



Business Landscape of India 2007 Update

Date: January 9, 2008

The materials contained in this document are intended to supplement a discussion between [client] and Universal Consulting India Pvt Ltd on [date]. These perspectives are confidential and will only be meaningful to those in attendance.

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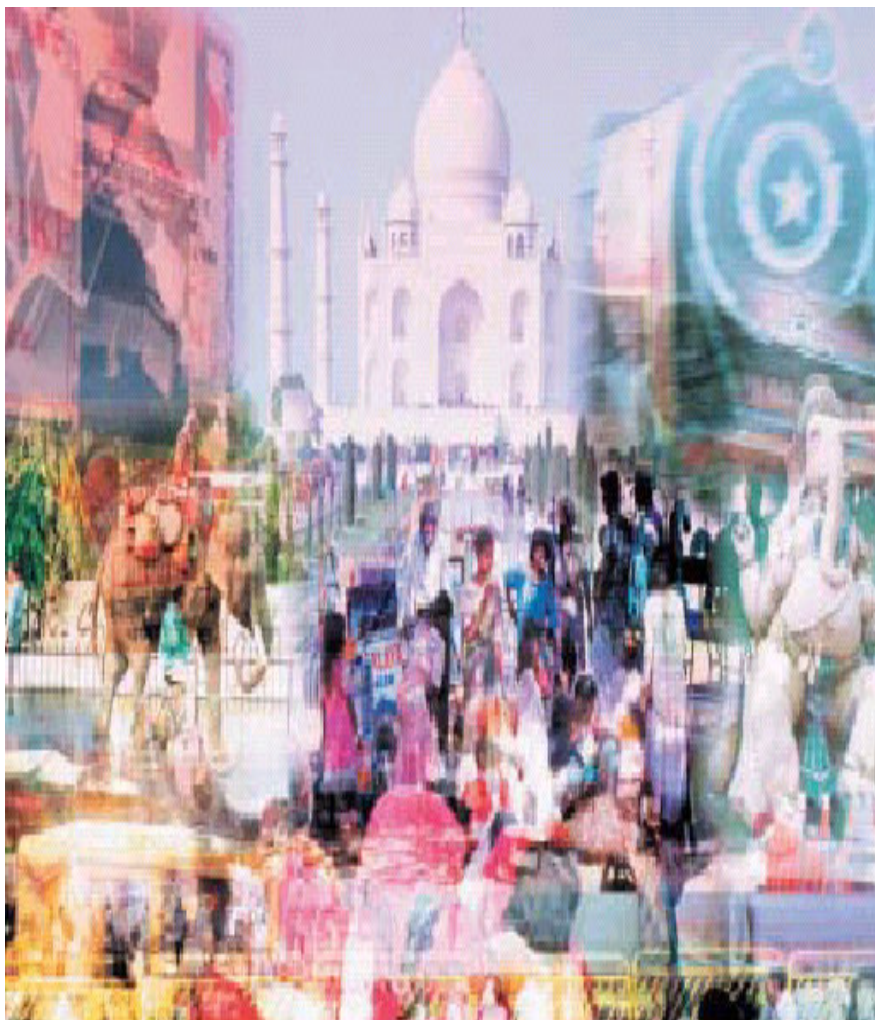
Auckland
Bangkok
Beijing
Boston
Chicago
London
Los Angeles
Melbourne
Milan
Mumbai
Munich
New Delhi
New York
Paris
San Francisco
Shanghai
Singapore
Sydney
Tokyo

Agenda

- Geography & History
- Economic Outlook
- Foreign Trade
- Market Opportunities
- India's Edge



Capital:	New Delhi
States:	29
Main Metros	Mumbai, Delhi, Chennai, Hyderabad, Bangalore, Kolkatta
Area:	7th largest country in the world
Population:	~ 1.1 billion
Time Zone:	GMT +5.5
Currency:	Indian Rupee (INR)
Institutional Framework & Rule of Law	Anglo-Saxon Style

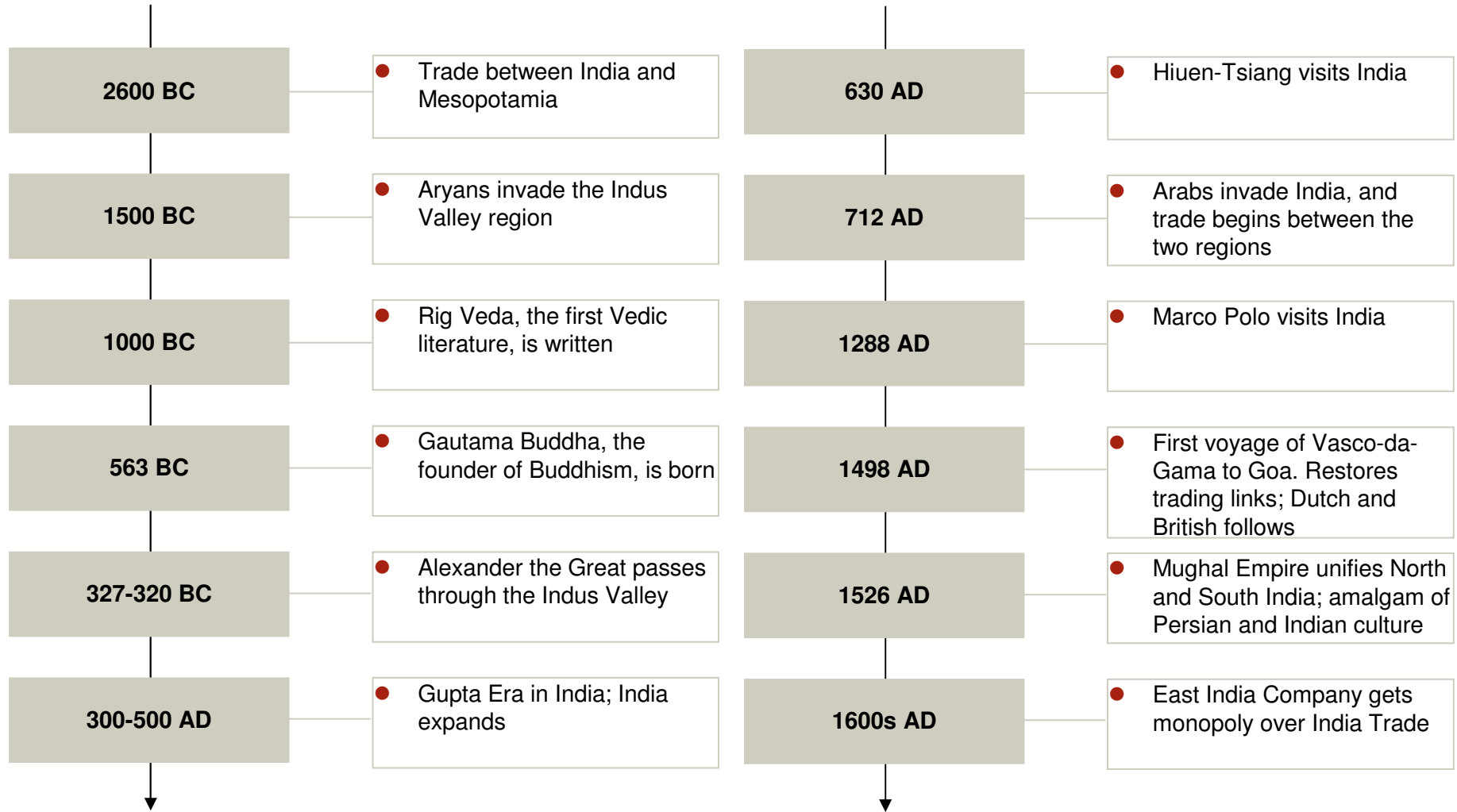


Languages:	180 18 Principal Languages, Second largest English speaking country, English is the business language
Education:	Strong University Network, Global recognition, Moderate fees, Excellent Cultural Exposure, Safe Environment
Religion:	80% Hindu, 14% Muslim, 2.4% Christian, 2% Sikh, 0.7% Buddhist, 0.9% Other
Ethnic Group:	Indo-Aryan 72%, Dravidian 25%, Mongoloid and other 3%
Major Festivals:	Diwali, Id, Christmas, Holi

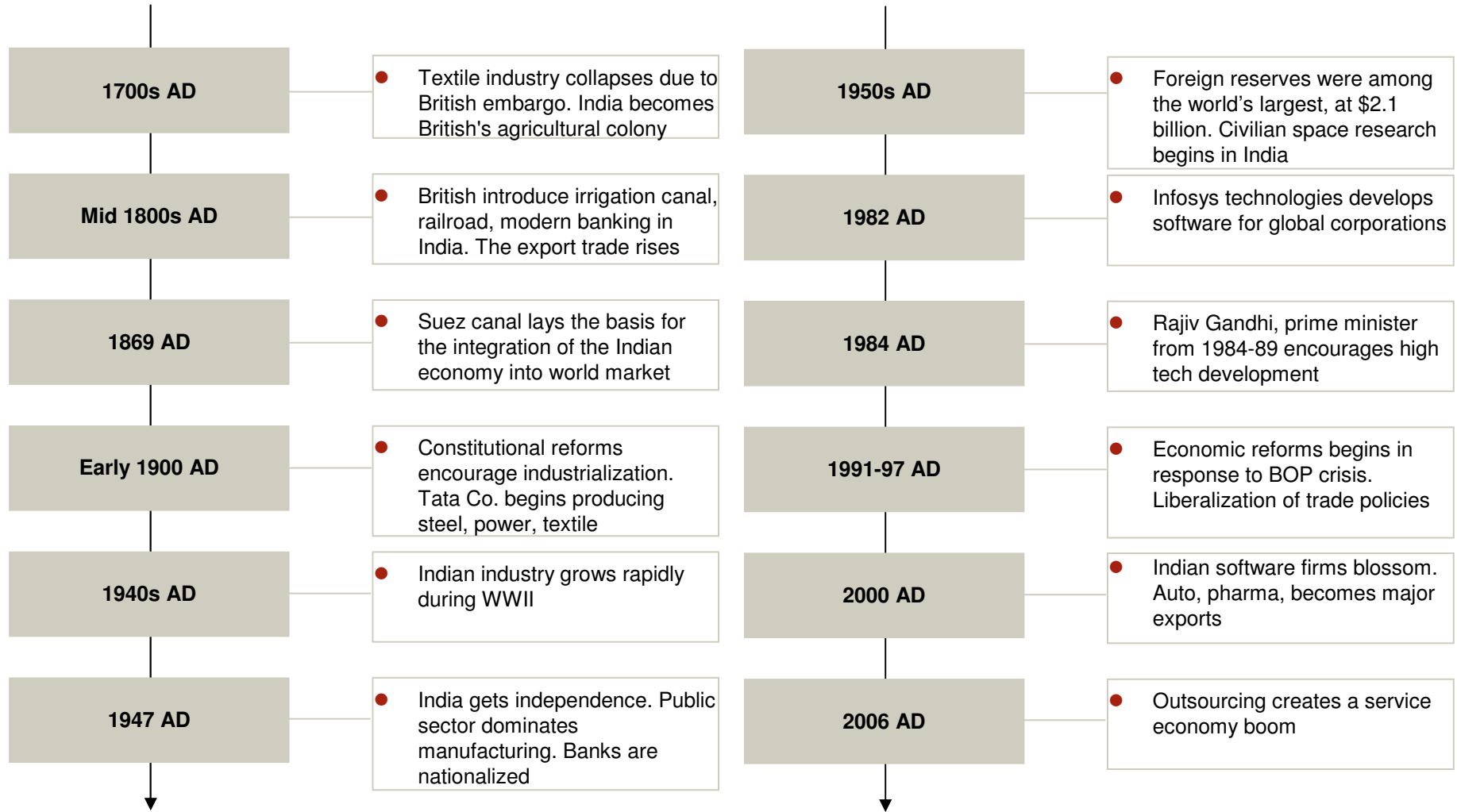
Source: India Review 2005, Country Watch, 2005; India Country Report, Institutional Investor, September 2003; <http://web.mit.edu>
(about english speaking)

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Historical Milestones...










Historical Milestones...



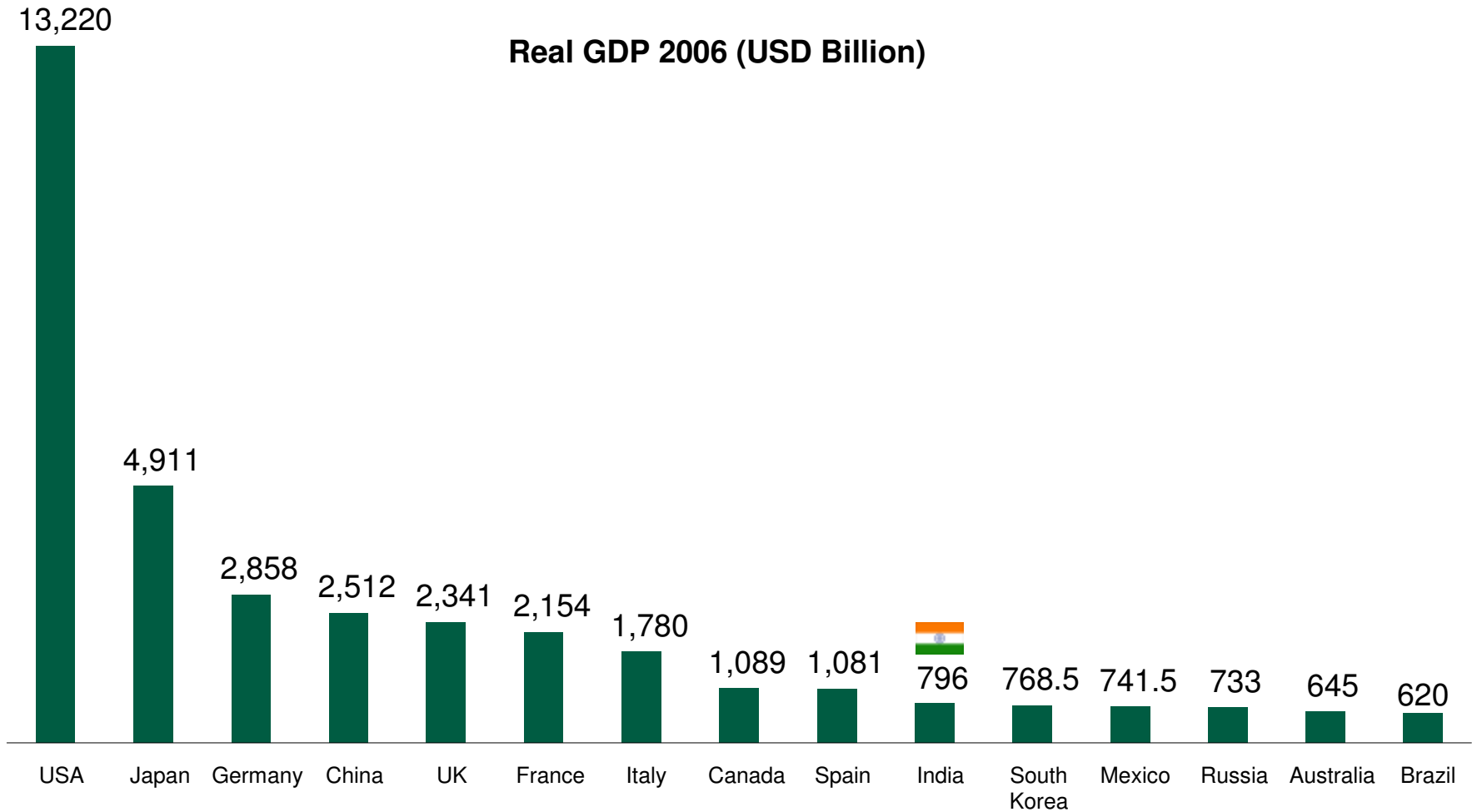
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Macro indicators are the strongest they have ever been

		1990-91	2005-06	2006-07
Real GDP		USD 48 billion	USD 759 billion	USD 796.1 billion
GDP Growth		5.3%	7.5%	8.5%
Forex Reserves		USD 1 billion	USD 151.6 billion	USD 191.9 billion
FDI		USD 0.36 billion	USD 8 billion	USD 9.5 billion
Inflation		10.3%	4.6%	5.3%
Labor Force		364 million	496 million	509.3 million
Average Literacy Rate		52.2%	65.4%	64.84%

India ranks 10th among the largest economies on real GDP

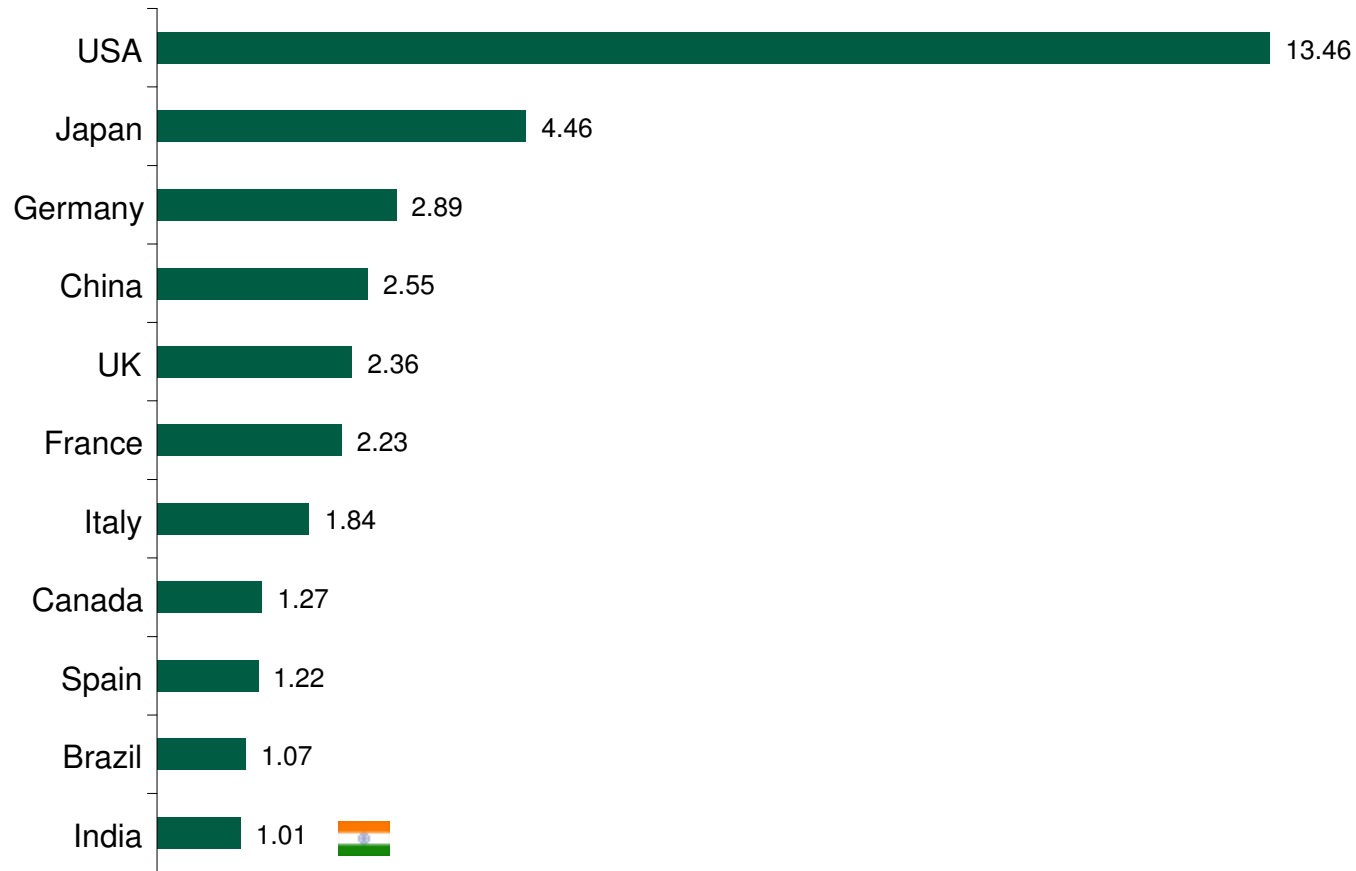


Source: CIA World Factbook 2007

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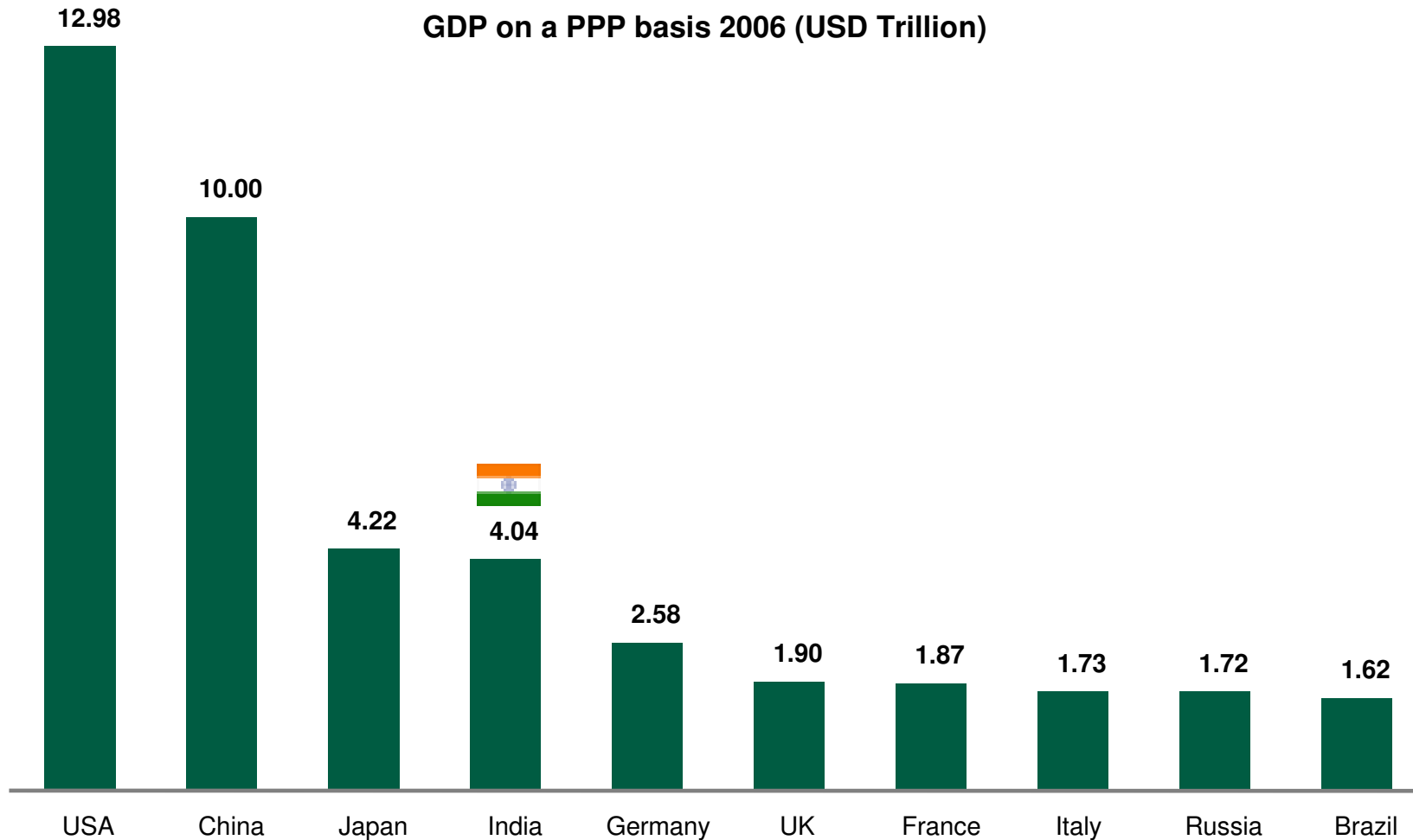
India crossed the trillion-dollar threshold as a result of the US dollar slipping below INR 41, recently

Trillionaires Club (GDP in \$ trillion)



According to the current exchange rate, INR 41 per dollar

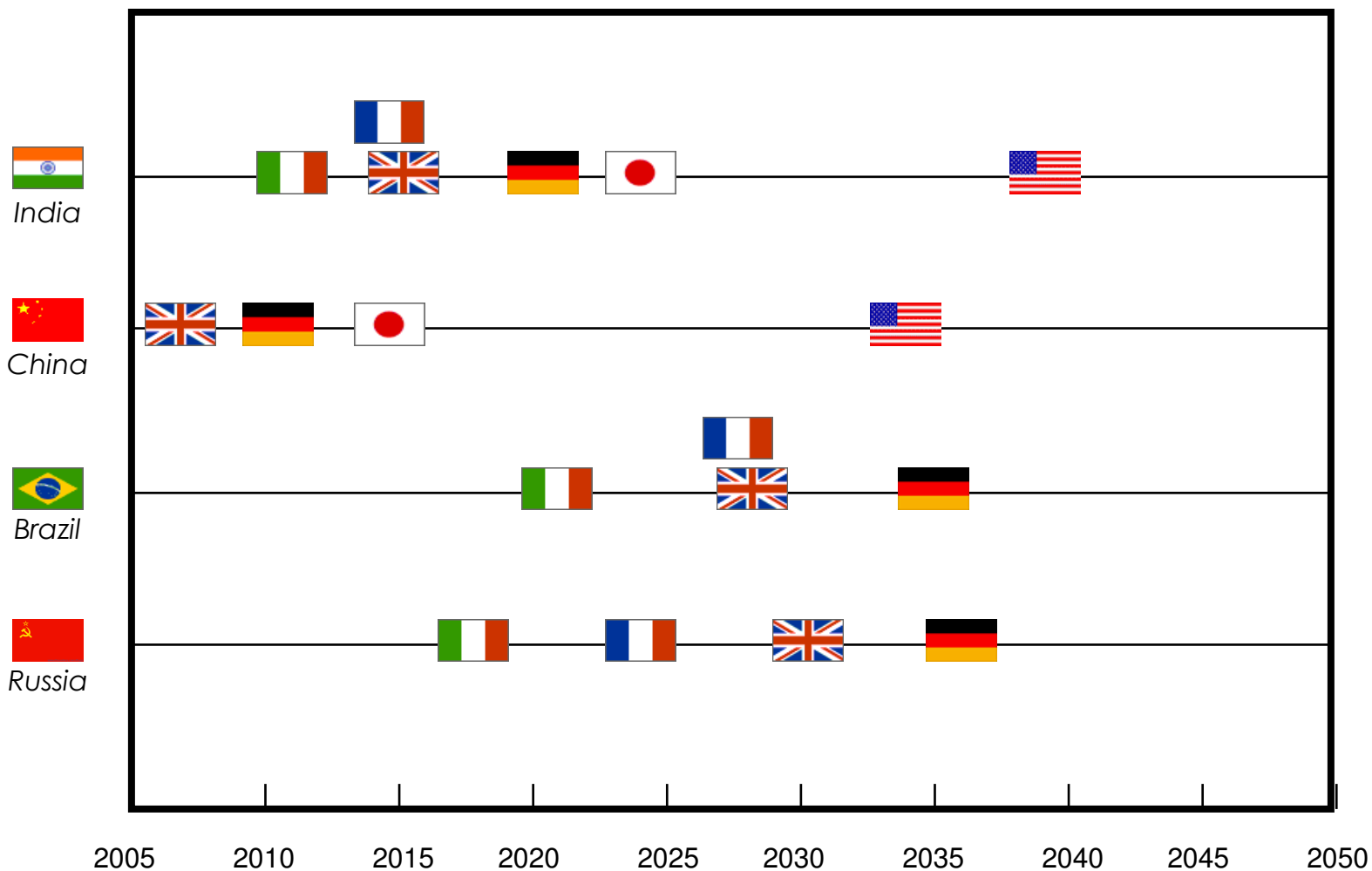
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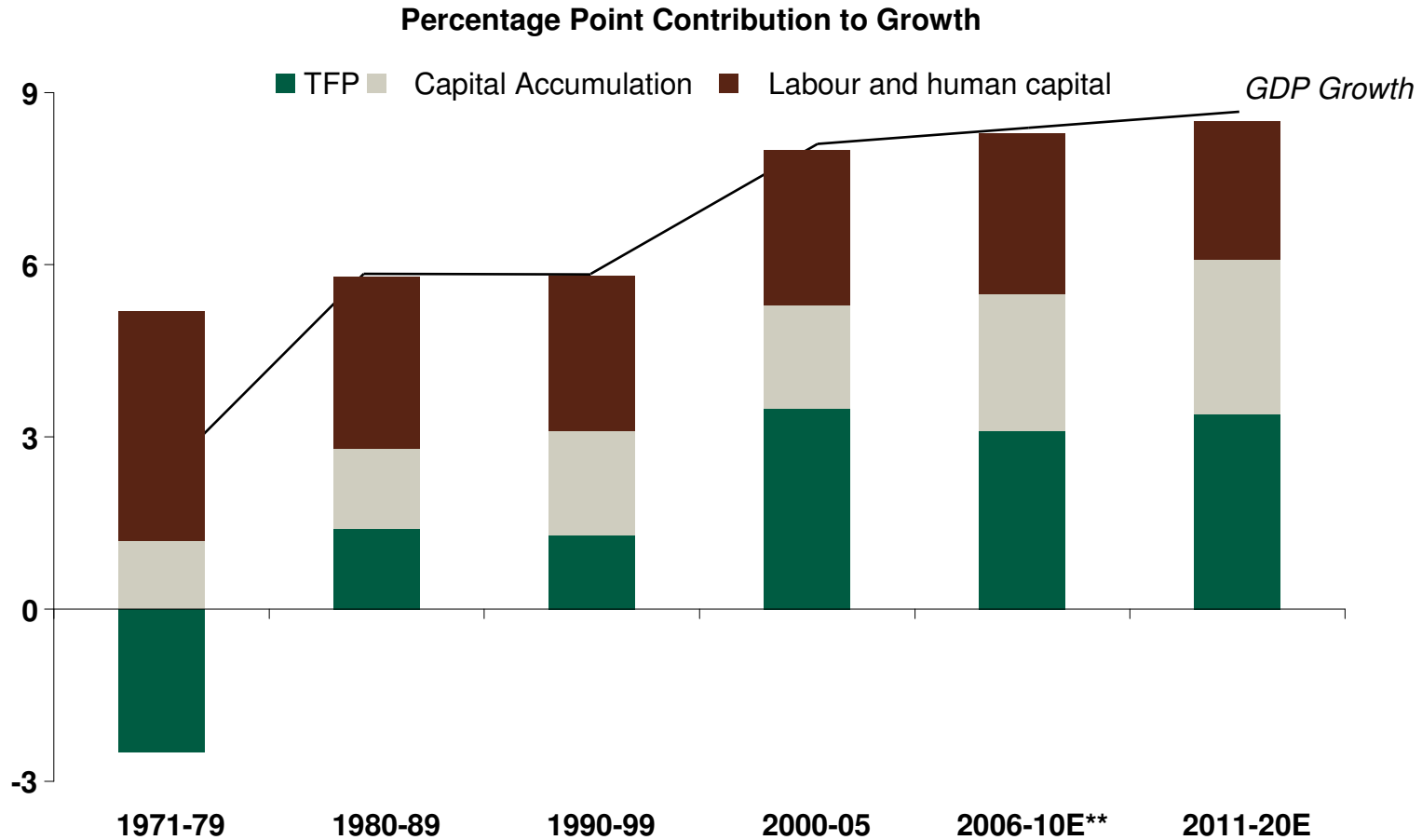
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India is expected to be the 2nd largest economy before 2050



Flags in the chart represent the countries overtaken by BRIC in the given year

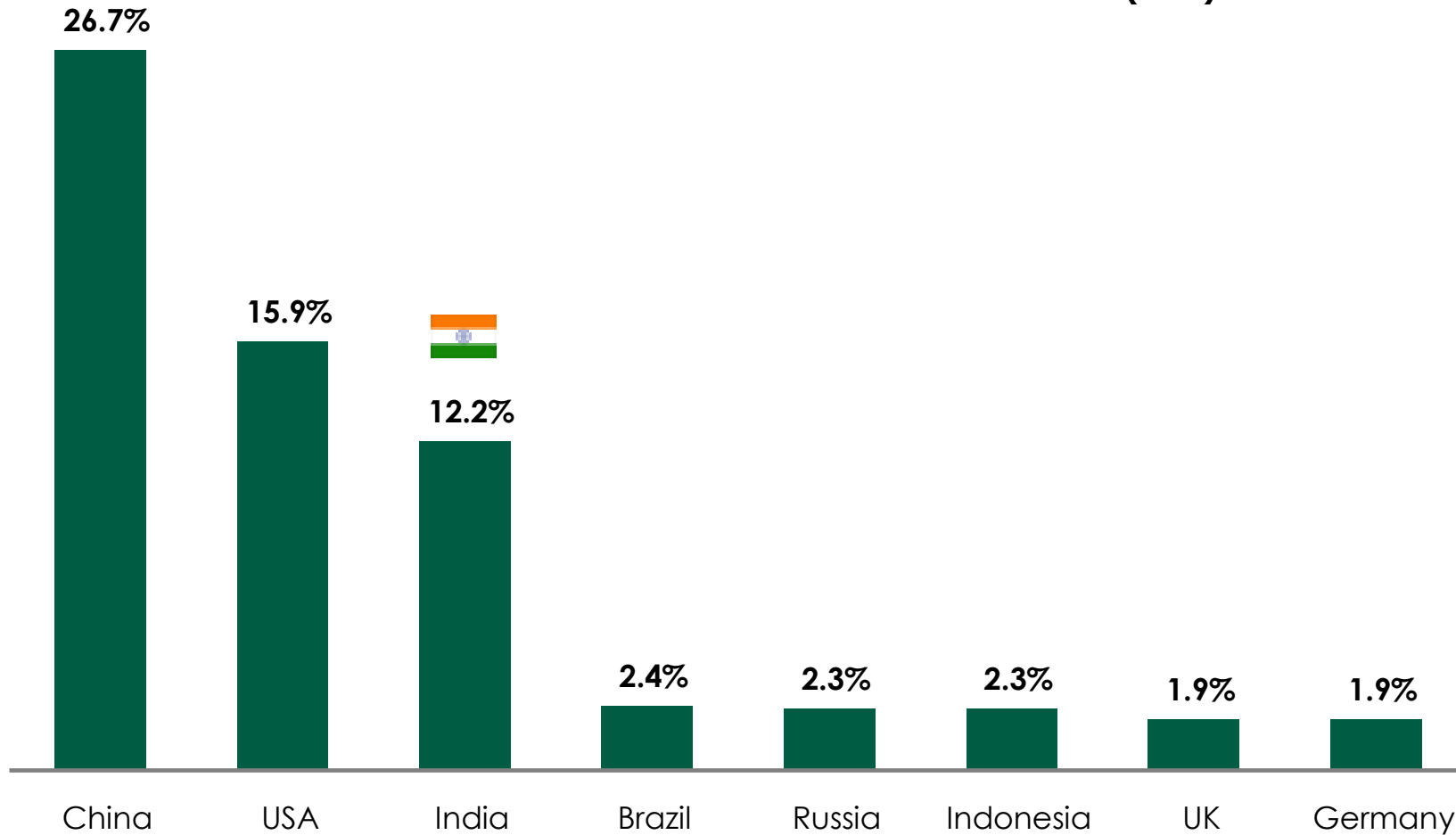
India's potential growth rate is geared up at for an average of 8.4% till 2020



** indicates Goldman Sachs projection

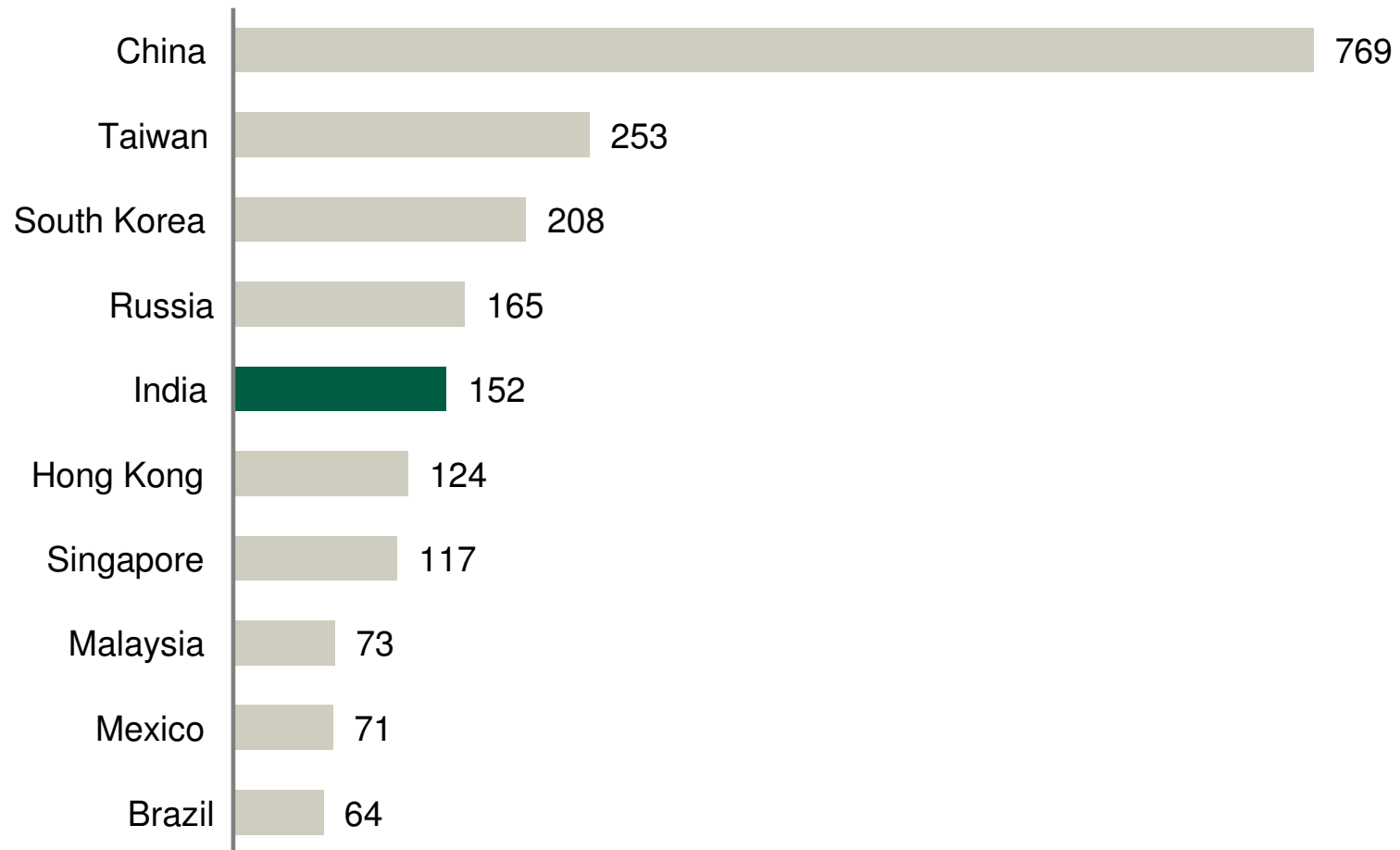
India will be among top 3 contributing nations to global growth in next 15 years

Contribution to Global Growth between 2006-20 (in %)

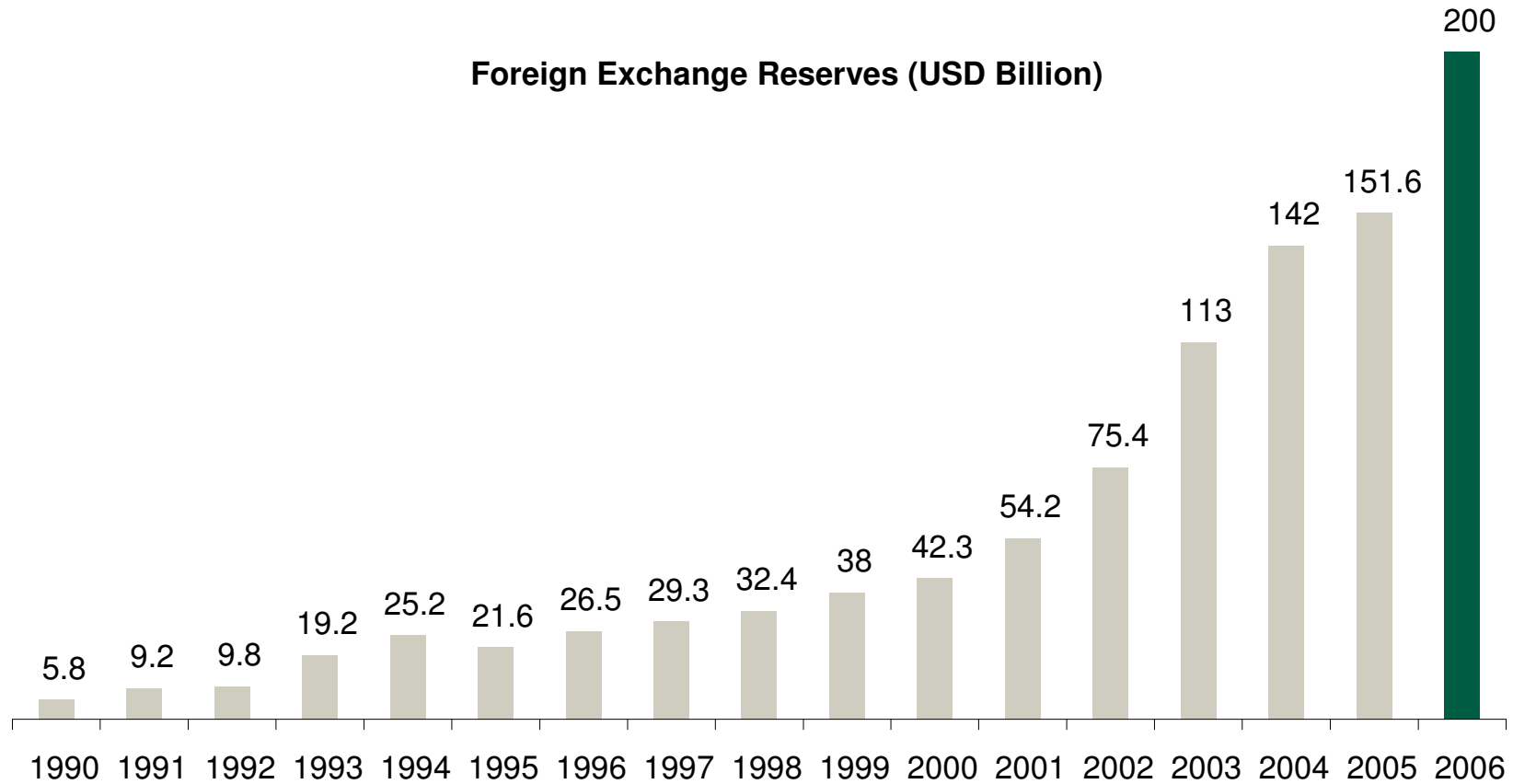


India had the 5th largest forex reserve amongst developing economies in 2005

**Forex Reserves of the developing economies
(2005-2006) (USD billion)**

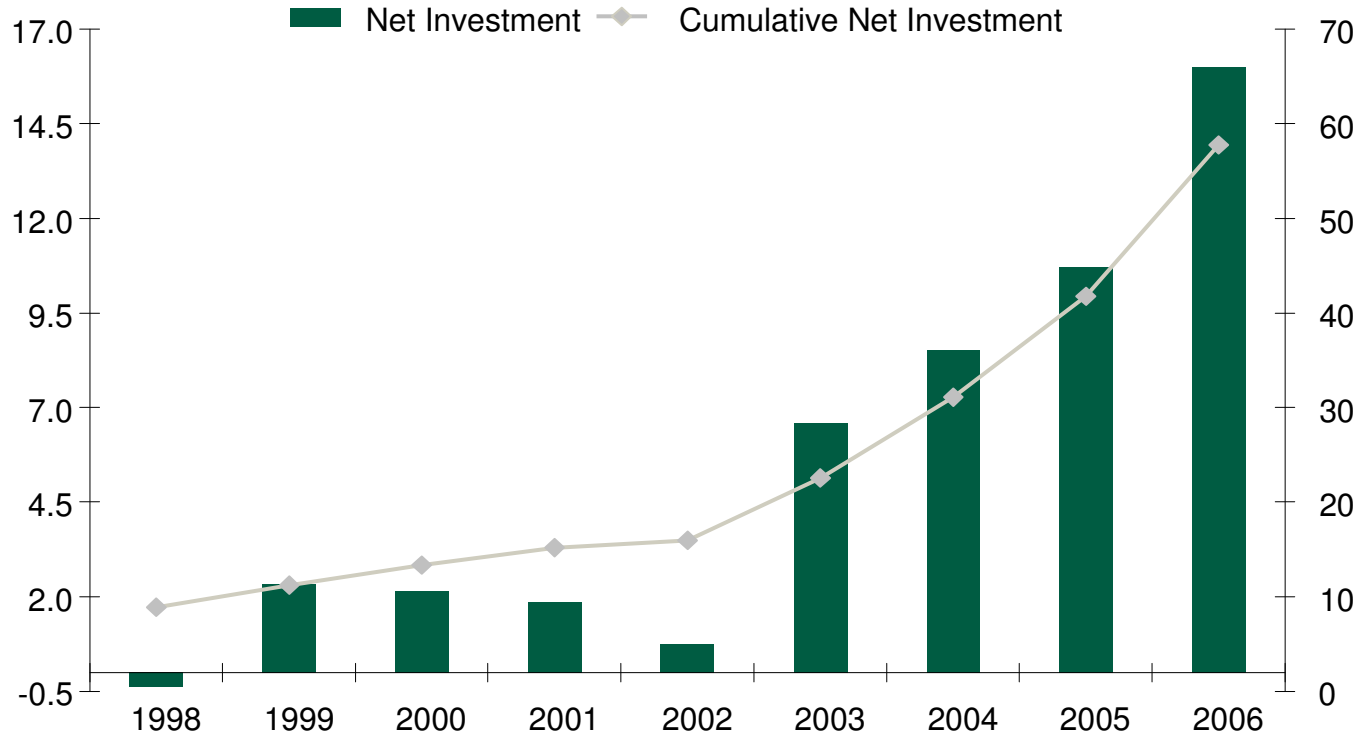


India's foreign exchange reserves topped \$200 billion for the first time in 2006



Net investment by FIIs in 2006 was the highest ever

FII Investments in India (USD billion)



- FIIs registered with SEBI went up from 540 in 2004 to 920 by June 2006
- Major drivers behind FII investments in India are
 - Strong macro-economic fundamentals with good corporate results
 - Low inflation, abolition of long-term capital gains tax, transparent regulatory system

Source: SEBI

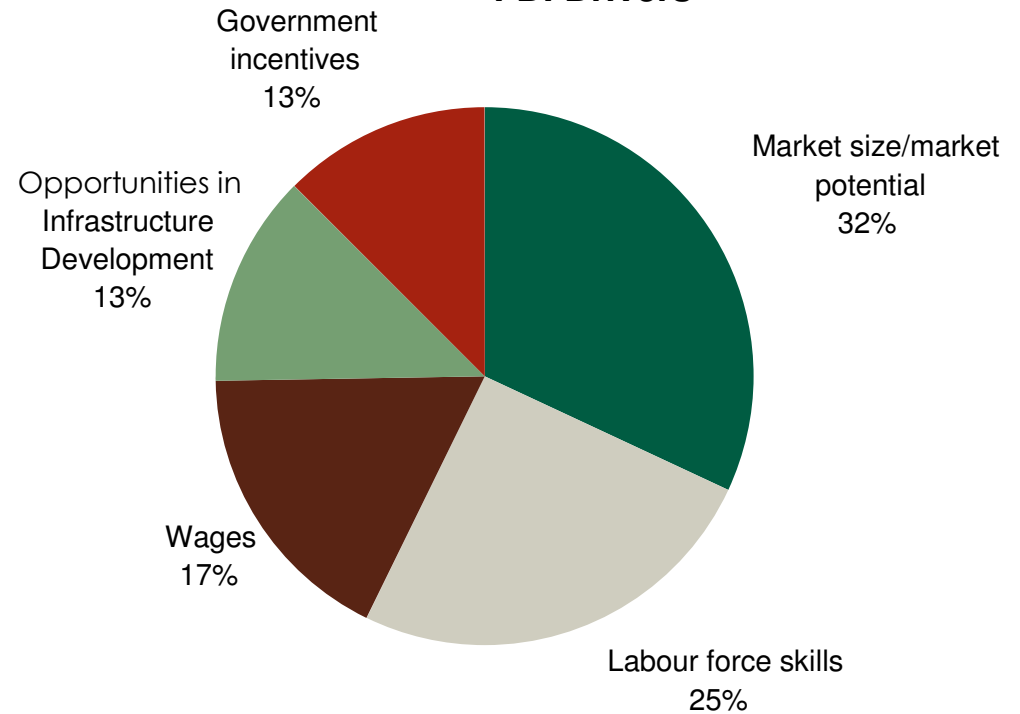
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India is the second most favored destination for FDI

FDI Confidence Index 2005

Rank	2005	2004
1	China	China
2	India	United States
3	United States	India
4	United Kingdom	United Kingdom
5	Poland	Germany
6	Russia	France
7	Brazil	Australia
8	Australia	Hong Kong
9	Germany	Italy
10	Hong Kong	Japan

FDI Drivers

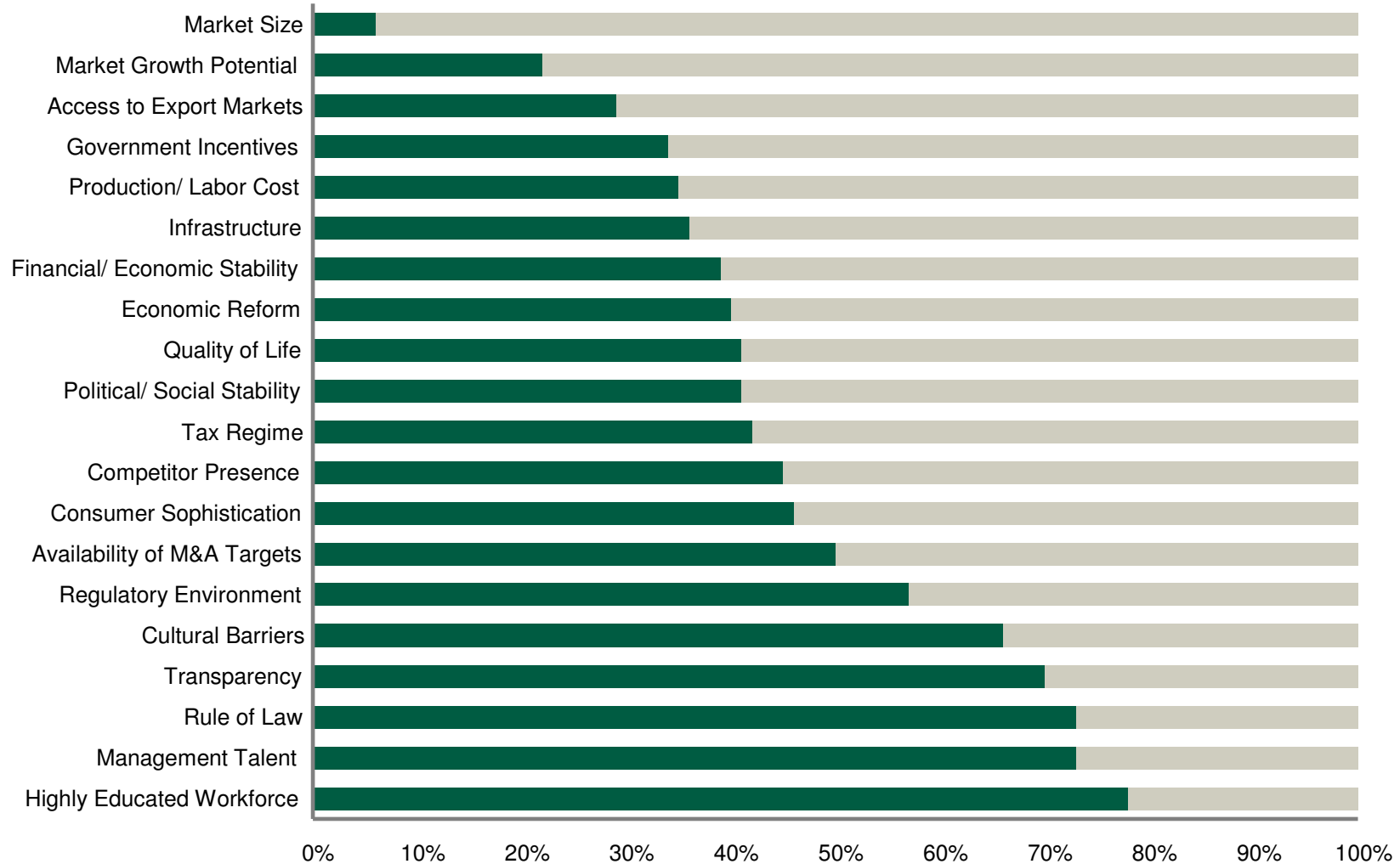


- India reaches its highest ranking ever in 2005 and remains second in 2006 also
- 45% of global investors are more upbeat on China and India compared to last year

India's cultural & regulatory environment is favorable to investors

Which country is more attractive for the following FDI attributes?

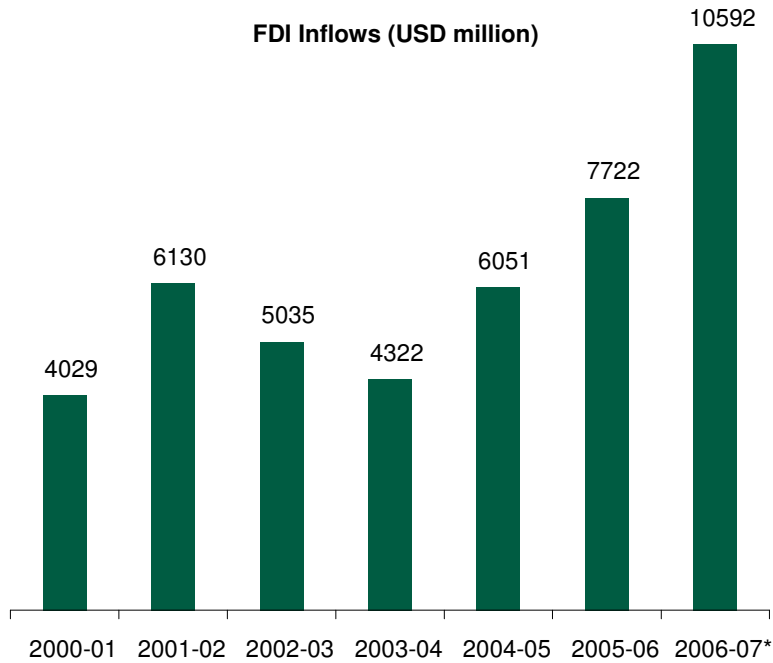
■ India ■ China



Source: AT Kearney

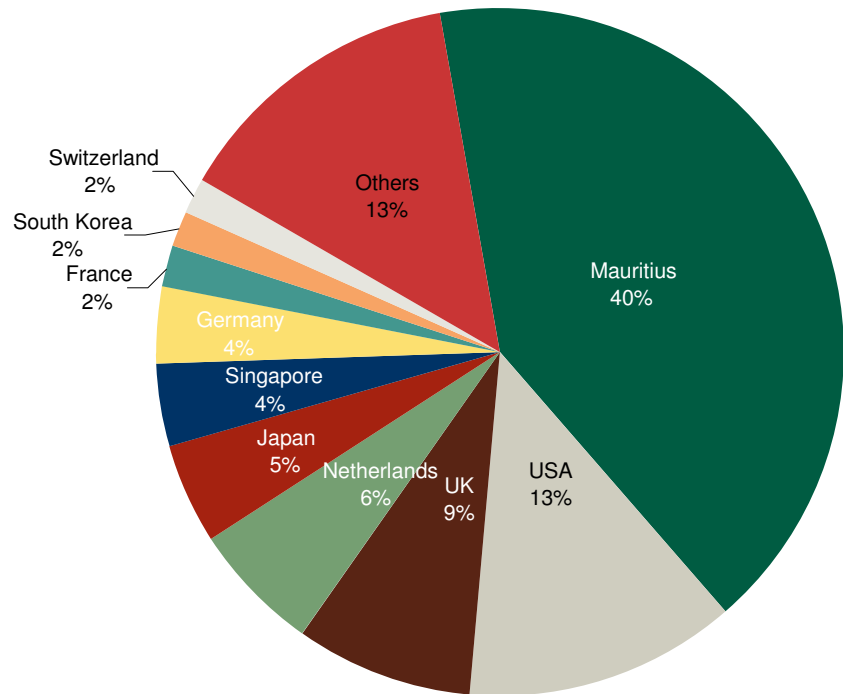
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Total FDI Inflows were USD 10.6 billion in 2006-07

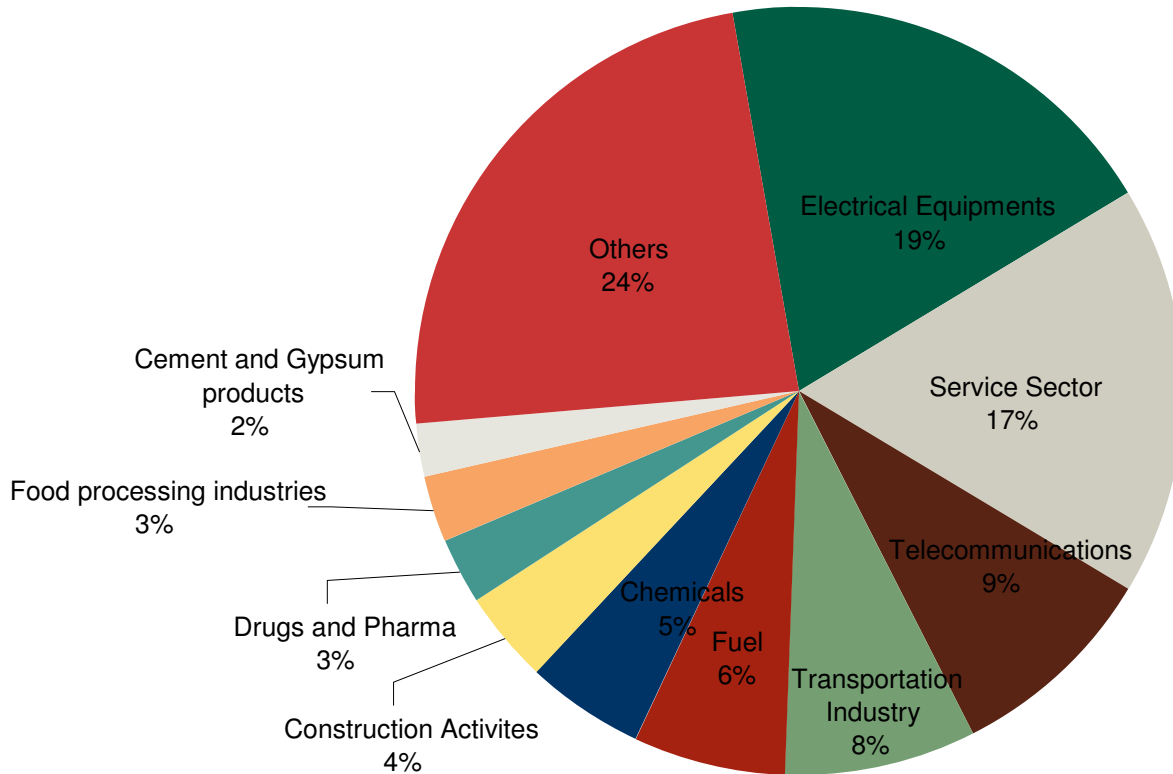


* Indicates from April 2006 – Jan 2007

Country-wise FDI Inflows (1991-2007)



Electrical equipments are the largest recipient of FDI



Sector wise FDI (2003-07)

- Electrical equipment sector, including computer software and electronics, attracted USD 4.9 billion in FDI from Aug'91 to Jan'06
- Services sector ranked second with USD 7.3 billion in April 2006 -Jan 2007

Major MNCs in India

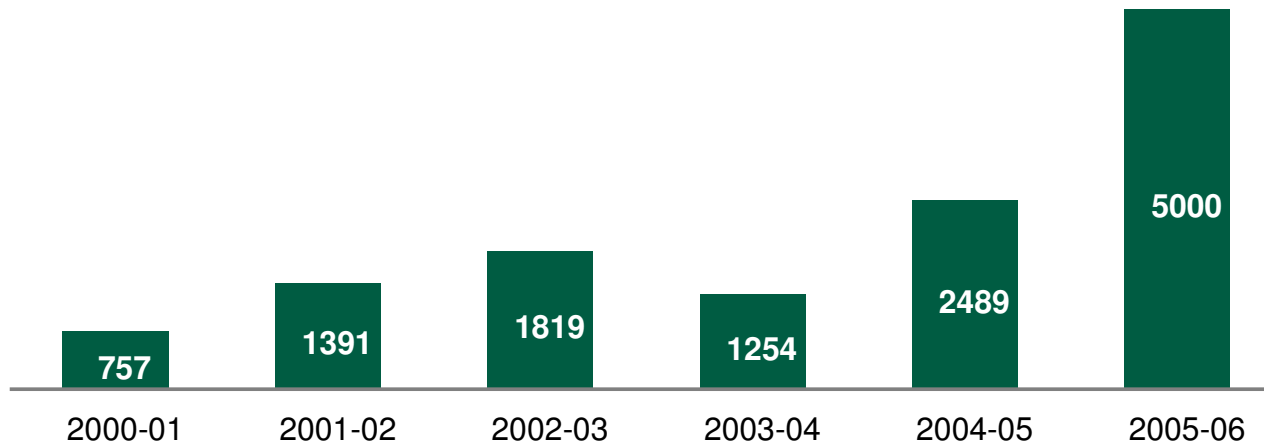
		 TOYOTA	 Bayer	 Life's Good
				
 i n v e n t				 Answers That Matter.
				
				

Major MNCs in India

				 Lucent Technologies Bell Labs Innovations
				
				
 Shell	 AT&T	 SUZUKI	 Cummins	 BRANDS. FOCUS. SOLUTIONS.

Indian FDI abroad has increased 6 fold between 2000-05

Annual FDI Outflow (USD million)
Indian FDI Abroad (USD Mn)



- India's FDI outflow will soon exceed the inflows in 2007-2008 reports IndoAsian news service
- Indian companies are rising in the global investment market
- Major destinations for India's outbound investment are US, Russia, Mauritius, UK, and Sudan
- India may soon join the 'capital convertibility' club. This will accentuate the scope for outbound investment

Indian companies paid more than \$40 billion to buy foreign firms, in 2006

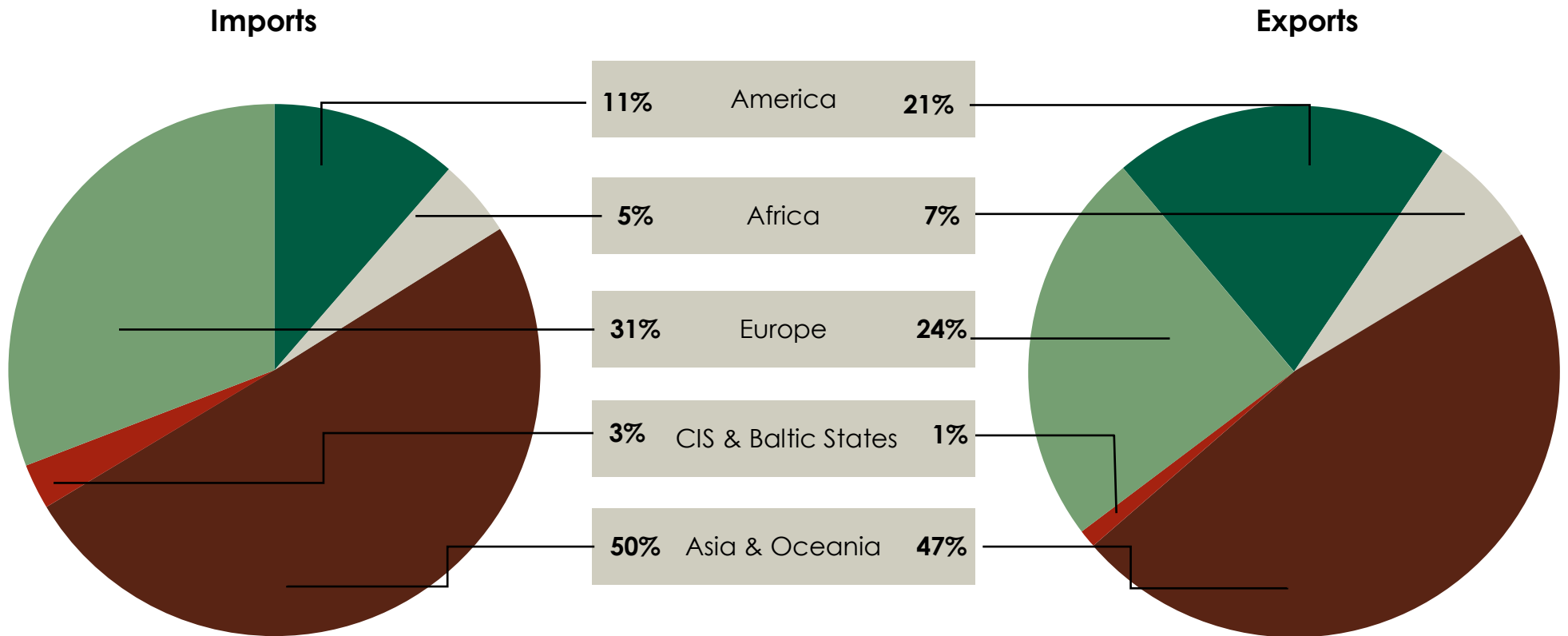
Noteworthy acquisitions

Indian Buyer	Company Acquired	Price (USD Billion)	Date
MITTAL STEEL World's largest Steel maker in Europe but Indian Owned	ARCELOR Europe's top steel producer	33.5	Jun-06
TATA STEEL One of the world's pioneering steel companies	CORUS one of the world's largest producers of steel, headquartered	13.65	Oct-06
HINDALCO INDUSTRIES The Flagship company of the Aditya Birla Group	NOVELIS INC The Group's principal activity is to manufacture and market	6.00	May-07
SUZLON ENERGY specializes in providing total solutions in Wind Power Generation	REPower Specializing in Honda small engine parts and upgrade kits for, liquid and air cooled	1.70	May-07
ESSAR India-based diversified corporation with interests in telecommunications, shipping, steel, construction, power and oil	CANADIAN ALGOMA STEEL An integrated primary steel producer	1.55	Jun-07

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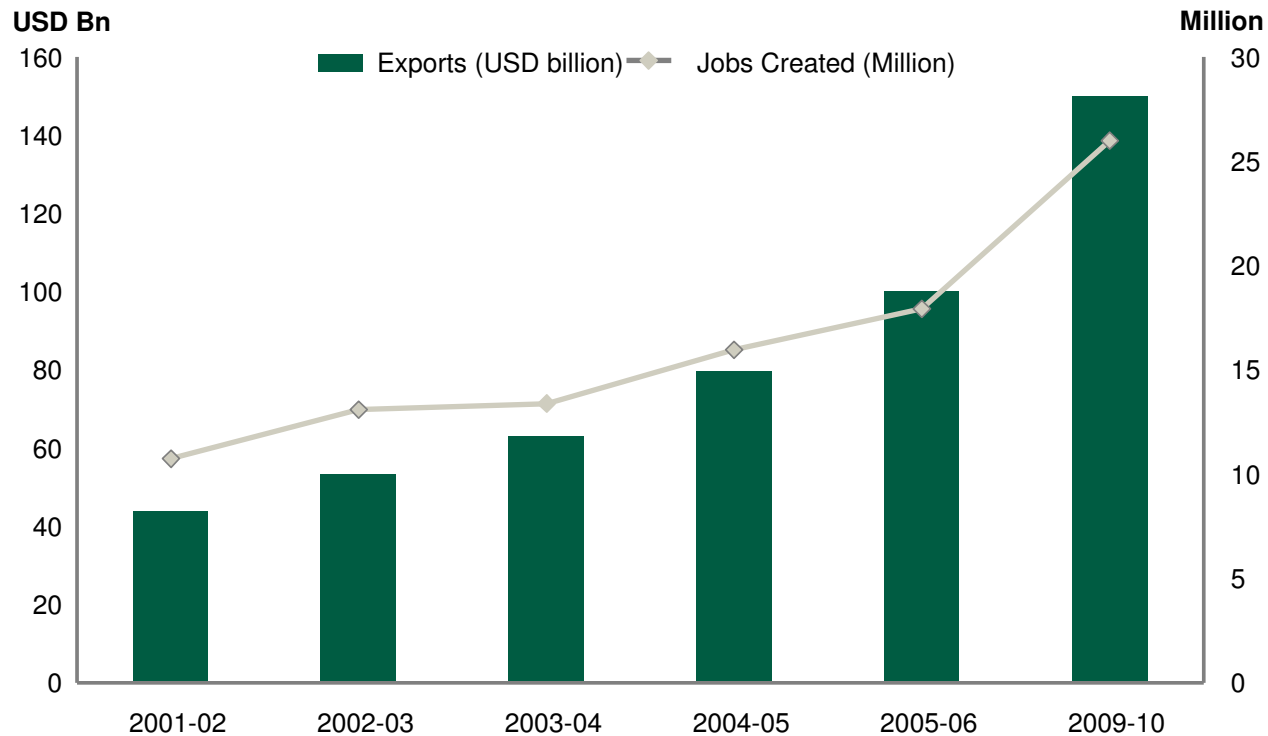
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Asia and Oceania remained the largest trading partner of India in 2006-07



Indian exports are expected to reach USD 150 billion by 2010

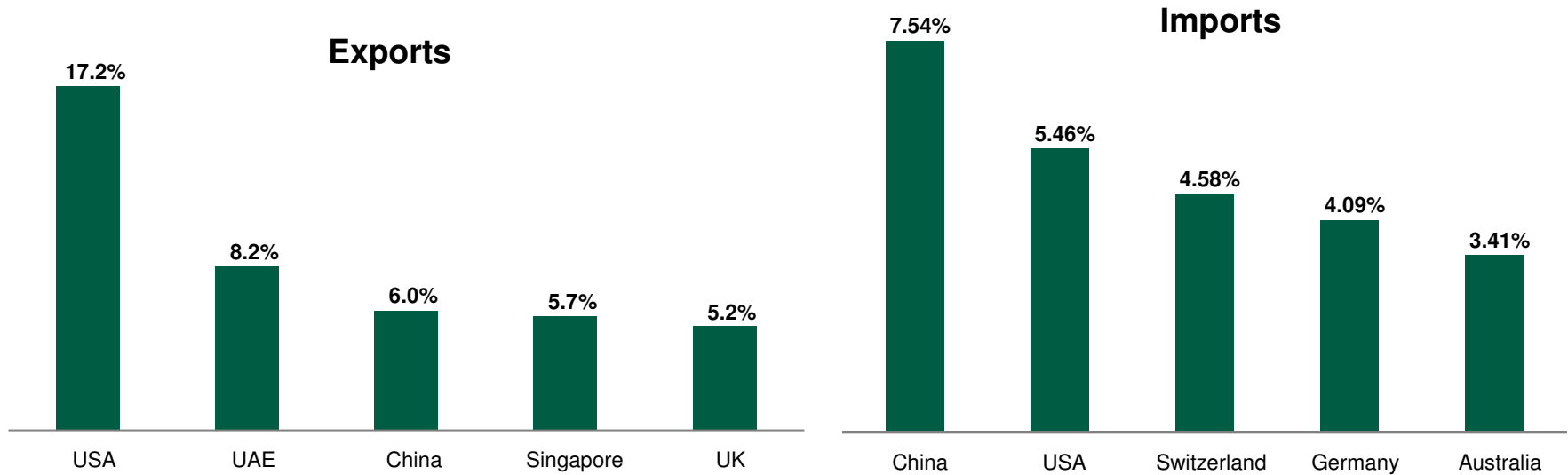
Growth in Indian Exports



- Indian exports crossed USD 100 billion in 2005-06
- 8 million new jobs are expected to be created in next 5 years in exports
- In the next 10 years Indian exports are expected to cross USD 300 billion mark

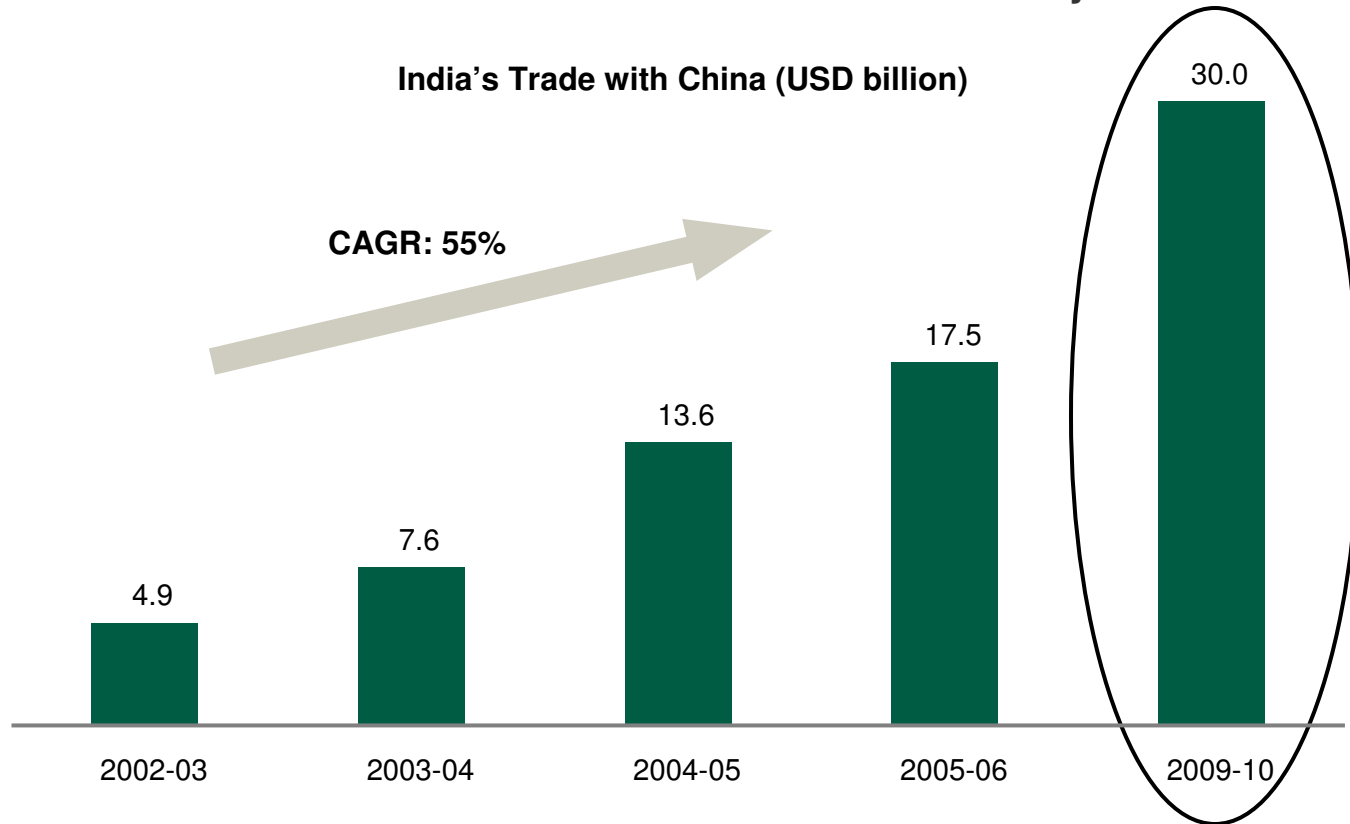
USA was the major export destination with 17% share of total exports in 2005-06

Share of top 5 Trade Destinations



- Center of gravity of trade is shifting from Atlantic Ocean to the Indian Ocean
- While exports to the United Kingdom grow by 30%, India's trade with Singapore, China, and South Africa grew by 54, 35, and 48%

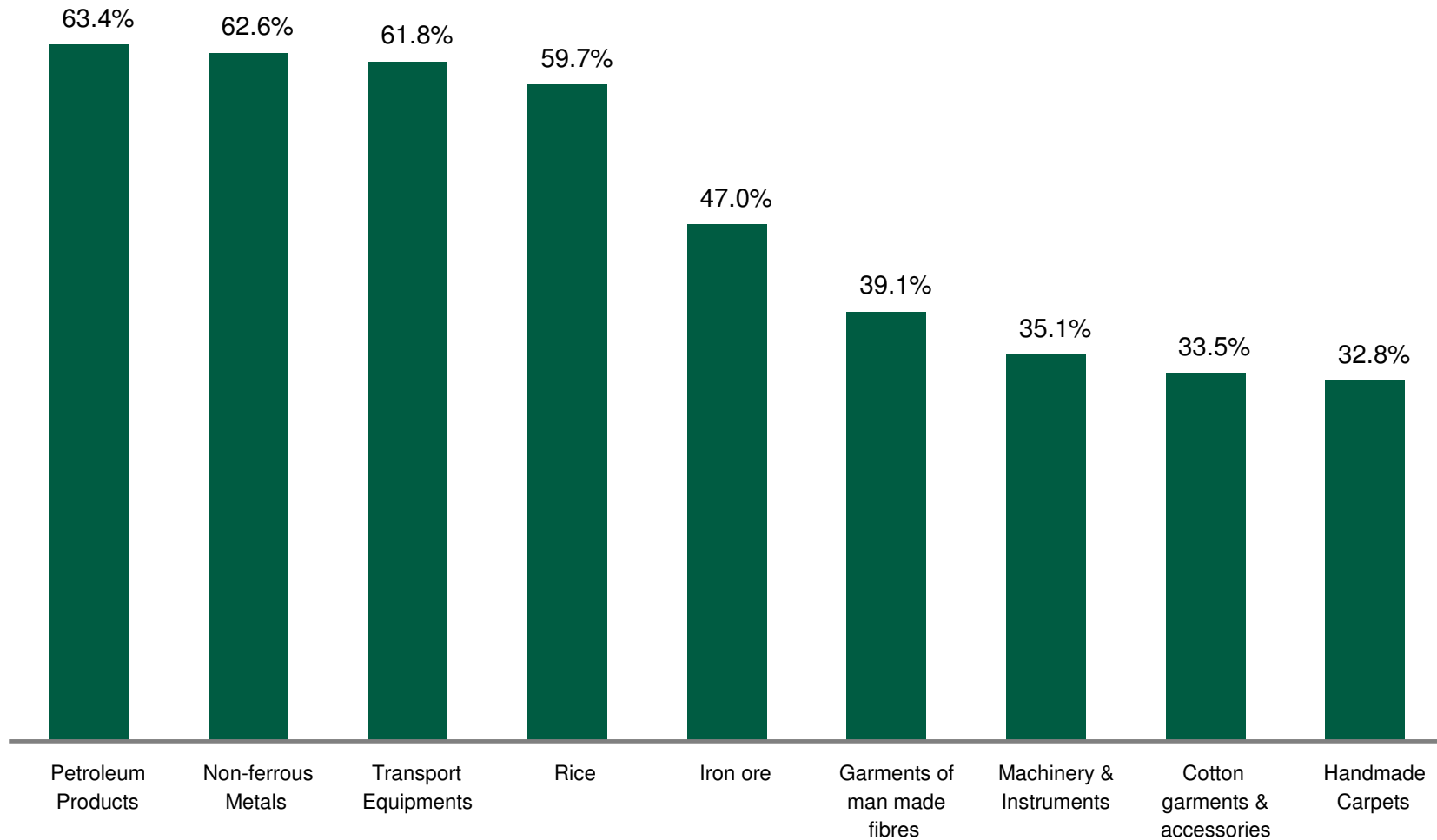
India's trade with China has increased at a CAGR of 55% in last 4 years



- India has become the 11th largest trading partner of China
- The next two-three years will felicitate greater interaction at the political level between the two countries, having a major impact on trade, investment and cultural relationship between the two countries

Petroleum and Metals exports registered the maximum growth in 2005-06

Growth in Export of Commodities



Since 1991, India's trade with its key Asian trade partners has grown by an average of nearly 14 times

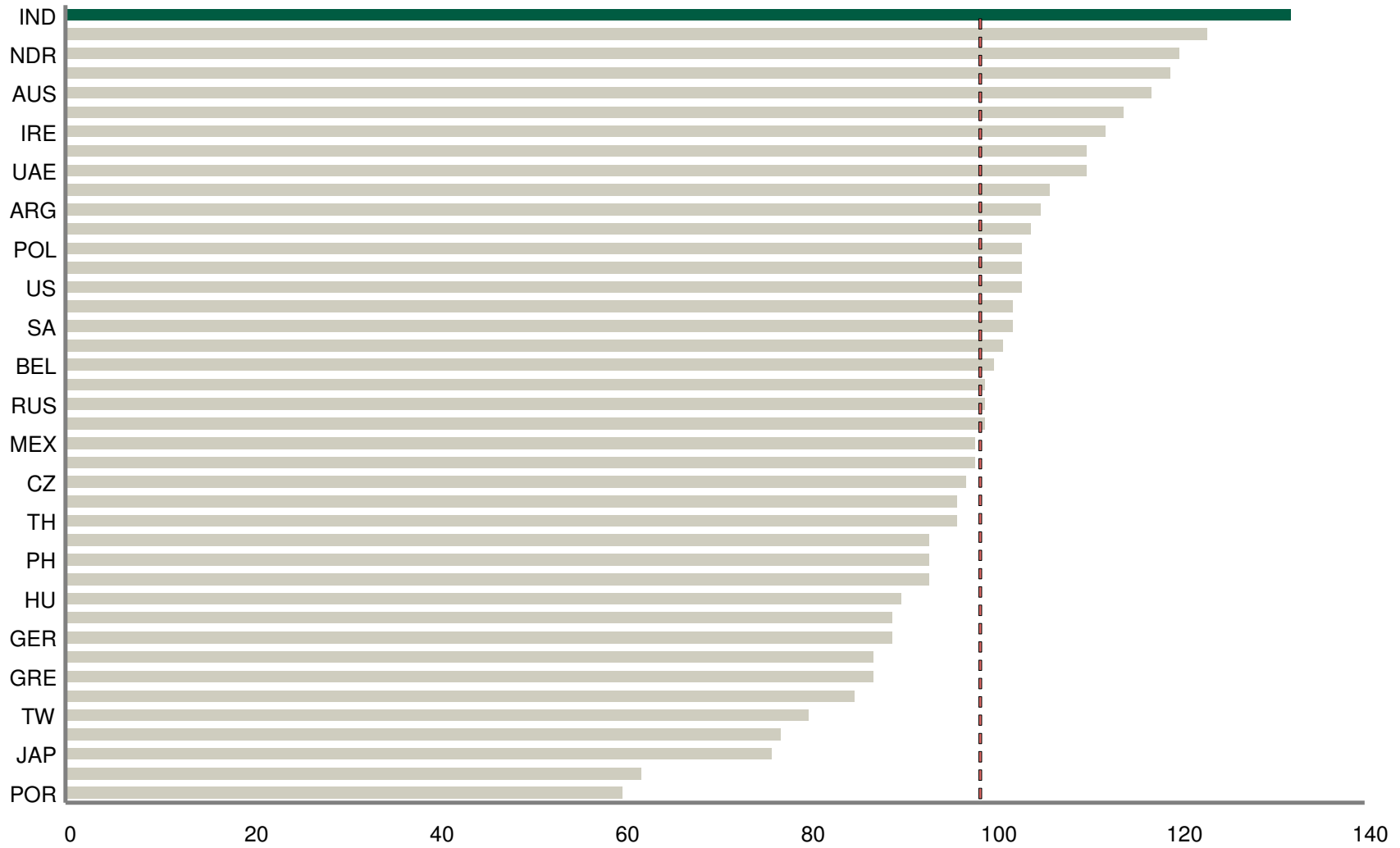
China	South Korea	Thailand	Malaysia	Singapore	Indonesia
<ul style="list-style-type: none"> - India has emerged among the top 10 Asian trading partners for China - Trade has increased to USD 17.4 billion in 2005 from USD 13.6 billion in 2004 - FICCI estimates the bilateral trade to hit USD 30 billion by the end of this decade 	<ul style="list-style-type: none"> - South Korean is the fifth largest investor in India - Trade with South Korea has increased eleven-fold from USD 0.54 billion in 1991, to USD 6.1 billion in 2005 - Bilateral trade with India is estimated to reach USD 10 billion by 2008 	<ul style="list-style-type: none"> - Working with India to build a road linking India's remote north eastern region with South East Asia - Trade increased from USD 777 mn in 1999-00 to USD 2.2 billion in 2005-06 - Signed a free trade agreement with India that will reduce tariff barriers between the two countries by 2007 	<ul style="list-style-type: none"> - Malaysia is among the top ten international investors in India - Investments were around USD 450 million (2003) spread over diverse industries 	<ul style="list-style-type: none"> - India is 12th largest trading partner & market - Investments in India have grown by 60% annually for the last 10 years, amounting to USD 1.45 billion in 2003 - Potential sectors for collaboration are retail, logistics, banking, & infrastructure 	<ul style="list-style-type: none"> - Indonesia is India's 3rd largest trading partner in ASEAN - Bilateral trade amounting to USD 4.3 billion - Estimated bilateral trade by the end of the current decade is USD 10 billion

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Indian consumers remain the most confident in the future of their economy in 2006

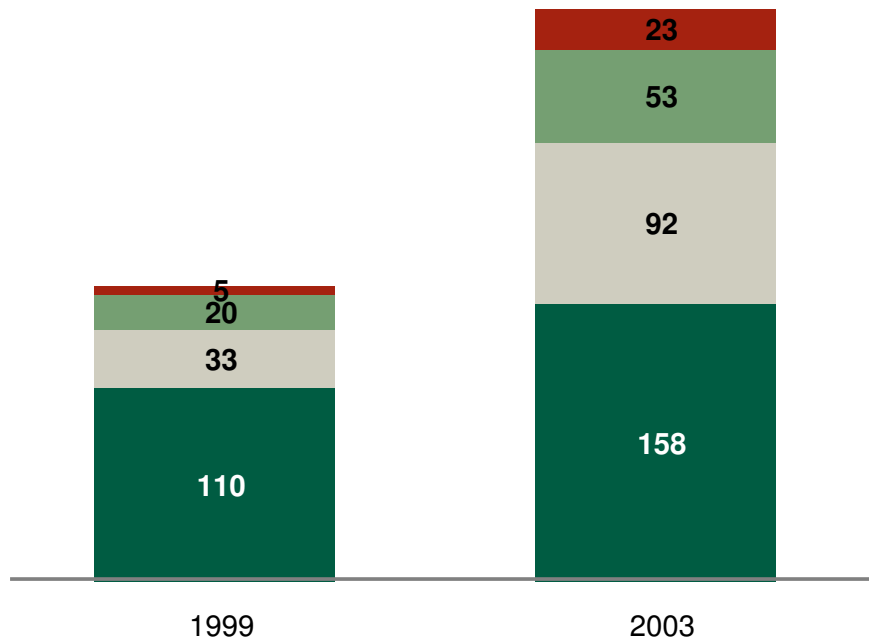
GLobal Consumer Confidence Index (2006)



India is a nation of young consumers with high aspiration levels and greater spending power

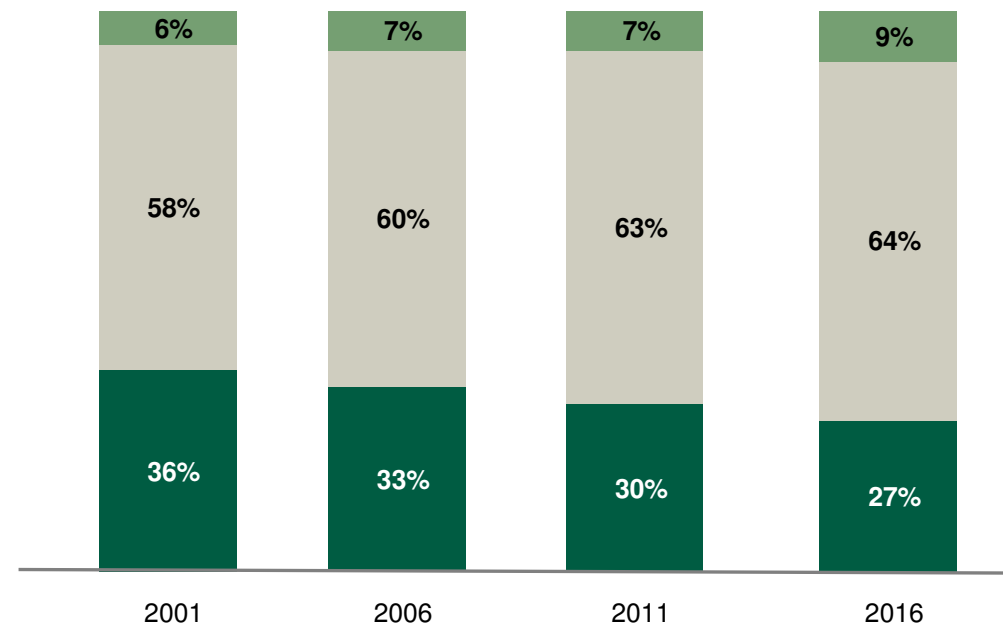
Trends in Purchasing power

Basic Level 1 Level 2 Luxury



Population Trends in India

0-14 years 15-59 years 60 & above

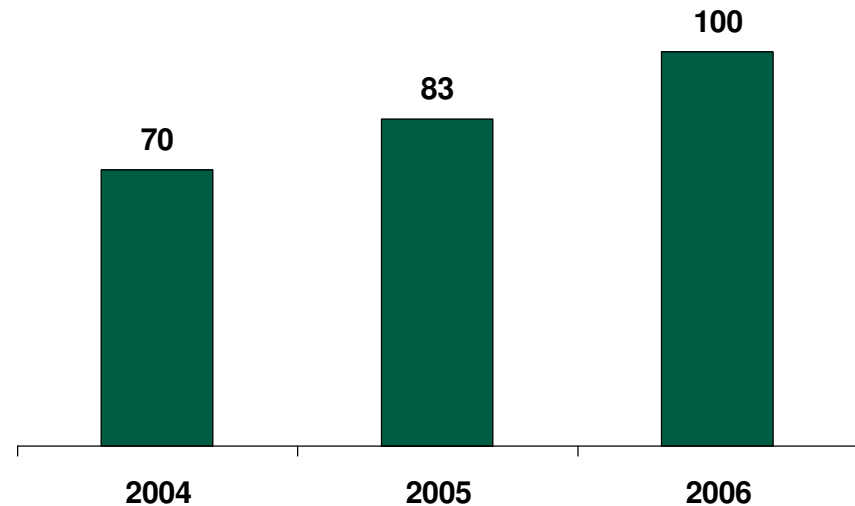


- Youth, with higher aspirations and “willingness to change” are early adopters of most modern products and concepts
- The combination of youth and high consuming class population will lead to the emergence of a huge consumer base for various products and services
- India’s consumer demand is currently three to five times faster than the overall economy

India's HNI segment is the 2nd fastest growing in the world

- In 2006, India's HNI population, crossed 1 lakh, which made it the second-fastest growing HNI segment in the world, after Singapore, where the growth was 21%
- Also 0.01% of India's adult population are HNIs, which is below the Asia-Pacific average of 0.1%, showing significant potential for growth in the number of HNIs
- There are several key wealth drivers that affected the Indian HNWI population
 - The industrial and service sectors grew by 9.7% and 9.8%, respectively, in the first two quarters of 2005
 - Robust earnings in the service sector fueled real estate markets based on higher consumer demand
 - India's Bombay Sensex stock index rose more than 42.3% in 2005, with funds from foreign institutional investors complementing

Number of HNWI (In Thousands)



Sectoral/ structural picture

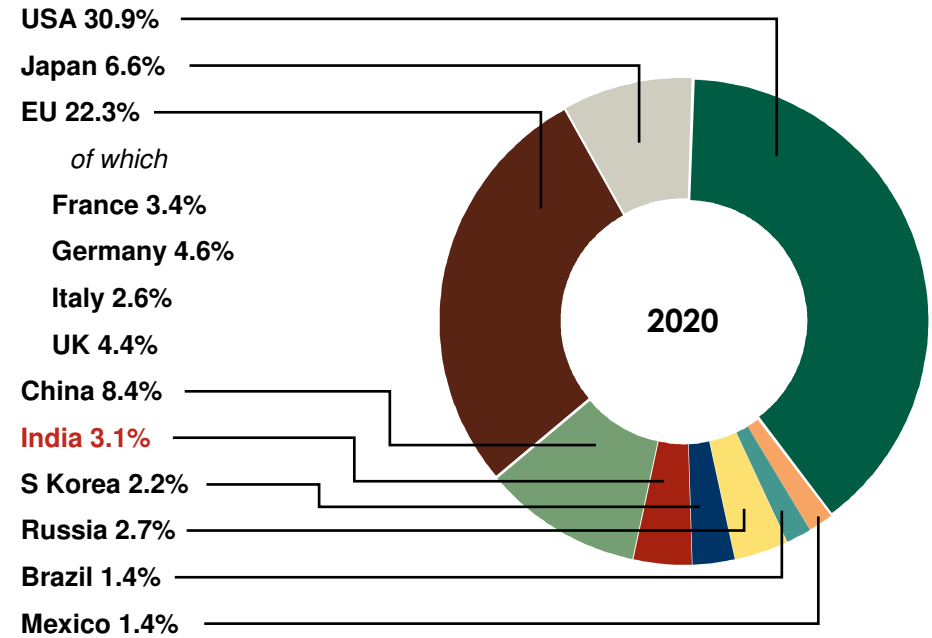
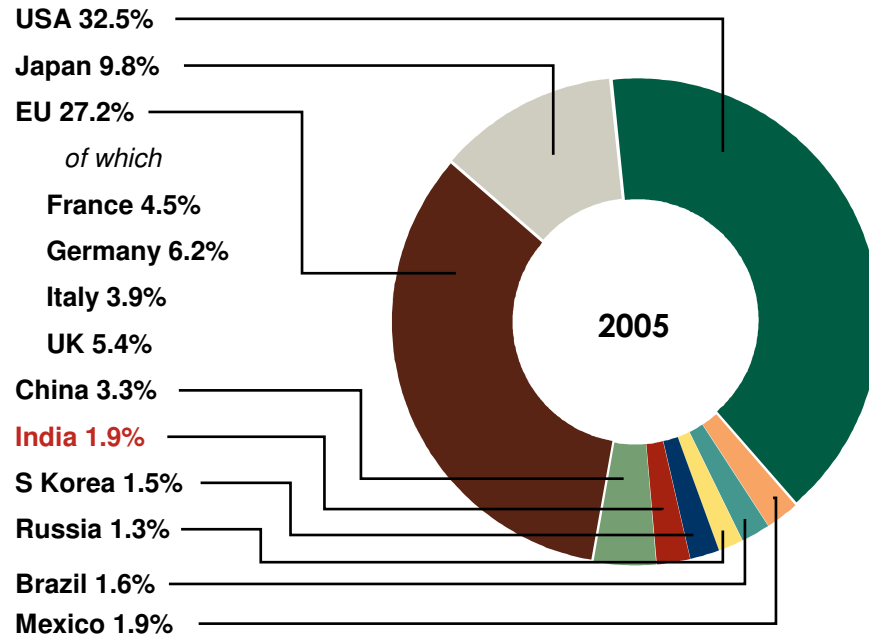
- Services lead the way (55% GDP)
 - Skilled, cost competitive, democracy dividend, telecoms
 - Infrastructure less of constraint, little red tape, low taxes
- Industry suffering from bottlenecks (28% GDP)
 - Niche successes, but mass failure
 - Infrastructure, labour laws, red tape, lack of quality culture
- Agricultural weaknesses (17% GDP)
 - Highly regulated, incorrect focus on productivity
 - 60% of population derive their income from this
- Very different structure from China
 - Consumer-led vs. export led, relatively closed economy
 - No mass manufacturing, services powerhouse

Major Sectors

- 1 Retail
- 2 Pharma
- 3 Auto
- 4 Telecom
- 5 Media & Entertainment
- 6 IT-ITeS
- 7 Real Estate

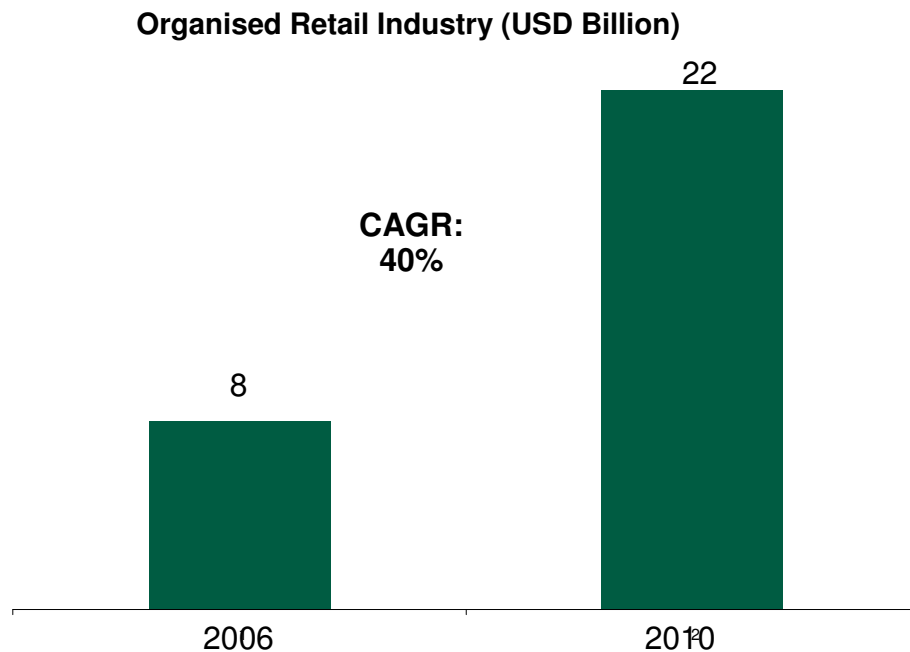
India & China will provide significant retail growth opportunity in next 15 years

Share of World Consumer Spending (%)



- Much of the increase in global consumer spending over the next 15 years will occur in the leading emerging markets, and in China and India in particular
- Unlike consumers elsewhere in Asia, Indians appear more prepared to spend than to save
- Both the number of middle earners and their income levels are likely to rise rapidly in India

The Indian Retail market is estimated at USD 350 billion in 2006-2007

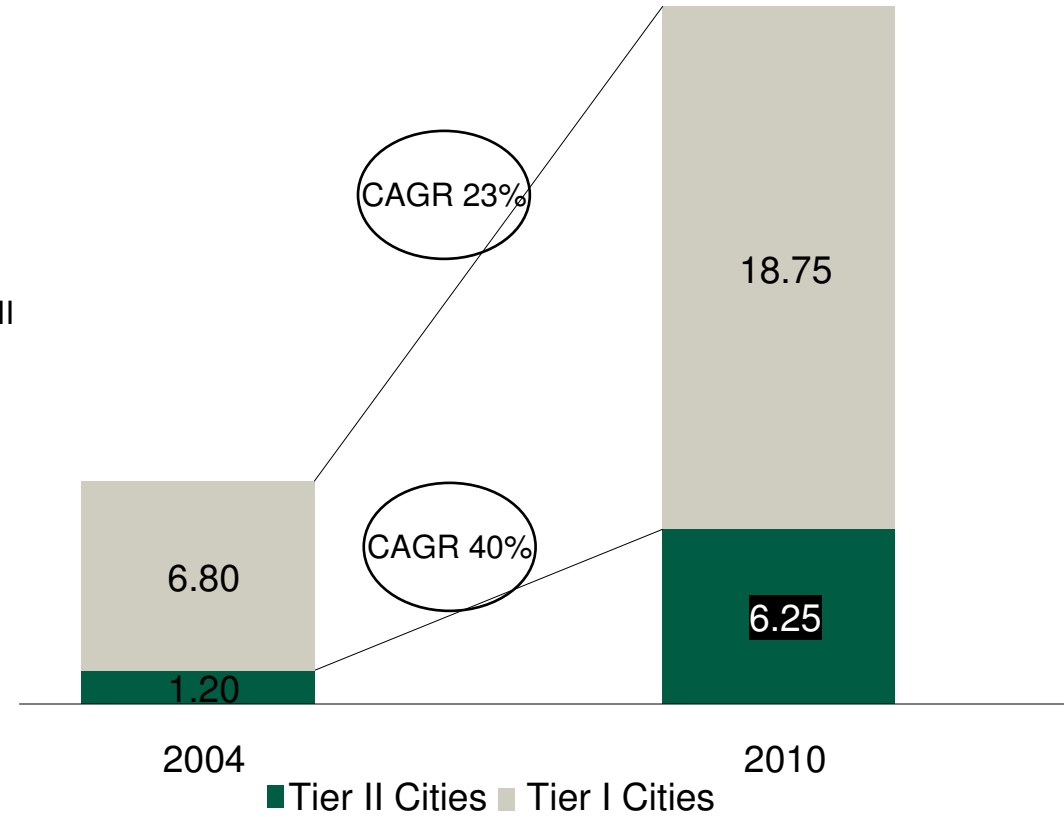


- India is currently the ninth largest retail market in the world
- Driven by changing lifestyles, strong income growth and favorable demographic patterns, Indian retail is expected to grow 25 per cent annually
- The US\$ 6.1 billion Indian retail food industry, is growing at 9 per cent and dominates the shopping basket in India

Tier II cities will witness higher growth in the organised retail sector...

Contribution in organized retail sales (USD Billion)

- Mall development activity in smaller town is picking up
- Tier II cities will constitute ~25% of total sales by 2010 from the current 15%
- 12.8 Million square feet of mall space coming up in Tier II cities by 2007



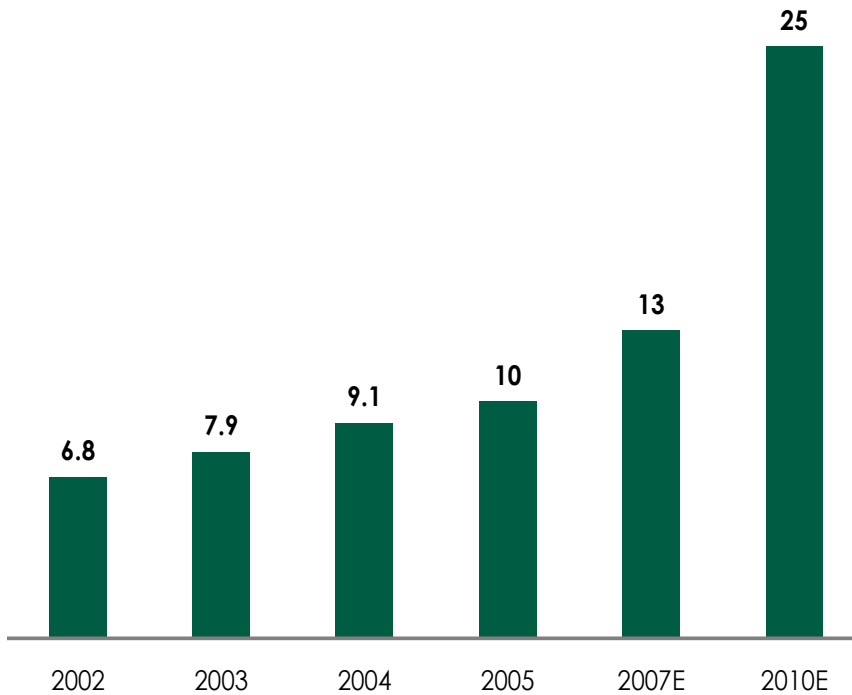
FDI in retail will provide further impetus to retail growth

- Currently, entry options for MNCs limited
 - Cash and Carry wholesale trading being the sought after option
 - On an average, Foreign Investment Promotion Board receives more than 12 applications every month from foreign companies for setting up wholly owned subsidiaries for wholesale trading

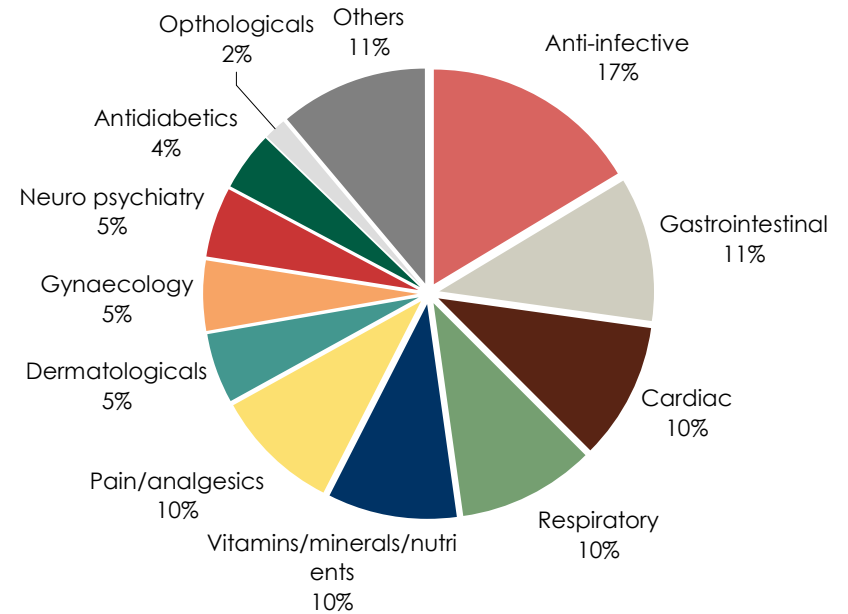
- With introduction of FDI in retail, foreign players entering India will increase
 - USD 288 billion Wal-Mart Stores Inc., has announced their intention to enter India

A USD 10 billion industry today, Indian Pharma will be USD 25 billion by 2010

Pharma Sector in India (USD billion)



Therapeutic Breakup of Indian Market



- India's drug sector grown at 10% compared with 7% for the global industry
- According to research by London-based researcher Global Insight, Indian drug makers will have a 33% share of the global generics market by 2007, compared with 4% today
- India has the highest number of USFDA approved plants

By 2020 almost 40% of the global Auto industry sales will be in Asia

Automotive Sales by Region

Region	1999	2010	2020
Nafta	18,619,400	19,140,000	22,000,000
South and Central America	2,179,405	4,549,000	7,500,000
Western Europe	16,881,397	18,071,500	18,000,000
Eastern Europe	2,501,904	4,815,471	8,000,000
Asia	11,653,000	22,189,000	38,000,000
Rest of the world	2,558,322	4,029,800	6,500,000
Total	54,393,428	72,794,771	100,000,000

- Emerging markets like India and China will be the engines of auto industry growth in next 15 years
- The mass markets of India and China will drive a trend towards smaller cars in developing countries
- Production of components will shift to emerging markets too, although the location of capital-intensive final assembly plants will not change dramatically

India Auto component sector is expected to be USD 40 billion by 2015

Indian Auto Component Sector (USD billion)



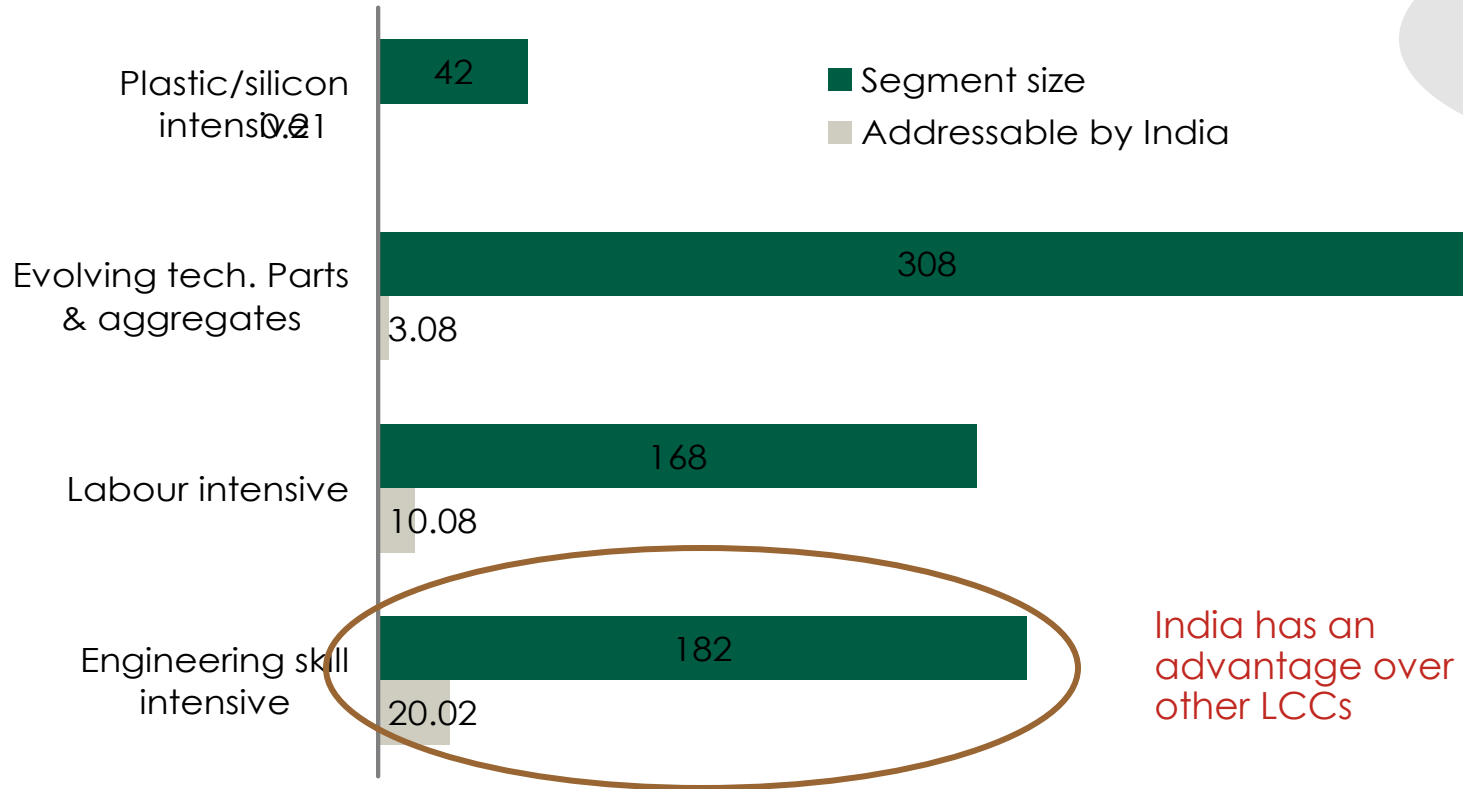
Acquisitions by Indian Auto Companies

Buyer	Target	Deal Value (USD Mn)
Tata Technologies	Incat Internationals, UK	95
Amtek Group	GWK, UK	37
Amtek Group	Zelter (70%), Germany	36
UCAL Fuel Systems	Amtec Precision, US	28
Bharat Forge	Federal Forge, US	9.1
Sona Koyo Steering	Fuji Autotech (21%), France	6.15
Tata Autocomp Systems	Wundsch Weidinger, Germany	5
Sundram Fasteners	Cramlington, UK	2.6

- Exports of auto` components from India have grown at a compounded growth rate of 19% over the past six years
- Along with expanding their in-house production, a number of Indian companies are moving towards creating a niche in the world market as well

India can gain 3-4% share of USD 700 billion Auto Component outsourcing market

Global Market addressable by India

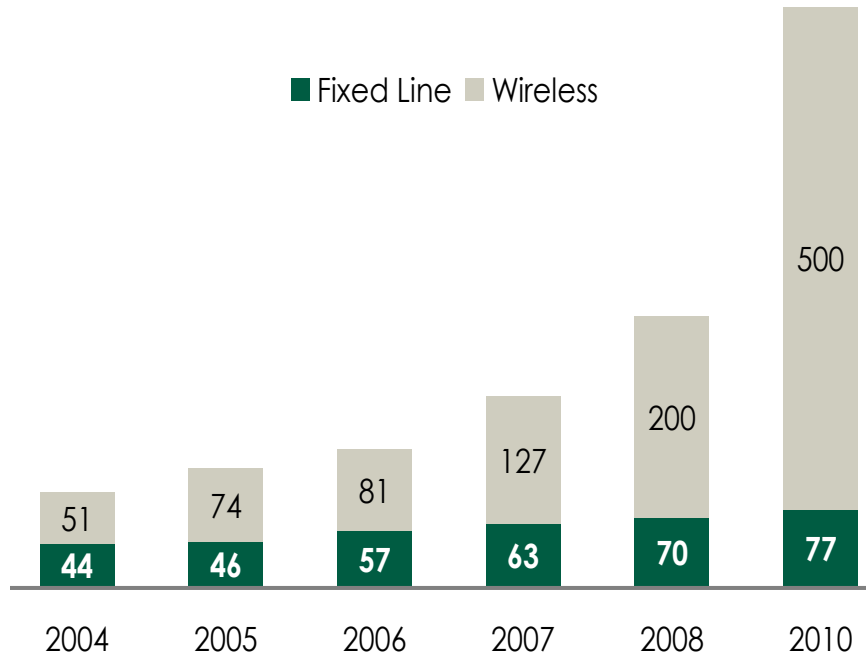


India's overall share of the addressable market will be 3-4% or USD 20-25 billion

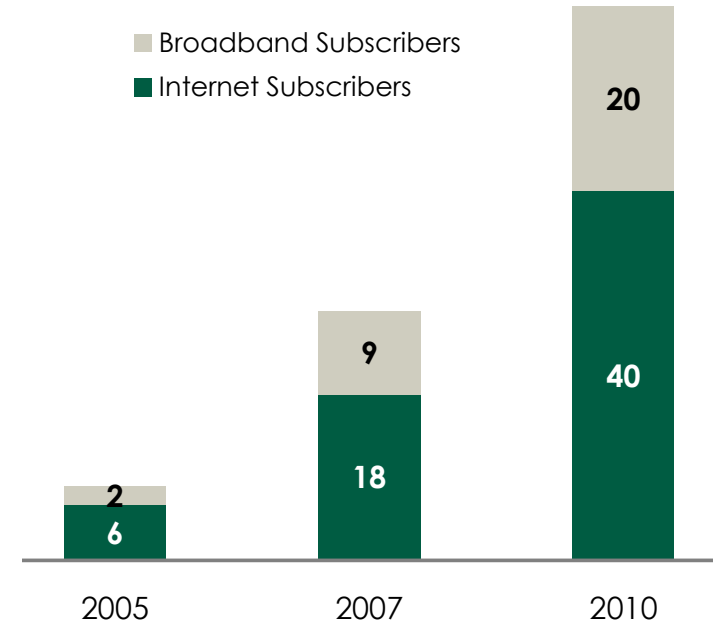
India has an advantage over other LCCs

Rise in Telecom and internet growth will require investment of USD 20 billion over next 5 years

Telecom growth in India (Million Subscribers)



Internet growth in India (Million Subscribers)



- Growth in telecom subscriber base will fuel demand for telecom infrastructure
- Investment opportunity of \$22 billion across many areas:
 - Telecom Devices and Software. Set Top boxes, Gateway exchange, Modem, Mobile handsets and consumer premise equipments, Gaming devices, EPABX, Telecom Software
 - Telecom Services for voice and data via a range of technologies

Media & Entertainment sector is expected to grow at a CAGR of 19% over the next 5 years

Entertainment & Media Sector (USD million)

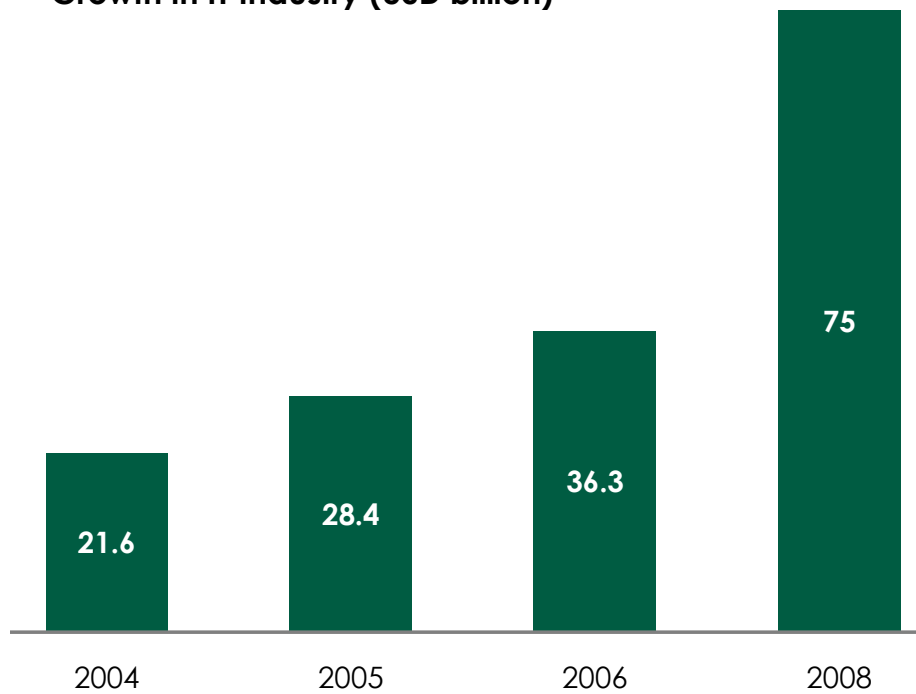
Segments	2004	2005	2006F	2007F	2008F	2009F	2010F	CAGR
Television	2860	3289	3778	4511	5556	7267	9489	24%
Filmed entertainment	1256	1511	1756	2156	2511	2933	3400	18%
Radio	53	67	82	122	178	222	267	32%
Music	149	156	160	160	162	164	164	1%
Live entertainment	156	178	209	244	289	356	400	18%
Print media	2173	2422	2689	3000	3400	3844	4333	12%
Out-of-home	189	200	233	267	300	344	389	14%
Internet advertising	13	22	33	56	84	122	167	50%
Entertainment & media industry	6849	7844	8940	10516	12480	15253	18609	19%

The Entertainment and Media Industry presents significant avenues for growth for foreign players. A host of factors are contributing to this growth:

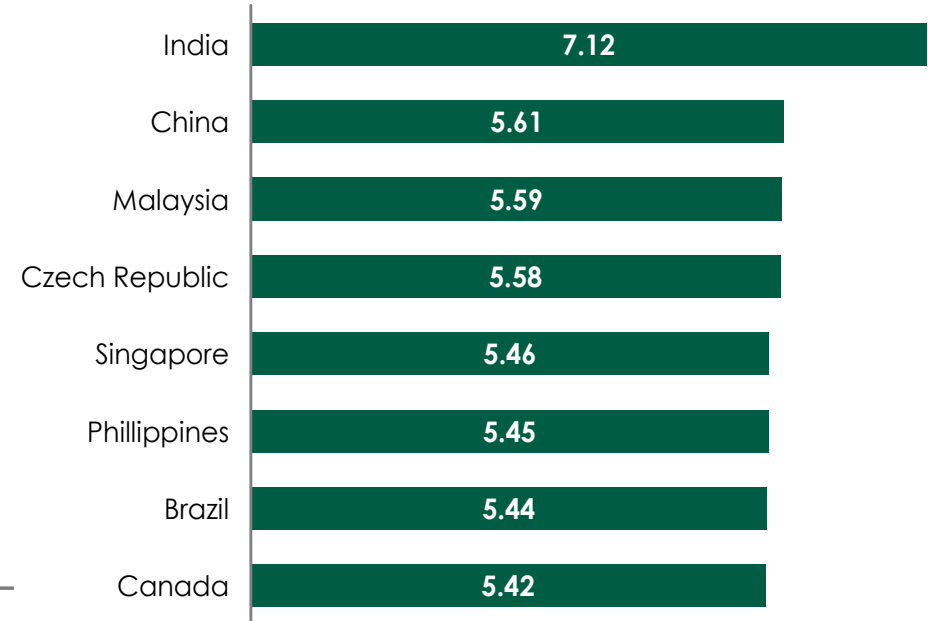
- Expanding economy with increased job creation and rising disposable income
- Increasing households with high spending power
- Access to untapped rural potential through technological changes
- Enabling government initiatives

IT-ITeS industry is expected to grow to USD 75 billion by 2008-09

Growth in IT Industry (USD billion)



Offshore Location Attractiveness Index



- Total addressable market for global offshoring is approximately USD 300 billion, of which USD 110 billion will be offshored by 2010
- India has the potential to capture more than 50% of this opportunity and generate export revenues of approximately USD 60 billion by growing at 25% year-on-year till 2010
- IT-BPO industry would employ nearly 2.3 million people & provide indirect employment to 6.5 million workers by 2010

Real Estate market is expected to go from USD 12 billion to USD 50 billion in the next 5 years

Demand for houses and commercial spaces in India is reaching to never-before levels

Market

Current Market Size	USD 12bn
Project Market Size in next 5 years	USD 50bn

Demand over next 5 years (Mn Sqr. Feet)	2005	2006-10
Commercial	24.3	125
Hospitality	8	78
Residential	100	800
Retail	9	50
Total	141.3	1053

Developer Margin

Residential	30-100%
Commercial	25-45%

Demand in 7 major cities

- Low housing finance rates and high growth in industries like IT and retail have pushed the demand for houses and commercial spaces
- USD 4 billion of realty fund investment is waiting to enter Indian realty market, with USD 1 billion already having received clearance
- Foreign investors get far higher returns in India than in most developed markets. Whereas, they expect 5-6% developer returns in the US, they get 20% or more from the Indian housing market

Investments in Infrastructure

- 1 Airports
- 2 Sea Ports
- 3 Roads
- 4 Special Economic Zones

Airport Infrastructure Investment will be USD 8-10 billion by 2010

Particular	Airports	Investment (USD billion)
Restructuring/ Modernization for world class airports	Delhi, Mumbai, Chennai & Kolkatta	4.5
Green Field Airports	Bangalore, Hyderabad, Goa, Pune, Navi Mumbai, Nagpur (Hub) and Greater Noida	2.25
Up gradation	25 selected airports	1.5
Modernization/ Improvement	55 airports	0.67
Dev. Of airports in (excluding Green Field Airports	North East Region	0.1
Total Investment by 2010		9.00

- The process of development of airports through PPP in the country began with CIAL (Cochin International Airport)
- Of 35 non metro airports being taken up for modernization PPP has been approved for the city side development of 10 airports

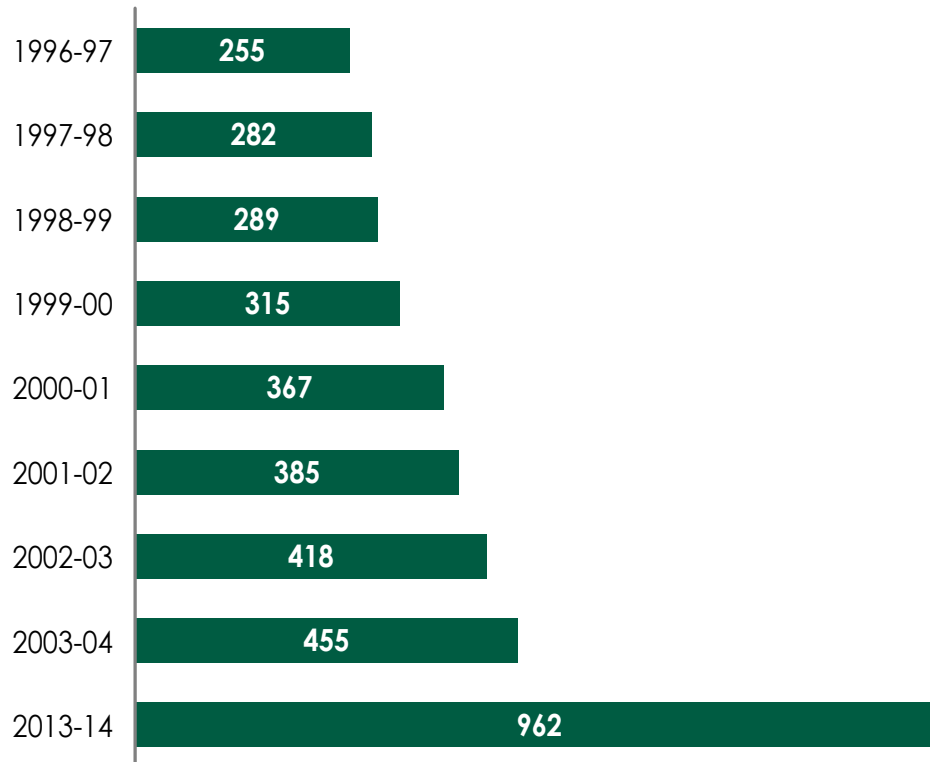
Four big projects have already been awarded

Project	Developers	Investment (USD Mn)	Completion Date
Delhi International Airport	GMR, Fraport, Malaysia Airport & IDFC	622	Phase 1 by 2010
Mumbai International Airport	GVK-South African Airports	533	Phase 1 by 2010
Bangalore International Airport	L&T, Unique Zurich Airport & Siemens Project Ventures	314	2008
Hyderabad International Airport	GRM & Malaysia Airport Holding Berhad	311	2008

- 100% FDI is permitted for existing airports; FIPB approval required for FDI beyond 74%
- 100% FDI under automatic route is permitted for Greenfield airports
- 100% tax exemption for airport projects for a period of 10 years

Ports Infrastructure development requires USD 5.8 billion in the next 5 years

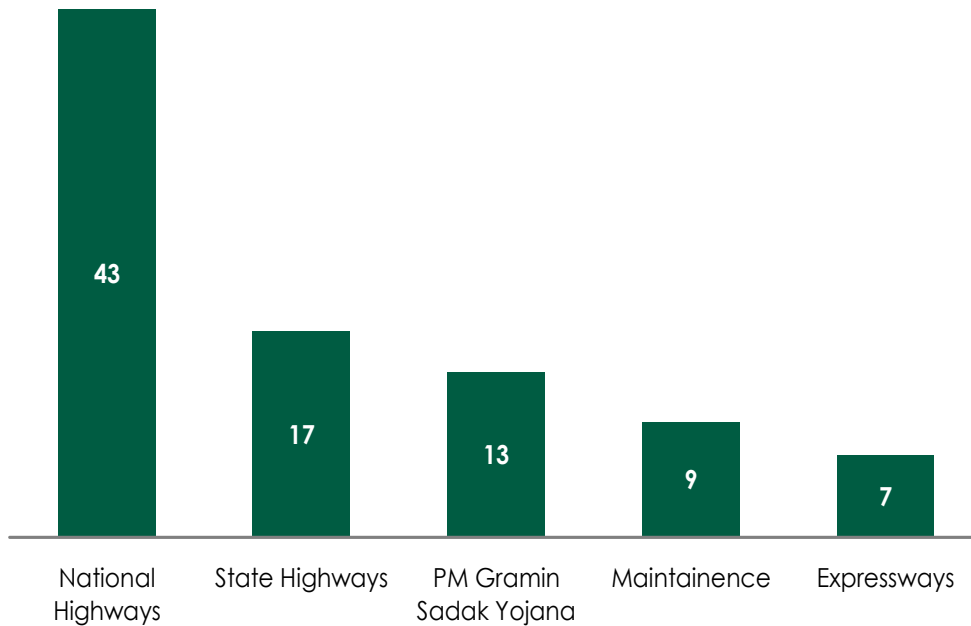
Traffic at Indian Ports (Million Tonnes)



- India's total seaborne traffic (in volume terms) will double in the next 7 years
 - Container traffic will play a major role by increasing almost 4 times from current levels to 2012-14
- Also, the increase in seaborne traffic will require substantial investment in port infrastructure
- Under NMDP, USD 3.5 billion will be invested over next 5 years for the construction of berths and jetties, and
- USD 2.3 billion will be invested to improve the inland water trade

Road construction requires a USD 90 billion investment over next 6 years

Investment in Road Infrastructure (USD billion)



- Huge investment to improve current road infrastructure has become imperative to support the high growth in economy
- Government has initiated 7 phase National Highway Development Program (NHDP) with an investment of over USD 58 billion till 2012
- Private participation in road construction projects tend to increase
- Many international players have entered road construction through joint ventures

SEZ exports rise 52% in 2006-07



- Exports from Special Economic Zones (SEZs) grew 52.31 per cent in 2006-07 to \$7.7 billion from \$5.1 billion in the previous year
- The growth rate was more than double the 24.71 per cent increase recorded in the year 2004-2005
- Exports from SEZs are likely to touch \$15billion in 2007-08
- The total investments that would be made in the 234 SEZs for which formal approval has already been given has been estimated at \$66.67 billion

Agenda

- Geography & History
- Economic Outlook
- Foreign Trade
- Market Opportunities
- India's Edge

India ranks 43rd in the Global Competitive Index in 2006

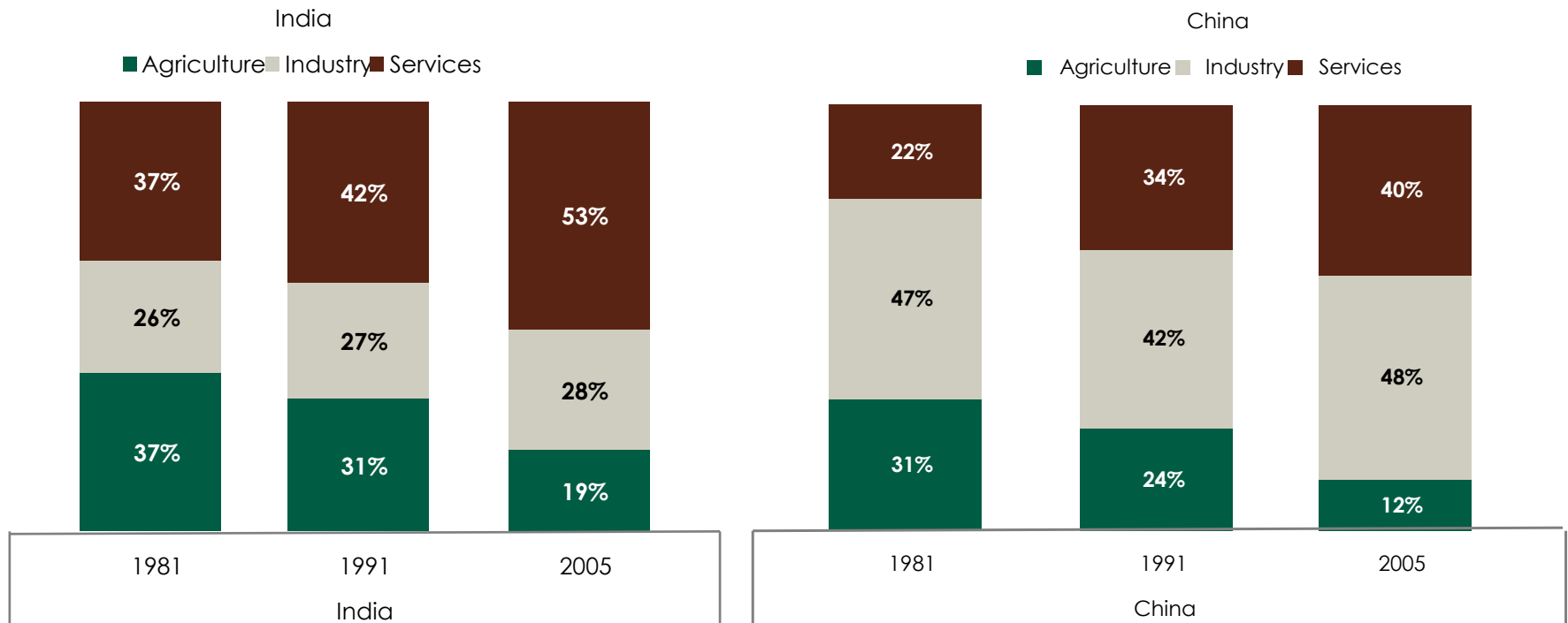
World Economic Forum-Global Competitiveness Index (2006-2007)

Ranking on Index	India	China
Institutions	34	25
Infrastructure	62	37
Macroeconomy	88	7
Health and primary education	93	57
Higher education and Training	49	77
Market Efficiency	21	56
Technological Readiness	55	75
Business Sophistication	25	65
Innovation	26	46

*Figure in red indicates drop in ranking comparatively

India vs. China, structure of GDP

Structure of GDP (%)



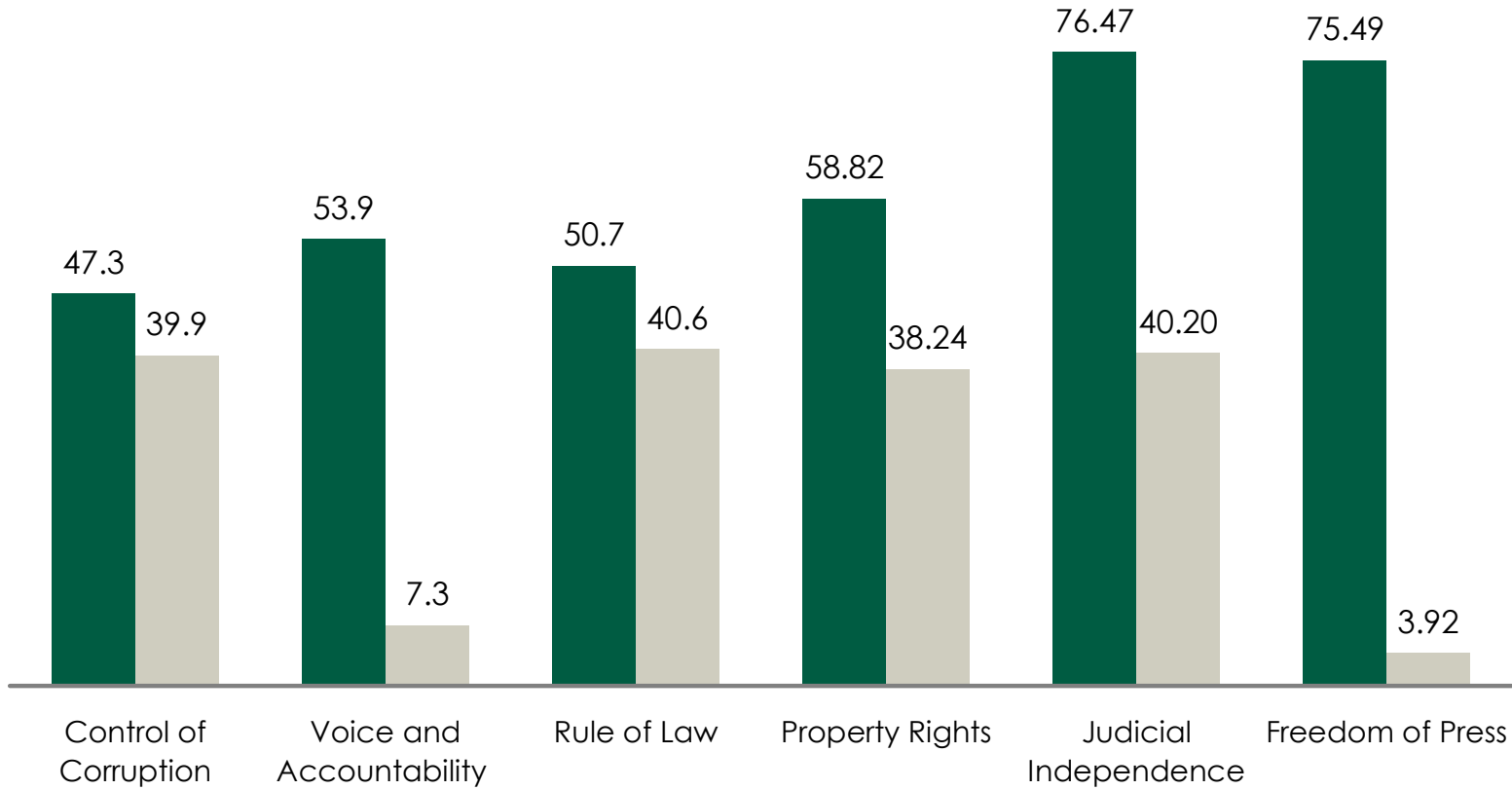
- India's structure of GDP is 53% in services in 2005 whereas China has only 40% share of GDP in services

India has developed a strong institutional and regulatory environment

Institutional Efficiency

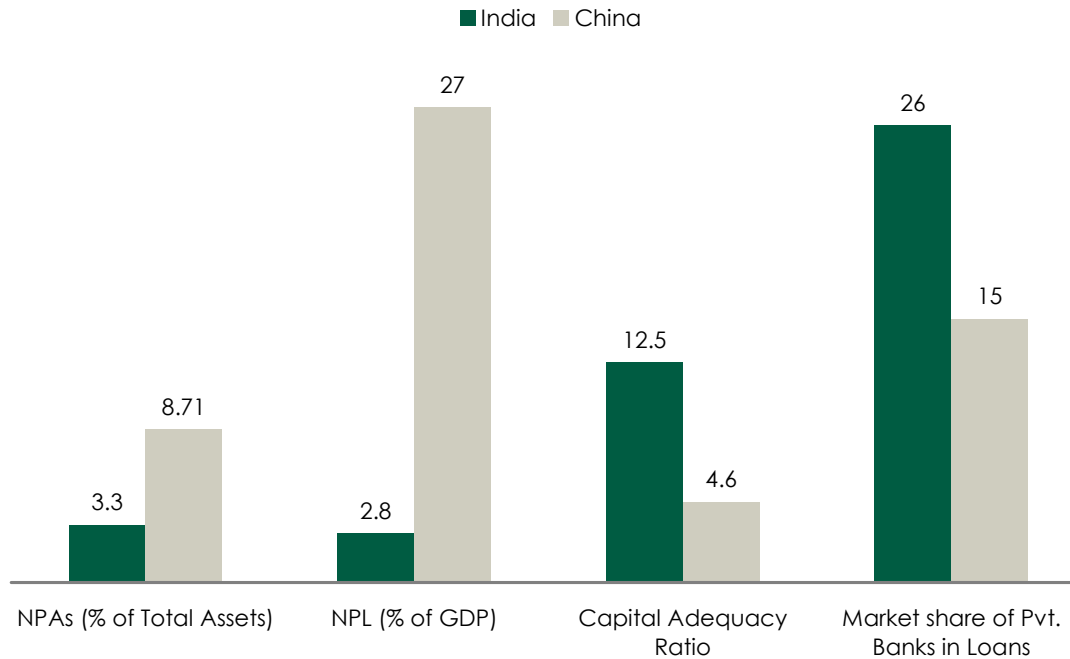
Institutional Efficiency

■ India ■ China



Indian Banks are in a strong position to support stable economic growth

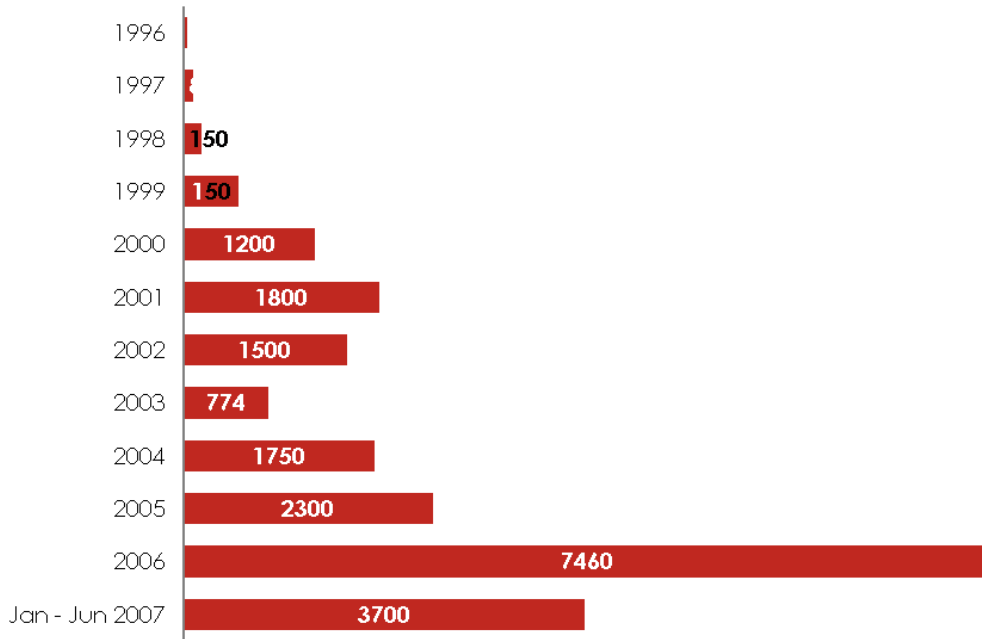
Financial Health of Banking



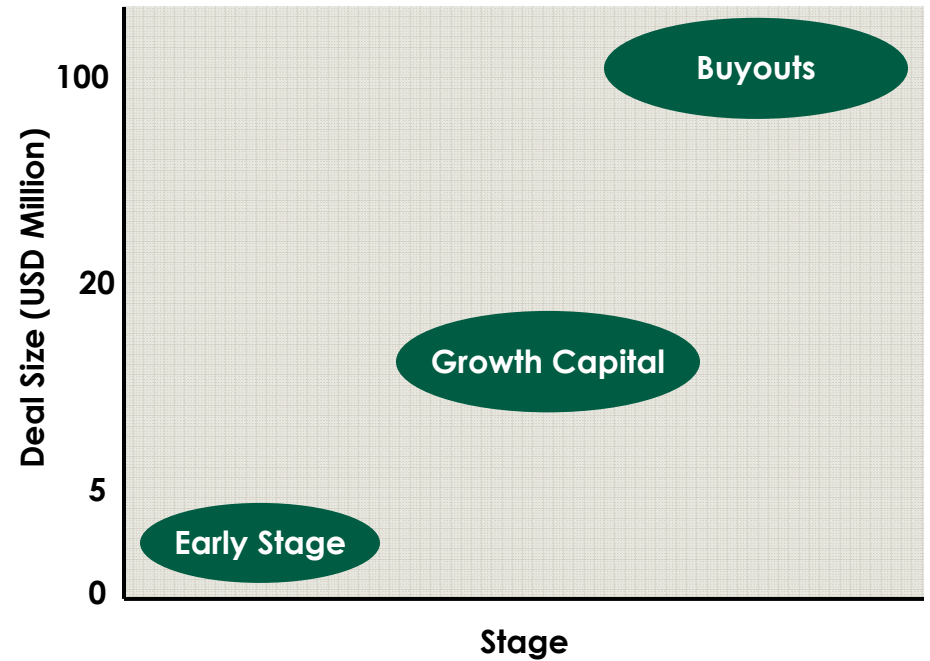
- The composite capital adequacy ratio of state-owned commercial banks in China was a mere 4.6% (2003), much lower than Basel requirement of 8%
- In the mid-1990s, the RBI allowed the private sector to open new banks, increasing the level of competition
- Indian banks are stronger than China in risk assessment systems, NPLs, capital base and central bank supervision

The Indian private equity market shot up over 230% in 2006

Private Equity Investment in India (USD Mn)



Types of Deals in India



- According to Centre for Asia Private Equity Research data, India has seen \$3.7 billion in PE investments during January-June, 2007 whereas Japan, drew PE funds worth \$4.91 billion and China was \$2.6 billion in the same period
- Private equity fund investment in 2006 was \$7.46 billion, up from \$2.26 billion a year earlier, according to industry tracking firm Venture Intelligence
- Private equity investments in India is expected to increase to USD 25 billion in the next 5 years
- This figure could even go up to USD 35 billion if the process of privatization was speeded up

PE Funds in India

			 UTI VENTURE FUNDS
			 Investing globally in market leaders
			
			
			

***An illustrative list**

Indian stock exchanges rank among the top 5 stock exchanges by trade volume

Exchange Ranks	2003	2004	2005	2006
NASDAQ	1	1	2	1
NYSE	2	2	1	2
NSE	3	3	3	3
Shanghai	4	4	6	4
Korea	7	6	4	5
BSE	5	5	5	6
Shenzhen	8	8	7	7
Taiwan	6	7	8	8
London	10	10	10	9
Deutsche Borse	9	9	9	10

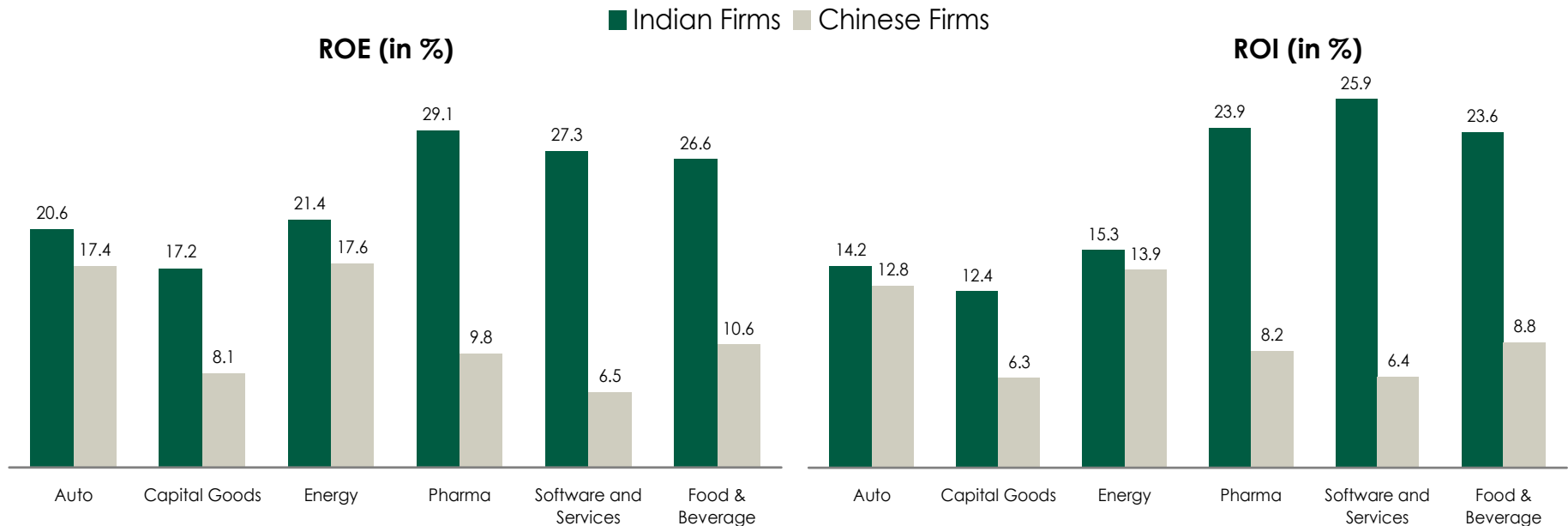
- India has been regularly strengthening the regulatory and institutional framework of its capital markets since 1991
- Abolition of controller of capital issues allowed free market pricing for IPOs in India. Compared to India, in Chinese market free float is just 30%

Source: Economic Survey of India 2006 -2007

Client Name. Business Landscape of India 2007 Update Jan 9, 2008.

India's competitiveness is reflected in its corporate performance

Corporate Performance of Indian & Chinese Business (2003)



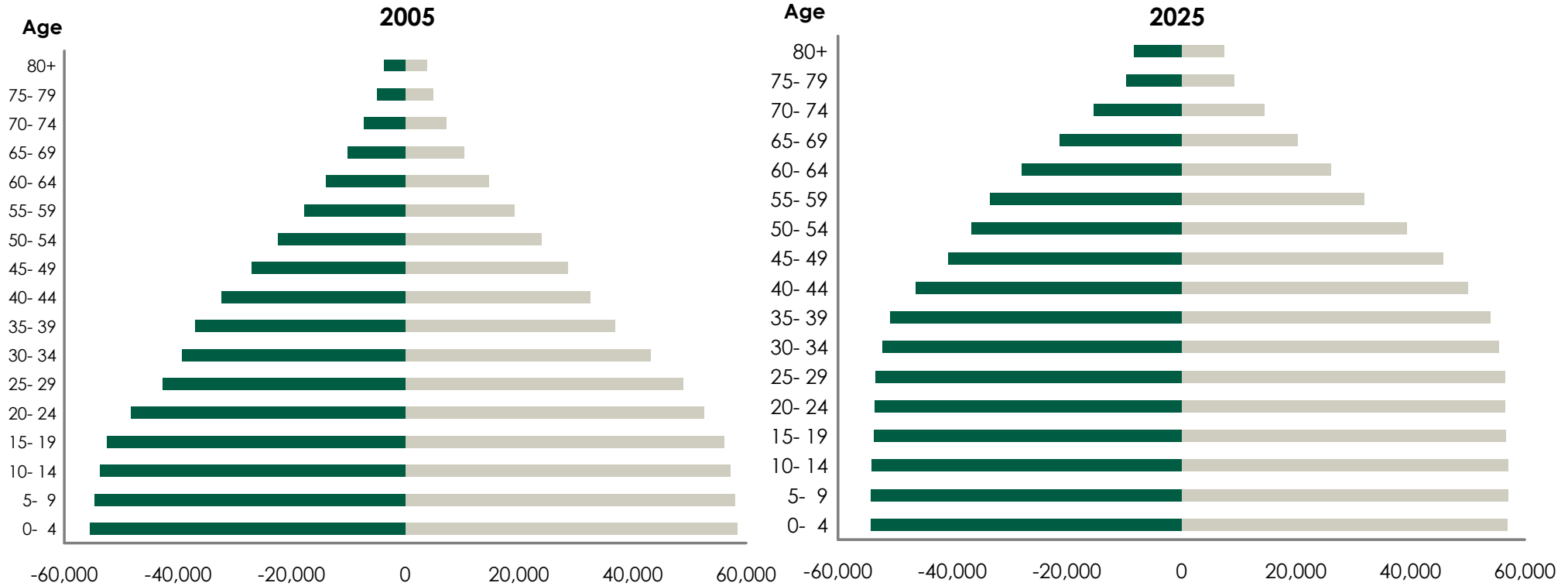
- Indian companies perform better as they face greater market pressure, and accountability
- Indian is a well functioning market economy, where firms raise capital from market, leading businesses to focus more on performance
- Compared to India, in China, high FDI inflow keeps the cost of capital low and is fuelling excess capacity

What sets Indian CEOs apart from their counterparts?



- Indian CEOs voraciously seek out new information, technology, and ideas to adapt to India's unique needs and opportunities
- At the same time, they spend less time than their peers in other countries on organizational politics and individual, personal issues
- The best Indian CEOs display high levels of integrity and inner strength
- Indian CEOs tend to keep business relationships more formal and professional than their Western peers

India's younger workforce and growing population will contribute to its future development



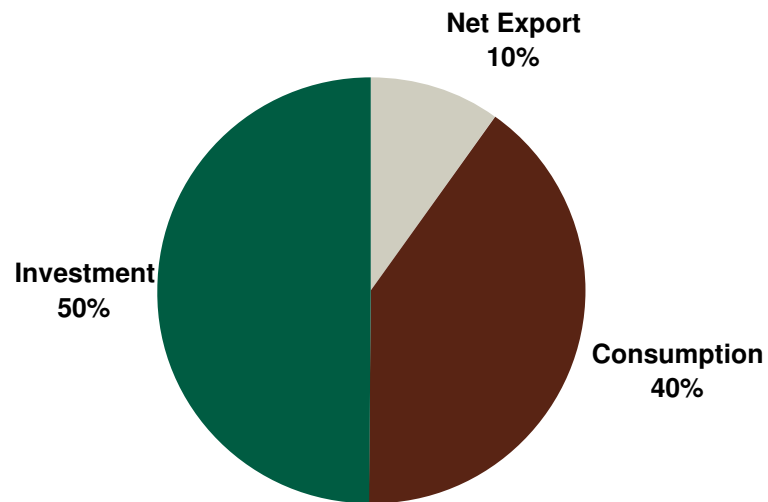
- 70 percent of India's citizens are less than 36 yrs old and 20 percent of the world's population under the age of 24 are Indians
- India's youth will rise to 942 million in 2025 and 1060 million in 2050
- However by 2020, USA will be short of 17 million people of working age, China 10 million, Japan 9 million, and Russia 6 million
- Thus, India will have a surplus of 47million working age people

Source: US Census Bureau

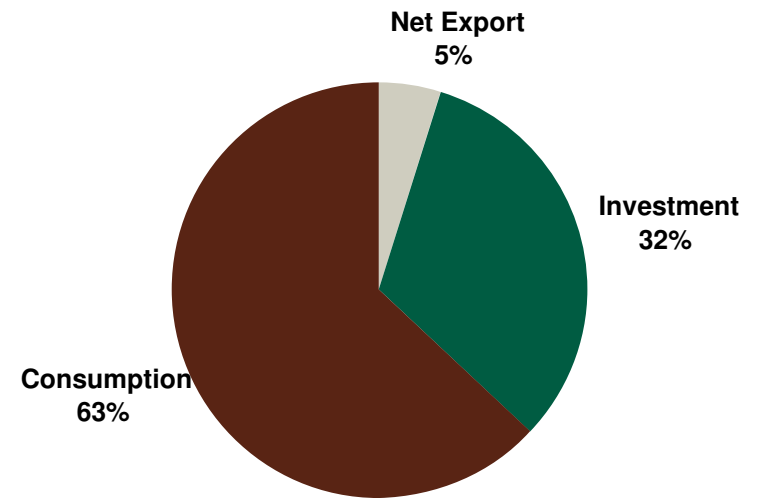
Client Name. Business Landscape of India 2007 Update Jan 9, 2008.

Indian consumers play a larger role in fueling their nation's economy than peers in export-driven China

GDP Forecast: China



GDP Forecast: India



Note: All data are forecasts from 2007
Source: Federal Reserve Bank, IMF and Private Economists
Client Name. Business Landscape of India 2007 Update Jan 9, 2008.

India will be adding 140 million workers to global labor pool in next 15 years

New Jobs in the World Economy (2005-20)

Region	Jobs (in Millions)	% of World Net Increase
Developing Asia	315.5	67%
China	65	13.80%
India	142.4	30.20%
Latin America	45	9.50%
USA	12.5	2.60%
EU25	8.4	1.80%
Total	471.3	100%

- India's pool of young university graduates (those with seven years or less of work experience) is estimated at 14 million – the largest of all 28 countries MGI has studied

India accounts for 28% of total suitable talent available across all offshore destinations

Aggregate Suitable Graduate Talent Pool for Offshore IT/BPO ('000)



India scenarios to 2010

- Services-led boom (sustained above 8.5% growth)
 - Private sector leads a service sector boom which trickles down into manufacturing, government steps out of the way

- Central forecast – Economy grows at around 7.5%
 - Macroeconomic stability maintained, slow structural reform, dynamic service sector
 - Infrastructure problems, red tape, fiscal crowding out remain a constraint

- Capacity constraints and red-tape limit growth (below 6% growth)
 - Infrastructure, labour constraints, electricity, corruption
 - Oil crisis, BoP and fiscal crisis

Summary: India on one slide

Attractions

- World's largest democracy, growing rapidly
- Macroeconomic stability
- English speaking sophisticated growing middle class, young growing population
- Outsourcing capital of the world
- Advanced financial markets attracting large portfolio investment
- Services export house

Problems

- Appalling infrastructure, most chaotic market
- Large unemployment/ poverty
- Lowest per head income amongst BRICs
- Red tape and bureaucracy in every sector
- Low levels of foreign direct investment (owing to red tape etc)
- Mass manufacturing has not performed well so far; the big unknown

What do global leaders say about India?



"India is a developed country as far as intellectual capital is concerned." **Jack Welch, General Electric**

"India is handling the most sophisticated projects in the world ...I am impressed with the quality of the work." **Bill Gates, Microsoft**



"We are expanding our presence in India to take advantage of the R&D talent available." **John Chambers, CISCO**



"India can be a major part of Dell's operations and we are looking to capitalize on India's human capital." **Michael Dell, Dell**

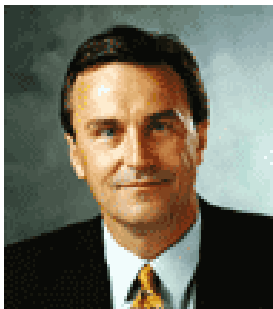
What do global leaders say about India?



"India has a well-developed banking system, vibrant capital markets and a new generation of indigenous world-class companies." **Stephen Roach, MD, Morgan Stanley**

"India has created world-class companies that can compete with the best in the west, often on the cutting edge of software, pharmaceuticals and biotechnology."

Jonathan Power in International Herald Tribune, 7 May 2004



"Not only are there brilliant engineers here [in India], I've been seeing that the entrepreneurial spirit of the businesses is second to none."
**Mike S. Zafirovski, President and Chief Operating Officer
Motorola Inc.**

What do global leaders say about India?



"Toyota Motor has chosen to source from India due to its competitive cost of manufacture, availability of abundant engineering talent, and strong indigenous machine tool."

Akio Toyoda, Senior Managing Director, Toyota Motors

"The economic dominance of the US is already over. What is emerging is a world economy. India is becoming a powerhouse very fast."

Peter Drucker, Management Guru, Fortune Magazine



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