

'Škoda making in India for the world'

After a stellar 2022, Škoda Auto Volkswagen India has not taken its foot off the accelerator for 2023. **PIYUSH ARORA**, managing director and chief executive officer, Škoda Auto Volkswagen India, in conversation with **Sohini Das**, elaborates on the automotive major's plans for supporting Škoda's Vietnam entry from India operations. Edited excerpts:

2022 was a good year for Škoda Auto Volkswagen India. What is your outlook for 2023?

In 2022, we saw volume growth of nearly 86 per cent in the domestic market. We sold 134,000-odd cars — 101,000 of them in the domestic market and close to 33,000 for exports.

Škoda had the highest-ever numbers in the country, clocking a growth of 125 per cent. India is now the third-biggest market for Brand Škoda globally.

The Volkswagen (VW) brand also saw 58 per cent growth — the highest in five years. Our stable of luxury brands — Audi, Porsche, and Lamborghini — also notched up double-digit growth. Incidentally, Porsche and Lamborghini logged the biggest-ever numbers in the Indian market from the time we entered the market. We are looking at 2023 with great expectations. Our aim is to score double-digit growth. We



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expect some degree of moderation in the Indian four-wheeler market this year. By 2025, we are looking at a market share for the group to be around 5 per cent in India. In 2022, we gained a 1 per cent market share. Right now our market share is a little below 3 per cent. We are targeting a larger market share by growing faster than the market. But the supply situation will also be a key market determinant.

Do you expect disruptions to the supply chain this year?

While the situation over the past two years has become a lot better, we are still not out of the woods. We see disruptions taking place now and then, forcing us to regulate our expectations in terms of planning, as well as meeting customer requirements/orders. In terms of the supplier situation for semiconductors, it was extremely widespread. Many of the sub-suppliers were affected. That situation has eased somewhat. Although only a few suppliers are now impacted, it still influences original equipment manufacturers. We are seeing some disruption in Europe at some of our plants, and that mirrors our Indian operations as well.

India is a manufacturing hub for Škoda globally. How do you plan to enhance India's role in global supplies?

We are looking at enhancing our wherewithal for supplying parts to our new business in Vietnam. We have announced a joint venture (JV) and will start importing cars from Europe in 2023. In 2024, the JV will start producing Made-in-India cars — the Škoda Slavia and the Kushaq.

This production is likely to start towards the end of next year. A 16,000-square-metre plant is being built in Pune to manufacture the sub-assemblies. We are looking at a capacity of 30,000-odd cars to begin with. For Vietnam, the Kodiaq, the Superb, the Kamiq, and the Octavia will be imported from the Czech Republic. At the same time, the Vietnam partner is also looking at setting up a manufacturing facility in the country's North to produce the Kushaq and the Slavia that we have developed in India as part of the India 2.0 strategy.

About 95 per cent of these car parts are localised in India. A lot of the components for these cars will go from India. Based on needs, we will be sending parts from here, which will be produced in a completely knocked-down fashion.

