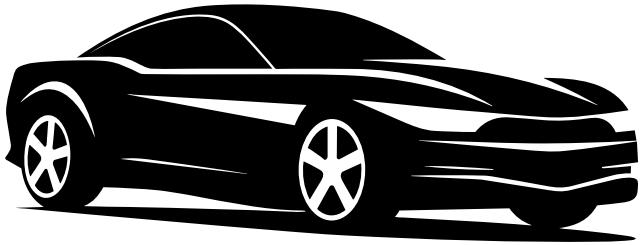


Group #12



AUTOMOBILE REPORT

This report examines how geopolitical tensions and supply-chain shocks have affected the Indian automobile industry's exports, costs, and import dependence, and how firms are responding through localisation and market shifts.



Yash Jain - MBA/4083/11

Harshit Raj - MBA/4032/11

HirokJyoti - MBA/4034/11

Prashant Khodre - MBA/4049/11

Nishu- MBA/4048/11

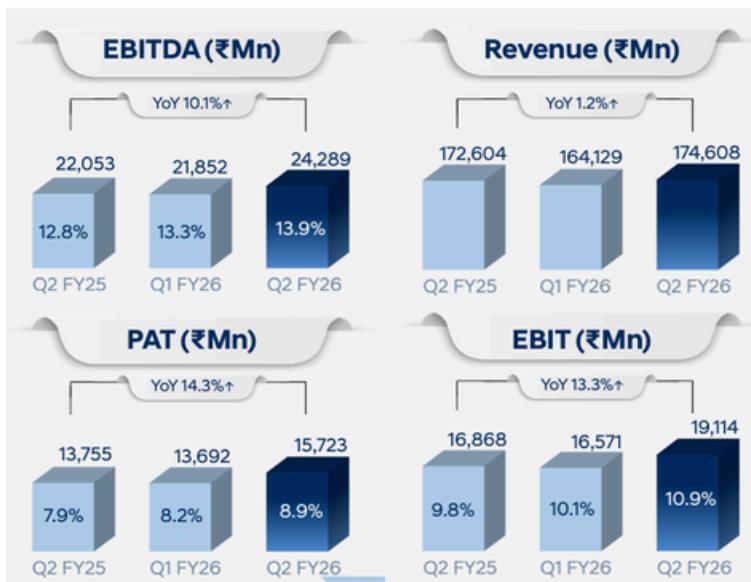
Ewan - MBA/4017/11

ShriRang - MBA/4066/11

M V Yojan - MBA/4041/1

HYUNDAI MOTORS

Hyundai Motor India Ltd. (HMIL), a wholly owned subsidiary of Hyundai Motor Company (South Korea), is the second-largest passenger vehicle manufacturer in India, with a strong presence in compact cars, SUVs, and premium EVs. Established in 1996, HMIL has two manufacturing plants in Sriperumbudur, Tamil Nadu, with a combined production capacity of 850,000+ units per year. Hyundai is a strategically important export hub for the global Hyundai network, shipping Made-in-India vehicles to Latin America, Africa, Middle East, and ASEAN.



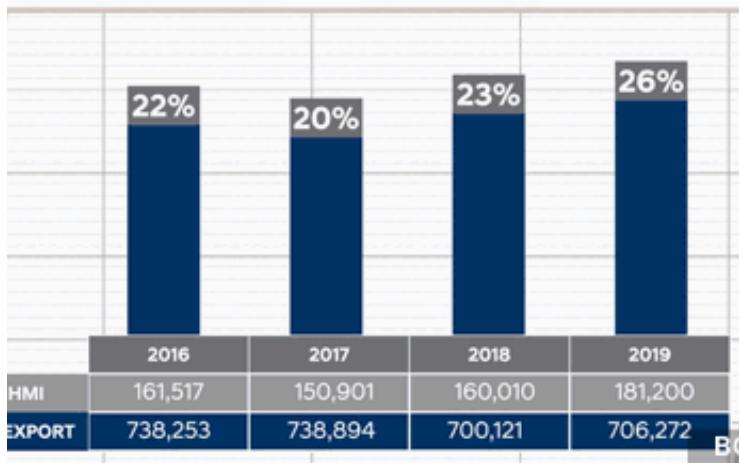
Cumulative of 10 years

Operating cash flow	38,628 (0%)
Investing cash flow:	-18,676 (0%)
Financing cash flow:	-22,451 (0%)
Free cash flow:	18,938 (0%)

FINANCIALS

Hyundai Motor India has delivered strong financial performance despite a volatile global environment, with revenue from operations rising from ~₹40,066 crore in FY21 to ~₹66,423 crore in FY25, supported by post-pandemic demand recovery, strong SUV portfolio performance, and selective price increases. Profitability has improved even faster, with PAT increasing from ~₹1,847 crore in FY21 to ~₹5,954 crore in FY24, before moderating to ~₹5,492 crore in FY25, reflecting operating leverage, a favourable product mix, and cost discipline.

Overall Passenger Vehicle Export



IMPORT / EXPORT TREND!

Hyundai Motor India shows a strong export-led growth pattern while remaining exposed to import-heavy inputs. The company has exported over 3.7 million units since inception, and in recent reporting months exports accounted for roughly 23% of total sales (around 16,000 export units out of 70,000 total). Export strength provides scale benefits and cushions domestic slowdowns, especially for its SUV portfolio. However, Hyundai remains dependent on imported semiconductors, sensors, and battery cells, which makes its cost structure vulnerable to global supply shocks and commodity price volatility. This dual trend—rising exports and persistent import dependency—captures Hyundai's strategic opportunity and geopolitical risk: strong external demand supported by a supply chain still exposed to global disruptions.

GEOPOLITICAL NUANCES

P	E	S	T	E	L
<p>Trade War Impact</p> <p>US-China trade war</p> <ul style="list-style-type: none"> ◦ Semiconductor supply tightened ◦ Export market currency volatility ◦ East European market slowdown 	<p>Supply Chain Disruptions</p> <p>COVID and conflict impacts</p> <ul style="list-style-type: none"> ◦ Rising landed cost of chips ◦ Freight cost escalation ◦ Aluminium and steel price shocks 	<p>Demand Shifts</p> <p>Prioritizing high-margin SUVs</p> <ul style="list-style-type: none"> ◦ Increased waiting periods ◦ Faster domestic sales recovery 	<p>Chip Dependency</p> <p>Reliance on foreign suppliers</p> <ul style="list-style-type: none"> ◦ Semiconductor supply collapse ◦ EV battery mineral price rise 	<p>Mineral Sourcing</p> <p>Dependence on China-controlled supply chains</p> <ul style="list-style-type: none"> ◦ Nickel price rise ◦ Cobalt price rise ◦ Lithium price rise 	<p>Trade Regulations</p> <p>Compliance with trade laws</p> <ul style="list-style-type: none"> ◦ US restrictions on AI chips

Hyundai India is exposed to the renewed US–China trade war and Trump tariff threats, which tighten chip supply and raise EV component costs. Currency swings and higher freight and metal prices add pressure, even as demand shifts toward high-margin SUVs. The company remains reliant on foreign semiconductors and China-controlled battery minerals, with rising nickel, cobalt, and lithium prices. New US chip and EV rules increase compliance risk and create uncertainty for Hyundai's EV and connected-tech plans in India.

Bloomberg

• Live TV Markets ▾ Economics Industries Tech Politics Books

Industries | Transportation

Hyundai Profit Drops on Weak Sales, Geopolitical Risks

Impact #2

Hyundai's EV strategy in India faced cost escalation due to dependence on global battery mineral supply chains. Import cost of battery packs rose significantly, impacting the Kona EV pricing and delaying the local assembly plan for Ioniq models. The conflict amplified Hyundai's exposure to critical mineral geopolitics, showing the vulnerability of India's EV ambitions to global instability.

Semiconductor shortage directly impacted Hyundai's high-volume models, leading to production delays and higher inventory cycles. Hyundai prioritized production of high-margin SUVs over hatchbacks to protect profitability. However, reduced scale economies increased cost per unit. Export commitment to Latin America was reduced, showing how geopolitical restrictions on chip exports caused both domestic supply disruption and export loss for Hyundai India.

mint Premium | NEWS

From Korea, with love: Hyundai now wants to be a homegrown Indian company

Message from CFO!



As we reflect on the year gone by, we are proud to have achieved a landmark moment with our successful listing, a pivotal step in our growth journey. The IPO being India's largest ever IPO in the Indian Capital markets, which received an overwhelming response from marquee investors, underscores their confidence in the Company's long term growth prospects. The listing not only enhanced our visibility but further solidified our standing in the Indian Capital Markets.



MAHINDRA & MAHINDRA

Mahindra & Mahindra (M&M) is one of India's largest automobile and tractor manufacturers with a dominant presence in SUVs, light commercial vehicles, and farm equipment. The company also has a growing presence in the electric vehicle (EV) segment through the INGLO platform and XUV electric series. While M&M's customer base is largely domestic, its supply chain is global, especially for advanced components such as semiconductors, lithium-ion cells, automotive electronics, and rare-earth magnets. This exposes M&M to significant geopolitical and trade-related risks. This report analyses Mahindra & Mahindra's financial performance over 2014–2024, the effect of global trade wars and geopolitical shocks on its sales, exports, profitability, and import dependence, supported with news evidence, and concludes with a risk assessment of the firm.

Ten-Year Financial Data (2014–2024)

Financial Year	Sales / Revenue	Net Profit
FY 2013–14	₹74,001	₹5,154
FY 2014–15	₹71,448	₹3,381
FY 2015–16	₹75,841	₹3,554
FY 2016–17	₹83,773	₹4,051
FY 2017–18	₹92,094	₹7,958
FY 2018–19	₹104,721	₹6,017
FY 2019–20	₹75,382	-₹321
FY 2020–21	₹74,278	₹1,512
FY 2021–22	₹90,171	₹7,253
FY 2022–23	₹121,269	₹11,374
FY 2023–24	₹139,078	₹12,270

Trend Analysis of Sales & Profits (2014–2024)

Phase I: Pre–Trade War Stability (FY14–FY18)

- Revenue grew from ₹74,001 Cr to ₹92,094 Cr.
- Growth driven by strong domestic SUV and tractor sales.
- Profits rose steadily, indicating high operational efficiency.

Phase III: COVID-19 & Supply Chain Shock (FY19–FY21)

- Revenue collapsed to ₹75,382 Cr in FY20.
- Net profit turned negative (-₹321 Cr).
- Key reasons:
 - Global semiconductor shortage halted production.
 - Lockdowns disrupted logistics and dealerships.
 - Chip dependence on East Asia → production bottlenecks.

Phase II: Early Trade-War Period (FY18–FY19)

- Revenue crossed ₹1,04,721 Cr, but profits dipped.
- Causes:
 - US–China trade war → higher prices for electronics.
 - Domestic slowdown due to NBFC crisis → lower vehicle financing.
 - BS-VI transition costs increased expenses.

Phase IV: Recovery & Upcycle (FY22–FY24)

- Revenue surged to ₹1,39,078 Cr in FY24.
- Net profit reached ₹12,270 Cr.
- Reasons:
 - Successful SUV launches (Thar, Scorpio-N, XUV700).
 - Supply chain normalisation post-2022.
 - Improved pricing power & premium vehicle mix.

EXPORT TRENDS

Export Dependence

Mahindra's export share is modest relative to its domestic dominance:

- Tractor exports are 3–5% of total tractor volume.
- Automotive exports include Scorpio, XUV300/700, Pik-Up, .
- Export destinations: South Africa, Nepal, Australia, Bangladesh, Latin America.

Geopolitical Impact on Exports

- Trade wars occasionally created opportunities, as importers reduced dependence on China.
- However, new tariffs by the US on Indian auto imports increased landed costs.
- Country crises (e.g., Sri Lanka) reduced tractor exports.

Import Dependency & Vulnerabilities

Semiconductors

- Most chips sourced from Taiwan, China, South Korea.
- Global chip shortage (2020–2022) forced Mahindra to:
 - Prioritise high-margin SUVs.
 - Delay model deliveries.
 - Operate below capacity

Rare-Earth Magnets

- China controls ~90% of global output.
- China's export restrictions after 2024 increased:
 - Magnet prices
 - Supply uncertainty
 - EV production risk

Lithium-Ion Battery Cells

- India imports ~70–90% of Li-ion cells from China.
- M&M sources:
 - Cells from Farasis Energy (China).
 - Later plans to adopt Volkswagen unified cells (imported initially).

Automotive Electronics / ECUs

- Highly import-dependent, sensitive to:
 - US–China tech restrictions
 - Maritime disruptions
 - Tariff changes

Newspaper Evidence of Geopolitical Impact

Semiconductor Shortage (Reuters, Nov 2021)

Mahindra stated that the global chip shortage would continue into 2022, affecting production capacity.

Economic Impact

This represents a global supply-side shock. Mahindra had to ration production, favour profitable models, and delay vehicle deliveries. Reduced chip availability increased component costs and lowered capacity utilisation, directly impacting FY20–FY21 revenue and margins.

Sri Lanka Crisis Hits Tractor Exports (India Today, Apr 2022)

Sri Lanka's economic collapse led to lower imports of Indian tractors, impacting Mahindra's export volumes.

Economic Impact

This is a country-specific demand shock triggered by geopolitical-economic instability. Export volumes fell, revealing Mahindra's vulnerability to external markets with weak forex reserves. The firm faces revenue loss in markets with political or financial turmoil.

Rare-Earth Magnet Risk (Economic Times / Reuters, 2025)

Reports indicated that Mahindra and Uno Minda began exploring domestic rare-earth magnet production after China tightened export restrictions. This is a strategic input shock. Rare-earth magnet shortages threaten Mahindra's EV plans, raising production risk and cost. The response—localising magnets—requires large investment but reduces long-term geopolitical dependency.

CONCLUSION

Between 2014 and 2024, Mahindra & Mahindra experienced strong long-term growth in revenue and profitability but faced substantial volatility driven by global geopolitical tensions. While its export dependence is relatively small, its import dependence for advanced automotive components is high, making it vulnerable to global supply chain disruptions. The US–China trade war, global semiconductor crisis, and China's restrictions on rare-earth exports sharply affected production planning, costs, and supply availability.

These geopolitical shocks were most visible during FY20–FY21, when Mahindra's revenues and profits fell significantly due to chip shortages and global disruptions. Country-specific crises like Sri Lanka also reduced tractor exports. However, Mahindra demonstrated resilience through robust domestic demand, successful new SUV launches, and supply chain reorganisation.

The company is now strategically reducing geopolitical risks by localising EV components, developing domestic battery-pack capabilities, forming partnerships for cell technology, and exploring indigenous rare-earth magnet production..



Hero MotoCorp

Founded in 1984 as a joint venture between the Indian Hero Group and Japanese Honda Motor Company under the name Hero Honda Motors, Hero soon distinguished itself by offering fuel-efficient, affordable two-wheelers for India's mass market. By 2001 it had become the largest two-wheeler manufacturer in India and by unit-volume, the largest two-wheeler maker in the world.

After the venture with Honda ended, the company rebranded itself as Hero MotoCorp in July 2011, gaining the flexibility to source components from multiple vendors and expand globally. Headquartered in New Delhi, Hero MotoCorp today commands a dominant position in India's two-wheeler market, with a broad portfolio of motorcycles and scooters - ranging from budget commuters to premium models and a vast manufacturing and distribution network across India and abroad. Beyond domestic strength, the company has expanded its footprint internationally, selling bikes and scooters across Asia, Africa, Latin America, the Middle East and now Europe, reflecting its evolution into a global two-wheeler powerhouse.

10-Year Financial Data(₹ crore) – Hero MotoCorp (2014-2024)

FY	Total Income*	PAT	Forex Earnings (proxy for Exports)	Import of Components, Spare Parts, RM & Capital Goods
2014-15	28,078	2,386	721.67	1,345.18 (prev. FY, used as proxy)
2015-16	28,990	3,132	778.16	1,057.16
2016-17	31,394	3,377	581.35	992.82
2017-18	33,398	3,697	737.64	1,011.15 (prev. FY for 2018-19)
2018-19	34,342	3,385	832.01	1,620.58
2019-20	29,614	3,633	761.77	1,001.45
2020-21	31,380	2,964	866.87	683.27
2021-22	29,802	2,473	1,445.96	334.31
2022-23	34,371	2,911	1,088.24	565.80
2023-24	38,348	3,968	1,457.05	960.88

EBITDA margins stayed broadly in the 12–16% range: ~12.8% in FY2014-15, improving to 15–16% in FY2016-18, then moderating around 13–15% post-BS-VI and Covid, before recovering again by FY2023-24.

Trend Analysis – Sales/Net Revenue and Exports

- Over FY2014–FY2024, Hero MotoCorp's total income increased from ~₹28,000 crore to ~₹38,000 crore, indicating overall long-term growth.
- Growth was not linear - demand weakness in FY2019–20 and pandemic disruptions in FY2020–21 and FY2021–22 caused temporary revenue declines.
- Revenue recovered strongly post-FY2022 due to domestic market revival, price revisions, and a richer product mix (premium segment contribution rising).
- Exports more than doubled over 10 years (from ~₹720 crore in FY2015 to ~₹1,450 crore in FY2024), but remain a small share of overall sales.

- Export performance showed volatility, reflecting geopolitical and macroeconomic conditions in key regions (e.g., Africa, Latin America).
- The spike in FY2021–22 exports highlights Hero's efforts in geographic diversification, but the FY2022–23 dip shows continued vulnerability to external shocks.
- Overall, Hero's growth is still primarily domestic-driven, while exports are a growing but not yet stabilised revenue stream.

Newspaper Evidence

Home / India News / Top headlines: War disrupts supply ch...

Top headlines: War disrupts supply chain; Hero MotoCorp faces I-T probe

Russia–Ukraine war created global supply-chain disruptions affecting availability and cost of key auto components for firms including Hero MotoCorp.

Economic Impact:

Production costs increased and supply delays emerged, putting pressure on margins and creating risk of production slowdown - showing Hero's dependence on imported inputs.

Hero MotoCorp July sales down 5%, says supply chain constraints, logistics disruptions hit dispatches

"The company rationalised its domestic dispatches during July 2024, while it plans to increase its dispatches leading up to the festive season," Hero MotoCorp noted.

Hero's dispatches fell 5% due to logistics disruptions and component shortages, although exports increased during the same month.

Economic Impact:

Domestic revenues were impacted by delayed dispatches while reliance on global supply chains made operations vulnerable - highlighting the importance of supplier and logistics diversification.

Conclusion

Over the last decade, Hero MotoCorp has experienced periods of steady growth as well as disruptions linked to global geopolitical developments. While domestic demand has driven sales and profitability upward post-FY2022, events such as the Russia–Ukraine war, semiconductor shortages, and logistics bottlenecks negatively affected the firm's supply chain, raw-material costs, and dispatch volumes. Export momentum has helped partially offset domestic slowdowns, but exports still form a small share of total revenue, limiting effect during global shocks.

The key vulnerabilities revealed through this period include a high dependence on imported components and global commodity prices, especially for electronics and critical raw materials where domestic alternatives are limited. Hero's revenue concentration in the Indian commuter segment also exposes the firm to domestic macrocycles. Meanwhile, geopolitical tensions — particularly those affecting global freight, energy prices, and manufacturing inputs — make the business susceptible to external shocks despite its large domestic footprint.

To reduce these risks, Hero MotoCorp is advancing several strategies: localising more of its supply base, expanding exports into diversified geographies, building premium and EV portfolios to improve margins, and tightening supply chain control through technology and supplier diversification. These measures collectively reflect Hero's shift toward a more resilient and globally competitive operating model.



**MARUTI
SUZUKI**

Maruti Suzuki India Ltd (MSIL) is India's largest passenger vehicle maker and a leading exporter. It operates three plants – Gurgaon and Manesar (Haryana) and Hansalpur (Gujarat) – with a combined capacity of ~2.35 million units per year. In FY2023-24 MSIL sold ~2.14 million vehicles ($\approx 1.85m$ domestic, $0.28m$ exports). Its portfolio spans hatchbacks, sedans, SUVs and vans (e.g. Alto, Swift, Dzire, Brezza, Baleno, Ertiga, etc.) targeting mass and premium segments. MSIL exports 17 models to about 100 countries accounting for ~40% of India's passenger vehicle exports (41.8% share in FY2024).



FINANCIALS

Particulars	2023-24	2022-23
Total revenue	₹ 1,447,874	₹ 1,196,842
Profit before tax	₹ 170,404	₹ 101,591
Tax expense	₹ 38,310	₹ 21,099
Profit after tax	₹ 132,094	₹ 80,492
Balance at the beginning of the year	₹ 541,980	₹ 479,986
Profit for the year	₹ 132,094	₹ 80,492
Other comprehensive income arising from remeasurement of defined benefit obligation*	(₹ 339)	(₹ 286)
Income on employee welfare fund	(₹ 201)	(₹ 119)
Expenses on employee welfare fund	₹ 162	₹ 32
Payment of dividend on equity shares	(₹ 27,187)	(₹ 18,125)
Balance at the end of the year	₹ 646,509	₹ 541,980

FY2023-24 was a record year for MSIL. Net sales reached ₹1,447,874 million (up ~20% YoY), with EBITDA of ₹170,404 million ($\approx 12\%$ margin) and net profit of ₹132,094 million (up 64% YoY). Operating profit (EBIT) also grew strongly on higher volumes and cost control.

Ten-Year Financial Data (2014–2024)

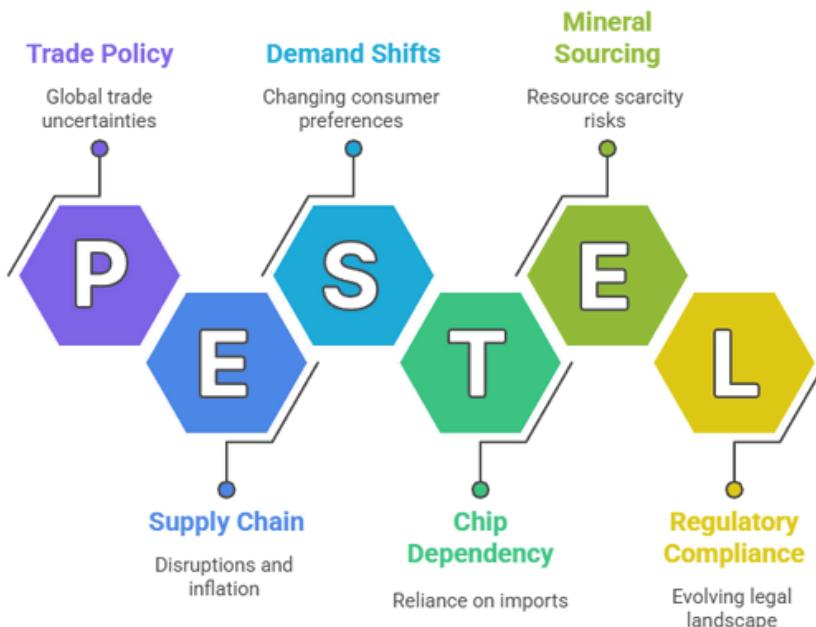
	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Sales +	44,542	50,801	57,589	68,085	79,809	86,068	75,660	70,372	88,330	117,571	141,858
Expenses +	39,232	43,909	48,565	57,664	67,692	75,012	68,305	64,961	82,578	106,542	123,232
Operating Profit	5,310	6,892	9,024	10,421	12,118	11,056	7,355	5,411	5,752	11,029	18,626
OPM %	12%	14%	16%	15%	15%	13%	10%	8%	7%	9%	13%
Other Income +	724	817	1,464	2,399	2,155	2,664	3,410	3,046	1,861	2,307	4,248
Interest	184	218	82	89	346	76	134	102	127	187	194
Depreciation	2,116	2,515	2,822	2,604	2,760	3,021	3,528	3,034	2,789	2,826	5,256
Profit before tax	3,734	4,976	7,585	10,127	11,167	10,624	7,103	5,321	4,697	10,323	17,424
Tax %	24%	24%	28%	26%	29%	28%	20%	18%	17%	20%	23%
Net Profit +	2,854	3,809	5,497	7,511	7,881	7,651	5,678	4,389	3,880	8,211	13,488

Import/Export Trend & Supply Chain

Exports are a key driver: MSIL's overseas shipments hit ~283,000 units in FY2024 ($\approx 13\%$ of sales), reinforcing its role as India's top PV exporter. However, reliance on imported electronics and EV components creates vulnerabilities. MSIL's CEO has urged early development of domestic semiconductor capacity to reduce import dependency. In mid-2025 Maruti cut e-SUV production due to a shortage of rare-earth magnets (critical for EV motors) after China tightened exports of these materials. Thus, global supply-chain constraints (chips, EV parts, etc.) remain important considerations for Maruti Suzuki.

GEOPOLITICAL NUANCES

Maruti Suzuki India Ltd. – PESTEL Analysis (FY2024)



Made with Napkin

Strategic Implications

These macro trends shape Maruti's strategy on several fronts. The company is accelerating diversification – investing in local electronics/battery ventures and supply-chain partnerships to reduce China . Maruti is also leveraging India's export opportunity; as Suzuki's global EV hub (the e-Vitara will be exported to 100+ countries), it must navigate trade barriers and adapt models for overseas markets. Domestically, Maruti balances its core strength in small, affordable cars with the SUV/EV boom – planning new SUV launches (including an EV) while pushing CNG vehicles to hedge EV uncertainties. In essence, Maruti is aligning product planning and manufacturing toward flexible, localized production (to meet stricter regulations) and supply-chain resilience (to weather geopolitical and commodity shocks) as it pursues its export and EV growth targets

SupplyChain • Get sharp, essential insights in Supply Chain — focused, timely, actionable. • Join the newsletter →

Auto Components • 1 Min Read

US tariffs to hit 8% of India's auto component output: Report

Indian auto component exporters are at a relative disadvantage compared to most other Asian exporting nations, highlighting the importance of concluding an India-US bilateral trade agreement.

PTI

Published On Sep 17, 2025 at 04:10 PM IST



Impact #1

US-India trade tensions have sharply raised US duties on Indian auto-component exports, with “about half of automobile components exported from India to the United States now facing a duty of 50%.” Such steep tariffs squeeze margins for Indian suppliers that Maruti relies on, disrupt export-linked volumes, and force firms to rethink localisation and sourcing strategies. Reduced supplier profitability and higher input costs can indirectly raise Maruti’s production costs or slow capacity expansion. The trade war therefore weakens the stability and competitiveness of Maruti’s component ecosystem.

Conclusion

In FY2023–24, Maruti Suzuki experienced strong growth, with net sales increasing by nearly 20% and net profit rising by 64% year-on-year. However, behind this financial success, the company faced significant challenges due to global trade tensions. The firm was notably affected by the prolonged global semiconductor shortage, which disrupted production and led to the underutilization of manufacturing capacity. In addition, trade restrictions, rising import costs, and China’s export controls on rare-earth materials created further supply-side pressure, particularly for electric vehicle (EV) components.

Key vulnerabilities exposed included Maruti’s high dependence on imported electronic parts, lack of domestic sourcing for critical EV minerals (like lithium, cobalt, and rare earths), and exposure to global freight and raw material price volatility. These factors not only increased production costs but also forced multiple price hikes, impacting affordability in the small-car segment.

To reduce these trade-related risks, Maruti adopted a multipronged strategy. It increased localization by acquiring full control of the Gujarat manufacturing plant and partnered in domestic battery cell production. The firm also shifted export focus to emerging markets to bypass tariff-heavy regions. These strategic changes are aimed at building supply chain resilience, reducing import dependence, and aligning with India’s Atmanirbhar Bharat vision.

Chip shortage impact: Maruti Suzuki's production in September crashes 51%

"Production volume of the company in September 2021 was affected due to electronic components shortage," the automaker noted.

ETAuto

Updated On Oct 10, 2021 at 01:53 PM IST • Read by 3041 Professionals



Tata Motors is India's largest automotive OEM, producing passenger vehicles, commercial vehicles, and EVs. As part of the Tata Group, it operates globally across markets such as the UK, South Korea, South Africa, Thailand, and Indonesia. The company has strengthened its presence with successful models like the **Nexon**, **Punch**, **Harrier**, and **Safari**. It is also the leader in India's EV segment, holding nearly 70% market share, driven by its rapidly expanding electric vehicle portfolio.



FY24 highlights (Consolidated)



* Includes data for TML, TMPVL and TPEML.

- Record revenue: ₹4,37,900 crore (↑ ~26%).
- EBITDA: ₹62,147 crore (↑ ~16%).
- NET PROFIT: ₹31,807 crore (major turnaround).
- Retains ~70% EV market share in India.
- Launch of new-gen Harrier & Safari with ADAS.
- Export footprint expands to 125+ countries.

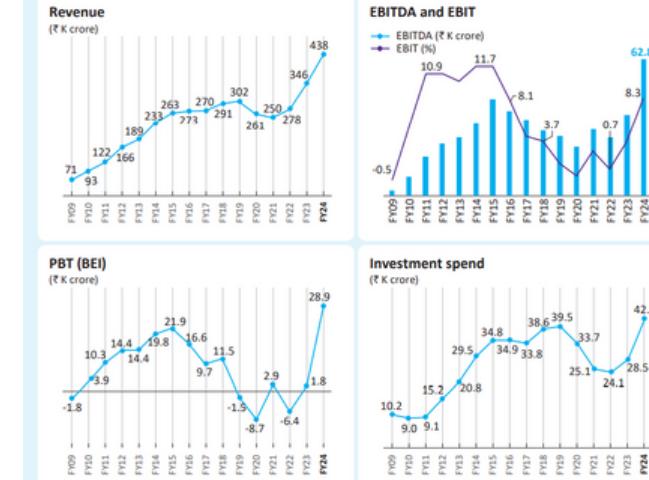
Ten-Year Financial Data (2014–2024)

Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Sales +	232,834	263,159	273,046	269,693	291,550	301,938	261,068	249,795	278,454	345,967	434,016
Expenses +	197,980	223,920	234,650	240,104	260,093	277,274	243,081	217,507	253,734	314,151	376,192
Operating Profit	34,853	39,239	38,395	29,589	31,458	24,664	17,987	32,287	24,720	31,816	57,824
OPM %	15%	15%	14%	11%	11%	8%	7%	13%	9%	9%	13%
Other Income +	-157	714	-2,670	1,869	5,933	-26,686	102	-11,118	2,424	6,664	4,792
Interest	4,749	4,861	4,889	4,238	4,682	5,759	7,243	8,097	9,312	10,225	7,594
Depreciation	11,078	13,389	16,711	17,905	21,554	23,591	21,425	23,547	24,836	24,860	27,239
Profit before tax	18,869	21,703	14,126	9,315	11,155	-31,371	-10,580	-10,474	-7,003	3,394	27,783
Tax %	25%	35%	21%	35%	39%	-8%	4%	24%	60%	21%	-14%
Net Profit +	14,050	14,073	11,678	7,557	9,091	-28,724	-11,975	-13,395	-11,309	2,690	31,807

FINANCIALS

Consolidated trends^



Sales / Net Revenue Trend

- Revenue grew steadily due to strong CV and PV demand.

Between 2019–2021, sales faced pressure due to:

- Global trade tensions (US–China),
- BS-VI transition,
- COVID-19 disruption.

Sharp recovery from 2022–24 driven by:

- Strong EV growth,
- JLR rebound,
- Premium SUV launches.

GEOPOLITICAL NUANCES

Import/Export Trend & Supply Chain

Import/Export Trend & Supply Chain

Strong Export Performance:

Tata Motors exports vehicles to 125+ countries, with strong demand from Africa, South Asia, and the Middle East. Commercial vehicles form the largest export share.

Supply Chain Vulnerability:

- High dependence on imported lithium-ion batteries, semiconductors, and rare-earth magnets.
- EV battery imports from China/South Korea expose Tata to geopolitical and pricing risks.
- Tata is reducing dependency through local battery production (Tata Agrasen Gigafactory), semiconductor MoUs, and vendor diversification.

Impact #1

Business News > Industry > Auto > Auto News > Semiconductor shortage hurting production, may impact Aug-Sep automobile wholesales: Report

Semiconductor shortage hurting production, may impact Aug-Sep automobile wholesales: Report

PTI | Last Updated: Aug 31, 2021, 01:15:00 PM IST

Select ET as FOLLOW US SHARE FONT SIZE SAVE PRINT COMMENT

The chip shortage, intensified by US-China tech restrictions and COVID-era supply disruptions, affected Tata Motors' production of PVs and JLR SUVs. The firm had to cut output, prioritize high-margin models, and deal with rising input costs. This resulted in lower wholesale volumes, delayed customer deliveries, and margin compression in FY21–22.

Impact #2

Brexit caused border delays, rising import tariffs, and regulatory uncertainty for JLR's UK operations. Tata Motors incurred higher logistics costs, production stoppages, and inventory buildup. Exports to EU markets fell, weakening consolidated revenues and increasing financial volatility.

Conclusion

Over 2014–2024, Tata Motors was significantly influenced by geopolitical tensions due to its global supply chain and international dependency, especially through Jaguar Land Rover. Events such as the US-China trade war, Brexit, and the global semiconductor crisis directly affected production, exports, and profitability. Revenue fluctuations reflect these shocks—JLR's slowdown during 2018–2020 reduced consolidated revenue from earlier highs, while semiconductor shortages between 2020–22 disrupted production. Import dependence on chips, battery cells, and electronic components exposed Tata Motors to supply bottlenecks and cost escalations. Despite these pressures, Tata Motors made a strong recovery by FY24, achieving record revenue of ₹4.37 lakh crore and profit of ₹31,807 crore. Strategic actions such as EV expansion (Nexon EV, Tiago EV), localization of components, long-term semiconductor contracts, and investment in battery gigafactories helped reduce vulnerability. The introduction of technologically advanced models (Harrier/Safari ADAS) boosted margins. However, dependency on imported chips and critical EV components remains a risk, making long-term domestic capability-building essential.

Jaguar Land Rover begins Brexit-linked UK plant shutdowns

By Costas Pitas

April 8, 2019 7:57 PM GMT+5:30 · Updated April 8, 2019

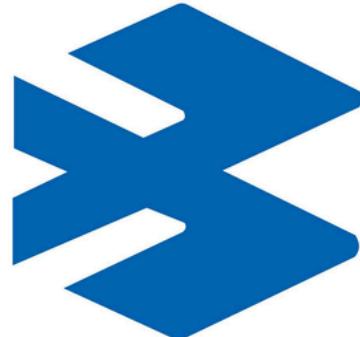
Aa





BAJAJ

Bajaj is an Indian conglomerate that has been a top business house for decades, founded in 1926 by Jamnalal Bajaj. The group operates in diverse sectors like automobiles (primarily two- and three-wheelers), financial services, and home appliances, with its flagship company, Bajaj Auto, being the world's fourth-largest manufacturer of two- and three-wheelers. The Bajaj Group is known for its commitment to social responsibility, influenced by its founder's association with Mahatma Gandhi, and has a significant global presence through exports.



BAJAJ



Bajaj Auto's financials show robust recent performance, with FY2025 revenue crossing ₹50,000 crore (a 12% YoY rise), record EBITDA of over ₹10,000 crore (20.2% margin), and PAT of ₹8,151 crore (adjusting for one-off tax, growth was 12%), driven by strong vehicle/spares sales, premiumization, and CV mix. The company maintains strong cash flow (₹6,500 crore) and a healthy balance sheet, with total assets and liabilities growing to around ₹393 billion in FY24, despite increased debt and current liabilities. Recent quarterly results (Q2 FY26) confirm continued growth in revenue, EBITDA, and PAT, with margins hovering around 20%, showcasing sustained momentum.

Ten-Year Financial Data (2014–2024)

Indicator	Graph	CAGR 3 Yrs	CAGR 5 Yrs	TTM	Mar '25	Mar '24	Mar '23	Mar '22	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
Total Rev. Ann. ▲	▲	15.1%	10.8%	56,507.8	52,469	46,306.5	37,642.9	34,428.9	29,017.5	31,443.2	31,702.1	26,377.2	22,988.9	23,571.1	22,198.2
Operating Exp. Ann. ▲	▲	13.3%	10.3%	42,983.4	40,526.8	36,108.9	30,004.9	27,894.8	22,816.4	24,823	25,168.1	20,383.3	17,347.3	17,805.4	17,501
Operating Profit Ann.	▲	25.9%	15.5%	11,699.9	10,467.7	8,761.6	6,450.5	5,249.9	4,924.7	5,095.6	5,189.5	4,835.7	4,419.4	4,781.1	4,113.2
OPM Ann. %	▲	9.4%	4.2%		19.95%	18.92%	17.14%	15.25%	16.97%	16.21%	16.37%	18.33%	19.22%	20.28%	18.53%
Total Exp. Ann. ▲	▲	13.6%	10.5%	41,330	36,534	30,330.2	28,173.2	23,082.4	25,072.6	25,438.3	20,699.4	17,656	18,113.7	17,775	
EBITDA Ann.	▲	22.3%	12.5%		11,942.1	10,197.6	7,638.1	6,534.1	6,201.1	6,620.2	6,534	5,993.9	5,641.6	5,765.7	4,697.2
EBITDA Ann. margin %	▲	6.2%	1.6%		22.76%	22.02%	20.29%	18.98%	21.37%	21.05%	20.61%	22.72%	24.54%	24.46%	21.16%
Interest Ann. ○	○	254.9%	161.2%	777.3	388.9	60.4	39.5	8.7	6.7	3.2	4.5	1.3	1.4	1.1	6.5
Depr. ○	○	15.4%	10.9%	457.5	414.2	364.8	285.9	269.8	259.4	246.4	265.7	314.8	307.3	307.2	267.5
PBT Ann.	▲	15.6%	11.4%	12,289.6	10,927.8	9,772.5	7,312.7	7,072.2	5,935.1	6,370.6	6,605.8	5,645.8	5,332.9	5,457.5	4,083
Tax Ann.	▲	21.8%	12.7%	2,990	2,687.5	2,331.8	1,781.8	1,485.8	1,384.4	1,480.2	2,028	1,714.5	1,508.1	1,617.7	1,271.1
PAT Before ExtraOrdinary Items Ann.	▲	13.8%	11%		8,240.2	7,440.7	5,530.9	5,586.3	4,550.7	4,890.4	4,577.9	3,931.3	3,824.9	3,839.8	2,811.9
Net Profit Ann. ○	○	5.9%	7%	8,330	7,324.7	7,708.2	6,060.2	6,165.9	4,857	5,211.9	4,927.6	4,219	4,079.5	4,061.2	3,025.6

EBITDA margins stayed broadly in the 21–22% range: ~21.6% in FY2014–15, improving to 22–23% in FY2016–18, then moderating around 18–21% post-BS-VI and Covid, before recovering again by FY2023–24

GEOPOLITICAL NUANCES

Import/Export Trend & Supply Chain

Export Strength

- Among India's largest two-wheeler exporters; presence in 70+ countries.
- Strong demand for Boxer, Pulsar, and KTM models in Africa, Latin America, and South Asia.
- Exports contribute ~40% of total sales, giving Bajaj a diversified global footprint.

Supply Chain Vulnerabilities

- Dependence on imported electronic components, FI systems, and semiconductors.
- Reliance on certain premium components sourced through KTM's global supply network.

Industries | Transportation

China Magnet Curbs Threaten India Auto Output, Bajaj Warns



A Bajaj Auto Ltd. Chetak electric scooter Source: Bajaj Auto Ltd

Impact #2

The Bajaj twins—Bajaj Finance and Bajaj Finserv—faced downward pressure in a highly volatile trading session, contributing to the flat market close. Their decline was driven largely by heightened geopolitical tensions, which weakened overall investor sentiment and led to reduced appetite for financial sector stocks. As interest rate uncertainty and global risks typically make financial institutions more vulnerable, the Bajaj group's shares were among the key laggards pulling the indices lower. However, the impact appears to be market-driven rather than stemming from any fundamental weakness in the companies themselves.

HOME / BUSINESS / MARKETS

Markets end flat in highly volatile trade as Bajaj twins, geopolitical tensions drag indices lower

Tata Motors, State Bank of India, UltraTech Cement, Tata Consultancy Services, Tata Steel and Asian Paints were among the other laggards from the 30-share pack

Published - April 30, 2025 04:59 pm IST - Mumbai

Geopolitical & Supply-Chain Risks

1. Semiconductor & Electronic Component Dependency

Bajaj relies on imported ECUs, FI systems, sensors, and semiconductors, making production vulnerable during global chip shortages. This especially impacts Pulsar, KTM, and premium segment models.

2. Engine & Powertrain Component Imports

Certain high-precision engine parts and KTM/Husqvarna components are sourced globally. Supply delays or cost fluctuations can disrupt assembly schedules and increase input costs.

3. Export Market Risk & Geopolitical Exposure

Bajaj's heavy export presence in Africa, Latin America, and South Asia exposes it to foreign exchange shortages, political instability, import bans, and logistics disruptions in key markets like Nigeria and Egypt.

Impact #1

China's restrictions on the export of high-performance magnets—critical components used in electric motors—pose a significant threat to Bajaj Auto's production plans, especially for its expanding electric vehicle (EV) lineup such as the Chetak scooter. Since India relies heavily on China for these specialized magnets, the curbs could lead to supply shortages, increased input costs, and potential delays in manufacturing. Bajaj's warning reflects growing concerns across the auto industry that disruptions in sourcing key EV materials may hinder output growth and slow the transition toward electric mobility.

Conclusion

In FY2023–24, Bajaj Auto recorded healthy growth driven by strong export performance and sustained domestic demand across its Pulsar, Boxer, and KTM/Husqvarna portfolios. However, this momentum was accompanied by several challenges stemming from global trade disruptions. The company was significantly impacted by shortages of semiconductors and electronic fuel-injection components, which constrained production schedules for premium and export-oriented models. Additionally, geopolitical tensions and currency crises in key export markets—such as Nigeria, Egypt, and Argentina—led to foreign-exchange shortages, import restrictions, and logistics delays, thereby affecting shipment volumes. Rising import costs for engine management systems, electronic sensors, and high-precision powertrain parts added further pressure to Bajaj's cost structure. These disruptions exposed Bajaj Auto's key vulnerabilities: a high reliance on imported electronic components, exposure to politically unstable export destinations, and sensitivity to global currency fluctuations and freight inflation. Such factors not only increased manufacturing costs but also created volatility in export revenues, given that nearly 40% of Bajaj's volumes come from overseas markets.



TVS Motor Company Ltd. is India's third-largest two-wheeler manufacturer with strong domestic and export presence in Asia, Africa, and Latin America. Its supply chain is moderately dependent on imported components such as electronics, chips, lithium cells, and precision metal parts. This makes TVS sensitive to global trade disruptions and geopolitical tensions, especially involving China and key export markets like Sri Lanka, Bangladesh, Africa, and ASEAN.



Between 2014 and 2024, TVS Motor recorded a steady rise in revenue, supported by strong scooter and premium motorcycle sales, with sharp growth between 2016–2019. A decline occurred in 2020 due to COVID-related supply disruptions, but recovery followed from 2021 onwards, strengthened by premium models and the iQube electric scooter. Exports grew consistently until 2019, dropped during 2020–21 due to lockdowns, and fell sharply in 2022 amid currency crises in Sri Lanka, Bangladesh, and African markets before recovering gradually in 2023–24. Profitability improved over the decade but remained volatile during major geopolitical events such as the US–China trade war, COVID supply shortages, and global commodity inflation. Margins strengthened again in 2023–24 with scale, premiumisation, and expanding EV contributions.

Ten-Year Financial Data (2014–2024)

Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Sales +	8,384	10,256	11,377	12,463	16,340	20,160	18,849	19,421	24,355	31,974	39,145
Expenses +	7,892	9,650	10,558	11,591	14,769	17,997	16,585	17,189	21,601	27,947	33,645
Operating Profit	492	605	819	871	1,571	2,163	2,264	2,232	2,755	4,027	5,500
OPM %	6%	6%	7%	7%	10%	11%	12%	11%	11%	13%	14%
Other Income +	44	80	93	163	71	25	12	36	-5	136	106
Interest	80	62	70	60	338	663	855	881	940	1,368	1,928
Depreciation	149	179	262	317	374	442	556	565	743	859	975
Profit before tax	307	444	580	658	931	1,083	865	822	1,067	1,936	2,703
Tax %	39%	28%	26%	23%	29%	33%	25%	26%	31%	32%	34%
Net Profit +	187	328	429	509	665	725	647	608	731	1,309	1,779

GEOPOLITICAL NUANCES

Import/Export Trend & Supply Chain

- Two-wheeler exports crossed 1.1 million units in FY 2024–25.
- High demand from Latin America, Africa, and ASEAN markets.
- Monthly export growth often 40–50% YoY.
- Heavy import dependence for EV and electronic components.
- Major imports:
 - Rare-earth magnets
 - Semiconductors & microcontrollers
 - Lithium-ion battery cells
 - High-end sensors
- Key sourcing countries: China, South Korea, Japan, Taiwan.
- Resulted in:
 - Higher input costs
 - Potential delays in EV production (iQube)
- TVS is seeking alternative suppliers and new technologies to reduce dependency.

Geopolitical & Supply-Chain Risks

- Global chip shortages (2020–23) delayed production of several models.
- China lockdowns disrupted supply of electronic parts and battery cells.
- Rising import costs (electronics, aluminium, lithium cells) squeezed margins during 2021–22.
- Currency crises in export markets reduced volumes and planning flexibility.
- Longer shipping delays forced TVS to maintain higher inventory, raising costs.
- Limited domestic alternatives for EV cells and sensors created supply risk during disruptions.

THE ECONOMIC TIMES | Industry

My Watchlist | Subscribe | Sign In

Black Friday Deal

English Edition | Today's ePaper

Home ETPrime Markets Market Data Masterclass News Industry SME Politics Wealth MF Tech AI Careers Opinion NRI Panache
Auto Banking/Finance Cons. Products Energy Renewables Ind'l Goods/Svs Healthcare/Biotech Services Media/Entertainment More

Business News • Industry • Auto • Two-wheelers & three-wheelers • Dealing with rare earth magnets supply shortage on daily basis, volumes hit: TVS

Dealing with rare earth magnets supply shortage on daily basis, volumes hit: TVS

PTI - Last Updated: Aug 28, 2025, 06:45:00 PM IST

Preferred on Google FOLLOW US SHADE FONTSIZE SAVE PRINT COMMENT

Impact #1

Geopolitical tensions—especially China-related trade restrictions—have directly affected TVS Motor's cost structure and supply-chain stability. With more than 90% of rare-earth magnets and a major share of semiconductor chips sourced from China, export controls and supply shortages have sharply increased procurement costs for EV components. China's tightening of rare-earth exports in 2025 created a risk of stalled EV production, raising input prices and disrupting the availability of critical parts for the TVS iQube and premium motorcycle models. These shocks compress margins, delay output, and force TVS to reassess sourcing strategies, localise component manufacturing, and secure alternate suppliers in Korea, Japan, and Taiwan. As EVs and electronics form a growing share of TVS's portfolio, such geopolitical disruptions weaken the reliability of its component ecosystem and increase vulnerability to global supply-chain volatility.

Impact #2

Global trade wars and tightening export controls on semiconductors and rare-earth materials have significantly heightened supply-chain risks for TVS Motor. During the global chip shortage, TVS faced delayed procurement of microcontrollers and ECUs, leading to constrained production of both scooters and premium motorcycles. More recently, China's restrictions on rare-earth magnet exports—critical for EV motors—created the threat of immediate disruptions to TVS's iQube EV output, mirroring warnings issued across the global auto industry. These shocks, driven directly by geopolitical actions, result in unpredictable manufacturing schedules, longer waiting periods, and temporary dips in monthly dispatches.

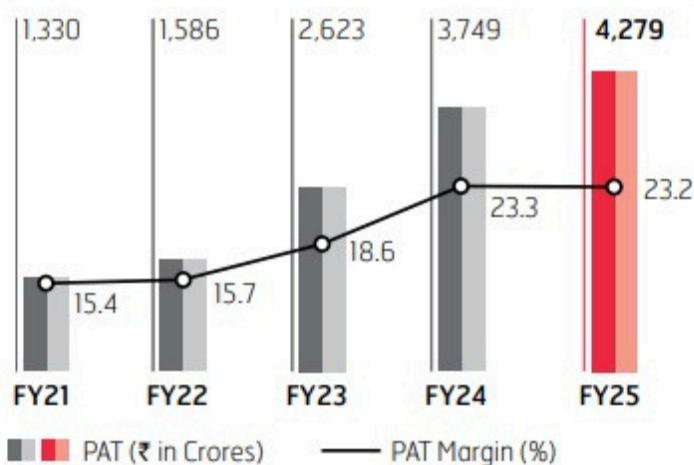
India stands to gain from global socio-political and economic changes, says Ralf Speth, TVS Motor Chairman

For FY24, GDP is expected to be around 5.5% by various sources. Despite the difference in the specific forecasts, the general agreement is that India's GDP growth will remain highest among major economies, said TVS Motor Company's Chairman. He added that the automaker maintains a cautiously optimistic view for the India business during the fiscal 2023–24.

Conclusion

TVS Motor has demonstrated strong growth over the past decade, supported by robust domestic demand, expanding exports, and the successful rollout of premium motorcycles and electric scooters. While exports recovered sharply after 2022 and now contribute significantly to the company's revenue diversification, TVS remains vulnerable to global supply-chain disruptions. The firm's heavy dependence on imported components—especially rare-earth magnets, semiconductors, and lithium-ion cells—exposes it to geopolitical tensions, particularly China's export controls and global chip shortages. These disruptions have led to higher input costs, production delays, and increased supply-chain risk for its EV models. Despite these challenges, TVS has responded proactively by diversifying markets, expanding its EV portfolio, and exploring alternative suppliers and technologies to reduce import dependence. Overall, TVS Motor's strong export growth and innovation strategy position it well for the future, but reducing exposure to external supply shocks remains a critical priority for long-term resilience.

Eicher Motors is the parent of Royal Enfield (mid-size & premium motorcycles) and holds a stake in VE Commercial Vehicles (VECV). The group earns from motorcycle sales, accessories/after-sales, and commercial vehicle operations – giving it diversified auto exposure. Its business is thus split – motorcycles (passenger) + commercial vehicles + some non-motorcycle segments (spares, accessories, services, apparel) under the parent company.



Eicher Motors has delivered strong growth, with FY 2023–24 marking record performance: consolidated revenue reached ₹16,536 crores, EBITDA ₹4,327 crores, and PAT ₹4,001 crores. Motorcycle sales grew to 9.13 lakh units, up 9% from the previous year, while the non-motorcycle business—spares, accessories, services, and apparel—continued to expand. This momentum carried into FY 2024–25, where Eicher reported consolidated revenue of ₹18,451.46 crores and net profit of ₹4,279.26 crores, reflecting sustained demand and stronger revenue diversification.

Ten-Year Financial Data (2014–2024)

Consolidated Figures in Rs. Crores / [View Standalone](#)

	Dec 2013	Dec 2014	Mar 2016 15m	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Sales +	6,810	8,738	6,173	7,033	8,965	9,797	9,154	8,720	10,298	14,442	16,536
Expenses +	6,094	7,621	4,484	4,859	6,156	6,893	6,971	6,937	8,120	10,996	12,206
Operating Profit	715	1,118	1,690	2,174	2,809	2,904	2,183	1,783	2,178	3,446	4,329
OPM %	11%	13%	27%	31%	31%	30%	24%	20%	21%	24%	26%
Other Income +	93	105	326	416	536	701	572	482	496	908	1,521
Interest	8	10	2	4	5	7	19	16	19	28	51
Depreciation	130	220	137	154	223	300	382	451	452	526	598
Profit before tax	671	993	1,877	2,433	3,116	3,297	2,355	1,798	2,203	3,800	5,202
Tax %	22%	29%	29%	30%	30%	33%	22%	25%	24%	23%	23%
Net Profit +	525	702	1,338	1,667	1,960	2,203	1,827	1,347	1,677	2,914	4,001

GEOPOLITICAL NUANCES

Import/Export Trend & Supply Chain

- Eicher Motors (Royal Enfield) has steadily expanded its global footprint, exporting to 60+ countries across Europe, Latin America, the Middle East, and Southeast Asia.
- Exports form a significant share of Royal Enfield's volumes, supported by rising demand for mid-weight motorcycles in global markets such as UK, Brazil, Thailand, Mexico, and Indonesia.
- Global semiconductor shortages (2020–23) and rising electronic component prices directly affected production schedules and increased input costs for Royal Enfield.
- Currency volatility in export markets (e.g., UK, Latin America) also impacts import costs for electronics and precision parts.

Geopolitical & Supply-Chain Risks

1. Semiconductor & Electronics Dependency

- Royal Enfield motorcycles increasingly rely on ECUs, ABS modules, sensors, and other electronic components.
- Global chip shortages (2020–23) disrupted production planning, delayed model launches, and affected both domestic and export dispatches.

2. Battery & EV Component Dependency

- With the launch of electric scooters like iQube, Eicher depends on lithium-ion cells, motor controllers, and power electronics.
- Imports from China, South Korea, and Japan expose the company to price volatility and supply disruptions.

mint Premium | MARK TO MARKET

Eicher Motors is chasing growth. That will crimp margin in the short term

Manvi Agarwal | 3 min read | 04 Aug 2025, 06:00 am IST



A positive factor is the rising share of rural regions in the sales mix, now close to 50%. (Bloomberg)

Impact #1

Eicher Motors is expected to face short-term pressure on its profit margins as the company increases its spending to drive future growth. Investments in areas such as new product development, marketing, global expansion, and strengthening distribution networks will temporarily raise costs faster than revenue. However, this margin dip signals a strategic push toward long-term market expansion rather than a weakness. A positive factor highlighted in the article is the rising share of rural sales—now close to 50%—which strengthens demand visibility and supports volume growth. Although near-term profitability may soften, Eicher's strong brand, expanding rural presence, and long-term growth roadmap position the company favourably for sustained gains once scale benefits and new products begin contributing more meaningfully.

Conclusion

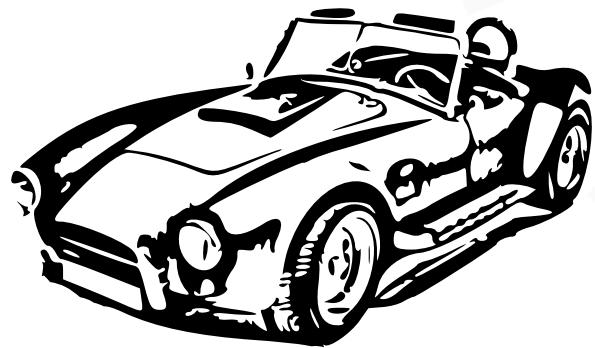
In FY 2023–24, Eicher Motors delivered robust growth, with domestic and international demand for Royal Enfield motorcycles supporting revenue and profitability. However, the company faced significant challenges from global trade tensions and supply-chain disruptions. Production planning was affected by the global semiconductor shortage, which delayed deliveries and constrained output of both conventional and electric motorcycles. Dependence on imported high-end components—including ECUs, ABS modules, sensors, and lithium-ion cells for the iQube EV—exposed the firm to price volatility and supply uncertainties, particularly due to China's export restrictions on rare-earth materials and other critical electronic parts. Key vulnerabilities highlighted included limited domestic sourcing for essential electronic and EV components, sensitivity to currency fluctuations in export markets, and exposure to global shipping and raw-material cost increases. To mitigate these risks, Eicher has pursued supplier diversification, increased localization of critical components, and invested in local technology centers to develop domestic capabilities. Additionally, the firm is expanding its export footprint to more stable international markets and exploring alternative sourcing for EV materials. These strategic steps aim to strengthen supply-chain resilience, reduce import dependence, and ensure sustained growth for both conventional and electric motorcycles.

The strong Q2 results—showing a 25% rise in net profit and a 45% surge in revenue—indicate that Eicher Motors is experiencing a significant positive impact from its recent strategic initiatives. The sharp growth reflects robust demand for Royal Enfield motorcycles as well as improved performance in its commercial vehicle segment. Higher sales volumes, especially in both domestic and international markets, have helped the company absorb rising costs and still deliver strong profitability. This performance signals that Eicher's earlier growth-focused investments are beginning to pay off, enhancing operational efficiency, strengthening brand momentum, and expanding its customer base. Overall, the results boost investor confidence and position the company for continued growth in the upcoming quarters.

[Home](#) / [Companies](#) / [Quarterly Results](#) / Eicher Motors Q2 results: Net profit up 25% at ₹1,369 cr, revenue jumps 45%

Eicher Motors Q2 results: Net profit up 25% at ₹1,369 cr, revenue jumps 45%

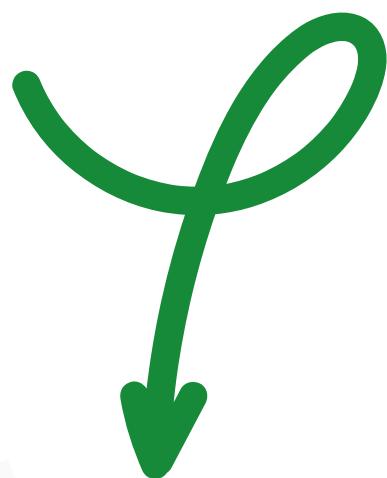
Eicher Motors' total vehicle sales rose sharply in Q2FY26, driven by strong performance across the motorcycle and commercial vehicle segments



AUTO

INDUSTRY

MOBILE



INDUSTRY IMPACT

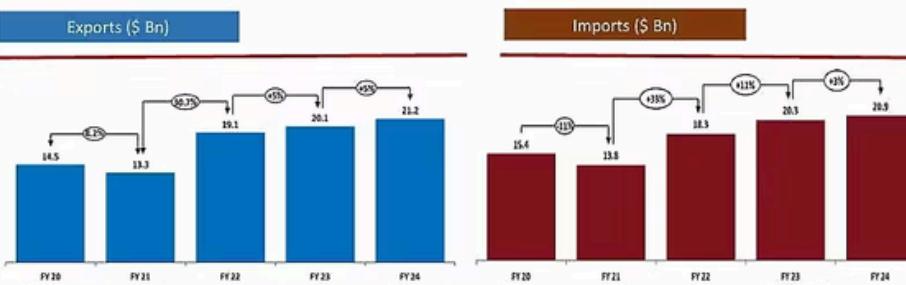
A consistent pattern is visible across all major OEMs (Maruti, Hyundai, Tata, Mahindra, Kia): premiumisation + global supply shocks. Between FY19–FY24, the PV industry's value grew ~13% CAGR, while volume grew only ~4%, driven by a sharp shift toward high-margin SUVs, price increases, and richer feature sets. SUV share in domestic PV sales rose from 28% in FY19 to ~49% in FY24, generating higher realisations and operating leverage across all manufacturers. As a result, firms prioritised the domestic market, which contributed ~86% of PV sales in FY24, while exports fell from 16.8% (FY19) to 13.8% (FY24) as capacity was diverted to Indian demand.



Automotive Component Manufacturers Association Of India

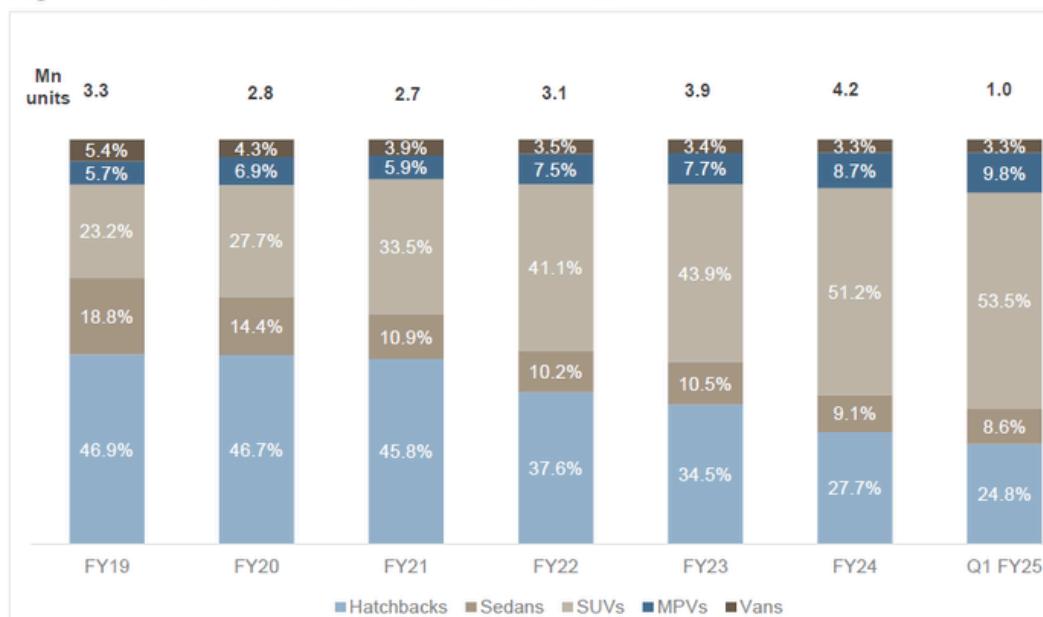
FY 2024: Exports & Imports - Balance of Trade

India had a trade surplus of 300 Mn USD for auto components- strong demand for exports



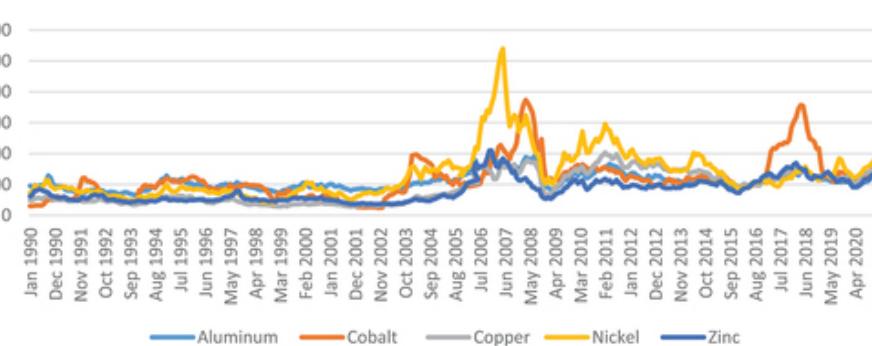
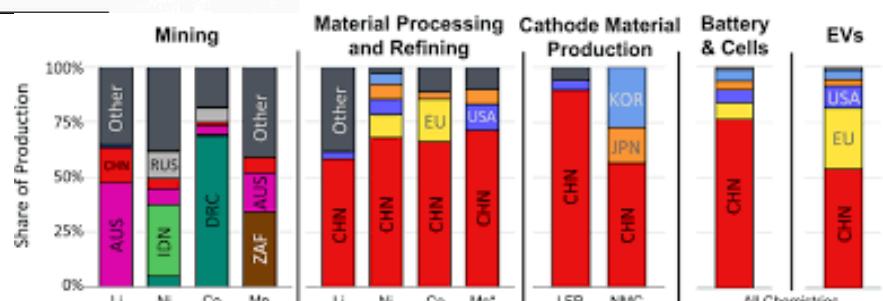
Indian PV exports stagnated in FY24 at ~6.7 lakh units with only 1.4% growth versus 14.7% earlier, as Europe and East Europe weakened and Red Sea disruptions raised freight costs 40–60% with 1–3 week delays, eroding export competitiveness; OEMs shifted toward Africa, now ~33% of exports, where tariffs are favourable. At the same time, all firms share a structural risk: heavy import dependence for semiconductors (~80% imported), battery , rare-earth magnets and advanced electronics, exposing costs to US–China controls and China's dominance in lithium, nickel and cobalt refining. War-driven inflation in steel and aluminum and global shipping constraints further pressured margins. Overall, chips, battery minerals and rare-earths are the most trade-war sensitive inputs, the most exposed markets, driving an industry pivot toward domestic premiumisation,

Segment-wise trends in the overall PV sales volumes in India



Geopolitical shocks reshaped both demand and cost curves. Trade-war-driven semiconductor controls (US–China) triggered a global chip shortage, costing India ~3.8 lakh units of production in 2021, directly hitting revenue across all OEMs.

Covid disruptions, BS-VI transition and chip supply cuts compressed volumes in FY20–21, followed by a V-shaped recovery led by SUV launches and pent-up demand, pushing industry volumes to a record ~4.2 million units in FY24. Revenue growth outpaced volume as OEMs passed on steel/aluminium inflation, emission compliance costs, and currency pressures into vehicle pricing



Import Dependency & Supply Chain Risk

India's automobile industry is deeply integrated into global supply chains. While manufacturing capacity is domestic, strategic components - semiconductors, rare-earth magnets, lithium-ion cells, and advanced electronics are heavily import-dependent, primarily from China and other East-Asian markets. This creates systemic vulnerability: any geopolitical disruption directly threatens production continuity, cost structures, and domestic industry growth.

Import Dependency – Key Exposures

- **Rare-Earth Magnets (90%+ China-dependent):** Critical for EV motors — affects Maruti, Mahindra, Bajaj particularly.
- **Semiconductors/Priority Electronics:** Hyundai, Hero & Maruti faced chip shortages → delayed production launches.
- **Battery Cells & Key Minerals:** Lithium, cobalt, and battery packs largely imported → EV output highly exposed.
- **Logistics Vulnerability:** Global shipping and freight disruptions → dispatch delays (Hero, Bajaj).

Supply Chain Risk – Recent Evidence

Company	Documented Impact
Maruti Suzuki	Production target for first EV cut by ~66% due to China export restrictions on magnets → risk of shutdown.
Mahindra & Mahindra	Magnet inventory only covers ~9 months; long-term EV output uncertain under China curbs.
Bajaj Auto	Warned of zero EV production month if rare-earth import constraints persist.
Hero MotoCorp	EV launch delayed; chip shortages + logistics disruptions increased costs.
Hyundai Motor	Semiconductor shortages created global production delays; supply-chain risk flagged in sustainability audits.

Strategic Response

- **Localization push** - PLI schemes for EV components, batteries, and auto electronics
- **Supplier diversification** - reducing reliance on China-centric inputs
- **Technology partnerships** - South Korea, Japan, and US for chip & battery ecosystems
- **Capacity building** - semicon & rare-earth projects, domestic motor manufacturing

Key Insights

- Import dependence is highest for EV-linked components : the future of the industry.
- Supply shocks transmit rapidly due to just-in-time inventory models.
- Current policy efforts are directionally correct but insufficient for near-term resilience.
- Achieving true supply-chain security requires technology sovereignty, not just local assembly.

Indian automakers remain highly exposed to global geo-economic tensions despite domestic production dominance. Import concentration — particularly on China — presents a major strategic risk to production continuity, pricing stability, and India's EV transition. Strengthening domestic manufacturing of critical components, forming diversified global alliances, and building reserves of essential materials are urgent steps to ensure long-term supply-chain resilience.

Fiscal Policy Measures

India's fiscal policy plays a critical role in supporting the automobile sector, especially during periods of geopolitical disruption such as trade wars, semiconductor shortages, and supply chain realignments. Over the last decade, several fiscal interventions—tax incentives, subsidies, tariff restructuring, and investment-linked schemes—have been designed to reduce the industry's dependence on vulnerable global supply chains and strengthen domestic manufacturing capabilities.

GST & Tax Rationalization Measures

- Reduced GST on Electric Vehicles (5%) and charging equipment encourages domestic EV adoption and lowers reliance on imported fossil fuels.
- 18–28% GST slab structure for ICE vehicles provides stable tax predictability for manufacturers.
- Higher depreciation benefits on EVs (40%) incentivize fleet and corporate buyers, expanding market demand.

Relevance to geopolitical risk:

Lower EV taxes reduce long-term reliance on oil imports, insulating the industry from global energy price shocks caused by geopolitical tensions.

FAME-II Subsidies & Incentives

- Subsidies for EV 2W/3W, buses, and fleet vehicles reduce cost burdens on consumers.
- Allocation for local battery manufacturing reduces import dependency on China, Korea, and ASEAN nations.

Relevance:

FAME-II incentives are specifically designed to localize supply chains, reducing exposure to global disruptions (e.g., US-China trade war, rising lithium costs).

Production-Linked Incentive (PLI) Scheme

- PLI for Advanced Automotive Components encourages domestic production of critical parts such as motors, power electronics, hydrogen components, and batteries.
- Firms receive incentives based on incremental sales, motivating long-term investment.

Relevance:

Helps India reduce reliance on imported semiconductors, lithium cells, sensors, and drivetrain components—areas most affected by global trade tensions.

Customs Duty Reforms + Export Promotion + Infrastructure Investment

- The government increased import duties on CBUs to encourage local manufacturing while reducing duties on EV components and battery cells to support early domestic production. Simultaneously, large investments in highways, logistics corridors, and the vehicle scrappage policy improved supply-chain efficiency. Export support through RoDTEP, MEIS, and NATRIP testing facilities helped Indian automakers remain competitive globally.

Relevance:

These measures collectively reduce dependence on foreign OEMs, strengthen local manufacturing capacity, and protect firms like Tata Motors from disruptions due to geopolitical events such as shipping delays, tariff hikes, and port blockages.

Fiscal Push for Domestic Semiconductor & Battery Ecosystems

The government introduced viability-gap funding and incentives for semiconductor fabrication and battery gigafactories to lower long-term reliance on imported chips and battery cells—areas most affected during global trade tensions.

Relevance:

By building domestic capability in two critical components—chips and batteries—India addresses its biggest vulnerability exposed by geopolitical shocks, ensuring more resilient production for Tata Motors and the entire automobile industry.

INDUSTRY POLICY RESPONSE

1. Production Linked Incentive (PLI) – Auto & Components

To boost local manufacturing of Advanced Automotive Technologies (AAT), the Government launched the PLI-Auto scheme in September 2021 with a total outlay of ₹25,938 crore (2022–2027).

- Focus: Incentivize production of EV components, hydrogen fuel systems, autonomous systems, and clean vehicle platforms.
- Approved firms: Over 95 companies, including Tata Motors, Mahindra, Maruti Suzuki, and Bosch, are eligible for incentives.
- Impact: Reduces reliance on imported ECUs, sensors, and EV drivetrains—promoting deep localization and future-ready tech.

Applicable Incentive (Financial Year)	Disbursement of Incentive (Financial Year)	Total Incentive (₹ Crore)
2022-23	2023-24	604
2023-24	2024-25	3,150
2024-25	2025-26	5,925
2025-26	2026-27	7,199
2026-27	2027-28	9,060
Total		25,938

Ministry of Heavy Industries
GOVERNMENT OF INDIA

Home About Us Schemes/Programme Media Announcement RTI Citizens Charters Who's Who Contact Us Parliament Questions

The Production Linked Incentive (PLI) Scheme for Automobile and Auto components

Home / The Production Linked Incentive (PLI) Scheme For Automobile and Auto Components

The Production Linked Incentive (PLI) Scheme for Automobile and Auto components | Ministry of Heavy...

The Production Linked Incentive (PLI) Scheme for Automobile and Auto components - | Ministry of Heavy Industries

heavyindustries.gov.in

2. PLI – Advanced Chemistry Cell (ACC) Batteries

Launched in May 2021, the ACC PLI scheme aims to establish domestic battery cell manufacturing capacity to support India's EV and energy transition goals.

- Budget: ₹18,100 crore
- Target: 50 GWh of domestic battery capacity
- Awarded bidders: Ola Electric, Reliance New Energy, and Rajesh Exports were selected in Phase 1.
- Impact: Reduces dependence on China, South Korea, and Japan for lithium-ion cells—critical for EVs.

(All amounts are in Rs. Crore)

Budgetary Provision	FY	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	Subsidy (INR Cr)	Setting Up of Manufacturing Facilities		2700	3800	4500	4300	2800	18100

Cycle Life	ACCs	Energy Density (Wh/Kg) ~ (Specific Density)				
		≥ 50	≥ 125	≥ 200	≥ 275	≥ 350
<1000	N.A.	N.A.	N.A.	N.A.	ACC (1/5)	
≥ 1000	N.A.			ACC (2/4)	ACC (2/5)	
≥ 2000			ACC (3/3)	ACC (3/4)	ACC (3/5)	
≥ 4000		ACC (4/2)	ACC (4/3)	ACC (4/4)	ACC (4/5)	
≥ 10000	ACC (5/1)	ACC (5/2)	ACC (5/3)	ACC (5/4)	ACC (5/5)	

PLI Scheme for National Programme on Advanced Chemistry Cell (Acc) Battery Storage | Ministry of Heavy...

PLI Scheme for National Programme on Advanced Chemistry Cell (Acc) Battery Storage - | Ministry of Heavy Industries

heavyindustries.gov.in

3. India Semiconductor Mission (ISM)

To counter chip import dependency (especially for auto ECUs and electronics), the ISM was launched under the ₹76,000 crore Semicon India Programme in December 2021.

- Offers up to 50% subsidy for setting up semiconductor fabs and ATMP (Assembly, Testing, Marking & Packaging) units.
- Example: Micron Technology's ATMP plant in Gujarat, with an investment of ₹22,500 crore, approved under this scheme in 2023.
- Impact: Strengthens India's capability to supply auto-grade chips domestically, enhancing resilience.

About the Scheme

The Scheme for setting up of Semiconductor Fabs in India provides fiscal support of 50% of the project cost on a pari-passu basis to the approved applicants.

Application Closed



3.1 Silicon Semiconductor Fab

Description	Wafer Size	Installed Capacity
Technology	300 mm	40,000 Wafer Starts per Month (WSPM) or above
Operational Experience	The applicant Companies / Consortia / Joint Ventures should have the following experience: Own or possess production grade licensed technologies for proposed technology process and demonstrate the roadmap to advanced nodes technologies through licensing or development	
Capital Investment Threshold	Minimum Capital Investment of ₹20,000 crore (₹200 billion)	
Revenue Threshold	Minimum Revenue of ₹7,500 crore (₹75 billion) (including Group Companies) in any of the three financial years preceding the year of submission	
Fiscal support from Government of India	Fiscal support as percentage of Project Cost 50 %	

<https://www.ism.gov.in/semiconductor-fab>