

Ahmadoff & Company



Private Wealth in Modern India

Entrepreneurship at Heart

This report is prepared by Ahmadoff & Company's research team based on the studies covering Forbes billionaires of different years.

Agenda

India: New History of Private Wealth research is a study of Forbes billionaires of the last two decades and covers material events and challenges of their lives in addition to the wealth. The materials used to prepare this report is intellectual property of Ahmadoff & Company.

- Comparable environment
- Wealth overview
- Who are the new billionaires?
- Sustaining capital: Strategic choice vs. Pragmatism
- Political involvement of Business Elites
- Family Circle
- Wealth utilization. Redistribution vehicles
- Myths and realities
- Authors



Comparable environment

BILLIONAIRE-FRIENDLY INDUSTRIES 2016

Diversified,
healthcare/pharma,
industrial suppliers

Financial
investments,
technology, retail

India



World



AV. AGE OF THE BILLIONAIRES 2005 | 2016

57 | **64**

65 | **63**

NUMBER OF BILLIONAIRES 2005 | 2016

12 | **84**

678 | **1810**

BILLIONAIRES' WEALTH TO GDP 2005 | 2016

7.4% | **11.0%**

3.8% | **8.6%**

GDP GROWTH between 2005 and 2016

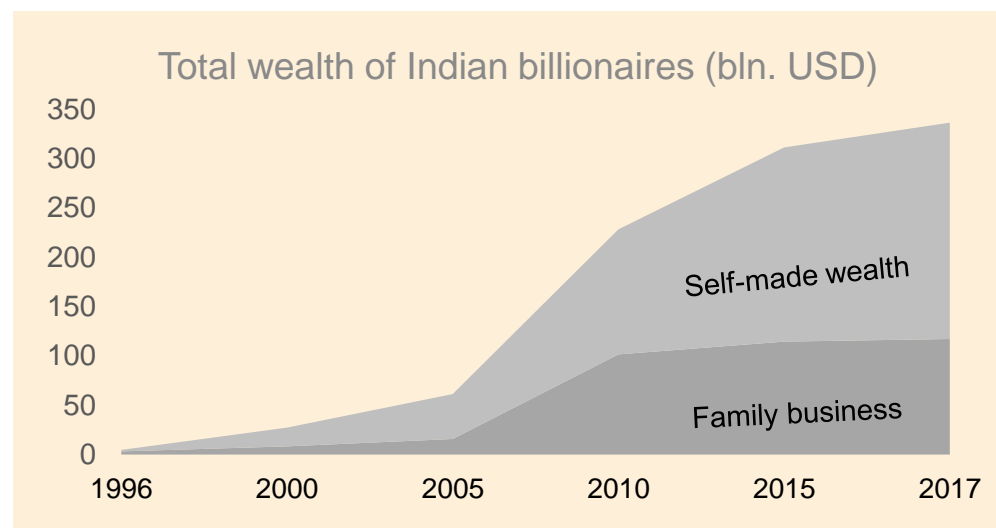
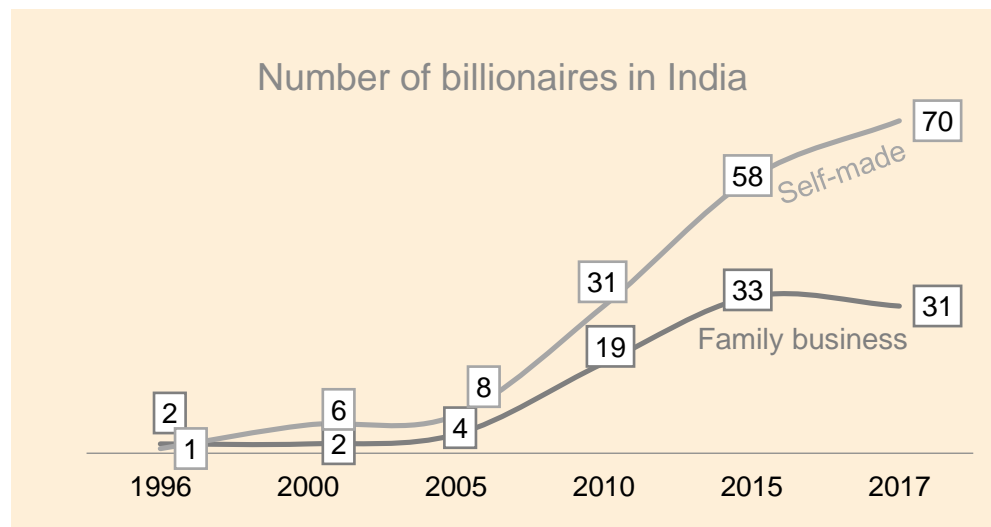
170%

30%

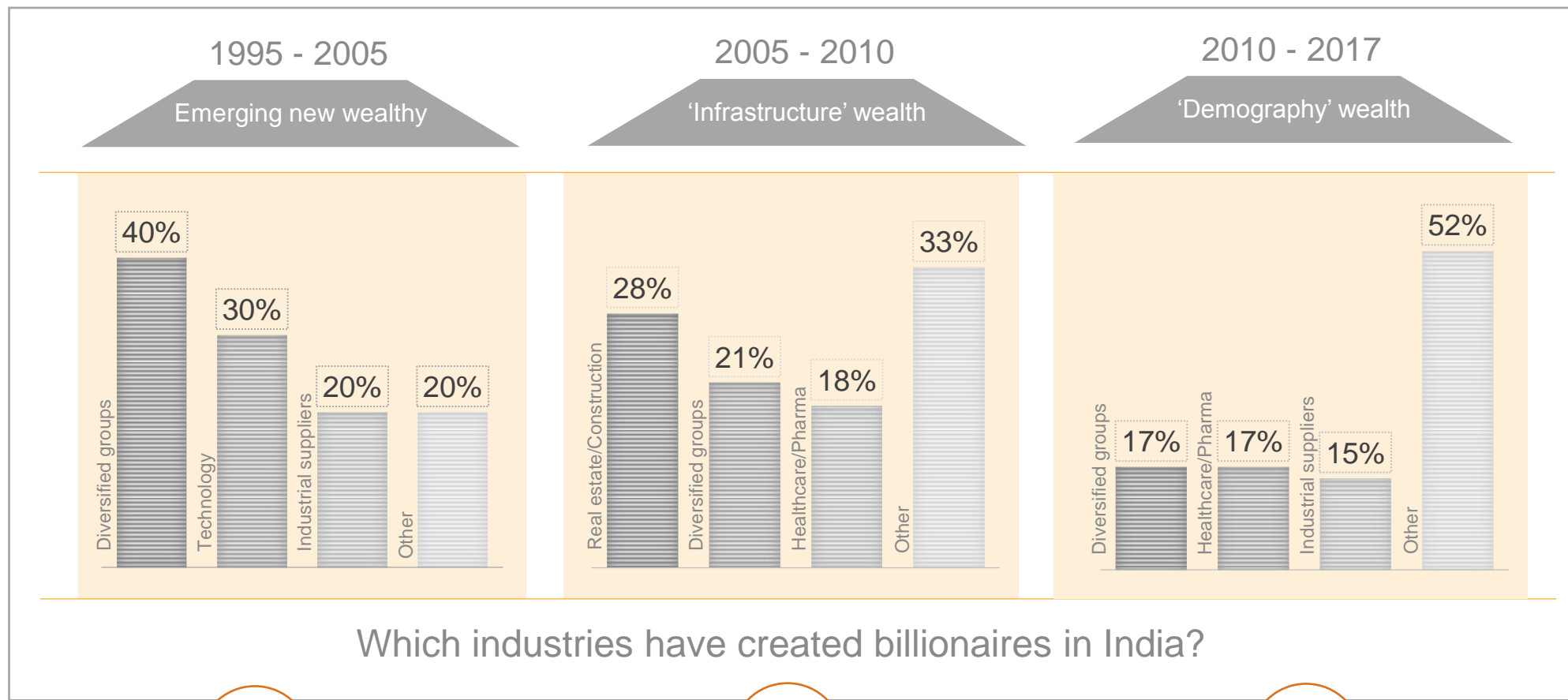
Wealth overview

Traditions of Indian wealth philosophy go back by centuries in the history. We have analyzed only small and the latest part of this history to reveal core trends in ownership and wealth creation. Number of new wealthy emerged in the last two decades in India both born in family businesses and self-made entrepreneurs due to created massive local economy and globalized Indian enterprises.

Important trend was the share of Indian billionaires in global billionaires club which has reached 5% from 1% in the last twenty years due to created entrepreneurial and enhanced family wealth. India has seen **a new billionaire almost every month** after 2010. Increased penetration of the banking system has created opportunities for real sector to grow, further to foreign direct investors' role in market capitalization hike.



Who are the new billionaires?



Which industries have created billionaires in India?

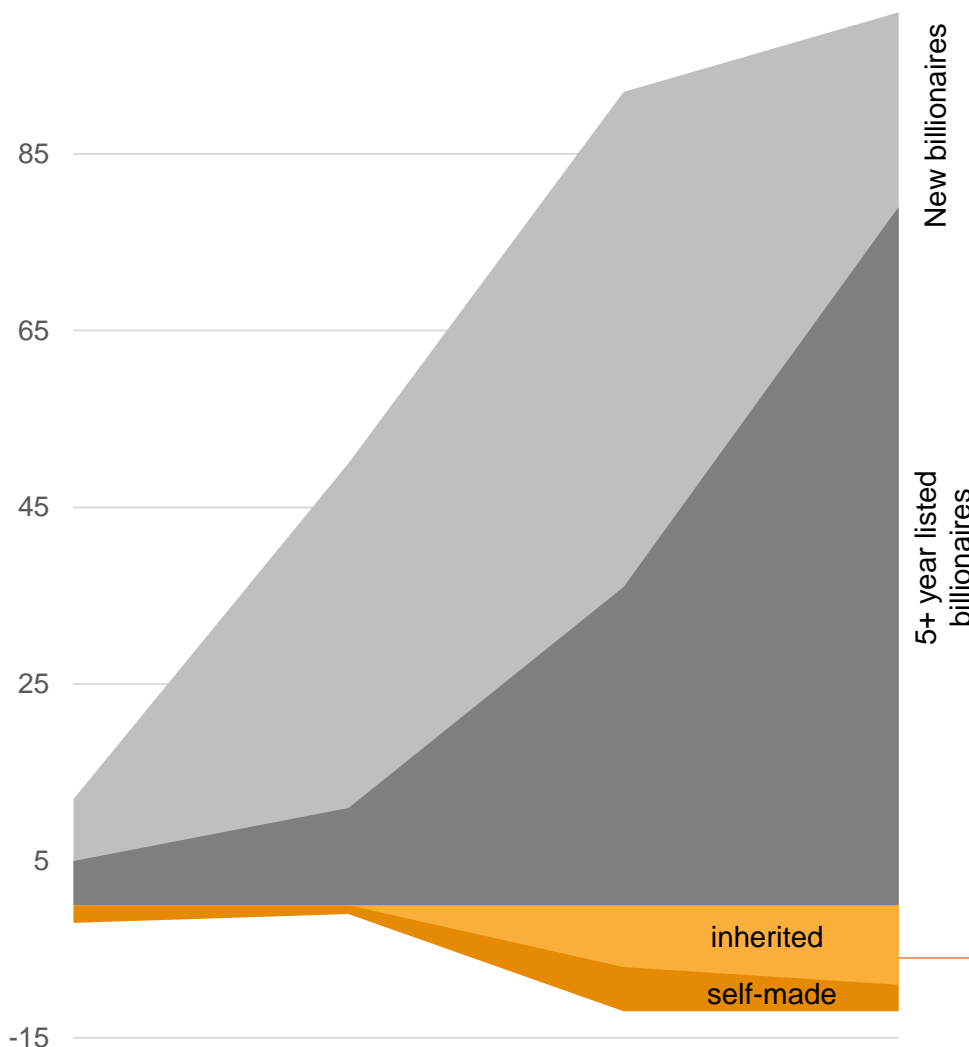
53

57

61

Average age of new billionaires

Sustaining capital: Strategic choice vs. Pragmatism

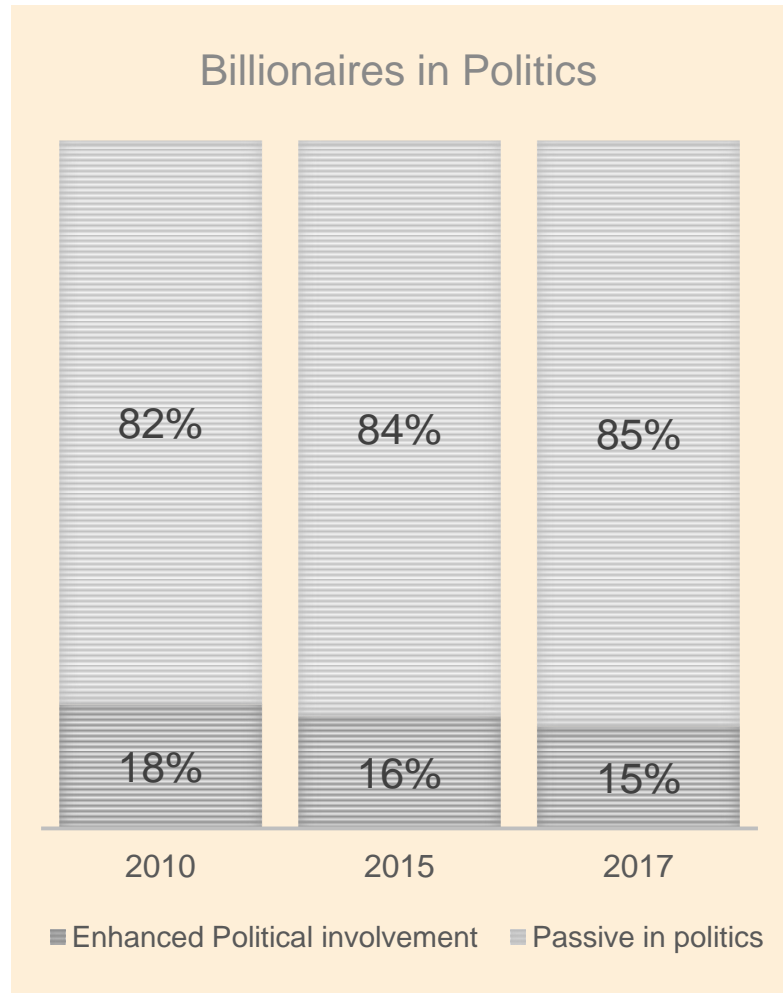


Every industry has a growth and decline phases throughout the economic cycle and some UNHWIs choose certain growth industries while missing exit options in downturn, while others sit on the multi-angle diversified or flexible industries with less switching costs. It is reasoned by family culture, political involvement, individual view to personal wealth utilization which is indirectly linked to the economic activities and forms the structure of the behaviourally optimized investment portfolio.

Dropped-off billionaires

- 12% of billionaires, on average left the list during the last two years;
- During the 2005-2010 only a billionaire has dropped off against 39 new-comers; it is 12 to 22 for 2015-2017;
- Two out of three of them were from construction and real estate industry in the last five years, i.e. 8 of 12 billionaires;

Political involvement of Business Elites



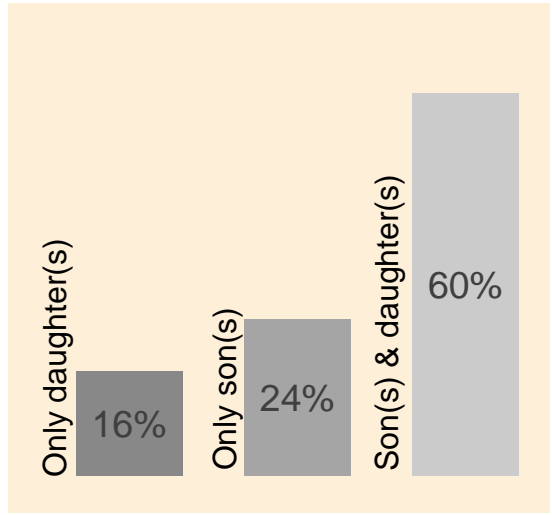
- ✦ Business and Political Elites do not seem to be merged in India, oppositely shift towards separation in the last years. A typical politically involved Indian billionaire sources and manages his wealth as **large industrial suppliers or diversified conglomerates** similar to the other parts of the world.
- ✦ High growth period of the economy between 2005 and 2010 supported entrepreneurial community with pure business careers and **visible shift of re-balancing elites** in wealth context came during those period.
- ✦ In India, billionaires' history explains **inherited wealthy tends towards politics more than self-made entrepreneurs**, former with - 20%, the latter - 14%.

Family Circle

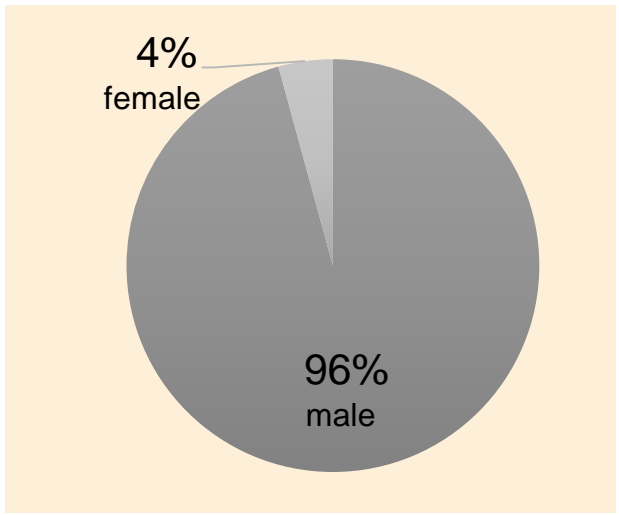
✦ Average **number of children in rich families is 2.3** according our research, smaller families with sons and daughters are billionaires' existing major family structure in India.

✦ Marriage and family affairs play important role and **only 2% of billionaires have got married second time**, in other cases they keep long and calm life with their family.

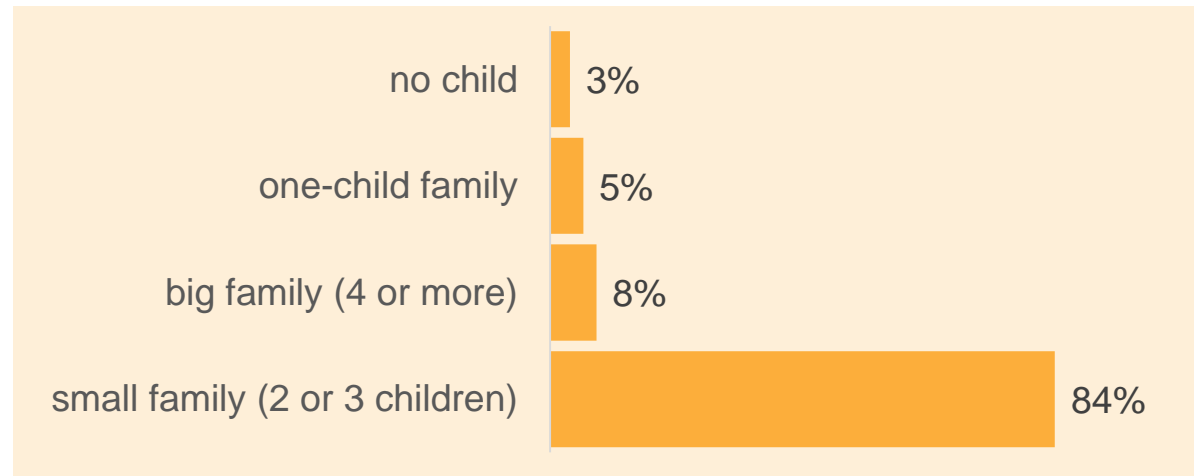
✦ Currently 4 woman billionaires are part of the Forbes Billionaires list and **three out of four have inherited from their husbands**.



Family structure



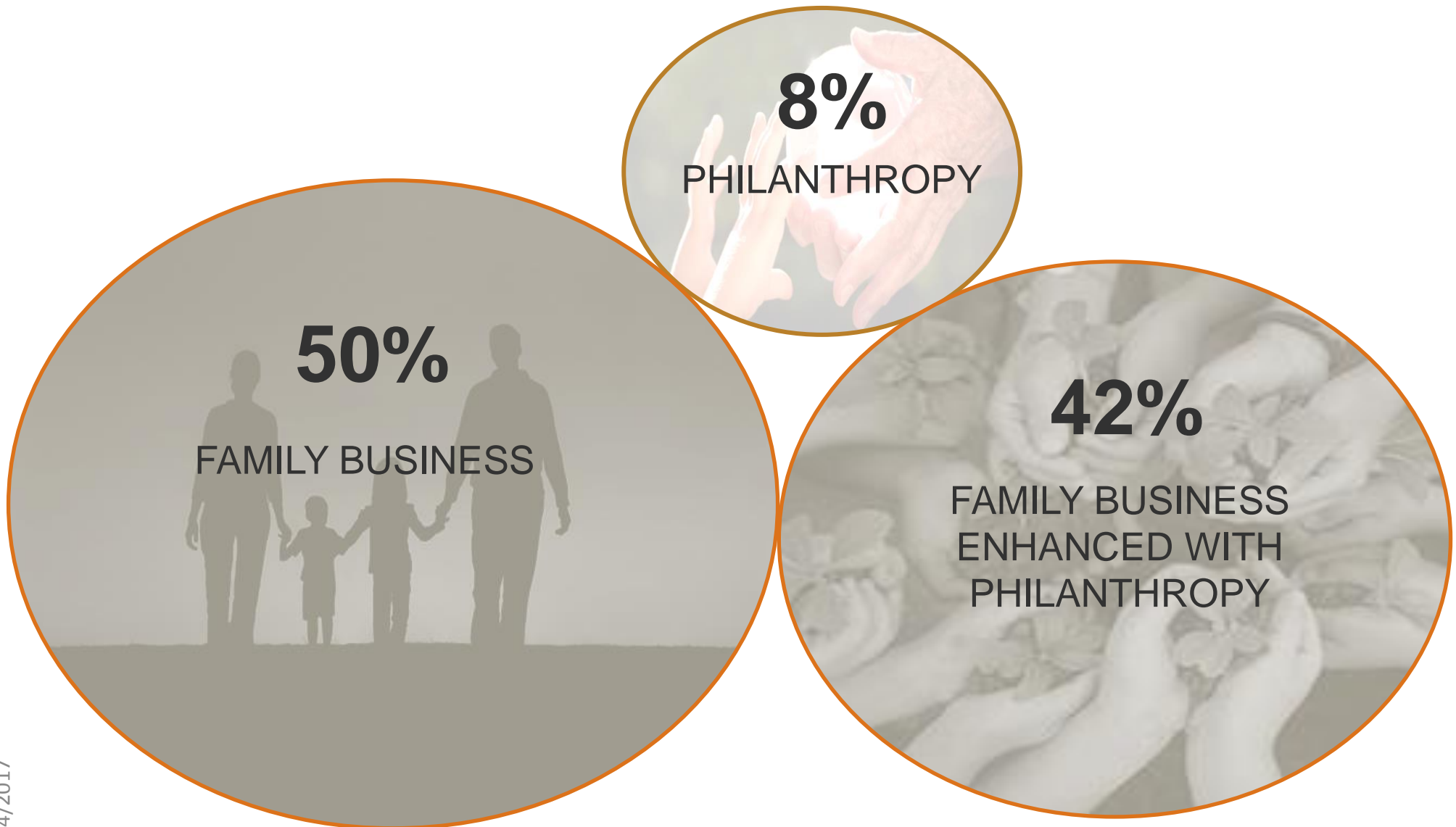
Gender of billionaires



Number of children in rich families

Source: Forbes.com, Ahmadoff & Company analysis

Wealth utilization. Redistribution vehicles



Myths and realities

MYTH 1. Large wealth is about inheritance

70% of Indian billionaires are self-made

MYTH 2. Real estate/Construction industry always tops for billionaires

Two out of three billionaires in real estate/construction industry dropped off in the last 7 years

MYTH 3. Indian billionaires are in politics as well

Only 15% of Indian billionaires or family members have hold/holds political and law-making positions.

MYTH 4. Number of children is high in wealthy families

2.3 children per billionaire family is average in India

MYTH 5. A billionaire's only aim is build empire for his children.

Half of Indian billionaires have created philanthropic vehicles to give back to society

Authors

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This report has been prepared by Ahmadoff & Company for wealthy people, their heirs and families, private wealth community, including family offices, private shareholders and other focused stakeholders. The report contains an analysis of profiles of the richest people of the planet with specific focus on India's rich people according to Forbes magazine. This material and its contents do not constitute financial or other professional advice, and specific advice should be sought about your specific circumstances.