

Annexure

Explanatory Notes

- Subsequent to revision in Schedule VI of Companies' Act 1956, major changes have taken place in the presentation of the balance sheet and profit and loss statements of the companies' w.e.f. financial year 2011-12. As data for the earlier years are not available in the revised format, data for 2011-12 in the study have been suitably mapped to the pre-revised format to maintain comparability.
- Internal Sources: These are companies' own sources comprising Paid-up capital raised from shareholders (e.g. issue of bonus shares), Capitalised reserves, Retained Profits, Depreciation Provision and other provisions.
- External Sources: These are other than companies' own sources comprising funds raised from capital markets, borrowed funds, trade dues and other current liabilities and miscellaneous non-current liabilities.
- Manufacturing expenses comprise (a) raw materials, components, etc. consumed, (b) stores and spares consumed, (c) power and fuel and (d) other manufacturing expenses.
- 'Raw materials, components, etc., consumed' includes purchase of traded goods in the case of trading companies and consumption of stores and provisions for hotels, restaurants and eating houses.
- 'Other manufacturing expenses' include expenses like construction expenses of construction companies, operating expenses of shipping companies, etc.
- Remuneration to employees comprises (a) salaries, wages and bonus, (b) provident fund and (c) employees' welfare expenses.
- Non-operating surplus/deficit comprises (a) profit/loss on account of (i) sale of fixed assets, investments, etc., and (ii) revaluation/devaluation of foreign currencies, (b) provisions no longer required written back, (c) insurance claims realised and (d) income or expenditure relating to the previous years and such other items of non-current nature.
- Operating expenses is the expenditure excluding depreciation provision and interest expenses.
- EBITDA is earnings before interest, tax, depreciation and amortization. This is derived excluding other income and non-operating surplus/deficit.
- EBIT (Gross profits) is earnings before interest and tax. It takes into account depreciation provision and other income.
- Gross saving is measured as the sum of retained profits and depreciation provision.
- Gross value added comprises (a) net value added and (b) depreciation provision.
- Net value added comprises (a) salaries, wages and bonus, (b) provident fund, (c) employees' welfare expenses, (d) managerial remuneration, (e) rent paid net of rent received, (f) interest

paid net of interest received, (g) tax provision, (h) dividends paid net of dividends received and (i) retained profits net of non-operating surplus/deficit.

- Debt comprises (a) all borrowings from Govt. and semi-Govt. bodies, financial institutions other than banks, and from foreign institutional agencies, (b) borrowings from banks against mortgages and other long term securities, (c) borrowings from companies and others against mortgages and other long term securities, (d) debentures, deferred payment liabilities and public deposits.
- Equity or Net worth comprises (a) paid-up capital, (b) forfeited shares and (c) all reserves and surplus.
- Current assets comprise (a) inventories, (b) loans and advances and other debtor balances, (c) book value of quoted investments, (d) cash and bank balances and (e) advance of income-tax in excess of tax provision.
- Current liabilities comprise (a) short term borrowings from banks, (b) unsecured loans and other short term borrowings from companies and others, (c) trade dues and other current liabilities and (d) tax provision in excess of advance of income-tax and other current provisions.
- Quick assets comprise (a) sundry debtors, (b) book value of quoted investments and (c) cash and bank balances.
- Capital reserves include profits on sale of investments and fixed assets.
- Other reserves include profits retained in the form of various specific reserves and profit/loss carried to balance sheet.
- Debentures include privately placed debentures with financial institutions.
- The growth rates of all the items and data on sources and uses of funds are adjusted for changes due to amalgamation of companies. These are also adjusted for revaluation, etc., wherever necessary.
- Due to rounding off of figures, the constituent items may not add up to the totals.
- Sales are net of 'rebates and discounts' and 'excise duty and cess'.

Industry Clarification

- Construction: Construction activity as per the International Standard Industrial Classification (ISIC) adopted in the System of National Accounts (SNA) covers contract construction by general builders, civil engineering contractors and special trade contractors. In addition to these contractual activities, in India, own account construction is also included for the purpose of estimating domestic product, due to the problem of availability of data separately. Thus construction industry includes companies engaged in all activities connected with site preparation, alteration, addition, repair and maintenance, construction and maintenance of infrastructures (viz. roads, bridges, rail beds etc.) and infrastructure projects, industrial plants and building installations and such other activities.

- Real estate: Real estate activity means (i) developing real estate and (ii) other services in relation to real estate. This includes companies engaged in buying, selling, renting and operating of self-owned or leased real estate (viz. apartment building and dwellings, non-residential buildings etc.), developing and subdividing real estate, developing and sale of land and cemetery lots, operating of apartment hotels and residential mobile home sites etc.