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Performance of Private Corporate Business Sector during Q4:2022-23

Today, the Reserve Bank released data on the performance of the private corporate sector during the fourth quarter of 2022-23 drawn from abridged quarterly financial results of 2,774 listed non-government non-financial companies. These include estimates for Q4:2021-22 and Q3:2022-23 to enable comparison (web-link https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_42).

Highlights

Sales

- Sales growth (y-o-y) of listed private non-financial companies moderated to 8.0 per cent in Q4:2022-23 from 12.7 per cent in the previous quarter and 22.3 per cent in Q4 of the previous year (Table 1A).
- Aggregate sales growth (y-o-y) of 1,709 listed private manufacturing companies moderated from 10.6 per cent in Q3:2022-23 to 5.3 per cent in the latest quarter which, inter alia, included waning of price and base effects; the moderation was broad based across major industries, except for the high growth pharmaceutical sector (Tables 2A and 5A).
- Information technology (IT) companies continued to perform well and recorded 16.0 per cent rise (y-o-y) in sales during the latest quarter (Table 2A).
- Revenue growth for non-IT services companies remained healthy, supported by steady performance in trade and transport sectors (Tables 2A and 5A).

Expenditure

- With the moderation in sales growth and some ebbing of input cost pressure, growth in manufacturing companies' expenses on raw material decelerated (Table 2A).
- Staff cost rose by 11.3 per cent, 18.2 per cent and 15.4 per cent, on y-o-y basis, for manufacturing, IT and non-IT services companies, respectively; the staff cost to sales ratio remained stable across the sectors (Table 2B).

Interest

- Interest coverage ratio (ICR)[1] of manufacturing companies improved to 7.4 during Q4:2022-23 from 6.3 in the previous quarter; ICR of non-IT services companies improved for the second successive quarter, but remained relatively low at 1.7 (Table 2B).

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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.

Pricing power

- Operating profit of manufacturing, IT and non-IT services companies rose by 1.4 per cent, 10.5 per cent and 25.1 per cent, respectively, on a y-o-y basis, and their operating profit margin stood at 14.3 per cent, 22.3 per cent and 22.3 per cent, respectively, in Q4:2022-23 (Tables 2A and 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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