

# Auto firms see revival from H2FY21

T E NARASIMHAN  
Chennai, 28 December

The year 2019 has been one of the toughest for the automobile industry, with a 13.8 per cent drop in domestic sales from January to November 2019. Despite the challenges, 2019 saw new brands coming in, mergers and partnerships and model launches as the industry is optimistic about 2020.

### On a rough road

Society of Indian Automobile Manufacturers (SIAM) data shows that from January to November 2019, total automobile sales was down to 21.66 million from 25.14 million units, a year ago. Commercial vehicle sales declined 22.12 per cent during April-November 2019, followed by passenger vehicles (17.98 per cent), two-wheelers (15.74 per cent) and three-wheelers (4.97 per cent).

The slowdown resulted in 13 per cent production cuts and job losses to the tune of over 250,000.

Slowdown in the economy, price increase, regulatory changes, change in ownership model, slowdown in infrastructure spending and change in axle load norms are the key reasons for the poor sales.

Finance Minister Niramala Sitharaman had, in September, said that several factors, including BSVI emission norms, registration-related matters, and a change in the mindset of millennials — who now prefer Ola or Uber — led to the slowdown.

Maruti Suzuki India's executive director (marketing and sales) Shashank Srivastava had said: "The Ola and Uber factor may not be strong



enough to contribute to the current state of slowdown. I think we need to watch and study it more before arriving at such a conclusion. They came into existence during the last 6-7 years. In this period, the auto industry also saw some of its best times. So, what happened only during the last few months that the downturn became so severe?" he asked.

S S Kim, managing director (MD) and chief executive officer (CEO), Hyundai Motor India, said, besides consumer sentiment, regulations, cost increase and customer mindset on whether they need to buy now, since BSVI is going to come from April, were the other major roadblocks.

Motofumi Shitara, chairman, Yamaha Motor India Group of Companies, added that the two-wheeler sector was also hit by poor customer sentiment, change in regu-

lations, credit issue, and high insurance cost. During the year, motorcycle brands UM Motorcycles and Cleveland Cyclewerks stopped their operations in India.

### EVs see a big push

Electric vehicles (EVs) saw good traction in 2019 with the FAME-II scheme, at an outlay of ₹10,000 crore. It came into effect in April 2019, followed by reduction in goods and services tax (GST) on EVs from 12 per cent to 5 per cent.

Hyundai Kona was rolled out and many of the car makers announced that they would be launching EVs to back the government's ambition of going 30 per cent all-electric by 2030. Currently, EV market penetration is only 1 per cent of the total vehicle sales in India, and of that, 95 per cent of sales are electric two-wheelers.

### A BUMPY RIDE

- SIAM data shows total sales down at 21.7 million during Jan–Nov, from 25.1 million units a year ago
- Regulatory changes, price hikes, slowdown, change in ownership model, change in axle load norms key reasons
- Firms hope industry turns around from second half of FY21, given that the BSVI issue settles down by then

Only 1,500 electric cars were sold for personal use in the last eight months.

The ministry of heavy industries and public enterprises (MHIPE) said that, till November, close to 285,000 buyers of electric and hybrid vehicles have benefited from subsidies to the tune of ₹3,600 crore provided under the FAME-India programme.

### New brands and alliances

British brand Morris Garages and South Korea's Kia Motors made inroads separately with SUVs and managed to clock good numbers.

Mahindra and Ford announced a joint venture or JV to co-develop seven new models. PE and corporate investment flows into EVs and shared mobility start-ups grew nearly 170 per cent to \$397 million (up to November) from \$147 million a year ago. Hyundai, Hero, TVS, Bajaj, Ratan Tata and Mahindra were among the corporate investors.

Recently, Mahindra acquired 36.63

per cent stake in Meru Travel Solutions (Meru) in the first tranche.

### Road ahead

While China's SAIC-owned British brand Morris Garage already entered the Indian market, few more Chinese auto majors, including Haima Automobiles, Great Wall Motors and Changan Automobiles are expected to make inroads. Besides, Citroen is expected to launch its first car by the second half of the next financial year.

Dozens of launches are being planned for 2020 by passenger car and two-wheeler makers. They even include EVs. Notables among them are Hyundai Aura, Tata Nexon EV, SUV Gravitas, hatchback Altroz, Skoda Karoq SUV, Octavia, Land Rover Defender, Audi e-tron, Nissan Leaf EV and Kia Carnival.

Firms hope that from the second half of the financial year, the industry should turn around as BS-VI should settle down. This is because of government incentives to buy vehicles and steps taken to address liquidity crunch, economic growth and infrastructure spending. Kim said, "Issues related to BS-VI won't be there from the second half, which will lead to growth." He expects growth to be single digits next year, since the first half will continue to see pressure.

Shitara said he is bullish about India, considering the country got a huge aspiring young population and the company is optimistic that demand will revive soon.

Vinod Aggarwal, MD and CEO of VE Commercial Vehicles, said the current phase of slowdown was temporary and the medium and long-term horizons looked good.

# GoM constituted to expedite MTNL, BSNL revival plan

PRESS TRUST OF INDIA  
New Delhi, 28 December

A seven-member Group of Ministers (GoM) has been constituted to fast-track and oversee the implementation of the ₹69,000-crore revival plan for state-owned telecom corporations BSNL and MTNL, said people with knowledge of the matter.

The high-level group will expedite smooth implementation of recent decisions taken on the revival of BSNL and MTNL, which includes crucial elements such as allocation of 4G spectrum and asset monetisation, official sources told PTI. The GoM includes Defence Minister Rajnath Singh, IT and Telecom Minister Ravi Shankar Prasad, Home Minister Amit Shah, Finance Minister Nirmala Sitharaman, Commerce Minister Piyush Goyal, and Oil Minister Dharmendra Pradhan, they added.

"There are crucial elements like business viability, workforce, issue of bonds, monetisation and 4G spectrum allotment in the revival package. The GoM will expedite and oversee the plans," the people said.

In October this year, the government had approved a ₹69,000-crore revival package for BSNL and MTNL that includes merging the two loss-making firms, monetising their assets and giving VRS to employees so that the combined entity turns profitable in two years.

The Union Cabinet had approved the plan to combine Mahanagar Telephone Nigam (MTNL) — which provides services in Mumbai and New Delhi — with Bharat Sanchar Nigam (BSNL) that services the rest of the nation.

Over the last few weeks, both companies launched their Voluntary Retirement Scheme (VRS) plans. Nearly 92,700 employees of BSNL and MTNL have opted for voluntary retirement, which is expected to save ₹8,800 crore annually in salary bills. The two companies will also monetise assets worth ₹37,500 crore over the next three years.

MTNL has reported losses in nine of the past 10 years and BSNL too has been ringing in losses since 2010.



# After metro, Bounce rides into Bengaluru's railway terminals

PEERZADA ABRAR  
Bengaluru, 28 December

Bike-sharing start-up Bounce will now ride into railway stations in Bengaluru, having covered metro stations in the southern city. The Accel and Sequoia-backed firm has won a competitive bid to provide its dockless scooter-sharing service at railway stations in Karnataka — the first start-up to win such a deal.

It will be able to expand its operations across 13 railway stations in Bengaluru, helping passengers achieve first and last-mile connectivity.

"With the load on road infrastructure, there is an urgent need to shift away from personal mobility to public transportation and shared mobility. To increase adoption of public transportation, it's imperative to create integrated multi-modal connectivity to make daily commute seamless," said Vivekananda Hallekere, chief executive officer (CEO) and co-founder of Bounce.

"We're happy to be working with the authorities such as Bengaluru Railway Division, which recognised the importance of shared mobility services and enabled us further to provide accessible mobility. This is happening for the first time ever in the country. We are positive that it'll help lakhs of railway commuters with their first and last-mile commute."

Through the partnership with the Bengaluru Railway Division, Bounce plans to introduce 698 scooters at 13 Bengaluru railway stations. Bounce scooters will make their debut at places such as Bellandur, Yelahanka, Banaswadi, Whitefield, Yeshwanthpur and Kengeri.

Parking lots have been allotted at two entrances in each of these stations to pick up or drop off Bounce bikes. By providing bike service from the premise of railway stations, Bounce said it aims to improve connectivity and encourage citizens to use railway services. Integration of hired, shared and public transport services will ensure all modes of commute complement each other and provide a seamless experience to citizens. Since the last two years, there has been a significant increase in the

number of people using the suburban rail service. It is particularly popular among office-goers looking to avoid traffic. This year, 1.5 lakh passengers opted to travel by the South Western Railway's intracity trains, an increase from 1.4 lakh passengers in 2016-17.

According to a recent proposal by Rail India Technical and Economic Service (RITES), suburban trains are projected to have a total daily ridership of 9.28 lakh in 2025.

At a time when hours spent commuting has gone up because of traffic congestion, Bounce feels suburban railway acts as a cheap and fast alternative for the long commute.

However, the first and last-mile connectivity is still a critical issue. In Bengaluru, the railways sees lakhs of

people coming in or going out from various stations. The city's fragmented transport system and evolving public transport impact a sizable number of these travellers. A recent survey showed that 70 per cent of citizens in Bengaluru felt the need for improving first and last-mile connectivity. Bounce, which was recently valued at \$500 million in a funding round, is scaling on a par with global players, including US-based scooter rental firms Lime and Bird.

It has already partnered three Mass Rapid Transport systems — Namma Metro, Hyderabad Metro and Nagpur Metro. Within a year, 42 per cent of Bounce rides either originated or culminated at Namma Metro.

# Nutanix bets big on govt clients after Nasdaq debut



NEHA ALAWADHI  
New Delhi, 28 December

With three Indian co-founders, cloud-computing firm Nutanix — which opened to a blockbuster initial public offering (IPO) on Nasdaq three years ago — is looking to bet big on government clients in India, said a senior executive.

Nutanix is the leader in the hyperconverged infrastructure (HCI) business, and sees significant opportunity in "state and Centre and defence" areas of the government, said Balakrishnan Anantharaman, vice-president and managing director-sales, India and South Asian Association for Regional Cooperation, Nutanix.

"And what that would mean is that, we work with the ecosystem and so we are putting in the resources in places, and actually work in smart cities, work in the state data-centre modernisation and, of course, various other state government projects which are there. Clearly, that would be an area of focus for us, along with the start-up piece," he added.

According to Network World, HCI is an information technology (IT) framework that combines storage, computing, and networking into a single system in an effort to reduce datacentre complexity

and increase scalability.

From a channel partner perspective, Nutanix has started focusing on Tier-1 channel partners. "I think our growth in the past three-four years we have been here, has come from Tier-2 partners. We are now engaged with the larger ones — the Tata Consultancy Services (TCS) and Wipro of the world. We are also looking at other enterprise customers," said Anantharaman.

In India, the company serves customers such as stock exchanges, brokers, non-banking financial companies, financial services and insurance, IT and IT-enabled services. As system integrators such as Wipro, TCS and others help cater to the cloud-heavy workload of their clients, Nutanix helps them make the internal transition themselves.

"So if they (system integrators) want to provide security tools or something as a service, they essentially try to see if Nutanix can help them," Anantharaman said, adding that health care and pharma have also been big adopters of Nutanix's technology.

In its most recent quarterly earnings reported in November, Nutanix reported \$314 million in revenue, of which software and support was about \$305 million, which shows that the firm's stated

aim of reducing revenue from its hardware business is working as planned.

The San Jose-based firm expects software and support billings between \$1.65 billion and \$1.75 billion in the current financial year.

Co-founder and Chief Executive Officer Dheeraj Pandey is a board member of technology giant Adobe, and has driven the company to compete effectively against large firms such as VMware and Dell. Nutanix has partnerships with HP Enterprises, Amazon Web Services, Google Cloud Services and so on, giving it an edge over competitors in building hybrid cloud environments. In India, Nutanix expects to employ more than 600 engineers in research and development (R&D) by year-end, and has made a few strategic acquisitions in the country as well.

"We are actually doing cutting-edge R&D work in India. If you look at some of our products beyond our Core HCI, we acquired (Bengaluru-based) Calm.io, which is our office station. And then we have Beam, which was an Indian organisation called Minjar, which we acquired. So we have seen quite of these software portions of our Nutanix portfolio coming in from India," said Anantharaman.