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Performance of the private corporate business sector during Q2:2021-22

Today, the Reserve Bank released data on the performance of the private corporate sector during the second quarter of 2021-22 drawn from abridged quarterly financial results of 2,716 listed non-government non-financial (NGNF) companies. Data pertaining to Q2:2020-21 and Q1:2021-22 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 improved in Q2:2021-22 as the economy transited into the recovery path, after the restriction related to the second wave of the COVID-19 pandemic were eased; sales of 1,687 listed manufacturing companies recorded steady and broad-based growth of 34.0 per cent on an annual (y-o-y) basis (Table 2A and Table 5A).
- Sales growth (y-o-y) of information technology (IT) sector companies, which remained in positive terrain throughout the pandemic, accelerated to 19.5 per cent in Q2:2021-22 from 17.5 per cent in the previous quarter (Table 2A).
- Sales of non-IT services companies expanded by 27.0 per cent in Q2:2021-22, *albeit* boosted by favourable base effects (Table 2A).

Expenditure

- Manufacturing companies increased their expenditure on raw materials in tandem with the surge in sales during Q2:2021-22 (Table 2A and Table 5A).
- Staff cost growth (y-o-y) also increased across sectors during Q2:2021-22 (Table 2A).

Operating profit

- Rising turnover contributed to higher operating profits of manufacturing companies in Q2:2021-22 (Table 2A).
- Operating profits of services sector companies (both IT and non-IT) also expanded (Table 2A).

Interest

- With reduction in interest outgo and rise in profits, interest coverage ratio (ICR)[1] of manufacturing companies increased to 8.7 in Q1:2021-22 (7.5 in the previous quarter); the ICR of non-IT services companies remained below unity (Table 2B).

Pricing power

- Pricing power in terms of operating profit and net profit margins remained stable for manufacturing and IT companies (Table 2B).

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[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.

List of Tables

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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