

Luxury cars, EVs hit fast lane in the South

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Amid reports that global automotive giant Tesla is scouting for land to set up its manufacturing unit in the southern states of Tamil Nadu and Andhra Pradesh, industry experts and government officials believe the region's well-developed electric vehicle (EV) ecosystem and rising demand for premium vehicles make it an attractive proposition for the US luxury carmaker.

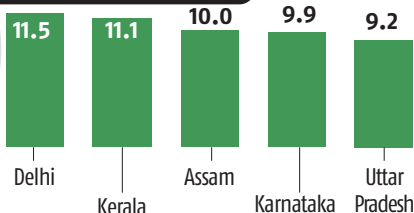
The company is also scouting for land in Maharashtra and Gujarat, but experts stress that the lion's share of the growing demand for luxury automotive manufacturers is coming from South India.

"The EV ecosystem and luxury car demand are highest in the South; Tesla is in talks with us," said a source in the Andhra Pradesh government.

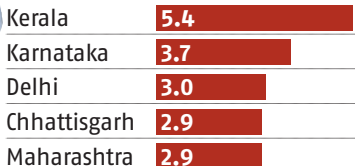
MAKING INROADS

EV penetration in FY24 (%)

LEADING THE CHARGE



EV PASSENGER VEHICLES



Source: FICCI-Yes Bank report

▶ EXPERTS BAT FOR EV PUSH AS DELHI BANS OLD VEHICLES P6

In 2024 alone, South India saw the highest rise in sales in the luxury segment, with Tamil Nadu reportedly registering a 19.3 per cent increase

in premium car registrations from 2022-23. Bengaluru also recorded a 35 per cent surge in the ultra-luxury car market last year.

Turn to Page 3 ▶

Luxury cars find younger, growing mkt in South

In terms of EV adoption, 45 per cent of the country's total EV sales come from South India, driven by a strong ecosystem of original equipment manufacturers, component suppliers, and battery manufacturing businesses based in Tamil Nadu, according to a report by Frost & Sullivan.

It is not just Tesla — its Vietnamese rival VinFast is also in the process of setting up its \$2 billion manufacturing unit in Tamil Nadu's Thoothukudi, aiming to convert it into a global export hub, targeting markets such as West Asia and Africa due to its proximity to ports. Almost all players with EV ambitions are betting big on South India.

“Southern states have been increasingly growing in their contribution to national sales for both our TEV (top-end vehicle) and BEV (battery EV) portfolios. Among southern metros, Hyderabad, in particular, has witnessed strong demand for the TEV segment, and we have inaugurated India's first Maybach Lounge. Even for BEV sales penetration, southern states lead in BEV transition, with 8 per cent penetration in total sales, which is higher than the national BEV penetration. States like Telangana and Kerala, in particular, have spearheaded BEV adoption with favourable government policies offering incentives to



British luxury sports car manufacturer Aston Martin also revealed its plans last year to open a new dealership in South India, aiming to double its Indian market sales

end consumers,” said Santosh Iyer, managing director and chief executive officer, Mercedes-Benz India.

Mercedes-Benz India recently announced an investment of ₹150 crore to upgrade 25 of its outlets into luxury lounges, with a major focus on Tier-II and Tier-III cities.

“Changes in lifestyle among customers are also driving luxury car sales in the southern region. Today, 70 per cent of our customers are below the age of 50. We have a strong presence in key southern markets and will be adding more facilities to cater to the growing demand. The southern market has great growth potential, and we are confident that sales will increase in the coming months,” said Balbir Singh Dhillion, head of Audi India.

“The southern region continues to be vital for Audi India. Over the past three years, we have observed a notable increase in sales in the region. This market significantly contributes to our overall sales and growth, both for new Audi vehicles and our pre-owned car business,” Dhillion added.

British luxury sports car manufacturer Aston Martin also revealed its plans last year to open a new dealership in South India, aiming to double its Indian market sales. At present, it has only one dealership in India under the name Select Cars in Delhi. Lamborghini, too, has lined up dealership expansion plans in the South.

Take the case of a smaller state like Kerala: The state sold 10,982 electric passenger

vehicles (ePVs), accounting for 11 per cent of the country's total EV sales in 2024.

According to a Ficci-Yes Bank report, EV penetration in Delhi stood at 11.5 per cent in 2023-24, followed by Kerala at 11.1 per cent. In Assam, Karnataka, and Uttar Pradesh, EV penetration stood at 10 per cent, 9.9 per cent, and 9.2 per cent, respectively. In terms of ePV penetration, Kerala leads at 5.4 per cent, followed by Karnataka, Delhi, Chhattisgarh, and Maharashtra at 3.7 per cent, 3 per cent, 2.9 per cent, and 2.9 per cent, respectively.

“From the very popular Audi Q3 (starting at ₹44.9 lakh) to the flagship RS e-tron GT (costing upwards of ₹1.9 crore), we have witnessed strong demand. Our RS performance car range, in particular, has many brand fans and buyers in the region. A lot of younger professionals and emerging entrepreneurs are purchasing top-end cars,” Dhillion said.

“Chennai is home to 30 per cent of India's automotive industry and 35 per cent of the automotive components industry. Most importantly, 40 per cent of all EVs sold in India are made in Tamil Nadu. The state has the best ecosystem in India for EVs,” said Chennai-based financial planner D Muthukrishnan on X, urging Tesla to invest in South India.