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Finances of Foreign Direct Investment Companies, 2014-15: Data Release

The Reserve Bank of India today released on its website [the data](#) related to 'Finances of Foreign Direct Investment (FDI) Companies, 2014-15'. The data have been compiled based on audited annual accounts of select 3,320 non-government non-financial (NGNF) foreign direct investment companies which closed their accounts during the period April 2014 to March 2015. The data are based on Ministry of Corporate Affairs (MCA) systems (Extensible Business Reporting Language (XBRL) and Form AOC-4 (Non-XBRL) platform). The data draw a comparative picture over the three year period 2012-13 to 2014-15 based on a common set of companies. ['Explanatory notes'](#) pertaining to statements are given at the end.

The paid-up capital (PUC) of select 3,320 NGNF FDI companies in the year 2014-15 accounted for 21.4 per cent of total PUC of Non-Financial FDI companies reported in the Reserve Bank's Census on Foreign Liabilities and Assets of Indian Direct Investment Companies, 2014-15.

Major Findings:

- The performance of NGNF FDI companies improved in 2014-15 as compared to the previous year. Sales and value of production of select FDI companies grew at higher rates in 2014-15. Sales grew by 13.0 per cent in 2014-15 as compared with 11.0 per cent recorded in 2013-14.
- The growth in operating profit moderated to 14.6 per cent in 2014-15 from 16.2 per cent in 2013-14, mainly due to increase in manufacturing and other operating expenses. However, Net profit (Profit after Tax) growth improved to 19.7 per cent in 2014-15 as compared with 11.8 per cent in the previous year.
- Merchandise exports remained in contraction mode as in the previous year. Imports also contracted by 9.2 per cent in 2014-15 from 8.2 per cent growth in 2013-14.
- Growth in 'Total Borrowings' declined sharply to 3.7 per cent in 2014-15 from 23.1 per cent in 2013-14. Similarly, 'Borrowings from Banks' also grew at a significantly lower rate of 2.4 per cent in 2014-15 as compared to the previous year.
- Research and Development (R&D) expenditure grew by 11.9 per cent in 2014-15 as against 27.1 per cent in 2013-14. However, royalty payment grew at a higher rate of 29.6 per cent in 2014-15 as compared with 13.1 per cent in 2013-14.
- 'Gross Fixed Assets' as well as 'Net Fixed Assets' grew at lower rates of 10.2 per cent and 8.6 per cent respectively in 2014-15 as compared to 18.0 per cent and 15.3 per cent growth

- Profitability ratios as measured by operating profit margin as well as RoE (Return on Equity - measured as ratio of Profit after tax to Net-worth) increased marginally in 2014-15 as compared to the previous year.
- The select FDI companies relied mainly on external sources of funds for expanding their business and their share had increased in 2014-15 as compared to the previous year. Funds were predominantly used for Gross Fixed asset formation as well as in non-current investment. However, the share of Cash & Cash equivalents in total uses of funds increased significantly in 2014-15 as compared to the previous year.

An article analysing the finances of select non-government non-financial (NGNF) foreign direct investment (FDI) companies at the aggregate level as well as based on share of FDI, country of origin of FDI and industry is being published in the June 2016 issue of the RBI Bulletin.

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