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September 22, 2022

**Finances of Non-Government Non-Financial Private Limited Companies,
2020-21: Data Release**

Today, the Reserve Bank released the data relating to financial performance of non-government non-financial (NGNF) private limited companies during the financial years 2019-20 and 2020-21 (https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_45) The analysis is based on audited annual accounts of 9,086 companies with total paid-up capital (PUC) of ₹4,82,152 crore of at end-March 2021¹.

This analysis provides a comparative picture of the companies reporting in the Indian Accounting Standards (Ind-AS) format over the three-year period from 2018-19 to 2020-21². Unlike the previous studies in series, which relied on corporate identification number (CIN) for classification of companies across industries, the present analysis relies on principal business activity reported by companies in their MGT-7 reporting³, which facilitates classification of companies as per their latest economic activity.

Explanatory notes to the statements are given in the Annex.

Highlights

Sales

- Private corporate sector performance in 2019-20 (last quarter) as well as 2020-21 (full financial year) reflected the highly adverse large-scale impact of the COVID-19 pandemic and the related restrictions. Sales of private limited NGNF companies recorded a marginal growth of 0.8 per cent in 2020-21 (Statements 1 and 6).
- Aggregate sales of manufacturing sector declined marginally during 2019-20 as well as in 2020-21; food products, electrical equipment, pharmaceutical, chemical and plastic products, however, increased during the year (Statement 6).

¹ The previous data release in the series was published on [May 11, 2020](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53919). It covered 2,29,312 companies for the year 2018-19 with total PUC of ₹4,17,743 crore, which accounted for 32.8 per cent of total PUC of such companies at end-March 2019.

² In addition to the present annual study series on finances of public limited and private limited NGNF companies, which are based on the primary data sourced from the Ministry of Corporate Affairs (MCA), the Reserve Bank regularly publishes quarterly and annual studies on performance of listed NGNF companies based on their abridged financial results – the last such annual study covering their performance during the year 2021-22 was released on June 24, 2022 (web-link: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53919).

³ Filing of MGT-7 eForm (annual) is mandated by the MCA under the Companies (Management and Administration) Rules, 2014 as amended from time to time, and its coverage of companies has increased over the years (web-link: <https://www.mca.gov.in/MinistryV2/companyformsdownload.html>). It contains select basic information related to a company for the latest year, which *inter alia* includes the share of principal business activities in turnover of the company, that provides basis for classification of companies across industries.

Expenditure

- Curtailed business activities in both industrial and services sector resulted in lower operating expenses during 2020-21 across most sectors (Statements 1 and 6).

Leverage

- At the aggregate level, leverage (measured in terms of debt to equity ratio) of the select private NGNF companies increased in 2020-21, mainly due to a significant rise in their non-current liabilities due to higher borrowings from related parties and rise in term loans (Statements 2 and 7).
- Interest coverage ratio [ICR, measured as earnings before interest and taxes (EBIT) to interest expenses] improved across major sectors, except for mining & quarrying, owing to rise in profits and lower interest expenses in 2020-21 (Statements 2 and 7).

Net profits

- Net profit margin improved on account of lower tax provisioning as well as interest outgo in 2020-21 (Statement 2).
- Chemical and pharmaceutical industry recorded significant improvement in net profit margin during 2020-21 (Statement 7).

Investment

- In the face of the pandemic driven uncertainties, business expansion plans in the private corporate sector witnessed moderation in 2020-21 (Statement 2).
- Growth in net fixed assets of the select companies stood lower at 2.4 per cent in 2020-21 as compared with 14.2 per cent in the previous year (Statement 1).

Press Release: 2022-2023/910

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