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UPDATE

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PORT ANALYSIS

CAR CARRIER VESSELS CALLING INDIAN PORTS (NO OF UNITS)

Port Name	Apr- Nov 2020
CHENNAI	73421
ENNORE	42427
MUMBAI	69486
MUNDRA	29209
PIPAVAV	5751
GRAND TOTAL	220294

COUNTRY-WISE VEHICLE EXPORTS FROM INDIA (NO. OF UNITS) (APR- NOV 2020)

COUNTRY	NO OF UNITS
BANGLADESH	707
BRAZIL	1170
DJIBOUTI	119
FAR EAST	2035
LATIN AMERICA	2420
MEXICO	2859
MOZAMBIQUE	1877
SAUDI ARABIA	1818
SINGAPORE	17360
SOUTH AFRICA	4501
SRI LANKA	77334
U.A.E.	2791
UNITED STATES	695

MAJOR EXPORTERS OF VEHICLES (UNITS NOS.) (APR - NOV 2020)

ASHOK LEYLAND LTD.	500
FORD INDIA LTD.	8021
HYUNDAI CORPN.	4919
HYUNDAI MOTORS CO.	58477
MARUTI SUZUKI INDIA LTD.	25334
SKODA POWER PVT. LTD.	695
TATA MOTORS LTD.	25
VARIOUS SHIPPERS	1000
VOLKSWAGAN INDIA PVT. LTD.	800

MARKET OVERVIEW AND TRENDS

KEY HIGHLIGHTS

- » Auto parts sector sees PLI scheme driving it to global destinations
- » Indian auto industry expected to see stronger growth in 2021-22
- » Ashok Leyland registers 14 pc rise in commercial vehicle sales at 12,762 units in Dec
- » Fiat Chrysler to invest \$150 million to establish global tech hub in India
- » Demand recovery for automobiles continues in 3rd quarter
- » MG Motor India to invest an additional Rs 500 crore
- » Tesla sets up India subsidiary in Bengaluru



KEY HIGHLIGHTS

Auto parts sector sees PLI scheme driving it to global destinations

- » Policy push will help it leverage MNCs' 'China Plus 1' supply chain model.

A new future beckons the Indian auto components industry. Potential exists for the sector to not only grab a larger share of the world trade but also, in the process, make some homegrown brands globally recognised and respected. Many favourable factors have set the stage for it. The global supply chain realignment, a drive to make India self-reliant, and the Centre's Production-Linked Incentive (PLI) scheme have all supported this progress. While the domestic auto parts industry has emerged as a strong export-led one with about a quarter of its production exported worldwide, its share in the \$1.3-million global automotive trade is still a minuscule 1.3 per cent.

Increased enquiries

To start with, the realignment of the global supply chain is real and the Indian auto parts makers have started to feel its benefits. They are seeing several enquiries and, in some cases, orders from buyers who were till recently sourcing from China. A strong domestic market and a significant exposure to exports make the auto components sector ideally placed to grab a share of the China market. While China will remain the biggest and fast-growing

market (\$550 billion in size as against India's \$50-billion industry), the key message coming home to auto parts companies is the 'China Plus 1' model that global automotive players are embracing. Several leading auto parts companies such as Sundram Fasteners, Wheels India and the Rane Group have started getting orders due to 'China Plus 1'. However, industry analysts reckon that India needs to get its act together to grab a greater share as countries such as Vietnam and Cambodia are viewed as being more attractive now.

Policy instability

An unstable policy regime in India is one of the major worries for investors. For instance, the axle load carrying capacity is suddenly hiked by 25 per cent.

Result: it sets the CV market back by two years. Then there is the sudden leap to BS-VI norms.

BS-VI migration

Unlike other nations, the auto industry here managed to migrate to BS-VI in a very short time. But localisation suffered and, today, BS-VI components are among significant imports. "The policy and regulatory framework should be a well-agreed-upon road map and, once decided, it shouldn't be tinkered with. Because, the cost of capital in India is one of the highest in the world and there should be visibility to make investments," said an industry representative. The industry has been localising aggressively. "Localisation always works in the interests of the industry as we are in a very price-sensitive market," said Vinnie Mehta, Director General, Automotive Component Manufacturers Association of India (ACMA). "Every 5-6 years, the amount of devaluation has been about 15 per cent on an average. So, imports are getting expensive, while localisation helps in keeping the prices steady for the customers; it also helps in continuous design improvements and innovation."

Incentive to localise

The recently announced PLI scheme is expected to give a much-needed boost to the companies to localise faster. "What is heartening is the support we are getting from the government in all these developments," said Mehta. The Centre has earmarked about 40 per cent of the overall allocation under the PLI scheme to the auto sector. The auto industry, a key contributor to the economy, has lauded the move and most players are awaiting the details. "We are waiting for full details to see whether to make any structural changes like hiving off some thing as a special unit to seize the emerging opportunity. We will decide based on the final details of the PLI scheme," said L Ganesh, Chairman, Rane Group.

Global aspirations

Indian auto parts makers see themselves as back-end boys. Their quality is recognised globally. What they lack is the aspiration to become big. The conditions are ripe today for them to take the plunge. An Indian Bosch, Continental or ZF could be round the corner.

Source: The Hindu business Line

Indian auto industry expected to see stronger growth in 2021-22

- » As far as EVs are concerned, 2021-22 would also see positive movements, especially in the two-wheeler EV segment, with new players like Ola Electric getting into the fray.

As far as personal vehicles are concerned, the 2018-19 levels would be reached only in 2022-23 whereas for two-wheelers, it will be achieved maybe a year after that, he added. "This is also on account of some price hikes expected with introduction of new regulations," Sharma said. In 2018-19, total two-wheeler sales rose 4.86% to 2,11,81,390 units as compared with 2,02,00,117 units in 2017-18. As far as electric vehicles (EVs) are concerned, Sharma said 2021-22 would also see positive movements, especially in the two-wheeler EV segment, with new players like Ola Electric getting into the fray. "In addition, on the EV components side, we

could finally see cell level manufacturing starting off in India with technological collaborations focusing on cutting-edge technologies such as LTO (lithium titanium oxide) batteries,” he said. The LTO batteries can be fast charged at high temperatures as well as last for 10,000-plus cycles and other enhanced chemistries like NMC811, he said. NMC811 is a cathode composition with 80% nickel, 10% manganese and 10% cobalt. In case of other EV components such as motors and controllers, Sharma said, “We could see a wider participation by local component players and also the entry of some new players especially to cater to the rise in domestic EV two-wheeler and three-wheeler demand.” In addition, export opportunities for EV components as well as batteries could certainly emerge for domestic players as the world struggles to find alternative sources for supply chain resilience, he added. Sharma said players that show preparedness for this can certainly capitalise on the opportunities.

Source: Livemint

Ashok Leyland registers 14 pc rise in commercial vehicle sales at 12,762 units in Dec

- » The company had sold a total of 11,168 units in December 2019, Ashok Leyland said in a regulatory filing.

Total vehicle sales in the domestic market stood at 11,857 units last month as compared to 10,378 units in the year-ago month, a growth of 14 per cent, it added. Hinduja agship rm Ashok Leyland reported a 14 per cent increase in its total commercial vehicle sales at 12,762 units in December 2020. The company had sold a total of 11,168 units in December 2019, Ashok Leyland said in a regulatory ling. Total vehicle sales in the domestic market stood at 11,857 units last month as compared to 10,378 units in the year-ago month, a growth of 14 per cent, it added. Domestic medium and heavy commercial vehicle sales were at 6,175 units as against 6,369 units in December 2019, down 3 per cent, the company said. Light commercial vehicle sales in the domestic market were, however, higher by 42 per cent at 5,682 units as against 4,009 units in the same month a year ago, it said.

Source: Economic Times

Fiat Chrysler to invest \$150 million to establish global tech hub in India

- » The facility will serve as FCA Group’s ‘transformation and innovation engine’ and will focus on building expertise in technology-related areas like artificial intelligence, connected vehicles, etc.

Fiat Chrysler Automobiles (FCA) has an important announcement to make, guys -- the company will invest \$150 million to establish a new Global Digital Hub in Hyderabad. This facility, christened FCA ICT India, will be FCA’s largest technology centre outside of North America and EMEA. And the investment to set up this innovation and technology development facility in India will serve to grow the group’s presence here. It may also be interesting to note that FCA ICT India assures it will create roughly 1,000 new jobs by the end of 2021 and intends to further grow hiring endeavours in India over the next two to three years. As for the purpose this new Global Digital Hub will serve -- the FCA Group says the facility will serve as its ‘transformation and innovation engine’ and will focus on building expertise in technology-related areas like artificial intelligence, connected vehicles, cloud technologies, data accelerators, etc. Karim Lalani, Director and Head, FCA ICT India, said, “We are working closely with strategic technology partners to accelerate our talent and competency ramp-up at FCA ICT India. We are also aggressively hiring, and the response has been overwhelming. I am excited to see the new ideas and technologies our talented engineers and data scientists will develop for our customers. We foresee our Global Digital Hub driving innovation in multiple areas, including customer safety, connected mobility and digital

showroom experience. We are excited to build a truly pioneering, global digital hub that will strengthen FCA's position as a global mobility leader." FCA already has significant presence in Maharashtra and Tamil Nadu, including its Indian headquarters in Mumbai and a joint venture vehicle and powertrain manufacturing facility in Ranjangaon, Maharashtra, and engineering and product development operations in Pune and Chennai. With the Global Digital Hub, FCA India's presence will be expanded to Telangana as well.

Source: Times Now

Demand recovery for automobiles continues in 3rd quarter

- » According to the report by brokerage Motilal Oswal Financial Services, the recovery in sales has been stronger than expected across segments, excluding the three-wheelers, driven by pent-up demand, positive agri-economics and a shift to private from public transport.

The demand recovery for automobiles continued in the December quarter, with strong momentum witnessed in retail sales of tractors and passenger vehicles, according to a report. According to the report by brokerage Motilal Oswal Financial Services, the recovery in sales has been stronger than expected across segments, excluding the three-wheelers, driven by pent-up demand, positive agri-economics and a shift to private from public transport. On a wholesale basis, the report estimates tractor volumes to grow by 22 per cent year-on-year, passenger vehicle segment demand to rise 15 per cent, and two-wheelers 19 per cent on a low base of last year, it said. Among the commercial vehicle segment, the light commercial vehicle demand is estimated to grow 1.5 per cent, while the decline is getting smaller for medium and heavy commercial vehicle (M&HCVs) with an estimated eight per cent drop during the third quarter, as per the report. Three-wheelers are witnessing a quarter-on-quarter recovery in volumes. "However, we do see near-term uncertainties on account of factors such as supply-side disruption due to a global shortage of semi-conductors, sharp commodity cost inflation led price increases, as well as risk to demand (from a price fading benefit of COVID-19 to private transport, among others)," the report said. The brokerage firm also said it expects the volume recovery in all segments to sustain in FY22, with core demand growing 5-7 per cent for two-wheelers/passenger vehicles/tractors, supported by the benefit of the low base of April-August 2020. For the three-wheelers and commercial vehicles, a sharp recovery is expected in FY22. "We expect the recovery in EBITDA margins to continue for the second straight quarter despite the initial impact of commodity cost inflation," it said.

Source: Economic Times

MG Motor India to invest an additional Rs 500 crore

- » At present, it has 2,500 employees at the plant. The new vehicle, which will be introduced in the third quarter of the ongoing calendar year, will compete with the likes of Hyundai Creta and Kia Seltos.

MG Motor India, the Indian subsidiary of China's largest automaker, SAIC, is considering starting an additional shift at its manufacturing plant in Halol in Gujarat this year to meet demand for its vehicles. The company is planning to recruit 1,000 workers, directly and indirectly, at the plant by the end of 2021 to ramp up production for the launch of a midsize sports utility vehicle (SUV). At present, it has 2,500 employees at the plant. The new vehicle, which will be introduced in the third quarter of the ongoing calendar year, will compete with the likes of Hyundai Creta and Kia Seltos. "The robustness of demand has continued into the new year. We are seeing green shoots in the economy," MG Motor India president Rajeev Chaba told ET. "With Covid-19 cases falling and introduction of vaccines around the corner, consumer sentiments are positive. We are confident of bettering industry performance in 2021... We would have to add an extra shift at our facility for launching our fourth product later this year." The company currently sells Hector, Gloster and ZS EV SUVs. It registered 5,000 fresh

bookings for Hector and 200 orders for ZS EV in December. Chaba was speaking on the sidelines of the launch of Hector 2021, priced at Rs 12.89-18.32 lakh, Hector six-seater priced at Rs 15.99-19.12 lakh and Hector seven-seater priced at Rs 13.34-18.32 lakh (ex-showroom). The company is in the process of investing Rs 1,000 crore to increase production capacity at Halol to 100,000 units per annum, from the initial 75,000-80,000 units. It has also rmed up plans to invest an additional Rs 500 crore to increase localisation levels and enhance production capacity of its vendors. “The Rs 500 crore will be in addition to Rs 4,000 crore we have already committed to the market. We want to deepen localisation levels of our vehicles,” said Chaba.

Source: Economic Times

Tesla sets up India subsidiary in Bengaluru

- » ET was the first to report on September 21 Tesla’s move to choose Bengaluru after it entered into talks with the Karnataka government for its R&D unit.

Tesla, the world’s most valued carmaker has incorporated a fully owned subsidiary ahead as a rst step to set up an R&D unit and a manufacturing plant for its electric vehicles in the country Tesla’s global senior director David Jon Feinstein, chief accounting oicer Vaibhav Taneja and Bengaluru-based entrepreneur Venkatrangam Sreeram are on the board of the India unit, Tesla India Motors and Energy Pvt Ltd., according to disclosures with the Ministry of Corporate Affairs. ET has reviewed the documents that were led last week. ET had reported rst on September 21 that Tesla was in talks with the Karnataka government for setting up a R&D unit in Bengaluru. Tesla CEO Elon Musk, the world’s richest man, tweeted last month that the company would be present in India later this year. On December 21, Union Minister for Road Transport, Nitin Gadkari, too, conrmed that Tesla would enter the Indian market in early 2021. A team from Tesla had initial discussions with Karnataka government oicials in September and the state had said that the company had shown interest in investing in a research and innovation centre. A month later, the Maharashtra government, too, held talks with Tesla. “Since Tesla has invested in a wide range of technology related businesses, there could not have been a better place for the company to open its oice in India than Bengaluru,” Gaurav Gupta, additional chief secretary in the state industrie department told ET. “Since Bengaluru is also home to space and aerospace technology, this can lead to several other collaborations in terms of research and production of various consumer related products,” Gupta added. Tesla, which operates as a single brand retail company, owns and runs outlets, makes batteries and solar panels. Musk also owns SpaceX, the rocket company that has sent humans to space and aims to land human expeditions to the moon and mars. SpaceX also operates Starlink, a planned constellation of thousands of small satellites on low earth orbit to provide high speed broadband across the world. Karnataka is the rst state to unveil an electric vehicles policy, hoping to generate investments of Rs 31,000 crore in EV R&D and manufacturing. Since then, 11 states including Gujarat, Delhi, Maharashtra, Tamil Nadu, Telangana and Andhra Pradesh have brought out their own EV policies. Bengaluru is also home to promising EV startups in the country such as Ola Electric, Sun Mobility and Ather Energy. Ola signed a deal to set up its scooter making facility in Tamil Nadu recently.

Source: Economic Times

OTHER REPORTS FOR JANUARY 2021

- » J. M. Baxi & Co. Monthly Agri Products Update
- » [J. M. Baxi & Co. Monthly Automotive Logistics Update](#)
- » J. M. Baxi & Co. Monthly Cement Update
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