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Mahindra May Use Navistar Plant to Make Scorpio Pickup

NEW DELHI -- Mahindra & Mahindra Ltd. may use one of Navistar International Corp.'s factories in the U.S. to assemble its pickup trucks in the world's biggest automobile market, a senior Mahindra executive said.

Mahindra--India's biggest sport-utility vehicles maker by sales--will likely decide on the plan by December, Pawan Goenka, president of the company's automotive division, told Dow Jones Newswires in an interview.

The Mumbai-based company initially plans to introduce a pickup, based on its Scorpio platform, in the U.S. in March by importing it as fully-built units from India. Deliveries will start in the April-June quarter, he said late Thursday at the ongoing New Delhi Auto Expo.

"Once we decide to assemble in the U.S., we would look at Navistar's facilities to see if there's something available which is right for us and if that works out," Mr. Goenka said. "We will certainly give priority to using Navistar's facilities."

Mahindra and Navistar--via its International Truck and Engine Corp. unit--currently operate two joint ventures in India. Mahindra Navistar Automotives Ltd., the first joint venture, was formed in November 2005 to make trucks and buses in India for the local and overseas markets. A second pact to make diesel engines for the

vehicles was signed in 2007.

Mahindra plans to position the Scorpio pickup as a cheaper and more fuel-efficient option in the U.S., where the government is promoting purchase of such vehicles, to compete with bigger rivals General Motors Co., [Ford Motor Co.](#) and [Toyota Motor Corp.](#) The pickup will be sold via Mahindra's U.S.-based distributor, Global Vehicles Inc.

"Our distributor has 300 dealers who will sell our vehicle," Mr. Goenka said.

In addition to the Scorpio, Mahindra produces vehicle models such as the Bolero and Xylo. It also makes tractors, three-wheeled auto rickshaws as well as the Logan sedan via a joint venture with French car maker [Renault SA](#).

Mr. Goenka said Mahindra doesn't plan to buy a factory in the U.S. for assembling its pickups and will instead opt for contract manufacturing of the vehicle.

Contract manufacturing of pickups will be a cost-effective option for Mahindra as "the investment won't be more than a few million dollars," he said.

In addition to the U.S. plans, the company is investing between 7 billion rupees (\$153 million) and 8 billion rupees in developing a new sport-

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utility vehicle that will be introduced in India by December 2010 or January 2011. The new SUV will be positioned above its existing model Scorpio, which is sold between 696,000 rupees and 1.14 million rupees at showrooms in New Delhi.

"It (new SUV) is a global platform," Mr. Goenka said. "We would expect to see a higher penetration in the overseas market (with the new SUV) than we currently have for our passenger vehicles."

Mahindra exported only 1,177 SUVs during April-December 2009, a 40.5% decline from a year earlier. That compares with a 30% rise in industry exports of cars and SUVs from India during the same period to 330,565 autos, according to the Society of Indian Automobile Manufacturers.

Companies within this Article

Toyota Motor Corp. ADS(TM)	85.36	+1.57	10:57a. m.
Renault S.A.(RNO.FR)	39.30	-0.40	10:57a. m.
Ford Motor Co.(F)	11.57	-0.09	10:57a. m.