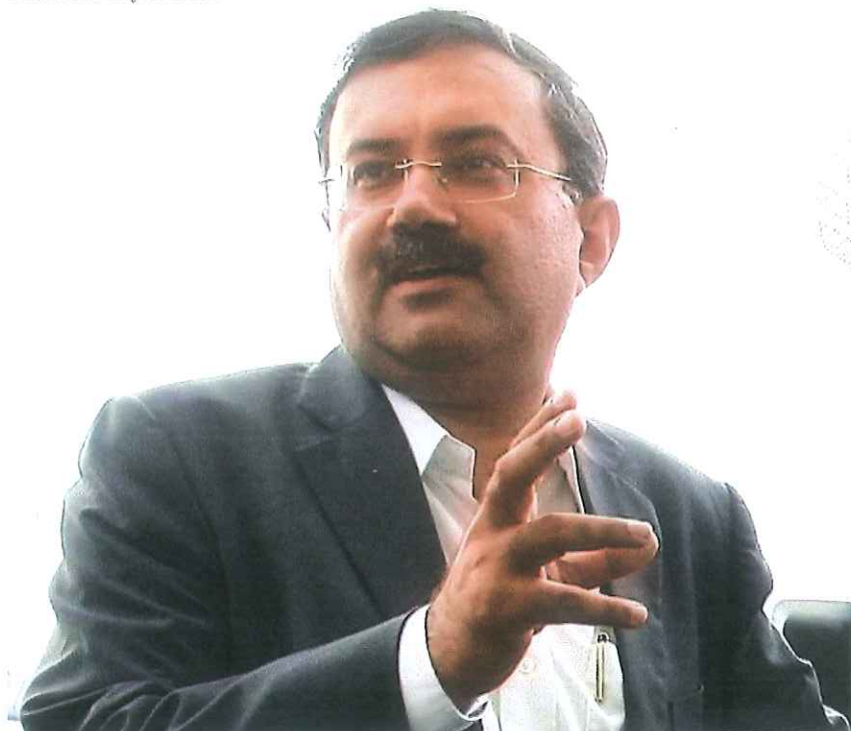


THE HINDU BusinessLine

'Tie-up to help ALDS export combat vehicles'

Sunanda Jayaseelan



NITIN SETH, President, Ashok Leyland Defence System

Ashok Leyland Defence Systems president Nitin Seth talks about deal with Lockheed Martin

Ashok Leyland Defence Systems (ALDS) has roped in US-based defence contractor Lockheed Martin to develop light combat vehicles for the Indian Army. Speaking to Bloomberg TV India, ALDS president Nitin Seth says the company aims to make India an export hub for the light specialist vehicle (LSV) and light armoured multipurpose vehicle (LAM).

What will the arrangement with Lockheed Martin look like?

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The relationship was envisaged with two new tenders for the Indian Army. As you are aware, the Army does not have lighter platform vehicles for fighting purpose or for logistics. Normally, they start with Stallion, which we provide and which is the higher-end logistic vehicle. Worldwide, armies use smaller vehicles for shorter distances within city movement. So this is the tender, which the Army has been thinking for the past 7-8 years. And finally the tender came in last year. And Ashok Leyland is partnering with Lockheed Martin for two reasons. First, the vehicles which Lockheed Martin has offered to Ashok Leyland have been in use by the US and the UK army. It is a highly proven platform and these armies we know are very strict in terms of their vehicles power and durability. So rather than Ashok Leyland developing a new vehicle on its own, we thought of partnering with Lockheed Martin for these new-generation vehicles. Also, this is a transfer of technology agreement with Lockheed, which Ashok Leyland will modify for the Indian requirements, localising it and then making India a hub for exporting them to many markets that cannot be tapped now because the vehicles are costly and even the US market requirement is quite stringent. So, it is both for an Indian tender as well as using India as a hub for exporting these vehicles under whichever batch — Lockheed or Ashok Leyland — to many other countries in the world.

Will it be a natural extension then if you look at expanding your partnership with Lockheed Martin in other areas?

Lockheed Martin is such a big organisation. Our partnership with them is purely for the land system and this is the starting point of cooperation between the two organisations. If there are any other opportunities that come in the land system area, both the companies are open to discussions.

Can you give us a sense of what the market opportunity is looking like?

The Indian tender requirements, as you are aware, is 1,300 LSVs and 700 LAMs. But once the Indian Army introduces itself to the vehicles, the requirement does not stop at the first level. Whoever is the winner, will end up supplying for the next 15-20 years. We are not looking for one-time tender requirement. So this is the first opportunity, which is very big in India. The initial tender itself is around \$1 billion between both the subjects, that is the LAM and the LSV. So the opportunity is huge in India. Competition is very strict outside, but if we have Lockheed Martin technology at Indian cost, I see a lot of opportunity for these vehicles outside India.

It is no secret that defence is going to be the biggest thrust area for you. Give us a sense of other defence projects you are looking at.

In India, there are two projects — LSV and LAM. These vehicles can also be used by paramilitary forces because they are very durable, reliable and agile. But there is no opportunity, on paper, today. Once the vehicles are ready, it can be offered to paramilitary forces as well.

The new Defence Procurement Policy will come into effect from April. What's the opportunity for the industry?

We expect the DPP to focus on Make in India programme. Such a policy will help in making India a manufacturing hub as well as an export hub.

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