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Performance of Private Corporate Business Sector during 2020-21

Today, the Reserve Bank released data on the performance of the private corporate sector during 2020-21 drawn from abridged financial results of 3,049 listed non-government non-financial (NGNF) companies. Corresponding data pertaining to 2019-20 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

- The Covid-19 pandemic affected various regions within the country with varying intensity, spread and duration during 2020-21; its impact on major economic sectors also differed widely, which introduced large intra-year swings in the private corporate sector's performance.
- Listed private companies in the manufacturing sector recorded widely varying sales growth (Y-o-Y) of (-) 41.1 per cent, (-) 4.3 per cent, 7.4 per cent and 31.0 per cent during Q1, Q2, Q3 and Q4 of 2020-21, respectively.
- Sales of 1,830 manufacturing companies contracted by 2.8 per cent (y-o-y) during 2020-21 over and above 7.4 per cent contraction in the preceding year (Table 2A).
- Companies in petroleum, motor vehicles, machinery, textiles, paper and glass recorded significant decline in sales during the year whereas it improved for those in food, metals, chemicals, pharmaceuticals and cement sector (Table 5A).
- Information technology (IT) sector companies remained resilient during the pandemic and recorded 4.4 per cent sales expansion during 2020-21 (Table 2A).
- Sales of non-IT services companies declined by (-) 14.6 per cent during 2020-21 due to severe slowdown in contact intensive sectors (e.g., transport, hospitality); telecommunication companies, however, recorded sales expansion (Table 2A and Table 5A).

Expenditure

- Expenditure on raw materials by manufacturing companies reduced during the year due to subdued production related activities (Table 2A).

- Staff cost declined for manufacturing and non-IT services companies but continued to expand for IT companies as their revenues were less affected by the pandemic (Table 2A).

Interest

- Interest cost moderated across sectors during the year (Table 2A).
- The interest coverage ratio (ICR)¹ of manufacturing companies increased to 5.0 in 2020-21 from 4.3 in the previous year due to lower interest expense and rise in profits; ICR remained below the unity level for non-IT services companies (Table 2B).

Profit

- Despite subdued production, savings on expenditures by manufacturing companies resulted in 23.0 per cent expansion of net profit during 2020-21; net profits of IT companies also increased whereas the services (non-IT) companies recorded loss during the year (Table 2A).
- Net profit margins increased for manufacturing and IT companies, and it remained in negative terrain for non-IT services companies (Table 2B).

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¹ 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.

Notes:

- 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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