

GCC – India Corridor

Investment Opportunities and Challenges

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Table of Contents

1.	EXECUTIVE SUMMARY	6
1.1	Scope of the Report	6
1.2	GCC Investment Landscape.....	6
1.3	Indian Investment Landscape.....	7
2.	THE GCC-INDIA ECONOMIC TIES	8
2.1	Investment Flows	8
2.2	Ease of Doing Business	16
2.3	Recent Strategic Developments	17
3.	GCC INVESTMENT LANDSCAPE	20
3.1	Growth Drivers	20
3.2	Investment Challenges	26
3.3	Opportunities for the Indian Investors in the GCC	28
4.	INDIAN INVESTMENT LANDSCAPE	35
4.1	Growth Drivers	35
4.2	Investment Challenges	38
4.3	Opportunities for the GCC Investors in India	40
	PROFILES OF GCC COMPANIES IN INDIA	47
	PROFILES OF INDIAN COMPANIES IN THE GCC	54

H.E. Hamad Buamim, President and CEO, Dubai Chamber of Commerce and Industry answers Alpen Capital's questions on investment drivers and opportunities in the UAE and India

What are some of the factors that make UAE a leading investment destination for Indian companies?

- *There are several factors that make the UAE an attractive market for Indian businesses and investors. The UAE is an ideal partner for India as a re-export hub with strong links across the Middle East, Africa and Europe. Indian businesses benefit from the UAE's strategic location, and the growing number of direct flights between the two countries has helped facilitate bilateral trade and investment over the years. These strong trade links enable access to a large Indian expat population (over 2 million), which is increasingly seeing rising demand for property, products and services.*

Could you list some initiatives that help promote the growth of trade and capital flows between India and the UAE?

- *The Comprehensive Strategic Partnership and the 13 other agreements that were recently signed between the UAE and India have the potential to significantly boost cooperation across several sectors and areas, including defense, energy, maritime transport, infrastructure, agriculture, and security.*
- *The visit of H.H. Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces to India earlier this year laid the foundation for more long-term partnerships, which will help the UAE and India meet their shared goal of boosting bilateral trade by 60 percent over the next five years.*
- *The UAE Cabinet's recent decision to grant Indian passport holders who hold a valid US visa or a green card a visa on arrival was another positive development as it eliminates barriers to trade, improves ease of doing business, and supports the UAE's strategic goal to enhance and expand its economic and political ties with India.*
- *As part of its international expansion strategy, Dubai Chamber will open a new representative office in India later this year. By establishing a presence in this massive market, we can also better assist companies and investors in that market that want to trade with the UAE and expand their footprint in the GCC, Africa and Europe, by leveraging Dubai's status as a trade hub.*

This strategic move supports our efforts to expand our members' footprint in this promising markets, and will likely boost UAE-India non-oil trade which has risen steadily over the last few years to reach \$36 billion in 2016.

What are some of the advantages for Indian companies setting up in the UAE?

- *The UAE offers plenty of incentives and advantages to Indian companies, such as 100% foreign ownership, an ideal and strategic location, world-class infrastructure, an investor-friendly business environment, and attractive free zones. As a major exporter of products and goods, Indian businesses stand to benefit from Dubai's strategic location and easy access to Africa and Europe. The UAE has a strong expertise in logistics and aviation, sectors that could support and improve businesses' supply chains, in addition to expanding their reach to new customers.*
- *The number of Indian companies registering with Dubai Chamber has grown rapidly over the years and currently exceeds 37,000, which shows the attractiveness of the Dubai market to Indian businesses. The geographic proximity between India and the UAE and the extensive direct air connections between the two countries are both quite important factors*

as they help facilitate economic cooperation and encourage businesses on both sides to explore new trade and investment opportunities.

Which sectors are the most promising for Indian companies looking towards UAE?

- The UAE's trade, tourism, infrastructure, retail and real estate sectors are among the most attractive for Indian companies and investors. Many of the largest and most successful retail firms the UAE have been launched by Indian entrepreneurs and these brands have expanded regionally and globally. In addition, Indian nationals were the largest non-GCC buyers of Dubai property in 2016 as they invested \$3.2 billion into the market.
- Expo 2020 has created plenty of opportunities to invest in infrastructure, real estate and tourism-related projects, while the mega event will also provide Indian companies with a platform to showcase their capabilities to a global audience of more than 25 million visitors.
- Going forward, the UAE and India have a huge opportunity to build on these synergies and boost collaboration in new areas such as fintech, blockchain, smart city solutions, food processing, renewable energy, medical tourism, pharmaceuticals, and innovation-focused projects.

What sectors and opportunities in India offer the most potential for UAE-based companies and investors?

- As one of the world's fastest-growing economies, India offers a plethora of exciting trade and investment opportunities which businesses in UAE stand to benefit from. Many UAE investors are increasingly focusing their attention on India's infrastructure sector, as the country rapidly develops to meet the needs of a fast-growing population with rising incomes.
- The establishment of the UAE-India Infrastructure Investment Fund is expected to see the UAE invest \$75 billion into India's major infrastructure projects, including railways, ports, roads, airports, and industrial parks. India's government has put policies into place that aim to position the country as a manufacturing hub for pharmaceutical and medical products under the "Make in India" initiative, which is another high-potential area where UAE businesses can explore new trade and investment opportunities.
- Earlier this year, Dubai Chamber led a high-level delegation of UAE-based businesses and investors to Mumbai and Ahmedabad as part of our Global Business Forum roadshow to India. The trade mission was an ideal opportunity for UAE businesses to learn more about India's business environment, connect with private and public sector stakeholders, discuss concrete business prospects, and better understand some of the main challenges associated with setting up in the country.
- The Chamber regularly hosts delegations from India, and organises seminars, and networking events to highlight the trade and investment potential in the Indian market and connect UAE companies with potential business partners. We plan to devote more resources and focus to this promising market once our international office in India is established. The office will aim to build on progress that has been achieved thus far, and ultimately work towards new partnerships that will bring about mutual benefits and economic growth.

H.E Navdeep Suri, Ambassador of India to the United Arab Emirates answers Alpen Capital's questions on investment drivers, challenges and opportunities for the UAE investors in India

What are some of the factors that make India a leading investment destination for UAE companies?

- *I would say that there are at least three important factors. First, India is the only major country that offers a combination of scale, stability and growth. Despite occasional hiccups, the fundamentals remain strong and this fact is widely recognized. Second, sovereign funds like ADIA, ADIC and Mubadala and indeed some of the major private funds represent a very large pool of capital that is seeking secure and competitive returns. And third, following the meetings between Prime Minister Modi and HH Sheikh Mohammed Bin Zayed Al Nahayan and the signing of the strategic partnership agreement, there is a very positive political climate to make India a leading investment destination for UAE.*

Could you list some initiatives that help promote the growth of trade and capital flows between India and the GCC?

- *India is already UAE's largest trading partner and non-oil trade last year stood at \$ 52 billion. UAE is also the third largest trading partner for India. So we can say that there is a very robust trading relationship and we are working to grow it further through our engagement with major business chambers and private groups and also by participating in some of the leading trade events.*
- *On the investment side, we are focused on removing some of the real or perceived obstacles to investment and pro-actively working on a credible shelf of projects that can be offered to UAE investors. You will see tangible progress in the coming months.*

What are some of the advantages for UAE companies setting up in India?

- *They are in close proximity to one of the world's largest and most dynamic economies and are poised to become partners in India's growth story. They also have the advantage of knowing India well. In addition, the significant pool of top level Indian professionals in UAE becomes a natural advantage for UAE companies setting up operations in India.*

Which sectors are the most promising for UAE companies looking towards India?

- *We are seeing significant investments into infrastructure sectors like ports, airports, logistics hubs and renewable energy. We also see companies moving into the retail, hospitality, healthcare and tourism sectors. I expect these trends to strengthen significantly in the coming years.*

What are the challenges facing UAE companies that want to set up in India?

- *There is no doubt that some UAE investors faced challenges on account of a difficult regulatory framework, excessive bureaucratic procedures or imprudent selection of local partners. But the government of Prime Minister Modi is committed to improving the ease of doing business, both at the central and state government levels. We have tied up with the World Bank to rank states on ease of doing business and this has sparked intense competition amongst the states to rise up the ladder. I am confident that this will take care of many of the challenges traditionally faced by UAE or other overseas companies. This is a good time for them to take note of the reforms like GST, bankruptcy law, move towards digital payments and a host of others that are poised to transform the Indian economy. This is a good time to invest in India, to go where the puck is headed rather than where you saw it.*

1. Executive Summary

The GCC nations and India are strengthening ties across cultural, trade, economic, defense and political areas. Bilateral trade continues to dominate the multi-billion dollar relationship, with capital flows accounting for less than 5%. Nevertheless, the investment flows are rising rapidly, as the regions recognize the growth prospects of each other. India, as a fast growing and emerging economy, is in the process of upgrading infrastructure, creating a digitally empowered society, increasing local manufacturing and enhancing energy production. On the other hand, the GCC is investing in infrastructure and economic diversification. Acknowledging the potential, the regions have held leadership level visits and talks in the recent years to explore new areas of cooperation. Amidst such developments, the investment flows between the regions witnessed a substantial increase during 2016. Investors from both the regions stand a chance to make the most of the emerging opportunities from the deepening partnership.

1.1 Scope of the Report

This report presents the state of economic relations between the GCC and India by analyzing the trend in investment flows and the strategic government initiatives to strengthen ties. It assesses the competitiveness of countries in ease of doing business and further identifies and discusses the potential sectors for cooperation and investment in both the regions. It also outlines the investment drivers and challenges in the regions. Lastly, the report profiles some of the prominent companies in the regions.

1.2 GCC Investment Landscape

Growth Drivers

- **Favorable Business Climate:** The GCC region offers a conducive environment for business with least demanding tax structure, low-cost electricity and natural gas, strong transport connectivity and investor-friendly free trade zones (FTZs).
- **Re-export Potential:** Due to their strategic location between the East and West, the GCC nations are seen as a gateway to the markets of wider Middle East and CIS countries. Subsequently, the UAE and Oman have developed themselves as re-export hubs and their potential is increasing with growing cross-border trade.
- **High Spending Power:** With an average GDP per capita (in PPP terms) of US\$ 61,559, most of the GCC nations rank amongst the top ten richest countries in the world. Although the prevailing economic slowdown is affecting spending power of the consumers, the situation is likely to improve in the long-term with intensifying revenue diversification measures.
- **Encouraging Demographics:** Between 2016 and 2021, the population in the GCC is expected to grow by 6.5 million individuals. The growing consumer base comprising young, diverse and digitally enabled population will boost domestic consumption. Moreover, the region is home to 8.5 million Indians (~16% of total population), making them a vital contributor to the region's economy. Several Indian entrepreneurs have established large business houses in the GCC.

Challenges

- The round of oil price meltdown has affected the oil-based revenue of the GCC countries. Subsequent austerity measures to shore up revenues have reduced government spending on infrastructure projects, consumer spending power and business activity in the region, thereby leading to a decline in investment inflows. Thus, a persistent weakness in oil prices coupled with measures such as the forthcoming introduction of value added tax (VAT) could impede investments.
- A limited pool of local talent, increasing emphasis on nationalization of jobs and high attrition rates are hindering the growth of labor-intensive sectors in the GCC. Other challenges to investments in the region include diplomatic rift with Qatar and rising interest rate.

Sector Opportunities

- The GCC is investing in infrastructure and economic diversification, thus drawing capital inflows in various sectors. Alongside, a favorable demographic mix has been attracting foreign investors to sectors like food, education, healthcare, financial services and tourism. The Indian investors have a competitive edge, due to the large diaspora, proximity to the GCC nations and rich expertise in the aforementioned sectors. Many Indian firms have established a strong foothold in such sectors in the GCC. A high dependency on imports of food and medicines, high incidences of lifestyle diseases and government emphasis on imparting skill-based education are the factors promising growth in the above sectors.
- Sectors presenting scope for Indian investors include oil & gas, food processing, education, healthcare, cement, tourism & hospitality, real estate, infrastructure, financial services and information communication and technology (ICT).

1.3 Indian Investment Landscape

Growth Drivers

- **Demographics:** India has a large consumer market with a population above 1.3 billion in 2016, which is estimated to increase by over 88 million individuals by 2021. Not only is the sheer size an advantage, but also the factors like diversity, age distribution, gender mix and urbanization that are driving consumption.
- **Economic Growth:** The spending power in India is also rising, owing to a rapidly growing economy. The country's real GDP is anticipated to grow at an annualized rate of 7.7% by 2021, making the country a prominent consumer goods market.
- **Structural Changes:** The Indian economy is transforming, given the rapid pace of reforms such as easing of FDI policies, financial inclusion and the introduction of a unified tax structure. The government has also undertaken initiatives like Make in India, Startup India and Digital India to draw investors across sectors.

Challenges

- In India, investors sight the underdeveloped infrastructure as a major obstacle. Although several infrastructure projects are underway, the timely execution within the budgeted cost would be the key to fast-tracking developments.
- Labor reforms are essential to attract investments in India. Frequent protests by labor unions have disturbed industrial operations and triggered losses in the past.
- A multi-layered government structure has led to lack of uniform policies and procedures across states and perennial elections have affected policymaking.
- The newly introduced tax structure may affect investments in the short-term, as foreign investors may take time to decode the new law and rules.

Sector Opportunities

- India also presents a significant opportunity for the GCC-based investors in consumer-driven sectors driven by its huge domestic consumer base. The government is attracting investments across sectors by relaxing FDI limits, easing investment policies and establishing free trade zones. Additionally, the country has entered into cooperation agreements with the Gulf economies to explore investment opportunities in various sectors. With several investors having already committed investments, the relationship bodes well for the further flow of capital in the country. The ICT sector in India also offers huge potential for investors, given the ongoing digital transformation and mushrooming start-ups.
- The sectors offering investment opportunities in India include infrastructure, food processing, ICT, healthcare, financial services, aviation and oil & gas.

The immense collaboration opportunities and growing domestic consumption would fortify business relations between the GCC and India. As a fastest growing economy with 1.3 billion consumer base, India offers a spectrum of opportunities. On the other hand, the presence of an affluent and diverse consumer base, alongside the economic diversification efforts, present great potential for Indian firms in the GCC.

Relations between India and the GCC are maturing beyond trade, as they realize the potential of strategic cooperation

To provide a conducive business environment, the GCC governments liberalized FDI and trade policies, created duty-free zones and are constantly developing infrastructure and logistics

2. The GCC-India Economic Ties

Relations between India and the GCC are maturing beyond trade, as they realize the potential of strategic cooperation with their respective 'Look West' and 'Look East' policies. Bilateral trade continues to play a key role in the association with the value of such trade reaching US\$ 97.0 billion during the fiscal year ended March 2017¹. While India sources a sizable chunk of its energy requirement from the GCC, the member nations – home to nearly 8.5 million Indians² – have a large market for Indian products and services. The increase in visits by high-level dignitaries in the last three years, supplemented by the signing of cooperation agreements in various areas, is a testament to the fortifying relationship between the regions. The flow of investments between the regions is likely to rise, given the improving ties and regulatory reforms.

2.1 Investment Flows

Foreign Direct Investment (FDI) plays a vital role in the economic development, even as investors get to capitalize on the growth prospects of a country. The GCC and Indian governments have undertaken several initiatives such as relaxing FDI norms and creating a business-friendly environment to attract foreign capital. The GCC countries are attracting foreign investors in a bid to intensify revenue diversification efforts. On the other hand, India is seeking investments in initiatives like Make in India, Digital India, Startup India Smart Cities and Skill India, and to fund its US\$ 1.5 trillion infrastructure development³. During 2016, the annual FDI from India to the GCC reached US\$ 2.9 billion, higher than US\$ 1.4 billion from the GCC to India. Even though negligible compared to the bilateral trade flows, investments between the regions have increased at a steady pace.

FDI into the GCC from India

The GCC nations have been able to self-fund their economic development through the wealth accumulated from the export of oil and gas. Nonetheless, foreign investments have remained imperative in diversifying revenue base, strengthening technological capabilities, improving export competitiveness and creating employment opportunities. The influx of expatriates from across the globe has carved a large market for international consumer products in the region. Consequently, substantial foreign capital has flowed into the region to capitalize on the consumer demand potential available across various sectors. To provide a conducive business environment, the governments liberalized FDI and trade policies, created duty-free zones and are constantly developing infrastructure and logistics. Some of the reforms introduced by the GCC countries in the last couple of years include,

- UAE – Introduction of a Bankruptcy Law for restructuring of distressed companies and expansion of minority shareholder's role and rights in company management;
- Saudi Arabia – Expansion of the domestic capital market for qualified foreign institutional investors (QFI) by allowing an individual investor to own up to 10% in a single listed company compared to earlier 5%⁴. The collective ownership of all foreign investors remains capped at 49%;
- Bahrain – Approval of 100% foreign ownership in various sectors⁵; and
- Qatar – Permitted foreigners to invest 100% of the capital required in a project across sectors through a local agent⁶.

¹ Source: Directorate General of Foreign Trade of India

² Source: "Population of Overseas Indians", Ministry of External Affairs of India, December 2016

³ Source: "India needs \$1.5 trillion for infrastructure, Arun Jaitley says", The Times of India, June 26, 2016

⁴ Source: "Rules for Qualified Foreign Financial Institutions Investment in Listed Securities", Capital Market Authority of Saudi Arabia, August 8, 2016

⁵ Source: "Investing in Bahrain", Bahrain eGovernment Portal

⁶ Source: "Qatar passes law approving 100% foreign investment", Arabian Business, October 20, 2016

Between 2011 and 2016, FDI in the GCC countries declined at an annualized rate of 9.4% to US\$ 17.9 billion

FDI from India into the GCC grew at a CAGR of 15.9% from US\$ 1.4 billion in 2011 to US\$ 2.9 billion in 2016

The countries are in the process of drafting additional policies to encourage FDI. The UAE and Oman are drafting a law to permit 100% foreign ownership in certain sectors, which is currently restricted to 49% and 70%, respectively⁷. Saudi Arabia is considering privatization of state-owned firms in 16 sectors to raise about US\$ 200 billion⁸. Qatar is charting a new public-private-partnership law to attract multi-billion dollar investments⁹.

While reforms are underway, geopolitical uncertainties and fall in oil prices have weakened investor confidence, thereby affecting capital inflows to the region. Between 2011 and 2016, FDI into the GCC countries declined at an annualized rate of 9.4% to US\$ 17.9 billion¹⁰. The drop was witnessed during 2012–2015, after which it registered an annual increase of 20.9% in 2016. The recovery is possibly supported by improving oil prices, intensified revenue diversification efforts and government measures to reduce fiscal deficit. The UAE and Saudi Arabia are the preferred hosts, having attracted 91.8% of the FDI in 2016¹⁰.

Investments from India to the GCC grow despite economic slowdown

In contrast to the overall decline in total FDI into the GCC, investments from India grew at a CAGR of 15.9% from US\$ 1.4 billion in 2011 to US\$ 2.9 billion in 2016¹¹ (see Exhibit 1). During the period, India's share of the total investments into the GCC increased substantially from 4.7% to 16.2%. Lack of energy resources at homeland, proximity to the GCC (which are connected to markets in Europe and Africa), the widespread Indian diaspora, well-developed infrastructure and low tax and interest rates are the major factors aiding investments. Indian investments in the GCC are largely driven by the non-resident Indians, who have set up retail, trading, manufacturing and services businesses.

Exhibit 1: Annual FDI into the GCC from India (US\$ million)

Country	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	CAGR (2011-2016)
UAE	1,341.4	1,463.3	1,798.2	1,449.8	1,540.2	2,464.5	12.9%
Saudi Arabia	26.1	2.4	269.2	196.0	12.6	236.2	55.3%
Oman	15.8	135.1	101.1	179.2	156.9	202.2	66.5%
Bahrain	8.2	1.6	2.2	9.6	12.5	6.0	-6.1%
Qatar	2.4	3.3	4.1	26.6	31.6	0.8	-19.9%
Kuwait	0.1	-	-	2.4	0.1	-	NM
Total FDI from India	1,394.0	1,605.8	2,174.7	1,863.7	1,753.9	2,909.6	15.9%
India's share in total FDI into the GCC	4.7%	5.9%	9.0%	7.8%	11.8%	16.2%	-
GCC's total inward FDI	29,384.4	27,189.4	24,289.7	23,853.6	14,811.4	17,910.8	-9.4%
India's total outward FDI	33,937.9	25,601.4	29,588.9	38,246.5	22,319.3	27,408.3	-4.2%
GCC's share in total outward FDI from India	4.1%	6.3%	7.3%	4.9%	7.9%	10.6%	-

Source: RBI, UNCTAD

Note: NM – Not Meaningful

⁷ Source: The UAE Ministry of Economy, Ministry of Industry and Commerce of Oman, Ithraa

⁸ Source: Qatar Ministry of Economy and Commerce; "Saudi Arabia's privatization plans", Reuters, May 16, 2017

⁹ Source: "Qatar plans new PPP law this year, private sector set to gain", Gulf Times, May 2, 2017

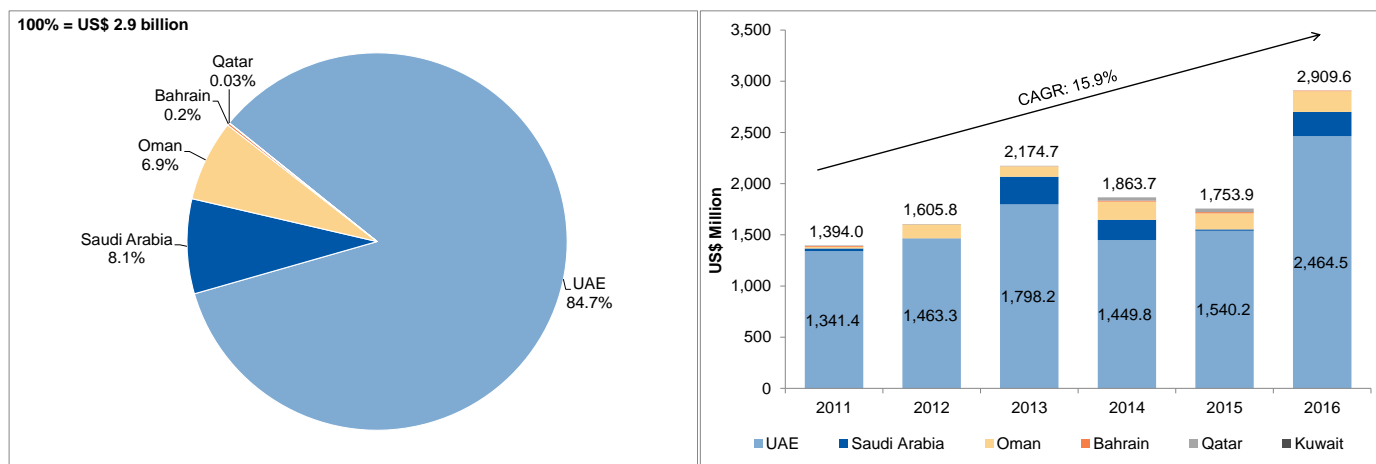
¹⁰ Source: UNCTAD

¹¹ Source: Reserve Bank of India (RBI)

Nearly 85% of the Indian investments into the GCC were in the UAE, with India regarded as the third largest investor in the Emirates after the UK and the US

Nearly 85% of the Indian investments into the GCC were in the UAE¹² (see Exhibit 2), with India regarded as the third largest investor in the Emirates after the UK and the US¹³. India shares deep bonds with the UAE owing to large trade exchanges and presence of 2.8 million Indian nationals across the Emirates. Business friendly regulations, tax-free environment, re-export potential and robust transport connectivity have attracted Indian businesses to the UAE. While Indian investments in the other GCC countries are less, the growing economic relations coupled with government efforts to liberalize the investment climate and develop non-oil sectors present huge scope for capital inflows. In the five years to 2016, FDI from India into Saudi Arabia and Oman has seen a remarkable growth¹² (see Exhibit 3). The increase is an outcome of the efforts undertaken by the countries to attract investors by holding leadership talks and business forums that showcase investment opportunities. Capital flows from India to Bahrain and Qatar have also grown over the years to 2015, however, dropped in 2016. Indian investments into Kuwait continued to remain miniscule. Nevertheless, investments are likely to grow as the long-term vision and strategic plans of the GCC nations aim at attracting more foreign investment. Saudi Arabia in its Vision 2030 targets to increase the contribution of FDI to GDP from 3.8% to 5.7%¹⁴. Under the National Development Plan to 2035, Kuwait intends to increase FDI by 300% and attract over KWD 400 million (US\$ 1.3 billion¹⁵) into information technology (IT), services and renewable energy¹⁶.

Exhibit 2: Share of GCC Countries in FDI from India (2016) **Exhibit 3: Trend in FDI into the GCC Countries from India**



Source: RBI

Source: RBI

The widespread Indian diaspora in the GCC has led to a sizeable number of businesses being set up by Indian entrepreneurs

Indian Companies Operating in the GCC

The widespread Indian diaspora in the GCC has led to a sizeable number of businesses being set up by Indian entrepreneurs and this is further topped up by penetration of many India-based companies in various sectors in the region. Indian companies have established their presence in the GCC countries by establishing units, entering into joint ventures with local companies, or setting up a branch or representative office. Organizations such as Saudi Arabian General Investment Authority, Dubai Chamber of Commerce and Industry, International Chamber of Commerce of Qatar, Oman Chamber of Commerce and Industry, Economic Development Board of Bahrain and Kuwait Chamber

¹² Source: RBI

¹³ Source: Federal Competitiveness and Statistics Authority

¹⁴ Source: Saudi Vision 2030

¹⁵ Converted at exchange rate of 3.274

¹⁶ Source: "Kuwait mobilises development efforts to transform Kuwait by 2035", Arab Finance, February 2, 2017

Over 37,000 Indian companies are registered with the Dubai Chamber of Commerce and Industry

The Sultanate hosts more than 2,900 Indian companies that have brought in investments worth US\$ 4.5 billion

of Commerce support foreign investors in setting up businesses in their respective countries.

UAE: The Emirates has been a preferred choice of establishing a business in the GCC, due to the favorable business climate, tax-free income, competitive FTZs, well-developed infrastructure and diverse population base. The leading Indian companies and banks that are operating in the UAE include Ashok Leyland, Axis Bank, Bank of Baroda (BOB), Britannia Industries, Dabur International, HCL Infosystems, ICICI Bank, IDBI Bank, Infosys, Indian Oil Corporation, JK Cement, Jindal Saw, Larsen and Toubro (L&T), Nagarjuna Construction, Punjab National Bank, Reliance Industries, Shapoorji Pallonji, State Bank of India (SBI), TATA Group, Tech Mahindra, Ultratech Cement and Zee Entertainment. Over 37,000 Indian companies are registered with the Dubai Chamber of Commerce and Industry, making them key contributors to the economy¹⁷. The FTZs host a large number of Indian businesses, with the Jebel Ali Free Zone, one of the largest FTZs in the country, being home to over 800 Indian companies.¹⁸

Saudi Arabia: Saudi Arabian General Investment Authority has issued 426 licenses to Indian companies, with an estimated investment of US\$ 1.6 billion¹⁹. The companies have been granted licenses for operating in sectors like construction, management and consultancy services, telecommunications and IT through joint ventures or 100% owned entities. Some of the renowned India-based companies in the country include Engineering Projects of India Ltd., Godrej & Boyce, L&T, SBI, Shapoorji Pallonji, Tata Consultancy Services (TCS), Telecommunication Consultancy India Ltd. (TCIL) and Wipro.

Oman: The Sultanate hosts more than 2,900 Indian companies that have brought in investments worth US\$ 4.5 billion²⁰, largely through the joint venture route. The major joint ventures include Bharat Oman Refineries Ltd., Jindal Shadeed Iron & Steel Co. LLC, Oman India Fertilizer Co. and Sebacic Oman. Additionally, several Indian companies are engaged in aviation, insurance, construction and engineering businesses in Oman. Many Indian banks and financial institutions including BOB, HDFC Ltd., ICICI Securities and SBI have also opened representative offices in the Sultanate.

Other GCC countries: While not much information is available on the number of Indian companies operating in the other GCC countries, many well-known Indian players have a presence in the region, particularly in construction, infrastructure and IT. Some of the India-based companies operating in Bahrain include BOB, Canara Bank, Chemco Group, Electrosteel, First Flight Couriers Ltd., ICICI Bank, JBF Industries, Kerala Institute of Medical Sciences, SBI, TCS and Tech Mahindra. The Indian companies who have entered Qatar include HCL Infosystems, L&T, Punj Lloyd, Shapoorji Pallonji, TCS, Tech Mahindra, Voltas and Wipro. Kuwait is home to Indian companies like Afcons Infrastructure, Aurobindo Pharma, Dodsai, Essar Group, Kalpataru Power Transmission, L&T, LIC Housing Finance, Punj Lloyd, Shapoorji Pallonji, Simplex Projects and TCIL.

¹⁷ Source: "Dubai Chamber Briefing Highlights India's Trade And Investment Potential", Dubai Chamber of Commerce & Industry, September 10, 2017

¹⁸ Source: "Jafza meets leading industrialists in India", Jebel Ali Free Zone, April 13, 2016

¹⁹ Source: Embassy of India in Riyadh

²⁰ Source: "India-Oman Relations", Ministry of External Affairs of India

According to a survey by the UNCTAD, India has emerged as the third most attractive FDI destinations for 2017–2019

FDI into India from the GCC

To keep the engine of one the world's fastest growing economy running, India has been taking necessary steps to attract FDI. According to a survey on World Investments Prospects by the United Nations Conference on Trade and Development (UNCTAD), India emerged as the third most attractive FDI destinations for 2017–2019²¹. Investors are looking to benefit from the large consumer base, availability of low-cost labor and ongoing regulatory reforms. The Indian government has relaxed FDI limits in various sectors to boost FDI. Exhibit 4 shows the revised FDI limits in various sectors.

Exhibit 4: Sector-wise FDI Limits in India

Sectors	FDI Limits
Asset Reconstruction, Telecom, Courier Services, Single Brand Retail, Defense, Pharmaceutical, Construction Development, Civil Aviation, Broadcasting Carriage Services and Food Products, Agriculture, Education, Railway Infrastructure, Plantation Sector, Duty-Free Shops, Tourism	100%
Private Banks, Credit Rating Firms	74%
Multi-brand Retail	51%
Petroleum Refining, Insurance, Tea Plantation, Power Exchanges, Stock Exchanges, Depositories, Pension, Private Security	49%

Source: Various Government Sites and Media Reports

Reforms have resulted in India receiving record FDI of US\$ 46.4 billion in 2016, translating into a CAGR of 6.0% since 2011

Such reforms have resulted in India receiving record FDI of US\$ 46.4 billion during the year ended December 2016, translating into a CAGR of 6.0% over the last five years²² (see Exhibit 5). Foreign investments into India have been substantially higher than the overseas investments from India, depicting the country's attractiveness as an investment destination.

Annual FDI from the GCC to India stood at US\$ 1.4 billion in 2016, translating into a five-year CAGR of 41.2%.

GCC investments into India increase, but remain miniscule

Annual FDI from the GCC to India stood at US\$ 1.4 billion in 2016, translating into a five-year CAGR of 41.2%²², faster than the FDI growth from India to the GCC. The rapid growth is mainly due to substantial inflows during 2016 across the GCC countries, barring Oman. The GCC share in total FDI into India has increased over the years, but still remains low at 2.9%. Investments by non-resident Indians (NRIs) in the GCC also play a major role in the investments into India. The stability of the Indian Rupee over the years have supported remittances to the country. Although relations are progressing, India has not received large investments from the GCC countries, except the UAE – the 10th largest FDI investor in India.

²¹ "World Investment Report 2017", UNCTAD; A business survey conducted by UNCTAD among multinational executives during the initial months of 2017

²² Source: DIPP of India

Exhibit 5: Annual FDI into India from the GCC (US\$ million)

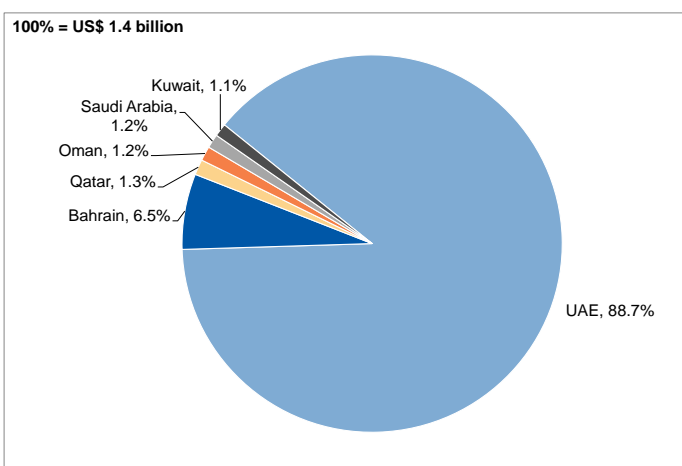
Country	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	CAGR (2011-2016)
UAE	225.5	268.2	288.6	279.3	521.2	1,199.5	39.7%
Bahrain	0.2	1.7	2.8	17.5	4.3	87.6	224.9%
Qatar	0.5	0.8	1.8	0.9	0.7	17.8	104.5%
Oman	10.6	10.3	4.2	14.3	50.8	16.8	9.5%
Saudi Arabia	2.2	7.4	0.4	9.6	8.6	16.1	49.0%
Kuwait	1.7	0.6	3.9	4.8	2.2	14.9	54.9%
Total FDI from the GCC	240.8	289.0	301.7	326.4	587.7	1,352.7	41.2%
GCC's share in total FDI into India	0.7%	1.3%	1.4%	1.1%	1.5%	2.9%	-
India's total inward FDI	34,621.0	22,789.0	22,038.0	28,785.0	39,326.0	46,402.0	6.0%
GCC's total outward FDI	26,791.2	16,918.9	39,907.0	14,376.4	32,303.2	26,745.9	-0.03%
India's share in total outward FDI from the GCC	0.9%	1.7%	0.8%	2.3%	1.8%	5.1%	-

Source: DIPP of India

Equity inflows from the UAE accounted for a lion's share (88.7%) of total FDI from the GCC into India

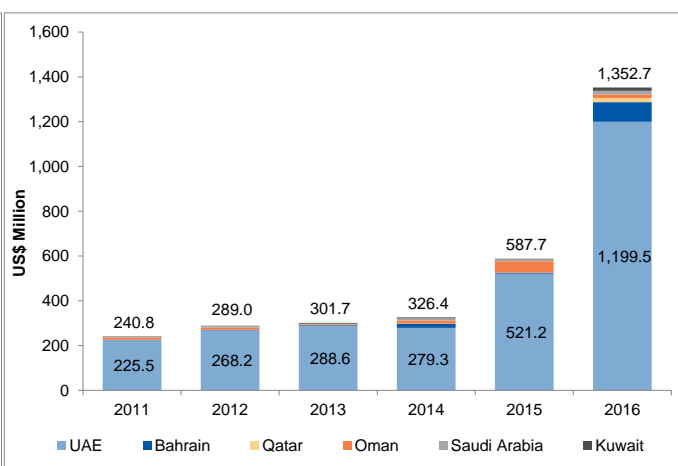
Equity inflows from the UAE accounted for a lion's share (88.7%) of total FDI from the GCC into India²³ (see Exhibit 6). FDI from the UAE more than doubled to US\$ 1.2 billion in 2016, resulting in a spike in the total investments from the GCC (see Exhibit 7). Bahrain also witnessed a substantial jump during the year. With combined sovereign wealth fund of US\$ 2.6 trillion²⁴, the GCC countries are an important source of investments for India. Qatar's sovereign wealth fund and other government-owned entities are exploring options to invest in Indian infrastructure. In February 2017, Qatar Holding disclosed plans to invest US\$ 250 million in an affordable housing fund in India²⁵. Even if direct investments from the GCC nations appear low, there are huge indirect investments made through international investment companies floated in countries offering tax breaks. In fact, tax havens such as Mauritius and Singapore contributed half of the FDI into India.

Exhibit 6: FDI into India from GCC Countries (2016)



Source: DIPP of India

Exhibit 7: Trend in FDI from the GCC countries into India



Source: DIPP of India

²³ Source: DIPP of India

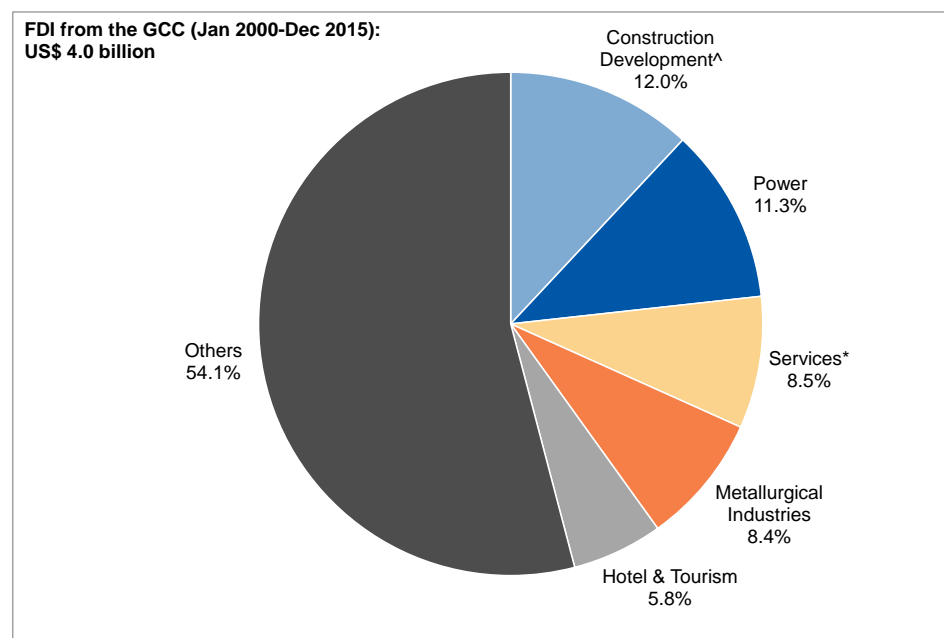
²⁴ Source: Sovereign Wealth Fund Institute

²⁵ Source: "Qatar Holding to invest \$250 mln in India affordable housing -fund manager", Reuters, February 6, 2017

The Indian construction development sector received the largest share of FDI from the GCC at 12.0%, followed closely by the power sector at 11.3%

During January 2000 to December 2015, the Indian construction development sector received the largest share of FDI from the GCC at 12.0%, followed closely by the power sector at 11.3%²⁶ (see Exhibit 8). Services, metallurgical industries and hotel & tourism were among the top five sectors that collectively secured nearly 46% of the total GCC direct investments into India. The UAE and India have established sub-committees to explore investment opportunities in sectors like infrastructure, energy, trade, manufacturing and technology, aviation and transport.

Exhibit 8: Sector-wise Cumulative FDI into India from the GCC



Source: DIPP of India

Note: Recent sector-wise annual data on FDI from the GCC is not available; [^]Includes townships, housing, built-up infrastructure and construction-development projects; ^{*}Includes financial, banking, insurance, non-financial / business, outsourcing, R&D, courier and technology testing analysis; The information on 'Other' sectors is not available

GCC-based Companies Operating in India

The number of GCC-based companies having set up presence in India is modest

Although India presents immense investments opportunities with abundant agricultural resources and consumer base, the number of GCC-based companies having set up presence in the country is modest. Some of the issues sighted by the investors include cumbersome regulations, complex tax structure and corruption. Some of the prominent GCC-based companies operating in Indian infrastructure and construction sectors include Construction Projects Holding Co., DP World, Emaar Properties and TECOM Investments. Additionally, Consolidated Gulf Co. and Zamil Industrial Investment Co. are engaged in engineering projects and Composite Pipes Industry LLC and Ras Al Khaimah Ceramics are operating in the manufacturing sector. The GCC-based banks that have established a presence in the Indian financial sector include Doha Bank, First Gulf Bank, Bank of Bahrain and Kuwait, Mashreq, Abu Dhabi Commercial Bank and Qatar National Bank, to name a few. Oman India Joint Investment Fund, a private equity fund backed by sovereign wealth fund of Oman and SBI, focuses on mid-market investments in India. Alternatively, few GCC-based companies have acquired stakes in Indian companies. One of the key

²⁶ Source: "FDI Synopsis on Country – Gulf Countries", DIPP; The sector-wise annual FDI data is not available

deals includes the US\$ 379 million acquisition of a 24% stake in India-based Jet Airways by Etihad Airways²⁷.

The top 25 GCC-based investors were largely from the UAE and a couple of them from Oman

Since January 2000 to December 2015, the top 25 GCC-based investors were largely from the UAE and a couple of them from Oman²⁸ (see Exhibit 9). The top five Indian companies that received investments from the GCC included Bharat Oman Refineries Ltd., Adani Power Ltd., Tata Steel Ltd., Satnam Enterprises Pvt. Ltd. and India Bulls Financial Services Pvt. Ltd.

Exhibit 9: Top 25 FDI from the GCC into India (Jan 2000-Dec 2015)

Name of Foreign Collaborator	Collaborator's Country	Name of Indian Company	FDI Inflows (US\$ million)
Multiple Investors*	UAE	Adani Power Ltd.	269.8
Oman Oil Co.	Oman	Bharat Oman Refineries Ltd.	261.9
Mahaboob Abdu	UAE	Tata Steel Ltd.	121.4
GSK Capital Group Ltd.	UAE	Satnam Enterprises Pvt. Ltd.	89.0
Crown Capital Ltd.	UAE	India Bulls Financial Services Pvt. Ltd.	67.4
Multiple Investors	UAE	IL&FS Transportation Networks Ltd.	49.7
Multiple Investors	UAE	Adani Transmission Ltd.	48.9
The Address Marina LLC	UAE	Emaar MGF Land Pvt. Ltd.	46.0
Dubai Ventures Ltd.	UAE	Bharat Hotels Ltd.	38.9
Axiom Telecom LLC	UAE	Convergem Communication (India) Ltd.	35.0
Multiple Investors	UAE	DB Realty Pvt. Ltd.	33.1
Istithmar PJSC	UAE	Spicejet Ltd.	32.7
Multiple Investors (amalgamation)	UAE	UltraTech Cement Ltd.	31.4
RAK Investment Authority	UAE	ANRAK Aluminium Ltd.	30.9
Asian Broadcasting FZ-LLC	UAE	Balaji Telefilms Ltd.	29.3
Abu Dhabi Investment Authority	UAE	Infrastructure Leasing & Financial Services Ltd.	28.2
Multiple Non-Resident Indians & Foreign Institutional Investors	UAE	Gitanjali Gems Ltd.	27.7
Jayesh N Sheth & Pallavi Sheth	UAE	Ajanta Manufacturing Ltd.	27.4
Image Securities (FZC)	UAE	Athena Demwe Power Pvt. Ltd.	25.1
ETA Star Holdings Ltd.	UAE	ETA Star Property Developers Ltd.	25.1
Masa Holding Ltd.	UAE	Masa Hotels Pvt. Ltd.	23.7
Penna Global Investments FZ LLC	UAE	Pioneer Genco Ltd.	22.3
Penna Global Investments FZ LLC	UAE	Pioneer Power Corporation Ltd.	22.1
Owais Usmani	Oman	Presidency Infra Heights Pvt. Ltd.	20.4
Total			1,407.3

Source: DIPP

Note: * Includes two deals








²⁷ Source: "Success of International Corporate Entities: Middle East", India Brand Equity Foundation, November 2013

²⁸ Source: "FDI Synopsis on Country – Gulf Countries", DIPP

2.2 Ease of Doing Business

Globalization has prompted countries across the globe to compete for investments to develop their economies. Subsequently, governments are reforming policies to create an environment conducive for the commencement of businesses and investments by foreign entities. Exhibit 10 below assesses the competitiveness of the GCC countries and India on different business parameters.

Exhibit 10: Doing Business Rankings (2017)

Country	World Ranking (out of 190)	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Paying Taxes	Trading across Borders	Enforcing Contracts	Resolving Insolvency
UAE	26 	53	4	4	11	101	1	85	25	104
Bahrain	63 	73	19	72	25	101	4	82	110	88
Oman	66 	32	52	69	35	133	12	67	60	94
Qatar	83 	91	21	44	26	139	1	128	120	116
Saudi Arabia	94 	147	15	28	32	82	69	158	105	169
Kuwait	102 	173	144	115	67	118	6	157	66	108
India	130 	155	185	26	138	44	172	143	172	136

Source: World Bank – Doing Business 2017 Report, October 2016

The UAE ranked 26th in the Doing Business 2017 report, advancing five places from the previous year's position

The UAE ranked 26th in the Doing Business 2017 report, advancing five places from the previous year's position. The country occupies first place in the world for providing a favorable tax environment and fourth for the ease of dealing with construction permits and getting electricity. Within the GCC, rankings of the UAE, Bahrain and Oman improved because certain reforms were undertaken to make doing business easier. The UAE and Bahrain featured among the world's top ten improvers of the business environment. Reforms introduced by the UAE included implementation of risk-based inspections during construction; merging registration procedures and simplifying the process of name reservation and articles of association notarization; measures to reduce the time taken for obtaining an electricity connection and increasing the rights and role of minority investors in major corporate decisions²⁹. Reforms implemented by Bahrain include reduction of the minimum capital required for starting a business; adoption of regulations that guarantee borrowers' right to examine their credit data; and up-gradation of infrastructure and streamlining procedures at the King Fahad Causeway to enhance trading across borders. While reforms were undertaken by the other GCC nations as well, they lag behind advanced economies and some emerging markets on various parameters. Saudi Arabia and Kuwait are way behind in the ranking of starting a business. The GCC nations need to improve on areas including credit reporting systems, effectiveness of collateral and bankruptcy laws in facilitating lending, trading across borders, enforcing contracts and resolving insolvency.

India ranked 130th globally in doing business in 2017

India has a better credit environment compared to the GCC nations but lags on other parameters of doing business. The country ranked 130th globally in the Doing Business 2017 report. Although the country has been taking initiatives to improve the business climate, the efforts are yet to reflect in the global rankings. Some of the reforms

²⁹ Source: "UAE and Bahrain top MENA's Doing Business Ranks, Most Improved Globally", The World Bank, October 31, 2016

undertaken by India include improvement of infrastructure, increase in FDI limits, digitization of approvals/registrations and elimination of minimum capital requirement as well as need to obtain a certificate to commence operations.

2.3 Recent Strategic Developments

The growing interaction between the regions indicates the possibility of sealing the long-delayed FTA

In the last three years, the leaders of India and the GCC states have intensified visits to strengthen their strategic relationship. The visits were focused on fostering bilateral relations, initiating discussions on opportunities of cooperation and combating terrorism. The growing interaction between the regions indicates the possibility of sealing the long-delayed free trade agreement (FTA). India and the GCC had entered into a Framework Agreement on Economic Cooperation to study the prospects of an FTA in August 2004. However, it has not yet materialized. The finalization will help regulate the ties and boost trade and economic cooperation. While India will benefit from securing a supply of energy resources, the GCC states will get access to a larger consumer market and technological capabilities.

UAE and India

In August 2015, Mr. Narendra Modi, the Prime Minister of India, visited the UAE³⁰. Measured by import values, India is the UAE's third-largest trade partner, while the UAE is India's second-largest partner (see Exhibit 11).

Exhibit 11: Top five Trade Partners (by Import Value) of India and UAE in 2016

India			UAE		
Top Importers	Value (US\$ billion)	Share (%)	Top Importers	Value (US\$ billion)	Share (%)
US	42.3	15.3	China	22.2	11.9
UAE	31.3	11.3	US	20.3	10.8
Hong Kong	14.2	5.1	India	18.6	9.9
China	10.2	3.7	Germany	12.5	6.7
Singapore	9.6	3.5	Japan	9.6	5.1

Source: Department of Commerce of India, Federal Competitiveness and Statistics Authority of UAE

India and the UAE agreed to enhance trade to reach US\$ 100 billion by 2020 and form an US\$ 75 billion infrastructure investment fund

The countries registered bilateral trade worth US\$ 52.8 billion during 2016-2017³¹. During the visit, both the countries agreed to enhance trade to reach US\$ 100 billion by 2020 and form an infrastructure investment fund, in which the UAE vowed to invest US\$ 75 billion, for the development of railways, ports, roads, airports and industrial corridors in India. The countries also decided to strengthen defense ties by manufacturing of related equipment in India and conducting regular training and exercises. Combating terrorism remained an important agenda, as the countries planned to increase cooperation in counter-terrorism operations and intelligence sharing. The UAE government will also assist India in the development of strategic petroleum reserves and upstream and downstream petroleum

³⁰ Source: "10 takeaways from PM Narendra Modi's UAE visit", The Economic Times, August 18, 2015

³¹ Source: Directorate General of Foreign Trade, India

sectors. Apart from these strategic developments, India announced to set up a welfare fund for the well-being of its huge diaspora in the UAE.

In February 2016, His Highness Sheikh Mohamed bin Zayed Al Nahyan, Abu Dhabi's Crown Prince, visited India for the first time to further build upon the discussions initiated during the Indian Prime Minister's visit. The UAE entered into seven Memorandum of Understandings (MOUs) on cyber security, infrastructure investment, insurance, cultural cooperation, space exploration, labor relations and renewable energy³².

Later in January 2017, His Highness Sheikh Mohamed bin Zayed Al Nahyan marked his second visit to India as the chief guest for the country's republic day event. During the three-day visit, the UAE signed 14 MOUs with India covering areas of comprehensive strategic partnership, cyber security, defense, maritime trade, road transport and highways, combating human trafficking, small and medium enterprises, agriculture and allied sectors, entry visa, broadcasting, oil strategic reserves and energy efficiency³³. As an outcome of the dialogues between the countries, Abu Dhabi National Oil Co. (ADNOC) agreed to store crude oil in India's first strategic underground storage facility and provide two-third of the stored oil at no cost³⁴. India is building storage facilities in Visakhapatnam, Mangalore and Padur to store 5.3 million tonnes of crude oil to safeguard against global oil price/supply shocks. ADNOC will store 0.75 million tonnes of crude oil (6 million barrels) in the Mangalore facility.

Saudi Arabia and India

In April 2016, Mr. Narendra Modi, the Indian Prime Minister visited Saudi Arabia and held talks with King Salman bin Abdulaziz on areas of trade, investment, terrorism and strategic ties. The countries agreed to explore opportunities to form joint ventures in petrochemical complexes and for oil exploration³⁵. They entered into five MOUs to cooperate in areas of labor, investments, technical expertise, handicrafts and exchange of intelligence to fight terrorism and money laundering. India also invited Saudi Arabia-based firms such as Aramco and SABIC to invest in its infrastructure. In April 2017, Aramco initiated talks to purchase a stake in India's planned US\$ 30 billion refinery in Maharashtra³⁶. On the other hand, Indian refineries are likely to invest in Aramco's IPO, scheduled in 2018³⁷.

Qatar and India

In March 2015, Qatar's Emir, His Highness Sheikh Tamim bin Hamad Al Thani, visited India for discussions on energy, investment and labor. Qatar is the largest source of liquefied natural gas for India. Bilateral trade between the countries stood at US\$ 8.4 billion during the fiscal year ended March 2017³⁸. The countries entered into six agreements for cooperation in areas of ICT, atmospheric and ocean sciences, radio and television, exchange of news between Qatar News Agency and United New Agency, transfer of sentenced prisoners and foreign affairs³⁹.

In June 2016, the Indian Prime Minister visited Qatar to boost bilateral trade and sign a pact to share intelligence on terror financing⁴⁰. During the visit, the countries entered into seven agreements on investments in infrastructure, customs matters, exchange of

India and Saudi Arabia agreed to explore opportunities to form joint ventures in petrochemical complexes and for oil exploration

Qatar is the largest source of liquefied natural gas for India and bilateral trade between the countries stood at US\$ 8.4 billion during the fiscal year ended March 2017

³² Source: "UAE, India ink 7 agreements in key sectors", Khaleej Times, February 12, 2016

³³ Source: "List of Agreements/MOUs exchanged during the State visit of Crown Prince of Abu Dhabi to India", Ministry of External Affairs of India, January 25, 2017

³⁴ Source: "UAE's offer to India: Take some of our oil for free", Khaleej Times, February 11, 2016

³⁵ Source: "India, Saudi Arabia sign 5 MoUs; vow to boost trade ties, invest in oil drilling", India Today, April 3, 2016

³⁶ Source: "Saudi Aramco To Invest In India's Biggest Refinery", Oil Price.com, April 6, 2017

³⁷ Source: "India Could Invest In Aramco IPO To Strengthen Ties", Business World, May 23, 2017

³⁸ Source: Directorate General of Foreign Trade, India

³⁹ Source: "Joint Statement during the State Visit of the Emir of the State of Qatar to India", Ministry of External Affairs of India, March 26, 2015

⁴⁰ Source: "Modi's Qatar Visit to Bridge the Remaining Gulf with GCC",

The Oman India Joint Investment Fund raised US\$ 220 million in January 2017 as a part of its second fund to invest in mid-market companies in India

India and Kuwait are likely to hold joint meetings in September 2017 to discuss on areas of cooperation in petrochemicals, aviation and visa waiver agreement

intelligence, skilled laborers, tourism, health and youth & sports⁴¹. Eventually, the countries have signed agreements on the grant of e-visas to businessmen and tourists and visa-free travel for diplomats; cyber space/cyber crime and a framework to enable Indian companies to participate in infrastructure projects for the 2022 FIFA World Cup⁴². Lately, Qatar also permitted visa on arrivals to nationals from 80 countries, including India⁴³.

Oman and India

Several Indian ministers have visited Oman in the last couple of years to enhance bilateral trade, defence and maritime engagements. Some of the existing bilateral agreements between the countries include MOUs on agriculture, civil aviation, manpower, joint investment fund and cultural cooperation; avoidance of double taxation; treaty of extradition and bilateral investment promotion and protection. The Embassy of India in Muscat has been conducting Business-to-Business meetings annually for promoting bilateral trade and mutual investments between the Indian and Oman-based companies. The Oman India Joint Investment Fund raised US\$ 220 million in January 2017 as a part of its second fund to invest in mid-market companies in India⁴⁴. India is keen on investing in the development of Duqm Port and the adjacent special economic zone to broaden its access to the West Asian, African and European markets.

Bahrain and India

Economic Development Board (EDB), a public agency responsible for attracting investments into Bahrain, has been attending conferences and conducting roadshows to foster partnerships with Indian businesses. In the recent times, delegations from EDB have been attending various summits in India such as 'Vibrant Gujarat' Global Business Summit, the Confederation of Indian Industry conference and India Economic Summit to present the opportunities available in the country. The sectors being showcased include manufacturing, logistics, tourism and ICT. Bahrain is interested in funding Indian fintech startups, which are looking to setting up base in the Kingdom⁴⁵.

Kuwait and India

High-level delegations from Kuwait and India have exchanged visits in the recent past to discuss on areas of security and attend business summits. Some of the cooperation agreements existing between the countries include MOUs on scientific research; labor, employment and manpower development; education and learning development and science and technology cooperation. During a press conference in Kuwait, the Indian Ambassador to Kuwait revealed that the countries are likely to hold joint meetings in September 2017 to discuss on areas of cooperation in petrochemicals, aviation and visa waiver agreement⁴⁶.

⁴¹ Source: "List of MOUs/Agreements signed during the visit of Prime Minister to Qatar", Ministry of External Affairs of India, June 5, 2016

⁴² Source: "India, Qatar sign agreements on visas, cyberspace, investments", The Economic Times, December 3, 2016

⁴³ Source: "Qatar Waives Entry Visa Requirements for Citizens of 80 Countries", Qatar Airways, August 9, 2017

⁴⁴ Source: Oman India Joint Investment Fund

⁴⁵ Source: "Bahrain wants India to mentor its financial technology & gaming startups", The Economic Times, May 28, 2016

⁴⁶ Source: "Indian PM Modi expected to visit Kuwait soon: envoy", Arab Times, March 31, 2017

3. GCC Investment Landscape

3.1 Growth Drivers

Favorable Tax Structure

The GCC countries provide a fertile ground for businesses, owing to least demanding tax structures

The GCC countries provide a fertile ground for businesses owing to their least demanding tax structures. While Bahrain and the UAE have zero corporate tax, with exceptions of banks and hydrocarbon companies, the rate in Qatar is 10%, followed by Oman and Kuwait at 15% and Saudi Arabia at 20%⁴⁷ (see Exhibit 12). This has been one of the key reasons behind Indian businesses setting up presence in the region. The GCC countries, barring Bahrain, have also signed double tax treaties with India to avoid duplication of taxation. The UAE is going to implement VAT from January 1, 2018 and the other counterparts may follow in the coming years. While this may increase the cost of doing business, the existing corporate tax structure remains favorable.

Exhibit 12: Tax Regime in the GCC

Country	Corporate Tax	Withholding Tax (dividends, interest and royalties)	Capital Gains Tax	Exceptions
Bahrain	Nil*	Nil	Nil	* The tax rate for companies engaged in exploration, production and refining of hydrocarbons is 46%.
Kuwait	15%*	Nil	15% [#]	* Companies fully owned by Kuwaiti/GCC nationals and registered in the GCC are exempt from corporate tax. [#] Capital gains from shares listed on the Kuwaiti Stock Exchange are exempt from taxation.
Oman	15%*	10%	15%	* Income from the sale of petroleum is subject to a tax rate of 55%.
Qatar	10%*	Dividends – Nil Interest – 7% Royalties – 5%	10%	* The tax rate for companies engaged in oil & gas operations is 35%.
Saudi Arabia	20% (on non-resident's share in a local co.)*	5% on dividends and interest, 15% on royalties	20% (on disposal of shares in a resident co.)	* The tax rate for companies engaged in exploration of natural gas is 30% and for those in the production of hydrocarbons is 85%.
UAE	Nil*	Nil	Nil	* The tax rate for companies engaged in exploration and production of hydrocarbons is 50%(Dubai) to 55%(Abu Dhabi) and for branches of foreign banks is 20%.

Source: Deloitte International Tax Highlights 2017

Infrastructure Support

The UAE and Qatar are known for their quality of infrastructure, as they are ranked amongst the top 20 countries on the infrastructure front in the Global Competitiveness rankings

With growing population and tourist arrivals, rising urbanization and greater economic diversification, the need for better connectivity has become inevitable. Accordingly, the GCC countries have scaled up investments to develop rail, road networks, airports and seaports to enhance transportation capacity. The UAE and Qatar are known for their quality of infrastructure, as they are ranked amongst the top 20 countries on the infrastructure front in the Global Competitiveness rankings⁴⁸. Amongst the assessment of 160 countries, the UAE ranked first in quality of roads, second in quality of air transport and third in quality of ports. Qatar stood 7th in the air transport quality and 15th in ports, while it lagged in the quality of roads at 26th position. All the GCC countries are developing their transport infrastructure to accommodate rising population, tourist arrivals and trade

⁴⁷ Source: Deloitte International Tax Highlights 2017

⁴⁸ Source: World Economic Forum

activity. The countries are encouraging public private partnerships in the infrastructure development to fill the gap in funding of the projects amidst low oil prices. During February 2017, the region had active transport projects worth US\$ 379.7 billion in various stages of construction⁴⁹. Half of the projects, by value, were related to rail followed by 32% in the road sector, 10.9% in aviation and remaining in maritime. Some of the key projects include Riyadh Metro in Saudi Arabia, expansion of Kuwait International Airport and Midfield Terminal Complex in the UAE.

The under construction pan-GCC rail network would help boost cross-border trade

Road connectivity within the region has improved over the years, as the countries focused on easing traffic congestions and accommodating the increasing number of passenger cars. The UAE and Qatar, in particular, are executing several road projects in view of their respective Expo 2020 and FIFA World Cup 2022 events. The GCC countries are also developing their national rail networks and metro systems, an area that has remained underdeveloped. The under construction pan-GCC rail network is the much-awaited development that would help boost cross-border trade and enable easier transit of people within the region.

The GCC countries already have major airports and seaports that are well-connected to other parts of the world

The countries already have major airports and seaports that are well-connected to other parts of the world. However, the capacities are insufficient to meet the rising tourist arrivals and trade activity. To benefit from the strategic location at the crossroads of the East and West, the member nations are making significant investments in strengthening their airport, seaport and logistic infrastructure. Not only will it attract investor interest, but also boost re-export trade in the region. The GCC countries are expanding capacity at their airports and developing related infrastructure to complement the government push for boosting visitor traffic to the region. More than 100 construction projects worth US\$ 41.4 billion were active in the GCC aviation sector in February 2017⁴⁹. During the month, the GCC maritime sector had active projects worth US\$ 26.5 billion. The region has at least 35 major seaports, with those in the UAE representing more than 60% of the GCC total containerization⁵⁰. The countries are also building logistics capabilities to support the growing trade.

Average electricity prices for end users are at ~ 6.2 US cents/kWh, substantially below the large power-generating countries

Availability of Low-cost Energy

One of the key drivers attracting industrial players into the GCC is availability of low-cost gas and electricity. Large proven hydrocarbon reserves had enabled the member countries to offer fuel at subsidized rates. However, these oil-based economies have recently resorted to raising energy prices in a bid to reduce subsidies. Subsequently, the prices of energy and utilities have gone up. Nevertheless, the costs are still below that the international prices. Average electricity prices for end users are at ~ 6.2 US cents/kilowatt hour (kWh), substantially below the large power-generating countries of the US (20.1 US cents/kWh) and China (14.3 cents/kWh, see Exhibit 13)⁵¹. Natural gas prices in the UAE and Qatar at US\$ 0.8 per million British thermal units (mmbtu) is much lower than that in the US (see Exhibit 14)⁵². The availability of low-cost feedstock gives the region a competitive advantage.

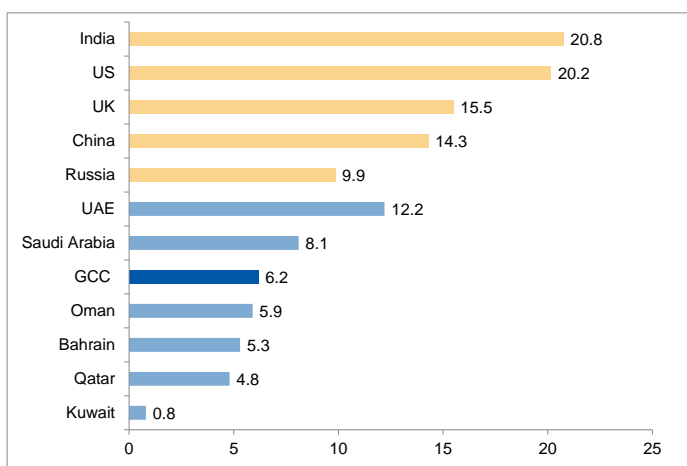
⁴⁹ Source: "GCC transport project value in excess of US\$379bn in February 2017 - BNC Project Intelligence", Technical Review Middle East, April 4, 2017

⁵⁰ Source: "UAE aims to be first country globally in terms quality of infrastructure for ports, roads: Minister of Infrastructure Development:", Emirates News Agency, March 19, 2016

⁵¹ Source: Doing Business 2017, World Bank

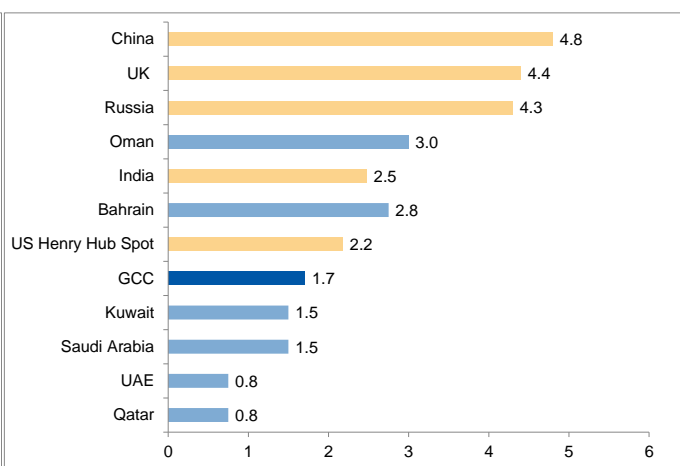
⁵² Source: IMF,

Exhibit 13: Electricity Prices (US cents / kWh)



Source: World Bank Doing Business 2017

Exhibit 14: Natural Gas Prices (US\$ / mmbtu)



Source: IMF, Bureau of Economic Geology, Media Reports

The FTZs and special economic zones in the GCC are favored by investors for setting up business due to the financial incentives and logistics capabilities

Free Trade Zones and Special Economic Zones

The FTZs and special economic zones in the GCC are favored by investors for setting up business due to the financial incentives, logistics capabilities and connectivity to seaports and airports. The FTZs offer 100% ownership, full repatriation of funds, custom duty exemptions and tax reliefs, among others. The UAE, home to 45 FTZs, has remained a key destination for Indian companies. The FTZs accounted for over 30% of non-oil trade value in the country in 2015⁵³. The other GCC members also have FTZs and are in the process of expanding and setting up more such zones to boost manufacturing, trade, logistics and other sectors. Some of prominent economic zones in the region include the Jebel Ali Free Zone, Dubai Investment Park, Khalifa Industrial Zone Abu Dhabi, Hamriyah Free Zone, Dubai Multi Commodities Centre and Dubai Airport Free Zone in the UAE; Qatar Financial Center, Manateq and Qatar Science and Technology Park in Qatar; Bahrain International Investment Park; Bahrain Logistics Zone; Salalah Free Zone and Duqm Special Economic Zone (under construction) in Oman and Kuwait Free Trade Zone. Saudi Arabia is planning development of economic zones as part of its National Transformation Plan to boost non-oil revenues. One of such projects is the ongoing development of King Abdullah Economic City, which will be spread over an area of 181 square kilometer and encompass a port, an industrial valley and residential communities.

The GCC countries are seen as gateways to access the markets in Middle East, Africa and CIS countries

Export and Re-export Potential

The GCC countries are seen as gateway to the markets of Middle East, Africa and CIS countries. The robust seaport and airport links coupled with the friendly regulatory environment have boosted re-export trade in the region. The largest re-export market is the UAE, which conducted non-oil merchandise re-exports worth AED 215.3 billion (US\$ 58.6 billion⁵⁴) in 2016, representing 56.1% of total non-oil exports and 20.0% of total trade⁵⁵. Oman is also an emerging re-export hub having registered non-oil re-exports of

⁵³ Source: "UAE Non-Oil Total Foreign Trade volume Recorded AED 1.56 Trillion in 2015: Federal Customs Authority", Emirates News Agency, April 19, 2016

⁵⁴ Converted at exchange rate of 0.272

⁵⁵ Source: "Foreign Trade 2016", Federal Competitiveness and Statistics Authority

Revenue diversification efforts have intensified only recently in light of the fall in oil prices that reduced government revenue

The GCC population is set to expand by another 6.5 million individuals through 2021, thus boosting domestic consumption in the region

OMR 2.6 billion (US\$ 6.7 billion⁵⁶) in 2015, representing 46.1% of total non-oil exports⁵⁷. The country is strengthening its logistics capabilities, expanding port capacity and promoting Salalah Free Zone to capitalize on the re-export potential. Recently, Iran launched a direct shipping route to Oman to diversify its access to international export markets⁵⁸. This will help both the countries to stimulate trade across the region. The budding re-export market has attracted several Indian companies to the GCC.

Revenue Diversification

Development of non-oil sectors remain a high priority for the GCC governments. Some of the initiatives undertaken to support economic diversification include strengthening the business environment, developing infrastructure, improving the financial structure and enhancing educational outcomes. Although the efforts were underway since many years, it has intensified only recently in light of the fall in oil prices that reduced government revenue. The UAE is the most diversified economy amongst the GCC members, with hydrocarbons accounting for 40.8% of public revenue in 2016⁵⁹. Oil and gas revenues represented nearly half of the government revenue in Qatar, 62.2% in Saudi Arabia, 68.1% in Kuwait and 78.7% in Oman⁶⁰. The share of hydrocarbons across the member nations has declined in the last couple of years owing to the drop in oil prices. At the same time, the share of non-oil revenue increased backed by the government's move to market-based energy pricing and other fiscal consolidation measures. Additionally, the GCC nations are developing sectors like tourism, logistics and finance. The diversification efforts would create jobs, encourage private sector participation and create a sustainable economy.

Encouraging Demographics

Between 2011 and 2016, the GCC population has grown at a CAGR of 2.9% to over 53 million⁶¹ (see Exhibit 15). The growth has been much quicker than the global average of 1.2%, largely driven by a rising pool of expatriates (which represents about half of the GCC population⁶²). The population is set to expand by another 6.5 million individuals through 2021. The growing number of people from distinct ethnicity is expected to boost domestic consumption in the region and hence, demand for various goods and services.

Moreover, the GCC population comprises largely the young and working with 65.1% of the population in the age group of 15-49 years⁶³ (see Exhibit 16). The GCC nations are also highly urbanized with about 89% of the overall population living in urban areas in 2016⁶⁴. High urbanization has promoted growth in trade and business activities. The number of women participating in the GCC workforce is also increasing, thus contributing to an increase in household spending power. Such favorable demographics have not only contributed to the increase in domestic consumption but also have led to structural changes in preferences for various international consumer goods.

⁵⁶ Converted at exchange rate of 2.597

⁵⁷ Source: "Statistical Year Book 2016", National Centre for Statistics & Information

⁵⁸ Source: "Oman Could Replace UAE for Iran", Financial Tribune, May 12, 2016

⁵⁹ Source: "National Account Estimates", Federal Competitiveness And Statistics Authority,

⁶⁰ Source: Bloomberg, General Authority for Statistics of Saudi Arabia, Kuwait Central Statistical Bureau, National Center for Statistics and Information; Data for Oman is of 2015

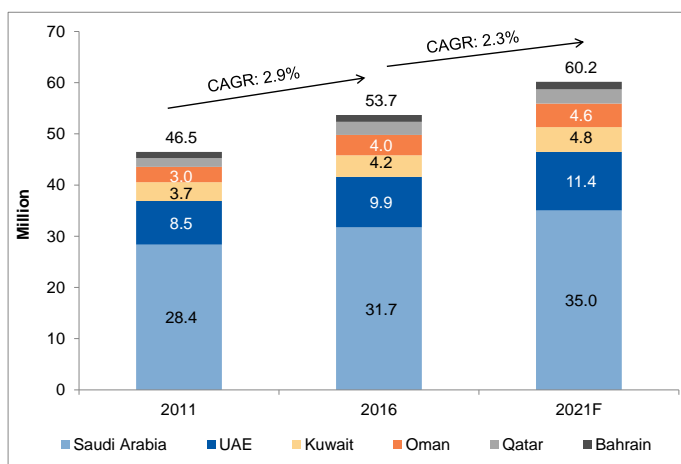
⁶¹ Source: "World Economic Outlook (WEO) Database", IMF, October 2016

⁶² Source: "Expats In Middle East — Statistics And Trends", Go-Gulf, March 31, 2016

⁶³ Source: United Nations – Population Division 2016

⁶⁴ Source: World Bank

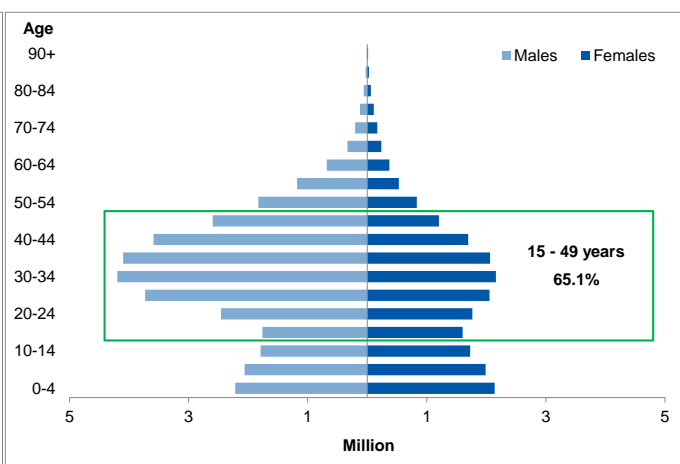
Exhibit 15: GCC - Population Forecast



Source: IMF – April 2017

Note: F – Forecast

Exhibit 16: GCC - Population Age Distribution (2016)



Source: IMF – April 2017, United Nations Population Division

Large Indian Diaspora

The huge expatriate Indian population has been the prominent reason behind the growing ties between India and the GCC

Nearly 8.5 million Indians are working and residing in the GCC region, making them the largest expatriate community and accounting for 15.8% of total population in the region in 2016⁶⁵. During the year ended March 2016, India received remittances worth US\$ 35.9 billion from the region⁶⁶. Although the value has dropped due to falling oil prices, the region accounts for more than half of the total remittances to India, the world's top remittance receiving country. During the period, the UAE and Saudi Arabia represented 38.7% and 28.2% of the GCC remittances to India, respectively. Consequently, the huge expatriate Indian population has been the prominent reason behind the strong and growing ties between India and the GCC. Indian entrepreneurs have been setting up businesses in the GCC to capitalize on the demand for goods and services from its widespread diaspora. Several Indians who had migrated to the Gulf in the past have become prominent entrepreneurs in the GCC. Some of the well-known companies owned by an Indian in the Gulf include Lulu Group, Allana Group, KEF Holdings, VPS Healthcare, Landmark Group, NMC Group, Aster DM Healthcare and GEMS Education. Thus, the large presence of Indians will continue to remain the key factor in attracting investments from India.

High Consumer Spending Power

A comparatively high level of income has supported discretionary spending and demand for luxury goods

The region is characterized as a highly affluent society, given the vast presence of hydrocarbon reserves. Revenues accumulated from export of oil and gas over the years have primarily funded the state welfare programs and bestowed the population with substantial disposable income on hand. The government push on expanding the non-oil sector has further supported economic growth in the region. Measured by GDP per capita (in PPP terms), Qatar is the wealthiest nation in the world⁶⁷. Other GCC nations such as Kuwait, the UAE, and Saudi Arabia also feature among the top ten richest countries in the world. The per capita income in the region stood at US\$ 61,559 in 2016, higher than that in

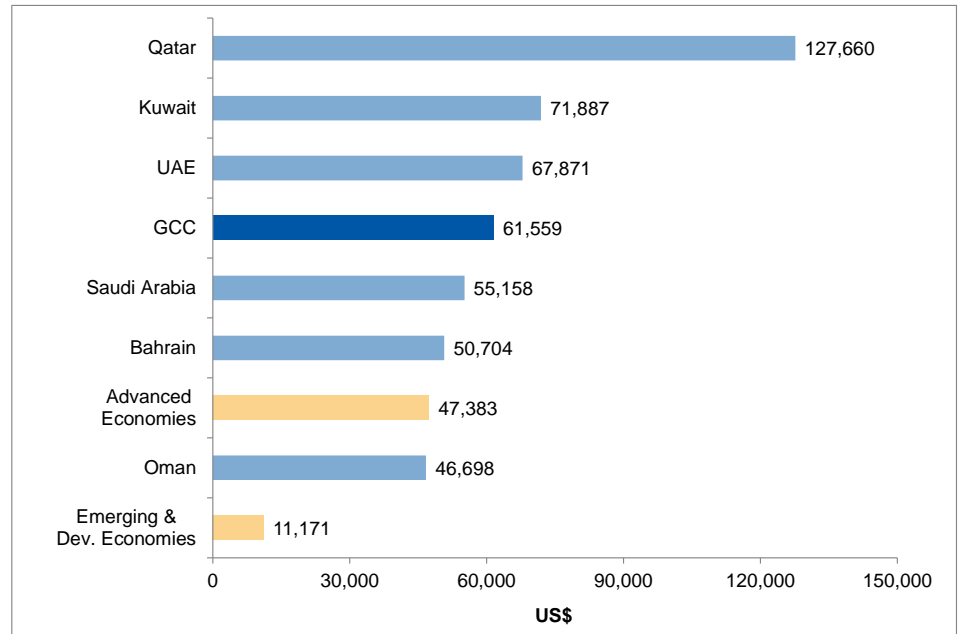
⁶⁵ Source: "Population of Overseas Indians", Ministry of External Affairs of India, December 2016; IMF

⁶⁶ Source: "India suffers steep decline in remittances from GCC nations", The National, May 22, 2016

⁶⁷ Source: "The Richest Countries in the World", Global Finance, February 13, 2017

the advanced economies⁶⁸ (see Exhibit 17). A relatively high level of income has supported discretionary spending and demand for luxury goods. Although the prevailing economic slowdown is affecting spending power of the consumers, the situation is likely to improve in the long-term.

Exhibit 17: GDP Per Capita (in PPP terms) in the GCC (2016)



Source: IMF – April 2017

⁶⁸ Source: "WEO Database", IMF, October 2016

3.2 Investment Challenges

Weakness in Oil Prices

The fall in oil prices since mid-2014 have substantially affected the oil-dependent GCC economies and widened their fiscal deficits

The fall in oil prices since mid-2014 have substantially affected the oil-dependent GCC economies and widened their fiscal deficits. Consequently, the member nations implemented subsidy cuts, lowered wages in the public sector and increased fees on certain municipal services to trim down expenditure. Many projects were scaled back, stalled or delayed by the public and private enterprises, particularly in the construction and oil & gas sectors. Moreover, the economic slowdown coupled with the government-induced tightening measures, resulting in job losses and pay cuts have affected the overall consumer sentiments and spending in the GCC. Although oil prices are recovering, they are projected to remain suppressed in the short-term in view of weak demand and excess supply. Consequently, the member nations may continue their austerity drive. One such measure is the forthcoming introduction of VAT of 5% in 2018 in the UAE.

Shortage of Skilled Workforce

Tightening of work visa restrictions and increase in related fees are increasing the hiring cost for companies

Due to a small base of national population, the GCC countries largely depend on foreign workers to support their economic development. The region has witnessed a shortage of skilled manpower, particularly in sectors like construction, healthcare, retail and education. The GCC governments' focus on nationalization of jobs has further narrowed down the available pool of labor. Tightening of work visa restrictions and increase in related fees are increasing the hiring cost for companies. Moreover, the private companies are facing high attrition rates, as expatriates with the requisite skill and experience are hired by competitors at better packages. Ongoing developments of infrastructure, tourist attractions, hotels, educational institutes, hospitals and retail establishments are creating ample job opportunities. Failure to recruit employees with the right experience and language skills are a major threat to the developments and sector-specific growth. To tackle the problem, regional governments are strengthening the educational system and focusing on imparting technical education to train their nationals with the right skills as demanded on the job.

Socio-political Risks

In June 2017, the UAE, Saudi Arabia and Bahrain severed all ties with Qatar over its support to Islamist groups

Political/social instability and terror activities can have an adverse impact on an economy's development and investment inflows. The Arab Spring of 2011 had severely affected business sentiments in Bahrain and Oman. Later, the spread of terror activities in Syria and Iraq posed threat to some of the GCC countries. Such events as perceived as risks by the investors in the region. Another recent issue grappling the GCC members is the rift with Qatar. In June 2017, the UAE, Saudi Arabia and Bahrain severed all ties with Qatar over its support to Islamist groups. If the situation does not improve, the region may witness a slowdown in trade and investments.

The recent round of US Dollar appreciation and the rate hikes by the US central bank has to some extent affected the region's non-oil export competitiveness and credit growth, respectively

Credit Environment

The currencies of GCC countries, except Kuwait, are pegged to the US Dollar. This makes the region relatively hedged from currency risks compared to other countries with floating exchange regimes. Although the currency peg remains advantageous for the GCC nations, the recent round of US Dollar appreciation (against major currencies) and the rate hikes by the US central bank has to some extent affected the region's non-oil export competitiveness and credit growth, respectively. Strengthening of the US Dollar leads to an appreciation of the local currencies in the GCC, thus affecting competitiveness in trade, hospitality, real estate and tourism. It may also lead to capital flight from the member nations, as high purchasing power may encourage investors to look for opportunities in other attractive markets. The currency peg has forced the GCC nations to increase interest rates in line with the rate hikes by the US Federal Reserve. Since economic recession, the US central bank has raised its benchmark interest rate four times by 25 basis points each time and has indicated one more increase in 2017⁶⁹. The corresponding increase in interest rates⁷⁰ by the GCC countries has increased the cost of borrowing and slowed credit growth. Such a credit environment is unfavorable for companies looking to raise capital to fund their general business activity or expansion plans.

Lack of Transparency

According to the 2017 Index of Economic Freedom, difficulty in the application of rules of law and non-transparent government tendering procedures are some of the issues in Bahrain, Qatar and Saudi Arabia⁷¹. The index also sighted lack of transparency in disclosure on spending and operations by the government of Kuwait. Moreover, the information on FDI flows is scarce across the member countries. Consequently, investors are not able to get a clear picture on the investment trends.

⁶⁹ Source: "Fed hikes interest rates despite declining inflation, sets plan for balance sheet reduction", CNBC, June 14, 2017

⁷⁰ Source: "What the Fed rate hike means for GCC", Khaleej Times, June 15, 2017

⁷¹ Source: Rule of Law – 2017 Index of Economic Freedom, The Heritage Foundation; "Qatar Corruption Report", GAN Business Anti-Corruption Portal

Real estate, oil & gas and hotels & tourism were among the top five sectors receiving FDI in Saudi Arabia and the UAE

3.3 Opportunities for the Indian Investors in the GCC

The GCC is investing heavily in infrastructure and economic diversification and thus creating investment opportunities in various sectors. Real estate, oil & gas and hotels & tourism were among the top five sectors receiving FDI in Saudi Arabia and the UAE (see Exhibit 18), the major FDI destinations in the GCC⁷². Indian investors have invested heavily in the GCC real estate and trading sectors in the past. However, sectors like food processing, healthcare, ICT, hospitality and financial services are gaining more interest, given the growing cooperation between the regions coupled with expertise of Indian entrepreneurs in such sectors.

Exhibit 18: Top Ten Sectors Receiving FDI in Saudi Arabia and the UAE (January 2013 to May 2015)

Saudi Arabia		UAE	
Sectors	Share (%)	Sectors	Share (%)
Chemicals	30.6%	Real Estate	22.7%
Coal, Oil & Natural Gas	25.2%	Hotels & Tourism	15.2%
Metals	11.2%	Coal, Oil & Natural Gas	12.7%
Real Estate	10.1%	Financial Services	6.3%
Hotels & Tourism	8.0%	Business Services	4.5%
Automotive OEM	2.2%	Chemicals	4.5%
Plastics	1.7%	Communications	3.7%
Financial Services	1.3%	Leisure & Entertainment	3.2%
Industrial Machinery & Equipment	1.1%	Metals	2.8%
Building & Construction Materials	1.0%	Consumer Products	2.8%

Source: Arab Investment & Export Credit Guarantee Corporation

As the global energy demand is forecasted to increase, the GCC countries will remain an important source of supply

Oil & Gas

The GCC region holds nearly 30% of proved crude oil reserves and 22.3% of proved natural gas reserves in the world⁷³. As the global energy demand is forecasted to increase by more than 30% by 2035⁷⁴, the GCC countries will remain an important source of supply. The energy consumption in the region is increasing owing to rapid industrialization and growing population. Saudi Aramco plans to spend about US\$ 334 billion across oil and gas value chain by 2025⁷⁵ to boost production. Indian oil refining companies have shown interest in investing in Aramco's IPO, expected in 2018. The UAE, Kuwait and Qatar have also revealed large projects to boost energy production. Saudi Arabia and the UAE are exploring high-cost sour gas and shale gas projects and Kuwait plans to spend US\$ 115 billion on various energy projects through 2020. Qatar aims to enhance production of natural gas by 10% from a large underwater gas field, which is likely to increase export

⁷² Source: Arab Investment & Export Credit Guarantee Corporation, UNCTAD

⁷³ Source: "BP Statistical Review of World Energy", BP, June 2016

⁷⁴ Source: "BP Energy Outlook" BP, 2017 Edition

⁷⁵ Source: "Middle East to invest \$294b in oil and gas projects", Times of Oman, February 19, 2017

The UAE and Saudi Arabia have invited Indian oil companies to explore investment opportunities in the field of upstream and downstream oil and gas

Except for Bahrain and Qatar, food consumption in the other GCC countries is projected to grow at an annualized average of over 4% between 2016 and 2021

The GCC education sector is receiving push from high spending power, favorable demographics and the willingness to pay for the quality of education

capacity by 2 billion cubic feet per day⁷⁶. Foreign investments will play a vital role in the funding of the projects, as the regional governments and companies have curtailed spends in the face of economic slowdown. The developments are also likely to stimulate investor interest in the ancillary sectors. Moreover, the low-oil-price environment offers an opportunity for investors to make deals at low valuation multiples or set up refining capacity at a low cost.

The UAE and Saudi Arabia have invited Indian oil companies to come and explore investment opportunities in the field of upstream and downstream oil and gas and petrochemicals⁷⁷. Indian companies have also expressed interest in joint exploration and development of oil and gas fields in Qatar⁷⁸. The Indian businesses can also eye the region as a re-export hub for their refining output, as the region offers low-cost feedstock, well-developed infrastructure, geographic proximity and access to the other markets in the Middle East.

Food Processing

Growing population, high disposable incomes, rising tourist arrivals, increasingly urbane lifestyles and evolving consumer preferences have been driving food consumption growth in the GCC. Food consumption in the GCC is expected to grow at a CAGR of 4.2% from 48.1 million MT in 2016 to 59.2 million MT in 2021⁷⁹. Except for Bahrain and Qatar, food consumption in the other GCC countries is projected to grow at an annualized average of over 4% between 2016 and 2021. A fast-paced lifestyle and gastronomic diversity of the region have led people to develop a penchant for packaged and international foods. To meet the growing demand, many food processing units, restaurants and modern grocery retail outlets have been establishing a presence in the region. Securing a steady supply of food remains a key challenge for the GCC governments due to their dependency on imports.

Many Indian-owned food and related commodity trading companies already exist in the GCC such as Arab & India Spices, Kohinoor Foods Ltd. and Amira Nature Foods Ltd.. Proximity to the GCC countries makes India an ideal sourcing and development partner for agro-based value chain in the GCC. Moreover, the growth opportunity is huge due to the re-export market and dependency on imports to meet domestic food requirements.

Education

The GCC education sector is receiving push from high spending power, favorable demographics (close to 40% of the population is under 25 years of age⁸⁰) and the willingness to pay for the quality of education. The total number of students in the GCC is projected to reach 15.0 million in 2020, registering a CAGR of 3.6% from 12.6 million in 2015⁸¹. The number of students in the UAE, Oman and Qatar is anticipated to rise at an annualized average rate of over 4%, faster than the regional average. As the demand for education continues to rise, the private sector is gaining ground with the opening of several international schools and universities. The private sector is receiving support from the governments through the investor-friendly policies aimed at expanding the scale and

⁷⁶ Source: "Qatar to Boost Production From Vast Underwater Gas Field", US News, April 3, 2017

⁷⁷ Source: "UAE to invite Indian cos for upstream oil and gas investments in Abu Dhabi", The Economic Times, January 27, 2017

⁷⁸ Source: "India interested in joint development of oil, gas fields in Qatar", Daily News & Analysis, June 5, 2016

⁷⁹ Source: "GCC Food Industry", Alpen Capital, February 22, 2017

⁸⁰ Source: United Nations Population Division (UNPD)

⁸¹ Source: "GCC Education Industry", Alpen Capital, May 2, 2016

Several Indian education providers have already established a presence in the region to meet the demand of its widespread diaspora

Growing population, rising affluence and increasing incidence of lifestyle diseases are the major factors driving the demand for healthcare services in the GCC

quality of education in the region. Increasing enrollments, emphasis on quality of education, adoption of smart education concepts, focus on streamlining the education system and efforts to privatize the sector are the key factors stimulating interest in the GCC education sector.

Several Indian education providers have already established a presence in the region to meet the demand of its widespread diaspora. Some of such players operating in the region include Kidzee, Birla Public School, EuroKids International, Kangaroo Kids Education Ltd., Shemrock, Delhi Public School, Shemford School, BITS Pilani, Manipal University, S.P. Jain, Amity University, Institute of Management Technology and Mahatma Gandhi University. More investments are likely to flow in the region, as the GCC nations place more emphasis on higher and technical education to fill the gap between the skills of the available workforce and those demanded by the labor market.

Healthcare

Growing population, rising affluence and increasing incidence of lifestyle diseases are the major factors driving the demand for primary and advanced healthcare services in the GCC. The healthcare market in the region is projected to grow at a CAGR of 12.1% from US\$ 40.3 billion in 2015 to US\$ 71.3 billion in 2020⁸², aided by an increase in the population and rising cost of treatment. The healthcare market in each GCC country is anticipated to expand by 11%-13% between 2015 and 2020 in terms of annual average growth rates. The healthcare industry is further supported by the regional governments' long-term strategies to streamline the healthcare system, the rollout of mandatory health insurance and technological advancements. The rising need for healthcare is translating into demand for medical equipment and drugs, which is largely imported. Saudi Arabia accounts for more than 60% of the region's pharmaceutical market and patented drugs represent a large part of the pharmaceutical sales⁸³. Demand for generic drugs is likely to expand in the region owing to expiry of several patented medicines, government cost containment measures and increasing insurance coverage. The regional governments have established biotechnology parks and are providing incentives to boost the local pharmaceutical industry in a bid to reduce reliance on imports. Indian companies with their low-cost manufacturing advantage and understanding to file new drug application have ample scope to penetrate the GCC pharmaceutical market. In addition to the capitalizing on the local market demand, the companies also can benefit from the export opportunities in the wider Middle East region.

At present the number of Indian companies in the GCC healthcare and pharmaceutical sector is modest. Some of the prominent names include Apollo Hospitals, Aurobindo Pharma, Sun Pharma, Biocon and Glenmark. Having the second-largest number of USFDA-approved manufacturing plants outside the US, the Indian pharmaceutical players have a large market for supply of generics and branded medicines in the GCC as well as the wider Middle East. In January 2016, India-based Aurobindo Pharma commenced work to build a manufacturing facility in Saudi Arabia to produce oral tablets and capsules⁸⁴.

⁸² Source: "GCC Healthcare Industry", Alpen Capital, February 16, 2016

⁸³ Source: "Key Trends Shaping Saudi Arabia's Pharmaceuticals Market", Future Market Insights, August 16, 2016

⁸⁴ Source: "Aurobindo to build pharmaceutical factory in Saudi Arabia", The Hindu Business Line, January 11, 2016

Demand for cement has grown at a healthy pace, underlined by extensive construction activities across the GCC nations

The GCC tourism sector, which hosted over 50 million international tourists in 2016, is seen as one of the key enablers of revenue diversification and job creation in the region

Buoyed by the strong tourism sector, the hospitality sector revenue in the GCC is anticipated to grow at a CAGR of 7.6% between 2015 and 2020

Cement

Demand for cement and other building materials has grown at a healthy pace, underlined by extensive construction activities across the GCC nations. A rapid pace of construction of housing, commercial complexes and infrastructure projects have augmented cement manufacturing capacities in the region. To capitalize on the domestic as well as export demand potential, Indian companies like UltraTech Cement, JK Cement and Binani Cement have invested in setting up cement plants in the GCC. Moreover, availability of low cost energy and favorable tax environment has supported investments in the sector. With a strong pipeline of construction activities in the region, the cement sector continues to present opportunities for foreign investors.

Tourism & Hospitality

The GCC tourism sector, which hosted over 50 million international tourists⁸⁵ in 2016, is seen as one of the key enablers of revenue diversification and job creation in the region. Religious monuments, sporting events, shopping festivals, recreational facilities, and meetings, incentives, conferences, and exhibitions (MICE) are the main attractions for the region's tourists. International tourist arrivals in the region have grown at a CAGR of 9.0% between 2011 and 2016⁸⁶ (see Exhibit 19). The sector continues to receive momentum, as the governments run international promotion campaigns, focus on infrastructure development and attract private investments. International visitor arrivals in the GCC are anticipated to grow further, driven by the mega international events such as World Expo 2020 and FIFA World Cup 2022, new tourist attractions and other MICE events. The MICE market in the GCC was estimated at US\$ 1.3 billion in 2015, with one in every three tourists in the region travelling on business purpose⁸⁷. Dubai accounted for almost 27% of the MICE market in the region. The other member nations are also developing large convention centers and undertaking promotions to attract international summits. Dubai World Trade Centre (DWTC), has commenced work on the second phase of Dubai Trade Center District that stands adjacent to the DWTC's convention center. Saudi Arabia is developing the King Salman International Conference Center in Madinah and a center for conferences and exhibitions at the international airport in Riyadh. In the last couple of years, Qatar and Oman have opened large convention centers to attract trade shows and exhibitions. Qatar witnessed the opening of Doha Exhibition and Convention Center in November 2015 and Oman opened Oman Convention and Exhibition Centre in September 2016. Construction of such large convention centers is likely to boost business visitor traffic in the region.

Accordingly, the region offers investors a wide scope for investing in related sectors of hospitality, restaurants and tours and travels, among others. Buoyed by the strong tourism sector, the hospitality sector revenue in the GCC is anticipated to grow at a CAGR of 7.6% between 2015 and 2020 (see Exhibit 20). During the period, the hospitality markets of Qatar and the UAE are expected to demonstrate the fastest annualized growth of over 10%, owing mainly to tourism-related developments ahead of landmark events to be held in these countries. Dubai alone has a target of reaching 155,000 rooms in hotels and serviced apartments by 2020⁸⁸.

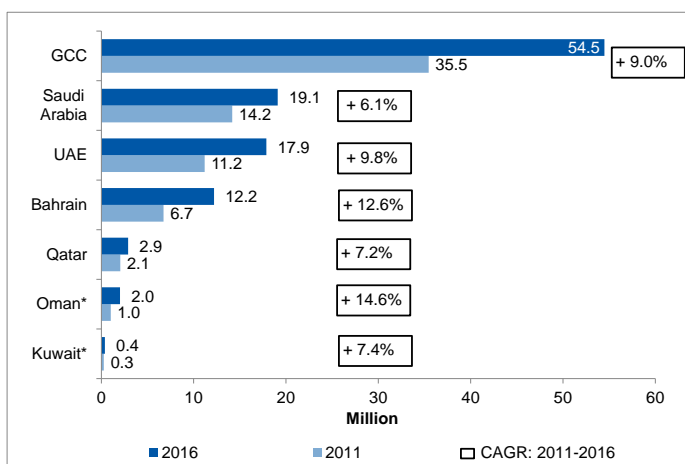
⁸⁵ Overnight visitors

⁸⁶ Source: The UN World Tourism Organization (UNWTO), Saudi Commission for Tourism and National Heritage (SCTNH), Qatar Tourism Authority (QTA), Arab News, Dubai Corporation of Tourism & Commerce Marketing (DTCM), Abu Dhabi Tourism & Culture Authority (ADTCA)

⁸⁷ Source: "Challenges in GCC MICE and Luxury Travel Sectors", Zawya, February 28, 2016

⁸⁸ Source: "Is Dubai ready for 20,000 more rooms?", Hotelier Middle East, March 2, 2015

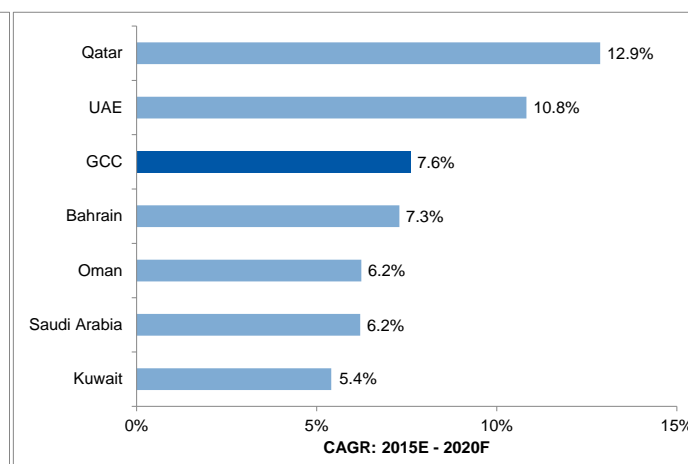
Exhibit 19: International Tourist Arrivals in the GCC



Source: UNWTO, SCTNH, QTA, DTCM, ADTCA, Arab News

* 2016 numbers are estimates

Exhibit 20: GCC Hospitality Market Growth Forecast



Source: Alpen Capital

Note: E – Estimate, F – Forecast

Several Indian restaurants, hospitality providers and tour and travel companies are setting up or expanding presence in the region

Several Indian restaurants, hospitality providers and tour and travel companies are setting up or expanding presence in the region. In May 2015, the Indian luxury hotel chain Leela Hotel Group partnered with Qatar-based Aiana Hotels & Resorts to expand business in Qatar, the UAE and India⁸⁹. In April 2016, India-based Taj Hotels Resorts and Palaces announced plans to open a 325-room five-star hotel in Dubai by 2019⁹⁰. This is in addition to an ongoing construction of a 207-room hotel at Jumeirah Lakes Towers. In May 2016, India-based Lemon Tree Hotels divulged plans to establish a presence in the GCC, with an aim to own at least eight hotels in the UAE in next three years and later enter Saudi Arabia and Qatar⁹¹.

Real Estate

Real estate activities have gathered steam post the financial crisis, as the GCC countries started investing in affordable housing, commercial, retail and hospitality projects

Real estate activities have gathered steam post the financial crisis, as the GCC countries started building affordable housing, commercial, retail and hospitality projects. To benefit from the bottomed out prices during that time, foreign investors made substantial investments in the region's real estate sector. Dubai, Abu Dhabi and Doha, in particular, are the major real estate markets in the GCC, due to increasing number of expatriates and ongoing construction activities ahead of the international mega events. With a large diaspora in the UAE, the Indians have been the largest international investor group in the UAE real estate market. During 2016, Indians ranked as the top investors in Dubai's real estate market with an aggregate investment of US\$ 3.2 billion⁹². As the GCC countries intensify revenue diversification efforts and position themselves as tourism and business destinations, the need for residential and commercial properties will continue to grow. While the real estate sector in the UAE and Qatar are likely to benefit from their respective Expo 2020 and FIFA World Cup 2022 events, construction activity in Saudi Arabia is expected to accelerate to meet the shortage of affordable housing.

⁸⁹ Source: "Leela Hotel Group's Qatar JV to expand its business in India", The Economic Times, May 5, 2015

⁹⁰ Source: "India's Taj Hotels sets sights on Palm Jumeirah anew", The National, April 28, 2016

⁹¹ Source: "India's Lemon Tree Hotels in GCC push", Gulf News, May 9, 2016

⁹² Source: Dubai Land Department

As of May 2016, about US\$ 2 trillion worth of projects were under planning stage in the GCC

Infrastructure

Increasing population, growing tourism, revenue diversification and upcoming mega events have paved way for the development of various infrastructure projects in the region. As of May 2016, about US\$ 2 trillion worth of projects were under planning stage in the GCC⁹³. More than half of the projects were in the construction sector, followed by 19.0% in transport and 11.0% in power sectors. Saudi Arabia and the UAE accounted for 38.9% and 34.8% of the projects in the pre-execution stage. Some of the key projects are construction of metro lines in Mecca and Jeddah and Taif International Airport in Saudi Arabia; Burj 2020 building, Route 2020 metro link, second phase of national railway network and Sheikh Khalifa Medical City in the UAE; and metro network in Doha, rail line connecting the planned regional rail network and sport stadiums in Qatar. All the member nations have announced various airport, road and rail projects to develop their infrastructure. Several projects are under development in the UAE and Qatar as they prepare themselves to host the mega events of World Expo 2020 and FIFA World Cup 2022, respectively. The governments are encouraging public-private-partnership (PPP) model for infrastructure development by introducing related laws.

Many Indian companies like L&T, Punj Lloyd, Essar Projects Ltd. and Shapoorji Pallonji are already present in the engineering, procurement and construction business in the GCC. With massive infrastructure projects underway, investment opportunities for Indian companies are likely to grow multifold. During the high-level visits between India and the region, India had expressed interest to participate in infrastructure projects in the World Expo 2020 and FIFA World Cup 2022.

Banking and Financial Services

The banking and financial services sector in the GCC is developing rapidly owing to the economic development and expanding consumer base

The banking and financial services landscape in the GCC is evolving owing to the economic development and expanding consumer base. Although the recent slowdown has impacted liquidity and credit offtake, banks in the region are well capitalized. Reforms in the banking sector are progressing as the member countries strengthen their frameworks. The UAE introduced the bankruptcy laws, Saudi Arabia increased the loan-to-deposit ratio and introduced longer-term repo and Qatar decided to adjust Treasury bill auctions programs to liquidity conditions. The countries are also making the capital markets attractive by implementing new regulations. Saudi Arabia's Capital Market Authority has relaxed requirements for foreign institutional investors, introduced new trading options and introduced new settlement process⁹⁴. Moreover, Saudi Arabia's inclusion in the MSCI Emerging Markets Index and upcoming IPO of Aramco is likely to increase international investor participation in the local equity market. The UAE is also drafting new IPO regulations to strengthen capital markets. The GCC IPO market is expected to become lively in the coming years, on the back of favorable valuations and regional governments' plan to divest partial interest in state-owned firms. The member nations also have established global financial centers/free zones like Dubai International Financial Center, Qatar Financial Center, King Abdullah Financial District in Riyadh and Abu Dhabi Global Market to attract companies in the financial sector.

India with a relatively developed financial market is well equipped to tap the potential in the GCC. Opening up of the capital market sector with investor-friendly regulations are likely to attract Indian investments in upcoming IPOs. Moreover, the vast number of Indians residing in the GCC makes it easier for the Indian banks and financial service providers to

⁹³ Source: "Deloitte GCC Powers of Construction 2016", Deloitte, 2016

⁹⁴ Source: "New rules set to boost IPOs in GCC", Khaleej Times, August 21, 2016

penetrate the market. Many such institutions have already opened representative offices in the GCC countries to capitalize on opportunities in remittances, lending and trade finance. In February 2016, Axis Bank divulged intentions to expand its operations in the UAE and the wider region by opening representative offices⁹⁵. In February 2017, Yes Bank opened its second representative office in Dubai as part of its plan to grow its international presence in a region with a large number of Indians⁹⁶.

ICT

The ICT sector is witnessing growth with the adoption of digital technologies across all industries

The ICT sector is witnessing growth with the adoption of digital technologies across all industries. For instance, digital oil fields in oil and gas, smart-city technologies in construction, integrated health networks in healthcare and e-government tools in public institutions. Companies have started embracing technology across their value chain as part of their digital transformation strategy. Investment in artificial intelligence (AI) has grown significantly and companies are focusing on areas of machine learning, deep learning, natural language processing, video analytics and embedded AI solutions. The governments have also embarked on digital transformation plans to capitalize on the emerging digital technologies and upgrade overall digital infrastructure to improve governance and doing business. The member nations have created ICT clusters like Dubai Internet City, Qatar Science & Technology Park, Dubai Silicon Oasis, King Abdullah bin Abdul Aziz Science Park and Knowledge Oasis Muscat to encourage the development of local ICT resources and cater to the region's emerging ICT needs. These parks are set up as special economic zones with liberal economic and regulatory environment for domestic as well as international companies.

Indian start-ups have enormous opportunities in the Gulf, which is promoting the service sector and digitization

Some of the Indian technology firms who have established a presence in the region include TCS, Tech Mahindra, Wipro, HCL Technologies and Infosys. The region presents immense opportunities in the areas of cloud computing, big data, security and enhanced mobility applications. Moreover, Indian institutes like NIIT and Aptech are running IT training institutes in the GCC to impart IT skills to the nationals. Indian start-ups also have enormous opportunities in the Gulf, which is promoting the service sector and digitization.

⁹⁵ Source: "India's Axis Bank aims to expand rep offices in UAE, region", Emirates 24/7, February 18, 2016

⁹⁶ Source: "Yes Bank set to expand Gulf presence with DIFC debut", Khaleej Times, February 18, 2017

4. Indian Investment Landscape

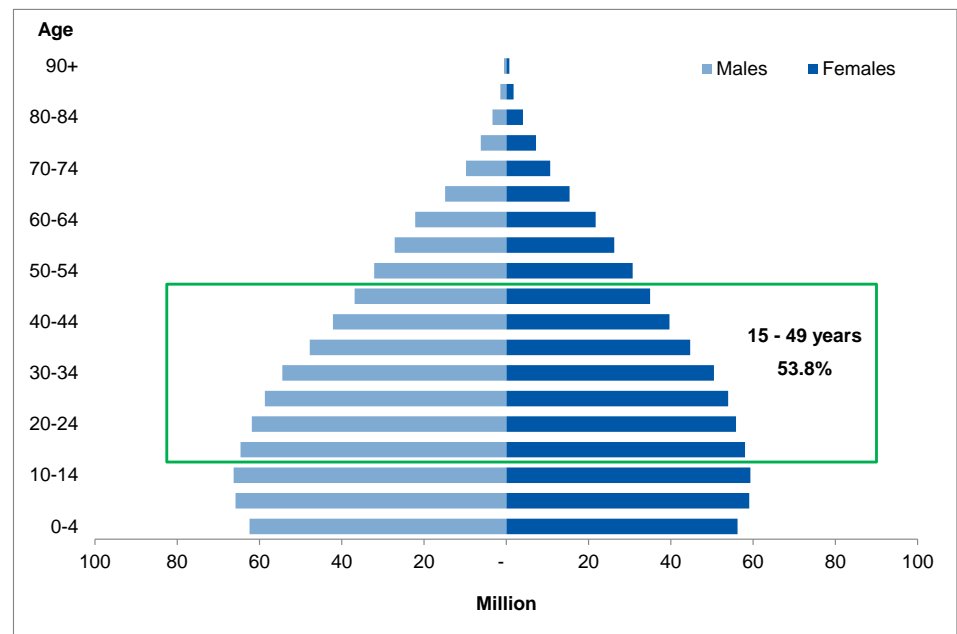
4.1 Growth Drivers

Demographics

The population in India is set to expand, with an estimated addition of over 88 million individuals by 2021

India has a large consumer market with a population above 1.3 billion in 2016, having grown at a CAGR of 1.5% from 2011⁹⁷. The population is set to expand at a similar rate, with an estimated addition of over 88 million individuals by 2021. A growing consumer base would increase appetite for goods and services. Not only is the sheer size an advantage for the country, but also the diversity, age distribution, gender mix and rural to urban migration. More than half of the population is aged between 15 and 49 years (see Exhibit 21) and the median age of the residents is about 27 years⁹⁸. As the young population shifts into the working age group, there will be a resultant increase in the purchasing power and hence, spending. In 2015, 52% of Indian household consumption spending was discretionary⁹⁹. The rising influence of social media among the digitally enabled young and working class is supporting discretionary spending. The spending power will also be strengthened by the movement of people from rural to urban areas for high-paying jobs. Only 33.1% of the population in India resided in urban areas in 2016¹⁰⁰. With ample scope for urbanization, the demand for housing and consumer goods is expected to multiply in the future.

Exhibit 21: India - Population Age Distribution (2016)



Source: IMF – April 2017, United Nations Population Division

⁹⁷ Source: IMF

⁹⁸ Source: United Nations Population Division

⁹⁹ Source: "The changing dynamics of India's consumer economy", Financial Express, November 20, 2015

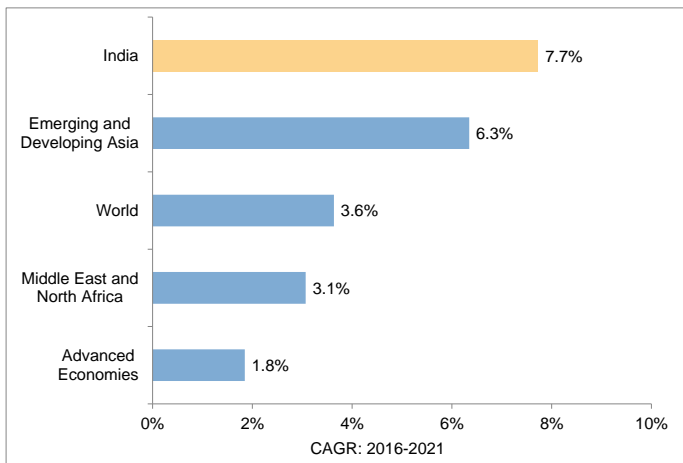
¹⁰⁰ Source: World Bank

Economic Growth

Indian economy is projected to grow at an annual average rate of 7.7% between 2016 and 2021, much faster than the advanced economies and world average

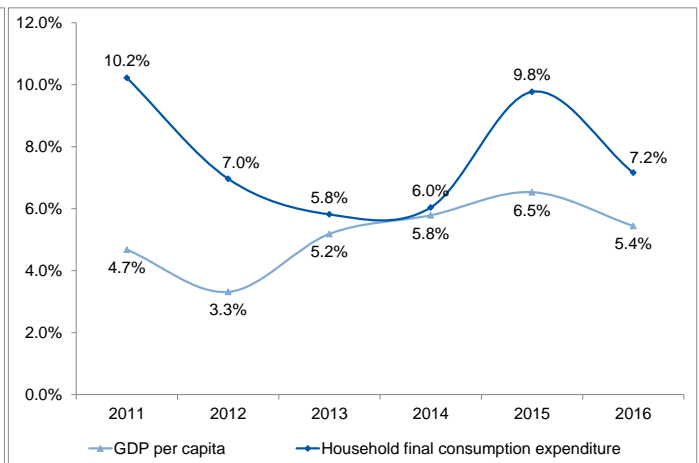
With real GDP growing at a CAGR of 6.8% between 2011 and 2016¹⁰¹, India has become one of the fastest growing economies in the world. The economy is projected to grow at an annual average rate of 7.7% through 2021, much faster than the advanced economies and world average (see Exhibit 22). Consequently, India is projected to become the fourth-largest economy in the world¹⁰². The strong forecasts are in anticipation of growing population and urbanization coupled with the ongoing reforms creating employment and investment opportunities. Historically, there has been a positive correlation between the GDP per capita and household consumption expenditure. During 2011-2016, growth in per capita income has led to a higher increase in household final consumption expenditure (see Exhibit 23). Accordingly, a rapid increase in Indian GDP is likely to translate into rise in per capita income and subsequently generate incremental demand for goods and services, making the country a prominent market for consumer goods. Household consumption per capita is anticipated to increase at an annualized rate of 9.5% from US\$ 980 in 2016 to US\$ 1,410 in 2020¹⁰³. The rise in disposable income combined with an open economy and reforms is likely to entice foreign companies. As the economy expands, the growing demand for oil and other commodities will encourage India to fortify its strategic ties with the Gulf and other Asian and African countries.

Exhibit 22: Real GDP Growth Forecasts (CAGR: 2016-2021)



Source: IMF – April 2017

Exhibit 23: Trend in Growth of GDP Per Capita vis-à-vis Household Final Consumption Expenditure



Source: IMF – April 2017

Structural Reforms

The Indian economy has been transforming, given the rapid pace of reforms in finance, tax, real estate, energy and FDI, among others

The Indian economy has been transforming, given the rapid pace of reforms in finance, tax, real estate, energy and FDI, among others. Some of the noteworthy reforms include easing of FDI policies to attract foreign investments, financial inclusion, revision of insolvency and bankruptcy code, implementation of goods and services tax (GST), demonetization and deregulation of diesel prices. Other transformations in the pipeline include labor reforms, easing of land acquisition norms and abolishment of Foreign Investment and Promotion Board. Additionally, the government has undertaken initiatives like Make in India, Digital India, Startup India, Smart Cities and Clean India for the

¹⁰¹ Source: "World Economic Outlook Database", International Monetary Fund, April 2017

¹⁰² Source: "India to be among top 5 economies in the world by 2022, pushing Britain out, overtaking Germany", Business Today, April 28, 2017

¹⁰³ Source: Economist Intelligence Unit, Bloomberg

socioeconomic well-being of the country. These initiatives have opened up wide opportunities for multinational corporations across various sectors. The Prime Minister of India, Mr. Narendra Modi, has also been visiting several countries to encourage collaboration in various sectors and attract investments. The UAE, Saudi Arabia, Oman and Qatar have shown interest in investing in the Indian initiatives.

On November 8, 2016, the government announced a demonetization drive to flush out black money and ensure transparency. To bring in more transparency and encourage a cashless society, the government mandated the use of Aadhaar card – a unique identity number – and link it to personal bank accounts, mobile number and tax filings, among others. After the demonetization drive, the number of Aadhaar enrolments and its linking to bank accounts increased substantially. Moreover, this development has given a push to the digitization initiative. Another major reform was the implementation of nationwide GST in July 2017 to overhaul the tax system. Earlier the tax structure in India was considered as an obstacle in doing business, due to the presence of several direct and indirect taxes at national as well as state level. The GST will be a replacement of the earlier 17 indirect taxes and 22 cesses at different rates. This unification will increase tax collections, ensure transparency and reduce interstate barriers to trade.

Further, the government is taking essential steps to improve its ranking in the World Bank's Ease of Doing Business. The country is liberalizing and formulating policies to improve ranking in parameters like starting a business, construction permits, paying taxes, trading across borders and resolving insolvency. These fast-paced and investor-friendly reforms are likely to be the primary driver of investments in the country.

4.2 Investment Challenges

Underdeveloped Infrastructure

Traffic congestions on road, delays in movement of freight through railways and high turnaround time at seaports are testaments to the infrastructure capacity constraints in India

In the face of expanding population and rapid urbanization, improvement of physical infrastructure is vital to sustain economic progression. India stood 68th among the 138 countries on the infrastructure front in the Global Competitiveness rankings 2016-2017, way behind the GCC nations¹⁰⁴. Even though the country's ranking improved from the 81st position last year, constraints in funding and land acquisition coupled with delays in identifying and awarding of projects and securing approvals have acted as roadblocks. India has been expanding its road, air, sea and rail connectivity, however, the capacities are not adequate enough to accommodate the growing population and trade activities. Traffic congestions on road, delays in the movement of freight through railways and high turnaround time at seaports are testaments to the capacity constraints.

As the Indian economy is already having a high debt¹⁰⁵, foreign capital flows would play a major role in expediting the infrastructure development. Moreover, timely completion of projects within the estimated cost would be the key to fast-tracking infrastructure developments in the country.

Red-tapism

India ranked 79th among 176 countries in the Corruption Perception Index 2016

Corruption is considered as a major obstacle by companies operating in or planning to invest in India. The country ranked 79th among 176 countries in the Corruption Perception Index 2016¹⁰⁶. According to a Global Shapers Annual Survey 2016¹⁰⁷, almost half of the millennial respondents in India perceived government accountability & transparency /corruption as the most pressing issue in the country¹⁰⁸. Although the country has legal frameworks such as Prevention of Corruption Act and Lokayukta Act to prevent bribery, the degree of enforcement and monitoring is low. Even though the government has taken stringent steps such as demonetization to curb corruption practices, the framework mechanism needs to be strengthened to improve accountability and enforcement.

Slow Pace of Labor Reforms

The existence of trade unions have interrupted industrial operations due to protests/petitions

While the presence of a large pool of low-cost labor is an advantage for India, the existence of trade unions has interrupted industrial operations. Trade unions are groups created to protect the interests of labor by looking after their demands for wages, safety and social and job security. For the same, the groups conduct strikes and petitions against the company management/government. Such protests sometimes turn violent, resulting in lockouts and halting of production. In September 2016, there was a one-day nationwide strike held by 180 million workers to demand higher wages and social security¹⁰⁹. The strike negatively impacted operations across sectors, costing the economy about US\$ 2.7 billion. In March 2017, the labor union at a jute mill in West Bengal staged a two-month long protest. In June 2017, farmers in various states held protests for more than a week

¹⁰⁴ Source: World Economic Forum (Refer: <http://reports.weforum.org/global-competitiveness-index/>)

¹⁰⁵ Source: "India's debt remains 'significantly' high, higher than Bahamas and South Africa, says Moody's", The Economic Times, June 1, 2017

¹⁰⁶ Source: Transparency International

¹⁰⁷ A survey conducted by World Economic Forum among a total of 26,615 respondents in the age group of 18 to 35 years in 187 countries and territories

¹⁰⁸ Source: "Religious conflict among most pressing issues in India: Survey", The Economic Times, August 26, 2016

¹⁰⁹ Source: "Why millions of Indian workers just staged one of the biggest labor strikes in history", Los Angeles Times, September 14, 2016

against the government with demands to waive off their loans¹¹⁰. These are few instances of the strikes held recently and resulted in losses to the companies/government. Hence, there is a dire need to reform the labor laws in a bid to attract foreign companies to be a part of the country's Make in India initiative.

Bureaucratic Hurdles

The multi-layered government structure in India has made decision making complicated and time-consuming

The multi-layered government structure in India has made decision making complicated and time-consuming. Lack of uniform policies, guidelines, procedures and coordination between the federal and state governments are some of the bureaucratic hurdles faced by the investors. Foreign investors encounter varying business procedures and complexities in the different states and union territories. The frequency of political elections is also high in the country. On an average, the country witnesses 5-7 elections every year for the various state assemblies, which are held subsequent to or simultaneously with the central government election. Moreover, the states also hold polling for the municipal bodies in urban and rural areas¹¹¹. Such perennial elections affect the administration, development activities and long-term policy making. In 2016, the ruling government pitched the idea of holding simultaneous elections in the country to reduce the electoral frequency. The idea is being evaluated and under discussion with the regional and opposition parties.

Tax Structure

Foreign investors may take time to understand the new tax law and rules, thus delaying investments

According to the 2017 Asia Pacific Tax Complexity Survey¹¹², the tax laws in India are perceived as the second most complex in the region. Although India has implemented a unified tax structure (GST) in July 2017, the multi-tier structure and complex rules of the new tax makes it complicated. The GST is divided into three parts (Central GST, State GST and Integrated GST) and will require businesses to file three returns per month or 36 returns per year. Moreover, the tax rate varies for different product and service categories¹¹³, unlike a uniform GST applicable in other countries. Foreign investors may take time to understand the new tax law and rules, thus delaying investments. Especially, the GCC-based investors, who operate in a relatively less-demanding tax structure, may find it difficult to interpret the new tax structure and subsequently act as a hurdle in their investment plans in India.

Socio-political Risks

Tensions on the borders with Pakistan and China or domestic social issues are sighted as potential risks in India

Tensions on the borders with Pakistan and China and domestic social issues are sighted as potential risks in India in the regulatory filings by various investors¹¹⁴. The inability of the government to reduce/combat such tensions could disrupt the economy and hence, investments. Uprooting terror remains the main agenda of the Indian government, as it has been collaborating with various countries in combating terror financing and sharing intelligence.

¹¹⁰ Source: "Maharashtra farmers protest: In just 264 hrs, how the government was forced to fall in line", Financial Express, June 22, 2017

¹¹¹ Source: "Analysis Of Simultaneous Elections: The "What", "Why" And "How", NITI Ayog.

¹¹² Source: A survey conducted by Deloitte on 331 executives in the Asia Pacific region

¹¹³ Source: "How India's GST in its current avatar deviates from global practices", Live Mint, May 31, 2017

¹¹⁴ Source: "Kashmir Issue, Religious Conflicts 'Risks to Investment in India'", The Wire, May 22, 2017

The services sector has remained a key area attracting FDI in India, with the sector representing 18.0% of total cumulative FDI in India

4.3 Opportunities for the GCC Investors in India

India, a fast growing and emerging economy, is in the process of upgrading infrastructure, creating a digitally empowered society, increasing local manufacturing activity and enhancing energy production. Consequently, the country is presenting substantial investment opportunities across various sectors. The services sector has remained a key area attracting FDI in India, with the sector representing 18.0% of total cumulative FDI in India since January 2000 to December 2016¹¹⁵ (see Exhibit 24). Construction and ICT sectors were the other key sectors attracting FDI.

Exhibit 24: Top Ten Sectors Receiving FDI in India

Sectors	Cumulative Investments from Jan 2000 to Dec 2016 (US\$ billion)	Share of Total FDI (%)
Services (<i>Finance / Banking, Insurance, Non-Fin. Services / Business Outsourcing, R&D, Courier, Technology Testing & Analysis, Others</i>)	58.4	18.0%
Construction Development (Real estate & built-up Infrastructure)	24.3	7.5%
Telecommunications	23.9	7.4%
Computer Software & Hardware	22.9	7.0%
Automobile	16.7	5.1%
Drugs & Pharmaceuticals	14.6	4.5%
Trading	13.9	4.3%
Chemicals (other than fertilizers)	12.7	3.9%
Power	11.5	3.5%
Metallurgical Industries	10.2	3.1%
Others	115.9	35.7%
Total FDI into India	325.0	100.0%

Source: DIPP of India

Investments of more than US\$ 1.5 trillion are estimated to modernize the Indian infrastructure including roads, railways, airports, seaports and power

Infrastructure

Infrastructure development remains a key driver of the Indian economy and hence, a focus area of the government. Investments of more than US\$ 1.5 trillion are estimated to modernize the infrastructure including roads, railways, airports, seaports and power¹¹⁶. The National Institution for Transforming India (NITI Aayog) – the think-tank of Indian government – in its 2020 Vision has outlined the below targets to upgrade the infrastructure¹¹⁷.

¹¹⁵ Source: DIPP of India

¹¹⁶ Source: "India needs \$1.5 trillion for infrastructure, Arun Jaitley says", The Times of India, June 26, 2016

¹¹⁷ Source: "NITI Aayog's 2020 vision for Indian Railways, roads: Increase track length by 8 times, double NH length", Financial Express, June 10, 2016

- Roads: Increase the network of highways to 960,000 kilometers (km) by 2020 from 45,406 km in FY 2016¹¹⁸
- Railways: Increase the total track length of railways to 13 million km by 2020 from 1.8 million km in FY 2016
- Airports: Expand the passenger and cargo handling capacity to 440 million and six million tonnes per year from 250 million and 4 million tonnes in FY 2016, respectively
- Seaports: Increase the port capacity from 1,602 million tonnes per annum by the end of March 2016 to 2,331 million tonnes per annum by 2020
- Power: Generate 17% of total energy from solar and wind by 2020, as compared to 5.7% in FY 2016.

To achieve the above targets, the government in addition to increasing capital expenditure has set up a National Investment and Infrastructure Fund (NIIF) with a corpus of US\$ 6 billion¹¹⁹. The government will fund 49% of the capital required in NIIF and the rest will be raised from long-term institutional investors, sovereign wealth funds, pension funds and other investors. During the visit to the UAE, Saudi Arabia and Qatar, the Indian Prime Minister invited the regional governments as well as companies to participate in the development of Indian infrastructure. In June 2016, Qatar Investment Authority entered into a MoU with NIIF to facilitate the study of investment opportunities in the Indian infrastructure sector¹²⁰. The UAE and India billion-dollar infrastructure fund is at the pre-execution stage, with India in the process of setting up related governance structures¹²¹.

In May 2017, the UAE-based DP World announced plans to invest US\$ 1 billion in the Indian logistics and container terminals

Several investors from the GCC are investing or have shown interest in the Indian infrastructure projects. In December 2015, GMR Infrastructure entered into a US\$ 300 million 60-year long Foreign Currency Convertible Bond deal with Kuwait Investment Authority¹²². In October 2016, the UAE-based Gamma Group committed to investing US\$ 453 million in the infrastructure, health and education sectors in Kerala, India. In February 2017, Qatar Holding disclosed plans to invest US\$ 250 million in an affordable housing fund of India's ArthVeda Fund Management¹²³. The investment came in after the Indian government's decision to grant infrastructure status to affordable housing, which provides finance at lower interest rates and tax exemptions. In May 2017, the UAE-based DP World announced plans to invest US\$ 1 billion in the Indian logistics and container terminals¹²⁴.

Dubai Holding LLC, a subsidiary of the Emirate's sovereign wealth fund, is exploring investment opportunities in the Indian renewable energy space

The renewable energy sector is also receiving investor interest. India needs about US\$ 200 billion to reach installed capacity targets of 100 gigawatts of solar power and 60,000 megawatts of wind power by 2022¹²⁵. In October 2015, The Abraaj Group collaborated with India-based Aditya Birla Group to purchase 49% equity interest in Aditya Birla Renewables Limited, which focuses on the development of solar power plants in India¹²⁶. In October 2015, a subsidiary of Abu Dhabi Investment Authority (ADIA) purchased a significant minority interest in ReNew Power Ventures Pvt. Ltd., an India based solar and wind energy player, for US\$ 200 million¹²⁷. In the subsequent year, ADIA invested US\$ 150 million in Greenko Energy Holdings, an operator of wind and hydro power plants in India¹²⁸. In view of the success of such investments and the potential market, Dubai

¹¹⁸ Fiscal year ending March

¹¹⁹ Source: National Investment and Infrastructure Fund

¹²⁰ Source: "NIIF, Qatar Investment Authority sign MoU to boost infra investments", The Times of India, June 9, 2016

¹²¹ Source: "UAE says ball in India's court to set up \$75 bn investment fund", Business Standard, January 24, 2017

¹²² Source: "GMR raises Rs 2,000 cr from Kuwait Investment", Business Standard, December 5, 2015

¹²³ Source: "Qatar Holding to invest \$250 mln in India affordable housing -fund manager", Reuters, February 6, 2017

¹²⁴ Source: "DP World to invest US\$ 1 bn in Indian logistics sector", IBEF, May 5, 2017

¹²⁵ Source: "West Asian companies look to buy Indian green power assets", Live Mint, August 19, 2015

¹²⁶ Source: "The Abraaj Group and Aditya Birla Group Invest in Solar Power in India", The Abraaj Group, October 6, 2015

¹²⁷ Source: "India's ReNew Power sells stake to Abu Dhabi sovereign fund", Reuters, October 27, 2015

¹²⁸ Source: "Greenko Energy raises \$230 million in fresh funds", Live Mint, June 8, 2016

Holding LLC, a subsidiary of the Emirate's sovereign wealth fund, is also exploring investment opportunities in the Indian renewable energy space¹²⁹.

Food Processing

To capitalize on the natural resources and the large labor force, the Indian government aims to turn the country into a food factory for the world

India has large arable land and agricultural resources. The country is the world's largest producer of milk, second largest producer of fruits and vegetables, third largest producer of food grains and fish and has the largest livestock resource¹³⁰. To capitalize on the natural resources and the large labor force, the Indian government aims to turn the country into a food factory for the world. For the same, the government has approved 100% FDI in food processing (through automatic route) and retail (for food produced locally) and is providing a preferential rate of credit. In the last five years, cumulative FDI inflows (since January 2000) into the food processing sector have grown at a CAGR of 40.3% to US\$ 7.5 billion in 2016¹³¹ (see Exhibit 25). The government has introduced a Mega Food Park Scheme to provide modern infrastructure facilities and fiscal incentives to encourage manufacturing. The goal is to build 42 mega food parks at an estimated cost of US\$ 750 million¹³². Eight such parks are operational and many are underway. Several international companies have shown interest in setting up or investing in mega food parks in the country. The country is also encouraging development of supply-chain infrastructure including cold storage facilities and abattoirs. The government allows custom duty exemption on the goods required for the construction of cold storages. With the food processing sector expected to grow at an annual rate of 13.3% and the retail food market at 24.3% by 2020¹³³ (see Exhibit 26), the Indian food industry offers immense growth prospects for investors.

Exhibit 25: Cumulative FDI (since January 2000) in Indian Food Processing Sector

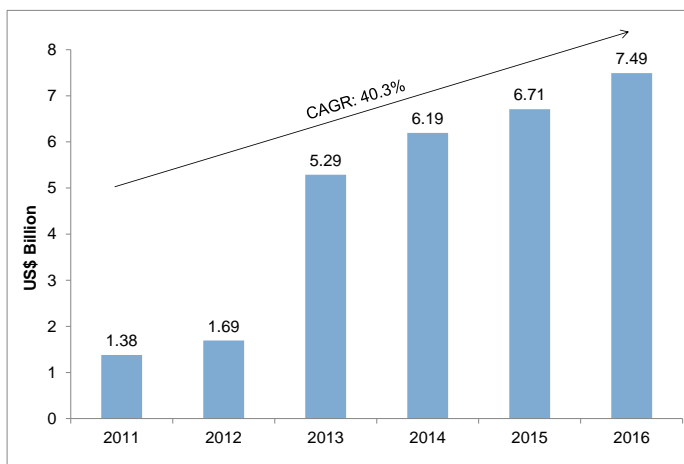
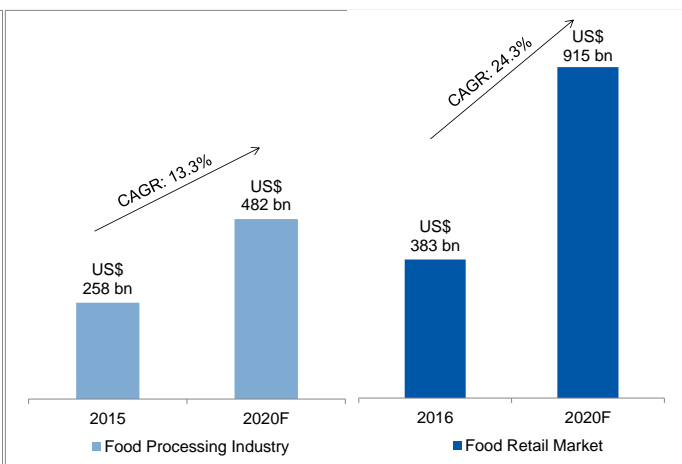


Exhibit 26: Indian Food Processing Sector Forecast



Source: DIPP of India

Source: Grant Thornton, IBEF, Images Research

Note: The significant increase in 2013 was due to huge investments by Coca-Cola and PepsiCo

Due to the high dependency on food imports, investments in Indian food companies are potential areas of cooperation for the GCC

Due to the high dependency on food imports, investments in Indian food companies are potential areas of cooperation for the GCC companies. During the GulFood Conference 2016, the Food Processing Minister of India presented opportunities in the Indian food processing sector. The minister invited the UAE-based companies to invest in its mega

¹²⁹ Source: "Investment Corp. of Dubai eyes India renewable energy investments", Live Mint, January 19, 2017

¹³⁰ Source: "Mega Food Parks - Huge opportunities in Food Processing", MITCON India

¹³¹ Source: DIPP of India

¹³² Source: "World Food India 2017", Ministry of Food Processing Industries of India, November 2017

¹³³ Source: "Food Processing Sector", Grant Thornton, February 22, 2017; "Indian Food Processing", India Brand Equity Foundation (IBEF), June 2017; "India Food Report 2016", Images Research

India is the world's largest sourcing destination for the IT industry and employs around 10 million people

The Lulu Group has disclosed plans to build an IT park at Kochi with a capital outlay of US\$ 0.2 billion

food parks, cold chains and other segments in the food value chain. Both the countries have collaborated to work on a farm-to-port project, wherein India will grow crops as per the requirements in the UAE market and provide desired logistics to ship them through the port. Moreover, by setting up manufacturing facilities in India under the Mega Food Park scheme, the GCC-based companies can export and market the food items to the Middle East. The UAE-based retail giant, Lulu Group, has earmarked an investment of INR 5.0 billion (US\$ 74.3 million¹³⁴) to set up a food processing plant in Hyderabad¹³⁵.

ICT

India is the world's largest sourcing destination for the IT industry and employs around 10 million people¹³⁶. A large pool of skilled labor, cost advantages, entrepreneurial culture, market-driven education system and experience in project execution are the core strengths of the Indian IT market. The size of Indian IT industry¹³⁷ is estimated at US\$ 160 billion in 2016 and projected to grow at a CAGR of over 9% to US\$ 350 billion in 2025. The emergence of disruptive technologies such as cloud computing, social media & data analytics, AI and the internet of things are offering new avenues of growth. Additionally, the government's aim to transform the country into a digitally empowered society and knowledge economy through its Digital India initiative is creating many opportunities. Technology is playing a huge role in transforming the public sector, consumer goods, IT, healthcare and financial services sectors in India and hence, offering investment opportunities. Further, the implementation of 4G and growing internet penetration (expanded by over 200% in the last five years) is driving the telecom sector. The Indian e-commerce market is projected to grow at a CAGR of 45% in the four years to US\$ 28 billion in 2020¹³⁸. The country today is the third largest hub for start-ups, largely those developing digital solutions. Already several venture capitalists, private equity firms and angel investors, among others have invested in the start-ups. Thus, the ICT sector in India presents huge potential for investors, given the ongoing digital transformation in the country.

During the recent high-level visits between India and the UAE, the countries agreed to cooperate in the area of IT and IT enabled services and encourage private sector participation. This is likely to draw the UAE-based investors to the Indian ICT sector. The Lulu Group has disclosed plans to build an IT park at Kochi with a capital outlay of INR 14.0 billion (US\$ 0.2 billion^{139,140}).

Healthcare

India has a large and maturing healthcare industry, given the wide population base and incidence of chronic and lifestyle ailments. The healthcare sector¹⁴¹ is expected to grow at a CAGR of 26.3% from US\$ 110 billion in 2016 to US\$ 280 billion in 2020¹⁴². The number of additional hospital beds required in the country is estimated at 700,000 over the next

¹³⁴ Converted at exchange rate of 0.015

¹³⁵ Source: "Lulu Group to invest Rs7,000 crore in India in hospitality, retail sectors", Live Mint, July 3, 2016

¹³⁶ Source: "IT and ITeS industry", IBEF, May 2017

¹³⁷ Comprises IT services, Business Process Management, software products and engineering services and hardware

¹³⁸ Source: "Indian e-commerce market could reach \$28 billion by FY 2020: Kotak Institutional equities", The Economic Times, September 9, 2016

¹³⁹ Converted at exchange rate of 0.015

¹⁴⁰ Source: "Lulu Group to invest Rs7,000 crore in India in hospitality, retail sectors", Live Mint, July 3, 2016

¹⁴¹ The segments within the healthcare sector include hospitals, pharmaceutical, diagnostics, medical equipment and supplies, medical insurance and telemedicine

¹⁴² Source: "Healthcare Industry in India", IBEF, June 2017

Several GCC-based healthcare companies and investors have engaged in M&A activities and disclosed expansion plans in the Indian healthcare sector

five years. This presents an investment opportunity of US\$ 25-30 billion. Since April 2000 to March 2017, drugs and pharmaceutical segment received FDI inflow of US\$ 14.7 billion and the hospital and diagnostic segment received inflows worth US\$ 4.3 billion. Measured by annualized growth in the last five years, the cumulative FDI inflows in the respective segments grew by 9.8% and 26.5%.

Several GCC-based healthcare companies and investors have engaged in M&A activities and disclosed expansion plans in the Indian healthcare sector. Aster DM Healthcare (ADH) has made multiple acquisitions in the Indian healthcare sector to expand its presence. In August 2014, ADH acquired Sri Sainatha Multi Speciality Hospital for US\$ 6.8 million¹⁴³ and in May 2016 bought a 25% additional stake in Ramesh Hospitals for INR 1.1 billion (US\$ 16.3 million¹⁴⁴)¹⁴⁵. Further, the company has announced an investment of INR 6.0 billion (US\$ 89.3 million) in three hospitality projects that will add over 1,000 beds in the country¹⁴⁶. ADH also plans to offer 10% of its stake to the public by listing it on the Mumbai or London stock exchanges. In March 2016, a group of non-resident Indians in Qatar disclosed plans to build a medical city in Kochi with an investment of INR 13 billion (US\$ 0.2 billion)¹⁴⁷. In April 2016, VPS Healthcare entered the Indian market with the acquisition of Lakeshore Hospital and disclosed an INR 10.0 billion (US\$ 149.9 million) expansion plan¹⁴⁸. In January 2017, The Abraaj Group advanced talks to acquire a controlling stake in Medall Healthcare, an Indian diagnostics services provider valued at US\$ 225 million¹⁴⁹. In the previous year, the group had acquired a 72% stake in CARE Hospitals for INR 20 billion (US\$ 0.3 billion)¹⁵⁰.

Banking and Financial Services

The banking and financial system in India is large, well developed and highly regulated

The banking and financial system in India is large, well developed and highly regulated. The government has been focusing on financial inclusion by implementing the Pradhan Mantri Jan-Dhan Yojana, which aims at every household being financially literate and having one bank account and access to credit, insurance and pension facilities. Moreover, the Direct Benefit Transfer scheme introduced in 2013 facilitates payment of wages, subsidies, scholarships and other incentives from the government directly to the beneficiary's account digitally. The increase in outreach to rural areas is likely to expand the market for financial services in India multifold. Moreover, growing disposable income is providing boost to the capital markets, as investments in stocks, mutual funds, insurance, pension and other avenues of growing wealth increase. The RBI has proposed to introduce Islamic Banking at banks to ensure financial inclusion of people following Islam, who refrain from using banking products due to the element of interest. The opening of the interest-free banking may draw huge investment from the Gulf countries.

The Indian banking and financial services market continues to attract GCC-based players to set up or expand operations

The Indian banking and financial services market continues to attract GCC-based players to set up or expand operations. In August 2016, Doha Bank and India-based Centrum Group entered into a collaboration to use each other's network for scaling up operations in areas of banking, wealth management and foreign exchange¹⁵¹. During the same period,

¹⁴³ Source: "Aster DM Healthcare acquires Prime Hospitals for \$6.8M", VCCircle, August 22, 2014

¹⁴⁴ Converted at exchange rate of 0.015

¹⁴⁵ Source: "Aster DM Healthcare buys 25 percent in Ramesh Hospitals", The Economic Times, May 31, 2016

¹⁴⁶ Source: "Aster DM Healthcare Announces Mega Expansion Plans in Kerala", Aster DM Healthcare, June 14, 2016

¹⁴⁷ Source: "Qatar NRIs to set up Rs13bn healthcare project in Kochi", Gulf Times, March 8, 2016

¹⁴⁸ Source: "UAE-based VPS Healthcare to invest Rs 1,000 crore in India in healthcare facilities", The Economic Times, April 18, 2016

¹⁴⁹ Source: "Dubai-based Abraaj Group in advanced talks to acquire Medall Healthcare", Live Mint, January 4, 2017; IBEF

¹⁵⁰ Source: "Dubai-based Abraaj Group buys 72% holding in CARE Hospitals", The Economic Times, January 14, 2016

¹⁵¹ Source: "Doha Bank, Centrum in tie-up to scale up ops in India, Gulf", Live Mint, August 29, 2016

With an annual passenger traffic of 224 million in 2016, India ranks as the 9th largest civil aviation market in the world

Qatar National Bank got permission to open a branch and start full-fledged banking operations in India¹⁵². OMA Emirates, a UAE-based payments solution provider, also entered India with the acquisition of MobiSwipe Technologies in February 2017 to take a pie of the growing mobile payments market in India. In June 2017, the UAE Exchange and Financial Services Ltd. applied for a banking license in India¹⁵³.

Aviation

With an annual passenger traffic of 224 million in 2016, India ranks as the 9th largest civil aviation market in the world¹⁵⁴ and aims to become the third largest by 2020. Domestic passenger traffic, representing three-fourth of the total air traffic, grew at a CAGR of 10.1% in the decade to 2016. To accommodate the growing traffic, the government envisages setting up of about 500 brownfield and greenfield projects by 2020. The country has relaxed FDI norms and announced fiscal incentives to augment airline capacity and encourage related manufacturing activity. The FDI policy in aviation permits 100% ownership in greenfield projects and 74% in brownfield projects under the automatic route. FDI beyond 74% is allowed under the government route.

The flow of passengers between the GCC and India has been increasing owing to the presence of a large number of Indians in the Gulf and growing number of Indian tourists for leisure as well as business activities. In 2016, nearly 40% of the international traffic from India was to the Gulf¹⁵⁵. Thus, investment in the Indian aviation sector is an attractive bet for the Gulf airlines. In 2013, Abu Dhabi-based Etihad Airways had purchased a 24% stake in Jet Airways, followed by the policy allowing up to 49% FDI in Indian aviation sector. In March 2017, Qatar Airways announced plans to establish a 100%-owned airline in India¹⁵⁶. It is presently studying the prospects and scope of the project before applying for the Indian government's permission. In July 2017, Abu Dhabi Investment Authority entered into talks with GMR Infrastructure to purchase 49% stake in Hyderabad International Airport¹⁵⁷.

Oil & Gas

Securing the supply of energy and development of domestic upstream and downstream sectors are crucial for India

India is the world's third largest consumer of primary energy and its demand is projected to grow at a CAGR of 4.2% through 2035¹⁵⁸. Growing population and rapid economic development are the primary demand drivers. Consequently, securing the supply of energy and development of domestic upstream and downstream sectors are crucial for the country's growth. The government has announced several measures to attract investments in developing the sector. It has allowed 100% FDI in oil and gas exploration and production (E&P), refining, pipelines and fuel marketing. Additionally, the government introduced Hydrocarbon Exploration Licensing Policy (HELP), which gives oil and gas companies a uniform license for E&P of hydrocarbons, choice of blocks from a designated area and marketing freedom. Buoyed by the industry outlook and reforms, cumulative FDI

¹⁵² Source: "QNB gets go-ahead to open branch in India", Gulf Times, August 28, 2016

¹⁵³ Source: "UAE Exchange and Financial Services applies for banking licence", The Economic Times, June 30, 2017

¹⁵⁴ Source: Aviation – Make in India

¹⁵⁵ Source: "What Gulf slowdown! IndiGo, GoAir to expand ops to West Asia", Rediff,

¹⁵⁶ Source: "Qatar Airways to start fully-owned airline in India", Live Mint, March 9, 2017

¹⁵⁷ Source: "GMR Infra climbs 3% as ADIA looks to buy 49% stake in Hyderabad airport", The Economic Times, July 17, 2017

¹⁵⁸ Source: "BP Statistical Review of World Energy", BP, June 2017; "India to become the fastest oil consumer by 2035", The Economic Times, January 26, 2017

In April 2016, the Indian Petroleum and Natural Gas Minister visited the UAE and Saudi Arabia to showcase investment prospects in the country's petrochemical plants and refinery projects

India is home to more than 200 SEZs and many under the development stage

since January 2000 into the country's petroleum and natural gas sector reached US\$ 6.8 billion at the end of 2016, more than twice the amount five years ago¹⁵⁹.

The GCC region with rich hydrocarbon reserves is an important trade partner for India. India imports more than half of its oil and gas requirement from the region¹⁶⁰. The country is in the process of strengthening its trade ties with the GCC nations while seeking investments to develop the domestic upstream and downstream sectors. In April 2016, the Indian Petroleum and Natural Gas Minister visited the UAE and Saudi Arabia to showcase investment prospects in the country's petrochemical plants and refinery projects. Some of the opportunities presented included a 26% interest in Oil and Natural Gas Corporation's upcoming petrochemical project in Dahej for US\$ 700 million, a 24% stake in expansion of Bina refinery (owned by BPCL) in Madhya Pradesh for US\$ 200 million and a 25%-40% stake in HPCL's planned petrochemical plant in Andhra Pradesh for US\$ 530-850 million. The Minister has promised on providing a fair, attractive and transparent policy for the investors. India has also invited investors from Saudi Arabia and Qatar to invest in its oil and gas upstream sector and participate in the strategic reserves storage facility to be created in India. The UAE's national oil company has already committed to store oil in the planned strategic reserve.

Special Economic Zones

India introduced the policy on establishing special economic zones (SEZs) in 2006, a move to boost exports by simplifying regulatory procedures and providing single-window clearances. Today, the country is home to more than 200 SEZs and many under the development stage. The zones have attracted several international companies owing to incentives such as duty-free procurement of goods from the domestic market; 100% tax exemption on export income for first five years; and exemption of other taxes such as minimum alternate tax, central sales tax and service tax. Some of the notable economic zones in India include SEEPZ SEZ, Kandla SEZ, Jawaharlal Nehru Pharma City, Indiabulls Neo City SEZ, Madras SEZ, Mahindra World City, Gopalpur Industrial Park (Tata Steel SEZ), GMR Kakinada Special Investment Region, Cochin SEZ, Vishakhapatnam SEZ, Surat SEZ, Noida Export Processing Zone, Mahindra City-SEZ (Chennai) and Jaipur SEZ. One of the mega SEZ underway is Gujarat International Finance Tec-City (GIFT), an international financial and IT services hub in India. To be spread over an area of 3.6 sq km, the SEZ will include international financial service center, commodity and security trading exchanges, insurance companies, offshore banking and KPO/BPO services, among others. Expected to complete in 2025, the project is likely to incur development costs of US\$ 10 – 11 billion¹⁶¹. From the GCC, Abu Dhabi Global Market and Dubai International Financial Centre have entered into MOUs with GIFT to develop their respective financial markets.

¹⁵⁹ Source: DIPP of India

¹⁶⁰ Source: "India's shifting role in Middle East affairs", The National, April 24, 2017

¹⁶¹ Source: "New finance hub a gift for Gujarat", The National, April 1, 2017

Profiles of GCC Companies in India

BFC Forex and Financial Services Pvt. Ltd. (Privately Owned)

India

Company Description

Founded in 2005, BFC Forex and Financial Services Pvt. Ltd. (BFC Forex) is a licensed provider of foreign exchange services and money transfer in India. The company operates a network of 19 branches across the major cities in India. BFC Forex is authorized by the Reserve Bank of India (RBI) to conduct remittances and buying and selling of foreign currencies. The company was established by Bahrain-based BFC Group Holdings WLL to handle remittances to India and provide foreign exchange services. The group is a provider of money transfer, foreign currency exchange and wholesale currency services across the world through a network of over 120 branches in Bahrain, Kuwait, the UK, India and Malaysia and over 46,000 cash pickup locations in more than 30 countries. The group and its subsidiaries provide services through its own product, EzRemit Money Transfer, and via partnerships with other international money transfer companies.

Business Segments/Product Portfolio

- **Foreign Exchange:** BFC Forex offers foreign currency exchange services to individuals and corporates. Under retail services, the company provides door-to-door services at competitive exchange rates and zero commission. The company also caters to travel needs by providing a BFC Forex Multicurrency Travel Card, which is loaded with 16 currencies and is accepted worldwide at point of sales and ATMs.
- **Wholesale Services:** The company offers wholesale foreign exchange services to large banks and RBI-authorized money changers. With its group companies engaged in the wholesale banknote industry, the company leverages on the in house dealing rooms in India, Bahrain, Kuwait and the UK to provide the best rates. The company exports surplus currencies from overseas branches through its forwarding and clearing agents.
- **Money Transfer Service Scheme:** The company facilitates inward money transfer through its branches. The company is the principal agent of EzRemit Money Transfer and acts as sub-agent for MoneyGram and Xpress Money. It is also authorized to appoint sub-agents for facilitating payment of money transfers. BFC Forex has over 15 sub-agents catering to more than 15,000 locations across the country.
- **Travel Services:** The company also provides various travel services including bookings of flight tickets, travel insurance, hotels, car/bus rentals at its various branches.

Recent Developments/Future Plans

- In March 2017, BFC Forex opened a new branch in Gurugram, Haryana. This is the second branch in the capital of India and 19th branch of the company.
- In January 2016, the company revealed a new brand character, 'Bob', which assists customers in getting competitive rates and a friendly customer experience across its network. This is an initiative of the parent company to strengthen its brand presence in the existing markets and enable expansion into new territories.
- In October 2015, BFC Forex opened one branch each in the cities of Guwahati and Hyderabad.

Dubai Ports World Ltd. – Indian operations (Privately Owned)

India

Company Description

Dubai Ports World Ltd. (DP World) is one of the largest container port operators in the world. The government-owned entity has presence in 40 countries through 78 marine and inland terminals having a total capacity to handle about 64 million twenty-foot equivalent units (TEUs) container trade. DP World started operations in India in 1999 with a concession agreement to build and operate a terminal at Jawaharlal Nehru Port Trust (JNPT) in Mumbai and since then has established five more terminals in the country at Mundra, Mumbai, Cochin, Visakhapatnam and Chennai. These terminals collectively represented around 30% of India's container trade of 10.7 million TEUs during 2014-15.

Business Segments/Product Portfolio

DP World's operations in India are managed by its subsidiaries and joint venture.

- **Mundra International Container Terminal Pvt. Ltd.:** Established in 2003, this wholly owned subsidiary handles container trade at the Mundra port in Gujarat. Spread over an area of 32.8 hectares, the terminal has two berths with an annual installed capacity of 1.2 million TEUs and is one of the most technically advanced ports in the country.
- **Nhava Sheva International Container Terminal Pvt. Ltd.:** This fully owned subsidiary operates a terminal at JNPT since 1999. The container terminal spans over a land area of 23 hectares with two berths having a capacity to handle 1.2 million TEUs annually. This project is being managed under a 30-year build-operate-transfer agreement with JNPT.
- **Nhava Sheva (India) Gateway Terminal Pvt. Ltd.:** This 100% subsidiary handles an additional terminal at JNPT. In June 2013, JNPT awarded a 17-year concession agreement to DP World for developing and operating a single berth 330-meter quay length terminal. Covering an area of 17 hectares, the terminal started operations in 2015 and has an annual capacity of 800,000 TEUs.
- **Chennai Container Terminal Pvt. Ltd.:** Started in 2001, this fully owned subsidiary operates a container terminal at Chennai port. Encompassing an area of 25 hectares, the facility has four berths with an annual handling capacity of 1.1 million TEUs. This terminal supports 60% of the container trade in south India and provides direct services to Europe and the Far East.
- **India Gateway Terminal Pvt. Ltd.:** This subsidiary (81.6% ownership) manages the Rajiv Gandhi Container Terminal at Cochin port. DP World had secured a concession agreement to operate this terminal along with the development of International Container Transshipment Terminal at the Cochin port in 2004. Having commenced operations in 2011, the terminal is spread over an area of 45 hectares and has three berths with a capacity to handle 1 million TEUs.
- **Visakha Container Terminals Pvt. Ltd.:** This is a joint venture with United Liner Agencies of India (Pvt.) Ltd., wherein DP World owns 26% interest. The joint venture operates a container terminal at the Visakhapatnam port since 2003. The terminal spans over an area of 19 hectares and has two berths with an annual handling capacity of 0.7 million TEUs.
- **Container Rail Road Services Pvt. Ltd.:** This 100% subsidiary owns and operates container trains in India.

Recent Developments/Future Plans

- In March 2016, the company received approval from the Union Cabinet for consolidating its Indian operations into a new entity, Hindustan Ports Pvt. Ltd., as part of its restructuring activity. DP World is also likely to come out with an IPO of the new entity.
- In February 2016, DP World stated its plan to invest over US\$ 1 billion in building brownfield and greenfield container terminals, logistic parks, inland container depots, container rail facilities and related infrastructure in India.

RAK Ceramics India Pvt. Ltd. (Privately Owned)

India

Company Description

RAK Ceramics India Pvt. Ltd. (RCIL) is a subsidiary of the UAE-based Ras Al Khaimah Ceramics PJSC, one of the world's largest manufacturers of ceramic and vitrified tiles. The parent company has 10 manufacturing plants in the UAE and one each in India, China, Sudan, Iran and Bangladesh with a total manufacturing capacity of 117 million square meters (sq m) of ceramic and porcelain tiles, 4 million pieces of bath ware and 20 million pieces of tableware annually. The products are sold in more than 160 countries.

RCIL was established in 2006, with the opening of the first manufacturing plant in India at Andhra Pradesh. The plant has a manufacturing capacity of 30,000 sq m of tiles and 1,500 pieces of sanitary ware per day. The products are distributed through a network of 15 exclusive showrooms and over 1,000 dealers spread across the country.

Business Segments/Product Portfolio

- **Tiles:** The company manufactures and distributes a wide variety of ceramic and vitrified floor and wall tiles suitable for application in the interiors as well as exteriors of a home. The tiles are available in various finishes including natural stone, wood, fabric, metallic and wallpaper. According to RCIL, it is the only Indian company to manufacture 10 different types of vitrified tiles.
- **Sanitary Ware:** In this segment, RCIL manufactures and sells a range of sanitary ware such as wash basins, bowls, wall hangs, bathroom cabinets and accessories. Some of the own brands include Elegance and Venezia.

Recent Developments/Future Plans

- During the year ended December 31, 2016, RAK Ceramics reported revenue of AED 291.1 million (US\$ 79.2 million*) from sales in India, which declined by 25.6% y-o-y due to fall in volume and average selling price of its products. Sales were affected by a competitive market and demonetization drive in India. The tiles business accounted for 92.7% of the India-based revenue in 2016, with rest coming from the sale of sanitary ware.
- In June 2016, the parent company implemented a Value Creation Plan for the Indian operations, which included initiatives like optimization of production cost and organizational restructuring.

* Converted at exchange rate of 0.272

Source: Company website, Parent company filings

Sobha Ltd. (Publicly Listed)

India

Company Description

Sobha Group is a real estate developer with projects and investments in the UAE, Oman, Qatar, Bahrain, Brunei and India. The group has its roots in Oman, where the owner first opened an interiors decoration firm in 1976. The group entered the Indian real estate market with the establishment of Sobha Ltd. (erstwhile Sobha Developers) in 1995. It is present in 26 cities across India and has completed 118 real estate projects and 293 contractual projects covering an area of 87.4 million square feet (sq ft) as of end June 2017. Sobha Ltd. has backward integrated into manufacturing of concrete products, interiors & furnishing products and glazing & metal works.

Business Segments/Product Portfolio

- **Real Estate:** This segment comprises the construction, sale and management of residential and commercial projects in India. It also includes leasing of self-owned commercial buildings. As of June 30, 2017, the company was executing 38 projects with total saleable area of 30.2 million sq ft. During the year ended March 2017, this segment accounted for 65.1% of the company's total revenue.
- **Contractual and Manufacturing:** In FY 2017, Sobha Ltd. generated 19.3% of its revenue from the contracts division and 11.8% from the manufacturing business.
 - **Contracts:** The company develops commercial premises on a contractual basis. At the end of June 2017, there were 26 ongoing contractual projects with developable area of 8.0 million sq ft. The company earned 19.3% of its revenue from this segment during FY 2017.
 - **Glazing and Metal Works:** Sobha Ltd. manufactures aluminum doors, windows, structural glazing and metal fabrications at its 25,000 sq ft production unit in Bangalore.
 - **Interiors:** This division manufactures doors, furniture, office fit-outs, modular kitchens and wardrobes, among others at its two highly automated factories at Bangalore, encompassing an area of 2,55,000 sq ft.
 - **Concrete Products:** The company manufactures concrete blocks, pavers, kerb stones and water drainage channels at its manufacturing facility in Bangalore, spread over an area of 32,000 sq m.

Recent Developments/Future Plans

- During Q1 2018, Sobha Ltd. reported revenue of INR 6,886 million (US\$ 103.3 million*), an increase of 18% y-o-y, mainly supported by an increase in average price realization, even as the area sold grew marginally. Net profit during the period increased by 30.6% y-o-y to INR 470 million (US\$ 7.0 million*).
- In July 2016, the company completed buy-back of 1.8 million equity shares at a price of INR 330 per share amounting to INR 580 million (US\$ 8.6 million*).

*Converted at exchange rate of 0.015

Source: Company website and filings

Current Price (US\$) 6.35

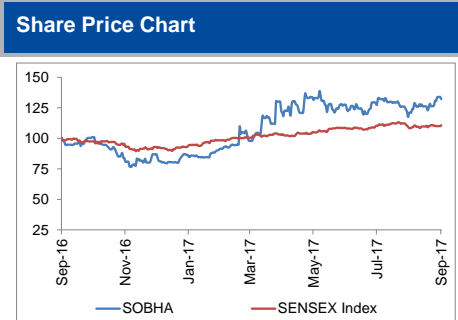
Price as on September 11, 2017

Stock Details	
Bloomberg ticker	SOBHA IB
52 week high/ low	6.70/3.44
Market Cap (US\$ mn)	611.5
Enterprise value (US\$ mn)	933.0
Shares outstanding (mn)	96.3

Source: Bloomberg

Average Daily Turnover ('000)		
	INR	US\$
3M	113,239.4	1,760.4
6M	183,100.1	2,832.4

Source: Bloomberg



Source: Bloomberg

Valuation Multiples			
	2016	2017	2018E
P/E (x)	17.5	20.7	18.9
P/B (x)	1.1	1.3	1.4
EV/S (x)	2.6	2.4	2.3
Dividend yield (%)	0.7	0.7	1.0

Source: Bloomberg

Shareholding Structure	
Sobha Menon	37.74%
P N C Menon	18.26%
Others	44.00%
Total	100.00%

Source: Company Report

Financial Performance				
US\$ Million	2015 YE Mar	2016 YE Mar	2017 YE Mar	Change y-o-y (%)
Revenue	399.3	299.1	335.0	12.0
COGS	225.2	161.4	202.8	25.7
Operating Income	89.2	58.8	53.1	-9.7
Operating Margin (%)	22.3	19.7	15.9	
Net Income	38.9	21.1	24.0	13.7
Net Income Margin (%)	9.7	7.1	7.2	
Return on Average Equity (%)	9.9	5.3	6.0	
Return on Average Assets (%)	3.7	1.8	1.9	
Key Comments				
<ul style="list-style-type: none"> During FY 2017, Sobha Ltd. reported a 12.0% y-o-y growth in revenue to US\$ 335.0 million. The growth is mainly attributed to higher average realization, as the company sold a total area of 3.0 million sq ft area. The rise in price was to an extent offset by a slight decline in sales volume. However, operating income dropped by 9.7% y-o-y to US\$ 53.1million on account of increase in acquisition cost of land and expenses related to purchase of raw materials. Nevertheless, fall in cost of borrowing coupled with lower effective tax rate resulted in a 13.7% y-o-y increase in net income to US\$ 24.0 million during FY 2017. 				

Source: Thomson Reuters Eikon, Company Filings

Towell Engineering - Indian operations (Privately Owned)

India

Company Description

Founded in 2001 in Oman, Towell Engineering is an arm of WJ Towell Group, a diversified player engaged in sectors like engineering, construction, property, services and trade, consumer goods and automotive. Towell Engineering through its group companies provides engineering, procurement and construction (EPC) works in various industries. In India, the company's primary operations include provision of fabrication and drilling solutions through subsidiaries Towell Engineering International LLP (TEIL) and Towell Drilling and Oilfield Services Co. LLC (TDOS), respectively. TEIL operates a fully integrated fabrication facility in India covering an area of about 15,000 sq m.

Business Segments/Product Portfolio

Below are the group companies offering various engineering solutions in India and other countries.

- **Towell Drilling and Oilfield Services Co. LLC (TDOS):** Formed in 2008, this subsidiary provides rig-drilling services through its state-of-the-art hydraulic top drive drilling rigs. TDOS has executed projects in India and Oman, particularly in drilling top holes and coal-bed methane wells. In India, TDOS has drilled more than 200 coal-bed methane wells. It is also looking for projects in South Asia, Africa and the Middle East.
- **TEIL:** A 100% subsidiary of Towell Engineering, TEIL operates a fabrication facility in Pune, India. The facility is capable of fabricating nearly 500 tons of boiler non-pressure parts, structural steel and pressure piping, among others per month.
- **Blue Star Oman Electro – Mechanical Co. LLC (BSOMECH):** This is a partnership between Towell Group and Blue Star Ltd., India. BSOMECH is engaged in electro mechanical projects and provision of air-conditioning & commercial refrigeration products and services in India and Oman.
- **Towell Infrastructure Project Co. LLC:** This subsidiary is engaged in providing EPC services in the infrastructure sector in Oman.
- **United Industrial Services Co. LLC:** This is the largest steel fabrication company in Oman offering services in the GCC and other countries.
- **Towell Engineering Services Co.:** This company is engaged in the provision of mechanical installations and undertaking EPC contracts for the oil & gas, refinery, petrochemicals, power, water and other industrial sectors.
- **Towell Construction & Co. LLC:** This subsidiary is engaged in the construction of various civil projects and related electromechanical works in Oman.
- **Towell Electrical Projects Co. LLC:** This is the electrical division of Towell Engineering, undertaking electrical contracts and trading activity.
- **Taylor Woodrow Oman:** This company is a partnership between Towell Group and Taylor Woodrow International. It undertakes construction of large projects in the defense, oil & gas and power sectors.

Recent Developments/Future Plans

- N/A

Profiles of Indian Companies in the GCC

Ashok Leyland UAE LLC (Privately Owned)

UAE

Company Description

Ashok Leyland UAE LLC (AL UAE) is a joint venture between Ashok Leyland Ltd. (49% interest) and Ras Al Khaimah Investment Authority. The India-based Ashok Leyland Ltd. is one of the largest commercial vehicle manufacturers in the world and part of the Hinduja Group, a conglomerate having business interests in IT, media, entertainment, banking and finance, infrastructure, energy and health care. During the year ended March 31, 2017, Ashok Leyland Ltd. reported revenue of US\$ 3.3 billion with sales of over 145,000 commercial vehicles.

Ashok Leyland Ltd. opened the manufacturing facility in Ras Al Khaimah in 2010 with an investment of US\$ 25 million. As the only certified bus factory in the GCC, the company controls over 70% of the UAE's school bus market. The manufacturing facility is spread over 20,000 sq m of land and has an annual capacity to manufacture 2,000 buses and 1,000 trucks. The plant caters to the demand for commercial vehicles in the Middle East and Africa (MENA) region.

Business Segments/Product Portfolio

- **Buses:** AL UAE offers a wide range of buses from 18 to 80 seaters equipped with varied applications.
- **Trucks:** The company manufactures a wide range of trucks including long haul, mining and construction and distribution trucks catering to diverse industries. The trucks are equipped with an array of configurations and driveline options.

Recent Developments/Future Plans

- In March 2016, AL UAE announced plans to increase the commercial vehicle manufacturing capacity to 6,000 vehicles per year with an investment of US\$ 10 million. It will increase the bus production capacity, in particular, from 12 buses per day to 20 buses per day. The expansion will also include a new design and service training center.

Dabur International (Privately Owned)

UAE

Company Description

Dabur International is a fully owned subsidiary of Dabur India, an FMCG company with an annual turnover of US\$ 1.1 billion (during year ended March 2017). Dabur India commenced export operations in the Middle East in the 1980s and then in 2003 incorporated Dabur International in Dubai. Dabur International now has operations in the Middle East, Americas, Africa, Asia and Europe. During 2017, the company generated revenue of US\$ 345.9 million, of which 23% came from the GCC region. In the region, the company distributes a range of hair, skin and oral care products. In Saudi Arabia, the company has a market share of 67% in hair oils and 35% in hair cream.

Business Segments/Product Portfolio

- **Hair Care:** The company offers a range of hair care products including shampoo, oils, conditioners, creams, shampoo replacement, serum and tonic for women, men and kids. The products are sold under the Dabur Amla and Vatika brands.
- **Oral Care:** The company has a wide range of toothpastes under the Dabur Herbal and Dabur Miswak brands.
- **Skin Care:** The company's range of skin care products include face wash, face scrubs, face masks, body creams, body lotions, skin serums, sun care, soap, body wash, hand wash and talc. The products are offered under the FEM, DermoViva USA and Jaquiline brands.
- **Baby Care:** The company under its DermoViva Baby brand offers skin and hair care products for babies.

Recent Developments/Future Plans

- During Q1 2018, Dabur India reported revenue of US\$ 277.6 million, of which 31% came from the international business. In constant currency terms, revenue from the international business declined by 2.2% y-o-y on account of falling consumer sentiments in the oil dependent countries and government regulations in Algeria and Qatar.
- In April 2017, Dabur International was named as 'Global Retailer of the Year' at the 2017 Middle East Asia Leadership Summit and Awards.

Jindal Saw Gulf LLC (Privately Owned)

UAE

Company Description

Established in 2010, Jindal Saw Gulf LLC (JSG) is a subsidiary of India-based Jindal Saw Ltd., a global manufacturer and supplier of iron and steel pipe products. Part of the global conglomerate O. P. Jindal Group, Jindal Saw Ltd. generated revenue of US\$ 1.1 billion during the year ended March 31, 2017. JSG operates one of the manufacturing units of Jindal Saw Ltd. and distributes ductile iron pipes, fittings, waterworks valves, pipe joint and pipe repair products in the MENA and Far East regions. Jindal Saw Ltd. indirectly owns 75% interest in the company through Jindal Saw Holdings FZE, which was established in 2009 in Fujairah Free Zone as a general trading and investment company.

Business Segments/Product Portfolio

- **Manufacturing:** Started in 2012, the manufacturing unit of JSG is located in Abu Dhabi and has an installed capacity of 350,000 metric tonnes per annum. It is the largest ductile iron pipe manufacturing facility in the Middle East and produces pipes in the size range of 200 to 2,200 millimeters (diameter nominal) and related fittings. These pipes are mainly used for transportation of potable water and wastewater.

Recent Developments/Future Plans

- During the year ended March 31, 2017, JSG reported revenue of AED 222.3 million (US\$ 60.5 million*), a drop of 13.3% y-o-y on account of slowdown in infrastructure activities across the MENA region. The company earned nearly 90% of its revenue from international operations and rest from the UAE. Despite lower sales realization and volume, the company's cost optimization measures led to a 46.5% y-o-y increase in gross profit to AED 30.4 million (US\$ 8.3 million*) during the year. Subsequently, the company's gross margin improved to 13.7% in 2017 from 8.1% in the previous year. Such gross profit expansion coupled with lower finance costs helped reduce net loss during the year to AED 25.5 million (US\$ 6.9 million*) from previous year's net loss of AED 34.4 million (US\$ 9.4 million).

* Converted at exchange rate of 0.272

Source: Company website, annual filing

JK Cement Works (Fujairah) FZC (Privately Owned)

UAE

Company Description

JK Cement Works (Fujairah) FZC (JKCWF) was established by JK Cement Ltd. (90% holding) and Fujairah Investment Establishment (10% holding) at the Fujairah Free Zone in 2008. JKCWF was formed to manufacture and sell white cement in the GCC and wider Middle East region. Built with an investment of US\$ 150 million, the greenfield cement plant commenced commercial production in September 2014 and now supplies clinker and cement to over 20 countries. The subsidiary benefits from the brand name of its parent company, JK Cement Ltd., which is one of the top producers of grey cement and second largest producer of white cement in India.

Business Segments/Product Portfolio

- **Cement Plant:** The company operates a composite dual process cement plant, with the capacity to either produce 0.6 million tonnes per annum of white cement or 1.0 million tonnes per annum of grey cement.

Recent Developments/Future Plans

- During the year ended December 2016, JK Cement (Fujairah) FZC reported revenue of AED 145.4 million (US\$ 39.6 million*), signifying an 11.8% y-o-y growth. However, the company recorded a net loss of AED 31.1 million (US\$ 8.5 million*) during the year, higher than the loss of AED 28.3 million (US\$ 7.7 million*) in the previous year.

* Converted at exchange rate of 0.272

Source: Company website, JK Cement Ltd. annual report

Larsen & Toubro International FZE (Privately Owned)

UAE

Company Description

Larsen & Toubro (L&T) International FZE provides electrical, automation and engineering services in the MENA region through its subsidiaries, joint ventures and offices. This is a wholly owned subsidiary of India-based L&T Ltd., a conglomerate with business interests in engineering, construction, manufacturing, technology and financial services sectors. L&T Ltd. has 18 facilities in India, two in Malaysia and one each in the UAE, Saudi Arabia, Oman and the UK. L&T Ltd. generated revenue of US\$ 16.4 billion during the year ended March 31, 2017.

Business Segments/Product Portfolio

- **L&T Electrical & Automation FZE (LTEAFZE):** Established in 2008, this is a fully owned subsidiary of L&T International FZE and is located in the Jebel Ali Free Zone in the UAE. The subsidiary is engaged in the provision of systems integration solutions to sectors such as oil & gas, water & wastewater, power, utilities and infrastructure in the GCC and other neighboring markets. The facility spans over an area of 11,500 sq m of land and has a capacity to test over 450 panels at a time.
- **L&T Electrical & Automation Saudi Arabia Co. Ltd.:** Started in 2008, this is a joint venture between L&T International FZE (75%) and TAMCO Switchgear Malaysia Sdn. Bhd. The joint venture manufactures low and medium voltage switchgear and control gear panels, in addition to installing these products along with associated products like transformers and cables. The facility is located in Dammam and covers an area of 15,000 sq m.
- **L&T Heavy Engineering LLC:** Established in 2009 in Sohar, this is a joint venture between L&T International FZE and Zubair Corporation. The facility in Oman includes a modular fabrication yard with an annual fabrication capacity of 50,000 MT and a manufacturing complex for heavy engineering.
- **Kana Controls General & Trading Contracting Co. WLL:** This company became a part of LTEAFZE following the acquisition of Kuwait-based Kana Controls General Control & Trading Co. in 2013. It offers automation systems for use in field instruments & sensors, flame detection & combustion, termination & wiring devices and panel mounted instruments & devices, among others.

In addition to the above, L&T Ltd. provides turnkey solutions on an EPC basis in the GCC hydrocarbon, power, infrastructure and other sectors through its subsidiaries and joint ventures in the UAE, Saudi Arabia, Kuwait, Oman and Qatar.

Recent Developments/Future Plans

- In April 2017, the power transmission and distribution division of L&T Ltd. bagged a US\$ 817 million contract from Qatar General Electricity & Water Corporation to build 30 new Gas Insulated Substations of varying voltage levels. The project is estimated to be completed in phases in 15 to 32 months.
- In March 2017, LTEAFZE secured an order worth QAR 278 million (US\$ 76.4 million[#]) from Qatar Rail Co. for the construction of the first phase of Doha Metro. The first phase comprising three lines covering 37 stations is expected to complete by August 2018.
- In March 2017, the construction division of L&T Ltd. bagged an order from Oman Electricity Co. to build a 400/132 kilo volts grid station at Qabel.
- In June 2016, a joint venture between L&T and Al Balagh Trading and Contracting got a US\$ 360 million contract to build a 40,000 seater Al Rayyan stadium for Qatar's FIFA World Cup 2022. The project is slated for completion in 2019.

[#] Converted at exchange rate of 0.275

Source: Company website and annual report, Hindu Business Line, Construction Week Online

Oman India Fertilizer Co. SAOC (Privately Owned)

Oman

Company Description

Oman India Fertilizer Co. SAOC (OIFC) was established in 2002 as a joint venture between Oman Oil Co. SAOC (50%), Indian Farmers Fertiliser Cooperative Ltd. (IFFCO, 25%) and Krishak Bharati Cooperative Ltd. (25%). This was an initiative by the governments of India and Oman to develop, own and operate fertilizer plants in Oman. With an investment of US\$ 968 million, of which 33% was funded through equity and remaining debt, OIFC constructed a fertilizer complex manufacturing urea and ammonia at Sur Industrial Estate. The plant commenced operations in 2005.

Business Segments/Product Portfolio

- **Ammonia Plants:** The fertilizer complex has two ammonia plants with total capacity to manufacture 1,750 tonnes of anhydrous ammonia per day.
- **Urea Plants:** The complex also has two urea plants with total capacity to produce 2,530 tonnes of granulated urea per day.

According to a long-term off-take agreement signed between the sovereign authorities, the government of India purchases the entire urea and IFFCO buys the surplus ammonia produced in the plants at pre-determined prices. During 2015, OIFC sold 2.1 million tonnes of urea and 0.1 million tonnes of surplus ammonia. On the other hand, the Ministry of Oil & Gas in Oman supplies gas, used as a feedstock for the plants, under a long-term gas supply agreement.

Recent Developments/Future Plans

- In 2016, OIFC produced 2.1 million tonnes of urea, signifying a capacity utilization of 125.6%. Since inception, the company has generated cumulative sales of US\$ 3.9 billion until December 31, 2016.

Saudi India Co. for Cooperative Insurance (Publicly Listed)

Saudi Arabia

Company Description

Saudi India Co. for Cooperative Insurance was established in 2007 through a partnership between The New India Assurance Co. Ltd., Life Insurance Corporation of India, LIC (International) BSC and few Saudi Arabian companies including Al Hokair Group. Also known as WAFA Insurance, the company is engaged in the sale of Islamic non-life insurance and general life insurance products through seven branches in Riyadh and one each in Al Khobar and Jeddah.

Business Segments/Product Portfolio

- **Motor Insurance:** Offers comprehensive motor insurance plan and third party liability insurance arising out of accidents of the insured vehicle. The company earned 73.6% of revenue in 2016 from motor insurance products.
- **Health Insurance:** The company offers medical malpractice insurance, which indemnifies claims arising out of injury or death of patient due to negligence/error in medical services. Health insurance products accounted for 23.1% of the company's revenue during 2016.
- **Others:** The company also offers insurance products for marine cargo, engineering, co-operative groups, property, fire, personal accident, comprehensive general liability and international travel.

Recent Developments/Future Plans

- During the first quarter of 2017, the company generated net written premiums of SAR 152.2 million (US\$ 40.6 million*), a drop of 10.7% y-o-y. During the period, the company's net profit declined substantially to SAR 3.6 million (US\$ 1.0 million*) from SAR 36.5 million (US\$ 9.7 million*) during the same period last year. The fall in profit is attributed to increase in claims paid and general and administrative expenses.

Current Price (US\$) 6.78

Price as on September 11, 2017

Stock Details

Bloomberg ticker	SINDIAN AB
52 week high/ low	9.94/4.94
Market Cap (US\$ mn)	82.7
Enterprise value (US\$ mn)	41.3
Shares outstanding (mn)	12.2

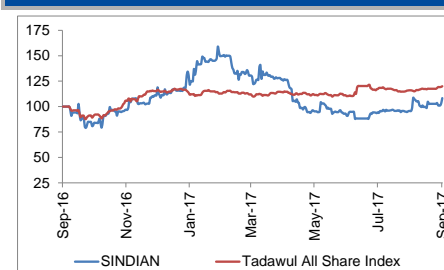
Source: Bloomberg

Average Daily Turnover ('000)

	SAR	US\$
3M	15,707.9	4,189.3
6M	19,115.0	5,096.0

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2016	LTM
P/E (x)	5.6	12.3
P/B (x)	2.7	2.5
EV/S (x)	2.2	6.5
Dividend yield (%)	-	-

Source: Bloomberg

Shareholding Structure

The New India Assurance Co. Ltd.	5.17%
Life Insurance Corp. of India	4.98%
LIC (International) BSC	4.98%
Others	84.87%
Total	100.00%

Source: Tadawul, Annual Report

*Converted at exchange rate of 0.267

Source: Company website, Thomson Reuters Eikon

Financial Performance			
US\$ Million	2015 YE Dec	2016 YE Dec	Change y-o-y (%)
Gross Written Premium	139.0	146.9	5.6%
Net Written Premium	108.7	125.3	15.3%
Net Underwriting Profit / (Loss)	(8.4)	31.6	NM
Margin (%)	-6.0	21.5	
Net Profit / (Loss)	(16.8)	15.9	NM
Net Margin (%)	-12.1	10.8	
Return on Average Equity (%)	-131.7	63.5	
Return on Average Assets (%)	-13.5	8.3	

Source: Thomson Reuters Eikon, Company Filings

Tata Group – GCC Operations (Privately Owned)

GCC

Company Description

Founded in 1868 in India, Tata Group is a global conglomerate with presence in more than 100 countries in sectors like automobile, financial services, IT services, power, real estate, engineering, retail, telecommunications, chemicals, and steel, among others. During 2015-2016, the group entities collectively generated revenue worth US\$ 103.5 billion and employed over 660,000 people. Over the last four decades, the group has established a strong presence in the MENA region, through 22 group companies that generated revenue of more than US\$ 3.5 billion.

Business Segments/Product Portfolio

Below are the group companies having operations in the GCC region.

- **Tata Motors:** Sells buses and trucks in the Middle East since 1971 through an extensive dealer network.
- **Jaguar Land Rover:** Sells luxury passenger cars of Jaguar and Land Rover brands through 40 dealerships in the MENA region.
- **Taj Group:** Operates a 296-room luxury hotel, Taj Dubai, in the UAE and has two more developments underway in the country.
- **TCS:** Offers IT services, consulting and business solutions across MENA. The company has its headquarters in Dubai and offices in Saudi Arabia, Kuwait and Qatar in the GCC.
- **Tata Communications:** Provides predictable high-speed connections, Multiprotocol Label Switching virtual private networks, telepresence services, Distributed Denial of Service mitigation and detection services and cloud solutions.
- **Tata Technologies:** Offers services in engineering, research and development, product lifecycle management and enterprise IT.
- **Tata Interactive Systems:** Offers e-learning solutions in banking and financial services, aviation and oil & gas sectors.
- **Tata Elxsi:** Present since 2006, the company offers services like embedded product design, industrial design, animation and visual effects and systems integration in the MENA region.
- **Tata Steel:** Provides various steel products and solutions in the GCC through its sales office in Jebel Ali, Dubai.
- **Tata Global Beverages:** Sells tea products in the region under its flagship Tetley and Tata Tea brands.
- **Titan:** The company sells watches through more than 1,000 point of sales across the MENA region.
- **Volta:** Executed several mechanical, electrical and air-conditioning projects in the UAE, Qatar, Oman and Saudi Arabia.
- **Tata Consulting Engineers:** Provides engineering design, procurement assistance and project management services in energy, infrastructure, chemicals and steel. Its Qatar-based subsidiary TCE QSTP-LLC focuses on nanotechnology and applied research.
- **Tata Projects:** Provides end-to-end turnkey solutions in power generation plants, oil & gas plants and metro systems, among others in the MENA. In the GCC, the company has its office in the UAE.
- **Tata Housing:** A real estate development company, exploring opportunities in the UAE through a representative office in Dubai.
- **Tata International:** Through its UAE-based subsidiary, Tata International West Asia DMCC, conducts trading of metals.
- **International Shipping and Logistics:** Headquartered in Dubai, this is the logistics arm of Tata Steel and handles dry bulk shipping of commodities.
- **York Transport:** Distributes truck/ trailer components through a distribution center in Jebel Ali free zone.
- **Tata Sons:** With a representative office in Dubai, the company mainly assists existing businesses in expanding and identifying new opportunities, creating synergies within the group and enhancing the brand in the MENA region.

Recent Developments/Future Plans

- In May 2016, TCS entered into an MoU with Dubai Electricity and Water Authority to provide support for the authority's strategy in research and development, sustainability and diversification of the energy mix.

Tech Mahindra Ltd. – GCC Operations (Privately Owned)

GCC

Company Description

Tech Mahindra Ltd. is a global provider of IT solutions, business process outsourcing, business consulting services and digital technologies. Based out of India, the company is part of the US\$ 19 billion Mahindra Group, a conglomerate having operations in automobile, financial services, logistics, real estate, aerospace, defense and energy, among others. With a presence in 90 countries, Tech Mahindra Ltd. generated revenue of US\$ 4.3 billion during the year ended March 31, 2017.

The company has been operating in the GCC countries for more than 15 years with three offices each in the UAE and Saudi Arabia and one office each in Bahrain, Oman and Qatar. The key verticals served in the region include energy & utility, telecom, banking, retail, travel & transport, public sector, healthcare and sports. In 2016, Tech Mahindra in partnership with Midad Holdings, a part of Al Fozan Group, formed a joint venture – Tech Mahindra Arabia Ltd. – to provide IT and IT-enabled services in Saudi Arabia. Tech Mahindra owns 51% interest in the joint venture, which will operate a 100-seater delivery center in Al Khobar. This will be in addition to an existing employee base of over 1,600 associates at other offices in Saudi Arabia.

Business Segments/Product Portfolio

- **IT Solutions & Services:** Tech Mahindra Ltd. offers a wide range of IT solutions and services such as cloud, big data, enterprise architecture, infrastructure management services, smarty city, smart grid, internet of things, analytics, Java, product lifecycle management, performance engineering, testing and network services, among others.
- **Mobility Solutions:** The company through its 67.1% subsidiary, Comviva Technologies FZ LLC, provides various mobility solutions in the Middle East. Some of the products and services offered include mobile financial solutions (mobiquity, PayPlus), mobile data solutions, customer value management, digital services, business solutions and converged mobile solutions.
- **Telecom Consulting and Network Services:** Through its subsidiaries, Lightbridge Communications Corporation (LCC) Middle East FZ-LLC (100%) in the UAE, LCC Saudi Telecom Services, Ltd. (100%), LCC Muscat LLC (100%) and LCC LLC (95%) in Qatar, the company offers a range of consulting and network solutions for the telecommunications industry. LCC is a global telecom consulting company, which was acquired by Tech Mahindra Ltd. in November 2014. LCC has been providing services in the Middle East for more than 15 years. The company offers end-to-end solutions in network rollout services; planning & design; performance & optimization; managed services; energy management and fixed, wireless, optical and transport network for 4G, 3G and 2G technologies.

Recent Developments/Future Plans

- In June 2017, LCC Middle East FZ LLC decided to offload its entire stake in LCC Pakistan (Pvt.) Ltd. to Talkpool Ag, Switzerland for an estimated US\$ 5.2 million.
- In April 2016, Mahindra Comviva, the parent of Technologies FZ LLC, collaborated with the UAE-based mobile communication provider, du, to manage the end-to-end value added services of the telecom provider. In a multi-year deal, Mahindra Comviva will manage the premium services of the communication provider such as SMS alerts, WAP services, mobile Contest, Mobile Games and OTT app aggregation for improving customer experience.

UltraTech Cement Middle East Investments Ltd. (Privately Owned)

UAE

Company Description

UltraTech Cement Middle East Investments Ltd. (UCMEI) is a wholly owned subsidiary of India-based UltraTech Cement Ltd. and part of the US\$ 41 billion Aditya Birla Group, a conglomerate with diversified business interests in 36 countries. UCMEI is engaged in the manufacture and sale of different varieties of cement such as ordinary Portland, Portland pozzolana, Portland limestone, sulphate resisting Portland and oil well cement in the Persian Gulf and Indian Ocean Rim. The company acquired UAE-based Star Cement LLC (SCL) in 2010, which had clinkerization and cement grinding plants in the UAE, Bahrain and Bangladesh. As at the end of March 2017, UCMEI has four subsidiaries in the UAE, two in Bangladesh and one each in Bahrain and Mozambique. Additionally, the company has 51% interest in Awam Minerals LLC in Oman, which is engaged in gypsum mining.

Business Segments/Product Portfolio

- **UAE:** The company through four fully owned subsidiaries operates an ultra-modern 2.3 million tonnes per annum premium grade clinkerization unit in Ras-al-Khaimah, sublime quality limestone mines in Fujairah and two cement grinding plants in Ajman and Abu Dhabi with total annual capacity of 2.1 million tonnes.
- **Bahrain:** Through its 100% subsidiary, Ultratech Cement Bahrain Co. WLL, the company operates a 0.4 million tonnes per annum grinding facility in Manama. Prior to the acquisition of SCL, the subsidiary was known as Arabian Gulf Cement Co. WLL.
- **Oman:** In 2014, UCMEI acquired a 51% stake in Awam Minerals LLC in Oman to benefit from the captive gypsum mining operations. The acquired company holds the license to mine gypsum deposits in the south of Oman and serves as raw material for the grinding facilities in the UAE and Bahrain.
- **Bangladesh:** The company has a 0.5 million tonnes per annum cement grinding unit in Dhaka.
- **Mozambique:** The company operates a 90% subsidiary, Ultratech Cement Mozambique Limitada, in Mozambique. However, it is yet to commence operations.

Recent Developments/Future Plans

- During the year ended March 31, 2017, UCMEI reported revenue of INR 12.5 billion (US\$ 1.9 billion*), an increase of 3.9% y-o-y. However, net profit declined by 35.6% y-o-y to INR 718.0 million (US\$ 107.1 million*) during the year due to an increase in operating expenses and finance costs.

* Converted at exchange rate of 0.149

Source: Company and Group website

Zuari Agro Chemicals Ltd. (Privately Owned)

UAE

Company Description

Promoted in 1967 in Goa, by pioneering industrialist Dr. K. K. Birla, Zuari Agro Chemicals Ltd. (Zuari) is one of the leading fertilizer conglomerates in India and a prime importer of fertilizers and farm nutrients. Zuari is a flagship company of the US\$ 3 billion (revenue) Adventz Group. The company is in the process of setting up a fertilizer plant in Ras Al Khaimah, UAE.

Key Highlights of the Group:

- One of the oldest fertilizer companies and listed on the Bombay Stock Exchange and National Stock Exchange in India. It has a strong track record of successfully setting up large-scaled fertilizer manufacturing facilities within India.
- Adventz Group has significant presence in agriculture, engineering & infrastructure, real estate, consumer services sector comprising several companies across verticals and several of which are listed entities.
- Strong Pan-India distribution platform – network of 5,000 dealers & 34,000 retail points catering to approximately 25 million farmers across India. Robust production bandwidth – total installed production capacity of over 5 million metric tons per annum (MTPA) of various grades of fertilizers.
- Zuari along with its affiliate companies – Paradeep Phosphates Ltd., Mangalore Chemicals and Fertilizers and Chambal Fertilisers, control ~ 25% of the Di-Ammonium Phosphate (DAP) fertilizer market in India. As a combined entity, they are the second largest and one of the most diversified fertilizer companies in India.

Business Segments/Product Portfolio

Below are the products and their manufacturing capacities as per the company and its affiliates.

- **Zuari:** Operates a manufacturing facility in Goa comprising of four separate plants, namely Ammonia – 233,100 MTPA, Urea – 399,300 MTPA, NPK A – 330,000 MTPA and NPK B – 330,000 MTPA.
- **Paradeep Phosphates Ltd.:** Operates four trains of DAP/NPK with a combined capacity of 1,200,000 MTPA; a Phosphoric Acid plant with capacity of 400,000 MTPA and three trains of Sulphuric Acid plant with a combined capacity of 1,500,000 MTPA.
- **Mangalore Chemicals & Fertilizers:** Operates a urea plant with a capacity of 3,79,500 MT; a complex fertilizers (DAP & NP) plant with a capacity of 2,55,500 MT; a Sulphuric Acid (SAP) plant with a capacity of 33,000 MT; a specialty fertilizers plant with a capacity of 40,000 MT; an Ammonium Bi-Carbonate (ABC) plant with a capacity of 15,330 MT and a Sulphonated Naphthalene Formaldehyde plant with a capacity of 21,450 MT.
- **Chambal Fertilizers:** Operates two urea plants with a combined capacity of about 2 million MTPA in Rajasthan.

Recent Developments/Future Plans

- Zuari is in the process of setting up a greenfield integrated fertilizer (DAP and various NPK grade) facility in Ras Al Khaimah, UAE. Zuari has partnered with RAK Maritime City (RAK-MC) and established a freezone company in RAK- MC, where the facility will be located. The expected capacity of the plant is 1 million MTPA of DAP, which could be an import substitution and provide Zuari with a secured long-term supply.

Other Renowned Companies Established by NRIs

Allana Group

Established in 1865, Allana Group is an India-based manufacturer and exporter of processed food and agro commodities. The company is promoted by the Allana family, who entered the UAE market in 1975 through the establishment of IFFCO, a manufacturer and retailer of food products and other consumer goods. Allana Group's product portfolio comprises frozen/chilled meat, processed/frozen fruit and vegetable products, coffee, spices and cereals. The products are manufactured at its six food processing factories in India and exported to over 85 countries. The company's business segments include proteins, coffee, fruits & vegetables, agri food product division, rendered products (animal feed), pet food, fast moving consumer goods and leather.

Apparel Group

Founded in 1999 by an NRI, Nilesh Ved, Apparel Group is a fashion and lifestyle retailer having presence in the GCC, India, Thailand, Malaysia, South Africa, Poland, Singapore, Indonesia and Jordan. The group operates more than 1,750 retail stores of over 75 brands. The group's product range includes accessories, cosmetics, clothing and footwear. Additionally, Apparel Group runs food & beverage outlets of Tim Hortons, Sbarro and Cold Stone Creamery brands as well as operates two community centers in the UAE and one in Oman under the Grand Centrale brand. In February 2016, Apparel Group announced plans to enter Iran by end-2017 and expand its geographic reach to 25 countries by 2020.

Aster DM Healthcare

Established in 1987 by Dr. Azad Moopen, Aster DM Healthcare (ADH) is a leading healthcare group in the Middle East and India. It provides a range of healthcare services through hospitals and clinics, diagnostic centers, pharmacies, educational institutions, and healthcare management and support systems. ADH runs 18 hospitals, 98 medical clinics, and more than 200 pharmacies located across multiple countries. In India, the company operates eight hospitals with a combined bed capacity of 1,840 beds and plans to add three more with a combined capacity of 1,100 beds. The company's healthcare facilities provide treatment and allied services across therapeutic areas and are operated under different brands such as Access, Aster, Medcare and Aster Medcity.

GEMS Education

Founded by Sunny Varkey, GEMS Education opened its first school in Dubai in 1968. Formerly known as Global Education Management Systems Ltd., GEMS Education operates as a subsidiary of Varkey Group Ltd., a diversified holding company. Since establishment, GEMS education has expanded vigorously to become one of the world's leading private organizations providing educational solutions across the globe. The institution caters to more than 100,000 students and offers several curricula through 85 schools in 13 countries, of which 15 schools are located in India, 47 in the UAE and two each in Qatar and Saudi Arabia.

KEF Holdings

Established by an NRI – Faizal Kottikollon, KEF Holdings (KEFH) is a diversified player engaged in the businesses of infrastructure, healthcare, investments and metals. KEFH started metal recycling in the Middle East with the establishment of Al Ahmadi General Trading (AGT) in 1995. AGT produces several grades of ferrous and non-ferrous products, which are supplied across the Middle East and India. The infrastructure business is managed by its India-based subsidiary, KEF Infra, which runs a fully integrated off-site construction facility over an area of 1 million sq ft in Tamil Nadu, wherein 80% of a building construction is conducted in a factory environment. KEFH also runs a tertiary hospital in Calicut, phase one of which comprising 205 beds is operational and the second-phase is underway. Additionally, KEFH through KEF Investments manages a large portfolio of fixed income assets, equities and private equity investments across the US, Europe, GCC, South East Asia and India.

Source: Company websites

Other Renowned Companies Established by NRIs

Landmark Group

Founded in 1973 by an Indian, Micky Jagtiani, Landmark Group is engaged in the businesses of retail and hospitality in the Middle East, Africa and India. The group started operations in Bahrain and since then has expanded presence to over 20 countries. The company ventured into the Indian market in 1999. Overall, the group offers 27 own brands and 30 franchisee brands through a network of over 2,200 stores covering a combined area of more than 30 million sq ft. The group operates 401 stores in India, 893 in Saudi Arabia, 593 in the UAE, 120 in Qatar, 102 in Kuwait, 97 in Bahrain and 84 in Oman. Under retail business, the company offers fashion, home & electronics and sports products under own and franchisee brands. Its own brands include Lifestyle, Max, Home Centre, Splash, Babyshop, Shoe Mart, Shoexpress, Iconic and Shoe Mart International.

Lulu Group International

LuLu Group International, owned by NRI Yusuffali M. A., is a diversified player with business interests in retail, trading, shipping, IT, travel & tourism and education. Retail is the core business of the group, under which it owns and operates 136 hypermarkets, supermarkets and department stores, encompassing an area of over 22 million sq ft across 21 countries. In addition to the retail stores, the group develops shopping malls and mixed-use projects through its subsidiary Line Investment & Property LLC. In India, the group currently operates only one hypermarket and three meat processing facilities. The processed meat is exported along with a range of garments and silk through Amroon Foods Pvt. Ltd. and Fair Exports (India) Pvt. Ltd. In July 2016, the group disclosed plans to invest INR 70 billion (US\$ 1.0 billion*) in India for opening shopping malls, hotels and an IT park.

NMC Health Plc

Having commenced operations as a small pharmacy and clinic in 1974 by India-born Dr. B. R. Shetty, NMC Health Plc has transformed itself into an integrated private healthcare services provider with extensive presence across the UAE. The company was listed on the London Stock Exchange in April 2012 and has vastly spread its operations through the organic and inorganic routes. The company runs a network of 8 hospitals, 2 day-care patient centers, 9 medical centers and 15 pharmacies. As of end-June 2017, the company had a licensed capacity of 912 beds in the UAE, Saudi Arabia and Oman. NMC Health also operates fertility clinics in Spain and the Middle East through its subsidiaries. During 2016, NMC Health reported revenue of US\$ 1.2 billion. The founder of NMC Health has forayed in the Indian healthcare market with the acquisition of SUT Hospital, Beemapally Hospital, Leela Ravi Hospital and CMC Hospital in Kerala and Shree Narayana Hospital in Chhattisgarh.

VPS Healthcare

Founded in 2007 by an Indian, Dr. Shamsheer Vayalil, VPS Healthcare (VPS) is an integrated healthcare service provider with a network of hospitals and clinics, pharmaceuticals manufacturing, retail pharmacy, and other healthcare services. On a consolidated basis, it has 20 hospitals and more than 100 medical centers and clinics. The company operates its hospitals and clinics under brands such as Burjeel, Medeor, LLH, Tajmeel, Lifecare, Occumed, and Lifeline. It caters to over 3.5 million patients annually across the UAE, India, Oman and the UK. VPS entered the Indian market through acquisition of three large multi-specialty hospitals in Delhi under the brand Rockland and one integrated multi-specialty hospital in Kerala. Additionally, the company runs a dental college in Kerala. In April 2016, VPS announced that it has earmarked INR 10 billion (US\$ 0.2 billion*) expansion plan in India over a period of five years.

* Converted at exchange rate of 0.015

Source: Company websites



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US\$ 300,000,000
Debut Sukuk Offering - 5 years

Joint Lead Managers



Financial Advisor



AL Bayan Group of Companies

Sale of 100% Equity stake in the water bottle
manufacturing, purification and distribution business.



to
Agthia Group PJSC



Financial Advisor



Lanka ORIX Leasing Company PLC

Strategic Investment
in



Financial Advisor



Seylan Bank PLC

US\$ 45,000,000
Term Facility

Lead Financiers



Financial Advisor



Jet Airways (India) Limited

US\$ 150,000,000

Dual Currency Syndicated
Term Loan Facility

Mandated Lead Arranger, Book Runner and Agent



Mandated Lead Arranger



Lead Arrangers



Financial Advisor



BFC Group Holding W.L.L

US\$ 30,000,000

Commodity Murabaha Facility

Facility Provider



Financial Advisor



Hydrocarbon Finder E&P LLC

(A subsidiary of Services & Trade Investment Holding Co. LLC)

US\$ 50,000,000
Structured Financing Facilities
(Reserve Based Lending)

Facility Provider



Financial Advisor



RBL Bank Limited

US\$ 100,000,000
Term Facility

Lead Arranger



Asian Development Bank

Financial Advisor



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