

'Audi targets 15% sales from electric vehicle segment by 2026'

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Audi India, which will launch a new Audi e-tron Q8 in August, witnessed a 97 per cent increase in sales in the first half of 2023. With strong demand, the German luxury car-maker expects double-digit growth this year and is working to bring newly launched products to India.

Balbir Singh Dhillon, Head of Audi India, discussed with *businessline* the company's plans, research and development beyond cars, and overall growth.

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Audi India witnessed strong growth in sales, from 1,765 to 3,474 vehicle units in H1 2023. What was the contributing factor and how do you see demand and sales in H2?

The growth is owing to product availability and range of models. We have the strongest range of models, offering sedans, sports cars, and electric vehicles, which helped us build the volume. The other aspect is customer loyalty — every fourth car that we are selling is to our existing customers.

That is the loyalty we enjoy with our customers, which has led to an increase in sales. In the first six months, we have seen a growth of 20 per cent in luxury space and it will continue.

We intend to grow strongly in H2, as well. The semiconductor [availability] situation is improving; with it the availability of cars has improved. We have a strong availability in quarter three. I'm looking at a very strong double-digit growth at the end of this year.

You are launching the Audi Q8 e-tron in August with a range of up to 600 km. What kind of sales are you anticipating for your electric vehicle models by 2025?

We are not focusing on any sales percentage from electric vehicles as we are in the developing phase. By 2025-26 we expect 15 per cent sales from electric vehicles. We are contemplating which models to bring to India. Presently, we are restricted to cars starting above ₹1.5 crore and we are not representing the whole segment. We are considering bringing to India the cars that are launched globally at different price points.

What is the company's view on the charging infrastructure in India?

We have installed 100+ chargers in 73 cities across Audi dealerships and also at some of our group dealerships.

Our customers can find the locations of the chargers through the My Audi



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BALBIR SINGH DHILLON,
Head of Audi India



application, which helps one to see if the chargers are working and plan accordingly. Payment for the chargers can be made through the application.

Has the company's headquarters finalised the manufacturing of electric vehicles in India?

The discussions are on and we are talking about future products. The company will have to invest more in EV manufacturing.

Audi's market share in India still lags its

competitors. How do you plan to increase market share?

We want to grow sustainably and are not running behind market share.

Numbers are a by-product of the availability and loyalty of customers.

As car prices have gone up in the last two to three years, there is a vacated space between luxury and non-luxury. We are trying to base that on Audi's approval. The company is actively widening its base to bring in more potential buyers.

Audi India witnessed a

57 per cent growth in its pre-owned business. Do you see the sales uptick continuing with a spike in luxury vehicle prices?

With Audi's approval, we had seven showrooms in 2020 and, by the end of this year, we will have 27 showrooms. The pre-owned car segment used to be driven by the unorganised sector but is largely becoming organised now. We offer a service package and two years' warranty.

We are also informing buyers that they can come back and sell their cars through us, and we have also been able to fetch the best prices for them.

The growth in pre-owned cars is happening because new cars are becoming expensive and, now, we have a wider customer base who are willing to purchase pre-owned luxury cars.

Are there plans for ramping up capacity and product localisation?

We have sufficient production capacity for the next five years. We do not require any investments but

we will if and when we decide to go electric in India. Production capacity can be ramped up any day depending on the market demand.

If we do double or triple the sale next year, we have sufficient production capacity.

What we need to do is hire more manpower or operate more shifts. We are currently operating one shift.

Audi is working on research and development beyond cars in India. How successful has it been?

We are doing limited research and development that is beyond cars. As India is very strong in digitisation, we have an exclusive team in Audi India that is only focused on digital initiatives. The core of R&D is not done in India as we are still a small luxury car market.

However, with our developed digital initiatives, some countries adopt our model.

We are in the process of sending some of our products to other countries.