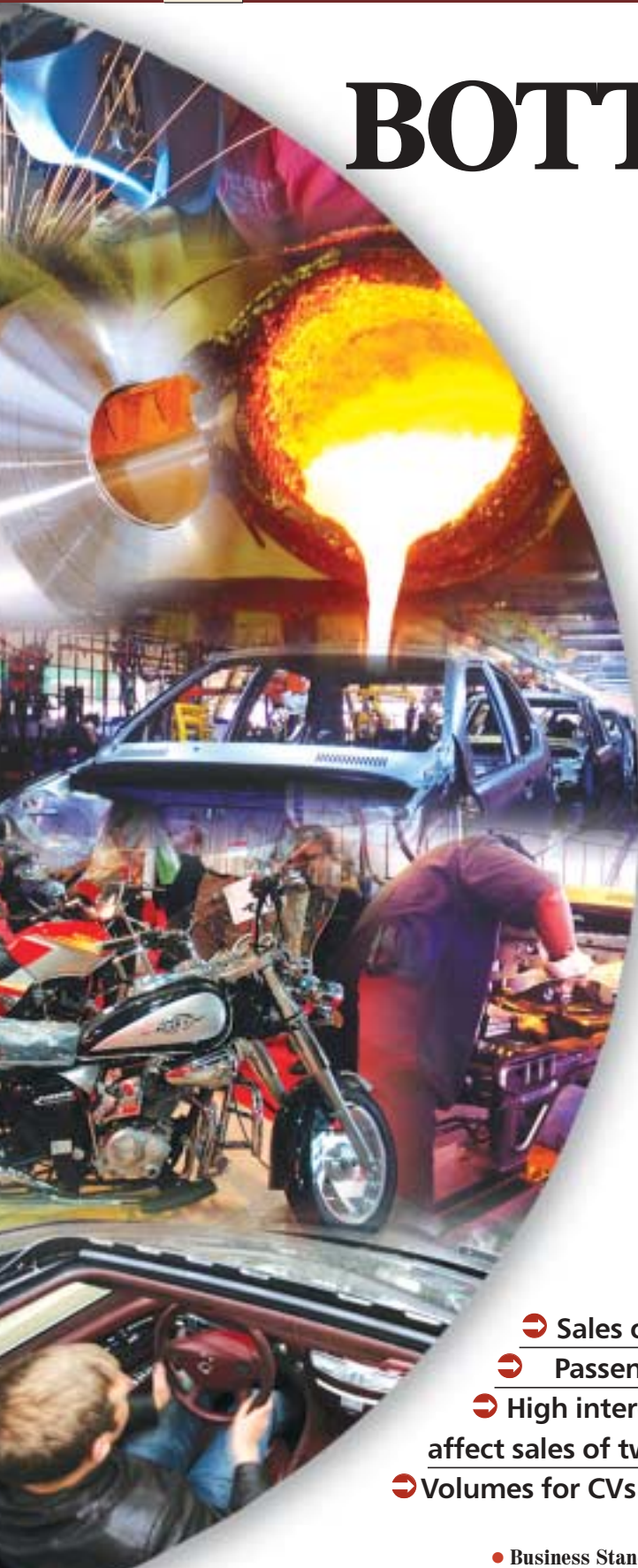


BOTTOM LINE BLUES



INDIA INC: SALES UP, PROFITS DOWN

	Dec '07*	%chg#	Dec '08*	%chg ^
Net sales	15,50,366	15.09	19,79,957	27.71
Operating profit	2,94,906	22.97	2,75,600	-6.55
OPM(%)	19	-	14	-
Other income	45,420	11.45	63,465	39.73
Interest	27,418	20.71	45,568	66.20
Depreciation	51,846	12.47	62,122	19.82
Net profit	1,59,926	26.22	1,22,560	-23.36

*Trailing nine months ended December (Figures in Rs crore)

#Change over Dec, 2006, ^ Change over Dec, 2007

Sample: 2,240 cos (excluding banks & NBFCs)

- ➔ Sales growth up significantly driven by better volumes and higher prices
- ➔ High raw material and other costs keep operating margins under pressure
- ➔ Interest costs soar in a credit-scarce environment while profits wilt

AUTOMOBILES

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
Tata Motors	19,981	18,766	-6.1	1,493	410	-72.5
Maruti Suzuki	13,433	14,420	7.3	1,433	975	-31.9
Hero Honda	7,565	8,934	18.1	669	880	31.4
M&M	8,382	8,868	5.8	882	387	-56.1
Ashok Leyland	5,167	4,751	-8.1	289	137	-52.7
TVS Motor	2,521	2,827	12.2	25	16	-34.9

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Sales of commercial vehicles down sharply
- ➔ Passenger car volumes weak
- ➔ High interest rates and lack of financing schemes affect sales of two-wheelers
- ➔ Volumes for CVs unlikely to pick up in the near term



CEMENT

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
Grasim Ind	12,376	13,578	9.7	2,011	1,618	-19.5
ACC	5,285	5,477	3.6	1,058	847	-20.0
Ambuja Cements	4,253	4,627	8.8	1,203	1,076	-10.5
UltraTech Cement	3,908	4,523	15.7	725	668	-7.9
India Cements	2,576	2,927	15.4	533	338	-36.5
Shree Cement	1,447	1,909	31.9	258	342	32.6
Madras Cements	1,477	1,888	27.9	332	290	-12.6

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Volumes reasonably strong in most markets across the country
- ➔ Prices fairly stable, except in some pockets
- ➔ Huge capacity addition likely to add to supply
- ➔ Demand from the real estate sector could stay weak
- ➔ Infrastructure demand could absorb some capacity

REAL ESTATE

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
DLF	9,922	8,922	-10.1	5,679	4,470	-21.3
Unitech	3,021	2,504	-17.1	1,302	918	-29.4
HDIL	1,405	1,361	-3.1	702	768	9.4
Sobha Developers	954	820	-14.0	158	102	-35.2
Omaxe	1,713	735	-57.1	388	83	-78.6
Parsvnath Develop	1,269	681	-46.4	317	101	-68.1

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Higher interest rates and the slowing economy could mean weak demand
- ➔ Property prices expected to fall further
- ➔ Delay in projects expected due to scarce liquidity
- ➔ High debt levels of companies cause for concern



PHARMACEUTICALS

	Net sales*			Net profit/loss*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
Dr Reddy's Labs	3,622	4,862	34.2	360	338	-6.3
Cipla	2,925	3,737	27.8	521	515	-1.2
Ranbaxy Labs	3,086	3,376	9.4	508	-1,136	-
Sun Pharma	2,099	3,138	49.5	808	1,472	82.1
Lupin	1,956	2,732	39.7	312	344	10.2
Aurobindo Pharma	1,730	2,116	22.3	168	20	-88.2
Glenmark Pharma	1,406	1,602	14.0	412	314	-23.8

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Top line growth fairly robust for most companies
- ➔ Forex losses on account of currency movements impact bottom line
- ➔ Stringent regulations in overseas markets, especially the US FDA, could delay launches
- ➔ New launches and exclusive selling periods to boost numbers

INFORMATION TECHNOLOGY

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
TCS	16,569	20,641	24.6	3,781	3,924	3.8
Wipro	14,328	19,135	33.6	2,403	2,890	20.2
Infosys Techno	12,150	16,058	32.2	3,410	4,375	28.3
HCL Techno	3,173	3,588	13.1	922	638	-30.8
Tech Mahindra	2,744	3,413	24.4	551	784	42.2

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ IT spends by companies could fall due to the global financial crisis
- ➔ Forex losses may impact bottom line
- ➔ Both volumes and pricing to be under pressure
- ➔ Rupee depreciation is the silver lining



TELECOMMUNICATIONS

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
Bharti Airtel	19,149	27,097	41.5	4,496	5,811	29.2
Reliance Comm	13,577	16,437	21.1	3,898	4,453	14.2
Idea Cellular	4,748	7,201	51.7	766	627	-18.2
MTNL	3,572	3,452	-3.4	287	262	-8.7

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Subscriber growth continues to be strong
- ➔ ARPUs trending downwards
- ➔ Minutes of usage (MoU) not increasing as expected
- ➔ Emerging competition will keep the pressure on ARPUs

ENGINEERING

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
Larsen & Toubro	16,397	23,208	41.5	1,207	2,483	105.8
Crompton Greaves	4,812	6,277	30.5	264	366	38.9
Thermax	2,282	2,316	1.5	200	193	-3.6
Cummins	1,661	2,246	35.3	205	315	53.8
Bharat Electronics	1,777	1,835	3.3	262	249	-5.0
BEML	1,491	1,535	3.0	107	97	-9.6
Alstom Projects	1,036	1,483	43.1	72	109	51.5

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Order inflows slowing down
- ➔ Delays in execution on the part of clients
- ➔ Infrastructure and power sectors may continue to spend
- ➔ Lower raw material costs should help margins
- ➔ Cuts in interest rates should help lower expenses on working capital



FMCG

	Net sales*			Net profit*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
HUL	10,533	12,551	19.2	1,533	1,720	12.3
ITC	10,013	11,496	14.8	2,384	2,455	2.9
Ruchi Soya Inds	7,519	8,342	10.9	120	88	-26.2
Tata Tea	3,193	3,632	13.7	1,417	690	-51.4
Britannia Inds	1,892	2,350	24.2	130	140	7.5
Dabur India	1,755	2,074	18.2	253	287	13.3
Marico	1,439	1,827	27.0	128	144	12.5
Colgate Palmolive	1,082	1,239	14.5	176	213	21.1
Godrej Consumer	833	1,050	26.1	119	114	-4.1

*Trailing nine months ended December

(Figure in Rs crore)

- ➔ Volumes fairly strong for most players
- ➔ Realisations good in the wake of price hikes
- ➔ Rural purchasing power should help demand stay intact
- ➔ Lower raw material prices should help companies sustain margins

OIL & GAS

	Net sales*			Net profit/loss*		
	Dec '07	Dec '08	%chg	Dec '07	Dec '08	%chg
IOC	1,73,069	2,45,029	41.6	7,377	-3,673	-
RIL	96,157	1,17,929	22.6	15,546	11,733	-24.5
BPCL	77,968	1,08,733	39.5	1,522	-2,892	-
HPCL	73,752	99,774	35.3	750	-4529	-
ONGC	44,222	49,896	12.8	14,075	13,876	-1.4

*Trailing nine months ended December

(Figures in Rs crore)

- ➔ Falling crude prices to help exploration and production companies
- ➔ Retailers to lose out because of price cuts
- ➔ Lower subsidies to help exploration companies
- ➔ Capacity addition could keep margins subdued for refiners

SOURCE: BS RESEARCH, IMAGING: SHIVAJI DESAI