



Industry cursor

Strictly for Private Circulation

Issue 38 | October 2011

CONTENTS

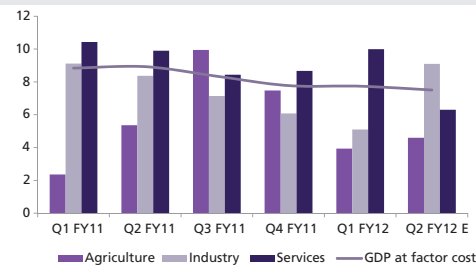
Macroeconomic Update	
Auto Components	2
Banking	3
Cement	4
Commercial Vehicle	5
Gems & Jewellery	6
Hi-Tech	7
Hospitality	8
IT-Hardware	9
Passenger Vehicle	10
Pharmaceutical	11
Retail	12
Steel	13
Textile & Garment	14
Two and Three-Wheeler	15

MACROECONOMIC UPDATE

Highlights

- The Index of Industrial Production (IIP) grew by 4.1% (y-o-y) during Aug-11 as against 3.8% during Jul-11.
- The manufacturing index grew by 4.5% (y-o-y) during Aug-11 as compared to 3.2% during the previous month. The mining index declined by 3.4%, while the electricity index grew by 9.5%. The two sectors had registered growth of 1.5% and 13.1% during Jul-11.
- The consumer goods sector grew by 3.7% (y-o-y) in Aug-11 as against 7.7% in Jul-11. Within this, growth in the consumer durables and consumer non-durables sectors slowed down to 4.6% and 2.9%, as compared to 9.0% and 6.5%, respectively, in Jul-11.
- Gross direct tax collection registered a growth of 23% during H1 of FY12 to ₹ 2,570 billion.
- Aggregate deposits increased by 17.5% as on September 23, 2011, as compared to 14.3% during the same period of the previous year.
- Bank credit increased by 19.6% as on September 23, 2011, as against a growth of 19.1% in the same period of the previous year.

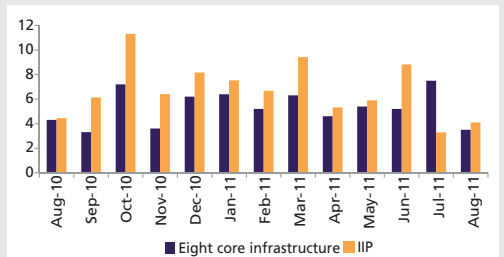
GDP: Growth (%)



E: D&B estimate

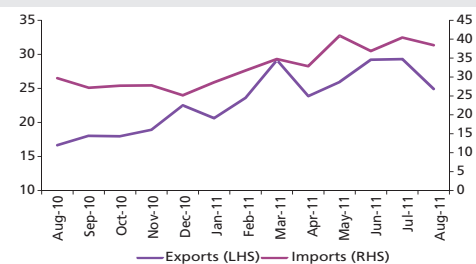
Source: CSO, D&B Industry Research Service

IIP and core infrastructure: Growth (%)



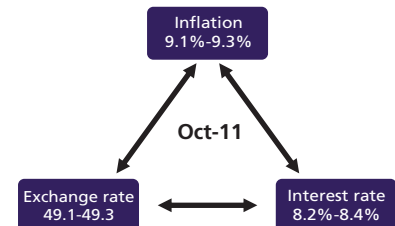
Source: Ministry of Commerce and Industry, CSO

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



Source: Ministry of Commerce

Macroeconomic triad (forecast)

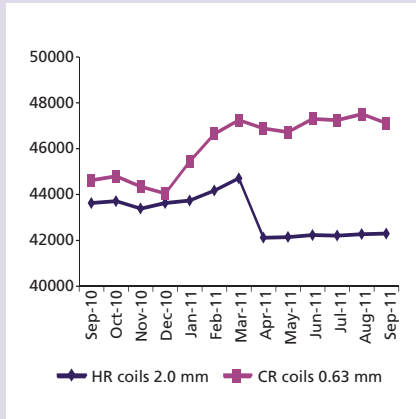


Note: Exchange rate: INR/US\$

Interest rate corresponds to yield on T-Bills 15-91 days

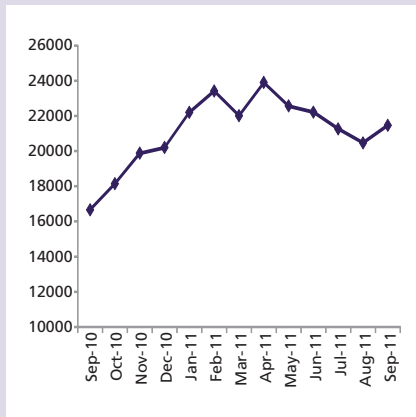
Source: D&B Industry Research Service

Steel prices (Mumbai) (₹/tonne)



Source: CMIE

Rubber prices* (Kottayam) (₹/quintal)



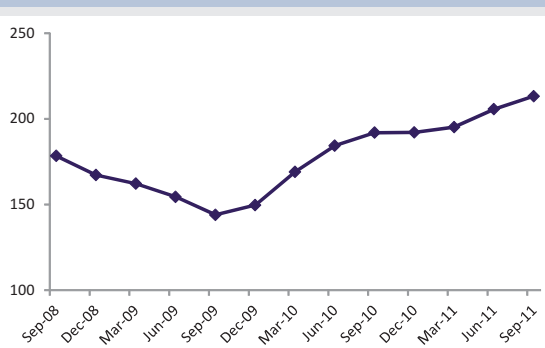
*Rss-4
Source: CMIE

AUTO COMPONENTS INDUSTRY

Highlights

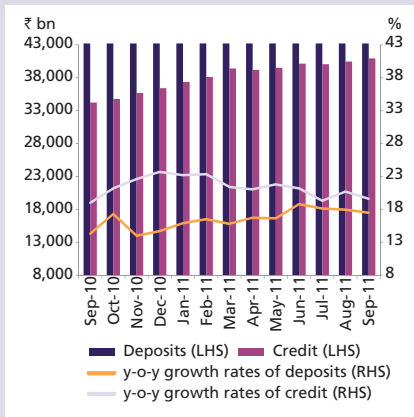
- In a bid to bridge the demand-supply gap for skilled manpower in the auto components industry, Tata AutoComp Systems Ltd signed a Memorandum of Understanding with the Gujarat Government for imparting vocational training to enhance employment opportunities to the youth. The partnership will facilitate upgradation of Industrial Training Institutes in Gujarat, launching skill development programmes and introduction of modular employable skills courses.
- The Rane Group has decided to scale down its capital expenditure plan of ₹ 2.8 billion for FY12 by up to 40% in view of the slowdown in the auto industry, particularly in the passenger car segment.
- With an aim to diversify its business operations into the defence and aerospace industries, Rane Holdings Limited, part of the auto components manufacturer Rane Group, acquired 26% equity stake in Bengaluru-based defence firm SasMos HET Technologies Pvt Ltd. SasMos HET Technologies is a leading manufacturer, focusing on cable assemblies, wiring harness, panel boxes, and electro-mechanical assemblies used in the aerospace and defence industries.

Auto components: Investment scenario* (₹ bn)



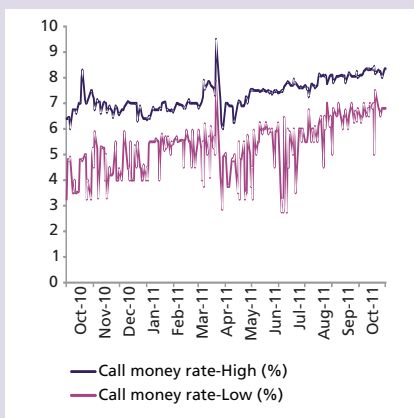
*Outstanding investments
Source: CMIE

Deposits, credit and growth rates



Note: Data for Sep 11 is up to Sep 23, 2011

Movement in call money rates (%)



Note: Call money rates for Oct 11 are up to Oct 11, 2011

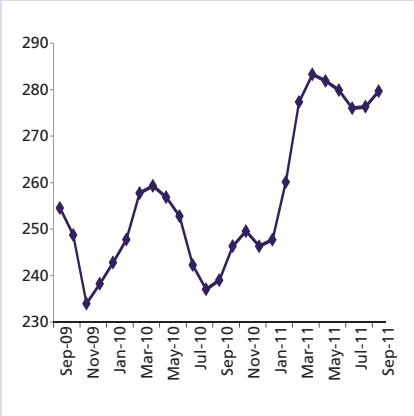
Source for all above charts: RBI

BANKING INDUSTRY

Highlights

- State Bank of India Ltd expects to receive an injection of up to US\$ two billion from the Government during FY12 in its process of recapitalisation.
- State Bank of Bikaner & Jaipur Ltd (SBBJ) plans to double its business from the existing ₹ 1,000 billion in the next three years through the expansion of retail portfolio, especially car and home loans, exporters as well as SMEs.
- With an aim to cash in on the festival season demand, Axis Bank Ltd launched a new home loan product by the name 'NISHCHINT', offering fixed interest rate of 11.75%.
- With an aim to fund its overseas business, State Bank of India Ltd doubled its Medium Term Note (MTN) programme to US\$ 10 billion.
- With the rapidly growing millionaire population in India, Standard Chartered Ltd expects their assets under management at its Indian private banking business to double by 2014.
- Axis Bank Ltd acquired Enam Securities' investment banking and equities businesses for ₹ 2.7 billion.
- In order to spread its operations in the Gulf Cooperation Council (GCC) region, Canara Bank Ltd launched a wholesale branch in Bahrain, offering a range of products for Indian corporations.
- With an aim to expand its presence and strengthen the relationship between India and China, Industrial & Commercial Bank of China (ICBC) opened its first branch in India.
- Hitachi-Omron Terminal Solutions Corp (HOTS) of Japan partnered with State Bank of India Ltd and Axis Bank Ltd to install cash deposit ATMs across the country.
- With an aim to benefit the retail investors during the festival season, Canara Bank reduced its interest rates on housing and home improvement loans by 50 basis points. Dena Bank reduced its interest rates on new housing loans and car loans by 25 basis points.

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



Source: CMIE

CEMENT INDUSTRY

Highlights

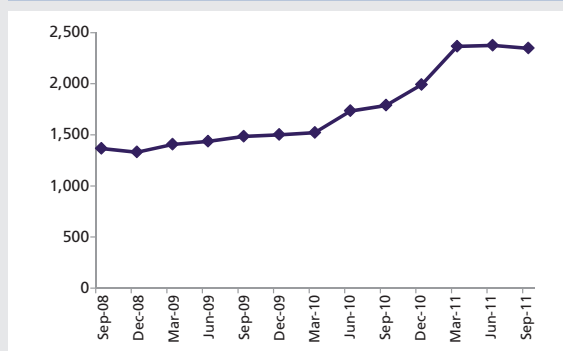
- Jai Bhole Cement Combine Pvt Ltd entered into a Memorandum of Understanding with the Maharashtra Government for setting up a unit in the state. The company plans to set up a 20 lakh MTPA cement and clinker plant in Yavatmal district with an investment of ₹ 15.0 billion.
- The State Level Single Window Clearance Authority in Orissa cleared UltraTech Cement's proposal to scale up capacity of its Orissa cement plant to three million tonne per annum from the current one million tonne per annum.
- The Kishan Group of companies plans to invest ₹ 2.5-3 billion to set up a new cement plant with an aim to increase its cement manufacturing capacity. The company expects the new plant to start production after Diwali this year. The company by the name of 'Hi-Bond Cement India Private Limited' has been formed for the new cement plant. The company has a mini cement plant which manufactures and markets cement under the brand name of 'Kishan Cement'.
- ACC plans to substitute 5% of its annual coal requirement of about five million tonnes over the next three years with waste generated by cities and industries. The company aims to save ₹ 600 million in 2011 by burning waste in its plants.
- Prism Cement Ltd signed an agreement with M/s. India Resources Ltd, Australia and its wholly-owned Indian subsidiary IRL Coal India Pvt Ltd to mine, develop and operate its Sial Ghogri coal block in Madhya Pradesh. Prism Cement will utilise the mined coal for captive consumption of its cement plant located at Satna, in Madhya Pradesh.

Cement production and despatches

Parameters	Aug-11		Apr11-Aug11	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	17.1	7.7	88.8	3.6
Despatches	16.8	6.3	88.4	3.7

Source: CMIE

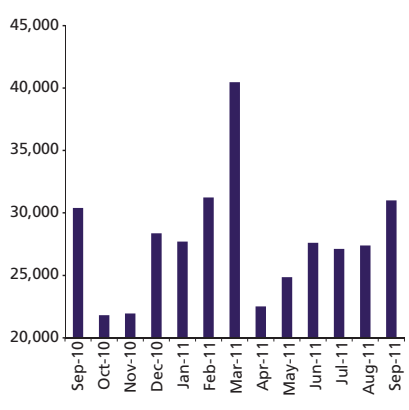
Cement: Investment scenario* (₹ bn)



*Outstanding investments

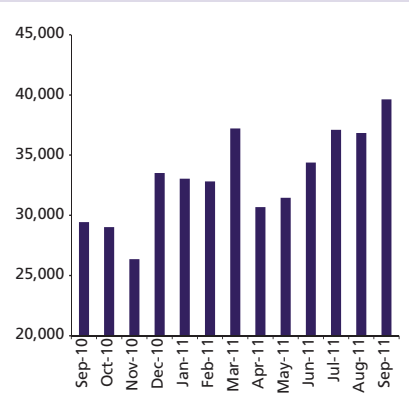
Source: CMIE

M&HCV: Domestic sales (Nos.)



Source: CMIE

LCV: Domestic sales (Nos.)



Source: CMIE

COMMERCIAL VEHICLE INDUSTRY

Highlights

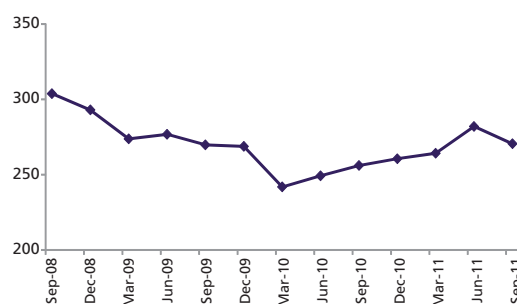
- Domestic sales of commercial vehicles (CV) grew by 18% (y-o-y) in September. Cumulative domestic sales of CVs during the first half of FY12 at 371,901 units were 17.8% higher as compared to sales in the first half of FY11.
- The first half of FY12 witnessed a modest 6.1% increase in domestic sales of medium & heavy commercial vehicles. Growth in sales of light commercial vehicles was much higher at 28.7% during this six-month period.
- Exports of commercial vehicles grew sharply by 36% at 43,538 units during April-September 2011.
- Ashok Leyland expects to record a growth of 5-7% in its domestic sales during the current fiscal year. The company plans to increase prices of its commercial vehicles across models by 1% in a month.
- Ashok Leyland is likely to make an entry into the passenger vehicle segment in a year, with two new vans. The first vehicle will be a 7-8 seater variant of the recently launched Dost 1.2 ton LCV. The second model, based on Nissan's NV 200 platform, will be a multi-purpose vehicle.
- Volvo Buses India plans to invest ₹ four billion over a period of five years in a new plant as well as to expand its existing facility near Bengaluru. Capacity at the existing factory will be expanded from 1,000 buses a year to about 2,500 units a year. The company expects to sell about 5,000 units every year from 2015.
- Ashok Leyland signed a Memorandum of Understanding with City Union Bank for financing of its commercial vehicles across India.
- Mercedes Benz plans to roll out its new intra-city bus range early next year. The company has set up a new captive bus body line at its Chakan facility (Maharashtra) for this range, jointly with its Egypt-based partner MCV.

Commercial vehicle sales (Nos.)

Segments	Sep-10	Sep-11	y-o-y growth (%)	Apr-Sep FY11	Apr-Sep FY12	y-o-y growth (%)
M&HCV	30,393	31,004	2.0	151,370	160,535	6.1
LCV	29,443	39,630	34.6	164,205	211,366	28.7
Total domestic sales	59,836	70,634	18.0	315,575	371,901	17.8
Exports	5,880	9,527	62.0	32,035	43,538	35.9
Total sales	65,716	80,161	22.0	347,610	415,439	19.5

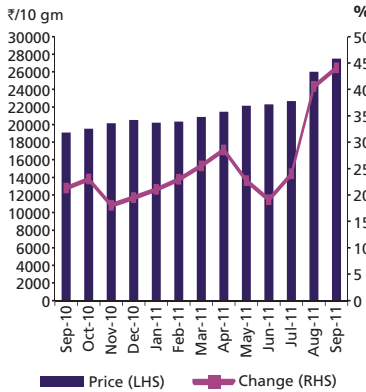
Source: CMIE

Commercial vehicles: Investment scenario* (₹ bn)

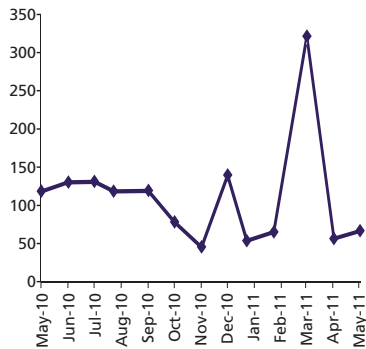


*Outstanding investments
Source: CMIE

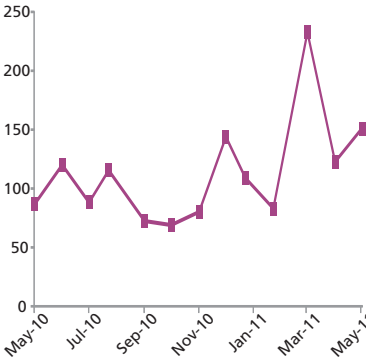
Gold prices in Mumbai market



Gems & jewellery exports (₹ bn)



Gems & jewellery imports (₹ bn)



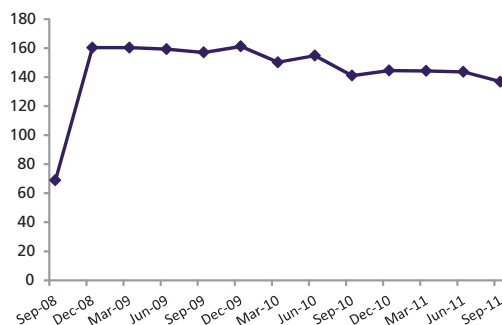
Source for all above charts: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

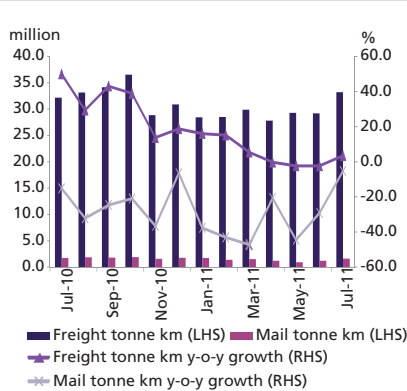
- Gitanjali Gems plans to invest around ₹ 1.5 billion to set up 50 stores under its new multi-brand jewellery format 'Jewel Souk'. The company will retail major jewellery brands, fashion jewellery products and watches at Jewel Souk. Gitanjali plans to invest ₹ 30 million per store with a revenue target of ₹ 50-120 million per store from its first year of operations.
- Jewellery retail house V N Jewellers launched an exclusive 3-D diamond jewellery collection. The jewellery is crafted in a diverse range of metals, settings and three-dimensional designs with geometric shapes and diamond settings.
- RAA Diamond Jewellery plans to expand its retail operations in Uttar Pradesh to 60 outlets by next year. The brand that is promoted by Mumbai-based K T Lifestyle Private Limited has presence in Maharashtra, Orissa, Andhra Pradesh, Punjab, Madhya Pradesh and Bihar. As part of its strategy to enhance its reach to tier II and III towns, it now plans to expand its presence in Uttar Pradesh, Jharkhand and South India.
- Tara Jewellers, the retail arm of Tara Jewels Ltd plans to expand presence in North India by opening 20 showrooms by March 2012.
- The Gitanjali Group's mass market jewellery brand Gili launched a sub-brand called Gili Signature that is targeted towards young urban women. Initially, the company plans to offer the brand in 55 cities and gradually expand it to 70 cities.
- In a bid to increase its focus on gold jewellery retail, Rajesh Exports Ltd plans to open 250 stores across the country with an investment of ₹ 120 million per store in the next couple of years. It plans to raise a debt of ₹ 30 billion to expand its presence in this segment. The company also plans to take its retail venture Shubh Jewellers to international markets such as West Asia, North America and the Far East markets by 2014.
- Rajesh Exports Ltd secured an export order for branded jewellery worth ₹ 6.2 billion from M/s Excel Gold Smiths, Dubai.
- Tara Jewels received an approval from the SEBI to launch its Initial Public Offer (IPO), through which it plans to raise up to ₹ two billion. PC Jewellers filed the Draft Red Herring prospectus to launch its IPO, through which the company plans to raise ₹ 5.7 billion for opening 20 new retail showrooms in India during fiscal 2013 and 2014.

Gems & Jewellery: Investment scenario* (₹ bn)



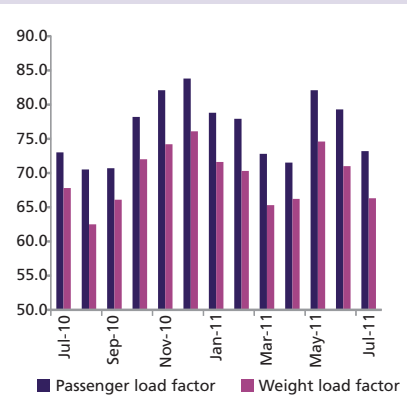
*Outstanding investments
Source: CMIE

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



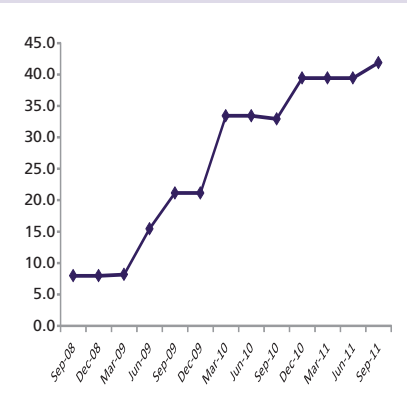
Source: CMIE

Civil aviation: Load factor (%)



Source: CMIE

Consumer electronics: Investment scenario * (₹ bn)



*Outstanding investments
Source: CMIE

HI-TECH INDUSTRY

Highlights

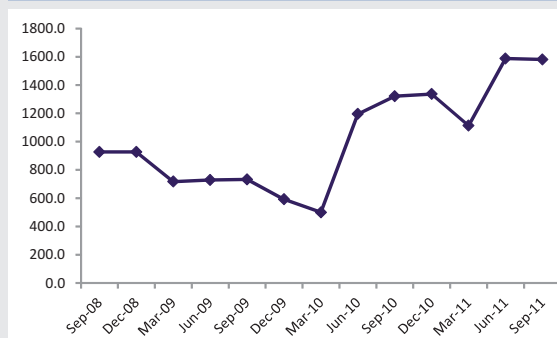
- With an aim to expand its presence in the home appliances business, MIRC Electronics Ltd, which markets the ONIDA range of products, plans to manufacture LED lights, microwave oven and washing machines.
- To strengthen its electronics business in India, Japanese conglomerate Hitachi acquired Hi-Rel Power Electronics Ltd through a majority equity investment.
- Orient Fans, a C K Birla Group company, announced its entry into the home appliances market with a range of products, including mixer grinders, room-cooler, among others, under the brand name Orient Actus.
- With an aim to strengthen its presence in the retail industry, France-based Schneider Electric plans to appoint 4,000 retail outlets across India by 2012. The company recently launched switches, sockets and distribution systems.
- Bosch along with Siemens Home Appliances Group plans to launch Bosch home appliances in India in two phases. In the first phase, the products will be launched through leading multi-brand retailers in Tamil Nadu, Karnataka, Andhra Pradesh and Delhi-NCR region and in the second phase of the launch, the products will be made available across India.
- With an aim to promote energy efficiency using the next generation Light Emitting Diodes (LED) lighting in India, US-based Lighting Science Group, a leading manufacturer of lighting solutions based on LED, collaborated with BSES Rajdhani Power.
- Canon India Pvt Ltd plans to roll out 100 'Canon Image Square' shops through the franchise route in FY12 with a focus on tier II and tier III cities. The company further plans to open 100 shops every year till 2013 with an investment of ₹ three million in each franchise.
- Atlas Copco plans to invest ₹ one billion in India to set up a compressor manufacturing unit near Pune (Maharashtra) which is scheduled to be commissioned during the first half of 2012 and will manufacture stationary and portable compressors for industrial use.

Civil aviation: Airport traffic statistics (July 2011)

Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Tonnes	y-o-y growth (%)
Domestic traffic	103,073	15.1	9,874,685	23.1	66,072	-8.8
International traffic	25,378	2.8	3,373,205	7.1	129,257	1.2
Total airport traffic	128,451	12.4	13,247,890	18.6	195,329	-2.4

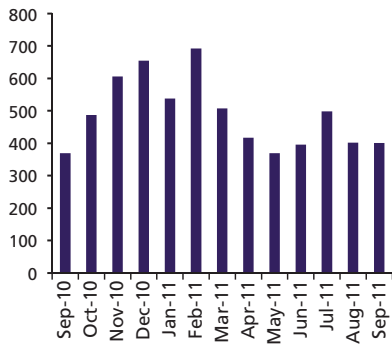
Source: CMIE

Aviation: Investment scenario * (₹ bn)

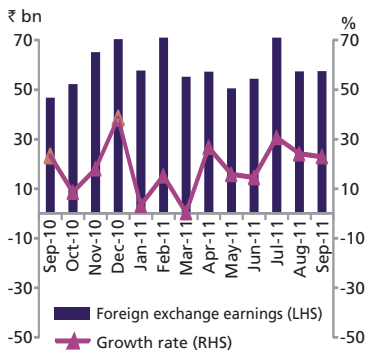


*Outstanding investments
Source: CMIE

Foreign tourist arrivals in India ('000 nos.)



Foreign exchange earnings



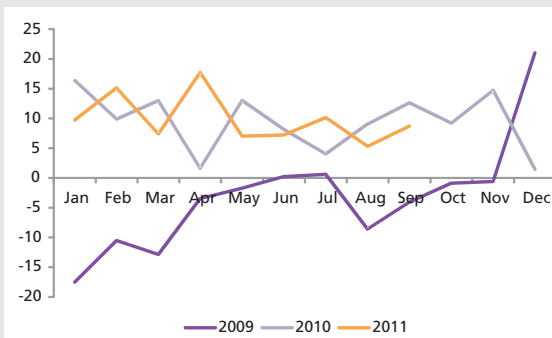
Source for all above charts: Ministry of Tourism

HOSPITALITY INDUSTRY

Highlights

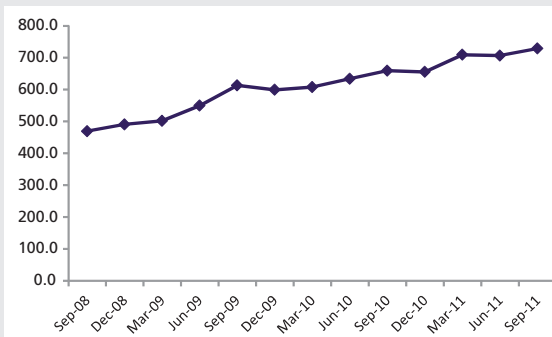
- Toshali Resorts International plans to invest over ₹ 1.15 billion in the next three years in new projects and sell around 20% stake to raise funds to finance the expansion. The company further plans to start the construction of a 100-room hotel property in Bhubaneswar, Orissa.
- ITC Ltd acquired 26% stake in a 275-room, five-star luxury hotel property in Noida, Uttar Pradesh developed by Noida-based Logix Group. The company plans to invest around ₹ one billion in the project and will manage it under the top-end ITC Hotels brand. The total project cost of the hotel is around ₹ 4.4 billion and is expected to be completed within 36 months.
- The Indian Hotels Company (IHC) expects its Gateway vertical under which there are around 21 operational hotels, to be a 50-hotel brand by 2015. The company plans to introduce Gateway hotels, initially in all the metro cities including Mumbai, Kolkata, Delhi, Bengaluru and Chennai, the first one of which will open in early 2012.
- Starwood Hotels and Resorts Worldwide plans to have 100 properties in India by 2015 mainly focusing on tier I and tier II cities for its business hotel brands Four Points and Aloft.
- Mahindra & Mahindra plans to sell up to 8.1% stake in its subsidiary firm Mahindra Holidays & Resorts India (MHRIL), amounting to around ₹ 2.25 billion, in the next 16 months.

Growth in foreign tourist arrivals (%)



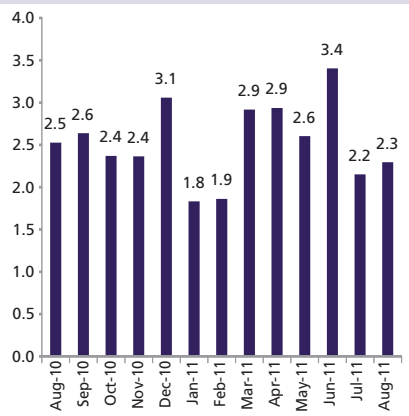
Source: CMIE

Hospitality: Investment scenario* (₹ bn)



*Outstanding investments
Source: CMIE

Domestic computer hardware & peripheral production (₹ bn)



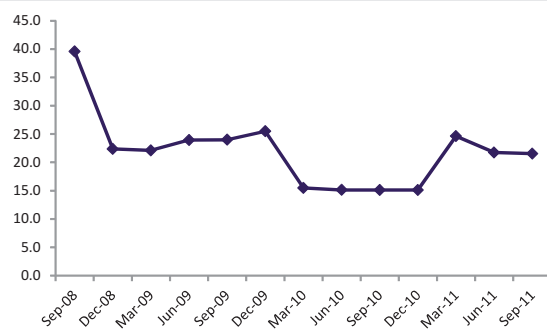
Source: CMIE

IT HARDWARE INDUSTRY

Highlights

- With an aim to make the task more fluid and intuitive by using natural gestures instead of clicks, Microsoft India launched Touch Mouse based on Blue Track technology.
- Acer India launched a new range of computing devices Aspire S3 Ultra book in the price range of ₹ 47,000-52,000.
- With an aim to expand its product portfolio, SanDisk Corp launched a number of new flash storage devices for mobile phones, cameras, notebooks and tablets.
- As part of its global strategy over the next six months catering to individual needs of its customers, Lenovo India plans to introduce tablets and platforms. The company further plans to launch Android-based Idea Pad Tablet A1.
- Datawind Ltd launched the world's cheapest tablet by the name Aakash in India for around US\$ 35. The Government of India plans to provide subsidy to institutions to enable them to distribute the computing device to the students at half the cost.

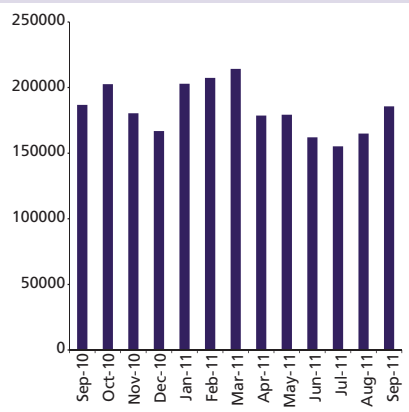
Computers, peripherals & storage devices: Investment scenario* (₹ bn)



*Outstanding investments

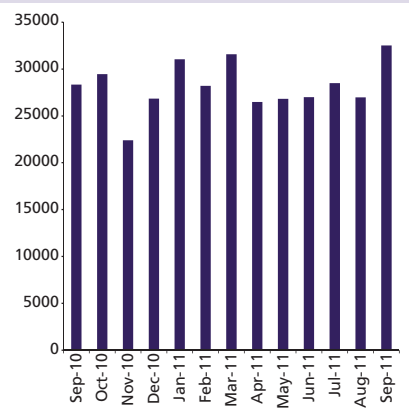
Source: CMIE

Passenger cars: Domestic sales (Nos.)



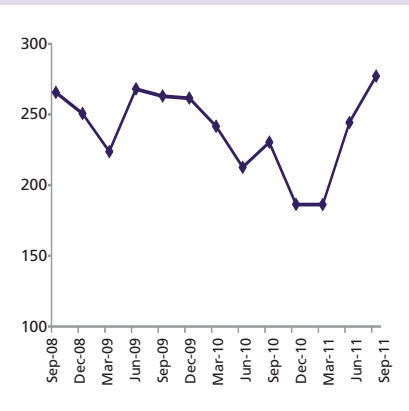
Source: CMIE

Utility vehicles: Domestic sales (Nos.)



Source: CMIE

Passenger vehicles: Investment scenario* (₹ bn)



*Outstanding investments
Source: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

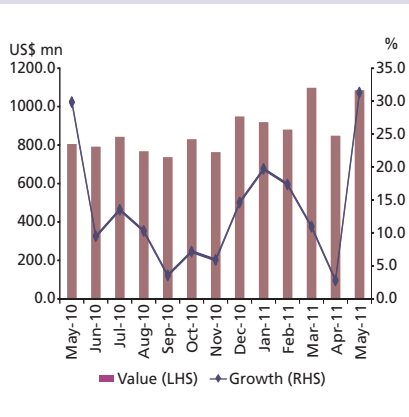
- Demand for passenger cars has taken a back seat, following persistently high interest rates and rising fuel prices. In September, domestic sales of passenger cars declined by 0.6%, it being the third successive month of lower sales (y-o-y).
- Domestic sales of multi-utility vehicles (MUVs) on the other hand, have been on a rise. In September, sales of MUVs recorded growth of 14.8%.
- During April-September 2011, while domestic sales of passenger cars increased by a mere 0.7%, those of multi-utility vehicles grew by 9.8%.
- Exports of passenger vehicles (cars and MUVs) recorded growth of 21% at 259,902 units during the first six months of FY12.
- The current slowdown in demand for cars is not deterring carmakers from launching new models. Nissan Motors launched the Sunny, an entry level sedan, at a price of ₹ 0.57 million for the base variant (ex-showroom, Delhi). Mahindra & Mahindra launched a sports-utility vehicle XUV 500, at a price range of ₹ 1.08-1.28 million (ex-showroom, Delhi).
- Competition in the compact car segment is set to become stiffer, with Hyundai Motor India launching the 814 cc Eon, at a starting price of ₹ 0.27 million. The Eon has been conceived, designed and produced exclusively for the Indian market and is pitted against Maruti's Alto model. Honda Siel Cars India launched its cheapest offering, the Brio, which has a starting price of ₹ 0.39 million (ex-showroom, Delhi).
- Off-road vehicle manufacturer Polaris India, a wholly-owned subsidiary of the US-based Polaris Industries, plans to set up an assembly plant in India within 4-5 years and is aiming at garnering revenues of US\$ 100 million by 2016.
- In a bid to take the Mercedes brand to the masses and increase sales volumes, luxury carmaker Mercedes-Benz India is looking at entering the mid-range segment of cars in India. The company plans to launch the vehicles in India over the next two-three years. It also plans to offer its cars to Indian customers on lease basis after the launch of its financial services arm.

Passenger vehicle sales (Nos)

Segments	Sep-10	Sep-11	y-o-y growth (%)	Apr-Sep FY11	Apr-Sep FY12	y-o-y growth (%)
Micro	7,128	4,929	-30.9	49,515	41,442	-16.3
Mini & Compact	126,512	123,447	-2.4	694,609	662,360	-4.6
Super Compact and Mid Size	28,532	32,143	12.7	143,549	174,530	21.6
Executive	5,173	3,987	-22.9	26,516	23,333	-12.0
Premium	1,429	1,256	-12.1	6,916	6,896	-0.3
Luxury, Coupe Roadster & Exotics	185	163	-11.9	707	722	2.1
Multi-purpose vehicle	17,796	19,729	10.9	99,865	119,079	19.2
Passenger cars	186,755	185,654	-0.6	1,021,677	1,028,362	0.7
Multi-utility vehicle	28,330	32,516	14.8	152,054	167,009	9.8
Domestic sales	215,085	218,170	1.4	1,173,731	1,195,371	1.8
Exports	34,895	39,646	13.6	214,786	259,902	21.0
Total sales	249,980	257,816	3.1	1,388,517	1,455,273	4.8

Source: CMIE

Trend in drugs and pharmaceuticals exports



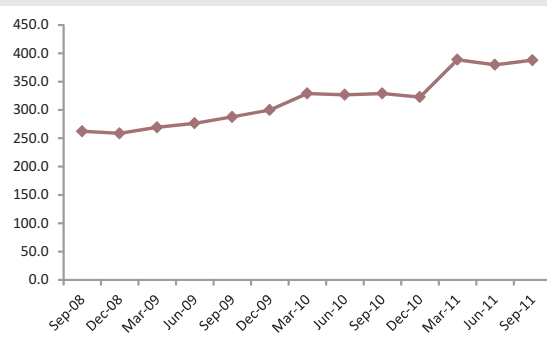
Source: CMIE

PHARMACEUTICAL INDUSTRY

Highlights

- Vivimed Labs acquired the entire equity stake in Kolkata-based pharmaceutical firm Klar Sehen Pvt Ltd (KSPL). KSPL owns about 50 trademarks and brands such as Renicol, Lysicon-V, Care Tears, Dexacort in the eye care segment.
- Fortis Healthcare (India) Ltd plans to buy its Singapore-based sister concern Fortis Healthcare International in a move to consolidate its healthcare business over three years. The group plans to invest about US\$ one billion in the combined business over the next three years.
- EID Parry India, which holds 51% stake in its US-based subsidiary US Nutraceuticals LLC, plans to acquire the remaining stake for ₹ 240 million in the company. EID Parry plans to manufacture and market products owned by US Nutraceuticals besides selling its own products in the US.
- Nitta Gelatin India Ltd (NGIL), a joint venture between Kerala State Industrial Development Corporation and Japan-based Nitta Gelatin Inc plans to launch three new products targeting the nutraceutical and pharmaceutical markets before the end of FY12.
- Jubilant Life Sciences, a custom research and manufacturing services company signed a take or pay contract with a minimum quantity commitment with a US drug maker to manufacture over-the-counter women healthcare products. The contract has a total value of over US\$ 70 million for a period of over four years and has a possibility of extension for another two years for a higher quantity.
- Birla Research & Lifesciences Ltd plans to invest ₹199.3 million for setting up a manufacturing facility in Maharashtra to manufacture ayurvedic formulations, personal hair care & skin care products and diet foods & supplements.
- Franklin Templeton Private Equity Strategy, a closed-ended fund managed by Franklin Templeton (India), invested ₹ 450 million in Indore-based Symbiotec Pharamlab.
- The Board of Ipca Laboratories has approved the amalgamation of Tonira Pharma with the company effective from April 1, 2011.
- With an aim to expand its product portfolio in India, Sanofi Aventis plans significant investments in manufacturing facilities in India in the coming years till 2015. The company further plans to focus on six growth platforms that include emerging markets, human vaccines, diabetes solutions, consumer healthcare, innovative products and animal health.
- Ranbaxy Laboratories Ltd through Ranbaxy Italia Spa entered into a partnership agreement with its parent firm Daiichi Sankyo to distribute the Japanese firm's products in Italy.

Drugs & pharmaceuticals: Investment scenario* (₹ bn)



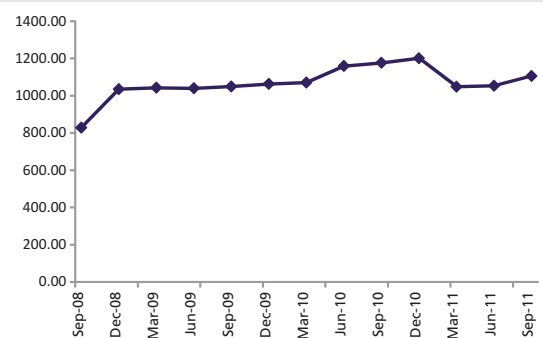
*Outstanding investments
Source: CMIE

RETAIL INDUSTRY

Highlights

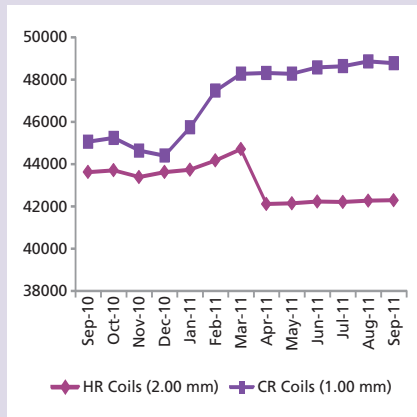
- Ethnic wear chain Fabindia acquired majority stake in the UK-based womens wear retailer EAST. The company has an option of buying the balance stake within a year and acquire 100% shareholding in EAST.
- Godrej Group's retail venture Godrej Nature's Basket plans to expand its store count from 16 to 32 across India. The company plans to ramp up operations in the western, northern and southern markets and plans to invest around ₹ 120 million for the expansion plan.
- Pantaloon Retail India Ltd, a Future Group company plans to raise ₹ 15 billion by way of stake dilution of up to 15% by issuing equity-linked securities.
- Mahindra & Mahindra's Mahindra Retail opened its first toy store in Bengaluru, under the Beanstalk brand, which will target children up to their late teens.
- Bharti Retail launched a new format retail store 'Easyday Hyper' in Mumbai, marking its foray into the western region. Easyday Hyper is spread over 60,000 sq ft and will offer over 20,000 products that would include 475 new items across various categories. The outlet will employ around 200 people.
- Reliance Retail opened its first hypermarket under the RelianceMart brand in Mumbai. RelianceMart will offer over 20,000 products in fashion, apparel, consumer electronics, home ideas, leisure, beauty and style, fresh fruits and vegetables, dairy, grocery, telecom devices, gift items, entertainment and health and wellness products, among others. The store will employ 200 people and would run its loyalty-based programme 'RelianceOne' that has over six million customers.
- Puma, the global sports and lifestyle brand intends to open additional 100 stores in India and capture around 30% of the organised retail sportswear market in the country by next year.

Retail: Investment scenario* (₹ bn)



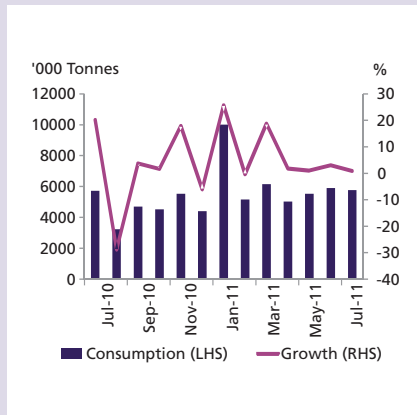
*Outstanding investments
Source: CMIE

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



Source: CMIE

Finished steel consumption



Source: CMIE

STEEL INDUSTRY

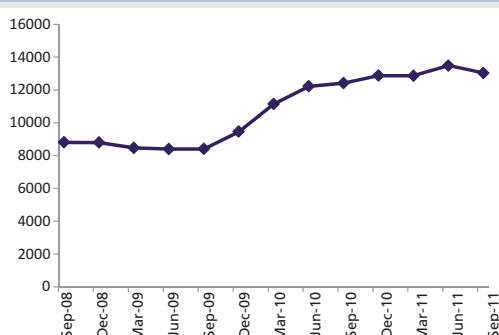
Highlights

- The Ministry of Steel expects demand for steel in India to increase by 70% to 113 million tonnes by the end of the next Five Year Plan if the country maintains a 9% GDP growth rate, due to rising demand for infrastructure. The growing demand is expected to be met through increased domestic production of finished steel, thereby restricting imports of steel.
- The Government of Odisha served partial closure notice to 26 sponge iron plants which have not been complying with the stipulated pollution control norms following a study by the Indian Institute of Technology, Kharagpur.
- JSW Steel Ltd, which is operating at 30% of its production capacity due to shortage of iron ore, fears that it may be forced to shut down its Vijayanagar plant in Karnataka (which has a capacity of 10 million tonnes per annum) if the shortage of iron ore persisted. In view of the iron ore shortage at the Karnataka plant, it plans to raise debt amounting to ₹ 6.5 billion from the international market to fund expansion of its Chile iron ore project.
- JSW Steel Ltd signed a joint venture agreement with Marubeni-Itochu Steel Inc to set up a steel processing centre in North India with an investment of ₹ 1.2 billion.
- Steel Authority of India Ltd intends to sign a joint venture agreement with POSCO for setting up a three million tonne steel plant in eastern India for an investment of US\$ 3.2 billion.
- Steel Authority of India Ltd plans to spend ₹ 143.4 billion in the current fiscal year towards adding blast furnaces, cold rolling mills and coke oven batteries at its five integrated plants across India.

Global News

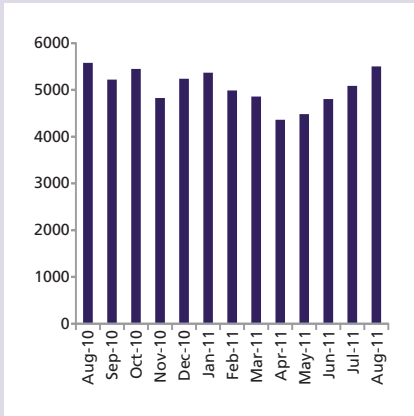
- ArcelorMittal plans to temporarily idle an electric arc furnace and steel production lines in the mill in Madrid following weak demand. The measure is likely to render 291 employees jobless.
- Tata Steel Ltd upgraded its rail facility in France, with an investment of Euros 35 million to produce longer rails for the high speed networks in France and other European countries. The investment is expected to increase production capacity, yield and quality.
- Jindal Steel & Power Ltd has been granted approval to build a 2,640 megawatts coal-fired power plant in Mozambique's Tete province for an estimated cost of US\$ three billion which is expected to start operations by 2015. The power will be sold domestically and to the southern African region.
- Dunes Industries, an Indian steel casings manufacturer, plans to set up a steel foundry at the Free Zone Sohar in Oman for US\$ eight million to cater to the growing Middle East market.

Steel: Investment scenario* (Rs bn)

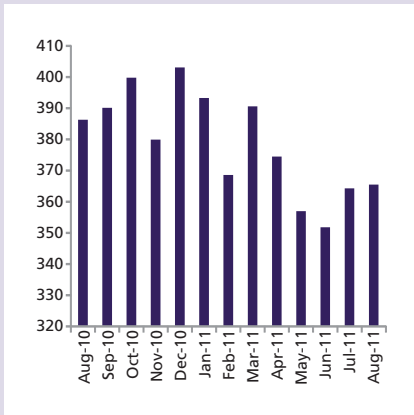


*Outstanding investments
Source: CMIE

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



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



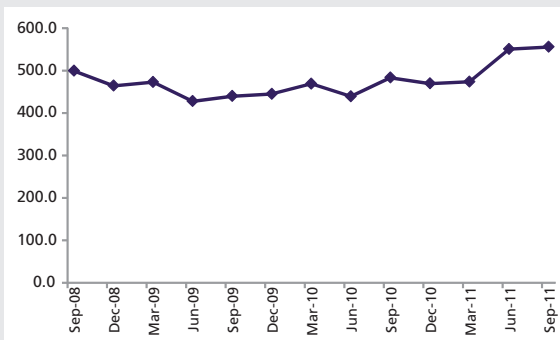
Source for all above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

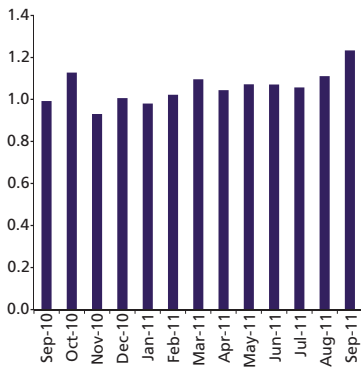
- According to the Ministry of Textiles, the Indian technical textile industry is projected to grow by 20% to ₹ 1,580 billion by the end of the next Five Year Plan due to the financial aid given by the Government towards the technical textiles sector.
- The Indian Cotton Federation intends to form a standardised cotton contract in view of disputes and defaults amongst traders due to rising cotton prices. The increase in apparel prices rendered several leading foreign and Indian apparel brands to use cheaper and blended garments such as polyester to retain consumer demand.
- The Tirupur Exporters' Association proposed to the Ministry of Commerce and Industry to include the non-SME garment and knitwear sector under interest subvention on export credit as decline in demand from USA and European Union have impacted profitability.
- Arvind Ltd plans to venture into tier 3 and tier 4 towns of India by setting up of 240 exclusive brand outlets by 2013-14 with a target of achieving business worth ₹ four million.
- Hermes International, a French luxury brand, launched a limited edition of Indian sari range in order to connect with Indian culture and the country's traditions.
- Monte Carlo Fashions Ltd, the Ludhiana-based apparel retailer, intends to sell stake in the company in order to utilise the returns to expand the number of its exclusive stores with focus on southern and western regions.
- Indian Terrain Fashions Ltd plans to venture into the premium jeans wear segment in the near future, targeting a turnover of ₹ 1.5 billion. The denim for the jeans wear shall be exclusively purchased from a US-based manufacturer.
- Sangam India Group plans to invest ₹ 1.8 billion in order to increase its denim production capacity to 32 million metres, set up texturing yarn production with a capacity of 7,200 tonnes per annum and install 2,304 rotors at Bhilwara in Rajasthan.

Textiles & garments: Investment scenario* (₹ bn)



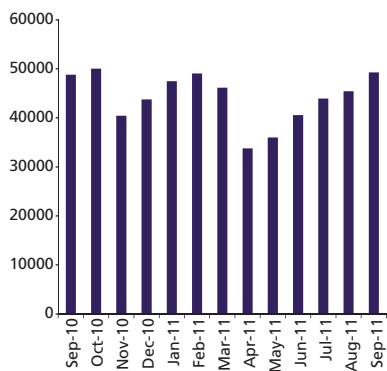
*Outstanding investments
Source: CMIE

Two-wheeler: Domestic sales (Million)



Source: CMIE

Three-wheeler: Domestic sales (Nos.)



Source: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- In September, domestic sales of two-wheelers recorded strong growth of 24.3%.
- The first six months of FY12 witnessed a healthy 17.4% increase in domestic sales of two-wheelers. This reflects higher sales across all the segments – motorcycles, scooters and mopeds.
- Exports of two-wheelers increased by 32.3% at 1.0 million units during April-September 2011.
- Maharashtra-based Garware Motors launched the 650 cc Hyosung GT 650N sports bike, at a price of ₹ 0.43 million (ex-showroom, Delhi). Royal Enfield unveiled two new limited edition leisure bikes – Classic Chrome and Desert Storm. The 500 cc Classic Chrome is priced at ₹ 0.16 million, and the 500 cc Desert Storm is priced at ₹ 0.15 million.
- Electric two-wheeler manufacturer Lohia Auto Industries plans to make a foray into the US market during the next financial year. The company recently launched an electric two-wheeler Genius, at a price of ₹ 25,495 (ex-showroom, Delhi).
- In September, domestic sales of three-wheelers recorded a meagre 0.9% increase, after declining by 8.6% in August.
- During April-September 2011, domestic sales of three-wheelers posted flat growth at 0.24 million units. While sales of passenger carriers declined by 3.7%, sales of goods carriers recorded growth of 16.5%.
- Exports of three-wheelers surged by nearly 50% at 0.19 million units during the first six months of FY12.

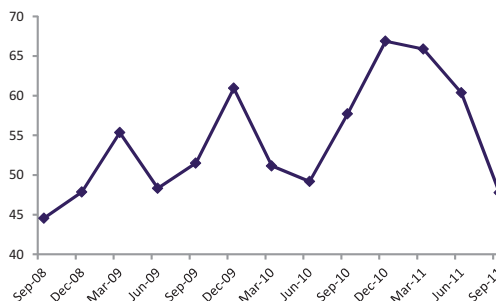
Two-wheeler sales

Three-wheeler sales

Segments	Sep-11		April-September 2011		Segments	Sep-11		April-September 2011	
	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	933,465	19.9	5,024,581	16.5	Passenger carriers	39,940	-1.8	196,441	-3.7
Mopeds	68,108	12.9	383,531	13.5					
Scooters	231,710	50.7	1,183,022	23.0	Goods carriers	9315	14.4	52,535	16.5
Total domestic	1,233,283	24.3	6,591,134	17.4	Total domestic	49,255	0.9	248,976	0.0
Exports	175,217	44.8	1,025,490	32.3	Exports	31,581	46.6	198,402	49.5
Total	1,408,500	26.5	7,616,624	19.2	Total	80,836	14.9	447,378	17.2

Source: CMIE

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



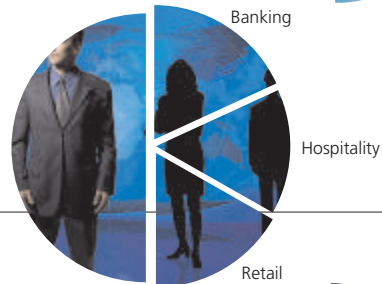
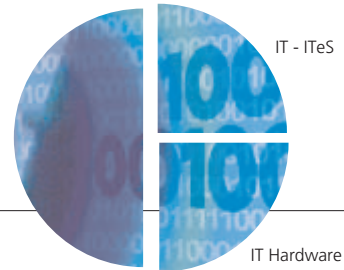
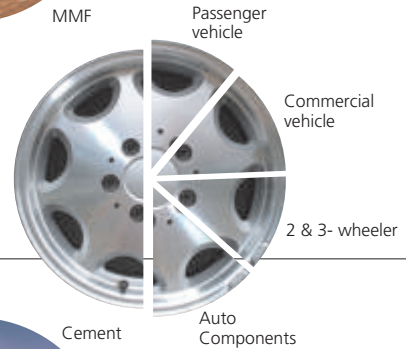
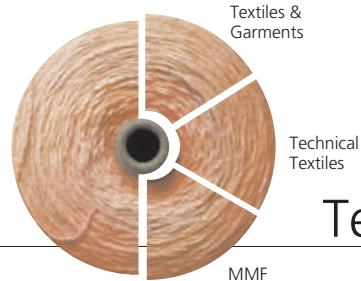
*Outstanding investments
Source: CMIE

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

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

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

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



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

Dun & Bradstreet Information Services India Pvt. Ltd.,

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

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

Contact FedEx:

1800 209 6161

1800 22 6161

fedex.com/in

DISCLAIMER:

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

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