

■ Sales of Volvo branded trucks have grown by 31 percent ■

Vinod Aggarwal, CEO, VECV tells us that the company's investments for the future remain on track.

Interview: Sridhar Chari



After outperforming the market in the recent past, has VECV continued to stay ahead of the curve?

We have been successful in restricting volume slide relative to the rest of the market. VECV has degrown by 11.7 percent during the first 8 months of this calendar year as against a 23.4 percent drop for the entire industry. As such, during January-August 2013 we have been able to boost our market share to 14 percent vis-à-vis about 12 percent last year.

The market as a whole, is of course, hugely down. In August, industry HCV sales dropped to under 10,000 units, when it should have been in the 18,000-20,000 units bracket. Similarly, cumulative sales in August of 5-14 tonne GVW trucks stacked up at just over 5,000 units. About 9,000 units per month may be considered steady-state volumes for this segment.

Rampant discounting would not have helped the market. Your comments?

I do not want to comment on discounting, since I cannot speak for the other players in the market. Suffice to say that discounts are at very high levels. They should come down as the market situation improves.

Do you expect this scenario to continue? Is the crisis encountering the CV industry structural in nature, or more on account of environmental issues?

The downswing that you see in the industry's fortunes is a continuation of what happened during the last 4-5 months of

The FMX has now become the mainstay of the Volvo Truck range in India.



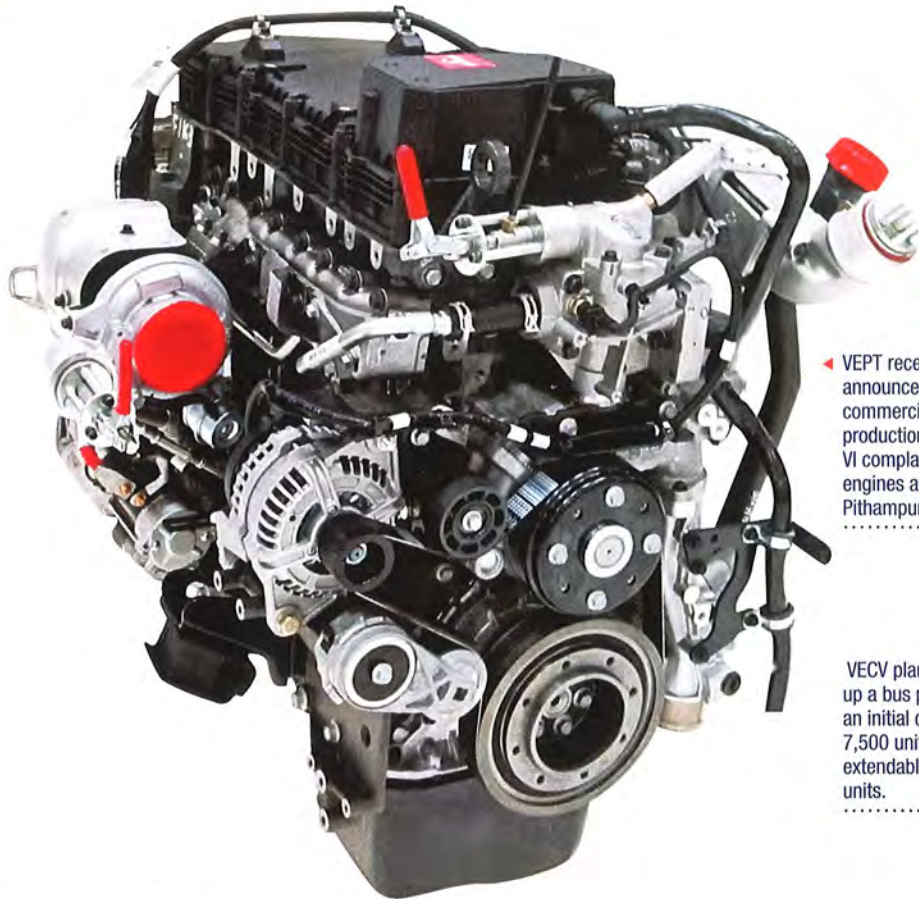
2012. So, we expect things to stabilise if not becoming better by the end of this year. One would not like to see sales of HCVs drop below 9,000 units per month or LMCVs registering numbers under 5,000 units per month.

Sales are falling because of a dip in sentiment. A scenario characterised by idling trucks, falling freight rates and tightening of finance does not

lend itself to healthy demand. The huge current account and fiscal deficit, coupled with falling investments have been the key reasons for the Indian economy's slide. On a positive note, the arrival of the new RBI Governor has helped to shore up the Rupee's value as also the stock markets. I have also come across news that financial institutions may receive subsidies in lending to the housing and auto sectors.

VECV has succeeded in notching up volumes of 50 units with the FM 480 10x4 tipper.





◀ VEPT recently announced the commercial production of Euro VI compliant base engines at its Pithampur plant.

VECV plans to set up a bus plant with an initial capacity of 7,500 units which is extendable to 15,000 units.

branded trucks has been clocked at 414 units – a growth of 31 percent relative to the same period last year. With coal mining activity having been resumed, the FMX range has performed well, as has the FM480 which has clocked volumes of more than 50 units.

Is there scope to introduce on-road Volvo-branded trucks in the near future?

This end of the market is still very small and not growing fast. So, we will not introduce new products here in the immediate future.

How is the plan to introduce the new range of trucks coming along?

We are on track to launch the new range in 2014. As discussed, it will feature a new cabin, driveline and other aggregates. Therefore, the trucks will surely be a step up over our current portfolio. This range is proof of the fact, that we have continued to invest in the future despite tough market conditions.

In the end analysis, I do not think that the truck industry suffers from any long term crisis. It will revive when the economy does. I expect to see heavy mining trucks regain momentum first, followed by those in the haulage space.

Volvo branded trucks performed this year?

During the first eight months of this calendar, sales of Volvo

Speaking of large trucks, how have





You already know about the VEPT engine plant as also the bus plant.

The proposal for the bus plant has become more ambitious than originally envisaged... Do you see potential to augment your current range?

The initial plan was for the bus plant to have an initial capacity of 5,000 units, which was to be eventually ramped up to 10,000 units. Now, we have with minimal incremental investments, become able to raise the numbers to 7,500 and 15,000 units respectively. Yes,

▲ VECV has degrown by 11.7 percent during the first 8 months of this calendar year as against a 23.4 percent drop for the entire industry.

VECV's Pithampur plant has seen a steady increase in its capacity to manufacture CVs over the years. ▼

we see huge potential to supply fully built buses. That said, we will supply chassis, wherever the customer asks for one. We already have products that range from LCV buses to the RESLF city bus. We could consider additions to this range. I am not at liberty to disclose more on this front.

Finally, is there a proposal to have Volvo Financial Services set shop in India? If yes, would that help you to offer solutions such as operational and financial leases?

That is a question for the Volvo Group to answer. I can only say that having a captive finance outfit will be beneficial for VECV. As regards leasing solutions, financial leases are an ongoing affair. The implementation of an operational lease is a more difficult matter. How does one monitor the use of the leased product, and value the product at the end of the lease period is the question. ■ ■ ■

