

● GOVT ORDERED AUDIT, STOPPED SUBSIDIES LAST YEAR

Demand slump no deterrent to Okinawa expansion plans

Plans afoot to raise capacity by more than four times

SWARAJ BAGGONKAR
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HAVING BEEN DENIED subsidies by the government following charges of misappropriation of funds, Okinawa Autotech will still go ahead with its planned expansion of capacity, notwithstanding the slump in demand.

A top company official said, plans are afoot to increase capacity by more than four times by the end of next fiscal, which will entail an investment of ₹500 crore.

Speaking to *FE*, Jeetendar Sharma, founder and managing director, Okinawa Autotech, said, "We are going ahead with our original plan of expansion. By the end of this year, we will have the new facility coming on stream." From around 300,000-400,000 units a year capacity, across two facilities, the company aims to have a total of 1.3-



CAPACITY ADDITION

■ From up to 400,000 units a year capacity, it aims to have a total of 1.3-1.4 mn capacity

■ Currently, it has six models on offer and is preparing to add a few more in the new financial year

■ One of the launches will be an electric motorcycle, with which the company will tap the untapped segment

1.4 million capacity a year.

But Okinawa's current monthly volumes won't justify its planned expansion plans. The company clocked less than 4,000 units sales in February, giving it an annualised volume of under 48,000 units.

The company presently has

six models on offer and is preparing to add a few more in the new financial year. One of the launches will be an electric motorcycle, confirmed Sharma, which will help tap that segment which was untapped by the company. Last year, before the government's action of

stopping subsidies and ordering an audit of the company's operations along with all other electric two-wheeler-making companies, Okinawa had plans to get financial investors on board.

"We are a bootstrapped company and we don't have any investors. There are discussions happening with the investors and they are showing interest," Sharma added. The Society of Manufacturers of Electric Vehicles (SMEV), the apex lobby body of EV makers, has alleged that the government has held back subsidies of more than ₹1100 crore to more than a dozen EV makers. This withdrawal of subsidies has led to a negative impact on the financials of the EV makers. Okinawa has stopped providing subsidies on at least one model and is exploring a similar move on other models.

"There are cash flow issues but somehow we are managing it. When the time comes, we will have to pull the plug on subsidies. Once the situation comes to that we will do it. Once the government subsidy is gone it will be a level playing field for everyone," Sharma added.