

# FINANCIAL PARAMETERS FOR PRIVATISATION PROCESS A CASE STUDY OF PARASTATALS OF BOTSWANA

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## Abstract:

*The latest scene in the financial spectrum is privatisation. Privatisation with out applying proper financial parameters is a suicidal and hence an attempt is made to introduce the parameters of financial analysis to test and find out the parastatal bodies which are fit to be privatised. A case study of a few Botswana parastatals are taken as test cases.*

## Aims of Research:

This research paper aims at finding out the need of parastatals in Botswana in the 70s and 90s. It is also to locate whether there is a necessity to privatise the parastatals in Botswana, if so the criteria to be applied for privatisation. It is also to apply a few parameters based on financial analysis to find out privatisation of parastatal bodies. A few Parastatals of Botswana will be taken for case study to test these parameters and to find out the result.

## Methodology:

In order to find out the need for parastatals, the National Plans, the Parliamentary debates, annual reports of the parastatals, and other reports such as Bank of Botswana, Central Statistics are to be studied. A few financial analysis parameters will be applied to test the order of priority of parastatal bodies in Botswana for the privatisation process.

## Introduction:

### Privatisation and its need in general

#### Privatisation:

Privatisation is a process of reformation of parastatals (Public Sector Undertakings) to become more useful and profitable. In the narrow sense, privatisation means de-linking of the parastatal bodies from close political control and leaving them to be controlled by market forces. Greater reliance will be placed on the private sector as a vehicle for growth in countries across a broad spectrum of economic, social and political development. (Ibrahim: 1990). Privatisation is a process of decontrolling the controlled economy

and placing more emphasis on the market economy. Privatisation is the transfer of ownership from Government control to that of private sector.

Privatisation is most commonly defined as the transfer of Government-owned industries to the private sector implying that the predominant share in ownership of assets on transfer lies with private shareholders' (Peacock, 1994). Privatisation is the process of denationalisation of the State owned industries. In the broadest sense the process of privatisation includes, deregulation; disposal of publicly-owned agencies to the market sector; the contracting out of services formerly performed by the public authorities. Privatisation includes liberalisation and transfer of management and control of State owned enterprises to private sector.

#### Need for privatisation:

The need for privatisation can be seen by macro factors, comparative advantage and poor performance of the Government sector. Privatisation is a means to attract foreign capital and to absorb local savings. Privatisation reduces the country's deficit budget. Market imperfections due to government pampering weaken the comparative advantage of public enterprises and thereby there is a need for privatisation. Poor performance of public sector leads to privatisation (Ramanadham, 1987). 'Privatisation achieves productive efficiency by encouraging firms to minimise costs and allocative efficiency by bringing consumers' demands in line with marginal costs of supply' (Bishop et al, 1994:5). Government's control and protection are causes for inefficiency of the

parastatals. In the private sector, the nation's assets will be better used and human resources will be fully utilised. Privatisation reduces the external debt by consummating debt equity swaps; widens the economic base by allowing people to participate in development; divest business that have been growing out scarce resources from development avenues; improve management of resources; enhance consumer service and raise cash so that the government could slash taxes and deploy resources into the creation of infrastructure. (Shaw: 1991, p9).

### **Privatisation in Africa**

In other countries, Governments have taken the initiative in privatising their public sector undertakings but in Africa except the governments of Guinea, Morocco and Nigeria, 'most African Governments have proved reluctant privatizers, and there appears to be little popular desire for it, with the threat it poses to public sector employment.' (Africa Development Report, 1995:272). If there was any privatisation, it was due to the force of International Monetary Fund or other donor agencies. Such forced privatisation may lead to the adverse results. Privatisation should not be implemented for the sake of policy, but should be adopted based on the need and case by case study. Privatisation is not a panacea for all economic ills. Privatisation should be taken up only once it is sure that it is going to encourage the growth of healthy private sector.

### **Need of privatisation in Botswana:**

Government of Botswana has plans to privatise a part of its activities. In his Budget speech, the Minister made a reference about privatisation of parastatal bodies. He stated that:

*"Government's review of structural policies that establish both a basis and an environment for sustained growth will be continued. Among the policies to be reviewed will be those that will bolster saving and investment rates in the country and liberalise the economy. Privatisation of some activities currently performed by Government will be pursued."* (Mogae,

1995: p27)

At its independence in 1966, Botswana inherited inadequate infrastructure and the need of the parastatal in Botswana was felt by the then Vice-President of Botswana who stated in the National Assembly on 20 March 1971:

*'At independence we inherited an economy with a very inadequate institutional structure. Botswana was overshadowed by its economically more developed neighbours..... There was no parastatal organisation such as development corporation to promote industrialisation. There was no housing corporation to cater for housing needs. There were no public utility corporations concerned with the provision of water and electricity in urban centres. In laying the foundations for development, the government has striven over the past five years to find ways of creating the basic institutional infrastructure on which to build a dynamic economy'.*

Because of its commitment for the industrial development and other activities, government is over spreading its net in parastatals and other commercial undertakings. This can be seen from the analysis (Table 1) of government's participation in parastatals and other commercial undertakings.

Government's participation in parastatals and commercial undertakings in 1982/83 was p77.5 million and increased to p4566.4 million by 1993/94 (Bank of Botswana : S68), almost increased by 59 times. When compared to the GDP, Government's participation is increased from 6.72% to that of 41.08%. This is a clear indication that there is a controlled economy in Botswana than market economy.

The assets employed by the parastatals understudy as listed in the Table 1, reveal that the nation's wealth is concentrated in a few parastatals and it is high time to review the possibility of privatisation of parastatals in Botswana. Before applying the financial parameters for privatisation, it is advisable to

have a brief study of the historical growth of parastatals in Botswana.

### **Parastatals in Botswana:**

Parastatals are State owned institutions. 'They stand between the Government and the Private Sector, operating under general policy guidelines for day-to-day management. Unlike the government the Public Corporations have to operate in commercial environment. Their duty is to provide economic services as efficiently and therefore as cheaply to the customers, as possible' (Masire). In other words, the parastatal in Botswana are Public Sector Undertakings (PSUs). After independence, the government of Botswana developed many parastatal bodies. On the basis of their activities the parastatals in Botswana, are broadly classified into five categories (Table 2). 'Each parastatal has its own statutory mandate, but all are owned by, and responsible to, the Government. The degree of managerial autonomy accorded to the parastatals differs depending on their activities and their ability to generate net revenues rather than relying on Government financing'. (National Development Plan 1991-1997: 487). Parastatal bodies which are considered in the current exercise of privatising process are listed in Table 2 according to their function. There are other Training/Research Institutions which are not commercially oriented and hence not taken for this study.

As a developing nation, government's intervention is essential for the industrial growth and economic development. Each parastatal was established with a specific object and the object was framed on need basis. In order to find out the panacea of privatisation in Botswana it is essential to study a brief historical back ground so that it will ventilate the necessity of such parastatals in 70s and 90s.

### **Bank of Botswana (BoB)**

It is the central Bank of the country established under the Bank of Botswana Act of 1975 (CAP 55:01) with powers to supervise the Financial Institutions and money supply in the country. As the Bank of Botswana is the custodian of the money supply of the country with a mission to maintain the public confidence in the

national currency, the Bank of Botswana is excluded in this exercise of parastatal privatisation.

### **Botswana Co-operative Bank (BCB)**

Botswana Co-operative Bank was established on the 31st December 1974 with the objectives to act as a custodian of the surplus funds of the Co-operative Societies of the country, to carry the banking business and to promote education and training for the development of co-operative societies. The Co-operative Bank was less successful in deposit mobilisation. The Bank ultimately had to fold up because of its persistent losses. As the Bank was insolvent and closed, there is no need of exercising privatisation study on this Bank and hence excluded.

### **Botswana Development Corporation: (BDC)**

BDC was incorporated under the Company Act and it came into existence from 15th April, 1970 with 'an object to identify business opportunities in industry, commerce and agriculture, to undertake the related detailed feasibility studies and interest potential investors in specific projects; to participate in the equity of promising new ventures in partnership where appropriate, with foreign capital; and to promote indigenous industrial and commercial entrepreneurs.' (BDC 1971).

### **Botswana Building Society (BBS)**

The Botswana Building Society came into existence from 1-3-1977. The main objectives of this Society are to attract savings from the public and mobilise the savings for housing development through loans.

### **National Development Bank (NDB)**

The National Development Bank came into existence from 1 May 1964 with an Object 'to provide financial assistance, for the purpose for which it is established to new or existing undertakings' (NDB).

### **Botswana Power Corporation (BPC)**

**Botswana Power Corporation (BPC)** was established by the Botswana Power Corporation Act 1970 for the generation, transmission, supply and distribution of electricity in areas approved by the minister (First Annual Report & Statement of Accounts 1972).

#### **Botswana Railways (BR)**

The parastatal body as Botswana Railway was established under the Botswana Railways Act (Cap: 70:01) on 1st October 1987. It was established as a commercial enterprise of the Government of Botswana, managed by a Board.

#### **Botswana Telecommunications Corporation (BTC)**

Botswana Telecommunications Corporation (Act, 1980, No 3 of 1980) came effective from 1-4-1980 as a body corporate 'for the provision, development, operation and management of Botswana's National and International Public telecommunications Services and for matters connected therewith or incidental thereto' (BTC Act, p8).

#### **Water Utilities Corporation (WUC)**

Water Utilities Corporation has come into existence with effect from 30-6-1970 by the Act of Water Utilities Corporation (No. 24 of 1970) in order to establish a Board to supply and distribution of water.

#### **Air Botswana (AB)**

Air Botswana as a Parastatal Corporation came into existence from 1 April 1988 under Ministry of Works, Transport and Communications.

#### **Botswana Housing Corporation (BHC)**

The need for a National Housing Corporation was established by the study of "Commonwealth Housing Corporation". Botswana Housing Corporation is a Statutory Authority operating under the terms and conditions of Botswana Housing Corporation Act No. 75 of 1970 (Cap 74:03).

#### **Botswana Meat Commission (BMC)**

Botswana Meat Commission was established by Law No. 22 of 1965 The Commission depends on large organisations such as the suppliers of cattle, purchasers of beef and those who supply services.

#### **Botswana Postal Services (BPS)**

As a parastatal body Botswana Postal Services came into existence on 9 May 1980 when the Post Office Act (Cap 72:01) was passed to provide for the establishment of the Department of Postal Services and other matters connected therewith.

#### **Botswana Agricultural Marketing Board (BAMB)**

The Board was established by Act No. 2 of 1974 with an object of securing for producers and consumers of certain arable crops a stable market and to ensure efficient and fair distribution there of throughout Botswana at equitable prices (Annual Report 1994).

#### **Botswana Livestock Development Corporation (Pty) Ltd (BLSD)**

This corporation is a subsidiary of BMC and wholly owned by it. It was incorporated on the 26th March, 1973. The purpose of the company is to improve the market for cattle reared in tribal areas and to reduce the number of immature and unfinished animals being sent to the abattoir for slaughter.

#### **Parameters applied to find out the need for privatisation**

There exist various direct financial ratios such as liquid ratios, leverage ratios, profitability ratios and debt coverage ratios. 'Individual ratios are of little value without a bench mark for comparison. For ratios to be useful they must be compared with standards for the industry involved (Prichard, 1977:27). Direct ratio analysis has little value for comparison of parastatal bodies for the purpose of privatisation. As standard ratios, specially for parastatal organisations in Botswana, are not available for

comparison and application in privatisation process, a few parameters are suggested, incorporating from financial ratios and other measures.

The following 'Financial Parameters' are applied to test the need of privatisation of Parastatal in Botswana.

- (1) Assets deployed: Higher the value deployed, privatise
- (2) Capital employed: Higher the capital employed, privatise
- (3) Sales Value: Higher the Sales value, privatise
- (4) Profit after interest: Lessor the profit, privatise
- (5) % of profit on sales: Lessor the %, privatise
- (6) % of return on assets deployed: Lessor the %, privatise
- (7) % of return on capital employed: Lessor the %, privatise
- (8) Average yearly interest Paid: Higher the average, Privatise
- (9) % of interest over profit: Higher the %, privatise
- (10) % interest over sales: Higher the %, privatise
- (11) % of interest-Profit, Interest-Sales: Higher %, privatise

#### **Assets deployed:**

One of the points debated across the world for privatisation is the diviture of the national wealth to many participants than concentrating in the government hands. Hence, it is taken that the Parastatal which has deployed the maximum national wealth in the assets will have to be privatised. The Table No. 3 shows that BPC deployed more funds in assets compared to any parastatal body under study, hence it is given the maximum points of 13 in favour of privatisation. BLDC deployed least amounts for assets and it is given minimum point of 1 in favour of privatisation.

As per this 'Asset based financial analysis', most favoured body for privatisation is BPC and unfavoured is BLDC, but one parameter cannot be applied for any decision making.

#### **Capital Employed:**

The capital employed by the government of Botswana as share capital and retained earnings are taken as a basis for consideration of privatisation. It is agreed that the capital market and market economy are to be developed. Government's concentration on any parastatal body will be taken as a positive point for considering privatisation. Government's contribution to BR is highest hence, BR is given the maximum points in favour of privatisation. BHC functions with the borrowed money and the influence of interest will be studied under separate financial analysis (infra). Here it gets the least point for privatisation (Table 4).

As per this Parameter of Capital Employed, the most favoured parastatal for privatisation is Botswana Railways and the least considered is Botswana Housing Corporation.

#### **Sales Value:**

One of the concepts of the privatisation process is to develop the market. The market cannot be developed within the controlled economy. Hence it is considered that if the sales value is high it will be first to be considered for privatisation. As per Table No. 5, BMC is most favoured for privatisation which is given 13 points and the least favoured is BLSD which gets only one point, being not favoured for privatisation.

#### **Profit after interest and depreciation:**

It is considered that the parastatal body which earns more profit should be in the hands of the nation so that the income will be utilised for the welfare of the society. Based on this philosophy the Table No. 6 was prepared. Accordingly, the least profitable unit gets maximum points for favour of privatisation. Table 6 reveals that Air Botswana is the one which is to be privatised first and BTC the least.

#### **Profit margin on Sales:**

It is computed on the basis of net profit available to the parastatals with that of Sales Revenue. This will be found on the basis of following formula:

% Profit margin on Sales =

$$\frac{\text{Net income available}}{\text{Sales}} \times 100$$

This parameter will indicate the revenue earning capacity for one Pula of sales.

Higher the percentage, better to be in the State hands so that the income will be used for the diversification and development of further industries in the country. Table 7 reveals that BAMB is most unprofitable as per this financial parameter and hence given 13 points in favour of privatisation and BBS being getting maximum percentage of profit on sales is given less points.

#### **Return on Total Assets:**

Total ratio of return on total assets will indicate the earning capacity of the assets deployed in the parastatal. This ratio will be calculated on the basis of following formula:

$$\frac{\text{Income available before taxes}}{\text{Total Assets}} \times 100$$

If the parastatals get less return on assets, they are dead assets which can be divested to the private sector who in turn may repair them and deploy them properly. In other words retain those parastatal bodies in the hands of government which yield higher percentage of return on assets. As per the Table 8 BAMB has got the maximum negative profit percentage on asset value and is given maximum points in favour of privatisation and BMC is given least point in favour of privatisation.

#### **Return on capital employed:**

This ratio will be calculated on the basis of net income divided by capital employed. Net income is that income before taxes and capital employed will consist of equity, reserves and retained earnings and exclude the borrowing which will be taken into account of Interest-profit-sales ratio. Higher the rate of return, it is advisable to retain parastatal in government hands or otherwise divest it to private sector.

The principle applied here is:

(Profit for the year/capital employed) x 100

The resulting percentages are presented in Table 9 which shows that BHC being operated with borrowed funds gets the least favourable point for privatisation where as Air Botswana gets the highest points for favour of privatisation due to its highest negative return.

#### **Average yearly interest paid in the period of study:**

This parastatal which pays more interest in the period of study indicate that the business is run with the help of outsiders funded by foreign agencies or government loans. The concern which pays higher interest will first be considered for privatisation so that the State's burden will be reduced. Table 10 prepared on this basis reveals that BHC which paid highest interest will have to be privatised first and hence it is given maximum points. BPS paid no interest and hence it is given the least point in favour of privatisation.

#### **Percentage of Interest over profit:**

This percentage indicates that the higher the percent, there is influence of interest. It means that the business is run with outside capital. In such a case divest the business to outsiders than running business with in the folds of government. The principle applied here is:

% of interest on profit for the year = (Interest/profit) x 100 Table 11 is prepared on the results obtained by applying the principle. The Table reveals that BR paid more interest compared to its profit and hence it is given maximum points in favour of privatisation and BPS gets the least point as it pays no interest.

#### **Percentage of Interest over Sales:**

This will indicate the relationship between the interest and sales. If higher interest is paid, it is not worth to continue in the government sector. The principle applied here for the analysis of

every year is:

$$\% \text{ of interest over sales} = (\text{Interest/Sales value}) \times 100$$

The annual percentages are presented in Table 12 which indicate that BHC is given maximum points. Again BPS gets the least point in favour of privatisation.

**Interest-Profit-Sales Ratio:**

This ratio will take into consideration of the influence of interest paid and volume of sales over profit. This ratio is found by applying dual ratios of (Interest/profit) x (Interest/sales revenue). This ratio will find out whether a parastatal body is functioning with a high rate of interest, if so to privatise such parastatal which shows more interest influence.

Table 13 is prepared based on this principle which reveals that BR pays higher rate compared to any other body and hence it is given maximum points in favour of privatisation and BPS which pays no interest gets least point in favour.

**Common parameter to test the parastatals for privatisation:**

Based on the above eleven parameters, each parastatal will be given point ranking system and all points derived for each parastatal will be totalled and a common parameter will be found. The results are presented in Table 14.

**Conclusion and Suggestions:**

It is seen that a huge and major portion of GDP is invested in parastatal bodies and the nation expects a fair return on the investment. It is a dismay to observe that a majority of the parastatals could not get any return and few got negative return. As per the test of financial parameters, Botswana Railways, Botswana Housing Corporation, Air Botswana, Botswana Agricultural and Marketing Board, National Development Bank have got the first top four ranks for privatisation consideration. Botswana Postal Services, Botswana Telecommunications, Botswana Meat Commission, Botswana Live Stock Development and Botswana Building Societies which are more sound, should be retained with the Government

The foregoing financial analysis has given

a clear indication that the transport sector in Botswana is very weak. Botswana Railways and Air Botswana are the two major parastatal bodies which take the maximum capital outlay and are draining the nation's resources. These are to be considered for privatisation so that the dead wood can be repaired or buried. Air Botswana and Botswana Railways may be leased out to other competent Multi-National Companies. Botswana Housing Corporation is another parastatal body which is draining off the national resources which is fit to be privatised for effective control and efficient financial management.

**Suggestion 1:**

**Either:**

Out of the three financial institutions considered for this study National Development Bank and Botswana Development Corporation are fit to be privatised. Within Utilities, Botswana Railways and Botswana Power Corporation are fit to be privatised.

Of the commercial concerns Air Botswana and Botswana Housing corporation should be on the priority list for consideration of privatisation.

From other agencies Botswana Agricultural Marketing Board is on the top of the list, already privatised.

**Suggestion No. 2:**

**Or**

Out of the thirteen parastatal bodies under study the top four rankers namely BR, BHC, AB, NDB/BAMB will have to be sold to the public. Before taking such measures, these parastatal bodies should be registered as Limited Companies under Company Act of Botswana and then be listed in Botswana Stock Exchange for public sale. The shares are not only to be offered to the nationals but also invite foreign capital by offering shares to other nationals.

The least ranked bodies (if considered for privatisation with an aim to get funds to the State exchequer) have to be sold through tender systems. The suggested parastatals are BPS,

BTC, BMC and BLSD. This privatisation process will get premium sales to the nation.

Other five parastatal bodies, namely, BBS, WUC, BPC and BDC may be kept in the hands of the government. Government will have to concentrate on these FOUR parastatals for the betterment of the nation. BBS with the sole objective of helping the public to own their homes. WUC for looking after the nation's scarce product. BPC for supplying uninterrupted and cheap power for domestic and industrial purposes and BDC for promoting industrial culture in Botswana.

The financial parameters tested in the foregoing financial analysis may be applied in any country if they consider privatisation. Arbitrary privatisation based on the political pressures will not give sound health to the nation and the parameters if applied may get unbiased results.

#### **Scope for further Research**

A limited number of parameters are applied due to want of space, other wise one can test privatisation process by applying further parameters such as (a) Profit per employee - higher the profit, lesser the influence for privatisation (b) Cost per employee - higher the cost per employee, greater the influence for privatisation (c) Administrative cost per employee - higher the cost, favourable for privatisation and (d) total cost to profit - higher the ratio, the higher the scope for privatisation.

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**Table 1**  
**A comparative analysis of Government's participation in Parastatals & Commercial Undertakings and GDP (P million)**

Year	GDP at current prices	Govt's Participation in Parastatals and the Commercial undertakings	%
1982/83	1153	77.5	6.72
1993/94	11115	4566.4	41.08

**Table 2**  
**Parastatals in Botswana, 1991**

<b>Financial Institutions:</b>	<b>Public Utilities</b>
Bank of Botswana (Bob)	Bot. Power Corpn (BPC)
Bot Development Corpn (BDC)	Bot. Railways (BR)
National Develop. Bank (NDB)	Bot. Telecom Corpn (BTC)
Bot. Co-operative Bank (BCB)	Water Utilities Corpn (WUC)
<b>Commercial Oriented:</b>	<b>Sectoral Agencies</b>
Air Botswana (AB)	Bot. Agricultural Marketing Board (BAMB)
Bot. Housing Corpn. (BHC)	Bot. Live Stock Development Corpn. (BLSD)
Bot. Meat Commission (BMC)	
Bot. Postal Services (BPS)	

**Table 3**  
**Assets employed in million Pula**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	413.4	482.0	562.0	607.0	761.0	565	10
NDB	84.1	90.5	84.1	107.7	96.9	934	7
BBS	56.0	281.0	311.0	322.0	332.0	260	7
BPC	635.9	774.3	916.6	1079.7	1213.3	924	13
BR	476.4	564.5	951.1	937.9	918.2	770	12
BTC	253.0	334.7	464.1	560.4	626.4	448	9
WUC	311.5	323.1	340.1	349.0	386.2	342	8
AB	157.0	164.8	156.6	130.6	99.9	142	5
BHC	395.0	618.0	750.0	996.4	1052.5	762	11
BMC	155.5	181.5	198.9	187.0	210.9	187	6
BPS	53.8	64.8	69.0	68.2	68.7	63	3
BAMB	59.0	45.8	36.9	35.5	36.7	43	2
BLDC	4.0	3.7	3.5	2.9	2.1	3	1

Source: Table compiled based on the Annual Reports.

**Table 4**  
**Capital Employed**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	163.6	198.2	270.7	266.0	327.2	245	12
NDB	22.0	25.2	25.3	39.9	89.2	40	6
BBS	89.0	150.0	152.0	152.0	156.0	140	11
BPC	48.0	120.0	132.0	144.0	144.0	118	10
BR	228.6	237.1	262.4	294.6	331.9	271	13
BTC	23.0	23.0	23.0	23.0	23.0	23	4
WUC	47.0	58.4	65.8	80.4	112.1	73	9
AB	21.1	34.2	32.7	35.0	32.7	31	5
BHC	—	—	—	—	—#	0	1
BMC	56.0	58.0	59.0	70.0	75.0	64	8
BPS	49.1	56.3	56.8	56.2	56.2	55	7
BAMB	21.0	21.0	21.0	21.0	*	21	3
BLSD	1.4	1.4	1.4	1.4	1.4	1	2

Source: Table compiled based on the Annual Reports.

# BHC does not have share capital and it conducts its business with borrowed capital.

\* Information not available.

**Table 5**  
**Sales value/Revenue (Pm)**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	144.40	148.10	172.50	195.50	181.40	168	11
NDB	13.17	17.21	21.02	21.17	.03	15	2
BBS	12.50	24.36	35.46	43.08	44.70	32	5
BPC	141.00	163.00	186.00	205.00	234.00	186	12
BR	71.00	93.18	111.28	82.29	86.85	89	9
BTC	110.44	133.00	148.00	164.00	185.00	148	10
WUC	42.8	55.10	64.80	75.10	86.60	65	7
AB	36.20	45.51	45.06	46.55	44.63	44	6
BHC	40.00	81.00	85.53	104.71	*	78	8
BMC	225.00	299.00	260.00	316.00	281.00	276	13
BPS	15.84	20.45	19.65	22.57	22.90	20	4
BAMB	13.00	22.00	38.00	4.00	*	18	3
BLSD	2.60	2.62	*	1.07	1.00	2	1

Source: Table compiled based on the Annual Reports.

\* Information not available and hence taken four years' average.

**Table 6**  
**Profit after Interest**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	31.30	30.20	25.1	29.10	78.60	39	2
NDB	(3.38)	(22.85)	(6.26)	2.79	10.12	(4)	10
BBS	6.25	10.42	18.01	23.41	17.24	15	5
BPC	15.00	24.00	34.00	37.00	60.00	34	3
BR	16.58	(2.59)	2.73	(23.19)	(32.90)	(8)	12
BTC	46.16	46.00	36.00	35.00	34.00	39	1
WUC	10.60	11.00	7.20	14.90	22.00	13	6
AB	(9.74)	(13.59)	(18.66)	(13.73)	(2.13)	(12)	13
BHC	12.00	(24.00)	22.00	0.30	*	3	7
BMC	22.00	38.00	26.00	46.00	37.01	34	4
BPS	3.01	3.62	0.50	0.06	0.11	2	8
BAMB	(4.00)	(8.00)	(2.00)	(5.00)	*	5	11
BLSD	(0.159)	0.092	*	(0.61)	(0.19)	(.2)	9

Source: Table compiled based on the Annual Reports.  
\* Information not available and four years average is taken.

**Table 7**  
**% of Profit Margin on Sales value**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	21.68	20.39	14.55	14.88	43.33	23	4
NDB	(25.66)	(132.77)	(29.78)	13.18	337.33	32	2
BBS	52.00	42.78	50.79	54.34	38.57	48	1
BPC	10.63	14.72	18.28	18.05	25.64	17	6
BR	23.35	(2.68)	2.45	(28.18)	(37.88)	(9)	10
BTC	41.80	34.59	24.32	21.34	18.39	28	3
WUC	24.77	29.96	11.11	19.84	25.40	20	5
AB	(26.76)	(19.86)	(41.41)	(29.50)	(4.48)	(26)	12
BHC	30.00	(29.62)	25.72	0.29	*	7	9
BMC	9.78	12.70	10.00	14.56	13.17	12	7
BPS	23.15	16.45	1.32	0.26	0.48	8	8
BAMB	(30.77)	(36.36)	(5.26)	(125.00)	*	(49)	13
BLSD	(6.11)	3.51	*	(57.00)	(19.00)	(20)	3

Source: Table compiled based on the Annual Reports.  
\* Information not available and four years average is taken..

**Table 8**  
**% of Profit Margin on Assets value**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	7.57	6.26	4.47	4.79	10.33	7	3
NDB	(4.020)	(25.24)	(7.44)	2.59	10.44	(5)	10
BBS	11.16	3.71	5.79	7.27	5.19	7	4
BPC	2.36	3.10	3.71	3.43	4.95	4	6
BR	3.48	(0.46)	0.29	(2.47)	(3.58)	(1)	9
BTC	18.24	13.74	7.76	6.25	5.42	10	2
WUC	3.40	3.41	2.12	4.27	5.70	4	5
AB	(6.20)	(8.25)	(11.92)	(10.51)	(2.13)	(8)	12
BHC	3.04	(3.88)	2.93	0.03	*	1	8
BMC	14.50	20.94	13.07	24.60	17.55	19	1
BPS	5.59	5.59	0.72	0.09	0.16	2	7
BAMB	6.68	(17.47)	(5.56)	(14.08)	*	(8)	13
BLSD	(3.98)	2.49	*	(21.00)	(9.05)	(7)	11

Source: Table compiled based on the Annual Reports.

\* Information not available and four years average is taken.

**Table 9**  
**% of Profit Margin on Capital Employed**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	19.13	15.24	9.27	10.94	24.00	16	6
NDB	(15.36)	(90.67)	(24.74)	6.99	11.35	(22)	11
BBS	7.30	6.95	11.85	15.40	11.05	11	7
BPC	31.25	20.00	25.76	25.69	41.67	29	4
BR	7.25	(1.10)	1.04	(7.89)	(9.91)	(2)	9
BTC	200.70	200.00	156.52	152.17	149.83	171	2
WUC	22.70	18.84	10.94	18.53	19.63	18	5
AB	(46.20)	(39.74)	(57.06)	(39.22)	(6.51)	(38)	13
BHC	*	*	*	*	*	0	1
BMC	39.29	65.51	44.07	65.71	49.35	53	3
BPS	6.13	6.64	0.88	0.01	0.19	3	8
BAMB	(19.04)	(38.09)	(9.92)	(23.81)	*	(23)	12
BLSD	(11.35)	6.57	*	(43.57)	(13.57)	(15)	10

Source: Table compiled based on the Annual Reports.

\* Information not available and four years average is taken.

**Table 10**  
**Interest (Pm)**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	9.0	14.4	22.1	27.2	33.3	21	12
NDB	4.0	6.2	6.5	5.9	2.8	5	5
BBS	2.2	7.3	10.0	10.8	12.0	9	7
BPC	24.0	20.0	22.0	20.0	22.0	22	11
BR	23.9	18.7	21.1	17.0	16.7	20	10
BTC		11.0	14.0	22.0	34.0	18	9
WUC	8.1	10.9	15.9	16.9	15.2	13	8
AB	7.1	10.9	11.5	0.6	2.3	7	6
BHC	12.0	21.0	69.0	54.0	*	39	13
BMC	3.0	4.0	4.0	3.0	1.6	3	4
BPS	Nil	Nil	Nil	Nil	Nil	0	1
BAMB	2.9	2.9	2.0	2.0	*	2	3
BLSD	(0.06)	0.2	*	0.1	0.1	0.1	2

Source: Table compiled based on the Annual Reports.  
\* Information not available and four years average is taken.

**Table 11**  
**% of Interest over profit**

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	28.75	47.68	88.05	93.47	42.37	60	5
NDB	118.34	27.13	103.83	211.47	27.67	98	11
BBS	35.20	70.06	55.52	46.13	28.95	47	3
BPC	160.00	83.33	64.70	54.05	36.67	80	9
BR	144.15	722.00	772.00	73.30	50.76	352	13
BTC	16.68	23.91	38.88	62.85	100.00	48	4
WUC	76.42	99.09	2.21	113.42	69.09	72	8
AB	72.90	80.20	61.96	4.37	107.98	65	7
BHC	100.00	87.50	313.64	180.00	*	170	12
BMC	13.60	10.50	15.38	6.50	4.32	10	2
BPS	@	@	@	@	@	0	1
BAMB	72.50	36.25	100.00	40.00	*	62	6
BLSD	33.73	217.00	*	16.39	52.63	80	10

Source: Table compiled based on the Annual Reports.  
\* Information not available and four years average is taken.  
@ No interest paid.

**Table 11**  
% of Interest over profit

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	28.75	47.68	88.05	93.47	42.37	60	5
NDB	118.34	27.13	103.83	211.47	27.67	98	11
BBS	35.20	70.06	55.52	46.13	28.95	47	3
BPC	160.00	83.33	64.70	54.05	36.67	80	9
BR	144.15	722.00	772.00	73.30	50.76	352	13
BTC	16.68	23.91	38.88	62.85	100.00	48	4
WUC	76.42	99.09	2.21	113.42	69.09	72	8
AB	72.90	80.20	61.96	4.37	107.98	65	7
BHC	100.00	87.50	313.64	180.00	*	170	12
BMC	13.60	10.50	15.38	6.50	4.32	10	2
BPS	@	@	@	@	@	0	1
BAMB	72.50	36.25	100.00	40.00	*	62	6
BLSD	33.73	217.00	*	16.39	52.63	80	10

Source: Table compiled based on the Annual Reports.

\* Information not available and four years average is taken.

@ No interest paid.

**Table 12**  
% of interest over Sales value

Inst.	1991	1992	1993	1994	1995	Ave.	Points
BDC	6.23	9.72	12.80	13.91	18.35	12	6
NDB	3.03	36.03	20.95	27.87	93.33	36	12
BBS	17.60	29.97	28.20	25.07	26.85	26	10
BPC	17.02	12.27	11.83	9.76	9.40	12	5
BR	33.66	20.07	18.96	20.66	19.23	23	8
BTC	6.97	8.27	9.46	13.41	18.38	11	4
WUC	18.92	19.78	29.01	67.33	17.55	31	11
AB	19.61	23.95	25.52	1.23	5.15	15	7
BHC	30.00	25.92	80.57	51.57	*	47	13
BMC	1.33	1.33	1.54	0.95	0.57	1	2
BPS	-	-	-	-	-	0	1
BAMB	22.31	13.18	5.26	50.00	*	23	9
BLSD	2.3	7.63	*	9.35	10.00	7	3

Source: Table compiled based on the Annual Reports.

\* Information not available and four years average is taken.

Table 13  
% of Interest-Profit & Interest Sales

Inst.	% of interest over Profit	% of interest over Sales	Mixed Points %
BDC	60	12	0.73
NDB	244	36	0.89
BBS	47	26	0.12
BPC	80	12	0.10
BR	882	23	1.99
BTC	48	11	0.05
WUC	72	31	0.22
AB	325	15	0.49
BHC	284	47	1.35
BMC	10	1	0.01
BPS	0	0	0
BAMB	249	23	0.56
BLSD	243	7	0.17

Source: Table compiled based on the Annual Reports.  
\* Information not available and four years average is taken.

Table 14  
Common Parameter based on various financial Analysis

Inst.	Points derived from the financial analysis parameters										Tot	Pts	
	1	2	3	4	5	6	7	8	9	10			11
BDC	10	12	11	2	4	3	6	12	5	6	10	81	6
NDB	4	6	2	10	2	10	11	5	11	12	11	84	4
BBS	7	11	5	5	1	4	7	7	3	10	5	65	8
BPC	13	10	12	3	6	6	4	11	9	5	4	83	5
BR	12	13	9	12	10	9	9	10	13	8	13	118	1
BTC	9	4	10	1	3	2	2	9	4	4	3	51	11
WUC	8	9	7	6	5	5	5	8	8	11	7	79	7
AB	5	5	6	13	12	12	13	6	7	7	8	94	3
BHC	11	1	8	7	7	1	3	4	2	2	2	52	10
BMC	6	8	13	4	8	7	8	1	1	1	1	49	12
BPS	3	4	7	8	8	7	8	1	6	9	9	84	4
BAMB	2	3	3	11	13	13	12	3	6	3	6	58	9
BLSD	1	1	2	9	3	11	10	2	20	3			

Source: Table compiled based on the results obtained by application of various financial analysis parameters.