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Performance of Non-Government Non-Financial Public Limited Companies deteriorated further during 2012-13 – Data Release

The Reserve Bank of India today released on its website data related to [Finances of Non-Government Non-Financial \(NGNF\) Public Limited Companies 2012-13](#).

The data have been compiled based on audited annual accounts of select 3,014 NGNF public limited companies. It draws a comparative picture over the three year period 2010-11 to 2012-13. ['Explanatory notes'](#) on data are given in Annex.

Main findings:

- Sales growth decelerated during 2012-13. Growth in operating expenses also declined resulting in moderate growth in earnings before interest, tax, depreciation and amortisation (EBITDA). However, net profit, i.e., profit after tax (PAT) and gross saving of the select companies further declined in 2012-13 (Statement 1).
- Profit margins deteriorated further during 2012-13 (Statement 2). Interest payment and staff cost as percentage of total expenditure increased marginally in 2012-13 as compared to that in 2011-12, whereas, proportion of cost of raw materials marginally decreased.
- Sales contracted in all size groups upto ₹ 1 billion and contraction was more in smaller companies (Statement 7). Only the companies in sales size group of '₹ 1 billion to ₹ 5 billion' and '₹ 10 billion and above' managed to have positive net profit margin during 2012-13 (Statement 8). Although interest expenses grew at a lower rate compared to the previous year in all sales size groups, the share of interest expenses in total expenditure increased. Companies whose sales are less than ₹ 1 billion each could not generate adequate profits to cover the interest expenses.
- Service sector firms performed relatively better in 2012-13 in terms of growth in sales and EBITDA (Statement 11). Service sector firms could maintain the same profit margin as in the previous year (Statement 12). Services such as 'Transportation and storage' and 'Computer and related activities' performed relatively better, whereas, 'Wholesale and retail trade' was worst affected.
- A subdued performance is observed in the manufacturing industries (Statement 11 and 12). However, industries such as, 'Food products and beverages', 'Textiles', 'Chemicals and chemical products' registered higher growth in profit and improved profit margin in 2012-13.

- While business expanded at a slower rate in 2012-13, total borrowings grew at the same rate as in 2011-12 (Statement 1). Total borrowings of 'Fabricated Metal Products' and 'Iron and steel' industries grew at higher rates in 2012-13 (Statement 11).
- Leverage, measured by both total borrowings to equity and debt (long term borrowings) to equity, displayed an increasing trend during 2010-11 to 2012-13 together with gradual fall in the interest coverage ratio (Statement 2). The 'Transportation and storage' industry became highly leveraged during 2012-13, whereas, 'Textiles' industry continued to be highly leveraged (Statement 12). In the 'Leather products' and 'Iron and steel' industries, interest coverage ratio fell steeply during the period.
- Total funds raised during 2012-13 contracted (Statement 5). Share of funds raised through long term borrowings increased in 2012-13, whereas, through short term borrowings declined. Share of funds used in fixed asset formation increased in 2012-13 with the higher contribution towards capital work-in-progress.

An article analysing the performance of NGNF public limited companies at the aggregate level as well as based on sales size and industry is being published in the June 2014 issue of the RBI Bulletin.

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