

## Industry

8 June 2010 | 6 pages

# India Auto and Consumer Daily

 Equity 
**8 June 2010**

- **Vespa set for third coming in India** — The board of Piaggio & Co has okayed a plan to invest nearly EUR30mn over two years to establish a 1.5-lakh capacity plant that will produce a model specially developed for India, the world's second-largest two-wheeler market. *(Economic Times)*
- **Hyundai's Chennai workers strike again** — Hyundai's labour woes at its factories near Chennai worsened when striking workers threw production out of gear, for the third time in a year, and disrupted the company's local and overseas marketing plans. All shifts were cancelled after Hyundai Motor India (HMIL) decided to suspend four of its workers, stalling production completely on Monday. The strike, according to HMIL senior vice-president of finance and corporate affairs, R Sethuraman, has the potential to cause losses of Rs660mn a day. *(Economic Times)*
- **Shoppers prefer kirana shops to malls: Survey** — Kirana stores and local retailers remain the most preferred destinations for a majority of shoppers across the country compared to sprawling shopping malls. This is because they provide for cheaper purchases to the extent of 25%, and also offer options for avoidance of payment of duties such as VAT and other local levies on the articles sold by them, according to a country-wide survey conducted under the aegis of the Assocham Social Development Foundation. *(Economic Times)*
- **Lifestyle sees 50% growth this year** — Lifestyle expects over 50% growth in its top-line this financial year, says Mr Kabir Lumba, Managing Director of Lifestyle International (P) Ltd. According to Mr Lumba, there was 30% growth in the first quarter of the current calendar year relative to the comparable previous year period. "Going by this trend, it would not be difficult for us to cross Rs16bn in 2010-11" he said. In 2009-10, Lifestyle posted a turnover of Rs10.7bn. *(Business Line)*
- **Linc plans to pencil in a JV with Mitsubishi** — Tokyo-based Mitsubishi Pencil Company is looking at forging a joint venture (JV) with Kolkata-based Linc Pen and Plastics Ltd. Mr Deepak Jalan, Managing Director, Linc Pen and Plastics, said "we have been talking to Mitsubishi Pencil Co to invest in India and use our facilities in Kolkata". Considering labour is cheap in India compared to Japan, a JV might help in bringing down costs. Linc Pens and Plastics have a marketing and distribution arrangement with Mitsubishi Pencil Company for the Uniball brand of writing instruments. Although import duties have been brought down to 15%, local manufacturing through a JV is expected to improve margins. *(Business Line)*

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## Industry News

- **Consumption of chicken set to double by 2014** — The eating-out phenomenon, with more quick service restaurant chains opening up, is changing the consumption profile of Indians. The current chicken consumption is under 3 kg per head a year and the poultry industry expects the consumption to double in the next five years. The Rs400bn domestic poultry industry produces 2.4bn birds commercially every year. To cope with the doubling of demand by 2014-15, the industry will need to expand at a rate of 12%-15% annually, requiring an investment of Rs300 per commercial broiler and Rs450-500 per commercial layer, not including the land cost, says Venkateshwara Hatcheries' deputy general manager PG Pedgaonkar. *(Economic Times)*
- **Bestseller to launch more labels** — Danish apparel chain Bestseller is planning to launch kidswear brand 'Name It' and casual wear brands 'Selected' and 'Vila' in India next year, amplifying its collection of labels in a fast-growing segment. The company sells casual wear labels 'Jack and Jones' and 'Vero Moda' only through 11 exclusive brand outlets in India. Although menswear label 'Jack and Jones' makes up for most of the sales, Bestseller plans to push its other products too in line with plans to establish 100 retail stores in three years. *(Economic Times)*

## Company News

- **Vishal Retail sees deal opportunity with TPG** — Vishal Retail may close a deal with Texas Pacific Group (TPG), a private equity fund, or other Indian investors in two-three months to raise funds and cut debt at the troubled discount retailer, a top official told Reuters. *(Business Standard)*
- **Audi India May sales up by 65% at 200 units** — Audi, the German luxury car manufacturer, has continued to post impressive sales figures with a growth of 65% in India for May 2010. Audi India's countrywide vehicle sales in May this year grew to 200 cars compared to 121 sold in May 2009. The recently announced Limited Edition offer on the Audi Q7 4.2 TDI Quattro – the latest and most powerful version of the largest selling luxury SUV in India – has received an overwhelming response from customers. *(Business Standard)*

## Views/Insights

### Excerpts from interview with ITC Hotels CEO, Mr Nakul Anand

ITC Hotels is looking to expand its footprint in India by building properties and adding rooms to existing ones in two years.

There is no change in investment plans. ITC is pursuing an aggressive investment-led growth strategy and are adding large properties to our portfolio of super luxury hotels. ITC will invest close to US\$2bn in 3-4 years to build capacities across the country. The company is looking at doubling capacity in the next couple of years in terms of rooms (from the current 9,000 rooms) across all our four brands.

While ITC's priority is to consolidate its domestic position; management is open for international opportunities if there is an appropriate offering aligned to its value propositions. *(Economic Times)*

## Appendix A-1

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