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Performance of the private corporate business sector during the first quarter of 2017-18– RBI Data Release

The Reserve Bank compiles and releases data based on abridged financial results of listed non-government non-financial (NGNF) companies. This release relates to abridged financial results of 2,744 listed NGNF companies for Q1:2017-18. Data pertaining to Q1:2016-17 and Q4:2016-17 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.

Highlights

Sales

- Sales growth (Y-o-Y) of the manufacturing companies remained robust in Q1:2017-18, led by industries like cement and cement products, iron and steel, electrical machinery and apparatus and food products and beverages.
- The information technology (IT) sector witnessed further decline in sales growth.
- Sales of the services sector companies (other than IT) witnessed a turnaround after four successive quarters of contraction mainly due to the wholesale and retail trade and transport and storage services companies.

Expenditure

- At the aggregate level and for the manufacturing sector, raw material expenses growth remained high *albeit* with some moderation in relation with the previous quarter, while staff costs growth accelerated for the services (other than IT) sector.

Operating profit

- Sharp increase in the cost of raw material led to heavy contraction in operating profits for the manufacturing sector.
- The services (other than IT) sector and the IT sector also recorded lower operating profit as compared with Q1:2016-17.

Interest

- Interest expenses remained muted in Q1:2017-18 at the aggregate level and for the manufacturing sector.
- Within the manufacturing sector, motor vehicles and iron and steel industries experienced higher growth of interest expenses than in the previous quarter.
- There was no sign of improvement in the interest coverage ratio for the services (other than IT) sector.
- The interest coverage ratio for the telecommunication industry weakened further in Q1:2017-18.

Net profit

- Barring the IT sector, net profits contracted heavily despite some support from other income.

Pricing power

- The operating profit margin declined for the manufacturing and services (other than IT) sectors.
- The IT sector recorded an improvement in net profit margin aided by other/non-operating income.

List of Tables

| List of Tables | | | |
|-------------------|---|---|---------------|
| Table No. | | Title | |
| 1 | A | Performance of Listed Non – Government Non-Financial Companies | Growth Rates |
| | B | | Select Ratios |
| 2 | A | Performance of Listed Non-Government Non-Financial Companies - Sector – wise | Growth Rates |
| | B | | Select Ratios |
| 3 | A | Performance of Listed Non-Government Non-Financial Companies according to Size of Paid-up-Capital | Growth Rates |
| | B | | Select Ratios |
| 4 | A | Performance of Listed Non-Government Non-Financial Companies according to Size of Sales | Growth Rates |
| | B | | Select Ratios |
| 5 | A | Performance of Listed Non-Government Non-Financial Companies according to Industry | Growth Rates |
| | B | | Select Ratios |
| Explanatory Notes | | | |
| Glossary | | | |

Note:

- Coverage of companies in different quarters varies, depending on the date of declaration of results; however, this is not expected to significantly alter the aggregate position.
- Listed companies having net worth more than ₹500 crores were mandated by the Ministry of Corporate Affairs to adopt the new accounting standards 'Ind-AS' since Q1:2016-17 and rest of the listed companies have also adopted the same from Q1:2017-18. The impact of transition, appears muted at the aggregate level in terms of the growth rates, although the same may not hold for the ratios.
- 'Explanatory Notes' containing the brief methodology followed for compilation of data and the glossary (including revised definitions and calculations that differ from previous releases) are given at the end.