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Performance of the private corporate business sector during Q4:2020-21

Today, the Reserve Bank released data on the performance of the private corporate sector during the fourth quarter of 2020-21 drawn from abridged quarterly financial results of 2,608¹ listed non-government non-financial (NGNF) companies. Data pertaining to Q4:2019-20 and Q3:2020-21 are also presented in the tables to enable comparison. The data can be accessed at the web-link https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_42.

Highlights

Sales

- Sales of 1,633 manufacturing companies surged by 31.0 per cent (Y-o-Y) in Q4:2020-21 as compared with 7.4 per cent growth in the previous quarter. The rise in sales was broad based, and was supported by favourable base effect as well as price effect (Table 2A and Table 5A).
- Sales growth of information technology (IT) sector companies accelerated to 6.4 per cent (Y-o-Y) in Q4:2020-21 (Table 2A).
- Sales of non-IT services companies recorded a marginal growth (Y-o-Y) after declining in the previous three quarters; the improvement was largely led by trading companies (Table 2A and Table 5A).

Expenditure

- Manufacturing companies increased their expenditure on raw materials in tandem with the rise in sales during Q4:2020-21 (Table 2A).
- Staff cost growth (Y-o-Y) increased for manufacturing companies, remained steady for IT companies in Q4:2020-21, whereas it remained in contraction zone for non-IT services (Table 2A).

Operating profit

- Operating profits of manufacturing companies accelerated (Y-o-Y) in Q4:2020-21 on the back of higher rise in sales compared to that in expenditure; operating profits of services sector companies (both IT and non-IT) also expanded (Table 2A).

Interest

- With rise in profits and persistent reduction in interest outgo, interest coverage ratio (ICR)² of manufacturing companies improved to 7.3 in

¹ Due to Covid-19 pandemic, the Securities and Exchange Board of India (SEBI) extended the deadline for submission of financial results for Q4:2020-21 by listed companies to June 30, 2021.

² ICR (*i.e.*, ratio of earnings before interest and tax to interest expenses) is a measure of debt servicing capacity of a company. The minimum value for a viable ICR is 1.

Q4:2020-21 from 6.6 in the previous quarter; the ICR of non-IT services companies remained below unity (Table 2B).

Pricing power

- Operating profit margin remained stable across sectors during the quarter (Table 2B).

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Notes:

- The coverage of companies in different quarters varies, depending on the date of declaration of results; this is, however, not expected to significantly alter the aggregate position.
- Explanatory notes detailing the compilation methodology, and the glossary (including revised definitions and calculations that differ from previous releases) are appended.