प्रेस प्रकाशनी PRESS RELEASE

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Performance of Private Corporate Business Sector during Q2:2024-25

Today, the Reserve Bank released data on the performance of the private corporate sector during the second quarter of 2024-25, drawn from abridged quarterly financial results of 2,911 listed non-government non-financial companies. This summary position also includes comparable data for Q2:2023-24 and Q1:2024-25 to enable study of sequential (q-o-q) and annual (y-o-y) change (web-link https://data.rbi.org.in/DBIE/#/dbie/reports/Statistics/Corporate%20Sector/Listed%20Non-Government%20Non-Financial%20Companies).

Highlights

Sales

- Aggregate sales growth (y-o-y) moderated to 5.4 per cent during Q2:2024-25 (6.9 per cent in the previous quarter), whereas other income increased by 23.8 per cent (12.7 per cent in the previous quarter) (Table 1A).
- Manufacturing, information technology (IT) and non-IT services sectors recorded 3.3 per cent, 6.6 per cent and 12.5 per cent rise (y-o-y) in their sales, respectively; growth moderation in sales of manufacturing sector was brought about by sales contraction (y-o-y) in petroleum, iron and steel, and cement industries (Tables 2A and 5A).

Expenditure

- Growth in manufacturing expenses decelerated in tandem with the sales growth moderation; staff expenses and cost of raw material for manufacturing companies rose by 9.3 per cent and 5.1 per cent (y-o-y), respectively, during Q2:2024-25 (10.7 per cent and 6.4 per cent, respectively, in the previous quarter) (Table 2A).
- The ratios of staff expenses and raw material cost to manufacturing sales stood at 55.1 per cent and 5.8 per cent, respectively, during Q2:2024-25 (Table 2B).
- In the services sector, the ratio of staff cost to sales declined marginally to 48.4 per cent and 10.9 per cent for IT and non-IT companies, respectively, during the latest quarter (Table 2B).

Pricing power

- Operating profits increased by 3.5 per cent (y-o-y) during Q2:2024-25 at the aggregate level whereas it contracted by (-) 0.3 per cent for the manufacturing sector; surge in other income, however, led to high net profit growth of 23.7 per cent and 24.2 per cent at the aggregate level and for the manufacturing sector, respectively (Tables 1A and 2A).
- Operating profit margin moderated for manufacturing and non-IT services companies on sequential basis to 14.0 per cent and 20.4 per cent, respectively, during the latest quarter, whereas it inched up for IT companies to 22.9 per cent (Table 2B).

Interest expenses

- Interest coverage ratio (ICR)[1] of manufacturing and non-IT service companies remained broadly stable at 7.9 and 1.7, respectively, during the latest quarter; ICR for IT companies rose further to 45.6 (Table 2B).

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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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Chief General Manager

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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.