



# Industry cursor

Strictly for Private Circulation

Issue 33 | May 2011

## CONTENTS

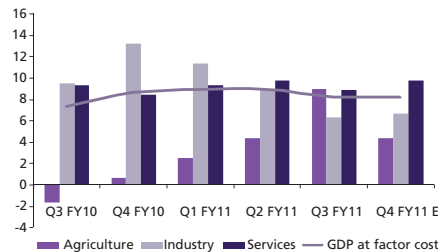
Macroeconomic Update	
Auto Components	2
Banking	3
Cement	4
Commercial Vehicle	5
Gems & Jewellery	6
Hi-Tech	7
Hospitality	8
IT-Hardware	9
Passenger Vehicle	10
Pharmaceutical	11
Retail	12
Steel	13
Textile & Garment	14
Two and Three-Wheeler	15

## MACROECONOMIC UPDATE

### Highlights

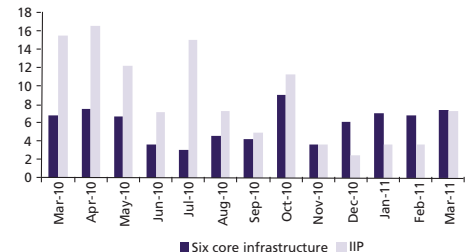
- India's industrial output, as measured by the Index of Industrial Production (IIP), grew by 7.3% (y-o-y) in March 2011. The mining, manufacturing and electricity sectors recorded a growth of 0.2%, 7.9% and 7.2%, respectively.
- The WPI-inflation stood at 8.7% (y-o-y) for the month of April 2011 as compared to 10.9% for April 2010.
- The Repo rate under the Liquidity Adjustment Facility (LAF) was increased by 50 basis points to 7.25% in the RBI's Annual Monetary Policy review held in May 2011.
- The reverse repo rate under the LAF, determined with a 100 basis points spread below the repo rate, will stand adjusted at 6.25%.
- The Marginal Standing Facility (MSF) rate, determined with a spread of 100 basis points above the repo rate, gets calibrated at 8.25%. This rate will come into effect on operationalisation of the MSF.
- Savings bank deposit interest rate increased to 4.0% from 3.5%.

### GDP: Growth (%)



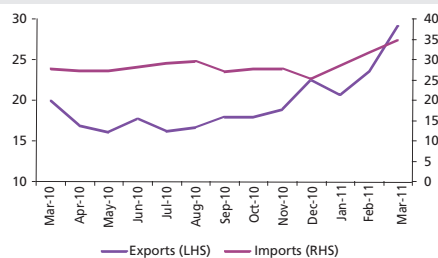
E: D&B estimate  
Source: CSO, D&B Industry Research Service

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



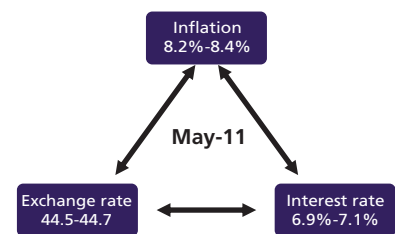
Source: Ministry of Commerce and Industry, CSO

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



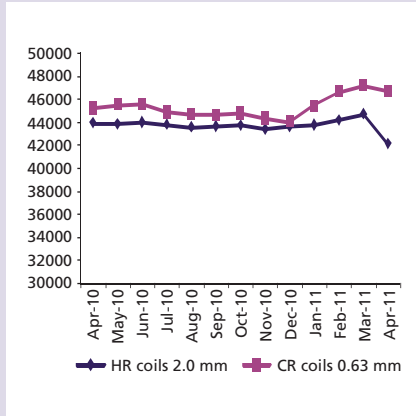
Source: Ministry of Commerce

### Macroeconomic triad (forecast)



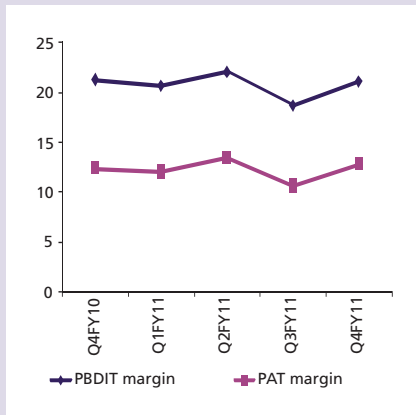
Note: Exchange rate: INR/US\$  
Interest rate corresponds to yield on T-Bills 15-91 days  
Source: D&B Industry Research Service

### Steel prices (Mumbai) (₹/tonne)



Source: CMIE

### Bosch: Profit margins (%)



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

Source: CMIE

## AUTO COMPONENTS INDUSTRY

### Highlights

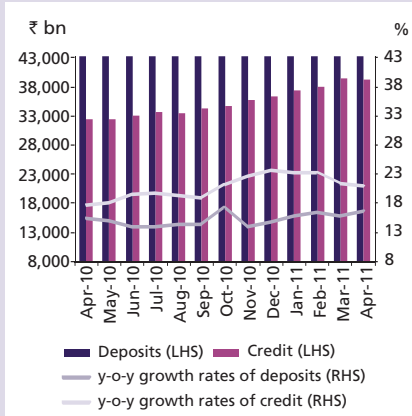
- In its bid to diversify into non-auto related businesses, Bharat Forge entered into an agreement with David Brown Group, a supplier of engineered gearboxes for heavy industrial segments. The joint venture, David Brown Bharat Gear Systems India Ltd, in which the two companies would have 50% stake each, will cater to the Indian heavy engineering industry and will supply products to sectors such as power, mining, defence and steel.
- Global auto component manufacturers continue to evince interest in growing auto markets such as India. There were two major announcements recently:
  - Dana Corporation of US decided to acquire TVS Group company Axles India's commercial vehicle component product portfolio for US\$ 13 million. Dana Holding Corporation and the TVS Group hold 47.5% stake each in Axles India. The key products manufactured by Axles India include pinion, ring gear, differential lock, bearings, lube pump and yoke inside the axle housing.
  - German tyre manufacturer Continental AG decided to acquire 100% stake in Modi Tyres Company Ltd, a subsidiary of Modi Rubber Ltd. Post acquisition, the company would focus on local production and distribution of bias and radial truck/bus tyres as well as radial passenger car tyres for the Indian market.
- Indian companies continue to explore opportunities of acquiring auto component manufacturing firms in the overseas markets. The Ruia Group recently acquired two European sealing companies – Germany-based Meteor Gummiwerke KH Badje GmbH & Co and Turkey-based Standard Profil AS, which have a combined turnover of \$ 570 million and employ about 6,000 workers.

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

Company	Net sales (₹ mn)	PBDIT (₹ mn)	Net profit (₹ mn)	PBDIT margin (%)	Net margin (%)
Bosch Ltd	20,857.9	4,513.5	2,743.9	21.1	12.8
Amtek Auto Ltd	4,612.6	1,722.2	623.5	33.9	12.3
Amtek India Ltd	3,689.6	1,119.6	370.2	29.1	9.6
Subros Ltd	3,043.2	278.1	90.6	9.1	3.0
Jay Bharat Maruti Ltd	3,035.1	295.9	120.2	9.6	3.9

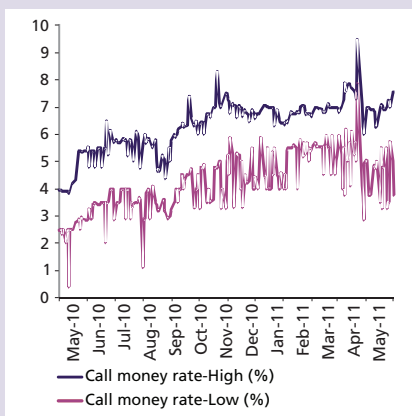
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

**Deposits, credit and growth rates**



Note: Data for Apr 11 is up to Apr 22, 2011

**Movement in call money rates (%)**



Note: Call Rates for May 11 are up to May 10, 2011

Source for all above charts: RBI

**BANKING INDUSTRY**

**Highlights**

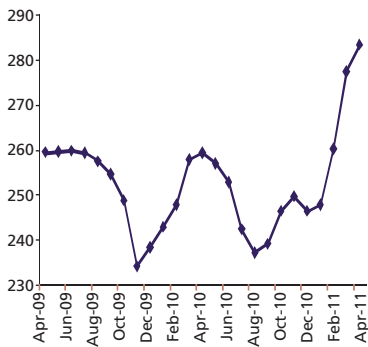
- The Reserve Bank of India (RBI) increased the Repo and Reverse Repo rates by 50 basis points each to 7.25% and 6.25% respectively in its annual monetary policy review. Following this announcement, several banks increased their lending rates: HDFC Bank by 0.50%, State Bank of India by 0.75%, Development Credit Bank by 0.5% and Kotak Mahindra Bank by 0.5%.
- The RBI raised the housing loan limit to up to ₹ 2.50 million against the existing ₹ 2 million to be eligible for classification as priority sector lending.
- With a view to develop a global footprint, Central Bank of India plans to enter into the markets of Bhutan, Mozambique, Hong Kong and Kenya in 2011 by adopting multiple routes. The bank had applied to the RBI to have a representative office in Nairobi and enter Mozambique as well as Bhutan through joint ventures with local partners.
- Bank of Baroda plans to increase the number of overseas branches from 85 to 100 in FY12. The bank further plans to open branches in Malaysia, Uganda, Botswana, Gulf and Australia.
- Union Bank of India received the RBI's approval to open new branches in Sydney and Belgium. The bank would also be opening a subsidiary in the United Kingdom.
- With an aim to tap the high-growth potential in the small and medium enterprises (SME) sector, UCO Bank plans to open 37 SME hubs pan-India in FY12 to facilitate single window clearance for loans. The bank further plans to open 26 hubs in various cities including Delhi, Coimbatore, Pune, Bengaluru, Chennai, Chandigarh, Hyderabad, Ahmedabad, Ludhiana, Jaipur, Vellore, Surat, Ernakulam and Mumbai.
- IndusInd Bank signed a memorandum of understanding with HDFC Ltd to sell home loans of the latter for purchase, construction, extension and renovation of residences by individuals. The processing, disbursement and servicing functions for all home loans sourced by IndusInd Bank will rest with HDFC.
- UCO Bank plans to open 1,500 new ATMs in FY12 and about 800 new branches within FY13 across the country.
- Indian Bank plans to raise US\$ 1 billion (about ₹ 45 billion) through overseas bonds to fund business growth. The bank also plans to raise capital through follow on public offer (FPO).
- Reliance Communications Ltd in collaboration with the State Bank of India launched a mobile banking service for its GSM subscribers with facilities such as e-balance enquiry, mini statement, fund transfer, cheque book issuance, mobile recharge and bill payment at any time and place through the use of their mobile phones.

**Company: Key financial indicators (January-March 2011)**

Company	Net sales (₹ bn)	Net profit (₹ bn)	Net profit margin (%)
Punjab National Bank	74.4	12.0	14.0
I C I C I Bank Ltd.	71.6	14.5	16.5
Canara Bank	64.2	9.0	12.2
Bank Of Baroda	63.3	12.9	18.1
Bank Of India	63.1	4.9	6.9

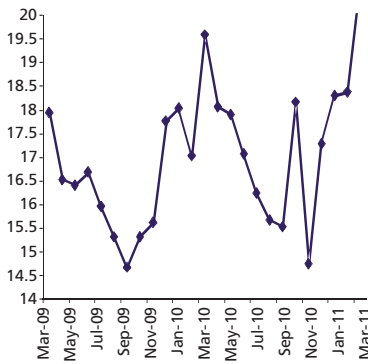
Net profit: PAT net of prior period and extraordinary items  
Source: CMIE

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



Source: CMIE

### Cement consumption (mn tonnes)



Source: CMIE

## CEMENT INDUSTRY

### Highlights

- Ultratech Cement plans to invest ₹ 110 billion over three years on capacity expansion activities. The company plans to set up clinkerisation plants in Chhattisgarh and Karnataka and grinding units, bulk packaging terminals and ready-mix concrete plants across the country. The expansion programme, which is expected to increase the cement making capacity by 9.2 million tonnes per annum (mtpa), is expected to be completed in early FY14.
- Reliance Cementation, an Anil Ambani Group company, plans to acquire Tamil Nadu-based Sree Jayajothi Cements. The cement business, which has an installed cement making capacity of 3.2 mtpa, is valued at about ₹ 20 billion.
- Shiva Cement Ltd signed an MoU with the Government of Orissa to expand its capacity with an investment of ₹ 8 billion. The company plans to scale up the capacity of its cement plant at Kutra (Sundergarh) to 1 mtpa from 0.1 mtpa. It also plans to increase the capacity of the split grinding unit in Jajpur from 1 mtpa in Phase-I to 2.6 mtpa in the second phase.

### Cement production and despatches

Parameters	Mar-11		Apr10-Mar11	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	20.9	6.8	209.8	4.5
Despatches	20.9	6.6	208.8	4.5

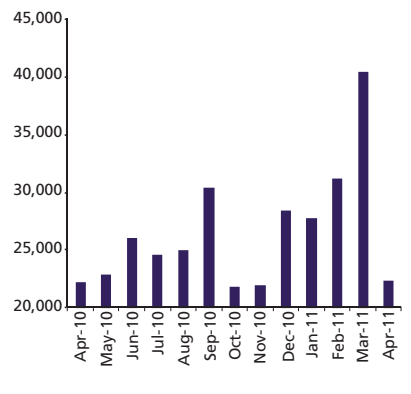
Source: CMIE

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

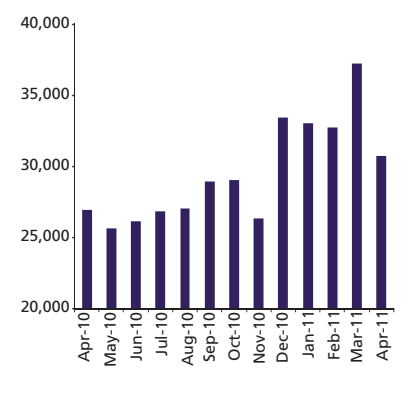
Company	Net sales (₹ bn)	Operating profit (₹ bn)	Net profit (₹ bn)	PBDIT margin (%)	PAT margin (%)
Ultratech Cement Ltd.	45.6	11.3	7.3	24.58	15.8
A C C Ltd.	24.2	6.2	3.5	25.2	14.23
Ambuja Cements Ltd.	22.2	6.8	4.1	29.86	17.91
Century Textiles & Inds. Ltd.	13.6	2.0	0.7	14.23	4.98
Prism Cement Ltd.	10.6	1.2	0.4	11.42	3.51

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.)



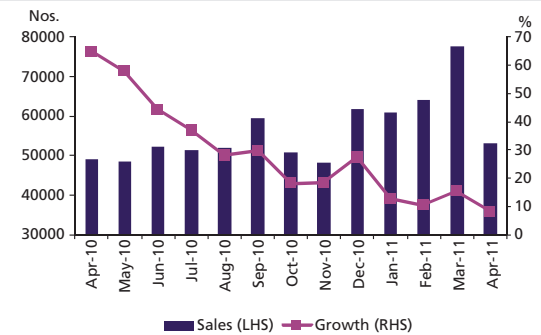
Source for all above charts: CMIE

## COMMERCIAL VEHICLE INDUSTRY

### Highlights

- Beijing-headquartered Beiqi Foton Motor Company Ltd signed a Memorandum of Understanding with the Government of Maharashtra to set up a commercial vehicle manufacturing plant in the state. This will be Beijing's first plant outside China. The plant would be set up at an investment of ₹ 16.8 billion, spread over five years. The first phase of production is expected to start from 2013.
- Competition in the light commercial vehicles (LCV) market is expected to increase as Bajaj Auto plans to launch its product in this segment next year. Meanwhile, Gujarat-based three-wheeler company Atul Auto is scouting for a foreign partner for technical collaboration to make a foray into the LCV market. It plans to launch the LCVs by December 2012.
- With a view to enhance the reach of its products, German auto major Daimler plans to set up a non-banking financial services firm in India with an investment of over US\$ 50 million. Daimler Financial Services India will support the sales of Daimler trucks and Mercedes-Benz cars.

### Trend in commercial vehicle sales



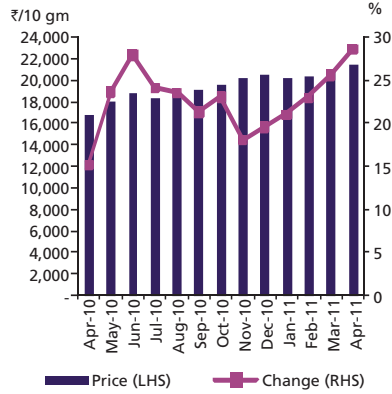
Source: CMIE

### Commercial vehicle sales (Nos.)

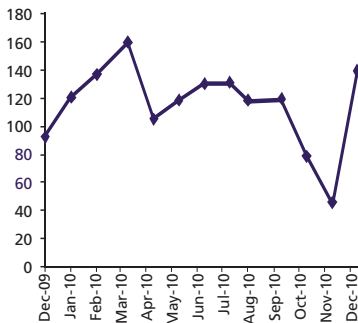
Segments	Apr-10	Apr-11	y-o-y growth (%)	FY10	FY11	y-o-y growth (%)
M&HCV	22,236	22,391	0.7	244,944	322,788	31.8
LCV	26,926	30,811	14.4	287,777	353,620	22.9
Total domestic sales	49,162	53,202	8.2	532,721	676,408	27.0
Exports	3,857	5,246	36.0	45,009	76,297	69.5
Total sales	53,019	58,448	10.2	577,730	752,705	30.3

Source: CMIE

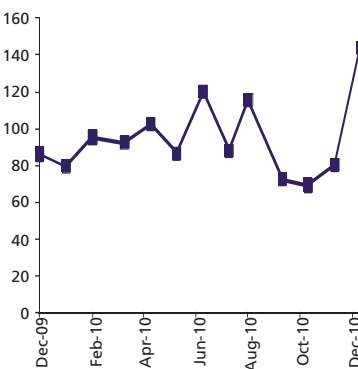
### Gold prices in Mumbai market



### Gems & jewellery exports (₹ bn)



### Gems & jewellery imports (₹ bn)



Source for all above charts: CMIE

## GEMS AND JEWELLERY INDUSTRY

### Highlights

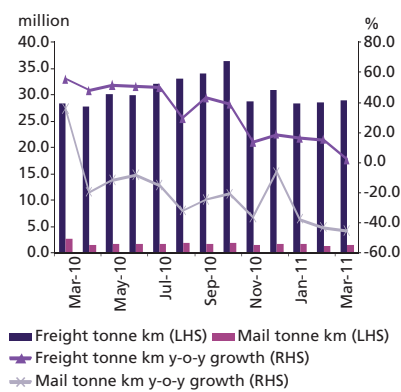
- The All India Gems and Jewellery Trade Federation announced the launch of Diamond Retail Benchmark (DRB), a price chart for retail buyers of diamonds. The index developed by IDEX Online, an Israeli company, is expected to ensure greater transparency in the pricing of cut diamonds in the country, depending on the quality and various other parameters.
- Minerals and Metals Trading Corporation of India Ltd, a leading bullion trader in India plans to launch its own jewellery brand and have 30 more outlets across India.
- As per the Gems and Jewellery Export Promotion Council, exports of gems and jewellery from India increased to US\$ 43.14 billion during FY11 as compared to exports worth US\$ 29.3 billion during FY10, recording a growth of 46.9%.
- With an aim to expand its presence, Tanishq plans to open 20 stores across the country in FY12 by investing ₹ 10 billion. The company further plans to launch its Nizam collection in 2011.
- Shree Ganesh Jewellery House Ltd plans to acquire some European and Middle East brands with an investment of around US\$ 50 million.
- The Gitanjali Group plans to expand the reach of its diamond jewellery brand Gilli by opening 25 stores in FY12. The company will open both company-owned as well as franchised outlets and invest ₹ 15-25 million in each store.
- The Gemological Institute of America (GIA) intends to grade D-to-Z colour diamonds of upto 2.99 carats at its facility in Mumbai, going forward. Earlier, stones weighing above 1.99 carats were sent to other GIA offices across the world. This is expected to support India's growing diamond trade.
- Joyalukkas, a Kochi-based jewellery retailer, obtained SEBI's approval for its initial public offering (IPO). The IPO will be sized between ₹ 6.0 billion and ₹ 6.5 billion and is expected to bring down the promoters' stake in the company to 73.5% from the current 100%. The company plans to use the proceeds of the IPO for expansion activities and debt reduction.

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

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Titan Industries Ltd.	17,779.4	1,301.6	838.0	7.2	4.7
Su-Raj Diamonds & Jewellery Ltd.	15,676.9	406.9	338.1	2.6	2.2
Thanga Mayil Jewellery Ltd.	1,874.6	169.3	79.3	9.0	4.2
Vaibhav Gems Ltd.	319.3	63.3	32.0	19.8	10.0
White Diamond Inds. Ltd.	90.3	-1.1	-1.2	-1.2	-1.3

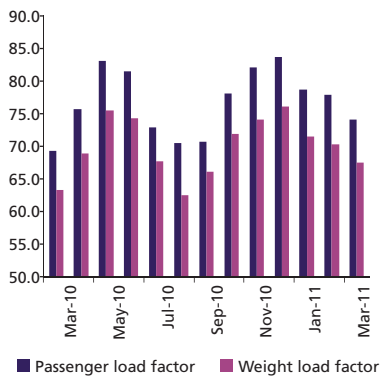
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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



Source: CMIE

### Civil aviation: Load factor (%)



Source: CMIE

## HI-TECH INDUSTRY

### Highlights

- GMR Group plans to consolidate its airport business into one holding company and transfer its stake in Delhi International Airport Limited & Hyderabad Airport to its airport subsidiary.
- LG Electronics launched a new television model, CINEMA 3D. The company plans to sell 100,000 units of 3D TVs during 2011. It further plans to invest ₹ 3 billion in India during 2011 on various marketing initiatives of its flat panel televisions.
- Birla Power Solutions Ltd plans to raise US\$ 100 million during FY12 from private equity players to partly finance its diversification plans.
- The BPL Group which was earlier a major player in the consumer electronics market, relaunched itself in the mass consumer market through group company BPL Techno Vision. It aims to tap the rural and semi urban market through its rechargeable lighting systems for domestic households.
- Whirlpool India plans to invest up to ₹ 1 billion on advertising and marketing of its products during 2011 and further plans to enter the kitchen appliances segment by June 2011.
- LG Electronics India plans to sell its products through retail subsidiaries of ITC Ltd and DCM Shriram to expand its reach in the rural and semi-urban markets. The company further plans to spend ₹ 1 billion to push its products through ITC's e-Choupal and DCM Shriram's rural retail venture, Hariyali Kisaan Bazaar.

### 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

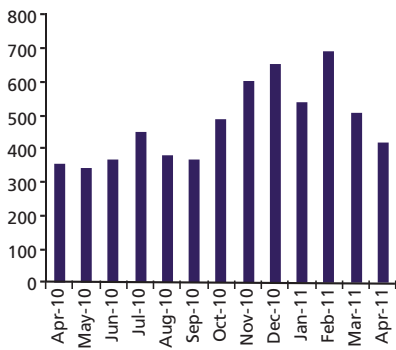
Source: CMIE

### Consumer electronics: Key financial indicators (January-March 2011)

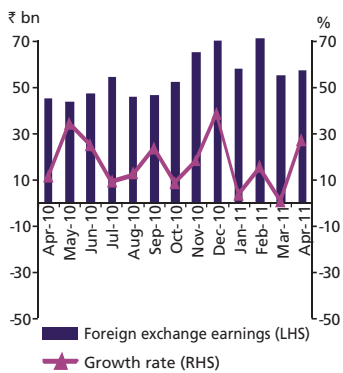
Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Mirc Electronics Ltd.	5,745.6	215.2	97.1	3.7	1.7

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



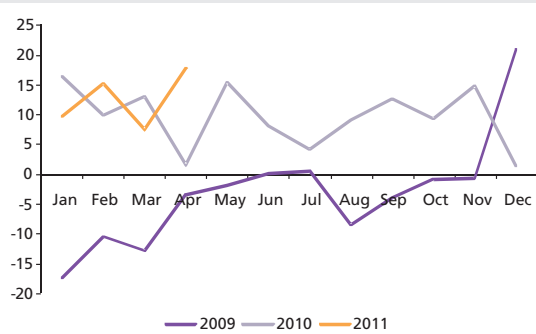
Source for all above charts: Ministry of Tourism

## HOSPITALITY INDUSTRY

### Highlights

- Hotel companies are on an expansion mode. Several firms announced new plans. These are elucidated below:
  - Choice Hotels International plans to introduce two of its global brands 'Econo Lodge' and 'Cambria Suites' in India by next year. The company further aims to have 40 hotels in its portfolio from its present portfolio of 27 hotels by the end of next year.
  - Carlson Hotels plans to operate 50 mid-scale hotels under the Country Inns and Suites brand in India in the next ten years. Carlson further extended its joint venture agreement with Chanakya Hotels to manage and operate hotels under the brand in the country till December 2020.
  - Taj Group plans to open a five-star hotel on the hilltop at Karalsangri, Jammu and Kashmir, which would be the first five-star hotel in the state.
  - Subway India plans to set up 45 outlets across the country by FY12 with an investment of ₹ 0.4 billion.
- Lemon Tree Hotels plans to enter the real estate business with an investment of over ₹ 14 billion in a 51:49 joint venture with US-based Warburg Pincus LLC to launch housing projects in India.

### Growth in foreign tourist arrivals (%)



Source: CMIE

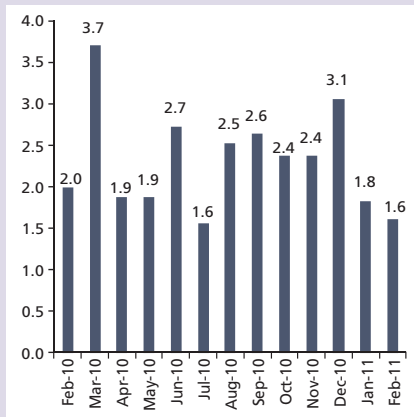
### Company: Key financial indicators (January-March 2011)

Company	Net sales (₹ mn)	Net profit (₹ mn)	Net profit margin (%)
Mahindra Holidays & Resorts India Ltd.	1,657.8	401.8	23.7
Taj G V K Hotels & Resorts Ltd.	696.8	128.4	18.4
Mac Charles (India) Ltd.	333.6	159.1	47.7
Graviss Hospitality Ltd.	191.4	27.6	13.8
Fomento Resorts & Hotels Ltd.	133.5	25.2	17.9

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

Source: CMIE

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



Source: CMIE

## IT HARDWARE INDUSTRY

### Highlights

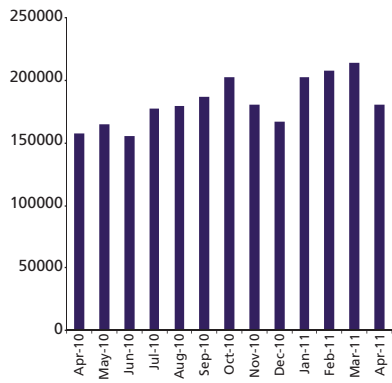
- With the fear of rogue programs getting embedded in imported chips which could compromise security of critical installations, the Government plans to set up two chip-manufacturing units with an investment of ₹ 250 billion. The facilities will be set up either by the Defence Research and Development Organisation (DRDO) and a defence public sector unit or through a public-private partnership.
- Dell India launched a new range of professional computers under its E series, as well as a tablet device, to address the needs of an evolving workforce that demands anytime, anywhere access to business applications and data.
- IBM India launched a virtual desktop that offers anytime, anywhere access to personal desktops from mobile devices including tablets, net books and laptops. The technology further reduces cost by around 30%, improves data security and increases workforce productivity.
- Hewlett Packard (HP) India introduced HP FlexNetwork architecture enabling enterprises to harness media-rich content, virtualisation, mobility and cloud computing and increasing the flexibility of IT infrastructure.
- UAE-based telecom major Etisalat India and HCL Technologies Ltd entered a pact to cooperate and explore opportunities for offering information and communication technology (ICT) services to business customers in the areas of mobility, cloud computing and advanced ICT services.
- HP India unveiled a range of workstations to target various sectors including medical imaging, animation, banking, financial services as well as manufacturing.
- Seagate Technology unveiled a 320 GB version of GoFlex slim portable hard drive. The company claims it to be the world's slimmest hard drive with a 7,200 RPM drive and a USB 3.0 interface, which accelerates transfer speeds up to 10x faster than USB 2.0.
- Acer India launched five tablets under the Iconia brand namely Iconia Tab A500, Iconia dual screen notebook, Iconia A100, Iconia smart A300 and Iconia W500, priced between ₹ 27,990 and ₹ 70,000. The company further plans to double its dealership network to 5,000 from the present 2,500 by the end of 2011.

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

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Compuage Infocom Ltd.	3,914.7	68.4	22.8	1.8	0.6
Computer Point Ltd.	416.7	4.3	4.3	1.0	1.0
C C S Infotech Ltd.	271.4	6.4	3.2	2.1	1.0
Saarc Net Ltd.	10.1	0.4	0.2	4.0	2.0

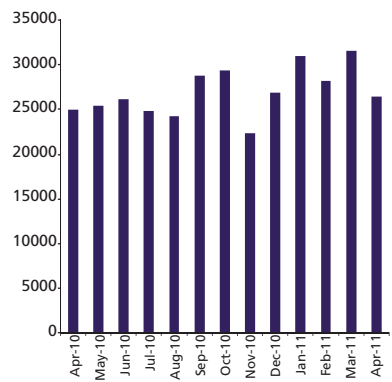
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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



Source: CMIE

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



Source: CMIE

## PASSENGER VEHICLE INDUSTRY

### Highlights

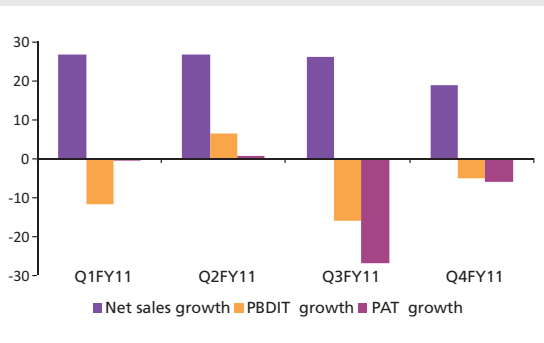
- The year 2011-12 started on a healthy note, with domestic sales of passenger cars recording a healthy growth of 15.2%. Sales of multi-utility vehicles grew by 6.3% over sales in April 2010. The recent hike in interest rates could temporarily hamper demand.
- Exports of passenger vehicles rose by 12.7% to 42,727 units in April 2011.
- Carmakers are adopting diverse strategies to gain market share. For instance, on the one hand, Hyundai Motor India is looking at changing its image as a small car maker and hence plans to introduce more models in all segments. Luxury carmaker Mercedes Benz, on the other hand, plans to launch smaller cars to get ahead of its competitors.
- In May, Mercedes Benz launched two premium products – a sports car SL 350 and a sports-utility vehicle GL 500 in India, priced at ₹ 9.85 million and ₹ 8.09 million (ex-showroom, Delhi) respectively. British luxury sports car manufacturer Aston Martin recently introduced three models in India. It will sell luxury cars, including V8 Vantage Coupe, Rapide in the price range of ₹ 13.5-27.5 million.

### Passenger vehicle sales (Nos.)

Segments	Apr-10	Apr-11	y-o-y growth (%)	FY10	FY11	y-o-y growth (%)
Domestic sales	182,103	207,604	14.0	1,951,333	2,520,421	29.2
Exports	37,924	42,727	12.7	446,145	453,479	1.6
Total sales	220,027	250,331	13.8	2,397,478	2,973,900	24.0

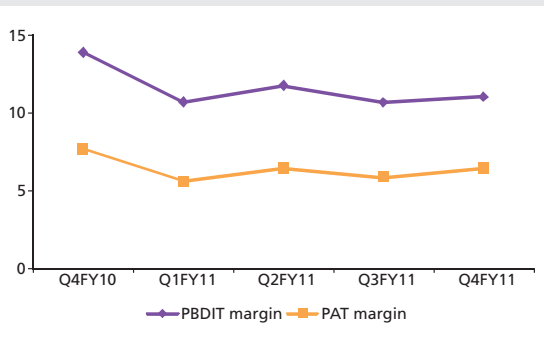
Source: CMIE

### Maruti Suzuki India: Growth indicators (%)



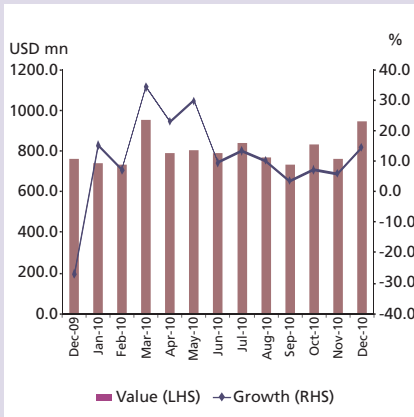
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

### Maruti Suzuki India: Trend in 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

### Trend in drugs and pharmaceuticals exports



Source: CMIE

## PHARMACEUTICAL INDUSTRY

### Highlights

- Fortis Healthcare (India) Ltd acquired 86% stake in Super Religare Laboratories, one of India's leading diagnostic services companies, for about ₹ 9.2 billion. Avigo Capital Partners also acquired 9.3% equity in Super Religare Laboratories Ltd for ₹ 1.0 billion.
- Dabur India Ltd acquired Ajanta Pharma's over-the-counter energiser brand '30-Plus' as a part of Dabur's strategy to build its OTC healthcare business capabilities.
- Biocon Ltd agreed to sell its entire 78% stake in AxiCorp GmbH back to the promoters of the German company for ₹ 2.6 billion.
- Glenmark opened its new oncology manufacturing facility in Argentina which would serve as a global hub for manufacturing products used for the treatment of cancer. The new plant has an initial manufacturing capacity of one million units of liquids and around 1.3 million units of lyophilised concentrates and would be able to service the requirements of about 75% of cancer therapy products.
- Lupin Pharmaceuticals and its subsidiaries entered into a licence agreement with US-based Abbott Laboratories and Laboratoires Fournier SA for eight patents on cholesterol-lowering drug Fenofibrate which will help the company to make and market the product in the US.
- Lincoln Pharmaceuticals Ltd (LPL) plans to invest about ₹ 0.9 billion on reconstruction and expansion of its existing plant and also to set up a new plant for the regulated markets. LPL will be scrapping its existing factory at Khatraj in Ahmedabad district this year and expanding the reconstructed plant with capacities enhanced by about 30 times. LPL manufactures and markets therapeutic products under the guidelines of World Health Organisation-Good Manufacturing Practices (WHO-GMP), mainly for Indian and semi-regulated markets of Africa.

### Global News

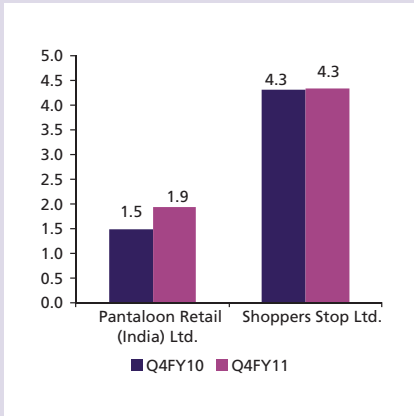
- Johnson & Johnson entered into a definitive agreement to acquire Synthes Inc, a premier global manufacturer of orthopaedic devices for US\$ 21.6 billion.
- Teva Pharmaceutical Industries Ltd entered into a deal to acquire US specialty drugmaker Cephalon Inc for nearly US\$ 7 billion.

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

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Cipla Ltd.	16,692.0	3,224.6	2,140.0	19.1	12.7
Ranbaxy Laboratories Ltd.	10,958.1	60.1	-530.6	0.5	-4.5
Aurobindo Pharma Ltd.	10,585.7	1,842.1	1,038.7	17.7	10.0
Cadila Healthcare Ltd.	6,955.5	1,097.7	760.6	15.6	10.8
Glaxosmithkline Pharmaceuticals Ltd.	6,098.1	-309.3	-1,135.5	-4.7	-17.2

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

### Net profit margin (%)



Source: CMIE

## RETAIL INDUSTRY

### Highlights

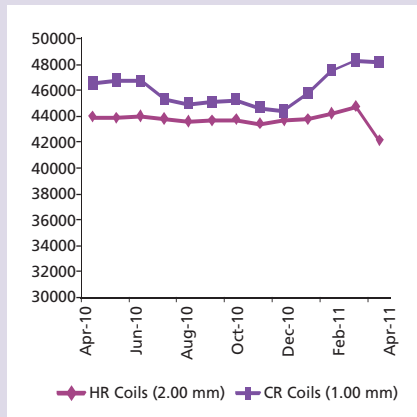
- Bharti Walmart Pvt Ltd plans to open 12 new wholesale stores across India by the end of 2011 as part of its expansion strategy. The company plans to expand its presence in South and Central India.
- Planet Sports, a multi-brand sports and lifestyle specialty retail chain expanded its presence in western and southern India by opening concept stores in Goa and Coimbatore. The store in Goa is spread across 2,000 sq.ft. and that in Coimbatore is spread across 2,700 sq.ft. and will offer a wide range of international sports and lifestyle brands.
- Philips Electronics India Limited is on an expansion spree and is rapidly increasing its retail presence across India. The company opened its second 'Philips Light Lounge' in Chennai and plans to open more Light Lounges and Light Shoppes (Shop-in-shops) in the coming months to consolidate its retail presence in Tamil Nadu and rest of South India. The company's Light Lounges offer consumers the complete range of home decorative lighting solutions under one roof. Philips plans to double its exclusive retail touch points by the end of 2011.
- Café Coffee Day (CCD), a leading coffee chain is on an expansion spree. The company plans to open 60 cafeterias and 45 lounges this year. Post expansion, CCD would have 1,250 outlets across India by March 2012. The company owns all its outlets and does not intend to adopt a franchise route.
- Future Group entered into a 50:50 joint venture with UK-based footwear maker Clarks to set up retail outlets in the country. The JV which is named Clarks Future Footwear Ltd, has opened its first store and it plans to open 100 such stores and targets revenue of around ₹ 2.5 billion in the next five years.
- DLF Brands, a subsidiary of real estate company DLF Ltd is set to expand its retail presence in the fashion retail industry. The company entered into a licensing deal with Spanish brand Mango to spearhead the new store openings of the latter as a part of its expansion strategy in India.
- Denim major Arvind Ltd plans to expand its 'Arvind Experience Store' in the fabric retail channel to 100 by the end of FY12. The company, which already has eight stores, plans to open another 92 stores by the end of this fiscal to achieve its target of 100 stores.

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

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	PBDIT margin (%)	PAT margin (%)
Pantaloen Retail (India) Ltd	10,320.1	1,144.1	201	11.1	1.9
Shoppers Stop Ltd	4,554.0	408	199.2	8.9	4.3
Vishal Retail Ltd	1,578.8	-360.8	-632.4	-22.6	-39.7

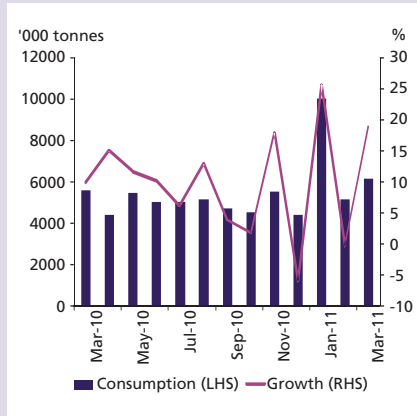
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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



Source: CMIE

### Finished steel consumption



Source: CMIE

## STEEL INDUSTRY

### Highlights

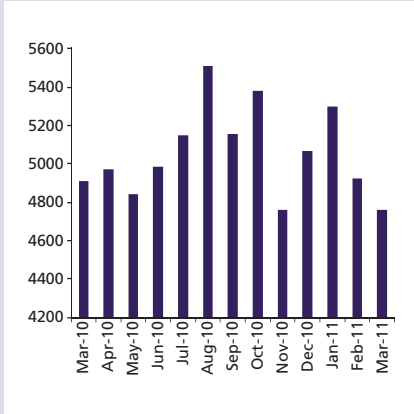
- Rashtriya Ispat Nigam Ltd, under a joint venture with Karnataka, plans to set up a 3 million tonne capacity steel plant. The company plans to invest around ₹ 150 billion and utilise the existing facilities of Kudremukh Iron Ore Company Ltd to set up the plant.
- Tata Steel signed a pact with mining major Rio Tinto for commercial development of environment-friendly direct iron smelting process. Tata Steel and Rio Tinto will work together and share their knowledge and existing technologies that will be combined in the new process called HIsarna. A pilot plant which will test the new technology is under construction in Tata Steel's IJmuiden steelworks in The Netherlands. This plant is being jointly funded by a consortium of European steelmakers' ULCOS, the European Commission and the Dutch Economic Affairs Ministry.
- Tata Steel plans to sell 51% stake in refractories business to Japan's Krosaki Harima Corp. The refractory is valued at around ₹ 11.3 billion. Post the deed, Tata Steel's stake would come down to 26.5% from 77.5%.
- Jindal Steel and Power Ltd (JSPL) plans to make an open offer to fully acquire Australia's Rocklands Richfield for a consideration of AUD 88 million. JSPL, through its subsidiary Jindal Steel and Power (Australia) Pty Ltd, currently holds 14% share in Rockland and intends to acquire the remaining share in the company.
- The Ministry of Environment and Forest (MoEF) gave the Stage-II forest clearance to The Pohang Iron and Steel Company (POSCO) in Orissa. The Ministry gave the final approval to the state government for diversion of 1,253 hectares of forest land in favour of the POSCO steel project. The project is the biggest foreign direct investment in the country and is valued at around US\$ 12 billion.
- SAIL plans to expand the capacity of its arm ferro-alloy producer Maharashtra Elektrosmet Ltd (MEL) with an aim to ensure supply of raw material to its steel plants. The company plans to invest around ₹ 10 billion and install two new furnaces and set up two 45 MW power plants at MEL.

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

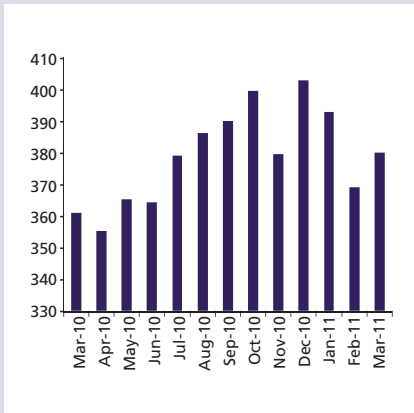
Company	Net sales (₹ bn)	Operating profit (₹ bn)	Net profit (₹ bn)	PBDIT margin (%)	PAT margin (%)
Steel Authority of India Ltd.	121.3	26.1	13.7	20.9	10.9
Jindal Steel & Power Ltd.	27.4	11.9	6.5	41.6	22.6
Bhushan Steel Ltd.	19.6	6.4	2.9	31.9	14.4
Lloyds Steel Inds. Ltd.	9.1	0.9	0.26	10.7	2.8
I S M T Ltd.	4.9	0.67	0.14	13.4	2.8

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

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



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



Source for all above charts: CMIE

**TEXTILE & GARMENT INDUSTRY**

**Highlights**

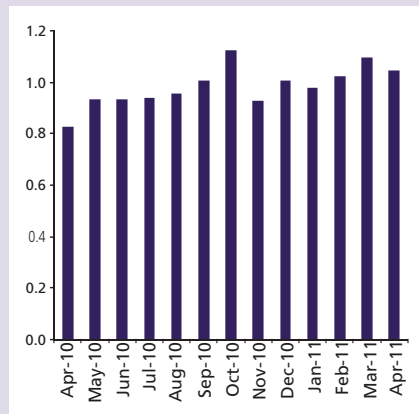
- The Ministry of Textiles recently announced a restructuring of the Technology Upgradation Fund Scheme for the period April 28, 2011 to March 31, 2012, with an overall subsidy cap of ₹ 19.7 billion during this period.
- Alok Industries plans to invest ₹ 20 billion over the next four years to expand its production capacity, in a bid to enhance its domestic and international operations. The company will be investing nearly ₹ 4.5 billion during each fiscal year till FY15 for capacity expansion, and most of it will go into augmenting the polyester capacity.
- Denim garments maker Suryalakshmi Cotton Mills plans to invest ₹ 2.85 billion for expanding its spinning capacity and setting up a 25 MW thermal power plant in Nagpur (Maharashtra). The company is looking at adding a capacity of 50,000 spindles in two phases to its existing capacity of 60,000 spindles.
- The Aditya Birla Group acquired Swedish speciality pulp and bio-refinery company Domsjö Fabriker, through its global companies, Thai Rayon Public Company Limited (Thailand) and Indo Bharat Rayon (Indonesia), for a sum of US\$ 340 million from a Swedish consortium. The speciality pulp produced by Domsjö finds primary use in the textile segment (viscose staple fibre and viscose filament yarn).

**Company: Key financial indicators (January - March 2011)**

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	PBDIT margin (%)	PAT margin (%)
Alok Industries Ltd	22,029.0	5,587.5	1,600.5	25.4	7.3
Grasim Industries Ltd	14,616.4	5,829.0	3,955.4	37.7	25.6
Vardhman Textiles Ltd	9,085.7	2,721.2	1,394.7	29.6	15.2
Garden Silk Mills Ltd	8,797.9	911.7	273.2	10.3	3.1
Indo Rama Synthetics (India) Ltd	8,708.2	2,035.8	721.5	23.1	8.2

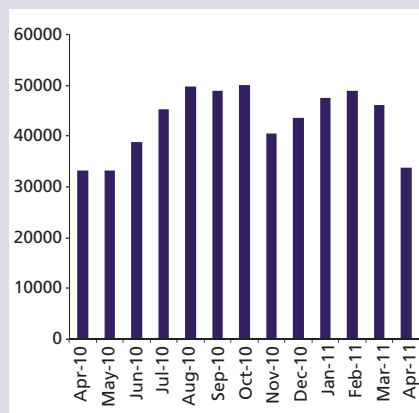
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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



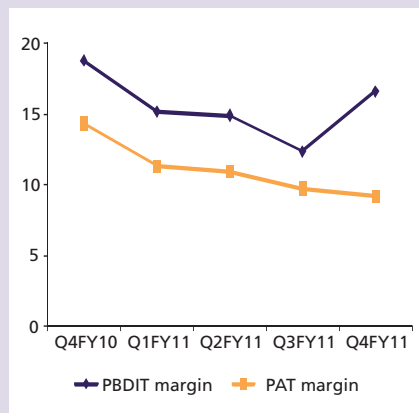
Source: CMIE

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



Source: CMIE

### Hero Honda Motors: 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

## TWO-WHEELER AND THREE-WHEELER INDUSTRY

### Highlights

- The year 2011-12 started on a buoyant note for the two-wheeler industry; domestic sales recorded y-o-y growth of 26.4% in April.
- Exports of two-wheelers also posted double-digit growth of 32.8% to 175,867 units, over exports in April 2010.
- The two-wheeler market witnessed several new launches in the recent month. These include the following:
  - South Korean two-wheeler manufacturer S&T Motors Corporation, in collaboration with Pune-based Garware Motors, launched its Hyosung brands of 650-700 cc superbikes (GT650 R and ST 7) in India at a price range of ₹ 475,000-569,000 (ex-showroom, Delhi).
  - Honda Motorcycle & Scooter India launched its first 250cc sports bike in India, the CBR 250R, priced at ₹ 0.14-0.17 million (ex-showroom, Kolkata).
  - Yamaha Motor India launched three new variants of its FZ series bikes, priced between ₹ 67,000 and 74,000 (ex-showroom, Delhi).
- German auto major BMW, which made a foray into the Indian two-wheeler market in early 2011, has major plans for the Indian market. The company aims to sell 50 motorcycles by the end of this year, besides introducing bikes below 1,000 cc.
- Domestic sales of three-wheelers posted marginal growth of 1.9% at 33,788 units in April 2011. While sales of passenger carriers declined by 2.1%, those of goods carriers grew by 16.6%. Exports of three-wheelers, on the other hand, exceeded domestic sales, at 37,394 units.
- New Delhi-based electric two-wheeler manufacturer Lohia Auto plans to make a foray into the three-wheeler market (both goods and passenger carriers) by December this year. It intends to introduce diesel and CNG models, priced between ₹ 0.12 and 0.13 million.

### Two-wheeler sales

### Three-wheeler sales

Segments	Apr-11		FY11		Segments	Apr-11		FY11	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)		Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	809,565	23.4	9,019,090	22.9	Passenger carriers	25,418	-2.1	426,943	22.0
Mopeds	59,351	15.7	697,418	23.5					
Scooters	175,054	48.1	2,073,797	41.8	Goods carriers	8370	16.6	99,079	9.5
Total domestic	1,043,970	26.4	11,790,305	25.8					
Exports	175,867	32.8	1,539,590	35.0	Total domestic	33,788	1.9	526,022	19.4
					Exports	37,394	37.0	269,967	55.9
Total	1,219,837	27.3	13,329,895	26.8	Total	71,182	17.8	795,989	29.7

Source: CMIE

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

Company	Net sales (₹ mn)	PBDIT (₹ mn)	Net profit (₹ mn)	PBDIT margin (%)	Net margin (%)
Hero Honda Motors Ltd	53,909.3	9,042.7	5,016.1	16.6	9.2
T V S Motor Co Ltd	16,334.6	915.5	416.8	5.6	2.6
Eicher Motors Ltd	1,508.9	217.2	144.8	14.2	9.5
Scooters India Ltd	515.7	17.6	-12.8	3.4	-2.5
Kinetic Motor Co Ltd	1.2	-4.0	-7.4	-333.3	-616.7

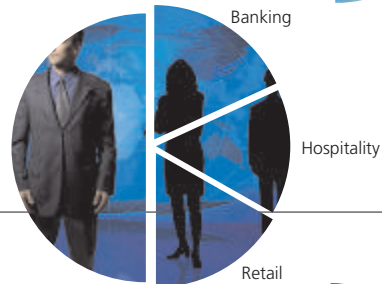
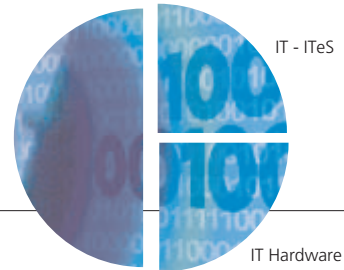
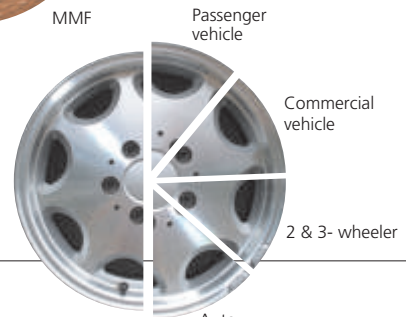
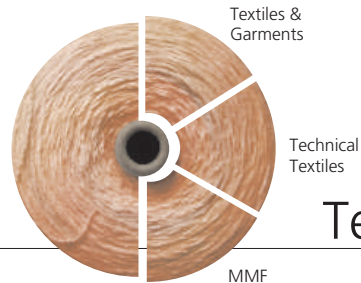
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E  
Source: CMIE

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:



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

**Contact FedEx:**  
 1800 209 6161  
 1800 22 6161  
 fedex.com/in

**DISCLAIMER:**

This Newsletter is strictly for private circulation to the addressees only and not for re-circulation. Any form of circulation, replication, reproduction, dissemination, copying, disclosure, modification, distribution and/or publication of this Newsletter or contents hereof, including by caching, framing or similar means, is strictly prohibited without the prior written consent of Dun & Bradstreet Information Services India Pvt. Ltd. (D&B).

The contents of this Newsletter are solely meant to inform. The information contained in this Newsletter should be independently verified before placing reliance or taking any decision on the basis of the information. D&B and FedEx expressly disclaim all responsibility and accept no liability for the consequences of any person acting, or refraining from acting, on such information. **Copyright © 2009, D&B, All rights reserved.**