

Finances of Large Public Limited Companies, 1997-98 (Part 1 of 5)

The financial performance of 807 non-Government non-financial large public limited companies (each with a paid-up capital of Rs.1 crore and above) during 1997-98 is assessed in this article based on their audited annual accounts closed during April 1997 to March 1998 [#]. The companies selected for this study accounted for 21.1 per cent of all non-Government non-financial public limited companies in terms of their paid-up capital as at the end of March 1998. @@

OVERVIEW

The consolidated results of the financial performance of 807 selected large public limited companies reveal a general deceleration in the performance in the year 1997-98. The growth in sales and value of production fell substantially over the year, while gross profits, the pre-tax and post-tax profits recorded negative growths for the second year in succession.

The sales of the selected companies rose by 5.5 per cent to Rs.1,75,200 crore in 1997-98 as against a rise of 11.1 per cent observed in the preceding year. Value of production also recorded a growth of 5.5 per cent in the year under review (9.9 per cent in 1996-97). Expenses incurred towards manufacturing increased by 5.0 per cent in 1997-98, as against a rise of 13.0 per cent in 1996-97. Gross profits further decreased by 3.8 per cent in 1997-98, after a fall of 1.4 per cent in the preceding year. Outgo by way of interest payments rose by 11.8 per cent while tax provisions was lower by 9.8 per cent in 1997-98. Pre-tax and post tax profits dropped by 11.6 and 12.2 per cent respectively. Retained profits plummeted by 16.9 per cent in 1997-98 over and above a fall of 29.5 per cent witnessed in the preceding year. The gross savings of the selected companies (sum of retained profits and depreciation) dipped by 0.8 per cent in 1997-98 after a fall of 9.2 per cent in the preceding year.

The profitability ratios reflected the downtrend in the corporate sector as outlined above. Profit margin on sales went down by 1.2 percentage points from 13.8 per cent in 1996-97 to 12.6 per cent in 1997-98, the return on equity (post-tax profits as percentage of net worth) declined further from 10.8 per cent in 1996-97 to 8.5 per cent in 1997-98. The effective tax rate (ratio of tax provision to pre-tax profits) rose by 0.6 percentage points to 26.6 per cent in the year under review. The ordinary dividend rate was lower at 22.0 per cent in 1997-98 as compared to 24.5 per cent in the preceding year.

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

Reference may be made to the September, 1998 issue of the Reserve Bank of India Bulletin for the previous study.

@@ **Based on data as on 31st March, 1998 supplied by the Department of Company Affairs, Government of India.**

The value of the total net assets (adjusted for revaluation) of the selected companies

appreciated by 11.1 per cent in 1997-98 as compared with 16.2 per cent in 1996-97. The growth of inventories was at a lower rate of 4.4 per cent in 1997-98 as compared with 7.1 per cent in the preceding year.

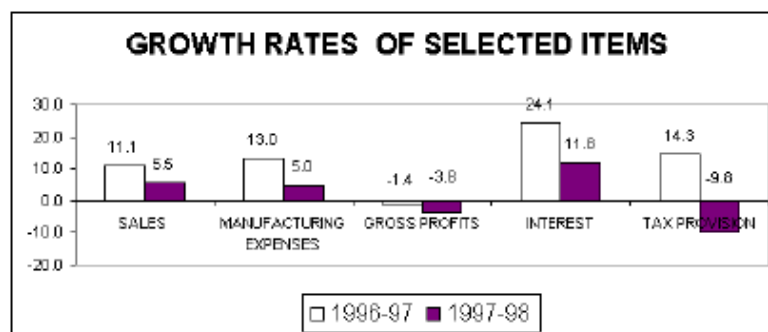
External funds continued to play a significant role in financing the asset formation, accounting for 62.8 per cent of the total asset formed in 1997-98 as against 65.1 per cent in the preceding year. There was a marginal increase in the share of borrowings in total funds from 43.3 per cent in 1996-97 to 44.6 per cent in 1997-98. Gross capital formation as percentage of total usage of funds increased to 80.9 per cent during 1997-98 (68.3 per cent in the preceding year).

The debt-equity ratio increased from 59.3 per cent in 1996-97 to 60.0 per cent in 1997-98. The current ratio (ratio of current assets to current liabilities) declined to 1.2 in 1997-98 (1.3 in 1996-97). Resources raised from capital markets was of a lower order at 8.0 per cent of the total asset formation during the year under review, as compared to 9.6 per cent in 1996-97.

The total foreign exchange earnings of the selected companies showed an increase of 4.7 per cent in 1997-98 over and above the growth of 20.1 per cent observed in the preceding year. Total foreign exchange expenditure recorded a lower growth of 0.7 per cent in 1997-98 as against a growth of 11.7 per cent in 1996-97. The share of exports in sales worked out to 8.6 per cent in 1997-98.

INCOME AND EXPENDITURE

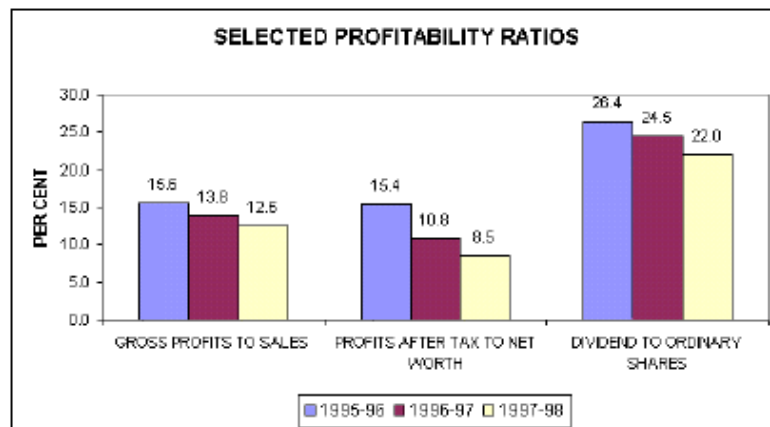
The total sales of the 807 selected companies amounting to Rs.1,75,200 crore registered a growth of 5.5 per cent in 1997-98. The value of production also increased by 5.5 per cent to Rs.1,76,774 crore. 'Other income' of the selected companies grew by 10.6 per cent over the year and stood at Rs.6,447 crore. In comparison, the performance was better in 1996-97, the corresponding growth rates being 11.1 per cent, 9.9 per cent and 11.3 per cent respectively.



On the expenditure side, expenditure on manufacturing increased by 5.0 per cent during

the year under review as against 13.0 per cent in the previous year. Employees' remuneration at Rs.15,306 crore increased by 11.5 per cent in 1997-98 as against 12.7 per cent in the previous year. Provision for depreciation rose by 15.2 per cent in 1997-98 as compared with a much larger rise of 27.6 per cent in 1996-97. Similarly, interest costs went up by 11.8 per cent to Rs.10,861 crore in 1997-98 as compared to an increase of 24.1 per cent in the previous year. Profit growth was negative. Pre-tax profits fell by 11.6 per cent, while post-tax profits of the selected companies plunged by 12.2 per cent over and above a drop of 14.2 per cent and 21.1 per cent respectively in the previous year. Tax provision fell by 9.8 per cent in 1997-98 in contrast to an increase of 14.3 per cent in 1996-97. The effective tax rate worked out to 26.6 per cent in 1997-98.

The slack in the growth of gross profits was also reflected in the gross profit margin which shrunk from 13.8 per cent in 1996-97 to 12.6 per cent in 1997-98. There was a substantial reduction in the size of the profits ploughed back into business which fell by 16.9 per cent. Dividend payments at Rs.3,436 crore, dipped by 3.3 per cent in 1997-98 against an increase of 2.5 per cent in 1996-97. The ordinary dividend rate worked out to 22.0 per cent in 1997-98 compared with 24.5 per cent in the preceding year. Profit retention ratio was at 62.4 per cent in 1997-98 (65.9 per cent in 1996-97).



EARNINGS AND EXPENDITURE IN FOREIGN CURRENCIES

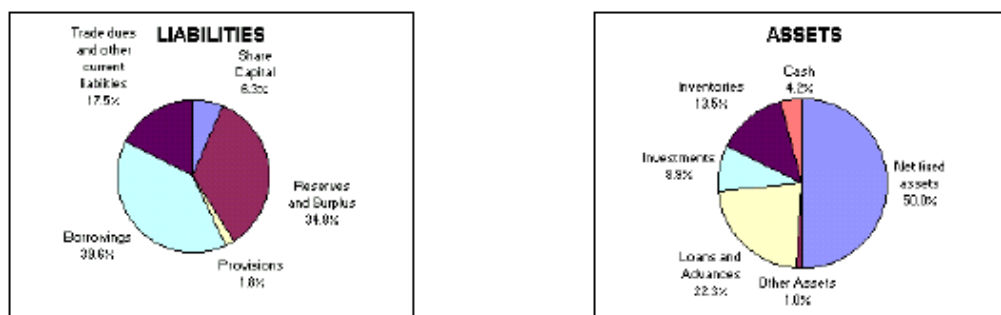
The year under review witnessed very little real improvement of activity with regard to

earnings and expenditure in foreign currencies. The increase in total earnings in foreign currencies of the selected companies was lower at 4.7 per cent in 1997-98, as against 20.1 per cent in 1996-97 (Table 6). The growth rate in merchandise exports was 6.3 per cent (Rs.15,081 crore) in 1997-98 as compared to 11.1 per cent in 1996-97. Merchandise imports also fell by 0.7 per cent in 1997-98 as against an increase of 11.8 per cent in 1996-97. While imports of raw materials grew by 6.5 per cent capital goods imports fell by 29.4 per cent in 1997-98 as compared to an increase of 1.4 per cent and 46.7 per cent respectively in the previous year. The imports in these two categories accounted for 60.4 per cent and 21.6 per cent respectively of the total merchandise imports in 1997-98. The increase in total expenditure in foreign currencies in 1997-98 was at 0.7 per cent as against 11.7 per cent in 1996-97. The net outflow in foreign currencies recorded Rs.9,175 crore in 1997-98 as against Rs.9,837 crore in the preceding year.

PATTERN OF ASSETS AND LIABILITIES

Total net assets of the selected companies increased by 12.3 per cent to Rs.2,60,326 crore in 1997-98 from Rs.2,31,837 crore (16.3 per cent) in 1996-97 (Table 4). After adjustment for revaluation, the growth in total net assets worked out to 16.2 per cent and 11.1 per cent respectively for 1996-97 and 1997-98 (Table 1). Gross fixed assets and inventories (adjusted for revaluation) grew by 16.4 per cent and 4.4 per cent respectively in 1997-98.

PATTERN OF LIABILITIES AND ASSETS IN 1997-98



The composition of assets and liabilities as at the end of March 1998, remained broadly the same as in the previous year. The share of net fixed assets in total assets increased from 47.2 per cent in 1996-97 to 50.0 per cent, whereas that of inventories declined from 14.5 per cent in 1996-97 to 13.5 per cent. The share of investments moved up fractionally from 8.8 per cent in 1996-97 to 8.9 per cent in 1997-98. The share of quoted investments in total investments decreased from 27.4 per cent in 1996-97 to 17.6 per cent in the year under review.

Among the liabilities, reserves and surplus accounted for 34.8 per cent of total liabilities (35.2 per cent in the previous year) while the proportion of borrowings went up by 1.4 percentage points to 39.6 per cent in 1997-98. Borrowings together with reserves and surplus accounted for about 74.4 per cent of the total liabilities in 1997-98. There was an increase in debt-equity ratio from 59.3 per cent in 1996-97 to 60.0 per cent in 1997-98. The current ratio (ratio of current assets to current liabilities) declined from 1.3 in 1996-97 to 1.2 in the year 1997-98.

SOURCES AND USES OF FUNDS

The total funds raised by selected companies was of the order of Rs.32,725 crore in 1997-98 as against Rs.38,537 crore in the previous year. The role of external funds in financing the asset formation continued to be substantial and accounted for 62.8 per cent of the total funds ([Table 5](#)).

Borrowings accounted for a greater share in the external funds, increasing from 66.4 per cent in 1996-97 to 71.1 per cent in 1997-98. The share of debentures in total borrowings increased from 9.7 per cent in 1996-97 to 26.8 per cent in 1997-98. The share of bank borrowing in total borrowings declined from 25.2 per cent in 1996-97 to 18.5 per cent in 1997-98. Of the funds raised from the capital market during 1997-98 amounting to Rs.2,628 crore, as much as 64.2 per cent was by way of premium on shares and the balance was net issues. In fact, premium on shares alone accounted for 5.2 per cent of total funds as compared to 7.3 per cent in the preceding year. Internal sources of funds were depleted to the extent of Rs.1,283 crore and stood at Rs.12,174 crore in 1997-98 mainly on account of a 31.3 per cent decline (Rs.2,060 crore) in reserves and surplus. Depreciation provision which formed the major component of internal resources of finance increased to Rs.7,020 crore in 1997-98 from Rs.6,187 crore. Its share in internal funds increased to 57.7 per cent in 1997-98 from 46.0 per cent in 1996-97.

The total assets formation of the selected 807 companies was of the order of Rs.32,725, crore in 1997-98 which was lower by Rs.5,812 crore (15.2 per cent) compared to the level of Rs.38,537 crore observed in 1996-97 ([Table-5](#)). Gross capital formation amounting to Rs.26,466 crore accounted for 80.9 per cent of total assets formation in 1997-98. Inventory build-up was of the order of Rs.1,483 crore as against Rs.2,211 crore in 1996-97. Its share in total assets formation reduced to 4.5 per cent in 1997-98 from the earlier year's level of 5.7 per cent.

Performance of Companies by Size of Sales

It is observed that companies with large sales base, generally recorded better rate of growth in sales during the year under study ([Table 7](#)). The growth in sales ascended from negative (-16.9 per cent) for the class of companies with sales of 'Less than Rs.25 crore' to 8.1 per cent for companies with sales of 'Rs.1000 crore and above'. In the case of gross profits also, for companies with sales upto 'Rs 500 crore', the growth rates though negative progressively turned more favourable till it registered a positive growth for companies with sales range of 'Rs 500 - Rs 1000 crore' at 3.7 per cent. For the top sales range companies, however, the profits had more or less remained stable (0.2 per cent). Retained profits depict a somewhat similar picture, till the sales size attains the Rs.500crore - Rs 1000 crore range. The companies have not been able to sustain the levels of retained profits at the previous years' levels.

It would appear that sales size has a bearing on profit margins. The profit margin on sales

was the lowest at 4.7 per cent for the class of companies with sales of 'Less than Rs.25 crore' and peaked at 14.8 per cent for companies with sales of 'Rs.1000 crore and above' (Table 8). While for companies with sales of 'Rs.1000 crore and above' exports formed 7.1 per cent of their sales in 1997-98, for companies in the lower size classes of sales, the share was in the range of 7 to 13 per cent. Inventory-sales ratio was 37.8 per cent in companies with sales of 'Less than Rs.25 crore' group but was much lower at 16.3 per cent for the companies with sales of 'Rs.1000 crore and above' in 1997-98. The debt-equity ratio of the companies with sales of 'Rs.25 crore -Rs.50 crore' was the highest at 81.3 per cent and was 54.9 per cent for companies with sales of 'Rs.1000 crore and above'. Tax incidence was the highest at 82.3 per cent for the companies with sales 'Rs.50 - Rs.100 crore', whereas for companies in the other size classes, except the smallest sales class, it fluctuated between 21 per cent and 49 per cent.

INDUSTRY-WISE PERFORMANCE

Performance of the selected large public limited companies as reflected by their growth in sales, profits and exports and selected financial ratios in selected industries/ industry groups are given in the following statements (also refer to Tables 10 and 11).

It may be observed that the industries like Silk and Rayon (41 per cent), Basic Industrial Chemicals (25.6 per cent), Tea (25.5 per cent), Chemical fertilizers (12.9 percent), and Sugar (15.4 per cent) recorded much better growth in their sales during 1997-98. Turning to gross profits, significant improvement over the year was registered by Sugar (77.6 per cent) and Tea (72.5 per cent) industries. On the other hand, gross profits of Engineering (-20.7 per cent), Motor Vehicle (-23.4 per cent) and Electrical machinery (-32.2 per cent) Rubber and Rubber products (-62.2 per cent) and Paper and Paper products (-35.8 per cent) declined sharply in 1997-98. Companies belonging to Tea (148.3 per cent) posted substantial increase in their post tax profits during 1997-98.

The profit margin on sales was high for Shipping (25.1 per cent), Tea (20.9 per cent), Electricity generation and Supply (18.6 per cent) and Chemical Fertilizer (18.6 per cent) in 1997-98. Effective tax rate worked out to be more than 60.0 per cent in the case of Paper and paper products, Cotton/blended textiles, Ferrous and non-ferrous metal products and Electrical Machinery .

INDUSTRY-WISE PERFORMANCE

A. Growth Rates of the Selected Items

Selected Industry / Industry Groups	(Per cent)									
	Sales		Gross Profits		Profits before Tax		Profits after Tax		Exports	
	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98
1	2	3	4	5	6	7	8	9	10	11
Tea (11)	16.6	25.5	27.3	72.5	20.7	126.6	21.0	148.3	55.5	26.9
Sugar (18)	5.7	15.4	-0.6	77.6	-89.3	729.3	-99.1	**	38.8	-36.7
Cotton / blended Textiles (63)	0.4	1.7	-15.5	-12.3	-55.9	-38.4	-68.6	-66.8	23.0	-5.6

Silk and rayon Textiles (26)	12.4	41.0	-7.7	48.9	-20.4	21.9	-24.4	15.6	30.3	42.2
Engineering (265)	15.1	-4.0	11.5	-20.7	3.0	-30.2	-2.5	-31.0	3.9	7.0
<i>of which</i>										
<i>Motor vehicles (44)</i>	21.2	-9.5	21.1	-23.4	15.7	-29.3	15.8	-27.2	3.3	2.2
<i>Electrical machinery (77)</i>	7.5	0.7	2.8	-32.2	-24.7	-54.0	-33.1	-67.7	15.7	19.5
<i>Machinery other than transport & electrical (66)</i>	16.6	-0.9	24.7	-8.9	23.3	-2.3	19.9	3.1	18.6	-8.6
<i>Foundries and engineering workshop (41)</i>	5.1	2.8	-34.3	-12.1	-69.0	**	-76.6	**	-20.7	8.1
<i>Ferrous/Non-ferrous metal products (31)</i>	11.4	0.3	8.9	-26.6	-18.9	-79.1	-32.4	-93.2	21.6	43.1
Chemical and chemical products (133)	6.9	19.4	-4.8	8.2	-17.2	8.3	-26.6	9.9	10.1	24.2
<i>of which</i>										
<i>Medicines and pharmaceutical preparations (25)</i>	15.6	5.5	33.7	5.9	9.8	-6.9	1.3	-7.7	19.8	4.2
<i>Paints and varnishes (5)</i>	8.3	8.5	16.3	9.7	15.5	15.0	11.2	25.0	-27.7	-29.1
<i>Basic industrial chemicals (73)</i>	3.9	25.6	-12.3	13.0	-26.2	14.7	-33.9	14.1	-1.1	45.9
<i>Chemical fertilizers (18)</i>	4.1	12.9	-5.2	9.5	-9.7	7.2	-20.0	7.4	-48.6	54.9
Cement (17)	7.4	3.2	-14.4	-24.2	-42.7	-61.1	-41.5	-64.6	-1.2	8.9
Rubber and rubber products (16)	13.0	-5.0	3.7	-62.2	-1.2	**	-18.9	**	13.5	6.1
Paper and paper products (29)	1.5	-0.4	-40.3	-35.8	-59.9	-81.6	-63.9	-93.0	8.7	-17.8
Construction (11)	24.9	-2.6	-30.9	34.9	14.3	-45.8	-5.4	-44.7	**	34.8
Electricity generation and supply (7)	12.4	8.0	-12.0	17.3	-23.5	5.9	-32.0	0.5	*	*
Trading (21)	10.3	6.0	-2.5	-1.0	-30.4	9.9	-56.1	73.0	-24.9	-28.8
Shipping (7)	20.3	13.6	5.4	2.7	-10.5	-4.2	-19.8	-5.8	*	*
Diversified companies (9)	10.0	-28.0	-10.2	-55.3	-35.1	-70.5	-37.6	-71.6	8.5	-46.5
All Companies (807)	11.1	5.5	-1.4	-3.8	-14.2	-11.6	-21.1	-12.2	11.1	6.3

B. Selected Financial Ratios

(Per cent)

Selected Industry / Industry Groups	Profit margin		Effective tax rate		Debt to equity		
	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	
	1	2	3	4	5	6	7
Tea (11)		15.2	20.9	39.9	34.1	22.1	22.3
Sugar (18)		11.3	17.3	92.2	14.7	98.2	95.0
Cotton / blended Textiles (63)		9.0	7.8	31.5	63.1	72.0	78.5
Silk and rayon Textiles (26)		15.4	16.3	5.1	10.0	67.5	42.1
Engineering (265)		12.4	10.3	32.9	33.7	56.6	64.3
<i>of which</i>							
<i>Motor vehicles (44)</i>		14.3	12.1	31.1	29.1	38.1	41.9
<i>Electrical machinery (77)</i>		9.5	6.4	43.3	60.2	50.7	44.0
<i>Machinery other than transport & electrical (66)</i>		12.9	11.9	34.3	30.6	28.7	28.9
<i>Foundries and engineering workshop (41)</i>		9.0	7.7	30.6	**	143.9	204.0
<i>Ferrous/Non-ferrous metal products (31)</i>		11.4	8.4	30.6	77.4	97.9	109.2
Chemical and chemical products (133)		17.0	15.4	25.6	24.5	67.5	65.4
<i>of which</i>							
<i>Medicines and pharmaceutical preparations (25)</i>		13.8	13.9	34.7	35.3	16.8	17.9
<i>Paints and varnishes (5)</i>		13.1	13.3	38.9	33.6	37.4	34.0
<i>Basic industrial chemicals (73)</i>		18.5	16.6	19.3	19.7	79.3	76.5
<i>Chemical fertilizers (18)</i>		19.2	18.6	17.8	17.7	86.1	88.3
Cement (17)		16.1	11.8	11.5	19.6	90.2	108.1
Rubber and rubber products (16)		7.7	3.1	36.4	**	65.0	59.8
Paper and paper products (29)		8.4	5.4	23.1	70.5	59.9	71.4
Construction (11)		7.6	10.5	28.3	26.9	80.3	105.9
Electricity generation and supply (7)		17.1	18.6	27.1	30.8	61.0	69.4
Trading (21)		3.6	3.4	59.1	35.6	23.0	29.6
Shipping (7)		27.8	25.1	19.5	20.9	83.6	88.2
Diversified companies (9)		13.1	8.2	17.1	20.2	60.6	55.9
All Companies (807)		13.8	12.6	26.0	26.6	59.3	60.0

Note : Figures in brackets denote number of companies.

** Denominator nil or negligible.

* Nil or negligible.

Table 1 : Growth Rates of the Selected Items of the Selected 807 Large Public Limited Companies, 1995-96 to 1997-98

ITEM	(Per cent)		
	1995-96	1996-97	1997-98
1	2	3	4
1. Sales \$	(25.3)	11.1	5.5
2. Value of production	(25.8)	9.9	5.5
3. Total Income	(25.7)	9.8	5.8
4. Manufacturing expenses	(25.6)	13.0	5.0
5. Remuneration to employees	(21.6)	12.7	11.5
6. Depreciation provision	(24.4)	27.6	15.2
7. Gross profits	(34.5)	- 1.4	- 3.8
8. Interest	(24.2)	24.1	11.8
9. Operating profits	(40.1)	- 14.3	- 15.0
10. Non-operating surplus (+) /deficit (-)	(- 35.9)	- 12.3	42.0
11. Profits before tax	(32.2)	- 14.2	- 11.6
12. Tax provision	(46.3)	14.3	- 9.8
13. Profits after tax	(29.1)	- 21.1	- 12.2
14. Dividends	(25.4)	2.5	- 3.3
15. Profits retained	(30.4)	- 29.5	- 16.9
16. Gross saving	(24.0)	- 9.2	- 0.8
17. (a) Gross value added	(24.0)	7.7	4.0
(b) Net value added	(24.6)	4.5	1.9
18. Net worth @	(22.7)	12.4	8.2
19. Total borrowings @	(17.1)	23.2	16.5
<i>Of which, from banks @</i>	(34.3)	17.6	9.7
20. Trade dues and other current liabilities@	(21.7)	12.3	7.6
21. (a) Gross fixed assets @	(20.4)	19.0	16.4
(b) Net fixed assets @	(22.4)	19.6	16.4
22. Inventories @	(20.1)	7.1	4.4
23. (a) Gross physical assets @	(20.4)	16.7	14.2
(b) Net physical assets @	(21.8)	16.4	13.6
24. (a) Total gross assets @	(19.9)	16.4	11.9
(b) Total net assets @	(20.6)	16.2	11.1
25. Total earnings in foreign currencies	(25.6)	20.1	4.7
<i>Of which, Exports</i>	(25.8)	11.1	6.3
26. Total expenditure in foreign currencies	(39.7)	11.7	0.7

Of which, Imports

(46.1)

11.8

- 0.7

Note : Figures in brackets relate to 756 companies for the previous study.

Rates of growth of all the items are adjusted for changes due to amalgamation of companies.

\$ Net of 'rebates and discounts' and 'excise duty and cess.'

@ Adjusted for revaluation etc.

Table 2 : Selected Financial Ratios of the Selected 807 Large Public Limited Companies, 1995-96 to 1997-98

ITEM	(Per cent)		
	1995-96	1996-97	1997-98
1	2	3	4
A. CAPITAL STRUCTURE RATIOS			
1. Net fixed assets to total net assets	45.8	47.2	50.0
2. Net worth to total net assets	42.9	41.6	41.1
3. Debt to equity	56.9	59.3	60.0
4. Debt to equity (adj. for revaluation)	57.3	60.0	61.6
5. Short term bank borrowings to inventories	63.5	66.3	69.4
6. Total outside liabilities to net worth	132.9	140.5	143.2
B. LIQUIDITY RATIOS			
7. Current assets to current liabilities*	1.5	1.3	1.2
8. Quick assets to current liabilities	59.7	56.3	53.2
9. Current assets to total net assets	47.5	45.3	41.7
10. Sundry creditors to current assets	26.5	26.4	28.0
11. Sundry creditors to net working capital	83.5	102.6	152.7
C. ASSETS UTILIZATION AND TURNOVER RATIOS			
12. Sales to total net assets	75.0	71.6	67.3
13. Sales to gross fixed assets	118.0	109.0	96.7
14. Inventories to sales	21.0	20.2	20.0
15. Sundry debtors to sales	17.6	18.8	18.2
16. Exports to sales	8.5	8.5	8.6
17. Gross value added to gross fixed assets	30.5	27.3	23.9
18. Raw materials consumed to value of production	48.3	49.3	48.2
D. SOURCES AND USES OF FUNDS RATIOS @			
19. Gross fixed assets formation to total uses of funds	(53.8)	62.5	76.3
20. Gross capital formation to total uses of funds	(67.1)	68.3	80.9
21. External sources of funds to total sources of funds	(57.7)	65.1	62.8
22. Increase in bank borrowings to total external sources	(26.2)	16.7	13.1

23. Gross saving to gross capital formation	(60.6)	52.0	51.3
E. PROFITABILITY RATIOS			
24. Gross profits to total net assets	11.7	9.9	8.5
25. Gross profits to sales	15.6	13.8	12.6
26. Profits after tax to net worth	15.4	10.8	8.5
27. Tax provision to profits before tax	19.5	26.0	26.6
28. Profits retained to profits after tax	73.7	65.9	62.4
29. Dividends to net worth	4.1	3.7	3.2
30. Dividends to ordinary paid-up capital	26.4	24.5	22.0

Note: Figures in brackets relate to 756 companies for the previous study.

@ Adjusted for revaluation, etc.

* Item B.7 is the actual ratio of current assets to current liabilities.

Table 3 : Combined Income, Value of Production, Expenditure and Appropriation Accounts of the Selected 807 Large Public Limited Companies, 1995-96 to 1997-98

(Rs. crore)			
ITEM	1995-96	1996-97	1997-98
1	2	3	4
INCOME AND VALUE OF PRODUCTION			
1. Sales \$	1,49,420	1,66,037	1,75,200
2. Increase(+) or decrease(-) in stock	3,103	1,583	1,575
3. Value of production (1+2)	1,52,524	1,67,620	1,76,774
4. Other income	5,238	5,829	6,447
<i>Of which, (a) Dividends</i>	1,032	821	759
<i>(b) Interest</i>	2,086	2,296	2,421
<i>(c) Rent</i>	221	358	414
5. Non-operating surplus(+)/deficit(-)	955	837	1,188
6. TOTAL (3 + 4 + 5)	1,58,716	1,74,286	1,84,409
EXPENDITURE AND APPROPRIATIONS			
7. Raw material, components, etc., consumed	73,701	82,620	85,263
8. Stores and spares consumed	7,338	7,882	8,382
9. Power and fuel	10,807	12,975	15,324
10. Other manufacturing expenses	1,944	2,488	2,250
11. Salaries, wages and bonus	9,660	10,844	11,976
12. Provident fund	939	1,058	1,285
13. Employees' welfare expenses	1,587	1,829	2,045
14. Managerial remuneration	147	167	226
15. Royalty	295	352	391
16. Repairs to buildings	490	526	560
17. Repairs to machinery	1,988	2,305	2,413
18. Bad debts	256	352	403

19. Selling commission	1,060	1,175	1,161
20. Rent	1,150	1,386	1,527
21. Rates and taxes	664	784	753
22. Advertisement	1,235	1,423	1,704
23. Insurance	653	734	820
24. Research and development	372	445	487
25. Other expenses	14,698	14,224	16,132
26. Depreciation provision	5,348	6,826	7,864
27. Other provisions(other than tax & depreciation)	143	90	153
28. Gross profits	23,284	22,964	22,102
29. Interest	7,831	9,719	10,861
30. Operating profits	15,453	13,245	11,261
31. Non-operating surplus(+)/deficit(-)	955	837	1,188
32. Profits before tax	16,408	14,082	12,449
33. Tax provision	3,206	3,666	3,307
34. Profits after tax	13,201	10,415	9,141
35. Dividends	3,467	3,554	3,436
(a) Ordinary	3,442	3,505	3,388
(b) Preference	26	50	48
36. Profits retained	9,734	6,861	5,705
37. TOTAL (7 TO 28 + 31)	1,58,716	1,74,285	1,84,409

\$ Net of 'rebates and discounts' and 'excise duty and cess'.

Table 4 : Combined Balance Sheet of the Selected 807 Large Public Limited Companies, 1995-96 to 1997-98

	(Rs. crore)		
ITEM	1995-96	1996-97	1997-98
1	2	3	4
CAPITAL AND LIABILITIES			
A. Share capital	13,728	14,863	16,439
	(6.9)	(6.4)	(6.3)
1. Paid-up capital	13,726	14,861	16,437
(a) Ordinary	13,055	14,281	15,401
<i>Of which, bonus</i>	3,209	3,503	4,187
(b) Preference	671	580	1,036
2. Forfeited shares	1	2	2
B. Reserves and surplus	71,852	81,527	90,593
	(36.0)	(35.2)	(34.8)
3. Capital reserve	35,495	39,404	43,516
<i>Of which, premium on shares</i>	27,570	30,056	31,101
4. Investment allowance reserve	1,280	1,262	1,115
5. Sinking funds	4,220	5,039	5,812
6. Other reserve	30,858	35,823	40,150
C. Borrowings	71,816	88,488	1,03,124

	(36.0)	(38.2)	(39.6)
7. Debentures @	13,983	15,598	19,519
8. Loans and advances	54,102	68,358	78,557
(a) From banks	23,782	27,980	30,681
<i>Of which, short term borrowings</i>	<i>19,901</i>	<i>22,256</i>	<i>24,325</i>
(b) From other Indian Financial Institutions	18,220	21,584	24,087
(c) From Foreign Institutional agencies	4,052	4,394	3,106
(d) From Government and semi-Government bodies	2,466	2,671	3,504
(e) From companies	1,324	2,614	3,906
(f) From others	4,258	9,115	13,273
9. Deferred payments	667	794	723
10. Public deposits	3,064	3,737	4,324
<i>(Of total borrowings, debt)</i>	<i>48,685</i>	<i>57,122</i>	<i>64,237</i>
D. Trade dues and other current liabilities	37,728	42,381	45,608
	(18.9)	(18.3)	(17.5)
11. Sundry creditors	25,083	27,686	30,343
12. Acceptances	2,486	3,614	2,224
13. Liabilities to companies	93	175	227
14. Advances/deposits from customers, agents, etc.	5,043	5,191	5,809
15. Interest accrued on loans	1,697	2,066	2,786
16. Others	3,326	3,648	4,219
E. Provisions	4,230	4,578	4,562
	(2.1)	(2.0)	(1.8)
17. Taxation(net of advance of income tax)	-	-	-
18. Dividends	3,214	3,295	3,066
19. Other current provisions	591	986	1,107
20. Non-current provisions	424	297	389
F. 21. Miscellaneous Non-current liabilities	-	-	-
22. TOTAL	1,99,354	2,31,837	2,60,326
	(100.0)	(100.0)	(100.0)

ASSETS

G. Gross fixed assets	1,26,678	1,52,299	1,81,099
23. Land	2,811	3,526	4,275
24. Buildings	11,613	13,889	16,576
25. Plant and machinery	88,169	1,06,484	1,26,996
26. Capital work-in-progress	17,060	20,102	23,295
27. Furniture, fixtures and office equipments	2,223	2,700	3,198
28. Others	4,801	5,598	6,759
H. 29. Depreciation	35,441	42,966	51,055
I. 30. Net fixed assets	91,237	1,09,333	1,30,044
	(45.8)	(47.2)	(50.0)
J. Inventories	31,350	33,561	35,045
	(15.7)	(14.5)	(13.5)
31. Raw materials, components, etc.	10,070	9,947	9,494

32. Finished goods	10,332	11,342	12,579
33. Work-in-progress	5,048	5,615	5,958
34. Stores and spares	4,796	5,586	5,776
35. Others	1,104	1,071	1,239
K. Loans and advances and other debtor balances	50,811	58,571	58,181
	(25.5)	(25.3)	(22.3)
36. Sundry debtors	26,275	31,190	31,967
37. Loans and advances	17,444	19,984	19,206
a) To subsi. and cos. under same management	1,730	1,361	1,374
b) Others	15,715	18,623	17,831
38. Interest accrued on loans and advances	179	187	359
39. Deposits/balances with government/others	4,460	5,369	5,225
40. Others	2,453	1,841	1,423
L. Investments	16,997	20,333	23,236
	(8.5)	(8.8)	(8.9)
<i>(Of which, quoted investments)</i>	<i>5,291</i>	<i>5,574</i>	<i>4,097</i>
41. Foreign	158	3,106	3,222
42. Indian	16,839	17,227	20,014
a) Government/semi government securities	306	513	168
b) Securities of Financial Institutions	4,565	3,153	3,457
c) Industrial securities	8,959	9,789	11,123
d) Shares and debentures of subsidiaries	2,750	3,624	4,266
e) Others	259	148	1,000
M. 43. Advance of income-tax(net of tax provision)	171	123	159
N. Other assets	1,778	2,721	2,599
	(0.9)	(1.2)	(1.0)
44. Immovable property	39	32	39
45. Intangible assets	1,731	2,583	2,466
46. Miscellaneous Non-current assets	9	106	94
O. Cash and bank balances	7,010	7,194	11,062
	(3.5)	(3.1)	(4.2)
47. Fixed deposits with banks	3,093	2,961	3,740
48. Other bank balances	2,981	3,315	6,068
49. Cash in hand	936	918	1,255
50. TOTAL	1,99,354	2,31,837	2,60,326
	(100.0)	(100.0)	(100.0)

Note: Figures in brackets denote the share in total liabilities/assets.

@ Include privately placed debentures.

- Nil or negligible.

Table 5 : Sources and Uses of Funds of Selected Large Public Limited Companies, 1996-97 and 1997-98

(Rs. crore)

ITEM	1996-97	1997-98
1	2	3
SOURCES OF FUNDS		
INTERNAL SOURCES	13,457	12,174
	(34.9)	(37.2)
A. 1. Paid-up capital	293	684
	(0.6)	(2.1)
B. Reserves and Surplus	6,582	4,522
	(17.1)	(13.8)
2. Capital reserve	- 144	- 382
3. Investment allowance reserve	- 18	- 147
4. Sinking funds	819	774
5. Other reserve	5,924	4,277
C. Provisions	6,582	6,968
	(17.1)	(21.3)
6. Depreciation	6,187	7,020
7. Taxation (net of advance of income tax)	47	- 35
8. Dividends	80	- 229
9. Other current provisions	394	121
10. Non-current provisions	- 127	92
EXTERNAL SOURCES	25,080	20,550
	(65.1)	(62.8)
D. Paid- up capital	3,697	2,628
	(9.6)	(8.0)
11. Net issues	894	940
12. Premium on shares	2,803	1,688
E. 13. Capital receipts	61	91
	(0.2)	(0.3)
F. Borrowings	16,669	14,603
	(43.3)	(44.6)
14. Debentures	1,615	3,920
15. Loans and advances	14,253	10,167
(a) From banks	4,197	2,701
(b) From other Indian Financial Institutions	3,361	2,471
(c) From Foreign Institutional agencies	342	- 1,288
(d) From government and semi- government bodies	204	833
(e) From companies	1,291	1,292
(f) From others	4,857	4,158
16. Deferred payments	128	- 71
17. Public deposits	673	587
G. Trade dues and other current liabilities	4,653	3,228
	(12.1)	(9.9)
18. Sundry creditors	2,603	2,658
19. Acceptances	1,128	- 1,390
20. Liabilities to companies	82	52

21. Advances / deposits from customers, agents etc.	148	618
22. Interest accrued on loans	369	720
23. Others	322	571
H. 24. Miscellaneous Non-current liabilities	-	-
25. TOTAL	38,537	32,725
	(100.0)	(100.0)

USES OF FUNDS

I. Gross fixed assets	24,103	24,983
	(62.5)	(76.3)
26. Land	519	574
27. Buildings	1,962	2,479
28. Plant and machinery	17,320	17,099
29. Capital work-in-progress	3,041	3,193
30. Furniture, fixtures and office equipments	476	480
31. Others	784	1,158
J. Inventories	2,211	1,483
	(5.7)	(4.5)
32. Raw materials, components, etc.	- 123	- 453
33. Finished goods	1,010	1,237
34. Work-in-progress	567	343
35. Stores and spares	790	190
36. Others	- 33	166
K. Loans and advances and other debtor balances	7,760	- 390
	(20.1)	(- 1.2)
37. Sundry debtors	4,915	778
38. Loans and advances	2,540	- 778
a) To subsidiaries and companies under the same management	- 369	13
b) Others	2,908	- 792
39. Interest accrued on loans and advances	8	173
40. Deposits/balances with government/others	910	- 145
41. Others	- 613	- 418
L. 42. Investments	3,336	2,903
	(8.7)	(8.9)
M. 43. Other assets	943	- 122
	(2.4)	(- 0.4)
N. 44. Cash and bank balances	184	3,868
	(0.5)	(11.8)
45. TOTAL	38,537	32,725

(100.0) (100.0)

Note : This table is derived from Table 4. The figures have been adjusted for changes consequent on amalgamation of companies and for revaluation, etc., wherever necessary. Figures in brackets denote the share in total sources/uses of funds.
- Nil or negligible

Table 6 : Earnings/Expenditure in Foreign Currencies of the Selected 807 Large Public Limited Companies, 1995-96 to 1997-98

		(Rs. crore)		
ITEM		1995-96	1996-97	1997-98
1		2	3	4
I. Expenditure in foreign currencies	..	24,964	27,882	28,068
(a) Imports (on cif basis)	..	20,862	23,316	23,158
<i>of which,</i>				
i) Raw Materials	..	12,971	13,147	14,003
ii) Capital goods	..	4,829	7,081	5,000
iii) Stores & spares	..	1,348	1,632	1,870
(b) Other expenditure in foreign currencies	..	4,102	4,566	4,910
II. Earnings in foreign currencies	..	15,025	18,045	18,893
<i>of which,</i>				
Exports (on fob basis)	..	12,770	14,191	15,081

Table 7 Growth Rates of the Selected Items of the Selected 807 Large Public Limited Companies According to Size of Sales, 1996-97 and 1997-98

Sales-range	No. of companies ^s	Sales		Gross profits		Interest		Operating Profits		Profits Before Tax		Tax Provision		Re
		1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	19
Less than Rs.25 crore	176	3.2	- 16.9	- 32.3	- 45.9	16.5	9.3	-	-	- 83.1	-	19.3	- 26.2	
Rs.25 crore - Rs.50 crore	163	3.9	- 2.7	- 13.5	- 21.1	18.6	- 0.8	- 44.1	- 62.3	- 45.0	- 5.2	13.0	- 2.0	
Rs.50 crore - Rs.100 crore	143	3.2	2.1	- 16.7	- 16.4	21.5	10.9	- 47.4	- 67.3	- 46.4	- 56.4	12.2	- 15.5	
Rs.100 crore - Rs.500 crore	249	11.4	3.8	2.5	- 11.1	32.2	8.4	- 16.1	- 29.7	- 17.7	- 23.4	27.1	- 8.0	
Rs.500 crore - Rs.1000 crore	42	8.4	7.3	- 6.1	3.7	14.5	2.6	- 18.9	4.7	- 18.3	3.5	5.3	- 2.1	
Rs.1000 crore and above	34	14.5	8.1	1.8	0.2	25.2	21.6	- 6.4	- 9.9	- 5.1	- 8.1	11.4	- 13.3	
Total	807	11.1	5.5	- 1.4	- 3.8	24.1	11.8	- 14.3	- 15.0	- 14.2	- 11.6	14.3	- 9.8	

Sales-range	Total Borrowings		Bank Borrowings		Gross Fixed Assets		Inventories		Net Worth		Exports		Imports	
	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98
	17	18	19	20	21	22	23	24	25	26	27	28	29	
Less than Rs.25 crore	9.4	6.3	8.0	4.4	9.4	7.8	4.0	13.2	- 0.2	- 4.0	17.5	- 20.1	- 35.1	
Rs.25 crore - Rs.50 crore	8.5	16.8	1.4	10.3	13.7	13.3	0.2	1.4	10.5	2.3	- 2.3	- 3.8	- 7.7	

Rs.50 crore - Rs.100 crore	8.8	14.1	12.3	25.6	12.4	10.3	3.9	3.8	6.0	-0.3	13.6	2.4	-18.8
Rs.100 crore - Rs.500 crore	28.7	17.1	15.3	13.3	23.7	18.5	9.2	3.5	14.9	7.8	18.5	3.4	21.8
Rs.500 crore - Rs.1000 crore	11.3	19.7	12.6	14.6	14.8	16.9	3.7	11.5	8.2	8.5	8.0	11.5	2.9
Rs.1000 crore and above	29.2	15.5	26.1	2.0	19.6	16.2	8.4	2.0	14.1	10.0	6.1	10.5	13.9
Total	23.2	16.5	17.6	9.7	19.0	16.4	7.1	4.4	12.4	8.2	11.1	6.3	11.8

\$ Relate to the study year 1997-98.

- Nil or negligible.