



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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## **Performance of the private corporate business sector during the first quarter of 2019-20**

Today, the Reserve Bank released data on the performance of the private corporate sector during the first quarter of 2019-20 drawn from abridged financial results of 2,696 listed non-government non-financial (NGNF) companies. Data pertaining to Q1:2018-19 and Q4:2018-19 are also presented in the tables to enable comparison. The data can be accessed at [https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2\\_42](https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_42).

### **Highlights**

#### **Sales**

- Demand conditions for the manufacturing sector weakened in Q1:2019-20, with a contraction (y-on-y) in nominal sales; petroleum products, iron and steel, motor vehicles and other transport equipment companies were the major contributors (Table 2A and Table 5A).
- Sales growth (y-on-y) of information technology (IT) companies moderated, whereas that of the non-IT services companies, especially in wholesale and retail trade, transport and storage services, posted higher sales growth (Table 2A and Table 5A).

#### **Expenditure**

- Softening of commodity prices resulted in lower input costs (*i.e.*, raw materials), which aided manufacturing companies (Table 2A).
- Staff cost in manufacturing and IT companies decelerated marginally, but it increased for non-IT services (Table 2A).

#### **Operating profit**

- Operating profit for the manufacturing sector contracted by 4.3 per cent, mainly due to a production slowdown (Table 2A).
- Non-IT services companies, especially in wholesale and retail trade and telecommunication, registered sharp increases in operating profit (Table 2A and Table 5A).

### Interest

- Interest expenses of manufacturing companies witnessed moderation in growth (y-on-y), primarily due to contraction in interest expenses of iron and steel companies (Table 2A and Table 5A).
- The interest coverage ratio (ICR) of the manufacturing sector remained stable at above five<sup>1</sup>; while it improved for non-IT services companies (Table 2B).

### Pricing power

- Pricing power improved in both manufacturing and services sectors; muted commodity prices supported profit margins of manufacturing companies (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 containing the methodology followed for compilation of data, and the glossary (including revised definitions and calculations that differ from previous releases) are given at the end.

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Director

<sup>1</sup> The interest coverage ratio (ICR) is the ratio of earnings before interest and tax to interest expenses. It is a measure of a company's debt servicing capacity. The minimum value for a viable ICR is 1.