

Volvo's commercial vehicle arm set to foray into engine designing

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VE Commercial Vehicles, a joint venture between the Volvo Group and Eicher Motors Ltd, plans to expand. The company that sells trucks and buses, is all set to venture into designing and developing engines.

The company will be setting up two green-field projects at Pithampur near Indore, at Rs 590 crore.

While a new engine division will be set up in Pithampur with an investment of Rs 450 crore, the company is also planning to set up a new paint shop with a capital outlay of RS 140 crore.

Vinod Aggarwal, CEO, VECV, said that both the new plants will be built

through internal accruals.

"The engine division will have a capacity to manufacture 85,000 to 1 lakh units per annum, and will be commissioned by year 2013. With the commissioning of this plant, we will not just cater to the domestic market, but also target the European market, through Volvo's distribution network there," he said.

"Last year, we sold over 39,000 commercial vehicles. This year (till June), we have already sold 24,000 units, thus showing a growth of 27 per cent. Though the interest rates on vehicle loans have gone up and diesel prices have gone up, sales have not impacted. This is mainly because of tremendous discipline enforced against overloading of commercial vehicles," he said.