expected to reflect positively on the margins in the current quarter. The company has guided a 26-28 per cent margin range in the long term.

Ronak Mehta and Vivek Kumar of JM Financial expect the company to log an annual revenue growth of 39 per cent over FY22 through 2023-24. They believe that a diversified revenue stream, increasing share of EVs, strong order book, and financial metrics make Sona one of the best players in the EV space.

While there are near-term pressures, the correction in the stock in recent months has made valuations relatively inexpensive at 40x, from the present-day 50x 2024-25 earnings per share at the beginning of 2022. Given the strong long-term outlook, investors could add the stock on dips with a long-term view.

The Economic Times 8th August 2022

MADE IN INDIA by joint venture entity TDSG to be exported to parent Suzuki's Hungarian arm for annual value of ₹1,500 crore; Maruti to initially use them in forthcoming hybrid models this year

Maruti Sourcing Local Li Battery Packs for Export, Home Use in Hybrid Buildup

Ketan Thakkar & Ashutosh Shyam

Mumbai: Even as it takes a measured approach toward entering the emerging electric vehicle space in the country, India's largest car maker Maruti Suzuki has started localisation of cells and will be exporting lithium-ion batteries worth ₹1,500 crore a year to Europe in the next three years.

A resolution on related party transactions in the FY22 annual report shows Maruti will export battery packs to Suzuki's European subsidiary Magyar Suzuki and the amount will not exceed ₹1,500 crore in a financial year for the period beginning from FY23 to FY25. The peak value of export will be realised in the third year as the production progresses.

Rahul Bharti, the head of investor relations at Maruti Suzuki, said Maruti Suzuki is the first company in India to export lithium-ion batteries from cells made in India.

"We will be purchasing these batteries from fellow subsidiary TDSG, Suzuki's JV with Denso and Toshiba in Gujarat, for both in-house use and export to Europe," he said. "Since both the purchase and the export come under the ambit of related party transactions, under the Sebi rules we have moved a resolution to seek minority shareholder approval."

This allows strong backward integration for Maruti Suzuki and enables it to keep the cost low and price accessible for its EVs when it enters the market in 2025. Immediately, these batteries will be used in hybrid vehicles that will hit the roads this fiscal year.

Maruti Suzuki has become the first company in India to produce made-in-India battery cells and is receiving encouraging orders for its export of battery packs.

The batteries will be shipped mainly to Magyar Suzuki — the Hungary-based unit of Suzuki Motor, according to the company's disclosure on related party transactions.

To be sure, Maruti has already been exporting battery packs for the export market for the previous few months.

The exported Li-Ion battery would be installed in e-hybrid vehicles produced by Magyar Suzuki.

In 2021, Magyar Suzuki produced 107,874 units, of which two-thirds were hybrids, according to Magyar Suzuki's website.

The battery pack exported by Maruti Suzuki will be produced at the factory of TDS Lithium-Ion battery Gujarat Private Ltd (TDSG). The TDSG is a collaboration between Toshiba, Denso and Suzuki Motor Corp. Maruti Suzuki will be purchasing batteries and the annual amount will not exceed ₹2,500 crore a year beginning from FY23.

Maruti Suzuki will be responsible for sales of TDSG batteries as of now, while battery makers TDSG will have their entire focus on production and developing new technologies.

Through this, Maruti Suzuki will be able to generate potential revenue of about ₹800 crore per annum and it would be able to earn a trading margin.

The contract in the related-party resolution is mentioned for the three years. However, it would continue beyond three years and add incremental revenue opportunities for the maker of Brezza and Baleno. The incremental income from the export of battery packs will further buttress export revenue, which more than doubled in the last fiscal year.

Battery packs produced by TDSG will also be used in a strong hybrid variant of the Grand Vitara and aid in bringing down its cost of batteries as localisation content increases.

Business Line 11th August 2022

M&M eyes 70% share in cargo space

Launches Bolero MaXX Pik-Up in three variants in the ₹7.68-7.87 lakh price range

G BALACHANDAR
Chennai, August 10

Venkat Srinivas (right), Senior V-P, Head-Product Development, CVs, and Baneswar Banerjee, Zonal Head Sales (South), M&M, at the launch of Bolero MaXX Pik-Up in Chennai BIJOY GHOSH

Leading automaker Mahindra & Mahindra Ltd seeks to further strengthen its presence in the pick-up (cargo) segment and grow the market share to 65-70 per cent in the coming months, up from 60 per cent currently, with the launch of more products, including new tech products built on its latest platforms.

As part of its growth plan, the company has rolled out a new product — Bolero MaXX Pik-Up, built on a new platform MaXX, with enhanced performance and telematics solutions. It will be available in three variants in the ₹7.68-7.87 lakh price range (ex-showroom, all India).

Readying for future

"Our objective is to make this platform future-ready because we see a trend where commercial vehicle customers also want more features like in cars and also there are different needs in certain application areas. Over time, there will be more models under the new platform," Venkat Srinivas, Senior Vice President & Head-Product Development, Commercial Vehicles, M&M, told *BusinessLine* on the sidelines of the launch.

Since the southern region is a big market for the company, it is aiming to increase its segment market share to all India level (60 per cent) from about 43 per cent now, said Baneswar Banerjee, Zonal Head Sales (South). South sells about 8,000 vehicles (all brands put together) in the segment every month and "we aim to grab a lion's share of it," he added.

Chip shortage

Meanwhile, the company is prepared to meet the demand surge amid the current chip shortage. " We have secured supplies before the launch of the product with a lot of proactive measures including engineering changes," said Srinivas.

Business Line 12th August 2022

Mahindra & Mahindra to review future of loss-making scooter arm Peugeot

May consider exiting the venture totally

SWARAJ BAGGONKAR

Mumbai, August 11

Mahindra & Mahindra (M&M) will put the French scooter brand Peugeot under a review programme to decide the future of the loss-making subsidiary, which includes the possibility of a complete exit by the SUV specialist from ownership.

Bought in early 2015 by a subsidiary of M&M, Peugeot Motorcycles (PMTC) has not generated profits even once in any of the financial years since the takeover. While M&M managed to trim losses, the challenges posed during Covid-19 disrupted M&M's road map for PMTC, forcing a category review of its classification.

Housed in Category A

For prudent allocation of capital and resources, following the onset of the pandemic, M&M housed its subsidiaries into three different categories. Some of its subsidiaries which had a clear path to 18 per cent RoE were housed in Category A. Entities with delayed or unclear paths to profitability but quantifiable strategic impact, were put in Category B.

Anish Shah, Managing Director and CEO, Mahindra & Mahindra

Category C housed those companies which had unclear paths to profitability. For this M&M explored options like forging a partnership, exploring an alliance and a full shutdown. Loss-making subsidiaries such as SsangYong, GenZe, GippsAero, Saboro Dairy and Mahindra First Choice Services belonged to Category C.

Anish Shah, Managing Director and CEO, Mahindra & Mahindra, said, "We had initially classified PMTC under Category A, because we felt it would get on the path to 18 per cent return (on equity) in a reasonable time frame. But Covid has hurt the cause because of various challenges in Europe and China and the freight (problem) from China to Europe."

Reviewing categories

"So, all those (Covid-19) challenges led to a performance (of PMTC) worse than what we had planned for. The milestones we had outlined for Category A companies were not met and therefore (PMTC) is under review right now. So, we are reviewing whether we should change it (or not), should it be (Category) A or C. We will come back with a final answer on that once we complete the review," Shah added.

M&M will look for potential investors to take Italian electric supercar maker Automobili Pininfarina to the 'next level'. No further fund infusion will be made by M&M into Pininfarina for product development activities. The Italian brand is preparing to start selling its maiden electric supercar Battista before October. "It was clear that we won't be investing a lot more going beyond the product, Battista. Sales of the model will start in a couple of months and with it we will see funds flowing in. We made initial investments to get this up and running but beyond that we are not making further investments in the next set of models. We will look for potential investors and work with them to take the company to the next level," Shah added.

Mahindra Group liquidated Pininfarina Engineering, the engineering and vehicle development service provider, in late 2020 due to its irrelevance in the future strategy.

The Times of India 11th August 2022

Hyundai plans SUV march to take on local carmakers

Pankaj.Doval@timesgroup.com

New Delhi: Hyundai is taking competition head-on and planning a march of SUVs — including imported and locally-made electrics — as it takes on competition from homegrown Tata Motors and Mahindra.

The Korean carmaker, which till last year led the lucrative SUV market, drove in the luxury Tucson SUV on Wednesday, while talking about plans to get in new off-roaders to effectively tackle the growing competition.

With the new-gen Tucson, which is one of the best-sellers for the company globally including in the highly-evolved US market, Hyundai is hoping to take a slice of the entry-luxury market where buyers currently opt for models such as Jeep Compass, Toyota Fortuner, Volkswagen Tiguan, and the upper variants of XUV700 and Tata Harrier.

TUCSON LAUNCHED AT ₹27.7L

The Tucson, which comes with 2-litre petrol and diesel engines, has been priced upwards of Rs 27.7 lakh in petrol and Rs 30.2 lakh in diesel (both ex-showroom Delhi).

Tarun Garg, director (sales & marketing) at Hyundai India, said that the company is not giving up leadership of the SUV category easily, and is taking steps to stall the onslaught of not only the local Indian brands but also of the Toyota-Maruti combine which is launching SUVs in competition to Hyundai big grosser, the Creta. "SUVs have always been a big focus for us, and we want to be seen as a company with a strong off-roading lineup. We've had the maximum launches in SUVs, and now you will see us getting more aggressive," Garg told **TOI**.

The Economic Times 3rd August 2022

New SUV Versions Set to Drive M&M into a Record Year

Co may post record sales in FY23 led by strong demand & higher output on rise in chip supplies

Ketan Thakkar & Ashutosh R Shyam

Mumbai: Backed by strong traction for its SUVs, Mahindra & Mahindra is set to post its highest ever sales and revenues in the ongoing financial year.

ET has learned that with ramp-up in production on account of easier chip availability and over 2.5 lakh bookings, M&M is set to cross a milestone of over 3 lakh SUVs in this fiscal, which may lead to a turnover of ₹25,000-30,000 crore in the year.

Just last week, the company opened bookings for its all-new Scorpio-N, which received around 25,000 orders within 30 minutes, and over 75,000 prospective buyers are already in queue. In the last six months, Mahindra's volumes have averaged at 26,605 units; this would translate into annualised volume of nearly 3,20,000 SUVs.

The volumes for XUV 700 and Scorpio-N are gradually improving as the company ramps up the production capacity. If M&M is able to achieve volume of 3,50,000 units, it could potentially touch double-digit market share for the first-time decade.

Speaking on the sidelines of Scorpio-N launch, Rajesh Jejurikar, ED, Mahindra & Mahindra, told ET that the demand momentum for the company's products remains very strong. "We have significantly outpaced the market so far this year. Despite high pending bookings, there is a sustained demand for Thar, XUV 300 and XUV 700 with fresh orders rising. We expect the same to continue with the Scorpio-N. With the improved chip supplies and rising orderbook, we will look to sustain our outperformance in the marketplace," added Jejurikar, declining to share any guidance on sales numbers.

The company is sitting on a pending order book of close to 2 lakh units. A healthy booking of Scorpio-N was richly rewarded by investors with the company's share price rising over 6% to ₹1,236 apiece and it is has been one of the best performing automotive stock in the last six months.

With this, M&M is likely to cross into 10% market share in passenger vehicles in almost a decade and corner close to fifth of the SUV market in terms of volumes.

Business Line 11th August 2022

Volkswagen India to double sales by year-end

To focus on bringing down cost of ownership

ISHA RAUTELA

Bengaluru, August 10

Against the backdrop of its new vehicles, Volkswagen India aims to double its sales by the end of 2022. "With the fresh product portfolio and the high-interest level for our cars, achieving the sale of 50,000 cars by this year's end is possible despite all the challenges," Ashish Gupta, Brand Director, Volkswagen Passenger Cars India, told *BusinessLine*. The company sold close to 25,000 units in CY21.

Demand momentum

It launched two cars — Virtus in June and Taigun in Q4 of CY21. "Our demand continues to be higher than the last quarter. Virtus has sold close to 4,500 cars in just two months of introduction and Taigun, from January-June, we have delivered more than 10,000 cars," said Gupta. In the first half of 2022, the company sold 21,588 units of its product portfolio.

Ashish Gupta, Brand Director, Volkswagen India BIJOY GHOSH

Volkswagen expects the demand momentum to remain stronger than its capacity to deliver. "For the 21,588 units we sold, the total orders we received was around 33,000. So, the demand is at least 30 per cent higher than our capacity to deliver," he said.

The carmaker is focused on bringing down the cost of owning a car. Gupta said, "For this, we have reduced the price of Volkswagen's genuine spare parts; engine oil price reduction (gasoline); and benefits through service value packages."

The Economic Times 8th August 2022

ANNOUNCEMENT LIKELY TODAY

Tata Motors to Buy Ford Gujarat Plant for ₹750 cr

Staff to be absorbed; engine facility to be leased back to US co for its powertrain requirements

Ketan Thakkar & Arijit Barman

In Driver's Seat

JAN 2022 Starts **Due Diligence** for acquisition of Sanand Plant

MAR 2022 Engages with state govt for **extension of tax sops** for acquired facility

MAY 2022 Tata Motors EV arm **signs MoU with Ford** to acquire the factory

AUG 2022 Formalise MoU into **definitive agreement** to take over Sanand Plant

Capacity at Sanand to rise to 300,000 units per annum

Can be scaled up to 400,000 units

Company's total capacity to increase to 900,000-1 m units

Tatas already have a car manufacturing plant in Sanand

Mumbai: Tata Motors is set to sign a definitive agreement with Ford Motor Co to acquire its plant in Sanand, Gujarat. The announcement could come as early as Monday, said people in the know. The homegrown car maker will pay Rs 700-750 crore for the plant and the workforce, they said. This includes the engine facility, which will be leased back to the US carmaker to cater to its global powertrain requirement.

Both sides had signed a memorandum of understanding (MoU) on a possible deal at the end of May.

The takeover of the Gujarat plant will offer much-needed capacity for Tata Motors, which has set its sights on crossing half a million annual sales this financial year, up from 370,400 in FY22. The company is currently operating at 85-90% capacity and to sustain this momentum it will need fresh capacity. The company produces its cars at Pune and Ranjangaon in Maharashtra and Sanand in Gujarat.

The acquisition of Ford's plant will help raise Tata Motors annual capacity at Sanand to 300,000 units, which is further scalable to more than 400,000 units, taking the company's total to 900,000 to 1 million units.

ET had reported in March about potential sale discussions between Tata and Ford for a deal worth $100-150 million.

Tata Motors and Ford India didn't respond to queries.

The memorandum of understanding had been signed by Tata Motors unit Tata Passenger Electric Mobility Ltd (TPEML), Ford and the state government for the potential purchase of land and buildings, Ford's vehicle manufacturing plant, machinery and equipment. It also covered the transfer of all eligible employees, pegged at 1,400, of Ford's Sanand vehicle manufacturing operations, and was subject to the signing of definitive agreements and receipt of relevant approvals.

The acquisition will bolster the electric vehicle (EV) business of Tata Motors, which plans to invest $2 billion in the segment and have a portfolio of 10 models by 2025.

Tata Motors chairman N Chandrasekaran said in July that the company is looking to sell half a million cars, including 50,000 electric vehicles (EVs), in the current fiscal year, with EV sales likely to double to 100,000 units by the next financial year. It sold 19,000 EVs in FY22.

Business Line 6th August 2022

Isuzu Motors, myTVS open multi-brand service facility

OUR BUREAU

Chennai, August 5

Japanese auto maker Isuzu Motors and myTVS, India's largest integrated multi-brand vehicle service provider, have opened a 'multi-brand' myTVS facility at JMD Isuzu dealership in Mumbai.

The new facility will deliver multi-brand services under the brand — myTVS. The facility of myTVS, while within the Isuzu workshop premises, will have dedicated facilities for other brands. The predominant part of the workshop will continue to operate as an exclusive Isuzu facility. This will bring efficiencies and ensure better viability for the dealer while providing more reach for myTVS, according to a statement.

Under the partnership programme, Isuzu dealer partners who have additional capacity can opt to become franchisees of myTVS by providing dedicated and shared services and bays within their existing Isuzu service premises.

The myTVS facility will offer services such as general service and body/accidental repairs for multi-brand vehicles other than Isuzu vehicles. It aims to provide quick service, speed wash as well as cashless insurance at reasonable costs, among others.

PRESS REPORTS
ON
RAW MATERIAL

Business Line 6th August 2022

Steel makers slash prices up to ₹3,500/tonne for Aug deliveries

Mills cite poor demand in domestic, export markets for downward price revision

ABHISHEK LAW

New Delhi, August 5

Indian steel-makers have cut the bench-mark hot rolled coil (HRC) prices by ₹3,000 – 3,500 per tonne for August deliveries. Mills cite poor demand in domestic and export markets and slow buying from the trade for the downward price revision.

Month-on-month prices have declined by 3-4 per cent with HRC prices now being in the range of ₹58,000-59,000 per tonne; amongst the lowest so far in 2022, and over 25 per cent fall from the peak they commanded earlier this year.

According to market sources, the cold-rolled coil (CRCs) prices are down by ₹2,650/ tonne (around 4 per cent month-on-month). Post revision, CRC prices are now in the ₹65,350-66,500/ tonne range.

Rebar prices too have seen a decline too. Blast furnace route rebar price stood at ₹56,900/tonne, down by 3-4 per cent, month-on-month.

"From a peak in April, HRC prices have been declining. We had hoped that prices have bottomed out and mills could roll over their July prices in August. But domestic demand continued to be poor, and so most of them announced a ₹3,000-3,500-odd per tonne downward revision in prices," a steel mill official told *BusinessLine*.

Exports weakness

Exports of steel have been badly hit since the imposition of a 15 per cent duty in May. For the April to June quarter, exports declined 39 per cent, year-on-year, as per details available with the Steel Ministry.

In June, exports declined 60 per cent, y-o-y.

Since May, offers have remained under pressure while volumes took a hit. The key markets of West Asia, Europe and Vietnam have seen less bookings for Indian-origin HRC.

This led to inventory pile up, exerting pressure on mills to sell in the domestic market.

Slow buying

Seasonal weakness saw poor demand from the domestic market too. Anticipating further fall, dealers reduced purchase orders. Restocking too has not happened at dealer levels.

Indian steel mills were reportedly advancing their annual maintenance as they did not want to pile up on inventory.

"Some of the larger buyers are negotiating for more discounts or holding back purchase decisions because of volatility in prices," a mill official said, adding that demand from the construction sector remains lower than expected.

For Indian steel companies, raw material prices are witnessing some decline. Imported premium hard coking coal (Australia) have fallen on a weekly basis by about $327/ tonne from $554 in May to $227 in June.

GOVERNMENT POLICY

The Economic Times 3rd August 2022

MeitY's Best Laid Plans on Tech Rules Remain on Paper

Over the past several years, the Ministry of Electronics and Information Technology (MeitY) has mooted several legislations meant to overhaul the country's tech regulations and bring them at par with the global standards. In some cases, it has even taken a lead globally – for instance in regulating the non-personal data. Most of the rules and guidelines, however, are delayed, while the status of others not clear. These drafts range from changes to the way the country is likely to manage the handling of its data to IT Rules of 2021. Nothing, however, has moved on the ground

Here's a look at proposed changes:

DATA PROTECTION BILL

July 2017: MeitY sets up a 10-member panel to examine the need for a PDP law

August 2018: Justice Srikrishna-led committee submits its draft report

December 2019: Bill tabled in Parliament, is immediately sent to the Joint Committee of Parliament (JCP) for deliberations

November 2020: JCP makes some suggestions, says the scope of the new law should include non-personal data

November 2021: The JCP adopts its report, signs off on the report with the new bill now being called data protection bill instead of personal data protection bill

Since November 2021: The bill has remained with MeitY which says it is studying the recommendations of the JCP. It was widely expected to be tabled in this session of Parliament, but was not tabled

IT ACT

2017: After the Supreme Court judgement terming privacy as a fundamental right, govt said it would bring changes to the IT Act of 2000 to reflect the same

2019: PDP bill goes to JCP. IT ministry officials say they will also apprise JCP of the need to make changes to IT Act of 2000

February 2020: Then IT minister Ravi Shankar Prasad says will update the IT Act as it is more than 20 years old, new aspects of cybercrime will be looked into

February 2022: MoS IT Rajeev Chandrasekhar again raises the issue, says old IT Act about 22 years old, new policy in the works

June 2022: Ministry officials say new IT Act is being worked on, public consultations on the issue to start soon

DATA GOVERNANCE FRAMEWORK

September 2019: Govt constitutes 8-member panel led by Infosys cofounder Kris Gopalakrishnan to deliberate on data governance framework and submit its report

July 2020: Panel submits its report, ministry uploads it for public consultation

December 2020: Based on feedback, ministry uploads a revised version of the framework

May 2022: MeitY issues fresh public consultation on data governance framework, asks stakeholders to submit comments by June 2022

Since June 2022: The IT ministry has maintained that the work is in final stages and the rules may be released soon

SOCIAL MEDIA INTERMEDIARY GUIDELINES

February 2021: MeitY dusts up a 2018 draft of guidelines for social media intermediaries, says new policy being put in place, will have to be followed within 60 days

May 2021: IT ministry puts pressure on intermediaries to follow law. Firms like Whatsapp challenge the rules and the mandate of traceability in the country, arguing that it is against freedom of speech and expression. The matter is pending in the court

June 1, 2022: Ministry releases draft of another set of proposed changes to IT Rules, pulls it down within hours

June 7, 2022: Ministry re-releases draft of proposed changes to IT Rules, makes some minor changes

July 2022: Ministry finishes public consultation, asks stakeholders to submit their views by July 6. The changes, especially the recommendation to set up a government-backed grievance appellate body, are again criticised by all top tech companies

Since July 2022: Ministry officials say final report being worked on, may be released soon

Business Standard 12th August 2022

Industry cheers as states clamour over Electricity Bill amendments

SHREYA JAI
New Delhi, 11 August

THE CHANGES

- New provisions in the Bill give more powers to Centre on power distribution sector
- CERC can approve anyone applying for distribution licence
- Centre to design criteria and deliverables of private distribution licensees
- NLDC to have over arching power to regulate power
- Firms likely to benefit: Tata Power, Adani Power, Torrent Power, others

The amendments to the Electricity Act, 2003, introduced in Parliament recently, have given overarching power to the Centre and central government agencies in areas that were either a state subject or followed a federal model.

While this has irked electricity regulators in a few states, the industry is cheering the paradigm shift since it will push reforms and private investment in the power distribution sector.

The Bill has in total 35 proposed amendments. Of those, half would be within the purview of what is being termed as 'prescribed by the Centre'. This includes provisions related to inviting private investment in power distribution, which is a state subject.

In the power sector supply chain, generation and transmission are under the Centre, while distribution is a state subject.

The Bill has given the Central Electricity Regulatory Commission (CERC) the authority to approve anyone who applies for a power distribution licence in an area.

Under Section 79 of the Act, which pertains to the functions of the CERC, a new provision has been inserted, citing it has a new function – 'to grant licence for distributing electricity in more than one state'. This is likely to cover players such as Tata Power, Adani Electricity, Torrent Power, and CESC, which are already operating power distribution in some states.

Sector executives said this amendment gives absolute power to CERC to approve any request without the need to consult the state. "The Bill, however, does allow a state electricity regulatory commission (SERC) to reject the application. This could create on-ground confusion for investors," said an SERC member.

The erstwhile Act always had the provision for a SERC to allow more than one licensee in an area, but was not clear on network access and tariff regulations. An amendment to Sections 14 and 42 of the Act has provided new licensees access to the existing power network in a state. The new licensees need not build a new network and may use the existing network by paying state-owned power distribution companies (discoms).

The capital adequacy, creditworthiness, code of conduct, and criteria for new distribution licensees would also be provided by the Centre. SERCs would decide the minimum and maximum tariff for power supply in an area, which some state officials said is a 'flawed responsibility'.

"A tariff cap can be decided if there is clarity on the business of the discom. A new applicant would want a licence under the existing system. In what business case will the tariff be built?" asked an official.

The most stringent steps the Centre has taken through this Bill are with regards to the payment discipline of discoms. The grid operator – National Load Despatch Centre (NLDC) - has been empowered to curtail electricity supply to a state/discom if either defaults on its payment to power generating companies (gencos) and transmission service providers.

NLDC can now issue directives to state and regional load despatch centres and they would have to comply. The payment security mechanism, however, would be 'prescribed by the Centre'.

"We can no longer have the option of supplying power without getting paid. No sector can be viable if it is not paid for output," said A K Khurana, director general, Association of Power Producers — a representative body for private gencos.

He said competition in the distribution sector will help to provide better customer service as was witnessed in the telecommunications sector.

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Govt Set to Launch App for Info on EV Charging Stations

CESL in process of collating info from private sector; super app scheduled to go live in 4-6 weeks

Sharmistha Mukherjee & Ketan Thakkar

New Delhi | Mumbai: In a bid to accelerate adoption of electric vehicles and ease range anxiety of end users, the government is working on launching a master app, which will act as a one-stop shop providing information on location and availability of charging stations for two-wheelers, three-wheelers and passenger cars.

State-run Convergence Energy Services (CESL) is in the process of collating information from the private sector for the super app, which is scheduled to go live in the next 4-6 weeks. The app will detail availability, charger types, charging tariffs and allow users to make and change reservations at nearby stations.

CESL managing director Mahua Acharya told ET that the government's intent is to put in place a mutually beneficial arrangement for all stakeholders. "Apart from information on the network of public charging stations, the app will reflect information shared by OEMs, enhancing visibility and traffic at private charging points. Consumers will get peace of mind knowing that they can readily access information and make reservations at nearby stations if they need to charge their vehicles on the go," added Acharya.

According to a report by government think tank Niti Aayog, there were about 1,827 charging stations operational across the country in 2020. The Department of Heavy Industries (DHI) has sanctioned establishment of 2,877 public charging stations at an expense of over ₹500 crore in 68 cities across 25 states/UTs under Phase-II of FAME, the rollout of which is underway.

Industry estimates, in addition to this, there are 15,000-20,000 private charging stations, against a requirement of about 4,00,000 such points in the country.

Acharya said as most users base charge electric vehicles at home or in office complexes, government is looking at setting up a dense network of e-highways to support inter-city travel. "We need an extensive network of charging stations at strategic locations, which are safe, well-lit, well-covered and where users can top-up their electric vehicles within an hour. This will help cut down battery size, make electric vehicles more affordable, ease range anxiety and speed up adoption of e-vehicles, even for long-haul travel," she said.