Forbes INDIA

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dhruva advisors llp

CNBC TV18

PRESENT

BUSINESS PULSE CEO POLL

150 CEOs. 16 KEY SECTORS.
THE MEGA CEO POLL

FORBES INDIA MARQUEE

A special presentation complimentary with Forbes India. Not for Sale.

Network 18

"Large-ticket investments are now just 4-6 quarters away, and would also start reflecting in job creation, etc."

V. Vaidyanathan, Executive Chairman, Capital First

"Demonetisation with GST will bring people to the accounted sector, and will aid in digitisation of transactions."

Dinesh Kanabar, CEO, Dhruva Advisors

"GST is a transformational reform and there had to be some pain was bound to take place."

Seshagiri Rao MVS, Joint Managing Director & Group CFO, JSW Steel

"Lowering of interest rates, whether it be housing or consumer goods is very good for us. Because that is going to drive consumption and that's what we are looking forward to."

S. Subramaniam, CFO, Titan

We have witnessed a spate of major reforms in the last year. As would be expected, these reforms have evoked a sharp political rhetoric. What is undeniable is that they have a far-reaching impact on the finances of corporate India.

The Reserve Bank of India has set the ball rolling to address the much-needed issue of Non-Performing Assets ("NPA") in banks. With the Bankruptcy code in operation, banks may be required to take hair-cuts, perhaps beyond the NPAs already recognized. The Government has now announced plans to recapitalize banks to the tune of Rs. 2.11 Trillion. Demonetization was another major reform by the Government in its attempts to rein in the unaccounted sector. As to whether it will lead to a shift to the organized sector, that remains to be seen. Finally, we have the Goods & Services Tax, the single largest tax reform in the field of taxes in India. Over the last few weeks, the Government has attempted to address many of the issues arising from implementation of this law.

When we look at the challenges that these reforms pose, the one thing which comes foremost to the mind is the lowering of the growth rate of India's GDP. As would be expected, this raises questions regarding the growth in private sector investments, job creation, questions on the performance of the rupee, etc. It was in this backdrop that CNBC TV-18 and Dhruva Advisors conducted "Business Pulse – CEO Poll". The poll drew responses from the top business leaders across various industries through an anonymous questionnaire. The survey, therefore, attempts to move away from the rhetoric and capture the mood of the CEOs on the Indian economy and the business outlook. We, at Dhruva Advisors, enjoyed conducting this survey and are immensely grateful to the participants.

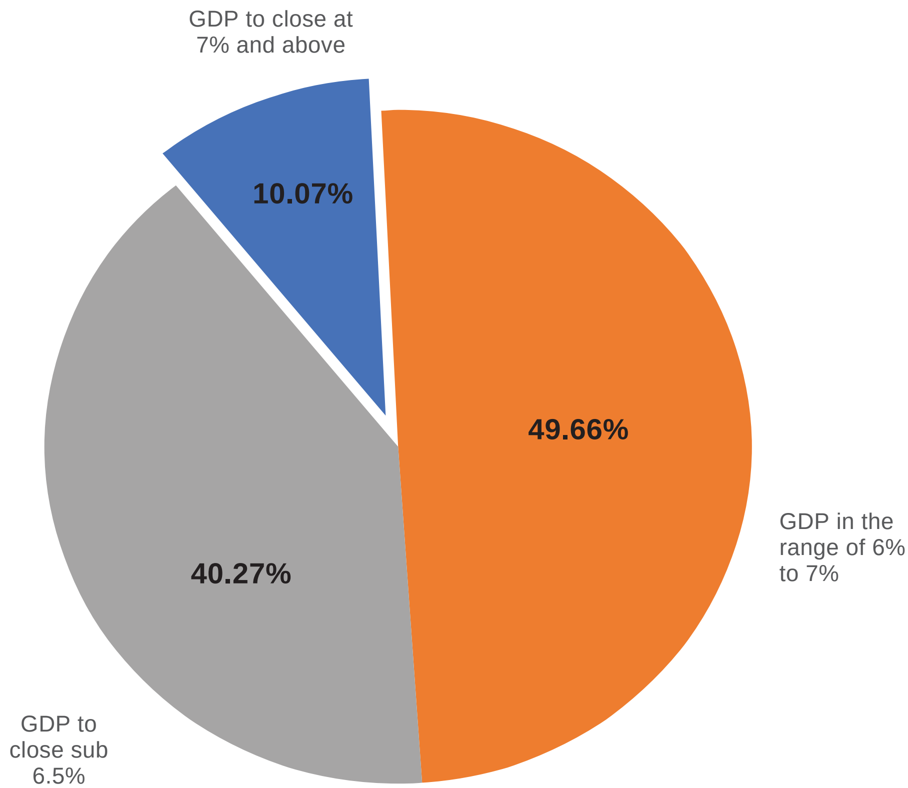
India's recent corporate rating upgrade by Moody's and jump in 30 places in the World Bank's rankings of the 2018 Ease of Doing Business Report, will certainly give more firepower to economic reforms that continues to gather pace with the announcement of privatization of Air India. We are sure you will enjoy reading the salient aspects of the survey that offers a snapshot of India Inc's views on how the economy will fare over the next few quarters.

Dinesh Kanabar, CEO, Dhruva Advisors

BUSINESS PULSE CEO POLL

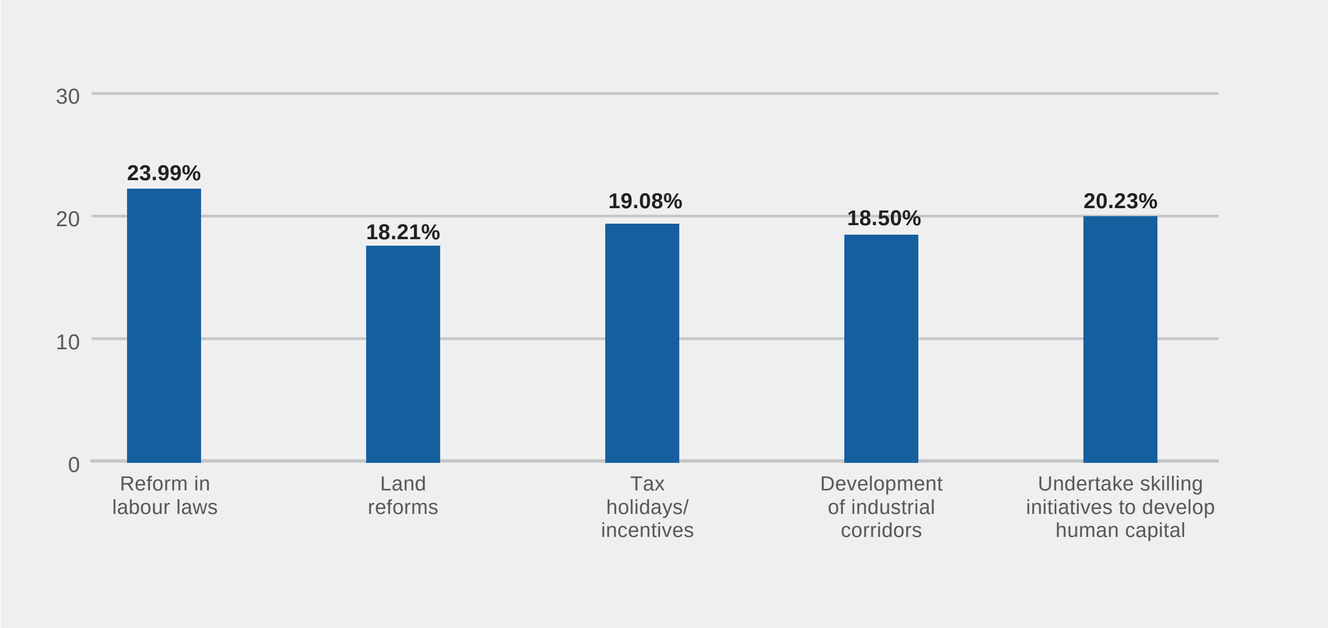
A SURVEY BY DHRUVA ADVISORS & CNBC-TV18

INDIA'S GDP SLIP-A BLIP OR A REAL CONCERN?
The first fiscal quarter of 2017-18 saw GDP growth decelerate to a modest rate of 5.7%, the slowest in 3 years. By the end of fiscal year 2018, almost half of the respondents expect the GDP to bounce back and close in the range of 6.5% to 7%, whilst another 40% though bullish anticipate pace of recovery to be tepid and GDP to hover below 6.5%.



THE REFORMS PUSH

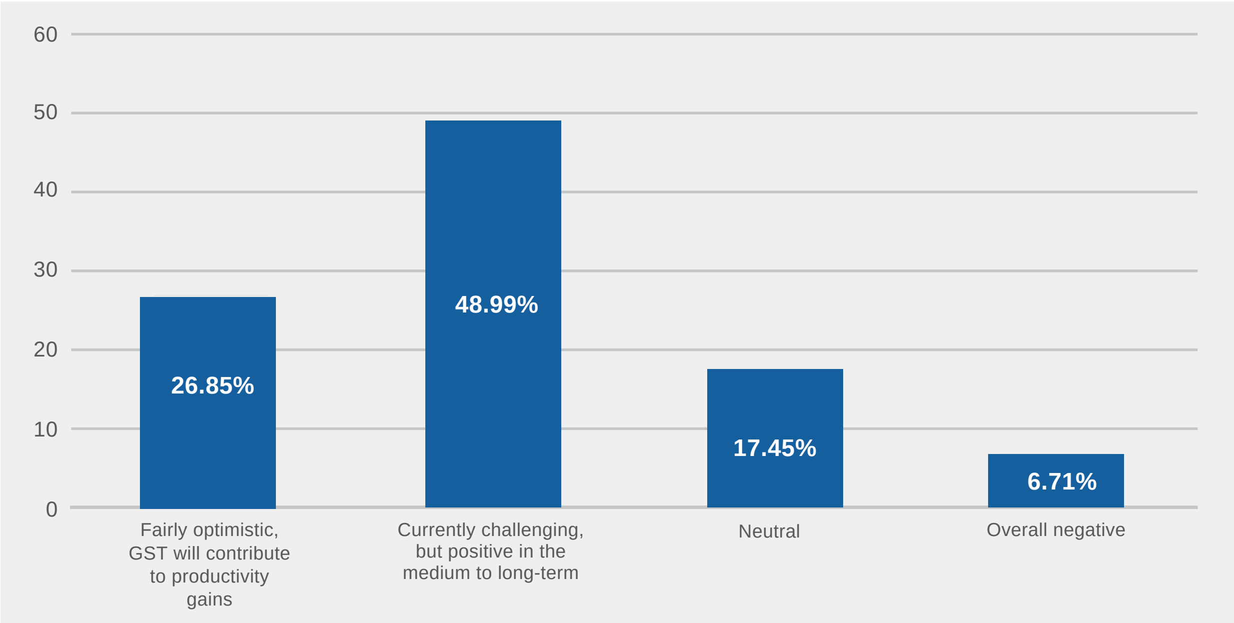
The Make in India program was launched in September 2014 to transform India into a global design and manufacturing hub. Close to 45% of the respondents feel that reforms in labour laws and undertaking skilling initiatives to develop human capital could give fillip to the flagship program and another 40% feel that tax incentives and the development of industrial corridors should provide a thrust to the initiative. Almost half of the respondents continue to find GST challenging at present, but remain positive about its impact in the medium to long term, whilst over a quarter are optimistic and feel that GST will contribute to productivity gains. However, half of participating CEOs suggested that they had experienced teething problems in GST implementation.



Almost 3/4ths of the participating CEOs were positive to neutral about the impact of demonetization on their businesses. Interestingly, more than a quarter of the respondents felt that the organized segment was already reaping benefits of demonetization with reduced competition and visible volume increase.

The poll witnessed a near unanimity on the need to reduce the corporate income tax rates for Indian companies in order to compensate for the phasing out of tax incentives.

The Government has been stepping up public investments including thrust in key infrastructure projects. Close to 60% of the respondents expect a positive impact of these investments on their businesses.

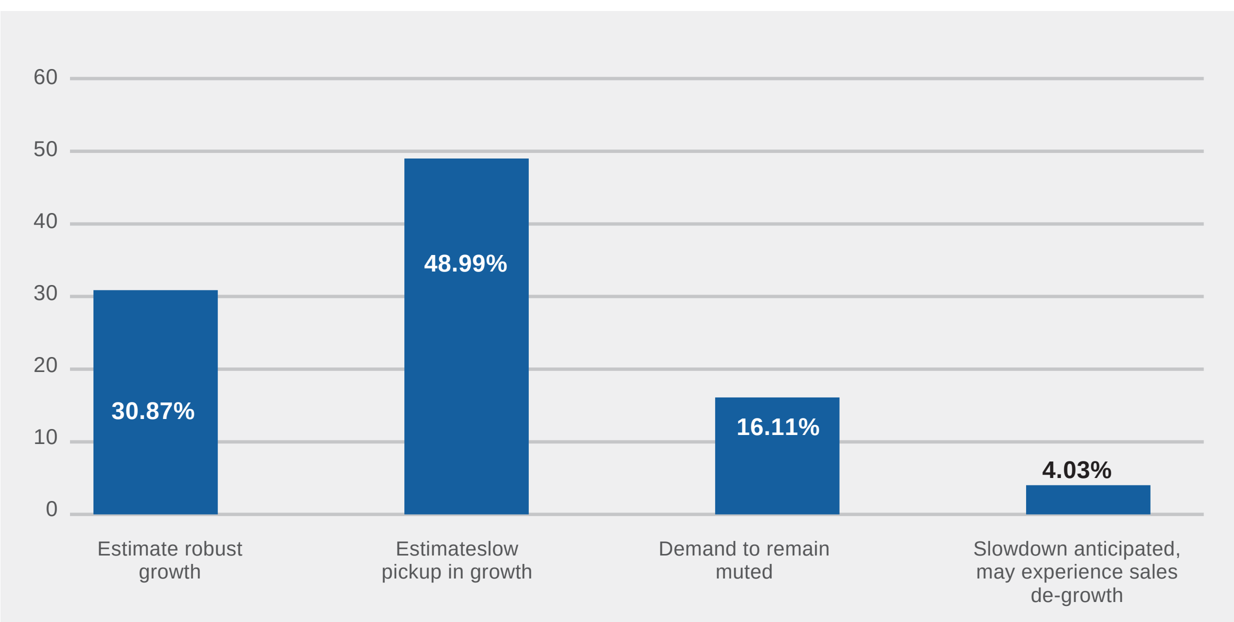


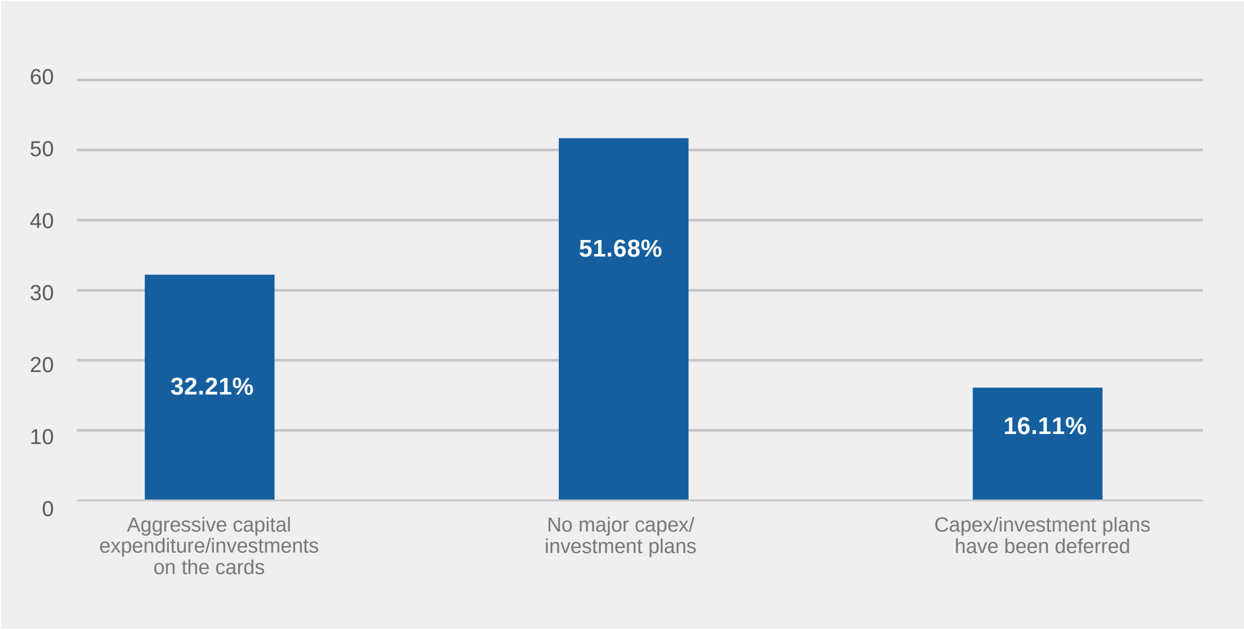
INDIA INC-BUSINESS OUTLOOK

Almost 80% of the respondents estimate an uptick in demand, with more than a third of such respondents anticipating buoyant demand whilst the remainder expected a modest improvement. Around 7/10ths of the respondents admitted to operating at capacity utilization rates of close to 70% for the past year. Half of these respondents acknowledged utilization rates of 70-80%.

Anxiety reigned amongst more than half of the respondents that did not anticipate any rise in the capex requirements, whilst close to 16% stated that they had deferred their capex plans.

Roughly half of the CEOs anticipate stable profit margins and another 15% foresee an improvement in the profit margins.





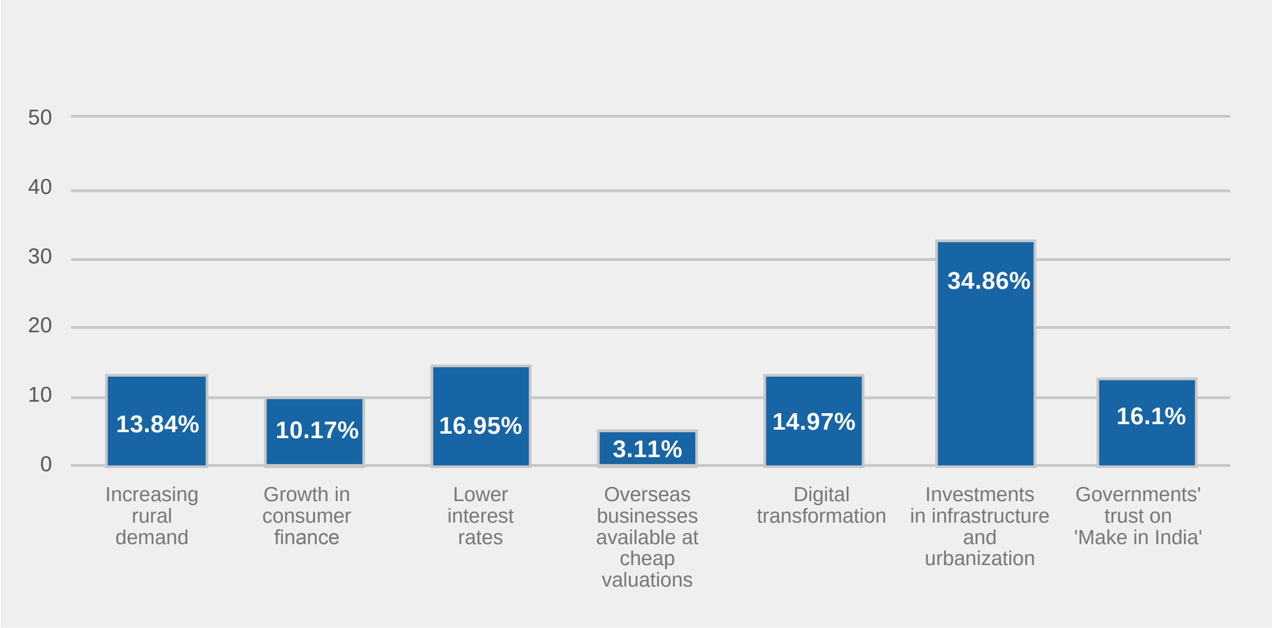
CHALLENGES AND STRATEGIES

Questions regarding the key challenges and business drivers foreseen by the participants impacting their business were raised in the survey. About 23% of CEOs felt that a weak demand scenario was the key challenge faced by their business and an equal number believed that government policies posed the biggest challenge.

Around 40% of the respondents believed that investments in infrastructure and digital transformations would be the key business drivers in the near future.

Lastly, 30% of the CEOs said that they will focus on cost-cutting and operational initiatives whilst 20% have set their sights on digitization changes at an organizational strategy level in the next two to three years.

Overall, the findings of the survey reveal an optimistic mood in Corporate India, albeit with a note of caution. The expectation seems to be that with the expansion of the formal sector and increased government investments, India's economy should get booming again. F



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