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Key Press Reports on Industry and Govt. Policies

(2nd Fortnight March 2025)

AUTOMOTIVE INDUSTRY

Business Line, 18 March 2025

Lakshmi Venu appointed as TAFE's Vice-Chairman

Our Bureau
Chennai

Leading tractor manufacturer TAFE (Tractors and Farm Equipment) has announced the appointment of Lakshmi Venu as Vice-Chairman. She has been serving as a Director at TAFE.

Mallika Srinivasan, Chairman and MD, TAFE, said that Lakshmi Venu had played a significant role as a key leader and board member. In recognition of her contributions, she had been elevated to the position of Vice-Chairman. "With her future-focused leadership style, we look forward to her driving TAFE's collaborative, value-based approach towards its vision of 'Cultivating the World'," she added.

DEEP KNOWLEDGE

Sandeep Sinha, CEO, TAFE, highlighted her ability to balance operations and market engagement while demon-



Lakshmi Venu

strating deep product knowledge and an understanding of both Indian and global markets.

Lakshmi Venu said she would work closely with the board and teams at TAFE and Eicher Tractors to strengthen the organisation and drive sustained success in achieving strategic goals. She is also the MD of Sundaram-Clayton.

A graduate of Yale University, she holds a Doctorate in Engineering Management from the University of Warwick, the UK.

With Euler Motors' buyout, Hero MotoCorp drives into electric three-wheeler market

S Ronendra Singh
New Delhi

The country's largest two-wheeler manufacturer Hero MotoCorp (HMCL) said it was foraying into the electric three-wheeler market by acquiring a significant stake in Euler Motors with an investment of up to ₹525 crore.

The transaction will be done in one or more tranches, consisting of a mix of primary and secondary investments.

The primary investment would be made by Hero MotoCorp in equity shares and Series D Compulsory Convertible Preference Shares, pursuant to which HMCL's stake would be around 32.5 per cent on a fully diluted basis, the company informed



Pawan Munjal, Chairman,
Hero MotoCorp

the stock exchanges. Additionally, within the aforementioned amount, HMCL may acquire shares from existing shareholders of Euler by way of secondary sale, it added.

"This investment reinforces our commitment to accelerated growth through both organic and inorganic

expansion, while highlighting the power of collaboration and adaptability in an ever-evolving market," Pawan Munjal, Executive Chairman, Hero MotoCorp, said. The decision came after the board of directors of Hero MotoCorp met on Thursday, the company said.

"This investment allows Hero MotoCorp to venture into a rapidly-growing electric three and four-wheeler market, while unlocking adjacent business opportunities," Munjal added.

GROWING MARKET

He further said that this investment would provide Hero MotoCorp with a 'strong foothold' in the fast-growing electric three-wheeler market, where EVs are projected to account for

35 per cent of total sales in the near future.

Euler Motors has a presence in 30 cities in India and is engaged in the designing, manufacturing and sales and service of electric three-wheelers.

It recently launched its first electric commercial four-wheeler. Euler's turnover for the financial year ended March 31, 2024 was ₹172 crore.

The electric three-wheeler segment saw sales of 53,116 units in February, a growth of five per cent year-on-year compared with 50,612 units in February 2024. With this entry into the segment, Hero MotoCorp will now compete with the likes of Mahindra & Mahindra, Bajaj Auto, Piaggio Vehicles and Omega Seiki.

Maruti to invest ₹7,410 cr in 3rd plant at Haryana's Kharkhoda

BETTING ON DEMAND. The funds will be used to add capacity of 2.5 lakh units/year

Our Bureau
New Delhi

The country's largest passenger vehicles maker Maruti Suzuki India (MSIL) on Wednesday said its board has approved investment of ₹7,410 crore for setting up its third plant in Kharkhoda, Haryana.

The proposed investment will be used for an additional capacity of 2.5 lakh units per year, and with this addition, the total capacity at the facility will reach up to 7.5 lakh units per annum by 2029, the company said.

The plant is a green-field project; the first plant started commercial operations last month (February 2025).

MARKET DEMAND

MSIL said the investment will be funded through internal accruals.

The rationale behind setting up of the third plant is due to growth in market de-



FUNDING PLAN. The investment will be undertaken through internal accruals

mand, including exports.

MSIL has four facilities now, including in Gurugram, Manesar and Kharkhoda in Haryana, and one in Gujarat.

Meanwhile, the Board of Directors, in its meeting, also approved appointment of Tapan Sahoo as Senior Management Personnel (SMP) of the company with effect from April 1.

He was designated as Head-Digital Enterprise and Information and Cyber Security before this.

Sahoo has over 33 years of experience in MSIL in product planning, design and development, supplier development, technology, cost and programme management functions.

KEY ROLE

He has played a key role in upgrading the R&D capability of MSIL and supported development of design capability of many auto component supplier in India, the company said adding that he

The plant at Kharkhoda is a green-field project; the first plant started commercial operations last month

is responsible for chalking out strategies for new age technology solutions for enhanced customer experience, operational efficiency improvement using cutting-edge technologies like AI/ML, collaboration with start-ups and academia.

The board has also approved the appointment of Sunil Kakkar as an Additional Director and Whole-time Director designated as Director (Corporate Planning) for a period of three years with effect from April 1, 2025, MSIL added. Kakkar is the first Indian to be appointed to the position.

25% US auto tariff may pinch some Indian cos

Tyre, Component Firms May Face Tighter Margins

Nandini Sengupta
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Chennai: Stepping up his trade offensive, US President Trump announced plans to impose a 25% tariff on imported cars and some components starting next week, a move that sets the stage for retaliation by others, including the EU and Canada, which ha-

▶ **Edit Page: Good News Hidden In Auto Tariffs**

ve slammed the move.

Since the tariff will apply on imports from all countries, the major impact will be felt by US consumers, who could face price hikes (up to \$6,000/vehicle), which may slow down demand and im-

29% OF AUTO PARTS EXPORTS TO US

▶ US consumers to take direct hit as prices may rise by up to **\$6,000 a vehicle**

▶ US not a large market for Indian passenger vehicles & trucks, accounts for less than **1% of total exports**

▶ Carmakers with direct exposure to US market like Tata group's Jaguar and Land Rover cars could face the heat. **Tata Motors shares tank over 5.5%** after tariff announcement



MAJOR IMPACT

▶ Real impact on Indian cos could be in segments like components & tyres, where **US is biggest export market**

▶ With exports of **\$2.2bn**, US accounted for 29% of all auto parts shipped from India

▶ Tyre exports to US were worth \$500m, **17% of Indian exports** of the item globally

▶ Experts say since tariffs are to be applied uniformly across exporting nations, **Indian cos can retain their edge**

▶ **More US univ students face deportation, P 18**

▶ **Probe into leak of US war plan unlikely, P 18**

pact all companies, including those overseas.

While Indian automakers will largely escape unscathed immediately, given the tiny exposure of the small vehicles made by them, industry players said the real impact could

be in segments such as components and tyres, where the US is the biggest export market. Tata Motors-owned Jaguar-Land Rover could be one of companies that'll be hit.

▶ **Overseas factories, P 15**

Indian cos with overseas factories may be affected

Comes After Recent Gains Due To 'China+1'

▶ **Continued from Page 1**

With exports of \$2.2 billion, the US accounted for 29% of all auto parts shipped from India. Similarly, with tyre exports of Rs 4,259 crore (around \$500 million), the US commanded 17% of the Indian exports globally. In recent years, both segments have gained substantially from the China + 1 strategy pursued by global auto OEMs. Besides, some of the Indian players have production facilities in countries such as Mexico and will be impacted.

Tyre companies said they are watching how the developments unfold. "The US has traditionally been the largest export destination for Indian tyres, but the industry remains confident in its strong fundamentals of cost competitiveness, quality and adherence to global standards. If tariffs are applied uniformly across exporting nations, Indian tyres can retain their edge," said



Rajiv Budhbraja, director general of Automotive Tyre Manufacturers Association.

Auto industry experts said that's true for other auto parts too. "There are a set of components where India is 15% to 20% cheaper including foundry parts, rubber components and even plastics where the pinch will be on margins to begin with," said the CEO of a top auto component company.

For passenger vehicles and trucks, the US is not a large market, accounting for less than 1% share of total exports from the country. India's right hand drive vehicles are mostly sold in west Asia, South Africa, Saarc and African nations. Two-wheeler exports mostly go to southeast Asia, Africa and Latin America.

"The US is not a significant destination for Indian passenger or commercial vehicle exports so if there is an impact it will be on components industry. However, since the duties will be levied on

all markets, the relative competitive position between India and other markets like Vietnam, Thailand or China does not change with this," said Shenu Agarwal, vice president of industry lobby SIAM.

Apart from generating revenue, **Trump** is hoping that the tariffs would prompt some of the companies to locate production facilities in the US. "If Indian companies invest in putting up facilities in the US going ahead, they will gain tariff benefits," said the CEO of a large component company. "But managing the complexity of the global supply chain will be trickier."

Auto industry sources said the immediate impact could likely be on companies that have a direct exposure to the US market like Tata group's sale of JLR cars in the US, companies like Sona Comstar that supply parts to Tesla and other North American auto majors, companies like Sundaram Fasteners which supplies powertrain components to US giant GM.

Auto component makers fear US tariffs will hit their revenues

RIPPLE EFFECT. 25% tariff may dent the operating margins by 120-150 basis points

Aroosa Ahmed
G Balachandar
S Ronendra Singh
Mumbai/Chennai/New Delhi

US President Donald Trump's proposed 25 per cent tariff on auto parts imported into the US is set to impact Indian auto component manufacturers significantly, given their strong exposure to the American market.

Industry experts warn that the tariffs, expected to take effect from May, will compress operating margins and revenues, as exports form a crucial part of the sector's earnings.

US, A KEY MARKET

"The tariff is expected to dent the operating margins of auto parts makers by 120-150 bps. Approximately one-fifth of India's auto component sector revenue is derived from exports. Of this, 27 per cent is to the US market alone," said Anuj Sethi, Senior Director of Crisil Ratings.

In FY24, India exported automobiles and auto com-



MAJOR HUB. In FY24, India exported automobiles and auto components worth \$2.6 billion to the US

ponents worth \$2.6 billion to the US, with auto parts accounting for a chunk of \$2.1 billion, said Prabhudas Lilladher in a note.

Prominent among those that will be affected the most is Sona BLW, which gets 43 per cent of its revenues from the US, and Bharat Forge with 38 per cent, according to CLSA. Samvardhana Motherson gets 15 per cent of its revenue from the US but may see a lesser impact as it has manufacturing facilities in the US.

A senior executive from a leading Indian auto parts company, which exports to the US, noted that previous tariffs on steel and aluminium, imposed on March

12, impacted only select components based on the Harmonised System of Nomenclature (HSN) codes. The full extent of the new tariffs is expected to become clearer on April 2, determining whether a broader range of parts will be affected.

BIG HIT FOR TAMO

In the automobile sector, Tata Motors is seen having a major impact, as its luxury brand subsidiary Jaguar Land Rover (JLR) has one-third of its sales coming from North America.

For JLR, the US is a key market to which it exports from its manufacturing facilities in the UK and other international locations. "Close

to 31 per cent of JLR's retail sales come from the US and models are made in the UK, thus it would be exposed to the higher duty, though the US in the past has been a relatively lower-margin market for JLR," said CLSA.

"The US is a key market for Indian auto components, with exports valued at \$1.5 billion annually. Increased tariffs could reduce demand for these exports, pressuring Indian suppliers to find alternative markets," said Nikhil Dhaka, Vice-President, Primus Partners. "India's passenger car exports to the US are negligible, accounting for only \$8.9 million in 2024, or 0.13 per cent of India's total global car exports. This minimal exposure makes the tariff largely irrelevant for Indian automakers," he added.

Prabhudas Lilladher put it in perspective; observing from a macro lens, even under an extreme-case scenario where \$2.6 billion of auto exports are fully tariffed at 25 per cent, the theoretical export loss to India would be \$650 million, a mere 0.09 per cent of India's total mer-

chandise exports, and 0.02 per cent of GDP.

INDIRECT HIT

The tariff will also impact indirect suppliers that ship materials to other countries, which then export them to the US.

Ashim Sharma, Senior Partner at Nomura Research Institute Consulting & Solutions India, said that Indian manufacturers supplying US-bound vehicles indirectly — via other countries — could also feel the squeeze. Companies with operations in Mexico may face hurdles, depending on the tariff application.

Saurabh Agarwal, Tax Partner, EY India, said the timing of the tariff announcement is significant, as India and the US are currently engaged in discussions to finalise a bilateral trade agreement, aimed at expanding trade between the two countries, with a target of \$500 billion in trade by 2030. This makes the upcoming negotiations an important space to watch for potential tariff adjustments or new trade terms.

Auto street set for rough ride

India calculating impact of 25% duty on cars, auto parts; firms see hit on margins

SOHINI DAS, SHREYA NANDI
& DEEPAK PATEL

Mumbai/New Delhi, 27 March

In a latest twist in the trade war, United States President Donald Trump has announced a sweeping 25 per cent tariff on automobile and automobile parts with effect from April 3.

While the European Union (EU) and Japan, among others, are gearing up for retaliation, India is doing its own math to calculate the impact of the additional tariff. In India, even as the impact on completely built vehicles may not see a major impact, auto components exports may take a hit, according to the government's preliminary analysis. "Looks like automobiles exports may not take a major hit since Indian carmakers don't cater to the US market," a senior official said. However, that's not the case for automobile component exports.

Industry representatives and analysts shared the view. The operating margins of Indian automobile component exporters would likely compress by 125-150 basis points due to the Trump administration's decision, according to market analysts. Their operating margins are now in the range of 12-12.5 per cent.



RIPPLE EFFECT

India's auto stocks declined 1% on Thursday after US President Donald Trump announced a 25% tariff on auto imports from April

BSE Auto



Source: Bloomberg; Compiled by BS Research Bureau

THE LAGGARDS

(As of Mar 27)

	Close (Share price in ₹)	1-day chg %
Tata Motors	668.6	-5.6
Sundram Fasteners	906.2	-4.0
Ashok Leyland	208.7	-2.9
Samvardhana Motherson Internat	132.0	-2.2
UNO Minda	915.6	-2.1

The share prices of major auto component makers fell sharply on Thursday. Sona BLW Precision Forgings dropped 5.89 per cent to ₹467.15, while Samvardhana Motherson International fell 2.62 per cent to ₹131.4. Tata Motors also saw a 5.47 per cent drop, closing at ₹669.5. The US is a key market for Jaguar Land Rover (JLR), Tata Motors' luxury car unit. North America accounted for nearly one-third of JLR's global sales in 2024, with the US alone contributing 22 per cent.

JLR had predicted in its Q3 earnings call that the market would become both challenging and unpredictable. Richard

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Trump's tariffs stun America's automaker allies

Trump's new tariffs may drag foreign automakers' earnings. They will likely have far-reaching and damaging effects on the economies of the US' North American neighbours and key allies in Europe, Asia.

► MOST CARMAKERS STAND TO LOSE AS TARIFFS SPREAD PAIN P8

Molyneux, Chief Financial Officer of JLR, had said tariffs and a progressive breakdown of global free trade were a concern. While most Indian carmakers, except Tata Motors, have limited exports to the US, the scenario is starkly different for auto component manufacturers. For them, the US has been the number one export mar-

ket for many years. According to the Automotive Component Manufacturers Association of India, the industry exported auto components worth \$11.1 billion globally in the first half of 2024-25. Of this, nearly 28 per cent—valued at \$3.67 billion—was shipped to the US.

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'CHANGING A BIG COMPANY LIKE NISSAN IS NOT AN EASY THING'

Nissan's New CEO Says It Needs Partners and Is Open to Honda

Bloomberg

Nissan Motor's incoming chief executive officer said he's open to pursuing a partnership with Honda Motor, the Japanese peer his carmaker tried to combine with before talks broke down last month.

The auto industry's push into intelligent cars "is going to require a lot of work and a lot of investment that probably will need some partner," Ivan Espinosa, who assumes his new role on April 1, said Wednesday. "I'm open to Honda or other partners, as long as these partners are helping us drive the vision of the business." Nissan tapped Espinosa, 46, to take over its top job at a critical juncture. The Japanese carmaker has braced investors for a third annual net loss in the last six years, sales are slumping and negotiations with Honda fell apart last month under outgoing CEO Makoto Uchida.

The top items on Espinosa's to-do list will be to seek collaborations with companies that would help Nissan develop electric vehicles and



Ivan Espinosa Reuters

refresh the aging car lineup costing the company share in major markets including the US and China.

A tie-up with a traditional automaker could offer "some synergy" in terms of size, powertrain technology and battery investment, Espinosa told reporters in Atsugi, near Nissan's headquarters in Yokohama.

"There's another avenue, which is who should you partner with in order to develop this intelligent part of the future. There are some traits and some competencies that traditional OEMs don't have," he said.

Taiwanese iPhone maker Hon Hai

Precision Industry Co. has expressed interest in buying French automaker Renault SA's stake in Nissan. Although Nissan is receptive to cooperating with the company also known as Foxconn, it sees more merit in partnering with a big tech firm, Bloomberg News reported earlier this month.

Espinosa, who's been chief planning officer since April of last year, said he regrets not accelerating product development previously. "Changing a big company like Nissan is not an easy thing," he said.

He reiterated the Japanese automaker's plan to shorten the time it takes for a car to go from development to production to as few as 30 months, from as many as 52 months.

Nissan will roll out a number of new and refreshed models in its next two fiscal years.

In North America, a new version of the Sentra compact sedan will be introduced later this year, and the US and Canada will be the first markets to launch the new Leaf, which will be equipped with a port for plugging in at Tesla's Superchargers.

Ministry of Defence ties up a clutch of contracts; Ashok Leyland bags ₹700-cr vehicle supply deal

Our Bureau
New Delhi

With financial year 2024-25 coming to an end, the Ministry of Defence (MoD) is rushing to wind up contracts for mobility solutions and simulators for the armed forces.

Ashok Leyland on Friday announced that its defence business has won multiple orders valued over ₹700 crore for supply of vehicles for troop transportation, logistics and other specialised mobility requirements under the close-in weapon systems (CIWS) programme.

The recently-awarded contracts that encompass a diverse range of specialised vehicles, include trucks 'Stallion 4x4' and 'Stallion 6x6', short chassis bus, and mobility system travelling platform, Ashok Leyland stated.



The company claims that these vehicles offer reliability with exceptional off-road capability, ensure seamless manoeuvrability across demanding terrains and meet a variety of operational requirements.

"The defence business remains a key pillar of Ashok Leyland's future growth," said company MD & CEO Shenu Agarwal.

ZEN TECH
Zen Technologies Ltd said

that it has got a contract of approximately ₹152 crore from the Ministry of Defence for supply of state-of-the-art integrated air defence combat simulator (IADCS) for the L-70, the World War-II vintage anti-aircraft gun which the Army is modifying for counter drone systems. The IADCS is a cutting-edge virtual simulation system designed to provide comprehensive training for air defence operations, Zen Technologies stated.

The start-up, which specialises in anti-drone technology, said the simulator has been developed entirely through internal R&D efforts under the Make II category, and the project showcases the company's commitment to building proprietary technologies and intellectual property with strategic value to the armed forces.

"..With its successful induction, we foresee significant

interest not only from within India but also from friendly foreign nations operating legacy air defence platforms like the L70 gun. This marks an important milestone in our journey to becoming a global leader in virtual defence training systems," said Arjun Dutt Atluri, Vice President, Zen Technologies.

MORE DEALS

On Thursday, the MoD signed multiple contracts with defence PSU Armoured Vehicle Nigam Ltd (AVNL) for the procurement of Nag Missile System (NAMIS), the tracked version of anti-tank weapon platform.

It also inked deal with Force Motors Ltd and Mahindra & Mahindra Ltd for around 5,000 light vehicles for the armed forces. All the three contracts together were valued at around ₹2,500 crore.

BYD plans EV plant with Megha Engg in Telangana

SHINE JACOB

Chennai, 28 March

With Megha Engineering and Infrastructures Ltd (MEIL) expected to be its local partner and major shareholder, Chinese major BYD's unit to manufacture electric vehicles (EVs) and batteries is likely to come up at a spot 60 km from Hyderabad.

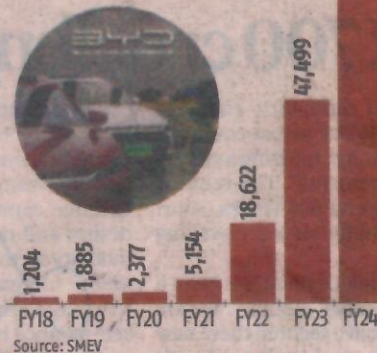
The global major has had talks with the central government to get clearances in this regard and seems to have received an "informal go-ahead signal" to proceed with the project with a local partner, said a source privy to the development.

The BYD project is likely to be export-oriented because the Indian EV four-wheeler market is still in its nascent stage, with only 90,432 units sold in FY24.

Neither BYD nor MEIL responded to questions from *Business Standard*. With this, Telangana will become the first state

AT FULL THROTTLE

EV4W sales in India (in units)



to host a BYD factory, and the firm will join global majors, including VinFast and Tata-JLR (both in Tamil Nadu), to set up an EV unit in South India. Turn to Page 6 ▶

BYD looking at three locations near H'bad

This also comes at a time when its American rival Tesla is in talks with Andhra Pradesh to set up a manufacturing unit while considering other locations in Maharashtra, Gujarat, and Tamil Nadu.

"The modalities and timing are not clear. In the next few days, we may get clarity. It (the Indian partner) is likely to be Megha," the source said. According to local media, the facility will span 500 acres and will have the capacity to manufacture 600,000 vehicles by 2032, in addition to a battery production unit with a capacity of 20 GWh. Though there were reports that investment for the project may be around \$10 billion, sources said the government had yet to receive a detailed project report (DPR) in this regard. "The location is likely to be Shabad, near Hyderabad. The investment will be substantial," the source added, while reports indicate that three locations are under consideration.

This will also be the first

major Chinese investment in the automobile sector after the formation of JSW MG Motor India — a joint venture with China's leading carmaker, state-owned SAIC Motor, and JSW — was reported. Along with MG Motor India, South Korean and Japanese companies, with BYD, are entering the market, and that may pose a challenge to Tesla in gaining a foothold in India.

Both BYD and Megha Engineering approached the Union government for clearance for a \$1 billion EV unit in 2023, but it was rejected. According to rules on foreign direct investment, any proposal for investment from countries sharing a land border with India reportedly requires permission from various ministries, including the ministries of commerce and industries, heavy industries, external affairs, and home. To boost electric mobility, the state has offered full exemption on road tax and registration fees for all EVs until December 2026.

Automakers Brace for a Rough Journey in FY26

Cos pressurised by emission rules, high raw material prices and supply chain disruptions

Lijee Philip

Mumbai: Automakers are bracing for a likely challenging start to the new fiscal year, when price hikes they are compelled to make due to higher input cost could further dampen demand that is already weak and increase inventory that are high at dealerships.

Auto dealers said it has been some time before they faced a string of challenges like this time.

Strict emission and safety regulations, increased raw material prices and supply chain disruptions are putting cost pressure on automakers, forcing them to announce price hikes for several fast-moving models. While the price increases are mostly effective April, and companies are offering generous discounts on both fossil fuel-run and battery-powered vehicles ahead of the end of this fiscal year, consumers are largely refraining from making purchases, said dealers.

Prices are expected to increase 3-4%, or ₹20,000 to ₹1 lakh, within the budget and mid-tier segments. The average retail price of new vehicles (mass-market and

luxury) has surged from ₹8 lakh in 2018 to ₹14 lakh in 2024, according to estimates by consultancy firm Jato Dynamics.

Maruti Suzuki has announced price increases of up to 4%, citing rising input costs and operational expenses. Tata Motors and Kia are both considering hikes of up to 3%, while Renault has targeted a 2% increase. Luxury brands such as BMW and Mini are also preparing for hikes of up to 3%.

Mahindra & Mahindra also expects a 3% rise, while Honda and Hyundai too have acknowledged

PRICE PAIN

Prices are expected to increase by ₹20,000 to ₹1 lakh in the budget and mid-tier segments. Average retail price of new vehicles surged from ₹8 lakh in 2018 to ₹14 lakh in 2024

Bumpy Ride

Price hikes up to 3-4% likely by Maruti Suzuki, Tata Motors, Kia, Hyundai, Honda, Renault, Mahindra, BMW Mini

CORE DRIVERS OF PRICE INCREASE

Raw materials, steel, aluminium, electronic components

Supply chain strain

Operational Overheads:

Energy, labour and investments in EV, connected car technologies

Regulatory Costs:

Stricter Bharat stage and safety (airbags/ABS) norms



cost challenges and are expected to increase prices.

Most of the companies had increased prices in January as well, in the range of 3-4%, citing higher input costs amid a volatile global commodity market with steel, aluminium and electronic components seeing sharp price swings.

While companies have not spe-

cified which models will see the price increases, a Mumbai-based dealer said "car makers cannot afford to increase prices across the model range".

"Manufacturers are expected to see sustained pressure on profit margins, while dealers will have to bear inventory carrying cost," said Kavan Mukhtyar, partner (automotive) at PwC.

GOVERNMENT POLICY

Business Line, 18 March 2025

BUSINESS LINE 18/03/2025

India proactively engaged with US to draw contours of trade pact: Barthwal

Amiti Sen
New Delhi

India is proactively engaged with the US to draw the contours of the India-US bilateral trade agreement (BTA) that the two sides are set to negotiate and is holding virtual meetings for the same, Commerce Secretary Sunil Barthwal has said.

The Commerce & Industry Ministry is also holding consultations with domestic stakeholders to identify opportunities as well as challenges that emerge from the threat of reciprocal tariffs to be imposed by the US.

"The government is weighing both opportunities and issues emerging from US tariffs. We are doing stakeholders consultation on these issues and will be resolving those issues on a bilateral basis," Barthwal said in an interaction with reporters on Monday.

TRUMP TARIFF

US President Donald Trump has threatened countries, including India, that have high import tariffs on US goods, with reciprocal tariffs that



Sunil Barthwal,
Commerce Secretary

are scheduled to be announced on April 2.

Trump and Prime Minister Narendra Modi agreed to establish "new, fair-trade terms" to work out an India-US BTA that could more than double bilateral trade to \$500 billion. The first tranche is set to be finalised by fall this year.

"We are negotiating this bilateral trade agreement, which is... multi-sectoral, and it will be addressing all issues between us mutually. So, all those things which are of importance to both countries will be part of the negotiations. And we are very proactively engaged with the US on this issue," Barthwal said.

India's tariffs on US goods are at a much higher 15.30 per cent (2022) than US tariffs on Indian products at around 3.83 per cent.

US' steel & aluminium tariffs take shine off engineering goods exports

TRADE IMPACT. Exports may be lower than targeted \$118 b due to slowdown in last two months of FY25: EEPC

Amity Sen
New Delhi

US President Donald Trump's tariffs on steel and aluminium may have already started denting India's exports of engineering goods with total exports this fiscal likely to be lower than the targeted \$118 billion, per engineering goods exporters.

"Engineering goods exports dropped 7 per cent in February and may post a similar decline in March. Value of shipments in the entire fiscal 2024-25 may be \$115 billion, instead of the targeted \$118 billion. This would be only 6 per cent higher than last year's \$109 billion and not 10 per cent increase as was being earlier anticipated," EEPC Chairman Pankaj Chadha told *businessline*.

Orders for engineering products started getting im-

pacted in February itself in anticipation of the tariffs on steel that were imposed on March 12 because the voyage time from India to the US takes one-and-a-half months.

TARIFF WOES

"By the time the goods shipped in February land in the US, they would be tariffed," an official explained.

On March 12, the Trump administration announced a 25 per cent import tariff on steel and aluminium imported from all countries, including India.

"Of our engineering goods exports worth \$20 billion to the US annually, about \$5 billion got affected by the 25 per cent tariffs announced by President Trump."

"Of this, about \$1 billion worth of items were already in transit and would be hit by tariffs once they reach their destination," Chadha said.

"Of our engineering goods exports worth \$20 billion to the US annually, about \$5 billion got affected by the 25 per cent tariffs announced by President Trump."

PANKAJ CHADHA
Chairman, EEPC



As Trump is set to impose reciprocal tariffs on April 2 on many more items covering multiple sectors, more engineering goods could be subject to higher tariffs, and the situation may worsen further.

CHALLENGES AHEAD

The Indian engineering industry has maintained growth momentum for most

of the current financial year, surpassing the performance of overall merchandise exports, which is almost flat.

"While the medium and long-term outlook for the sector remains bright, challenges don't seem to be subsiding in the short-term as US President Donald Trump has signalled that reciprocal tariff on steel and aluminium would kick in, starting

April," per a note issued by EEPC earlier this month.

The US is the top destination for engineering goods exports, and it may not be easy to diversify to other markets as the American duties were affecting all countries and competition everywhere would increase, another industry source pointed out.

"We are hopeful that the US-India BTA would sort out the tariff problem between the two countries," the source said.

India's simple average tariff rate is significantly higher than the US, at 17 per cent compared to the US' 3.3 per cent, according to WTO figures. India also has an over \$35 billion annual trade surplus vis-a-vis the US.

New Delhi is set to offer tariff concessions to the US under the BTA and hopes to avert the April 2 reciprocal tariffs because of its efforts.

Exports till Feb 5 from SEZs, EOUs eligible for RoDTEP scheme benefits

Press Trust of India
New Delhi

Companies that have exported goods until February 5 this year from special economic zones and export-oriented units can claim benefits under the RoDTEP scheme, according to a notification. Earlier, the exporters were allowed to seek benefits under the scheme till December 31, 2024.

Under Remission of Duties and Taxes on Exported Products (RoDTEP), various Central and State duties, taxes and levies imposed on input products, among others, are refunded to exporters. The current RoDTEP rates are in the range of 0.3-4.3 per cent.

"The support under RoDTEP scheme for exports of products manufactured from AAs (advance authorisation), SEZs (special economic zones) and EOUs (export-oriented units) has been extended up to February 5," the DGFT has said in a

notification on March 20.

However, from February 6 onwards, exports from these categories will no longer be eligible for RoDTEP support, the Directorate General of Foreign Trade (DGFT) said.

The support under the scheme for other categories, that is from domestic tariff area (outside SEZs and EOUs) shall continue to avail benefits under the scheme till September 30 this year. According to trade experts, the retrospective extension means some exporters who didn't opt for RoDTEP after December 2024 may lose out on refunds.

Exporters are urging the government to announce the scheme's rates and availability for a five-year period, offering greater certainty and stability, especially as export volumes continue to decline.

India's exports fell 10.9 per cent in February compared to the same month in 2024, highlighting challenging conditions for the sector.

Faced with wheelset shortage, Rlys 'back on track' with China imports

THE SOLUTION. Railways to import 60,000-70,000 axles from China, sets up swap deal for wagon makers

Abhishek Law
New Delhi

The Railways have gone back to importing wheel-making components from China after facing a shortage of wheelsets.

The Rail Wheel Factory in Bengaluru, which usually supplies these, faced a production stoppage due to a lack of axles. This left wagon manufacturers searching for alternatives to fulfil Railways' orders.

To solve the problem, Railways is importing 60,000 to 70,000 axles from China, with orders already placed. Railways has set up a swap deal for wagon makers.

SWAP DEAL

Wagon makers can import wheels from China for private orders but they must give all Indian-made wheels to the Railways to avoid delays in public railway projects. Any imported wheelsets available will be temporarily



LOCAL ALTERNATIVE. A ₹200 crore axle line is being set up in Bengaluru to reduce reliance on imports BISWARANJAN ROUT

arily used and later replaced with India-made offerings.

"Railways is not importing wheelsets from China. Wagon manufacturers would, if required, post permission. Railways will import axles from China," an official told *businessline*.

A second official, said the national transporter has not allowed wagon manufacturers to import fresh wheelsets for orders placed by Indian Railways. Rather the push is for temporary use of surplus offerings. To avoid any disruption in production, wagon manufacturers are

temporarily allowed to use wheelsets that they had imported earlier for their private orders, but are currently lying unused.

"This is a barter arrangement only until May 2025. These wheels must later be replenished by the Rail Wheel Factory (RWF). New imports are not allowed, but only existing surplus wheelsets can be used," the person said.

Texmaco Rail Infra mentioned in their Q3FY25 investor call that their performance was lower due to the "non-availability of

wheelsets from the Railways."

"We used to import wheels, but now Railways allows us to use surplus imported wheels for wagons, with replenishment until April, mostly from China," said Sudipta Mukherjee, company MD. Umesh Chowdhary, VC and MD of Titagarh Rail Systems noted that Railways had extended delivery time for wagons, "using imported wheels on a replacement basis."

REDUCE RELIANCE

Railways' project norms mandate wagon-makers procure made-in-India wheelsets to fulfil government orders. These are supplied by the Bengaluru unit, while axles are domestically procured or sometimes imported. Previously, Russia and Ukraine were key import nations. A ₹200 crore axle line was being set up in Bengaluru to reduce reliance on imports.

The project was expected

to be operational by mid-2024, but delays due to high-sea accidents and other issues have pushed back the timeline by 10-12 months. Production at the plant is expected to stabilise by May or June 2025, with annual capacity being of 30,000 axles, making Railways self-reliant. "The unit is stabilising, and by mid-2025, around June, it should function normally," the second official said.

By the last week of April, the first shipment of 6,000-7,000 axles is expected, with supplies continuing for 10-12 months.

The Bengaluru wheel plant is operating at 60-70 per cent capacity at present, with an axle import requirement of at least 20 per cent. Despite challenges, wagon production has continued without major disruption, an official said adding that since October-February, production averaged 3,557 wagons per month, higher than the 3,334 wagons produced in the first half of the year.

Panel bats for ESG oversight body within Corporate Affairs Ministry

KR Srivats
New Delhi

The Standing Committee on Finance, led by BJP MP Bhartruhari Mahtab, has recommended the creation of a dedicated Environmental, Social and Governance (ESG) oversight body within the Ministry of Corporate Affairs (MCA) to strengthen monitoring and enforcement of ESG regulations.

In a major policy push, the panel also called for amending the Companies Act, 2013, to make ESG objectives a fiduciary responsibility of corporate directors, ensuring that boards integrate sustainability into their business strategies.

As part of its recommendations, the committee has proposed introducing penalties for greenwashing — where companies misrepresent their environmental or social impact — to curb misleading ESG claims and to promote genuine sustainability efforts.

These recommendations form part of the Standing Committee's recent report (tabled in the Lok Sabha) on

the MCA's demands for grants for 2025-26.

KEY PILLAR

India has made significant progress in fostering sustainable business practices through frameworks, such as the business responsibility and sustainability reporting (BRSR) norms and the national guidelines on responsible business conduct (NGRBCs).

However, challenges persist, including inconsistent implementation across sectors, difficulties faced by smaller businesses in adopting ESG practices and the growing risk of greenwashing. To address these issues, the panel has suggested a multi-pronged approach with the establishment of a dedicated ESG oversight body within the MCA as a key pillar.

This regulatory body, tasked with monitoring ESG disclosures, will enforce compliance with reporting standards to create uniformity across industries and introduce penalties for greenwashing to deter companies from making deceptive sustainability claims. By ensur-

ing that companies genuinely adhere to ESG principles, the proposed oversight body aims to build investor confidence and enhance India's global reputation for responsible business practices.

ANNUAL REPORTING

The committee further recommended that the MCA dedicate a chapter on ESG in its annual report, starting from the fiscal year 2025-26. This would provide transparency on the government's ESG initiatives, regulatory measures and corporate compliance trends.

By including ESG reporting in official documentation, the Ministry would create greater accountability in both the public and private sectors.

'If tariffs are cut for US items, same should apply to others'

S Ronendra Singh
New Delhi

As the US and India try to finalise the contours of the bilateral trade agreement over the next two weeks with US President Donald Trump's April 2 reciprocal tariff threats in mind, luxury sports car manufacturer Aston Martin on Saturday said that it would not only help US-based companies but also other countries if lower tariff rates are applied for all.

India has one of the highest import duties (110 per cent) in the world for completely built units (CBUs); so any move on lowering the tariff would help luxury car makers grow their sales in the country, said a top official at Aston Martin.

"Without a doubt, we feel that anything that is an obstacle to any buyer or who would like to eventually buy an Aston Martin should be removed. It should be as free as possible — India or any other market. So any barrier that can be removed, we are supportive of that," Gregory Adams, Regional President-Asia Pacific, Aston Martin, told *businessline* on the sidelines of a new car launch



Gregory Adams, Regional President-APAC, Aston Martin

here. He said wherever such high duties are applied, demand for products in the categories have taken a hit.

"We will love to be in a situation in India or any other market, where barriers (high tariff) are removed so that people have a little bit more freedom so as to select their cars, particularly Aston Martin," Adams added.

SALES IN INDIA

Meanwhile, he said the British brand's sales in India have doubled to 21 units as compared to those in 2021. This is expected to grow with the rise in high income groups and entrepreneurs in the country.

The company launched the latest version of its supercar Vanquish at ₹8.85 crore (ex-showroom)

Sales of Aston Martin cars in India have doubled to 21 units as against sales in 2021. This is expected to grow with rise in high-income groups

powered by a 5.2 V12 Twin-Turbo engine with a class leading 835PS/1000Nm, the company said, adding that it also has the highest maximum speed of 214mph (345kmph) in an Aston Martin series production car.

The luxury and super luxury cars market have been growing well over the past three years, and companies are launching their flagship models to cater to the demand here. For instance, Mercedes-Benz India, recently launched its Maybach SL 680 Monogram Series priced at ₹4.2 crore (ex-showroom; all-India).

In terms of sales, companies like Italian supercar maker Lamborghini also said it has delivered 113 cars in India in 2024, a 10 per cent increase from 2023.

Govt notifies revisions to investment, turnover criteria for MSMEs

Press Trust of India
New Delhi

The government has notified significant revisions to the turnover and investment criteria for classifying MSMEs, which will come into effect from April 1.

Micro, small and medium enterprises with investments up to ₹2.5 crore will now be classified as micro-enterprises, up from the previous threshold of ₹1 crore. The turnover limit has also been revised from ₹5 crore to ₹10 crore.

Units with investments up to ₹25 crore will be classified as small enterprises, from the earlier ₹10 crore.

The turnover limit for such enterprises has been doubled from ₹50 crore to ₹100 crore.

MSMEs with investments up to ₹125 crore will now be classified as medium enterprises, from the earlier limit of ₹50 crore. For medium enterprises, the turnover limit has been doubled to ₹500 crore.

NEW CLASSIFICATION

During her Budget speech, Finance Minister Nirmala Sitharaman announced the new classification criteria for MSMEs, with investment and turnover limits for the classifications proposed to be increased to 2.5 times and two times respectively.

HOW EXPOSED IS INDIA TO TRUMP'S AUTO TARIFFS?

India is a small player in US automobiles business, but components have large exposure

India's exports to US (\$ mn in 2024)

Product Group	India's exports to US	Share (%) of US in India's exports
Passenger cars	8.9	0.1
Trucks	12.5	0.9
Car chassis fitted with engines	28.2	11.4
Auto parts	2,195.2	29.1



Top exporters from India

JLR | Bharat Forge | Rane | Sona Comstar |
Brakes India | Wheels India | Tata Auto Comp |
JK Tyre | MRF | Apollo | Ceat

Top sources of US car imports



American consumers may be hit hard

50% of cars sold are imported, others have imported components

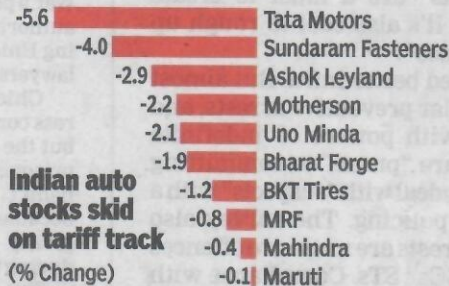
Avg cost of cars may go up by \$6,000

1 million auto workers may be affected

Cost for automakers may rise by nearly \$75 billion annually

30% fall in US car production, in medium term

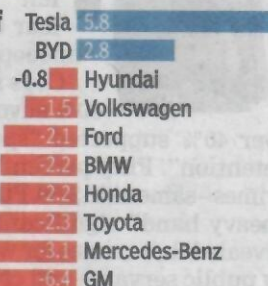
Tesla won't escape unscathed either, said Elon Musk



Indian auto stocks skid on tariff track

How some of the world's most-valued auto stocks performed

(% Change)



Source: BSE, Refinitiv, GTRI, ACMA, ATMA, media reports

India likely to offer zero duty on auto parts for US

Talks under bilateral trade agreement could see reciprocal duty cuts

PUJA DAS
New Delhi, 30 March

As negotiations for the bilateral trade agreement (BTA) with the United States (US) are ongoing, India may propose a 0-1 per cent tariff on the import of automobile parts, if the US reduces its 25 per cent duty on the same, a senior official said.

The US last week imposed a 25 per cent tariff on the import of automobiles and certain automobile parts. While vehicle tariffs will come into force from April 3, the tariffs on import of auto parts will be effective no later than May 3.

"In automobiles, they are not ready to reduce the duty, but in components, they may reduce the duty. So, we don't have an issue in lowering the import duty for components to 0-1 per cent from the existing 10-15 per cent," the official said.

"The components sector has unofficially said it, but we haven't mentioned it in the BTA yet because the US hasn't officially talked about import tariffs on auto components either. This is informal, but the conversation around it will likely be there in BTA. If they do it, we are ready with our offer. Our people need not to worry," the official added.

Queries sent to spokespersons and secretaries of commerce and heavy industries ministries remained unanswered at press time.

According to market analysts, the operating margins of Indian automobile component exporters will likely compress by 125-150 basis points due to the Trump administration's decision. Their operating margins are now in the range of 12-12.5 per cent.

The 25 per cent tariff by the US will apply to imported passenger vehicles like sedans, SUVs, crossovers, minivans, cargo vans and light trucks, and critical auto parts such as engines, transmissions, powertrain components, and key electrical components, with processes to expand tariffs on additional parts if necessary, the White House said in a fact sheet.

Though India does not export much of their vehicles to the US, it captures 80 per cent of auto component exports headed to the world's

TRADE EXPANSION

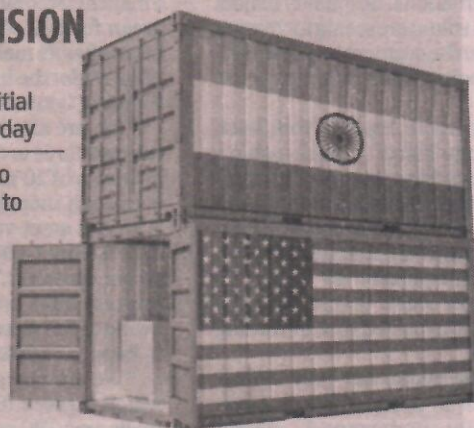
■ India and the US concluded their BTA initial round of talks on Saturday

■ Both countries aim to expand bilateral trade to \$500 bn by 2030 through the finalisation of the BTA

■ BTA's 1st phase may be completed by 2025-end

Negotiations focus on

- Reducing tariffs and non-tariff barriers
- Strengthening supply chains
- Promoting growth, national security, job creation



India is among the highest tariff-imposing countries

- India has a 7.5-15% import tariff on US auto components
- The US levies tariffs of 3.4-4% on auto parts imported from India

India's total exports to the US (in \$ bn)



*Apr-Feb
Sources:
Niryat,
Commerce
ministry

largest economy, with engine components, power trains and transmissions being the largest export items.

US auto components in India attract three kinds of tariffs- 7.5 per cent, 10 per cent and 15 per cent, while the US imposes tariffs of 3.4-4.0 per cent on imports from India.

Rationalising the likely move to reduce import tariff on US auto parts, the government official said that the reason why India can reduce import tariff on auto components is because it will allow the US greater access to the Indian automotive market.

India exported auto components worth \$11.1 billion globally in the first half of 2024-25. Of this, nearly 28 per cent—valued at \$3.67 billion—was shipped to the US. In FY24, India's exports were worth \$6.79 billion, according to the Automotive Component Manufacturers Association of India.

However, India exported motor cars and vehicles worth only \$37.11 million to the US in 2023, the United Nations COMTRADE database showed.

"The challenge will come if the US gives certain countries a better concession than India. India is talking about a BTA with the US. There could be other countries that are also talking about the same. In that case, those countries could become more competitive. Then, how that tax structure gets distorted and to whose advantage and whose disadvantage, we will only know in due course," an industry executive said on condition of anonymity. Secondly, the challenge could be that the US' new tariff could lead to a huge price hike in US vehicles, and that will affect their domestic demand, which in turn could impact the demand for parts they are importing into the country.

Automakers Push for Easing Fuel Efficiency Regulations

Cite lower EV penetration, higher benchmark as reasons for relaxation

Shally Seth Mohile

Mumbai | New Delhi: Automakers are seeking a relaxation in new fuel efficiency norms under the CAFÉ 3 (Corporate Average Fuel Efficiency) standards as they resumed talks with the government after a hiatus of a few months, said people aware of the matter.

The new norms are slated to come into effect on April 1, 2027.

In the latest round of consultative meeting held earlier this month between the auto industry and government, representatives from automakers cited the current low penetration of electric vehicles (EVs)—critical for curbing overall vehicular emissions—in the Indian market for easing the norms.

CAFÉ norms are levied on a carmaker's entire fleet, and not individual models. They are based on time limits set on a carmaker's total carbon dioxide emissions and are aimed at pushing companies to make more fuel-efficient cars by using clean technologies. The amount of CO₂ a car emits is directly proportional to the amount of fuel it consumes.

The Bureau of Energy Efficiency has given automakers an emission target of 91.7g/km under the more stringent WLTP cycle (Worldwide Harmonized Light Vehicles Test Procedure). However, automakers have proposed emission of 92.9 g/km under the India-specific, MIDC (Moderated Indian driving cycle (MIDC) cycle. These standards are mandated for testing vehicle emission and fuel efficiency.

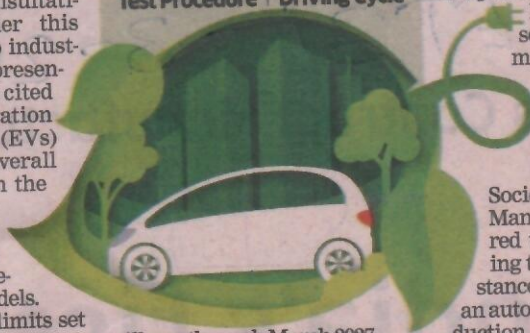
The current fuel emission standards under CAFÉ II norms, which

Green Ride

Corporate Average Fuel Efficiency (CAFÉ) III standards to take effect from Apr 1, 2027

91.7g/km
Emission target under Worldwide Harmonised Light Vehicles Test Procedure

92.9g/km
Auto cos' suggestion under Moderated Indian Driving Cycle



will run through March 2027, allow automakers to emit 113.1 grams per km.

"This is too steep a cut. This can only be achieved with large penetration of EVs which doesn't seem plausible under the current scenario," said one of the executives aware of the meeting's agenda. "Also, they want the emissions to be calculated as per WLTP, but we are asking for MIDC. The discussions are on. They have asked industry for the data and the rationale behind the request."

EV penetration in India's nascent electric car market rose to 2.4% in 2024, from 2.1% in 2023, according to Federation of Automobile Manufacturers Associations.

A raft of new model launches by

the top six carmakers is likely to more than double EV penetration in 2025. However, it will far lag the government's vision of 30% EV penetration by 2030. Even in the best-case scenario, it is unlikely to exceed 10-12%, as per estimates.

A second auto industry executive said, "The Café 3 standards shouldn't be so strict. The WLTP is 15% more stringent than MIDC and the switchover cost is going to be very high. Even those who have higher EV penetration will struggle."

During talks with a representative from the power ministry—which is now actively involved in stakeholder consultations—and BEE—tasked with setting the standards—members of the Society of Indian Automobile Manufacturers (SIAM) bolstered their argument on relaxing the norms by citing an instance of the failure of European automakers to meet carbon reduction target due to stringent standards.

Earlier this month, the European Commission allowed European automakers three years, rather than only one, to meet new CO₂ emission targets, Reuters reported on March 3. "The EU is a classic example of what happens when targets are unrealistic. We are all in favour of an ambitious one, but it has to be realistic as well," said a third executive at an auto company.

Meanwhile, companies are also asking the government to have a "technology agnostic" approach when calculating the CAFÉ score. "They should give weightage to all clean technologies—hybrid, flex fuel, CNG, biogas," said a fourth executive at an automaker.

STEELMAKERS' PROPOSED MECHANISM AFTER SAFEGUARD DUTY IS IMPOSED

Products from Concessional Steel for MSMEs Must Be Fully Exported

Companies to bear cost of concession, no govt subsidies or sales monitoring

**Suryash Kumar, Twesh Mishra
& Nikita Periwal**

New Delhi | Mumbai: Companies procuring steel at concessional rates under a special mechanism being finalised by steelmakers to support the micro, medium and small enterprise (MSME) sector will need to ensure that the finished products are solely for exports, people privy to the matter said.

The new mechanism, which would be operationalised after planned imposition of a safeguard duty on specified steel imports, would be extended to MSMEs and members of the Engineering Exports Promotion Council (EEPC), the people said.

"Discussions are on on the mechanism... It would be implemented once safeguard duty is imposed... This is being done to shield domestic consumers from rise in prices," an official said.

This is not the first instance of the steel industry applying such steps. Earlier, too, a similar mechanism was put in place by steelmakers when the government had imposed a safeguard duty on steel imports.

The official cited above said the cost of concession will be borne by the companies themselves, and the government will neither subsidise nor monitor sales.

Steeling Up

INCENTIVE PLANS

Proof of consumption for export parity price

MSMEs, EEPC benefit from special rates

Export parity insulates sensitive export industries

COMPANIES TO BEAR DISCOUNT

No govt subsidies for parity pricing

DGTR proposes **12%** safeguard duty on steel

Steel producers to cushion exporter

negotiated under the Indian Steel Association (ISA) umbrella, said an official, adding that the proposed mandatory condition of exports is aimed at ensuring that concessional pricing beneficiaries do not sell the raw material in the local market.

While steel producers are keen on higher import duties, consuming companies fear the resultant higher costs would hurt margins, especially in the export market, since global raw material prices would not firm up by a similar measure.

The proposed safeguard measures can increase domestic steel prices by up to Rs 6,000 per tonne on hot rolled coil (HRC) according to India Ratings and Research (Ind-Ra). HRC is currently trading at around Rs 50,000 per tonne.

ICRA estimates India's steel imports can halve to around 5 million tonnes per annum (mtpa) or below due to the safeguard duty imposition. Steel prices account for around 60% of the production costs for MSMEs. The EEPC has also reached out to ISA for creating a portal, which can facilitate trade between large domestic steel producers and MSMEs, including giving information on product prices.

"They (ISA) were supposed to make a portal, and so far, the portal has not come up. We are asking them to do it, but nothing has happened so far," said Pankaj Chadha, chairman of EEPC.

The Directorate General of Trade Remedies (DGTR) has recommended a 12% safeguard duty on imports of certain steel products earlier this month to protect local companies from a surge in imports.

The special pricing mechanism has been

India sees benefits in EU's revised CBAM rules

IN A HUDDLE. Steel and Commerce Ministries consult stakeholders, assess impact

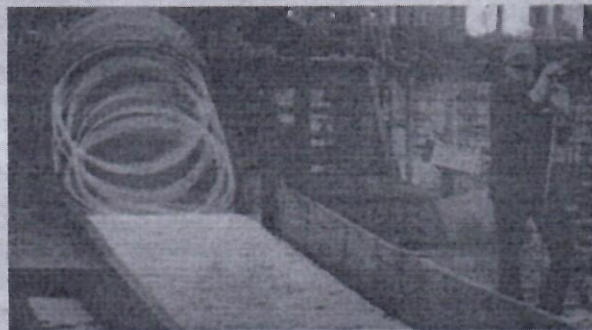
Abhishek Law
New Delhi

Amid Trump's tariff war, the European Union (EU) has scaled down on CBAM rigidity with a set of revised guidelines. India, on its part, started discussions on the Carbon Border Adjustment Mechanism proposals — that simplify reporting norms but also tighten emission calculations — to analyse the impact on export-oriented sectors like steel and others.

Major changes proposed include reintroduction of default values calculated based on higher threshold limits, a 50-tonne exemption from CBAM reporting norms, and an annual review of carbon thresholds.

It introduces default carbon prices for third-country deductions, easing proof burdens. The new rules, say officials, "offer flexibilities" that could benefit Indian exporters who can demonstrate lower carbon footprints.

Discussions or stakeholder suggestions have been sought with line Ministries like Steel and Commerce to analyse the impact.



BIG RELIEF. The EU has introduced a 50-tonne net mass exemption for CBAM-covered goods. This is seen as beneficial for some small and medium-sized exporters REUTERS

"Trade and taxation departments of some of the ministries have approached us through the trade associations. We are studying the impact, preparing our suggestions on it," said an exporter.

The CBAM is currently in a transitional phase and is expected to be rolled out from 2026. A team from the EU is expected to seek stakeholder suggestions and hold meetings to discuss these changes.

DEFAULT VALUES

Under the new rules, if reliable emission data for an exporting country is unavailable, the EU will use an average of the ten highest-emission intensity

countries with available data, instead of a global default. Generally, default values are used when an importer or exporter fails to provide verified emission data.

Importers — in this case the EU nations — can prove lower emissions for specific regions using "reliable data". If done, they can apply lower, region-specific default values instead of the Commission-mandated values. The rules permit free choice of default values without justification, simplify default value setting (for example, using top 10 high-emission countries' averages), and exclude downstream process emissions for

steel, aluminium and EU-produced precursors. If India's emission intensity is lower than the highest-polluting exporters, its steel and cement products could be assigned lower default values — benchmarked emission rates — potentially reducing CBAM costs.

India's exporters could further reduce their CBAM costs by providing verifiable data on their actual emissions, enabling them to qualify for region-specific, lower carbon values, a market observer explained.

THRESHOLD EXEMPTION

The EU has introduced a 50-tonne net mass exemption for CBAM-covered goods.

This is seen as beneficial for some small and medium-sized exporters; they could avoid CBAM-related costs altogether. "Large exporters, however, will still need to adhere to CBAM reporting and payment obligations," said a steel-maker exporting to the EU.

EU customs import data has revealed that 80 per cent of CBAM importers accounted for 0.1 per cent of embedded emissions, while 10 per cent were responsible for nearly 99 per cent of emissions.

US tariffs: Auto majors submit plan to cut import duties on ICE vehicles, not EVs

GREEN DRIVE. Say import duty cuts on electric vehicles would hurt domestic manufacturers

S Ronendra Singh
New Delhi

As part of the ongoing discussions on reciprocal tariffs with the US, Indian automobile manufacturers have proposed to the government a plan to reduce duties on imports of internal combustion engine (ICE) vehicles but not on electric vehicles (EVs) as it would hurt the domestic manufacturers.

"There have been a few meetings at the Commerce Ministry to discuss the issues and most of the OEMs (original equipment manufacturers) have come to a conclusion that the government can reduce the import duties for ICE vehicles but not the EVs, as the domestic players have just begun their journey and it would hurt them if import duties are reduced," a source privy of the meetings told *businessline*.

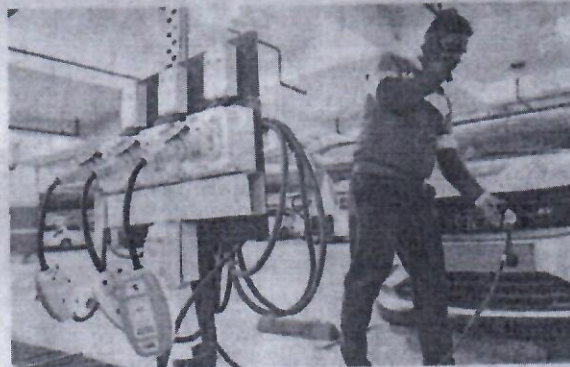
Sources said the industry has pointed out that the government already has schemes like Scheme for Promotion of Manufacturing

of Electric Passenger Cars in India (SMEC) in which global companies can commit investment of minimum of ₹4,150 crore and also can import EVs with a Cost, Insurance, Freight (CIF) value of \$35,000 or more at a reduced customs duty of 15 per cent.

"Therefore, the SMEC has already given attractive options for the import of EVs into the country. It is just that the OEMs have to make a commitment to invest the minimum amount mentioned in the policy," said another source from the industry.

Companies like Tesla, that makes only EVs, can also come under that scheme instead of importing directly, they said.

The scheme, under the Ministry of Heavy Industries also mentions that the OEM has to achieve a minimum domestic value addition (DVA) of 25 per cent at the end of the third year and DVA of 50 per cent at the end of the fifth year. According to the industry, this is not chal-



MARKET ACCESS. Scheme for Promotion of Manufacturing of Electric Passenger Cars allows global companies to bring in EVs if they can commit investment of minimum of ₹4,150 crore

lenging any more because of the global chain of suppliers present in the country.

FLEXIBLE SEGMENTS

Industry veterans pointed out that the 110 per cent import duties on completely built units (CBUs) of cars (petrol/diesel) whose CIF value is more than \$40,000, can be reduced because they are already a very few numbers and also high-end cars.

And, in terms of auto com-

ponents, India does not have to worry because the import is very low from the US.

"The tariff rates on auto components vary between 7.5 and 15 per cent, so the average is around 11-12 per cent. Therefore, if the US decides on a reciprocal tariff, the rates will be similar for imports too. Having said that, they are not much interested on components industry and whatever talks that have happened till now

between the two countries, components were not part of the discussions," a senior government official explained.

LOW IMPORTS

The official said that the components companies have also told the government that India can reduce the tariffs for the components coming from the US to the same average level of 11-12 per cent because India's exports to the US is more than \$5.5 billion as compared to imports of around \$1.4 billion.

"Therefore, we do not have any issue on duty structures of the auto components," the official added.

Sources also said that the US President Donald Trump's recent announcement of 25 per cent tariffs on imports of cars, auto components and light commercial vehicles (LCVs) are unlikely to impact India as much as markets like Mexico, Canada, South Korea and the European Union, as the country's dependency on the US is low.

Trump's move to probe copper imports triggers rally in red metal

BULLISH TREND. Comex copper at a near record level, rules at a premium over LME on tariff fears

Subramani Ra Mancombu
Chennai

US President Donald Trump's move to probe the potential threats posed by copper imports to national security has triggered a sharp rally in the red metal's prices in the global market.

Trump, signing an executive order for the probe, asked the US Commerce Department to recommend ways to overcome such threat, including through "potential tariffs, export controls or incentives to increase domestic production" within 270 days.

Canada and Mexico have been exempt from all tariffs under the United States-Mexico-Canada trade agreement but Trump's order is impacting the market. Any move to curb imports will result in the US depending on its two major smelters.

Washington imports 50 per cent of its copper needs. In 2024, it imported 8.5 lakh tonnes, excluding scrap.

Copper prices have rallied on Comex, a leading plat-



CLIMBING UP. While LME copper prices are up 13 per cent this year, they have gained 25 per cent on Comex

form to trade in commodities futures in precious and base metals, to near-record levels of \$5.1 a pound (\$11,330 a tonne), widening the gap with rates on the London Metal Exchange (LME).

On the LME, the copper three-month contract is ruling at \$9,880 a tonne, leaving Comex enjoying a record premium.

MORE THAN GOLD

While LME copper prices are up 13 per cent this year, on COMEX, they have gained 25 per cent — more than gold.

The US move has resulted in traders shifting the red metal from LME warehouses to the US to take advantage of arbitrage opportunities, said ING Think, the economic and financial analysis wing of Dutch multinational financial service firm ING.

Analysts say copper prices rising to such levels is not a good indicator of the economy. This is because prices have increased on fears over the trade war than any economic buoyancy.

Shanghai Metal Market (SMM) News said Trump's probe into copper has not

only boosted global copper prices but also led to changes in the recent flow of copper cathodes.

It has also impacted Chinese export quotations of domestic copper cathode rods. With more copper cathode flowing into the US market, supplies in China have tightened and raw material prices have increased, it said.

SMM said its data showed the latest FOB export processing fees for copper cathode rods have increased between \$200 and \$245 a tonne. It expressed the fear that Chinese domestic supplies will likely be tight.

The *Trading Economics* Website said demand from China, the world's top consumer, remains strong owing to rising manufacturing activities and Beijing's pledge to increasing spending to stimulate the country's economy.

ING Think said the cancellation of copper warrants in the LME has soared since late February. This has resulted in the largest drawdowns in Asia's inventories, fol-

lowed by those in Europe.

WITHDRAW METAL

"Orders to withdraw metal out of LME warehouses in Asia have surged to the highest level seen since August 2017," it said. This means the person or organisation holding warrants in an LME-authorised warehouse has sought physical delivery.

ING Think said in the near-term, copper prices are likely to remain supported by the front-running of tariffs and tightening of the ex-US physical market as more metal makes its way to the US ahead of any potential levies.

In the long term, tariffs could be bearish for copper and other industrial metals in the context of slowing growth and keeping inflation higher for longer.

"With growth in the US likely to slow on the back of tariffs and China already struggling to revive its economy, demand for copper and other industrial metals is likely to weaken looking ahead," said ING Think.

Business Standard, 26 March 2025

METAL MATTERS ₹ crore

Net sales PBIT PAT Total debt

TATA STEEL

FY20	1,39,817	14,579	1,557	1,16,328
FY21	1,56,294	30,684	7,490	88,501
FY22	2,43,959	64,790	40,154	75,561
FY23	2,43,353	33,869	8,760	84,893
FY24	2,29,171	16,243	-4,437	87,082
9MFY25	1,62,324	19,467	2,120	99,392

SAIL

FY20	61,664	10,544	2,121	54,127
FY21	69,114	14,126	4,148	37,677
FY22	1,03,477	22,265	12,243	17,284
FY23	1,04,448	9,893	2,177	30,773
FY24	1,05,378	11,814	3,067	36,323
9MFY25	73,163	7,850	1,121	41,265

Net sales PBIT PAT Total debt

JSW STEEL

FY20	73,326	11,524	4,030	61,399
FY21	79,839	20,651	7,911	62,366
FY22	1,46,371	40,714	20,665	72,208
FY23	1,65,960	20,031	4,144	80,820
FY24	1,75,006	29,657	8,812	87,948
9MFY25	1,24,005	16,477	2,001	95,258

JINDAL STEEL

FY20	37,923	6,906	-109	36,824
FY21	34,579	11,245	3,634	29,910
FY22	51,166	13,675	5,753	13,502
FY23	53,212	9,403	3,174	13,046
FY24	50,354	10,357	5,938	16,472
9MFY25	36,582	7,319	3,152	17,266

Figures For 9MFY25 are according to result filings; PAT: Profit after tax; PBIT: Profit before depreciation, Interest, and tax Source: Capitaline, Compiled by BS Research Bureau

factor. Its oversupply and aggressive pricing have contributed to protectionist actions worldwide, affecting India's steel export

prospects. In FY24, India exported 9.5 mt of steel, but provisional data from BigMint suggests this could drop to 6.5 mt in FY25.

To deleverage or expand?

At least two major steel producers said that the 12 per cent safeguard duty might encourage them to plan

their next phase of expansion. However, decisions will depend on capital allocation strategies, said a top official from a steel company.

If China cuts production due to global tariffs and no longer needs to export to India, the industry may feel more confident about expanding, said a senior official at a steel company. Some companies have already delayed capacity expansion due to the past 18 months of stress, he added.

Post-Covid, steel prices increased as global economies pumped money into the under-invested infrastructure to emerge from the pandemic-induced slowdown. According to BigMint data, HRC prices peaked at ₹76,025 per tonne in April 2022, prompting steel companies to deleverage and initiate expansion plans. However, the Russia-Ukraine war soon disrupted markets, and by December 2022, HRC prices had tumbled to ₹53,950 per tonne.

Indian steelmakers now face a pivotal decision: Should they prioritise reducing debt or push forward with growth? The proposed safeguard duty and domestic demand might shape the decision.

JSW Steel becomes world's most valuable steelmaker

ISHITA AYAN DUTT & DEV CHATTERJEE
Kolkata/Mumbai, 25 March

JSW Steel, owned by Sajjan Jindal, has emerged as the world's most valuable steelmaker, boasting a market capitalisation (mcap) of nearly \$30.31 billion, according to *Bloomberg* data.

The milestone sees the Indian major outpacing industry titans such as L N Mittal-owned ArcelorMittal, the world's biggest steelmaker, at \$27.14 billion, and Nucor Corporation of the US at \$29.4 billion.

While JSW Steel leads in mcap, ArcelorMittal remains appreciably ahead in revenue, reporting \$62.4 billion over the past 12 months compared to JSW's \$21.1 billion. The disparity in valuation metrics is striking: JSW Steel trades at a price-to-earnings ratio of 28.5x, markedly higher than ArcelorMittal's 20.3x.

Founded in 1907, Tata Steel, a subsidiary of Tata Sons, ranks fifth in mcap at \$23 billion, according to *Bloomberg* data. The shift in rankings reflects the evolving dynamics of the global steel industry, where Indian producers are increasingly asserting their presence, industry experts say.

Turn to Page 6 ▶

THE NEW WORLD ORDER

Top 10 global steel producers by market cap (in \$ bn)



Rank	Company	Mcap	TTM	
			Revenues	Profit
1	JSW Steel (India)	30.31	21.1	1.1
2	Nucor Corp (US)	29.40	30.7	2.0
3	ArcelorMittal (Luxembourg)	27.14	62.4	1.3
4	Nippon Steel (Japan)	24.43	58.0	3.1
5	Tata Steel (India)	23.09	27.5	-0.5
6	Tenaris (Luxembourg)	22.98	12.5	2.0
7	Baoshan Iron & Steel (China)	22.72	46.1	1.3
8	Steel Dynamics (US)	18.99	17.5	1.5
9	Posco Holdings (South Korea)	17.35	53.3	0.8
10	Inner Mongolia BaoTou Steel (China)	11.54	9.3	-0.1

TTM: Trailing 12 months; filtered for Bloomberg Industry Classification Standard (BICS) as steel producers
Source: Bloomberg; compiled by BS Research Bureau

TAKE TWO STEELY DEFENCE

With cheap imports flooding the market, India moves to shield its steel industry — again. Will the safeguard fuel capacity expansion?
ISHITA AYAN DUTT analyses

15 ▶

Jindal Stainless planning to set up ₹40,000-cr plant in Maharashtra

Press Trust of India
New Delhi

Jindal Stainless Ltd (JSL) is looking at investing ₹40,000 crore in Maharashtra to set up a stainless steel manufacturing facility, a move which will increase its presence in the country.

15,000 JOBS

Responding to a query, JSL said it has submitted an investment proposal to the government of Maharashtra, which has been approved at a meeting of the State cabinet subcommittee.

The meeting was chaired



by Deputy Chief Ministers Eknath Shinde and Ajit Pawar.

The proposal, with an estimated investment of ₹40,000 crore, is scheduled to be developed over the next 10 years, which is expected to create more than 15,000 jobs.

The proposed stainless steel facility will have a total melting capacity of 4 million tonnes per annum and will be constructed in phases, with the first phase expected to be operational in the next 4 years.

JSL Chairman Ratan Jindal said, "Our proposal to invest in Maharashtra reflects

our commitment towards making India *atmanirbhar* in stainless steel production and reducing our dependence on imports. The new facility will expand our presence in India and the world, set new benchmarks in technology, sustainability, and product excellence, and cater to emerging industries that are critical to India's future development."

This facility will manufacture a comprehensive range of stainless steel flat products with varying grades, finishes, and thicknesses for diverse established sectors.

It will also produce specialised grades for critical applications in emerging sectors such as hydrogen, nuclear energy, defence, mobility, infrastructure, and process industries.

Maharashtra will support the investment by expediting permissions, registrations, approvals, clearances, and fiscal incentives from relevant State departments.

businessline.

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ArcelorMittal Nippon Steel India sets up first scrap processing facility

Our Bureau
Mumbai

ArcelorMittal Nippon Steel India has commissioned its first scrap processing facility of 120 kilo tonnes per annum at its Khopoli manufacturing facility in Maharashtra.

The Khopoli unit is the first of four scrap processing units being developed by AM/NS India nationally as part of a ₹350 crore investment programme to meet the growing demand for high-quality scrap for its steel production and to strengthen domestic scrap supply chains.

The domestic scrap supply chain is highly fragmented with materials passing through multiple intermediaries before reaching the consumption points. The complex process inflates costs, diminishes material quality and adds little value across the chain.

By processing scrap at its own facilities, AM/NS India will enhance material quality and yield while reducing conversion and logistics costs, all while formalising the scrap industry.

SUCCESSFUL PILOT

The commissioning of the Khopoli unit follows a successful pilot to process scrap at scale, which is important to meet the rising demand for recycled steel across AM/NS India's wide customer base, including automotive manufacturers and ship fleet operators.



Akshaya Gujral, Executive Director, Downstream Operations, AM/NS India

The government initiatives such as the Vehicle Scrappage Policy (2021), Extended Producer Responsibility norms, set to take effect in April 2025, and the Green Steel Taxonomy are also expected to boost domestic scrap availability.

Akshaya Gujral, Executive Director of Downstream Operations at AM/NS India, said the steel sector has an important role in developing the infrastructure and ecosystem for achieving India's target of increasing the share of scrap metal in steel production to 50 per cent by 2047.

AM/NS aims to increase scrap mix in steelmaking to over 10 per cent by 2030 from current 3-5 per cent. The company is strategically integrating high-quality scrap into production, with 65 per cent of steelmaking operating on the gas-based Direct Reduced Iron (DRI) - Electric Arc Furnace route, a process particularly suited for utilising processed scrap.

Iron Ore Output Up 4% in Apr-Feb



New Delhi: Iron ore production during April-February of the current fiscal rose by 4.4% to 263 mt against 252 mt in year-ago period, the mines ministry said in a statement.

The production of iron ore was 274 mt in 2023-24. Iron ore accounts for 70% of the total mineral production by value.

Manganese ore production increased 12.8 per cent to 3.4 mt in April-February FY25 from 3 mt during the corresponding period of previous year.

Bauxite output rose 3.6% to 22.7 mt in the period from 21.9 mt a year ago. Primary aluminium production in April-February FY25 rose 0.9% over year-ago period, the corresponding period last year. India is the second largest aluminium producer, among top ten producers in refined copper and fourth largest iron ore producer in the world.

Continued growth in production of iron ore in the current financial year reflects the robust demand conditions in the user industry viz. steel.

Coupled with growth in aluminium and copper, these growth trends point towards continued strong economic activity in user sectors such as energy, infrastructure, construction, automotive and machinery, the statement said. —PTI

ELECTRIC VEHICLEC

Business Line, 24 March 2025

Higher prices drag down electric vehicle registrations

SLOGGING GROWTH. State govts impose road and other taxes, which hurt demand

Aroosa Ahmed
Mumbai

Following the reduction in electric vehicle subsidies and a nationwide price surge, electric vehicle adoption has slowed.

This downward trend is evident in the decreasing registration numbers recorded last year, a pattern that persists in 2025.

According to data from *Vahan*, which tracks vehicle registrations in the country, in CY2022, electric four-wheeler registrations were at 33,267 units, and it more than doubled to 73,299 units in CY2023 due to subsidies, lower prices and more launches.

However in CY2024, EV registrations fell to 67,407 units.

In 2025, electric vehicle registrations dropped on a month-on-month basis; January saw registration of 4,117 vehicles; February had



EYEING 'EV'OLUTION. The government is targeting 30 per cent electric vehicle penetration by 2030

2,665 EVs registered, and 1,720 EV cars have been registered so far in March.

State governments have started to impose road and other taxes on electric vehicles, leading to price increases across the country. Experts have pointed out that this would slow down vehicle penetration.

TAX BURDEN

"The additional tax on

premium electric vehicles would slow broader consumer adoption," Nikhil Dhaka, Vice-President, Primus Partners, told *businessline*.

The government is targeting 30 per cent electric vehicle penetration by 2030. Presently, electric vehicle penetration is around 2 per cent.

EV penetration is expected to reach 9 per cent by

FY30, according to Nomura, and is expected to grow to 5 per cent by FY27.

'OFFER SUBSIDIES'

"The government should think about continuing the subsidy, which will help in the penetration of EVs across the country," said Manish Raj Singhania, Chairman of Research & Academy, Federation Of Automobile Dealers Association.

The Maharashtra government will be implementing a 6 per cent tax on premium electric vehicles priced ₹30 lakh from April.

"The implementation of road tax by the Maharashtra government would lead to an increase in on-road price for EVs in the State."

"The same is likely to be offset, to an extent, by an expectation of a gradual decline in battery prices," said Rohan Kanwar Gupta, Vice-President & Sector Head, Corporate Ratings, ICRA Ltd.

ePV sales cross 1 lakh units

G Balachandrar
Chennai

India's electric passenger vehicle (ePV) segment, which includes battery-powered cars and SUVs, has crossed a major milestone, surpassing 1 lakh units in annual sales with a week remaining in the current fiscal year.

Despite challenges in the first half of FY25, primarily due to the discontinuation of the FAME II subsidy, the ePV market is set to close the fiscal year on a positive note.

As of 6 pm on Wednesday (per Vahan data), total ePV sales stood at 101,880 units, compared to 90,974 units in FY24.

FLEET PURCHASES

The ePV market witnessed contrasting trends over the fiscal year. The first half saw sluggish sales, largely due to the discontinuation of FAME-II incentives on March 31, 2024. A slowdown in fleet purchases, uncertainty between hybrid and EV technologies, and expectations of falling battery prices led many potential buyers to delay their purchases.

"The resurgence of hybrid vehicles, aggressively promoted by Maruti Suzuki and Toyota, along with State government incentives for hybrids, temporarily diverted some potential EV buyers," said Puneet Gupta, Director at S&P Global Mobility.

However, the second half of FY25 saw a strong recovery, driven by improved market sentiment, clarity on EVs versus hybrids, and new

Electric passenger vehicle volumes*

	FY24	FY25 (as of March 26)
Tata Motors (incl TMPV & TPEM)	64,202	55,369
JSW MG Motor	11,682	28,632
Mahindra & Mahindra (incl MEA & MLMM)	6,116	7,087
BYD	1,788	3,225
Hyundai	1,842	2,106
PCA Auto (Citroen)	1,987	1,881
BMW	1,425	1,464
Mercedes-Benz	567	1,045

Source: Vahan

*Companies that sold more than 1,000 units in FY25

model launches, making electric vehicles more appealing to consumers.

Tata Motors retained its leadership in the ePV segment in FY25, holding a 54 per cent market share, though down from 71 per cent in FY24, amid rising competition.

JSW MG Motor India followed with a 28 per cent share, fuelled by the success of its Windsor EV, which introduced a battery-as-a-service model, allowing buyers to pay ₹3.5 per km for battery usage. Industry analysts hailed this as an affordable and innovative approach, boosting MG's market share.

Mahindra & Mahindra secured the third spot with the launch of its new electric SUVs, BE 6E and XE 9E. Chinese automaker BYD, despite focusing on the premium segment, claimed fourth place, while Hyundai, with its electric version of the Creta SUV, rounded out the top five.

Chinese brands, particularly BYD and MG Motors (operating through a local partnership with JSW Group), are steadily increasing their footprint in India's

EV market, mirroring their global growth trajectory.

Shailesh Chandra, Managing Director of Tata Motors Passenger Vehicles (TMPV) and Tata Passenger Electric Mobility (TPEM), had pointed out that more players will benefit the entire industry as this means greater consumer awareness, faster ecosystem development, and stronger confidence in EVs as the future.

TATA'S EDGE

Amid intensifying competition, Tata Motors is leveraging its diverse EV portfolio, priced between ₹8 lakh and ₹22 lakh, to maintain its leadership.

While most competitors focus on the premium segment (above ₹18 lakh), Tata holds a strong position in the sub-₹12 lakh category, where competition remains limited.

This gives Tata an edge in capturing demand from tier 2 and tier 3 cities, as well as rural areas, where interest in EVs is steadily growing.

"India's electric vehicle (EV) market is set for substantial growth, despite its slow start...", said Gupta.

TRACTOR

The Economic Times, 24 March 2025

TO AVOID IMPACT OF TARIFF WAR AMONG US, MEXICO AND CANADA

ITL Weighs Tractor Exports from India Instead of US

Shally Seth Mohile

Mumbai: International Tractors (ITL) that sells under the Sonalika brand is weighing the possibility of exporting tractors to Mexico and Canada from India instead of its Atlanta facility, to avoid being caught in the crossfire between the US and its neighbours over tariffs.

This even as the company, India's largest exporter of tractors, is bracing for a decline in its overseas shipment for the second straight year in fiscal 2024-25.

The drop comes on the back of the company's key export destinations including the European Union, North America and South Asia (excluding India) facing uncertainties amid a global trade war and geopolitical conflicts, said chief executive, international operations, Gaurav Saxena.

"We were selling tractors to the Mexican and Canadian markets from our assembly facility in At-

MUTED OUTLOOK



ITL, India's largest exporter of tractors, is bracing for a decline in its overseas shipment for the second straight year in FY25

lanta. However, with this new regime and taxes, our partners in Mexico and Canada are reluctant to take our tractors from the US," Saxena told ET.

US President Donald Trump's 25% across-the-board tariffs on Mexico and Canada went into effect on March 4. Two days later, Trump said Washington would pause tariffs on goods and services compliant with the United States-Mexico-Canada Agree-

ment (USMCA) until April 2.

The US is the second largest export market for ITL after the EU, he said. The Hoshiarpur, Punjab-based company exported 33,600 units in 2023-24 and 35,000 in 2022-23, accounting for about 35% of India's tractor exports.

ITL's rival Mahindra & Mahindra, for which the US is the second largest tractor market outside India, is also facing headwinds owing to adverse macros. "The tractor industry is down for 13 straight quarters, but we are seeing early signs of an industry recovery," said Hemant Sikka, president of the farm equipment sector at the firm. The company is also counting on its newly launched Oja brand of tractors in the 21-40 hp segment, suitable for different kinds of farm operations.

ITL's exports to Ukraine and Russia have also been severely impacted, with sales falling to negligible levels from 1,000 units a year.