



Industry cursor

Strictly for Private Circulation

Issue 32 | April 2011

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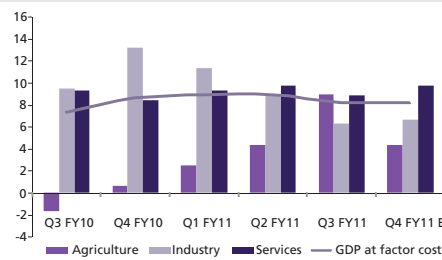
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MACROECONOMIC UPDATE

Highlights

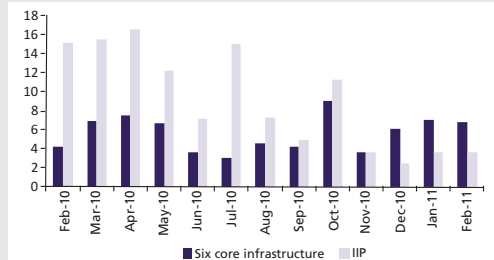
- The Index of Industrial Production (IIP) for February 2011 grew by 3.6% (y-o-y). The indices for the mining, manufacturing and electricity sectors grew by 0.6%, 3.5% and 6.7% respectively for the same period.
- The WPI-inflation stood at 8.9% (y-o-y) for the month of March 2011 as compared to 10.2% for March 2010. Build-up inflation in the financial year so far was 8.9% as compared to a build-up inflation of 10.2% in the corresponding period of the previous year.
- The Repo and the Reverse Repo rates under the Liquidity Adjustment Facility (LAF) increased by 25 basis points each to 6.75% and 5.75% respectively in the mid-quarter review of the Monetary Policy held in March 2011.
- India's current account deficit moderated to US\$ 9.7 billion during Q3 FY11 as compared to US\$ 16.8 billion during Q2 FY11.
- Net claim of non-residents on India as reflected by the net International Investment Position (International Assets – International Liabilities) stood at US\$ 221.1 billion as at end-December 2010, recording an increase of US\$ 18.2 billion as compared to the previous quarter.

GDP: Growth (%)



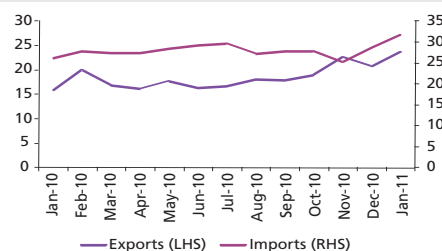
E: D&B estimate
Source: CSO

IIP and core infrastructure: Growth (%)



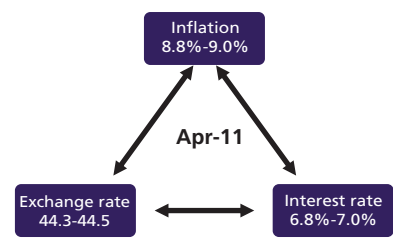
Source: Ministry of Commerce, CSO

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



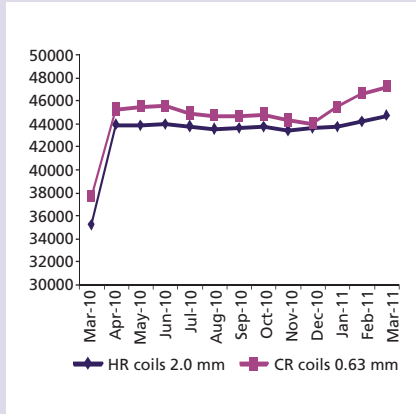
Source: Ministry of Commerce

Macroeconomic triad (forecast)



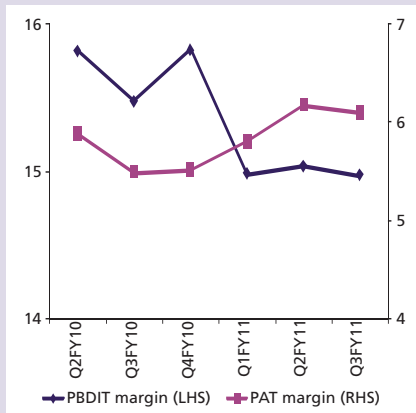
Note: Exchange rate: INR/US\$
Interest rate corresponds to yield on T-Bills 15-91 days
Source: D&B Industry Research Service

Steel prices (Mumbai) (₹/tonne)



Source: CMIE

Industry: Profit margins (%)



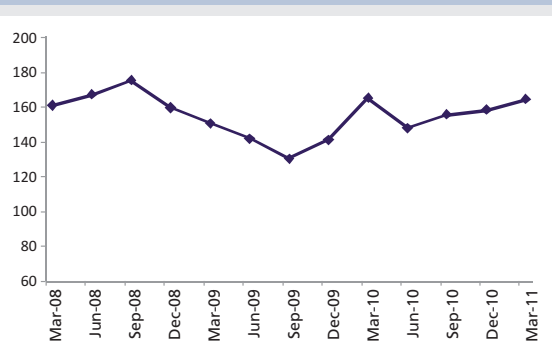
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E);
Net profit: PAT net of P&E
Source: CMIE

AUTO COMPONENTS INDUSTRY

Highlights

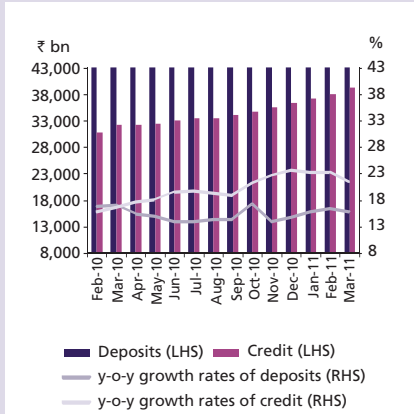
- Steel Strip Wheels bagged a contract from European carmaker Volkswagen to supply 100,000 wheels per annum. The contract is valued at over Euro 1.7 million per annum and it is expected to run for five years. The wheel rims are to be supplied to Volkswagen's commercial vehicle manufacturing plants in Germany and Argentina. In April, the company also received an export order for the supply of over 30,000 wheels to KFZ, Austria, a part of the Alcar Group, during 2011. The deal is valued at Euro 0.3 million.
- Mahle Filter Systems India, a joint venture between MAHLE Group of Germany and the Anand Group, opened its second plant at Parwanoo in Himachal Pradesh in March. The new plant, with a proposed installed capacity of 22 million filters per annum, will cater to a new product range and service the requirement of the company's existing and new customers such as Ashok Leyland, Tata Motors, M&M, GM and Bosch. It will also supply to the replacement market in India and overseas.

Auto Components: Investment scenario* (₹ bn)



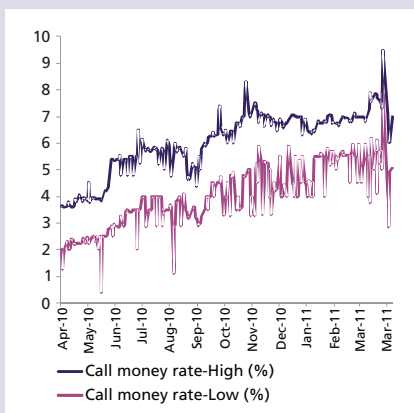
*Outstanding investments
Source: CMIE

Deposits, credit and growth rates



Note: Data for Mar 11 is up to Mar 25, 2011

Movement in call money rates (%)



Note: Call Rates for Apr 11 are up to Apr 11, 2011

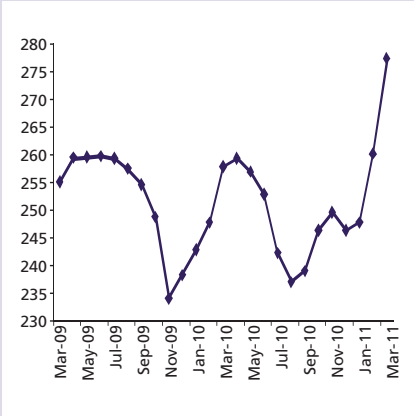
Source for all above charts: RBI

BANKING INDUSTRY

Highlights

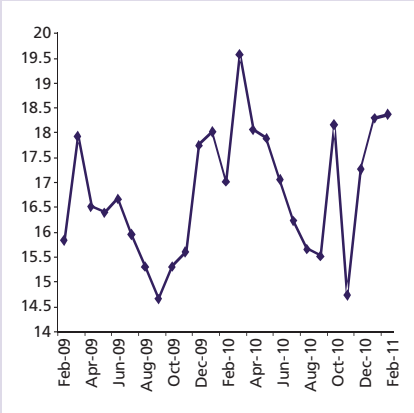
- The Finance Ministry extended the deadline to banks for compliance to its directive, to put in place a system allowing identification of NPAs without human interference, using technology. The initial deadline of March 31, 2011 has been extended by six months to September 30, 2011.
- IndusInd Bank plans to acquire the credit card business of Deutsche Bank's Indian operations for around ₹ 2.24 billion. As part of the deal, IndusInd Bank would take over the operating platform of the card franchise, including technology and staff.
- IDBI Home Finance received approval from the Ministry of Corporate Affairs to merge with IDBI Bank.
- Bank of Baroda (BoB) allotted 27 million shares to the Government of India on a preferential basis, resulting in a capital infusion of ₹ 24.61 billion. As a result of the allotment, the Government's holding in the bank has increased to 57.03% from 53.81% earlier.
- State Bank of India (SBI) raised ₹ 54.9 billion through retail bonds to fund its expansion plans.
- State Bank of Mysore raised its base rate and Benchmark Prime Lending Rate (BPLR) by 25 basis points each to 9.00% and 13.75%, respectively.
- SBI revised the interest rates for deposits by Non-Resident Indians (NRIs) across maturities and currencies. Under the revised rate structure, deposits in foreign currencies by NRI deposits was raised by 26 basis points, while the rates for deposits in Indian rupee was brought down marginally.
- Standard Chartered Bank launched an SME Banking World Debit Card, to provide cash management services to SME customers. This debit card would be available to all SME customers having a transactional account with the bank.
- Kotak Mahindra Bank launched Interbank Mobile Payment Service (IMPS), which will allow customers to avail of funds transfer facility at any time of the day.
- Corporation Bank launched a Mobile Wallet service, which allows customers to make purchases using a mobile. The service is free for customers of Corporation Bank and can be availed by transferring up to ₹ 5,000 from a savings or current account to the mobile wallet.
- Lakshmi Vilas Bank announced the implementation of a financial-inclusion drive in Tamil Nadu, under which it plans to cover 53 villages across the state through its 42 branches and banking correspondents.

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



Source: CMIE

Cement consumption (mn tonnes)



Source: CMIE

CEMENT INDUSTRY

Highlights

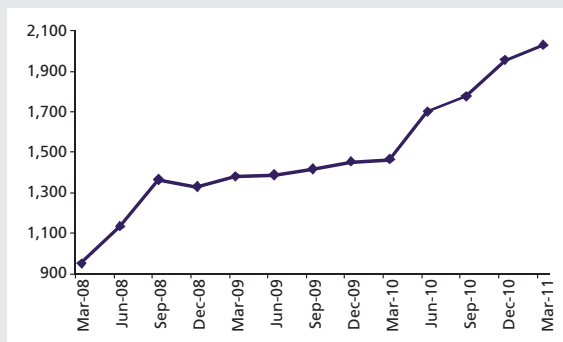
- The recent rise in cement prices has led to a decline in demand. Thus, Indian cement companies plan to offer discounts on sales in select regions. The price correction is expected to be about ₹ 5-15 for a 50-kg bag in the northern, central and western regions.
- India Cement Ltd signed a Memorandum of Understanding (MoU) with the Government of Karnataka for a cement project in Chincholi, Gulbarga district (Karnataka). The cement project involves an outlay of ₹ 8.5 billion and will provide employment to about 175 people.
- Zawar Cement Pvt Ltd and Jaiprakash Associates Ltd formed a joint venture JP Cement Corporation Ltd, to execute a clinker capacity expansion project in Bankur, Gulbarga district. The project will entail an investment of ₹ 31.8 billion. The JV plans to expand the clinker capacity of its existing plant at Bankur from 0.5 million tonnes per annum (mtpa) to 6.0 mtpa.

Cement production and despatches

Parameters	Feb-11		Apr10-Feb11	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	18.5	6.7	188.9	4.3
Despatches	18.4	7.4	187.9	4.3

Source: CMIE

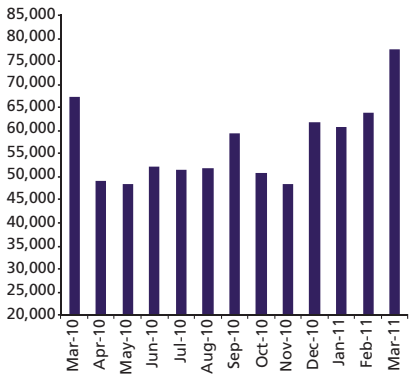
Cement: Investment scenario* (₹ bn)



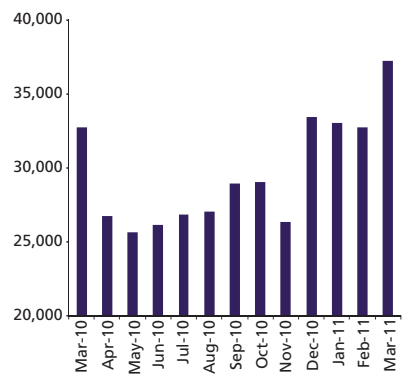
*Outstanding investments

Source: CMIE

M&HCV: Domestic sales (Nos.)



LCV: Domestic sales (Nos.)



Source for all above charts: CMIE

COMMERCIAL VEHICLE INDUSTRY

Highlights

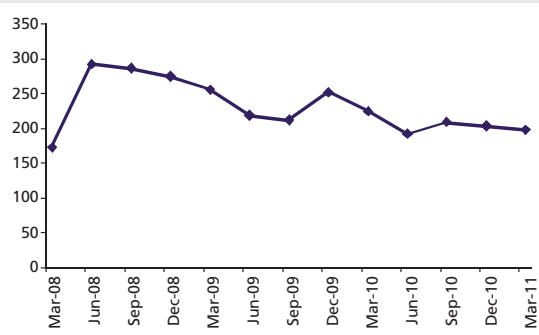
- Ashok Leyland Defence Systems Ltd, a newly formed arm of Ashok Leyland, entered into a tie up with Krauss-Maffei Wegmann GmbH and Co KG, Germany to co-operate in developing advanced defence systems for Indian defence establishment as well as other defence forces worldwide. The scope of the partnership includes scope in development of artillery systems, combat systems, armoured wheeled vehicles, recovery vehicles, bridge laying systems and other similar products.
- Ashok Leyland and Nissan Motors of Japan launched a new light commercial vehicle (LCV) under the brand name of Ashok Leyland – DOST. The Ashok Leyland – Nissan joint venture would be investing ₹ 25 billion for setting up a factory near Chennai to manufacture LCVs.
- As part of its strategy to make its products more affordable in India, MAN Force Trucks, a 50:50 JV between Force Motors and MAN Nutzfahrzeuge AG of Germany, intends to trim some features on its range of trucks.
- Volvo Buses India, the Indian arm of Swedish bus maker Volvo Bus Corp is likely to make a foray into the used bus business, in a bid to tap greater opportunities in the growing Indian market.

Commercial vehicle sales (Nos.)

Segments	Mar-10	Mar-11	y-o-y growth (%)	FY10	FY11	y-o-y growth (%)
M&HCV	34,570	40,466	17.1	244,944	322,788	31.8
LCV	32,782	37,222	13.5	287,777	353,620	22.9
Total domestic	67,352	77,688	15.3	532,721	676,408	27.0
Exports	5,766	8,479	47.1	45,009	76,297	69.5
Total	73,118	86,167	17.8	577,730	752,705	30.3

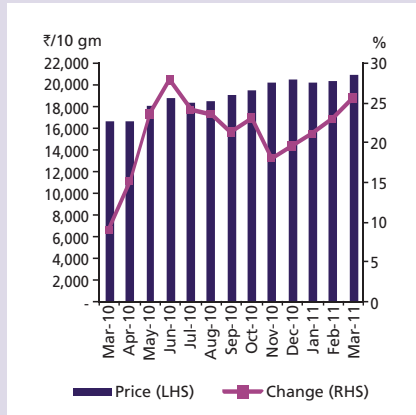
Source: CMIE

Commercial vehicles: Investment scenario* (₹ bn)

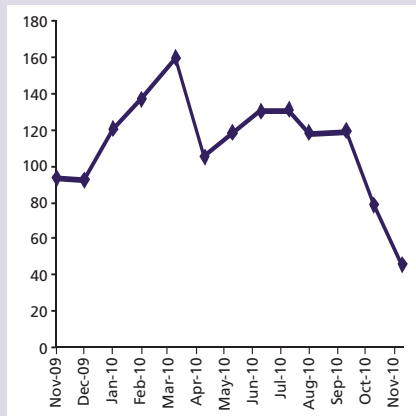


*Outstanding investments
Source: CMIE

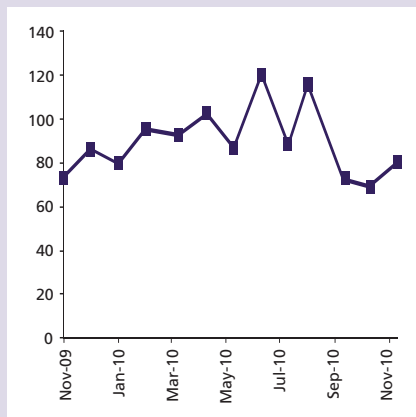
Gold prices in Mumbai market



Gems & jewellery exports (₹ bn)



Gems & jewellery imports (₹ bn)



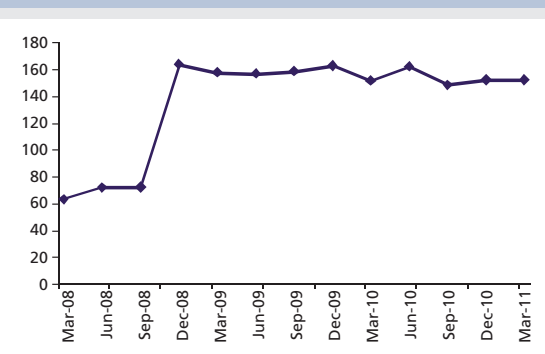
Source for all above charts: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

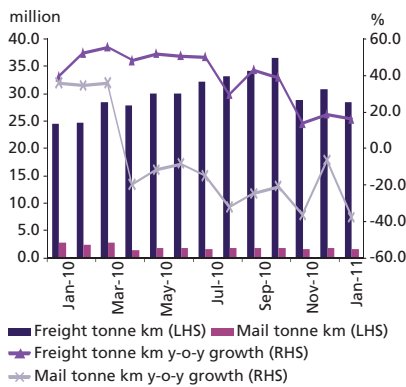
- Responding to the feedback received from potential applicants and other interested parties, the DTC and DTC Botswana have decided to lower their minimum diamond utilisation thresholds. The diamantaires now need to demonstrate total rough diamond utilisation of at least US\$ 50 million over the course of the past three years (2008-2010), comprising a minimum utilisation of US\$ 20 million in 2008 and 2010, and a minimum utilisation of US\$ 10 million in 2009.
- Warburg Pincus India Pvt Ltd exited its five year old investment in Vaibhav Gems Ltd with sale of its entire 28% stake. The firm sold its stake for ₹ 184 million (around US\$ 4 million) against the purchase cost of ₹ 2.47 billion.
- According to a study conducted by the World Gold Council, by 2020, cumulative annual demand for gold in India will increase by more than 1,200 tonnes (approximately ₹ 2.5 trillion at current price levels).
- Kolkata-based Shree Ganesh Jewellery House Ltd, through its in-house retail brand Gaja, plans to invest ₹ 1 billion over the next two years to consolidate its jewellery retail business. The company plans to open additional 6-8 jewellery stores by the end of this year in Chandigarh, Ludhiana, Mangalore, Pune, Siligudi etc.
- Gitanjali Gems Ltd acquired Giantti Italia, an Italian jewellery chain, for a consideration of US\$ 15 million. The company expects this acquisition to help it to penetrate into markets where other Indian brands could not make a mark.
- Tanishq plans to open 15 new outlets across the country by FY12. The company plans to invest around ₹ 1.5-2.0 billion to open outlets spanning an area of 3,000-20,000 sq. ft.

Gems and Jewellery: Investment scenario* (₹ bn)



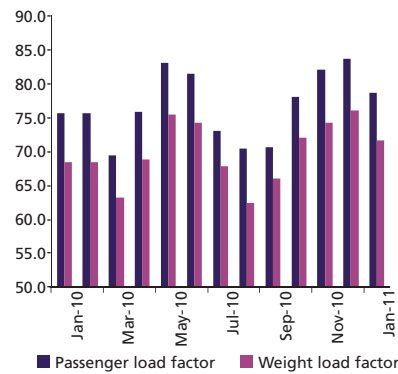
*Outstanding investments
Source: CMIE

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



Source: CMIE

Civil aviation: Load factor (%)



Source: CMIE

HI-TECH INDUSTRY

Highlights

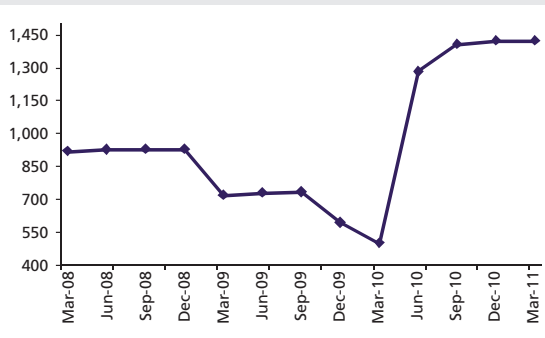
- SpiceJet Ltd, a budget carrier, plans to launch a regional carrier which will help connect the smaller towns with metro cities in South India. The airline carrier placed an order for 15 Bombardier Q400 turboprop aircrafts, which provides accommodation to approximately 70-80 people.
- MDLR Airlines Pvt Ltd, a regional carrier which shut its operations in 2009, plans to resume services in the coming six months under the brand name Jet Sapphire.
- The Bureau of Energy Efficiency (BEE), a GoI set up with the primary objective of reducing energy intensity of the Indian economy, disclosed a voluntary endorsement label - BEE STAR Ver 1 - for notebooks, computers and laptops. The purpose of this endorsement labelling is to indicate to the consumer that the product saves more energy than similar products in that particular category.
- LG Electronics India Pvt Ltd plans to invest approximately ₹ 8 billion in order to expand the company's manufacturing facilities in Pune and Greater Noida. The company has also allotted a sum of ₹ 7 billion during the current financial year towards conducting marketing and promotional activities to increase brand sales. To grasp the increasing demand for 3D entertainment, LG Electronics plans to launch 3D televisions with enhanced technological standards in India by May 2011.
- With the onset of increasing demand for newer and advanced television sets in the market, LG Electronics India Pvt Ltd aims to capture the market by providing endless options of entertainment, with quality of content being the key differentiating factor. The company aims to offer a strategic mix of global as well as India specific contents. The company thus plans to introduce a new interactive entertainment product, 'Smart TV'. This entertainment product allows for access to thousands of movies, customisable applications, videos and the ability to browse the web through an easy to navigate interface. The 'Smart TV' will be available in 14 stock keeping units (SKUs) from 32" to 55" with a price range of ₹ 43,000 to ₹ 0.2 million.

Civil aviation: Airport traffic statistics (January 2011)

Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)
Domestic traffic	94,691	7.5	9,450,682	19.0	70,095	19.4
International traffic	26,193	7.7	3,491,540	7.4	121,035	15.9
Total airport traffic	120,884	7.5	12,942,222	15.7	191,130	17.2

Source: CMIE

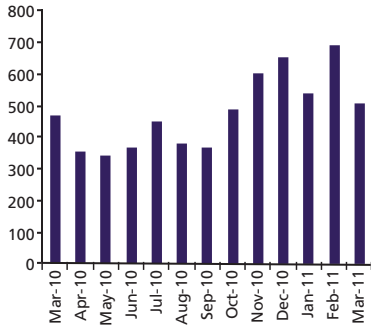
Consumer electronics: Investment scenario* (₹ bn)



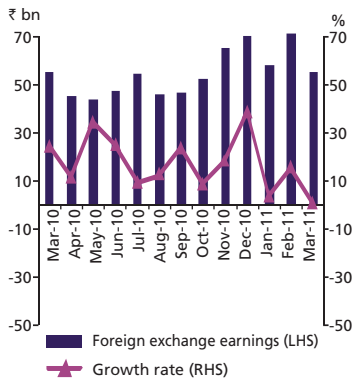
*Outstanding investments

Source: CMIE

Foreign tourist arrivals in India ('000 nos.)

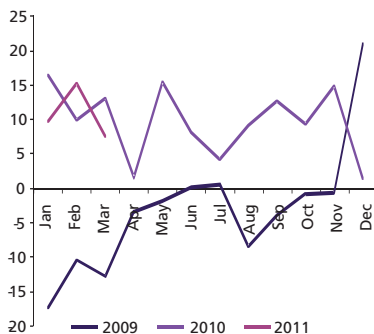


Foreign exchange earnings



Source for all above charts: Ministry of Tourism

Growth in foreign tourist arrivals (%)



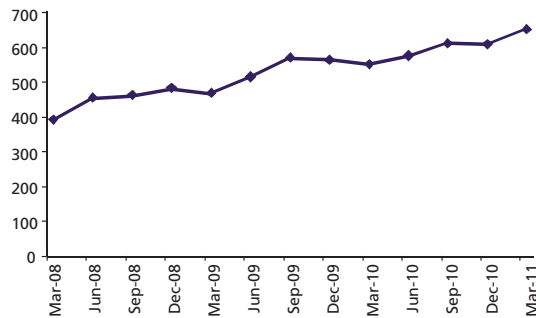
Source: CMIE

HOSPITALITY INDUSTRY

Highlights

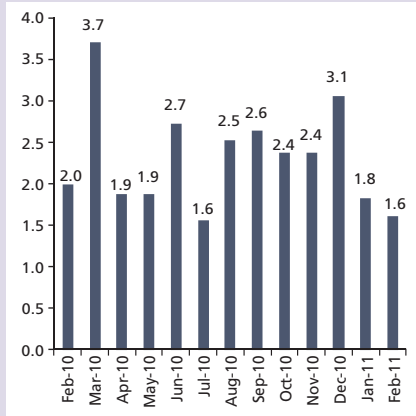
- Accor, the international hospitality chain plans to operate 90 hotels in the country by 2015. Out of these, nine are already in operation and an additional 21 hotels will open by 2012. The company also plans to launch three new brands in the country in 2011.
- InterContinental Hotels Group entered into a joint venture with Duet India Hotels Group to develop its Holiday Inn Express brand in India. InterContinental will have a 24% stake in the joint venture and will invest US\$ 30 million.
- Kamat Hotels India Ltd merged its Kamat Restaurants and Lotus Resorts units in Murud and Goa with itself.
- As part of its major expansion strategy in South Asia, Chatwal Hotels entered into an agreement with Wyndham Hotel Group to set up 50 new hotels in India in the next five years.
- With an aim to tap the growing opportunity in the domestic market, the Hilton Group plan to open 10 new hotels in India in the next two years.
- Hotel Leelaventure Ltd plans to enter the Maldives and Mauritius market in FY12 through management contracts. The company is in the process of launching a mid market segment brand in India.
- With an aim to de-risk the hotel business, ITC Hotels plans to make a foray into retail mall and service apartments. The company's new mega hotel projects would consist of a luxury retail space and service apartments.

Hospitality: Investment scenario* (₹ bn)



*Outstanding investments
Source: CMIE

Domestic computer hardware & peripheral production (₹ bn)



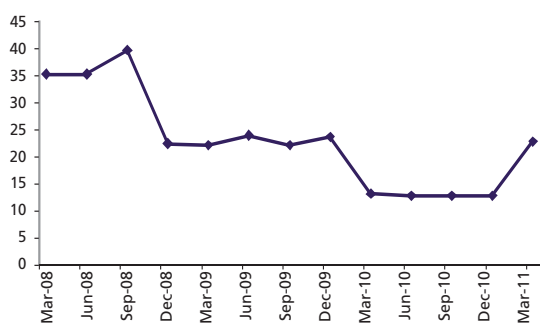
Source: CMIE

IT HARDWARE INDUSTRY

Highlights

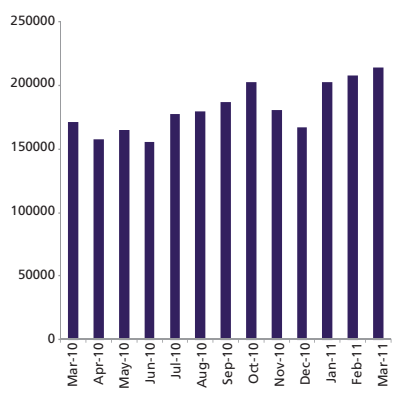
- HCL Infosystems bagged a project to provide broadband connectivity to the Indian Railways. HCL will be a turnkey provider of ADSL 2+ Broadband Network on Indian Railways' enterprise Wide Area Network.
- To enhance energy efficiency in notebook computers and laptops, the Bureau of Energy Efficiency (BEE) launched a voluntary endorsement label — BEE STAR Ver 1. The label will indicate that the product is among the most energy efficient models available in the country. The BEE standards are based on United States Energy version 5 guidelines. BEE plans to cover entire range of IT products under its label in a phased manner.
- Nokia plans to launch its all-in-one smart phone Nokia E7 in the Indian market. E7 will be available for ₹ 35,000 per handset.
- HCL Infosystems made a foray into the tablet PC market. The company launched ME range of tablet with localised content running on Google's Android operating system with a price range between ₹ 14,990 and ₹ 32,990.
- Lenovo India launched a new range of personal computers (PCs) for 2011. Lenovo is the first company in India to launch PCs powered by Intel's 'Huron River platform'.
- With an aim to provide easy financing options to its enterprise, public sector and small and medium business customers, Dell has entered into an agreement with financial services provider Macquarie. Dell Financial Services India will provide financing option for its products in India.

Computers, peripherals & storage devices: Investment scenario* (₹ bn)

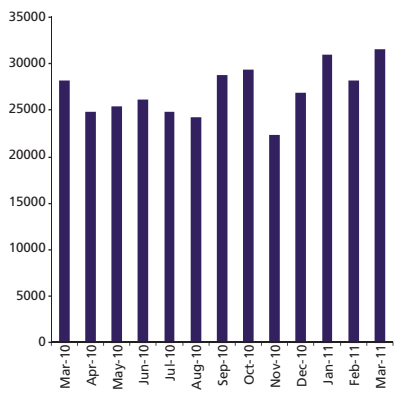


*Outstanding investments
Source: CMIE

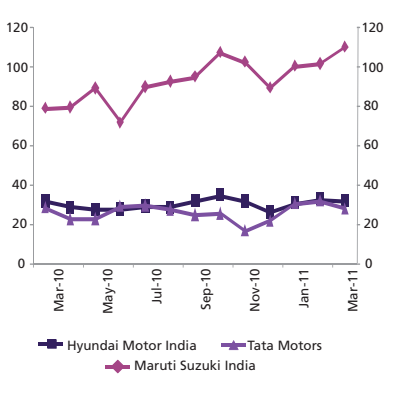
Passenger cars: Domestic sales (Nos.)



Utility vehicles: Domestic sales (Nos.)



Trend in car sales of top 3 companies ('000 nos.)



Source for all above charts: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

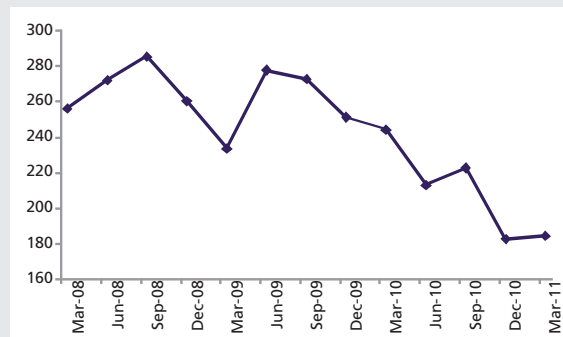
- The year 2010-11 ended on a positive note, with domestic sales of passenger cars and multi-utility vehicles (MUVs) recording healthy y-o-y growth of 25.4% and 11.7%, respectively in March. Cumulative sales during FY11 were higher by 30.8% for cars and 18.9% for MUVs.
- Exports of passenger vehicles peaked to 0.45 million units during FY11. However, the growth rate slowed down to 1.6%, after the double-digit growth recorded for four successive years.
- Carmakers are once again increasing vehicle prices, citing rising input costs. In April, Maruti Suzuki India hiked prices by 0.2-2.4%. Other companies which increased prices include Tata Motors (by up to ₹ 36,000), Honda Sael Cars India (2-3%), Mahindra & Mahindra (1.5-2%), Toyota Kirloskar Motor (1-1.5%) and Nissan Motor India (by up to ₹ 11,170).
- The super luxury car segment is witnessing heightened action. In April, British carmaker Bentley launched a 4-seater coupe of its Continental GT luxury sedan at a price of ₹ 19 billion (ex-showroom, New Delhi). Italian luxury sports carmaker Maserati entered India with its Quattroporte sedan, GranTurismo coupe and GranCabrio convertible, that will be priced at ₹ 12.0-14.3 million (ex-showroom, New Delhi). Audi launched its two-seater sports car R8 Spyder, priced at ₹ 14.7 million (ex-showroom, Maharashtra). Lamborghini showcased its super sports car Aventador LP 700-4, which will be delivered from the third quarter of 2011, at an expected price of ₹ 16 million.

Passenger vehicle sales (Nos.)

Segments	Mar-10	Mar-11	y-o-y growth (%)	FY10	FY11	y-o-y growth (%)
Mini	7,472	11,622	55.5	63,378	96,917	52.9
Compact	113,287	139,619	23.2	1,128,977	1,449,361	28.4
Mid-size	28,796	36,216	25.8	276,294	366,186	32.5
Executive	5,072	4,869	-4.0	46,437	52,143	12.3
Premium	1,393	1,640	17.7	11,898	16,172	35.9
Luxury	125	233	86.4	1,353	1,923	42.1
MPV	15,241	20,058	31.6	150,256	213,507	42.1
Passenger cars	171,386	214,257	25.0	1,678,593	2,196,209	30.8
Multi-utility vehicle	28,268	31,584	11.7	272,740	324,212	18.9
Domestic sales	199,654	245,841	23.1	1,951,333	2,520,421	29.2
Exports	40,281	51,097	26.9	446,145	453,479	1.6
Total sales	239,935	296,938	23.8	2,397,478	2,973,900	24.0

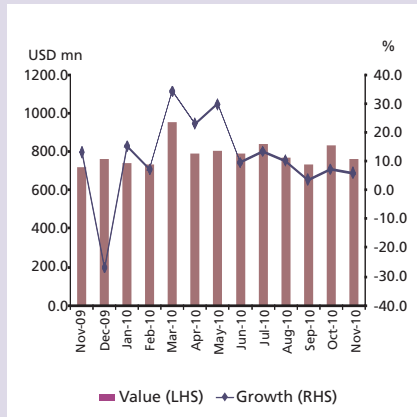
Source: CMIE

Passenger vehicles: Investment scenario* (₹ bn)



*Outstanding investments
Source: CMIE

Trend in drugs and pharmaceuticals exports



Source: CMIE

PHARMACEUTICAL INDUSTRY

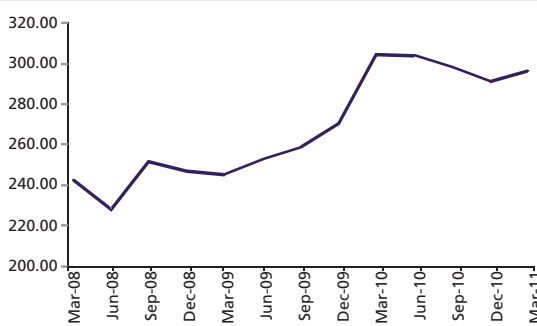
Highlights

- Dr Reddy's Laboratories acquired the US penicillin manufacturing facility of GlaxoSmithKline Pharmaceuticals Ltd and also the rights to the Augmentin and Amoxil brands, used for treating bacterial infections, in the United States.
- US-based healthcare firm Merck & Co., Inc and India-based Sun Pharmaceuticals entered into a joint venture to develop, manufacture and commercialise new combinations and formulations of innovative, branded generics in the emerging markets.
- Glenmark Pharmaceuticals entered into a ten-year licensing agreement to distribute the anti-aging cosmeceutical range of products of Canada-based Immanence-IDC in eight countries, including India, Brazil, Mexico, South Africa, Egypt, Vietnam, Malaysia and Thailand.
- Hindustan Antibiotics Ltd plans to invest ₹ 400 million to increase its manufacturing capacity of intravenous fluid to 24 million bottles from its present operational capacity of 12 million bottles.
- New Jersey-based Promius Pharma, a wholly-owned subsidiary of Dr Reddy's Laboratories Ltd, signed a collaborative pact with Valeant Pharmaceuticals International Inc to acquire the rights to manufacture, distribute and market Cloderm cream, used to treat skin diseases in the US.

Global News

- Pfizer Inc and Kohlberg Kravis Roberts & Co L.P. a private equity firm, entered into an agreement whereby an affiliate of KKR will acquire Pfizer's Capsugel business for US\$ 2.3 billion in cash. Capsugel is a world leader in hard capsules and an innovator in drug-delivery systems.

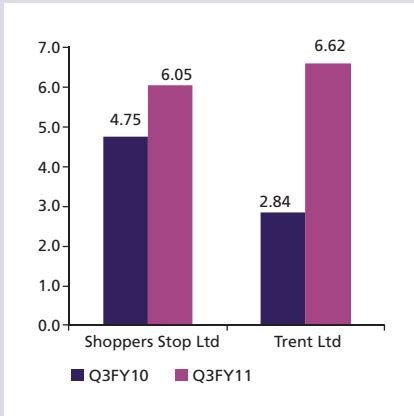
Drugs & pharmaceuticals: Investment scenario* (₹ bn)



*Outstanding investments

Source: CMIE

Net profit margin (%)



Source: CMIE

RETAIL INDUSTRY

Highlights

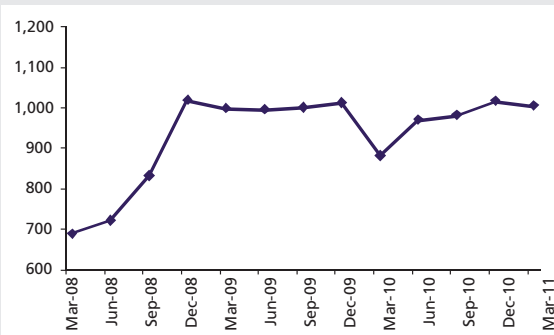
- Bicycle maker Hero Cycles tied up with Future Group's Pantaloon Retail India Ltd (PRIL) to sell its high-end bicycles at PRIL's Planet Sports outlets along with other shop-in-shop formats within other retail points of the Future Group such as Central, Pantaloons, Brand Factory and Sports Warehouse across all metros and tier one cities.
- Shopper's Stop Ltd, which recently extended its presence to Pune, plans to invest ₹ 4.5 billion and set up additional 22 centres across the country by April 2015.
- Arvind Ltd plans to invest Rs 600 million to expand the number of Megamart stores from the present 175 to 300 by December 2012.
- Future Group, India's leading retail business house with presence across the consumption sector, is entering into the personal care segment with a range of deodorants. The company plans to extend the youth apparel brand 'DJ&C' into the personal care segment and products in men's grooming category under the John Miller Brand. Both these brands cater to different sectors - while John Miller aims at catering to office goers, DJ&C will reach out to college goers.
- Turtle Ltd, a company with primary focus on men's readymade shirts, plans to expand its product portfolio. The company plans to launch shoes, and also plans to engage four more captive units in the country to enjoy the flexibility to manufacture different varieties and also cater to some select overseas markets, such as Dubai.

Major expansion plans of retailers

Company	Format	No. of stores	Deadline
Essar Steel Ltd	Hyper-mart outlets - Steel products	60	Dec-12
ITC	Retailer brands	25	Aug-12
Tommy Hilfiger	Retailer	100	Apr-13

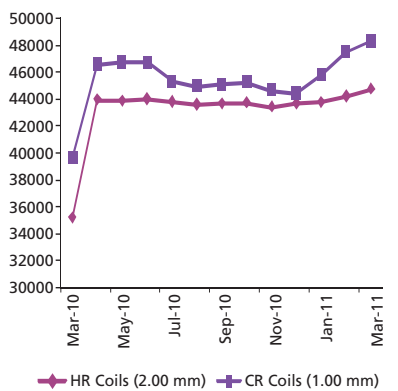
Source: Company announcements

Retail trading: Investment scenario* (₹ bn)



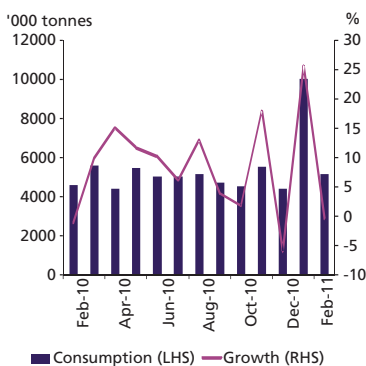
*Outstanding investments
Source: CMIE

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



Source: CMIE

Finished steel consumption



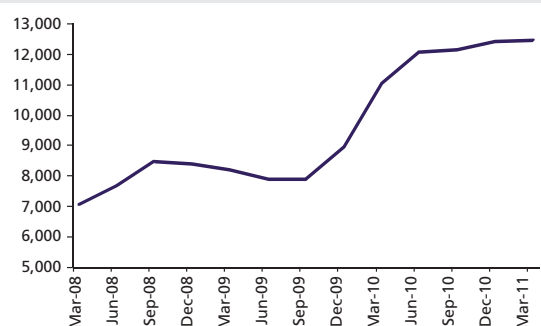
Source: CMIE

STEEL INDUSTRY

Highlights

- The Ministry of Steel approved an investment of Rs 100 billion for building a hi-tech steel making facility in Steel Authority of India Ltd's (SAIL) Jagdishpur unit.
- Jindal Saw Ltd, manufacturer of steel pipes, plans to invest approximately ₹ 1.5 to 2 billion towards acquiring a logistic firm that operates container trains and owns terminals at critical location with an aim to be India's only multi-modal logistics company which has its own terminals, its own rail operations and ships.
- With a view to meet the needs of the fast-growing auto and construction sectors, Essar Steel Ltd further increased HR (hot rolled) coil processing capacity at its Bahdurgarh (NCR) and Pune plants. The HR slitter facility will be complimented by narrow cut-to-length lines, which will provide high speed, high quality blanking of HR coils as desired by customers. With the commissioning of these facilities, Essar Steel will enhance its steel processing capacity at each of these centres to 400,000 tonnes a year.
- Sesa Goa, a leading producer and exporter of iron ore, acquired the assets of the upcoming steel plant of Bellary Steel and Alloys, for ₹ 2.20 billion in an all-cash deal in a competitive bidding process conducted by IFCI.
- Bhilai Steel Plant (BSP), a flagship entity of SAIL, secured an order to supply 6,500 tonnes of rails to Sri Lanka. The company will be exporting rails in 45E1 section and R260 grade to Sri Lanka, which has been made as per Euronorm specification EN 13674-4. A special roll pass designing was conducted for rolling of 45Kg/metre rail section, which is much smaller than the normal 52Kg/metre or 60Kg/metre sections being regularly rolled for Indian Railways.
- PSL FZE, a Sharjah-based subsidiary of PSL Limited, which is an India-based company engaged in pipe manufacturing, received a US\$ 80 million contract for the supply of bare line pipes to the Saline Water Conversion Corporation (SWCC) of Saudi Arabia.
- Essar Steel Ltd plans to increase its Hyper-mart outlets, which are the company's channels for retail sales of its steel products, from the current 500 outlets to 650 by 2011-12. The company earns approximately 35% of its earnings through its Hyper-mart outlets and is targeting sales of 0.15 million tonnes per month by 2011-12 as compared to the present 0.1 million tonnes.
- Tinsplate Company of India Ltd (TCIL) became a subsidiary of Tata Steel with effect from April 1, 2011, with Tata Steel increasing its shareholding in TCIL from 42.88% to 59.45%.

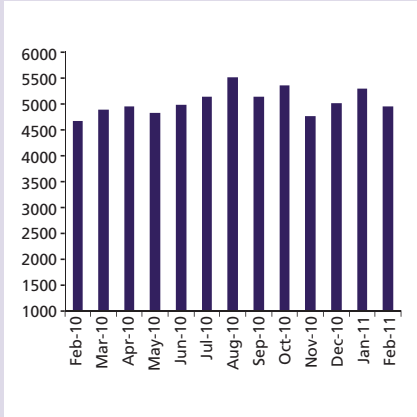
Steel: Investment scenario* (₹ bn)



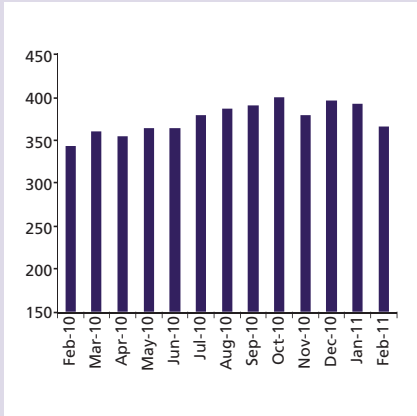
*Outstanding investments

Source: CMIE

**Fabrics production
(Million sq.metres)**



**Spun yarn production
(‘000 tonnes)**



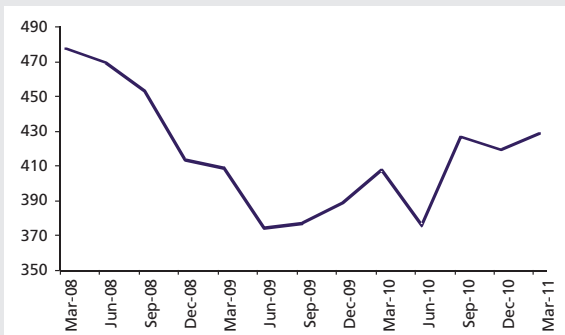
Source for all above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

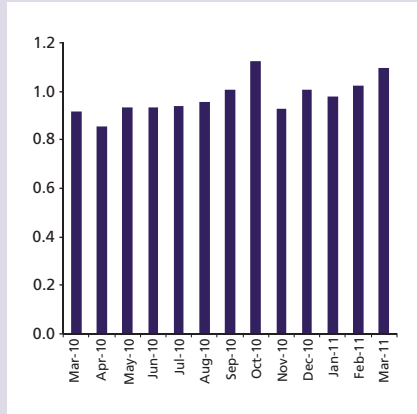
- The Government decided to increase the subsidy outlay and re-structure the Technology Upgradation Fund (TUF). The subsidy allocation for modernisation of the textiles industry for the current Plan ending 2012 has been increased from ₹ 80 billion sanctioned earlier, to ₹ 154 billion. Under the re-structured scheme, 5% interest subsidy and 10% capital sops would be provided on new looms.
- Raymond plans to invest ₹ 375 million during FY12 for opening 100 new stores in order to strengthen its presence in the Indian market.
- Jagannath Textile Company Ltd, Coimbatore-based textile manufacturer plans to set up 100 exclusive brand outlets for its men's innerwear brand Crusoe in the next five years at an investment of ₹ 500 million.
- In a bid to cash in on the growing demand from the healthcare and infrastructure sectors, National Textiles Corporation (NTC) announced its plan to foray into the manufacturing of technical textiles by investing ₹ 4.25 billion in association with a joint venture partner. NTC plans to transform itself from a single product (yarn) to a multi-product organisation – spinning, weaving, processing and garmenting. It intends to launch a new range of branded garments.

Textiles & Garments: Investment scenario* (₹ bn)



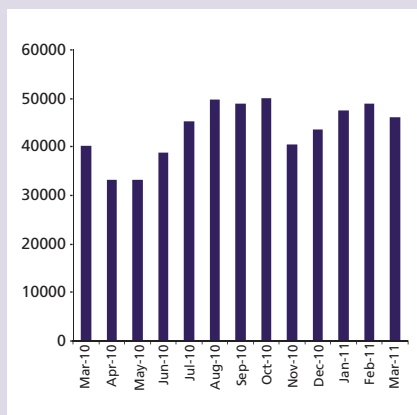
*Outstanding investments
Source: CMIE

Two-wheeler: Domestic sales (Million)



Source: CMIE

Three-wheeler: Domestic sales (Nos.)



Source: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- The year 2010-11 was an encouraging year for the two-wheeler industry, with all the three segments, namely motorcycles, scooters and mopeds recording double-digit growth in domestic sales. Overall domestic sales of two-wheelers surged by 25.8% in FY11.
- The industry exhibited strong performance on the export front as well. Cumulative exports of two-wheelers rose sharply by 35% to 1.5 million units in FY11.
- US premium motorcycle maker Harley Davidson launched its 1,200 cc superbike Forty-Eight in India, priced at ₹ 0.85 million (ex-showroom, Delhi).
- Honda Motors of Japan plans to introduce a 100 cc bike in India next year.
- Japanese two-wheeler major Yamaha plans to make a foray into the Indian scooter market by next year. The company plans to set up a separate body assembly line at its Surajpur plant in Uttar Pradesh for this purpose, at an investment of ₹ 100 million.
- Ludhiana-based cycle maker Hi-Bird Safari Group entered the electric two-wheeler market. The company plans to sell 10,000 e-bikes in one year. It has priced its two models between ₹ 27,000 and 28,900.

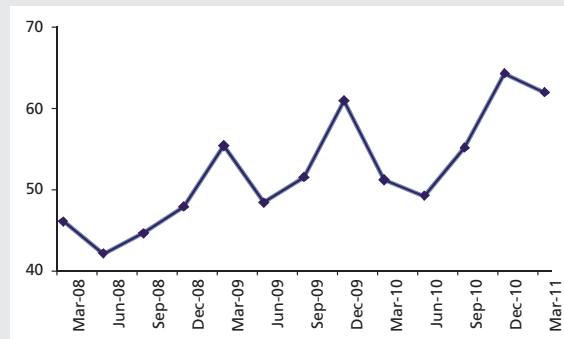
Two-wheeler sales

Three-wheeler sales

Segments	Mar-11		FY11		Segments	Mar-11		FY11	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)		Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	840,941	18.7	9,019,090	22.9	Passenger carriers	36,026	18.2	426,943	22.0
Mopeds	64,159	21.0	697,418	23.5					
Scooters	191,133	20.4	2,073,797	41.8	Goods carriers	10121	2.5	99,079	9.5
Total domestic	1,096,233	19.1	11,790,305	25.8					
Exports	111,433	14.4	1,539,590	35.0	Total domestic	46,147	14.4	526,022	19.4
					Exports	20,354	23.3	269,967	55.9
Total	1,207,666	18.7	13,329,895	26.8	Total	66,501	17.0	795,989	29.7

Source: CMIE

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



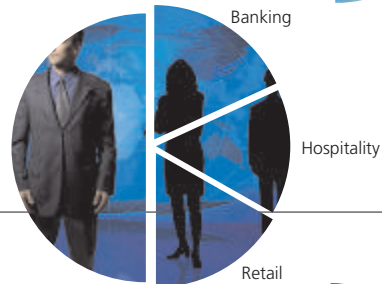
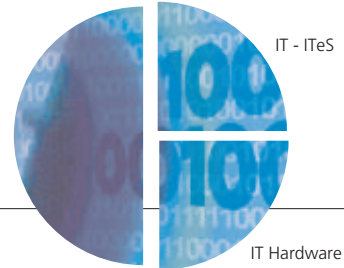
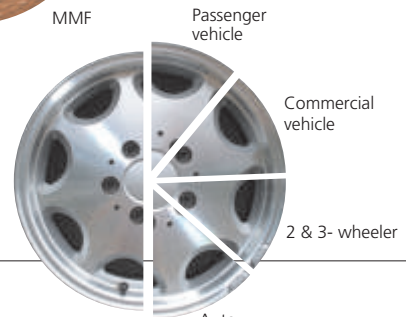
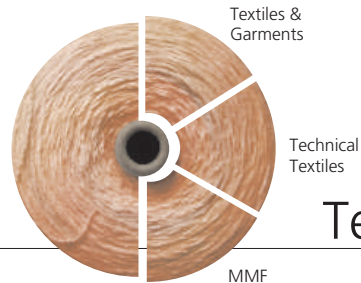
*Outstanding investments
Source: CMIE

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