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Finances of Non-Government Non-Financial Private Limited Companies, 2021-22

Today, the Reserve Bank released the data relating to financial performance of non-government non-financial (NGNF) private limited companies during 2021-22 (https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_45) based on audited annual accounts of 9,659 companies, which reported in the Indian Accounting Standards (Ind-AS) format for three accounting years from 2019-20 to 2021-22.

The paid-up capital (PUC) of these companies amounted to ₹5,59,510 crore, which accounted for 30.1 per cent of the total PUC of NGNF public limited companies in March 2022¹. Their economic sector classification is based on their principal business activity reported in MGT-7 form (web-link: <https://www.mca.gov.in/MinistryV2/companyformsdownload.html>) of the Ministry of Corporate Affairs, Government of India, which is the primary source of these data.

Highlights
Sales

- Sales of private limited NGNF companies surged by 31.7 per cent during 2021-22 after recording low growth of 3.6 per cent in the previous year, which was hit by the peak of the COVID-19 pandemic and the related restrictions (Statement 1).
- All major sectors (*viz.*, manufacturing, electricity, construction, and services), except mining and quarrying, recorded high sales growth as the economy moved on the recovery path during 2021-22 (Statement 6).

Expenditure

- As business activities picked up in both manufacturing and services sectors, operating expenses of private limited NGNF companies recorded high growth of 34.0 per cent during 2021-22 (Statements 1 and 6).
- In tandem with the expansion in sales, the share of expenses on raw material in total expenditure increased to 55.2 per cent in 2021-22 from 51.8 per cent in the previous year (Statements 1 and 2).

¹ The previous data release in the series was published on [September 22, 2022](#). It covered 9,086 companies for the years 2019-20 and 2020-21 with total PUC of ₹4,82,152 crore at end-March 2021.

Net profits

- Profit before tax and post-tax profits of the sample companies increased by 39.4 per cent and 35.4 per cent, respectively, during 2021-22 (Statements 1).
- Net profit margin and return on equity (*i.e.*, profit after tax to net worth) improved significantly during 2021-22 for most of the major sectors (Statements 1, 2 and 7).

Leverage

- At the aggregate level, leverage (measured in terms of debt-to-equity ratio) of the sample companies declined during the year (Statement 2).
- 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, with minimum viable value of 1] improved across major sectors as well as at the aggregate level, owing to significant rise in profits during the year (Statements 2 and 7).

Investment

- Net fixed assets of the sample companies increased by 8.0 per cent in 2021-22 as compared with 5.4 per cent in the previous year; the share of net fixed assets to total net assets, however, moderated to 33.8 per cent in 2021-22 from 35.9 per cent in the previous year and 37.1 per cent two years back (Statements 1 and 2).

Explanatory notes to the statements are given in the Annex.