

“Deals Are Picking Up:” Investors At VCC Forum In Ahmedabad

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VCCircle Investment Forum held in Ahmedabad on August 12 attracted 200 delegates from Ahmedabad and from the other parts of the country. The forum - titled *Capital Strategies For A Reviving Economy* - saw participation from leading private equity fund managers, venture capitalists, companies, entrepreneurs, bankers, advisors and management consultants. The forum was organised at a time when Indian markets are reviving and the deal making activity is picking up.

The keynote panel included Sid Khanna, Chairman, India Equity Partners; Deepak Shahdadpuri, Managing Director at Baer Capital Partners; Cyrus Driver, Director at Helix Investments; Vikram Nirula, Partner at India Value Fund Advisors; Hetal Gandhi, Managing Director at Tano India Advisors and Paresh Patel, CEO of Sandstone Capital LLC, who was the moderator. The panel discussed the state of the private equity business, and was of the opinion that though the funds are now ready to to deals, they will be very cautious. "Limited partner community has gone through a turmoil and they would expect more discipline from the funds," said Nirula.

Khanna said that India Equity Partners has not done any deal since early 2008, and they are keenly looking at water and waste management, infrastructure services, FMCG, among others. "We did nothing since valuations had reached the stratosphere and used the period for introspection, and building relationships." he added. Some investors have also used the crisis as opportunity. "We are working with two of our portfolio companies for acquisitions," said Shahdadpuri.

The next panel discussion was on *Participating in Building India's Infrastructure*. This panel included SG Shyam Sundar, Managing Director at IDFC Private Equity; Srinivas Chidambaram, Managing Director at Jacob Ballas Capital India; Gaurav Mathur, Managing Director at India Equity Partners; Sunil K. Kolangara, Director at UTI Ventures; Arvind Mathur, who was a senior investment professional with ADB Venture Capital. The panel was moderated by Arijit Burman, Bureau Chief, NDTV Profit.

The panel talked about how private equity vis-a-vis infrastructure has developed in the country. Now infrastructure has become the buzzword for PE investors and they are extremely optimistic on the space. But some challenges remain like environmental clearances, quality of infrastructure being built, land acquisitions, policy changes, etc.

The third panel focused on private equity and small & medium enterprises. The speakers in this panel were Dhiraj Poddar, Director at Standard Chartered Private Equity; Vamesh Chovatia, Director at Kotak Private Equity; Mihir Joshi, Managing Director at GVFL; Ashish Bhargava, Vice President, India Value Fund Advisors, and Vivek Subramanian, Partner at Avigo Capital Partners.

The panelists said that the sectors they were looking to invest in this space include infrastructure ancillaries, domestic consumption linked firms, healthcare and pharma. Avigo's Subramanian said that the key factor for SME investing is that they should be very high growth. He said that revenues of their portfolio companies grew by 60% in FY09 despite financial crisis.

The final panel was on venture capital investments in India. The panelists were Bejul Somaia, Managing Director, Lightspeed Venture Partners, Rahul Chandra, Director, Helion Venture Partners, Rahul Khanna, Director, Clearstone Venture Advisors; Raj Chinai, Principal, SVB India Capital Partners. The panel was moderated by Shiraz Bugwadia, Director, o3 Capital.

The panel concluded though venture capital firms in India look at opportunities from early to growth, right now the focus is on late stage and non-tech investments. "Technology venture capital investing in India is a shallow pool," said Clearstone's Khanna. The panel also discussed that intellectual property (IP) based start-ups are less in India and how early stage ecosystem is different from US in India.