

Auto sector sees no impact due to Iran-Israel conflict

BRIGHTER SIDE. Exports are improving, 2W/3W performed better in the last quarter

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New Delhi

There is not much impact on the shipments of automobile products to overseas markets due to the Iran-Israel conflict, as companies have already been taking other routes since the Red Sea crisis, industry experts told *businessline*.

"The impact was there (during the Red Sea crisis), but it has been worked around... now, we are taking the longer routes. The lead time has gone up - earlier, it used to be around eight weeks, but now it is around 10 weeks.

"The costs too have gone up - transportation/freight rates are up because of the longer route.

"Other than that, there is no concern because it's not that we are not able to sell," Vinod Aggarwal, President, the Society of Indian Automobile Manufacturers (SIAM), told *busi-*



GROWING SHIPMENTS. Overall export of vehicles across categories has gone up 22.5 per cent year-on-year to 11,68,015 units in the January-March quarter PTI

nessline. According to the latest SIAM data, the overall export of vehicles across categories has gone up 22.5 per cent year on year to 11,68,015 units in January-March quarter as compared with 9,53,332 units in the same period in FY23.

Aggarwal, who is the MD and CEO, Volvo Eicher Commercial Vehicles (VECV), said exports are getting better which is visible in the last quar-

ter's performance because there has been a better situation vis-a-vis foreign exchange.

GLOBAL SCENARIO

"Global situation is still not very conducive, but we are seeing better traction in exports...we have seen two/three-wheeler perform better in the last quarter," he added.

Rakesh Sharma, Executive

Director, Baja Auto, said, "There is no big concern about the Iran conflict. I would say this whole Red Sea conflict and the potential of escalation is making the management of the Westwards logistics a complex situation. In fact, we watch it every hour of the day. It's got delayed and a bit expensive, but the wheel is moving," he said.

Sharma said that shipments are happening across the Cape of Good Hope and it adds 4,000-5,000 nautical miles or an extra 15 days from the regular time-frame to go to Latin America, where Bajaj Auto has the maximum exports.

"Secondly, mostly the freight rates have doubled so they are impacting the delivered cost of the product. But, yes in a motorcycle what happens is over 170 units get loaded into a container, unlike cars and therefore, per unit cost impact is there, but it is not that big," he added.