

+ Ashok Leyland to infuse ₹1,200 crore in Switch Mobility; posts strong Q2 numbers

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Leading truck and bus maker Ashok Leyland (AL) will infuse about ₹1,200 crore of equity in its electric vehicle arm Switch Mobility, as the Hinduja Group seeks to accelerate its growth plans in the electric mobility space.

The Board of AL has approved the investment, which will be made through its holding company Optare PLC UK. The funds infused will be used for capital expenditure, R&D, and meeting operational requirements both in the UK and India.

The company expects strong growth in electric small commercial vehicles and electric buses in view of the government push. While it is preparing to commence deliveries of its electric small trucks, unveiled in



Dheeraj Hinduja, Executive Chairman of Ashok Leyland

September this year, from January 2024, it has also proposed to set up a new greenfield unit in Uttar Pradesh at an investment of ₹1,200 crore to manufacture electric buses.

While the Hinduja management has been scouting for investors and an infusion of capital into its EV arm for the past several months, it has now decided to infuse funds by AL. "Switch has made good progress and

we will continue to invest in building its capabilities," Dheeraj Hinduja, Executive Chairman of Ashok Leyland and Switch Mobility, said here while discussing AL's Q2 performance.

Q2 PERFORMANCE

Meanwhile, AL has posted a strong profit for the second quarter in a row in this fiscal, supported by a good increase in revenue on the back of robust volumes in the medium and heavy commercial vehicle sector. The company's PAT stood at ₹561 crore in Q2, when compared with ₹199 crore in Q2 of FY23, an increase of 182 per cent.

EBITDA stood at ₹1,080 crore in Q2FY24 (₹537 crore).

Its revenue grew 17 per cent at ₹9638 crore (₹8266 crore) on the back of an 18 per cent increase in domestic volumes of medium

and heavy commercial vehicles at 29,947 units.

H1 FY24

"For the first half of this fiscal, our revenue, net profit, and EBITDA touched historic highs," said Hinduja. The company's revenue and PAT stood at ₹17,827 crore and ₹1,137 crore respectively for H1FY24. "In the beginning of this fiscal, we had estimated 8-10 per cent growth for medium and heavy commercial vehicles. But H1 demand grew 10 per cent and the demand trajectory is strong for the rest of the period," he added.

Shenu Agarwal, MD and CEO, Ashok Leyland, said the company continued to grow its market share and it stood at more than 30 per cent for the seventh consecutive quarter. The market share was 31.6 per cent in Q2FY24.