

M&M sails into boat-making

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Wednesday, February 18, 2009 3:38 IST

Mumbai: The Mahindra group is all set for its first foray into the boat-making business with plans to manufacture high-potential fibreglass powerboats and catamarans. Mahindra & Mahindra has formed a joint venture with its subsidiary Ocean Blue for the foray.

The entry into boat-making has been on the cards since early 2008. Ocean Blue will develop marinas and also provide infrastructure support to the venture, which has been named Mahindra Ocean Blue Marine Pvt Ltd. Its products will be branded under Mahindra Odyssey. According to estimates, as many as 300 boats were sold in the country last year. Zhooben Bhiwandiwalla, executive vice-president, Mahindra & Mahindra, said the company was supposed to set up a greenfield facility for making boats but due to the economic headwinds, has decided to use existing plants for it. "We will be launching two prototypes (22- and 33-foot) in three days," he said.

The company will subsequently expand its operations to catamarans and cabin cruisers. Currently, the engines are imported but M&M plans to make them locally later on. As much as 20-30% of the cost of making a boat is engine cost. "Manufacturing will primarily be at the Pune plant and the finishing at Goa," Bhiwandiwalla said. The business will give M&M an additional source of income. However, it is yet to freeze the production targets and is moving cautiously with investments. "We are hopeful that through Mahindra Finance, which will provide a comprehensive finance package, we will be able to set up a vast customer base," Bhiwandiwalla said.

The company is not planning to set up showrooms for now and will operate on direct sale model in the next 6-9 months. It hopes to sell 300-400 boats in the next three years, using the databases of its other businesses to identify potential customers. "This marks the first ever foray of a major Indian industrial group into the leisure boating industry which has, till recently, been characterised by a small number of independent agencies offering imported versions from international manufacturers," said Bhiwandiwalla.

He said that M&M will tap its capabilities in other businesses for the boat business. "We have a composite fibreglass manufacturing plant in Pune, a huge vendor base, Mahindra Finance for finance, Mahindra Defence System (MDS) and Mahindra engineering services. We just had to perfectly align our existing services to enter into this business," he said.

Besides retail clients, the company will offer its products to coastguards, the Navy and political and defence circles. Mahindra Ocean Blue will also provide customers dry-docking facilities.