CHAPTER XI

FINANCIAL ANALYSIS

INCOME ANALYSIS

An introspection in the financial management of the Corporation reveals unsound fund management leading to immobilisation and dearth of resources. Lack of financial discipline both in lending and recovery caused serious threat in enhancing loan to the entrepreneurs in recent years.

This chapter assessed the income and expenditure components of the Corporation. The asset structure and ratios have been analysed to evaluate the financial position of the Corporation.

The profitability of the Corporation can be ascertained primarily by making a comparative review of the interest income earned, interest paid on borrowings and from other incomes and expenditures.

The total income of the Corporation comprised of interest on loan, income from trading activity of procurement and distribution of raw materials, interest on fixed deposits, dividend, subsidy on woollen yarn etc. Table-XI.1 enlisted major items of income and expenditure of the Corporation, since inception.

The share of interest income and other miscellaneous income in total income disclosed different trend over the years. Till 31st March, 1989, miscellaneous income occupied major portion in the total income. Since 1985-86 onwards the interest income

outnumbered other income and accounted more than 90.0 percent share in the total income. The Corporation's miscellaneous income came down heavily in 1995. For the period, against the interest income of Rs.58.7 lakhs, the miscellaneous income was only Rs.0.5 lakhs. This, obviously substantiate the inability of the corporation in generating income from other activities. Thus the Corporation's sole dependence on interest income affected resource mobilization adversely in the sluggish industrial growth of the state.

On the expenditure part of the Corporation, the interest paid on borrowings constitute lion's share in the total expenditure. But very recently during 1993-95, the administrative expenditure outcasted interest payment. This was, however, due to huge provision for doubtful debts of Rs.100.4 lakhs and Rs.408.8 lakhs respectively,included in the administrative expenditure of 1993-94 and 1994-95.

It is evident from Table-XI.1 that before 1986, the administrative cost component was more than 90.0 percent in total expenditure. Administrative cost includes cost of sales, establishment costs including salaries, Corporate costs, provision for bad and doubtful debts and provision for depreciation. Almost entire interest payment went to the IDBI. It increased gradually with the quantum of refinance.

There was substantial increase in the cost of sales during 1982-83. This made a spurt in administrative costs. Besides, increase in the provision for bad and doubtful debts and expansion in the Organisational structure necessitated all round increase in expenditure.

The overall review of the income and expenditure position disclose that on an average 60.0 percent of the income was spent by the Corporation. The expenditure as a percentage of income gradually increased. Since 1989-90, with the introduction of cash system of accounting, expenditure exceeds income by 292.0 percent. Income Expenditure Graph XI.2, shows the movement of income and expenditure since inception.

The interest income and interest payment constitutes a sizeable amount of accrued income and expenditure. However, since 1989-90, with the advent of Cash System, accrued interest income was discarded by actual income only.

As is evident in Table-XI.3, accrued income as percentage of total income increased gradually. Accrued income, on an average between 1977-89, accounted for 30.0 to 40.0 percent of the total percent income.

Accrued expenditure, on contrary, occupied comparatively less percentage in total expenditure. During 1978-89, average accrued expenditure to total expenditure accounted for only 10.0 percent. During 1979-89, accrued expenditure as percentage to interest payment was an average of 13.5 percent.

Had the Corporation adopted cash basis of accounting since inception, the net profit position would have shown different picture as per Table-XI.4. Although, mercantile systyem of accounting resulted net profit till 1989, the cash basis would have resulted net loss during 1980-82 and 1983-84 onwards uninterruptedly. Thus the mercantile system provided at least some degree of window dressing in profit figure of the Corporation till

the adoption of cash basis.

In the initial period of its operation, the Corporation earned major portion of its income by way of interest on short-term deposit with commercial banks. The short term deposit made with the commercial banks based on sound financial planning. The Corporation being a development institution must aim at increase in profitability by long term investment rather than earning from short-term investment in commercial banks. The administrative cost need be financed from the share capital and not from the borrowed capital because borrowed capital is costlier than share capital. On the contrary, if borrowed capital is kept in commercial banks without investing the same in business units there would obviously be loss to the Corporation since blockage of such resources in banks would yield lesser interest rate than against loan to business units. Efficient management of resources would increase the profitability of the Corporation.

The adoption of cash system of accounting has declined the amount of interest on loans from industrial concerns. The Corporation has been following the cash system on interest income on loans and accrual basis on interest on borrowings and other expenditures.[1] The change in the basis of accounting, perhaps, indicates that the Corporation could not exercise proper control over the realisation of interest from the assisted units as per terms of loan agreement. This new procedure may result in encouraging slackness in actual realisation of accrued income during the year.

Another important point to be considered is of the provision of Income tax. The Central Income tax has not been

imposed on Sikkim. Hence, the Corporation is not making any deduction of tax. The Income tax relaxation has given the Corporation ample scope for savings. Despite the exemption of tax, the Corporation is overburdened with ever-increasing net loss over the years.

To succumb hard reality of profit-earning, the Corporation must be bestowed with machinery for arrear collection. In recent times, however, the corporation through the Sikkim Public Demand Recovery Act, 1988, attached the property of defaulters to realise the loan of the Corporation. This effort, however, envisages many restraints from various pressure groups.

ASSET POSITION

The growth in asset is depicted in Table-XI.5. The current asset of the Corporation occupies major share in the total assets.

The current assets varies mostly with the changes in the Cash and Bank balances of the Corporation. The increase in the amount of current assets during 1987-88 and 1989-90 was due to realisation from sale of assets and central subsidies respectively.

The current liabilities were mainly fluctuated by the provisions and subsidies owed to the assisted units. The increase in liabilities during 1987-88 and 1992-93 were the resultant of the arrear of central subsidies and interest on loan to IDBI and SIDBI, respectively.

The growth in current assets was not always positive.

The decrease in growth rate compared to previous year was mainly for changes in Cash and Bank balances and subsidies. The growth in total assets was, however, moderate. In last two years i.e., 1993-95, total assets witnessed a negative growth owing to reduction in advances and diminution in the investment.

In consonance with the policy matter of the Government of India, the IDBI conducted a study on the asset structure of the SIDICO assisted units.[2] This was done to know the true and fair view of financial position of the assisted units as they are the root on which the performance of the Corporation is circumscribed.

In general, the Corporation follow bi-annual instalment payment system. In calculating the asset position, the Corporation has considered the periodicity of instalment payment as the standard of assets. Thus, lesser outstanding treated as better asset and vice versa. This way assets have been classified in three groups :

1. **Standard Assets (0 to 1 year)** - The units defaulted for 0, 1 and 2 instalment of principal repayment are included in standard assets i.e., the amount of Principal outstanding is treated as the amount of asset.
2. **Sub-standard Assets (1 year to 2 years)** - The Units having been defaulted for 3 or 4 instalment repayment considered as sub-standard assets.
3. **Doubtful and Loss Assets (above 2 years)** - The units defaulted for 5 or 6 instalment repayment are categorised in doubtful assets. The defaulters for more than 6 instalments are dumped in loss assets.

Asset classification, as is evident in Table-XI.6 exhibited the supremacy of doubtful assets in the total. Total principal outstanding amounted to Rs.1,668.1 lakhs for 840 units. Out of this, doubtful assets accounted Rs.1,016.4 lakhs i.e. 60.9 percent of the total outstanding. Standard assets occupied 13.2 percent, sub-standard 13.9 percent and loss assets were 12.0 percent to the total principal outstanding.

Unitwise, doubtful and loss assets were accounted for 534 units i.e. 63.6 percent of the total units under classification. Standard assets were found for 242 units followed by sub-standard's 64 units.

In total Principal outstanding, SSIs occupied Rs.1,171.2 lakhs i.e., 70.2 percent. Hotels and S.V.O.s possessed Rs.327.2 lakhs and Rs.87.5 lakhs i.e. 19.6 percent and 5.2 percent respectively. In case of composite loan out of total Principal outstanding of Rs.82.2 lakhs no loss assets were recorded. Again, 19 units of SSIs and hotels with a total principal outstanding of Rs.248.2 lakhs and total principal and interest in arrear of Rs.160.2 lakhs were projects under implementation but in default. 552 units with principal outstanding of Rs.824.8 lakhs and arrear of Rs.980.2 lakhs were recalled and suit filed projects. A total of 271 units having principal outstanding of Rs.596.3 lakhs and arrear of Rs.405.1 lakhs were considered as safe projects in terms of risk and profitability.[3]

Till the end of March, 1995, the Corporation calculated specific cases for sub-standard, doubtful and loss assets for Rs.1225.3 lakhs of which Rs.612.6 lakhs i.e. 50.0 percent were earmarked as provision for these assets.[4]

The rate of interest earned on average term loan was higher till 1988-89, as exhibited in Table-XI.7. In later years, the Corporation lagged behind in interest earnings from loan amount. The adoption of cash basis system or realisation concept for interest income is responsible in lessening the rate since 1989-90.

The cost of borrowings, calculated as the percentage of interest payment to the average long-term debt, increased gradually over the years. The rate of borrowings appeared higher than the rate of earnings. In case of interest payment the Corporation follow accrual basis, hence more disbursement is made on account of interest payment. This practice induce the convention of conservatism to maintain adequate capacity to meet obligations. However, apparently the gap between the cost and revenue for interest widened in recent years. This uneven trend in the earning and borrowing rate require to be converged.

The interest-coverage ratio shows the capacity of the profit before interest & tax (PBIT) in covering the interest charge of the Corporation. The ratio in the initial stage was higher. Since 1989-90, the ratio decreased sharply and during 1993-95 only 30.0 to 40.0 percent of the interest charge could be provided out of the PBIT.

SOLVENCY RATIOS

The Debt-Equity ratio indicates the proportion of the Corporation's owned and borrowed funds. It reflects the capital gearing ability, as is evident in Table-XI.8.

The IDBI has been following the norm of 3:1 for the

projects financed by it. The variation in this ratio over the assisted units among different SFCs of the country is so high and flexible that it reduces the ratios apparently to a hypothetical affair. The widely accepted norm of this ratio is 2:1. The Corporation accounted lower ratio resulting less loan assistance generation capacity and less fund for assistance. The excess dependence on equity capital relegating outsiders' fund caused inefficiency in its administration which inturn affected the repayment position of the Corporation. The poor repayment of the borrowings reduced refinance from the IDBI and SIDBI lowering the loan fund and the debt-equity ratio.

The Debt Service Coverage Ratio (DSCR)[5] of the Corporation is not satisfactory. Till 31.3.81, the ratio was ideal, but in later years it decreased gradually.

The ideal DSCR for the State Financial Corporation and for the IDBI should be 1:1 and 2:1, respectively.[6] In SIDICO, the ratio is less than one, as evident in Table-XI.8. Such lower ratio signify poor cash management. The Corporation at present is paying the obligations not only from earnings but from the accretion of share capital and reserve. Such diversion of fund to meet debt-service requirements inculcating inefficiency in recovery from the assisted units. During 1993-95, debt-service amount mainly consist of interest payment. Repayment of Principal to IDBI during 1993-94 and 1994-95 was Rs.2.1 lakhs and Rs.23.2 lakhs respectively, whereas interest charge for these two financial years amounted toRs.100.4 lakhs and Rs.99.5 lakhs. The priority is on the repayment of interest arrear than to the repayment of principal.

The cost of capital was lower in the early years. The rate has moderately increased over the years. The rate of increase in interest payment was more than the rate of increase in average capital employed, showing the rise in cost of capital. This reflects the Corporation's better obligation repayment capacity in the event of poor recovery.

The current ratio[7] represents the liquidity position of the Corporation. The ratio in general was less than the usual norm of 2:1, as evident in Table-XI.8. The ratio was very high at 7.7:1 during 1989-90. This was due to the reduction in current liability on account of accrued interest resulted from the adoption of cash basis of accounting.

The Corporation spent, on an average, 50.0 percent of its owned fund in total assets. This proprietary ratio shows average capability of the Corporation to finance its assets. The ratio has improved to 0.7:1 during 1994-95. The Corporation should maintain the ratio between 60.0 percent and 75.0 percent.

PROFITABILITY RATIOS

The profitability of the corporation is dwindling over the years. This is causing low returns, as evident in Table-XI.9.

The net profit to total assets reveals the asset utilization capacity for profit-generation. The return was comparatively higher in 1982-83, owing to increased income from the sale of scarce raw materials like paraffin wax, cement, carpet, woollen yarn etc. to the industrial units. In later years, the return decreased gradually reflecting underutilization and blockage of assets leading inefficient asset management.

The working fund of the Corporation has been computed on the basis of Sources of fund, as exhibited in Appendix No. I , op.cit. The return on fund grew with a low return of 2.2 percent during 1978-79 and reached its pinnacle with 13.9 percent during 1982-83. Thereof, the return took steep recession and slumped down even 0.9 percent during 1987-88.

It is to be noted that, contrary to the regular expansion in the working fund, net profit grew meagrely. It is also pertinent to note that with the increase in working fund, the percentage return on it reveals a gradual decline precisely, since 1983. This implies the infusion of additional capital by the IDBI since 1983 could not result in additional return. It signifies that the additional fund employed could not be utilized fruitfully to yield sufficient return on it. This is also because the fund utilized by way of loan to the business concerns could not be realised as scheduled and it caused blockage of funds in the hand of loanees. The control and management of loan assistance by the assisted units in turn makes or unmakes the profitability of the Corporation.

The return on average equity till 1983 was higher compared to the return of later years. During 1982-83, the return was maximum at 23.2 percent. The return reduced since 1983 and registered a meagre 1.6 percent. In regard to the utilization of equity capital, the Corporation was vulnerable. Annual contribution in the equity capital by the state government, IDBI and SIDBI could not overhaul better equity management to accentuate owned fund.

The return on capital employed is an important ratio to

evaluate overall performance of the Corporation. This is similar to the return on investment (ROI). The return on average capital employed of the Corporation is in sharp erosion. During 1978-82 the average return was about 5.0 percent, in the last four years the average return was only 0.7 percent.

The gap between the return generation on average capital employed and the cost of average capital employed lopsided the financial prudence of the Corporation. As is evident from Table-XI.8 and Table-XI.9, the Corporation till 1983 was earning at a higher rate than the rate of payment on capital employed. Since then, despite the rise in the cost of average capital, there was a constant fall in the return on investment. The growth of the Corporation is affected for uneven rate of cost and return on overall investment. The Corporation for meeting obligations effectively, divert funds sacrificing the interest of the prospective loanees.

The ratio analysis of the Corporation reveals a dismal picture. All the ratios relating to Revenue and Balance Sheet are below the expected norm. The trend has been deteriorated further in recent years. The recurring net losses since 1989-90, because of the switch-over to cash system of accounting made the analysis meaningless and impractical, thereafter.

As a remedial measure, the Corporation should revamp its earning capacity to assist nascent industries in the state. The income components viz. recovery needs utmost priority, because poor recovery is the root-cause of all the financial hurdles. On the contrary, austerity measures must be taken to lessen administrative expenditures.

ACCOUNTING METHOD

The Corporation has introduced cash system of Accounting with effect from 1st April, 1989. Under Mercantile or Accrual basis of accounting, huge amount of unrealised interest income was added to interest received component. As is evident in Table-XI.4, op.cit., the Corporation out of its operation, virtually incurs a loss when Profit and Loss account is prepared on cash basis of accounting.

Though in case of income, cash basis of accounting is followed, for expenditure the Corporation still follow Mercantile System of Accounting to deflate profit position following conservative convention of accounting.

Since the adoption of Cash System, subsidies from the Central and State Governments and distribution of the same to assisted units are recorded on cash basis. Similarly, non-financing activities are also accounted on cash basis. All investments made by the Corporation have been taken at cost for not being quoted. No fixed assets have been revalued, so far.

The Corporation follows diminishing balance method for depreciation. The rate of depreciation as on 31.3.93 was for Buildings @ 5.0 percent, Furniture and fittings @ 10.0 percent, Office equipments @ 15.0 percent and vehicles @ 20.0 percent per annum.[8]

The Corporation maintains Bank Reconciliation Statement since 1989. The provision for bad and doubtful debts was not ascertained on realistic basis especially against the sticky loans.

The Corporation has installed a Computer at its head office at Gangtok. It is expected that in a progressive manner the entire Corporate accounts be computerised so that the Profit and Loss Account and Balance Sheet can be prepared in time and accurately with the help of the Computer.

There is a persistent effort in all the Auditors Report regarding the Reconciliation of Loan Control Ledger with the General Ledger of the Corporation. The Corporation should issue balance Confirmation letters to all the debtors and borrowers and obtain their confirmation.

Owing to the absence of Income Tax in the State, accounting procedures have been simplified from the complicacies of tax calculation etc.

AUDIT

The accounts of the Corporation are audited by internal auditor, statutory auditor and auditors of the office of the Accountant General (AG) of Sikkim. In most of the years, both internal and statutory audit were conducted by the same audit firm.

The audit reports, by the outside firm of chartered accountants, contained many findings and suggestions to the Corporation. In the follow up of such instructions, the Corporation took necessary steps as and when required. Besides the audit report, the Corporation also received suggestions from the IDBI in course of the preparation of Performance Evaluation Study Report (PES) every year. The Corporation took up the recommendations seriously and implemented them from time to time

to strengthen the functions of the Corporation.

The Corporation has appointed six auditor i.e. audit firm, till March 31st, 1995. Following are the names and tenure of those auditors.

1. Agarwal Mundra & Company, Calcutta, 1977-82;
2. P.K. Bansal Associates, Gangtok, 1982-84;
3. K. Ray & Company, Gangtok, 1984-89;
4. Advani & Associates, Gangtok, 1989-92;
5. Ashok Pradhan & Associates, Calcutta, 1992-94;
6. Price Water House, Calcutta. 1994-

It is apparent that the first and third auditor were continued for 5 years. In view of rapid change in auditors, consistency of accounting procedure was affected. It is wise to appoint an auditor for at least 5 years for better management of accounts.

The present system of audit, however, suffers from certain limitations such as :

a) Coverage and Scope of audit is very limited;

b) the audit is more of a routine nature and there is hardly any trace of operational audit;

However, it is felt that SIDICO do not require any full-fledged Internal Audit Department of its own at present. The Corporation may continue with the existing system of getting things done by outside audit firms. Only the coverage and scope of the audit can be widened substantially so as to embrace all the operations of the Corporation. To this end some sort of agreement with the outside audit firm may have to be made so that the

outside firm can develop a fairly good idea about the entire operation of the Corporation. Besides overall operational audit, the Internal Audit team will have to cover the following areas by

i) examining the time taken in processing different cases;

ii) checking the Appraisal notes;

iii) checking the disbursement, including mode of release of payments;

iv) checking the documentation work relating to sanctions and disbursements;

v) examining all cases of defaults and suggesting corrective measures; and

vi) checking whether all policies, guidelines and norms issued by the management from time to time are being adhered to.

It is expected that the Corporation could find out an efficient and competent audit firm as retainer who will be able to present factual views of the problems identified in a controlled and objective manner.

Instead of measuring the performance of the Corporation on the basis of financial results only, it is relevant to judge its socio-economic effects to the state as a whole. The Corporation, in line with the Directive Principles of State Policy attuned to judicious distribution of wealth. However, distributive justice was the core of establishing state level financial and industrial corporations in our country.

The Corporation has generated sizeable employment with various activities in the last two decades. It was the main source

to the small borrowers for tiny, cottage and village industries, SSIs, hotels and transport operators. In enhancing loan to these sectors, the Corporation provided enormous employment directly in these industries and indirectly to allied sectors. In process, tourism has been augmented to create multifaced avenues for employment.

The Corporation dispersed wealth to reduce the regional imbalances. In composite loan, mostly weavers were benefited and in SSIs loan agro-based industries viz. flour, rice, malt beer, spices, bamboo, timber and tea set a firm root in the economy of the State. Moreover, various medicinal plants, orchids are also marketed with great potential. The local products are being used for making goods of tourist-interest. All these paved the agro-based development in the state.

The Corporation must be assessed from the viewpoint of its role in the upliftment of the socio-economic status of the state. It worked with the social objective rather than the economic objective of the business.

REFERENCES

1. SIDICO, Annual Report, 1992-93, p.3.

2. WEBCON, Study Report on Asset Classification, Financial and Organisational Restructuring, No.1, 1994, p.14.

3. Ibid.

4. SIDICO, Annual Report, 1994-95, p.6.

5. DSCR has been calculated as a proportion of (Recovery and Interest income minus Administrative Expenses) to (Repayment of Principal and Interest Charges).

6. Sikidar, Sujit, 'Development Banking', S. Chand & Company Limited, New Delhi, 1985, pp. 106-107.

7. It being a financial Corporation, in calculating current ratio cash in hand and at bank has been excluded since these liquid balances are subject to certain obligations which may be required to be met soon. Moreover, such cash in hand and at bank is obtained to some extent by way of refinance, deposits, loan, subsidy etc. from different sources.

8. SIDICO, Annual Report, 1992-93, Schedule-4, p.14.

Table-XI.1

BREAK UP OF MAJOR ITEMS OF INCOME AND EXPENDITURES OF SIDICO

(Rs. in Lakhs)

Year	Interest on Loans to Industries	Miscella-neous Income	Total Income	Adminis-trative & Other Cost	Int. Paid on Borrow-ings	Total Expen-diture	Net Profit	% of Expendi-ture to Income
1	2	3	4	5	6	7	8(4-7)	9
1977-78	0.3	0.5	0.8	0.5	-	0.5	0.3	62.5
1978-79	1.0	1.3	2.3	1.4	-	1.4	0.9	60.9
1979-80	2.8	3.3	6.1	3.6	0.5	4.1	2.0	67.2
1980-81	5.0	3.6	8.6	4.6	1.6	6.2	2.4	72.1
1981-82	7.2	14.0	21.2	16.0	2.3	18.3	2.9	86.3
1982-83	10.9	65.9	76.8	59.0	3.8	62.8	14.0	81.8
1983-84	15.8	15.8	31.6	21.7	6.5	28.2	3.4	89.2
1984-85	22.4	14.0	36.4	23.5	9.4	32.9	3.5	90.4
1985-86	36.8	2.5	39.3	20.5	14.9	35.4	3.9	90.1
1986-87	58.1	0.8	58.9	24.4	29.8	54.2	4.7	92.0
1987-88	83.2	0.6	83.8	36.4	41.7	78.1	5.7	93.2
1988-89	112.7	0.7	113.4	45.4	60.1	105.5	7.9	93.0
1989-90	61.9	1.4	63.3	24.0	41.8	65.8	(-) 2.5	103.9
1990-91	30.3	3.1	33.4	25.1	72.5	97.6	(-)64.2	292.2
1991-92	65.7	2.4	68.1	29.2	83.8	113.0	(-)44.9	165.9
1992-93	54.1	1.5	55.6	31.5	95.4	126.9	(-)71.3	228.2
1993-94	72.5	1.5	74.0	170.8[1]	100.4	271.2	(-)197.2	366.5
1994-95	58.7	0.5	59.2	537.9[2]	99.5	637.4	(-)578.2	1076.7

Note: 1. includes Provision for Doubtful assets of Rs.140.8 lakhs.

2. includes Provision for Doubtful assets of Rs.408.8 lakhs and Provision for diminution of Rs.93.3 lakhs.

Source : Annual Reports, 1977 - 95, SIDICO.

Table-XI.2

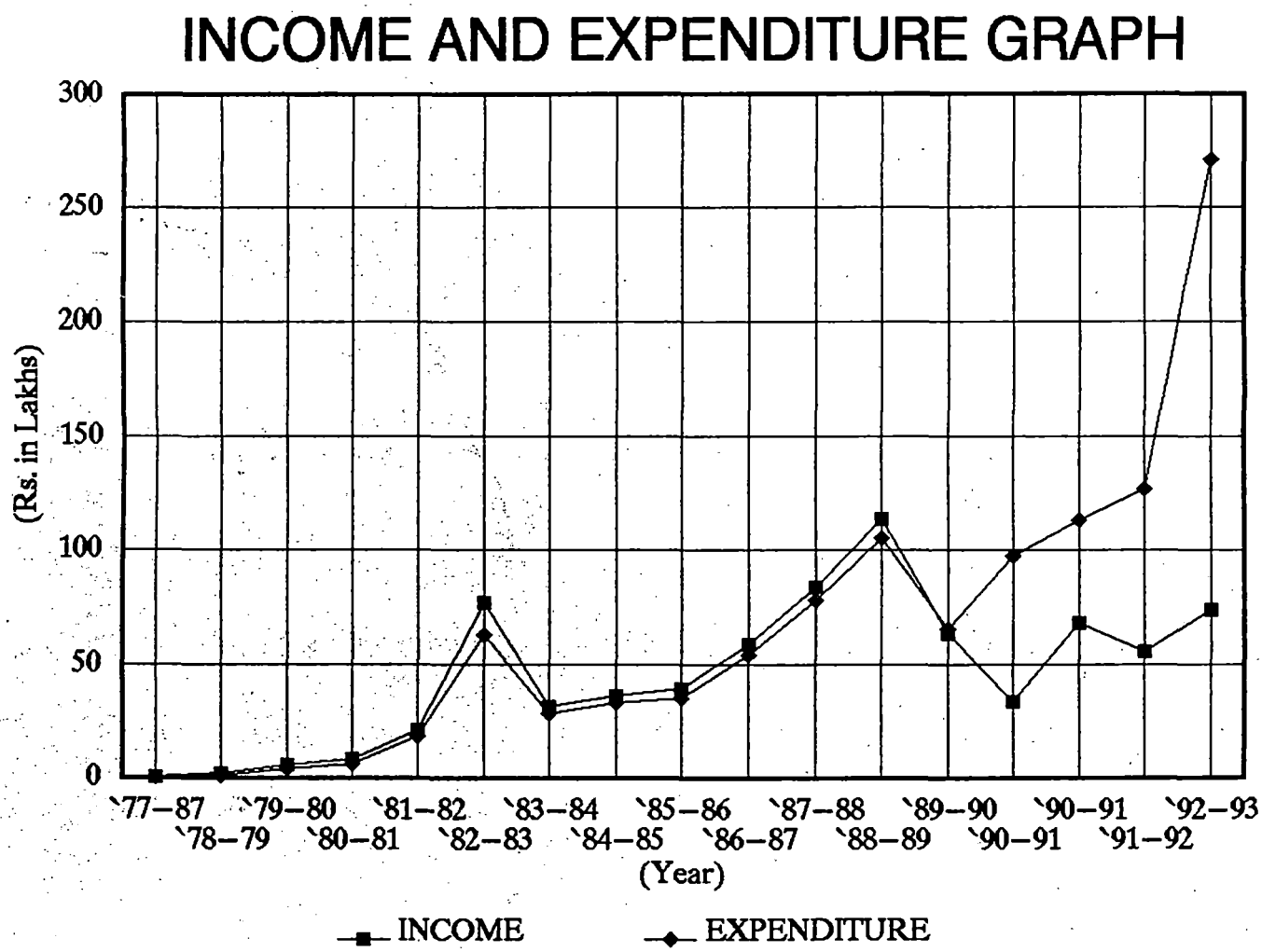
INCOME AND EXPENDITURE GRAPH
300
250
200
150
100
50
0
(Rs. in Lakhs)
`77–87
`78–79
`79–80
`80–81
`81–82
`82–83
`83–84
`84–85
`85–86
`86–87
`87–88
`88–89
`89–90
`90–91
`90–91
`91–92
`92–93
(Year)
INCOME
EXPENDITURE

Table-XI.3

ACCRUED INCOME AND EXPENDITURE

Year ended 31st March	Accrued Inc. as % to total inc.	Accrued Exp. as % to total exp.	Accrued inc. as % to Intt. inc.	Accrued Exp as % to Intt. Payment
1978	1.3	-	3.3	-
1979	17.4	3.6	40.0	-
1980	16.4	3.7	35.7	10.0
1981	34.9	48.4	60.0	12.5
1982	14.6	16.9	43.1	13.0
1983	1.8	2.2	12.8	15.8
1984	24.1	4.3	48.1	18.5
1985	32.4	4.3	52.7	14.9
1986	38.9	5.4	41.6	12.8
1987	55.3	9.0	56.1	16.4
1988	40.2	7.4	40.5	13.9
1989	45.9	4.0	46.1	7.0

Source : Annual reports, 1977-89, SIDICO.

Table-XI.4

TREND IN NET PROFIT ON CASH BASIS TILL 31.3.89

(Rs. in Lakhs)

Year ended 31st March	Net Profit on Accrual basis	Accrued Income	NP on Cash basis
1978	0.3	0.01	0.29
1979	0.9	0.4	0.5
1980	2.0	1.0	1.0
1981	2.4	3.0	(0.6)
1982	2.9	3.1	(0.2)
1983	14.0	1.4	12.6
1984	3.4	7.6	(4.2)
1985	3.5	11.8	(8.3)
1986	3.9	15.3	(11.4)
1987	4.7	32.6	(27.9)
1988	5.7	33.7	(28.0)
1989	7.9	52.0	(44.1)

Note : Figures in Parentheses denote net losses.

Source : Annual Reports, 1977-89, SIDICO.

Table-XI.5

GROWTH IN ASSETS AND LIABILITIES

(Rs. in Lakhs)

Year	Current Assets		Current Liabilities		Growth in Total Assets	
	Amount	Annual Growth (in %)	Amount	Annual Growth (in %)	Amount	Annual Growth (in %)
1977-78	13.8	-	0.5	-	14.6	-
1978-79	37.8	173.9	18.7	3640.0	42.4	190.4
1979-80	40.6	7.4	9.8	47.6d	64.5	52.1
1980-81	33.3	18.0d	10.2	4.0	96.5	49.6
1981-82	22.4	32.7d	14.5	42.1	116.9	21.1
1982-83	52.7	135.3	15.5	7.0	173.6	48.5
1983-84	60.9	15.6	11.4	26.4d	273.7	57.7
1984-85	38.8	36.3d	10.4	8.8d	363.3	32.7
1985-86	48.7	26.6	24.7	137.5	533.9	46.9
1986-87	31.4	35.5d	24.2	2.0d	706.4	32.3
1987-88	158.7	405.4	99.6	311.6	1117.9	58.2
1988-89	41.3	74.0d	43.6	56.2d	1285.0	14.9
1989-90	111.3	169.5	7.6	82.6d	1563.4	21.7
1990-91	68.6	38.4d	6.7	11.8d	1727.4	10.5
1991-92	31.0	54.8s	17.6	162.7	1923.3	11.3
1992-93	38.5	24.2	107.7	511.9	2192.3	14.0
1993-94	64.1	66.5	48.4	55.0d	2078.0	5.2d
1994-95	21.1	67.1d	48.3	-	1591.8	23.4d

Note : d = decrease.

Source : Computed from the Annual Reports, 1977-95, SIDICO.

Table-XI.6

ASSET CLASSIFICATION OF SIDICO ASSISTED UNITS AS ON 31.3.94

(Rs. in Lakhs)

Categories of Investment	Standard		Sub-Standard		Doubtful and Loss Assets				Total Principal Outstanding
	No. of units	Total Principal Outstanding	No.	Total Principal Outstanding	No.	Total Doubtful Outstanding	Total Loss Outstanding	Total Principal Outstanding	
A. S.S.I.	8	27.4	9	169.9	72	817.5	156.0	973.5	1171.2
B. Composite	154	16.4	13	2.0	341	63.7	-	63.7	82.2
C. Taxi(S.V.O.)	33	20.2	31	25.3	52	33.0	9.0	42.0	87.5
D. Hotel	47	155.4	11	34.7	69	102.2	35.0	137.2	327.2
Total	242	219.8	64	231.9	534	1016.4	200.0	1216.4	1668.1

Source : Compiled from the "Study Report on Assets Classification...."Executive Summary, No.I, 1994, WEBCON,

Table-XI.7

TREND IN INTEREST COST, INCOME AND COST COVERAGE

Year	Interest on Av.TL (IN PERCENT)	Cost of Av. Borrowings (IN PERCENT)	Interest Coverage Ratio
1979-80	21.5	3.9	5.0
1980-81	14.3	7.2	2.5
1981-82	13.5	6.8	2.3
1982-83	12.6	6.9	4.9
1983-84	13.2	8.0	1.5
1984-85	11.3	8.1	1.4
1985-86	11.5	7.6	1.3
1986-87	12.7	10.0	1.2
1987-88	12.1	8.4	1.1
1988-89	12.0	9.0	1.1
1989-90	5.6	5.5	0.9
1990-91	2.3	8.3	0.1
1991-92	4.4	8.7	0.5
1992-93	3.1	9.4	0.3
1993-94	3.8	9.6	0.3
1994-95	3.1	9.1	0.4

Note : Term Loan (TL) excludes Provision and Accrued Interest on Loan.

Source : Computed from Annual Reports, 1979-95, SIDICO.

Table-XI.8

SOLVENCY RATIOS

Year	D-E Ratio	DSCR	Cost of Capital	Current Ratio	Proprietary Ratio
1978-79	0.3	3.3	-	0.04	0.4
1979-80	0.4	2.6	-	0.2	0.6
1980-81	0.7	2.0	1.3	0.1	0.5
1981-82	0.6	1.3	2.6	0.6	0.5
1982-83	0.9	1.9	2.9	0.9	0.5
1983-84	0.5	1.5	3.0	3.2	0.6
1984-85	0.6	1.3	3.0	1.9	0.6
1985-86	0.8	1.0	3.3	0.6	0.5
1986-87	1.0	1.4	4.8	0.7	0.5
1987-88	1.3	1.4	4.6	0.2	0.4
1988-89	1.2	1.0	5.0	0.3	0.4
1989-90	1.1	1.1	3.0	7.7	0.5
1990-91	1.1	0.3	4.5	2.8	0.5
1991-92	1.2	0.4	4.6	1.1	0.5
1992-93	1.0	0.4	4.9	0.2	0.4
1993-94	1.0	0.9	5.0	0.4	0.5
1994-95	1.0	0.6	4.6	0.01	0.7

Source : Computed from Annual Reports, 1978-95, SIDICO.

Table-XI.9

PROFITABILITY RATIOS

(In Percent)

Year	Net Profit to Total Assets	Net Profit to Working Fund	Return on Average Equity	Return on Average Capital Employed
1978-79	2.1	2.2	7.9	6.3
1979-80	3.1	2.9	8.8	6.4
1980-81	2.5	3.4	3.3	3.8
1981-82	2.5	5.2	6.2	3.3
1982-83	8.1	13.9	23.2	12.4
1983-84	1.2	2.1	3.0	1.6
1984-85	1.0	1.9	2.1	1.1
1985-86	0.7	1.5	1.7	0.9
1986-87	0.7	1.5	1.6	0.7
1987-88	0.5	0.9	1.5	0.6
1988-89	0.6	1.9	1.6	0.6
1989-90	Neg.	Neg.	Neg.	Neg.

Note : 1. Neg. = Negative.

2. Working Fund is the 'Source of Fund'.

Source : Computed from the Annual Reports, 1978-90, SIDICO and Appendix No. I.