

# New start-ups power up electric 2-wheeler boom

Centre's policy push, Ola-created market buzz lead the EV charge

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**S**kyrocketing fuel prices have come as a blessing in disguise for electric two-wheeler manufacturers, in addition to government subsidies.

Most manufacturers have seen demand outstrip supply, prompting them to undertake expansion sooner than they had planned.

On Monday, Ather Energy said it has commissioned its second plant, given that the current one in Hosur — with an installed capacity to 120,000 units per annum — has reached optimal capacity within 10 months of starting production. The Hero MotoCorp-backed company has seen demand quadrupling in the past seven months.

“Customers expect electric scooters to wow them. This customer expectation is driving demand for the 450 Series — the 450X and the 450 Plus,” says Tarun Mehta, co-Founder and chief executive officer (CEO), Ather Energy.

The world's largest internal combustion engine-powered market for scooters and motorcycles — that account for 70 per cent of local gasoline consumption — is seeing rapid shift to battery-powered two-wheelers.

The surge in demand is prompting research firms to revise upwards their electric two-wheeler forecasts.

Nomura Research, for instance, expects the segment to have more than 30 per cent contribution in the overall two-wheeler market by 2030.

“Whether it is Ather Energy or anyone else, manufacturers are going to consider ramping-up their production volumes simply because of a lower base. All of them, barring Ola Electric, started operations on a low base,” says Harshvardhan Sharma, head-automotive retail practice, Nomura Research.

Moreover, due to the government's policy push and Ola-created market buzz, electric two-wheelers have come into the consumer's consideration set, he adds.



## SMOOTH RIDE

### Ather Energy

- ₹650 cr Planned investment over next 5 years
- 400,000 units Capacity at firm's 2nd manufacturing unit
- 20% month-on-month growth since Nov 2020
- 4X growth in vehicle booking in first 7 months of FY22

### Greaves Electric Mobility

- ₹700 cr Investment for E-mobility
- 120,000 units expected capacity at newly established unit in Ranipet by FY22-end
- 35 acre plant to produce EVs for domestic and export markets

### Boom Motors

- 100,000 units per annum in the new facility
- 36000 units preorders in 17 days for Corbett
- 9,000 units monthly production targets by April 2022 from 1,000 now

“Others, too, will gain from this movement. Therefore, it would be prudent to revise the electric two-wheeler forecast, particularly in the wake of the semiconductor shortage easing. We are still working on the revised forecast,” said Sharma.

Ather's new plant is expected to go onstream next year. It will have an installed capacity to make 400,000 units. To fuel expansion plans, Ather has outlined an investment of ₹650 crore in the next five years. It has been registering 20 per cent month-on-month sales growth since November 2020.

The sector is led by Hero Electric, which for the first time

sold more than 50,000 units in the seven months to October. It plans to add a capacity of 1 million units every year for the next five years to ride the electric mobility wave.

Others, too, are ramping up faster than they had anticipated.

Coimbatore-based Boom Motors commenced bookings for its electric bike Corbett on November 12. Within a span of 17 days, it got 36,000 pre-orders for the brand, forcing the company to sign a memorandum of understanding with the Tamil Nadu (TN) government to start a new factory in Coimbatore to meet rising demand. Boom is even getting export queries from markets like

Bangladesh, Nepal, South Africa, and Turkey.

“This sudden rise in demand happened in the last nine months,” says Anirudh Narayanan, CEO, Boom Motors.

Others, too, aren't leaving anything to chance.

Last week, Greaves Cotton inaugurated a new electric vehicle (EV) production facility at Ranipet in TN, which has a capacity to make 1 million electric two-wheelers a year. “Some of our models have an eight-week-long waiting period,” says Nagesh Basavanhalli, managing director, Greaves Cotton.

“Since, the introduction of subsidies, we have seen a lot of traction. The demand is solid; the finances are improving. Most importantly, the biggest limitation for EVs till recently was awareness and range. Both have improved significantly since the past two quarters,” adds Basavanhalli. Encouraged, there are more start-ups looking to ride the EV boom.

Suhas Rajkumar, founder and CEO, Simple Energy, says since the unveiling of its flagship electric scooter Simple One, the company has received “overwhelming response” from customers. The firm is currently focused on the pre-production phase. It has received 30,000-plus pre-bookings to date and will go into production next year.

Electric scooter rental start-up Bounce is entering the space as well. Co-founder and CEO Vivekananda Hallekere says the start-up has outlined ₹742 crore over the next 12 months across manufacturing of electric scooters and is expanding the battery-swapping infrastructure.

“We will unveil our first electric scooter on December 2 and commence deliveries by February next year,” says Hallekere.

Its factory in Bhiwadi, Rajasthan, has a production capacity of 180,000 scooters per year, he adds. Vadodra-based EV maker Wardwizard Innovations & Mobility is also planning to launch its home-grown scooters in 2021-22.