

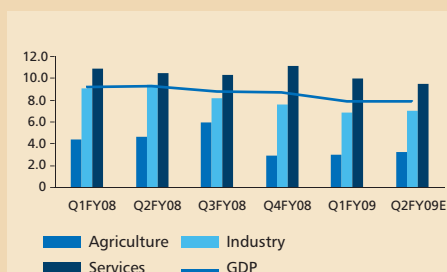


Indian macroeconomic update

Highlights

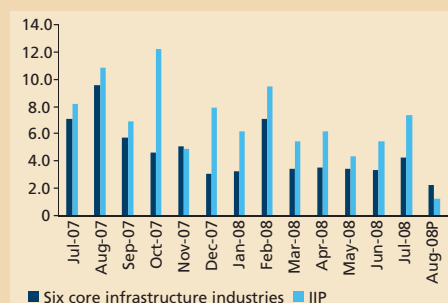
- Inflation showed signs of moderation towards the end of September 2008; however, it remains a concern as it is still in double digits.
- IIP registered a growth of 1.3% in August 2008, lowest in the last 10 years, due to subdued demand conditions.
- Rupee continues to depreciate while exerting an upward pressure on the import bill.
- Electricity and manufacturing sectors registered slower growth in August 2008 as compared with the same period last year.
- Intermediate goods sector registered negative growth.
- Consumer goods sector posted impressive growth vis-à-vis previous year.

GDP: Growth (%)



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

IIP and core infrastructure: Growth (%)



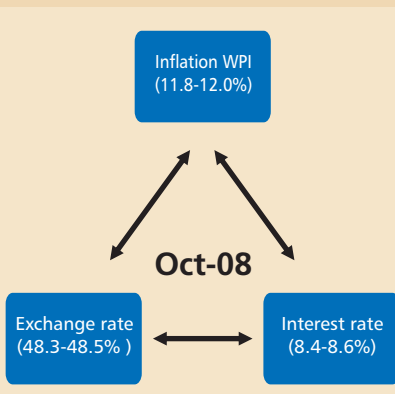
P: Provisional
Source: CSO, Ministry of Commerce and Industry, PIB

Index of Industrial Production: Growth (%)

Indicator	Aug-08	Apr08-Aug08
IIP general	1.3 (10.9)	4.9 (10.0)
Mining & quarrying	4.0 (14.7)	4.0 (4.9)
Electricity	0.8 (9.2)	2.2 (8.3)
Manufacturing	1.1 (10.7)	5.3 (10.6)
Use-based		
Basic goods	3.9 (12.7)	3.8 (9.9)
Capital goods	2.3 (30.8)	9.2 (20.1)
Intermediate goods	-6.2 (13.8)	0.7 (9.9)
Consumer goods	5.1 (0.0)	6.7 (7.8)
Consumer durables	5.1 (-6.2)	5.6 (-2.3)
Consumer non-durables	5.0 (2.4)	8.6 (10.0)

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

Macroeconomic triad (forecast)



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

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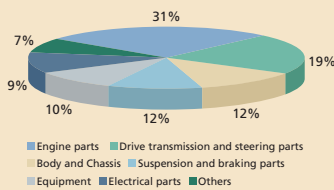
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Auto components industry

Highlights

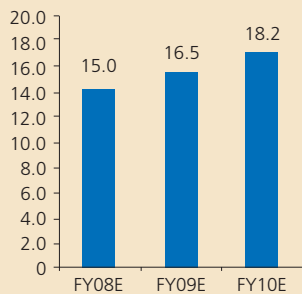
- Autoline Industries Ltd has acquired a 49% stake in Italy-based automobile design firm SZ Design Srl and Zagato Srl for 9 million euros.
- Fiat Group company, Magneti Marelli, has entered a JV with Gurgaon-based Rs 7-billion-company, Unitech Machines Ltd. This is Magneti's fifth JV in India. The JV is for designing, production and assembly of motor vehicles and electronic components such as instrument cluster, body electronics, and telematic devices.
- Auto component maker, Anand Automotive Systems, plans to invest Rs 2 billion to set up 12 new facilities across the country and to expand capacities of two of its existing plants over the next 3 years.
- Components supplier, Jamna Auto Industries, is planning to export around 20-25% of its domestic production, beginning next fiscal.
- German auto components maker Bosch will supply its latest gasoline engine technologies and security systems to Nano.

Share of segments in auto components production (FY08)



Source: ACMA

Estimate for auto components production (US\$ bn)



E: D&B estimate

Source: ACMA, D&B Industry Research Service

Raw materials prices (Rs/kg)

Parameters	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
Prices of HR Coils - 2.00 mm (Mumbai)	34.5	34.1	37.3	45.1	45.2
Prices of aluminium ingots (Mumbai)	131.4	122.8	131.2	144.9	141.5

Source: CMIE

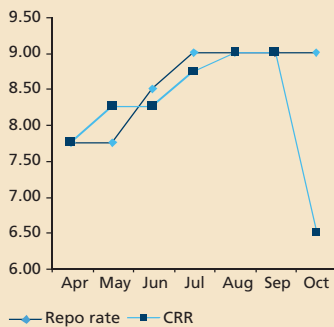
Industry: Key financial indicators (%)

Parameters	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Growth in net sales	15.1	8.8	11.8	11.2	20.1
Growth in operating profit	24.9	7.8	12.6	0.6	21.2
Growth in net profit	27.5	-0.6	12.5	-8.6	38.4
Operating profit margin	17.7	17.0	16.7	16.1	18.0
Net profit margin	7.7	7.2	6.5	7.0	9.0

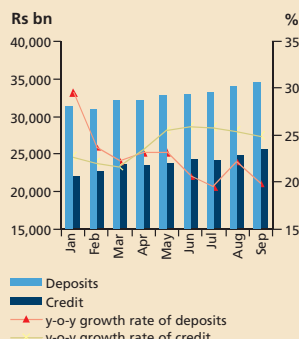
Source: CMIE

Banking industry

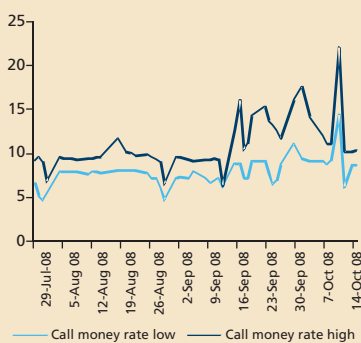
Movement in CRR and repo rate 2008 (%)



Deposits, credit and growth rates (2008)



Call money rate 2008 (%)



Source for all the charts: RBI, various publications

Highlights

Global

- US: Revised bail out plan worth \$700 billion gets approval of the Congress.
- US: Washington Mutual collapsed and JP Morgan Chase acquired its assets and deposits. Wachovia's acquisition caught in a legal tussle between Citigroup and Wells Fargo.
- US: Government to buy bank shares for \$250 billion.
- Countries across Europe introduce or raise limits on deposits guarantee; central banks and governments step in to rescue troubled banks.
- Rate cuts by Federal Reserve, European Central Bank, Reserve Bank of Australia, Bank of England, Bank of Canada, Riksbank (Sweden), and the Chinese central bank.

India

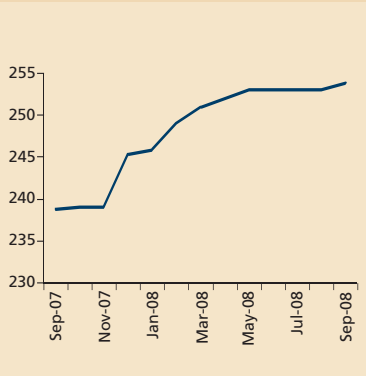
- CRR cut by 250 basis points, down to 6.5%.
- Banks face severe liquidity squeeze; call money rates touch extraordinary highs of over 20% in October.
- Liquidity panel set up to assess liquidity situation.
- The Indian government cancels auction of dated securities for a notified amount of Rs 100 billion, owing to liquidity crisis.
- RBI conducts a special 14-day repo for a notified amount of Rs 200 billion @ 9% to enable banks to meet liquidity requirements of mutual funds; the facility was extended due to poor response.
- Banks get additional liquidity support of 0.5% of NDTL to meet liquidity requirements of MFs.
- Banking system restricts credit flow, especially working capital loans, in view of the uncertainties and liquidity crunch in the market.
- First instalment of Rs 250 billion to be released immediately for agricultural debt waiver scheme.
- The government to bring up the CRAR of banks to 12%.
- Interest rate ceiling on FCNR (B) and NR(E)RA deposits raised by 50 basis points.
- The RBI lifts restrictions on lending against certificates of deposits (CDs) and buying back own CDs before maturity.

Insight

- Liquidity is expected to ease to some extent as the government has directed a release of funds to banks towards agricultural debt waiver programme. Also, an estimated Rs 1,000 billion flowed into the market as a result of the CRR cut.
- Liquidity crunch to push up pricing further.
- Certain private players are likely to face high reputational risks, as market conditions may trigger rumours.

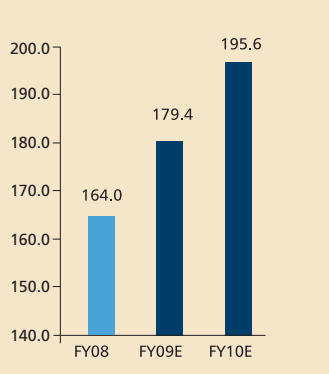
Cement industry

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



Source: CMI

Cement consumption (mn tonnes)



E: D&B estimate

Source: CMA, D&B Industry Research Service

Highlights

- Cement despatches grew by 9.1% in September, as post-monsoon construction activity picked up in the country.
- Southern region continues to witness robust demand; cement consumption increased by 11.7% during April-August 2008.
- Cement companies are planning to hike prices by around Rs 3-5 per bag to pass on higher cost burden.
- Fall in coal prices will ease pressure on profit margins of cement companies.
- Cement companies using imported coal will benefit from drop in ocean freight rates.
- Capacity utilisation fell to a 4-year low of 77% in August 2008 due to significant capacity additions and sluggish construction activity in the last 2 quarters.

Cement: Production and despatches

Parameters	Sep-08		Apr08-Sep08	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	13.85	8.03	86.23	6.21
Despatches	13.85	9.06	85.89	6.58

Source: CMA

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

Regions	Production		Consumption	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Southern	24.8	11.0	22.7	11.7
Northern	15.6	8.1	13.4	1.4
Western	11.4	-1.7	13.8	8.6
Central	10.4	1.6	10.0	3.2
Eastern	10.2	7.4	11.3	11.9
All India	72.4	5.9	71.2	7.8

Source: CMA

Industry: Key financial indicators (%)

Parameter	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Growth in net sales	22.06	20.47	17.35	16.62	11.48
Growth in operating profit	42.07	35.32	26.74	5.66	-5.63
Growth in net profit	50.16	40.97	18.35	-0.30	-19.32
Operating profit margin	34.36	32.66	31.90	29.45	30.02
Net profit margin	23.12	19.19	17.38	16.50	17.27

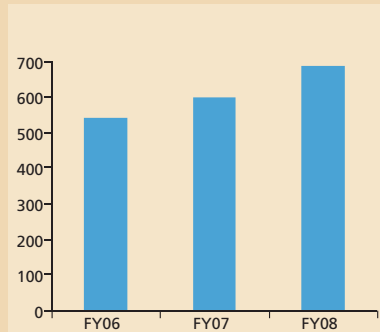
Source: CMI

Chemical industry

Inorganic chemicals

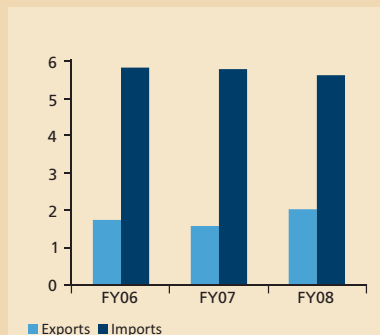
Highlights

Inorganic chemicals production (TMT)



TMT- Thousand metric tonnes
Source: Ministry of Chemicals and Fertilisers

Inorganic chemicals trade (MMT)



MMT- Million metric tonnes
Source: CMIE

- Travancore Titanium Products Ltd plans to enter a long-term contract with Kuwait Petroleum Corporation to source sulphur.
- Titanium Products Private Ltd resumes work on its Rs-20-billion integrated titanium project in Orissa.
- The Indian government initiates sunset review investigation on imports of titanium dioxide from China.
- Tata Steel considers the option of shifting its Rs-25-billion titanium dioxide project to Andhra Pradesh or Orissa, due to delay in initiating the land acquisition process in Tamil Nadu.
- Aditya Birla Group will set up a carbon black plant at an investment of Rs 6 billion in Mexico and this plant is expected to be completed by 2011.
- Gujarat Narmada Valley Fertilizers Co. Ltd gives out the contract to Uhde India to set up a 300-metric-tonnes-per-day plant to manufacture weak nitric acid at Bharuch.
- India imposes anti-dumping duty on imports of hydrogen peroxide from China, European Union, South Korea, Indonesia and Turkey.
- M-Chem Corporation plans expansion of its sodium acetate manufacturing unit at Bharuch.
- Deepak Fertilisers & Petrochemical Corporation is constructing a greenfield ammonium nitrate plant in Orissa. The company is expected to invest in this project through its recently formed JV with Lara International.

Industry: Key financial indicators (%)

Parameter	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Growth in net sales	8.97	21.17	13.19	26.76	34.93
Growth in operating profit	-19.41	21.93	6.82	17.32	114.61
Growth in net profit	-44.65	31.64	-26.99	-24.00	261.89
Operating profit margin	11.42	14.05	13.05	12.58	18.83
Net profit margin	12.41	25.07	15.58	9.07	47.24

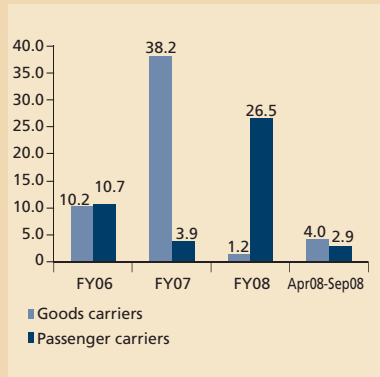
Source: CMIE

Commercial vehicle industry

Highlights

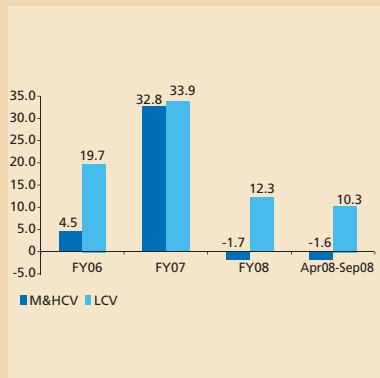
- Sales of commercial vehicles fell for the second month in a row in September (August: 6.3%, September: 0.9%). Demand was adversely affected by inadequate availability of finance, high financing rates, and higher operating costs (for truck operators).
- During April-September 2008, CV sales grew by a marginal 3.8%; while M&HCV sales declined by 1.6%, LCV sales posted a robust growth of 10.3%.
- Ashok Leyland sets up a 50:50 JV with John Deere of the US to manufacture construction equipment as a part of its diversification plans. The JV is expected to commence production in 2010.
- Volkswagen AG to decide its entry plans for Indian LCV market by year-end.
- Tata-Marcopolo buses to be rolled out in November.
- VE Commercial Vehicles Ltd, a JV between Eicher Motors and AB Volvo of Sweden, to launch a new tipper and tractor-trailer in India by 2010.

Category-wise growth in CV sales (%)



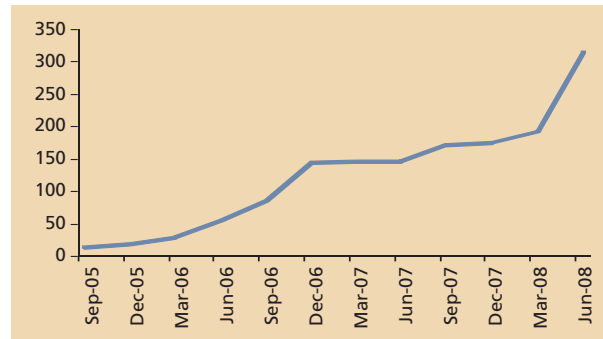
Source: CMIE

Segmental growth in CV sales (%)



Source: CMIE

Commercial vehicle: Investment* scenario (Rs billion)



*Outstanding investment projects

Source: CMIE

Commercial vehicle: Trend in production, sales and exports

Period	Production		Domestic sales		Exports	
	Vol (nos.)	y-o-y growth (%)	Vol (nos.)	y-o-y growth (%)	Vol (nos.)	y-o-y growth (%)
Sep-08	38,590	-15.6	42,698	-0.9	5,073	2.3
Apr08-Sep08	255,796	4.4	221,556	3.8	27,194	0.8
FY08	545,176	4.8	486,818	4.1	58,999	19.1

Source: CMIE

Industry: Key financial indicators (%)

Parameters	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Growth in net sales	7.6	2.4	4.5	6.8	14.8
Growth in operating profit	20.7	6.4	0.8	-5.9	-23.5
Growth in net profit	25.4	12.1	0.9	-3.2	-34.1
Operating profit margin	12.3	11.8	11.8	10.0	8.2
Net profit margin	6.6	6.5	6.2	5.8	3.8

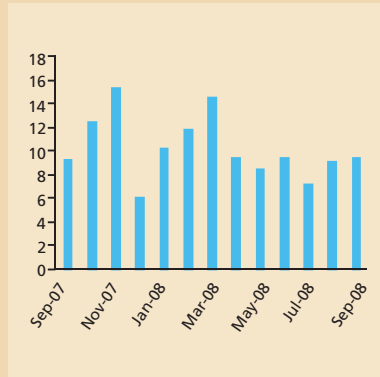
Source: CMIE

Hospitality industry

Highlights

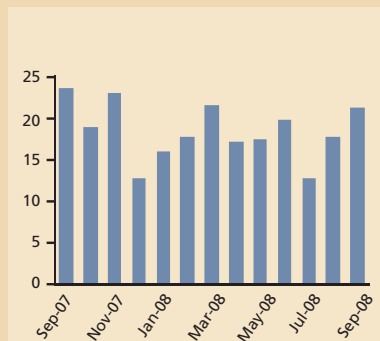
- Turmoil in the global financial markets may have a cascading effect on the global tourism industry.
- The Travel and Tourism Association of Goa (TTAG) has decided to offer 20% discount across hotels to foreign tourists, amidst fears of a global economic slowdown.
- The Ministry of Tourism has expressed confidence that 14,656 rooms will be ready at the National Capital Region to meet rise in demand during Commonwealth Games 2010.
- The National Restaurant Association of India (NRAI) and Federation of Hotel and Restaurant Association of India (FHRAI) requested the Health Ministry to delay the implementation of ban on smoking in public places (which includes both hotels and restaurants).
- Uttarakhand plans to promote health tourism in the state by leveraging on its abundance in herbs, medicinal and aromatic plants.
- Bharat Hotels is planning to add a new brand, 'The Lalit' to its portfolio. Its properties in New Delhi and Srinagar will be re-branded under the new brand name.
- Roots Corporation, a subsidiary of Indian Hotels Company Ltd (IHCL) is planning to open 21 new Ginger-brand hotels by 2009-10 at an investment of Rs 3 billion.
- Global hospitality chain Choice Hotels plans to invest Rs 15 billion in India over the next 2 years to double its number of hotels to 50.
- Fairmont Hotels & Resorts one of the largest luxury hotel company in North America, will manage its first property in India at Cyberabad, by partnering with MMVL hotel, a subsidiary of Hyderabad-based real estate developer Maheshwari Group.

Growth in foreign tourist arrivals (%)



Source: Ministry of Tourism

Growth in foreign exchange earnings (%)



Source: Ministry of Tourism

Tourism statistics

	Sep-08		Jan08-Sep08	
	Value	Growth (%)	Value	Growth (%)
Foreign tourist arrival (mn)	0.33	9.60	3.87	10.40
Forex earning (Rs bn)	31.43	21.20	364.64	17.80

Source: Ministry of Tourism

Global hotel performance

Region	Occupancy (%)		ARR (US\$)	
	Aug-08	Aug-07	Aug-08	Aug-07
Asia-Pacific	64.90	73.00	155.72	122.46
America	67.80	70.00	108.79	105.60
Europe	68.40	72.10	153.43	145.12
Middle East/Africa	72.90	73.20	144.53	121.10

Note: Occupancy (%) = Rooms sold divided by rooms available multiplied by 100

Average room rate (ARR) = Room revenue divided by room-night sold

Source: STR Global

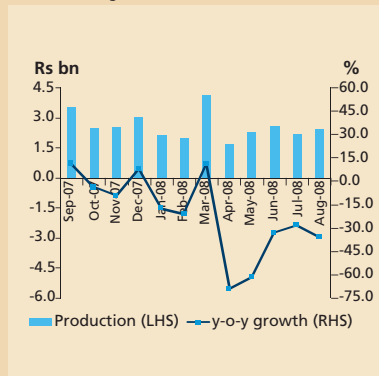
Company: Key financial indicators (Apr08-Jun08)

Companies	Net sales (Rs mn)	PBDITA (Rs mn)	PAT (Rs mn)	Net profit margin (%)
Indian Hotels Co. Ltd	3,769.10	1,317.60	612.70	21.73
E I H Ltd	2,362.50	904.50	380.10	14.86
Hotel Leelaventure Ltd	1,240.60	582.20	334.30	26.16
Asian Hotels Ltd	1,184.70	502.90	261.00	14.92
Taj G V K Hotels & Resorts Ltd	584.50	265.90	150.90	25.69

Source: CMIE

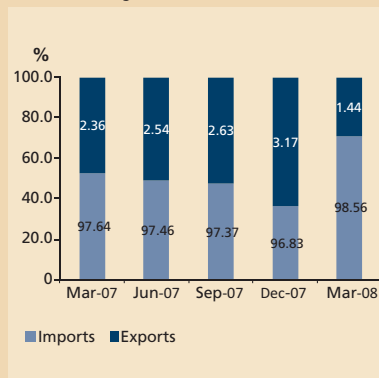
IT hardware industry

Hardware production (Monthly)



Source: CMIE

Hardware imports and exports (Quarterly)



Source: CMIE

Highlights

- Oracle Corp – the software giant – will now foray into the workstation market. The HP-Oracle alliance plans to manufacture and sell specialised computers to analyse business activities.
- HCL has combined the capabilities of a PDA with a laptop in its 5-inch screen laptops.
- Intel will take the low-cost race to the next level with its Rs 5000-PC (exclusive of the monitor price), to be launched in the next 3-6 months.
- Falling rupee is pressurising import-dependant Indian IT hardware players. Players are mulling over raising prices, and controlling cost on operating front through virtualisation technology - a technology that enables multiple functions with lesser usage of hardware (high powered servers or storage products).
- HCL Infosystems bagged a project to link 53 countries in Africa, for which it received a grant of Rs 1 billion from the Indian government.
- US-based One Laptop Per Child (OLPC) plans to sell around 1 million laptops in India. Priced at around US\$ 300 per piece, these laptops will be distributed to primary school children. OLPC seeks sponsorship for its plan from major players such as Bharti, Tata and Infosys.
- Tech labourers feel the heat of global economic slowdown. While job-cuts are not imminent, the US tech market has cut down hiring to a large extent. Computer and electronics manufacturers on the domestic front have not increased their headcount in September as compared with August, when headcounts were raised by 5,100.
- The "Grid" is likely to be a boon for PCs. The Grid is a network of 100,000 supercomputers that is all set to revolutionise information downloaded speed on PCs. The Grid will be connected to the world's largest machine, the Large Hadron Collider (LHC).

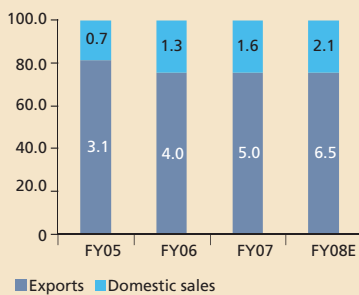
Company: Key financial indicators (Apr08-Jun08)

Company	Net sales (Rs mn)	PBDITA (Rs mn)	Net profits (Rs mn)	PBDITA margin (%)	Net profit margin (%)
HCL Infosystems Ltd	31,063.9	1,113.8	656.9	3.6	2.1
D-Link (India) Ltd	717.9	70.0	41.7	9.8	5.8
Zenith Computers Ltd	629.6	54.4	1.2	8.6	0.2

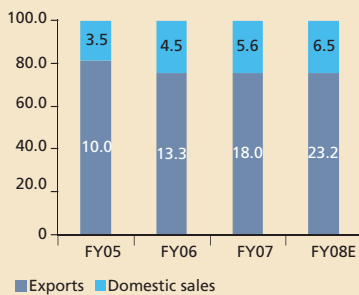
Source: CMIE

IT-ITeS industry

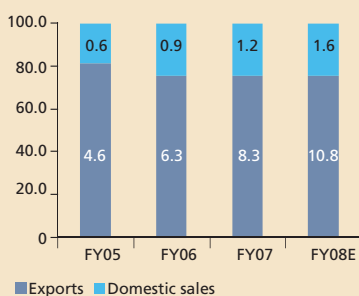
IT software: Share of exports and domestic sales (%)



IT services: Share of exports and domestic sales (%)



ITeS-BPO: Share of exports and domestic sales (%)



Note for all the charts above

Values indicate earnings in US\$ billion

E: D&B estimate

Source: NASSCOM, D&B Industry Research Service

Highlights

- Infosys reported a 32% growth in net income for the quarter ended September 30, 2008.
- Infosys has decided not to outbid HCL Technologies bid for 650 pence a share for Axon, the UK-based SAP firm.
- TCS is set to acquire the India-based captive BPO arm of Citigroup for a total consideration of US\$ 505 million.
- Chennai-based Polaris Software Lab set to acquire SEEC Inc, a US-based service provider for the insurance vertical, in an all-cash deal.
- Notwithstanding the US financial crisis, the industrial body Nasscom opines that the Indian IT-ITeS industry will still be able to achieve the target of US\$ 60 billion set for 2010.
- Software as a Service (SaaS) is gradually gaining popularity in the Indian market. According to industry sources, the SaaS market is expected to be worth Rs 10 billion in 2011.
- Oracle has tied up with Accel Frontline for addressing the mid-market segment.
- TCS has signed a 5-year contract with Ericsson for delivering application maintenance and development services.
- STV Technologies, a division of Sonodyne Television Company Ltd, is planning to invest Rs 1 billion in developing an IT and software service park in Haldia called Haldia One Technoservice Park.

Company: Key financial indicators (Apr08-Jun08)

Companies	Net sales (Rs bn)	Operating profit (Rs bn)	Net profit (Rs bn)	Operating margin (%)	Net profit margin (%)
Tata Consultancy Services Ltd	52.12	13.92	10.99	26.71	21.09
Infosys Technologies Ltd	45.16	15.35	12.31	33.99	27.26
Satyam Computer Services Ltd	25.27	6.78	5.76	26.84	22.79
Tech Mahindra Ltd	11.01	3.06	2.54	27.84	23.11
Mphasis Ltd	5.57	1.10	0.78	19.69	14.01

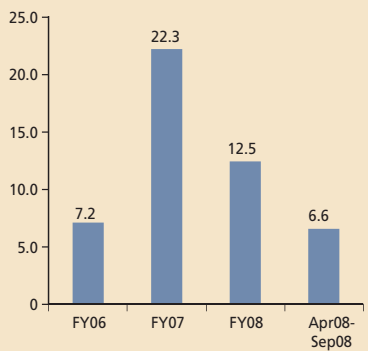
Source: CMIE, D&B Industry Research Service

Passenger vehicle industry

Highlights

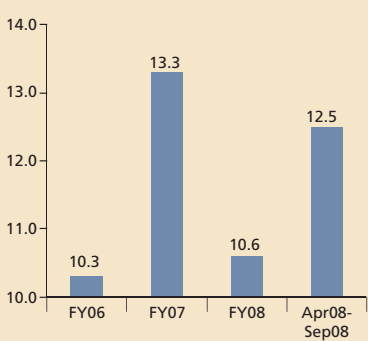
- High interest rates, inflationary trend, *Shraadh* affected demand in September. Sales grew by 5.3% as compared to 9.7% in September 2007.
- Car sales slowed down to 6.6% in April-September 2008 from 13.6% in the same period last year. MUV sales growth accelerated to 12.5% from 8.9% in this period.
- Car companies offer discounts/freebies to beat slump in demand; launch schemes to attract government employees who are expected to benefit from the Sixth Pay Commission's recommendations.
- Exports of passenger cars surged by 55.8% in April-September 2008, to 155,329 units, while exports of MUVs fell by 34.1% to 2,282 units.
- The Directorate General of Foreign Trade has included cars with engine capacity up to 1,500cc under the market linked focus products category to boost exports.
- Tata Motors to relocate its Nano plant to Sanand, Gujarat, at an investment of Rs 20 billion.
- M&M to invest Rs 8 billion in used cars business.

Car sales growth (%)



Source: CMIE

MUV sales growth (%)



Source: CMIE

Passenger vehicle statistics

Period	Production		Domestic sales		Exports	
	Vol (nos.)	y-o-y growth (%)	Vol (nos.)	y-o-y growth (%)	Vol (nos.)	y-o-y growth (%)
Sep-08	160,050	16.3	140,466	5.3	32,059	102.5
Apr08-Sep08	933,425	11.9	778,804	7.5	157,611	52.8
FY08	1,762,129	14.0	1,547,985	12.2	2,17,054	9.4

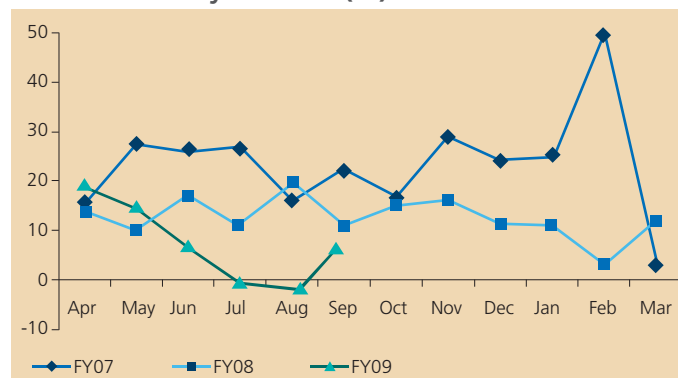
Source: CMIE

Company: Key financial indicators (Apr08-Jun08)

Companies	Net sales (Rs mn)	Operating profit (Rs mn)	Net profit (Rs mn)	PBDITA margin (%)	Net profit margin (%)
Maruti Suzuki India	47,535.8	7,924.2	4,658.5	16.7	9.8
Mahindra & Mahindra	32,934.5	2,967.6	1,593.0	9.0	4.8
Hindustan Motors	1,887.2	-8.6	-83.6	-0.5	-4.4

Source: CMIE

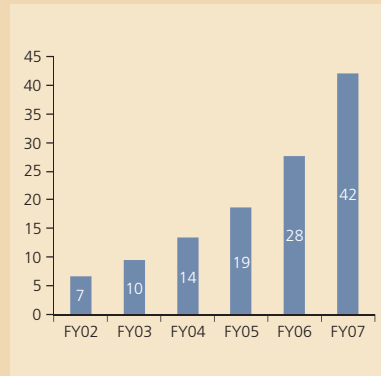
Trend in monthly car sales (%)



Source: CMIE

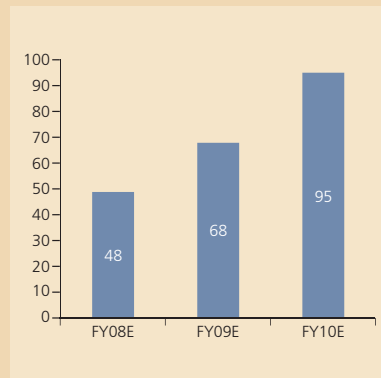
Pharmaceutical industry

Trend in CRAMS* growth (Rs bn)



Source: Industry sources

CRAMS* growth outlook (Rs bn)



E: D&B estimate

*indicates Contract Research and Manufacturing Services

Source: D&B Industry Research Service

Highlights

- NPPA has revised prices of 149 formulations and 6 bulk drugs. Most revisions have been made upwards.
- Lupin Ltd has acquired a majority stake (60%) in South African-drug-maker Pharma Dynamics, which is a major generic company that enjoys a leadership position in the cardiovascular segment in South Africa.
- Orchid Chemicals & Pharmaceuticals Ltd has entered a research collaboration and license agreement with Merck & Co to discover anti-bacterial drug candidates.
- Aurobindo Pharma has received approval from US FDA to manufacture and market AIDS drugs Abacavir Sulfate tablets and Didanosine Delayed Release Capsules in the United States.
- Dr Reddy's Laboratories Ltd has received approval from the US FDA for Nabumetone tablets (used to treat arthritis related pain) and Primdone (anti-convulsant drug).
- Torrent Pharmaceuticals Ltd has received the US FDA approval for anti-hypertension drug Amlodipine besylate tablets.
- Glenmark Generics has received US FDA approval for Betamethasone Dipropionate Cream (Anti-inflammatory drug).
- Dr Reddy's Laboratories Ltd has entered the inhaler segment in India by launching 'Combihale™' (used in the treatment of asthma).
- Piramal Life Sciences Ltd has received regulatory approvals to start Phase I clinical trials in Canada on its new cancer compound, P-1446A-05.
- Glenmark Pharmaceuticals Ltd has initiated Phase II study in clinical trial for its lead molecule Oglemilast (GRC 3886) for the treatment of asthma.

Therapy group performance (June 2008)

Therapy group	Value (Rs bn)	Market share (%)	Value growth (%)	Volume growth (%)
Cephalosporins	25.2	7.7	15.5	15.7
Antirheumatic Nonstr.	15.8	4.8	5.1	3.2
Antipeptic ulcerants	13.1	4.0	16.7	15.5
Oral antidiabetic	11.5	3.5	20.4	18.1
Ampicillin/Amoxycillin	10.9	3.3	19.3	18.9

Source: ORG-IMS (June MAT 2008)

Industry: Key financial indicators (%)

Parameter	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Growth in net sales	12.5	18.3	15.5	15.7	22.6
Growth in operating profit	23.9	16.0	8.7	5.8	-3.7
Growth in net profit	28.3	13.0	-2.4	-3.0	-5.8
Operating profit margin	25.5	23.9	23.7	21.9	20.2
Net profit margin	15.9	15.3	14.5	12.6	12.2

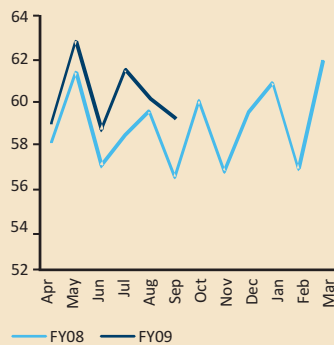
Source: CMIE

Power industry

Highlights

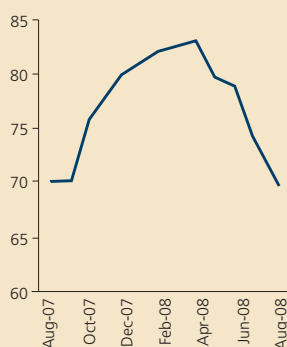
- CERC releases a discussion paper titled "Measures for restraining the prices of electricity in short-term sale/trading". The paper proposes a price cap of Rs 5 per unit during non-peak hours and Rs 6 per unit during peak hours for interstate short-term sale.
- With the NSG approval and the 123 agreement India's isolation has completely ended in the global nuclear market. India is now free to purchase nuclear technology and fuel from the international nuclear market.
- Rise in metal prices a cause for concern for power equipment makers.
- Coal shortage to delay power projects.
- Indian power companies are acquiring coal mines abroad (Indonesia, South Africa and Australia) to ensure steady availability of coal.
- NTPC forms JVs with NHPC, PFC and TCS to set up a power exchange.
- The Central government has granted full exemption in central excise duty to goods procured for setting up UMPPs, which will benefit ongoing projects and attract the investment for future projects.

Power generation (Unit bn)



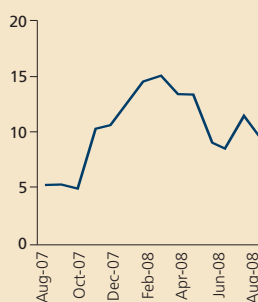
Source: CMIE

PLF of thermal plants (%)



Source: CMIE

Trend in energy deficit (%) - All India



Source: CEA

Power generation

Parameters	Sep-08		Apr08-Sep08	
	mn kWh	y-o-y growth (%)	mn kWh	y-o-y growth (%)
Thermal	44,875.59	10.03	279,638.00	5.77
Hydro	12,015.00	-12.79	67,309.01	-8.09
Nuclear	1,157.85	-3.33	7,672.56	-13.28
All India	59,019.83	4.2	359,026.56	2.53

Source: CMIE

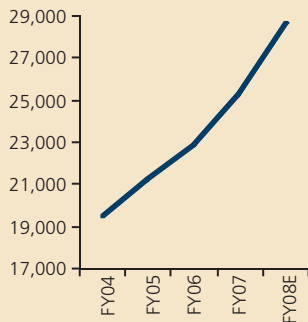
Industry: Key financial indicators (%)

Parameter	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Growth in net sales	23.5	8.3	11.5	26.2	16.4
Growth in operating profit	43.8	7.5	11.7	27.6	-8.6
Growth in net profit	90.9	48.1	0.6	4.7	-11.9
Operating profit margin	35.8	35.5	34.4	28.2	28.2
Net profit margin	23.4	22.1	19.4	16.3	17.6

Source: CMIE

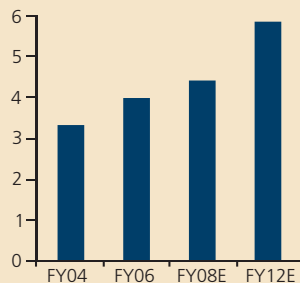
Retail industry

Rise in per capita personal disposable incomes (Rs)



E: D&B estimate
Source: CMI

Share of organised retail in total retail sales (%)



E: D&B estimate
Source: ICRIER (FY04-FY06)

Highlights

- Current slowdown in the market has forced many retailers to freeze their expansion plans for the time being. A few large retailers such as Pantaloon Retail India Ltd, Subhiksha, RK Foodland Fresh, have even shut down some of their less profitable outlets.
- After much speculation, the Agricultural Produce Marketing Committee (APMC) of West Bengal has renewed the license of Metro AG; so Metro will now be able to carry out its operations in the state. This step is seen as a major breather for organised retailers, as West Bengal has shown strong resistance towards organised retail in the past.
- Diesel, a major Italian lifestyle brand, has decided to foray into the Indian retail sector with Reliance Retail Ltd (RRL). Diesel will hold majority stake in the 51:49 JV with RRL. The brand's launch is slated for Spring-Summer 2009 in Mumbai and Delhi.
- Rosebys, a global home fashion and lifestyle retailer, has formulated its roll out strategy in India. The company plans to open 650 exclusive stores by 2012 through franchise route. The stores will have an area of 600–1,200 sq ft with special focus on metros, tier I, and tier II cities.
- Kishore Biyani, CEO, Future Group was declared the 'Retail Face of the Year' at Images Retail Awards (IRA) 2008. Future Group was presented the 'Retailer of the Year' award and Spencer's Retail was presented the 'Most evolved Retailer of the Year' award.

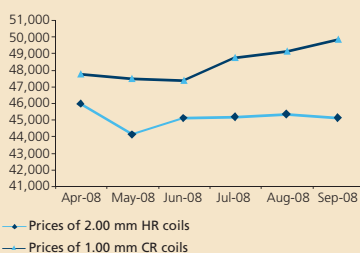
Major expansion plans of retailers

Company	Format/Vertical	No. of stores	Exp. yr of completion
Big Bazaar	Hypermarket	200	March 2011
Food Bazaar	Supermarket	310	2011
Tommy Hilfiger	Apparel	10	2009
Cellucom	Telecom retailer	500	2009
Hanung	Home furnishing & toys	50	March 2009
Jumbo	Electronics	60-80	2010-2011
Color Plus	Apparel	200	2009
Rosebys	Department store	650	2012

Source: Company announcements

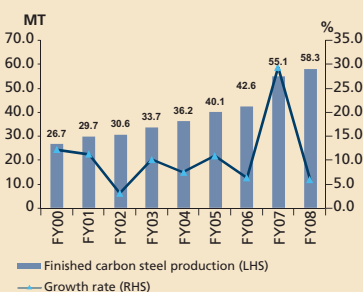
Steel industry

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



Source: CMIE

Trend and growth rate of finished steel production



Source: Ministry of Steel

Highlights

- Tata Steel has entered an agreement with Nippon Steel Hardfacing Company (NSH) to access NSH's overlay welding technology for surface conditioning of steel rolls in continuous casting and hot strip rolling processes.
- ArcelorMittal is in initial stages of discussions with the Chhattisgarh government for setting up a 6.0 MT integrated steel plant at an investment of US\$ 3.0 billion.
- The Ministry of Mines has approved mining contract of JSW Steel Ltd in Jharkhand for iron ore and manganese ore.
- SAIL has signed a MoU with Larsen & Toubro Ltd to set up the captive independent power plant to meet its power needs. According to the MoU, a JV will be introduced to establish a 1,600 MW greenfield, coal-based, captive/independent power plant.
- Tata Steel Ltd has become the first integrated steel producer outside Japan to win the prestigious 'Deming Application Prize' quality award for successful implementation of TQM. This award will definitely inspire other steel-makers in India to achieve and develop quality oriented approach in steel manufacturing.
- JSW Steel Ltd, Jindal Stainless Ltd, and Bhushan Steel have decided to delay their capacity addition plans due to recent global financial crisis. Their future decision may depend on credit market conditions.
- Indian railways has decided to reclassify iron ore from present classification of 170 to higher freight rate of 180; as a result, freight charges will increase by 5% to Rs 100-200 per tonne depending on distance for domestic consumption. This move would increase the input cost for all primary steel producers in the country.
- Indian steel producers may cut down their production level as domestic demand has decreased due to a global financial crisis and slowdown. They may also cut steel prices in tandem with decreasing global steel prices, as Indian steel producers are facing threat of cheaper imports from China and Ukraine.
- Indian steel companies have urged the government to curb steel imports because imports grew by as much as 83.6% in September over April.

Steel: Demand supply dynamics ('000 tonnes)

Parameters	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
Apr08-Sep08	27,630	28,530	3,086	1,910

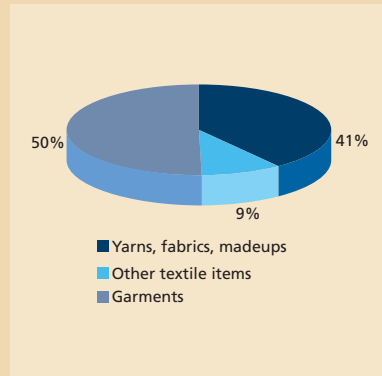
Source: JPC

Textile & garment industry

Highlights

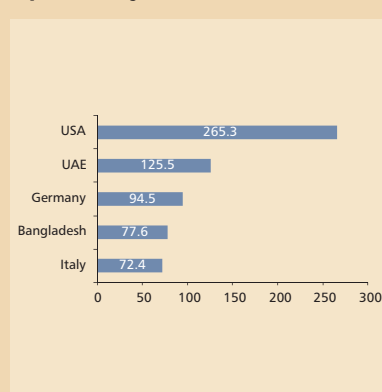
- Inflation index for textiles declined by 2.2% to 140.2 in the week ended September 27, 2008, on account of decrease in prices of cotton yarn and polyester staple fibre.
- Indian textile mills cut production recently on account of rising input prices, power cuts, increased cost of finance, and reduction in duty drawback rates. In August 2008, spun yarn and fabric production declined on a y-o-y basis by 7.1% and 8.3%, respectively.
- Birla Cotytn (a Yash Birla Group owned company) has announced plans to set up an integrated textile unit worth Rs 3.2 billion at its manufacturing facilities in Maharashtra. The company has also signed an MoU with 5,000 farmers for contract farming in cotton, which will enable it to procure 6,600 tonnes of cotton.
- Welspun India has announced a de-merger of its distribution and marketing and investment divisions into two separate companies; as a result, the company will be able to concentrate on specific sections of business and exert better control over its business operations.
- Retail expansions continue despite economic slowdown - Provogue announces an expansion plan worth Rs 900 million that will be funded through internal accruals; Wills Lifestyle plans to open 50 exclusive additional outlets to strengthen its presence in 40 Indian cities in the next 2 years.

T&G exports composition during Apr08-May08 (%)



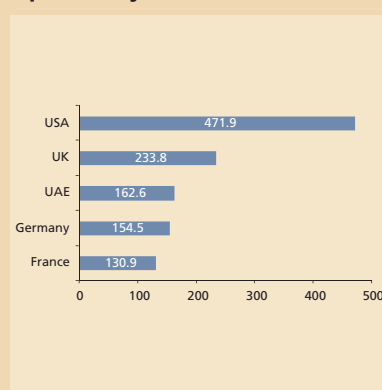
Source: DGCI&S

Top textiles export destinations Apr08-May08 (US\$ mn)



Source: DGCI&S

Top garment export destinations Apr08-May08 (US\$ mn)



Source: DGCI&S

Production

Category	Units	Jun-08	Jul-08	Aug-08
Spun yarn	'000 tonnes	336.3	337.2	319.0
y-o-y growth	%	2.2	-0.9	-7.1
Fabrics	mn sq mtr	4747.0	4276.0	4281.0
y-o-y growth	%	6.1	-8.6	-8.3

Source: CMIE

Installed capacities in textile mills

	Spindles	Rotors	Looms
	mn	'000	'000
Jun-08	35.04	467	55
Jul-08	35.27	477	55
Aug-08	36.04	474	56

Source: Office of Textile Commissioner

Company: Key financial indicators (Apr08-Jun08)

Company name	Net sales (Rs mn)	Operating profit (Rs mn)	Operating profit margin (%)	Net profit margin (%)
Indo Rama Synthetics (India) Ltd	7,901.7	587.2	7.4	0.9
Vardhman Textiles Ltd	5,661.6	893.9	15.8	0.9
Arvind Ltd	5,454.2	605.2	11.1	-0.3
S R F Ltd	4,706.5	990.4	21.0	9.7
S Kumars Nationwide Ltd	3,836.2	706.6	18.4	7.6

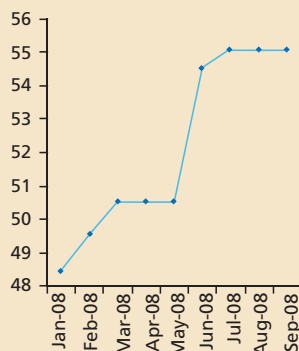
Source: CMIE

Two-wheeler and Three-wheeler industry

Highlights

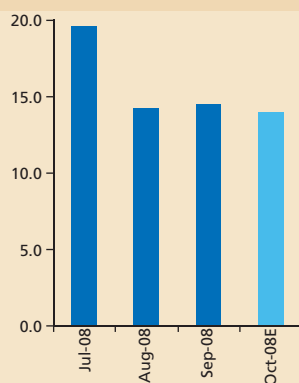
- Two-wheeler domestic sales grew by a healthy 14.5% y-o-y in September 2008.
- Motorcycles drove two-wheeler domestic demand; its sales grew by a strong 15.2% y-o-y. In the meanwhile, mopeds and scooters sales rose by a healthy 9.4% and 13.1%, respectively.
- Industry exports witnessed a strong 34.9% y-o-y growth in September.
- Bajaj Auto launched new 125cc Platina variant equipped with DTS-Si engine technology at Rs 39,000 (ex-showroom Pune).
- Three-wheeler industry's domestic sales grew by a decent 7.1% y-o-y in September 2008.
- Passenger carriers drove the growth in domestic demand; its sales grew by a strong 29.7% y-o-y and negated the decline (33.4% y-o-y) in domestic sales of goods carriers in September 2008.

Petrol prices: Mumbai (Rs per litre)



Source: CMIE

Two-wheeler growth in sales (%)



E: D&B estimate

Source: CMIE, D&B Industry Research Service

Two-wheeler sales

	Sep-08		Apr08-Sep08	
	Vol (nos.)	y-o-y growth	Vol (nos.)	y-o-y growth
Motorcycles	632,369	15.2	3,063,541	12.6
Scooters	104,196	9.4	568,831	7.4
Mopeds	38,050	13.1	217,164	6.1
Electric vehicles	3,809	86.7	14,521	56.1
Total domestic	778,424	14.5	3,864,057	11.5
Exports	87,816	34.9	519,762	27.1
Total	866,240	16.3	4,383,819	13.2

Source: CMIE

Three-wheeler sales

	Sep-08		Apr08-Sep08	
	Vol (nos.)	y-o-y growth	Vol (nos.)	y-o-y growth
Passenger carriers	28,173	29.7	134,234	17.0
Goods carriers	8,071	-33.4	50,281	-26.8
Total domestic	36,244	7.1	184,515	0.6
Exports	14,122	28.9	69,879	1.6
Total	50,366	12.4	254,394	0.9

Company: Key financial indicators (Apr08-Jun08)

Company Name	Net sales (Rs)	Operating profit (Rs)	Net profit (Rs)	Operating margins (%)	Net margins (%)
Bajaj Auto Ltd	23,107.6	2,955.6	1,751.1	12.8	7.6
Hero Honda Motors Ltd	28,435.3	3,927.3	2,728.7	13.8	9.6
T V S Motor Co Ltd	9,110.7	449.1	70.2	4.9	0.8

Source: CMIE

Outlook

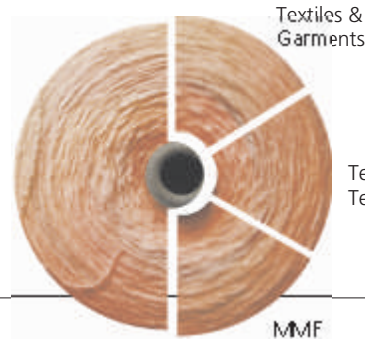
The two-wheeler industry is expected to witness 12–15% growth in October 2008, as the festive season is around the corner.

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.

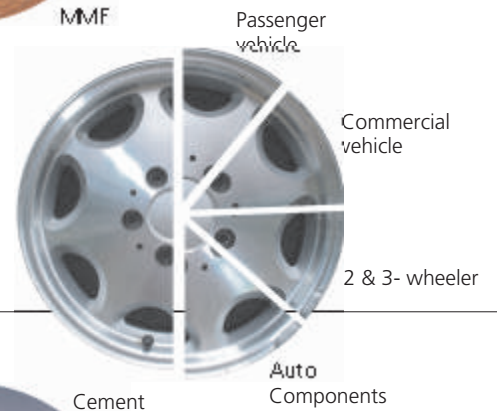
The reports' in-depth analytical content would provide valuable insights to financial institutions, banks, equity broking houses, and corporates towards accurate & informed decision making. The reports would also be useful to the industry practitioners, academicians & scholars.

D&B's IRS also provides independent business environment analysis with focus on macroeconomic and business forecasting, and works closely with the clients towards meeting their strategic & business requirements.

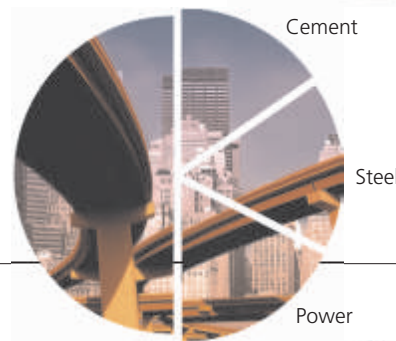
D&B's IRS offers the following sector/ industry reports either as a bundled suite or individual reports:



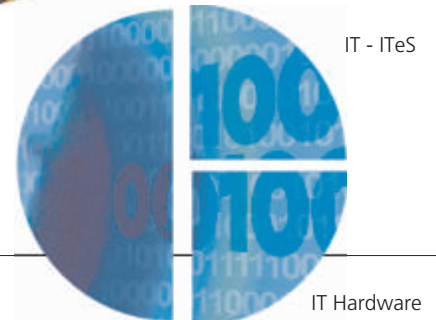
Textiles



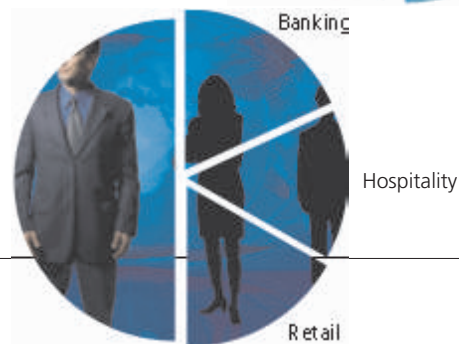
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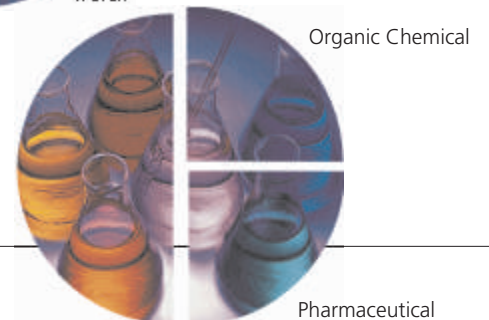
Core Sector



Infotech



Services



Chemical



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