

MONTHLY NEWS LETTER

AUTO

August 31, 2010

Market Cap for AUTO

| As on 31 August 2010 | Value (Rs. in Crores) | (%) |
|----------------------|-----------------------|------|
| BSE Mkt. Cap | 6,562,024.92 | 100 |
| Index Full Mkt. Cap | 254,414.03 | 3.88 |
| Cap Adj. Market Cap | 146,959.60 | -- |

Intraday Graph of AUTO



- [Maruti Suzuki Plans Setting Up Third Unit In Manesar At Rs. 1,700 Crore Investment](#)
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Maruti Suzuki Plans Setting Up Third Unit In Manesar At Rs. 1,700 Crore Investment

Maruti Suzuki India is looking at establishing its third production unit at Manesar facility in Gurgaon. The company is planning to invest Rs. 1,700 crore and according to sources the project is expected to be completed soon.

Maruti already has a unit in Manesar and the company is also planning for 2.5 lakh units of annual capacity for its proposed new facility.

The second unit at Manesar plant has the annual production capacity of 3 lakh units. In all, the company has the annual production capacity of 7 lakh units per annum in Gurgaon.

"We are preparing a project report for the third unit in Manesar, which will come up for discussion before the board. The unit is proposed to have a capacity of 2.5 lakh units annually. It will be in a similar range of the second unit which is currently being set up at Manesar," Maruti Suzuki India, Chairman R.C. Bhargava was quoted as saying.

Tata Motors Plans Investing \$1 Billion

Tata Motors is planning to invest \$1 Billion (Rs 4,700 crore) for its various expansion plans, the company said on Thursday.

"Yes we are looking to raise up to a billion dollar or a bit more," Tata Motors Group CEO Carl-Peter Forster said. However, the company is yet to decide on mode through which it would raise funds.

"We hope to do it soon and as soon as we finalise on something, we will let you know," he added.

Tata Motors is enjoying higher demand for its vehicles and the demand for its Jaguar and Land Rover vehicles are higher than expected. "The demand for Jaguar and Land Rover vehicles is more than what we had expected, so we have asked Ford to increase supply of engines and other components," Forster said. Moreover, the company has asked Ford to increase supplies for Jaguar and Land Rover.

TVS Motors to Invest Rs. 200 Crore to Increase Capacity

TVS Motors on Thursday announced that it will be investing Rs. 200 crore by April 2011 to increase its annual production capacity.

As the company is witnessing increasing demand for its two and three wheeler vehicles, TVS is aiming to expand its production capacity by next year.

"We are increasing our capacity to 28 lakh units from 21 lakh units per annum to meet the growing demand. We will investment Rs.200 crore by April 2011," TVS Motor Company, Chairman, Venu Srinivasan was quoted as saying.

TVS is forecasting sale of about 18 lakh two wheelers and 50,000 three wheelers in Indian market besides exporting 2.5 lakh units. Srinivasan also noted that inflationary pressures will not significant impact on the sector.

"There is an increasing demand and to meet that we are increasing our production capacity to 28 lakh units from the existing 21 lakh units per annum. It will entail an investment Rs 200 crore by April 2011," he added.

Mahindra & Mahindra To Buy Stake In Ssangyong Motor Company

Mahindra & Mahindra Ltd and

QUICK UPDATES

Tata Motors to Launch New Vehicles In India And China

India's multinational company Tata Motors is planning to introduce new fuel efficient cars and hybrid vehicles in emerging markets and looking at ways to raise sales of luxury brands like Jaguar and Land Rover in China and India.

In India, the company plans to launch a new cross-over vehicle, two new passenger vehicles and a new range of heavy trucks, Tata Motors Chairman Ratan Tata said.

"The current range of vehicles has seen resurgence in demand, and the challenge before the company today is to deliver enough vehicles to meet market demand," said Tata in the firm's annual report.

He said China has emerged as the third-largest global market for Land Rover/Range Rover and "studies are underway to consider options to increase

Ssangyong Motor Company, a South Korean automaker, have signed a preliminary agreement on building cars on Monday, reports said. The company will be purchasing controlling stake from Ssangyong.

India's largest automobile company Mahindra & Mahindra would help the Korean Ssangyong in developing new product and modernize the company's products. Pawan Goenka, president of Mumbai-based Mahindra's automotive and farm-equipment division was quoted as saying that the companies would share technology.

"We believe that Ssangyong and Mahindra make a powerful combination to create a global SUV brand," he said. The two will also benefit from their combined scale," he said.

Mahindra plans for investing around \$2 billion for the development of product and the company.

Both the companies have not revealed the financial details of the deal. However, unofficial sources reported that Mahindra had offered 535 billion.

HDFC, Kotak Mahindra Prime Plan Hiking Auto Loan Rates

Banks including HDFC and Kotak Mahindra Prime are now set to hike the interest rates on auto loans following the hike in borrowing rates.

"Borrowing rates have gone up, we are likely to raise our rates (auto loans) by 0.5% in the next 7-10 days," HDFC Bank senior executive vice-president Ashok Khanna said.

According to sources, the bank would most likely raise its auto loan rates by 0.5 percent.

Meanwhile, Kotak Mahindra Prime (KMP) has also hiked the auto loan rates by 50 bps on Friday. Generally, the bank's interest on auto loans range

market penetration in China, India and other developing markets."

Tata said the company is also considering widening the range of Jaguar cars by introducing a station wagon, a new entry-level Jaguar, and a new roadster.

China's demand for cars has fuelled a rise in bottom lines of many a car maker, as sales grew almost 48 percent in 2009 to 8.4 million vehicles. In India, total passenger car sales increased by 24.5% to 1.9 million units in the fiscal year ending March.

The company also plans to revamp its entire Range Rover portfolio and promises "the new Range Rover 'EVOQUE' will have be a bold design evolution in sports utility vehicles (SUVs)."

Tata Motors, whose products include the world's cheapest car, Nano, had bought the Britain-based Jaguar and Land Rover brands from Ford in 2008.

Tata Motors posted a 41% growth selling 67,799 vehicles in July 2010 as against 48,054 vehicles in the like period of 2009. This includes the company's export products.

In the domestic market, it logged a 39% growth at 63,558 units which includes both passenger and commercial vehicles as against the 45,599 units sold in the same time last year.

Meanwhile, the company also

between 9.50 and 10.25 percent.

Sumit Bali, CEO, Kotak Mahindra Prime (KMP), was quoted as saying, "Our cost of funds have increased by 50 bps. There is a liquidity crunch in the market due to disbursements in 3-G auctions and BW auction. We just wanted to pass on the higher cost of funds to the customers."

announced that its holding firm Tata Sons' director R.Gopalakrishnan, will be stepping down from the board.

Gopalakrishnan was a director in group companies like Tata Motors and Tata Power and also held the posts of chairman in Tata AutoComp Systems, and vice chairman in Tata Chemicals, among other important positions.

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