

## **BMW signs pact with TVS Motor Company to make Premium Bikes**

The bike subsidiary of German carmaker BMW, BMW Motorrad, has signed a deal with Chennai based TVS Motor Company to jointly make sub-500cc premium bikes. BMW Motorrad will provide access to manufacturing technology to TVS. These motorcycles will be launched in the market in 2015. Different versions of the bikes will be developed for TVS and BMW respectively. The bikes will be sold through their independent distribution network, across global markets. Using this tie-up BMW will expand its product portfolio into smaller motorcycles (i.e. below 650cc), a segment in which it has no presence as of now. On the other hand, for TVS the collaboration will enable it to expand into the premium motorcycle category where it is facing competition from Bajaj-KTM-Kawasaki.

As part of the pact, BMW Motorrad will invest in development and testing of products at Berlin. TVS will invest 20 million Euros or Rs 142 crore in its manufacturing facilities. Both TVS and BMW said that there is no equity investment proposed and there will be no royalty paid for technology transfer. The bikes will be made at TVS Motors' plants in either Mysore or Hosur. Commenting on the development Stephan Schaller, president, BMW Motorrad said, *"We are in the process of re-alignment of our motorcycle business and make it profitable. Our focus is on urban mobility and electric mobility. I regard this tie-up in our endeavour to deliver sustainable and profitable growth."*

Source: Economic Times, April 9, 2013