

INVEST *in* INDIA

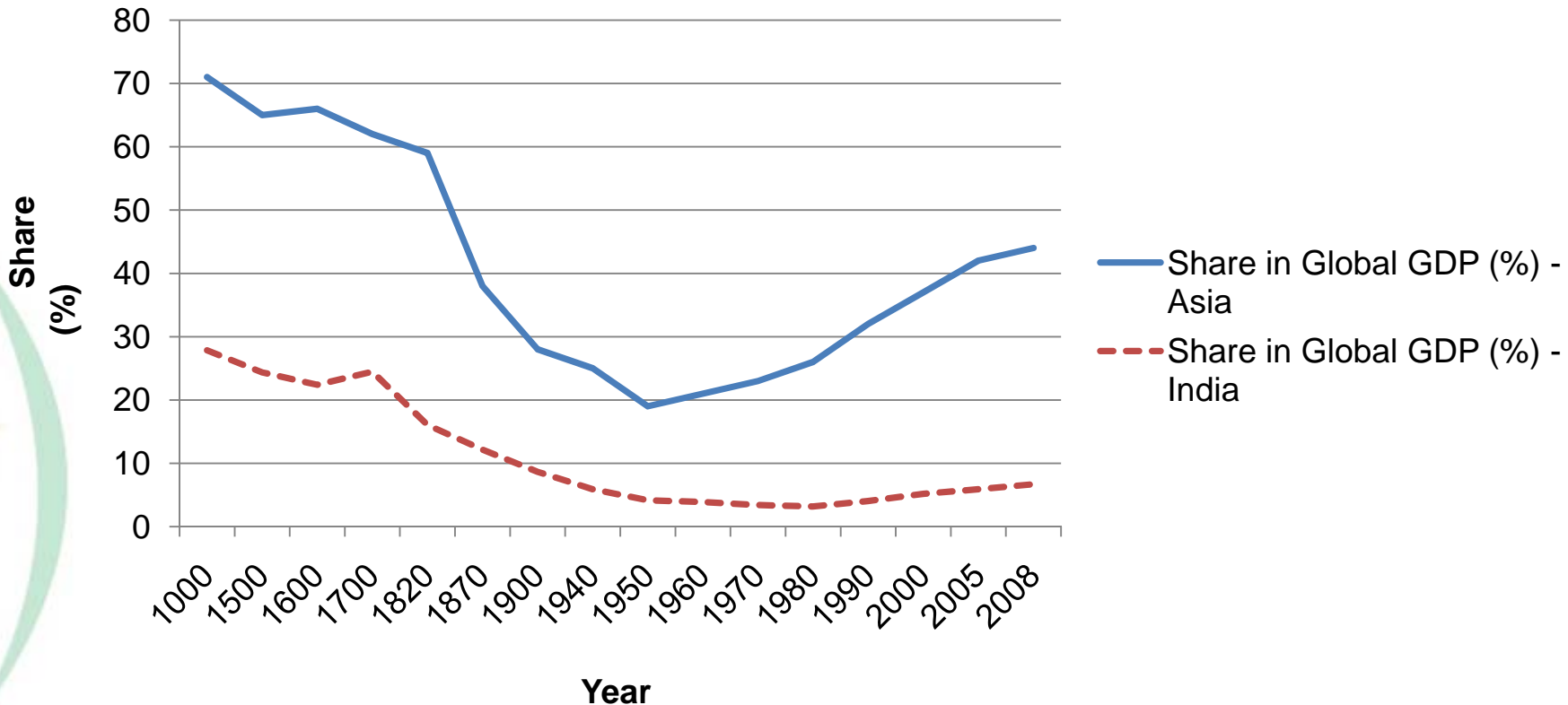
INDIA — A PROMISING INVESTMENT DESTINATION





INDIA'S GROWTH STORY

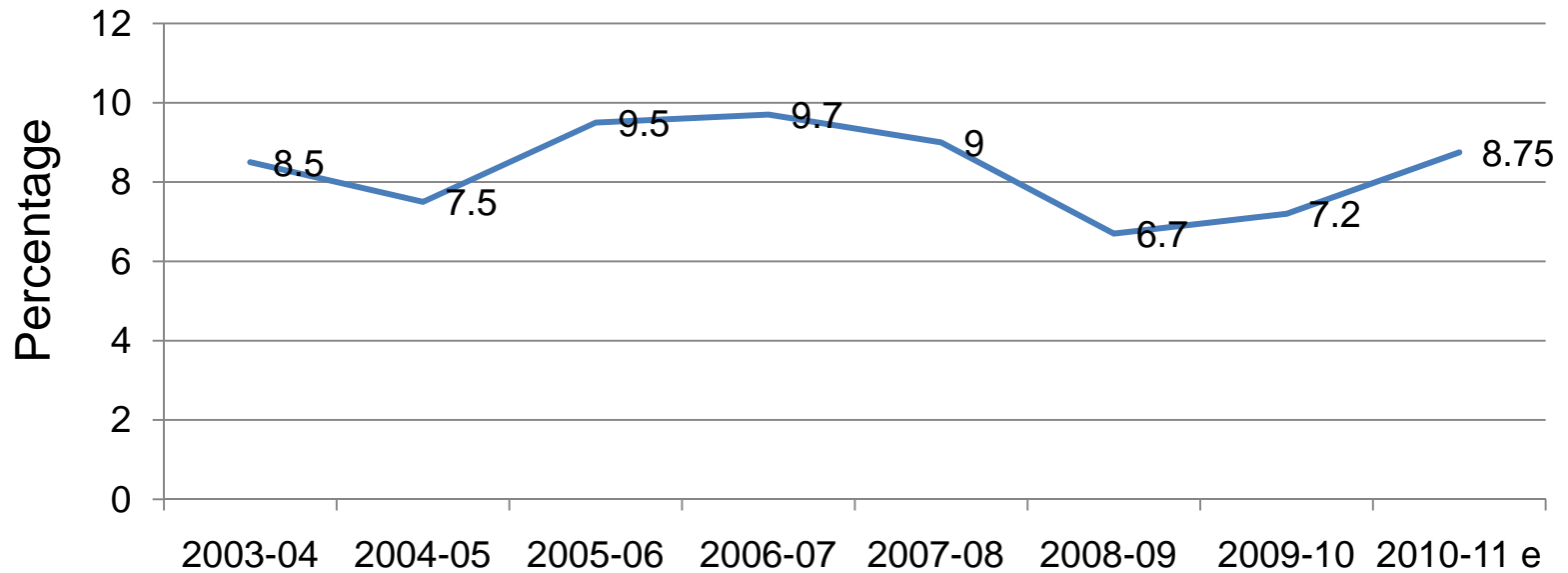
ASIA — REGAINING SHARE IN GLOBAL GDP



Source – Computed from data provided in 'Historical Statistics of World Economy ,1-2008 AD – Angus Maddison'

India...a promising investment destination

STRONG FUNDAMENTALS DRIVING INDIA'S ECONOMY....

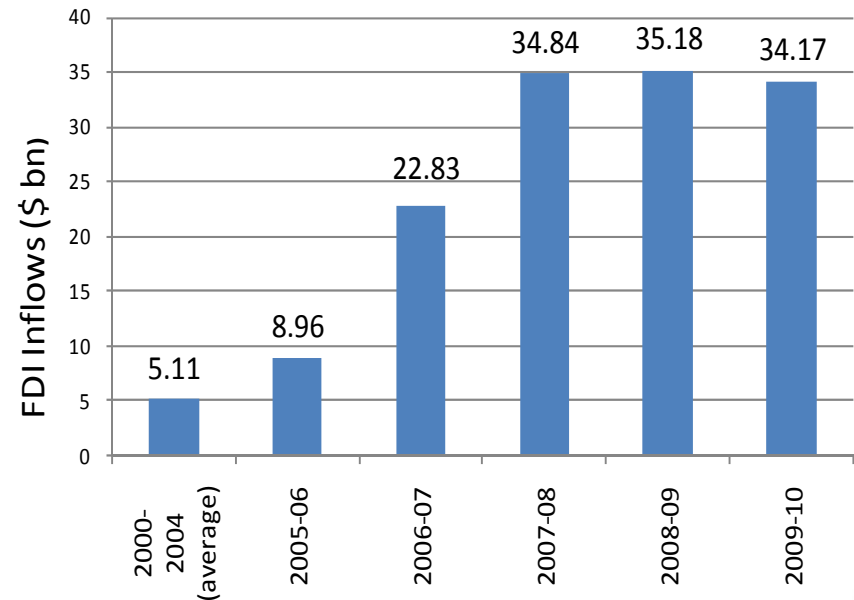


Despite the global slowdown.... India continues on the high growth trajectory....

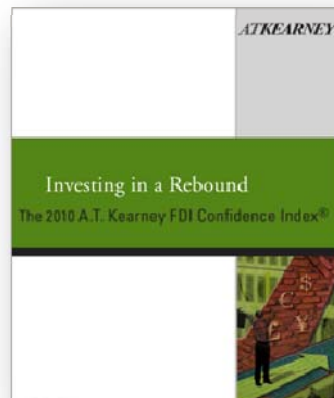
India....a promising investment destination

QUANTUM JUMP IN FDI INFLOWS

- FDI inflows grew by around 750% between 2000-01 and 2008-09
- FDI inflows remained resilient even during the crisis period....



- India — Third-most attractive FDI location in the world (*AT Kearney FDI Confidence Index 2010*)



- India would emerge as the third largest recipient of FDI during 2010–2012 (*UNCTAD World Investment Report 2010*)



India....a promising investment destinationAND GROWING OUTBOUND INVESTMENTS

India's vibrant economy, high growth and increased competitiveness have also helped many Indian companies spread wings abroad....



Source: Grant Thornton

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COMMITTED TO REFORMS...

EXTERNAL SECTOR

- ❑ FDI regime liberalized
 - ❑ FDI caps progressively revised upwards
 - ❑ More sectors put on automatic route
 - ❑ Moved from a small 'POSITIVE' list to a small 'NEGATIVE' list. Except atomic energy, retail, agriculture and gambling, entire economy open to foreign investors
- ❑ Quantitative restrictions on imports abolished
- ❑ Tariff levels brought down
 - ❑ Peak custom duty reduced from 150% (1991-92) to 35% (2001) and further to 10% currently
- ❑ Market determined exchange rate
- ❑ Full convertibility on current account
- ❑ Convertible on capital account for all practical purposes

India....a promising investment destination

COMMITTED TO REFORMS...

INDUSTRIAL SECTOR

- ❑ Most central government industrial controls abolished
- ❑ Industrial licensing phased out except for a few sensitive segments
- ❑ Reserved list of industries for public sector curtailed
- ❑ Disinvestment and privatization gaining currency

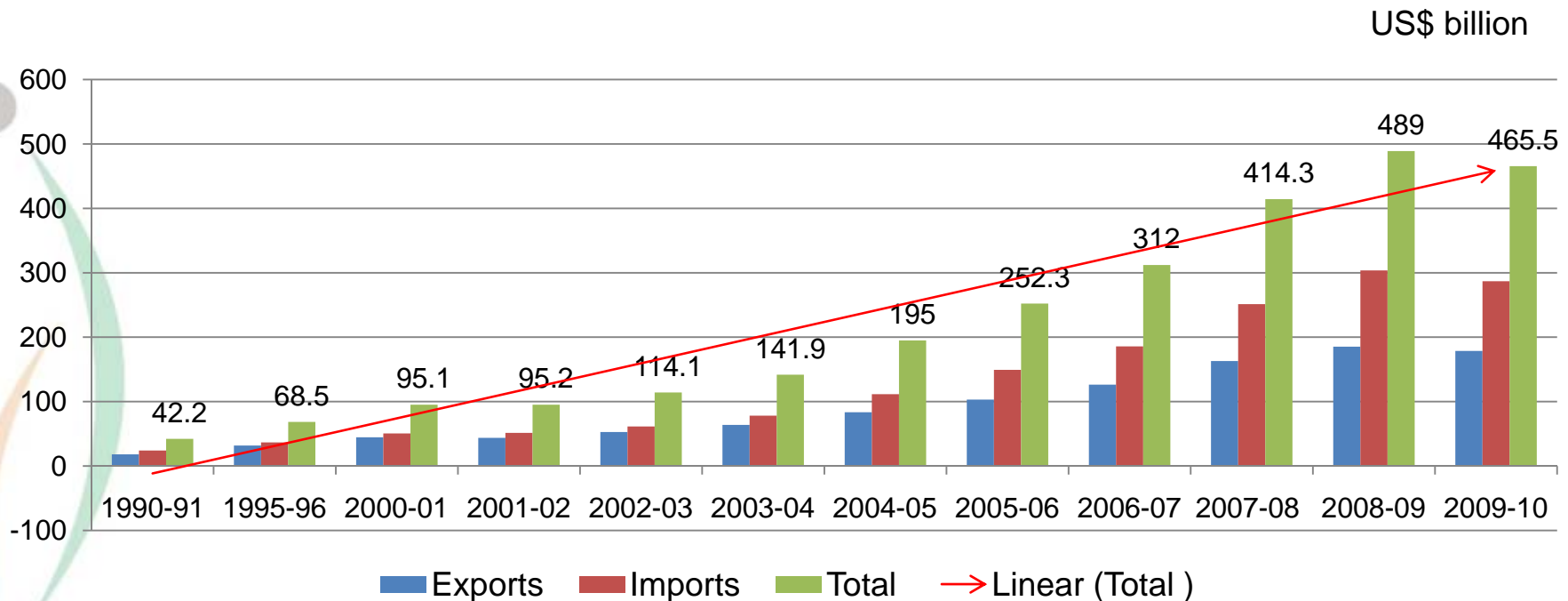
FINANCIAL SECTOR

- ❑ Interest rates deregulated
- ❑ Banking sector strengthened through adoption of prudential norms
- ❑ Capital market reforms ongoing

India....a promising investment destination

RESULT...STRONG FUNDAMENTALS...

REMARKABLE IMPROVEMENT IN TRADE

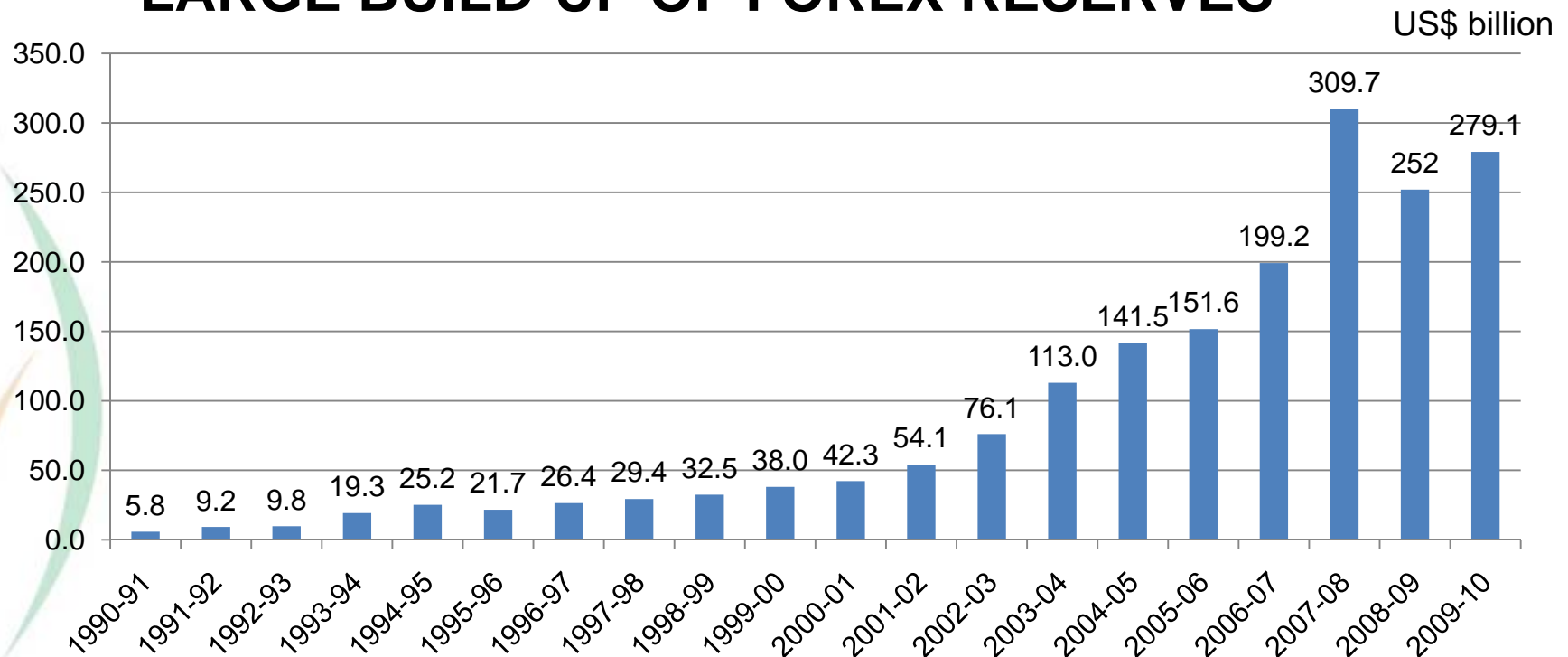


*India's share in global goods and services trade was 1.6% in 2008
Government envisages to double share in global trade by 2020*

India....a promising investment destination

RESULT...STRONG FUNDAMENTALS...

LARGE BUILD-UP OF FOREX RESERVES



Forex reserves as on Dec 24, 2010, USD 295 billion

CHANGING INTERNATIONAL PERCEPTION



Changing International Perception

LEADERS SPEAK

"We cannot remain a global industry leader without a strong presence in India"

Karl Slym
Head, GM India

"India today is not an emerging economy. It has fully emerged, and it is in full bloom"

Olli Pekka Kallasvuo
President & CEO, Nokia

"Much of the world is flat or declining. Only India is growing."

Daniel J Magoon
Director, Lockheed Martin

"There are enormous opportunities to be tapped in India... The market here is good for both top line growth and profitability..."

Andrew Moss
Group Chief Executive, Aviva Plc

"Compared to China, India has a much stronger and self-sufficient skill base... India is truly the powerhouse of the future."

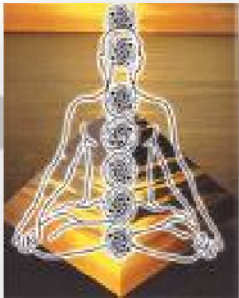
Michael Maedel
President, JWT Worldwide

"India has taken its place in the world economy. A lot of them (Indian companies) can be global companies. You already have them in cars and autos, in electronics and systems."

Jamie Dimon
Chairman & CEO, JP Morgan

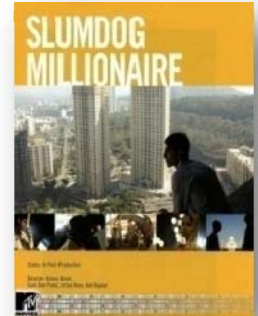
Changing International Perception **INDIA'S CULTURAL & INTELLECTUAL INFLUENCE...c**

India's emerging soft power has grown out of its rich cultural heritage



The ancient art of **yoga and meditation** is now a fast growing multi-million dollar global industry

Bollywood, the stellar of Indian cultural soft power. The **Oscar win of Slumdog Millionaire** has permanently cemented Bollywood ethic into the global mainstream



India is now the centre of English language book publishing world, and regularly produces **Booker, Commonwealth and Pulitzer Prize winners** from its sprawling diaspora

India's higher education institutions are increasingly getting recognized globally. **ISB, ranked 12th in FT MBA Rankings 2010**. **IITs, IIMs, IISc** are top names and attracting foreign students



ENGAGING WITH INDIA



Engaging with India

THE WORLD'S BEST ARE ALREADY HERE

- **Microsoft** has offices in 16 cities
- Employs about 5000 people
- Key IT partner to the Indian government and the industry
- **Nokia** played a pioneering role in growth of cellular technology in India
- Started operations in 1995. Presently operates out of 10 cities
- Employs over 15000 people
- India is the second largest market for the company globally
- **IBM** present in India since 1992
- Offices in 14 cities, with regional HQs in Bangalore
- One of the leaders in the Indian Information Technology (IT) Industry



NOKIA
Connecting People



Engaging with India

THE WORLD'S BEST ARE ALREADY HERE

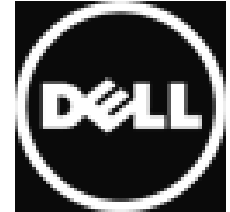
- **Coca-Cola** is among the country's top international investors. Invested more than US\$ 1 billion in India in the first decade
- Directly employs approximately 6,000 people, and indirectly creates employment for more than 125,000 people
- **Hyundai Motors** is the largest passenger car exporter and second largest car manufacturer of India
- Total production capacity is about 6,00,000 units per annum.
- In December 2009, it crossed the 25 lakh car production milestone
- Presently markets 54 variants of passenger cars across segments
- **Sony Corporation**, established operations in 1994
- Footprint across all major towns and cities
- Distribution network comprises over 4000 dealers and distributors, 240 exclusive Sony outlets and 19 direct branch locations



Engaging with India

THE WORLD'S BEST ARE ALREADY HERE

- **Dell India Pvt Limited** incorporated in 1996
- 4th largest and the fastest growing PC company in India
- Dell India's sales close to \$1-billion mark
- India is its most comprehensive presence outside US; 14,000 employees; presence in 5 cities



- **LG Electronics Private India Ltd** set up in 1997
- Market leader in consumer durables
- Recognized as a leading technology innovator in information technology and mobile communication



- **Honda Siel Cars India Ltd.** incorporated in December 1995
- Total investment in India till date US\$ 360 million. Proposed Investment of US\$ 220 million for second plant. Existing manufacturing capacity 100,000 cars. Strong sales and distribution network including 111 facilities in 66 cities



Engaging with India

THE NEXT GLOBAL R&D HUB...

- ❑ A large number (about 780) of MNC R&D centers operate in India like Microsoft, IBM, Cisco, HP, Intel, Honeywell, Texas Instruments, SAP....
- ❑ MNC R&D activities span across all key verticals, with prime focus is on hi tech verticals
 - ❑ Software/Storage Platforms
 - ❑ Telecom/Networking
 - ❑ Semiconductor
 - ❑ Manufacturing which includes Automotive, Aerospace & Defense, Industrial & Electronic Equipment
- ❑ India is being seen as the global destination for - engineering design , prototype development, manufacturing hub for high technology products
- ❑ R&D emphasis is on providing best of products at affordable prices

Engaging with India

THE NEXT GLOBAL R&D HUB...



- **First global tech company to establish presence in India**
- R&D facility set in Bangalore in August 1985
- Extensive contribution of India Centre in developing LoCosto, the semiconductor industry's first single chip solution for wireless handsets



- **John F. Welch Technology Centre** in Bangalore, India, is a multi disciplinary R&D centre that accelerates company's delivery of advanced technology to global customers



- **SAP Labs India is SAP's second largest R&D and Global Services & Support**
- One of the four global development hubs of SAP that contribute to all areas of SAP product value chain



Engaging with India

INNOVATING FOR NEXT BILLION CUSTOMERS.....

- From product modification to product innovation...MNCs embracing the new **“Made in India...value for money”** paradigm to have mass appeal
- Microsoft India** has taken initiatives like **language interface packs in 12 Indian languages**. And Windows Live, includes e-mail, instant messenger, online storage, photo gallery and social networking in seven Indian languages
- LG** has launched **low priced TV range “Cineplus” and “Sampoorna”** for rural markets
- GE** developed an **ECG machine, MAC 400**, to serve the rural market. This is portable and costs about US\$1,000
- Following Tata Nano, **global automakers giants** such as **GM, Nissan** etc. have **announced entry into the small car segment**

WHAT INDIA HAS TO OFFER?

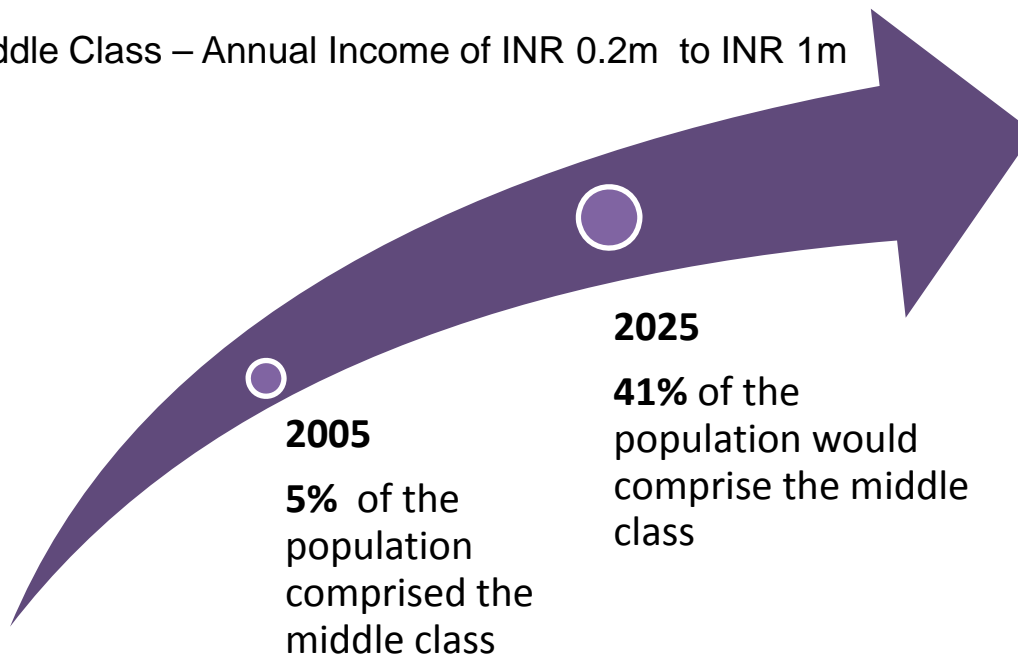


India....a promising investment destination

HUGE DOMESTIC MARKET

India's market potential is yet to be fully tapped

Middle Class – Annual Income of INR 0.2m to INR 1m



RURAL MARKET – Lent support to companies during the crisis period

YOUTH MARKET – Young nation , high awareness levels , driving demand in urban centres

With income level rising, discretionary spending will increase – **INDIA TO BE THE 5th LARGEST CONSUMER MARKET BY 2025**

Source: McKinsey Global Institute

India....a promising investment destination

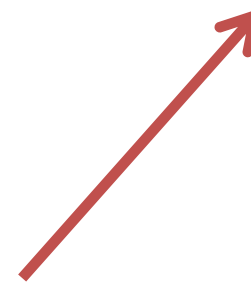
HUGE DOMESTIC MARKET

Sales Value of some segments when Middle class constituted 5% of the population (2005)

Passenger cars	USD 7990.5 million
Scooters	USD 593.8 million
Refrigerators	USD 851.1 million
Washing machines	USD 529.5 million
Telephone instruments	USD 405.2 million

Projected middle class by 2025 will be 41% of the population

The size of the MARKET can thus be visualized....!!!!



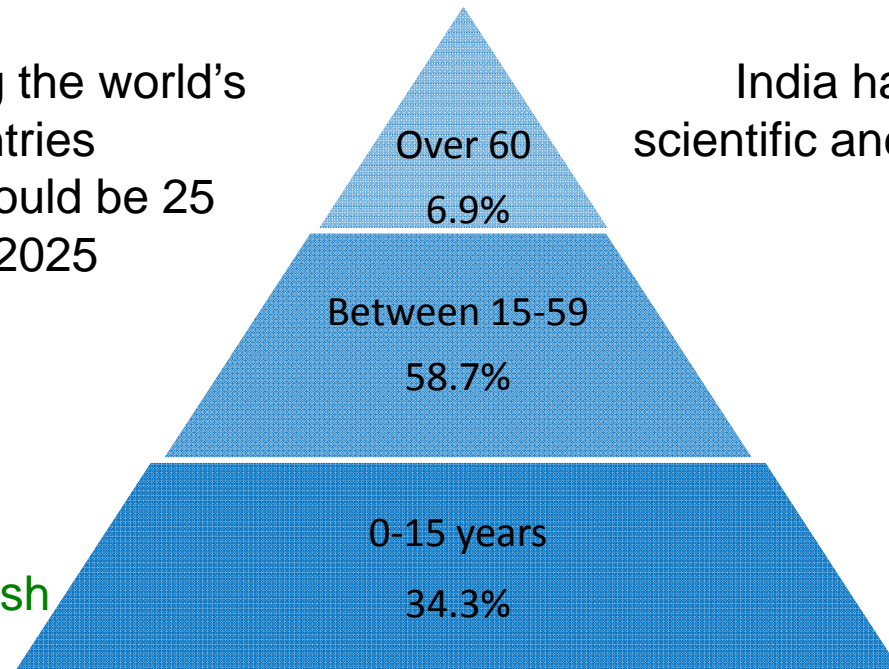
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HUMAN CAPITAL

Demographic Dividend

India is among the world's youngest countries
Median age would be 25 years even in 2025

India has third largest pool of scientific and technical manpower in the world



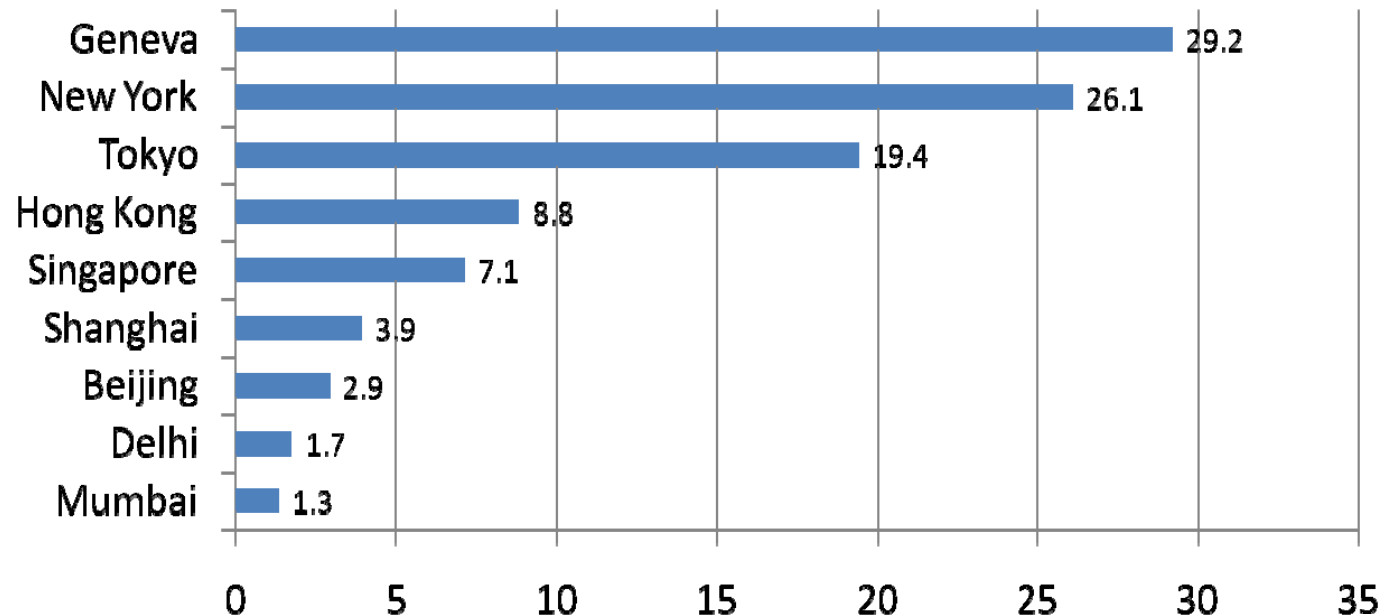
Large English Speaking Population

Strong Intellectual Base

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COST COMPETITIVENESS

Cost Comparisons (Gross USD/Hour)



Source : Prices and Earnings 2009, UBS

India ranked **FIRST** in AT KEARNEY Global Services Location Index 2009 & AT KEARNEY Global Retail Development Index 2009

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PRO INVESTMENT ENVIRONMENT

Government taking all steps to improve investment environment

FDI Policy

- ❑ Share of FDI approvals through automatic route increased from an average 21.6% during 2000-03 to 71.6% in 2008
- ❑ Consolidated FDI Policy announced in March 2010
- ❑ DIPP has released discussion papers on areas like FDI in defense, FDI in multi brand retail, FDI in Limited Liability Partnerships, Foreign / Technical Collaborations in case of Existing Ventures / Tie-ups in India. Stakeholder consultations are currently going on

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PRO INVESTMENT ENVIRONMENT

Government taking all steps to improve investment environment

SEZ Policy

- ❑ India is the first promoter of Export Processing Zones in Asia.
- ❑ Asia's first EPZ set up in Kandla, 1965
- ❑ Today there are 575 formally approved SEZs in India with total investment of Rs 1,28,390 crore and total employment of 4,89,831 as on December 31, 2009
- ❑ Last year SEZs accounted for about a quarter of India's total exports

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PRO INVESTMENT ENVIRONMENT

Government taking all steps to improve investment environment

National Manufacturing Policy – likely to be announced soon.

Objectives

- ❑ To increase manufacturing sectors share in GDP from 15% to 25% by 2022
- ❑ Double the current employment in the sector
- ❑ Increase domestic value addition
- ❑ Enhance global competitiveness of the sector
- ❑ To make India an International Manufacturing hub

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PRO INVESTMENT ENVIRONMENT

Government taking all steps to improve investment environment

Investments in Infrastructure

- ❑ Government committed to overcome 'Infrastructure Deficit'
- ❑ Investment in infrastructure in past five years doubled from 4% to 8% of GDP
- ❑ The Eleventh Five Year Plan (2007-12) target of US\$ 500 billion investment in infrastructure will be met. US\$ 1 trillion investment proposed for 2012-17

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PRO INVESTMENT ENVIRONMENT

Government currently working on the following initiatives to improve investment environment:

Goods and Services Tax

- Introduction of GST will lead to uniformity in tax regime and will lead to ONE INDIA MARKET

New Direct Tax Code

- Will do away with exemptions and bring down tax rates

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INDIA'S GLOBAL INTEGRATION

- 13 Free Trade Agreements and Preferential Trade Agreements signed –ASEAN, Sri Lanka, Singapore, South Korea, Thailand, Chile etc
- Talks for greater engagement with regions such as EU ongoing
- These have a stimulating effect on foreign investments by increasing the size of the potential market. These offer opportunities for achieving greater economies of scale
- You can have access to a wider resource base and new business opportunities

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SECTORS TO LOOK OUT FOR

- 
- 📁 Manufacturing
 - 📁 Infrastructure
 - 📁 Defense
 - 📁 Pharmaceuticals
 - 📁 Entertainment
 - 📁 Auto and auto ancillary
 - 📁 Telecommunications
 - 📁 Food Processing
 - 📁 Healthcare
 - 📁 Education