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## Finances of Foreign Direct Investment Companies, 2020-21: Data Release

Today, the Reserve Bank released the data<sup>1</sup> relating to financial performance of foreign direct investment (FDI) companies in India during the financial years 2019-20 and 2020-21 ([https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2\\_46](https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_46)). The analysis is based on audited annual accounts of 2,059 companies, accounting for 39.1 per cent of the total paid-up capital (PUC) of FDI companies that had reported in the 2020-21 round of the Reserve Bank's annual census of foreign liabilities and assets of Indian direct investment companies<sup>2</sup>.

Companies with direct investment from Mauritius, Singapore and USA accounted for nearly half of the sample companies; Netherland, Japan, the United Kingdom and Germany were other major direct investment sources. A major chunk of companies belonged to manufacturing, and information and communication sectors (Statement 1).

Explanatory notes to the statements are given in the Annex.

### Highlights

- Performance of FDI companies reflected the highly adverse large-scale impact of the COVID-19 pandemic and the related restrictions during 2019-20 (last quarter) as well as 2020-21 (full financial year).
- Sales of the select FDI companies recorded low growth of 1.3 per cent and 0.2 per cent in 2019-20 and 2020-21, respectively (Statement 2).
- Aggregate sales of FDI companies in the manufacturing sector declined marginally during 2019-20 as well as in 2020-21; food products, electrical equipment, pharmaceutical, chemical and plastic products, however, recorded higher sales during the year (Statement 7).
- Manufacturing and operating expenses in the manufacturing sector declined in both the years due to curtailed business activities (Statements 2 and 7).
- Operating profits improved due to a steeper contraction in expenditure *vis-à-vis* sales. Lower outgo on taxes and interest payments permeated to significant accumulation in net profits (Statements 2 and 4).
- Higher profitability contributed to improvement in interest coverage ratio [ICR, measured as earnings before interest and taxes (EBIT) to interest expenses] across major sectors in 2020-21 (Statements 2 and 7).

<sup>1</sup> The previous data release in the series was published on [June 8, 2020](#). It covered finances of 8,095 companies for the year 2018-19, which accounted for 47.5 per cent of total PUC of the FDI companies that reported in the 2018-19 round of the Reserve Bank's census on foreign liabilities and assets of Indian direct investment companies.

<sup>2</sup> The Indian companies covered in the Reserve Bank's annual data releases on (a) '[Finances of non-Government non-financial public limited companies, 2020-21](#)' and (b) '[Finances of non-Government non-financial private limited companies, 2020-21](#)', which reported foreign direct investment (FDI) are included in this study. Sectoral classification of companies in this data release is aligned with the classification followed in the above-mentioned two studies. All these studies are based on the primary data sourced from the Ministry of Corporate Affairs (MCA), Government of India.

- Selected FDI companies utilised over half of the incremental funds for fixed investment in both the years (Statements 3 and 6). Their investment in financial instruments increased substantially in 2020-21.
- Growth in net fixed assets of the select companies stood lower at 3.6 per cent in 2020-21 as compared with 15.7 per cent in the previous year (Statement 1).

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