Hero to invest ₹2,500 cr to launch 4 mn units by 2026

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New Delhi, 3 November

Hero Electric has decided to invest ₹2,500 crore to build additional capacity of about 4 million electric two-wheelers by 2026. The first stage of investment will roll out this year for a new factory in Rajasthan, where vendor units will invest another ₹400 crore. In the second stage, it is scouting for a location of a plant in South India. Both factories will be of equal size and investment. The firm has the capacity to manufacture 500,000 vehicles.

Its projected capacity of 4.5 million units per annum that it is building is half of Ola Electric's. The latter is building a factory with a capacity to make 10 million electric vehicles (including two-wheelers) in phases.

Hero plans to finance the expansion by raising over ₹1,000 crore and is in advanced-stage talks with private equity (PE) funds. This is the second time the company is resorting to raising money from PE players.

Speaking about its ambitious electric scooter expansion plan, Naveen Munjal, managing director of the country's largest electric scooter company, says: "We expect the industry to hit 1 million units by 2023-24 (FY24). According to research, it will reach 9 million units by 2026-27. We want to produce about 4 million electric two-wheelers by 2026. The market for electric is charged up and the conversion from internal combustion engine (ICE) to electric is clearly moving fast." This explains why Munjal is aiming at expanding sales more than threefold — from the projected 160,000 in 2022-23 to 500,000 in FY24.

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