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'In the long-term, we are going to be a significant truck player'

[Lalatendu Mishra](#)

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*Having invested more than Rs.2,000 crore in its Heavy Commercial Vehicles (HCV) business, Mahindra & Mahindra Ltd. (M&M), wants to become a significant player in the trucking industry. Gaining a market share of 3.4 per cent in six years, Mahindra Trucks & Buses Ltd. wants to be among the top three truck makers in India in a few years. In a market dominated by Tata Motors, Ashok Leyland and Volvo-Eicher, Mahindra is building a range of intermediary vehicles to achieve its target. **Nalin Mehta**, MD & CEO, Mahindra Trucks & Buses shares his thoughts about the industry and his company's plans. Edited excerpts:*

How is the truck industry doing?

The truck industry has started growing backed by demand from mining and road construction sectors. Tipper sales have been continuously on the rise. Goods & Services Tax (GST) would augur well for the transport industry. It will improve productivity of the assets and move trucking towards higher tonnage trucks, because there will be consolidation of loads which are, right now, sometimes fragmented because of taxation benefits. So, GST is a very good sign. While good monsoon may have derailed truck purchases for two to three months, overall, I think, it will lead to good crop, good income, good consumption. So, I would say, we are positive on the sector.

Has Mahindra seen any increase in sales?

Our new product line is heavy commercial vehicles with a tonnage of 25 to 49 tons. And, we also have been doing business in light commercial vehicles in the range of 3.5 to 6 tons for several years. In both these areas we have increased our market share and overall volume. At a time when the industry has grown minus 4 per cent, we have grown over 12 per cent. Our market share has grown to about 3.4 per cent now. This market share has grown in all categories of products and in all geographies of the country. Our almost 230-odd service points and Roadside Assistance points have helped.

Why has the industry shown degrowth?

Last year the growth was almost 30 per cent. It was a steep growth after a long recession. We continued to grow till the monsoon. But after that sales slowed down due to heavy rains and floods when road transportation was hit. The announcement of GST has created some bit of

confusion. Consumers do not know what would happen to the price of trucks. There is a little bit of uncertainty. The business model itself will change because of GST. There will be a move towards higher tonnage trucks. People are still contemplating whether they would buy a 25 ton or a 40-ton truck. As GST rolls, many stockyards will get consolidated. All these factors have forced transporters to be on a wait and watch mode. Emission change has also added to the problem. BS4 is becoming applicable from April 1 and all the trucks will need to have air conditioned cabins. These things are going to push up the prices. So, if you ask me, the next four months are wide open to have more sales before new norms kick in.

Being primarily a UV company, how is Mahindra succeeding in HCV segment?

Our product acceptance has really gone up. When we introduced The Blazo range of trucks, we broke all norms by guaranteeing fuel efficiency. We declared that if you don't get a satisfactory fuel efficiency, we will take the truck back. That really worked and we sold nearly 1,500 Blazos on the promise of fuel efficiency. Our claim, our guarantee still stands. Fuel efficiency is a very important part of the truck game. We have also done significantly well in service support. We are hungry for business, therefore we are more customer-oriented. We have been able to scale up our service network very fast. We have also scaled up our parts network. I think all this has added to the fuel efficiency game plan. So, service, parts, new technology and guarantee have helped.

What is the investment plan?

Our aggressive plans are in place. We have rolled out an investment of Rs.800 crore for the intermediate commercial vehicles which we are developing in the capacity of 7 to 16 tons. Uptil now, we are at 25-ton and above. And then we are in 3.5-ton to 6-ton capacity. We are making new investment in this project. It will take two years for the new products to be rolled out. We will come out with six-wheel and four-wheel trucks. So, when those trucks come, business will further grow. We will also have tippers. Some buses will also come on that platform. We are also planning to bring in a range of light commercial vehicles. Product development is in advance stage. Engine is being developed at Mahindra Research Valley (MRV).

What is the road map for the intermediate vehicles business?

With GST, the hub and spoke model of transportation will come in play. So, this intermediate commercial vehicle will also grow a lot. Secondary transportation will happen, through intermediate commercial vehicle. We have approached the business in a very wholesome manner. We have expanded our range. There was a missing link. We have put investment. We have put up a state-of-art-plant at Chakan. The plant actually is one of the best in the world.

What is your medium to long -term plan?

Between two and three years period if I am able to double our market share, I am good. So, if I land up about 7 to 8 per cent, I am good. We are already a significant Commercial Vehicle player. We make small commercial vehicles including pick-ups. So, if you add up everything, we are a very significant player in the commercial vehicle industry. Currently LCV and HCV put

together, we are selling about 1,200 to 1,300 units per month. We have approached the business from very long term perspective, we are going to be a significant truck player.

Do you have any plans to get into luxury bus segment?

We are already in small buses and have 8 to 9 per cent market share. Our buses are very popular in school segment. Currently we have no plans to get into multi-axle intercity bus. These buses need to be developed as a global platform and the Indian market is 400 to 500 units per year. So it doesn't make sense to develop a bus for one country unless you can develop that for 20 countries. So we will expand our existing bus range. We need to consolidate the truck business first.