

Input 27.05.2017

Good afternoon

Last week I did took the chance to collect both educational and enriching impressions in Mumbai and Chennai, respectively learned on this investors factfinding trip, that India seems to be ready to move forward faster than ever. Both airports do appear as spaceship in the landscape and the city skyline consists of elegant high rise building. Please let me just share some takeaways with you, and hopefully you will find the time to read the links indicated for deeper information, and additional facts.

Innovation and implementation of «industry 4.0» is the name of the game, combined with the sharepower of population and focus on domestic growth. Rural areas contribute to 2/3 of the economy. The social gap is enormous but innovation will allow big steps. Annual growth rate is above 7%. The Gross Domestic Product per capita in India was last recorded at 1751.70 US dollars in 2015. The GDP per Capita in India is equivalent to 14 percent of the world's average. <http://www.gapminder.org/> remains one of the best links to illustrate this fact.

My general observations were, that

- Corporate Cultures feel dynamic, many companies use open office spaces and employees work with Notebooks, which are consequently connected to modern cloud technology, https://en.wikipedia.org/wiki/Cloud_computing
- Despite high interest rates the outlook for inflation remains controlled, and it was **most interesting to learn, that physical gold has lost its attraction among indian investors.**
- **Consumers are online on their mobile devices**, internet seems outdated versus various Apps,
- Business Owners are called **Promoters** and are acting in the good old «patron style» with high social responsibility.

Consider the sequence of events in its **demonetization saga**. In November the government made a high-risk, high-stakes economic intervention in the world's largest democracy, with an objective to reduce corruption. Overnight, 86% of cash in circulation was voided. In a country almost 90% cash reliant, *chaos ensued*. As I said at the time, it was a *case study in poor policy and even poorer execution*. Four months passed. The country emerged with few obvious scars. Although the impact on corruption remains to be seen, Prime Minister **Narendra Modi's government** was rewarded with *victory in midterm state-level elections*, seen as a referendum on its unprecedented action. Two interesting links to this topic https://en.wikipedia.org/wiki/2016_Indian_banknote_demonetisation, and http://moderndiplomacy.eu/index.php?option=com_k2&view=item&id=2253:demonetization-and-its-impact-on-indian-economy&Itemid=137

Banking did discover Microfinance and for instance <http://www.capitalfirst.com> and <http://www.indusind.com> are focussed towards women. Digital cash is leading, ATM will be historical soon and every citizen does share his/her data in a Biometric. System; India's national ID program called *Aadhaar* is the largest biometric database in the world. It is a biometrics-based digital identity assigned for a person's lifetime, verifiable online instantly in the public domain, at any time, from anywhere, in a paperless way.

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It is designed to enable government agencies to deliver a retail public service, securely based on *biometric data* (*fingerprint, iris scan* and *face photo*), along with *demographic data* (*name, age, gender, address, parent/spouse name, mobile phone number*) of a person. The data is transmitted in encrypted form over the internet for authentication, aiming to free it from the limitations of physical presence of a person at a given place. About 550 million residents have been enrolled and assigned 480 million **Aadhaar national identification numbers** as of 7 November 2013. It aims to cover the entire population of 1.2 billion in a few years.

A leading company for the dual needs of India's infrastructure's increase of efficiency in networks and building new networks, such as e.g. the Metro in Mumbai, will be <http://www.texmaco.in/webfiles/>. Consequently cement where we met with the CEO of <http://www.ramcocements.in> - he did introduce us to the firm's outstanding self-developed MIS system, which does enable the management to control processes realtime; they do not accept internal presentation with numbers on powerpoint. Try to their casestudy on download.microsoft.com/.../23580_madras_cements_casestudy_f..

My personal conviction for equity related investments has not decreased's in opposite, stockpicking on global companies with solid balance sheet, sustainable business models and attractive dividend yields is a vital element to create value added in an liquid and long term oriented investment strategy.

Best wishes for a relaxing weekend

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