



INDIA REPORT

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LALCAP

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16 June 2017



Close: 16 Jun 2017	Level	Index Pts Chg- Day	% Chg YTD	PE 2017/18	Avg	5 year P/E High	Low
SENSEX 30	31,056	-19	+16.6%	16.9x	17.7x	24.3x	13.9x
NIFTY 50	9,588	+10	+17.1%	16.8x	17.4x	23.8x	13.6x

Other Markets: Level & % YTD

ASIA: CHINA Shanghai: 3,122 (+1%)
JAPAN Nikkei 225: 19943 (+4%)

EUROPE: UK FTSE: 7,463 (+5%)
GERMANY DAX: 12,753 (+11%)

USA: Dow Jones: 21,384 (+8%)

GOLD: \$1253 (+4%)
SILVER: \$16.58 (+4%)
BRENT OIL: \$44.89 (-18%)

Indian Currency

INR ₹ / USD \$1= Rs64.43 (+5.2%)
INR ₹ / GBP £1= Rs82.31 (+2.5%)
INR ₹ / EUR €1= Rs72.13 (-1.0%)

SPECIAL EDITION OF THE INDIA REPORT TO COVER THE

The speakers give their views on:

11th Annual India Seminar

"India at 70: Is the best yet to come?"

A flagship seminar titled "India at 70: Is the best yet to come?" was held in London on 15 June 2017 at The Guildhall, London EC2. "Chatham House" rules applied for reporting.

Event Partners included: Aegean Telecom, City of London, Nexia BT, Quintis (Indian Sandalwood), Wedlake Bell and UHY Hacker Young. The Principal Event Partner and organiser was Lalcap Ltd.

The seminar had about 250 bookings from contacts of Deepak Lalwani. This was not a commercial event, but a "knowledge" one. The audience, all with an interest in India, included senior persons from: global investment and private banks, family offices, private equity firms, hedge funds, asset managers, pension funds, high net worth investors, accountancy and legal firms, trust companies, Indian High Commission, UK's House of Lords and H.M. Treasury.

The Keynote Speaker was: His Excellency Mr Y.K. Sinha, High Commissioner of India to the UK. He gave a comprehensive, upbeat and insightful update on where India is today after 70 years, and of an excellent relationship with the UK. The vision for India going forward was positive and balanced with a view on hurdles ahead.

The eminent panel of speakers consisted of:

- **Lord Karan Bilimoria**, House of Lords, Chairman, Cobra Beer Partnership, Chancellor of the University of Birmingham
- **Gurcharan Das**, Management Guru, Author, Commentator and ex-CEO of Procter and Gamble, India
- **Robin Griffiths**, Global Technical Strategist, ECU Group
- **Shankar Narayanan**, Vice President and Country Head for Tata Consultancy Services (TCS), UK & Ireland
- **Adam Roberts**, Ex- South Asia Bureau Chief, New Delhi, The Economist, and Author

The Chairman was: Deepak Lalwani OBE, Chairman, Lalcap Ltd

- Update on Indian politics, economy and pace of reforms
- Problems and promises of fast-growing India and how it might reach its full potential
- How is technology and digitalisation transforming India?
- The Indian consumer: how demographics is driving economic growth
- Indian financial markets: A bull market ahead? Drivers and risks
- Is India being transformed?

⇒ Speakers' views overall :

India marks a special year in its history – the 70th year of independence. 70 years may seem old in a human's life, but India feels younger than ever, despite wasted years on misguided philosophies. There is now a catch-up on lost time and opportunities. All speakers were optimistic that the best is yet to come, but with testing challenges ahead. Overall, the mood was positive and very upbeat.

⇒ Speakers' views, inter alia:

1. **PM Modi is energising India in positive and different ways.** UK-India engagement remains robust and vibrant, reflecting an excellent relationship. Brexit or not, many new partnerships are being forged, e.g. in Scotland - Dundee University with IIT Kanpur looking at the very large Clean Ganges project. UK is the second largest investor in India after Japan, apart from offshore centre investments which mask the origins. There is increased leveraging by India of the City of London for funding its infrastructure. Now poised to proceed to next level with informal talks on contours of FTA if the UK leaves the EU. Indians are doing well in the UK, with UK cabinet ministers being of Indian origin.
2. **A major obstacle for any future UK – India FTA deal lies with immigration and tier 2 visas.** Student numbers to the UK have dropped from 16,000 to 10,000 in the last 5 years. 130,000 students go to USA, 40,000 to Australia and even France (a non-English speaking country) now attracts 3 times more Indian students than the UK. Worrying.
3. There has been a sea change over the last 70 years for consumers in



India. The socialist model failed in India and deprived consumers of the choice, variety and a competitive price enjoyed by many Asian countries. This has changed since the economic reforms started in 1991. Economic growth and change has accelerated since 2002. Consumers now have access to the widest choices in 70 years. The end of the license Raj has allowed the genie of entrepreneurship to be freed, and increasingly to flourish and boost the economy/create jobs.

4. **From 2002-2011 economic growth touching 9%+ was not imagined.** But politicians went for a false trade - off of growth vs. Equity. As a result many have not benefitted from India's higher economic growth. To make matters worse the drop in GDP since then means that every 1% drop = a loss of 1m jobs.

5. **So far in the last 3 years PM Modi has not delivered on jobs and the return to growth has not been fast enough.** Still, he offers hope to redress this and for a transformation in India.

6. **The economy has been well managed by PM Modi – e.g. inflation down from double digits to 3%.** India is the largest receiver of Greenfield Foreign Direct Investment in the world. PM Modi has been lucky with the economy as the fall in oil prices has been beneficial. India now has surplus power, but meddling has caused distribution problems.

7. **Compared to 70 years ago the quality of life has improved in some ways, e.g. the British Government left behind the nefarious procedure of attestation - every single document had to be attested by a first class officer or notary.** PM Modi decreed self – attestation. This reduces running around. The government has given many rural people cooking gas to cook with clean energy rather than wood and other materials used. From 70 million bank accounts 10 years ago there are 270 million now. With over 1 bn people with mobile phones, there is a big push for mobile banking.

8. **No incident has yet got out of control but the underlying noise is not good.** There is optimism that by 2019, when PM Modi is hopefully re-elected he will create the needed jobs and polarising will reduce. There is optimism that he will strive to leave a legacy of a transformed India, with significantly improved lives, especially the poor.

9. **The I.T. sector in India started to expand from the 1990's.** There is energy and innovation in the technology sector. The wealth of talent continues to transform the digital economies of India, and markets around the globe.

10. **Technology is having a profound impact in India – e.g. in healthcare, education and creating jobs.** And, in particular, on young people. Luxuries like smart phones are becoming necessities. Social media is a driver of change in Indian society, especially in urban areas. Young people will drive the consumer economy, growth and innovation.

11. **Farmers are using smartphones to protect their crops and earn better prices for their produce.** Drones are helping to save endangered animals and protect forests. The Internet of Things is enabling improvements in care for the elderly. Technology protects wildlife and landscape like never before.

12. **The Digital India Programme, a flagship initiative, aims to make mobile connectivity available to large parts of India.** Digital technology is increasingly embedded in how Indians live, work and play. The best is yet to come.

13. **Rapid development of any economy, including India, depends on three or four interlinking factors, much like legs of a stool.** If one is weakened or badly developed stability and support diminish. For India the legs are 1) Human capital 2) The State 3) Creating markets 4) Preserving political stability.

14. **Human capital: Every measure (nutrition, education, health) over the last 70 years has improved.** But, remains far behind its potential rivals, notably China. Recent efforts with welfare, right-to-education policies and mid-day meal services are well-intended, but remain insufficient. Much depends on State action, not Centre. However, the government's interest in this leg appears limited.

15. **The state needs to be an "enabler" by creating right conditions for India to grow.** But are problems of corruption, inefficiency, lack of administrative reform, lack of capacity too great? Is the State attempting to do the most useful things (run efficient courts, providing laws and regulations, quickly upgrading infrastructure, encouraging democracy) or distracted to do things better performed by private sectors (running airlines, coal companies etc.)?

16. **Creating Markets: Rapid growth and wealth creation requires allowing private actors follow incentives to seek profits and prosper.** Private firms have brought great successes in recent years. However, despite progress from the 1991 reforms too many restrictions and half measures remain, e.g., inefficient markets in agriculture, too many restrictions on investors. Further structural reforms required: to scrap labour laws, scrap state influence on banks, end questionable or "crony capitalism" loans to politically favoured borrowers.

17. **Preserving political stability: growth requires predictable courts, political calm and avoiding violence.** International investors are alert to evidence that intolerance will damage growth prospects. India has built secular and democratic advantages that are looked up to by many. This should be preserved for India's continued advantage.

⇒ **INDIA AT 80:** What needs to be done? Faster economic liberalisation, empower women more, open up education sector to foreign institutions, speed up judicial process, improve state capacity: police and speedy and just enforcement of laws.

Outlook for Indian financial markets:

1. Asia is in an uptrend and the west is in a downtrend;
2. Demographics are an important driver. Good in India, but poor in the West;
2. India is stronger than western markets and has been up 600% since 2002;
3. Share valuations are still attractive in India. In the past the Indian market ranged on a PE of between 15 and 25 during the time that it grew slower than China. Now that it is the best grower at 7.2% it should stay in a range of 18 to 27;
4. When euphoric the P/E has been as high as 30. The chart indicates the SENSEX can go to 35,000 to hit the top trend line of its current trend lines;
5. Oil will be weak and going lower. Modern technology enables fracking, which will drive down the price of oil. This is of great benefit to India which imports about 80% of its oil needs;
6. Many global investors will wish to diversify internationally and into markets like India. Money should flow from the west to India. It is still under owned by international investors.

⇒ **The Chairman remarked while "setting the scene" for the panel speakers' views that India was on a journey of economic catch-up which would unfold over the next 20-25 years.** Pent-up aspirations of people meant that unrealistic expectations had built up of changes that could be delivered by the new Government in the first three years. But time is required – the Government's mandate is for 5 years and not just for three. **OVERALL, THE MOOD IS OPTIMISTIC THAT THE BEST IS YET TO COME, ALTHOUGH THE MOVE UPWARDS WILL NOT BE IN A STRAIGHT LINE. AND CHALLENGES WILL ABOUND.** [Photos of seminar on pages 3 to 6.](#)



HE Mr Y.K. Sinha, Keynote Speaker and Deepak Lalwani



Below: Networking lunch before the seminar started



All photographs by: Raj D. Bakrania





Above: Keynote Speech by HE Mr Y.K. Sinha

Below: Welcome remarks by Chairman, Deepak Lalwani





Above and below: Attendees at the seminar





Networking lunch



Speakers: L-R: Adam Roberts, Lord Bilimoria, (Chairman) Deepak Lalwani, Robin Griffiths, Gurcharan Das, Shankar Nrarayanan



**DISCLAIMER**

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11TH ANNUAL INDIA SEMINAR

LONDON, 15 JUNE 2017



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11TH ANNUAL INDIA SEMINAR

"INDIA AT 70: IS THE BEST YET TO COME?"

(CHATHAM HOUSE RULES APPLY FOR REPORTING)

Date and Time: Thursday, 15 June 2017 11.00am - 2.30pm

(Doors open 11am. Sandwich lunch from 11.30am – 12.30pm. Seminar from 12.30pm - 2.30pm)

Venue: The Livery Hall, Guildhall, London EC2V 7HH (Entrance 71 Basinghall Street)
(Nearest tube: Bank, Moorgate or Mansion House. All about 5 minutes walk away)

Welcome by Seminar Organiser: Deepak N. Lalwani OBE, Lalcap Ltd

Keynote Speaker: H.E. Mr Y.K. Sinha, High Commissioner of India to the UK

Followed by speakers covering:

- Update on Indian politics, economy and pace of reforms
- Problems and promises of fast-growing India and how it might reach its full potential
- How is technology and digitalisation transforming India?
- The Indian consumer: how demographics is driving economic growth
- Indian financial markets: A bull market ahead? Drivers and risks
- Is India being transformed?

Speakers:

- **Lord Bilimoria CBE, DL**, House of Lords, Chairman, Cobra Beer Partnership Limited, Chancellor of the University of Birmingham
- **Gurcharan Das**, Author, commentator, thought leader and former CEO of Procter & Gamble India
- **Robin Griffiths**, Chief Technical Strategist, ECU Group
- **Shankar Narayanan**, Vice President and Country Head for TCS, UK & Ireland
- **Adam Roberts**, Ex- South Asia Bureau Chief, New Delhi, The Economist

Chairman: Deepak N. Lalwani OBE, Lalcap Ltd

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11TH ANNUAL INDIA SEMINAR

LONDON, 15 JUNE 2017



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Seminar organiser: LALCAP LTD

Event Partners:





KEYNOTE SPEAKER:

H.E. MR Y. K. SINHA, HIGH COMMISSIONER OF INDIA TO THE UK



- His Excellency Mr. Y.K. Sinha is a seasoned diplomat with a distinguished career spanning over 35 years. He holds the rank of Secretary to the Government of India
- Before coming to the UK, Mr Sinha was High Commissioner of India to Sri Lanka from June 2013 to December 2016
- Prior to this, he was Additional Secretary and headed the important Pakistan-Afghanistan-Iran Division at the Ministry of External Affairs, New Delhi for almost four years
- He has handled several important assignments at the Ministry of External Affairs, New Delhi and in Indian diplomatic missions in South Asia, the Middle East, Europe, South America and the Permanent Mission of India at the United Nations in New York where he handled the issue of UN Security Council reforms
- Mr. Sinha has represented India at numerous international and regional conferences and meetings
- Mr Sinha began his schooling in Chesham (UK) and finished at St. Michael's High School, Patna. He graduated with Honours in History from St. Stephen's College, Delhi and also did his Masters in History from Delhi University.



11TH ANNUAL INDIA SEMINAR

LONDON, 15 JUNE 2017



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SPEAKERS:

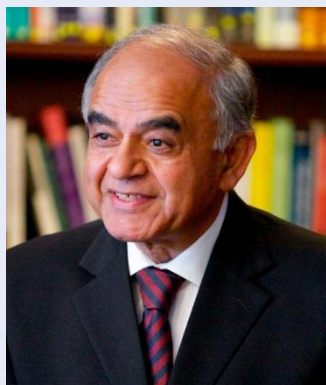
LORD BILIMORIA, HOUSE OF LORDS, CHAIRMAN OF COBRA BEER PARTNERSHIP LIMITED AND CHANCELLOR OF THE UNIVERSITY OF BIRMINGHAM



- Karan Bilimoria is the founder of Cobra Beer, Chairman of the Cobra Beer Partnership Limited, a Joint Venture with Molson Coors, and Chairman of Molson Coors Cobra India
- In the Monde Selection, one of the most prestigious quality awards in the world for beer, the Cobra range has collectively been awarded a total of 88 Gold medals since 2001, making it one of the most awarded beers in the world
- In 2006, Karan Bilimoria was appointed the Lord Bilimoria of Chelsea, making him the first ever Zoroastrian Parsi to sit in the House of Lords
- He is the Founding Chairman of the UK India Business Council, a Deputy Lieutenant of Greater London, a former Chancellor of Thames Valley University (now the University of West London); he was the youngest University Chancellor in the UK when appointed
- He is a founding member of the Prime Minister of India's Global Advisory Council
- Lord Bilimoria qualified as a Chartered Accountant with Ernst & Young and graduated in law from the University of Cambridge.

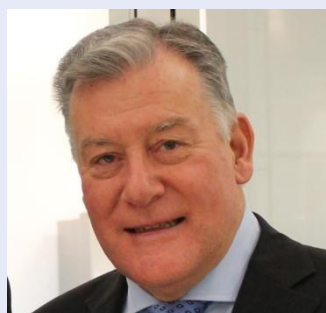


GURCHARAN DAS, AUTHOR, COMMENTATOR AND THOUGHT LEADER, NEW DELHI



- Gurcharan Das is an author, commentator, thought leader and former CEO of Procter & Gamble India
- After heading Procter & Gamble India and South East Asia, he became Managing Director, Procter & Gamble Worldwide (Strategic Planning). At 50, he took early retirement to become a full time writer
- His international best-seller, *India Unbound*, is a narrative account of India from independence to the "global information age", and has been published in many languages and filmed by BBC
- He is a regular columnist for six Indian newspapers in English, Hindi, Telugu and Marathi. He writes periodic pieces for the *New York Times*, *Wall Street Journal*, *Financial Times*, *Foreign Affairs*, and *Newsweek*
- His other literary works include *Larins Sahib*, a prize-winning play about the British in India, which has been presented at the Edinburgh Festival
- Gurcharan Das graduated with honours from Harvard University in Philosophy. He later attended Harvard Business School (AMP), where he is featured in three case studies.

ROBIN GRIFFITHS, CHIEF TECHNICAL STRATEGIST - ECU GROUP, LONDON



- Robin Griffiths is Chief Technical Strategist at ECU, a role he previously performed at HSBC Investment Bank for 20 years
- After that he became Head of Global Asset Allocation at Rathbones, and then a director and technical strategist for Cazenove Capital Management.
- Robin was a Partner of WI Carr and Head of Technical Analysis at Grieveson Grant
- Robin is a committee member and former chairman of the international Federation of Technical Analysts, and former chairman, now fellow, of the British Society of Technical Analysts
- A keen sailor, in 2013 Robin fulfilled his dream of sailing around the world
- Robin has been a member of ECU's Global Macro Team for over twenty years.



SPEAKERS (CONTINUED)

SHANKAR NARAYANAN, VICE PRESIDENT AND HEAD – UK & IRELAND, TATA CONSULTANCY SERVICES



- Shankar Narayanan serves as the Vice President and Country Head for TCS, UK & Ireland, which is the company's second largest country operation worldwide
- He is responsible for driving business strategy and operations for the region which comprises over 12,000 employees, working with over 150 clients, including 38 of the FTSE 100 companies in the UK
- Shankar spent considerable time in establishing TCS' leadership position in Retail & Consumer Goods in UK & Continental Europe
- Shankar serves on the Board of Tech Partnership which is the network of employers collaborating to create the skills for the UK digital economy. He also serves as the Co-Chairperson of the Confederation of Indian Industry (CII)'s India Business Forum UK Chapter
- He joined TCS in 1993 and has since then held several key leadership positions in the company handling operations and management portfolios working in India, US, UK, Sweden and the Netherlands
- Tata Consultancy Services Limited (TCS) is an IT service, consulting and business solutions company with its H.Q. in Mumbai, India. It is a subsidiary of the Tata Group and operates in 46 countries. TCS is one of the largest Indian companies by market capitalization (£60 billion). TCS is now placed among the 'Big 4' most valuable IT services brands worldwide. In 2015, TCS was ranked 64th overall in the Forbes World's Most Innovative Companies ranking, making it both the highest-ranked IT services company and the top Indian company. TCS is in the top 5 of IT services providers in the world.



SPEAKERS (CONTINUED)

ADAM ROBERTS, EX-SOUTH ASIA BUREAU CHIEF, NEW DELHI, THE ECONOMIST



- Adam Roberts has been staff correspondent at The Economist since 1998 with postings in London, Johannesburg, Delhi and now Paris
- He was South Asia bureau chief of The Economist, 2010-2015, based in New Delhi
- He was author of two Economist "special reports" on India (2012 and 2015)
- He is author of "Superfast Primetime Ultimate Nation: the Relentless Invention of Modern India" (2017), Public Affairs/Profile Books
- Adam spent five years travelling the length and breadth of India from Kerala to the Himalayas, Bengal to Gujarat. As he encountered the power brokers, gate keepers, and elaborate social dynamics of the world's largest democracy, he asked if--and how--India can become a truly great economic power, more influential abroad and stable at home. He met prime ministers, multimillionaires, travelling salesmen, pilgrims, eco-warriors, farmers, and tech innovators, each wrestling with the trials posed by the world's most conspicuously nearly great power. He experienced an immense country that, despite daunting challenges, is entering the most optimistic period in its modern history
- Through vivid storytelling and insight, Superfast Primetime Ultimate Nation examines the problems and promises of fast-growing India to reveal how it might reach its full potential and become a truly powerful nation. Book launch in USA and UK in April 2017.



11TH ANNUAL INDIA SEMINAR

LONDON, 15 JUNE 2017



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CHAIRMAN:

DEEPAK LALWANI OBE , CHAIRMAN, LALCAP LTD, LONDON



- Deepak was born in Bombay, India and is Founder of Lalcap Ltd, a London based consultancy specialising in doing business with India. He has specialised on India investments for 20+ years
- Prior to setting up Lalcap he was Director - India at London stock broker, Astaire, where he worked for over 16 years
- He was Consultant-India at stock broker WH Ireland from 2011 - early 2015
- An accountant by training, and a Chartered FCSI, he was elected as a member of The London Stock Exchange 30 years ago - being only one of two persons from India to join as a member
- For over 22 years Deepak has authored the influential "India Report", which is distributed to key decision makers globally. He is a regular commentator on India in the media. He is a guest speaker on India at MBA programmes of major UK business schools
- Deepak has a great passion to strengthen UK-India business ties and deepen goodwill. In 2010 he received the OBE in the UK and two prestigious awards from India.