

Honda-Nissan merger move may help their Indian biz: Analysts

THE HURDLE. But market consolidating around other major players may pose challenges

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A possible merger of Japanese car makers Honda Motor Co and Nissan Motor Co, which have subsidiaries in India, could help their Indian businesses as both brands are well-known and need investments here, say analysts.

Both companies are preparing to start negotiations on the likely merger, which ultimately could be expanded to include Mitsubishi Motors Corp.

"This merger will also help them share resources and give better mobility options which are affordable and cleaner to customers," Puneet Gupta, Director (India & ASEAN Markets), Sales & Powertrain forecast, S&P Global, told *businessline*.

According to him, the companies could jointly develop future vehicle platforms, including electric vehicles (EVs), and sell in the same markets akin to what Suzuki-Toyota or Hyundai-



REPLICATING THE MODEL. According to Puneet Gupta of S&P Global, the companies could jointly develop platforms like what Suzuki-Toyota or Hyundai-Kia are doing. ISTOCKPHOTO

Kia are doing. "The purpose should be to develop platforms together at a competitive price because if they get economies of scale, that will be a main game changer for both the companies," Gupta said.

MARKET PRESENCE

But, he said it would not be an easy task because Nissan still has a backward integration with Renault and shares the manufacturing facility with it (in Tamil Nadu).

Srihari Mulgund, Partner and New Age Mobility Leader at EY Parthenon, said

that Nissan's challenges started when Carlos Ghosn, the CEO of Nissan from 2001 to 2017, and a key figure in the Renault-Nissan alliance, left.

"From a technology perspective, they are not there and in EVs, they were the pioneer with the Nissan Leaf. But they could not capture or build anything upon it...they have been lacking significantly in most of the markets," he said.

"In India, Honda-Nissan are more or less inconsequential because the market is consolidating around

Toyota-Suzuki, Hyundai-Kia, and Tata and Mahindra. Each commands at least 15 per cent of the market, which is a good scale in the Indian context," Mulgund said.

He said the partnership would not have big implications in the market. "They (Toyota) made sure that some of their good platforms are given to Suzuki and they built on it. Unfortunately, neither Nissan nor Honda has a strong platform to play around," he added.

Asked for comments from Honda and Nissan, their spokespersons said: "As announced in March and August, Nissan, Honda, and MMC are considering possibilities for future collaboration including the content of the report, but no decisions have been made."

The companies said they will inform all stakeholders at the appropriate time "if there are any updates". They are yet to confirm the business integration and will inform stakeholders as and when it happens.