

# Building High Performance Firms





# IVFA – AN INTRODUCTION



## Background

- **Established in 1999 to consistently transform mid-sized businesses into large ones by:**
  - **Infusing optimal equity capital, high quality management and processes**
  - **Providing bandwidth for strategic thinking and relationships**
  - **Instilling IVFA Values**
- **Worked with 30 businesses across sectors since inception**
- **Invested over US\$ 1 BN of equity capital**
- **Currently has a portfolio of 15 businesses with 20,000 employees and sales of over US\$ 1 BN**
- **Does not invest in start-ups, real estate, infrastructure, commodities**

# Current Portfolio of Businesses



Second largest FM radio network in India



Leading ready-mix concrete supplier in India



Largest metered taxi company in India



Leading cable television and broadband operator



Leading water management company



Leading hospital chain in India and Middle East



Largest independent ductile iron casting company in the automotive segment



India's leading end-to-end food ingredients solution company



Leading Indian medical equipment player



Marketing outsourcing services



Portfolio of businesses focused on providing financial services to bottom of the pyramid



The largest manufacturer and supplier of construction aggregates and manufactured sand



Hi on expertise. Hi on care

Leading pest management company



Leading and most respected agri-services company



Internationally reputed custom research and manufacturing organization

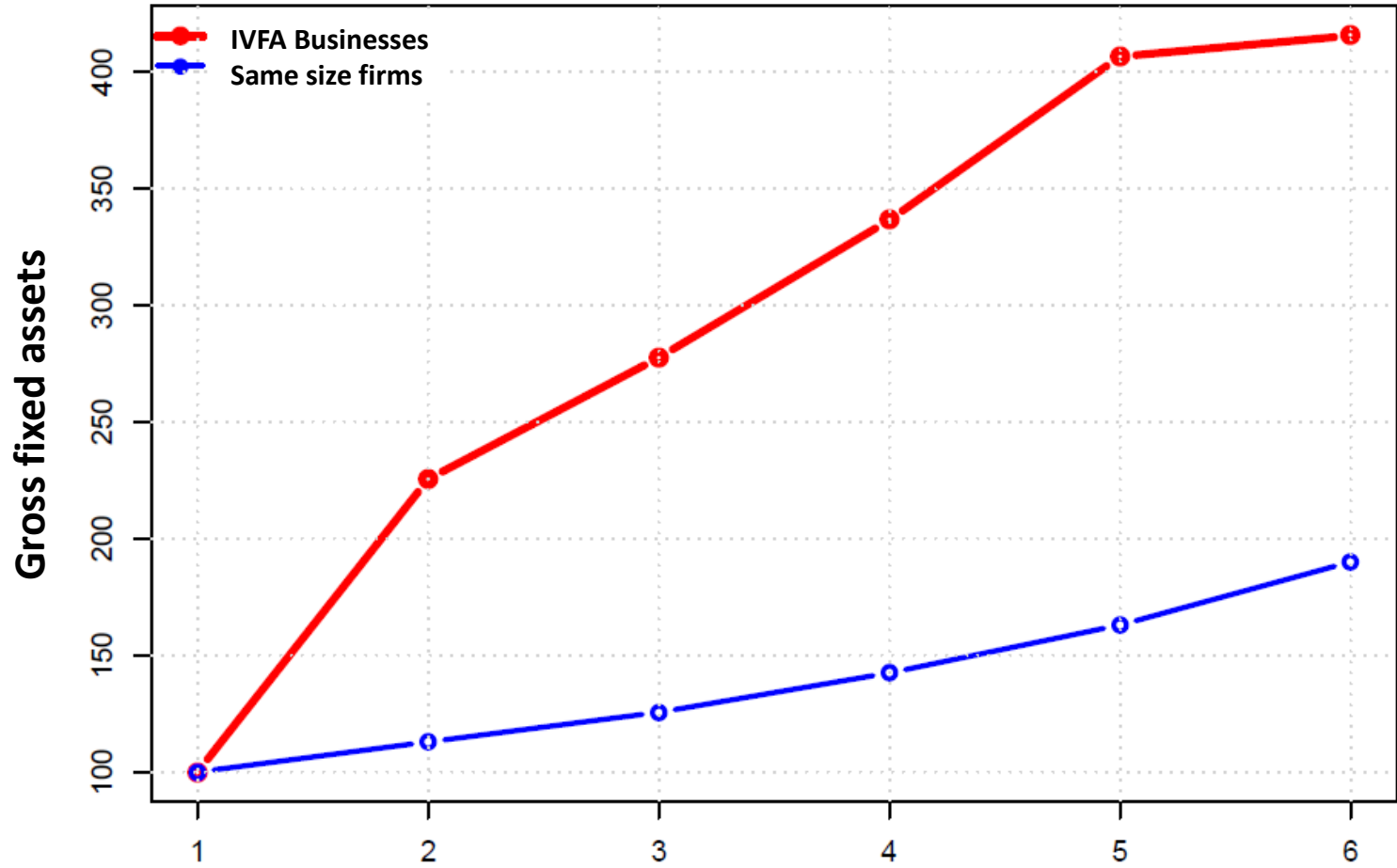


Leading hospital chain in South India

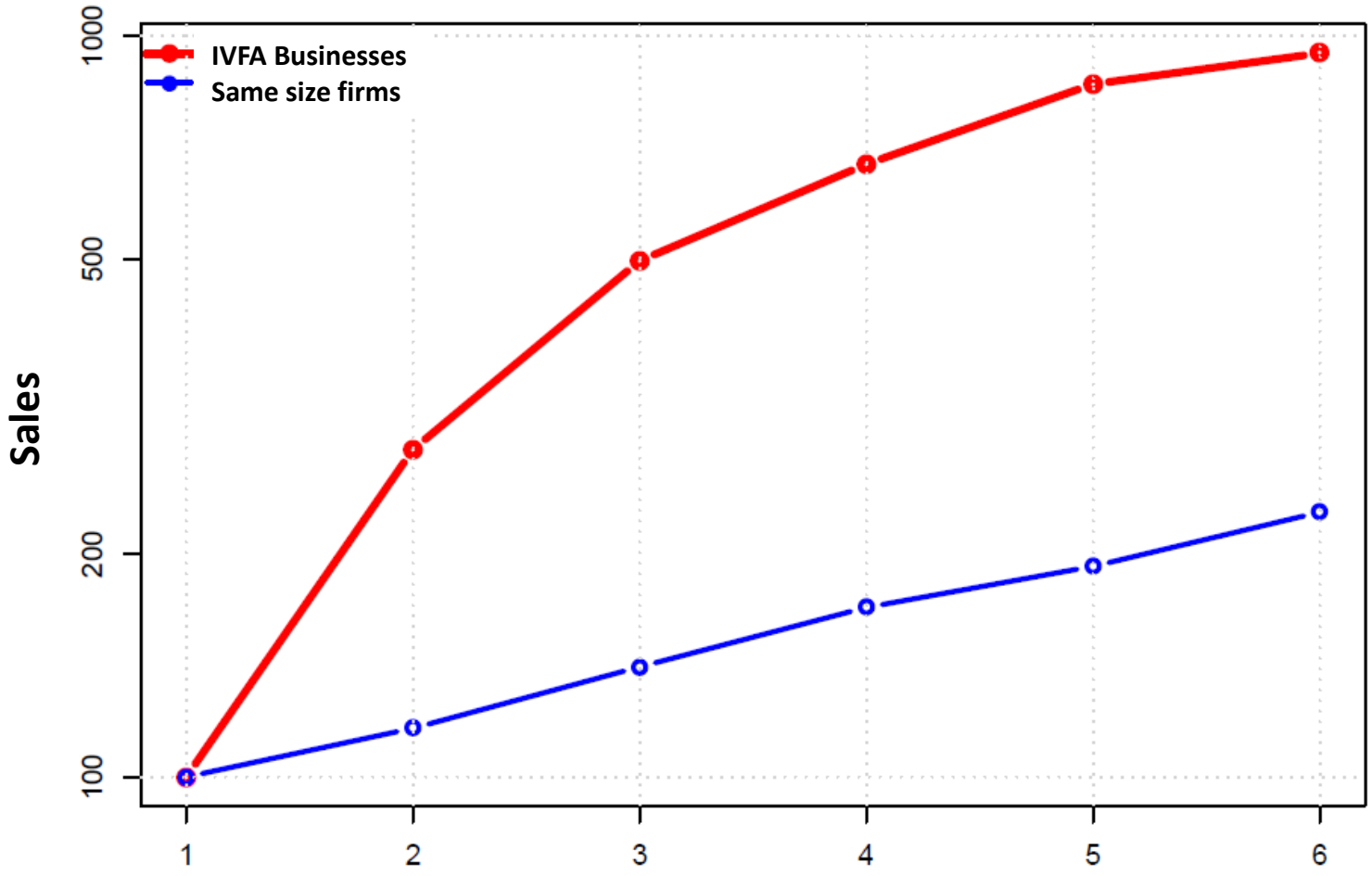


Freight train operator in India providing end to end solutions in logistics

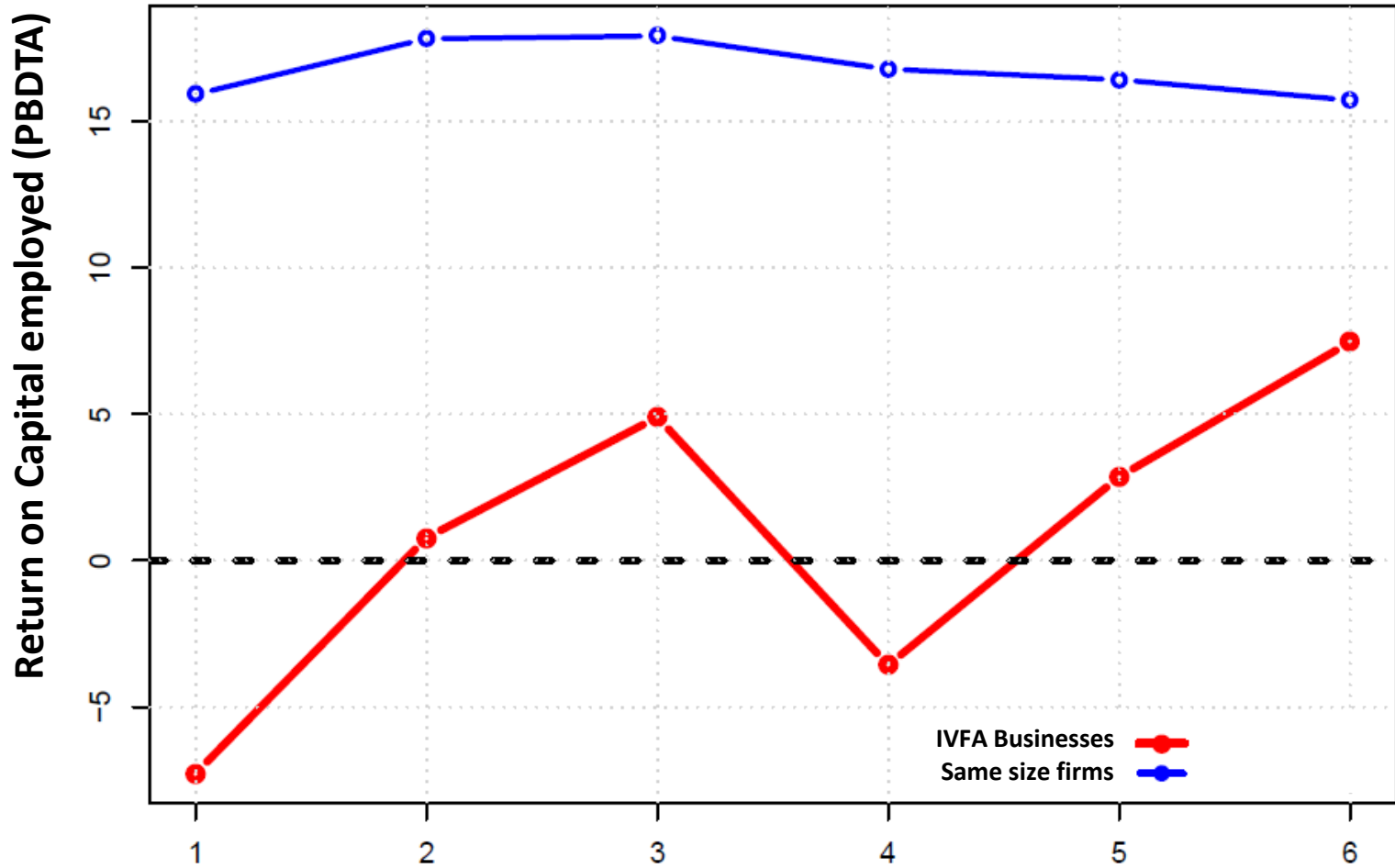
# Infused capital...



# Dramatic sales growth...



# Return on capital employed is catching up...





# KEY IVFA LEARNINGS



***“Values” based culture is key to becoming “employer of choice” and winning trust of all stakeholders....***

- **IVFA is now able to consistently attract high quality talent**
- **Adherence to values builds customer loyalty**
- **Culture of transparency and trust simplifies processes and reduces cost**

**CASE STUDIES:**

**Wired Broad-band**

- *Right CXO team since Day 1*
- *Has consistently outperformed peers*


**Construction Materials**

- *Finding “Right” CXO team has been a challenge*
- *Business is performing far below potential*

**Taxi Services**

- *Significant churn in CXO team between years 3 to 5*
- *Business performance materially suffered during this period*

**Playing for the long-term is key to building admired and sustainable businesses**



## Defining full potential and building a “process oriented culture” is key to scaling up

### CASE STUDIES:

#### Food Services

- 40 years of leadership in seasonings and spices
- Capabilities can transform it into full food services

#### Grocery retailing

- Heavy investment in processes and technology in initial years resulted in losses
- Scaled up from 80 stores to 250 stores in 2.5 years

#### Wired Broadband

- Outsized investment in management and processes in initial 3 years
- Fastest growing wired broadband business in India

Typically, firms in India lacks strategic clarity and lag behind in processes resulting in much slower scale up



**Technology is disrupting most business models and giving a significant edge to new entrants....**

**CASE STUDIES:**

**Taxi Services**

- *Pre app based aggregation model – 20,000 cabs (Target)*
- *Post app based aggregation model – 100,000 cabs (Target)*

**Warehousing and Collateral Management**

- *Current Plan – 5,000 warehouses*
- *Post digitization – 50,000 warehouses (likely)*

**Identifying and embracing technological disruptions  
is key to future survival**



## *Patchy enforcement of laws and regulations is significant handicap for IVFA businesses....*

### **CASE STUDIES:**

#### **Wired Broad-band Company**

- *Limited support from police to prevent illegal cable cutting, etc*

#### **Taxi Services**

- *Competitors are blatantly violating existing regulations and getting away*

#### **Construction Materials**

- *Un-organized competitors do not pay taxes and put pricing pressure*

**Law abiding businesses face significant hardships in short to medium term**



## *Slowness of Indian legal & regulatory systems hampers funding and growth of many businesses....*

### **CASE STUDIES:**

#### **Private FM Radio**

- *A strong tax position has taken 10 years to resolve*

#### **Taxi Services**

- *Lack of clarity on service tax has created a lot of uncertainty*

#### **Wired Broadband**

- *FIPB approval for additional capital is in works for 12 months*

#### **Private Container Trains**

- *Arbitration under a land lease is unresolved for 3 to 4 years.*

***Businesses dependent on Government policy, licenses or contracting are usually long gestation and unpredictable....***

**CASE STUDIES:**

**Private Container Trains**

- *Diesel price increase over 10 years – 74%*
- *Haulage charged by railways on key commodities increased 233%*
- *Railways considers PCTOs as competition instead of partners*

**Taxi Services**

- *Each State Government decides the tariff*
- *No transparent formula linked to CPI or fuel prices*

**Aggregates Businesses**

- *Quarrying licenses after full compliance can take 3 to 5 years*



## Summary

- **World-class and high growth firms can be built in India by:**
  - ✓ **Building a strong values based culture**
  - ✓ **Infusing capital, right talent and state-of-the-art processes**
  - ✓ **Embracing technological change to challenge incumbents**
- **Firms in India will greatly benefit and can become world leaders if:**
  - ✓ **Existing laws are implemented consistently and swiftly**
  - ✓ **Legislative reforms are undertaken on war footing to make them suitable for a modern market oriented economy**
  - ✓ **Government contracting and dispute resolution is made transparent and fast**



**THANK YOU**