AIFI

Association of Indian Forging Industry

Key Press Reports on Industry and Govt. Policies

(2nd Fortnight February2025)

AUTOMOTIVE INDUSTRY

Business Standard, 18 February 2025

Anurag Mehrotra named JSW MG Motor India MD

Anurag Mehrotra, who was President and MD of Ford India between 2017 and 2021, has been appointed the Managing Director of JSW MG Motor. JSW MG Motor said its CEO Emeritus Rajeev Chaba will continue to advise the management and shareholders as a member of the Joint Steering Committee. Yu De, Assistant to SAIC President and Head of International Operation, SAIC Motor said, "We are grateful to Rajeev for his exceptional leadership in building the MG brand in India. Anurag's experience, and a deep understanding of domestic and international market dynamics, will be critical in taking this journey to the next level." In 2024, China's SAIC Motor Corporation restructured its investment in MG Motor India, bringing in Indian stakeholders to strengthen local operations and align with regulatory requirements.

DEEPAK PATEL

The Economic Times, 21 February 2025

PARENT SUZUKI OUTLINES $8B CAPEX

Maruti Plans 5-yr Road Trip to Reclaim 50% Mkt Share

Co looks to drive in range of premium SUVs, launch new entry-level car as well as four EV models

Our Bureau

New Delhi: Japanese auto major Suzuki Motor Corporation (SMC) Thursday said Indian subsidiary Maruti Suzuki will regain its 50% market share by 2030 by introducing multiple sports utility vehicles (SUV) and a new vehicle in the entry-level segment to draw in premium as well as first-time buyers.

Maruti Suzuki's market share currently stands at about 42%, it used to enjoy a share of 50% just five years ago in FY20.

In a presentation to investors, Suzuki said while India is the "most important market, which will continue to grow and serve as the engine for Suzuki's future growth, the competitive environment is becoming increasingly severe, and the quality of product functions, equipment and services required by customers is increasing." As per the mid-term management plan outlined by parent SMC, Maruti Suzuki is in the process of doubling production capacity to 4 million units per annum by the turn of the decade with an aim at maintaining the number one producer of automobiles in the domestic market, electric vehicle segment and in exports out of the country over the next five years. Suzuki plans to invest nearly $ 8 billion—of the total $13 billion earmarked globally over the next five years—in India to ramp up operations.

The country is expected to contribute as much as 60% of global sales by 2030, up from the current 56%.

The mid-term strategy is aimed at meeting demand of customers in India as well as further enhance its as an export hub to markets in Middle East and Africa

Suzuki, through its Indian subsidiary Maruti Suzuki, will "strengthen product capabilities and lineup in the SUV and MPV segments, rapidly develop and introduce entry segment products that meet the preferences of entry-model customers, introduce BEV (battery electric vehicles) /HEV (hybrid electric vehicles)/ CNG (CBG)/FFV (fossil fuel vehicles) best suited to local conditions for each region in India", the company said, adding a key focus area for the parent will be to better Maruti Suzuki's product planning and development capabilities "to develop and introduce products that better match the preferences of Indian customers in a timely manner".

The mid-term strategy outlined by Suzuki at the headquarters Thursday is aimed at meeting demand of customers in the Indian market as well as further enhance the role of India as an export hub to markets in Middle East and Africa. To respond to growing domestic demand in India and to play a role as a global export hub, the company is also expand supply chain and production capacity by commissioning two manufacturing units in Kharkhoda and Gujarat. Maruti Suzuki will monitor market conditions and gradually build 4 million units per year capacity at appropriate time, SMC said.

As regards electric vehicles, Suzuki continues to expect 15% of its sales to come in from the segment by 2030. The company, however, said it will now introduce 4 EVs in the market here, scaling back its original plans to drive in half a dozen vehicles in the space. Maruti Suzuki unveiled its first BEV e VITARA at the Bharat Mobility Show (BMS) in January.

Business Line, 25 February 2025

Ashok Leyland to boost export, targets 25,000 units in three years

G Balachandar
Chennai

Ashok Leyland is charting an aggressive growth trajectory for its export business, aiming to more than double export volumes over the next three years compared to FY24. The leading truck and bus maker seeks to expand its global presence by penetrating new markets while reinforcing its position in existing ones.

"The company has set an ambitious medium-term export target of 25,000 units. For the current fiscal year, it aims to achieve export of about 15,000 units, a substantial rise from last year's figure of around 11,850 units. Despite certain challenges, the company remains optimistic about meeting this goal, driven by a strong order book," Shenu Agarwal, Managing Director, said during the company's Q3FY25 earnings call.

He attributed the export surge to strategic initiatives over the years, including investments in manufacturing assembly facilities, local branch offices, and on-ground teams in key international markets. These efforts have significantly bolstered the company's presence in regions such as the UAE and Bangladesh, where it established itself as a dominant brand in the commercial vehicle sector.

To sustain this momentum, the company is leveraging its strong brand presence and well-established distribution network to introduce more market-specific products. "Ashok Leyland is confident of steadily increasing its export volumes and achieving its medium-term target of 25,000 units within the next three years," Agarwal added.

The company's export business recorded 33 per cent growth in Q3, with total export volumes rising by 19 per cent over the nine months. The order book for Q4 remains robust, signalling continued growth.

MIX OF BUSES, TRUCKS

A key driver of this growth has been the company's increased focus on left-hand drive (LHD) variants for trucks and buses, facilitating entry into new markets. The Gulf Cooperation Council (GCC) region — particularly the UAE and Saudi Arabia — continues to be the primary growth engine, followed by Africa and SAARC markets.

Business Line, 25 February 2025

Renault launches CNG retrofitment kits for its models

Our Bureau
Chennai

French automaker Renault has announced the launch of government-approved CNG retrofitment kits for its popular models Kiger, Triber and Kwid.

The kits are priced ₹79,500 for Triber and Kiger while the Kwid variant is available for ₹75,000, inclusive of all costs.

In a customer-centric approach, Renault is offering three-year warranty on all CNG-retrofitted cars, ensuring enhanced reliability and confidence for buyers.

PREFERRED VENDOR

Installed through a preferred vendor, the retrofitment kit is homologated to meet stringent safety and performance standards and is compatible with all variants, except automatic and turbo models, the company said.

Venkatram M, Managing Director and Country CEO of Renault India, said the introduction of kits across all models will make Renault cars more accessible while providing eco-friendly and smart solutions.

The CNG retrofitment kit had been designed to ensure standardisation and uniform fitment across Renault's network.

Each kit has undergone rigorous validation to maintain driving performance, ensuring that customers do not have to compromise on vehicle efficiency and safety.

WHAT'S THE COST? The kits are priced at ₹79,500 for Triber and Kiger, while Kwid variant is available for ₹75,000

Renault plans to roll-out the kits in a phased manner, initially launching them in five key states, Haryana, Uttar Pradesh, Delhi, Gujarat, and Maharashtra, which collectively account for 65 per cent of the market.

A nationwide expansion will follow in the coming months.

According to data from Vahan, approximately 6.98 lakh CNG cars and utility vehicles have been sold so far in the current fiscal year, a rise from 5.97 lakh units in FY24.

GROWING DEMAND

The growing demand for CNG vehicles highlights a shift toward cost-effective and environmentally friendly mobility solutions, a trend PV makers have been aiming to capitalise on with the launch of CNG variants in their product portfolio.

GOVERNMENT POLICY

Business Standard, 19 February 2025

Commerce dept may seek more funds to help MSME exporters

Current allocation may not be enough to design and implement support schemes

SHREYA NANDI

New Delhi, 18 February

The Department of Commerce may need to seek additional funds towards schemes to support especially micro, small and medium enterprise (MSME) exporters amid ongoing global uncertainties.

This is because the allocated funds under the Export Promotion Mission announced in the Union Budget may not be sufficient to design and implement adequate support schemes, a person aware of the matter said.

As much as ₹2,250 crore has been allocated towards the Mission, as Finance Minister Nirmala Sitharaman emphasised exports as a key engine of growth in her Budget speech. The Mission aims to boost MSME exports, which account for 45 per cent of India's total exports.

Three of the ongoing export promotion schemes — interest equalisation scheme (IES), market access initiative (MAI), and support for lab-grown diamonds — have been merged into this Mission, according to a commerce department official.

Along with this, there's a mandate that the ministries of MSME, Commerce, and Finance will work towards facilitating higher export credit, cross-border factoring as well as support to MSME exporters to tackle non-tariff barriers in the overseas market. Currently, inter-ministerial consultations are going on. Thereafter, the contours of the scheme will be prepared and approval of the Union Cabinet sought.

"A budgetary allocation of ₹2,250 crore has been made for all of these, which may not be enough. If the finance ministry is convinced that more funds are needed to support exporters, the allocation can then see an increase," the person cited above told *Business Standard*.

For instance, the government is expected to spend as much as ₹2,482 crore towards IES, and ₹200 crore towards MAI schemes during the current financial year (FY25), according to the Budget Estimates. These two schemes, however, did not get fresh allocation for FY26.

As far as the new support schemes are concerned, the government is designing them, especially to help small exporters avail collateral-free loans, since after repeated surveys, it has been observed that four out of five MSMEs face collateral-related issues.

The government also plans to promote factoring services that would help reduce the dependence of exporters on banks. Export factoring services, a widely used financing instrument globally, have low adoption in India due to high factoring costs involving higher rates of interest, higher risk premiums, and lack of parity with subvention schemes.

MISSION ON MIND

- Interest equalisation scheme, market access initiative, and support for lab-grown diamonds have been merged into Export Promotion Mission
- As much as ₹2,250 cr has been allocated towards the Mission
- However, this may not be sufficient to design and implement adequate support schemes
- MSME exports account for 45 per cent of India's total exports

Business Line, 20 February 2025

Trump floats 25% tariffs on auto, drug and chip imports

Bloomberg

President Donald Trump said he would likely impose tariffs on automobile, semiconductor and pharmaceutical imports of around 25 per cent, with an announcement on April 2 that would represent a dramatic widening of the President's trade war.

Trump previously announced 25 per cent tariffs on steel and aluminum, set to take effect in March.

Tuesday's comments are his most detailed yet in specifying other sectors to be hit with fresh barriers if implemented. "I probably will tell you that on April 2, but it'll be in the neighborhood of 25 per cent," Trump told reporters at his Mar-a-Lago Club.

Asked about similar levies on pharmaceutical drugs and semiconductor chips, the President said, "It'll be 25

US President Donald Trump with a signed executive order on the tariffs REUTERS

per cent and higher, and it'll go very substantially higher over a course of a year." Trump said he wanted to give companies "time to come in" before announcing new import taxes.

New levies on automobiles would have sweeping effects on the industry.

Trump didn't specify whether the measures would target specific countries or apply to all vehicles imported to the US.

It's also unclear whether cars made under a free trade agreement with Canada and Mexico would be spared from industry-specific duties, should they take effect.

While investors have seen prior threats of levies as a bargaining tool, they remain cautious amid the uncertainty.

MOST EXPOSED

According to Alicia Garcia Herrero, Chief Economist for the Asia Pacific region at Natixis SA, it's clear that the targets in Trump's second trade war have broadened beyond China and will hit Asia, in particular.

Globally, the countries most exposed to the most recent announcement include Mexico and South Korea, where exports of passenger cars to the US are equal to 2.4 per cent and 1.8 per cent of gross domestic product respectively.

Business Line, 20 February 2025

In FY26, auto-makers see low single-digit growth

LOOKING AHEAD. Domestic, global headwinds; weak sentiment; dip in first-time buyers blamed

S Ronendra Singh
New Delhi

Passenger vehicle makers, including Maruti Suzuki India, Hyundai Motor India, Kia India, Tata Motors and Mahindra & Mahindra, estimate low single-digit market growth in 2025-26.

In fact, the PV industry's growth may decline in FY26 compared to the current financial year's 4 per cent expansion.

KEY FACTORS

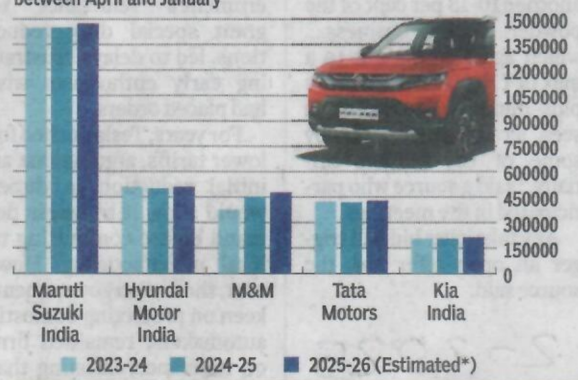
At the 19th 'Looking Ahead' conclave organised by the Society of Indian Automobile Manufacturers (SIAM) on Wednesday, the car makers discussed the reasons for slower growth. These include high interest rate, rupee depreciation leading to high cost of materials, young buyers working in start-ups being classified as a 'non-income group' to whom banks do not offer car loans and global factors, especially developments in the US, that spell uncertainty for growth.

Sources privy to the discussions told *businessline* that Maruti Suzuki India (MSIL) projected growth of 1-1.5 per cent next year. Tata Motors and Hyundai Motor, too, forecast 1.5 per cent growth while Kia India expected around 3 per cent and M&M 5 per cent. Luxury carmaker BMW Group India projected growth of 9 per cent in FY26.

"Customer purchasing power, cost of production and understanding the need of customers are factors that fuelled auto industry growth in India. We need the bottom of the pyramid to come up and first-time buyers to emerge," said Partho Banerjee, Senior Executive Officer, Marketing & Sales, Maruti Suzuki.

In slow lane

Domestic wholesales (dispatches to dealers) trend between April and January



*As per percentage of growth shared by the companies in the meeting (calculated for 10 months) Source: SIAM and industry

MANY CHALLENGES

According to sources, Banerjee highlighted in the meeting that the number of first-time buyers for MSIL in the overall sales is down to 42 per cent from 52 per cent around four years ago.

"The Indian automotive market is navigating several challenges, including geopolitical uncertainties, which may affect the cost of raw materials, components and finished goods. The stock market volatility dampens investor confidence and consumer sentiment, potentially slowing growth," Hardeep Singh Brar, Senior Vice-President and National Head Sales & Marketing, Kia India, told *businessline.*

Tapan Ghosh, Vice-President - Sales, Hyundai Motor India, said mobility-as-a-service has a huge potential with the youth moving from ownership to user model, which could be another reason for the slow growth in the first-time buyer category. Also, preference for sports utility vehicles continues over categories like sedan or hatchback, he said.

Rajesh Menon, Director-General, SIAM, said, "The mobility landscape is undergoing a deep structural transformation towards becoming a self-reliant auto sector. Alongside supporting the industry's sustainability initiatives, SIAM, with its members, is also endeavouring to boost automotive exports, where much headroom is available."

The Economic Times, 21 February 2025

'India will Focus on Energy Efficiency, Boost Capacity'

Power minister says sector needs to expand manufacturing, seek new technology and innovation

Our Bureau

Greater Noida: Power minister Manohar Lal on Saturday said India will focus on energy efficiency along with increasing generation capacity to improve energy intensity by 2030.

The minister said manufacturing in the power sector needs to pick up pace to meet the growing energy demand and production.

Speaking at the ELECRAMA conference organised by the Indian Electrical and

Electronics Manufacturers' Association, Lal highlighted the need for modernising the electricity distribution segment and the role of innovation and research.

"We need to expand manufacturing in the sector as the next step, but also have new technology and innovation," he said.

The focus of the power industry should be on smart grid solutions, advanced power electronics, efficient transformers, power converters, among others, he added.

The power ministry will support electric vehicle charging infrastructure, fast chargers, and battery swapping stations to take it forward and at a faster pace, he said.

With the target of 500 GW of renewable energy capacity by 2030, the transmission system needs to be strengthened to integrate all the green energy capacity, he said.

India's current capacity of non-fossil fuel-based energy is 220 GW.

"The power sector will have to speed up as a growth engine and in the manufacturing segment," he said. "The largest- ever capacity addition in renewable energy is underway in the country."

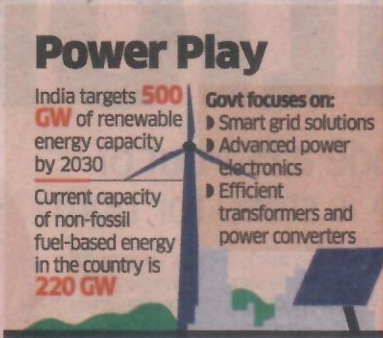
Schneider Electric CEO Olivier Blum, who also addressed the conference, said the company's focus in India is to leverage artificial intelligence and digitisation to accelerate growth in the Indian energy sector.

"The company's purpose is advanced technologies like digital grids, IoT-enabled distributed energy resources, microgrids, smart buildings, and smart cities will reduce emissions by 75% over the next 25 years," Blum said.

The power ministry will support electric vehicle charging infrastructure, fast chargers, and battery swapping stations

Siemens Smart Infrastructure CEO Matthias Rebellius, also highlighted India's crucial inflection point, with digitalisation and clean energy adoption in the power sector.

Strategic investments in smart grids, automation, and renewable energy are accelerating progress, positioning the country as a leader in sustainable electrification, he said.



MANOHAR LAL
Union Power Minister

"The power sector will have to speed up as a growth engine and in the manufacturing segment. The largest-ever capacity addition in renewable energy is underway in the country."

HEMANT L

Petrol Prices in India Among Lowest in the World, says Puri

NEW DELHI: Petroleum prices in India are among the lowest in the world, said Union petroleum minister Hardeep Singh Puri.

Addressing a press conference in Vijayawada, Andhra Pradesh, he said that fuel prices in the country have reduced both in absolute terms and in real terms over the years.

Speaking about the global oil supply, Puri mentioned that more oil is now coming from countries like the US, Brazil, Guyana, Suriname, and Canada.

Stating that "there is no shortage of oil", and that about 40 countries now supply oil to India, from the earlier 27, Puri added that "we welcome if more countries join". This will also help lower the prices, he said.

"In fact, petroleum prices have come down during the last three years," the Union Minister added.

He further stated that a negative growth of -0.67% was witnessed with regard to petrol prices while the price of diesel increased marginally by 1.15%. — IANS

Business Line, 21 February 2025

ELGi Equipments will roll out low-cost air compressors to counter China's dominance

G Balachandar
Chennai

Jairam Varadaraj, MD, ELGi Equipments

ELGi Equipments Ltd, a leading air compressor manufacturer, is set to roll out cost-effective, high-performance products next financial year to counter the rising dominance of Chinese imports in the low-value segment.

The company is facing challenges from imported low-kilowatt screw compressors. Many customers who previously used piston compressors find standard screw compressors from ELGi and other global brands in India too expensive. However, more customers are now switching to screw compressors, as Chinese companies flood the market with low-cost options, increasing demand.

If pricing were based on fair costs, competing with Chinese products wouldn't be a concern. However, a lack of transparency in their pricing adds to the challenge, the company had earlier stated. To tackle this, ELGi has developed a range of low-cost compressors that promise superior reliability, efficiency, and competitive pricing. "These products will not only disrupt the market but also address price concerns posed by Chinese manufacturers," Jairam Varadaraj, Managing Director of ELGi Equipments Ltd, told *businessline.*

PREMIUM SEGMENT

Despite a decline in overall market share due to competition in the lower segment, ELGi has maintained its stronghold in the premium oil-lubricated screw compressor category and recorded growth this year. The company is leveraging its technical expertise to deliver ELGi-standard quality at competitive pricing.

In addition to new product development, ELGi is consolidating its manufacturing operations to improve efficiency. "Bringing everything under one roof will streamline logistics, reduce duplication, and enhance collaboration," Varadaraj noted. The company is also open to expanding its manufacturing footprint overseas, with Europe and the U.S. emerging as potential locations based on market demand. Currently, the company is growing at nearly three times the rate of its competitors. "To meet our long-term targets, we should be growing at five times the competition," said Varadaraj.

Business Line, 21 February 2025

Auto parts sector expects capex of ₹25,000-30,000 cr in FY26

G Balachandar
Chennai

NO BACKING DOWN. Rating agency ICRA suggests that suppliers will continue investing in new products, technology development, and capacity expansion to meet demand

The auto components industry is expected to invest ₹25,000-30,000 crore in capital expenditure (capex) in FY26, focusing on capacity expansion, localisation, and technological advancements, including electric vehicles (EVs), according to rating agency ICRA.

With this plan, the total capex plan of the industry (represented by a sample of 46 auto ancillary companies, whose combined annual revenues exceeded ₹3,00,000 crore in FY24, accounting for nearly 50 per cent of the industry) is estimated at ₹50,000 crore for FY25 and FY26, indicating continued growth and investment momentum.

ICRA expects auto ancillary companies to allocate around 7-8 per cent of their operating income toward capex in the medium term, aided by the Production-Linked Incentive (PLI) scheme, which will drive investments in advanced technology and EV components.

EV OPPORTUNITIES

Currently, only 30-40 per cent of the EV supply chain in India is localised. While production of traction motors, control units, and battery management systems have seen progress, battery cells — which make up 35-40 per cent of vehicle costs — are still imported. This presents a significant manufacturing opportunity for domestic auto component suppliers. ICRA forecasts that the industry's revenue will grow by 8-10 per cent in FY26, following a projected 7-9 per cent growth in FY25. This marks a slowdown from the approximately 14 per cent growth recorded in FY24.

Vinutaa S, Vice President and Sector Head of Corporate Ratings at ICRA, stated that the industry is undergoing a transformative phase driven by sustainability, innovation, and global competitiveness.

Domestic original equipment manufacturers (OEMs), which contribute over 50 per cent of industry revenues, are expected to grow by 7-9 per cent in FY25 and 8-10 per cent in FY26, driven by premiumisation and higher value addition. Replacement demand is projected to rise by 5-7 per cent in FY25 and 7-9 per cent in FY26, supported by an expanding vehicle parc, ageing vehicles, and increased used car sales, she added.

LOW R&D SPEND

Despite slow vehicle registration growth in major global markets, export demand is expected to be bolstered by vendor diversification initiatives from global OEMs and Tier-1 suppliers. Additionally, the closure of metal casting and forging plants in the European Union due to viability issues could create new export opportunities for domestic suppliers.

ICRA suggests that suppliers will continue investing in new products, technology development, and capacity expansion to meet regulatory changes and evolving market demands.

However, research and development (R&D) spending remains low at 1-3 per cent of operating income, lagging behind global peers.

Research and development (R&D) expenses for ICRA's sample set of large Indian auto ancillaries have remained low, at an average of 1-2 per cent of operating income. Some companies in the sample set have had higher R&D expenses, at 2-3 per cent.

This is significantly lower than the global counterparts, where the average has been 8-10.5 per cent over the last few years.

While there is no notable increase expected in R&D expenses of ancillaries in the near term, it is likely to gradually improve over the medium term, as value addition and domestic manufacturing of advanced components increase, and global majors set up R&D/engineering centres in India, it noted.