



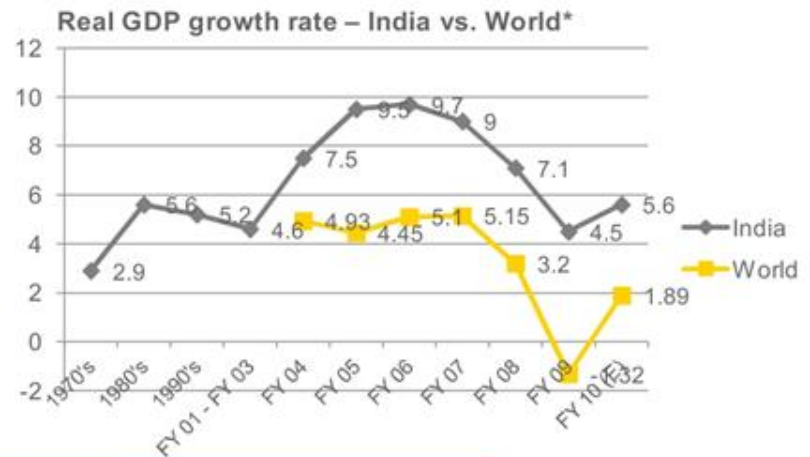
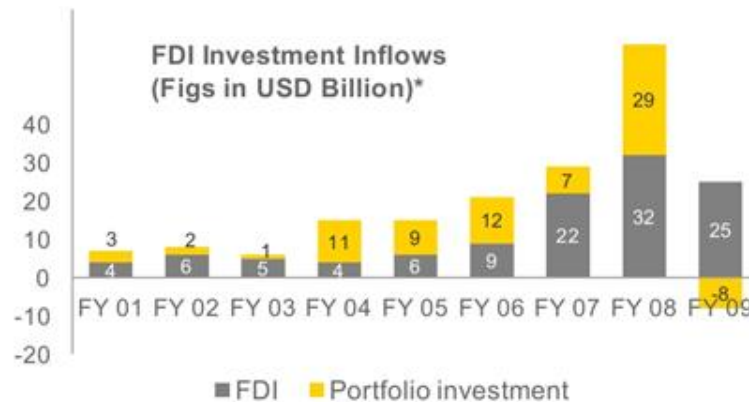
5th Czech Asian Forum

Future of Infrastructure. Efficiency in Business

India presentation

What India has to offer to foreign investors

- In the past, the bilateral relation between India and Czech have strengthen considerably
- Despite global slowdown, India has remained on growth path



- *Stable and robust economy during global crisis*
- *Attractive FDI destination: FDI growth/rules*
- *Favourable demographics, talent pool*

Growth driver: investments

The investment climate expected to remain favorable*

A strong investment culture should drive growth in capital formation.

Corporate India is planning significant investments.

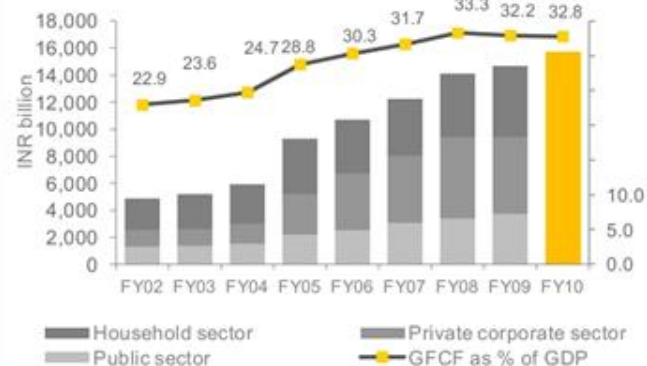
A stable political environment and improvement in the domestic and global investment climate is expected to drive growth in domestic capital formation.

India's industrial sector witnessed capital expenditure worth INR2.3 trillion (USD49.5 billion) in FY09, INR4 trillion in FY10 (USD88 billion).

During FY11 (April-December), approximately 1,000 projects were commissioned worth INR1.6 trillion (USD34 billion).

Gujarat, Orissa and Andhra Pradesh accounted for the majority share of the investment proposals made in 2009, with 15.4%, 12.6% and 8.1% respectively.-

Trends in share of gross fixed capital formation (GFCF)



Source: CMIE

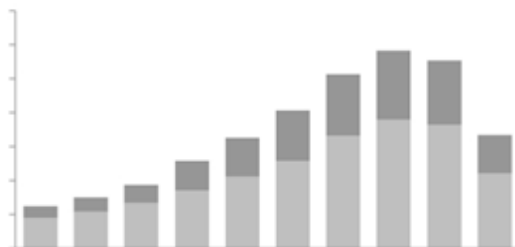
Note: Data after FY04 is adjusted with base year as 2004-05

- ▶ India's industrial sector is expected to witness capital expenditure worth INR22 trillion (USD483.5 billion) during FY10-13.
- ▶ Electricity sector is expected to witness the highest capacity addition worth INR4.4 trillion (USD96.6 billion) during FY10-13.
- ▶ Other sectors that are expected to witness significant investments during FY10-13 include
 - ▶ Steel (INR2,370 billion/ USD52.1 billion)
 - ▶ Roadways (INR1,606 billion/ USD35.3 billion)
 - ▶ Telecommunications (INR1,546 billion/ USD34.0 billion)
 - ▶ Petroleum products (INR1,411 billion/ USD31.0 billion)

Exchange rate of INR 46.47 /USD has been used for FY09. For the remaining figures exchange rate used is INR45.5/USD.

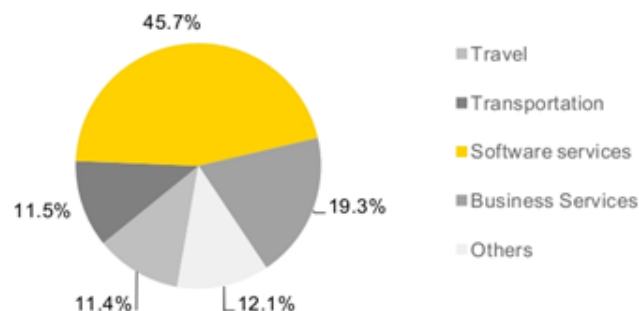
Growth driver: exports

India's position is strengthening



Source: RBI
*Provisional

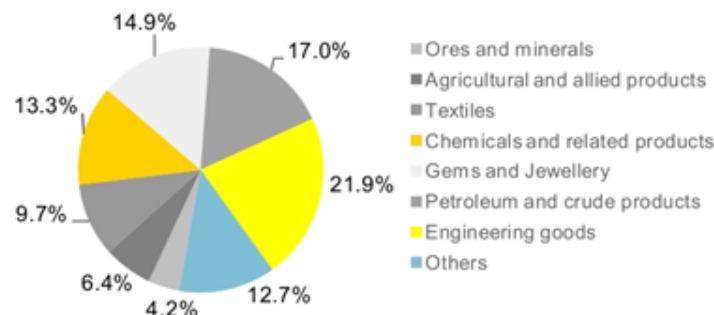
Composition of services exports H1-FY11 (P)



Source: RBI

- ▶ India is a leading exporter of IT services in the world. The US and the UK together account for a dominant share of India's IT-BPO exports at approximately 61% and 18%, respectively.
- ▶ UAE continued to be India's top destination for India's merchandise exports with 13.5% share in H1-FY11 followed by the US (11.1%) and China (5.3%).
- ▶ India currently accounts for approximately 1.64% of global trade in goods and services. The government aims to double this share by 2020.

Composition of merchandise exports H1-FY11 (P)



Source: Directorate General of Foreign Trade

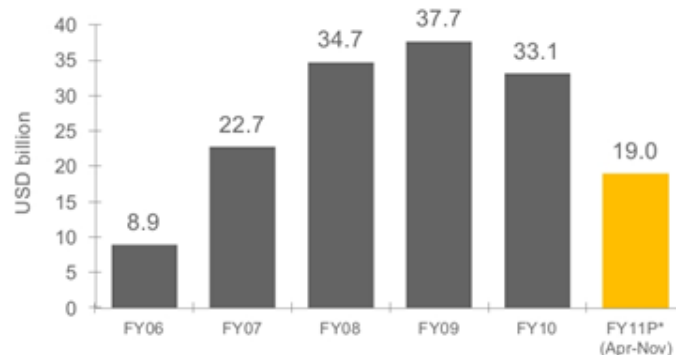
FDI inflows – India second most attractive destination in the world

- ▶ According to UNCTAD's 'World Investment Prospects Survey 2010-2012', India is the second most attractive destination for FDI (after China) in the world.
- ▶ FDI during FY10 declined by 12% y-o-y as compared to a y-o-y growth of 8% in FY09. The decline in FDI is mainly due to delay in government approvals for projects and increasing prices of fuel and non-food manufactured products. India attracted USD19 billion FDI in the first eight months of FY11.
- ▶ India targets to achieve annual FDI worth USD50 billion by 2012. It plans to double the inflows by 2017.

- ▶ In the period between 2003-2009, the value of investment proposals into India has increased at a CAGR of approximately 43%. In 2010 (till October), investment proposals amounted to USD314 billion.
- ▶ The Government has allowed Foreign Investment Promotion Board (FIPB) to clear FDI proposals up to a limit of INR12 billion. Earlier investments above INR6 billion were put before Cabinet Committee of Economic Affairs (CCEA) for approval.

*Exchange rate = INR 46.04 /USD

FDI in India

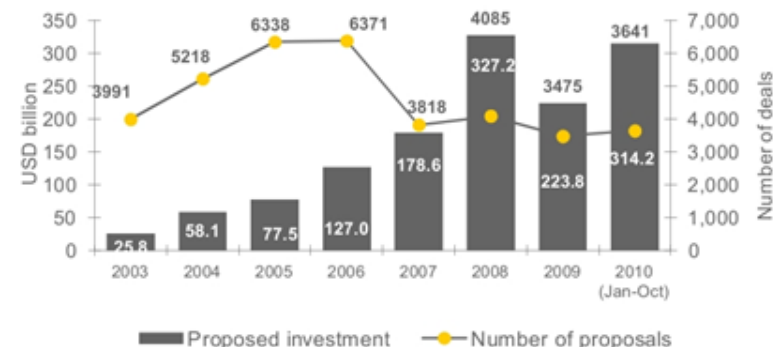


Source: RBI Bulletin

FDI includes direct investment in equity, reinvested earnings and inter company debt transactions of FDI entities

*Provisional

Number of proposed investments and their value



Source: Department of Industrial Policy & Promotion, Government of India

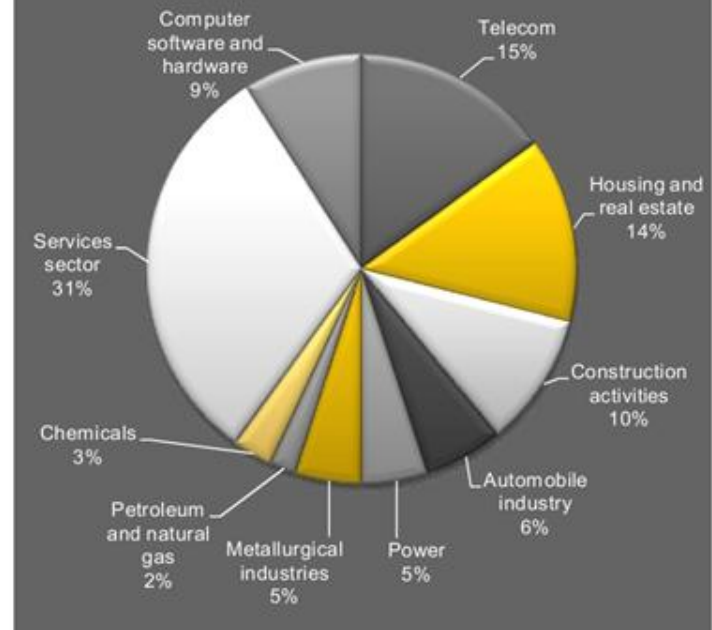
*Includes Industrial Entrepreneur Memoranda, Letters of Intent and Direct Industrial Licenses

FDI snapshot

100% FDI allowed in most sectors except...

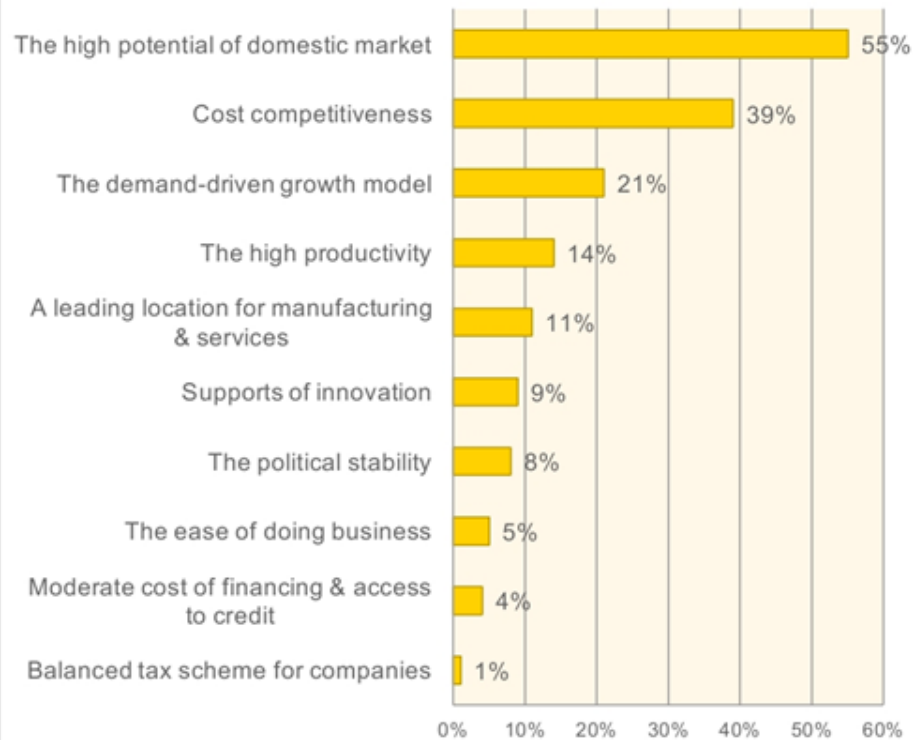
Up to 74%	<ul style="list-style-type: none"> ▶ Airport redevelopment ▶ Telecommunication services ▶ Private sector banks ▶ Satellite operations
Up to 49%	<ul style="list-style-type: none"> ▶ Cable network / Direct to home / other broadcasting ▶ Asset reconstruction ▶ Aviation – scheduled air transport ▶ FDI up to 51% - "Single brand retailing" subject to FIPB approval
Up to 26%	<ul style="list-style-type: none"> ▶ Defense industries ▶ Insurance ▶ Broadcasting news channels ▶ Print media
Prohibited sectors	<ul style="list-style-type: none"> ▶ Multi brand retail ▶ Atomic energy ▶ Lottery business ▶ Gambling and betting

Break up of FDI by sector (FY 09)



Efficiency in Business

India's competitive advantage*



- ▶ As part of its continuing effort to facilitate easy business, India has plans to consolidate and simplify certain key legislations such as company law, direct taxes and indirect taxes
- ▶ From accounting perspective, India, like the Czech Republic, is set to revise all of its existing accounting standards to make them compatible with IFRS
 - ▶ Adoption of IFRS will be mandatory from April 1, 2011.
- ▶ Establishment of Special Economic Zone (SEZ) - specifically delineated duty free enclave offering incentives, with the objective to stimulate investment

Investment Opportunities



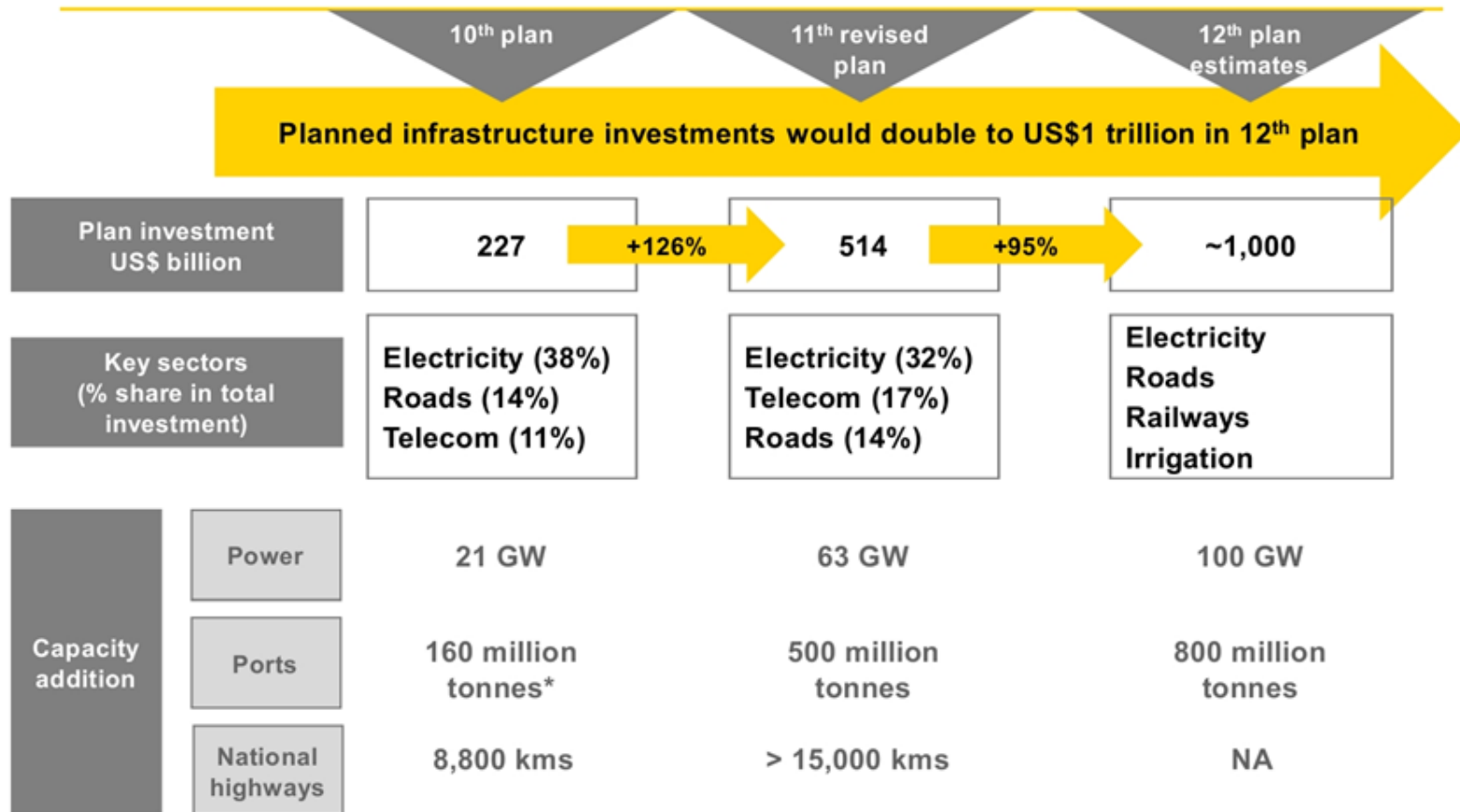
Investment in Infrastructure

- ▶ India has experienced infrastructure revolution
- ▶ During Eleventh five year Plan (2007-2012), total investment in infrastructure projected at INR 209,561.5 billion
- ▶ Projected infrastructure investment to about 8.37% of the GDP
- ▶ 50% of the total investment in infrastructure estimated to be from private sector
- ▶ Share of PPP in building infrastructure expected to increase to 30% in the Eleventh Plan
- ▶ GOI has announced policy measures to create substantial opportunities for private investors and increase scope for PPP

Key aspects of most attractive Indian cities*



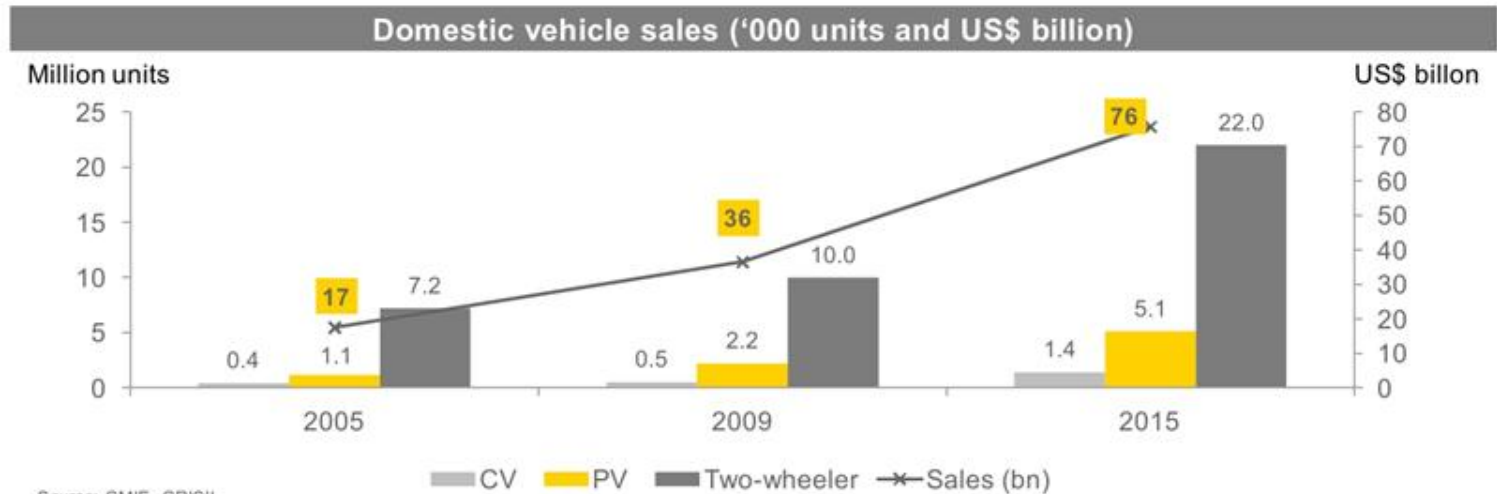
Investment in Infrastructure



* Only major ports
Source: Planning Commission

Automotive

India is expected to witness strong growth in vehicle production in the coming years across all segments and to break into global top 5 vehicle producers by 2020

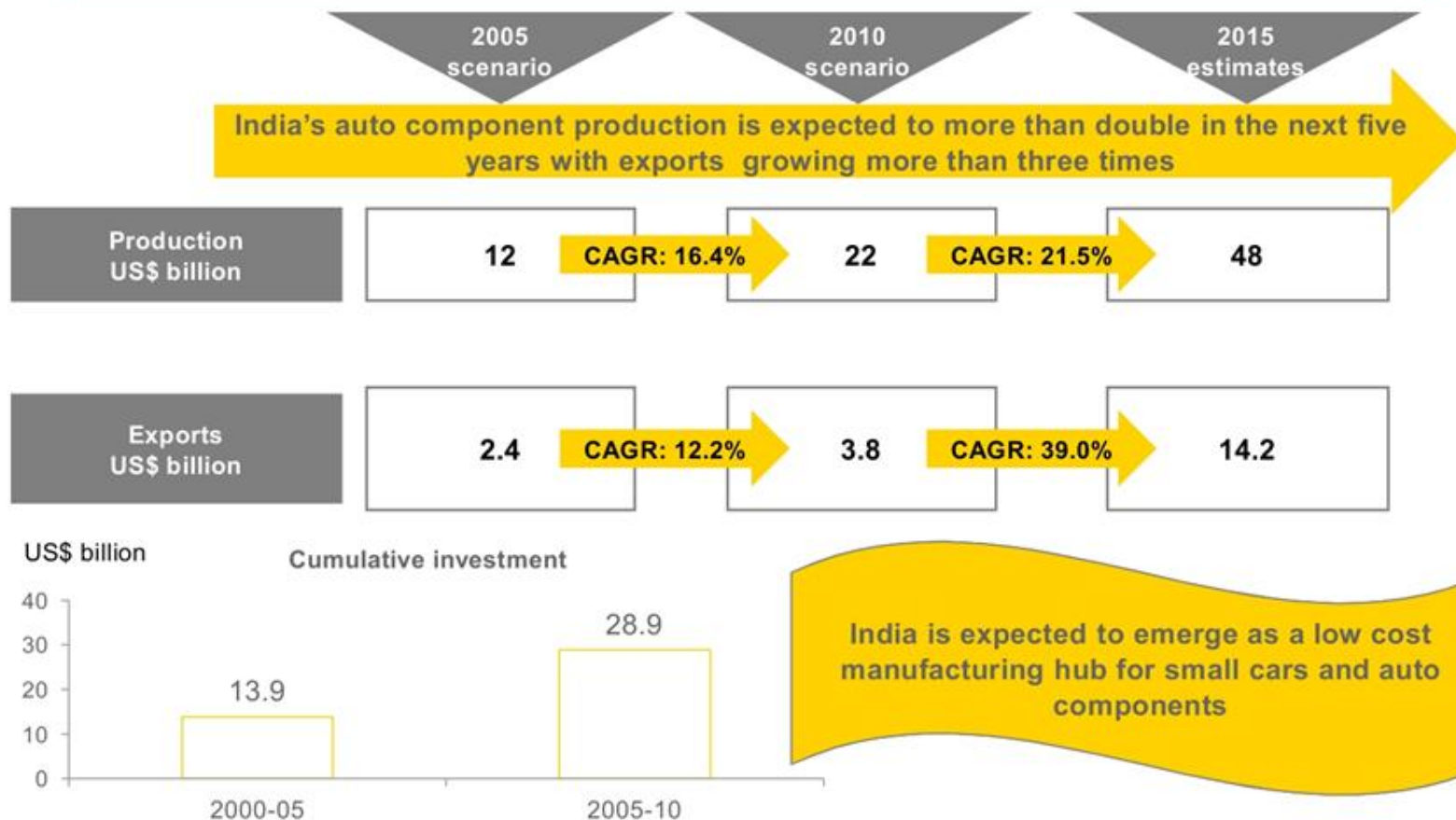


Global standing		
Segment	Rank (2010)	Rank ^a (2015)
PV	10	6
CV	3	2
2-wheelers	2	2

Source: Ernst & Young Research

India is expected to become the world's seventh largest automobile market by 2016 and the third largest by 2030.

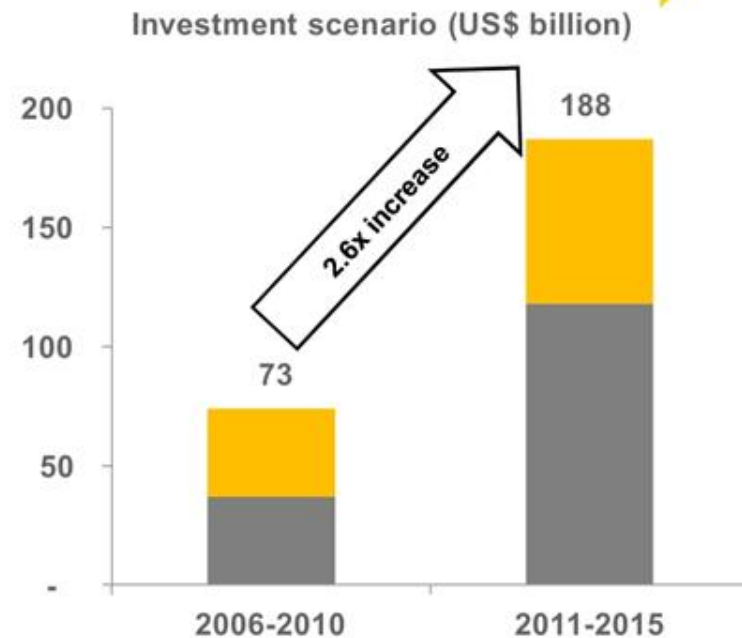
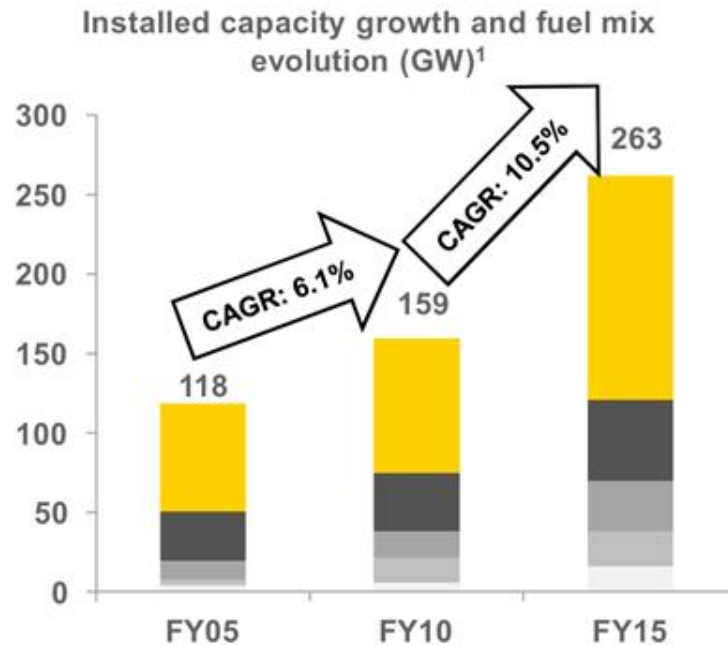
Automotive components



Source: ACMA

Power: size and scale

Power sector to witness massive capacity additions and investment on the back of favorable regulatory policies to address the acute electricity shortage



Others Renewable Gas Hydro Coal

Transmission & Distribution Generation

Source: Central Electricity Authority, World Energy Outlook 2009, ADB Institute Discussion Paper No. 64, April 2007, CRISIL

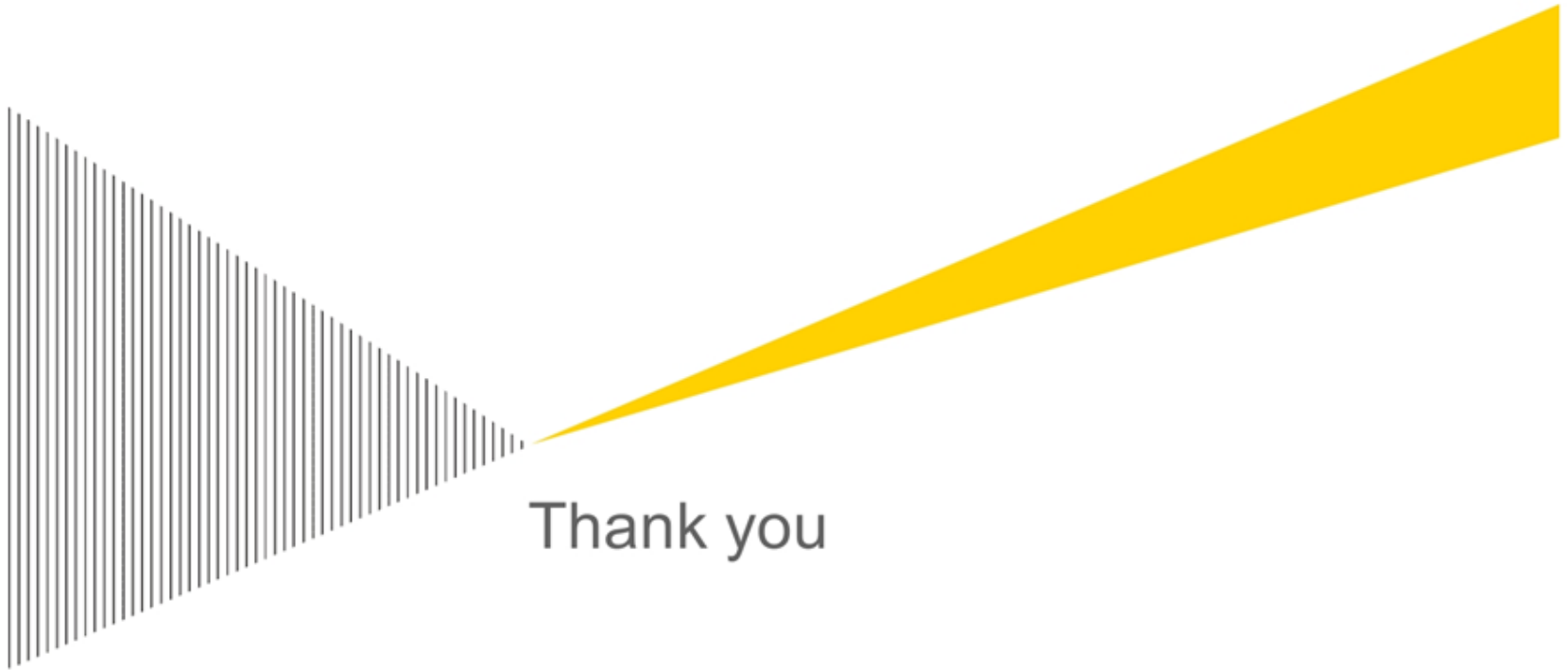
1. Excluding captive power

Fast growing FDI Flows*

Forerunners in receiving foreign investment

Health care	Renewable energy	Biotechnology	Plastics and chemicals
<p>High priority area;</p> <p>Total value of the health care market is projected to reach USD 70 billion by 2012;</p> <p>Private health care corporations gaining market share</p>	<p>Renewable energy generation capacity has grown at a CAGR of 24% over the last 5 fiscal years;</p> <p>Share of renewable energy targeted to increase to 15% by 2020;</p> <p>India is providing capital subsidies and financial incentives to promote this sector</p>	<p>Most states have issued biotechnology policies aimed to increase investment;</p> <p>Objective of these policies is to improve quality and quantity of R&D;</p> <p>The process involves the development of human resources and infrastructure to sustain growth</p>	<p>Government has announced policies to encourage domestic and foreign investment in this sectors</p> <p>Introduction of transparent and business-friendly policies and a highly developed infrastructure</p>

Sector	Growth compared to the medium-term average
Health care	209%
Space and Defense	180%
Plastics	142%
Alternative / renewable energy	105%
Medical devices	87%



Thank you