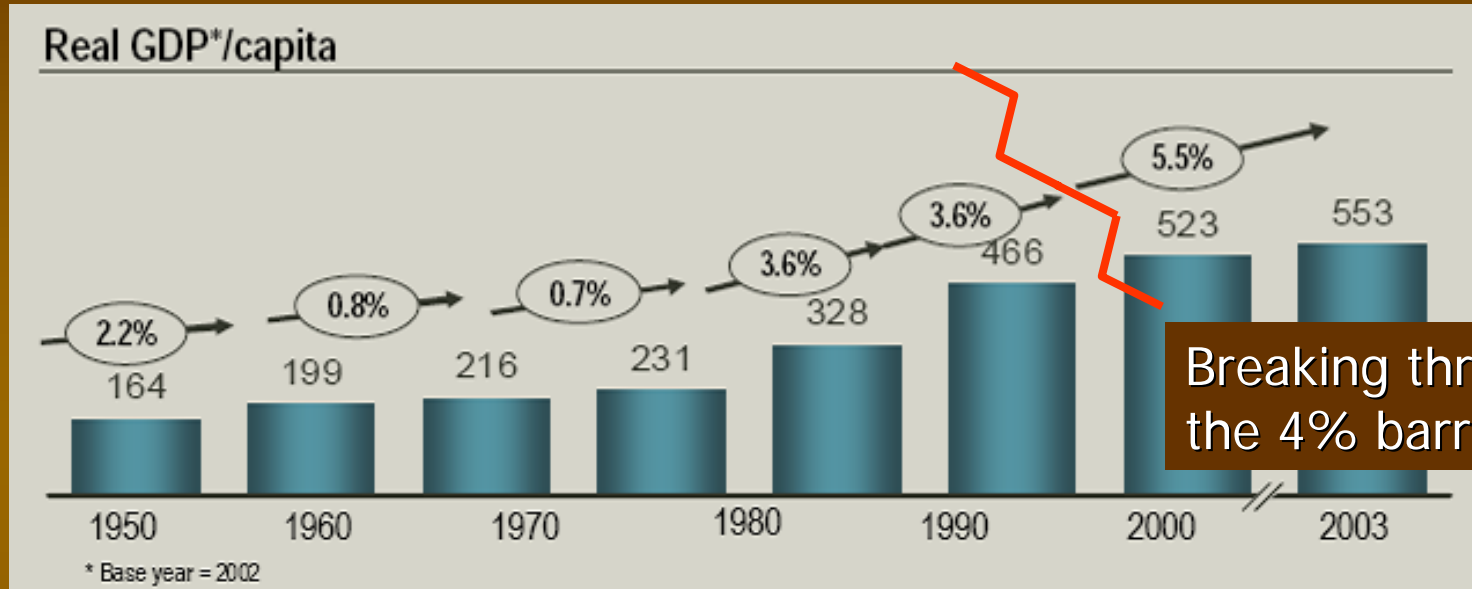


India - At Inflection Point

Shantanu Bhagwat



India - at an Inflection Point...



Breaking through the 4% barrier...

Trivia**

- Average length of new highways built between 1947 ~ 1997: ➡ 11kms per year
- Average length of highways built between 1999 ~ 2004: ➡ 11kms per day

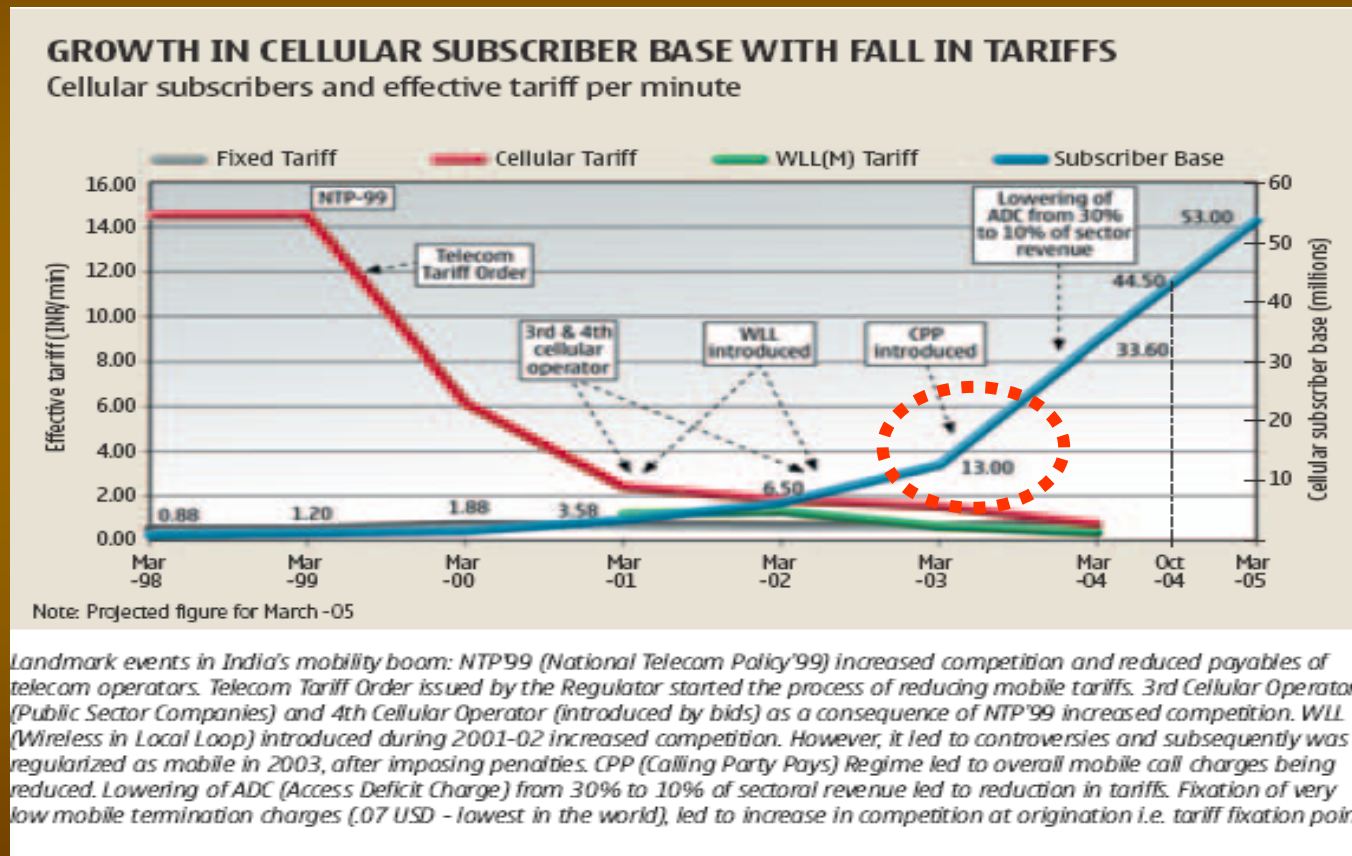
* Source WEFA-WMM, BHP Billiton Slides

** Economic Times, 8th Jul '05



India - at an Inflection Point...

- Apr '03 ~ 2k new subs/ months



- Apr '04 ~ 2m new subs/ months

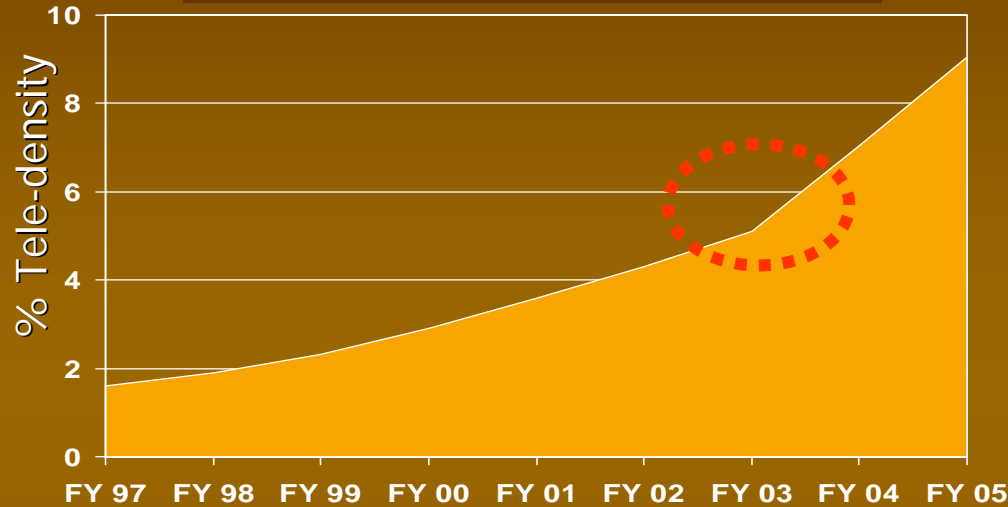
Source: Nokia, "New Horizons", Q2 '05 <http://sifybroadband.techwhack.com/category/hutch/>

New Additions in Apr '06: 3.9m (5.1m including CDMA); At end-Apr '06, total no. of subscribers at 90m+; Forecast CAGR between '04 - '07 ~ 85%

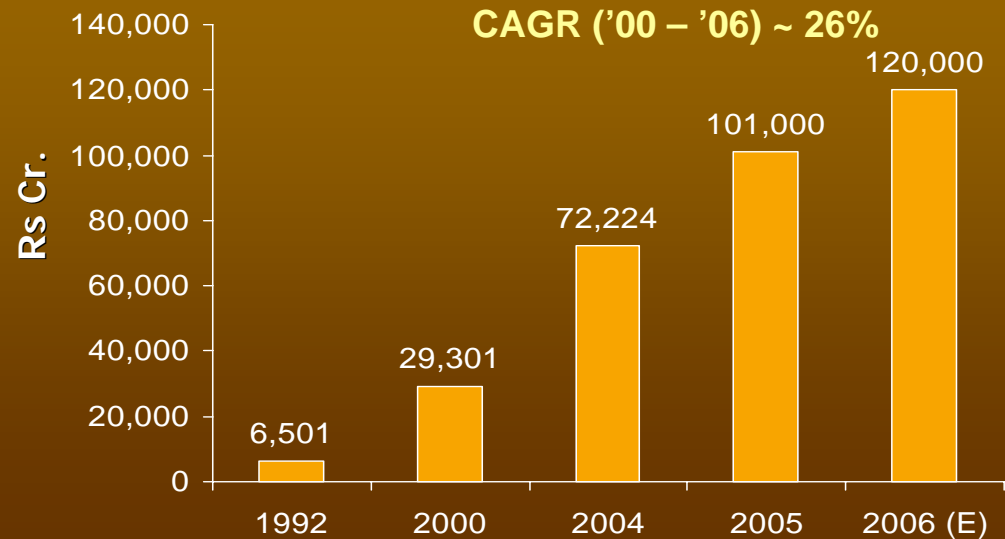


India - at an Inflection Point...

Growth in Tele-density



Net Profit of all Listed Cos.



Source: Capitaline, SBIMF; CAGR between '92 - '06 ~ 23%



India - at an Inflection Point...

Stupendous Growth in Consumer Electronics

Conspicuous Consumers

Foreign retailers would like to cash in on the growing spending power of India's burgeoning middle class. Above, customers browse the aisles of a Metro AG wholesale store in Bangalore. Right, percentage growth in per-unit production of key consumer items in India

| ITEM | 2005 GROWTH ¹ | 2006 PROJECTIONS ² |
|------------------|--------------------------|-------------------------------|
| Microwave ovens | 27% | 25% |
| Air conditioners | 25% | 20% to 25% |
| Washing machines | 18% | 5% to 10% |
| VCD/DVD players | 17% | 25% to 30% |
| Color TVs | 12% | 15% to 20% |
| Refrigerators | 5% | 5% to 10% |

¹For fiscal year ended March 31, 2005 ²For fiscal year ending March 31, 2006

Source: Federation of Indian Chamber of Commerce and Industry



India - at an Inflection Point...

But (still) a long way to go...

| Metric | India 2001 | India 2005 | China 2005 |
|--|------------|------------|------------|
| Internet access / 000 people | 6 | 20 | 48 |
| Cable TV connections / 000 people | 37 | 61 | 95 |
| Mobile phones / 000 people | 7 | 51 | 242 |
| Cars / 000 people | 4.0 | 8.6 | 42 |
| Air Passengers / 000 people | 21 | 36 | 77 |
| Fixed telephones | 33 | 46 | 269 |
| PCs / 000 people | 5 | 12 | 50 |
| Credit / person (USD) | 105 | 166 | 1615 |
| Mortgage / person (USD) | 7 | 21 | 269 |
| Deposits / person (USD) | 204 | 286 | 2303 |
| Electricity consumption (Kwh / M people) | 0.45 | 0.50 | 1.54 |
| Petroleum consumption (BPD / M people) | 1.7 | 1.9 | 4.8 |

Growth so far
Early potential

Source: World Bank, Media reports; Auto components Manufacturers Association, India; China auto manufacturers association, China; ARANCA; RBI; Peoples bank of China; Ministry of civil aviation, India; National Bureau of statistics, China; Department of telecoms, India; Department of Energy, India



A few words on India VCIG

- Birth: c. July '05 over several coffee conversations
- First step(s): Breakfast meeting, Sept '05; Delegation to TiECon, Dec '05; Conf Call w/ KPCB, Mar '06
- Formal launch: Today!
- More details in the handout and at <http://global-themes.com/india-vcig/>