

Maruti expects to launch first EV in FY25: Bhargava

Says early EVs will be in upper price band

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Mumbai, 31 August

Maruti Suzuki India's (MSIL's) early-stage electric vehicles (EVs) will be launched in the upper price band, its Chairman R C Bhargava said on Wednesday.

The carmaker expects to launch its first EV in 2024-25 (FY25), while answering shareholder questions at the company's annual general meeting in the Capital.

According to its green energy programme, MSIL will manufacture anywhere between 400,000 and 500,000 compressed natural gas (CNG) cars in 2022-23, marking a big jump from about 250,000 CNG cars manufactured in 2021-22, he said.

"The EV production is going to take place in the Suzuki plant in Gujarat. We expect EVs to come in FY25," he said.

"They are not going to be in the lower end to begin with. We hope to get good customer acceptance for these EVs because they have been carefully designed and manufactured," said Bhargava.

The level of indigenisation in EVs will also be higher because of the battery plant being set up, he added.

Prime Minister Narendra Modi had, on Sunday, laid the foundation stone for Suzuki's EV battery plant in Hansalpur, Gujarat.

In the past few years, the company put its EV plans on the back burner as it was wary of high cost of acquisition and 'range anxiety', which is the driver's fear that a vehicle will run out of power and he/she will not be able to find a charging point. In the meantime, MSIL focused on alternative technologies, such as CNG and hybrids.

Vehicle makers, such as Tata Motors,

ROAD AHEAD

■ Maruti Suzuki is creating infrastructure in India to assist its EV manufacturing

■ PM Modi on Sunday inaugurated Suzuki's EV battery vehicle manufacturing facility in Hansalpur, Gujarat

■ Suzuki on Sunday said it has established R&D centre in Delhi

■ Electric car sales in India are currently less than 1% of total car sales



MG Motor, Mahindra & Mahindra, Hyundai, and Kia, have already launched their EVs in the country.

The government is banking on EVs to reduce dependency on fossil fuel and curb emissions in a country that is home to some of the world's most polluted cities.

MSIL has seen its market share drop from a peak of 51.21 per cent in 2018-19 to 43.38 per cent in 2021-22 (FY22).

Its consolidated net profit was ₹4,389 crore in 2020-21, which went down 11.6

per cent to ₹3,879 crore in FY22.

Bhargava said there are many reasons why the company's market share and profits have fallen.

"From 2019-20, the sales of the company dropped 16 per cent. But industry-wide sales dropped 18 per cent. This drop happened due to a price increase that happened when we were switching over from Bharat Stage (BS) IV to BS VI. Subsequently, Covid-19 struck in 2020-21," he said.

Both BS IV and BS VI are unit emission norms that set the maximum permissible levels for pollutants that an automobile or a two-wheeler exhaust can emit. Compared to the BS IV, BS VI emission standards are stricter.

In the past few years, the automotive industry has been severely disrupted by the semiconductor shortage, besides the pandemic's body blow.

Also, the Ukraine-Russia stand-off led to commodity prices going through the roof, in turn leading to an increase in the prices of passenger vehicles, he said.

With sales and production moving up, there is some relief in sight on two fronts: semiconductors and material costs.

"Market share will go up when we will get more and more vehicles into the sport utility vehicle segment. A new Alto was launched recently. This year has seen quite a few upgrades," he stated.

"They were delayed somewhat last year because of Covid-19. A number of new models are coming up and all of these will help us restore market share," he added.

Bhargava said MSIL is looking into the area of compressed biomethane gas fuel because it has "enormous potential" for the country.

MSIL's contribution to its Japanese parent Suzuki Motor Corporation's global business will go beyond 60 per cent this financial year (FY23), he added.