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Automobile Industry Updates

Issue No 4

June 2009

Regulatory Update

Motown seeks duty cuts, sops & easier credit

Six months after an excise duty cut on vehicles worked as a turbocharger for their sales, the auto industry wants more benefits in Budget 2009 to maintain the graph. Removal of specific duty on big cars, tax sops on vehicles for rural markets and revival of the duty-free credit scheme for quantum growth in exports are some of the incentives the auto sector believes will act as another stimulus package.

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Auto industry wants sops for CVs, exports

Auto industry executives expect this year's Union Budget to provide immediate relief to the ailing commercial vehicle (CV) industry. Sales of medium and heavy commercial vehicles had dipped 33 per cent in 2008-2009.

The Interim Budget in May this year had extended the depreciation benefit on purchase of new commercial vehicles to September from March 2009.

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Effects of Recession

GM India finds the going tough

General Motors India is having tough time raising cash from local financial institutions, which are wary of lending to a company whose parent is in deep trouble, the head of the automaker's Asia-Pacific operations said.

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Luxury car sales fall 8 per cent

With the economic slowdown hitting the people's spending power, sales of high-end cars dipped in May by 7.59 per cent, although the overall passenger car segment grew by 2.48 per cent.

According to the data provided by the Society of Indian Automobile Manufacturers (SIAM), sales of the premium and luxury cars went down to 3,360 units in May from 3,636 units in the year-ago period.

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Honda puts Rajasthan operations on hold

The automotive slowdown has prompted Honda SIEL Cars India (HSCI) to put its new assembly plant operations on hold and also pause hiring employees for its plant at Tapukara in Rajasthan. This comes even as the rising yen and dollar compelled the company to price the new hatchback model Jazz higher than what it had hoped to.

More

Crunch time at Tata Motors, future product plans on hold

Tata Motors has put its future product development plans on hold. Several products that were on the drawing board have been delayed by 6-8 months and the company will take a call on some of them depending on both the larger economic scenario and its own financial health. When contacted, the Tata Motors spokesman wrote in an email response to ET Now: "Only those product development plans had been put on hold or postponed that were on the drawing board stage for the future."

More

Commercial vehicle: Industry seeks more fund

Among the auto segments, the Commercial vehicle industry was the worst hit by the sudden recession witnessed in calendar year 2008 characterised by plant shutdowns and production cuts. However the various measures enforced by the government such as cut of 4 per cent to 6 per cent in the excise duty amounting to 8 per cent on both buses and trucks, 50 per cent accelerated depreciation on new trucks, bus purchase under the JNNURM scheme, cut in fuel prices etc boosted the CV sales sequentially from low of 20282 vehicles in Dec '08 to 33072 vehicles in May 2009.

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French tyre maker Michelin to shed 2800 jobs

French tyre maker Michelin has said it will shed more than 2800 jobs in the next three years as the global economic slump slashes demand in its key auto market.

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Bridgestone Cuts Net Forecast to Breakeven as Tire Sales Fall

Bridgestone Corp., the world's largest tiremaker by sales, cut its full-year net income forecast as vehicle sales decline.

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Indian vehicle sales fall 3.6 percent in May

India's automobile sales fell 3.6 percent in May from the year before to 171,623 vehicles while exports continued to grow, according to industry figures released Monday.

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Yamaha sees ten-fold jump in market share by 2012

Michelin to invest Rs 7,000 cr in India

Kesoram draws up Rs 1,550 cr expansion plan

International Updates

GM taps M&M, Tata for sale of Saturn

Tata's to introduce Nano in Thailand: Thai Govt agency

Tata Motors may have to scale down investment plans

Flying car to be unveiled in 2011

Continental to examine full merger with Schaeffler

U.S. agency rules for tire producers in China case

Bridgestone Starts Production at Kitakyushu Plant ahead of schedule

The drop in domestic sales reverses three months of moderate gains that had raised hopes that falling interest rates and government stimulus measures were supporting India's auto market.

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Press Release

Ashok Leyland plans CNG vehicles

Hinduja Group's flagship Ashok Leyland is planning to develop heavy vehicles that run on compressed natural gas (CNG) as the availability of gas is expected to double this year with gas flowing from Reliance Industries' Krishna Godavari basin.

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Maruti, Hero Honda ride rural sales to double-digit growth

Galloping sales in rural India allowed largest car maker Maruti Suzuki and largest two wheeler maker Hero Honda to record high double-digit growth year-on-year in May, while other players coped with tough market conditions.

Sales by Maruti Suzuki India (MSI) increased 10% to 70,785 cars and Hero Honda's sales jumped 23% to 3.82 lakh units in May 2009 on the back of increased demand from rural India. Both market leaders have started initiatives for this market to boost sales.

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Hyundai export sales up by 27.8%

EXPORT sales of Hyundai Motor India (HMIL) for May grew by 27.8%, with its overseas sales touching 20,125 units (15,751 units). The country's second largest manufacturer and the largest car exporter has benefited mostly from its exports to Europe, which continues to grow despite a slowdown in the sector.

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Electric car to hit roads in Sept: Ratan Tata

Indian conglomerate Tata Group Chairman Ratan Tata has said that Tata Motors will have an electric car in the market by September this year. "We will have an electric car in the market in September," Tata was quoted as saying by Cornell University on its micro-blogging feed on Twitter. Tata is also a Cornell trustee.

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Peugeot looks at car project in South

Peugeot has begun evaluating locations for its car project in India. It has kicked off negotiations with the Andhra Pradesh government that has offered to allocate around 800 acres of land near Hyderabad. The company is understood to be looking at an investment of Rs 1,500 crore for the project.

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Ford to invest Rs 2000 crore in Tamil Nadu

Ford, one of the early entrants into TN, is gearing up to sign a memorandum of understanding (MoU) with the state government in a month or so. This would see a fresh investment of Rs 2,000 crore into the auto corridor.

The pact would mark the first major project to be inked after the DMK government's return to power. "The cabinet has cleared the proposal. All elements are in place and the legalities are being worked out," a senior government official told ET.

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Govt spares the rod for Tata Motors and ALL

Commercial vehicle makers, including Tata Motors and Ashok Leyland, may just escape being penalised by the urban development ministry for not meeting their deadline, a ministry official told SundayET on condition of anonymity.

The two companies had procured bulk of the orders to supply buses to Indian cities under a government scheme by June 30.

[More](#)

Tata Elxsi sees R&D scope amidst auto sector downturn

Design solutions major Tata Elxsi is expecting a strong performance in the R&D solutions space in its automobile vertical as the amount of software going into automobiles continues its upward swing, triggered by a spurt in demand for increased efficiency and features

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Tax at Ruia Group tyre under investigation

An article published by the Indian business daily Mint indicates that three tyre companies owned by Ruia Group chairman Pawan Kumar Ruia are being investigated for tax incongruities.

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Tyre makers seek custom waiver

The Automotive Tyre Manufacturers' Association (ATMA) has sought a waiver in customs duty on raw material, which is in short supply to meet the domestic demand besides demanding a reduction in duty on natural rubber.

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Modi brothers' tiff over tyre arm nears settlement

The differences between brothers VK Modi and BK Modi over the control of Modi Rubber, a tyre manufacturing company, are in the final stage of settlement as per disclosures filed with the Bombay Stock Exchange.

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Expecting demand, tyre makers roll out radials capacity

Anticipating new truck and bus launches, most of which will be fitted with radial tyres, manufacturers in India are starting to install capacity to meet the demand.

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M&M drives up Africa focus to make up for US losses

Utility vehicles major, Mahindra & Mahindra has intensified focus on Africa to compensate the loss of volumes from the US market, which is facing recessionary trends. The company is setting up small assembly plants in Africa and also exports SKD (semi-knocked down) kits from India. Initially, the tractor and utility vehicle major will focus on some of the main African markets like Mali, Ghana, Nigeria and Zambia.

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M&M may not continue with brand Kinetic

Auto maker Mahindra and Mahindra Ltd's (M&M) scooter business, which it acquired from Kinetic Motor Co. Ltd last year, is unlikely to continue with the Kinetic brand and plans to leverage and build its own brand, people familiar with the development said.

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M&M to ride on ex-Chrysler dealers

Mahindra & Mahindra's ambition of driving into the fiercely competitive market of the United States may get a fillip as some erstwhile dealers of Chrysler have agreed to sell its vehicles in response to feelers sent by M&M's designated distributor: Global Vehicles.

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Mahindra posts 42.56 pc rise in tractors sales in May

Farm equipment maker Mahindra Tractors today reported a 42.56 per cent rise in its total tractor sales in May at 13,500 units compared with 9,470 units in the same month last year.

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New Product

TVS Motors to launch Flame bikes under new name

TVS Motors will launch its Flame brand of motorcycles under a new name, but the new SR125 will omit the controversial twin-spark plug technology over which the Chennai-based company is locked in a two-year old legal battle with rival Bajaj Auto.

[More](#)

Auto cos think big launches

In the midst of all this, automotive majors are continuing with their pre-determined timelines for new model programmes. Despite the downturn and mental turmoil, the automotive industry in the country has to count itself fortunate that so many OEMs had new model programmes underway. Call it the throw of the dice or pure

coincidence, but this is exactly what has panned out in India since January this year.

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Mahindra Scorpio's revolutionary Micro-Hybrid technology

Mahindra launched the new 'mighty muscular' Scorpio successfully to excellent customer response. Always aggressive in its looks and attitude, Scorpio's dominance on Indian roads is a well-known story. But this time around, there's a surprise in store for everyone, as this bully has a soft corner.

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GM looking at Rs 2 lakh mini car for India

It may have entered bankruptcy protection in the US, but General Motors still has ambitious plans for India. The auto major is planning to develop a small car which will be its cheapest globally, at a possible price tag of under Rs 2 lakh. Nick Reilly, GM Group V-P, told TOI that the company was looking at developing a car from India that would be positioned below the 'Spark' mini car.

[More](#)

Toyota introduces all new Corolla Altis Sport

Toyota Kirloskar Motor on Thursday introduced all new Corolla Altis Sport (limited edition) to target young car enthusiasts.

The new Corolla Altis Sport has been designed to give customers the stylish image of a car which is youthful and sporty, and has exciting new features.

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Audi launches compact SUV in Mumbai

German luxury carmaker Audi on Thursday launched its compact SUV Q5, in Mumbai priced at Rs 38,57,000. According to estimates, last year India witnessed sales of 7,000 luxury cars. "The luxury car market is growing at a faster pace in India and we are targeting that," Audi India MD Benoit Tiers told reporters.

[More](#)

Audi launches three variants of A4 in the Indian market

German luxury carmaker Audi today said it has added three new variants of its premium sedan A4 in the Indian market, priced between Rs 26.67 lakh and Rs 36.40 lakh (ex-showroom Mumbai).

[More](#)

Royal Enfield to launch 2 bikes; ramp up capacity by 35%

Heavy-weight motorbike maker Royal Enfield on Friday said it will launch two models by early next year and plans to expand its overall production capacity by over 35 per cent by 2010.

The company is also increasing its production capacity to 60,000 units per annum by 2010 from the existing 44,000 bikes a year at its facility in Chennai.

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Hindustan Motors to launch upgraded Winner truck in Delhi

Automobile manufacturer Hindustan Motors will launch the Bharat Stage Four (BS IV) version of its mini-truck Winner in the national capital shortly, a top company official said here Friday.

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Used Vehicles

Used cars congest Indian roads as sales spike

Used car purchases are soaring in India, the world's second most populous country, as a host of global and local auto firms offer attractive trade-in deals to build customer loyalty and boost new car sales.

Many of these used vehicles are getting snapped up by people who have never owned cars before or families adding second or even third vehicles to their fleets.

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Cama Motors to sell pre-owned luxury cars in Gujarat

Cama Motors, the oldest automobile company in the state, has diversified into selling of pre-owned luxurious cars and import of luxurious cars.

Apart from selling pre-owned luxury cars of all brands, Cama Signature will also facilitate hassle-free imports of luxury sports utility vehicles and sedans, he said

[More](#)

Industry Competition

Tata's may use Nano platform to build electric, hybrid cars

For the Tata Group, innovation will be a critical area in the time to come. With the formation of the Tata Group Innovation Forum (TGIF) in 2007, the objective has been to create an innovative environment, which will get companies to achieve their innovation capability. TGIF was put in place with the idea of fostering innovation in the group companies.

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Future prospects good for auto sector: Aulbur

Mercedes-Benz India on Friday said it is expecting a 10 per cent increase in its sales in the next one year as the future prospect for his company and the auto sector is looking up with a stable Congress-led government at the Centre.

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Renault-Nissan JV has big India plans

Renault-Nissan Automotive India, a 50:50 joint venture floated for a passenger car project in Chennai, is eyeing 5.7% of the market share in India by 2012. It is looking at emerging markets like Brazil, Russia, India and China, besides Middle East, to

push its global market share, a top official said on Thursday.

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Toyota's second Indian plant to start by end-2010

The Indian unit of Japan's Toyota Motor Corp expects to start production at its second car plant by the end of 2010, a top official said on Tuesday.

Its second plant coming up at a cost of \$680 million in the same state will have a capacity of 100,000 units a year.

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Tata's JLR to storm into small towns

Tata Motors, which is driving in Jaguar and Land Rover brands to India on June 28, will set up exclusive showrooms in smaller towns as part of an India-specific marketing and distribution strategy for its premium cars.

Almost the entire Land Rover range of luxury utility vehicles, including the Range Rover and Range Rover Sport as well as the mid-sized SUV LR Discovery 3, will make their way to India.

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Yamaha sees ten-fold jump in market share by 2012

Two-wheeler giant Yamaha has set an aggressive target of increasing its market share in India by ten times by end-2011. Besides product launches, growth in the number of outlets is also on the cards.

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Michelin to invest Rs 7,000 cr in India

In what would be one of the largest FDI inflows into the country, Michelin & Cie, the world's second-largest tyre maker, is looking to invest up to Rs 7,000 crore (\$1.48 billion) in India over a 10-year period to make and market radial tyres and tubes in the country.

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Kesoram draws up Rs 1,550 cr expansion plan

Kesoram Industries, the flagship of the BK Birla group of companies, will invest Rs 1,550 crore over the next 15 on expansion. The company will invest Rs 750 crore in the cement division and Rs 800 crore in its tyre division. Out of the total investment, one-third would be funded from internal accruals and the balance would come from debt.

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International updates

GM taps M&M, Tatas for sale of Saturn

Indian automobile majors Mahindra & Mahindra and Tata Motors figure in the global list of more than a dozen firms to have been tapped by bankers representing General Motors for a possible sale of the beleaguered US carmaker's small car brand Saturn, said a person familiar with the matter.

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Tata's to introduce Nano in Thailand: Thai Govt agency

World acclaimed Tata Motor's small car Nano may drive into the Thai and other markets in the South East Asia, a Thai investment agency official said. "They (Tata Motors) have plans to introduce Tata Nano in future (in Thailand) for the economic segment of the market and probably plan to expand by taking it to neighbouring countries in ASEAN," Thailand Board of Investment (BOI) Secretary General Atchaka Brimble said here.

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Tata Motors may have to scale down investment plans

If the UK government's help does not come soon, Tata Motors will have to cut down its investment plans for Jaguar Land Rover with possible job losses and plant closures, a media report said On Sunday.

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Flying car to be unveiled in 2011

An American company Terrafugia Transition, based near Boston, is set to unveil the dual-purpose car-cum-plane vehicle called 'The Flying Car' as early as 2011. The two-seater vehicle can let you fly if you wish to avoid the congested city traffic.

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Continental to examine full merger with Schaeffler

Indebted car parts maker Continental will examine a full merger with its ailing large shareholder, German bearings maker Schaeffler, that would create a company with some 33 billion euros (\$45.6 billion) in sales.

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U.S. agency rules for tire producers in China case

U.S. tire companies are being harmed by products from China, a U.S. agency ruled, setting up a decision by President Barack Obama on whether to impose tariffs or quotas on America's biggest source of imports.

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Bridgestone Starts Production at Kitakyushu Plant ahead of schedule

Bridgestone Corporation announced that production of large and ultra-large off-the-road radial tires (ORR) for construction and mining vehicles began in June at its new Kitakyushu Plant, three months earlier than the planned production in September.

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Regulatory Updates

Motown seeks duty cuts, sops & easier credit

11 June 2009

The Economic Times

Six months after an excise duty cut on vehicles worked as a turbocharger for their sales, the auto industry wants more benefits in Budget 2009 to maintain the graph. Removal of specific duty on big cars, tax sops on vehicles for rural markets and revival of the duty-free credit scheme for quantum growth in exports are some of the incentives the auto sector believes will act as another stimulus package.

Last year, the slowdown dragged sales of cars, two-wheelers, trucks, buses and three-wheelers into negative territory, forcing the government to take steps to revive demand. In December, the government slashed the excise duty on all classes of vehicles by 4%, leading to price cuts of up to Rs 2 lakh.

As a result, the auto industry regained traction, with sales of cars and two-wheelers posting double-digit growth. Truck sales, however, have been an exception and continue to decelerate as a direct fallout of the economic meltdown.

Six months later, automakers are saying they need more government support to maintain the sales momentum. "A lot of demand was generated after the government's decision to cut excise duty. We expect a similar tax concession in the upcoming budget to incentivise customers to buy new vehicles and create additional demand," said Maruti Suzuki CEO and MD S Nakanishi.

The industry is also hoping for easy availability of credit, along with a drop in interest rates on auto loans. "The government should simplify the complex tax structure for the auto industry. A uniform tax should be levied on all cars, irrespective of their size or dimension," said Honda Siel Cars India president & CEO Masahiro Takedagawa.

Today, cars less than four metres in length with 1,200-cc petrol and 1,500-cc diesel engines are taxed at 8%. All other passenger vehicles attract an excise duty of 20%.

Bigger cars also attract an additional specific duty of Rs 15,000 on models with 1,500-1,999 cc engines, and Rs 20,000 on models with 2,000 cc and bigger engines. The Society of Indian Automobile Manufacturers (Siam) has asked the government to remove the additional tax on bigger cars, which has reduced their demand and skewed the market in

favour of smaller cars.

“While incentives for small cars are welcome, the government is discouraging big cars. Also, utility vehicles that are primarily used in rural areas are being hit badly,” said Siam director Sugato Sen. The automotive lobby has asked the government to introduce concessional tax structure for vehicles used in rural areas to revive demand. It has also demanded that post-stimulus excise duty, after the 4% cut, be made permanent and all investments in R&D by automakers be exempt from tax.

Hyundai Motor India and Bajaj Auto, which export half of their Indian output, have demanded incentives for local manufacturing. “We are the largest exporters of cars from India and there is no benefit for selling made-in-India products in the highly-developed European markets. We have asked the government to reintroduce the Target Plus scheme to make exports viable as we are losing money due to rapid currency fluctuations,” Hyundai Motor India MD & CEO HS Lheem said.

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Auto industry wants sops for CVs, exports

14 June 2009

Business Standard

Auto industry executives expect this year’s Union Budget to provide immediate relief to the ailing commercial vehicle (CV) industry. Sales of medium and heavy commercial vehicles had dipped 33 per cent in 2008-2009. The Interim Budget in May this year had extended the depreciation benefit on purchase of new commercial vehicles to September from March 2009. Industry executives said this should be extended as sales of large vehicles slumped 40 per cent in April and May this year.

“The other issue we expect the Budget to address is investment in infrastructure. Once this happens, the demand for commercial vehicles used in the construction industry will pick up. In addition to providing incentives for scrapping old trucks and lorries, which not only pollute but also pose safety risks, the Budget could provide funding for an integrated public transportation system. This will boost demand for buses,” said R Seshasayee, MD of Ashok Leyland.

Manufacturers of passenger vehicles say that given the negligible growth in sales of cars and utility vehicles last year — the growth was a mere 0.13 per cent — the Budget needs to tackle two anomalies in the system. “Additional taxes on large cars need to be rationalised in line with the excise duty on small cars,” said Masahiro Takedagawa, president and CEO, Honda Siel Cars. While small cars attract 8 per cent excise duty, the effective manufacturing duty on large cars and utility vehicles is 22-24 per cent. A company executive said since utility vehicles like Safaris and Maxx were widely used in rural areas where public transport was underdeveloped, it didn’t make sense to impose such high taxes on these vehicles. “The other issue impacting car sales is the different VAT rates that states levy,” said Ankush Arora, vice-president, marketing (sales) of GM. For instance, the VAT rate on cars in New Delhi is 12.5 per cent, while in other states, it is 15 per cent.

Large exporters, like Hyundai, want the Budget to provide export sops. They say the Budget could include small cars in the focus product scheme for exporters.

Auto parts manufacturers say the import duty for certain components stands at 7.5 per cent. “This has to be raised to the general taxation rate of 10 per cent,” said Jayant Davar, MD of Sandhar Technologies. Davar said the Budget could

provide incentives such as tax holidays and lower tax rates to promote auto ancillary manufacturing parks.

In an effort to promote domestic R&D in the auto industry, the government had earlier proposed 150 per cent weighted deduction on R&D investments by companies. This is effective till 2011. "This benefit has to be given for a period of 5-10 years, which will help automobile manufacturers plan their investments," said Venu Srinivasan, CMD of TVS Motors and the current president of the CII.

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Effects of Recession

GM India finds the going tough

3 June 2009

ET Now

General Motors India is having tough time raising cash from local financial institutions, which are wary of lending to a company whose parent is in deep trouble, the head of the automaker's Asia-Pacific operations said.

GM India is looking to raise \$200 million to invest in an engine manufacturing unit in Talegaon, Maharashtra, as well as working capital for operational expenses, after funding from its embattled parent was cut off. GM Corporation on Monday filed for bankruptcy protection in the US.

"We have found it difficult to attract interest from Indian financial institutions but we haven't given up yet. We are in advanced talks with two other sources and are pursuing both Indian and non-Indian financial institutions," GM group vice-president and GM Asia-Pacific president Nick Reilly said in a conference call with reporters.

The Indian unit is part of the list of subsidiaries included in the so-called new GM, consisting of the automaker's best assets and brands. The Asia-Pacific operations, including India, will have "to fund its own growth," Mr Reilly said.

While GM India's nearly \$800-million investment in India is "largely parent equity", post-restructuring, the "parent will not be in a position to invest overseas because of its substantial borrowing from the US government, which is American taxpayers' money," he added.

Currently, GM India's operations "are profitable but not wildly so and they can't finance a large investment," Mr Reilly observed.

GM India sold close to 70,000 cars in 2008 and is the fourth-largest carmaker after Maruti, Hyundai and Tata Motors. It commands 5% share of the Indian car market. But since February, it has seen sales fall rapidly.

GM India will also need to raise working capital locally but that effort too is running into the hurdle of scepticism among Indian financial institutions.

"Typically those loans are easy to come by because of inventory and receivables as collateral but Indian financial institutions have been wary because of what's happening to GM in the US. Hopefully now that the (bankruptcy) filing is complete, Indian financial institutions will be more open," he said.

GM India will be integrated closely with the GM Asia-Pacific structure for fund raising. "India won't be on its own. We are looking at the funding requirements for Asia and how to raise it," he said.

Already, GM Korea has raised \$200 million for itself from the Korea Development Bank and other units are expected to follow the example.

The new GM will also look to develop China and India as export hubs. "Although not in the next 12 months, the future will have significant exports from India when the new small car (Beat concept) debuts by December," Mr Reilly said.

The small car, which will also be sold in several markets worldwide, will be a big global sourcing opportunity for GM India's suppliers. Also, as small cars become important for GM globally, including in the US, good volumes in India will be crucial because it will help GM source parts locally at competitive prices.

GM India needs high local content to drive down costs and be competitive globally. This, he said, will happen when the engine plant is up and running.

"GM is suffering in India because it can't match the scale and costs of entrenched players like Maruti and Hyundai, which have been aggressive with incentives," Mr Reilly said. With the engine plant and more locally-made vehicles, GM India will be less dependent on knocked down kits from GM Korea and be more cost competitive in India.

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Luxury car sales fall 8 per cent

14 June 2009

PTI

With the economic slowdown hitting the people's spending power, sales of high-end cars dipped in May by 7.59 per cent, although the overall passenger car segment grew by 2.48 per cent.

According to the data provided by the Society of Indian Automobile Manufacturers (SIAM), sales of the premium and luxury cars went down to 3,360 units in May from 3,636 units in the year-ago period.

In the first two months of the current financial year also, the sales of the high-end cars declined to 7,098 units from 7,149 units in the same period last year, SIAM said.

The market leader in the premium segment Mercedes-Benz registered a decline of 34.18 per cent in May, while its competitor BMW's sales fell by 22.48 per cent last month compared to the year-ago period.

German carmaker Mercedes-Benz sold 181 units of its C, E and S-Class cars in India last month against 275 units in the corresponding month of last year. While sales of its C and S-Class plummeted by 56.02 per cent and 31.58 per cent at 73 units and 39 units respectively, the sales of E-Class zoomed by 32.69 per cent at 69 units.

Another German carmaker BMW saw its sales in the Indian market falling to 169 units from 218 units in the same month last year. Its entire portfolio of passenger cars, comprising 3, 5, 6 and 7-series sedans, registered steep falls during the month.

General Motors India's, the wholly-owned subsidiary of the bankrupt US car major, saw its overall passenger car segment growing by 1.12 per cent in May, but its luxury segment witnessed a sharp decline of 68.67 per cent at 120 units during the month compared with 383 units in May 2008. It sells Chevrolet Optra in the high-end segment.

The country's second largest carmaker Hyundai Motor India also reported a fall of 50.91 per cent of its Elantra and Sonata cars at 655 units against 1,025 units during May last year. Honda SIEL Cars India sold 435 units of its Civic and Accord cars in the said month, witnessing a drop of 66.38 per cent over 1,294 units sold during the same month of last year.

Skoda Auto India sold 830 units of Octavia, Laura and Superb, a fall of 20.88 per cent over last year's 1,049 units.

Toyota Kirloskar Motor, however, bucked the trend and sold 697 units of its Corolla and Camry in May. It was a jump of 92.54 per cent over 301 units sold by the company in the same month of last year.

It may be noted that the government discourages sale of Cars having a petrol engine above 1200cc and a diesel engine above 1500cc displacements are charged with 20 per cent excise duties, while small cars enjoy 8 per cent excise duty.

Besides, fuel guzzlers having engine capacities between 1500cc and 1999cc attract an additional excise duty of Rs 15,000, while that of above 2000cc pay Rs 20,000 extra.

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Honda puts Rajasthan operations on hold

17 June 2009

The Economic Times

The automotive slowdown has prompted Honda SIEL Cars India (HSCI) to put its new assembly plant operations on hold and also pause hiring employees for its plant at Tapukara in Rajasthan. This comes even as the rising yen and dollar compelled the company to price the new hatchback model Jazz higher than what it had hoped to.

"We had earlier planned the new plant to start by this year, but are not able to," said Tatsuya Natsume, director, marketing, HSCI. The total cost of the plant is estimated at Rs 1,000 crore. Investments in the plant slowed down since December last year, and now it's stopped till the automotive market in India improves.

The new plant, which was shut down mid-way, now faces an uncertain future for the time being. "We do now know when the next Rs 400 crore (required for the plant to go on stream) will come," he said, the first time the company admitted this uncertainty, in a chat with ET.

"We have a target that the market should reach two million units of cars before we pour in more investments in India," he said. The domestic car market was estimated at 1.2 million units in FY09 and growing at a sluggish pace in the wake of the economic slowdown. This also means that the date for the launch of the next small car, to be smaller in size than the 1.2 litre Jazz, is also not certain anymore.

HSCI had planned to set up the second plant in Rajasthan with an initial capacity of 60,000 units, while it expanded capacity at its Greater Noida facility to one lakh unit per year. It will launch its next small car by 2011.

The company is going aggressive on localisation for its new models in order to combat the slowdown and cut costs. The Jazz has a localisation of 77%, the highest among its models. The City and the Accord have localisations of 75% and 35%, respectively. The higher localisation content allowed the company to keep the pricing of the new City competitive and sales have grown 20% since its launch six months ago, said Natsume.

However, the rise in the yen and dollar resulted in the pricing being a bit steep for the Jazz than previously planned, said Natsume. "We were adversely affected by the rise in yen and the dollar, as we import parts from Japan and the US," he said. The car is priced between Rs 7.15 lakh to Rs 7.50 lakh ex-showroom in Bangalore, making it the nation's most expensive 'super-mini' car. The company has already seen 1,000 bookings for the car, he said. "We hope the Jazz sales will propel us to a double-digit growth this year," he said.

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Crunch time at Tata Motors, future product plans on hold

25 June 2009

ET NOW

Tata Motors has put its future product development plans on hold. Several products that were on the drawing board have been delayed by 6-8 months and the company will take a call on some of them depending on both the larger economic scenario and its own financial health. When contacted, the Tata Motors spokesman wrote in an email response to ET Now: "Only those product development plans had been put on hold or postponed that were on the drawing board stage for the future."

According to two people with direct knowledge of the matter, apart from the future new products, Tata Motors had also planned an Indica refresh as well as a car positioned above the Indigo. Both of them are now on the back burner. The company, however, maintains that "no announced products are on hold, including the crossover (Indicruz). There is no Indica refresh planned.

The new Tata Indica Vista is not even a year old. The only car above the Tata Indigo that has been showcased is the recent concept car, Prima, which was displayed at the Geneva Motor Show this year. It remains a concept and has not been announced as a new car programme," added the company spokesman.

The Indicruz crossover, currently being test driven in the UK, is due for debut next year. The new Indigo is due later this year. That plus the Nano cover the company's new product plans for now. "Some products in the existing or new segments that are in the blueprint stage may be delayed by 6-8 months because the company won't spend on them right now," said another person with direct knowledge of the situation.

The product freeze is partly due to the current demand scenario both in the car and truck market. Tata Motors ended FY09 with domestic passenger vehicle sales of 207,512 units, down nearly 5% over 218,055 units the year before. But its truck and bus sales were down 15% to 265,373 units from 312,935 units the year before. In the first quarter of this fiscal too, the tally hasn't improved dramatically.

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Commercial vehicle: Industry seeks more fund

29 June 2009

Capital Market

Accelerated depreciation expires by September 2009 while funds under JNNURM for urban transport are available till June 2009; industry seeks these benefits for extended time period.

Among the auto segments, the Commercial vehicle industry was the worst hit by the sudden recession witnessed in calendar year 2008 characterised by plant shutdowns and production cuts. However the various measures enforced by the government such as cut of 4 per cent to 6 per cent in the excise duty amounting to 8 per cent on both buses and trucks, 50 per cent accelerated depreciation on new trucks, bus purchase under the JNNURM scheme, cut in fuel prices etc boosted the CV sales sequentially from low of 20282 vehicles in Dec '08 to 33072 vehicles in May 2009.

Unfortunately, the industry still lurks in the negative growth terrain on y-o-y basis largely owing to medium & heavy commercial vehicle sales (M&HCV sales). The CV sales in period Apr to May 2009 declined by 16% y-o-y to 64585 vehicles against 77016 vehicles in corresponding previous period.

The M&HCV sales slumped by 32 per cent y-o-y from 296675 vehicles in FY08 to 200406 vehicles in FY09 driven by the slowdown in the economy. The sales of high growth special vehicle segment of tractor trailers, tipper and Multi Axle Vehicle sales shrunk on account of cyclical uncertainties, lack of finance for such vehicles by NBFC/ FIs preferring finance for general purpose vehicles (haulage) over specialty vehicles. Nevertheless, the M&HCV industry has managed to pull out itself consistently from 68 per cent y-o-y degrowth in December 2008 to 35 per cent downfall in May 2009 on account of the various measures extended by the government. However, its total sales continued to decline y-o-y with 38 per cent y-o-y reduction to 25134 vehicles in Apr-May 2009 period compared to 40731 vehicles in corresponding previous period.

In contrast, Light Commercial vehicle sales have bounced back both sequentially and y-o-y basis. Though it declined by 10 per cent y-o-y from 252813 vehicles in FY08 to 226389 vehicles in FY09, it has picked itself from the beginning of FY 2010 with 9 per cent y-o-y growth to 39451 vehicles in Apr- May 2009 period.

Industry expectations

SIAM has not brought out any pre budget memorandum for auto sector.

Analysts/market expectations

Currently, accelerated 50% depreciation is available for commercial vehicle put to use on or before 30th September 2009. The industry seeks extension of this 50% accelerated depreciation for the whole of financial year 2009-10.

Currently, funds for purchase of buses for city transport are made available under JNNURM scheme until 30th June 2009. Accordingly, the government has so far placed order for around 8000 buses out of the over 14,000 buses sanctioned under JNNURM scheme. If the government placed order for the remaining 6000 buses in June 2009, it would take a while for manufacture of the buses, with deliveries extending beyond the 30th June 2009 deadline. So, the industry seeks funds under JNNURM available for extended period of time.

Details	FY2008-09	FY 2007-08	Var %
M&HCV Total Sales	200406	296675	-32.45
LCV Total Sales	226389	252813	-10.45
Total Commercial Vehicles	426795	549488	-22.33

Source: SIAM

Details	Apr-May 2009	Apr- May 2008	Var %
M&HCV Total Sales	25134	40731	-38.29
LCV Total Sales	39451	36285	8.73
Total Commercial Vehicles	64585	77016	-16.14

Source: SIAM

Reduction in the interest rates by banks and easy availability of credit to boost sales. Despite the RBI cutting the key policy rates such as CRR by 400 bps to 5% and Repo rate by 425 bps to 4.75% since mid Oct 2008 till date, the banks have not adequately cut the interest rates on advances. Also, considering the deterioration in asset quality, banks are going slow on advances in general and auto loans in particular. But making credit available at affordable rates can act as a catalyst to growth in demand for auto sector in general, and CV segment in particular.

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French tyre maker Michelin to shed 2800 jobs

18 June 2009

www.business.smh.com.au

French tyre maker Michelin has said it will shed more than 2800 jobs in the next three years as the global economic slump slashes demand in its key auto market. The company said it would also shut down one of its plants in northern France at Noyelles-les-Seclin but will boost research and development funding at its Clermont-Ferrand plant by more than E100 million (\$173.51 million).

"We're in logic of consolidation in France and we want to continue to produce amid very aggressive competition," Thierry Chiche, Michelin's industrial director for Europe, told AFP.

The downsizing will include 1093 direct job cuts from 2010 and a program to allow 1800 voluntary redundancies over the next three years, the company said, insisting that none of the planned redundancies would be forced. Michelin rival Continental recently announced the closure of its factory in Clairoix, north of Paris, with the loss of 1120 jobs, while Goodyear Dunlop has laid off 820 workers at its Amiens plant in the north.

Since the worst global slump since the 1930s began to take hold in late 2007, auto sales have fallen dramatically as consumers have cut back spending to pay off debt and focused on keeping their jobs. Vehicle sales have recovered slightly in recent months, helped in part by government measures in several countries, but the auto industry is being

radically transformed, with former US giants General Motors and Chrysler filing for bankruptcy protection earlier this year.

"There is a large degree of overcapacity in the auto industry and that is also true for part of the auto equipment sector," said Markus Leitner, analyst with Fitch. "The Western markets are near to saturation point," said Carlos da Silva of Global Insight, with other analysts noting that alternatives were difficult to find, even in Asia. "As for the emerging markets, demand has collapsed there too, except for in China," said Yann Lacroix of Euler Hermes SFAC.

Lacroix noted that in Russia, once seen as a key future market, new car registrations tumbled 50 per cent in the first five months of this year. The picture is similar in Eastern Europe, where major auto firms including Europe's biggest, Volkswagen, set up plants in recent years to take advantage of lower labour costs and fast growing local demand. Now, with the sharp downturn, that argument does not look so convincing, Lacroix said.

"Today, everyone wants to wait and see what happens. The tyre companies want to adjust output to demand and above all to hold onto their cash," he added. Lacroix noted competition from new, lower cost entrants to the industry, especially in Asia, but they were targeting the cheaper end of the market and so were not an immediate threat. Michelin should maintain a strong presence in France, focusing on developing higher technology, he said, while Carlos de Silva of Global Insight noted that tyre makers were important players in helping curb auto emissions.

For the moment, however, the outlook will remain difficult, analysts said. Demand for truck tyres, for example, is very dependent on the economic situation and Euler Hermes SFAC expects the haulage market to shrink this year and show no growth in 2010. As for government measures in France and Germany to boost auto sales, they are good while they last but once they end, as they must do at some point, the market will be hit again, Lacroix said.

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Bridgestone Cuts Net Forecast to Breakeven as Tire Sales Fall

25 June 2009

www.bloomberg.com

Bridgestone Corp., the world's largest tyre maker by sales, cut its full-year net income forecast as vehicle sales decline. The Tokyo-based company lowered its earnings forecast from a profit of 3 billion yen (\$31 million) to breakeven, it said in a statement to the Tokyo Stock Exchange today.

Bridgestone expects to sell fewer tires in Japan, America and Europe this year as the global recession saps demand for new vehicles, it said. Bridgestone said in May it would revise profit forecasts due to worsening demand.

For the first half, Bridgestone narrowed its loss forecast helped by cost reductions and lower raw material costs. The tyre maker now predicts a first-half loss of 46 billion yen, compared with an earlier forecast of 62 billion yen loss, it said.

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Indian vehicle sales fall 3.6 percent in May

8 June 2009

Forbes.com

India's automobile sales fell 3.6 percent in May from the year before to 171,623 vehicles while exports continued to grow,

according to industry figures released Monday.

The drop in domestic sales reverses three months of moderate gains that had raised hopes that falling interest rates and government stimulus measures were supporting India's auto market.

Sales of passenger cars slipped 0.8 percent to 140,823 units, while commercial vehicle sales declined 14.8 percent to 30,800 units, the Society of Indian Automobile Manufacturers said.

Market leader Maruti Suzuki India Ltd. continued to dominate, with sales rising 9.7 percent to 62,878 cars, and exports surging 90.7 percent to 9,012 cars, according to SIAM.

Hyundai Motor India Ltd.'s domestic sales sank 4.1 percent to 23,501 cars. The company is India's biggest exporter - its exports rose 27.8 percent to 20,125 cars, the figures showed. Tata Motors, India's largest commercial vehicle maker and creator of the ultra-cheap Nano passenger car, said domestic sales slid 11 percent to 38,392 vehicles, and exports plummeted 47 percent to 1,804 units in May.

American automakers have so far made meager progress penetrating India's small but promising car market as they look for ways to offset poor business at home.

General Motors India Ltd. sold 3,890 passenger cars in May, up 1.1 percent from the year before, while Ford India Ltd. sold 1,984 cars, up 15.3 percent from the year before, according to SIAM. Exports of passenger vehicles rose 39.2 percent, to 29,763 units, while commercial vehicle exports plunged 51.1 percent, to 2,272 units, the group said. Overall, exports grew 23.1 percent. Sales of motorcycles, meanwhile, surged 12.4 percent to 727,937 units.

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[Press Release](#)

Ashok Leyland plans CNG vehicles

2 June 2009

The Economic Times

Hinduja Group's flagship Ashok Leyland is planning to develop heavy vehicles that run on compressed natural gas (CNG) as the availability of gas is expected to double this year with gas flowing from Reliance Industries' Krishna Godavari basin.

Ashok Leyland MD R Seshasayee confirmed the move to ET. He said the plan is at a nascent stage. "We have had preliminary talks with RIL regarding the development of certain CNG models," he added. A RIL spokesperson also confirmed the development, saying "We are exploring opportunities with a few companies, including Ashok Leyland, in long-distance heavy vehicles."

Ashok Leyland has pioneered the use of CNG technology for mass transportation in India, with its nearly 5,600 CNG buses plying in Mumbai, Delhi, Ahmedabad and some select foreign markets. It has already introduced vehicles that run on a blend of CNG and hydrogen.

The addition of hydrogen improves efficiency, while retaining the low emission characteristics of CNG. The company has

also developed India's first MPFI (Multi-Point Fuel Injection) for high capacity CNG engines.

RIL started pumping out natural gas from the KG basin two months ago. It will ramp up the production capacity to over 80 million metric standard cubic meters per day (mmscmd) by this year-end and this will double India's natural gas supply to 200 mmscmd.

The gas production at KG basin will provide much-needed impetus for development of gas infrastructure in the country and lead to enhanced usage of CNG as an automotive fuel, an energy analyst said. RIL is also in talks with Maruti to explore the development of CNG engines for passenger cars.

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Maruti, Hero Honda ride rural sales to double-digit growth

2 June 2009

The Economic Times

Galloping sales in rural India allowed largest car maker Maruti Suzuki and largest two wheeler maker Hero Honda to record high double-digit growth year-on-year in May, while other players coped with tough market conditions.

Sales by Maruti Suzuki India (MSI) increased 10% to 70,785 cars and Hero Honda's sales jumped 23% to 3.82 lakh units in May 2009 on the back of increased demand from rural India. Both market leaders have started initiatives for this market to boost sales.

"Our share of rural sales has reached double digits. It has gone up to 10% of the total sales from 3.5% two years ago. This market is buoyant, and now, even urban markets are showing increased demand and higher off-take in sales," MSI executive officer (sales and marketing) Mayank Pareek said.

Hero Honda also plans to increase its activities in small markets. "Going forward, we will continue our effort to reach out to customers spread across the semi-urban and upcountry markets," Hero Honda senior vice-president (marketing & sales) Anil Dua, said. The company would increase its network to 4,000 shops by 2009 end from existing 3,500. But, other car makers saw subdued sales in May. Sales by Korean car maker Hyundai dropped 4% to 23,503 units, though higher exports in May pushed up cumulative growth to 8.36% to 43,628 units.

Tata Motors' sales dropped 22% to 15,388 vehicles. General Motors, which declared bankruptcy for its North American and Canadian operations on Monday and operates through a wholly-owned subsidiary in India, reported a 7% drop in sales to 5,109 cars in May.

Utility vehicle maker Mahindra & Mahindra sales fell 14% to 13,047 units in May with Logan sedan sales dropping almost half to 427 cars in May compared with 977 cars sold in the same month last year.

Analysts tracking the auto industry said companies with large exposure to semi-urban and rural markets have benefited with high sales on the back of robust agricultural produce this year. "Entry into this new market is propelling high growth for big players with regular growth in sales. Even niche-players, like BMW, are entering smaller cities and markets to generate incremental sales. With a normal monsoon expected this year, we are looking at robust performance by some companies," said an auto analyst with Morgan Stanley.

Honda Siel Cars improved its sales tally marginally by 3.3% to 4,073 in May even as it gears up to launch its new hatchback Jazz in the next few days. Honda's VP (marketing) Jnaneswar Sen said: "We are expecting sales to pick up in next coming months." Two wheeler companies posted positive sales. TVS Motors increased its sales by 5% to 118,574 units in May over the same month last year while Yamaha Motor's sales jumped 82% to 16,952 units during the same period.

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Hyundai export sales up by 27.8%

3 June 2009

The Economic Times

EXPORT sales of Hyundai Motor India (HMIL) for May grew by 27.8%, with its overseas sales touching 20,125 units (15,751 units). The country's second largest manufacturer and the largest car exporter has benefited mostly from its exports to Europe, which continues to grow despite a slowdown in the sector.

Total sales of HMIL for May, 2009, stood at 43,628 units (40,261 units). However, its domestic sales dipped to 23,503 units from 24,510 units last May.

The European Union led by major automotive markets like Germany, France, UK and Italy, which had recently introduced incentives like the 'scrappage incentive' to induce sales in a sagging market resulted in a positive sales scenario for HMIL.

Company marketing and sales Sr-VP Arvind Saxena said the sales climb indicated that incentives have worked in revving markets. "As the demand for our cars grew in the EU market, we were forced to adjust our domestic production to address the needs of this unique market opportunity," he said in a release here on Tuesday.

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Electric car to hit roads in Sept: Ratan Tata

4 June 2009

PTI

Indian conglomerate Tata Group Chairman Ratan Tata has said that Tata Motors will have an electric car in the market by September this year.

"We will have an electric car in the market in September," Tata was quoted as saying by Cornell University on its micro-blogging feed on Twitter. Tata is also a Cornell trustee.

He talked about the electric car at the Cornell Global Forum on Sustainable Global Enterprise organised by the university.

In 2008, Ratan Tata speaking at the Annual General Meeting of Tata Motors said that the company was developing an electric car.

Foreign media also reported quoting Tata at the forum that Tata Nano, dubbed as the world's cheapest car, is expected

to be available in the US in the next two years.

The much-awaited Nano was commercially launched in March in India and is expected to hit the roads soon.

According to the university website, the Tata Education and Development Trust committed USD 50 million to Cornell in October 2008 to establish the Tata Scholarship Fund for Students from India and the Tata-Cornell Initiative in Agriculture and Nutrition, intended to improve the lives and livelihoods of India's rural poor.

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Peugeot looks at car project in South

5 June 2009

Business Standard

Peugeot has begun evaluating locations for its car project in India. It has kicked off negotiations with the Andhra Pradesh government that has offered to allocate around 800 acres of land near Hyderabad.

The company is understood to be looking at an investment of Rs 1,500 crore for the project. Tamil Nadu is also on the company's radar, amid expectations that Peugeot will roll-out low cost cars in emerging markets like India by 2010. It is also not clear whether the French auto major will bring in the Peugeot or the Citroen brand first.

"Decisions on product portfolio are expected to be taken after the finalisation of the location. But, the company intends to launch both Peugeot and Citroen products in a limited time span," said a person familiar with the development.

"We had a proposal sometime back from Peugeot for setting up a facility to make cars here. It was offered land that was earlier offered to the Tata Nano project. Although the first round of evaluation was done, the company is yet to furnish a detailed project report. A team is scheduled to visit Hyderabad in mid-June," B Sam Bob, principal secretary industries told ET.

"We are evaluating several locations across India and a team from Peugeot is expected in the country in the second week of June to take a decision on the location," said a senior Peugeot India official.

The state offered a Rs 300- crore cash compensation to Tata Motors for re-locating Nano from Singur and setting up an integrated plant here. To sweeten the deal, it offered 1,000 acres of free land in Hyderabad, Vizag, Hindupur and Tada in Nellore district, and a slew of fiscal incentives making investment on the project virtually free.

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Ford to invest Rs 2000 crore in Tamil Nadu

6 June 2009

The Economic Times

Downturn or not, the investment climate is intact in Tamil Nadu as committed projects in the automotive segment are on track. For, another big project is in the offing for the DMK government, which has taken charge for the second consecutive time after the just-concluded elections.

Ford, one of the early entrants into TN, is gearing up to sign a memorandum of understanding (MoU) with the state government in a month or so. This would see a fresh investment of Rs 2,000 crore into the auto corridor.

The pact would mark the first major project to be inked after the DMK government's return to power. "The cabinet has cleared the proposal. All elements are in place and the legalities are being worked out," a senior government official told ET.

More projects are in the pipeline, with French tyre company Michelin too in advanced stages of completing the land acquisition and allotment process.

Though Ford has already officially announced its commitment to invest \$500 million towards capacity plans in the sub-continent, its business plan has reached formalisation stage only now.

This time, it would be investing \$400 million in line with its forecasted expansion plans. The new plant would double its current capacity by one lakh cars. It would also have a capacity to produce 2.50 lakh engines, a source close to the development told ET.

Ford would be setting up the new plant in the existing 350-acre premises allotted initially. An investment of this magnitude only shows the stamp of confidence that India still evokes. Among the global majors, Ford is the only one to survive bankruptcy, Frost & Sullivan automotive and transportation sector senior director V G Ramakrishnan told ET.

For Ford, this is the ideal time to get into the expansion phase as it had not brought the hatchback version to the country on account of a host of factors such as volumes, localisation and price band. "Now, by entering the expansion phase of manufacturing, it is getting ready for the next big upswing as revival has been predicted by 2010. This would also help it to bring the small car project as originally scheduled," he said, noting that a powertrain plant took about 18-months time to be ready.

Ford would be able to make inroads into the APAC (Asia Pacific) market as powertrains are vital options for developing new vehicles and engines that would cater to market needs. This also shows the signs of maturing of Indian market.

The price point of the small car is expected to be between Rs 3.5 lakh and Rs 4 lakh, according to an industry tracker.

If it took about 10 months for the state government to woo and the Guidance Bureau to facilitate the entry of the US car giant, it has taken close to eight months to reach the second MoU stage, another source said.

Since the entry of Ford and Korean major Hyundai, the Sriperumbadur auto corridor has attracted several global biggies - BMW, Daimler and Renault-Nissan, to name a few.

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Govt spares the rod for Tata Motors and ALL

14 June 2009

The Economic Times

Commercial vehicle makers, including Tata Motors and Ashok Leyland, may just escape being penalised by the urban

development ministry for not meeting their deadline, a ministry official told SundayET on condition of anonymity.

The two companies had procured bulk of the orders to supply buses to Indian cities under a government scheme by June 30.

With many urban local bodies likely to impose penalties for non-delivery of the buses by June 30, there is a possibility of an erosion of profits for these auto makers if the government does not extend the deadline.

Both Tata Motors and Ashok Leyland, who have together received orders of about 8,000 buses roughly the size of their current inventory—can't use that stock alone.

Many urban local bodies gave different specifications for the buses like low-floor AC, semi-low floor AC or non-AC, which have forced the manufacturers to make alterations. There were attempts to sell buses made out of the existing truck chassis, disclosed some officials in the ministry on condition of anonymity.

SundayET first reported on February 22, 2009 that Tata Motors and Ashok Leyland would be the two major beneficiaries of a government decision to buy about 15,000 buses under an economic stimulus package.

In fact, these two auto makers have now demanded an extension of deadline to September 30 so that they would be able to produce buses according to specifications demanded in the order, an urban development official said.

The government in its announcement had promised to provide assistance to 63 cities under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) if the delivery of buses takes place before June 30.

When contacted, a Tata Motors spokesman said that orders would be met according to the terms and conditions with the state governments. "We have so far got about 50% of the total orders," the spokesperson said.

He further said that most of the buses that would be delivered by Tata Motors are Marcopolo models, and hence there isn't any possibility of fitting bus bodies on truck chassis. An Ashok Leyland spokesperson, however, refused to comment on the matter.

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Tata Elxsi sees R&D scope amidst auto sector downturn

17 June 2009

The Economic Times

The automobile sector may have screeched to a slower pace over the past year, but that sentiment does not seem to pervade tech companies operating in the automobile solutions development space.

Design solutions major Tata Elxsi is expecting a strong performance in the R&D solutions space in its automobile vertical as the amount of software going into automobiles continues its upward swing, triggered by a spurt in demand for increased efficiency and features.

According to Tata Elxsi vice president R Natarajan, the bullish sentiment of the company is based on the increasing push across the world for development of greener vehicles, and the fact that R&D related to car models of the future are not

clouded by the present downturn in the industry.

"There are stricter emission norms for the automobile industry that is coming into play globally, more government funding for such projects, and an emphasis on increased safety norms. All of these mean increased work and revenues for tech solutions companies", Mr Natarajan said.

According to him, the government funding for the push for greener cars in the West would trickle down to India, considering that many of the auto majors now have their R&D work being done in Asian countries including India.

He said Tata Elxsi was working on several cutting edge tech developments like a smart wiper for cars that will self-adjust its speed based on rain sensors, for a Korean auto major, and a range of solutions for the aviation sector that deal with cockpit display, cabin lighting and door management among others.

Two of the company's key verticals - the automobile and aviation sectors - are feeling the brunt of the slowdown, but Mr Natarajan said the company's revenues "will not dip significantly", considering that R&D work was likely to increase given the demand for better safety and efficiency standards. Tata Elxsi had a net profit of Rs 58.16 crore for 2008-09, up from Rs 52.85 crore in the previous year.

Mr Natarajan said roughly 700 of the company's 3,500-odd technologists and engineers were based here, and that the company had ensured that it honoured its commitment to all those who were offered job positions.

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Tax at Ruia Group tyre under investigation

3 June 2009

www.tirereview.com

An article published by the Indian business daily Mint indicates that three tyre companies owned by Ruia Group chairman Pawan Kumar Ruia are being investigated for tax incongruities. The probe is focusing upon the presence of "hawala" activities, a name given to the transfer of money in order to avoid taxes without a corresponding physical or electronic transfer of funds. The companies under investigation are Dunlop India Ltd., Falcon Tyres Ltd. and Monotona Tyres Ltd.

The investigation branch of the Maharashtra sales tax department began its enquiry in January and the sales tax liability on the companies is Rs 230 million (£3 million). This figure may increase, however, as the matter is still under investigation. On Jan. 15 the branch raided the Mumbai premises of Adhirath Commercial Pvt. Ltd., a building that houses five Ruia Group companies; however specific details regarding this operation have not been divulged.

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Tyre makers seek custom waiver

12 June 2009

Business Standard

The Automotive Tyre Manufacturers' Association (ATMA) has sought a waiver in customs duty on raw material, which is in short supply to meet the domestic demand besides demanding a reduction in duty on natural rubber.

Onkar S Kanwar, chairman and managing director, Apollo Tyres Limited met finance ministry officials last week on behalf of ATMA. As part of its pre-budget memorandum, the industry association has asked for a cut in the customs duty on natural rubber to 10 per cent from the current levels of 20 per cent.

Alternatively, the duty on the import of tyres could be raised to 20 per cent to protect the industry from cheaper Chinese imports. Imports from China and Korea that comprise nearly 80 per cent of all imports, draw an 8.6 per cent duty under the Asia Pacific Trade Agreement.

Moreover, the ATMA has also sought a waiver of customs duty on raw materials which are not manufactured domestically. These include butyl rubber, polyester tyre cord, styrene butadiene rubber (tyre grade) and chlorobutyl or bromo butyl rubber. While SBR currently draws a 10 per cent duty, the other categories of raw material attract a five per cent duty.

Analysts pointed out that the tyre industry was a raw-material intensive industry, accounting for nearly 62 per cent of the production cost. The shortfall between production and domestic demand for key raw materials ranges from 17 per cent to 60 per cent. The increase in raw-material prices in the second half of last fiscal has led to a net profitability getting adversely affected.

“The net profit as a percentage of net sales of the top five tyre companies has fallen to 0.96 per cent in 2008-09 as against 4.84 per cent in 2007-08,” Kanwar said. Natural rubber prices during the last three months has risen about 40 per cent from Rs 70 per kg during early March to Rs 100 per kg presently. The price of domestic natural rubber is comparatively higher by Rs 15-20 per kg compared to the corresponding international price. An increase of Re 1 per kg results in an additional annual financial burden of Rs 50 crore for the tyre sector, claimed the ATMA.

Taking a hit by the slump in demand for commercial vehicles, truck and bus tyres have recorded a 2 per cent decline in sales in 2008-09. The passenger vehicles segment has been able to register a flat 1 per cent growth in volumes. Truck and bus tyres account for over 60 per cent of the entire industry turnover.

“On the export front, the truck and bus segment was down 20 per cent last fiscal. Even passenger car tyre exports registered a 10 per cent dip.” Rajiv Budhraj, director general of ATMA informed. On top of that, Indian exporters would now have to directly compete for the smaller size of the market with its Chinese counterparts. “China now has excess capacity. Its exports to the US are down around 50-60 per cent, and they are now ready to quote cheaper prices,” Budhraj explained.

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Modi brothers' tiff over tyre arm nears settlement

22 June 2009

The Economic Times

The differences between brothers VK Modi and BK Modi over the control of Modi Rubber, a tyre manufacturing company, are in the final stage of settlement as per disclosures filed with the Bombay Stock Exchange. BK Modi and his family are selling out their stake at a nominal price in the public-listed company to VK Modi, the disclosure maintains

VK Modi refused to comment on the matter, while several attempts to reach BK Modi proved futile. Close to 20% stake of the company will change hands within the promoter family this week. Under the arrangement, there will be two separate

set of transactions. On the one hand BK Modi along with his son Dilip and daughter Divya will sell 7,713 shares held together in their personal capacity to VK Modi.

Mod Fashions and Securities will acquire close to 19% stake in Modi Rubber from three BK Modi group firms. Modikem will sell 9.9%, while G Corp International will sell 9.14% and Spice Infotainment will offload 0.02% in the tyre company.

All the transactions will take place at "a price of Rs 0.36/share as mutually agreed between the parties," said a disclosure by the promoters. Close to 47 lakh shares will change hands totally with a transaction value of just Rs 17 lakh. Although Modi Rubber is a listed firm, trading on the scrip was suspended by BSE in 2003 for not abiding by the listing agreement.

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Expecting demand, tyre makers roll out radials capacity

28 June 2009

www.livemint.com

Anticipating new truck and bus launches, most of which will be fitted with radial tyres, manufacturers in India are starting to install capacity to meet the demand. According to Automotive Tyre Manufacturers' Association (ATMA), an estimated Rs2,615 crore will be invested by 2011, which will cumulatively create an extra capacity of 3.77 million truck and bus radials. The expansion comes at a time when the recovery in sales of truck and bus is only just beginning to pick up. Sales of such commercial vehicles had shrunk by 22% to 384,122 units in the fiscal ended March, compared with the previous fiscal.

Industry experts, however, say the investments by tyre makers are justified. Abdul Majeed, an analyst with PriceWaterhouse Coopers, said completion of government's road infrastructure projects and a likely policy on phasing out ageing vehicles will spur demand for commercial vehicles. "The new truck and bus sales will give an impetus to the replacement demand for the radial tyres," he said.

Greater volumes, said Mahantesh Sabarad, an analyst at Centrum Broking Pvt. Ltd, will also help tyre makers price radials competitively. Radial tyres typically offer better fuel efficiency and last longer than regular tyres. Currently, only about 8-12% of trucks and buses in India run on radial tyres.

In contrast, almost 97% of passenger cars use radial tyres. The domestic tyre industry produced 42.35 million tyres for the fiscal ended March, across vehicle segments, up 8% from previous fiscal.

However, a majority of tyre sales in the commercial vehicle section are replacements. The market for replacement tyres contributes around 75% of total sales for tyre makers. In fiscal 2009, of the total 12.83 million truck and bus radial tyres produced in India, 8.99 million tyres were sold in the replacement segment. Sunam Sarkar, chief financial officer at Apollo Tyres Ltd, which holds 22% of the market share, whose company is also investing Rs1,100 crore in a new radial tyre unit, says all the current investments are being made keeping in mind the future needs.

The plant will go into commercial production by the end of the year and enable the company to produce four times its current volumes, said Sarkar.

JK Tyres Ltd, the country's third largest tyre maker by revenues, has outlined an investment of Rs250 crore to increase

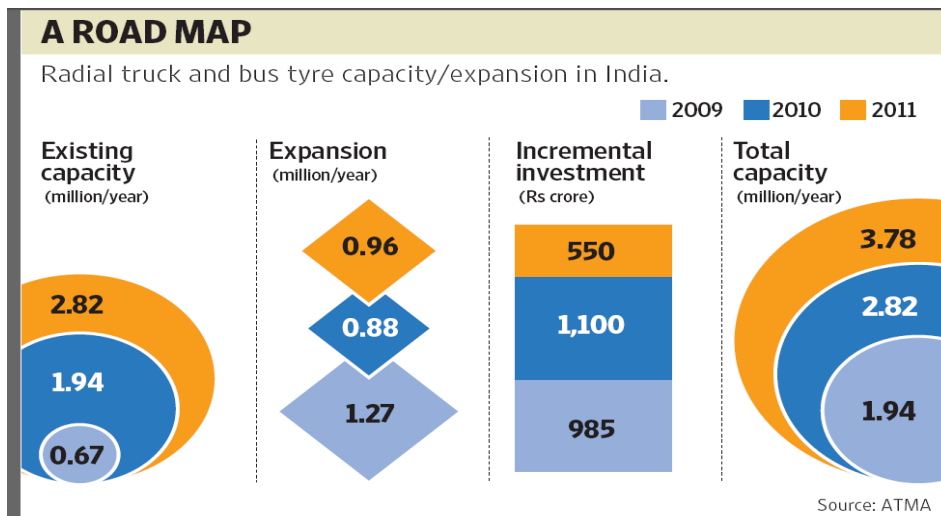
capacity to 1.2 million units from the current 370,000 units.

Neeraj Bhatia, senior general manager, strategic planning at JK Tyres said, “All the developed nations are heavily radialized in the commercial vehicles. (We) too will move very fast. In the next three-four years, it could be anywhere upwards of 25-30%,” Rajiv Budhraj, director general of ATMA, said radialization at the current level of 10-12% is an inflection point beyond which the growth will get accelerated. “The first spurt comes around at this level, then accelerates and stabilizes at 30%.” Subsequently, the second inflection takes the numbers beyond that, he added.

However, Koshy K. Varghese, executive vice-president, marketing at MRF Ltd, the largest tyre maker by revenues, said while there will be rapid growth in the expansion in the existing radial tyre units and investment in the greenfield ones, demand for regular cross-ply tyres will also exist. “For an average Indian truck operator, the cost of operation is the most important motivator. It doesn’t matter to him whether it’s a radial or a cross ply,” he said.

In May 2008, the Chennai-based firm announced a Rs900 crore greenfield unit in Perambalur in Tamil Nadu to make radials for both passenger and commercial vehicles. It is expected to become operational by the end of the year. Budhraj said the demand for radial tyre is also being driven by cheap imports from China, which is helping to seed the market. “Whatever we may hold against the Chinese, I think the sheer numbers they have brought has made a difference,” he said.

Sabarad of Centrum Broking pointed out that when Chinese imports, which are about 30-35% cheaper than domestic tyres, are due for replacement, the user opts for the radial tyres made by registered companies.



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M&M drives up Africa focus to make up for US losses

24 June 2009

The Economic Times

Utility vehicles major, Mahindra & Mahindra has intensified focus on Africa to compensate the loss of volumes from the US market, which is facing recessionary trends. The company is setting up small assembly plants in Africa and also exports SKD (semi-knocked down) kits from India. Initially, the tractor and utility vehicle major will focus on some of the

main African markets like Mali, Ghana, Nigeria and Zambia.

With more than one-third of tractors sold in Africa being imported, M&M sees a huge opportunity here. “There is a propensity among buyers in Africa to be brand loyal and that works in our favour,” said Anjanikumar Choudhari, president of M&M’s farm equipment business. M&M’s tractors are marketed as fuel-efficient and technologically-superior vehicles. While the volumes are still low, it has sold around 1,600 tractors till date in this market.

M&M marketed tractors in the 25-40 hp category for the US markets. With the US housing sector taking a dip in the recent past, ‘hobby’ farmers have been going slow on new purchases of tractors, said Mr Choudhari. M&M has been present in the US market for more than 12 years and has sold more than 60,000 units. The company has been expanding marketing efforts through new launches in the US through its subsidiary Mahindra USA.

Mahindra, which has a large base in India, is also increasing its presence in China, America and Australia. To expand into the growing tractor market in China, Mahindra acquired majority stake in Jiangling Tractors. It has a combined capacity of more than 50,000 tractors in China with its two ventures — Yancheng Tractors and Mahindra China Tractor.

Tractor sales in India grew by 0.5% to 3.03 lakh units during the year ended March 2009, while volumes at M&M, which included eight months of sales of Punjab Tractors’s Swaraj brand, grew 25% to 1.13 lakh units. Following the recent merger of Punjab Tractors, M&M has a 40.6% share of the tractor market, with the Swaraj brand’s share rising by about 2.5%. Punjab Tractors has two plants with a capacity to make 60,000 tractors, while M&M has four plants to manufacture 1.3 lakh units.

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M&M may not continue with brand Kinetic

18 June 2009

Mint

Auto maker Mahindra and Mahindra Ltd’s (M&M) scooter business, which it acquired from Kinetic Motor Co. Ltd last year, is unlikely to continue with the Kinetic brand and plans to leverage and build its own brand, people familiar with the development said.

M&M will not have the Kinetic logo or name on the new 125cc Flyte scooter, they added.

Kinetic Motor has sub-licensed the Kinetic brand to Mahindra Two Wheelers Pvt. Ltd for 25 years.

Kinetic Motor has seen a big change in its fortunes over the past three-and-half decades. The company moved from the launch of its moped, Luna, in 1972 to an alliance with Japanese two-wheeler firm Honda Motor Co. Ltd to kick off India’s first automatic scooter, Kinetic Honda, before eventually selling the scooter business to M&M.

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M&M to ride on ex-Chrysler dealers

21 June 2009

Business Standard

Mahindra & Mahindra's ambition of driving into the fiercely competitive market of the United States may get a fillip as some erstwhile dealers of Chrysler have agreed to sell its vehicles in response to feelers sent by M&M's designated distributor: Global Vehicles.

This will help M&M secure a stable line of dealerships fairly quickly, which otherwise is time-consuming and painstaking. Chrysler LLC last month decided to terminate business with 789 dealers — nearly 25 per cent of its total dealership — as part of its restructuring process. Mahindra is moving into the US at a time when recession has forced companies to slash jobs, pushing auto sales to the lowest in three decades. The drop has been so substantial that China has now overtaken the US as the world's largest automotive market.

However, M&M will face competition from Chinese brands like Cherry Automobile Company and Geely Automobile Holding also. M&M's vehicles may appeal to customers seeking low-on-pocket personal transport, say analysts.

"We are not in the business of appointing dealerships ourselves; that is done by our distributing partner, Global Vehicles. Our partners had approached some Chrysler dealers and they have agreed to sell M&M vehicles. However, the number is not too big," said M&M President (automotive sector) Pawan Goenka.

M&M earlier planned to market its two- and four-door pick-up trucks in the US by the end of this year, but now that may not happen before early next year. Although not a single vehicle has been sold by M&M in the US so far, its partner Global Vehicles has appointed 330 dealers so far. Besides, the M&M brand already has a presence in the US through its tractors: Medium- to high-powered.

"Although we are close to our target number of dealers, we are still short by 15 to 30," said Goenka. Apart from the pick-up trucks, M&M will gradually introduce its flagship vehicle, utility vehicle Scorpio, in the US. The company will consider setting up an assembly line if the demand is sufficient.

Although the pricing of M&M trucks is still a secret, newly appointed dealers say they expect the 2.2 litre model to be priced at \$13,000-15,000. Sources say the company hopes to sell 45,000 trucks in the first 12 months, a figure M&M won't comment on.

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Mahindra posts 42.56 pc rise in tractors sales in May

2 June 2009

The Economic Times

Farm equipment maker Mahindra Tractors today reported a 42.56 per cent rise in its total tractor sales in May at 13,500 units compared with 9,470 units in the same month last year. The domestic sales last month grew by 45.84 per cent at 12,870 units as against 8,825 units in the year-ago period, the company said in a statement.

Exports, however, fell by 2.33 per cent to 630 units from 645 units in the corresponding period last year.

The company said that as a consequence its merger with Punjab Tractors Ltd (PTL), effective from August 1, 2008, the total sales also includes 3,848 units of the merged entity.

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New Product

TVS Motors to launch Flame bikes under new name

10 June 2009

ET Now

TVS Motors will launch its Flame brand of motorcycles under a new name, but the new SR125 will omit the controversial twin-spark plug technology over which the Chennai-based company is locked in a two-year old legal battle with rival Bajaj Auto.

On Monday, the Supreme Court had issued an interim order allowing TVS to continue producing the Flame series but had restricted the company from marketing them. The order comes on the back of an interim stay from the Madras High Court that had in effect okayed TVS' plans to manufacture Flame.

Bajaj claims that Flame will be an infringement of its patented twin-spark plug technology. TVS has countered this arguing that it is an old technology and that Bajaj had no patent claim over it.

People familiar with the development said SR125 will hit the roads late this month along with another bike from the TVS stable, the Apache 180. The two new brands are part of the company's efforts to cash in on an expected sales surge just ahead of the monsoon, traditionally a good season in rural markets. Bajaj's sales were down 8% in May on a y-o-y basis, better than the 26% decline witnessed in the previous month. TVS' motorcycle sales went down 8.5% in April, and 2.2% in May.

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Auto cos think big launches

2 June 2009

The Economic Times

The mood enhancers are coming in unabated. After a successful general election and the resultant expectation of stability, plus a market which is looking optimistic, the scene looks good as we move out of the gloomy period we have encountered over the better part of just under a year.

In the midst of all this, automotive majors are continuing with their pre-determined timelines for new model programmes. Despite the downturn and mental turmoil, the automotive industry in the country has to count itself fortunate that so many OEMs had new model programmes underway. Call it the throw of the dice or pure coincidence, but this is exactly what has panned out in India since January this year.

As we move to the midway point in the year, we have a slew of very significant new model launches lined up for the Indian market, split equally between the mass market offerings and those for the well heeled set. The two most significant launches would be in the large premium hatchback segment, which is seeing unprecedented action this year.

Honda SIEL Cars would launch, on June 10, the much eagerly awaited Honda Jazz supermini with its specially-developed tax-busting 1.2-litre iVTEC engine. This marvel of packaging — more mini-MPV-esque than hatch — breaks the supermini mould with acres of space in a very small package, making every other car look inadequate in terms of

occupant space and cabin airiness.

Add to that legendary Honda refinement, performance, fuel efficiency, build quality, pleasure to drive ability and also the pride of ownership, this just could be the automotive equivalent of fine soothing music car buyers want to experience in this category of the market.

A mere week would separate the launch of the Honda Jazz from its Indian-built and Italian-designed rival, the Fiat Grande Punto. This acclaimed European large hatchback is noted for its perceived strong build and having the same mechanicals as the larger Fiat Linea would endow it with zestful performance.

The Grande Punto single-handedly changed Fiat's fortunes in Europe and enabled the Italian major to ride out the recession at the start of the decade. Boasting good dynamic ability, much will depend on how well the car is priced and also how effectively its drivetrain is tuned to the package. The tentative date of launch for the Fiat Grande Punto is scheduled for June 17.

Tata Motors is also getting ready to unleash its Indigo Vista saloon. The new Indica Vista has been well received and the company would be hoping that the same holds true for the new Indigo Vista, which would use a load of mechanicals similar to those doing duty in the Fiat Linea.

Of course, the Tata product would have both, a more competitive price tag, plus a robust build. It would obviously build on its large cabin space proposition, which was such a huge driver to sales in its original avatar. Also, if Tata Motors gets its product placement spot-on, expect the Indigo Vista to give such cars as the Suzuki Swift D'Zire a strong run for its money.

Moving to the premium end of the automotive spectrum, German major Audi will usher in its Q5 SUV on June 5. The Q5 is the newer and smaller offering in Audi's SUV range, which includes the massive and highly impressive Q7. Slightly scaled down, but with very friendly proportions for our roads, the Q5 is an even more accomplished performer given that it employs the same 3.0-litre TDI engine mated to the ultra-modern and highly efficient seven-speed dual clutch DSG transmission.

Speaking of Toyota, the Japanese numero uno via its Indian subsidiary Toyota Kirloskar Motor is finally going to bring in the big daddy of traditional SUVs to India. This is the large 4.5-litre diesel-engined Land Cruiser which is revered in its class as possibly the most accomplished vehicle of its kind.

It is a giant of course and belongs right there against the likes of Audi's Q7, VW Touareg and the Porsche Cayenne, but its long illustrious operating record is the stuff legends are made of.

This large Land Cruiser, with Amazonian-proportions, has distinguished itself in operation all over the world, be it in the sandy wastes of the Middle East to the rough and tumble of Africa, the hardy inhospitable stretches of Australia or the tough swampy regions of South America. This vehicle, to be launched in Mumbai on June 9, would be a solidly equipped vehicle with all the bells and whistles with pricing to match.

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Mahindra Scorpio's revolutionary Micro-Hybrid technology

2 June 2009

Business Standard

Mahindra launched the new 'mighty muscular' Scorpio successfully to excellent customer response. Always aggressive in its looks and attitude, Scorpio's dominance on Indian roads is a well-known story. But this time around, there's a surprise in store for everyone, as this bully has a soft corner.

The revolutionary new Micro Hybrid technology makes Mahindra's Scorpio really gentle. On the environment that is. This technology allows it to intelligently switch off the engine when not required. Thus going into standby mode after few seconds* of engine idling, ready to spring back to life the moment it's needed again. This ensures you burn less fuel and reduce emissions. Providing much needed relief to the environment, our lungs and our wallets too!

In a nutshell, the Micro Hybrid technology: Switches off the engine when the Scorpio idles for a preset duration (*2 seconds in Scorpio VLX, 5 seconds in Scorpio M2Di) Switches the engine back on, the instant your leg depresses the clutch pedal Burns less fuel, thus reducing pollution and helping to conserve the environment Mahindra deserve credit for taking the lead in implementing Micro Hybrid technology, an innovative and affordable step towards sustainability. We're sure many will follow in the footsteps of this first Micro Hybrid car in the country.

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GM looking at Rs 2 lakh mini car for India

3 June 2009

TNN

It may have entered bankruptcy protection in the US, but General Motors still has ambitious plans for India. The auto major is planning to develop a small car which will be its cheapest globally, at a possible price tag of under Rs 2 lakh.

Nick Reilly, GM Group V-P, told TOI that the company was looking at developing a car from India that would be positioned below the 'Spark' mini car. "I would say we are studying that... and (we) do think there is an opportunity for something below the current mini car offering Spark," Reilly said in a conference call from Shanghai. However, it would "not be a Tata Nano equivalent", he added.

While there is no independent confirmation, it is believed that the company is targeting a price tag below Rs 2 lakh for this car and apart from India; it could well be positioned in similar foreign markets like Latin America, Eastern Europe, Africa and even possibly China.

Asked whether India would be the lead market for the R&D of the new car, he said "Yes, it is". Karl Slym, President of GM's Indian subsidiary, confirmed that any new car positioned below the Spark (costing Rs 2.66 lakh ex-showroom) would be the cheapest car for GM globally. "It (Spark) is currently the cheapest car for us globally," he said.

As it works its way out of bankruptcy in the US, GM has reiterated that markets like India and China would be key to its revival, especially when numbers remain depressed in home market US. Reilly also said small cars would be the key to growth in the future and GM would focus more on their development.

Significantly, he said India can be a "very important source" for catering to small car demand from markets across the world, especially as it is primarily a mini car market itself. While components can be procured at "good value" and cheaply, GM's own upcoming engine plant could make the price attractive to serve other markets. "Therefore, a global growth in demand for small cars will give India an opportunity," Reilly said. The company plans to increase local content on its India-made cars to make them more competitive on the price front.

Reilly added that news of the parent going bankrupt had impacted GM's sales in India while also making it difficult to raise money from financial institutions to fund its expansion plans. "We have seen some decline (in sales) in the Indian market in the last few months, obviously the market is weak. But mainly, I think, it was because of customers' response due to the widespread coverage on what was happening in the US."

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Toyota introduces all new Corolla Altis Sport

4 June 2009

The Economic Times

Toyota Kirloskar Motor on Thursday introduced all new Corolla Altis Sport (limited edition) to target young car enthusiasts. The new Corolla Altis Sport has been designed to give customers the stylish image of a car which is youthful and sporty, and has exciting new features.

Adding to the stylish look of the car is an aerodynamic front and rear bumper spoiler, a classy headlamp garnish, sleek side skirts and exclusive rear LED spoilers. Commenting on the launch of the new limited edition, Mr. Hiroshi Nakagawa, Managing Director, Toyota Kirloskar Motor (TKM) said, "The Corolla Altis launched last year has been highly appreciated by our customers because of its advanced luxury and comfort features. We are now delighted to introduce the all new Corolla Altis Sport, which will offer sporty styling in combination with these features."

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Audi launches compact SUV in Mumbai

4 June 2009

PTI

German luxury carmaker Audi on Thursday launched its compact SUV Q5, in Mumbai priced at Rs 38,57,000. According to estimates, last year India witnessed sales of 7,000 luxury cars. "The luxury car market is growing at a faster pace in India and we are targeting that," Audi India MD Benoit Tiers told reporters.

Audi has set a target of 100 Q5s this calendar year. Next year, it plans to sell 400 to 500 Q5s, he said. Audi has set a target to sell 1,500 cars in this calendar year. It has sold 600 cars in the first five months, he said. In 2008, it sold 1,050 cars and in 2007 it sold 349 cars. The other Audi range sold in the Indian market are A6, A8, Q7, A4, TT and R8.

"India is an important market for us," Tiers said. Majority of the customers in India for Audi come from NCR and Punjab, Mumbai, Bangalore and Hyderabad, he said.

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Audi launches three variants of A4 in the Indian market

16 June 2009

PTI

German luxury carmaker Audi today said it has added three new variants of its premium sedan A4 in the Indian market, priced between Rs 26.67 lakh and Rs 36.40 lakh (ex-showroom Mumbai).

"With the introduction of three new engines, we are able to offer the widest choice in the luxury car market to our customers in India. It is our constant endeavour to provide our customers with world class products and state-of-the-art technology," Audi India Managing Director Benoit Tiers said in a statement.

The three new variants include both diesel and petrol engines. The diesel version would come with a 3.0 litre engine, while the petrol model would be with 2.0 litre and 1.8 litre engines, the company said.

"These engines also have significantly greater fuel efficiency, consuming 10 percent less fuel than their predecessors," it added.

The company already has two versions of the A4 -- 3.2 FSI Quattro (Rs 35.43 lakh) and 2.0 TDI (Rs 28.54 lakh).

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Royal Enfield to launch 2 bikes; ramp up capacity by 35%

12 June 2009

PTI

Heavy-weight motorbike maker Royal Enfield on Friday said it will launch two models by early next year and plans to expand its overall production capacity by over 35 per cent by 2010.

"We have plans; we have enough engine platforms for bringing in new models. We will be launching two more models by the end of this year or early next year," Royal Enfield Divisional General Manager (Sales and Marketing) Shaji Koshy told PTI

At present, the company is evaluating possibilities for launching the two bikes with two different engines, twinspark 350cc and 500cc engine with EFI technology, he added.

The company is also increasing its production capacity to 60,000 units per annum by 2010 from the existing 44,000 bikes a year at its facility in Chennai.

Koshy, however, declined to disclose whether the new models would be exclusively for the domestic market or for exports, saying the company would decide at the time of the launch.

"On an average, our bikes are on one month waiting period. To counter this problem, we are increasing our capacities every year. This year, it will reach 50,000 units and we will ramp it up to 60,000 units by next year," Koshy said, adding the company would invest Rs 25 crore in enhancing capacities and launching new products by 2010.

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Hindustan Motors to launch upgraded Winner truck in Delhi

19 June 2009

IANS

Automobile manufacturer Hindustan Motors will launch the Bharat Stage Four (BS IV) version of its mini-truck Winner in the national capital shortly, a top company official said here Friday. "Our immediate priority is to launch the BS IV version of Winner in Delhi in seven to 10 days. After this, it will be launched in Mumbai," company managing director Ravi Santhanam told reporters on the sidelines of a seminar.

BS IV refers to the latest emission norms set by the Indian government to reduce the harmful effect of automobile fumes. Hindustan Motors - the flagship company of the C.K. Birla group - unveiled the one-tonne payload capacity Winner in Kolkata last December.

The company sources the knocked-down version of the Winner from Shandong Shifeng of China and assembles it at its plant in Uttarpara near here. It is also looking at "two new possibilities" in the next one year, Santhanam said, but refused to specify the category. "It does not necessarily have to be a product, it could even be a service offering. But within our automotive domain."

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Used Vehicles

Used cars congest Indian roads as sales spike

15 June 2009

REUTERS

When Indian insurance executive K. Shankar shopped for a car, he was pleasantly surprised to discover he could buy a three-year-old SUV in near mint condition for just a bit more than a new hatchback.

"This SUV is ideal for me ... and if I can get it for the price of a much smaller new car then why not?" said Shankar.

Used car purchases are soaring in India, the world's second most populous country, as a host of global and local auto firms offer attractive trade-in deals to build customer loyalty and boost new car sales.

Many of these used vehicles are getting snapped up by people who have never owned cars before or families adding second or even third vehicles to their fleets.

With over one million cars being added to India's roads every year, experts worry the country's creaky infrastructure won't keep up with the volume of traffic, causing unbearable congestion and more traffic accidents in a country with already one of the world's worst road death tolls.

"Growth in vehicle ownership has reduced rush hour speeds to 5-10 km an hour in the central areas of major cities," the World Bank said in a recent report on India.

The number of vehicles on Indian roads has grown at an average pace of 10.2 percent annually over the last five years, it

said, adding that 50 percent of roads were in a state of disrepair and only 30 percent of highways had two lanes or more.

PRE-OWNED CARS

Until recently, the used car market in India was dominated by neighborhood dealers and roadside garage mechanics who controlled nearly 90 percent of the market, say industry experts.

But several global car makers such as Hyundai Motor, Ford Motors and General Motors have entered the market with pre-owned certified car programmes, causing used car sales to soar. India's largest vehicle maker, Tata Motors, also entered the market earlier this year

Local firms Maruti Suzuki and top utility vehicles maker Mahindra & Mahindra's were the first to spot an opportunity when they launched their pre-owned certified cars programmes more than five years ago.

The used car programmes allow customers to get new cars in exchange for their older ones at substantial discounts. These used cars are then refurbished and sold with warranties.

For auto firms, the exchange programmes are a way of building brand loyalty. For new car owners they are an opportunity to buy bigger cars at entry-level prices. "We will be able to ensure customer loyalty and it will also reflect in the sale of new cars," said General Motors India's Vice President P. Balendran.

Most used car buyers are first-time owners or those buying additional cars for their spouses or their children, said Hormazd Sorabjee, auto expert and editor of Autocar India magazine.

According to industry estimates, in the last fiscal year ending March 2009, new passenger vehicle sales were about 1.5 million units while sales of used cars were about 1 million.

The growth in used cars might make life more convenient for many Indians, but it has the potential to grind life down to a halt in major cities where road infrastructure is not keeping up with the ballooning volume of traffic. Car accidents are also a major concern. India's road toll is one of the worst in the world with around 100,000 people getting killed in road accidents in 2007 alone.

As business grows, an industry for used cars has also sprung up such as web sites advising customers on good car deals and rating used vehicles. The financial crisis, in which India's growth has slowed to 6.7 percent in the fiscal year ended March from 9 percent a year earlier, has also been behind the growth in used car sales.

"Interest in used cars has increased over the last one year or more because of uncertainty prevalent in the market and unavailability of loans," said Umang Kumar, co-founder of Gaadi.com, a search website for used and new cars.

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Cama Motors to sell pre-owned luxury cars in Gujarat

17 June 2009

PTI

Cama Motors, the oldest automobile company in the state, has diversified into selling of pre-owned luxurious cars and

import of luxurious cars. "This is for the first time in Gujarat, a luxury car dealer has come up with a unique concept of providing new and pre-owned luxury cars, high-end refurbish and design studio with repair and maintenance centre to provide end to end solutions," Cama Motors CMD Jahangir Cama told reporters here.

Apart from selling pre-owned luxury cars of all brands, Cama Signature will also facilitate hassle-free imports of luxury sports utility vehicles and sedans, he said

The company targets a sale of 150 cars during the start-up phase, he said and added that the company has tied up with a Delhi-based Magus Motors to import cars from foreign origin, Cama said.

According to Rustom Cama, executive director of Cama group, the three new divisions of Cama Motors will cater to sell of pre-owned luxury cars, import of new cars, refurbish and design and repairs and maintenance of all kind of luxury SUVs and sedans. There is a huge market for pre-owned luxury car segment and Cama Motors is making a new beginning to tap this growing market, he said.

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Industry Competition

Tata's may use Nano platform to build electric, hybrid cars

17 June 2009

The Economic Times

For the Tata Group, innovation will be a critical area in the time to come. With the formation of the Tata Group Innovation Forum (TGIF) in 2007, the objective has been to create an innovative environment, which will get companies to achieve their innovation capability. TGIF was put in place with the idea of fostering innovation in the group companies.

Press conference in Mumbai that the group, in the last 20 years, has ridden the waves of change. "Between 1991 and 2001, we had the Tata Business Excellence Model, which encompassed 70 companies. From 2001, which was the second phase, the focus was on international capabilities," he said.

In a report put out by Tata Management Training Centre (TMTTC), the in-house training centre for the group, titled, "Innovation and Innovativeness", the case of the Nano has been outlined in the product innovation segment. Stating that the Nano was a technological breakthrough that was a paradigm shift in the automobile industry, the report maintains that the Nano is not just a car for Tata Motors, but also a platform to create more high-end models. "Tata Motors also has plans to use the Nano platform to build electric and hybrid cars," added the report.

From TGIF's perspective at the time of its inception, the mandate was plan and roll out meaningful group level initiatives that would help the group companies on their innovation journey. "Innovation should be natural to the way a company works," said Mr Gopalakrishnan.

As far as measuring innovation goes, the group employs a tool called Innometer, which looks at areas, such as innovation process and innovation culture. Last year, Innometer studies were conducted in some Tata group companies, such as Tata Motors, Tata Steel, Tata Chemicals and Rallis.

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Future prospects good for auto sector: Aulbur

12 June 2009

PTI

Mercedes-Benz India on Friday said it is expecting a 10 per cent increase in its sales in the next one year as the future prospect for his company and the auto sector is looking up with a stable Congress-led government at the Centre.

The sales for the last quarter in 2008-09 were less than in 2007-08..."But now the things are looking good with a stable UPA government in place at the Centre. We are hopeful of a positive budget which will help us and the auto industry in general," Mercedes-Benz India MD and CEO Wilfred Aulbur told reporters while inaugurating a new showroom here.

He said that they are expecting around 10 per cent increase in the sale in the next one year and also plans to expand its network across the country.

"The year 2008-09 saw the biggest impact of global recession especially on the auto industry. Though our turnover has increased slightly, but the rise is not significant."

"We will be investing about Rs 150 crore in expanding our sales and service network across India. Our focus will be on the C and S class models," Aulbur said. Major portion of the funds for expansion will be pumped in by our dealers, he added

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Renault-Nissan JV has big India plans

5 June 2009

The Economic Times

Renault-Nissan Automotive India, a 50:50 joint venture floated for a passenger car project in Chennai, is eyeing 5.7% of the market share in India by 2012. It is looking at emerging markets like Brazil, Russia, India and China, besides Middle East, to push its global market share, a top official said on Thursday.

"Our market share is increasing steadily. We continue to invest heavily in new technology," Nissan executive VP and chief recovery officer Colin Dodge told reporters here, following a tour to the under-construction plant at Oragadam, 35 km from the airport.

Assessing the Indian car growth market to go past the two-million unit mark by 2012, he said, it is aiming for a 5.7% market share in India. The experience in China and Russia had proved that this was achievable.

"Five years ago, we were nowhere, but now we have 7% share in China. Likewise, in Russia, we have 6% market," he said, seeking to highlight the strategic importance of India, where under 50 people per 1,000 inhabitants owned a car.

"It has got to grow as Russia too went past 250 in three years," Mr Dodge said. He said, "we are here to stay. If we get the product right then it is possible. India is an important market for our company."

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Toyota's second Indian plant to start by end-2010

9 June 2009

REUTERS

The Indian unit of Japan's Toyota Motor Corp expects to start production at its second car plant by the end of 2010, a top official said on Tuesday.

Toyota Kirloskar Motor Pvt Ltd, which offers the Innova utility vehicle, Corolla and Camry sedan in India, hopes to sell more than 50,000 units in the country, Managing Director H Nakagawa, told reporters at the launch of its new Land Cruiser.

"We would like to maintain what we did last year," he said. Toyota sold 51,500 vehicles in India last year.

Toyota holds 89 per cent in the Indian venture, which has an annual production capacity of 60,000 units from a factory in Karnataka.

Its second plant coming up at a cost of \$680 million in the same state will have a capacity of 100,000 units a year.

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Tata's JLR to storm into small towns

19 June 2009

ET Now

Tata Motors, which is driving in Jaguar and Land Rover brands to India on June 28, will set up exclusive showrooms in smaller towns as part of an India-specific marketing and distribution strategy for its premium cars.

Jaguar Land Rover (JLR) has lined up an array of models, many of them tweaked to be India-friendly, company officials said. Almost the entire Land Rover range of luxury utility vehicles, including the Range Rover and Range Rover Sport as well as the mid-sized SUV LR Discovery 3, will make their way to India.

But Indians waiting to buy Freelander will have to wait till October-November since its homologation, or road-worthiness tests, are still not complete. JLR is still making changes to the vehicle to make it suitable for India. As for Jaguar's range of premium saloons that will hit Indian roads soon, the list includes the XK, XKR, coupe and convertible, the XF 5 litre and XFR.

Tata Motors will import these vehicles in completely built-up form and the price of these cars and SUVs could range from Rs 35 lakh to Rs 90 lakh.

Tata Motors premium cars division, which will oversee the Jaguar and Land Rover cars in India, has decided to set up a broad dealer network for the marque brands.

Apart from metro cities, JLR showrooms will also be opened in smaller towns like Ludhiana. "We are here for a long haul and we will keep on developing our dealer network till 2010," said JLR spokesperson Aileen Hughes.

Company officials, however, are quite candid that the numbers won't be big to start with. "We will not be huge in the first year, but we need to establish our brands in the beginning, so we will be targeting sales in hundreds and not thousands," said JLR spokesperson Mark Foster.

The company has planned a gala ceremony for the opening of India's first Jaguar Land Rover showroom at Worli in Mumbai on June 28. Jaguar Land Rover CEO David Smith and Tata Motors' premium cars division head Rohit Suri will attend the launch. While the marque brands will be sold through exclusive showrooms, Tata Motors workshops will provide nation-wide after-sales service support to these premium vehicles. The JLR service division will be headed by Sanjeev Tiwari, who was a regional manager for Tata Motors passenger cars in the western division.

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Yamaha sees ten-fold jump in market share by 2012

8 June 2009

The Economic Times

Two-wheeler giant Yamaha has set an aggressive target of increasing its market share in India by ten times by end-2011. Besides product launches, growth in the number of outlets is also on the cards.

Despite an accumulated loss of around Rs 1,000 crore, the company still enjoys patronage of the parent. "We are in the process of returning to the black," Yutaka Tex Terada, director, India Yamaha Motor Pvt Ltd, told ET in an exclusive interview.

"Yamaha has already shown positive performance in the two-wheeler segment in India with around 80% cumulative growth in Jan-May '09 over the same period last year. Month wise, February was the best, giving 169% growth," Mr Terada added.

As industry figures go, two-wheeler penetration level in India is still low at just over 30 units per 1000 citizens. Sales of two-wheelers, including scooters but barring battery-run machines, achieved 15% growth in '05-06. Year '08-09 had a sales figure of around 8.5 million. With the skyrocketing trend in recent years, two-wheeler sales in India are expected to cross 10 million by 2010.

Steady growth in Indian economy, at 8% per annum, is expected to benefit us, Mr Terada said. Though it sounds aggressive, we are targeting 10% market share by 2012 from the existing 1%, Mr Terada added.

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Michelin to invest Rs 7,000 cr in India

18 June 2009

The Economic Times

In what would be one of the largest FDI inflows into the country, Michelin & Cie, the world's second-largest tyre maker, is looking to invest up to Rs 7,000 crore (\$1.48 billion) in India over a 10-year period to make and market radial tyres and tubes in the country. Incidentally, this development follows the French tyre manufacturer's announcement to cut 2,900 jobs in France as part of a business reorganisation to focus on higher-margin tyres.

For Michelin, this project comes after a joint venture with Delhi-based Apollo Tyres failed to take off. Apollo Tyres has already given a no-objection certificate (NOC) to Michelin to start its own operations in the country even as the French tyre major continues to own around 8% in it. A person directly involved in the transaction said the French tyre giant has sought government approval to acquire 100% stake in a new company Michelin India Tamil Nadu Tyres formed in April 2009. This company will set up the proposed greenfield unit, which would absorb investment worth Rs 4,000 crore in the first phase running into 2016.

"The company may ramp up investments by another Rs 3,000 crore after the first phase," said the person who did not wish to be identified. Michelin has been negotiating with the Tamil Nadu government for procuring land for the project. It wants to set up a plant on 290 acres in an industrial park developed by State Industries Promotion Corporation of Tamil Nadu.

The first phase of the proposed project in Tamil Nadu will provide jobs to around 1,500 people, which may go up to 2,000 after further investment of Rs 3,000 crore is made. Over time, half of the tyres and tubes produced at the plant will be exported. The slack demand of tyres has impacted all major markets across the globe, especially in the US and Europe where sales has fallen by a third in the past few months.

Tyre sales in India, however, had kept the industry buoyant riding on the back of rising passenger car and two-wheeler sales. Strong demand from the replacement market after a high single-digit growth in FY09 for the 10 crore vehicles plying in India has also helped the tyre market. In the past, many multinationals companies have announced multi-billion dollar projects for India, but many of them have delayed investment either because of the slowdown or because of regulatory constraints on foreign direct investment (FDI) in the country. Most recently, Swedish furnishings retailer Ikea decided to postpone its foray into India in the wake of continuing restrictions on FDI in retail sector. There are no such restrictions on FDI in the tyre sector.

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Kesoram draws up Rs 1,550 cr expansion plan

27 June 2009

www.dnaindia.com

Kesoram Industries, the flagship of the BK Birla group of companies, will invest Rs 1,550 crore over the next 15 on expansion. The company will invest Rs 750 crore in the cement division and Rs 800 crore in its tyre division. Out of the total investment, one-third would be funded from internal accruals and the balance would come from debt.

BK Birla, chairman of Kesoram Industries, said, "The expansion plan was discussed at the board, which has asked the company to explore options. The cement division has contributed to the bottomline, particularly taking advantage of the increased production facilities at Vasavadatta and Kesoram cement plants. The company has achieved its highest-ever capacity utilisation this year and has produced 5.44 million tonnes of cement during the year."

SK Parik, director and secretary, Kesoram Industries, said the company would increase capacity of the Vasavadatta unit in Karnataka by 1.65 million tonnes per year, thus taking the cement capacity up to 9 million tonnes over the next two years. At present, this unit produces 5.75 mt a year and the Kesoram plant in Andhra Pradesh has a production of 1.5 mt.

"Kesoram's Birla Shakti cement has been well received. Production of blended cement has grown by over 11% and 33%

over last year's production at Vasavadatta and Kesoram Cement sections, respectively," he said.

The company, however, is yet to take a final decision on increasing production at its Balasore plant in Orissa. The tyre division incurred a higher input cost on account of a rise in natural rubber prices, which also affected its profitability. The company's 257 tonne per day greenfield project at Haridwar has started commercial production, Parik said.

The company has a capacity to produce has a 100 tonnes per day of radial tyres and 125 tonnes per day of bias tyres. During 2008-09, the company invested Rs 190 crore to set up a motor cycle project with a capacity of 70 tonnes per day. This plant is likely to commence operations by January 2010.

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International Updates

GM taps M&M, Tata for sale of Saturn

4 June 2009

ET Now

Indian automobile majors Mahindra & Mahindra and Tata Motors figure in the global list of more than a dozen firms to have been tapped by bankers representing General Motors for a possible sale of the beleaguered US carmaker's small car brand Saturn, said a person familiar with the matter.

The iconic American carmaker, which ruled the global market for 77 years until Toyota beat it last year, filed for bankruptcy protection earlier this week and has hung the 'For Sale' sign on its Hummer, Saab and Saturn brands as it looks to emerge a leaner and smarter company.

A spokesman for M&M, India's largest utility vehicles and tractor maker, declined to confirm his company had been approached. Tata Motors dismissed any suggestion that it could look at Saturn. "There is no basis in this information... (It) is absolutely speculative," a spokesman for Tata Motors said.

However, the person familiar with the matter said M&M has been approached by bankers acting on behalf of GM, adding Tata Motors may have also been approached, although chances of it being interested were slim. "Ever since Daewoo and Jaguar Land Rover deals, Tata Motors is on the radar of i-bankers who routinely approach it when global auto assets come up for sale," said the person, who asked not to be named.

Tata Motors is, however, not expected to have the appetite for another global acquisition, especially since it is still trying to live down its ill-timed acquisition of UK's Jaguar Land Rover last year. Meanwhile, GM is understood to have taken a call on some of its iconic brands, although it hasn't formally announced so.

The company is expected to retain mass market brands like Chevrolet, Cadillac, GMC and Buick, which still have good margins. Pontiac is expected to be phased out, just like Oldsmobile in 2000, while Hummer, Saab and Saturn are on the sale list.

GM on Tuesday said it had found a buyer for Hummer in Chinese privately-owned company Sichuan Tengzhong Heavy Industrial Machinery. Those in the running for its Swedish brand Saab, reportedly include Swedish car company

Koenigsegg and American financier Ira Rennert.

For Saturn too, any Indian buyer will face competition from a number of Chinese carmakers and Canadian firm Magna. Saturn, which GM created in 1985 as an answer to cost-effective small cars from Japanese rivals Toyota and Honda, had a regular brand following before falling victim to GM's multi-brand strategy that prevented it from developing enough new models for all its brands.

Last year, Saturn's sales were just 200,000 vehicles, the same as in 1992. Meanwhile, analysts say the only buyers that the GM's sale process is expected to attract would be Asians firms, which will look at picking up bits and pieces at fire-sale prices.

Unconfirmed estimates say the valuation of Hummer tumbled from over \$700 million to around \$100 million and other GM assets could fetch even less due to falling sales in the US. Indian auto component companies, meanwhile, are already bargain hunting in Detroit, looking for opportunistic buying of plant, machinery and equipment.

As part of its turnaround plan, GM has decided to idle 11 plants and much of those assets are also on the block.

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Tata's to introduce Nano in Thailand: Thai govt agency

4 June 2009

REUTERS

World acclaimed Tata Motor's small car Nano may drive into the Thai and other markets in the South East Asia, a Thai investment agency official said.

"They (Tata Motors) have plans to introduce Tata Nano in future (in Thailand) for the economic segment of the market and probably plan to expand by taking it to neighbouring countries in ASEAN," Thailand Board of Investment (BOI) Secretary General Atchaka Brimble said here.

This is a strategic move by the company to use Thailand as manufacturing base to export its products to other countries, she added. Thai Minister of Industry Chanchai Chairungruang visited Tata Motors' plant in Pune yesterday.

Abhichet Sitakalin, Sales Director, Tata Motors (Thailand) which is a joint venture of Tata Motors and Thonburi Group said, the Thai Industry Minister appreciated the Nano.

On being asked when would Nano hit Thai roads, he said, "It is too early to say anything".

"Tata Motors, the best known Indian car maker, will expand the market to ASEAN countries for the export base to the world," BOI, the investment agency of the Government of Thailand said in a statement.

Tata Motors had earlier announced introducing Nano, which was launched in India on March 23 this year, in Europe by 2011 and exploring possibilities to launch the car overseas too.

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Tata Motors may have to scale down investment plans

21 June 2009

PTI

If the UK government's help does not come soon, Tata Motors will have to cut down its investment plans for Jaguar Land Rover with possible job losses and plant closures, a media report said On Sunday.

"If no government help is forthcoming soon, Tata will have to scale down its investment plans in Jaguar Land Rover to make its losses sustainable. That would result in more job losses- and possibly plant closures," a newspaper said.

"Tata's bankers are seeking to secure short-term finance of between 500 million and 1 billion pound to allow Jaguar Land Rover to pay off supplier payments due by the end of the summer and stop it running out of cash," the report said. Tata have been seeking the help of the British government in terms of guaranteeing the loans.

"The group needs a fix for Jaguar Land Rover but staff cuts look unavoidable," the report noted.

It further said that "Tata will reveal this week the price it has paid for becoming the UK's largest industrial employer."

While Tata Motors is expected to release the financials of Jaguar Land Rover, purchased for 1.7 billion pound, another group firm Tata Steel that owns Anglo-Dutch steel firm Corus, would also publish its fourth-quarter results."Expect a sea of red," the report said about the two results.

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Flying car to be unveiled in 2011

24 June 2009

IANS

An American company Terrafugia Transition, based near Boston, is set to unveil the dual-purpose car-cum-plane vehicle called 'The Flying Car' as early as 2011. The two-seater vehicle can let you fly if you wish to avoid the congested city traffic.

If you want to drive on the road, just touch the road. The vehicle will fold up its wings in 30 seconds and transform itself into a car."The Flying Car" can travel up to 725 kilometres in the air at a speed of more than 115 kilometres per hour.

Fuelled by gasoline, it has front wheel drive on the road and a propeller for flight. With its wings folded, it can be parked in your ordinary car garage. Its initial cost is expected to be around \$200,000 (nearly Rs.1 crore), says the company which has already orders for 60 vehicles. The CEO of the company told Canadian TV (CTV) network here that they have successfully test-flown "The Flying Car" as many as 28 times. The tests have shown that the vehicle can drive, fly and switch from being a plane to a car in just 30 seconds. "It (testing) has been very successful," Carl Dietrich, co-founder and CEO of Terrafugia, told the television network. He said: "We have got a very good handling vehicle and our test pilot said that the flights were just remarkably unremarkable - it just flies like a really nice, little airplane."

He said this miracle vehicle will ease problems for pilots who currently face problems like weather which sometimes doesn't allow them to take off or land. "This vehicle allows a pilot any time, if the weather changes, to divert to the nearest

airport, fold up their wings and drive safely under the weather." Company vice president Richard Gersh told media: "The Transition (the name for "The Flying Car") is not designed to replace the automobile. However, it will solve transportation issues for a variety of circumstances."

Asked whether the vehicle will be mass produced one day, he said: "That is certainly a possibility, but a number of years away." He said the vehicle will be able travel on ordinary roads.

"Our depositors represent a wide-cross section in terms of age, interests, and intended use of the vehicle. We have deposits from both experienced pilots and non-pilots who intend to earn their Sport Pilot certificate," said the vice president of Terrafugia.

Set up in 2006, Terrafugia is run by trained aeronautical engineers and MBAs from the Massachusetts Institute of Technology (MIT).

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Continental to examine full merger with Schaeffler

8 June 2009

www.reuters.com

Indebted car parts maker Continental will examine a full merger with its ailing large shareholder, German bearings maker Schaeffler, that would create a company with some 33 billion euros (\$45.6 billion) in sales. "The industrial logic of this combination is obvious," Continental supervisory Board Chairman Ralf Koerfer said in a statement on Monday.

Results of a review should be completed by the end of July. While both companies have already agreed on a cooperation to bundle purchasing, the announcement represents the first real sign of a potential breakthrough in a power struggle that has seen the departure of senior executives on both sides.

Koerfer and board member Juergen Geissingner -- both nominated by Schaeffler to the board and approved by shareholders in April -- spoke out clearly in favour of a merger.

"I am convinced that a merger could bring operational and technologic advantages for both companies and their customers. The central question is how the industrial concept can best be implemented," said Geissingner, who also serves as chief executive of Schaeffler. Lenders that financed the privately-owned bearings maker risky leveraged takeover of Continental have continued to provide loans to Schaeffler to buy time for a solution and avoid necessary writedowns under a debt-for-equity swap.

Continental CEO Karl-Thomas Neumann said talks with Schaeffler were proceeding constructively and was optimistic regarding a tie-up that could very likely see all operations including Continental's tyre and non-tyre rubber activities remain under a merged company.

"Along with the Rubber Group, Schaeffler's Industrial business would significantly improve the necessary balance between the automotive and non-automotive businesses of the new group," Neumann said in the statement. He believes Schaeffler's mechanical know-how would complement Continental's strength in electronics within their joint automotive parts divisions. Since the board members agreed financial risks have to be carefully weighed, it also tasked Neumann

and his management team to continue to evaluate alternative options.

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U.S. agency rules for tire producers in China case

18 June 2009

www.ohio.com

U.S. tire companies are being harmed by products from China, a U.S. agency ruled, setting up a decision by President Barack Obama on whether to impose tariffs or quotas on America's biggest source of imports. The U.S. International Trade Commission ruled 4-2 that U.S. producers are being hurt by \$1.7 billion in Chinese imports.

The panel will now come up with recommendations on what Obama should do to help tire makers such as Akron-based Goodyear Tire & Rubber Co. and Findlay-based Cooper Tire. "Goodyear appreciates and respects the thoughtful and thorough process of the ITC and will continue to monitor the next phases of the process. As we have said, we support fair and free trade and we will abide by the president's decision on the matter," Goodyear said in a statement.

Bridgestone Firestone operations in the U.S. are owned by Bridgestone Corp. of Japan and B.F. Goodrich and Uniroyal tire production is owned by Michelin of France. Continental AG of Germany owns the former General Tire factory in Mount Vernon, Ill.

"The remedies that will be delivered to President Obama will allow the time necessary to rebuild the U.S. tire industry," said Leo Gerard, president of the United Steelworkers union, which filed the case on behalf of the workers it represents at U.S. tire factories. The union said China has more than tripled its tire exports to the U.S. between 2004 and 2008, ending jobs for 5,100 American workers. The union said another 3,000 workers would lose their jobs by the end of the year.

By law, Obama has to make a decision on the so-called safeguard petition by September. The case is the first test for Obama on trade with China, after he vowed during his presidential campaign last year to help unions or domestic industries seeking relief from foreign competition. Since the election, he also has pledged to avoid protectionism so as not to exacerbate the global recession. The United Steelworkers want Obama to cut imports of automobile tires from China by more than half to 21 million, the level in 2005. China sent 46 million tires to the U.S. in 2008.

U.S. tire dealers and importers argue domestic tire makers such as Goodyear and Cooper have no interest in the low-cost tire market that China serves. The U.S. companies make branded tires, which are often sold to vehicle manufacturers. The Chinese imports are typically not branded and sold to consumers through low-cost outlets such as Wal-Mart, according to GITI Tire Pte Ltd., China's largest tire producer. GITI Tire said in testimony to the trade commission that declines in auto sales, automation of tire production and increases in raw material costs are driving the increase in Chinese imports. "No matter what the ITC recommends, we do not believe that American manufacturers will increase production in the United States of low-cost tires," said Vic Delorio, executive vice president for GITI in the U.S., in an e-mail. "They will still focus on premium tires."

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Bridgestone Starts Production at Kitakyushu Plant ahead of schedule

29 June 2009

www.eyefordubai.com

Bridgestone Corporation announced that production of large and ultra-large off-the-road radial tires (ORR) for construction and mining vehicles began in June at its new Kitakyushu Plant, three months earlier than the planned production in September. The Kitakyushu Plant is the first new tire plant opened by Bridgestone in Japan since 1976, when Bridgestone began production at its Hofu Plant. Kitakyushu plant is in Kitakyushu City located north part of Kyushu Island south west from Tokyo.

Large and ultra-large ORR tires, which Bridgestone considers to be its, "Strategic Products" utilize the Bridgestone Group's advanced technological capabilities and have earned excellent reputation in their markets. Due to increasing global demand, the last few years have seen a significant imbalance between the supply and demand for these tires. In the future, this demand is expected to grow continuously. Even during the current global economic recession, sales of Bridgestone large and ultra-large ORR tires have remained stable. Owing to these market conditions, Bridgestone has accelerated its preparations to begin production at the Kitakyushu Plant so that the customer needs are met more rapidly.

Previously, Bridgestone manufactured the large and ultra-large ORR tires at its Shimonoseki Plant. Now that production has begun at the Kitakyushu Plant, Bridgestone will be able to supply even better these technologically advanced tires to its customers throughout the world. Further, Bridgestone will continue to increase the production capacity of large and ultra-large ORR tires and is expected that by second half of 2012, the combined output of the two plants will be 30% higher than the current level

In the future, Bridgestone plans to continue enhancing its lineup of strategic products including large and ultra-large ORR tires, and further increase its efforts to supply products that satisfy its customers.

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