

Last Month @ SVCA Community



- The DFJ Dragon Fund, set up by **Draper Fisher Jurvetson** (DFJ), has made its first investment in China-based Miartech, a fabless semiconductor design company. The investment, for its first round of funding, is expected to be about US\$6 million. Miartech is focused on designing advanced chips for smart-energy solutions.
- According to privateequityonline.com, the **Carlyle Group** has formed a joint venture with a Japanese real-estate management and securitisation consultant S.O.W to create a portfolio of mid-sized retail properties across non-metropolitan areas of Japan. It aims to amass assets worth at least US\$270 million, and has invested in two mid-sized shopping centres.
- **3i** has made two significant hires to accelerate growth in its Asia operations. Lily Jin joins from Actis to set up 3i's Beijing office while Akshaya Bhargava comes from Infosys's BPO subsidiary Progeon where he was the CEO. Mr. Bhargava will be focusing on investments in India and will work towards moving BPO activities of the portfolio companies to India. The expansion of the team corresponds to the firm's plan to increase investments in the region.

Events



- The **Asian Venture Capital Journal** (AVCJ) is presenting the next local programme of the 2006 Global Asian Private Equity and Venture Capital Forum in Beijing. Titled 'China: Bridge to a new global private equity and venture capital model', it will be held on June 26-28, 2006 at the Grand Hyatt in Beijing. For more information, visit <http://www.asianfn.com/>
- **Information Management Network** (IMN) is organising the 2nd Annual Securitisation Summit in Hong Kong on June 1-2, 2006 at the Conrad Hong Kong. For more information, visit <http://www.imn.org/esb854/peoe>

News you can use



- **Templeton's** fund Templeton Strategic Emerging Markets Fund II has made a PIPE (private equity in public equity) investment of US\$10.3 million in China-based, Singapore-listed specialty pharmaceuticals group AsiaPharm. The company focuses on research and development, production, sale of natural drugs and drug delivery systems.
- **Goldman Sachs** and **CDH Investments** won a bid to buy out 100 per cent of Henan Shuanghui Group, China's top poultry and meat processor for about US\$250 million. Meanwhile, Goldman Sachs is also reportedly launching a US\$1 billion India-focused fund, which will concentrate on real estate and private equity across sectors.
- **Sequoia Capital** and **WestBridge Capital Partners** have merged to form a new entity in India called 'Sequoia Capital India'. The merged entity will invest in the internet and the wireless industries, and other areas such as diagnostic technology, hotel management, infrastructure and consumer durables. This merger is expected to provide Sequoia Capital with a stronger base for scouting start-ups and early stage investments in India.
- Cashing in on Asia's flavour-of-the-year for private equity and venture capital firms, US-based **Siguler Guff & Company** is planning to invest 70 per cent of its US\$600 million Siguler Guff Opportunities Fund in India and China. Other preferred destinations for this fund include Brazil and Russia. According to the AVCJ, Siguler Guff has zeroed in on 11 funds, of which three are for China and six for India. To strengthen its position in these countries, it also plans to open an office in China later this year, followed by an office in India next year.
- **Mayfield Fund** is closing its sixth deal in China, investing US\$5 million in a start-up called Ping. The company delivers short messaging service (SMS) on mobile phones over the internet for a flat fee, as opposed to the per message cost that is most common with service providers.
- **AEA Holdings**, a combined venture of Aetos Capital and AEA Investors, is opening an office in Hong Kong. Bill Owens will take charge as the chairman and CEO of operations in China, India and South East Asia. He will be responsible for overseeing pan-Asian investment activities focused on private equity and real estate opportunities.

SVCA Service Partner

The SVCA has become a partner with the National Library Board (NLB) under the latter's FIND IT Campaign this April. This tie-up aims at connecting members and their business partners with the vast database managed by NLB, allowing them to make use of reliable information for decision making.

A customised tour of the National Library is scheduled in May where members learn where to find the relevant sections of financial and business data they need. With the launch of NLB's SMS Reference Service, members can also SMS their queries to the National Library by dialing **9178 7792** on their mobile phones.

FISH EYE

Diversify beyond IT



Carmelo Pistorio

For those who remember India from the '80s, the progress of the world's largest democracy over the past 20 years is simply immeasurable. Yet, its miraculous growth continues to be out-shadowed by the performance of Asia's other giant, China.

Unfortunately, it is not only the difference in the GDP growths of the two countries that speaks out loud. A first time visitor to Shanghai will have no opportunity of being reminded of the ravages of the Cultural Revolution or the devastating consequences of the Great Leap Forward. One cannot claim as much of India, if a city like Mumbai – the country's vibrant financial capital – still cannot digest its share of millions of displaced farmers. Mumbai's peddlers and sprawling shanties are a gruesome warning that India's road to development is far from complete.

However, this time, India has understood where lies the key – infrastructure. Indians are finally realizing that IT alone cannot support a population of over a billion people.

Fortunately, the Indian government has understood the need to build competitive infrastructure. Today, India has allocated US\$30 billion just to the development of roads and highways, and two new airports in New Delhi and Mumbai are due to start functioning by 2010. Much focus has also been placed on India's belt of second tier cities such as Bangalore, Hyderabad and Pune, encouraging a much-needed decentralization that will further demand and reinforce growth in infrastructure development.

More can be done. I believe that one of the best cards played by Chairman Deng on the road to China's development was the creation of the Special Economic Zone (SEZ). They have existed in India for almost the same amount of time, but not given the results seen in China. Unlike China's, India's SEZs are tightly regulated and can only be utilized for export.

If I can be as bold as to make a suggestion to India's policy-makers, I would recommend deregulating the SEZs, allowing, for example, them to be used as a gateway by foreign manufacturers to access the booming Indian consumer market. Today, I suspect, access to the local markets should be a far more attractive component to foreign manufacturers rather than simply low cost labour – which can now be found elsewhere.

India's IT and service industry has served the country well, putting India back on the world map of economic heavy weights. It has done for India what low cost manufacturing has done for China; yet like its neighbour, India has understood it is time to diversify, and with the creation of new competitive infrastructure, it is easy to imagine that the genius of India's entrepreneurial spirit will now no longer be segregated to IT or services.

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