



Industry cursor

Strictly for Private Circulation

Issue 29 | January 2011

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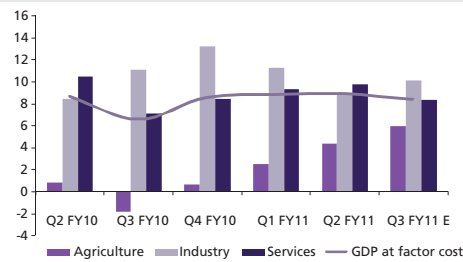
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MACROECONOMIC UPDATE

Highlights

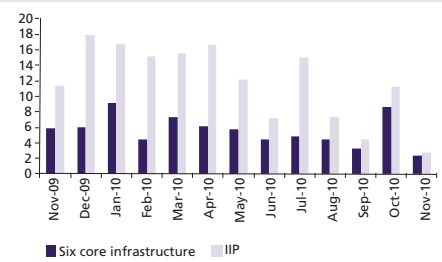
- The Index of Industrial Production (IIP) for November 2010 grew by 2.7% (y-o-y). The indices for the mining, manufacturing and electricity sectors grew by 6.0%, 2.3% and 4.6% respectively for the same period.
- The WPI-inflation stood at 8.4% (y-o-y) for the month of December 2010 as compared to 7.5% for November 2010. Build-up inflation in the financial year so far was 6.1% as compared to a build-up inflation of 7.9% in the corresponding period of the previous year.
- India's current account deficit stood at US\$ 15.8 billion during Q2 FY11 as compared to US\$ 12.1 billion during Q1 FY11.
- The external debt stock stood at US\$ 295.8 billion as at end-September 2010, reflecting an increase of 12.8% over the level of US\$ 262.3 billion at end-March 2010.
- Net claim of non-residents on India as reflected by the net International Investment Position (International Assets – International Liabilities) increased to US\$ 211.1 billion as at end-September 2010 as compared to US\$ 177.9 billion as at end-June 2010.

GDP: Growth (%)



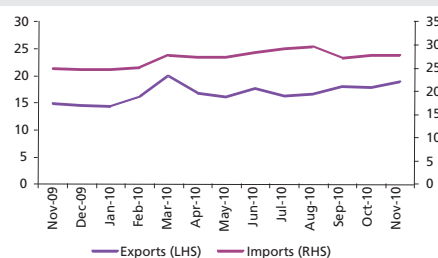
E: D&B estimate
Source: CSO, D&B Industry Research Service

IIP and core infrastructure: Growth (%)



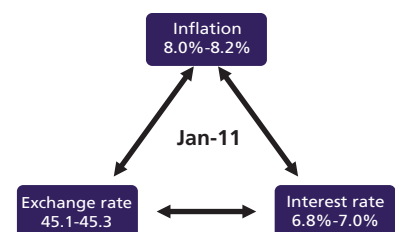
Source: Ministry of Commerce and Industry, CSO

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



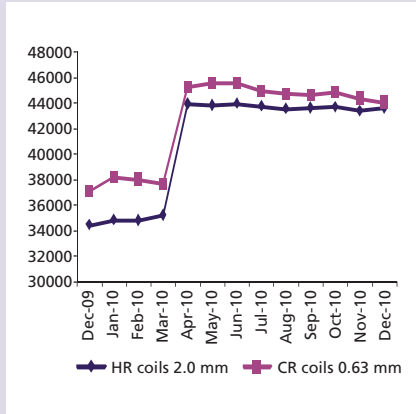
Source: Ministry of Commerce

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)

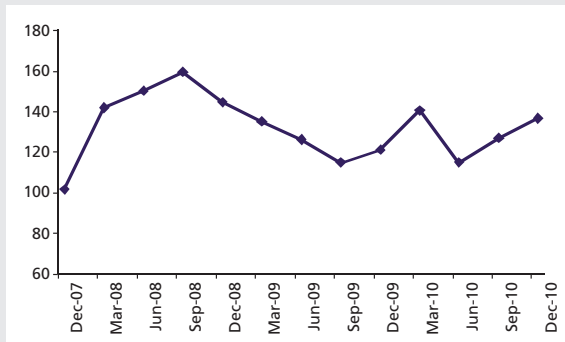


AUTO COMPONENTS INDUSTRY

Highlights

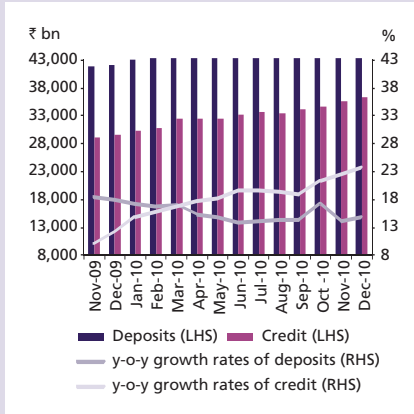
- Several auto component manufacturers announced investment and expansion plans. These investment plans announced are elaborated below:
 - The Bosch Group plans to invest ₹ 23 billion in India over the next three years. It is looking to introduce new technology-driven products in all its business segments, including automotive technology, industrial technology, consumer goods and building technology.
 - Kosei Minda Aluminium Co., a joint venture between the NK Minda Group and Japan-based Kosei Aluminium Co., plans to set up two plants for alloy wheels and precision castings for the automobile industry. It will invest ₹ 1 billion to build both the plants with an annual capacity of 0.3 million wheels. Production at the plants is expected to commence by June 2012.
- Tata AutoComp Systems, part of the Tata Group, plans to raise ₹ 7.5 billion through an initial public offering. The company plans to expand capacities of its interiors and plastic division, which makes moulded parts such as interiors for passenger vehicles. It also plans to undertake capacity expansion and modernisation program at its existing facilities at Maan, Pune and Bengaluru, and plans to set up a manufacturing facility at Pantnagar, Uttarakhand.
- Steel Strip Wheels bagged a contract from Peugeot Citroen of Europe for the supply of 0.6 million wheels in the next five years. It translates into foreign exchange earnings to the tune of nearly US\$ 9 million. The supplies will go to two different locations of Peugeot's plants in Europe.

Auto components: Investment scenario* (₹ bn)



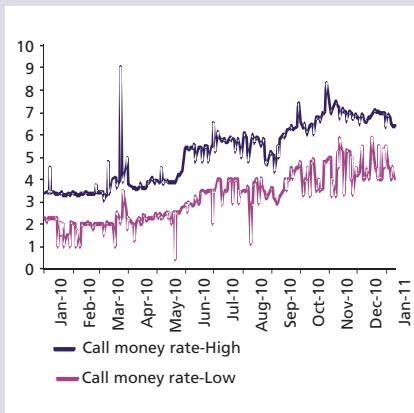
*Outstanding investments
Source: CMIE

Deposits, credit and growth rates



Note: Data for Dec 10 is up to Dec 17, 2010

Movement in call money rates (%)



Note: Call rates for Jan 11 are up to Jan 09, 2011

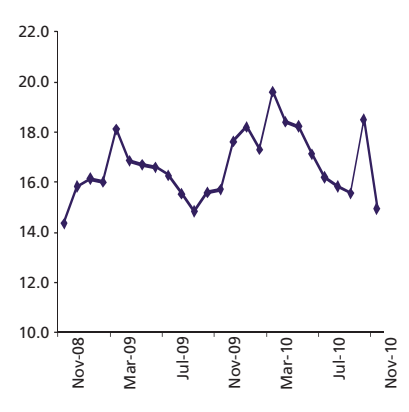
Source for all above charts: RBI

BANKING INDUSTRY

Highlights

- State Bank of India (SBI) plans to open 30 overseas offices in 2011 to enhance its global presence. The focus of these offices would be to conduct India-related business, as well as take care of the international needs of the bank's foreign customers, in addition to conducting retail operations. Further, with a view to expand its Southeast Asia network, SBI plans to acquire a bank in Indonesia in a cash deal not exceeding US\$ 100 million.
- Central Bank of India plans to open branches in Hong Kong, Bhutan, Tanzania and Mozambique. This comes as a part of Central Bank's plan of opening foreign branches to get more international business and provide banking facilities to Indians settled abroad. Besides, Central Bank of India also plans to enhance its core banking operations at its existing branches, to include wealth management and asset management services, to install 500 on-site ATMs, undertake IPO/FPO financing and provide more thrust on financial inclusion.
- Kotak Mahindra Bank intends to double its non-resident Indians customer base from the current number of 40,000 within a year. The services that Kotak Mahindra Bank will provide to its NRI customers include deposits, home loans, portfolio management and trading.
- EzRemit, a part of the Bahrain-based money transfer services provider BFC Group Holdings, entered into a strategic agreement with Axis Bank to facilitate instant money transfer to receivers in India from across the globe. The service will be available to Axis Bank account holders and also to receivers who are not Axis Bank account holders in India. This tie up comes in line with EzRemit's vision to expand its presence across India.
- The Industrial & Commercial Bank of China Ltd (ICBC) plans to set up branches in India and has already applied to the RBI. This plan comes as part of a joint financial services agreement signed between India and China. After final clearances are provided, lenders like Bank of China, China Construction Bank and Agricultural Bank of China, apart from ICBC, will also be allowed to set up branches in India.
- Bank of Baroda (BoB) entered into a joint venture agreement with Madrid (Spain)-head quartered financial services group BBVA (Banco Bilbao Vizcaya Argentaria) for its credit cards subsidiary, BoB Cards. As per the agreement, BBVA will buy a 51% stake in BoB Cards for Euros 34 million. The purpose of the joint venture is to leverage upon the 36 million customer base of Bank of Baroda spread over more than 3,200 domestic branches as well as leveraging on the process and technology expertise and global best practices including risk management practices of BBVA. Further, this joint venture marks BBVA's entry into the Indian retail banking market and is in line with its strategy of entering new markets through relationships with a local partner.
- Karur Vysya Bank plans to raise ₹ 4.5 billion through a rights issue before May 2011. The proposed fund-raising plans are in line with its objective to achieve a business target of ₹ 1,250 billion for 2016. The bank is targeting business worth ₹ 500.0 billion by March 2012. Besides, it plans to expand its branch network from the current 360 to 450 by 2011.
- Lakshmi Vilas Bank plans to raise funds via qualified institutional placement (QIP) during February-March to improve its capital adequacy ratio (CAR) and raise capital to fund growth. The bank aims to boost its CAR to 15-16% in February-March, from 13.5%.

Cement production (mn tonnes)



Source: CMIE

All India cement production vs. all India cement consumption



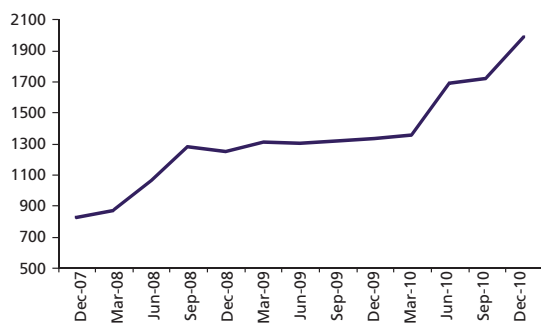
Source: CMIE

CEMENT INDUSTRY

Highlights

- Ultratech Cement Limited and the Rajasthan State Industrial Development & Investment Corporation entered into a Memorandum of Understanding to set up a cement project in Jhunjhunu district in Rajasthan. The ₹ 20 billion cement plant, which will be set up on 1,006 hectares of land, will have an annual installed capacity of 3 million tonnes.
- Bharathi Cement commissioned the 2.5 million tonne per annum second line of its manufacturing unit in Kadapa district (Andhra Pradesh), taking the company's total investment to ₹ 16 billion. With the commissioning of this second line, the company's total production capacity has reached 5 million tonne per annum.
- Anjani Portland Cement Ltd plans to invest ₹ 3 billion to set up a cement plant in Karnataka through a wholly-owned subsidiary Anjani Cement Karnataka Ltd. The proposed plant will have an annual capacity of one million tonnes and is expected to provide the company with better access to the markets in Maharashtra and Goa.
- Cement companies that plan to set up new plants in Gujarat will have to contribute 3% of their net cement production for social causes. The Gujarat Government is tying up with NGOs and other institutions to help distribute this cement with an aim to develop the housing and infrastructure facilities in the nearby areas of the cement plant.

Cement: Investment scenario* (₹ bn)



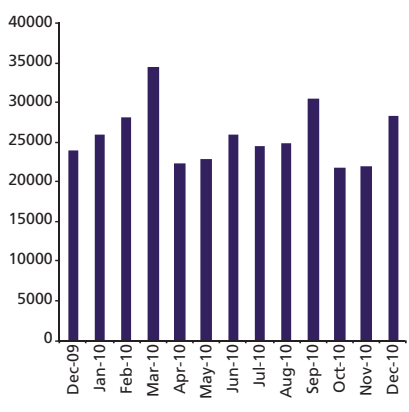
*Outstanding investments
Source: CMIE

Cement production and despatches

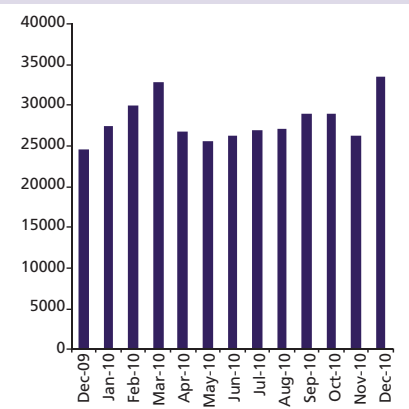
Parameters	Nov-10		Apr 10-Nov 10	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	14.9	-4.9	134.7	5.2
Despatches	14.7	-5.9	133.8	5.4

Source: CMIE

M&HCV: Domestic sales (Nos.)



LCV: Domestic sales (Nos.)



Source for all above charts: CMIE

COMMERCIAL VEHICLE INDUSTRY

Highlights

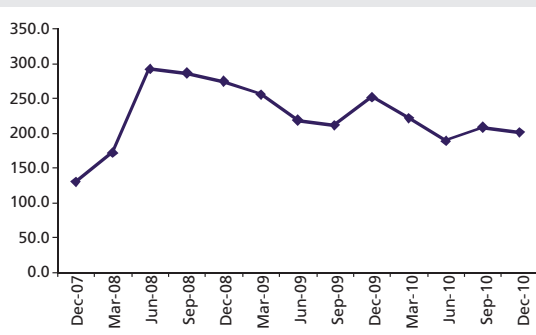
- With an aim to be an end-to-end player in the commercial vehicle industry, Mahindra & Mahindra Ltd plans to launch a 1.2 tonne-plus light commercial truck by the first half of 2011. The proposed truck will be manufactured at the company's Chakan plant (Maharashtra) and it will be targeted at the higher range of the commercial vehicle category.
- Tata Motors made a foray into the four-axle construction truck market in India with the launch of the Tata Prima Construck range. The company introduced two models in the Construck range – the Tata Prima 3128.K for road construction and irrigation projects and the Tata Prima 2528.K for off-road deep mining applications.
- Owing to rising input costs, Tata Motors increased the prices of its commercial vehicles in January. The price hike is in the range of ₹ 1,500-30,000, and is with effect from January 1, 2011.
- Recently, Ashok Leyland (UAE) Ltd, a joint venture between Ashok Leyland and the Ras Al Khaimah Investment Authority, inaugurated its vehicle factory in UAE. This move is in line with Ashok Leyland's strategy of strengthening its global presence. Apart from catering to the GCC market, the company also plans to gradually cater in Africa and the European markets through this facility. The factory will have an initial annual capacity of 2,000 buses and trucks.
- Ashok Leyland Ltd plans to make AVIA range of trucks at its plant at Ras Al Khaimah (RAK), UAE. The new assembly unit, with an initial annual capacity for 1,000 buses, will aim at functioning as a bus body assembly using Ashok Leyland chassis and bus body CKD kits sent from India (including Irizar TVS). The company is expected to bring in components from the Czech Republic and produce vehicles at RAK. The facility will supply to the African and European markets as well.

Commercial vehicle sales (Nos.)

Segments	Dec-09	Dec-10	y-o-y growth (%)	Apr-Dec 2009	Apr-Dec 2010	y-o-y growth (%)
M&HCV	24,034	28,368	18.0	156,334	223,326	42.9
LCV	24,577	33,512	36.4	197,095	250,543	27.1
Total domestic	48,611	61,880	27.3	353,429	473,869	34.1
Exports	4,628	7,975	72.3	30,747	54,518	77.3
Total	53,239	69,855	31.2	384,176	528,387	37.5

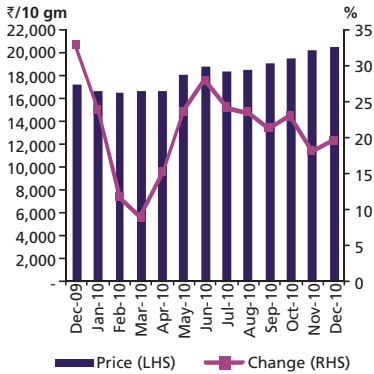
Source: CMIE

Commercial vehicles: Investment scenario* (₹ bn)

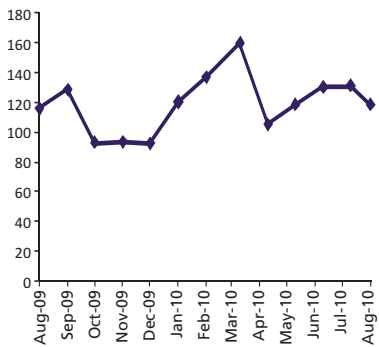


*Outstanding investments
Source: CMIE

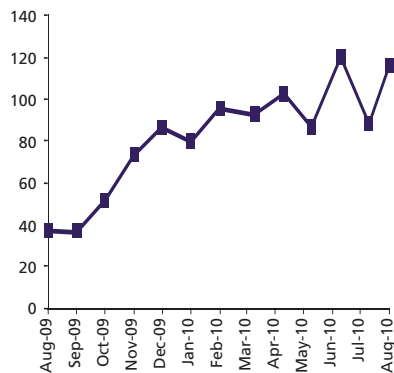
Gold prices in Mumbai market



Gems & jewellery exports (₹ billion)



Gems & jewellery imports (₹ billion)



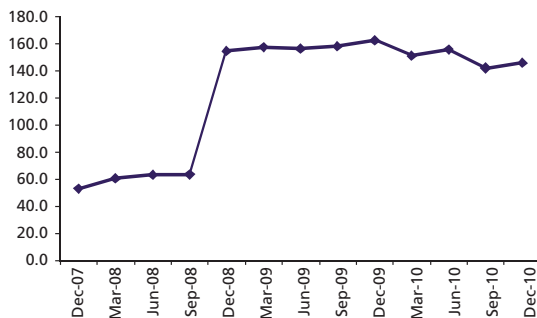
Source for all above charts: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

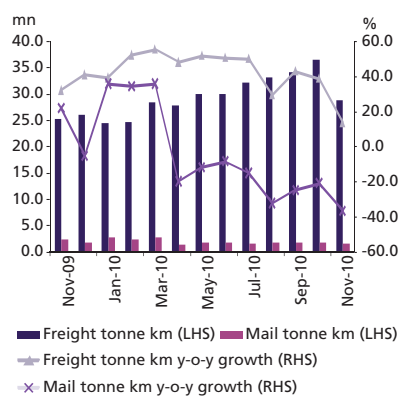
- As per the Gems and Jewellery Export Promotion Council (GJEPC), exports of gems and jewellery from India increased to US\$ 23.5 billion during the first three quarters of FY11 as compared to US\$ 14.5 billion in the same period of FY10, recording a growth of 38%. The sharp growth was primarily driven by increase in demand from retailers in US, Middle East, Hong Kong and Europe.
- As per GJEPC, exports of polished diamonds from India registered a growth of 19% (y-o-y) in November 2010 and stood at US\$ 1.59 billion. Rough diamond imports to India fell by 14% to US\$ 772.5 million, whereas exports of the same declined by 15% to US\$ 55 million in November 2010.
- MMTC India Ltd opened its office in Johannesburg, South Africa to source rough diamonds from Africa. The company is also looking at setting up joint ventures with African countries in the field of precious stones.
- Gitanjali Gems Ltd, through its wholly-owned subsidiary in Dubai, Gitanjali Ventures DMCC, acquired 90% stake in Italian jewellery maker Giantti Italia SRL. Through the acquisition, Giantti Italia becomes a direct subsidiary of Gitanjali Gems.
- Aerens Gold Souk International Ltd plans to set up a 33-acre gold and diamond park at Kalamassery, Kochi with an investment of ₹ 4.50 billion. The company further plans to set up two more malls in Thiruvananthapuram and Kozhikode with an investment of ₹ 1.50 billion each.
- With an aim to expand its presence in India, Tanishq, the jewellery arm of the Tata Group, plans to provide an alternative to already established local jewellers through which the company aims to grab an 8% market share in the domestic jewellery market by 2015. The company further plans to cash upon its brand image and add 15-20 stores every year, which would be spread across 4,000 sq ft.
- In a bid to explore and expand its operations in Europe, Gitanjali Gems Ltd incorporated a wholly-owned subsidiary - Gitanjali Resources, in Belgium. The company also plans to conduct core diamond and jewellery business in the European Region.
- D'Damas, one of seven diamond jewellery brands of the Gitanjali Group, plans to open 15 flagship jewellery stores across India over the next six months and add 80 franchise outlets by the end of 2011.

Gems and Jewellery: Investment scenario* (₹ bn)



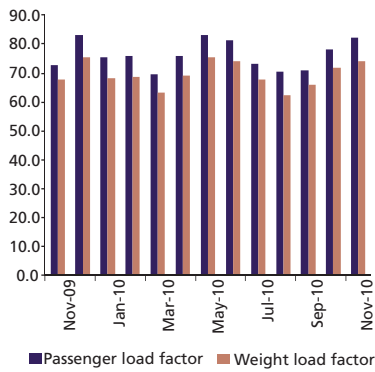
*Outstanding investments
Source: CMIE

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



Source: CMIE

Civil aviation: Load factor (%)



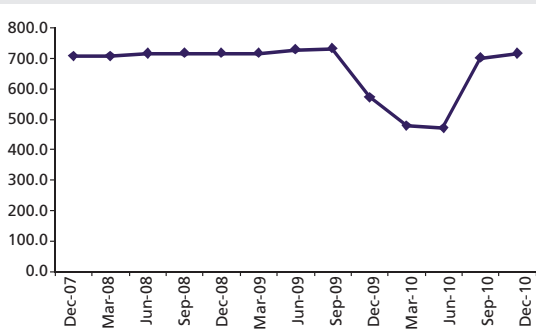
Source: CMIE

HI-TECH INDUSTRY

Highlights

- With opportunities growing in the supply of LED-based lighting in India, MIC Electronics Ltd plans to expand its LED lighting production capability at its Cherlapally facility near Hyderabad. The company also plans to set up another plant for lighting division near the Rajiv Gandhi International Airport, Shamshabad, at an investment of ₹ 1.8 billion. The new facility will help the company to enhance its production capacity for solar powered lighting products. MIC Electronics announced the introduction of a solar powered street light for usage in the rural areas as a measure to cater to the Government's initiatives to spread solar powered lighting under the Jawaharlal Nehru National Solar Mission that seeks to deploy 20 million rural lighting systems by 2022.
- With an aim to capture the increasing demand in the digital entertainment market, Rovi Corporation, a digital entertainment technology player, agreed to purchase Sonic Solutions for a cash and stock transaction of US\$ 720 million.
- Havells India Ltd, a leading multi-product electric engineering and electrical goods manufacturing firm, plans to invest ₹ 1.2 billion over the next two years towards doubling the capacity of manufacturing compact fluorescent lamps.
- Air India Ltd is in talks to relaunch the services of 'Vayudoot', an air transport service and a subsidiary of Air India and Indian Airlines to serve the north-east region of India where transport facilities are inadequate. The company plans to partner with states either by way of equity participation or viability gap funding.

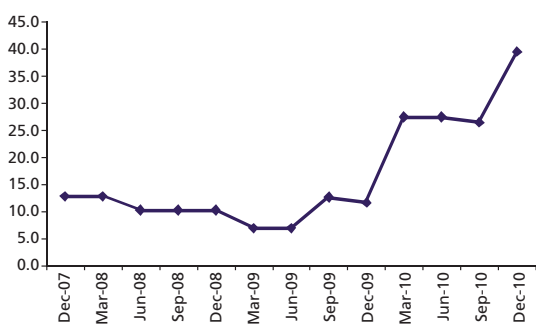
Air transport services: Investment scenario* (₹ bn)



* Outstanding investments

Source: CMIE

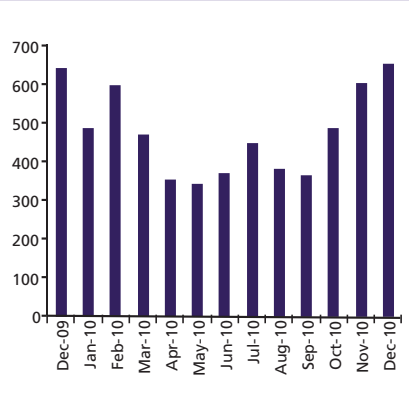
Consumer electronics: Investment scenario* (₹ bn)



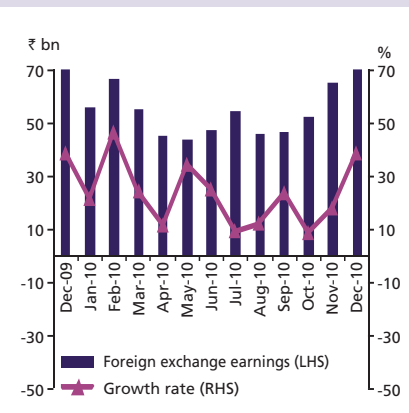
* Outstanding investments

Source: CMIE

Foreign tourist arrivals in India ('000 nos.)

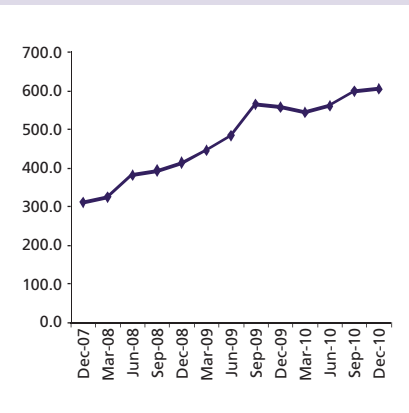


Foreign exchange earnings



Source for all above charts: Ministry of Tourism

Hospitality: Investment scenario * (₹ bn)



*Outstanding investments
Source: CMIE

HOSPITALITY INDUSTRY

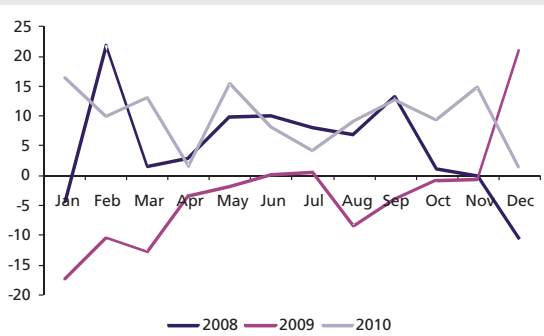
Highlights

- With an aim to streamline the process for speedy clearance of hotel projects, the Union Cabinet approved the constitution of Hospitality Development and Promotion Board for clearing and facilitating of hotel projects. The main function of the Board would be to monitor and facilitate the clearances of hotel projects both at the central and state government levels.
- Hotel companies are on an expansion spree and continue to announce major expansion programmes. These include plans announced by the following companies:
 - Starwood Hotels India - It plans to open 17 hotels in the next three years under its various brands including Le Meridian, Sheraton, Westin, Aloft, Four Points by Sheraton and Luxury Collection. The company further plans to get its other brands St Regis and W to India.
 - Tata Group – It plans to increase its number of budget hotels from 25 to over 70 in the next 3-4 years through its wholly-owned subsidiary, Roots Corporation Limited.
 - Royal Orchid Hotels – It plans to invest ₹ 2 billion in the next eight months to expand its room capacity in the domestic market from the current 1,300 rooms to about 2,100 rooms. The company also plans to add a minimum of seven new hotels in Jaipur, Hyderabad, Baroda, Mumbai and Shimoga. It further plans to set up a hotel in Tanzania, Africa by next year.

Global news

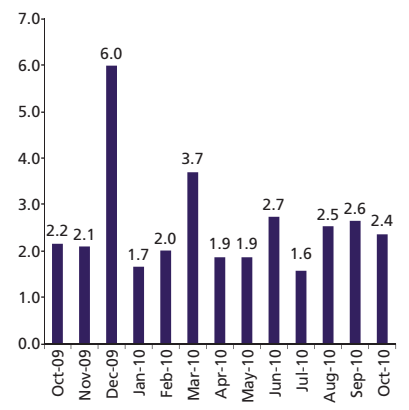
- According to the Dubai Department of Tourism and Commerce Marketing, Dubai's hotel industry registered a growth of 6% (y-o-y) in guest arrivals in the first three quarters of 2010.

Growth in foreign tourist arrivals (%)



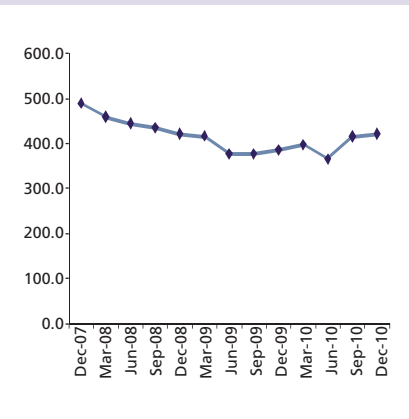
Source: CMIE

Domestic computer hardware & peripheral production (₹ bn)



Source: CMIE

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



*Outstanding investments
Source: CMIE

IT HARDWARE INDUSTRY

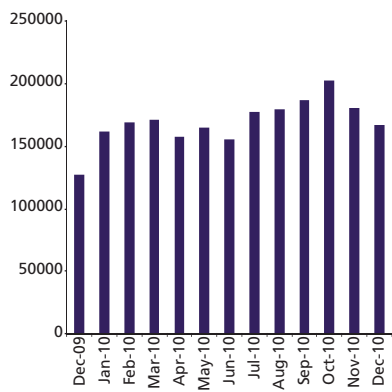
Highlights

- Wipro Ltd is in the process of building what will become the country's fastest supercomputer for the Indian Space Research Organisation (ISRO). The supercomputer, being built at the Vikram Sarabhai Space Centre (VSSC) in Thiruvananthapuram, will have a processing speed of 200-500 teraflops. The existing supercomputer at VSSC has a speed of 70 teraflops.
- Global chip maker Intel announced the launch of a new range of processors in India that deliver high quality audio-video capabilities along with faster computing speed. The new processors, including the new Intel Core i7, i5 and i3 processors, have graphics features built into the chips, which includes Intel Quick Sync Video, HD Graphics and Wireless Display 2.0. Leading vendors like HCL, Wipro, HP, Toshiba and Dell are expected to launch over 500 models of devices with these new chips in the coming months.
- HCL Infosystems tied up with Ernakulam District Co-operative Bank to provide HCL ME laptops. Under this scheme, the account holders will be provided finance for purchase of computing devices by the bank at 0% interest, with 100% financing and no processing charge imposed. Government employees can avail the scheme without guarantee and employees from any private sector organisation and other account holders need to give one guarantor to the bank.
- Lenovo India is in talks with Ahmedabad-based Aegis Infoware Pvt Ltd for rolling out 20 retail outlets under its exclusive retail outlet chain 'LES Lite' (Lenovo Exclusive Store). The company has been in partnership with e-Mall, a chain of IT retail stores promoted by Sai InfoSystems (India) Ltd for setting up 20 LES Lite stores in tier 3-4 towns of Gujarat. Besides, the company also plans to set up 1,000 touch points in India, which will include LES Lite stores, of which around 400 stores will be set up by April 2011.
- HCL Infosystems acquired 20% stake in Dubai-based Techmart Telecom Distribution for expanding its distribution business in the Middle East. This deal is expected to add 20% of Techmart Telecom's profits to HCL Infosystem's profits in 2011.

Global news

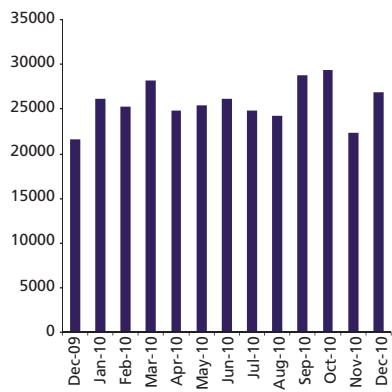
- US computer giant Dell plans to launch a new touchscreen tablet computer, the Streak 7, in the near future. The new Streak 7 tablet has a seven-inch (17.8 centimeter) screen, a dual-core processor, dual cameras and is designed for the faster Internet speeds of US wireless carrier T-Mobile's 4G network.
- Toshiba Corp is making its foray into the tablet PC market by launching a tablet PC. The Toshiba Tablet will be available in the first half of 2011 and runs on Google's forthcoming Honeycomb version of the Android operating system. The 1.7-pound tablet, which uses Nvidia's Tegra 2 mobile processor, connects to the Internet over Wi-Fi, plays high-definition videos and is designed for Web browsing, games and electronic books.
- Chinese computer maker Lenovo unveiled an IdeaPad computer, the IdeaPad U1 hybrid that serves as a laptop screen but unplugs to become a tablet computer. The LePad tablet is powered by Android software backed by Internet giant Google and a Snapdragon chip from Qualcomm. LePad has a 10.1-inch (26 centimeter) colour screen, weighs less than one kilogram and connects to the Internet using 3G telecom service.

Passenger cars: Domestic sales (Nos.)



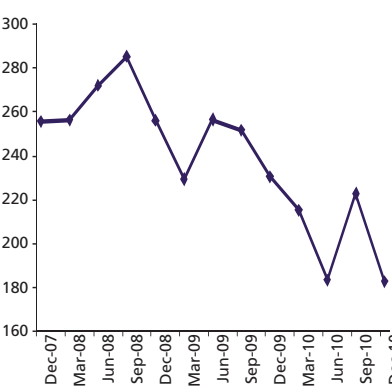
Source: CMIE

Utility vehicles: Domestic sales (Nos.)



Source: CMIE

Passenger vehicles: Investment scenario* (₹ bn)



*Outstanding investments
Source: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

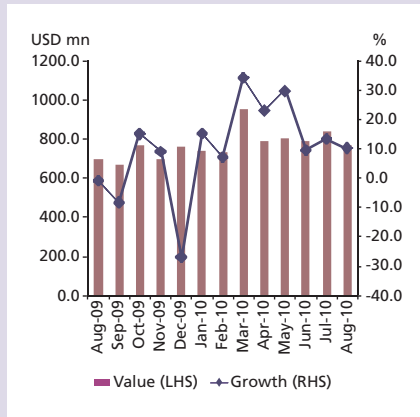
- Healthy demand for passenger vehicles reflected in sales volumes for December. Domestic sales of passenger cars surged by 31% over December last year, while sales of multi-utility vehicles (MUVs) increased by 24%. On a cumulative basis, overall sales of passenger vehicles rose by a robust 31.8% during April-December 2010.
- While domestic sales continue upward trend, on the export front the industry faces a reverse trend. Cumulative exports during the first three quarters of FY11 stood at 0.32 million units, which were 1.5% lower than exports in the same period of FY10.
- The Society of Indian Automobile Manufacturers (SIAM) urged the Government to retain the excise duty on small cars at the current level of 10%.
- Carmakers continue to put increased thrust on the rural markets. Honda Siel Cars India plans to expand its network in small cities and towns, and tie up with state-run and regional banks, ahead of the launch of its compact car Brio. The small car is expected to be launched in the second half of 2011 at a price below ₹ 0.5 million.
- Tata Motors launched a new multi-purpose diesel vehicle Venture, priced in the range of ₹ 0.4-0.5 million (ex-showroom, Jaipur). Mahindra & Mahindra launched a new multi-utility vehicle Thar, at a price of ₹ 0.61 million (ex-showroom, Kochi) for the BS IV variant. In view of rising input costs, Tata Motors hiked prices of its passenger cars by ₹ 3,000-15,000 and those of its utility vehicles by ₹ 8,700-14,500, effective January 1, 2011. In the luxury segment, BMW India launched its cheapest model in India, a new sports-utility vehicle X1, priced at ₹ 2.2-2.9 million (ex-showroom, Delhi).
- General Motors India plans to launch six new cars in India in the next two years. Maruti Suzuki India intends to launch a completely made-in-India car in India by 2012.
- Hyundai Motor India plans to invest ₹ 4 billion over the next three years to set up a diesel engine manufacturing plant. The proposed plant would have an annual installed capacity of 0.15 million units, and is expected to be operational in 2013 or early 2014.

Passenger vehicle sales (Nos.)

Segments	Dec-09	Dec-10	y-o-y growth (%)	April-Dec 2009	April-Dec 2010	y-o-y growth (%)
Mini	6,184	7,582	22.6	42,128	65,742	56.1
Compact	83,513	107,237	28.4	798,506	1,041,323	30.4
Mid-size	21,094	28,809	36.6	190,324	257,403	35.2
Executive	3,609	3,391	-6.0	32,115	37,498	16.8
Premium	834	1,502	80.1	7,977	11,845	48.5
Luxury	103	160	55.3	1,039	1,352	30.1
MPV	12,165	18,166	49.3	103,947	156,525	50.6
Passenger cars	127,502	166,847	30.9	1,176,036	1,571,688	33.6
Multi-utility vehicle	21,664	26,838	23.9	193,138	233,350	20.8
Domestic sales	149,166	193,685	29.8	1,369,174	1,805,038	31.8
Exports	40,087	39,928	-0.4	330,564	325,641	-1.5
Total sales	189,253	233,613	23.4	1,699,738	2,130,679	25.4

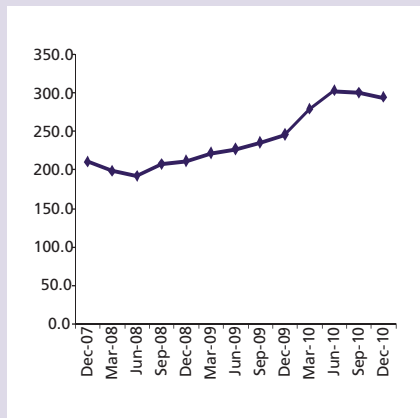
Source: CMIE

Trend in drugs and pharmaceuticals exports



Source: CMIE

Drugs & pharmaceuticals: Investment scenario* (₹ bn)



*Outstanding investments
Source: CMIE

PHARMACEUTICAL INDUSTRY

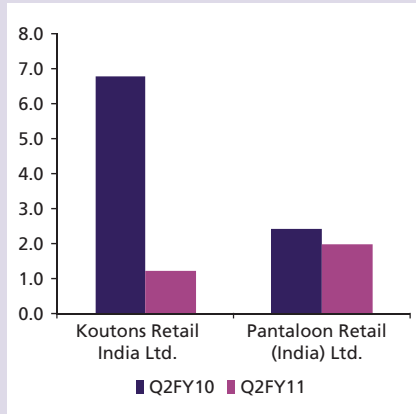
Highlights

- In a bid to address allegations that some local firms export counterfeit medicines, the Government made it mandatory for drugmakers to carry a barcode on products exported from India.
- Several Indian pharma companies entered into tie-ups and agreements with foreign drugmakers. Lupin Ltd tied up with Brazil's public sector unit Farmanguinhos and their Health Department to supply its four-in-one combination drug for tuberculosis. Under this agreement, Lupin will supply the drug, which is a combination of rifampicin, isoniazide, ethambutol and pyrazinamide, till 2015 and will aid Farmanguinhos in setting up a domestic manufacturing base.
- Hyderabad-based Dr Reddy's Laboratories entered into a research partnership with UK-based contract research organisation Argenta which will apply its integrated drug discovery platform and expertise to find potential new drug targets for Dr Reddy's in the area of pain and inflammation. The aim of the collaboration is to deliver high quality development drug candidates to support Dr Reddy's research efforts for proprietary products.
- Dr Reddy's Laboratories Ltd signed a licensing, technology transfer, manufacturing and marketing agreement with R-Pharm of Russia. The collaboration is in the area of high-technology products and is based on a profit-sharing model. It will entail the licensing of manufacturing know-how of products by Dr Reddy's, local manufacturing of products in Russia, co-development of high technology products and knowledge sharing between both companies at regular intervals.
- Pfizer bought 22 ANDAs (Abbreviated New Drug Applications) of Strides Arcolab for over US\$ 28.2 million. These include 16 approved and six pending filings for sale of off-patent steriles and injections. ANDAs are filings that pharmaceutical companies make with the US FDA seeking its approval to sell their drugs in that country. Apart from the ANDA sale, Strides signed a long-term agreement with Pfizer to manufacture and supply medicines which will then be sold in the US as Pfizer brands.
- Ranbaxy Laboratories' South Africa-based joint venture, Sonke Pharmaceuticals bagged Rand 913.5 million (US\$ 133 million) order for supplying anti-retroviral (ARV) drugs for prevention and treatment of AIDS. The medicines will be manufactured in South Africa and at Ranbaxy's facilities in India. Through this order, Sonke Pharmaceuticals will be able to introduce nine more ARVs in the market to serve the needs of a wider cross section of patients.

Global news

- Sanofi-Aventis SA, a France-based pharmaceutical company, tied up with Merck KGaA of Germany to study experimental cancer treatments. Besides, Sanofi will be given a license to study the safety and effectiveness of Merck's compound and Merck will be given a license to work with Sanofis' medicines to study its use in combination with its experimental compound.
- Pfizer Inc entered into a collaboration agreement with Seattle Genetics, a US-based bio technology company, for rights to utilise Seattle's antibody-drug conjugate (ADC) technology to treat a single cancer target. Seattle Genetics will receive a payment from Pfizer of US\$ 8 million upfront and over US\$ 200 million in progress-dependent milestones as well as royalties on worldwide net sales of any resulting ADC products. Pfizer will be responsible for research, product development, manufacturing and commercialisation of any ADC products under the collaboration.

Net profit margin (%)



Source: CMIE

RETAIL INDUSTRY

Highlights

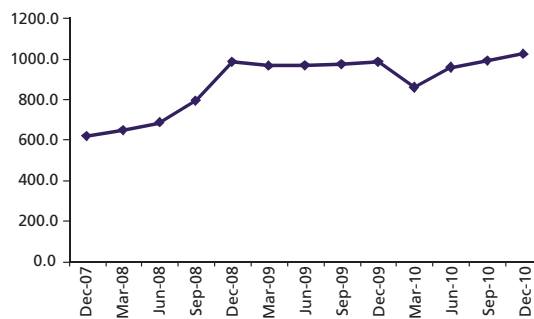
- In view of the increasing preference of India's growing middle class consumers for American brands, Arvind Ltd entered into a long-term direct-to-retail (DTR) licensing agreement with Iconix Brand Group Inc (IBG), a US-based company that designs, markets, imports and distributes leisure and fashion footwear and handbags, for its brand 'Mossimo'. Under the agreement, Arvind Ltd will be eligible to hold an exclusive multi-year license to manufacture and distribute Mossimo apparels and accessories across India. The Mossimo brand will be available at all 170 stores owned or franchised by Arvind, which plans to expand its retail network to 500 stores by 2014.
- Carrefour Group, one of the leading retailers in the world, entered the Indian retail market by opening its first wholesale cash-and-carry outlet in Delhi. The store is situated in Seelampur Metro Mall and is spread across an area of 5,200 sq. m.
- Bharti Walmart Pvt Ltd, a 50:50 joint venture between Bharti Enterprises Ltd and US-based Walmart Inc, which has already established a presence in North India, plans to expand its reach in the north-eastern states, especially West Bengal.
- Ideal Hospitality Pvt Ltd, one of the leading Australian coffee chains in India, plans to open a total of 100 Aromas coffee outlets by December 2012. The expansion would involve an investment of ₹ 1 trillion.
- Shri Lakshmi Cotsyn Ltd, a diversified group active in textiles and ballistic protection equipment, is setting up exclusive retail outlets in tier II cities under the brand name 'Weaves', with an investment of ₹ 100 million. The company plans to open 100 franchise-owned stores in 50 cities by 2012. These stores will offer products like teri-towels, bedsheets, table-mats, footmats and shower curtains.
- Max Hypermarket India Pvt Ltd plans to invest ₹ 5.5 billion for its multi location SPAR Hypermarket Stores Project. The company plans to open 30 stores by December 2013.

Major expansion plans of retailers

Company	Format	No. of stores	Deadline
Pavers England	Footwear	25	Dec-11
W	Women's apparels	100	FY12
Timex Group India Ltd	Watches	144	Mar-13

Source: Company announcements

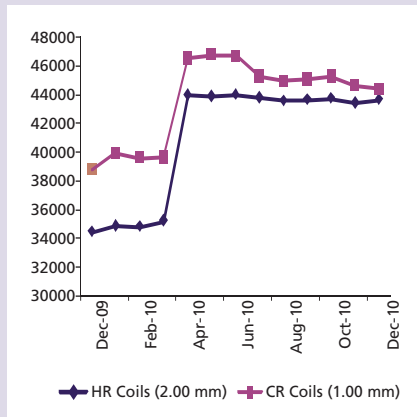
Retail: Investment scenario* (₹ bn)



* Outstanding investments

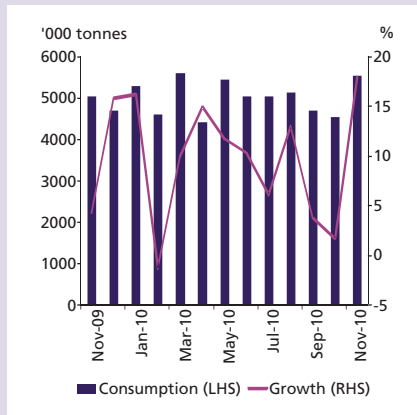
Source: CMIE

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



Source: CMIE

Finished steel consumption



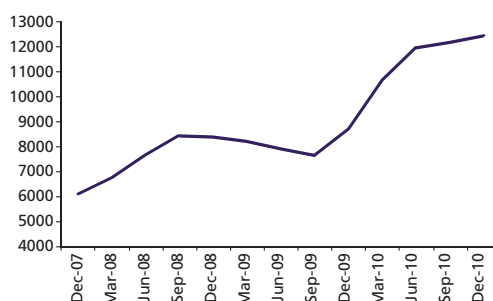
Source: CMIE

STEEL INDUSTRY

Highlights

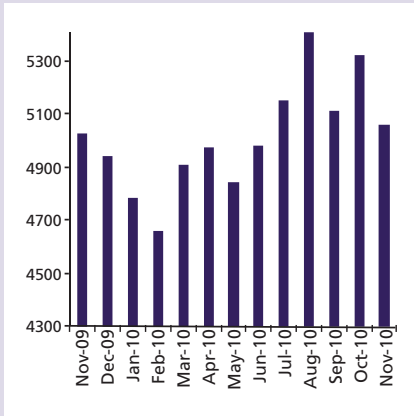
- The steel industry witnessed stake acquisitions in the recent month. JSW Steel Ltd acquired 41.29% stake in Ispat Industries Ltd for ₹ 21.57 billion. The company plans to invest ₹ 75 billion to refinance Ispat's debt (which is ₹ 95 billion, including a working capital of ₹ 20 billion).
- Rashtriya Ispat Nigam Ltd acquired 51% stake in Eastern Investments Ltd, a state-owned holding company that owns iron ore and limestone mines in Orissa, for ₹ 3.60 billion in order to expand capacity through integration of steel-making operations.
- Tata Steel Ltd (TSL) and Nippon Steel Corporation (NSC) of Japan signed a 51:49 joint venture agreement to set up India's first Continuous Annealing and Processing Line (CAPL) for producing automotive cold rolled steel in Jamshedpur (Jharkhand). The project will be set up at a capital cost of approximately ₹ 23 billion to produce 600,000 tonnes per annum of automotive cold rolled steel and is expected to come on stream by 2013.
- Tata Steel Ltd plans to invest around US\$ 500 million in Corus, especially to fine-tune supply chain and improve managerial efficiency. Tata Steel Ltd also plans to sell its UK-based Teesside Cast Products plant for US\$ 500 million by February 2011 and use the proceeds to repay its European debts.
- Essar Steel Ltd signed an MoU with Kobe Steel, one of Japan's leading steelmakers and producers of aluminium and copper products, for a possible tie-up to produce automobile grade steel. The MoU will also explore the possibility to set up a joint venture to design, construct, own and operate a continuous annealing line (CAL) and a continuous galvanising line (CGL for galvanized steel sheets). Essar Steel will also collaborate with Kobe Steel in areas of technology for manufacturing advanced high-strength steel (AHSS)-grade steel sheets used in automotive and other relevant applications.
- Bhilwara-based Sangam Group announced its entry into the steel industry through a new subsidiary Mahalaxmi TMT Private Ltd by setting up an integrated steel plant near Wardha in Maharashtra for ₹ 6.97 billion. The plant will be constructed in two phases. In the first phase, the company will set up a manufacturing capacity of 0.2 million tonnes per annum for mild steel which will be completed by May 2011. In the second phase, the company plans to ramp up capacity to 0.3 million tonnes by May 2012.
- SAIL announced a hike in prices across product categories by 3% (around ₹ 1,000 per tonne) to offset an increase in input costs.

Steel: Investment scenario* (₹ bn)

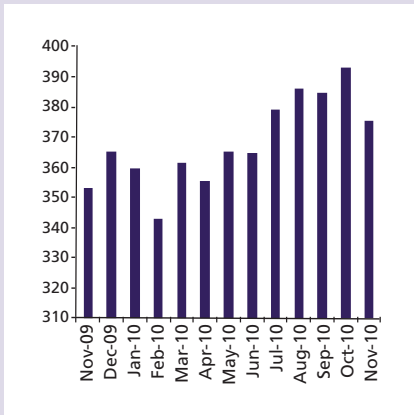


*Outstanding investments
Source: CMIE

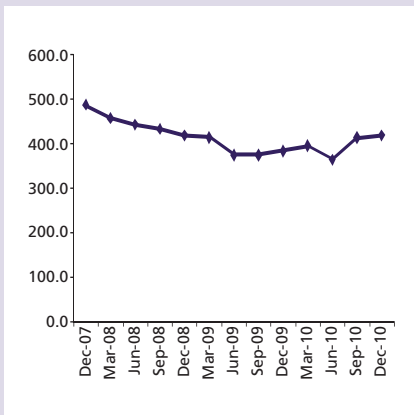
**Fabrics production
(Million sq.metres)**



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



**Textiles & Garments:
Investment scenario* (₹ bn)**



*Outstanding investments

Source for all the above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

- Rajasthan-based textile manufacturer Sangam India is exploring strategic alliances with international fashion brands to launch premium product lines in the country. As a part of its growth plan, Sangam India also plans a major scale-up of marketing operations and distribution network enhancement across the North and East India markets. The company is targeting a distribution network of 200 dealers and 5,000 retailers over the next 12 months in both these regions which will require a marketing expenditure investment of ₹ 0.50 billion.
- India's state-run National Textile Corporation raised ₹ 1.5 billion by selling two of its surplus mill lands in Western Gujarat via e-auctions. This auction comes in line with the company's aim of raising money in order to undertake modernisation of its 24 mills for a total estimated cost of ₹ 91.0 billion. Moreover, an improvement in demand for textile products and apparels has prompted the Government to spend more on reviving and modernising dormant textile mills.
- Hyderabad-based textile firm, Suryavanshi Spinning Mills has set a target to achieve revenues of ₹ 5 billion. It plans to make an investment of ₹ 1.3 billion over the next 18 months to fuel part of its expansion plans. Moreover, the company has earmarked around ₹ 0.75-0.80 billion to set up a unit in Andhra Pradesh with a capacity of 30,000 spindles and will be spending around ₹ 0.1 billion for enhancing its garment manufacturing capacity from the current 25 lakh pieces to 35 lakh pieces in the next 12 months.
- Mandhana Industries, a Mumbai-based garments firm, entered into a tie up with Being Human—a charitable trust. Under the pact, the company will design, market and distribute clothes under the Being Human range. This marks the first step taken by Mandhana to foray into direct retailing. Apart from this, the company intends to create a network of 1,000 standalone retail stores over the next three years and is aiming to achieve annual sales of ₹ 1.0 billion by 2012.
- Reliance Brands Limited, a part of Reliance Industries, announced an exclusive long-term license agreement with Quiksilver Holding S.à.r.l, a fully-owned subsidiary of Quiksilver Inc, a US-based outdoor sports lifestyle and apparel company to launch it's core brands 'Quiksilver' and 'Roxy'. Targeting customers between the age group of 16 and 25 years, Quiksilver and Roxy will offer products such as boardshorts, shirts, t-shirts, pants, jackets, footwear, hats, backpacks, eyewear and other accessories.

Global news

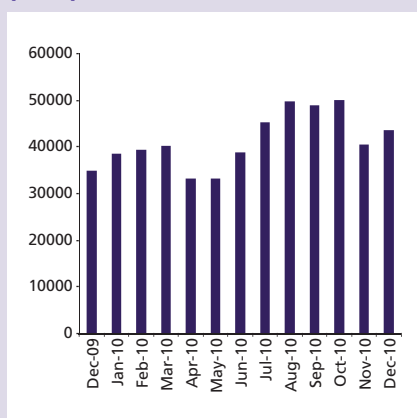
- Perry Ellis International Inc, a US-based designer, distributor and licensor of apparels and accessories, entered into a definitive agreement to acquire all of the assets of Rafaella Apparel Group Inc, a US-based designer of women's sportswear products for an aggregate purchase price of US\$ 70 million plus warrants to purchase 106,564 shares of common stock. This acquisition is line with Perry Ellis' plan to enhance its presence in the women's apparel segment and provide cross-selling opportunities across its portfolio of brands and provide a larger foundation to support the company's current women's brands.
- Avgol Nonwoven Industries Ltd, an Israel-based global manufacturer and supplier of ultra lightweight and quality nonwoven fabrics, acquired majority of the assets of Cleaver Associates Inc, Avgol's sole distributor in the North American region and a general distributor in other regions. After the acquisition, the sales and distribution activities carried out by Cleaver would be merged with activities of Avgol. Besides, Avgol also plans to invest US\$ 80 million to increase its production capacity to 140,000 tonnes by 2011-12.

Two-wheeler: Domestic sales (Million)



Source: CMIE

Three-wheeler: Domestic sales (Nos.)



Source: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- After declining in November, domestic sales of two-wheelers once again crossed the one million mark in December. Sales in December were an impressive 31.1% higher than sales in December 2009. For the April-December 2010 period, all the three segments, namely motorcycles, scooters and mopeds recorded double-digit growth in sales.
- Exports of two-wheelers once again gathered pace, increasing by 12.8% in December, over December 2009. Cumulative exports during April-December 2010 stood at 1.16 million units, representing growth of 37% over the same period of 2009.
- The Board of Hero Honda Motors, India's largest two-wheeler manufacturer, approved the termination of the joint venture between the Munjal-promoted Hero Group and Honda Motor of Japan.
- Honda Motorcycle and Scooter India (HMSI), Honda's wholly-owned Indian subsidiary, plans to invest ₹ 5 billion to set up a new plant in Rajasthan. The proposed plant would have a production capacity of 0.6 million units of scooters and motorcycles per annum, and with the new plant, the company's total capacity would increase to 2.2 million units. HMSI plans to launch a new motorcycle model – CBR 250R – in India by April.
- Domestic sales of three-wheelers grew sharply by 25% to 43,762 units in December. Sales during the first three quarters of FY11 were 19.1% higher than sales during April-December 2009. Exports during April-December 2010 were a whopping 70.1% higher on a y-o-y basis.

Two-wheeler sales

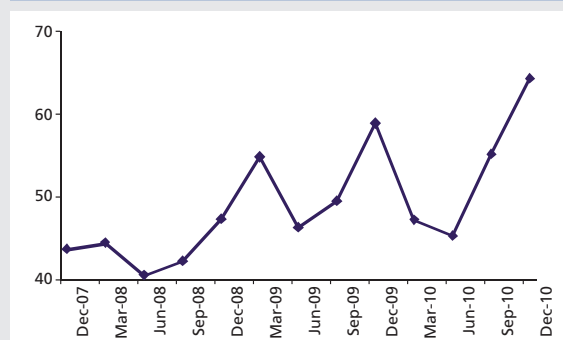
Segments	Dec-10		Apr-Dec 2010	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	753,358	27.1	6,654,280	24.6
Mopeds	64,796	36.1	519,636	24.5
Scooters	188,391	47.6	1,517,132	48.9
Total domestic	1,006,545	31.1	8,691,048	28.2
Exports	128,557	12.8	1,162,598	36.9
Total	1,135,102	28.7	9,853,646	29.2

Source: CMIE

Three-wheeler sales

Segments	Dec-10		Apr-Dec 2010	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Passenger carriers	34,723	22.8	313,877	21.7
Goods carriers	9039	34.4	69,436	8.9
Total domestic	43,762	25.0	383,313	19.1
Exports	22,001	19.7	200,756	70.1
Total	65,763	23.2	584,069	32.8

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



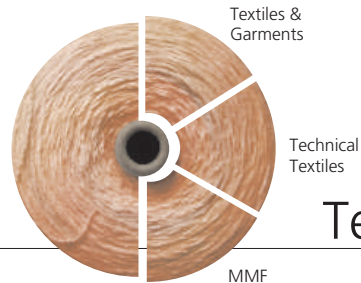
*Outstanding investments
Source: CMIE

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.

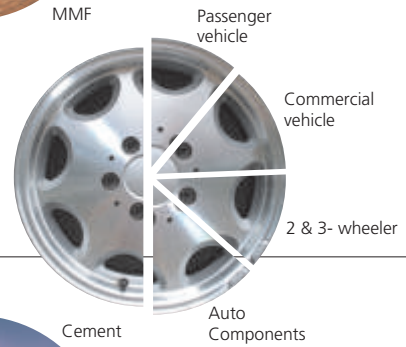
The reports' in-depth analytical content would provide valuable insights to financial institutions, banks, equity broking houses, and corporates towards accurate & informed decision making. The reports would also be useful to the industry practitioners, academicians & scholars.

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:



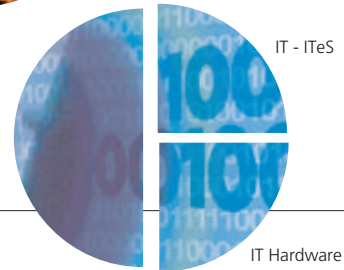
Textiles



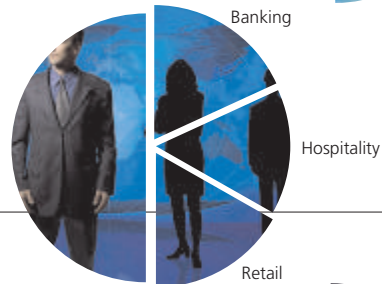
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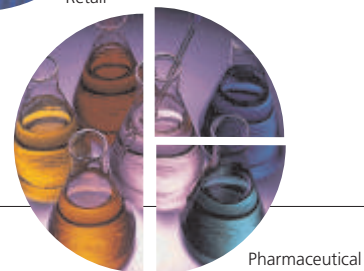
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Services



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For more information, please contact - Punit Somani: 022 6680 1326

Dun & Bradstreet Information Services India Pvt. Ltd.,

ICC Chambers, Saki Vihar Road, Powai, Mumbai 400 072

Tel: 91-22-28574190 / 92 / 94 Fax: 91-22-28572060 Email: d&birs@mail.dnb.co.in www.dnb.com

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