



India Inc: Growth, profitability and Investment outlook

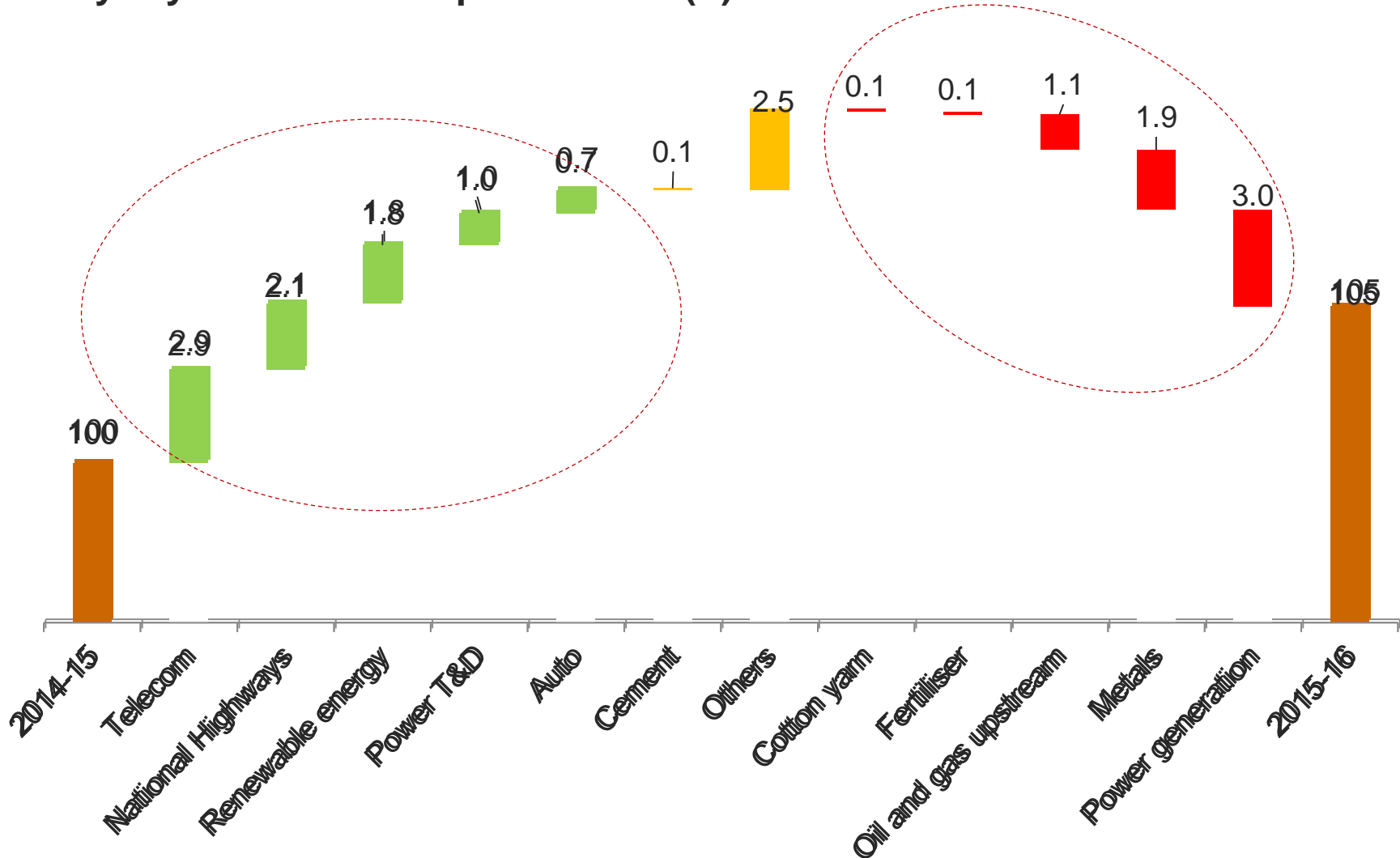
Prasad Koparkar
Senior Director, CRISIL Research

March 11, 2016



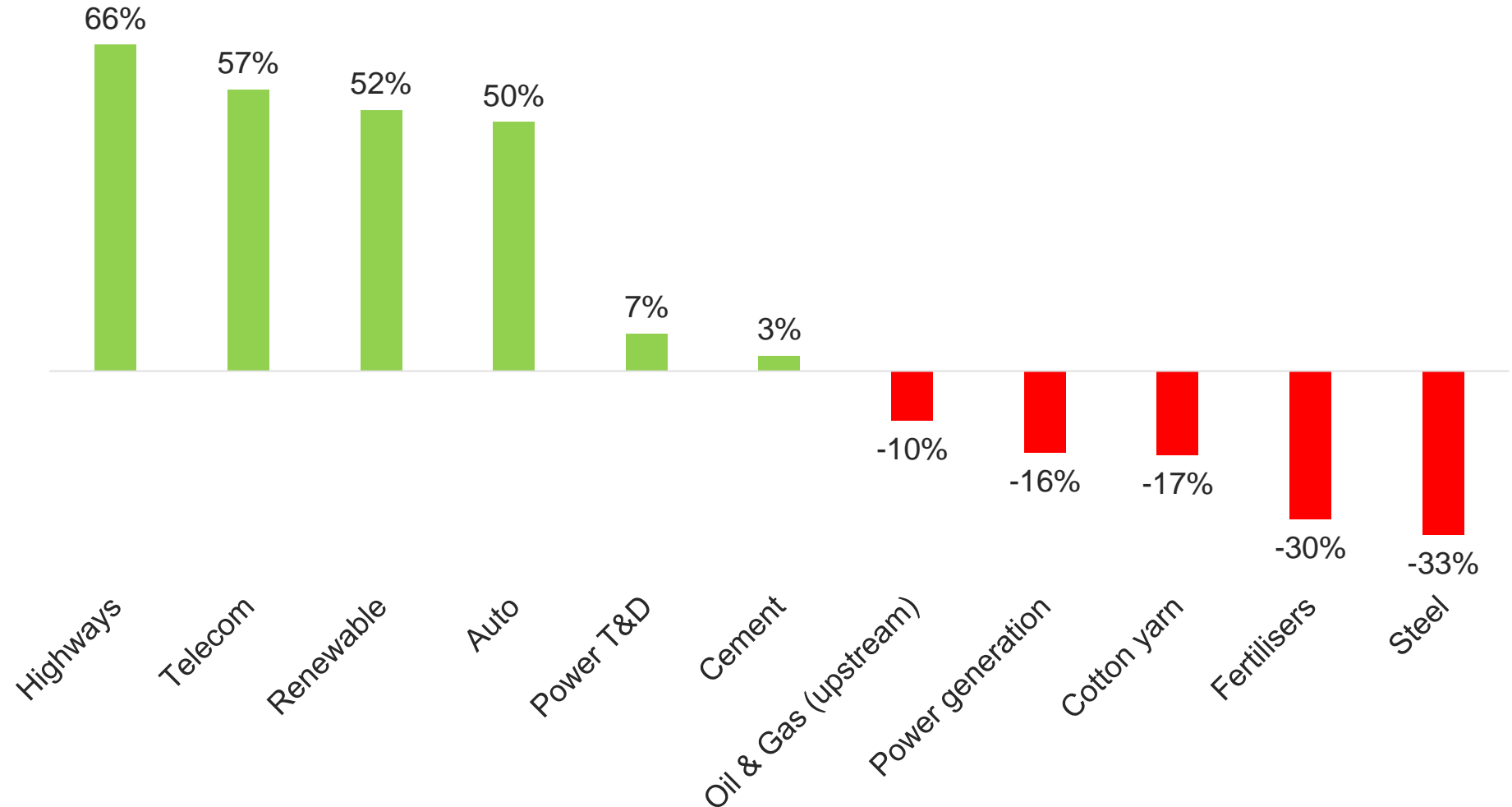
Capex cycle: Thawing up after 2 year hiatus

y-o-y increase in capex in FY16 (E): Sectoral contribution



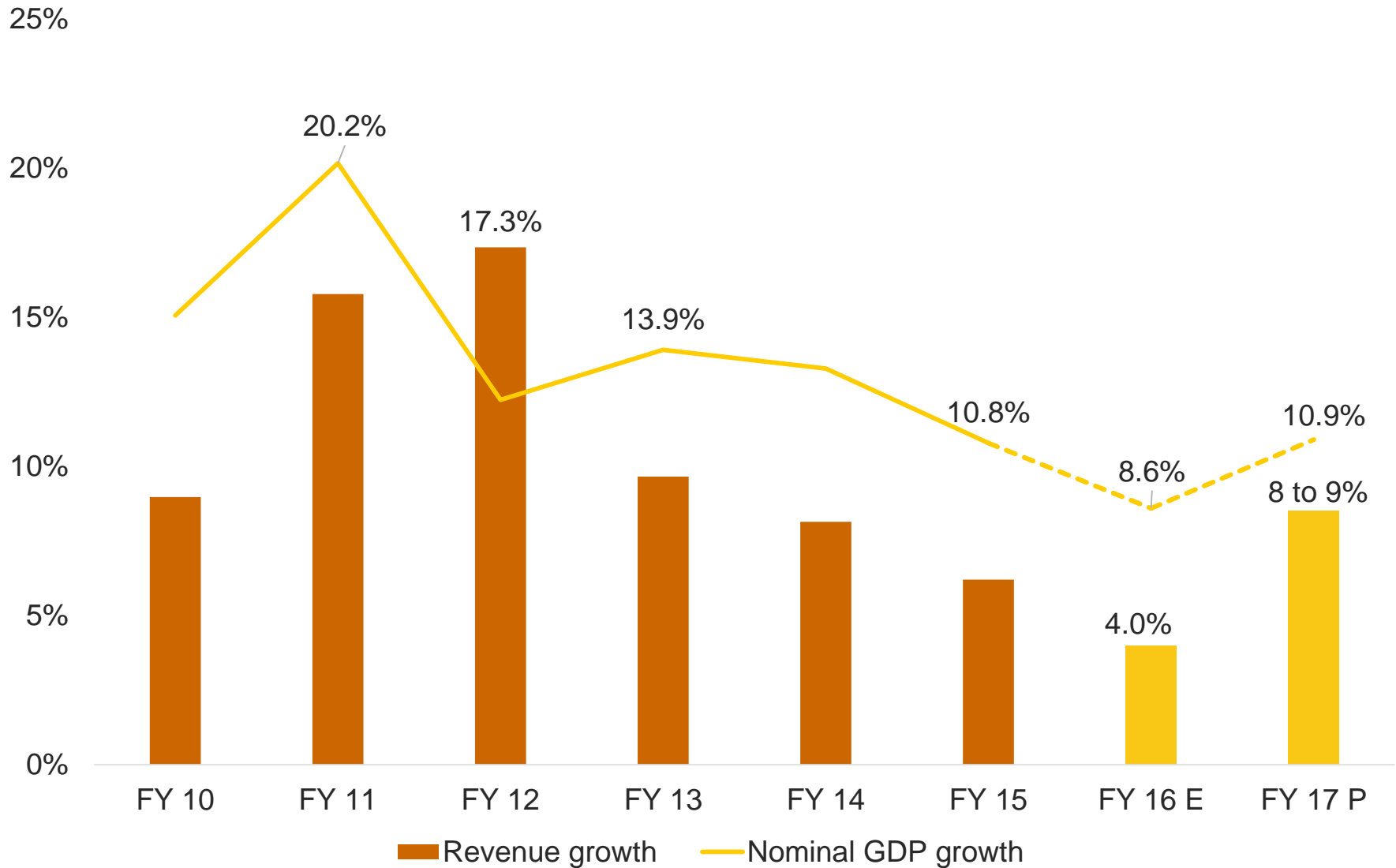
... but highly skewed sector mix

y-o-y increase in capex: FY16 (E)



Note: E: Estimated
Source: CRISIL Research

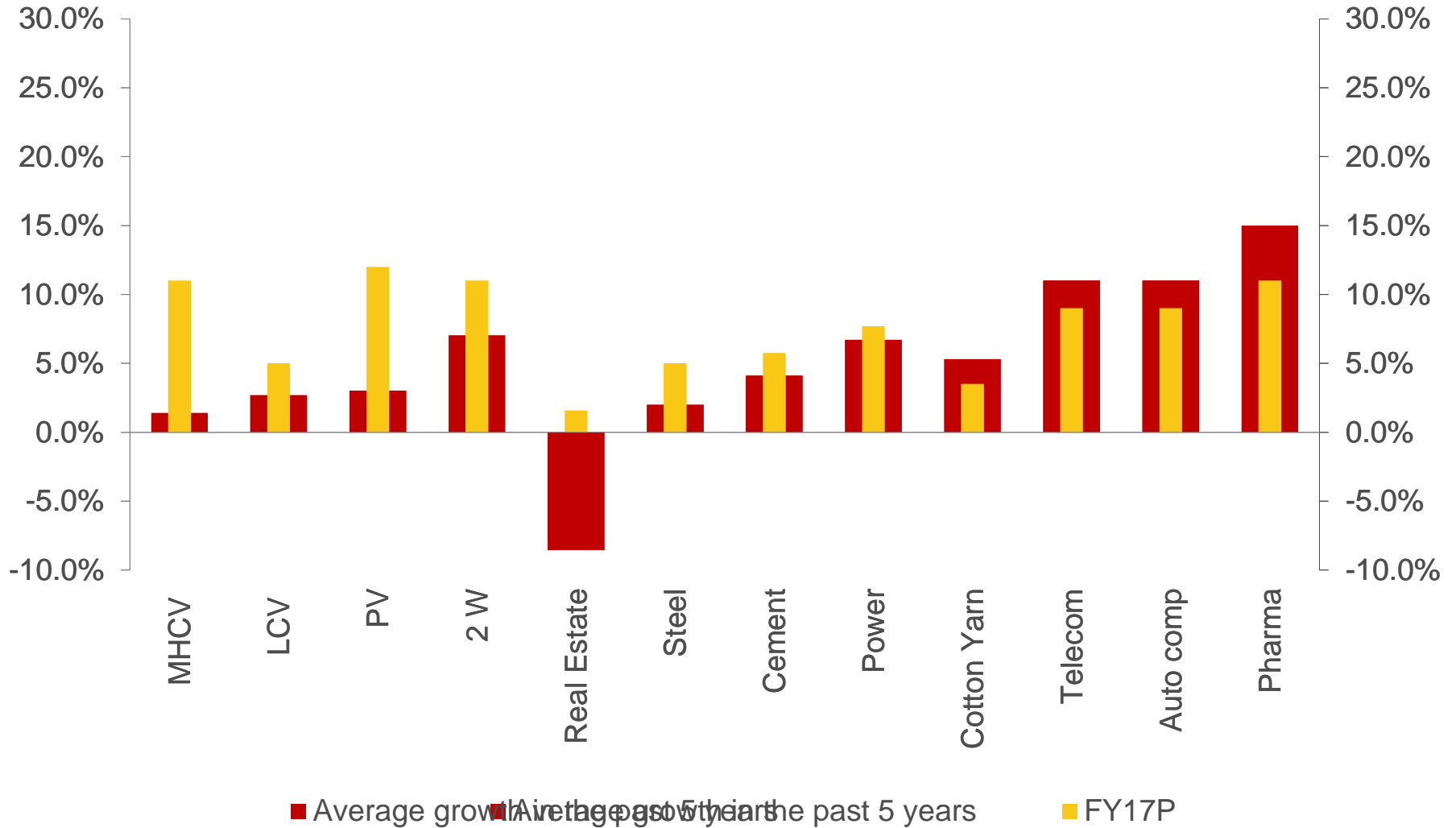
Revenue growth bottoming out in FY16



Note: Data for NSE listed companies excluding financial and oil companies; E: Estimated, P: Projected

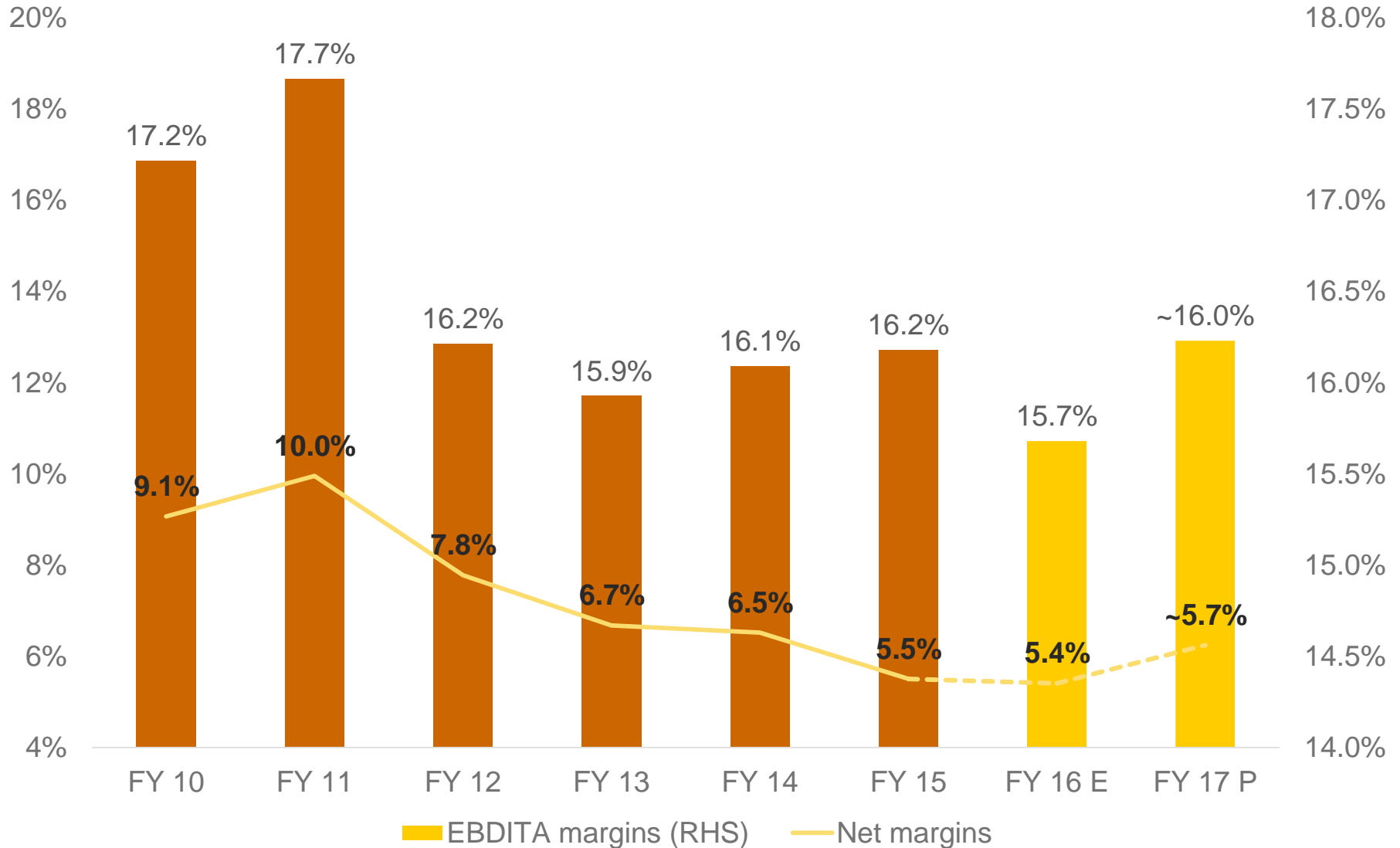
Source: CRISIL Research

Sector wise demand growth expected in FY17



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EBIDTA to improve by about 30 bps in FY17



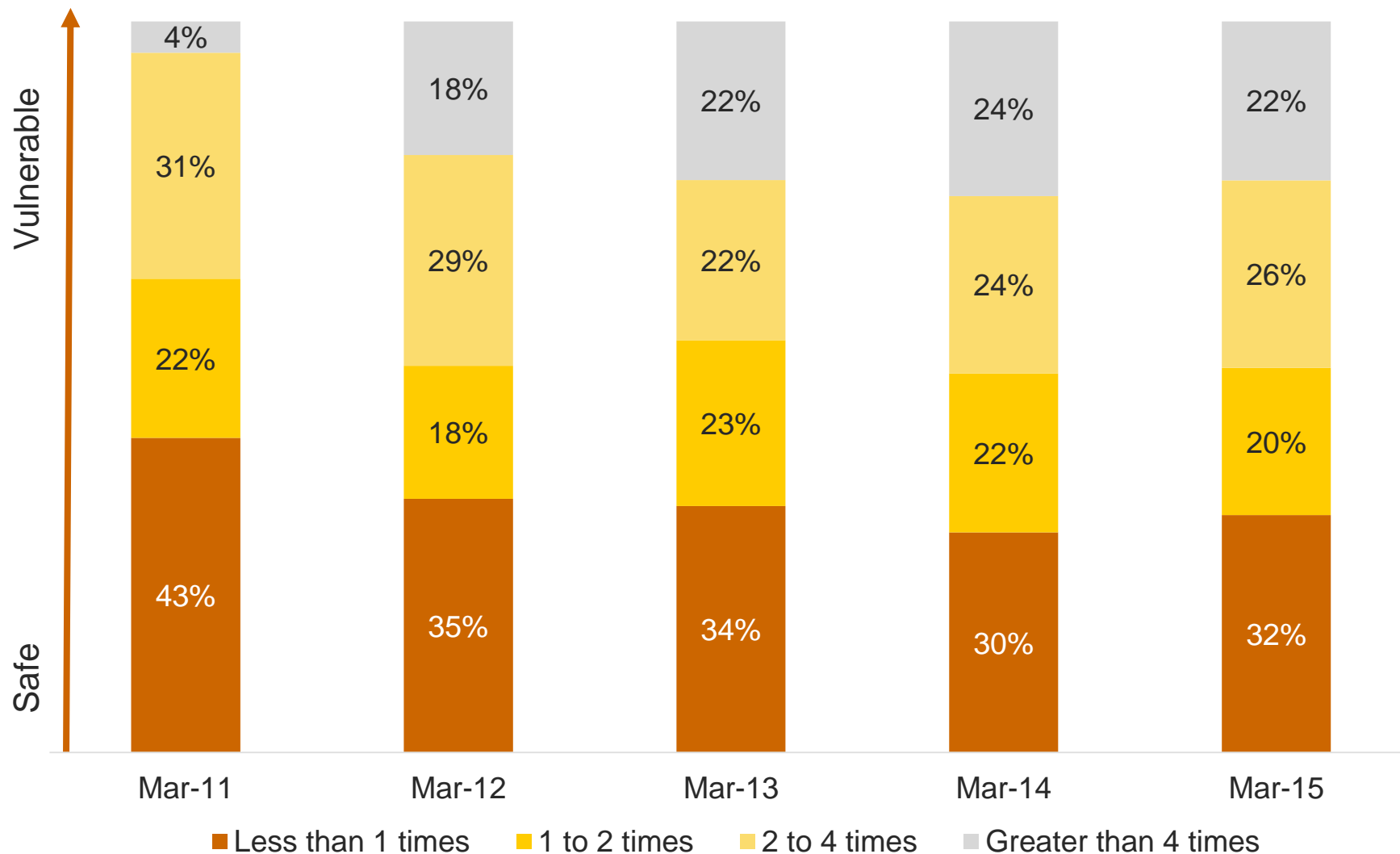
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Note: Data for NSE listed companies excluding financial and oil companies, E: Estimated, P: Projected

Source: CRISIL Research

But balance sheet stress unlikely to abate quickly

Proportion of debt across gearing buckets

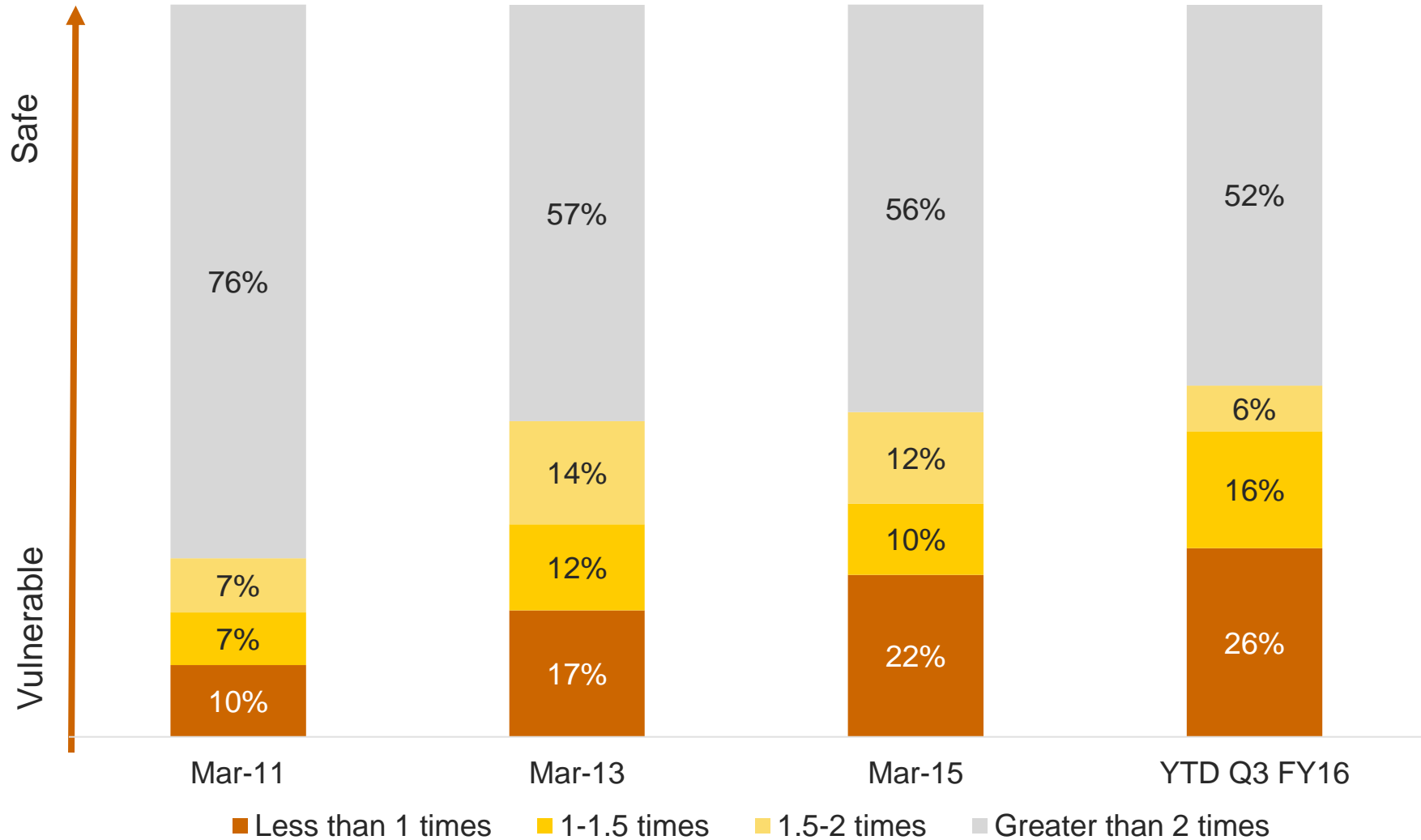


Note: Data for NSE listed companies excluding financials and oil companies; proportions are debt weighted

Source: CRISIL Research

Interest coverage: Sharp deterioration

Proportion of debt across interest cover buckets



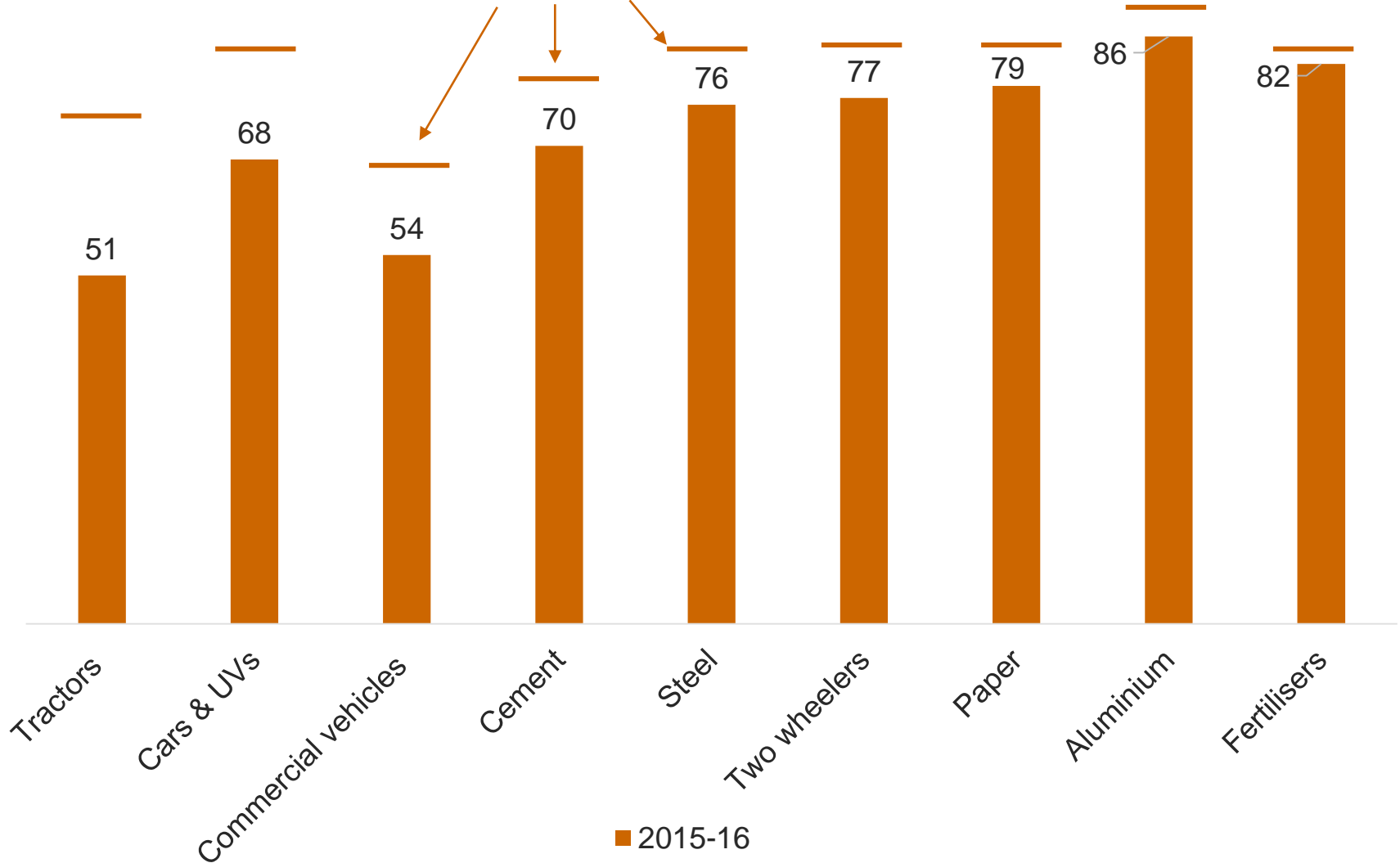
Note: Data for NSE listed companies excluding financials and oil companies; proportions are debt weighted

Source: CRISIL Research

Suboptimal capacity utilization to keep industrial capex under pressure

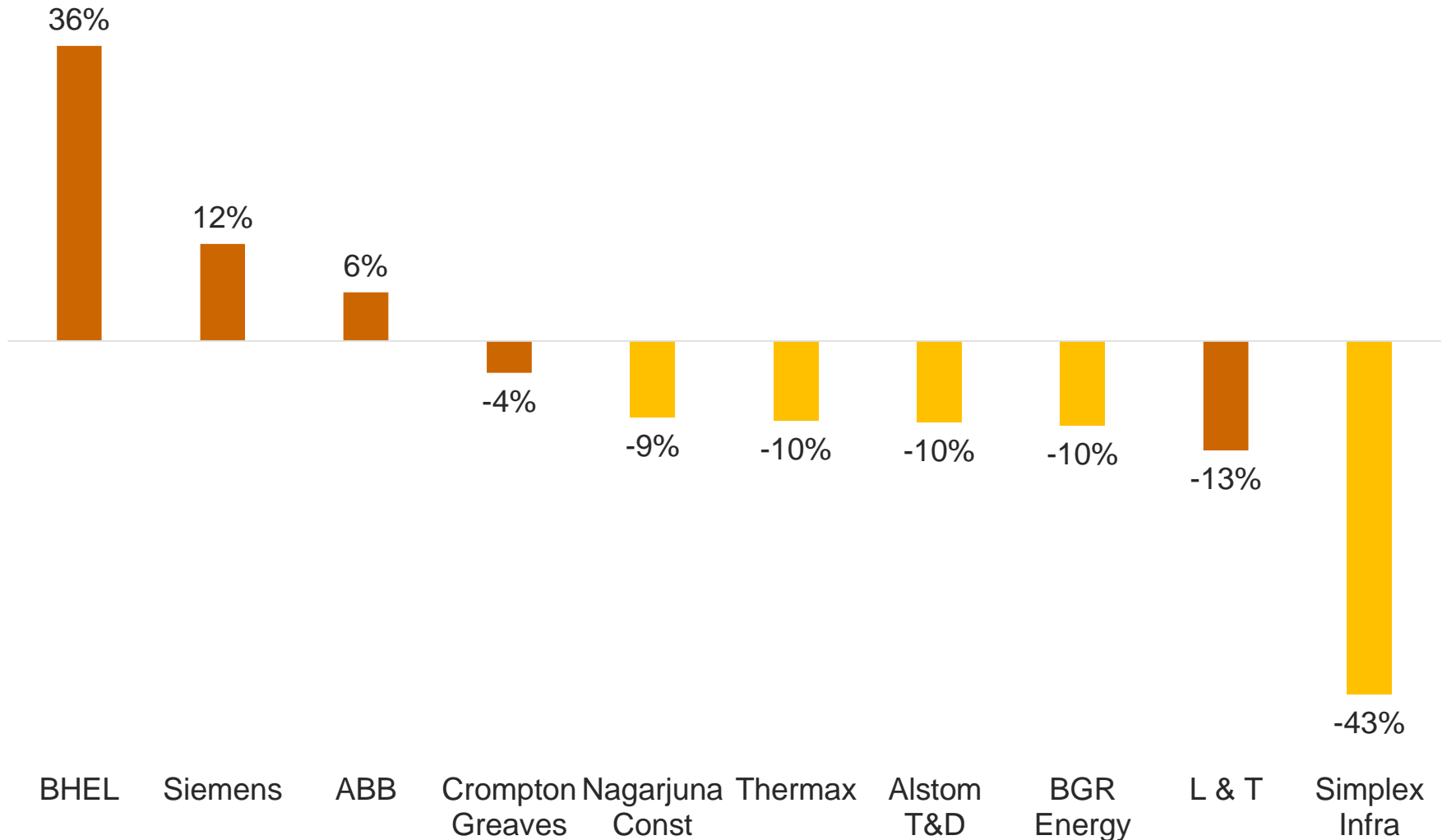
(%)

Optimal utilisation levels for each sector



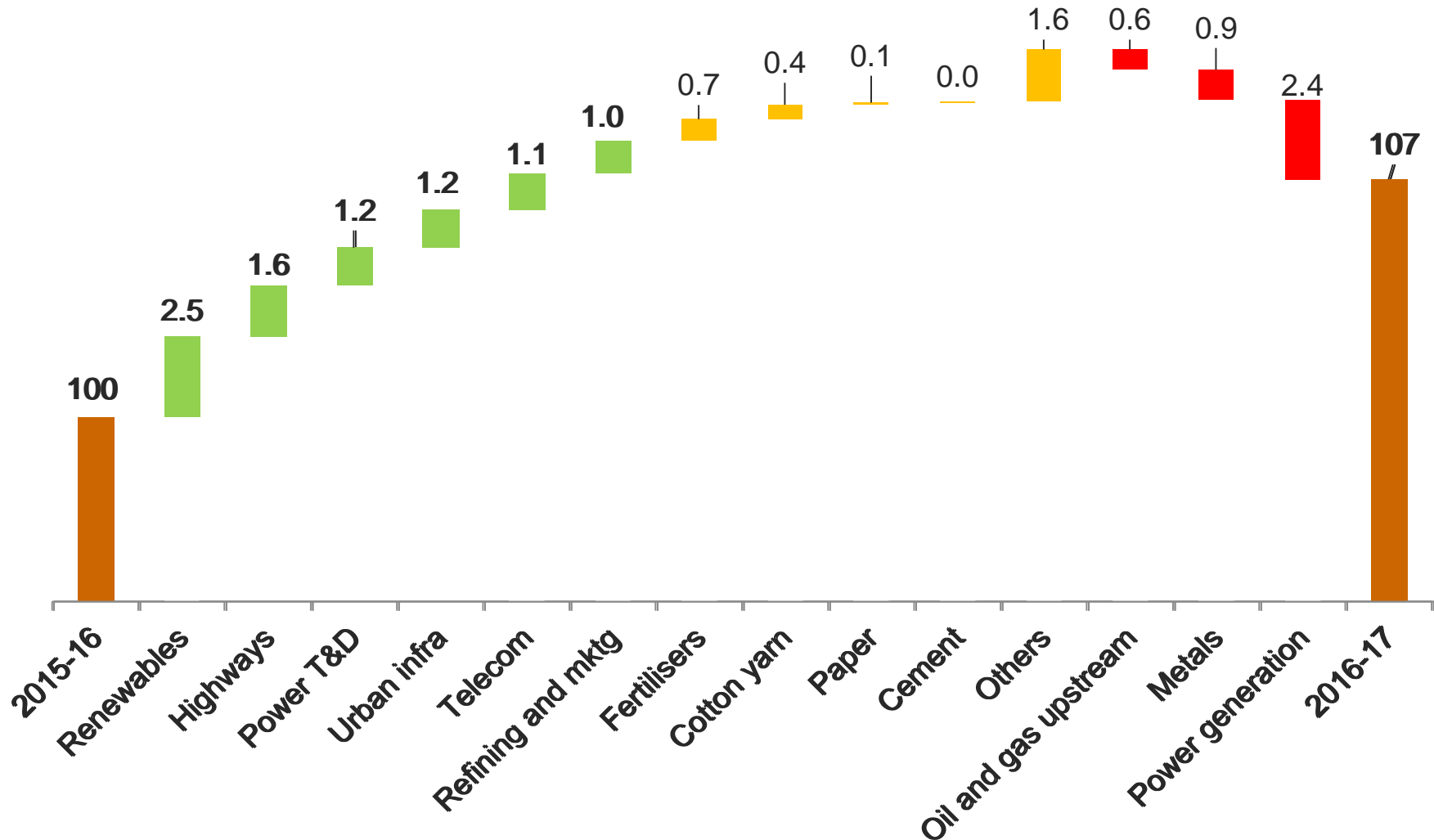
Muted order inflows: Sentiment yet to recover fully

y-o-y increase in order flow (Apr-Dec 2015)



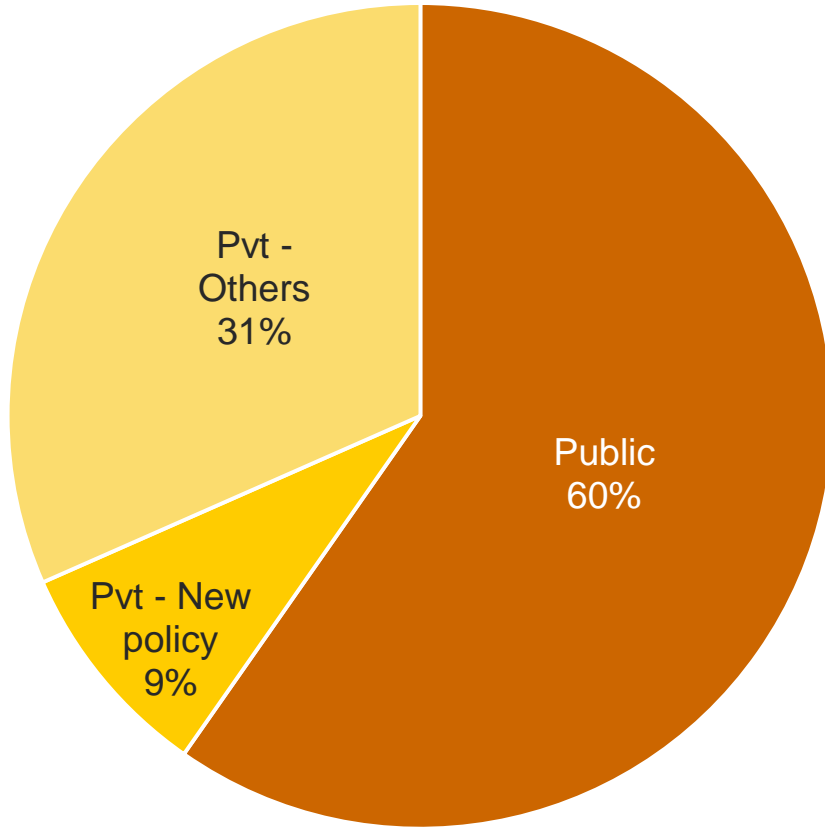
Moderate pickup in capex expected

y-o-y increase in capex in FY17 (P): Sectoral contribution

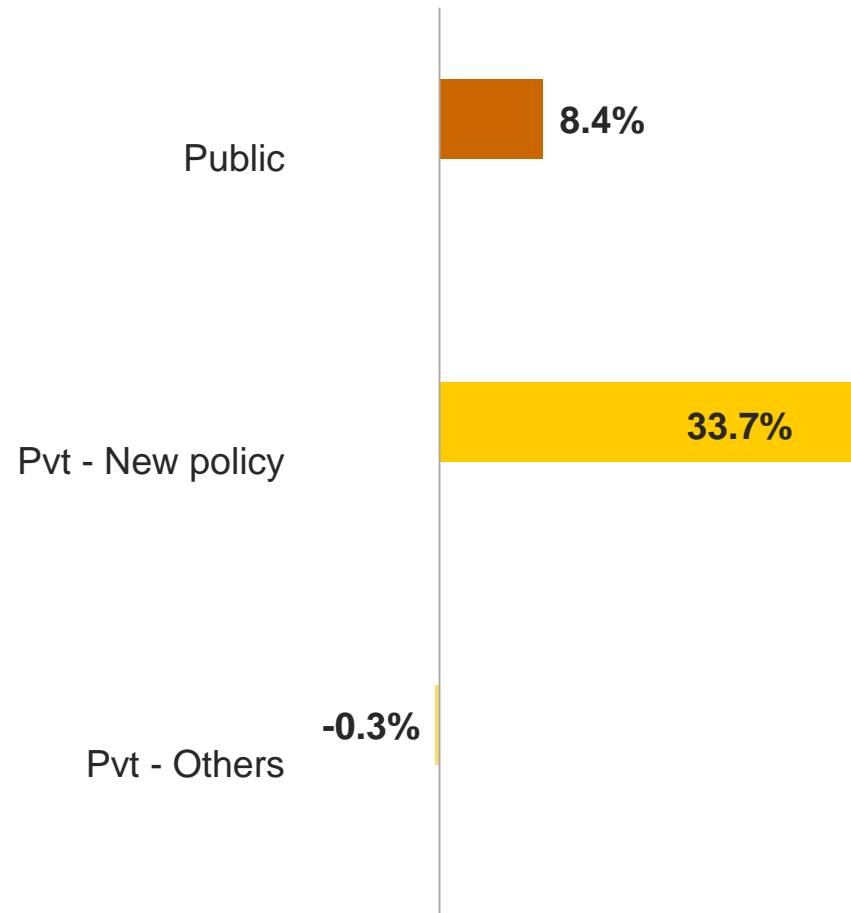


Capex to be driven by government and new policies it has implemented

FY 17

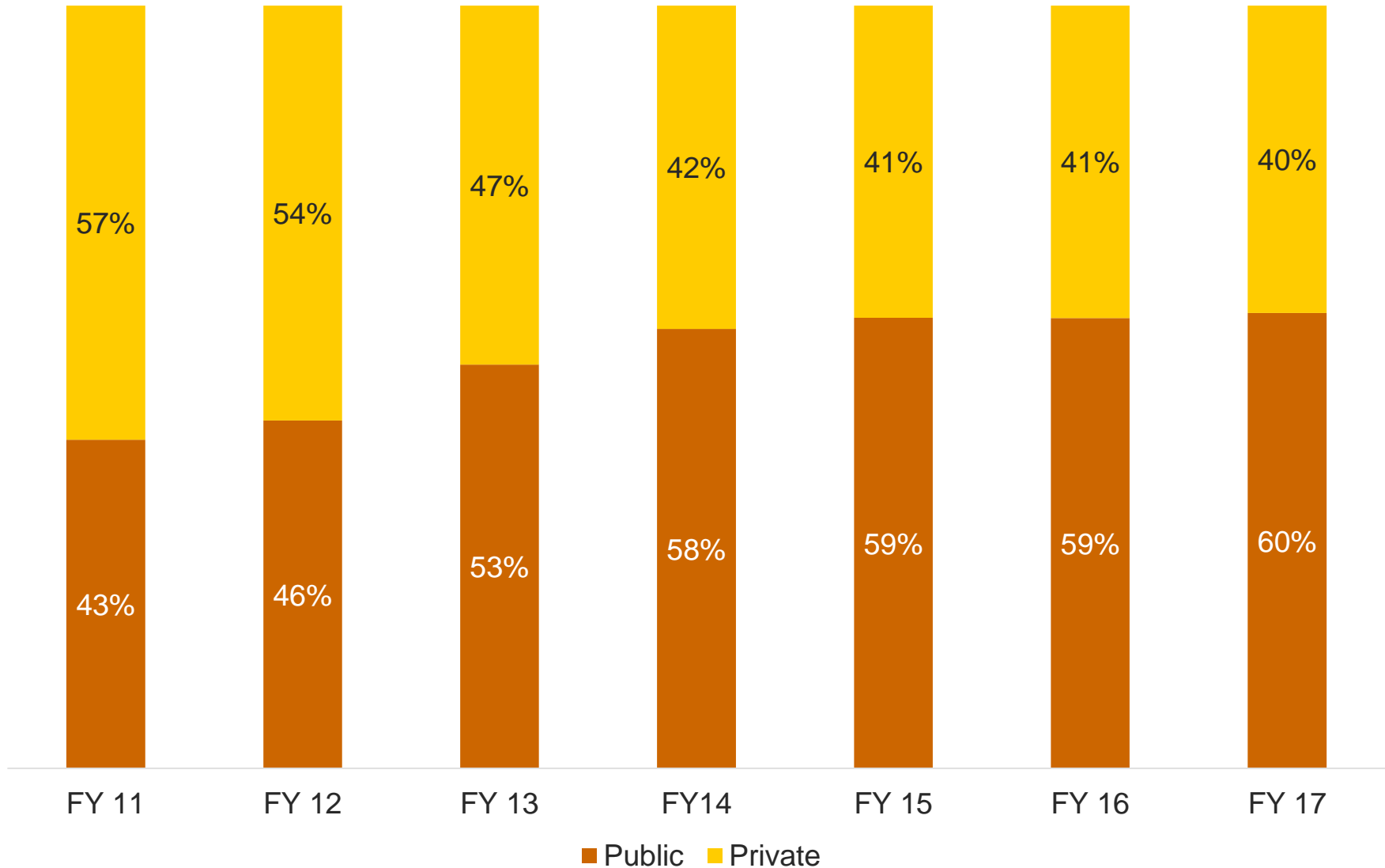


Growth in FY 17



Note: New policy driven sectors include Roads, Fertilisers, and Renewables
Source: CRISIL Research

Despite bottoming out, Private capex in FY 17 to be lower than FY12 by about 15%





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