

Why Invest in India

India's Macroeconomic Picture



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WHY INDIA

- **Macroeconomic Stability**
- **Developed Capital Markets**
- **Foreign “Fortune 500” companies making larger footprints in India**
- **Surplus Working Age Population**
- **High Energy Demand projection**
- **Integrated energy policy being implemented**

India: Fastest Growing Free Market Democracy

17 years

7 governments

5 prime ministers

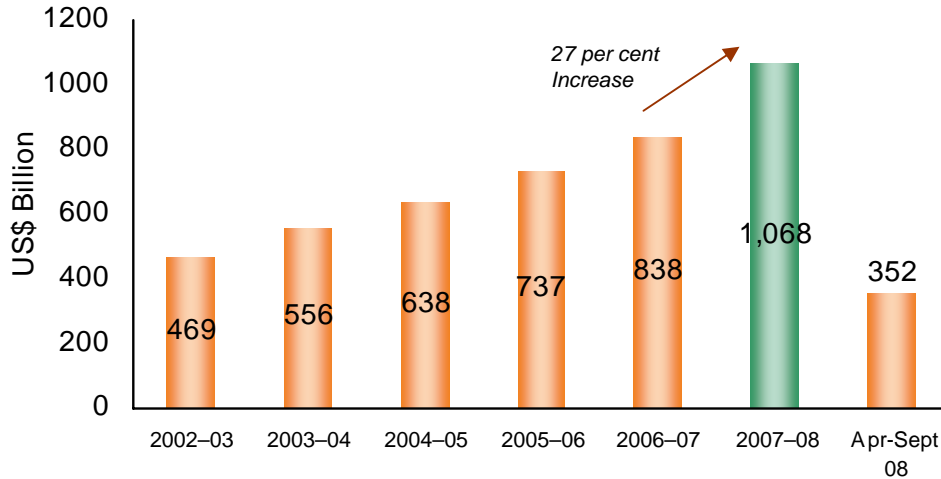
8.3 per cent average annual GDP growth rate from 2003–04 to 2007–08

One Trend

	GDP Growth	Forex	FII Flow	FDI	Per Capita	Inflation
1990	5.8 per cent ¹	< US\$ 1 billion	US\$ 1 million (1993)	US\$ 97 million ³	US\$ 390 ⁴	9 per cent
2008	7.7 per cent ^{*7}	US\$ 254.75 billion as on January 9, 2009 ²	US\$ 4.7 billion (August 2008) ⁹	US\$ 18.7 billion (April–October 2008–09) ⁸	US\$ 740 ⁴	5.24 per cent as on January 3, 2009 ⁵

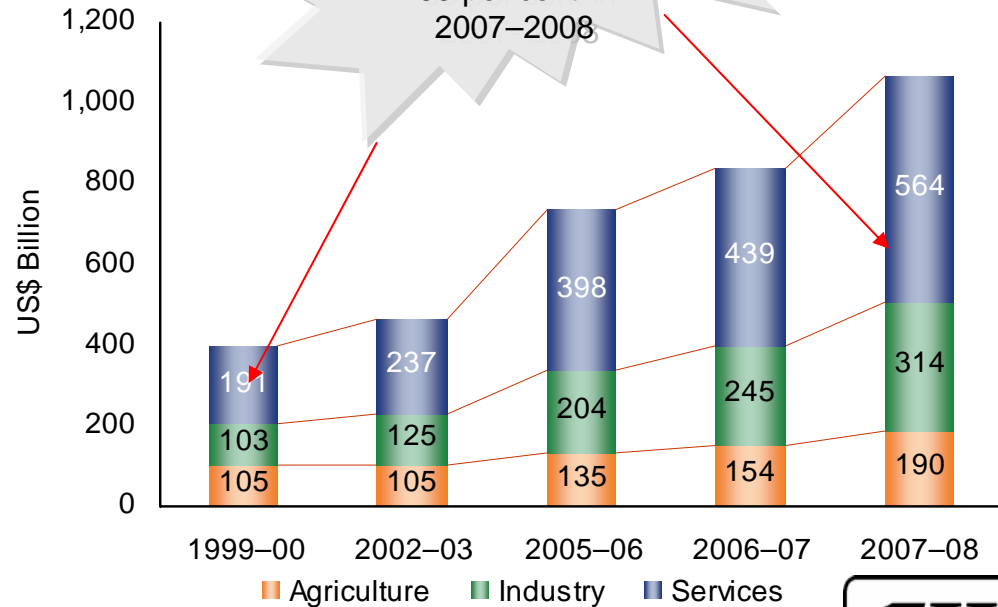
India: Among the Top 15 Countries in Terms of GDP at Constant Prices

India's GDP at Constant Prices: 2002-08



The Indian economy has witnessed unprecedented growth driven by booming services and industry sectors

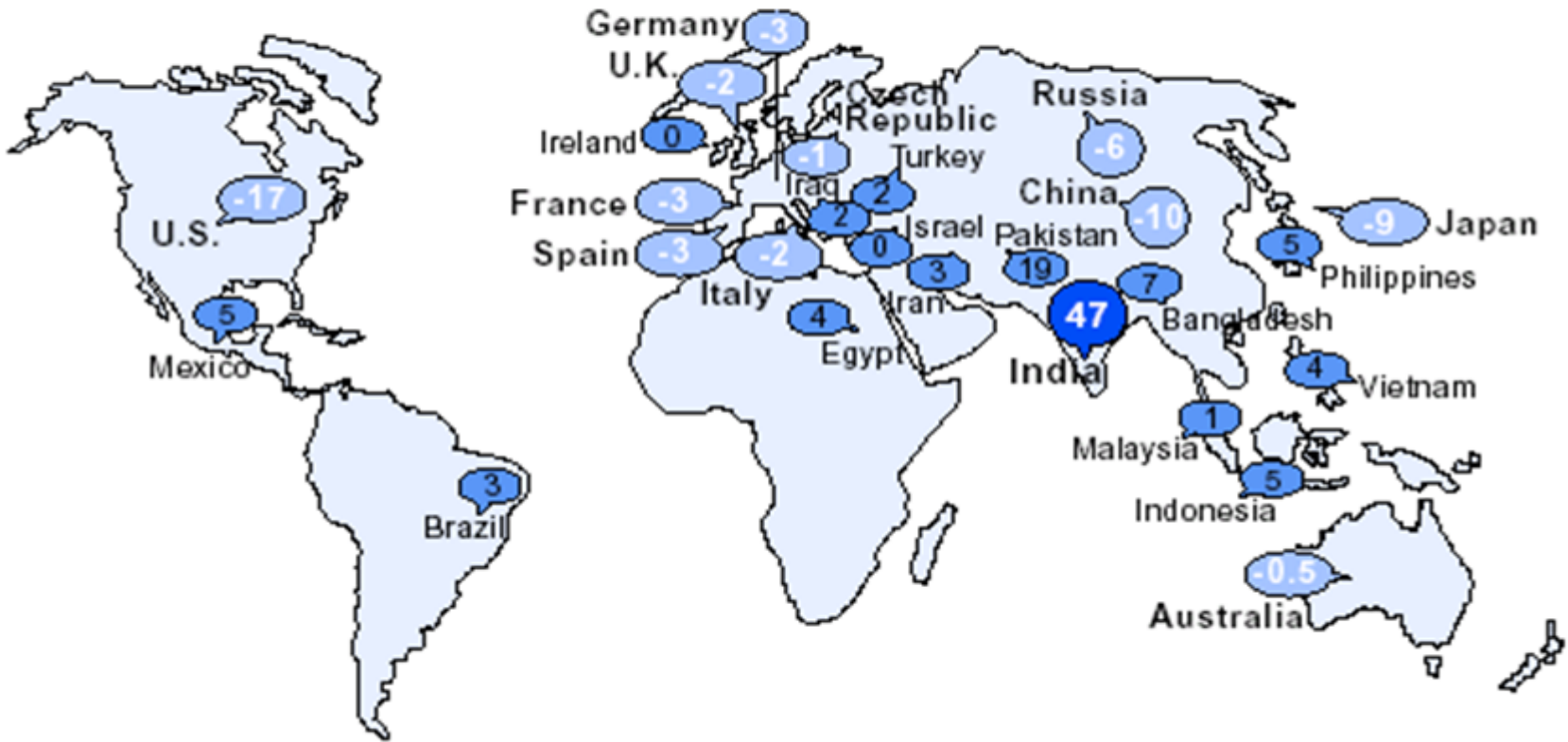
Contribution of the **Services Sector** increased from 48 per cent in 1999-2000 to 53 per cent in 2007-2008.



Demographic Dividend

Exhibit 6

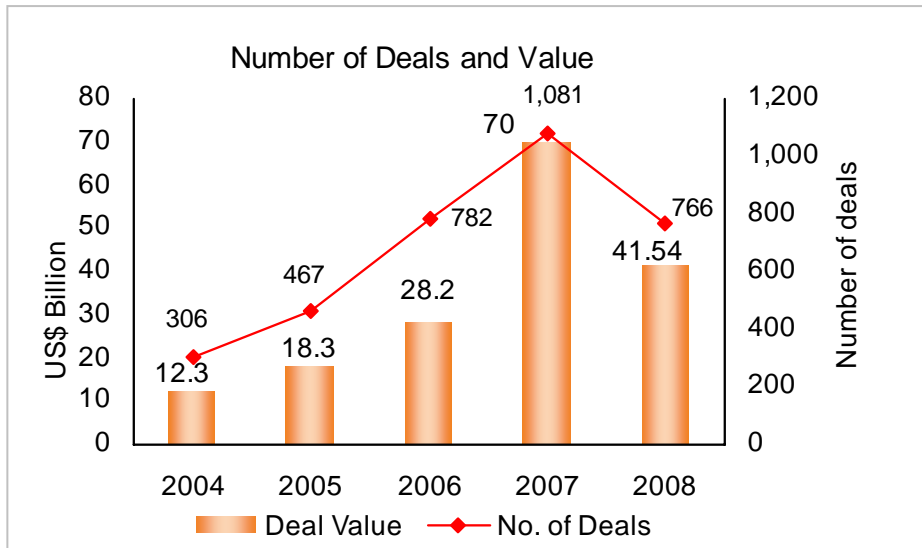
POTENTIAL SURPLUS POPULATION IN WORKING AGE GROUP – 2020 (MN)



Note: Potential surplus is calculated keeping the ratio of working population (age group 15-59) to total population constant
Source: U.S. Census Bureau; BCG analysis



India: Consistent PE Deals and M&As in 2008



Despite the global financial crisis, India witnessed consistent PE deals and M&As in 2008.

In 2008, a total of 454 M&A deals and 312 PE deals worth US\$ 41.54 billion were signed.

- ❑ The IT & ITeS sector witnessed maximum M&As (102).
- ❑ By value, the telecom sector leads the pack with M&As worth US\$ 5,783.95 million.

Growth Drivers

- ❑ Globalisation and increased competition
- ❑ Focus of companies on achieving economies of scale
- ❑ Focus on emerging markets

The total value of M&A deals was close to US\$ 31 billion.

The private equity deal value was US\$ 11 billion.

Trends

- ❑ The volume and value of cross-border deals is greater as compared to domestic deals.
- ❑ PE houses funded projects as well as made a few acquisitions in India.
- ❑ Investments were also made in niche sectors, such as microfinance, oil and gas, and automotive.

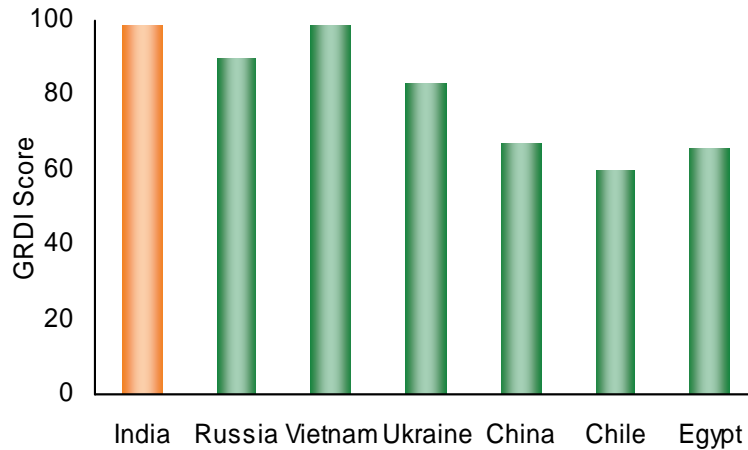
India: To Emerge as a Major Economy in the World

India ranks second on the 2008 AT Kearney's Global Retail Development Index.¹

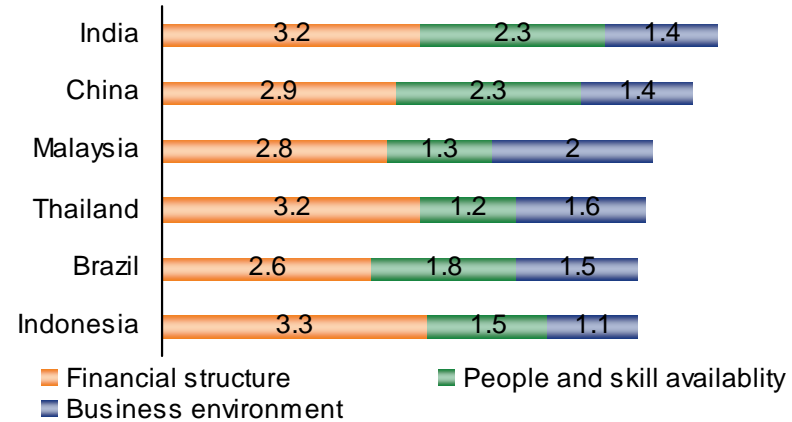
AT Kearney lists India as the most preferable destination for the services sector (2007).

India is expected to outperform other BRIC countries in terms of GDP growth rate from 2015.²

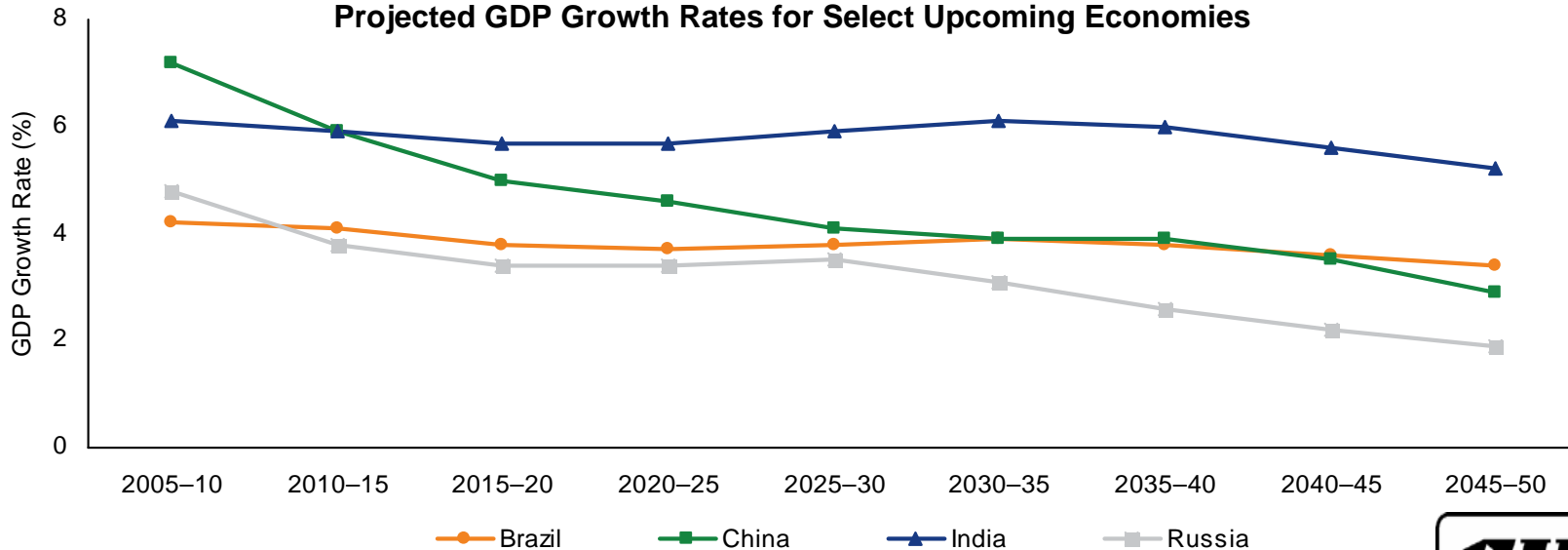
2008 Global Retail Development Index (GRDI)



2007 Global Services Location Index



Projected GDP Growth Rates for Select Upcoming Economies



Sources: 1. AT Kearney

2. BRIC Report



Major Overseas M&A Deals by India Inc.



Tata Steel bought Corus Plc in 2007

US\$ 12.1 billion



Hindalco acquired Novelis Inc. in 2007

US\$ 6 billion



Tata bought Jaguar and Land Rover in 2007

US\$ 2.3 billion



Essar Steel acquired Algoma Steel in 2007

US\$ 1.58 billion



Major Overseas M&A Deals by India Inc.



Suzlon Energy Ltd. acquired REpower in 2007

US\$ 1.6 billion



ONGC acquired Imperial Energy PLC in 2008

US\$ 2.8 billion



Infosys acquired Axon Group Plc. in 2008

US\$ 0.81 billion

Major M&A and Investment Announcements in India

posco

POSCO plans to invest in building steel manufacturing plants and facilities in India by 2016

US\$ 12 billion

etisalat

Etisalat acquired a 45 per cent stake in Swan Telecom Pvt. Ltd. in 2008

US\$ 0.9 billion

signet solar

Signet Solar plans to establish three manufacturing plants to produce photo-voltaic units

US\$ 2 billion

Microsoft

Microsoft plans to spend on its development operations in India by 2012

US\$ 1.7 billion

Major M&A and Investment Announcements in India



CDC plans to invest in six PE funds in the Indian market

US\$ 185 million



Maxis plans network expansion in India

US\$ 4 billion–5 billion



Lafarge plans to expand cement capacity in India

Over US\$ 1 billion



Deutsche Telekom acquired a 17 per cent stake in Devas Multimedia in 2008

Over US\$ 75 million

Source: 1. [The Economic Times](#)

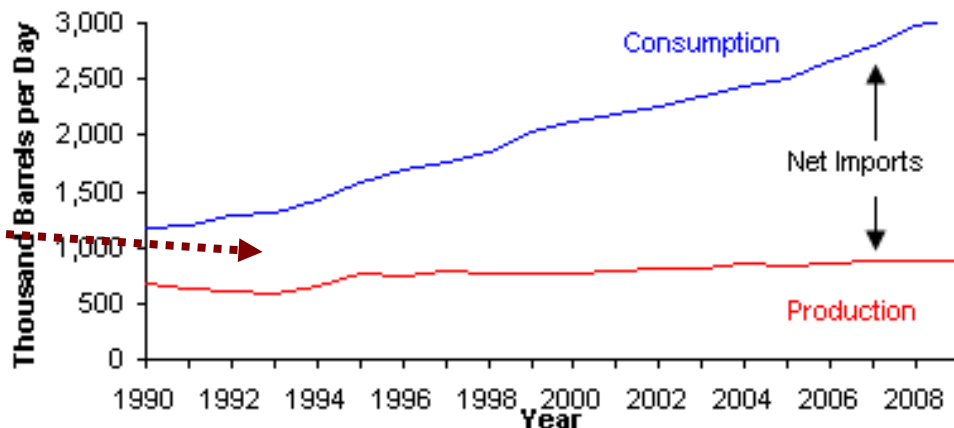
ENERGY SECTOR



Production and Consumption Mismatch

India's Hydrocarbon Consumption - Production Gap High and Growing

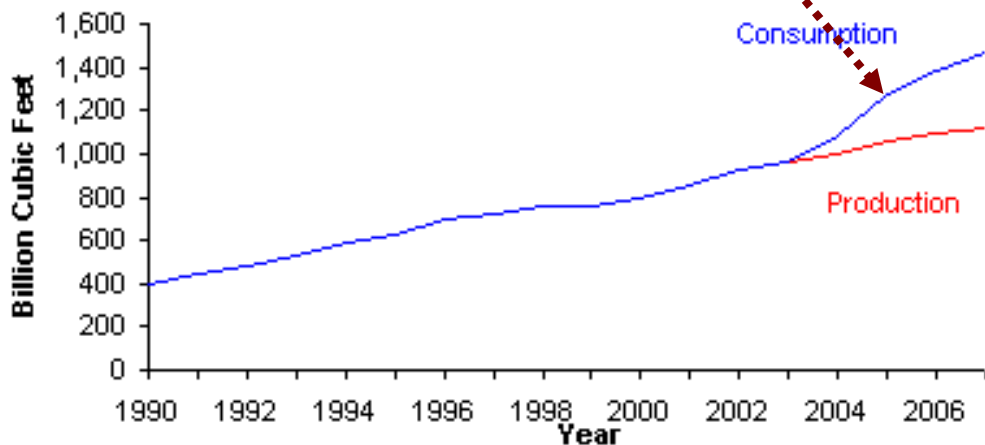
India's Oil Production and Consumption 1990-2009*



*2008-09 is forecast

Information Administration

India's Natural Gas Production and Consumption 1990-2007



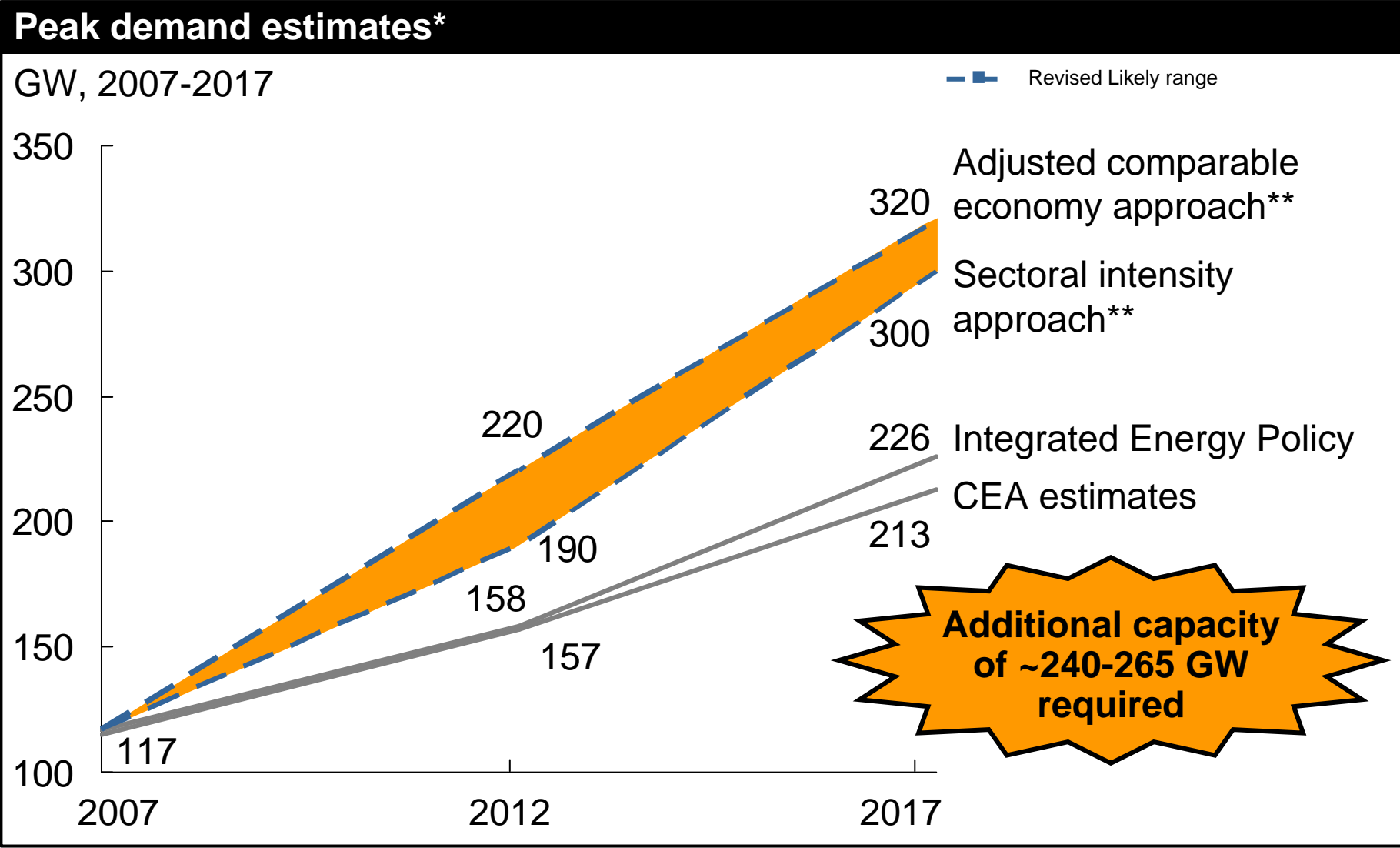
For Companies in Hydrocarbon Business, Market is Guaranteed



Energy Requirement, Domestic Production and Imports in 2031-32

Fuel	Range of Requirement in Scenarios (R)	Assumed Domestic Production (P)	Range of Imports* (I)	Import (Percent) (I/R)
Oil (Mt)	350-486	35	315-451	90-93
Natural Gas (Mtoe) including CBM	100-197	100	0-97	0-49
Coal (Mtoe)	632-1022	560	72-462	11-45
TCPES	1351-1702	-	387-1010	29-59

IN POWER SECTOR, DEMAND WILL BE HIGHER THAN CURRENT ESTIMATES



* Including captive demand

** See appendix for details on demand estimation approaches



Renewable Energy in India

Potential & Deployment

(Grid-interactive renewable power)

Source	Estimated Potential (in MWeq)	Achievements as on 30.9.09	Aim for 2017	Aim for 2022
Wind Power	48,500	10,528	35,000	45,000
Small Hydro Power (up to 25MW)	14,000	2,467	6,500	9,300
Biomass Power	16,700	797	1,500	2,500
Bagasse Cogeneration	5,000	1,165	3,400	4,100
Waste to Energy	3,800	63	600	1,100
Solar Energy	*	3	4,000	20,000
Total	88,000 (excl. Solar)	15,023	51,000	82,000

* ~ 6,00,000 MW



Thank You

