



Industry cursor

Strictly for Private Circulation

Issue 70 | June 2014

CONTENTS

Macroeconomic Update

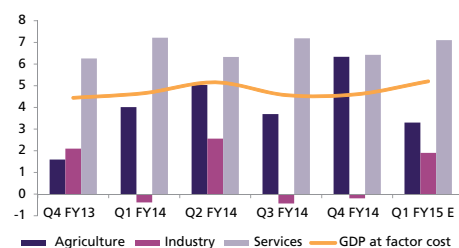
Auto Components	2
Banking	3
Commercial Vehicle	4
Gems & Jewellery	5
Healthcare & Pharmaceutical	6
Hi-Tech	7
Hospitality	8
IT-Hardware	9
Logistics & Supply Chain	10
Passenger Vehicle	11
Retail	12
Steel	13
Textile & Garment	14
Two and Three-Wheeler	15

MACROECONOMIC UPDATE

Highlights

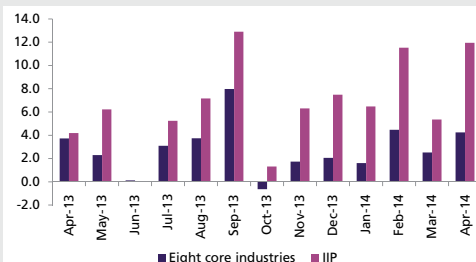
- GDP growth in Q4 FY14 stood at 4.6%, as compared with 4.4% in Q4 FY13. India's GDP growth stood at 4.7% in FY14, as compared to 4.5% in FY13.
- Growth in private final consumption expenditure remained subdued at 4.8% in FY14, as compared to 5.0% in FY13. Growth in gross fixed capital formation declined by 0.1%, as compared to the growth of 0.8% in FY13.
- The Index of Industrial Production (IIP) grew by 3.4% in Apr-14, as compared to -0.5% in Mar-14 and 1.5% in Apr-13. The consumer goods sector continued to register a negative growth of 5.1% on account of a decline in growth in both the consumer durables and consumer non-durable segments.
- The Reserve Bank of India (RBI) kept the repo rate under the liquidity adjustment facility (LAF) unchanged at 8.00%. The RBI reduced the statutory liquidity ratio (SLR) of scheduled commercial banks by 50 basis points from 23.0% to 22.5% of their NDTL with effect from the fortnight beginning June 14, 2014.
- The aggregate deposit and bank credit grew by 14.1% (y-o-y) and 13.0% (y-o-y) respectively in the week ended May 30, 2014, as against the growth of 13.1% and 13.9% in the year-ago period.
- India's current account deficit (CAD) narrowed sharply to US\$ 1.2 billion (0.2% of GDP) in Q4 of FY14 from US\$ 18.1 billion (3.6% of GDP) in Q4 of FY13. CAD stood at 1.7% of GDP during FY14, as compared to 4.7% of GDP in FY13.

GDP: Growth (%)



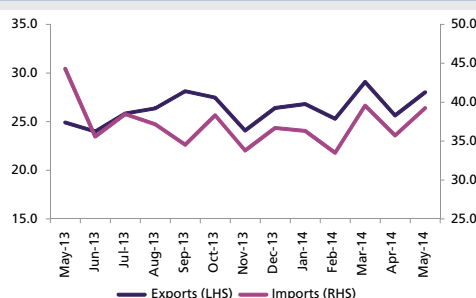
E: D&B estimate
Source: CSO

IIP and core infrastructure: Growth (%)



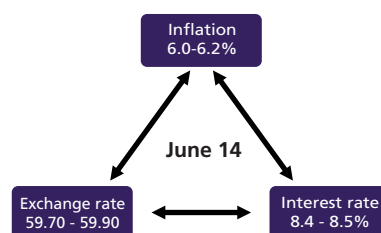
Source: Ministry of Commerce and Industry, CSO

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



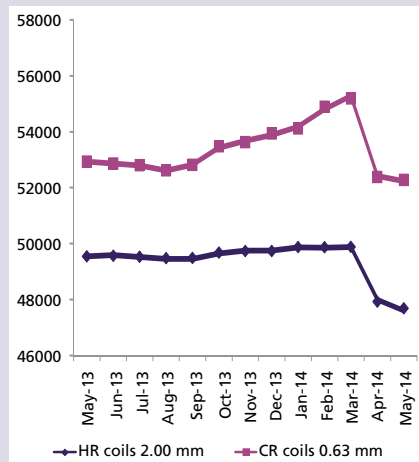
Source: Ministry of Commerce and Industry

Macroeconomic triad (forecast)

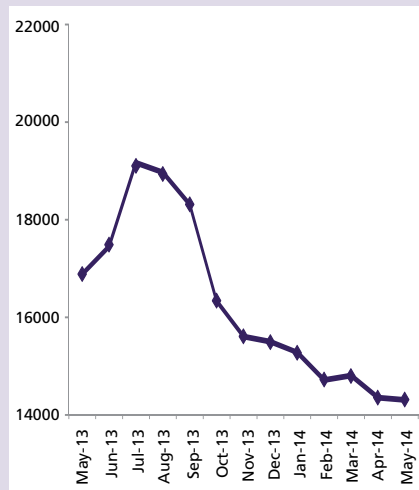


Note: Exchange rate: INR/US\$ at month end
Interest rate corresponds to yield on T-Bills 15-91 days
Source: D&B Industry Research Service

Steel prices (Mumbai) (₹/tonne)



Rubber prices* (Kottayam) (₹/quintal)



*Rss-4

Source for all above charts: CMIE

AUTO COMPONENTS INDUSTRY

Highlights

- Motherson Sumi Systems, the flagship company of the Samvardhana Motherson Group, announced the acquisition of US-based Stoneridge Inc's wiring harness business for US\$ 65.7 million. The US company has six manufacturing facilities spread across Portland, Indiana in the US, Chihuahua, Saltillo and Monclova (Mexico), and engineering and administrative centre located in Warren, Ohio, and caters to the commercial vehicles, agricultural equipment, material handling equipment and off-highway vehicle segments.
- Magneti Marelli, the auto component arm of the Fiat Group, divested its 50% stake in its wholly-owned Indian subsidiary, Magneti Marelli Shock Absorbers, in favour of Samvardhana Motherson International, and has spun it into an equal joint venture. The company believes that the new JV would be the most appropriate way of maximising the Magneti Marelli's investment in the shock absorber sector in India.
- As part of its plan to enhance annual revenues from ₹ 70 billion to ₹ 100 billion, Delhi-based JBM Group plans to invest ₹ seven billion in automobile component business over the next two years. The group, which presently has on offer only 12-metre buses, also plans to expand its range of buses by launching six-metre and 18-metre buses over the next five years.
- Auto component manufacturer Omax Autos announced its entry into full-fledged truck assembly, with plans to roll out 10,000 units in three years from its Bengaluru plant.

Auto Components: Key financial indicators

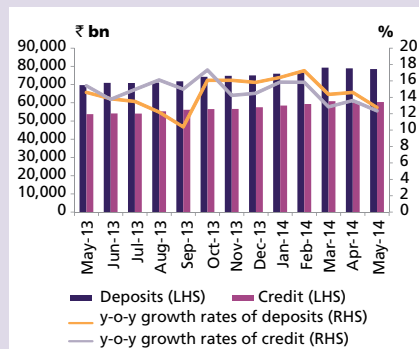
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	283.0	282.7	277.2	282.6	301.5
y-o-y growth	%	-6.6	-1.5	-0.1	4.0	6.5
Operating profit	₹ bn	35.3	34.6	35.0	35.6	37.8
y-o-y growth	%	-2.3	6.5	14.6	21.6	7.1
Net profit	₹ bn	14.9	14.0	14.4	13.7	15.8
y-o-y growth	%	-21.9	2.6	16.4	31.3	6.0
Operating profit margin	%	12.5	12.2	12.6	12.6	12.6
Net profit margin	%	5.2	4.9	5.1	4.8	5.2

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

Net profit: PAT net of P&E

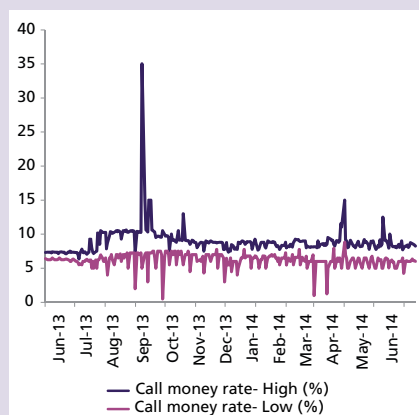
Source: CMIE

Deposits, credit and growth rates



Note: Data for May-14 is as on May 16, 2014

Movement in call money rates (%)



Note: Call rates for Jun-14 are up to Jun 12, 2014

Source for all above charts: RBI

BANKING INDUSTRY

Highlights

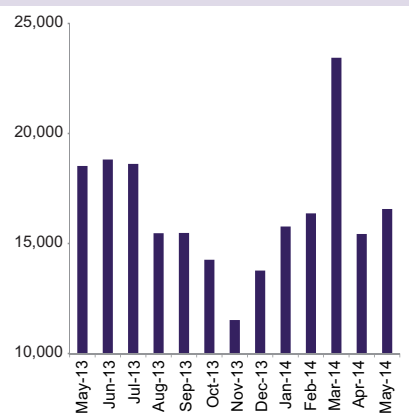
- With a view to augment financial inclusion, especially in semi-urban and rural areas, the RBI authorised three more non-banking entities, namely, BTI Payments Pvt Ltd, Srei Infrastructure Finance Ltd and RiddiSiddhi Bullions Ltd, to set up white label ATMs.
- In order to deal with problems faced by migrant workers, transferred employees and others, while submitting proof of address to open a bank account, the RBI has allowed banks to open accounts on the basis of a single proof of address (either current or permanent).
- With an aim to enhance its customer service, Syndicate Bank plans to invest about ₹ one billion to upgrade its information technology platform. Furthermore, as part of its expansion plans, the bank intends to recruit 5,200 people and open 350 branches across the country during FY15.
- As a part of its global expansion plans, Canara Bank made a foray into South Africa by opening a branch in Johannesburg. It further announced that it would expand presence in South Africa by setting up branches in Durban, Cape Town and Pretoria. Globally, the bank also plans to enter Tanzania, Mozambique, Germany, Dubai, Mexico, Australia and New Zealand. In the domestic market, Canara Bank intends to set up 1,200 branches in FY15.
- Kochi-based Federal Bank announced that it received approvals from the RBI to open a representative office in Dubai, which would be its second office in the United Arab Emirates. Through this office, the bank would serve the Indian diaspora and act as a source of information to non-resident Indians interested in foreign investments in the country.
- Punjab National Bank announced its plans to open 500 new branches in India in order to expand its market presence.
- In the pre-budget consultation meeting with the Union Finance Minister, some representatives from banking and financial institutions made the following suggestions:
 - Recapitalisation of public sector banks
 - Dilution of Government ownership in public sector banks to up to 51%
 - Setting-up of National Asset Management Company for dealing with non-performing assets of the banks.

Banking: Key financial indicators

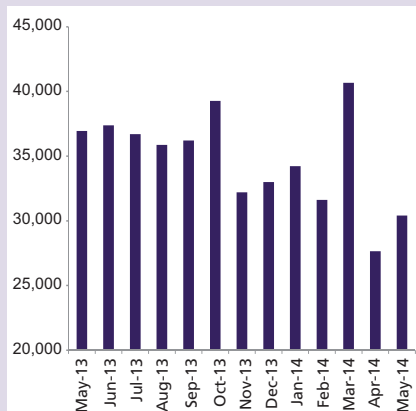
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	1,847.1	1,905.3	1,980.6	2,049.2	2,098.2
y-o-y growth	%	10.7	9.4	11.5	12.8	13.6
Net profit	₹ bn	188.1	204.6	134.6	149.8	184.1
y-o-y growth	%	-10.0	2.2	-29.0	-23.9	-2.1
Net profit margin	%	8.9	9.4	6.2	6.6	7.7

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

M&HCV: Domestic sales (Nos.)



LCV: Domestic sales (Nos.)



Source for all above charts: CMIE

COMMERCIAL VEHICLE INDUSTRY

Highlights

- Sales of commercial vehicles continue to remain subdued. In May, domestic sales of commercial vehicles declined by 15.3% (y-o-y) at 46,986 units. Sales of both medium & heavy commercial vehicles and light commercial vehicles declined, by 10.5% and 17.7%, respectively.
- Tata Motors launched its Ultra range of trucks, aimed at increasing its share in the intermediate and light commercial vehicle segment. The base variant of Ultra 812 is priced at ₹ 10.53 lakh and the Ultra 912 at ₹ 10.94 lakh (ex-showroom, Chennai).
- Isuzu Motors India launched its India-made range of D-Max pick-up trucks. The D-Max range comprises of three models - two cabin options and two deck options. DMAX Single Cab will be priced at an introductory launch price of ₹ 5.99 lakh and the DMAX Space Cab will be priced at ₹ 6.19 lakh for the flat deck variant and ₹ 7.09 lakh (all ex-showroom Kochi) for the arched deck variant, respectively. The company plans to expand its dealer network in India six-fold to about 60 outlets by the end of the next financial year.
- Unlike sales in the domestic market, exports of commercial vehicles continue to grow. In May, exports grew by 29.3% at 6,344 units.
- CV manufacturers seem to be optimistic on export prospects. Tata Motors aims to triple export of trucks and buses from the present 50,000 units in 3-4 years. Besides new markets, it plans to expand in the existing markets where it is already present such as South Asia and Africa. German CV major Daimler recently started exporting the FUSO range of trucks to Zimbabwe and Bangladesh, thereby expanding its presence in the export market for trucks.

Commercial vehicle sales (Nos.)

Segments	May--13	May--14	y-o-y growth (%)	Apr-May FY14	Apr-May FY15	y-o-y growth (%)
M&HCV	18,519	16,572	-10.5	37,129	32,001	-13.8
LCV	36,939	30,414	-17.7	75,012	58,065	-22.6
Total domestic sales	55,458	46,986	-15.3	112,141	90,066	-19.7
Exports	4,908	6,344	29.3	10,009	12,091	20.8
Total sales	60,366	53,330	-11.7	122,150	102,157	-16.4

Source: CMIE

Commercial vehicles: Key financial indicators

Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	156.0	122.6	120.9	103.7	124.1
y-o-y growth	%	-27.9	-14.8	-27.0	-24.1	-20.4
Operating profit	₹ bn	3.3	0.2	-1.2	-6.2	-4.8
y-o-y growth	%	-81.7	-97.0	N.A.	N.A.	N.A.
Net profit	₹ bn	-4.1	5.7	-10.4	4.0	-11.7
y-o-y growth	%	N.A.	92.4	N.A.	N.A.	N.A.
Operating profit margin	%	2.1	0.2	-1.0	-5.9	-3.8
Net profit margin	%	-2.6	4.1	-8.5	3.2	-9.2

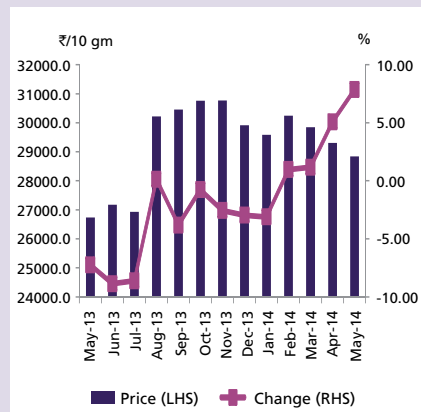
N.A.: Not applicable (Losses incurred)

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E) and other income;

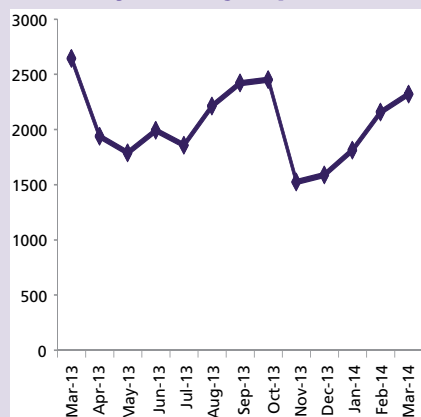
Net profit: PAT net of P&E

Source: CMIE

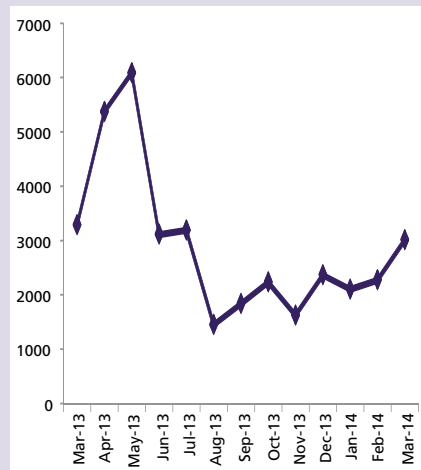
Gold prices in Mumbai market



Gems & jewellery exports (₹ bn)



Gems & jewellery imports (₹ bn)



Source for all above charts: CMIE

GEMS AND JEWELLERY INDUSTRY

Highlights

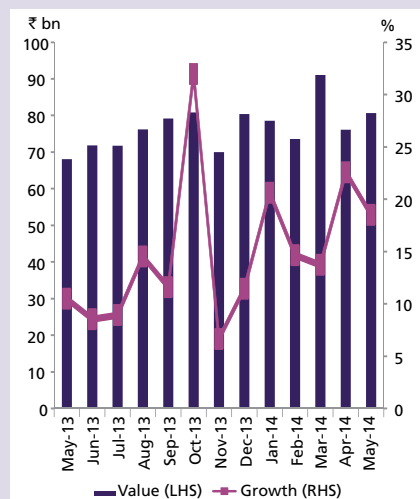
- The RBI allowed Star Trading Houses / Premier Trading Houses, which are registered as nominated agencies by the Directorate General of Foreign Trade, to import gold under 20:80 scheme subject to certain conditions.
- The RBI also decided to permit the nominated banks, to give Gold Metal Loans (GML) to domestic jewellery manufacturers out of the eligible domestic import quota of 80% to the extent of GML outstanding in their books as on March 31, 2013.
- According to the Gems and Jewellery Export Promotion Council (GJEPC), total imports of gems & jewellery fell by 7.0% (y-o-y) to US\$ 2.95 billion in April 2014. Imports of gold bar fell by around 49% (y-o-y) to US\$ 356.75 million, while imports of rough diamonds increased only by 2.7% to US\$ 1.98 billion.
- According to the GJEPC, total exports of gems and jewellery fell by 16.0% (y-o-y) to US\$ 2.48 billion in April 2014.
- Tanishq, the jewellery retailing arm of Titan Company Ltd, plans to add 30 new retail outlets across the country during FY15.
- Kalyan Jewellers tied up with iDNA to launch customised jewellery HELIX – DNA. The company plans to make the HELIX - DNA jewellery collection, which will range from rings, bracelets to pendants, unique, as it will carry a person's unique DNA pattern embossed on the jewellery.
- Swarovski, a crystal jewellery and accessories maker, announced plans to double its retail network in India over the next five years. For this, the company intends to invest Euros 10 million mostly for opening exclusive outlets.
- According to the World Gold Council, demand for gold in India during the January to March quarter of 2014 declined by 26% (y-o-y) to 190.3 tonnes. During the period jewellery demand also declined by 9% to 145.6 tonnes.

Gems & Jewellery: Key financial indicators

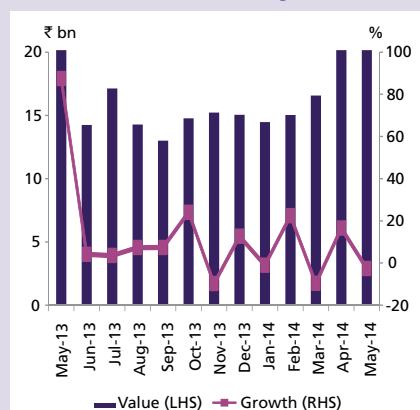
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	311.5	227.4	204.7	181.0	231.2
y-o-y growth	%	39.1	23.2	-5.8	-29.6	-25.8
Operating profit	₹ bn	7.1	9.7	-2.0	8.7	6.3
y-o-y growth	%	-18.0	18.5	-119.9	-23.5	-12.0
Net profit	₹ bn	1.1	4.4	-8.7	4.8	-1.8
y-o-y growth	%	-79.1	-16.0	-245.6	-29.1	-263.3
Operating profit margin	%	2.3	4.3	-1.0	4.8	2.7
Net profit margin	%	0.4	1.9	-4.2	2.7	-0.8

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

Trend in Drugs and Pharmaceuticals export



Trend in Drugs and Pharmaceuticals import



Source for all above charts: CMIE

HEALTHCARE & PHARMACEUTICAL INDUSTRY

Highlights

- In its pre-budget memorandum to the government, The Indian Pharmaceutical Association (IPA) has made the following recommendations:
 - Budgetary support for the following activities: i) To determine the total number of pharmacists in public and private sector; ii) Training and capacity building of pharmacists for inclusion in national health programmes; iii) Recruitment of pharmacists in defense services and in other government sector facilities; iv) Strengthening the regulatory system; v) Creating awareness amongst public about responsible use of medicines; vi) Strengthening facilities at several National Institutes of pharmaceutical education and research.
 - Reducing the taxes on generic medicines and waiving off the customs duty on analytical instruments.
- Japanese pharmaceutical major Meiji Holdings Co Ltd, a pharmaceutical major, entered into an agreement with Bengaluru-headquartered Medreich Limited, a fully integrated pharmaceutical company to acquire all outstanding shares of Medreich for US\$ 290 million. Medreich sells generic pharmaceuticals products to Europe, Asia and Africa.
- Chennai-based Arvind Remedies Ltd, a generic pharmaceutical firm, entered into a Memorandum of Understanding with SRM University in Tamil Nadu to conduct research, manufacturing and marketing of drugs for Type II diabetes and coronary heart disease. The company also plans to tie up with Department of Science and Technology to conduct Phase III clinical trials and expects to launch the tablets in mid of 2015.

Global News

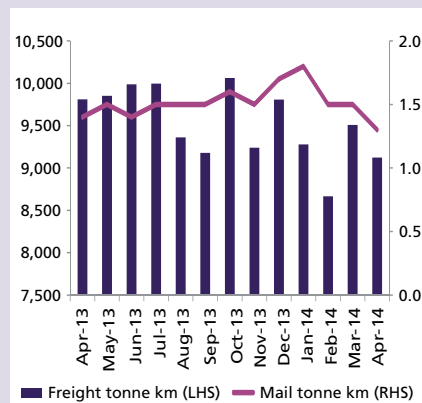
- CFR Pharmaceuticals SA signed a Transaction Agreement with Abbott Investments Luxembourg S.a.r.l, a subsidiary of Pharmaceutical Abbott Laboratories, whereby CFR Pharmaceuticals will sell all of its indirect interest in Abbott, corresponding to approximately 72.62% of its equity ownership for US\$ 2.9 billion.
- Glenmark Pharmaceuticals SA, the wholly-owned Swiss subsidiary of Glenmark Pharmaceuticals opened a new cGMP-compliant monoclonal antibody manufacturing facility in Switzerland, for the supply of clinical trial material along with the existing in-house discovery and development capabilities.

Pharmaceuticals: Key financial indicators

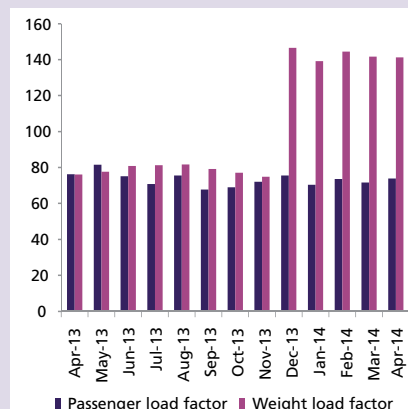
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	250.4	253.6	276.0	278.7	282.7
y-o-y growth	%	2.3	5.0	7.8	9.3	12.9
Operating profit	₹ bn	39.2	35.3	46.3	45.9	50.7
y-o-y growth	%	-12.8	19.7	-4.5	12.1	29.3
Net profit	₹ bn	19.3	17.6	27.9	58.2	37.3
y-o-y growth	%	-44.4	60.6	-25.4	178.6	92.8
Operating profit margin	%	15.7	13.9	16.8	16.5	17.9
Net profit margin	%	7.5	6.7	9.7	17.4	12.4

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

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



Civil aviation: Load factor (%)



Source for all above charts: CMIE

HI-TECH INDUSTRY

Highlights

- In its pre-budget memorandum to the Government, the Consumer Electronics and Manufacturing Association (CEAMA) has made the following suggestions:
 - Removal of inverted duty structure on consumer electronics products and appliances
 - Reduction in excise duty on production of energy efficient products
 - Reduction of customs duty on LCD/LED televisions to 0%
 - Reduction of customs duty on import of magnetron and other inputs that are used for manufacturing microwave ovens.
- Surya Roshni Ltd announced its plans to make a foray into the home appliances market by manufacturing appliances like water heaters, steam irons, dry irons and mixer-grinders, among others. It further aims to achieve ₹ one billion in revenue within two years from this market.
- With a view to expand its consumer base in small towns, Panasonic Corporation re-entered the window air-conditioner segment through entry-level models in variants of 1, 1.5 and 2 tonnes window ACs.
- In line with its 'Vision 2015' strategy, GoAir announced plans to enhance its capacity by 21% to over 8.5 million seats during FY15. It intends to achieve this goal through higher aircraft utilisation and by expanding its route network across metro and non-metro cities.
- With an aim to launch operations in India during FY15, Tata-SIA Airlines plans to acquire 20 Airbus aircraft on lease from a Singapore-based firm.

Civil aviation: Airport traffic statistics (March 2014)

Parameters	Aircraft traffic		Passenger traffic		Cargo traffic	
	Nos.	y-o-y growth (%)	Nos.	y-o-y growth (%)	Tonnes	y-o-y growth (%)
Domestic traffic	105,574	5.8	10,599,400	3.8	75,700	14.2
International traffic	29,163	3.1	4,095,500	2.7	136,500	4.9
Total airport traffic	134,737	5.2	14,694,900	3.5	212,200	8.2

Air transport services: Key financial indicators

Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	54.6	57.8	55.3	64.3	62.4
y-o-y growth	%	-8.9	-9.5	-1.0	9.6	14.4
Net profit	₹ bn	-28.0	-10.5	-20.3	-8.8	-17.6
y-o-y growth	%	N.A.	N.A.	N.A.	N.A.	N.A.
Net profit margin	%	-49.2	-17.8	-36.1	-13.3	-27.2

Consumer Electronics: Key financial indicators

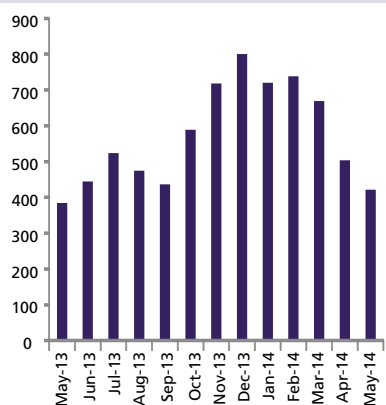
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ mn	33,652.2	33,930.1	35,433.4	35,858.9	34,491.8
y-o-y growth	%	-0.1	0.2	4.9	4.8	2.5
Net profit	₹ mn	-2,690.8	-84.2	56.4	37.7	-946.1
y-o-y growth	%	N.A.	N.A.	N.A.	N.A.	N.A.
Net profit margin	%	-7.9	-0.2	0.2	0.1	-2.6

N.A.: Not applicable (Losses incurred)

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

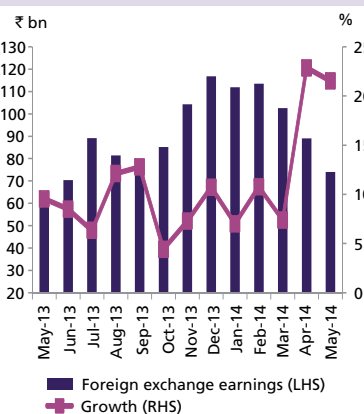
Source for all above tables: CMIE

Foreign tourist arrivals in India ('000 nos.)



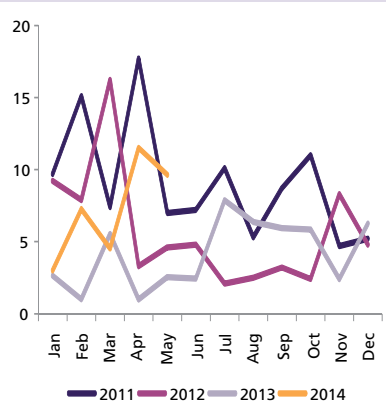
Source: Ministry of Tourism

Foreign exchange earnings



Source: CMIE

Growth in foreign tourist arrivals (%)



Source: CMIE

HOSPITALITY INDUSTRY

Highlights

- In its pre-budget memorandum to the Ministry of Finance, the Federation of Hotel & Restaurant Associations of India (FHRAI) has made the following recommendations:
 - Include all hotels, irrespective of star category and geographical location, with a minimum project cost of ₹ 50 crore, in the RBI's Infrastructure Lending List. Presently, the minimum project cost mandated for inclusion of hotels in the RBI's Infrastructure Lending List is ₹ 200 crore.
 - Government should facilitate a broad spectrum of institutional mechanisms by which the hospitality industry, including small and medium enterprises, can access lower cost long-term finance.
 - Pending the introduction of a unified Goods & Services Tax (GST), hotel accommodation and air-conditioned restaurants be included in the negative list for service tax.
- UK-based Luxury Hotels group, which recently entered the Indian market, announced its plans to have a membership of 40 hotels in India by the end of the current fiscal year, in the luxury and mid-market segments.
- Hospitality major InterContinental Hotels Group tied up with Kolkata-based Jain group, to develop an eco-friendly ₹ 75 crore five-star hotel property. The hotel, which marks the entry of the Holiday Inn brand in Durgapur, is expected to be operational in 2-3 years.
- The Taj Group recently expanded its presence to Malaysia, with the opening of Vivanta by Taj at Rebak Island, Langkawi.
- Hospitality chain Lemon Tree Hotel Company plans to invest around ₹ 45 billion to add 5,200 rooms across India over the next four years. Presently the company owns and operates 25 hotels in 15 cities with 2,800 rooms.
- Jakson Hospitality, part of the Jakson Group, a power solutions provider, is making a foray into the hospitality sector, with an investment of ₹ two billion in the first phase over the next couple of years. By 2020, it plans to open 20 business class hotels with about 2,000 rooms to be located in close proximity to industrial hubs under the Jakson Inns brand.

Hospitality: Key financial indicators

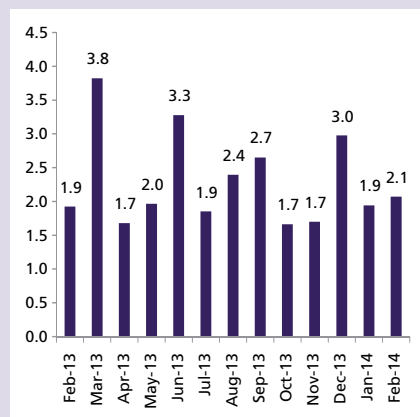
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	25.0	21.0	19.9	25.4	25.9
y-o-y growth	%	5.4	5.3	7.5	5.5	3.5
Net profit	₹ bn	0.9	-0.2	-1.6	-1.4	1.1
y-o-y growth	%	299.5	N.A.	N.A.	N.A.	17.9
Net profit margin	%	3.6	-0.8	-7.6	-5.1	4.1

N.A.: Not applicable (Losses incurred)

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

Source: CMIE

Domestic computer hardware & peripheral production (₹ bn)



Source: CMIE

IT HARDWARE INDUSTRY

Highlights

- The Manufacturers' Association for Information Technology has requested the Government to exempt special additional duty (SAD) on computer components used by IT manufacturers and to have a relook at the implementation of the Compulsory Registration Order.
- Hewlett Packard Company launched its SMB (small and medium business) and enterprise-class inkjet printers in India at a starting price of ₹ 12,000. The enterprise class printers include HP Officejet Enterprise Color MFP X585, HP Officejet Enterprise Color X555 and HP Color LaserJet Enterprise Flow MFP M680 series. The HP LaserJet Pro MFP M126nw and HP LaserJet Pro MFP M128 series would be made available to SMBs.
- Singapore-based Strontium Technology Pte Ltd, a digital storage manufacturing company, launched its new ultra-high speed Nitro Plus series of microSD and SD cards in the Indian market. The Strontium Nitro Plus storage cards are designed to deliver speed of at least 60MB/s read and 40 MB/s write.
- NETGEAR Inc, a US-based manufacturer of networking equipment announced the launch of NETGEAR N150 Wi-Fi DSL Modem Router-Essentials Edition (D500) in India. The new high speed Wi-Fi DSL modem router delivers speeds of up to 150 Mbps and is compatible with all major DSL Internet service providers and Wireless-G networks.

Global News

- D-Link Corporation, the networking solutions provider for small business and medium enterprise IT environments, launched its new 10 Gigabit Ethernet SFP+ Adapter (DXE-810S) at a price of US\$ 339.99, available at its network of channel partners. This low power ethernet network adapter is designed for high-speed PCI Express bus architectures.
- Samsung Corporation launched its new range of high capacity flash drives, based on 3D technology, for the high-end personal computers. The premium solid state drives (SSDs) are based on 2nd generation V-NANA flash memory technology.

IT-hardware: Key financial indicators

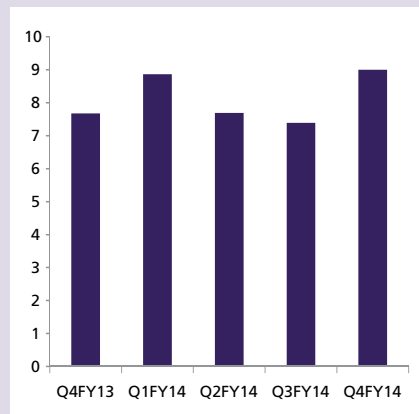
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ mn	4,677.6	4,899.6	4,678.2	5,182.9	4,306.7
y-o-y growth	%	-34.8	-21.7	-23.7	15.0	-7.9
Operating profit	₹ mn	-1,105.0	15.0	-655.9	-1,267.5	-1,329.5
y-o-y growth	%	N.A.	-84.2	N.A.	N.A.	N.A.
Net profit	₹ mn	-1,685.5	-728.2	-1,593.6	-2,270.0	-2,143.4
y-o-y growth	%	N.A.	N.A.	N.A.	N.A.	N.A.
Operating profit margin	%	-23.6	0.3	-14.0	-24.5	-30.9
Net profit margin	%	-33.7	-13.6	-31.9	-41.8	-46.4

N.A.: Not applicable (Losses incurred)

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

Source: CMIE

Net Profit Margins* (%)



*Transport logistics services
Note: Net profit is PAT net of prior period and extraordinary items
Source: CMIE

LOGISTICS & SUPPLY CHAIN INDUSTRY

Highlights

- Logistics service provider Transport Corporation of India plans to invest ₹ 2.5 billion this year to improve its customer services with investments in infrastructure and key account management. It plans to purchase a new ship, trucks, create hubs and warehouses, with an aim to grow its business by 10-15%.
- Logistics service provider DHL Express set up a facility near Sriperumbudur (Tamil Nadu) with a capacity to handle over one lakh shipments a year. This facility would serve Sembarambakkam, Melnalathur, Irungatukottai, Padappai, Gowrivakkam and Mahindra World City and other areas. The company also recently opened a new, enhanced Service Centre facility in Ludhiana, an industrial hub in Punjab, which can handle a volume of over 100,000 shipments a year. Besides serving as DHL's local pick-up, delivery and sorting centre, the new facility will also cater to customer requirements of same-day delivery in Jalandhar, Phagwara, Amritsar, Mandi, Gobindgarh and Moga.

Global News

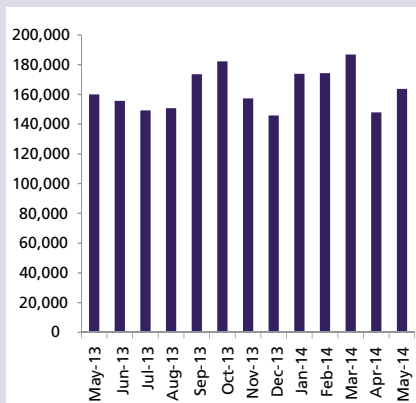
- In line with the planned expansion of its logistics operations in France, Norbert Dentressangle, an international transport, logistics and freight forwarding company, signed an offer to purchase the logistics assets of MGF, a subsidiary of the G7 Group, consisting of nine warehouses in France. The warehouses specialise in logistics services for the retail, FMCG, textile and industrial sectors.
- Third party logistics provider Damco, part of the Maersk Group, and Vietnamese warehouse owner HTM (Construction and Mechanic HTM, JSC) opened a new warehouse in North Vietnam to support key fashion/retail customers whose sourcing patterns are centred there. Damco expects the new warehouse to enable it to play a dual role as a warehousing & distribution hub, as well as a gateway to attract customers who are actively trading to/from South China via this corridor.
- FedEx TechConnect, a subsidiary of FedEx Corporate Services Inc opened a new package laboratory in Memphis, Tennessee, which will serve both big and small customers of FedEx Express, FedEx Ground and FedEx Freight, providing them free package testing and design services.

Logistics & supply chain*: Key financial indicators

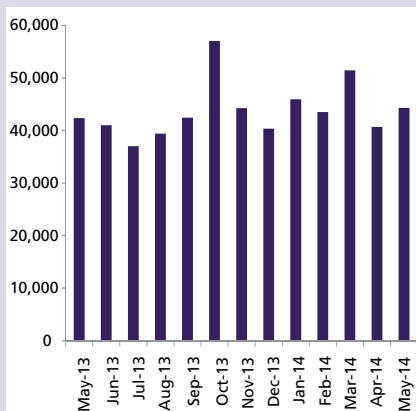
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	31.1	30.3	30.4	30.9	31.1
y-o-y growth	%	2.2	4.3	3.4	3.2	0.1
Net profit	₹ bn	2.5	2.8	2.4	2.4	2.9
y-o-y growth	%	-26.2	-36.2	-32.2	-30.5	17.8
Net profit margin	%	7.7	8.9	7.7	7.4	9.0

*Transport logistics services
Note: Net profit is PAT net of prior period and extraordinary items
Source: CMIE

Passenger cars: Domestic sales (Nos.)



Utility vehicles: Domestic sales (Nos.)



Source for all above charts: CMIE

PASSENGER VEHICLE INDUSTRY

Highlights

- The domestic sales of passenger cars (incl. vans) grew by 2.3% (y-o-y) at 0.16 million units during May. Sales of multi-utility vehicles (MUVs) also rose by 4.6% at 44,267 units. Exports of passenger cars (incl. vans) declined by 9.0% (y-o-y) at 41,650 units.
- In its pre-budget expectations, the Federation of Automobile Dealers Association requested the Government to retain the cut in excise duty on passenger vehicles that was announced in the interim budget. Besides, it also expects an increase in the depreciation allowance on passenger vehicles across segments to 33%.
- Recognising India as one of the fastest growing markets, US-based automobile manufacturer Ford Motor Company announced plans to make the country its export hub. The company exports to more than 50 countries from India, wherein it has two manufacturing plants.
- With an aim to augment its sales by about 50% to two lakh units in FY15, Japanese automobile manufacturer Honda Motor Company intends to increase output from its Tapukara plant in India by commencing a second production shift during the next 7-8 months.
- Seeing improved optimism in the Indian automotive market post elections, Mercedes-Benz India announced plans to double its plant capacity in India to 20,000 units per annum.
- With a view to regain market share in the small car segment, Tata Motors Ltd plans to introduce a new small car, code-named Kite, in 2015 to compete with brands such as Maruti Celerio and Ford's new Figo.
- Mercedes-Benz India launched its locally manufactured diesel variant of luxury sedan S Class 350 at a price of ₹ 1.07 crore (ex-showroom Maharashtra).
- Jaguar Land Rover, a part of Tata Motors Ltd, launched its locally made Jaguar XJ 3.0L at a starting price of ₹ 92.1 lakh (ex-showroom Mumbai).

Passenger vehicle sales (Nos)

Segments	May-13	May-14	y-o-y growth (%)	Apr-May FY14	Apr-May FY15	y-o-y growth (%)
Micro	1,014	1,001	-1.3	1,962	2,028	3.4
Mini & Compact	105,292	110,407	4.9	215,108	211,433	-1.7
Super Compact and Mid Size	35,671	35,301	-1.0	73,949	67,337	-8.9
Executive	1,770	1,705	-3.7	3,276	2,888	-11.8
Premium	385	162	-57.9	574	323	-43.7
Luxury, Coupe Roadster & Exotics	0	0	-	1	0	-100.0
Vans	15,891	15,109	-4.9	32,925	27,537	-16.4
Passenger cars	160,023	163,685	2.3	327,795	311,546	-5.0
Multi-utility vehicles	42,335	44,267	4.6	82,905	84,947	2.5
Domestic sales	202,358	207,952	2.8	410,700	396,493	-3.5
Exports	46,293	47,461	2.5	88,454	89,220	0.9
Total sales	248,651	255,413	2.7	499,154	485,713	-2.7

Source: CMIE

RETAIL INDUSTRY

Highlights

- E-commerce company Flipkart acquired online fashion retailer Myntra. Myntra would continue to operate as an independent entity. The company also plans to open physical stores across India in the next year to boost its private labels.
- UK-based apparel chain Marks & Spencer plans to open 60 more stores in India by 2016, with an aim to enhance its position in the domestic retail market.
- Spencer's Retail of RP-Sanjiv Goenka Group tied up with Bengaluru-based QwikSilver Solutions, a leading provider of Gift Card and other Stored Value Solutions for pre-paid gift cards.
- Online retailer Snapdeal plans to invest ₹ 3.5 billion this fiscal to expand its supply chain infrastructure and set up 40 fulfillment centres across 15 cities to deliver products in two hours from the time of placing an order.
- French sports retailer Decathlon plans to open 60 outlets in India over the next five years.
- Italian sportswear major Lotto signed a partnership agreement with Future Brands Ltd, part of the Batra Group, a global player in retail and distribution, to distribute its performance and leisure lines in the UK and Ireland.

Retail: Key financial indicators

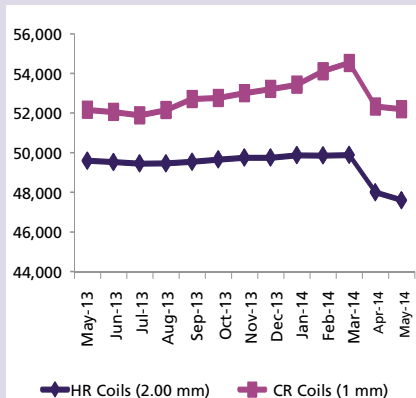
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ mn	24,822.2	16,794.7	20,952.0	39,175.7	40,336.4
y-o-y growth	%	10.9	-23.8	-25.5	34.0	62.5
Net profit	₹ mn	-544.1	-597.3	-474.8	387.4	-452.6
y-o-y growth	%	N.A.	N.A.	N.A.	11.0	N.A.
PAT margin	%	-2.2	-3.5	-2.2	1.0	-1.1

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

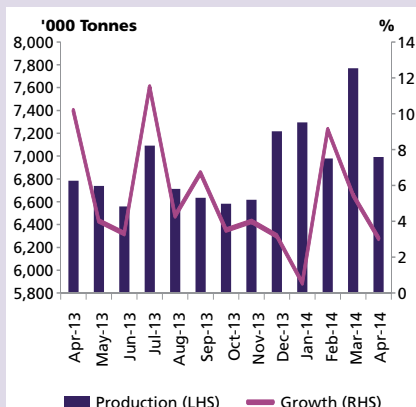
N.A.: Not applicable (losses incurred)

Source: CMIE

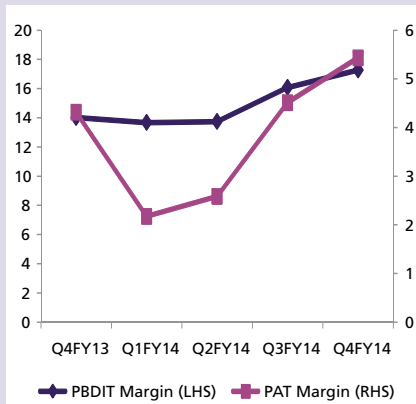
Trend in HRC and CRC prices-Mumbai (₹/tonne)



Finished steel consumption



Steel industry: Profit margins (%)



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

Source for all above charts: CMIE

STEEL INDUSTRY

Highlights

- Steel Authority of India Ltd (SAIL) plans to increase its production capacity to 19.5 MT by end-September and to 23.5 MT in the next fiscal with the undertaken modernisation and expansion activities. With an aim to increase its total capacity to 50 MTPA by 2025, SAIL also plans to increase the Rourkela Plant's capacity in the next phase to 10.8 MTPA.
- NMDC Ltd, a state-owned iron ore mining company, increased the price of lump ore by ₹ 300 per tonne to ₹ 4,600 per tonne during June-14. The prices of fines or lower grade iron ore were also increased by ₹ 250 per tonne to ₹ 3,160 a tonne.
- The Delhi Pollution Control Committee (DPCC) issued a closure notice to 112 stainless steel pickling units in Wazirpur Industrial area of Delhi for discharging untreated waste water into the sewers, roads and storm water drains.

Steel: Key financial indicators

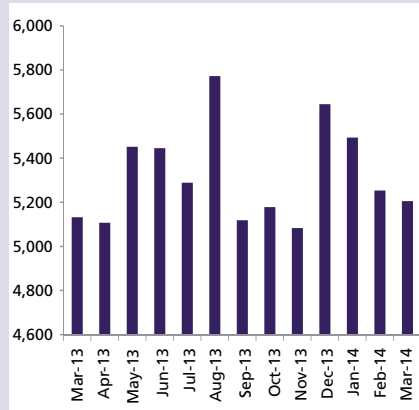
Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	493.5	422.0	458.1	473.1	523.4
y-o-y growth	%	-2.2	-8.7	1.6	6.5	6.1
Operating profit	₹ bn	69.2	57.7	62.9	76.0	90.4
y-o-y growth	%	-17.4	-13.3	-4.1	29.0	30.7
Net profit	₹ bn	21.7	9.3	12.0	21.7	28.7
y-o-y growth	%	-38.7	-63.3	-50.9	101.3	32.1
Operating profit margin	%	14.01	13.67	13.74	16.07	17.27
Net profit margin	%	4.31	2.17	2.58	4.51	5.43

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

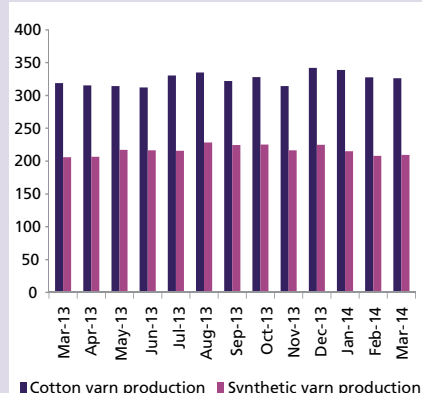
Net profit: PAT net of P&E

Source: CMIE

Fabrics production (Million sq. metres)



Cotton and Synthetic yarn production ('000 tonnes)



Source for all above charts: CMIE

TEXTILE & GARMENT INDUSTRY

Highlights

- In its pre-budget memorandum, the Tirupur Exporters Association (TEA) has made the following recommendations:
 - Reduction in the customs duty on import of synthetic/blended and speciality cotton fabric
 - Exemption of the service tax levied on ECGC premium
 - Withdrawal of the excise duty levied on manmade fibre
 - Introduction of Goods and Services Tax.
- According to the Apparel Export Promotion Council (AEPC), apparel exports grew by 25% (y-o-y) to US\$ 1.49 billion during May 2014.
- According to the Clothing Manufacturers' Association of India (CMAI), the total apparel exports from India stood at US\$ 15 billion during FY14. The CMAI expects apparel exports to grow at 15% to US\$ 17 billion in FY15.
- With an investment of up to ₹ 1.4 billion, Ahujasons Shawl Wale Ltd plans to expand its retail presence in India and overseas. It intends to set up 12 showrooms in India and six in the overseas markets over the next five years.
- The Bombay Dyeing & Manufacturing Co Ltd, a leading textiles manufacturer, announced its plans to set up 50 new stores during FY15. With the focus on attracting young customers, these stores would feature contemporary design and product specific displays.

Textiles & Garments: Key financial indicators

Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	390.9	349.1	387.1	385.1	397.5
y-o-y growth	%	11.7	6.2	9.9	8.8	1.7
Operating profit	₹ bn	46.4	39.4	47.8	42.7	37.7
y-o-y growth	%	18.2	0.4	4.2	-5.8	-18.8
Net profit	₹ bn	6.7	-1.8	5.5	2.9	2.0
y-o-y growth	%	-1.5	N.A.	-50.9	-58.0	-69.7
Operating profit margin	%	11.9	11.3	12.4	11.1	9.5
Net profit margin	%	1.7	-0.5	1.4	0.8	0.5

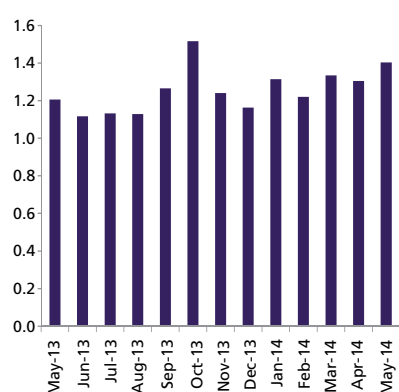
N.A.: Not applicable (Losses incurred)

Note: Operating profit: PBDIT net of prior period and extraordinary items (P&E) & other income;

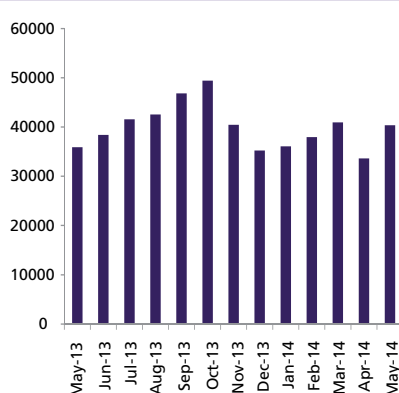
Net profit: PAT net of P&E

Source: CMIE

Two-wheeler: Domestic sales (Million)



Three-wheeler: Domestic sales (Nos.)



Source for above charts: CMIE

TWO-WHEELER AND THREE-WHEELER INDUSTRY

Highlights

- In May, domestic sales of two-wheelers recorded robust growth of 16.3% at 1.4 million units, the highest sales in the last seven months. Sales of motorcycles, which accounted for 70.2% of domestic two-wheeler sales in May, grew by 11.7% (y-o-y).
- During April-May FY15, domestic sales of two-wheelers recorded growth of 14% at 2.7 million units. Exports of two-wheelers recorded sharp growth of 34% at 0.4 million units during April-May FY15.
- The Society of Indian Automobile Manufacturers (SIAM) has expressed concerns that a weak monsoon could have a negative impact on the automobile sector, particularly two-wheelers and small cars, which depend significantly on demand from rural areas.
- After selling 37.21 lakh units during 2013-14, two-wheeler major Honda Motorcycle & Scooter India aims to sell 45 lakh units in 2014-15.
- Two wheeler major Hero MotoCorp plans to enter the Brazilian market by 2016. It is developing some engines specifically for this market. The company also intends to begin work on its manufacturing facility in Columbia in the next two months, where it is investing US\$ 70 million.
- TVS Motor Company launched all new 110cc consumer motorcycle StaR City+, priced at ₹ 41,500 and above (ex-showroom, Delhi). The company also launched the new TVS WEGO, a 110cc scooter, priced at ₹ 46,410 (Delhi).
- In May, domestic sales of three-wheelers grew by 12.4% at 40,369 units. While sales of passenger carriers rose by 14.3% at 32,948 units, sales of goods carriers grew by 4.9% at 7,421 units.

Two Wheelers & Three Wheelers

Segments	May-14		Apr-May FY15	
	Vol (Nos)	y-o-y growth (%)	Vol (Nos)	y-o-y growth (%)
Domestic Sales				
Two wheelers	1,402,830	16.3	2,707,378	14.0
Three wheelers	40,369	12.4	73,971	5.3
Exports				
Two wheelers	213,021	43.8	410,464	33.9
Three wheelers	30,039	19.0	57,212	-5.4

Source: CMIE

Two & three wheelers: Key financial indicators

Parameters	Units	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Net sales	₹ bn	132.1	133.9	135.7	148.5	144.6
y-o-y growth	%	3.6	-0.1	10.0	6.6	9.4
Operating profit	₹ bn	17.5	19.8	21.8	21.8	20.9
y-o-y growth	%	-11.3	1.2	22.4	12.4	19.0
Net profit	₹ bn	13.9	13.7	14.3	15.7	15.2
y-o-y growth	%	-4.6	-2.4	15.3	13.9	9.4
Operating profit margin	%	13.3	14.8	16.1	14.7	14.4
Net profit margin	%	10.2	10.0	10.4	10.3	10.3

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

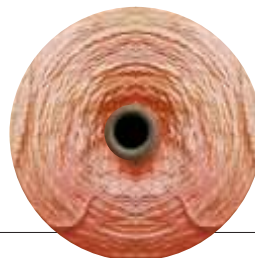
Source: CMIE

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

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

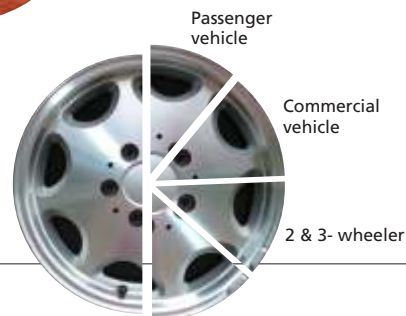
D&B's IRS also provides independent business environment analysis with focus on macroeconomic and business forecasting, and works closely with the clients towards meeting their strategic & business requirements.

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

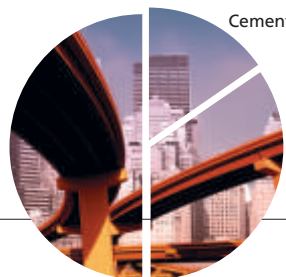


Textiles & Garments

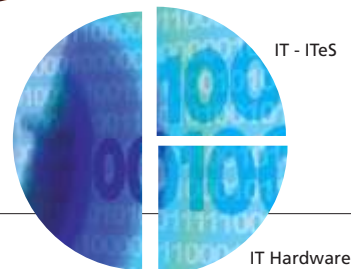
Textiles



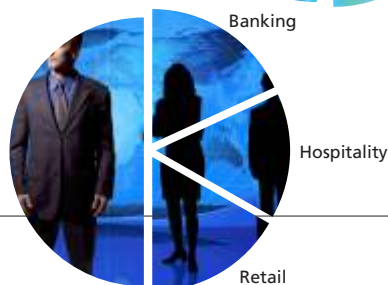
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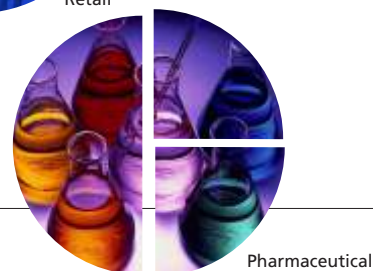
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Infotech



Services



Chemical



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