

# What ails the EV minnows? Branding, cost competitiveness

A quiet EV revolution is both promising, and pensive

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At an industry event in New Delhi earlier this month, Union Minister of Road Transport and Highways Nitin Gadkari proudly highlighted the flourishing electric vehicle (EV) manufacturing industry in India. He emphasised the significant role played by more than 600 startups in achieving the impressive milestone of selling 3 million EVs to date and expressed his optimism that annual sales would exceed 10 million by 2030.

A quiet EV revolution brimming in the country is laudable, but the story behind the numbers is not that promising. An analysis by *Business Standard* uncovered that of the 640 companies involved in

manufacturing electric vehicles (EVs) in the country, a significant portion, precisely 345 players (constituting 53 per cent), reported sales of fewer than 100 units each.

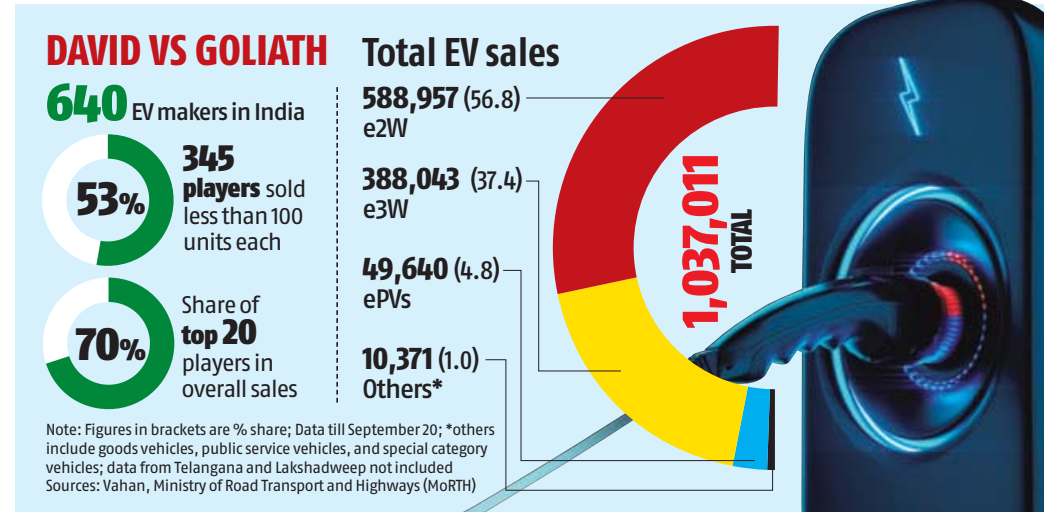
In contrast, the top 20 players accounted for a substantial 70 per cent share of the total sales of 1 million vehicles since January 2023, according to data available on the VAHAN dashboard of the Ministry of Road Transport and Highways.

## So many three-wheelers but nowhere to go

The electric three-wheeler (e3W) category, comprising 460 players, or 76 per cent of the total 640 manufacturers in the industry, faces the most significant challenge.

This segment not only boasts the highest number of manufacturers but also has the largest share of players who sell fewer than 100 units. In total, 236 players sold fewer than 100 units.

Since e3Ws are primarily purchased by the low-income segment



of society and prioritise cost against brand name, there is relatively less consolidation in sales among the top 10 players. These top 10 e3W manufacturers accounted for only 38 per cent of the total 388,043 e3W units sold.

However, as the internal combustion engine (ICE) 3W manufacturers are ramping up their EV business, the space for new players is likely to shrink. Mahindra & Mahindra (M&M) and Piaggio, both traditional players in the ICE indus-

try, are already among the top 10 manufacturers, collectively holding an 11 per cent market share. M&M is already the market leader in the segment. "Maintaining quality, innovation, and cost competitiveness will be key factors for EV

startups' long-term sustainability," said Nitin Kapoor, managing director, Saera Electric Auto, which has a decade's experience in manufacturing e3Ws. Saera Electric Auto is also India's third-largest e3W seller.

## Taking on the behemoths

Like the e3W category, the electric two-wheeler (e2W) startups are also starting to face challenges from the traditional ICE players. Within the top 10 players, TVS Motor Company and Bajaj Auto have already secured a significant 25 per cent share of the total 588,957 e2Ws sold since January.

Despite this, startups like Ola Electric, Ather Energy, Ampere Vehicles, and Okinawa Autotech are among the segment leaders. However, their future depends on cost competitiveness, quality, and after-sales services, experts say.

"As e2W and electric passenger cars (ePVs) are considered premium and their customers are aspirational, new entrants have to

invest in product quality and branding to survive as the segment has a high level of consolidation," said Preetesh Singh, specialist CASE and alternate powertrains, NRI Consulting & Solutions.

In the e2W market, the top 10 players contribute 90 percent of the total e2W sales. Of the 159 manufacturers producing e2Ws in the country, 100 of them have sold fewer than 100 units.

"Startups who will not focus on after-sales services and do not bring innovation will fail," said Atul Gupta, co-founder and director of e-Sprinto, an EV startup, which sells fewer than 100 vehicles.

The ePV segment is completely dominated by the major manufacturing companies or their subsidiaries. Tata Motors contributed 72 per cent to the overall sales figure. High upfront investment, capital requirements, supply-chain challenges, and technical challenges deter new entrants from joining the market.