

INDIAN EXHIBITION INDUSTRY AND CAPITAL MARKETS



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SSKM Corporate Advisory Pvt. Ltd.

New Delhi

EXHIBITION INDUSTRY- OVERVIEW

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CURRENT STATUS- WORLD EXHIBITION INDUSTRY

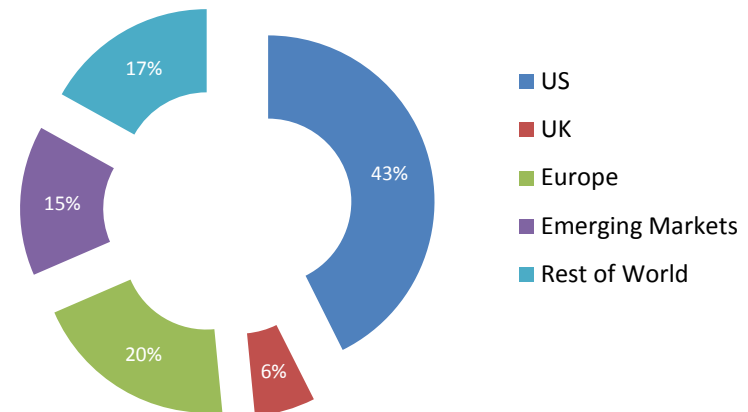
In 2010, exhibition industry declined by 0.6% to US\$ 24.8 billion

CAGR between 2010 and 2014 expected be 6.2%.

Expected Country wise growth-

Country	CAGR % (Year 2010-2014)
China	+10.9
Brazil	+9.3
US	+6.7%
Turkey	+6.7%
Germany	+4.1%
UK	+3.7%
Hong Kong	+3.5%
France	+3.3%
Italy	+2.8%

Exhibition market by geography-



CHALLENGES BEING FACED BY COMPANIES WORLDWIDE

Stagnant growth in developed markets

Other available alternatives like B2B market places, B2B publishing

Low overall GDP growth

Infrastructure constraints within emerging markets

Ever increasing operating costs

Intense competition

CURRENT STATUS- INDIAN INDUSTRY

Market Size of approximately US\$ 225 million

Growing at CAGR of 15% as per estimates of Indian Exhibition Industry Association

Mumbai and Delhi alone constitute more than 70% of exhibition space in India

Approximately 650 trade shows are organized in India every year

Sector still not fully organized

As per report of Business Strategies Group, industry is expected to grow to US\$- 990 million over next 10 years

CHALLENGES FOR INDIAN INDUSTRY

Inadequate Venues

- 2,54,707 sq. meters area in 2009
- 70% in Mumbai and Delhi
- Venues not modernised to meet international standards
- No new venues planned for next 2 years

Monopolistic policies of venues

Increasing costs including venue rents

CHALLENGES FOR INDIAN INDUSTRY

Lack of consistent revenue model

Lack of knowledge on part of exhibitors to effectively use trade shows

Low confidence and low spend on trade shows

High incidence of Government taxation on organisers in form of Entertainment tax, luxury tax, octroi etc.

Fragmentation of the industry

Multiplicity of approvals

POSSIBLE STRATEGIC SOLUTIONS

More venues to solve the problem of space

Government policy required to support the growth of sector

Focus on industry verticals like Construction, IT etc, which have huge potential for growth

Organizers should work closely with Industry association for organising trade shows

Partnering with associates like hotels, logistic players and other service providers

End to End long term contracts with venues for reducing costs

POSSIBLE STRATEGIC SOLUTIONS

Single window approval for organizing exhibitions

Reduction of tax burden

Strategic tie up with international exhibitors to learn best practices

Brand building

Events should be developed as brands

Relaxing of entry barriers for business activities

EXHIBITION INDUSTRY AND CAPITAL MARKETS

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PRE- REQUISITES FOR IPOs

INDUSTRY

- Positive future outlook
- Visible opportunity for growth
- Low regulatory risks
- Barriers to entry

BUSINESS

- Sound Business model
- Committed management Team
- Proven financial track record
- Good Corporate Governance
- Good standing in the market with minimum scale
- Market share of the company
- Ability to earn super normal returns

PRE- REQUISITES FOR IPOs

REGULATORY

- Compliance with SEBI norms and other legal aspects
- Filing of Prospectus

POSITIVES

- Stronger Balance Sheet
- Net Worth strengthening
- Ability to enter into long term contracts with venues
- Provides opportunity for inorganic expansion
- Develop long term brands
- Opportunity to enter in different verticals
- Creates vehicle for strategic alliances
- Increasing loan raising capacity
- Improves perception of business and brand with customers, suppliers and employees
- Markets provide objective benchmark for valuation of the company

FACTORS TO INVEST IN COMPANY

INVESTORS LOOK FOR

- Strong Balance Sheet
- Management vision, credibility and experience
- Strong financial position
- Past growth history
- Future growth prospects of company as well as overall industry
- Risk management policies
- Future expansion plans of company
- Ability to achieve consistent super normal profit

INFORMATION MEMORANDUM- IMPORTANT ASPECTS

SHOULD COVER THE FOLLOWING:

- Outlining the business and its future prospects
- Overview of industry and nature of competition
- Experience and depth of management team
- Key risks of the business
- Significant litigation and contingent liabilities
- Key differentiators
- Historical track record
- Financial projections
- USPs of the business to be highlighted as compared to its competitors

IPOs INVOLVES LIABILITY

POST IPO CHALLENGES

- Investor looks for consistent and high growth rate
- Public disclosure level increases; can be distracting and time consuming at times
- Potential loss of control and privacy since there is a need to reveal highly sensitive information in public reports
- High costs involved due to initial and ongoing expenses for compliance and maintaining listing
- Shareholder's expectation can create pressure on management to perform

.....however, these can be mitigated by sound management planning

RECENT INVESTMENTS IN EXHIBITION INDUSTRY

Date	Investor	Investee	Other Relevant Details
March 2011	UBM	Famdent	Acquired 60% stake in India's largest dental and exhibition business in India
March 2011	UBM	SATTE	India's largest travel and tourism exhibition
November 2010	Qinvest	Asian Business Exhibition and Conferences Ltd.	Acquired 28% stake. Undisclosed sum
<u>Other Investments</u>			
	ITE India	Developing Expo Centre in Noida	
	ITE India	Developing Expo City in Hyderabad	
	Global Sources	Partners with TradeIndia.com	To launch Machinery and Suppliers Fair in November 2011

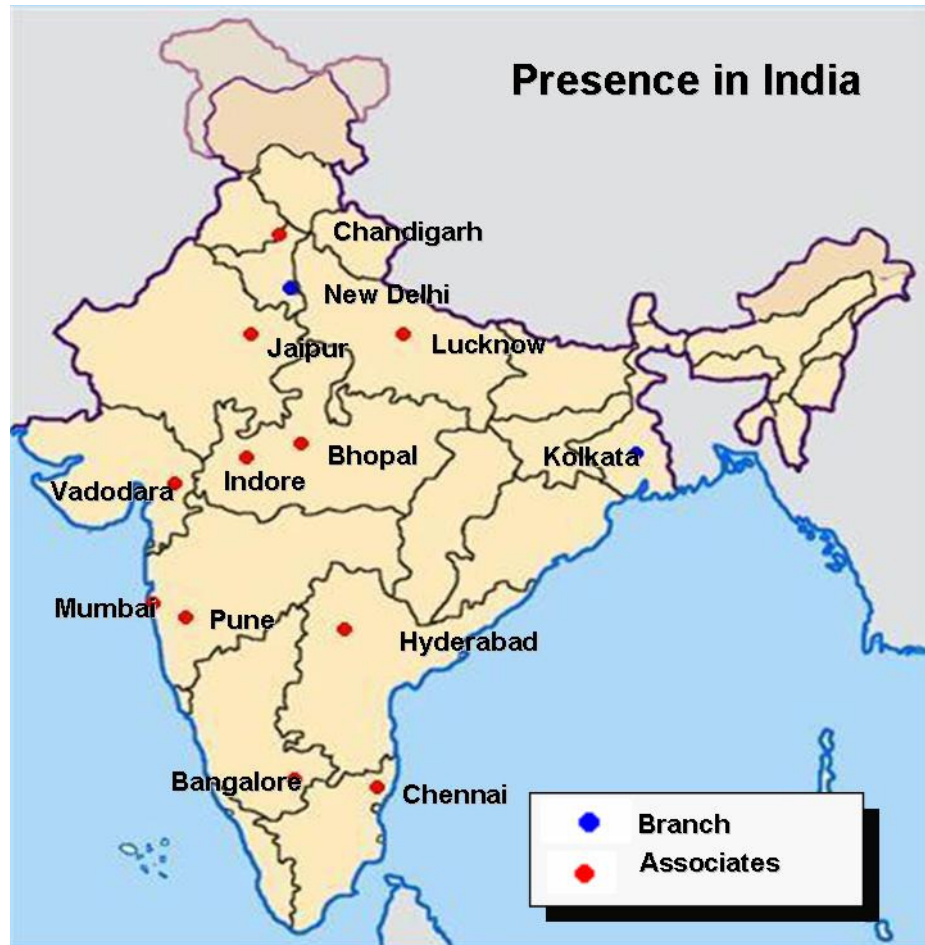
Three Decades of Excellence.....

- 1 A Pre-eminent accounting and services firm in the business from last 35 years
- 2 Wide range of professional services across multiple disciplines under one roof
- 3 Head office at New Delhi with branch offices & associates at key locations in India
- 4 Experienced team of professionals, committed to deliver high quality advisory services
- 5 Expertise in key sectors such as infrastructure, auto-component, hospitality etc
- 6 Clients: Multinational Companies, Large Indian Business houses, Private Equity Funds
- 7 Affiliated to HLB International
- 8 In-house multi-disciplinary team of
 - CA's, MBA's & Engineer's with local & international experience
 - Strategic business & financial analysts
 - Domestic & international tax experts
 - Legal experts

Our Corporate Finance Services cover the following:



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THANK YOU