

What's Brewing at Ampersand?

What's moving from our screens into debate



This edition asks a question we keep circling back to in meetings: **Is India Inc doing enough capex?** For a decade, the government carried the investment cycle while corporate India repaired balance sheets and sat on cash. We analyzed capex and cash flow estimates for BSE500 companies to see that is the capex cycle turning? Which sectors are driving the capex? Where is the cash going?

BSE500 companies are set to spend **₹25.9 lakh cr** over FY27–29E against **₹20.2 lakh cr** over FY24–26. Free cash flow generation is expected to touch **₹30.0 lakh cr** over the next 3 years. Let's dive deeper into our topic to "follow the money" and see whether the spending is broad, or whether a few promoters are doing all of it and are we doing enough spending or not.

₹25.9L cr

Planned capex, FY27–29E

+28%

Against the last three years

₹30.0L cr

Free cash flow left after it

THREE YEARS BEHIND, THREE YEARS AHEAD — ₹ LAKH CR



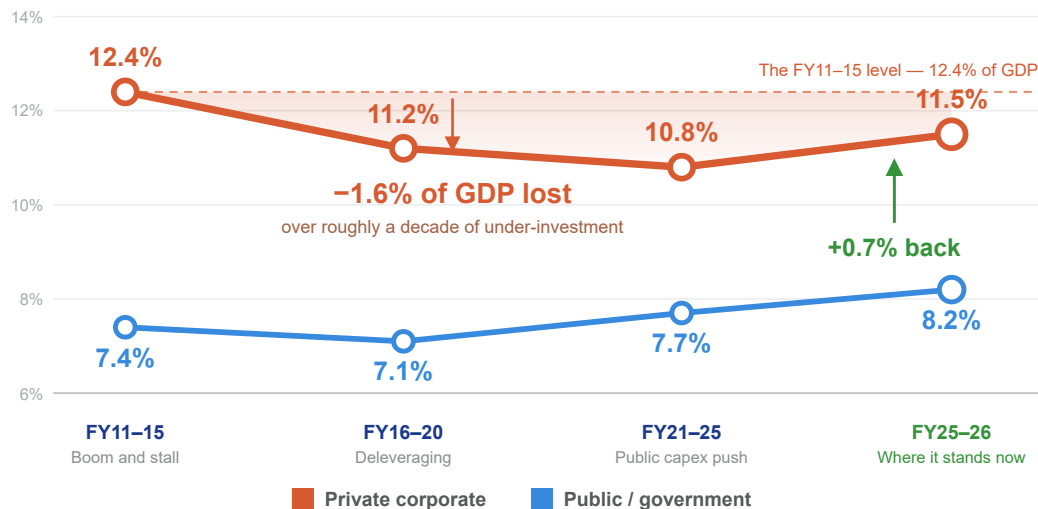
BSE500 companies. FY24–26 actuals, FY27–29 numbers based on consensus and guidance.



Private corporate investment fell for a decade and there are signs of it turning around. It ran at **12.4% of GDP** in the FY11–15 block, bottomed at **10.8%** after covid, and sits at **11.5%** today. The government moved the other way throughout to compensate for lower private capex. Total investment held near a third of GDP the whole time, so nothing was crowded out as the government simply covered the gap the private sector left.

INVESTMENT AS % OF GDP: PRIVATE VS. PUBLIC, FY11–26

Private vs. Public Investment, FY11–26



THE SAME STORY IN THREE NUMBERS

–1.6%

Fall in private corporate investment as a share of GDP, FY11–15 to the FY21–25 trough. On today's GDP that is roughly ₹6 lakh cr of investment a year that stopped happening.

+0.7%

Recovered since. Two-fifths of the ground is back, and the direction has changed for the first time in fifteen years.

+0.8%

Increase in public sector investment over the same span, from 7.4% to 8.2% of GDP. Almost exactly the shortfall, which is the whole point.

- ♦ The dip tracks the credit cycle. FY16–20 was bad-loan clean-up — corporates repaired balance sheets instead of building plants, and **banks were in no state to lend** anyway.
- ♦ The Centre's capital outlay went from **₹1.97 lakh cr in FY15 to ₹12.22 lakh cr in FY27BE**. But FY27BE is up only 9% on FY26BE.

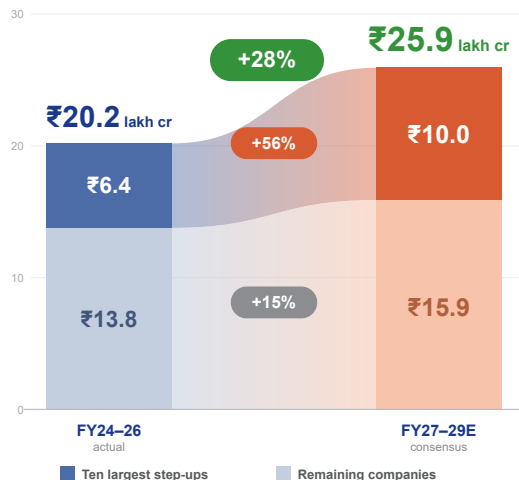
The private sector slowed investing and the government covered for it. The tide now turning around with private sector capex set to increase from here.





India Inc (BSE 500 companies) is expected to spend **₹25.9 lakh cr** over FY27–29E against ₹20.2 lakh cr before (FY24–26). The aggregate is up 28% vs. the previous period, but almost none of that is the broad market. Ten companies are expected to grow their spend by **56%**; the balance are expected to grow their spend by just **15%**.

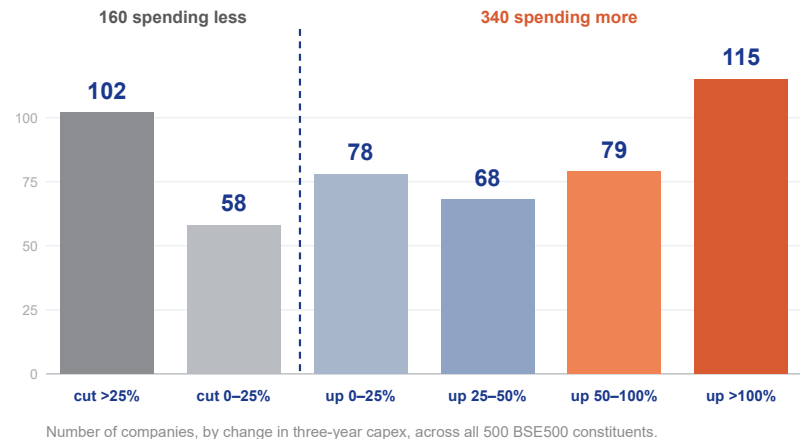
TOP TEN AGAINST EVERYONE ELSE — ₹ LAKH CR



Three-year capex (₹ lakh cr) for the ten largest step-ups vs. the remaining 490 BSE500 constituents.

- ♦ Ten companies account for **63% of the entire ₹5.7 lakh cr increase** — the remaining 490 split the rest.

AND A THIRD OF THE MARKET IS GOING THE OTHER WAY



- ♦ **The market is splitting, not lifting.** 160 companies plan to spend less than they did, 102 of them by more than a quarter. At the other end, 115 more than double.

+28%

Aggregate three-year step-up. Ex-financials 30%; ex-financials and ex-oil, 46%.

63%

Of the entire ₹5.7 lakh cr increase comes from ten companies.

160

Companies plan to spend less over FY27–29E than they did over FY24–26.

8.7→8.8→8.5

Annual capex FY27E to FY29E, ₹ lakh cr. The level resets, then flattens.

Ten companies are half the increase. Fifty are doing almost all the spending.





₹5.7L cr

added to three-year capex plans, FY24–26 → FY27–29E

+153%

fastest capex growing sector — travel & leisure

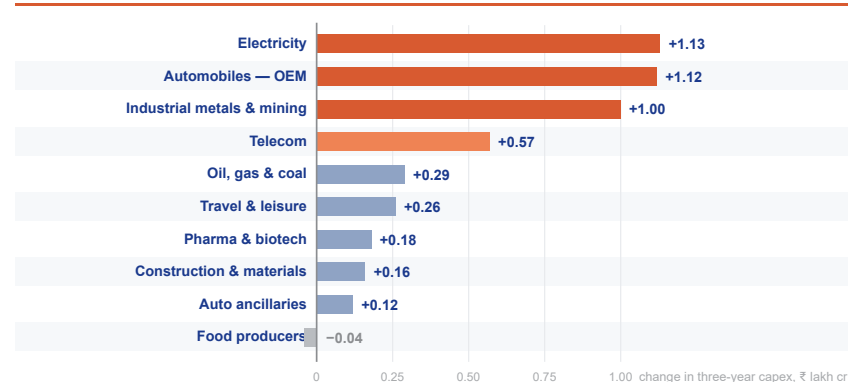
60%

of the increase from just three sectors — power, autos, metals

RANKED BY PERCENTAGE CHANGE (₹ LAKH CR)

ICB sector	Cos	FY24–26	FY27–29E	Change
Travel & Leisure	13	0.18	0.44	+153%
Automobiles — OEM	8	1.06	2.18	+106%
Aerospace & Defence	3	0.06	0.12	+98%
Electricity	5	1.54	2.67	+73%
Health Care Providers	10	0.21	0.31	+45%
Industrial Metals & Mining	19	2.30	3.30	+44%
Telecom Service Providers	6	1.78	2.35	+32%
Pharma & Biotech	30	0.67	0.85	+27%
Auto Ancillaries	18	0.51	0.63	+25%
Construction & Materials	26	1.07	1.23	+15%
Oil, Gas & Coal	8	7.47	7.76	+4%
Beverages	6	0.14	0.12	–10%
Food Producers	11	0.15	0.11	–23%
Total	163	17.14	22.07	+29%

RANKED BY RUPEES ADDED — WHERE THE ₹5.7 LAKH CR ACTUALLY GOES



- ♦ **The two rankings disagree, and the money side is the one that matters.** Travel & leisure tops the percentage table at +153% and adds ₹0.26 lakh cr. Oil and gas grows 4% and adds ₹0.29 lakh cr — more, in rupees, off a base twenty times the size.
- ♦ **Three sectors are three-fifths of the increase.** Electricity, auto OEM and metals add ₹3.25 lakh cr between them. Thermal transmission, EV platforms, and a capacity race in steel and aluminium.
- ♦ **Software spending real capex is new.** ₹0.46 lakh cr added by a sector that has spent twenty years telling investors it is asset light.
- ♦ **Staples are the only sectors cutting.** Beverages and food producers reduce three-year spend by 10% and 23% — the sole declines across fourteen sectors.

Power, autos and metals are three-fifths of the increase. Energy, the old engine, has stopped adding.



Are they spending enough?

They can spend all of it and still be flooded with cash

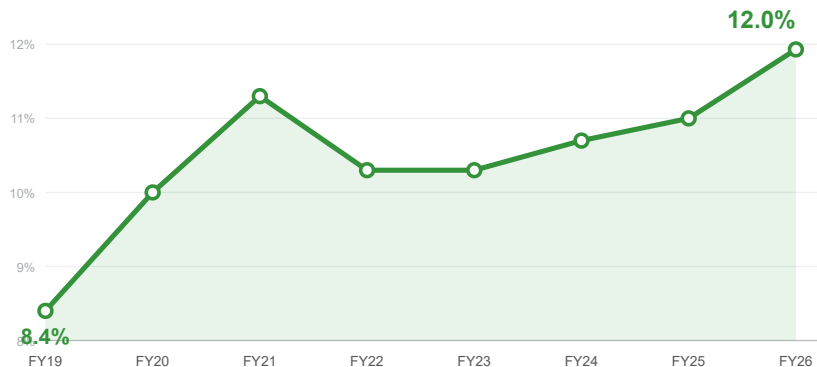


No. Over FY27–29E these companies generate **₹55.9 lakh cr** of operating cash flow. The entire capex plan — every rupee of the ₹25.9 lakh cr on the previous slide — absorbs 46% of it. The other **₹30.0 lakh cr** is cash the business does not need. And the pile it feeds has been building for six years.

SO IT PILES UP HERE — CASH AS A SHARE OF TOTAL ASSETS

Cash held **₹8→₹17** 2.1x

Total assets **₹95→₹154** 1.6x



EVERY RUPEE THEY GENERATE, FY27–29E

Goes into capex **46%**

Left over **54%**

₹55.9 lakh cr

operating cash flow, FY27–29E

₹30.0

lakh cr · 54%

₹25.9

lakh cr · 46%

Free cash flow

What is left once every rupee of the three-year capex plan is paid for. More than half of everything these 500 companies generate is surplus to their own investment plans. Led by:

Oil & gas		₹3.4L cr
Software & IT services		₹2.6L cr
Personal & household goods		₹2.1L cr

Capex

The whole FY27–29E programme, including the ten names that make up two-thirds of the increase. Led by:

Electricity		₹1.13L cr
Automobiles — OEM		₹1.12L cr
Industrial metals & mining		₹1.00L cr

- ♦ Total assets grew from ₹95 to ₹154 lakh cr over the same stretch, so this is **not a denominator effect**. Cash went ₹8 lakh cr to ₹17 lakh cr and outgrew the balance sheet it sits on.

- ♦ Consensus is not modelling a spending cycle that consumes the surplus. Over three years it has these companies **keeping more than they invest**, every year.

₹30.0 lakh cr

Free cash left over FY27–29E once the full capex plan is funded.

2.1x

Growth in the cash pile since FY19, against 1.6x for total assets.

75.5%

Capacity utilisation, above the 74% long-run average.

6.5x

Interest coverage. Balance sheets have not looked this good in a decade.

They can fund every rupee of the plan and still generate more cash each year. That is a choice, not a limit.





FY24–26 actual
₹4.4k cr
 FY27–29E
₹27.6k cr

InterGlobe Aviation

Six-fold rise

Aviation

Owned narrowbody aircraft and its first widebody order, 60 Airbus A350s from 2027, mark IndiGo's entry into long-haul flying. Capex rises from ₹4.4k cr to ₹27.6k cr as leased planes give way to an owned fleet, backed by a ₹1,100 cr in-house MRO facility at Bengaluru.



FY24–26 actual
₹16.5k cr
 FY27–29E
₹27.3k cr

Mahindra & Mahindra

Up 66%

SUVs and tractors

New SUV and EV lines, including the INGLO-platform BE 6e and XEV 9e, drive the increase. Capex splits roughly ₹32k cr into auto and farm (EV lines at Chakan and Pune plus tractor capacity) and ₹5k cr into other group businesses, rising from ₹16.5k cr to ₹27.3k cr.



FY24–26 actual
₹1.6k cr
 FY27–29E
₹4.9k cr

Aster DM Healthcare

Triples spend

Hospitals

A 1,700-bed expansion by FY27 adds hospitals at Trivandrum and Kasargod. Capacity stands at ~10,150 beds today, targeted at ~15,000 by FY29 with the Quality Care India merger. Capex rises from ₹1.6k cr to ₹4.9k cr, refocused on India post the 2024 Gulf demerger.



FY24–26 actual
₹3.3k cr
 FY27–29E
₹6.4k cr

Solar Industries

Capacity doubles

Industrial explosives and defence

New explosives and defence-ordnance lines push spend from ₹3.3k cr to ₹6.4k cr. Defence revenue is set to nearly double to ₹4,500 cr in FY27 on a ₹21,300 cr order book, while international explosives (Thailand, Turkey, Kazakhstan, Africa) keeps growing above 30%.



FY24–26 actual
₹1.2k cr
 FY27–29E
₹4.1k cr

LG Electronics India

3.5x rise

Consumer electronics

A third plant in Andhra Pradesh, backed by ₹5,000 cr, adds to units in Noida and Pune, lifting capex from ₹1.2k cr to ₹4.1k cr. It brings in-house compressor output by FY27, capacity of 2 million units a year, with exports to Bangladesh and the Middle East.



FY24–26 actual
₹0.8k cr
 FY27–29E
₹3.2k cr

Lenskart

Store build-out

Eyewear retail

New stores and expanded in-house lens and frame manufacturing at Bhiwadi take spend from ₹0.8k cr to ₹3.2k cr. A new 50-acre plant near Hyderabad, backed by ₹1,500 cr, adds frame-to-lens capacity of 200,000+ pairs a day once its first phase is up.



FY24–26 actual
₹1.6k cr
 FY27–29E
₹3.3k cr

Glenmark Pharmaceuticals

Doubles spend

Pharmaceuticals

API and formulation capacity additions lift three-year capex from ₹1.6k cr to ₹3.3k cr, supporting its push into specialty and complex generics. Spend also backs Ichnos Glenmark Innovation, its oncology biologics arm, led by ISB 2001 in Phase 1 trials.



FY24–26 actual
₹1.4k cr
 FY27–29E
₹2.4k cr

Exide Industries

Up 81%

Batteries

A lithium-ion cell gigafactory in Bengaluru, built on licensed SVOLT technology, is layered onto the lead-acid base. Capex rises from ₹1.4k cr to ₹2.4k cr as the battery maker moves into EV-grade cells.

WHAT WOULD BREAK THIS

01 Consensus is not guidance

Some figures are based on our internal estimates and street estimates and not directly sourced from the company.

02 Ten names carry it

Two-thirds of the increase sits with ten companies. Broad participation is still the missing piece.

03 Funding is uneven

Power and metals fund only a third to six-tenths from operations. Rates and credit spreads decide the rest.

04 Returns come later

Capex hits the P&L as depreciation long before volumes arrive. Near-term ROCE worsens before it improves.

