



Industry cursor

Strictly for Private Circulation

Issue 27 | November 2010

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Macroeconomic Update

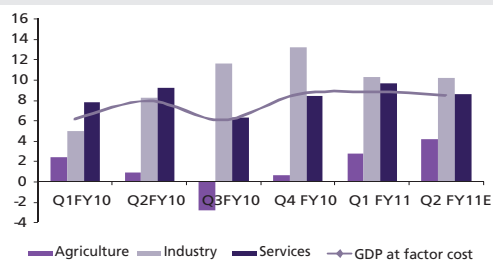
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MACROECONOMIC UPDATE

Highlights

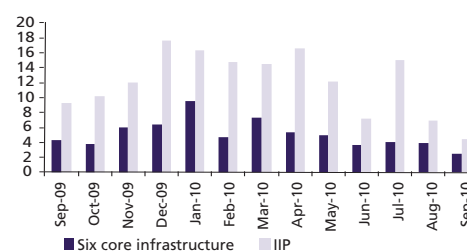
- The Index of Industrial Production (IIP) for September 2010 grew by 4.4% (y-o-y) (using the WPI with 2004-05 base). The indices for the mining, manufacturing and electricity sectors grew by 5.3%, 4.5% and 1.7% respectively for the same period.
- The WPI-inflation stood at 8.58% (y-o-y) for the month of October 2010 as compared to 8.62% for September 2010. Build-up inflation in the financial year so far was 4.34% as compared to a build-up inflation of 5.93% in the corresponding period of the previous year.
- The RBI in its mid-term review of monetary policy raised the repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.0% to 6.25% effective from November 02, 2010. The reverse repo rate under the Liquidity Adjustment Facility (LAF) increased by 25 basis points from 5.0% to 5.25% effective from November 02, 2010.

GDP: Growth (%)



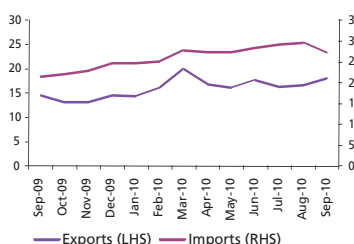
E: D&B estimate
Source: CSO, D&B Industry Research Service

IIP and core infrastructure: Growth (%)



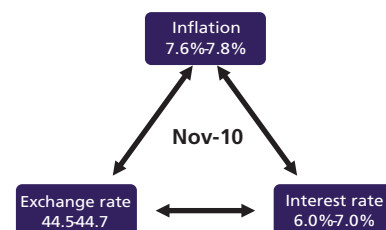
Source: Ministry of Commerce and Industry, CSO

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



Source: Ministry of Commerce

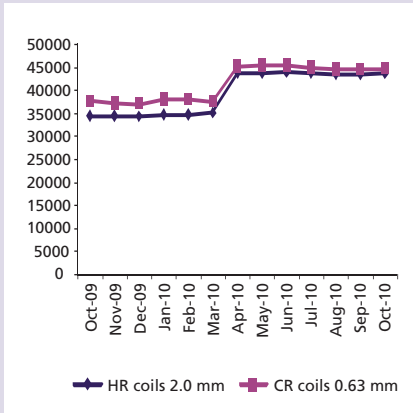
Macroeconomic triad (forecast)



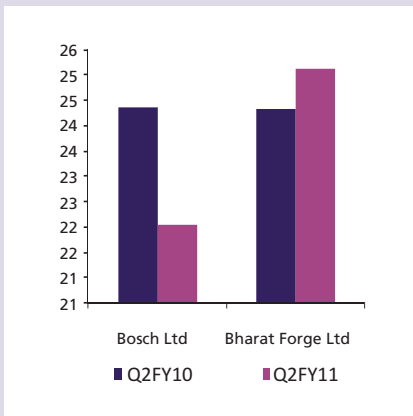
Note: Exchange rate: INR/US\$
Interest rate corresponds to yield on T-Bills 15-91 days
Source: D&B Industry Research Service



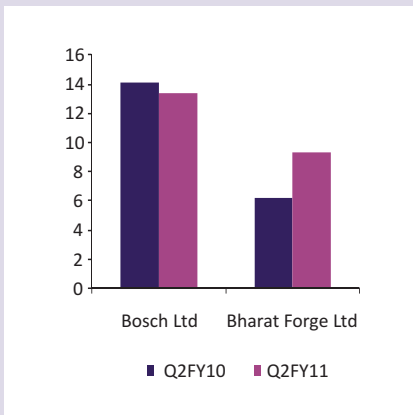
Steel prices (Mumbai) (₹/tonne)



PBDIT margins (%)



PAT margins (%)



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

AUTO COMPONENTS INDUSTRY

Highlights

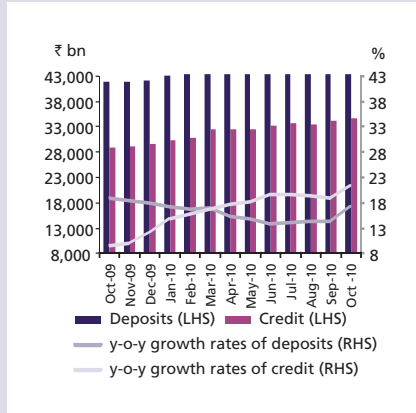
- To cater to the anticipated increase in demand going forward, Amara Raja Batteries plans to expand production capacity over the next two years with an investment of ₹ 1.05 billion. The company plans to increase its four-wheeler battery manufacturing capacity from 4.2 million units to 6.0 million units, and its two-wheeler battery manufacturing capacity from 1.8 million units to 5 million units per annum. The expansion is expected to be completed by September 2011.
- General Motors plans to double sourcing of automotive components from India to US\$ 1 billion annually in the next two years. For 2010, the company has placed orders worth US\$ 550 million to its Indian vendors. The company sources auto parts such as castings, forgings and metal parts from India for its various facilities around the world.
- The Rane Group plans to make a foray into the defence and aerospace sectors and plans to look at acquisitions for technology and production capacity.
- Auto components firms fared well in the quarter ended September 2010. Early results for 85 companies reveal that as much as 93% of the firms reported higher net sales as compared to the September 2009 quarter. Further, while an impressive 75.3% of the sample earned higher PBDIT, 64.7% reported higher net profits during the quarter under review.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	PBDIT (₹ mn)	Net profit (₹ mn)	PBDIT margin (%)	Net margin (%)
Bosch Ltd	17,110.2	3,881.1	2,360.7	22.0	13.4
Bharat Forge Ltd	7,186.8	1,826.9	681.4	25.1	9.4
Motherson Sumi Systems Ltd	6,685.3	1,189.3	658.8	17.2	9.5
Sundram Fasteners Ltd	4,652.6	624.9	308.6	13.3	6.6
Wheels India Ltd	4,238.8	312.3	51.4	7.4	1.2

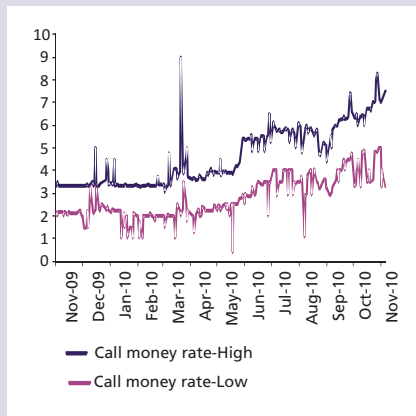
Note: Operating profit: PBDIT net of prior period and extra-ordinary items (P&E); Net profit: PAT net of P&E
 Source: CMIE

Deposits, credit and growth rates



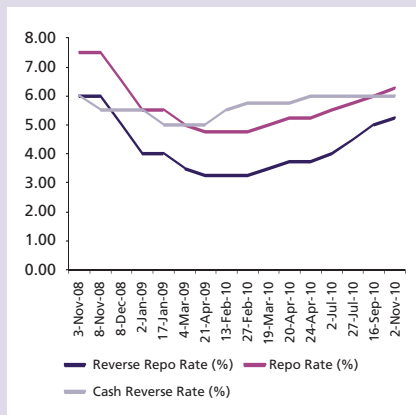
Note: Data For October 10 is up to October 22, 2010

Movement in call money rates (%)



Note: Call rates for November 10 are up to November 08, 2010

Changes in key policy rates



Source for all above charts: RBI

BANKING INDUSTRY

Highlights

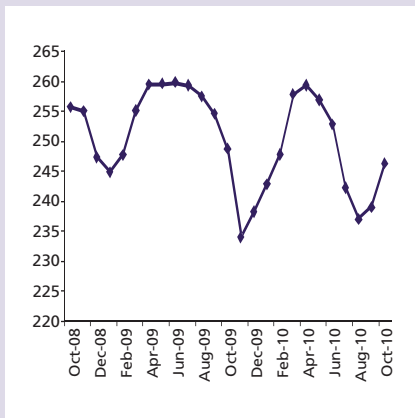
- The RBI released its second quarter review of the monetary policy 2010-11 on November 02, 2010. In order to sustain the anti-inflationary thrust of recent monetary policy actions & outcomes and to curb rising inflationary expectations, given that the inflation continues to remain at elevated levels, the RBI decided to:
 - ◆ Increase the repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.0% to 6.25% with immediate effect
 - ◆ Increase the reverse repo rate under the LAF by 25 basis points from 5.0% to 5.25% with immediate effect.
- Federal Bank plans to expand its small and medium enterprises (SME) and its non-resident Indians customer base as part of its growth plans. Currently, the bank has 762 branches and it plans to take its network to over 1,000 branches. The bank also aims to strengthen its risk management business by setting up 13 regional credit hubs within the country.
- State Bank of India (SBI) plans to acquire a bank in Indonesia as the local law does not permit setting up new branches in the country. SBI has already shortlisted two or three banks out of which one bank will be acquired by SBI through its existing branch PT Bank SBI Indonesia at a cost of US\$ 100 million. Besides, SBI also plans to establish a subsidiary in Australia, where it already has a branch.
- SBI opened its first corporate branch in Visakhapatnam on November 11, 2010, given the rapid industrial growth in the region and the huge natural gas find in the Krishna-Godavari basin. This branch brings the total tally of SBI's commercial branches in Andhra Pradesh to six. These branches will offer various kinds of services to corporate clients including project consultancy.
- Dhanlaxmi Bank plans to acquire a 15% stake in Destimoney Securities, a financial services provider and advisory firm, for a consideration of ₹ 0.13 billion. Through this acquisition, Dhanlaxmi can provide Destimoney Securities' online broking and capital market services. This acquisition is expected to help the bank to increase its overall CASA (current account, savings account) deposits.
- The National Housing Bank and the International Finance Corporation entered into a public-private partnership with the Rajasthan Government to set up a housing finance company in the state for providing loans to low-income households.
- Bajaj Finance Ltd (BFL) and Central Bank of India joined hands to co-finance retail and SME loans in order to leverage on each other's strengths and efficiencies. Under the arrangement, BFL will prospect, underwrite and service the loans while allotting a fixed share every month to Central Bank of India for a fee.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Net profit (₹ mn)	Net profit margin (%)
State Bank of India	198,080.9	25,013.7	10.5
Punjab National Bank	64,554.4	10,745.4	15.0
I C I C I Bank	63,091.0	12,362.7	15.7
Canara Bank	55,774.4	10,078.8	16.6
Bank of Baroda	51,586.6	10,193.0	17.5

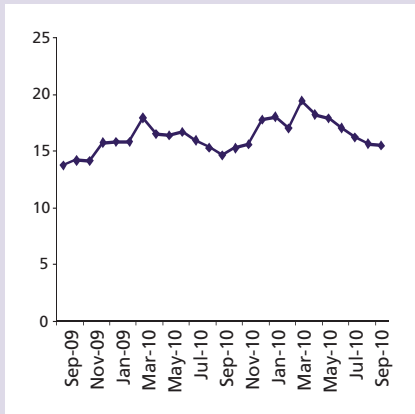
Note: Net profit: PAT net of prior period and extraordinary items
Source: CMIE

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



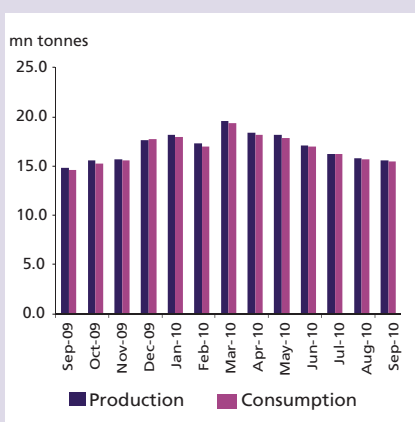
Source: CMIE

Cement production (mn tonnes)



Source: CMIE

All India cement production vs. all India cement consumption



Source: CMIE

CEMENT INDUSTRY

Highlights

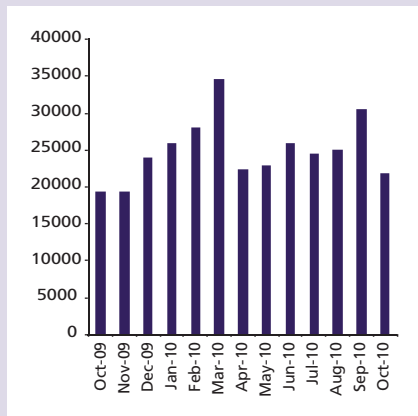
- Cement prices shot up in Tamil Nadu in Oct-10. Wholesale cement prices touched ₹ 261.8 per 50 kg bag from ₹ 215.4 in September. This forced several real estate developers in Tamil Nadu to import cement from neighbouring countries like Pakistan and Bangladesh. In view of the surge in domestic prices, the state government has urged cement manufacturers to take measures to reduce cement prices.
- Several cement companies announced expansion plans during the last month. The Essar Group entered into an agreement with the Government of Madhya Pradesh to invest ₹ 20 billion in order to set up a cement and ferro alloys plant in the state. The cement plant will have a production capacity of five million tonnes per annum (mtpa).
- In October, Ultratech Cement Ltd signed three Memorandum of Understanding (MoU) worth ₹ 60 billion with the Madhya Pradesh Government to set up new cement plants at Satna and Dhar districts of MP. Further, Jaiprakash Associates Ltd also signed an MoU with the MP Government to set up a new cement grinding unit at Bina in Sagar district of MP.
- The Anil Dhirubhai Ambani Group plans to invest ₹ 750 billion in a project that would cover core power, mining and cement projects in MP by 2015. Under this project, the ADA Group plans to build a cement plant with a capacity of 10 mtpa.
- Heidelberg Cement India Ltd will invest ₹ 4 billion in its Jhansi cement expansion project. The plan involves increasing the production capacity from 0.8 mtpa to 2.7 mtpa.
- My Home Industries Ltd also plans an investment of ₹ 4 billion to expand its cement manufacturing capacity at Visakhapatnam. The expansion project will add an annual capacity of one million tonnes, taking the total capacity up to 2.5 mtpa.

Company: Key financial indicators (Jul-Sep 2010)

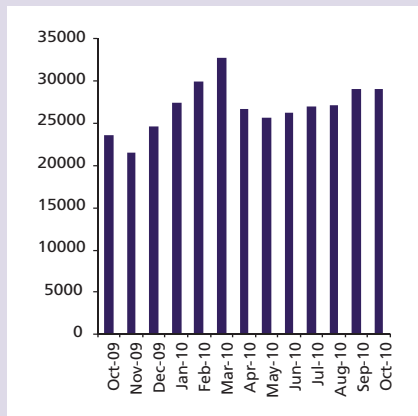
Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Ultratech Cement Ltd	32,445.0	4,761.7	1,157.7	14.5	3.5
A C C Ltd	16,884.8	2,408.2	900.4	14.1	5.3
Ambuja Cements Ltd	15,830.4	3,327.0	1,520.9	20.6	9.4
Prism Cement Ltd	7,526.1	463.0	42.3	6.1	0.6
Madras Cements Ltd	6,500.1	1,174.7	311.2	18.0	4.8

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

- To focus on small transportation and with a view to expand its market share, Piaggio Vehicles Pvt Ltd launched a new four-wheel product in the sub-one tonne segment. The Ape Mini truck, based on a newly developed platform, has been priced at ₹ 0.17 million (ex-showroom) across the country. The company will manufacture the Ape Mini at its Baramati plant which has an annual installed capacity of 0.1 million units for four wheelers. The company sold 0.18 million units of Ape Mini during 2009, and expects the sales to be higher by 10-15% during the current year.
- Asia Motor Works Ltd intends to make a foray into the mass market segment of goods carriers by the end of the current year. The company plans to unveil a 31 tonne 8x4 tipper, designed for use in the difficult and demanding mining conditions, thus considered encouraging for coal transportation. It also plans to introduce new products in the 25 and 16 tonne categories by January 2011. The 25-tonne haulage trucks will be priced at ₹ 1.4 million.
- In November, Ashok Leyland launched 10 models of tippers and tractor trailers on the new U-truck platform. The company plans to launch 15 more models in the domestic market over the next one year.
- Ashok Leyland entered into a tie up with Himachal Gramin Bank to provide customers with finance options for buying commercial vehicles.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Ashok Leyland Ltd	27,139.5	3,110.6	1,670.6	11.4	6.1
Tata Motors Ltd.	11,504.1	1,176.0	432.7	10.2	3.7
Force Motors Ltd	3,742.6	308.1	131.6	8.2	3.5
Swaraj Mazda Ltd	1,954.0	165.0	93.0	8.4	4.8

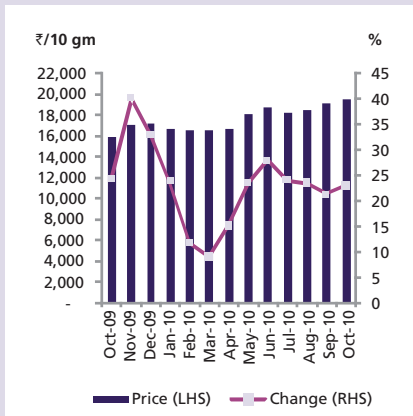
Source: CMIE

Commercial vehicle sales (Nos.)

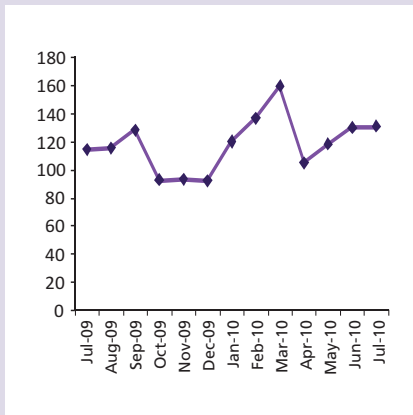
Segments	Oct-09	Oct-10	y-o-y growth (%)	Apr-Oct 2009	Apr-Oct 2010	y-o-y growth (%)
M&HCV	19,365	21,807	12.6	112,931	173,003	53.2
LCV	23,653	29,028	22.7	151,032	190,672	26.2
Total domestic	43,018	50,835	18.2	263,963	363,675	37.8
Exports	3,815	8,125	113.0	21,283	40,267	89.2
Total	46,833	58,960	25.9	285,246	403,942	41.6

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

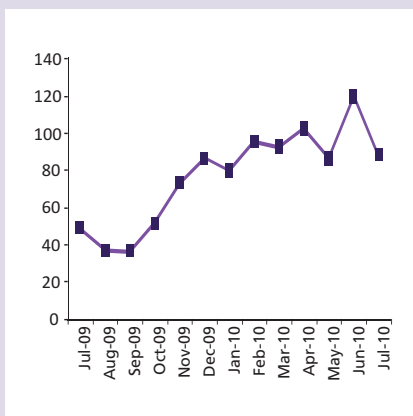
Gold prices in Mumbai market



Gems & jewellery exports (₹ billion)



Gems & jewellery imports (₹ billion)



Source for all above charts: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

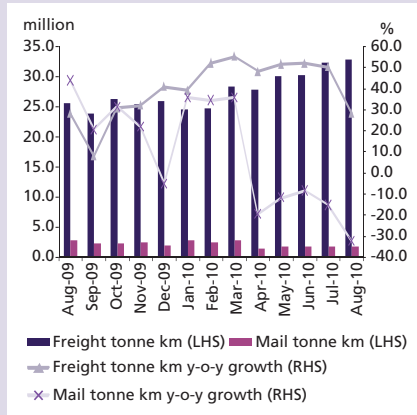
- As per the Gems and Jewellery Export Promotion Council (GJEPC), exports of gems and jewellery from India grew by 56% (y-o-y) in September 2010 to US\$ 4 billion on account of increase in demand from United Arab Emirates, US and Europe. The exports of the precious items during H1FY11 increased by about 46% to US\$ 18.8 billion over the same period last fiscal year.
- GJEPC plans to set up an umbrella organisation which will ensure the availability of rough diamonds to small and medium enterprises by uniting 200 diamond traders under Surat Diamond Sourcing India to buy rough diamonds.
- With an aim to penetrate with a strong foothold in the markets of Russia, Saudi Arabia, Middle-East, US, Japan and Europe, Gitanjali Group plans to acquire Italy's DIT Group for EUR 20 million.
- With an aim to expand the capacity of its existing facility in Kochi (Kerala), Su-Raj Diamonds & Jewellery Ltd plans to invest ₹ 400 million to expand the yearly production of jewellery range such as diamonds, gemstones, plain gold and exclusive handicraft from 2,400 kg to 9,600 kg.
- Reliance Jewels plans to open 50 new stores at select locations across India by 2012, covering a retail space of 4,000 square feet. Most of the stores will be opened in those cities where they already have Reliance Jewels stores.
- With an aim to rationalise the group structure, Gitanjali Gems Ltd acquired the entire stake in Pink Jewellery Pvt Ltd through its wholly-owned subsidiary Brightest Circle Jewellery Pvt Ltd.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Shree Ganesh Jewellery House Ltd.	17,921.4	1,001.4	842.1	5.6	4.7
Titan Industries Ltd.	15,360.6	1,817.1	1,277.7	11.8	8.3
Shrenuj & Co. Ltd.	3,175.2	271.5	77.5	8.5	2.4
Suashish Diamonds Ltd.	2,440.0	330.0	275.4	12.1	10.1
Thanga Mayil Jewellery Ltd.	1,736.3	143.9	85.3	8.3	4.9

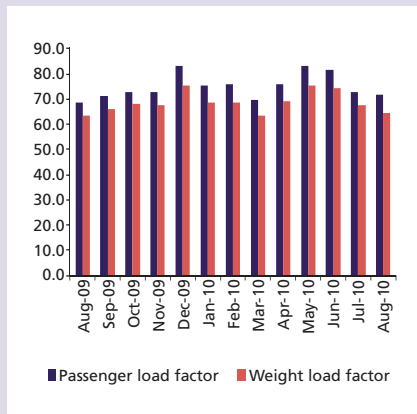
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

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



Source: CMIE

Civil aviation: Load factor (%)



Source: CMIE

HI-TECH INDUSTRY

Highlights

- Jaipan Industries Ltd plans to make a foray into the mobile handsets business. It plans to launch 12 mobile handset models, of which three hi-tech models will be launched by December. The company is targeting sales of 50,000 pieces per month and the handsets would range from ₹ 1,099 - 4,000 per piece.
- To expand its presence in the international markets, Jaipan Industries pledged approximately ₹ 500 million, to enter into a 50:50 joint venture (JV) with Spain-based Sogo, a leading home appliance brand. Through this JV, Jaipan will also market products such as electric tooth brushes, walkie talkies, steam cookers and deep fryers in India.
- Samsung Electronics will invest ₹ 3.50 billion with a view to expand capacity at its manufacturing facility in Sriperumbudur, Tamil Nadu. The company signed a Memorandum of Understanding with the state government for the same. With the help of the additional investment, the company intends to expand the manufacture of consumer durables and electronic equipments, including mobile phone components.
- TCL Corporation, a Chinese consumer electronics maker, entered into a strategic partnership with Videocon Industries Ltd, which entitles TCL to supply Videocon with LCD, CRT TVs and ACs during the period of 2010-2011. Moreover, as part of TCL's expansion plan in India, the company plans to invest US\$ 30 million towards enhancing its distribution network and introducing more products for the Indian consumers.
- To cater to the expected increase in demand in the domestic and international markets going forward, IndiGo Airlines Pvt Ltd plans to buy 150 new planes worth over US\$ 10 billion.
- In order to expand its market share, budget carrier SpiceJet Ltd plans to invest US\$ 900 million to launch a regional airline connecting India's fast-growing non-metropolitan cities to metros. It plans to place an order for 30 Q400 Nextgen turboprop aircrafts from Bombardier Inc, a Canada-based manufacturer of large range regional and business aircrafts.
- The Boeing Company will be investing approximately US\$ 100 million to jointly set up a maintenance, repair and overhaul (MRO) unit with Air India Ltd in Nagpur (Maharashtra).

Civil aviation: Airport traffic statistics (July 2010)

Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)
Domestic traffic	89,542	2.3	8,019,201	15.6	72,641	26.7
International traffic	24,689	5.5	3,141,790	12.4	128,205	22.7
Total airport traffic	114,231	3.0	11,160,991	14.6	200,846	24.1

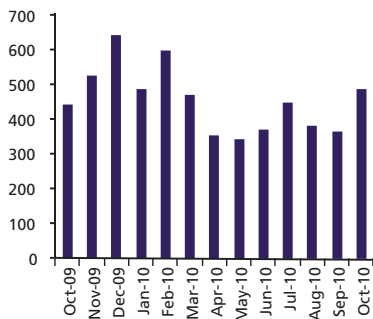
Source: CMIE

Consumer electronics: Key financial indicators (Jul-Sep 2010)

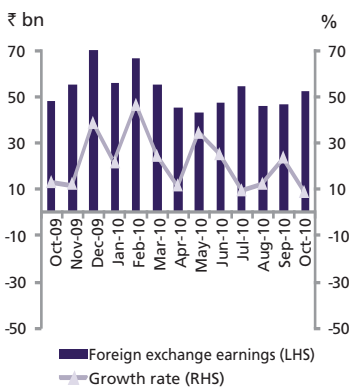
Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Videocon Industries Ltd.	29,854.6	5,471.0	1,599.2	18.3	5.3
Mirc Electronics Ltd.	4,024.8	174.4	58.4	4.3	1.5
Sharp India Ltd.	320.7	14.6	5.2	4.4	1.6

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



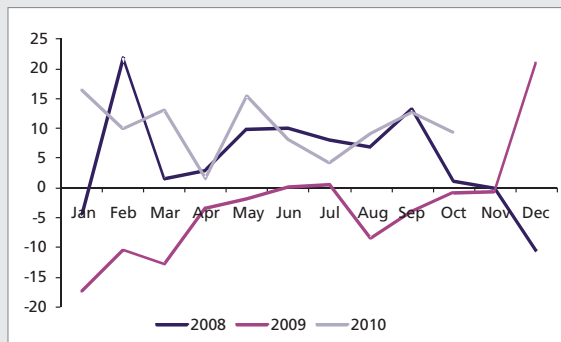
Source for all above charts: Ministry of Tourism

HOSPITALITY INDUSTRY

Highlights

- Mahindra Holidays & Resorts India Ltd plans to add 500 dwelling units by FY11 with an investment of up to ₹ 2.75 billion. The company plans to open three resorts at Gir in Gujarat, Ranthambore and Sariska in Rajasthan by December 2010. The company has also tied up with Punjab Heritage and Tourism Promotion Board to market 'Farm Tourism'.
- InterContinental Hotels Group plans to operate 45 new hotels in India by 2015, thereby increasing the total capacity in India to over 10,000 rooms.
- Choice Hospitality (India) Pvt Ltd plans to open 16 hotels across the country by September 2012. The hotels will be operated under the brands 'Quality Inn', 'Comfort Inn' and 'Sleep Inn'.
- International hotel company Carlson Hotel plans to open 15 hotels in India by 2011.
- In October, T.G.I. Friday's opened a new restaurant in Hyderabad and Noida. They plan to open one each in Delhi and Bengaluru as well. T.G.I. plans to open 12 new restaurants in India by 2015.
- Marriott International plans to add eight new hotels in India over the next three years including two hotels in Mumbai and one each in Bhopal, Kochi, Nashik, Hyderabad, Jaipur and Raipur. Marriott also plans to expand its network in India to over 100 hotels in the next five years.

Growth in foreign tourist arrivals (%)



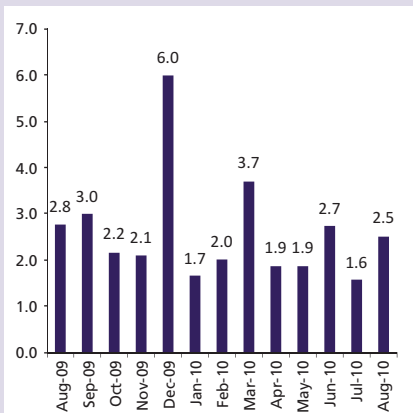
Source: CMIE

Hospitality: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Net profit (₹ mn)	Net profit margin (%)
Indian Hotels Co. Ltd.	3285	-81.4	-2.4
E I H Ltd.	2169	-471.9	-21.4
Mahindra Holidays & Resorts India Ltd.	1135.2	182	15.7
India Tourism Devp. Corpn. Ltd.	651.7	-116.1	-15.9
Taj G V K Hotels & Resorts Ltd.	597.6	74.6	12.5

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

Domestic computer hardware & peripheral production (₹ billion)



Source: CMIE

IT HARDWARE INDUSTRY

Highlights

- Bengaluru-based Lakshmi Access Communications Systems Pvt Ltd launched Magnum, a pocket tablet PC in Hyderabad. Magnum is a mini-PC that allows users to access Word, Excel, PDF, PPT documents for reading, along with a Word Pad writer. The tablet PC, which is priced at ₹ 17,000, comes with an in-built memory of 2GB and extendable through a micro SD card slot, up to 16GB. It can also be connected to select USB-supported TVs or a projector and can be used as a conventional audio/video player.
- US-based computer manufacturer Dell entered into the Indian smart phone market with the launch of two high-end 3G-enabled handsets, dubbed XCD28 priced at ₹ 10,999 and XCD35 priced at ₹ 16,990.

Global news

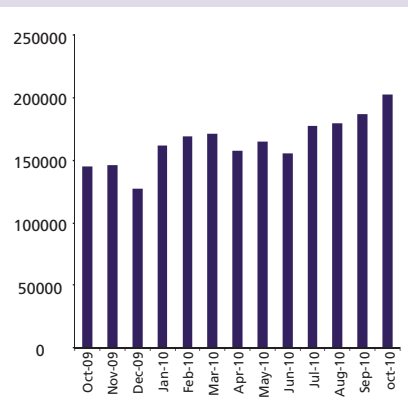
- Hewlett-Packard acquired ArcSight, a leading security and compliance management company in the US, for an enterprise value of US\$ 1.5 billion. Through this acquisition, Hewlett-Packard plans to integrate ArcSight's security portfolio with its own IT operations management portfolio. This integration represents a new security approach that will help businesses understand risk by making visible everything from activity to configuration state, role rights and past history.
- Toshiba Corporation unveiled its latest Solid-State Drive (SSD), Blade X-gale, a data storage device, which finds its application in laptops and PCs. The Toshiba Blade X-gale series was originally developed by the company for Apple's latest MacBook Air line of ultra-portable laptops, but will now be made available to all to incorporate into their designs. The Blade X-gale series will be offered in three sizes initially: single-sided modules in 64GB and 128GB capacities, which hit the 2.2mm thickness barrier and a double-sided 256GB module which measures 3.7mm. Both types are 24mm wide and 108.9mm long.
- Apple Inc plans to stop selling its Xserve Mac hardware (computer servers) from January 31, 2011 and plans to replace it with the Mac Pro Server at a price of US\$ 2,999. The Mac Pro Server comes with a 2.8GHz quad-core Intel Xeon processor, but can be configured with two 2.93GHz six-core Xeon processors and up to 32GB of memory. It also has four hard drive bays, and will come with Mac OS X Server Snow Leopard.
- ASUSTeK Computer Incorporated, a Taiwan-based computer manufacturer, recently designed its new Eee PC 1215T Seashell notebook. The Asus Eee PC 1215T netbook comes equipped with a 12.1 inch LED backlit display with a resolution of 1366x768 and has a 1.7GHz AMD Athlon K125 processor. Besides, it has 2GB of RAM, a 320GB hard drive (plus 500GB web storage), Mobility Radeon HD 4250 graphics and comes pre-loaded with Windows 7 Professional 32-bit.

Company: Key financial indicators (Jul-Sep 2010)

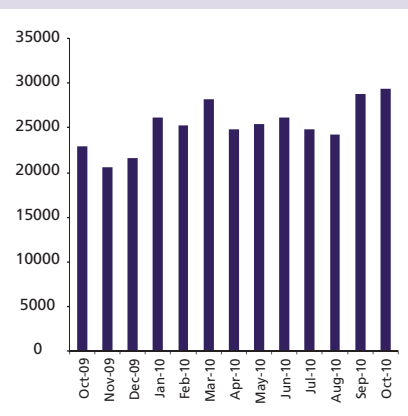
Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Moser Baer India Ltd.	5,157.5	768.4	-716.9	14.69	-13.7
Smartlink Network Systems Ltd.	484.7	70.9	43.3	14.28	8.72
T V S Electronics Ltd.	426.4	24.2	0.2	5.68	0.05
P C S Technology Ltd.	400.8	35.6	3.2	8.83	0.79
D-Link (India) Ltd.	356.4	28.9	19	8.05	5.3

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.)



Utility vehicles: Domestic sales (Nos.)



Source for all above charts: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

- The festive demand further boosted demand for passenger vehicles (PV). In October, domestic sales of passenger cars posted y-o-y growth of 39.6%, while sales of multi-utility vehicles (MUV) grew by 28.3%. Domestic sales of PVs in October were the highest in any month during FY11 so far.
- Exports of cars and MUVs during October were also the highest in any month during FY11 so far.
- Carmakers in India continue to take their vehicles to the global markets. Tata Motors plans to position its new Safari SUV as a global model catering to different overseas markets. Electric carmaker Reva Motors, part of the Mahindra Group, plans to enter China. Ford India plans to export its hatchback Figo to newer markets, and next year onwards plans to market the car in 48 countries. Initially, the car will be sold in North Africa, South America and the Emirates region.
- In October, Bugatti Automobiles, part of the Volkswagen Group, launched its super premium sports car Bugatti Veyron 16.4 Grand Sport, in India. With a starting price of ₹ 0.16 billion, it is the most expensive car to be rolled out in the Indian market.
- Buoyed by the long term bright prospects of the Indian market, carmakers continue to announce new product launch plans for India. General Motors India plans to launch six new vehicle models in the next two years. It is in the process of ramping up capacities at its Halol (Gujarat) plant to one lakh units per annum from the current 85,000 units.
- BMW plans to increase investments in its Indian operations. The company, which had invested ₹ 1.1 billion in India till September, intends to increase this further to ₹1.8 billion by 2012. The company also aims to expand its dealer network in India to 22 across the metro cities next year, from the current network of 18.

Passenger vehicle sales (Nos.)

Segments	Oct-09	Oct-10	y-o-y growth (%)	April-Oct 2009	April-Oct 2010	y-o-y growth (%)
Mini	6,142	5,696	-7.3	29,498	55,211	87.2
Compact	94,028	137,950	46.7	617,075	809,341	31.2
Mid-size	26,671	33,159	24.3	144,563	200,060	38.4
Executive	4,539	4,544	0.1	24,789	30,702	23.9
Premium	1,129	1,452	28.6	6,336	8,974	41.6
Luxury	106	191	80.2	788	985	25.0
MPV	12,471	19,512	56.5	79,349	119,377	50.4
Passenger cars	145,086	202,504	39.6	902,398	1,224,650	35.7
Multi-utility vehicle	22,957	29,453	28.3	150,866	183,825	21.8
Domestic sales	168,043	231,957	38.0	1,053,264	1,408,475	33.7
Exports	38,567	39,847	3.3	250,212	254,621	1.8
Total sales	206,610	271,804	31.6	1,303,476	1,663,096	27.6

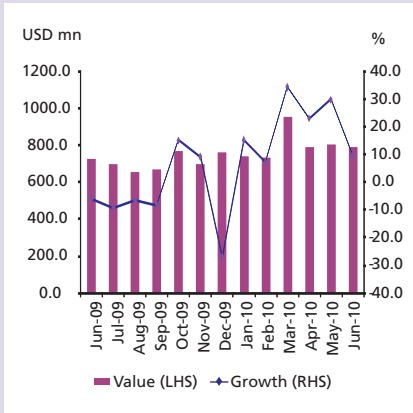
Source: CMIE

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Maruti Suzuki India Ltd	91,472.7	10,942.9	5,982.4	11.8	6.4
Mahindra & Mahindra Ltd	53,616.7	11,284.5	7,584.9	19.9	13.4
Hindustan Motors Ltd	2,048.6	-98.7	-172.9	-4.8	-8.4

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

Trend in drugs and pharmaceuticals export



Source: CMIE

PHARMACEUTICAL INDUSTRY

Highlights

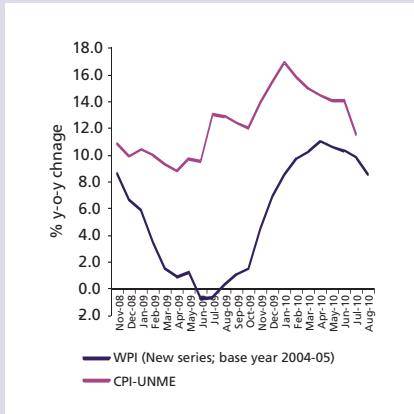
- Lupin has been granted final approval by the United States Food and Drug Administration (USFDA) for anti-histamine Desloratadine tablets, used for treating allergies. The approval has been given to Lupin Pharmaceuticals Inc, Lupin's wholly-owned US subsidiary for Desloratadine tablets in the strength of 5 mg.
- Pfizer entered into a marketing deal with Biocon to sell the latter's biosimilar versions of diabetes treatment insulin. Under the deal, Pfizer will pay Biocon US\$ 200 million up front. Biocon will also be eligible to receive additional development and regulatory milestone payments of up to US\$ 150 million plus payments related to sales of these medicines. Pfizer will have exclusive rights to commercialise Biocon's drugs, recombinant human insulin, Glargine, Aspart and Lispro globally, with certain exceptions, such as Germany, India and Malaysia, where Biocon will have co-exclusive rights.
- Zenith Pharmaceuticals exited its investment in Bengaluru-based drug maker Strides Arcolab by selling their 14% stake in the latter. Strides had also received the nod from its shareholders to increase the borrowing limit by ₹ 10.0 billion to ₹ 25.0 billion on July 24, 2010. The money raised from the increase in borrowing limit would be used to pay off the acquisition amount Strides incurred for the joint venture with Brazilian drug maker Aspen Global and buying off their manufacturing facility in Campos, Brazil. The firm has already paid US\$ 67 million of the US\$ 183 million acquisition amount.
- RPG Life Sciences Ltd plans to enter into a partnership with an undisclosed Germany-based drug maker for product licensing and supply deal so as to participate in the European country's large-volume tender business. The agreement will involve a long-term strategic partnership between the two to sell the Indian company's low-cost immunosuppressant formulations in the German market.
- Dr Reddy's Laboratories Ltd signed an agreement with Cipla Ltd for exclusive marketing rights of around seven products in the over-the-counter (OTC) and prescription segments in Russia and Ukraine. According to the agreement, Dr Reddy's started sales and promotion of the products from July through September 2010-11 in select therapy areas in Russia. The products will be launched in Ukraine by 2011. In addition, Dr Reddy's also signed a pact with the UK-based Vitabiotics Ltd for a range of nutraceutical products for Russia and select CIS countries. The agreement will give Dr Reddy's exclusive marketing rights to two of Vitabiotics leading products - Jointace and Dietrim. Vitabiotics will supply these products on a long-term basis from its facilities in Europe.
- Indoco Remedies entered into a contract-manufacturing deal with South Africa-based Aspen in which Indoco will make tablets, liquids and creams for Aspen. This alliance comes as a part of Indoco's plans to grow in markets such as South Africa, Latin America and Brazil.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Dr. Reddy'S Laboratories Ltd.	12,968.8	3,262.5	2,202.0	24.2	16.3
Lupin Ltd.	10,730.9	2,089.7	1,623.9	19.5	15.1
Aurobindo Pharma Ltd.	10,504.3	3,334.3	2,140.3	29.9	19.2
Sun Pharmaceutical Inds. Ltd.	8,080.5	3,804.4	3,457.2	44.7	40.6
Cadila Healthcare Ltd.	7,390.3	2,242.2	1,816.0	29.3	23.8

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

Wholesale price index & consumer price index



Source: MOSPI

Net profit margin (%)



Source: CMIE

RETAIL INDUSTRY

Highlights

- To fuel its retail expansion, Pantaloon Retail (India) Ltd will be investing ₹ 21 billion towards the company's expansion project. At present, the company has its outlets in 80 cities. It plans to widen its hold to another 30 cities by 2014.
- Arvind Mills Ltd plans to invest approximately ₹10 billion towards establishing manufacturing facilities in Sri Lanka and South Africa to expand its retail presence in overseas markets. Further, the company has already started the construction of a denim manufacturing facility for ₹ 2.5 billion, located near Dhaka along with Bangladesh conglomerate Nitol-Niloy Group. In India, the company will be investing ₹ 1.5 billion by 2014 to add more than 200 stores.
- Tata International Ltd, part of the Tata Group, plans to make a foray into footwear retailing. The company launched the brand 'Tashi', a specialty footwear retail chain. It plans to launch at least six exclusive 'Tashi' outlets in Mumbai, New Delhi and Chandigarh located at high streets, major city markets and leading malls to ensure maximum brand visibility and customer accessibility.
- Shopper's Stop Ltd, as a part of its expansion plan, intends to open 26 additional outlets including two each in Mumbai, Pune and Bengaluru, and one each in Vijaywada, Durgapur, Siliguri, Indore and Raipur. Each store will entail an investment of ₹120 million.
- To take advantage of the growing Indian retail market, Tie Rack, the UK-based retail chain for men's and women's apparel and accessories, plans to open about 150 selling points across India by 2012. The outlets would involve an investment of ₹ 1 million for a multi-brand outlet and ₹ 2-3 million for each standalone store. Tie Rack has also increased the average size of its stores from 250 sq.ft in Europe to 500 sq.ft in India. The brand is already present in all key regions such as Delhi, Mumbai, Chennai, Bengaluru, Kolkata and Pune.

Retail trading: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Net profit (₹ mn)	Net profit margin (%)
Arvind Ltd	6,545.3	118.5	1.8
Raymond Ltd	3,985.3	341.5	8.2
Shopper'S Stop Ltd	4,545.2	173.8	3.8
Titan Industries Ltd	15,360.6	1,277.7	8.3
Trent Ltd	1,828.0	120.0	6.1

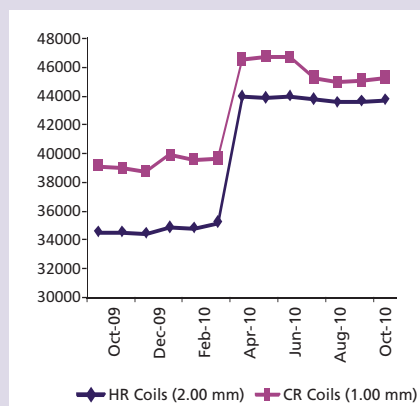
Note: Net profit: PAT net of prior period and extraordinary items
Source: CMIE

Major expansion plans of retailers

Company	Format	No. of stores	Deadline
Rado Watch Co Ltd	Watches	6	Nov-11
Jubilant Foodworks Ltd	Food service	70	Mar-11
Reliance Digital	Electronics	75	Dec-11
Mcdonald's India Pvt Ltd	Food service	630	N.A.
Shopper's Stop Ltd	Apparel	20	Mar-11

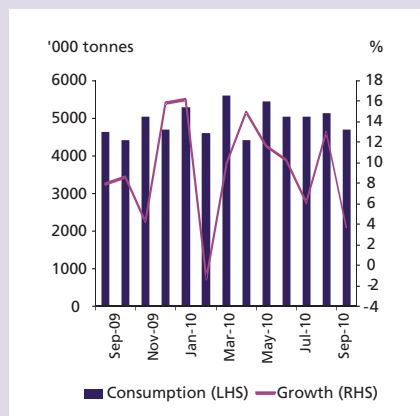
N.A.: Not available
Source: Company announcements

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



Source: CMIE

Finished steel consumption



Source: CMIE

STEEL INDUSTRY

Highlights

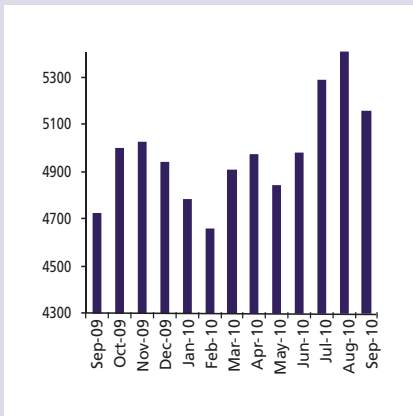
- In view of the drop in the international prices, Steel Authority of India Ltd and JSW Steel slashed prices of hot rolled steel products by about 2%.
- In order to increase the supply of raw materials, Tata Steel through its subsidiary Tata Steel Global Minerals Holdings Pte Ltd formed an 80:20 joint venture with Canada-based New Millennium Capital Corp. The JV firm, Tata Steel Minerals Canada Ltd, will engage in iron ore mining operations in Canada.
- JSW Steel and JSL Stainless entered into an agreement under which JSL Stainless will process and produce coke for JSW Steel which in turn will use part of the coke for its captive consumption at its Vijayanagar (Bellary) unit and will sell part of it in the local market. The raw material will be supplied by JSW Steel.
- Southern Ispat and Energy's Board approved a proposal to acquire Gujarat-based New-Tech Forge and Foundry Ltd - an integrated steel plant with a networth of ₹ 2 billion and having an annual production capacity of 120,000 metric ton of sponge iron, billets, round steel, forging articles, machine flanges, etc.
- Sesa Goa plans to invest ₹ 300 billion to make a foray into the steel space in Orissa and Jharkhand. The company also plans to appoint a global firm to jointly run the ventures.
- Essar Africa Holdings, part of the Essar Group, emerged as a preferred bidder for a majority stake in Zimbabwe Iron & Steel Company (Zisco), an integrated steel company with an annual capacity of one million tonnes, engaged in the manufacture of long products. The Government of Zimbabwe holds 60% stake in the company. As per the proposal, Essar will invest in the expansion and revival of Zisco and increase Zisco's productivity.

Company: Key financial indicators (Jul-Sep 2010)

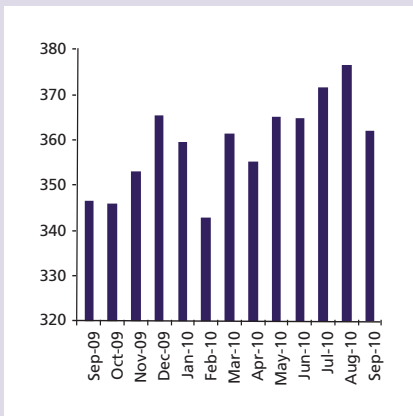
Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Steel Authority Of India Ltd.	108,061.7	20,701.6	10,809.1	18.5	9.7
Tata Steel Ltd.	71,067.5	33,616.9	20,651.3	42.9	26.3
J S W Steel Ltd.	57,759.0	11,555.3	4,454.4	19.5	7.5
Jindal Steel & Power Ltd.	22,996.1	8,620.0	4,781.7	37.4	20.7
Ispat Industries Ltd.	21,845.8	-765.9	-3,316.2	-3.5	-15.2

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

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



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



Source for all the above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

- Suryalakshmi Cotton Mills, an Andhra Pradesh-based textile company, plans to invest ₹ 1.65 billion to set up a new spinning unit in the state. The firm has already placed orders for machinery for its first phase of expansion and the plant is expected to be commissioned by March 2012.
- Maxwell Industries Ltd, the Tamil Nadu-based company producing innerwear, entered into an alliance with Eminence SA of France. The alliance with Eminence has given Maxwell entry into the premium innerwear segment. Maxwell has a licensing agreement with Eminence to manufacture, distribute and retail the Eminence brand in India, Nepal, Sri Lanka and Bangladesh. Maxwell Industries also plans to launch the premium range of women innerwear by Eminence through their exclusive brand store by next year.
- Bombay Rayon Fashions Ltd, a manufacturer of fabrics and apparels in India, received an approval from its Board of directors, for the acquisition of a 70.56% equity stake in Indore-based Textile company STI India Ltd (STI) for a total consideration of ₹ 0.70 billion. STI is a producer of 100% cotton yarn & knitted fabric.
- Textile and retail major Arvind Mills plans to spend ₹ 8.50 billion over the next five years to fuel expansion in both its core and new businesses. The investments will majorly be used for scaling up their denim fabric production, expanding their retail chain – Megamart - and bringing in more international brands. Besides, the company is re-looking at an overseas expansion through a greenfield unit at Comilla in Bangladesh.

Global news

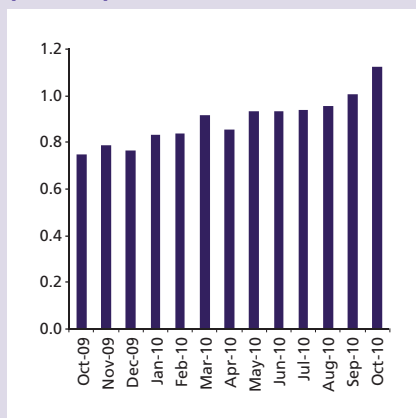
- Swimwear maker Manhattan Beachwear Inc acquired Apparel Ventures Inc, also a swimwear maker for an undisclosed amount. The merger has enabled the two firms to come together as a single entity and is likely to permit them to get the maximum benefits and extend a suitable brand as well as product mix to its customers.
- Alal Textile Company, located in the town of Goya Corrientes, Argentina, plans to invest US\$ 7 million in a new cotton ginning plant. The investment would be carried out with financial support from the provincial government, for which, all agreements have been signed. Alal has requested the provincial governor to ensure that the ginning plant receives continuous supply of electricity in order that they may maximise efficiency. Of the US\$ 7 million investment, US\$ 4 million will go towards the purchase of machinery and technology and the rest will be spent on building infrastructure.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Alok Industries Ltd.	14,515.0	4,169.7	798.0	28.7	5.5
Grasim Industries Ltd.	9,625.1	4,260.4	2,796.2	38.9	25.5
Vardhman Textiles Ltd.	9,216.6	2,300.0	1,159.5	24.7	12.5
Garden Silk Mills Ltd.	8,871.8	716.5	252.7	8.1	2.8
J B F Industries Ltd.	8,628.0	1,012.5	420.9	11.7	4.8

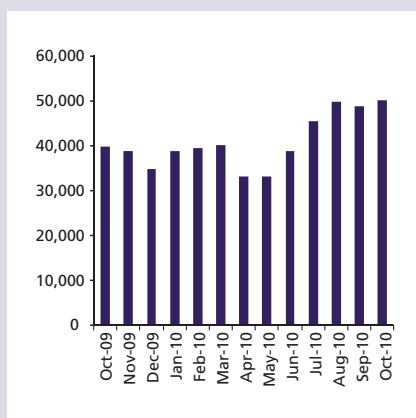
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

Two-wheeler: Domestic sales (Million)



Source: CMIE

Three-wheeler: Domestic sales (Nos.)



Source: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- Sales of two-wheelers perked up across categories in October on account of the festive demand. Domestic sales of motorcycles, scooters and mopeds during October were the highest in any month during FY11 so far.
- Exports of two-wheelers continue to be impressive. During April-October 2010, 0.91 million units of two-wheelers were sold, representing y-o-y growth of a robust 48.9%.
- American motorcycle manufacturer Harley-Davidson will assemble select models in India. Local production is expected to make the company's bikes cheaper in the Indian market, as compared to imports. The company's upcoming plant in Bawal (Haryana), which would have an initial capacity to assemble 200 bikes per year, is expected to become operational in the first half of 2011. Harley-Davidson sells bikes with engine capacities of 883-1500 cc, priced in the range of ₹ 0.78-3.87 million.
- German auto major BMW intends to launch its premium range of motorcycles in India by the end of this year. The motorcycles, which would be produced at BMW's Berlin facility and imported into India as completely-built-units, could be priced at ₹ 1.8 million onwards.

Company: Key financial indicators (Jul-Sep 2010)

Company	Net sales (₹ mn)	PBDIT (₹ mn)	Net profit (₹ mn)	PBDIT margin (%)	Net margin (%)
Hero Honda Motors Ltd	45,519.5	6,883.6	5,056.0	14.9	10.9
Bajaj Auto Ltd	43,418.2	9,808.8	6,820.8	22.2	15.4
T V S Motor Co Ltd	16,162.4	1,099.8	547.8	6.8	3.4
Eicher Motors Ltd	1,111.2	84.4	84.4	7.6	7.6
L M L Ltd	524.5	-58.5	-173.4	-11.1	-33.0

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

Two-wheeler sales

Three-wheeler sales

Segments	Oct-10		Apr-Oct 2010		Segments	Oct-10		Apr-Oct 2010	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)		Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Motorcycles	876,810	43.3	5,190,740	25.6	Passenger carriers	41,525	28.4	246,014	23.8
Mopeds	62,384	36.2	400,266	25.0	Goods carriers	8511	12.3	53,117	8.5
Scooters	188,633	104.3	1,163,127	52.1	Total domestic	50,036	25.3	299,131	20.7
Total domestic	1,127,827	50.4	6,754,133	29.4	Exports	24,087	73.0	156,756	95.3
Exports	136,727	31.8	917,900	48.9	Total	74,123	37.6	455,887	39.0
Total	1,264,554	48.1	7,672,033	31.4					

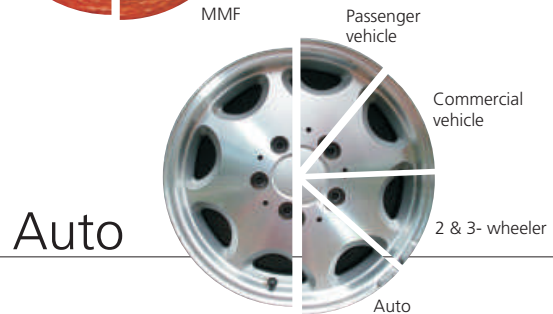
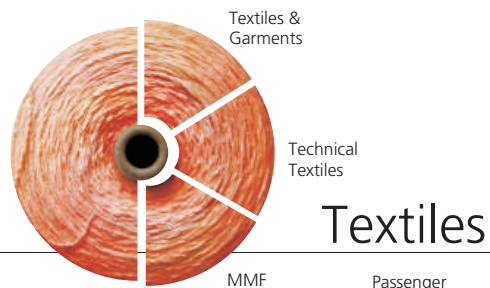
Source: CMIE

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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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