

India : Wealth Creation Story

Kuntal Shah @ Indian Embassy, Moscow - 9th October 2019



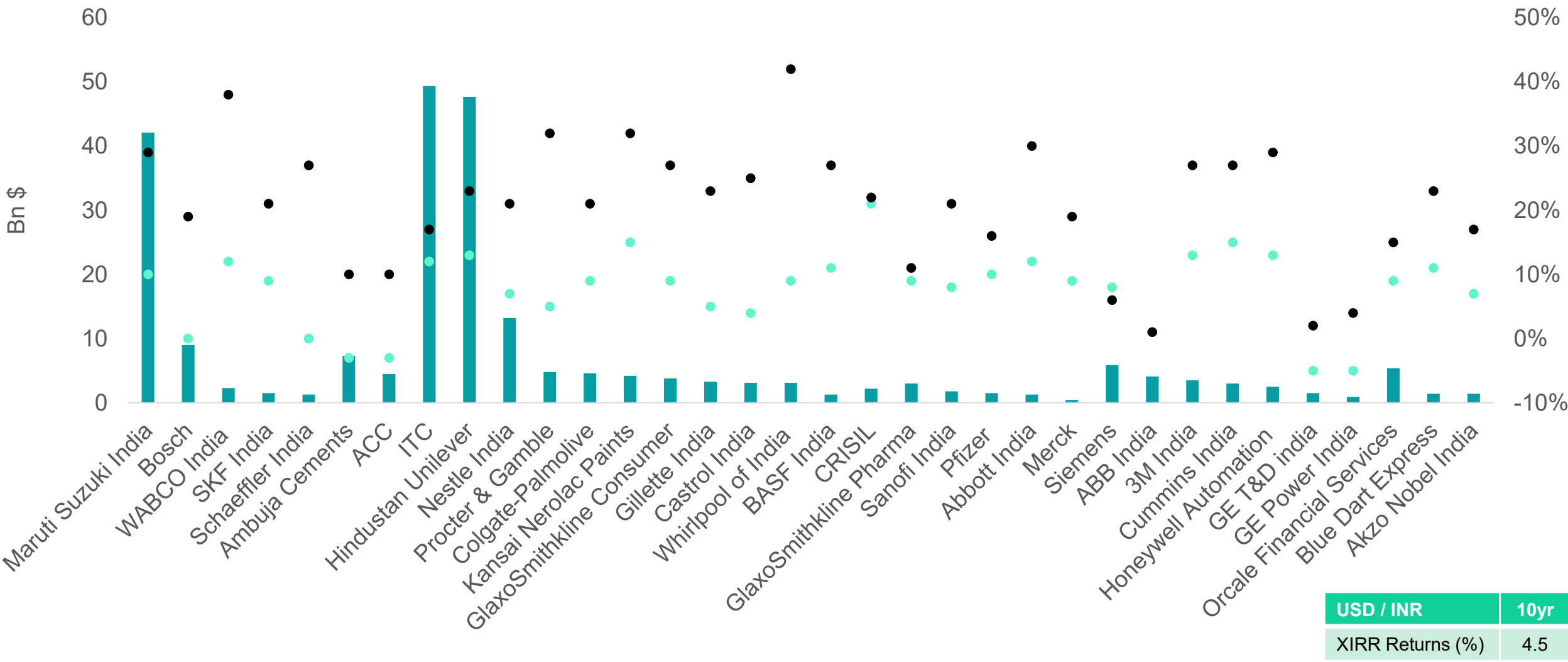
**“A picture is worth a thousand words!”
-Frederick R. Barnard**

Wealth Creation

A night cityscape with a starry sky and a body of water reflecting the lights. The sky is dark blue with numerous white stars. The city skyline is illuminated with various colors of light, including yellow, white, and blue. The lights are reflected in the water, creating a shimmering effect. The foreground shows a rocky shoreline with some water pools.

Wealth creation formula : Avoid complexity and fragility,
embrace simplicity and sustainability.

India : Listed MNC Affiliates with the Same Offering and Management Culture are Outperforming Parent Companies on Growth and Returns Parameters



USD / INR	10yr
XIRR Returns (%)	4.5

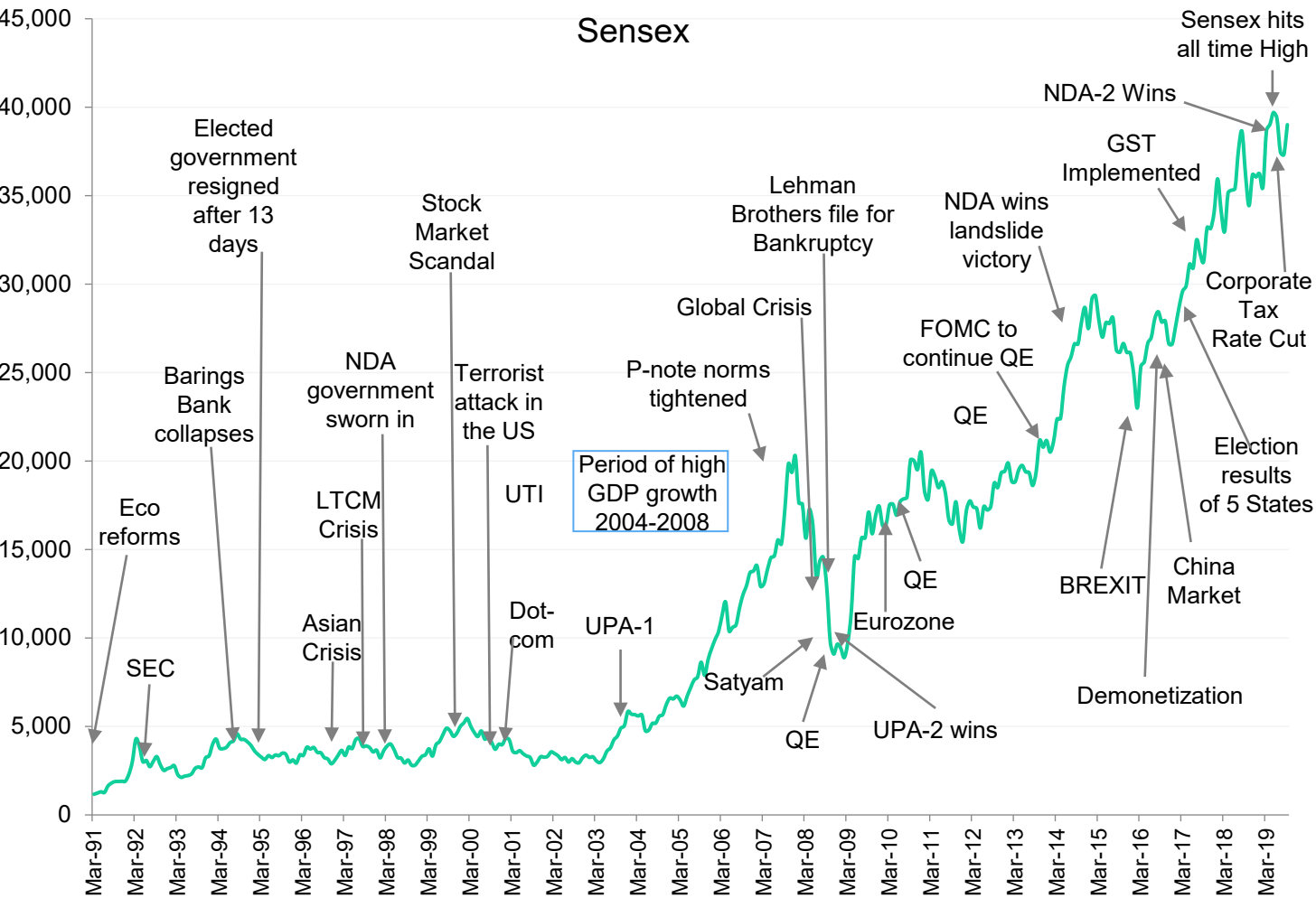
Source : Bloomberg (As on 6th Mar'19)

Indian Equities : Direct Derivative of India's Economic Growth and Efficiency of Capital

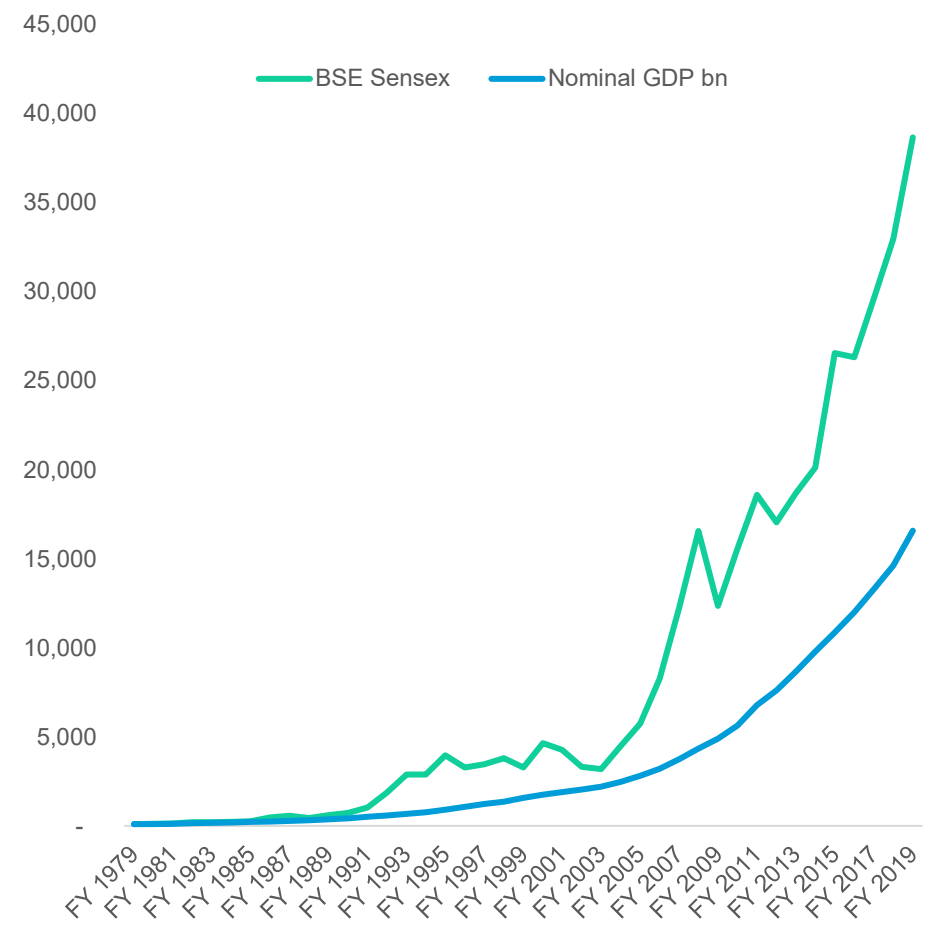


Sensex has delivered 1.5x of nominal GDP (GDP growth + inflation + efficiency gains + market share gains)

OAKLANE
CAPITAL MANAGEMENT



Sensex vs Nominal GDP (Re-based to 100)



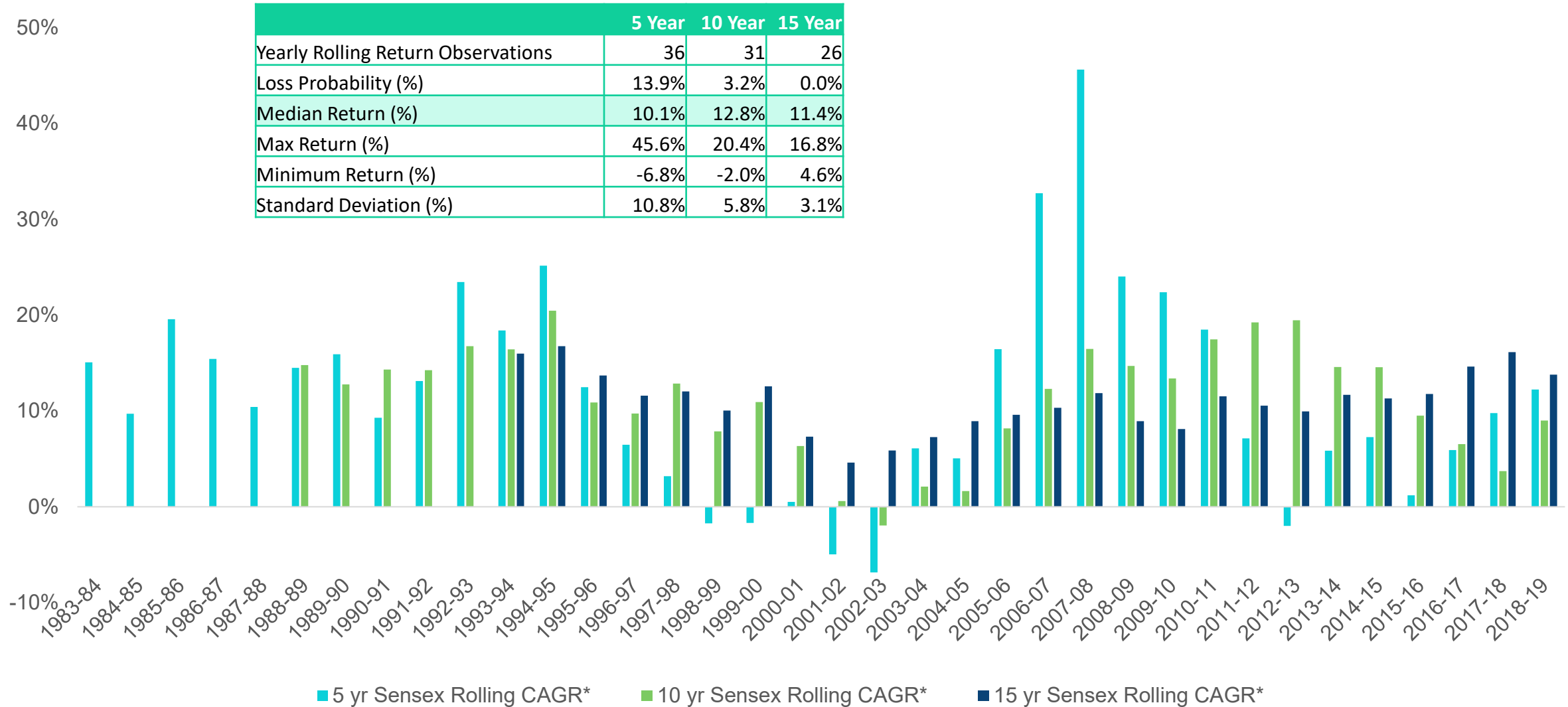
Source : Bloomberg, Statistics.com

India : Low Base, High Growth Story

	INDIA			UNITED STATES			CHINA			GERMANY			Russia			UK		
	2000	2018	DELTA	2000	2018	DELTA	2000	2018	DELTA	2000	2018	DELTA	2000	2018	DELTA	2000	2018	DELTA
Nominal GDP (\$bn)	477	2,958	6.20	10,285	21,482	2.09	1,214	14,172	11.67	1,955	4,117	2.11	259	1,658	6.40	1,638	2,810	1.72
GDP per capita (\$) (Nominal)	463	2,046	4.42	36,433	53,500	1.47	959	10,200	10.64	24,009	48,220	2.01	1,899	11,327	5.96	27,828	44,177	1.59
Index EPS (\$)	1.4	6.1	4.36	50	132	2.64	5.6	37.9	6.77	197	1065	5.41	1.8	7.8	4.33	379	773	2.04
Equity Market Index (\$) (Dec'18)	28	159	5.65	1,320	2,506	1.89	250	359	1.44	3063	12400	4.05	7*	38	5.65	9427	8973	0.95
Index Market Cap. (\$bn) (Dec'18)	71	2,076	29.24	11,645	26,872	2.31	317	5,377	16.96	807	1,953	2.42	87	291	3.34	2,175	3,075	1.41
Exchange Rate vs USD	44.9	68.4	1.52	1	1	1	8.28	6.86	0.83	2.1	0.85	0.41	28.1	62.7	2.23	0.66	0.75	1.14

*2003,

BSE Sensex Returns in USD



Focus on Sector Leaders

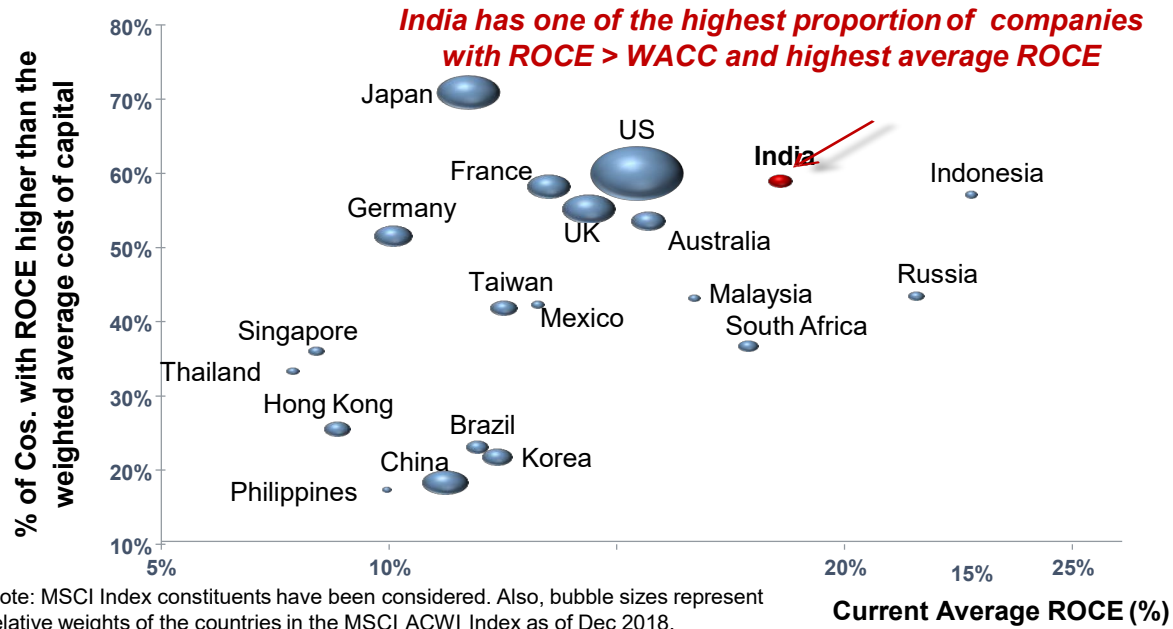
Industry	Refinitiv (Reuters) Code	Company Name	Market Cap (USD Bn)	CAGR in USD*
Consumer Discretionary	TITN.BO	Titan Company Ltd.	16.1	18%
	PAGE.BO	Page Industries Ltd.	3.6	29%
	WHIR.BO	Whirlpool Of India Ltd.	3.4	9%
Consumer Staples	HLL.BO	Hindustan Unilever Ltd.	61.3	12%
	ITC.BO	ITC Ltd.	45.6	11%
	AVEU.BO	Avenue Supermarts Ltd.	16.6	17%
Financials	HDBK.BO	HDFC Bank Ltd.	95.9	24%
	KTKM.BO	Kotak Mahindra Bank Ltd.	44.9	18%
	BJFN.BO	Bajaj Finance Ltd.	33.6	20%
Industrials	LART.BO	Larsen & Toubro Ltd.	29.6	12%
	HVEL.BO	Havells India Ltd.	6.4	32%
	TMIN.BO	3M India Ltd.	3.3	15%
Lifesciences	UPLL.BO	UPL Ltd.	6.6	13%
	DIVI.BO	Divis Laboratories Ltd.	6.3	22%
	PIIL.BO	PI Industries Ltd.	2.6	41%

Industry	Refinitiv (Reuters) Code	Company Name	Market Cap (USD Bn)	CAGR in USD*
Materials	ASPN.BO	Asian Paints Ltd.	24.2	19%
	ULTC.BO	Ultratech Cement Ltd.	16.9	17%
	PIDI.BO	Pidilite Industries Ltd.	10.5	21%
Services	JUBI.BO	Jubilant FoodWorks Ltd.	2.6	15%
	PHOE.BO	Phoenix Mills Ltd.	1.5	31%
	WEST.BO	Westlife Development Ltd.	0.7	37%
Telecom, Media & Technology	INFY.BO	Infosys Ltd.	48.9	31%
	WIPR.BO	Wipro Ltd.	19.6	24%
	HONE.BO	Honeywell Automation India Ltd.	3.6	16%
Transportation & Logistics	MRTI.BO	Maruti Suzuki India Ltd.	28.9	20%
	BAJA.BO	Bajaj Auto Ltd.	12.2	18%
	EICH.BO	Eicher Motors Ltd.	6.9	22%
Utilities	RELI.BO	Reliance Industries Ltd.	120.7	12%
	PLNG.BO	Petronet LNG Ltd.	5.6	19%
	IGAS.BO	Indraprastha Gas Ltd.	3.5	20%

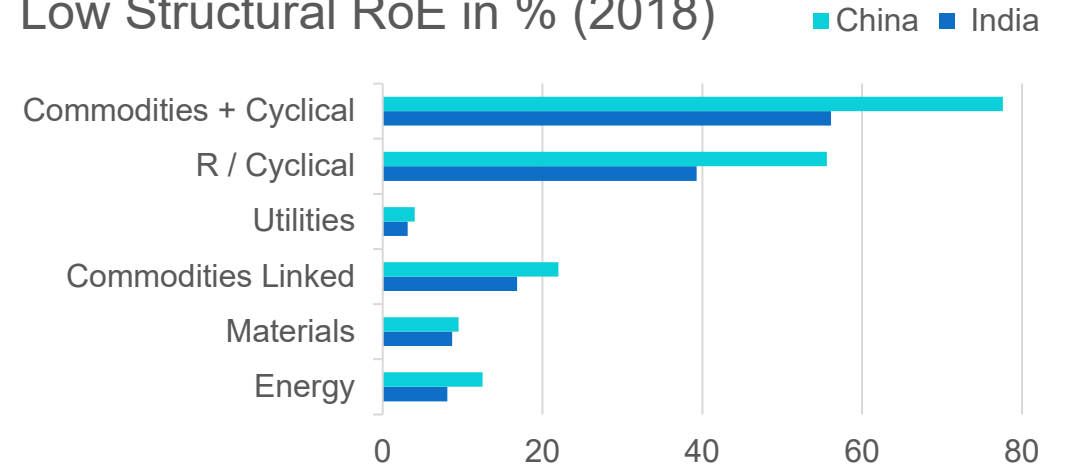
*CAGR from 31st March 1992 or date of listing whichever is later to 31th March 2019, excluding Dividends. The universe being Market Cap > USD 500 Mn.

Source: Refinitiv (Thomson Reuters), Ace Equity

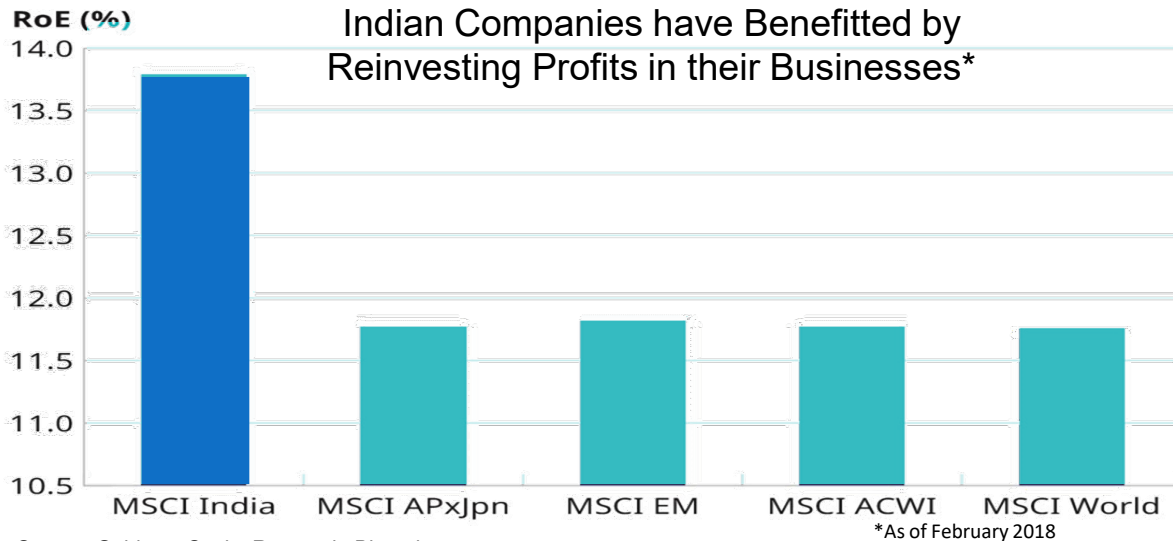
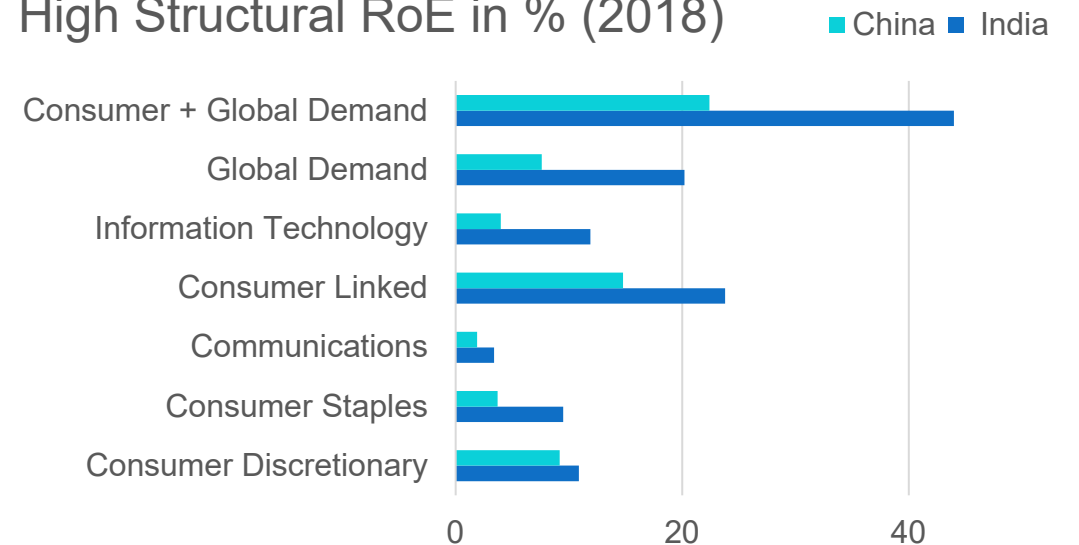
Indian Companies are Amongst the Best Capital Allocators



Low Structural RoE in % (2018)



High Structural RoE in % (2018)

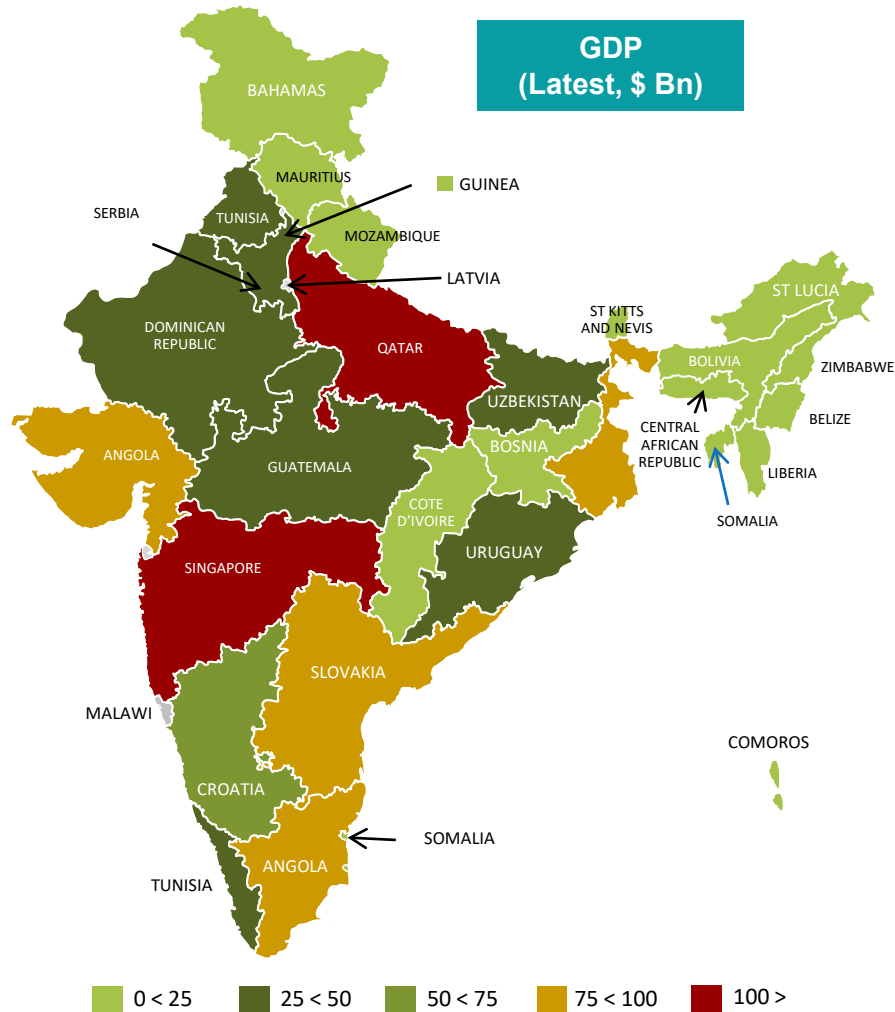


Factors Leading to Wealth Creation

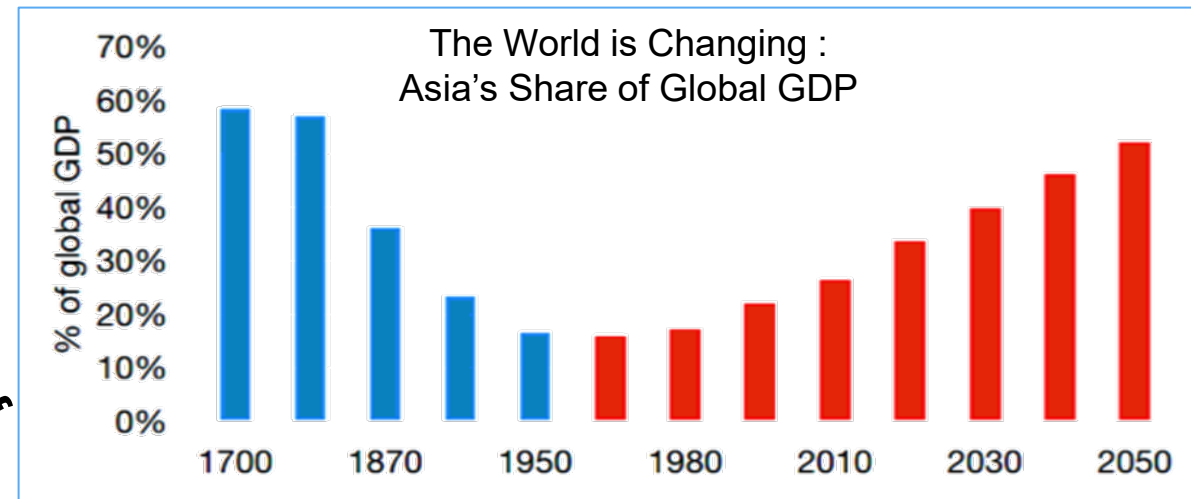
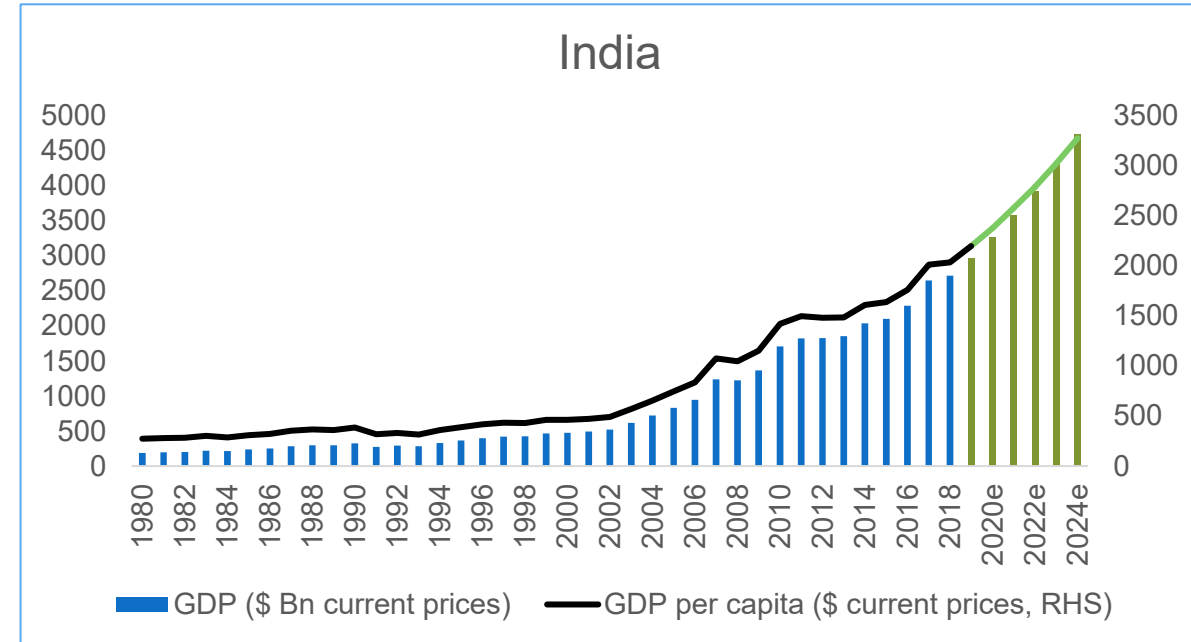
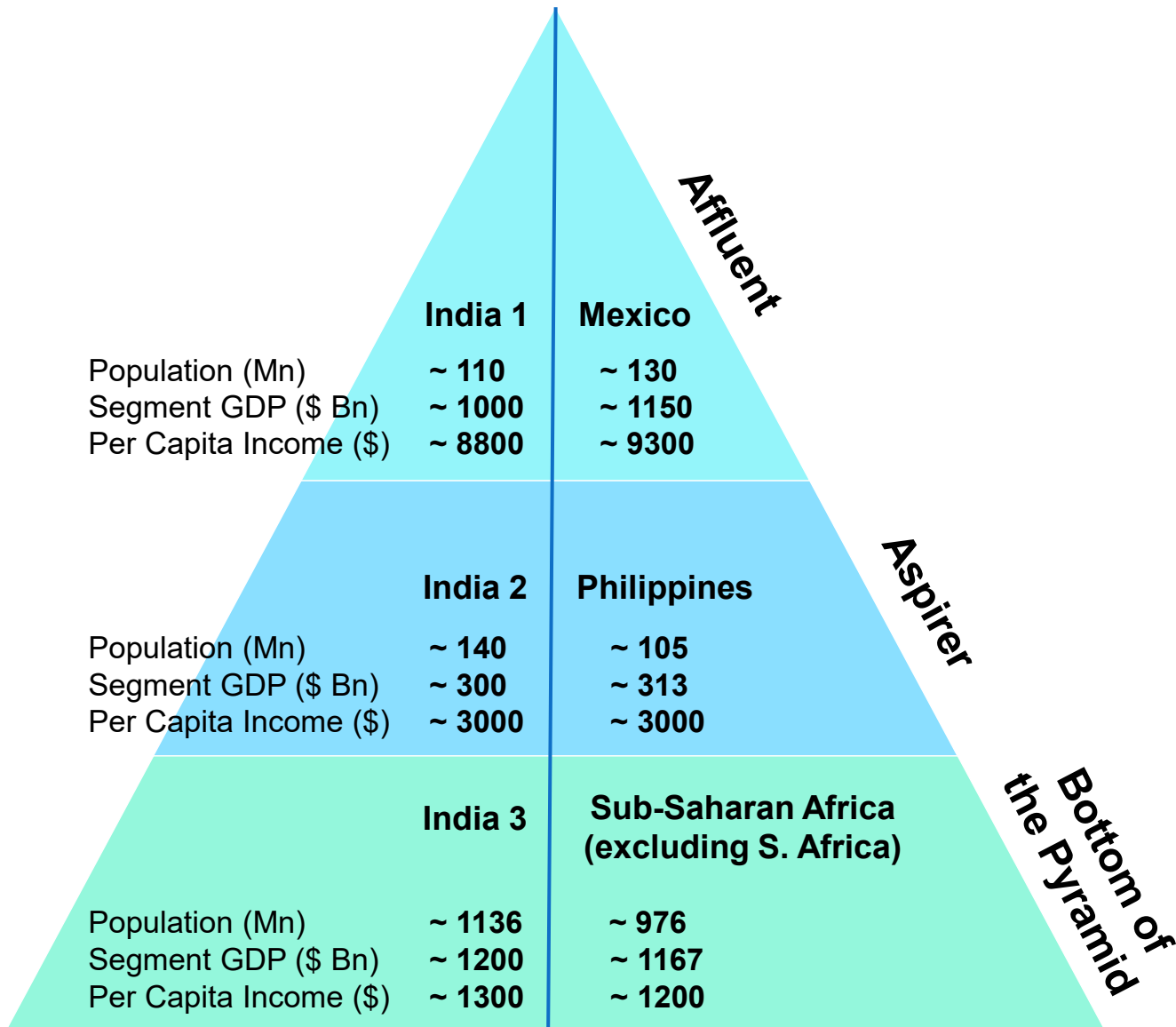
"We are proud of 3 Ds :
Democracy, Demographic Dividend and Demand"
- Narendra Modi



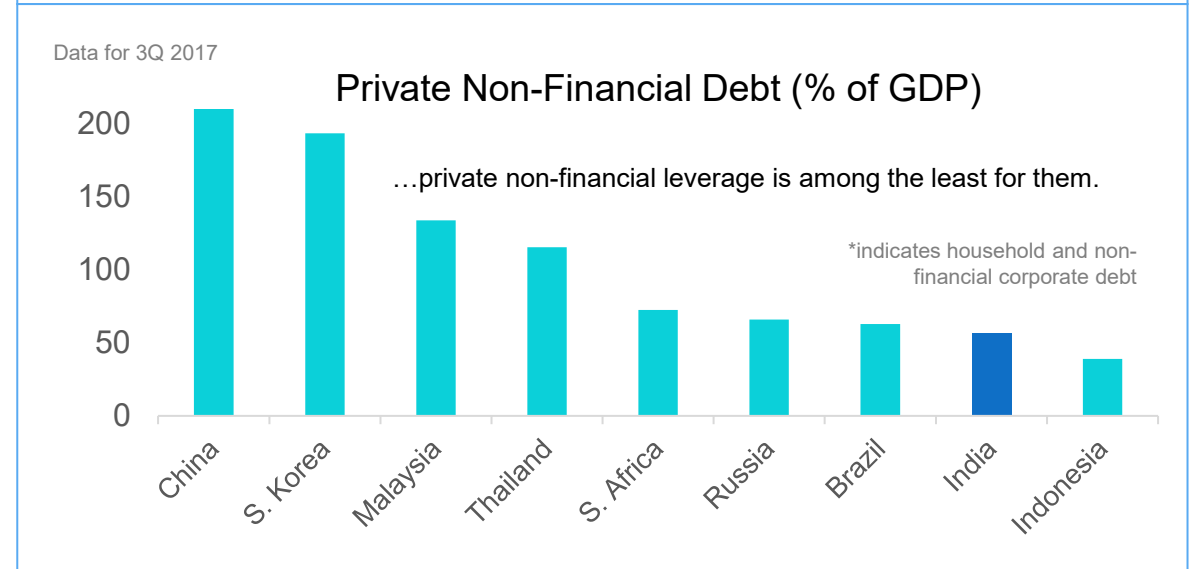
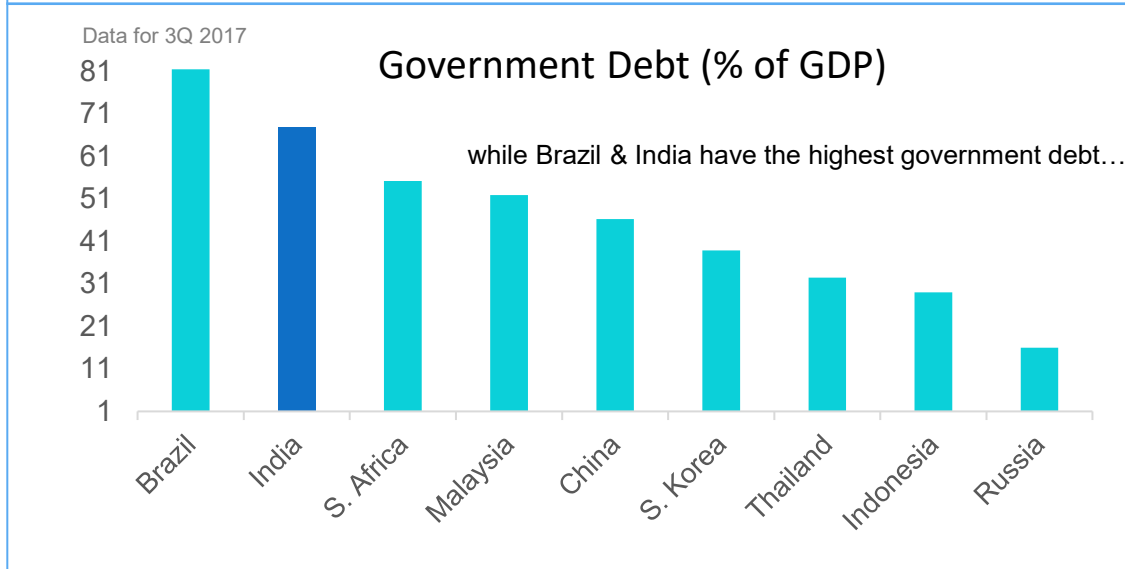
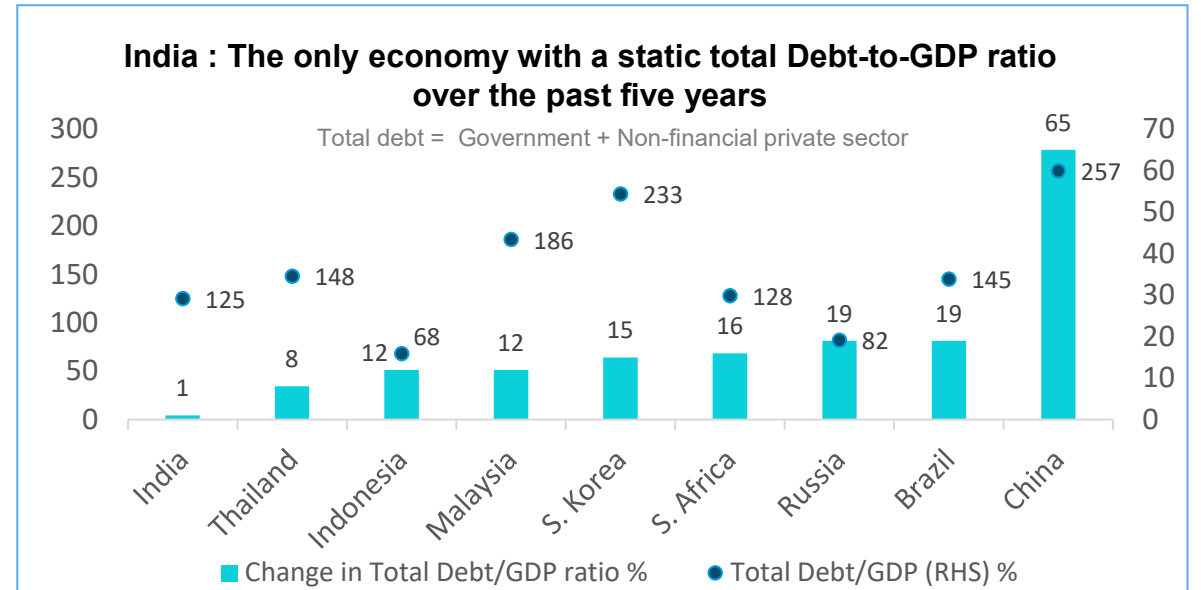
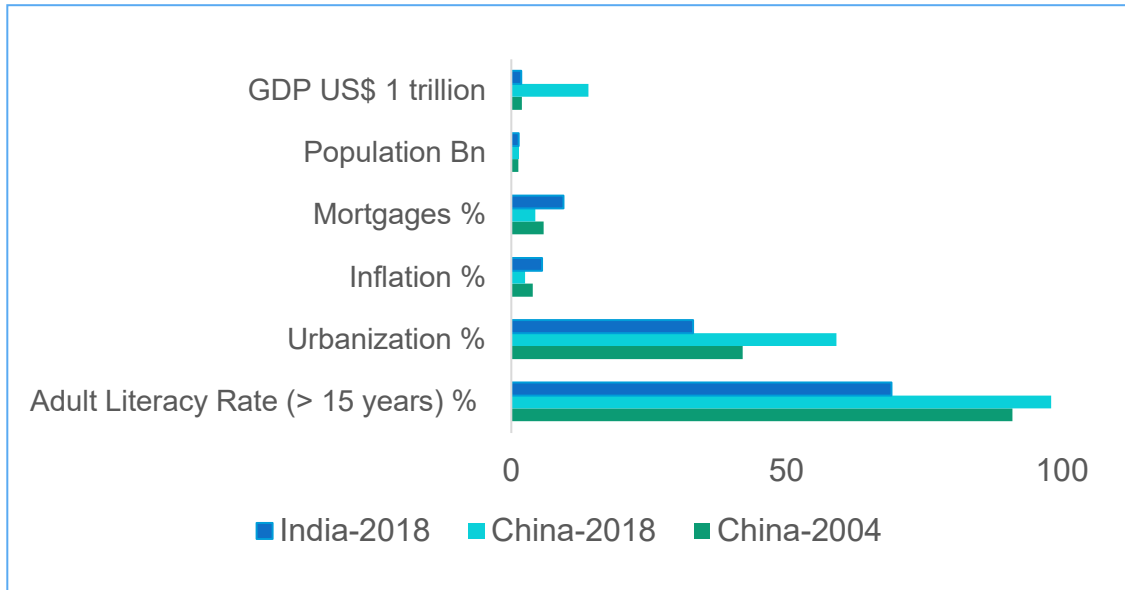
India : Country of Countries, Large Population, Large Domestic Market, Poor GDP per Capita, but on the Path of Progress and Growth



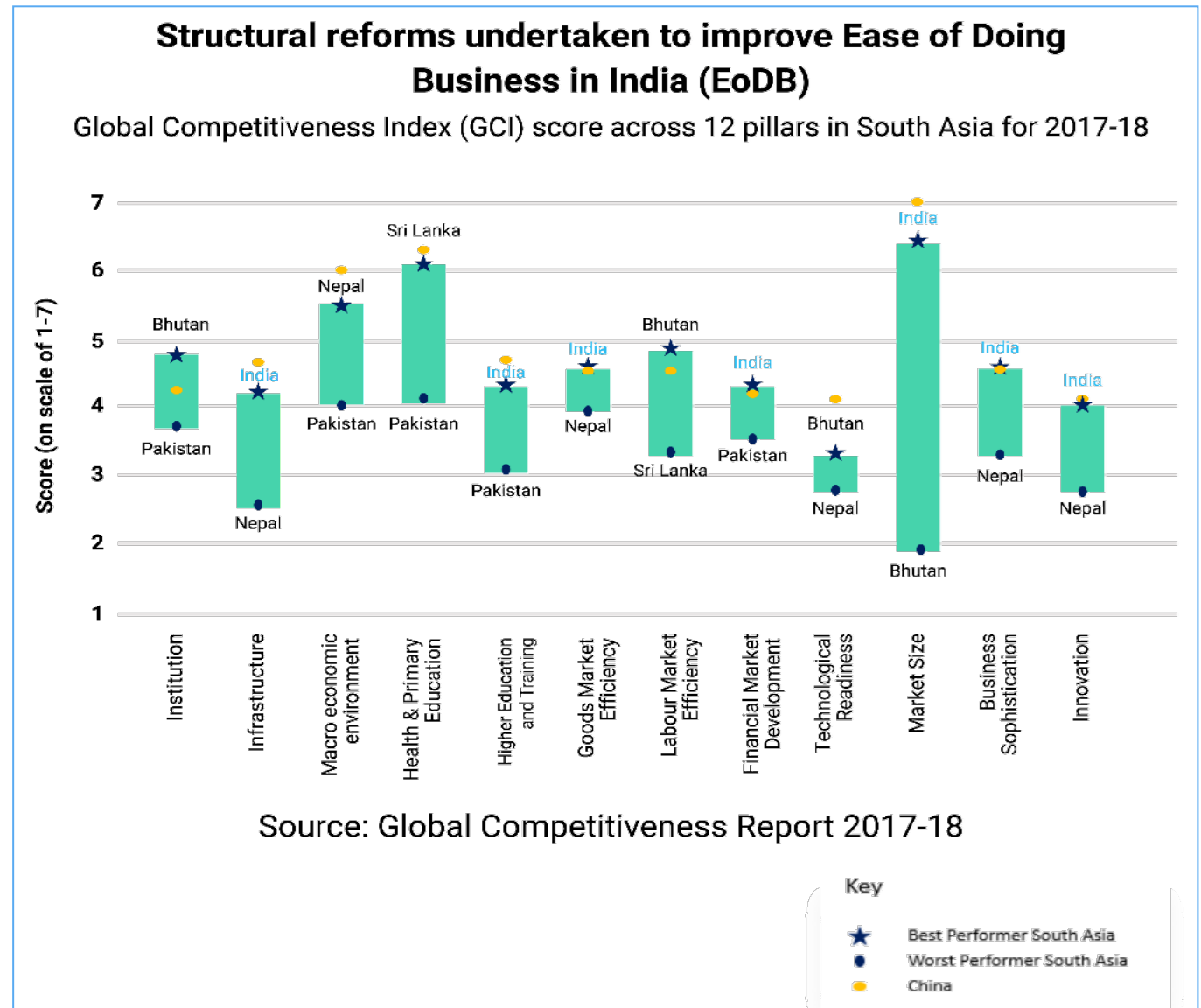
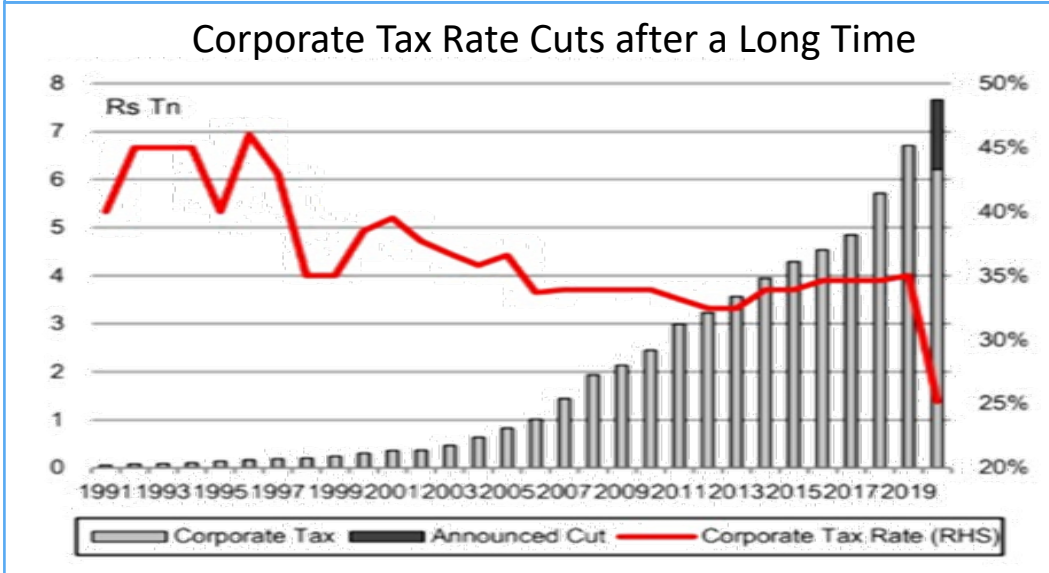
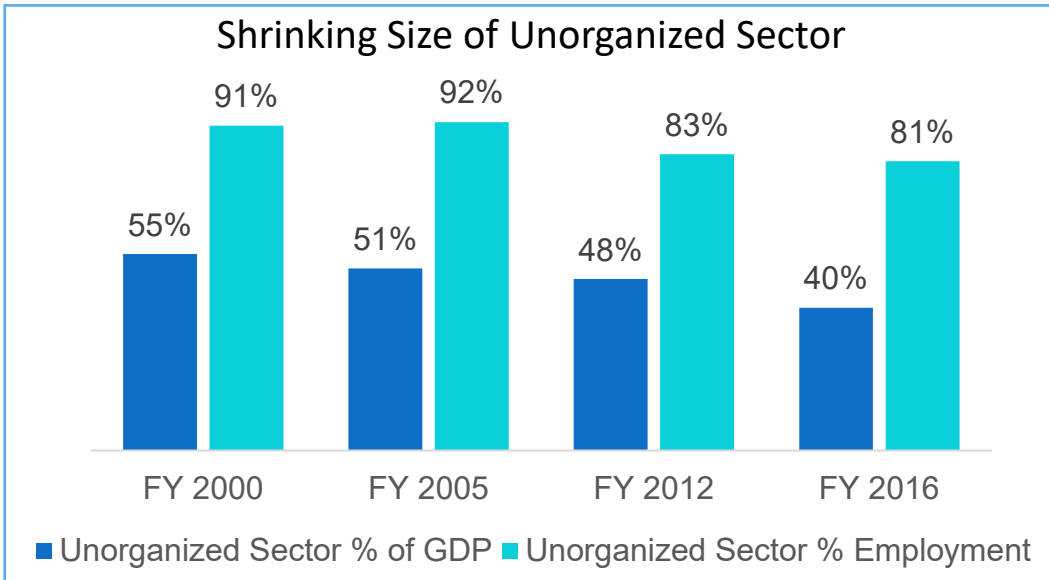
Decoding India's Consumption Story



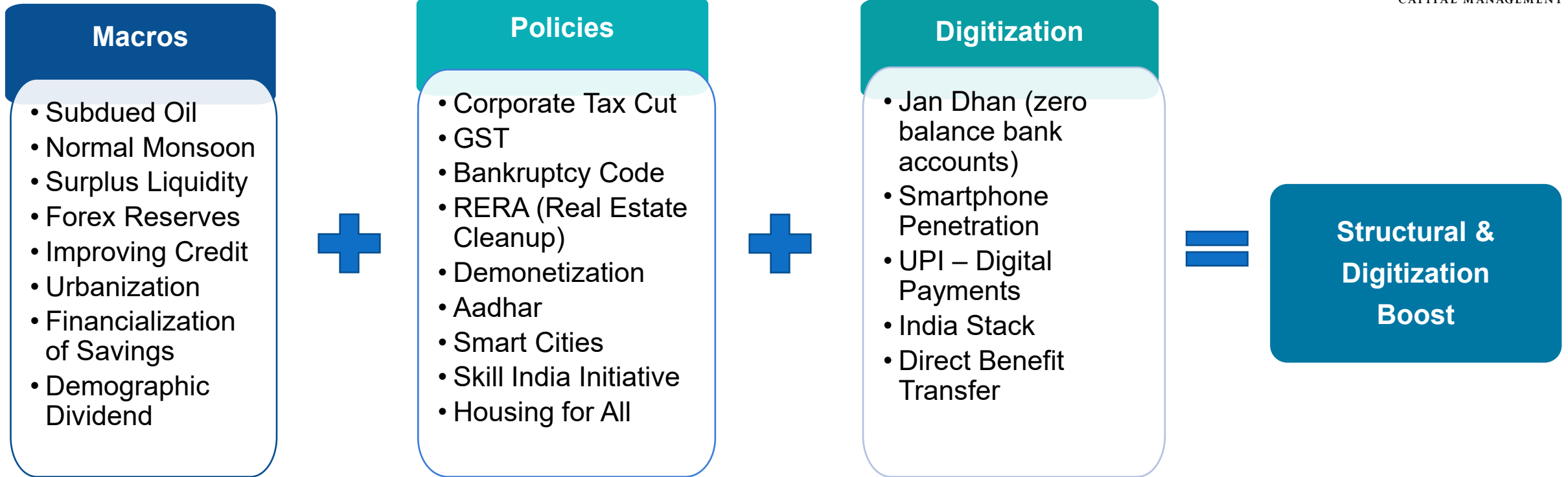
Debt/GDP : Declined in India, Risen in China



India is 3% of World GDP but 1% of Investment Flows



Structural Reforms and Digitization = Formalization of The Economy



@Narendra Modi (P.M. of India)

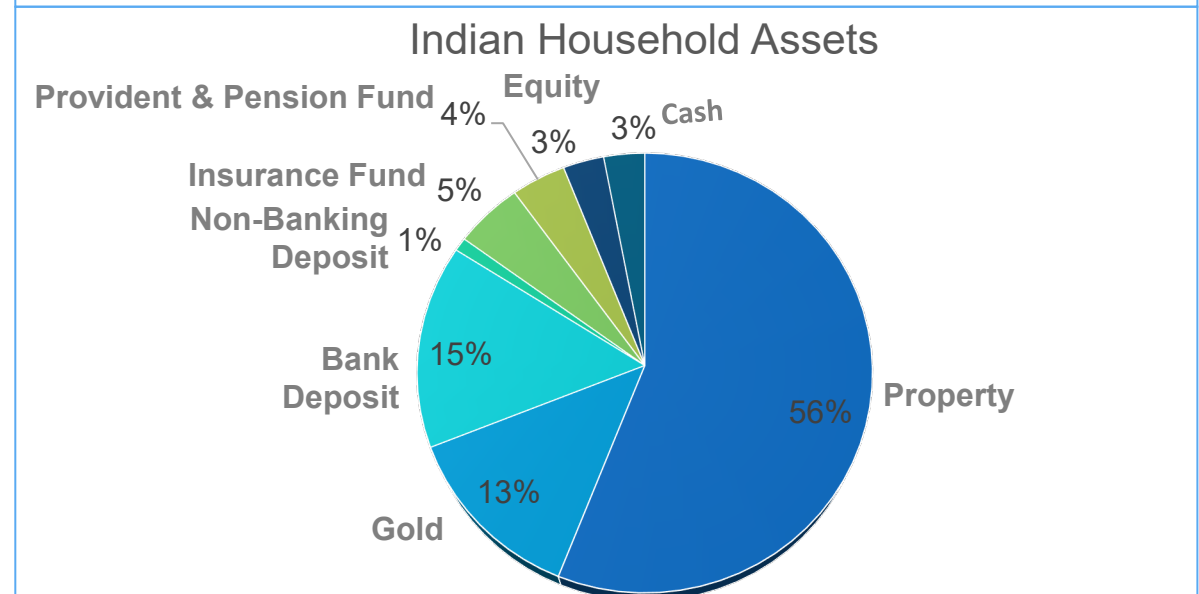
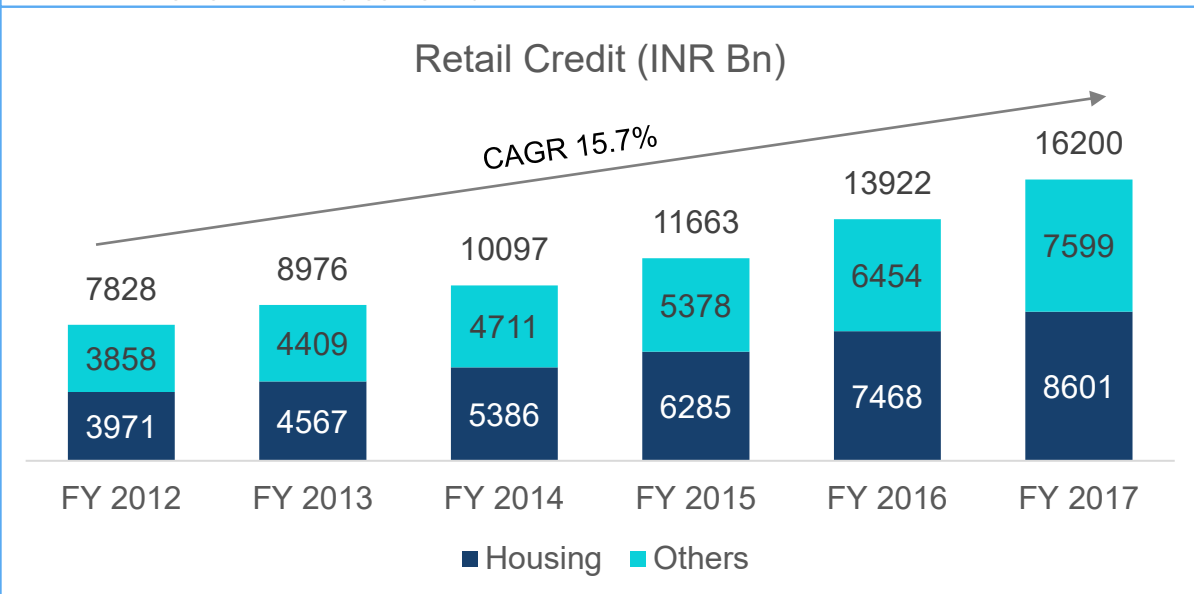
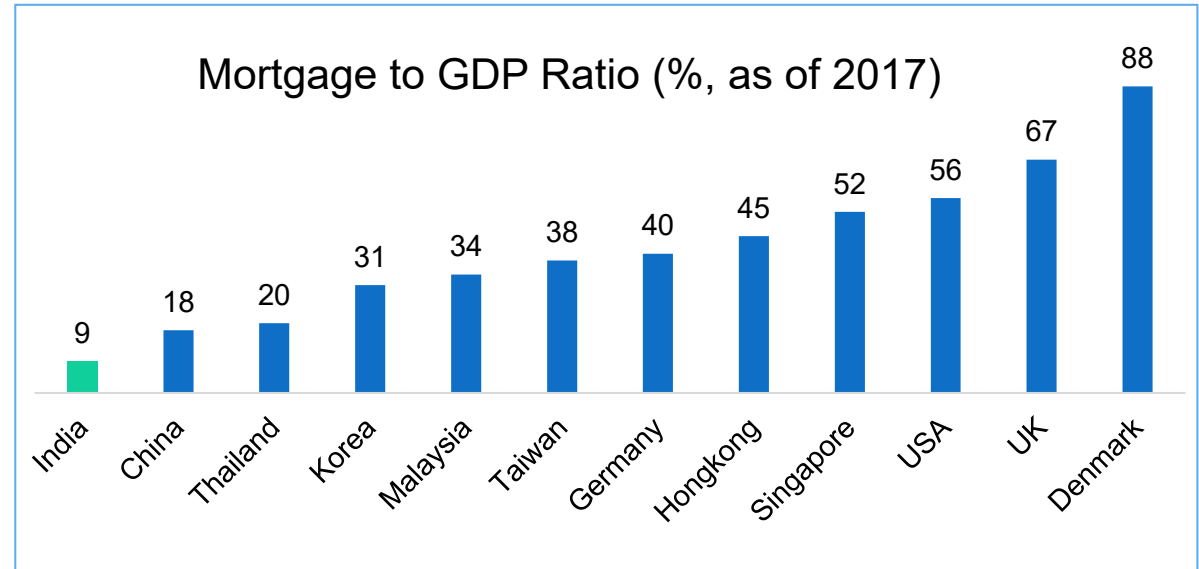
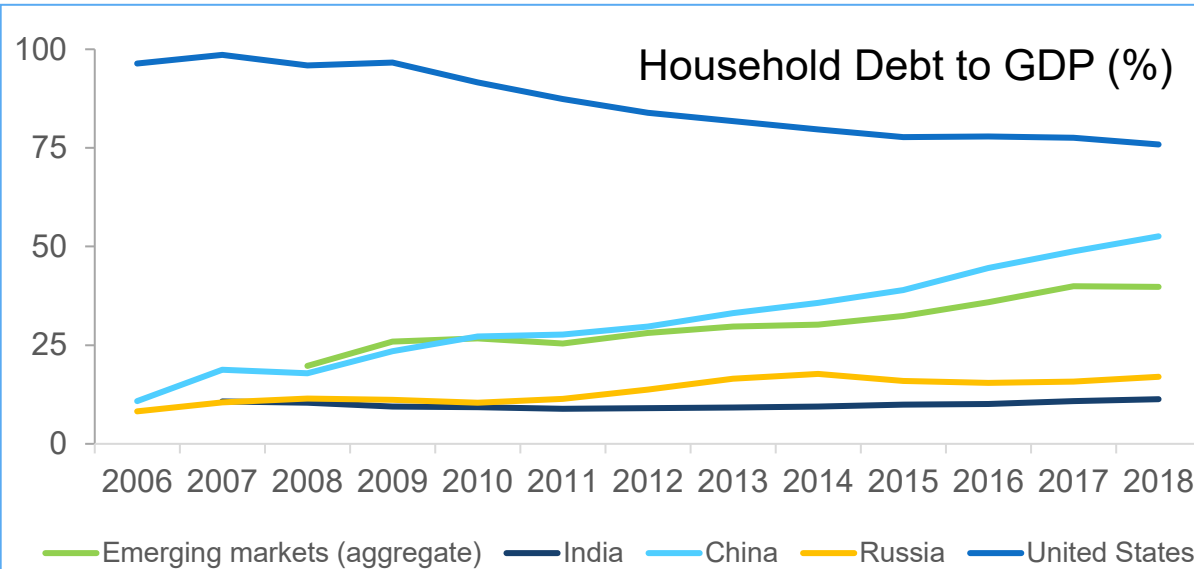
“If there is any gap anywhere, I will personally act as a bridge”

“Corporate tax rate cuts are just the beginning of reform and "a lot" is yet to come”

“Government has no business being in business”

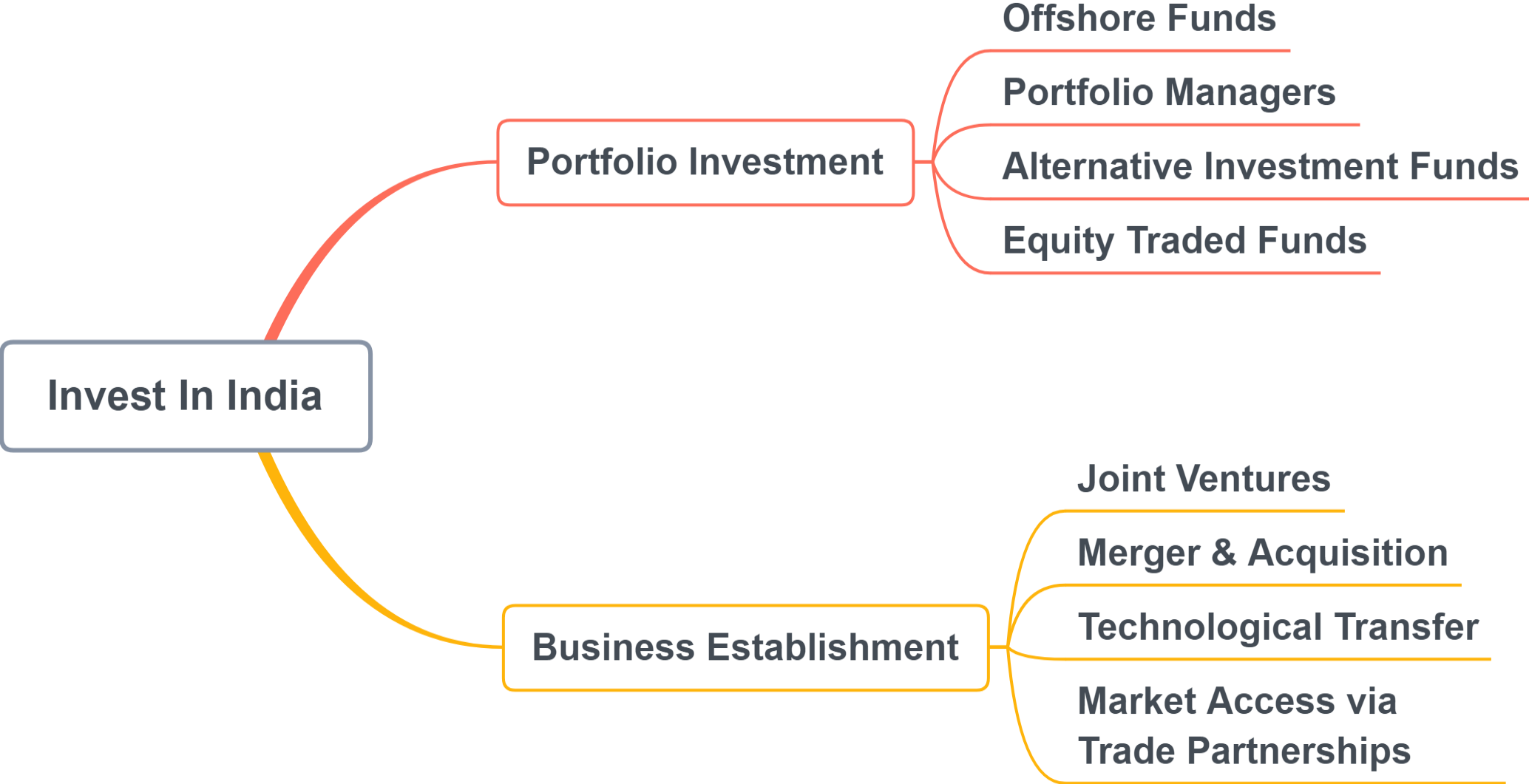
“If you want to invest in a market where there is scale come to India”

Strong, Unlevered and Under-Penetrated Indian Household



Addressable Market and How To Skin The Cat

“Much of India that we dream of still lies ahead of us: housing, power, water and sanitation for all; bank accounts and insurance for every citizen; connected and prosperous villages; and, smart and sustainable cities” - **Narendra Modi**

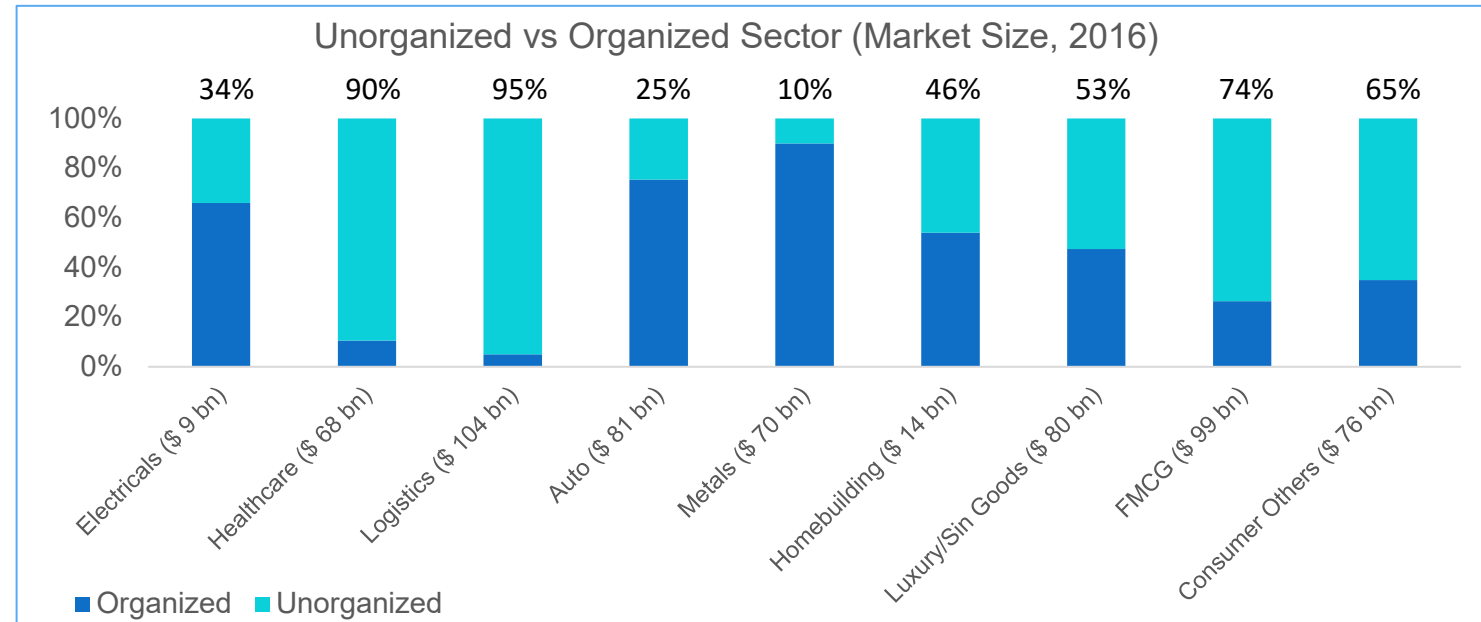
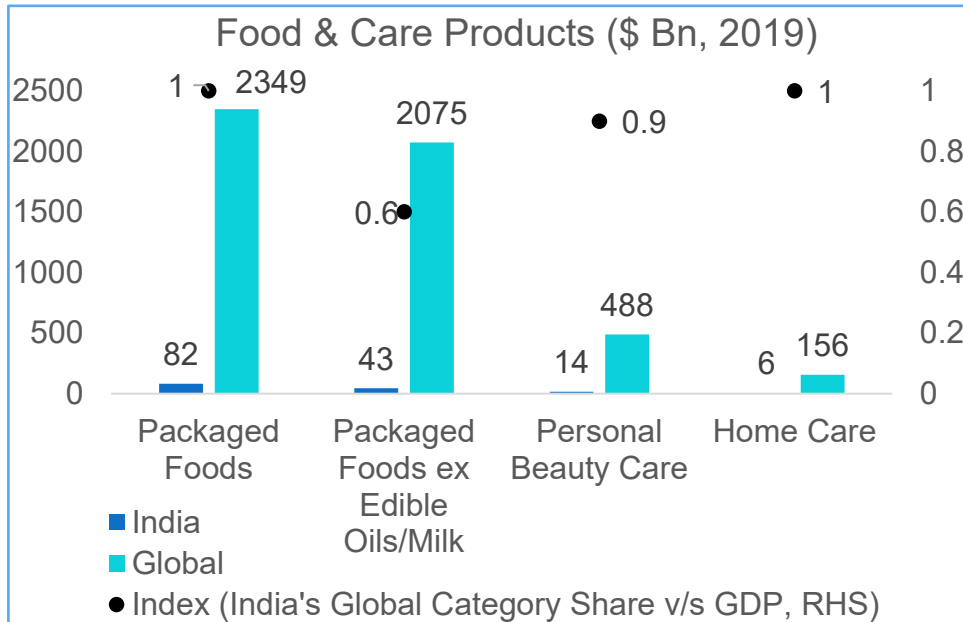
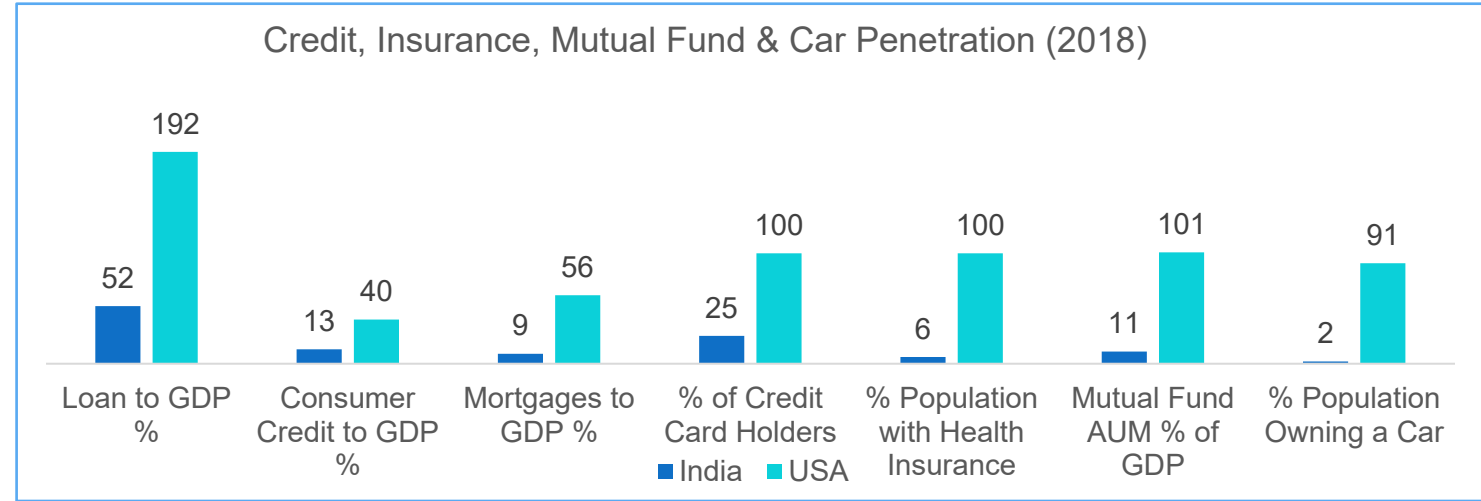
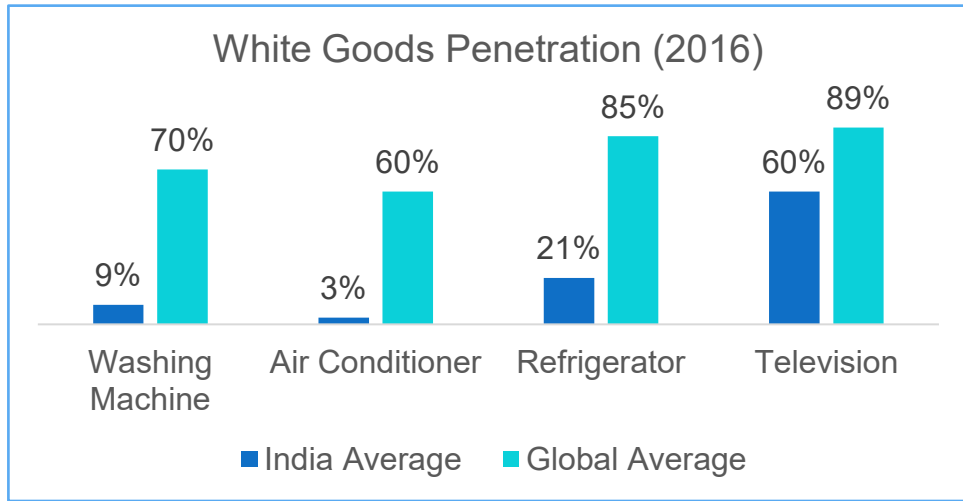


India : Per Capita Expenditure

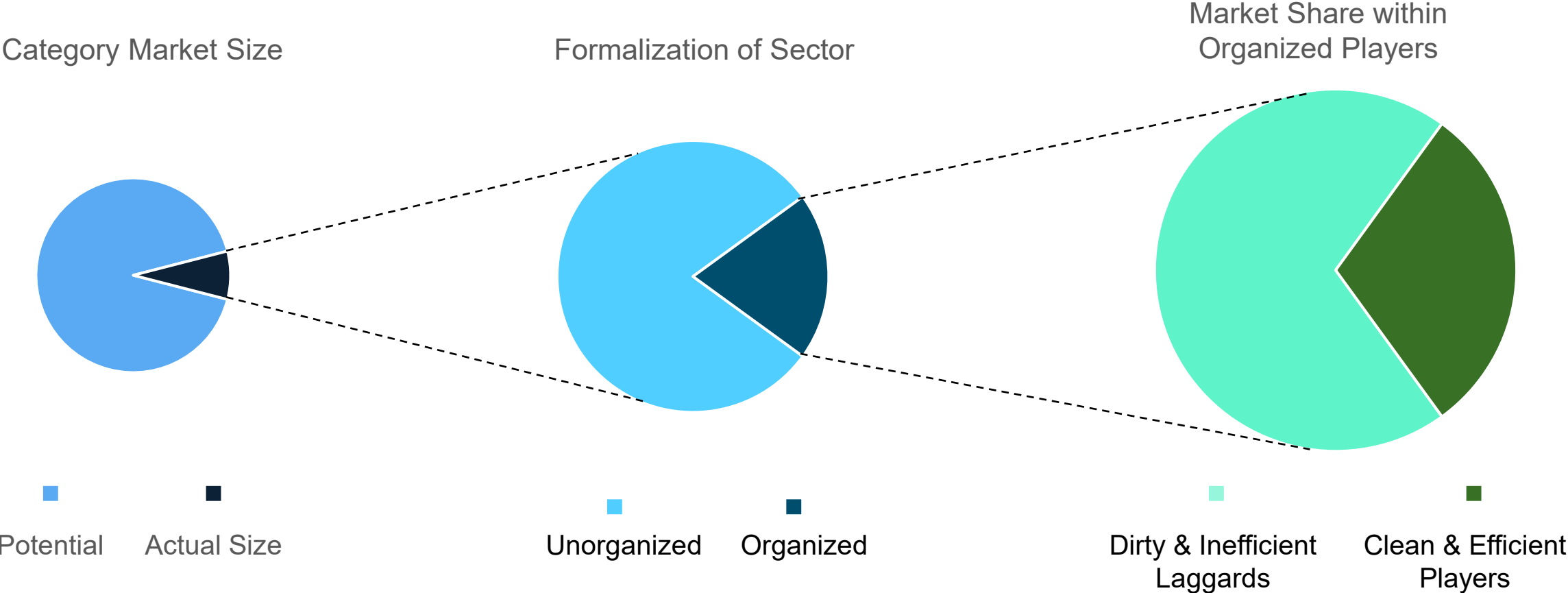
India is where China was in the early 2000s

Consumption Expenditure, Per capita by category	India (\$)	Equivalent year for China	USA (\$)	Japan (\$)	S. Korea (\$)	China (\$)	China size/ India :: Times (x)	USA size/ India :: Times (x)
Clothes & Footwear (ex-sportswear)	60	2004	924	608	682	239	4.0x	15.4x
Non -Alcoholic Beverages	6	1994	267	202	126	74	12.3x	44.5x
Alcoholic Beverages	8	1997	401	357	131	29	3.6x	50.1x
Tobacco	16	1997	342	137	140	76	4.8x	21.4x
Housing	109	2006	5,904	3,738	1,679	346	3.2x	54.2x
Household Appliances	1	1990	165	230	149	56	56.0x	165.0x
Financial Services	33	2008	1,814	606	421	85	2.6x	55.0x
Automobiles	14	2009	1,214	589	440	34	2.4x	86.7x
Ground Transportation / Services	132	2012	2,090	1,564	844	175	1.3x	15.8x
Telecom Services	11	1998	825	554	395	89	8.1x	75.0x
Hotels	2	2004	364	130	212	11	5.5x	182.0x
Air Transportation	1	2000	165	55	222	17	17.0x	165.0x
Media	13	NA	988	629	181	55	4.2x	76.0x
Healthcare	39	2000	8,074	869	616	204	5.2x	207.0x
Education	28	2002	869	388	741	62	2.2x	31.0x
Insurance and Social Protection	16	2006	1,571	896	700	63	3.9x	98.2x
Nominal GDP per capita (PPP)(\$)	1,606	2,005	55,837	32,556	27,315	7,932	4.9x	34.8x

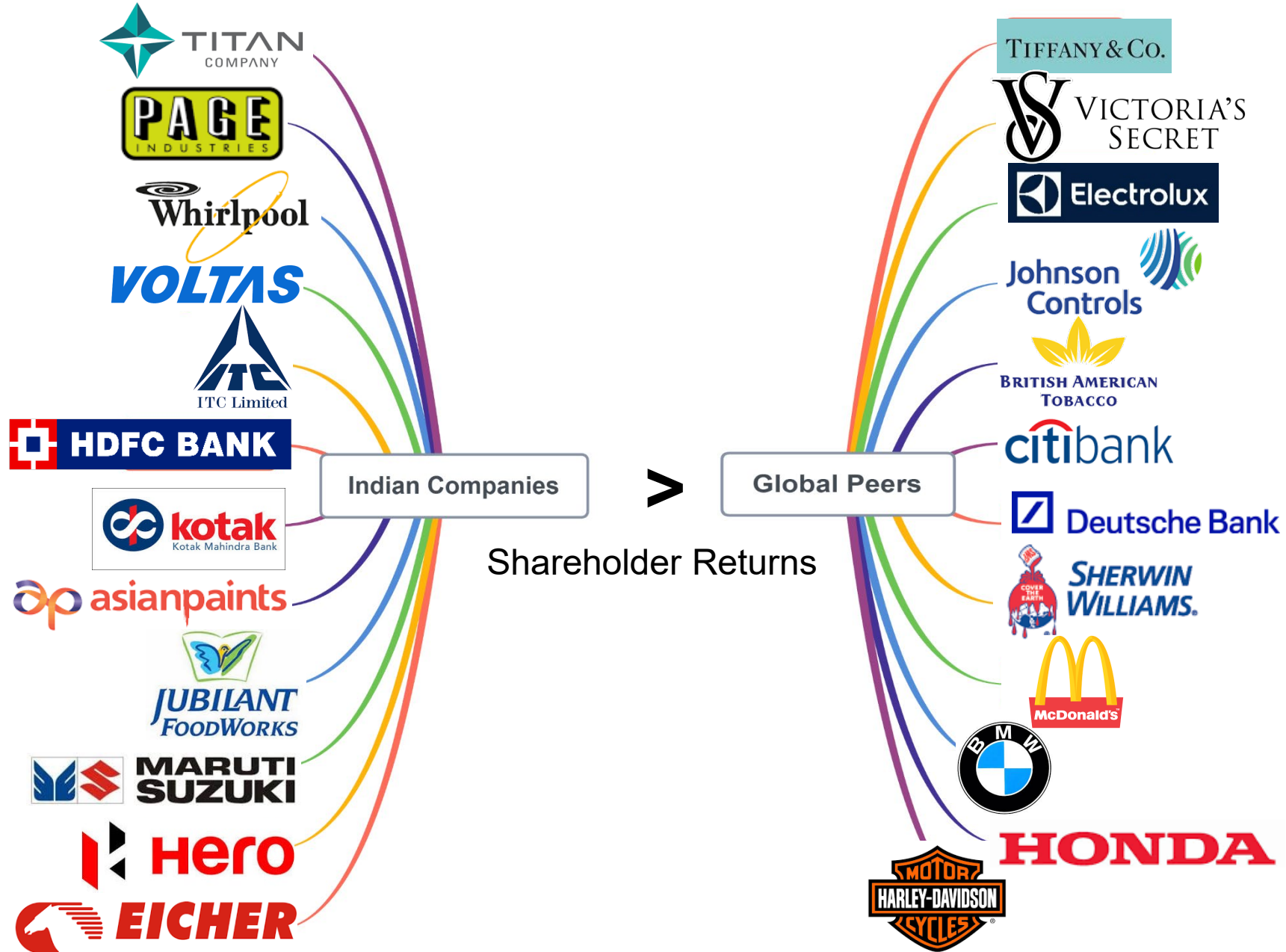
India : Under-Penetrated & Underserved Market with a Dominant Unorganized Sector



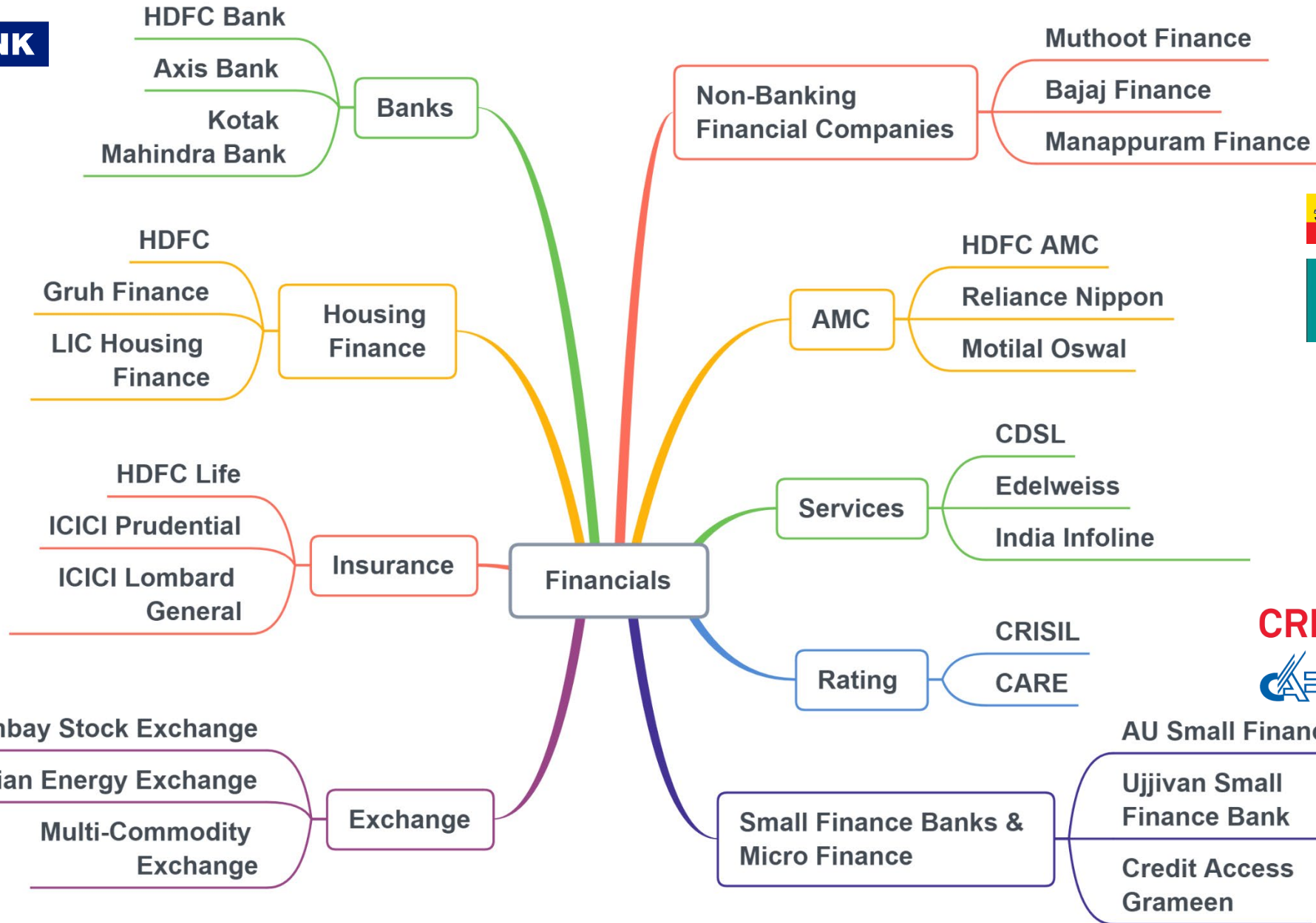
Trifecta of Growth Opportunity – Clean and Efficient Getting Bigger



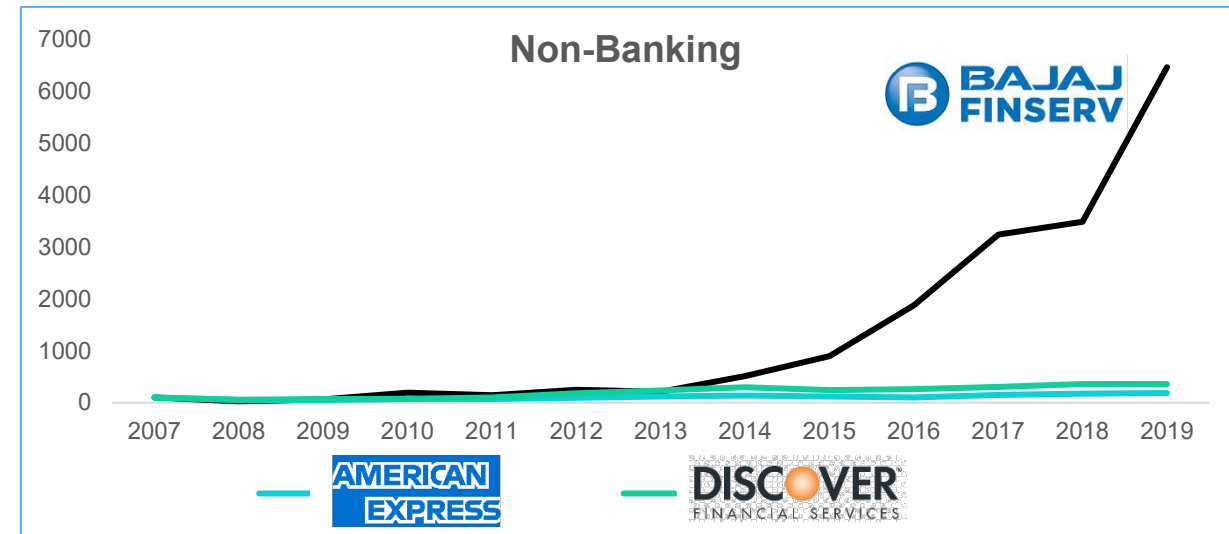
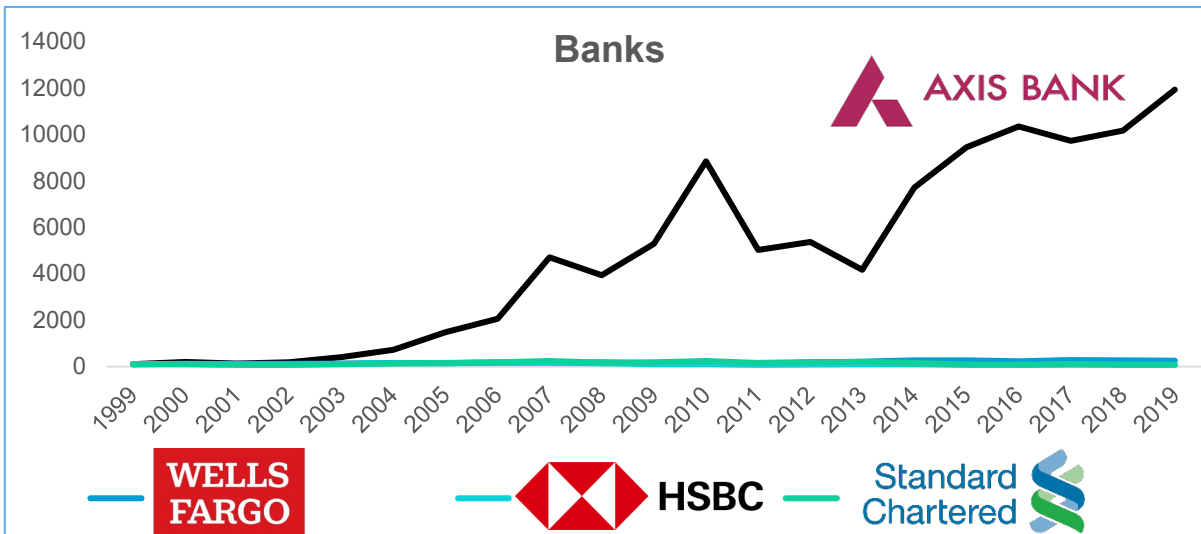
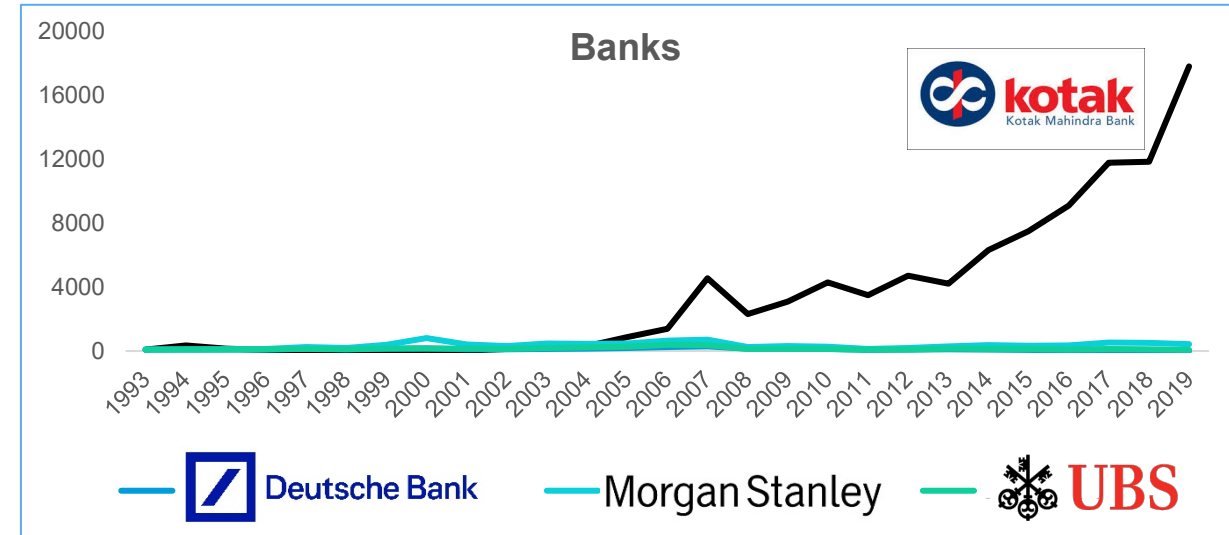
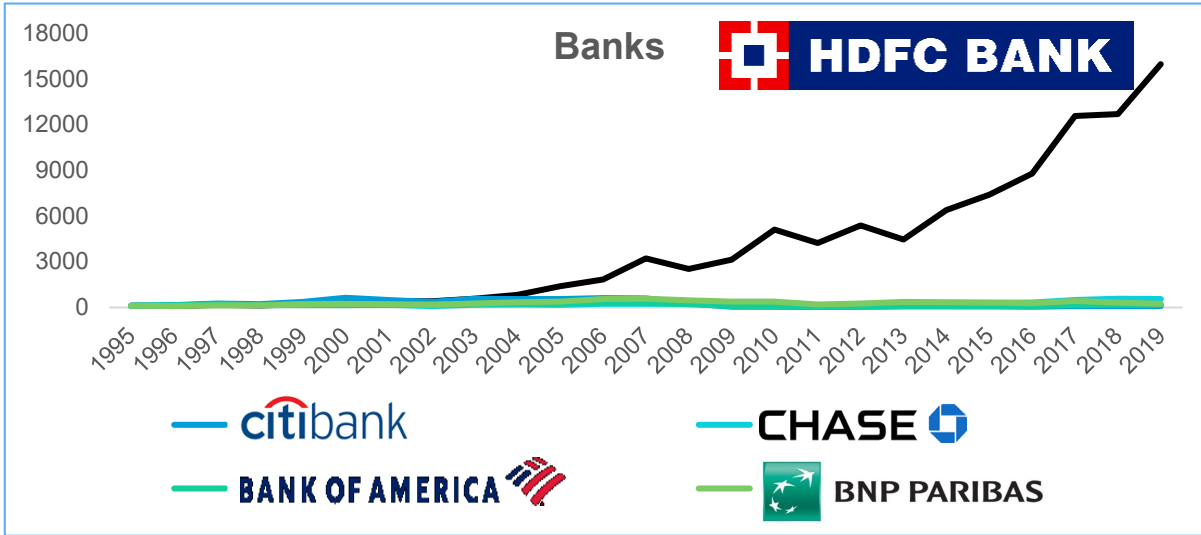
Invest in Indian Companies, Spend on Global Brands



Many Ways to Skin the Cat : Financials



Indian Companies have Outperformed their Global Peers



Rebased to 100 in USD, Data from listing date of companies or 1st April 1990, whichever is later

Source : Refinitiv (Thomson Reuters)

Many Ways to Skin the Cat : Housing



Asian Paints
Berger Paints
Kansai Nerolac

Paints

Godrej Properties

PROPERTIES

DLF

Real Estate
Developers

Housing

Havells

Crompton Greaves

Bajaj Electricals

Finolex Cables

Electricals

Ultratech

ACC

Dalmia Bharat

Cement

Whirlpool

Voltas

TTK Prestige

Appliances

Akzo Nobel

Pidilite Industries

Adhesives &
Chemicals

Kajaria

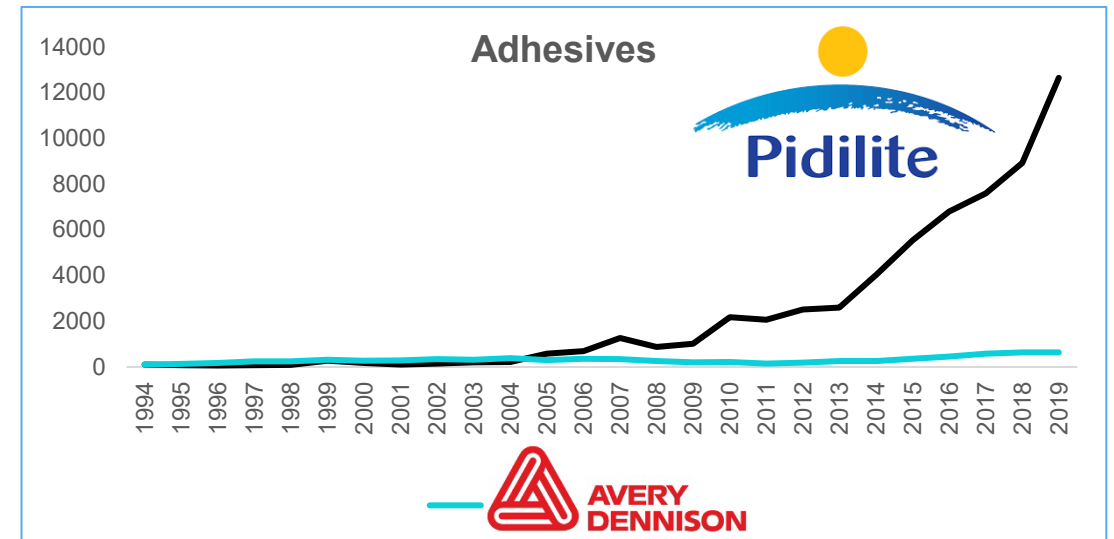
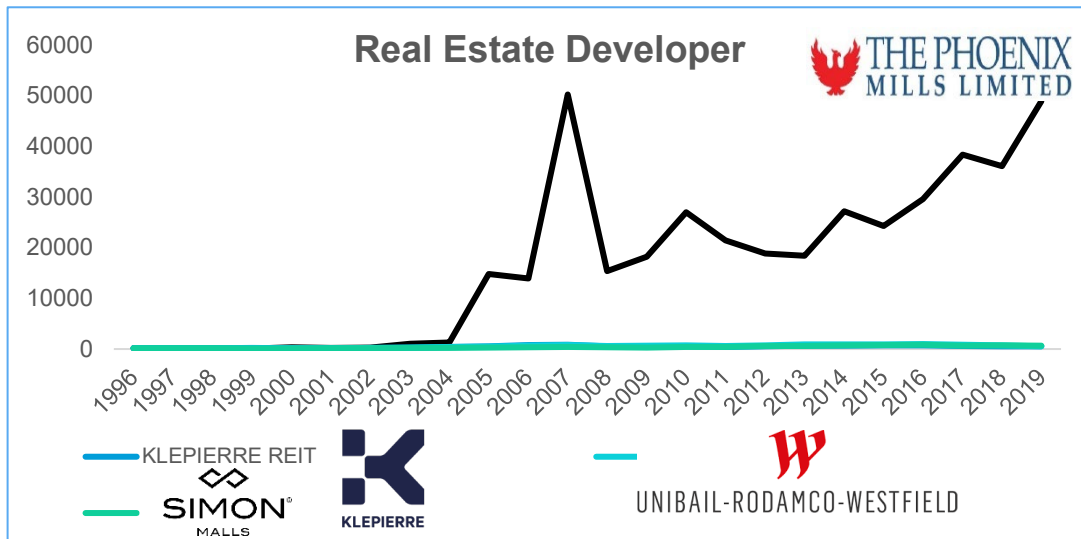
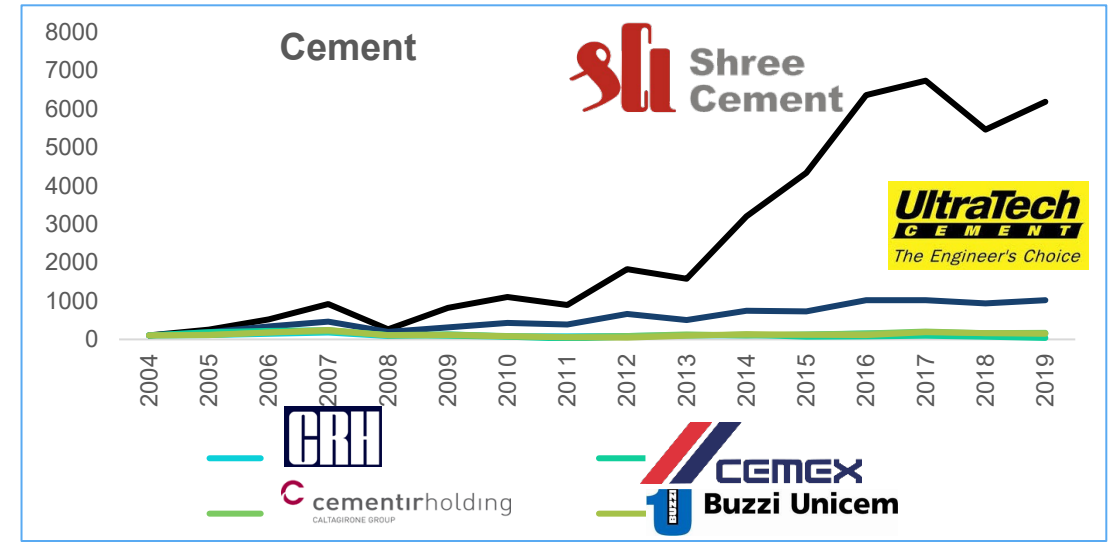
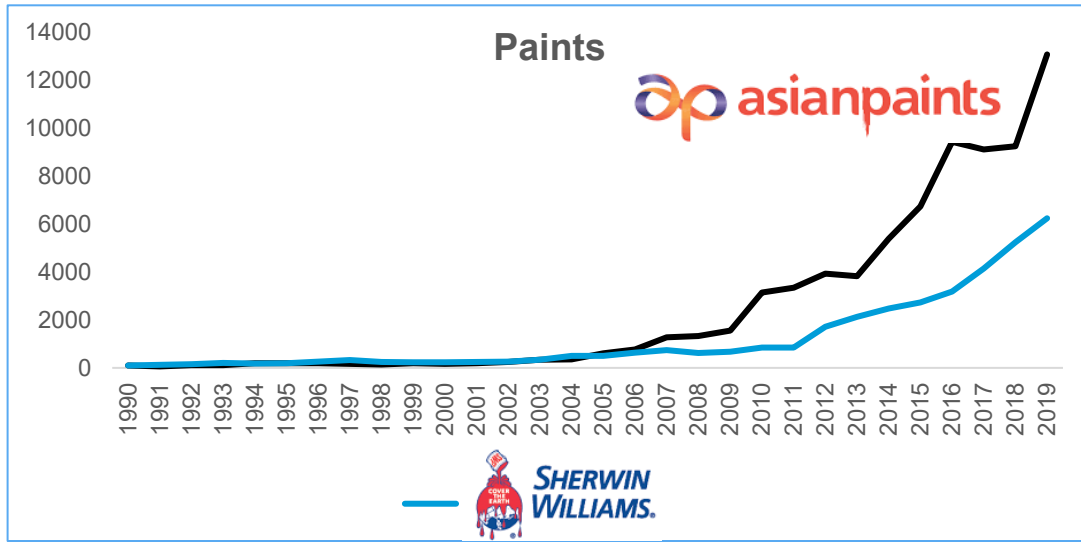
CERA

HSIL

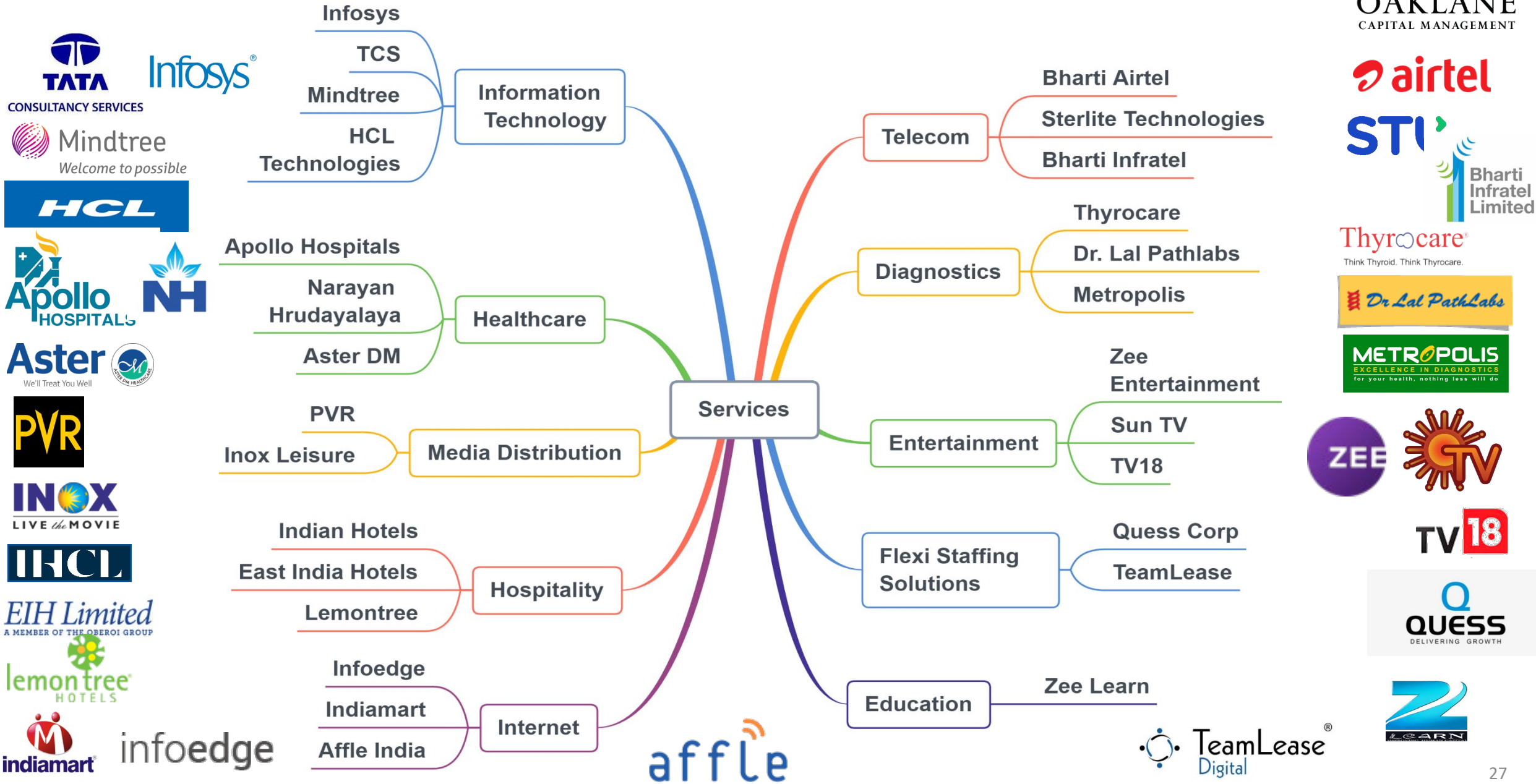
Tiles &
Sanitaryware



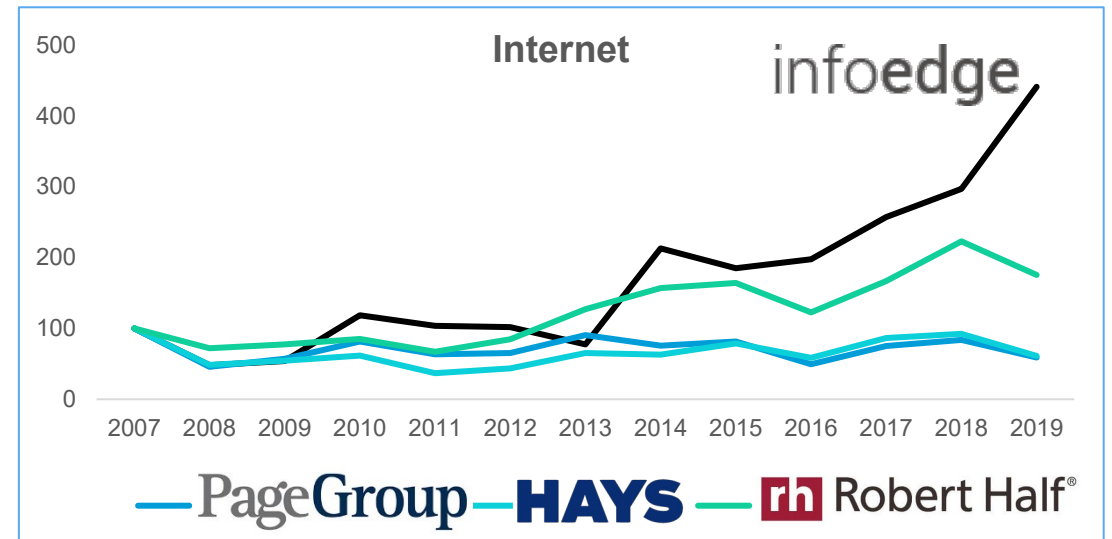
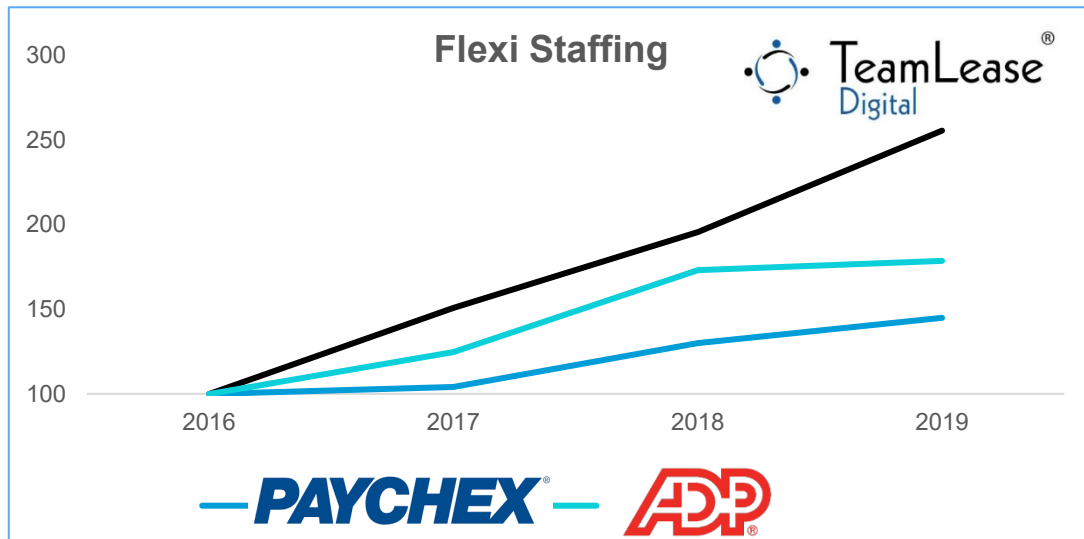
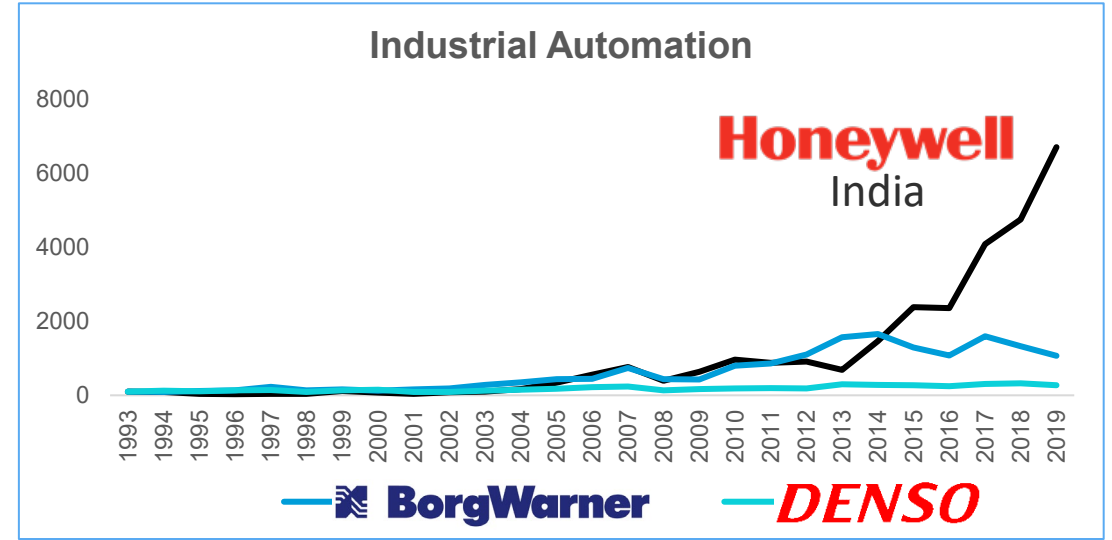
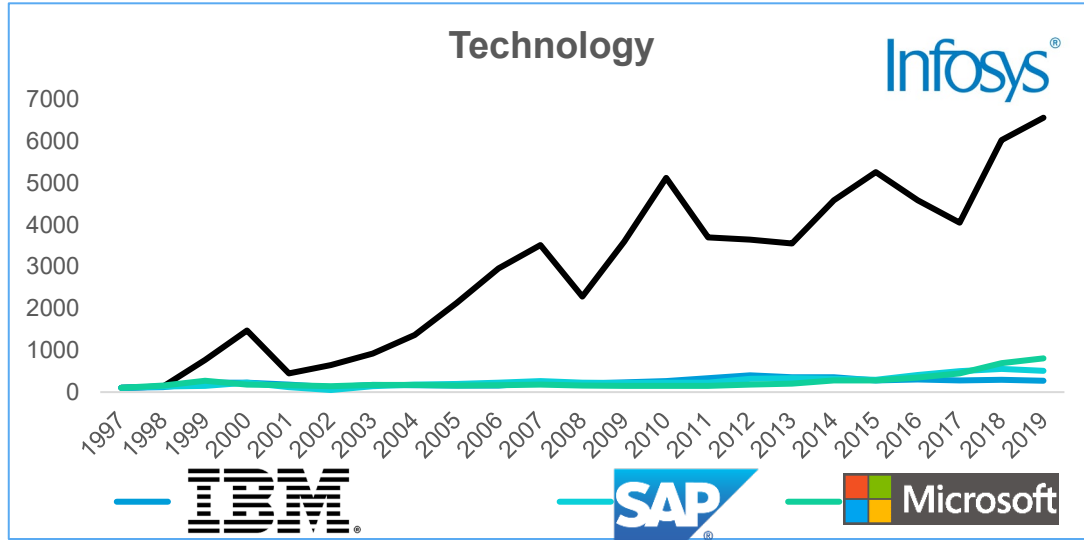
Indian Companies have Outperformed their Global Peers



Many Ways to Skin the Cat : Services



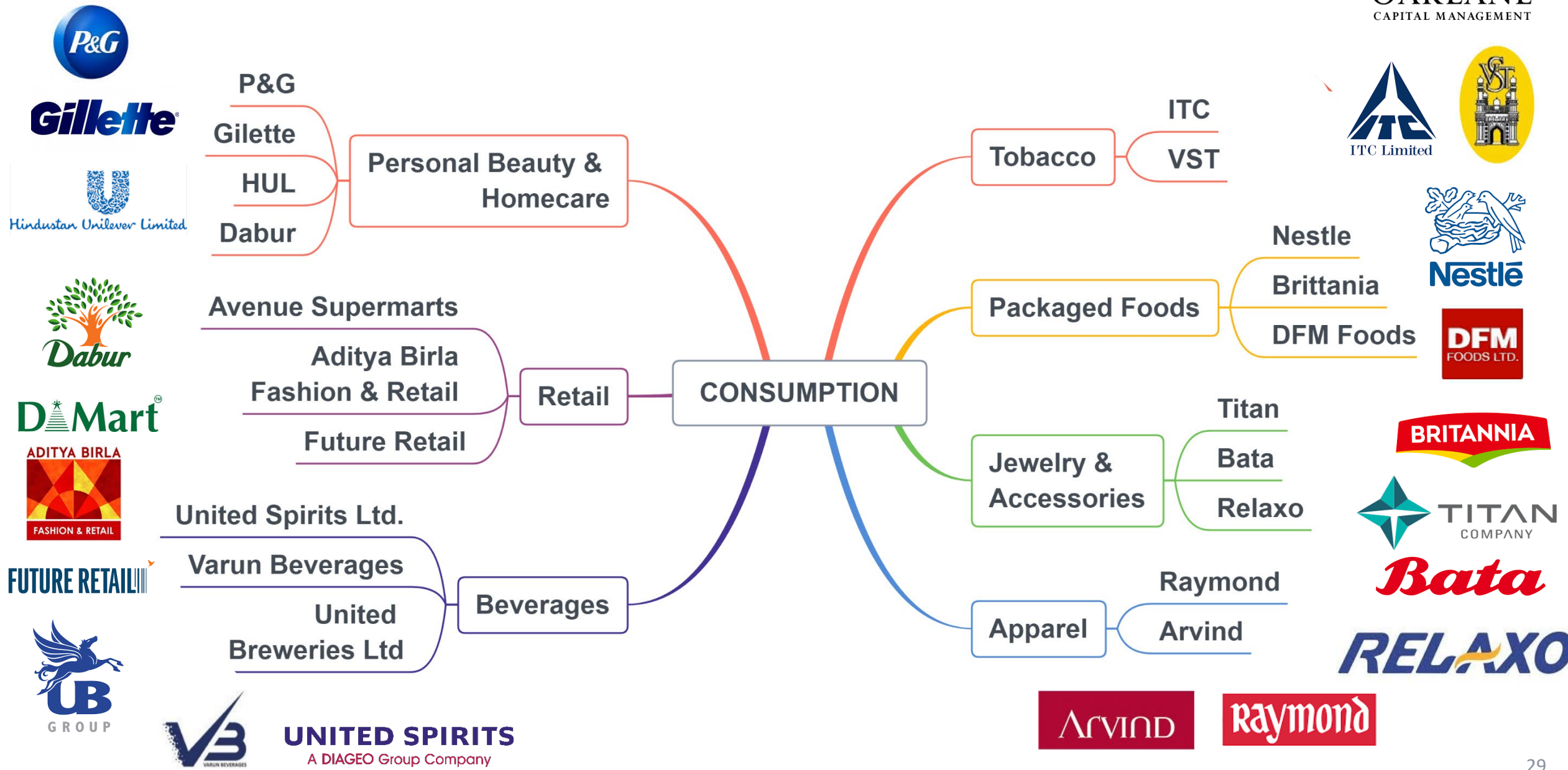
Indian Companies have Outperformed their Global Peers



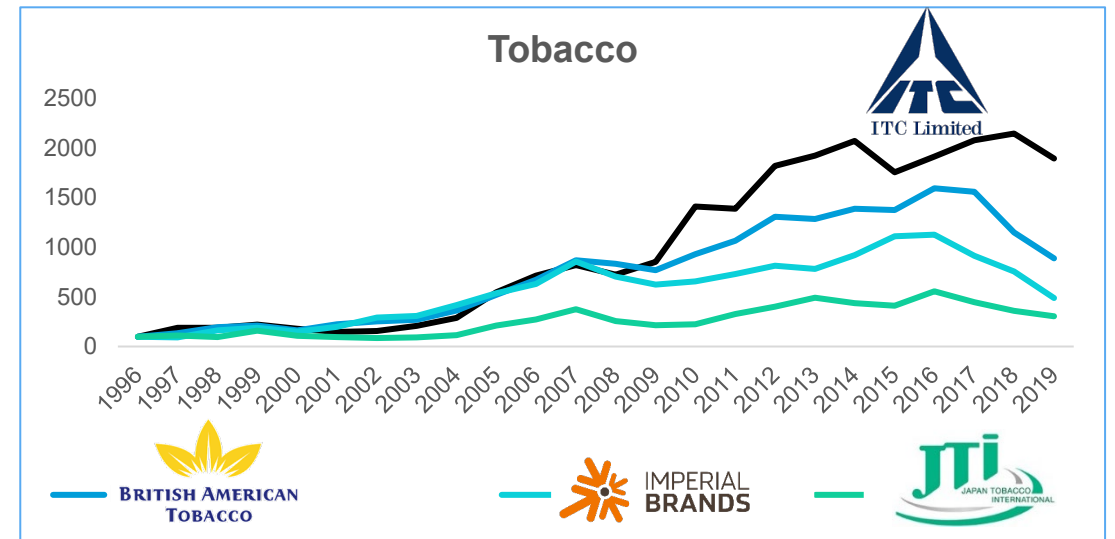
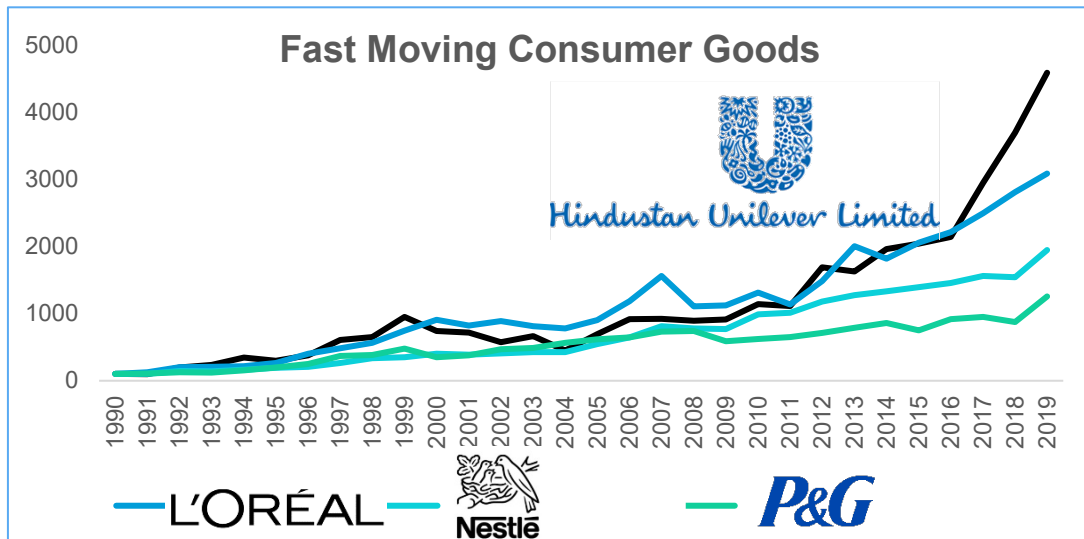
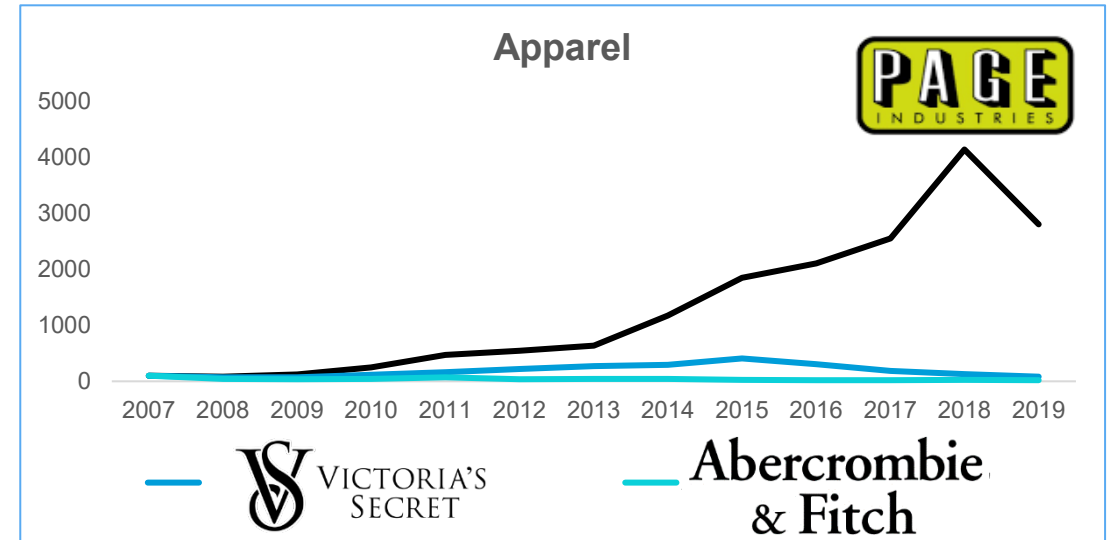
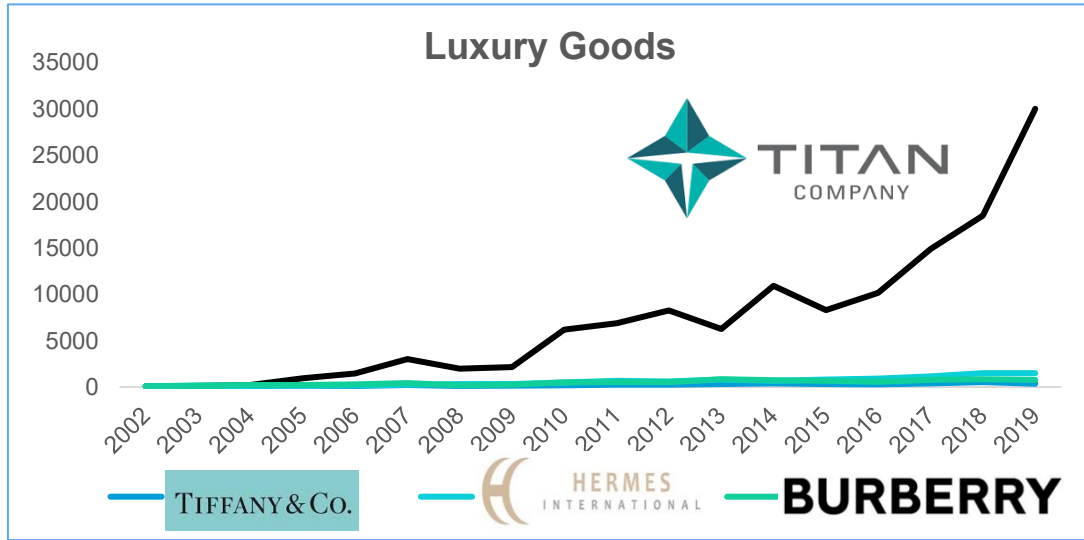
Rebased to 100 in USD, Data from listing date of companies or 1st April 1990, whichever is later

Source : Refinitiv (Thomson Reuters)

Many Ways to Skin the Cat : Consumption



Indian Companies have Outperformed their Global Peers



Rebased to 100 in USD, Data from listing date of companies or 1st April 1990, whichever is later

Source : Refinitiv (Thomson Reuters)

Many Ways to Skin the Cat : Transportation

MARUTI SUZUKI

TATA MOTORS
Connecting Aspirations

ASHOK LEYLAND
Aapki Jeet. Hamari Jeet.

Mahindra
Rise.

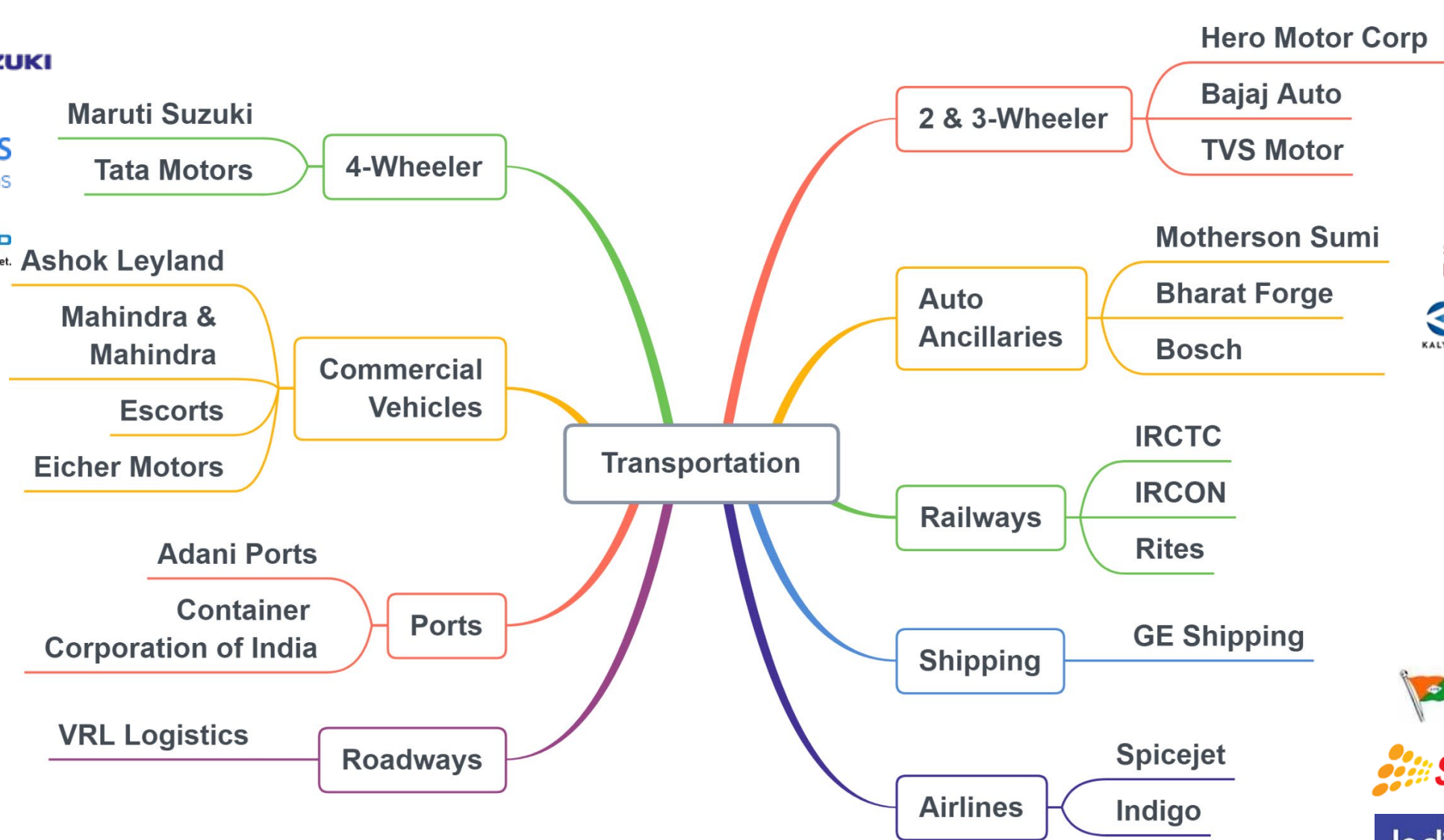
ESCORTS

EICHER

adani
Ports and Logistics

कॉनकॉर
CONCOR

VRL LOGISTICS LTD



Hero Motor Corp

Hero

Bajaj
THE WORLD'S FAVOURITE INDIAN

TVS

Motherson Sumi

Samvardhana
motherson

BHARAT FORGE
KALYANI

BOSCH

IRCTC

IRCON

Rites

GE Shipping

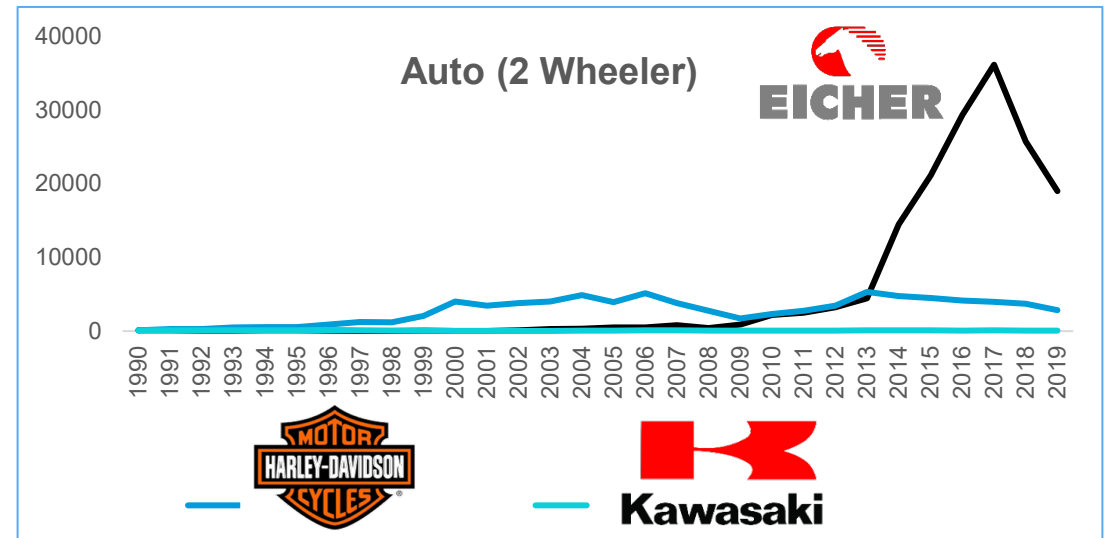
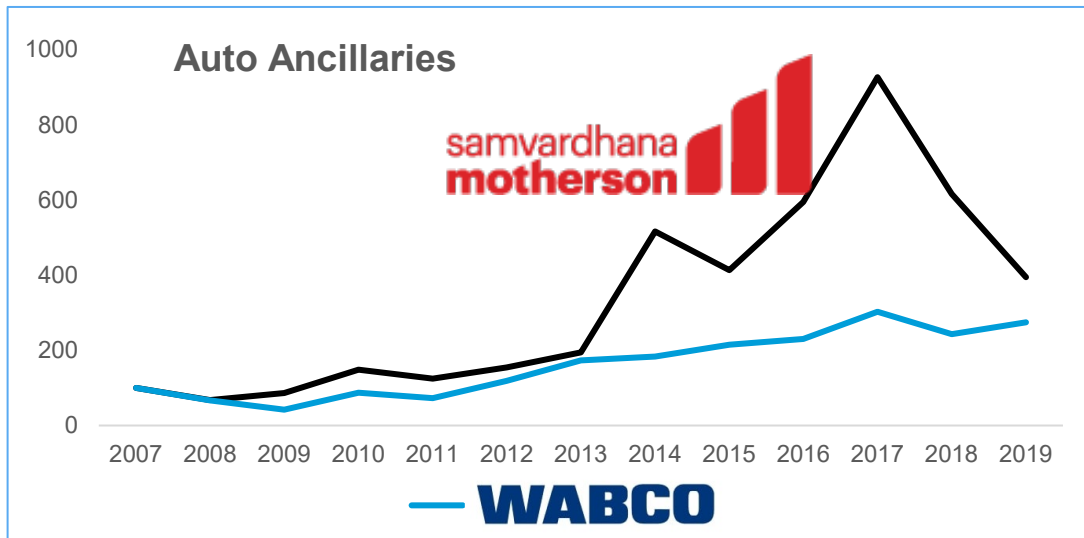
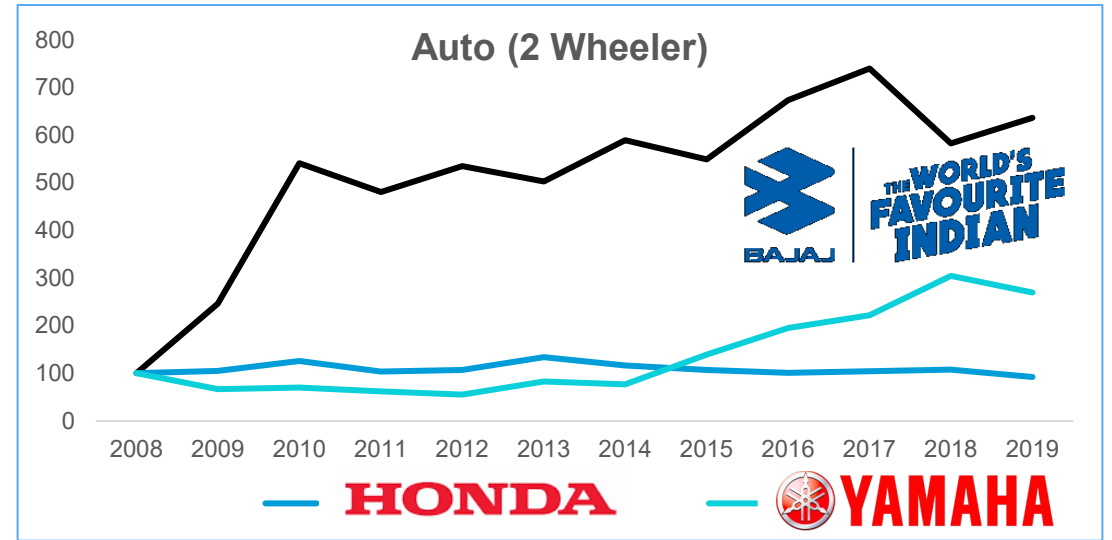
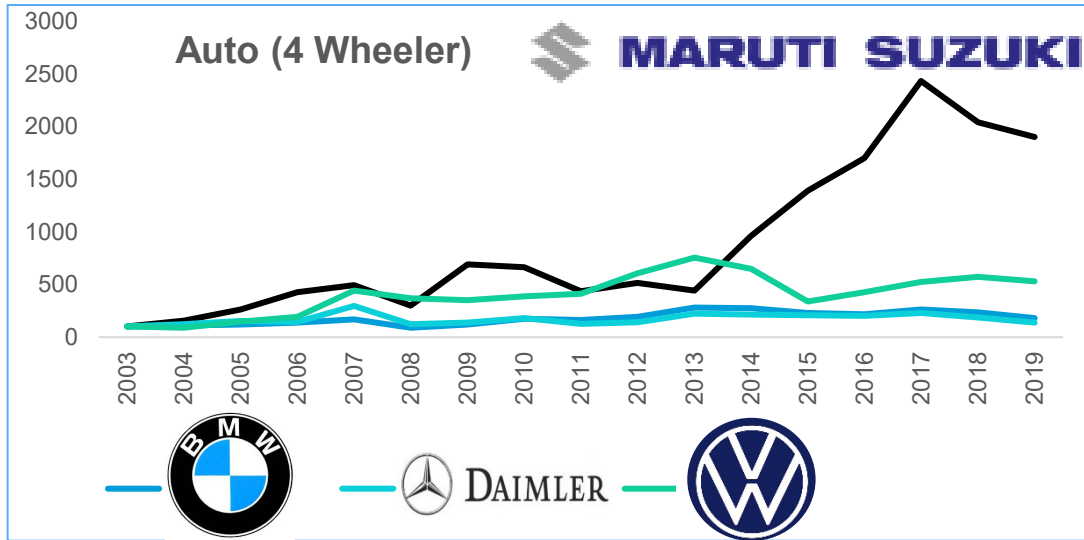
IRITES
THE INFRASTRUCTURE PEOPLE

THE GREAT EASTERN
SHIPPING CO. LTD.

Spicejet

IndiGo

Indian Companies have Outperformed their Global Peers



Rebased to 100 in USD, Data from listing date of companies or 1st April 1990, whichever is later

Source : Refinitiv (Thomson Reuters)

Many Ways to Skin the Cat : Infrastructure



Larsen & Toubro

Dilip Buildcon

Infrastructure Building



DILIP BUILDCON LIMITED

Vedanta

Hindustan Zinc

Hindalco

Mining

Infrastructure

Manufacturing

Lakshmi Machine Works

KSB Pumps

Kirloskar Oil Engines



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Tata Steel

JSW Steel

JSPL

Steel



Aarti Industries

PI Industries

SRF India

BASF

Vinati Organics

Solar Industries

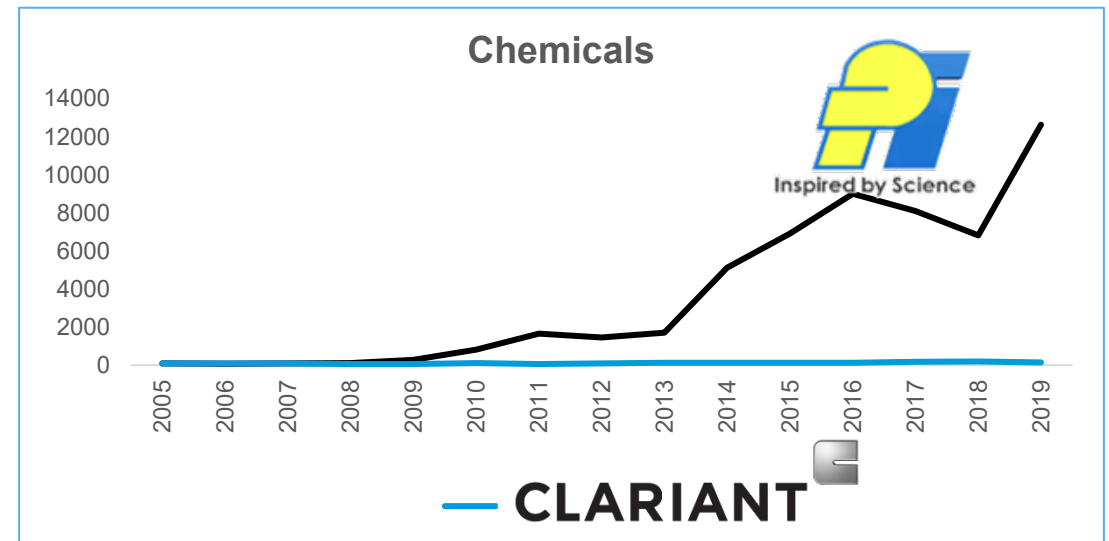
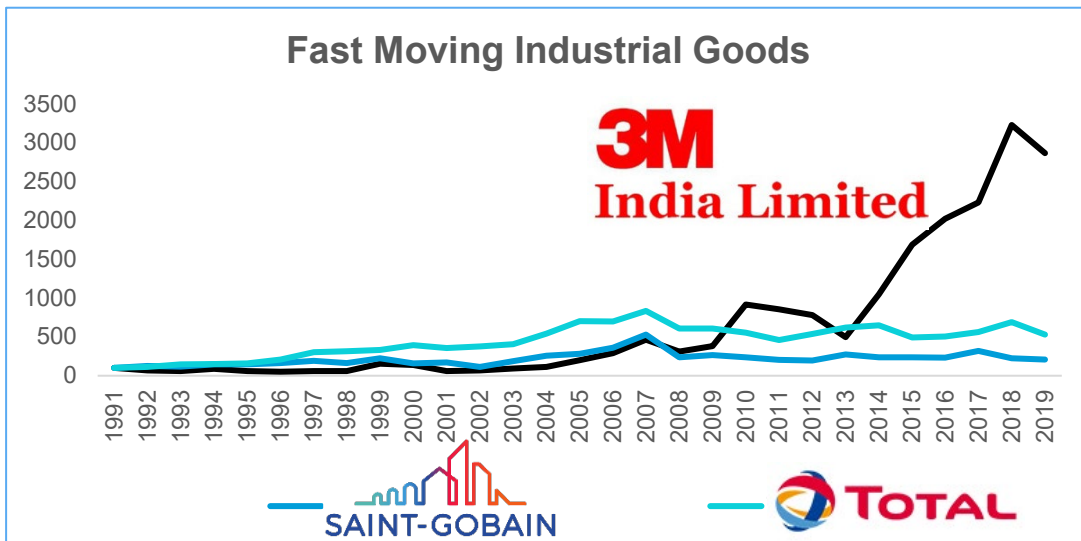
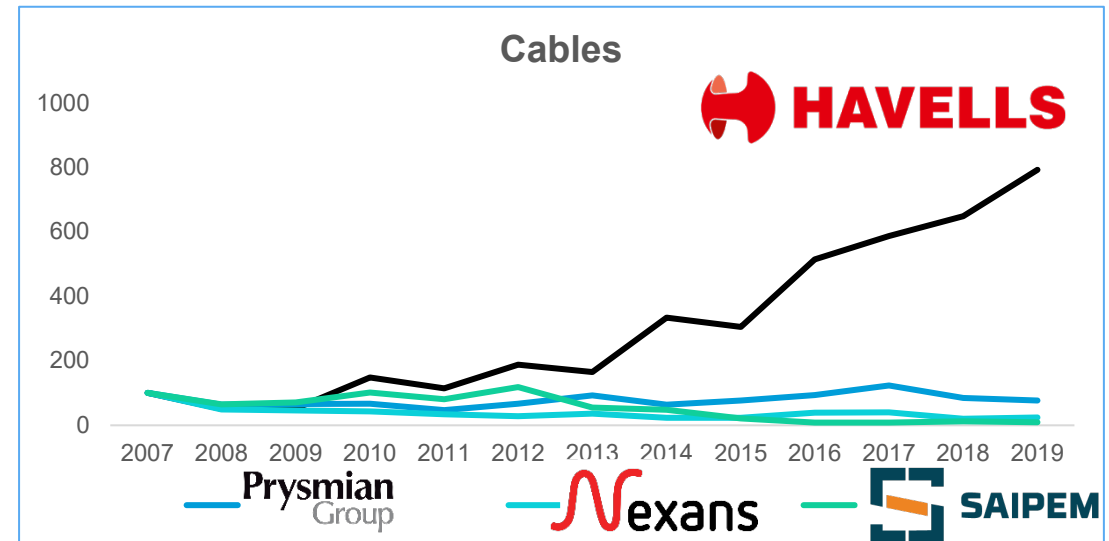
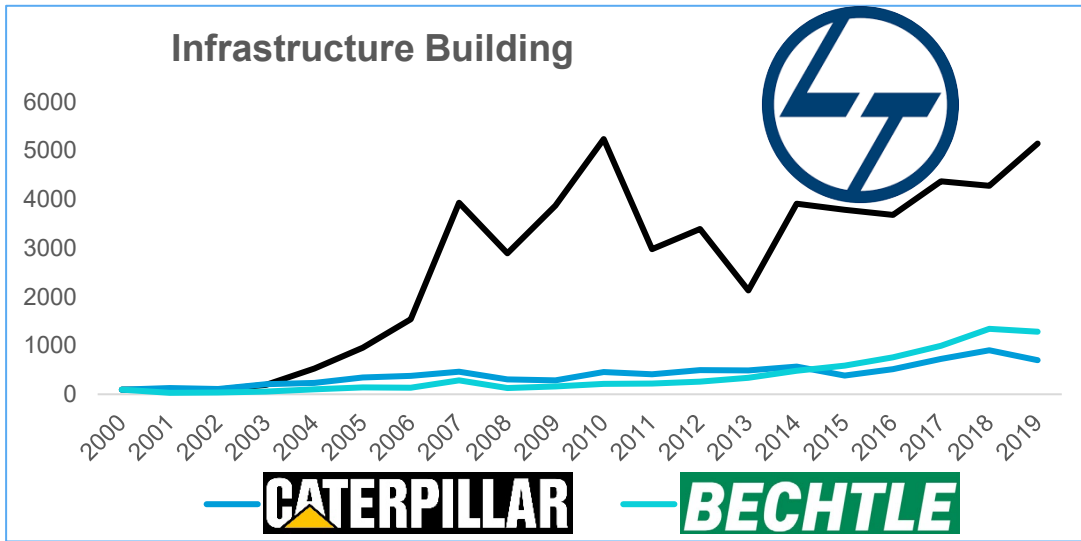
Chemicals



HINDUSTAN ZINC



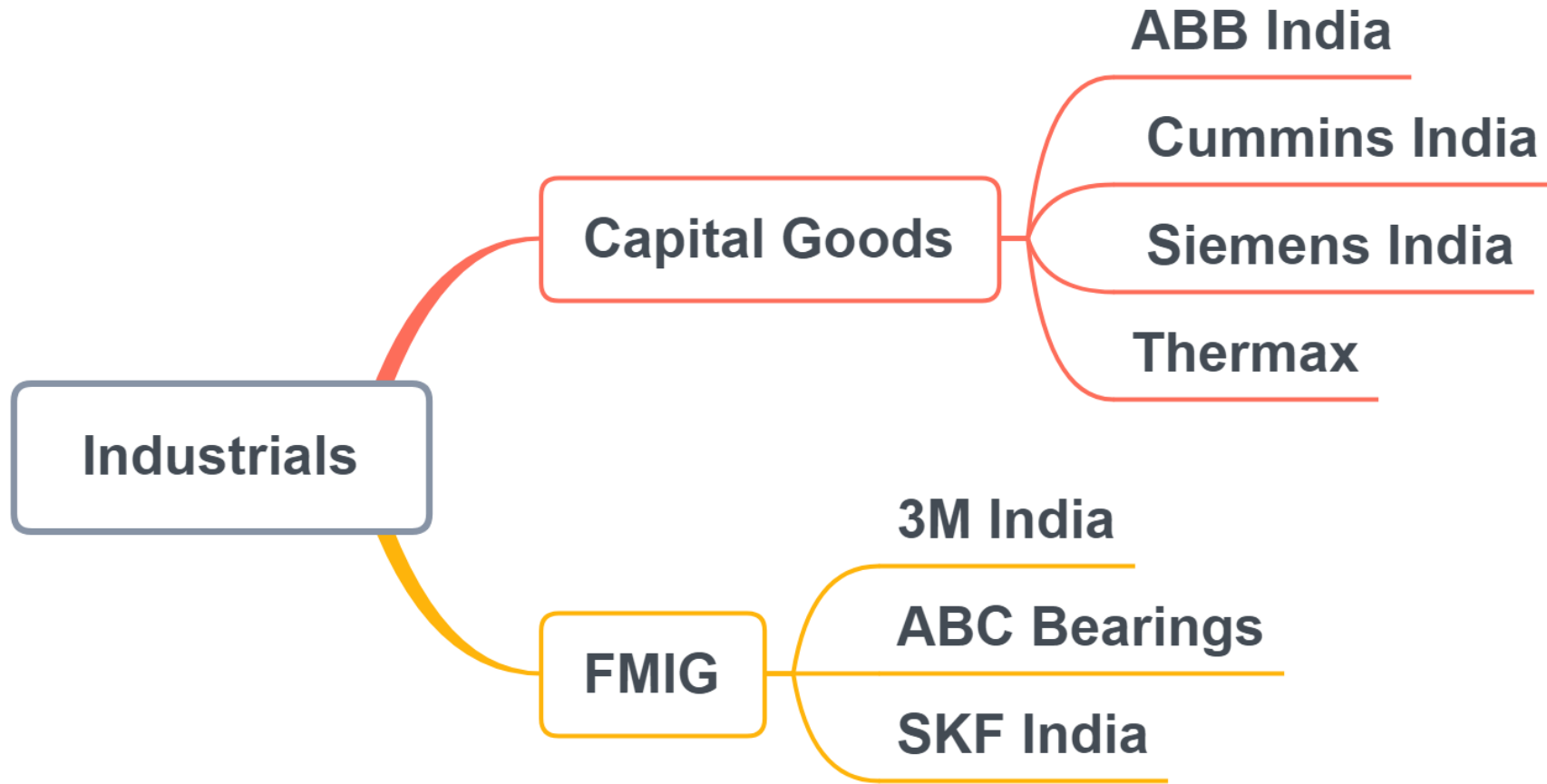
Indian Companies have Outperformed their Global Peers



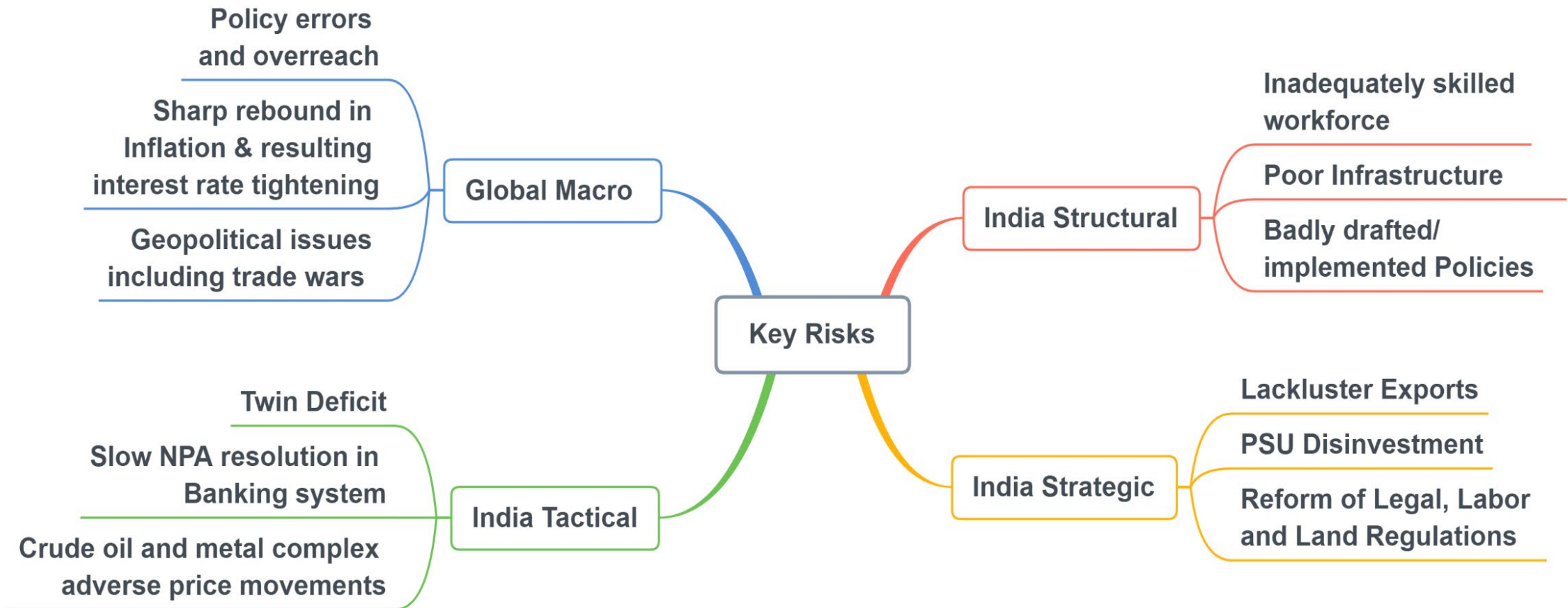
Rebased to 100 in USD, Data from listing date of companies or 1st April 1990, whichever is later

Source : Refinitiv (Thomson Reuters)

Many Ways to Skin the Cat : Industrials



Key Risks



Thank You for Your Kind Attention



Annexures



Resources

- Invest India - <https://www.investindia.gov.in/>
- Invest India Russia Desk - <https://www.investindia.gov.in/country/russia-plus>
- Indian Embassy in Russia - <https://indianembassy-moscow.gov.in/index.php>
- Ministry of Finance - <https://www.finmin.nic.in/>
- Ministry of External Affairs - <https://mea.gov.in/>
- Ministry of Commerce - <https://commerce.gov.in/>
- Department of Industrial Policy & Promotion - <https://dipp.gov.in/>
- Income Tax Department - <https://www.incometaxindia.gov.in/Pages/default.aspx>
- Reserve Bank of India - <https://www.rbi.org.in/>
- Securities Exchange Board of India - <https://www.sebi.gov.in/>
- Bombay Stock Exchange - <https://www.bseindia.com/>
- National Stock Exchange - <https://www.nseindia.com/>
- Indian Brand Equity Foundation - <https://www.ibef.org/>

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