

DAYS AFTER MUSK CANCELS VISIT TO INDIA

Tesla's Cheaper Car Push may put India, Mexico in Back Seat



The world's top EV maker said it plans to raise production by 50% from 2023 to its current capacity of close to 3 million vehicles File Photo

San Francisco: Tesla said on Tuesday that it will use its existing factories to build new and more affordable vehicles as early as late this year, leaving investments in new factories in Mexico and India unlikely in the near term.

The world's top EV maker said it plans to raise production by 50% from 2023 to its current capacity of close to 3 million vehicles before investing in new manufacturing lines. "This update may result in achieving less cost reduction than previously expected but enables us to prudently grow our vehicle volumes in a more capex efficient manner during uncertain times," it added.

SHARES JUMP 10%

Investors cheered the decision not to take the risks of building new models in new factories, with Tesla shares jumping 10% despite the company's quarterly results missing financial targets.

Tesla was on track to add around \$50 billion to its market value of about \$460 billion. The

stock has slid 42% this year, as of last close, as high borrowing costs have dampened EV demand. Tesla's growth strategy could strengthen support for a shareholder vote in May on Musk's \$56 billion compensation package, which was voided by a Delaware court in January.

On April 5, *Reuters* exclusively reported that Tesla had scrapped plans to launch its cheap vehicle, known as Model 2, which Tesla planned to build in Texas, Mexico and a third country. The Model 2 had been expected to cost \$25,000 and drive Tesla's growth into a mass-market automaker. Musk had responded on X that "Reuters is lying."

Musk had been expected to meet with Indian Prime Minister Narendra Modi on Monday and announce major investments in an auto factory to produce a small, affordable model. Musk cancelled at the last minute, citing "very heavy Tesla obligations" and said he aimed to reschedule the visit for later this year. Reuters

