

A giant goes boating

Despite the global downturn, a lack of Indian marine infrastructure and no prior experience of boatbuilding, India's Mahindra Group is confident of success for its new Odyssey range

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Mahindra's new Odyssey range heralds the group's entry into the marine market

The Mahindra Group is one of India's biggest industrial houses. Its interests range from tractors to clothing to finance and its annual turnover tops US\$6.7bn. While marine markets worldwide are reeling from the effects of the economic downturn Mahindra has chosen now as the right moment to launch Odyssey, a range of motorboats made in India for Indians that heralds the group's entry into the marine market.

Billed as the first ever foray of a major Indian industrial group into the leisure boating industry, Odyssey's launch models — the 22 and 33 — were both revealed to the public at the 3rd Mumbai International Boat Show in February this year.



Zhooben Bhiwandiwal, head of Mahindra Partners

The 22 is a 7m (22ft) fibreglass motorboat designed for Indian conditions with a unique hybrid deep-V trihedral hull capable of 40kt and built to European CE standards. Both the 22 and the 33 are offered with a variety of fit-out packages.

"Our customers own luxury cars so we are providing little touches in the trim and teak," says Zhooben Bhiwandiwal, head of the Mahindra Partners Division arm of the

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Mahindra Group, which is overseeing the Mahindra's boatbuilding business.

The Odyssea range has a 35 per cent price advantage over foreign competitors, who are hit with a 35 per cent import tax — Odyssea's prices begin at INR990,000 (€15,039 and US\$19,864 at the time of going to press).

Mahindra recommends a 150hp engine for the 22. Cruising at 25kt, with a 100lt tank the boat should have a range of 100nm. The 22 at Mumbai was powered by Evinrude, but Mahindra aims to eventually produce its own marine engines in India.

Aiming high

"Our company has learned that ultimately we maximise the impact of our products by building our own engines for them," says Bhiwandiwala. "In cars we learned that you are not as credible if you're not building your own engines. We now build 300,000-400,000 engines for cars each year."

The second phase of the Odyssea launch will see its portfolio expand to include cabin cruisers and catamarans.

"We are very confident," says

Bhiwandiwala, speaking just after the launch ceremony. "The demand for boats is substantial, as we noticed with the success of these boat shows. We believe that the boating market in India is potentially strong."

With a population of 1.2bn people, a high rate of personal savings and a vast domestic demand, India is not feeling the global downturn in the same way as more developed economies. Bhiwandiwala does have concerns about the current global economic climate, but insists that it does not detract from the opportunity in India.

"Things have changed, but while like most companies we're more measured, we continue with our long-term strategy," says Bhiwandiwala. "We now see a prudent market demand with a movement to greater



Mahindra's Odyssea 22 has a deep-V hull designed for Indian waters

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value. After all, India has a stable financial system, much more pragmatic than some."

At the time of going to press, voting had just begun in India's month-long general elections. Voters' concerns include that this year growth for the Indian economy has been forecasted to 'nose-dive' to six per cent following three consecutive years at over nine per cent.

The Mahindra Group is one of India's top 10 industrial brands. The market leader in

multi-utility vehicles in India, the group spans the Indian economy with financial services, retail and logistics, automotive components, information technology and infrastructure development. On January 13, 2009, while US carmakers were still waiting for a deal from Washington, Mahindra launched a successful new car, the Xylo, which sold 1,788 units in its first two weeks.

The next step

"We have done everything on land, from three wheels to two axles," says Bhiwandiwala. "We're now entering into a joint venture with a US company, Navistar, to produce trucks. We've also started a foray into private aircraft.

"Boats seemed to be the most logical extension of our brand."

A strong brand with a vertically integrated business, including insurance, finance (the largest in India), composites and an international vendor sourcing network, Mahindra lacked only experience in boatbuilding.

Bhiwandiwala has links to boating, having lived in Austin, Texas where every Sunday he

AN ANSWER TO THE TERROR THREAT?

One challenge beyond the control of Mahindra is the threat of terrorism and the local authorities' corresponding response — following the November terrorist attacks on Mumbai there was a clampdown on sea access, which included a sunset to sunrise curfew.

Such restrictions on boating could have an adverse affect on Indian boat sales.

An answer to the problem was launched at the 2009 Mumbai International Boat Show — a national trade association called the FICCI Boating Forum, which will represent the whole industry. Mahindra was among the first 60

members signed up during the show.

FICCI (Federation of Indian Chambers of Commerce and Industry) is a national organisation, which will ensure that the entire country is represented in the forum. By providing a proactive single voice for all of the stakeholders of the Indian boating industry, the forum gives a central focus for authorities such as the police, Coast Guard and Navy — already overtaxed by the challenge of maintaining commerce by the sea — to make sure the fledgling industry does not suffer as another casualty of terrorism.

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A Bollywood star poses for the press at the launch of the Mahindra Odyssea range

drove to the lake, rented a boat and took out his friends for 'many lazy afternoons on the water'. He also spent time in San Francisco's Bay Area where he says he learned the California lifestyle. But his skills as a qualified accountant with a university degree and almost 25 years of international business experience — all with his current employer — will be his main contribution to Odyssea. Being part of a group with a robust balance sheet and management willing to experiment is also going to help the fledgling boat brand.

"We hired in the design and understanding associated with boats with the specific objective of providing a custom-built boat for India and the Indian audience," says Bhiwandiwalla. "Our insurance arm then custom-designed an insurance product specifically for boats and we coupled it with a comprehensive support package, all of which is in-house at Mahindra."

Above all, Bhiwandiwalla sees the Mahindra brand as Odyssea's biggest start-up asset.

"When it comes to brand credibility, across this country, we are known as second to none," he says.

Mahindra's success is down to the group's understanding of the marine market along with the solidity of the Mahindra brand, especially in the minds of the Indian people.

Local knowledge

"We have taken the trouble to build a boat in India, for India and Indians," says Bhiwandiwalla. "We recognised that in the US, for example, a 8m (25ft) boat is normally used by two or three people. In India it's more likely to be used by five or six people,

so we've designed our 10m (33ft) model to seat 11 people."

The Mahindra brand is already represented across the country by between 1,200 and 1,400 dealer points. Not all will necessarily handle boats but they will get first option as the market dictates.

"Boating in India now is concentrated in Goa, Cochin and Mumbai," explains Bhiwandiwalla. "Suppose Chennai was to become India's new boating hot-spot. We already have three established dealers there, engrained with our customer support philosophy. We don't have to search out someone we don't know."

Development of marine infrastructure will be essential if the Indian boating market is to take off — India has over 7,000km of coastline and no marinas. Superyachts and rowing boats alike are all on swing moorings. But the lack of infrastructure is not necessarily an obstacle for Mahindra.

"We don't see the lack of infrastructure as an insurmountable problem," says Bhiwandiwalla. "In India we had cars when there weren't many good roads. The infrastructure will catch up and when it does we'll already be there with our boats."

AT A GLANCE

■ Mahindra Odyssea

Indian industrial group Mahindra's first range of motorboats launched at Mumbai International Boat Show in February 2009.

■ Launch models

Name: Odyssea 22

Length: 6.34m (22ft)

Max speed: 42kt

Max capacity: seven people

Features: Centre console and a hull designed for the choppy waters of the Arabian Sea.

Name: Odyssea 33

Length: 10m (33ft)

Max speed: 45kt

Max capacity: 12 people

Features: A targa offering sun protection and a bar with counter top and sink. Storage in bow and aft.

■ Future models

Cabin cruisers and catamarans.

■ Mahindra Group

Annual turnover: US\$6.7bn

Present in sectors including:

- automotive
- farm equipment
- financial services
- infrastructure
- information technology
- engineering
- materials
- defence
- retail and logistics

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As to competition that might also want to seize this opportunity, Bhiwandiwalla is realistic. But as he points out, for the moment virtually all pleasure craft sold in India are imports.

"Naturally, we expect domestic competition," says Bhiwandiwalla. "It would only be logical. We are not the only powerful company in India. But 100 per cent of our boats will be built in India. Why import a boat from another country that's built for another market and different conditions, and pay a 35 per cent import tax on top?" **IBI**