

THE ECONOMIC TIMES

INTERVIEW

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We're good to surf any wave in auto market

CARS, tractors, components, IT outsourcing, retail, infrastructure, hospitality, aerospace ... Group Mahindra is a true federation of diverse businesses. So what next? "The new area for us would be renewable energy. We have no concrete plans at the moment, but solar power is an area of very very strong interest to us," said Anand Mahindra, the \$6.3-billion conglomerate's vice-chairman and managing director, in a free-wheeling interview with ETNOW's Nandini Sen Gupta. Excerpts:

After a bit of a slowdown, the auto industry is bouncing back. How is Group Mahindra planning to ride the growth crest?

It's been a long time coming. Industry has been through a rough patch so we're grateful it's looking up. The potential tipping point has been breached or is about to be breached. The tipping point refers to motorisation rates in an economy. There's a theory in industry worldwide that when you get to a certain per capita level, sales of automobiles take off. That's what's happening right now in India. The good news is, during the meltdown we never stopped any of our own product-related expenditures—capex, new products in the pipeline. We also have a brand new plant and new capacity coming on stream in Chakan. We have a new R&D facility coming up next year. We're good to surf any wave in the auto market.

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M&M has launched its Navistar range of trucks at the expo bringing it head to head with the established duopoly of Tata Motors and Ashok

Leyland... What is your commercial vehicle strategy all about?

We think the truck pie is poised to expand. We don't underestimate the two established players. But we think duopolies are interesting. If you are able to differentiate, there is room in an expanding market for a new player on the basis of technology, innovation and performance. The good thing is, the whole cycle of investment for the Chakan plant is in place. We didn't delay that, so we are ready to cash in right now.

Any plans to take a stake in Navistar, turn the partnership into a global stake alliance on the lines of VW-Suzuki?

No such plan. The JV is very focused on exploiting the expanding truck market in India with products that are new and world-class. Value creation for the next decade will be in India and China—so we've got our blinkers on and our eye on the road here.

What's happening with the Mahindra Renault JV? Are you walking away?

One of the mistakes we made was creating an over-expectation for how much the Logan could sell in India. From the point of view of product and quality, it met all its goals. Four to five years later, it's still selling in what would be reasonable numbers for a sedan that has not been refreshed at all. It hit its sweet spot and if you talk to customers, they are the most satisfied across the group. Secondly, regulations changed so the tariff structure weighed against a product like this where we could not alter its size. That factor was beyond Mahindra's control.

You've just announced a major investment in your Chinese tractor JV. Clearly, China is a crucial part of your tractor strategy, but is there a larger China strategy for the group? Are more acquisitions/alliances on the anvil?

China has no competence in diesel engines, so our commitment to build a diesel engine plant there, albeit in tractors, is very crucial. China is the fastest growing market in the world. If there are opportunities, we will find them.

In the two biggest businesses you are in, you are directly pitched against Tatas. With your latest truck product, Maxximo, you will be targeting their Ace. Is Group Mahindra taking on Group Tata?

The Tata Group is a role model; we are following a group that did well and is worthy of emulation. My grandfather used to work for the Tatas as GM marketing. Keshub Mahindra was close to (the late) JRD (Tata).

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