



Industry cursor

Strictly for Private Circulation

Issue 20 | April 2010

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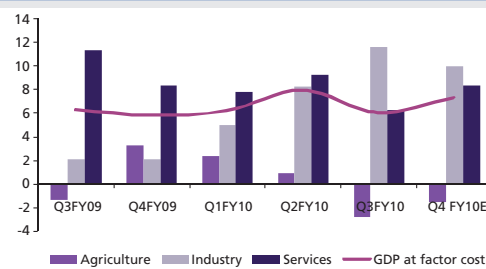
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MACROECONOMIC UPDATE

Highlights

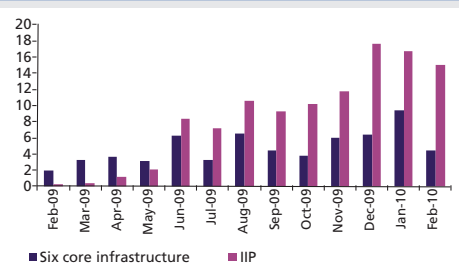
- The Index of Industrial Production (IIP) for February 2010 grew by 15.1%. The indices for the mining, manufacturing and electricity sectors grew by 12.2%, 16.0% and 6.7% respectively for the same period.
- The WPI-inflation stood at 9.90% (y-o-y) for the month of March 2010 as compared to 9.89% for February 2010. Build-up inflation in the financial year so far was 9.90% as compared to a build-up inflation of 1.20% in the corresponding period of the previous year.
- The current account deficit in India's balance of payments increased to US\$ 12.0 billion during the third quarter ended Dec 09 as against a deficit of US\$ 11.7 billion in the year-ago period.
- The net International Investment Position resulting in net claims of non-residents to India increased by US\$ 21.2 billion to US\$ 117.1 billion as at end-Dec 09 from US\$ 96.0 billion as at end-Sep 09.

GDP: Growth (%)



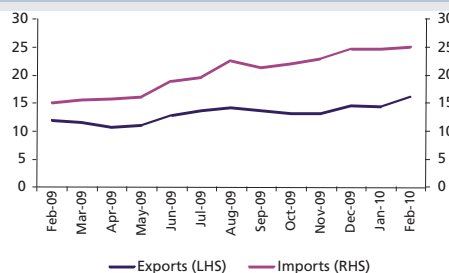
E: D&B estimate
Source: CSO, D&B Industry Research Service

IIP and core infrastructure: Growth (%)



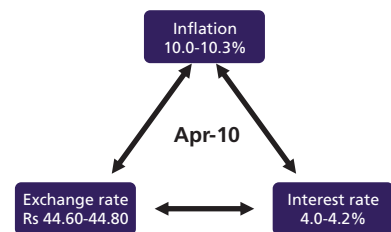
Source: Ministry of Commerce and Industry, CSO

India's exports & imports (US\$ bn)



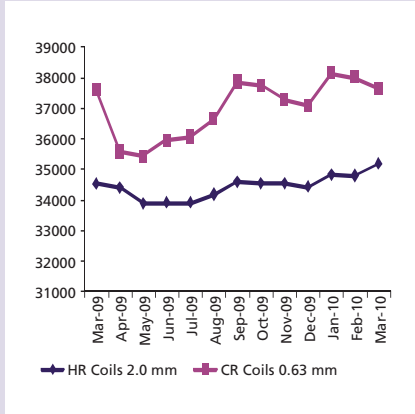
Source: Ministry of Commerce

Macroeconomic triad (forecast)



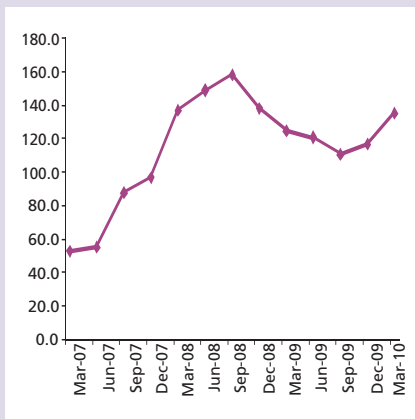
Note: Exchange rate: INR/US\$
Interest rate corresponds to yield on T-Bills 15-91 days
Source: D&B Industry Research Service

Steel prices (Mumbai) (Rs/tonne)



Source: CMIE

Auto components: Investment scenario* (Rs bn)



*Outstanding investments
Source: CMIE

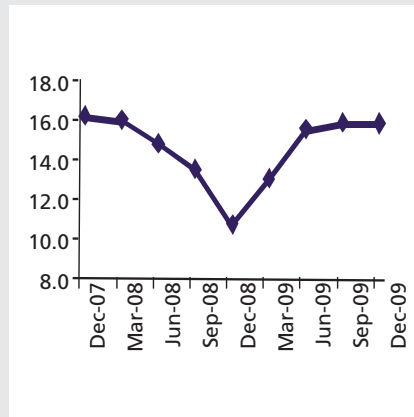
AUTO COMPONENTS INDUSTRY

Highlights

- Amtek Metal and Mining Ltd, group company of auto parts maker Amtek Auto Ltd, will set up a 2 million tonne steel plant and an auto parts unit in Orissa, at an investment of Rs 158 billion.
- BorgWarner Inc, a US-based auto component and systems manufacturing company with presence in 18 countries, has established its Indian manufacturing facility at Sipcot industrial park at Sriperambadur near Chennai.
- Sakthi Auto Components is planning to raise production by 50% at its plant in Erode (Tamil Nadu) to cater to the growing demand for automobiles.
- Talbros Automotive Components Ltd started its fourth gasket manufacturing plant at Sitargunj, Uttarakhand. In addition to this, Nippon Leakless Talbros Pvt Ltd, in which Talbros holds 40% equity, has expanded its production capacities by setting up a new plant for manufacturing non-asbestos gaskets in Haridwar, Uttarakhand.

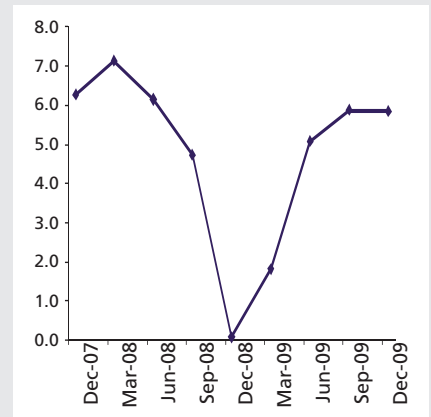
Industry: Profit margins

PBDIT Margin (%)

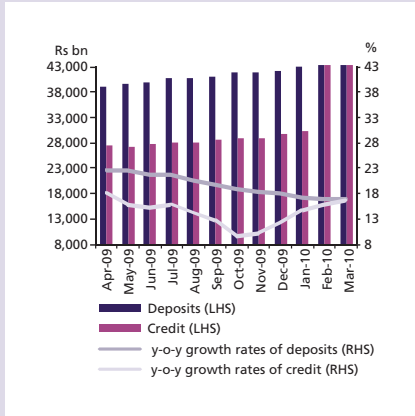


Source: CMIE

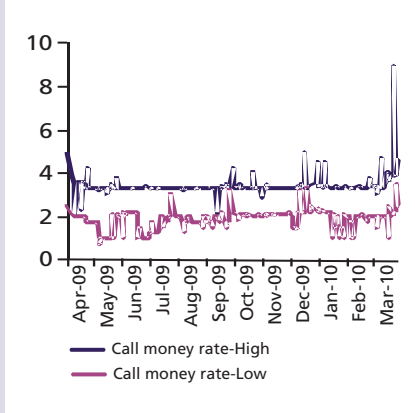
PAT Margin (%)



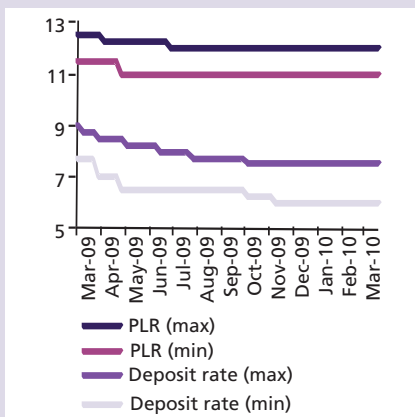
Deposits, credit and growth rates



Movement in call money rates (%)



Movement in PLR & deposit rates (%)



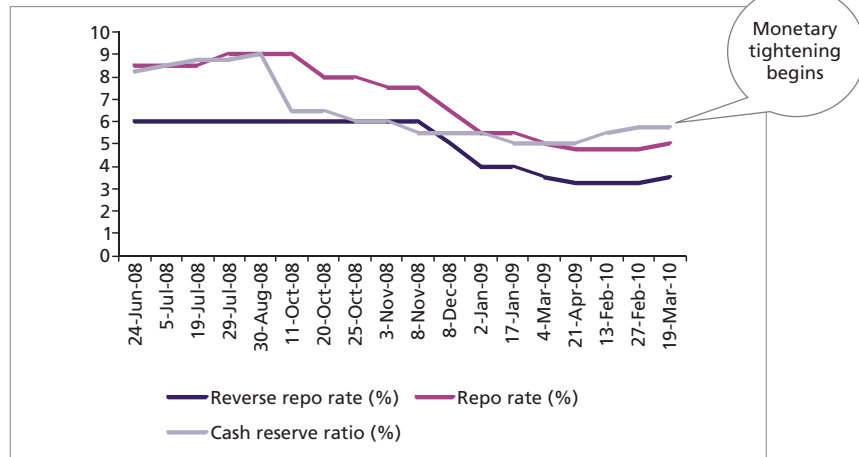
Note: PLR relates to 5 major banks
 Deposit rate relates to major banks
 for term deposits of more than one year maturity
 Source for all above charts: RBI

BANKING INDUSTRY

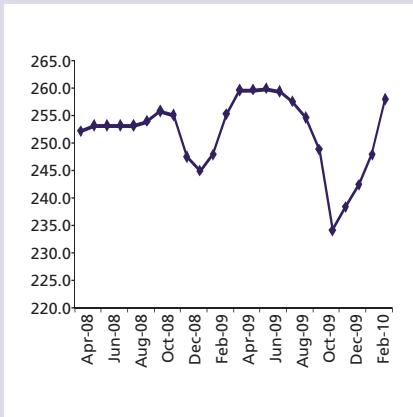
Highlights

- The RBI decided to raise the repo rate and the reverse repo rate by 25 basis points each to 5.0% and to 3.5% respectively.
- In accordance with the provisions of the Memorandum of Understanding (MoU) on the Market Stabilisation Scheme (MSS), the ceiling for the outstanding under the MSS for FY11 has been fixed at Rs.500 billion.
- The Monetary Authority of Singapore has granted Qualified Full Banking (QFB) privileges to ICICI Bank Singapore branch.
- The payment of interest on savings bank accounts by scheduled commercial banks will be calculated on a daily product basis with effect from April 1, 2010.
- Credit Suisse AG has received in-principle approval to establish a bank branch in Mumbai, enabling the Bank to substantially expand the range of services it offers in the Indian market.
- The Core Group constituted by the Ministry of Corporate Affairs extended the deadline for convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS) for all SCBs and those urban co-operative banks (UCBs) which have a net worth in excess of Rs 3 billion upto 1 April 2010. Urban co-operative banks which have a net worth in excess of Rs 2 billion, but not exceeding Rs 3 billion will convert their opening balance sheets as at 1 April 2014.

Changes in key policy rates

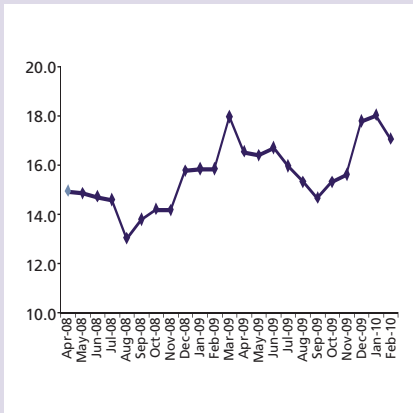


Average wholesale cement prices – Mumbai (Rs/50 kg bag)



Source: CMIE

Cement consumption (mn tonnes)



Source: CMIE

CEMENT INDUSTRY

Highlights

- Murli industries intends to set up cement plants in Rajasthan and Karnataka with an expected capacity to produce 3 MTPA of cement along with 50MW captive power plant at each location and having initial investment of Rs 23 billion for both projects.
- After the Board for Industrial and Financial Reconstruction provided approval on the rehabilitation scheme on March 13, Cimmco Birla Ltd is being reincorporated as Cimmco Ltd. Titagarh Wagons Ltd (TWL) would be the new co-promoter joining the original promoter, the SK Birla Group.
- The Board of Dalmia Cement Bharat (DCBL) provided approval for demerger into a separate company named Dalmia Bharat Enterprises (DBEL), which will house its cement and thermal power business as two wholly-owned subsidiaries - Avnija Properties and DCB Power Ventures - after restructuring.
- Monnet Ispat plans to invest Rs 24 billion for setting up cement plants in Chhattisgarh and Gujarat, work for which is expected to start during October-December quarter.
- Rain Commodities, a producer of cement, calcined petroleum coke and power, has decided to transfer its cement operations to another subsidiary.
- Cement manufacturers in North India are changing their product mix by shifting from portland pozzolana to ordinary portland (used for building concrete structures with high compressive strength) to take advantage of the increase in infrastructure projects.

Cement: Production and despatches

Parameters	Mar-10		2009-10	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	15.74	9.1	160.31	12.4
Despatches	15.78	9.3	159.43	12.1

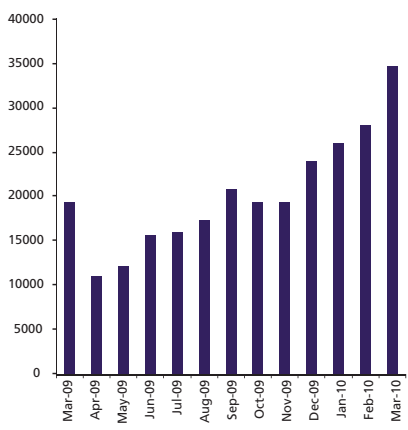
Source: CMA

Cement: Region-wise scenario (February 2010)

Regions	Production		Consumption	
	mn tonnes	% growth	mn tonnes	% growth
Nothern	2.9	-21.8	2.2	-31.3
Western	2.0	-22.8	2.6	-17.6
Central	2.2	-2.9	2.3	-5.0
Eastern	1.8	-24.4	2.2	-10.6
Southern	4.6	-8.5	4.0	-13.3

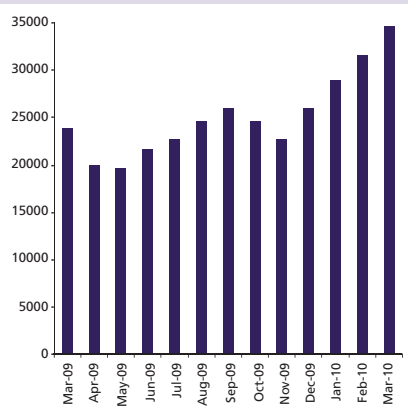
Source: CMIE

M&HCV: Domestic sales (Nos.)



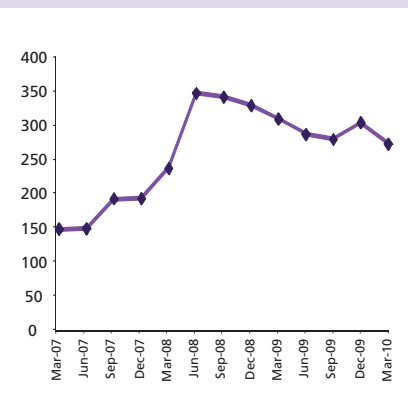
Source: CMIE

LCV: Domestic sales (Nos.)



Source: CMIE

Commercial vehicles: Investment Scenario* (Rs bn)



*Outstanding Investments
Source: CMIE

COMMERCIAL VEHICLE INDUSTRY

Highlights

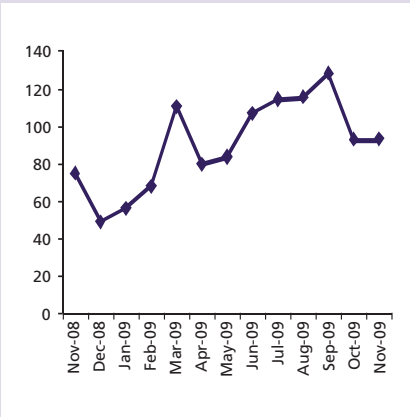
- Domestic sales of commercial vehicles increased by a whopping 61.5% to 67,605 units in March, which was supported by healthy sales growth of both M&HCVs and LCVs.
- In contrast to the steep 21.7% drop recorded in 2008-09, during 2009-10, domestic sales of commercial vehicles grew by 38.3% to 0.53 million units; while sales of M&HCVs grew by 33.6%, those of LCVs surged by 42.7%.
- During 2009-10, 45,103 CVs were exported, which was 5.7% higher than exports in 2008-09. During 2008-09, CV exports had fallen sharply by 27.8% on account of the global economic slowdown.
- Daimler Commercial Vehicle India Ltd will be setting up a plant near Chennai, at a cost of Rs 44 billion to be spread over 5 years, to manufacture light, medium and heavy commercial vehicles. The plant will have a production capacity of 36,000 units in the first phase, which could be raised to 75,000 units.
- Tata Motors has signed a contract with Myanmar Automobile & Diesel Industries Ltd to set up a heavy truck plant in Myanmar. The plant would have an annual capacity of 1,000 vehicles and is expected to be operational by the last quarter of 2010-11.

Commercial vehicle sales (Nos.)

Segments	Mar-09	Mar-10	y-o-y growth (%)	2008-09	2009-10	y-o-y growth (%)
M&HCV	19,353	34,823	79.9	184,143	245,952	33.6
LCV	22,512	32,782	45.6	200,699	286,337	42.7
Total domestic	41,865	67,605	61.5	384,842	532,289	38.3
Exports	2,861	5,776	101.9	42,679	45,103	5.7
Total	44,726	73,381	64.1	427,521	577,392	35.1

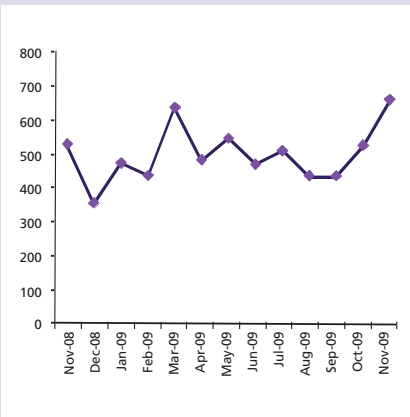
Source: CMIE

Gems & Jewellery exports (Rs billion)



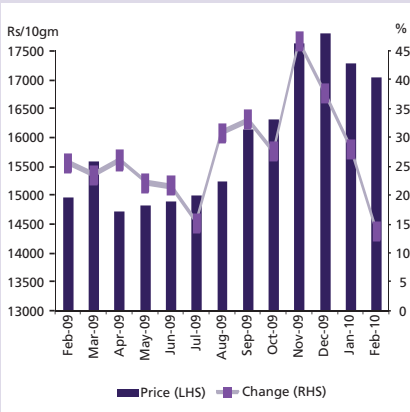
Source: CMIE

Gems and Jewellery imports (Rs billion)



Source: CMIE

Prices of gold: Mumbai



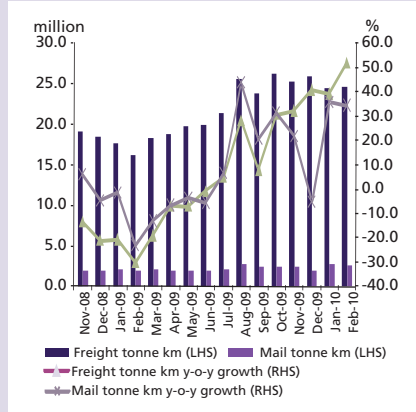
Source: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

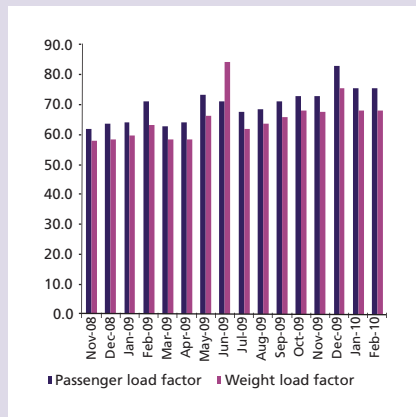
- The gems and jewellery sector that was badly hit by the economic slowdown, is regaining its lost sheen with companies making a beeline to list themselves on the stock exchange. During January-March 2010, around 3 firms got listed and raised over Rs 5.26 billion. Thangamayil Jewellery was the first company to raise Rs 0.10 billion through IPO, followed by Shree Ganesh Jewellery House with an IPO of Rs 3.71 billion that was oversubscribed almost 2 times, and Goenka Diamond and Jewels with an IPO Rs 1.45 billion that was oversubscribed 1.07 times. These companies have tapped the IPO market primarily to scale up their operations and expansion plans.
- Diamond Trading Company (DTC), the marketing arm of De Beers, has extended its Supplier of Choice (SoC) contracts for all its sight-holders as well as for all its non sight-holders by another year. The extension of contract which will come in effect from March 31, 2011 will give an assured supply of rough diamonds to the industry during the extended period. By extending the contracts, DTC aims to provide time to their sight-holders as well as non sight-holders to recover from the global economic slowdown.
- Three leading companies, Diamond India Ltd (DIL), Ratilal Becharlal & Sons (Jasani Group) and Rosy Blue signed a three year contract with world's largest Russian diamond mining company Alrosa. The miner will supply around US\$ 490 million of rough diamonds to India during this three year period. Out of the three companies, DIL is a company formed by 60 diamond exporters which has been trying to get direct supply of diamonds from Alrosa since the last three years.
- The Delhi government plans to set up a Special Economic Zone (SEZ) in the jewellery sector. The SEZ will be set up at a cost of Rs 4.90 billion and provide direct employment to more than 18,000 people. The SEZ will be set up under PPP through independent Special Purpose Vehicles on an area of around 41.4 acres.
- Gitanjali Gems plans to divest 25% stake in each of its brands from September 2010 onwards. The company plans to complete the divestment by the end of FY12 and will begin the process of divestment from its leading brand 'Gilli'. Each of Gitanjali's brands is a separate entity and a registered company. All the brands were valued by UK-based Brand Finance, in October 2009 to understand customers' acceptability of these brands.
- After successful operations in cities like Ahmedabad, Bangalore, Mumbai and New Delhi, Reliance Jewels, owned by Reliance Retail Limited has launched its 17th jewellery store in Thane, near Mumbai. The company plans to increase its share in the rapidly growing jewellery retail market in India.

Civil aviation: Cargo statistics (freight tonne km and mail tonne km)



Source: CMIE

Civil aviation: Load factor (%)



Source: CMIE

HI-TECH INDUSTRY

Highlights

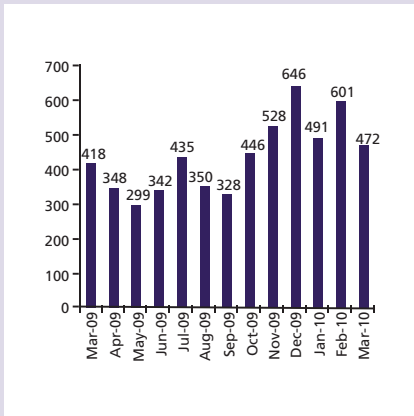
- LG introduced its first Android smartphone in New Delhi. The phone is equipped with features such as voice calls, text messages, emails, status updates and images as well as access to social networking sites. In addition, this handset will enable users to surf the internet, seek directions, play games, enjoy audio-video entertainment, take pictures and do business while on the go.
- Nokia-Siemens Network, the telecom equipment supplier, plans to invest an additional Rs 1.05 million at its facility in Tamil Nadu to take the total investment in this facility to Rs 3 million. The additional Rs 1.05 million investment is expected to generate employment for 500 people directly and 700 people indirectly over the next two years.
- Haier, the Chinese consumer durables maker, will begin manufacturing air conditioners and washing machines in India to expand its product basket. The company's Indian subsidiary, Haier India, is in the process of investing Rs 1.0 million to set up a new assembly line at its Pune facility to start producing air conditioners and washing machines by the year-end.
- During the launch of 23 models of its 'Direct Cool' series refrigerators, LG announced its aim to increase turnover of its refrigerators segment to Rs 30 billion by end-2010.
- Low cost carrier SpiceJet plans to raise US\$ 75 million in order to fund its expansion plans. The company will complete five years of operations this summer and will be eligible to fly international flights.
- Air India entered into a deal with SITA, an aviation solutions provider, worth US\$ 190 million to upgrade its IT infrastructure in order to meet Star Alliance standards.
- Hindustan Aeronautics Ltd and Rolls-Royce announced the formation of a 50:50 manufacturing joint venture company in Bangalore. The new company will be Rolls-Royce's sole global supplier of compressor shroud rings for its global aero-engine markets. For Hindustan Aeronautics Ltd, the collaboration would provide exposure to civil aviation and act as a launch-pad for engine manufacturing in future.
- ST Aerospace, a unit of ST Engineering, Singapore secured a US\$ 750 million engine maintenance contract from Jet Airways and will provide maintenance and support for 67 Jet Airways' Boeing 737 aircraft over 10 years..

Civil aviation: Airport traffic statistics (December 2009)

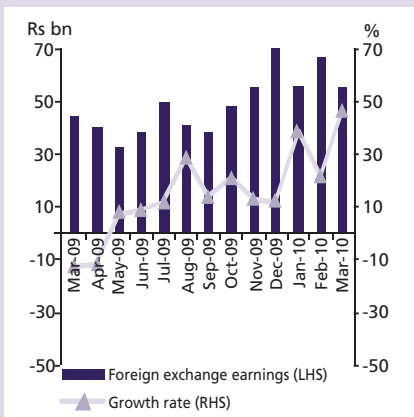
Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Tonnes	y-o-y growth (%)
Domestic traffic	91,339	5.2	8,775,978	36.0	60,959	40.9
International traffic	25,341	4.8	3,348,930	13.9	110,033	26.1
Total airport traffic	116,680	5.1	12124908	29.1	170,992	31.0

Source: CMIE

Foreign tourist arrivals in India ('000 nos.)



Foreign exchange earnings (FEE)



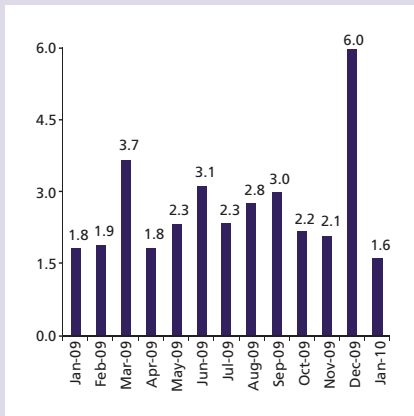
Source for all above charts: Ministry of Tourism

HOSPITALITY INDUSTRY

Highlights

- The Indian hospitality industry is likely to witness entry of new global players who are hoping to leverage on India's growing need for more hotel rooms across segments. Movenpick Hotels & Resorts, a Swiss hospitality company, will open a dozen premium hotels in India by 2015. Banyan Tree Hotels & Resorts, a Singapore-listed company, hopes to attract the flourishing urban middle class travellers to its first property in Kerala, which is likely to open sometime next year. The Thai hospitality group Amari Hotels & Resorts plans to own 7 properties in India by 2015 through a tie-up with Ten Hotels Pvt Ltd.
- The existing global players such as Hyatt Hotels & Resorts, J W Marriott Hotels, Four Seasons Hotels & Resorts and Starwoods Hotels & Resorts Worldwide Inc are also planning to grow their operations in the Indian market. Domestic players such as Leela Palaces Hotel & Resorts and Royal Orchid Hotels have planned expansions worth Rs 25 billion and Rs 5 billion, respectively, for the near future.
- Indian Hotels Company Ltd, the hospitality arm of Tata Group, has announced a luxury property in Cape Town worth Rs 500 million in a joint venture with Euroscape, which is a local investment and property development company.
- The Himachal Pradesh Government is planning to invite players to set up five-star and seven-star properties in the state. The state's tourism department has already identified six spots in the state.
- Delhi-based Nano Excel Corporation Ltd plans to set up the Nanotel Hotels and Resorts in Hyderabad. The company plans to use rather innovative products inspired by nano technology (such as nano photo catalyst paints to avoid dust, anti-bacterial towels, nano-tech based water purifying showers in bathrooms and a menu for the diabetic and health-conscious visitors) to differentiate its hotels in the healthcare segment.

Domestic computer hardware & peripheral production (Rs billion)



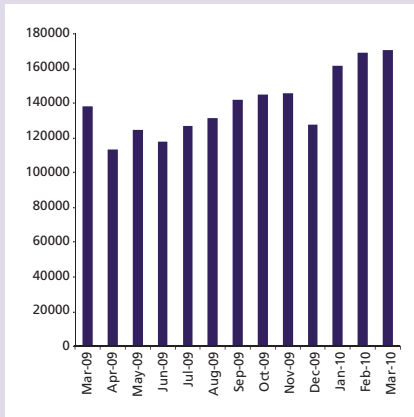
Source: CMIE

IT HARDWARE INDUSTRY

Highlights

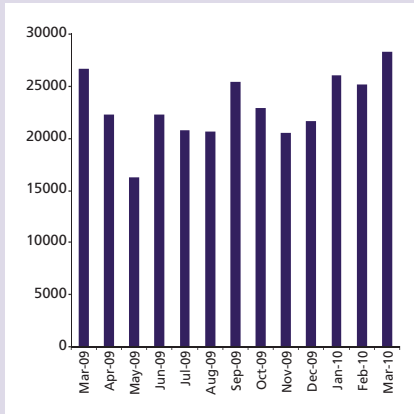
- The industry has sought export incentives for products such as desktops and notebooks. MAIT has demanded 2% duty benefit on F.O.B. value of exports, with regard to desktops and notebooks, under the Focus Product Scheme in the Foreign Trade Policy.
- HCL Infosystems launched 'ME Series 40' notebook, having less than 0.1% BFR concentrations making it 100% recyclable and environment-friendly, on the occasion of Earth Hour 2010.
- Olive Telecom, a Gurgaon-based handset manufacturer, has forayed into the IT hardware industry by launching a netbook, Olive Zipbook X107H, with an inbuilt CDMA 3G connection. The product is priced at Rs 18,000 and comes with a built-in Tata Photon Plus Card with a free 2-month subscription.
- Intel launched a new version of the Intel-powered convertible Classmate PC that moves from a clamshell design to a tablet mode with additional features such as a swivel screen, rotational camera, to name a few. The PC is a showcase of high technological competence.
- Canon launched Canon image RUNNER ADVANCE, a new print architecture platform. The company also entered an alliance with Microsoft to create document management officeCanon. The multi-functional print architecture platform has been designed to integrate with Microsoft SharePoint, Microsoft's popular business collaboration platform, to create a collaborative workplace.
- R&G Capital, imaging solution provider, is mulling entering India to set up a manufacturing facility. The company offers laser toner cartridges for brands such as HP and Canon. The company is targeting colleges and hospitals. R&G claims that its laser toner cartridges are cost-effective as those are at least 40% cheaper than the original toner.
- Synopsys, a semiconductor design and manufacturing solutions company, is in the process of acquiring the Indian arm of CoWare, a California-based electronic system design software and services company. With this acquisition, Synopsys expects to get an advantage in IP and system design.

Passenger cars: Domestic sales (Nos.)



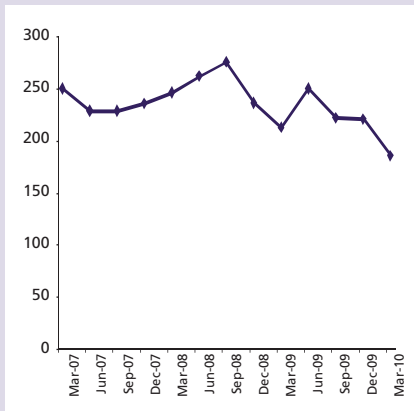
Source: CMIE

Utility vehicles: Domestic sales (Nos.)



Source: CMIE

Passenger vehicles: Investment scenario* (Rs bn)



*Outstanding investments
Source: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

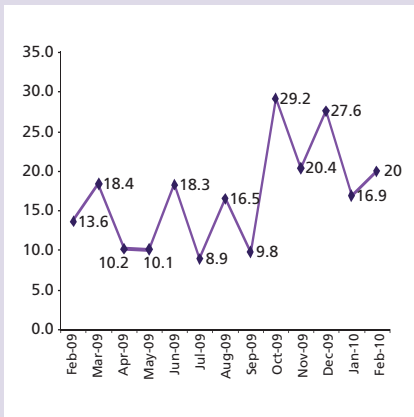
- Maruti Suzuki India has decided to increase its vehicle prices in the range of Rs 1,000-9,000 (ex-showroom, Delhi), with effect from April. The company attributes the decision to hike prices to increase in input costs and introduction of Bharat Stage IV emission norms in some models.
- Toyota Kirloskar Motors also hiked its vehicle prices by up to Rs 23,000 in April, citing increased input costs and modification of engines to conform to emission norms. Several other carmakers are also contemplating on increasing their vehicle prices.
- Maruti Suzuki India will be investing about Rs 17 billion for the expansion of its Manesar facility in Haryana which would increase its car production capacity from 3 lakh units per annum to 5.5 lakh units over the next two years.
- In April, several new luxury car models were rolled out on the Indian roads. German luxury carmaker Audi launched a limited edition of the diesel version of its Q7 sports utility vehicle at a price of Rs 58.7 lakh (ex-showroom, Mumbai). Mercedes Benz India unveiled its new Mercedes E-Class Coupe, price at Rs 54.8 lakh onwards (ex-showroom, Mumbai).
- Tata Motors plans to launch its seven-seater crossover vehicle Aria in the first quarter of 2010-11. The Aria, a cross among a sports utility vehicle, a multi-purpose vehicle, and a car, is likely to be priced at Rs 12-14.5 lakh.

Passenger vehicle sales (Nos.)

Segments	Mar-09	Mar-10	y-o-y growth(%)	2008-09	2009-10	y-o-y growth(%)
Mini	2,430	7,472	207.5	49,383	63,378	28.3
Compact	95,479	112,833	18.2	885,639	1,128,272	27.4
Mid-size	26,260	28,734	9.4	241,683	276,071	14.2
Executive	4,022	5,072	26.1	33,638	46,346	37.8
Premium	1,247	1,364	9.4	9,039	11,455	26.7
Luxury	147	125	-15.0	1,093	1,265	15.7
MPV	8,911	15,241	71.0	106,607	150,256	40.9
Passenger cars	138,496	170,841	23.4	1,327,082	1,677,043	26.4
Multi-utility vehicle	26,662	28,268	6.0	225,621	272,733	20.9
Domestic sales	165,158	199,109	20.6	1,552,703	1,949,776	25.6
Exports	33,787	40,281	19.2	335,729	446,146	32.9
Total sales	198,945	239,390	20.3	1,888,432	2,395,922	26.9

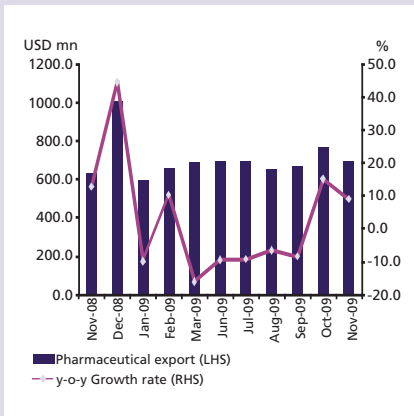
Source: CMIE

Trend in pharmaceutical sales growth (%)



Source: ORG-IMS

Trend in drugs and pharmaceuticals export



Source: CMIE

PHARMACEUTICAL INDUSTRY

Highlights

- Biocon SA, a subsidiary of Biocon Ltd, has entered into an agreement with CIMAB SA, to acquire the latter's 49% equity stake in Biocon Biopharmaceuticals Pvt Ltd (BBPL), by which, BBPL will become a wholly-owned subsidiary of Biocon Ltd.
- Piramal Healthcare Ltd and Cipla Ltd have signed a definitive agreement for purchase of all intellectual property rights in India related to the 'i-pill' brand of Cipla for an aggregate consideration of Rs 950 million.
- Orchid Chemicals & Pharmaceuticals Ltd, the Chennai-based pharmaceutical major, has announced the completion of the transaction for sale and transfer of Orchid's generic injectable finished dosage forms pharmaceuticals business to Hospira Healthcare India Pvt Ltd, a subsidiary of Hospira Inc, a leading global specialty pharmaceutical and medication delivery company.
- Ranbaxy Laboratories Ltd and Pfenex Inc have announced that Ranbaxy will develop an undisclosed biosimilar therapeutic produced in the Pfenex Expression Technology™ platform, a Pseudomonas-based recombinant protein expression technology. Under the terms of the agreement, Pfenex is eligible to receive maintenance fees, milestone payments as well as royalty payments on any product sales derived from the agreement.
- Lupin Ltd has launched Hyalgan® (sodium hyaluronate), an osteoarthritis drug, available in the form of an injectable through leading orthopaedics and physiotherapists across the country.

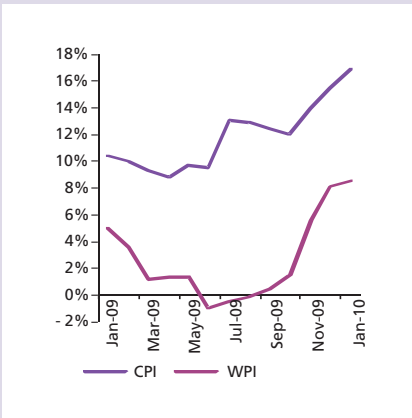
Global news

- The US House of Representatives has approved the Senate version of the Healthcare Bill. This was part of the US Government's attempt to reduce healthcare costs and extend insurance coverage for Americans.

Impact of the US Healthcare Bill on the Indian pharmaceutical industry

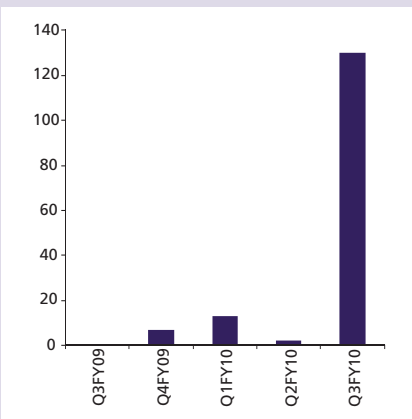
- The Bill promotes the use of generic drugs that are often one-tenth the price of the original version, but has the same impact. Given that Indian pharmaceutical companies already supply to the US, and India has the largest number of US Food & Drug Administration (US FDA) approved pharma plants outside the US, Indian pharmaceutical companies are expected to benefit significantly with the approval of this Bill.

Wholesale price inflation vs consumer price inflation



Source: MOSPI

Foreign direct investment in single brand retailing (US\$ million)



Source: DIPP

RETAIL INDUSTRY

Highlights

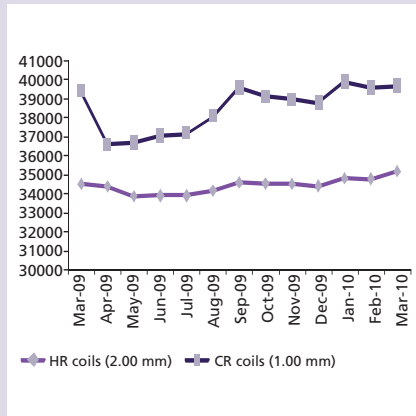
- Phillips-Van Heusen Corporation agreed to acquire Tommy Hilfiger B V for total consideration of Euro 2.2 billion, creating a combination of one of the world's largest and most profitable apparel companies; a global business with combined revenue of approximately US\$ 4.6 billion.
- The Family Center is an exclusive community focused initiative to cater to the Kolkata market. Spread over 60,000 sq ft, the store offers wide range of products across daily household foods, groceries, apparels, footwear, toys, luggage, kitchenware, bed and bath ware, home décor, furniture, electronics and fine gold jewellery along with attractive deals and discounts. The store will also have local vendor presence through brands like K C Das Sweet Shop, Aminia Biryani Shop, Monginis Cake Shop, Metro Dairy milk product shop and Bawarchi Roll Centre, among others.
- Marico Industries is planning to shut down its health & wellness brand of professional weight control centers, Kaya Life, as it is facing firm competition due to establishment of number of gyms. Marico will however continue to invest in Kaya Skin Care Clinic for its further growth.
- Bharti Wal-Mart Private Ltd, a joint venture between Bharti Enterprises and Wal-Mart Stores Inc, opened its second wholesale store in Zirakpur, Punjab. Established to offer a one-stop B2B service that meets the day-to-day requirements, the store is spread out over 50,000 sq ft. The store hoards approximately 6,000 items, 90% of which are sourced locally which helps in keeping the costs low.
- Tata Tea Ltd signed a non-binding MoU with PepsiCo to enter into a proposed joint venture. On finalisation of the agreements, both the companies are likely to work together to cover liquid beverages (that exclude carbonated soft drinks) particularly for the health and well being of the people.
- Hamleys, one of the world's largest toy stores of London, which has a pan-India franchise agreement with Reliance Retail Ltd launched its first store in Mumbai. The store, spread across 21,000 sq ft, is located at High Street Phoenix Mills, Lower Parel and aims to target the age bracket of 0 to 15 years, covering 300 children. Hamleys inked a 20-year franchise agreement with Reliance Retail and is planning to set up 20 stores in the next 7 years across metros in the country.
- French Connection UK, a Britain-based hi-fashion apparel brand, launched its largest free-standing store at Linking Road, Bandra, Mumbai. The store, spread across 2,000 sq ft, offers the latest Spring-Summer 2010 collection for both men and women, thus increasing their retail presence.

Major expansion plans of retailers

Company	Format/Vertical	No. of stores	Deadline
Tanishq	Jewellery Retail	17	Dec-10
Max	Fashion Apparel Retail	60	2011-2012
Micro Star International India	Technology	80	2010

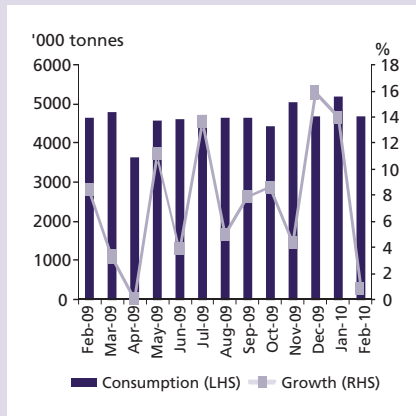
Source: Company announcements

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



Source: CMIE

Finished steel consumption



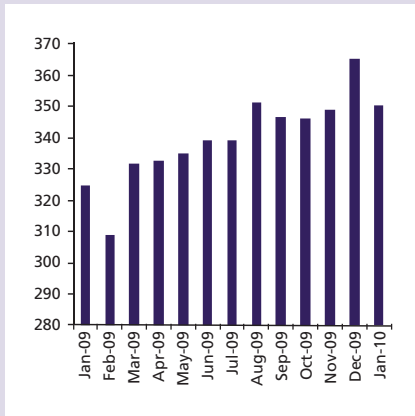
Source: CMIE

STEEL INDUSTRY

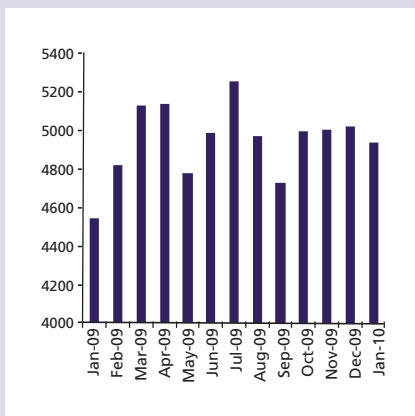
Highlights

- The Cabinet Committee on Economic Affairs approved the proposal for raising additional equity by the Steel Authority of India Ltd (SAIL) to the extent of 10% of the paid up equity. It also approved disinvestment of a portion of Government of India's holding in SAIL by an extent of 10% in two tranches through offer for sale and further public offering (FPO). After the execution of both tranches, public shareholding in SAIL will increase to 31.0% from the present level of 14.2%.
- Major steel producers like SAIL, JSW and Essar have increased prices by up to Rs 2,500 a tonne due to rising input costs of iron ore and coking coal. This move is likely to result in an increase in the prices of automobiles and consumer durables.
- ArcelorMittal, the world's largest steel manufacturer, purchased additional 4.9% stake in Uttam Galva Steel, for an estimated value of Rs 7 to Rs 8 billion, resulting in ArcelorMittal holding a total stake of 33.7% in the Indian steel company.
- Pohang Iron and Steel Company (Posco), a Korean steel company, entered into an in-principle agreement to tie up with SAIL for a steel project with a production capacity of 3 million tonne at Bokaro in Jharkhand which is likely to cost upwards of Rs 150.0 billion.
- JSW Steel Ltd, India's third largest steel maker, plans to invest around Rs 250.0 billion in order to expand its manufacturing capacity at its Bellary plant in Karnataka to 16 million tonne over a period of three years.
- JSW Steel plans to more than double its retail presence in the next financial year to offer branded steel products. The company plans to increase its stores to about 400 to benefit from rising demand for steel products.
- Tata Steel Ltd reported 18% (y-o-y) growth in sales to 6.17 million tonnes (mt) during the fiscal year 2010, as compared to 5.23 mt in fiscal 2009.

Spun yarn production ('000 tonnes)



Fabrics production (Million sq.metres)



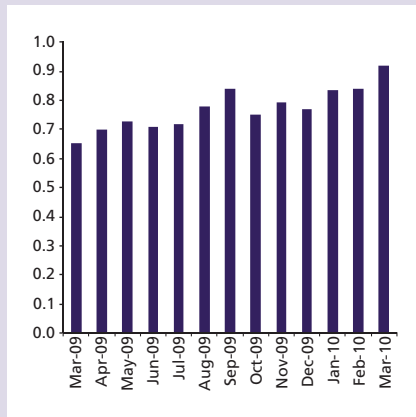
Source for all the above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

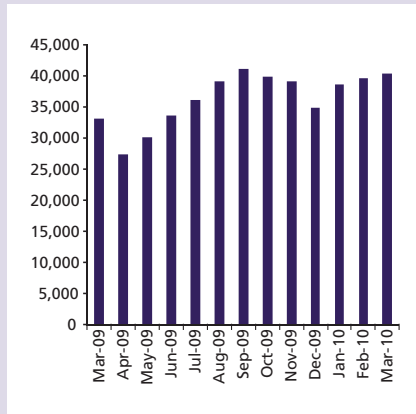
- The Government plans to take measures to protect the handloom and garments manufacturers against yarn prices which have shot up steeply in the last three months due to speculative commodity futures trading and an increase in exports to countries such as Bangladesh, Korea and China. The Union Textile Minister announced the setting up of a 'Chennai haat' on the lines of the 'Delhi haat', within a year or two, where traditional industries craftsmen will be able to display their products.
- Two major apparel brands, Van Heusen and Arrow, have come up with 100% organic garments made of cotton, linen and natural dyes, to make products eco-friendly and increase awareness among the customers. Ekru, Kolkata-based Indian ethnic wear brand, plans to expand its range of apparels made from chemical and pesticides-free fibres, in order to tap a major portion of the eco-friendly apparel market. Ekru wants to expand its retail business this year by doubling its number of outlets to 40 in both exclusive and multi-brand characteristics.
- Forbes Brand is planning to enter the men's leisure wear market, comprising bermudas, shorts, pajamas and shirts, in the next 6 months. The company entered the men's innerwear segment with the launch of its Facit Brand which will be made available across 5,000 retail stores and 300 shop-in-shops, across 25 cities, in the first year of operations. Forbes also plans to start its first exclusive brand outlet in Mumbai by July and wants to increase the number to 15 within a year.
- Indian Terrain expects to triple its sales in the next five years by opening new stores and increasingly penetrating into the Tier 2 and 3 cities. The company plans to increase its exclusive stores to 100 from current 45 in the next two years. By the end of 2010, the company plans to launch dress pants for formal wear which will be followed by accessories.
- Bain Capital is in the process of buying an undisclosed stake in Liliput Kidswear for Rs 3.5 billion. Liliput would be using the money to expand its stores and product portfolio. Liliput is also in the process of opening 'Liliput World' stores which will comprise soft toys, baby walkers, footwear, feeders and other accessories in addition to clothing for children.

Two-wheeler: Domestic sales (in million)



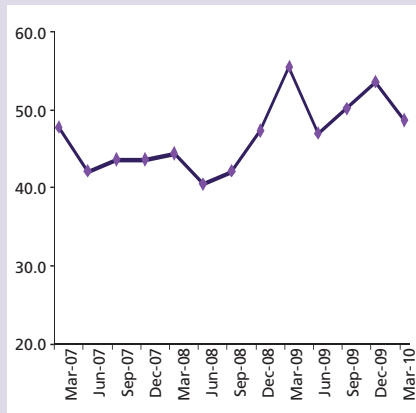
Source: CMIE

Three-wheeler: Domestic sales (Nos.)



Source: CMIE

Two & three wheelers: Investment scenario* (Rs bn)



*Outstanding investments

Source: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- Fiscal 2010 ended with a 40.7% increase in domestic sales of two-wheelers in March. Sales of all the three segments - motorcycles, mopeds and scooters recorded y-o-y growth in this period. For the year 2009-10, domestic two-wheeler sales posted growth of 26% to 9.3 million units.
- In March, exports of two-wheelers rose sharply by 40.1% to 97,395 units; cumulative exports during 2009-10 increased by 13.5% to 1.1 million units.
- In April, India Yamaha Motor launched the YBR 110, an entry level motorcycle, at a price of Rs 41,000 (ex-showroom, Delhi). The company currently has the following three offerings in the entry segment – Crux, Alba and G5, priced at Rs 34,990- 43,380. In the deluxe and premium segments, the company targets to expand its market share to 20% by the end of 2010 from 12% currently.
- US bike maker Harley-Davidson appointed the first batch of five dealers in India. It looks to start bookings of bikes by April. The company will offer 12 bike models from its 2010 line-up, and the bikes are likely to be priced at Rs 6.95-34.95 lakh (ex-showroom, Delhi).
- Domestic sales of three-wheelers grew by a robust 21.8% to 40,340 units in March. Cumulatively, domestic sales increased by 25.9% to 0.4 million units during 2009-10. While sales of passenger carriers grew by 30.2%, those of goods carriers grew by 11.6% during this period.
- Exports of three-wheelers also recorded healthy growth in 2009-10; they grew by 17% to 0.17 million units.

Two-wheeler sales

Segments	Mar-10		2009-10	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	708,349	35.7	7,341,139	25.9
Mopeds	53,010	23.0	564,584	30.9
Scooters	158,774	83.0	1,462,507	27.4
Electric vehicles	0	n.a.	3,001	-88.7
Total domestic	920,133	40.7	9,371,231	26.0
Exports	97,395	40.1	1,140,184	13.5
Total	1,017,528	40.6	10,511,415	24.5

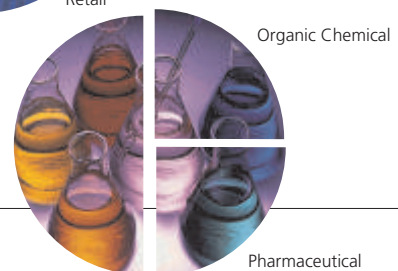
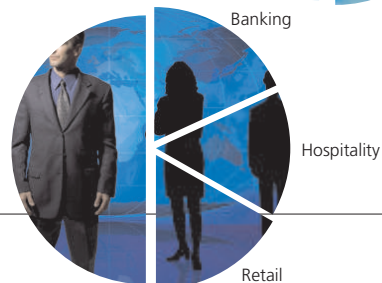
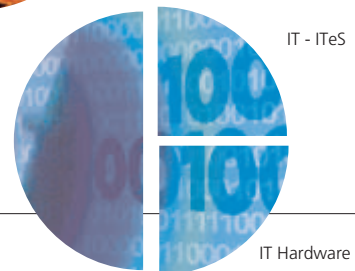
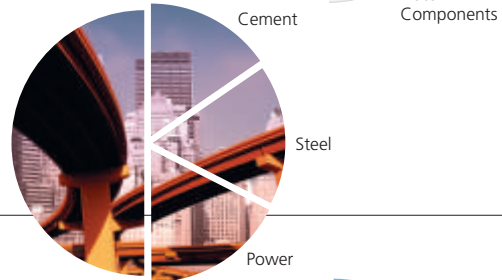
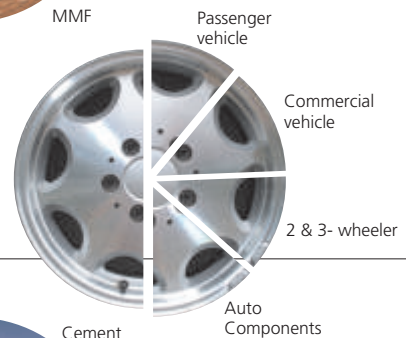
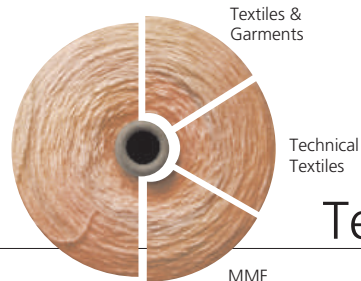
Source: CMIE

Three-wheeler sales

Segments	Mar-10		2009-10	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Passenger carriers	30,462	15.7	349,662	30.2
Goods carriers	9878	45.8	90,706	11.6
Total domestic	40,340	22	440,368	25.9
Exports	16,511	114.2	173,282	17.0
Total	56,851	39.3	613,650	0.9

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