

Hero Electric plans acquisitions

Hero Electric, the wholly owned subsidiary of the Hero Group, Tuesday said the company was in acquisition talks with two Indian firms.

'We are in discussions with two companies that make motors and controllers, two critical components in an electric two-wheeler,' Hero Electric managing director Naveen Munjal told IANS here Tuesday.

According to him, acquisition is part of the company's expansion strategy for which Rs.200 million (\$5 million) have been set aside.

At present, Hero Electric imports controllers, motors, batteries and battery charges for its vehicles from various countries.

'In six months' time, we plan to make motors, controllers, chargers. Manufacturing of batteries would take around one year,' Munjal said.

Hero Electric has also initiated talks with some battery manufacturers for sourcing the batteries that would power the electric two wheelers.

Munjal said the company was also working on hybrid vehicle that would run on dual fuel-battery.

However, he shrugged off any reduction in vehicle prices even if the company started producing motors and controllers its own. 'There will be improvement in performance. Once the volumes pick up, there will be economies of scale,' Munjal said.

He added that Hero would launch a high-power and high-speed battery vehicle once the model got the nod from the Automotive Research Association of India (ARAI), Pune.

Earlier, addressing the media, Munjal said Hero Electric will invest around Rs.800 million to double the production capacity at Ludhiana to over 125,000 units per annum.

The Hero Group ventured into the electric in partnership with with Ultra Motors India. However, the two companies later fell apart and are now manufacturing their models separately.

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