

Chemical products	13	18	10	2	6	1	4	2	10	66
4. Rubber and Plastic products	1	2	3	0	1	0	3	1	1	12
5. Machinery and Machine tools	12	15	18	9	4	1	7	3	12	81
6. Electrical machinery and apparatus	7	3	2	4	8	4	3	0	4	35
7. Motor vehicles and other transport equipments	8	6	6	1	7	0	0	0	3	31
8. Wholesale and Retail trade	3	3	1	1	1	0	0	5	10	24
9. Computer and related activities	5	12	1	0	0	1	1	1	2	23
10. Other industries	24	27	13	6	11	7	9	16	32	145
Total	86	89	55	23	39	14	31	29	81	447

However, return on shareholders' equity (profits after tax as percentage of net worth) was marginally higher than that in the previous year. Total funds raised by these companies increased during the period under review. Internal sources of funds occupied 79 per cent of the total funds raised during 2000-01. Fixed asset formation and investments were the major uses of funds during the period under study. Among the industry groups, the sales performance of 'Computer and related activities', 'Food products and Beverages' and 'Wholesale and retail trade' was good during 2000-01.

B. Operational Results

The sales of selected companies increased by 3.6 per cent to Rs.81,046 crore in 2000-01 (statements 1 and 9). In tandem, on the expenditure side, manufacturing expenses, employees' remuneration and depreciation provision were increased by 2.1 per cent, 10.2 per cent and 7.2 per cent in 2000-01 as compared to increases of 9.4 per cent, 9.3 per cent and 12.8 per cent in the previous year, respectively. Interest payments during 2000-01 declined by 7.6 per cent as compared to rise of 11.9 per cent recorded in the previous year. Gross profits and profits before tax increased by 2.3 per cent and 13.9 per cent in 2000-01 as against the growth of 17.4 per cent and 22.0 per cent in the previous year, respectively. The ordinary dividend rate (ordinary dividend as a percentage of ordinary paid-up capital) worked out to 33.4 per cent in 2000-01 (31.2 per cent in 1999-2000).

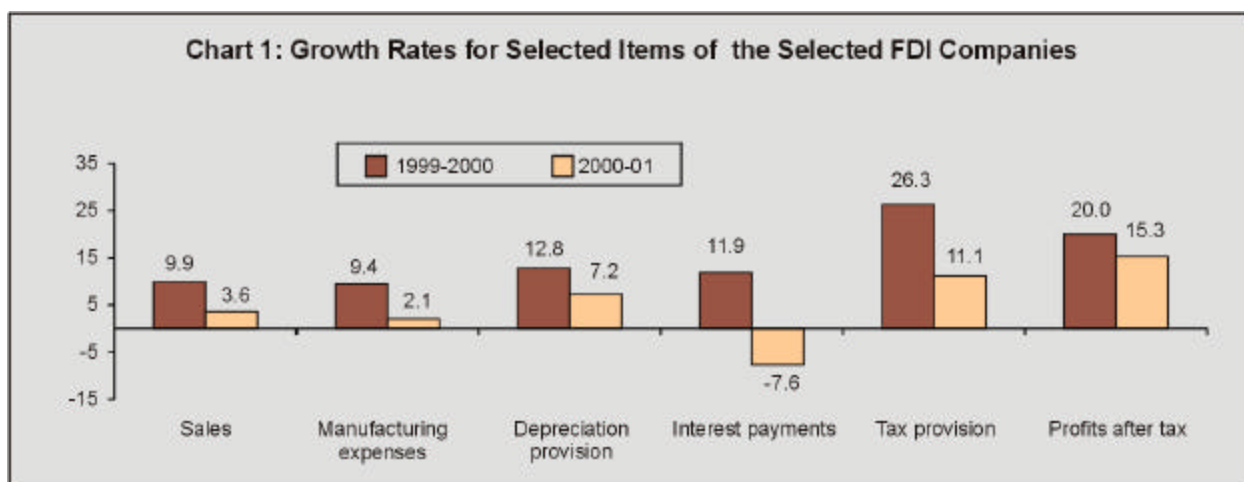


Table 2 : Growth Rates of Sales, Gross Profits and Net Profits of the Selected FDI Companies, 1999-2000 and 2000-01

Industry/ Country	Number of Companies	(Percent)					
		Sales		Gross Profits		Profits After Tax	
		1999-2000	2000-01	1999-2000	2000-01	1999-2000	2000-01
1. Teaplantations	11	0.6	-6.8	-14.4	-33.8	-13.1	-44.8
2. Food products and Beverages	19	11.7	13.1	19.1	17.7	24.6	22.0
3. Chemicals and Chemical products	66	12.9	3.5	-4.3	-16.5	0.5	11.2
4. Rubber and Plastic products	12	10.1	2.4	5.9	-32.6	20.6	-89.9
5. Machinery and Machine tools	81	9.8	-1.1	24.5	-7.5	41.9	1.6
6. Electrical machinery and apparatus	35	1.6	-6.6	-31.8	-37.2	-98.4	#
7. Motor vehicles and other transport equipments	31	19.6	0.3	28.8	-20.5	55.1	-28.6
8. Wholesale and Retail trade	24	20.8	19.4	#	1.2	#	-9.9
9. Computer and related activities	23	36.6	36.0	35.3	50.7	35.9	56.2
Country							
1. U.K.	86	9.1	4.5	14.9	15.4	16.8	30.2
2. U.S.A.	89	10.5	2.6	14.1	-11.1	23.2	-2.3
3. Germany	55	8.4	4.0	40.6	2.7	16.8	10.8
4. Switzerland	23	3.3	3.8	10.9	-3.3	10.9	-6.9
5. Japan	39	26.0	8.6	1.8	0.1	9.4	-8.3
6. France	14	9.0	2.1	#	5.2	#	-15.5
7. Netherlands	31	5.7	-7.1	13.1	-46.0	29.2	-49.0
8. Mauritius	29	10.6	12.6	11.2	19.7	3.4	122.8
All Companies	447	9.9	3.6	17.4	2.3	20.0	15.3

Denominator is negative or nil or negligible.

Profit margin decreased marginally from 11.7 per cent in 1999-2000 to 11.6 per cent in 2000-01. However, companies having major portion of FDI from U.K., France and Mauritius increased their profit margins in 2000-01 as compared to the previous year.

Industry wise, 'Computer and related activities' and 'Food products and Beverages' recorded higher profit margins of 23.7 per cent and 11.2 per cent in 2000-01 as compared to 21.4 per cent and 10.8 per cent in the previous year, respectively.

Table 3: Profit Margin, Effective Tax Rate and Return on Equity of the Selected FDI Companies, 1999-2000 and 2000-01

Industry/ Country	(Percent)					
	Profit Margin		Effective Tax Rate		Return on Equity	
	1999-2000	2000-01	1999-2000	2000-01	1999-2000	2000-01
Industry						
1. Teaplantations	19.7	14.0	32.2	33.9	11.3	6.2
2. Food products and Beverages	10.8	11.2	32.8	34.9	21.0	21.6
3. Chemicals and Chemical products	8.2	6.6	34.4	33.9	11.3	12.1
4. Rubber and Plastic products	8.2	5.4	30.4	75.7	6.2	0.6
5. Machinery and Machine tools	11.0	10.3	38.9	40.4	10.3	9.4
6. Electrical machinery and apparatus	4.5	3.0	96.8	63.7	0.1	2.5
7. Motor vehicles and other transport equipments	10.3	8.2	29.6	26.5	11.6	8.0
8. Wholesale and Retail trade	7.2	6.1	37.7	44.3	12.4	9.4
9. Computer and related activities	21.4	23.7	12.2	9.8	22.7	19.8
Country						
1. U.K.	14.3	15.8	35.3	34.5	19.5	22.2
2. U.S.A.	13.9	12.0	27.1	24.7	13.5	11.3
3. Germany	10.0	9.9	26.1	23.8	10.4	11.0
4. Switzerland	10.5	9.8	34.5	33.7	9.3	7.0
5. Japan	8.3	7.7	33.6	35.8	10.0	8.6
6. France	8.3	8.5	26.1	26.8	8.1	6.6
7. Netherlands	7.6	4.4	39.2	51.1	7.5	3.7
8. Mauritius	13.3	14.1	29.1	22.5	2.4	5.1
All Companies	11.7	11.6	32.8	32.0	13.3	13.7

C. Foreign Business

The selected companies recorded a net inflow of Rs.1,069 crore in foreign currencies during 2000-01 as compared to net inflow of Rs.210 crore during 1999-2000 (Statements 16 to 18). Companies having FDI from U.K., U.S.A. and Mauritius registered net inflow of foreign exchange for all three years under study whereas the companies which had FDI from Germany, Japan and France registered net outflow of foreign exchange for all three years. The total foreign exchange earnings of the selected companies increased by 14.6 per cent in 2000-01 as against an increase of 11.1 per cent in the previous year. The total foreign currency expenditure by these companies increased by 6.6 per cent in 2000-01 (7.0 per cent in 1999-2000).

Exports by the selected companies increased by 14.5 per cent during 2000-01 as compared to the rise of 7.8 per cent recorded in the previous year. The export intensity of sales (exports to sales) was 11.6 per cent in 2000-01 as compared to 10.5 per cent in 1999-2000. Country-wise, the companies having FDI from Mauritius continued to register the highest export intensity of sales at 34.5 per cent in 2000-01. Among the industry-groups, export intensity of sales was at the highest for 'Tea plantations' (15.1 per cent) followed by 'Computer and related activities' (13.8 per cent), and 'Machinery and Machine tools' (13.4 per cent) during 2000-01.

Table 4 : Growth in Exports and Imports, Imports to Exports and Export Intensity of Sales of the Selected FDI Companies, 1999-2000 and 2000-01

(Percent)

Industry/ Country	Growth in Exports		Growth in Imports		Imports to Exports		Export Intensity of Sales	
	1999-2000	2000-01	1999-2000	2000-01	1999-2000	2000-01	1999-2000	2000-01
1. Teaplantations	-29.9	-0.7	-60.8	27.9	1.2	1.5	14.2	15.1
2. Food products and Beverages	-5.5	15.6	45.6	-18.1	25.0	17.7	12.0	12.3
3. Chemicals and Chemical products	13.6	11.9	12.6	3.5	176.9	163.6	9.7	10.5
4. Rubber and Plastic products	9.8	31.3	-20.2	17.4	97.9	87.6	9.6	12.3
5. Machinery and Machine tools	30.0	21.0	13.7	-3.4	139.1	111.1	11.0	13.4
6. Electrical machinery and apparatus	-16.7	6.9	4.9	-10.1	205.1	172.5	5.5	6.3
7. Motor vehicles and other transport equipments	-9.4	16.7	2.9	14.6	124.6	122.4	5.4	6.3
8. Wholesale and Retail trade	-20.3	-60.8	-18.3	-2.9	156.7	388.6	7.5	2.5
9. Computer and related activities	14.4	23.3	23.2	33.2	32.7	35.3	15.2	13.8
Country								
1. U.K.	5.2	22.3	2.5	8.1	52.3	46.2	11.1	13.0
2. U.S.A.	24.2	4.0	12.2	-3.4	88.5	82.2	10.6	10.8
3. Germany	11.7	8.3	-21.7	10.5	171.5	175.0	6.7	7.0
4. Switzerland	-12.8	0.7	-10.7	22.4	140.0	170.2	7.6	7.4
5. Japan	13.0	5.3	7.3	6.9	125.2	127.1	9.9	9.6
6. France	-13.4	49.9	1.1	27.8	287.6	245.2	5.6	8.2
7. Netherlands	-7.0	22.5	10.0	-17.1	134.5	91.1	4.0	5.3
8. Mauritius	8.1	9.9	-16.0	-0.1	46.0	41.8	35.3	34.5
All Companies	7.8	14.5	-0.8	4.8	91.1	83.4	10.5	11.6

Imports by the selected companies increased by 4.8 per cent in 2000-01 after a marginal decline of 0.8 per cent in the previous year. The imports to exports ratio for these companies worked out to 83.4 per cent in 2000-01 as compared to 91.1 per cent in the previous year. The imports of 'Raw materials, components, etc.' accounted for around 65 per cent of the total imports by these companies for the years under study. Imports were higher than exports in 'Chemicals and Chemical products' 'Machinery and Machine tools', 'Electrical machinery and apparatus', 'Motor vehicles and other transport equipments' and 'Wholesale and Retail trade' industry groups.

Dividend Remittances

Dividend remittances of the selected 447 companies in foreign currencies increased from Rs.714 crore in 1999-2000 to Rs.982 crore in 2000-01. It formed 8.9 per cent of total expenditure in foreign currencies in 2000-01 (6.9 per cent in 1999-2000). Dividend remittances in foreign currencies for U.K., U.S.A., Germany, France and Netherlands country-groups were higher in 2000-01 as compared to that in the previous year.

D. Financing Pattern and Utilisation of funds

Financing Pattern

The total funds raised by the selected companies during 2000-01 amounted to Rs.7,466 crore as against Rs.7,210 crore in 1999-2000 (Statement 15). Internal sources continued to have a major share of 79.4 per cent in the total sources of funds in 2000-01. Reserves and surplus (37.6 per cent) and Provisions (41.0 per cent) were the major sources of funds during 2000-01.

**Table 5 : Financing Pattern of the Selected FDI Companies,
1999-2000 and 2000-01**

Sources	(Percent)	
	1999-2000	2000-01
Internal sources	64.6	79.4
Paid-up capital (Internal)	0.6	0.7
Reserves and surplus	33.0	37.6
Provisions	31.0	41.0
External sources	35.4	20.6
Paid-up capital (External)	26.3	15.6
Borrowings	-12.7	-2.0
Trade dues and other current liabilities	21.6	7.0
Others	0.2	—
Total	100.0	100.0

Utilisation of Funds

The pattern of utilisation of funds showed wide variations in 2000-01 as compared to the previous year (Statement 15). 'Fixed asset formation' (40.1 per cent) and 'Investments' (31.1 per cent) were the major uses of total funds raised in 2000-01. The share of 'Loans and advances and other debtor balances' decreased from 25.0 per cent in 1999-2000 to 16.3 per cent in 2000-01 while that of 'Investments' increased from 19.0 per cent in 1999-2000 to 31.1 per cent in 2000-01.

**Table 6 : Funds Utilisation by the Selected FDI Companies, 1999-2000
and 2000-01**

Uses of Funds	(Per cent)	
	1999-2000	2000-01
Gross fixed assets	40.0	40.1
Inventories	9.1	10.5
Loans and advances and other debtor balances	25.0	16.3
Investments	19.0	31.1
Cash and bank balances	4.7	-1.2
Other assets	2.2	3.1
Total	100.0	100.0

E. Capital Structure and Assets Structure

Capital Structure

Total liabilities/assets (unadjusted) of the selected companies increased by 6.3 per cent to Rs.85,823 crore in 2000-01 (Statement 12). The changes in the financing pattern during 2000-01 resulted in minor variations in the capital structure of the selected companies (Table 7). The share of 'Borrowings' and 'Trade dues and other current liabilities' in total liabilities declined

from 26.1 per cent and 25.3 per cent in 1999-2000 to each with 24.4 per cent in 2000-01, respectively. The share of 'Reserves and surplus' in total liabilities, however, increased from 35.3 per cent to 37.6 per cent over the same period.

Table 7 : Composition of Liabilities of the Selected FDI Companies, 1998-99 to 2000-01

Liabilities	(Percent)		
	1998-99	1999-2000	2000-01
Share capital	9.4	9.7	9.6
Reserves and surplus	33.0	35.3	37.6
Borrowings	29.1	26.1	24.4
Trade dues and other current liabilities	24.9	25.3	24.4
Others	3.6	3.6	4.0
Total	100.0	100.0	100.0

Debt to Equity

Debt to equity for the selected companies declined from 34.4 per cent in 1999-2000 to 30.7 per cent in 2000-01 (Statements 5 to 7). It may be seen that the debt-equity ratio was substantially low for 'Wholesale and retail trade' and 'Computer and related activities' industries during the period under review.

Table 8: Debt to equity of the Selected FDI Companies, 1998-99 to 2000-01

Industry / Country		(Per cent)		
		1998-99	1999-2000	2000-01
1.	Teaplantations	19.2	15.4	14.7
2.	Food products and Beverages	23.3	16.4	15.6
3.	Chemicals and Chemical Products	26.3	24.1	22.2
4.	Rubber and Plastic products	42.3	41.4	53.1
5.	Machinery and Machine tools	26.8	21.6	16.8
6.	Electrical machinery and apparatus	28.9	36.4	29.8
7.	Motor vehicles and other transport equipments	52.5	39.0	41.6
8.	Wholesale and Retail trade	0.1	0.6	0.1
9.	Computer and related activities	4.7	1.5	1.7
Country				
1.	U.K.	28.8	22.7	19.2
2.	U.S.A.	35.2	25.6	23.1
3.	Germany	44.0	53.4	50.5
4.	Switzerland	34.1	32.3	30.1
5.	Japan	49.0	36.1	35.2
6.	France	12.0	12.8	24.2
7.	Netherlands	52.0	37.6	29.2
8.	Mauritius	102.9	82.9	82.2
All Companies		39.4	34.4	30.7

Assets Structure

The composition of assets of the selected FDI companies during 2000-01 indicated minor

variations in their assets structure over that in the previous year. 'Net fixed assets' (36.1 per cent) and 'Loans and advances and other debtor balances' (28.4 per cent) were the two major components of total assets in 2000-01. 'Inventories' constituted 18.1 per cent of total assets in 2000-01. The current ratio (current assets to current liabilities) of these companies was at 1.4 during 1999-2000 and 2000-01.

Table 9: Composition of Assets of the Selected FDI Companies, 1998-99 to 2000-01

Assets	(Percent)		
	1998-99	1999-2000	2000-01
Net fixed assets	39.1	37.6	36.1
Inventories	18.6	18.2	18.1
Loans and advances and other debtorbalances	28.2	28.7	28.4
Investments	7.5	8.7	10.8
Cash and bank balances	5.6	5.7	5.2
Others	1.0	1.1	1.4
Total	100.0	100.0	100.0

F. Performance of FDI companies - Public Limited Companies vs. Private Limited Companies

The growth and performance of the selected FDI companies classified into public limited companies and private limited companies may be glimpsed from Tables 10 and 11 (also statements 4 and 8). Profit margin and return on shareholders' equity of the selected FDI public limited companies were higher at 11.7 per cent and 14.3 per cent in 2000-01 as compared to 7.2 per cent and 3.3 per cent in the case of FDI private limited companies, respectively.

Table 10 : Growth Rates of Sales Gross Profits and Net profits of the Selected FDI Companies - Public Limited Companies and Private Limited Companies, 1999-2000 and 2000-01

Type of Companies	Number of Companies	(Percent)					
		Sales		Gross Profits		Profit after Tax	
		1999-2000	2000-01	1999-2000	2000-01	1999-2000	2000-01
Public Limited Companies	312	9.5	3.0	16.5	2.4	19.1	16.0
Private Limited Companies	135	22.0	18.5	58.4	-1.0	97.2	-24.1
All Selected Companies	447	9.9	3.6	17.4	2.3	20.0	15.3

Table 11 : Profit Margin, Effective Tax Rate and Return on Equity of the Selected FDI Companies - Public Limited Companies and Private Limited Companies, 1999-2000 and 2000-01

Type of Companies	Number of Companies	(Percent)					
		Profit Margin		Effective Tax Rate		Return on Equity	
		1999-2000	2000-01	1999-2000	2000-01	1999-000	2000-1
Public Limited Companies	312	11.8	11.7	32.7	31.7	13.7	14.3
Private Limited Companies	135	8.6	7.2	37.5	47.5	4.8	3.3
All Selected Companies	447	11.7	11.6	32.8	32.0	13.3	13.7

*** Prepared in the Company Finances Division of the Department of Statistical Analysis and Computer Services. The previous study relates to finances of 334 companies during 1999-2000 published in the May 2001 issue of the Reserve Bank of India Bulletin.**