





Reshaping for future success

What's next for Private Equity in India

September, 2009

AUDIT - TAX - ADVISORY

Key takeaways.... The Indian PE Model

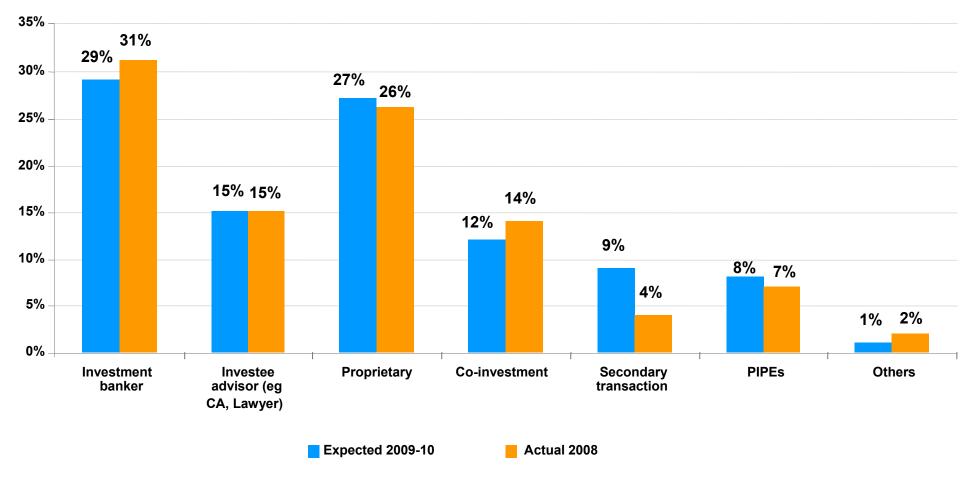


Situation in =>	Developed countries	Typical developing country	India
Tax	Stable	Unstable	Unstable
Regulation	Low-cost	High-cost	High-cost
Cheap debt	Available	Not Available	Not Available
Portfolio	Public / Private	Largely Private	Largely Private
Equity markets	Developed	Underdeveloped	Developed
"Agency conflict" in public companies	Present	Absent	Absent
Corporate governance	Not a concern	Important	Important
Economic growth	Low	High	High
GPs with operating skills	Available	Not available	Not available
Fund size	Large	Small	Small to medium
Public markets for exit	Developed	Underdeveloped	Developed
PE portfolio risk relative to market	At market or lower	Higher	Higher
Access to deals	Proprietary	Intermediated	Intermediated
Professional Services Quality	High	High	High
Holding period of investment	3.5 years	Higher	Higher



GPs sources of deals







Investment funnel

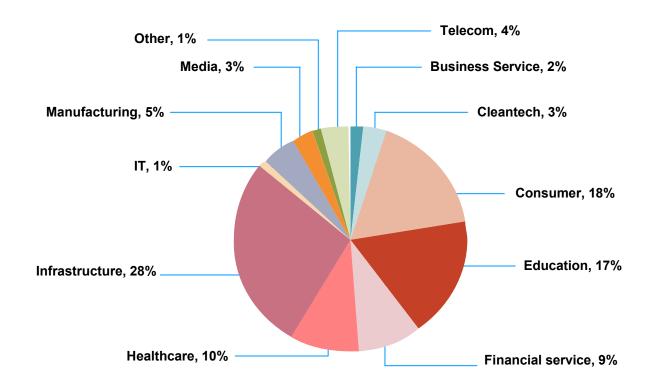


100 companies to begin with	100 companies to begin with	100 companies to begin with	
Initial Scan 39.75	Initial Scan 24.29	Initial Scan 32.92	
Preliminary analysis 22.25	Preliminary analysis 13.88	Preliminary analysis 20.42	
Investment committee approval 7.90	Investment committee approval 4.97	Investment committee approval 7.60	
Due diligence conducted 6.11	Due diligence conducted 3.67	Due diligence conducted 5.93	
Finalized investment terms 3.25	Finalized investment terms 2.30	Finalized investment terms 4.61	
Invested in 2.57	Invested in 1.99	Invested in 3.51	
Expected 2009-10	Actual 2008	Expected 2008	



GPs sectors for investment in 2009-10

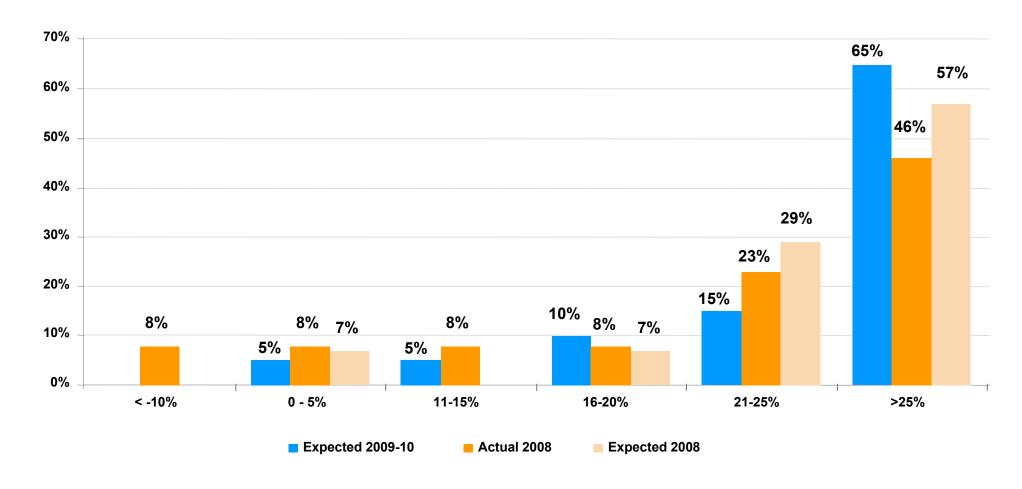






GPs assessment of return on capital

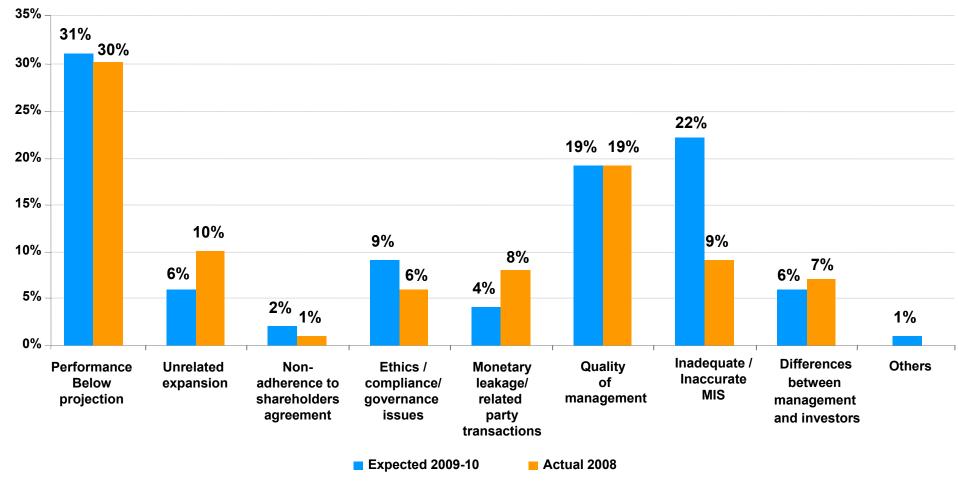






GPs post investment issues / challenges

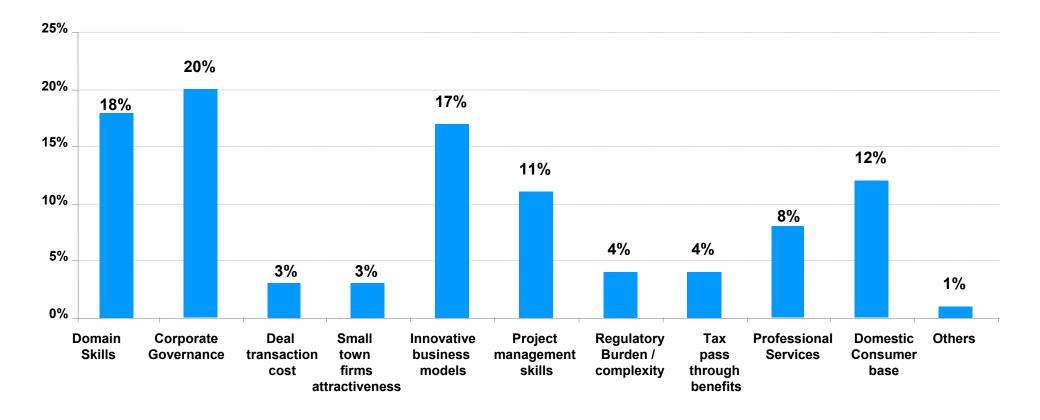






Private Equity environment - GP







LPs perspective on key issues



