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Performance of Private Corporate Business Sector during Q1:2022-23

Today, the Reserve Bank released data on the performance of the private corporate sector during the first quarter of 2022-23 drawn from abridged quarterly financial results of 2,749 listed non-government non-financial companies. Data pertaining to Q1:2021-22 and Q4:2021-22 are also presented in the tables to enable comparison. The data can be accessed at the 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 surged to 41.0 per cent in Q1:2022-23 from 22.3 per cent in the previous quarter (Table 1A).
- Driven by broad based demand expansion across industries, the manufacturing sector recorded impressive sales growth of 41.6 per cent (y-o-y) in Q1:2022-23, which was aided by both volume and price effects (Table 2A and Table 5A).
- Annual sales growth of information technology (IT) companies, which remained steady in positive terrain even during the COVID-19 pandemic, stood at 21.3 per cent during the latest quarter (Table 2A).
- Sales of non-IT services companies swelled by 62.1 per cent (y-o-y) in Q1:2022-23, as the service activities continued their ascend on strong revival path after the second wave of the pandemic a year ago; hotels and restaurant, transport, trade and real estate sectors bounced back sharply (Table 2A and Table 5A).

Expenditure

- Manufacturers' expenses on raw materials increased by 52.0 per cent (y-o-y) in tandem with robust demand expansion; the ratio of raw material expenditure to sales moved up on both sequential as well as annual basis (Table 2A and 2B).
- Annual growth in staff cost for manufacturing, IT and non-IT services companies stood at 10.3 per cent, 23.5 per cent and 20.0 per cent, respectively, whereas the ratio of their staff cost to sales stood at 5.0 per cent, 50.1 per cent and 8.0 per cent, respectively (Table 2A and 2B).

Operating profit

- Operating profit of listed private non-financial companies expanded across the broad sectors in in the latest quarter (Table 2A).

Interest

- Interest coverage ratio (ICR)¹ of manufacturing and IT companies remained steady in Q1:2022-23; the ICR of non-IT services companies continued to remain below unity (Table 2B).

Pricing power

- Operating profit margin moderated for manufacturing and IT companies both on sequential and annual basis. (Table 2B).
- Pricing power, as reflected in net profit margin, moderated for manufacturing and IT companies, whereas it remained in negative terrain for non-IT services companies, mainly due to the losses recorded by telecom and transport companies (Table 2B and Table 5B).

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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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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.