Can the Indian Elephant Dance?
Highlights and Opportunities of the Indian Economy

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Economical Highlights 1/2

- Change in the Global Trade Model
  From Subcontractor to Integrated Multinational

- India accounts for 10% of Global Trade
- Third largest economy in Asia
- 70% of the population is under 35 years
- Inflation: RBI aims at 5%, currently higher per week (11%)
- Foreign Direct Investments grew from $2.2 bn. four years ago to $25 bn.
- Rise of the Middle class: from 50 mn. to 583 mn. in 2025
ECONOMICAL HIGHLIGHTS 2/2

• SOME FACTS:
  • **Indian Telecom Companies’ Revenues Double In Two Years**
  • **Indian Biotechnology Sector: A $9 billion industry in 4**
  • **India Fifth Largest Consumer Market by 2025**
  • **India’s exports rises 21% in 2006-07**
  • **Indian Healthcare sector investment potential at $90**
    **Source: IndusView**
  • **GDP 1 Trillion USD. Growth 2008?**:
    • **Moody’s: 7.6%**
    • **Central Bank: 7%**
    • **UBS: 7%**
    • **GOI: 8.5%, 8.4%, 8.2%, 8%...**
    • **Indian Research: 9.5% in 2009**
Economical Highlights: Roots of Concern

• CONTINUED TURBULENCE IN THE US FINANCIAL MARKETS AND ITS IMPACT ON CAPITAL INFLOWS INTO INDIA

• FROM THE OUTSIDE LOOKING AT FACTS AND FIGURES: WHAT IS ON THE STREET?

• VOLUME OF ITS POPULATION AND THE ENORMOUS CHALLENGES IN TERMS OF SOCIAL SYSTEMS, HUGE CLASS DIFFERENCES

• WAGES & SALARIES HAVE RISEN WITH 20%

• COST BASE BECOMES A CHALLENGE: FUEL COST UP 10% RECENTLY

• INFLATION & COST OF LIVING

• CORPORATES LOSING THEIR SHINING ARMOUR: BECOME ONE OF THE MNOS
How is the Indian Elephant Dancing?
The New Capitalists Society

• **Traditional Merchant Banker communities**: Jains, Parsis, Banias, Sindhis, Chettiaras, Marwaris: from money lenders to bankers

• **From Old Business Dynasties to New Capitalists** (Reliance, WIPRO, YES Bank, Orchid) thriving on the Knowledge economy

• **Strong SelfReliance**: Walmart’s Sam Walton = Kishore Biyani’s Pantaloons

• **Diversification is key in Indian Business Models**

• **Some Valuation Examples**
Some recent facts

- **Market Cap Indian Business:**
  - $300 BN.
    - Five contributors: M&A Ambani (55%), Tata, Bharti Airtel, DLF Group
- **Murugappa Group:** $1.6 BN.
- **TATA:** $34 BN.
- **GAZProm:** $348 BN.
- **China Mobile:** $341 BN./ PetroChina $447 BN.
- **Rev Comparison:**
  - GAZPROM $80 BN.
  - **Indian Oil:** $45 BN.

- **Shell €91 BN.**
- **Beter Bed:** €240 mn., Heineken €15 BN.
- **TCS & Infosys:** $22 BN.
- **RelianceCom:** $20 BN.
- **Ordina €355 MN., Satyam $8 BN.**
- **Ctac:** €40 MN.
- **SNS:** €6 BN.
Trends in Opportunities

- Knowledge Resourcing for decades (astronaut, doctors, other scientists)
- Labor with degrees (programmers etc.)
- Shifting Entrepreneurial resources: The Netherlands has its MEXX, U.K. Mittal, US various Silicon Valley entrepreneurs. Now in India...
- India allows 100% foreign direct investment in the power sector: Significant opportunities for private sector investments.
- The 11th Five Year Plan (2007-2012) has set the GDP growth target for this period at 9 per cent per annum. This will require investment in infrastructure of $488 bn. and the share of private sector in this is expected to be around 30 per cent.
- Indian Mutual Fund Sector has just started to grow amidst the crisis: Strong growth in Life Insurance (> 21 licenses), Mutual Funds, PE focused funds, “The Returning Indian Funds” etc.
The Elephant is dancing

- **Power/Energy, Agriculture, Transport, Infrastructure, Health, Leisure, Financial Services**

- **The KPO sector will drive from $10 bn. by 2012 (esp. Biotech, Nanotech)**

- **The Dragon dances too & Mice watch out!**
- **Changing Business Models and increased knowledge leverage**

- **Eventually only cultural differences, but Indian MNO’s will become Mammoths like Ford or Sony**
Opportunities

DON'T REMOVE THE BOARD SIR, 
IT'S NOT AN ELECTION POSTER. 
THAT'S THE NAME OF MY COMPANY!
Thank You

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