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Key Press Reports on Industry and Govt. Policies

(1st Fortnight February 2025)

AUTOMOTIVE INDUSTRY

Business Line 4 -February- 2025

Tata Motors confident of CV industry growth in Q4

KEY DRIVERS. Improving utilisation, rise in diesel consumption seen boosting demand

G Balachandar
Chennai

Tata Motors' Commercial Vehicle (CV) Business Head Girish Wagh expressed optimism about the CV sector's performance in the current quarter, citing encouraging signs, such as improving utilisation levels, positive customer sentiment and a rise in diesel consumption, which are expected to drive demand.

After experiencing a double-digit decline in Q2 on a year-over-year (y-o-y) basis, the CV industry showed signs of recovery, with volumes stabilising and remaining flat y-o-y. Among the different segments, buses and vans performed

well, growing by 11 per cent y-o-y, while small CVs saw a modest 3 per cent growth. Intermediate and light-medium CVs remained flat whereas heavy commercial vehicles declined by 9 per cent. Despite the more severe decline in Q2, HCVs exhibited quarter-on-quarter growth in Q3.

EARNINGS CALL

Utilisation levels started growing in all segments on a q-o-q basis, particularly towards the end of November. Freight rates improved q-o-q basis. Transporter profitability has also marginally improved with rising utilisation levels. Diesel consumption, which had dropped by almost 15 per cent y-o-y, improved in Q3 with a 5 per



Girish Wagh, Executive Director, Tata Motors

cent y-o-y growth, an indicator of higher utilisation. Our internal customer sentiment index has shown slight improvement, following a good monsoon season, said Girish Wagh, Executive Director, Tata Motors, during the company's Q3 earnings call. He also highlighted that increased government infrastructure spending and tan-

gible progress in infrastructure projects would create favourable conditions for the HCV sector. These factors suggest a promising Q4, if the quarter concludes with stable y-o-y performance.

Tata Motors, truck manufacturer, reported sales growth across multiple categories in January. However, overall volumes remained slightly lower due to a double-digit decline in the small commercial vehicle segment.

On the impact of the Budget on the CV industry, Kumar Rakesh, Analyst - IT & Auto at BNP Paribas Securities India Pvt Ltd, said while near-term growth drivers remain weak, the medium-term outlook appears stronger.

2-wheeler firms saw start-stop January sales

ANJALI SINGH
Mumbai, 3 February

The two-wheeler (2W) market put up a mixed performance in January, with some manufacturers seeing growth while others witnessing sliding sales.

Leading 2W manufacturers like Royal Enfield, TVS Motor, and Suzuki Motorcycle recorded an increase in domestic sales, compared to January 2024. Meanwhile, Hero Motocorp and Bajaj Auto recorded a muted performance for the month.

"The mixed performance in the two-wheeler market isn't driven by a fundamental shift, but rather a tactical one. Manufacturers are experiencing varied results based on inventory, discounting, and sales strategies. While brands like Royal Enfield continue to see steady growth, others such as Bajaj have faced recent declines," said Anurag Singh, advisor at Primus Partners.

Royal Enfield posted a 15 per cent year-on-year (Y-o-Y) increase in domestic sales, reaching 81,052 units, compared to 70,556 units in January 2024. The firm's exports nearly doubled, growing 79 per cent to 10,080 units from 5,631 units last year. Since its launch in August

2022, the Hunter 350 has sold 500,000 units, driving growth in the midsize motorcycle segment.

Recovering from December 2024, TVS Motor reported a growth of 10 per cent for domestic sales, reaching 293,860 units against 268,233 units in January last year. TVS's motorcycle sales grew by 12 per cent, reaching 155,611 units while the scooter sales were up by 29 per cent. The electric vehicle (EV) sales were up by 55 per cent to 25,195 units. Exports also rose by 52 per cent to 93,811 units.

Similarly, Suzuki Motorcycle India recorded domestic sales of 87,834 units, up 9 per cent from 80,511 units in January 2024. Exports grew by 38 per cent to 21,087 units. Bajaj Auto's domestic sales declined by 11 per cent, with 171,299 units sold compared to 193,350 units in last January. The decline contrasts with a 37 per cent growth in exports, which rose to 157,114 units from 114,898 units.

Hero Motocorp's domestic sales declined 2.03 per cent, with 412,378 units sold in January this year compared to 420,934 units in January 2024. However, exports jumped 140.7 per cent, reaching 30,495 units compared to 12,664 units last year.

MIXED BAG

Domestic 2W sales for Jan (in units)
Y-o-Y chg in %

TVS	293,860	10
Bajaj	171,299	-11
Hero Motocorp	412,378	-2
Royal Enfield	81,052	15
Suzuki	87,834	9

Source: Companies

'Forced' to import certain steel grades: Automakers

Cite lack of viable alternatives meeting emission & safety norms, in letter to DGTR

DEEPAK PATEL & ISHITA AYAN DUTT
New Delhi/Kolkata, 3 February

ILLUSTRATION: BINAY SINHA

Automobile manufacturers in India have opposed safeguard duty on imports of specific steel grades, stating that they are being "forced" to ship in these grades due to the absence of local production and lack of viable alternatives that meet stringent standards on emission and safety.

On December 19, 2024, the Directorate General of Trade Remedies (DGTR), under the Ministry of Commerce, launched an investigation based on an application filed by the Indian Steel Association (ISA) on behalf of its members to impose a safeguard duty on non-alloy and alloy steel flat products. This includes hot-rolled coils, sheets, plates, cold rolled coils and sheets, colour-coated coils and sheets.

About \$5 billion worth of these specific steel products were imported in 2023-24, according to auto-industry sources.

In a letter dated December 31, 2024, the Society of Indian Automobile Manufacturers (SIAM), which has all major passenger vehicle makers as its members, has strongly opposed any imposition of safeguard duty on these steel grades.

"The auto industry has already reviewed the possibility of using (alternative) materials, however considering the various regulatory norms on emissions and the quest for producing safer vehicles, the industry has been forced to import these materials considering the technological challenges," SIAM mentioned.

"Some of these grades are absolutely indispensable and the auto industry has no line of sight on when these grades could be potentially produced locally in the long term. SIAM's members are committed to working with domestic steel producers to address this challenge in the long run," it added.

SIAM did not respond to *Business Standard's* queries on this matter.

Indian Steel Association (ISA) Secretary-General Alok Sahay said: "Since the matter is with the DGTR, we would not like to comment."

Sources in the steel industry said most of the grades for auto were made in India.

An ArcelorMittal Nippon Steel India



STEELY RESOLVE

■ According to auto industry, about \$5 billion worth of steel grade products were imported in 2023-24

■ Steel industry experts said that most of the grades for cars are made in India

■ SIAM said more than 80% of the steel used in auto sector is sourced from domestic steel mills

■ Most of the auto steel demand is met by Tata Steel, JSW Steel, and AM/NS India

(AM/NS India) executive said about 15 per cent of auto steel requirements were imported.

"But there are capabilities within India to bring it down by 5-7 per cent. Also, highly value-added product lines will be coming up at AM/NS India at different time periods this year. The auto industry can fast track the approval process and then India will be almost 100 per cent Atmanirbhar in auto steel."

In India, most of the auto steel demand is met by Tata Steel, JSW Steel, and AM/NS India. Then there is Posco and some long-product producers.

All major automakers are collaborating with Indian steelmakers to locally produce these grades. "However, there are specific investments and timelines required to make this feasible locally. According to the auto industry, the primary reason why Indian steel mills have not been able to produce these grades is due to grade-specific technical specifications, manufacturing limitations in terms

of thickness, width (wider width), strength (higher tensile) combinations," SIAM stated. Although most of these steel grades are imported from countries like Japan and South Korea, with which India has free-trade agreements, the price is generally higher than if they were locally produced.

"Hence, in the auto industry's assessment, the impact is negligible to domestic steel mills. The auto industry is very eager that these grades are developed at the earliest by the Indian steel mills in India, as it will also help the OEMs (automakers) procure these grades at competitive prices from the Indian steel mills," SIAM noted.

Steel is one of the most critical raw materials for manufacturing vehicles. SIAM stated more than 80 per cent of the steel used for manufacturing vehicles in India was sourced from domestic steel mills. However, almost all the automakers have to rely on imports of some amount of steel because the specified grades are not produced by Indian steel mills.

CONTINUE EXPANSION PLANS FOR NOW, EYE ON US POLICY: ANALYSTS

Component Cos Stay on Road to Mexico despite Tariff Bump

**Shally Seth Mohile
& Sumantra Bibhuti Barooah**

Mumbai: Indian auto parts makers with presence in Mexico are worried amid erratic decision-making on tariffs by the US government but are continuing with their expansion plans. The prevailing uncertainty may however prompt some companies to rethink future investments in Mexico, said analysts.

"More than anything else, it seems like a negotiating tool. Mexican manufacturing cannot be replaced," said Naresh Jalan, managing director, Ramkrishna Forgings. The company earns 40% of revenue from exports split equally between the US and Europe. It recently opened a new plant in Mexico.

"We are on track with our plans. The facility has already commenced supplies. We expect a total revenue of \$25 million from the unit over the next three years," said Jalan.

On Tuesday, new US President Donald Trump announced a 30-day suspension of his threatened 25% tariff on imports from Mexico and Canada.

Any imposition of the levy would have impacted cumulative annual revenues of more than ₹5,000 crore from Mexico of about a dozen Indian component makers.

Bain Capital-backed RSB Group, which makes parts in Mexico for supplies to Tier-I automakers there, is looking to expand capacity in a few months with a target of doubling its business in Mexico from \$20 million currently. It is planning expansion in the US too within the next few months, with a likely acquisition.

Pushing Ahead

Trump delays **25%** tariffs on Mexico and Canada for 30 days, offering temporary relief

₹5000 cr
revenue at
stake for Indian
firms if tariffs
are imposed

Indian
component
makers exported
parts worth
\$21.2 b in
the last
fiscal year

Uncertainty
may prompt
cos to rethink
future
investments
in Mexico

dest 1-4% share in these companies' consolidated revenues, but it holds strategic importance due to its proximity to the US, the world's second largest auto market.

Indian companies exported parts worth \$21.2 billion in the last fiscal year, a 5% increase. The US was the second-biggest export destination after Europe, purchasing components worth \$6.79 billion during FY24, according to the Auto Component Manufacturers Association of India (ACMA).

The Trump administration's decision to temporarily pause tariffs brought relief to auto component makers. However, going forward, companies are likely to tread with more caution regarding their investments in Mexico, said experts.

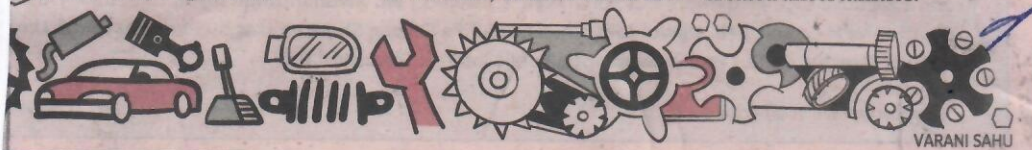
"The US and Mexico auto industry have very closely integrated supply chains, so a viable solution will have to be found to avoid chaotic disruptions," said Ashok Taneja, former president ACMA, who also serves as an advisor to some auto component firms. "Companies may look at alternatives to Mexico as part of their de-risking strategy. This may affect investments and growth of the auto component manufacturing sector there and some of the manufacturing may move back to the US over a period of time," he said.

Ashim Sharma, senior partner, Nomura Research Institute noted the US government's move to pause the tariff action has created uncertainties.

Indian component manufacturers having a manufacturing presence in Mexico include Samvardhana Motherhood Group, Anand Group, Sona Comstar, Rane Group, and Uno Minda. These firms have become integral to the supply chain of the North American auto industry over the years and are hoping that an amicable solution is reached between the US and Mexico. The ₹98,000 crore Samvardhana Motherhood group garners about 4% revenue from Mexico.

"With manufacturing facilities all across the region, the company is well positioned to switch supplies from Mexico to other locations like Brazil, should there be a disruption from trade wars," said an industry executive, asking not to be named.

To be sure, Mexico has a mo-



VARANI SAHU

Auto retail sales up 6.6% in Jan: Fada

Automobile retail sales in the country grew 6.6 per cent year-on-year (Y-o-Y) in January, marking a "moderately positive" note after business dipped the month before.

Passenger vehicles (PV) grew almost 16 per cent in January, according to data provided by the Federation of Automobile Dealers Associations (Fada). As many as 2.29 million automobiles were sold last month and 2.15 million in January 2024. It was a 30 per cent rise compared to sales in December 2024. All categories began the year well, with sales of two-wheeler, three-wheeler, tractor and commercial vehicles growing by 4 per cent, 6.8 per cent, 5 per cent and 8 per cent,

respectively.

"The rise in sales during the month was partially due to the postponement of some sales in December, that resulted in a decline that month,"

said CS Vigneshwar, president of Fada.

Passenger vehicle sales grew 15.53% Y-o-Y in Jan, and 58.77% compared to December

PV sales grew 15.53 per cent Y-o-Y in January and 58.77 per cent compared to December (some December purchases were registered in January for a '2025

model year' advantage). Market leader Maruti Suzuki India led growth, recording a 20 per cent rise in sales in January. Hyundai Motor India grew by 13 per cent, and Mahindra and Mahindra by 20 per cent, while Tata Motors saw a marginal 'degrowth' of 0.4 per cent.

SHINE JACOB

Business Line 13 -February- 2025

SIAM showcases multiple fuel option vehicles at IEW 2025

Our Bureau
New Delhi

The Society of Indian Automobile Manufacturers (SIAM) hosted a sustainable mobility pavilion, People-Centric Mobility Ecosystem, at the India Energy Week (IEW) 2025, showcasing advancements in green mobility.

It featured 15 cutting-edge vehicles and technologies across multiple fuel and powertrain solutions, including flex fuel, gas, compressed biogas, pure-electric and hydrogen.

GREEN MOBILITY

SIAM showcased a diverse range of production-ready vehicles from OEMs such as Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Hyundai, Toyota Kirloskar, Hero MotoCorp, TVS Motor Company, Bajaj Auto, Honda Motorcycle & Scooter India, and Suzuki Motorcycle India.

With advanced technologies and innovative fuel options, these production-ready vehicles reinforce the collective effort to drive sustainable mobility and reduce environmental impact.

Prashant K Banerjee, Executive Director, SIAM, said, "The Indian automobile industry is at the forefront of driving sustainable mobility solutions.

Our Sustainable Mobility Pavilion at India Energy Week 2025 highlights the industry's proactive efforts in accelerating the transition towards cleaner transportation."

The industry is committed to supporting India's Net Zero targets and offering sustainable mobility solutions, he added.

IEW brings together key stakeholders from the energy and mobility sectors.

By showcasing innovations in green mobility, SIAM and its member OEMs aim to drive awareness and adoption of cleaner transportation solutions.

MAY CREATE OVER 2,000 JOBS

Volvo to Invest ₹1.4k cr to Expand Bengaluru Plant

Our Bureau

Bengaluru: The Volvo Group on Thursday announced expansion of its manufacturing facility at Hoskote on the outskirts of Bengaluru with a fresh investment of ₹1,400 crore.

The group signed a memorandum of understanding with Karnataka's industries department in the presence of chief minister Siddaramaiah and industries minister MB Patil at the CM's official residence along with Volvo Group CEO Martin Lundstedt.

With the proposed investment, the Swedish maker of trucks, buses, and construction equipment will be setting up its fourth manufacturing hub in Karnataka.

This expansion will catapult Karnataka into the forefront of global manufacturing, reinforcing its role as India's prime destination for clean mobility and industrial growth, the CM's office said in a media statement.

The new facility is expected to create more than 2,000 direct jobs and significantly boost exports. Production capacity at the Hoskote facility is set to increase from the current 3,000 to 20,000 trucks and buses annually, the statement added.

The CM, speaking on the occasion, highlighted the state's long-standing partnership with Volvo, which has been in the state for 25 years. He praised the company's role in bringing high-quality buses to the state, particularly in the luxury bus segment, which has become synonymous with the name "Volvo" for many Karnataka residents.

The government, he said, was committed to supporting Volvo's operations, ensuring job creation for locals, and fostering economic growth in the region. Lundstedt said the Hoskote facility's expansion will not only increase production capacity but also secure India and Karnataka's place in the global supply chain. "This expansion will enable us to manufacture up to 20,000 buses/trucks per year, meet local market demands, and contribute significantly to job creation," he said.



**Production
capacity at the
Hosakote
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and buses
annually**

Auto exports growth zoomed 40% in Jan

Domestic dispatches of cars, two-wheelers remained flat

SOHINI DAS

Mumbai, 13 February

The Indian auto industry has kick-started the year with strong showing in exports, as major segments, including passenger vehicles (PVs), two-wheelers (2Ws), and three-wheelers (3W), recorded double-digit growth in January. Overall automotive exports during the month were up 40.2 per cent compared to January last year.

According to data from the Society of Indian Automobile Manufacturers (SIAM), PV exports in the month grew by nearly 17 per cent to 57,585 units, while 2W exports rose by 46.2 per cent to 3,80,528 units, and 3W exports increased by close to 20 per cent to 23,859 units.

Domestic dispatches in January were relatively muted — PV dispatches were flat at 399,386 units (up 1.6 per cent), 2Ws up 2.1 per cent to 1,52,621 units, and 3Ws rose 7.7 per cent to 58,167.

On the export front, car exports saw nearly 13 per cent drop year-on-year (Y-o-Y), while utility vehicle (UV) exports went up by 61.5 per cent or so in January. In the 2W category, however, both scooters and motorcycles saw a growth in exports — scooters going up by 23.5 per cent, while motorcycles growing by 49.7 per cent during the month. Among major OEMs (original equipment manufacturers), Maruti Suzuki India (MSIL) and Hyundai Motor India (HMIL) saw a rise in export volumes in January, while Bajaj Auto, Hero MotoCorp, and Honda Motorcycle and Scooter India also witnessed growth in exports during the month.

For the April-January period as well, overall automotive exports from India were up by 20 per cent or so — PVs grew by 14.4 per cent, while 2Ws rose by 23 per cent or so, and 3Ws remained flat.

Major PV exporters from India like Maruti Suzuki India and Hyundai Motor India saw a mixed bag during the December quarter of the current financial year (Q3FY25).

TOP GEAR

Domestic dispatches in January

	Units	% chg Y-o-Y
Passenger vehicles	3,99,386	1.6
2-wheelers	15,26,218	2.1
3-wheelers	58,167	7.7

Exports in January

	Units	% chg Y-o-Y
Passenger vehicles	57,585	16.9
3-wheelers	23,859	19.4
2-wheelers	3,80,528	46.2

Source: SIAM

BMW, Mercedes, JLR & Volvo Auto data are not available. Tata Motors Domestic Sales data included only in 'Total PV', detailed break-up is not available.

However, without Tata Motors, 'Total PV' would be 3,39,441 for January 2024 and 3,51,310 for January 2025



As for Maruti, exports had jumped 38.2 per cent Y-o-Y to 99,220 units during the quarter. In fact, the PV major plans to export the new e-Vitara to a few key markets even before being put on sale in India. The e-Vitara production in India would be for the world.

Meanwhile, Hyundai Motor India saw a dip in export volumes during the quarter to 40,386 units (compared to 43,650 units in Q3FY24) mainly impacted by Red Sea and geopolitical challenges, affecting its exports to the Middle East and Latin America regions.

Unsoo Kim, managing director (MD), HMIL, said in the quarterly call that to mitigate the risk, they have increased their volumes to other regions, like Africa, supported by additional discounts. Going forward, HMIL expects stability in its export volumes.

TATA.EV TO DOUBLE CHARGING POINT NETWORK BY 2027

Tata.ev, India's leading electric vehicle (EV) manufacturer, has announced an ambitious plan to more than double the country's EV charge points to 400,000 by 2027 in a bid to expand the nation's EV charging infrastructure. India has 18,000 public chargers, and more than 150,000 private or home/office chargers, as well as a few thousand community chargers and chargers at auto-dealerships. Charger utilisation rates, which were initially at 3-4 per cent, have now surpassed 20 per cent in some prime locations with a break-even point at around 10-15 percent utilisation for mass-deployed chargers.

BS REPORTER

ELECTRIC VEHICLEC

Business Standard 8 February 2025

EV sales surge in January on renewed subsidy push

Second Half of 2024 saw higher EV sales, peaking in Oct at 219,482 units

PUJA DAS
New Delhi, 7 February

Sales of electric vehicles (EVs) in the country surged 19.4 per cent month-on-month (M-o-M) and 17.1 per cent year-on-year (Y-o-Y) to 169,931 units in January, according to data from the Federation of Automobile Dealers Association (Fada).

While passenger vehicles and two-wheelers registered double-digit Y-o-Y and M-o-M growth, commercial vehicles and three-wheelers saw single-digit growth. Sales of passenger vehicles, two-wheelers, commercial vehicles and three-wheelers were 11,266, 97,734, 972 and 59,959 units, respectively, in January.

This is an increase of 32.3 per cent, 18.8 per cent, 12.1 per cent and 2.2 per cent from the corresponding period last year.

In the two-wheeler retail segment, the highest sales of 24,336 units were recorded by Ola Electric, which saw an M-o-M increase of 76.7 per cent. Sales of the company, however, fell nearly 25 per cent year-on-year (Y-o-Y). TVS Motor and Bajaj Auto recorded a jump of 55 per cent and 95.6 per cent Y-o-Y in sales.

In the case of passenger vehi-



cles, Tata Motors, MG Motors, Mahindra & Mahindra (M&M) and Hyundai Motors saw substantial rise in their monthly sales. However, Tata Motors and M&M witnessed a fall compared to the same period last year. The same was the case for their electric vehicles.

The second half of 2024 saw higher total EV sales, peaking in October at 219,482 units, the highest monthly figure of the year.

Electric vehicle sales, however, fell in November and December to 192,575 and 132,302 units (till December 29), respectively, but monthly sales remained above 100,000 units throughout the year.

Last year's growth received a fresh push as the Ministry of Heavy Industries (MHI) reinstated subsidies for cargo electric three-wheelers (e3Ws) under the PM E-DRIVE scheme for the remainder of the current financial year (FY25).

However, the subsidy, previously halted after annual targets for FY25 were achieved, has been revised downward to ₹25,000 from ₹50,000 per vehicle. The industry (e3W) sold 80,546 units within months of the scheme's launch.

Fada anticipates a significant rise in market share across all segments.

"Electric vehicle retail sales continued their strong trajectory

in January, reflecting growing consumer acceptance and robust original equipment manufacturer (OEM) commitment to clean mobility. The recent Bharat Mobility Global Expo strongly reflected this shift, with the spotlight firmly on green-energy vehicles and an industry determined to accelerate the shift towards green energy. With over 30-35 new EV launches expected this year, we anticipate a notable rise in market share across all segments—from two and three-wheelers to passenger and commercial vehicles. The future for electric mobility looks exceedingly bright. We believe it will play a pivotal role in shaping India's automotive landscape in the months to come," said C S Vigneshwar, Fada president.

The EV market is expected to grow at a compound annual growth rate (CAGR) of 43 per cent, reaching 932,000 units by 2030. Of this, 61 per cent of the demand is projected to come from electric SUVs.

Nitin Gadkari, Road Transport & Highways Minister, had said last year that EV sales in the local market are expected to grow to 10 million units by the turn of the decade, generating jobs for 5 million people.

EVs may be 20% of Honda's 2W sales by 2030

DEEPAK PATEL

New Delhi, 9 February

Honda Motorcycle and Scooter India (HMSI), which entered the electric two-wheeler market in November, expects electric vehicles (EVs) to account for about 20 per cent of its total sales by 2030, director (sales and marketing) Yogesh Mathur told *Business Standard*.

HMSI launched swappable battery-run Activa E and fixed battery-run QCI in November. It is starting deliveries of these two products from this month itself. "We are entering just three markets — Bengaluru, Delhi and Mumbai — with our Activa E. The deliveries of Activa E will begin in Bengaluru from February itself and they will begin in other two cities from April," Mathur told the newspaper in an interview.

"The deliveries of QCI are beginning in February. Apart from Bengaluru, Delhi and Mumbai, we are selling QCI in Pune, Chandigarh and Hyderabad. These six cities comprise 50 per cent of the total two-wheeler market," he stated.

About 1.148 million electric scooters were sold in India in 2024, recording a 33.48 per cent year-on-year (Y-o-Y) growth. About six per cent of two-wheeler sales in India were electric scooters, according to data from Federation of Automobile Dealers Associations of India (Fada). No one currently sells electric motorcycles in India. Ola Electric, TVS Motor, Bajaj Auto, Ather Energy and Hero MotoCorp were the top five players in the electric scooter segment in 2024.

Mathur spoke about how the service quality has now become the single most important factor for an EV customer.

"We are going phase-wise in our EV sales and service expansion so that customers get proper services at our touch points. We have hired a separate set of employees who have been trained — physically and online — just for the EV business. We have provided them with insulated tools so that it would protect them during servicing of EVs," he added.

"There are a lot of those (unhappy customers of other companies) currently who have not got proper customer service. Many of the brands are struggling on this aspect. So, we wanted to make sure that, at least from our side, once we are entering the EV market, our motto should be first service, then sale. We wanted to make sure that they have a similar kind of service experience of what they have been getting in our internal combustion engine (ICE)-run vehicles," he elaborated.

Mathur stated that the penetration of flex-fuel run two-wheelers in India will depend on how quickly a retail chain for E85 (blend of petrol and 85 per cent ethanol) is developed across India.

"We will be ready. We will be aligning ourselves with the government's policies to convert our entire product line up (to run on flex fuel)... It takes roughly two years to convert a petrol-run two-wheeler and launch a flex-fuel two-wheeler model.

However, we can reduce the timelines if needed," he stated.

"EVs could be 20 per cent of the total electric two-wheeler market by 2030. The rest of the share will be

divided between the flex fuel-run vehicles and petrol-run vehicles," he added. The company currently has 6,500 sales and service touch points across India and is gradually making all its touch points in the six aforementioned cities EV-ready.

Bengaluru, Delhi, and Mumbai each have about 150 touch points, while Hyderabad has approximately 120-125. Chandigarh has around five to six touch points, and Pune has more than 80.

"We are creating separate bays at our dealerships in these cities, providing insulated tools to our service staff, and training our manpower. These touch points in the six cities will be upgraded within a year," he said. The company has already upgraded over 30 dealerships in these six cities.

After analysing the current EV market, it found that charging and battery health are key concerns for customers.

"A section of customers does not want to spend time and mental energy on charging. So, we introduced swappable battery-powered vehicles for them. They can swap batteries within a minute. Our goal is to have a battery swap station every 5 km in Bengaluru, Delhi, and Mumbai," he said.

"Another concern among EV customers is resale value, as battery health deterioration used to reduce it. We asked ourselves how we could protect the asset value. In a swappable battery-powered vehicle, the battery remains our responsibility," he added.

"WE ARE GOING PHASE-WISE IN OUR EV SALES AND SERVICE EXPANSION SO THAT CUSTOMERS GET PROPER SERVICES AT OUR TOUCH POINTS"

YOGESH MATHUR,
DIRECTOR - SALES AND MARKETING, HMSI



RAW MATERIAL

Business Standard 12 February 2025

Trump's 25% tariff sounds alarm for steelmakers

ISHITA AYAN DUTT & AMRITHA PILLAY
Kolkata/Mumbai, 11 February

Even as US President Donald Trump raised tariffs on steel and aluminium imports on Monday to a flat 25 per cent, Indian steelmakers called for a safeguard duty and a level playing field, while aluminium players apprehended a downward pressure on prices.

Trump signed proclamations imposing a 25 per cent tariff on all steel and aluminium imports into the US without exceptions or exemptions. On aluminium imports, the tariff rate was raised from the previous 10 per cent in 2018 to 25 per cent. The direct impact of the move is restricted to the stainless steel industry, which exported about 9 per cent of its total exports in value terms to the US. As far as carbon steel is concerned, the expected impact is a potential surge in imports due to trade diversion.

In a statement on Tuesday, the Indian Stainless Steel Development Association (ISSDA) said if the tariffs were imposed, Indian stainless steel exports would face severe obstacles, disrupting global supply chains and escalating costs for manufacturers and consumers worldwide. "These represent a dual blow to India's industry — severely limiting market access while escalating global competition," Rajamani Krishnamurti, president of ISSDA, said.

ISSDA has urged policymakers to engage in constructive dialogue to ensure that Indian stainless steel manufacturers can continue contributing to the global economy without facing "unjust trade restrictions".



Abhyuday Jindal, managing director (MD) of Jindal Stainless, said Indian exports are subjected to 25 per cent tariffs under Section 232. "However, there is a mechanism in place wherein importers can file for exclusion. Based on the strategic pact between India and the US, up to 70 per cent of the exclusion requests are to be considered favourably by the US government."

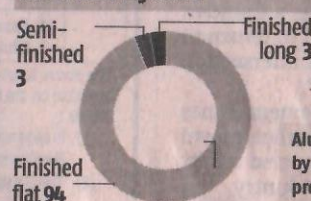
From the carbon steel side, a large integrated steel player said direct steel exports to the US were negligible. "But the Trump tariff will cause a gross excess in seaborne steel availability, which is already in excess due to a slowing China. If India does not immediately put similar duties, all the distress cargo will land here."

Rising imports have been a major concern for steel producers and are being probed by the Indian government based on an application filed by the Indian Steel Association (ISA) on behalf of its members for a safeguard duty on imports of non-alloy and alloy steel flat products.

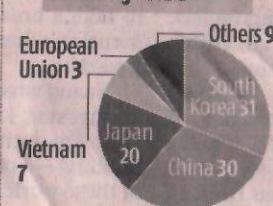
METAL MATRIX

India's steel imports in 2024
(January–December) in %

Commoditywise



Countrywise



Total steel imports in 2024

9.22 mn tonne

Y-o-Y growth: 22%
Note: Stainless steel not included
Source: BigMint

Aluminium export by primary producers (in 000' mt)

2,198.85
FY23

1,986.15
FY24

Source: Nalco annual reports

Ritabrata Ghosh, vice-president of Icria, explained that the 25 per cent tariff being imposed by the US removes exceptions and exemptions from the 2018 tariffs on steel, which had excluded certain Asian countries such as Japan and South Korea.

"Asian countries export about 5.5 million tonnes of steel to the US. A tariff may lead to the diversion of surplus material to India, which is already facing the threat of imports, especially from free trade agreement countries like South Korea and Japan," he said. According to Icria estimates, domestic hot-rolled coil prices are expected to average 10 per cent lower in 2024-25 compared to 2023-24 (FY24), partly weighed down by elevated cheaper imports.

As far as the domestic aluminium industry is concerned, Hindalco Industries, Vedanta, and National Aluminium Company (Nalco) are among those with exposure to export markets.

Brijendra Pratap Singh, chairman and MD of Nalco, believes the US tariffs may

impact prices for both alumina (the oxide) and aluminium (the metal). In the earnings call on Tuesday, Singh told analysts that if some of the aluminium does not go to the US, it could be diverted to other markets, increasing aluminium supply and putting pressure on prices. He added that the possibility of smelter shutdowns globally could, in turn, impact alumina prices.

While aluminium prices elsewhere may come under pressure, those in the US market are bound to rise, as expected by Hindalco's US subsidiary Novelis. "Let's say that there is a tariff applied on imports. What happens is that that increase, or rather that tariff, typically gets built into the Midwest premium. And all our contracts are passthrough contracts. So whatever the impact of tariffs on aluminium prices and imports would be offset by the Midwest premium," said Devinder Ahuja, executive vice-president and chief financial officer of Novelis on an earnings call with analysts on Monday.

GOVERNMENT POLICY

The Economic Times 5 February 2025

India Stands to Win US-China Trade War

Exporters give positive feedback on orders but country will not be immune from the tariff war, say officials

Our Bureau

New Delhi: India is likely to gain from the US-China trade war and exporters have given positive feedback on export orders but the country will not be immune from the war, officials said.

During the last trade war, India was the fourth largest beneficiary when the US imposed higher duties on Chinese goods during President Donald Trump's first tenure.

After coming to power again, Trump on Saturday signed an order to impose stiff tariffs on imports from China, fulfilling a campaign promise but raising the prospect of increased prices for American consumers.

China slapped a 15% tariff on US coal and liquefied natural gas exports and 10% on its oil and agricultural equipment, and announced a probe into Google after Trump imposed a 10% tariff on goods from Beijing, rekindling their trade war. "India is likely to gain out of this trade war. This will impact us posi-

India's Benefit

India's goods trade with US



*Apr-Dec FY25

tively. Exporters have given positive feedback on export orders and value," said an official.

In April-December FY25, India's goods exports to the US were around \$60 billion and imports were \$33.4 billion.

Sources said that the US might act in retaliation to China's tariff measures on certain products based on the reports of the US trade representative and department of commerce.

Exporters have said that the im-

position of customs duties by the US on imports from China provides huge opportunities for Indian exports to America. The tariffs would affect exports from China to the US as they would push prices of their goods in the American market, making them less competitive. Electrical machinery and components, auto components, mobile, pharma, chemicals, apparel and fabrics could be the top beneficiaries.

Officials also said that New Del-

India likely to gain from US-China trade war

Exporters give positive feedback on export orders



INDIA WILL NOT BE IMMUNE FROM WAR, CAUTION OFFICIALS

India was 4th largest beneficiary of last trade war

Electrical machinery, auto parts, mobile, pharma, apparel likely top beneficiaries



hi's lower customs duties on motorcycles and automobiles could increase American exports to India. The budget proposed duty cuts on a plethora of items such as fish hydrolysate for the manufacture of aquatic feed, specific waste and scrap items, ground installation for satellites, ethernet switches and motorcycles, which will benefit American exports.

Trump has accused India of being the "biggest tariff abuser" and "tariff king".

Compensation for Carbon Tax

New Delhi: India will compensate a part of the costs incurred by its small exporters to comply with non-tariff measures imposed by other countries such as EU Carbon Border Adjustment Mechanism (CBAM), European Union Deforestation Regulation and the US' Turtle Excluder Device programme.

The plan is part of the export mission announced in the Budget wherein the government is framing schemes for MSME exporters to provide credit at easy terms, promote alternate financing instruments through strengthening factoring services for them, and offer assistance to deal with non-tariff measures imposed by other countries.

-Our Bureau

USAID freeze 'will not hit e-bus payment security'

S Ronendra Singh
Rohit Vaid
New Delhi



Union Minister
HD Kumaraswamy

India can fully finance its ambitious plan to support State transport undertakings (STUs) to introduce electric buses, even if the committed assistance from the United States does not materialise, said Union Minister of Heavy Industries and Steel, HD Kumaraswamy.

The Minister's assertion comes after it was speculated that the United States government's decision to shut its international aid programme will impact the country's Payment Security Mechanism (PSM), which is meant to finance the purchase of e-buses by STUs.

"We can go ahead with the funding on our own in case there's some unforeseen situation," Minister Kumaraswamy told *businessline*.

"In the Budget 2025, ₹500 crore have already been provided for the PSM scheme. There is no stopping the scheme," he said.

SAFETY NET

"PSM scheme is on track; there is no question of any disruption. We had already made provisions for any eventuality. These provisions were already decided as a safeguard for the smooth implementation of the scheme," a senior ministry official told *businessline*.

The development comes as US-based billionaire Elon Musk, who has been tasked

by the newly-elected US President Donald Trump to trim government expenses via the Department of Government Efficiency (DOGE), decided to bring the shutters down on the United States Agency for International Development (USAID).

As per industry sources, the impact of the USAID's closure on the PSM scheme and subsequently on the e-bus programme will not be felt since the committed amount forms a minuscule part of the total outlay.

"The committed amount is only \$15 million," sources said. They said that earlier, the USAID and GEAPP (Global Energy Alliance for People and Planet) programme had committed \$150 million grant to fund the scheme; however, there is not much clarity on this money.

SHIFT TO E-BUSES

Last year, the Union Cabinet approved the PSM scheme, which is expected to support the adoption of 38,000 e-Buses in 169 cities.

Centre pushes for aircraft component manufacturing

Rohit Vaid
New Delhi

India is preparing an inclusive roadmap to promote aircraft component manufacturing in the country, said Union Civil Aviation Minister Ram Mohan Naidu on Friday.

Speaking at a meeting to review and advance aircraft component manufacturing in the country, the Minister assured industry stakeholders of the Centre's commitment to developing a comprehensive and inclusive roadmap.

Lately, India's aircraft component manufacturing sector is experiencing significant growth on the back of strategic alliances with leading global aerospace firms and the growing demand for air travel.

Major international OEMs (original equipment manufacturers) such as Boeing and Airbus, among others, are progressively sourcing billions of dollars worth of components from India.

According to the Aerospace India Association



INCLUSIVE ROADMAP. According to the AIA, aerospace exports are currently valued at under \$2 billion

(AIA), the exports are valued at under \$2 billion.

MARKET ACCESS

As per an official communique, the Minister articulated the development of a dual-pronged strategy that aims to both expand the indigenous aircraft component manufacturing by utilising the supply chain network of MSMEs (Ministry of Micro, Small & Medium Enterprises) and simultaneously give greater international market access to Indian component OEMs (original equipment manufacturers).

"It is imperative that we build a comprehensive ecosystem — encompassing

skill development, design, manufacturing, maintenance, certification, and knowledge sharing — through close collaboration among our ministries and departments with industry," the Minister was quoted as saying in the communique.

"India is well on its way to emerging as both a major hub for civil aviation and a center for aircraft component manufacturing. With our deep reservoir of talent and resources and by integrating valuable industry insights, we can chart a unified national roadmap that transforms these opportunities into concrete, strategic outcomes."

SEBI sets sights on global ESG norms for India Inc

Akshata Gorde
Mumbai

The Securities and Exchange Board of India (SEBI) is working on revamping its Business Responsibility and Sustainability Reporting (BRSR) standards to align with internationally recognised environmental, social, and governance (ESG) norms, sources said.

The regulator has set up a research team that includes enablers such as the Shakti Sustainable Energy Foundation and auctusESG.

IDENTIFY GAPS

This team has already presented its findings to SEBI's ESG Advisory Committee, identifying gaps in the current BRSR framework, and is working on the additions and adjustments required to align with the International Financial Reporting Standards (IFRS).

This move follows the endorsement of IFRS by the International Organisation of Securities Commissions (IOSCO) — which is the global standard setter for securities regulations. The IOSCO Board is made up of 32 securities regulators, with SEBI being one of its mem-

A team, set up by the regulator, is working to revamp the current Business Responsibility and Sustainability Reporting standards

bers. IOSCO has urged its 130 member jurisdictions to adopt the International Sustainability Standards Board's (ISSB) IFRS S1 and IFRS S2 standards — guidelines that have been in effect since January 2024. These standards lay out the general requirements for reporting sustainability-related financial information and climate change disclosures.

GLOBAL ALIGNMENT

Once aligned, more exhaustive explanations regarding sustainability risks, opportunities, impact study, benchmarking, and more sector-specific targets will add to the existing ESG disclosure norms to be met by the top 1,000 listed companies as per market capitalisation, a source said.

Key disclosures, as per

ISSB, on the entity's strategy, risk management, metric and targets for sustainability-related risks and opportunities — metrics that are currently underrepresented in the BRSR framework — will find their way in as part of the overhaul, the source said.

Further, ISSB mandates the disclosure of Scope 3 GHG emissions, which refers to indirect greenhouse gas emissions generated throughout a company across various categories within the value chain. This is lagging in BRSR norms and is under discussion for inclusion.

However, this overhaul is expected to be a slow moving process with no deadline known, one of the sources said.

Once the research committee maps the changes to the BRSR framework, the ESG Advisory committee will review it and then it will be taken up by the SEBI Board for final approval.

ISSB has recently provided a guide for adopting these standards by all local jurisdictions.

As per IOSCO's latest release, around 56 jurisdictions have taken action to adopt ISSB's standards.

RBI cuts repo rate by 25 bps to push growth; easing retail inflation helps

LESS RESTRICTIVE. MPC unanimously takes a neutral stance; no liquidity enhancing measures announced

Our Bureau
Mumbai

After keeping it unchanged for two years, the six-member Monetary Policy Committee (MPC) on Friday unanimously cut the repo rate by 25 basis points to support growth. Easing retail inflation also helped in the decision.

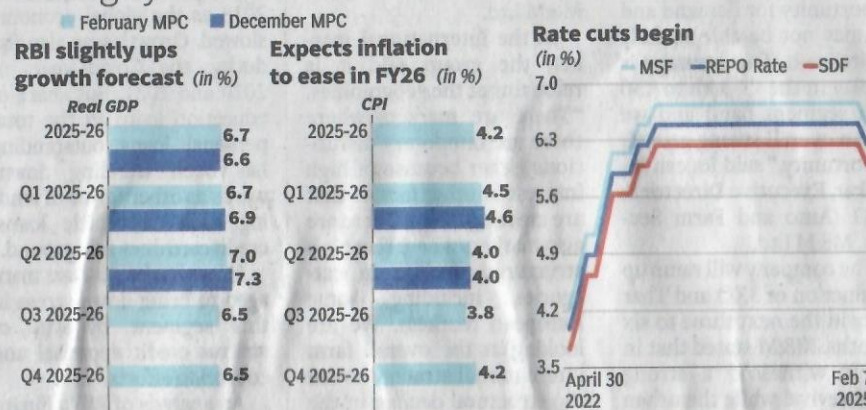
The repo rate (the interest rate at which banks draw funds from the RBI to overcome short-term liquidity mismatches) cut, which was widely expected by bankers and economists, from 6.50 per cent to 6.25 per cent complements the Budget's bid to boost consumption through tax relief.

The MPC action comes even as the rupee has been reeling since November 6, the day the US presidential election results were announced.

MANY UNCERTAINTIES

The MPC meeting — new RBI Governor Sanjay Malhotra's first since assuming office on December 11, 2024 — also decided unanimously to maintain a neutral stance. The reason for this is that excessive volatility in global

Easing cycle



Source: RBI, Bloomberg

financial markets, the continued uncertainties about global trade policies and adverse weather events pose risks to the growth and inflation outlook.

The last time the repo rate stood at 6.25 per cent was between December 7, 2022, and February 8, 2023. Retail inflation eased for the second successive month in December 2024, to a four-month low of 5.22 per cent from 5.5 per cent in November. GDP growth in the second quarter of FY25 fell to a seven-quarter low of 5.4 per cent from 6.7 per cent in the preceding quarter.

Though no specific measures such as open market operation (OMO) purchase of government securities and USD/INR buy/sell swaps were announced to boost the banking system's liquidity, which has been in deficit from December, the Governor said that the RBI is committed to providing sufficient system liquidity.

INFLATION OUTLOOK

Malhotra said, "The MPC noted that inflation has declined. Backed by a favourable outlook on food and continuing transmission of past monetary policy actions,

it is expected to further moderate in 2025-26, gradually aligning with the (4 per cent) target.

"The MPC also noted that though growth is expected to recover from the low (of 5.4 per cent) of Q2 (July-September) of 2024-25, it is much below that of last year. These growth-inflation dynamics open up policy space for the MPC to support growth while remaining focussed on aligning inflation with the target."

Malhotra observed that the MPC, while continuing with the neutral stance, felt that a less restrictive monet-

ary policy is more appropriate at the current juncture. The MPC will take a decision in each of its future meetings based on a fresh assessment of the macroeconomic outlook. He emphasised that the less restrictive monetary policy is only for this particular MPC meeting, and not going forward.

RATE CUT TRANSMISSION

Ajit Velonie, Senior Director, Crisil Ratings, said that the transmission of the rate cut to bank lending rates for new loans would take time. This is because the cost of funds for banks is sticky given the competition for deposits. Therefore, banks may price this in through a wider spread over the benchmark rate.

As for banking system profitability, he foresees net interest margins and return on assets declining next fiscal. This is because a rising proportion of floating rate loans is benchmarked to external rates — over 40 per cent of the total loan book — which are expected to move in tandem with the repo rate. Consequently, the assets side will see a quicker downward repricing overall, compared with the liabilities side.

More reports p3

'Defence production to touch ₹1.6 lakh crore by 2025-26'



Defence Minister Rajnath Singh at the curtain raiser press conference ahead of Aero India 2025 at IAF Yelahanka Airforce Station in Bengaluru MURALI KUMAR K

Dalip Singh
Bengaluru

Defence production is expected to touch ₹1.60 lakh crore in 2025-26, up from the existing ₹1.27 lakh crore, Defence Minister Rajnath Singh said on Sunday.

Addressing the media on the eve of Aero India 2025, Singh highlighted that defence exports have crossed a record ₹21,000 crore this year, and by the end of 2025-26, it's likely to surpass ₹30,000 crore.

The five-day long 16th edition of biennial Aero India 2025 is taking place at Yelahanka Indian Air Force station in Bengaluru, with participation expected from over 900 exhibitors, including around 150 foreign exhibitors.

EXPORTS UP

"When it comes to defence manufacturing, our domestic defence production has surpassed a record ₹1.27 lakh crore. By the end of 2025-26, we expect this figure to exceed ₹1.60 lakh crore. Additionally, our defence exports have also crossed a record ₹21,000 crore, and by the end of 2025-26, we anticipate this figure to surpass ₹30,000 crore," Singh said.

Adding to the growth figures, Secretary of Defence Production Sanjeev Kumar noted that the Ministry is streamlining export authorisations and other administrative processes to give a

fillip to arms exports. He also stated that the government's confidence in meeting export targets stems from the ability of defence PSUs and private sector which have been coming up with quality products. Additionally, Indian defence products are receiving good reception globally, he added.

In his address to media, Singh informed that the government has taken a "resolve" to produce Advanced Medium Combat Aircraft (AMCA) indigenously.

The DRDO, which conceptualised and developed the next generation aircraft, will be displaying a prototype of the AMCA at Aero India 2025.

Interestingly, Russians and Americans have displayed their 5th general stealth aircraft, SU-57 and F-35 respectively, at the Aero India and both the jets will participate in flypast during the event.

"Every achievement in the defence sector not only strengthens our national security but also has a large-scale impact on the economy. The technologies developed for defence applications often go beyond just military use. They frequently lead to innovations in the civilian area as well. These advancements contribute to employment generation and accelerate economic development, making the defence sector a key driver of India's economic growth," observed Singh.