

Performance of Private Corporate Business Sector During the First Half of 2000-01 *

The financial performance of the Private Corporate Business Sector in the first half of 2000-01, *i.e.*, April to September 2000 is assessed in this article, based on **abridged** audited/unaudited financial results of companies published in the financial/news dailies or collected from The Stock Exchange, Mumbai. Since the data on only a few selected items are available from the abridged results of the companies and these are provisional in nature, analysis based on these data can be taken at best as indicative. It may be mentioned in this regard that, the companies have recently started publishing, in their abridged financial results, major components of expenditure, including increase/decrease in stock-in-trade. Since reporting of these items is yet to stabilise, analysis of the same is not attempted in the study.

The reference period of the study is the half-year ended September 2000. The listed companies have been usually reporting results for the first half of the accounting year along with the results of the second quarter (July to September 2000), but this practice was not followed by some of the companies. In the latter cases, the results for the first half were derived by combining the results of the companies for the first and second quarters of 2000-01. The study covers 1060 non-Government non-financial public limited companies, which account for 24.5 per cent of the paid-up capital of all non-Government non-financial public limited companies, as at the end of March 1999[#]. Of the 1060 companies covered in the study, for 139 companies, the results for the first half were derived by combining the results for the first and second quarters of 2000-01. The article includes size-wise and industry-wise analysis of the performance of the selected companies. A brief analysis of performance of the private corporate sector over the first two quarters of 2000-01, based on abridged financial results of 1224 companies for the first quarter (Q1: 2000-01, April to June 2000) and 1151 companies for the second quarter (Q2: 2000-01, July to September 2000), is also presented.

Overall performance

The performance of the private corporate sector during the first half of 2000-01 is characterised by improved growth in sales and deceleration in profits. Sales of the 1060 non-financial public limited companies registered a rise of 15.3 per cent in the first half (H1:2000-01, April to September 2000) to Rs.1,53,840 crore ([Table 1](#)). Other income at Rs.4,039 crore showed a rise of 26.0 per cent. Total expenditure amounting to Rs.1,33,300 crore moved up by 16.5 per cent - about one percentage point higher than the growth in sales. Depreciation provision at Rs.6,562 crore, increased by 15.5 per cent. Gross profits went up by 9.5 per cent to Rs.18,017 crore during the period under review. Interest payments at Rs.7,547 crore rose moderately by 7.3 per cent. Pre-tax profits moved up by 11.1 per cent to Rs.10,470 crore. With tax provision rising by 10.1 per cent to Rs.2,107 crore, profits after tax of the selected companies, amounting to Rs.8,363 crore, recorded a rise of 11.3 per cent in the first half of 2000-01. Of the 1060 companies covered in the study, 772 companies reported post-tax profits in the period under review, as against 804 companies in the corresponding period of the previous year.

With a view to obtaining a broad comparative picture of the direction and magnitude of changes, the performance of the 1060 non-financial companies in terms of growth rates of selected

indicators in the first half of 2000-01 was compared with the corresponding rates of 921 non-financial companies in the first half of 1999-2000, covered in the previous study. The comparison is to be viewed as broadly indicative, on account of the fact that the sets of companies covered in two studies are different.

TABLE 1: FINANCIAL PERFORMANCE OF 1060 NON-FINANCIAL COMPANIES, FIRST HALF OF 2000-2001

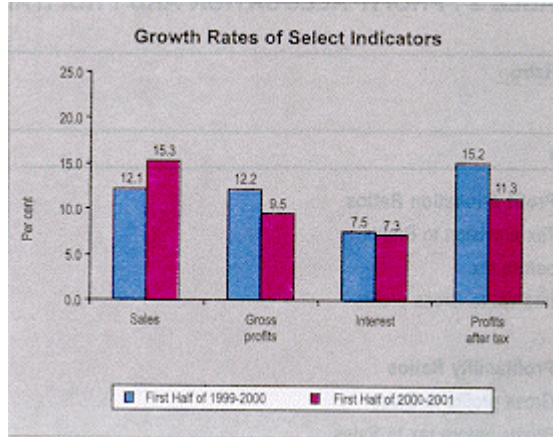
Item	(Rs. crore)			
	2000-2001 (April-Sept.)	Growth rate (Per cent)		
		1999-2000 (April-Sept.)*	2000-2001 (April-Sept.)	Annual 1999-2000**
1	2	3	4	5
<i>Number of companies</i>	1060	921	1060	1151
Sales	1,53,840	12.1	15.3	14.4
Other income	4,039	4.9	26.0	20.0
Total expenditure	1,33,300	11.9	16.5	14.2
Depreciation	6,562	12.6	15.5	15.2
Gross profits	18,017	12.2	9.5	16.7
Interest	7,547	7.5	7.3	9.0
Profits before tax	10,470	15.6	11.1	23.4
Tax provision	2,107	17.0	10.1	23.5
Profits after tax	8,363	15.2	11.3	23.3
<i>Paid-up capital</i>	22,787	6.3	6.1	4.9

Note: (*) : Based on 921 companies included in the study on 'Performance of Private Corporate Business Sector during the first half of 1999-2000' published in the March 2000 issue of the RBI Bulletin.

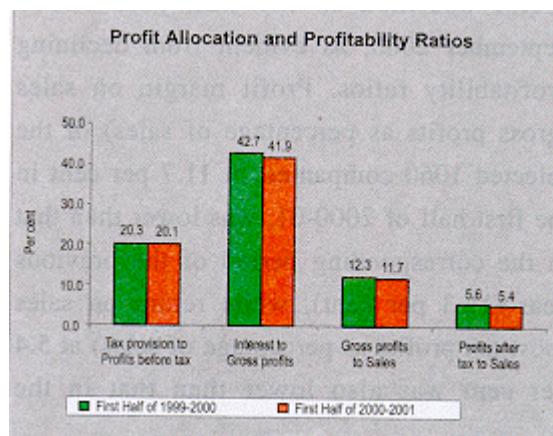
(**) : Based on 1151 companies included in the study on 'Performance of Private Corporate Business Sector, 1999-2000' published in the October 2000 issue of the RBI Bulletin.

Though sales growth, at 15.3 per cent in the first half of 2000-01, was higher by more than 3 percentage points, as compared with 12.1 per cent growth in the corresponding period of the previous year, gross profits decelerated, rising by 9.5 per cent during the period under review, as

compared with 12.2 per cent growth witnessed in the first half of 1999-2000. Interest payments registered a moderate rise of 7.3 per cent in the first half of 2000-01, at about the same rate (7.5 per cent) as that in the corresponding period of the previous year.



Pre-tax profits increased by 11.1 per cent in the first half of 2000-01 as compared with a higher rise of 15.6 per cent observed in the same period of the previous year. Rise in tax provision was much lower at 10.1 per cent as compared with a rise of 17.0 per cent during the first half of the previous year. Post-tax profits rose by 11.3 per cent – about 4 percentage points lower than that in the half-year ended September 1999 (15.2 per cent).



Interest cost of sales was lower at 4.9 per cent (5.3 per cent in the previous year). Share of interest payments in gross profits was also lower by about one percentage point at 41.9 per cent during the period under review, as compared to 42.7 per cent in the first half of the previous year ([Table 2](#)).

TABLE 2 : PROFIT ALLOCATION AND PROFITABILITY RATIOS, FIRST HALF OF 1999-2000 AND 2000-2001

(Per cent)

Ratio	1999-2000 (April -Sept.)	2000-01 (April -Sept.)	Annual 1999 -2000
1	2	3	4
Profit Allocation Ratios			
Tax provision to Profits before tax	20.3	20.1	20.5
Interest to Gross profits	42.7	41.9	43.8
Profitability Ratios			
Gross profits to Sales	12.3	11.7	12.0
Profits before tax to Sales	7.1	6.8	6.7
Profits after tax to Sales	5.6	5.4	5.3
Other Ratios			
Interest to Sales	5.3	4.9	5.2
Interest to Expenditure \$	5.5	5.1	5.5

\$: Expenditure includes interest and depreciation provision

Profitability of the private corporate sector declined in the half-year ended September 2000, as evident from declining profitability ratios. Profit margin on sales (gross profits as percentage of sales) of the selected 1060 companies, at 11.7 per cent in the first half of 2000-01, was lower than that in the corresponding period of the previous year (12.3 per cent), while return on sales (post-tax profits as percentage of sales) at 5.4 per cent was also lower than that in the previous year (5.6 per cent).

Rates of growth and profitability according to size of paid-up capital

The distribution of the companies covered in the study according to size of paid-up capital showed greater concentration in the lower size classes of Rs.1 crore to Rs.5 crore and Rs.5 crore to Rs.10 crore (52.3 per cent in terms of number), though their share in terms of paid-up capital was much lower at only 12.6 per cent (Table 3). The top 189 companies, each with paid-up capital of Rs.25 crore and above, accounted for as much as 70.8 per cent of the total paid-up capital of the companies covered in the study.

TABLE 3: GROWTH RATES OF SELECTED ITEMS ACCORDING TO SIZE OF PAID- UP CAPITAL, FIRST HALF OF 2000-2001

Size group (Rs. crore)	No. of comp- anies	Paid-up Capital		Growth Rates (Per cent)							
		Amount outstanding (Rs. crore)	Per cent share	Sales	Total expen- diture	Depre- ciation provision	Gross profits	Interest	Profits before tax	Tax provision	Profits after tax
1	2	3	4	5	6	7	8	9	10	11	12

Less than 1	70	40	0.2	15.0	13.1	13.4	49.5	3.0	85.8	-15.7	112.7
1 – 5	274	927	4.1	6.8	9.1	12.0	-2.2	-5.7	1.4	7.8	-0.4
5 – 10	280	1,933	8.5	14.2	15.5	12.3	12.1	7.5	16.5	-0.4	20.4
10 – 15	127	1,522	6.7	5.2	5.9	11.8	-1.1	6.9	-7.0	7.5	-10.6
15 –25	120	2,228	9.7	17.4	17.9	14.7	11.1	0.2	20.8	26.2	19.7
25 and above	189	16,137	70.8	17.1	18.4	16.4	10.5	9.1	11.5	9.7	11.9
All Companies	1060	22,787	100.0	15.3	16.5	15.5	9.5	7.3	11.1	10.1	11.3

Sales of these very large companies rose by 17.1 per cent, while their total expenditure rose faster at 18.4 per cent -higher by over one percentage point than sales. Like-wise, companies in the immediately preceding size class, (Rs.15 crore to Rs.25 crore) also recorded robust sales growth (17.4 per cent), and growth in their total expenditure was slightly higher at 17.9 per cent. In contrast, 280 companies in the size class Rs.5 crore to Rs.10 crore recorded a lower growth in sales at 14.2 per cent and total expenditure at 15.5 per cent. Generally, the growth rates of sales and profits fluctuated across the size classes.

Post-tax profits of companies in the size class Rs. 5 crore to Rs.10 crore, at 20.4 per cent, and for those in the size class Rs.15 crore to Rs.25 crore, at 19.7 per cent, recorded impressive rise. In respect of the top companies, the rise in post-tax profits was much lower at 11.9 per cent respectively; companies in the size class Rs.10 crore to Rs.15 crore lagged behind with their pre and post-tax profits declining by 7.0 per cent and 10.6 per cent respectively.

Profit margin on sales declined during the period under review as compared with that in the first half of the previous year, across most of the size classes (except the companies with paid-up capital less than Rs.1 crore) (Table 4). In particular, companies in the top size group of Rs.25 crore and above operated with sales margin of 12.6 per cent in the first half of 2000-01, which was lower than 13.3 per cent recorded in the corresponding period of the previous year. Margin on sales of companies in the middle size classes Rs.5 crore to Rs.10 crore, Rs.10 crore to Rs.15 crore and Rs.15 crore to Rs.25 crore were range bound between 9.8 per cent and 10.6 per cent during the period under review, while their return on sales also fluctuated in a narrow range between 4 per cent and 5 per cent. Return on sales of the top companies, at 5.9 per cent in the half-year ended September 2000 was lower as compared with 6.2 per cent in the first half of 1999-2000.

TABLE 4: PROFIT ALLOCATION AND PROFITABILITY RATIOS ACCORDING TO SIZE OF PAID-UP CAPITAL, FIRST HALF OF 1999-2000 AND 2000-2001

Size group (Rs. crore)	Profits allocation ratios			Profitability ratios	
	Tax provision to	Interest to	Gross Profits to	Profits before tax to	Profits after tax to

(Per cent)

	Profits before tax		Gross profits		Sales		Sales		Sales	
	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001
1	2	3	4	5	6	7	8	9	10	11
Less than 1	20.9	9.5	43.9	30.2	7.4	9.6	4.2	6.7	3.3	6.1
1 – 5	21.6	23.0	50.2	48.4	8.4	7.7	4.2	4.0	3.3	3.1
5 – 10	18.9	16.2	49.1	47.1	10.5	10.3	5.3	5.4	4.3	4.6
10 – 15	19.8	22.9	42.9	46.3	10.4	9.8	6.0	5.3	4.8	4.1
15 – 25	17.8	18.6	47.2	42.6	11.2	10.6	5.9	6.1	4.9	4.9
25 and above	20.7	20.4	41.2	40.7	13.3	12.6	7.8	7.5	6.2	5.9
All Companies	20.3	20.1	42.7	41.9	12.3	11.7	7.1	6.8	5.6	5.4

Interest burden (ratio of interest to gross profits) declined during the period under review for companies across most of the size groups, as compared with the corresponding period of the previous year. For the top companies, each with paid-up capital of Rs.25 crore and above, the interest burden marginally eased to 40.7 per cent in the first half of 2000-01, while for companies with paid-up capital in the range Rs.15 crore to Rs.25 crore, the decline was sharper, from 47.2 per cent in the first half of 1999-2000 to 42.6 per cent during the period under review.

Industry-wise performance

Information on major industrial activities of companies is not available in the abridged financial results for several companies and in such instances available information from newspapers or the previous annual reports of the companies is used. The industrial classification, therefore, needs to be viewed with some circumspection and the industry-wise analysis attempted in this article may be viewed with this caveat. Activity wise details in respect of 18 companies were not available and hence the industry-wise analysis of companies is attempted based on 1042 companies.

Growth rates of important indicators across the industry groups showed considerable variation (Table 5). Engineering and chemical companies reported growth in sales of 8.9 per cent and 12.1 per cent respectively during first half of 2000-01. Companies producing iron and steel and allied products performed well with sales spurting by 18.8 per cent, while automobiles and ancillary companies recorded a rise of 8.5 per cent in sales during first half of 2000-01. Companies producing basic industrial chemicals recorded 14.3 per cent growth in sales. Sales of electricity generation and supply companies rose by 19.8 per cent during the period under review, while cement companies posted a low rise of 4.3 per cent in sales. Performance of information technology companies continued to be impressive during the period under review, with sales rising by as much as 55.2 per cent. Diversified companies registered 40.5 per cent growth in their sales during the first half of 2000-01. Turnover of the hotel industry rose by 13.1 per cent during the period under review. A few industries, which recorded lower rise in sales were rubber and rubber products (2.1 per cent) and plastic products (1.3 per cent).

Post-tax profits of engineering companies dropped steeply by 18.1 per cent, while that of the chemical industry moved up by 7.7 per cent. Among the engineering companies, post-tax profits of 'iron and steel and allied products' industry more than doubled during the year, recording a rise of 151.9 per cent; post-tax profits of 'electrical machinery' companies rose by 54.9 per cent. In contrast, automobiles and ancillary companies showed a steep decline of 59.1 per cent in their post-tax profits. Pharmaceutical companies performed well by posting a rise of 13.7 per cent in

their post-tax profits; on the other hand, basic industrial chemical industry registered a decline of 16.3 per cent. Pre-tax and post-tax profits of information technology companies more than doubled during the period under review. Lower order of profit growth was observed in the case of trading (4.7 per cent) and hotel (5.7 per cent) industries. Industries like cement, construction, textiles, etc., did not perform well registering a substantial fall in pre and post-tax profits during first half of 2000-01.

Interest as percentage of gross profits (interest burden) during the first half of 2000-01 recorded diverse trends across the industries (Table 6). It was higher for industries like automobiles and ancillaries, basic industrial chemicals, cement and electricity generation and supply as compared to same period of the previous year, whereas for iron and steel and allied products, electrical machinery, pharmaceutical and information technology companies a decline in the ratio was observed. Interest burden during the first half of 2000-01 was relatively higher for industries like iron and steel and allied products (60.0 per cent), electrical machinery (53.9 per cent), basic industrial chemicals (61.5 per cent), sugar (63.5 per cent), rubber and rubber products (75.3 per cent), paper and paper products (72.0 per cent) and construction (52.2 per cent). In respect of food processing, pharmaceutical and hotel industries, interest burden was moderate and in the range of 15 per cent and 40 per cent. For information technology companies, interest burden was as low as 4.1 per cent.

TABLE 5: INDUSTRY-WISE GROWTH RATES OF SELECTED ITEMS, FIRST HALF OF 2000-2001

Industry/Industry group	No. of companies	Paid-up capital		Sales	Total expenditure	Depreciation provision	Gross profits	Growth Rates (Per cent)			
		Amount outstanding (Rs. crore)	Per cent share					Interest	Profits before tax	Tax provision	Profits after tax
1	2	3	4	5	6	7	8	9	10	11	12
1. Engineering	277	6,581	28.9	8.9	10.8	11.2	-3.2	3.3	-10.9	5.9	-18.1
<i>Of which,</i>											
i) Iron and steel and allied products	40	2333	10.2	18.8	17.7	6.6	37.5	8.9	127.2	23.6	151.9
ii) Automobiles and ancillaries	49	1152	5.1	8.5	12.0	20.6	-32.3	5.4	-50.4	-28.7	-59.1
iii) Electrical machinery	82	1345	5.9	4.8	5.7	11.4	19.8	0.5	54.6	53.8	54.9
iv) Other machinery	54	1020	4.5	-5.9	-0.7	-2.5	-61.0	-3.4	*	28.1	*
2. Chemicals	207	5597	24.6	12.1	12.5	18.3	5.8	4.5	6.4	1.8	7.7
<i>Of which,</i>											
i) Basic industrial chemicals	89	2697	11.8	14.3	16.7	20.1	-2.6	9.2	-17.0	-20.8	-16.3
ii) Pharmaceuticals and drugs	62	1010	4.4	10.7	9.9	13.6	11.7	1.5	14.4	17.8	13.7
3. Cement	21	820	3.6	4.3	9.4	10.6	-37.7	2.2	-216.5	-6.8	-240.0
4. Electricity generation and supply	7	495	2.2	19.8	22.2	18.4	3.3	7.0	0.8	9.3	-2.5
5. Construction	16	113	0.5	-6.2	-5.1	24.5	-15.8	3.1	-29.8	-39.2	-26.7
6. Textiles	111	1513	6.6	7.8	12.0	5.3	-28.0	18.0	-296.4	-7.6	-352.7
7. Tea	11	105	0.5	-7.0	2.1	9.7	-19.5	26.6	-22.8	-37.1	-16.3
8. Sugar	8	114	0.5	29.5	24.0	35.2	77.1	22.4	692.9	108.1	1239.9
9. Food processing	50	957	4.2	6.4	5.7	-0.7	17.3	1.0	23.3	31.2	20.8
10. Rubber and rubber products	11	203	0.9	2.1	4.5	7.8	-20.6	1.9	-52.6	-60.4	-51.5

11. Paper and paper products	27	364	1.6	17.7	15.0	19.4	31.9	17.2	94.9	121.9	73.7
12. Plastic products	22	139	0.6	1.3	1.7	5.9	-15.9	7.5	-49.4	1.2	-54.5
13. Information technology	54	730	3.2	55.2	49.4	38.4	131.9	-17.3	151.1	161.6	150.4
14. Trading	28	178	0.8	11.8	17.2	9.5	5.4	7.7	2.5	-7.1	4.7
15. Hotel	17	352	1.6	13.1	13.1	10.4	6.5	19.5	-0.4	-42.3	5.7
16. Diversified	12	1725	7.6	40.5	44.4	21.7	12.9	19.3	8.5	-40.4	9.7
All companies (including others)	1060	22787	100.0	15.3	16.5	15.5	9.5	7.3	11.1	10.1	11.3

* Profits before tax and profits after tax were negative.

TABLE 6: INDUSTRY-WISE PROFIT ALLOCATION AND PROFITABILITY RATIOS, FIRST HALF OF 1999-2000 AND 2000-2001

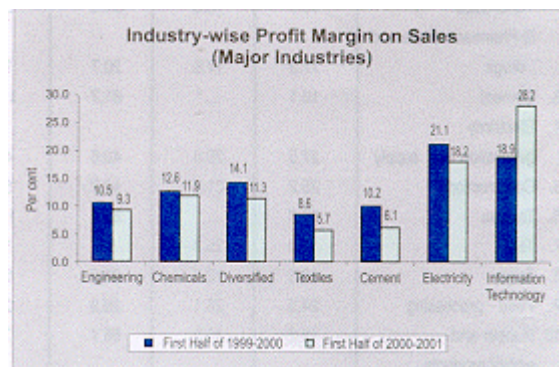
Industry/ Industry group	(Per cent)									
	Profit allocation ratios					Profitability ratios				
	Tax provision to Profits before tax		Interest to Gross profits		Gross profits to Sales		Profits before tax to Sales		Profits after tax to Sales	
	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001
1	2	3	4	5	6	7	8	9	10	11
1. Engineering	30.2	35.9	54.2	57.8	10.5	9.3	4.8	3.9	3.3	2.5
<i>Of which,</i>										
i) Iron and steel and allied products	19.2	10.5	75.8	60.0	9.4	10.9	2.3	4.3	1.8	3.9
ii) Automobiles and ancillaries	28.5	41.0	32.5	50.6	9.1	5.7	6.2	2.8	4.4	1.7
iii) Electrical machinery	20.6	20.5	64.3	53.9	10.1	11.6	3.6	5.3	2.9	4.3
iv) Other machinery	*	*	103.5	256.6	9.5	3.9	-0.3	-6.2	-1.7	-8.0
2. Chemicals	20.9	20.0	33.9	33.5	12.6	11.9	8.3	7.9	6.6	6.3
<i>Of which,</i>										
i) Basic industrial chemicals	15.7	15.0	54.9	61.5	12.8	10.9	5.8	4.2	4.9	3.6
ii) Pharmaceuticals and drugs	17.3	17.8	20.7	18.8	15.4	15.6	12.2	12.6	10.1	10.4
3. Cement	10.1	*	81.7	134.1	10.2	6.1	1.9	-2.1	1.7	-2.3
4. Electricity generation and supply	27.5	29.8	40.6	42.1	21.1	18.2	12.5	10.6	9.1	7.4
5. Construction	25.2	21.8	42.7	52.2	11.1	10.0	6.4	4.8	4.8	3.7
6. Textiles	16.3	*	85.4	139.9	8.6	5.7	1.3	-2.3	1.1	-2.5
7. Tea	31.0	25.3	6.6	10.4	27.6	23.9	25.8	21.4	17.8	16.0
8. Sugar	48.3	12.7	91.8	63.5	8.8	12.1	0.7	4.4	0.4	3.9
9. Food processing	24.5	26.1	26.9	23.1	8.3	9.1	6.1	7.0	4.6	5.2
10. Rubber and rubber products	12.2	10.2	58.7	75.3	8.1	6.3	3.4	1.6	2.9	1.4
11. Paper and paper products	43.9	50.0	81.1	72.0	8.4	9.4	1.6	2.6	0.9	1.3
12. Plastic products	9.0	18.1	58.9	75.3	11.3	9.4	4.6	2.3	4.2	1.9
13. Information technology	6.3	6.6	11.4	4.1	18.9	28.2	16.7	27.0	15.7	25.3
14. Trading	19.1	17.4	56.0	57.2	5.7	5.4	2.5	2.3	2.0	1.9
15. Hotel	12.7	7.3	34.7	39.0	20.9	19.7	13.7	12.0	11.9	11.2
16. Diversified	2.4	1.3	41.0	43.3	14.1	11.3	8.3	6.4	8.1	6.3
All companies (including others)	20.3	20.1	42.7	41.9	12.3	11.7	7.1	6.8	5.6	5.4

* Profits before tax was negative.

Profit margin (ratio of gross profits to sales) of engineering and chemical companies declined from 10.5 per cent to 9.3 per cent and 12.6 per cent to 11.9 per cent respectively in first half of 2000-01, as compared to the corresponding period of the previous year. Profit margin in respect of iron and steel and allied product (10.9 per cent) and electrical machinery (11.6 per cent)

companies improved by 1.5 percentage points; in the case of pharmaceutical companies it changed marginally to 15.6 per cent during first half of 2000-01 (15.4 per cent in the first half of the previous year). Industries like automobiles and ancillaries (5.7 per cent), basic industrial chemicals (10.9 per cent), cement (6.1 per cent), electricity generation and supply (18.2 per cent) and tea (23.9 per cent) witnessed a fall in profit margin by 2 to 4 percentage points during the period under review.

Return on sales (ratio of profits after tax to sales) of iron and steel and allied product (3.9 per cent) and electrical machinery (4.3 per cent) companies were higher by about 1.5 to 2 percentage points during the first half of 2000-01. Industries like automobiles and ancillaries (1.7 per cent), electricity generation and supply (7.4 per cent) and construction (3.7 per cent) witnessed a decline in their return on sales during first half of 2000-01.



Profitability ratios of information technology industry significantly improved in first half of 2000-01. Profit margin and return on sales of these companies during the period under review were higher at 28.2 per cent and 25.3 per cent respectively, as against 18.9 per cent and 15.7 per cent respectively in the first half of 1999-2000.

Overall performance over the first two quarters of 2000-01

Growth in sales of the private corporate business sector at 15.4 per cent in Q2: 2000-01 (1151 companies) was lower by 1.4 percentage points as compared with 16.8 per cent rise (1224 companies) witnessed in Q1: 2000-01 ([Table 7](#)). Rise in total expenditure was stable at about 16.8 per cent in the first two quarters of 2000-01 and it was higher than that of sales in both the quarters. Gross profits decelerated, rising by 5.0 per cent in Q2: 2000-01 as against an increase of 18.8 per cent registered in Q1: 2000-01. Likewise, profits after tax recorded a meagre rise of 3.8 per cent in the second quarter as compared with the 29.9 per cent increase in the first quarter of 2000-01. Interest payments moved up in Q2: 2000-01 at a lower rate of 6.2 per cent (8.9 per cent in Q1: 2000-01).

TABLE 7: INDUSTRY-WISE GROWTH RATES IN THE FIRST TWO QUARTERS OF 2000-2001

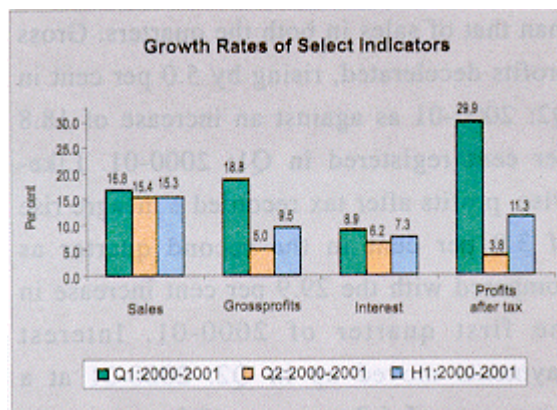
(Per cent)

Industry / Industry group	No of companies			Sales			Total expenditure			Gross profits			Interest			Profits after tax		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Engineering	318	298	277	12.5	9.8	8.9	12.6	12.0	10.8	20.5	-7.6	-3.2	7.1	0.5	3.3	49.1	-26.1	-18.1
2. Chemicals	218	219	207	12.8	11.5	12.1	13.5	12.0	12.5	5.7	3.3	5.8	3.6	5.5	4.5	4.2	5.3	7.7
3. Cement	25	25	21	3.7	2.8	4.3	8.8	8.4	9.4	-33.4	-38.2	-37.7	0.0	8.6	2.2	-204.6	-146.6	-240.0
4. Electricity generation & supply	8	7	7	21.7	30.5	19.8	11.3	33.8	22.2	5.7	9.4	3.3	22.7	-0.9	7.0	-6.6	15.3	-2.5
5. Construction	19	17	16	2.8	-11.9	-6.2	4.3	-12.9	-5.1	-19.8	-5.2	-15.8	12.9	-9.4	3.1	-36.8	0.1	-26.7
6. Textiles	131	125	111	11.4	5.8	7.8	13.4	11.4	12.0	-8.0	-44.5	-28.0	11.1	22.7	18.0	....*	-313.7	-352.7
7. Trading	44	33	28	26.9	4.5	11.8	41.2	5.2	17.2	37.0	-5.5	5.4	7.6	7.3	7.7	121.7	-21.9	4.7
8. Information technology	66	63	54	54.8	51.2	55.2	45.2	47.1	49.4	169.8	96.3	131.9	-0.9	-35.7	-17.3	193.9	112.6	150.4
9. Diversified	16	12	12	37.2	41.7	40.5	39.9	46.6	44.4	13.1	11.9	12.9	21.9	16.7	19.3	7.6	9.9	9.7
All companies (including others)	1224	1151	1060	16.8	15.4	15.3	16.9	16.8	16.5	18.8	5.0	9.5	8.9	6.2	7.3	29.9	3.8	11.3

Note: Q1: First quarter of 2000-2001; Q2: Second quarter of 2000-2001; H1: First half year 2000-2001

* Profits after tax negative.

Interest as proportion of gross profits (interest burden) of the selected companies in the second quarter, at 42.7 per cent, was slightly higher than 41.3 per cent in the first quarter of 2000-01 (Table 8). Profit margin on sales (ratio of gross profits to sales) at 11.5 per cent in Q2: 2000-01, was also lower by 0.7 percentage point than that in Q1: 2000-01. Return on sales (profits after tax as percentage of sales) was lower at 5.3 per cent during Q2: 2000-01 (5.7 per cent in Q1: 2000-01). Overall, the performance of the private corporate business sector in Q2: 2000-01 was characterised by signs of some slow down when compared with that in Q1: 2000-01.



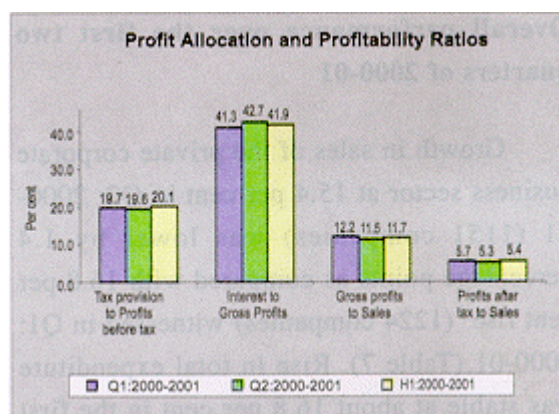


TABLE 8: INDUSTRY-WISE PROFIT ALLOCATION AND PROFITABILITY RATIOS IN THE FIRST TWO QUARTERS OF 1999-2000 AND 2000-2001

Industry/ Industry group	Year	(Per cent)											
		Profit allocation ratios						Profitability ratios					
		Interest payments to Gross profits			Tax provision to Profits before tax			Gross profits to Sales			Profit after tax to Sales		
		Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
1. Engineering	2000-2001	48.4	62.6	57.8	28.0	36.7	35.9	10.6	8.9	9.3	3.9	2.1	2.5
	1999-2000	54.5	57.5	54.2	34.1	30.3	30.2	9.9	10.5	10.5	3.0	3.1	3.3
2. Chemicals	2000-2001	40.1	30.7	33.5	25.2	17.6	20.0	10.7	12.5	11.9	4.8	7.1	6.3
	1999-2000	41.0	30.1	33.9	23.1	19.8	20.9	11.4	13.4	12.6	5.2	7.5	6.6
3. Cement	2000-2001	121.7	121.1	134.1	....*	....*	....*	6.8	7.6	6.1	-1.8	-1.7	-2.3
	1999-2000	81.0	68.9	81.7	12.6	3.7	10.1	10.6	12.7	10.2	1.8	3.8	1.7
4. Electricity generation and supply	2000-2001	46.0	38.3	42.1	27.1	29.3	29.8	21.1	18.2	18.2	8.3	8.0	7.4
	1999-2000	39.6	42.3	40.6	26.3	28.3	27.5	24.4	21.8	21.1	10.8	9.0	9.1
5. Construction	2000-2001	51.7	64.5	52.2	25.7	20.7	21.8	11.5	10.0	10.0	4.1	2.8	3.7
	1999-2000	36.7	67.5	42.7	28.1	17.9	25.2	14.7	9.3	11.1	6.7	2.5	4.8
6. Textiles	2000-2001	121.2	172.3	139.9	....*	....*	....*	6.5	4.5	5.7	-1.6	-3.4	-2.5
	1999-2000	100.4	77.9	85.4	....*	11.7	16.3	7.9	8.7	8.6	-0.2	1.7	1.1
7. Trading	2000-2001	51.6	64.5	57.2	16.7	17.6	17.4	5.5	4.8	5.4	2.2	1.4	1.9
	1999-2000	65.6	56.8	56.0	27.5	18.0	19.1	5.1	5.3	5.7	1.3	1.9	2.0
8. Information technology	2000-2001	4.2	4.0	4.1	4.2	8.3	6.6	33.2	22.7	28.2	30.4	20.0	25.3
	1999-2000	11.5	12.3	11.4	4.8	7.3	6.3	19.0	17.5	18.9	16.0	14.2	15.7
9. Diversified	2000-2001	46.3	41.9	43.3	1.4	1.4	1.3	11.1	11.2	11.3	5.9	6.4	6.3
	1999-2000	42.9	40.2	41.0	2.5	2.5	2.4	13.5	14.2	14.1	7.5	8.3	8.1
All companies	2000-2001	41.3	42.7	41.9	19.7	19.6	20.1	12.2	11.5	11.7	5.7	5.3	5.4
	1999-2000	45.1	42.2	42.7	21.5	19.3	20.3	12.0	12.6	12.3	5.2	5.9	5.6

Note: Q1: First quarter of 2000-2001; Q2: Second quarter of 2000-2001; H1: First half year 2000-2001

* Pre tax profits negative

Industry-wise performance over the quarters

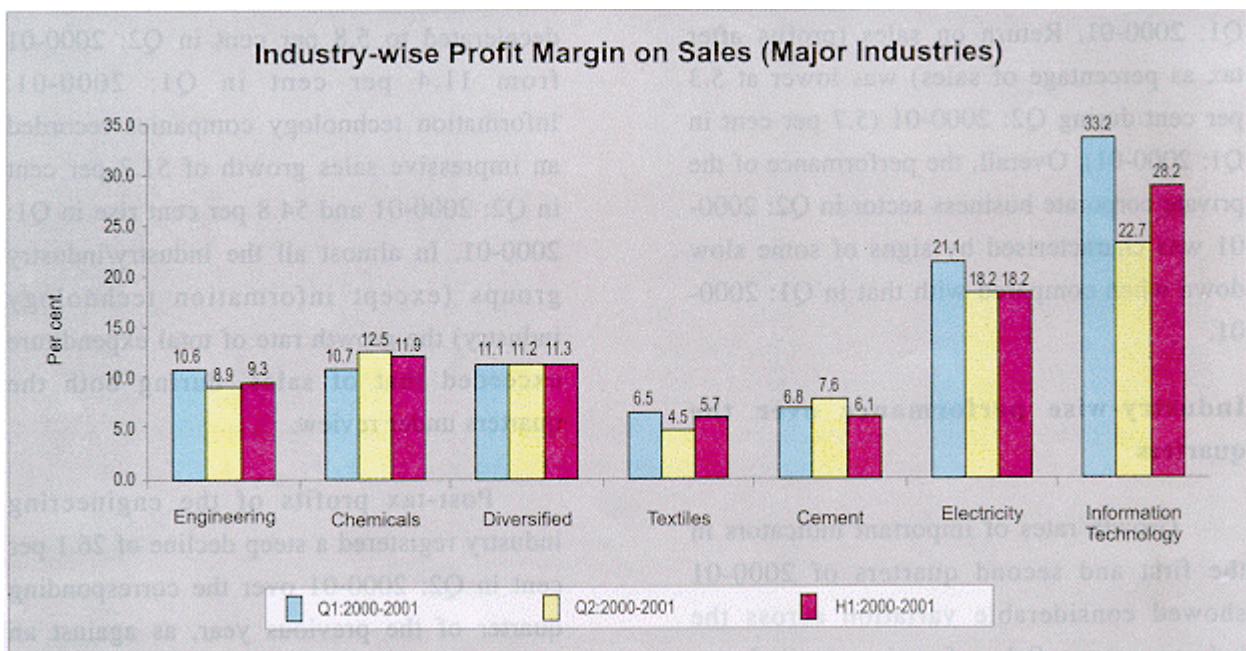
Growth rates of important indicators in the first and second quarters of 2000-01 showed considerable variation across the industry groups. Sales of engineering industry decelerated to 9.8 per cent in Q2: 2000-01 as compared with 12.5 per cent growth in Q1: 2000-01. In the case of chemical industry also, sales growth declined to 11.5 per cent in Q2: 2000-01 from 12.8 per cent in Q1: 2000-01. Cement companies registered very low growth in sales at 3.7 per cent and 2.8 per cent during the first and second quarters of 2000-01 respectively. In contrast, electricity generation and supply companies showed an impressive growth in sales in Q1: 2000-01 at 21.7

per cent and it further improved to 30.5 per cent in Q2: 2000-01. Construction companies reported a steep decline of 11.9 per cent in turnover during the second quarter of 2000-01; in Q1: 2000-01 their turnover rose but at a low rate of 2.8 per cent. Sales of textile companies decelerated to 5.8 per cent in Q2: 2000-01 from 11.4 per cent in Q1: 2000-01. Information technology companies recorded an impressive sales growth of 51.2 per cent in Q2: 2000-01 and 54.8 per cent rise in Q1: 2000-01. In almost all the industry/industry groups (except information technology industry) the growth rate of total expenditure exceeded that of sales, during both the quarters under review.

Post-tax profits of the engineering industry registered a steep decline of 26.1 per cent in Q2: 2000-01 over the corresponding quarter of the previous year, as against an impressive rise of 49.1 per cent in Q1: 2000-01. Chemical industry posted a growth of 5.3 per cent in profits after tax in Q2: 2000-01 as compared with 4.2 per cent rise recorded in Q1: 2000-01. Information technology companies more than doubled their post-tax profits during first two quarters of 2000-01.

Interest as proportion of gross profits for engineering companies was higher at 62.6 per cent in Q2: 2000-01, as compared with 48.4 per cent in Q1: 2000-01. In contrast, for chemical companies, interest burden eased considerably to 30.7 per cent in Q2: 2000-01 from 40.1 per cent in Q1: 2000-01. For electricity generation & supply companies it was lighter at 38.3 per cent in Q2: 2000-01 as against 46.0 per cent in Q1: 2000-01.

Profit margin on sales of the engineering industry slipped by 1.7 percentage points to 8.9 per cent in Q2: 2000-01 from 10.6 per cent in Q1: 2000-01, whereas for chemical companies it improved to 12.5 per cent in Q2: 2000-01 from 10.7 per cent in Q1: 2000-01. Among all the industries, information technology industry recorded the highest profit margin on sales at 33.2 per cent and 22.7 per cent respectively during the first two quarters of 2000-01.



For most of the industries, return on sales moved broadly in line with the profit margin on sales.

In respect of engineering companies, it declined to 2.1 per cent in Q2: 2000-01 from 3.9 per cent observed in Q1: 2000-01, whereas for chemical companies, return on sales improved to 7.1 per cent in Q2: 2000-01 from 4.8 per cent in the first quarter of 2000-01. In the case of construction companies, return on sales dropped to 2.8 per cent in Q2: 2000-01 from 4.1 per cent in Q1: 2000-01.

* Prepared in the Corporate Studies Division of the Department of Statistical Analysis and Computer Services.

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