

Volvo, Eicher set to unleash 'huge wave' in trucks

New range of fuel-efficient vehicles will roll out from 2013 to 2015

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Last week Volvo and Eicher Motors completed four years of their joint venture, VE Commercial Vehicles.

"It has been the most successful joint venture we have ever had in the Volvo Group. We have managed to grow the company and are keen on taking the story forward," Par Ostberg, Volvo's Executive Vice-President, Truck Joint Ventures, told *Business Line*.

Siddhartha Lal, Managing Director & CEO of Eicher Motors, says the alliance has worked well, thanks to an "extreme commonality of purpose in what we are trying to accomplish".

The business model is a long-term view, where the idea is to have a full truck range, become the best in the country and, over time, challenge the big players.

"We have made a conscious effort to build a (business) model which is absolutely different from any truck compa-

ny in India," Lal says. The focus VE Commercial Vehicles has on issues such as quality and the aftermarket is "very significant", and Volvo's expertise in processes has played a big role here.

'BEST OF BOTH WORLDS'

Ostberg chips in to say that four years is a relatively short period to build a base. "We have still managed to do this, thanks to a shared vision. I like the idea of partnerships because it combines the best of both worlds," he says.

According to Lal, the way the partners have gone about building the company is the real success story.

"We believe we should be able to put in ways of working which will put us at least 5-10 years ahead of any other Indian truck company," he says.

These are the values that will become "increasingly important" as trucking become more mature in India.

The next "huge wave" coming in from this JV is vis-



Common purpose: Siddhartha Lal, MD & CEO, Eicher Motors, with Par Ostberg, Volvo's Executive Vice-President, Truck Joint Ventures, in a file picture.

ible technology in terms of new cabins and vehicle platforms, which will start end-2013 and go all the way to 2015.

COMPETITIVE PRICING

Lal says there will be a new range of vehicles which will be priced competitively with top-class fuel efficiency.

With the new range, there will also be synergies with Volvo's global sourcing for certain commodities and aggregates. Engines are already being despatched from India to Volvo's global supply chains, while other backend projects are being examined.

"We see ourselves becoming an integral part of Volvo's

global supply chain," Lal says.

Asia accounts for 25 per cent of Volvo's turnover today and Ostberg believes this component will increase in the coming years.

KEY MARKET

"India is becoming one of our key markets in Asia and this JV is the right way to build our business. India can be a production hub for other markets in the future and critical for sourcing and shared services," he says.

Eicher is considered the fifth brand in the Volvo Trucks stable and the only emerging market brand in the portfolio. Lal says the Swedish truck maker is "very keen" to upgrade it to a premium emerging market brand.

This is where the new projects will create inroads into other developing markets.

"Over time, Africa and Asean as well as the Middle-East will be within our grasp from 2015-2020," he says.