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Ashok Leyland mulls separate plant for EVs; lines up Rs 500 cr investment for alternative fuel tech

Synopsis
The commercial vehicle company aims to expand its electric vehicle portfolio as well as develop new engines keeping in mind the changing market requirements in the domestic as well as international markets.

Bullish on the future of green mobility, the Hinduja Group flagship Ashok Leyland plans to set up a new manufacturing facility in the country to roll out electric vehicles, according to a top company official.

The Chennai-based firm has also lined up a Rs 500 crore investment to develop powertrains based on alternative fuels like CNG, hydrogen and electric for its commercial vehicles range.

The company has already announced a USD 200 million (nearly Rs 1,500 crore) investment through its UK-based arm Switch Mobility for electric mobility.

The commercial vehicle company aims to expand its electric vehicle portfolio as well as develop new engines keeping in mind the changing market requirements in the domestic as well as international markets.

"In Spain, we are coming up with a manufacturing facility and R&D centre and there are plans to grow this over the next few years. In India, we will be optimising the facilities that are available with Ashok Leyland.

"But I'm sure very soon we will require an independent facility as well. And that is something that is being looked at by the management team," Ashok Leyland Executive Chairman Dheeraj Hinduja told PTI in an interaction.

Asked if the company has set some timeframe for the new plant, he noted that a lot will depend on the volume growth of electric vehicles.

"We are looking at all the opportunities and options available, so that capacity never becomes an issue if the market requires more products. So, I wouldn't put a date to it right now. But we are keeping all our alternatives and options open," Hinduja stated.

He noted that at the moment, the company feels quite comfortable regarding the production capacity for the next two years.

"We feel quite comfortable that for the immediate, let's say, 24 months or so. Ashok Leyland would be able to provide the electric products that are needed for Switch," Hinduja noted.

On the company's EV product plans, he said Dost and Bada Dost models would be utilised to cater to the domestic and the SAARC markets.

"We are also looking at the production of a brand-new LCV (light commercial vehicle) range from the perspective of Switch which will be for the European UK and the US markets," Hinduja said.

He noted that the company has electrified Dost and Bada Dost and prototypes are currently running.

"We are looking at Q4 of 2022 to be able to start production of our electric LCV from Switch's perspective," Hinduja stated

Ashok Leyland is investing around Rs 500-700 crore for products for the domestic market, while Switch plans to spend close to USD 200 million in the next two- three years for the development of their new products, he added.

"It encompasses the electric buses and the electric LCV programme as well. But like I said, this is an ongoing program. Our immediate requirement would be around USD 200 million, but to complete all these programs, of course, over the course of time, more and more funds will be devoted to it," Hinduja said.

He noted that over the next decade, alternative powertrains comprising battery electric and fuel cell electric will emerge, and Ashok Leyland has dedicated teams focusing on the development of these segments.

"In the next 3-4 years, we expect to spend around Rs 500 crore in the development of these technologies. Our ambition is to steadily move towards being carbon neutral, across all stages, while being customer centric," Hinduja said.

He further said: "When we talk about alternative fuels, CNG, LNG, hydrogen, electric, we are working on ensuring that we can cater to all the requirements of the market."

The company's vision is to be a top-10 global commercial vehicles player creating reliable and differentiated products and solutions, while delivering outstanding stakeholder value, he added.