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Key Press Reports on Industry and Govt. Policies
(2nd Fortnight June 2025)

OEMs in hunt for alternatives to rare earth magnet motors

ROAD TO INNOVATION. Substitutes hold potential, but need additional time and logistics

Aroosa Ahmed
Mumbai

With the scarcity of rare earth magnets threatening to impact electric vehicle production, original equipment manufacturers (OEMs) are looking for alternatives. They are considering substituting rare earth magnets with alternative engineering materials, importing fully assembled motors from China, introducing rare earth magnet-free motors, switching to motors that rely on electromagnets, and shipping the rotors to China and then re-importing the assembled rotors.

However, the alternatives will require additional time and logistics.

"As Indian manufacturers push towards securing a stable supply chain, the challenge with critical components like rare earth magnets is their concentrated sourcing destination. The current crisis, while disruptive, may also serve as a catalyst for innovation and strategic diversification, both in sourcing and in science," said market rating agency ICRA.

CHALLENGES AHEAD. The current crisis may also serve as a catalyst for innovation and strategic diversification, both in sourcing and in science, said ICRA REUTERS

STERLING-AEM DEAL

Sterling Tools Ltd, a Haryana-based manufacturer of automotive fasteners and solutions catering to passenger cars, two-wheelers and commercial vehicles, has signed a technology licensing agreement with Advanced Electric Machines (AEM) to manufacture rare earth magnet-free motors for electric vehicles. The motors will be manufactured at its plant in Faridabad. "We have a technology licensing partnership to manufacture AEM's range of magnet-free motors. The induction motors are magnet-free, but the trick is to get the performance permanent magnets give without utilising permanent magnets.

We have been talking to them on the relevance of the technology in the Indian market... and to understand how we can develop the supply chain in India so that we can localise," Jaideep Wadhwa, Director, Sterling Tools, told *businessline*. The company is in talks with Indian OEMs and international companies to manufacture rare earth magnet-free motors. It expects to begin production by FY27.

"Our customers are evincing a lot of interest to try and develop vehicles with our motors. Even on war footing, it could take a year or up to 18 months to complete the validation, and certify the motor for a vehicle and then put it into production...," added Wadhwa.

Pratik Kamdar, CEO and Co-Founder, Neuron Energy, told *businessline*: "The reliance on elements like neodymium, dysprosium and praseodymium poses a significant challenge due to rising costs, supply chain constraints and geopolitical risks. While some of these elements are available in India, limited refining and processing infrastructure restricts their scalability. To address this, alternatives such as iron nitride, manganese-based compounds and ferrite magnets are under development."

Business Standard, 17 June 2025

Indian trucks take hydrogen highway to future

SHINE JACOB & SOHINI DAS
Chennai/Mumbai, 16 June

From the industrial sprawl of Reliance Industries' Jamnagar refinery to the frost-bitten heights of Leh and the traffic-choked avenues of New Delhi, a quiet shift is underway in India's commercial vehicle (CV) sector. Hydrogen-powered trucks and buses — once a speculative future — are now rolling out onto the country's roads, driven by auto giants like Ashok Leyland and Tata Motors. Others are not far behind.

While many of these efforts are aligned with the government's National Green Hydrogen Mission, original equipment manufacturers (OEMs) are also shaping their own road maps to remain future-ready. Ashok Leyland, for instance, made headlines in 2023 when it unveiled the country's first hydrogen internal combustion engine (H2-ICE) truck, developed in collaboration with Reliance Industries Ltd (RIL).

ASHOK LEYLAND HAS PARTNERED NTPC GREEN TO DEPLOY HYDROGEN FUEL CELL BUSES IN KEY LOCATIONS, INCLUDING DELHI AND LADAKH

Since then, over 20 of these heavy-duty vehicles have clocked nearly 250,000 kilometres, and have rivalled the efficiency of traditional ICE vehicles.

The firm has partnered NTPC Green to deploy hydrogen fuel cell buses in key locations, including Delhi and Ladakh.

"Among the alternative fuels, the ultimate destination of the CV market is going to be hydrogen. However, it needs the cost structure to be right," Sanjeev Kumar, president and head of the medium and heavy commercial vehicle division at Ashok Leyland, told *Business Standard*. "As an organisation, we are ready with technology; it is only a question of when and how, as the cost of hydrogen continues to be very high. Recently, we have also delivered one 55-tonne fuel cell vehicle to Adani (group) for its mining application in Chhattisgarh."

Tata Motors, too, is carrying out trials of hydrogen-powered CVs. Since March, the firm has been testing two trucks — one powered by H2-ICE, the other by hydrogen fuel cell — across a 24-month pilot programme. A total of 16 hydrogen-powered vehicles, with varying payloads and configurations, will ply on some of India's busiest freight routes in Mumbai, Pune, Delhi-NCR, Surat, Vadodara, Jamshedpur, and Kalinganagar.

"We've also started shipping our first hydrogen trucks, which are now going to ply on specific lanes," P B Balaji, group chief financial officer at Tata Motors, said during a recent post-earnings call.

The pilot, undertaken in partnership with Indian Oil Corporation, aims to gather on-ground data — both to finetune the vehicles and to map out hydrogen availability along key transport routes.

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■ Ultraviolette revs up global play with 2 launches in Paris P2

Business Line, 17 June 2025

Auto wholesales decline in May; 2Ws buck trend: SIAM

RURAL DRIVE. Two-wheeler sales grow on better demand from rural markets

Our Bureau
New Delhi

Vehicles across segments reported decline in domestic wholesales (dispatches to dealers) in May on yearly basis, except two-wheelers that still grew by lower single digit, on better demand from the rural markets.

According to the monthly sales data reported by Society of Indian Automobile Manufacturers (SIAM), the total passenger vehicle (PV) wholesales (dispatches to dealers) declined by 0.8 per cent year-on-year (y-o-y) to 3,44,656 units in May as compared with 3,47,492 units in May 2024. The utility vehicles continued to drive the total PV sales in May, too, with a growth of more than 7 per cent y-o-y to 1,96,821 units as compared with 1,82,883 units in the corresponding month last year.

Dip in monthly sales (dispatches to dealers) in May 2025

Segment/sub-segment	May-25	May-24	% Change
Total PVs	**3,44,656**	**3,47,492**	**-0.80**
Total three-wheelers	**53,942**	**55,763**	**-3.30**
Scooters	5,79,507	5,40,866	7.10
Motorcycles	10,39,156	10,38,824	N/A
Total two-wheelers	**16,55,927**	**16,20,084**	**2.20**
Grand total	**20,54,525**	**20,23,339**	**1.54**

Source: SIAM

PASSENGER CARS

But, passenger cars declined by more than 12 per cent y-o-y to 93,951 units during the month against 1,06,952 units in May 2024.

In the PV segment, the overall growth was pulled down mainly because of the market leader, Maruti Suzuki India that had reported domestic sales of 1,35,962 units last month as compared to 1,44,002 units in May 2024.

Hyundai Motor India registered domestic sales of 43,861 units as compared to 49,151 units during the month; Tata Motors also reported a y-o-y decline of 11 per cent in its sales to 41,557 units during the month against 46,697 units in May 2024.

In the three-wheeler segment, the total sales declined by 3.3 per cent y-o-y to 53,942 units during the month as compared with 55,763 units in the corresponding month last year.

However, the two-wheeler sales grew by 2.2 per cent y-o-y to 16,55,927 units last month as compared with 16,20,084 units in May 2024.

While the scooter sales grew by 7.1 per cent y-o-y to 5,79,507 units (against 5,40,866 units in May 2024), the motorcycle sales reported a marginal growth to 10,39,156 in May this year against 10,38,824 units in May last year.

"Going forward, the RBI's three repo rate cuts totalling 100 basis points in less than six months, along with a forecast of above-normal monsoons are some of the indicators which should positively impact the auto sector by improving affordability and boosting consumer sentiment in the coming months," Rajesh Menon, Director General, SIAM, said.

Business Line, 18 June 2025

Maruti Suzuki opens India's largest in-plant railway siding at Manesar

Our Bureau
New Delhi

Maruti Suzuki India (MSIL) on Tuesday launched India's largest automobile in-plant railway siding at its Manesar facility, in which the company has invested a total of ₹452 crore; it aims to increase the share of vehicle dispatches through railways to 35 per cent by FY31.

MSIL has dispatched 25-lakh vehicles cumulatively through railways since FY15, the company said. In March 2024, it became the first automobile company to establish an in-plant railway siding at its Gujarat manufacturing plant.

The Manesar railway siding, registered under the PM Gati Shakti National Master Plan, has been developed as part of the 126 km Haryana Orbital Rail Corridor (HORC) running from Sonipat to Palwal.

ON TRACK. Railway Minister Ashwini Vaishnaw and Haryana CM Nayab Singh Saini flag off the first train at India's largest automobile in-plant railway siding at Maruti's Manesar facility

GREEN LOGISTICS

The project has been executed by Haryana Orbital Rail Corporation Ltd (HORCL), a joint venture (JV) company.

As part of the JV, MSIL has committed to invest ₹325 crore for the development of HORC. Additionally, it has invested around ₹127 crore towards internal yard development.

"Aligned to the PM's Gati Shakti National Master Plan, the company's second in-plant railway siding facility signifies a landmark achievement in its green logistics journey... lowering carbon emissions remains a top priority at Maruti Suzuki; we aim to achieve this by increasing the share of vehicle dispatches through railways to 35 per cent by FY31," Hisashi Takeuchi, Managing Director and Chief Executive Officer, MSIL, said.

The project underscores our strong commitment to India's net zero emissions target 2070. It will contribute to avoiding 1.75 lakh tonne of CO_2 emissions, saving 60 million litre of fuel annually at full capacity, and reducing road congestion, he added.

46-ACRE SPREAD

Inside Maruti Suzuki India's Manesar facility, spread over an area of 46 acres, the railway siding features a fully electrified corridor.

It has four full length tracks for rakes and one track for engine escape, totalling to 8.2 km of track length.

Models manufactured at MSIL's Gurugram and Manesar facilities will be dispatched to 17 hubs from this railway siding serving 380 cities across India.

Business Line, 19 June 2025

Ramkrishna Titagarh Rail forged wheel plant to be operational by March 2026

TE Raja Simhan
Kolkata

Prithish Chowdhary (left), Deputy MD, Titagarh Rail Systems, and Vijay Subramanian, CEO (PRS), Titagarh Rail Systems, at the manufacturing facility in Kolkata BIJOY GHOSH

The forged wheel set plant of Ramkrishna Titagarh Rail Wheels Ltd, a joint venture between Ramkrishna Forgings and Titagarh Rail Systems Ltd, at Gummudipoondi near Chennai, will be fully commissioned by March 2026, said Prithish Chowdhary, Deputy Managing Director, Titagarh Rail Systems Ltd (TRSL).

The plant will have annual capacity of 2.28 lakh wheels, with 80,000 of it for Indian Railways for the next 20 years. The wheel sets will be for all types of trains, including metros and wagons and Vande Bharats, he told mediapersons at the company's plant in Uttarpara near Kolkata.

Chowdhary said the Indian Railways had placed orders for 250 Vande Bharat sleepers with the private sector with 120 trains given to Kinet Railway Solutions, a joint venture venture between Russian rolling stock giant TMH and Rail Vikas Nigam Ltd, and 80 trains to a consortium of BHEL and TRSL, he said.

At the Uttarpara plant, the company inaugurated its production lines for the Ahmedabad Metro and for the Vande Bharat; both prototypes are expected within this financial year. Vande Bharat coaches will be ready by the Q4 of this fiscal or beginning of Q1 of next fiscal. The Ahmedabad Metro will be ready by Q2 or beginning of Q3, Chowdhary said.

"We are designing and building the full coach," Vijay Subramanian, CEO (PRS), Titagarh Rail Systems Ltd, said. "We will deliver the prototype of the sleeper coach by March or by April of 2026," he added.

ORDER BOOK

Chowdhary said the company has received orders worth more than ₹1,200 crore in FY25 across business segments. This includes orders worth ₹900 crore for freight rolling stocks and orders worth ₹303 crore for propulsion systems. As of March 2025, the order book consists for 11,500 wagons and 1,583 Metro and Vande Bharat coaches, he said.

Subramanian said the Uttarpara plant has everything under one roof; no other OEMs in India have this kind of a set-up. There is also a propulsion unit, which is unique for this plant, he added.

The Titagarh facility lies on land that previously belonged to Hindustan Motors and is about 35 acres in size. Interestingly, he noted, an initial delay in the commissioning of the new fixtures and robotic machines, owing to a few issues related to issuance of visas for Chinese nationals, who are required to work on various equipment. "This led to an initial delay in the commissioning of the production line. However, things were sorted within few months," he said.

The reporter is in Kolkata at the invitation of the company

Business Line, 20 June 2025

Uno Minda to invest ₹210 crore in new aluminium die-casting facility

Our Bureau
New Delhi

Leading automotive components and systems manufacturing firm, Uno Minda on Thursday said it is investing a total of ₹210 crore to set up a greenfield aluminium die-casting facility in Maharashtra to support the growing electric vehicle (EV) demand.

The planned investment will be implemented in a phased manner over the next five years, the company said, adding that it will be funded through a balanced mix of internal accruals and debt.

STRATEGIC EXPANSION

The phase-1 of the plant is expected to commence commercial operations by second quarter of financial year 2027, achieving additional 3,629 mt per annum.

This strategic expansion is aimed at meeting the rapidly growing demand for casting components, particularly in electric two- and four-wheelers (e-2Ws and e-4Ws), it noted.

"The upcoming facility will also play a vital role in supporting Uno Minda's backward integration strategy by supplying essential casting components to its forthcoming 4W-EV powertrain plant. Located in Sambhaji Nagar (Aurangabad), Maharashtra, the site has been selected to ensure logistical efficiency and proximity to both the new EV powertrain plant and other key original equipment manufacturer (OEM) customers in the region," it added.

The Economic Times, 23 June 2025

Renault, VW, Skoda Struggle to Gain Traction in India Sales

Delayed updates, narrow Tier 2/3 mkt reach stall growth, say observers

Press Trust of India

New Delhi: European mass market automotive brands Renault, Volkswagen, and Skoda continue to struggle to enhance presence in the Indian market, witnessing sales decline in the last three financial years, industry data showed.

According to data by JATO Dynamics, a leading provider of data and analytics to the global automotive industry, Renault saw the biggest sales dip in India to 37,900 units in 2024-2025 from 45,439 units in 2023-2024, and 78,926 units in 2022-2023.

Similarly, Skoda's sales in India in 2024-2025 were at 44,866 units, marginally higher from 44,522 units in 2023-2024, but down from 52,269 units in 2022-2023. On the other hand, the Volkswagen brand posted sales of 42,230 units in 2024-25, down from 43,197 units in 2023-2024. The brand had clocked sales of 41,263 units in 2022-2023.

"Renault, Skoda, and Volkswagen faced several headwinds in India despite their tenure," JATO Dynamics India president Ravi G Bhatia told PTI.

Explaining why these brands have struggled in India, he said, "Initially, these brands focused heavily on sedans—Vento, Rapid, and Scala—which limited their exposure to the fast-expanding SUV segment."

Simultaneously, Bhatia said, "They were slower in refreshing product lines, with many models remaining unchanged over extended periods. Network reach has also remained narrow, particularly in Tier 2 and Tier 3 markets, restricting access to a broader audience."

Adding to the woes of these brands is "India's unique tax structure, where sub-4-metre vehicles benefit from significantly lower levies".

The Times of India, 23 June 2025

Indian cos chart magnet supply chain plans

Pankaj.Doval@timesofindia.com

New Delhi: As Indian auto industry faces a magnet supply crunch, following restrictions placed by China, a group of companies, including some homegrown advanced material entities, have come forward to build in-house supply chains.

The companies have made presentations to govt, including the heavy industries ministry, and assured building of supplies within India to reduce dependence on China. "The companies include Midwest Advanced Materials, Entellus Industries, and public sector Indian Rare Earths (IREL)," sources have told **TOI**.

The sources said that heavy industries secretary Kamran Rizvi has also taken presentations from companies as govt develops strategies for indigenous capabilities in magnet production.

"Midwest Advanced Materials made a presentation about their plans to produce rare earth magnets in India with a capacity of 500 tonnes per annum. They forecast that by end of 2026, they will be able to produce custom-made rare earth magnets for the industry," one of the sources said.

Entellus, a UK-headquartered company with primary operations in India, also made a presentation to govt, detailing their plans to produce rare earth magnets. "They have told officials that their plant is ready to produce the magnetic powder but will still take some time to produce industry-grade magnets," the source said.

IREL, which was among the last to make its presentation, informed govt that once production begins, they will be able to match China's rates. "However, the company said that ore present in Indian geography is 100 times less than in China, the US, and Australia," the source said.

Companies also told govt that magnet production in India was shut down over the past two decades due to proliferation of cheaper Chinese supplies. "The industry members requested govt to support companies in setting up magnet production by providing incentives and monetary benefits," the source said.

Secretary Rizvi told the companies to make "realistic statements about magnet production" as potential customers in the auto sector will suffer due to incorrect assessments. The auto industry has also requested potential local producers to provide a firm timeline on supplies, if possible, emphasising that their production line depends on quick procurement.

The situation for the auto industry has deteriorated over the past few months as no Indian auto component or vehicle company has managed to get approval from the Chinese govt for procuring rare earth magnets. Also, there has been "no clarity as yet" on any timeline for a confirmed meeting with representatives of Chinese govt, despite intervention of Indian officials.

The applications for sourcing magnets have been filed mainly by parts manufacturers who provide fully-built sophisticated component assemblies such as speedometers, electric motors, e-axles, electric water pumps, automatic transmission kits, speakers, sensors, and ignition coils (used in engines).

The request for a meeting with Chinese representatives is being pursued not just by industry bodies of component makers (Auto Component Manufacturers Association) and vehicle manufacturers (Society of Indian Automobile Manufacturers), but also facilitated by officials in ministries.

LOOKING BEYOND CHINA

- Some companies, including Midwest Advanced Materials, Entellus Industries, and public sector Indian Rare Earths, have made presentations to govt and assured to create magnet supply within India to cut dependence on China
- Midwest Advanced Materials said by 2026-end, it will be able to produce custom-made rare earth magnets for the industry
- Entellus said its plant is ready to produce magnetic powder but will take some time to produce industry-grade magnets
- Indian Rare Earths informed govt that once production begins, they will be able to match China's rates
- Companies were told to make "realistic statements about magnet production" as incorrect assessments will hit potential customers in the auto sector

Business Line, 25 June 2025

No immediate impact of rare earth magnet shortage: TaMo

SUSTAINING GROWTH. It wants to continue maintaining 50% market share in EVs

Aroosa Ahmed
Mumbai

Tata Motors on Tuesday said that there would be no immediate impact of rare earth magnet scarcity on its vehicle portfolio.

"Between inventory, alternate sources, I believe we are okay. We will have to wait for how it plays out going ahead. There are no panic buttons pressed as yet. In terms of implications on the magnet and some of the electronic components, it is a combination of inventory and alternate sources, but if it continues, there is a different issue to deal with. The reported deal between China and the EU should also help mitigate it in the medium to long term," said PB Balaji, Group CFO, Tata Motors, in a media roundtable here.

Tata Motors said that it wants to continue to maintain a market share of 50 per cent in electric vehicles (EVs). Further, the company pointed out that at the start of 2026, the Indian passenger vehicle (PV) industry had witnessed muted growth. It stated it is right on track with EV launches.

"If there is significant deterioration of the rare earth magnet, then we might relocate but at this stage, we have no trigger to change our plans. We have launched Harrier EV, and the dispatches will begin from next month. Sierra EV will also be launched in the second half of the year," said Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility.

Further, the demerger of the commercial vehicle (CV) and PV segments of Tata Motors will be completed in FY26. From July 1, the balance sheet will be split into two.

It also pointed out that the hybrid tax benefit had slowed down EV growth. "I was looking at the data, from the time when this was implemented to the time if we talk now, at a pan-India level, the EV penetration has improved from 2 per cent, 2.5 per cent to 4 per cent, whereas one of the States which has implemented it has remained at 1.5 per cent. Our focus is EV. We believe this is the destination technology, and we need to double down on it," he added.

At a pan-India level, the EV penetration has improved from about 2 per cent to 4 per cent

CV EXPANSION

Tata Motors' CV segment has entered into new international markets with targeted vehicle offerings.

"In sub-Saharan Africa, our focus is to continue sustaining our presence. We see that the demand is coming back gradually to Bangladesh, although it is still at a much lower level than pre-Covid levels. In West Asia, we have launched a new set of products in buses in the UAE and Qatar and are now launching a set of trucks with higher power-to-weight ratio... trucks that can get into construction and mining. We went to two markets, Morocco and Egypt. Morocco, we entered with pick-ups and now are introducing trucks, whereas in Egypt, we entered with our Prima and Ultra range," said Girish Wagh, ED, Tata Motors.

Business Line, 25 June 2025

JLR to begin CKD operations at Ranipet facility from 2026; plant to get industrialised before 2032

Aroosa Ahmed
Mumbai

Tata Motors-owned Jaguar Land Rover (JLR) will begin operations of its completely knocked down (CKD) vehicles from the Ranipet plant in Tamil Nadu from early 2026. The company locally manufactures Range Rover and Range Rover Sport in India.

"We will start with CKD operations for JLR from early next year. Today, we have all our CKD operations in Pune, and over time, we will migrate them to the Tamil Nadu plant. The facility is also a Tata Motors plant, and we will require manufacturing capacity. All options will be discussed and

the best way forward for the Chennai plant. The plant will get industrialised before 2032 and we have time available before we can get it fully tipped up," said PB Balaji, Group CFO, Tata Motors, in a media roundtable in Mumbai.

REROUTE DEMAND

Further, JLR recently slashed its earnings before interest and taxes (EBIT) margins for FY26 to 5-7 per cent on risks arising from US tariffs, transition to battery electric vehicles and a cloudy outlook for the Chinese market.

The company had earlier forecast an EBIT margin of 10 per cent. The company has stated that it will increase its market activation and reroute demand to other parts of the world.

"There are two possible impacts on the situation in the US. One is on the demand side, and the other is on the cost side. As far as the demand side is concerned, what we intend to dial up would be our market activation so that the strength of the brand, Range Rover, Range Rover Sport and the Defender... with that, we should be able to mitigate some aspect of the demand stress that could be there. And also reroute some of the demand to other parts of the world, where we believe, for example, the UK is coming back for us. Europe, we believe, is in a stable zone at this point," he said.

"The current tariffs are still present. Even on the UK side, while the notification has come through, we would expect to get it operationalised in the next seven days. Until such time, there is a cost hit coming in. EU to the US, where our Slovakia plant is, there is something still under the tariff at this point, and therefore, we will have a cost impact for that," added Balaji.

The Economic Times, 27 June 2025

Chinese Car Cos Shift Gears for African Drive

Aim to unlock the untapped market, focusing on EVs and hybrids amid global export curbs

Reuters

Johannesburg: Chinese automakers are pushing to unlock Africa's underdeveloped potential, with a focus on electric and hybrid vehicles, as restrictions on exports to the United States and Europe send them on a global quest for new markets.

Though home to over a billion people, low incomes and high import duties have long hampered manufacturers' efforts to sell more cars in Africa. Unreliable power availability and a lack of charging infrastructure have meanwhile held back EV uptake.

But companies including BYD, Chery Auto and Great Wall Motor (GWM) are aiming to leverage low prices to advance where others have struggled and use an expansion in South Africa as a stepping stone in a continent-wide strategy.

"We treat South Africa as a very important market for our global expansion," said Tony Liu, the CEO of Chery South Africa, calling Africa's most developed auto market a "gateway to the African continent."

ROLLING IN

Nearly half of the 14 Chinese brands in South Africa launched last year, with more set to enter the market soon

Nearly half of the 14 Chinese automotive brands currently active in South Africa launched only last year. More, including DongFeng, Leapmotor, Dayun and Changan , are set to enter the market soon.

And as new players move in, more established companies are looking into producing cars locally, allowing them to benefit from a government incentive programme offering rebates for domestically made vehicles.

Liu said Chery - the number 2 Chinese auto company in South Africa - was considering partnerships or building its own factory to produce cars for the South African market and export to the rest of the continent and potentially Europe.

Omoda & Jaecoo - Chery's premium independent brand - is also conducting feasibility studies for local assembly, its South Africa general manager Hans Greyling told Reuters.

Until now, it had not made sense for GWM, the largest Chinese automaker in South Africa by sales, to localise component production, its chief operating officer Conrad Groenewald told Reuters, as Chinese imports had been cheaper.

That is changing, however, and outsourcing to a local manufacturer or setting up a semi-knockdown plant, which would turn partially pre-assembled kits into finished vehicles, were options. "I think now that we've got economies of scale ... We need to revisit those feasibility studies in the next 12 months," he said.

TROUBLES WITH EUROPE AND THE U.S.

Chinese carmakers, which are in the midst of a rapid switch to EVs and hybrid production, are facing growing obstacles in the U.S. and Europe.

Growth of new EV sales has been slower than expected in many wealthy markets. And the EU's hefty duties on imports of Chinese-made EVs and 100% tariffs in the United States have erased their primary competitive advantage: price. Efforts to push into large emerging markets like India and Brazil have also proven to be complicated.

EIECTRIC VEHICLEC

Business Line, 21 June 2025

Tesla set to drive into India showrooms in July with made-in-China EVs

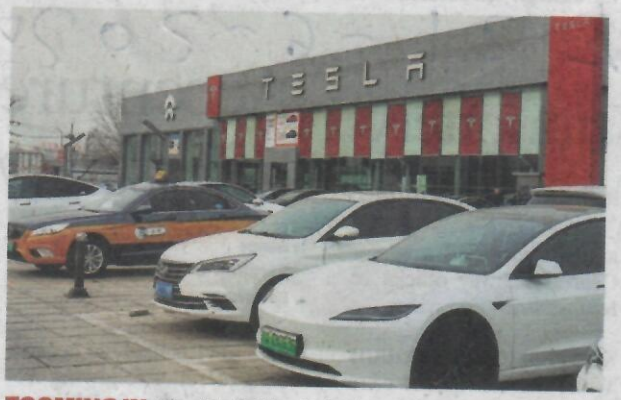
Bloomberg

Tesla Inc. is set to open its first showrooms in India in July, people familiar with the discussions said, kicking off formal operations in the world's third-biggest automobile market as the Elon Musk-led firm hunts for growth amid falling sales in Europe and China.

The electric vehicle giant's first set of cars have arrived in the country — Model Y rear-wheel drive SUVs shipped from Tesla's China factory, according to the people, who asked not to be identified as the information is private, as well as documents seen by *Bloomberg News*. The Model Y is the world's largest selling electric car.

Tesla is set to open its first showroom in Mumbai as early as mid July, which will be followed by one in New Delhi, according to the people. It has also imported Supercharger components, car accessories, merchandise and spares from the US, China and the Netherlands, the documents show.

The debut will end a years-long on-again, off-again saga over Tesla's entry into India - a market Musk has long eyed but held back from entering due to disagreements over tariffs and local manufacturing. The breakthrough in bringing Tesla to India comes after Musk met Indian Prime Minister Narendra Modi in the US in February.



ZOOMING IN. Five Model Y vehicles have already arrived in Mumbai from Tesla's Shanghai factory, according to the documents BLOOMBERG

PREMIUM PRICE

Five Model Y vehicles have already arrived in Mumbai from Tesla's Shanghai factory, according to the documents . The cars were declared at $2.77 crore ($31,988) and attracted more than ₹2.1 crore in import duties — a levy that's consistent with India's 70 per cent tariff on fully-built imported cars under $40,000 plus surcharges, the documents show.

The model is expected to go on sale for more than $56,000 before taxes and insurance, though Tesla will determine the final sticker price based on its margin and positioning strategy, according to people familiar with the plans.

The premium price tag will likely be a major hurdle to Tesla's plans as the automaker will need to convince value-driven consumers to open their wallets. EVs account for just over 5 per cent of new passenger vehicle sales in India, but premium cars still represent less than 2 per cent of the market, data with Indian government's vehicle registration portal show.

BEEFING UP

The company hasn't appointed a new country head following the departure of Prashanth Menon, but is beefing up hiring across charging, retail and policy teams, according to people familiar with the matter. The Model Y imports represent an initial foray into the market and Tesla plans to expand its presence, including offering more models. It's leasing warehouse space in Karnataka, in India's south, and is adding more in Gurugram, outside New Delhi, the people said.

Tesla executives from other countries are making weekly visits, the people said, to the Mumbai and New Delhi showrooms, which are in high-profile, luxury business precincts in an effort to attract affluent shoppers.

Business Line, 27 June 2025

With policy push, more options, EV sales overtake hybrid growth

ON THE GROUND. EV sales cross one lakh units vs about 82,700 hybrid units in FY25

S Ronendra Singh
New Delhi

Electric car sales in India are growing at a faster pace as compared to hybrid cars, which have stagnated in terms of percentage growth over the last three years.

According to industry data, while electric passenger car sales have grown 4.4 per cent between January and May, hybrid cars were stagnant at 2.5 per cent during this period.

In FY25, cumulative sales of zero-emission cars (EVs), including sports utility vehicles and multi-purpose vehicles, scaled a new high of 1.07 lakh units, an increase of 18 per cent year-on-year compared with 91,320 units in FY24. FY25 also marks the first time that this segment has surpassed the one lakh units milestone.

But in terms of strong hybrid cars, the total sales recorded were around 82,700 units in FY25. Currently, around 20 models of EVs are sold in India by mass-market companies including Hyundai Motor India, JSW MG Motor, Kia India, Mahindra & Mahindra, Tata Motors, Citroen and BYD India. In terms of strong hybrid vehicles, there are only three companies including Honda Cars India, Maruti Suzuki India and Toyota Kirloskar Motor, with a limited portfolio.

BETTER ADOPTION. The increase in penetration is testament to the rising consumer confidence in EVs, said an HMIL official

GOVERNMENT POLICY

Another reason for more EV penetration is favourable policies adopted by the Centre and State governments. For instance, the Centre levies 5 per cent GST on EVs compared with 43 per cent on hybrid cars.

Several States offer zero registration cost for EVs too. Only Uttar Pradesh offers similar waiver to strong hybrid vehicles.

According to experts, Karnataka and a few other States are considering similar waivers on hybrids.

Maruti Suzuki and Toyota have welcomed these moves because they are betting big on hybrids, while pure-EV players such as Mahindra & Mahindra and Tata Motors argue that it would not help the country achieve the target of 30 per cent EV penetration (of the total vehicles sales) by 2030.

Government think-tank NITI Aayog has said that EVs and hybrid vehicles are fundamentally different and thus cannot be incentivised at the same level.

"They (EVs) are a different thing altogether. They have zero operational emissions; absolutely nothing. Hybrids, on the other hand, do have emissions, albeit lower. So, comparing hybrids and battery EVs would be wrong," Sudhendu Jyoti Sinha, Advisor at NITI Aayog, recently told *businessline*. Tarun Garg, Whole-time Director and COO, Hyundai Motor India, said, "The increase in EV penetration is a testament to the increasing consumer confidence in EVs, clarity in government policies, development of charging infrastructure and driven by new launches, including Creta Electric."

RAW MATERIAL

Business Line, 25 June 2025

Hindalco acquires US' AluChem for $125 m

Our Bureau
Mumbai

Hindalco Industries, an Aditya Birla Group company, has acquired US-based AluChem Companies Inc, a manufacturer of specialty alumina, for an enterprise value of $125 million (about ₹1,075 crore). The acquisition will be carried out through Aditya Holdings LLC, a stepdown wholly owned subsidiary of Hindalco.

AluChem brings Hindalco a strong presence in North America with an annual capacity of 60,000 tonnes across its three advanced manufacturing facilities in Ohio and Arkansas.

The company is a long-established supplier of ultra-low soda calcined and Tabular Alumina, materials known for exceptional thermal and mechanical stability used in high precision mechanical components and energy-intensive industrial refractories.

Hindalco operates 5 lakh tonne of specialty alumina capacity in India, and aims to scale up to 1 million tonne by FY30. It has alumina refineries in Belagavi (Karnataka); Muri (Jharkhand); and Renukoot (Uttar Pradesh), with a modern refinery dedicated to specialty alumina and hydrates in Belagavi.

The AluChem transaction is expected to close in the upcoming quarter. As specialty alumina finds newer applications across electric mobility, semi-conductors and precision ceramics, the acquisition provides access to next-generation alumina applications and will drive value-accretive growth.

Business Line, 25 June 2025

Vedanta's Runaya to invest ₹300-500 crore in rare earth processing and magnet-making facility

Abhishek Law
New Delhi

Vedanta group company Runaya, a zero waste, zero discharge aluminium processing entity, will invest nearly ₹1,000-1,200 crore, with 25-33 per cent (₹300-500 crore), being earmarked for setting up rare earth element (REE) processing and magnet-making facilities.

The remaining capex will be used towards capacity doubling of existing recycling facilities to two lakh tonnes per annum (from one lakh tonnes per annum) over a two-year period.

According to Jagannath Prasad, CEO, Green Aluminium Recovery & Diversified Metal Recovery Business, Runaya, the company is "seriously evaluating" the REE project. It could look at a joint venture with an international partner, a tech transfer or a partnership. The details are being worked out, and discussions are underway with international players.

"Typically, investment details for the REE project are in the ₹300-500 crore range, which could include processing and magnet making. The details are being discussed and we are also in talks with some international players for tech access," he told *businessline*.

Runaya's decision to tap into the segment comes at a critical juncture when India is struggling for self-reliance in REE magnet-making.

MAGNET CRISIS

REE magnets are a critical component in EV-making, wind mills, defence and in some other sectors. India's

Jagannath Prasad, CEO, Green Aluminium Recovery & Diversified Metal Recovery Business, Runaya

auto sector has been badly hit, with China, the largest supplier, imposing export restrictions on these magnets beginning April, which has led to a supply shortage. Stocks are limited, and India is scrambling for supply chain arrangements.

Indian imports are around 3,600 tonnes, with nearly 870 tonnes coming from automakers. REE mining in India is around 2,900 tonnes, primarily by Indian Rare Earths Ltd (IREL), a Department of Atomic Energy PSU, and a part of this production is sold to Japanese auto-major Toyota.

Ironically, the country has the third-largest REE reserves in the world, of 6.9 lakh tonnes, but lacks mining tech and processing capabilities. It is trying to ramp up mining, production and processing of this critical mineral. In fact, several conglomerates have already reached out to different ministries expressing their willingness to invest in processing tech, if backed by an incentive scheme.

Vedanta and its subsidiaries are among the entities that have won REE and critical mineral blocks in India. "We are mostly into processing for the value-added segment, as against Vedanta, which is mostly pure-play mining," Prasad said.

The mineral recycler is expected to finalise its REE processing plan and partnership by "either FY26-end or early FY27".

CAPEX PLANS

According to Prasad, ₹700-750 crore will be funded, mostly via internal accruals. "We do have healthy margins in the business... And there will be some external borrowings, too, for the capex," he said. As capacities double, the company is looking for new tie-ups to secure "raw material supplies". Talks are on with global trading houses.

Expansion could add around ₹700-750 crore to the topline, which is around ₹1,000 crore. The long-term plan, he said, is to increase capacities to one million tonnes per annum over a five-year-period.

Business Standard, 27 June 2025

Sluggish demand pulls down steel prices

Demand expected to improve after monsoon when infrastructure, construction activities pick up

ISHITA AYAN DUTT
Kolkata, 26 June

Early monsoon, sluggish demand and a correction in Chinese steel prices are weighing on the Indian steel industry.

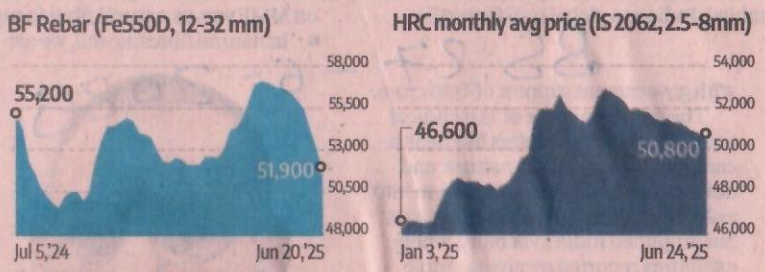
Prices of hot rolled coil (HRC), a benchmark for flat steel, were around ₹46,600 per tonne in January but then moved up in the run-up to India imposing a provisional safeguard duty of 12 per cent on imported steel.

The monthly average HRC price (excluding Mumbai) was ₹52,900 a tonne on April 29, according to data provided by BigMint, a market intelligence company. But as of June 24, trade-level price (distributor to dealer) was down about 4 per cent.

Steel distributors are facing weakened demand, characterised by a decline in inquiries and a slower conversion rate of inquiries into confirmed sales, said BigMint.

In long steel used for construction and infrastructure, trade-level blast furnace rebar prices declined ₹1,300 per tonne week-on-week to ₹51,900 per tonne (ex-Mumbai), according to BigMint's assessment on June 20.

Losing momentum



Source:BigMint

In the projects segment, prices fell to ₹51,000-51,500 per tonne in Mumbai, weighed down by continued bid-offer disparity and subdued construction activity due to monsoon rains.

Weak prices

Steel producers cited multiple reasons for weak prices. Monsoon aside, the underlying demand environment is shaped by various factors, said Ranjan Dhar, director and vice-president – sales and marketing at ArcelorMittal Nippon Steel India (AM/NS India).

"Exports by the industry are limited, leading to extra material in the domestic market. Trade diversion in the wake of tariff action in the US is playing out," he said.

Another major steel producer, who did not want to be named, said demand from the infrastructure segment is weak due to liquidity issues and monsoons. Passenger vehicle sales have moderated and consumer durables were affected by early monsoon, said the producer.

Slowing demand

India's apparent steel consumption was at 10.93 million tonnes of steel in April, down from 12.96 mt in March and 11.29 mt in February, BigMint's data showed.

Sumit Jhunjhunwala, vice-president of ICRA, said steel demand growth was projected to moderate to 7–8 per cent in FY26, as the Centre's capital expenditure in steel-intensive sectors such as railways and roadways was expected to soften from the peak investment levels during FY21-24.

Demand growth had eased to 11.5 per cent in FY25, down from a robust 13.7 per cent in FY24.

The China factor

China's steel industry weighs on India. China reduced its January to May production by 1.7 per cent compared to last year, said AM/NS India's Dhar. "Their domestic consumption is also down, but exports are up 8-10 per cent from last year. That is worrisome for India and needs more protection as the Indian steel industry is in an investment cycle. And investment cannot be stressed."

After India imposed a safeguard duty, monthly steel imports started declining sequentially from February, Jhunjhunwala noted.

GOVERNMENT POLICT

Business Line, 18 June 2025

AC cabins to increase operational costs up to 4%, say truckers

Aroosa Ahmed
Mumbai

With the Centre's mandate to install air-conditioned (AC) cabins for drivers in all newly manufactured trucks, the truck owners have flagged a rise of up to 4 per cent in operational costs.

Truckers said the move will hit their profits, and they plan to meet government officials to seek relief and extension of deadline.

According to a notification from the Road Transport and Highways Ministry, all newly manufactured trucks are required to have AC cabins installed for drivers from October 2025.

"The cost of the trucks is expected to go up with the AC installation. Additional fuel will be required, which will increase our operational cost. The cost of operation is expected to go up to 4 per cent and will severely impact the fleet owners.

We have suggested to the government to make adequate arrangements for the drivers at the loading and unloading end to increase driver comfort," Bal Malkit Singh, Advisor & Former President of All India Motor Transport Congress, told *businessline*.

CALLING OUT. Truckers said they plan to meet government officials to seek relief and extension of the deadline

AC UPGRADE

With the mandate coming into force from October, the cost of commercial vehicles is said to increase up to 2 per cent. Tata Motors recently introduced AC cabins across its truck ranges. The upgrade spans across the SFC, LPT, Ultra, Signa, and Prima cabins, while also extending to cowl models.

"In addition to complying with the regulatory requirements, we have leveraged this opportunity to deliver long-term value with a host of enhancements. The introduction of AC cabins and cowls marks a significant step towards building a comfortable working environment for drivers, enabling higher productivity," said Rajesh Kaul, Vice President and Business Head – Trucks, Tata Motors Commercial Vehicles.

Indian automaker Mahindra & Mahindra has also installed AC cabins in its newly introduced light commercial vehicle (LCV) and HCVs.

FUEL EXPENSE

"The AC installation is going to increase the fuel expense on our fleets. We operate across the country and on very low margins. With the AC operational, our profit margins will increase further," said Vinay Kumar, a truck owner based in Maharashtra.

The Economic Times, 24 June 2025

ANY IRAN MOVE TO CLOSE STRAIT OF HORMUZ TO HIT HARD

Escalating W Asia Tensions Threatening India's Trade

Govt keeping an eye on insurance rates and freight costs amid uncertainties

Our Bureau

New Delhi: India's trade may get impacted if the tensions in West Asia escalate and the government is keeping an eye on insurance rates and freight costs amid the uncertainties, an official said Monday, a day after Iran's Parliament approved a measure to close the Strait of Hormuz, the strategic global oil choke point which connects the Persian Gulf to the Arabian Sea.

The Strait carries nearly 25% of global oil shipments, nearly two-thirds of India's crude oil and half of its LNG imports and remains open for now.

"The Strait of Hormuz is open for trade for now but trade may get impacted if situation escalates. The part till Jabel Ali Free Zone in the UAE is not facing challenges as of now. Freight rates haven't increased yet for exporters. We are keeping an eye on insurance costs," the official said.

The parliamentary vote is not binding as the final decision rests with Iran's Supreme National Security Council, which is still deliberating the issue.

Exporters said that any closure of the strait would lead to a surge in shipping insurance premiums and freight costs. Any alternative route would add to time and costs for exporters, the official added.

The Federation of Indian Export Organisations said that there are temporary headwinds and there could be some short-term impact on demand and logistics—particularly in the Gulf region, which serves as a crucial hub for Indian exports.

"Increased shipping costs, longer transit times, and rising marine insurance premiums may add pressure, especially in price-sensitive sectors," said S C Ralhan, President, FIEO.

The official said that insurers may raise costs if risks continue to rise but New Delhi's ability to intervene in the matter maybe minimal as the country doesn't own any shipping line.

Indian industries dependent on global supply chains for energy, chemicals, fertilizers, metals, and food products could face serious shortages and escalating costs, cautioned experts.

This assumes significance as following Israeli airstrikes on Houthi forces last week tensions have escalated, placing India's westbound exports at fresh risk.

Similarly, shipping threats are rising in the Red Sea, exporters said. If security conditions force shipping to reroute via the Cape of Good Hope, delivery times could increase by up to two weeks, sharply raising costs for Indian exporters of engineering goods, textiles, chemicals, and critical imports.

Business Line, 24 June 2025

AP's Aerospace and Defence Policy 4.0 eyes ₹1 lakh cr investments in 5 years

Our Bureau
Hyderabad

Andhra Pradesh's new Aerospace and Defence Policy 4.0 (2025–2030) aims to attract over ₹50,000 crore to ₹1 lakh crore investments over five years to establish the State as India's premier aerospace and defence manufacturing hub.

POSITION AS A HUB

In a review on the modalities of the new policy in Amaravati on Monday, Chief Minister N Chandrababu Naidu said the State needs to position itself as a hub for advanced technologies and innovation in the aerospace and defence sectors.

The policy will support MSMEs in defence and aerospace and enable the State to outperform other States in this regard. He directed the officials to work on setting up a ₹100 crore annual corpus fund for subsidies to these two sectors, including logistics.

Andhra Pradesh Chief Minister N Chandrababu Naidu

PRODUCTION CLUSTERS

The policy designated specialised manufacturing corridors across the State, namely Visakhapatnam-Srikakulam for naval systems, Jaggaiahpet-Donakonda for missile production, Kurnool-Orvakal for drone technologies, and Lepakshi-Madakasira for aerospace electronics. Tirupati would be made an R&D powerhouse with the proposed DRDO Centre of Excellence.

According to officials, Bharat Forge and MMW companies were preparing to invest in the Madakasira cluster, and foundation stone for the proposed projects would be laid soon.

India's annual defence product market is valued at ₹1.27 lakh crore, with public sector enterprises accounting for 73 per cent of production.

The private sector contributes 21 per cent while public-private partnerships account for the remaining seven per cent.

As of now, 23 companies have invested ₹22,000 crore in Andhra Pradesh's aerospace and defence clusters, creating employment for 17,000 people.

Business Standard, 30 June 2025

Rare earth curbs to affect ICE vehicles as well: Auto industry

DEEPAK PATEL
New Delhi, 29 June

Raising concerns over China's export curbs on rare-earth elements, the automobile industry is learnt to have told the Ministry of Commerce and Industry earlier this month that the issue threatens to disrupt production of not just electric vehicles (EVs) but also internal combustion engine (ICE) automobiles.

To raise these issues, a delegation of senior executives from leading automakers and component manufacturers was scheduled to visit China this month. However, Chinese authorities are yet to respond positively to India's request to allow the delegation, people familiar with the matter said.

"The industry has been checking the status repeatedly, but the matter is just hanging in the air," said a government official.

Rare-earth magnets — now under China's export licensing regime — are critical not just for EV drivetrains but for components such as crankshaft position sensors, motor control units, ignition coils, speedometers, tweeters, electric water pumps, and wheel speed sensors in ICE vehicles, industry executives told the officials of Ministry of Commerce and Industry during a meeting earlier this month, *Business Standard* has learnt.

Crankshaft position sensors are critical for monitoring engine rotation, enabling precise fuel injection, and ignition timing. Motor control units manage and coordinate various electronic systems in the vehicle, including engine cooling fans and fuel pumps.

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Brics set to discuss REMs issue at July summit

The July summit of Brics, which has China as a member, will take up the issue of the country's restrictions on exporting rare-earth magnets (REMs), according to a top official. Export curbs on rare-earth magnets by China, imposed on April 4, have halted supplies across the globe.

"This is not a Brics problem; it's a world problem, and we are going to discuss it," Brazil Ambassador to India Kenneth Félix Haczynski da Nóbrega told *Business Standard*.

PUJA DAS reports

FROM PAGE 1

Rare earth curbs to hit ICE vehicles as well: Auto Inc to govt

Ignition coils amplify the battery's voltage to generate the high-voltage spark required for combustion. Speedometers rely on magnetic or electronic sensors to deliver accurate speed readings. Meanwhile, electric water pumps ensure efficient engine cooling, and tweeters — high-frequency speakers — enhance the car's audio system. Wheel speed sensors play a vital role in anti-lock braking systems (ABS), enhancing safety in the event of sudden braking.

A senior executive of a major carmaker said: "Even though rare earth magnets make up a tiny portion of the overall material in a vehicle, the danger is very real — a car can't be assembled if even one component that relies on these magnets is missing."

According to senior government officials, the purpose of the aforementioned automakers' visit to China is threefold: to request Chinese authorities to expedite the issuance of export licences for rare earth magnets based on end-user certificates already submitted by Indian companies; to meet Chinese suppliers and officials at the Indian embassy; and to engage with the officials concerned in China's ministry of commerce.

On April 4, China's Ministry of Commerce and the General Administration of Customs imposed export controls on key rare earth elements including samarium, gadolinium, terbium, dysprosium, lutetium, scandium, and yttrium, along with associated alloys, magnets, and related products. These items now require special export licences, citing national security grounds.

"This is not just about EVs. The entire auto industry is affected. We are staring at serious supply-side disruption unless some solution is found," said a senior executive at a top component manufacturer.

China accounts for about 70 per cent of global rare earth mining and nearly 90 per cent of rare earth magnet production, giving it overwhelming leverage in this segment.

The spokespersons for the Ministry of Commerce and Industry and the Ministry of External Affairs did not respond to queries sent by *Business Standard*.

Industry executives hope that the delegation of automakers and component manufacturers to China would help get some clarity or flexibility in China's new rules. But with no word yet on when, or whether, the visit would be allowed, uncertainty may mount. Officials in both the commerce ministry and the ministry of external affairs are said to be in touch with their Chinese counterparts.