

# 'Electric scooters to hit 5% of two-wheeler market in FY23'

Greaves Electric Mobility projects sales of two-wheeler EVs will balloon to 700,000 units in FY23

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**G**reaves Electric Mobility (GEM), which sells the Ampere brand of electric scooters, projects that the inflection point for the conversion of internal combustion engine (ICE) scooters to electric ones will be reached in FY 23, hitting 4-5 per cent of the total two-wheeler market. In FY 22 the penetration of electric two-wheelers was less than 2 per cent of the market.

Elaborating on its upbeat view of the industry, Nagesh A Basavanjali, executive vice-chairman of Greaves Cotton Ltd, of which Greaves Mobility is a subsidiary, says: "Our projection is that the industry will hit sales of 700,000 electric scooters in this financial year, compared to 250,000 in FY 22. This will be the real inflection point which is needed as penetration of electric scooters will hit 4-5 per cent."

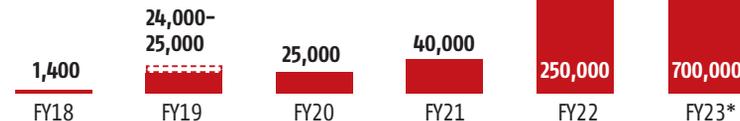
He projects, moreover, that by 2027 as much as 30- 35 per cent of ICE scooters, whose current sales are around 6-7 million per annum, will be converted to electric.

Basavanjali should know. With the company accounting for 14 per cent to 15 per cent share of the electric scooter sales in the country, it has been amongst the top four players in the market since it acquired electric scooter company Ampere in phases from 2019.

The confidence, says Basavanjali, comes from the fact that while GEM sold around 65,000 electric scooters in FY 22, in the first quarter of FY 23, it

## CHARGING UP

Sales of electric scooters



\*projected

Source : Greaves Electric Mobility, industry estimates

has managed to sell close to half those numbers — around 29,577. As a result, the company is doubling its capacity so that it can make 25,000 electric scooters a month.

Though he concedes that the incidents of electric scooters catching fire were a dampener, Basavanjali points out that the chip shortage which had hit the industry in the previous two to three quarters, is now easing. However, based on overall registrations (of eight companies, not including incumbent

ICE players), the market has seen either stagnant numbers, or falling month on month since May this year. In July, for example, registrations fell by 5 per cent over June. And there was a sharp decline of 24 cent in May over April.

Unlike Ola Electric, which has decided on an initial average selling price (ASP) of ₹1.5 lakh (it has just announced an electric scooter in the ₹99,000 range), GEM has focused on the sweet spot of the ₹80,000-Rs 90,000 market. "We have concentrated

on the heart of the market, which covers around 150 million households. We see the price-volume equation existing in this range, and we can operate here profitably," says Basavanjali.

That said, the company has been pushing up its average selling price after it acquired Ampere, which was priced at just ₹40,000. It is also working on some products with a higher range, speed and features, which will be in the above ₹1 lakh category. GEM expects to announce these in a couple of quarters.

Again, unlike Ola Electric, which has gone with direct delivery to customers, GEM has already got 650 retail distributors and plans to add 20-30 more every month. Also, unlike its rival, the company has avoided getting into advanced chemistry cells for batteries under the government's production-linked incentive (PLI) scheme.

Basavanjali says that these are capital intensive, and the market is still evolving with alternatives to lithium ion like sodium ion. GEM, he adds, has relationships with many companies that will manufacture the batteries in the country and it plans to buy from them.

However, he admits that the company is still in talks with the government to allow it to participate in the PLI scheme for making electric two-wheelers, as Ola Electric, Bajaj Auto and TVS have been eligible for the scheme. Unfortunately, says Basavanjali, the net worth needed to be eligible for the PLI scheme was too high for GEM, as it is neither a start-up nor a very large company.