



## We Are Uniquely Positioned To Take Advantage Of Future Challenges

Written by Administrator | 12 April 2013 | Published in April 2013 ( Interview )

*Within a few days of Mahindra & Mahindra Ltd (M&M) announcing the completion of purchase of the Navistar Group's stake in Mahindra Navistar Automotives Ltd (MNAL) and Mahindra Navistar Engines Pvt Ltd (MNEPL), Auto Tech Review caught up with Nalin Mehta, Managing Director, MNAL to understand the roadmap for the company in India henceforth. Increasing market penetration, better understanding of customer requirements and improved product and distribution strategy would be the key growth drivers for the company.*

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Born in 1958, Nalin Mehta went on to complete his Bachelor of Technology degree from the Indian Institute of Technology, Kharagpur and followed that up with an MBA from the Faculty of Management Studies, Delhi University. Prior to joining Mahindra & Mahindra in 2000 as General Manager – UVs, he worked with Hindustan Motors for nine years. There, he launched Mitsubishi Lancer, which was noticed and hailed for many innovative firsts in the Indian automotive market.

For Mahindra Renault Pvt Ltd, he led the Logan brand launch, and rose to head the organisation as the CEO, leading to taking over of MRPL by Mahindra. In April 2010, he took over as the Chief Operating Officer of MNAL, before taking charge as its Managing Director a year later. He is currently an Executive Committee member of SIAM and a Governing Council member of ARAI.

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**ATR \_ What is the road ahead for MNAL considering the changing dynamics post the Navistar stake buy-out?**

**Nalin Mehta \_** The response from all stakeholders, including the customers, has been very positive. For our customers, brand Mahindra and the trust associated with the brand always factors in their purchase. Our dealers and suppliers are anyways very comfortable because we share a lot of common strategies with our automotive business.

Talking about our abilities and technology needs, from the business growth point of view, we have a perpetual licence agreement and a technology support agreement with Navistar for engines. We would need to upgrade the MWM engine to meet BS IV regulations, and we are geared for that. In trucks though, we don't need any help anymore. We have developed capabilities in-house and are self-sufficient.

Post Navistar, it is business as usual for us. We are constantly looking at synergies within various functions. For instance, we have nearly 1,000 tractor dealers and 250 of them work as authorised service centres for our trucks. This sort of synergy can be hastened with MNAL becoming a fully-owned Mahindra operation.

**You obviously had lot of learning through your association with Navistar over the last three to four years. Are there areas you still think you need to work on?**

The trucking industry is very heterogeneous in nature. You can perhaps divide this segment into a few hundred micro segments, where the applications are substantially different. The impact on the product, the impact on engineering and the impact on performance is significantly different in different such segments. So, the learning doesn't stop.

The biggest challenge that we all face is real world usage information. The industry doesn't organise itself well – the operators, for instance, are not able to share the kind of data that a developer would want. The road conditions are dynamic and so are the driving cycles and emission standards. Roads have widened, and overloading has reduced. But we do need more and more accurate real world usage information, so one can simulate it.

**And what would you count as your opportunities?**

The biggest opportunity in India is the market itself. We may be going through a rough patch currently, but no one believes it's a rough patch for long. With all its cyclic behaviour, if you compare two relevant periods (good-to-good and bad-to-bad), CAGRs have been in the range of 8-9 %. Everybody believes the story going ahead is similar. To my mind, that's the big opportunity.

Secondly, there's a lot to be done on products. We've had similar kinds of trucks for the last two to three decades. MNAL has been the pioneer in making good, relevant cabins for the market – giving relevant comfort to the driver, offering better NVH characteristics and visibility, good clusters and adjustable seats. These are opportunities we have encashed upon.

**But like you said, there's big growth opportunity in the market itself?**

Absolutely; there's been a duopoly in the market for way too long (85 % between Tata Motors and Ashok Leyland), and newer players have a large field to play on. At MNAL, we've built a great product, a strong product development team, and a modern plant with the best of equipments. These are the reasons why we believe there is a great opportunity for us to grow this business.

Secondly, the industry hasn't focussed much on improving productivity. And thanks to some of the regulatory mechanisms, or the lack of them, the focus of the industry has always been on doing things at a minimum cost, but not at the best services. A lot of our customers are now moving from being a transportation provider to a service provider, and hence there's a larger focus on productivity.

Our efforts have been to fill-in small gaps in the industry to give our customers a delightful experience. Consumers not only view our products as technologically advanced, but also look at our services as being ahead of time. We are the first ones to offer four years unlimited warranty on the whole truck, and a 48-hour uptime guaranty. We are the first to introduce a 24x7 call centre backed by engineers who speak in seven languages.



**You have products in the 25-49 tonne segments and obviously you'd build different applications on them. Do we also see you creating sub-segments?**

What you're saying is very relevant. When I spoke about the industry becoming more service-oriented, they're also looking at readymade, customised solutions. We have already moved in that direction and are already offering concrete mixtures integrated with our truck. We've already made a bulker and offering it as an integrated solution. Soon, we will offer different variants of refrigerated vans as an integrated solution. We see such opportunities building up in the market.

We don't have a 49-tonne product right now, but have recently launched a tipper with bogey suspension, which is where the market is moving. It's a low maintenance and long lasting solution.

We have consciously worked on making our products future ready. We see no significant issue in migrating to BS IV standards, or addressing any new regulation that might come with regards to safety or cabins, for instance. Global players coming into the country have brought cabins from their respective countries, whereas MNAL is the only company to have developed a cabin understanding the needs of the customers in the Indian market. Our cabin meets all regulations not just in India, but globally.

**It's widely believed that reefer vans have a large untapped potential in the Indian market. What could one expect from MNAL in this regard?**

We certainly feel the market for reefer vans would expand, especially with the country looking at the large potential of cold storage for numerous applications. Many transporters import reefer vans from the middle-east. In fact, there exists an interesting excise benefit if reefer vans are sold directly by a manufacturer.

Conventionally, reefer van manufacturers use thick walls that add up to the weight of the vehicle. We are looking for aluminium foam sort of a material to be used in the floor as well as side walls of the reefer vans, and are working with companies with expertise on such areas. Eventually, these would help in better thermal conductivity, insulation and weight reduction.

**This obviously leads to better efficiency and lesser operating costs?**

Precisely, operating costs go down and fuel efficiency increases.

**Talk to us about product evolution in the CV industry. What lies ahead for trucks and buses?**

Experiences from the global market tell us that engine power and cabin comforts have gone up, telematics have become more regular, safety norms have become more stringent, and the hub and spoke model has become the right way of doing business. I believe the Mahindra Group is uniquely positioned to take advantage of this. As a group, we have the wherewithal to offer our customers a complete services package including relevant products, finance, logistics and telematics. To me, that's where the future lies.



**What are MNAL's plans in the bus segment?**

We are a fairly significant player in the school bus segment, and we do plan to introduce a new range of bus in the LCV category soon. We enjoy a high marketshare in markets that offer CNG, and that would continue to be our thrust area. We haven't started any major work on the 16 tonne HCV platform, but we have our eyes on it.

**Give us an idea about MNAL's position in the market today.**

In the LCV business, we enjoy a marketshare of about 11 %. This is a business that M&M was already in, even before we joined hands with Navistar. In the HCV business, while we did our seeding about two and half years ago, selling in a national scale started only two years ago. We have about 7,000 HCVs in the market today, with a steady increase in marketshare month-on-month. In the month of January this year, our marketshare in the HCV business was 4.2 %. I think the industry has also started recognising us as a very important third player.

### **What's going to be the driving force for the CV industry as well as MNAL in say five years from now?**

If I have to look at a five year horizon, the CV industry as a whole would certainly grow. Even if there are logjams at the decision-making level, after a certain time, entrepreneurship kicks in. If there's demand for goods, people would find a way to deliver. I see the industry making significant progress towards modernisation. I see a significant mindset change coming into this industry, especially with a lot of young people entering traditional businesses like transportation.

As a company, we are very well-positioned to take advantage of the situation. Entry of new and modern global players will help the industry become better and more competitive. And, no one can stop infrastructure development because it's gone beyond politics. We normally don't talk numbers, but I've been talking about 50,000 trucks in four years from now. We will continue to focus on the modern, youth transporter. We will continue to offer superior services, packaged services.

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