

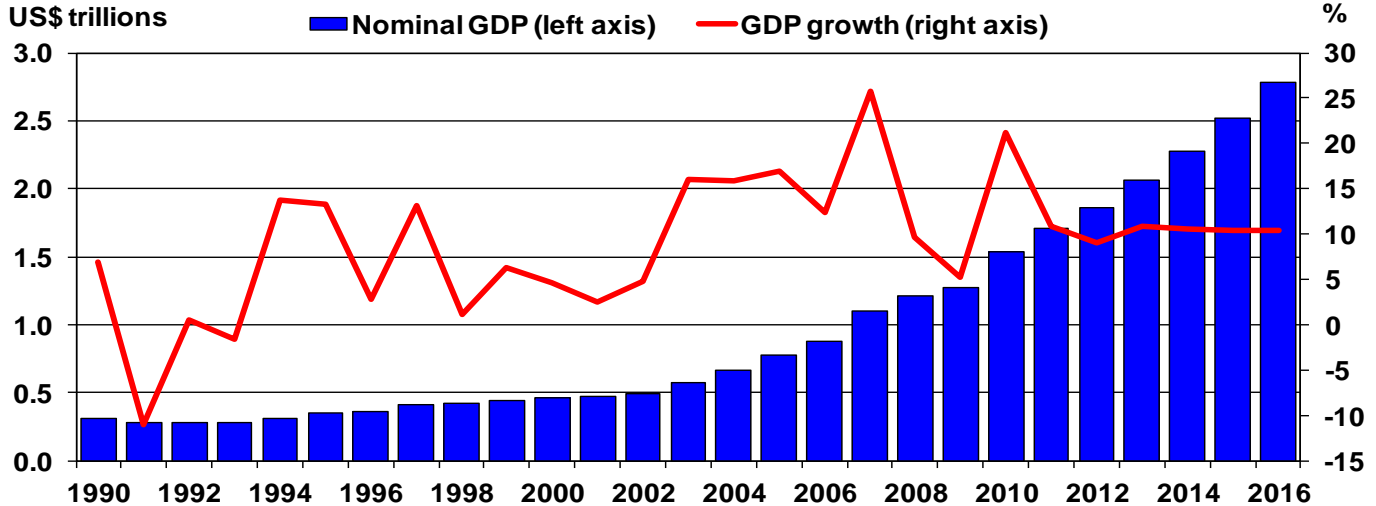


India: Can the Tiger Economy Continue to Run?

India's GDP is on the rise



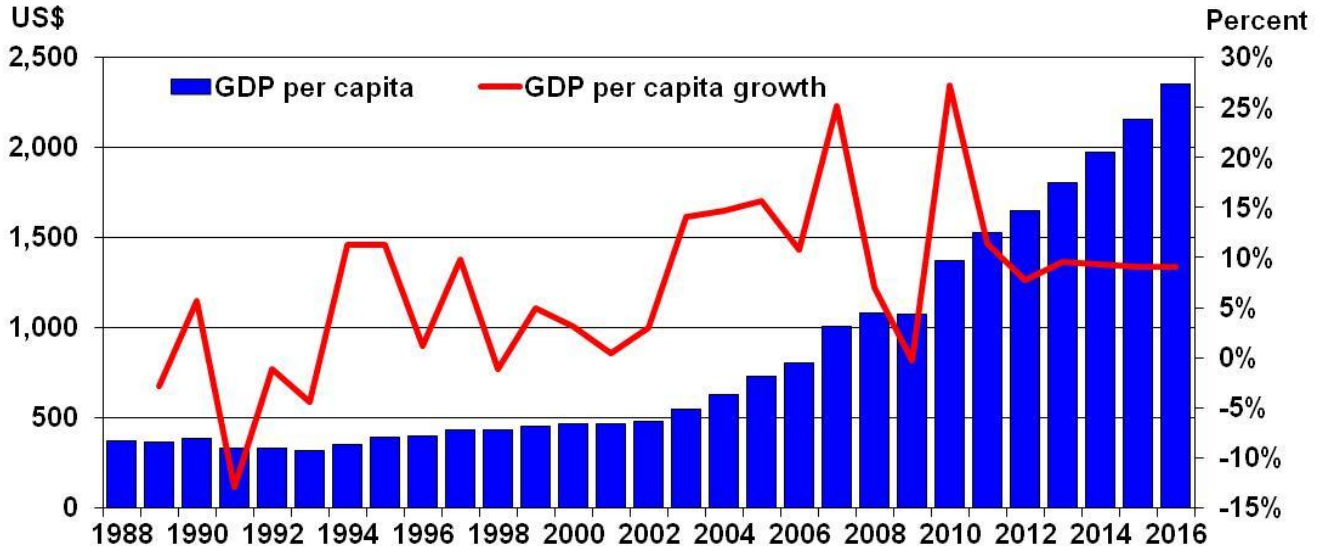
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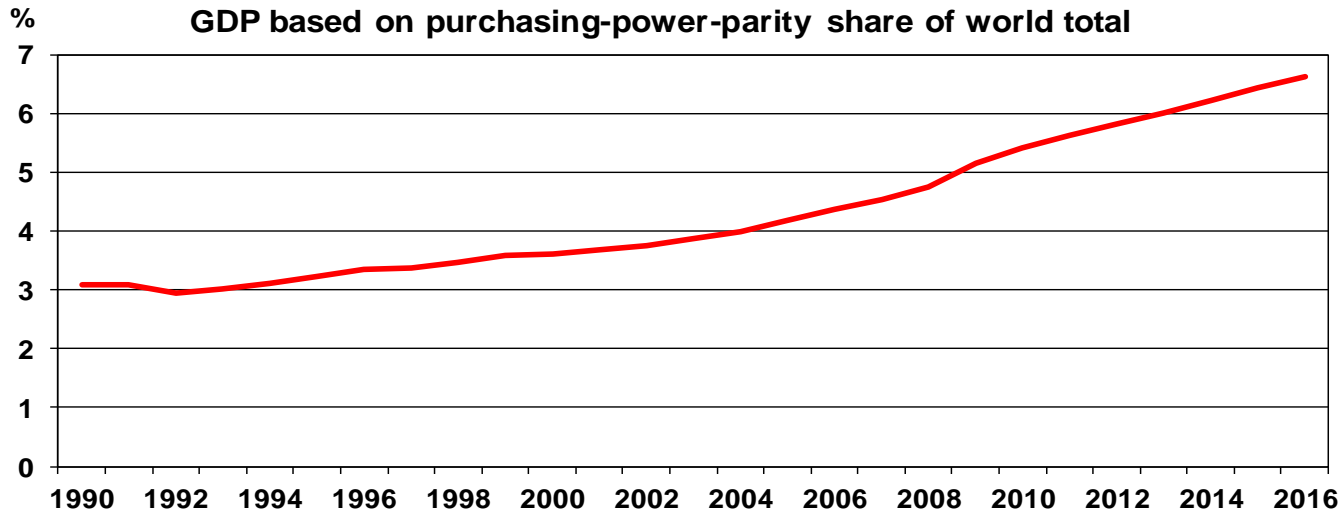
Source: International Monetary Fund.



India's GDP per capita keeps growing



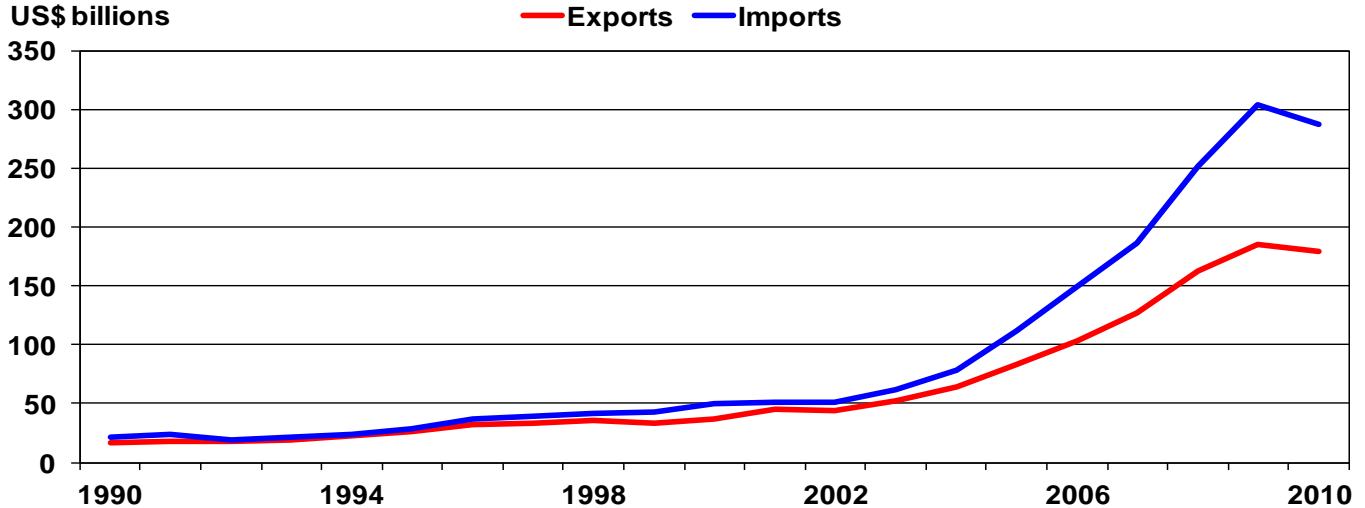
India's share of world GDP is rising



Source: International Monetary Fund.



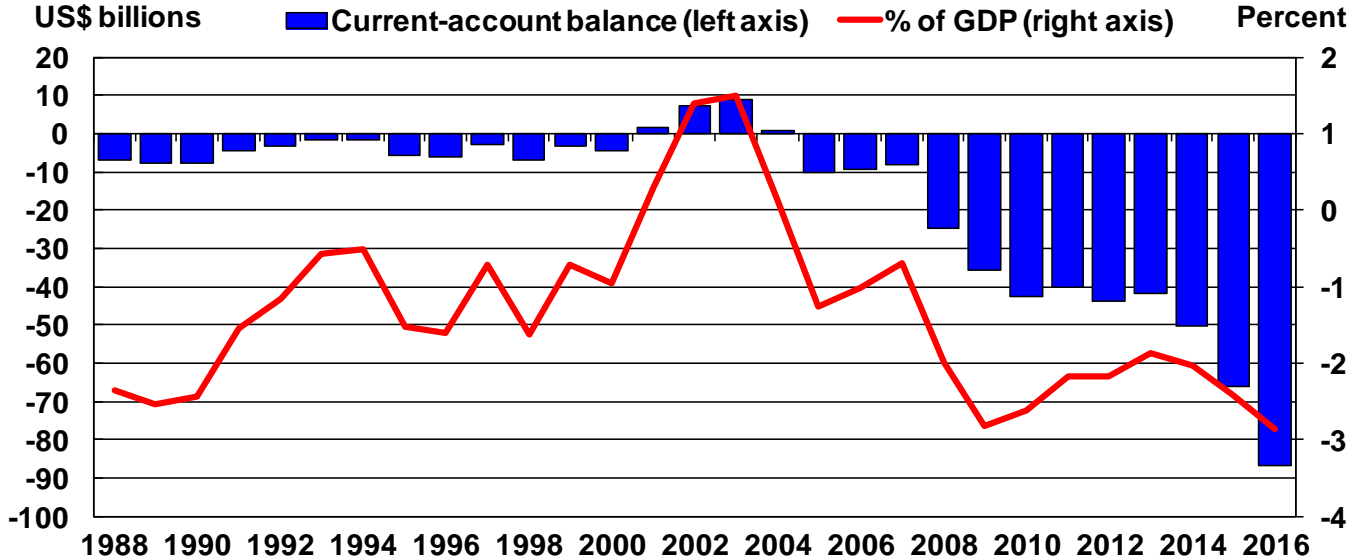
India's international trade



Source: Reserve Bank of India.



India's current-account balance



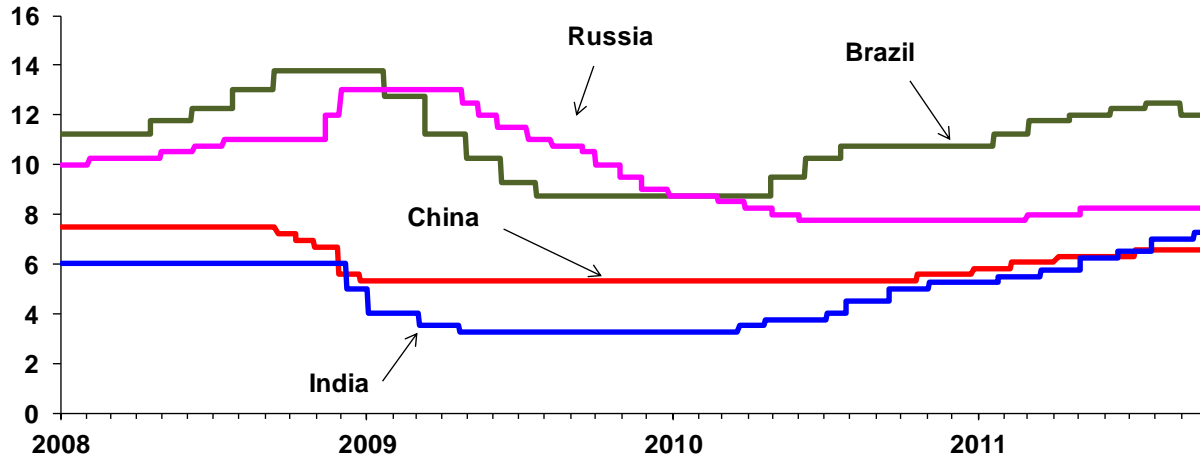
India tightens monetary policy in fear of inflation

Target interest rates of the central bank

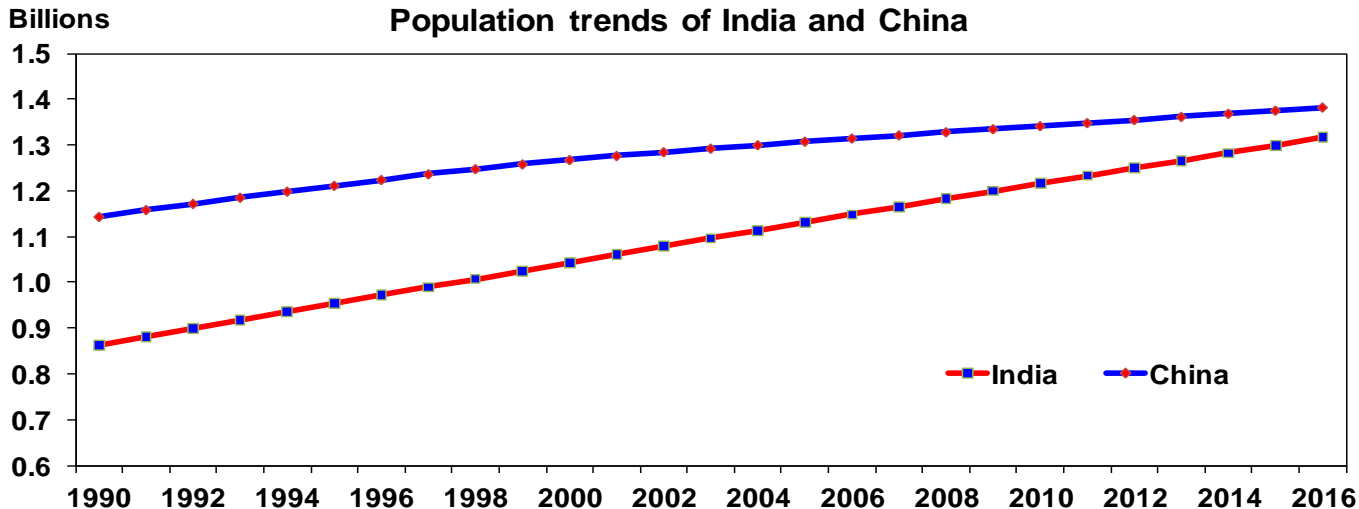


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Policy interest rates, percent



India's population is catching up with China's



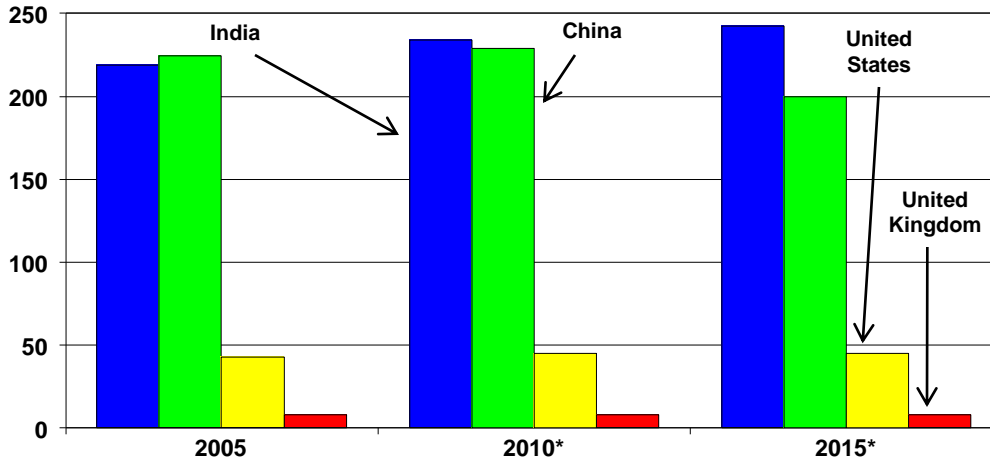
India has large young population

Age 15-24



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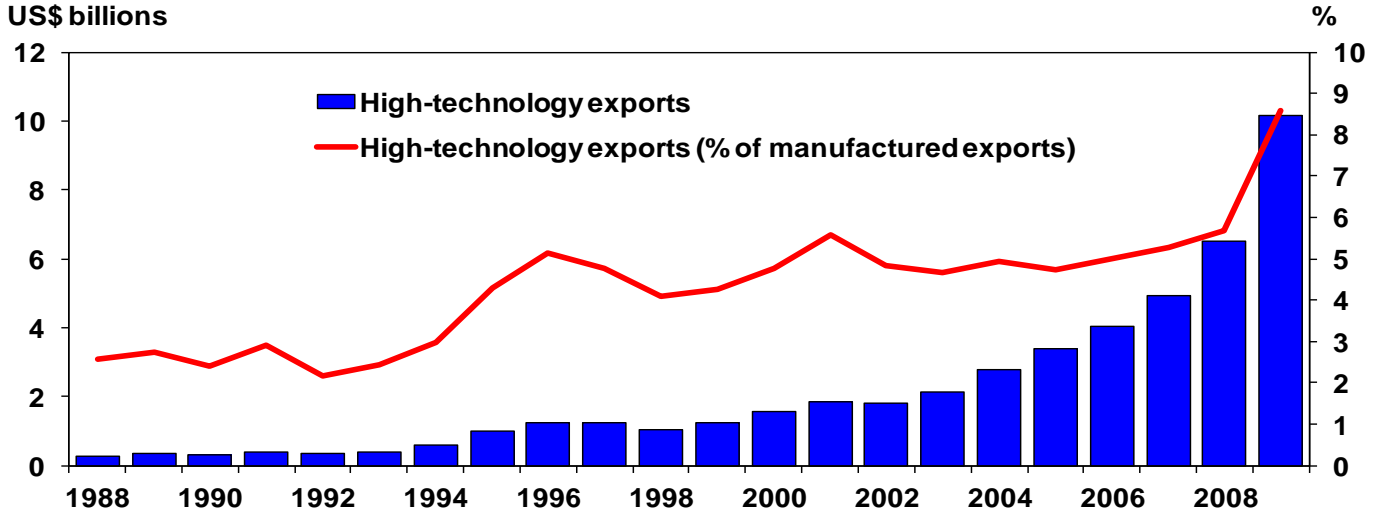
Millions



* estimated

Source: United Nations.

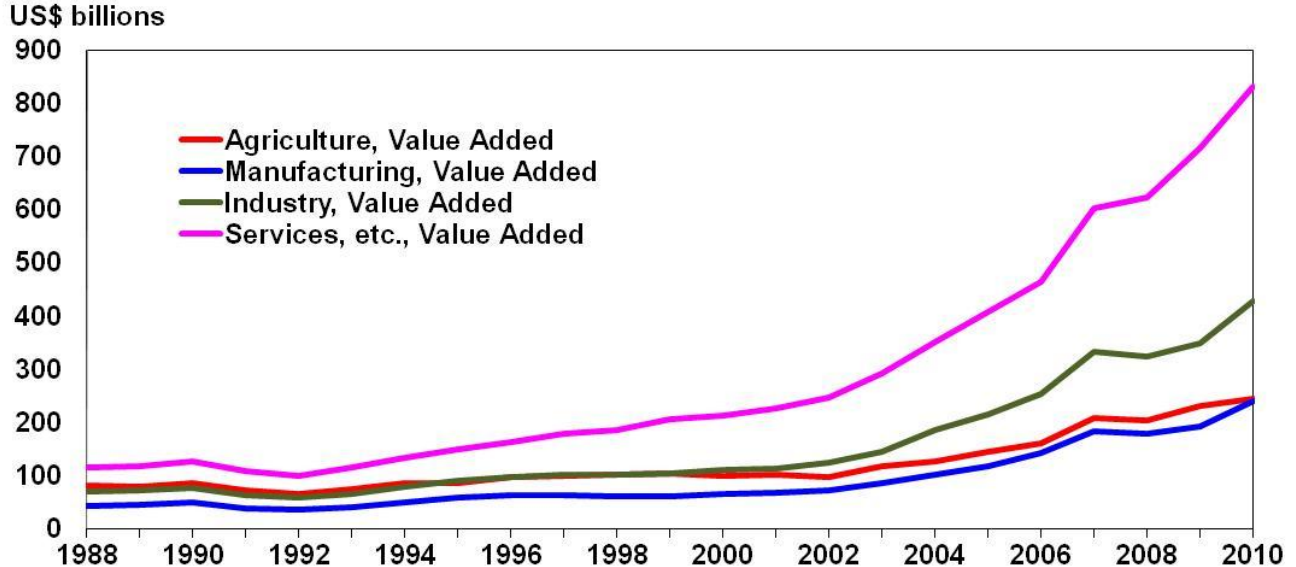
India's high-technology exports have significantly increased



Source: World Bank.

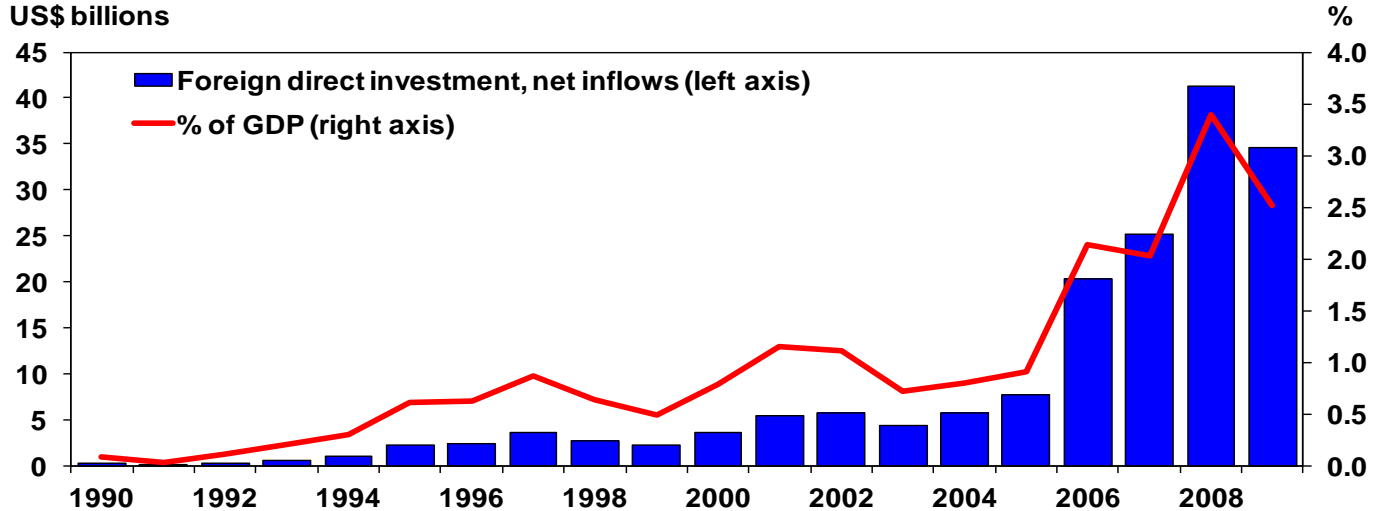


Industries' contribution to India's GDP



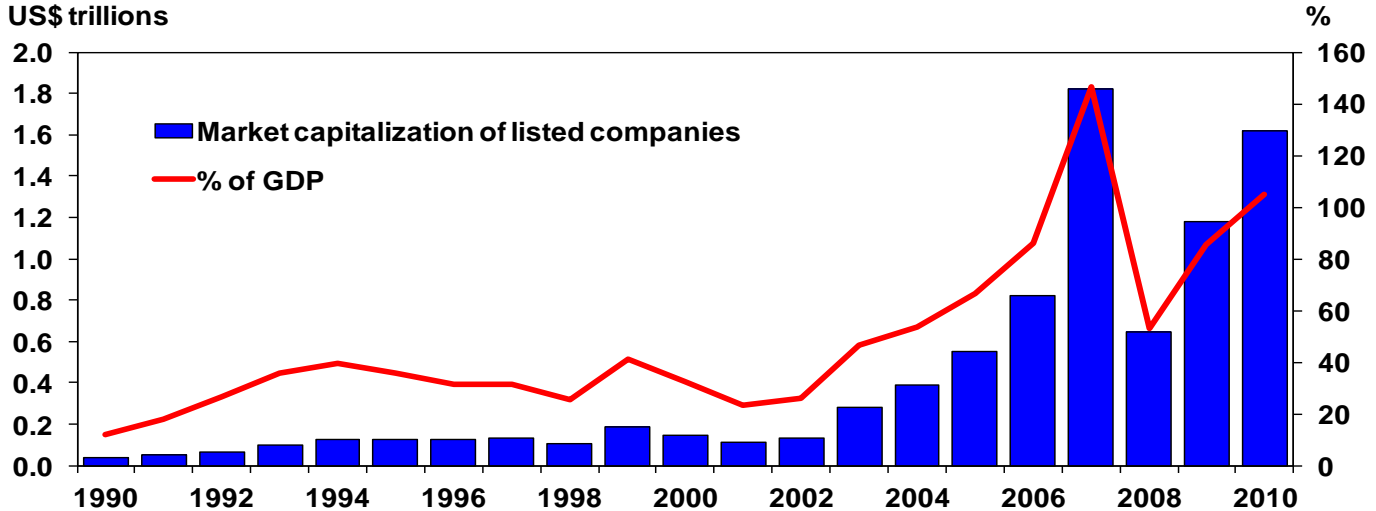


Foreign direct investment in India on the rise





India's market capitalization surges



Source: World Bank.

India's electricity shortage in 2008-2009



	Energy(MU)	Peak(MW)
Requirement	777,039	109,809
Availability	691,038	96,785
Shortage	86,001	13,024
Shortage(percent)	11.1	11.9

Source: Central Electricity Authority, Government of India.

Existing infrastructure in India



	2009
Length of roads(kilometers)	3,516,452
Main roads(kilometers)	666,452
Paved roads(percent)	47
Access to all-season-roads(percent)	61
Road density(kilometers/1000 sq. kilometers)	1,115
Rail track length(kilometers)	63,327
Number of ports	199
Turnaround time(days)	3
Airports	125
International airports	11

Sources: Government of India, World Bank.

Investment requirements in infrastructure

2007-2011



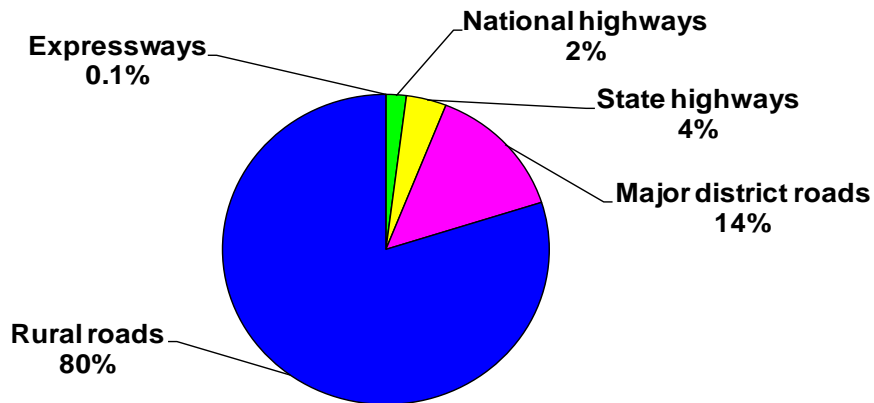
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Sector	US\$ billions
Transportation	115-154
Roads	50-55
Railways	45-68
Ports	11-20
Airports	9-11
Power and other sectors	191-250
Total	306-404

Sources: Government of India, World Bank.

India relies heavily on rural roads

India's road network



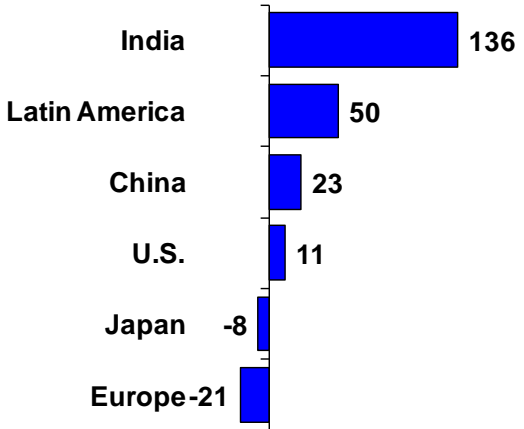
Working-age population grows rapidly in India



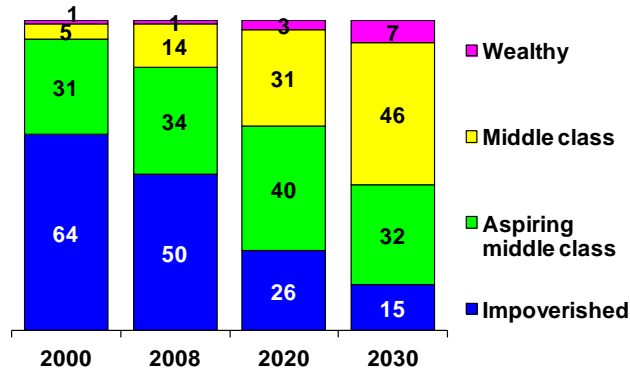
Over the next 10 years, India will add over 5 workers for every 1 worker added by China...

...with the world's largest addition of people to the workforce, it is estimated that over 100 million households will join the middle class

Addition to working-age population 2010-2020 (in millions)



Number of Indian households (in millions) % by annual income



Source: Morgan Stanley.

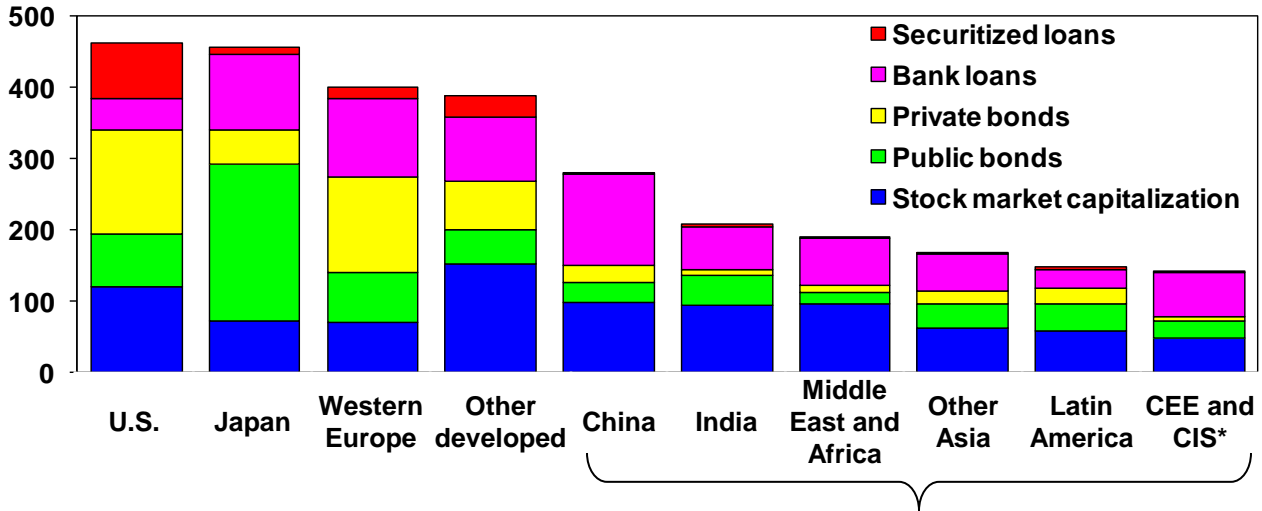
Size of capital markets relative to GDP

2010



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Percent of GDP

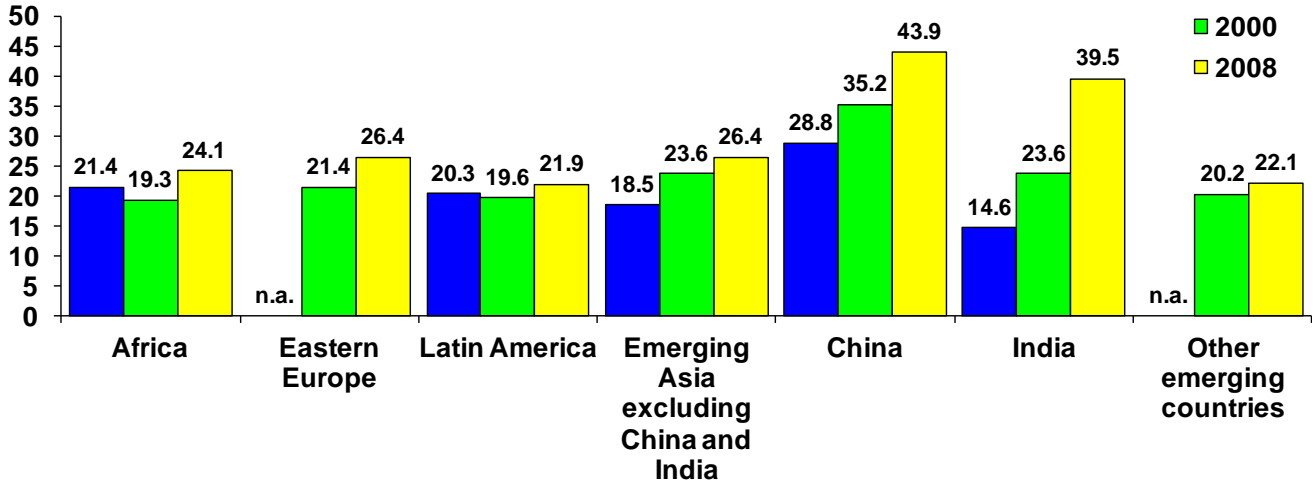


Emerging markets

* Central and Eastern Europe and Commonwealth of Independent States
Source: McKinsey Global Institute.

Investment rates have increased across all emerging market regions since 2000

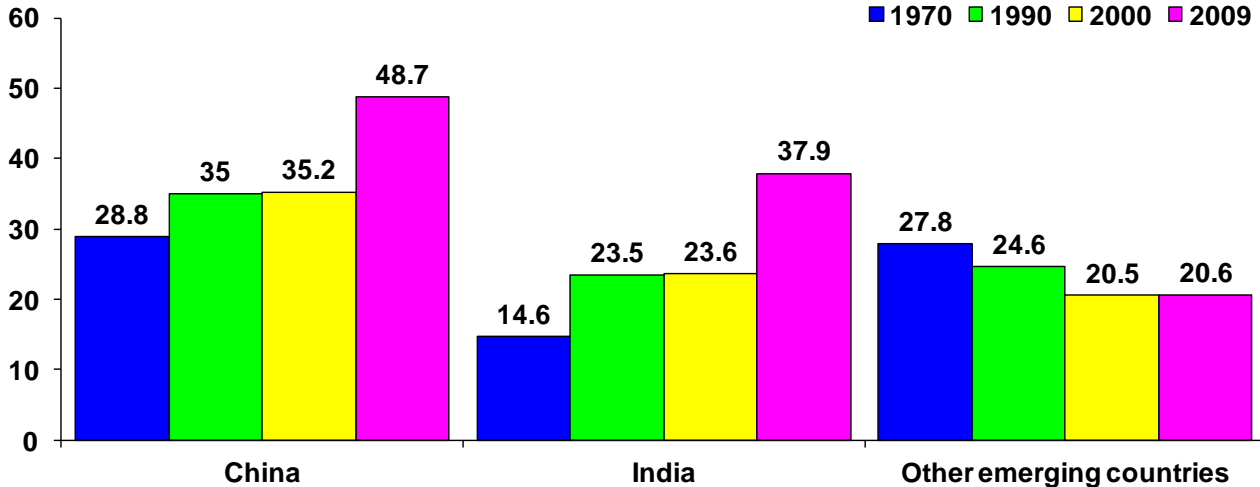
Investment, percent of GDP





High investment rates in China and India

Investment, percent of GDP



Source: McKinsey Global Institute.

Percent of surveyed managers reporting business constraints



Indicators	China	India
Corruption	27	25
Courts	25	3
Crime	20	12
Procedures for business start-up (percent of GNI per capita)	9	74
Labor regulations	21	9
Tax rates	37	28
Policy uncertainty	33	9
Rigidity of employment index (0 = less rigid to 100 = more rigid)	24	41

Quality of life

2008



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Indicators	China	India
Access to improved water source (percent of population)	89*	88*
Access to improved water source (percent of urban population)	98	96
Access to improved sanitation facilities (percent of urban population)	58	54
Carbon dioxide emission (metric tons per capita)	5.0	1.4
HIV prevalence (percent of ages 15-49)	0.1**	0.3
Incidence of tuberculosis (per 100,000 people)	97	168

Source: World Bank.

* 2007 ** 2009

Corruption Index

2010



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Rank	Country	Score
1	Denmark	9.3
2	New Zealand	9.3
3	Singapore	9.3
4	Finland	9.2
5	Sweden	9.2
6	Canada	8.9
7	Netherlands	8.8
8	Australia	8.7
9	Switzerland	8.7
10	Norway	8.6
20	United Kingdom	7.6
22	United States	7.1
78	China	3.5
87	India	3.3

Source: Transparency International.

10 = Low

0 = High

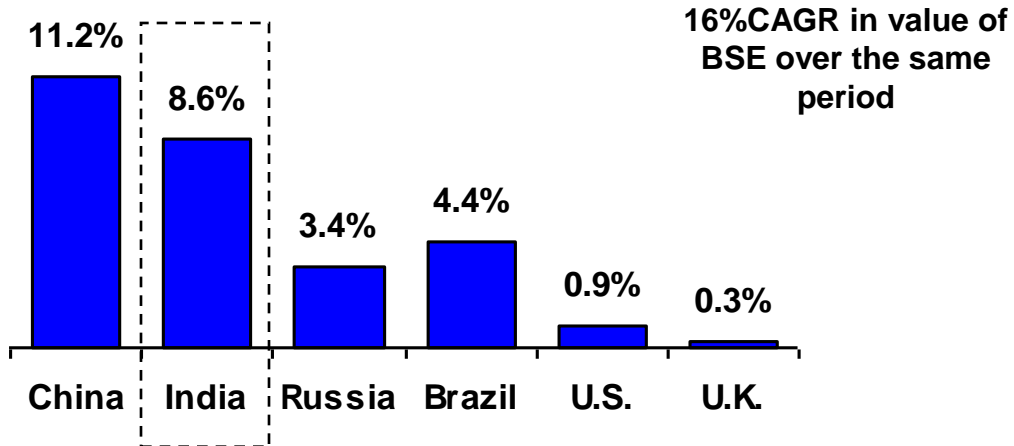


Sanjay Patel slides

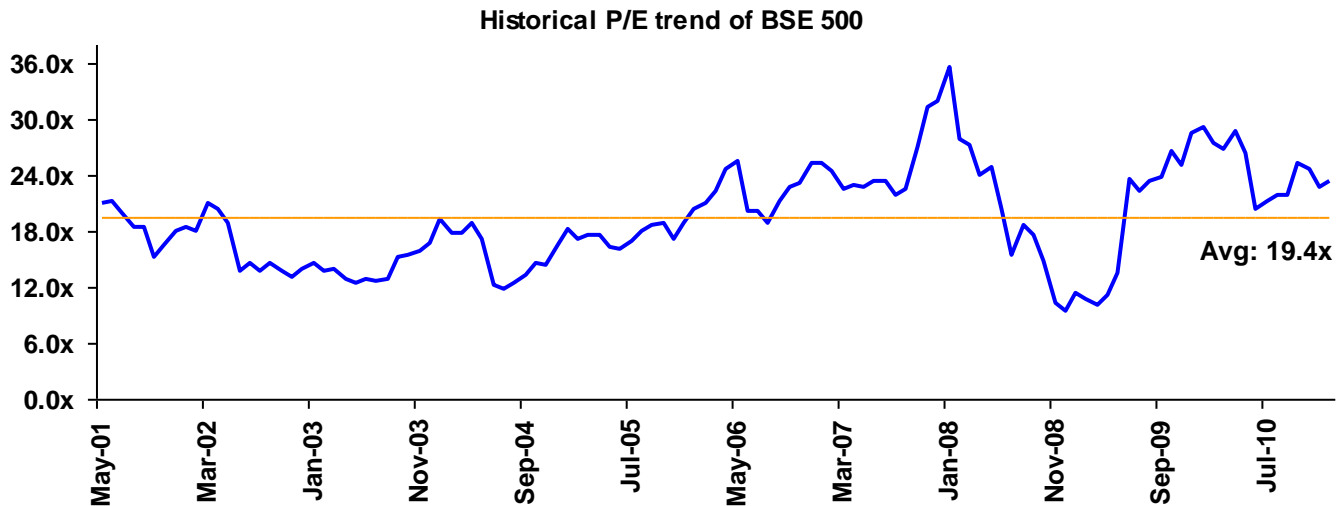
India is one of the fastest growing economies in the world



Average annual real GDP growth rate
(2005-2010)



However, Indian markets trade at expensive multiples

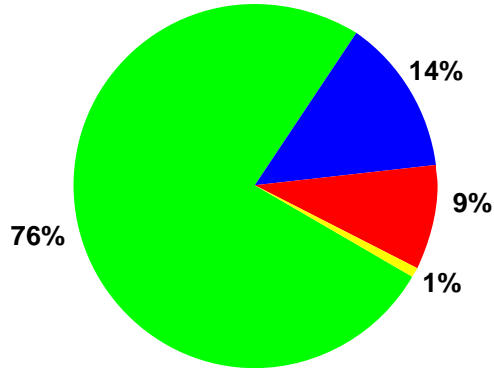


Source: CapitalIQ; as of January 1, 2011.

Most businesses are family-run, dominated by a Promoter



Top 500 publicly listed companies
(by ownership)



- Family Controlled Businesses
- Multi-National Corporations
- Public Sector Undertakings
- Pure Professional Firms

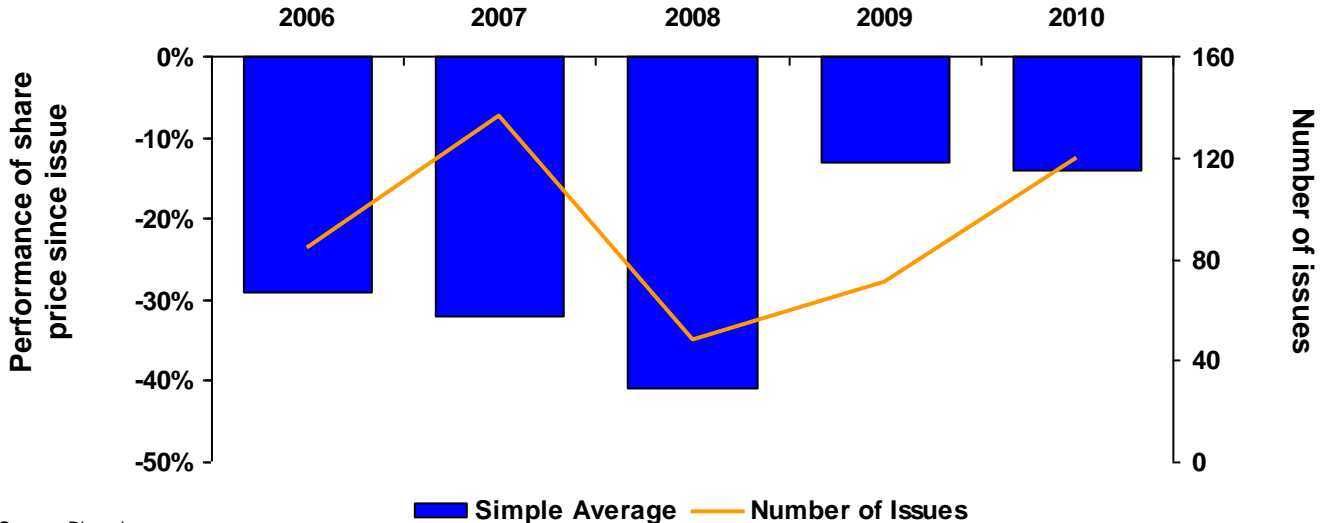
Source: ASK Investment Managers, Capital Line.

Note: Top 500 publicly listed companies as per market cap., excluding 46 banks and financial institutions (as of March 31, 2011).

Primary issues in India have underperformed the market



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Source: Bloomberg.

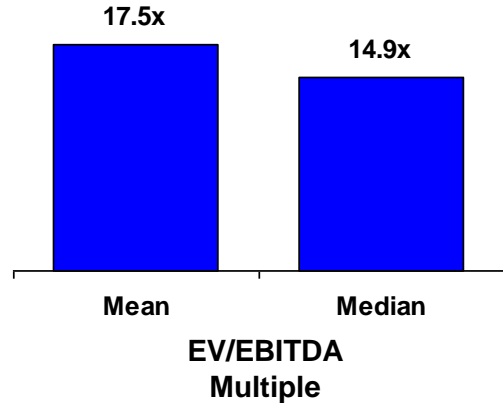
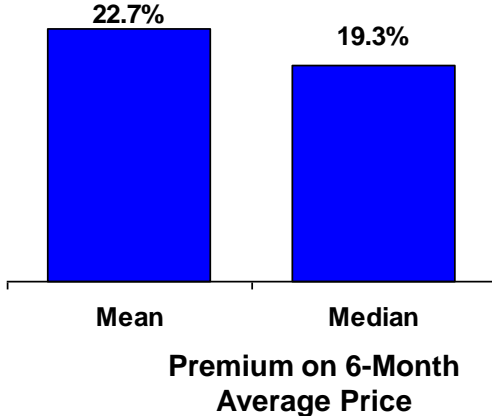
Note: Figures represent a simple average of the difference between issue price and current market price; Chart shows performance of 459 issues between 2006 and 2010.

PIPE deals in the Indian markets are at significant premiums



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Valuations of PIPE deals in the Indian markets (2007-2011)#

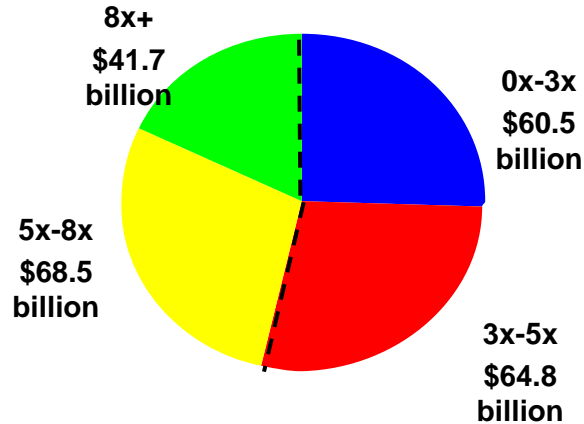


Source: Venture Intelligence, Capitaline, Stock Exchange Filings, Bloomberg.
Note: Data for PIPE transactions from 2007, above 5% stake and above \$20 million.

There is a high degree of leverage in Indian companies



Total Debt based on Debt/EBITDA of a sample of 1,050 companies



Source: CapitalIQ.

Note: Companies listed on the BSE with market cap. greater than \$1 million; excludes banks and financial institutions, companies with negative EBITDA, LFY numbers for Debt and EBITDA.



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