



## Electrovaya Hopes Battery Deal With Chrysler Will Open Doors

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Canadian lithium-ion battery maker Electrovaya Inc. (EFLVF, EFL.T) is looking at a charged-up future thanks to a recent contract from Chrysler Group LLC.

Founder and Chief Executive Sankar Das Gupta told Dow Jones Newswires this week that when Chrysler picked the Toronto company last month to supply batteries for its Ram plug-in hybrid electric vehicles, small Electrovaya found itself at the forefront of companies trying to electrify the automotive industry.

"It was a surprise," Gupta said. "To become a tier-one producer, it's a great place to start."

The market reacted with a similar level of excitement, sending Toronto-listed shares of the company sharply higher over the following two weeks to \$3.75, their highest level since 2001, although they have since retreated to \$2.84.

Gupta said the company is deciding where to build a U.S. plant, although he declined to be more specific on possible locations.

Gupta, a "pure science man" as he describes himself, explained Electrovaya's production as a way of producing the batteries in a cleaner, smaller and more efficient way, a tactic he hopes auto makers will decide is another bonus to working with Electrovaya. He said Electrovaya's capital costs for producing batteries may be up to 80% lower than competitors. Because their process does away with some of the harmful industrial processes, it can be considered "greener," or environmentally friendly, he says.

"If you are going to build a green car...we use probably the only non-toxic manufacturing process," Gupta said.

In order to build connections in the automotive industry, Electrovaya recently added former Chrysler CEO Thomas LaSorda to its board. The LaSorda news came two days before the announcement of the Chrysler contract, but Gupta says that was just a coincidence. He said LaSorda wouldn't have known about the discussions with the auto maker.

But it doesn't hurt to have the well-connected LaSorda on board, especially as the automotive market moves toward more electric vehicles. The contract with Chrysler is funded with the Obama administration's clean energy technology budget, and there is a push for the number of electric vehicles to increase in order to meet the government's strict emission standards of an average 35.5 miles per gallon by 2016.

Barclays analyst Vishal Shah has said the market for lithium-ion batteries will increase from \$1 billion currently to \$13 billion by 2015 and to \$56 billion by 2020.

Gupta said younger car buyers appear ready to adopt electric cars despite the price because they see the environment as a higher priority.

"They will buy [an electric car], even if it's a bit more expensive. They will buy it because they see it as an important priority," Gupta said. "If you holistically price it in, it's pretty good for society."

The world's dependence on oil isn't just expensive, but wasteful, he added. However, how much demand there is for electric cars comes down to the price at the gas pump.

Now that lithium-ion batteries have begun to show what they can handle, Gupta says Electovaya hopes to continue building on the technology, eventually spreading from transportation to helping solve the energy storage problems being encountered by new-wave energy creations.

"I tell people our technology is a platform technology," Gupta said. "It's not a static thing."

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