

Mahindra latest car group to invest in SA plant

Mahindra recently announced it would start assembling its products in SA in 2018.



The Indian company, which has a market cap of \$12bn, has 34 plants around the world for its passenger vehicles, bakkies, trucks, tractors, and agricultural machinery.

The announcement came in a year in which huge investments have been made in the country by motoring giants such as BMW, Isuzu Motors, and Chinese carmaker, BAIC.

It also came after US carmaker General Motors withdrew from SA, citing its "global business priorities".

"We believe it is right for us to start building in SA. We have evolved from just being a competitor in one of the most competitive markets in the world," said the head of international operations at Mahindra, Arvin Mathew.

"We are going to establish SA as our beachhead as we expand into Africa."

Biggest market outside Southeast Asia

SA was the biggest market for Mahindra outside Southeast Asia, said Mathew, and it was looking to improve its presence as well as its range of products.

So far in 2017, the company has sold 1,545 light commercial vehicles, giving it a market share of just 1.3%. Mathew said the aim was to increase the group's sales, partly through the introduction of new products such as the new Pik-Up he was in the country to launch.



Next generation Mahindra Pik Up makes its way to SA

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However, its numbers were likely to remain low compared to those of major rivals such as Ford, Isuzu, and Toyota.

Production was expected to start in just six months' time and the company was looking at sites in Durban for its facility. Mathew would not comment on the potential investment and advised that initially, the number of employment opportunities would not be high given that it would be a semi-knockdown assembly operation.

Can't put a price on being a local brand

"We have got board approval, now we have to execute," said Mathew. Strategically, he said, local assembly was not a great plan as it was cheaper to import complete vehicles, but he added that one could not put a price on being a local brand.

"SA is one of the few developed automotive economies," he said. The decision to assemble in the country was not based on any incentives provided by the Department of Trade and Industry and its Automotive Production Development Programme.

"I'm not chasing export credits," said Mathew.

Initial plans were for a small-scale assembly matching the existing supply of Mahindra bakkies. However, production will not be limited to light commercial vehicles. Mahindra is the world's largest manufacturer of tractors and the strategy included the assembly and sale of tractors, backhoe diggers, and other agricultural equipment.

Source: Business Day

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