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## **PRESS RELEASE**

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### **Mahindra & Mahindra and Renault set up a joint venture to manufacture Logan in India**

- **Mahindra & Mahindra and Renault have concluded an agreement to set up a joint venture in India**
- **The agreement provides for the manufacture and sale of Logan in the Indian market from 2007**
- **The estimated project amount will be 125 million euros for a production capacity of 50,000 cars per year**

The automobile groups Mahindra & Mahindra and Renault have decided to join forces to produce and commercialise Logan, developed by Renault, in the Indian market in 2007. The two groups concluded a framework agreement for setting up a joint venture in India with Mahindra retaining a 51 per cent share and Renault 49 per cent. The JV will be called Mahindra Renault Ltd. The estimated project amount will be 125 million euros.

The project provides for the production of Logan from the first half of 2007 in a world-class Mahindra & Mahindra facility. The capacity of the factory for Logan will be 50,000 cars per year. The state-of-the-art factory will offer a stamping shop, a paint shop with a top quality pre-treatment and an assembly line specific for Logan. The quality of Indian parts manufacturers and the presence of a number of international suppliers in India will allow a rate of localisation of 50 per cent from the beginning of the project.

A right hand drive version of Logan will be developed by Renault in partnership with Mahindra to meet the needs of Indian and other right-hand drive markets. Logan will be marketed under the

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brand of Mahindra Renault. Mahindra & Mahindra will use its extensive dealer network to distribute the Logan in India.

With a population of more than 1 billion inhabitants, India has experienced strong economic growth, passing 8% in 2004. The automobile market progressed by 68% between 1998 and 2003, reaching 1,040,000 vehicles in 2004 with a marked preference for small and medium segment cars (A,B & C).

With this agreement, Mahindra & Mahindra, the fourth largest Indian vehicle maker and a specialist in utility vehicles (SUV, Pick-up...) will extend its range to passenger cars, a particularly lively market segment in India. Market leader in India for SUVs, with market share of 49% in 2004 in UV segment, it hopes to establish its presence in the car market. Present in diverse sectors of the Indian economy, (telecommunications, information technology, agricultural material, financial services), the Mahindra & Mahindra group is strengthening its automobile arm.

Announcing the new venture, Mr. Anand Mahindra, Vice Chairman and Managing Director, Mahindra & Mahindra Ltd, said: *"The objective of setting up the joint venture company is to bring Logan, the popular global car, into India. The customer research conducted in India on Logan has indicated an excellent response. The market is excited about the world's best value C-segment car being launched in India"*.

For Renault, entering the Indian market, where European manufacturers, except for Fiat and Skoda, have little presence, constitutes a major step in its international development. Including India, Logan will be produced in six countries along with the projects already launched or decided: Romania, Russia, Morocco, Colombia and Iran.

*"I am happy with this agreement which allows Renault to establish a long-term partnership with Mahindra & Mahindra. This project registers with our strategy of international development in new car markets"*, said Louis Schweitzer, President and CEO of Renault.

*The US \$ 2.5 billion Mahindra Group is the market leader in multi-utility vehicles and tractors in India. With over 55 years of manufacturing experience, the Mahindra group has built a strong base in technology, engineering, marketing and distribution. It also has a significant presence in key sectors of the Indian economy. These include trade and financial services (Mahindra*

*Intertrade, Mahindra & Mahindra Financial Services Ltd.), automotive components, information technology & telecom (Mahindra British Telecom), and infrastructure development (Mahindra GESCO, Mahindra Holidays & Resorts India Ltd.).*

*Renault is an international automobile group acquiring a global dimension from its alliance with Nissan, the acquisition of the Romanian carmaker Dacia and the South Korean Samsung Motors. Renault pursues a strategy of profitable growth thanks to a high quality, innovative range of vehicles and services. For almost 50 years, Renault has made safety a company value, and today offers the safest range of cars with seven "5 star" cars tested by Euro-NCAP. Employing 131,000 people around the world, Renault sold 2,490,000 vehicles in 2004 and realized a turnover of 40.7 billion euros for a net profit of 3.5 billion euros.*

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