



# Industry cursor

Strictly for Private Circulation

Issue 28 | December 2010

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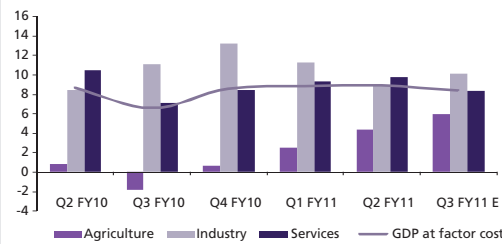
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## MACROECONOMIC UPDATE

### Highlights

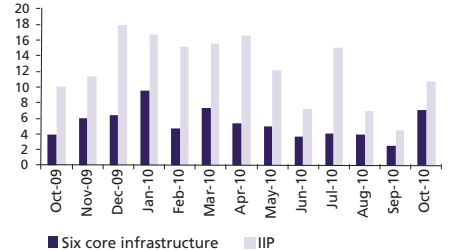
- The Gross Domestic Product (GDP) for Q2 FY11 grew by 8.9% (y-o-y). Agriculture, industry and services sectors recorded a growth of 4.4%, 8.9% and 9.8% respectively for the same period.
- The Index of Industrial Production (IIP) for October 2010 grew by 10.8% (y-o-y). The indices for the mining, manufacturing and electricity sectors grew by 6.5%, 11.3% and 8.8% respectively for the same period.
- The WPI-inflation stood at 7.5% (y-o-y) for the month of November 2010 as compared to 8.6% for October 2010. Build-up inflation in the financial year so far was 4.8% as compared to a build-up inflation of 7.5% in the corresponding period of the previous year.

### GDP: Growth (%)



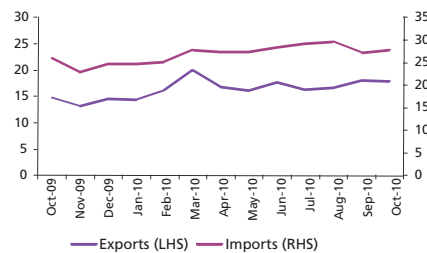
E: D&B estimate  
Source: CSO, D&B Industry Research Service

### IIP and core infrastructure: Growth (%)



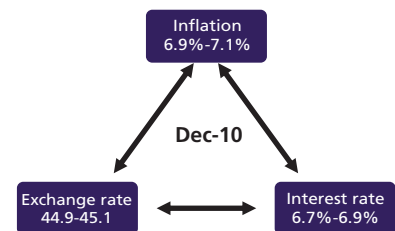
Source: Ministry of Commerce and Industry, CSO

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



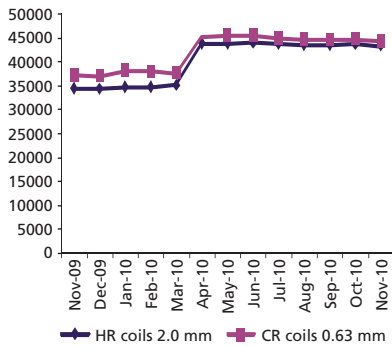
Source: Ministry of Commerce

### Macroeconomic triad (forecast)

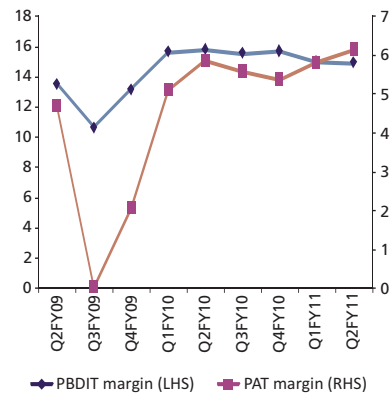


Note: Exchange rate: ₹/US\$  
Interest rate corresponds to yield on T-Bills 15-91 days  
Source: D&B Industry Research Service

### Steel prices (Mumbai) (₹/tonne)



### Industry profit margins (%)



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

## AUTO COMPONENTS INDUSTRY

### Highlights

- The auto components industry exhibited robust performance in the quarter ended September 2010, with net sales rising by 38.5%, in contrast to the sales decline of 1.6% in the corresponding quarter of 2009. Even on the margin front, the industry managed to maintain profitability levels.
- Tata AutoComp Systems, part of the Tata Group, announced acquisition of another 37.5% stake in Pune-based Automotive Stampings and Assemblies Ltd (ASAL), a part of the Spain-based Gestamp Servicios, for around ₹ 0.34 billion. ASAL manufactures sheet metal components. The acquisition is part of Tata Auto Comp's overall growth strategy as the company has identified stampings as a core business area.
- Brose India Automotive Systems, part of the Germany-based Brose Group, which entered the Indian market in 2006, is setting up a manufacturing plant in Pune (Maharashtra). The plant, which will initially manufacture manual and power window regulators for automobiles, is expected to start production next year. The manufacturing facility, along with a development centre in Pune, is being set up at an investment of ₹ 0.16 billion. The plant is expected to be ready by 2011.
- The Anand Group plans to invest ₹ 14 billion over the next four years to expand its existing 19 companies spread across 44 countries. The main investment would be led by the Group's flagship Gabriel India Ltd, involving a capex of ₹ 4 billion for expanding production at its eight plants, followed by a ₹ 3 billion investment by Spicer Ltd, manufacturer of auto axles and driveshafts.

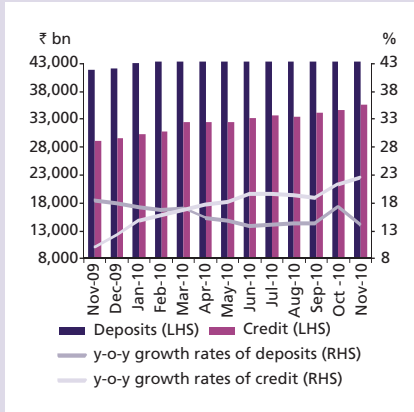
### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	93.4	101.9	113.3	116.3	129.3
y-o-y growth	%	-1.6	39.5	51.5	41.3	38.5
Operating profit	₹ bn	15.0	16.2	18.1	17.7	19.6
y-o-y growth	%	15.4	104.2	78.2	33.1	30.4
Net profit	₹ bn	5.6	5.8	6.2	6.8	8.1
y-o-y growth	%	23.2	N.A.	291.2	58.1	44.6
Operating profit margin	%	15.8	15.5	15.6	15.0	14.9
Net profit margin	%	5.8	5.6	5.4	5.8	6.1

N.A.: Not applicable (Losses incurred)

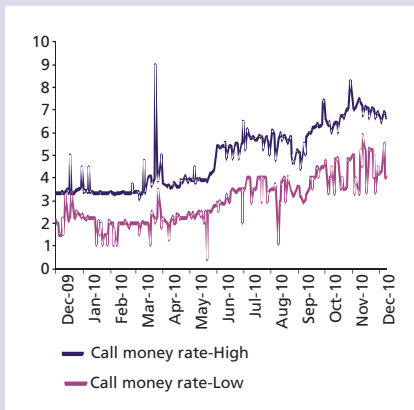
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Deposits, credit and growth rates



Note: Data for Nov 10 is up to Nov 26, 2010

### Movement in call money rates (%)



Note: Call rates for Dec 10 are up to Dec 09, 2010

Source for all above charts: RBI

## BANKING INDUSTRY

### Highlights

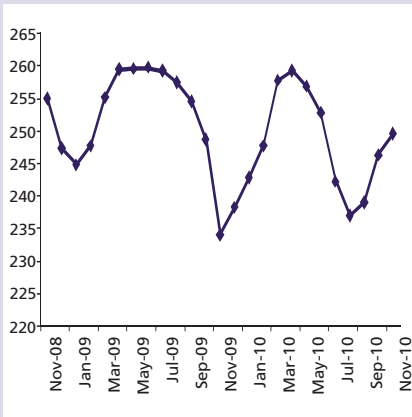
- Dhanlaxmi Bank introduced mobile banking services for its customers to have secure and complete access to their accounts. This service will provide its customers a facility to check account balances, transfer funds and view transaction history. The service will also enable its customers to place request for cheque books and track status, stop cheque request, locate branch and ATMs and receive account alerts. The customers will be able to pay bills, book tickets and access credit card details.
- Kerala-based South Indian Bank (SIB) introduced a smart card as part of its financial inclusion initiative, referred as the SIB FINS Card (Financial Inclusion Smart Card). The card follows the open standards recommended by the Indian Banks' Association and the Institute for Development and Research in Banking Technology and is capable of incorporating the Unique Identity Solution being implemented by the Unique Identity Authority of India. The card carries features such as customer enrolment through hand-held terminals, flexibility to deposit money without insisting for biometric authentication of the customer and facility to make restricted non-smart card-based transactions.
- Syndicate Bank plans to raise US\$ 1 billion through a medium term note programme in 2-3 phases by March 2011. The amount raised will help the bank to get the resources from the global financial markets at London interbank offered rate. There is a healthy demand for foreign currency-denominated loans from Indian corporates and this is the reason why the bank is tapping the overseas markets.
- With an aim to partially meet the capital requirements for the current year's growth, Indian Bank plans to raise ₹ 10.0 billion of tier-II capital before March 2011. This move comes in addition to the bank's proposed follow-on public offer (FPO), which it plans to undertake after March 2011. The bank also proposes to dilute 10% of the Government's holding (which is currently at 80%) which is likely to add ₹ 16.5 billion of tier-I capital.
- Indian Bank will be opening 15 exclusive branches for its jewel loan business in tier II and tier III cities. This has been planned so as to make the process easier and to tap the business. The bank has set a business target of ₹ 5.0 billion during the first year of operations in the jewel loan business.
- The Government of India approved the capital infusion of ₹ 60.0 billion into 10 public sector banks (PSBs), above the ₹ 150.0 billion already provided to the banks in the FY11 Budget. The proposed capital infusion will enhance the lending capacity of the PSBs to meet the credit requirement of the economy in order to maintain and accelerate the economic growth momentum. The additional availability of capital is likely to benefit employment-oriented sectors, especially agriculture, micro and small enterprises, exports and entrepreneurs in promotion of their economic activities.

### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	946.7	963.7	980.2	1,042.90	1,095.7
y-o-y growth	%	11.6	2.1	4.2	10.1	16.6
Net profit	₹ bn	127.7	138.3	126.3	142.5	150.9
y-o-y growth	%	22.7	-0.6	1.6	20	18.9
Net profit margin	%	11.5	12.4	10.9	11.9	12

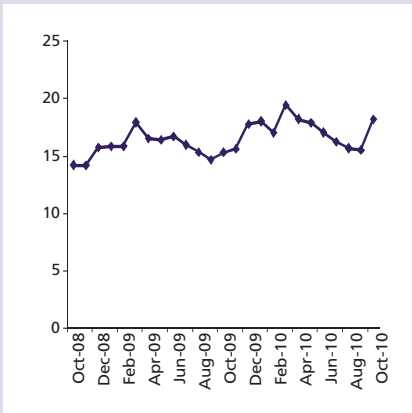
Note: Net profit: PAT net of prior period & extra-ordinary items  
Source: CMIE

### Average wholesale prices of cement: Mumbai (₹/50 kg bag)



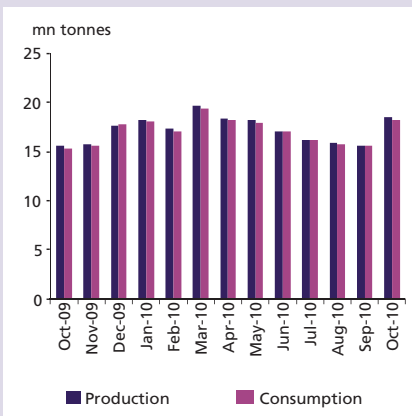
Source: CMIE

### Cement production (mn tonnes)



Source: CMIE

### All India cement production vs. all India cement consumption



Source: CMIE

## CEMENT INDUSTRY

### Highlights

- With the demand prospects in the Indian cement industry looking bright, Dalmia Bharat Enterprises Ltd (DBEL) recently announced that it will invest ₹ 25 billion to set up two cement plants in Meghalaya and Karnataka, with a cumulative capacity of five million tonnes per annum (mtpa).
- Satna, a commercial district in Madhya Pradesh, is attracting major cement projects. Several cement companies have lined up projects to establish cement plants in Satna. Following are the details:
  - Ultratech Cement Ltd will be investing ₹ 2.2 billion to set up a 3.5 mtpa plant which will provide employment to 750 people.
  - Surya Global Cement Ltd plans to invest ₹ 2.7 billion for a cement plant project. The capacity of the plant will be five mtpa and the project is expected to generate employment opportunities for about 2,500 people.
  - Dalmia Cement Ventures Ltd signed a Memorandum of Understanding with the Government of Madhya Pradesh to set up cement plant with an investment of ₹ 20 billion. This plant would generate employment for about 1,700 people.
- Green Valley Industries Ltd received the approval from the State Investment Promotion Board to set up a new cement grinding unit at the Industrial Growth Centre, Kahalgaon in Bhagalpur district of Bihar. The plant will have a capacity of one mtpa and will be set up at an outlay of ₹ 1.2 billion. This plant is expected to generate employment for approximately 200 people.

### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	145.5	136.9	169.5	153.4	145.6
y-o-y growth	%	21.1	5.7	6.7	-1.3	0.1
Operating profit	₹ bn	46.8	32.6	41.8	37.7	20.4
y-o-y growth	%	53.7	2.4	-7.1	-28.1	-56.4
Net profit	₹ bn	24.5	13.2	18.0	16.9	3.2
y-o-y growth	%	62.6	-15.1	-19.8	-41.3	-86.8
Operating profit margin	%	31.6	23.5	24.2	24.2	13.6
Net profit margin	%	16.6	9.5	10.5	10.9	2.2

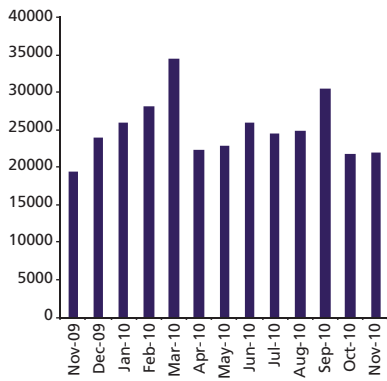
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Cement production and despatches

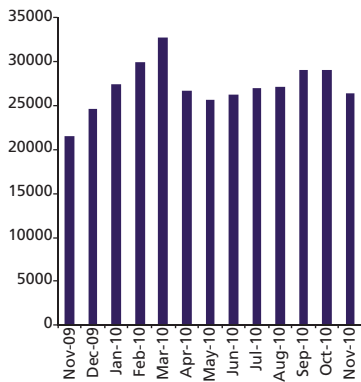
Parameters	Oct-10		Apr 10-Oct 10	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	18.5	18.7	119.8	6.6
Despatches	18.2	18.6	119.1	7.0

Source: CMIE

### M&HCV: Domestic sales (Nos.)



### LCV: Domestic sales (Nos.)



Source for all above charts: CMIE

## COMMERCIAL VEHICLE INDUSTRY

### Highlights

- Tata Motors Ltd launched its mini-truck 'Ace Super City Giant' in Thailand. The company also aims at entering the Thai medium and heavy commercial vehicles segment in the next couple of years. The mini-truck is priced at 349,000 Baht (~ ₹ 0.5 million) and the company aims to sell about 150 units a month.
- Force Motors Ltd plans to set up its third manufacturing facility for making smaller commercial vehicles (SCVs) with an investment of ₹ 3.5-4.0 billion. The new plant will have an estimated annual capacity of 100,000 units. Moreover, the company plans to introduce a multi utility vehicle and a multi purpose vehicle by 2012 to exploit the huge potential in this segment.
- V E Commercial Vehicles Ltd signed a Memorandum of Understanding with the Government of Madhya Pradesh to double the truck and bus capacity at its Pithampur plant (Madhya Pradesh) to 0.1 million units per annum. The company has planned an investment outlay of ₹ 5 billion towards this project.
- Eicher Motors Ltd plans to invest ₹ 8 billion to set up a new engine facility and also to double its Volvo-Eicher truck plant capacity at Pithampur to 8,000 units per annum. The company plans to channel ₹ 3 billion from the total investment to set up a medium duty engine plant which will cater to Volvo's global needs.
- Tata Motors Ltd plans to launch CNG-powered trucks in the medium and heavy segment for the domestic market by 2011. The company will introduce advanced fuel injection systems to help CNG vehicles compensate for decrease in horsepower caused by use of CNG as fuel. The CNG trucks will be priced at ₹ 0.2 million more than the range of diesel powered trucks. The company intends to sell the CNG trucks in Gujarat, North-East regions, Maharashtra and Delhi initially.
- Ashok Leyland Ltd launched 10 new U-truck platform models, having a capacity of 16-49 tonnes, priced in the range of ₹ 1.6-3.2 million. Following the positive response received by these trucks, it will launch 15 more models on its U-Truck platform within the next 12-18 months.

### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	99.5	112.2	157.4	132.7	147.9
y-o-y growth	%	5.9	88.4	87.8	72.8	48.6
Operating profit	₹ bn	16.6	13.5	26.6	14.5	15.3
y-o-y growth	%	86.1	315.0	93.9	28.9	-7.7
Net profit	₹ bn	8.3	5.2	17.0	5.3	6.2
y-o-y growth	%	105.7	N.A.	180.5	3.5	-25.0
Operating profit margin	%	16.0	12.0	15.7	10.8	10.3
Net profit margin	%	8.0	4.6	10.1	4.0	4.2

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
N.A.: Not applicable (Losses incurred)

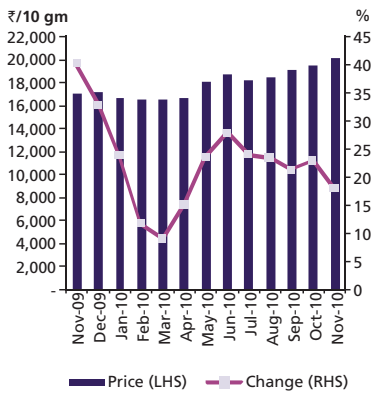
Source: CMIE

### Commercial vehicle sales (Nos.)

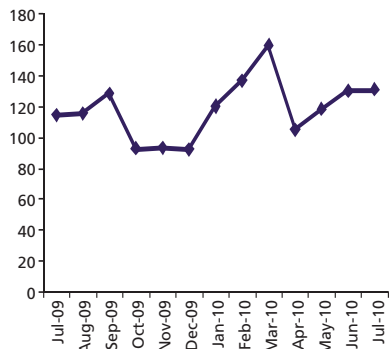
Segments	Nov-09	Nov-10	y-o-y growth (%)	Apr-Nov 2009	Apr-Nov 2010	y-o-y growth (%)
M&HCV	19,369	21,955	13.4	132,300	194,958	47.4
LCV	21,486	26,359	22.7	172,518	217,031	25.8
Total domestic	40,855	48,314	18.3	304,818	411,989	35.2
Exports	4,836	6,276	29.8	26,119	46,543	78.2
Total	45,691	54,590	19.5	330,937	458,532	38.6

Source: CMIE

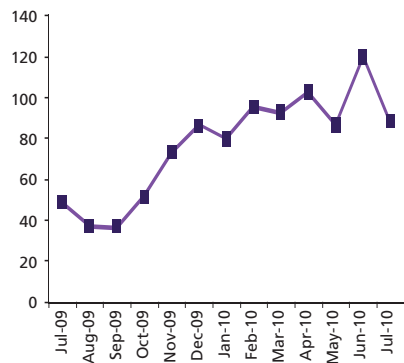
### Gold prices in Mumbai market



### Gems & jewellery exports (₹ billion)



### Gems & jewellery imports (₹ billion)



Source for all above charts: CMIE

## GEMS AND JEWELLERY INDUSTRY

### Highlights

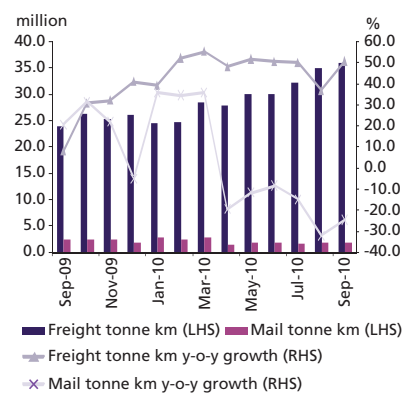
- According to the World Gold Council, in the quarter ended September 2010, demand for jewellery in India posted y-o-y growth of 36% to 184.5 tonnes.
- As per the Gems and Jewellery Export Promotion Council (GJEPC), exports of gems and jewellery from India grew by 31% (y-o-y) in October 2010 to ₹ 129.9 billion (US\$ 2.9 billion) from ₹ 99.1 billion (US\$ 2.1 billion) in October 2009 on account of increase in demand from retailers in US and European Union. Between April-October, total exports of gems and jewellery increased by 34.5% to ₹ 980.9 billion (US\$ 21.4 billion) compared to ₹ 729.4 billion (US\$ 15.1 billion) in April-October 2009.
- As per the GJEPC, exports of cut and polished diamonds from India grew by 31% to ₹ 91.7 billion in October 2010, as compared to ₹ 70.1 billion in October 2009.
- The Thai Gems and Jewellery Traders Association (TGJTA) plans to sign a Memorandum of Understanding with Indian companies Re and Lista on showcasing coloured-stone jewellery from Thailand at an exhibition to be held in South Mumbai. The TGJTA expects the Indian gems and jewellery sector to contribute nearly 10% of the total bilateral trade during FY11.
- With an aim to increase the capacity of its existing facility in Coimbatore (Tamil Nadu), Gitanjali Gems Ltd plans to invest ₹ 250 million to expand the monthly production of diamond from 60,000 pieces to 110,000 pieces and gold from one tonne to 1.4 tonnes. The company further plans to invest ₹ 100 million and utilise the e-commerce space for business through designing a website to be operational by March 2011.
- Manappuram Jewellers Pvt Ltd, a part of the Manappuram Group, plans to open over 50 jewellery outlets in the next five years with an investment of ₹ 150-200 million each.
- Tara Jewels Pvt Ltd plans to raise ₹ 2 billion through an initial public offering (IPO) to fund its retail venture. The company plans to issue fresh shares worth ₹ 1.5 billion and the remaining from its promoters' partner Fabrikant H.K. Trading Ltd.
- Three private equity firms Bain Capital LLC, Advent International Corp and Apax Partners LLP plan to pick up stakes in Gitanjali Group's subsidiaries for around US\$ 100 million. The Gitanjali Group's plan to sell stake is a part of its restructuring exercise and could involve hiving off of one of the company's business units.

### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	95.9	101.7	120.8	102.0	124.5
y-o-y growth	%	32.6	45.0	34.0	30.6	32.2
Operating profit	₹ bn	4.2	4.6	5.1	4.9	6.5
y-o-y growth	%	14.8	117.6	58.4	43.7	52.7
Net profit	₹ bn	2.6	2.8	3.0	3.1	4.5
y-o-y growth	%	20.2	562.2	299.8	81.9	66.7
Operating profit margin	%	4.4	4.5	4.2	4.8	5.2
Net profit margin	%	2.7	2.7	2.4	3.0	3.6

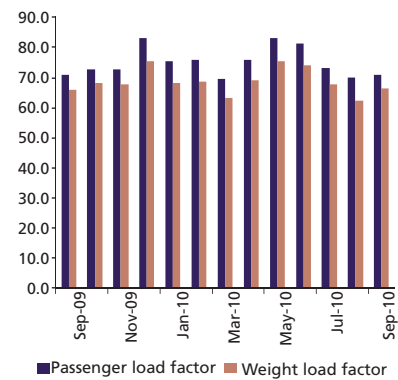
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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



Source: CMIE

### Civil aviation: Load factor (%)



Source: CMIE

## HI-TECH INDUSTRY

### Highlights

- Bharat Earth Movers Ltd plans to venture into the business of assembling of helicopters and small aircrafts.
- Airbus signed lease contracts to supply A330 aircraft to India's Jet Airways Ltd and Air India Ltd in two separate deals totaling to Euros 2.8 billion.
- On the back of increased pressure from the Ministry of Civil Aviation and the Directorate General of Civil Aviation, domestic airlines reduced the overall airfares. Consequently, the airfares were slashed by 20-25% in the first week of December.
- The Indian arm of Sharp, a Japanese consumer electronics giant, aims to capture opportunities in the mobile handset market and solar power business since the two areas are emerging as high growth potential areas. The company unveiled four mobile handsets priced between ₹ 6,500 and ₹ 18,000 and aims to garner a market share of 3% by 2011.
- Consumer electronics manufacturer Techcom India made a foray into the mobile handset segment by launching seven new mobile phones. The company aims to capture 2-3% of the country's handset market by 2011. The handsets are priced in the range of ₹ 1,500-4,000.

### Civil aviation: Airport traffic statistics (August 2010)

Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)
Domestic traffic	89,588	1.3	7,793,559	10.6	73,176	26.2
International traffic	24,197	2.9	3,076,410	8.4	130,263	23.4
Total airport traffic	113,785	1.7	10,869,969	10.0	203,439	24.4

Source: CMIE

### Consumer electronics: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	33.1	34.6	36.0	39.0	39.2
y-o-y growth	%	3.4	28.6	30.7	25.5	18.1
Operating profit	₹ bn	5.3	5.5	5.5	5.7	5.9
y-o-y growth	%	-6.6	32.2	26.7	13.7	9.8
Net profit	₹ bn	1.5	1.6	1.5	1.6	1.7
y-o-y growth	%	-36.7	112.8	121.8	28.7	9.8
Operating profit margin	%	16.1	15.7	15.2	14.5	14.9
Net profit margin	%	4.6	4.6	4.2	4.1	4.3

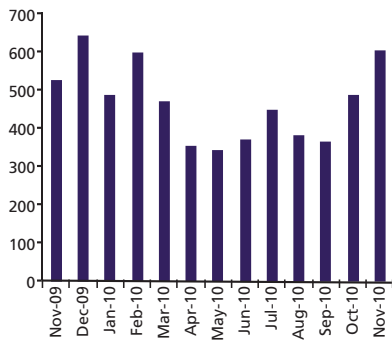
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Aviation: Key financial indicators

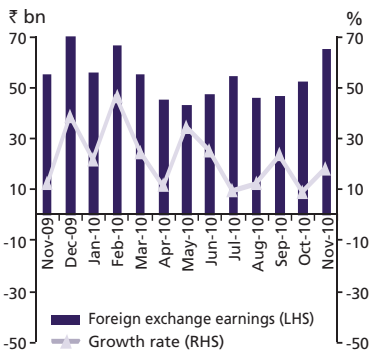
Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	39.6	49.4	47.3	53.8	51.7
y-o-y growth	%	-16.1	-1.4	17.5	25.8	30.4
Operating profit	₹ bn	-3.2	5.4	4.3	7.1	5.5
y-o-y growth	%	N.A.	N.A.	N.A.	175.6	N.A.
Net profit	₹ bn	-9.4	-1.0	-2.5	-1.8	-2.3
y-o-y growth	%	N.A.	N.A.	N.A.	N.A.	N.A.
Operating profit margin	%	-7.9	10.6	8.8	12.6	10.4
Net profit margin	%	-23.1	-1.9	-5.3	-3.3	-4.3

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
N.A.: Not applicable (Losses incurred)  
Source: CMIE

### Foreign tourist arrivals in India ('000 nos.)



### Foreign exchange earnings



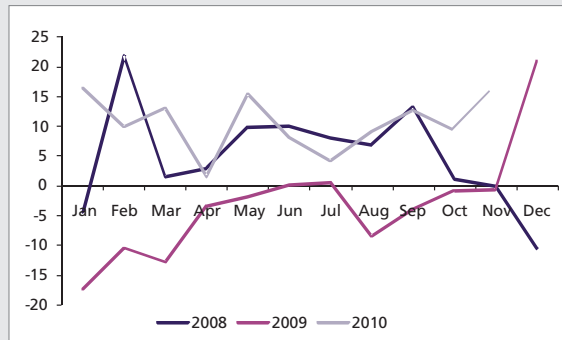
Source for all above charts: Ministry of Tourism

## HOSPITALITY INDUSTRY

### Highlights

- Sayaji Hotels Ltd plans to invest ₹ 3.5 billion to open 20 business hotels in India over the next five years. The company's ₹ 200 million business hotel is coming up in Indore in Madhya Pradesh. After opening 18 restaurants under the brand name 'Barbeque Nation' over the last four years, it intends to increase the number of such restaurants to 100 in the next five years.
- The Mirah Group, owner of restaurant chains Rajdhani and Falafels, acquired one-third stake in Mad Over Donuts (MOD), a donut chain operating in India and owned by Singapore-based Pragati Ventures Pvt Ltd. The Group further plans to expand the number of MOD outlets to 60 from the current 17, by the end of 2011.
- Sahara India Pariwar plans to buy the Landmark Grosvenor House hotel located at central London from Royal Bank of Scotland for about 470 million pounds. The deal is expected to be inked by the end of December 2010.
- Auromatrix Hotels Pvt Ltd plans to develop a hotel in Chennai by June 2013.
- McDonald India plans to sign an agreement with the Government of Gujarat to invest ₹ 3.5 billion to set up 20 restaurants along the major highways in Gujarat. The company plans to sign the agreement during the Gujarat Global Investors' Summit scheduled in January 2011.

### Growth in foreign tourist arrivals (%)



Source: CMIE

### Industry: Key financial indicators

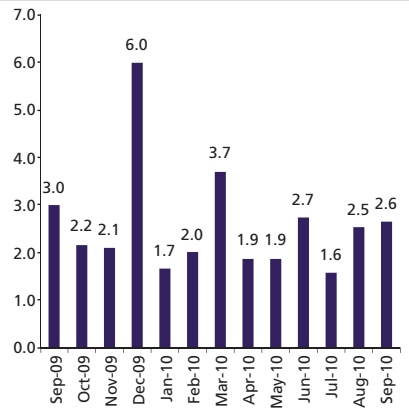
Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	11.7	16.1	16.2	12.8	13.2
y-o-y growth	%	-19.2	-0.2	6.7	13.2	12.2
Operating profit	₹ bn	2.5	5.6	5.8	2.7	2.3
y-o-y growth	%	-44.3	-8.4	-4.4	14.2	-10.8
Net profit	₹ bn	0.1	2.3	2.5	0.2	-0.4
y-o-y growth	%	-96.9	-20.3	8.0	N.A	N.A
Operating profit margin	%	20.4	33.3	34.9	20.4	16.0
Net profit margin	%	0.5	14.1	15.2	1.4	-3.0

N.A.: Not applicable (as losses were incurred)

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E

Source: CMIE

**Domestic computer hardware & peripheral production (₹ billion)**



Source: CMIE

**IT HARDWARE INDUSTRY**

**Highlights**

- HCL Infosystems plans to set up a research & development centre in the Technopark in Kerala. Towards achieving this, HCL signed an agreement with the Technopark and will lease two acres of land in the ongoing third development phase of the Technopark.
- Hewlett Packard India unveiled its latest range of large-format printers, the T2300, the T7100 and the Z6200. These web-ready printers will have four to five variants, featuring high-speed monochrome and colour printing facilities.
- Acer India, in partnership with Tata Teleservices, launched a netbook Aspire One. Aspire One will be available at a price of ₹17,999 and will be embedded with Tata Photon Plus that will provide users Internet access on mobility.
- TVC Skyshop, an India-based business-to-consumer company, launched a netbook, the iBook, at a price of ₹ 7,000. The target customers for the netbook include students, marketing executives, professionals and housewives.

**Global news**

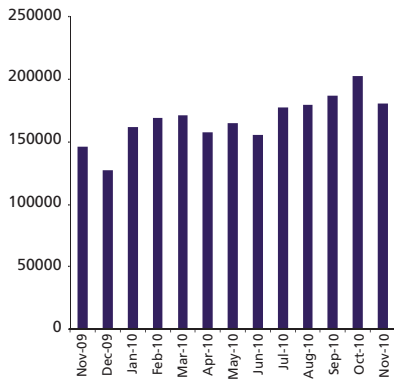
- Intel Corporation, along with Altera Corporation, plans to launch configurable chips in a bid to get more of its silicon into medical equipment and other embedded applications. The chips will combine Intel's own version of the Atom processor with Altera's field-programmable integrated circuits and will offer these customised chips to clients to suit their own requirements.
- Corsair, a US-based worldwide designer and supplier of high-performance components to the PC gaming hardware market, launched two more data storage devices called solid-state drives (SSDs) to its Force Series product line. The new models include the F90 and the F180 Force Series SSDs, with densities of 90GB and 180GB, respectively.

**Industry: Key financial indicators**

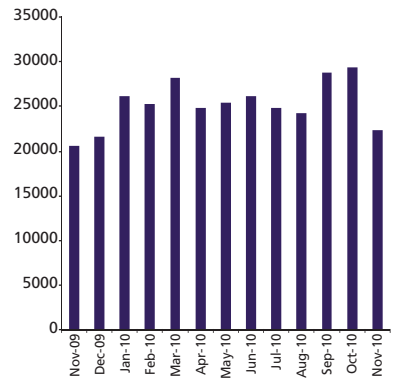
Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	12.8	12.5	14.3	11.1	12.8
y-o-y growth	%	-2.3	6.6	17.7	1.4	5.5
Operating profit	₹ bn	1.5	2.3	2.2	1.0	1.2
y-o-y growth	%	-21.5	20.1	50.0	-50.9	-16.0
Net profit	₹ bn	-0.6	0.3	0.2	-0.8	-0.6
y-o-y growth	%	N.A	N.A	N.A	N.A	N.A
Operating profit margin	%	11.2	17.9	15.4	9.3	9.5
Net profit margin	%	-4.8	2.1	1.4	-6.7	-4.7

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
 N.A: Not applicable (Losses incurred)  
 Source: CMIE

### Passenger cars: Domestic sales (Nos.)

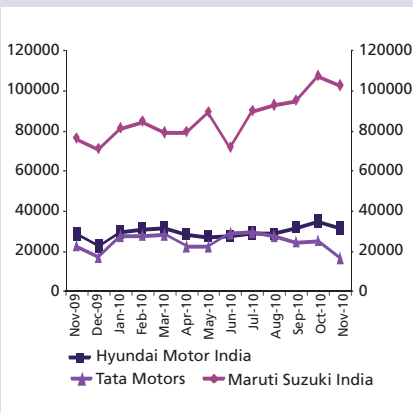


### Utility vehicles: Domestic sales (Nos.)



Source for all above charts: CMIE

### Trend in car sales of top 3 companies (Nos.)



Source: CMIE

## PASSENGER VEHICLE INDUSTRY

### Highlights

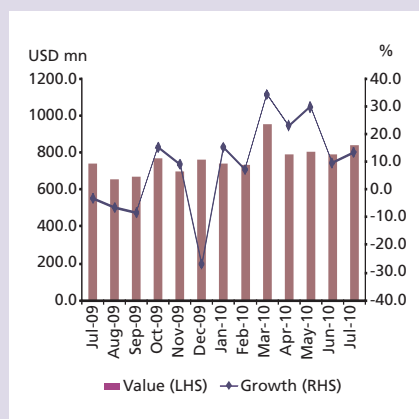
- The momentum of healthy growth in sales of passenger vehicles (PV) continued into November. Domestic sales of passenger cars grew by 23.5% to 0.18 million units, on top of the whopping 64.2% jump in sales in November 2009. Sales of multi-utility vehicles (MUVs) rose by a modest 8.7% to 22,398 units. On the back of continuing robustness in demand, PV manufacturers are not likely to offer heavy discounts in December.
- On the export front, India's passenger car exports recorded a y-o-y decline of 23%, it being the fourth month when lower exports were recorded during April-November 2010. Exports of MUVs, on the other hand, increased by 15.3%.
- Carmakers are once again planning to hike vehicle prices from early next year, citing rising input costs. While Hyundai Motor India plans to increase prices by 1.5-2.0%, General Motors India intends to hike prices by 1.5-2.5%. Other manufacturers including Maruti Suzuki India and Toyota Kirloskar Motor are also contemplating a price hike.
- The healthy outlook on the Indian market is prompting more foreign carmakers to launch new vehicles in India. Honda Motor Co. of Japan will be launching 'Brio', a small car in India next year, at a price below ₹ 0.5 million.
- Toyota Kirloskar Motor launched its entry-level sedan Etios in the price range of ₹ 0.49-0.68 million (ex-showroom, Delhi). The company plans to capture 10% share of the Indian car market by 2015, mainly on the back of the newly launched car. Mahindra & Mahindra plans to launch two SUV models – Kornado and Rexton – from its Ssangyong Motor Company by next year.
- The luxury car market is becoming increasingly attractive to foreign carmakers. Italian sports carmaker Ferrari will be entering the Indian market next year. The BMW Group plans to expand its capacity in India for the second time in less than a year due to buoyant demand. It plans to more than double its capacity at the Chennai plant from the current 3,000 units p.a. to 8,000 units by early 2011.

### Passenger vehicle sales (Nos.)

Segments	Nov-09	Nov-10	y-o-y growth (%)	April-Nov 2009	April-Nov 2010	y-o-y growth (%)
Mini	6,446	2,949	-54.3	35,944	58,160	61.8
Compact	97,918	124,745	27.4	714,993	934,086	30.6
Mid-size	24,667	28,822	16.8	169,230	228,882	35.2
Executive	3,717	3,405	-8.4	28,506	34,107	19.6
Premium	807	1,369	69.6	7,143	10,343	44.8
Luxury	148	207	39.9	936	1,192	27.4
MPV	12,433	18,982	52.7	91,782	138,359	50.7
Passenger cars	146,136	180,479	23.5	1,048,534	1,405,129	34.0
Multi-utility vehicle	20,608	22,398	8.7	171,474	206,223	20.3
Domestic sales	166,744	202,877	21.7	1,220,008	1,611,352	32.1
Exports	40,265	31,092	-22.8	290,477	285,713	-1.6
Total sales	207,009	233,969	13.0	1,510,485	1,897,065	25.6

Source: CMIE

### Trend in drugs and pharmaceuticals export



Source: CMIE

## PHARMACEUTICAL INDUSTRY

### Highlights

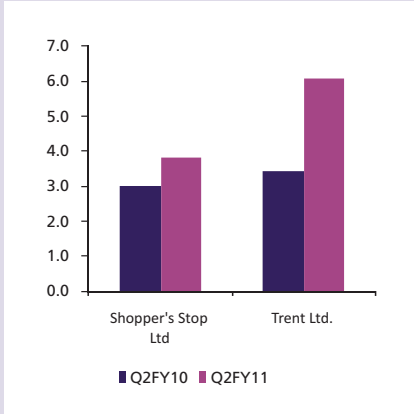
- The US Food and Drug Administration (US FDA) approved Glenmark's US-based generics subsidiary and Lehigh Valley Technologies (LVT) to supply new drugs containing Oxycodone Hydrochloride. Moreover, Glenmark and LVT have secured manufacturing and distribution rights for Oxycodone Hydrochloride's immediate release of the 5 mg capsule and the 100mg/5ml oral solution.
- Chennai-based Bafna Pharmaceuticals plans to enter the speciality segment of immune-suppressants by setting up a facility in the Grantlyon village facility, near Chennai, to manufacture tablets. Immuno-suppressants are drugs used to prevent rejection of an organ after transplant. Besides, the company also plans to expand the capacity of its existing unit in the Grantlyon village. The combined investment of setting up a new plant and expanding the capacity of the existing one would be ₹ 0.3 billion.
- The Council for Scientific and Industrial Research signed a drug-licensing deal worth US\$ 150 million with New Jersey-based Nostrum Pharmaceuticals Inc to develop and market a new generation of clot busters. The new clot busters substantially reduced the risk of reocclusion, the recurrence of a blockage in an artery after it has been treated.
- Dr Reddy's Laboratories (DRL) bought GlaxoSmithKline's (GSK) oral penicillin unit and products in the US. Under the deal, which is expected to be completed within the first half of 2011, GSK will transfer ownership of its penicillin manufacturing site in Bristol, Tennessee and rights for the Augmentin and Amoxil brands in the US to DRL. This acquisition will allow DRL to enter the penicillin-containing antibacterial market in the US.
- Dr Reddy's Laboratories launched Zafirlukast tablets (10 mg and 20 mg), a bioequivalent generic version of Accolate in the US market after receiving an approval from the US FDA in November 2010. Zafirlukast is a prescription medicine used in the treatment of asthma and is available in bottles of 60 counts.
- Hyderabad-based Aurobindo Pharma plans to enter into an agreement with Pfizer to tap the Japanese and Korean generics market. Aurobindo proposes to manufacture about 30 active pharmaceutical ingredients (APIs) while Pfizer will be engaged in the packaging and branding activity. Besides, Aurobindo also plans to renovate one of its plants in Andhra Pradesh at an investment of US\$ 8 million, with Pfizer bearing the cost of renovation.
- Ahmedabad-based Lincoln Pharmaceuticals Ltd (LPL) tied up with Switzerland-based Phafag AG for its Caroverine molecule for the treatment of tinnitus, which is commonly known as "ringing in the ear", a condition in which the inner hair cells get damaged causing depression, anxiety and insomnia. LPL will be the sole manufacturer and distributor of Tinnitin injections in India.

### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	171.3	178.0	179.9	180.1	193.8
y-o-y growth	%	7.3	17.2	17.6	13.6	14.1
Operating profit	₹ bn	40.8	47.3	47.9	38.0	48.5
y-o-y growth	%	62.6	209.6	154.2	-17.3	20.2
Net profit	₹ bn	24.7	27.3	26.3	22.6	-4.7
y-o-y growth	%	113.8	2,032.5	480.8	-16.7	N.A
Operating profit margin	%	23.3	25.4	23.8	20.4	13.3
Net profit margin	%	14.2	14.7	13.9	12.1	-2.3

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
N.A: Not applicable (Losses incurred)  
Source: CMIE

### Net profit margin (%)



Source: CMIE

## RETAIL INDUSTRY

### Highlights

- Wal-mart Inc aims at investing in technology with a view to benefit operations on a domestic as well as on an international level. The company will need worldwide resources, smooth associations with domestic suppliers which will help the company continue to grow business and create jobs worldwide. With this view, the company set up Remote Services Management in Gurgaon, which will be part of Walmart's information systems division (ISD), an in-house IT arm of the company. Moreover, Walmart also awarded contracts to Indian IT firms - Wipro Infotech & a privately-held IT services company, Collabera - to develop specific tools and applications to help the company achieve its goals.
- Speciality Retail Pvt Ltd plans to invest ₹ 10 billion to open 500 additional outlets across the country by December 2018. The expansion plan also includes smaller towns such as Satara, Raipur, Meerut, Mangalore, Puri, Aurangabad, Palakkad and Vizianagaram.
- Following the success at creating demand and aiming at preparing mass volumes, Fashion and You, an online apparel retailer, raised US\$ 8 million from a venture capital firm, Sequoia Capital. The funds raised will be channelised towards enterprise resource planning solutions, delivery logistics and expansion of warehouses.
- Guru Shoe Tech Pvt Ltd, manufacturers of 'Valentino' and 'West Port' brand of shoes, made a foray into the retail segment with its first store opening at Fatehabad road, Agra. The store, spread over an area of 2,000 sq ft, is a one-stop shop for shoes with a high standard of quality and international standard products.

### Major expansion plans of retailers

Company	Format	No. of stores	Deadline
Amway India	FMCG	120	Dec-13
Bata India	Footwear	70	Dec-11
Mothercare Plc	Baby products	70	Mar-11
Boggi Milano	Men's apparel	35	Mar-15
Catwalk Worldwide	Footwear	190	Mar-15

Source: Company announcements

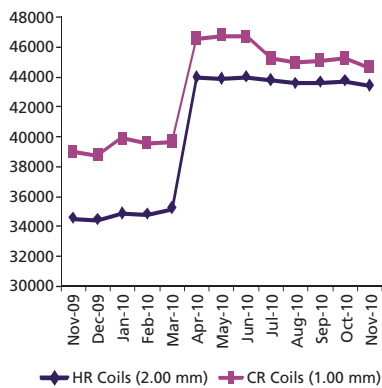
### Wholesale & retail trading: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ mn	33,129.6	38,544.3	44,157.0	34,311.3	41,111.1
y-o-y growth	%	-11.5	11.9	61.8	9.3	26.9
Net profit	₹ mn	374.6	222.4	376.0	525.2	574.0
y-o-y growth	%	-25.5	-29.2	105.4	42.3	64.7
Net profit margin	%	1.1	0.6	0.9	1.5	1.4

Note: Net profit: PAT net of prior period and extraordinary items

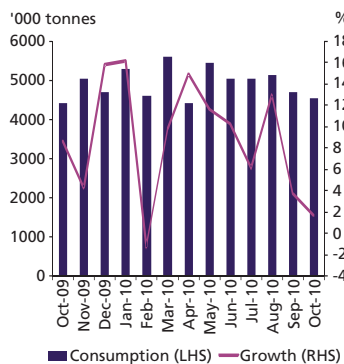
Source: CMIE

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



Source: CMIE

### Finished steel consumption



Source: CMIE

## STEEL INDUSTRY

### Highlights

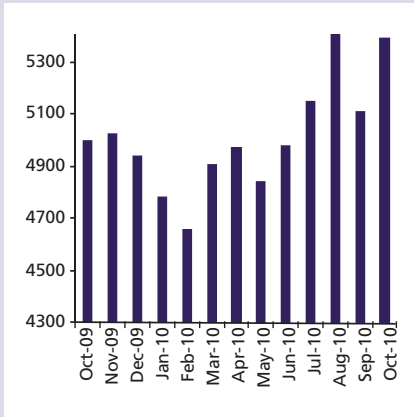
- NMDC Limited signed an MoU with Russia-based OJSC Severstal, a leading vertically integrated international steel and mining company, to establish a 50:50 joint venture company to build an integrated steel plant in India with an initial capacity of 2 million tonnes per annum.
- Tata Steel plans to invest Pounds 1.3 million in a steel-plate processing facility in Scunthorpe, UK to manufacture around 200,000 metric tonnes per year of steel plate for delivery to manufacturers of wind turbines and towers. Tata Steel also plans to invest Pounds 6.5 million for setting up high-tech equipments such as two vacuum arc remelting furnaces and specialist testing equipment at its Stocksbridge plant in South Yorkshire to increase production of aerospace steels.
- Korean steel manufacturer Posco plans to develop cold-rolled steel manufacturing facility in Maharashtra with a capacity of 1.8 million tonnes at an investment of US\$ 500 million to meet the growing demand from the automobile and home appliances segments.
- Ispat Industries plans to raise its steel manufacturing capacity from the current 3.3 million tonnes per annum, to 4.2 million tonnes by the end of fiscal 2012.
- Numeric Power Systems Ltd signed an MoU with the majority stakeholders of Coimbatore-based Amex Alloys Pvt Ltd for acquisition of equity shares up to 92% and to take over its management control. Amex Alloys manufactures machined and un-machined carbon steel, stainless steel, alloy steel, nickel alloy and duplex stainless steel castings.
- KIOCL Ltd, formerly known as Kudremukh Iron Ore Company Ltd, plans to set up a steel plant in Karnataka at an investment of ₹ 80-90 billion. The steel plant is expected to go on-stream by November 2013. In the initial phase, the plant will have a capacity of 1.5 million tonnes per annum.
- The Indian Steel Corporation Limited (ISC), manufacturers of galvanised steel and cold rolled steel coils/sheets, launched its first ISC Steel Zone, a franchised retail store in Ahmedabad (Gujarat). The company already has two such stores in Gujarat and is further planning to launch 150 more such stores in the next six months.

### Industry: Key financial indicators

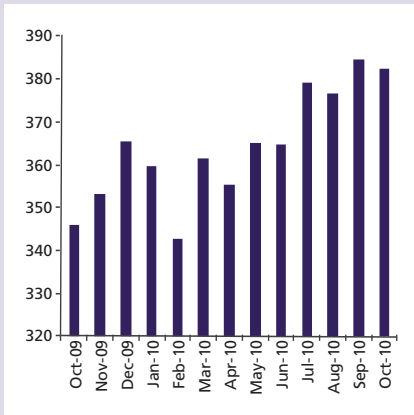
Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ mn	36,856.3	38,607.4	45,625.4	38,942.0	43,371.8
y-o-y growth	%	-14.2	28.7	23.2	16.0	18.3
Operating profit	₹ mn	8,728.4	9,683.2	12,055.7	9,237.1	9,391.0
y-o-y growth	%	-11.5	149.1	68.8	22.5	7.7
Net profit	₹ mn	3,710.0	4,376.3	6,111.1	3,937.4	4,334.9
y-o-y growth	%	-22.7	963.0	101.8	30.5	16.9
Operating profit margin	%	23.1	24.4	25.6	23.3	21.0
Net profit margin	%	9.9	11.1	13.0	10.0	9.7

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

### Fabrics production (Million sq.metres)



### Spun yarn production (‘000 tonnes)



Source for all the above charts: CMIE

## TEXTILE & GARMENT INDUSTRY

### Highlights

- Welspun India plans to make a foray into the technical textiles segment through an investment of ₹ 0.6-0.7 billion in the next 2-3 years. Towards achieving this, the company will set up a research and development unit in the Kutch district of Gujarat.
- Gini & Jony Ltd plans to set up a garment manufacturing facility in Bengaluru. The company expects to raise ₹ 1.25 billion towards setting up the facility. The facility will manufacture nine lakh pieces of garments on an annual basis and is scheduled to be commissioned by March 2011.
- GTN Industries Ltd plans to set up a garment manufacturing unit by May 2011 in Hyderabad which will manufacture T-shirts under the brand name 'Cotsyle'.
- The Government of Tamil Nadu plans to set up an apparel park at Ammapet in Salem (Tamil Nadu) on 32 acres of land at Salem Co-operative Spinning Mills Limited. The park will exclusively manufacture apparels.
- Arvind Brands plans to launch premium brands in India from the US and Europe for both women and youth by mid-2011. In addition to this, Arvind Brands also plans to launch a kids wear brand in the country. As a step in this direction, it plans to launch US Polo Kids early next year.

### Global news

- Thailand's Indorama Ventures Public Company Limited signed agreements with Korea's SK Chemicals Company Limited to acquire the entire issued capital of SK Eurochem Sp. z o.o., in Poland and PT SK Keris together with its subsidiary PT SK Fiber in Indonesia. The acquisitions will consolidate Indorama Ventures' position in the two important emerging markets of East Europe and Southeast Asia with Polyethylene Terephthalate resin (PET) and Polyester Fibres and Yarns businesses.
- Jiangsu Huaxicun of China, which specialises in textile as well as chemical fibre products manufacturing, intends to set up a production line for producing polyester staple fibre, with a production capacity of 100,000 tonnes. The construction of the production line is anticipated to take seven months and is likely to generate a sales earning of Yuan 300 million once the operation begins. An overall investment of nearly Yuan 121.6 million is likely to be made for its construction.
- Vietnam National Textile and Garment Group (Vinatex) launched a garment manufacturing plant called the Son Dong garment plant in the northern Bac Giang province of Vietnam at a cost of US\$ 1.7 million. The plant will manufacture five product lines and is expected to provide employment to 350 domestic workers and engage another 110 vocational apprentices.

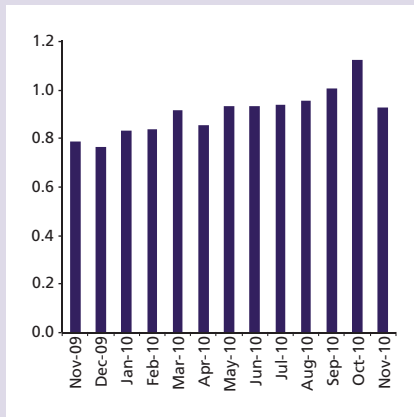
### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ bn	236.9	242.3	245.3	244.7	273.1
y-o-y growth	%	14.3	20.1	14.5	14.1	14.7
Operating profit	₹ bn	40.7	39.7	37.6	35.7	44.9
y-o-y growth	%	60.6	91.5	34.6	1.8	9.0
Net profit	₹ bn	11.4	10.2	10.3	8.1	13.4
y-o-y growth	%	289.2	N.A	1,167.9	8.6	13.7
Operating profit margin	%	17.0	16.1	15.0	14.5	16.1
Net profit margin	%	4.8	4.2	4.2	3.3	4.9

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
N.A: Not applicable (Losses incurred)

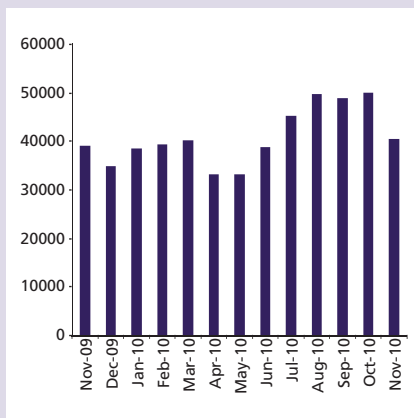
Source: CMIE

### Two-wheeler: Domestic sales (Million)



Source: CMIE

### Three-wheeler: Domestic sales (Nos.)



Source: CMIE

## TWO-WHEELER AND THREE-WHEELER INDUSTRY

### Highlights

- Although domestic sales of two-wheelers, at 0.9 million units in November, were the lowest in the last seven months, on a y-o-y basis, sales continue to record double-digit growth.
- In November, exports of two-wheelers dipped by 2.1%, after growing at double-digits in the preceding months of FY11. Cumulative exports during April-November 2010 stood at 1.03 million units, representing growth of 40.7% over the corresponding period of 2009.
- The Ministry of New & Renewable Energy announced that it would provide ₹ 950 million as subsidy to electric vehicles for the remaining part of the 11<sup>th</sup> Five Year Plan. The scheme comes into effect from 11 November, and seeks to provide incentives of up to 20% on the ex-factory price of the vehicle. Manufacturers will get the subsidy subject to a cap of ₹ 4,000 for low-speed electric two-wheelers and ₹ 5,000 for high-speed electric two-wheelers.
- Hero Honda Motors hiked the prices of its bike models by ₹ 500-1,500, citing rising input costs.
- Yamaha Motors launched a 998cc high-end bike FZ1 in India, at a price of ₹ 0.87 million (ex-showroom, Delhi).
- In a bid to increase focus on the semi-urban and rural markets, Bajaj Auto plans to add 130 new dealerships in small towns, taking its total dealerships to 600. The company also plans to upgrade 1,100 service centres by 2011 in order to meet its growth targets.

### Industry: Key financial indicators

Parameters	Units	Q2FY10	Q3FY10	Q4FY10	Q1FY11	Q2FY11
Net sales	₹ mn	83,532.1	84,778.4	90,329.5	98,772.8	108,287.3
y-o-y growth	%	19.8	39.3	40.2	33.0	29.6
Operating profit	₹ mn	15,327.8	15,266.7	15,968.2	16,502.8	18,237.0
y-o-y growth	%	79.7	88.6	78.3	34.0	19.0
Net profit	₹ mn	10,307.1	10,308.5	10,968.6	11,281.9	12,618.6
y-o-y growth	%	117.1	131.3	105.7	42.3	22.4
Operating margin	%	18.1	17.8	17.4	16.4	16.5
Net margin	%	12.2	12.0	12.0	11.2	11.4

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

### Two-wheeler sales

### Three-wheeler sales

Segments	Nov-10		Apr-Nov 2010		Segments	Nov-10		Apr-Nov 2010	
	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	710,182	15.6	5,900,922	24.3	Passenger carriers	33,140	7.2	279,154	21.5
Mopeds	54,574	9.9	454,840	23.0					
Scooters	165,614	30.7	1,328,741	49.1	Goods carriers	7280	-10.3	60,397	5.8
Total domestic	930,370	17.7	7,684,503	27.8	Total domestic	40,420	3.6	339,551	18.4
Exports	116,141	-2.1	1,034,041	40.7	Exports	21,999	13.5	178,755	79.4
Total	1,046,511	15.1	8,718,544	29.2	Total	62,419	6.9	518,306	34.1

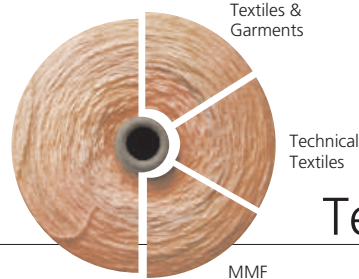
Source: CMIE

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.

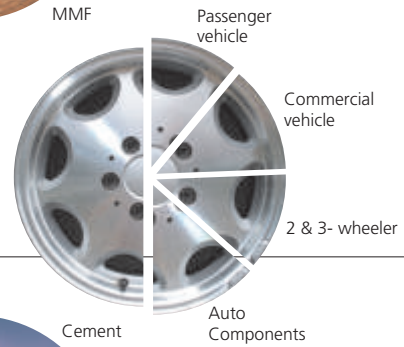
The reports' in-depth analytical content would provide valuable insights to financial institutions, banks, equity broking houses, and corporates towards accurate & informed decision making. The reports would also be useful to the industry practitioners, academicians & scholars.

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:



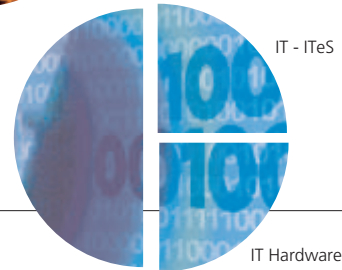
## Textiles



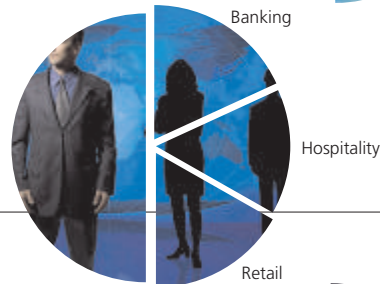
## Auto



## Core Sector



## Infotech



## Services



## Chemical



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