



# Industry cursor

Strictly for Private Circulation

Issue 34 | June 2011

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### Macroeconomic Update

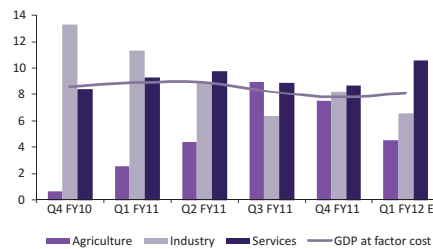
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## MACROECONOMIC UPDATE

### Highlights

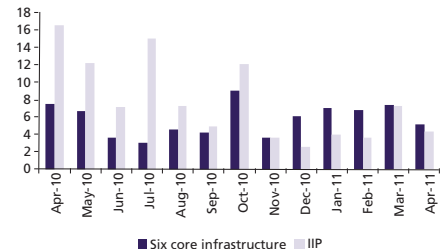
- The RBI increased the repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.25% to 7.5% with immediate effect in its mid-quarter monetary policy review.
- India's GDP registered a growth of 7.8% during January-March 2011. While the agriculture sector recorded an impressive growth of 7.5%, industry grew by 6.1% and services sector grew by 8.7%.
- As per the new series, India's industrial output, as measured by the Index of Industrial Production (IIP) grew by 6.3% during April 2011, after growing by 8.8% in March 2011. The indices for the mining, manufacturing and electricity sectors grew by 2.1%, 6.8% and 6.5% respectively for the same period.
- The WPI headline inflation surged to 9.06% during May 2011, after moderating to 8.7% during April 2011.
- Gross direct tax collections increased by 37.3% to ₹ 504.1 billion during April-May 2011. Net direct tax collections declined by 47.9% to ₹ 129.5 billion during the same period.

### GDP: Growth (%)



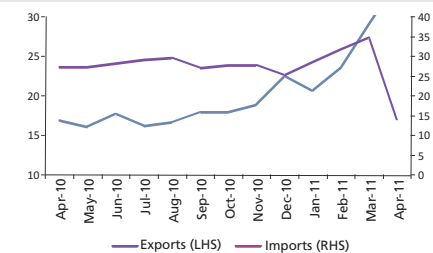
E: D&B estimate  
Source: CSO, D&B Industry Research Service

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



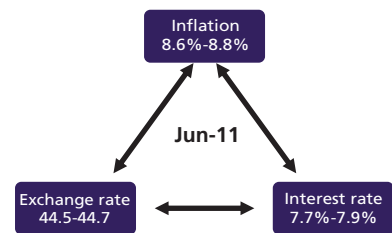
Source: Ministry of Commerce and Industry, CSO

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



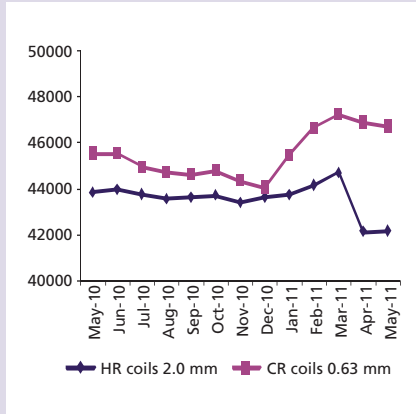
Source: Ministry of Commerce

### Macroeconomic triad (forecast)



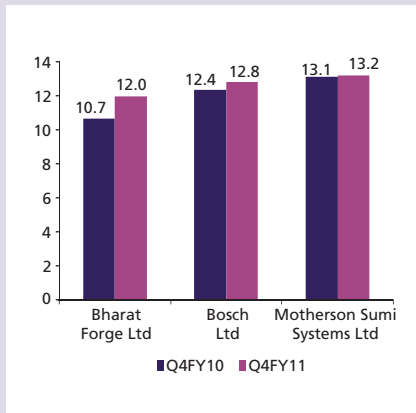
Note: Exchange rate: INR/US\$  
Interest rate corresponds to yield on T-Bills 15-91 days  
Source: D&B Industry Research Service

### Steel prices (Mumbai) (₹/tonne)



Source: CMIE

### Company: PAT margins (%)



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

## AUTO COMPONENTS INDUSTRY

### Highlights

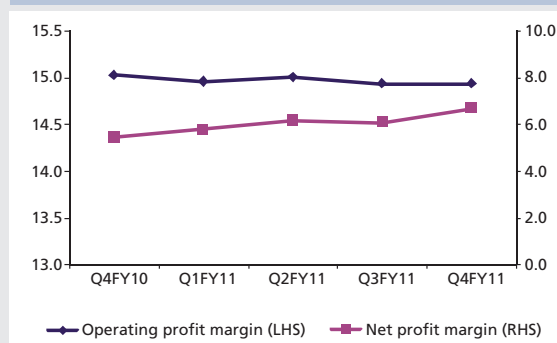
- The labour unrest at Maruti Suzuki India's Manesar facility adversely affected the company's auto parts vendors. Many of them had to close down their units in view of the piling up of inventories and the continuing strike.
- To cash in on the bright long-term prospects of the Indian auto industry, Garware Bestretch Ltd (manufacturer of latex and latex-free elastic rubber products) of the Pune-based RBG Group is exploring the possibilities of diversifying into the auto components business.
- European car manufacturer Renault expects to source auto components worth Euros 100 million by 2012 from India to cater to the company's global business. In 2010, the company had sourced components worth Euros 35 million from India and for 2011, it is likely to be Euros 75-80 million.
- The Pawan Kumar Ruia Group recently acquired Sealynx Automotive of France, a manufacturer of automotive sealing. The French company has manufacturing facilities in France, Romania, Morocco and Tunisia.

### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ bn	113.0	116.3	127.8	135.5	147.2
y-o-y growth	%	51.3	41.9	37.7	32.9	33.0
Operating profit	₹ bn	18.2	17.7	19.5	20.6	22.4
y-o-y growth	%	79.7	33.5	30.2	28.3	25.4
Net profit	₹ bn	6.3	6.8	8.0	8.4	10.0
y-o-y growth	%	300.3	57.0	43.4	47.8	61.1
Operating profit margin	%	15.0	15.0	15.0	14.9	14.9
Net profit margin	%	5.5	5.8	6.2	6.1	6.7

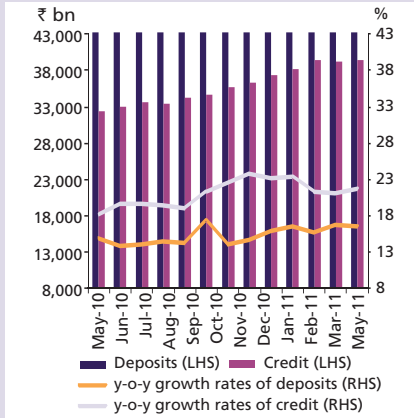
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Industry: Profit margins (%)



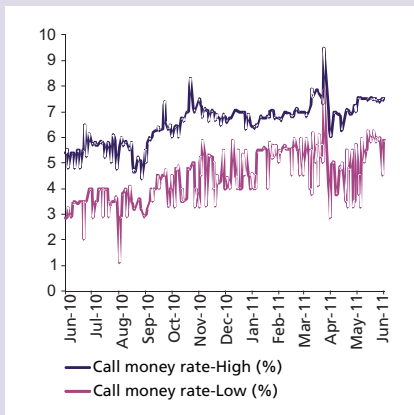
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Deposits, credit and growth rates



Note: Data for May 11 is up to May 27, 2011

### Movement in call money rates (%)



Note: Call rates for June 11 are up to June 8, 2011

Source for all above charts: RBI

## BANKING INDUSTRY

### Highlights

- Some of the banks raised their deposit rates: Allahabad Bank by up to 225 basis points, Dhanlaxmi Bank by up to 50 basis points and Bank of India by up to 250 basis points.
- Oriental Bank of Commerce plans to increase its retail advances by 50% in FY12, by concentrating specially on housing loan sector. The bank further plans to disburse ₹ 40 billion worth of retail loans during FY12.
- IndusInd Bank plans to open nearly 150 branches in the country during FY12 to take its total network strength to over 450 branches. The bank further plans to focus on distribution, branch expansion and providing universal banking solutions to its clients.
- With an aim to deploy funds for its lending activities, Dhanlaxmi Bank plans to raise ₹ 7 billion during FY12.
- In order to increase its subscriber base, American Express Bank plans to partner with 2-3 local financial institutions having strong presence in the Indian market.
- Punjab National Bank plans to acquire 33% stake in MetLife India Insurance Company Ltd to boost its fee income and provide MetLife with financial distribution platform in India.
- State Bank of India (SBI) plans to hire over 5,000 officers, of which 4,987 officers would be for associate banks of SBI and around 206 officers would be for SBI.

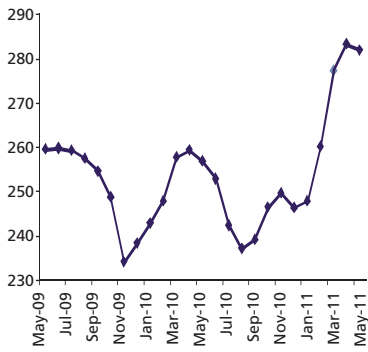
### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	990.1	1,030.2	1,095.6	1,189.4	1,276.1
y-o-y growth	%	4.2	10.1	16.6	23.7	30.2
Net profit	₹ billion	126.2	142.9	150.9	171.8	142.9
y-o-y growth	%	0.7	21.2	18.9	24.6	13.0
Net profit margin	%	10.7	12.1	12.0	12.8	9.6

Net profit: PAT net of prior period and extraordinary items

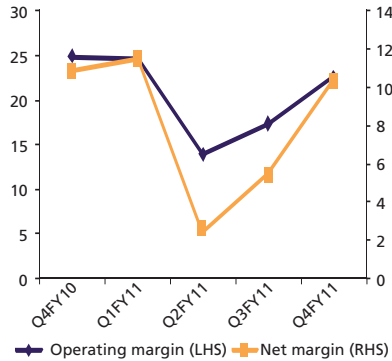
Source: CMIE

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



Source: CMIE

### Industry: Profit margins (%)



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

## CEMENT INDUSTRY

### Highlights

- J K Lakshmi Cement plans to expand its capacity from the current 4.7 million tonnes per annum (mtpa) to 10 mtpa by 2012-13. The company is in the process of setting up a 0.55 mtpa grinding unit at Jhajhar in Rajasthan which will increase its cement making capacity to 5.3 mtpa.
- UltraTech Cement is in the process of setting up a cement plant in Pupunki area in Bokaro. The company is in the process of acquiring the requisite land to set up the unit and has acquired around 35 acres of land out of the total requirement of 115 acres.
- UltraTech Cement signed an MoU with Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) to lay 6 km railway siding from villages Kolida and Beri in Sikar district to the plant site in village Turkani in Jhunjhunu district. The company plans to set up a three mtpa cement plant with an investment of around ₹ 25 billion.
- Ambuja Cements bought 85% stake in Dang Cement Industries in Nepal for a consideration of ₹ 191 million. The company is further in the process of buying additional 5% stake in Dang Cement for ₹ 11.3 million. Apart from cement manufacturing facilities, Dang Cement holds limestone mining lease in Nepal.

### Cement production and despatches

Parameters	Apr-11		Apr10-Mar11	
	Mn tonnes	y-o-y growth (%)	Mn tonnes	y-o-y growth (%)
Production	20.9	-0.2	209.8	4.5
Despatches	20.9	0.3	208.7	4.5

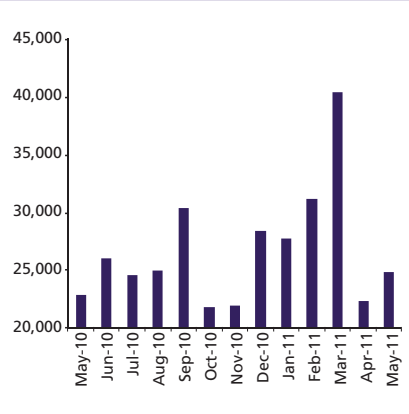
Source: CMIE

### Industry: Key financial indicators

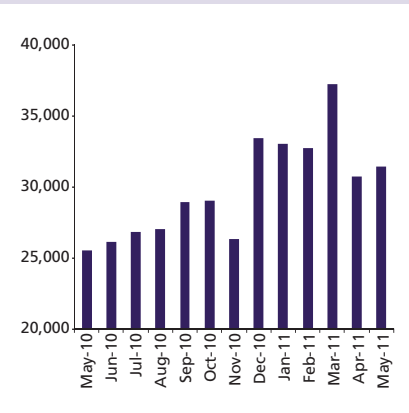
Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ million	160,603.5	148,375.7	145,130.1	158,947.0	200,054.7
y-o-y growth	%	6.9	-1.5	3.0	13.9	25.7
Operating profit	₹ million	40,542.6	37,113.2	20,505.4	27,774.6	45,563.2
y-o-y growth	%	-6.1	-27.1	-55.0	-14.7	13.0
Net profit	₹ million	17,663.8	17,302.9	3,528.2	8,703.2	20,948.2
y-o-y growth	%	-19.4	-38.8	-85.6	-34.6	19.2
Operating margin	%	24.9	24.7	13.9	17.3	22.5
Net profit margin	%	10.8	11.5	2.4	5.4	10.3

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

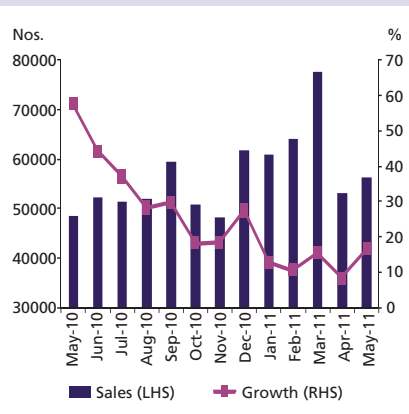
### M&HCV: Domestic sales (Nos.)



### LCV: Domestic sales (Nos.)



### Commercial vehicle sales



Source for all above charts: CMIE

## COMMERCIAL VEHICLE INDUSTRY

### Highlights

- In May, domestic sales of commercial vehicles grew by 16.2% (y-o-y) to 56,314 units. Sales during the first two months of FY12 were 12.2% higher over sales in the corresponding period of FY11.
- Exports of commercial vehicles rose sharply by 54.2% (y-o-y) to 7,467 units in May; exports grew by 46.1% during the April-May 2011 period.
- Tata Motors received an order to supply 1,111 medium & heavy commercial vehicles (trucks) from Surat-based Siddhivinayak Logistics Ltd. This is the largest order of M&HCV trucks from a single fleet owner received by the CV manufacturer.
- Ashok Leyland bagged an order to supply 290 fully-built double decker buses to Bangladesh Road Transport Corporation. The order is valued at US\$ 23.3 million, it being the company's largest single order for such buses from Bangladesh.
- Gujarat-based three-wheeler manufacturer Atul Auto plans to invest ₹ 2 billion to make a foray into the light commercial vehicle segment. The new products are likely to be introduced by December 2012.
- Swedish truck maker Scania plans to expand its operations in India and set up an assembly plant in Bengaluru. The company also intends to introduce heavy haulage trucks and luxury buses in India.

### Commercial vehicle sales (Nos.)

Segments	May-10	May-11	y-o-y growth (%)	Apr-May FY11	Apr-May FY12	y-o-y growth (%)
M&HCV	22,889	24,863	8.6	45,311	47,384	4.6
LCV	25,590	31,451	22.9	52,330	62,132	18.7
Total domestic sales	48,479	56,314	16.2	97,641	109,516	12.2
Exports	4,843	7,467	54.2	8,700	12,713	46.1
Total sales	53,322	63,781	19.6	106,341	122,229	14.9

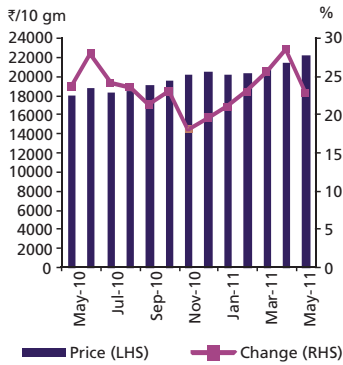
Source: CMIE

### Industry: Key financial indicators

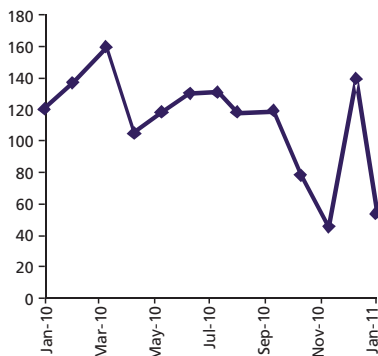
Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ million	157,503.8	132,717.2	147,876.8	143,536.3	192,115.0
y-o-y growth	%	87.9	72.8	48.6	28.0	22.0
Operating profit	₹ million	26,575.0	14,451.2	15,343.4	13,629.9	18,108.4
y-o-y growth	%	93.9	28.9	-7.7	1.2	-31.9
Net profit	₹ million	16,970.3	5,344.1	6,222.2	4,628.0	9,049.7
y-o-y growth	%	180.5	3.5	-25.0	-5.8	-46.7
Operating margin	%	15.8	10.8	10.3	9.5	9.4
Net profit margin	%	10.1	4.0	4.2	3.2	4.7

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

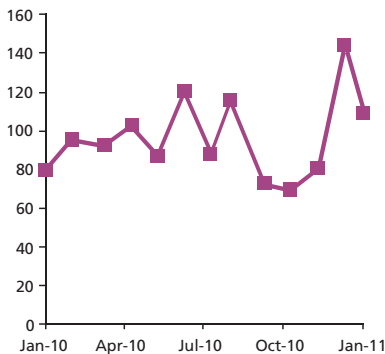
### Gold prices in Mumbai market



### Gems & jewellery exports (₹ bn)



### Gems & jewellery imports (₹ bn)



Source for all above charts: CMIE

## GEMS AND JEWELLERY INDUSTRY

### Highlights

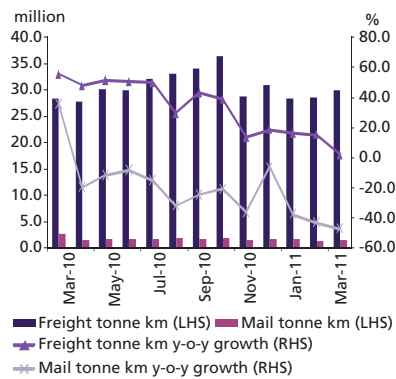
- As per the World Gold Council, India's gold imports increased by 9.6% to 286 tonnes during January-March 2011 as compared to 261 tonnes for the same period, a year ago. The increase was attributed to rise in demand for gold jewellery which increased by 12% to 206.2 tonnes.
- Joyalukkas India plans to open 14 exclusive retail outlets with an investment of ₹ 4.25 billion in the next two years. The company plans to expand its existing branded jewellery lines and introduce additional sub-brands in the diamond and platinum jewellery markets. It also plans to open large format stores. Each new outlet will require an average investment of ₹ 700-800 million and will be up to 80,000 sq ft in size.
- Arjav Diamonds (India), a subsidiary of Arjav Diamonds, Antwerp, launched online auction for rough diamonds. The auction will be done from Surat, the diamond-processing city and will consist of 60 lots of large stones. All the diamonds on auction are above 4.80 carats and the average price for the entire auction is US\$ 3,000 p/c.
- Tanishq launched its 12,000 sq ft large-format jewellery store in Pune, Maharashtra. The move is in line with company's plans to expand its retail presence in branded retail chains for jewellery. Tanishq plans to open large-format boutiques in select cities.
- Gitanjali Gems acquired an Italian jewellery maker DIT Group SpA. DIT Group operates under the brand names of Stefan Hafner, IoSi, Porrati and Nouvelle Bague. Through this acquisition Gitanjali Gems expects to improve its technology and knowhow.
- Gitanjali Group entered into a brand association arrangement with Emonte, a firm with exclusive marketing and distribution rights for Italian luxury writing instrument brand Visconti. Through this association, Gitanjali will offer Visconti, the high-end pens through the company's jewellery outlets.
- Shree Ganesh Jewellery House Ltd is in the process of acquiring foreign jewellery retail brands worth ₹ 10 billion in Italy and United Arab Emirates (UAE). The company expects to close the acquisition of the Italian brand in the next 5-6 months. Apart from these deals, the company is also in talks with another Italian jewellery house for a joint venture (JV) to manufacture light-weight machine-made jewellery and expects the JV to be signed in another two months. The manufacturing unit for the JV will be set up at the company's upcoming integrated complex at Domjur (West Bengal) with an investment of ₹ 500 million.
- With an aim to enter the financial markets, Shree Ganesh Jewellery House Ltd has applied for an NBFC (non-banking finance company) licence to the Reserve Bank of India. The company plans to offer loan against gold to its customers through the proposed NBFC.

### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ million	153,875.7	102,899.7	125,161.4	126,972.8	177,922.6
y-o-y growth	%	34.0	30.3	32.1	24.2	15.8
Operating profit	₹ million	5,251.4	5,042.5	6,582.6	6,578.5	6,228.2
y-o-y growth	%	57.1	42.6	52.3	42.2	17.7
Net profit	₹ million	3,020.8	3,195.3	4,424.8	4,248.2	3,413.2
y-o-y growth	%	295.2	78.8	61.8	51.0	11.5
Operating margin	%	3.4	4.9	5.2	5.2	3.5
Net profit margin	%	2.0	3.1	3.5	3.3	1.9

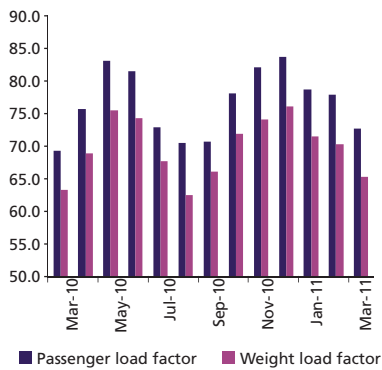
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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



Source: CMIE

### Civil aviation: Load factor (%)



Source: CMIE

## HI-TECH INDUSTRY

### Highlights

- LG Electronics India entered India's business solutions space and expects to generate revenues of ₹ 10 billion from this segment by 2014. The business solution offering includes digital menu boards for restaurants, digital signages for retail outlets and malls, room information and digital signages for hotels, video conferencing solutions, commercial displays and surveillance cameras, etc.
- Sony Music Entertainment Pvt Ltd plans to invest US\$ 15 million in the Hindi film music segment in 2011. The company further expects the revenue from India to grow to US\$ 50 million in the next three years.
- Havells India Ltd plans to introduce its new home appliance products in the market by July. The company further plans to invest around ₹ 800 million in marketing, research and development and acquire a market share of 20% in the premium home appliances market over the next two to three years.
- France-based Schneider Electric plans to acquire 74% stake in inverter maker Luminous Power Technologies Ltd for ₹ 14 billion, making this its eighth acquisition in two years.
- Schneider Electric acquired 75% stake in APW President Systems Ltd (55% of promoter's stake for ₹ 0.62 billion and remaining 20% stake for an undisclosed amount) through its subsidiary Schneider Electric South East Asia.
- With an aim to make India a hub for the development of innovative products, Panasonic India established its first R&D subsidiary in Gurgaon, Haryana, named as Panasonic Research & Development Centre India (PRDCI). With an aim to roll out products specially designed for the Indian market, Daikin India also plans to set up a development centre in India.
- In order to penetrate into the North American automation market, Crompton Greaves Ltd acquired US-based QEI Inc for about US\$ 30 million of which US\$ 24 million will be paid upfront and the remaining US\$ 6 million will be paid as a conditional earn-out amount.
- Godrej Appliances, the consumer durables division of the Godrej Group, expects a 35% growth in sales to ₹ 27 billion in FY12 through a slew of initiatives, which include ramping up its presence in smaller cities and expanding its product portfolio.

### Civil aviation: Airport traffic statistics (March 2011)

Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Tonnes	y-o-y growth (%)
Domestic traffic	99,629	8.3	9,651,014	27.1	73,486	9.9
International traffic	26,180	6.3	3,257,291	9.1	140,365	5.3
Total airport traffic	125,809	7.9	12,908,305	22.0	213,851	6.8

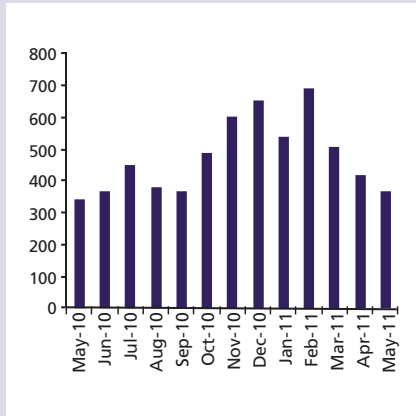
Source: CMIE

### Consumer electronics: Key financial indicators

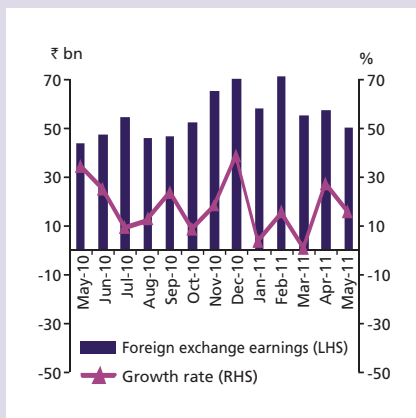
Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	35.7	38.7	39.0	40.9	42.4
y-o-y growth	%	30.8	25.3	18.3	18.7	18.5
Operating profit	₹ billion	5.5	5.6	5.9	6.1	6.3
y-o-y growth	%	28.5	14.3	10.1	18.2	14.5
Net profit	₹ billion	1.6	1.7	1.7	1.7	1.8
y-o-y growth	%	124.7	29.2	9.7	24.4	12.8
Operating profit margin	%	15.5	14.5	15.0	15.0	14.9
Net profit margin	%	4.4	4.3	4.4	4.2	4.2

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

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



### Foreign exchange earnings



Source for all above charts: Ministry of Tourism

## HOSPITALITY INDUSTRY

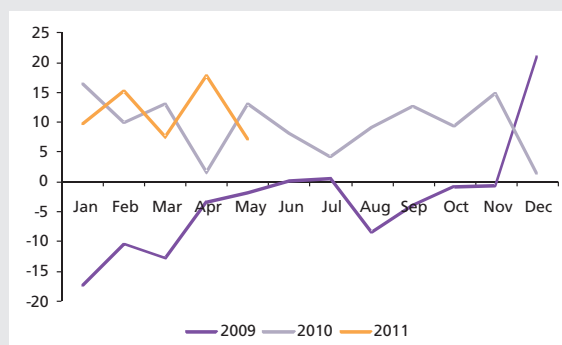
### Highlights

- With an aim to increase its global portfolio to 17 hotels, Taj Hotels Resorts and Palaces entered into a management contract with Morocco-based JK Hotels to manage Taj Palace Marrakech, Morocco.
- Indian Hotels Company (IHC) plans to acquire stake in Piem Hotels, an associate company of IHC for ₹ 0.51 billion.
- With an aim to expand its business operations, The Claridges Hotels and Resorts, promoted by Suresh Nanda, acquired the 100-year-old Lohagarh Fort in Bharatpur, Rajasthan.
- Oberoi Hotels plans to expand its business operations through the development of some of its land it already owns in India and further expand its international business.
- Starwood Hotels and Resorts Worldwide expects India to become its third biggest market by 2015 as it expands in the country faster than planned. The company further plans to add a full services luxury brand 'St. Regis' from its international portfolio to its existing seven brands within 2011.

### Global News

- Christine Hadiningrat along with Sauter Carbon Offset Design plans to construct the world's first zero carbon 5-star hotel, the Bali Net Zero Hotel Resort & Spa in Bali.

### Growth in foreign tourist arrivals (%)



Source: CMIE

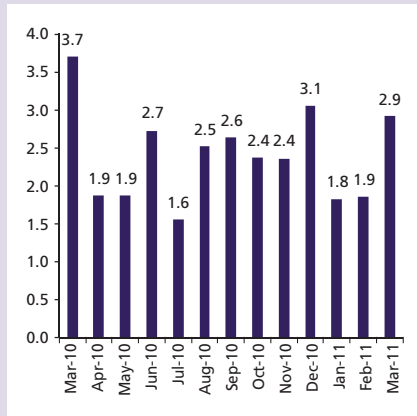
### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	162.5	131.1	131.5	185.4	190.1
y-o-y growth	%	6.7	16.2	11.9	11.8	16.0
Net profit	₹ billion	27.4	2.5	-4.5	20.5	30.9
y-o-y growth	%	8.2	N.A.	N.A.	-14.7	23.2
Net profit margin	%	15.5	1.9	-3.3	10.9	15.0

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

Source: CMIE

### Domestic computer hardware & peripheral production (₹ bn)



Source: CMIE

## IT HARDWARE INDUSTRY

### Highlights

- Taiwan-based Asus India, manufacturer of computer components, plans to invest over ₹ 2 billion in 2011 to fund its expansion plans, including its media player business. The company further expects a 17% revenue growth at around ₹ 6 billion in 2011.
- Taiwan-based computer maker MSI India Pvt Ltd plans to expand its product portfolio and distribution channel across India. It expects to earn revenues of US\$ 60 million in this fiscal year.
- Chinese company G'five International Ltd plans to launch Google's Android and Microsoft's Windows software-based tablet computers by the end of June at a price less than ₹ 10,000.
- Lenovo India launched its ThinkPad X1, a premium product with a starting price of ₹ 90,000. The company mainly aims at the enterprise customers for the product.

### Global News

- Apple Inc plans to launch iCloud and a new operating system for Mac computers called Lion. iCloud will allow the customers to store their music online.
- With an aim to boost its market share in Europe, Lenovo Group plans to acquire Germany-based Medion AG in a deal valuing the electronics retailer at up to US\$ 900 million. The deal is expected to double the market share of Lenovo to more than 14% of the PC market in Germany and give the combined company, a share of about 7.5% in the western European PC market.
- Acer Inc plans to launch an ultra book super-light computer model in Q4FY12.
- Samsung Electronics Co launched two versions of its Chromebook Series 5 running Google's Chrome operating system, one with Wi-Fi priced at around Euro 400 and the other version with a Universal Mobile Telecommunications System (UMTS) module priced at Euro 450.

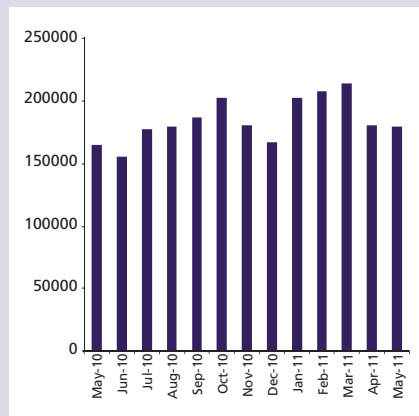
### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	14.3	11.1	13.4	12.6	13.1
y-o-y growth	%	17.1	1.4	4.9	1.6	0.9
Operating profit	₹ billion	2.2	1.0	1.3	0.8	0.5
y-o-y growth	%	45.0	-50.9	-16.0	-66.1	-75.6
Net profit	₹ billion	0.2	-0.8	-0.6	-1.1	-1.2
y-o-y growth	%	N.A.	N.A.	N.A.	N.A.	N.A.
Operating profit margin	%	14.9	9.3	9.3	6.0	3.8
Net profit margin	%	1.3	-6.8	-4.3	-8.3	-9.0

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

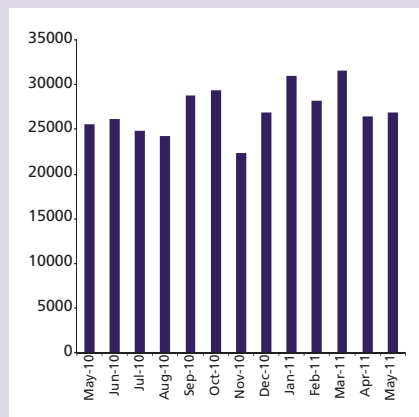
Source: CMIE

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



Source: CMIE

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



Source: CMIE

## PASSENGER VEHICLE INDUSTRY

### Highlights

- In May, growth in domestic sales of passenger cars slowed down to a modest 8.6% to 179,363 units. Sales of multi-utility vehicles (MUVs) grew by 5% at 26,831 units.
- Cumulative domestic sales of passenger vehicles (cars + MUVs) recorded growth of 11.0% (413,798 units) during April-May 2011, as compared to much higher growth of 34.5% recorded in the corresponding period of 2010.
- Exports of passenger vehicles rose by 8.3% to 77,013 units during April-May 2011.
- In view of the slowdown in demand for passenger vehicles on account of rise in petrol prices and interest rates, several vehicle manufacturers are offering the petrol version of their cars at lower interest rates. OEMs have also upped their advertising budgets, while many are stepping up discounts to woo customers into the showrooms. Honda Siel Cars India recently slashed the price of the Honda City, currently offered only in petrol version, by up to ₹ 66,000.
- Luxury carmaker BMW is on an expansion spree in India. The company plans to nearly triple its dealership network by 2015, with a view to lower its dependence on metros such as Delhi and Mumbai. It plans to expand the dealership network from the current 22 to 60 by 2015. French carmaker Renault also intends to expand its dealership network in India from the current 14 to 100 dealers across 75 cities by 2012.
- Mahindra First Choice Wheels Ltd, the multi-brand pre-owned car selling arm of the Mahindra Group, is bullish on the demand for used cars in India. The company hopes to sell 50,000 cars during FY12 and aims to sell one lakh used cars by 2014.

### Passenger vehicle sales (Nos.)

Segments	May-10	May-11	y-o-y growth (%)	Apr-May FY11	Apr-May FY12	y-o-y growth (%)
Domestic sales	190,646	206,194	8.2	372,749	413,798	11.0
Exports	33,175	34,286	3.3	71,099	77,013	8.3
Total sales	223,821	240,480	7.4	443,848	490,811	10.6

Source: CMIE

### Company: Key financial indicators: January-March 2011

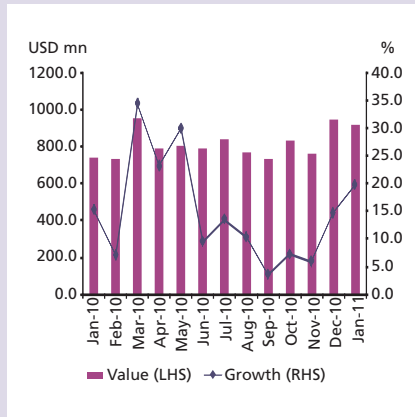
Parameters	Unit	Maruti Suzuki India Ltd	Mahindra & Mahindra Ltd	Hindustan Motors Ltd
Net sales	₹ million	100,921.8	67,781.7	1,614.1
y-o-y growth	%	18.9	27.8	-2.8
Operating profit	₹ million	11,295.9	9,574.4	-271.1
y-o-y growth	%	-5.1	7.4	N.A.
Net profit	₹ million	6,598.6	6,065.4	-306.4
y-o-y growth	%	-6.0	-2.5	N.A.
PBDIT margin	%	11.1	13.9	-16.8
PAT margin	%	6.5	8.8	-19.0

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

### Trend in drugs and pharmaceuticals exports



Source: CMIE

## PHARMACEUTICAL INDUSTRY

### Highlights

- J B Chemicals & Pharmaceuticals Ltd entered into a definitive agreement to sell its Russia/CIS OTC business to Cilag GmbH International, a wholly-owned subsidiary of Johnson & Johnson, for ₹ 9.38 billion.
- Glenmark Pharmaceuticals entered into a licensing deal with France-based Sanofi which has a potential to generate revenues of US\$ 613 million. Under the deal, Glenmark will receive 8% of the potential deal value as an upfront payment in the next three months.
- Lupin Ltd signed a licensing agreement with Sydney-based private specialty lifescience company NeuClone Pty Ltd for cell line technology.
- Sun Pharmaceutical Industries plans to invest ₹ 4.50 billion for both capacity expansion and upgradation of formulation factories and bulk drug factories including its Taro facilities during FY12.
- Granules India plans to invest ₹ 1 billion during the current financial year to increase its finished dosage manufacturing capacity to 18 billion tablets a year from 6 billion to meet increased demand from multinational companies for finished dosages and pharmaceutical formulation intermediates.
- Elder Pharmaceuticals Ltd plans to launch five products in Europe during the current fiscal year through its subsidiaries in Britain and Bulgaria to increase its exports in the region.
- Vaccine manufacturer Bharat Biotech will supply India's first indigenously developed diarrhea vaccine to global markets and UN procurement agencies at a cut-price of US\$ 1, the cheapest vaccine manufactured so far globally.

### Global News

- Japan's leading drugmaker Takeda Pharmaceutical agreed to buy privately-held Nycomed for Euros 9.6 billion. This acquisition is likely to hold a big opportunity for Indian companies like Zydus Cadila as it has a joint venture with Nycomed.

### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	184.2	181.0	196.1	200.2	196.9
y-o-y growth	%	19.0	13.5	14.1	15.0	7.7
Operating profit	₹ billion	49.0	38.2	49.2	50.9	39.4
y-o-y growth	%	168.6	-17.6	20.2	4.5	-19.3
Net profit	₹ billion	28.0	22.8	-4.3	33.4	20.9
y-o-y growth	%	681.1	-17.0	N.A.	15.5	-25.3
Operating profit margin	%	23.8	20.4	13.4	24.4	19.2
Net profit margin	%	14.3	12.2	-2.1	16.1	10.3

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

## RETAIL INDUSTRY

### Highlights

- Arvind Retail entered into an agreement with US-based fashion brand Geoffrey Beene. Under this agreement, Arvind Retail will manufacture and sell Geoffrey Beene's apparel and non-apparel products. These products will be sold through the company's 'Megamart' retail stores as well as through wholesale stores in India.
- VF Arvind Brands, a 60:40 joint venture between VF Corp of the US and the Arvind Group introduced global sports lifestyle brand Vans from the VF stable, which will target consumers in the 14-24 age group. To start with, Vans will open two stores – one each in Bengaluru and Delhi.
- Simmtronics Semiconductors, a Delhi-based manufacturer of IT products and components, is in the process of setting up 1,000 retail outlets to directly sell its products to retail customers. Simmtronics manufactures motherboards and low-cost personal computers and laptops. The company plans to open its first 100 stores in the next month and intends to take the store count to 1,000 by the end of this financial year.
- With an aim to target affluent customers, the Future Group plans to make a foray into the premium foods category with a new brand of chain, 'Future Hall'. The group has opened a store in Mumbai and has identified 10 locations across metros to set up these stores.
- V-Mart, a leading hypermarket format retail chain opened an outlet in the Kashmir Valley. The company is the country's first retail chain to open an outlet in Kashmir and plans to open five more outlets in the state in the near future.
- Maidoindia Enterprises Pvt Ltd's fresh food division Sushi and More opened a stand-alone store in South Mumbai. The store will offer authentic Japanese cuisine to Indian customers. The company plans to open 100 such stores in the next five years.
- Bombay Swadeshi Stores plans to expand its showrooms to 30 from the current 16 by the end of 2012. The company also plans to make a foray into the international markets by opening stores in Europe and far east Asia and other regions.

### Industry: Key financial indicators

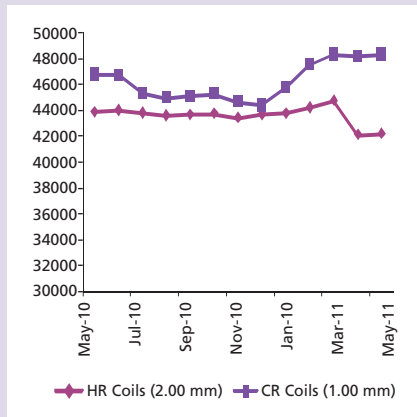
Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ million	20,503.8	27,765.3	22,574.3	23,850.2	22,217.8
y-o-y growth	%	-22.3	5.5	-23.2	-23.9	8.4
Net profit	₹ million	-1,629.0	495.4	102.6	419.7	-176.9
y-o-y growth	%	N.A.	N.A.	N.A.	N.A.	N.A.
Net profit margin	%	-7.9	1.7	0.5	1.7	-0.8

N.A.: Not applicable (Losses incurred)

Note: Net profit: PAT net of prior period and extra-ordinary items

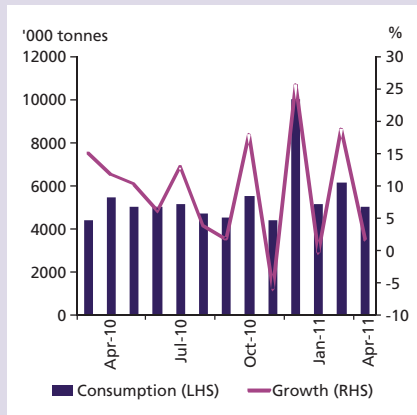
Source: CMIE

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



Source: CMIE

### Finished steel consumption



Source: CMIE

## STEEL INDUSTRY

### Highlights

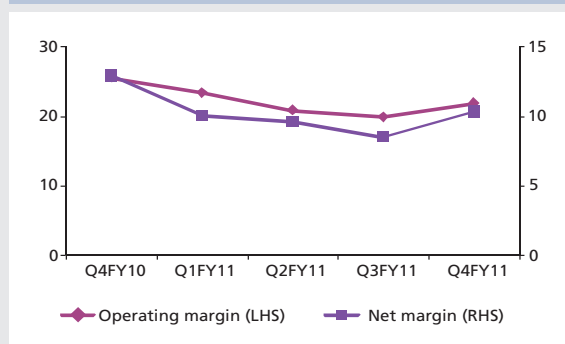
- The Jindal Group plans to invest ₹ 1,200 billion in Orissa by 2020 in various projects. The Group plans to expand the capacity of its steel plant in Angul from 6 million tonnes per annum (mtpa) to 20 mtpa by 2020. It also plans to invest about ₹ 600 billion of the planned investment in the proposed Coal-to-Liquid (CTL) project.
- The Steel Authority of India Ltd plans to set up four pellet plants over the next 2-3 years, to utilise fines generated by its mines, entailing a total investment of ₹ 36 billion.
- Outokumpu, a Finnish stainless steel major, plans to open a new warehouse near Mumbai with an aim to serve its growing customer base in India. The warehouse facility will serve automotive units, equipment fabrication units, welded pipe and tube manufacturers and white goods manufacturers.
- Jindal Steel and Power plans to expand the capacity of its steel plant in Oman. The company will expand the plant's capacity from 1.5 mtpa to around 5 mtpa by 2015-16.
- With an aim to bid for the Hajigak iron ore mine in Afghanistan, Steel Authority of India Ltd plans to form a consortium of Indian steel makers. Jindal Steel & Power, JSW Steel, Ispat, Tata Steel and NMDC have also shown interest in the Hajigak iron ore mine.
- Mahalaxmi Vinimay plans to diversify into stainless steel production. The company plans to set up a 30,000 tonne annual capacity production facility in Asansol with an estimated investment of ₹ 500 million in plant and machinery.

### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	453.5	390.1	435.2	440.2	503.8
y-o-y growth	%	22.8	16.0	17.9	13.9	14.9
Operating profit	₹ billion	119.4	92.4	93.7	88.4	111.6
y-o-y growth	%	67.5	22.5	7.1	-8.7	-6.1
Net profit	₹ billion	60.4	39.7	43.0	37.8	52.7
y-o-y growth	%	99.5	31.3	15.7	-14.0	-13.5
Operating margin	%	25.6	23.4	20.9	19.9	21.8
Net profit margin	%	12.9	10.0	9.6	8.5	10.3

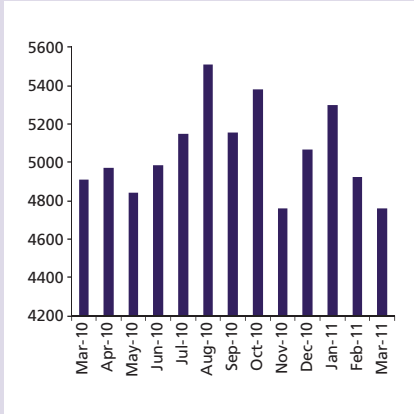
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Industry: Profit margins (%)

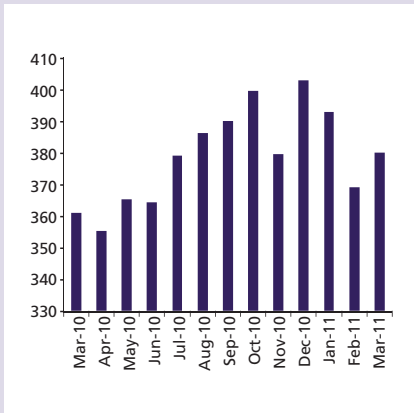


Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Fabrics production (Million sq.metres)



### Spun yarn production (’000 tonnes)



Source for all above charts: CMIE

## TEXTILE & GARMENT INDUSTRY

### Highlights

- The Group of Ministers decided to permit exports of an extra 10 lakh bales of cotton during the current season ending September. Following this announcement, The Southern India Mills Association, Coimbatore expressed concerns that the increase in cotton export ceiling could lead to temporary closure of the mills due to shortage of cotton in the domestic market and rise in prices.
- The Jammu and Kashmir Government kicked off a ₹ 100 million Integrated Project for Development of Wool and Woollen Design and a Development Centre in the state to promote the wool industry.
- Arvind Ltd entered into a tie up with Geoffrey Beene LLC of the US for apparel and non-apparel products. Under the agreement, Arvind Retail Ltd, a vertically integrated arm of Arvind Ltd, will have the rights to produce and market Geoffrey Beene products for its own retail format, Megamart stores, including franchisee operated stores.

### Industry: Key financial indicators

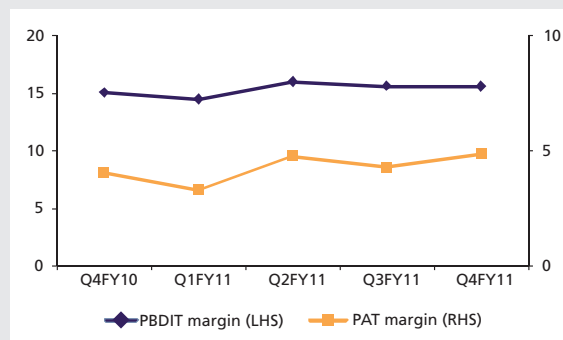
Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ billion	250.8	247.8	275.6	297.5	324.7
y-o-y growth	%	15.0	14.0	14.5	29.2	31.7
Operating profit	₹ billion	38.6	36.2	45.0	47.1	51.7
y-o-y growth	%	42.9	1.8	9.1	36.5	35.4
Net profit	₹ billion	10.3	8.3	13.3	12.9	16.0
y-o-y growth	%	N.A.	8.5	15.1	78.0	53.6
Operating profit margin	%	15.1	14.5	16.0	15.6	15.6
Net profit margin	%	4.0	3.3	4.8	4.3	4.9

N.A.: Not applicable (Losses incurred)

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

Source: CMIE

### Industry: Profit margins (%)



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

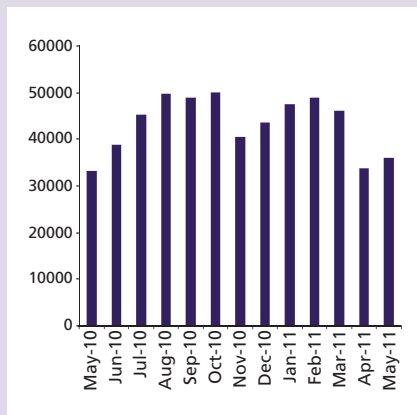
Source: CMIE

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



Source: CMIE

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



Source: CMIE

## TWO-WHEELER AND THREE-WHEELER INDUSTRY

### Highlights

- In May, domestic sales of two-wheelers recorded y-o-y growth of 14.5% at about 1.1 million units. Cumulative sales during April-May 2011 at 2.1 million units were a healthy 18.1% higher over sales in the corresponding period of 2010.
- Exports of two-wheelers continue to grow strongly. The first two months of FY12 witnessed a sharp 32.3% increase in exports at 0.3 million units.
- Reflecting the bullishness on the Indian two-wheeler market, Honda Motors of Japan announced its plans to build its third plant in India, which would have an annual installed capacity of 1.2 million units. The company plans to invest ₹ 10 billion in the Narsapuram plant in Karnataka and take its total capacity to 4 million units a year by mid-2013.
- Bajaj Auto, in association with KTM Power Sports of Australia plans to launch their off-road bike Duke 125cc by end of 2011.
- Japanese two-wheeler manufacturer Yamaha Motors plans to introduce scooters in the Indian market in a bid to boost sales. The company has lined up investment of US\$10 million by 2012 for increasing its scooter capacity by one million units. With this, the company's two-wheeler capacity is expected to touch 0.6 million units per annum from the existing 0.5 million units.

### Two-wheeler sales

Segments	May-11		April-May 2011	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	829,255	14.3	1,638,820	18.6
Mopeds	67,872	26.3	127,223	21.1
Scooters	175,160	11.2	350,214	14.5
Total domestic	1,072,287	14.5	2,116,257	18.1
Exports	159,663	31.7	335,530	32.3
Total	1,231,950	16.5	2,451,787	19.8

Source: CMIE

### Three-wheeler sales

Segments	May-11		April-May 2011	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Passenger carriers	27,628	6.9	53,046	2.4
Goods carriers	8363	14.8	16,733	15.7
Total domestic	35,991	8.6	69,779	5.3
Exports	32,357	62.4	69,751	47.7
Total	68,348	28.8	139,530	22.9

### Industry: Key financial indicators

Parameters	Units	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
Net sales	₹ million	90,337.6	98,772.8	108,287.3	113,385.3	116,162.0
y-o-y growth	%	40.2	33.0	29.6	33.5	28.6
Operating profit	₹ million	16,795.9	16,502.8	18,282.4	17,465.2	19,854.6
y-o-y growth	%	87.6	34.0	19.3	14.4	18.2
Net profit	₹ million	11,798.6	11,281.9	12,618.6	12,478.1	12,121.3
y-o-y growth	%	121.2	42.3	22.4	21.1	2.7
Operating margin	%	18.3	16.4	16.6	15.1	16.8
Net margin	%	12.9	11.2	11.4	10.8	10.3

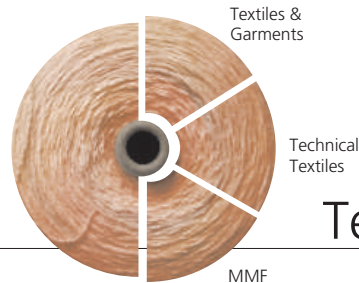
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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.

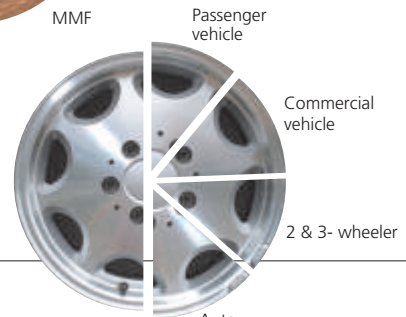
The reports' in-depth analytical content would provide valuable insights to financial institutions, banks, equity broking houses, and corporates towards accurate & informed decision making. The reports would also be useful to the industry practitioners, academicians & scholars.

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:



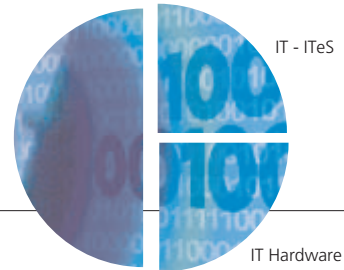
## Textiles



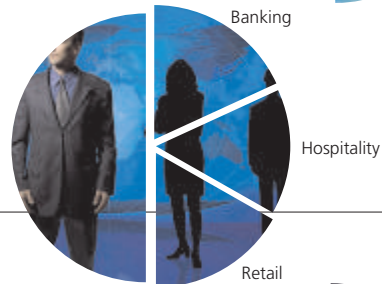
## Auto



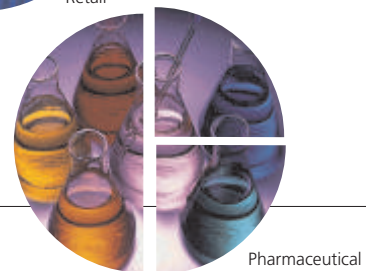
## Core Sector



## Infotech



## Services



## Chemical



For more information, please contact - Nadeem Kazi: 022 6680 1373

**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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