

PRESS RELEASE

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## **The PSA Group and the CK Birla Group sign joint-venture agreements to produce and sell vehicles and components in India by 2020**

- **Indian project in line with PSA strategic plan “Push to Pass” and the growth plan of the CK Birla Group in the automotive sector**
- **“Be Indian in India”: Long term partnership with an initial investment in capital expenditure close to €100 million (INR 700 cr) for vehicle and powertrain manufacturing in the State of Tamil Nadu**
- **Bring state of the art technology for an eco-friendly and safe new product range in line with future industry norms and customers’ expectations**

The ceremony of signature held today lays the foundation for a long term partnership between the two Groups and represents a key milestone in the development of the PSA Group in India, a cornerstone of its strategic growth plan “Push to Pass”. The CK Birla Group further deepens its capabilities in the auto component and automotive sector in India.

The partnership entails two joint-venture agreements between the PSA Group and the CK Birla Group companies. As part of the first agreement, the PSA Group will hold a majority stake in the joint-venture company being set-up with HMFCL for the assembly and distribution of PSA passenger cars in India. As per the second agreement, a 50:50 joint-venture is being set-up between the PSA Group and AVTEC Ltd for manufacture and supply of powertrains. The manufacturing sites for both vehicle assembly and powertrains will be based in the state of Tamil Nadu.

The initial manufacturing capacity will be set at about 100,000 vehicles per year and will be followed by incremental investment to support a progressive ramp-up of the long term project. The manufacturing capacity for powertrains will cater to the domestic market needs and global OEMs. The performance of the industrial set-up will be supported by a significant level of localization, in order to reach the necessary cost competitiveness.

This long term partnership will allow both companies to participate in the growth of the Indian automotive market, which is expected to reach 8 to 10 million cars by 2025<sup>(1)</sup> from current 3 million in 2016.

Commenting on the agreements, Carlos Tavares, Chairman of the Managing Board of PSA Group said: "Benefitting from the strong support of our Indian partner, the CK Birla Group, and a shared vision, this project is consistent with the strong execution of our Push to Pass strategic plan and represents a major step in PSA Group's worldwide profitable growth in key automotive markets."

Speaking to the press in Paris on this momentous occasion, Mr. CK Birla, Chairman, the CK Birla Group, said "We have embraced 'Make in India for India and the World' for several decades and are among the early adopters of frugal manufacturing in the country. I am

confident that the coming together of the latest state-of-the-art technology from the PSA Group and the engineering and manufacturing excellence of the CK Birla Group will benefit the automotive sector in India.”

(1)Source: SIAM and IHS Markit

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**About PSA Group**

*With sales and revenue of €54 billion in 2015, the PSA Group designs unique automotive experiences and delivers mobility solutions that provide freedom and enjoyment to customers around the world. The Group leverages the models from its three brands, Peugeot, Citroën and DS, as well as a wide array of mobility services including the Free2Move brand, to meet the evolving needs and expectations of automobile users. PSA is the European leader in terms of CO2 emissions, with average emissions of 104.4 grams of CO2 per kilometre in 2015, and an early innovator in the field of autonomous and connected cars, with 1.8 million such vehicles worldwide. It is also involved in financing activities through Banque PSA Finance and in automotive equipment via Faurecia. Find out more at [groupe-psa.com/en](http://groupe-psa.com/en).*

**About The CK BIRLA Group**

*The CK Birla Group is a growing US\$1.6 billion conglomerate that has a history of enduring relationships with renowned global companies. With over 20,000 employees, 27 manufacturing facilities and a customer base that includes some of the world's best-known companies, CK Birla Group's businesses are present across five continents. The Group's companies operate in the sectors of Technology and Automotive, Home and Building, and Healthcare and Education. The companies are strengthened by common ownership and shared guiding principles that include a focus on long-term value, trust-based relationships and philanthropy. For more information visit us at [www.ckbirlagroup.com](http://www.ckbirlagroup.com)*