



AB Volvo

## Press information

# VE Commercial Vehicles to invest in production of a new medium-duty engine in India

**The Volvo Group's Indian joint venture company, VE Commercial Vehicles, VECV, is to invest a total of SEK 480 M (INR 2,8 bn) in the production of the Volvo Group's new global medium-duty engine in India.**

**The investment gives the Volvo Group a complete facility in India for processing and assembling the new medium-duty engine, which will be introduced in the Group's trucks and buses worldwide in the next few years. "Thanks to the joint venture company with Eicher Motors, we have access to a well-established production and supplier base in India," says Volvo CEO Leif Johansson. "The Group will now have an engine platform that combines the latest in Japanese technology with India's highly competitive production cost."**

Through this investment, it will be possible for the [Volvo Group](#) to locate most of its production of medium-duty engines to VECV's plant in Pithampur. VECV has an established supplier base in India and efficient purchasing channels and already today, [VECV](#) produces about 40,000 engines per year in the existing plant. The investment in Pithampur will result in an annual production capacity of an additional 85,000 new medium duty base engines.

At the same time, the Volvo Group will invest an additional SEK 460 M in the Group's production plants for engines in Ageo, Japan and Venissieux in France. Through this investment, the Group will, among other things, have an annual final assembly capacity for 30,000 medium-duty base engines for the European market.

Development of the new medium-duty engine has been led by Volvo Powertrain in Ageo, in Japan, and the engine has been designed to meet current and future exhaust requirements in Europe, the US and Japan. In addition to production of the base engine itself, the facility in Pithampur will also conduct final assembly of engines for India and all of Volvo Group's global markets with Euro III and Euro IV emission requirements.



Production and final assembly of the engines for the Japanese market will be in Ageo, while final assembly of the engines for the European market will take place in Venissieux, in France.

The new medium-duty platform comprises five, seven and eight-liter engines, in configurations from 215–350 horsepower. The engines will be manufactured to cope with emission requirements according to the Japanese PNLTL (Post New Long-Term), the US EPA 2010, as well as Euro III-VI.

“Asia is an increasingly important market for the Volvo Group, with excellent growth prospects and the investment means that we will have even better possibilities of developing products adapted for this part of the world, thereby allowing us to capitalize on this growth,” says Volvo CEO Leif Johansson. “By gathering base engine production in India, it will be possible for us to meet the Group’s need for cost-efficient medium-duty engines in Asia, while also contributing to an increase in our competitiveness in the medium-duty segment in other markets.”

The Group’s new medium-duty engine program will start being produced in Ageo in 2010 for the Japanese and US markets. The production of medium-duty engines in Pithampur is expected to commence in 2012.

“This investment will catapult VECV into India’s largest and technologically most advanced engine manufacturer,” says Siddhartha Lal, Managing Director and CEO of VE Commercial Vehicles. “The Volvo Group’s advanced technology and quality-based approach will give Eicher’s heavy-segment customers unparalleled reliability in India.”

The Volvo Group’s joint venture company, VE Commercial Vehicles, includes the entire Eicher Motors’ truck and bus operations, as well as the Volvo Group’s Indian sales operations for trucks and the service operations for trucks and buses. The joint venture company was formed in 2008.

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The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 90,000 people, has production facilities in 19 countries and sells their products in more than 180 markets. In 2009 annual sales of the Volvo Group amounted to about SEK 218 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on OMX Nordic Exchange Stockholm. For more information, please visit [www.volvogroup.com](http://www.volvogroup.com) or [www.volvogroup.mobi](http://www.volvogroup.mobi) if you are using your mobile phone.