

Industry

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India Auto and Consumer Daily

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- **GM, Ashok Leyland, Bajaj hike prices as input costs rise** — General Motors, Ashok Leyland and Bajaj have increased prices to offset pressure from rising input costs, mainly that of steel and tyres. Maruti, Tata Motors and Toyota Kirloskar are also evaluating options. Hero Honda and Bajaj have hiked their prices by ~Rs 1,000. Auto makers have already hiked their prices thrice this year – first in January due to rising input costs, second following a 2% excise duty hike in the Union Budget and third after the introduction of new emission norms. *(Economic Times)*
- **Piaggio to bring Vespa brand back to India in mid-2012** — Italian scooter maker Piaggio wants to retain the originality of Vespa in India. The Vespa LX 125 is expected to hit the market in the first quarter of 2012. As per mgmt, the vendors would be approved by the parent company in Italy. Vespa scooters would be followed by other brands from the company. Once Vespa is established in the market, the company would keep adding other products. *(Financial Express)*
- **Auto makers, vendors at odds over supply issues** — Issues relating to shortage of key automotive components will hit production even for the next two quarters, as slow ramp-up and discrepancies in tyre prices impact output. UV and CV cos like Mahindra & Mahindra (M&M), Tata Motors and Ashok Leyland, have suffered due to inadequate supply of components. Maruti Suzuki and Hyundai Motor, the two biggest domestic carmakers have maintained that so far the crunch in parts supply hasn't hit production but it is expected that if vendors do not raise production, it could mean longer waiting periods for the cars. *(Business Standard)*
- **Tobacco to be within GST ambit, alcohol outside** — The Union finance ministry has agreed to states' demand that tobacco be kept within the ambit of Goods and Services Tax (GST) and alcohol outside it. Besides GST, the Centre would levy an excise duty on tobacco. At present, states collect tax on alcohol, while the Centre levies duty on tobacco. States have agreed to keep purchase tax under GST, as the finance minister is willing to fully compensate them. Foodgrain-producing states Punjab and Haryana were against subsuming purchase tax in GST because they got substantial revenue from the levy. *(Business Standard)*
- **Emami signs deal to buy manufacturing unit in Egypt** — Emami Ltd has signed a deal to buy a personal care product manufacturing unit in Egypt at around Rs 300mn. The deal, subject to approvals and fulfillment of a few compliances by Emami, will provide the company with its first overseas production base. Emami has marketing presence of its own products, including those of Zandu, in this region. The company is also planning a foray in Bangladesh. As per mgmt, the preparation for Bangladesh project is on and will hopefully take a concrete shape by September-October this year. The Emami brands to be produced in Bangladesh, however, will be marketed by the company. Emami has floated a wholly-owned Emami Bangladesh Ltd *(Business Line)*

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Company News

Prius sells well; hybrid launches still symbolic

Although Toyota has sold in four months about half of the Prius hybrid sedans it wanted to sell in India this year, it doesn't see much demand for green cars at current prices. The company launched the world's largest selling hybrid car in India in March with a plan to sell 200 Prius cars through the year in a one-time brand-building exercise. It has since secured bookings for 80 cars and has delivered over 50. Toyota and other makers of hybrid cars have been lobbying with the government to lower the 86% customs duty on imported vehicles. Current sales potential do not justify local production; many parts would need to be imported and would prove expensive. The Indian customer pays almost double the global price for the Prius, which has sold close to 1.5 million units worldwide. *(Livemint)*

Ashok Leyland hikes CV prices, others likely to follow suit

Hinduja group flagship and commercial vehicles (CV) major Ashok Leyland (ALL) on Tuesday said it has increased prices of its medium and heavy duty vehicles by about 3% with immediate effect. The price rise will be in the range of Rs 20,000 and Rs 50,000. The move comes in the wake of hike in prices of raw material like steel, tyres, castings among other things, said the company in a release. It is also due to a sharp recovery in the commercial vehicles front over the last few months and its performance over the first two months of current financial year in particular. *(Financial Express)*

Fiat India small car to take on Alto

Fiat India is gearing up to make a splash of its own in the country's burgeoning small car market by launching an India-specific car in 2012. The company's much-talked about new small car will not bear any resemblance to the company's Uno model. The car will be launched in 2012 and will be an entry-level model, priced much below the company's premium hatchback, Punto. *(Economic Times)*

Subros forms JV with Denso to set up R&D centre in India

Automobile air-conditioning system maker Subros has said that it has joined hands with Japanese firm Denso to set up a research and development centre in India by September. Both the companies have formed a joint venture, in which the domestic firm holds 26 per cent stake while the rest lies with Denso. Subros will also expand its production capacity to 1.5 million units in the next three-four years, from 1 million units in its five facilities, as per mgmt. *(Economic Times)*

Amul may lose its cream in leadership tussle

The tussle for leadership at Gujarat Cooperative Milk Marketing Federation Limited (GCMMF), the apex milk marketing body of the country's biggest edible brand Amul, might be resolved by the month-end. However, the damage, it seems, has been done. The battle between the chairman and managing director has led to insecurity among the top and middle level officials, which insiders fear, may lead to resignations. *(Economic Times)*

Appendix A-1

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