



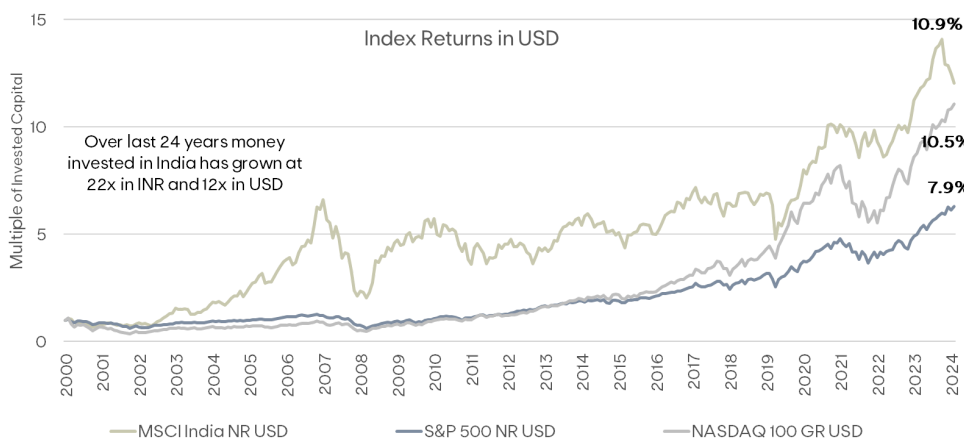
THE CASE FOR INDIA

India is the only large and stable economy with >10% nominal GDP growth, twice the global GDP growth. In the last 24 years, monies invested in the Indian equity market has grown at 22x in INR and 12x in USD, with this trend likely to continue. This is led by:

- Reforms - India's stable policy environment and ongoing reforms are setting the stage for sustained economic expansion.
- Consumption - is set to rise dramatically as more than one million Indians turn 18 every month, unlocking a new wave of spending power.
- Global Workforce - Young, talented, and highly productive—making up 21% of the world's working-age population.
- Physical & Digital Infrastructure Development - Digital transactions already exceed 90% of GDP, putting India ahead of many advanced economies.

India is cementing its position as a core and globally relevant market. As the country accelerates its economic expansion, it is on track to become the world's third-largest economy. With its scale and increasing integration into global supply chains, India is a great option for investors seeking high-growth opportunities in a rapidly evolving market.

India has outperformed all other key markets over the last 24 years



Source: Bloomberg, Factset, From 29th Dec 2000 to 31st January 2025

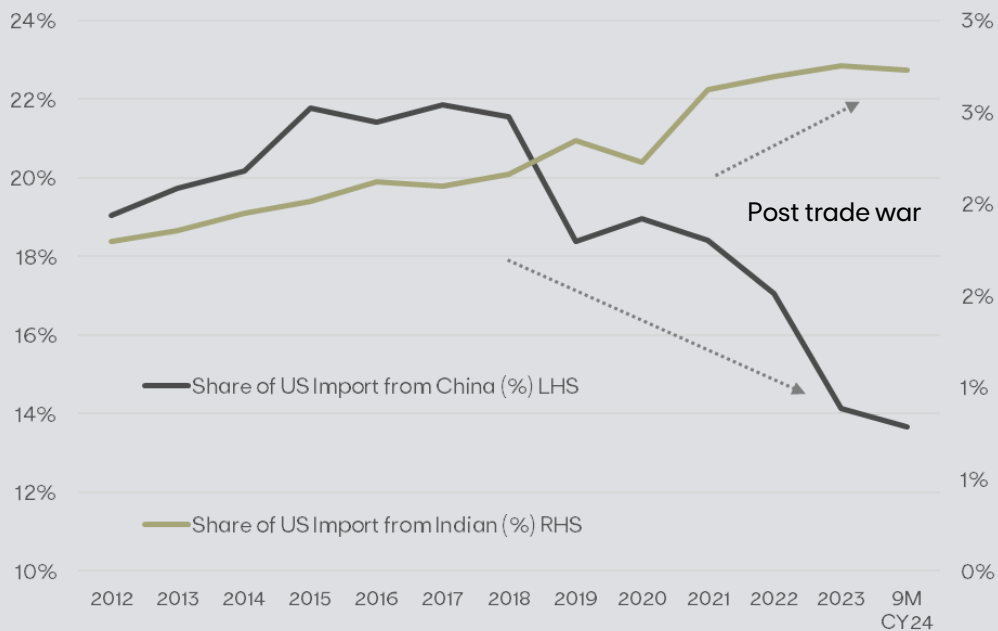




INDIA

A KEY PLAYER IN THE RE-GLOBALISATION TREND

India's economic trajectory closely mirrors China's during its early growth phase, with India's current GDP comparable to China's in 2008. Even at a nominal growth rate of 10%, India is set to catch up to China's 2011 GDP level by 2031 and reach China's 2024 GDP by 2040. This rapid expansion is fuelled by structural reforms, rising domestic consumption, and large-scale infrastructure investments, positioning India as the next global economic powerhouse. As India follows a similar path of industrialisation, urbanisation, and digital transformation, it presents a great investment opportunity with sustained high-growth potential.



Source: Spark Capital, 2025

India's influence is expanding as its economic contributions increase. Key indicators of this growth include:

- Foreign Exchange Reserves Rising – India's Foreign Exchange Reserves have risen to fourth largest in the world, now touching \$700bn.
- Higher Repatriations – India's Repatriations have reached USD129bn in 2024 – larger than GDP of many economies.
- Growing Exports – India is increasing its share of global trade by exporting more goods and services, further integrating into the global economy.



INDIA'S GROWTH STORY: DRIVEN BY STRUCTURAL REFORMS, NOT CYCLES

1

GST implementation - Standardise and simplify tax system reducing multiple tax rates and policies prevalent across states.

2

Bankruptcy laws - Bank bad asset ratio are down to <4% from 11% in FY18. Banks Tier 1 Capital at 15%, which is a record high.

3

Demonetisation - Moving away from a cash driven economy, which has led to much higher levels of income declaration and formalisation of the economy.

4

Inflation targeting - CPI has halved from 10% (2014). The economy is far more resilient against global inflation post Covid.

5

Digitalisation - The new Unified Payments Interface and unique digital identity (Aadhar Card) is driving fast digital payment adoption, while reducing subsidy leakage across the economy.

6

Real estate regulation - The Real Estate Regulatory Act of 2017 has helped cleanup the vast, unorganised property sector.



India is undergoing a transformative phase of infrastructure and urban development, creating a massive runway for long-term economic growth. With large-scale investments in roads, railways, airports, and smart cities, the country is rapidly modernising to support its expanding population and urbanisation trends. Additionally, digital infrastructure is advancing at an unprecedented pace, with digital transactions already exceeding 90% of GDP, positioning India as a leader in the digital economy.

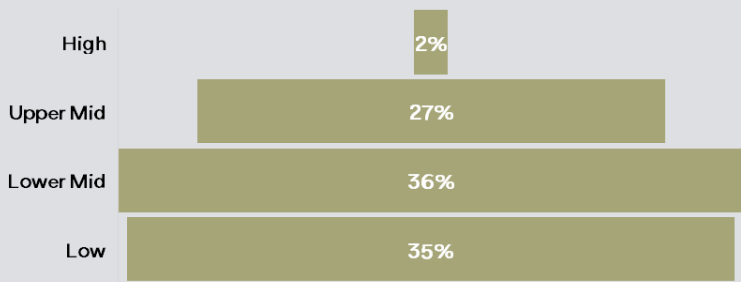


INDIA

SURGE IN WEALTH, RISING OPPORTUNITY

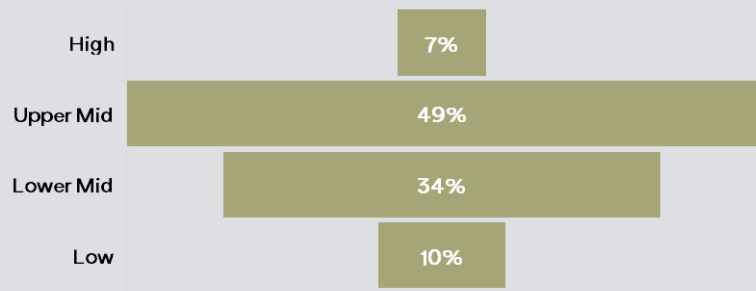
India's income pyramid is shifting, with high and upper-middle-income households set to grow from 29% to 56% by 2031, reaching a GDP per capita of \$10,000. Meanwhile, 1 billion people at the lower end will represent 12% of the global population and a \$3 trillion GDP, making it a top 10 economy on its own. This creates distinct economic cycles driven by the consumption trends of both upper-income and lower-income groups.

2021 Households by Income Distribution
Households: 295mn
GDP Per Capita: \$US2,278



■ Number of households: Low (102.8mn), Lower Mid (107.5mn), Upper Mid (78.5mn), High (6.2mn).

2031 Household by Income Distribution
Households: 360.5mn
GDP Per Capita: \$US5,171

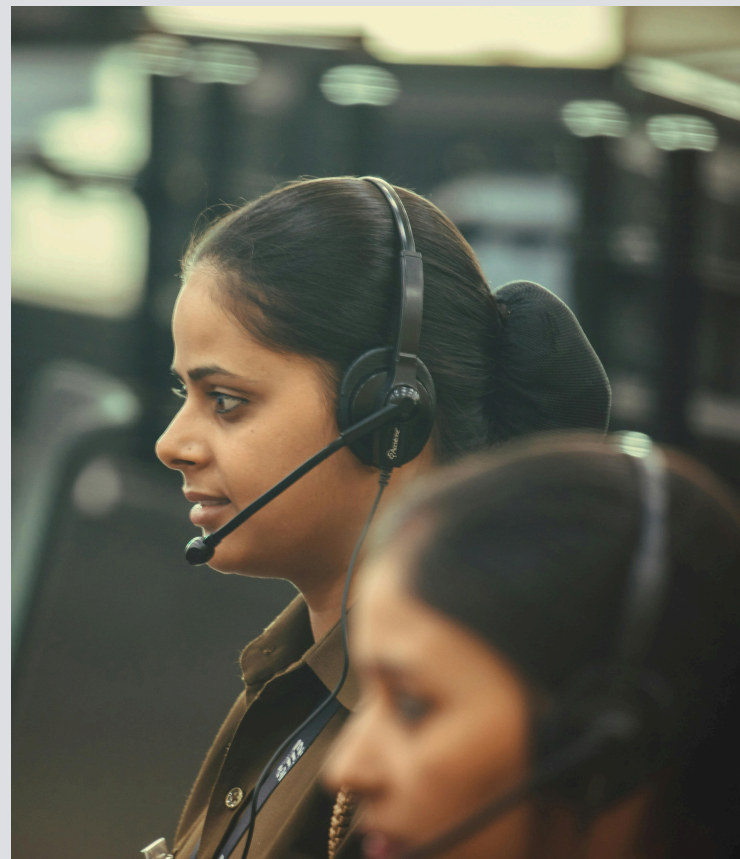


■ Number of households: Low (47.2mn), Lower Mid (122.7mn), Upper Mid (165.4mn), High (25.2mn).

Source: Euromonitor, Morgan Stanley Research, 2024

A young, growing, and productive labour market bolsters India's structural growth narrative

- With a median age of 28, India's labour market is one of the youngest in the world.
- Each year India adds around 12 million new workers to its labour force.
- Over the past decade labour productivity has grown at an average annual rate of 3%-4%, outpacing most emerging economies.

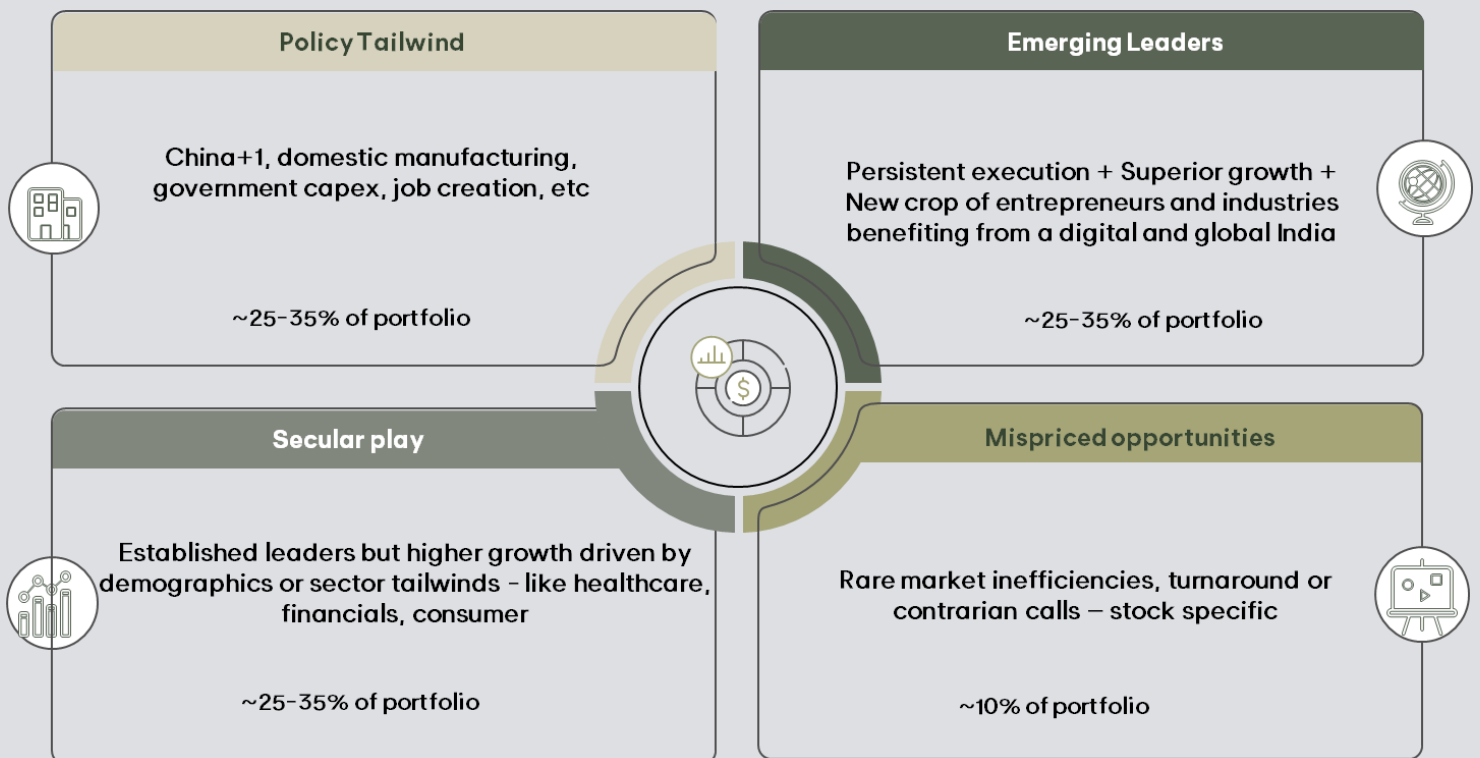




THE INVESTMENT OPPORTUNITY

India presents compelling stock selection opportunities across a wide range of sectors, driven by strong fundamentals and ongoing economic transformation. Ellerston Capital's investment approach focuses on bottom-up, research-driven analysis, free from bias toward specific styles, sectors, or industries. We recommend implementing a robust investment framework that identifies the best opportunities based on thorough analysis and long-term growth potential.

- Leverage India's structural growth via four key themes.
- Focus on undiscovered mid-small caps that provide higher alpha opportunities.
- Target high-quality, high-growth companies with leadership positions in less discovered sectors.
- Stay nimble, adjusting as needed to capitalize on opportunities.
 - Move up or down the risk/return curve to capture higher alpha with minimal downside risk.
 - Avoid pitfalls such as weak business models, unreliable promoters, business volatility, and regulatory interference.





Ellerston Capital

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