प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001
DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001
फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

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Moderate Growth in Foreign Direct Investment Companies during 2012-13: RBI Data Release

The Reserve Bank of India today released on its website the data related to 'Finances of Foreign Direct Investment Companies, 2012-13'. The data have been compiled based on audited annual accounts of 917 select non-government non-financial (NGNF) foreign direct investment (FDI) companies which closed their accounts during the period April 2012 to March 2013. The data draw a comparative picture over the three year period 2010-11 to 2012-13 based on a common set of companies. 'Explanatory notes' pertaining to statements are given at the end.

Major Findings:

- Sales growth of select FDI companies along with value of production and operating expenses moderated in 2012-13. Sales growth was lower at 14.2 per cent in 2012-13 as compared with 17.7 per cent in 2011-12.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) and net profits (PAT) improved in 2012-13 mainly due to moderation in manufacturing expenses and interest expenses, respectively.
- Growth in merchandise exports for FDI companies witnessed a sharp deceleration at 13.4 per cent in 2012-13 from 27.3 per cent recorded in 2011-12. However, import growth increased to 18.0 per cent in 2012-13 from 14.2 per cent in 2011-12.
- Research and Development (R&D) expenditure of select FDI companies grew at a higher rate of 35.8 per cent in 2012-13 as compared with 24.7 per cent registered in 2011-12.
- Growth in total net assets of select FDI companies decelerated during the year while the share of gross fixed assets formation in total assets improved in 2012-13. The total net assets of select FDI companies grew at a lower rate of 11.1 per cent in 2012-13 vis-à-vis 13.4 per cent registered in the previous year.
- Inventories to sales ratio of select FDI companies declined in 2012-13 as compared with the previous year.
- The share of long-term and short-term borrowings in total liabilities increased in 2012-13 leading to a rise in the leverage ratio of select FDI companies during the year.
- Profitability ratios like EBITDA margin and return on equity (ROE) declined in 2012-13 mainly as a result of elevated leverage ratio.
- Select FDI companies relied mainly on external sources of funds for expanding their business and these funds were predominantly used for gross fixed assets formation and long-term investments.

An article analysing the finances of select non-government non-financial (NGNF) foreign direct investment (FDI) companies at the aggregate level as well as based on share of FDI, country of origin of FDI and industry is being published in the January 2015 issue of the RBI Bulletin.

Ajit Prasad
Assistant General Manager

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