

# Auto firms shift lanes to keep pace with slowdown

With domestic sales taking a plunge, firms are now eyeing export markets and shared mobility

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As the market continues to lose appetite for demand and the situation is unlikely to improve in the near term, auto majors finding the going difficult are adjusting to the new normal.

While most auto companies are constantly cutting down production to reduce the inventory on factory premises and at dealerships, they are focussing on export markets to make up for the losses in the home market.

As per the Society of Indian Automobile Manufacturers (SIAM) data, domestic auto sales for August plunged 25% year-on-year.

As shared mobility has become an intrinsic part of urban mobility and a segment of buyers is staying away from owning cars, passenger vehicle manufacturers are seen investing in shared mo-



**Trimming stock:** Most auto companies are cutting down production to reduce inventory at factories. ■ PAUL NORONHA

bility and providing leasing options to attract buyers.

## Leasing options

On Tuesday, Honda Cars India Ltd. (HCIL) announced the launch of its new car leasing services in association with Orix, a car leasing and rental company.

As a part of this association, leasing options will be available for Honda CR-V,

Honda Civic and Honda City for both corporate customers and individual customers. The leasing option can be availed by self-employed professionals, businessmen and salaried individuals as well, the company said.

Rajesh Goel, senior VP and director, Sales and Marketing, Honda Cars India, said, "Car leasing enables customers to enjoy the perks

of using a car without having to purchase it. Car leasing is gaining popularity in India."

Recently, Mahindra & Mahindra Ltd. committed to invest ₹201 crore in shared mobility company Meru Cabs, whereby it can deploy a large number of its vehicles on the fleet and "remain relevant in the changing scenario."

Daimler India Commercial Vehicles, a wholly owned subsidiary of Daimler AG, Germany, on Tuesday announced India as a global export hub for BS VI trucks and buses. It said it will begin exports of India-built trucks by 2021/2022. It plans to export fully-built vehicles, engines and parts to countries like Mexico, Chile and Brazil that will soon migrate to similar emission norms.

Domestic auto volume from across the segment had declined due to lower retail demand coupled with inven-

tory correction by some players, analysts said.

"After inventory de-stocking, existing inventory continues to remain at higher-than-normal levels for most players, which would continue to impact the wholesale dispatches in the second half of this year. A few firms also announced production cuts in the last three months to adjust inventory levels in light of demand situation," Mitul Shah, research analyst, Reliance Securities, said.

Shamsher Dewan, VP and sector head, Corporate Ratings, ICRA said: "Near-term outlook for the sector appears challenging, with OEMs still undertaking stock reduction measures to rationalise dealer inventory levels." The effect of the increase in axle load is yet to go away and will continue to hurt truckmakers, may be till next year.