

Five bidders in fray for India's largest electric bus tender



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Five companies have bid for the largest tender for electric buses — 6,450 buses — in the country.

They include electric bus makers PMI Electro Mobility Solutions — which has a joint venture with Foton — Switch Mobility (an Ashok Leyland company), the Gurugram-based JBM group which is also into assembling electric buses, Pinnacle (India's leading commercial vehicle and seating interiors company), and tour operators Travel Times.

State-owned Convergence Energy Services (CESL), a wholly-owned subsidiary of EESL, floated the tender for the electric buses on a gross cost contracting basis for a period of 10 years.

Its earlier order for electric buses was also floated this year, for 5,450 electric buses under the remodelled FAME 2 scheme. This was won by Tata Motors across categories. Yet for the tender for 6,450 buses, the Tatas who are one of the most aggressive players in the segment, have kept away. So has Olectra which has a technology partnership with Chinese giant BYD.

While Switch, PMI and JBM have bid for 1,900 buses from the Delhi Transport Corporation which is the largest in terms of size, another 1,040 buses required by Delhi's Department of Transport have been bid by only JBM and PMI.

While PMI has concentrated only on the two lots of orders from Delhi, JBM has bid for seven of the eight different slots offered for bidding which were divided based on the size and specifications of the bus model and the state transport undertaking (STU) making the order.

Switch has bid for buses in five slots; Pinnacle for three; and Travel Times for only one in Kerala.

The size of the contract can be gauged from the fact

ALL CHARGED UP

▶ **18 bids received for electric buses in eight slots based on bus size, specifications and state transport undertakings**

▶ **Average cost of an electric bus, including infrastructure, is ₹1.2 crore**

▶ **No FAME II subsidy support for the order**

▶ **Two orders from Delhi Transport Corporation and the transport department account for 2,940 electric buses, the largest from any state**

▶ **Tour operators like Travel Times have thrown their hat into the ring as well**

that there are currently only 3,000 electric buses in the whole country. To meet the requirements of this large order, the companies will have to get funding of over Rs 7,500 crore to manufacture and assemble them in their factories. The average cost of an electric bus with infrastructure is Rs 1.2 crore.

According to Bain & Co research, the share of electric buses in the total bus market in 2022 is around only 4 per cent but it is expected to rise to 8 per cent in 2026 and 15-20 per cent in 2030.

The tender, based on the requirement from various states which were aggregated by CESL, includes the state of Delhi (which accounts for nearly half the numbers), Telangana, Haryana, Arunachal Pradesh and the city of Surat in Gujarat. The requirement ranges from 7 metre to 12 metre buses, both air-conditioned and non-air conditioned models.

Companies say they expect to break even from the contract within three years based on the revenue projections in these STUs.

However, financing options for building the buses are very limited with most PSU banks except SBI staying away.