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Azadi Ka Amrit Mahotsav

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Performance of Private Corporate Business Sector during Q1:2023-24

Today, the Reserve Bank released data on the performance of the private corporate sector during the first quarter of 2023-24 drawn from abridged quarterly financial results of 2,836 listed non-government non-financial companies. These include data for Q1:2022-23 and Q4:2022-23 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 further to 2.1 per cent in Q1:2023-24 from 8.0 per cent in the previous quarter and 41.0 per cent a year ago (Table 1A).
- During Q1:2023-24, aggregate sales of 1,712 listed private manufacturing companies remained around their level in Q1:2022-23, when it had recorded a high growth of 41.6 per cent (y-o-y); higher sales in pharmaceuticals, cement, electrical machinery and motor vehicles during the quarter were largely offset by contraction in petroleum, chemicals, non-ferrous metals and textiles sales (Tables 2A and 5A).
- Sales of the information technology (IT) sector, which witnessed high growth in the range of 19.5-21.4 per cent (y-o-y) during the six quarters of FY:2021-22 and H1:2022-23, has been moderating over the latest three quarters; it recorded 10.9 per cent sales growth during Q1:2023-24 as compared with 16.0 per cent growth in the previous quarter (Table 2A).
- Non-IT services companies also recorded lower rise in sales at 4.5 per cent (y-o-y) as compared with 20.5 per cent growth (y-o-y) during Q4:2022-23; telecom, transport and communication, hotel and restaurant and hospitality activities mobilized higher revenue, which was, however, muted for the wholesale and retail trade sectors (Tables 2A and 5A).

Expenditure

- Manufacturing expenses contracted, both on annual and sequential basis, in line with the sales moderation and easing of input cost pressure (Table 2A).
- Staff cost rose by 10.2 per cent, 13.0 per cent and 16.2 per cent, on y-o-y basis, for manufacturing, IT and non-IT services companies, respectively; staff cost to sales ratio also inched-up across the broad sectors (Table 2B).

Interest

- With some rise in interest outgo, the interest coverage ratio (ICR)[1] of manufacturing companies declined to 6.8 during Q1:2023-24 from 7.4 in the

[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.

previous quarter and 8.3 a year ago; ICR of non-IT services companies remained above the unity for the third consecutive quarter whereas the ratio remained highly comfortable at 44.5 for the IT sector (Table 2B).

Pricing power

- Operating profit rose by 10.5 per cent and 37.3 per cent (y-o-y) for IT and non-IT services companies, respectively, whereas it declined by 0.9 per cent for manufacturing companies (Table 2A).
- Operating profit margin of manufacturing, IT and non-IT sectors stood at 14.0 per cent, 21.9 per cent and 23.7 per cent, respectively, in Q1:2023-24 (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.

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