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|  | प्रेस प्रकाशनी **PRESS RELEASE** |
| संचार विभाग, **केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-**400001  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Department of Communication,** Central Office, S.B.S.Marg, Mumbai-400001  फोन/Phone: 022- 22660502 | **logo**  भारतीय रिज़र्व बैंक  **RESERVE BANK OF INDIA** वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.in ई-मेल/email**:** [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in) |

December 24, 2020

**Performance of the private corporate business sector during the second**

**quarter of 2020-21**

Today, the Reserve Bank released data on the performance of the private corporate sector during the second quarter of 2020-21 drawn from abridged quarterly financial results of 2,637 listed non-government non-financial (NGNF) companies. Data pertaining to Q2:2019-20 and Q1:2020-21 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**

* Demand conditions in the manufacturing sector moved to the path of recovery with a softer contraction of 4.3 per cent (Y-o-Y) in nominal sales after a contraction of 41.1 per cent in the previous quarter, which witnessed major country-wide lockdown due to the COVID-19 pandemic; the recovery was led by iron and steel, food products, cement, automobile and pharmaceuticals companies (Table 2A and Table 5A).
* Nominal sales of non-IT services sector also registered lower contraction of 14.5 per cent (Y-o-Y) led by expansion in sales of telecommunication and real estate companies (Table 2A and Table 5A).
* Sales growth of IT sector companies remained steady at 3.6 per cent (Y-o-Y) in Q2:2020-21 (Table 2A).

## **Expenditure**

* Input cost pressure from raw materials remained subdued for manufacturing sector in Q2:2020-21 (Table 2A).
* Staff cost growth (Y-o-Y) decelerated for IT companies in Q2:2020-21, whereas it remained in contraction zone for the manufacturing and non-IT services sectors (Table 2A).

## **Operating profit**

* Operating profits of manufacturing companies increased on the back of savings in expenditure; operating profits of services (both IT and Non-IT) companies also increased in Q2:2020-21 (Table 2A).

**Interest**

* With rise in profits, interest coverage ratio (ICR)[[1]](#footnote-1) of manufacturing companies improved to 4.6 in Q2:2020-21 from 2.4 in the previous quarter; the ICR of non-IT services companies remained below one (Table 2B).

## **Pricing power**

* Profit margins improved across manufacturing and services companies on account of rise in profit from cost saving (Table 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.

**Ajit Prasad**

**Press Release: 2020-2021/830** Director

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. [↑](#footnote-ref-1)