

Hybrid powers India's green mobility quest

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At a time when consumers increasingly embrace green mobility solutions, it is not electric cars but hybrids that are taking the lead, as automotive sales data indicate.

Since January, 64,097 electric cars have been sold compared to 266,465 hybrids, according to data from the Ministry of Road Transport and Highways' Vahan dashboard.

Hybrid car sales have surged from 4.42 per cent of the 4.1 million cars sold in calendar year 2022 to 7.2 per cent this year.

The surge in hybrid car sales can be attributed to Japanese automotive industry giants such as Maruti Suzuki India, Toyota Kirloskar Motor, Honda Cars India, Lexus India, and others expanding their range of mild and strong hybrid vehicles.

Hybrid vehicles come in three categories: mild hybrid, strong hybrid, and plug-in hybrid electric vehicles (PHEVs).

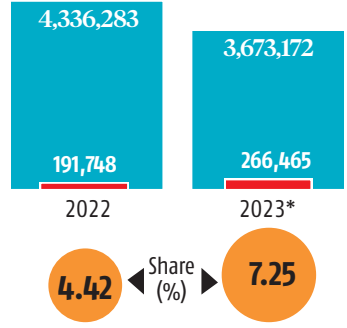
While mild hybrids currently dominate the market, industry experts anticipate a shift in the landscape with a series of upcoming strong hybrid launches.

"At present, the share of mild hybrids in total hybrid sales is more than 90 per cent. However, as strong-hybrid launches get accelerated, it is set to



IN THE FAST LANE

Cars sales (units) ■ Total ■ Hybrid



Note: *until October 15 Source: Vahan dashboard

INDIA'S GREEN HYDROGEN MISSION: LOFTY AMBITIONS, LIMITED RESOURCES ▶ P4

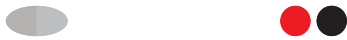
change," says Puneet Gupta, director at S&P Global.

A mild hybrid vehicle is equipped with a compact 48-volt battery and an electric motor that enhances the performance of the internal combustion engine (ICE). The vehicle primarily operates using ICE, with additional support from the battery, resulting in improved overall efficiency.

TWO-WHEELER EXPORTS FELL BY 20% IN H1FY24: SIAM ▶ P2

In contrast, strong hybrids operate with two power sources: ICE and electric motors, typically with a capacity of 1 kilowatt hour (kWh).

The ICE powers the vehicle and simultaneously recharges the battery. When the battery is sufficiently charged, the electric motor propels the car for a limited distance before the engine resumes control, and this cycle repeats. ▶ Turn to Page 6



Hybrid...

PHEVs are equipped with a larger battery, typically ranging from 5-15 kWh, and come with a charging cable for recharging.

Maruti Suzuki has established itself as a front runner in the hybrid vehicle market, introducing six mild hybrid models, namely the Ertiga, Brezza, Ciaz, XL6, Grand Vitara, and the Fronx, which are labelled as 'smart hybrid cars'.

Additionally, Maruti Suzuki boasts the most extensive range of strong hybrids, including the Grand Vitara and Invicto, referred to as 'intelligent electric hybrid cars'. Impressively, Maruti Suzuki single-handedly accounts for approximately 77 per cent of the total hybrid vehicle sales. Toyota ranks as the second-largest seller of hybrid vehicles. The company offers models like the Innova HyCross, Urban Cruiser Rydyder, Camry, and Vellfire, all featuring their hybrid technology. The Honda City now features the Hybrid e:HEV variant.

The Swedish luxury vehicle manufacturer, Volvo Cars, introduced its latest line-up of petrol mild hybrid cars in the Indian market. This 2023 collection encompasses the petrol mild hybrid editions of their flagship sport utility vehicle (SUV), the XC90, the midsize SUV XC60, the compact SUV XC40, and their luxury sedan, the S90.

Not all on board

While Japanese manufacturers are making significant investments in hybrid technology, domestic players such as Tata Motors and Mahindra & Mahindra have no intentions of introducing hybrid vehicles. Tata Motors Chairman Natarajan Chandrasekaran, earlier this year, had said that the firm does not have plans for hybrids at the moment.

Hyundai Motor India has also expressed that the existing taxation framework doesn't favour the introduction of hybrid vehicles, and the company will consider launching them once certain concessions

HDFC Bank...

On the day of the merger — July 1 — the ratio was 1.41 per cent, which later came down due to net reductions.

Srinivasan Vaidyanathan, chief financial officer of HDFC Bank, said: "22 bps of 1.34 per cent — which is the erstwhile HDFC's non-individual book — is performing but because it has been restructured; according to the extant guidelines, this has been classified as NPA."

The net interest margin, which stayed above 4 per cent for many years, declined to 3.4 per cent on total assets in the July-September period. This was mainly due to higher cost of funds of HDFC Ltd.

"Our margin over a longer period has been around 4-4.1 per cent. Now, when you have a debt-funded balance sheet that is merged... they have borrowings in the mix of funding, the cost of borrowing is higher than the cost of deposits. We expect the deposits will replace borrowing over a period. Our credit-

are made available.

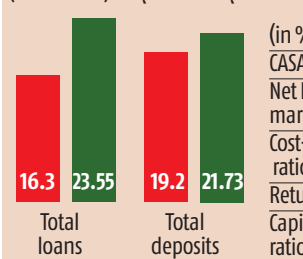
At present, strong hybrid vehicles, like conventional ICE vehicles, fall under the highest goods and services tax (GST) slab rate of 28 per cent, coupled with an additional compensation cess of up to 22 per cent. In contrast, electric vehicles (EVs) are subject to a 5 per cent tax rate. The high GST on hybrid vehicles is leading automotive manufacturers to shift their focus towards EVs.

Tarun Garg, director (sales, marketing, and service), Hyundai Motor India, in an interview, has said that under the current taxation structure, EVs appear much more logical than hybrids. "We have hybrids globally, and in case the government wants us to bring hybrids, we can." EVs also enjoy the advantage of substantial government subsidies.

Under the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME-II) scheme, there's a budget of ₹26 crore allocated for providing subsidies to strong hybrid cars, amounting to a

THE NEW LOOK

HDFC Bank: Before and after the merger (in ₹ trillion) ■ Q1FY24 ■ Q2FY24



to-deposit rate is 107 (per cent), as compared to 85 (per cent) before the merger," said Vaidyanathan during the post-earnings media call.

"The cost of the fund differential is almost 250 bps," he further said. About ₹5 trillion worth of borrowings of HDFC were merged with the bank. The net interest income during the quarter under review grew by 30.3 per cent to ₹27,385 crore; other income was ₹10,708 crore vis à vis ₹7,506 crore during the same period a year ago. Other income got a boost because

maximum of ₹13,000, as long as they fall within the price limit of ₹15 lakh. On the other hand, EVs can receive subsidies of up to ₹1.5 lakh. However, this subsidy hasn't been distributed to any strong hybrid vehicle buyers since all strong hybrids typically exceed the ₹15 lakh price threshold. Automotive industry experts feel the high cost of ownership, lack of incentives, and high taxes will hinder the growth of hybrid car sales in the country.

Top stocks...

On a year-to-date basis, the Nifty50 has gained 9 per cent, while the Nifty Midcap100 and Nifty Smallcap100 indices have surged 28 per cent and 33 per cent, respectively.

Analysts said the mid and smallcap universe dominated the list of stocks trading ahead of their fundamentals. As large-caps are widely tracked, most of them trade around their fair value in a positive market environment, they added.