

## Industry

19 August 2010 | 6 pages

# India Auto and Consumer Daily

 Equity 
**19 August 2010**

- **Tata Motors plans US\$750mn DVR issue** — Tata Motors plans to raise US\$700mn-750mn through issue of shares with differential voting rights (DVRs). The DVR share issue will be part of the company's plan to raise US\$1bn (Rs47bn) to retire debt. DVR shares will be issued with the same terms and conditions of the existing DVRs. *(Economic Times)*
- **Mahindra plans to launch new auto models in Sri Lanka** — Mahindra and Mahindra (M&M) is planning to launch new models to augment its presence in the automobile market in Sri Lanka. M&M plans to launch several new products, including the Maxximo and Heavy Commercial Vehicles, as per management. The company was also studying the possibility of introducing an electric car, the Mahindra Reva, in Sri Lanka in future. *(Economic Times)*
- **Auto parts companies to invest US\$30bn by 2020** — Indian automotive component makers plan to invest US\$30bn by 2020 to ramp up production capacity as they try to keep pace with a fast growing auto market. Indian component makers clocked total revenue of US\$25bn for the year ended March 2010, of which exports contributed approximately US\$3.8bn *(Economic Times)*
- **Tata Motors set to ride into Mexico** — Tata Motors Ltd is likely to set up a Rs12bn factory in Mexico this year in a bid to sell its vehicles in South America. The plant will churn out 100,000 cars a year, assembling models such as the Nano, Indica Vista and Indigo Manza to be sold in Mexico, Brazil and Argentina, among other countries. The capacity may later be ramped up to 300,000 cars. *(Livemint)*
- **Escorts takes to the tractor again** — Escorts' management is focusing on the company's core business of agricultural machinery, including tractors, besides construction equipment and railway accessories, after steering the company out of eight non-core industries such as motorcycles, transmission axles, healthcare, and telecom. The Rs8.5bn that Escorts raised from the divestments has been ploughed back into the main business and to pay off debt. *(Livemint)*
- **Bajaj Corp plans foray into non-haircare segments, eyes buys** — Bajaj Corp Limited is planning to enter four non-haircare segments through both the organic and inorganic routes. However, the inorganic growth will depend on category, margin and various other factors, management said. *(Economic Times)*
- **Trent to open seven hypermarkets this year** — Tata Group's retail arm Trent will open seven hypermarkets this year as part of its plan to add 50 hypermarkets in the next three years, management said. The expansion of Star Bazaar, the hypermarket format which sells food and grocery, will require an investment of Rs2.75bn. *(Economic Times)*

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## Company News

### **Celio to hike local sourcing; double store count by Jan**

Celio, one of the largest French apparel brands, will cut down imports to the Indian market as it plans to increase local sourcing by six times and double its store count by January, management said. The move will help the apparel brand cut import cost and enjoy a profit margin of 10%-12%. The French brand, which operates in India with its equal JV partner Future Group, currently sources 300,000 pieces a year from India. **(Economic Times)**

### **Allied Blenders to set up two bottling units in 12 months**

Allied Blenders and Distillers (ABD), the Rs15bn turnover company, will set up two new bottling plants in the country in the next 12 months. At present, ABD has own units in Gurgoan, Aurangabad, and Bangalore. However, it sources from 28 units, mostly through third parties. ABD plans to launch its premium rum, Jolly Roger, in the Andhra market, as well as some premium vodka's, including Gorbatschow, which is Germany's biggest vodka brand. The brand would be bottled at its Aurangabad plant. **(Business Line)**

## Industry News

### **Large retailers betting big on their brands**

Big retailers have started focusing more on private labels, which are fast turning into solid brands, without big advertising campaigns and marketing activities. According to industry estimates, close to 80% of modern retail customers are repeats and it is natural for them to develop a faith in the retailer's own brands. Future Group expects private brands business in grocery to become huge in another five years. It recently launched a differentiated community food brand, Ektaa, to retail staples and foods category based on cultural and geographical considerations. Spencer's has private labels in about 60% of the close to 650 product categories it sells. Its private label sales are growing 40% annually. For Lifestyle International private labels contribute a quarter of its sales. **(Economic Times)**

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