



Financial wrap-around for electric vehicles

In a joint conversation Sumeru Shah, Head of EV 2-wheeler & Sivaprasad Patnaikuni - Head, of EV 3-wheeler at Ecofy reveal the business scenario, tie-ups, and future opportunities for EV finance business:

Ravi Lalwani: In which cities have your organization witnessed the rise in demand for EV finance?

Sumeru: Ecofy's distribution strategy is in sync with the rising consumer demand for EVs, especially in Bangalore and Delhi NCR. The popularity of EVs across various cities in India has resulted in a surge in EV finance. Bangalore has emerged as the primary market with the highest number of EV consumers, followed by Delhi. As EVs are relatively expensive compared to traditional ICE (internal combustion engine) vehicles, financing plays a pivotal role in purchasing decisions.

What is the size of your business for 2-wheelers, passenger cars, and commercial vehicles?

Sumeru: Within just 4 months of launching our full operations in January 2023, we've financed over 1200 vehicles.

Sivaprasad: Ecofy has recently entered the 3-wheeler EV business in April 2023, which is been operational in the last one month.

Which are the popular EV products and brands in the country from where you receive most of your business?

Sumeru: At Ecofy, we collaborate with individuals and businesses who share our vision of reducing the overall carbon footprint and restoring balance in the world. As part of this effort and since our launch, we've partnered with several OEMs, including Ola Electric, Vida by Hero MotoCorp, Revolt Motors, Tork Motors, Piaggio Vehicles, Altigreen, Omega, and Euler, among others. Our business mixes across these OEMs is in line with their respective market share.

How are your interest rates for the EVs (2wheels, passenger cars, and commercial vehicles) compared to the fuel vehicle rates?

Sumeru: The Indian government is actively promoting the adoption of EVs and offers various incentives to both



Sivaprasad Patnaikuni

manufacturers and buyers. These incentives include tax rebates on the interest paid for electric vehicle batteries, making EV financing desirable.

As a niche lender and green NBFC serving the electric vehicle industry, we have developed systems and technology to gain a comprehensive understanding of EVs in terms of the health of the battery and the overall performance of the vehicle. This expertise offers better pricing and even lower interest rates for EVs compared to traditional ICE vehicles.

Ecofy provides a sustainability-focused EV financing product that goes beyond just purchasing an electric vehicle. Our holistic approach is centred around extending the vehicle's lifespan and ensuring the asset's second life through bundled offerings of warranties and buybacks all of which contribute to promoting sustainability.

Ecofy provides customers with a hassle-free transaction experience by offering convenient services at the point of sale. This includes a seamless digital booking and completion process of the entire transaction.

An essential aspect of our services is the white-label solution provided by our acquired business/subsidiary, Autovert Technologies, which is available to major players in the industry. This solution offers a discovery-to-delivery experience, ensuring that consumers make informed decisions at the time of purchase. Additionally, EVs have lower operational costs due to lower



Sumeru Shah

maintenance and fuel costs compared to ICE vehicles. This translates into lower overall ownership costs over 5 years or more.

What opportunities do you see in lending for EV dealerships and EV charging stations? If you have already started this business, please share details.

As the EV ecosystem grows, it presents various opportunities for lending. For instance, lending for setting up charging stations has already begun, although the viability of income from these stations will determine the lending. On the other hand, EV dealership funding has not gained momentum since there's currently more demand than supply, and dealers don't need to stock up on vehicles.

What major trends do you foresee in the EV funding business?

Sumeru: The 2-wheeler EV market is undergoing a phase of segmentation. This means that specialized EV manufacturers are emerging, including bike manufacturers, commercial usage manufacturers, and high-end and low-end scooter manufacturers.

Sivaprasad: In the 3-wheeler EV market, there's a trend towards using these vehicles for passenger and cargo transportation. As for financing, there's an increasing trend of leasing options for B2B transactions, while for B2C, financing is being done through structured deals such as bullet or balloon payments.

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