



# Industry cursor

Strictly for Private Circulation

Issue 26 | October 2010

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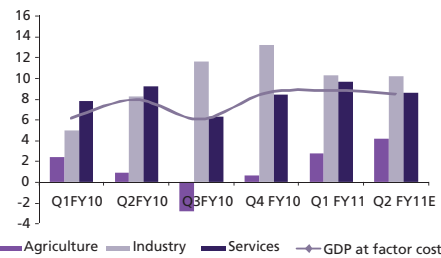
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## MACROECONOMIC UPDATE

### Highlights

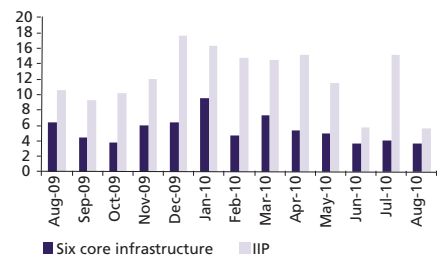
- The Index of Industrial Production (IIP) for August 2010 grew by 5.6% (y-o-y). The indices for the mining, manufacturing and electricity sectors grew by 7.0%, 5.9% and 1.0% respectively for the same period.
- The WPI-inflation stood at 8.6% (y-o-y) for the month of September 2010 as compared to 8.5% for August 2010. Build-up inflation in the financial year so far was 3.9% as compared to a build-up inflation of 5.4% in the corresponding period of the previous year.
- The current account deficit for Q1 FY11 was at US\$ 13.7 billion, as compared with US\$ 4.5 billion in Q1 FY10.
- The external debt, as at end-June 2010, was placed at US\$ 273.1 billion, recording an increase of US\$ 10.8 billion or 4.1% over the level at end-March 2010.

### GDP: Growth (%)



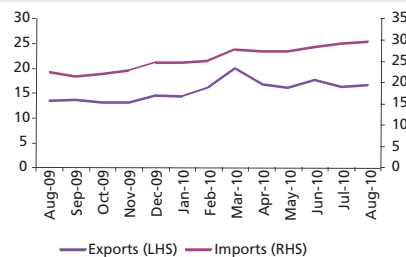
E: D&B estimate  
Source: CSO, D&B Industry Research Service

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



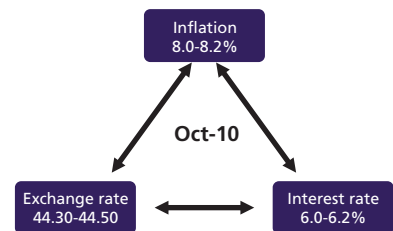
Source: Ministry of Commerce and Industry, CSO

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



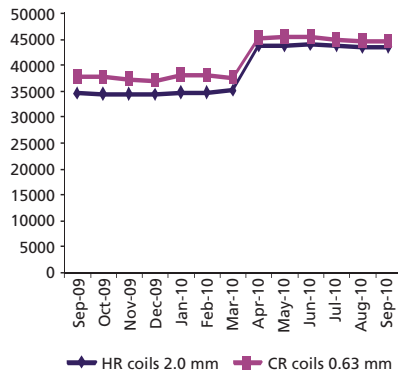
Source: Ministry of Commerce

### Macroeconomic triad (forecast)



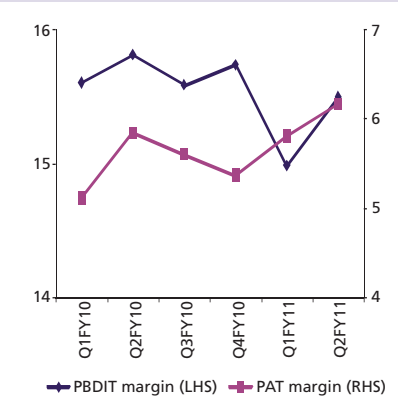
Note: Exchange rate: INR/US\$  
Interest rate corresponds to yield on T-Bills 15-91 days  
Source: D&B Industry Research Service

### Steel prices (Mumbai) (₹/tonne)



Source: CMIE

### Trend in profit margins (%)



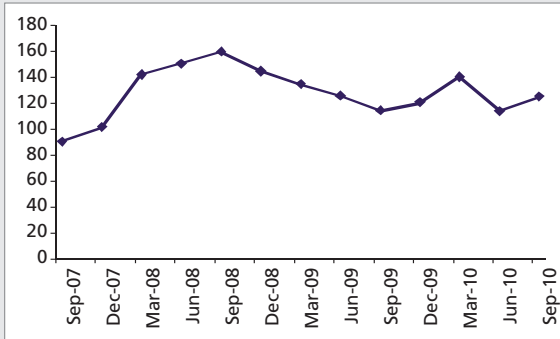
Source: CMIE

## AUTO COMPONENTS INDUSTRY

### Highlights

- With the commencement of the festive season and surge in demand for vehicles, auto component manufacturers are struggling to meet the increase demand from original equipment manufacturers.
- With an aim to meet the rising demand for distributor pumps, Bosch plans to invest ₹ 1 billion to ramp up capacity at its plant in Jaipur. This is part of the ₹ 20 billion investment that the company has lined up for the next two years. Bosch manufactures VE distributor pumps at the Jaipur facility.
- In a bid to further strengthen its presence in the European market, the Ashok Minda Group acquired Aksys, Koengen of Germany, one of Germany's leading specialist composite moulding manufacturers. It is also one of the major suppliers of components to Daimler, Volkswagen Group, Renault, PSA, General Motors, etc. This is the Minda Group's fourth major acquisition in Germany.

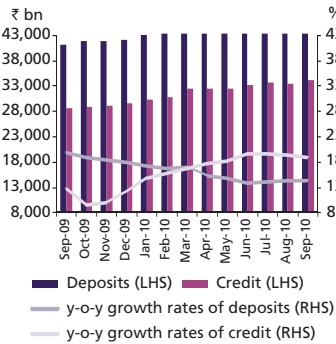
### Auto components: Investment scenario\* (₹ bn)



\*Outstanding investments

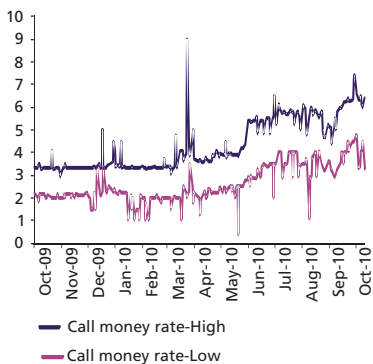
Source: CMIE

### Deposits, credit and growth rates



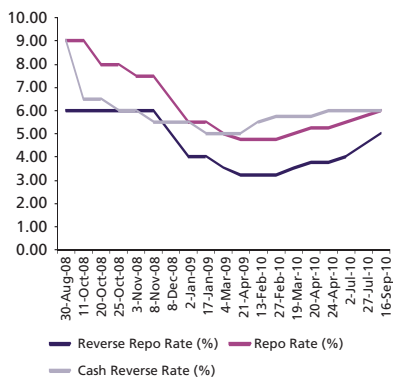
Note: Data for September 10 is up to September 24, 2010

### Movement in call money rates (%)



Note: Call rates for October 10 are up to October 11, 2010

### Changes in key policy rates



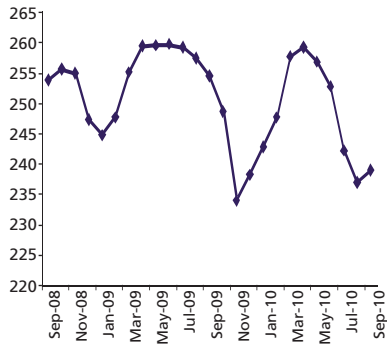
Source for all above charts: RBI

## BANKING INDUSTRY

### Highlights

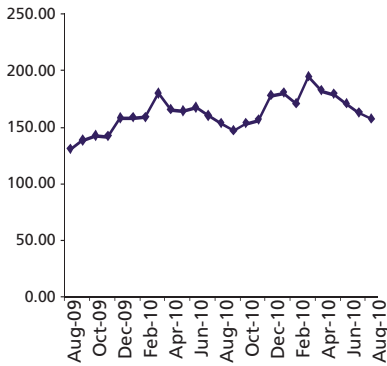
- The Reserve Bank of India in its mid-quarter monetary policy review held in September has decided to:
  - Increase the repo rate under the Liquidity Adjustment Facility by 25 basis points from 5.75% to 6.00% with immediate effect.
  - Increase the reverse repo rate under the Liquidity Adjustment Facility by 50 basis points from 4.5% to 5.0% with immediate effect.
- ICICI Bank launched its first retail branch in Singapore after it received the Full Banking Licence with Qualified Full Banking privileges from the Monetary Authority of Singapore. The licence permits ICICI Bank to begin retail banking operations by offering fixed deposits in Singapore Dollars and other currencies, current and savings accounts and remittance services to India.
- HDFC Bank plans to make a foray into project financing in a bid to tap opportunities in the core sector. Apart from this, the bank also plans to start its first international branch in Hong Kong and plans to extend its international presence into other countries as well.
- Rabobank will invest US\$ 120 million in Indian agro-based companies by its private equity fund in order to cash in on India's vast rural economy.
- Bank of Baroda has proposed to acquire specific assets and liabilities of Memon Co-operative Bank after receiving approvals for the takeover from the government and the Reserve Bank of India.
- The Asian Development Bank (ADB) has decided to lend US\$ 300 million to the Bihar government for building nearly 365 km of state highways, new drainage and bridges. The ADB's Board of directors also approved another US\$ 170 million for modernising the horticulture industry in the states of Bihar and Maharashtra.
- Allahabad Bank plans to open up to 26 branches in 18,000 villages by 2012 in phases. The bank aims to cover 2,618 villages with a population of over 2,000 by March 2012 and another 15,549 villages with population of less than 2,000 by FY15. The bank will offer smart card-based products, recurring accounts, kisan credit cards, artisan credit cards, remittances, micro insurance and micro pension products among others to its customers.

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



Source: CMIE

### Cement production (mn tonnes)



Source: CMIE

## CEMENT INDUSTRY

### Highlights

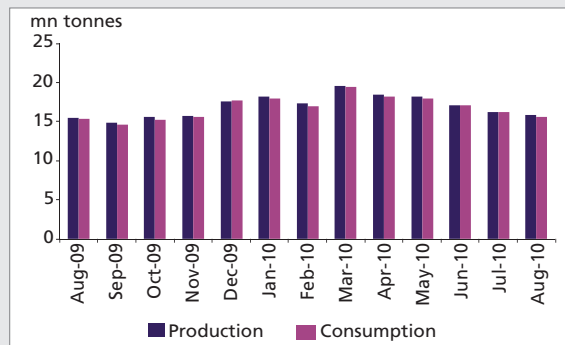
- Jaiprakash Associates Ltd entered into an agreement with Dighi Port Pvt Ltd to set up a 3 mtpa cement grinding plant in Kutch, Gujarat with an investment of around ₹ 6.0 billion.
- J K Lakshmi Cement Ltd plans to invest ₹ 5-6 billion to set up a grinding unit in Haryana and to enhance capacity through the brownfield route.
- My Home Constructions Pvt Ltd plans to invest ₹ 4.0 billion towards expansion of its cement plant near Visakhapatnam, development of two support rail links for transport of raw materials and cement, and setting up of a 60 MW captive power project near the Nalgonda project site.

### Major expansion plans

Company	Plant location	Plant type	Current capacity (mtpa)	Proposed capacity (mtpa)	Capex (Rs bn)	Year of completion
Ambuja Cements Ltd	Nagaur, Rajasthan	New plant		2.0	15.0	2013
Binani Cement Ltd	Bhadrak district, Orissa	New plant		1.0	1.3	
J K Lakshmi Cement Ltd	Rajasthan	Existing plant	5.0	10.0	18.0	2014
My Home Constructions Pvt Ltd	Visakhapatnam, Andhra Pradesh	Existing plant	1.5	3.0	1.3	
Reliance Cementation Pvt Ltd	Sundargarh district, Orissa	New plant		2.0	9.7	

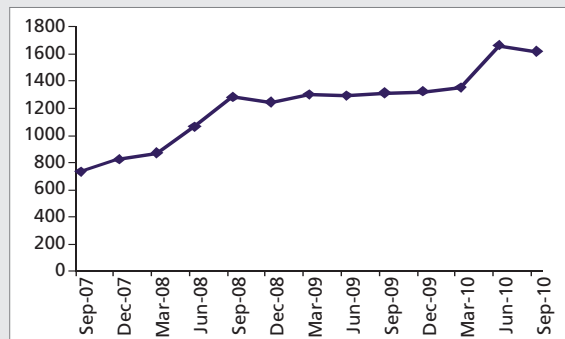
Source: CMIE

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



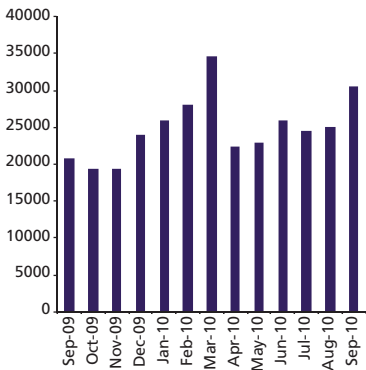
Source: CMIE

### Cement: Investment scenario\* (₹ bn)

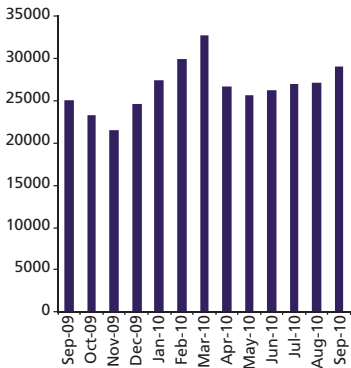


\*Outstanding investments  
Source: CMIE

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



### LCV: Domestic sales (Nos.)



Source for all above charts: CMIE

## COMMERCIAL VEHICLE INDUSTRY

### Highlights

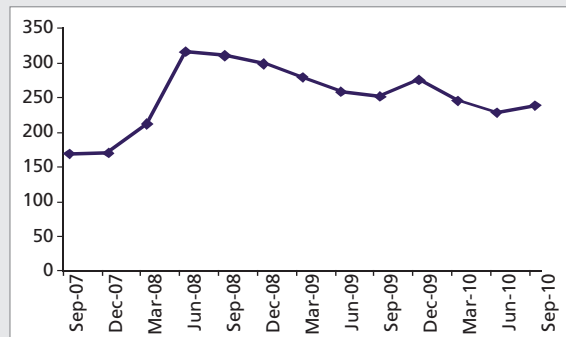
- Market leader Tata Motors Ltd hiked prices of its commercial vehicles by ₹ 5,000-40,000 effective October, attributing the decision to increase in input costs and introduction of higher specifications in vehicles (BS III emission norms).
- Daimler India Commercial Vehicles Pvt Ltd is investing ₹ 44.0 billion in the company's new facility at Oragadam, Tamil Nadu, which would have a production capacity of 36,000 units per annum. As part of its plan to enter the Indian commercial vehicle market by 2012, the company will be introducing a range of trucks in 6-49 tonnes category under a completely new brand.
- General Motors India Pvt Ltd is set to enter the Indian LCV market. It will be launching cargo and passenger versions by 2012. It is investing ₹ 2.5 billion at its factory located at Halol, Gujarat, as it plans to make this unit its global hub for commercial vehicles.
- Asia Motor Works Ltd will launch three heavy commercial vehicles – in the 25-tonne, 31-tonne and 16-tonne category - by the end of 2010 with an aim to cover all the segments of the market progressively.
- Ashok Leyland Ltd received an order for 2,850 buses from the Institute for Road Transport, the State Government agency for vehicle procurement in Tamil Nadu. The order includes 150 vehicles conforming to BS IV emission norms and is the first such order from a state transport undertaking.

### Commercial vehicle sales (Nos.)

Segments	Sep-09	Sep-10	y-o-y growth (%)	Apr-Sep 2009	Apr-Sep 2010	y-o-y growth (%)
M&HCV	20,791	30,453	46.5	93,566	151,197	61.6
LCV	25,098	29,002	15.6	127,379	161,644	26.9
<b>Total domestic</b>	<b>45,889</b>	<b>59,455</b>	<b>29.6</b>	<b>220,945</b>	<b>312,841</b>	<b>41.6</b>
Exports	3,839	6,041	57.4	17,468	32,142	84.0
<b>Total</b>	<b>49,728</b>	<b>65,496</b>	<b>31.7</b>	<b>238,413</b>	<b>344,983</b>	<b>44.7</b>

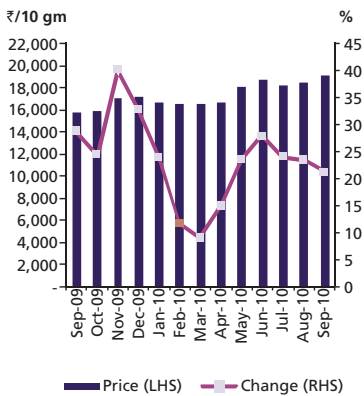
Source: CMIE

### Commercial vehicles: Investment scenario\* (₹ bn)

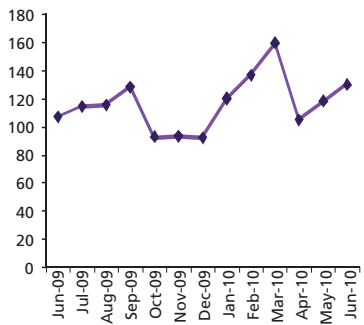


\*Outstanding investments  
Source: CMIE

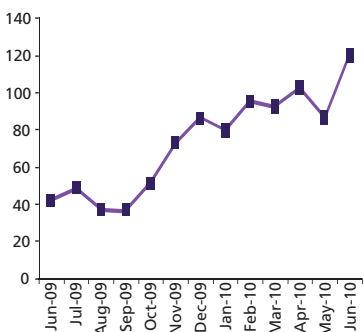
### Gold prices in Mumbai market



### Gems & jewellery exports (₹ billion)



### Gems & jewellery imports (₹ billion)



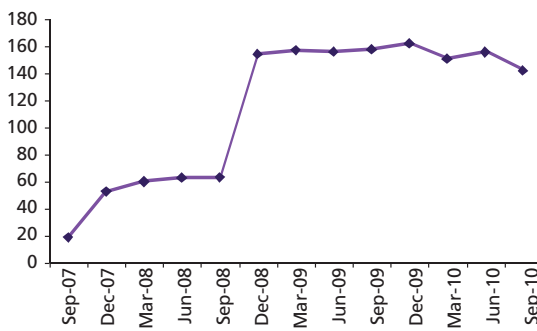
Source for all above charts: CMIE

## GEMS AND JEWELLERY INDUSTRY

### Highlights

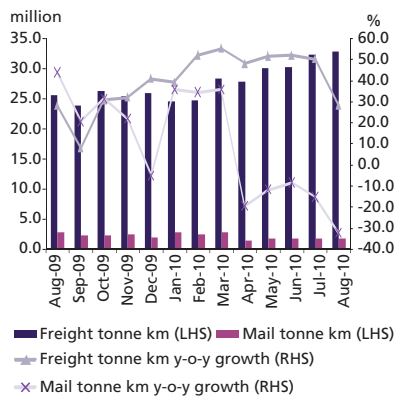
- As per the Gems and Jewellery Export Promotion Council, exports of gems and jewellery from India grew by 67% in August 2010 to US\$ 3.1 billion y-o-y on account of increase in demand in the US, Russia and China.
- With an aim to unlock the value of its businesses and attract investors, Gitanjali Gems Ltd (GGL) plans to restructure its 35 subsidiaries into five verticals. Through franchises, GGL plans to expand into Pakistan and Sri Lanka and the expansion will be funded by internal accruals.
- Orra Jewellery plans to add 7-8 exclusive retail stores in India every year from 2011. The company also plans to add one more store in Rajkot by November 2010.
- Vaishnavi Gold Ltd plans to set up a new jewellery manufacturing unit in Hyderabad with an investment of ₹ 240 million which will have a per unit capacity of 4 kg/day.
- Chisel & Hammer (Mobel) Ltd, formerly known as Living Room Lifestyle Ltd, plans to venture into new business areas, including the gems & jewellery sector. The company will be manufacturing exclusively designed gold jewellery, which would be sold both in India and abroad.
- Shree Ganesh Jewellery House Ltd plans to tie up with an European company to set up a gold refinery with a capacity of 50-70 tonnes per annum and expects it to be operational by March 2011. The company also plans to open 2,000 centres in India to buy scrap gold.

### Gems and Jewellery: Investment scenario\* (₹ bn)



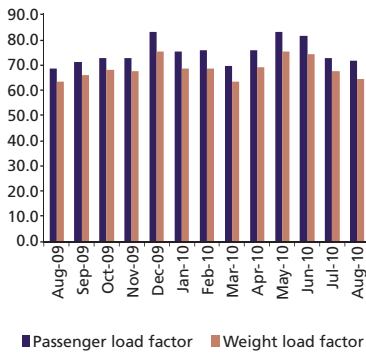
\*Outstanding investments  
Source: CMIE

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



Source: CMIE

### Civil aviation: Load factor (%)



Source: CMIE

## HI-TECH INDUSTRY

### Highlights

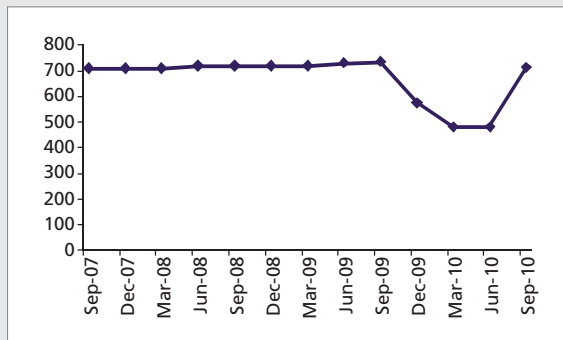
- Jet Airways (India) Ltd and IBM Corporation signed a strategic 10-year business transformation and information technology services agreement valued at US\$ 62.0 million. This agreement is expected to enable Jet Airways to achieve significant growth by aligning IBM's IT with its business strategies.
- Panasonic Corporation plans to invest ₹ 10.0 billion in the company's new consumer appliance manufacturing plant at Jhajjar (Haryana). The company aims to manufacture air-conditioners and washing machines at its new plant initially, besides carrying out specialised welding for third-party customers such as automobile makers and construction firms.
- IT devices manufacturer Intex Technologies (India) Ltd plans to make a foray into the consumer electronics segment with the launch of colour televisions and LCD TVs.

### Civil aviation: Airport traffic statistics (Jun 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	88,268	2.9	8,756,202	20.4	69,134	34.0
International traffic	24,299	9.9	3,025,529	12.6	122,731	25.4
Total airport traffic	112,567	4.3	11,781,731	18.3	191,865	28.4

Source: CMIE

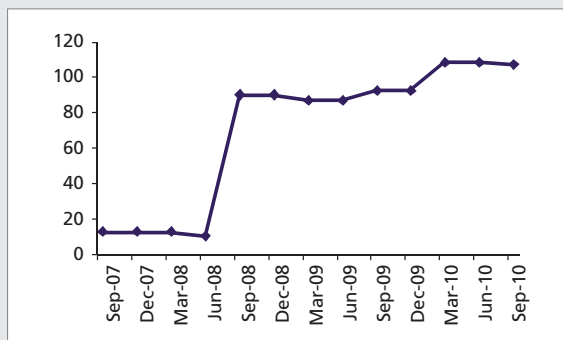
### Air transport services: Investment scenario\* (₹ bn)



\* Outstanding investments

Source: CMIE

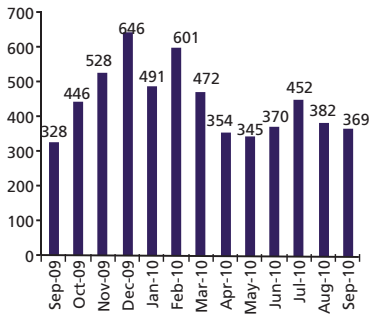
### Consumer electronics: Investment scenario\* (₹ bn)



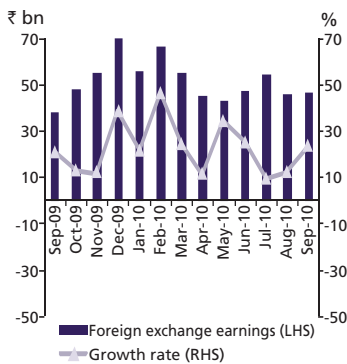
\* Outstanding investments

Source: CMIE

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



### Foreign exchange earnings



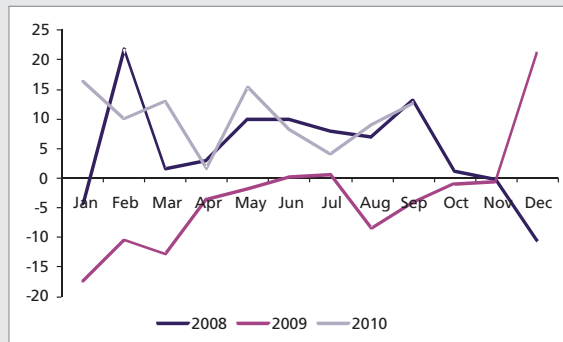
Source for all above charts: Ministry of Tourism

## HOSPITALITY INDUSTRY

### Highlights

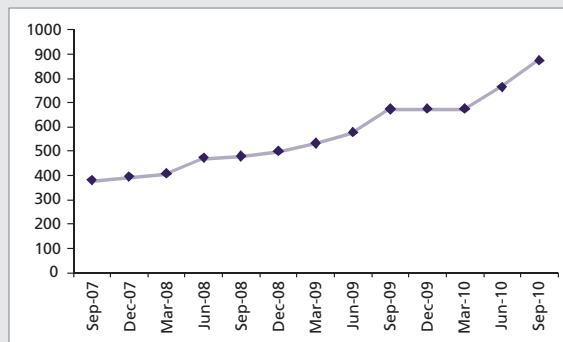
- The Hiranandani Group plans to invest around ₹ 1 billion in the expansion of its hotel venture 'Rodas'. The Group plans to launch its second property of 160 rooms this year. The Group has also acquired a 270 room property in Dubai which will be renovated into a five-star hotel by 2013.
- In a bid to cash in on the growing number of young travellers, Peppermint Hotels plans to open 10 new affordable boutique hotels with about 900 rooms by the end of 2011. The company is looking at setting up hotels in tier I and II cities including Jaipur, Jodhpur, Pune, Ahmedabad, Baroda and Bangalore.
- The Chennai-based Esthell Group of Hotels has initiated the launch of a ₹ 500 million Esthell Village Resort at Thirukazhukundram near Mahabalipuram (Tamil Nadu). The Group plans to increase its total project base to ₹ 3 billion by 2011-12 with the construction of a high-tech mall at ₹ 1 billion in Velachery and a three-star hotel at ₹500 million in Trichy. The company attributes increasing affordability, renewed interest in rural tourism, and lifestyle changes in favour of long-haul stays at themed-tourist destinations as driving factors for the resorts business.

### Growth in foreign tourist arrivals (%)



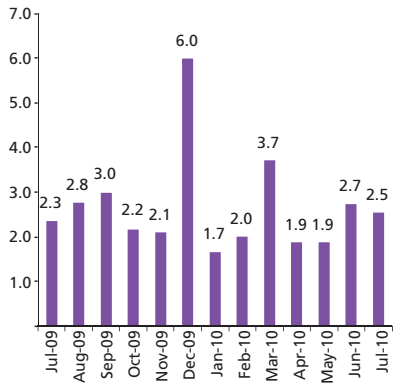
Source: CMIE

### Hotels and Tourism: Investment scenario\* (₹ bn)



\*Outstanding investments  
Source: CMIE

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



Source: CMIE

**IT HARDWARE INDUSTRY**

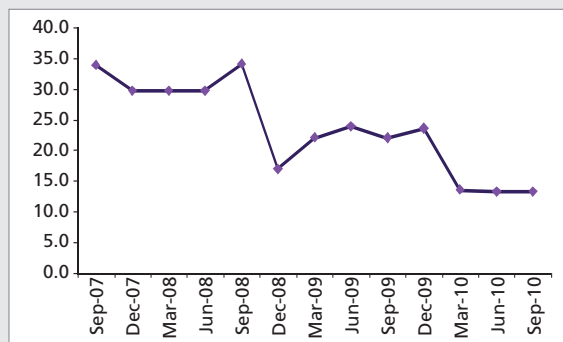
**Highlights**

- Binatone launched Home Surf Touch Tablet, a mini computer at a price of ₹ 9,000. The Touch Tablet is based on android technology and powered by Google. Apart from this, Binatone plans to invest ₹ 0.50 billion in one year in technology, product development and marketing.
- Hewlett Packard (HP) India launched its cloud-enabled wireless printers in India that use the web to print data from devices such as smart phones, laptops and desktop computers directly. The multi-function home and business printers use the e-Print technology to print documents, are wi-fi and LAN-enabled and will be priced between ₹ 7,500 and ₹ 23,000. Further, HP is also working on schedule-printing concept where the user can schedule the printer to print images and documents at a later time.
- Lenovo introduced a new ultra slim PC, C200, which is packed with an array of features that aims to save space. Apart from having an ultra slim double shell design and a wide 18.5 inch screen, the Lenovo C200 is powered by Intel Atom D510 processor to provide an effective computing experience with up to 4 GB expandable memory and a 250 GB hard disk.
- Dell introduced its Dell Streak, a tablet PC in India in association with Qualcomm and Tata DoCoMo. The tablet PC combines the features of a smartphone and a tablet in a pocket-friendly size and is powered by Qualcomm's 1GHz Snapdragon mobile processor and comes with a built-in 3G HSUPA (high-speed uplink packet access), wi-fi and bluetooth connectivity.

**Global news**

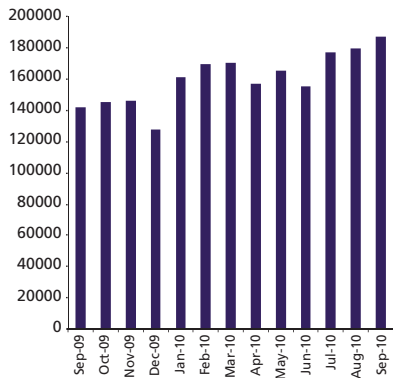
- Samsung Electronics entered into deals with four US companies to begin selling a Google Android-powered tablet computer, Galaxy. The tablet computer will have a 7-inch touch screen and will be sold through Verizon Wireless, Sprint Nextel, T-Mobile and AT&T. Samsung Electronics has secured deals with Viacom's MTV Networks, Paramount and NBC Universal.

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

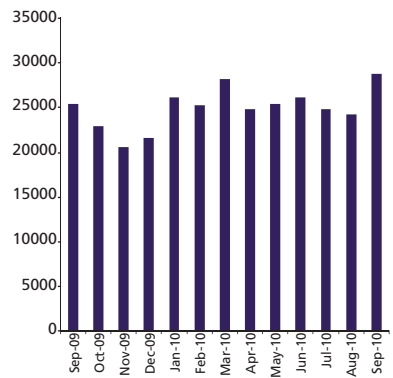


\*Outstanding investments  
Source: CMIE

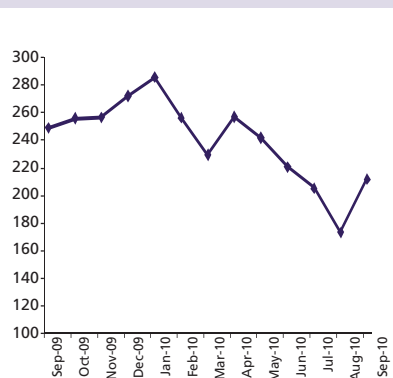
### Passenger cars: Domestic sales (Nos.)



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



### Passenger vehicles: Investment scenario\* (₹ bn)



\*Outstanding investments  
Source for all above charts: CMIE

## PASSENGER VEHICLE INDUSTRY

### Highlights

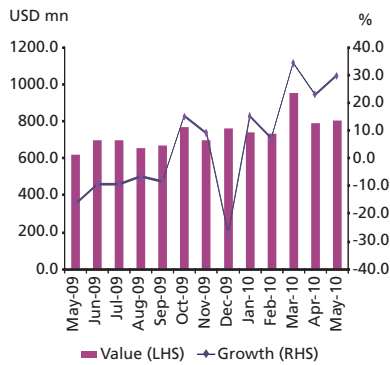
- Since the beginning of FY11, monthly domestic sales of passenger cars have been recording y-o-y growth of over 30%. On account of the continuing buoyancy in demand, several carmakers have slashed discounts for the upcoming festive season.
- Carmakers seem to be adopting diverse strategies during the festive season. While Maruti Suzuki has decided against hiking prices and plans to offer discounts on specific models, Tata Motors, on the other hand, increased prices of the Indica and Indigo range by ₹ 4,500-14,000.
- Action in the sports utility vehicle (SUV) market is heating up. In October, Hyundai Motor India launched its luxury SUV Santa Fe, at a price of ₹ 20.9-22.9 lakh. Tata Motors launched the Tata Aria, at a price range of ₹ 13.18-15.85 lakh (ex-showroom, Mumbai). Volvo Cars India plans to launch a compact SUV Volvo XC60 in November.
- In a bid to increase consumption of hybrid and electric vehicles in the country, the Government is setting up a new body with a corpus of up to ₹ 2 billion to help companies to develop environment-friendly technologies for such vehicles. The National Electric Mobility Mission will help electric vehicle manufacturers to develop technologies to lower the cost of batteries, which constitute a third of the total price of the product.
- Market leader Maruti Suzuki India plans to expand its service network to over 4,200 outlets from the present 2,700, as the company targets to double its sales to over two million cars by 2015.
- With a view to enhance sales volumes in the country, luxury carmaker BMW Group entered the auto finance business in India through its global finance arm, BMW Financial Services.

### Passenger vehicle sales (Nos)

Segments	Sep-09	Sep-10	y-o-y growth(%)	Apr-Sep 2009	Apr-Sep 2010	y-o-y growth(%)
Mini	5,731	7,128	24.4	23,356	49,515	112.0
Compact	95,785	121,542	26.9	523,047	671,391	28.4
Mid-size	22,582	33,523	48.5	117,892	166,901	41.6
Executive	4,280	5,131	19.9	20,250	26,158	29.2
Premium	1,118	1,541	37.8	5,207	7,522	44.5
Luxury	188	217	15.4	682	794	16.4
MPV	12,413	17,796	43.4	66,878	99,865	49.3
Passenger cars	142,097	186,878	31.5	757,312	1,022,146	35.0
Multi-utility vehicle	25,418	28,754	13.1	127,909	154,372	20.7
Domestic sales	167,515	215,632	28.7	885,221	1,176,518	32.9
Exports	38,992	34,896	-10.5	211,645	214,774	1.5
Total sales	206,507	250,528	21.3	1,096,866	1,391,292	26.8

Source: CMIE

### Trend in drugs and pharmaceuticals export



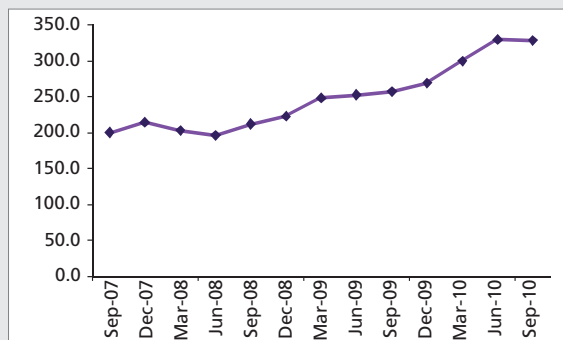
Source: CMIE

## PHARMACEUTICAL INDUSTRY

### Highlights

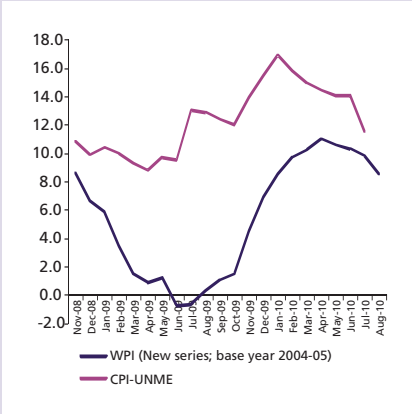
- Vivimed Labs received an approval from the government to set up a Special Economic Zone (SEZ) for chemicals and pharmaceuticals in the Srikakulam district in Andhra Pradesh. The company aims to develop, maintain and operate the SEZ in an area covering 131.7 hectares.
- Hyderabad-based Fusion Pharma plans to set up a new plant in the pharma SEZ at Jadcherla (Andhra Pradesh). Towards achieving this, Fusion Pharma is likely to make an investment of ₹ 0.40 billion. The new plant is likely to follow the standards set by the US Food and Drug Administration (USFDA), will have an annual production capacity of 15 million dosages and will cater to the regulated markets of the US and the EU.
- Cadila Healthcare received approvals from the USFDA to sell 25 mg, 50 mg and 100 mg of Losartan Potassium tablets as well as 50/12.5 mg and 100/25 mg of Losartan Potassium + Hydrochlorothiazide tablets. The company's subsidiary, Zydus Pharmaceuticals (USA) Inc has launched both the products in the US market. Both Losartan tablets fall in the anti-hypertensive segment and are used for treating high blood pressure.
- Dr Reddy's Laboratories Ltd entered into a tie up with SoluBest, an Israel-based pharmaceutical company, to develop a technological platform for solving the problem of drug insolubility.
- Venus Remedies entered into a contract with Government Pharmaceutical Organisation under the Ministry of Health, Thailand for supplying Docetaxel for one year. Docetaxel is used mainly for the treatment of breast, ovarian and widely prevalent in non-small cell lung cancer. Venus Remedies expects the contract to generate revenues of over ₹ 0.1 billion.
- Japanese conglomerate Mitsui acquired a 5% stake in the Indian active pharmaceutical ingredient manufacturer, Arch Pharmalabs for about ₹ 0.65 billion. Through this investment, Mitsui will present business opportunity for Arch Pharma by establishing a liaison between drug inventors in Japan and the Indian company. Arch Pharma can then make the active ingredients developed by these intermediaries that will be used to make tablets or capsules.
- Switzerland-based Lonza AG plans to set up a research and development facility in Hyderabad, involving an investment of ₹ 2.5 billion.

### Drugs & pharmaceuticals: Investment scenario\* (₹ billion)



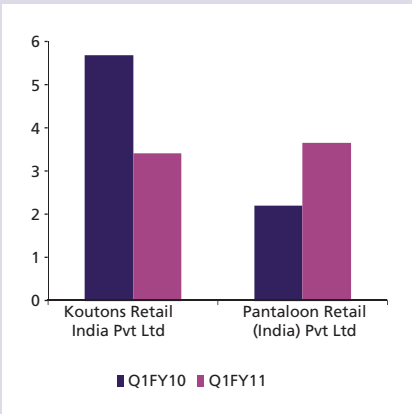
\*Outstanding investments  
Source: CMIE

### Wholesale price index & consumer price index



Source: MOSPI

### Net profit margin (%)



Source: CMIE

## RETAIL INDUSTRY

### Highlights

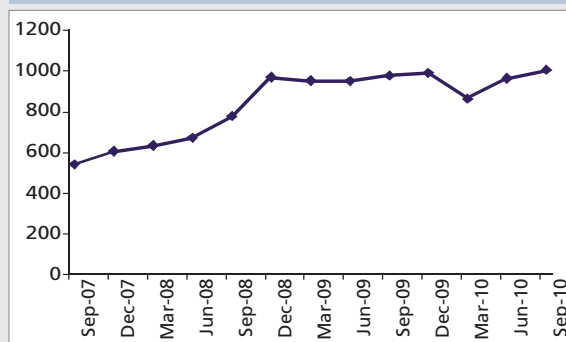
- Tata International Ltd, the overseas trading company of the Tata Group, decided to make a foray into footwear retailing in India. The company, which is a manufacturer and trader of leather products, will sell formal and fashion leather shoes under its own brand.
- Reliance Industries Ltd's retail arm, Reliance Retail Ltd (RRL) plans to enter into the cash-and-carry business. The company expects this initiative to generate a revenue of ₹ 100.0 billion by March 2015. It aims to launch at least three outlets, spanning over an area of 1.5 lakh sq. ft. each, by May 2011. RRL's value format stores will focus on selling goods such as groceries and vegetables and contribute to about 70% of the total sales.
- Reliance Retail Ltd also formed a 51:49 joint venture (JV) with Ermenegildo Zegna Group, an Italy-based men's luxury clothing, to explore opportunities in the domestic market and to enhance operations and create a national footprint to tap the Indian luxury market. Through this JV, both the companies plan to establish over 10 stores across 6-7 cities by 2015.
- Amway India Enterprise Pvt Ltd plans to open 20 brand-experience centres across India. Brand-experience centres will provide customers to touch and feel the product. The aim is to enhance brand visibility and awareness about the products by offering consultancy on nutrition, fitness and beauty.
- Shopper's Stop Ltd plans to invest ₹ 1.2 billion and open 12 new outlets by 2010. The stores will come up in smaller cities like Ahmedabad, Aurangabad, Jalandhar, Ludhiana, Mysore and Vijayawada.
- Bharti Walmart Pvt Ltd plans to launch 12 additional cash and carry outlets in India by 2011.
- Reliance Retail Ltd plans to undertake an investment of ₹ 704.7 million to open 15 additional Paul & Shark outlets. Paul & Shark is an Italian sportswear brand.

### Major expansion plans of retailers

Company	Format	No. of stores	Deadline
Winner Sports Pvt Ltd	Sports apparel	33	-
Cantabil Retail India Ltd	Apparel	60	-
The Mobile Store	Mobile phones	700	Mar-11

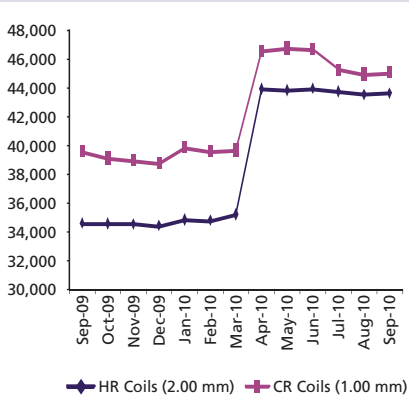
Source: Company announcements

### Retail industry: Investment scenario\* (₹ bn)



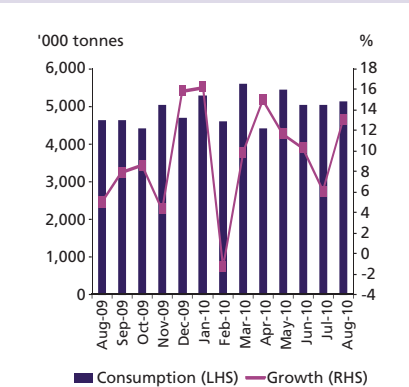
\* Outstanding investments  
Source: CMIE

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



Source: CMIE

### Finished steel consumption



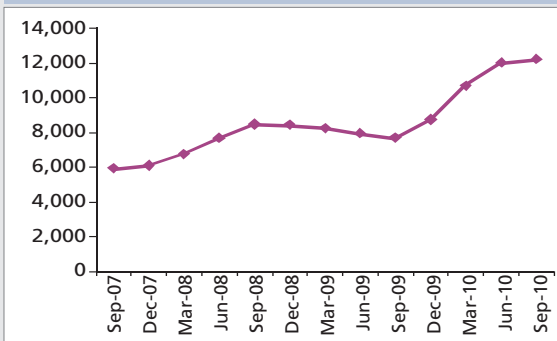
Source: CMIE

## STEEL INDUSTRY

### Highlights

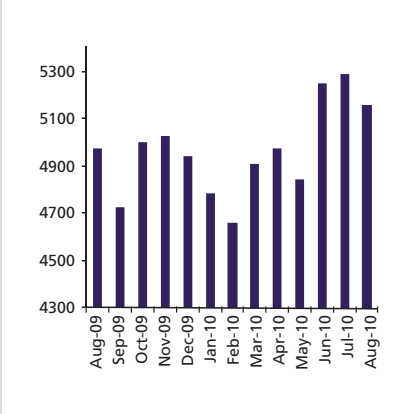
- Several steel manufacturers including Steel Authority of India Ltd, JSW Steel Ltd and Essar Steel Ltd increased the price of their products by up to ₹1,500 a tonne in October due to the rise in demand and rise in cost of raw material.
- Jindal Steel and Power Ltd plans to set up two 6-million-tonnes-per-annum steel plants in Orissa and Jharkhand with an investment of ₹ 440 billion. While ₹ 230 billion will be invested in the proposed steel plant in Angul (Orissa), ₹ 210 billion will be invested in the plant in Jharkhand.
- Bhuwalka Steel Industries Ltd plans to merge its five subsidiaries namely Nava Karnataka Steels Pvt Ltd, Benaka Sponge Iron Pvt Ltd, Bhuwalka Ferrous Ltd, Bhuwalka Metal Industries Pvt Ltd and Mahesh Sponge Iron & Power Ltd with itself to form a single entity.
- JSW Steel Ltd in collaboration with JFE Holding, a Japan-based subsidiary of JFE Steel Corp in India, plans to set up India's first high value electric steel plant in Maharashtra.

### Steel: Investment scenario\* (₹ bn)

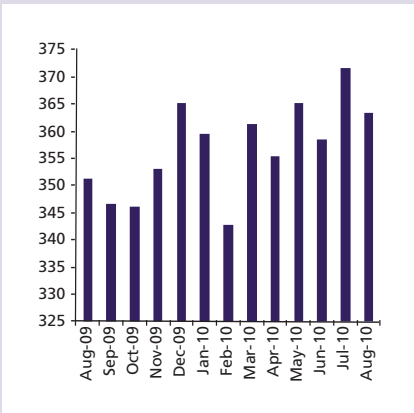


\*Outstanding investments  
Source: CMIE

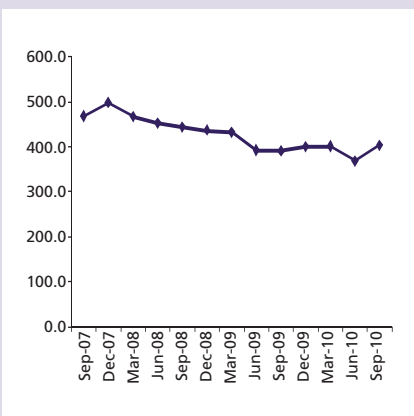
**Fabrics production  
(Million sq.metres)**



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



**Textiles & garments:  
Investment scenario\* (₹ billion)**



\*Outstanding investments

Source for all above charts: CMIE

**TEXTILE & GARMENT INDUSTRY**

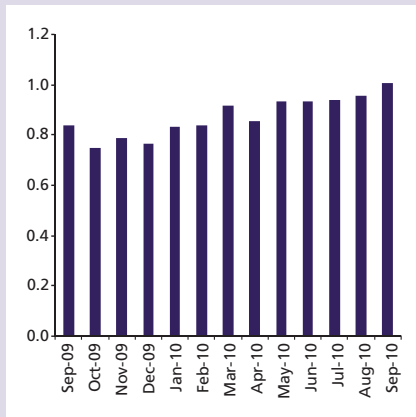
**Highlights**

- Arvind Mills will invest US\$ 66 million to set up a textile and garment manufacturing unit at the Comilla Export Processing Zone in Bangladesh. An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and Arvind Textile Mills Limited in BEPZA Complex.
- Abhishek Industries Ltd plans to expand its production capacity by setting up 275,904 spindles and 2,040 rotors. This will involve a capital outlay of ₹ 11.17 billion. The company also plans to invest ₹ 550 million for expanding its terry towel division, installing 14 new looms and other machineries in processing, finishing house and spinning sections.
- Lakshmi Mills Co Ltd plans to expand its spindles capacity at its Kovilpatti unit in Thoothukudi (Tamil Nadu) from 66,000 spindles to 91,000 spindles. The project would involve an investment of ₹ 0.75 billion and the expansion is expected to be completed by September 2014.
- Reliance Brands formed a joint venture with Italy's Ermenegildo Zegna Group in order to explore opportunities in the men's luxury clothing segment in the domestic market. The Ermenegildo Zegna Group's holding will be 51% while Reliance Brands' holding will be 49%. The JV also plans to establish over 10 stores across 6-7 cities by 2015. Moreover, Reliance Brands intends to enhance its operations and create a national footprint to tap into the Indian luxury market.

**Global news**

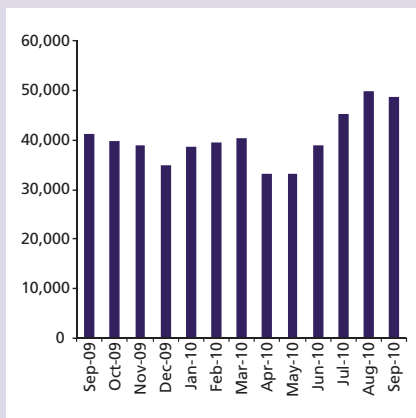
- Bangladesh-based Lyric Garments Ltd, an export-oriented readymade garment (RMG) company, inked a joint venture agreement with Kojima IRYO Company, a major apparel producer in Japan, to establish a joint-ownership composite RMG factory in Bangladesh. The initial investment for setting up the RMG factory would be to the tune of US\$ 2.4 million. Further, the company is likely to spend an additional US\$ 25 million towards the new factory in the next two years and employ around 3,000 persons as against 500 persons employed currently.
- GRIT International Inc, a Canada-based company plans to acquire a 75% stake in a textile manufacturing company called Obion Textiles. Obion is in the business of manufacturing textiles for the clothing industry and currently produces 500,000 pounds of finished textiles each month. This acquisition comes as a part of GRIT's new strategy to expand its interests through organic growth and acquisitions.
- The Egyptian government decided to set up a state-of-the-art industrial zone for contemporary combined spinning and weaving industries in Kafr El Dawar. The area has been selected due to availability of skilled labour and its strategic location, which is close to the Delta, Alexandria harbours. The industrial zone will have 45 plants, of which six plants are already operational, while 23 others are expected to become operational over the next two years.

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



Source: CMIE

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



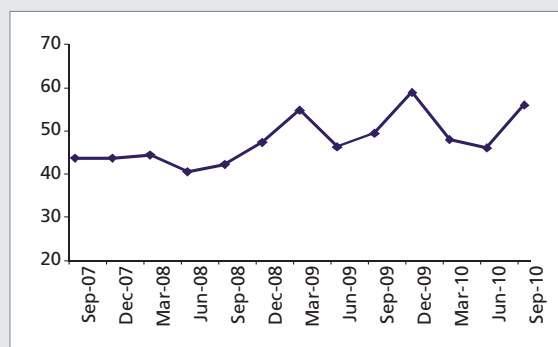
Source: CMIE

## TWO-WHEELER AND THREE-WHEELER INDUSTRY

### Highlights

- With the festive season nearing, coupled with the demand for two-wheelers exceeding the supply, two-wheeler companies have chosen to avoid offering festive discounts and are in fact considering to hike prices. Hero Honda Motors stopped offering freebies, and would be restricting promotional activities during Diwali. Further, Bajaj Auto plans to increase the prices of its two-wheelers, citing rise in input costs.
- BMW India Pvt Ltd plans to invest ₹ 700 million at its Chennai plant to expand its capacity by 2012 as the company plans to launch motorcycles in India. The investment would be directed towards purchasing about 18 acres of land adjacent to its current facility, in addition to setting up a new vehicle dispatch centre at the same location.
- As part of its entry into the bike segment, Mahindra & Mahindra launched two motorcycle models - Stallio and Mojo. While the Mahindra Stallio is a 110 cc motorcycle, priced at ₹ 44,699, the Mahindra Mojo is a 300 cc bike, priced at ₹ 0.17 million.
- Hero Honda Motors launched a limited edition of its 100 cc bike Passion Pro at a price of ₹ 46,300. The bike is aimed mainly at sports-loving youth owing to its design, looks and features. It also announced the launch of 'Splendor Pro', a new edition of its Splendor bike. It has an electric start option, including an engine with a 'digital variable ignition system'. The base and the electric start option models are priced at ₹ 39,950 and ₹ 41,950.
- Suzuki Motorcycle India Pvt Ltd plans to launch a 100 cc motorcycle by the end of 2010. It also plans to launch six products-four bikes and two scooters-by the end of 2011, to widen its presence in the two wheeler market.

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



\*Outstanding investments  
Source: CMIE

### Two-wheeler sales

### Three-wheeler sales

Segments	Sep-10		Apr-Sep 2010		Segments	Sep-10		Apr-Sep 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	778,352	15.5	4,313,930	22.5	Passenger carriers	41,578	25.6	206,615	24.2
Mopeds	60,316	17.6	337,882	23.1					
Scooters	166,494	47.4	974,494	44.9	Goods carriers	7259	-9.5	42,480	2.5
Total domestic	1,005,162	19.9	5,626,306	25.9					
Exports	127,322	33.2	781,173	52.3	Total domestic	48,837	18.7	249,095	19.9
					Exports	21,540	47.4	132,669	100.0
Total	1,132,484	21.3	6,407,479	28.6	Total	70,377	26.2	381,764	39.3

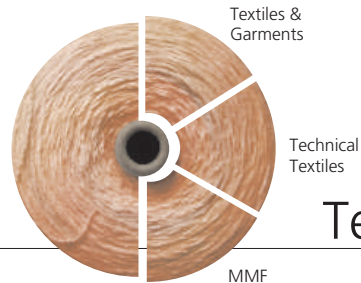
Source: CMIE

D&B's Industry Research Service (IRS) provides comprehensive industry analyses with focus on the strategic considerations. D&B's IRS employs an integrated framework to analyse industry attractiveness in terms of its future growth potential, competitive intensity and risk assessment.

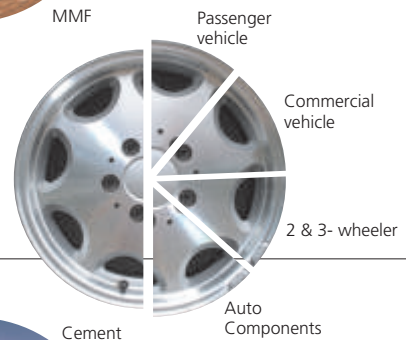
The reports' in-depth analytical content would provide valuable insights to financial institutions, banks, equity broking houses, and corporates towards accurate & informed decision making. The reports would also be useful to the industry practitioners, academicians & scholars.

D&B's IRS also provides independent business environment analysis with focus on macroeconomic and business forecasting, and works closely with the clients towards meeting their strategic & business requirements.

D&B's IRS offers the following sector/ industry reports either as a bundled suite or individual reports:



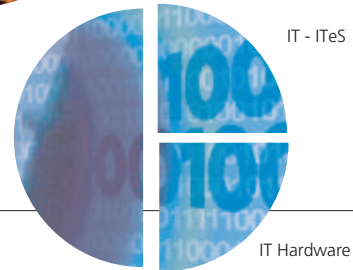
## Textiles



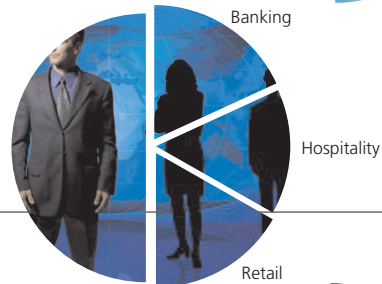
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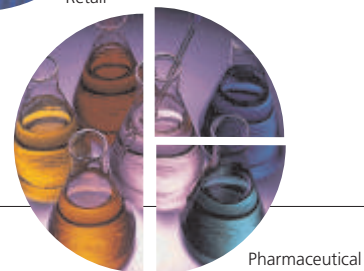
## Core Sector



## Infotech



## Services



## Chemical



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