



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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## Finances of Foreign Direct Investment Companies, 2021-22

Today, the Reserve Bank released the data<sup>1</sup> relating to financial performance of foreign direct investment (FDI) companies in India during 2021-22 ([https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#12\\_46](https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#12_46)) based on audited annual accounts of 2,206 companies, which reported in the Indian Accounting Standards (Ind-AS) format for three accounting years from 2019-20 to 2021-22.

The paid up capital (PUC) of these companies amounted to ₹5,04,271 crore, which accounted for 54.5 per cent of the total PUC of FDI companies that had reported in the 2021-22 round of the Reserve Bank's annual census of foreign liabilities and assets of Indian direct investment companies. Their economic sector classification is based on their principal business activity reported in MGT-7 form (web-link: <https://www.mca.gov.in/MinistryV2/companyformsdownload.html>) of the Ministry of Corporate Affairs, Government of India, which is the primary source of these data.

Companies with direct investment from Mauritius, Singapore and USA accounted for nearly half of the sample companies; Netherland, Japan, the United Kingdom and Germany were other major direct investment sources. A major chunk of companies belonged to manufacturing, and information and communication sectors (Statement 1).

### Highlights

- FDI companies witnessed broad based recovery in 2021-22 as the COVID-19 pandemic's impact diminished and economic activity rebounded; sales of the sample companies expanded by 29.7 per cent (2.0 per cent growth in the previous year) (Statements 2 and 7).
- Operating expenses increased to meet the surge in sales; the ratio of raw material cost to total expenditure increased to 51.1 per cent (47.0 per cent in the previous year) (Statements 2 and 3).
- Royalty payment by FDI companies, with 1.35 per cent share in their total expenditure, increased by 33.4 per cent in 2021-22 (19.7 per cent in the previous year); the share of research and development in total expenditure stood at 0.11 per cent (Statement 4).

<sup>1</sup> The previous data release in the series was published on [September 22, 2022](https://www.rbi.org.in/PressRelease/20220922). It covered finances of 2,059 companies for the years 2019-20 and 2020-21, which accounted for 39.1 per cent of total PUC of the FDI companies that reported in the 2020-21 round of the Reserve Bank's census on foreign liabilities and assets of Indian direct investment companies.

- Operating profit of the sample companies increased by 21.4 per cent during 2021-22; manufacturing companies maintained their operating profit margin, which slipped marginally for the services sector (Statement 2 and 10).
- At the aggregate level, leverage (measured in terms of debt-to-equity ratio) improved marginally (Statement 3).
- The sample companies utilised around 36 per cent of fresh funds in fixed capital formation. Non-current investments, inventories, and receivables were other major uses of funds during 2021-22 (Statement 6B).

Explanatory notes to the statements are given in the Annex.

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