

VE Commercial Vehicles to Invest ₹1,000 cr in 3 Yrs



**Vinod Aggarwal, CEO,
VE Commercial Vehicles**

How has the commercial vehicles (CV) industry grown so far this fiscal? Will the ongoing slowdown impact sales in FY12?

For the first eight months of this year, the CV segment has posted a stupendous growth of 11% despite rising interest rates, fuel prices and inflationary pressures. However, the bus segment is experiencing decline as sales has dropped for 52-seater and smaller ones. Even though there are short-term concerns, I think Indian economy has inherent strengths due to strong domestic consumption. So, the CV industry will continue to grow.

Your JV with Volvo is now more than three years. How has been the journey?

The JV has led to all-round progress—the turnover of various projects doubled in last three years, and our market share increased in all the product segments. Besides, margins too doubled; our operating margins were 9.7% in first six months of this year. We also started projects for new product lines. The state-of-the-art greenfield engine plant is on stream, and will commence commercial production in early 2013.

Any plans to tap the sub-five tonnes CV market?

We have no plans as of now. Our focus is on realising full potential in heavy trucks, where we enjoy a 3% market share. We plan to increase our penetration gradually with new products in heavy truck segments. We sell around 650 to

700 heavy trucks every month, and aim to reach 1,000 units per month soon.

What's the state of your in-house bus body building manufacturing unit?

We are envisaging setting up bus body facility at Pitampur plant in Madhya Pradesh. We plan to develop products across all bus segments—right from light to medium to heavy buses. We also plan to launch the modern low-floor and ultra-low floor buses to cater to rising urban demand.

What about your Rayat Bahra VECV Automobile Technology Centre...

The state-of-the-art automobile lab at the Mohali campus of Rayat Bahra Education Group has been established as part of the industry-academia model to make students industry ready after the completion of the course.

How much do you plan to invest for capacity expansion and production ramp-up of CVs?

We intend to invest around ₹1,000 crore across different divisions of VECV over the next three years.

While our annual CV capacity is 4,000 units/month, it exceeded by 500 units in March this year. We plan to ramp up this capacity to 5,000 per month by December.