M&M Bets on Demand for its New Models to Retain SUV Leadership

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New Delhi: Homegrown auto major Mahindra & Mahindra (M&M), which has cornered for itself the leadership position in the country's fast-growing sports utility vehicle segment in revenue terms, is banking on continuing its dominance on back of a strong order book for new launches Thar, XUV700 and Scorpio.

Rajesh Jejurikar, executive director (automotive and farm equipment sector) at M&M, told ET, the company's new launches have been received well and it is confident of maintaining this momentum with a strong order book and in-demand blockbuster products, waiting period for some of which stretch up to two years. "We have had a spate of back-to-back launches with brands including Thar, XUV300, XUV700, Bolero Neo and recently the Scorpio (N and Classic). These have seen overwhelming demand, propelling us to the number one position in revenue market share in the SUV segment in the last three consecutive quarters," informed Jejurikar.

As of September 2022, Mahindra's revenue market share in the SUV category stood at 19.9%, up from 12.9% in September 2021. The company had pending orders for 260,000 SUVs at the close of last quarter.

"Mahindra has a strong legacy in the SUV space and stated ambition to be a large SUV player. They have seen much success with XUV700 and some of the other product changes in their portfolio", concurred Ravi Bhatia, president at JATO Dynamics, adding, "We have seen that the average weighted prices of cars in India has moved up from Rs 7.5 lakh to Rs 10.5 lakh and this is driven mainly by growth in sales of higher priced SUVs."

In terms of volumes too, the new product interventions helped Mahindra more than double sales to 34,262 units in September 2022, compared to 14,663 units in the same period in 2020. Thereafter, the company sold 32,226 units in October and 30,238 units in November. In fact, Mahindra maintained pole position in the space in the two months to October, before ceding ground to Tata Motors last month. Tata Motors sold 31,558 SUVs in November, according to data available with automotive consultancy firm JATO Dynamics.

Jejurikar explained, "In 2020, we made a few strategic choices and decided to focus on our core of producing SUVs with adventure-ready capabilities. Our action on supply chain and capacity additions, in line with the robust demand across portfolio, has led to a growth in our monthly volumes."

With a strong order book for its vehicles and fresh bookings coming in on a fast clip, Mahindra is looking at increasing its production capacity by nearly 70% to 49,000 units per month by the end of Q4FY24, from 29,000 units per month in Q2FY23. The company said that the incremental capacity will help reduce waiting periods of new launches and also meet any uptick in exports.