

MERITOR: Geared for CV industry revival

One of Meritor's major strengths and differentiating factors, in the Indian market in particular, has been its focus on new product development to cater to the requirements of its customer base. The leading global tier-I supplier has used its engineering and manufacturing capabilities to good effect, expanding its product range and customer base at a steady pace. The company defied the slowdown by continuing to invest and is now ready to reap the benefits, hopeful of a strong year ahead for the country's commercial vehicle segment. Mr. N.P. Thimmaiah, Managing Director & CEO, Meritor CVS India Pvt. Ltd., gives his views on the industry.

Excerpt:

Business in 2014

Meritor's business grew by 19 per cent in FY14

Y-o-Y. The major highlights and achievements were (a) Designed, developed & manufactured ICV range axles & brakes; (b) acquired new customers like Daimler, MAN and Kamaz; (c) expanded product range with Ashok Leyland, MAN, Mahindra, VECV, etc.; (d) Opened a new plant in Jamshedpur; (e) Industrialization of hub reduction axles for high-end tipper application.

In 2015, we will focus on launching two medium-duty axles and building a new manufacturing line for Hub Reduction axles.

Expectations from CV industry in 2015

In 2014, weak consumer spending due to high inflation and interest rates had its adverse impact on demand for vehicles, including two-wheelers, three-wheelers, and



Mr. N.P. Thimmaiah, Managing Director & CEO, Meritor CVS India Pvt. Ltd.

passenger & commercial vehicles. With economic recovery expected in 2015, demand for automobiles across these segments is likely to receive the required stimulus.

As far as the CV segment is concerned, improvements in freight rates, falling fuel prices, opening up of the mining sector and new funds inflow

in the infrastructure sector set CVs on high growth path for near term. The National Highway Authority of India (NHAI) has lined up pipeline projects worth \$10 billion to be bid over the next 5 to 6 months. This would lead to a marginal uptick in M&HCV vehicles. However, the expected rate of growth can happen only in the latter part of 2015.

Industry policies & developments expected in 2015

Speedy execution of infrastructure projects, revival of the mining sector and implementation of GST are the major developments expected in 2015.

Medium- to long-term outlook

The CV industry in India is cyclical in nature and largely depends on truck capacity utilization. The long-term growth of CVs becomes unpredictable. However we expect a CAGR growth of 9 to 10% by 2020.

