



Industry cursor

Strictly for Private Circulation

Issue 25 | September 2010

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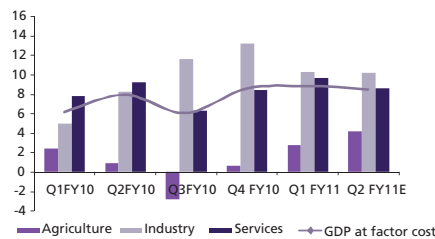
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MACROECONOMIC UPDATE

Highlights

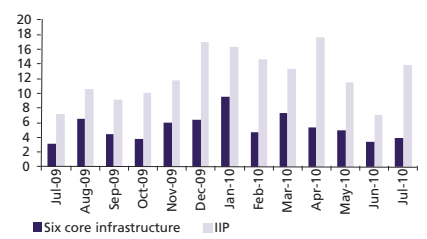
- India's GDP grew by 8.8% during the first quarter of FY11. The agriculture, industry and services sectors registered growth of 2.8%, 10.3% and 9.7%, respectively, for the same period.
- The Index of Industrial Production (IIP) for July 2010 grew by 13.8% (y-o-y). The indices for the mining, manufacturing and electricity sectors grew by 9.7%, 15.0% and 3.7%, respectively, for the same period.
- The Ministry of Commerce & Industry launched a new series of Wholesale Price Index (WPI) by shifting the base year from 1993-94 to 2004-05 on September 10, 2010. The new series with 2004-05 as the base has 676 items in the commodity basket as against 435 items in the current series with 1993-94 as the base.
- The WPI-inflation stood at 8.51% (y-o-y) for August 2010 as compared to 9.78% for July 2010. Build-up inflation in the financial year so far was 3.31% as compared to a build-up inflation of 4.95% in the corresponding period of the previous year.

GDP: Growth (%)



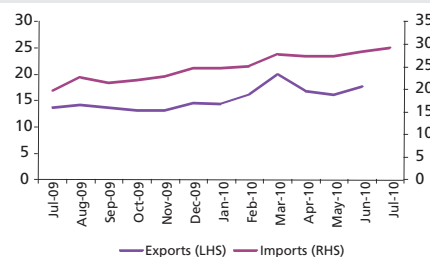
E: D&B estimate
Source: CSO, D&B Industry Research Service

IIP and core infrastructure: Growth (%)



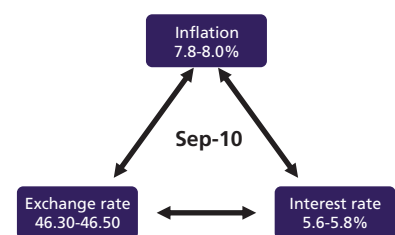
Source: Ministry of Commerce and Industry, CSO

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



Source: Ministry of Commerce

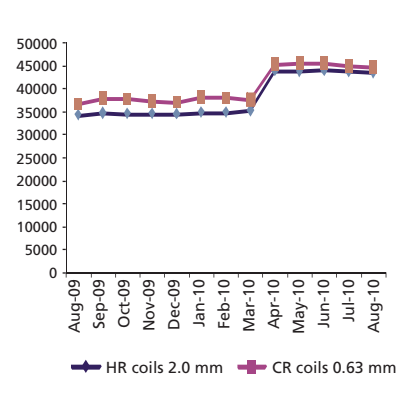
Macroeconomic triad (forecast)



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

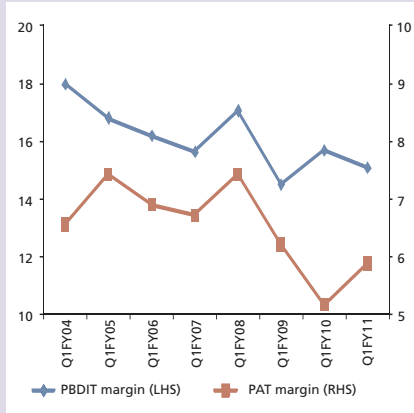


Steel prices (Mumbai) (₹/tonne)



Source: CMIE

Trend in profit margins (%)



Source: CMIE

AUTO COMPONENTS INDUSTRY

Highlights

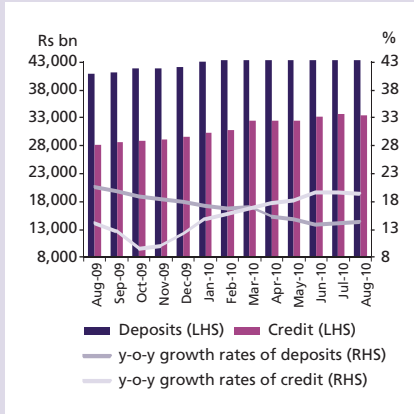
- The optimistic outlook on the domestic market and export opportunities is encouraging auto component manufacturers to undertake expansion activities. Jamna Auto will be investing ₹ 2 billion over the next two years to set up new facilities and expand the existing ones to increase capacity by 70%.
- Subros, a leading manufacturer of automobile air conditioning system, plans to set up a new facility in Chennai to cater to demand from OEMs in this region. Further, the company will invest ₹ 1 billion in the next two years to expand production capacities at its existing three facilities (Noida, Manesar and Pune).
- Steel Strips Wheels also announced that it is increasing the production capacity of its plant at Oragadam near Chennai by four million wheel rims. This would entail an investment of ₹ 0.6 billion and the expansion is expected to be completed by 2011. Setco also plans to set up a new facility at Kandla (Gujarat) by the end of this fiscal, apart from doubling capacity at existing units (Baroda and Uttarakhand), at an estimated investment of ₹1 billion.
- Carnation Auto, the multi-brand auto solutions company, plans to increase its mobile repair workshops from the present 30 to at least 100 by the end of this year.

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	81,927.9	91,451.7	100,535.3	110,627.7	114,320.3
y-o-y growth	%	-11.2	-2.2	38.7	50.9	41.8
Operating profit	₹ mn	13,268.3	14,854.9	16,067.7	17,886.3	17,510.0
y-o-y growth	%	-5.3	15.4	102.6	78.4	33.4
Net profit	₹ mn	4,366.7	5,504.8	5,784.8	6,072.5	6,811.6
y-o-y growth	%	-25.3	23.3	7,524.2	291.7	56.2
Operating profit margin	%	15.7	15.9	15.6	15.1	15.1
Net profit margin	%	5.2	5.9	5.6	5.4	5.9

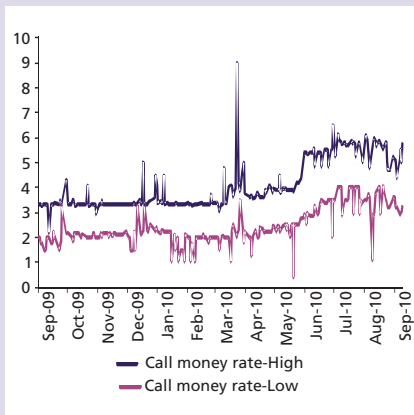
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

Deposits, credit and growth rates



Note: Data for August 2010 is up to August 27, 2010

Movement in call money rates (%)



Note: Call rates for the month of September 2010 are up to September 9, 2010

Source for all above charts: RBI

BANKING INDUSTRY

Highlights

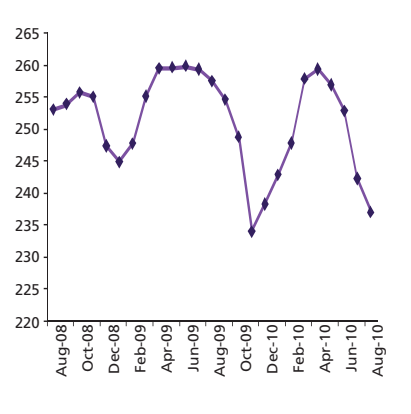
- Punjab National Bank plans to acquire a 64% stake in JSC Dana Bank for a consideration of US\$ 24 million as part of its plan for inorganic expansion in Kazakhstan. The acquisition would expand their operations in central Asia and Russia.
- Bank of Baroda (BoB) takes over the assets and liabilities of Memon Co-operative Bank. BoB acquired the total business of ₹ 5.0 billion, which includes ₹ 2.9 billion of deposits and the balance ₹ 2.1 billion of loans and investments. The bank will also acquire 18 branches of Memon Co-operative Bank, of which 13 premises are owned by the co-operative bank itself.
- Kerala-based Dhanlaxmi Bank is ramping up its Non-resident Indian (NRI) base and has devised some plans to more than double this business to ₹ 10 billion by the end of FY11. Towards achieving this, the bank is widening its agency networks in the Gulf region and has increased the number of tie-ups with money transfer agencies. The bank also plans to offer portfolio investment services to NRIs.
- Axis Bank plans to expand its international presence further and is seeking an approval from the Bank of England to open a branch in London. This branch will showcase the bank's premium offerings and offer a differentiated experience for the premium customers of the bank.
- Allahabad Bank plans to open 60 more branches in the next two months to increase its presence and also to set up 180 ATMs in the next six months. The opening of 60 branches will take Allahabad Bank's total number of branches to 2,380.
- Punjab National Bank launched 'PNB NRI REMIT-India', an online cross-border remittance solution to send money from the US to India in association with the Bank of New York Mellon. Besides this, the bank also launched the RET AD, an online reporting system meant for bank branches authorised to deal in foreign exchange. Under this online system, branches can report their foreign exchange transactions and also conduct the sale or purchase of currencies.
- Commonwealth Bank of Australia started its full-fledged operations in India with a focus on trade finance, remittances and foreign exchange services, among others. About 52% of the remittances to India from Australia are handled by Commonwealth Bank of Australia. The bank is also considering an expansion into retail and eventually participating in the financial inclusion space in India.

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	938,933.2	938,440.3	973,418.1	980,160.7	1,030,000.8
y-o-y growth	%	19.0	10.2	2.2	4.3	10.1
Net profit	₹ mn	118,070.6	127,048.0	138,402.6	125,656.5	142,857.3
y-o-y growth	%	72.0	21.7	-1.2	1.5	21.2
Operating profit margin	%	76.1	75.8	73.9	68.9	71.7
Net profit margin	%	10.6	11.5	12.3	10.8	12.0

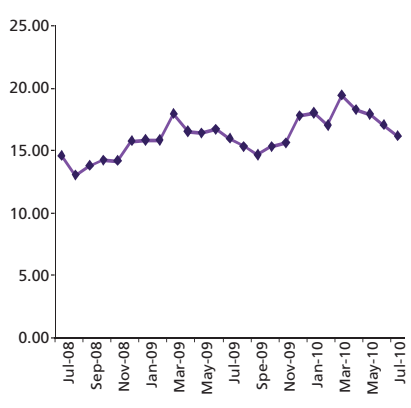
Note: Net profit: PAT net of P&E
Source: CMIE

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



Source: CMIE

Cement production (mn tonnes)



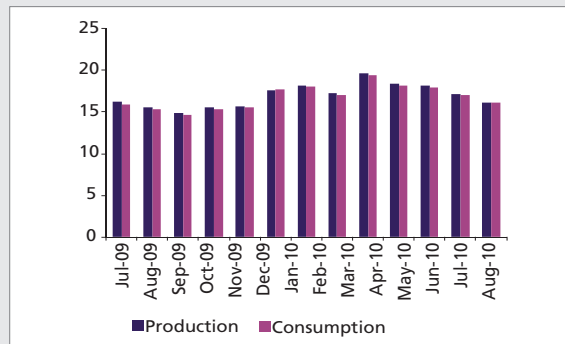
Source: CMIE

CEMENT INDUSTRY

Highlights

- Bharathi Cement Ltd plans to invest approximately ₹ 7.0 billion to double the production capacity at its cement plant in Andhra Pradesh. The plant currently manufactures 250 million tonnes per annum (mtpa).
- Orient Paper & Industries Ltd plans to invest ₹ 15.0 billion to build a cement plant in Karnataka which would have an annual capacity of four mtpa.
- Jaiprakash Associates Ltd signed a Memorandum of Understanding (MoU) with the Government of Himachal Pradesh to set up a 2.75 mtpa clinker unit at Baga in Solan district of Himachal Pradesh.
- Dalmia Bharat Enterprises received an investment of ₹ 5.0 billion from private equity firm Kohlberg Kravis Roberts & Co. The cement company will utilise the additional capital to consolidate its market position, deleverage balance sheets and pursue attractive organic and inorganic growth options.

Cement: Production vs. Consumption



Source: CMIE

Cement production and despatches

Parameters	Aug-10		Apr-Aug 10	
	mn tonnes	y-o-y growth (%)	mn tonnes	y-o-y growth (%)
Production	15.8	2.0	85.7	4.6
Despatches	15.8	2.3	85.1	4.8

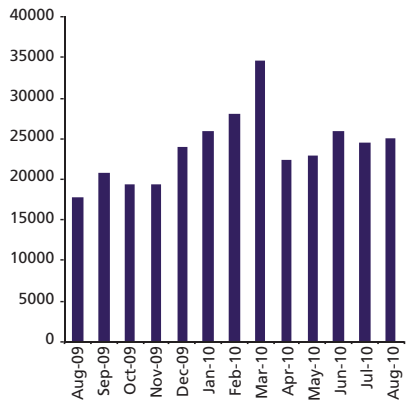
Source: CMIE

Industry: Key financial indicators

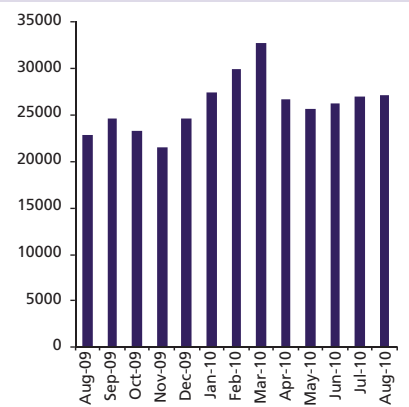
Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	154,742.6	138,979.9	134,082.7	169,010.5	144,009.2
y-o-y growth	%	27.4	18.5	5.8	6.3	-2.2
Operating profit	₹ mn	52,400.8	45,746.5	31,461.8	41,157.9	36,308.1
y-o-y growth	%	39.4	54.9	1.6	-6.8	-27.7
Net profit	₹ mn	28,726.1	24,269.9	12,411.7	17,847.9	16,960.8
y-o-y growth	%	36.2	67.8	-17.2	-18.1	-39.3
Operating profit margin	%	33.4	32.3	23.2	23.9	24.8
Net profit margin	%	18.3	17.2	9.2	10.4	11.6

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

- Tata Motors Ltd plans to capture the rural demand for small vehicles and pick-ups with the upcoming models and is set to launch a 0.5 tonne truck, another variation to the small commercial vehicles. The price of the 0.5 tonne truck is expected to be in the range of ₹ 0.16-0.20 million. The launch is most likely in January 2011.
- Cholamandalam Investment & Finance Co Ltd entered into an MoU with VE Commercial Vehicles Ltd (a 50:50 joint venture between the Volvo Group and Eicher Motors Ltd) for financing Eicher's heavy-duty trucks and buses across the country.
- Allahabad Bank entered into an MoU with Ashok Leyland Ltd, through which, the bank will become an accredited financier of the vehicles manufactured by Ashok Leyland and will offer quick and hassle-free financing facilities to its customers on easy terms.

Commercial vehicle sales (Nos.)

Segments	Aug-09	Aug-10	y-o-y growth (%)	Apr-Aug 2009	Apr-Aug 2010	y-o-y growth (%)
M&HCV	17,786	24,960	40.3	72,775	120,744	65.9
LCV	22,823	27,070	18.6	102,281	132,642	29.7
Total domestic	40,609	52,030	28.1	175,056	253,386	44.7
Exports	3,442	6,205	80.3	13,629	26,101	91.5
Total	44,051	58,235	32.2	188,685	279,487	48.1

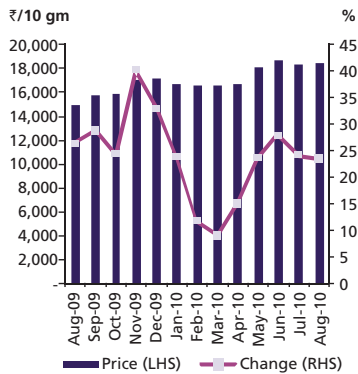
Source: CMIE

Industry: Key financial indicators

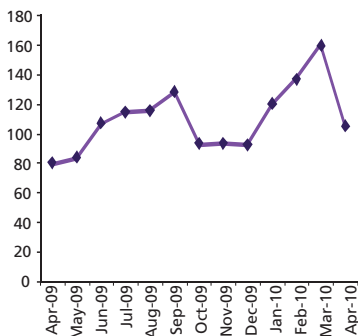
Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	76,801.0	99,527.9	112,158.6	157,435.1	132,717.2
y-o-y growth	%	-16.7	6.0	88.4	87.8	72.8
Operating profit	₹ mn	11,208.1	16,615.6	13,467.1	26,575.0	14,451.2
y-o-y growth	%	44.6	86.1	315.0	93.9	28.9
Net profit	₹ mn	5,164.6	8,292.9	5,150.6	16,970.3	5,344.1
y-o-y growth	%	43.3	105.7	n.a.	180.5	3.5
Operating profit margin	%	13.9	16.0	12.0	15.7	10.8
Net profit margin	%	6.4	8.0	4.6	10.1	4.0

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
n.a.: Not applicable (losses incurred)
Source: CMIE

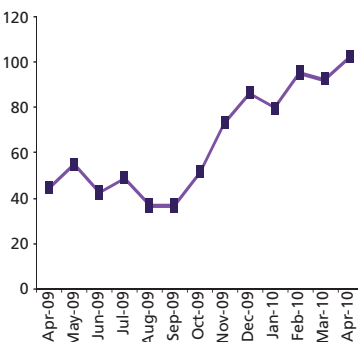
Gold prices in Mumbai market



Gems & jewellery exports (₹ billion)



Gems & jewellery imports (₹ billion)



Source for all above charts: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

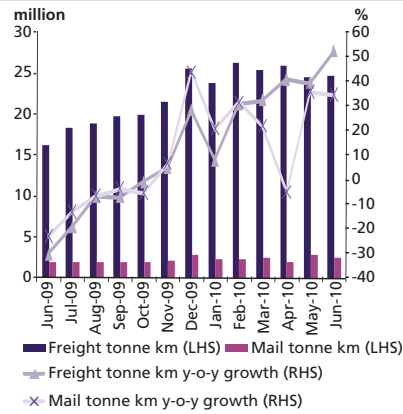
- Gems and jewellery exporters expect to record a growth of 15% in FY11 as compared to 16% in FY10 due to uncertainty in the global markets.
- According to the Gems and Jewellery Export Promotion Council (GJEPC) data, the trade in diamonds during the first half of CY10 has surpassed 2008 levels for the same period. Rough diamond imports had increased by 10% to US\$ 6 billion in the first half of CY10 as compared to 2008 levels.
- The GJEPC expects India's gems and jewellery export to cross US\$ 31 billion by the end of FY11, coupled with the increase in demand for polished diamonds in the major export destinations.
- Gitanjali Group plans to open up to 20 large-format 'Maya by Gitanjali Lifestyle' stores in tier 3 and tier 4 cities by the end of 2010 with an investment of ₹ 1 billion. Most of these stores will be catering only to women customers.
- Vaishnavi Gold Ltd plans to invest ₹ 1.5 billion to expand its operations in Hyderabad through setting up of a retail store, mall and manufacturing facility in the next six months.

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	77,789.7	92,464.2	94,093.2	1,12,416.8	98,274.9
y-o-y growth	%	32.5	40.6	46.9	31.4	26.3
Operating profit	₹ mn	3,334.8	4,040.4	4,010.3	4,518.2	4,767
y-o-y growth	%	23.5	29.5	118.3	54.9	42.9
Net profit	₹ mn	1,650.1	2,409.7	2,315.8	2,487.9	2,972.9
y-o-y growth	%	-0.2	41.3	553.1	390.4	80.2
Operating profit margin	%	4.3	4.4	4.2	4.0	4.8
Net profit margin	%	2.1	2.6	2.5	2.2	3.0

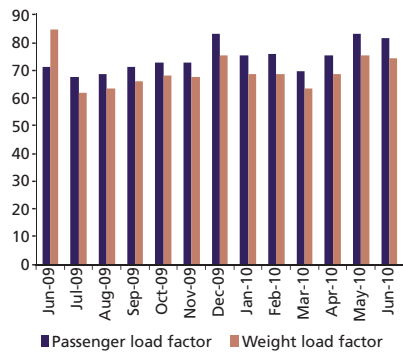
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

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



Source: CMIE

Civil aviation: Load factor (%)



Source: CMIE

HI-TECH INDUSTRY

Highlights

- Bangalore International Airport Ltd plans to expand the Terminal one by investing ₹ 10.0 billion to cater to the increasing passenger traffic which is expected to touch the 17 million mark by 2014-15.
- Air Works India Engineering Pvt Ltd entered into a joint venture with Scandinavian Avionics A/S, a Denmark-based company, to set up a new entity - SA Air Works India – which will focus on providing avionics solutions which includes cabin entertainment upgrades, in-flight communications, safety applications, weather systems and other airborne electronics to its customers in commercial and general aviation as well as in military applications.
- The Department of Economic Affairs called for exempting airlines from a regulation barring Indian companies from using foreign debt, commonly referred to as external commercial borrowings, or ECBs, to repay loans taken from local banks.
- Kingfisher Airlines Ltd entered into a code sharing arrangement with British Airways Plc, under which both the carriers will use each other's flight network to and from India, Sri Lanka, Britain and Europe.
- Panasonic India Pvt Ltd plans to invest ₹ 1.4 billion over the next three years to establish the brand as a home appliances leader in the country.
- Tata Chemicals Ltd (TCL) plans to invest ₹ 500 million to set up a new water purifier making plant. TCL, which sells water purifiers under the brand name 'Swatch', expects to generate revenue of ₹ 750 million from this business.
- In order to meet the rising demand for consumer durables in Asia, LG Electronics India Pvt Ltd is expanding its manufacturing plant at Ranjangaon near Pune by investing ₹ 4.5 billion. Out of the total investment planned, ₹ 2.0 billion will be in its factory and ₹ 2.5 billion in the company's vendors' plants around the factory.

Civil aviation: Airport traffic statistics (May 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	91,886.0	2.4	9,359,824.0	22.1	68,744.0	39.1
International traffic	24,884.0	7.7	3,130,909.0	16.2	129,715.0	32.2
Total airport traffic	116,770.0	3.4	12,490,733.0	20.5	198,459.0	34.5

Source: CMIE

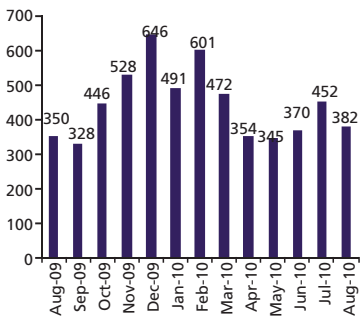
Aviation Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	42,723.5	39,733.3	49,422.9	46,992.7	53,751.7
y-o-y growth	%	-10.5	-15.9	-1.4	16.8	25.8
Operating profit	₹ mn	2,565.0	-3,778.0	5,355.9	4,823.6	7,069.1
y-o-y growth	%	n.a	n.a	n.a	n.a	n.a
Net profit	₹ mn	-4,132.0	-9,413.6	-981.1	-2,548.2	-1,845.2
y-o-y growth	%	n.a	n.a	n.a	n.a	n.a
Operating profit margin	%	5.7	-9.3	10.6	9.9	12.6
Net profit margin	%	-9.3	-23.2	-1.9	-5.2	-3.3

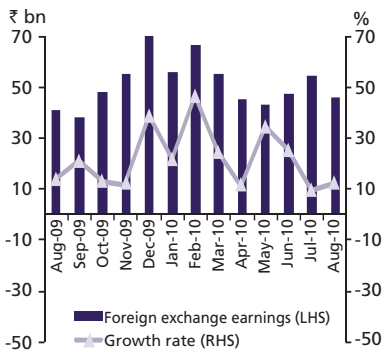
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
n.a.: Not applicable (losses incurred)

Source: CMIE

Foreign tourist arrivals in India ('000 nos.)



Foreign exchange earnings



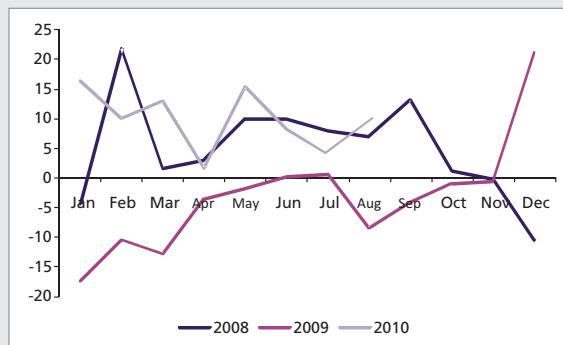
Source for all above charts: Ministry of Tourism

HOSPITALITY INDUSTRY

Highlights

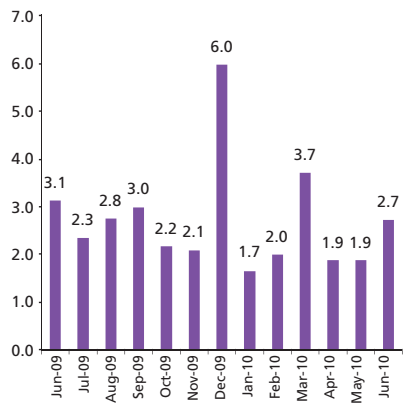
- Hotellers plan to increase the average room rates by 10-15% from September 2010 as they anticipate improvement in the tourist traffic in the coming months.
- Reliance Industries Ltd bought 14.12% stake in East India Hotels (EIH) Ltd for ₹ 10.21 billion. With the deal, the stake of the Oberoi family, promoter of EIH, declined to 32%.
- IRB Infrastructure Developers Ltd entered into an agreement with Indian Hotels Co Ltd to construct and operate a 100-125 room hotel to be named as Gateway Hotel at Kolhapur in Maharashtra in the next three years.
- ITC Ltd expects to have up to 60 new hotel properties operational in the next 3-4 years in order to tap the growing hospitality market. ITC presently has around 40 hotels under construction and plans to start the construction of another 15-20 new hotels in the next one year.
- Accor Ltd plans to bring its other global brands Sofital, Pullman and Formule1 to India by 2011 and further plans to open 90 hotels across India by 2015.
- American spa major Red Door Spa Holdings Llc plans to enter the Indian market by opening two spas in Delhi and Mumbai by 2011.

Growth in foreign tourist arrivals (%)



Source: CMIE

Domestic computer hardware & peripheral production (₹ billion)



Source: CMIE

IT HARDWARE INDUSTRY

Highlights

- Hewlett-Packard India is in talks with Bharti Enterprises to offer cloud services aimed at small-time application developers and small and medium businesses (SMB) in Tier II and Tier III cities. Cloud computing refers to a pay-per-use model where applications and software are accessed over the Internet and not owned by users. It has three parts - software-as-a-service (SaaS), platform-as-a-service (PaaS) and infrastructure-as-a-service (IaaS).
- HCL Technologies Ltd is helping the Government to manufacture 100,000 low-cost computers under a project to boost the role of technology in the field of education. An amount of ₹ 0.30 billion has been allocated for the project.

Global news

- China launched its first domestically made supercomputer, the Tianhe-1, developed by the National University of Defence Technology. Tianhe-1's applications are in the fields of animation, biomedical research, aerospace equipment development, resource exploration, satellite remote sensing data and weather forecasts.
- German chipmaker Infineon sold its wireless division to Intel for a consideration of approximately US\$ 1.4 billion. This move comes in line with Infineon's objective to concentrate on its core business and Intel's aim to boost its presence in the wireless segment.
- Intel will be launching a new chipset called Sandy Bridge, its first architecture to merge a microprocessor and graphics processor onto a single silicon chip that will be sold in the low-end desktop computers and laptops segments. By combining two processors, the time taken to produce images is reduced as it removes bottlenecks between the graphics processor and memory.
- Hewlett-Packard (HP) is close to acquiring security software-maker ArcSight Inc for an estimated value of US\$ 1.5 billion. This deal reflects HP's efforts to push into software and other areas outside of its core computer hardware business.
- Lenovo Group is launching a tablet PC known as LePad in the Chinese hardware market. The tablet PC runs on Google Inc's android operating system and comes with a hybrid option in which a separate keyboard is provided. Lenovo aims at selling its tablet PC in the emerging markets first and subsequently move on to more developed economies.

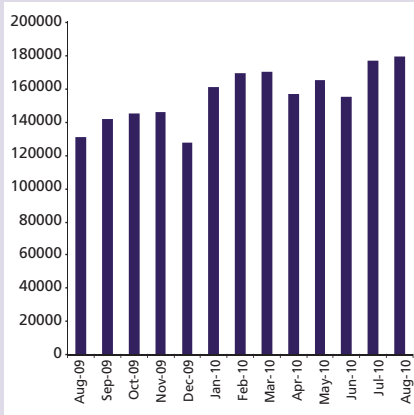
Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	10,701.8	12,509.4	12,588.0	14,510.8	11,191.9
y-o-y growth	%	2.7	-2.3	6.4	17.6	1.5
Operating expenses	₹ mn	8,958.3	11,258.9	10,689.6	12,174.6	10,762.0
y-o-y growth	%	-7.35	0.01	9.73	8.08	16.3
Operating profit	₹ mn	2,092.7	1,498.9	2,282.8	2,244.9	1,066.9
y-o-y growth	%	120.2	-19.8	19.8	49.6	-50.4
Net profit	₹ mn	-4.3	-565.1	282.7	201.7	-747
y-o-y growth	%	n.a	n.a	n.a	n.a	n.a
Operating profit margin	%	19.2	11.7	18.0	15.3	9.4
Net profit margin	%	-0.04	-4.5	2.2	1.4	-6.6

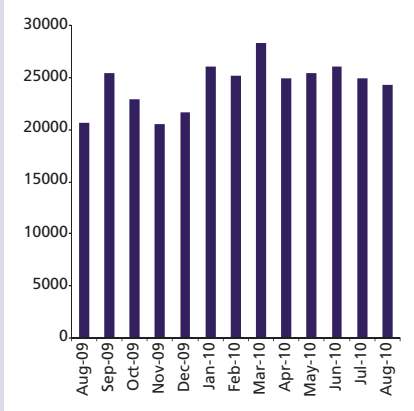
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
n.a. - Not applicable (losses incurred)

Source: CMIE

Passenger cars: Domestic sales (Nos.)



Utility vehicles: Domestic sales (Nos.)



Source for all above charts: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

- The growing domestic passenger car market and export opportunities has prompted market leader Maruti Suzuki to plan a fresh investment of ₹ 19.2 billion in its proposed sixth plant, at Manesar (Haryana). The proposed expansion will enable the company to produce an additional 2.5 lakh cars by 2013. This will also make Maruti the Japanese parent's biggest production base, overtaking Suzuki's facilities in Japan and China.
- Car manufacturers are once again planning to initiate price hikes, citing increase in input prices. Hyundai Motor has decided to hike its vehicle prices by 1.2% effective September. Maruti Suzuki had raised prices by 1.5% in August. Toyota Kirloskar Motors also intends to hike prices in October.
- Given their optimism on the Indian passenger vehicle market, several domestic and foreign car manufacturers have planned new vehicle launches for the Indian market in the coming years. Nissan Motor India, for instance, plans to line-up nine models of cars by 2012.

Passenger vehicle sales (Nos)

Segments	Aug-09	Aug-10	y-o-y growth(%)	April-Aug 2009	April-Aug 2010	y-o-y growth(%)
Mini	5,235	10,022	91.4	17,625	42,387	140.5
Compact	91,539	116,558	27.3	427,262	549,849	28.7
Mid-size	19,385	28,172	45.3	95,310	133,378	39.9
Executive	3,419	4,519	32.2	15,970	21,027	31.7
Premium	984	1,412	43.5	4,089	5,981	46.3
Luxury	119	111	-6.7	494	577	16.8
MPV	10,752	19,140	78.0	54,465	82,069	50.7
Passenger cars	131,433	179,934	36.9	615,215	835,268	35.8
Multi-utility vehicle	20,691	24,293	17.4	102,491	125,618	22.6
Domestic sales	152,124	204,227	34.3	717,706	960,886	33.9
Exports	41,345	38,279	-7.4	172,653	181,415	5.1
Total sales	193,469	242,506	25.3	890,359	1,142,301	28.3

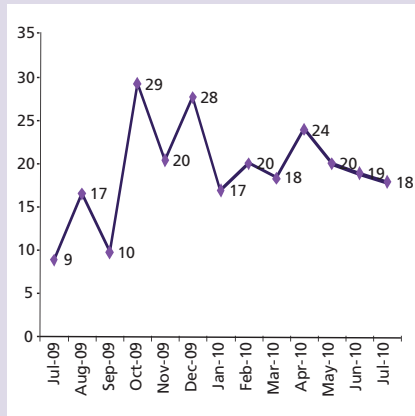
Source: CMIE

Company: Key financial indicators (Apr-Jun 2010)

Company	Net sales (₹ mn)	Operating profit (₹ mn)	Net profit (₹ mn)	Operating profit margin (%)	Net profit margin (%)
Maruti Suzuki India Ltd.	82,315.3	8,927.1	4,653.6	10.7	5.6
Mahindra & Mahindra Ltd.	51,601.0	8,606.8	5,623.9	16.4	10.7
Hindustan Motors Ltd.	1,506.6	-141.7	-197.3	-9.3	-13.0

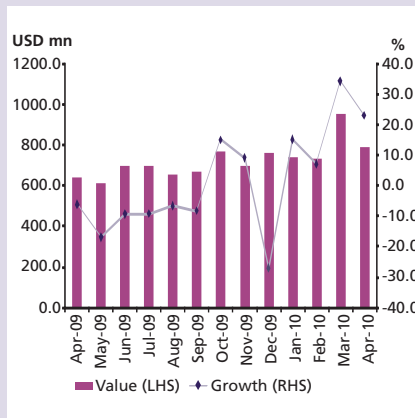
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

Trend in pharmaceutical sales growth (%)



Source: ORG-IMS

Trend in drugs and pharmaceuticals exports



Source: CMIE

PHARMACEUTICAL INDUSTRY

Highlights

- Aurobindo Pharma has entered into licensing and supply agreements with leading biopharmaceutical company AstraZeneca, to supply solid dosage and sterile products for emerging markets. The products fall under a range of therapeutic segments of anti-infectives, cardiovascular system and central nervous system.
- Sun Pharmaceutical Industries Ltd has received an approval from the US Food and Drug Administration (US FDA) to market generic atomoxetine hydrochloride capsules in strengths of 10 mg, 18 mg, 25 mg, 40 mg, 60 mg and 100 mg. These capsules are used in the treatment of attention deficit hyperactivity disorder.
- Shasun Pharmaceuticals Ltd has entered into a 50:50 joint venture with US-based Nanoparticle Biochem Inc to explore opportunities in the field of nanotechnology. The two companies have floated a new company Shasun NBI LLC which would handle the operations on the development in the field of nanotechnology.
- Cipla plans to acquire domestic pharma company Meditab Specialties for ₹ 1.3 billion to expand its active pharma ingredient (API) and intermediates international business.

Global news

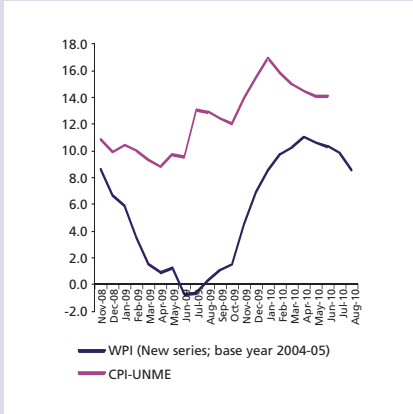
- Onyx Pharmaceuticals Inc has entered into an exclusive agreement with Ono Pharmaceutical Co Ltd to develop and commercialise two compounds from Onyx's proteasome inhibitor development program namely carfilzomib and ONX 0912. Under the terms of the agreement, Ono has exclusive rights to develop and commercialise both compounds in Japan. Onyx retains commercialisation rights in all other countries including the Asia Pacific region, the U.S. and Europe.
- Watson Laboratories Inc, a subsidiary of Watson Pharmaceuticals Inc has received approval from the US FDA for its Abbreviated New Drug Application (ANDA) for Zarah (TM) (drospirenone and ethinyl estradiol tablets) 3 mg/0.03 mg, the generic equivalent to Bayer's Yasmin (R).
- Eisai (Singapore) Pte Ltd, a subsidiary of Eisai Singapore, and Symbio Pharmaceuticals Limited launched bendamustine hydrochloride ('bendamustine') in Singapore under the brand name Symbenda as a treatment for low-grade non-Hodgkin's lymphoma and chronic lymphatic leukaemia.

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	158,303.5	173,294.0	177,510.3	185,130.8	179,311.8
y-o-y growth	%	5.6	7.8	17.0	17.3	13.4
Operating expenses	₹ mn	130,670.3	136,352.4	142,970.6	148,127.9	150,497.1
y-o-y growth	%	4.5	-5.0	-2.4	4.2	15.4
Operating profit	₹ mn	46,192.5	41,306.6	47,283.9	48,842.0	37,942.4
y-o-y growth	%	52.1	61.8	203.3	146.1	-17.9
Net profit	₹ mn	27,400.9	25,263.1	27,283.4	26,749.8	22,706.8
y-o-y growth	%	49.3	112.7	1,787.4	432.1	-17.1
Operating profit margin	%	26.5	23.4	25.4	23.6	20.4
Net profit margin	%	15.7	14.4	14.7	13.7	12.2

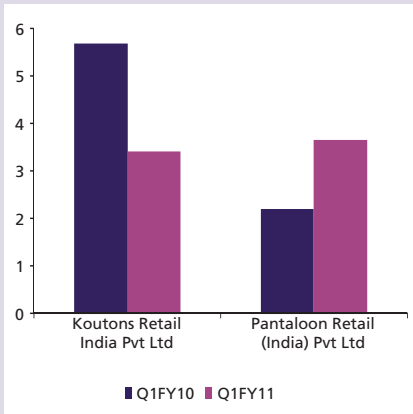
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

Wholesale price index & consumer price index



Source: MOSPI

Net profit margin (%)



Source: CMIE

RETAIL INDUSTRY

Highlights

- Arvind Ltd, one of India's leading textile conglomerate and apparel retailers, launched a new exclusive brand outlet concept – The Arvind Store – in Hyderabad. The store signifies a first-of-its-kind retail concept by bringing together the best of custom tailoring and ready-made apparel. The company expects the newly-launched concept to account for around 25% of its revenues.
- Xsis Promotions India Pvt Ltd launched its third sports-gear retail store – SPORTXS – at Gulmohar Park Mall, Ahmedabad. The store is spread across 4,500-sq.ft and is the brand's first outlet in the city. The company plans to open seven additional stores in Chennai, Mangalore, Mysore, Pune and Bengaluru which would entail an investment of about ₹ 14.0 million.
- Evok, the home interior retail chain from Hindware Home Retail Private Ltd (HHRPL), launched a mega home-store in Zirakpur, Chandigarh spread over an area of 14,000 sq.ft. HHRPL is aiming at expansion plans for Evok for the next four years and is planning to invest about ₹ 2.5 billion for the same.
- Etro Spa, an Italy-based fashion brand, opened its first boutique, spread across 1,500-sq.ft store, at Palladium Mall, Mumbai. The store showcases apparel for men, accessories for both men and women and home collections. Etro Spa is brought to India by Genesis Luxury, which earlier brought premium designer labels such as Paul Smith, Canali, Kenzo, Bottega Veneta and Jimmy Choo to India.
- Titan Industries Ltd is investing ₹ 1.7 billion to open 150 new stores in various segments across various formats by the end March 2011.
- The Collective, a luxury lifestyle brand from Madhura Garments, launched its first store in Delhi, which is its third store in the country. The store is located at Ambience mall, Vasant Kunj and spans across 17,500 sq.ft. Madhura Garments invested ₹ 75.0 million for its Delhi store. The Collective offers world's leading fashion brands for men and women in apparels and accessories such as Hackett, D&G, Armani Collezioni, Hugo Boss, Juicy Couture, Michael Kors, among others.

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	309,497.3	333,600.1	380,358.8	434,182.0	337,370.4
y-o-y growth	%	2.0	-9.5	12.0	63.0	9.2
Operating profit	₹ mn	11,608.7	10,917.2	9,975.9	11,516.2	12,060.1
y-o-y growth	%	7.5	-4.4	-0.2	34.2	2.4
Net profit	₹ mn	3,283.6	3,411.2	2,236.1	3,390.9	5,025.3
y-o-y growth	%	-25.7	-25.8	-18.6	129.8	46.5
Operating profit margin	%	3.7	3.2	2.6	2.6	3.5
Net profit margin	%	1.1	1.0	0.6	0.8	1.5

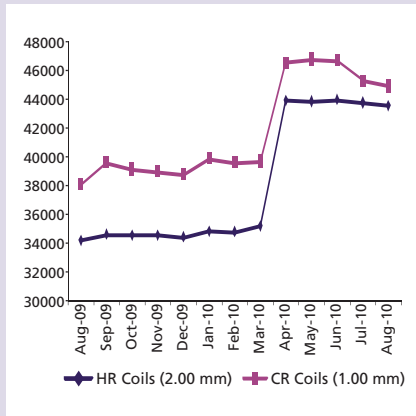
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
Source: CMIE

Major expansion plans of retailers

Company	Format	No. of stores	Deadline
Epoca	Multi-brand apparel	10	Dec-11
Joyalukkas	Jewellery	20	Mar-11
Stanley Lifestyles	Leather upholstery	6	Mar-12

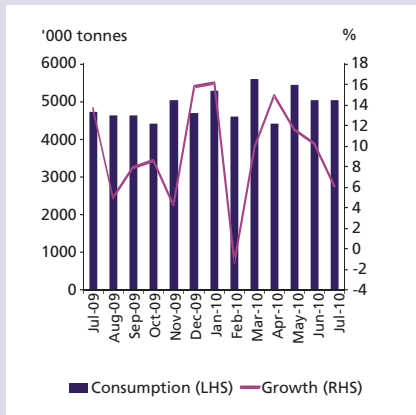
Source: Company announcements

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



Source: CMIE

Finished steel consumption



Source: CMIE

STEEL INDUSTRY

Highlights

- Some steel companies have decided to hike the prices of flat steel by ₹ 1,000-1,500 a tonne.
- Steel Authority of India Ltd (SAIL) has selected Outotec, a leader in minerals processing and metallurgical technologies for the design and delivery of an iron ore sinter plant for its Bhilai Steel Plant in Chhattisgarh. Outotec will implement the project on turnkey basis in consortium with Larsen & Toubro Ltd. Outotec's scope covers engineering, supply of proprietary and special equipment as well as technical services for the sinter plant with annual capacity of 3.7 million tonnes.
- Bhuwarka Steel Industries (UAE) FZE, Dubai, a wholly-owned subsidiary of Bhuwarka Steel Industries Ltd (BSIL), has entered into a memorandum of understanding (MoU) with Dubai-based Lootah Group of Companies, to meet capex and working capital requirements. The two companies would form a 50:50 joint venture. By entering into a MoU, the prospective investor will commence its financial and technical due diligence and could invest up to around 10 million AED (UAE Dirhams). Also, Bhuwarka Steel Industries (UAE) would ensure technology, commissioning and running the plant in an acceptable standard and also quality of the product as per market requirement.
- Titagarh Wagons Ltd plans to enter into an agreement with Japan-based Kawada Group to form a joint venture to enter into the long-span steel bridge fabrication and installation activity.
- India Steel Works sold 10% equity stake to Dubai-based ANC Holdings LLC, which is into construction, education, food and hospitality businesses, in an all-cash deal worth ₹ 190 million.

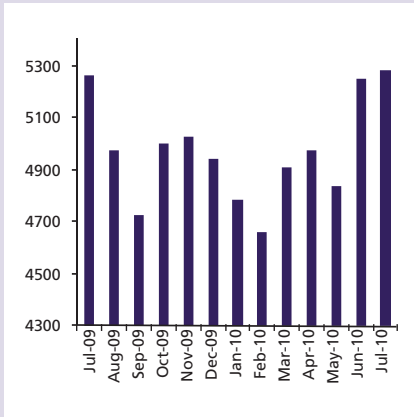
Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	335,914.6	369,882.8	386,077.2	453,095.1	385,808.7
y-o-y growth	%	n.a.	n.a.	29.31	23.1	15.95
Operating profit	₹ mn	75,408.3	87,240.8	96,763.7	120,258.6	91,981.5
y-o-y growth	%	n.a.	n.a.	150.48	68.77	22.21
Net profit	₹ mn	30,179.5	37,128.6	43,717.2	60,992.6	39,253.3
y-o-y growth	%	n.a.	n.a.	993.5	101.37	29.97
Operating profit margin	%	21.7	23.0	24.4	25.7	23.3
Net profit margin	%	8.7	9.8	11.0	13.1	10.0

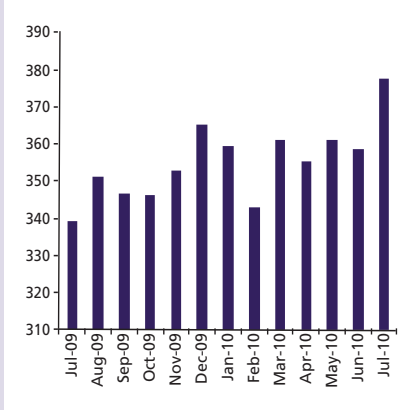
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
n.a.: Not applicable (losses incurred)

Source: CMIE

Fabrics production (Million sq.metres)



Spun yarn production ('000 tonnes)



Source for all above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

- The Government of Himachal Pradesh, in conjunction with Himachal Textile Park Ltd, plans to set up a textile park in Una district with an outlay of ₹ 1.0 billion. Two subsidiaries of the Jindal group, Medicot Ltd and Jindal Speciality Textiles Ltd will set up facilities in the park. While Jindal Medicot will manufacture medical textile products such as absorbent bleached cotton wool and cotton crepe bandages and cloth, Jindal Speciality Textiles will produce PVC laminated products, tent fabrics, and truck sliders.
- NSL Textiles set up a textile processing facility at Chandolu near Guntur (Andhra Pradesh) at an investment of ₹ 3 billion. The new unit has a capacity of 120,000 metres of fabric per day and includes a garment factory with a capacity of 6,000 shirts a day, taking the company's total garment capacity to 16,000 pieces a day.
- Premium apparel wear brand Van Heusen is expanding its product portfolio in the Indian market by entering into the sportswear segment by February 2011. This move comes as part of the company's plan to achieve sales of over ₹ 5.5 billion by FY11.
- Textiles firm Alok Industries Ltd plans to double its polyester yarn capacity to 400,000 tonnes by December 2010. The company also plans to undertake capital expenditure to the tune of ₹ 4.5-5 billion each for FY12 and FY13 to ramp up capacity across products, including terry towels, bed sheets, technical textiles and polyester.
- Ahmedabad-based Liverpool Retail acquired a 33% stake in Nepal-based garment company Momento Apparels for a consideration ₹ 0.20 billion. This move comes as part of Liverpool's backward integration plan. The company, which has two casual wear brands — Liverpool and Barcelona — plans to raise ₹ 1.5 billion through an initial public offering in the next two months.
- Textile conglomerate, Vardhman Textiles, is raising funds worth ₹ 2 billion for augmenting long term resources and to partly finance its capital expenditure. The funds will be raised by the issue of equity shares through qualified institutional placement in one or more tranches to be subscribed by qualified institutional buyers.

Global news

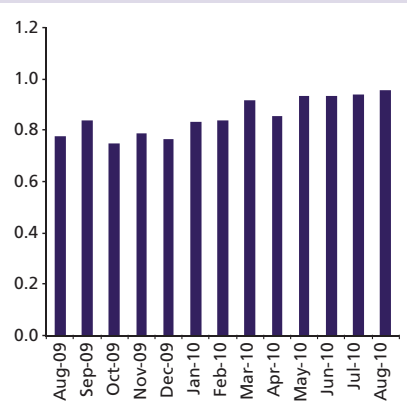
- The Government of Ethiopia and investors from Turkey set up a textile unit named as Saygin Dima Textile Factory in Ethiopia at an investment of US\$ 78.5 million. Production of textiles products is expected to commence by January 2011.

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	216,767.3	236,563.2	247,618.4	243,972.2	234,854.1
y-o-y growth	%	7.3	13.3	20.1	14.0	14.9
Operating profit	₹ mn	35,658.4	40,784.0	40,323.8	37,357.7	35,175.3
y-o-y growth	%	35.5	60.3	90.4	34.4	2.9
Net profit	₹ mn	7,433.3	11,507.7	10,395.6	10,179.2	8,167.2
y-o-y growth	%	78.7	300.4	n.a.	1,953.7	10.6
Operating profit margin	%	16.0	17.0	16.1	15.0	14.8
Net profit margin	%	3.4	4.8	4.2	4.1	3.5

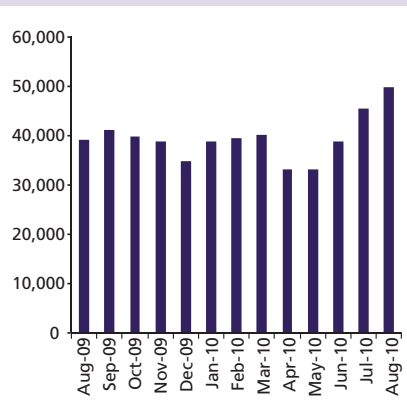
Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E); Net profit: PAT net of P&E
n.a.- Not applicable (losses incurred)
Source: CMIE

Two-wheeler: Domestic sales (Million)



Source: CMIE

Three-wheeler: Domestic sales (Nos.)



Source: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- Robust performance of the two-wheeler industry continued into August, with domestic sales of two-wheelers recording y-o-y growth of 23.2%. Cumulative sales for the period between April and August 2010 at 4.6 million units were 27.2% higher, when compared to sales in the corresponding period of 2009.
- The export growth story is equally encouraging. During April-August 2010, 0.6 million units of two-wheelers were exported, representing y-o-y growth of a whopping 56.7%.
- Several two wheeler companies announced expansion plans. Suzuki plans to invest ₹ 1.5 billion to double the production capacity to 5.4 lakh units by 2012 and make a foray into the high volume 100 cc segment of motorcycles. TVS Motors plans to invest ₹ 2 billion by April 2011 to increase production capacity by 7 lakh units to 28 lakh units. Piaggio plans to invest 30 million euros to build a scooter plant in India with an annual capacity of 150,000 units.
- In September, Hero Honda Motors launched a new variant of its Splendor bike – Super Splendor, at a price of ₹ 45,950 (ex-showroom, Delhi).

Industry: Key financial indicators

Parameters	Units	Q1FY10	Q2FY10	Q3FY10	Q4FY10	Q1FY11
Net sales	₹ mn	74,248.0	83,170.6	84,778.4	90,329.5	98,772.8
y-o-y growth	%	9.9	19.2	39.3	40.2	33.0
Operating profit	₹ mn	12,320.2	15,019.4	15,266.7	15,968.2	16,502.8
y-o-y growth	%	66.9	76.1	88.6	78.3	34.0
Net profit	₹ mn	7,929.7	10,030.1	10,308.5	10,968.6	11,281.9
y-o-y growth	%	91.4	111.3	131.3	105.7	42.3
Operating margin	%	16.3	17.8	17.7	17.3	16.4
Net margin	%	10.5	11.9	12.0	12.0	11.2

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	Aug-10		Apr-Aug 2010		Segments	Aug-10		Apr-Aug 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	727,542	19.0	3,535,578	24.2	Passenger carriers	42,387	33.3	164,947	23.8
Mopeds	59,280	26.5	277,566	24.4	Goods carriers	7345	-0.8	35,311	5.5
Scooters	170,482	43.6	808,000	44.5	Total domestic	49,732	26.8	200,258	20.1
Total domestic	957,304	23.2	4,621,144	27.2	Exports	21,492	46.4	111,129	114.9
Exports	125,057	39.2	653,851	56.7	Total	71,224	32.2	311,387	42.6
Total	1,082,361	24.9	5,274,995	30.3					

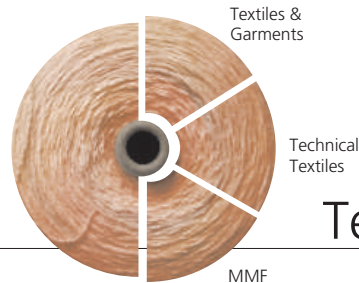
Source: CMIE

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.

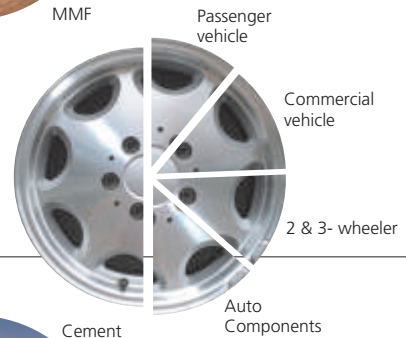
The reports' in-depth analytical content would provide valuable insights to financial institutions, banks, equity broking houses, and corporates towards accurate & informed decision making. The reports would also be useful to the industry practitioners, academicians & scholars.

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.

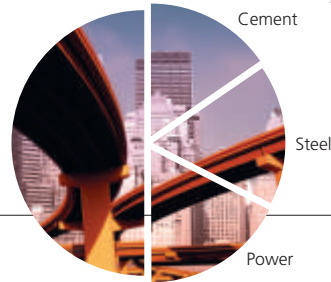
D&B's IRS offers the following sector/ industry reports either as a bundled suite or individual reports:



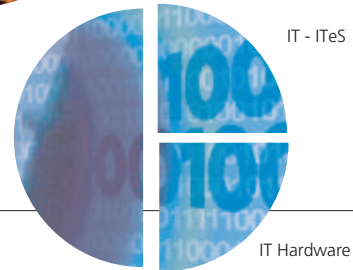
Textiles



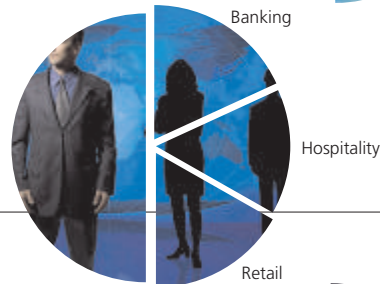
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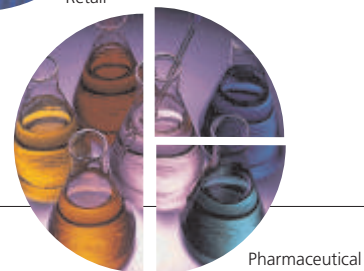
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Infotech



Services



Chemical



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