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## Performance of Private Corporate Business Sector during 2017-18

Today, the Reserve Bank released data on the performance of the private corporate sector during 2017-18 drawn from abridged financial results of 3,096 listed non-government non-financial (NGNF) companies. Data pertaining to 2016-17 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

- The manufacturing sector's sales growth improved significantly in 2017-18, led by iron and steel; motor vehicles and other transport equipment; petroleum products; and cement and cement products.
- The information technology (IT) sector witnessed moderation in sales growth.
- Sales of services (non-IT) sector companies showed some signs of revival, mainly due to turnaround in the performance of wholesale and retail trade companies.

#### Expenditure

- Manufacturing companies experienced input cost pressures in the form of increased cost of raw materials, mainly reflecting firming international commodity prices.
- While staff costs of the services (non-IT) sector companies accelerated, they moderated in the IT sector.

#### Operating Profit

- Operating profit growth of the manufacturing sector saw some moderation from the previous year due to higher growth in expenditure on raw materials and staff.
- Operating profits of the services (non-IT) sector companies continued to contract.

#### Interest

- Interest expenses growth in the manufacturing sector accelerated in three major industries - petroleum products; motor vehicles; and cement and cement products. For the remaining industries, interest expenses decreased in line with the overall reduction in debt levels.
- The manufacturing sector recorded a significant increase in the interest coverage ratio; however, no sign of improvement was seen in the services (non-IT) sector.

## Net Profit

- Net profit growth decelerated significantly at the aggregate level mainly due to heavy losses incurred by the telecommunication sector.

## Pricing Power

- The operating profit margin remained stable for the manufacturing and the IT sectors.
- The operating profit margin for the services (non-IT) sector declined and the net profit margin remained negative due to losses made by the telecommunication companies.

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### Notes:

- Listed companies with net worth 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 impact of the transition appears muted at the aggregate level in terms of growth rates, although the same may not hold for the ratios.
- 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.