



India 2009

AVCJ Private Equity & Venture Forum

2 – 4 December 2009



Global perspective, local opportunities

The changing face of PE in India

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Wednesday, 2 December 2009

18:00 Welcome cocktail reception

Thursday, 3 December 2009

8:00 Breakfast and registration

8:50 Welcome remarks

9:00 Opening keynote address

India's development curve and what the future holds
Dr Shubhashis Gangopadhyay, Managing Trustee, INDIA DEVELOPMENT FOUNDATION & Former Advisor to the Finance Minister, THE GOVERNMENT OF INDIA

9:30 Hot sectors for PE in India

A global macro and country review of where India stands, what sectors are hot and why:

- ◆ The impact of government development plans for India's physical infrastructure: Where is the money headed and what are the best proxies for the growth of this sector?
- ◆ Increased spending power of the rural poor: What products and services will they pay for?
- ◆ Growth and maturity of India's manufacturing businesses: Are they ready to stand on a world stage?
- ◆ Pricing of private assets: Who are PE's competitors and for how long will this picture stay stable?

10:30 Coffee / tea networking break

11:00 Capital markets investing and PIPEs

Many of India's thousands of listed companies are not actively traded or even covered by analysts, making their trading volumes low and secondary fundraising a non-starter. These firms have been the traditional targets of PIPE deals by PE funds. Recent movements in the stock market and by other investors have called into question the returns to be generated by PE funds investing in this manner. Some of the leading PE investors in India's public markets discuss:

- ◆ How can PE add value in PIPEs?
- ◆ Is the PE fund vehicle appropriate to making open-market investments?
- ◆ How does the model compare to open market investing and buy-and-hold stock picking?
- ◆ Have recent stock market movements changed the thesis of PIPE investing?

12:00 Distressed and special situations investing

The global downturn should have presented an ideal opportunity for distressed and special situations investors to put money to work in good businesses with weak operations. Pricing considerations have been blamed for the slow pick-up, but a new investment vehicle has been creating headaches for value investors too:

- ◆ What do Qualified Institutional Placements (QIPs) mean for special situations PE funds?
- ◆ How do QIPs and PE compare from an investor's perspective?
- ◆ Can PE funds co-invest with specialised asset reconstruction companies to mutual advantage, and how?
- ◆ How big and attractive are the opportunities for taking secondary positions in companies with distressed investors? How do these opportunities come to market and what risks do they present?

13:00 Luncheon

13:30 Keynote address

India's strategic position in the greater Asia region, how it got there and where it's headed next
Vikram Sood, Vice President, OBSERVER RESEARCH FOUNDATION & Former Head, the RESEARCH AND ANALYSIS WING, India's external intelligence service

14:30 Growth capital and control

With so many angles to India's growth story, picking sectors to invest in can be tricky, and staying true to that vision trickier still:

- ◆ What makes a good growth-cap deal, which are the most attractive sectors, and which industries are ripe for consolidation?
- ◆ Could Subhiksha have been averted through control? And how can you get control with a sub-50% stake?
- ◆ Making the most of India's relative strength: Can cash-rich businesses use their domestic momentum and the global downturn to create global corporations?
- ◆ Domestic Acquisitions & Consolidations: Which sectors would benefit, how much cash will be needed, and what are the obstacles to these roll-ups?

15:30 Plenary address: Domicile, structure, and making it easy for LPs to get in (and out)

Changes to India's bilateral tax treaties look set to change Mauritius' favoured status for funds investing in India. Already some funds have set up vehicles in Singapore.

- ◆ What do the latest changes mean for funds invested via Mauritius?
- ◆ What the alternative domiciles exist and what do they each offer in terms of ease of investment and repatriation of funds post exit?
- ◆ What are the implications of investing via a domestic (on-shore) fund?
- ◆ How can PE funds protect their investors' gains?

16:00 Coffee / tea networking break

16:30 Operational streams

Stream 1: Structural changes in India's PE fund landscape

Notwithstanding great LP interest over the past year or so, illustrated most clearly by the large volume of new funds successfully coming to market, some fund managers have found it difficult to make investments, and exits have proven as challenging:

- ◆ Where are the exit routes when capital markets are highly volatile? How to plan for a trade sale? Is the IPO route now reopening? and what other options exist?
- ◆ Anecdotal evidence points to PE firms using more risk-averse structures, more due diligence, tightening covenants, and investing in tranches instead of with lump sums: Why the change? And aren't these part of "best practice" anyway?
- ◆ Is the market seeing more secondary transactions both at the portfolio and GP level? What does this mean for existing funds and their investors?
- ◆ What challenges are new PE fund managers facing when it comes to investing funds raised?

Stream 2: Managing portfolio companies

Their ability to effect and manage change at portfolio companies is almost an article of faith amongst private equity fund managers. A plethora of new funds have been raised in recent years as teams have spun out of the older established firms: The mettle of these managers looks likely to be tested as the credit crunch puts even the strongest companies under stress:

- ◆ What does it take to achieve *alpha* in a market where the *beta* has historically been so strong?
- ◆ What role do operating partners play in a fund manager's business, and when are they unnecessary?
- ◆ How is "minority control" achievable? Would "majority control" be preferable?
- ◆ Who is building a finance and operations bench to parachute into portfolio companies? Where are they finding these experienced executives?

17:30 End of day one

18:00 Cocktail reception

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Friday, 4 December 2009

8:00 Breakfast and registration

8:50 Welcome remarks

9:00 Keynote address

9:30 India vs. China: How Asia's giants square up

The two biggest components of growth in Asia today, China and India, both see lots of investor interest. But how do they compare side-by-side? Here we explore the similarities and differences between Asia's billion-plus-consumer markets:

- ◆ Deal pricing: Typical multiples across sectors and the growth expectations underlying them: Is the "Hindu growth rate" reflected in India's valuations?
- ◆ Control economies: To what extent is the central government of each country "driving the bus"? What sectors are favoured for foreign investment? What are the risks and benefits of dealing with regional governments?
- ◆ Urbanisation and gentrification: What effect are policies directing money at those on the bottom rungs of society having, and what goods and services will these newly-enfranchised consumers demand?
- ◆ Infrastructure: Why has China been able to deploy new infrastructure more rapidly than India? Can India catch up? Where is the major spend yet to happen in each country? How can PE play a part?
- ◆ The marriage of China's high volume production capabilities and India's engineering, marketing and international business talent would seem to be a match made in heaven: Why have we not seen more cross-border ventures?

10:30 Coffee / tea networking break

11:00 Infrastructure streams

Stream 1: Physical infrastructure

Roads Minister Kamal Nath's announcement in July 2009 that India will step up its road-building capacity from 2 km to 20 km a day signals the new government's commitment to making a big dent in India's lag behind its regional rival, China. At the same time, the creation of ready-to-build power projects has already had an effect, with the first "Ultra-Mega Power Plants" (4,000MW and up) set for completion between now and 2012. What does this mean for PE?

- ◆ Transportation infrastructure—opportunities in roads, rail, ports and airports: The "picks and shovels" and "services" plays, and whether project investing works for PE.

- ◆ How will the R-APDRP affect power generation, transmission and distribution? What technologies are being employed to ensure India meets its environmental and power targets? Is there a role for PE in the "alternatives" space, and what does this mean in the India context?
- ◆ Warehousing and refrigeration: Reducing food wastage from field to store. A look at proven models and the regions with the most demand and acceptance.
- ◆ Other factors influencing infrastructure spend and PE's competitors in the space.

Stream 2: Social infrastructure

At least as important to the country's continued development as bricks-and-mortar infrastructure is its provision of learning and healthcare opportunities for its citizens: Each sector has its own challenges but PE fund managers are rising to and surmounting them:

- ◆ Challenges to investing in local curriculum schools, and how some groups are offering IGCSEs and IB studies to circumvent them.
- ◆ How big is the market for vocational training? What will be the impact of the introduction of the UK's City and Guilds accreditation? What difference does training staff make to a company's bottom line and the country's?
- ◆ Business models making healthcare profitable, despite costly doctors and limited health insurance.
- ◆ The domestic healthcare need versus catering to medical tourism.
- ◆ Seed and agricultural technologies that will hasten the rise of rural India.

12:30 Luncheon

14:00 LP panel

Over the past two or three years LPs have been maximum bullish on India— as evidenced by a recent spate of new funds coming to market. The recent volatility in the stock market coupled with the relatively large volume of PIPE deals completed in '07/'08 have had some reaching for the Alka-Seltzer. But is the market as a whole living up to expectations?

- ◆ Why aren't there more US LPs investing directly in home grown Indian funds?
- ◆ Is India suffering a capital overhang?
- ◆ Where do LPs stand on the active management / creation of alpha issue? Can managers create alpha without being deeply engaged in their portfolio companies?
- ◆ What are LPs' risk-adjusted return expectations for India?
- ◆ Reward: Are LPs happy with the status quo (2 & 20) or would an alternative model align interest better? If so, what shape would this alternative take?

400 DELEGATES LAST YEAR!

