

Tracking India Inc's green shoots

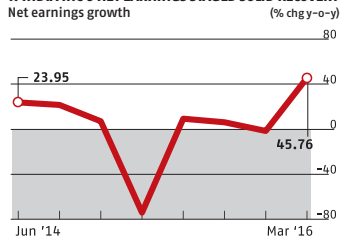


THE EARLY results from corporate India for the first quarter of 2015-16 are in, and these strongly suggest that a cyclical recovery is underway. Net earnings, as shown in Table 1, have staged a solid recovery year-on-year. (These numbers exclude banking and finance stocks, where the numbers are frequently incomparable, but include companies like Cairn, for which unique financial provisioning may skew the data. But even excluding such companies, the trends hold.)

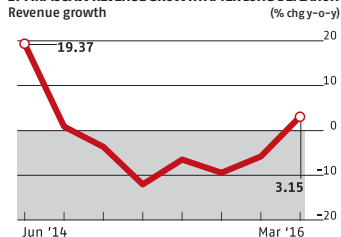
Most notably, after a long deflation-induced period in which no revenue growth was seen, the sample of 190 early-bird result-declarers finally saw revenue growth, as Table 2 shows. That deflation no longer rules supreme was suggested also by another departure from the past – input costs also showed positive growth year-on-year, in Table 3.

Raw material costs, as Table 4 reveals, have indeed fallen year-on-year – but not as much as in previous quarters. Meanwhile, interest costs have increased smartly – and employee compensation growth, in Table 5, has really spiked. Table 6 shows where revenue growth is coming from. The natural-resources industries – mining, gems, oil – are still showing contraction in revenue; but software, textiles, apparel, and even power generation are showing positive growth.

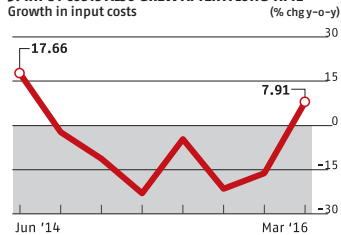
1: INDIA INC'S NET EARNINGS STAGED SOLID RECOVERY



2: FIRMS SAW REVENUE GROWTH AFTER LONG DEFLATION

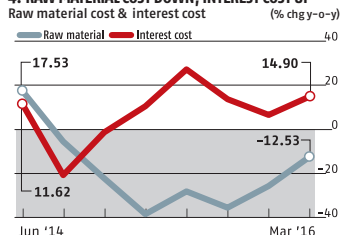


3: INPUT COSTS ALSO GREW AFTER A LONG TIME

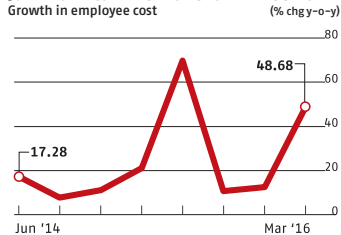


Note: Input costs include raw material, power and fuel, employee cost, stock and purchase of goods

4: RAW MATERIAL COST DOWN; INTEREST COST UP



5: EMPLOYEE COMPENSATION GROWTH HAS SPIKED



Including common sample of 190 companies, excluding banking and finance companies

6: TRACKING REVENUE GROWTH IN VARIOUS SECTORS



Source: Capitaline

