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Key Press Reports on Industry and Govt. Policies

(2nd Fortnight May 2025)

AUTOMOTIVE INDUSTRY

Business Line, 22 May 2025

Automotive component sector to clock 7-9% revenue growth in FY26: Crisil

Press Trust of India
Mumbai

The domestic automotive component sector is expected to clock 7-9 per cent revenue growth this fiscal, driven by sustained demand momentum from two-wheelers and passenger vehicles segments especially utility vehicles, which account for nearly half of the overall revenue, Crisil said.

It also said that while a moderate uptick in commercial vehicles and tractors sales (around 17 per cent

share) will provide an additional tailwind, the aftermarket segment (15 per cent share in revenue) is seen ticking along steadily at 5-7 per cent.

However, weak demand for new vehicles in the US and Europe, presents headwinds. "Demand from automotive OEMs, contributing two-thirds of total revenue, is expected to grow 8-9 per cent this fiscal, with value outpacing volume on rising safety, emission and electronic content, especially in PVs and 2Ws," said Poonam Upadhyay, Director, Crisil Ratings.

The aftermarket segment will log a steady 6-7 per cent growth, she said, adding export growth, will moderate to 7-8 per cent amid weak demand for internal combustion engine vehicles and a deceleration in electric vehicle adoption across the US and Europe.

US CONTRIBUTION

The US, while contributing around 5 per cent to total revenue, commands a dominant 28 per cent share of export earnings and is the fastest-growing auto component market, said Crisil. The 25 per cent tariff planned by the

US can hurt companies heavily reliant on this geography, as per the ratings agency. As per Crisil, operating margins are seen stable at 12-12.5 per cent, driven by growing share of high-margin components such as ADAS (advanced driver assistance system) modules, infotainment systems and advanced braking. A decline in input cost – particularly of steel (45-50 per cent share in input costs), aluminium (15-20 per cent), and plastics (10-12 per cent) – used for structural rigidity, reducing vehicle weight and for interiors will support profitability.

Bajaj Auto takes the wheel at KTM with €800-m deal

KICKSTARTING BUSINESS. Rescue package to save the Austrian brand from insolvency

Aroosa Ahmed
Mumbai

In one of the largest acquisitions of a global brand by an Indian company, Pune-based two-wheeler maker Bajaj Auto announced that it will take majority control of financially struggling Austrian motorcycle manufacturer KTM AG, through a €800 million rescue package.

KTM reportedly owed more than €1 billion to 180 creditors. The company's 2024 financials revealed that revenue fell 29 per cent to around €1.9 billion (down from €2.7 billion in 2023), and EBITDA collapsed to (-) €300 million. KTM was supposed to deposit €548 million owed to debtors by May 23, failing which the company would have moved into insolvency process. Bajaj Auto, which already had a 37.5 per cent stake in the Austrian company, therefore decided to take over operations at KTM in a bid to keep it afloat.

With the funding, Bajaj Auto will move from being a dormant minority investor to a majority owner in the

DEBT DYNAMICS

- €200 million cash already infused by Bajaj as shareholder debt. This is being funded in four tranches of €50 million each via convertible bonds/loans
- Fresh €600 million debt to be provided to fund payment of creditors' quota. This includes €450 million as a secured term loan by Bajaj to KTM; €150 million as convertible bonds to be used for the balance amount of KTM's creditors' quota and restart costs



global KTM company. Bajaj Auto also manufactures KTM motorcycles at its Pune facility. In 2022, 3,70,000 KTM bikes were sold, of which 1,50,000 bikes were from India. In India, KTM has a network of more than 460 dealers.

The company inked its partnership with KTM motorcycles in 2007, and had earlier stated that both companies have become strategic partners with the restructured ownership.

The majority stake acquisition is one of the largest deals by an Indian automaker. Tata Motors Ltd ac-

quired Jaguar Land Rover in 2008 for \$2.3 billion; in 2016, Mahindra's subsidiary, Classic Legends, acquired the iconic British motorcycle brand BSA; TVS Motor Company acquired British sporting motorcycle brand Norton Motorcycles in 2020 for £16 million.

STRATEGIC MOVE

Experts have pointed out that with the majority control in KTM AG, Bajaj Auto will position itself as a global brand.

"Bajaj Auto taking over KTM is a fantastic move by the company. Over the last

few years, we have witnessed the premiumisation trend grow across categories. The majority control is a step in the positive direction as it will strengthen the brand's presence, especially in the premiumisation league. This will also help Bajaj Auto to foray into global markets," said Manish Chowdhury, Head of Research at StoxBox, to *businessline*.

Following the approvals, Bajaj Auto will initiate a revamp of governance, including reconstituting the board, implementing measures to widen the remit of the existing joint development programme and exploring potential partnerships and collaborations to build long-term value creation.

KTM, earlier owned by the Pierer Mobility Group, is one of the top brands in off-road motorcycles.

The brand is dominant in competitive motorsport, including the Dakar Rally, MXGP, and EnduroGP. Interestingly, KTM has a joint venture with CFMOTO, a Chinese motorcycle maker. It not clear yet if Bajaj will continue the partnership with the Chinese brand.

TaMo pushes for PV exports, starts with Sri Lanka, Mauritius

GOING GLOBAL. Experts call the plan to expand international presence a strategic move

Aroosa Ahmed
Mumbai

Indian automaker Tata Motors is making a strong push for the export of its passenger vehicles (PVs) and has already started sales in Sri Lanka and Mauritius from the fag-end of FY25 with its internal combustion engine (ICE) and electric vehicles (EVs) respectively.

The carmaker will initially focus on entering the right-hand drive (RHD) international markets. Currently, the company's PV exports are negligible.

"We have restarted our international export business ambitions and have entered Sri Lanka and Mauritius recently.

"The strategy is to present Tata Motors as a very youthful, design-forward brand, as we offer a fairly wide product range," Vivek Srivatsa, Chief Commercial Officer, Tata Passenger Electric Mobility, told *businessline* in a recent interaction.



RIGHT TURN. Tata Motors will initially focus on entering the right-hand drive international markets REUTERS

"Initially, we will go to the RHD markets as we have the products available readily, but going forward, we will go to a wider set of countries as well," he said.

NEW ALTROZ

The company will also export its recently-launched Altroz facelift and plans to position it as a key vehicle product offering in the international market.

"Altroz is an international product with the platform,

design and safety parameters offering. We will be exporting the new Altroz.

There are international markets where the bulk of sales come from hatchbacks, then markets where sales come from EVs and SUVs.

"We offer a wide range of products and can fine-tune them accordingly and play market by market. Earlier, we were exporting small quantities to countries including Nepal, Bangladesh, but now we will expand our

presence," added Srivatsa.

Experts have pointed out Tata Motors' move to expand its international presence as a strategic move.

STRATEGIC PUSH

"Exports were limited to India. Tata Motors learned that technological advancement is required in the PV business to sustain in the international market. That was missing.

"With JLR, the engineering excellence has come down to the Tata Motors' PV business, which is visible in the launches. Further, post Covid, the overall PV sales in the domestic market have seen a slowdown with saturation in the entry-level segment. Tata Motors has the correct vehicle portfolio for the international market, from low, medium to high market. They have products across categories and a widespread portfolio compared to other domestic players," Manish Chowdhury, Head of Research at StoxBox, told *businessline*.

Telangana clears Hyundai's plan to set up ₹8,528 crore global R&D centre

Our Bureau
Hyderabad

The Telangana government has formally approved a previously announced investment of ₹8,528 crore by the Korean automobile major Hyundai to set up a Global Innovation Research and Development Centre at the National Investment and Manufacturing Zone (NIMZ) in Zaheerabad, Telangana.

TEST TRACK

A Ministerial Committee of the State government, constituted for promotion of industries in the State, formally approved the proposed investment at its meeting held here on Sunday.

The proposed project would come up in about 675 acres in the NIMZ. It will



Hyundai's proposed project will come up in about 675 acres in the NIMZ REUTERS

have an automotive test track, pilot line and prototyping systems, among others, according to official sources.

Zaheerabad is also home to Mahindra & Mahindra, which has announced a ₹1,000 crore expansion of its existing manufacturing facility to set up an electric vehicle unit.

Fleeting hope: Ageing trucks enthuse CV makers of revival

SHINE JACOB
Chennai, 26 May

After several sluggish years, India's truck market remains in a challenging phase, with the average fleet age now at a historic high of 9-9.5 years — up from the earlier 7-7.5 years. This rise reflects a broader concern — weakening cyclical demand that has delayed fleet renewal across the industry.

However, a turnaround may be on the horizon. Industry experts predict mid-single-digit growth in the Medium and Heavy Commercial Vehicle (MHCV) segment in FY26, driven by an expected uptick in replacement demand.

Tempering optimism, truck owners, however, strike a note of caution. The



Number plate

- **9-9.5 years:** Average fleet age of trucks in past 5 years
- **7-7.5:** Average fleet age of trucks before 2020
- **50%:** Increase in truck EMIs after transition from BS IV to BS VI standards
- Industry majors expect **truck sales** to be in mid-single digits this financial year

transition from BS IV to BS VI standards led to a 50 per cent increase in truck EMIs, along with additional operational expenses and a per-

sistent shortage of skilled drivers in the sector. "We anticipate growth on the trucks this year, especially after two softer

years. The fleet age is at its peak now, which should spur replacements," said KM Balaji, CFO of Ashok Leyland. Turn to Page 6 ▶

Govt policy shift a glimmer of hope for truck owners

He pointed to a robust rebound in the bus segment, where sales rose from 53,000 to 64,000 units in just a year, and projected a similar mid-single-digit growth trajectory for MHCVs.

Tata Motors echoes this sentiment. "We expect single-digit growth across segments, with HCVs and buses slightly outperforming ILMCV and SCV pickups," said Girish Wagh, executive director and head of commercial vehicles, during the company's Q4 earnings call. Despite the cautious optimism, truck owners remain wary.

The transition from BS IV to BS VI norms has substantially raised costs — monthly truck EMIs have surged by 50 per cent, alongside additional operational and maintenance expenses.

"We now pay ₹90,000 in EMI for a 12-wheel truck, up from ₹60,000 before BS VI," said K Arul, secretary of the Namakkal Taluk Lorry Owners Association. Namakkal is a key logistics hub in South India.

The BS VI upgrade requires sophisticated emission control systems, including Diesel Particulate Filters and Selective Catalytic Reduction units — adding to both purchase and running costs. Meanwhile, a shortage of skilled drivers, despite salaries averaging ₹40,000 per month, continues to weigh

on fleet operations. Another factor holding back demand is the post-Covid slowdown in freight movement. "Freight hasn't recovered fully, and without that, there's no incentive to buy expensive new trucks," Arul explained.

The policy shifts may offer a glimmer of hope. The Vehicle Scrap-page Policy, in effect since April 2022, mandates emissions and fitness tests for commercial vehicles over 15 years old. Non-compliant vehicles face scrapping, nudging operators toward new purchases.

"The average fleet age rose to 9.5 years due to extended use of vehicles by second owners who couldn't afford replacements," noted Ravi Bhatia, President of JATO Dynamics. "But this trend may reverse as policy and market pressures drive renewals."

Yet, fleet owners argue that incentives remain insufficient. "Scrapping only gives us ₹3-4 lakh, while a new truck costs around ₹50 lakh. How can we bridge that gap?" Arul added.

The road to recovery for India's commercial vehicle industry remains complex, lined with regulatory hurdles, cost pressures, and demand uncertainty. But if replacement demand strengthens and policy support improves, FY26 could be the turning point for the sector.

India may overtake major Asian peers in car sales growth by 2030: Moody's

SHINE JACOB
Chennai, 27 May

Moody's Ratings on Tuesday said India's car sales are likely to grow at a compound annual growth rate (CAGR) of 3.5 per cent, outpacing China, Japan and other major Asian economies, and reaching around 5.1 million units per year by the end of this decade.

"We project a CAGR of 3.5 per cent for car unit sales in India through 2030, faster than growth rates in China, Korea, and Japan in the same period," it said. India is the world's third-largest automotive market after the US and China.

The EV bandwagon

The country's carmakers are also

betting big on manufacture of lithium-ion cells, electric vehicles (EV) and batteries through a cumulative investment of \$10 billion, despite the lower EV penetration of 2 per cent now.

"We estimate that if 9-10 per cent of two-wheeler owners upgrade to entry-level cars, it would create replacement demand of at least 1.6 million-1.8 million entry-level cars through the end of the decade. Annual car sales, which have averaged around 3.1 million over the last 10 years, and replacement demand will also underpin sales growth through 2030," the report said.

"These assumptions alone support our view that India will grow to be a 5 million car market



by the end of the decade," it added. This will be a jump of almost 25 per cent from 4.2 million units in 2024.

At present, Japanese, Korean and Chinese companies, which operate in India through joint ventures and subsidiaries, to-

Sales stats

Annual sales and penetration (per 1,000 people)

China	31 million	(251)
India	4.2 million	(44)
Japan	3.9 million	(502)
S Korea	1.5 million	(422)
Indonesia	0.7 million	(76)

Source: Moody's report

gether account for more than 70 per cent of the market. However, domestic majors are rapidly increasing their share. In 2015, Indian carmakers — Tata Motors, and Mahindra & Mahindra — held a modest 11 per cent share of the market. It is 24 per cent now.

BACKLASH FOR BILLIONAIRE'S POLITICAL VIEWS?

Tesla's Monthly Sales in Europe Fall by Half

All other companies see collective rise of 28% in numbers

London: Tesla sales across Europe plunged by half last month even as growth in the electric car market picked up pace, according to data released on Tuesday.

The numbers are the latest indication of how much the Tesla brand is suffering because of the backlash against billionaire CEO Elon Musk over his far-right views.

Sales of Tesla vehicles in 32 European countries tumbled 49% to 7,261 in April from 14,228 in the same month the previous year, according to the figures released by the European Automobile Manufacturers' Association, or ACEA.

At the same time, sales of battery-electric vehicles by all manufacturers rose about 28%. Meanwhile, sales of gasoline and diesel powered cars slumped.

The figures, which cover the European Union's 27 member countries and five other nations outside the bloc, back up early data from Sweden, the Netherlands and Denmark released at the start of this month that had pointed to a sales collapse.

Tesla has been reeling from protests and boycotts over Musk wading into politics, but it also faces other factors including an aging model lineup and intensifying competition from rival electric vehicle brands, particularly from China.

US President Donald Trump's trade war has also turned Europeans off buying American brands. In recent days,

In one sign that Tesla appears to be losing ground to cut-price Chinese brands, sales at China's



SAIC zoomed up 54% in April, according to the ACEA figures. SAIC owns a slew of auto brands including U.K.-based MG, known for its low-cost EV models.

Tesla is also suffering because it had to shut down factories for several weeks this year while upgrading its best selling Model

For the first four months of the year, Tesla's European sales fell roughly 39% to 61,320 units

Y sport utility vehicle, pinching supply.

For the first four months of the year, Tesla's European sales fell roughly 39% to 61,320 while the continent's auto market as a whole showed little change during the period, according to the data.

For April, car sales in the EU edged up 1.3% from the previous year, "showing signs of recovery despite the ongoing unpredictable global economic environment," the group said in a press release. AP

Tata Motors enters Egypt market with seven commercial vehicle models

Our Bureau
Mumbai

Tata Motors launched its commercial vehicle range in Egypt through a partnership with MM Group for Industry and International Trade (MTI), marking its entry into the North African market.

It introduced seven models, including the Tata Xenon pickup, Ultra T.7 and T.9 trucks, Prima series heavy vehicles and the LP 613 bus.

Asif Shamim, Head of International Business for Tata Motors Commercial Vehicles, described Egypt as a "pivotal market" driven by infrastructure expansion and demand for reliable transport solutions.

PIVOTAL MARKET

MTI, one of Egypt's largest distribution companies with over 40,000 points of sale, will handle local distribution and after-sales support through seven strategically-



The company has introduced seven models in Egypt

located service centres. Chief Executive Officer Khaled Mahmoud said the partnership represents a milestone for Egypt's transport and logistics sector.

Tata Motors is offering extended warranties of up to five years or 1.5 lakh kms on the Xenon and Ultra ranges, along with scheduled service packages. It operates in over 40 countries with commercial vehicles ranging from sub-1-tonne to 60-tonne capacity. The launch reflects Tata Motors' broader international expansion strategy as the \$44 billion company seeks growth beyond its dominant position in India's commercial vehicle market.

ELECTRIC VEHICLEC

Business Line, 30 May 2025

Source: RBI

Compiled by Avantika Soupramanien

With Q4 loss doubling, auditors flag viability of Ola Electric as a 'going concern'

Jyoti Banthia
Aishwarya Kumar
Bengaluru

Ola Electric's latest results and disclosures show that the company's financial viability is in question.

While the company's auditors BSR & Co LLP issued an unqualified opinion on the FY25 financial results, they also flagged Ola Electric's ability to remain a going concern.

CASH CRUNCH

The caution stems from negative operating cash flows of ₹2,391 crore during the year.

In response, the management said it remains confident about the company's continuity, citing existing cash reserves and projected business performance.

The auditors noted that negative cash flow from operations during the current

Widening losses

(in ₹ crore)

	Q4 FY24	Q4 FY25
Loss for the period	418	862
Revenue	1,598	611
Units sold	1.15 lakh units	51,375 units

year was primarily on account of "continued operating losses and lower-than-expected growth in sales volume, which require the Group to consider mitigating circumstances, to support its operations and meet its continuing obligations".

EARNINGS SLIDE

The losses of the Bengaluru-based EV major widened 106 per cent in Q4 FY25 at ₹862 crore compared to ₹418 crore in the same quarter of the previous fiscal year.

The revenue from operations fell to ₹611 crore in Q4 from ₹1,598 crore, down 62

per cent. The company holds ₹4,000 crore in cash and is considering a ₹1,700 crore non-dilutive debt raise.

This comes at a time when Ola Electric's share price has plunged more than 30 per cent since listing on August 9, 2024, and is down 66 per cent from its all-time high of ₹157.53 registered on August 24.

SALES SLUMP

The company has dropped to third in the e-scooter pecking order with legacy players TVS Motor Co. Ltd and Bajaj Auto Ltd surging ahead. Ola's contemporary, Ather,

reported higher revenues in Q4. Ola's deliveries fell to 51,375 units from 1.15 lakh units in Q4FY24. For FY25, Ola Electric recorded total deliveries of 3.59 lakh units, up from 3.29 lakh in FY24.

For the full year ended March 31, 2025, Ola Electric Mobility Ltd reported a net loss of ₹2,259 crore compared to ₹1,587 crore in the previous year.

The company's consolidated revenue from operations declined to ₹4,514 crore from ₹5,010 crore in FY24. The shares of the company closed at ₹53.24, up by 0.60 per cent on the BSE.



Battery-operated vehicles were common 100+ years ago, but only a few still exist

Electric Vehicles Died a Century Ago. Could That Happen Again?



ISTOCK

NYT

California: More than a century before Tesla rolled out its first cars, the Baker Electric Coupe and the Riker Electric Roadster rumbled down American streets. Battery-powered cars were so popular that, for a time, about a third of New York's taxis were electric.

But those early electric vehicles began to lose ground to a new class of cars, like the Ford Model T, that were cheaper and could more easily be refuelled by new oil-based fuels that were becoming available around the country. Bolstered by federal tax incentives in the 1920s, the oil industry boomed — and so did gasoline-powered cars.

That history has largely been forgotten, and almost all of the early electric cars have disappeared so completely that most people alive today have never seen one — and many have no idea that they even existed. A few specimens are in museums and private collections, including a fully restored Baker Electric that Jay Leno keeps in his sprawling California garage.

Leno's ancient electric car has a wooden frame and 36-inch rubber wheels. It looks like a stagecoach, but it is propelled by electric motors and batteries just like a current-day Tesla Model Y or Cadillac Lyriq. It elicited smiles and amazement from people on the streets of Burbank, California, when Leno drove it around town recently.

The car may be a novelty, but it is newly relevant because the United States may be poised to repeat history.

The Trump administration and Republicans in Congress are working to undercut the growth of electric vehicles, impose a new tax on them and swing federal policy sharply in favor of oil and gasoline.

Scholars who have studied the earlier age of electric vehicles see parallels in their demise in the early decades of the 1900s and the attacks they are facing now. In both eras, electric cars struggled to gain acceptance in the market-

place and were undermined by politics. A big knock against them was they had to be charged and ultimately were considered less convenient than vehicles with internal combustion engines.

"Electric cars are good if you have a towing company," President Donald Trump said at a campaign rally in Iowa in October 2023. At another appearance the next month, he said, "You can't get out of New Hampshire in an electric car."

Charging and access to fuel were also concerns a century earlier.

Republican leaders say that electric vehicles do not deserve subsidies in the tax code and that their tax bill levels the playing field that Democrats had tilted in favor of one technology.

A hundred years ago, lawmakers also put their thumbs on the scale — and came down on the side of oil.

Perhaps unsurprisingly, crude oil became dominant. The Energy Department noted on a timeline on its website that electric cars "all but disappeared by 1935."

The triumph of internal combustion made long-distance travel accessible to the masses and helped power the U.S. economy. It also led to deadly urban air pollution and has been a major cause of climate change.

Now, the decadeslong tug of war between combustion engine and electric cars is intensifying again, and electric cars may be in trouble, at least in the United States.

Sales of electric cars are growing quickly in most of the rest of world, increasing 35% in China in the first four months of the year and 25% in Europe, according to Rho Motion, a research firm. But in the United States, sales were up a more modest 11% in the first three months of 2025, according to Kelley Blue Book.

Republican leaders are pushing against programs promoting EVs — which probably wouldn't kill the industry but could set it back years. "EV momentum in the US has slowed, with policy uncertainty mounting," analysts at Bernstein said in a note.

RAW MATERIAL

Business Line, 24 May 2025

'Steel Ministry plans to spend ₹8,000-10,000 cr to revive Visvesvaraya Iron & Steel'

Our Bureau
New Delhi

The Steel Ministry will revive the Visvesvaraya Iron and Steel Plant (VISL) at Bhadravati at a cost of nearly ₹8,000-₹10,000 crore. Located 260 km north-west of Bengaluru, the VISL plant is currently a part of the Steel Authority of India Ltd (SAIL), the largest PSE steel-maker in the country.

According Union Minister for Heavy Industries and Steel HD Kumaraswamy, a Detailed Project Report (DPR) for the revival of VISL is currently being prepared, and will be completed within the next two months.

Once the DPR is finalised, subsequent procedures, including approvals and groundwork, will move forward. "The entire plant will be rebuilt with state-of-the-art infrastructure, and the revival project will be form-

ally launched by the end of this year. Prime Minister Narendra Modi himself will lay the foundation stone," said the Minister during a press conference on Friday.

TOTAL INVESTMENT

He added that a total investment of ₹8,000 to ₹10,000 crore is under "active consideration" for the reconstruction.

The plant is already under the administrative control of the Steel Authority of India Ltd (SAIL), which is planning a ₹1-lakh crore investment across the steel sector nationally.

Bhadravati VISL's revival is an integral part of this larger investment strategy. VISL specialises in alloy steel, speciality steel and pig iron-making. The Minister also reiterated the national steel production target of 300 million tonnes annually by 2030 set by Prime Minister Modi.

NMDC kicks off index-based iron ore pricing 'on a trial basis'

ENHANCING TRANSPARENCY. Experiment, which began in April, aims at better market-linked price discovery

Abhishek Law
New Delhi

India has started experimenting with index-based iron ore pricing mechanism — on global lines like the London Metal Exchange or Platts.

The experiment aimed at better market-linked price discovery — and easier royalty calculations — is a bold move which the State-run miner NMDC Ltd kicked off from April.

The move, if successful, could open up export opportunities because of it being a more transparent price discovery mechanism.

In a review meeting of the Steel Ministry held earlier this month, NMDC said it started index-based iron ore pricing "on a trial basis," as per documents presented to the Ministry, and seen by *businessline*.

"This transition to index-based pricing aligns our market offerings more closely with international benchmarks and enhances trans-

parency for our stakeholders," it was said during the performance briefing.

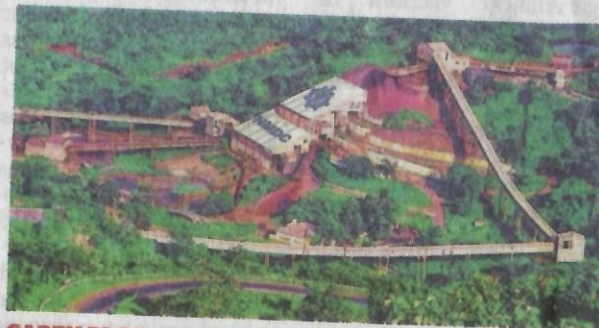
The newly-adopted pricing mechanism ties NMDC's rates to the global Platts IODEX index, adjusted for currency fluctuations and weighted against recent domestic auction prices.

The method gives a 70 per cent weight to the Platts-based price, 20 per cent to NMDC's own e-auction outcomes and 10 per cent to State-run Odisha Mining Corporation's auction prices, reflecting an industry-wide price discovery approach.

All prices will be converted to US dollar using the day's exchange ratio.

The trial of index-based pricing marks a strategic pivot for NMDC, which has long faced criticism for opaque, ad hoc pricing practices. It has been following an average selling price method (12 month average) as the general practice.

Analysts suggest that if the trial succeeds, it could standardise price discovery



CAPEX PLAN. Nearly ₹12,000 crore worth of expansion projects are underway and expected to be completed over the next three years

across India's fragmented iron ore market and bring NMDC's rates closer to global export parity — a move that could both improve profitability and aid steel makers looking for more predictable input costs.

PRODUCTION

The shift comes on the back of NMDC clocking its highest-ever April production and sales beginning this fiscal, signalling strong operational momentum and a drive towards international

pricing parity. According to the company's documents, NMDC recorded a 15 per cent year-on-year increase in production for April of fiscal year 2025-26, marking the most productive April in its history. Sales for the same month rose 3 per cent from the previous year, following an earlier record-breaking fourth quarter where the company posted its highest quarterly sales to date.

CAPEX PLANS

On the capital expenditure front, NMDC highlighted a d-

justments to its ongoing land lease acquisition for RINL, with a finalised 30-year lease reducing related expenses by ₹171 crore.

The company's budgeted capital outlay for FY26 stands at ₹3,517 crore.

Nearly ₹12,000 crore of expansion projects are already underway and are expected to be completed over the next three years, the review document says. Till April, nearly ₹4,800 crore of the expansion projects have materialised, while another ₹2,000 crore are expected to be invested during the fiscal.

Development of the Tokisud coal block is expected to be completed by November (nearly 5 years post allotment) at a projected cost of ₹574 crore (of which ₹333 crore has already been invested) while for the Rohme coal block, the tentative development is expected to be completed sometime later this year. Allotment of the coal block happened in June 2021, and the projected investment is around ₹2,700 crore.

Govt prioritises indigenous steel production under new policy

WIDER REACH. Local manufacturing, value addition push in new policy applicable to a wide range of products

Abhishek Law
New Delhi

In a significant move to bolster self-reliance in the iron and steel sector, the Ministry of Steel has taken decisive steps to promote indigenous manufacturing and reduce dependence on imported steel and related technologies.

A new policy — notified on May 26 — mandates strong preference for domestically manufactured iron and steel products in all government procurements. The policy will be in effect for the next five years, with the possibility of extension at the Ministry's discretion.

It applies to the procurement of a wide range of products, including flat-rolled steel, bars, rods, wires, tubes and railway components — all of which must be produced through the "melt and pour" process within India, including in special economic zones.

The new norms cover all government ministries, departments and agencies, as well as projects funded by them, where the procurement value of iron and steel products exceeds ₹5 lakh per item.

The policy defines domestic value addition as the amount of value added in India, calculated as the total value of the item to be procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties), expressed as a percentage of the total value of the item.

The definition of 'domestic value addition' shall be in line with the DPIIT guidelines and will be suitably amended in case of any changes issued by DPIIT in the future, the document stated. For the purpose of this policy, 'domestic value addition' and 'local content' have been used interchangeably, it clarified.

LOCAL CONTENT

A key highlight of the policy is its emphasis on domestic value addition, requiring manufacturers to meet specified minimum local content thresholds for capital goods used in steel production.

For instance, raw material handling systems must incorporate 95 per cent domestic content while steel-making units such as the basic oxygen furnace must have at least 65 per cent.



MAKE-IN-INDIA PUSH. The initiative is designed to encourage local industries to scale up production capabilities, reducing reliance on imported machinery and components

"This push is designed to encourage local industries to develop and scale up production capabilities, reducing reliance on imported machinery and components," an official familiar with the matter said.

The policy also introduces a 20 per cent purchase preference margin for domestic suppliers of capital goods, ensuring they remain competitive even if their bids are higher than the lowest foreign offer.

INDIGENOUS TECH

This incentive is expected to stimulate investment in local manufacturing ecosystems, particularly in high-value segments, such as continuous casting units and flat product mills. The policy focuses on fostering indigenous

technologies. Central public sector enterprises involved in steel making are now encouraged to adopt home-grown innovations.

The policy sets clear criteria: Indigenous technology providers must demonstrate at least 30 per cent of the proposed plant's capacity or 75 per cent engineering experience for existing technologies and a 100 per cent match of critical features for new technologies.

This initiative aims to nurture local R&D and engineering expertise, positioning India as a global leader in steel technology.

A Standing Committee, chaired by the Secretary (Steel), will oversee implementation, resolve disputes and periodically update eligibility criteria to ensure the

policy remains aligned with evolving industry needs.

The policy prohibits global tender enquiries (GTE) for these products and restricts GTEs for capital goods valued up to ₹200 crore, except with special approval — further prioritising local suppliers. Exemptions are allowed only when specific steel grades or required quantities are unavailable domestically, subject to approval by the Standing Committee.

SELF-CERTIFICATION

Manufacturers are required to self-certify their local content through a standardised affidavit. Penalties for non-compliance, including blacklisting, are in place to ensure transparency and accountability.

The Ministry of Steel will monitor progress on a quarterly basis, requiring agencies to report compliance levels and explain any shortfalls. This marks the second major push towards domestic manufacturing and procurement of indigenous items in government orders, following the introduction of a policy with stringent norms and revised global tendering rules announced in April.

GOVERNMENT POLICY

Business Line, 27 May 2025

Govt restores export benefits under RoDTEP scheme for SEZs, EOUs

Press Trust of India
New Delhi

The government on Monday said benefits under the RoDTEP scheme for exports of goods manufactured in special economic zones (SEZs) and export-oriented units (EOUs) will be restored from June 1 this year.

Under the Remission of Duties and Taxes on Exported Products (RoDTEP), various Central and State du-

ties, taxes and levies imposed on input products, among others, are refunded to exporters. The current RoDTEP rates are in the range of 0.3-4.3 per cent.

"The support under the RoDTEP scheme for exports of products made from AAs (advance authorisations), SEZs and EOUs is restored with effect from June 1," the Directorate General of Foreign Trade (DGFT) said in a notification. Welcoming the decision, the Federation of

Indian Export Organisations (FIEO) said this positive step will go a long way in improving the global competitiveness of Indian exporters operating under these key export promotion schemes.

VITAL SUPPORT

FIEO President SC Ralhan said the industry has been seeking parity in RoDTEP coverage for all export segments, particularly those contributing significantly to India's value-added exports.

"The extension of RoDTEP benefits to advance authorisation, EOU and SEZ units reflects the government's recognition of their critical role in India's export ecosystem," he said.

He added that this is vital support at a time when Indian exporters are navigating intense global competition and demand uncertainties.

"It will certainly help in pushing exports and improving India's share in global trade," he said, urging the

government to consider making this restoration effective retrospectively from February 7, 2025, so that there is no gap in RoDTEP coverage.

As per the earlier notification, the existing RoDTEP benefits for these entities were applicable only up to February 6, 2025. "A seamless transition would ensure stability and predictability for exporters and avoid any disruption in trade planning or pricing," Ralhan said.

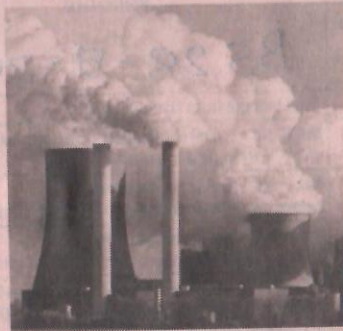
EU nations agree to exempt most firms from carbon border tariff

REUTERS
27 May

European Union countries backed plans on Tuesday to scale back the bloc's carbon border levy to cover just 10 per cent of the companies currently covered by the scheme, on the grounds that these firms account for nearly all of the emissions involved.

Their approval makes it highly likely that the EU will exempt most of the 200,000 importers that had been due to face the world's first carbon border tariff, starting next year.

EU countries must negotiate the final changes with the European Parliament, which said last week it would support the proposals. Ministers from EU countries on Tuesday approved the proposed changes at a



meeting in Brussels.

The EU's carbon border tariff is designed to shield European producers against cheaper rivals in countries with less ambitious climate laws. It will impose a fee on imported goods that is equivalent to the carbon

Scaling back

- Only 10% of firms will now be subject to the carbon border levy
- These firms account for over 99% of emissions covered by the scheme
- Most of the 200,000 importers originally targeted will be exempted
- EU Parliament supports the revised plan; final negotiations pending

price already paid by EU-based companies under the bloc's CO₂ emissions policies.

The Commission had proposed the changes in February. It said they would spare smaller businesses from time-consuming bureaucracy with-

out compromising the environmental impact of the policy, as the remaining 10 per cent of importers are responsible for more than 99 per cent of the emissions it covers.

Under the changes, the carbon border tariff will apply costs to companies that import more than 50 metric tons per year of goods including steel, cement, aluminium and fertilisers.

That would replace the existing rules, under which all individuals or companies importing such goods with a value above 150 euros (\$170) would have had to pay the levy from next year.

Companies will have to buy permits, starting in 2027, to cover the carbon emissions of importing products from the year 2026.

JUNE 3 MEETING WITH STAKEHOLDERS

MHI moves closer to rare earth magnet scheme

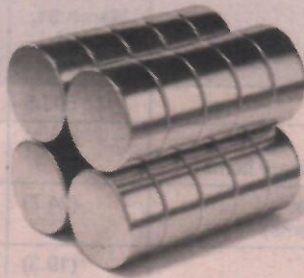
SURAJEET DAS GUPTA
New Delhi, 29 May

With China squeezing the supplies of rare earth magnets, used by auto companies, the Ministry of Heavy Industries (MHI) has called a meeting of stakeholders on June 3 to finalise a concept note for a scheme to promote their manufacture in India.

The note will entail offering targeted financial incentives to firms that get into the business, a public-private partnership model to set up rare earth metal processing as well as magnet-production units, and identifying and collaborating with alternative sources in other countries to reduce India's dependence on only China.

The move comes on the heels of a meeting this Wednesday between the ministry's top officials and representatives of the auto industry. In the meeting the industry representatives hinted that their stocks of rare earth magnets were dwindling and they many saying they would be forced to close their factories, which include those manufacturing electric vehicles and those running on the internal combustion engine (ICE), if imports from China did not resume soon.

Stakeholders asked the ministry to engage with China to simplify the cumbersome import regime as well as accept self-certification stating that the products are being used for the purpose for which they were stated. The industry group also suggested a delegation of auto-company rep-



The crisis

- China restricts supply, leading to magnet shortages for Indian auto companies
- Auto industry warns of potential factory shutdowns if imports don't resume
- 35 companies depend on Chinese magnets; usage ranges from 10g-3kg per vehicle

resentatives go to China to take up the matter with the authorities there.

In the stakeholder consultations with the ministry, the government brought in consultancy firm EY, which will give a presentation, providing the details of the draft concept note on how the scheme will benefit the industry and will be made industry-friendly.

The note in discussion envisages that India should look at alternative sources

for rare earth magnets and have identified Australia, Vietnam, Chile, Peru, and Russia for the purpose, with which they can collaborate. Two, it also envisages developing a local ecosystem that would include mining rare earth metals and their processing to make the magnets in the country. Sources aware of the discussions say the focus would be to encourage large-scale industries to participate across the value chain — from raw material access to finished magnets.

Three, to support the manufacturing of rare earth magnets, the government could look at a targeted incentive scheme for the industry (government has provided incentives like through the production-linked incentive scheme in various areas). Not only that, it envisages putting in a private-public partnership model which would include processing facilities of rare earth metals, followed by magnet production.

As many as 35 companies here import rare earth magnets from China. According to industry estimates, the requirement in two-wheelers ranges from 10 grams to 500 grams per vehicle while in cars it is between 100 grams and 3 kg per vehicle. At macro level, based on projections for FY26, two-wheeler units will require 500 tonnes of rare earth magnets while those making cars will need around 300 tonnes, and the overall cost of both together is ₹306 crore. While it accounts for a small share of the bill of materials, without rare earth magnets one cannot make a two-wheeler or a car.