

हिन्दुस्तान पेट्रोलियम



APR-JUN 2021



Fully
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DriveTrack Plus

Indian Transport Sector

ON THE ROAD TO RECOVERY

CUSTOMER SPEAKS

Core Logistics and HPCL – Partners in Success

Orange Tours and Travels – On the fast lane with HPCL's service professionalism

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Dear DriveTrack Plus customer, Greetings from HPCL!

We are happy to share with you our latest edition of 'Fully Loaded', your quarterly dose of updates on the Indian road transport and logistics sector.

We kickstart this issue with an insightful article on how the second wave & rural vulnerability, high-base effect may slow the domestic tractor volume growth to 3-5% We also have interesting articles on COVID 2.0 impact on CV sales, future outlook for the Indian CV industry and why technology is an essential cog in the public transport wheel. As we have entered a new financial year, we also bring you the Indian market's electric vehicle sales data from FY21.

In our 'Customer Speaks' column, we have featured two of our esteemed customers – Core Logistics and Orange Tours & Travels. Two of our dealer partners – Om Petroleum and Subhadra Petroleum also share their views on their association with DriveTrack Plus.

We are also delighted to share with you information pertaining to HPCL's digital payment ecosystem and how the same is making a difference in digital payments.

Wishing you a pleasant reading experience.

We will be delighted to receive your feedback. Please write to us at feedback@drivetrackplus.com.

YOUR STORY : CUSTOMER SPEAKS

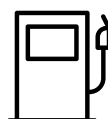
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Core Logistics and HPCL – Partners in Success

They chose well, when they chose HPCL at the time of founding their company. Ferrying cement bulkers all across southern India and up to Maharashtra, Shri. Arul Natarajan – Partner, Core Logistics swears by the fuel giant’s professionalism and attributes their tension-free operations to the fuel supplier.

Fuel is the single highest cost overhead for any transport company. What makes the situation tension free and profitable for Core Logistics is the seamless service on part of the fuel company. And, this is what makes the two, partners in success!

It is probably the highest kind of endorsement that any fuel company can get when the fleet owner feels that ‘fuel or any issue pertaining to it never crops up in its daily load of work’. It may sound counter-intuitive for a fleet owner to feel so, but it is a fact at Core Logistics.

Arul Natarajan – Partner, Core Logistics: “Only when I am approached with a bill to pay for the fuel consumed in a month, I am reminded of the fuel part of our business and HPCL,” says laughingly.

“The rest of the time, not a single issue of fuel or HPCL’s service crops up. And that, in my opinion, is the ultimate sign of professionalism on part of the fuel company”, he added.

Fully Loaded spins in a happy circle listening to this highest praise for HPCL’s service professionalism because it gives enormous happiness to acknowledge that a fleet owner gives such an honest appraisal.

At its Core

Like a well-oiled machine, the monthly fuel supply order placed by Core Logistics gets fulfilled by HPCL dealerships promptly. It is this simple work dynamics that has been in place since Core Logistics was founded in the year 2010. And, Natarajan does not have to worry about the fuel supply at the different fueling stations, the quality, the amount, its purity or other such issues when it comes to HPCL.

He shares: “We began our company with 50 cement bulkers in 2010 and today it is a Rs. 150 crore company with a capacity of 1,20,000 tonnes per month. We cater to more than 32 cement companies through a fleet of 400 cement bulkers but are more concentrated towards southern India and go up to Maharashtra.”





Shri. Arul Natarajan – Partner, Core Logistics

HPCL is where We are

HPCL meets most of Core Logistics' monthly fuel requirement. From day one of setting up of Core Logistics, HPCL has partnered it in its fueling requirements.

Natarajan talks about the early days of their association with HPCL: "It was HPCL who approached us. Though every brand works more or less the same way, we liked the benefits that HPCL was offering us. Also, HPCL was in close proximity to our locations initially. It is only practical to hope and keep fuel stations close to the locations geographically."

"The reason being our vehicles cannot go extra miles to refill because businesswise and as per cost, it does not make sense. And in these many years, it so happened that geographically wherever we set up, HPCL was always close by. That way we got more attached to them. So, it was not only by choice but that they also naturally became part of our business growth. As we grew more and more comfortable with HPCL, our work association continued to blossom and we are convinced that it will do so in the future too", he added.

HPCL's DriveTrack Plus Program

What endears HPCL with the management at Core Logistics is that the company offers driver life insurance program wherein a driver's family receives Rs. 5 lakhs in case of an accident and fatality. And, DriveTrack Plus Loyalty Card Program is digitalized eliminating cash handling.

The DriveTrack Plus allows control on fuel spends enhancing efficient fund management by the driver using central cash management system (CCMS).

Natarajan elaborates: "Another reason that HPCL was attractive for us was because of their DriveTrack Plus Loyalty Card Program. They offer insurance cover for accidental death and total and partial permanent disabilities for drivers and helpers of the vehicles which are enrolled and active under this program." The program also allows for mileage and distance calculation of the vehicle besides helping track them using a web-based real-time tracking program.

Benefits with HPCL

Natarajan feels confident in HPCL's commitment to give qualitative and seamless service. He feels: "Our volumes are good. HPCL officials personally monitor the stocks at the pumps. It means the world to us especially when there is a problem. HPCL gives special attention to our requirements and ensures that our vehicles never run out of fuel. We cannot change our pumps at the drop of a hat because we have fixed routes that we ply on. So HPCL helps us by keeping an eye on the pumps and the stock position, especially when our vehicles are on the move."

Core Logistics and HPCL share a great relationship. And it takes tireless effort and work which both the partners put in. Natarajan shares: "Whenever there is a problem, HPCL officials keep us up to date. They always ensure that the dealers who engage with us are taken care of. They make sure that the dealers have enough staff at hand always to serve our vehicles. We know for a fact that HPCL keeps motivating the dealers to give us the best services possible, so that our business does not suffer."

He continues: "HPCL clarifies any doubts that we have. They are always present for us. We transact directly with the oil company and they make it a point that the transactions are documented and shared with us in their entirety at the year-end or even in between."

Natarajan makes a special mention of the elaborate outlets that HPCL has built with well-maintained beautiful parking spaces. He is also happy that they have built restrooms for the drivers, which are open for use by the drivers during a night halt or so.

In a nutshell, Core Logistics is happy that their fuel needs are met seamlessly with the highest service professionalism, which translates into keeping their downtime at a nil always.



Orange Tours and Travels – On the fast lane with HPCL's service professionalism

Shri. M Sunil Kumar - Managing Director, Orange Tours & Travels and Orange Cargo Carriers shares with Fully Loaded his successful partnership with the professionally-run oil giant, HPCL, and how it looks forward to a long and steady journey with it.



Shri. M Sunil Kumar, MD, Orange Tours & Travels
& Orange Cargo Carriers

The fleet owner of Orange Tours & Travels, Shri. M Sunil Kumar – Managing Director, is a happy and relaxed man. The company, which came into being in 2011, owns 414 sleeper coaches and 121 cargo trucks. And it all began with Shri. M Sunil Kumar founding Thirumala Cabs – a car rental business - in 2000.

Orange Tours and Travels company began its journey with 2 buses and over these many years, it has grown to become an ultimate name in professional and quality service provider. Today, only 2% of its fleet are seater coaches, while the rest is all sleeper.

Shri. M Sunil Kumar shares with pride in his voice: "I have traveled tremendously for my business to Chennai, Bangalore and other places. And, I have mostly found bus services to lack professionalism, timeliness and hygiene mainly and other value-added services for passengers. The various bad travel experiences pushed me to open my own tour and travel company with the purpose of bridging this unprofessional service gap."

"Orange Tours and Travels is born to redefine passenger comfort, safety and timely reaching of the destination. We have rewritten the basic norms of the passenger transport industry in India", he added.

HPCL – Able Support

Orange Tours and Travels covers 13 states, 500 cities and 190 routes with a daily capacity of 15000 seats. And, it is a known fact that any fleet is only as good as its fuel because delivering satisfactory service to its passengers depends primarily on eliminating fuel related problems.

Sunil adds: “We top the popularity chart in gross market value and in our night service. The longest route that we ply on is between Hyderabad and Cochin making up about 1250 km one way. We take pride in the fact that there are more than 26 routes that clock over 1000 kilometers one way.”

He is clear that Orange Tours and Travels has shown the way to others in delivering quality. And, over a period, they have managed to become one of the top most bus brands to travel in by the customers. And all this possible with the able fuel support of HPCL to Orange Tours and Travels.

Epitomizing Professionalism

Orange Tours and Travels has been associated with HPCL for long now, but the partnership deepened only around 2015 when the fleet opted for HPCL's DriverTrack Plus loyalty card program.

The pre-paid card provides fleet management solutions to fleet owners and operators in the form of control over fuel consumption and operating costs, convenience and security in transactions, and digital incentives.

Sunil says: “Today, we are one of HPCL's biggest customers in Andhra Pradesh and Telangana in terms of our usage. We rely on roughly 54 of their pump stations when our buses are traveling. It works out well for us because these pump stations are strategically placed as well. Still, it is always our endeavor to ensure that our buses leave our garage with full tanks and are maintained scrupulously by our operations and maintenance teams.”

Sunil believes that they have had practically no complaints and have always been offered utmost professional service by HPCL because the organization is strong in its operations and have relentless and untiring workforce in the form of its sales and marketing teams. In their commendation, Sunil says "All our queries are answered, and our issues are resolved promptly and satisfactorily."

Orange Tours and Travels is committed to offering its passengers safety, promptness, regularity, reliability, high standards in upkeep of the buses, and affordable services. And that is made possible due to the able and unconditional support of HPCL and its team!



Second wave and rural vulnerability, high-base effect may slow **domestic tractor volume growth to 3-5%**

Rising steel prices to slightly temper margins; credit outlook remains stable

Growth in domestic tractor sales volume may be limited to 3-5% this fiscal, given the strong second wave of Covid-19 infections and rising cases in hinterland, apart from high-base effect of last fiscal. This is despite the forecast of a normal monsoon auguring well for farm incomes and therefore tractor demand.

Also, the operating margin of tractor makers will shrink on an average by 200 basis points (bps) due to firming up of steel prices, which is the primary raw material and accounts for bulk of the cost. Albeit, operating margins will still remain healthy. The credit profiles of tractor makers will, continue to remain stable, supported by strong and almost debt free balance sheets, as well as robust liquidity.

Domestic tractor volumes logged a whopping 27% on-year growth last fiscal to a record 9 lakh units. This growth was driven by strong government spend on rural schemes and an increase in farm incomes, supported by good monsoons. Moreover, rural India was less impacted by the pandemic last fiscal and farmers redirected savings from spending on marriages, etc, towards tractor purchases.

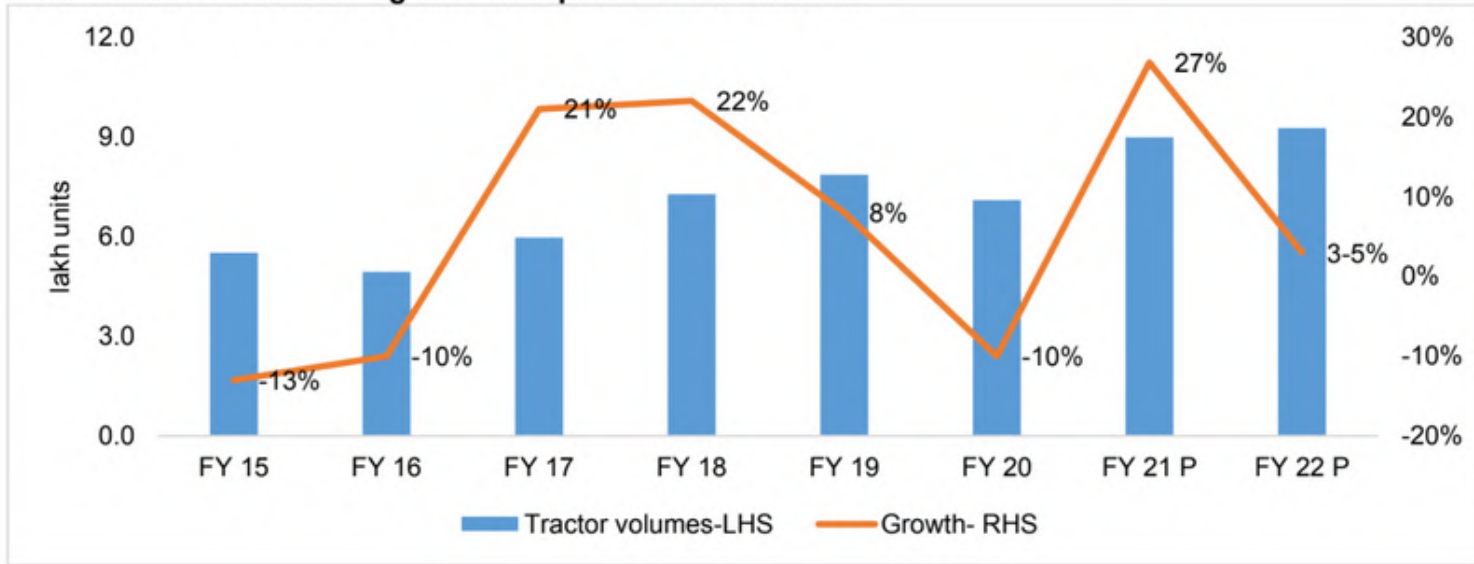
Part of the good augury is expected to continue with forecast of a well-distributed and normal monsoon (98% of long period average) this year, too. This should benefit farm incomes and help sustain demand for tractors. An all-time high rabi-sowing and expected good kharif season, driven by healthy reservoir levels, will be supportive, too.

"The already high base of last fiscal and severity of the second wave preclude significant tractor volume growth this fiscal. Several states have imposed lockdowns recently, and crucially, rural India has been less insulated this time around. Maharashtra, Uttar Pradesh, Haryana, Karnataka, Madhya Pradesh and Rajasthan, which account for over 50% of tractor volumes, have seen a surge in infections."

- Gautam Shahi, Director, CRISIL Ratings Ltd



Annexure Growth to moderate on a high base despite normal monsoon



Additionally, increased government spending in rural India and prospects of higher minimum support prices for 2021- 22, should buoy rural incomes. Also, non-agricultural tractor demand (20-25% of demand), which moderated last fiscal, is expected to recover, supported by recovery in rural infrastructure and mining activities compared with last fiscal.

Even as tractor volumes growth remains in positive territory, players in the sector have seen their cost of operations rise sharply as the price of the primary raw material, steel (75-80% of total cost), has appreciated sharply. Primary steel prices increased by over ~60% in the six months through April 2021, and are expected to remain strong in the near term, before easing in the second half.

Although tractor players generally enjoy good pricing power, they are expected to absorb a part of the cost inflation given the sudden surge in steel prices. For the road ahead, the monitorables include the surge in Covid-19 infections and its spread to the hinterland, the progress and spread of monsoon, and their impact on rural demand.



“We could see a moderation in operating margin to 15-17% this fiscal, from ~18-19% seen in fiscal 2021, as players absorb part of the cost inflation. This, however, will still be healthy, given expected high capacity utilisation of ~78-80% in fiscal 2022 and strong operating leverage. Credit profiles, too, are expected to remain healthy, with negligible debt levels for most players, robust cash surpluses of Rs 16,000 crore and low capital expenditure requirement.”

- Naveen Vaidyanathan, Associate Director, CRISIL Ratings Ltd,



COVID second wave disrupts CV sales

The second wave of COVID-19 has started to leave its mark on vehicle sales. While, for many OEMs the year-on-year April sales would appear positive, given there was hardly any sales in April 2020 due to a nation-wide lockdown, most companies have seen sales decline in April 2021 as compared to March 2021, notes Rajesh Rajgor

The CV OEMs are back under pressure as sales have sharply fallen in April'21 after signs of revival in the first three months of the calendar year. While for many OEMs the year-on-year April sales would appear positive, given there was hardly any sales in April 2020 due to a nation-wide lockdown, most companies have seen sales decline in April 2021 as compared to March 2021.

Tata Motors' domestic commercial vehicles sales stood at 14,435 units in April'21 compared to 36,955 in March'21, falling sharply by 61 percent. The company's total domestic sales across all categories in April'21, stood at 39,530 units compared to 66,609 units in March'21.

For Ashok Leyland, sales were down by 50.51 percent month on month for Ashok Leyland, which registered sales figures of 7,961 units in April'21 compared to 15,761 in March'21. The company's April sales included 3,803 M&HCV trucks, 180 M&HCV buses & 3,978 LCVs.

VE Commercial Vehicles (VECV) recorded sales of 2,145 units in April 2021 (YTD 2,145 units) as compared to 85 units in April 2020 (LYTD 85), recording growth of 2423.5% (YTD growth 2423.5 %). This includes 2,096 units of Eicher brand and 49 units of Volvo brand.

Key Points and Observations

- 15-24%**
Freight rate escalation in industrial areas
- 15-40%**
Rise in the daily wages of casual labours due to shortage
- 26-40%**
Drop expected in trucks/fleet capacity utilisation
- 45-65%**
Transportation contract defaults

The April'21 sales figure in the domestic CV market for Eicher branded trucks and buses stood at 1,555 units which is a sharp drop of 74 percent compared to the superlative March'21 figures of 6,054 units.

For Mahindra & Mahindra, LCVs led the pack in the total domestic sales from its wide commercial vehicle offering. The company sold 1,561 LCVs (under 2 ton), 12,210 units of LCVs in 2T-3.5 T category, 333 units of LCVs above 3.5 ton including M&HCVs and 2,043 three wheelers (including electric three wheelers) in April'21 to mark a total of 16,147 units which was still down by 25.16 percent compared to 21,577 in March'21.

Economic impact

According to Veejay Nakra, Chief Executive Officer, Automotive Division, M&M Ltd., "With the increase in lockdown restrictions in many parts of the country, we foresee continuing supply chain related production challenges. While demand remains good, there would be some impact in the first quarter as a result of low customer movement and dealership activity due to the lockdown restrictions."

While many transporters have come forward and offered their network of trucks and warehouses for oxygen cylinders and COVID related medical storage, distribution and transportation for free has impacted the economy.

According to a case study brought forward by FreightFox, a company delivering powerful analytics and insights to help manufacturers and transporters work transparently in Indian logistics eco-system, there is a 15-24 percent drop in freight rate escalation in industrial areas. There has also been rise to the pay of daily wage workers due to shortage by 15-40 per cent.

Truck capacity utilisation has dropped between 26-40 percent and could lead to transportation contract default in tune of 45-65 percent due to the second wave of COVID-19 that has severely impacted manufacturing, movement, storage and flow of goods.

SIAM echoes sentiments

Kenichi Ayukawa, SIAM President, informed: "The Indian automobile industry continues to work hard, amidst the challenges of COVID second wave. On the sales front, a deep structural slowdown in the industry even before the pandemic, combined with the impact of COVID-19 in 2020-21, has pushed all vehicle segments back by many years. Recovery from here will require time and efforts, by all stakeholders."

It remains to be seen, how the pouring help to India, improves the overall sentiments and in turn the domestic CV sales. Until then, the OEMs will have to be better prepared to deal with the crisis this time, amid muted sentiments and disrupted demand.

COMMERCIAL VEHICLE SALES IN INDIA			
Company	Apr '21	Mar '21	Change (MoM)
Tata Motors			
M&HCV	4,942	11,030	-55%
I & LCV	2,013	6,792	-70%
Passenger Carriers	550	1,880	-71%
SCV cargo and pickup	6,930	17,253	-60%
Total Domestic	14,435	39,955	-61%
Mahindra Truck & Bus			
LCV < 2T	1,561	1,641	-5%
LCV 2T > 3.5T	12,210	14,683	-17%
LCV >3.5T and M&HCV	333	792	-58%
Total	14,104	17,116	-18%
Ashok Leyland			
M&HCV Trucks	3,803	8,784	-57%
M&HCV Bus	180	1,117	-84%
LCV	3,978	5,860	-32%
Total	7,961	15,761	-49%
VE Commercial Vehicles			
	1,555	6,054	-74%
Total	38,055	78,886	-52%

Om Petroleum touching new heights with HPCL

The HPCL Kamshet outlet on Old Pune-Mumbai Highway is thriving on back of superlative customer satisfaction to grow into an outstanding outlet in the region.

It is a usual day in office for Shri. Inder Oswal when we called upon him to speak about his dealership and his association with HPCL. During the interaction we learnt that being a family-owned outlet, either he or one of his family members is always present at the dealership. Such is their knack for customer service that they are a zero-complaint dealership in the region.

“Whatever we have achieved today is because of the relentless efforts from our staff and family members to provide unparalleled service to our customers. Be it large fleet operators who frequent our outlets or walk-ins, we treat everyone as important and make a point that at least one of us from family is always present at the dealership to take care of the outlet,” shares Oswal.

Having begun their journey with HPCL in 2006, with a monthly sale of 140 KL, Om Petroleum has grown today into an outlet whose monthly fuel sale is 1300 KL, diesel and petrol combined. The outlet boasts of four islands with 16 nozzles comprising of six for Petrol, eight for Diesel and two for poWer. The treatment of quality in service that they provide to their customers is on the back of the potent fuel delivered by HPCL.

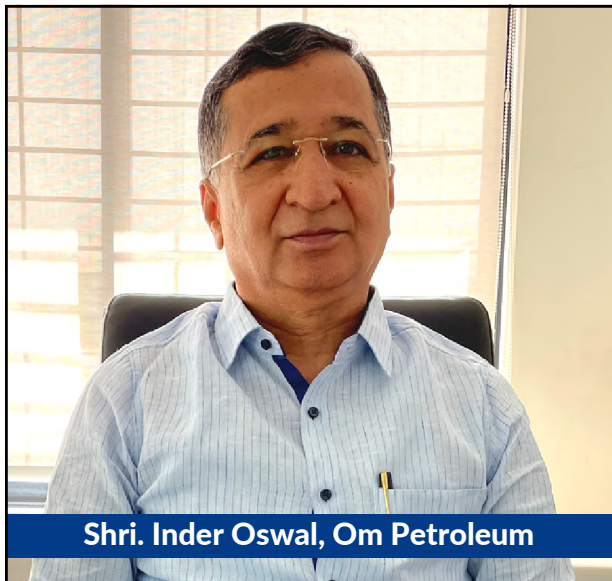
In terms of quantity, Om Petroleum always keeps the availability of fuel in such a manner that no customer has to go without fuel ever. Oswal emphasizes: “For the past 15 years, we have built a reputation because of our fuel delivery and our service. Both in terms of quality and quantity. With efficient management and grace of God, our outlet has never ever remained dry. It flows perennially, both with customers and fuel, reiterating and motivating us of our commitment to the work we do for the scores of fleet operators and travelers on this stretch of the country.”

One of the important parameters that help Om Petroleum forge a strong relationship with their clients is sensitizing them with HPCL initiatives from time to time. “Be it passing on the benefits of DriveTrack Plus program, making them familiar with HP Pay wallet, taking their suggestions and feedback, rectifying mistakes if any, goes all the way in building a committed relationship with clients,” tells Oswal.



Long term commitment

It has been proved time and again that focus on customer satisfaction is the difference between surviving and thriving in a business. In order to further strengthen its commitment, Om petroleum is mulling at expansion.



Shri. Inder Oswal, Om Petroleum

"We have grown from 140 KL to 1300 KL only because we have worked hard. From here it will be not only our hard work but also the value that we add will convert the ongoing satisfied customers into a lifelong loyal customer. Once customers have placed trust in a company and are assured that the company will continue to deliver, they will continue to do business with them."

"We believe this will translate to us selling close to 1700 KL of fuel per month by end of FY-22," believes Oswal.

In a quest to further add value, the company has invested in two fuel bowsers of 6 KL each to deliver door to door fuel to institutional customers, operating machineries at construction sites, restaurants and hospitals, who cannot come to the outlet. Situated at a prime location in 2.5 acres of land, that boasts of a 300-400 feet wide frontage, a revamp of the existing facilities at Om Petroleum is too on the cards.

Oswal says: "Right from upgrading the basic facilities like driver restrooms, renovating the premises and making more parking space to installing more islands for CNG and Electric vehicles will boost our dealership. We are open to innovation and new ideas that help in retaining and attracting new customers."

The outlet management firmly understands that to attract customers and retain them, the existing staff need to be trained frequently. "We adhere to SOPs and directions given by HPCL from time to time and train our employees accordingly. We have also conducted successful vaccination of all our employees and take care of their basic needs (salary, incentives) and other medical or social help needed as and when required."

"A happy team will lead to happy customers and hence we boost team morale with recognizing their efforts which will go in strengthening our work in the region for our association with HPCL," concludes Oswal.

"For the past 15 years, we have built a reputation because of our fuel delivery and our service. Both in terms of quality and quantity. With efficient management, our outlet has never remained dry. We have grown from 140 KL to 1300 KL only because we have worked hard. Right from upgrading the basic facilities and installing more islands, we are open to innovation and new ideas that helps in retaining and attracting new customers."

- Shri. Inder Oswal, Om Petroleum

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MAA EK KAAM DESH KA NAAM

Subhadra Petroleum and HPCL – A Bond of Progress and Purpose

A sense of belonging is the secret behind HPCL and Subhadra Petroleum's shared growth. Establishing connections and serving the community makes them a successful package.

What could a dealership that has a parentage of a giant like HPCL do differently to stand out in the business that has a universal template? It would be difficult for us to guess it from a distance, but interact with Shri. Ankush Shinde for a minute and he says: "It is the power of being sociable and touching lives that sets us apart."

Operating the outlet in the district of Satara, Maharashtra, 75 kms away from Pune, Subhadra Petroleum is known to all the drivers and fleet operators moving on the stretch.

"We don't merely know the drivers, but also who their seniors are, where they stay, who all are there in their company and how frequently they are to ferry on our routes. Such is our bonding with drivers that if they were to have to order lunch, they prefer calling us an hour or two before reaching our outlet, so that the tiffin service can be arranged," adds Shinde.

Once they are at the dealership the driving community is in for a treat. The outlet presents 24 hours water, neat and clean washrooms and to rekindle the vehicles, ample fuel. "We ensure that the essentials are never compromised", says Ankush Shinde.



Shri. Ankush Shinde, Subhadra Petroleum

"Our staff are trained to sensitize customers with right information. Most of the company information, like benefits of DriveTrack Plus program, HP Pay wallet, use of road assistance and insurance are translated in local Marathi language for easy understanding of the customers," explains Shinde.



Having been associated with HPCL since 2003, Subhadra Petroleum has a strong connection with HPCL and tries to surpass the company expectations every year.

The outlet sells approximately 100 KL of Petrol and 350 KL of Diesel per month and has been growing at 10 percent year on year. "We sell almost all products right from Petrol, Diesel, Lubes, CNG, DEF for BS-VI, Appu Gas, etc. HPCL has been at the forefront of developing products as per market needs and we do our bit to market these products," informs Shinde.

The Social Connect

It is not just over the food that the trucker's bond but also over a mishap or accidents. The outlet has a good connection with local RTO, highway police and primary health care centres to assist truck drivers in case of any accidents.

"We are part of the 'Police Mitra' (Friends of Police) and run to support drivers and cleaners in a road accident. We have at our disposal contacts of towing vans and crane operators, in case needed in an accident to help the victims. We have a good rapport with doctors and health workers at a nearby primary health care center too."

Reminiscing an incident from a few years ago during a flood that led to the highway stretch being blocked to save lives; the staff arranged for food and basic facilities at the outlet. "We don't believe that we are doing any body any favor by indulging in social causes. It gives us a sense of belonging and a purpose to continue what we have been doing. If, due to HPCL's relentless support we have come so far, we do not think twice to help and share with people who are instrumental in our growth and success," affirms, Shinde.

The level of affinity Subhadra Petroleum shares with their customers, particularly drivers and cleaners who visit their outlet, can also be gauged from the fact that every year during Deepavali, the outlet shares a token of recognition and patronage to them in form of gifts.

"Our connection with our customers and fleet owners is what keeps us afloat. We value their association and make sure they continue to enjoy our services. Our working staff too are taken care of with timely salaries, incentives and gifts. During Covid lockdown, we have been supplying ration kits (groceries) to all the needy families, including those residing in the nearby villages," reveals Shinde.

Subhadra Petroleum and HPCL's bond and their stellar social work is a fine testimonial of the unwritten rule of nature that your business should always be more than just selling! Adding value with products and services clubbed with act of kindness not only act as a positive publicity but also transforms into personal fulfillment.

"We don't believe that we are doing any body any favor by indulging in social causes. It gives us a sense of belonging and a purpose to continue what we have been doing."

"Due to HPCL's relentless support we have come so far, we do not think twice to help and share with people who are instrumental in our growth and success."

- Shri. Ankush Shinde, Subhadra Petroleum



INDIAN CV INDUSTRY: *What next?*



- By Nitin Shrotri, CEO, Quantum Leap Consultants



Where are we today?

Covid-19 second wave is driving the whole world and India more so. The whole economy and segments are under complete influence of the pandemic, so is the CV industry. Already going through a downturn for last two financial years, everyone is expecting the industry to bounce back.

The pandemic has returned to its peak level like last year during the first quarter of the financial year, and may continue for few months.

The difference compared to last year has been more awareness, bit better readiness and vaccination under progress-while the worst part is much wider spread of the virus.

While revenue and job losses, shut down and stalled product launches by OEMs, closing of many start-ups and MSMEs is one side of the story, there is a bright side in terms of new opportunities viz. growth in last mile delivery, aggregators, new electric truck start-ups and job creation to name a few.

Overall CV sales was down by 29% in F20 after reaching the peak of around one million vehicles due to economic slowdown and BSVI launch and further went down by 21% in F21-due to the first wave of pandemic.

So, within two financial years, the overall CV volume reached 0.5 million, half of that in F19.

While the whole economy is going through the second wave, lockdowns and its adverse effects, there are positive elements like:

- **Overall economy revival: F22 GDP forecast of 11~11.5% by IMF.**
- **Infrastructure projects-continuous progress of construction activity by the Government and rewarding of new contracts.**
- **Manufacturing activity picking up.**
- **Beginning of replacement cycle (which normally starts after 3~4 years, reaching the volume of the earlier peak year F19).**
- **Increase in last mile delivery due to exponential growth in e-commerce segment.**
- **Revival of STU demand.**

The restricting factors for this growth are: low buying sentiment due to Covid-19, difficulty in getting vehicle finance, supply chain constraints due to lockdowns in many states, steel and other precious metal price increase, semiconductor supply constraints, increasing prices, in addition to major price hike last year due to BSVI, less demand for staff and school buses due to work from home and online education

Assuming the control over pandemic by second quarter (first quarter is normally having low sales except Tippers) due to various measures, vaccination being the main, all these will lead to a healthy growth of 30~40% in CV volume.

What lies in the future?

Potential Growth Segments:

- **Increase in demand for e-commerce segment will lead to growth in Small, Light and Intermediate Commercial Vehicles.**
- **With growing need for ambulances, light and small commercial vehicles demand will continue to spur up in next 3 years.**
- **Transportation of vaccines and medicines during pandemic, will continue creating more requirement of Reefers in Intermediate and Medium commercial vehicle segments.**
- **MHCV Tippers will continue to be in demand due to infrastructure projects like F21.**
- **STU demand will increase due to tenders being awarded which were on hold in F21.**

Trends driving growth:

E-commerce segment will grow from current USD 40 Billion to USD 100 Billion by 2023. In F21 e-commerce segment contribution was around 10% of Tata Motors' ILCV & MHCV sales and around 25% of ICV and Haulage Sales for Ashok Leyland.

Apart from electronic and white goods, food and grocery items the segment is extended now to apparels, furniture, pharma, auto and textile as new start-ups are coming up fast. Mumbai, Ahmedabad, Pune, Bengaluru, Chennai and NCR have become major e-commerce hubs where the vehicle demand and population has increased significantly.

Rising Diesel prices in Mumbai from 67.75 Rupees in February 2020 to 87.79 Rupees in May 2021, have led to increase the % contribution in total operating cost to 62%. Some savings are supposed due to Fast-tag, on account of no stoppage at tolls anymore. All this is creating an opportunity for alternate fuel vehicles like CNG, LNG, Electric and Hydrogen-where new start-ups like Blue Energy are working upon and new players like Infra Prime Logistics have already been putting 60T Electric Tipper in commercial use, at one third operating cost of diesel tipper.

Scrapage policy to be implemented from April 2023, will make users to scrap their commercial vehicles older than 15 years. Around 7.5 lakh vehicles will get scrapped, leading to a demand for a similar number of fresh vehicles.

Apart from pollution reduction, other major benefits would be through use of recycled material from scrap, reduction in ferrous scrap imports of upto 5 million tonnes, thereby saving the foreign exchange. Setting up of scrapage centres will be an additional business opportunity which some OEMs have already ventured into.

Start-ups like Repos in Fuel Transportation and Procure Box in Fuel and Gas Cylinder transportation-have identified unmet needs and grown in these segments. In future also, these as well as similar segments like battery (charged and discharged) transportation for electric vehicles which are growing fast, will come up.

Refrigerated vans for vaccine and medicine transportation, in addition to other segments like fruits and vegetables, ice cream and meat will grow, especially in ICV (Line Haul), LCV & SCV (Last Mile) segments. Omega Seiki has launched Rage+ Frost, an electric 3-wheeler reefer van which once charged can store vaccines upto 72 hours at a temperature upto -20 degrees Celsius.

Aggregators like Rivigo will grow more in both numbers and revenue. The relay model leading to faster delivery time at lower cost and also higher comfort for drivers due to fixed route running and returning to home at the end of the day is keeping them fresh every day for optimum efficiency.

It is bearing the fruits to the logistics provider, driver and the end customers (the e-commerce companies like Amazon) by delivering faster than flight and at 20% cost. There are 70 pit stops over the country, having a distance of 250km between each of them requiring 5 hours to cover on an average.

With the use of latest technology viz. IoT enabled real time tracking helps reducing breakdowns and remote temperature monitoring for applications like Reefer-further make the transporter and end user's life comfortable. Consolidation of dealerships will happen. Like in passenger cars, multi brand dealerships will come up for better viability of dealers.

Shri. Nitin Shrotri is CEO, Quantum Leap Consultants which offers consultancy services in Market Research, Project and Product Management, New Product Development, Electric Vehicles.

SMEV releases the Indian electric vehicle industry sales report for financial year 20-21

Over the past few years, the Indian EV industry has witnessed decent growth. The EV industry sold 236,802 electric vehicles, including electric two-wheelers (E2W), electric three-wheelers (E3W) and electric four-wheelers (E4W) in FY20- 21.

In the E2W segment, the industry registered sales of 143,837 units, which include 40,836 high-speed and 103,000 low-speed E2W. The sales of E2Ws declined by 6% in FY21, having registered sales of 1,52,000 units in the FY20. The E3W segment registered sales of 88,378 E3W as against 140, 683 units sold in FY20.

"A good thing has happened that people started moving towards advanced batteries i.e. lithium. The city speed and high-speed category in the two-wheeler segment have witnessed growth. Timely intervention by the government in a form of policy change is required to fuel the growth and achieve the target by the end of FY22", Mr Sohinder Gill added.

Bank Finance

A strong bank finance mechanism is still missing in the country. Only a few banks like SBI and Axis, to name a few, are offering loans on selected models.



The data doesn't include E3Ws that are not registered with the transport authority. In the E4W segment, the industry witnessed registration of 4,588 units compared to 3,000 units in FY 20.

Commenting on the sales report, Mr Sohinder Gill, Director-General, Society of Manufacturers of Electric Vehicle (SMEV), said, "We were anticipating a good growth before the start of FY 21, but sales remained stagnant due to various reasons. The sales in electric three-wheeler and two-wheeler segment stood low as compared to last year."

The government should ask banks to offer loans on electric vehicles, which will augment sales.

Awareness

Another important factor that would transform the industry is creating awareness about green vehicles. The Central and state governments can play a crucial role in motivating and encouraging citizens to adopt e-vehicles. We have seen in the case of Delhi wherein the state government is doing a tremendous job in creating awareness, which has encouraged more people to adopt EVs.

"A good thing has happened that people started moving towards advanced batteries. The city speed and high-speed category in the two-wheeler segment have witnessed growth. However, a lot more needs to be done to achieve the target under the FAME II scheme. Timely intervention by the government in a form of policy change is required to fuel the growth and achieve the target by the end of FY22."



SHRI. SOHINDER GILL, DIRECTOR-GENERAL, SOCIETY OF MANUFACTURERS OF ELECTRIC VEHICLE (SMEV)

B2B

India's e-commerce sector has shown a steep growth curve of growing over 200% YOY, hence its dependence on logistics increases proportionately. One major reason for the growth in EV adoption by B2B players is the cash factor - electric vehicles are cheaper to maintain compared to ICE vehicles. Corporates in India are also proactively transitioning towards electric vehicles.

For instance, Amazon India and Flipkart have announced that they will deploy EVs in their fleet of delivery vehicles. The future of the B2B is positive and we will see a lot of traction coming from this segment for the next 2-3 years.

State Government policy

Many states, including Delhi, Maharashtra, Andhra Pradesh, Bihar, Chandigarh, Haryana, Karnataka, Kerala, Madhya Pradesh, Odisha, Meghalaya Punjab, Tamil Nadu, Telangana, Uttar Pradesh and Uttarakhand have rolled out their EV policy. However, some states are yet to implement the policy.

The early implementation of state-level policy could assist in creating a larger ecosystem in the country that would help the industry to grow at a much faster pace.

Additionally, the state government policy should be focused on demand generation for the initial period that would help in getting more volumes on the road.



Charging Infrastructure

We have seen rapid movement here. Around, 1,300 charging stations have been set up till now. Many corporates have ventured into the segment and started installing charging stations across the country. We anticipate that in the next 5-6 years, we would be able to create robust charging infrastructure in the country.



Technology a must to revive **public transport sector**

The public transport system has taken a huge beating given the need for social distancing in the wake of the pandemic. Dr. Amudhan Valavan opines on how using integrated technologies to ensure commuters' wellbeing and safety may be the answer.

Given the ongoing pandemic, public transport systems have to be considered as a high-risk environment due to the following reasons:

- High number of people in a closely confined space.
- No information access to identify potentially sick or infected persons.
- A variety of common surfaces to touch such as ticket machines, handrails, door knobs, etc.

Public transport is an essential service to provide mobility, especially in a critical phase such as the pandemic since it provides access to healthcare facilities. The key objective for public transport operators therefore is to maintain the operations with interruptions.

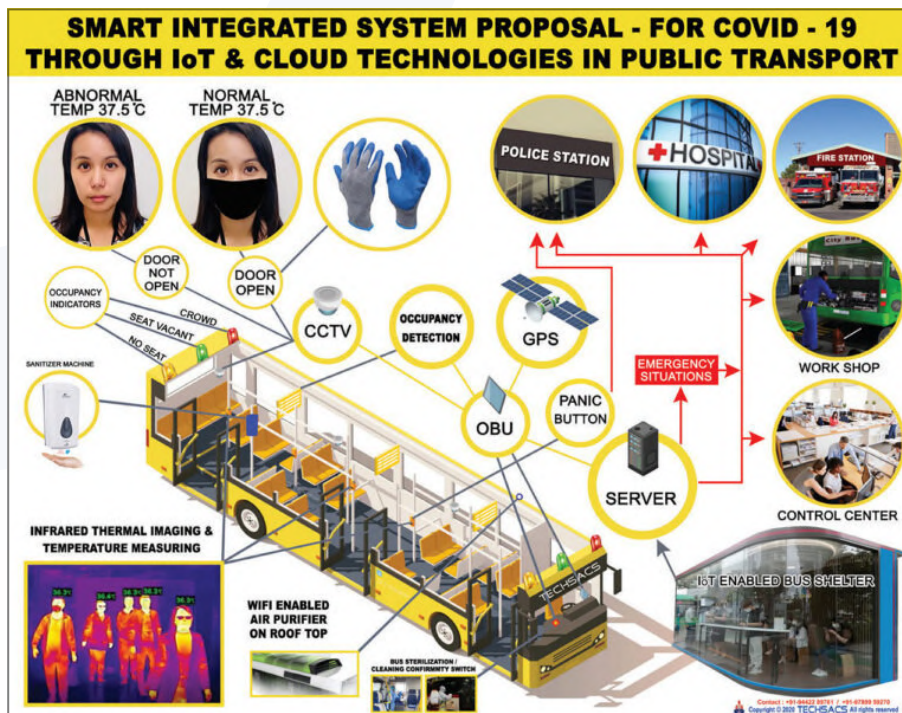
Consequently, public transport operators should focus their pandemic plan efforts on the staff and be also prepared to deal with absenteeism, while taking into consideration the need to increase the safety. As a global public transport expert and CEO of a scientific research establishment, I have been closely following the events occurring since the entry of the corona virus.

Post the pandemic, the use of public transport has drastically come down to 30% globally from a minimum 70%, leading to great economical loss. People have started buying personal vehicles which will contribute to congestion and global warming in the future.

It is mandatory that new technologies be implemented immediately to encourage public transport. It is also a well-known fact that the general public is hesitating to commute using public transport for their official, recreational and business travel post the pandemic.

The pandemic has dramatically changed the landscape of public transport which is largely due to the restrictions that has been put on public gatherings and using mass transit or public transport in view of the need for safety and social distancing. It is mandatory to strictly follow the rules for personal and social safety.

From my perspective, leveraging technologies would help to encourage people to use public transport for their official, recreational, and business travel. Technological intervention has to be undertaken to restore the services to people in a safe manner.



Technology Intervention

An innovative smart integration of scattered technologies is required in the domain of public transport. The gap in the existing system is that the technologies are available individually in different countries. Only certain features are implemented in a few parts of the world.

The technology is not yet brought under one roof as an integrated system. The main idea is to create an umbrella of technologies interconnected with the help of Internet of Things (IoT) and cloud implementations. This will enable constant monitoring, control and accumulation of large amounts of data for studies, research and planning.

All sensors and nodes in public transport must be connected with cloud technologies. With such an integrated system, governments and other institutions would be able to monitor the movement of people and thereby establish strict social distancing rules. The medical history of individuals should automatically be studied using artificial intelligence to identify infected people or people recovering from the corona virus and ensure quarantine for such individuals and restrict their freedom to enter public transport places.

Other technologies like CCTV and thermal imaging-based monitoring inside buses could be used effectively to implement social distancing inside closed spaces. Warning the driver or conductor in time if any passenger violates any of the safety measures must be given importance.

Once a connected system is established it can not only be used to implement safety for the post-pandemic scenario but the data could be used effectively to predict service needs, and take adequate measures in times of emergency.

Only this course of action is futuristic and a logically safe way to resume public transport activities. Initial investments and implementation do take a lot of time and resources but this technology will accelerate growth manifold. Traditional cleaning methods must be replaced with automated UV room systems. Smart bus shelters with temperature and PPE monitors are necessary. Connected technologies can change the whole outlook of shared transport.

During a bus ride there is integration of CCTV, GPS, emergency buttons, thermal scanners, seat occupancy detection algorithms, and many more. This can help establish an intelligent network of systems. Human transportation experience is enhanced to a whole new level.

All these technologies are individually available but are not integrated into one system yet. Development of such an integrated system is the need of the hour.

And it is the only stairway to the future. In conclusion, the above mentioned technology would help to make public transit more resilient and reaffirm commuters' trust to use public transport.



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Dr. Valavan possesses over 27 years of experience in the fields of public transport and urban mobility and has sound expertise in urban mass transit operations, strategic transportation planning, transport policy development, transport appraisal/evaluation, fleet/transport management, project management, & stakeholder management.

He has worked with SETC Chennai, and also as an independent consultant and adviser to RTA, Dubai and KPTC, Kuwait etc. on several technical assistance and training projects in India and the Middle-East.



Loyalty in petro retailing: The **HPCL** way

In order to strengthen the digital payment eco-system and move towards 'less cash' economy at retail outlets, HPCL has enabled multiple modes of payments at retail outlets through credit cards, debit cards, BHIM, UPI, multiple wallets and loyalty cards. The article explains how.

Unlike other sectors where customers tend to remain attached to a particular brand for a long time largely due to the inertia factor, the customer loyalty trend in petro retailing sector is quite different. This is a type of sector where most of the offerings from competitors are the same, with similar products and even with similar price tag. In such a scenario, you have to keep coming up with innovative technology, differentiated products and unmatched services to woo and retain customers for long. A cashless economy ensures a higher financial inclusion rate and guarantees transparent flow of money.

In order to strengthen the digital payment eco-system and move towards 'less cash' economy at retail outlets, HPCL has enabled multiple modes of payments at retail outlets through credit cards, debit cards, BHIM, UPI, multiple wallets and loyalty cards. The customer segments and the provisions of digital payments for retail customers include credit card and debit card, wallets or HP Pay while for fleet and bulk customers it includes DT Plus and FASTag integration that has been recently introduced.

DriveTrack Plus Loyalty Program

HPCL was amongst the first oil companies in the country to introduce cashless payment systems way back in 2001. The card was a prepaid card where retail customers were rewarded for their purchases and were provided with quarterly statements of their purchases. DriveTrack fleet card was introduced in the year 2003 for fleet operators. In February 2010, the DriveTrack card program was upgraded to DriveTrack Plus program by adding various value-added services.

The closed loop loyalty program now offers many customer-centric features like user-friendly secured web portal, mobile apps, OTP-based transactions, Google Maps integration to locate DT Plus retail outlets, dealer participation, central cash management system for ease in fund management, web-based controls on card and transaction limits, multiple modes of reloading card, multiple modes for recharging CCMS through payment gateways, EFT, etc., 24-hour customer care support, SMS alerts, API-based integration with customers, etc. and also has the flexibility to adapt to the market requirements and aspirations.

The card program has reached out to fleet operators across the country. Benefits of DT Plus program have also been extended to non-fleet operators or bulk users of HSD. Now, this program offers credit facility from banks as well as NBFCs.

HP Pay

In 2016, HP Re-Fuel Card was launched as a prepaid card which ensured secured, hassle-free and cashless transactions for two, three and four-wheeler personal vehicles. This card was improved into a mobile wallet and subsequently rebranded as HP Pay in February 2020. HP Pay is a powerful loyalty and payment program that provides complete fuel management solution to its owners and operators in the form of an unbeatable combination of control, convenience, security and attractive reward points. This program provides complete solution to customers for their LPG refill booking and lube requirements, in addition to fuelling.

It offers a host of benefits like instant rewards for fuel spends in the form of payback points, accidental death insurance of Rs 1 lakh, instant enrolment, cardless transactions that are OTP- protected, cashless and secured transactions, Unified Payments Interface (UPI) for payment from bank account, web and mobile access for account management, round-the-clock customer care and enquiry toll free number, SMS alerts, etc.



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Provision of other Digital Transactions at Retail Outlets

All HPCL outlets have credit and debit card acceptance. Retail outlets also accept payments from wallets, any UPI app and credit or debit card of RUPAY. While HPCL has provided all possible payment options to increase digital transactions, it is also constantly motivating its dealer network to ensure acceptance of digital payments at retail outlets, as non-acceptance leads to loss of business as well as loss of customers.

FASTag Wallet-Based Fuelling

Recently, tie-up has taken place for FASTag Wallet-based fuelling. FASTag is becoming mandatory for toll payments on all national highways as well as many state highways. The salient feature of the program is that a customer can use IDFC First Bank FASTag and ICICI Bank FASTag for fuel payment at HPCL outlets.

Implementation of Common QR Codes at Retail Outlets

Due to the increase in digital payments at retail outlets there has been a proliferation of multiple QR codes at the retail outlets, totally cluttering the outlets.

In order to ensure uniformity in branding and also de-clutter the HPCL outlets, it was decided to paste these QR codes on the columns and also provide them as neck danglers to FSMs. Each outlet has only two QR codes i.e. HP Pay and a common QR code powered, by Paytm.

Transport Management System

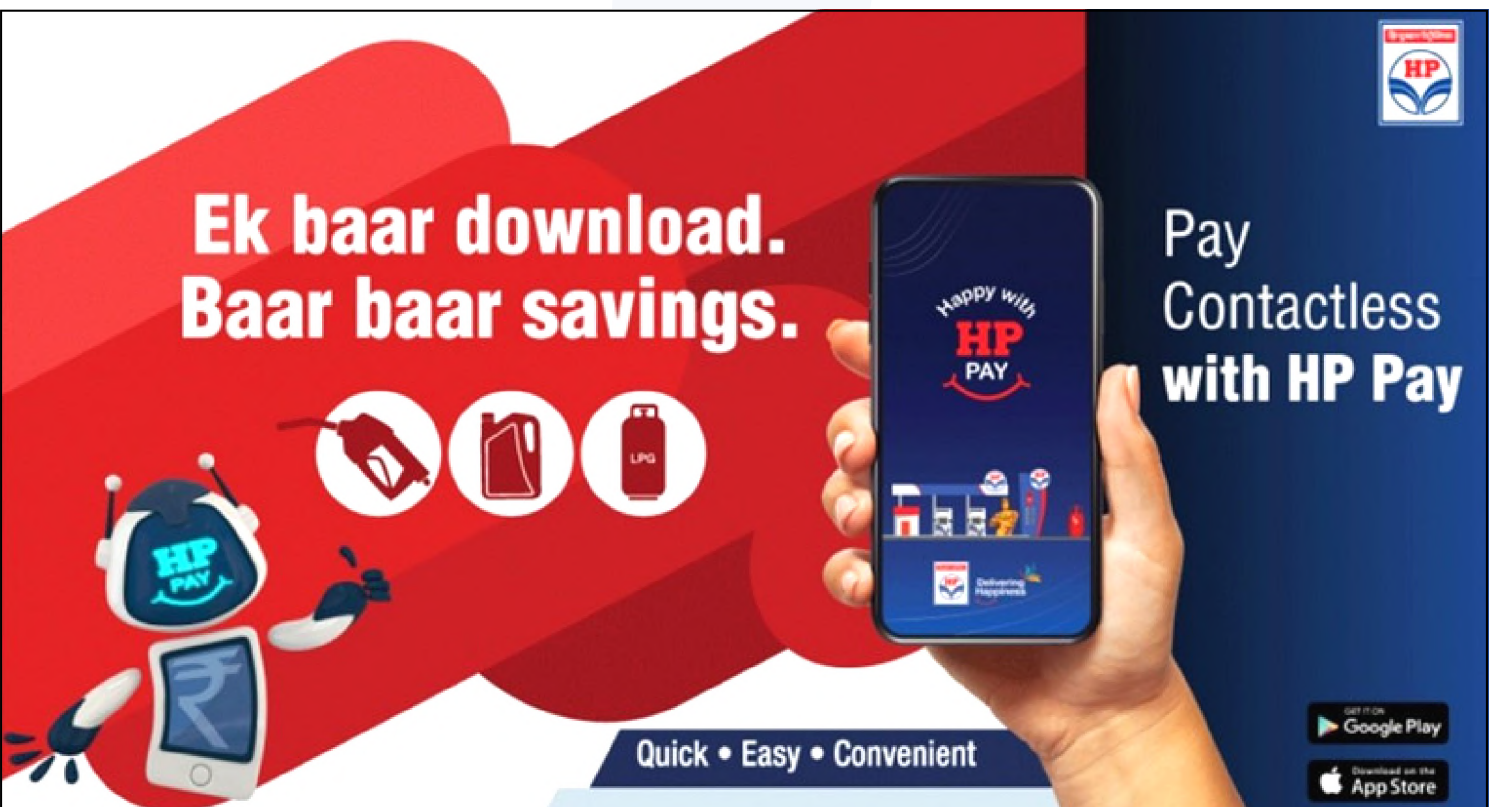
HPCL has introduced one more value-added feature, Transport Management System, which is like a mini ERP (CargoFL, developed by Innoctive Technologies (P) Ltd.) wherein transporters will have a full visibility of the various costs incurred by them with a proper profit and loss statement. The DT PlusCargoFL project has thus been conceived to bring the DT Plus users, especially the truckers (or transporters) from the unorganised segment to an ERP platform.

Fuel Finance Tie-up with Tata Motor Finance Limited (TMFL)

The HSD fuel market is more of a credit market than a cash market. Currently, the company has tie-ups with a few banks and NBFCs like Shriram Transport Finance, Sundaram Finance Limited, HDFC Bank and ICICI Bank. In order to grow business in this segment, it is providing another credit option to customers in collaboration with TMFL, which is one of the largest vehicle finance companies.

Integrated Payment Solution at Forecourt

This one payment terminal for many payment options has been launched for the dealer and the customer as well. Since it is integrated with retail automation, it gives an assurance of 'what is filled is billed'. Dealers are also benefited with this facility as there is one settlement for all transactions. Each transaction is recorded through which data analytics can be done to build up network offerings and strategy.



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