Ashok Leyland set to rev up its West Asia growth plans

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Chennai, 20 August

Driven by rising share of export market sales, Hinduja Group's Indian flagship company Ashok Leyland is set to expand its footprint in West Asia with a new manufacturing unit in Saudi Arabia.

Chairman Dheeraj Hinduja told *Business Standard* that the company is in the final stages of coming up with a new unit in the region. It would have a product mix of electric buses, light trucks and conventional vehicles. Though the plan is to start as an assembly unit initially, depending on the demand, it may go for localisation, going ahead. He added that 2025-26 is set to be the best year for the company's exports.

This comes at a time when exports witnessed a massive surge of 30 per cent year-on-year (Yo-Y) to 15,255 units in FY25. Of this, around 40 per cent came from the Gulf Cooperation Council (GCC) region, according to company sources.

Adding to this success, export volume increased by 29 per cent during the first quarter of the current financial year, as the entire commercial vehicle industry is seeing flat growth.

"We are in the final stages of exploration of another facility in the Middle East (West Asia).

Eyeing greener pastures

- **1,95,097 units**: Total commercial vehicle sales by Ashok Leyland in FY25
- **29%:** Rise in company's exports reaching 15,255 units
- **23%:** Rise in industry's total exports during the financial year
- **6%:** Share of exports in total turnover
- The company has identified ASEAN geography as the next engine of exports volume growth

The Middle East numbers have been growing exceptionally well, especially in the United Arab Emirates (UAE) and Saudi Arabia markets. Our inclination is to look at Saudi as the new destination for Ashok Leyland," Hinduja said.

Interestingly, the aggressive move to West Asia comes amid the company's electric vehicle arm Switch Mobility announcing the shutdown of its Sherburn facility in the UK early this year. This will be the company's second unit in West Asia after the Ras Al Khaimah assembly unit for buses and trucks in the UAE that started in 2009.

"Our plant in the region is already close to full capacity. It has the capacity to manufacture more than 6,000 vehicles per year. Hence, we are in the process of establishing a new plant," remarked Balaji K M, chief financial officer of Ashok Leyland.

"People see our buses as an Emirati brand. To begin with, it will start as an assembly unit. Since Saudi is a large market, depending on how it grows, we will take it forward," Hinduja added. "The products will be a mix of electric buses, light trucks, and also conventional vehicles as well. It will be an Ashok Leyland plant, not Switch Mobility's," he said. The lion's share of Ashok Leyland's international sales is coming from the GCC, South Asian Association for Regional Cooperation (Saarc), and Africa.

"Every time we have enhanced the capacity at Ras Al Khaimah, it has never been enough. From an international operations perspective, it will be the best year that Ashok Leyland has seen," Hinduja said.

The decision to shut down production in the Switch UK unit was taken owing to several factors like lower demand and higher production costs, among others.

"We will use our Indian or UAE base to supply to the UK and European markets in the future. We are working on a number of products and have not exited the UK. We will continue to service the market for existing buses that are operating there. From a production perspective, we think India or Ras Al Khaimah will be far more competitive as a location rather than manufacturing in Europe itself," he said.