

Industry

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India Auto and Consumer Daily

 Equity

5 July 2010

- **Tyre demand likely to expand 20% as vehicle sales increase** — Tyre demand in the country is expected to grow 20 per cent this fiscal (FY 11) as against 18% in the year-ago period on the back of a strong demand for vehicles across all segments. Tyre demand for trucks and buses is expected to increase 12-15% while that of passenger cars by 18-20%. Light Commercial Vehicles (LCV) tyre demand is expected to grow 8-10 per cent while demand for tractor tyres would go up 22-25%. Tyre demand for motor-cycles are also set to increase by 20-22 per cent this year as against 18 per cent last year. *(Economic Times)*
- **Ford starts second shift at Chennai plant to meet Figo demand** — Overwhelming domestic demand for Ford India's small car Figo, as well as interest in overseas markets like South Africa, has prompted the company to start a second shift at its Chennai plant since June, as per mgmt. However the exact increase in production is not known. *(Economic Times)*
- **Auto industry sees strong growth in first quarter** — The automobile industry has ended the first quarter on a strong note, with all the listed companies registering robust growth in vehicle sales over the same period last year. The industry is now hoping for a good southwest monsoon and continued economic growth to sustain sales over the rest of the financial year. Strong first quarter performance comes on the back of an excise duty increase and an increase in vehicle prices due to switching over to tighter emission norms. Concerns, however, remain in the form of rising input costs and supply constraints faced by the vendors. *(Business Line)*
- **HUL to revise non-executive directors' remuneration** — Hindustan Unilever is revising the remuneration package of its non-executive independent directors to make it commensurate with their enhanced role and involvement in the corporate governance of the company. The company will seek shareholders' approval under Section 309(4) of the Companies Act, 1956, which stipulates payment of commission to non-executive directors. *(Economic Times)*
- **Battle brews as Nestle prepares to push coffee brand** — Nestle India Ltd will soon start aggressively marketing its coffee brand Nescafe, as per mgmt. The company feels that Nescafe is not growing at par with its other segments *(Livemint)*
- **Shoppers Stop plans to double turnover to Rs 30bn in 5 yrs** — Shoppers Stop is charting out an aggressive expansion plan to double its turnover to Rs 30bn within the next five years. Shoppers Stop is gearing up to raise around Rs 2.5bn through QIP and issue of warrants to fund its expansion plan for the next five years. The CL Raheja Group, which promotes the retail chain, said that it has invested around Rs 2bn in Shopper Stop outlets over the last 20 years. *(Business Line)*

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Company News

Land Rover to add 1,000 jobs; will launch new Range Rover

Land Rover has said it will add 1,000 new jobs at its Halewood facility to produce its upcoming sports utility vehicle -- Range Rover Evoque, which will hit the market in 2011. The company had earlier announced to add 275 new jobs at its production facility at Solihull in West Midlands to meet rising demand after sales improved for several months. Land Rover currently employs 9,500 people and supports a further 40,000 jobs in the supply chain. The company will introduce the new SUV in its list of offerings in 2011 as part of Range Rover's 40th anniversary celebrations. *(Economic Times)*

Caterpillar to double Chennai truck plant capacity by 2012

US mining and construction equipment giant Caterpillar is investing in doubling its capacity at its truck manufacturing plant in Chennai, that will help it serve the increasing demand in India as well as other parts of Asia. To start production of mining shovels and expand output of trucks at plants in Chennai and Illinois, Caterpillar is planning to invest USD 700mn over the next four years. The truck capacity of the Indian plant will double to help Caterpillar meet the increasing demand in commodity-rich developing regions like Asia. *(Economic Times)*

Daimler consolidates truck biz in India

Daimler AG has announced the consolidation of its truck business in India. Daimler said its Mercedes-Benz trucks will be brought under the umbrella of Daimler India Commercial Vehicle (DICV), which will assume the responsibility of sales and marketing with immediate effect. Currently, Mercedes-Benz India sells Actros brand trucks which will now fall under DICV. The move is expected to focus both on the sales of trucks under DICV, and cars and buses under Mercedes-Benz. So far, Mercedes-Benz has sold just over 100 Actros trucks in the country since its launch in 2006. *(Financial Express)*

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Marico taps cereals market with Saffola Oats

Marico will soon enter the Rs 5bn breakfast cereal market in India. It will prototype an oats' meal product under its Saffola brand. The product, called Saffola Oats, has been soft-launched in about 12 cities. The mgmt has confirmed the test runs but declined to give details. Marico is said to be banking on the south, where the market for oats is considered to be strong. *(Business Standard)*

Amul milk to coast Rs 2 more per litre in Delhi and Gujarat

The Gujarat Milk Marketing Federation (GCMMF) which markets its products under brand Amul has decided to hike milk prices by Rs two per litre, following increase in prices of petrol, diesel and gas. With the hike, one litre Amul Gold and Shakti would cost Rs 30 and Rs 28 per litre respectively, while Amul Tazaa would cost Rs 24 per litre. In February this year the GCMMF had hiked the milk prices in three metros Mumbai, New Delhi and Kolkata, and Gujarat by Rs 2 per litre. *(Economic Times)*

Industry News

The instant noodles market in India

The instant noodles market in India is valued at around Rs 10bn. The category is growing at 20% annually. The market has some aggressive competitors, namely Nestlé, Hindustan Unilever and GlaxoSmithKline Consumer Healthcare. They operate under the brand names of Maggi, Knorr Soupy Noodles and Foodles, respectively. Maggi is the market leader with a share of over 70%. Some other players in this market include Capital Foods (Ching's Secret and Smith & Jones), Future Group (Tasty Treat), CG Foods (Wai Wai) and Nissin Foods (Top Ramen). *(Business Standard)*

Coke, Pepsi join hands for beverage association

Rivals Coca-Cola and PepsiCo have come together along with other beverages makers and bottlers to form the Indian Beverage Association (IBA), which will be the industry's single point of interaction with the government and help companies comply with food safety guidelines and other regulations. Juices maker Dabur, packaging company Tetra Pak, bottling companies Pearl Drinks and Bengal Beverages, energy drink maker Red Bull, and drip and sprinkler systems firm Jain Irrigation Systems too have joined the association, while about 30-40 others including Bisleri International, Parle Agro, Amul, Godrej, bottlers, vendors and suppliers are expected to join. *(Economic Times)*

Views/Insights

Interview: Sunil Duggal, Chief Executive- Dabur

Mr. Duggal has said that the company has put together a new vision plan for 2010-14 and called it 'accelerate & globalise'. The plan is to double turnover and profits during this period to reach a topline of Rs 70bn and a bottomline of Rs 10bn. Mr Duggal aspires to emerge as market leader in the consumer healthcare space. He also said that the company is stepping up focus on M&As and hopes to close at least one, may be even two buyouts in the current fiscal. The company has put all pricing decisions on hold till the monsoon outlook and commodity costs scenario becomes clearer. *(Economic Times)*

Interview: Rakesh Biyani, Director- Pantaloon Retail and CEO- Future Retail

Mr Biyani aims for his company to grow by 35% this year from the Rs 90bn last year. He wants to add 80 to 100 more stores to its Big Bazaar and Food Bazaar chains to the current tally of 190 stores in the next 18 months. Speaking on competition, he said that India is a very large market and there is space for a number of retailers. On the discounts and offers at Big Bazaar, Mr Biyani commented that discounts and offers drive consumption by making products affordable for many more consumers. The company has scale and is working very closely with its vendor partners to deliver products at prices that drive more volumes. This approach is an integral part of the Big Bazaar strategy and, thus, does not have any negative impact on its margins. **(Business Standard)**

Appendix A-1

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