

# 'We will see parallel growth in both ICE and electric vehicles in India'

Piyush Arora, MD, Škoda Auto Volkswagen India, speaks about future of 'India 2.0' and the EVs that are scheduled to hit road soon

S MURALIDHAR  
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The Volkswagen juggernaut has finally started rolling. The Group represented by Škoda Auto Volkswagen India (SAVWIPL) recorded its best-ever half-yearly sales in India by doubling volumes in the first half. All VW brands — Škoda, Volkswagen, Audi, Porsche, and Lamborghini — recorded significant growth in January to June 2022. In one of his first interviews since taking over in March, Piyush Arora, Managing Director, SAVWIPL, spoke to *BusinessLine* about the future of 'India 2.0' and the EVs that are coming soon. Excerpts:

**Would you say that the VW group's objectives with the India 2.0 project have been achieved? Do you foresee more opportunities for the project and platform?**  
Right now we are on a very

strong footing. We were busy during the last 12 months ramping up and consolidating our start-ups and we are still partly doing that. The last one was just a few months ago with the launch of the VW Virtus. We are also talking about 44 different export markets for our products.

Starting from the T-Cross (the VW Taigun in India), we will be moving on to the left-hand drive Kushaq that is getting ready for launch and even the Virtus export model. Mexico remains our major export market, but we are trying to capture more markets in Sub-Saharan Africa, the middle markets of South America, and even some South-East Asian countries.

So, our focus right now is to make a strong case for our India 2.0 project and its success. Yes, exports led to growth too, but the key focus remains to consolidate and capture more market

share in India and make our operations sustainable and profitable.

**Does the MQB-AO-IN platform still have potential, and can it still be a shared platform for other new models including a sub-four metre SUV?**

The MQB-AO-IN is a very flexible platform, and we want to explore its strength and modular nature for potential future models.

We will certainly evaluate and are open to the idea of new models on the platform. But the immediate focus is consolidating the four products (Škoda and VW) before we consider and utilise this platform for more derivatives or products.

As a group, we certainly have ambitions to gain market share. With India 2.0, we have set some expectations or aspirations about our performance, and we are not going to be restricted only by that metric. India is a market that is expected to grow further, and the post-pandemic revival is very promising.

The peculiarity of our market

**Consolidating and capturing more market share in India and making our operations sustainable and profitable remain our key focus**

PIYUSH ARORA,  
Managing Director, Škoda Auto  
Volkswagen India



is, unlike other markets in Europe, the US, and China, which have seen an accelerated transformation into EVs from ICE vehicles, we in India will see a sort of parallel growth in both ICE and EVs.

The transformation to electrics will happen faster here too, but that will be on a smaller base. But a high single-digit growth rate can be expected for ICE vehicles as well. Our organisation's objective is to participate in both the growth opportunities, and we are going to evaluate which segments we need to be present in to ensure profitable growth.

**You will miss brands like Polo, Fabia and Vento, and these will leave a gap in your portfolio. How are you going to address that?**

You call them gaps, but in my opinion, they represent opportunities for us within the Indian automotive landscape. The bandwidth of our group and the product portfolio that we have access to is much wider than what we have right now. We are focused on achieving our target of a five per cent market share with India 2.0. But for a group like ours, I don't think that is a target we will be satisfied with, and we will certainly

be looking for new opportunities to grow. Yes, Polo is an extremely strong brand. No product at the end of its life cycle attracts that kind of brand loyalty and recall from customers and others. We will evaluate the possibility of importing the Polo GTi, but at the same time, the brand product portfolio extends beyond that as well.

We must pick the step carefully and choose between the higher localisation route or parts and components route or the fully built import route. Our India 2.0 strategy was, of course, based on the fact that we can synergise the product portfolio in a way as to benefit from the economies of scale and localisation. In this context, I'd like to add that with India 2.0 we could expand our supplier base by almost 20 per cent. And whatever supplier base we created many of them became part of our global supply chain as well. So, almost 25 per cent of our suppliers are now exporting to Europe, South America, and other locations for the VW group.

**Will the VW group's**

**portfolio reflect this expected parallel growth and development of both ICE and electric vehicles in the future?**

The VW group has followed the top-down approach for our foray into EVs. For example, the Porsche Taycan or the Audi e-Tron have already been brought into the country as CBUs and the response to these models is encouraging. But at the same time, we don't want to restrict our electrification ambitions to just one brand or one direction. Wherever the market scenarios allow it in terms of volumes, the VW group's decarbonisation initiatives will be implemented.

And from that point of view, we are also actively looking at both VW and Škoda brands for electrified models. I would still say that our present thought process is leaning toward the top-down approach. We are hoping to learn from the experience of our imports in the EV space. Incidentally, we are currently testing some Škoda products that we have brought in. And once we have identified the right product for this mar-

ket, we may even consider local manufacturing via the parts and components route. But to achieve our aspirations of market share, we will need to get into local manufacturing of a best-suited product.

The modular electric (MEB) architecture that VW has, is an extremely competitive proposition and is also a highly flexible platform in terms of the types of vehicles that can be built on it. With this platform being available, VW group India can look at utilising it for the Indian market as well. But there are challenges and evolutionary steps that the industry needs to go through before the ecosystem can stabilise.