

THE COVID-19 PANDEMIC IMPACT ON MANUFACTURING AND MINING SECTOR – AN EVALUATIVE STUDY ON THE PERFORMANCE OF SELECT COMPANIES

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DOI No. – 08.2020-25662434

Abstract

The Covid-19 pandemic situation has an adverse impact on the Indian economy very dearly. The manufacturing industry saw a 39.30 percent drop in Q-1 while mining industry reported a decline of 23.30 percent. Lockdown has been imposed in the first quarter of 2020-21 to prevent the spread of this contagious disease. Though it helped in giving time to the health systems in the country to gear up to meet the challenge, there was a lot of negative impact on the economy. However, in Q-2 manufacturing industry rose by 0.60 percent but mining sector declined by 9.10 percent. The purpose of this study is to analyse the performance of manufacturing and mining companies in Q-1 and Q-2 of 2020-21 versus corresponding period in last financial year to understand the impact of Covid-19 pandemic on manufacturing companies and their response to manage the challenges posed by the pandemic situation. In this paper, the turnover and profitability of eight companies from four sectors—automobile, FMCG, mining and fertiliser, are analysed to measure performance.

It is observed that the performance of the companies declined enormously in the first quarter but they did bounce back in the second quarter. The unlock process in second quarter coupled with boost from measures like Aatma Nirbhar Bharat Abhiyaan helped the companies to report revival of their performance in the second quarter. The companies are suggested to focus on cost management and also stimulate demand for their products by resorting to sales promotion strategies to attract customers to boost sales to enhance performance. The Companies can also utilize the benefits available under Aatma Nirbhar Bharat Abhiyaan and attract investments through Joint Ventures, etc. from Western countries and Japan who are now planning to move their production facilities out of China.

Keywords: Covid-19, turnover, profitability, financial year, cost management, FMCG.

INTRODUCTION

The whole world is stuck with Covid-19 pandemic. This is a highly contagious disease forcing the health systems to stretch beyond their capacity. The health systems even in developed countries are struggling to face the pandemic. The situation is a nightmare in developing countries like India. In India, the government spends only 1.50 percent of GDP on public health. The second highest cases in the world are being recorded in India. There are 99 lakh confirmed cases in India next only to USA with 171 lakh cases. Covid-19 showed a huge impact on the world economy and Indian economy is no exception to this.

India went into a total lockdown in the first quarter of 2020-21 (up to 31st May 2020) to restrict the spread of Corona virus until the health system in the country is geared up to face the crisis. This decision is very much necessary to protect the lives of the citizens. However, the economy suffered badly due to the Corona virus and impact of lockdown. GDP for Q-1 of 2020-21 fell down by 23.90 percent. This is the highest contraction in the history of Indian economy. Manufacturing industry saw a 39.30 percent fall while mining industry saw a fall of 23.30 percent. Agriculture sector alone recorded a growth of 3.40 percent.

Having seen the gravity of the situation, Government of India stepped in to take measures to save the economy and announced a series of measures through its Aatma Nirbhar Bharat Abhiyaan package. Unlock process also started since 8th June. In Q-2 also, the contraction of GDP continued but it was limited to 7.50 percent. Thus, Indian economy technically entered into recession now (It may be noted that economy is said to have entered into recession if it reports negative growth for two consecutive quarters). However, manufacturing industry rose by 0.60 percent but mining sector declined by 9.10 percent. Agriculture sector growth remained the same at 3.40 percent. GDP for H-1 of 2020-21 (April to September) showed a decline of 15.70 percent.

The financial performance of the companies was affected badly. In this paper, the financial performance of the companies in the current financial year is compared with previous financial year, that is, Q-1, Q-2 and H-1 of 2020-21 versus Q-1, Q-2 and H-1 of 2019-20.

OBJECTIVES OF THE STUDY

1. To conduct sector wise analysis and to identify worst affected sectors due to the pandemic situation as a result of Covid-19;
2. To analyse how Covid-19 impacted the business of the manufacturing and mining companies; and
3. To measure the impact of Covid-19 situation on the profitability of the select companies in the current financial year

SCOPE OF THE STUDY

The study is limited to the manufacturing and mining sector in India. Service sector is excluded from this study. The study covers the comparison of financial performance of companies in Q-1 of current financial year versus Q-1 of previous financial year, Q-2 of current financial year versus Q-2 of previous financial year and H-1 of current financial year versus H-1 of previous financial year. The study covers 8 companies across 4 sectors in India.

METHODOLOGY

The research is based on secondary data. Secondary data is collected by downloading the quarterly unaudited financial reports released by the companies in compliance with the listing agreement with SEBI. These reports are downloaded from the official websites of those companies. Four industries have been selected – automobile, FMCG, mining and fertiliser. Maruti Suzuki India Limited and Hero Motocorp Limited have been chosen to represent the automobile sector since they are the leaders in four wheeler and two wheeler product segments in India. Hindustan Unilever Limited and ITC Limited, being the top companies in FMCG sector, have been chosen to represent FMCG sector. Vedanta Limited, the leading private company in mining sector and NMDC, one among the leading public sector enterprises, has been chosen to represent the mining sector. Coromandel International Limited and Chambal Fertilisers and Chemicals Ltd., being the top companies in fertiliser production, have been chosen to represent fertiliser sector. Variance analysis has been done on the turnover and profitability of the selected companies.

REVIEW OF LITERATURE

Nagarajan Muthukrishnan (2020) studied the impact of Covid-19 pandemic situation on the share prices of the companies as compared to normal situation. The study revealed that there is

a positive sign for recovery of the markets and meeting the expectations of the investors in coming period of 2020-21.

Scott R. Baker, Nicholas Bloom, Steven J. Davis, Kyle J. Kost, Marco C. Sammon, and Tasaneeya Viratyosin (2020) concluded that the impact of corona virus is higher while comparing with the pandemic of swine flu or another virus.

Kunjana Malik, Sakshi Sharma and Manmeet Kaur (2020) in their paper studied the impact of Covid-19 pandemic on private equity firms in India which is the major funding industry for the country.

M. Aravind and C.G. Manojkrishnan (2020) examined how Covid-19 outbreak affected leading pharmaceutical stocks listed with the National Stock Exchange.

S. Mahendra Dev and Rajeswari Sengupta (2020) in their paper evaluated the impact of Covid-19 on various segments of the economy. They also analysed the various policy decisions taken by Central Government and RBI to combat the situation. They opined that the economy is likely to face a long period of slow down.

Amit Joshi, Preeti Bhaskar and Puneet Kumar Gupta (2020) attempted to figure out the impact of lockdown on the Indian economy. They estimated that the lockdown will cost USD 120 billion to the Indian economy. The study focused on important issues like rate of unemployment, demand and supply situation, consumption expenditure etc.

K Aruga, M Islam and A Jannat (2020) studied how the energy consumption in India is affected during the lockdown and energy consumption after release of lockdown. The study revealed that as the lockdown is released, there is a rise in the power consumption in the country. However, the Eastern and North eastern regions which are poorest regions did not witness any rise in the energy consumption.

Gurinder Singh, Ruchika Gupta and Nidhi Agarwal (2020) raised concerns on whether it is possible to support 6.40 crore production units in the country. The study focussed on the implications of lockdown on the Indian economy and also the challenges before the Government when they attempt to revive the country.

DATA ANALYSIS AND INTERPRETATION

For the purpose of data analysis and interpretation, we divided the analysis into three sections: Section-1 covering turnover and profitability in the first quarter of the current financial year, that is, April 2020 to June 2020 versus first quarter of the previous financial year, that is, April 2019 to June 2019. Section-2 covering turnover and profitability in the second quarter of the current financial year, that is, July 2020 to September 2020 versus second quarter of the previous financial year, that is, July 2019 to September 2019. Section-3 covering turnover and profitability for the first half year ending September 2020, that is, April 2020 to September 2020 versus first half year of the previous financial year, that is, April 2019 to September 2019.

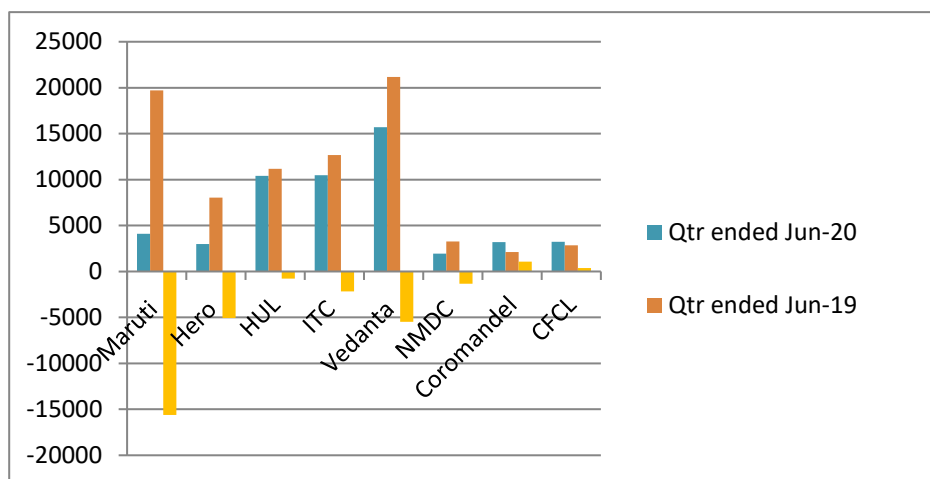
Section-1: There was a total lockdown in the country in the months of April and May 2020 which badly affected the performance of the companies in the first quarter.

Table-1: Turnover of the Select Companies in Quarter-1

Industry Category	Name of the Company	Qtr ended Jun-20	Qtr ended Jun-19	Variance Qtr ended Jun 20 Vs. Jun 19	Percent Variance Qtr ended Jun 20 Vs. Jun 19
Automobile	Maruti Suzuki India Ltd	4107	19720	-15613	-79
Automobile	Hero Motocorp Ltd	2972	8030	-5059	-63
FMCG	Hindustan Unilever Ltd	10406	11178*	-772	-7
FMCG	ITC Limited	10478	12658	-2179	-17
Mining	Vedanta Ltd	15687	21167	-5480	-26
Mining	NMDC Limited	1938	3264	-1326	-41
Fertiliser	Coromandel International Ltd	3213	2131	1082	51
Fertiliser	Chambal Fertilisers and Chemicals Ltd	3219	2855	364	13

Hindustan Unilever Ltd. and GlaxoSmithKline Consumer HealthCare Limited have been amalgamated with effect from 01st April 2020. Hence, for comparison purpose, the turnover and profit of GlaxoSmithKline Consumer HealthCare Limited for 2019 has been added to the figures of Hindustan Unilever Ltd. for 2019.

The above table clearly shows that the manufacturing industry has been hit hard during the first quarter of the financial year, that is, April 2020 to June 2020. Automobile industry was the worst hit with the turnover of Maruti Suzuki India Limited coming down by 79 percent and the turnover of Hero Motocorp Limited coming down by 63 percent. FMCG sector also suffered a setback with the turnover of Hindustan Unilever Limited coming down by 7 percent and the turnover of ITC Limited coming down by 17 percent. Mining sector also suffered badly with the turnover of Vedanta Limited coming down by 26 percent and the turnover of NMDC Limited coming down by 41 percent. Fertiliser industry is the only sector showing good performance thanks to good monsoon evident from the turnover of Coromandel International Limited increasing by 79 percent and the turnover of Chambal Fertilisers and Chemicals Limited increasing by 63 percent. The graphical depiction of the data is given below :



The above graph clearly shows that the turnover of June 20 versus June 19 is negative for all

companies except the fertiliser industry (Coromandel International Limited and Chambal Fertilisers and Chemicals Limited).

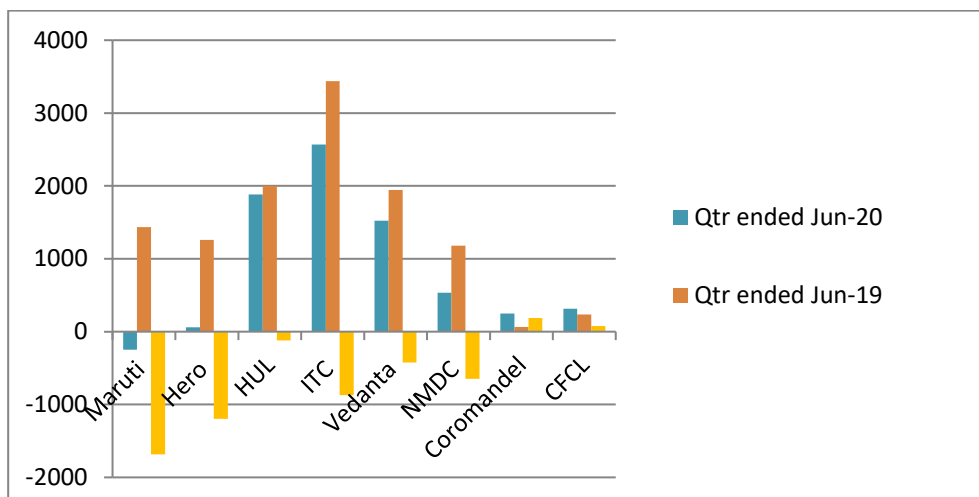
Table-2: Profitability of the Select Companies in Quarter-1

Industry Category	Name of the Company	Qtr ended Jun-20	Qtr ended Jun-19	Variance Qtr ended Jun 20 vs. Jun 19	Percent Variance Qtr ended Jun 20 vs. Jun 19
Automobile	Maruti Suzuki India Ltd.	-249	1436	-1685	-117
Automobile	Hero Motocorp Ltd.	61	1257	-1196	-95
FMCG	Hindustan Unilever Ltd.	1881	2003*	-122	-6
FMCG	ITC Limited	2567	3437	-869	-25
Mining	Vedanta Ltd.	1522	1944	-422	-22
Mining	NMDC Limited	533	1179	-646	-55
Fertiliser	Coromandel International Limited	251	62	188	301
Fertiliser	Chambal Fertilisers and Chemicals Ltd.	314	236	78	33

Hindustan Unilever Ltd. and GlaxoSmithKline Consumer HealthCare Limited have been amalgamated with effect from 01st April 2020. Hence, for comparison purpose, the turnover and profit of GlaxoSmithKline Consumer HealthCare Limited for 2019 has been added to the figures of Hindustan Unilever Ltd. for 2019.

The above table clearly shows that the profitability of the manufacturing industry has been hit hard during the first quarter for the financial year, that is, April 2020 to June 2020. Automobile industry was the worst hit with Maruti Suzuki India Limited reporting a loss while the profit of Hero Motocorp Limited came down by 95 percent. FMCG sector also suffered a setback with the profit of Hindustan Unilever Limited coming down by 6 percent and the profit of ITC Limited coming down by 25 percent. Mining sector also suffered badly with the profit of Vedanta Limited coming down by 22 percent and the profit of NMDC Limited coming down by 55 percent. Fertiliser industry is the only sector showing good performance thanks to good monsoon with the profit of Coromandel International Limited increasing by 301 percent and the profit of Chambal Fertilisers and Chemicals Limited increasing by 33 percent. The exceptionally good performance of Coromandel International Limited is on account of augmentation of phosphoric acid production facility in its Visakhapatnam plant and a very good contribution from production of phosphoric acid versus bought out phosphoric acid (phosphoric acid is an intermediary product in the production of fertiliser). The graphical depiction of the data is given below :

(The Below graph clearly shows that the profitability of June 20 versus June 19 is negative for all companies except the fertiliser industry (Coromandel International Limited and Chambal Fertilisers and Chemicals Limited).



Section 2: The second quarter of the financial year witnessed the unlock process. Hence, there was a positive impact on the economy and the financial performance of the companies.

Table-3: Turnover of the Select Companies in Quarter-2

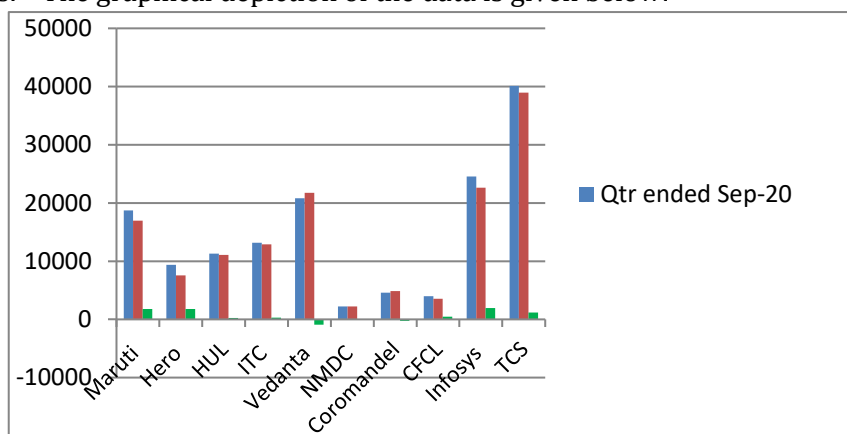
Industry Category	Name of the Company	Qtr ended Sep-20	Qtr ended Sep-19	Variance Qtr ended Sep 20 vs. Sep 19	Percent Variance Qtr ended Sep 20 vs. Sep 19
Automobile	Maruti Suzuki India Ltd.	18745	16985	1759	10
Automobile	Hero Motocorp Ltd.	9367	7571	1797	24
FMCG	Hindustan Unilever Ltd.	11276	11053*	223	2
FMCG	ITC Limited	13148	12867	280	2
Mining	Vedanta Ltd.	20804	21739	-935	-4
Mining	NMDC Limited	2230	2242	-12	-1
Fertiliser	Coromandel International Limited	4611	4858	-247	-5
Fertiliser	Chambal Fertilisers and Chemicals Ltd.	3987	3550	437	12

Hindustan Unilever Ltd. and GlaxoSmithKline Consumer HealthCare Limited have been amalgamated with effect from 01st April 2020. Hence, for comparison purpose, the turnover and profit of GlaxoSmithKline Consumer HealthCare Limited for 2019 has been added to the figures of Hindustan Unilever Ltd. for 2019.

The above table clearly shows that the manufacturing industry bounced back and performed well during the second quarter for the financial year, that is, July 2020 to September 2020. Automobile industry took the lead with the turnover of Maruti Suzuki India Limited increasing

by 10 percent and the turnover of Hero Motocorp Limited increasing by 24 percent. FMCG sector showed a moderate improvement with the turnover of Hindustan Unilever Limited increasing by 2 percent and the turnover of ITC Limited also increasing by 2 percent. Mining

sector continued its downtrend to some extent with the turnover of Vedanta Limited coming down by 4 percent and the turnover of NMDC Limited coming down by 1 percent. Fertiliser industry is dependent on monsoon and the turnover of Coromandel International Limited decreased by 5 percent and the turnover of Chambal Fertilisers and Chemicals Limited increased by 12 percent. The fall in the turnover of Coromandel International Limited is due to some demand being shifted to June 2020 due to early monsoon in South India and also reduction in fertilizer prices in Q-2 to pass over the benefit of reduction in price of raw material to the farmers. The graphical depiction of the data is given below:



The above graph clearly shows that the turnover of Sep 20 versus Sep 19 is positive for most of the companies.

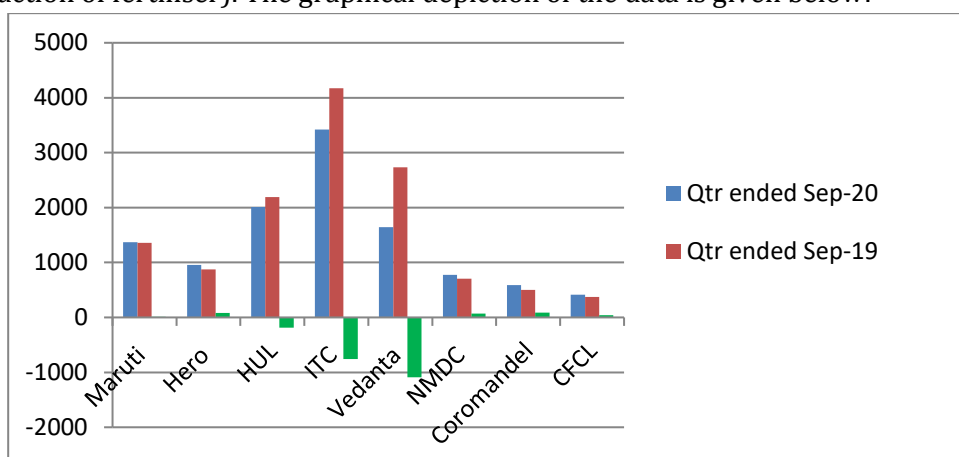
Table-4: Profitability of the Select Companies in Quarter-2

Industry Category	Name of the Company	Qtr ended Sep-20	Qtr ended Sep-19	Variance Qtr ended Sep 20 vs. Sep 19	Percent Variance Qtr ended Sep 20 vs. Sep 19
Automobile	Maruti Suzuki India Ltd.	1372	1359	13	1
Automobile	Hero Motocorp Ltd.	953	875	79	9
FMCG	Hindustan Unilever Ltd.	2009	2193*	-184	-8
FMCG	ITC Limited	3419	4174	-755	-18
Mining	Vedanta Ltd.	1644	2731	-1087	-40
Mining	NMDC Limited	774	703	70	10
Fertiliser	Coromandel International Limited	589	504	85	17
Fertiliser	Chambal Fertilisers and Chemicals Ltd.	416	375	41	11

Hindustan Unilever Ltd. and GlaxoSmithKline Consumer HealthCare Limited have been amalgamated with effect from 01st April 2020. Hence, for comparison purpose, the turnover and profit of GlaxoSmithKline Consumer HealthCare Limited for 2019 has been added to the figures of Hindustan Unilever Ltd. for 2019.

The above table clearly shows that the profitability of the manufacturing industry is better to some extent during the second quarter for the financial year, that is, July 2020 to September 2020. Automobile industry showed the turnaround with the profit of Maruti Suzuki India

Limited increasing by 1 percent and the profit of Hero Motocorp Limited increasing by 9 percent. FMCG sector continued the downtrend with the profit of Hindustan Unilever Limited decreasing by 8 percent and the profit of ITC Limited also decreasing by 18 percent. Mining sector continued its downtrend to some extent with the profit of Vedanta Limited coming down by 40 percent, however the profit of NMDC Limited increased by 10 percent. Fertiliser industry is dependent on monsoon and the profit of Coromandel International Limited increased by 17 percent and the profit of Chambal Fertilisers and Chemicals Limited increased by 11 percent. Coromandel International Limited performed well with the augmentation of phosphoric acid production facility in its Visakhapatnam plant (phosphoric acid is an intermediary product in the production of fertiliser). The graphical depiction of the data is given below:



The above graph clearly shows that the profitability of Sep 20 versus Sep 19 is positive for automobile and fertiliser industries and negative for FMCG and mining industries.

Section 3: The economy suffered badly due to Covid-19 virus and this is reflected in the financial performance of the companies for the half year ending September 2020.

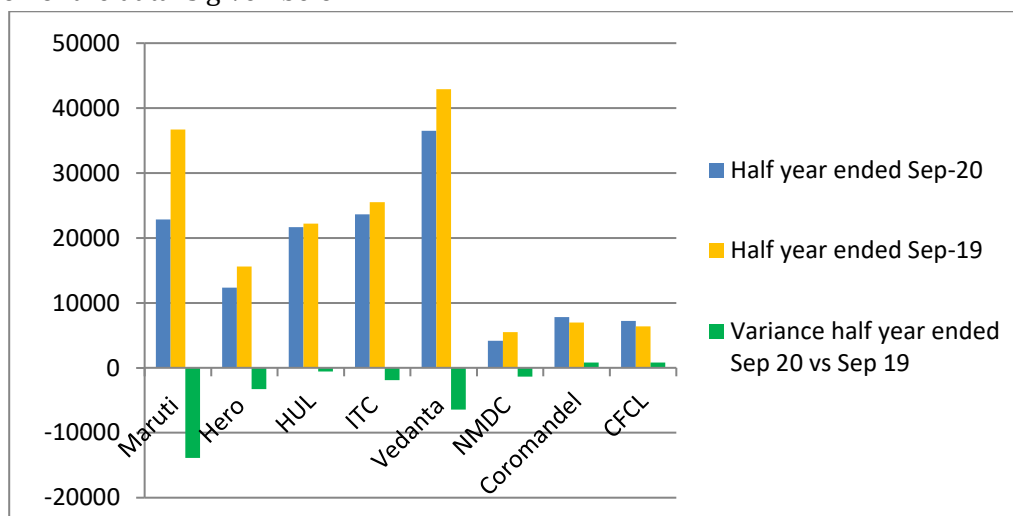
Table-5: Turnover of the Select Companies for the 1st Half Year

Industry Category	Name of the Company	Half year ended Sep-20	Half year ended Sep-19	Variance half year ended Sep 20 vs.Sep 19	Percent Variance half year ended Sep 20 vs.Sep 19
Automobile	Maruti Suzuki India Ltd	22851	36705	-13854	-38
Automobile	Hero Motocorp Ltd.	12339	15601	-3262	-21
FMCG	Hindustan Unilever Ltd.	21682	22231*	-549	-2
FMCG	ITC Limited	23626	25525	-1899	-7
Mining	Vedanta Ltd.	36491	42906	-6415	-15
Mining	NMDC Limited	4167	5506	-1338	-24
Fertiliser	Coromandel International Limited	7825	6989	836	12
Fertiliser	Chambal Fertilisers and Chemicals Ltd.	7206	6405	801	13

Hindustan Unilever Ltd. and GlaxoSmithKline Consumer HealthCare Limited have been amalgamated with effect from 01st April 2020. Hence, for comparison purpose, the turnover and profit of GlaxoSmithKline Consumer HealthCare Limited for 2019 has been added to the

figures of Hindustan Unilever Ltd. for 2019.

The above table clearly shows that the manufacturing industry has been hit hard during the first half of the financial year, that is, April 2020 to September 2020. Automobile industry was the worst hit with the turnover of Maruti Suzuki India Limited coming down by 38 percent and the turnover of Hero Motocorp Limited coming down by 21 percent. FMCG sector suffered a slight setback with the turnover of Hindustan Unilever Limited coming down by 2 percent and the turnover of ITC Limited coming down by 7 percent. Mining sector also suffered badly with the turnover of Vedanta Limited coming down by 15 percent and the turnover of NMDC Limited coming down by 24 percent. Fertiliser industry is the only sector showing good performance with the turnover of Coromandel International Limited increasing by 12 percent and the turnover of Chambal Fertilisers and Chemicals Limited increasing by 13 percent. The graphical depiction of the data is given below:



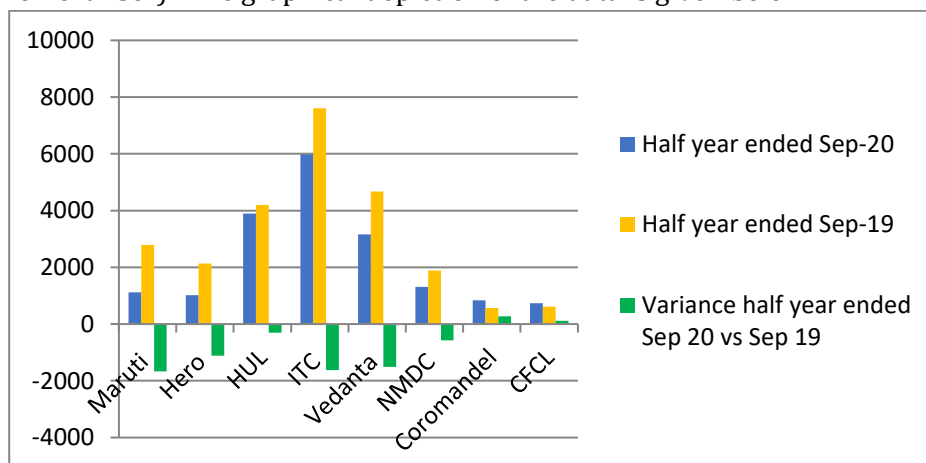
The above graph clearly shows that the turnover for the half year ended Sep 20 versus Sep 19 is negative for all companies except the fertiliser industry (Coromandel International Limited and Chambal Fertilisers and Chemicals Limited).

Table-6: Profitability of the Select Companies for the 1st Half Year

Industry Category	Name of the Company	Half year ended Sep-20	Half year ended Sep-19	Variance half year ended Sep 20 vs. Sep 19	Percent Variance half year ended Sep 20 vs. Sep 19
Automobile	Maruti Suzuki India Ltd.	1122	2794	-1672	-60
Automobile	Hero Motocorp Ltd.	1015	2132	-1117	-52
FMCG	Hindustan Unilever Ltd.	3890	4196*	-306	-7
FMCG	ITC Limited	5986	7610	-1624	-21
Mining	Vedanta Ltd.	3166	4675	-1509	-32
Mining	NMDC Limited	1307	1883	-576	-31
Fertiliser	Coromandel International Limited	840	566	273	48
Fertiliser	Chambal Fertilisers and Chemicals Ltd.	730	611	119	19

Hindustan Unilever Ltd. and GlaxoSmithKline Consumer HealthCare Limited have been amalgamated with effect from 01st April 2020. Hence, for comparison purpose, the turnover and profit of GlaxoSmithKline Consumer HealthCare Limited for 2019 has been added to the figures of Hindustan Unilever Ltd. for 2019.

The above table clearly shows that the profitability of the manufacturing industry has been hit hard during the first quarter for the financial year, that is, April 2020 to September 2020. Automobile industry was the worst hit with the profit of Maruti Suzuki India Limited coming down by 60 percent while the profit of Hero Motocorp Limited coming down by 52 percent. FMCG sector also suffered a setback with the profit of Hindustan Unilever Limited coming down by 7 percent and the profit of ITC Limited coming down by 21 percent. Mining sector also suffered badly with the profit of Vedanta Limited coming down by 32 percent and the profit of NMDC Limited coming down by 31 percent. Fertiliser industry is the only sector showing good performance thanks to good monsoon with the profit of Coromandel International Limited increasing by 48 percent and the profit of Chambal Fertilisers and Chemicals Limited increasing by 19 percent. The exceptionally good performance of Coromandel International Limited is on account of augmentation of phosphoric acid production facility in its Visakhapatnam plant and a very good contribution from production of phosphoric acid versus bought out phosphoric acid in the first quarter of the financial year (phosphoric acid is an intermediary product in the production of fertiliser). The graphical depiction of the data is given below:



The above graph clearly shows that the profitability for the half year ended Sep 20 versus Sep 19 is negative for all companies except the fertiliser industry (Coromandel International Limited and Chambal Fertilisers and Chemicals Limited).

SECTOR-WISE ANALYSIS: The sector-wise findings are reported here

Automobile Sector

1. Automobile sector is the worst hit in Q-1 of 2020-21 with the turnover of Maruti Suzuki India Ltd. coming down by 79 percent and turnover of Hero Motocorp Ltd. coming down by 63 percent when compared to the corresponding period in previous financial year. However, the turnover of these companies increased by 10 percent and 24 percent respectively in Q-2 of 2020-21 in comparison with same period in previous financial year. This is on account of increase in demand in Q-2 since people started preferring to travel in own vehicles instead of using public transport to protect themselves from Corona virus.

2. Covid-19 pandemic showed its highest impact on the profitability of automobile sector in

Q-1 of 2020-21 with the Maruti Suzuki India Ltd. reporting a loss of Rs. 249 crores against profit of Rs. 1436 Crores in Q-1 of 2019-20. The profit of Hero Motocorp Ltd. came down by 95 percent in Q-1 of 2020-21 when compared to the corresponding period in previous financial year. However, the profitability of these companies increased by 1 percent and 9 percent respectively in Q-2 of 2020-21 in comparison with the same period in previous financial year. The increase in profit is less when compared to the increase in turnover since the automobile companies had to give discounts to motivate the customers to buy vehicles.

FMCG Sector

1. FMCG sector also suffered in Q-1 of 2020-21 with the turnover of Hindustan Unilever Limited coming down by 7 percent and the turnover of ITC Limited coming down by 17 percent, in comparison with the same period in previous financial year. However, the turnover of both these companies increased by 2 percent in Q-2 of 2020-21 when compared to Q-2 of 2019-20. Unlock process released the pressure on the economy and increased the demand which is further boosted by discounts offered by the companies.
2. Coming to profitability, the profit of Hindustan Unilever Ltd. and ITC Limited decreased by 6 percent and 25 percent respectively in Q-1 of 2020-21 in comparison with Q-1 of 2019-20. The downtrend continued in Q-2 as well. Since the discounts offered by the companies reduced their profit margins, the profitability of the companies did not improve in Q-2 as well.
3. It appears that the synergy benefits derived by Hindustan Unilever Limited due to amalgamation with GlaxoSmithKline Consumer HealthCare Limited with effect from 01st April 2020 might have helped Hindustan Unilever Limited to reduce the impact on profitability due to Covid-19 pandemic.

Mining Sector

1. Mining sector also faced the heat of the pandemic situation in Q-1 of 2020-21 with the turnover of Vedanta Ltd. coming down by 26 percent and turnover of NMDC Limited coming down by 41 percent when compared to the corresponding period in previous financial year. Q-2 showed some revival but still ended in slight downfall with the turnover of Vedanta Ltd. coming down by 4 percent and turnover of NMDC Limited coming down by 1 percent when compared to Q-1 of 2019-20.
2. Profitability also suffered. The profit for the first half year ended September 2020 of Vedanta Ltd. and NMDC Limited reduced by 32 percent and 31 percent respectively when compared to the first half of the previous financial year. NMDC contributed Rs. 150 crores for Covid-19 relief measures.

Fertiliser Sector

1. Covid-19 did not have any impact on the fertiliser sector since the agriculture sector grew by 3.40 percent. Good monsoon season helped to boost the demand for fertiliser. Thus, the turnover for the first half year ending September 2020, of Coromandel International Limited and Chambal Fertilisers and Chemicals Ltd. increased by 12 percent and 13 percent respectively when compared to the first half of the previous financial year. There

is an increase in the turnover in spite of reduction in fertilizer prices in Q-2 to pass over the benefit of reduction in price of raw material to the farmers.

2. Fertiliser industry is the only industry getting a rise in the profits. The profit for the first half year ended September 2020 of Coromandel International Limited and Chambal Fertilisers and Chemicals Ltd. increased by 48 percent and 19 percent respectively when compared to the first half of the previous financial year.
3. Additional phosphoric acid plant in Visakhapatnam plant of Coromandel International Limited started its operation in the second half of 2019-20. This also seems to have contributed well in earning a very good profit for Coromandel International Limited in Q-1 of 2020-21 when compared to Q-1 of 2019-20.

SUGGESTIONS

1. Government of India took a series of measures and steps for the revival of the economy under Aatma Nirbhar Bharat Abhiyaan which helped in revival of manufacturing companies in Q-2. The companies can fully utilise the benefits available and overcome the challenges of the market sluggishness due to pandemic and work for the revival.
2. After Covid-19 pandemic, some western countries and Japan are trying to shift their production facilities from China to other countries. Indian companies should grab the opportunity and come out with strategies to collaborate and examine the possibilities of formation into joint ventures, which in turn will improve technology up-gradation and R&D of Indian companies that will go a long way in building global level competitiveness of the Indian companies to sustain in the global market challenges.
3. The companies need to focus on cost management and examine the scope for possible cost reduction and cost control strategies to improve profitability in the coming months in the absence of increase in the sales volumes due to sluggish market both nationally and internationally
4. Companies can continue to stimulate the market demand and sensitise the customers to purchase the products by introducing suitable market promotion strategies to attract customers and enhance sales volumes in a declining demand situation.

CONCLUSION

Indian economy remains vulnerable to the effect of Covid-19 pandemic at least for the next one or two years. The study reveals that the financial performance of the companies in the manufacturing sector recovered and improved well in the second quarter of 2020-21. It can be due to the unlock process and the conducive economic policies from Government such as Aatma Nirbhar Bharat Abhiyaan. This positive trend might continue in the remaining two quarters as well, if suitable strategies implemented by the government and corporates together for aiming at recovery from the pandemic situation. However, the companies should be ready to face any adverse situation also due to the spread of Corona virus in the form of second wave in the Western Countries. Proper visualisation of the consequences of such second wave and preparedness of the corporate in managing the pandemic situation by innovative strategies will be a solution in accepting the challenges posed by the covid-19.

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