

## **CHAPTER II**

### **PUBLIC SECTOR ANALYSIS FOR VALUE MAXIMISATION OF ORGANISATIONS & INDUSTRY**

- ✓ Petroleum Sector (Downstream & Upstream)
- ✓ Power Generation Sector
- ✓ Steel Sector
- ✓ Coal Sector
- ✓ Civil Aviation Sector

**Research Question # 01**

**Does the Inter-Sector analysis of performance highlight the areas of strengths & weaknesses of the selected PSEs, which if addressed professionally, could maximise their valuation in the future ?**

A) The performance of certain core sector organisations holding positions of prominence in the Indian economic context has been aimed. For this purpose, the following sectors & undertakings have been selected for review :-

1. Indian Oil Corporation Limited, representing the Petroleum down-stream sector (marketing & distribution) analysed in correlation with Hindustan Petroleum Corporation Limited & Bharat Petroleum Corporation Limited.
2. Oil & Natural Gas Corporation Limited & Gas Authority of India Limited, studied along with the biggest market capitalised corporate entity of India, Reliance Industries Limited, with regard to the Petroleum upstream sector (exploration & production).
3. National Thermal Power Corporation Limited which is the biggest power (electricity) producer in the country studied for its performance along with a top world major trans-national corporation Ms Alstom Ltd.

4. Steel Authority of India Limited studied in convergence with Tata Steel Limited, to study the iron & steel industry in the country & ways and means to improve the performance.
5. Coal India Limited, a company which has been partially disinvested and listed on the stock exchanges in the country to achieve position of being second highest market capitalised entity, producing almost 80% of the coal for energy consumption.
6. Air India Limited or National Aviation Company of India Limited, the national air carrier, which has been founded as the integrated organisation after the merger of Indian Airlines & Air India. In the given context, the problems, financial & organisational, have been evaluated, and a road-map been provided to help it become self-sustainable & growth oriented. In the process the company has been studied along with other private sector players in the country, i.e., Kingfisher Airlines Limited & Jet Airways Limited. Also, the best practices that emerge from good performance of one of the biggest global airlines, Singapore Airlines, the flagship carrier of Singapore State, have also been correlated.

B) The companies have been studied based upon :-

1. Annual Reports of the Board of Directors for the company.
2. Stock Exchange reviews of performance of the companies
3. Financial management norms & standards as laid down for performance by statutory governing bodies for accounting and finance, within the country and globally.
4. The Statement of Performance (Profit & Loss Account), the Statement of Position (Balance Sheet) & Statement of Financial Analysis has been submitted w.r.t. following companies :-

- i. Indian Oil Corporation Limited
- ii. Hindustan Petroleum Corporation Limited
- iii. Bharat Petroleum Corporation Limited
- iv. Oil & Natural Gas Corporation Limited
- v. Reliance Industries Limited
- vi. Gas Authority of India Limited
- vii. National Thermal Power Corporation Limited
- viii. Alstom Limited
- ix. Coal India Limited
- x. Steel Authority of India Limited
- xi. Tata Steel Limited
- xii. Air India Limited

- xiii. Jet Airways Limited
  - xiv. Kingfisher Airlines Limited
  - xv. Singapore Airlines Limited
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5. Based upon the said information, financial analysis has been undertaken & comparison made for the period from financial years 2008-2009 to 2011-2012 (up to half yearly results).
  
  6. From the individual performance, industry trends and standards for financial management, the strengths and weaknesses have been studied for the selected public sector companies.
  
  7. Road-map for better performance and increased presence in domestic and global context suggested for the said companies, especially w.r.t. Air India Limited. A good performance needs knowledge of one's weaknesses and laying down of a road map to be tread for achievement of desired results, which has been tried by the undersigned, using this technique.
  
  8. The programme prepared for the purpose, can give an analytical reply on internal strength-weakness analysis of any organisation and give a non-discretionary concrete response. The same is beneficial and applicable to any organisation, irrespective of its size, ranging from a big trans-national small special purpose vehicle venture.

## Concepts of Financial Analysis

Financial analysis is the study of relationships among various financial factors with the objective of systematic assessment of profitability, efficiency & financial soundness of the organisation. Ratio analysis, a mechanism used for financial assessment, is the expression of numerical relationship between the absolute variables, as expressed in the financial statements.

Interpretation of financial statements leading to display of results in the form of relative ratios serve the following objectives :-

- ✓ Study of overall profitability of the organisation
- ✓ Judgement of operational efficiency of the management w.r.t. decision-making
- ✓ Ascertainment of solvency of the business
- ✓ Facilitation of comparison with the industry & business
- ✓ Forms the basis for budgetary forecasts & future projects funding
- ✓ Helps in determination of weak joints/ fault lines in the business machinery

Accounting ratios form the basis of decisions of the management. The analysis helps the management to evaluate the weakness and inculcate enthusiasm in the team operating under it, to achieve the desired and specified results.

It was once said by **Vince Lombardi**, a management analyst, "The quality of a person's job is in direct proportion to his commitment to excellence, regardless of his chosen field of endeavour."

However, the given attempt of financial analysis, is subject to the following limitations :-

- ✓ It ignores qualitative factors like market goodwill, capacity of individuals in the organisation, factors that could not be defined in monetary terms etc
- ✓ It fails to incorporate price-level (inflationary) changes, which is an overall limitation of historical cost accounting
- ✓ The relative data interpretation fails to depict the size of operations of the organisation and hence has to be studied in consonance with the absolute figures
- ✓ The ratios are short-term indicators of business performance as changes in capital structure, business and executive policies, performance changes in the market, may render the given results different in interpretation at any given point of time and might not specify trends to follow in the future.

## Profitability Analysis

### 1. Net Profit Ratio (NPR)

$$\text{NPR} = \text{Profit before Interest \& Tax} / \text{Net Sales}$$

The ratio determines the operational efficiency of the organisation. The adequacy of the ratio, or otherwise, shall depend upon factors like cost of capital, return in the industry and general market trends of boom and depression vis-à-vis the products and services on offer in the economy.

### 2. Operating Costs Ratio (OCR)

$$\text{OCR} = \text{Operating Costs} / \text{Net Sales}$$

The ratio is calculated to determine the Direct (Material/ Labour) Costs & Indirect (Overhead – Personnel & Administration, Selling & Distribution) Costs to signify the controllability of costs & their adequate assignment to cost centres to determine profitability of operations & give appropriate management inputs. It tests the operational efficiency & serves towards responsibility centre accounting.

### 3. Non-Operating Costs / Overheads Ratio (NOCR)

$$\text{NOCR} = \text{Non-Operating Costs} / \text{Net Sales}$$

The ratio determines the proportion of indirect or fixed costs or overheads apportioned/ allocated to production & resultant generation of revenue. This is important in the cost & management information to evaluate how much costs would be incurred even when the production is brought to a halt. It is important to control the overhead charges as they lead to

higher end-product price and hence makes the good/ service competitive or not in the industry.

#### 4. **Return on Capital Employed (ROCE)**

ROCE = Profit before Interest & Tax / Capital employed

# Capital Employed = Share Capital + Reserves & Surplus + Long term loans + debentures

The ROCE or Return on Investment (ROI) measures how efficiently the capital employed in the business is used. It shows the earning capacity of the net assets of the business. It judges the performance of the business. It measures the efficacy of the borrowing policy of the organisation. The policy is proved to be efficient if ROCE is higher than the rate of interest that the organisation is paying for its borrowings. It is important for the organisation to have a ROCE higher than the overall cost of capital employed in the business.

#### 5. **Return on Total Assets (ROTA)**

ROTA = Profit after Tax (PAT) /  
Total Assets (fixed & current)

The objective of computing the ratio is to judge how efficiently the funds pooled together to accumulate the assets, have been used to generate profits or revenue for the organisation. It studies whether the procurement of assets have been done prudently, at reasonable price, and the same are being allocated to various projects to generate a return commensurate, or not.

## 6. Earnings per Share (EPS)

$$\text{EPS} = \text{Profit after Tax (PAT)} / \text{No. of Equity Shares}$$

The ratio helps in determining the market price of the equity shares of the organisation. A comparison of the EPS of one organisation with another helps in determining how efficiently the equity capital is being used. It helps in determining the organisation's capacity to pay dividend to its shareholders.

## 7. Return on Shareholders' Funds (ROSF)

$$\text{ROSF} = \text{Profit after Tax (PAT)} / \text{Shareholders' Funds}$$

$$\# \text{ Shareholders' Funds} = \text{Share Capital} + \text{Reserves}$$

The ratio judges the profitability of the organisation from the point of view of the equity shareholders for whom efficiency is signified by the profits after providing for the fixed charges of interest on loans, income tax and preference shareholders' dividend.

## 8. Price Earnings Ratio (PER)

$$\text{PER} = \text{Market price per equity share} / \text{EPS}$$

The ratio indicates the number of times the EPS is covered by the market price as on a particular date of trading in the stock exchange. For instance, if the trading price per equity share is Rs. 100 per share and the EPS is Rs. 20, it means that for every Rupee of earnings, the market value of the share is Rs. 5. This helps in evaluating whether the shares being offered to the public at a given price are appropriately valued or not. It thus helps the investors to decide whether to subscribe/purchase the given shares.

### 9. **Pay-out Ratio (POR)**

$$\text{POR} = \text{Dividend per equity share} / \text{EPS}$$

The ratio indicates the proportion of EPS that has been used for paying dividend to the shareholders. It indicates the earnings that are retained for financing the future projects of the organisation. Retained earnings are the funds that are available at lowest cost to the organisation and are hence the most preferred option for future growth financing.

### 10. **Dividend Yield Ratio (DYR)**

$$\text{DYR} = \text{Dividend per equity share} / \text{Market Price}$$

The ratio is calculated for information to investors who purchase shares with the objective of earning dividend income. It gives the net return on a given investment in the shares of a specified organisation & thus gives the diversity of market coverage that the organisation could attract from various types of investors.

### 11. **Fixed Interest Coverage Ratio (FICR)**

$$\text{FICR} = \frac{\text{Profit before Interest \& Tax}}{\text{Interest Charges}}$$

The ratio explains whether the organisation has been able to earn adequate profits to pay the accrued interest charges on its fixed charge external loan liabilities. In case it does not provide adequate coverage or is low, it means that inadequate profits would be available for variable cost bearing capital (equity holders).

## Liquidity Analysis

### 12. Current Ratio (CR)

$$\text{CR} = \text{Current Assets} / \text{Current Liabilities}$$

The assets and liabilities that are accruable into cash receipts/ payments within a period of one year are defined as 'current'. The ratio is an indicator of the organisation's commitment to meet short-term liabilities. An organisation should be capable of meeting its short-term obligations out of its current assets. The ratio thus indicates the financial stability of the organisation.

While analysis the ratio, the components of the current assets should be studied carefully, to ensure that they should not include obsolete stocks or bad/ doubtful debts which have little liquidity because they are not having realisable market value.

### 13. Debt Equity Ratio (DER)

$$\text{DER} = \text{Long-term loans} / \text{Shareholders' Funds}$$

$$\begin{aligned} \# \text{ Long-term Loans} &= \text{Loans from Financial Institutions} \\ &+ \text{Debentures \& Mortgages} + \text{Other long term loans} \end{aligned}$$

$$\# \text{ Shareholders' Funds} = \text{Share Capital} + \text{Reserves}$$

The ratio indicates the relationship between the external and internal liabilities of the organisation to determine the long-term financial stability of the organisation. It shows the proportion of financing of the organisation from outsiders' funds, i.e., loan-capital as a comparison to the owners' funds, i.e., the share capital.

## Solvency Analysis

### 14. Solvency Ratio (SVR)

$$\text{SVR} = \text{External liabilities} / \text{Total Assets}$$

# External liabilities = External Liabilities (Long term + short term)

The solvency is declared in terms of the state where the organisation is supposed to be capable of meeting its obligations, short-term and long term, out of its owned assets in its books of accounts. In case the total liabilities are more than the total assets owned, the organisation is deemed to be in a state of insolvency.

### 15. Reserves Capital Ratio (RCR)

$$\text{RCR} = \text{Reserves \& Surplus} / \text{Share Capital}$$

The ratio indicates the reserves & surplus owned by the shareholders against their capital contribution to the organisation. These reserves can be utilised for various purposes like capitalisation through issue of bonus shares to the owners, financing of long-term projects, etc.

## Turnover Analysis

### 16. Overall Turnover Ratio (OTR)

$$\text{OTR} = \frac{\text{Profit before Interest \& Tax}}{\text{Capital Employed}}$$

# Capital Employed = Shareholders' Funds + Long term loans

The ratio indicates the number of times the capital employed in the business has been rotated in the process of doing business. Higher the ratio of rotation, the greater will be the profitability of the organisation.

### 17. Fixed Assets Turnover Ratio (FATR)

$$\text{FATR} = \frac{\text{Net Sales}}{\text{Net Fixed Assets}}$$

The ratio indicates the extent to which the investments in fixed assets contribute towards turnover or sales in the organisation. The effective utilisation of fixed assets result in increased production & distributed costs to achieve economies of scale in production.

### 18. Working Capital Turnover Ratio (WCTR)

$$\text{WCTR} = \frac{\text{Net Sales}}{\text{Working Capital}}$$

# Working Capital = Current Assets – Current Liab.

The ratio indicates whether or not the working capital has been effectively utilised in producing sales. In case an organisation can achieve higher volume of turnover with a relatively small

proportion of working capital, it is an indicator of operational efficiency of the organisation.

### 19. Inventory Turnover Ratio (ITR)

$$\text{ITR} = \text{Net Sales} / \text{Average Inventory or Stock}$$

The ratio explains that the average inventory of goods of the organisation should be moderate, i.e., appropriate to meet the sales cycle. This helps in avoiding blockage of capital or funds, reduction in proportion of obsolete stock, just-in-time inventory for turnover and efficient working operations to maintain a higher liquidity to be used for project financing. A higher ratio indicates efficient management as it means that lesser funds are used to finance stock positions to achieve given sales.

## Human Capital Analysis

### 19. Human Capital Profitability Ratio (HCPR)

$$\text{HCPR} = \text{Profit before Int \& Tax} / \text{No. of Personnel}$$

The ratio signifies the operating profit per personnel employed directly with the organisation. The comparison helps to evolve the best utilisation practices for the human capital, to achieve highest profitability as compared to other market competitors & achieve efficient employment in zones that could see automation.

## Petroleum Sector Analysis

### Table # 01 : Financial Statements of Indian Oil Corporation

Sl No	Particulars of the Item	Indian Oil Corporation Limited (IOCL)			
		2011- 12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	2,00,443	3,15,543	2,52,572	2,86,621
	Non-Operating Costs Expenses (Indirect Costs)	2,345	10,504	10,673	15,111
	<b>Total Expenses Allocated to Production</b>	<b>2,02,788</b>	<b>3,26,046</b>	<b>2,63,245</b>	<b>3,01,732</b>
	Net Direct Revenue / Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
	Net Indirect Revenue / Income other than Sales	13,280	34,871	29,606	47,298
	<b>Total Revenue</b>	<b>1,94,105</b>	<b>3,37,826</b>	<b>2,78,899</b>	<b>3,10,013</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>-8,683</b>	<b>11,779</b>	<b>15,654</b>	<b>8,281</b>
	Interest on Fixed Capital & Loan	2,522	2,670	1,526	3,952
	<b>Profit after Interest &amp; before Tax</b>	<b>-11,204</b>	<b>9,110</b>	<b>14,128</b>	<b>4,329</b>
	Net Tax liability	0	1,650	3,886	1,379
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>-11,204</b>	<b>7,459</b>	<b>10,242</b>	<b>2,950</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>	<b>5,305</b>	<b>5,305</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>-11,204</b>	<b>7,459</b>	<b>15,547</b>	<b>8,255</b>
	Appropriation to Special purpose Reserves	0	121	-249	550
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>-11,204</b>	<b>7,338</b>	<b>15,797</b>	<b>7,705</b>
	Dividend Provision	0	2,665	3,665	1,065
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>-11,204</b>	<b>4,673</b>	<b>12,131</b>	<b>6,640</b>

<b>BALANCE SHEET</b>	<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	243	243	243	119
Equity Share Capital	2,428	2,428	2,428	1,192
Reserves & Surpluses to Equity	41,700	52,904	48,125	42,806
<b>Shareholders' Funds / Internal Equity</b>	<b>44,128</b>	<b>55,332</b>	<b>50,553</b>	<b>43,998</b>
Special Purpose Reserves	0	0	0	5
Long Term External Liabilities/ Loans	79,632	59,070	49,322	50,446
<b>Total Long Term External Equity</b>	<b>79,632</b>	<b>59,070</b>	<b>49,322</b>	<b>50,451</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>1,23,760</b>	<b>1,14,403</b>	<b>99,875</b>	<b>94,449</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>58,470</b>	<b>59,313</b>	<b>44,752</b>	<b>35,552</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>1,82,229</b>	<b>1,73,716</b>	<b>1,44,627</b>	<b>1,30,001</b>
Fixed & Intangible Assets	74,858	58,187	41,581	34,778
Capital Work in Progress (WIP)	0	12,648	21,269	18,140
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>74,858</b>	<b>70,835</b>	<b>62,850</b>	<b>52,918</b>
Net Investments	18,945	19,545	22,370	32,232
Miscellaneous non-current Assets	24	15	18	38
Current Assets : Inventories	54,864	49,285	36,404	25,150
Liquid Assets : Current Assets less Inventories	33,538	34,037	22,985	19,663
<b>Total Current Assets</b>	<b>88,402</b>	<b>83,321</b>	<b>59,389</b>	<b>44,812</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>1,82,229</b>	<b>1,73,716</b>	<b>1,44,627</b>	<b>1,30,001</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	-8,683	11,779	15,654	8,281
	Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
<b>1</b>	<b>Net Profit Ratio</b>	<b>-4.80%</b>	<b>3.89%</b>	<b>6.28%</b>	<b>3.15%</b>
	Operating Costs/ Production/ Direct Costs	2,00,443	3,15,543	2,52,572	2,86,621
	Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
<b>2</b>	<b>Operating Costs Ratio</b>	<b>110.85%</b>	<b>104.16%</b>	<b>101.32%</b>	<b>109.10%</b>
	Overheads/ Indirect Costs	2,345	10,504	10,673	15,111
	Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>1.30%</b>	<b>3.47%</b>	<b>4.28%</b>	<b>5.75%</b>
	Profit before Interest & Tax	-8,683	11,779	15,654	8,281
	Total Capital Employed	1,23,760	1,14,403	99,875	94,449
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>-7.02%</b>	<b>10.30%</b>	<b>15.67%</b>	<b>8.77%</b>
	Profit after Tax	-11,204	7,459	10,242	2,950
	Total Assets (Fixed & Current)	1,82,229	1,73,716	1,44,627	1,30,001
<b>5</b>	<b>Return on Total Assets</b>	<b>-6.15%</b>	<b>4.29%</b>	<b>7.08%</b>	<b>2.27%</b>
	Profit after Tax	-11,204	7,459	10,242	2,950
	No. of Equity Shares	243	243	243	119
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>-46.15</b>	<b>30.72</b>	<b>42.19</b>	<b>24.74</b>
	Profit after Tax	-11,204	7,459	10,242	2,950
	Shareholders' Funds	44,128	55,332	50,553	43,998
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>-25.39%</b>	<b>13.48%</b>	<b>20.26%</b>	<b>6.70%</b>

	Market Price per Equity Share	311	334	397	194
	Earnings per Share	-46	31	42	25
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>-6.74</b>	<b>10.87</b>	<b>9.41</b>	<b>7.84</b>
	Dividend per Equity Share	0	11	15	9
	Earnings per Share	-46	31	42	25
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>35.73%</b>	<b>35.78%</b>	<b>36.11%</b>
	Dividend per Equity Share	0	11	15	9
	Market Price per share	311	334	397	194
<b>10</b>	<b>Dividend Yield Ratio</b>	<b>0.00%</b>	<b>3.29%</b>	<b>3.80%</b>	<b>4.60%</b>
	Profit before Interest & Tax	-8,683	11,779	15,654	8,281
	Interest Charges	2,522	2,670	1,526	3,952
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>-3.44</b>	<b>4.41</b>	<b>10.26</b>	<b>2.10</b>
	Current Assets	88,402	83,321	59,389	44,812
	Current Liabilities	58,470	59,313	44,752	35,552
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>1.51</b>	<b>1.40</b>	<b>1.33</b>	<b>1.26</b>
	Long-term Loans	79,632	59,070	49,322	50,451
	Shareholders' Funds	44,128	55,332	50,553	43,998
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>1.80</b>	<b>1.07</b>	<b>0.98</b>	<b>1.15</b>
	Total External Liabilities (Long-term & Short-term)	1,38,102	1,18,384	94,074	86,002
	Total Assets	1,82,229	1,73,716	1,44,627	1,30,001
<b>14</b>	<b>Solvency Ratio</b>	<b>75.78%</b>	<b>68.15%</b>	<b>65.05%</b>	<b>66.16%</b>
	Reserves & Surplus	41,700	52,904	48,125	42,806
	Share Capital	2,428	2,428	2,428	1,192
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>17.17</b>	<b>21.79</b>	<b>19.82</b>	<b>35.90</b>

	Profit before Interest & Tax	-8,683	11,779	15,654	8,281
	Total Capital Employed	1,23,760	1,14,403	99,875	94,449
16	<b>Overall Turnover Ratio</b>	<b>-7.02%</b>	<b>10.30%</b>	<b>15.67%</b>	<b>8.77%</b>
	Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
	Net Fixed Assets	74,858	70,835	62,850	52,918
17	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>2.42</b>	<b>4.28</b>	<b>3.97</b>	<b>4.96</b>
	Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
	Net Working Capital	29,933	24,008	14,637	9,260
18	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>6.04</b>	<b>12.62</b>	<b>17.03</b>	<b>28.37</b>
	Net Sales	1,80,826	3,02,954	2,49,293	2,62,715
	Average Inventory	27,432	24,642	18,202	12,575
19	<b>Inventory Turnover Ratio (no. of times)</b>	<b>6.59</b>	<b>12.29</b>	<b>13.70</b>	<b>20.89</b>
	Profit before Interest & Tax	-8,683	11,779	15,654	8,281
	Number of Personnel (no.)	34,000	34,105	34,363	34,500
20	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>-0.26</b>	<b>0.35</b>	<b>0.46</b>	<b>0.24</b>

Source of Data : Annual Reports of IOCL as on website

<https://www.iocl.com/> : downloaded on 03.10.2011

**Table # 02 : Financial Statements of Hindustan Petroleum**

Sl No	Particulars of the Item	Hindustan Petroleum Corporation Limited (HPCL)			
		2011- 12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	83,503	1,33,019	1,04,952	1,19,661
	Non-Operating Costs Expenses (Indirect Costs)	991	2,032	4,556	3,202
	<b>Total Expenses Allocated to Production</b>	<b>84,493</b>	<b>1,35,051</b>	<b>1,09,509</b>	<b>1,22,863</b>
	Net Direct Revenue / Net Sales	77,828	1,23,772	1,01,348	1,09,378
	Net Indirect Revenue / Income other than Sales	787	14,509	11,190	16,281
	<b>Total Revenue</b>	<b>78,616</b>	<b>1,38,281</b>	<b>1,12,537</b>	<b>1,25,658</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>-5,878</b>	<b>3,230</b>	<b>3,029</b>	<b>2,795</b>
	Interest on Fixed Capital & Loan	567	884	904	2,083
	<b>Profit after Interest &amp; before Tax</b>	<b>-6,445</b>	<b>2,346</b>	<b>2,125</b>	<b>712</b>
	Net Tax liability	0	807	824	137
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>-6,445</b>	<b>1,539</b>	<b>1,301</b>	<b>575</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>8,715</b>	<b>8,104</b>	<b>7,795</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>-6,445</b>	<b>10,254</b>	<b>9,406</b>	<b>8,370</b>
	Appropriation to Special purpose Reserves	0	176	86	0
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>-6,445</b>	<b>10,078</b>	<b>9,319</b>	<b>8,370</b>
	Dividend Provision	0	551	474	208
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>-6,445</b>	<b>9,527</b>	<b>8,845</b>	<b>8,162</b>

<b>BALANCE SHEET</b>	<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	34	34	34	34
Equity Share Capital	339	339	339	339
Reserves & Surpluses to Equity	5,762	12,207	11,219	10,392
<b>Shareholders' Funds / Internal Equity</b>	<b>6,101</b>	<b>12,546</b>	<b>11,558</b>	<b>10,731</b>
Special Purpose Reserves	0	0	0	0
Long Term External Liabilities/ Loans	34,449	28,217	23,110	24,359
<b>Total Long Term External Equity</b>	<b>34,449</b>	<b>28,217</b>	<b>23,110</b>	<b>24,359</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>40,550</b>	<b>40,763</b>	<b>34,668</b>	<b>35,090</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>20,829</b>	<b>19,607</b>	<b>16,555</b>	<b>11,767</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>61,379</b>	<b>60,369</b>	<b>51,223</b>	<b>46,857</b>
Fixed & Intangible Assets	23,611	18,645	15,307	11,655
Capital Work in Progress (WIP)	0	3,799	3,888	5,001
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>23,611</b>	<b>22,443</b>	<b>19,194</b>	<b>16,656</b>
Net Investments	10,896	11,335	11,387	14,196
Miscellaneous non-current Assets	0	0	0	0
Current Assets : Inventories	17,252	16,622	12,579	8,793
Liquid Assets : Current Assets less Inventories	9,620	9,969	8,063	7,211
<b>Total Current Assets</b>	<b>26,872</b>	<b>26,591</b>	<b>20,642</b>	<b>16,004</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>61,379</b>	<b>60,369</b>	<b>51,223</b>	<b>46,857</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	-5,878	3,230	3,029	2,795
	Net Sales	77,828	1,23,772	1,01,348	1,09,378
<b>1</b>	<b>Net Profit Ratio</b>	<b>-7.55%</b>	<b>2.61%</b>	<b>2.99%</b>	<b>2.56%</b>
	Operating Costs/ Production/ Direct Costs	83,503	1,33,019	1,04,952	1,19,661
	Net Sales	77,828	1,23,772	1,01,348	1,09,378
<b>2</b>	<b>Operating Costs Ratio</b>	<b>107.29%</b>	<b>107.47%</b>	<b>103.56%</b>	<b>109.40%</b>
	Overheads/ Indirect Costs	991	2,032	4,556	3,202
	Net Sales	77,828	1,23,772	1,01,348	1,09,378
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>1.27%</b>	<b>1.64%</b>	<b>4.50%</b>	<b>2.93%</b>
	Profit before Interest & Tax	-5,878	3,230	3,029	2,795
	Total Capital Employed	40,550	40,763	34,668	35,090
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>-14.49%</b>	<b>7.92%</b>	<b>8.74%</b>	<b>7.97%</b>
	Profit after Tax	-6,445	1,539	1,301	575
	Total Assets (Fixed & Current)	61,379	60,369	51,223	46,857
<b>5</b>	<b>Return on Total Assets</b>	<b>-10.50%</b>	<b>2.55%</b>	<b>2.54%</b>	<b>1.23%</b>
	Profit after Tax	-6,445	1,539	1,301	575
	No. of Equity Shares	34	34	34	34
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>-190.10</b>	<b>45.40</b>	<b>38.39</b>	<b>16.96</b>
	Profit after Tax	-6,445	1,539	1,301	575
	Shareholders' Funds	6,101	12,546	11,558	10,731

7	Return on Shareholders' Funds	105.63%	12.27%	11.26%	5.36%
	Market Price per Equity Share	366	356	319	270
	Earnings per Share	-190	45	38	17
8	Price Earnings Ratio (Rs)	-1.93	7.84	8.31	15.92
	Dividend per Equity Share	0	16	14	6
	Earnings per Share	-190	45	38	17
9	Pay-out Ratio	0.00%	35.80%	36.41%	36.17%
	Dividend per Equity Share	0	16	14	6
	Market Price per share	366	356	319	270
10	Dividend Yield Ratio	0.00%	4.57%	4.38%	2.27%
	Profit before Interest & Tax	-5,878	3,230	3,029	2,795
	Interest Charges	567	884	904	2,083
11	Fixed Interest Coverage Ratio (no. of times)	-10.37	3.65	3.35	1.34
	Current Assets	26,872	26,591	20,642	16,004
	Current Liabilities	20,829	19,607	16,555	11,767
12	Current Ratio (no. of times)	1.29	1.36	1.25	1.36
	Long-term Loans	34,449	28,217	23,110	24,359
	Shareholders' Funds	6,101	12,546	11,558	10,731
13	Debt Equity Ratio (no. of times)	5.65	2.25	2.00	2.27
	Total External Liabilities (Long-term & Short-term)	55,278	47,823	39,665	36,126
	Total Assets	61,379	60,369	51,223	46,857
14	Solvency Ratio	90.06%	79.22%	77.44%	77.10%

	Reserves & Surplus	-5,762	12,207	11,219	10,392
	Share Capital	339	339	339	339
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>17.00</b>	<b>36.01</b>	<b>33.09</b>	<b>30.65</b>
	Profit before Interest & Tax	-5,878	3,230	3,029	2,795
	Total Capital Employed	40,550	40,763	34,668	35,090
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>-14.49%</b>	<b>7.92%</b>	<b>8.74%</b>	<b>7.97%</b>
	Net Sales	77,828	1,23,772	1,01,348	1,09,378
	Net Fixed Assets	23,611	22,443	19,194	16,656
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>3.30</b>	<b>5.51</b>	<b>5.28</b>	<b>6.57</b>
	Net Sales	77,828	1,23,772	1,01,348	1,09,378
	Net Working Capital	6,043	6,984	4,087	4,237
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>12.88</b>	<b>17.72</b>	<b>24.80</b>	<b>25.81</b>
	Net Sales	77,828	1,23,772	1,01,348	1,09,378
	Average Inventory	8,626	8,311	6,290	4,397
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>9.02</b>	<b>14.89</b>	<b>16.11</b>	<b>24.88</b>
	Profit before Interest & Tax	-5,878	3,230	3,029	2,795
	Number of Personnel (no.)	11,200	11,248	11,291	11,300
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>-0.52</b>	<b>0.29</b>	<b>0.27</b>	<b>0.25</b>

Source of Data : Annual Reports of HPCL as on website

<http://www.hindustanpetroleum.com/En/UI/Home.aspx> :

downloaded on 03.10.2011

Table # 03 : Financial Statements of Bharat Petroleum

SI No	Particulars of the Item	Bharat Petroleum Corporation Limited (BPCL)			
		2011- 12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	94,324	1,46,721	1,20,008	1,28,300
	Non-Operating Costs Expenses (Indirect Costs)	1,096	5,122	5,121	5,276
	<b>Total Expenses Allocated to Production</b>	<b>95,419</b>	<b>1,51,843</b>	<b>1,25,129</b>	<b>1,33,576</b>
	Net Direct Revenue / Net Sales	88,400	1,51,545	1,22,276	1,35,238
	Net Indirect Revenue / Income other than Sales	2,016	3,811	6,230	1,509
	<b>Total Revenue</b>	<b>90,416</b>	<b>1,55,356</b>	<b>1,28,506</b>	<b>1,36,746</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>-5,003</b>	<b>3,513</b>	<b>3,377</b>	<b>3,170</b>
	Interest on Fixed Capital & Loan	788	1,101	1,011	2,166
	<b>Profit after Interest &amp; before Tax</b>	<b>-5,791</b>	<b>2,413</b>	<b>2,366</b>	<b>1,004</b>
	Net Tax liability	0	866	828	268
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>-5,791</b>	<b>1,547</b>	<b>1,538</b>	<b>736</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>181</b>	<b>76</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>-5,791</b>	<b>1,728</b>	<b>1,614</b>	<b>736</b>
	Appropriation to Special purpose Reserves	0	0	700	300
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>-5,791</b>	<b>1,728</b>	<b>914</b>	<b>436</b>
	Dividend Provision	0	577	579	285
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>-5,791</b>	<b>1,150</b>	<b>335</b>	<b>151</b>

	2011-12(HY)	2010-11	2009-10	2008-09
<b>BALANCE SHEET</b>				
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	36	36	36	36
Equity Share Capital	362	362	362	362
Reserves & Surpluses to Equity	7,905	13,696	12,725	11,767
<b>Shareholders' Funds / Internal Equity</b>	<b>8,266</b>	<b>14,058</b>	<b>13,087</b>	<b>12,128</b>
Special Purpose Reserves	0	0	0	0
Long Term External Liabilities/ Loans	25,741	19,979	23,055	22,411
<b>Total Long Term External Equity</b>	<b>25,741</b>	<b>19,979</b>	<b>23,055</b>	<b>22,411</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>34,008</b>	<b>34,037</b>	<b>36,141</b>	<b>34,539</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>23,664</b>	<b>21,958</b>	<b>17,131</b>	<b>12,831</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>57,671</b>	<b>55,995</b>	<b>53,272</b>	<b>47,370</b>
Fixed & Intangible Assets	17,139	15,999	13,669	11,966
Capital Work in Progress (WIP)	0	1,012	2,518	2,037
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>17,139</b>	<b>17,012</b>	<b>16,187</b>	<b>14,003</b>
Net Investments	10,881	11,378	13,501	18,078
Miscellaneous non-current Assets	0	0	0	0
Current Assets : Inventories	16,984	15,375	12,029	6,824
Liquid Assets : Current Assets less Inventories	12,667	12,231	11,555	8,465
<b>Total Current Assets</b>	<b>29,651</b>	<b>27,606</b>	<b>23,584</b>	<b>15,288</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>57,671</b>	<b>55,995</b>	<b>53,272</b>	<b>47,370</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	-5,003	3,513	3,377	3,170
	Net Sales	88,400	1,51,545	1,22,276	1,35,238
<b>1</b>	<b>Net Profit Ratio</b>	<b>-5.66%</b>	<b>2.32%</b>	<b>2.76%</b>	<b>2.34%</b>
	Operating Costs/ Production/ Direct Costs	94,324	1,46,721	1,20,008	1,28,300
	Net Sales	88,400	1,51,545	1,22,276	1,35,238
<b>2</b>	<b>Operating Costs Ratio</b>	<b>106.70%</b>	<b>96.82%</b>	<b>98.15%</b>	<b>94.87%</b>
	Overheads/ Indirect Costs	1,096	5,122	5,121	5,276
	Net Sales	88,400	1,51,545	1,22,276	1,35,238
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>1.24%</b>	<b>3.38%</b>	<b>4.19%</b>	<b>3.90%</b>
	Profit before Interest & Tax	-5,003	3,513	3,377	3,170
	Total Capital Employed	34,008	34,037	36,141	34,539
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>-14.71%</b>	<b>10.32%</b>	<b>9.34%</b>	<b>9.18%</b>
	Profit after Tax	-5,791	1,547	1,538	736
	Total Assets (Fixed & Current)	57,671	55,995	53,272	47,370
<b>5</b>	<b>Return on Total Assets</b>	<b>-10.04%</b>	<b>2.76%</b>	<b>2.89%</b>	<b>1.55%</b>
	Profit after Tax	-5,791	1,547	1,538	736
	No. of Equity Shares	36	36	36	36
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>-160.18</b>	<b>42.78</b>	<b>42.53</b>	<b>20.35</b>
	Profit after Tax	-5,791	1,547	1,538	736
	Shareholders' Funds	8,266	14,058	13,087	12,128
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>-70.06%</b>	<b>11.00%</b>	<b>11.75%</b>	<b>6.07%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	647	612	518	377
	Earnings per Share	-160	43	43	20
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>-4.04</b>	<b>14.31</b>	<b>12.18</b>	<b>18.52</b>
	Dividend per Equity Share	0	16	16	8
	Earnings per Share	-160	43	43	20
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>37.32%</b>	<b>37.65%</b>	<b>38.66%</b>
	Dividend per Equity Share	0	16	16	8
	Market Price per share	647	612	518	377
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>0.00%</b>	<b>2.61%</b>	<b>3.09%</b>	<b>2.09%</b>
	Profit before Interest & Tax	-5,003	3,513	3,377	3,170
	Interest Charges	788	1,101	1,011	2,166
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>-6.35</b>	<b>3.19</b>	<b>3.34</b>	<b>1.46</b>
	Current Assets	29,651	27,606	23,584	15,288
	Current Liabilities	23,664	21,958	17,131	12,831
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>1.25</b>	<b>1.26</b>	<b>1.38</b>	<b>1.19</b>
	Long-term Loans	25,741	19,979	23,055	22,411
	Shareholders' Funds	8,266	14,058	13,087	12,128
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>3.11</b>	<b>1.42</b>	<b>1.76</b>	<b>1.85</b>
	Total External Liabilities (Long-term & Short-term)	49,405	41,938	40,186	35,242
	Total Assets	57,671	55,995	53,272	47,370
<b>14</b>	<b>Solvency Ratio</b>	<b>85.67%</b>	<b>74.90%</b>	<b>75.43%</b>	<b>74.40%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	7,905	13,696	12,725	11,767
	Share Capital	362	362	362	362
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>21.86</b>	<b>37.88</b>	<b>35.20</b>	<b>32.55</b>
	Profit before Interest & Tax	-5,003	3,513	3,377	3,170
	Total Capital Employed	34,008	34,037	36,141	34,539
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>-14.71%</b>	<b>10.32%</b>	<b>9.34%</b>	<b>9.18%</b>
	Net Sales	88,400	1,51,545	1,22,276	1,35,238
	Net Fixed Assets	17,139	17,012	16,187	14,003
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>5.16</b>	<b>8.91</b>	<b>7.55</b>	<b>9.66</b>
	Net Sales	88,400	1,51,545	1,22,276	1,35,238
	Net Working Capital	5,988	5,648	6,453	2,457
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>14.76</b>	<b>26.83</b>	<b>18.95</b>	<b>55.04</b>
	Net Sales	88,400	1,51,545	1,22,276	1,35,238
	Average Inventory	8,492	7,688	6,014	3,412
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>10.41</b>	<b>19.71</b>	<b>20.33</b>	<b>39.64</b>
	Profit before Interest & Tax	-5,003	3,513	3,377	3,170
	Number of Personnel (no.)	13,800	13,837	13,898	13,900
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>-0.36</b>	<b>0.25</b>	<b>0.24</b>	<b>0.23</b>

Source of Data : Annual Reports of BPCL as on website  
<http://www.bharatpetroleum.com/> : downloaded on 03.10.2011

## Detailed Analysis & Solutions for Performance Improvement

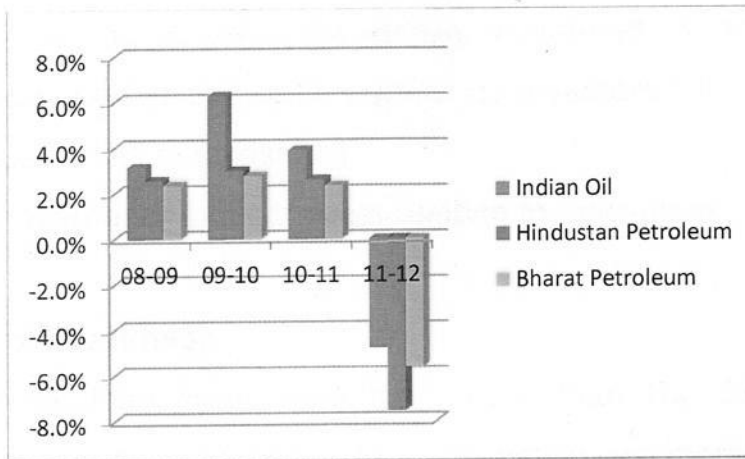
### I. Indian Oil Corporation Limited (IOCL)

IOCL is the highest ranked Maharatna Company representing India in the Fortune 500 list of valued entities in terms of sales/turnover. The company with ten refineries (out of twenty Operating Costs in the country) is the biggest player in the hydro-carbon value chain contributing towards energy security & management in the country. It is the biggest player in the down-stream petroleum sector. Its performance has been evaluated vis-à-vis Hindustan Petroleum Corporation Limited (HPCL) & Bharat Petroleum Corporation Limited (BPCL).

#### A) Analysis of Strengths

1. Consistent generation of profits resulting in reserves of more than Rs. 55,000 Crores by end of FY 2010-1. However, the Profit After Tax (PAT) has substantially fallen to negative Rs. 11,000 Crores plus and the reserves from previous years have declined to Rs. 41,000 Crores only. This implies a heavy impact on bottom-line of the company.

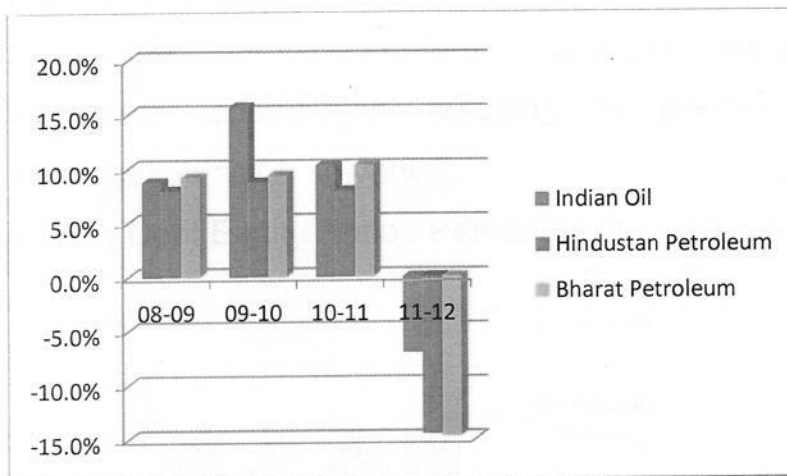
Chart # 01 : Net Profit Ratio : Petroleum Downstream



Source : Table 1-3 (Variables in '%age' terms)

2. Healthy Return on Capital employed of more than 10% for all long-term funds gave the company a higher credit rating position till 2010-11. However, a negative net profit ratio, higher Operating Costs ratio & negative earnings per share means that investors are getting nil return on their investments during the period.

Chart # 02 : Return on Capital Employed : Petroleum Downstream



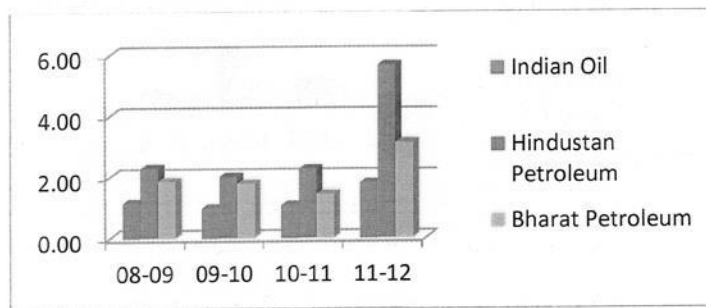
Source : Table 1-3 (Variables in '%age' terms)

3. Healthy returns on shareholders' funds and 1/3<sup>rd</sup> pay-out ratio leading to value for money investment & greater participation in the stock market by investors (dividend, bonus issues to investors).
4. Low overhead/ indirect costs relating to operations.

## B) Analysis of Weakness

1. External loan commitments of more than Rs. 59,000 Crores by the end of FY 2010-11, which are more than its total profits accumulated.
2. Capital investment / expansion projects have been declining in the past three years due to reduced margins & non-availability of adequate funding (internal resources).
3. Direct Operating Costs/ production costs are more than total sales turnover, implying a situation where direct costs are not being fully recovered from the revenue generated.
4. Increasing debt-equity ratio signifying more reliance on loan funding for its long-term operations vis-à-vis shareholders' contribution resulting in position of concern for liquidity & solvency.

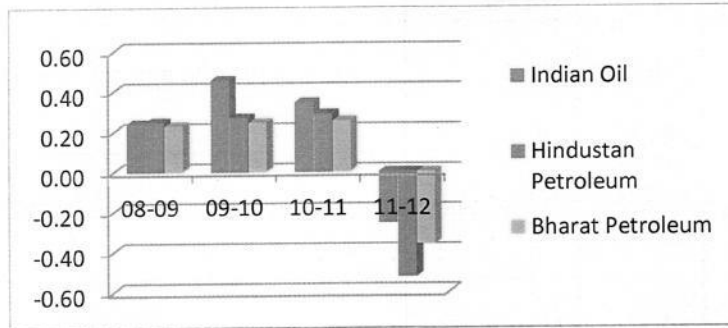
Chart 03 : Debt Equity Ratio : Petroleum Downstream



Source : Table 1-3 (Variables in '%age' terms)

5. Substantial growth of debt in the balance sheet is most prominent factor evident in sustainability of this valuable company. The long term loans are almost 1.8 times the shareholders' funds, which raises issues of long term liquidity & project capital financing in future.
6. Higher working capital being used to generate sales turnover (meaning blockage of funds in sundry debtors and stocks). This means higher cost operations and reduction in margins for the company.
7. Reducing contribution of human capital profit margins.

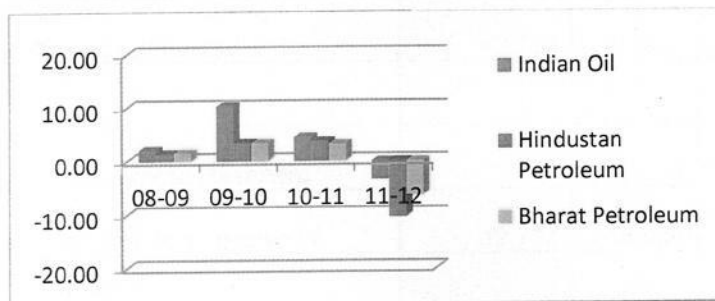
Chart 04 : HC Profitability Ratio : Petroleum Downstream



Source : Table 1-3 (Variables in 'age' terms)

8. The company is reflecting a negative fixed interest coverage, meaning that it has to dig into its accumulated reserves to serve its debt funding.

Chart 05 : Interest Coverage Ratio:Petroleum D'stream



Source : Table 1-3 (Variables in 'no. of times' terms)

**Table # 04 : Financial Statements of ONGC**

Sl No	Particulars of the Item	Oil & Natural Gas Corporation Limited (ONGC)			
		2011-12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	14,501	37,957	33,749	39,435
	Non-Operating Costs Expenses (Indirect Costs)	0	6,059	5,446	5,060
	<b>Total Expenses Allocated to Production</b>	<b>14,501</b>	<b>44,016</b>	<b>39,195</b>	<b>44,494</b>
	Net Direct Revenue / Net Sales	30,430	65,845	59,986	63,598
	Net Indirect Revenue / Income other than Sales	2,469	5,914	4,305	5,459
	<b>Total Revenue</b>	<b>32,899</b>	<b>71,759</b>	<b>64,291</b>	<b>69,058</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>18,398</b>	<b>27,743</b>	<b>25,096</b>	<b>24,563</b>
	Interest on Fixed Capital & Loan	11	124	112	582
	<b>Profit after Interest &amp; before Tax</b>	<b>18,387</b>	<b>27,619</b>	<b>24,984</b>	<b>23,981</b>
	Net Tax liability	5,650	8,695	8,216	7,854
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>12,737</b>	<b>18,924</b>	<b>16,768</b>	<b>16,126</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>12,737</b>	<b>18,924</b>	<b>16,768</b>	<b>16,126</b>
	Appropriation to Special purpose Reserves	0	0	0	0
	Profit after Interest, Tax & special reserve t/f	12,737	18,924	16,768	16,126
	Dividend Provision	0	8,702	8,220	8,008
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>12,737</b>	<b>10,222</b>	<b>8,548</b>	<b>8,119</b>

<b>BALANCE SHEET</b>	<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	0	428	214	214
Equity Share Capital	0	4,278	2,139	2,139
Reserves & Surpluses to Equity	0	93,227	85,	76,597
<b>Shareholders' Funds / Internal Equity</b>	<b>0</b>	<b>97,504</b>	<b>87,283</b>	<b>78,735</b>
Special Purpose Reserves	0	0	0	0
Long Term External Liabilities/ Loans	0	27,515	25,324	23,838
<b>Total Long Term External Equity</b>	<b>0</b>	<b>27,515</b>	<b>25,324</b>	<b>23,838</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>0</b>	<b>1,25,019</b>	<b>1,12,606</b>	<b>1,02,573</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>0</b>	<b>23,747</b>	<b>19,500</b>	<b>21,105</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>0</b>	<b>1,48,766</b>	<b>1,32,106</b>	<b>1,23,678</b>
Fixed & Intangible Assets	0	18,640	15,649	10,414
Capital Work in Progress (WIP)	0	65,354	56,073	52,923
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>0</b>	<b>83,994</b>	<b>71,722</b>	<b>63,338</b>
Net Investments	0	5,333	5,772	5,090
Miscellaneous non-current Assets	0	796	841	651
Current Assets : Inventories	0	4,119	4,679	4,061
Liquid Assets : Current Assets less Inventories	0	54,525	49,093	50,539
<b>Total Current Assets</b>	<b>0</b>	<b>58,644</b>	<b>53,771</b>	<b>54,600</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>0</b>	<b>1,48,766</b>	<b>1,32,106</b>	<b>1,23,678</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	18,398	27,743	25,096	24,563
	Net Sales	30,430	65,845	59,986	63,598
<b>1</b>	<b>Net Profit Ratio</b>	<b>60.46%</b>	<b>42.13%</b>	<b>41.84%</b>	<b>38.62%</b>
	Operating Costs/ Production/ Direct Costs	14,501	37,957	33,749	39,435
	Net Sales	30,430	65,845	59,986	63,598
<b>2</b>	<b>Operating Costs Ratio</b>	<b>47.65%</b>	<b>57.65%</b>	<b>56.26%</b>	<b>62.01%</b>
	Overheads/ Indirect Costs	NA	6,059	5,446	5,060
	Net Sales	30,430	65,845	59,986	63,598
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>NA</b>	<b>9.20%</b>	<b>9.08%</b>	<b>7.96%</b>
	Profit before Interest & Tax	18,398	27,743	25,096	24,563
	Total Capital Employed	0	1,25,019	1,12,606	1,02,573
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>NA</b>	<b>22.19%</b>	<b>22.29%</b>	<b>23.95%</b>
	Profit after Tax	12,737	18,924	16,768	16,126
	Total Assets (Fixed & Current)	0	1,48,766	1,32,106	1,23,678
<b>5</b>	<b>Return on Total Assets</b>	<b>NA</b>	<b>12.72%</b>	<b>12.69%</b>	<b>13.04%</b>
	Profit after Tax	12,737	18,924	16,768	16,126
	No. of Equity Shares	0	428	214	214
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>NA</b>	<b>44.24</b>	<b>78.39</b>	<b>75.40</b>
	Profit after Tax	12,737	18,924	16,768	16,126
	Shareholders' Funds	0	97,504	87,283	78,735
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>NA</b>	<b>19.41%</b>	<b>19.21%</b>	<b>20.48%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	266	291	275	195
	Earnings per Share	NA	44	78	75
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>NA</b>	<b>6.58</b>	<b>3.51</b>	<b>2.59</b>
	Dividend per Equity Share	NA	20	38	37
	Earnings per Share	NA	44	78	75
<b>9</b>	<b>Pay-out Ratio</b>	<b>NA</b>	<b>45.98%</b>	<b>49.02%</b>	<b>49.66%</b>
	Dividend per Equity Share	NA	20	38	37
	Market Price per share	266	291	275	195
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>NA</b>	<b>6.99%</b>	<b>13.97%</b>	<b>19.20%</b>
	Profit before Interest & Tax	18,398	27,743	25,096	24,563
	Interest Charges	11	124	112	582
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>1,672.55</b>	<b>223.82</b>	<b>224.33</b>	<b>42.17</b>
	Current Assets	0	58,644	53,771	54,600
	Current Liabilities	0	23,747	19,500	21,105
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>NA</b>	<b>2.47</b>	<b>2.76</b>	<b>2.59</b>
	Long-term Loans	0	27,515	25,324	23,838
	Shareholders' Funds	0	97,504	87,283	78,735
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>NA</b>	<b>0.28</b>	<b>0.29</b>	<b>0.30</b>
	Total External Liabilities (Long-term & Short-term)	0	51,262	44,824	44,943
	Total Assets	0	1,48,766	1,32,106	1,23,678
<b>14</b>	<b>Solvency Ratio</b>	<b>NA</b>	<b>34.46%</b>	<b>33.93%</b>	<b>36.34%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	0	93,227	85,144	76,597
	Share Capital	0	4,278	2,139	2,139
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>NA</b>	<b>21.79</b>	<b>39.81</b>	<b>35.81</b>
	Profit before Interest & Tax	18,398	27,743	25,096	24,563
	Total Capital Employed	0	1,25,019	1,12,606	1,02,573
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>NA</b>	<b>22.19%</b>	<b>22.29%</b>	<b>23.95%</b>
	Net Sales	30,430	65,845	59,986	63,598
	Net Fixed Assets	0	83,994	71,722	63,338
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>0.78</b>	<b>0.84</b>	<b>1.00</b>
	Net Sales	30,430	65,845	59,986	63,598
	Net Working Capital	0	34,896	34,271	33,495
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>1.89</b>	<b>1.75</b>	<b>1.90</b>
	Net Sales	30,430	65,845	59,986	63,598
	Average Inventory	0	2,059	2,339	2,030
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>31.97</b>	<b>25.64</b>	<b>31.32</b>
	Profit before Interest & Tax	18,398	27,743	25,096	24,563
	Number of Personnel (no.)	33,200	33,229	32,826	33,035
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.55</b>	<b>0.83</b>	<b>0.76</b>	<b>0.74</b>

Source of Data : Annual Reports ONGC as on website  
<http://www.ongcindia.com/> : downloaded on 03.10.2011

**Table # 05 : Financial Statements of Reliance Industries Ltd**

SI No	Particulars of the Item	Reliance Industries Limited (RIL)			
		2011- 12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	1,36,355	2,46,346	1,89,818	1,24,156
	Non-Operating Costs Expenses (Indirect Costs)	10,336	0	0	0
	<b>Total Expenses Allocated to Production</b>	<b>1,46,691</b>	<b>2,46,346</b>	<b>1,89,818</b>	<b>1,24,156</b>
	Net Direct Revenue / Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
	Net Indirect Revenue / Income other than Sales	2,890	7,001	16,818	2,487
	<b>Total Revenue</b>	<b>1,62,477</b>	<b>2,72,811</b>	<b>2,20,558</b>	<b>1,44,335</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>15,786</b>	<b>26,466</b>	<b>30,739</b>	<b>20,178</b>
	Interest on Fixed Capital & Loan	1,205	2,411	2,060	1,745
	<b>Profit after Interest &amp; before Tax</b>	<b>14,581</b>	<b>24,055</b>	<b>28,680</b>	<b>18,433</b>
	Net Tax liability	3,217	4,784	4,257	3,124
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>11,364</b>	<b>19,271</b>	<b>24,423</b>	<b>15,309</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>13,297</b>	<b>5,426</b>	<b>4,363</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>11,364</b>	<b>32,568</b>	<b>29,849</b>	<b>19,673</b>
	Appropriation to Special purpose Reserves	0	0	190	340
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>11,364</b>	<b>32,568</b>	<b>29,660</b>	<b>19,333</b>
	Dividend Provision	0	2,772	2,431	2,219
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>11,364</b>	<b>29,796</b>	<b>27,229</b>	<b>17,113</b>

	2011-12(HY)	2010-11	2009-10	2008-09
<b>BALANCE SHEET</b>				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	327	298	298	157
Equity Share Capital	3,274	2,981	2,978	1,574
Reserves & Surpluses to Equity	1,58,522	1,51,112	1,38,025	1,24,799
<b>Shareholders' Funds / Internal Equity</b>	<b>1,61,796</b>	<b>1,54,093</b>	<b>1,41,003</b>	<b>1,26,373</b>
Special Purpose Reserves	0	802	574	0
Long Term External Liabilities/ Loans	83,261	95,177	75,283	83,631
<b>Total Long Term External Equity</b>	<b>83,261</b>	<b>95,979</b>	<b>75,857</b>	<b>83,631</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>2,45,057</b>	<b>2,50,072</b>	<b>2,16,860</b>	<b>2,10,004</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>43,303</b>	<b>57,447</b>	<b>42,586</b>	<b>35,702</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>2,88,360</b>	<b>3,07,519</b>	<b>2,59,445</b>	<b>2,45,706</b>
Fixed & Intangible Assets	1,22,799	1,58,099	1,60,191	1,00,343
Capital Work in Progress (WIP)	0	29,742	17,034	69,044
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>1,22,799</b>	<b>1,87,842</b>	<b>1,77,225</b>	<b>1,69,387</b>
Net Investments	48,288	21,596	13,112	21,606
Miscellaneous non-current Assets	0	1	2	0
Current Assets : Inventories	28,783	38,519	34,393	14,837
Liquid Assets : Current Assets less Inventories	88,490	59,560	34,712	39,876
<b>Total Current Assets</b>	<b>1,17,273</b>	<b>98,080</b>	<b>69,106</b>	<b>54,712</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>2,88,360</b>	<b>3,07,519</b>	<b>2,59,445</b>	<b>2,45,706</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	15,786	26,466	30,739	20,178
	Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
<b>1</b>	<b>Net Profit Ratio</b>	<b>9.89%</b>	<b>9.96%</b>	<b>15.09%</b>	<b>14.23%</b>
	Operating Costs/ Production/ Direct Costs	1,36,355	2,46,346	1,89,818	1,24,156
	Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
<b>2</b>	<b>Operating Costs Ratio</b>	<b>85.44%</b>	<b>92.68%</b>	<b>93.17%</b>	<b>87.53%</b>
	Overheads/ Indirect Costs	10,336	NA	NA	NA
	Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>6.48%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	Profit before Interest & Tax	15,786	26,466	30,739	20,178
	Total Capital Employed	2,45,057	2,50,072	2,16,860	2,10,004
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>6.44%</b>	<b>10.58%</b>	<b>14.17%</b>	<b>9.61%</b>
	Profit after Tax	11,364	19,271	24,423	15,309
	Total Assets (Fixed & Current)	2,88,360	3,07,519	2,59,445	2,45,706
<b>5</b>	<b>Return on Total Assets</b>	<b>3.94%</b>	<b>6.27%</b>	<b>9.41%</b>	<b>6.23%</b>
	Profit after Tax	11,364	19,271	24,423	15,309
	No. of Equity Shares	327	298	298	157
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>34.71</b>	<b>64.65</b>	<b>82.01</b>	<b>97.29</b>
	Profit after Tax	11,364	19,271	24,423	15,309
	Shareholders' Funds	1,61,796	1,54,093	1,41,003	1,26,373
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>7.02%</b>	<b>12.51%</b>	<b>17.32%</b>	<b>12.11%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	809	1,049	1,075	763
	Earnings per Share	35	65	82	97
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>23.31</b>	<b>16.23</b>	<b>13.11</b>	<b>7.84</b>
	Dividend per Equity Share	0	9	8	14
	Earnings per Share	35	65	82	97
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>14.38%</b>	<b>9.95%</b>	<b>14.50%</b>
	Dividend per Equity Share	0	9	8	14
	Market Price per share	809	1,049	1,075	763
<b>10</b>	<b>Dividend Yield Ratio</b>	<b>0.00%</b>	<b>0.89%</b>	<b>0.76%</b>	<b>1.85%</b>
	Profit before Interest & Tax	15,786	26,466	30,739	20,178
	Interest Charges	1,205	2,411	2,060	1,745
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>13.10</b>	<b>10.98</b>	<b>14.93</b>	<b>11.56</b>
	Current Assets	1,17,273	98,080	69,106	54,712
	Current Liabilities	43,303	57,447	42,586	35,702
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>2.71</b>	<b>1.71</b>	<b>1.62</b>	<b>1.53</b>
	Long-term Loans	83,261	95,979	75,857	83,631
	Shareholders' Funds	1,61,796	1,54,093	1,41,003	1,26,373
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>0.51</b>	<b>0.62</b>	<b>0.54</b>	<b>0.66</b>
	Total External Liabilities (Long-term & Short-term)	1,26,564	1,53,426	1,18,442	1,19,333
	Total Assets	2,88,360	3,07,519	2,59,445	2,45,706
<b>14</b>	<b>Solvency Ratio</b>	<b>43.89%</b>	<b>49.89%</b>	<b>45.65%</b>	<b>48.57%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	1,58,522	1,51,112	1,38,025	1,24,799
	Share Capital	3,274	2,981	2,978	1,574
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>48.42</b>	<b>50.69</b>	<b>46.35</b>	<b>79.31</b>
	Profit before Interest & Tax	15,786	26,466	30,739	20,178
	Total Capital Employed	2,45,057	2,50,072	2,16,860	2,10,004
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>6.44%</b>	<b>10.58%</b>	<b>14.17%</b>	<b>9.61%</b>
	Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
	Net Fixed Assets	1,22,799	1,87,842	1,77,225	1,69,387
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>1.30</b>	<b>1.42</b>	<b>1.15</b>	<b>0.84</b>
	Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
	Net Working Capital	73,970	40,633	26,520	19,010
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>2.16</b>	<b>6.54</b>	<b>7.68</b>	<b>7.46</b>
	Net Sales	1,59,587	2,65,811	2,03,740	1,41,847
	Average Inventory	14,392	19,260	17,197	7,418
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>11.09</b>	<b>13.80</b>	<b>11.85</b>	<b>19.12</b>
	Profit before Interest & Tax	15,786	26,466	30,739	20,178
	Number of Personnel (no.)	22,500	22,661	23,365	23,600
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.70</b>	<b>1.17</b>	<b>1.32</b>	<b>0.86</b>

Source of Data : Annual Reports RIL as on website  
<http://www.ril.com/> : downloaded on 05.10.2011

**Table # 06 : Financial Statements of GAIL**

Sl No	Particulars of the Item	Gas Authority of India Limited (GAIL)			
		2011- 12(HY)	2010- 11	2009- 10	2008- 09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	15,664	26,514	19,895	19,402
	Non-Operating Costs Expenses (Indirect Costs)	356	1,188	929	881
	<b>Total Expenses Allocated to Production</b>	<b>16,020</b>	<b>27,703</b>	<b>20,825</b>	<b>20,283</b>
	Net Direct Revenue / Net Sales	18,566	30,490	23,532	23,037
	Net Indirect Revenue / Income other than Sales	508	2,571	1,957	1,537
	<b>Total Revenue</b>	<b>19,075</b>	<b>33,061</b>	<b>25,489</b>	<b>24,574</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>3,054</b>	<b>5,359</b>	<b>4,664</b>	<b>4,291</b>
	Interest on Fixed Capital & Loan	43	119	83	87
	<b>Profit after Interest &amp; before Tax</b>	<b>3,011</b>	<b>5,240</b>	<b>4,581</b>	<b>4,204</b>
	Net Tax liability	932	1,679	1,439	1,400
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>2,079</b>	<b>3,561</b>	<b>3,143</b>	<b>2,804</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>2,079</b>	<b>3,561</b>	<b>3,143</b>	<b>2,804</b>
	Appropriation to Special purpose Reserves	0	8	0	32
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>2,079</b>	<b>3,553</b>	<b>3,143</b>	<b>2,772</b>
	Dividend Provision	0	1,107	1,110	1,039
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>2,079</b>	<b>2,447</b>	<b>2,032</b>	<b>1,733</b>

<b>BALANCE SHEET</b>	<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	127	127	127	127
Equity Share Capital	1,268	1,268	1,268	1,268
Reserves & Surpluses to Equity	20,064	17,985	15,531	13,501
<b>Shareholders' Funds / Internal Equity</b>	<b>21,332</b>	<b>19,253</b>	<b>16,799</b>	<b>14,770</b>
Special Purpose Reserves	0	0	0	0
Long Term External Liabilities/ Loans	5,248	3,943	2,870	2,526
<b>Total Long Term External Equity</b>	<b>5,248</b>	<b>3,943</b>	<b>2,870</b>	<b>2,526</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>26,581</b>	<b>23,197</b>	<b>19,669</b>	<b>17,296</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>7,270</b>	<b>8,815</b>	<b>10,378</b>	<b>8,155</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>33,851</b>	<b>32,011</b>	<b>30,047</b>	<b>25,450</b>
Fixed & Intangible Assets	20,212	12,404	11,931	9,050
Capital Work in Progress (WIP)	0	5,879	2,330	2,426
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>20,212</b>	<b>18,283</b>	<b>14,262</b>	<b>11,477</b>
Net Investments	3,048	2,583	2,073	1,737
Miscellaneous non-current Assets	0	0	0	0
Current Assets : Inventories	1,162	855	632	601
Liquid Assets : Current Assets less Inventories	9,430	10,291	13,081	11,635
<b>Total Current Assets</b>	<b>10,592</b>	<b>11,146</b>	<b>13,713</b>	<b>12,237</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>33,851</b>	<b>32,011</b>	<b>30,047</b>	<b>25,450</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	3,054	5,359	4,664	4,291
	Net Sales	18,566	30,490	23,532	23,037
<b>1</b>	<b>Net Profit Ratio</b>	<b>16.45%</b>	<b>17.58%</b>	<b>19.82%</b>	<b>18.63%</b>
	Operating Costs/ Production/ Direct Costs	15,664	26,514	19,895	19,402
	Net Sales	18,566	30,490	23,532	23,037
<b>2</b>	<b>Operating Costs Ratio</b>	<b>84.37%</b>	<b>86.96%</b>	<b>84.54%</b>	<b>84.22%</b>
	Overheads/ Indirect Costs	356	1,188	929	881
	Net Sales	18,566	30,490	23,532	23,037
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>1.92%</b>	<b>3.90%</b>	<b>3.95%</b>	<b>3.83%</b>
	Profit before Interest & Tax	3,054	5,359	4,664	4,291
	Total Capital Employed	26,581	23,197	19,669	17,296
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>11.49%</b>	<b>23.10%</b>	<b>23.71%</b>	<b>24.81%</b>
	Profit after Tax	2,079	3,561	3,143	2,804
	Total Assets (Fixed & Current)	33,851	32,011	30,047	25,450
<b>5</b>	<b>Return on Total Assets</b>	<b>6.14%</b>	<b>11.12%</b>	<b>10.46%</b>	<b>11.02%</b>
	Profit after Tax	2,079	3,561	3,143	2,804
	No. of Equity Shares	127	127	127	127
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>16.39</b>	<b>28.07</b>	<b>24.78</b>	<b>22.10</b>
	Profit after Tax	2,079	3,561	3,143	2,804
	Shareholders' Funds	21,332	19,253	16,799	14,770
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>9.75%</b>	<b>18.50%</b>	<b>18.71%</b>	<b>18.98%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	411	464	411	246
	Earnings per Share	16	28	25	22
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>25.08</b>	<b>16.53</b>	<b>16.59</b>	<b>11.13</b>
	Dividend per Equity Share	0	9	9	8
	Earnings per Share	16	28	25	22
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>31.08%</b>	<b>35.33%</b>	<b>37.05%</b>
	Dividend per Equity Share	0	9	9	8
	Market Price per share	411	464	411	246
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>0.00%</b>	<b>1.88%</b>	<b>2.13%</b>	<b>3.33%</b>
	Profit before Interest & Tax	3,054	5,359	4,664	4,291
	Interest Charges	43	119	83	87
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>70.36</b>	<b>45.16</b>	<b>56.22</b>	<b>49.32</b>
	Current Assets	10,592	11,146	13,713	12,237
	Current Liabilities	7,270	8,815	10,378	8,155
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>1.46</b>	<b>1.26</b>	<b>1.32</b>	<b>1.50</b>
	Long-term Loans	5,248	3,943	2,870	2,526
	Shareholders' Funds	21,332	19,253	16,799	14,770
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>0.25</b>	<b>0.20</b>	<b>0.17</b>	<b>0.17</b>
	Total External Liabilities (Long-term & Short-term)	12,519	12,758	13,248	10,681
	Total Assets	33,851	32,011	30,047	25,450
<b>14</b>	<b>Solvency Ratio</b>	<b>36.98%</b>	<b>39.85%</b>	<b>44.09%</b>	<b>41.97%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	20,064	17,985	15,531	13,501
	Share Capital	1,268	1,268	1,268	1,268
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>15.82</b>	<b>14.18</b>	<b>12.24</b>	<b>10.64</b>
	Profit before Interest & Tax	3,054	5,359	4,664	4,291
	Total Capital Employed	26,581	23,197	19,669	17,296
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>11.49%</b>	<b>23.10%</b>	<b>23.71%</b>	<b>24.81%</b>
	Net Sales	18,566	30,490	23,532	23,037
	Net Fixed Assets	20,212	18,283	14,262	11,477
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>0.92</b>	<b>1.67</b>	<b>1.65</b>	<b>2.01</b>
	Net Sales	18,566	30,490	23,532	23,037
	Net Working Capital	3,322	2,331	3,334	4,082
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>5.59</b>	<b>13.08</b>	<b>7.06</b>	<b>5.64</b>
	Net Sales	18,566	30,490	23,532	23,037
	Average Inventory	581	428	316	301
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>31.95</b>	<b>71.31</b>	<b>74.50</b>	<b>76.61</b>
	Profit before Interest & Tax	3,054	5,359	4,664	4,291
	Number of Personnel (no.)	3,900	3,878	3,703	3,700
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.78</b>	<b>1.38</b>	<b>1.26</b>	<b>1.16</b>

Source of Data : Annual Reports of GAIL as on website

[http://www.gail.nic.in/final\\_site/index.html](http://www.gail.nic.in/final_site/index.html) : downloaded on

05.10.2011

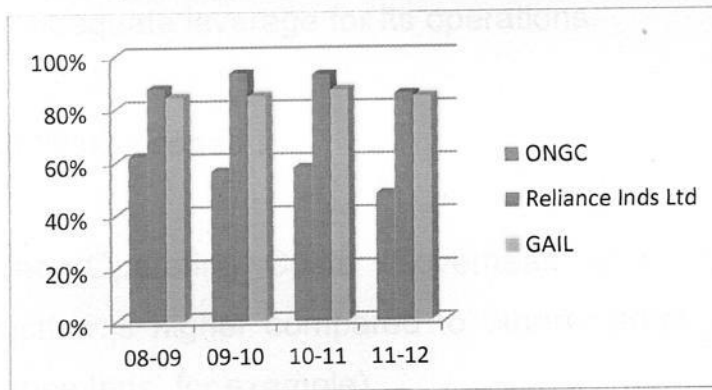
## II. Oil & Natural Gas Corporation Limited (ONGC)

The company has been the largest contributor towards the upstream petroleum sector with production of more than 62 million tonnes of oil/gas for the energy security of the country. The company with extremely healthy financial position & reserves has contributed towards overall economic growth of the country.

### A) Analysis of Strengths :

1. With a net profit margin of more than 40% on its sales turnover, the company has been able to accumulate reserves of more than Rs. 93,000 Crores.
2. The Operating Costs / direct costs are adequately covered leaving a higher leverage which adds to its bottom-line for every barrel of oil produced by the company.

Chart 06 : Operating Costs Ratio : Petroleum Upstream

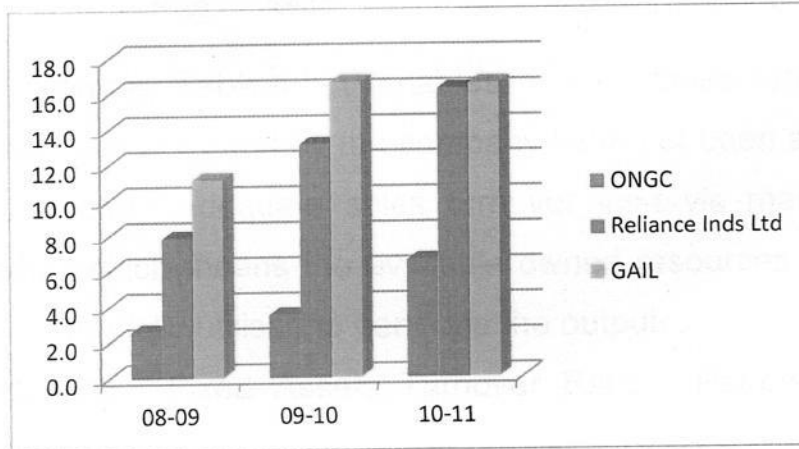


Source : Table 4-6 (Variables in 'age' terms)

3. The return on capital employed is very healthy for evaluation of any capital project investment (more than 20% consistently), thus positioning the company to venture into more areas of exploration & production.

4. The company has a lower Price/ Earnings ratio which means its shares are available at a substantial discount in the markets and are a good purchase for its investors. Furthermore the dividend payout and yield is very good for long term investors.

Chart 07 : Price Earnings Ratio : Petroleum Upstream



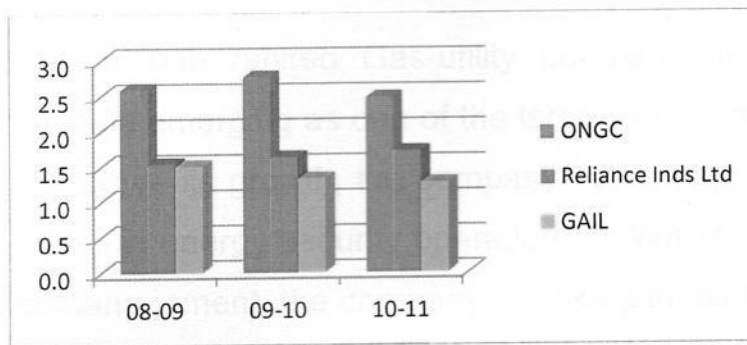
Source : Table 4-6 (Variables in 'no. of times' terms)

5. The company is almost fully funded out of owned funds & has very low interest payment commitments thus giving adequate leverage for its operations.

#### B) Analysis of Weaknesses :

1. The non-Operating Costs / overhead costs towards production is higher compared to other market players (Reliance Inds, for example).
2. High current ratio means that its holding of current assets is more. Similarly analysis of debt-equity ratio reflects inadequate tapping of the debt market to raise funds for project financing.

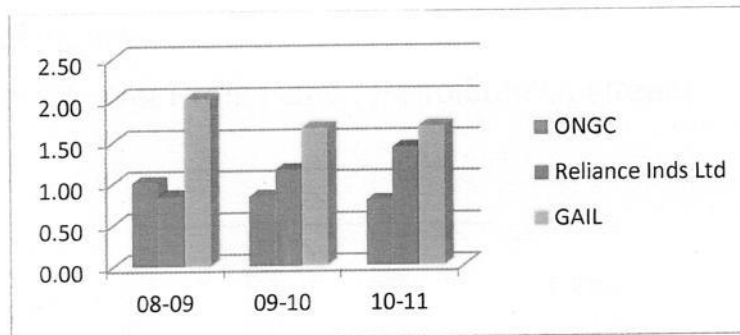
Chart 08 : Current Ratio : Petroleum Upstream



Source : Table 4-6 (Variables in 'no. of times' terms)

- Fixed assets owned by the company have not been able to generate adequate sales turnover vis-à-vis market peers, which means the available owned resources are not being fully utilised to generate the output.

Chart 09 : Fixed Assets Turnover Ratio : Petroleum Upstream



Source : Table 4-6 (Variables in 'no. of times' terms)

- In addition, a lower working capital has generated much higher sales in the industry as compared to ONGC. This reflects need for better liquid assets management and further tightening up & transfer of the short-term resources towards capital project expansion.
- Human capital profitability and contribution to value addition is showing a downward trend & needs evaluation by the management.

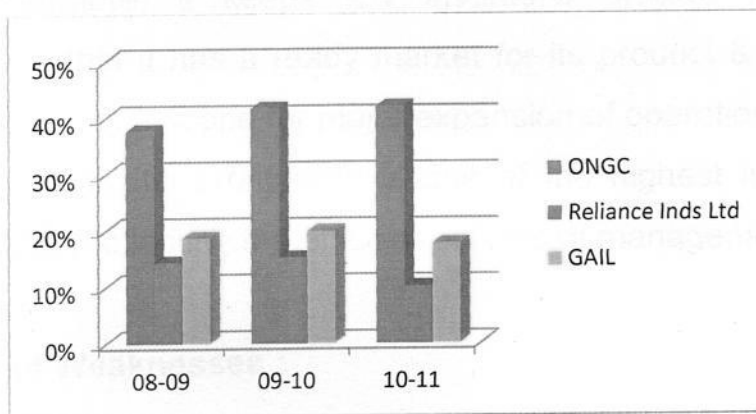
### III. Gas Authority of India Limited (GAIL)

GAIL is number one ranked Gas-utility company in Asia region. With India emerging as one of the largest consumer of natural gas to serve its growth, the company has emerged as a leading player in energy security operations. With strategic vision of the management, the company aims to join exclusive club of Rs. 1 lakh crore turnover by 2016-17, through its wide capital project expansion, pipeline networks & exploration targets.

#### A) Analysis of Strengths :

1. Very healthy and consistent net profit ratio which has contributed towards generation of internal reserves for the company.

Chart 10 : Net Profit Ratio : Petroleum Upstream

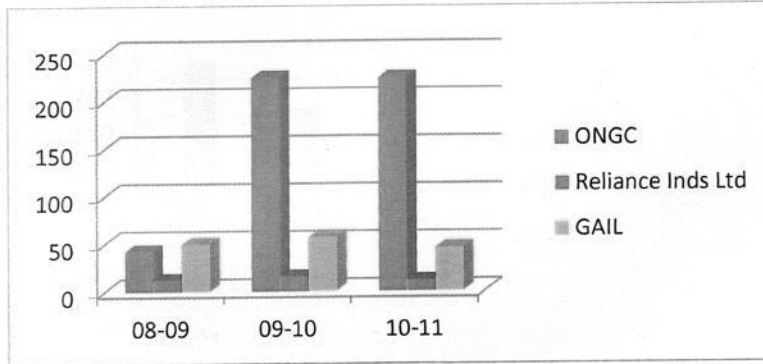


Source : Table 4-6 (Variables in 'age' terms)

2. Operating Costs/ direct costs are very healthy even when compared to private majors like Reliance Industries. The overhead fixed costs are very low which signifies profitability margins are higher with increase in production scales.

- Debt as instrument to finance operations is lower, thus giving adequate fixed interest coverage margin to the company.

Chart 11 : Fixed Interest Coverage Ratio : Petroleum Upstream



Source : Table 4-6 (Variables in 'no. of times' terms)

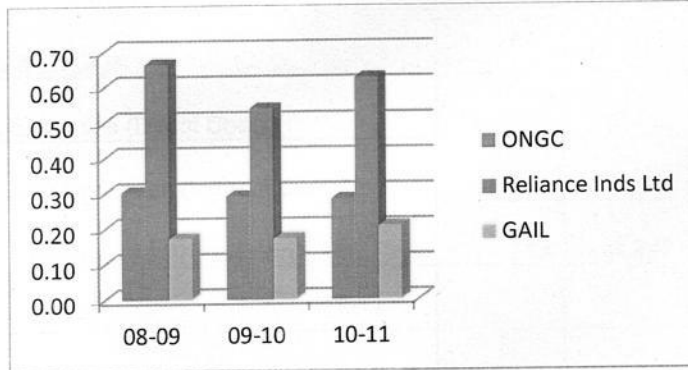
- The company has been able to generate higher turnover with a low working capital which means that its liquid assets management is very healthy.
- Furthermore, it keeps low inventory/ stocks, which means that it has a ready market for its product & thus leaves ample scope for major expansion of operations.
- Human capital profitability is one of the highest in the industry, reflecting the efficient policies of management.

## B) Analysis of Weaknesses :

- With the number of equity shares being comparatively higher as compared to its turnover/ resultant margins, the earnings per share is lower compared to other market players, thus resulting in a higher Price Earnings Ratio, making the share quote for the company higher.

2. Lower utilisation of long term debt for capital projects leaves adequate room to tap the market resources & operate at much higher economies & raise its absolute profitability.

Chart 12 : Debt Equity Ratio : Petroleum Upstream



Source : Table 4-6 (Variables in 'no. of times' terms)

3. Reserves & surplus as compared to the capital works/ investments are very high, which means that the company's accumulated profits are not being fully utilised to finance new projects. With an assured market and lower Operating Costs costs, the company should use its reserves to fund expansion and thus raise its profit generation capacity.

## Power Sector Analysis

Table # 07 : Financial Statements of NTPC

Sl No	Particulars of the Item	National Thermal Power Corporation Limited (NTPC)			
		2011- 12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	21,699	39,412	32,124	29,500
	Non-Operating Costs Expenses (Indirect Costs)	3,045	5,436	4,506	4,391
	<b>Total Expenses Allocated to Production</b>	<b>24,743</b>	<b>44,847</b>	<b>36,630</b>	<b>33,890</b>
	Net Direct Revenue / Net Sales	29,549	54,874	46,323	41,924
	Net Indirect Revenue / Income other than Sales	2,006	4,172	3,002	3,322
	<b>Total Revenue</b>	<b>31,555</b>	<b>59,046</b>	<b>49,324</b>	<b>45,246</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>6,811</b>	<b>14,199</b>	<b>12,694</b>	<b>11,356</b>
	Interest on Fixed Capital & Loan	706	2,149	1,809	1,996
	<b>Profit after Interest &amp; before Tax</b>	<b>6,106</b>	<b>12,050</b>	<b>10,885</b>	<b>9,360</b>
	Net Tax liability	1,606	2,947	2,157	1,158
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>4,500</b>	<b>9,103</b>	<b>8,728</b>	<b>8,201</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>280</b>	<b>215</b>	<b>146</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>4,500</b>	<b>9,382</b>	<b>8,943</b>	<b>8,347</b>
	Appropriation to Special purpose Reserves	0	495	498	454
	Profit after Interest, Tax & special reserve t/f	4,500	8,887	8,445	7,894
	Dividend Provision	0	3,648	3,661	3,470
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>4,500</b>	<b>5,239</b>	<b>4,785</b>	<b>4,424</b>

<b>BALANCE SHEET</b>	<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	825	825	825	825
Equity Share Capital	8,245	8,245	8,245	8,246
Reserves & Surpluses to Equity	0	59,647	54,192	49,125
<b>Shareholders' Funds / Internal Equity</b>	<b>8,245</b>	<b>67,892</b>	<b>62,437</b>	<b>57,370</b>
Special Purpose Reserves	0	951	1,672	2,598
Long Term External Liabilities/ Loans	0	43,791	38,006	34,568
<b>Total Long Term External Equity</b>	<b>0</b>	<b>44,742</b>	<b>39,677</b>	<b>37,166</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>8,245</b>	<b>1,12,634</b>	<b>1,02,115</b>	<b>94,536</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>0</b>	<b>13,073</b>	<b>10,758</b>	<b>10,689</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>8,245</b>	<b>1,25,707</b>	<b>1,12,873</b>	<b>1,05,225</b>
Fixed & Intangible Assets	0	39,236	34,761	32,938
Capital Work in Progress (WIP)	0	38,271	32,104	26,405
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>0</b>	<b>77,507</b>	<b>66,865</b>	<b>59,343</b>
Net Investments	0	12,345	14,807	13,984
Miscellaneous non-current Assets	0	459	385	973
Current Assets : Inventories	0	3,639	3,348	3,243
Liquid Assets : Current Assets less Inventories	0	31,758	27,468	27,682
<b>Total Current Assets</b>	<b>0</b>	<b>35,397</b>	<b>30,816</b>	<b>30,925</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>0</b>	<b>1,25,707</b>	<b>1,12,873</b>	<b>1,05,225</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	6,811	14,199	12,694	11,356
	Net Sales	29,549	54,874	46,323	41,924
<b>1</b>	<b>Net Profit Ratio</b>	<b>23.05%</b>	<b>25.88%</b>	<b>27.40%</b>	<b>27.09%</b>
	Operating Costs/ Production/ Direct Costs	21,699	39,412	32,124	29,500
	Net Sales	29,549	54,874	46,323	41,924
<b>2</b>	<b>Operating Costs Ratio</b>	<b>73.43%</b>	<b>71.82%</b>	<b>69.35%</b>	<b>70.37%</b>
	Overheads/ Indirect Costs	3,045	5,436	4,506	4,391
	Net Sales	29,549	54,874	46,323	41,924
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>10.30%</b>	<b>9.91%</b>	<b>9.73%</b>	<b>10.47%</b>
	Profit before Interest & Tax	6,811	14,199	12,694	11,356
	Total Capital Employed	8,245	1,12,634	1,02,115	94,536
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>82.61%</b>	<b>12.61%</b>	<b>12.43%</b>	<b>12.01%</b>
	Profit after Tax	4,500	9,103	8,728	8,201
	Total Assets (Fixed & Current)	0	1,25,707	1,12,873	1,05,225
<b>5</b>	<b>Return on Total Assets</b>	<b>#DIV/0!</b>	<b>7.24%</b>	<b>7.73%</b>	<b>7.79%</b>
	Profit after Tax	4,500	9,103	8,728	8,201
	No. of Equity Shares	825	825	825	825
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>5.46</b>	<b>11.04</b>	<b>10.59</b>	<b>9.95</b>
	Profit after Tax	4,500	9,103	8,728	8,201
	Shareholders' Funds	8,245	67,892	62,437	57,370
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>54.57%</b>	<b>13.41%</b>	<b>13.98%</b>	<b>14.30%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	168	193	208	180
	Earnings per Share	5	11	11	10
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>30.78</b>	<b>17.48</b>	<b>19.65</b>	<b>18.10</b>
	Dividend per Equity Share	0	4	4	4
	Earnings per Share	5	11	11	10
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>40.08%</b>	<b>41.94%</b>	<b>42.31%</b>
	Dividend per Equity Share	0	4	4	4
	Market Price per share	168	193	208	180
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>0.00%</b>	<b>2.29%</b>	<b>2.13%</b>	<b>2.34%</b>
	Profit before Interest & Tax	6,811	14,199	12,694	11,356
	Interest Charges	706	2,149	1,809	1,996
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>9.65</b>	<b>6.61</b>	<b>7.02</b>	<b>5.69</b>
	Current Assets	0	35,397	30,816	30,925
	Current Liabilities	0	13,073	10,758	10,689
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>NA</b>	<b>2.71</b>	<b>2.86</b>	<b>2.89</b>
	Long-term Loans	0	44,742	39,677	37,166
	Shareholders' Funds	8,245	67,892	62,437	57,370
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>0.00</b>	<b>0.66</b>	<b>0.64</b>	<b>0.65</b>
	Total External Liabilities (Long-term & Short-term)	0	57,815	50,436	47,855
	Total Assets	0	1,25,707	1,12,873	1,05,225
<b>14</b>	<b>Solvency Ratio</b>	<b>NA</b>	<b>45.99%</b>	<b>44.68%</b>	<b>45.48%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	0	59,647	54,192	49,125
	Share Capital	8,245	8,245	8,245	8,246
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>0.00</b>	<b>7.23</b>	<b>6.57</b>	<b>5.96</b>
	Profit before Interest & Tax	6,811	14,199	12,694	11,356
	Total Capital Employed	8,245	1,12,634	1,02,115	94,536
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>82.61%</b>	<b>12.61%</b>	<b>12.43%</b>	<b>12.01%</b>
	Net Sales	29,549	54,874	46,323	41,924
	Net Fixed Assets	0	77,507	66,865	59,343
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>0.71</b>	<b>0.69</b>	<b>0.71</b>
	Net Sales	29,549	54,874	46,323	41,924
	Net Working Capital	0	22,324	20,058	20,237
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>2.46</b>	<b>2.31</b>	<b>2.07</b>
	Net Sales	29,549	54,874	46,323	41,924
	Average Inventory	0	1,820	1,674	1,622
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>30.16</b>	<b>27.67</b>	<b>25.85</b>
	Profit before Interest & Tax	6,811	14,199	12,694	11,356
	Number of Personnel (no.)	25,200	25,144	24,955	24,900
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.27</b>	<b>0.56</b>	<b>0.51</b>	<b>0.46</b>

Source of Data : Annual Reports National Thermal Power Corpn Ltd as on website <http://www.ntpc.co.in/> : downloaded on 05.10.2011

Table # 08 : Financial Statements of Alstom Ltd

Sl No	Particulars of the Item	Alstom Ltd		
		2010- 11	2009- 10	2008- 09
	<b>PROFIT &amp; LOSS ACCOUNT</b>			<b>Euro Million</b>
	Operating Costs Expenses (Direct Costs)	18,493	16,698	15,948
	Non-Operating Costs Expenses (Indirect Costs)	1,959	1,251	1,700
	<b>Total Expenses Allocated to Production</b>	<b>20,452</b>	<b>17,949</b>	<b>17,648</b>
	Net Direct Revenue / Net Sales	20,923	19,650	18,739
	Net Indirect Revenue / Income other than Sales	118	70	193
	<b>Total Revenue</b>	<b>21,041</b>	<b>19,720</b>	<b>18,932</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>589</b>	<b>1,771</b>	<b>1,284</b>
	Interest on Fixed Capital & Loan	193	101	101
	<b>Profit after Interest &amp; before Tax</b>	<b>396</b>	<b>1,670</b>	<b>1,183</b>
	Net Tax liability	48	330	361
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>348</b>	<b>1,340</b>	<b>822</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>348</b>	<b>1,340</b>	<b>822</b>
	Appropriation to Special purpose Reserves	0	0	0
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>348</b>	<b>1,340</b>	<b>822</b>
	Dividend Provision	183	364	323
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>165</b>	<b>976</b>	<b>499</b>

	2010-11	2009-10	2008-09
<b>BALANCE SHEET</b>			<b>Euro Million</b>
No. of Equity Shares (effective)	415	410	288
Equity Share Capital	4,152	4,101	2,884
Reserves & Surpluses to Equity	0	0	0
<b>Shareholders' Funds / Internal Equity</b>	<b>4,152</b>	<b>4,101</b>	<b>2,884</b>
Special Purpose Reserves	1,145	943	970
Long Term External Liabilities/ Loans	5,020	2,945	1,122
<b>Total Long Term External Equity</b>	<b>6,165</b>	<b>3,888</b>	<b>2,092</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>10,317</b>	<b>7,989</b>	<b>4,976</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>19,316</b>	<b>17,989</b>	<b>19,268</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>29,633</b>	<b>25,978</b>	<b>24,244</b>
Fixed & Intangible Assets	9,981	7,315	7,018
Capital Work in Progress (WIP)	567	535	529
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>10,548</b>	<b>7,850</b>	<b>7,547</b>
Net Investments	207	66	66
Miscellaneous non-current Assets	1,287	982	1,012
Current Assets : Inventories	3,363	3,033	2,876
Liquid Assets : Current Assets less Inventories	14,228	14,047	12,743
<b>Total Current Assets</b>	<b>17,591</b>	<b>17,080</b>	<b>15,619</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>29,633</b>	<b>25,978</b>	<b>24,244</b>

FINANCIAL ANALYSIS		2010-11	2009-10	2008-09
	Profit before Interest & Tax	589	1,771	1,284
	Net Sales	20,923	19,650	18,739
<b>1</b>	<b>Net Profit Ratio</b>	<b>2.82%</b>	<b>9.01%</b>	<b>6.85%</b>
	Operating Costs/ Production/ Direct Costs	18,493	16,698	15,948
	Net Sales	20,923	19,650	18,739
<b>2</b>	<b>Operating Costs Ratio</b>	<b>88.39%</b>	<b>84.98%</b>	<b>85.11%</b>
	Overheads/ Indirect Costs	1,959	1,251	1,700
	Net Sales	20,923	19,650	18,739
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>9.36%</b>	<b>6.37%</b>	<b>9.07%</b>
	Profit before Interest & Tax	589	1,771	1,284
	Total Capital Employed	10,317	7,989	4,976
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>5.71%</b>	<b>22.17%</b>	<b>25.80%</b>
	Profit after Tax	348	1,340	822
	Total Assets (Fixed & Current)	29,633	25,978	24,244
<b>5</b>	<b>Return on Total Assets</b>	<b>1.17%</b>	<b>5.16%</b>	<b>3.39%</b>
	Profit after Tax	348	1,340	822
	No. of Equity Shares	415	410	288
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>0.84</b>	<b>3.27</b>	<b>2.85</b>
	Profit after Tax	348	1,340	822
	Shareholders' Funds	4,152	4,101	2,884
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>8.38%</b>	<b>32.67%</b>	<b>28.50%</b>

		2010-11	2009-10	2008-09
	Market Price per Equity Share	0	0	0
	Earnings per Share	1	3	3
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Dividend per Equity Share	0	1	1
	Earnings per Share	1	3	3
<b>9</b>	<b>Pay-out Ratio</b>	<b>52.59%</b>	<b>27.16%</b>	<b>39.29%</b>
	Dividend per Equity Share	0	1	1
	Market Price per share	0	0	0
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	Profit before Interest & Tax	589	1,771	1,284
	Interest Charges	193	101	101
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>3.05</b>	<b>17.53</b>	<b>12.71</b>
	Current Assets	17,591	17,080	15,619
	Current Liabilities	19,316	17,989	19,268
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>0.91</b>	<b>0.95</b>	<b>0.81</b>
	Long-term Loans	6,165	3,888	2,092
	Shareholders' Funds	4,152	4,101	2,884
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>1.48</b>	<b>0.95</b>	<b>0.73</b>
	Total External Liabilities (Long-term & Short-term)	25,481	21,877	21,360
	Total Assets	29,633	25,978	24,244
<b>14</b>	<b>Solvency Ratio</b>	<b>85.99%</b>	<b>84.21%</b>	<b>88.10%</b>

		2010-11	2009-10	2008-09
	Reserves & Surplus	0	0	0
	Share Capital	4,152	4,101	2,884
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Profit before Interest & Tax	589	1,771	1,284
	Total Capital Employed	10,317	7,989	4,976
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>5.71%</b>	<b>22.17%</b>	<b>25.80%</b>
	Net Sales	20,923	19,650	18,739
	Net Fixed Assets	10,548	7,850	7,547
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>1.98</b>	<b>2.50</b>	<b>2.48</b>
	Net Sales	20,923	19,650	18,739
	Net Working Capital	-1,725	-909	-3,649
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>-12.13</b>	<b>-21.62</b>	<b>-5.14</b>
	Net Sales	20,923	19,650	18,739
	Average Inventory	1,682	1,517	1,438
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>12.44</b>	<b>12.96</b>	<b>13.03</b>
	Profit before Interest & Tax	589	1,771	1,284
	Number of Personnel (no.)	85,225	68,858	71,511
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.01</b>	<b>0.03</b>	<b>0.02</b>

Source of Data : Annual Reports of Alstom Ltd as on website  
<http://www.alstom.com/> : downloaded on 01.02.2012

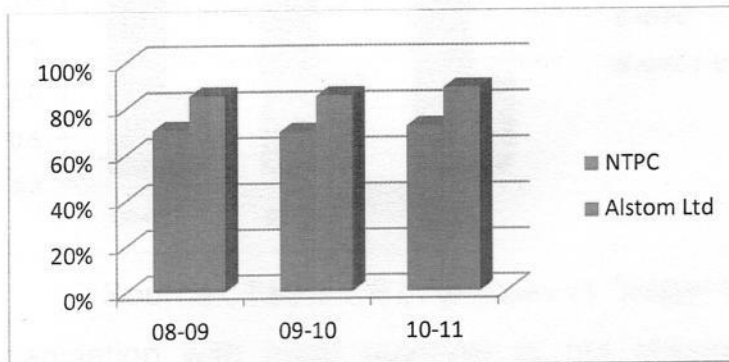
#### IV. National Thermal Power Corporation Limited (NTPC)

The company is number one independent power producer in Asia with the first to achieve Maharatna status in the country. It produces approx. 35,000 MW of power with a plant load factor in excess of high 80%. With assured power purchase agreements, the market for its products is assured leaving it a greatly leveraged position. Its capital expansion drive shall contribute significantly towards overall energy security of the country.

##### A) Analysis of Strengths :

1. A very healthy and consistent net profit ratio and adequate cushion in its Operating Costs/ direct costs to sales, provides the company with a consistency unmatched in industry. Even by global standards its cost-to-profit margins are extremely satisfactory (vis-à-vis global major Alstom Ltd (ATL) with presence in more than 20 countries).

Chart 13 : Operating Costs Ratio : Power Sector



Source : Table 7-8 (Variables in 'age' terms)

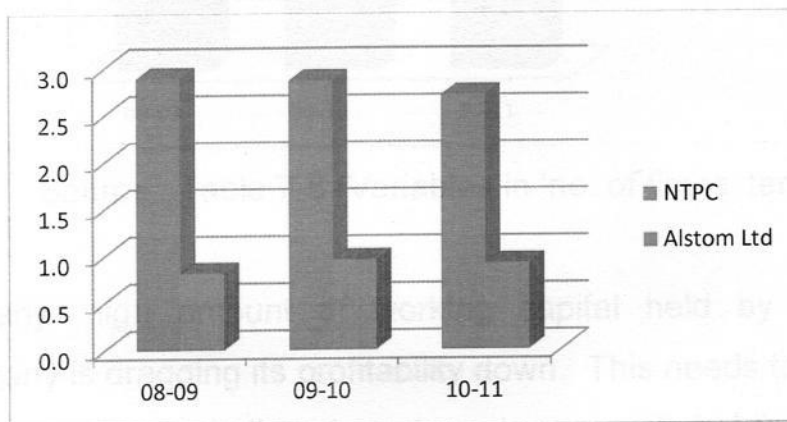
2. The company has a low debt quotient in its long-term funding plan, resulting in adequate coverage of its fixed-interest burden by the profit generated.

3. A healthy pay-out ratio means that the company has been making very good dividend payment to its investors, thus making it a diversified organisation as far as number of investors are concerned & allowing it to tap the capital markets according to the timing of its choice.

## B) Analysis of Weaknesses :

1. The current assets held by the company to finance its working capital are larger vis-à-vis its current liabilities. A very large portion of the current assets is held in the form of cash & bank balances. The same could be reduced and released funds utilised to either invest in short-term running projects or make appropriate parking in treasury securities to generate interest income for the company.

Chart 14 : Current Ratio : Power Sector

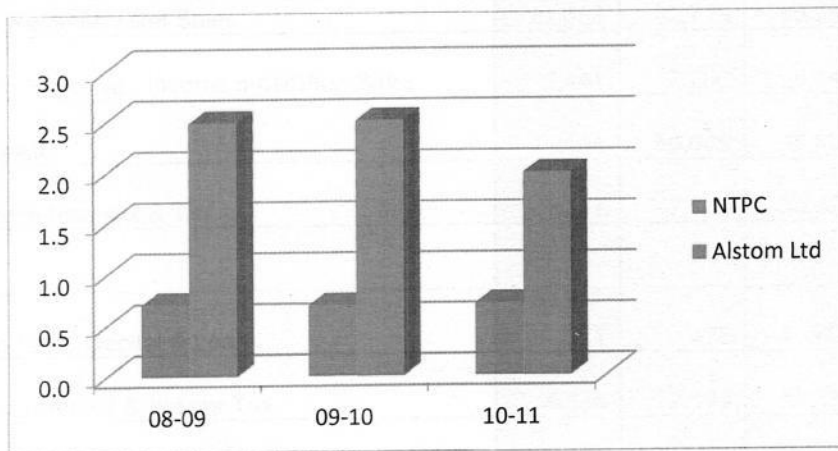


Source : Table 7-8 (Variables in '%age' terms)

2. The organisation with huge reserves is not utilising the same adequately to finance capital investments and projects. Since it has an assured market for its product (energy), it should try and utilise the reserves for greater and faster expansion.

3. The sales turnover achieved by the company from its fixed assets is lower by global standards. This means that either full capacity is not being utilised of its plants or the same have been priced at higher costs. If fixed assets are better utilised the organisation could achieve greater turnover with given resources on ground. Example to this effect is Alstom Ltd whose fixed assets turnover ratio is 3 times that of NTPC, which means that it is generating 3 times power from same value of fixed assets.

Chart 15 : Fixed Assets Turnover Ratio : Power Sector



Source : Table 7-8 (Variables in 'no. of times' terms)

4. Similarly, high amount of working capital held by the company is dragging its profitability down. This needs to be reduced with just-in-time inventory, lower cash holding & faster realisation of dues from sundry debtors.

## Steel Sector Analysis

Table # 09 : Financial Statements of SAIL

Sl No	Particulars of the Item	Steel Authority of India Limited (SAIL)		
		2011- 12(HY)	2010-11	2009-10
	<b>PROFIT &amp; LOSS ACCOUNT</b>			<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	17,020	31,849	27,618
	Non-Operating Costs Expenses (Indirect Costs)	4,767	10,487	7,744
	<b>Total Expenses Allocated to Production</b>	<b>21,787</b>	<b>42,336</b>	<b>35,362</b>
	Net Direct Revenue / Net Sales	21,663	42,719	40,551
	Net Indirect Revenue / Income other than Sales	2,441	7,286	5,345
	<b>Total Revenue</b>	<b>24,104</b>	<b>50,005</b>	<b>45,896</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>2,317</b>	<b>7,669</b>	<b>10,534</b>
	Interest on Fixed Capital & Loan	371	475	402
	<b>Profit after Interest &amp; before Tax</b>	<b>1,946</b>	<b>7,194</b>	<b>10,132</b>
	Net Tax liability	612	2,290	3,378
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>1,334</b>	<b>4,905</b>	<b>6,754</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>24,774</b>	<b>20,345</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>1,334</b>	<b>29,679</b>	<b>27,099</b>
	Appropriation to Special purpose Reserves	0	72	55
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>1,334</b>	<b>29,607</b>	<b>27,045</b>
	Dividend Provision	0	1,152	1,591
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>1,334</b>	<b>28,454</b>	<b>25,454</b>

	2011-12(HY)	2010-11	2009-10
<b>BALANCE SHEET</b>			<b>Rs. Cr.</b>
No. of Equity Shares (effective)	413	413	413
Equity Share Capital	4,131	4,130	4,130
Reserves & Surpluses to Equity	0	32,939	29,186
<b>Shareholders' Funds / Internal Equity</b>	<b>4,131</b>	<b>37,069</b>	<b>33,317</b>
Special Purpose Reserves	0	0	0
Long Term External Liabilities/ Loans	0	21,657	17,926
<b>Total Long Term External Equity</b>	<b>0</b>	<b>21,657</b>	<b>17,926</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>4,131</b>	<b>58,726</b>	<b>51,243</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>0</b>	<b>17,357</b>	<b>17,149</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>4,131</b>	<b>76,083</b>	<b>68,391</b>
Fixed & Intangible Assets	0	15,083	13,615
Capital Work in Progress (WIP)	0	22,226	14,953
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>0</b>	<b>37,308</b>	<b>28,568</b>
Net Investments	0	684	669
Miscellaneous non-current Assets	0	0	0
Current Assets : Inventories	0	11,303	9,027
Liquid Assets : Current Assets less Inventories	0	26,788	30,127
<b>Total Current Assets</b>	<b>0</b>	<b>38,090</b>	<b>39,154</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>0</b>	<b>76,083</b>	<b>68,391</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10
	Profit before Interest & Tax	2,317	7,669	10,534
	Net Sales	21,663	42,719	40,551
<b>1</b>	<b>Net Profit Ratio</b>	<b>10.70%</b>	<b>17.95%</b>	<b>25.98%</b>
	Operating Costs/ Production/ Direct Costs	17,020	31,849	27,618
	Net Sales	21,663	42,719	40,551
<b>2</b>	<b>Operating Costs Ratio</b>	<b>78.57%</b>	<b>74.55%</b>	<b>68.11%</b>
	Overheads/ Indirect Costs	4,767	10,487	7,744
	Net Sales	21,663	42,719	40,551
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>22.01%</b>	<b>24.55%</b>	<b>19.10%</b>
	Profit before Interest & Tax	2,317	7,669	10,534
	Total Capital Employed	4,131	58,726	51,243
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>56.09%</b>	<b>13.06%</b>	<b>20.56%</b>
	Profit after Tax	1,334	4,905	6,754
	Total Assets (Fixed & Current)	0	76,083	68,391
<b>5</b>	<b>Return on Total Assets</b>	<b>NA</b>	<b>6.45%</b>	<b>9.88%</b>
	Profit after Tax	1,334	4,905	6,754
	No. of Equity Shares	413	413	413
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>3.23</b>	<b>11.87</b>	<b>16.35</b>
	Profit after Tax	1,334	4,905	6,754
	Shareholders' Funds	4,131	37,069	33,317
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>32.29%</b>	<b>13.23%</b>	<b>20.27%</b>

		2011-12(HY)	2010-11	2009-10
	Market Price per Equity Share	106	170	253
	Earnings per Share	3	12	16
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>32.83</b>	<b>14.32</b>	<b>15.47</b>
	Dividend per Equity Share	0	3	4
	Earnings per Share	3	12	16
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>23.50%</b>	<b>23.55%</b>
	Dividend per Equity Share	0	3	4
	Market Price per share	106	170	253
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>0.00%</b>	<b>1.64%</b>	<b>1.52%</b>
	Profit before Interest & Tax	2,317	7,669	10,534
	Interest Charges	371	475	402
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>6.24</b>	<b>16.15</b>	<b>26.20</b>
	Current Assets	0	38,090	39,154
	Current Liabilities	0	17,357	17,149
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>NA</b>	<b>2.19</b>	<b>2.28</b>
	Long-term Loans	0	21,657	17,926
	Shareholders' Funds	4,131	37,069	33,317
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>0.00</b>	<b>0.58</b>	<b>0.54</b>
	Total External Liabilities (Long-term & Short-term)	0	39,014	35,075
	Total Assets	0	76,083	68,391
<b>14</b>	<b>Solvency Ratio</b>	<b>NA</b>	<b>51.28%</b>	<b>51.29%</b>

		2011-12(HY)	2010-11	2009-10
	Reserves & Surplus	0	32,939	29,186
	Share Capital	4,131	4,130	4,130
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>0.00</b>	<b>7.97</b>	<b>7.07</b>
	Profit before Interest & Tax	2,317	7,669	10,534
	Total Capital Employed	4,131	58,726	51,243
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>56.09%</b>	<b>13.06%</b>	<b>20.56%</b>
	Net Sales	21,663	42,719	40,551
	Net Fixed Assets	0	37,308	28,568
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>1.15</b>	<b>1.42</b>
	Net Sales	21,663	42,719	40,551
	Net Working Capital	0	20,733	22,006
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>2.06</b>	<b>1.84</b>
	Net Sales	21,663	42,719	40,551
	Average Inventory	0	5,651	4,514
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>NA</b>	<b>7.56</b>	<b>8.98</b>
	Profit before Interest & Tax	2,317	7,669	10,534
	Number of Personnel (no.)	1,10,000	1,10,794	1,16,950
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.02</b>	<b>0.07</b>	<b>0.09</b>

Source of Data : Annual Reports of SAIL as on website

<http://www.sail.co.in/> : downloaded on 05.10.2011

**Table # 10 : Financial Statements of Tata Steel**

Sl No	Particulars of the Item	Tata Steel Ltd (TSL)			
		2011- 12(HY)	2010-11	2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	53,997	1,07,172	1,00,526	1,37,562
	Non-Operating Costs Expenses (Indirect Costs)	8,213	5	0	0
	<b>Total Expenses Allocated to Production</b>	<b>62,210</b>	<b>1,07,177</b>	<b>1,00,526</b>	<b>1,37,562</b>
	Net Direct Revenue / Net Sales	65,433	1,18,753	1,02,393	1,47,329
	Net Indirect Revenue / Income other than Sales	5,819	3,358	1,313	326
	<b>Total Revenue</b>	<b>71,252</b>	<b>1,22,111</b>	<b>1,03,706</b>	<b>1,47,656</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>9,042</b>	<b>14,934</b>	<b>3,180</b>	<b>10,094</b>
	Interest on Fixed Capital & Loan	1,454	2,770	3,022	3,290
	<b>Profit after Interest &amp; before Tax</b>	<b>7,589</b>	<b>12,164</b>	<b>158</b>	<b>6,804</b>
	Net Tax liability	2,030	3,246	2,152	1,894
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>5,559</b>	<b>8,918</b>	<b>-1,994</b>	<b>4,910</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>7,010</b>	<b>10,962</b>	<b>8,234</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>5,559</b>	<b>15,928</b>	<b>8,968</b>	<b>13,144</b>
	Appropriation to Special purpose Reserves	0	1,007	400	0
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>5,559</b>	<b>14,921</b>	<b>8,568</b>	<b>13,144</b>
	Dividend Provision	0	1,313	864	1,386
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>5,559</b>	<b>13,608</b>	<b>7,704</b>	<b>11,758</b>

	2011-12(HY)	2010-11	2009-10	2008-09
<b>BALANCE SHEET</b>				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	96	96	89	620
Equity Share Capital	959	959	887	6,203
Reserves & Surpluses to Equity	40,797	34,605	21,927	21,529
<b>Shareholders' Funds / Internal Equity</b>	<b>41,756</b>	<b>35,564</b>	<b>22,814</b>	<b>27,732</b>
Special Purpose Reserves	3,411	2,406	1,108	895
Long Term External Liabilities/ Loans	63,494	63,752	55,867	62,728
<b>Total Long Term External Equity</b>	<b>66,905</b>	<b>66,158</b>	<b>56,975</b>	<b>63,623</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>1,08,661</b>	<b>1,01,722</b>	<b>79,789</b>	<b>91,355</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>34,895</b>	<b>33,761</b>	<b>29,987</b>	<b>30,234</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>1,43,555</b>	<b>1,35,483</b>	<b>1,09,776</b>	<b>1,21,589</b>
Fixed & Intangible Assets	73,696	67,692	60,338	60,671
Capital Work in Progress (WIP)	0	0	0	0
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>73,696</b>	<b>67,692</b>	<b>60,338</b>	<b>60,671</b>
Net Investments	6,289	7,847	5,418	6,411
Miscellaneous non-current Assets	504	176	149	653
Current Assets : Inventories	27,348	24,055	18,687	21,668
Liquid Assets : Current Assets less Inventories	35,720	35,713	25,185	32,186
<b>Total Current Assets</b>	<b>63,067</b>	<b>59,769</b>	<b>43,872</b>	<b>53,854</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>1,43,555</b>	<b>1,35,483</b>	<b>1,09,776</b>	<b>1,21,589</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	9,042	14,934	3,180	10,094
	Net Sales	65,433	1,18,753	1,02,393	1,47,329
<b>1</b>	<b>Net Profit Ratio</b>	<b>13.82%</b>	<b>12.58%</b>	<b>3.11%</b>	<b>6.85%</b>
	Operating Costs/ Production/ Direct Costs	53,997	1,07,172	1,00,526	1,37,562
	Net Sales	65,433	1,18,753	1,02,393	1,47,329
<b>2</b>	<b>Operating Costs Ratio</b>	<b>82.52%</b>	<b>90.25%</b>	<b>98.18%</b>	<b>93.37%</b>
	Overheads/ Indirect Costs	8,213	NA	NA	NA
	Net Sales	65,433	1,18,753	1,02,393	1,47,329
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>12.55%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	Profit before Interest & Tax	9,042	14,934	3,180	10,094
	Total Capital Employed	1,08,661	1,01,722	79,789	91,355
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>8.32%</b>	<b>14.68%</b>	<b>3.99%</b>	<b>11.05%</b>
	Profit after Tax	5,559	8,918	-1,994	4,910
	Total Assets (Fixed & Current)	1,43,555	1,35,483	1,09,776	1,21,589
<b>5</b>	<b>Return on Total Assets</b>	<b>3.87%</b>	<b>6.58%</b>	<b>-1.82%</b>	<b>4.04%</b>
	Profit after Tax	5,559	8,918	-1,994	4,910
	No. of Equity Shares	96	96	89	620
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>57.98</b>	<b>93.02</b>	<b>-22.49</b>	<b>7.92</b>
	Profit after Tax	5,559	8,918	-1,994	4,910
	Shareholders' Funds	41,756	35,564	22,814	27,732
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>13.31%</b>	<b>25.08%</b>	<b>-8.74%</b>	<b>17.71%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	416	623	632	206
	Earnings per Share	58	93	-22	8
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>7.17</b>	<b>6.70</b>	<b>-28.11</b>	<b>26.02</b>
	Dividend per Equity Share	0	14	10	2
	Earnings per Share	58	93	-22	8
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>14.73%</b>	<b>-43.31%</b>	<b>28.22%</b>
	Dividend per Equity Share	0	14	10	2
	Market Price per share	416	623	632	206
<b>10</b>	<b>Dividend Yield Ratio</b>	<b>0.00%</b>	<b>2.20%</b>	<b>1.54%</b>	<b>1.08%</b>
	Profit before Interest & Tax	9,042	14,934	3,180	10,094
	Interest Charges	1,454	2,770	3,022	3,290
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>6.22</b>	<b>5.39</b>	<b>1.05</b>	<b>3.07</b>
	Current Assets	63,067	59,769	43,872	53,854
	Current Liabilities	34,895	33,761	29,987	30,234
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>1.81</b>	<b>1.77</b>	<b>1.46</b>	<b>1.78</b>
	Long-term Loans	66,905	66,158	56,975	63,623
	Shareholders' Funds	41,756	35,564	22,814	27,732
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>1.60</b>	<b>1.86</b>	<b>2.50</b>	<b>2.29</b>
	Total External Liabilities (Long-term & Short-term)	1,01,800	99,919	86,962	93,857
	Total Assets	1,43,555	1,35,483	1,09,776	1,21,589
<b>14</b>	<b>Solvency Ratio</b>	<b>70.91%</b>	<b>73.75%</b>	<b>79.22%</b>	<b>77.19%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	40,797	34,605	21,927	21,529
	Share Capital	959	959	887	6,203
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>42.55</b>	<b>36.09</b>	<b>24.73</b>	<b>3.47</b>
	Profit before Interest & Tax	9,042	14,934	3,180	10,094
	Total Capital Employed	1,08,661	1,01,722	79,789	91,355
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>8.32%</b>	<b>14.68%</b>	<b>3.99%</b>	<b>11.05%</b>
	Net Sales	65,433	1,18,753	1,02,393	1,47,329
	Net Fixed Assets	73,696	67,692	60,338	60,671
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>0.89</b>	<b>1.75</b>	<b>1.70</b>	<b>2.43</b>
	Net Sales	65,433	1,18,753	1,02,393	1,47,329
	Net Working Capital	28,173	26,008	13,885	23,620
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>2.32</b>	<b>4.57</b>	<b>7.37</b>	<b>6.24</b>
	Net Sales	65,433	1,18,753	1,02,393	1,47,329
	Average Inventory	13,674	12,028	9,343	10,834
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>4.79</b>	<b>9.87</b>	<b>10.96</b>	<b>13.60</b>
	Profit before Interest & Tax	9,042	14,934	3,180	10,094
	Number of Personnel (no.)	34,900	34,912	34,440	34,918
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.26</b>	<b>0.43</b>	<b>0.09</b>	<b>0.29</b>

Source of Data : Annual Reports of TSL as on website

<http://www.tatasteel.com/> : downloaded on 05.10.2011

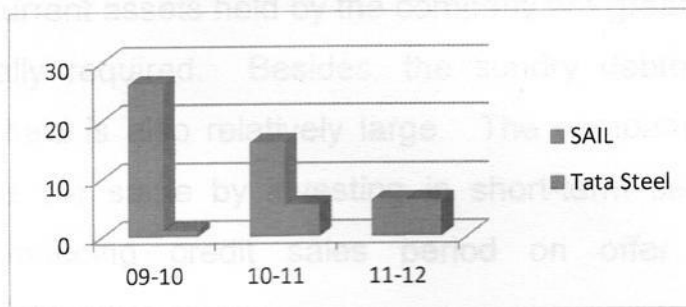
## V. Steel Authority of India Limited (SAIL)

A Maharatna Company with 20 per cent stake in domestic steel production in India, is a unique example of turnaround of a well- managed public sector undertaking, which till few years back was a loss making entity. With per capita consumption of steel in the country being only 52 kgs compared to China's 427 kgs & global average of 203 kgs, the potential for growth of the industry is huge, with a major role to be played by the undertaking.

### A) Analysis of Strengths :

1. Healthy profitability with consistent returns on the capital employed. The company has seen a turnover/ profit growth aligned to national economic growth.
2. The firm has been consistent in paying dividend to its investors leading to a large base in the stock markets.
3. The company has relatively low proportion of debt capital to finance its long term assets. Furthermore, the debt is low-cost and hence the fixed interest payment coverage is very healthy when compared to the profit generated.

Chart 16 : Fixed Interest Coverage Ratio : Steel Sector



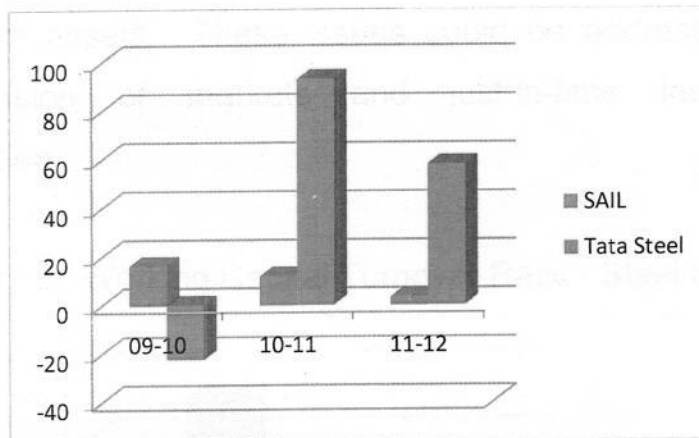
Source : Table 9-10 (Variables in 'no. of times' terms)

- The company has a healthy capital structure & profitability, which can be utilised by it to generate loan capital from the markets to finance its expansion projects.

## B) Analysis of Weaknesses :

- The indirect/ non-Operating Costs overheads have been more than twenty per cent of the turnover portion. As compared to other corporates in the sector (Tata Steel), the same is very high.
- With a big equity shares base, the EPS of the company is low as compared to other major players in industry.

Chart 17 : Earnings per Share : Steel Sector

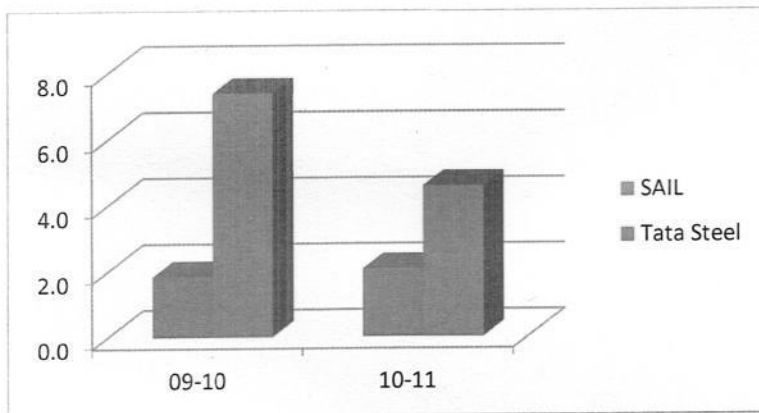


Source : Table 9-10 (Variables in 'Rupees' terms)

- The current assets held by the company are greater than normally required. Besides, the sundry debtors and cash held is also relatively large. The company could reduce the same by investing in short-term securities and reducing credit sales period on offer to its customers.

4. The company has huge reserves, a large portion of the same being held in cash. This is not generating adequate returns as could be measured from the interest income receipts of the company. With a high return on capital employed from its production, it would be advisable if the company invests the reserves in its capital expansion projects aligning the same with a good marketable strategy.
5. The company's turnover ratios w.r.t. working capital & fixed assets employed is relatively low as compared to other market players. This means that the company is not utilising its capacity of infrastructure owned & is holding too high stocks leading to blockage of funds in current assets. These issues could be addressed by expansion of markets and just-in-time inventory adoption.

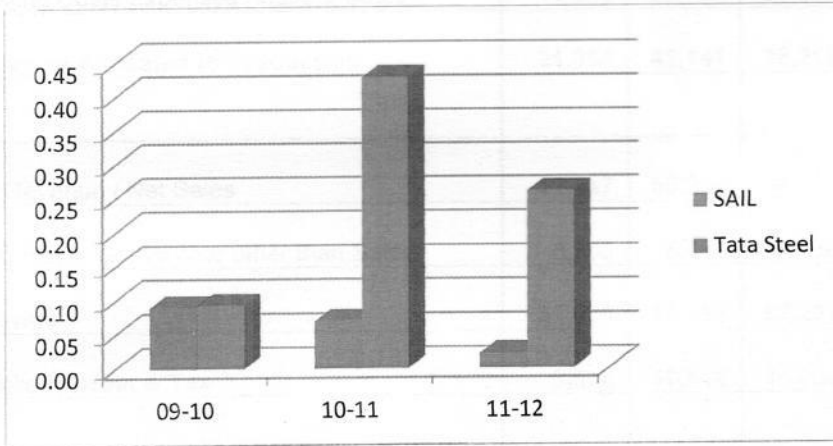
Chart 18 : Working Capital Turnover Ratio : Steel Sector



Source : Table 9-10 (Variables in 'no. of times' terms)

- The number of personnel on the payrolls of the company is enormously high and their contribution to value addition is not significant. To alter the situation, the company should aim for higher automation & human chain restructuring to be globally competitive.

Chart 19 : Human Capital Profitability Ratio : Steel Sector



Source : Table 9-10 (Variables in 'Rupees in Cr' terms)

Saijaya Varma

## Coal Sector Analysis

### Table # 11 : Financial Statements of Coal India Ltd

Sl No	Particulars of the Item	Coal India Limited (CIL)			
		2011- 12(HY)	2010- 11	2009- 10	2008- 2009
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	10,153	19,374	17,717	94
	Non-Operating Costs Expenses (Indirect Costs)	11,202	22,766	20,501	384
	<b>Total Expenses Allocated to Production</b>	<b>21,354</b>	<b>42,141</b>	<b>38,218</b>	<b>478</b>
	Net Direct Revenue / Net Sales	27,647	50,234	44,615	284
	Net Indirect Revenue / Income other than Sales	3,383	8,450	7,636	3,851
	<b>Total Revenue</b>	<b>31,030</b>	<b>58,683</b>	<b>52,252</b>	<b>4,136</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>9,676</b>	<b>16,542</b>	<b>14,034</b>	<b>3,658</b>
	Interest on Fixed Capital & Loan	14	62	69	0
	<b>Profit after Interest &amp; before Tax</b>	<b>9,662</b>	<b>16,481</b>	<b>13,965</b>	<b>3,658</b>
	Net Tax liability	2,925	5,596	4,342	362
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>6,737</b>	<b>10,885</b>	<b>9,622</b>	<b>3,295</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>9,434</b>	<b>4,233</b>	<b>3,336</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>6,737</b>	<b>20,319</b>	<b>13,855</b>	<b>6,631</b>
	Appropriation to Special purpose Reserves	0	178	166	7
	Profit after Interest, Tax & special reserve t/f	6,737	20,141	13,688	6,625
	Dividend Provision	0	3,361	2,987	1,705
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>6,737</b>	<b>16,780</b>	<b>10,701</b>	<b>4,919</b>

	2011-12(HY)	2010-11	2009-10	2008-2009
<b>BALANCE SHEET</b>				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	632	632	632	632
Equity Share Capital	6,316	6,316	6,316	6,316
Reserves & Surpluses to Equity	33,597	27,001	19,479	7,697
<b>Shareholders' Funds / Internal Equity</b>	<b>39,914</b>	<b>33,317</b>	<b>25,795</b>	<b>14,013</b>
Special Purpose Reserves	54	1,654	1,501	1,224
Long Term External Liabilities/ Loans	1,371	1,554	1,963	1,787
<b>Total Long Term External Equity</b>	<b>1,424</b>	<b>3,208</b>	<b>3,464</b>	<b>3,010</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>41,338</b>	<b>36,525</b>	<b>29,259</b>	<b>17,024</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>46,764</b>	<b>44,873</b>	<b>41,556</b>	<b>5,230</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>88,102</b>	<b>81,397</b>	<b>70,815</b>	<b>22,254</b>
Fixed & Intangible Assets	15,364	12,843	12,035	95
Capital Work in Progress (WIP)	0	2,218	2,211	2
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>15,364</b>	<b>15,061</b>	<b>14,246</b>	<b>97</b>
Net Investments	1,143	1,064	1,282	6,316
Miscellaneous non-current Assets	1,221	877	962	0
Current Assets : Inventories	4,908	5,586	4,402	20
Liquid Assets : Current Assets less Inventories	65,466	58,810	49,923	15,821
<b>Total Current Assets</b>	<b>70,373</b>	<b>64,396</b>	<b>54,325</b>	<b>15,841</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>88,102</b>	<b>81,397</b>	<b>70,815</b>	<b>22,254</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-2009
	Profit before Interest & Tax	9,676	16,542	14,034	3,658
	Net Sales	27,647	50,234	44,615	284
<b>1</b>	<b>Net Profit Ratio</b>	<b>35.00%</b>	<b>32.93%</b>	<b>31.45%</b>	<b>1286.14%</b>
	Operating Costs/ Production/ Direct Costs	10,153	19,374	17,717	94
	Net Sales	27,647	50,234	44,615	284
<b>2</b>	<b>Operating Costs Ratio</b>	<b>36.72%</b>	<b>38.57%</b>	<b>39.71%</b>	<b>32.91%</b>
	Overheads/ Indirect Costs	11,202	22,766	20,501	384
	Net Sales	27,647	50,234	44,615	284
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>40.52%</b>	<b>45.32%</b>	<b>45.95%</b>	<b>135.17%</b>
	Profit before Interest & Tax	9,676	16,542	14,034	3,658
	Total Capital Employed	41,338	36,525	29,259	17,024
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>23.41%</b>	<b>45.29%</b>	<b>47.96%</b>	<b>21.49%</b>
	Profit after Tax	6,737	10,885	9,622	3,295
	Total Assets (Fixed & Current)	88,102	81,397	70,815	22,254
<b>5</b>	<b>Return on Total Assets</b>	<b>7.65%</b>	<b>13.37%</b>	<b>13.59%</b>	<b>14.81%</b>
	Profit after Tax	6,737	10,885	9,622	3,295
	No. of Equity Shares	632	632	632	632
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>10.67</b>	<b>17.23</b>	<b>15.23</b>	<b>5.22</b>
	Profit after Tax	6,737	10,885	9,622	3,295
	Shareholders' Funds	39,914	33,317	25,795	14,013
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>16.88%</b>	<b>32.67%</b>	<b>37.30%</b>	<b>23.52%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	334	347	0	0
	Earnings per Share	11	17	15	5
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>31.31</b>	<b>20.14</b>	<b>0.00</b>	<b>0.00</b>
	Dividend per Equity Share	0	5	5	3
	Earnings per Share	11	17	15	5
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>30.88%</b>	<b>31.04%</b>	<b>51.75%</b>
	Dividend per Equity Share	0	5	5	3
	Market Price per share	334	347	0	0
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>0.00%</b>	<b>1.53%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
	Profit before Interest & Tax	9,676	16,542	14,034	3,658
	Interest Charges	14	62	69	0
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>703.17</b>	<b>267.18</b>	<b>203.01</b>	<b>#DIV/0!</b>
	Current Assets	70,373	64,396	54,325	15,841
	Current Liabilities	46,764	44,873	41,556	5,230
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>1.50</b>	<b>1.44</b>	<b>1.31</b>	<b>3.03</b>
	Long-term Loans	1,424	3,208	3,464	3,010
	Shareholders' Funds	39,914	33,317	25,795	14,013
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>0.04</b>	<b>0.10</b>	<b>0.13</b>	<b>0.21</b>
	Total External Liabilities (Long-term & Short-term)	48,188	48,080	45,020	8,241
	Total Assets	88,102	81,397	70,815	22,254
<b>14</b>	<b>Solvency Ratio</b>	<b>54.70%</b>	<b>59.07%</b>	<b>63.57%</b>	<b>37.03%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Reserves & Surplus	33,597	27,001	19,479	7,697
	Share Capital	6,316	6,316	6,316	6,316
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>5.32</b>	<b>4.27</b>	<b>3.08</b>	<b>1.22</b>
	Profit before Interest & Tax	9,676	16,542	14,034	3,658
	Total Capital Employed	41,338	36,525	29,259	17,024
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>23.41%</b>	<b>45.29%</b>	<b>47.96%</b>	<b>21.49%</b>
	Net Sales	27,647	50,234	44,615	284
	Net Fixed Assets	15,364	15,061	14,246	97
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>1.80</b>	<b>3.34</b>	<b>3.13</b>	<b>2.94</b>
	Net Sales	27,647	50,234	44,615	284
	Net Working Capital	23,610	19,523	12,769	10,611
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>1.17</b>	<b>2.57</b>	<b>3.49</b>	<b>0.03</b>
	Net Sales	27,647	50,234	44,615	284
	Average Inventory	2,454	2,793	2,201	10
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>11.27</b>	<b>17.99</b>	<b>20.27</b>	<b>29.13</b>
	Profit before Interest & Tax	9,676	16,542	14,034	3,658
	Number of Personnel (no.)	48,000	48,488	48,000	47,500
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.20</b>	<b>0.34</b>	<b>0.29</b>	<b>0.08</b>

Source of Data : Annual Reports of CIL as on website

<http://www.coalindia.in/> : downloaded on 05.10.2011

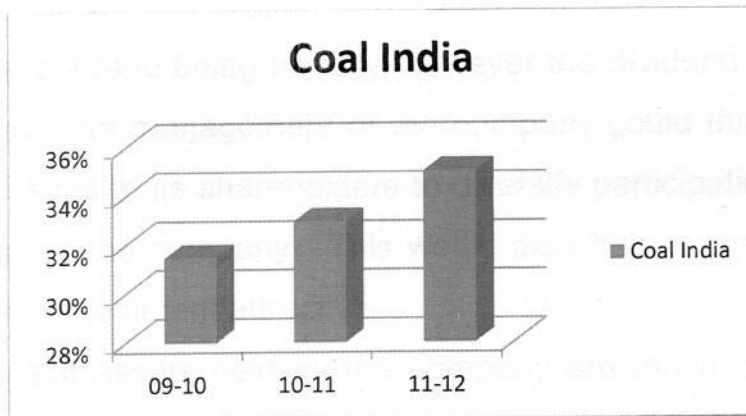
## VI. Coal India Limited (CIL)

A Maharatna company, which is one of the biggest in terms of market capitalisation, the undertaking successfully garnered more than Rs. 15,000 crores from primary market issue of its 10% equity dilution by the Govt of India in 2010. With coal contributing to 50% of primary energy basket, the organisation is contributing more than 80% of national coal demands.

### A) Analysis of Strengths :

1. The company has a very healthy profitability ratio & a low direct cost proportion vis-à-vis its turnover/ sales.

Chart 20 : Net Profit Ratio : Coal Sector



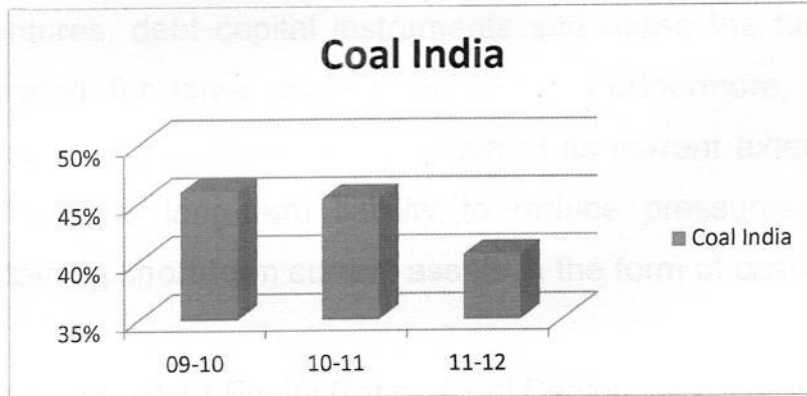
Source : Table 11 (Variables in '%age' terms)

2. The organisation has been able to achieve very good return on capital employed. This could be utilised for further dilution of its equity at a premium by the Govt. of India & utilisation of resources generated to acquire coal fields to meet the energy security demands.

## B) Analysis of Weaknesses :

1. The overheads proportion in sales turnover (indirect costs) is very high, although it has been scaled down from around 45% to 40% in past two years.

Chart 21 : Net Profit Ratio : Coal Sector



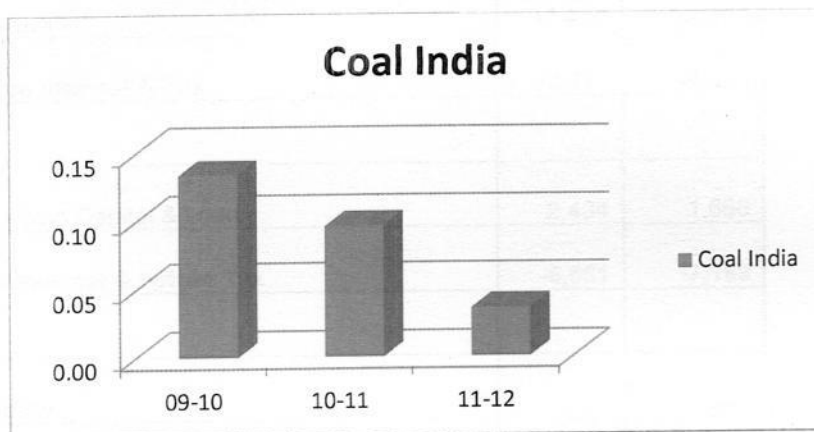
Source : Table 11 (Variables in 'age' terms)

2. The pay-out ratio being healthy, however the dividend yield being low, the management of the company could think of bonus issues to its shareholders to diversify participation of investors in the company. This would also help in making further disinvestment attractive.
3. The current assets held by the company are much larger than desired. Furthermore, one and a half times value of profits/ reserves are held in the form of cash. The capital works in progress and investments are just 5% of this value, which means the company has not been investing these short-term resources to generate any interest income. To rectify the same, the company should aim to invest the cash reserves in expansion plans. If the same are not readily available the funds could be parked with treasury

securities or short-term investments in other organisations  
 Operating Costs in up-and-down stream power-energy  
 sector for top-down chain command of operations.

- The loan component in capital structure is very low. This serves as an opportunity for the company to issue debentures, debt capital instruments and utilise the funds generated for large scale expansion. Furthermore, the company could convert a proportion of its current external liabilities into long-term liability to reduce pressures for maintaining short-term current assets in the form of cash.

Chart 22 : Debt Equity Ratio : Coal Sector



Source : Table 11 (Variables in 'no. of times' terms)

- With a very large human capital strength, the contribution per capita towards value addition is low. This could be rectified by the company through restructuring and automation of its fields.

## Civil Aviation Sector Analysis

### Table # 12 : Financial Statements of Air India

SI No	Particulars of the Item	Air India (AIL)	
		2009-10	2008-09
	<b>PROFIT &amp; LOSS ACCOUNT</b>		<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	10,596	12,543
	Non-Operating Costs Expenses (Indirect Costs)	5,922	6,459
	<b>Total Expenses Allocated to Production</b>	<b>16,519</b>	<b>19,002</b>
	Net Direct Revenue / Net Sales	13,109	13,225
	Net Indirect Revenue / Income other than Sales	294	255
	<b>Total Revenue</b>	<b>13,402</b>	<b>13,479</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>-3,117</b>	<b>-5,523</b>
	Interest on Fixed Capital & Loan	2,434	1,666
	<b>Profit after Interest &amp; before Tax</b>	<b>-5,551</b>	<b>-7,189</b>
	Net Tax liability	2	-1,640
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>-5,552</b>	<b>-5,548</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>-5,552</b>	<b>-5,548</b>
	Appropriation to Special purpose Reserves	0	0
	Profit after Interest, Tax & special reserve t/f	-5,552	-5,548
	Dividend Provision	0	0
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>-5,552</b>	<b>-5,548</b>

<b>BALANCE SHEET</b>	<b>2009-10</b>	<b>2008-09</b>
		<b>Rs. Cr.</b>
No. of Equity Shares (effective)	95	15
Equity Share Capital	945	145
Reserves & Surpluses to Equity	62	63
<b>Shareholders' Funds / Internal Equity</b>	<b>1,007</b>	<b>208</b>
Special Purpose Reserves	0	0
Long Term External Liabilities/ Loans	38,423	30,931
<b>Total Long Term External Equity</b>	<b>38,423</b>	<b>30,931</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>39,430</b>	<b>31,140</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>6,640</b>	<b>5,232</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>46,070</b>	<b>36,372</b>
Fixed & Intangible Assets	29,642	22,491
Capital Work in Progress (WIP)	2,466	5,011
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>32,108</b>	<b>27,503</b>
Net Investments	122	123
Miscellaneous non-current Assets	8,322	2,995
Current Assets : Inventories	868	964
Liquid Assets : Current Assets less Inventories	4,651	4,786
<b>Total Current Assets</b>	<b>5,519</b>	<b>5,751</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>46,070</b>	<b>36,372</b>

FINANCIAL ANALYSIS		2009-10	2008-09
	Profit before Interest & Tax	-3,117	-5,523
	Net Sales	13,109	13,225
<b>1</b>	<b>Net Profit Ratio</b>	<b>-23.77%</b>	<b>-41.76%</b>
	Operating Costs/ Production/ Direct Costs	10,596	12,543
	Net Sales	13,109	13,225
<b>2</b>	<b>Operating Costs Ratio</b>	<b>80.84%</b>	<b>94.85%</b>
	Overheads/ Indirect Costs	5,922	6,459
	Net Sales	13,109	13,225
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>45.18%</b>	<b>48.84%</b>
	Profit before Interest & Tax	-3,117	-5,523
	Total Capital Employed	39,430	31,140
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>-7.90%</b>	<b>-17.74%</b>
	Profit after Tax	-5,552	-5,548
	Total Assets (Fixed & Current)	46,070	36,372
<b>5</b>	<b>Return on Total Assets</b>	<b>-12.05%</b>	<b>-15.25%</b>
	Profit after Tax	-5,552	-5,548
	No. of Equity Shares	95	15
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>-58.76</b>	<b>-382.64</b>
	Profit after Tax	-5,552	-5,548
	Shareholders' Funds	1,007	208
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>551.12%</b>	<b>2662.95%</b>

		2009-10	2008-09
	Market Price per Equity Share	0	0
	Earnings per Share	-59	-383
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>0.00</b>	<b>0.00</b>
	Dividend per Equity Share	0	0
	Earnings per Share	-59	-383
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>0.00%</b>
	Dividend per Equity Share	0	0
	Market Price per share	0	0
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>NA</b>	<b>NA</b>
	Profit before Interest & Tax	-3,117	-5,523
	Interest Charges	2,434	1,666
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>-1.28</b>	<b>-3.32</b>
	Current Assets	5,519	5,751
	Current Liabilities	6,640	5,232
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>0.83</b>	<b>1.10</b>
	Long-term Loans	38,423	30,931
	Shareholders' Funds	1,007	208
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>38.14</b>	<b>148.46</b>
	Total External Liabilities (Long-term & Short-term)	45,062	36,164
	Total Assets	46,070	36,372
<b>14</b>	<b>Solvency Ratio</b>	<b>97.81%</b>	<b>99.43%</b>

		2009-10	2008-09
	Reserves & Surplus	62	63
	Share Capital	945	145
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>0.07</b>	<b>0.44</b>
	Profit before Interest & Tax	-3,117	-5,523
	Total Capital Employed	39,430	31,140
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>-7.90%</b>	<b>-17.74%</b>
	Net Sales	13,109	13,225
	Net Fixed Assets	32,108	27,503
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>0.41</b>	<b>0.48</b>
	Net Sales	13,109	13,225
	Net Working Capital	-1,121	518
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>-11.70</b>	<b>25.51</b>
	Net Sales	13,109	13,225
	Average Inventory	434	482
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>30.21</b>	<b>27.43</b>
	Profit before Interest & Tax	-3,117	-5,523
	Number of Personnel (no.)	29,630	29,700
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>-0.11</b>	<b>-0.19</b>

Source of Data : Annual Reports of AIL as on website

<http://www.airindia.in/SBCMS/Webpages/Home.aspx> :

downloaded on 05.10.2011

**Table # 13 : Financial Statements of Kingfisher Airlines**

SI No	Particulars of the Item	Kingfisher Airlines (KAL)		
		2011- 12(HY)	2010- 11	2009-10
	<b>PROFIT &amp; LOSS ACCOUNT</b>			<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	3,615	4,847	4,354
	Non-Operating Costs Expenses (Indirect Costs)	373	1,709	1,747
	<b>Total Expenses Allocated to Production</b>	<b>3,987</b>	<b>6,556</b>	<b>6,100</b>
	Net Direct Revenue / Net Sales	3,410	5,959	5,012
	Net Indirect Revenue / Income other than Sales	134	136	181
	<b>Total Revenue</b>	<b>3,544</b>	<b>6,095</b>	<b>5,193</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>-444</b>	<b>-461</b>	<b>-907</b>
	Interest on Fixed Capital & Loan	640	0	0
	<b>Profit after Interest &amp; before Tax</b>	<b>-1,084</b>	<b>-461</b>	<b>-907</b>
	Net Tax liability	-352	0	0
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>-732</b>	<b>-461</b>	<b>-907</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>-732</b>	<b>-461</b>	<b>-907</b>
	Appropriation to Special purpose Reserves	0	0	0
	Profit after Interest, Tax & special reserve t/f	-732	-461	-907
	Dividend Provision	0	0	0
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>-732</b>	<b>-461</b>	<b>-907</b>

<b>BALANCE SHEET</b>		<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)		105	105	37
Equity Share Capital		1,051	1,054	370
Reserves & Surpluses to Equity		1,345	1,343	80
<b>Shareholders' Funds / Internal Equity</b>		<b>2,396</b>	<b>2,397</b>	<b>451</b>
Special Purpose Reserves		0	0	0
Long Term External Liabilities/ Loans		7,544	7,057	7,923
<b>Total Long Term External Equity</b>		<b>7,544</b>	<b>7,057</b>	<b>7,923</b>
<b>Total Long Term Capital / Capital Employed</b>		<b>9,940</b>	<b>9,454</b>	<b>8,373</b>
<b>Total Current Liabilities &amp; Provisions</b>		<b>5,124</b>	<b>4,167</b>	<b>3,548</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>		<b>15,063</b>	<b>13,621</b>	<b>11,921</b>
Fixed & Intangible Assets		2,286	1,572	1,555
Capital Work in Progress (WIP)		116	673	981
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>		<b>2,402</b>	<b>2,245</b>	<b>2,535</b>
Net Investments		0	126	146
Miscellaneous non-current Assets		9,360	8,276	6,783
Current Assets : Inventories		199	188	165
Liquid Assets : Current Assets less Inventories		3,103	2,786	2,292
<b>Total Current Assets</b>		<b>3,301</b>	<b>2,974</b>	<b>2,457</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>		<b>15,063</b>	<b>13,621</b>	<b>11,921</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10
	Profit before Interest & Tax	-444	-461	-907
	Net Sales	3,410	5,959	5,012
<b>1</b>	<b>Net Profit Ratio</b>	<b>-13.01%</b>	<b>-7.73%</b>	<b>-18.11%</b>
	Operating Costs/ Production/ Direct Costs	3,615	4,847	4,354
	Net Sales	3,410	5,959	5,012
<b>2</b>	<b>Operating Costs Ratio</b>	<b>106.01%</b>	<b>81.33%</b>	<b>86.87%</b>
	Overheads/ Indirect Costs	373	1,709	1,747
	Net Sales	3,410	5,959	5,012
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>10.93%</b>	<b>28.68%</b>	<b>34.85%</b>
	Profit before Interest & Tax	-444	-461	-907
	Total Capital Employed	9,940	9,454	8,373
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>-4.46%</b>	<b>-4.87%</b>	<b>-10.84%</b>
	Profit after Tax	-732	-461	-907
	Total Assets (Fixed & Current)	15,063	13,621	11,921
<b>5</b>	<b>Return on Total Assets</b>	<b>-4.86%</b>	<b>-3.38%</b>	<b>-7.61%</b>
	Profit after Tax	-732	-461	-907
	No. of Equity Shares	105	105	37
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>-6.97</b>	<b>-4.37</b>	<b>-24.50</b>
	Profit after Tax	-732	-461	-907
	Shareholders' Funds	2,396	2,397	451
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>-30.56%</b>	<b>19.22%</b>	<b>201.38%</b>

		2011-12(HY)	2010-11	2009-10
	Market Price per Equity Share	20	40	47
	Earnings per Share	-7	-4	-24
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>-2.87</b>	<b>-9.15</b>	<b>-1.92</b>
	Dividend per Equity Share	0	0	0
	Earnings per Share	-7	-4	-24
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	Dividend per Equity Share	0	0	0
	Market Price per share	20	40	47
<b>10</b>	<b>Dividend Yield Ratio</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	Profit before Interest & Tax	-444	-461	-907
	Interest Charges	640	0	0
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>-0.69</b>	<b>NA</b>	<b>NA</b>
	Current Assets	3,301	2,974	2,457
	Current Liabilities	5,124	4,167	3,548
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>0.64</b>	<b>0.71</b>	<b>0.69</b>
	Long-term Loans	7,544	7,057	7,923
	Shareholders' Funds	2,396	2,397	451
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>3.15</b>	<b>2.94</b>	<b>17.58</b>
	Total External Liabilities (Long-term & Short-term)	12,668	11,224	11,471
	Total Assets	15,063	13,621	11,921
<b>14</b>	<b>Solvency Ratio</b>	<b>84.10%</b>	<b>82.40%</b>	<b>96.22%</b>

Financial Statements		2011-12(HY)	2010-11	2009-10
	Reserves & Surplus	1,345	1,343	80
	Share Capital	1,051	1,054	370
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>1.28</b>	<b>1.27</b>	<b>0.22</b>
	Profit before Interest & Tax	-444	-461	-907
	Total Capital Employed	9,940	9,454	8,373
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>-4.46%</b>	<b>-4.87%</b>	<b>-10.84%</b>
	Net Sales	3,410	5,959	5,012
	Net Fixed Assets	2,402	2,245	2,535
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>1.42</b>	<b>2.65</b>	<b>1.98</b>
	Net Sales	3,410	5,959	5,012
	Net Working Capital	-1,823	-1,193	-1,091
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>-1.87</b>	<b>-5.00</b>	<b>-4.59</b>
	Net Sales	3,410	5,959	5,012
	Average Inventory	99	94	82
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>34.34</b>	<b>63.52</b>	<b>60.79</b>
	Profit before Interest & Tax	-444	-461	-907
	Number of Personnel (no.)	7,300	7,317	7,681
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>-0.06</b>	<b>-0.06</b>	<b>-0.12</b>

Source of Data : Annual Reports of KAL as on website

<http://www.flykingfisher.com/> : downloaded on 05.10.2011

**Table # 14 : Financial Statements of Jet Airways**

SI No	Particulars of the Item	Jet Airways Limited (JAL)			
		2011- 12(HY)	2010- 11	2009- 10	2008- 09
	<b>PROFIT &amp; LOSS ACCOUNT</b>				<b>Rs. Cr.</b>
	Operating Costs Expenses (Direct Costs)	5,762	8,751	7,325	9,342
	Non-Operating Costs Expenses (Indirect Costs)	1,714	3,296	2,843	3,510
	<b>Total Expenses Allocated to Production</b>	<b>7,476</b>	<b>12,046</b>	<b>10,168</b>	<b>12,852</b>
	Net Direct Revenue / Net Sales	6,443	12,586	10,360	11,477
	Net Indirect Revenue / Income other than Sales	591	536	334	1,226
	<b>Total Revenue</b>	<b>7,034</b>	<b>13,121</b>	<b>10,693</b>	<b>12,703</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>-442</b>	<b>1,075</b>	<b>525</b>	<b>-150</b>
	Interest on Fixed Capital & Loan	428	1,028	993	738
	<b>Profit after Interest &amp; before Tax</b>	<b>-870</b>	<b>47</b>	<b>-468</b>	<b>-888</b>
	Net Tax liability	-34	37	0	-417
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>-837</b>	<b>10</b>	<b>-468</b>	<b>-470</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>-837</b>	<b>10</b>	<b>-468</b>	<b>-470</b>
	Appropriation to Special purpose Reserves	0	0	0	0
	Profit after Interest, Tax & special reserve t/f	-837	10	-468	-470
	Dividend Provision	0	0	0	0
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>-837</b>	<b>10</b>	<b>-468</b>	<b>-470</b>

<b>BALANCE SHEET</b>	<b>2011-12(HY)</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
				<b>Rs. Cr.</b>
No. of Equity Shares (effective)	9	9	9	9
Equity Share Capital	86	86	86	86
Reserves & Surpluses to Equity	3,214	3,237	3,285	3,332
<b>Shareholders' Funds / Internal Equity</b>	<b>3,300</b>	<b>3,324</b>	<b>3,371</b>	<b>3,418</b>
Special Purpose Reserves	0	0	0	0
Long Term External Liabilities/ Loans	14,123	13,514	13,897	16,324
<b>Total Long Term External Equity</b>	<b>14,123</b>	<b>13,514</b>	<b>13,897</b>	<b>16,324</b>
<b>Total Long Term Capital / Capital Employed</b>	<b>17,423</b>	<b>16,838</b>	<b>17,268</b>	<b>19,742</b>
<b>Total Current Liabilities &amp; Provisions</b>	<b>5,479</b>	<b>4,569</b>	<b>3,718</b>	<b>3,460</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>	<b>22,902</b>	<b>21,407</b>	<b>20,986</b>	<b>23,202</b>
Fixed & Intangible Assets	14,418	13,616	14,430	16,262
Capital Work in Progress (WIP)	0	349	300	583
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>	<b>14,418</b>	<b>13,965</b>	<b>14,730</b>	<b>16,845</b>
Net Investments	1,645	1,725	1,745	1,745
Miscellaneous non-current Assets	1,556	719	729	261
Current Assets : Inventories	779	711	585	596
Liquid Assets : Current Assets less Inventories	4,504	4,286	3,197	3,755
<b>Total Current Assets</b>	<b>5,283</b>	<b>4,998</b>	<b>3,782</b>	<b>4,351</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>	<b>22,902</b>	<b>21,407</b>	<b>20,986</b>	<b>23,202</b>

FINANCIAL ANALYSIS		2011-12(HY)	2010-11	2009-10	2008-09
	Profit before Interest & Tax	-442	1,075	525	-150
	Net Sales	6,443	12,586	10,360	11,477
<b>1</b>	<b>Net Profit Ratio</b>	<b>-6.86%</b>	<b>8.54%</b>	<b>5.07%</b>	<b>-1.30%</b>
	Operating Costs/ Production/ Direct Costs	5,762	8,751	7,325	9,342
	Net Sales	6,443	12,586	10,360	11,477
<b>2</b>	<b>Operating Costs Ratio</b>	<b>89.43%</b>	<b>69.53%</b>	<b>70.71%</b>	<b>81.40%</b>
	Overheads/ Indirect Costs	1,714	3,296	2,843	3,510
	Net Sales	6,443	12,586	10,360	11,477
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>26.60%</b>	<b>26.19%</b>	<b>27.44%</b>	<b>30.58%</b>
	Profit before Interest & Tax	-442	1,075	525	-150
	Total Capital Employed	17,423	16,838	17,268	19,742
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>-2.54%</b>	<b>6.38%</b>	<b>3.04%</b>	<b>-0.76%</b>
	Profit after Tax	-837	10	-468	-470
	Total Assets (Fixed & Current)	22,902	21,407	20,986	23,202
<b>5</b>	<b>Return on Total Assets</b>	<b>-3.65%</b>	<b>0.05%</b>	<b>-2.23%</b>	<b>-2.03%</b>
	Profit after Tax	-837	10	-468	-470
	No. of Equity Shares	9	9	9	9
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>-96.93</b>	<b>1.12</b>	<b>-54.17</b>	<b>-54.48</b>
	Profit after Tax	-837	10	-468	-470
	Shareholders' Funds	3,300	3,324	3,371	3,418
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>-25.36%</b>	<b>0.29%</b>	<b>13.87%</b>	<b>13.76%</b>

		2011-12(HY)	2010-11	2009-10	2008-09
	Market Price per Equity Share	235	447	481	170
	Earnings per Share	-97	1	-54	-54
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>-2.42</b>	<b>398.24</b>	<b>-8.88</b>	<b>-3.12</b>
	Dividend per Equity Share	0	0	0	0
	Earnings per Share	-97	1	-54	-54
<b>9</b>	<b>Pay-out Ratio</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	Dividend per Equity Share	0	0	0	0
	Market Price per share	235	447	481	170
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	Profit before Interest & Tax	-442	1,075	525	-150
	Interest Charges	428	1,028	993	738
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>-1.03</b>	<b>1.05</b>	<b>0.53</b>	<b>-0.20</b>
	Current Assets	5,283	4,998	3,782	4,351
	Current Liabilities	5,479	4,569	3,718	3,460
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>0.96</b>	<b>1.09</b>	<b>1.02</b>	<b>1.26</b>
	Long-term Loans	14,123	13,514	13,897	16,324
	Shareholders' Funds	3,300	3,324	3,371	3,418
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>4.28</b>	<b>4.07</b>	<b>4.12</b>	<b>4.78</b>
	Total External Liabilities (Long-term & Short-term)	19,602	18,083	17,615	19,784
	Total Assets	22,902	21,407	20,986	23,202
<b>14</b>	<b>Solvency Ratio</b>	<b>85.59%</b>	<b>84.47%</b>	<b>83.94%</b>	<b>85.27%</b>

	Reserves & Surplus	3,214	3,237	3,285	3,332
	Share Capital	86	86	86	86
15	<b>Reserves Capital Ratio (Rs)</b>	<b>37.23</b>	<b>37.50</b>	<b>38.05</b>	<b>38.60</b>
	Profit before Interest & Tax	-442	1,075	525	-150
	Total Capital Employed	17,423	16,838	17,268	19,742
16	<b>Overall Turnover Ratio</b>	<b>-2.54%</b>	<b>6.38%</b>	<b>3.04%</b>	<b>-0.76%</b>
	Net Sales	6,443	12,586	10,360	11,477
	Net Fixed Assets	14,418	13,965	14,730	16,845
17	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>0.45</b>	<b>0.90</b>	<b>0.70</b>	<b>0.68</b>
	Net Sales	6,443	12,586	10,360	11,477
	Net Working Capital	-196	429	64	890
18	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>-32.94</b>	<b>29.37</b>	<b>160.76</b>	<b>12.89</b>
	Net Sales	6,443	12,586	10,360	11,477
	Average Inventory	389	356	292	298
19	<b>Inventory Turnover Ratio (no. of times)</b>	<b>16.55</b>	<b>35.39</b>	<b>35.43</b>	<b>38.53</b>
	Profit before Interest & Tax	-442	1,075	525	-150
	Number of Personnel (no.)	13,000	13,177	11,788	13,078
20	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>-0.03</b>	<b>0.08</b>	<b>0.04</b>	<b>-0.01</b>

Source of Data : Annual Reports of JAL as on website

<http://www.jetairways.com/EN/IN/Home.aspx?qclid=CMHS>

[h8XWka4CFUd66wodEgJOlg](http://www.jetairways.com/EN/IN/Home.aspx?qclid=CMHS) : downloaded on 05.10.2011

**Table # 15 : Financial Statements of Singapore Airlines**

SI No	Particulars of the Item	Singapore Airlines (SIAL)	
		2010-11	2009-10
	<b>PROFIT &amp; LOSS ACCOUNT</b>		<b>US\$ Million</b>
	Operating Costs Expenses (Direct Costs)	10,143	9,605
	Non-Operating Costs Expenses (Indirect Costs)	3,312	3,039
	<b>Total Expenses Allocated to Production</b>	<b>13,455</b>	<b>12,644</b>
	Net Direct Revenue / Net Sales	14,525	12,707
	Net Indirect Revenue / Income other than Sales	420	291
	<b>Total Revenue</b>	<b>14,944</b>	<b>12,999</b>
	<b>Profit Before Interest &amp; Tax</b>	<b>1,489</b>	<b>354</b>
	Interest on Fixed Capital & Loan	70	69
	<b>Profit after Interest &amp; before Tax</b>	<b>1,419</b>	<b>286</b>
	Net Tax liability	270	6
	<b>Profit after Interest &amp; Tax (current year)</b>	<b>1,149</b>	<b>280</b>
	<b>Profit brought forward (previous year)</b>	<b>0</b>	<b>0</b>
	<b>Total Profit after Tax (accumulated)</b>	<b>1,149</b>	<b>280</b>
	Appropriation to Special purpose Reserves	0	0
	<b>Profit after Interest, Tax &amp; special reserve t/f</b>	<b>1,149</b>	<b>280</b>
	Dividend Provision	383	1,383
	<b>Profit after Interest, Tax, special reserves &amp; dividend</b>	<b>766</b>	<b>-1,104</b>

<b>BALANCE SHEET</b>		<b>2010-11</b>	<b>2009-10</b>
			<b>US\$ Million</b>
No. of Equity Shares (effective)		183	175
Equity Share Capital		1,832	1,751
Reserves & Surpluses to Equity		12,696	11,996
<b>Shareholders' Funds / Internal Equity</b>		<b>14,529</b>	<b>13,747</b>
Special Purpose Reserves		500	444
Long Term External Liabilities/ Loans		3,607	4,052
<b>Total Long Term External Equity</b>		<b>4,108</b>	<b>4,496</b>
<b>Total Long Term Capital / Capital Employed</b>		<b>18,636</b>	<b>18,243</b>
<b>Total Current Liabilities &amp; Provisions</b>		<b>6,232</b>	<b>4,520</b>
<b>Total Capital &amp; Liabilities (Long &amp; Short-term)</b>		<b>24,869</b>	<b>22,762</b>
Fixed & Intangible Assets		14,003	15,145
Capital Work in Progress (WIP)		0	0
<b>Total Fixed &amp; Intangible Assets &amp; WIP</b>		<b>14,003</b>	<b>15,145</b>
Net Investments		763	791
Miscellaneous non-current Assets		324	278
Current Assets : Inventories		390	430
Liquid Assets : Current Assets less Inventories		9,390	6,119
<b>Total Current Assets</b>		<b>9,779</b>	<b>6,549</b>
<b>Total Assets (Fixed, semi-fixed &amp; current)</b>		<b>24,869</b>	<b>22,762</b>

FINANCIAL ANALYSIS		2010-11	2009-10
	Profit before Interest & Tax	1,489	354
	Net Sales	14,525	12,707
<b>1</b>	<b>Net Profit Ratio</b>	<b>10.25%</b>	<b>2.79%</b>
	Operating Costs/ Production/ Direct Costs	10,143	9,605
	Net Sales	14,525	12,707
<b>2</b>	<b>Operating Costs Ratio</b>	<b>69.84%</b>	<b>75.59%</b>
	Overheads/ Indirect Costs	3,312	3,039
	Net Sales	14,525	12,707
<b>3</b>	<b>Non-Operating Costs/ Overheads Ratio</b>	<b>22.80%</b>	<b>23.92%</b>
	Profit before Interest & Tax	1,489	354
	Total Capital Employed	18,636	18,243
<b>4</b>	<b>Return on Capital Employed / Return in Investment</b>	<b>7.99%</b>	<b>1.94%</b>
	Profit after Tax	1,149	280
	Total Assets (Fixed & Current)	24,869	22,762
<b>5</b>	<b>Return on Total Assets</b>	<b>4.62%</b>	<b>1.23%</b>
	Profit after Tax	1,149	280
	No. of Equity Shares	183	175
<b>6</b>	<b>Earnings per Share (Rs)</b>	<b>6.27</b>	<b>1.60</b>
	Profit after Tax	1,149	280
	Shareholders' Funds	14,529	13,747
<b>7</b>	<b>Return on Shareholders' Funds</b>	<b>7.91%</b>	<b>2.03%</b>

		2010-11	2009-10
	Market Price per Equity Share	0	0
	Earnings per Share	6	2
<b>8</b>	<b>Price Earnings Ratio (Rs)</b>	<b>0.00</b>	<b>0.00</b>
	Dividend per Equity Share	2	8
	Earnings per Share	6	2
<b>9</b>	<b>Pay-out Ratio</b>	<b>33.31%</b>	<b>494.88%</b>
	Dividend per Equity Share	2	8
	Market Price per share	0	0
<b>10</b>	<b>Dividend Yeild Ratio</b>	<b>NA</b>	<b>NA</b>
	Profit before Interest & Tax	1,489	354
	Interest Charges	70	69
<b>11</b>	<b>Fixed Interest Coverage Ratio (no. of times)</b>	<b>21.24</b>	<b>5.14</b>
	Current Assets	9,779	6,549
	Current Liabilities	6,232	4,520
<b>12</b>	<b>Current Ratio (no. of times)</b>	<b>1.57</b>	<b>1.45</b>
	Long-term Loans	4,108	4,496
	Shareholders' Funds	14,529	13,747
<b>13</b>	<b>Debt Equity Ratio (no. of times)</b>	<b>0.28</b>	<b>0.33</b>
	Total External Liabilities (Long-term & Short-term)	10,340	9,015
	Total Assets	24,869	22,762
<b>14</b>	<b>Solvency Ratio</b>	<b>41.58%</b>	<b>39.61%</b>

		2010-11	2009-10
	Reserves & Surplus	12,696	11,996
	Share Capital	1,832	1,751
<b>15</b>	<b>Reserves Capital Ratio (Rs)</b>	<b>6.93</b>	<b>6.85</b>
	Profit before Interest & Tax	1,489	354
	Total Capital Employed	18,636	18,243
<b>16</b>	<b>Overall Turnover Ratio</b>	<b>7.99%</b>	<b>1.94%</b>
	Net Sales	14,525	12,707
	Net Fixed Assets	14,003	15,145
<b>17</b>	<b>Fixed Assets Turnover Ratio (no. of times)</b>	<b>1.04</b>	<b>0.84</b>
	Net Sales	14,525	12,707
	Net Working Capital	3,547	2,029
<b>18</b>	<b>Working Capital Turnover Ratio (no. of times)</b>	<b>4.10</b>	<b>6.26</b>
	Net Sales	14,525	12,707
	Average Inventory	195	215
<b>19</b>	<b>Inventory Turnover Ratio (no. of times)</b>	<b>74.58</b>	<b>59.17</b>
	Profit before Interest & Tax	1,489	354
	Number of Personnel (no.)	21,997	33,222
<b>20</b>	<b>Human Capital Profitability Ratio (Rs. Cr)</b>	<b>0.07</b>	<b>0.01</b>

**Source of Data : Annual Reports of SIAL as on website**  
**<http://www.singaporeair.com/SAA-flow.form?execution=e2s1>** : downloaded on 05.10.2011

## VII. Air India

Post global recession of year 2008-09, there has been reasonable growth in the aviation industry, especially in emerging markets of Asia-Pacific, with an overall carriage of approximately 80 million passengers in India. Major share in the growth has been observed in the low-cost passenger segment. Aviation infrastructure is being proposed under Vision 2020 to support 280 million passengers in the country, which would require approximate investment of USD 110 billion.

However, it has been noticed that the flagship national carrier, Air India has been going through turbulent times. With the purpose of suggesting ways to improve its performance and make it long-term sustainable, its financials have been studied, in comparison with private players in the market in India and other benchmark efficient corporates in the world.

### A) Analysis of Strengths :

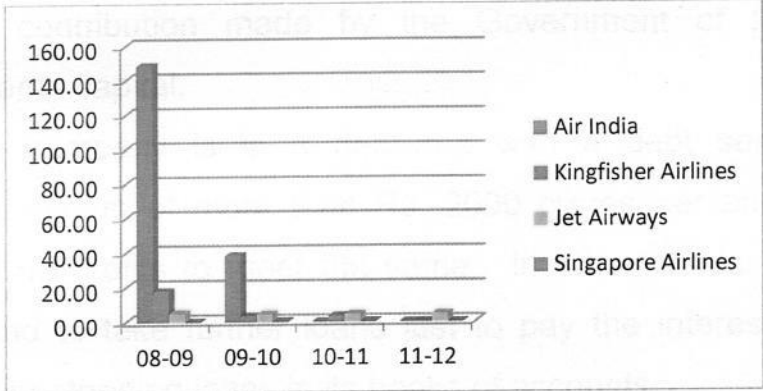
1. The only strength as on date for the company is its presence on ground, backing from Government of India funding & reach to all parts of the country.

### B) Analysis of Weaknesses :

1. The company with a total fixed & intangible assets & capital works-in-progress of more than Rs. 32,000 crores is supported with a counter-balance shareholders' funds of only Rs. 1000 crores (approx).

- It has a total long term external liabilities of more than Rs. 38,000 crores, which in a sense creates major problems even for solvency of the company.

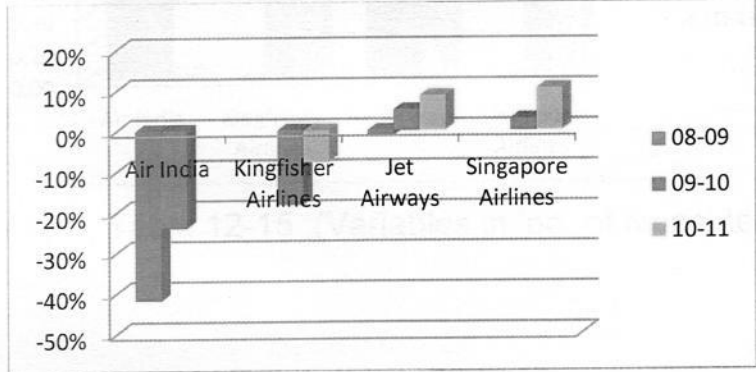
Chart 23 : Debt Equity Ratio : Civil Aviation Sector



Source : Table 12-15 (Variables in 'no. of times' terms)

- The net profit ratio for the company is negative 25% with the fixed costs/ overheads itself composing almost 45% of its total sales/ turnover/ revenue figures. It means that even if the company does not fly a single aircraft, it will have to expend approximately Rs. 6,000 crores per annum for a standing fleet.

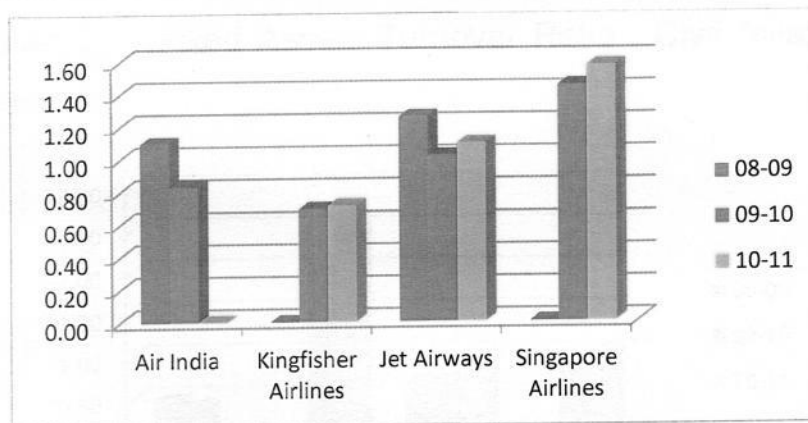
Chart 24 : Net Profit Ratio : Civil Aviation Sector



Source : Table 12-15 (Variables in '%age' terms)

4. The issued & subscribed capital of Rs. 945 Crores for the company is generating an annual loss of more than Rs. 5000 crores and giving a hugely negative return to Government of India, which is its sole shareholder.
5. The company has not made any payment of dividend for the contribution made by the Government of India towards capital.
6. The company is in a debt-trap with a debt service requirement of more than Rs. 2000 crores per annum and no profits to meet the same. In other words, it is bound to take further loans just to pay the interest on earlier standing loans in its books of accounts.
7. The company from point of view of liquidity is also in a difficult situation since its current assets are insufficient to meet its short-term liabilities also (with a current ratio less than one).

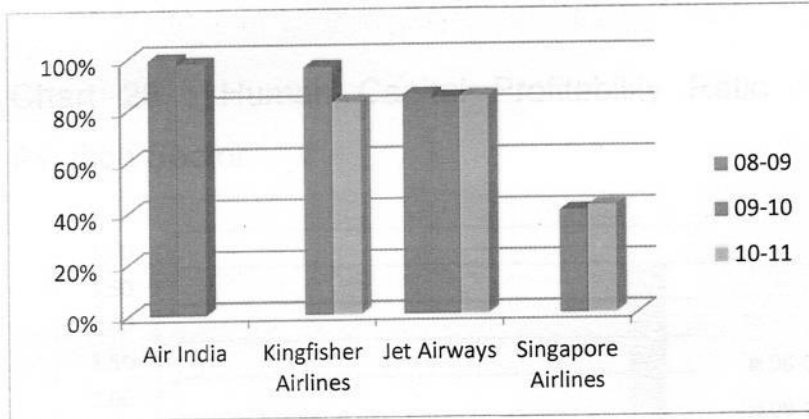
Chart 25 : Current Ratio : Civil Aviation Sector



Source : Table 12-15 (Variables in 'no. of times' terms)

8. With total external liabilities matching all assets taken together, the shareholders or Govt of India's stake in case of a liquidation of the company would be negligible, thus raising questions over the solvency of the company.

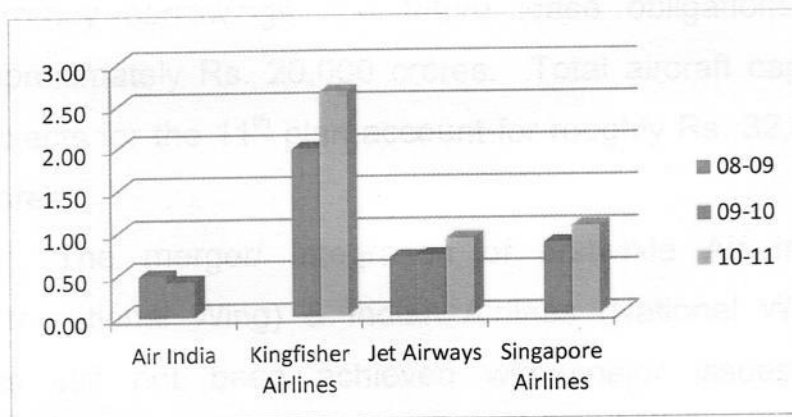
Chart 26 : Solvency Ratio : Civil Aviation Sector



Source : Table 12-15 (Variables in '%age' terms)

9. The company with an investment of Rs. 32,000 crores in fixed assets is able to generate sales of just Rs. 13,000 crores, a mere 40% turnover, which depicts its poor passenger load factor in utilisation of its existing assets.

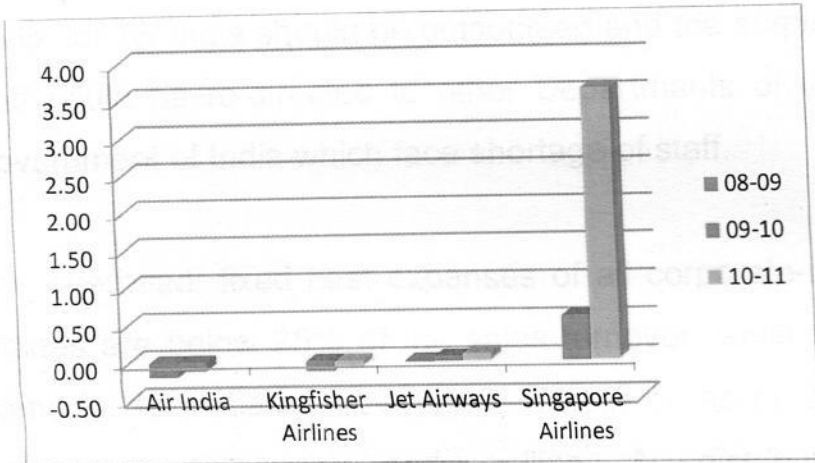
Chart 27 : Fixed Assets Turnover Ratio : Civil Aviation Sector



Source : Table 12-15 (Variables in 'no. of times' terms)

10. The personnel & administration expenditure incurred for the approximately 30,000 employees of the company are more than Rs. 3000 crores per annum, which account for almost 25% of total sales or turnover for the company.

Chart 28 : Human Capital Profitability Ratio : Civil Aviation Sector



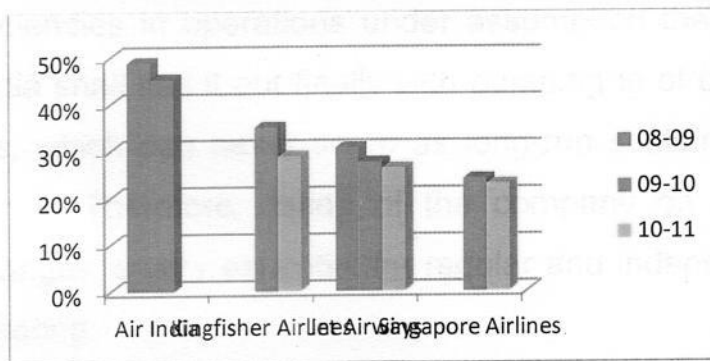
Source : Table 12-15 (Variables in 'Rs. Crores' terms)

11. With a sales figure of mere Rs. 13,000 crores per annum, the company has committed itself to foreign currency borrowings and future lease obligations of approximately Rs. 20,000 crores. Total aircraft capital projects for the 11<sup>th</sup> plan account for roughly Rs. 32,000 crores.
12. The merger/ integration of erstwhile Air India (International Wing) & Indian Airlines (National Wing) has still not been achieved with major issues of personnel, information technology congregation & fleet management.

### C) Proposed Solutions for turnaround in performance :

1. An efficiently run airlines like Singapore Airlines is achieving sales/ turnover figure of almost USD one million per employee on the rolls, i.e. Rs. 5 crores, while Air India is able to achieve less than Rs. 50 lakhs per employee. It clearly shows the over-staffing on the payrolls. All administrative, back-office & maintenance works for Air India should be outsourced and the surplus staff could be re-directed to other Departments of the Government of India which face shortage of staff.
2. The overhead/ fixed cost expenses of all corporate-run airlines are below 25% of the sales turnover, while the same for Air India is above 45%. This is on account of enormous personnel and selling & distribution overheads. The selling overheads of Singapore Airlines is less than 2% of sales figures, while the same for Air India is almost 12%. The agency works of the airlines should be streamlined to reduce selling expenses.

Chart 29 : Overheads Costs Ratio : Civil Aviation Sector



Source : Table 12-15 (Variables in 'percentage' terms)

3. The long-term loan component is 95% in the total capital employed (long-term funds). The company should re-structure its capital base by offering the long-term lenders (banks/ financial institutions) with equity shares & management rights. This would reduce its fixed interest charge to service the loans & enhance the shareholders' contribution towards the capital. However, this is a way of dis-investment of its equity for which the Govt of India's approval would be required.
4. Unsubscribed equity capital of the company could be offered for disinvestment through public offer or private placement with institutional banks to raise funds for the company.
5. It has been observed that the company has not been able to prepare its annual statement of accounts & submit it for public scrutiny. One of the reasons for the same is that the company is not listed on the Stock Exchanges and is not bound by the norms/ rules of SEBI. As a result, its performance is not regularly scrutinised, leading to lethargic functioning & creeping inefficiencies in operations under assumption that Govt of India shall bail it out finally with pumping in of capital/ funds, which can never serve as long-run sustainability factor. Therefore, listing of the company on stock-exchanges is very essential for regular and independent monitoring.

6. The organisation has huge fixed assets, which also include maintenance & logistics facilities. Assets, which are not being fully utilised could be disposed off or shared for revenue with other corporate entities (domestic/ international) Operating Costs to generate additional source of revenue.
7. The company has approx. Rs. 4,000 crores of short-term assets in the form of sundry debtors and loans & advances. Special programme could be initiated to recover the sundry debtors. This will help in making the current ratio (liquidity position in short-term period) positive and allow the company to run its daily operations efficiently.
8. The company could be bifurcated into three or four smaller Operating Costs units under an umbrella organisation with each unit catering to a specialised clientele/ zone/ sector (example, Americas & Europe, Asia Oceania, Metro Domestic Sector & Special Sector/ Routes – non-metropolitan). In accordance, the financial structure could be formulated with appropriate support from Govt of India/ banking institutions. This will also help in speedier response time and utilisation of its fleet more efficiently according to the market position.

9. Since the input costs for running of the organisation are a major factor, it could be evaluated whether the oil marketing companies, travel & hotel industry majors and the Airports Authority of India be invited to subscribe to portion of the equity holding & participate in the management functioning of the company to achieve better results.
10. The salary structure of the employees should be re-formatted with at-least 1/3<sup>rd</sup> salary being variable based upon performance. Besides, good performance should be rewarded with ways like the Employees Stock Option Plans (ESOPs).
11. The long-term purchase commitments for aircrafts/ fleets management could be re-visited with private strategic partnerships with other airline majors in India or abroad. Since the interest payments on orders booked for the aircrafts will be a burden on the financial bottom-line of the company till the arrival and actual utilization of the new fleet, a reduced operation in present financial scenario for the company would be advisable. Future requirements could be met out of short-term lease arrangements for aircrafts rather than ownership for the same.
12. In order to upgrade the passenger load factor from present (around 60%), the company should convert at least 3/4<sup>th</sup> of its operations as low-cost airline business with competitive pricing. Also, sectors with low loads should be merged/ integrated with sharing of customers with other operators on the given routes.