Print coverage report

Business Standard
Car parts makers scurry to upgrade components

Says Ravi Pandit, managing director of KPT, "Earlier, original equipment manufacturers would buy everything, including hardware and software, as a box from tier supplier. We expect this to change; they will now buy hardware and software from different vendors for electric vehicles. And that provides a new opportunity."

Tata Elxsi, a virtual outsider in the auto sector, is working on developing in-house IPR and solutions for battery management systems, DC-to-DC converters, drive controls, inverter solutions and on-board chargers. This would also include range-extender solutions and cloud connectivity, going forward. Nitin Pai, senior vice-president and marketing at Tata Elxsi, says they are already working on prototypes and future production programmes with certain customers for India. "From a cost stand point, Tata Elxsi would possibly contribute to systems that would account for 15-25 per cent of the vehicle’s cost. But automobile component manufacturers are worried by the lack of clarity within the government over the transition to electric vehicles. Says Ashok Tanega, managing director of Shriram Pistons and Rings, "There is no roadmap from the government on the basis of which companies can plan their investments or the products they should make." He adds Europe has a 20-year roadmap for the transition and there is no way India can pull it off in 10 years.

According to the ACMA, the industry is investing over $50,000 crore to switch from BS-IV to BS-VI emission standards in three years, a feat Europe accomplished in 12 years. But it would take seven to 10 years to recover investments, say component manufacturers. "Bankers and investors are telling us why should we invest or lend if by 2030 all vehicles will become electric," says an executive with a leading automobile component major. Worse, tier 2 and tier 3 component suppliers could face serious pressure as they do not have the money to invest in new technology. "A disruption like this could put large segments of the tier 2 and tier 3 suppliers at risk. Those in chassis and electrical systems will need to master new technologies. But seeing the record of the sector in creating intellectual property, I have my doubts," says B V R Subbu, former president of Hyundai Motors India and director in consultancy firm Beyond Visual Range. Many component manufacturers argue the government should provide an emission-reduction map and not interfere in technology. They oppose the decision to leapfrog from fuel burners to electric without pushing hybrids.

With only 22,000 electric vehicles sold in India every year, the government is expected to announce a comprehensive policy in December that could lay at rest many of the apprehensions of the component industry.