

Industry

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India Auto and Consumer Daily

 Equity

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- **Tata Motors to invest Rs 100bn in three years** —As part of its strategy to expand domestic and global footprints, Tata Motors said it will invest around Rs 100bn in the next 2-3 years on product development, facility modernisation and other capex purposes. The company said a part of this amount will be generated internally, while the rest is to be supported by the planned raising of long-term funds through the issue of securities in domestic and international markets. Besides the domestic operations, the amount will cover investments in subsidiary companies in India or overseas for their business growths. *(Economic Times)*
- **Bajaj car saga: Long road for a small car** — Confusion and controversy continue to follow the Bajaj Auto-Renault-Nissan plans of an ultra-low cost car. This time, the company had to deny reports of a break-up and assert that the partnership is intact. But instead of a full-fledged joint venture, there may eventually be a simple vehicle supply arrangement when the car is eventually launched in 2012. The Baja mgmt said that the two cos can fulfill their mutual objective through a simple original equipment manufacturer arrangement and without the need to necessarily create a new corporate entity in the form of a JV *(Economic Times)*
- **Volkswagen to triple Polo output, unveils Vento** — Volkswagen plans to triple production of its small car Polo to 400 units per day by year-end. The move will help the company to meet the order backlog for the car that was launched in March this year. Volkswagen has a supply backlog of 10,000 Polo cars. The firm has already introduced second shift for producing the vehicle at Chakan plant. Meanwhile, the carmaker on Tuesday unveiled Vento, its entry-level sedan, as part of a plan to ramp up its market share in India. *(Economic Times)*
- **India mulls FDI in multi brand retail** — The department of industrial policy and promotion (DIPP) released a discussion paper on permitting foreign direct investment (FDI) in multi-brand retail chains such as those run by the likes of Wal-Mart Stores Inc. and Carrefour SA around the world. India currently allows 51% FDI in single-brand retail and 100% in cash-and-carry stores that can only sell to other retailers and businesses *(Livemint)*
- **Cadbury India rejects premium demand of minority shareholders** — Cadbury India has rejected demands of a premium from minority shareholders over the Rs 1,743 per share price recommended by Ernst & Young (E&Y) for the chocolate maker's buyback offer. In a hearing in Bombay High Court on Tuesday, Cadbury India's counsel said the company was not willing to consider any premium on the E&Y recommended price as it would be liable to incur additional costs in terms of dividend distribution tax on the buyback price. *(Business Standard)*

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Company News

Transfer pricing: Maruti allowed tax deduction on ad spend

The Delhi High Court has sent back to the tax authority a transfer pricing matter relating to Maruti Suzuki India Ltd, noting that the approach adopted by the transfer pricing officer was erroneous and unsustainable. The transfer pricing matter related to creation of benefit to the Japanese parent — Suzuki Motor Corporation — from the use of marketing intangibles such as trademarks through licensing arrangements with MSIL. The ruling essentially disagrees with the TPO's approach of mathematically disallowing for tax deduction purposes, the ad spend and other promotional expenses in excess of those made by similarly situated and comparable companies in the auto sector. *(Business Line)*

Toyota Kirloskar Motor to invest Rs 5bn to make Etios engines

Toyota Kirloskar Motor will invest Rs 5bn to make engines and gearboxes for its new small car, Etios, that is expected to be launched by year-end. TKM subsidiary, Toyota Kirloskar Auto Parts, would set up the plant with an annual capacity of 52,000 engines and 170,000 gearboxes, which would also be exported to Thailand and Argentina. The auto component arm will also invest an additional Rs 5bn, to increase the capacity to make transmission boxes by 2013 and also set up a third plant with annual capacity of 100,000 engines. The company will hire 500 employees for the new unit. *(Economic Times)*

Volkswagen willing to develop products with Maruti

German carmaker Volkswagen has said that it is open to jointly developing products with Maruti Suzuki India, as part of its efforts to achieve synergy with Suzuki Motor Corp at the global level. The company, which picked up 19.9 per cent stake in the Suzuki Motor Corp (SMC) for USD 2.5 billion last year, said that independent projects currently being pursued by the two firms in Germany and Japan are being evaluated for market suitability. *(Economic Times)*

Bajaj rides on Discover to regain market share

After many attempts, Bajaj finally has a bike to counter Hero Honda in the 100cc segment. Riding high on its Discover model, Bajaj Auto has taken away a 9% in the motorcycle market from leader Hero Honda during the quarter ended June. While Bajaj's market share went up from 25% to 34% between April and June, Hero Honda's share fell from 56% to 47% during this period. Others like TVS Motors and Honda Motorcycle & Scooters have retained their share. Discover was a bike first launched in 2004 and extended to the 100cc segment last year. *(Business Standard)*

GT&T to go global with XXX energy drink

GT&T India, part of the Mumbai-based over Rs 1,000-crore JMJ Group, is set to take its XXX (Xperience, Xtreme, Xcitement) energy drink brand international — to neighbouring countries like Pakistan, Nepal, Bangladesh and the Gulf by this September, and the UK, Singapore and Australian markets by February 2011. Since its launch in the domestic market in February this year, which is predominantly dominated by Red Bull with a market share of 90 per cent, and brands like Coca-Cola's Burn, Pepsi's SoBe and Cloud9, XXX Energy Drink had

associated with sports outfits and events like Kolkata Knight Riders and the Common Wealth Boxing via the unconventional route. **(Business Standard)**

Industry News

Superbikes make inroads into rugged Indian terrain

One in every ten super-premium bikes, that cost anywhere between Rs 1-6mn, is sold to the highlanders in the north and north-eastern parts of the country, surprising the bikemakers themselves. Superbikes are big performance, designer bikes with engine capacity of 1,000 cc and more. All the six superbike firms—Yamaha, Suzuki, Ducati, Harley Davidson, Honda and Kawasaki (launched by Bajaj Auto)—have been focusing on consumers in the metro cities. While most of the demand comes from Mumbai-Pune, Bangalore and Delhi belt, increasing demand from the mountains have come as an unexpected boon for the bikemakers. Companies say an increase in disposable income is one of the key reasons for a rise in demand. Availability of on-the-spot services introduced for the niche segment has also propelled demand from the mountains, they add. **(Economic Times)**

Views/Insights

Interview: Sanjay Sinha, Head of Milk and Dairy Products Business-Mother Dairy

Mr. Sinha says that the prices of two milk variants were raised in Delhi and NCR as last year's deficit monsoon led to rise in the prices of feed and fodder, a major part of cost of milk production. He explained that to decide on flavours the company follows a three-phase process involving a consumer household panel, a marketing team and finally an expert panel. The company plans to bring in two new flavours; zeera raita and kali mirch raita. These will be available in 90 gm, 200 gm and 400 gm packs for individual and family consumption. **(Financial Express)**

Appendix A-1

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