

EVs: Auto parts makers may invest ₹25K cr in 3-4 years

FE BUREAU

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AUTO COMPONENT MAKERS are likely to make investments worth ₹25,000 crore in the next 3-4 years to make parts for the electric vehicle (EV) industry.

This capital expenditure will be used for capacity building, technology and product enhancements, research and rating agency Icra said on Tuesday, adding that about 45-50% of this would be towards battery cells.

“The PLI (production-linked Incentive) scheme, the recent e-vehicle policy and state incentives would also contribute to accelerating capex. The larger projects (especially for bat-

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■ Capex to be used for capacity building, technology and product enhancements, says Icra

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■ Icra expects EVs to account for around **25%** of domestic two-wheeler sales, **15%** of PV sales by 2030



tery cell localisation) are expected to be funded partly by debt initially,” Shamsher Dewan, senior vice-president and group head – corporate ratings, Icra, said.

At present, only around 30-40% of the EV supply chain is localised. Battery cells largely remain imported.

Typically, battery packs are the single-most expensive item in an EV, making up around 40% of the cost of the vehicle.

Chassis components that require minimal technology upgrade are manufactured locally. There has been substantial localisation in traction

motors, control units, and battery management systems over the years.

“To achieve mass-scale penetration of EVs and a competitive cost structure, India will need to create its own ecosystem for developing battery cells locally. In Icra’s view, the demand for EV battery in India (for domestic sales alone) is expected to reach ~15 GWh by 2025 and ~60 GWh by 2030,” Dewan said.

Tata Sons and Suzuki are setting up EV battery cell plants in Gujarat. Exide Industries will also set up a plant in Karnataka, while JSW Group has chosen Odisha.

Icra expects EVs to account for around 25% of domestic two-wheeler sales and 15% of passenger vehicle sales by 2030.

