CITY WHERE IT APPEARED : MUMBAI

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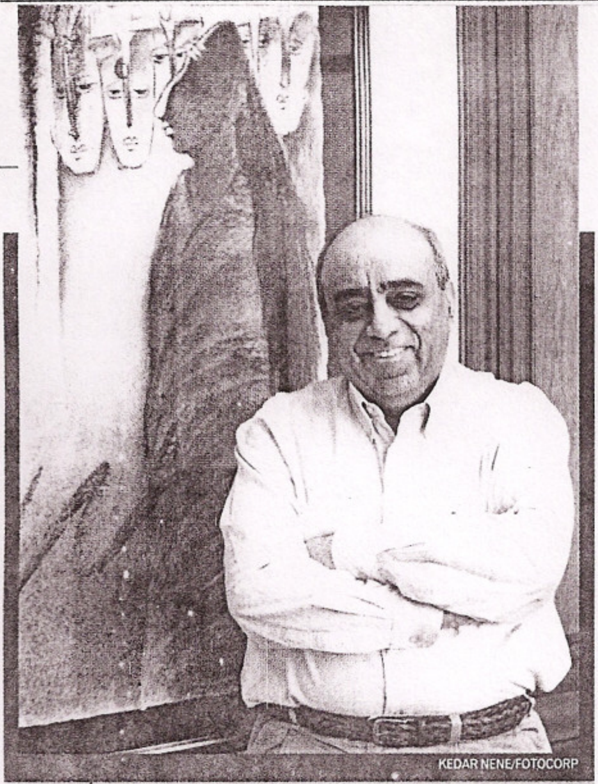

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Q&A | ARUN K NANDA, EXECUTIVE DIRECTOR AND PRESIDENT, INFRASTRUCTURE DEVELOPMENT

"We plan to take Club Mahindra global"

How did you enter the infrastructure business?
In1993, the group decided to get into the service business and identified three opportunities. We looked at real estate. It was individual-driven and said to be marred by bad practices. We tried to corporatise it. The second was hospitality. We started with the business hotel Day's Inn, but soon realised it was not our cup of tea and got out. Then came the time-share business through Club Mahindra. Later, while scouting for land in Chennai for the Ford project, I happened to see a stretch of land with 7 lakes and 5 hills. We thought it would be a great location for a special economic zone and the business took off.

Tell us about the initiatives that you have undertaken in the water business?
We supply 130 million litres of water to Tirupur, using a 58-km pipeline emanating from Cauvery. We treat the water and supply it to the municipality, which pumps it to industry and homes. A bulk of the money is made from supplies to industry while homes get it for a nominal cost. Villages get the water for free.

How scalable is the Club Mahindra business?
Currently, Club Mahindra is growing at 40% per annum. When we started off, it took us five years to sell the first 5,000 members, whereas now we are acquiring 2,500 members every month. We are also looking at getting into the international markets.

dent, Automotive Division: "Our overseas focus will remain UVs and pick-ups." The company will, however, explore global markets for the commercial vehicles that its joint venture with International Truck and Engine Corp, US (ITEC), roll out.

The joint ventures with Nissan and Renault are purely India-centric. So the objective here is not to emerge a global automobile company rivalling Ford or General Motors, but to carve out a space in the utility vehicles business and attain a brand stature like Land Rover's.

The group also has a strong auto-components business, which it plans to develop into a global tier-I supplier. Towards this, the company has entered into long-term agreements with ITEC, for engineering services and component sourcing (M&M already procures components from Chinese vendors for use in its tractors).

A slew of acquisitions in Europe (Stokes Group in the UK and Schoneweiss & Co and Jeco Holding AG in Germany) and India (Amforge) has led to its forgings capacity expanding to 2.28 lakh tonnes, making it among the top three in India and the fifth largest globally.

The farm equipment business is ranked fourth in the

A series of acquisitions in Europe has made M&M the fifth largest auto-component player globally

world—in terms of tractor sales (97,724 numbers sold in the 11 months ended February 2007)—by virtue of its over 40% share (post-acquisition of Punjab Tractors) in the world's largest market, India.

Up The Learning Curve

The group also tries to leverage the learnings of one business for the growth of another. For instance, Anjanikumar is looking to leverage the automotive division's presence in South Africa for selling his tractors in that market, while Pawan Goenka will look to ride on the tractor division's goodwill while entering the US market. Many of these businesses have in turn spawned others—engineering and design services and logistics solutions—created largely by spinning out teams that worked on in-house projects, says Bharat Doshi, the group's finance head. Doshi also wears the hat of President, Trade and Financial Services, and spearheads Mahindra & Mahindra Financial Services the country's largest rural finance company of its kind with 400 branches.

Project development and timeshare holidays are other unrelated areas where the Mahindra group is making a mark. The Mahindra World City in Chennai is the first SEZ to be set up in the country. And while it took Arun Nanda, President, Infrastructure Development, six months to rope in the first customer, Infosys, for the Chennai SEZ, its upcoming SEZ at Jaipur already has commitments in place