

## Industry

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# India Auto and Consumer Daily

 Equity 

## 1 September 2010

- **Honda to continue as partner in Hero Honda: Hero Group** — Hero Group has denied reports that its joint venture partner, Honda, is planning to exit the Hero Honda JV by selling its 26% stake. According to media reports, while Honda is planning to sell 20% stake to the other promoter, Munjal family of the Hero Group, it is looking at selling 6% to private equity firm KKR. *(Economic Times)*
- **Maruti tops in customer satisfaction for new cars: JD Power** — Maruti Suzuki topped the chart for buyers' satisfaction with newly launched cars, according to a study by JD Power, titled "India Sales Satisfaction Index". Maruti Suzuki India (MSI) topped the list of 11 auto-makers, garnering 819 points on a 1,000-point scale. It was followed by Honda and Skoda, with 816 and 812 points, respectively. *(Economic Times)*
- **M&M sees smoother road ahead for Logan** — Mahindra & Mahindra is upbeat on prospects for the Logan whose sales have been on an upswing over the last few months. Management claims that the brand is in good momentum and dealers are a lot more positive. M&M's top priority now is to get a restyled Logan out in the market soon. The other big step is to launch a sub-four metre version, which will qualify it for lower excise duty of 10%, against 22% presently.. *(Business Line)*
- **Amco Batteries targets Rs 5bn topline in two years** — Amco batteries a part of Amalgamations Group targets to double revenue, riding on the strong demand in the automobile sector. The company has unveiled a slew of marketing branding and customer focused strategies. The company is targeting to achieve a turnover of Rs 5bn by 2012-13 against Rs 2.12bn in 2009-10, management said. *(Economic Times)*
- **Future Group to invest Rs 4bn by 2014** — Future Group will invest Rs 4bn in the next four years to scale up the supply chain efficiency of its retail formats, management said. The company will invest the money in its supply chain vehicle — Future Supply Chains (FSC). It has already put in Rs 1.5bn in the past 18 months and will invest Rs 1bn each year till 2014. *(Economic Times)*
- **Britannia to raise prices by 5-10%**— Britannia will raise prices across its products by 5 to 10 %, due to rising input costs said Vinita Bal, MD of the company. Rising input cost has been taking a toll on the company's profits from the past few quarters. The company posted a 30% YoY dip in its net profit in the 1QFY11 even as net sales jumped 25%. *(Business Standard)*
- **Dabur aims to double sales to Rs 70bn in next 4 yrs** — Dabur India aims to double its sales to Rs 70bn in the next four years as it focuses on strengthening the healthcare segment to be one of the key growth drivers. The company has said that its shareholders have also given approval to raise Rs 20bn to fund its expansion plans *(Economic Times)*

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## Views / Insights

### Interview: Vineet Kapila, President – Spencer's Retail

Mr Kapila said that in the next 30 months, his company wants to double its trading area, treble its top line (from Rs10bn to Rs 30bn) and increase the store-level profit by 20 times. He informs that retail is a thin-margin business. Spencer's Retails set up task forces to reduce the cost of power, manpower and rents. The last piece in the value chain is capital expenditure. The company' capital expenditure was about Rs 1,800 per sq ft., which that company has managed to bring down to Rs 1,200 (per sq. ft). Mr Kapila also said that private label is one way to improve the margins. The company has launched premium private label products and will launch premium chocolates and even wine under its private label. *(Livemint)*

### Interview: Vinita Bali, MD and CEO – Britannia Industries

Ms Bali explained that the Britannia Nutrition Foundation aims to have an open dialogue on the problems and possible solutions related to nutrition in India. She did not comment on the fortification of wheat in India but said that in a field experiment, hemoglobin levels of anemic children rose significantly after they consumed Britannia's Tiger biscuits fortified with Iron. *(Financial Express)*

## Appendix A-1

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