



## Explanatory Notes to Statements

Ministry of Corporate Affairs (MCA), Government of India, collects corporate sector statistics, i.e., annual balance sheet and profit and loss accounts data of companies through two mutually exclusive system viz., Extensible Business Reporting language (XBRL) and Form 23A/ACA (Non-XBRL) systems. Under 'Form 23AC/ACA' system, data on select variables from annual accounts are submitted by the companies, whereas in XBRL based system, corporate with PUC ₹5 crore and above or turnover ₹100 crore and above or listed companies submit their complete annual accounts.

In order to have a representativeness of the population under study in terms of number of companies as well as paid-up capital (PUC) covered in analysing the performance of non-government non-banking financial and investment companies, aggregate statistics pertaining to Non-government Non-banking Financial and Investment (NGNBF&I) companies was compiled (*including chit fund/kuri and mutual fund companies but excluding insurance and banking companies*) from corporate statistics collected by the MCA (both XBRL and Non-XBRL) and Reserve Bank of India.

(1) Non-government non-banking financial and investment were classified into five major activity groups viz., Share Trading and Investment companies, Loan Finance companies, Asset Finance Companies, Diversified companies, and Miscellaneous based on five digits NIC-2004 code and by thoroughly examining the activities of some companies for which five digits NIC 2004 codes are not available directly but two digits NIC 2004 are within the purview of financial and investment companies. The Diversified Companies are companies (included five digit NIC-2004 codes are 65190, 67100, and 67110) which are involved in the activities of financial consultancy, asset management, etc. While the Miscellaneous companies are companies which are involved in the activities of auxiliary financial intermediation (five digit NIC 2004 codes includes 65999, 67190, 65191) such as financial advisers, mortgage advisers and brokers, foreign exchange services, etc., along with Chit Fund (NIC 2004 code is 65992) and Mutual Fund companies (NIC 2004 code is 65991).

(2) The income from various types of activities of the companies were not available directly in the data received from MCA (both XBRL and Non-XBRL). Therefore, to have overall view on income from various activities within the major activity groups, the income were categorised into income from Interest, Dividend, Net gain/loss in share trading, Hire-purchase financing, Rental lease, etc., according to the nature of activities of the company.

- (3) **Financial Income** comprises income received through fund-based and fee-based operations. Fund-based income are received by way of (a) interest, (b) dividends, (c) net profit/loss in share dealings, (d) net earnings from hire purchase financing, (e) lease rental, and (f) any other income of fund-based nature, whereas, fee-based income are received by way of (a) brokerage (b) merchant banking/underwriting and (c) other income of fee-based nature.
- (4) **Non-Financial Income** comprises of income received mainly by way of (a) rent, (b) sales, and (c) any other income of non-financial in nature.
- (5) **Income** includes non-operating surplus/deficit along with financial and non-financial income but excludes transfers from reserves outstanding at the end of the previous year and amount carried forward at the end of the previous year.
- (6) **Non-operating surplus/deficit** comprises (a) capital gain/losses on account of sale of fixed assets, etc. (b) income/expenditure relating to the previous year and other items which are non-current in nature, (c) exceptional items, (d) extra-ordinary items, and (e) income from discontinued operations.
- (7) **Total expenditure** comprises of expenditure incurred on (a) interest payments, (b) remuneration to employees, (c) bad debts (written off or provided for), (d) other expenses, (e) depreciation provision and (f) other provisions (other than tax and depreciation).
- (8) **Remuneration to employees** comprises (a) salaries, wages and bonus, (b) provident fund and (c) employees' welfare expenses
- (9) **Tax provision** includes tax deducted at source in respect of interest/ dividend received by the companies.
- (10) **Operating profits (EBDT)** is profit earned before accounting for depreciation provision and tax, and non-operating surplus/deficit.
- (11) **Retained profits** comprise transfers to reserves and profit/ loss carried to balance-sheet.
- (12) **Shareholders' fund** comprises (a) Share Capital (b) money received against share warrants and (c) all reserves and surplus.
- (13) **Debt** comprises non-current liabilities, i.e., long term borrowings both secured and unsecured. It included (a) bonds/debentures (b) term loans from banks and borrowings from other financial institutions, government/semi government bodies (c) borrowings from companies and foreign institutional agencies and (d) deferred payment liabilities, (e) public deposits and (f) Other loans and advances.

(14) **Current liabilities** comprise short-term borrowings both secured and unsecured, trade payables, short-term provisions and other liabilities which are current in nature.

(15) **Current assets** consist of (a) cash and cash equivalent, (b) current investment, (c) inventories, (d) trade-receivables, (e) short-term loans and advances and (f) other assets of current nature.

(16) **Internal Sources:** These are own sources comprising paid-up capital (PUC), reserves and surplus, depreciation provision and other provisions.

(17) **External Sources:** These are other than own sources comprising funds raised from capital markets, borrowed funds, trade dues and other current liabilities and miscellaneous non-current liabilities.

Due to rounding off of figures, the constituent items may not add up exactly to the totals.