

Can the Indian Elephant Dance?

Highlights and Opportunities of the Indian Economy



The future of India

Drs R. Tewari,
MANAGING DIRECTOR, CORDARES CAPITAL (APG GROUP)

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
- M&A : INBOUND (2007:15 BN.)& OUTBOUND TRANSACTIONS IN BILLIONS (31 BN. IN 2007)

ECONOMICAL HIGHLIGHTS 2/2

- SOME FACTS:
 - INDIAN TELECOM COMPANIES' REVENUES DOUBLE IN TWO YEARS
 - INDIAN BIOTECHNOLOGY SECTOR: A \$9 BILLION INDUSTRY IN 4 YEARS
 - INDIA FIFTH LARGEST CONSUMER MARKET BY 2025
 - INDIA'S EXPORTS RISES 21% IN 2006-07
 - INDIAN HEALTHCARE SECTOR INVESTMENT POTENTIAL AT \$90 BILLION
- 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 MNO'S

CLUB OF AMSTERDAM : CAN THE INDIAN

ELEPHANT DANCE? GOPIO

INTERNATIONAL - JULY 3RD 2008



**How is the Indian
Elephant
Dancing ?**



The New Capitalists Society

- TRADITIONAL MERCHANT BANKER COMMUNITIES: JAINS, PARSIS, BANIAS, SINDHIS, CHETTIARS, 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 PANTALOON
- 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 VALEY ENTRPRENEURS. 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 CRSIS: STRONG GROWTH IN LIFE INSURANCE (> 21 LICENSES), MUTUAL FUNDS, PE FOCUSED FUNDS, "THE RETURNING INDIAN FUNDS" ETC.

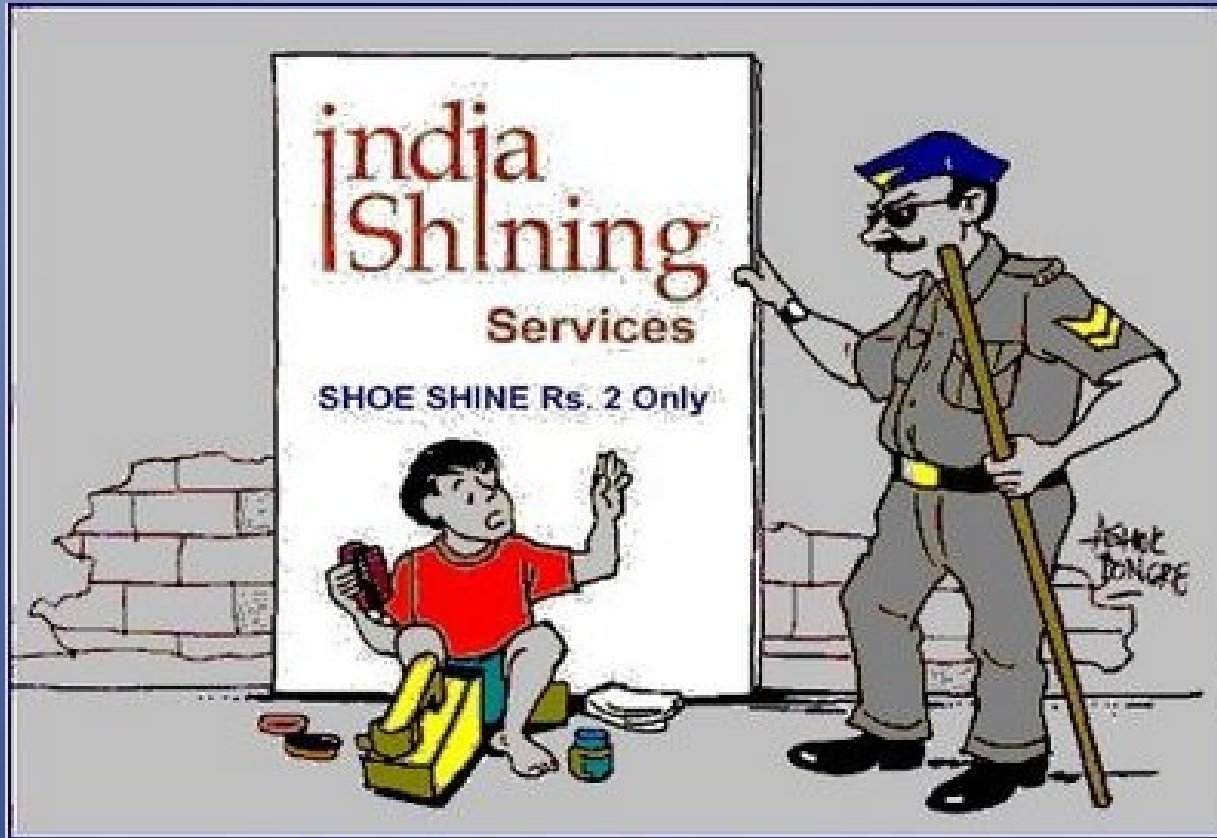


The Elephant is dancing



- 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



Drs R. Tewari

CAPITALINVEST@TELFORT.NL

CLUB OF AMSTERDAM : CAN THE INDIAN ELEPHANT DANCE? GOPIO
INTERNATIONAL - JULY 3RD 2008

DISCLAIMER

Note: This material has been prepared for information purpose only and does not constitute an offer to sell or a solicitation to buy any security or other financial instrument. The investments referred may not be suitable for the specific investment objectives, financial situation or individual needs of the recipient. Investors are advised to obtain individual financial advice based on their risk profile before taking any action based on the information contained in this material.

Neither Cordares nor its related Companies, employees nor Agents shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material.

This material is for the use of intended recipient only and the contents may not be reproduced, re distributed or copied in whole or in part for any purpose without Cordares's prior expresses consent.