

## Performance of Financial and Investment Companies, 1998-99 (Part 1 of 5)

The present study analyses the performance of non-government financial and investment companies (other than banking, insurance and chit fund companies) for the year 1998-99. The study is based on the audited annual accounts of 727 companies, which closed their accounts during the period April 1998 to March 1999<sup>@</sup>. The companies covered in this study accounted for 23.3 per cent of the total paid-up capital of all non-government financial and investment companies as at the end of March 1999<sup>\$</sup>.

The segment of financial and investment companies in the private corporate sector includes two giant companies, viz., Industrial Credit and Investment Corporation of India (ICICI) and Housing Development Finance Corporation (HDFC). These two companies together accounted for 32.6 per cent of the total paid-up capital, 65.0 per cent of main income and 68.2 per cent of total net assets of the selected 727 companies in 1998-99. Moreover, both these companies are mainly engaged in loan finance activities. The presence of these large-sized companies in the study would exert considerable influence on the various quantitative measures of performance of the remaining companies. In view of such marked skewness in the size structure, the analysis that follows is confined to the remaining 725 companies. However, data on all the selected 727 companies (including ICICI and HDFC) are separately presented in Annexures 1 to 3. In the case of companies which either extended or shortened their accounting year, Income, Expenditure and Appropriation account figures have been annualised. The balance sheet data have been retained as presented in the annual accounts of these companies with the result that the data reported in balance sheets in such cases refer to varying periods. The analysis of the financial performance over the year is subject to these limitations.

### A. Composition of the selected companies

The selected 727 financial and investment companies were classified into major groups, viz., (1) share trading and investment holding, (2) loan finance, (3) hire purchase finance, and (4) leasing companies. A company was placed in one of these major activity groups if more than half of its annual income was derived from that activity consistent with the income yielding assets. In case no single activity was predominant, the company was classified under 'Diversified' group. Companies not fitting into any of these categories were classified as 'Miscellaneous'. The distribution of total number of companies, their paid-up capital, main income and net assets across these activities is presented in [Table 1](#).

### B. Overall performance

The main income of the selected 725 financial and investment companies registered a marginal increase over the year which was much lower than the growth in their expenditure during the period which resulted in their profits registering the steep decline in 1998-99. In consequence, their profit margin (operating profits as percentage of main income) and return on shareholders funds (profits after tax to net worth) declined considerably. There was also a marked increase in the effective tax-rate (tax provision as percentage of pre-tax profits).

**TABLE 1: DISTRIBUTION OF NUMBER OF COMPANIES, THEIR PAID-UP CAPITAL, MAIN INCOME AND NET ASSETS, 1997-98 AND 1998-99**

Activity	Number of companies	Paid-up capital		Main income		Net assets	
		1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
1. Share trading and	302	1480	1629	386	432	5770	7003

(Rs. crore)

investment holding	(41.7)	(39.0)	(39.8)	(8.1)	(8.9)	(18.4)	(21.0)
2. Loan finance	108 (14.9)	700 (18.4)	728 (17.8)	544 (11.4)	625 (12.9)	4166 (13.3)	5662 (17.0)
3. Hire purchase finance	98 (13.5)	594 (15.6)	626 (15.3)	2045 (42.7)	2134 (44.1)	11742 (37.4)	11226 (33.6)
4. Leasing	83 (11.4)	378 (9.9)	380 (9.3)	668 (14.0)	557 (11.5)	3379 (10.8)	3005 (9.0)
5. Diversified	50 (6.9)	331 (8.7)	336 (8.2)	923 (19.3)	868 (18.0)	4908 (15.6)	4853 (14.5)
6. Miscellaneous	84 (11.6)	318 (8.4)	394 (9.6)	218 (4.6)	221 (4.6)	1396 (4.5)	1629 (4.9)
<b>All activities</b>	<b>725</b> <b>(100.0)</b>	<b>3,800</b> <b>(100.0)</b>	<b>4,094</b> <b>(100.0)</b>	<b>4,784</b> <b>(100.0)</b>	<b>4,837</b> <b>(100.0)</b>	<b>31,361</b> <b>(100.0)</b>	<b>33,379</b> <b>(100.0)</b>

Note: Figures in parantheses represent percentage to all activities.

External sources continued to be a major source of finance in the assets formation of the selected financial and investment companies and accounted for nearly two-third of the sources of finance in 1998-99. 'Borrowings' was the major source of funds though its share in total sources came down. Investments in shares and debentures of Indian companies was the major use of funds during the year.

### C. Operational results

The main income of selected financial and investment companies increased by 1.1 per cent in 1998-99. The growth in main income observed during 1997-98 was somewhat sustained in the case of Loan finance and Share trading and investment holding companies in 1998-99 also, where as the Leasing and Diversified companies registered negative growth. On the other hand, the growth in total expenditure of all companies increased by 7.7 per cent. In the previous year, the expenditure growth was nearly double (14.9 per cent) but this was more than offset by growth in main income at 18.2 per cent. Interest payments during 1998-99 increased by 1.6 per cent and constituted 46.9 per cent of total expenditure. Employees' remuneration increased by 7.8 per cent as against an increase of 21.8 per cent in the previous year. There was a steep increase of 163.7 per cent in provisions for bad debts in 1998-99 as against an increase of 15.1 per cent in 1997-98. This needs to be viewed in the context of the prudential norms prescribed for non-banking financial companies. There was a sharp decline in operating profits, pre-tax profits and post-tax profits in 1998-99. The profit margin and return on equity of the selected companies declined from 13.7 per cent and 5.2 per cent in 1997-98 to 5.0 per cent and 0.6 per cent, respectively, in 1998-99. The effective tax rate increased from 33.1 per cent in 1997-98 to 82.6 per cent in 1998-99.

It may be observed from the activity-wise performance of the selected companies that main income of share trading and investment holding, loan finance and hire purchase finance companies increased in 1998-99. Post-tax profits of all activities declined by nearly 89 per cent and barring the share trading and investment companies, all other activities registered dismal performance on this front. Leasing companies registered net operating losses in 1998-99. The profit margin as well as return on networth for all activity groups were generally lower in 1998-99 than those in 1997-98. However, in respect of share trading and investment holding companies,

the return on net worth increased fractionally from 0.1 percent in 1997-98 to 0.6 per cent in 1998-99. The dividend rate (dividends to total paid-up capital) was the highest for hire purchase finance companies in 1997-98 and 1998-99 (13.5 per cent and 9.5 per cent, respectively).

**TABLE 2: GROWTH RATES OF MAIN INCOME, OPERATING PROFITS AND PROFITS AFTER TAX OF THE SELECTED FINANCIAL AND INVESTMENT COMPANIES, 1997-98 AND 1998-99**

Activity	(Per cent)					
	Main income		Operating Profits		Profits after tax	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
1. Share trading and Investment holding	13.5	11.9	#	-17.1	#	#
2. Loan finance	35.8	15.0	200.9	-49.1	#	-55.7
3. Hire purchase finance	20.8	4.4	-6.9	-33.3	-14.0	-50.6
4. Leasing	10.0	-16.7	-91.9	\$	\$	&
5. Diversified	14.8	-5.9	19.0	-66.1	7.0	-92.2
<b>All activities</b>	<b>18.2</b>	<b>1.1</b>	<b>13.7</b>	<b>-63.1</b>	<b>8.9</b>	<b>-88.9</b>

# Denominator is negative, nil or negligible.

\$ Numerator is negative, nil or negligible.

& Numerator and Denominator are negative, nil or negligible.

**TABLE 3: PROFIT MARGIN, EFFECTIVE TAX RATE, RETURN ON NET WORTH AND DIVIDEND RATE OF THE SELECTED FINANCIAL AND INVESTMENT COMPANIES, 1997-98 AND 1998-99**

Activity	(Per cent)							
	Profit margin		Effective tax rate		Return on net worth		Dividend rate	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
1. Share trading and investment holding	8.2	6.1	93.1	67.8	0.1	0.6	3.2	3.8
2. Loan finance	30.9	13.7	19.3	29.7	7.4	3.3	5.4	5.6
3. Hire purchase finance	14.7	9.4	27.9	45.5	11.2	5.3	13.5	9.5
4. Leasing	1.0	\$	#	#	\$	\$	5.5	2.3
5. Diversified	13.4	4.8	30.5	86.2	8.7	0.7	12.6	6.9
<b>All activities</b>	<b>13.7</b>	<b>5.0</b>	<b>33.1</b>	<b>82.6</b>	<b>5.2</b>	<b>0.6</b>	<b>6.2</b>	<b>5.1</b>

See footnote on Table 2.

#### **D. Pattern of financing and capital structure**

##### **Financing pattern**

The selected companies had raised only Rs. 2,555 crore in 1998-99 as against Rs. 4,330 crore raised in 1997-98 (Statement 5). The pattern of financing in 1998-99 was observed to be at variance with that of the previous year. The share of external sources of funds declined from

82.6 per cent in 1997-98 to 66.9 per cent in 1998-99 which was mainly the outcome of there payment of public deposits. The contribution of the various items in the total sources of financing of the selected companies is given in [Table 4](#). Borrowings was the major sources of financing in the case of share trading and investment holding companies and loan finance companies.

**TABLE 4: FINANCING PATTERN OF SELECTED FINANCIAL AND INVESTMENT COMPANIES, 1997-98 AND 1998-99**

Sources of funds	(Per cent)	
	All activities	
	1997-98	1998-99
<b>Internal sources</b>	<b>17.4</b>	<b>33.1</b>
a) Paid-up capital*	0.3	-
b) Reserves and surplus	3.1	-1.9
c) Provisions	14.0	34.9
<b>External sources</b>	<b>82.6</b>	<b>66.9</b>
d) Paid-up capital \$	7.2	13.1
e) Borrowings	56.5	38.3
f) Trade dues and other current liabilities	18.7	15.5
g) Others	0.1	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\* Represents the paid-up capital raised by the companies by capitalising their reserves through the issuance of bonus shares.

\$ Represents the equity raised by the companies through issuance of equity shares.

### Capital structure

The total liabilities (unadjusted) of the selected companies increased by 6.4 per cent to Rs. 33,379 crore in 1998-99 ([Statement 4](#)). Borrowings continued to be the single major component, constituting more than half of the total liabilities. The composition of total liabilities of the selected companies is given in [Table 5](#).

In the case of Loan finance companies, the proportion of 'Share capital' and 'Reserves and surplus' in total liabilities reduced from 16.8 per cent and 26.1 per cent in 1997-98 to 12.9 per cent and 19.0 per cent, respectively in 1998-99. The share of 'Borrowings' increased from 50.6 per cent to 62.4 per cent. The share of 'Trade dues and other current liabilities' declined in respect of Share trading and investment holding companies and Loan finance companies where as this increased for the remaining companies.

### E. Uses of funds and assets structure

**Uses of funds**  
The total figures indicate that the selected companies had deployed a substantial portion of the

funds raised by them in 1998-99 in investments in shares and debentures of Indian companies ([Statement 5](#)). The item 'Investments' constituted a major use of funds comprising 44.5 per cent of total uses of funds. Fixed assets formation accounted for 11.8 per cent of total uses of funds. The total receivables reduced from Rs.1,973 crore in 1997-98 to Rs.462 crore in 1998-99 mainly due to the decline in loans and advances against hire-purchase. Across the activity-groups, it is observed that the pattern of deployment of funds by the selected companies was somewhat influenced by the major activity carried on by them. The composition of total uses of funds available to the selected companies is given in [Table 6](#).

**TABLE 5: CAPITAL STRUCTURE OF THE SELECTION FINANCIAL AND INVESTMENT COMPANIES, 1997-98 AND 1998-99**

(Rs. Crore)

Capital and liabilities	Share trading and investment holding		Loan finance		Hire purchase finance		Leasing		Diversified		All activities	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
a) Share capital	25.7	23.3	16.8	12.9	5.1	5.6	11.2	12.7	6.7	6.9	12.1	12.3
b) Reserves and surplus	10.8	11.3	26.1	19.0	12.3	13.4	14.5	8.9	15.2	15.0	15.1	14.2
c) Borrowings	49.2	51.1	50.6	62.4	63.9	59.4	55.5	53.9	60.2	58.2	56.3	55.8
d) Trade dues and other current liabilities	13.0	12.2	4.7	3.6	17.6	19.6	17.0	19.6	15.6	16.7	14.9	15.2
e) Other liabilities	1.3	2.1	1.8	2.2	1.2	2.0	1.8	4.9	2.2	3.2	1.6	2.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Assets structure

The assets structure of the selected companies in 1998-99 remained almost similar that of the previous year ([Statement 4](#)). The composition of assets in 1997-98 and 1998-99 is given in [Table 7](#). Receivables (49.1 per cent), investments (25.3 per cent) and net fixed assets (15.8 per cent) remained the major constituents of total assets of all selected companies in 1998-99. Activity-wise, the assets structure of the selected financial and investment companies was in tune with the major activity undertaken by them. However, for leasing companies, receivables accounted for a significant proportion (48.0 per cent) of the total assets.

**TABLE 6: PATTERN OF UTILISATION OF FUNDS BY THE SELECTED FINANCIAL AND INVESTMENT COMPANIES, 1997-98 AND 1998-99**

(Per cent)

Uses of funds	All activities	
	1997-98	1998-99
a) Cash and bank balances	1.8	-2.0
b) Investments	39.5	44.5
c) Receivables	45.6	18.1
d) Inventories	-7.5	28.6
e) Gross fixed assets	20.5	11.8

	<i>Of which,</i>		
	<i>Leased assets</i>	13.1	2.0
f)	Others	0.2	-1.0
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**TABLE 7: ASSETS STRUCTURE OF THE SELECTED FINANCIAL AND INVESTMENT COMPANIES, 1997-98 AND 1998-99**

(Per cent)

Assets	Share trading and investment holding		Loan finance		Hire purchase finance		Leasing		Diversified		All activities	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
	a) Cash and bank balances	1.3	1.4	1.5	0.9	2.5	2.1	2.9	2.4	2.8	2.1	2.4
b) Investments	67.5	67.3	29.9	27.0	6.8	7.2	9.6	10.5	12.4	14.8	23.3	25.3
c) Receivables	22.1	23.8	30.7	33.3	71.1	69.9	46.9	48.0	58.4	58.0	50.8	49.1
d) Inventories	6.4	5.5	18.7	22.8	0.5	1.9	1.9	2.2	1.2	0.3	4.6	6.5
e) Net fixed assets	1.4	1.2	17.4	14.3	18.2	18.0	37.0	35.9	24.3	23.6	17.7	15.8
f) Other assets	1.2	0.8	1.8	1.8	0.9	0.9	1.7	1.0	0.9	1.2	1.3	1.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Prepared in the Company Finances Division of Department of Statistical Analysis and Computer Services.

@ Reference may be made to the April 2000 issue of the Reserve Bank of India Bulletin for the study which covered the financial performance of 697 non-government financial and investment companies during 1997-98. In the present study, 253 new companies have been covered in addition to the 474 companies common with the previous study.

\$ Based on provisional data relating to year ended March 1999 supplied by Department of Company Affairs, Government of India.

**STATEMENT 1: ANNUAL GROWTH RATES OF SELECTED ITEMS - SELECTED FINANCIAL AND INVESTMENT COMPANIES - ACTIVITY-WISE, 1997-98 AND 1998-99**

(Per cent)

ITEM	ALL ACTIVITIES		SHARE TRADING AND INVESTMENT HOLDINGS	
	(725)		(302)	
	1997-98	1998-99	1997-98	1998-99
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1. Main income	18.2	1.1	13.5	11.9
2. Interest received	26.8	13.7	0.4	13.4
3. Dividend received	-15.7	-4.1	-8.7	4.1

4.	Other income	-9.4	-20.4	-25.4	-24.7
5.	Total expenditure	14.9	7.7	0.4	11.1
6.	Interest payment	13.6	1.6	-6.4	-6.4
7.	Depreciation provision	15.5	-4.5	-21.4	-34.5
8.	Employees' remuneration	21.8	7.8	13.0	7.7
9.	Operating profits	13.7	-63.1	#	-17.1
10.	Non-operating surplus/ deficit	-73.4	#	\$	#
11.	Profits before tax	8.9	-57.1	114.4	78.0
12.	Tax provision	8.9	6.9	-48.0	29.5
13.	Profits after tax	8.9	-88.9	#	#
14.	Dividend paid	-19.5	-12.2	-35.8	31.2
15.	Profits retained	82.0	\$	#	&
16.	Investments @	30.5	15.6	28.2	21.1
17.	Loans and advances @	13.7	1.4	1.9	32.0
18.	Total net assets @	13.8	6.4	11.0	21.4
19.	Borrowings @	16.1	5.5	6.5	25.9
20.	Net worth @	5.8	3.4	5.4	15.2

ITEM	LOAN FINANCE (108)		HIRE PURCHASE FINANCE (98)		
	1997-98	1998-99	1997-98	1998-99	
	1	6	7	8	
1.	Main income	35.8	15.0	20.8	4.4
2.	Interest received	17.1	35.4	38.9	-0.4
3.	Dividend received	-33.9	-38.5	-0.5	-51.3
4.	Other income	9.2	-47.8	8.1	-46.1
5.	Total expenditure	9.1	34.5	25.7	6.7
6.	Interest payment	-12.9	43.1	27.7	1.5
7.	Depreciation provision	49.0	18.6	11.6	5.9
8.	Employees' remuneration	42.8	-17.6	27.9	15.4
9.	Operating profits	200.9	-49.1	-6.9	-33.3

10. Non-operating surplus/ deficit	\$	\$	0.5	-58.0
11. Profits before tax	186.2	-49.1	-6.5	-34.5
12. Tax provision	3.2	-21.4	20.5	6.9
13. Profits after tax	#	-55.7	-14.0	-50.6
14. Dividend paid	-9.6	7.7	-6.3	-25.5
15. Profits retained	#	-81.1	-17.6	-64.1
16. Investments @	93.5	22.6	17.4	1.3
17. Loans and advances @	9.1	37.6	21.9	-4.3
18. Total net assets @	10.8	35.9	20.1	-4.4
19. Borrowings @	20.8	67.7	24.1	-11.2
20. Net worth @	6.1	0.8	12.8	4.4

ITEM	LEASING (83)		DIVERSIFIED (50)	
	1997-98	1998-99	1997-98	1998-99
<b>1</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
1. Main income	10.0	-16.7	14.8	-5.9
2. Interest received	46.5	-13.8	117.1	4.1
3. Dividend received	-11.3	-31.6	-48.8	9.2
4. Other income	0.2	-52.3	-37.1	-2.2
5. Total expenditure	22.6	1.9	4.1	2.8
6. Interest payment	22.7	-8.7	7.4	-2.2
7. Depreciation provision	20.0	-1.7	10.6	-34.2
8. Employees' remuneration	15.4	-9.5	16.4	5.3
9. Operating profits	-91.9	\$	19.0	-66.1
10. Non-operating surplus/ deficit	&	#	146.1	-0.4
11. Profits before tax	\$	&	24.3	-60.6
12. Tax provision	1.0	-19.7	97.3	11.3
13. Profits after tax	\$	&	7.0	-92.2
14. Dividend paid	-45.9	-58.7	-7.1	-44.2
15. Profits retained	\$	&	21.8	\$



16. Investments @	7.0	-2.7	2.3	18.1
17. Loans and advances @	-3.4	-18.1	9.6	-3.4
18. Total net assets @	3.5	-11.1	13.2	-1.1
19. Borrowings @	7.0	-13.7	11.1	-4.4
20. Net worth @	-5.3	-25.4	6.3	-1.5

@ Adjusted for revaluation etc., if any.

# Denominator is negative or nil or negligible.

\$ Numerator is negative or nil or negligible.

& Numerator and denominator both are negative or nil or negligible.

**STATEMENT 2: PROFIT ALLOCATION AND PROFITABILITY RATIOS -  
SELECTED FINANCIAL AND INVESTMENT COMPANIES - ACTIVITY-WISE, 1996-  
97 TO 1998-99**

(Per cent)

ITEM	ALL COMPANIES					
	ALL ACTIVITIES			SHARE TRADING AND INVESTMENT HOLDING		
	(725)			(302)		
	1996-97	1997-98	1998-99	1996-97	1997-98	1998-99
1	2	3	4	5	6	7
<b>PROFIT ALLOCATION RATIOS</b>						
1. Tax provision to profits before tax	33.1	33.1	82.6	383.8	93.1	67.8
2. Dividends to profits before tax	48.2	35.6	73.0	626.7	187.6	138.3
3. Profits retained to profits before tax	18.7	31.2	\$	\$	\$	\$
4. Dividends to profits after tax	72.1	53.3	419.7	#	#	429.3
5. Profits retained to profits after tax	27.9	46.7	\$	&	\$	\$
<b>PROFITABILITY RATIOS</b>						
1. Operating profits to total net assets	2.1	2.1	0.7	\$	0.6	0.4
2. Profits after tax to net worth	5.1	5.2	0.6	\$	0.1	0.6
3. Dividends to total paid-up capital	8.1	6.2	5.1	5.3	3.2	3.8
4. Operating profits to main income	14.2	13.7	5.0	\$	8.2	6.1
5. Dividends to net worth	3.6	2.8	2.3	3.7	2.2	2.5

**PROFIT MAKING COMPANIES\***

	(575)	(528)	(502)	(232)	(221)	(215)
<b>PROFIT ALLOCATION RATIOS</b>						
1. Tax provision to profits before tax	20.7	23.5	27.5	23.2	14.7	14.0
2. Dividends to profits before tax	30.6	25.6	25.1	37.7	31.9	29.7
3. Profits retained to profits before tax	48.7	50.9	47.5	39.1	53.5	56.3
4. Dividends to profits after tax	38.6	33.5	34.6	49.1	37.3	34.5
5. Profits retained to profits after tax	61.4	66.5	65.4	50.9	62.7	65.5
<b>PROFITABILITY RATIOS</b>						
1. Operating profits to total net assets	3.8	3.2	3.1	4.4	3.3	3.9
2. Profits after tax to net worth	10.6	9.4	8.3	8.8	7.2	9.6

3. Dividends to total paid-up capital	10.9	8.2	7.3	7.4	4.5	5.9
4. Operating profits to main income	24.0	20.2	20.5	45.8	42.2	50.7
5. Dividends to net worth	4.1	3.2	2.9	4.3	2.7	3.3

ITEM	ALL COMPANIES					
	LOAN FINANCE (108)			HIRE PURCHASE FINANCE (98)		
	1996-97	1997-98	1998-99	1996-97	1997-98	1998-99
<b>1</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
<b>PROFIT ALLOCATION RATIOS</b>						
1. Tax provision to profits before tax	53.4	19.3	29.7	21.6	27.9	45.5
2. Dividends to profits before tax	73.2	23.1	48.9	25.3	25.3	28.8
3. Profits retained to profits before tax	\$	57.6	21.4	53.1	46.8	25.6
4. Dividends to profits after tax	157.1	28.7	69.6	32.3	35.1	52.9
5. Profits retained to profits after tax	\$	71.3	30.4	67.7	64.9	47.1
<b>PROFITABILITY RATIOS</b>						
1. Operating profits to total net assets	1.5	4.0	1.5	3.3	2.6	1.8
2. Profits after tax to net worth	1.6	7.4	3.3	14.7	11.2	5.3
3. Dividends to total paid-up capital	6.0	5.4	5.6	14.4	13.5	9.5
4. Operating profits to main income	13.9	30.9	13.7	19.1	14.7	9.4
5. Dividends to net worth	2.5	2.1	2.3	4.7	3.9	2.8

**PROFIT MAKING COMPANIES\***

	(86)	(85)	(79)	(91)	(82)	(79)
<b>PROFIT ALLOCATION RATIOS</b>						
1. Tax provision to profits before tax	20.0	16.9	18.0	21.3	26.8	34.4
2. Dividends to profits before tax	30.3	20.6	29.7	25.1	24.4	22.1
3. Profits retained to profits before tax	49.7	62.5	52.3	53.6	48.8	43.5
4. Dividends to profits after tax	37.9	24.8	36.2	31.9	33.3	33.7
5. Profits retained to profits after tax	62.1	75.2	63.8	68.1	66.7	66.3
<b>PROFITABILITY RATIOS</b>						
1. Operating profits to total net assets	6.1	4.9	2.6	3.4	2.8	2.7
2. Profits after tax to net worth	8.0	9.1	6.6	15.5	12.4	9.7
3. Dividends to total paid-up capital	11.3	6.7	7.4	16.3	15.2	11.6
4. Operating profits to main income	47.9	35.4	22.9	19.4	16.0	14.6
5. Dividends to net worth	3.0	2.3	2.4	5.0	4.1	3.3

ITEM	ALL COMPANIES					
	LEASING (83)			DIVESIFIED (50)		
	1996-97	1997-98	1998-99	1996-97	1997-98	1998-99
<b>1</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
<b>PROFIT ALLOCATION RATIOS</b>						
1. Tax provision to profits before tax	21.1	#	#	19.2	30.5	86.2
2. Dividends to profits before tax	47.7	#	#	41.3	30.9	43.8
3. Profits retained to profits before tax	31.2	&	&	39.5	38.7	\$
4. Dividends to profits after tax	60.5	#	#	51.1	44.4	#
5. Profits retained to profits after tax	39.5	&	&	48.9	55.6	\$
<b>PROFITABILITY RATIOS</b>						
1. Operating profits to total net assets	2.5	0.2	\$	2.4	2.5	0.9
2. Profits after tax to net worth	6.9	\$	\$	8.6	8.7	0.7
3. Dividends to total paid-up capital	10.4	5.5	2.3	14.7	12.6	6.9

4. Operating profits to main income	13.3	1.0	\$	12.9	13.4	4.8
5. Dividends to net worth	4.2	2.4	1.3	4.4	3.9	2.2

**PROFIT MAKING COMPANIES \***

	(69)	(54)	(39)	(45)	(38)	(35)
<b>PROFIT ALLOCATION RATIOS</b>						
1. Tax provision to profits before tax	19.5	27.7	36.4	13.6	28.7	41.4
2. Dividends to profits before tax	44.7	35.1	22.3	29.4	28.9	23.0
3. Profits retained to profits before tax	35.8	37.2	41.2	57.0	42.3	35.6
4. Dividends to profits after tax	55.5	48.6	35.1	34.0	40.6	39.3
5. Profits retained to profits after tax	44.5	51.4	64.9	66.0	59.4	60.7

**PROFITABILITY RATIOS**

1. Operating profits to total net assets	2.7	2.4	2.8	3.6	2.8	2.6
2. Profits after tax to net worth	7.9	7.4	7.9	13.4	10.0	6.5
3. Dividends to total paid-up capital	11.4	7.7	5.2	15.9	13.6	8.2
4. Operating profits to main income	14.6	10.7	10.9	19.3	14.6	14.5
5. Dividends to net worth	4.4	3.6	2.8	4.6	4.0	2.6

Note: Figures in brackets denote the number of companies.

See footnote to Statement 1.

\* Companies making operating profits.