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## Industry-wise performance Q3FY22

### Snapshot

As part of tracking the performance of the private corporate sector on a regular basis, we present an analysis of financial results of 3,116 companies for Q3FY22. On an aggregate basis, net sales have increased from Rs 17.9 lakh crores in Q3FY21 to Rs 22.5 lakh crores in Q3FY22. On a YoY basis, net sales increased by 26% in Q3FY22, after increasing by a meagre 0.1% in Q3FY21. Similarly, net profits of the firms in the sample increased from Rs 1.7 lakh crores to Rs 2.3 lakh crores in Q3FY22.

### Net sales

Overall, net sales have risen by 26% in Q3FY22. However, this comes on a low base of 0.1% growth in Q3FY21, as the economy was just recovering from the lockdown. It must be noted that all major sectors noted positive growth in Q3FY22. Amongst major groups, sectors which outperformed are: manufacturing (34.6% versus 0.1% in Q3FY21), mining (60.4% in Q3FY22 from -19.1% in Q3FY21) and services (ex. fin) (27.2% in Q3FY22 from -1.6% in Q3FY21). It must be noted that some part of the high growth in these sectors can be attributed to a low base. On the other hand, net sales in electricity sector also improved to 17.6% in Q3FY22 from 1.4% in Q3FY21. Construction sector too showed some recovery (7.9% from -0.9% in Q3FY21).

It must be noted that a few sectors exhibited growth rates above the growth in overall sales, partly also due to a low base. These are: within manufacturing fertilizers, textiles, commercial vehicles, paper and paper products, wood and wood products. This can be attributed to a low base as well as higher prices. On the other hand, within services, sectors such as hotels and tourism, transport services and wholesale and retail trading gained from easing lockdown restrictions and increased mobility.

On the other hand, net sales for firms producing edible oils and metal products improved vis-a-vis Q3FY21, supported by higher prices. Further net sales in sectors such as construction materials, auto, machinery, glass and rubber too grew at a healthy pace.

**Table 1: Growth in net sales**

| S.no. | Sector                            | No. of companies | NET SALES   |             |
|-------|-----------------------------------|------------------|-------------|-------------|
|       |                                   |                  | Dec-20      | Dec-21      |
| I.    | <b>Construction</b>               | <b>170</b>       | <b>-0.9</b> | <b>7.9</b>  |
| II.   | <b>Electricity</b>                | <b>19</b>        | <b>1.4</b>  | <b>17.6</b> |
| III.  | <b>Manufacturing</b>              | <b>1,634</b>     | <b>0.1</b>  | <b>34.6</b> |
| a.    | -Chemicals and products, of which | 439              | -10.5       | 49.7        |
| a.1   | --Drugs and pharma                | 135              | 14.6        | 2.6         |
| a.2   | --Fertiliser                      | 21               | -4.7        | 56.2        |
| b.    | -Construction materials           | 75               | 15.1        | 12.3        |
| c.    | -Consumer goods, of which         | 86               | -9.8        | 14.2        |
| c.1   | --Electronics                     | 17               | 29.2        | 10.2        |
| c.2   | --FMCG                            | 15               | 18.1        | 9.8         |
| c.3   | --Gems & jewellery                | 20               | -45.3       | 24.8        |
| e.    | -Food and agro, of which          | 189              | 4.2         | 18.9        |
| e.1   | --Edible oils & vanaspati         | 25               | 16.7        | 29.3        |

|            |                                     |              |              |             |
|------------|-------------------------------------|--------------|--------------|-------------|
| <b>e.2</b> | <b>--Sugar</b>                      | <b>34</b>    | <b>5.7</b>   | <b>9.5</b>  |
| f.         | -Machinery                          | 192          | 6.7          | 20.6        |
| g.         | -Metals and product                 | 198          | 22.3         | 40.1        |
| h.         | -Textiles                           | 223          | 3.4          | 39.1        |
| i.         | -Auto and auto products, of which   | 120          | 15.0         | 7.2         |
| <i>i.1</i> | -- <i>Auto ancillaries</i>          | 93           | 21.9         | 10.6        |
| <i>i.2</i> | -- <i>Commercial vehicles</i>       | 5            | -4.6         | 26.0        |
| j.         | -Glass & glassware                  | 8            | 6.6          | 13.5        |
| k.         | -Paper and paper products           | 49           | -17.9        | 46.2        |
| l.         | -Wood & wood products               | 9            | 7.1          | 29.2        |
| m.         | -Rubber products                    | 12           | 14.5         | 13.6        |
| <b>IV.</b> | <b>Mining</b>                       | <b>27</b>    | <b>-19.1</b> | <b>60.4</b> |
| <b>V.</b>  | <b>Services ex. fin., of which</b>  | <b>882</b>   | <b>-1.6</b>  | <b>27.2</b> |
| a.         | -Communication                      | 20           | 23.9         | 6.9         |
| b.         | -Hotels and tourism                 | 50           | -52.3        | 78.0        |
| c.         | -IT                                 | 129          | 5.1          | 20.6        |
| d.         | -Transport Services                 | 44           | -30.6        | 41.3        |
| e.         | -Wholesale and retail trading       | 353          | -9.0         | 46.3        |
| <b>VI.</b> | <b>Financial services, of which</b> | <b>384</b>   | <b>3.1</b>   | <b>5.2</b>  |
| a.         | -Mutual funds                       | 4            | -5.1         | 18.5        |
| b.         | -Banking                            | 34           | 7.7          | 3.5         |
| c.         | -HFCs                               | 20           | -30.0        | 1.0         |
| d.         | -NBFCs                              | 246          | 6.1          | 10.6        |
|            | <b>Total</b>                        | <b>3,116</b> | <b>0.1</b>   | <b>26.0</b> |

Source: CMIE Prowess, Bank of Baroda Research

### Net profit

Overall, growth in net profits moderated to 37.6% in Q3FY22 from 75.8% in Q3FY21. This was led by a slowdown in net profits of manufacturing firms from 30.3% to 13.9% in Q3FY21. Within this, net profits in sectors such as construction materials, drugs and pharma, electronics, auto and rubber industry declined. On the other hand, net profits in sector such as fertilizers, gems and jewelry, edible oils, and paper and paper products improved.

In services sector, net profit growth continued at a robust pace even in Q3FY22. Apart from IT services, all other services sector showed improvement in net profits. Marked improvement was seen in net profits of telecom and wholesale and retail trading segments. Profits of hotels and tourism and transport services too showed recovery.

Net profits in the BFSI segment moderated to 67.7% from a high base of 165.6%. This was mainly led by banks. Other segments such as NBFCs and HFCs showed considerable recovery in net profits in Q3FY22. Net profits of mutual funds moderated from 10.5% to 3.5% in Q3FY22.

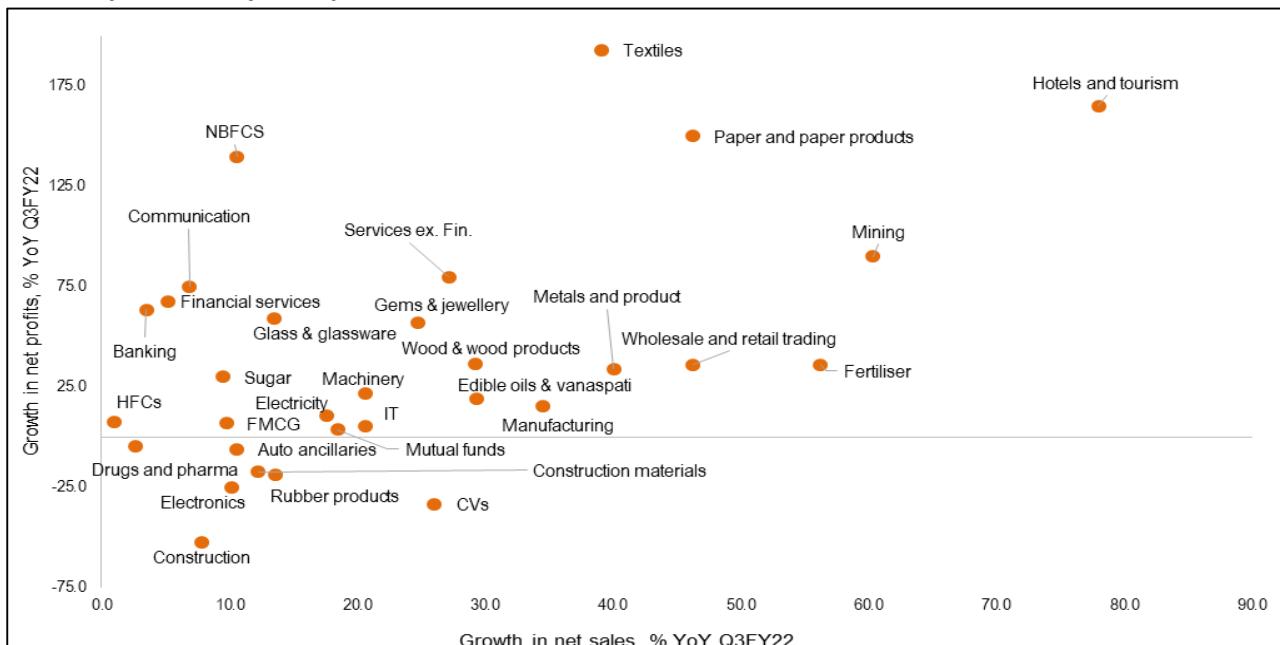
**Table 2: Growth in net profits**

| S. No. | Sector                            | No. of companies | NET PROFIT   |              |
|--------|-----------------------------------|------------------|--------------|--------------|
|        |                                   |                  | Dec-20       | Dec-21       |
| I.     | <b>Construction</b>               | <b>170</b>       | <b>25.1</b>  | <b>-52.5</b> |
| II.    | <b>Electricity</b>                | <b>19</b>        | <b>35.7</b>  | <b>10.7</b>  |
| III.   | <b>Manufacturing</b>              | <b>1,634</b>     | <b>48.8</b>  | <b>15.2</b>  |
| a.     | -Chemicals and products, of which | 439              | 30.3         | 13.9         |
| a.1    | --Drugs and pharma                | 135              | 64.1         | -4.8         |
| a.2    | --Fertiliser                      | 21               | -49.4        | 36.0         |
| b.     | -Construction materials           | 75               | 123.2        | -17.5        |
| c.     | -Consumer goods, of which         | 86               | 21.5         | 9.2          |
| c.1    | --Electronics                     | 17               | 43.9         | -25.1        |
| c.2    | --FMCG                            | 15               | 24.9         | 6.8          |
| c.3    | --Gems & jewellery                | 20               | 0.7          | 57.1         |
| e.     | -Food and agro, of which          | 189              | -48.4        | 6.6          |
| e.1    | --Edible oils & vanaspati         | 25               | -92.2        | 18.8         |
| e.2    | --Sugar                           | 34               | *            | 29.9         |
| f.     | -Machinery                        | 192              | 106.1        | 21.6         |
| g.     | -Metals and product               | 198              | 330.6        | 33.9         |
| h.     | -Textiles                         | 223              | *            | 192.9        |
| i.     | -Auto and auto products, of which | 120              | 61.8         | -25.2        |
| i.1    | --Auto ancillaries                | 93               | 104.6        | -33.4        |
| i.2    | --Commercial vehicles             | 5                | 70.7         | -131.0       |
| j.     | -Glass & glassware                | 8                | 68.8         | 59.1         |
| k.     | -Paper and paper products         | 49               | -75.7        | 150.0        |
| l.     | -Wood & wood products             | 9                | 113.1        | 36.5         |
| m.     | -Rubber products                  | 12               | 72.1         | -19.0        |
| IV.    | <b>Mining</b>                     | <b>27</b>        | <b>42.7</b>  | <b>90.1</b>  |
| V.     | <b>Services ex. fin.</b>          | <b>882</b>       | <b>215.0</b> | <b>79.8</b>  |
| a.     | -Communication                    | 20               | 45.0         | 74.9         |
| b.     | -Hotels and tourism               | 50               | *            | 165.1        |
| c.     | -IT                               | 129              | 24.3         | 5.5          |
| d.     | -Transport Services               | 44               | -84.6        | *            |
| e.     | -Wholesale and retail trading     | 353              | -9.1         | 36.0         |
| VI.    | <b>Financial Services</b>         | <b>384</b>       | <b>165.6</b> | <b>67.7</b>  |
| a.     | -Mutual funds                     | 4                | 10.5         | 3.5          |
| b.     | -Banking                          | 34               | *            | 63.5         |
| c.     | -HFCs                             | 20               | -56.8        | 7.6          |
| d.     | -NBFCs                            | 246              | -45.4        | 139.7        |
|        | <b>Total</b>                      | <b>3,116</b>     | <b>75.8</b>  | <b>37.6</b>  |

Source: CMIE Prowess, Bank of Baroda Research | \* high growth rates due to very low/negative values in preceding period

**Conclusion:** Overall, while there has been an improvement in net sales of most companies in the sample, there has not been a concomitant increase in profitability. This is particularly true for manufacturing firms such as auto and auto parts, construction materials, drugs and pharma, electronics and rubber products. Higher input costs have been absorbed by several industries. On the other hand, firms engaged in mining, and manufacture of textiles, paper and paper products, fertilisers and metal and metal products have shown improvement in both the parameters. In the services sector, firms engaged in wholesale and retail trading and hotels and tourism have performed well on both metrics.

### Summary of industry-wise performance in Q3



Source: CMIE Prowess, Bank of Baroda Research

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