

Corporate Performance – Q1 FY20

Contact:

Madan Sabnavis
Chief Economist
madan.sabnavis@careratings.com
+91-22- 6837 4433

Author:

Dr. Rucha Ranadive
Economist
rucha.ranadive@careratings.com
+91-22-6837 4406

Mradul Mishra (Media Contact)
mradul.mishra@careratings.com
+91-22-6837 4424

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The first quarter of the fiscal year 2019-20 has been marked by disappointing and weak corporate earnings indicative of overall slowdown in various industries and the economy. Based on a sample of 2,976 companies, there is a clear slowdown in growth in net sales and profitability of the companies. In Q1 FY20, the net sales of the sample companies grew at a lower 4.6% compared with the 13.5% in the comparable quarter last year. Similarly, the aggregate net profit of sample companies has also grown at a moderate rate of 6.6% (yoy) as against the 24.6% in Q1 FY19.

Aggregate Performance

Table 1: Aggregate Performance – Q1 FY20 (all companies)

2,976 Companies Rs. Crore	Net Sales (Rs. Cr.)			Growth (%)	
	Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Net Sales	15,58,553	17,68,896	18,49,909	13.5	4.6
Profit after tax (PAT)	92,239	1,14,890	1,22,522	24.6	6.6

Source: Ace Equity

- Total expenditure of the companies grew at 4% in Q1 FY20, lower than the 11% growth in the corresponding quarter a year ago. The increase in expenditure is driven by higher expenses towards employees compensation (10.6% growth) while decline in the cost of materials (-1.1%) has helped in lowering the expenditure of the companies during the quarter.
- Operating profit of the companies has grown at a slower pace of 4.1% as against a double digit growth exhibited in Q1 FY19.
- Operating profit margin has remained stable at around 20% in Q1 FY20.
- There has been substantial increase in rate of growth of interest and depreciation, both of which grew at a double digit pace during the quarter Q1 FY20.
- Profit after tax (PAT) has grown at 6.6% compared with 24.6% last year.
- PAT margins increased only marginally by 10 bps from 6.5% in Q1 FY19 to 6.6% in Q1 FY20.

The snapshot of financials of a sample of 2,574 companies which excludes banks and finance companies has been given in Table 2.

Table 2: Aggregate Performance (excluding banks and finance) – Q1 FY20

2,574 Companies Rs. Crore	Net Sales (Rs. Cr.)			Growth (%)	
	Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Net Sales	12,73,241	14,53,416	14,93,030	14.2	2.7
Expenditure	11,29,341	12,54,244	12,99,738	11.1	3.6
Cost of raw materials	4,32,421	5,44,742	5,38,923	26.0	-1.1
Power and fuel	38,569	44,625	45,949	15.7	3.0
Employee Cost	1,02,943	1,12,446	1,22,694	9.2	9.1
Other expenses	5,55,409	5,52,431	5,92,172	-0.5	7.2
Operating Profit	1,92,157	2,46,141	2,43,600	28.1	-1.0
Interest	37,372	40,848	45,902	9.3	12.4
Depreciation	47,473	51,383	63,084	8.2	22.8
Tax	32,631	49,687	40,232	52.3	-19.0
Profit after tax (PAT)	71,542	1,09,419	96,441	52.9	-11.9
	Ratio				
Operating Profit Margin (%)	15.1	16.9	16.3		
PAT margin (%)	5.6	7.5	6.5		
Interest Cover	5.1	6.0	5.3		
Effective tax rate (%)	31.3	31.2	29.4		
Interest/Sales (%)	2.9	2.8	3.1		

Source: Ace Equity

- Net sales have grown at much slower rate of 2.7% in Q1 FY20 compared with 14.2% registered during Q1 FY19.
- Expenditure has grown by 3.6% compared with 11.1% in the corresponding quarter in FY19. The slower growth in expenditure can in part be attributed to decline in the expenses on raw materials, which contracted by -1.1%, which is in line with lower wholesale price inflation in the manufactured products which grew by moderate 1.4% in Q1 FY20 lower than the 3.8% inflation in the corresponding quarter in FY19.
- Similarly, the WPI based inflation in fuel and power too have moderated to 1.2% in Q1 FY20, substantially lower than the 12.3% inflation registered in Q1 FY19, resulting in the lower expenses by the corporates towards the power and fuel.
- Operating profit of the companies declined by -1% in Q1 FY20 as against a growth by 28.1% during Q1 FY19. Decline in growth in sales and relatively higher growth in expenditure has led to this decline. Operating profit margin thus witnessed moderation by 60 bps to 16.3% in Q1 FY20 compared with Q1 FY19 (16.9%).
- Interest cost for the corporates has increased by 12.4% in Q1 FY20, higher than the 9.3% growth in Q1 FY19. While the borrowings by the corporates have remained more or less stable as the bank credit growth in the manufacturing and services has grown by 9.3% (yoy) in Q1 FY20 as compared with the 9.5% in the comparable quarter last year, the cost of the borrowing has increased as the Weighted Average Lending Rate on fresh loans increased by 35 bps to 9.77% in Q1 FY20 (9.42% in Q1 FY19) and average Marginal Cost of Lending Rate (MCLR) is higher by 25 bps to 8.73% in Q1 FY20 (8.48% in Q1 FY19) resulting in higher interest expense by the corporates during the quarter.
- Profitability of these companies has declined during the quarter. In Q1 FY20, PAT contracted by substantial -11.9% as against the 52.9% growth in the corresponding quarter in FY19.
- As a result, PAT margin has decreased by 1% from 7.5% in Q1 FY19 to 6.5% in Q1 FY20.
- Interest cover measured as a ratio of PBDIT to interest for the sample of 2,574 companies (excluding banks and finance) has declined from 6 times in Q1 FY19 to 5.3 times in Q1 FY20 owing to increase in interest expense by 12.4% during the quarter.
- Effective tax rate measured as a ratio of tax to profit before tax has declined to the lowest in Q1 FY20 to 29.4% compared with the corresponding quarters in FY18 and FY19.

Size wise breakdown

A sample of 2,574 companies (excluding banks and finance) has been disaggregated according to the net sales of the companies in Q1 FY20 in 5 different categories as per the size of sales to assess the performance across various size groups. Table 3 below summarises the categorisation of the companies based on their net sales in Q1 FY20.

Table 3: Size-wise aggregate performance – Q1 FY20

Size Range (Rs. Cr.)	Annual equivalent Size range (Rs. Cr.)	No. of Companies	Net Sales Q1 FY20	Growth in Net Sales (%)		Growth in Net Profits (%)	
				Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Above 250	Above 1,000	576	1,399,884	15.3	3.5	46.6	-11.2
125-250	500-1,000	253	44,986	6.8	-1.9	NA	19.1
25-125	100-500	645	40,050	-1.4	-9.8	NA	NA
2.5-25	10-100	684	7,767	-5.4	-19.1	NA	NA
below 2.5	below 10	416	343	-50.9	-60.7	NA	NA

Note: NA - movement from profit/loss to loss/profit

Source: Ace Equity

- 576 companies with the net sales more than Rs. 250 cr each accounted for 94% of the total sales of the sample companies in Q1 FY20. The next bracket of net sales viz; Rs. 125-250 cr had 253 companies and the other with net sales bracket of Rs. 25-125 cr with 645 companies had a 3% share each in the total sales of the sample.
- Barring the large companies (net sales above Rs. 250 cr), the all other brackets indicated decline in net sales in Q1 FY20. The net sales of large companies increased, though moderately, by 3.5% in Q1 FY20, lower than the 15.3% growth in Q1 FY19. However, the net profits of these companies declined by -11.2% during the first quarter of FY20 compared with a growth by 46.6% during Q1 FY19.
- The next net sales bracket (Rs. 125-250 cr) witnessed a drop in net sales by -1.9%. However, after experiencing net losses in Q1 FY18 by Rs. 126 cr., the companies in this bracket registered net profits in Q1 FY19 and further grew by 19.1% in Q1 FY20.
- In the size bracket of net sales below Rs. 125 crore, all the companies have registered decline in net sales – Rs. 25-125 cr by -9.8%, Rs. 2.5-25 cr by -19.1% and below Rs. 2.5 cr by -60.7% in Q1 FY20.
- The companies in the net sales bracket of Rs. 25 – 125 cr slipped into net losses worth Rs. 184 cr in Q1 FY20 from net profits amounting to Rs. 570 cr in Q1 FY19.
- The companies in the last two net sales brackets continued to witness net losses in Q1 FY20 and the quantum of losses widened during the quarter.
- Net losses of companies within the net sales bracket of Rs. 2.5-25 cr increased by Rs. 222 cr from Rs. 526 cr in Q1 FY19 to Rs. 748 cr in Q1 FY20.
- Likewise, the net losses of small companies (below Rs. 2.5 cr net sales) widened from Rs. 258 cr in Q1 FY19 to Rs. 362 cr in Q1 FY20 – an increase by Rs. 105 cr.

Industry-wise analysis

The matrix below provides information on industry wise performance of some of the major sectors on the basis of their net sales and net profit growth in Q1 FY20. It can be seen that most of the industries have registered negative growth during the quarter in net sales as well as net profits.

Table 4: Industry matrix of net sales and net profit growth

Net Profit → Net Sales ↓	< (-)20	(-)20 to 0	0 to 10	10 to 20	20 to 30	30 to 40	>40
< (-)20	-Finance - Investment -Electrodes and Welding Equipment -Aluminium & Aluminium Products						
(-)20 to 0	-Auto -Textiles -Fertilizers -Steel and Iron -Refineries -Electric equipment -Metal - Non ferrous	-Hotel, Resort and Restaurant -Diamond and Jewellery -Oil Exploration			-Ceramics		
0 to 10	-Steel/Sponge Iron/Pig Iron -Plastics -Glass -Pesticides and Agrochemicals -Dyes & Pigments -Public Sector Banks -Sugar	-Tyres and allied -Power -Rubber	-IT software -Industrial Gases and Fuels	-Paper and Paper Products -Household and Personal Products	-Engineering - Construction	-Consumer goods -Port	-Pharma and Drugs -Tea/Coffee -Cement -Real Estate
10 to 20	-Solvent Extraction		-Finance - NBFC -Logistics -Consumer Foods	-Mining and Minerals -Ship Building -Finance - Term lending -Housing Finance -Retailing	-Paints		-Hospital and Healthcare Trading
20 to 30	-Telecom - Service Providers					-Private Banks -Engineering	
>30	-Railway Wagon						-Airlines

Source: Ace Equity, CARE Ratings estimation

Most of the industries have indicated lacklustre performance during the quarter. We have assessed the some of the factors leading to weaker performance of certain select industries below,

Sugar

- The industry witnessed increase in net sales by 7.8% during Q1 FY20 though it did not result in increase in the profitability of the industry.
- Higher sugar prices are believed to have aided the sales growth and supported the industry at net level. The average wholesale sugar prices had increased by 10.8% y-o-y to Rs.33 per kg during Q1FY20. The growth in prices is backed by Minimum Support Price (MSP) of Rs.29 per kg fixed by the government in June 2018, which was further increased to Rs.31 per kg in February 2019.

Automobiles

- In terms of sales, the automobiles industry witnessed a decline in sales of 10.5% in Q1 FY20 vis-à-vis a double-digit growth of over 19% during Q1 FY19. Similarly, IIP of motor vehicles, trailers and semi-trailers witnessed a decline of 8.4% in Q1 FY20 vis-à-vis a sharp growth of 22.4% during corresponding period previous year
- Sales of passenger vehicles and two & three wheelers segment witnessed a y-o-y decline of 14.8% and 9.7% respectively on back of increased cost of ownership (insurance cost). Commercial Vehicles volumes declined by over 13.6% y-o-y on back of curtailed lending by NBFCs and lower rentals that forced the fleet owners to defer their purchases. Also, volatility in freight rates and increase in fuel prices further impacted demand.
- Price hikes in passenger vehicles and two wheeler segments due to new safety norms starting April 1, 2019, higher insurance costs and high inventories at retail (dealers) level causing slow movement in wholesale movement continue to weigh on the overall automobile sales during Q1 FY20
- However, the new launches in passenger vehicles segment witnessed strong demand despite higher price, increased insurance and interest costs.

- Exports of commercial vehicles and two & three wheeler segment witnessed a sharp decline of about 50% and 10% respectively while exports of passenger vehicles segment witnessed y-o-y growth of about 4% during Q1 FY20.
- Industry profits declined by about -11.7% during the quarter vis-à-vis a growth of over 83.8% during Q1 FY19 that can be attributed to weak sales booked despite various deals and discounts offered by players.

Textiles

- Textiles sales witnessed only a marginal decline of about 0.6% in Q1 FY20 Vis-a Vis a decline of over 8.4% during corresponding period previous year. This improvement in sales was supported by volume sales post various rate changes under the tax regime over the last few quarters. However, under IIP, while manufacturing of textiles witnessed a negligible growth of about 0.1% in Q1 FY20, Q1 FY19 witnessed a higher growth of about 0.9% y-o-y. This can be attributed to the sales of piled up inventories with the players being carried forward during the last few quarters.
- In terms of exports, better rupee realizations despite lower dollar exports supported the growth.
- Higher sales and better realizations has aided the industry to book profits during the quarter vis-à-vis a net loss witnessed in the corresponding period previous year.

Banking

- The performance of private sector banks has improved during the quarter while the public sector banks continued to remain under pressure. The net sales of private banks have grown by 23% in Q1 FY20 higher than the 17.4% growth during Q1 FY19. Public sector banks too witnessed growth in net sales by 8.1% compared with the 5.1% growth in Q1 FY19.
- In terms of net profits, the profits of the private banks increased by 30% in Q1 FY20 as against the contraction by -16.8% in Q1 FY19 while the public sector banks registered net profits worth Rs. 147 cr in Q1 FY20 compared with net losses of Rs. 16,038 cr in Q1 FY19.
- Improvement in the NPA situation, rising net interest income as well as uptick in credit off take have resulted in the better performance this quarter by the banks. However, higher provisioning for NPAs has pressured the performance of the public sector banks during the quarter.

Finance

- Finance sector has registered double digit growth during the quarter Q1 FY20 with net sales growing by 15.4% while the net profits increasing by 10.9%. These growth rates were however lower than that in Q1 FY19 – net sales 17.4% and net profits 32.8%.
- Bank credit growth to NBFCs expanded substantially at 37.6% (yoy) as on June'19 compared with 35.4% (yoy) in June'18. Similarly, the bank credit off take by housing grew at 18.9% (yoy) as on June'19 over 15.8% (yoy) growth last year. The relatively higher lending rates resulting into higher interest income and surplus liquidity has improved the performance of the finance companies during the quarter.

Metals

- Metal industry continued to register lacklustre growth during the Q1 FY20. The net sales have declined by -4.8% while the net profits contracted by -57.4% in Q1 FY20 over the previous quarter. The primary factor dragging the performance is the decline in prices of metals that had an impact on the sales and profit margins.

- Revenues and profits of aluminium and non-ferrous metals has fallen due to fall in commodity prices driven by the escalation of the US China trade wars. The prices of aluminium have declined by 20.7% while that of copper have fallen by 11% in Q1 FY20 over Q1 FY19.

Steel

- Steel industry too have witnessed decline in net sales by -3.8% and in net profits by -60% in Q1 FY20. A decline in steel prices on account of weak demand from user industries impacted the sales and profits of the industry. The prices of steel products fell in the range of 1%-7% during the Q1FY20. Also, consumption rose at a slower pace of 7.3% in the Q1FY20 compared to the growth of 8.7% in the Q1FY19.
- A slowdown in domestic steel demand has constrained sales realization and pressure on steel prices, the decelerating auto mobile sector and scant global growth also impacted the overall performance of the industry.

Oil/Refinery/Mining

- There has been a contraction in the net sales and net profits in oil exploration and refineries companies during the quarter.
- The net sales of oil exploration fell by -2.4% while net profits declined by -4.9% in Q1 FY20. The revenues of oil exploration have fallen due to the volatile commodity price realizations.
- While the net sales of refineries have declined by -0.6%, net profits of the companies have contracted by -31.7% in Q1 FY20 as against the growth in net profits by 37.5% in the comparable quarter last year. Refineries profits have fallen because of low gross refining margins. The Singapore benchmark GRM margin has fallen 43% y-o-y.

FMCG

- The industry registered double digit growth during the quarter – net sales grew by 9.4% while net profits expanded by 32.2% in Q1 FY20.
- Growth in net sales was seen mainly owing to new product launches in the domestic market especially in the beauty, home and personal care segments while demand for consumer foods segment remained largely stable for most players. The emergence of E-commerce continues to improve the distribution reach.
- Volume led growth from both rural as well as urban markets during the quarter supported the sales growth of the FMCG players during Q1 FY20. Also, some companies have witnessed marginal recovery in the international business.

Cement

- Cement and construction materials have seen a growth by 6.3% in the net sales while the net profits of these companies have increased by 68.1% in Q1 FY20 as against the contraction registered in the corresponding quarter last year.
- The sales growth during the quarter was driven by increase in cement prices along with increased sales volume. Reduction in power, fuel and logistics cost has helped in better realisation of profits by the companies during the quarter.

Real Estate

- Real estate sector has witnessed improvement in the performance during the quarter. The net sales have increased by 22% while the net profits of these companies have more than doubled in Q1 FY20.

- Bank credit off take by the sector has also increased by 10.3% (yoy) in June'19 compared with 5.2% in the corresponding period last year indicative of pick up in the activity in this segment.
- Companies have gained on sale of completed commercial and retail properties and land parcels. Overall sales of residential real estate improved marginally. At the same time, lease rentals too have improved across cities in commercial real estate. Improved operating efficiency and reduction in financing costs as more companies follow build and sell model has resulted in increased net profits by the industry as a whole.

Telecom

- The industry has exhibited signs of revival during the first quarter of FY20. Overall net sales of the telecom industry have grown by 23.5% in Q1 FY20 as a result of increased sales realisation with the introduction of minimum recharge plans by the incumbents since the December 2018 quarter. The price-war continued in the telecom industry on account of intense competition.
- The merger of Vodafone India with Idea cellular was completed on August 31, 2018 and accordingly the industry financials include Vodafone India figures from August 31, 2018. Hence, Q1FY20 figures are not comparable to earlier periods.

Drugs and Pharma

- The performance of the pharmaceuticals and drug industry has improved during the quarter. The net sales of the industry have increased by 8.6% while the net profits increased by 51% in Q1 FY20 on the year on year basis.
- The growth in industry's revenues is backed by an improvement in sales in the international market like the US and product launches by some players in the industry.

Paints

- The net sales of the industry have grown impressively by 14.1% in Q1 FY20 compared with muted growth by 3% in the Q1 FY19. Likewise, net profits have grown by 21% in Q1 FY20 over the 23.9% growth in Q1 FY19.
- The growth in paints industry's sales during the quarter was primarily driven by decorative paints segment. However, a slowdown in automotive industry leading to lower demand for industrial paints is believed to have curtailed the overall growth in sales during the quarter.

Fertilizers

- Fertiliser industry too witnessed decline in net sales during the quarter by -4.4% which in turn affected the profitability of the companies with net profits falling by 92% in Q1 FY20 on the year on year basis. Fertilizer revenues have fallen due to delay in the sowing season due to the late onset of the monsoons.

Paper and paper products

- The net sales of paper and paper products have grown at 1.6% lower than the 20.4% growth during Q1 FY19 while the net profits have increased by 11.4%. Lower input costs due to better sourcing strategies and higher realizations coupled with enriched product mix enabled higher results. However kraft paper margins were under stress due to lower prices, which impacted the bottom line of the paperboard segment.

Annexure A

Table A.1 below provided information on industry wise performances of 62 industries in terms of net sales growth in Q1 FY19 and Q1 FY20.

Table A.1: Industry-wise net sales and growth

Industry	No. of Companies	Net sales (Rs. Cr.)			% Growth	
		Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Consumer Goods (Non-discretionary)	303	81,802	88,403	96,676	8.1	9.4
Consumer Food	72	19,024	20,426	23,141	7.4	13.3
Household & Personal Products	22	15,383	16,351	17,381	6.3	6.3
Pharmaceuticals & Drugs	139	29,389	35,706	38,774	21.5	8.6
Solvent Extraction	23	4,067	3,936	4,547	-3.2	15.5
Sugar	32	12,272	10,187	10,984	-17.0	7.8
Tea/Coffee	15	1,667	1,797	1,849	7.8	2.9
Consumer Goods (Discretionary)	171	28,926	27,639	28,906	-4.5	4.6
Consumer Durables - Domestic Appliances	12	5,149	5,558	6,478	7.9	16.6
Consumer Durables - Electronics	5	1,312	1,508	1,981	15.0	31.4
Textile	154	22,465	20,573	20,447	-8.4	-0.6
Automobiles & Related	103	100,174	119,108	109,754	18.9	-7.9
Auto Ancillary	79	18,968	22,146	20,571	16.8	-7.1
Two & Three Wheelers	6	20,480	22,924	22,559	11.9	-1.6
Passenger Cars	2	31,740	35,331	31,658	11.3	-10.4
Tractors	4	1,365	1,679	1,584	23.0	-5.7
Trucks/LCV	4	15,933	24,100	20,136	51.3	-16.4
Tyres & Allied	8	11,687	12,928	13,246	10.6	2.5
Capital Goods	204	35,714	39,550	37,729	10.7	-4.6
Electric Equipment	43	14,613	13,827	13,324	-5.4	-3.6
Electrodes & Welding Equipment	11	940	3,796	2,187	303.6	-42.4
Electronics - Components	20	655	523	688	-20.2	31.6
Engineering	14	1,787	2,306	2,868	29.0	24.4
Engineering - Industrial Equipments	98	15,461	16,690	15,832	7.9	-5.1
Railways Wagons	4	357	531	837	48.5	57.7
Telecom - Equipment	14	1,900	1,877	1,992	-1.2	6.1
Metals	134	104,613	121,486	115,633	16.1	-4.8
Aluminium & Aluminium Products	13	2,694	3,639	2,728	35.1	-25.0
Metal - Non Ferrous	22	27,411	28,444	25,656	3.8	-9.8
Steel & Iron Products	88	68,806	79,484	76,497	15.5	-3.8
Steel/Sponge Iron/Pig Iron	11	5,703	9,919	10,752	73.9	8.4
Construction/Real Estate	159	43,993	44,012	48,368	0.0	9.9
Cement & Construction Materials	38	30,534	30,392	32,313	-0.5	6.3
Ceramics/Marble/Granite/Sanitaryware	24	2,596	2,500	2,484	-3.7	-0.6
Construction - Real Estate	97	10,862	11,121	13,571	2.4	22.0
Banking	38	231,359	252,096	285,111	9.0	13.1
Bank - Private	19	71,958	84,508	103,962	17.4	23.0
Bank - Public	19	159,401	167,588	181,149	5.1	8.1
Finance	315	50,018	58,726	67,791	17.4	15.4
Housing Finance	13	18,504	22,843	27,390	23.5	19.9
Investment	121	1,576	2,427	1,616	54.0	-33.4
NBFC	172	16,535	19,675	23,249	19.0	18.2
Term Lending	9	13,404	13,782	15,536	2.8	12.7
Services	279	134,434	143,397	164,482	6.7	14.7
Airlines	2	7,609	8,696	12,342	14.3	41.9
Hospital & Healthcare Services	26	3,320	3,723	4,281	12.1	15.0
Hotel, Resort & Restaurants	46	2,181	2,161	2,088	-0.9	-3.4
IT - Software	140	70,851	81,513	89,516	15.0	9.8
Logistics	27	5,187	5,788	6,446	11.6	11.4
Retailing	18	15,212	16,646	19,339	9.4	16.2
Shipping	11	2,180	2,259	2,231	3.6	-1.3
Telecom - Service Provider	9	27,895	22,610	28,239	-18.9	24.9

Industry	No. of Companies	Net sales (Rs. Cr.)			% Growth	
		Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Oil/Refinery/Mining	27	375,617	468,597	466,131	24.8	-0.5
Mining & Minerals	11	4,464	4,281	5,113	-4.1	19.4
Oil Exploration	9	21,721	30,910	30,170	42.3	-2.4
Refineries	7	349,432	433,406	430,848	24.0	-0.6
Infrastructure	99	86,846	87,608	95,027	0.9	8.5
Engineering - Construction	64	32,272	33,303	36,256	3.2	8.9
Port	2	1,815	1,257	1,382	-30.7	9.9
Power Generation/Distribution	29	50,960	51,011	54,961	0.1	7.7
Ship Building	2	583	697	772	19.5	10.7
Transmission Towers / Equipments	2	1,217	1,340	1,656	10.1	23.6
Others	432	116,372	135,266	139,441	16.2	3.1
Diamond & Jewellery	21	18,157	21,243	19,373	17.0	-8.8
Dyes & Pigments	16	1,153	1,250	1,322	8.5	5.7
Fertilizers	22	13,840	17,786	16,998	28.5	-4.4
Glass	11	1,511	1,691	1,746	11.9	3.3
Industrial Gases & Fuels	17	19,911	28,669	29,594	44.0	3.2
Paints	5	7,005	7,213	8,227	3.0	14.1
Paper & Paper Products	47	4,990	6,009	6,106	20.4	1.6
Pesticides & Agrochemicals	22	7,049	7,950	8,146	12.8	2.5
Plastic Products	92	11,888	12,708	12,822	6.9	0.9
Rubber Products	11	321	374	392	16.3	4.9
Trading	168	30,546	30,374	34,714	-0.6	14.3

Note: NA - movement from profit/loss to loss/profit

Source: Ace Equity, CARE Ratings estimation

- 22 out of 62 industries have registered a double digit growth in Q1 FY20 in terms of net sales namely consumer durables, electronics, engineering, private banks, housing finance, retail, NBFCs, hospital and healthcare, trading, consumer food among others.
- On the contrary, 20 industries have registered negative growth in the net sales during the quarter.
- Passenger cars, Trucks/LCVs, aluminium products, finance investment and electrical equipment have witnessed a double digit contraction in the net sales in Q1 FY20 compared with a double digit growth registered in the comparable quarter last year.

Annexure B

Table A.2 below provided information on industry wise performances of 62 industries in terms of net profit growth in Q1 FY19 and Q1 FY20.

Table A.2: Industry-wise net profits and growth

Industry	No. of Companies	Net Profit (Rs. Cr.)			% Growth in Net Profits	
		Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Consumer Goods (Non-discretionary)	303	4,618	7,962	10,527	72.4	32.2
Consumer Food	72	1,594	1,927	2,077	20.9	7.8
Household & Personal Products	22	1,930	2,439	2,730	26.4	11.9
Pharmaceuticals & Drugs	139	658	3,591	5,430	445.8	51.2
Solvent Extraction	23	29	106	81	269.7	-23.4
Sugar	32	232	-244	-12	NA	NA
Tea/Coffee	15	177	144	220	-18.6	52.7
Consumer Goods (Discretionary)	171	-6,131	-428	825	NA	NA
Consumer Durables - Domestic Appliances	12	399	380	425	-4.7	11.8
Consumer Durables - Electronics	5	67	103	132	51.9	28.7
Textile	154	-6,598	-911	268	NA	NA
Automobiles & Related	103	5,426	9,971	8,807	83.8	-11.7
Auto Ancillary	79	556	1,276	998	129.4	-21.8
Two & Three Wheelers	6	2,463	2,770	3,028	12.5	9.3
Passenger Cars	2	2,306	3,196	3,749	38.6	17.3
Tractors	4	90	146	104	63.0	-29.0
Trucks/LCV	4	-315	1,670	177	NA	-89.4
Tyres & Allied	8	326	912	751	179.8	-17.6
Capital Goods	204	1,000	2,659	1,188	166.1	-55.3
Electric Equipment	43	482	338	205	-29.9	-39.4
Electrodes & Welding Equipment	11	32	1,657	459	NA	-72.3
Electronics - Components	20	-13	-26	19	NA	NA
Engineering	14	272	338	440	24.3	30.2
Engineering - Industrial Equipments	98	349	547	272	56.9	-50.2
Railways Wagons	4	-6	1	20	NA	NA
Telecom - Equipment	14	-117	-197	-227	NA	NA
Metals	134	-378	10,370	4,413	NA	-57.4
Aluminium & Aluminium Products	13	83	695	99	732.2	-85.7
Metal - Non Ferrous	22	2,265	2,532	1,508	11.8	-40.5
Steel & Iron Products	88	-2,506	6,811	2,724	NA	-60.0
Steel/Sponge Iron/Pig Iron	11	-219	332	82	NA	-75.5
Construction/Real Estate	159	4,350	2,530	4,415	-41.8	74.5
Cement & Construction Materials	38	3,439	1,946	3,270	-43.4	68.1
Ceramics/Marble/Granite/Sanitaryware	24	128	85	104	-33.9	23.0
Construction - Real Estate	97	783	499	1,040	-36.2	108.3
Banking	38	11,642	-5,994	13,218	NA	NA
Bank - Private	19	12,072	10,044	13,071	-16.8	30.1
Bank - Public	19	-430	-16,038	147	NA	NA
Finance	315	8,141	10,811	11,992	32.8	10.9
Housing Finance	13	3,290	4,642	5,421	41.1	16.8
Investment	121	242	110	64	-54.6	-41.5
NBFC	172	2,206	3,501	3,555	58.7	1.5
Term Lending	9	2,404	2,557	2,952	6.4	15.4
Services	279	17,745	17,314	14,131	-2.2	-16.8
Airlines	2	986	-10	1,462	NA	NA
Hospital & Healthcare Services	26	128	148	699	15.8	372.5
Hotel, Resort & Restaurants	46	43	39	31	-9.2	-19.4
IT - Software	140	16,247	17,473	18,434	7.5	5.5
Logistics	27	431	447	475	3.8	6.2
Retailing	18	425	591	706	39.0	19.4
Shipping	11	-237	-891	-553	NA	NA
Telecom - Service Provider	9	-279	-483	-7,124	NA	NA

Industry	No. of Companies	Net Profit (Rs. Cr.)			% Growth in Net Profits	
		Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Oil/Refinery/Mining	27	20,335	28,478	21,897	40.0	-23.1
Mining & Minerals	11	1,256	1,372	1,529	9.3	11.4
Oil Exploration	9	4,398	6,924	6,583	57.4	-4.9
Refineries	7	14,682	20,182	13,785	37.5	-31.7
Infrastructure	99	8,346	9,017	9,031	8.0	0.2
Engineering - Construction	64	936	1,548	1,893	65.4	22.3
Port	2	555	406	546	-26.8	34.2
Power Generation/Distribution	29	6,798	6,997	6,510	2.9	-7.0
Ship Building	2	91	107	121	16.8	13.1
Transmission Towers / Equipments	2	-35	-41	-39	NA	NA
Others	432	4,484	6,841	5,854	52.5	-14.4
Diamond & Jewellery	21	548	635	559	15.9	-12.0
Dyes & Pigments	16	87	190	127	117.5	-33.2
Fertilizers	22	253	886	70	249.4	-92.0
Glass	11	6	124	59	NA	-52.8
Industrial Gases & Fuels	17	1,631	2,044	2,110	25.4	3.2
Paints	5	678	839	1,017	23.9	21.1
Paper & Paper Products	47	107	423	472	293.9	11.4
Pesticides & Agrochemicals	22	396	622	335	56.8	-46.1
Plastic Products	92	472	675	232	43.0	-65.7
Rubber Products	11	-2	27	27	NA	-0.2
Trading	168	307	374	848	21.9	126.3

Note: NA - movement from profit/loss to loss/profit

Source: Ace Equity, CARE Ratings estimation

- 22 out of 62 industries have registered double digit growth in the net profits in Q1 FY20 namely hospital and healthcare, trading, construction real estate, cement, pharma and drugs, private banks, retail, Housing finance, consumer durables etc.
- 24 industries indicated a fall in net profits in Q1 FY20 on the yoy basis viz, rubber, power, oil exploration, hotels and restaurants, refineries, metals, steel, fertilizer to name a few.