

Eicher in passenger vehicle tie-up with US-based Polaris Ind

Our Bureau

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Eicher Motors will soon join Mahindra & Mahindra in the major league of domestic automakers with a portfolio stretching across the two-wheeler, commercial vehicle and passenger vehicle segments.

The company has signed a joint venture agreement with US-based Polaris Industries to locally develop, manufacture and sell a new range of "personal" vehicles. The partners, both of which have an equal stake in the JV, will invest Rs 250 crore over a three-year period in a greenfield plant.

The definitive agreement was signed between Mr Siddhartha Lal, MD & CEO, Eicher Motors, and Mr Scott W. Wine, CEO, Polaris Industries, on Tuesday. While the location of the new plant is yet to be decided, production is expected to start by 2015. The new vehicles will be sold both in India and other emerging markets.

Mr Siddhartha Lal, Managing Director & CEO, Eicher Motors said: "The joint venture company brings together Eicher's

proven expertise in frugal engineering, lean business model and in-depth understanding of emerging markets with the excellent product development capabilities and world class reliability of Polaris."

The \$1.08-billion (revenues, 2011) Eicher's entry into the passenger vehicle market could pit it against strongly-placed incumbents, such as Maruti Suzuki, Hyundai and Tata Motors.

Industry sources say that the automaker is likely to use vehicle platform and technical expertise from NYSE-listed Polaris - manufacturer of off-road, all-terrain vehicles (ATV) and also two-wheelers. Polaris had entered India with its ATV range about a year back.

At present, Eicher sells commercial vehicles both under the Eicher and Volvo brands (50:50 JV with Sweden's Volvo AB), apart from manufacturing two-wheelers under the Royal Enfield brand. Eicher Motor shares at the BSE were down 0.20 per cent to Rs 1,944.95 on Tuesday.

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