



भारतीय रिज़र्व बैंक

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### Performance of the private corporate business sector during the third quarter of 2018-19

Today, the Reserve Bank released data on performance of the private corporate sector during the third quarter of 2018-19 drawn from abridged financial results of 2,703 listed non-government non-financial (NGNF) companies. Data pertaining to Q3:2017-18 and Q2:2018-19 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](https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_42).

#### Highlights

##### Sales

- Demand conditions in the manufacturing sector weakened as reflected in moderation of sales growth (y-o-y).
- This moderation was observed mainly in Textiles, Iron and Steel, Motor Vehicles and other Transport equipments industries whereas sales growth improved for consumer-driven sectors such as Food Product and Beverages, and Pharmaceuticals.
- Sales growth of the Information Technology (IT) sector remained broadly unchanged in relation to the previous quarter; while the services (non-IT) sector maintained the pace of sales growth, riding on the improvement recorded by the Transport and Storage services industries, the Telecommunication sector continued to experience contraction in sales.

##### Expenditure

- Input costs (*i.e.*, raw materials) eased for manufacturing companies in Q3:2018-19 in line with the softening of commodity prices.
- Staff cost growth increased for the services sectors relative to Q2:2018-19.

##### Operating profit

- Operating profit growth in the manufacturing sector slackened in the face of lower growth in the value of production.
- Operating profits of the services (non-IT) sector remained in contraction in Q3:2018-19.

##### Interest

- Interest expenses incurred by the manufacturing sector witnessed a dip from their level a year ago, reflecting ongoing deleveraging in the corporate sector.
- The Interest Coverage Ratio (ICR) of the manufacturing sector remained broadly at the level observed in the preceding quarter; with the ICR for the services (non-IT) sector showing signs of improvement, primarily on account of less interest expenses incurred by telecommunication and improved gross profits recorded by transport and storage services companies.

**Net profit**

- The manufacturing sector continued to record strong growth in net profits, benefitting from the lower tax provisions in Q3:2018-19.

**Pricing power**

- Pricing power in terms of operating profit and net profit margins remained flat in case of the manufacturing sector. Net profit margin of the IT sector declined marginally. Steady demand conditions led to an increase in operating profit margin of services (non-IT) sector; however, net profit margin recorded by this sector suffered due to less support from non-operating income, relative to Q2:2018-19.

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## Notes:

- The 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.
- The listed companies with net worth of more than ₹5 billion were required to adopt the new accounting standards - Ind-AS - by Q1:2016-17 and rest of the listed companies by Q1:2017-18, as mandated by the Ministry of Corporate Affairs. The Ind-AS is a move towards convergence of the financial accounting and reporting standards in India towards the globally accepted International Financial Reporting Standards (IFRS).
- Explanatory notes containing the methodology followed for compilation of data, and the glossary (including revised definitions and calculations that differ from previous releases) are given at the end.