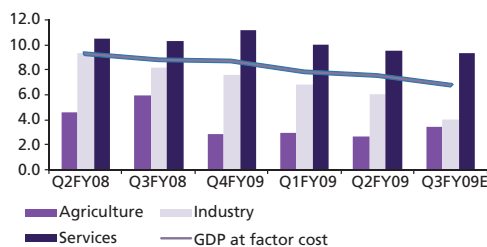


Indian macroeconomic update

Highlights

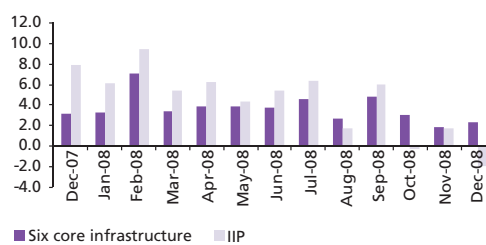
- The slowdown in economic activity is becoming apparent with the IIP registering de-growth of 2.0% in December 2008, which is the highest y-o-y contraction in the last 15 years.
- The price cuts for petrol, diesel and cooking gas on January 28, 2009 pulled WPI-Inflation below 5% level at 4.39% for the week ending January 31, 2009; first time since February 9, 2008.
- Fiscal deficit is expected to go up to 6% of GDP in FY09 from budget estimate of 2.5% (announced in the interim budget for FY10).
- The budget estimates total expenditure for FY10 at Rs 9.53 trillion, of which plan and non-plan expenditure is estimated at Rs 2.85 trillion and Rs 6.68 trillion respectively.

GDP: Growth (%)



E: D&B estimate
Source: CSO, D&B Industry Research Service

IIP and core infrastructure: Growth (%)



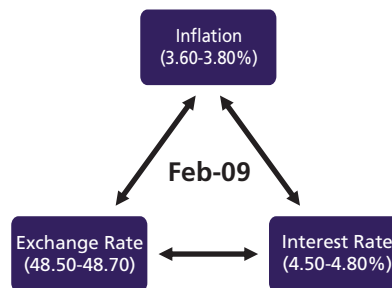
Source: CSO, Ministry of Commerce and Industry

Index of Industrial Production: Growth (%)

Indicator	Dec-08	Apr-Dec 2008
IIP General	- 2.0 (8.0)	3.2 (9.1)
Mining & Quarrying	1.0 (5.0)	3.0 (5.1)
Electricity	1.6 (3.8)	2.7 (6.6)
Manufacturing	- 2.5 (8.6)	3.3 (9.6)
Use based		
Basic goods	1.7 (3.4)	3.4 (7.8)
Capital goods	4.2 (17.6)	7.7 (20.4)
Intermediate goods	- 8.5 (7.6)	- 1.6 (9.6)
Consumer goods	- 2.7 (8.7)	5.2 (5.8)
Consumer durables	-12.8 (2.8)	2.5 (-1.4)
Consumer non-durables	- 0.1 (10.3)	6.0 (8.4)

Note: Figures in () indicate the same period last year
Source: CSO

Macroeconomic triad (forecast)



Note: Exchange rate: INR/US\$
Interest rate corresponds to yield on T-Bills 15-91 days
Source: D&B Industry Research Service

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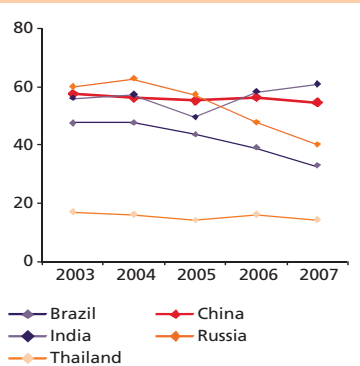
Two and three-wheeler 16

Auto components industry

Highlights

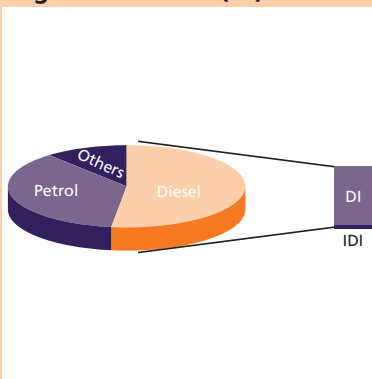
- In January, Bharat Forge signed a MoU with AREVA, a leading player in nuclear power, to set up a joint venture to build a manufacturing facility for heavy forgings in India.
- In view of the slowdown in the automobile market, more auto component manufacturers, including Setco Automotive, announced postponing their foreign expansion and acquisition plans. Nevertheless, in January, the company announced investment plans of Rs 2.5 billion in Gujarat over the next 2-3 years, including setting up an SEZ at an investment of Rs 750 million.
- Leading players including Pricol Auto, Roots Industries have significantly reduced their production to safeguard themselves against pile-up of inventories.
- Allison Transmission, the US-based manufacturer of commercial duty transmissions and hybrid propulsion systems is setting up a manufacturing facility in India to produce automatic transmissions and components for commercial vehicles. The company plans to commence exports from 2010.
- Major auto component manufacturers posted lower net profits in the December 2008 quarter.

Share of US & Europe in exports by emerging countries (%)



Note: Exports from the emerging countries to US & Europe as a share of their total exports
Source: UN comtrade

Estimated break-up of DI and IDI technology in diesel engines for FY10 (%)



Note: DI – Direct injection technology;
IDI – Indirect injection technology
Source: D&B Industry Research Service

Profit performance (October-December 2008)

Companies	Net profit (Rs mn)	Growth (%)
Amtek Auto Ltd	203.8	-68.5
Bharat Forge Ltd	19.1	-96.7
Motherson Sumi Systems Ltd	113.6	-52.2
Sundram Fasteners Ltd	6.4	-96.5
Sona Koyo Steering Systems Ltd	-172.4	N.a.

N.a.: Not applicable (Losses incurred)
Note: Net profit – PAT net of P&E
Source: CMIE

Industry: Key financial indicators (%)

Parameters	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
Growth in net sales	10.65	11.25	18.15	17.6	-13.91
Growth in operating profit	11.06	0.96	20.23	-5.76	-48.76
Growth in net profit	9.5	-7.82	38.99	-23.75	N.a.
Operating profit margin	16.2	15.74	17.04	13.34	9.31
Net profit margin	6.23	6.73	8.59	4.67	-0.78

N.a.: Not applicable (Losses incurred)
Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E
Source: CMIE

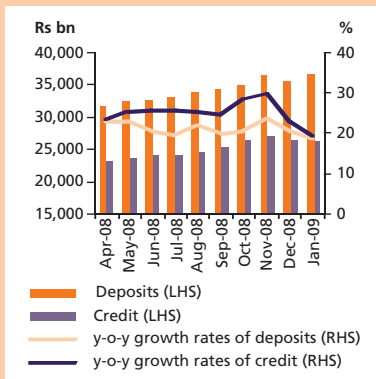
Rise in raw material prices (%)

Parameters	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
HR coils	4.5	11.4	31.0	30.9	24.9
CR coils	7.9	10.7	25.3	30.7	20.3

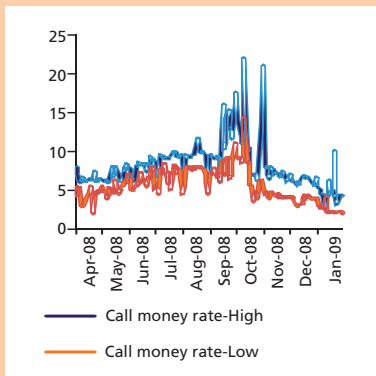
Note: Prices in Mumbai market
Source: CMIE

Banking industry

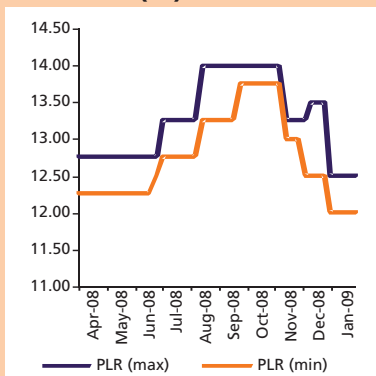
Deposits, credit and growth rates: FY09



Movement in call money rates: FY09 (%)



Movement in prime lending rate: FY09 (%)



Note: PLR relates to 5 major banks
Source for all above charts: RBI

Highlights

- The RBI kept key rates unchanged in its third quarter review of the Monetary Policy 2008-09.
- Third quarter results of banks got a boost from falling bond yields and robust credit growth.
- A package of Rs 38 billion for recapitalisation of three public sector banks has been approved by the government. Under the plan, the government will subscribe to tier 1 innovative capital instruments floated by the banks in two tranches. Central Bank of India will be infused with Rs 14 billion, while UCO Bank and Vijaya Bank will get Rs 12 billion each.
- SBI has decided to freeze rates on new home loans availed between February 2 and April 30, 2009 at 8%, for a period of one year.
- On the appeal of Standard Chartered Bank, American Express, HSBC and Citibank, the Supreme Court stayed the judgement of the National Consumer Disputes Redressal Commission, which had capped the interest rate chargeable from credit card holders at 30%.
- The RBI increased the interest rate ceiling on foreign currency export credit by 250 basis points, which now stands revised to Libor plus 350 basis points, subject to the condition that no additional charges will be levied by the banks. The interest rate ceiling on lines of credit with overseas banks has also been raised from six months Libor plus 75 basis points to six months Libor plus 150 basis points.
- The limit on total deposits placed by a UCB with other banks, for all purposes, has been raised from 10% to 20% of its total deposit liabilities as on March 31 of the previous year. The limit on deposits with any single bank has also been raised from 2% to 5%.

Global news

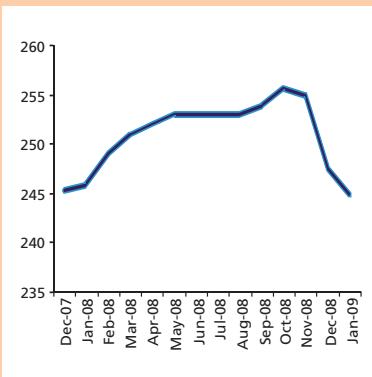
- The European Central Bank has reduced the minimum bid rate on the main refinancing operations by 50 basis points to 2% effective from January 21, 2009. Interest rate on the marginal lending facility was maintained at 3%, while on the deposit facility was reduced by 50 basis points to 1%.
- The Australian Government announced an AUS\$ 42 billion stimulus package to boost the slowing economy.
- The Japan Bank for International Cooperation (JBIC) and The International Finance Corporation (IFC), the World Bank's arm that provides investments to build the private sector in developing countries, signed an agreement to launch a new fund to provide capital to banks in emerging countries.

Cement industry

Highlights

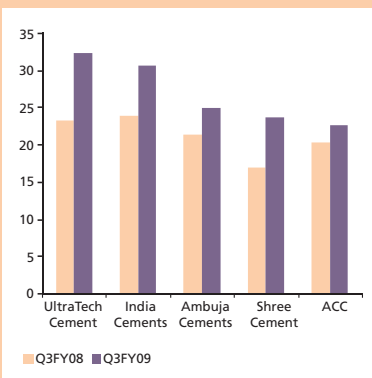
- Cement production in the country grew by 8.47% to 16.13 million tonnes in January 2009.
- During January 2009, cement despatches grew by 8.26%, largely driven by demand from rural and semi-urban areas.
- Cement inventory (stocks) dropped to 1.27 million tonnes in January 2009 from a high of 1.64 million tonnes in October 2008, largely due to sharp improvement in demand.
- Cement companies are considering a price hike on the back of improved cement consumption during December 2008 and January 2009.
- During the third quarter of FY09, profitability of most of the cement companies was hit by higher input costs, both fuel and freight costs. However, recent fall in transportation fuel prices is likely to result in lower distribution expenses in the fourth quarter.
- JK Lakshmi Cement plans to set up a Ready Mix Concrete (RMC) plant in Pune with an investment of Rs 0.1 billion and production from this plant is expected to start by August 2009.

Trend in average wholesale cement prices – Mumbai (Rs/bag)



Source: CMIE

Fuel cost as a proportion of net sales (%)



Source: CMIE, D&B Industry Research Service

Cement: Production and despatches

Parameters	Jan-09		Apr08-Jan09	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	16.13	8.47	147.32	7.38
Despatches	16.13	8.26	146.82	7.57

Source: CMA

Cement: Region-wise scenario (April-December 2008)

Regions	Production		Consumption	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Northern	29.49	11.30	25.27	3.40
Western	20.44	-1.59	24.40	6.82
Central	18.78	3.88	18.55	8.80
Eastern	18.45	10.66	19.80	11.73
Southern	44.05	10.76	40.22	11.64

Source: CMIE

Company: Key financial indicators (October-December 2008)

Company name	Net sales (Rs bn)	Operating profit (Rs bn)	Net profit (Rs bn)	Operating profit margin (%)	Net profit margin (%)
ACC	20.04	5.21	3.00	25.98	14.99
Ambuja Cements	16.55	4.45	2.49	26.89	15.04
UltraTech Cement	16.37	4.51	2.38	27.56	14.56
India Cements	7.67	1.81	0.62	23.60	8.07
Shree Cement	6.65	2.45	1.29	36.84	19.43

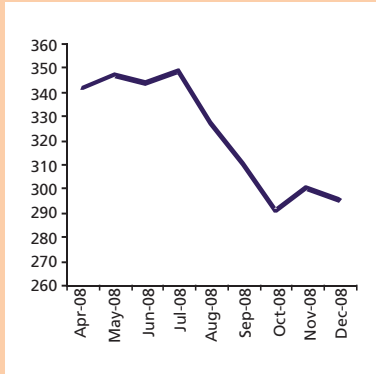
Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E
Source: CMIE

Chemical industry

Highlights

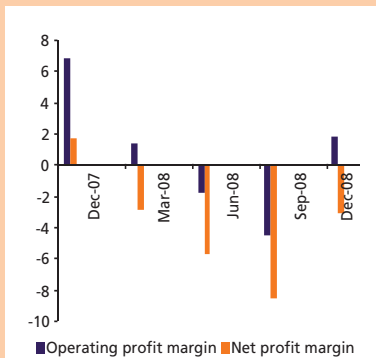
- Following a petition by Deepak Nitrite Ltd, the Directorate General of Anti-Dumping & Allied Duties has initiated an anti-subsidy probe on imports of sodium nitrite from China.
- Indian Oil Corporation (IOC) has revealed plans to expand its Panipat refinery and construct a new naphtha cracker complex adjacent to the unit in 2009.
- Reliance Industries (RIL) has informed the Government that it will be ready to start gas production from its Krishna Godavari-D6 fields by February-end. Meanwhile, the Bombay High Court has allowed RIL to sell natural gas at the Government approved price of US\$ 4.20 per million British thermal unit, till the final judgment on the on-going case is pronounced.
- The petrochemical division of RIL reported decline in production of polymers and polyesters during the quarter ended December 2008.
- Solaris Chemtech has proposed to increase its production of bromine derivatives and specialty chemicals to 1,702 metric tonnes per month (tpm), from the existing 390 tpm, at its facility in Vadodara (Gujarat).
- Mumbai-based manufacturer of poly vinyl chloride (PVC) stabilisers, ALA Chemicals has signed a deal with Austrian stabiliser manufacturer, Chemson Polymer-Additive AG, to manufacture and market lead-free PVC stabilisers with the Austrian company's know-how.
- RasGas of Qatar, which currently sells 5 million tonnes a year of liquefied natural gas (LNG) to Petronet LNG under a 25-year contract, will supply an additional 2.5 million tonnes under the same contract from September this year.
- Meanwhile, India has sought an additional 1 million tonnes of LNG from Qatar to meet its growing energy needs.

Index of chemicals and chemical products



Source: CMIE

Chemical industry profit margins (%)



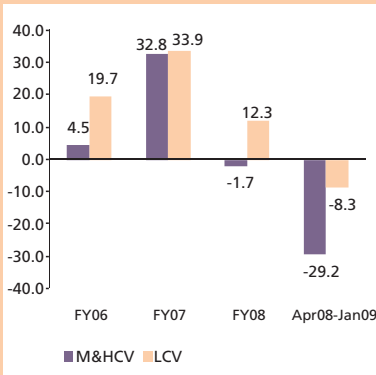
Source: CMIE

Company: Key financial indicators (October-December 2008)

Company	Net sales (Rs mn)	Operating profit (Rs mn)	Net profit (Rs mn)	Operating profit margin (%)	Net profit margin (%)
Tata Chemicals Ltd	25,658.5	922.4	58.3	3.6	0.2
Gujarat State Fertilizers and Chemicals Ltd	19,908.2	2,997.8	1,712.8	15.1	8.6
Asian Paints Ltd	10,064.0	968.8	499.9	9.6	5.0
Nirma Ltd	7,396.6	884.1	139.0	12.0	1.9
United Phosphorus Ltd	6,800.6	925.2	64.6	13.6	1.0

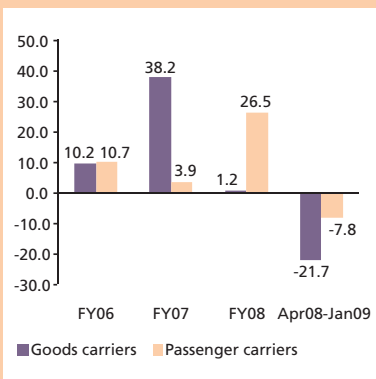
Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E
Source: CMIE

Segmental growth in CV sales (%)



Source: CMIE

Category-wise growth in CV sales (%)



Source: CMIE

Commercial vehicle industry

Highlights

- Liquidity crunch, high interest rates and slowdown in economic activity continued to hamper demand for commercial vehicles. Sales of CVs plummeted by a steep 51% in January, which was the sixth consecutive month of depressed sales. Sales of goods carriers declined by 54.8%, while those of passenger carriers declined by 14.5%.
- An allocation of Rs 1,417.03 billion to the defence sector and an allocation of Rs 118.42 billion to the Jawaharlal Nehru National Urban Renewal Mission announced in the interim budget for FY10 is expected to benefit CV manufacturers such as Tata Motors and Ashok Leyland.
- Tata Motors and Ashok Leyland bagged orders worth Rs 22 billion and Rs 4.8 billion, respectively, for the supply of buses to the Delhi Transport Corporation.
- In the third quarter of FY09, CV industry as a whole reported net losses, on account of a drastic slowdown in demand.

Industry: Key financial indicators (%)

Parameter	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
Growth in net sales	4.7	6.8	14.8	1.0	-37.2
Growth in operating profit	0.8	-6.0	-23.5	-19.2	-97.3
Growth in net profit	0.9	-3.2	-34.1	-34.4	N.a.
Operating profit margin	11.6	9.9	7.9	9.0	0.5
Net profit margin	6.1	5.7	3.6	4.0	-8.7

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

N.a.: Not applicable (Losses incurred)

Source: CMIE

Commercial vehicle: Trend in production, sales & exports

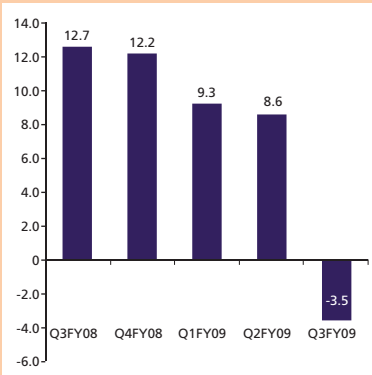
Period	Production		Domestic sales		Exports	
	Vol (nos.)	y-o-y growth (%)	Vol (nos.)	y-o-y growth (%)	Vol (nos.)	y-o-y growth (%)
Jan-09	18,567	-63.5	23,157	-51.0	1,770	-64.6
Apr08-Jan09	345,992	-21.5	311,283	-19.8	37,808	-19.0
FY08	545,176	4.8	486,818	4.1	58,999	19.1

Source: CMIE

Comment

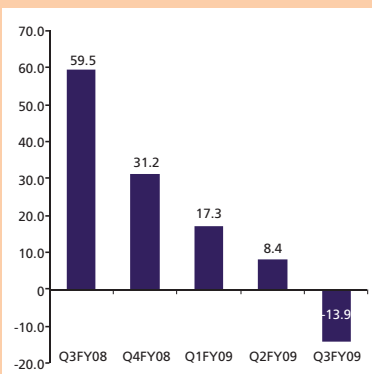
Sales of commercial vehicles is expected to pick up in February and March, though only marginally, as some operators are likely to advance their purchases to avail the benefits of accelerated depreciation of 50% on CVs purchased during the March quarter, announced by the government in January.

Quarterly growth in foreign tourist arrivals (%)



Source: Ministry of Tourism

Quarterly growth in foreign exchange earning from tourism (%)



Source: Ministry of Tourism

Hospitality industry

Highlights

- Six hoteliers, who were allotted plots for construction of hotels for the Commonwealth Games at NCR, have opted out from their projects.
- Chennai-based Appu Hotels plans to invest Rs 10 billion in the hotels business, which includes doubling its room inventory (at present – 500 rooms) by FY12. In addition, it also plans to build a convention centre near Chennai Airport.
- Carlson Hotels is planning to add more than 50 properties with 6,000 rooms in India by FY11 under the four Carlson brands Radisson Hotels & Resorts, Park Plaza Hotels & Resorts, Park Inn and Country Inns and Suites By Carlson.
- Madhya Pradesh Government has given approval to East India Hotels (EIH) to convert the 150 year-old Rajgarh palace into a luxury hotel.
- Global hospitality major, Hyatt Corporation is planning to develop six hotels in India over next 3-4 years with an investment of Rs 10 billion in joint venture with real estate player Emaar MGF.
- Amrapali Group has tied up with InterContinental Hotel Group (IHG) to set up a 250-room luxury hotel at Udaipur. The company is also planning to open five-star hotels at Jaipur, Indore, Kochi, and Raipur.
- Hilton Hotels Corporation has signed a deal with property developer JMD for first 'Doubletree by Hilton' property in India at Gurgaon. The 182-room property is expected to be ready by 2010.
- Indian Hotels Company has pledged 3.46% of the company's total shares or 25 million shares to raise cash.
- The promoter of Kamat Hotels has pledged 47.09% stake of the company for an undisclosed amount.

Tourism statistics

Parameters	Dec-08		Jan-Dec 2008	
	Value	Growth (%)	Value	Growth (%)
Foreign tourist arrival (million)	0.52	-9.24	5.37	5.71
Forex earning (US\$ billion)	1.05	-18.73	11.75	9.51

Source: Ministry of Tourism

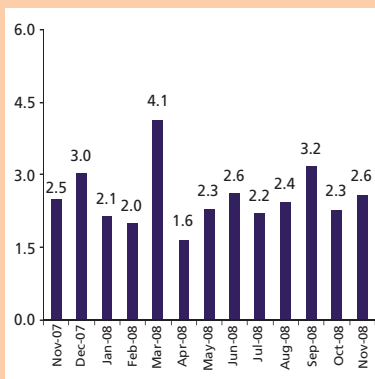
Industry: Key financial indicators (%)

Parameters	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
Growth in net sales	14.77	11.60	11.42	9.13	-13.26
Growth in operating profit	21.26	12.94	4.28	-12.51	-27.09
Growth in net profit	17.66	9.41	4.64	-24.14	-35.87
Operating profit margin	44.03	41.78	32.98	28.37	36.64
Net profit margin	24.16	19.81	15.23	11.28	17.68

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

Source: CMIE

Domestic computer hardware & peripheral production (Rs billion)



Source: CMIE

IT hardware industry

Highlights

- Transcend Information, storage device manufacturer, launched 2.5 inch portable hard disks. The hard disks are priced between Rs 5,000 and Rs 11,000 and will have storage capacities ranging from 160 GB to 500 GB.
- With the Indian PC market experiencing a slowdown; players like Lenovo, Acer, Samsung and Dell have increased their focus on low-priced netbooks. The average cost of an entry level notebook is around Rs 30,000 while a netbook costs Rs 20,000. The netbooks are designed for heavy web browsing and day-to-day computing. Unlike the notebook, netbooks are not equipped to handle heavy duty graphics, multimedia or business applications.
- TVS Electronics has expanded its product basket with a broad range of point of sale products (POS) like printers (thermal & dot matrix), integrated touch screen, barcode scanner, electronic cash register and cash counting machines, customer pole displays. These POS products will target diverse applications like textiles, retail, hospitals, jewellery/book stores, and logistics among others.
- Intel Capital, the global investment arm of chipmaker Intel, announced an investment of US\$23 million in three Indian companies - One97 Communications (telecom solutions provider), IndiaMART.com (online market place for apparels, chemicals and electronics) and Global Talent Track (vocational education firm).
- Asus Technology, one of the largest makers of motherboards, has deferred plans of setting up of a US\$10 million computer components manufacturing unit in India on account of the economic slowdown. The company is likely to take a final decision on the proposed plant in 2010.

Industry: Key financial indicators (%)

	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
Growth in net sales	160.7	-51.2	2.3	6.1	-2.1
Growth in operating profits	19.1	-35.9	-35.1	-7.5	-4.2
Growth in net profits	-40.0	N.a.	N.a.	-74.5	-51.7
Operating profit margin	6.9	6.9	5.0	6.7	6.7
Net profit margin	1.3	0.9	-0.7	0.7	0.7

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

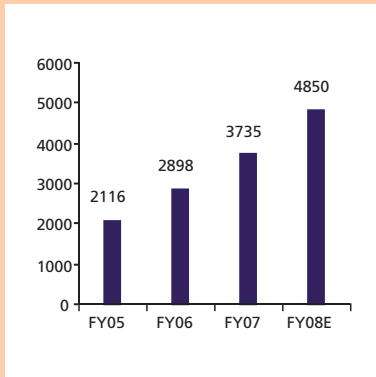
N.a.: Not applicable (Losses incurred)

Source: CMIE

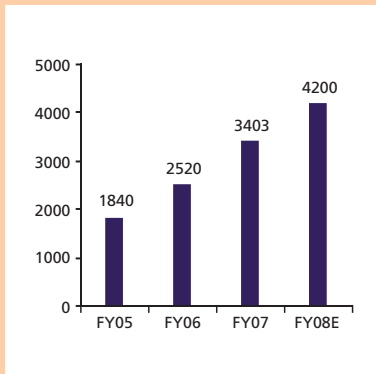
Global news

- Lenovo unveiled world's first dual-screen notebook at the Consumer Electronics Show (CES) in Las Vegas. The ThinkPad W700ds features a 17 inch LCD screen and an additional 10.6 inch screen that slides out to the right from behind. The notebook weighs around 11 pounds and is expected to be priced at US\$3,600.

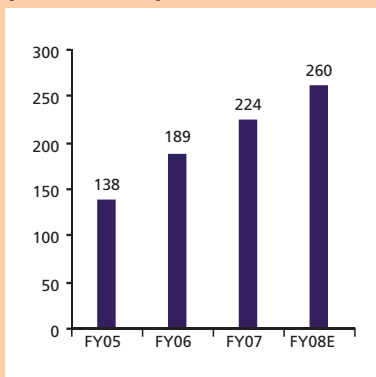
Customer interaction services exports (US\$ million)



Finance and accounts exports (US\$ million)



HR services exports (US\$ million)



Note for all the charts above

E: D&B estimate

Source: NASSCOM, D&B Industry Research Service

IT-ITeS industry

Highlights

- The global meltdown has led Nasscom to revise its estimates for FY09. Nasscom estimates IT-BPO exports to grow at only 16-17% in FY09 as against 25-30% projected earlier. Exports are likely to reach US\$ 47 billion in FY09.
- Salaries of IT-ITeS professionals (barring those with specialised skills) have dipped by over 10% in the last two quarters as the after-effects of the global meltdown are gradually starting to impact the IT industry in terms of slowdown in revenue growth.
- Engineering giant Larsen and Toubro (L&T) tripled its stake in Satyam Computer Services to marginally over 12% by acquiring shares through OMOs on both the BSE and NSE.
- The government appointed Kiran Karnik, former president of Nasscom, as Chairman of its newly appointed six-member Board of Satyam.
- HCL Technologies' net profit for the quarter ending December 2008 grew 49% vis-à-vis the same period last year.
- Wipro Technologies posted 18% growth in net profits for the third quarter of FY09.
- Wipro Technologies became the only Asian service provider to partner SAP AG for helping customers to optimise business performance and realise the maximum value from IT investments through implementation of the new "SAP Business Suite 7".
- TCS completed ERP implementation at the Cochin Port Trust in a record time of 10 months. The project is intended to offer real-time interface with customs, port users, banks and the port community system of the Indian Ports Association.

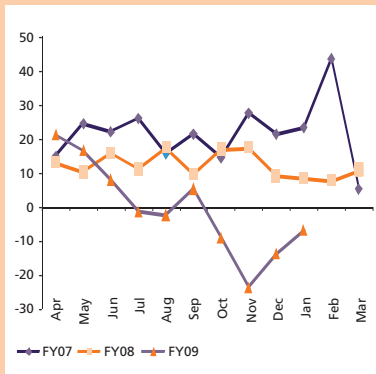
Industry: Key financial indicators (%)

Parameter	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
Growth in net sales	22.6	27.4	28.6	30.0	23.7
Growth in operating profit	30.5	16.1	10.3	17.1	4.9
Growth in net profit	25.6	8.9	5.4	13.4	-3.3
Operating profit margin	28.7	26.3	24.4	26.5	26.1
Net profit margin	21.4	19.1	17.4	19.1	18.1

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

Source: CMIE

Trend in passenger vehicle sales (%)



Source: CMIE

Segmental sales performance: Apr08-Jan09

Segments	y-o-y growth (%)
Mini cars	-25.4
Compact cars	0.3
Mid-size cars	7.1
Executive cars	-22.0
Premium cars	26.2
Luxury cars	-3.0
Multi-purpose vehicles	6.3
Multi-utility vehicles	-7.4
Total passenger vehicles	-1.2

Source: CMIE

Passenger vehicle industry

Highlights

- 2009 started on a poor note, with sales of both cars and multi-utility vehicles declining by 3.3% and 26.4% in January, over sales in January 2008.
- During April08-January09, cumulative sales of passenger vehicles declined by 1.2%, over sales in the same period of FY08.
- Exports of passenger vehicles continue to grow sharply. During April08-January09, exports surged by 59.5%.
- During January-February, several carmakers including Maruti Suzuki India, Hyundai Motor India etc increased vehicle prices, citing input cost pressure.
- In view of the slowdown in the domestic market, Renault has postponed its plans of setting up a 0.2 million-capacity car manufacturing plant in Chennai.
- Reva Electric Car Co., manufacturer of electric cars, is planning to set up its second manufacturing plant in India.
- More carmakers are partnering with public sector banks for vehicle financing. Tata Motors announced a tie up with Corporation Bank, while Hyundai Motors with Syndicate Bank and Punjab National Bank, to offer financing for their range of passenger vehicles.
- Tata Motors launched its pre-owned car business under the 'Tata Motors Assured' brand.

Passenger vehicle statistics

Period	Domestic sales		Exports	
	Vol. (nos.)	y-o-y growth (%)	Vol. (nos.)	y-o-y growth (%)
Jan-09	137,284	-6.9	21616	8.5
Apr08-Jan09	1,241,521	-1.2	275,674	59.5
FY08	1,547,985	12.2	217,054	9.4

Source: CMIE

Company: Key financial indicators (October-December 2008)

Company	Net sales (Rs bn)	Operating profit (Rs bn)	Net profit (Rs bn)	Operating profit margin (%)	Net profit margin (%)
Maruti Suzuki India Ltd	46.26	4.18	1.57	8.80	3.30
Mahindra & Mahindra Ltd	25.19	1.00	0.01	3.87	0.05
Hindustan Motors Ltd	1.11	-0.35	-0.45	-31.86	-40.80

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

Source: CMIE

Comment

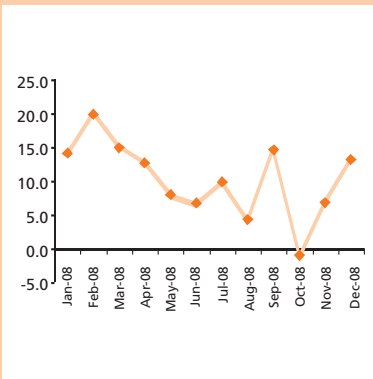
Sales of passenger vehicles are expected to remain weak in the March 2009 quarter as fear of job loss and economic uncertainty will force customers to postpone purchases.

Pharmaceutical industry

Highlights

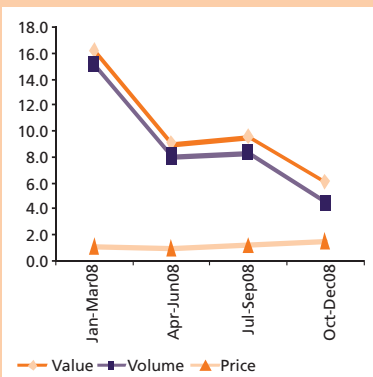
- Domestic retail sales of formulations grew by 9.8% to Rs 341.2 billion during the 12-month-period ended December 2008.
- NPPA revised the prices of 174 formulation packs and 3 bulk drugs during January 2009. It has fixed prices of formulations based on bulk drugs- Sulphadoxine with combinations, Salbutamol with combinations, Gentamycin with combinations, Lincomycin. Most of the revision in prices has been done upward.
- Orchid Pharmaceuticals, Glenmark Pharmaceuticals, Lupin and Aurobindo Pharma have received ANDA approvals for Levetiracetam tablets (anti-epileptic) from US FDA.
- In January 2009, Piramal Healthcare acquired the inhalation anaesthetic gas distribution business of RxElite, Inc. US for US\$ 4.2 million.
- In February, Wockhardt launched Glaritus, a drug used in the treatment of diabetes.
- In February, Ranbaxy Laboratories received US FDA approval for marketing the generic version of Imitrex, an anti-migraine drug in the US.
- Glenmark Pharmaceuticals has received US FDA approval for marketing Lithium Carbonate capsules, used in the treatment of bipolar disorder in the US.
- Dr Reddy's Laboratories launched five drugs- Levetiracetam tablets, Omeprazole capsules, Lamotrigine CD chewable tablets, Divalproex capsules & delayed release pellets, Lamotrigine tablets in the US during January 2009.

Trend in pharmaceutical market sales growth (%)



Note: Growth is y-o-y basis in value terms for formulations in domestic market during the 12-month- ended December 2008
Source: ORG-IMS December 2008 (MAT)

Formulation: Growth in terms of Value, Volume, Price (%)



Note: Value, Volume and price growth for formulations in domestic market during the 12-month- ended December 2008
Source: ORG-IMS December 2008(MAT)

Industry: Key financial indicators (%)

Parameter	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Growth in net sales	19.36	15.59	22.03	15.29	9.61
Growth in operating profit	14.71	7.06	-4.03	-13.34	-61.85
Growth in net profit	12.97	-3.35	-7.59	-29.09	-100.49
Operating profit margin	23.51	20.85	19.01	17.11	8.31
Net profit margin	15.40	11.91	11.38	8.84	-0.08

Operating profit-PBDIT net of P&E, Net profit-PAT net of P&E
Source: CMIE

Company: Key financial indicators (October-December 2008)

Companies	Net sales (Rs bn)	Operating profit (Rs bn)	Net profit (Rs bn)	Operating profit margin (%)	Net profit margin (%)
Cipla	13.4	3.1	2.2	23.1	16.4
Dr Reddy's Laboratories	10.4	1.8	1.0	17.0	9.9
Ranbaxy Laboratories	10.1	-11.7	-12.4	-109.2	-115.6
Lupin	7.4	1.3	0.9	17.9	11.9
Piramal Healthcare	5.8	0.8	0.4	13.4	6.6

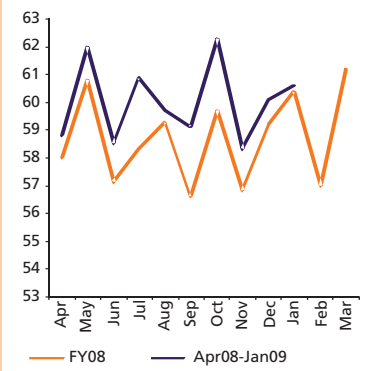
Operating profit-PBDIT net of P&E, Net profit-PAT net of P&E
Source: CMIE

Power industry

Highlights

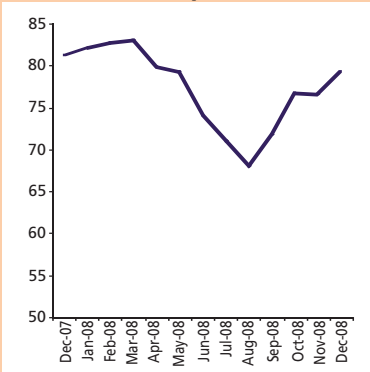
- In the tariff regulations issued by CERC for power generation and transmission projects for the period 2009-14, the base rate for allowing return on equity has been raised from 14.0% to 15.5%, amongst others. This has been done with an aim to attract more investments in the power sector.
- CERC has granted transmission licence to Reliance Energy Transmission Limited (RETL) for two of its projects, one at Maharashtra and another at Gujarat.
- Russia has signed a US\$ 700 million deal with India to supply nuclear reactors with fuel pellets.
- In February, NTPC signed a MoU with Nuclear Power Corporation of India Ltd to set up a joint venture for setting up nuclear power plants in the country. NPCIL and NTPC would have a share of 51:49 in the joint venture.
- Sahara India Power Corp has signed a MoU with Orissa Government to set up 1,320 MW coal based power plant.
- Reliance Power has bagged the 4,000 MW Tilaiya UMPP with a bid of Rs 1.77 per unit. With this, Reliance Power has bagged three UMPP projects.
- Tata Power Trading Company has signed a PPA with Spice Energy Group to purchase the entire electricity generated from its upcoming 2,000 MW plant at Tamil Nadu.

Power generation (billion units)



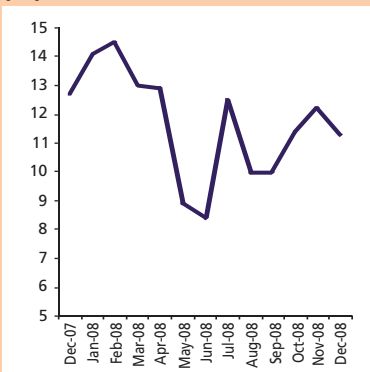
Source: CMIE

PLF of thermal plants (%)



Source: CMIE

Trend in energy deficit - All India (%)



Source: CEA

Power generation

Parameters	Jan-09		Apr08-Jan09	
	mn kWh	y-o-y growth (%)	mn kWh	y-o-y growth (%)
Thermal	52,672.82	3.52	483,354.94	5.48
Hydro	6,747.06	-15.47	99,111.58	-8.87
Nuclear	1,089.47	-20.45	12,394.22	-12.84
All India	60,652.26	0.49	600,606.25	2.45

Source: CMIE

Industry: Key financial indicators (%)

Parameter	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09
Growth in net sales	15.3	27.5	16.5	26.3	26.4
Growth in operating profit	8.0	29.1	-3.9	8.1	10.0
Growth in net profit	-2.3	16.8	-11.0	10.4	16.2
Operating profit margin	38.2	36.0	34.9	34.6	33.8
Net profit margin	18.1	16.0	17.9	19.0	16.7

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E
Source: CMIE

Retail industry

Highlights

- The government has approved changes in the FDI guidelines to increase investment in the country. As per the new guidelines, foreign investors can now invest up to 98% in a company as long as it is owned and controlled by a resident Indian. This move will certainly improve the investment climate in retail sector.
- Subhiksha, the largest supermarket chain in India, is facing desperate times. The company immediately needs Rs 3 billion to keep itself on its feet. Three of its directors have quit and operations have come to a standstill as the company has not been able to pay its employees. Most banks have refused to lend. However, Mr. Azim Premji, who already has Rs 2.3 billion stake, has agreed to infuse another Rs 400 million in the company.
- Bharti Wal-Mart, a cash-and-carry and back-end supply chain management operations company, has named its stores as 'BestPrice Modern Wholesale'. The company has already opened an outlet in Ludhiana and plans to open another three in the coming year.
- Trent has entered into a 49:51 JV with Inditex Retail holdings Pvt Ltd to bring latter's subsidiary Zara Fashions to India. Zara Fashions is the leader in global apparel retailing and the JV is bound to boost the Indian apparel retail scenario.

Major expansion plans of retailers

Company	Format/Vertical	No. of stores	Deadline
Aditya Birla	Supermarkets	1460	2013
Peter England	Apparel	20	March 2009
BestPrice Modern Wholesale	Cash-and-Carry	3	2009
Gitanjali - Hassan's	Eyewear	200	2010
Spencer's	Hyper/Supermarkets	400	2010

Source: Company announcements

Company: Key financial indicators (October-December 2008)

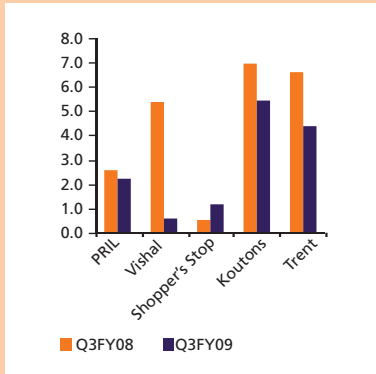
Company	Net sales		Operating profit		Profit after tax	
	Rs million	y-o-y growth (%)	Rs million	y-o-y growth (%)	Rs million	y-o-y growth (%)
Pantaloen Retail (India) Ltd.	15,272.00	24.35	1,588.30	42.90	338.10	6.93
Vishal Retail Ltd.	3,575.80	23.89	459.10	5.39	21.50	-86.18
Shopper's Stop Ltd.	3,357.80	8.91	233.2	-	39.80	155.13
Koutons Retail India Ltd.	2,423.10	38.62	441	40.40	133.20	8.73
Trent Ltd.	1,335.10	-12.60	111.90	-15.03	58.70	-42.05
Provogue (India) Ltd.	1,084.50	5.46	161.90	-2.06	72.30	-9.74
Celebrity Fashions Ltd.	650.70	-25.57	-200.50	-	-376.80	-
Kewal Kiran Clothing Ltd.	374.70	-16.79	64.90	-31.10	30.40	-40.39

"-" depicts growth not calculable due to loss.

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

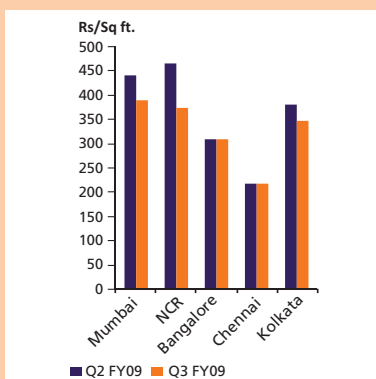
Source: CMIE

Net margins of major retailers (%)



Source: CMIE

Average prime mall rentals in major cities



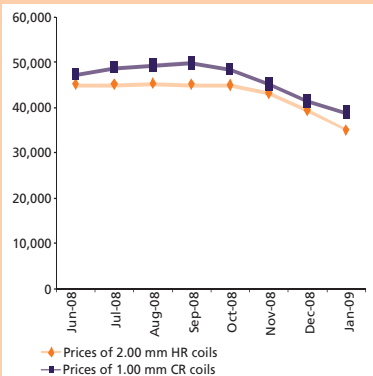
Source: Cushman & Wakefield

Steel industry

Highlights

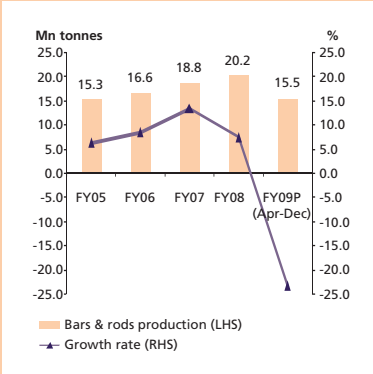
- Ministry of Steel has recommended raising import duty from 5% to 15% on certain steel items to protect domestic steel producers against dumping of cheaper imports from countries like China and Ukraine.
- The US House of Representatives has approved a controversial 'Buy America' steel provision as a part of the US\$ 825 billion economic stimulus package. As per this provision, projects funded by the government would be required to use US-made iron and steel. This measure would adversely impact India's steel exports to the US.
- Kudremukh Iron Ore Company Limited (KIOCL) has proposed to set up a steel plant in Karnataka at an investment of Rs 90-100 billion as part of its forward integration strategy.
- Due to tight liquidity condition, JSW Steel Ltd has proposed to cut down nearly one third of investments for the first phase of its Rs 350 billion-steel project in West Bengal.
- Tata Steel Ltd has decided to cut Corus' production by 40% on the backdrop of weak European demand, especially from the construction and automobile sectors. The company also plans to lay off 3,500 employees to reduce its employee costs.
- Indian steel producers have increased production in the wake of marginal rise in demand from the construction and infrastructure sectors. Companies are witnessing a rise in demand from several sectors including oil & gas, power generation, roads and railways.

Trend in HRC and CRC prices-Mumbai (Rs/tonne)



Source: CMIE

Trend in bars & rods' production and growth rate



P: Provisional

Source: Ministry of steel, JPC

Steel: Demand supply dynamics ('000 tonnes)

Period	Production	Consumption	Imports	Exports
Apr-08	4,338	4,165	360	375
May-08	4,380	4,412	469	289
Jun-08	4,637	4,613	381	356
Jul-08	4,685	5,280	620	275
Aug-08	4,782	4,980	595	295
Sep-08	4,808	5,080	661	320
Oct-08*	4,944	4,670	478	370
Nov-08#	3,999	3,870	653	330
Dec-08#	5,537	5,675	558	320
Jan-09*	4,690	4,615	225	200
Apr 2008-Jan 2009	46,800	47,360	5,000	3,130

* Provisional

Estimate

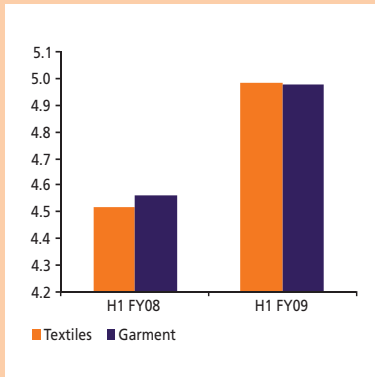
Source: JPC

Textile & garment industry

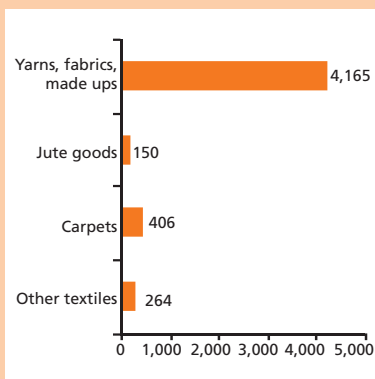
Highlights

- Inflation index for textiles rose marginally by 0.1% to 141.3 in the week ended January 17, 2009. However, prices of synthetic yarn decreased by 1%.
- Home textile exporters of Karur (Tamil Nadu) have started feeling the heat of global economic slowdown; export volumes of Karur exporters to the US are expected to drop by 30% in the current fiscal.
- RBR Garments, Tirupur-based export house, has been experimenting with new fibres to cater to the US and the UK markets. The company has ventured into production of sports wear out of 'minerale fibre' which is imported from Taiwan.
- Poor demand from international as well as domestic market has forced Century Textiles to cut its denim cloth production by half at its Madhya Pradesh plant.
- Abhishek Corporation has entered into a MoU with the Maharashtra government to set up yarn-dyed shirting fabric unit at Kolhapur at an investment of Rs 2.17 billion. The unit will produce about 8 million metres of yarn-dyed processed fabric per annum.
- The interim budget for FY10 has extended the period for interest subvention on pre-shipment and post-shipment export credit till September 2009. This would provide some relief to the textile and garment exporters.

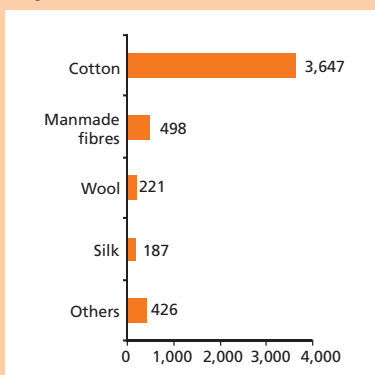
Textile & garment exports in H1FY09 (US\$ billion)



Composition of textile exports in H1FY09 (US\$ million)



Composition of garment exports in H1FY09 (US\$ million)



Source for all charts above: DGCI&S

Production

Category	Units	Sep-08	Oct-08	Nov-08
Spun yarn	'000 tonnes	319.9	306.2	309.4
y-o-y growth	%	-5.4	-9.5	-1.2
Fabrics	mn sq mtr	4,473.0	4,152.0	4,237.0
y-o-y growth	%	2.2	-6.7	-6.7

Source: Office of Textiles Commissioner

Installed capacities in textile mills

	Spindles	Rotors	Looms
	mn	'000 nos.	'000 nos.
Oct-08	36.4	474.0	57.0
Nov-08	36.6	479.0	57.0
Dec-08	37.0	483.0	57.0

Source: Office of Textiles Commissioner

Industry: Key financial indicators (%)

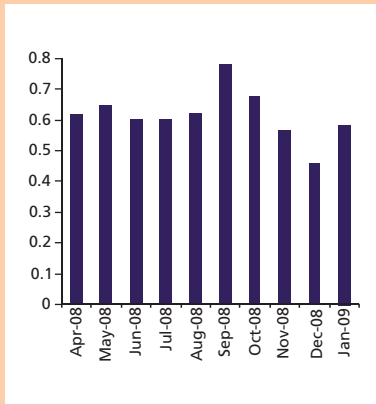
Parameters	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
Growth in net sales	23.2	18.5	18.7	12.5	2.9
Growth in operating profit	3.4	-17.4	-4.5	-20.4	-27.4
Operating profit margin	13.2	11.5	11.0	10.6	9.0
Net profit margin	2.9	1.0	*	-0.5	-3.7

Note: Operating profit – PBDIT net of P&E; Net profit – PAT net of P&E

* Negligible

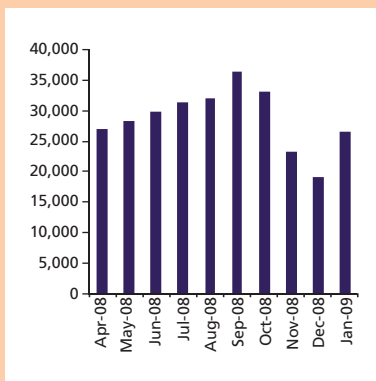
Source: CMIE

Two-wheeler: Domestic sales (million units)



Source: CMIE

Three-wheeler: Domestic sales (units)



Source: CMIE

Two-wheeler and Three-wheeler industry

Highlights

- Domestic sales of two-wheelers continued to witness downward movement, as it declined by 4.0% y-o-y in January. This decline was primarily on the back of 5.8% and 11.0% decline in sales of motorcycles and mopeds, respectively. However, scooter sales witnessed growth of 8.9%.
- During April08-January09, cumulative domestic sales of two-wheelers grew by 1.3%, over sales in the same period in FY08.
- Exports continued to show strong growth, as it grew by 16.4% y-o-y during January 2009. For April08-January09, exports grew by around 30% y-o-y.
- Bajaj Auto is planning to launch 6 two-wheeler models and 3 three-wheeler models in the next 9 months.
- In January, Hero Honda increased production at its Haridwar plant from 2,000 units per day to 3,000 units per day, as the company expects its volume to continue to grow at healthy levels in the coming months also.
- Domestic sales of three-wheelers continued to witness sharp drop, as it fell by 12.3% y-o-y in January 2009. This decline was mainly due to a 45% drop in sales of goods carriers. However, a decent 3.3% growth in sales of passenger carriers helped to check decline in overall three-wheeler sales to some extent.

Two-wheeler sales

Segment/period	Jan-09		Apr08-Jan09	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	452,822	-5.8	4,821,707	-0.3
Scooters	96,017	8.9	958,285	8.5
Mopeds	31,641	-11.0	350,868	4.0
Electric vehicles	1,262	-4.2	21,988	38.4
Total domestic	581,742	-4.0	6,152,848	1.3
Exports	69,551	16.4	862,221	29.9
Total	651,293	-2.1	7,015,069	4.1

Source: CMIE

Three-wheeler sales

Segment/period	Jan-09		Apr08-Jan09	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Passenger carriers	21,114	3.3	214,048	10.3
Goods carriers	5,325	-45.1	72,147	-35.5
Total domestic	26,439	-12.3	286,195	-6.4
Exports	10,559	-15.3	130,917	10.8
Total	36,998	-13.2	417,112	-1.6

Company: Key financial indicators (October-December 2008)

Company Name	Net sales (Rs mn)	PBDIT (Rs mn)	Net profit (Rs mn)	PBDIT margin (%)	Net margin (%)
Bajaj Auto Ltd	21,031.0	2,447.4	1,662.1	11.6	7.9
Hero Honda Motors Ltd	28,812.7	4,170.0	3,004.2	14.5	10.4
T V S Motor Co Ltd	8,687.1	445.1	-9.6	5.1	-0.1

Note: PBDIT – PBDIT net of P&E; Net profit – PAT net of P&E

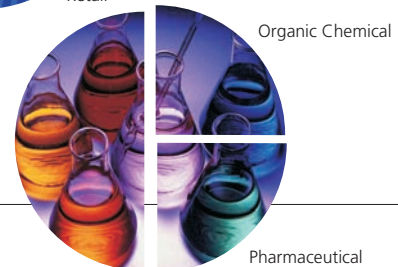
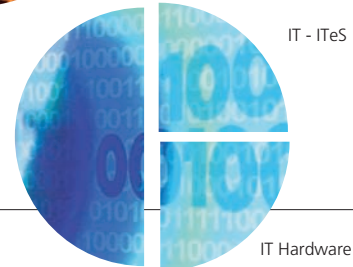
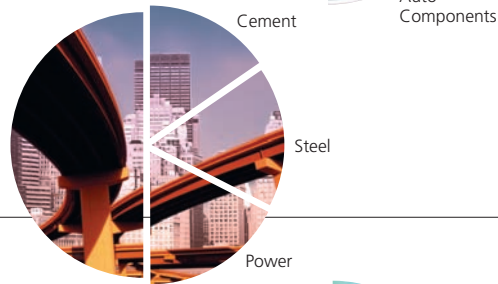
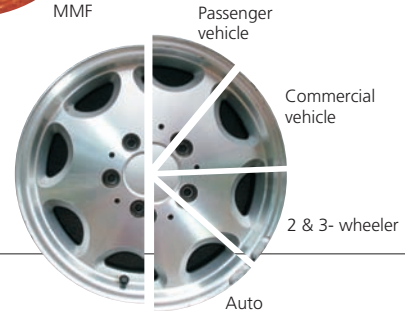
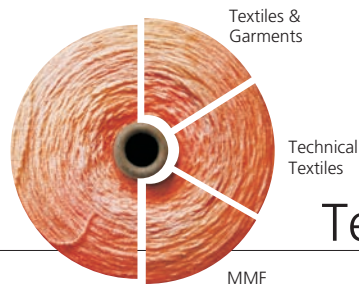
Source: CMIE

Comment

The ongoing liquidity crunch and poor sentiments due to job uncertainties are the key factors which are affecting domestic two-wheeler demand. However, softening in interest rates, and implementation of Sixth Pay Commission recommendations will give some boost to two-wheeler sales in the last two months of FY09.

D&B's Industry Research Service (IRS) provides comprehensive industry analyses with focus on the strategic considerations. D&B's IRS employs an integrated framework to analyse industry attractiveness in terms of its future growth potential, competitive intensity and risk assessment.

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