

## *Performance of Private Corporate Business Sector during First Half of 2009-10\**

*The article reviews the performance of the private corporate business sector during first half of 2009-10 based on abridged financial results of 2579 non-government non-financial public limited companies. The analysis reveals that sales growth, which had been robust in the first half of 2008-09, was almost flat during April-September 2009 on the back of falling demand and lower commodity prices. However, despite an almost flat revenue growth, companies in aggregate could manage higher profit margins which were driven primarily by lower input prices, lower rise in interest outflow, less forex related losses and high growth in 'non-core' other income. More specifically, growth in interest outflow, which was at more than 70 per cent during first half of the last year, almost dipped to zero which, in turn, contributed positively to profitability. In terms of sectoral breakdown, the slowdown in sales was more prominent for companies in manufacturing sector vis-à-vis those in service sector. However, companies in both the sectors managed to maintain a moderate profit growth in the first half of 2009-10.*

The article analyses the performance of the private corporate business sector during the first half of 2009-10 (H1FY10 (April-September)) based on data relating to 2579 non-government non-financial public limited companies and provides, *inter alia*, a brief analysis by size and industry. The coverage of the selected companies in terms

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of paid-up capital (PUC), sales and market capitalisation in relation to the companies listed on the Bombay Stock Exchange as on September 2009 was around 73 per cent, 95 per cent and 91 per cent respectively. A brief review of the performance of private corporate sector over the first two quarters of 2009-10 has also been presented based on the abridged financial results of 2530 and 2531 companies in Q1 and Q2 respectively and on a common set of 2341 companies. In addition, it briefly touches upon the performance of 271 non-

government financial public limited companies during the first two quarters and first half of 2009-10.

### Performance of Non-Financial Non-Government Companies

#### *Overall Performance, H1:2009-10*

Overall performance of 2579 select non-financial non-government companies shows that the sales growth, which had been substantial in the first half of 2008-09, was almost flat during April-September 2009 on

**Table 1: Performance of Non-Government Non-Financial Companies, H1: 2009-10**

| Item                      | All Companies |                    |                     | Common Companies |                    |                    |
|---------------------------|---------------|--------------------|---------------------|------------------|--------------------|--------------------|
|                           | H1: 2009-10   | Growth H1: 2009-10 | Growth H1: 2008-09* | H1: 2009-10      | Growth H1: 2009-10 | Growth H1: 2008-09 |
| No. of Companies          | 2579          |                    |                     | 2341             |                    |                    |
|                           | Rs. crore     | Per cent           | Per cent            | Rs. crore        | Per cent           | Per cent           |
| 1                         | 2             | 3                  | 4                   | 5                | 6                  | 7                  |
| Sales                     | 8,27,040      | -0.6               | 32.1                | 8,16,458         | -0.3               | 32.0               |
| Change in stock           | 11,950        | -39.2              | 127.4               | 11,102           | -43.2              | 106.6              |
| Expenditure               | 6,94,711      | -3.4               | 37.3                | 6,85,430         | -3.4               | 36.9               |
| <i>of which</i>           |               |                    |                     |                  |                    |                    |
| CRM** #                   | 3,55,055      | -6.6               | 43.6                | 3,41,989         | -8.7               | 40.2               |
| Staff Cost #              | 61,452        | 7.0                | 10.9                | 60,621           | 7.2                | 22.8               |
| Power & fuel              | 27,803        | -14.9              | 48.7                | 27,673           | -14.6              | 49.4               |
| Operating Profits (PBDIT) | 1,44,279      | 8.8                | 14.9                | 1,42,130         | 10.0               | 15.3               |
| Other income              | 15,441        | 28.8               | -7.3                | 15,278           | 28.0               | -15.0              |
| Depreciation              | 32,891        | 21.4               | 16.3                | 32,250           | 21.5               | 18.0               |
| Gross profits(PBIT)       | 1,26,829      | 7.9                | 10.9                | 1,25,158         | 9.2                | 9.8                |
| Interest                  | 24,594        | 1.8                | 71.4                | 23,648           | 1.9                | 83.7               |
| Profits before tax(PBT)   | 1,02,235      | 9.5                | 2.3                 | 1,01,510         | 11.1               | -0.4               |
| Tax provision             | 23,988        | 22.2               | -0.3                | 23,567           | 21.2               | 0.7                |
| Profits after tax (PAT)@  | 80,896        | 8.4                | 3.6                 | 80,610           | 9.7                | 0.1                |
| <i>Paid-up capital</i>    | 80,705        | 5.1                | 5.4                 | 75,300           | 5.0                | 6.3                |

@ : Adjusted for non-operating surplus/deficit.

\* : For the 2228 companies published in January 2009 issue of RBI Bulletin.

\*\* : CRM: Consumption of Raw Materials.

# : CRM and staff cost for reporting companies are presented in Table 7 and 8 respectively.

account of falling consumption and investment demand and lower price realisations (Table 1). Aggregate stock-in-trade, which was sharply built-up in the first half of 2008-09, were used-up indicating adjustments of inventory levels to changes in the business demand. However, despite recording almost flat sales of about Rs. 8 lakh crore, corporates on an aggregate could improve their year-on-year performances largely on account of higher profit margins, which, in turn, were driven primarily by lower input costs, significant deceleration in interest payments, lower foreign exchange related losses and high growth in other income. With faster decline in total expenditure in relation to sales, profitability in terms of operating, gross and net margins improved by 160, 130 and 90 basis points respectively in the first half of 2009-10 (Chart 1). Improved margins also reflected the corporate sector's cost reduction initiatives in response to the slowdown in economic conditions that helped in controlling operating expenses. Interest burden, which is measured as a ratio of

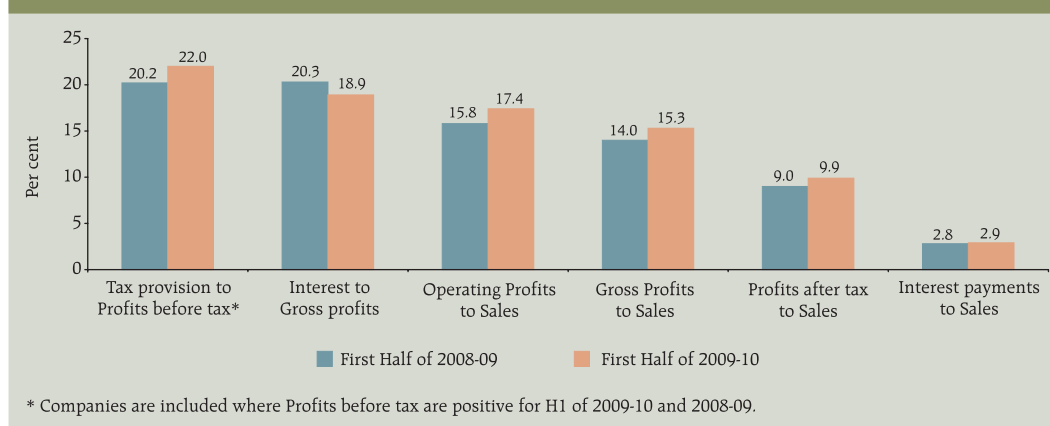
interest payments to gross profits, reduced by 1.4 percentage points due to faster fall in interest outgo in comparison to an increase in gross profits. Possibly on account of commissioning of new capacities, depreciation provision was reported to be higher by more than 20 per cent from the levels observed in the first half of last year. The provisioning towards tax also increased resulting in around 1.8 per cent increase in effective tax ratio.

The rest of the study is based on 2341 companies common in the first half of 2009-10 and the same period of the previous year.

#### *Performance according to Size of Paid-up capital*

The performance during first half of 2009-10 of select 2341 companies in various size classes taking paid-up-capital (PUC) as size variable as presented in Table 2 and 3 indicates the predominance of the top size class (comprising companies having PUC more than Rs.25 crore) in overall

**Chart 1: Profit allocation, Profitability and Interest linked ratios for 2341 common companies**



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**Table 2: Performance of the Select Companies according to the Size of Paid-up capital, H1: 2009-10**

| PUC Size class (Rs. crore) | No. of companies | Per cent share in PUC | Per cent share in sales | Per cent change (YoY) |              |             |                           |              |                      |            |               |                         |
|----------------------------|------------------|-----------------------|-------------------------|-----------------------|--------------|-------------|---------------------------|--------------|----------------------|------------|---------------|-------------------------|
|                            |                  |                       |                         | Sales                 | Other income | Expenditure | Operating Profits (PBDIT) | Depreciation | Gross profits (PBIT) | Interest   | Tax provision | Profits after tax (PAT) |
| 1                          | 2                | 3                     | 4                       | 5                     | 6            | 7           | 8                         | 9            | 10                   | 11         | 12            | 13                      |
| Below 5                    | 513              | 2.1                   | 2.0                     | -6.4                  | 49.1         | -9.0        | 15.2                      | 5.2          | 24.0                 | 2.7        | 10.3          | 15.1                    |
| 5 – 10                     | 573              | 5.4                   | 5.3                     | -3.0                  | 96.9         | -4.7        | 1.0                       | 12.1         | 6.4                  | 11.7       | -5.4          | 0.2                     |
| 10 – 15                    | 410              | 6.6                   | 6.1                     | 0.8                   | 29.2         | -0.5        | 5.9                       | 17.3         | 5.5                  | 23.1       | -2.1          | 3.6                     |
| 15 – 25                    | 329              | 8.4                   | 10.0                    | 0.2                   | 34.7         | -0.9        | 2.5                       | 18.3         | 1.3                  | 12.8       | -2.2          | -10.0                   |
| 25 and above               | 516              | 78.0                  | 77.0                    | -0.1                  | 24.2         | -3.7        | 11.6                      | 23.0         | 10.4                 | -2.1       | 28.1          | 12.5                    |
| <b>All Companies</b>       | <b>2341</b>      | <b>100.0</b>          | <b>100.0</b>            | <b>-0.3</b>           | <b>28.0</b>  | <b>-3.4</b> | <b>10.0</b>               | <b>21.5</b>  | <b>9.2</b>           | <b>1.9</b> | <b>21.2</b>   | <b>9.7</b>              |

performance. This class accounted for around 78 per cent of total PUC and reported almost flat sales of -0.1 per cent, around 4 per cent fall in expenditure and consequently, 11.6 per cent growth in operating profits. Operating profits of other classes save the smallest class of companies with PUC of less than Rs.5 crore varied in the range of 1 to 6 per cent. Among all the size classes, the smallest size group could cut down expenditure more sharply resulting in 15.2 per cent growth in operating profits. The performance of each size group has improved by noticeable

increases in non-core other income. The depreciation provision made by different size classes were in the range of 5 per cent (reported by the smallest group) to 23 per cent (reported by the largest size group). Interest outgo increased for all classes except for the largest size class which reported the decline.

Reflecting the influence of size on the profitability, Table 3 reveals the lowest gross and net profit margins for the smallest size group and the highest for the top size group. With the exception of the top class where

**Table 3: Profit Allocation, Interest-linked and Profitability Ratios according to the Size of Paid-up capital, H1: 2009-10**

| PUC Size group (Rs. crore) | (Per cent)                          |             |                           |             |                           |            |                   |            |                        |             |                            |            |
|----------------------------|-------------------------------------|-------------|---------------------------|-------------|---------------------------|------------|-------------------|------------|------------------------|-------------|----------------------------|------------|
|                            | Profit Allocation Ratios            |             |                           |             | Interest linked Ratios    |            |                   |            | Profitability Ratios   |             |                            |            |
|                            | Tax Provision to Profits before tax |             | Interest to Gross profits |             | Interest coverage (Times) |            | Interest to Sales |            | Gross profits to Sales |             | Profits after tax to Sales |            |
|                            | H1: 08-09                           | H1: 09-10   | H1: 08-09                 | H1: 09-10   | H1: 08-09                 | H1: 09-10  | H1: 08-09         | H1: 09-10  | H1: 08-09              | H1: 09-10   | H1: 08-09                  | H1: 09-10  |
| 1                          | 2                                   | 3           | 4                         | 5           | 6                         | 7          | 8                 | 9          | 10                     | 11          | 12                         | 13         |
| Below 5                    | 29.4                                | 27.2        | 34.3                      | 28.4        | 2.9                       | 3.5        | 2.3               | 2.6        | 6.8                    | 9.0         | 3.5                        | 4.3        |
| 5 – 10                     | 28.7                                | 27.0        | 26.7                      | 28.0        | 3.7                       | 3.6        | 2.7               | 3.2        | 10.3                   | 11.3        | 5.7                        | 5.9        |
| 10 – 15                    | 21.4                                | 21.5        | 23.8                      | 27.8        | 4.2                       | 3.6        | 2.9               | 3.6        | 12.3                   | 12.9        | 6.9                        | 7.1        |
| 15 – 25                    | 24.1                                | 23.7        | 24.0                      | 26.7        | 4.2                       | 3.7        | 3.1               | 3.5        | 13.0                   | 13.2        | 8.1                        | 7.3        |
| 25 and above               | 19.2                                | 21.6        | 19.1                      | 16.9        | 5.2                       | 5.9        | 2.8               | 2.8        | 14.7                   | 16.3        | 9.6                        | 10.9       |
| <b>All companies</b>       | <b>20.2</b>                         | <b>22.0</b> | <b>20.3</b>               | <b>18.9</b> | <b>4.9</b>                | <b>5.3</b> | <b>2.8</b>        | <b>2.9</b> | <b>14.0</b>            | <b>15.3</b> | <b>9.0</b>                 | <b>9.9</b> |

\* : Companies are included where Profits before tax are positive for H1 of 2009-10 and 2008-09

Table 4: Performance of the Select Companies according to the Size of Sales, H1: 2009-10

| Sales Size class (Rs. crore) | No. of companies | Sales (Rs crore) | Per cent share in sales | Per cent change (YoY) |              |             |                           |              |                      |            |               |                         |
|------------------------------|------------------|------------------|-------------------------|-----------------------|--------------|-------------|---------------------------|--------------|----------------------|------------|---------------|-------------------------|
|                              |                  |                  |                         | Sales                 | Other income | Expenditure | Operating Profits (PBDIT) | Depreciation | Gross profits (PBIT) | Interest   | Tax provision | Profits after tax (PAT) |
| 1                            | 2                | 3                | 4                       | 5                     | 6            | 7           | 8                         | 9            | 10                   | 11         | 12            | 13                      |
| Less than 25 crore           | 579              | 2,682            | 0.3                     | -32.0                 | -20.5        | -31.0       | -37.0                     | -1.9         | -40.7                | 1.6        | -26.6         | \$                      |
| 25 – 50                      | 266              | 4,889            | 0.6                     | -20.6                 | -5.6         | -14.2       | -59.4                     | 5.4          | -68.5                | 15.2       | -15.6         | \$                      |
| 50 – 100                     | 299              | 10,817           | 1.3                     | -10.6                 | 5.9          | -10.4       | -14.2                     | 9.3          | -17.2                | 4.3        | -17.7         | -40.9                   |
| 100 - 500                    | 685              | 82,953           | 10.0                    | -3.4                  | 24.0         | -4.6        | -2.7                      | 14.7         | -4.0                 | 9.2        | -17.7         | -7.8                    |
| 500 - 1000                   | 225              | 80,147           | 9.8                     | 0.1                   | 49.1         | -2.1        | 10.8                      | 16.9         | 12.5                 | 19.9       | 0.8           | -0.2                    |
| 1000 and above               | 287              | 6,34,969         | 78.0                    | 0.7                   | 29.9         | -2.9        | 12.5                      | 23.8         | 11.6                 | -2.7       | 30.0          | 13.9                    |
| <b>All companies</b>         | <b>2341</b>      | <b>8,16,457</b>  | <b>100.0</b>            | <b>-0.3</b>           | <b>28.0</b>  | <b>-3.4</b> | <b>10.0</b>               | <b>21.5</b>  | <b>9.2</b>           | <b>1.9</b> | <b>21.2</b>   | <b>9.7</b>              |

\$: Profit to Loss

interest formed 17 per cent of gross profits, other size classes reported interest burden of around 28 per cent.

#### Performance according to Size of Sales

Table 4 and 5 show the comparative performances of select 2341 companies in various size classes, where sales was taken

to be size differentiator. As in PUC size classes, the performance of top size class of companies with sales of more than Rs.1000 crore and accounting for nearly 80 per cent of overall sales influenced the overall corporate performance. Sales substantially declined at the lower end of sales class but moderately increased for sales classes above

Table 5: Profit Allocation, Interest-linked and Profitability Ratios according to the Size of Sales, H1: 2009-10

| Sales Size Class (Rs in Crore) | (Per cent)                           |             |                           |             |                           |            |                   |            |                        |             |                            |            |
|--------------------------------|--------------------------------------|-------------|---------------------------|-------------|---------------------------|------------|-------------------|------------|------------------------|-------------|----------------------------|------------|
|                                | Profit Allocation Ratios             |             |                           |             | Interest-linked Ratios    |            |                   |            | Profitability Ratios   |             |                            |            |
|                                | Tax provision to Profits before tax* |             | Interest to Gross profits |             | Interest coverage (Times) |            | Interest to Sales |            | Gross profits to Sales |             | Profits after tax to Sales |            |
|                                | H1: 08-09                            | H1: 09-10   | H1: 08-09                 | H1: 09-10   | H1: 08-09                 | H1: 09-10  | H1: 08-09         | H1: 09-10  | H1: 08-09              | H1: 09-10   | H1: 08-09                  | H1: 09-10  |
| 1                              | 2                                    | 3           | 4                         | 5           | 6                         | 7          | 8                 | 9          | 10                     | 11          | 12                         | 13         |
| Less than 25 crore             | 19.1                                 | 18.1        | 98.0                      | 168.1       | 1.0                       | 0.6        | 6.8               | 10.2       | 7.0                    | 6.1         | 0.7                        | \$         |
| 25 – 50                        | 18.3                                 | 25.0        | 33.1                      | 121.1       | 3.0                       | 0.8        | 3.6               | 5.3        | 10.9                   | 4.3         | 5.0                        | \$         |
| 50 – 100                       | 21.0                                 | 22.1        | 31.5                      | 39.6        | 3.2                       | 2.5        | 4.1               | 4.8        | 13.1                   | 12.1        | 7.3                        | 4.8        |
| 100 - 500                      | 22.4                                 | 21.6        | 29.9                      | 34.0        | 3.3                       | 2.9        | 3.8               | 4.3        | 12.7                   | 12.6        | 6.8                        | 6.5        |
| 500 - 1000                     | 23.4                                 | 22.4        | 26.8                      | 28.6        | 3.7                       | 3.5        | 3.3               | 4.0        | 12.4                   | 13.9        | 7.8                        | 7.8        |
| 1000 and above                 | 19.7                                 | 22.0        | 17.9                      | 15.6        | 5.6                       | 6.4        | 2.6               | 2.5        | 14.5                   | 16.0        | 9.5                        | 10.8       |
| <b>All companies</b>           | <b>20.2</b>                          | <b>22.0</b> | <b>20.3</b>               | <b>18.9</b> | <b>4.9</b>                | <b>5.3</b> | <b>2.8</b>        | <b>2.9</b> | <b>14.0</b>            | <b>15.3</b> | <b>9.0</b>                 | <b>9.9</b> |

\$: Numerator or denominator or both negative.

\*: Companies are included where Profits before tax are positive for H1 of 2009-10 and 2008-09

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Rs. 500 crore. Interestingly, the decline/growth in sales corresponded with the size; the bigger the sales size, the less was the year-on-year decline in the sales of the group. Operating profits declined for all groups having companies with sales of less than Rs.500 crore reflecting cost pressures against substantial decline in corresponding sales. Depreciation provisioning was reported to be the highest for the top size class of companies indicating this group of companies to be the one making the largest fixed investments. Interest cost (measured as interest outgo as percentage to sales) declined with the increase in sales size; was the highest at 10.2 per cent for the smallest size group and was the lowest at 2.5 per cent

for the largest size group. Same size effect was observed in the reported net profit margins; the lowest positive margin for the size group comprising companies with sales between Rs.50-100 crore and the highest for the largest group. The top sales size class also witnessed improvement in gross profit margin in the first half of 2009-10 as compared to the first half of 2008-09 as profits increased much faster *vis-à-vis* sales.

#### *Industry-wise Performance during H1: 2009-10<sup>1</sup>*

While aggregate sales declined for companies engaged in manufacturing activities, sales of companies engaged in IT and other services moved up slowly. Within

Table 6: Sector-wise Performance of 2341 selected companies, H1: 2009-10

| Item                            | Manufacturing      |                       | Services               |                       |                                      |                       |
|---------------------------------|--------------------|-----------------------|------------------------|-----------------------|--------------------------------------|-----------------------|
|                                 |                    |                       | Services Other than IT |                       | Computer and related activities (IT) |                       |
|                                 | 1752*              |                       | 412*                   |                       | 177*                                 |                       |
|                                 | Amount (Rs. crore) | Per cent change (yoy) | Amount (Rs. crore)     | Per cent change (yoy) | Amount (Rs. crore)                   | Per cent change (yoy) |
| 1                               | 2                  | 3                     | 4                      | 5                     | 6                                    | 7                     |
| Sales                           | 5,89,975           | -1.6                  | 1,62,468               | 3.0                   | 64,015                               | 3.7                   |
| Other income                    | 10,124             | 36.1                  | 3,553                  | 4.3                   | 1,601                                | 46.1                  |
| Expenditure,<br><i>of which</i> |                    |                       |                        |                       |                                      |                       |
| CRM**                           | 5,01,033           | -4.9                  | 1,35,510               | 2.0                   | 48,886                               | -1.6                  |
| Staff cost                      | 3,15,149           | -9.3                  | 23,918                 | -0.4                  | 2,923                                | -3.6                  |
| Power & fuel                    | 29,146             | 9.7                   | 11,048                 | 5.6                   | 20,428                               | 4.5                   |
| Power & fuel                    | 17,418             | -3.5                  | 10,255                 | -28.5                 | Nil                                  | -                     |
| Operating Profits (PBDIT)       | 99,451             | 11.2                  | 27,610                 | 0.8                   | 15,069                               | 21.7                  |
| Depreciation                    | 21,363             | 23.8                  | 8,561                  | 15.6                  | 2,326                                | 23.5                  |
| Gross profits (PBIT)            | 88,211             | 10.8                  | 22,602                 | -3.3                  | 14,344                               | 23.7                  |
| Interest                        | 16,145             | 4.0                   | 6,779                  | -3.7                  | 724                                  | 13.9                  |
| Profits before tax (PBT)        | 72,067             | 12.5                  | 15,823                 | -3.1                  | 13,620                               | 24.3                  |
| Tax provision                   | 17,723             | 20.4                  | 3,728                  | 11.9                  | 2,117                                | 51.5                  |
| Profits after tax (PAT)         | 54,172             | 9.6                   | 14,846                 | 3.1                   | 11,592                               | 19.8                  |
| <i>Paid-up capital</i>          | 45,676             | 4.2                   | 24,294                 | 6.6                   | 5,330                                | 5.2                   |

\* Number of companies  
\*\* CRM: Consumption of Raw Materials.

1 based on 2341 companies common in the first half of 2009-10 and the same period of the previous year.

services, companies in IT services in aggregate performed well with 3.7 per cent growth in sales and 19.8 per cent growth in net profits. As against this, companies in other services and manufacturing clocked 3.0 per cent and (-)1.6 per cent growth in sales and 3.1 per cent and 9.6 per cent growth in net profits, respectively. In comparison to services (other than IT) sector, the relatively higher decline in raw material contributed to lower expenditure and consequently to higher profits for manufacturing companies in aggregate. A noticeable support from non-core other income also pulled up profits of manufacturing and IT companies. Relatively lower interest outflow during the first half of 2009-10 as against substantial increase in first half of last year contributed positively to profitability of manufacturing and services sectors.

Detail industry-wise data presented in Statement 1 to 4 revealed that sales growth declined for 14 out of 28 industries captured in the study. Another 10 industries reported less than 10 per cent growth in sales. Cement (21.9 per cent), construction (17.6 per cent), tea plantation (15.4 per cent) and motor vehicles and other transport equipments (10.7 per cent) fared well by registering more than 10 per cent sales growth which in turn affected their profits that grew by at least 45.0 per cent each. Though sugar industry represented by 30 companies in the study posted the highest increase in sales (23.8 per cent) on account of high price realisations, their aggregate profit performance was adversely impacted by one-time gains reported by one company in first quarter of previous year. In contrast,

industries namely, real estate (-38.5 per cent), hotel and restaurants (-21.1 per cent), chemical fertilizers and pesticides (-26.1 per cent), fabricated metal products (-19.2 per cent), iron and steel (-12.4 per cent) and petroleum refinery (-12.2 per cent) recorded more than 10 per cent fall in sales which impacted negatively to their profit performances.

Indicating large capacity additions, provisioning towards depreciation increased by more than 30 per cent for petroleum refinery (62 per cent), electricity generation and supply (33.5 per cent), mining and quarrying (31.7 per cent), construction (31.3 per cent) and cement (30.4 per cent).

The improvement in profit performances of industries was on account of varied reasons like sales growth outpacing expenditure, reduction of interest burden, lower foreign exchange related losses and high growth in other income. In particular, construction companies during Q1 and Q2 of 2009-10, fared well on account of better price realisations and volume growth accompanied by sizeable growth in other income that resulted in more than 65 per cent rise in net profits despite higher interest outgo and high provisioning towards depreciation. Similar was the case of cement industry which witnessed good growth in sales and profits. Profitability in terms of gross and net margins increased considerably for cement and construction industries, which were influenced by low input costs and sizable rise in other income.

For the iron and steel industry, where the sales plunged by more than 12 per cent

in the first half of 2009-10 and the expenditure by about 14 per cent, high provisioning towards depreciation and weak support from non-core other income resulted in a fall in net profits by almost 35 per cent. Real estate industry recorded a fall of more than 27 per cent in sales in first two quarters. Lower output demand impacted profit performance for these companies; net profit for real estate industry declined by more than 60 per cent in Q1 and Q2 of 2009-10. Interest burden also doubled for these companies.

Notwithstanding a moderate growth in sales in Q1 and Q2, textile industry witnessed a noticeable rise of 180 and 280 per cent in net profit in these quarters respectively. Raw material expenses formed about 60 per cent of the total expenditure that remained almost unchanged during April-September 2009 over the same period last year. As a result, sales growth outpaced the expenditure growth leading to more than 40 per cent increase in profit in the operating level itself. Gross profit margin for this industry

also expanded by 320 and 380 basis points in first two quarters.

### Major Components of Expenditure, H1: 2009-10

#### *Consumption of Raw Materials*

Expenditure on consumption of raw materials for reporting companies fell around 9 per cent during April-September 2009 over mainly lower commodity prices prevailing, in particular during the first quarter (Table 7). Lower input costs, that led to a noticeable fall in total expenditure, *vis-à-vis* relatively flatter revenue receipt for companies resulted in a higher profit growth at the operating level itself (Table 1&7). The share of consumption of raw material in total expenditure at about 61 per cent in the first half of 2009-10 declined by almost 3 percentage points compared to the same period of a year ago.

#### *Staff Cost*

Although staff cost rose by 8.3 per cent, 6.1 per cent and 7.2 per cent in Q1, Q2 and

Table 7: Consumption of Raw Materials during H1: 2009-10

| Item                             | (Amount in Rs. crore) |                     |          |                    |          |                    |
|----------------------------------|-----------------------|---------------------|----------|--------------------|----------|--------------------|
|                                  | Q1                    |                     | Q2       |                    | H1       |                    |
|                                  | 2008-09               | 2009-10             | 2008-09  | 2009-10            | 2008-09  | 2009-10            |
| 1                                | 2                     | 3                   | 4        | 5                  | 6        | 7                  |
| <b>No. of companies</b>          | 1785*                 |                     | 1790*    |                    | 1817*    |                    |
| Consumption of raw materials     | 1,75,701              | 1,52,522<br>(-13.2) | 1,98,285 | 1,89,234<br>(-4.6) | 3,74,324 | 3,41,908<br>(-8.7) |
| Expenditure                      | 2,78,605              | 2,62,418<br>(-5.8)  | 3,08,948 | 2,99,317<br>(-3.1) | 5,90,327 | 5,64,553<br>(-4.4) |
| CRM as percentage of expenditure | 63.1                  | 58.1                | 64.2     | 63.2               | 63.4     | 60.6               |

\* Number of companies reported on expenditure of raw materials.

**Note:** Figures in brackets denote percent change over the corresponding period of the previous year.



Table 8: Staff Cost during H1: 2009-10

| Item                                    | (Amount in Rs. crore) |                    |              |                    |              |                    |
|---|-----------------------|--------------------|--------------|--------------------|--------------|--------------------|
|   | Q1                    |                    | Q2           |                    | H1           |                    |
|   | 2008-09               | 2009-10            | 2008-09      | 2009-10            | 2008-09      | 2009-10            |
| 1                                       | 2                     | 3                  | 4            | 5                  | 6            | 7                  |
| <b>No. of companies</b>                 | <b>2216*</b>          |                    | <b>2228*</b> |                    | <b>2240*</b> |                    |
| Staff cost                              | 27,318                | 29,577<br>(8.3)    | 29,170       | 30,950<br>(6.1)    | 56,548       | 60,620<br>(7.2)    |
| Expenditure                             | 3,35,551              | 3,20,852<br>(-4.4) | 3,69,992     | 3,60,301<br>(-2.6) | 7,06,179     | 6,81,772<br>(-3.5) |
| Staff cost as percentage of Expenditure | 8.1                   | 9.2                | 7.9          | 8.6                | 8.0          | 8.9                |

\* Number of companies reported on staff cost.  
**Note:** Figures in brackets denote percent change over the corresponding period of the previous year.

H1 respectively for the companies reporting this component of expenditure, overall expenditure fell by 4.4 per cent, 2.6 per cent and 3.5 per cent in these periods (Table 8). Staff costs as percentage of expenditure increased by about a percentage point to 8.9 per cent over the first half of last year. It can be observed that staff costs as percentage of expenditure is significant at about 41 per cent for IT companies whereas it is less than 10 per cent for manufacturing and other services companies (Table 6).

### *Change in Stock-in-Trade*

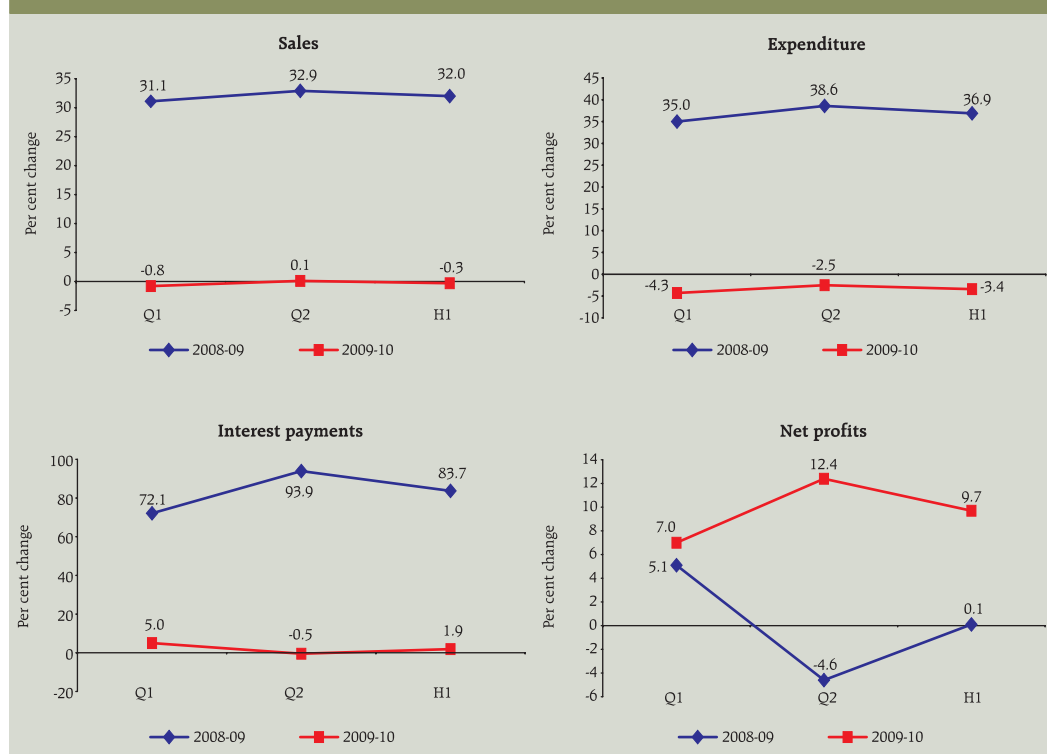
Stock-in-trade for reporting companies witnessed a decline of about 73 per cent during the first quarter of 2009-10 over the corresponding quarter of last year and stood at Rs. 2,752 crore as compared to Rs. 10,317 crore during a year ago. However, the fall in stock-in-trade had reduced to 9.7 per cent in the second quarter of 2009-10 that resulted the overall decline at about 43 per cent in H1: 2009-10. Change in stock-in-trade formed 1.6 per cent of sales in the first

Table 9: Change in Stock-in-trade during H1: 2008-09

| Item                                  | (Amount in Rs. crore) |                    |              |                   |              |                    |
|---------------------------------------|-----------------------|--------------------|--------------|-------------------|--------------|--------------------|
|                                       | Q1                    |                    | Q2           |                   | H1           |                    |
|                                       | 2008-09               | 2009-10            | 2008-09      | 2009-10           | 2008-09      | 2009-10            |
| 1                                     | 2                     | 3                  | 4            | 5                 | 6            | 7                  |
| <b>No. of companies</b>               | <b>1810*</b>          |                    | <b>1799*</b> |                   | <b>1826*</b> |                    |
| Stock-in-trade                        | 10,317                | 2,752<br>(-73.3)   | 9,195        | 8,306<br>(-9.7)   | 19,503       | 11,087<br>(-43.2)  |
| Sales                                 | 3,24,542              | 3,19,349<br>(-1.6) | 3,57,835     | 3,59,205<br>(0.4) | 6,84,782     | 6,80,791<br>(-0.6) |
| Stock-in-trade as percentage of sales | 3.2                   | 0.9                | 2.6          | 2.3               | 2.8          | 1.6                |

\* Number of companies reported on stock-in-trade.  
**Note:** Figures in brackets denote percent change over the corresponding period of the previous year.

Chart 2: Performance Indicators over the Quarters of 2008-09



half of 2009-10, which was 2.8 per cent in the same period of the previous year.

#### *Performance over the Quarters of 2009-10*

Our sample includes 2530, 2531 and 2579 companies for Q1, Q2 and H1 of 2009-10 respectively and 2500, 2368 and 2228 companies for same periods of the previous year (Statement 5). However, the quarterly performance of corporate analysed below is based on 2341 common companies covered in Q1, Q2 and H1 of 2009-10 and same periods of the previous year. Reflecting the slowing demand, sales, which was at higher growth path of around 30 per cent during first two quarters of the previous year,

started decelerating thereafter and remained subdued during April-September of 2009-10 (Chart 2). Although sales remained flat, companies in aggregate managed a moderate growth in net profits at about 7 per cent in Q1 and about 12.4 per cent in Q2 resulting in an overall growth of around 9.7 per cent in first half of 2009-10. Net profits increased primarily due to a larger fall in expenditure relative to sales, significant deceleration in interest payments, lower foreign exchange related losses and high growth in other income. The subdued sales and improved profit performance in first and second quarters 2009-10 were also partly on account of base effects, as private corporate sector had

Table 10: Performance of the Select Companies over the Quarters of 2009-10

|  | 2008-09     |          |          | 2009-10  |          |          |
|--|-------------|----------|----------|----------|----------|----------|
|  | Q1          | Q2       | H1       | Q1       | Q2       | H1       |
| <b>No. of companies</b>                      | <b>2341</b> |          |          |          |          |          |
| 1  | 2           | 3        | 4        | 5        | 6        | 7        |
| <b>Year-on-Year Growth rate in Per cent:</b> |             |          |          |          |          |          |
| Sales  | 31.1        | 32.9     | 32.0     | -0.8     | 0.1      | -0.3     |
| Other Income                                 | -33.4       | 4.4      | -15.0    | 52.6     | 5.1      | 28.0     |
| Expenditure                                  | 35.0        | 38.6     | 36.9     | -4.3     | -2.5     | -3.4     |
| Operating Profits (PBDIT)                    | 19.9        | 11.0     | 15.3     | 6.0      | 14.0     | 10.0     |
| Depreciation                                 | 17.5        | 18.5     | 18.0     | 22.1     | 21.0     | 21.5     |
| Gross Profits (PBIT)                         | 11.4        | 8.3      | 9.8      | 7.0      | 11.4     | 9.2      |
| Interest                                     | 72.1        | 93.9     | 83.7     | 5.0      | -0.5     | 1.9      |
| Profits after tax (PAT)                      | 5.1         | -4.6     | 0.1      | 7.0      | 12.4     | 9.7      |
| <b>Ratios in Per cent:</b>                   |             |          |          |          |          |          |
| Gross profits to sales                       | 14.6        | 13.5     | 14.0     | 15.7     | 15.0     | 15.3     |
| Profits after tax to sales                   | 9.6         | 8.4      | 9.0      | 10.4     | 9.4      | 9.9      |
| Interest to Sales                            | 2.6         | 3.0      | 2.8      | 2.8      | 3.0      | 2.9      |
| Interest to gross profits                    | 17.9        | 22.6     | 20.3     | 17.5     | 20.2     | 18.9     |
| Interest coverage(Times)                     | 5.6         | 4.4      | 4.9      | 5.7      | 5.0      | 5.3      |
| <b>Memo: (Rs. crore)</b>                     |             |          |          |          |          |          |
| Sales  | 3,91,432    | 4,25,559 | 8,16,991 | 3,88,289 | 4,28,168 | 8,16,458 |
| Other Income                                 | 5,775       | 8,643    | 14,418   | 8,771    | 6,506    | 15,278   |
| Expenditure                                  | 3,37,640    | 3,72,148 | 7,09,788 | 3,23,112 | 3,62,318 | 6,85,430 |
| Operating Profits                            | 64,103      | 62,178   | 1,26,280 | 67,960   | 74,170   | 1,42,130 |
| Depreciation                                 | 12,871      | 13,614   | 26,485   | 15,718   | 16,531   | 32,250   |
| Gross Profits                                | 57,007      | 57,206   | 1,14,213 | 61,013   | 64,145   | 1,25,158 |
| Interest                                     | 10,189      | 12,947   | 23,137   | 10,700   | 12,947   | 23,648   |
| Profits after tax                            | 37,580      | 35,945   | 73,525   | 40,211   | 40,399   | 80,610   |

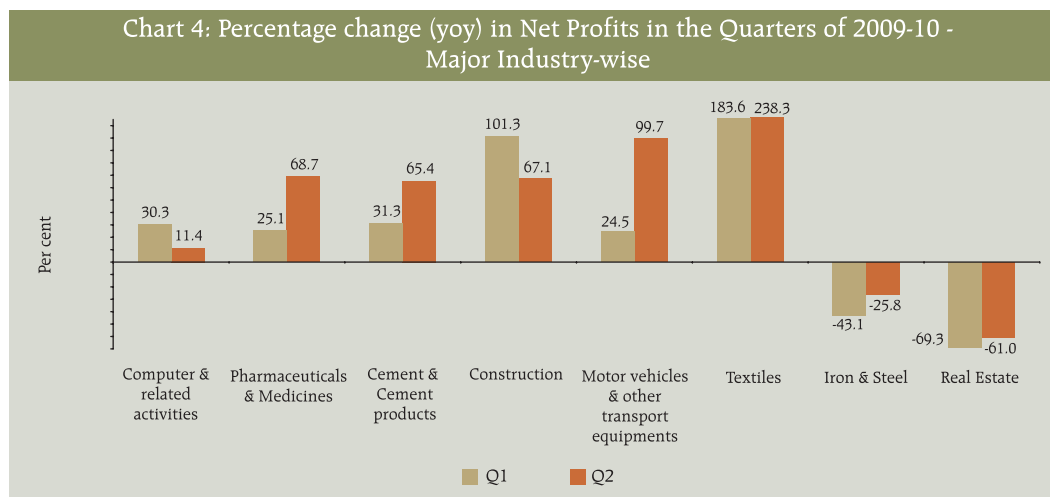
posted a moderate and negative profit growth during Q1 and Q2 of the last year respectively on the back of high growth in sales at around 32 per cent in those quarters (Table 10).

Chart 3: Percentage change (yoy) in Sales in the Quarters of 2009-10 - Major Industry-wise



ARTICLE

Performance of Private Corporate Business Sector during First Half of 2009-10

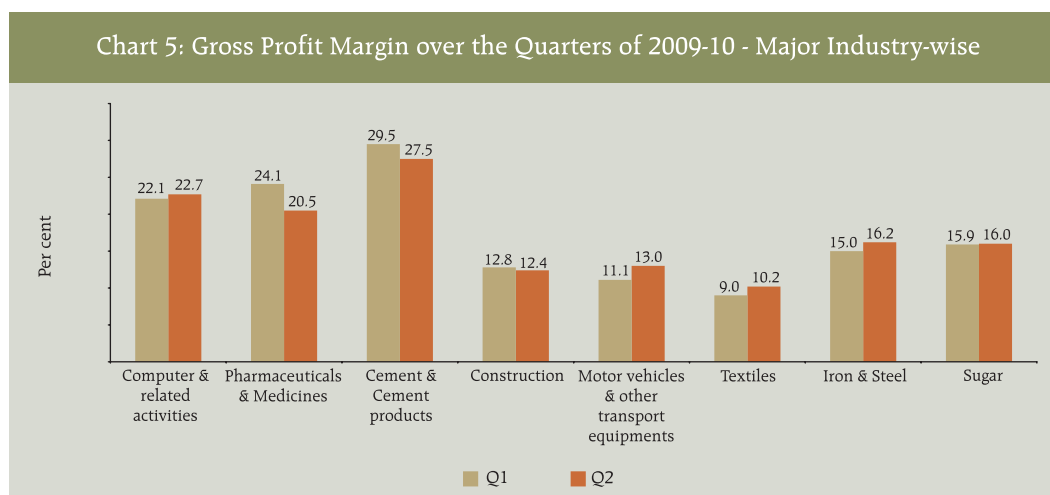


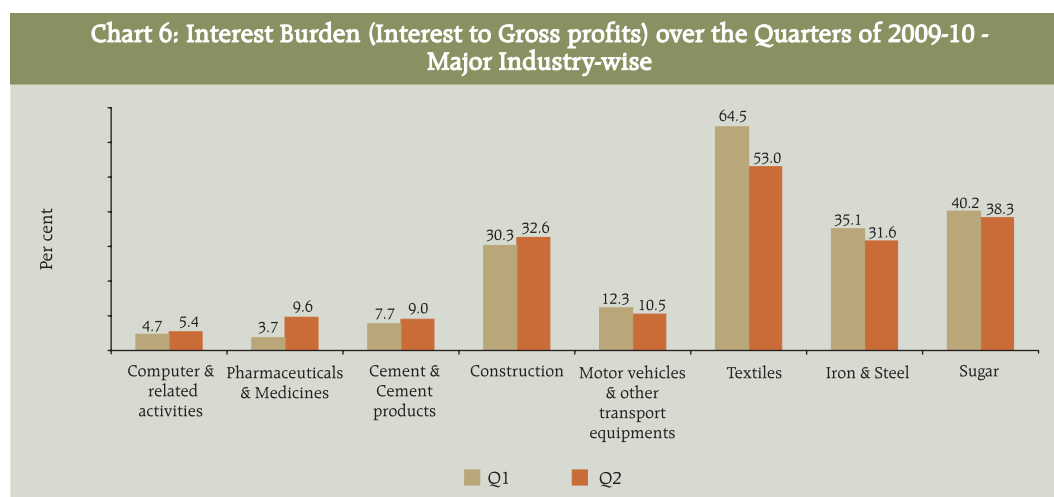
*Performance of Non-Government Financial Companies*

The results for selected 271 financial companies during first half of 2009-10 indicate a rise of 15.4 per cent in income from operations. However, unlike to the case of non-government non-financial companies, these companies could not keep their expenditure in check as expenditure grew by a higher rate of 21.1

per cent (Table 11). Profit after tax of these companies, supported by other income and low depreciation provision, grew by 5.6 per cent in first half of 2009-10. Interest payments rose by 16.1 per cent.

Quarterly results indicate that financial companies witnessed a decline in net profits in Q1 by 4.5 per cent on account of expenditure outpacing the income from





operations and high interest outgo. However in Q2, although expenditure grew at relatively higher rate of about 24 per cent,

the fall in net profits was arrested primarily due to lower interest payments and low depreciation provision.

**Table 11: Performance of Financial Companies, H1: 2009-10**

| Item                    | Q1: 2009-10        |                       | Q2: 2009-10        |                       | H1: 2009-10        |                       |
|-------------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|
|                         | Amount (Rs. crore) | Per cent Change (YoY) | Amount (Rs. crore) | Per cent Change (YoY) | Amount (Rs. crore) | Per cent Change (YoY) |
| 1                       | 2                  | 3                     | 4                  | 5                     | 6                  | 7                     |
| <b>No. of companies</b> | <b>271</b>         |                       |                    |                       |                    |                       |
| Income from operations  | 9,058              | 15.2                  | 9,920              | 15.6                  | 18,978             | 15.4                  |
| Other income            | 83                 | 43.1                  | 101                | 40.6                  | 184                | 41.7                  |
| Expenditure             | 3,379              | 18.1                  | 3,829              | 23.9                  | 7,208              | 21.1                  |
| Interest                | 3,875              | 24.4                  | 3,831              | 8.7                   | 7,706              | 16.1                  |
| Depreciation            | 71                 | 6.8                   | 77                 | 3.2                   | 148                | 4.9                   |
| Tax provision           | 509                | 15.1                  | 628                | 40.8                  | 1,137              | 28.0                  |
| Profits after tax       | 1,371              | -4.5                  | 1,675              | 15.5                  | 3,046              | 5.6                   |
| <i>Paid-up capital</i>  | 3,700              | 9.5                   | 3,740              | 7.6                   | 3,752              | 9.5                   |

## ARTICLE

Performance of Private  
Corporate Business Sector  
during First Half of  
2009-10

Statement 1: Industry-wise Growth Rates of Select Performance Indicators, H1: 2009-10

| Industry/Industry group                                  | No. of Companies | Paid-up Capital    |                | Per cent change (YoY) |              |             |              |                   |            |               |               |                   |
|--|------------------|--------------------|----------------|-----------------------|--------------|-------------|--------------|-------------------|------------|---------------|---------------|-------------------|
|  |                  | Amount (Rs. crore) | Per cent Share | Sales                 | Other Income | Expenditure | Depreciation | Operating Profits | Interest   | Gross Profits | Tax provision | Profits after Tax |
| 1  | 2                | 3                  | 4              | 5                     | 6            | 7           | 8            | 9                 | 10         | 11            | 12            | 13                |
| Tea plantation   | 28               | 285                | 0.4            | 15.4                  | 7.7          | 12.4        | 10.5         | 32.3              | -21.4      | 30.6          | 54.8          | 109.5             |
| Mining and quarrying                                     | 35               | 1,470              | 2.0            | -3.9                  | 39.7         | 9.6         | 31.7         | -28.9             | 76.3       | -22.9         | -38.9         | -34.0             |
| Food products and beverages                              | 146              | 2,437              | 3.2            | 12.1                  | 49.5         | 11.4        | 15.2         | 27.9              | 15.3       | 32.3          | 4.1           | 5.3               |
| <i>of which</i>  |                  |                    |                |                       |              |             |              |                   |            |               |               |                   |
| i. Sugar   | 30               | 658                | 0.9            | 23.8                  | 118.0        | 17.5        | 16.1         | 110.8             | 10.3       | 175.8         | -41.6         | -31.2             |
| ii. Edible oils  | 40               | 401                | 0.5            | 3.9                   | 145.9        | 5.0         | 24.7         | 13.5              | 27.1       | 16.6          | 26.2          | 8.7               |
| iii. Other food products & beverages                     | 76               | 1,378              | 1.8            | 16.0                  | 0.0          | 16.2        | 11.1         | 17.1              | 15.0       | 16.9          | 12.7          | 23.5              |
| Textiles   | 265              | 5,703              | 7.6            | 8.7                   | 20.4         | 3.3         | 13.6         | 47.7              | 23.3       | 71.2          | 72.9          | 214.3             |
| Paper and paper products                                 | 35               | 662                | 0.9            | -5.1                  | \$2          | -7.7        | 15.5         | 13.8              | 5.1        | 15.9          | 44.7          | 17.8              |
| Chemicals and chemical products,                         |                  |                    |                |                       |              |             |              |                   |            |               |               |                   |
| <i>of which</i>  | 349              | 8,165              | 10.8           | -4.5                  | 74.0         | -9.9        | 14.0         | 14.4              | -32.8      | 20.3          | 46.0          | 29.5              |
| i. Basic industrial chemicals                            | 89               | 1,270              | 1.7            | -5.6                  | 46.3         | -7.2        | 12.0         | -4.6              | 24.3       | -5.9          | -27.0         | -1.8              |
| ii. Chemical fertilizers and pesticides                  | 36               | 2,072              | 2.8            | -26.1                 | -8.3         | -29.3       | 16.4         | -12.5             | -28.3      | -16.7         | -17.2         | -9.6              |
| iii. Paints and varnishes                                | 14               | 331                | 0.4            | 9.9                   | 12.0         | 2.5         | 13.3         | 42.2              | -74.6      | 40.1          | 69.4          | 61.8              |
| iv. Pharmaceuticals and medicines                        | 128              | 2,353              | 3.1            | 6.9                   | 171.3        | 2.0         | 16.5         | 20.9              | -63.9      | 34.5          | 165.2         | 44.2              |
| v. Other chemical & chemical products                    | 82               | 2,139              | 2.8            | 0.6                   | 59.7         | -6.9        | 9.7          | 31.8              | 14.8       | 38.6          | 38.3          | 44.1              |
| Rubber and plastic products                              | 92               | 1,057              | 1.4            | 7.6                   | 54.2         | -2.8        | 21.2         | 90.7              | 4.7        | 111.1         | \$2           | \$2               |
| Cement and cement products                               | 39               | 2,896              | 3.8            | 21.9                  | 48.0         | 11.2        | 30.4         | 50.7              | 24.6       | 55.2          | 64.3          | 45.0              |
| Iron and steel   | 112              | 5,290              | 7.0            | -12.4                 | 66.4         | -14.5       | 17.8         | -23.4             | -1.0       | -27.6         | -35.8         | -34.6             |
| Fabricated metal products except machinery and equipment | 32               | 420                | 0.6            | -19.2                 | 104.7        | -23.3       | 17.1         | -10.6             | 1.1        | -4.9          | -1.3          | -19.7             |
| Machinery and machine tools                              | 137              | 1,813              | 2.4            | -4.0                  | 20.2         | -5.4        | 6.8          | -1.2              | 23.5       | -1.4          | -10.0         | -7.5              |
| Electrical machinery and apparatus                       | 88               | 1,443              | 1.9            | -1.9                  | 21.6         | -5.6        | 21.3         | 15.4              | -7.2       | 14.9          | 13.8          | 30.2              |
| Radio, television and communication equipments           | 37               | 1,176              | 1.6            | -3.7                  | 105.3        | -0.8        | 6.7          | -40.6             | 26.6       | -47.8         | 164.0         | \$1               |
| Medical precision and other scientific instruments       | 14               | 144                | 0.2            | 8.6                   | 101.8        | 4.7         | 21.7         | 10.8              | 14.6       | 11.3          | 15.4          | 14.4              |
| Motor vehicles and other transport equipments            | 83               | 2,269              | 3.0            | 10.7                  | -26.1        | 4.0         | 15.5         | 72.0              | 44.5       | 65.6          | 87.3          | 59.1              |
| Jewellery and related articles                           | 26               | 331                | 0.4            | 3.5                   | 64.8         | 2.8         | -5.0         | 11.4              | 43.8       | 22.7          | -26.9         | 7.2               |
| Real Estate  | 29               | 2,079              | 2.8            | -38.5                 | -30.8        | -20.5       | 4.7          | -55.4             | -4.2       | -52.3         | -55.6         | -65.2             |
| Electricity generation and supply                        | 13               | 1,916              | 2.5            | 5.9                   | -0.4         | -0.9        | 33.5         | 41.9              | 45.8       | 31.5          | 71.0          | 22.2              |
| Construction   | 76               | 2,349              | 3.1            | 17.6                  | 31.7         | 13.6        | 31.3         | 25.6              | 60.2       | 25.5          | 29.4          | 84.7              |
| Wholesale and retail trade                               | 106              | 1,464              | 1.9            | 0.0                   | 19.3         | 0.7         | 10.6         | -27.5             | 40.0       | -28.9         | -15.3         | -51.9             |
| Hotel and restaurant                                     | 38               | 651                | 0.9            | -21.1                 | -41.9        | -10.8       | 18.0         | -45.7             | 28.2       | -59.5         | -70.6         | -80.5             |
| Transport, storage and communication                     | 45               | 12,834             | 17.0           | -0.7                  | 31.6         | -3.5        | 10.7         | 5.4               | -51.9      | 3.8           | 74.7          | 6.1               |
| Computer and related activities                          | 177              | 5,330              | 7.1            | 3.7                   | 46.1         | -1.6        | 23.5         | 21.7              | 13.9       | 23.7          | 51.5          | 19.8              |
| Petroleum refinery                                       | 15               | 3,070              | 4.1            | -12.2                 | \$2          | -12.8       | 62.0         | 4.8               | 18.5       | 1.3           | 68.7          | -7.2              |
| <b>All companies+</b>                                    | <b>2341</b>      | <b>75,300</b>      | <b>100.0</b>   | <b>-0.3</b>           | <b>28.0</b>  | <b>-3.4</b> | <b>21.5</b>  | <b>10.0</b>       | <b>1.9</b> | <b>9.2</b>    | <b>21.2</b>   | <b>9.7</b>        |

\$1 : Numerator or denominator or both negative.

\$2 : Denominator is either nil or negligible.

+ : All companies under study.

| Statement 2: Industry wise Growth Rates of Select Performance Indicators over the quarters of<br>H1: 2009-10 |                     |             |            |             |             |             |             |               |             |            |                   |             |            |
|--|---------------------|-------------|------------|-------------|-------------|-------------|-------------|---------------|-------------|------------|-------------------|-------------|------------|
| Per cent change (YoY)  |                     |             |            |             |             |             |             |               |             |            |                   |             |            |
| Industry/Industry group  | Number of companies | Sales       |            |             | Expenditure |             |             | Gross Profits |             |            | Profits After Tax |             |            |
|  |                     | 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         |
| Tea plantation   | 28                  | 16.2        | 14.8       | 15.4        | 15.3        | 10.0        | 12.4        | 35.8          | 28.5        | 30.6       | 64.4              | 122.6       | 109.5      |
| Mining and quarrying   | 35                  | -2.8        | -5.2       | -3.9        | 10.1        | 9.0         | 9.6         | -23.6         | -21.9       | -22.9      | -31.7             | -38.0       | -34.0      |
| Food products and beverages  | 146                 | 8.5         | 15.9       | 12.1        | 6.5         | 16.6        | 11.4        | 27.5          | 37.6        | 32.3       | 45.9              | -19.0       | 5.3        |
| <i>of which</i>  |                     |             |            |             |             |             |             |               |             |            |                   |             |            |
| i. Sugar   | 30                  | 26.3        | 21.4       | 23.8        | -14.2       | 61.3        | 17.5        | 316.4         | 106.3       | 175.8      | \$1               | -67.0       | -31.2      |
| ii. Edible oils  | 40                  | -3.0        | 11.2       | 3.9         | -0.2        | 10.6        | 5.0         | -1.8          | 41.4        | 16.6       | -10.8             | 38.7        | 8.7        |
| iii. Other food products & beverages   | 76                  | 13.8        | 18.2       | 16.0        | 16.9        | 15.5        | 16.2        | 11.3          | 23.1        | 16.9       | 23.1              | 23.9        | 23.5       |
| Textiles   | 265                 | 6.2         | 11.1       | 8.7         | 0.5         | 6.0         | 3.3         | 65.4          | 76.0        | 71.2       | 183.6             | 238.3       | 214.3      |
| Paper and paper products   | 35                  | -4.6        | -5.5       | -5.1        | -4.1        | -10.9       | -7.7        | 12.5          | 19.1        | 15.9       | 11.8              | 24.0        | 17.8       |
| Chemicals and chemical products,   |                     |             |            |             |             |             |             |               |             |            |                   |             |            |
| <i>of which</i>  | 349                 | 3.4         | -11.0      | -4.5        | -2.6        | -15.9       | -9.9        | 23.6          | 17.0        | 20.3       | 24.4              | 34.8        | 29.5       |
| i. Basic industrial chemicals  | 89                  | -2.2        | -8.7       | -5.6        | -2.1        | -11.5       | -7.2        | -6.7          | -5.1        | -5.9       | -14.5             | 11.5        | -1.8       |
| ii. Chemical fertilizers and pesticides  | 36                  | 4.4         | -42.5      | -26.1       | -13.7       | -39.3       | -29.3       | -13.8         | -18.8       | -16.7      | 0.4               | -16.2       | -9.6       |
| iii. Paints and varnishes  | 14                  | 10.0        | 9.9        | 9.9         | 8.0         | -2.0        | 2.5         | 38.2          | 41.9        | 40.1       | 42.9              | 81.2        | 61.8       |
| iv. Pharmaceuticals and medicines  | 128                 | 5.4         | 8.3        | 6.9         | 5.4         | -1.1        | 2.0         | 36.6          | 32.3        | 34.5       | 25.1              | 68.7        | 44.2       |
| v. Other chemical & chemical products  | 82                  | 1.8         | -0.6       | 0.6         | -4.0        | -9.6        | -6.9        | 41.1          | 35.8        | 38.6       | 51.9              | 35.3        | 44.1       |
| Rubber and plastic products  | 92                  | 6.5         | 8.7        | 7.6         | -1.5        | -4.0        | -2.8        | 76.6          | 173.1       | 111.1      | 113.3             | \$2         | \$2        |
| Cement and cement products   | 39                  | 25.1        | 18.5       | 21.9        | 13.4        | 9.0         | 11.2        | 50.9          | 60.5        | 55.2       | 31.3              | 65.4        | 45.0       |
| Iron and steel   | 112                 | -10.1       | -14.4      | -12.4       | -10.9       | -17.7       | -14.5       | -31.9         | -23.6       | -27.6      | -43.1             | -25.8       | -34.6      |
| Fabricated metal products except machinery and equipment   | 32                  | -21.9       | -16.6      | -19.2       | -24.4       | -22.2       | -23.3       | -10.9         | 1.7         | -4.9       | -38.8             | 10.6        | -19.7      |
| Machinery and machine tools  | 137                 | -6.4        | -1.6       | -4.0        | -7.2        | -3.7        | -5.4        | -10.5         | 8.5         | -1.4       | -18.6             | 4.6         | -7.5       |
| Electrical machinery and apparatus   | 88                  | -0.9        | -2.9       | -1.9        | -5.9        | -5.3        | -5.6        | 9.0           | 20.7        | 14.9       | 14.5              | 46.1        | 30.2       |
| Radio, television and communication equipments   | 37                  | -5.2        | -2.3       | -3.7        | 0.7         | -2.2        | -0.8        | \$1           | 10.1        | -47.8      | \$1               | 59.4        | \$1        |
| Medical precision and other scientific instruments   | 14                  | 10.6        | 7.1        | 8.6         | 3.0         | 6.0         | 4.7         | 53.1          | -8.7        | 11.3       | 56.5              | -3.6        | 14.4       |
| Motor vehicles and other transport equipments  | 83                  | 4.2         | 17.0       | 10.7        | -2.1        | 10.0        | 4.0         | 31.4          | 104.9       | 65.6       | 24.5              | 99.7        | 59.1       |
| Jewellery and related articles   | 26                  | -5.1        | 11.1       | 3.5         | -4.6        | 9.4         | 2.8         | -9.5          | 73.3        | 22.7       | -44.5             | 154.3       | 7.2        |
| Real Estate  | 29                  | -47.7       | -27.8      | -38.5       | -33.3       | -5.4        | -20.5       | -54.1         | -50.6       | -52.3      | -69.3             | -61.0       | -65.2      |
| Electricity generation and supply  | 13                  | 4.1         | 7.6        | 5.9         | -3.0        | 1.2         | -0.9        | 49.6          | 17.1        | 31.5       | 43.7              | 6.0         | 22.2       |
| Construction   | 76                  | 18.2        | 16.9       | 17.6        | 12.9        | 14.3        | 13.6        | 29.1          | 22.0        | 25.5       | 101.3             | 67.1        | 84.7       |
| Wholesale and retail trade   | 106                 | 6.9         | -5.5       | 0.0         | 8.7         | -5.8        | 0.7         | -46.8         | -11.7       | -28.9      | -66.5             | -31.1       | -51.9      |
| Hotel and restaurant   | 38                  | -23.3       | -18.8      | -21.1       | -9.5        | -12.1       | -10.8       | -62.7         | -55.4       | -59.5      | -76.4             | -87.0       | -80.5      |
| Transport, storage and communication   | 45                  | 2.7         | -4.0       | -0.7        | 0.1         | -6.8        | -3.5        | 4.4           | 3.1         | 3.8        | 13.5              | -5.9        | 6.1        |
| Computer and related activities  | 177                 | 6.6         | 1.0        | 3.7         | -1.0        | -2.3        | -1.6        | 35.9          | 14.3        | 23.7       | 30.3              | 11.4        | 19.8       |
| Petroleum refinery   | 15                  | -22.7       | -3.1       | -12.2       | -24.6       | -2.4        | -12.8       | 2.9           | -0.1        | 1.3        | -6.6              | -7.8        | -7.2       |
| <b>All companies+</b>  | <b>2341</b>         | <b>-0.8</b> | <b>0.1</b> | <b>-0.3</b> | <b>-4.3</b> | <b>-2.5</b> | <b>-3.4</b> | <b>7.0</b>    | <b>11.4</b> | <b>9.2</b> | <b>7.0</b>        | <b>12.4</b> | <b>9.7</b> |

\$1 : Numerator or denominator or both negative.

\$2 : Denominator is either nil or negligible.

+ : All companies under study.

## ARTICLE

Performance of Private  
Corporate Business Sector  
during First Half of  
2009-10

Statement 3: Industry-wise Interest-Linked Ratios Over the Quarters of H1: 2009-10

| Industry/Industry group                                  | (Per cent)                |             |             |             |             |             |                   |            |            |            |            |            |
|--|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|------------|------------|------------|------------|------------|
|  | Interest to Gross Profits |             |             |             |             |             | Interest to Sales |            |            |            |            |            |
|  | Q1                        |             | Q2          |             | H1          |             | Q1                |            | Q2         |            | H1         |            |
|  | 2008-09                   | 2009-10     | 2008-09     | 2009-10     | 2008-09     | 2009-10     | 2008-09           | 2009-10    | 2008-09    | 2009-10    | 2008-09    | 2009-10    |
| 1  | 2                         | 3           | 4           | 5           | 6           | 7           | 8                 | 9          | 10         | 11         | 12         | 13         |
| Tea plantation   | 30.8                      | 20.2        | 16.2        | 8.9         | 20.4        | 12.3        | 5.4               | 4.1        | 4.7        | 2.9        | 5.0        | 3.4        |
| Mining and quarrying                                     | 7.7                       | 20.0        | 14.4        | 29.0        | 10.3        | 23.6        | 3.3               | 6.8        | 5.0        | 8.3        | 4.1        | 7.5        |
| Food products and beverages                              | 32.1                      | 29.0        | 34.9        | 29.2        | 33.4        | 29.1        | 2.9               | 3.1        | 3.1        | 3.0        | 3.0        | 3.1        |
| <i>of which</i>  |                           |             |             |             |             |             |                   |            |            |            |            |            |
| i. Sugar   | 145.1                     | 40.2        | 74.8        | 38.3        | 98.1        | 39.2        | 7.0               | 6.4        | 7.1        | 6.1        | 7.0        | 6.3        |
| ii. Edible oils  | 22.2                      | 26.5        | 24.8        | 24.4        | 23.3        | 25.4        | 1.1               | 1.3        | 1.0        | 1.2        | 1.0        | 1.2        |
| iii. Other food products & beverages                     | 25.2                      | 26.1        | 29.5        | 27.6        | 27.3        | 26.8        | 3.4               | 3.5        | 3.7        | 3.6        | 3.6        | 3.5        |
| Textiles   | 82.1                      | 64.5        | 79.4        | 53.0        | 80.6        | 58.1        | 4.8               | 5.8        | 5.1        | 5.4        | 4.9        | 5.6        |
| Paper and paper products                                 | 26.8                      | 28.9        | 34.3        | 26.7        | 30.6        | 27.8        | 3.3               | 4.2        | 4.2        | 4.1        | 3.7        | 4.1        |
| Chemicals and chemical products                          | 17.6                      | 9.2         | 21.8        | 12.8        | 19.7        | 11.0        | 2.6               | 1.6        | 2.7        | 2.1        | 2.7        | 1.9        |
| <i>of which</i>  |                           |             |             |             |             |             |                   |            |            |            |            |            |
| i. Basic industrial chemicals                            | 20.1                      | 28.2        | 22.9        | 28.6        | 21.5        | 28.4        | 3.2               | 4.3        | 3.3        | 4.3        | 3.3        | 4.3        |
| ii. Chemical fertilizers and pesticides                  | 23.2                      | 17.7        | 20.6        | 19.4        | 21.7        | 18.7        | 2.9               | 1.8        | 2.0        | 2.6        | 2.3        | 2.2        |
| iii. Paints and varnishes                                | 7.4                       | 1.0         | 10.8        | 2.3         | 9.2         | 1.7         | 1.1               | 0.2        | 1.4        | 0.4        | 1.3        | 0.3        |
| iv. Pharmaceuticals and medicines                        | 20.0                      | 3.7         | 29.0        | 9.6         | 24.4        | 6.6         | 3.7               | 0.9        | 4.9        | 2.0        | 4.3        | 1.5        |
| v. Other chemical & chemical products                    | 10.7                      | 9.4         | 12.9        | 10.1        | 11.8        | 9.7         | 1.2               | 1.5        | 1.4        | 1.5        | 1.3        | 1.5        |
| Rubber and plastic products                              | 32.8                      | 21.4        | 64.6        | 22.5        | 44.2        | 21.9        | 2.9               | 3.1        | 3.3        | 2.8        | 3.1        | 3.0        |
| Cement and cement products                               | 8.8                       | 7.7         | 12.4        | 9.0         | 10.4        | 8.3         | 2.1               | 2.3        | 2.5        | 2.5        | 2.3        | 2.4        |
| Iron and steel   | 23.1                      | 35.1        | 25.4        | 31.6        | 24.3        | 33.2        | 4.6               | 5.3        | 4.6        | 5.1        | 4.6        | 5.2        |
| Fabricated metal products except machinery and equipment | 34.7                      | 41.1        | 42.9        | 41.0        | 38.6        | 41.0        | 4.2               | 5.7        | 4.6        | 5.3        | 4.4        | 5.5        |
| Machinery and machine tools                              | 14.6                      | 22.0        | 18.4        | 19.3        | 16.4        | 20.6        | 1.9               | 2.7        | 2.1        | 2.4        | 2.0        | 2.6        |
| Electrical machinery and apparatus                       | 14.9                      | 14.1        | 18.3        | 12.8        | 16.6        | 13.4        | 1.7               | 1.8        | 1.9        | 1.7        | 1.8        | 1.7        |
| Radio, television and communication equipments           | 58.9                      | \$          | 56.1        | 56.7        | 57.4        | 139.1       | 4.2               | 6.4        | 4.1        | 4.7        | 4.2        | 5.5        |
| Medical precision and other scientific instruments       | 12.6                      | 11.4        | 7.2         | 7.5         | 9.0         | 9.2         | 0.9               | 1.1        | 0.9        | 0.8        | 0.9        | 0.9        |
| Motor vehicles and other transport equipments            | 10.7                      | 12.3        | 15.4        | 10.5        | 12.9        | 11.2        | 0.9               | 1.4        | 1.1        | 1.4        | 1.0        | 1.4        |
| Jewellery and related articles                           | 30.1                      | 53.7        | 60.2        | 45.1        | 41.8        | 49.0        | 1.7               | 2.9        | 1.9        | 2.2        | 1.8        | 2.5        |
| Real Estate  | 17.1                      | 41.3        | 19.2        | 32.1        | 18.2        | 36.5        | 9.0               | 19.1       | 12.0       | 13.7       | 10.4       | 16.2       |
| Electricity generation and supply                        | 21.3                      | 21.7        | 18.3        | 21.7        | 19.6        | 21.7        | 3.3               | 4.9        | 3.5        | 4.5        | 3.4        | 4.7        |
| Construction   | 22.4                      | 30.3        | 26.9        | 32.6        | 24.7        | 31.5        | 2.6               | 3.9        | 3.2        | 4.0        | 2.9        | 4.0        |
| Wholesale and retail trade                               | 36.7                      | 105.7       | 44.6        | 65.4        | 40.7        | 80.2        | 2.3               | 3.3        | 2.3        | 3.2        | 2.3        | 3.3        |
| Hotel and restaurant                                     | 20.4                      | 70.4        | 27.9        | 79.8        | 23.6        | 74.9        | 6.2               | 10.5       | 6.9        | 10.9       | 6.6        | 10.7       |
| Transport, storage and communication                     | 27.9                      | -1.6        | 64.5        | 46.3        | 45.3        | 21.0        | 4.3               | \$         | 8.5        | 6.6        | 6.4        | 3.1        |
| Computer and related activities                          | 5.7                       | 4.7         | 5.3         | 5.4         | 5.5         | 5.0         | 1.0               | 1.0        | 1.1        | 1.2        | 1.0        | 1.1        |
| Petroleum refinery                                       | 8.3                       | 11.1        | 12.3        | 13.1        | 10.3        | 12.1        | 0.9               | 1.6        | 1.2        | 1.3        | 1.1        | 1.4        |
| <b>All companies+</b>                                    | <b>17.9</b>               | <b>17.5</b> | <b>22.6</b> | <b>20.2</b> | <b>20.3</b> | <b>18.9</b> | <b>2.6</b>        | <b>2.8</b> | <b>3.0</b> | <b>3.0</b> | <b>2.8</b> | <b>2.9</b> |

\$: Numerator or denominator or both negative.

+: All companies under study.



Statement 4: Industry-wise Profitability Ratios Over the Quarters of H1: 2009-10

| Industry/Industry group                                  | (Per cent)             |             |             |             |             |             |                            |             |            |            |            |            |
|--|------------------------|-------------|-------------|-------------|-------------|-------------|----------------------------|-------------|------------|------------|------------|------------|
|  | Gross Profits to Sales |             |             |             |             |             | Profits after Tax to Sales |             |            |            |            |            |
|  | Q1                     |             | Q2          |             | H1          |             | Q1                         |             | Q2         |            | H1         |            |
|  | 2008-09                | 2009-10     | 2008-09     | 2009-10     | 2008-09     | 2009-10     | 2008-09                    | 2009-10     | 2008-09    | 2009-10    | 2008-09    | 2009-10    |
| 1  | 2                      | 3           | 4           | 5           | 6           | 7           | 8                          | 9           | 10         | 11         | 12         | 13         |
| Tea plantation   | 17.5                   | 20.4        | 28.8        | 32.3        | 24.3        | 27.5        | 9.8                        | 13.8        | 22.3       | 43.3       | 17.3       | 31.4       |
| Mining and quarrying                                     | 43.3                   | 34.0        | 34.5        | 28.5        | 39.4        | 31.6        | 30.1                       | 21.2        | 22.1       | 14.5       | 26.5       | 18.2       |
| Food products and beverages<br><i>of which</i>           | 9.1                    | 10.7        | 8.8         | 10.4        | 8.9         | 10.5        | 4.4                        | 5.9         | 7.7        | 5.3        | 6.0        | 5.6        |
| i. Sugar   | 4.8                    | 15.9        | 9.4         | 16.0        | 7.2         | 16.0        | \$                         | 7.9         | 29.5       | 8.0        | 14.3       | 8.0        |
| ii. Edible oils  | 4.8                    | 4.9         | 3.8         | 4.9         | 4.3         | 4.9         | 2.7                        | 2.5         | 1.9        | 2.4        | 2.3        | 2.4        |
| iii. Other food products & beverages                     | 13.7                   | 13.3        | 12.6        | 13.1        | 13.1        | 13.2        | 7.2                        | 7.7         | 6.6        | 6.9        | 6.9        | 7.3        |
| Textiles   | 5.8                    | 9.0         | 6.4         | 10.2        | 6.1         | 9.7         | 0.8                        | 2.1         | 1.0        | 2.9        | 0.9        | 2.6        |
| Paper and paper products                                 | 12.3                   | 14.5        | 12.1        | 15.3        | 12.2        | 14.9        | 6.5                        | 7.6         | 5.9        | 7.8        | 6.2        | 7.7        |
| Chemicals and chemical products<br><i>of which</i>       | 14.7                   | 17.5        | 12.6        | 16.6        | 13.5        | 17.1        | 9.5                        | 11.5        | 7.4        | 11.3       | 8.4        | 11.4       |
| i. Basic industrial chemicals                            | 16.1                   | 15.3        | 14.4        | 15.0        | 15.2        | 15.2        | 9.5                        | 8.3         | 8.2        | 10.0       | 8.8        | 9.2        |
| ii. Chemical fertilizers and pesticides                  | 12.4                   | 10.2        | 9.6         | 13.6        | 10.6        | 11.9        | 7.1                        | 6.8         | 5.7        | 8.4        | 6.2        | 7.6        |
| iii. Paints and varnishes                                | 14.3                   | 17.9        | 13.2        | 17.0        | 13.7        | 17.5        | 9.8                        | 12.8        | 8.4        | 13.8       | 9.1        | 13.3       |
| iv. Pharmaceuticals and medicines                        | 18.6                   | 24.1        | 16.8        | 20.5        | 17.7        | 22.2        | 12.7                       | 15.1        | 9.3        | 14.5       | 10.9       | 14.8       |
| v. Other chemical & chemical products                    | 11.6                   | 16.1        | 10.7        | 14.6        | 11.1        | 15.3        | 7.8                        | 11.6        | 6.9        | 9.3        | 7.3        | 10.5       |
| Rubber and plastic products                              | 8.8                    | 14.6        | 5.0         | 12.6        | 6.9         | 13.6        | 4.1                        | 8.2         | 1.4        | 6.6        | 2.7        | 7.4        |
| Cement and cement products                               | 24.4                   | 29.5        | 20.3        | 27.5        | 22.4        | 28.5        | 18.3                       | 19.2        | 12.8       | 17.8       | 15.6       | 18.5       |
| Iron and steel   | 19.8                   | 15.0        | 18.2        | 16.2        | 19.0        | 15.7        | 10.6                       | 6.7         | 9.2        | 8.0        | 9.9        | 7.4        |
| Fabricated metal products except machinery and equipment | 12.2                   | 13.9        | 10.7        | 13.0        | 11.4        | 13.4        | 6.7                        | 5.2         | 4.1        | 5.4        | 5.3        | 5.3        |
| Machinery and machine tools                              | 12.9                   | 12.4        | 11.5        | 12.7        | 12.2        | 12.5        | 7.8                        | 6.8         | 6.8        | 7.2        | 7.2        | 7.0        |
| Electrical machinery and apparatus                       | 11.6                   | 12.7        | 10.6        | 13.2        | 11.1        | 13.0        | 6.5                        | 7.5         | 5.8        | 8.7        | 6.1        | 8.1        |
| Radio, television and communication equipments           | 7.1                    | \$          | 7.4         | 8.3         | 7.3         | 3.9         | 2.7                        | \$          | 3.4        | 5.6        | 3.1        | \$         |
| Medical precision and other scientific instruments       | 7.1                    | 9.8         | 11.9        | 10.1        | 9.7         | 10.0        | 4.4                        | 6.2         | 8.3        | 7.4        | 6.6        | 6.9        |
| Motor vehicles and other transport equipments            | 8.8                    | 11.1        | 7.4         | 13.0        | 8.1         | 12.1        | 6.9                        | 8.2         | 5.7        | 9.7        | 6.3        | 9.0        |
| Jewellery and related articles                           | 5.7                    | 5.5         | 3.2         | 5.0         | 4.4         | 5.2         | 3.3                        | 1.9         | 1.0        | 2.3        | 2.1        | 2.2        |
| Real Estate  | 52.7                   | 46.3        | 62.3        | 42.6        | 57.1        | 44.3        | 36.5                       | 21.5        | 42.2       | 22.8       | 39.1       | 22.2       |
| Electricity generation and supply                        | 15.6                   | 22.4        | 19.2        | 20.9        | 17.4        | 21.6        | 10.0                       | 13.8        | 13.0       | 12.8       | 11.5       | 13.3       |
| Construction   | 11.7                   | 12.8        | 11.9        | 12.4        | 11.8        | 12.6        | 6.6                        | 11.3        | 6.0        | 8.6        | 6.3        | 9.9        |
| Wholesale and retail trade                               | 6.4                    | 3.2         | 5.2         | 4.9         | 5.7         | 4.1         | 2.8                        | 0.9         | 1.6        | 1.1        | 2.1        | 1.0        |
| Hotel and restaurant                                     | 30.5                   | 14.9        | 24.8        | 13.6        | 27.8        | 14.2        | 17.1                       | 5.3         | 11.8       | 1.9        | 14.5       | 3.6        |
| Transport, storage and communication                     | 15.3                   | 15.6        | 13.2        | 14.2        | 14.2        | 14.9        | 12.9                       | 14.3        | 7.7        | 7.5        | 10.2       | 10.9       |
| Computer and related activities                          | 17.4                   | 22.1        | 20.1        | 22.7        | 18.8        | 22.4        | 14.8                       | 18.1        | 16.5       | 18.1       | 15.7       | 18.1       |
| Petroleum refinery                                       | 10.8                   | 14.3        | 9.7         | 10.0        | 10.2        | 11.8        | 8.2                        | 9.9         | 7.1        | 6.7        | 7.6        | 8.0        |
| <b>All companies+</b>                                    | <b>14.6</b>            | <b>15.7</b> | <b>13.5</b> | <b>15.0</b> | <b>14.0</b> | <b>15.3</b> | <b>9.6</b>                 | <b>10.4</b> | <b>8.4</b> | <b>9.4</b> | <b>9.0</b> | <b>9.9</b> |

\$: Numerator or denominator or both negative.

+: All companies under study.

## ARTICLE

Performance of Private  
Corporate Business Sector  
during First Half of  
2009-10

Statement 5: Performance of the Select Companies over the Quarters of 2009-10 (based on full sample)

|  | 2008-09     |             |             | 2009-10     |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | Q1          | Q2          | H1          | Q1          | Q2          | H1          |
| <b>No. of companies</b>                      | <b>2500</b> | <b>2386</b> | <b>2228</b> | <b>2530</b> | <b>2531</b> | <b>2579</b> |
| 1  | 2           | 3           | 4           | 5           | 6           | 7           |
| <b>Year-on-year Growth rate in Per cent:</b> |             |             |             |             |             |             |
| Sales  | 29.3        | 31.8        | 32.1        | -0.9        | 0.1         | -0.6        |
| Other Income                                 | -8.4        | -0.6        | -7.3        | 50.2        | 6.0         | 28.8        |
| Expenditure                                  | 33.5        | 37.5        | 37.3        | -4.4        | -2.5        | -3.4        |
| Operating Profits (PBDIT)                    | 16.1        | 11.8        | 14.9        | 5.0         | 13.4        | 8.8         |
| Depreciation                                 | 15.3        | 16.5        | 16.3        | 21.5        | 20.7        | 21.4        |
| Gross Profits (PBIT)                         | 11.9        | 8.7         | 10.9        | 5.8         | 10.9        | 7.9         |
| Interest                                     | 58.1        | 85.3        | 71.4        | 3.7         | -1.0        | 1.8         |
| Profits after tax (PAT)                      | 6.9         | -2.6        | 3.6         | 5.5         | 12.0        | 8.4         |
| <b>Ratios in Per cent:</b>                   |             |             |             |             |             |             |
| Gross profits to sales                       | 14.5        | 13.5        | 14.1        | 15.7        | 14.9        | 15.3        |
| Profits after tax to sales                   | 9.7         | 8.6         | 9.2         | 10.2        | 9.4         | 9.8         |
| Interest to Sales                            | 2.4         | 2.9         | 2.7         | 2.8         | 3.1         | 3.0         |
| Interest to gross profits                    | 16.8        | 21.5        | 19.2        | 18.0        | 20.5        | 19.4        |
| Interest coverage(Times)                     | 6.0         | 4.6         | 5.2         | 5.6         | 4.9         | 5.2         |
| <b>Memo: (Rs. crore)</b>                     |             |             |             |             |             |             |
| Sales  | 3,65,303    | 3,93,626    | 6,71,922    | 3,95,461    | 4,33,974    | 8,27,040    |
| Other Income                                 | 7,666       | 7,943       | 13,400      | 8,872       | 6,663       | 15,441      |
| Expenditure                                  | 3,17,605    | 3,43,921    | 5,85,388    | 3,28,463    | 3,67,514    | 6,94,711    |
| Operating Profits                            | 56,854      | 57,101      | 1,02,327    | 69,085      | 74,847      | 1,44,279    |
| Depreciation                                 | 11,590      | 12,075      | 21,249      | 16,054      | 16,733      | 32,891      |
| Gross Profits                                | 52,930      | 52,968      | 94,482      | 61,903      | 64,777      | 1,26,829    |
| Interest                                     | 8,891       | 11,403      | 18,100      | 11,118      | 13,286      | 24,594      |
| Profits after tax                            | 35,295      | 33,844      | 61,881      | 40,507      | 40,634      | 80,896      |