

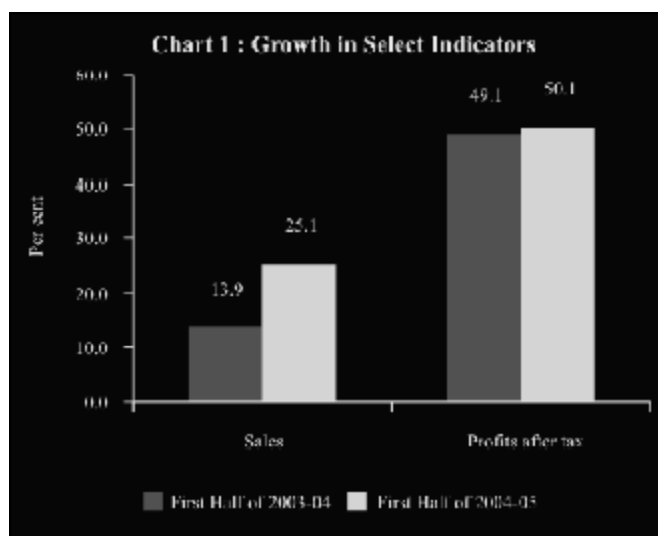
Performance of Private Corporate Business Sector During the First Half of 2004-05*

This article reviews the performance of private corporate business sector during and over the quarters of the first half of 2004-05, based on abridged unaudited/audited financial results of public limited companies. The performance of non-Government non-financial companies improved significantly as evidenced by marked increases in sales and profits, despite a moderate increase in interest payments during first half of 2004-05. Profitability in terms of profit margin on sales and return on sales recorded high increase in the paid-up capital (PUC) size class Rs. 25 crore and above. Interest burden was lighter than that in the corresponding period of the previous year. The non-Government financial companies recorded improvements in income from operations and profits after tax during and over the quarters of the first half of 2004-05.

The performance of private corporate business sector during the first half of 2004-05, i.e., April to September 2004 is assessed in this article, based on unaudited/audited abridged financial results of public limited companies published in the financial/news dailies and also collected from the Stock Exchange, Mumbai.¹ Since the data on only a few items are available from the abridged results and are provisional in nature, analysis based on these data can at best be taken as indicative.

The article covers abridged financial results of 1,171 non-Government non-financial public limited companies for the first half of 2004-05. Based on the abridged financial results of 1,255 companies for the first quarter of 2004-05 (April to June 2004) and 1,353 companies for the second quarter of 2004-05 (July to September 2004), a review of the performance of the private corporate business sector over the first two quarters of 2004-05 has been presented. The article includes, *inter alia*, size-wise and industry-wise analysis. It also briefly touches upon the performance of 168 non-Government financial public limited companies during the first-half of 2004-05.

The performance of private corporate business sector during the first half of 2004-05 improved significantly as evidenced by marked increases of more than 25 per cent and 50 per cent, respectively in sales and profits after tax (Chart 1). The profits after tax of 1,171



companies increased by about 50 per cent (49.1 per cent in H1:2003-04), despite increases in interest payments and tax provision during H1:2004-05 (Table 1). The profit margin on sales (gross profits as percentage of sales) at 13.1 per cent and the return on sales (profits after tax as percentage of sales) at 8.1 per cent were higher than those in the corresponding period of the previous year, indicating enhanced profitability (Chart 2).

Of the 1,171 companies covered in the study, 365 companies each with sales of Rs. 100 crore or more contributed 91 per cent in total sales. The number of companies reporting profits after tax in H1:2004-05 was higher at 961 as compared with 911 such companies in the corresponding period of the previous year.

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

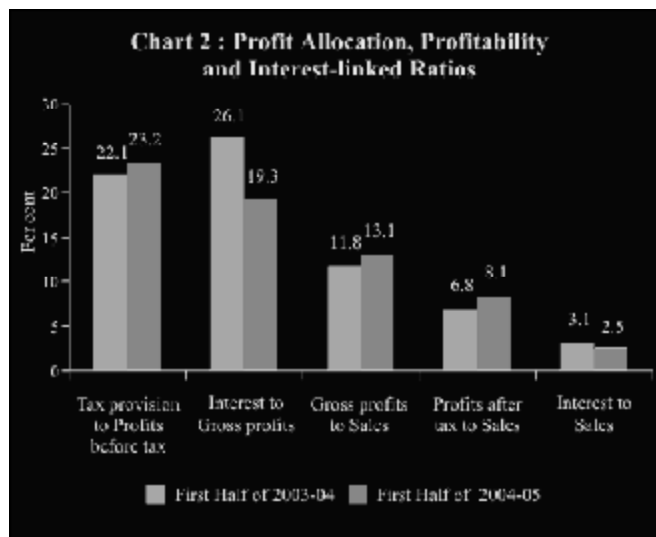
¹ The previous study on 'Performance of Private Corporate Business Sector during the First Half of 2003-04' was published in the February 2004 issue of the Reserve Bank of India Bulletin.

Item	H1: 2003-04 (April-Sept. 2003) (Rs. crore)	H1: 2004-05 (April-Sept. 2004) (Rs. crore)	Per cent change*	
			H1: 2004-05 (April-Sept. 2004)	H1: 2003-04 (April-Sept. 2003)**
1	2	3	4	5
Sales	2,02,808	2,53,747	25.1	13.9
Other income	5,552	6,548	17.9	32.1
Total expenditure	1,75,222	2,16,622	23.6	14.0
Depreciation	9,257	10,381	12.2	7.5
Gross profits	23,882	33,291	39.4	19.3
Interest	6,235	6,418	2.9	-16.8
Profits before tax	17,646	26,873	52.3	43.6
Tax provision	3,899	6,240	60.0	27.6
Profits after tax	13,748	20,634	50.1	49.1
Paid-up capital	26,591	28,219	6.1	5.6

* : Over the corresponding period of the previous year.

** : 'Performance of Private Corporate Business Sector during the first half of 2003-04' RBI Bulletin, February 2004, pp 153-163, which was based on 1,150 companies.

The distribution of paid-up capital (PUC) of selected companies showed a lower share of 11.4 per cent for the PUC size classes of 'Below Rs. 5 crore' and 'Rs. 5 crore to Rs. 10 crore', while these two classes represented 58 per cent of total companies covered (Table 2). On the other hand, top companies each with paid-up capital of 'Rs. 25 crore and above' which represented only 17.3 per cent in terms of number (202 companies), had a predominantly high share in terms of the amount of paid-up capital at 73.3 per cent. These companies recorded a rise of 25.6



per cent in sales and 47.8 per cent in profits after tax, despite 5.6 per cent increase in interest payments. Profits after tax for the companies in the preceding size class of Rs. 15-25 crore grew by the highest rate of 81.8 per cent.

Interest burden declined for all the PUC size classes. In particular, interest burden declined for all the size classes significantly with the top size class recording a fall from 24.0 per cent to 18.1 per cent in H1:2004-05. Profitability in terms of return on sales recorded improvement across all the size classes (Table 3). In particular, return to sales at 9.2 per cent was the highest for the top size class.

Size Group (Rs. crore)	No. of companies	Paid-up capital		Per cent change							
		Amount out standing (Rs. crore)	Per cent share	Sales	Total Expen- diture	Depre- ciation provision	Gross profits	Interest	Profits before tax	Tax provision	Profits after tax
1	2	3	4	5	6	7	8	9	10	11	12
Below 5	354	972	3.5	22.0	19.5	12.2	60.1	-3.4	#	#	#
5 - 10	320	2,231	7.9	27.2	27.6	8.8	21.9	0.0	35.4	33.5	36.1
10 - 15	183	2,184	7.7	20.2	19.8	12.1	18.3	-7.5	32.0	34.4	31.3
15 - 25	112	2,137	7.6	24.7	22.8	12.0	58.4	-3.2	80.1	74.5	81.8
25 and above (top cos.)	202	20,694	73.3	25.6	23.9	12.5	39.9	5.6	50.7	61.5	47.8
All Companies	1,171	28,219	100.0	25.1	23.6	12.2	39.4	2.9	52.3	60.0	50.1

: Denominator negative.

(Per cent)

Size Group (Rs. crore)	Profit allocation and Interest linked ratios								Profitability ratios			
	Tax provision to Profits before tax		Interest to Gross profits		Interest coverage ratio (number)		Interest to Sales		Gross profits to Sales		Profits after tax to Sales	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7	8	9	10	11	12	13
Below 5	28.0	26.9	39.7	24.0	2.5	4.2	3.1	2.5	7.8	10.3	3.4	5.7
5 - 10	25.7	25.3	38.2	31.4	2.6	3.2	3.0	2.4	7.8	7.5	3.6	3.9
10 - 15	23.6	24.1	34.6	27.1	2.9	3.7	3.5	2.7	10.2	10.0	5.1	5.6
15 - 25	22.8	22.1	26.1	15.9	3.8	6.3	2.3	1.8	9.0	11.4	5.1	7.5
25 and above	21.5	23.1	24.0	18.1	4.2	5.5	3.1	2.6	13.1	14.6	7.8	9.2
All companies	22.1	23.2	26.1	19.3	3.8	5.2	3.1	2.5	11.8	13.1	6.8	8.1

The select companies are divided into four size classes according to sales. A company is assigned to one of the four quartiles. The first quartile contains all the companies with sales below the 25th percentile (Rs. 11.4 crore), the second quartile contain all the companies between 25th and 50th percentile, and so on.

It is observed that 294 companies in the fourth quartile (large companies accounting for 87.5 per cent of the sales of all the select companies in H1:2004-05) performed well in terms of growth in sales as well as profitability (Table 4). These companies reported a growth of 26.4 per cent and 46.8 per cent in sales and profits after tax, respectively, while they registered an

increase of 6.5 per cent in interest payments. The growth in all the indicators was in tune with that of the growth recorded for all companies.

For 292 companies in the third quartile, accounting for 9.1 per cent of the sales of all the select companies in H1:2004-05, profits after tax grew by 70.4 per cent, mainly due to decline in interest outgo along with comparatively lower depreciation provision.

The 292 companies (contributing 2.8 per cent in total sales) in the second quartile though recorded a lower growth in sales of 12.5 per cent, performed appreciably well in terms of profitability. The sales of 293 companies in the first quartile grew by only 2.6 per cent; these companies recorded losses in aggregate in H1:2004-05 and also in H1:2003-04.

Sales Size Class (Rs. crore)	No. of companies	Per cent share in Sales	Per cent change							
			Sales	Total Expen- diture	Depre- ciation provision	Gross profits	Interest	Profits before tax	Tax provision	Profits after tax
1	2	3	4	5	6	7	8	9	10	11
Less than 11.4	293	0.6	2.6	-0.9	2.0	183.7	-8.8	#	82.2	#
11.4 - 40.0	292	2.8	12.5	11.6	2.9	31.2	-15.1	133.0	60.7	194.9
40.0 - 142.5	292	9.1	19.4	18.4	4.5	32.5	-9.4	63.3	42.4	70.4
142.5 and above	294	87.5	26.4	24.9	13.4	39.9	6.5	49.9	61.2	46.8
All companies	1,171	100.0	25.1	23.6	12.2	39.4	2.9	52.3	60.0	50.1

: Both denominator and numerator negative.

(Per cent)

Sales Size Class (Rs.crore)	Profit allocation and Interest-linked ratios								Profitability ratios			
	Tax provision to profits before tax		Interest to Gross profits		Interest coverage ratio (number)		Interest to Sales		Gross profits to Sales		Profits after tax to Sales	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7	8	9	10	11	12	13
Less than 11.4	-8.5	-48.8	424.1	136.3	0.2	0.7	12.0	10.6	2.8	7.8	-9.9	-4.2
11.4 - 40.0	46.2	31.8	68.8	44.5	1.5	2.2	5.5	4.1	7.9	9.3	1.3	3.5
40.0 - 142.5	25.4	22.2	42.3	28.9	2.4	3.5	4.1	3.1	9.7	10.7	4.2	5.9
142.5 and above	21.4	23.1	23.0	17.5	4.3	5.7	2.8	2.4	12.2	13.5	7.4	8.6
All companies	22.1	23.2	26.1	19.3	3.8	5.2	3.1	2.5	11.8	13.1	6.8	8.1

The gross profit margin and return on sales for companies in the fourth quartile were highest at 13.5 per cent and 8.6 per cent, respectively. This is followed by the companies in the third quartile with profit margin on sales and return on sales at 10.7 per cent and 5.9 per cent, respectively (Table 5).

As information on major industrial activities of companies is not available in the abridged financial

results for several companies, information available from other sources such as previous annual reports, stock exchange and capital markets newsletters, etc., is used in such instances.

The key indicators of the performance of companies across major industries showed considerable variations in their growth during the first half of 2004-05 (Table 6). The companies in iron and steel and allied products industry accounting for 12.8 per cent of total paid-up capital, showed an impressive rise in sales (44.7 per

Industry/Industry group	No. of companies	Paid-up capital		Per cent change							
		Amount outstanding (Rs. crore)	Per cent share	Sales	Total expenditure	Depreciation provision	Gross profits	Interest	Profits before tax	Tax provision	Profits after tax
1	2	3	4	5	6	7	8	9	10	11	12
1. Engineering	317	8,455	30.0	33.2	30.2	13.3	60.4	6.0	81.7	99.5	74.8
<i>Of which:</i>											
i) Iron and Steel and Allied products	42	3,610	12.8	44.7	34.7	28.1	95.3	18.1	132.7	132.9	132.6
ii) Automobiles and Ancillaries	56	1,521	5.4	28.8	27.8	8.0	41.9	-23.5	50.1	93.2	35.6
2. Chemicals	221	4,847	17.2	15.0	16.4	6.9	18.6	-11.1	28.4	23.5	30.0
<i>Of which:</i>											
i) Basic Industrial Chemicals	92	2,863	10.1	16.6	17.9	2.0	37.5	-19.5	75.1	36.6	94.1
ii) Pharmaceuticals and Drugs	68	919	3.3	12.2	14.5	19.2	1.7	-0.6	2.0	-1.9	2.8
3. Cement	20	634	2.2	18.5	15.3	12.1	43.0	-9.6	229.9	41.7	400.6
4. Textiles	117	1,952	6.9	11.3	12.2	1.7	-2.4	-5.5	1.0	-1.3	1.5
5. Information Technology	64	1,681	6.0	30.5	31.3	10.4	32.8	1.5	35.4	40.3	34.6
6. Diversified	14	1,919	6.8	25.8	23.8	18.8	44.0	34.5	46.2	90.3	40.7
All companies +	1,171	28,219	100.0	25.1	23.6	12.2	39.4	2.9	52.3	60.0	50.1

+ : All 1,171 companies under study.

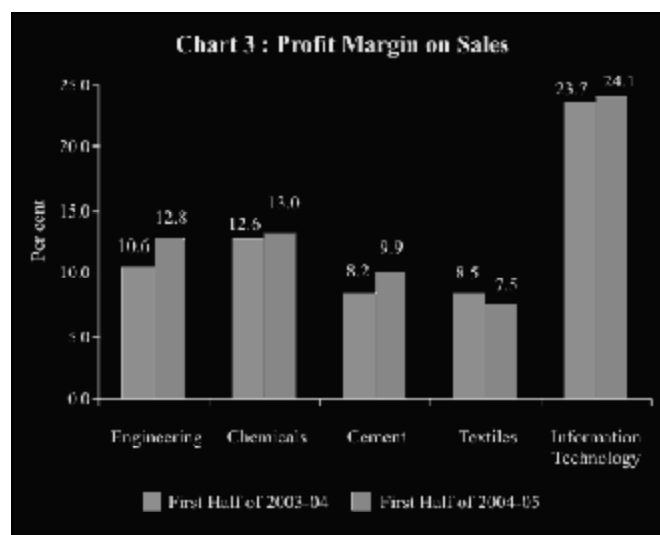
cent) and profits at every level *viz.*, gross profits, profits before tax and profits after tax.

The performance of chemical industry is characterised by 15.0 per cent increase in sales and a higher rise of 16.4 per cent in their expenditure. Mainly due to a decline of 11.1 per cent in interest outgo, the industry could sustain a higher profits after tax at 30.0 per cent. Cement industry performed very well with 18.5 per cent sales growth, lower expenditure growth of 15.3 per cent, decline in interest payments by 9.6 per cent, and 400.6 per cent growth in profits after tax.

Textile companies, which registered a negative growth in gross profits, could post 1.5 per cent rise in their profits after tax. Sales and Profits after tax for the information technology industry grew by 30.5 per cent and 34.6 per cent, respectively. The group 'Diversified' industry recorded sales and profits after tax growth of 25.8 per cent and 40.7 per cent, respectively, despite 34.5 per cent growth in interest payments.

The interest burden during the first half of 2004-05 was lighter across all the major industries over the

corresponding period of the previous year (Table 7). Profitability defined in terms of gross profit margin and return to sales improved in respect of all major industries except companies belonging to pharmaceuticals and textiles. Particular mention may be made for iron & steel companies for which gross



(Per cent)

Industry/Industry group	Profit allocation and Interest linked ratios								Profitability ratios			
	Tax provision to Profits before tax		Interest to Gross Profits		Interest coverage ratio (number)		Interest to Sales		Gross profits to Sales		Profits after tax to Sales	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Engineering	27.9	30.6	28.2	18.6	3.5	5.4	3.0	2.4	10.6	12.8	5.5	7.2
<i>Of which:</i>												
i) Iron and Steel and Allied products	31.7	31.8	32.7	19.8	3.1	5.1	5.1	4.2	15.6	21.0	7.2	11.5
ii) Automobiles and Ancillaries	25.1	32.3	11.2	6.0	8.9	16.7	1.0	0.6	8.7	9.6	5.8	6.1
2. Chemicals	24.4	23.5	24.9	18.6	4.0	5.4	3.1	2.4	12.6	13.0	7.2	8.1
<i>Of which:</i>												
i) Basic Industrial Chemicals	33.1	25.8	39.7	23.3	2.5	4.3	4.0	2.8	10.1	11.9	4.1	6.8
ii) Pharmaceuticals and Drugs	16.9	16.2	13.1	12.8	7.6	7.8	2.1	1.9	16.4	14.8	11.8	10.8
3. Cement	47.6	20.4	78.0	49.3	1.3	2.0	6.4	4.9	8.2	9.9	0.9	4.0
4. Textiles	16.8	16.4	51.7	50.0	1.9	2.0	4.4	3.7	8.5	7.5	3.4	3.1
5. Information Technology	14.9	15.4	7.6	5.8	13.2	17.2	1.8	1.4	23.7	24.1	18.6	19.2
6. Diversified	11.1	14.5	19.0	17.7	5.3	5.6	2.1	2.3	11.3	13.0	8.2	9.1
All companies +	22.1	23.2	26.1	19.3	3.8	5.2	3.1	2.5	11.8	13.1	6.8	8.1

+ : All 1,171 companies under study.

Chart 4 : Sales

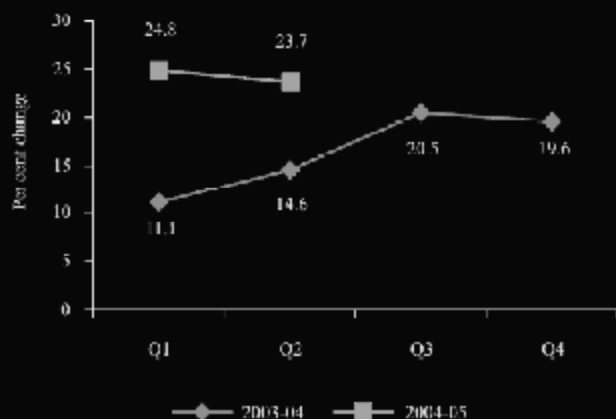
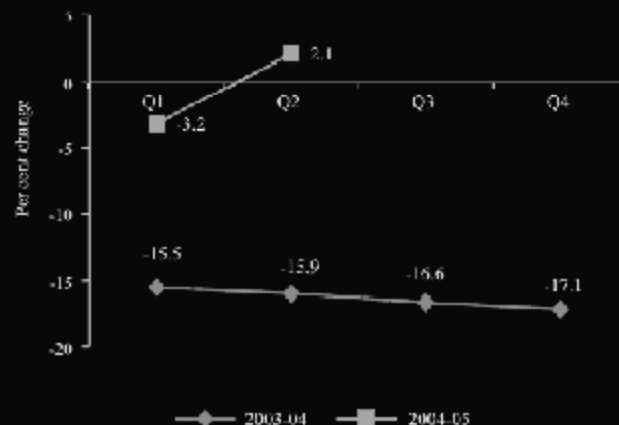


Chart 6 : Interest



profit margin and return to sales improved notably by 5.4 and 4.3 percentage points, respectively, and stood at 21.0 per cent and 11.5 per cent in H1:2004-05.

The quarter-wise performance of the private corporate sector in terms of growth in sales and profits after tax showed a deceleration in the second quarter from the first quarter of 2004-05. The data based on 1,255 and 1,353 select companies in Q1:2004-05 and Q2:2004-05

reveal 24.8 per cent and 23.7 per cent rise in sales with lower increases in total expenditure at 23.4 per cent and 22.4 per cent, respectively (Charts 4 and 5). These select companies also showed marked increases in profits after tax at 51.2 per cent and 45.3 per cent in Q1 and Q2 of 2004-05. However, the increase in the second quarter was lower than that of the first quarter of 2004-05 as well as the corresponding quarter of 2003-04 (Chart 7).

Interest burden and interest cost on sales declined over the first two quarters of 2004-05. Gross profit margin improved from 12.8 per cent in Q1:2004-05 to 13.4 per cent in Q2:2004-05 (Table 8).

Chart 5 : Total Expenditure

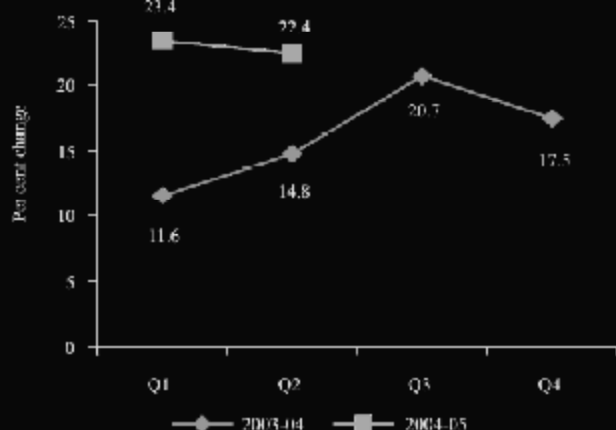
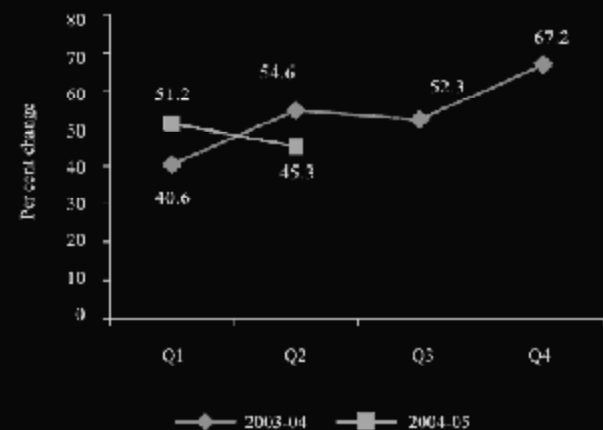


Chart 7 : Profits after Tax



(Per cent)

Ratio	Q1 (April-June)		Q2 (July-Sept.)		H1 (April-Sept.)	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7
Interest to Gross profits	29.3	20.9	23.3	17.5	26.1	19.3
Interest to Sales	3.4	2.7	2.8	2.3	3.1	2.5
Interest to expenditure	3.6	2.9	3.0	2.5	3.3	2.7
Gross profits to Sales	11.7	12.8	12.2	13.4	11.8	13.1
Profits after tax to Sales	6.3	7.7	7.2	8.5	6.8	8.1

first quarter. The industry also recorded a higher growth in profits after tax in both the quarters.

All the major industries except iron and steel and allied products, cement, and diversified industries recorded lower growth in sales in the second quarter over the first quarter of 2004-05 (Table 9). In both the quarters of 2004-05, companies in the iron and steel and allied products industry continued to show impressive gains in growth in sales with a second quarter rise of 45.3 per cent over a rise of 42.9 per cent in the

The companies in various industries recorded lower interest burden in the first two quarters of 2004-05 as compared with corresponding period of the previous year (Table 10). Interest burden for cement companies rose from 21.5 per cent in Q1:2004-05 to 62.3 per cent in Q2:2004-05.

Except the companies in cement and information technology industries, other industries recorded improvement

(Per cent)

Industry/ Industry Group	Number of Companies			Sales			Total Expenditure			Gross profits			Profits after tax		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Engineering	330	368	317	31.8	31.0	33.2	28.7	28.9	30.2	59.9	51.8	60.4	76.3	65.9	74.8
<i>Of which:</i>															
i) Iron and Steel and Allied Products	39	52	42	42.9	45.3	44.7	31.1	37.1	34.7	103.8	88.3	95.3	137.0	129.8	132.6
ii) Automobile and Ancillaries	53	65	56	31.1	26.4	28.8	29.7	25.8	27.8	57.3	34.3	41.9	55.6	29.2	35.6
2. Chemicals	248	259	221	17.8	10.1	15.0	20.1	10.4	16.4	5.8	11.0	18.6	7.6	15.1	30.0
<i>Of which:</i>															
i) Basic Industrial Chemicals	96	102	92	23.6	12.7	16.6	28.3	13.0	17.9	-2.5	31.8	37.5	1.5	59.6	94.1
ii) Pharmaceuticals and Drugs	75	85	68	14.3	7.8	12.2	16.7	7.0	14.5	1.8	10.9	1.7	2.3	12.6	2.8
3. Cement	23	25	20	15.0	24.6	18.5	12.0	19.4	15.3	75.1	161.2	43.0	167.2	#	400.6
4. Textiles	125	130	117	12.5	8.2	11.3	13.1	9.1	12.2	1.9	0.2	-2.4	67.5	5.6	1.5
5. Information Technology	70	78	64	31.7	30.0	30.5	31.6	30.6	31.3	38.3	28.7	32.8	40.9	30.3	34.6
6. Diversified	14	16	14	21.0	29.2	25.8	19.3	27.0	23.8	34.0	52.2	44.0	35.3	45.3	40.7
All companies+	1,255	1,353	1,171	24.8	23.7	25.1	23.4	22.4	23.6	36.0	35.8	39.4	51.2	45.3	50.1

: Denominator negative.

+ : All companies under study.

(Per cent)

Industry/Industry group	Interest to Gross profits						Interest to Sales					
	Q1		Q2		H1		Q1		Q2		H1	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Engineering	30.0	18.9	26.6	18.0	28.2	18.6	3.0	2.3	3.0	2.3	3.0	2.4
<i>Of which:</i>												
i) Iron and Steel and Allied Products	31.8	19.0	32.2	20.1	32.7	19.8	4.6	3.9	5.0	4.1	5.1	4.2
ii) Automobiles and Ancillaries	14.9	7.0	8.4	5.2	11.2	6.0	1.2	0.7	0.8	0.5	1.0	0.6
2. Chemicals	24.6	21.5	15.0	11.6	24.9	18.6	3.5	2.8	2.3	1.8	3.1	2.4
<i>Of which:</i>												
i) Basic Industrial Chemicals	49.2	41.2	28.0	16.1	39.7	23.3	5.6	3.7	2.8	1.9	4.0	2.8
ii) Pharmaceuticals and Drugs	8.5	8.3	8.0	7.4	13.1	12.8	1.6	1.4	1.6	1.5	2.1	1.9
3. Cement	44.5	21.5	208.6	62.3	78.0	49.3	5.0	3.6	8.1	5.1	6.4	4.9
4. Textiles	68.3	55.4	49.3	46.9	51.7	50.0	5.2	3.8	4.2	3.7	4.4	3.7
5. Information Technology	8.2	5.4	6.6	5.4	7.6	5.8	1.9	1.3	1.6	1.3	1.8	1.4
6. Diversified	23.5	20.4	15.3	15.6	19.0	17.7	2.5	2.4	1.8	2.1	2.1	2.3
All companies+	29.3	20.9	23.3	17.5	26.1	19.3	3.4	2.7	2.8	2.3	3.1	2.5

+ : All companies under study.

in their profit margin on sales and return on sales in Q2:2004-05 over Q1:2004-05 (Table 11). In particular, companies in engineering group could post 6.7 per cent and 7.4 per cent return to their sales in the first two quarters of the current year as against 5.0 per cent and 5.8 per cent in the corresponding periods of previous year.

The number of companies reporting disaggregated expenditure components in each of the first two quarters of 2004-05 and for the first half of 2004-05 varied from 896 to 1,025 (Table 12). Sales of 896 companies during H1:2004-05 accounted for 88 per cent of total sales of

(Per cent)

Industry/Industry group	Gross profits to Sales						Profits after tax to Sales					
	Q1		Q2		H1		Q1		Q2		H1	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Engineering	10.1	12.3	11.2	12.9	10.6	12.8	5.0	6.7	5.8	7.4	5.5	7.2
<i>Of which:</i>												
i) Iron and Steel and Allied products	14.4	20.5	15.7	20.3	15.6	21.0	6.5	10.8	7.1	11.2	7.2	11.5
ii) Automobiles and Ancillaries	7.8	9.4	9.7	10.3	8.7	9.6	4.9	5.8	6.5	6.7	5.8	6.1
2. Chemicals	14.4	12.9	15.0	15.2	12.6	13.0	8.1	7.4	10.0	10.4	7.2	8.1
<i>Of which:</i>												
i) Basic Industrial Chemicals	11.5	9.0	10.0	11.7	10.1	11.9	3.7	3.1	5.2	7.4	4.1	6.8
ii) Pharmaceuticals and Drugs	19.3	17.2	19.7	20.3	16.4	14.8	14.3	12.8	14.7	15.4	11.8	10.8
3. Cement	11.1	17.0	3.9	8.2	8.2	9.9	5.3	12.3	-4.8	2.5	0.9	4.0
4. Textiles	7.6	6.9	8.5	7.8	8.5	7.5	1.7	2.5	3.6	3.5	3.4	3.1
5. Information Technology	22.7	23.9	23.7	23.5	23.7	24.1	18.0	19.3	18.9	18.9	18.6	19.2
6. Diversified	10.8	12.0	11.5	13.6	11.3	13.0	7.3	8.2	8.7	9.8	8.2	9.1
All companies +	11.7	12.8	12.2	13.4	11.8	13.1	6.3	7.7	7.2	8.5	6.8	8.1

+ : All companies under study.

(Amount in Rs. crore)

Item	Q1		Q2		H1	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
1	2	3	4	5	6	7
<i>No. of companies</i>	954		1,025		896	
Sales	94,452	1,17,362 (24.2)	1,10,419	1,36,376 (23.5)	1,78,936	2,23,768 (25.1)
Change in stock-in-trade	1,581	3,579	141	700	1,385	3,975
Total expenditure	82,598	1,01,682 (23.1)	96,389	1,18,164 (22.6)	1,55,979	1,93,220 (23.9)
Of which:						
i) Consumption of raw materials	48,672	63,649 (30.8)	57,043	73,758 (29.3)	93,146	1,22,108 (31.1)
ii) Staff cost	5,583	6,081 (8.9)	6,027	6,494 (7.7)	9,671	10,486 (8.4)
Stock-in-trade as a percentage of Sales	1.7	3.0	0.1	0.5	0.8	1.8
Consumption of raw materials as a percentage of total expenditure	58.9	62.6	59.2	62.4	59.7	63.2
Staff cost as a percentage of total expenditure	6.8	6.0	6.3	5.5	6.2	5.4

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

1,171 companies. These companies showed an accumulation of stock of tradable goods at Rs. 3,975 crore, which represented 1.8 per cent of sales. Accumulation of stock-in-trade formed 3.0 per cent of the sales of 954 companies in Q1:2004-05 and 0.5 per cent of sales of 1,025 companies in Q2:2004-05.

The share of staff cost in total expenditure declined during the first half and over the quarters of 2004-05 and was also lower than that recorded in the corresponding periods of 2003-04. On the contrary, consumption of raw materials as a percentage of total expenditure increased to 63.2 per cent in H1:2004-05 from 59.7 per cent in H1:2003-04. Similarly, the same was higher in both the quarters of 2004-05 as compared with corresponding quarters of 2003-04.

The results of the selected 168 financial companies during H1:2004-05 indicated a rise of 11.2 per cent in total expenditure, higher than that of 7.3 per cent increase in income from operations (Table 13). Profits after tax of these select companies went up by 15.4 per cent.

Abridged financial results of 186 companies in the second quarter of 2004-05 indicate a growth of 6.4 per cent and 20.6 per cent in income from operations and profits after tax, respectively, lower than the corresponding growth rate of 9.4 per cent and 40.5 per cent in Q1:2004-05.

Item	Q1:2004-05		Q2:2004-05		H1:2004-05	
	Amount (Rs. crore)	Per cent change	Amount (Rs. crore)	Per cent change	Amount (Rs. crore)	Per cent change
1	2	3	4	5	6	7
<i>Number of companies</i>	165		186		168	
Income from operations	2,210	9.4	2,171	6.4	4,089	7.3
Other income	113	21.8	110	0.4	219	10.1
Total expenditure	834	34.8	848	4.1	1,594	11.2
Interest	1,059	-8.6	852	3.4	1,689	1.5
Gross profits	430	28.7	581	13.5	1,025	12.4
Depreciation	63	-6.5	78	-24.8	152	-12.1
Profits before tax	367	36.9	503	23.2	873	18.3
Tax provision	94	27.6	104	34.2	186	30.0
Profits after tax	272	40.5	399	20.6	686	15.4
Paid-up capital	2,539	5.5	2,608	6.3	2,462	6.7