

# Vinod Sahay

The CEO of Mahindra Trucks & Buses, which is looking to address every CV market segment from 3.5- to 49-tonne GVW with passenger and cargo application variants, speaks to Kiran Bajad about making the most of the ongoing demand in the LCV market, the company's new product and network development strategy, and the ambition to be a strong No. 3.



**What is your assessment of the commercial vehicle market in India? November 2017 numbers have been good and all OEMs have performed well, albeit in light of a lower year-ago base. How do you foresee growth in the near-term?**

FY2017 witnessed growth of over 7.5 percent of GDP in spite of the demonetisation drive. We are expecting more than 7 percent GDP growth in FY2018, which is better than the most economies. Even the World Bank forecasts GDP growth 7.4 percent by 2020. And we all know that GDP growth

is perfectly correlated to the commercial vehicle industry's growth. In fact, India is still the most happening and most sought-after economy in the world with the maximum opportunities.

GST, in the long term, will give rise to a new transport model, boosting CV industry growth since there will be realignment of distribution networks, stockyards or branches, hub-to-hub movement of goods and hub-to-spoke too. In short, kilometres per litre, higher payload, high speed, comfortable cabins

**The company is offering a 48-hour uptime guarantee for Mahindra Blazo HCVs anywhere in India.**

**'WE ARE IN THE PROCESS OF DEVELOPING A NEW RANGE OF LCVs, ICVs AND MCVs.'**

and breakdown-free trucks will be valued.

We expect that recent government investments in infrastructure projects like Bharatmala, economic corridors, inter-corridor feeder routes, border roads, expressways and expansion of national highways as well coastal roads and the Pradhan Mantri Gram SadakYojana will lead to unprecedented growth in the CV sector in the coming years.

A scrappage policy for old trucks and government support to the cause of a clean environment would

certainly trigger growth as well for the sector in the near term.

**What is your opinion of the reformative GST and improving highway road network across the country? Has travel time really come down and what can be done to improve transportation?**

Although there will be initial challenges like flux in rates and complicated process, GST will smoothen the process, rationalise rates and remove border checkposts. CRISIL's recent report that trucks are plying 25km more per day is quite encouraging. However, we





expect the same to increase or to cross 100km per day in the coming years. Hence, GST in the long term will give rise to a new transport model, resulting in efficient trucking and in fact lead to higher demand for smart and modern trucks.

**You have taken charge of Mahindra Trucks & Buses recently. What are your top priorities and focus areas?**

One of the top priorities or challenges was to establish BS IV products during the transition era from BS III to BS IV. The first challenge was in terms of the product itself, which I must admit was relatively easy for Mahindra because we had done part of the transition in the Blazo BS III itself.

For the Blazo BS III, we had shifted from the mechanical engine to CRDe engine, which we launched in February 2016. However, we did not pass on the cost of the transition to the customers at that time but were much ahead of time. What was left for us was the after-treatment-related transition. This is mostly the change that happened in the manufacturing of the BS IV trucks. Therefore, we had minimal engine changes in this transition from BS III to BS IV. Mahindra was one of the very few companies

to have the least changes in the product during this transition, whereas all the major players had to make sweeping changes in their engine design since they were never designed for handling electronics and were purely mechanically driven.

We are now focussed on increasing our market share in HCVs and significantly increasing the volume of LCVs in various segments across India. We already have more than 30,000 HCVs and 175,000 LCVs on road which comprises load and passenger variants.

**What is your sales target for FY2018?**

For the April-November 2017 period, MTB has sold 5,037 HCVs and 4,542 LCVs (load and passenger). While the industry has grown by 19 percent, MTB has grown over 47 percent on a YoY basis in the HCV segment and kept the pace in the LCV segment. Going forward, the same will continue.

**What are your product and network development strategies to become a significant player in the CV market in India?**

Our current product portfolio includes heavy commercial vehicles in the 25T to 49T GVW/GCW

**Looking to ride on surging demand for its LCVs, the company has launched refreshed versions of the Load DI3200 Jayo and Loading Optimo.**

range. Our latest range, Blazo is equipped with multi-mode FuelSmart technology, a unique feature where the driver has the option of choosing the power of vehicles based on load and terrain, on the fly, thus optimising the operating costs.

Our product range also includes light commercial vehicles in the range of 3.5 to 6 tonnes for several years now. We have recently launched refreshed versions of the LCV Load DI3200 Jayo and Loading Optimo. We have our passenger vehicle range with seating capacity from 15-55 seats in the LCV bus segment with two different platforms – Cosmo

(premium version) and Excelo (best value version) as well as the Comfio Regular bus range for staff transportation. We are in the process of developing a 7.5 to 16-tonne range, which will take us closer to our objective of offering a complete range of transport solutions.

Last year we ramped up our service on the Delhi-Mumbai corridor and we are now giving a two-hour breakdown assistance guarantee. In case of spare parts, we have enlisted the regular consumption parts and now give a guarantee that if our parts plaza or the dealer don't have these fast-moving maintenance parts, we will give it free to the customer. By the end of the year, this guarantee will be applicable at 100 locations across India.

We have taken this initiative further and are now offering a guarantee that a customer's vehicle will be out of the workshop (except accident cases) within 36 hours or we will pay penalty of Rs 3,000 per day. Our lower cost of ownership is one of the main reasons which is resulting in more than 30 percent repeat sales. The fact that we have offered guarantees when it comes to superior mileage and service-cum-spares

**MTB's FuelSmart 7.2-litre, in-line, six-cylinder diesel engine develops 202hp at 2200rpm and torque of 920 Nm at 1200-1400rpm.**



support, points not only to our product's technical superiority but also to the fact that we will be able to deliver higher uptime leading to better earnings.

We have a widespread network across the country with over 90 3S (Sale, Service and Spares) dealerships and 2,069 spare part retailers. Our dealerships are equipped with the latest tools, genuine spares, accessories and fully covered workshops. To provide roadside assistance we have over 120 ASCs (Authorised Service Centres), 2,900 RSAs (Road Side Assistance) points on all important routes.

**You are in the process of rolling out new products in the ICV segment next year. What is the progress?**

We are in the process of developing a new range of LCVs, ICVs and MCVs, which will take us closer to our objective of offering a complete range of transport solutions. We are looking forward to launching the new range of ICVs in FY2019.

**What are your growth plans for the bus market?**

We have our passenger



vehicle range with seating capacity from 15- 55 seats in the LCV bus segment with two different platforms – Cosmo (premium version) and Excelo (best value version) as well Comfio Regular bus range for staff transportation. Also, we are in the process of developing the range of

**The Jeeto, launched in June 2015, has sold over 65,000 units till end-October 2017.**



passenger vehicles on the new ICV platform.

**MTB is faring extremely well in LCV goods carriers. Even your small CVs like the Bolero pickups and Jeeto are recording robust numbers. What is your strategy to further speed up growth even as the competition is rolling out new products?**

Our product range includes LCVs in the 3.5 to 6-tonne range for several years. We have recently launched refreshed versions of the Load DI3200 JAYO and Loading Optimo. We are doing well in the LCV segment and sold 2,216 LCV Loads, securing more than 12 percent market share in the 3.5T-6T GVW segment. Going forward, with the new ICV and LCV range of products, we aim to garner more market share and establish our presence across India.

**What is the investment you have made in India so far? Are you planning any fresh capex and/or new products?**

We don't give any outlook on capex, but ICV range entry and overall product proliferation is definitely on the cards.

**Over the past decade, a number of global CV makers have entered the Indian market? Has it impacted MTB and what impact do you see of this rising competition?**

Currently, the CV industry in India is a duopoly comprising of Indian majors and is quite price sensitive. Mahindra Truck and Bus is a challenger and we are focussed on to become the third formidable full range CV player. We welcome entry of new players in the market. Healthy competition is always good for the category, for customers and for the overall health of the business.

**India is going BS VI by 2020. How big is this challenge for**

**the CV industry and what is Mahindra Truck & Bus' readiness towards the goal?**

Let me admit that BS VI timeline is another challenge in itself because the timeline is very tough. We have to design the truck, the engine and also the components much in advance so that it gives our vendors the time to gear up for that kind of production.

However, all of us in the auto industry have taken up this challenge and will surely deliver on that. Mahindra is always at the forefront when it comes to introducing cutting-edge technology and is fully geared and committed to make it happen.

We fully support the larger cause of cleaner technologies for lowering vehicular emissions. Although BS VI will pinch the pockets of transporters, the extent of increase should in all likelihood be lesser than that from BS III to BS IV. Mahindra Truck and Bus is fully geared up to be ready with its BS VI range of products well within the stipulated timeline.

**India is targeting all-electric mobility by 2030 and most CV players are already engaged in developing electric vehicle platforms and technology. What is MTB's level of engagement on the EV front?**

As mentioned earlier, Mahindra is fully committed to the EV vision and actually a pioneer and at the forefront, when it comes to bringing EVs to India. Not only have we already developed and launched EVs in the passenger car segment but we have also represented India on the e-racing front on the international arena. All this helps us develop cutting-edge EV technology. As far as electric CVs are concerned, we will make announcements at the appropriate time. ■