



at 10-qtr low Net Profit Declines 13%

On the sectoral front, investment and capital expenditure-linked sectors, such as capital goods, construction, steel and cement, continue to show either de-growth or low growth, mainly because of a slowdown in the economic cycle. The construction sector showed a revenue growth of 5%, while for the capital goods sector witnessed a de-growth of 3% due to slow project execution, order inflows, delays in clearingances and acquisition. Net profits in construction companies have fallen by 6%, led by 21% increase in interest costs.

The analysis, however, finds some silver lining in sectors like IT and pharma (including Ranbaxy which has specific issues), FMCG, telecom, media and real estate.

Most companies from these sectors have seen a steady growth in revenues and EBITDA. For example, revenues for the IT services sector grew at a healthy 18.3% y-o-y even though dollar revenues grew by only 10-11%. Growth was largely driven by volumes as billing rates remained under pressure, the Crisil Research analysis showed. The FMCG sector, which has been leading the pack showing healthy growth over the last few quarters, again reported a revenue growth of 15% y-o-y, coming mainly from an equal mix of volume and price growth. However, for these companies EBITDA margins have been flat as the benefit of declining input prices was offset by higher advertising spends.

may sell Scottish Invergordon

Sale Will Help Diageo Deal



malt distilleries and owners of vaunted single malts.

Drinks industry analysts have argued that Diageo might start divesting Whyte & Mackay brands, which are not strategic to the long-term interests of the world's largest drinks company. Still, Dal-

Honda opens plant in Kolar for 2-wheelers

Auto And Ancillary Facility To Employ 8,500 People

TIMES NEWS NETWORK

Bangalore: Honda Motorcycle & Scooter India (HMSI), a wholly-owned subsidiary of Honda Motor Company, Japan, has opened its third manufacturing facility in the country at Narsapura Industrial Area in the Kolar district of Karnataka, at an investment of Rs 1,350 crore.

This is the company's first manufacturing facility in the south, and for Bangalore this is the second Japanese auto manufacturer to open shop, the first being Toyota in the late 1990s.

Seventeen vendor partners of HMSI have invested an additional Rs 1,700 crore in the Narsapura Industrial Area. The total job creation between the vendors and the manufacturing facility is expected to be 8,500. HMSI's facility has the capacity to produce 12 lakh units per annum, which the company will ramp up to 18 lakh units by the end of this calendar year. Initially, the facility will manufacture two of the company's popular brands -- Dream Yuga and Activa. Production of the Dream Yuga will commence in June followed by the Activa.

Through this third facility HMSI increases its annual production capacity in India by 64% to 46 lakh units per annum. The company's two oth-



RIDING IN

- ▶ Mass production of Dream Yuga, in the 100-110 cc motorcycle segment, will commence in June at the Kolar facility
- ▶ This will be followed by production of Activa
- ▶ Bangalore has the highest market demand for two-wheelers among all cities in India, says Honda
- ▶ Government spending Rs 190 crore in getting 60 million litres of water to the three industrial clusters of Narsapura, Malur, and Vemgal in Kolar district by June next year.

er manufacturing units -- at Manesar in Haryana and Tapukara in Rajasthan -- have a combined production capacity of 28 lakh units.

In the fiscal year ended March, the company sold 27.55 lakh units, a 31% growth over the previous year. The overall industry reported growth of just 2.4%. Keita Muramatsu, president & CEO of HMSI, said that with the third facility, the company would touch a sales figure of 39.3 lakh units at the end of the ongoing fiscal, a 41% growth.

"The expanded production capacity will be supported by aggressive growth in the sales network to 2,500 outlets and rapid new product introductions as we aim for market

leadership," added Muramatsu. Earlier this year HMSI overtook Bajaj Auto to become the second largest two-wheeler manufacturer by volume in India. Hero MotoCorp is the largest.

"In the current fiscal year, Honda's global two-wheeler sales growth is expected to increase more than the previous years and is headed to new heights because of its operations in India," said Yoshiyuki Matsumoto, managing officer, Honda Motor Co. He added that India was one of the most important markets for Honda's overall business.

Matsumoto said that out of the total 4,500 jobs at the new facility, nearly 90% were being offered to local youth.