



**भारतीय रिज़र्व बैंक**

**RESERVE BANK OF INDIA**

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### **Performance of the private corporate business sector during the fourth quarter of 2017-18**

Today, the Reserve Bank released data on performance of the private corporate sector during the fourth quarter of 2017-18. This release relates to the abridged financial results of 2,723 listed non-government non-financial (NGNF) companies for Q4:2017-18. Data pertaining to Q4:2016-17 and Q3:2017-18 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 recorded robust growth in sales (y-o-y) in Q4:2017-18 as in the preceding quarter.
- Among major manufacturing industries, demand conditions improved for electrical machinery and apparatus; motor vehicles and other transport equipments; petroleum products; and pharmaceuticals and medicines.
- Both information technology (IT) and the services (non-IT) - wholesale and retail trade; transport and storage services; and hotels and restaurants - sectors improved in sales growth whereas in telecommunication and real estate companies sales contracted.

##### **Expenditure**

- Input cost pressures faced by manufacturing companies as cost of raw materials as well as staff cost recorded hefty growth.

##### **Operating profit**

- Operating profit growth of the manufacturing sector improved despite increase in input costs, due to higher growth in value of production.
- Operating profits of the services (non-IT) sector plummeted further in Q4:2017-18.

##### **Interest**

- Interest expenses of the manufacturing sector grew at a higher rate with iron and steel; petroleum products; and pharmaceuticals and medicine industries contributing the most, however, this sector registered a decline in interest to sales ratio.
- Higher gross profits led to an increase in the interest coverage ratio of the manufacturing sector.

**Net profit**

- Net profit growth for the manufacturing sector improved due to support from other income.

**Pricing power**

- Pricing power in terms of the net profit margin improved for the manufacturing sector.
- Net profit margin turned negative for the services (non-IT) sector due to losses incurred by the telecommunication companies.

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**Notes:**

- 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.
- Listed companies having net worth more than ₹ 5 billion were to adopt the new accounting standards 'Ind-AS' by Q1:2016-17 and rest of the listed companies were also to adopt the same by Q1:2017-18 as mandated by the Ministry of Corporate Affairs. The impact of transition appears muted at the aggregate level in terms of the growth rates, although the same may not hold for the ratios.
- 'Explanatory Notes' containing the brief methodology followed for compilation of data and the glossary (including revised definitions and calculations that differ from previous releases) are given at the end.