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Finances of Non-Government Non-Financial Private Limited Companies, 2022-23

Today, the Reserve Bank released the data relating to financial performance of non-government non-financial (NGNF) private limited companies during 2022-23 (<https://cimsdbie.rbi.org.in/DBIE/#/dbie/reports/Statistics/Corporate%20Sector/Non-Government%20Non-Financial%20Private%20Limited%20Companies>) based on audited annual accounts of 10,639 companies, which reported in the Indian Accounting Standards (Ind-AS) format for three accounting years from 2020-21 to 2022-23, received from the Ministry of Corporate Affairs, Government of India, which is the primary source of these data.

Total paid-up capital (PUC) of these companies amounted to ₹ 6,61,236 crore in March 2023¹, which accounted for 34.2 per cent of the total PUC of NGNF private limited companies.

Highlights

Sales

- Net sales of NGNF private limited companies rose by 20.3 per cent during 2022-23 on top of high growth of 30.5 per cent in the previous year, which had followed the COVID-19 pandemic peak year of 2020-21 when production was hit due to restrictions (Statement 1).
- As the economy recovered from the pandemic impact, most of the sectors recorded double digit growth during 2021-22 as well as in 2022-23 (Statement 6).
- With rise in activities, companies improved asset utilisation; the ratios of sales to both gross fixed assets and total net assets increased during the year (Statement 2).

Expenditure

- At the aggregate level, manufacturing expenses and remuneration to employees moved largely in sync with sales growth; services sector recorded higher growth in employees' remuneration when compared to the manufacturing sector (Statement 1 and 6).
- Operating expenses increased by 20.4 per cent in 2022-23 on top of 33.4 per cent growth in the previous year (Statement 1).

Profits

- During 2022-23, growth in operating profits, profit before tax and profit after tax moderated from those recorded in the previous year but remained in double digits (Statement 1).

¹ The previous data release in the series was published on [March 31, 2023](#). It covered 9,659 companies for the years 2019-20 to 2021-22 with total PUC of ₹5,59,510 crore (30.1 per cent of total PUC of NGNF private limited companies) at end-March 2022.

- As a ratio to sales, both operating profit and gross profit moderated for the second successive year (Statement 2).

Leverage

- At the aggregate level, leverage (measured in terms of debt-to-equity ratio) of the sample companies continued to decline and stood at 42.1 per cent during 2022-23 (Statement 2).
- At the aggregate level, interest coverage ratio [ICR, which is the ratio of earnings before interest and taxes (EBIT) to interest expenses and is a measure of debt servicing capacity of a company] remained unchanged from the previous year at 2.9 per cent; it, however, improved for services and construction sectors owing to rise in profits (Statements 2 and 7).

Sources and Uses of Fund

- During 2022-23, the sample companies had lower external sources of funds, especially share capital premium and borrowing through bonds/debentures as well as from related parties, when compared to those in the previous year; their internal sources of funds, however, increased marginally (Statement 5A).
- Private limited NGNF companies made higher investment in fixed assets during 2022-23 *vis-à-vis* the previous year (Statement 5B).

Explanatory notes to the statements are given in the Annex.

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