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Finances of Non-Government Non-Financial Public Limited Companies, 2011-12

The Reserve Bank of India today released on its website, data related to [Finances of Non-Government Non-Financial \(NGNF\) Public Limited Companies, 2011-12](#).

The data have been compiled based on audited annual accounts of 3,041 NGNF public limited companies. It provides a comparative picture over the three-year period 2009-10 to 2011-12. 'Explanatory notes' on data are given at the end. Similar data for large NGNF Public Limited companies (each with paid-up capital ₹ 10 million and above) were released on February 22, 2013.

Main Findings

- Growth in sales as well as in operating expenses moderated during 2011-12. Higher rate of growth in operating expenses than in the value of production led to fall in profits measured by Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Profit after Tax (PAT). Profit margin of the select companies also declined in 2011-12.
- Smaller companies with sales upto ₹1 billion each recorded decline in sales and negative/low ebitda margin in 2011-12. The moderation in sales growth and in ebitda margin was relatively lesser in companies in the largest sales-size group with sales '₹ 10 billion and above'.
- Moderation in growth of sales in services sector was steeper than in manufacturing sector. However, fall in the EBITDA margin was lower in the services sector. Companies in 'electricity, gas, steam and air conditioning supply' industry recorded significant contraction in EBITDA as well as in EBITDA margin in 2011-12. EBITDA in construction sector also fell in spite of higher growth in sales in 2011-12 as compared with 2010-11.
- Companies in the 'machinery and equipment (non-electrical)' and 'chemical and chemical products' industries in the manufacturing sector and 'trade' and 'transport and storage' industries in the services sector recorded significant contraction in EBITDA in 2011-12. The 'chemical and chemical products' and 'transportation' industries also suffered sharp decline in EBITDA margin. On the other hand, companies belonging to 'cement and cement products', 'food products and beverages', 'wearing apparel', and 'computer and related activities' industries recorded high growth in EBITDA in 2011-12.
- At aggregate level, total net assets as well as net worth grew at lower rates in 2011-12 compared with those in 2010-11. Similar trend was observed across most of the large sales size groups and in most of the industries.

- Borrowings grew at a much lower rate in 2011-12 compared with 2010-11 both, in manufacturing as well as services sectors. However, 'construction' sector recorded higher growth in borrowings and 'electricity, gas, steam and air conditioning supply' industry recorded high growth in both, 2010-11 and 2011-12. Borrowings in 'machinery and equipment (non-electrical)', 'chemical and chemical products' and 'trade' industries also grew at higher rates in 2011-12 compared with those in 2010-11. Companies in the largest sales size group ₹10 billion and above' recorded a sharp fall in growth of borrowings.
- Leverage, measured by the debt to equity ratio (debt as percentage of net worth), increased in 2011-12 as compared with 2010-11. This was observed for the larger companies in terms of sales. However, it declined for smaller companies with sales below ₹1 billion each. At industry level, leverage declined in 'food products and beverages', 'electrical equipments', 'motor vehicles and other transport equipments', and 'real estate' industries. Debt to equity ratio remained high and increased further in 'transportation', 'textiles' and 'iron and steel' industries in 2011-12.
- Total sources and uses of funds during the year 2011-12 was lower than that in 2010-11 reflecting slower business activity during the year. External sources (i.e., other than companies' own funds) continued to dominate sourcing of funds by the corporates during 2011-12 with a share of 61.7 per cent. Sharp drop was observed in 'premium' received on fresh issue of shares. The share of funds raised through 'trade dues and other current liabilities' increased in 2011-12 as compared with 2010-11.
- Gross fixed assets formation was lower during 2011-12 though investment in plant and machinery was of higher order. Use of funds in 'financial investments' also increased during the year.

An article analysing the performance of NGNF public limited companies at the aggregate level as well as based on sales, size, and industry for a longer period will be published in the June 2013 issue of the RBI Bulletin.

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