



Eicher Motors Investor's Meet
Nov 30th , 2015 - Chennai

Journey of VECV

Vinod Aggarwal, CEO

 **VE COMMERCIAL VEHICLES** 
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

VOLVO

 **EICHER**

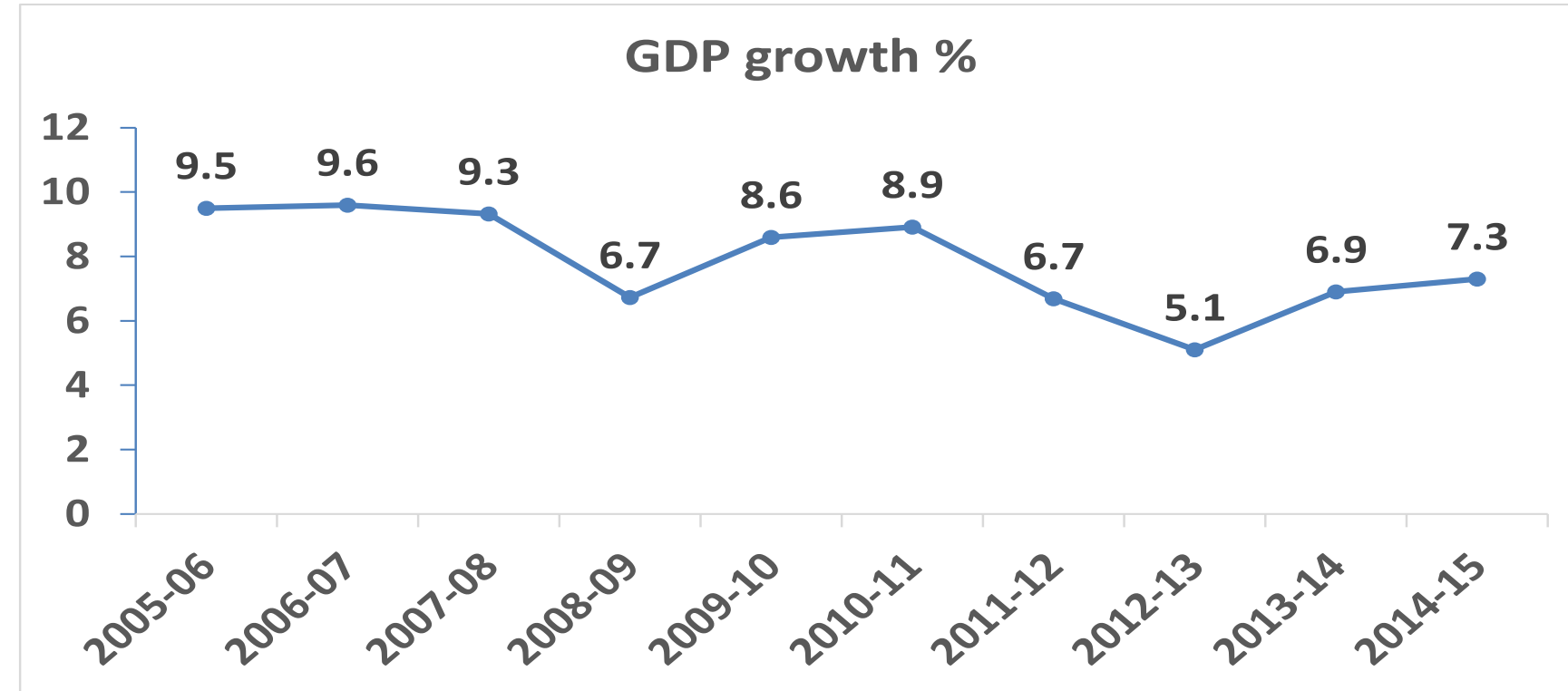
Contents

Business Environment

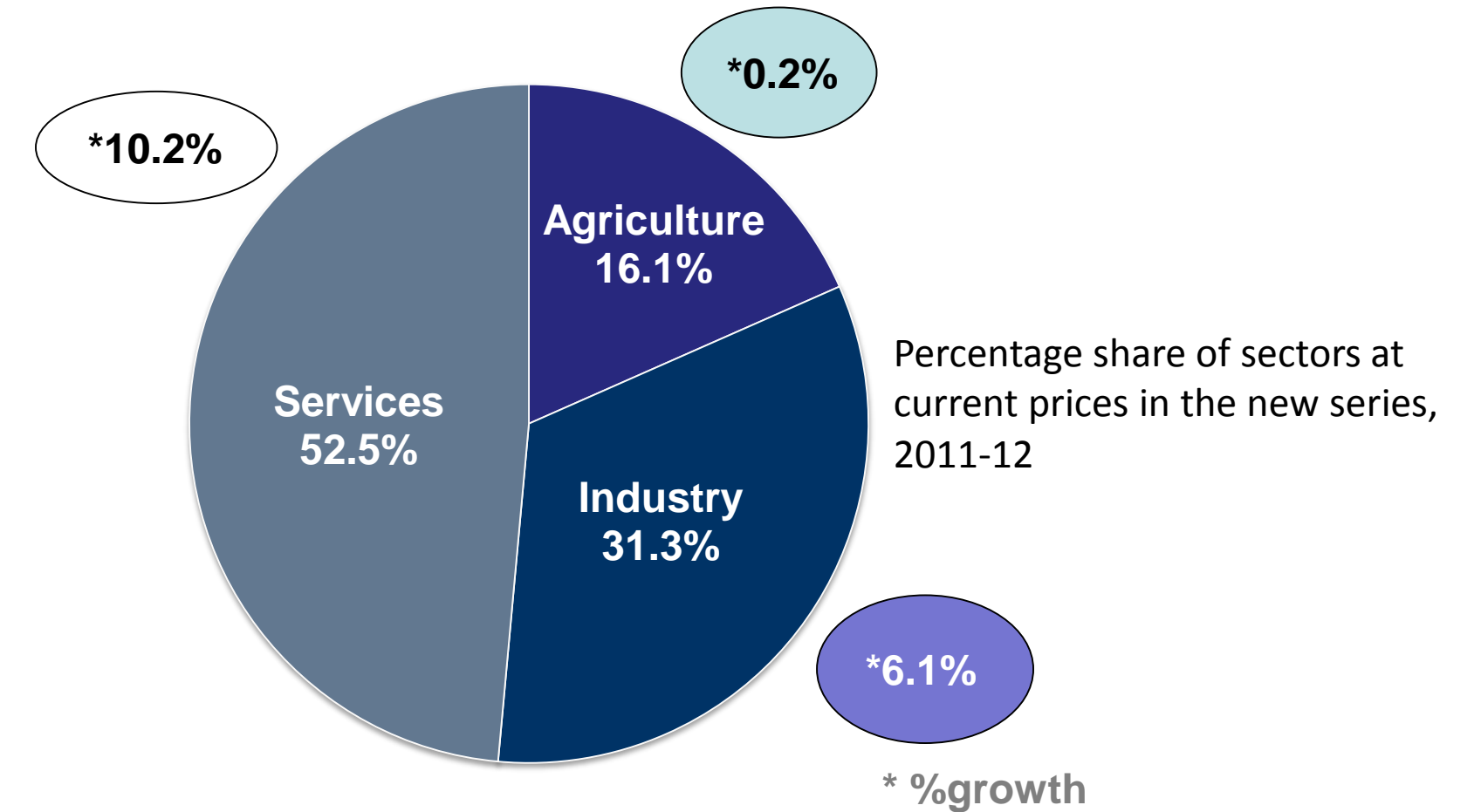
VECV Overview

Strategies and Outlook

Indian Economy



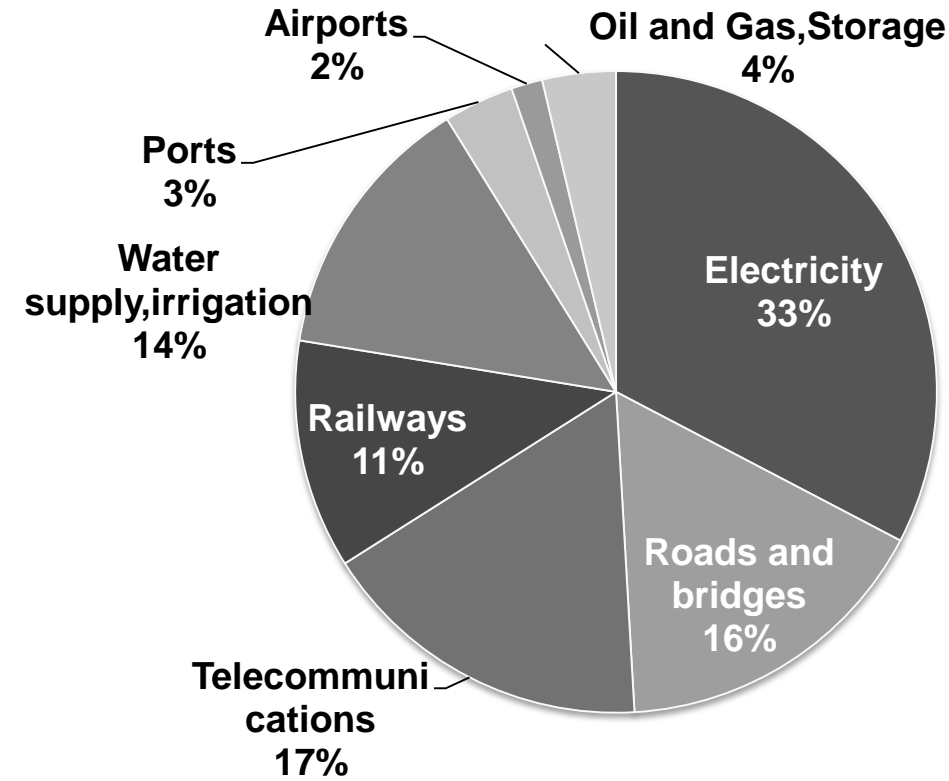
India GDP by sector FY15



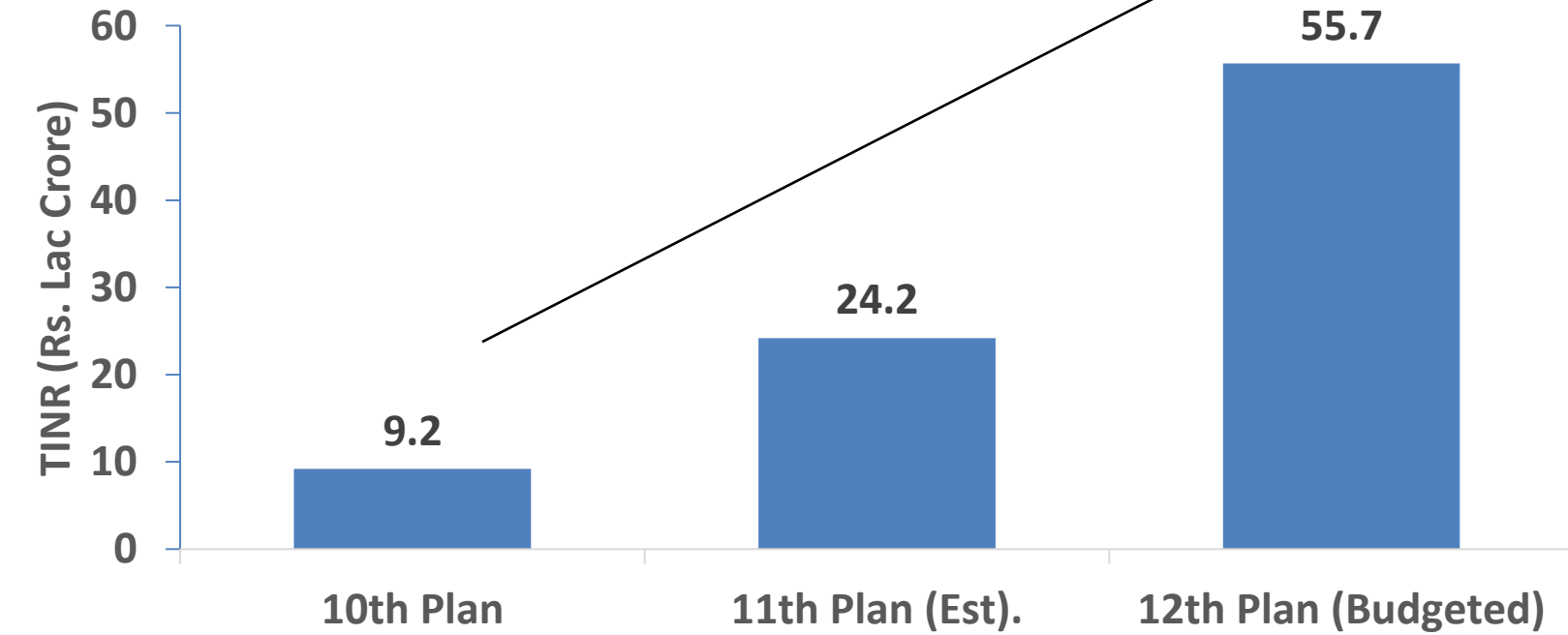
- India Nominal GDP @ ~2 TUSD (2014) is 9th largest.
- India became world's fastest growing major economy from the last quarter of 2014.
- Continued reform, re-starting of stalled projects, favorable monetary policy and consistently low inflation expected to take India's GDP to ~8% growth level in FY17.

India Infrastructure Outlook

12th Plan investments (2012-17)



Infrastructure investments Investment (TINR)



- India's investment in infrastructure is estimated to be more than double in 12th plan (2012–17) compared to the 11th five year plan.
- On ground Implementation of initiatives like smart city program, dedicated freight corridors, 24*7 power availability etc. is expected to give a boost to infra sector.
- Govt. plans to increase production of coal to 1.5 billion tons by 2020 compared to present levels of ~ 600 MT in FY15.

Road Sector

Roads expenditure - Union Budget (Rs. Cr.)	2014-15 Est.	2015-16 Bud.
National Highways	38548	78244
Grants to States for roads	5960	7439
Rural roads including grants to states	14200	14291
Maintenance of National highways	2599	2071
Total	61307	102045

- Ministry of road transport and highway targeting 30 kms of road/day from 2016.
- Thrust on cement roads to improve life of roads.
- Several steps being taken to improve road construction execution such as:
 - NHAI to revive 34 stalled projects worth Rs.35000 crore by compensating developers for delays not attributable to them by pushing forward the toll period for the BOT (Build-Operate-Transfer) projects .
 - Land costs not to be included in cost of road projects thereby improving pace of project clearance. All projects with a civil construction cost of up to Rs.1,000 crore will be cleared by the ministry.

Automotive Mission Plan 2016-26 .. Key takeaways

- AMP 2026 aims to propel the Indian Automotive Industry to be the engine of the “Make in India” program.
- **“Vision 3/12/65”** – By 2026, Indian Automotive industry to be among the **top 3** in the world, and growing in value to over **12% of India’s GDP** (from current ~7%) and more than 40% to manufacturing sector over next ten years and create **additional 65 million jobs**.
- AMP envisages that Automotive industry will grow 3.5 -4 times in value from its current output of ~ Rs.4,64,000 Cr (~70 BUSD) in 2015 to ~ Rs.16,16,000 – 18,88,500 Cr. (250 – 300 BUSD) by 2026.
- Focus on safety, pollution, enhancing mobility, job creation, exports, fair and predictable government policies/ regulations.
- Automobile industry has the potential to scale up exports to 35-40% of its output over next decade.

...VECV Milestones since inception...



May 2008: Signing of definitive agreements
Jul-Aug 2008: Commencement of JV



2009: Inauguration of new gear component plant at Dewas



2009: Launch of CSI-1 quality improvement initiative



2010: Launch of VE-series of Eicher HD trucks



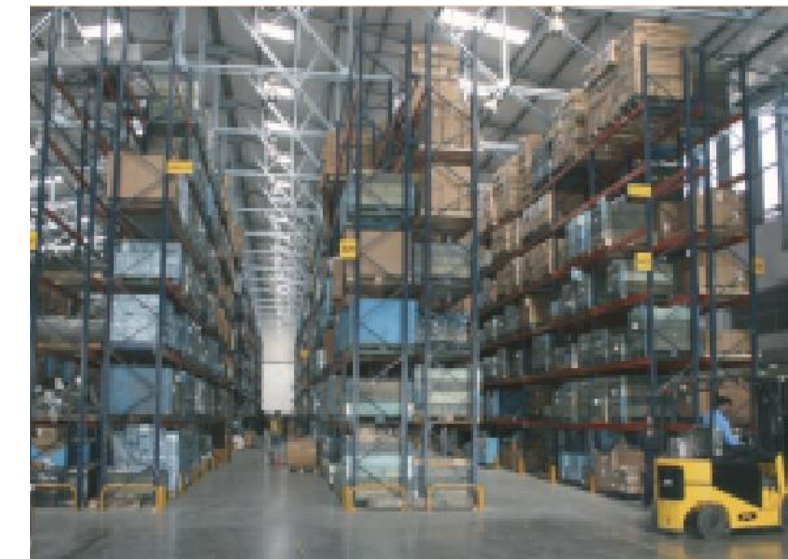
2010: VTI launched FH 520 - the most powerful Volvo truck on Indian road



2011: Reliability Lab Inauguration



2012: CED paint shop inauguration

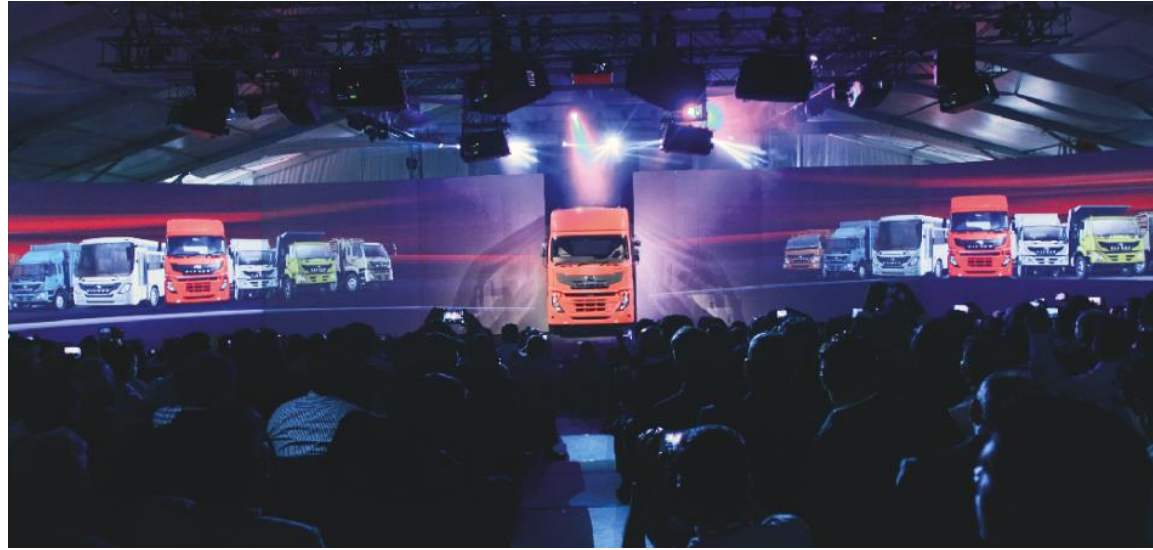


2012: VEPDC inauguration



2013: VEPT Pithampur inauguration

...VECV Milestones since inception...



2013: Pro Series launch



2013: Start of production at Bus body plant at Baggad (MP)



2013: Start of cabin production in body shop



2013: EEC gear plant, Dewas Unit II inauguration



2014: Volvo Trucks launch of new range of products comprising FH, FM and FMX



2014: Inauguration of Eicher retail excellence center (VECV academy)



2015: Inauguration of 'Customer Experience Center' and 'Vehicle display zone'



Strong Corporate Governance

- Institutionalized strong Corporate Governance at VECV
- 2 members from Volvo AB, 2 members from EML, and 2 independent members on VECV Board.
- Strong Professional Management.
- Key Decision Fora driving the cooperation projects between Volvo AB & VECV. Viz Technology committee, Sales and Marketing Committee, Product Committee, Operations Committee.

VECV Board

VECV Board



Siddhartha Lal
Chairman



**Christophe
Martin**



**Lila
Poonawalla**



**Philippe
Divry**



**Raul
Rai**



**Prateek
Jalan**

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VECV - Executive Management Council



Vinod Aggarwal
CEO



Amanpreet S Bhatia
Sr VP HR



Gilles Boutte
Sr VP & CFO



B Srinivas
Sr VP Strategy &
Product Planning



R S Sachdeva
Exec VP
Technology



Rama Rao A S
SVP Sales, Marketing
& Aftermarket,
Volvo Trucks India



Rajesh Mishra
Sr VP Corporate
Process & IT



Aditya Shrivastava
Sr VP Manufacturing
Operations



P Ravishankar
Exec VP
Sales & Marketing



B Anil Baliga
Sr VP Bus Body
& Application
Manufacturing



Ryouji Ono
Head - Quality
Management Office



Hitendra Mishra
VP, EEC



Pankaj Tewari
President EES Inc.



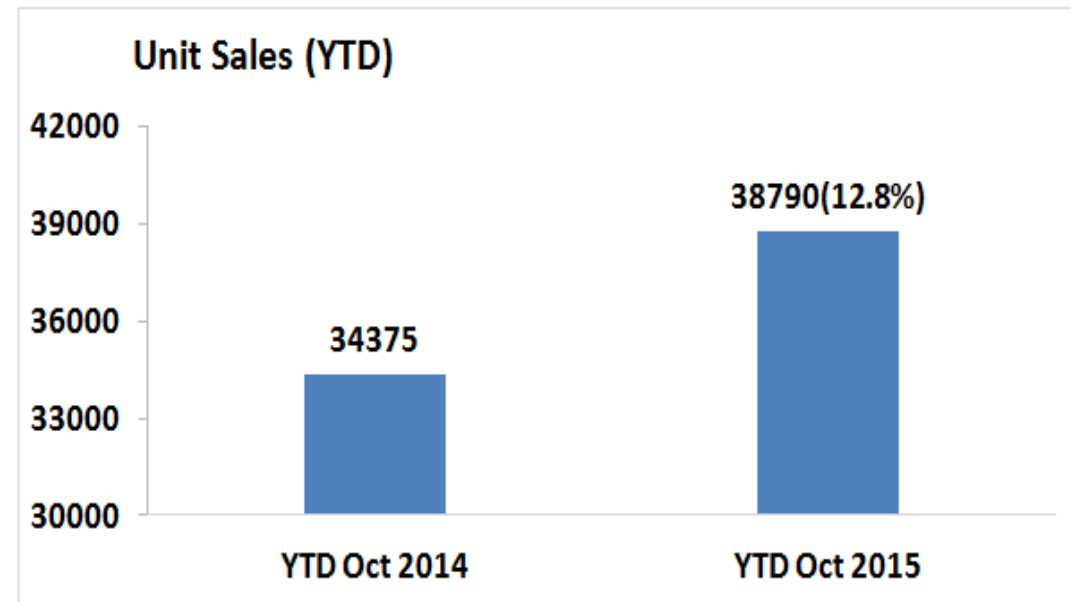
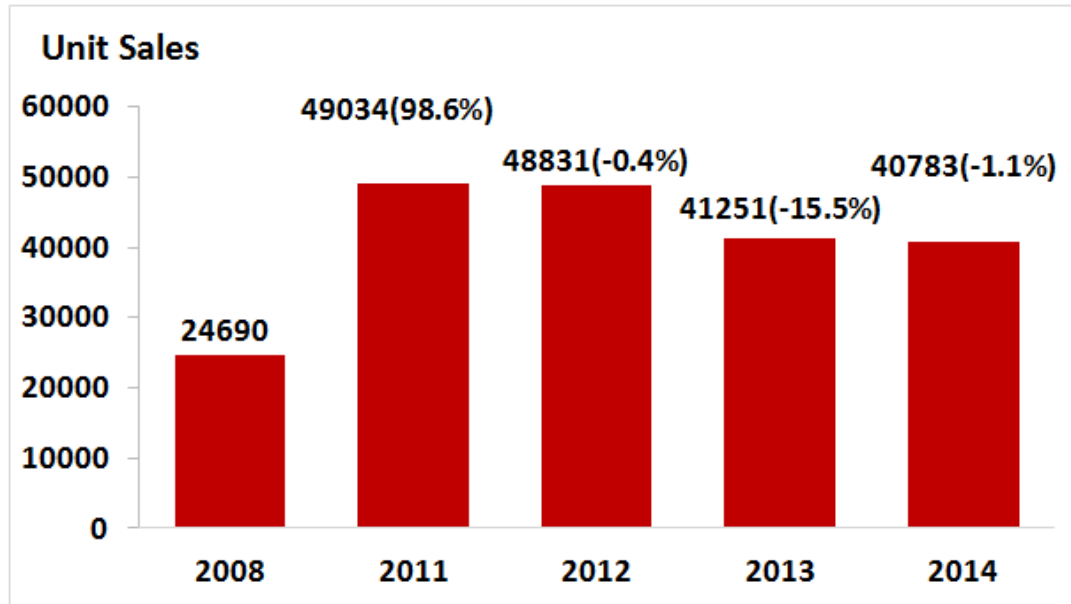
Shyam Maller
Sr VP Sales &
Aftermarket -
LMD & Bus



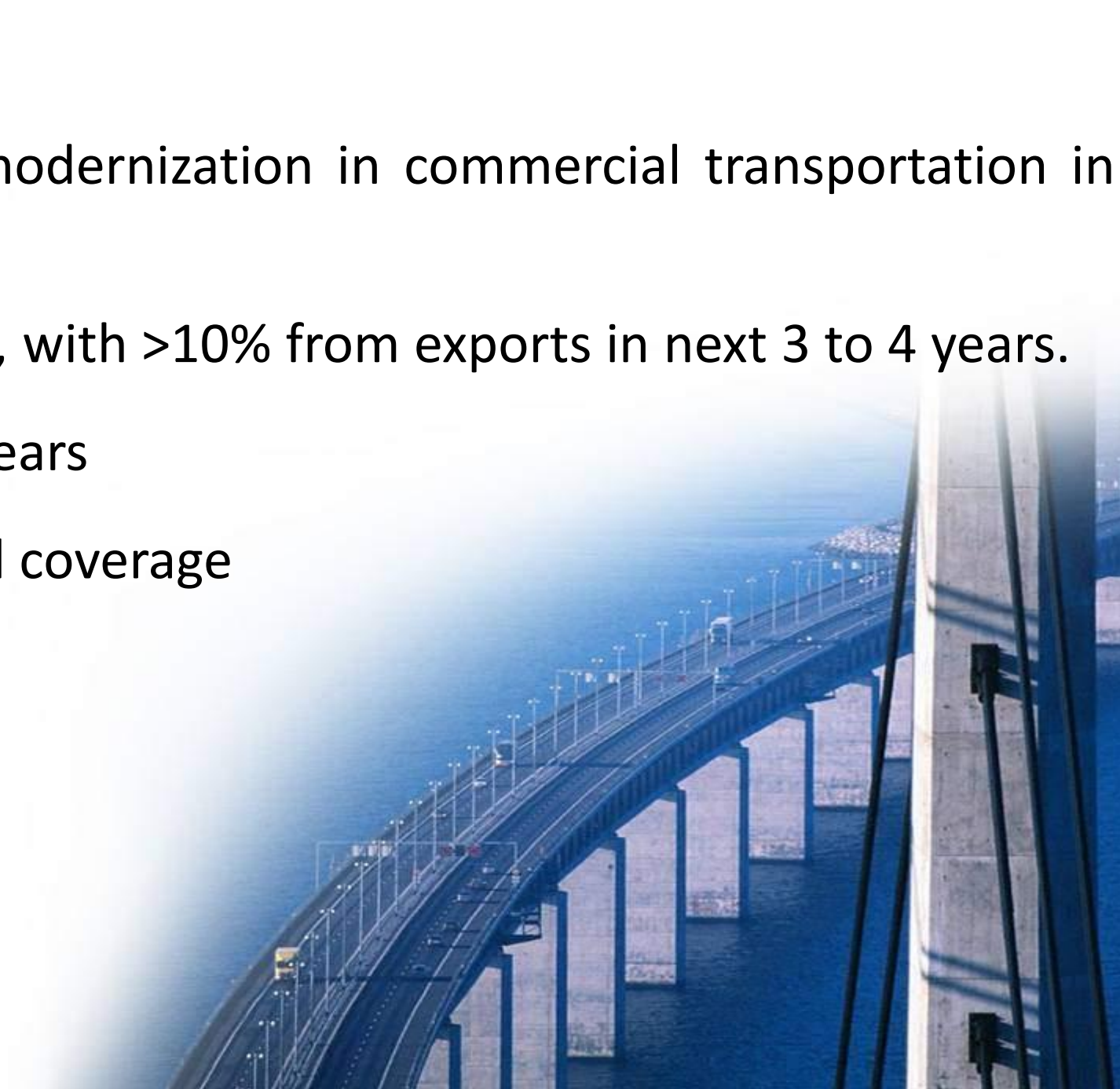
SS Gill
Sr VP Sales &
Aftermarket - HD

VECV Strategic Direction

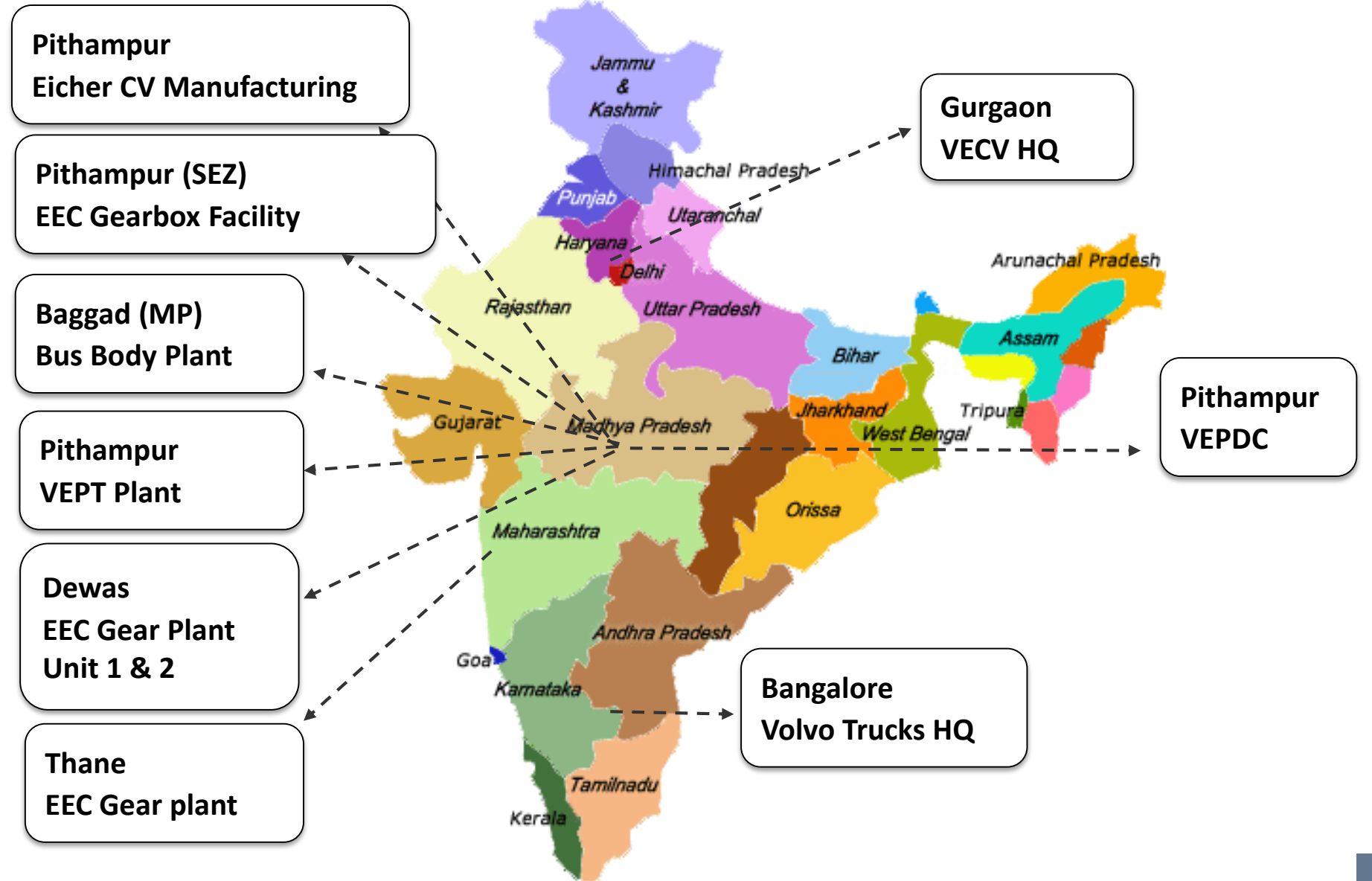
- To be recognized as the industry leader driving modernization in commercial transportation in India and the developing world
- Aspirational target to reach volumes > 100,000 units, with >10% from exports in next 3 to 4 years.
- VEPT Engine volumes > 100000 units in next 3 to 4 years
- Comprehensive network with complete geographical coverage



Figures in brackets in all the graphs above are growth



VECV Establishment



11976* Employees strong....

*Includes outsourced employees

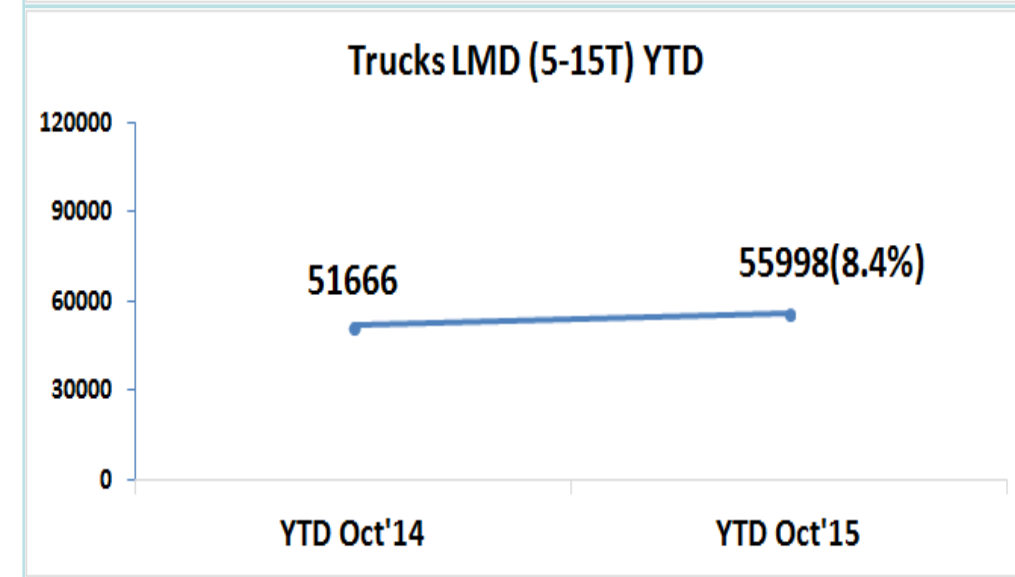
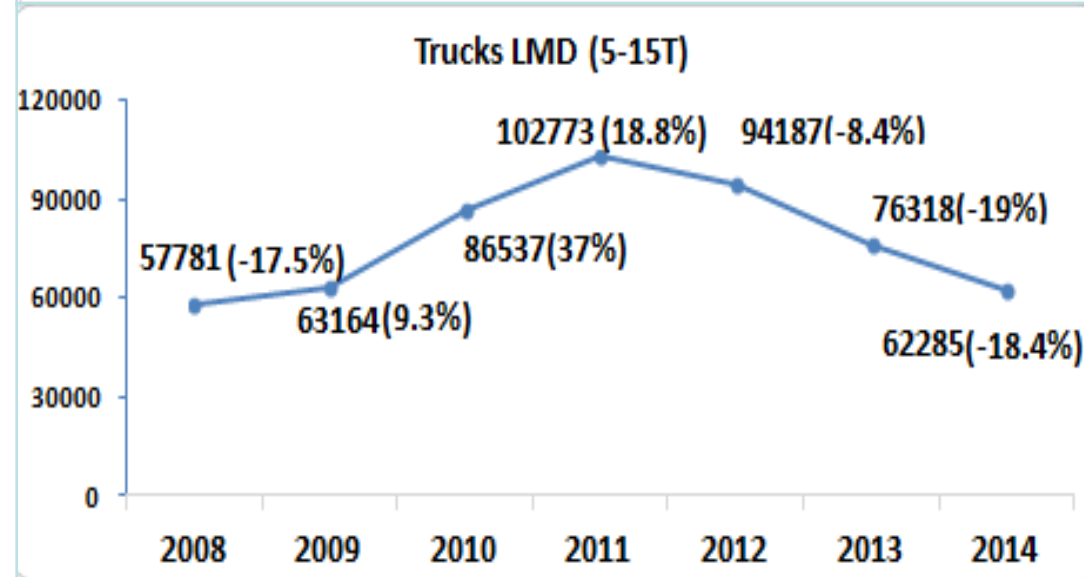
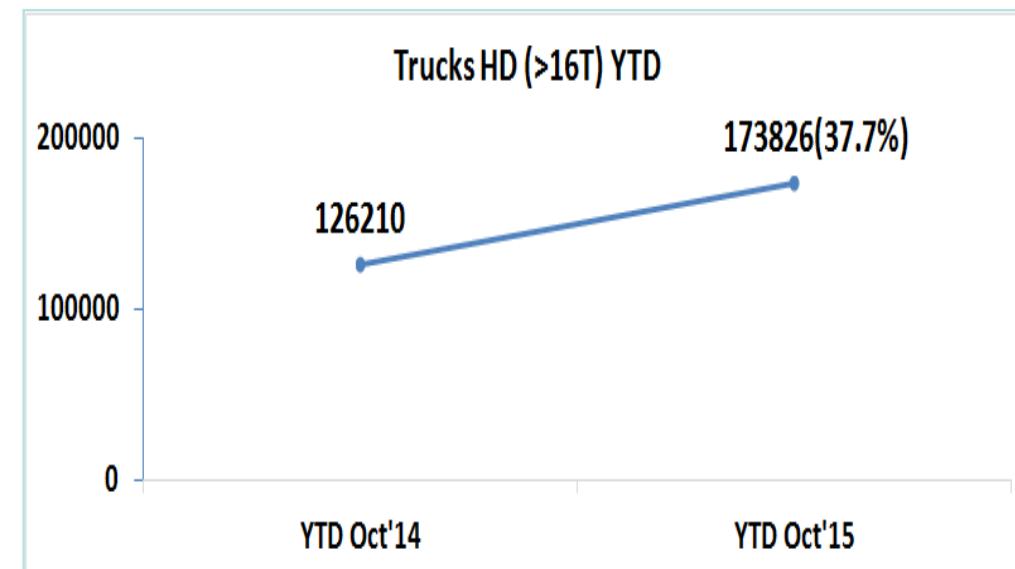
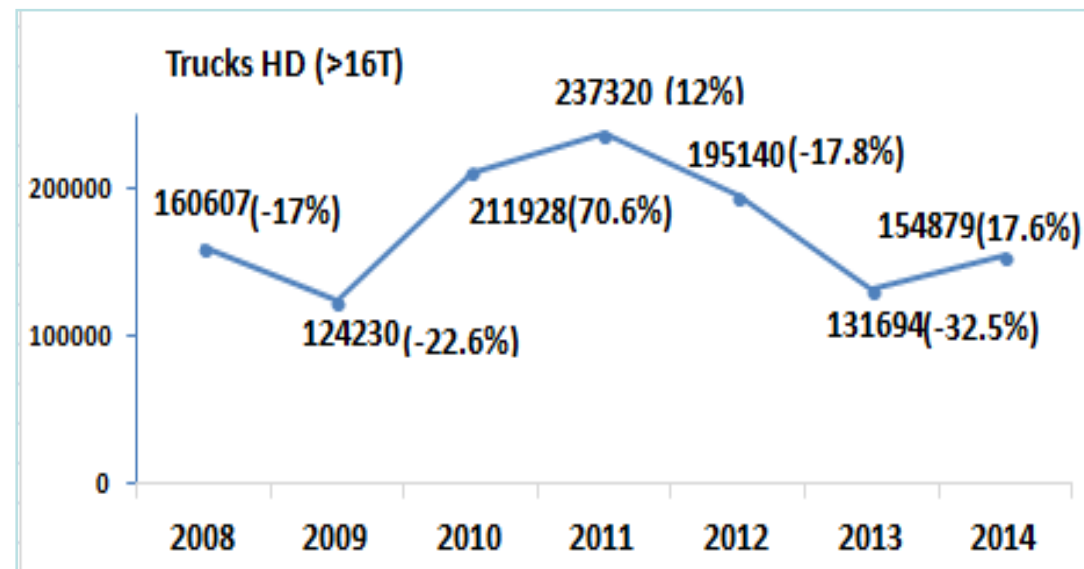
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Strong drivers for CV industry...future growth

- Focus on investment and execution of infrastructure projects.
- Growing domestic economy with untapped rural market
- Implementation of key reforms like GST, land acquisition
- Strict implementation of ban on overloading
- Smart cities and focus on sustainable, efficient urban mobility systems
- NGT ban on diesel vehicles >10 years in Delhi.
- End of Life of vehicles – cash for clunkers scheme for incentivizing replacement of old vehicles
- Labor reforms and improving ease of doing business.

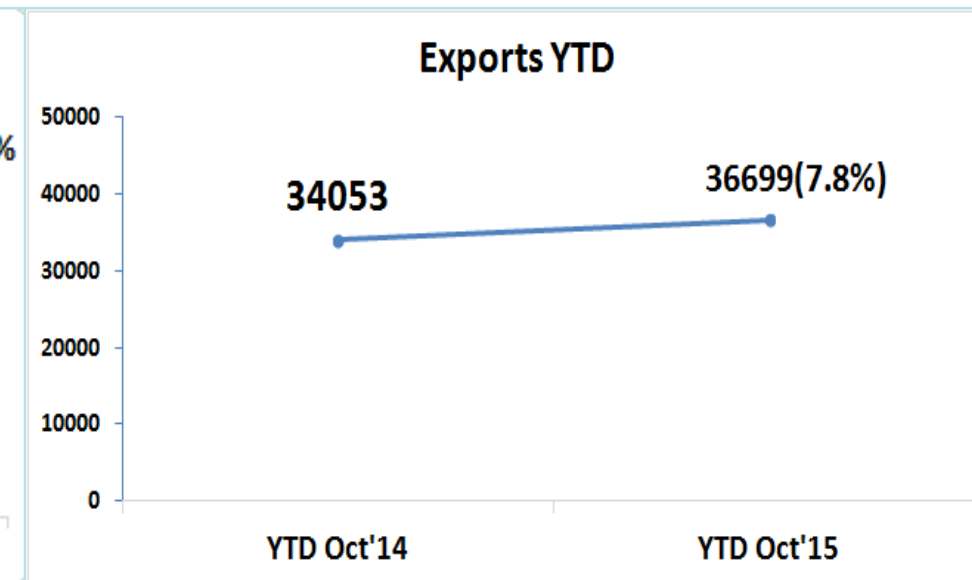
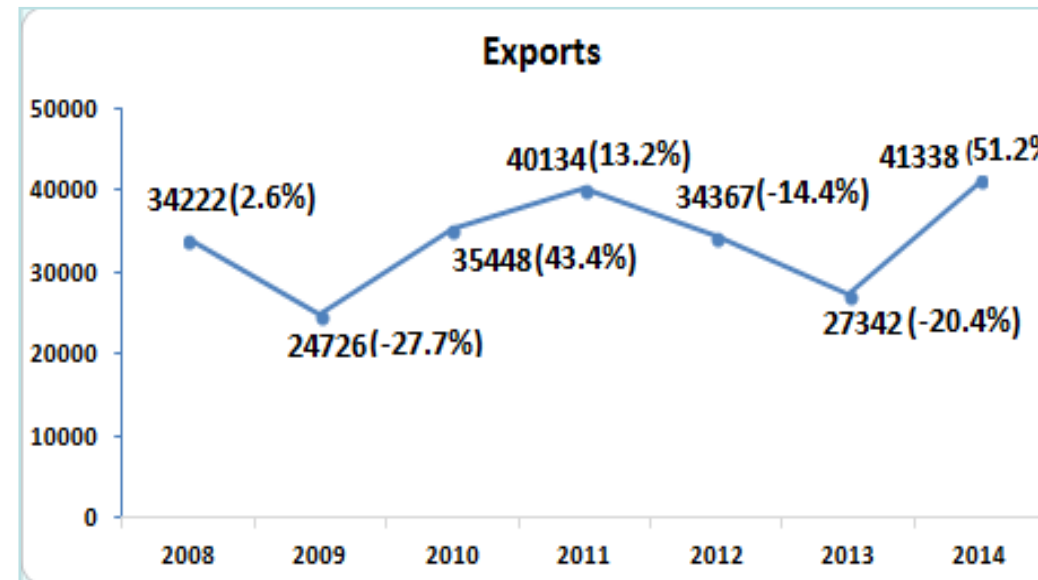
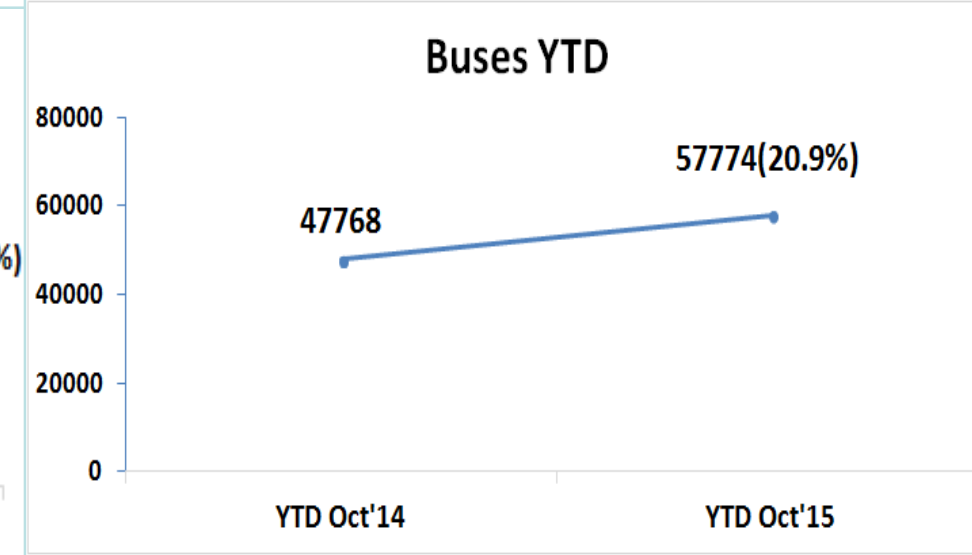
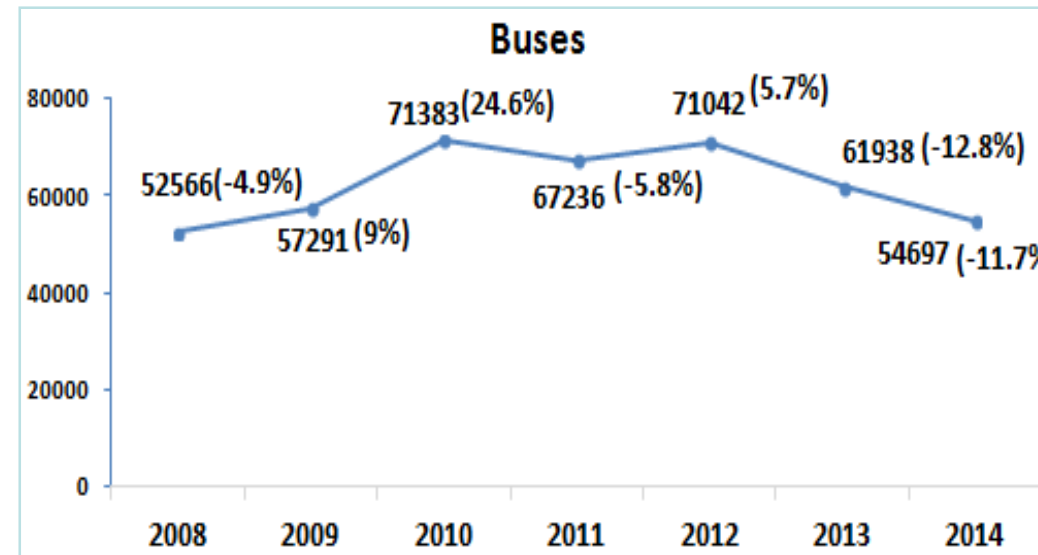
CV Industry on recovery path...led by HD trucks



CV industry after worst recession lasting three years started recovering in 2014...

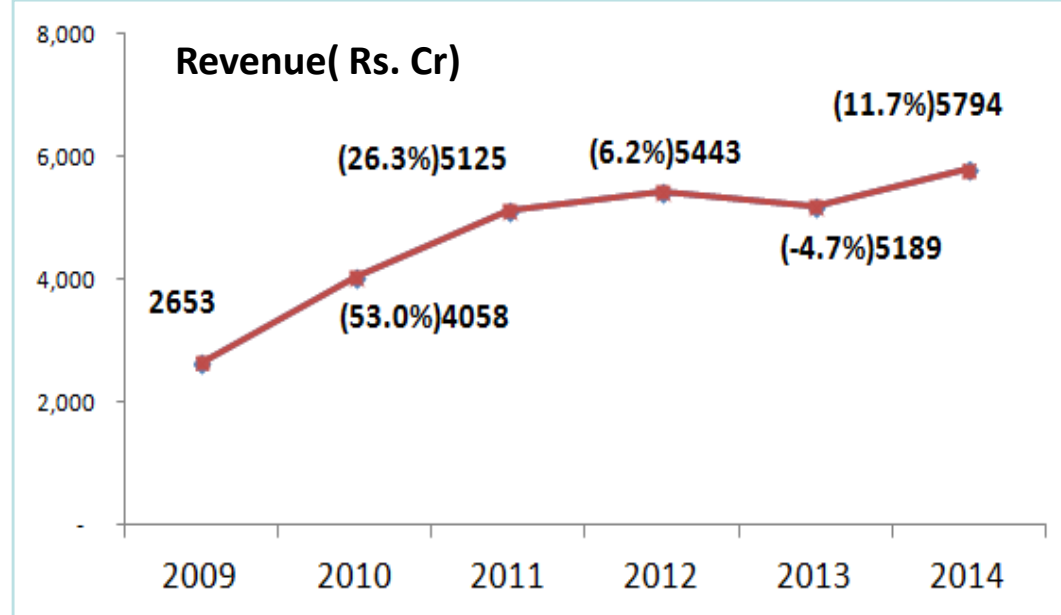
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CV Industry on recovery path...exports too doing well

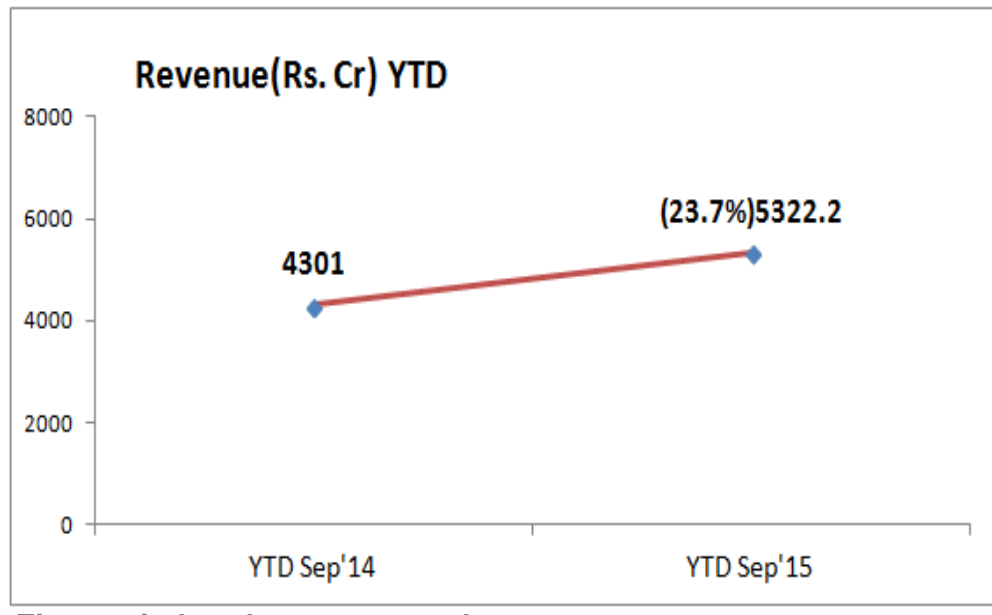


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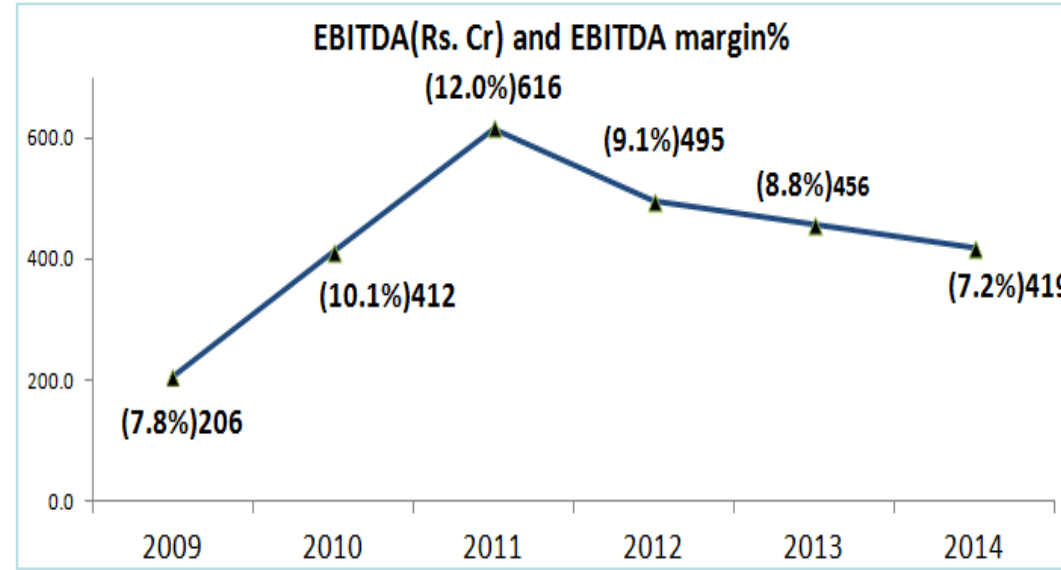
VECV Performance



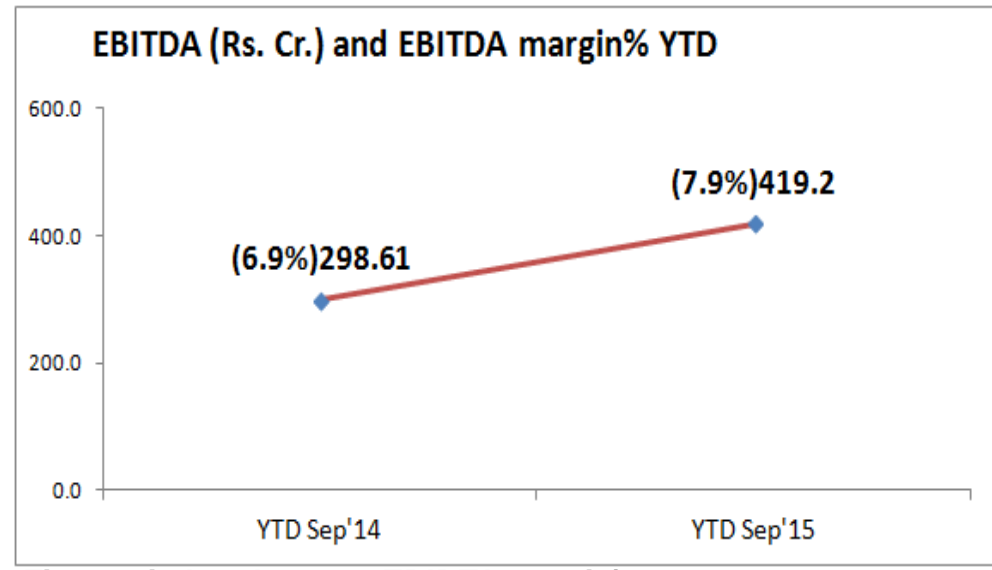
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Figures in brackets are growth



Figures in brackets are EBITDA margin)

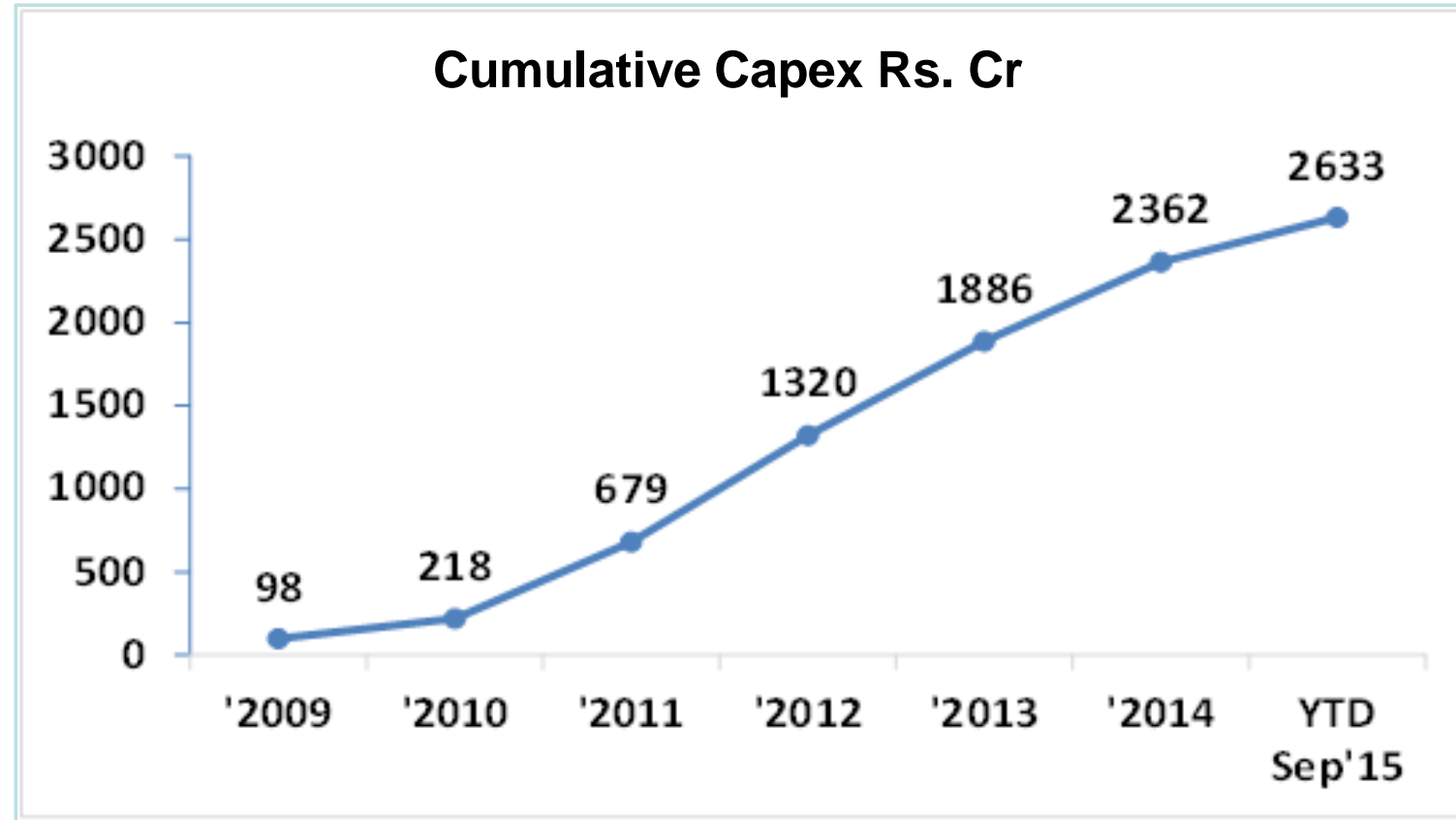


Figures in brackets are EBITDA margin)

Positive operating margin even during downturn in CV industry.

Revenue and EBITDA includes other income

VECV Performance

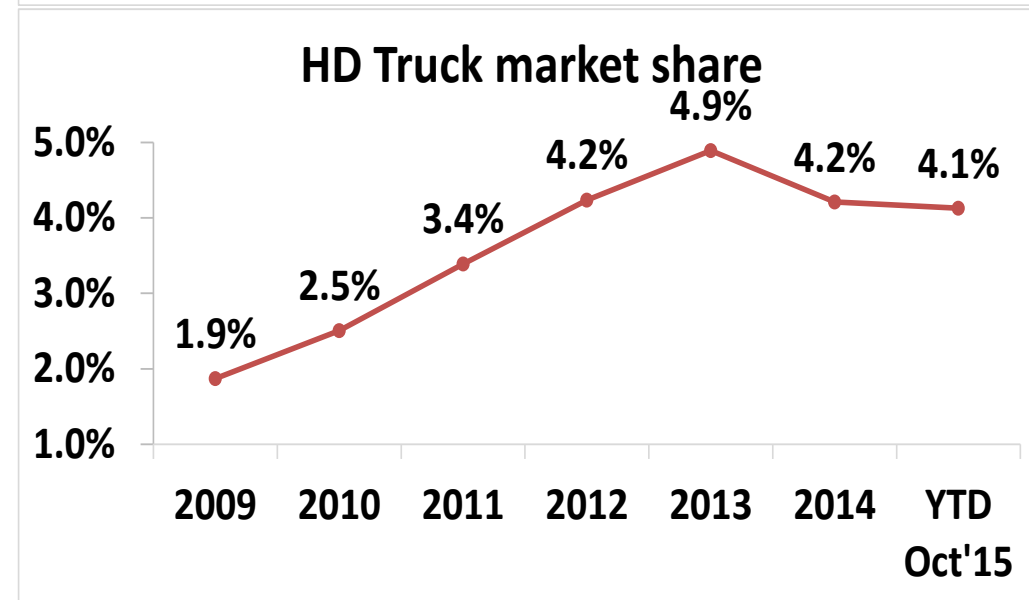
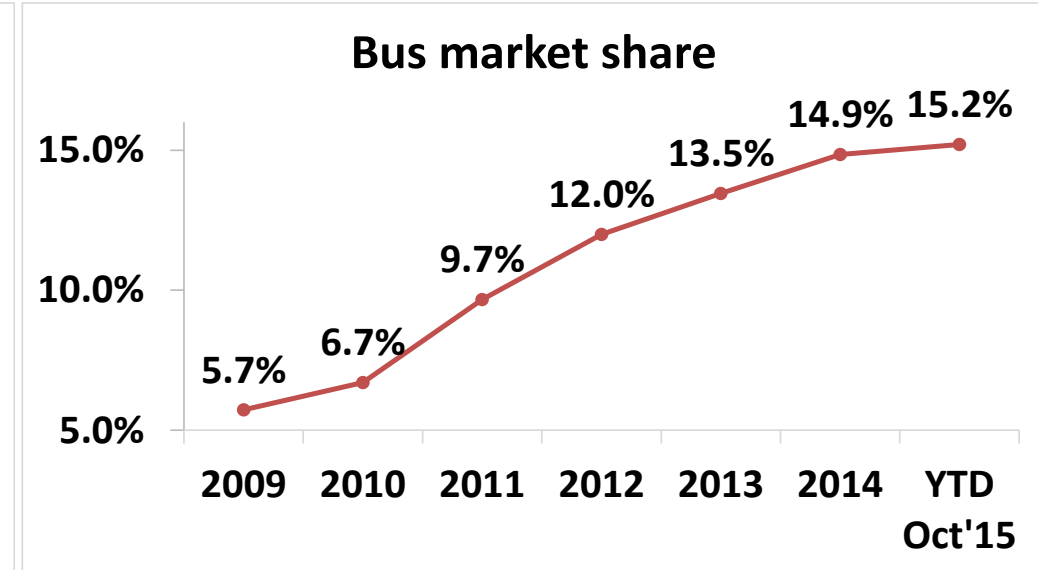
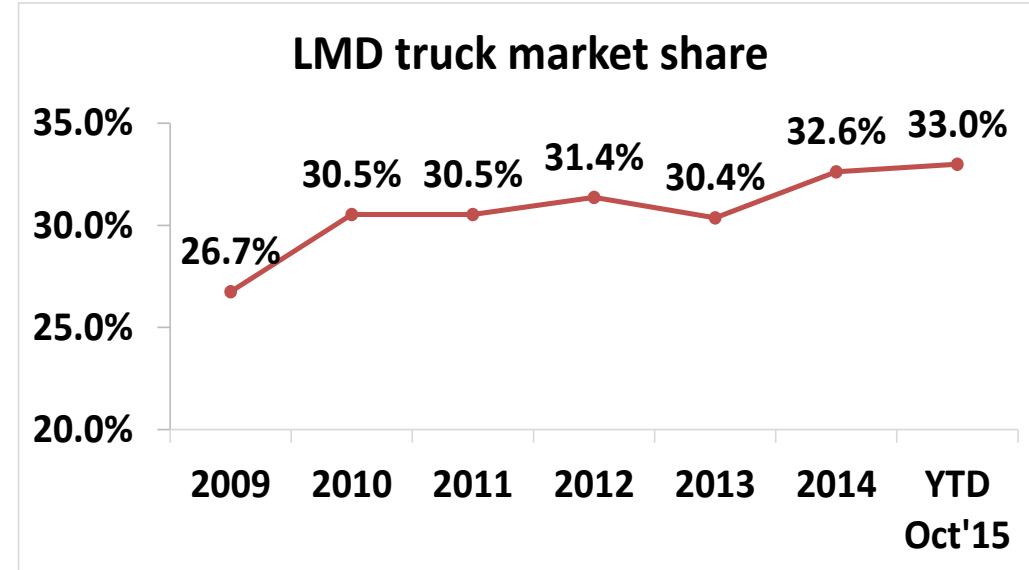


(In Rs. Cr.)

Historical Parameters	YTD Sep'15
Cash generation since inception of JV	2418
Capex Incurred since inception of JV	2633
Dividend distributed since inception of JV	440

- Almost entire capex expenditure met from internal cash generations.
- Consistent dividend distribution since inception of VECV
- VECV continues to be a debt free company despite Capex of Rs.2633 crores.

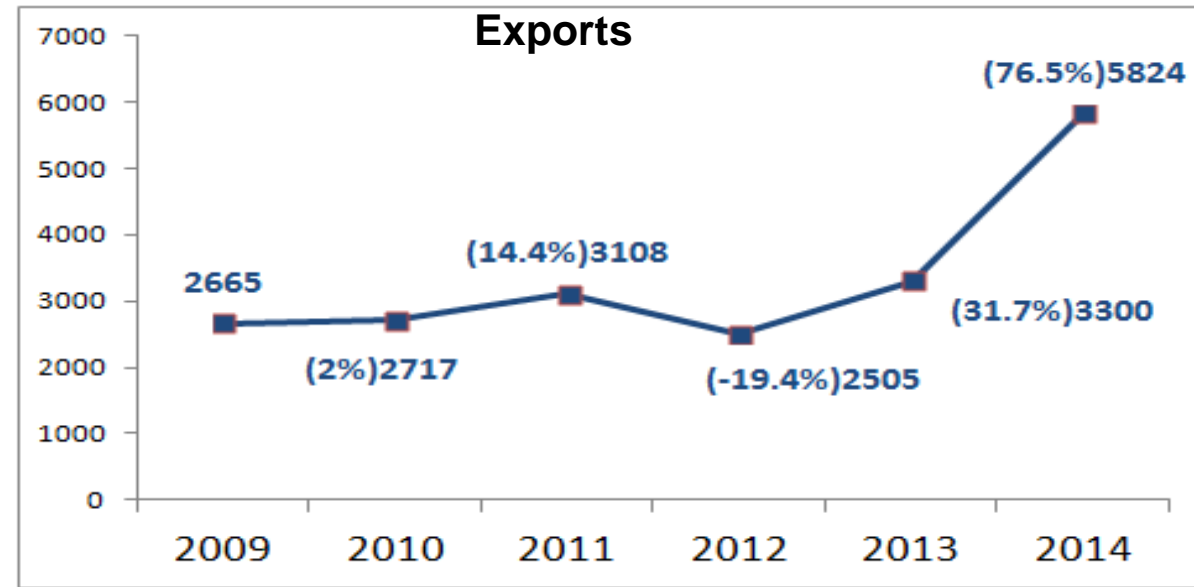
VECV Performance



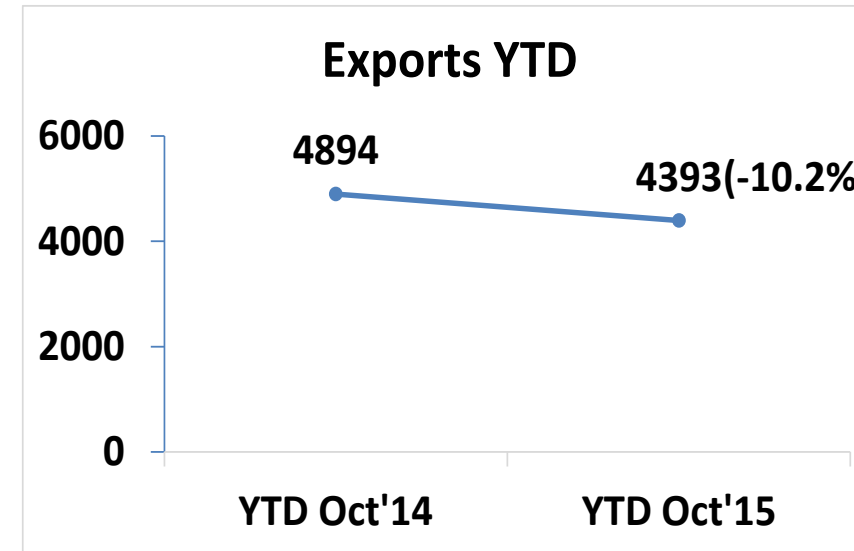
- Consistently improving performance in LMD trucks and Buses.
- HD trucks continues to be a high potential area being addressed through focused products and approach.

*The HD market share includes both Eicher and Volvo Trucks

VECV Exports.....focus in emerging Markets



Figures in brackets are growth



Figures in brackets are growth



- ✓ Presence in 25 Countries of South Asia, Middle East and Africa aided by 26 distributors
- ✓ 41000 plus overseas population
- ✓ Market specific products based on new generation products planned for introduction in 2016 for deeper penetration

Eicher Pro 1000 series (5-15 Ton GVW)



Mileage ka Badshah

- Best in class vehicle life time profitability and known as 'Mileage ka badshah'.
- Modern world-class spacious cabin
- Designed to provide best in class driving comfort and superior ride
- CED painted cabin with high gloss life
- Rugged aggregates - high reliability and high uptime
- Optimized maintenance cost.

Eicher LMD Trucks: *steadily gaining market share*

Eicher Pro 3000 series (10-15 Ton GVW)



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VOLVO

EICHER

Pro 6000 series



Eicher HD Trucks: *to leverage full potential.....*

- VEDX Engines (5 and 8 liter) – Volvo Group Euro-6 technology engines adopted for Euro-3 and Euro-4 for Indian needs.
- EMS 3.0 - Volvo Group's Engine Management System ensuring high performance.
- Fuel coaching system – improves fuel efficiency through advanced human-machine interface.
- Advanced on-board diagnostics helps in achieving superior uptime.
- Next-Generation cabin to provide relaxed yet efficient workspace for the driver.
- Cruise control providing fatigue free driving experience

Pro 8000 series



Volvo Trucks Range of Products

Market leader in Premium Truck segment...

Pushing the limits on what premium trucks can offer

- Among technologically most advanced range in India.
- Fuel-efficient and high torque 13-litre engines ranging from 400 to 520 hp.
- Intelligent I-Shift automated gearbox optimized for tough and rugged mining operating conditions.
- Volvo's unique Dynafleet telematics system for better fuel consumption and real time tracking of vehicles.
- The new Volvo FH 520, with load carrying capacity of (GCW) of 200T.

Leadership in niche segments



FMX 10X4 (66 Ton dump trucks)



FH 520 is the flagship model of the Volvo truck range

Over dimensional cargo



Mining tipper



33 cubic meter Coal tipper

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VOLVO

EICHER

Eicher Buses: *strong growth...*

STARLINE



- Best in class fuel efficiency
- In-house bus body fabrication for superior build quality
- Superior aesthetics
- Bus body code & School bus code compliant school buses with 38 safety features
- Parabolic suspension for better comfort

SKYLINE



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Pro Series HD trucks – customer testimonials



“My Eicher Pro 6031 gives me 10% better fuel efficiency and runs 22382 kms in a month.”

- Satish Kumar, Bhole Fruit Company, Ghaziabad




“Eicher Pro 6031 provides great pick up, 5-10% better fuel efficiency and excellent tyre life.”

- Ghodke Patil, Ghodke Patil Transports, Kolhapur



“I can make more trips in the same budget.”

- Gaurav Singh, Mahalaxmi Transport, Faridabad



“2 extra trips every month and 10% better fuel efficiency ”

- Bhim Wadhwa, Okara Roadlines, Delhi
(President - AIMTC)



“I get about 13-15% more mileage than any other truck on the road.”

- Rajendrabhai Prajapati, Arpita Roadlines, Ahmedabad




“From 2-3 trips, now I make 3-4 trips.”

- Hari Om Pandey (Fleet Manager), Max Pacific Corporation Ltd, Delhi



“Eicher has paid great attention where it matters the most, that is driver comfort.”

- Harbal Singh, Safety Carrier India, Delhi



“The after sales service is good, there are value added features and it helps the driver to drive up to 2000 km without fatigue.”

- Parvesh Mehta, Mehta Transport, Delhi




“The faster turnaround time, enhanced service intervals and superior fuel efficiency makes transporting an economical and efficient affair.”

- S. Sakthivel, Sreeram Transport, Konganapuram

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Pro Series trucks – customer testimonials



“Eicher Pro 6031 trucks have become an invaluable part of my fleet, giving my business more productivity, more profits.”

- Sudheer Parvataneni, Navata Transport, Vijayawada



“Compared to other trucks, Eicher Pro 6031 runs 2000 kms. more.”

- B. Mohammed, KGN Transport, Bangalore




“The Eicher Pro 6031 gives me mileage equivalent to a 10 tyre truck”

- Stafford Pereira, Commercial Transport Service, Mumbai




“It makes me do 2 extra trips, that is about 10,000 km instead of 8,000 km.”

- Rikith Dhawan, Ashraya Transport, Mangalore



“I have Eicher Pro 6031 currently, and planning to buy 15 more.”

- Pradeep Telsang, Telsang Roadlines, Belgaum



“My Eicher Pro 6031 trucks have been a great profit making machine for me.”

- K Shanmugam, Shanmugam Transport, Vellore



“Earlier trucks used to run 5,000-6,000 km in a month, now with Eicher Pro 6025 it runs 8,000 to 9,000 kms.”

- Jitesh Chheda, Chheda Cargo, Mumbai



“Instead of 2 trips we do 3 trips with the Eicher Pro 6031.”

- R. Murugan, Millenium Cargo Carriers, Bangalore

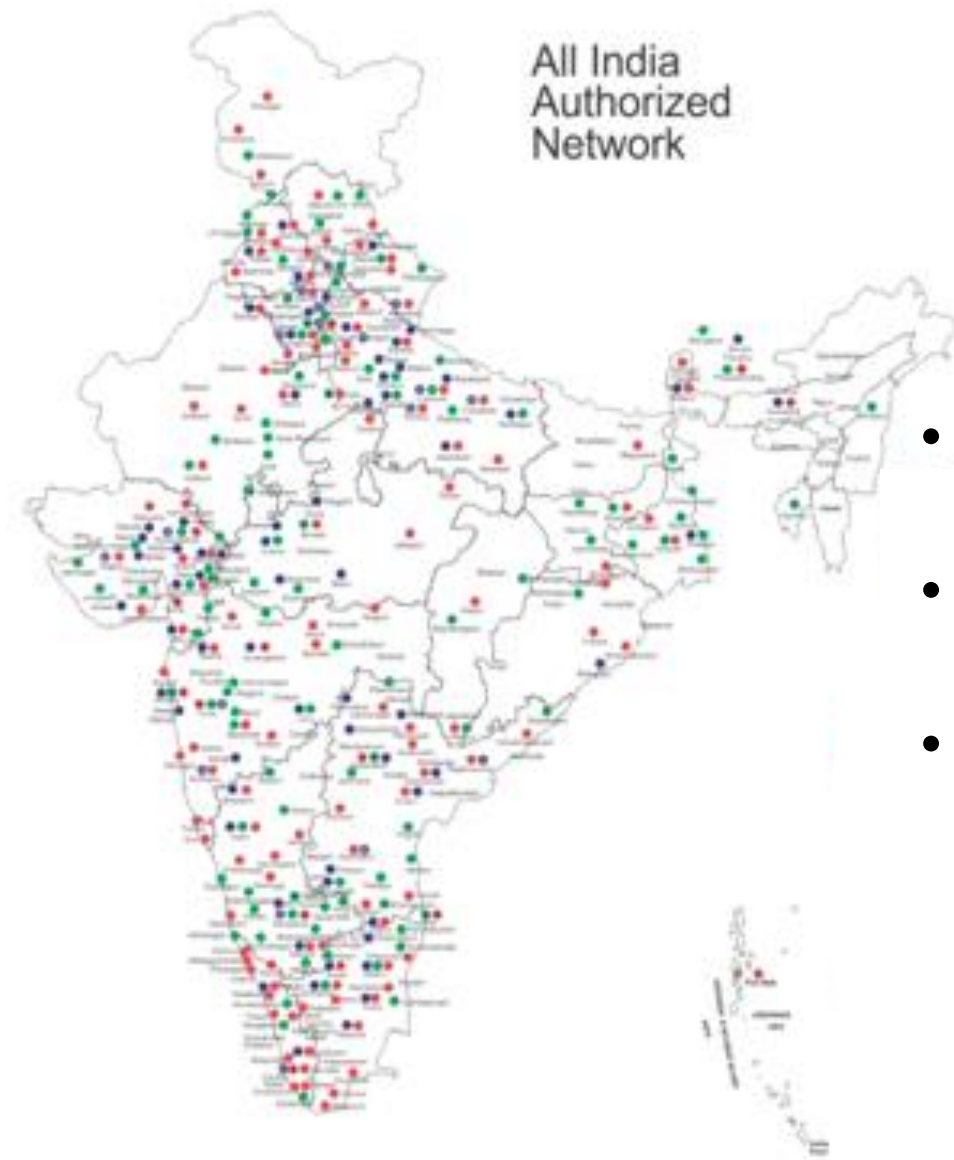


“Associating itself with Volvo, has clearly given Eicher the edge over all other trucks.”

- BD Dhalia, Dhalia Transport, Mumbai

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Eicher Trucks & Buses Network



- Dealer network 272 nos. including 10 COCO outlets
- Additional 40+ site support facilities
- 23 distributors, 156 Eicher Genuine Parts Shoppe and >2500 multi-brand parts retailers.

VECV Trucks and Buses Distribution network

Volvo Trucks Network



- Over 150 touch points.
- Hub and spoke network model
- Sets benchmarks in the industry for vehicle uptime and productivity

After-market...delivering value for customer delight

EGP Shoppe



VE Parts Distribution Center
Pithampur, Madhya Pradesh



Innovative site support models to delight customers



People & process focus through driver engagement, Competence development, Genuine Service Process, e-DCS (Electronic Dealer Collaboration System)

High uptime



World Class Manufacturing set up....

- Most productive plant to produce upto 66,000 trucks scalable to 100,000 trucks.
- Cab weld shop with robotic welding and integrated testing facilities.
- CED paint shop - best in class e-Rodip German technology with robotic painting.
- Highly flexible vehicle assembly lines with right blend of technology to control critical parameters.
- State-of-the-art bus plant spread over 46 acre set up under VECV's overriding vision of driving modernization of the Indian CV market.
- Complex and critical sub-assemblies by robots, ensuring cabin without leakage and even fit and finish.



Sound Engineering Base....

Modern test facilities

Cabin (5 Poster) test rig



Engine development center



Virtual reality lab



Transmission test rig



Rear axle test rig



Chassis twist test rig



Vehicle electrical testing



Driveline test rig



- Product Development spend is ~2.2% of the Turnover
- Strong Product Development team of ~440 engineers.
- HD Platform indigenously developed at very low cost.
- End – End product development capability – Fully Equipped Engine, Transmission & Vehicle Development Center

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VE Powertrain



- First engine plant in India producing Euro-6 compliant base engine supplying to Europe.
- Exclusive manufacturing hub for medium duty engine requirements of Volvo Group.
- Capacity scalable up to 100,000 engines
- The 5 and 8 liter engines of this platform delivers power ranging from 180 to 350 HP.
- Already started supplying Euro-6 compliant engines to Europe over 1500 per month.
- Best executed project with Volvo technology with frugal approach.

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VOLVO

EICHER

Eicher Non- Automotive Engines and Aggregates



- Engines and drivelines for Power, Industrial and other off-highway applications
- Sales of over 2500 Engines and aggregates
- Widely reputed as most reliable and lowest operating cost engines in respective category
- Pan India presence in Genset segment.
- Established in material handling segment.
- Presence in fire fighting, agro-machinery and earth-moving segments.
- Started exports to SAARC, Middle-East and African countries.



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Other VECV Business Areas

Components and Engineering Solutions

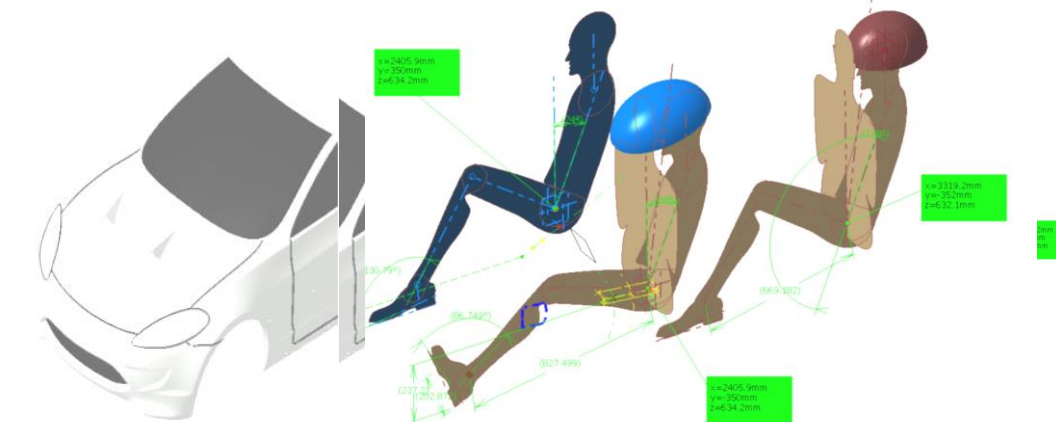
Eicher Engg Components (EEC)

- Strategic supplier of drive line components to Eicher Trucks and Buses, Royal Enfield, Volvo Group and other large OEMs.
- Production facilities at: Thane, Dewas and SEZ, Pithampur



Eicher Engg Solutions (EES)

- Comprehensive product development services - Class A surfacing, CAD, CAE, prototyping, etc.
- Integrated product development with global engineering solutions delivery centers in Michigan-US, Gurgaon, Indore -INDIA, Beijing, Shanghai - CHINA



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To Summarize...

- Strongest business model and balance sheet in Indian Commercial Vehicle industry
 - ✓ low operating capital/ working capital
 - ✓ integrated manufacturing operations at Pithampur for Trucks and Buses
- Light and medium duty trucks and buses are performing excellent with consistent growth on market share
- Long term approach in HD to nurture the PRO series and shift the market to the next generation; get scale and volume from upgraded legacy range (huge potential for growth in HD trucks).
- With state-of-the-art latest technology products, good potential to grow in export markets.
- Infrastructure, processes and systems capable of taking on future growth.
- Future ready with access to Volvo Group world class global technology.
- Strong alignment between partners on way ahead
 - ✓ focused management team with one goal - modernize Indian commercial transportation (profitably)

Thank You!

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