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Client: Paris & Partners

INDIAN EXPRESS MUMBAI 26 FEBV 07

Rel Retail talks to Italian co for car services

EEB & PTI
NEW DELHI, FEBRUARY 25

ITALIAN automotive firm Corgi SpA is understood to be in talks with Reliance Retail, which plans to offer vehicle servicing of customers while they shop in its hypermarkets and supermarkets. "Corgi is in advanced stage of talks with Reliance Industries for supply of garage equipment and other automotive technology," Carlo Paris, founder and CEO of Paris & Partners, an international business and financial advisory company, said. The main contractor Corgi in association with 150 other Italian companies has evinced interest to forge an alliance with Reliance, said Paris, whose company is advising the Italian firm. A Reliance spokesperson declined to comment on the plan. Corgi is a leading manufacturer of tyre changers, wheel balancers, wheel aligners, lifting and testing equipment. Although the deal is yet to be finalised, Paris said: "The only issue we face is Chinese competition as they supply cheaply priced equipment." But he added that the selling point of European firms was quality and reliability. Reliance is mulling a foray into the automotive servicing sector by setting up multi-brand car servicing stations at their retail outlets, especially the hypermarket format stores that are due for launch. The group's retail plan aims to cover 1,500 cities and towns, with over 1,500 supermarkets and 1,000 hypermarkets. In developed markets, malls equipped with car wash and servicing sections is a common concept and replicating the idea in India would enable Reliance to diversify its revenue stream. At present, car servicing is provided either by company authorised service stations or by local mechanics. Reliance, which last year announced Rs 25,000 crore investment in its retail business, would be the first organised retailer to enter this category. The company is understood to have already hired personnel to head the operations of the service stations, which are likely to come up once Reliance Retail establishes presence in big metros. India has the world's second fastest growing car industry, with a growth of over 10 per cent. The spares and accessories market in India is estimated to be around Rs 7,000 crore.

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