

DIMO and Tata: Influencing the Future of Sri Lanka's Mobility Sector

As Sri Lanka's vehicle import restrictions ease after more than five years, DIMO and Tata Motors are among the first to introduce the latest passenger vehicles, offering a portfolio of internal combustion and electric vehicles soon after the market reopened. In this interview, Rajeev Pandithage, Executive Director at DIMO and Head of the Group's Mobility Cluster, and Yash Khandelwal, Head of International Business at Tata Passenger Electric Mobility Limited, discuss the market's evolving dynamics, long-term potential for electrification, and how customer expectations—from resale value to charging infrastructure—are shaping the future of mobility in Sri Lanka.

How do you assess the current automobile market in Sri Lanka?

Pandithage: The Sri Lankan market is unique, with a high tax regime that has been in place for decades. It was also closed for almost five and a half years. At present, customers are primarily looking for vehicles. However, the market consists

of both discerning and knowledgeable customers.

Although the market reopened only two months ago, people seek value. Recently, there has been a focus on electric mobility, and the benefits of owning an electric vehicle remain in customers' minds. However, at this moment, they prioritize reliability, safety, the cost of running a car, and most importantly, resale value—something the Sri Lankan market has always emphasized. Customers are concerned about which vehicles will retain value after four to five years. This is the current trend in the market. However, it will take about six to twelve months for the market to settle, and we will have a clearer idea of its direction.

How do you compare the Sri Lankan market with regional peers?

Khandelwal: Looking at the Sri Lankan market, it's essential to step back and recognize that COVID-19 posed global chal-

Rajeev Pandithage and Yash Khandelwal share insights into the factors shaping the future of the automotive industry

lenges, particularly in supply chain disruptions and vehicle sales, severely impacting the automotive industry. We've seen recovery from COVID, but the pace has varied by market. Sri Lanka, in particular, experienced an extended closure period and is only now reopening after five years. This presents a tremendous opportunity compared to other markets, primarily due to pent-up demand. Customers are eager to access the new vehicles and technologies being introduced. Of course, there will be macroeconomic challenges, but with the competitive involvement of major OEMs, the next few months should be exciting. We're also seeing brand loyalties reemerge as certain OEMs prevalent in the market six years ago regain their presence. Given all these factors, this market has significant opportunities compared to others we've observed.

One key trend that has emerged post-COVID is electric mobility. In some markets, we've seen strong growth in this area, driven by government support and increased consumer awareness, leading to good penetration and development,

particularly in neighbouring South Asian markets.

Sri Lanka also presents a tremendous opportunity in this regard. There has been a focus on electric mobility, where we will see new dynamics unfold with much better customer offerings.

Initially, there was some support for electric and hybrid vehicles through duty concessions. Where are we on this today?

Pandithage: The government's primary concern at the moment is revenue generation. For every dollar that leaves the country, they aim to earn the highest possible revenue. As a result, taxes have been aligned with those for internal combustion engine (ICE) vehicles. The rationale behind this is revenue. However, since EVs are more expensive due to advanced technology and batteries, the final price to the customer is higher. That said, EVs have performed well in South Asian markets like Nepal. The cost of running an EV is significantly lower, so customers can recoup their investment over time. At DIMO, we are agents for Siemens and Tata Power and are prepared to offer solar solutions for organizations or individuals. We plan to provide a complete package for customers purchasing vehicles from DIMO.

You've launched a new range of vehicles as the Sri Lankan market reopens. What are the key innovations, and how do they reflect changing customer needs?

Khandelwal: Sri Lanka is a vital market for us, and we're among the first brands to have a significant launch here. Tata Motors is bringing a unique lineup to the market, offering internal combustion and electric vehicles (EVs). We focus on three primary parameters: styling (or design), fea-



Yash Khandelwal
Head of International Business at
Tata Passenger Electric Mobility Limited



tures, and safety. These are key to what we're offering to customers.

We start with the Tiago.ev, an affordable yet premium, feature-rich EV. Our goal with the Tiago is to introduce customers to the benefits of EVs and play a significant role in shaping the automotive industry in Sri Lanka. Next, we have the Punch, a compact yet sturdy SUV with high ground clearance and a unique design. It offers a robust driving experience and has performed exceptionally well, even emerging as the top-selling model in the country last year.

Then there's the Nexon, a timeless and iconic nameplate that blends design, features, and safety. It has performed well in international markets and offers excellent value to discerning customers in Sri Lanka. Finally, the Curvv, is a feature-loaded, premium SUV coupe at the top of our range. It's the first in its segment, offering spacious interiors, ample boot space, a premium design, and advanced features like ADAS capabilities.

With this lineup, our goal is to cater to the diverse tastes of all customers in the Sri Lankan market.

Sri Lankan consumers have a strong preference for Japanese vehicles. How do you plan to work together to capture more market share?

Pandithage: The design of the new Tata range is phenomenal—it's aesthetically beautiful. The global NCAP rating, a world-renowned safety standard, also awarded them a five-star rating. So, Sri Lankan consumers are getting the best comparable to European vehicles. The design ethos of other Tata brands has been integrated into these vehicles, ensuring they offer excellent features, safety, and comfort. At DIMO, when we introduce a vehicle to the market, we aim to provide the best for the Sri Lankan consumer. We

are a Sri Lankan company committed to serving our local customers. Tata Motors has been DIMO's oldest partner for over 65 years, and we are very optimistic about the potential of these outstanding products in the market. We are also renowned for our after-sales service. Unlike our competitors, we own and operate our service stations and parts distribution centres. Our trained staff, trained explicitly by Tata, are fully equipped to service our customers. We do not outsource our after-sales service to third parties. By controlling the entire ecosystem that our customers interact with, we ensure that we deliver the best service, on par with or even better than

Rajeev Pandithage
Executive Director at DIMO and Head of the Group's Mobility Cluster

any other brand in the country, whether European or Japanese.

With your new range offering petrol and electric options, where do you see each of these powertrains heading? Can the market rely solely on EVs, or should customers continue to have multiple options?

Khandelwal: From a short to mid-term per-

spective, I see a lot of value in offering a multi-powertrain solution to customers. Let me explain why. Electric mobility has a particular use case, particularly appealing to customers who own homes and can charge their vehicles there. It's ideal for those whose daily commute is limited to a certain distance, allowing them to charge the car at home. This is the case until the charging infrastructure expands and reaches a tipping point, enabling a larger EV market to thrive. Until that happens, internal combustion engines (ICE) will remain a strong choice for customers who don't fit the EV use case. That's why a multi-powertrain system will be essential as the ecosystem evolves. That said, many players in Sri Lanka are increasingly interested in expanding the charging infrastructure and opening up additional revenue opportunities. So, down the line, the demand for both powertrains will likely converge, but it will take time. ICE and EV vehicles require a robust after-sales network to support customers fully. We are proud to have DIMO in Sri Lanka, which provides superior after-sales service to our customers. With the Tata range offering both EV and ICE options, backed by DIMO's exceptional customer experience, we are well-positioned to cater to both types of customers.

And regarding the region, the trends are more towards ICE or electric. How would you rate that?

Khandelwal: It depends on the market. A key factor is the government's policy. In markets where we've seen significant EV penetration, such as Nepal, strong policies and tax structures that favour electric mobility have played a major role. This has led to substantial growth in the EV market, and as a result, the ecosystem evolves more rapidly. Nepal has taken the lead in EV penetration within the

South Asian region. Other markets seeing growth include India, Bhutan, and Sri Lanka, especially if taxation parity exists. If strong players continue to develop the infrastructure and the economics of owning an EV improve, we can expect significant EV penetration in Sri Lanka.

DIMO has an over 85-year legacy. How do you see readiness in terms of vehicle electrification? What more needs to be done?

Pandithage: As a country, we must improve the stability of our electricity infrastructure. We recently experienced challenges with electricity, which highlighted some of these issues. However, at DIMO, we're committed to supporting our clients. All our service locations, Jaffna to Anuradhapura, Trincomalee, Kurunegala, Batticaloa, Galle, Matara, Tissa, and Colombo, will have charging stations to assist EV customers. Additionally, there are over 400 independent charging locations across the country. DIMO is ready for the electrification of vehicles. We saw a similar shift when hybrid vehicles were introduced seven years ago; today, nearly every vehicle is a hybrid. It will take some time—perhaps one to two years—to see widespread adoption. We also hope that policies remain stable so we can plan effectively. I don't know why customers should worry when investing in a Tata vehicle. We are here to support them, and with a great Tata product range and an 8-year battery warranty, there's no need for concern.

What is your vision for the automobile sector in Sri Lanka?

Pandithage: We don't have to look far to see where the future is headed. India, for example, has set a great example in the region. ICE engines have transitioned to hybrid, and electrification is now here.

In Sri Lanka, the volatility we face is

primarily due to policymaking. Our request has always been for a stable policy over a more extended period and a level playing field where the entire industry is supported. Sri Lanka is one of the few countries allowing two- or three-year-old vehicles to enter the market, which countries like India don't allow. With the growth of our infrastructure, especially as we move towards more sustainable energy sources, the future of electrification looks very positive. The thrill of driving an electric vehicle is something that, once experienced, makes it hard to go back to an ICE engine. The economies of owning an EV are also appealing. For instance, the Curvv model can drive over 400 kilometres on a single charge, so you could travel to Jaffna and quickly charge at the station there. Sri Lanka is a small country, so EVs make sense. EVs are a practical choice even when travelling to Kandy or other upcountry areas. The future will be EVs. However, the infrastructure needs to improve, which is happening rapidly in Sri Lanka. I'm confident that consumers will fully embrace electric vehicles within the next two to three years.

Khandelwal: Sri Lanka is a vital market for us, and being the first OEM to launch a passenger car range after the reopening of vehicle imports is a testament to our commitment to staying and growing in this market. We are here to enrich the experience of all our Sri Lankan customers through our products. Our lineup is the most comprehensive, featuring both internal combustion and EV vehicles, allowing customers to choose the powertrain that best suits their needs. We also want to encourage them to explore electric vehicles as the future of mobility. This is a long-term partnership with DIMO, and together, we are committed to providing a strong and lasting experience for all our customers in Sri Lanka. ●