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Performance of Private Corporate Business Sector during Q2:2022-23

Today, the Reserve Bank released data on the performance of the private corporate sector during the second quarter of 2022-23 drawn from abridged quarterly financial results of 2,740 listed non-government non-financial companies. Data pertaining to Q2:2021-22 and Q1:2022-23 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

- Sales of listed private non-financial companies recorded 22.6 per cent growth (y-o-y) in Q2:2022-23 as compared to 41.0 per cent in the previous quarter and 31.8 per cent in Q2 of the previous year (Table 1A).
- Aggregate sales of 1,702 listed private manufacturing companies registered a steady growth (y-o-y) of 20.9 per cent in Q2:2022-23, driven by high sales growth in petroleum, chemicals and automobile industries (Table 2A and Table 5A).
- Information technology (IT) companies continued with their consistently good performance and recorded robust sales growth of 21.4 per cent (y-o-y) during the quarter (Table 2A).
- Sales of non-IT services companies remained at an elevated level during Q2:2022-23 which is led by healthy growth of trade, transport and hotels and restaurant sector (Table 2A and Table 5A).

Expenditure

- Manufacturing companies' expenditure on raw materials surged by 27.8 per cent on an annual basis (y-o-y) on the back of both volume and price effects though it moderated on a sequential (q-o-q) basis. Input cost pressure, as measured by the ratio of raw material expenditure to sales, stood higher than a year ago though it moderated from the previous quarter.
- Annual growth in staff cost for manufacturing, IT and non-IT services companies stood at 9.4 per cent, 24.1 per cent and 19.9 per cent, respectively, while the ratio of their staff cost to sales stood at 5.2 per cent, 50.3 per cent and 8.0 per cent, respectively (Table 2A and 2B).

Profit

- Operating profit of listed private manufacturing companies contracted in Q2:2022-23 whereas it expanded for services companies (both IT and non-IT), as compared with the corresponding quarter of 2021-22 (Table 2A).
- On a sequential basis (q-o-q), operating profit improved for IT companies but deteriorated for the other two groups.

Interest

- Interest coverage ratio (ICR)¹ of manufacturing companies moderated during Q2:2022-23 but remained well above the unity; ICR of non-IT services companies continued to remain below unity (Table 2B).

Pricing power

- Operating profit margin of manufacturing companies moderated from the previous quarter which impacted their pricing power, as reflected in net profit margin; while it improved for IT companies, non-IT services companies continued to make net losses, mainly due to the losses recorded by telecom and transport companies (Table 2B and Table 5B).

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Notes:

- The coverage of companies in different quarters varies, depending on the date of declaration of results; this is, however, not expected to significantly alter the aggregate position.
- Explanatory notes detailing the compilation methodology, and the glossary (including revised definitions and calculations that differ from previous releases) are appended.

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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.