

# INVESTMENT OPPORTUNITIES IN INDIAN FINANCIAL MARKETS

**IDFC ASSET MANAGEMENT**

**GAURAB PARIJA – HEAD – SALES & MARKETING**

January 2019

The information contained herein is the confidential and proprietary information of IDFC Asset Management Co. Ltd..  
Any use, reproduction, dissemination, or disclosure of the information contained herein is strictly prohibited.

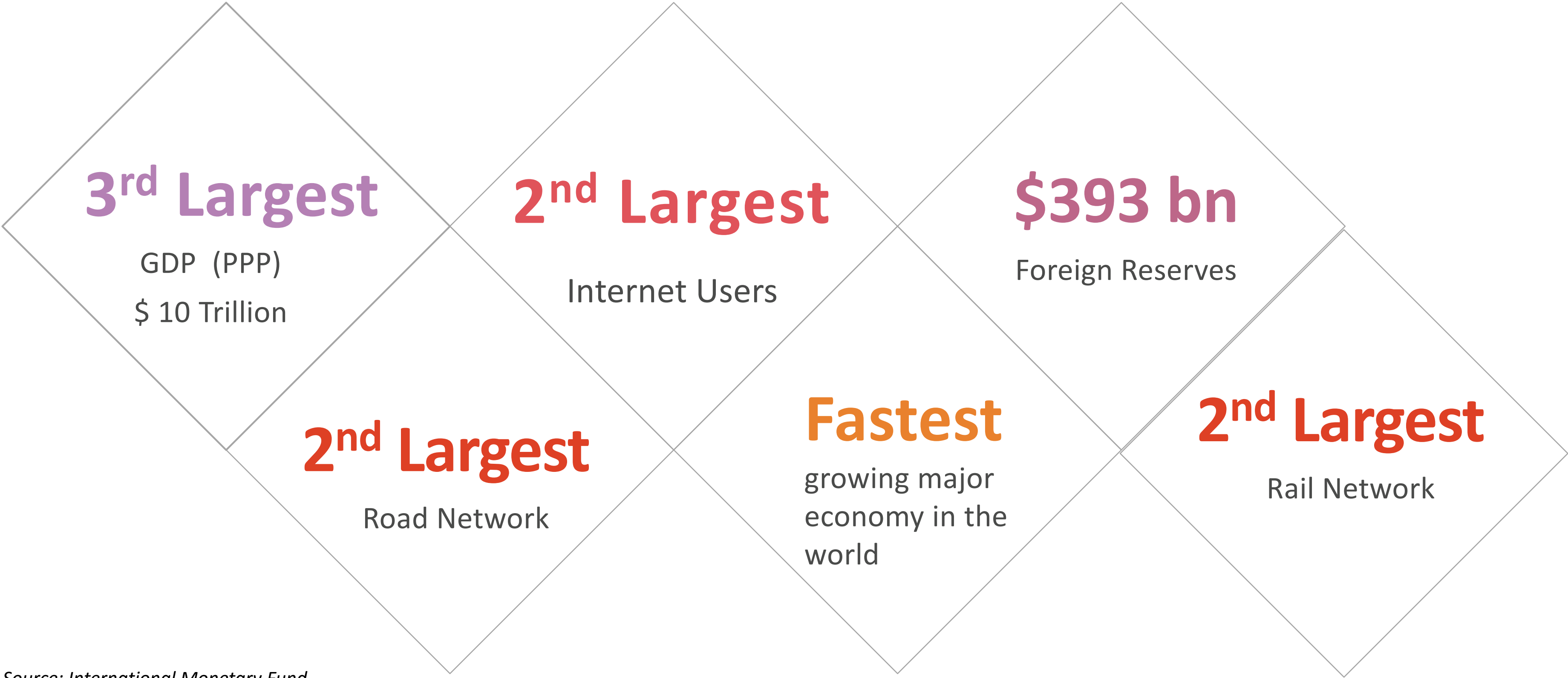
For Investment Professional Use Only



# **PRESENTATION AGENDA**

1. India
2. Key drivers of future growth
3. Investment opportunity
4. Routes to participate in Indian Opportunity

# INDIA IN THE WORLD



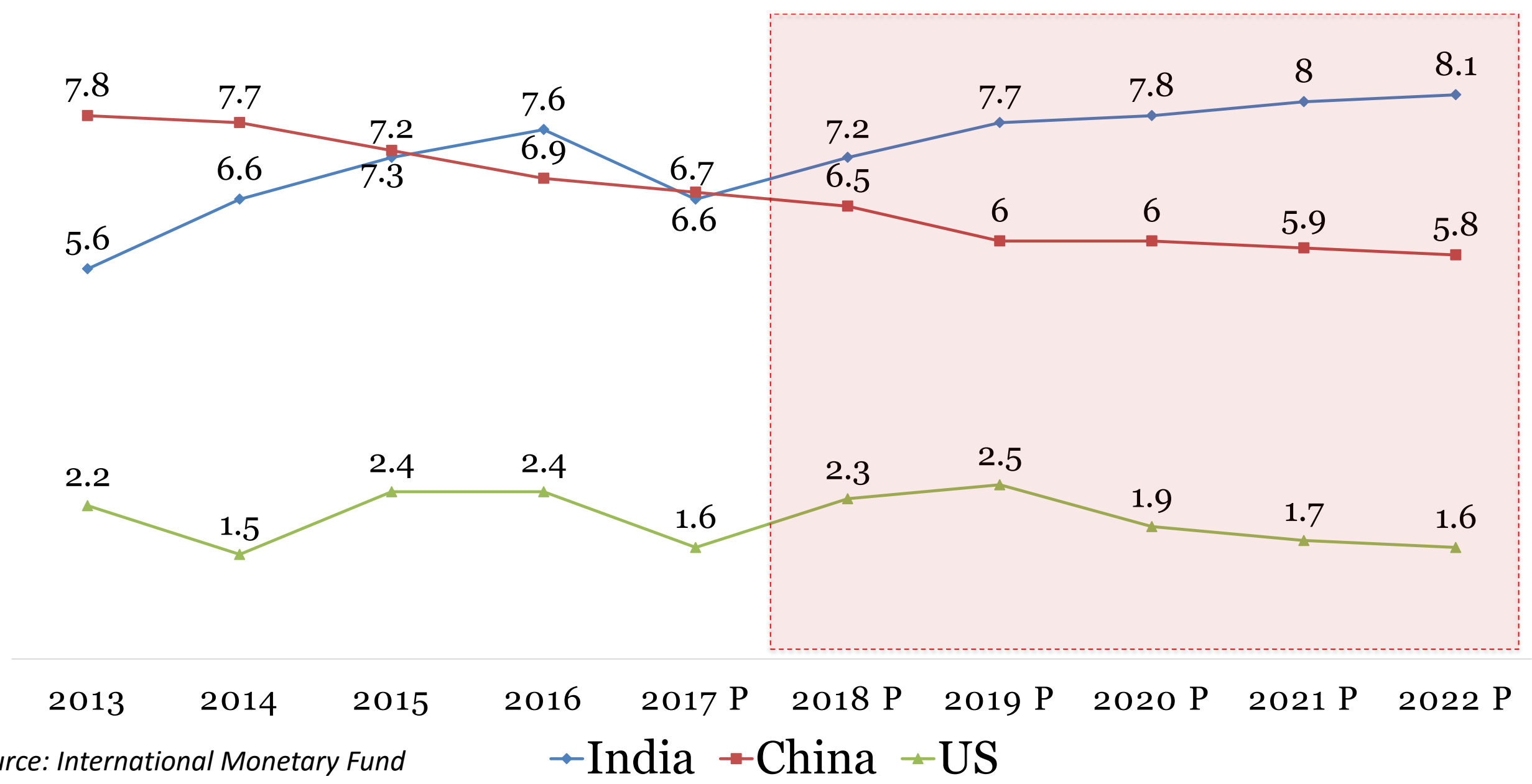
Source: International Monetary Fund  
Source: Department of Industrial Policy and Promotion, Government of India

# INDIA – THE TIME IS NOW

ECONOMIC	<b>Substantial GDP Growth</b> <b>20</b> by 2025 \$ Trillion (PPP)	<b>Infrastructure</b> <b>1.5</b> Investments \$ Trillion in next 20 years	<b>Huge Consumer Market</b> <b>3.6</b> by 2025 \$ Trillion (BCG Study)
	<b>Young Nation</b> <b>29</b> Average age Years in 2025	<b>Upward mobility</b> <b>150</b> More added to Million middle class by 2025	<b>Skilled work force</b> <b>99%</b> Literacy rate by 2025
	<b>Inclusion in Banking system</b> <b>241</b> Accounts opened under Million 'Banking for all'	<b>Deregulation</b> <b>1000+</b> Archaic laws repealed to reduce red-tape	<b>Democracy</b> <b>1<sup>st</sup></b> World's Largest Democracy

# INDIA – THE TIME IS NOW - ECONOMIC

## 1. One of the world's fastest-growing major economies



India remains an ***oasis of growth*** amongst slowing global outlook

India is projected to be the fastest growing ***major economy in 2017*** surpassing ***China***

The trend is expected to continue at least ***till 2021***

Source: International Monetary Fund

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

Source: Ernst & Young Emerging Markets Center

- *P = Projected*
- *Source: International Monetary Fund*



# INDIA – THE TIME IS NOW - ECONOMIC

## 2. Indian Infrastructure



- Source: McKinsey Global Institute
- Source: Press Information Bureau, Government of India
- Source: Press Information Bureau, Government of India
- Source: Government of India

**350 mn** Indians will move into cities over next 30 years

**\$ 1.5 tn** Infrastructure investments planned for the next 20 years

### Investments planned across key government initiatives

**\$ 184.5 bn** Port and Port-led Industrialisation

**\$ 131.7 bn** Railways

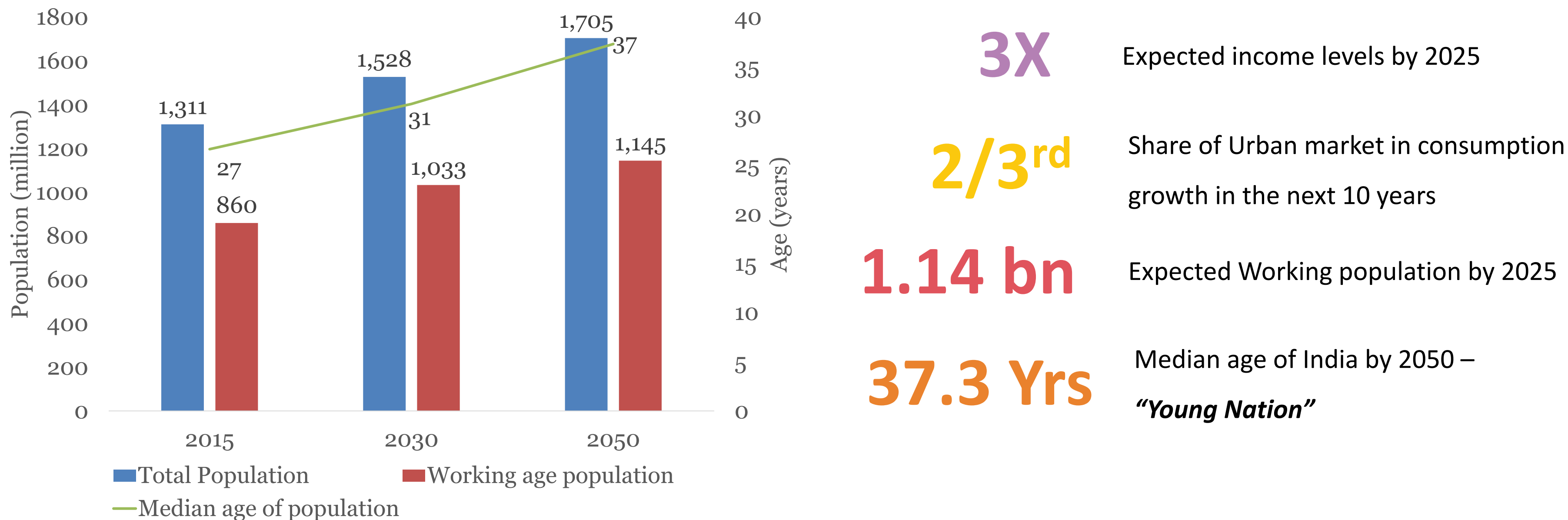
**\$ 106.5 bn** Highways (Bharatmala & NHDP)

**\$ 100 bn** Industrial Corridors

**\$ 58 bn** Airports

# INDIA – THE TIME IS NOW - SOCIAL

## 3. Largest Youth Population in the World



\*Source: UNDP Asia Pacific Human Development Report 2016  
Source: United Nations Population Fund  
Source: British Council  
Source: All India Management Association & The Boston Consulting Group

# INDIA – THE J.A.M TRINITY - SOCIAL

## 4. Transition from Physical to Digital



### Jan Dhan

Integrated approach to bring financial inclusion of all citizens

~219 million accounts opened so far



### Aadhaar

Unique identity to every resident citizen

1 billion enrollments under Aadhaar scheme



### Mobile

Indian market is the second largest in the world

More than 1 billion mobile subscribers

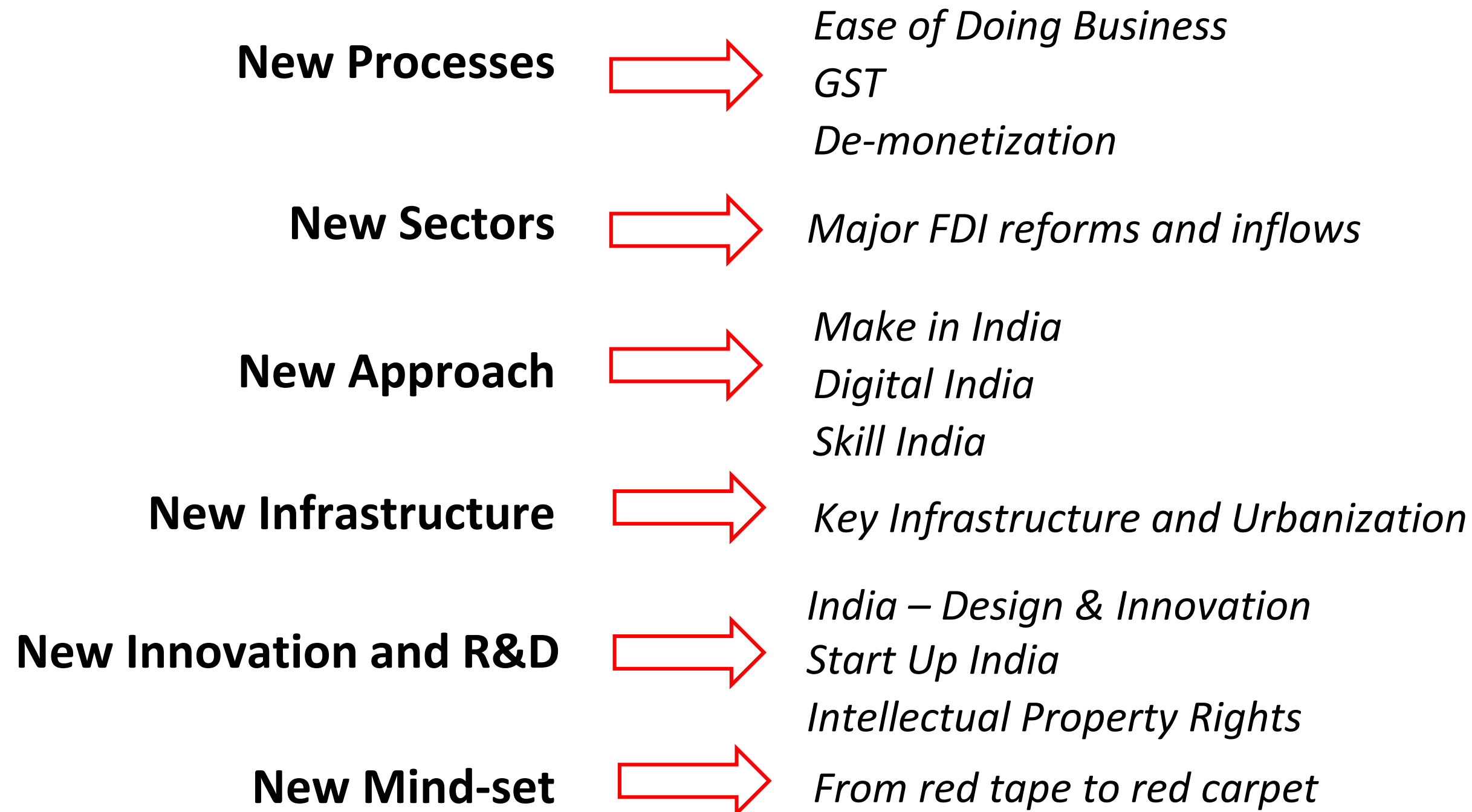
***Inclusivity, banking for all, connectivity for all;***

***3 pillars to Create Huge Demand, Motivate Investment, Manufacturing and Economic Growth***



# INDIA – THE TIME IS NOW - POLITICAL

## 5. Pillars of Resurgent India



# INDIA – THE TIME IS NOW - POLITICAL

## 6. Rising Global Competitiveness

77<sup>th</sup>

Position in 'World Bank's Ease of Doing Business Ranking 2018', from 142<sup>nd</sup> in 2014

40<sup>th</sup>

Rank on the Global Competitiveness Index 2017-18

## Key Reforms across various sectors



  
**Defence  
Manufacturing**


  
**Food  
Processing**

  
**Telecommunication**

  
**Agriculture**

  
**Pharmaceutical**

  
**Civil Aviation**

  
**Space**

  
**Private Security  
Agencies**

  
**Railways**

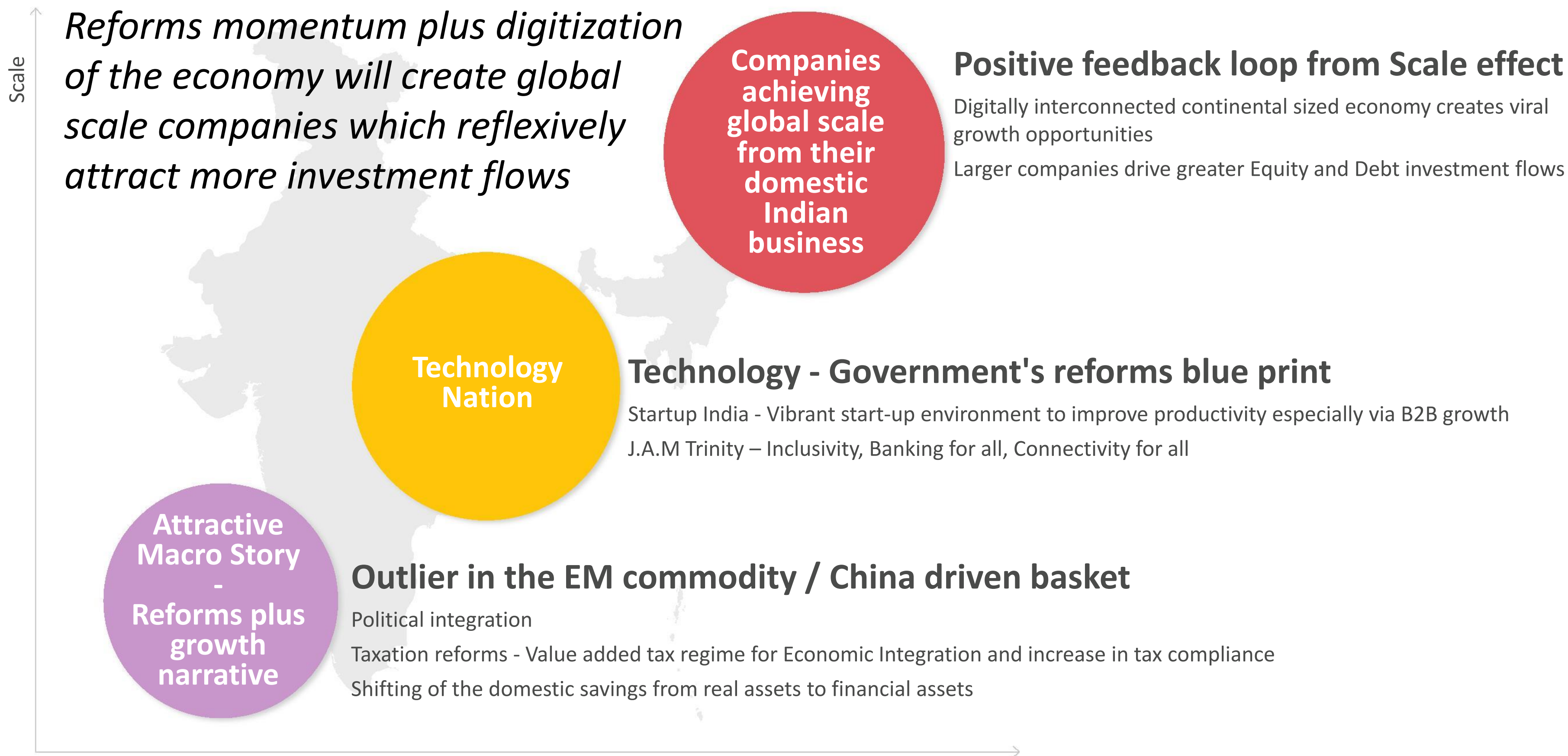
  
**Insurance & Pensions**

  
**Medical Devices**

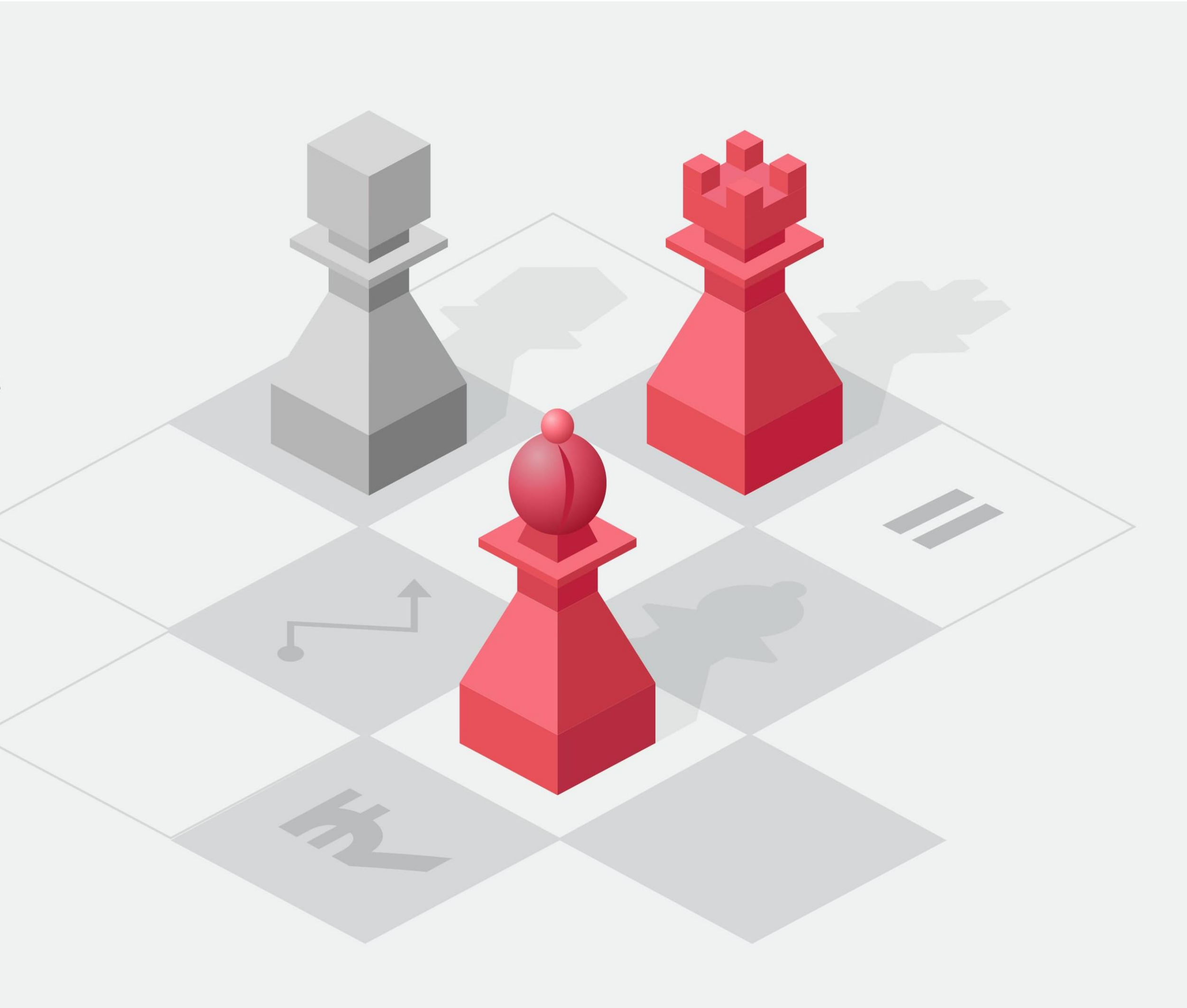
  
**Single Brand Retail**

Source: World Bank  
Source: World Economic Forum

# STRATEGIC PERSPECTIVE - THE INDIAN INVESTMENT TIMELINE



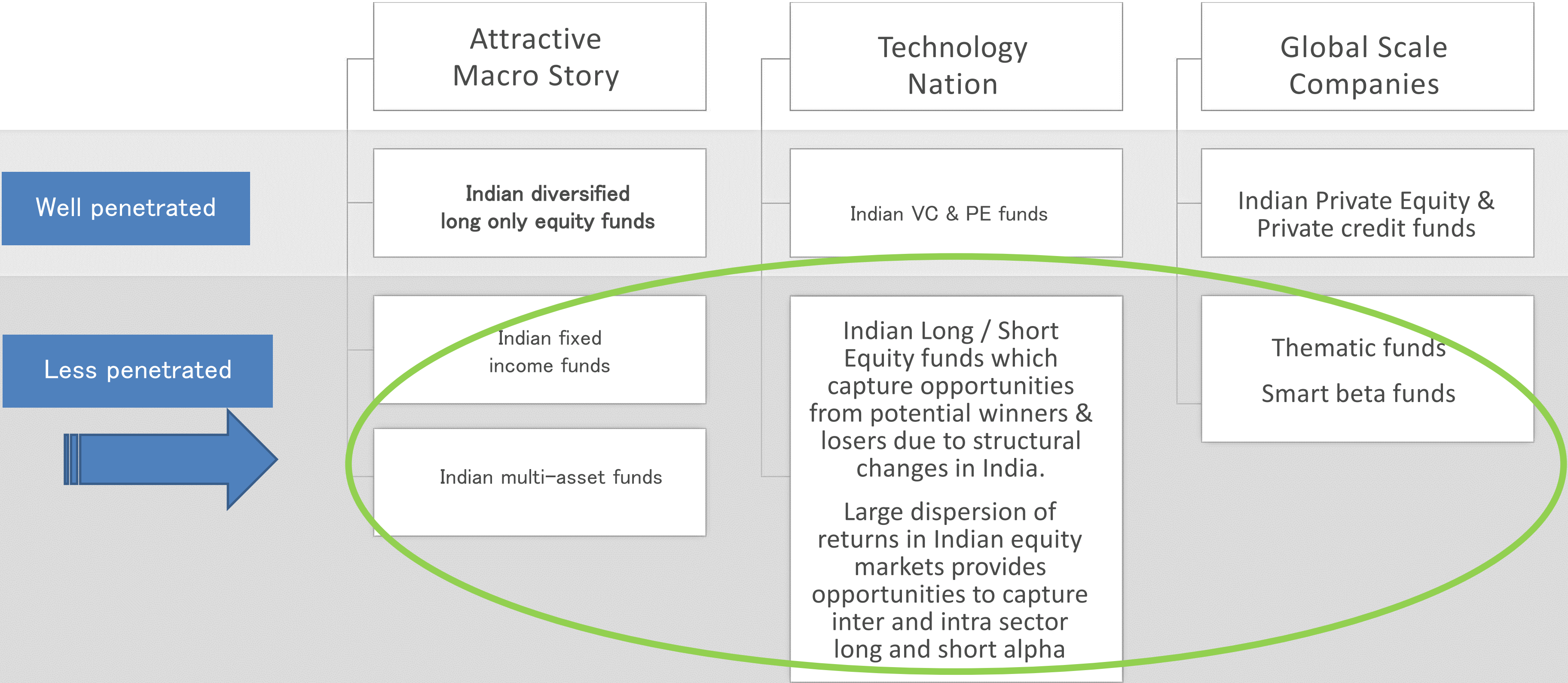
# CAPTURING THE INDIAN INVESTMENT OPPORTUNITY





# CAPTURING THE INDIAN INVESTMENT OPPORTUNITIES

*A wide spectrum of opportunities.*



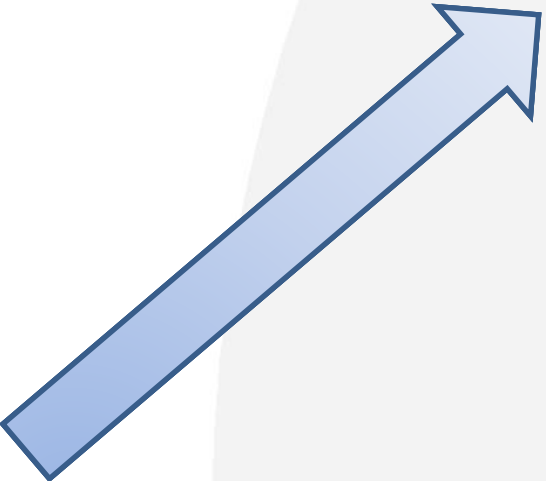


# PRODUCT OPTIONS

*Growth seeking Investors*

*Equity based solutions*

**INDIA**



**Main Strategy**  
Diversified  
Equity Funds

## *Equity based solutions*

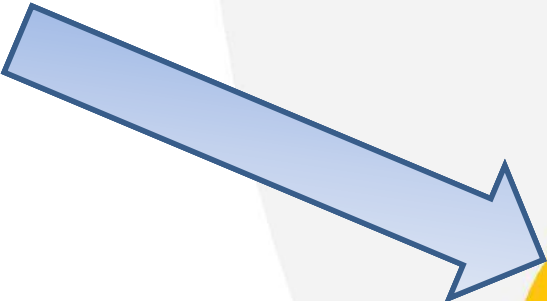
- Sub Strategies
- India all cap growth
  - India midcap growth
  - Part of Global / EM / APAC funds



**Main Strategy**  
India focused  
Smart beta strategies

## *Equity based solutions*

- Sub Strategies
- Growth
  - Value
  - Quality + Growth
  - Value + Growth
  - Currency Hedged



**Main Strategy**  
Thematic and  
Sector Focused  
Funds

## *Equity based solutions*

- Sub Strategies
- Infrastructure
  - Bespoke themes / sectors

# PRODUCT OPTIONS

*Yield Seeking investors*

**INDIA**

Main Strategy  
India focused  
fixed income  
fund

## *Fixed Income based solutions*

Sub Strategies

- G-Sec. & Corps
- Hard currency bonds
- Local currency bonds

## *Multi Asset based solutions*

Main Strategy  
India multi-asset,  
multi strategy funds

Sub Strategies

- Fixed Income
- Equity Arbitrage
- Dividend Yield Cos
- Special Situations

## *Alternative Investment based solutions*

Main Strategy  
India absolute  
return funds

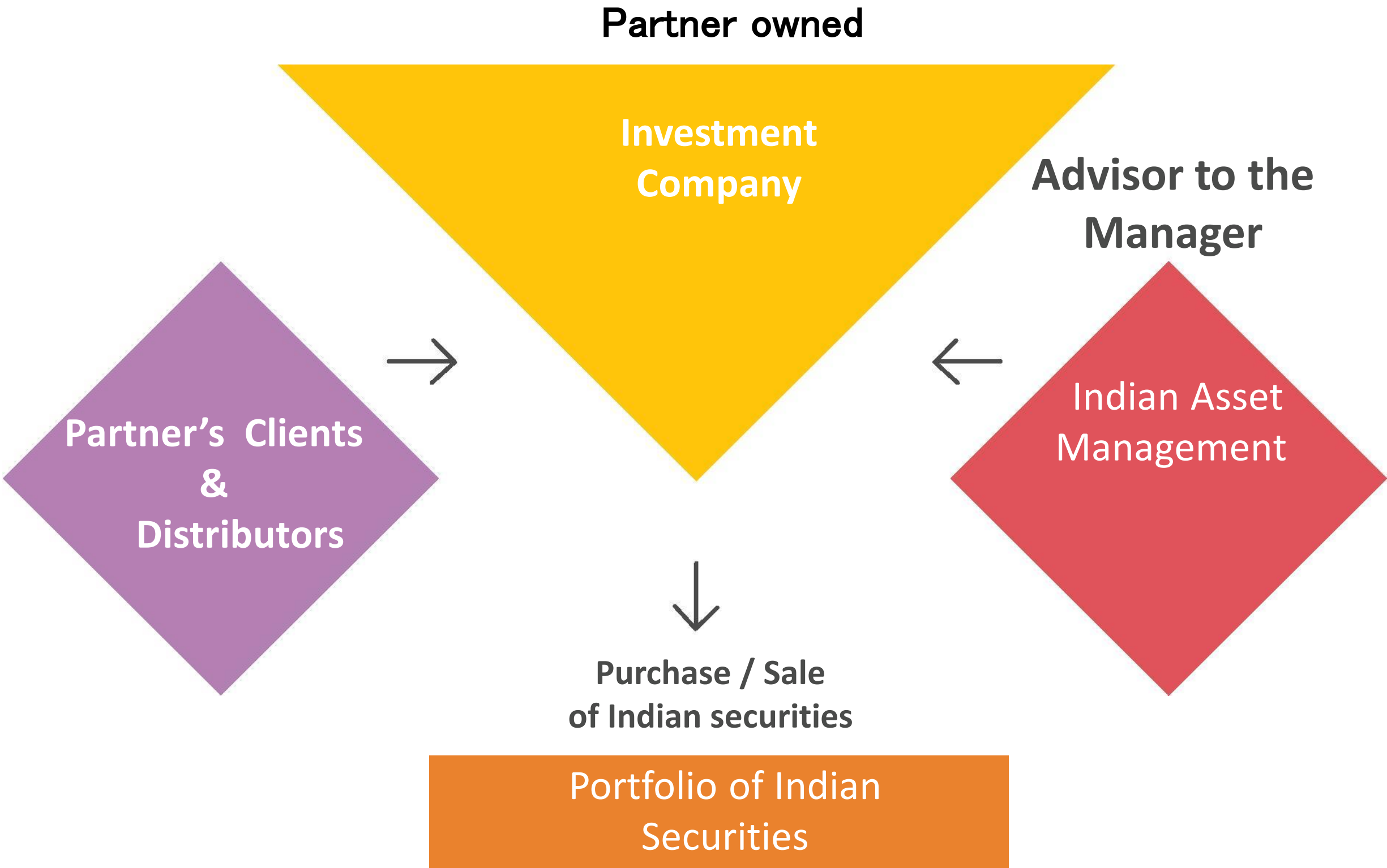
Sub Strategies

- Long / Short
- Equity Arbitrage
- Covered Call
- Tail Risk Hedging

# STRUCTURE OPTIONS FOR INDIA FOCUSED FUNDS

*Sub-advisory services to partner firm which acts as the Investment Manager*

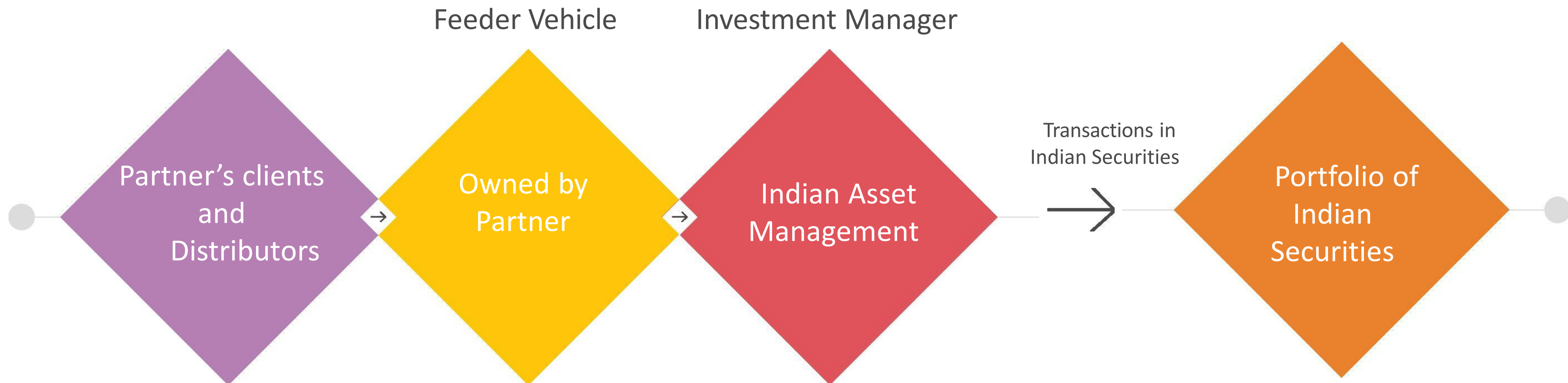
*Partner sets up an Investment Company which invests directly in India based on advisory services offered by Indian AMC*



*IDFC AMC was previously the Investment Advisor to Natixis Asset Management (Asia) for the Natixis IDFC India Equities Fund (Luxembourg domiciled UCITs fund part of Natixis International funds SICAV)*

# INDIA FOCUSED FUNDS - WHITE LABELED SOLUTIONS

*Partner sets up feeder structures into INR or USD denominated IDFC Funds*



***Partner sets up a Feeder fund for its clients which invests into an Offshore or Onshore Investment Company managed by Indian AMC for investing in Indian securities***

# INVESTMENT EXPERTISE AND SOLUTIONS

Mutual Funds	Alternative Investment Funds	Portfolio Management Services	Offshore Funds
<ul style="list-style-type: none"><li>• Equity strategies</li><li>• Fixed Income strategies</li></ul>	<ul style="list-style-type: none"><li>• Absolute returns based long short strategies</li></ul>	<ul style="list-style-type: none"><li>• Artificial Intelligence based investment strategy</li></ul>	<ul style="list-style-type: none"><li>• SCA in the UAE</li><li>• MAS in Singapore</li></ul>



# INDIAN ASSET MANAGEMENT INDUSTRY - OVERVIEW



# INDIAN ASSET MANAGEMENT INDUSTRY

42 AMCs, \$ 342 bn\* AUM,  
80.3 mn Folios

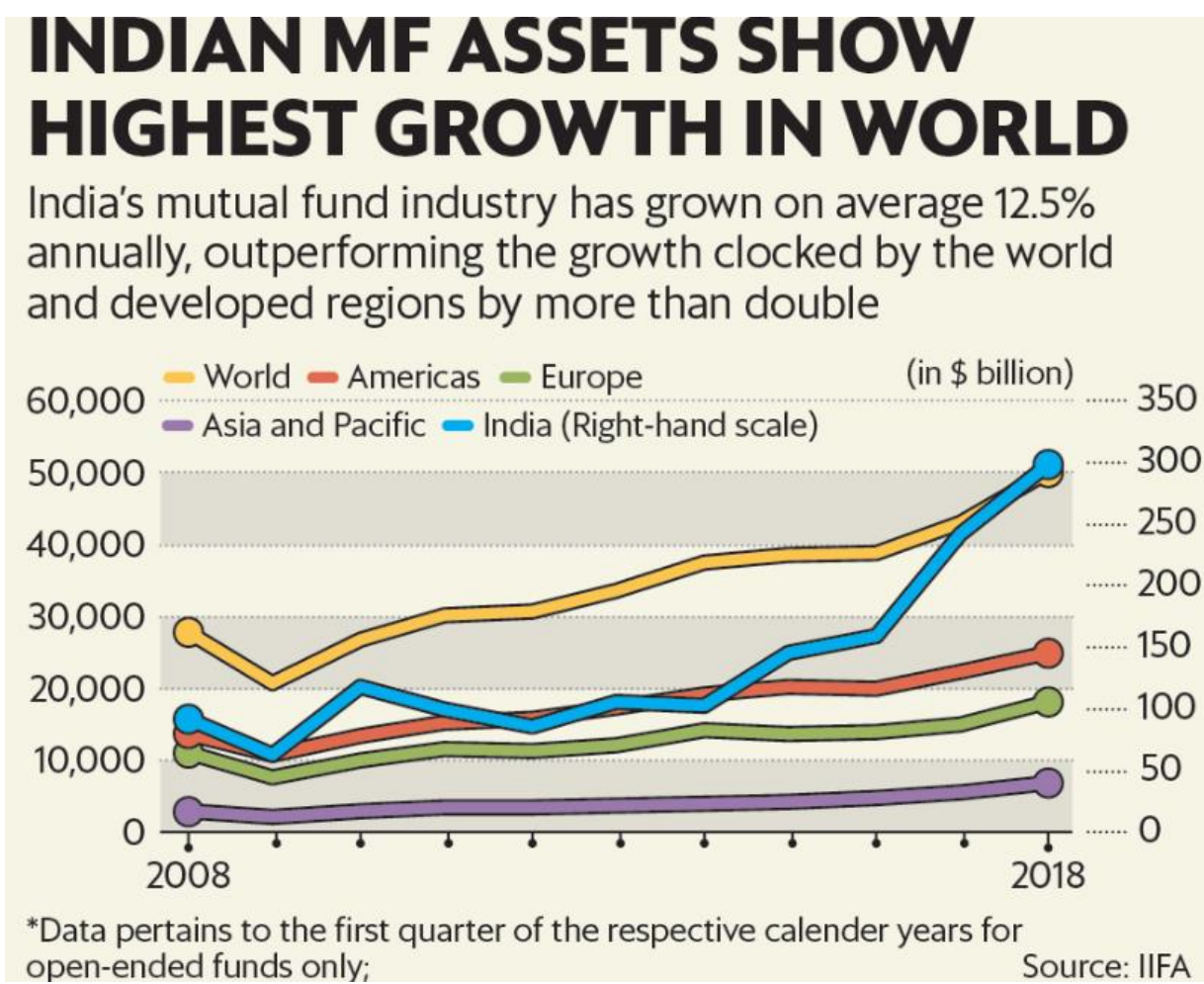
Mutual Fund Industry

5.5 times

Growth in last 10 years

7284~

Listed Companies



REGULATOR

S.E.B.I.

Securities Exchange Board Of India

Source: AMFI, NSE, BSE, IBEF.com

~ Total of companies listed on NSE as on October 2018 and BSE as on August 2018

\*Between April to Nov 18

^ from 2008 till 2018

IDFC Asset Management Company Ltd.  
One Indiabulls Centre, 6th Floor  
841 Jupiter Mills Compound,  
Elphinstone Road (West)  
Mumbai 400 013  
INDIA

[www.idfc.com](http://www.idfc.com)

# THANK YOU