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Title : ET HANGOUT - 'Today, Kwid is Biggest Make in India Story'

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'Today, Kwid is Biggest Make in India Story'

Renault India's managing director **Sumit Sawhney** says the response to the Kwid mini car has exceeded expectations. The French carmaker is now going all out to tap the growing Indian market with one new car every year for the next four-five years. Renault, he said, is in an "investment mode" as it continues to invest in new products and Kwid variants. In a meeting held last week with ET reporters, Sawhney said India needs better free trade agreements (FTAs) with Europe, UK and Asean countries. Edited excerpts:

How has the journey of Kwid been so far?

The mini-car segment is the toughest segment and very hard to break. Nobody has succeeded in the past, but in the last 10 months, we have managed to garner 15% share and we are selling about 9,000 units a month. We knew entry into this segment cannot be half hearted. So we created a platform for emerging markets ground up and for the first time in our 118-year history, a global car was launched outside of Europe, that too in India. So far, it has exceeded our internal expectations.

What was the recipe for the success?

We cannot succeed if we don't bring innovation. This is not just limited to design, product, features or technology. One of the biggest innovations for us was on cost. That is why everything about Kwid was built ground up. We wanted to sell a car at a certain price, so we went ahead with 98% localisation. Nobody has ever done this before in India. Barring some electronics parts, all major parts are locally manufactured. Today, Kwid is the biggest 'Make in India' story. We invested a lot in basics, if you want to succeed in a country like India, you cannot succeed by luck. You need the infrastructure. We have invested in a big plant, a very big technology centre, which employs 5,000 people, two design centres in India and a global parts distribution centre in Pune. We got the basics right. For us it is a global car designed and developed out of India.

What are your future plans and projections?

Our aim is to launch one new car every year. We have been able to come up with a new CMFA platform and launched one car with 98% localisation. We can recreate things in the sub-4-metre segment. We have understood the localisation game and can go beyond four metres also. A platform can easily



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ON GOING LOCAL

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take 4-5 bodies of new styles. I already have 75,000 customers for the Kwid. Before we close the year, we will have 1,25,000 customers on the road.

How important is India for Renault global?

This year, India is among the top 10 markets for Renault worldwide (in terms of volumes). The world's top three car markets will be China, the US and India. Renault is new to China, and is not there in the US and we are in a good position in India. So India remains very, very important. Chairman Carlos Ghosn reviews all the India programmes himself.

Are cab aggregators a target segment?

At this point no. We have enough demand from the personal owner segment for Kwid, which is our

volume driver. But for the overall industry, it definitely is a target segment.

How difficult is it to satisfy the Indian customer?

The Indian customer is socially very aware. They want the latest and the best at the lowest cost. That is a combination which is very tough to create. If we see the same markets, 7-8 years back, the life cycle of a product was 5-6 years, but now you have to bring in changes every 2-3 years. Otherwise, the customer will bypass you. So the second point is consumer loyalty is very low in our country because he is always looking forward to a value proposition. The consumer is never wrong, we will have to keep pace with his expectations. If we have to bring something in India, it has to be innovative, it has to be a game changer. First it was the Renault Duster, now it is the Kwid. There are many more to follow.

What about Kwid's profitability?

In small cars nobody makes money till the time you have localised. Maruti Suzuki is making money, so is Hyundai, so it was important for us that we make money on what we launch. That was also one of the criteria for pushing for 98% localisation, so that we are not exposed to too much of forex risk, because that is what kills us. As for small cars, without going into specifics, we are slightly ahead of our internal plans on profitability. So is Renault overall making money? My answer will be no, as we are in an investment mode. We are still investing in Kwid and in our future products.

What is India's potential as an export hub?

We need better FTAs with Europe, UK and the ASEAN countries. Australia has stopped manufacturing cars and everything they buy is imported into the country. Similar is the story in the middle-east. Africa is another big opportunity. Also, India has the potential to be a big base for parts exports. Our chunk of parts sourced for global operations from India is growing month on month. Today we are making big number of cars in Romania, Turkey, and Morocco. A lot of our cars to Europe come from Morocco. With good policies we can explore such opportunities out of India also. There is so much capacity lying here in our country that if we have favourable FTAs, it can be deployed for exports. That wouldn't even need significant investments.