Eicher, Polaris team up to make personal vehicles

Eicher Motors, the commercial vehicles (CVs) major, will enter the personal vehicle segment through a 50-50 joint venture (JV) with US-based Polaris Industries.

The JV will entail investments of Rs 7250 crore over the next three years. It will set up a manufacturing facility in the country.

The Eicher-Polaris JV will design, develop, manufacture and sell a full range of new personal vehicles suitable for India and other emerging markets.

According to an Eicher statement, production is expected to start by 2015.

However, there are no more details available about the type of personal vehicles that the two companies are planning to make. Eicher declined more information citing the silent period in the run-up to its Q1 results due soon.

A source close to the JV development said, "The two companies are looking at an entirely new range of products which they are currently not present in."

"Polaris currently makes niche vehicles in the power sports category, including off-roaders and all-terrain vehicles. Apart from CVs, Eicher sells the Royal Enfield brand of motorcycles. Eicher also has a JV with Volvo for making CVs."

"Under the new JV, the plan is to make on-road vehicles that are suitable for the Indian market. Auto industry experts feel that Eicher and Polaris, given their existing expertise, might explore the opportunity in the motorcycle segment."

"Though the press release mentions ‘full range of personal vehicles,’ we expect the company to commence with a new range of sport bikes which will expand its product portfolio in the motorcycle segment,” an Edelweiss client note said.

Agreed an analyst at an Indian brokerage who sought anonymity. “There is a possibility of different arrangements. Polaris can look at utilising the existing network of Eicher or look at sourcing components. Polaris has a large range of products. The sports bikes segment could be a possibility." Siddhartha Lal, MD and CEO of Eicher, said in a statement: "Currently, we are present in the commercial vehicle and motorcycle categories. The collaboration with Polaris Industries Inc will allow us to enter into a new vehicle segment.”