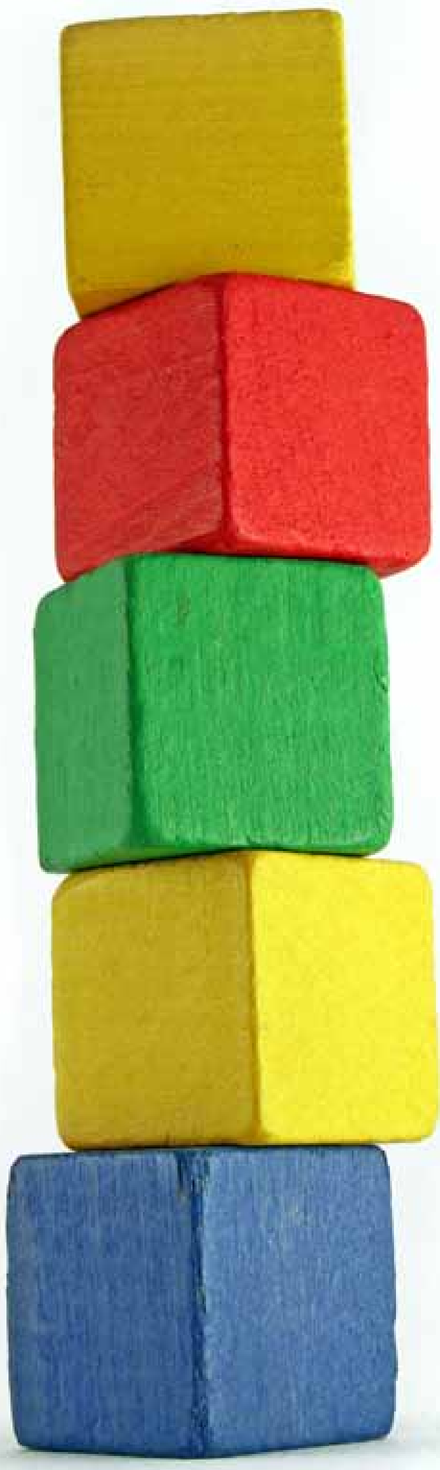
Private Equity
Fueling India's Growth



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Content

Messages

ASSOCHAM

India was the fastest-growing Private Equity market in Asia in 2011. PE firms in the country closed 531 deals which was 40% more than the year before. For PE to realize its full potential, important regulatory hurdles like uncertainties in India's tax regime and limited investment opportunities for foreign investors in several regulated sectors such as multi brand retail need to be addressed.

While many Chinese funds boast of healthy realizations and returns, Indian funds talk about delayed exits and longer investment horizons. While the efforts of the government to regulate this industry are laudable, they are also resulting in fear and confusion for investors and making the industry vulnerable.

The General Anti-Avoidance Rule or GAAR (now deferred by a year) and the uncertainty of retrospective taxation may prove to be harmful in attracting the investment. Investors cannot and should not face regulatory uncertainty. Given the high dependence on this asset class for the supply of risk capital in the country, a slowdown would severely affect private capital formation and development of entrepreneurship.

Keeping this background in mind, we are sure that the 3rd Annual India Private Equity Convention will be an appropriate Forum for further discussion on these issues and create a future road map for India's growth story. I convey my good wishes for the success of the Annual Private Equity Convention 2012.

Rajkumar Dhoot, MP
President
ASSOCHAM

ASSOCHAM

India needs private equity more than ever to push forward the structural agenda. But to be most effective, the right partnerships are critical – to seize market opportunities, open up new markets, share market knowledge and learning.

India could become the second-largest economy in the world by 2050. The key growth drivers are investments in infrastructure, domestic consumption, and a hub for global outsourcing. This is further supported by growth-oriented policies by the government. The favorable environment has led to the growth of the private equity market.

On the other hand, entrepreneurship has long been considered crucial for economic development. An important element of entrepreneurship is the willingness and ability to mobilize private capital from both domestic and foreign sources thereby creating of new businesses that prosper and create jobs.

Private equity can not only help companies grow, hire more workers, raise productivity but at the same time, it can also be a powerful driver of change: raising standards; fostering growth; promoting new opportunities for businesses and individuals; helping to overcome poverty and bringing hope.

Private equity represents a modest share of the $1 trillion to be spent on infrastructure in 2012-2017, about half of which would come from private sector funds, compared with a target of one-third in the previous five years.

This Paper prepared by Deloitte and PEVCAI teams, tries to highlight the possible role of the Private Equity as an asset class in driving the private investment into the country in the near future and further fuelling the growth of the Indian economy.

I convey the Teams and the 3rd Annual Private Equity Convention my good wishes.

D. S. Rawat
Secretary General
ASSOCHAM

Deloitte

Private equity investments have been a part of India's emerging story for about a decade in which time we have seen a multitude of events that have shaped the investment climate in India. The country's growing global stature, a far more open economy coupled with positive indications of reforms and perception of value residing within the fabric of the economy, encouraged investments into the country. Such enabling factors combined with global macroeconomic cues powered India's GDP growth rate to over 9% in 2005. Thereafter the last decade also saw a complete reversal in optimistic sentiments around the world due to the 2008 subprime crisis in the US.

Events including European sovereign debt crisis at the start of the second decade has made investors across the globe more wary of investing. As global economic growth slowed, India was not immune to the downturn. That combined with domestic factors such as interest rate environment, caution in policy notification and revaluation of regulatory framework have led to a patient 'wait and watch' attitude amongst all classes of investors including private equity investors.

As we progress into this decade, we need to reflect on lessons learnt and understand investor sentiments in order to leverage on opportunities that lie ahead. Despite the global conditions, domestic political instability or unfavorable policy decisions, the Indian domestic consumption market coupled with a growing entrepreneurial cadre, still holds an allure for PE investors. It is therefore up to the Indian policy makers / Government to give the right message to investors for enhancing funds flow into our economy. For India to spur its growth rate back above 9%, PE investment is important.

This thought paper is an effort towards understanding the trends in Private Equity (PE) investments across the last decade and those likely to emerge in the near future.

We thank all participants of the PE community who contributed to this thought paper. Without their inputs, this paper would have been incomplete.

Kalpana Jain
Senior Director
Deloitte Touche Tohmatsu India Private Limited

PEVCAI

These are indeed turbulent times. Economies all over the world are re-adjusting to the "new normal". It has been over three years post the global financial crisis of 2008 and countries all over the world are still grappling with the debt leverage taken on pre 2008. While Europe is deciding its future, having two very clear choices, India too stands at crossroads. The road it chooses will determine its growth trajectory and consequently the quality of life for its future generations.

Along with every crisis comes opportunity. In such volatile markets active asset management by fund managers, such as those by private equity funds, become even more critical. Volatile markets and crisis present the Private Equity industry with several unique, once in a lifetime opportunities. Investing in such times requires careful analysis of risk and a deep knowledge of the sectors, companies and management. Further, the illiquidity characterized by volatile markets make Private Equity capital even more valuable for companies, entrepreneurs and management teams. In times like these skills of Private Equity asset managers and investing teams really matter.

Today, despite the challenges, the fundamental underpinnings of growth and progress in India remain intact. What is required are reforms in corporate law, governance, tax and regulations. Prompt action will attract both foreign and domestic capital to the country. In a low GDP, low return world, India can be the island of growth and stability, if it chooses. With high current account deficit and lower growth, time has come for decisive policy action.

ASSOCHAM has been a thought leader and a key voice for commerce and industry in India. Within ASSOCHAM, PEVCAI has consistently provided Private Equity investors and advisors a forum to share ideas and suggest recommendations to key policy makers. I hope the current convention continues this tradition of constructive debate. I look forward to a successful 2012 PE Convention in Delhi. These are indeed interesting times…

Gautam Bhandari, Ph.D.
Chairman
PEVCAI

Background

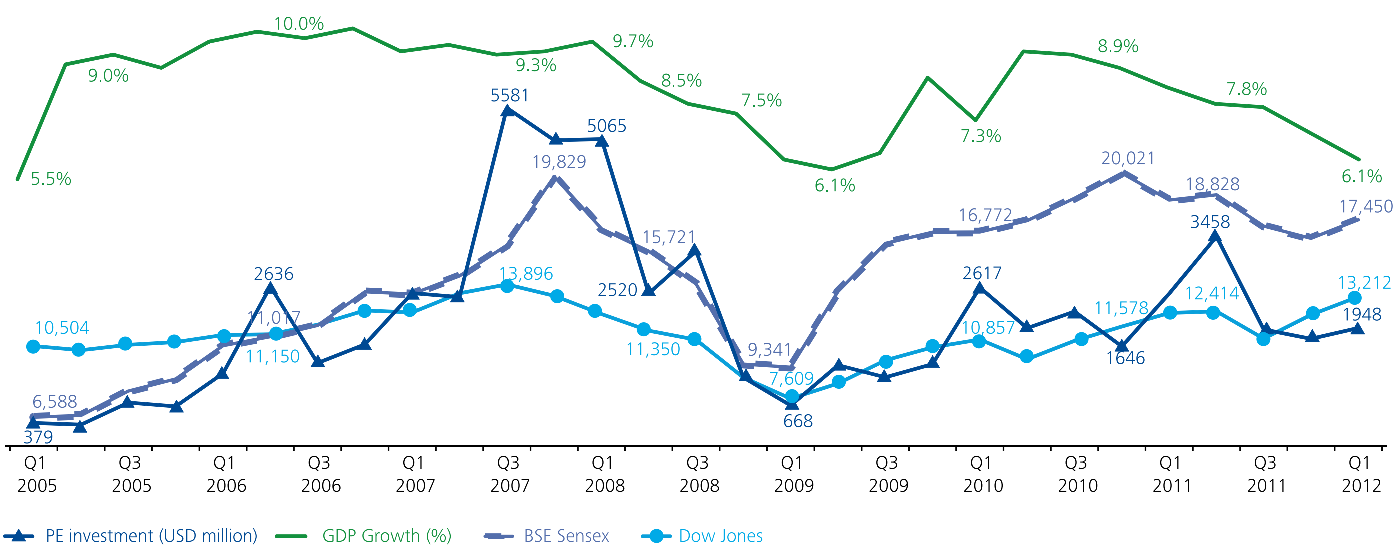
History bears witness to the great value chase.
The opening decade of the 21st century has been a collage of macroscopic and microscopic events that have refined and redefined how business is done within and outside national borders. From regional economic slowdown, market volatility, rising importance of emerging markets to movement of skilled workers, capital and technology, the perception of value creation has been continuously evolving and with it, the flow of investment. Investors have made a beeline for geographies and asset classes where value is created, where value can be retained and where value has the potential to be scaled substantially.

India has provided that opportunity for private equity (PE) investors. As presented in Chart 1, the last 7 years have seen PE investments rise and ebb, in part reflecting investor sentiment and evolving realities in an emerging economy. A cursory analysis of movement in the level of private equity investments in India charted against Bombay Stock Exchange Sensitive Index (BSE Sensex) over the last 7 years is indicative of the investor perception of Indian companies.

As presented in Chart 1, starting in 2005, as the Sensex took flight, private equity deal volume and value surged. India's GDP growth rate also touched 9% for the first time. Investors had 'found' a destination where untapped value seemed to be ingrained in every kind of business supported by economic reforms that attracted inflows of capital.

> "Value is about getting risk adjusted returns. It is always viewed in context of risk"
>
> \- Gautam Bhandari, Morgan Stanley

Chart 1: Private equity investments in India from 2005-12 Q1 in relation benchmark indices



Source: VC Edge, Economic Times, Bloomberg, Capitaline, Deloitte internal database.

Charting the movement of the Sensex in comparison to the PE inflows, a noticeable trend that emerged during 2005-12 period is that rising equity index and resultant "feel good" sentiment, boosted PE investments which moved in tandem. An exception to this trend was 2007H2. It is noteworthy that investments in India peaked in during 2007Q3, almost exactly coinciding with the Dow Jones Industrial Average (DJIA) peak. The rising PE investments raised equity valuations and the Sensex peaked one quarter later in 2007Q4. This quarter saw PE investors reacting to the unrealistic valuation expectations by cutting down their investments and while the Sensex continued to rise, investments in Indian businesses saw a decline as did India's GDP rate.

Global economic turmoil led by the sub-prime mortgage crisis in the US saw India's Sensex fall to about 9,500 in 2008Q3. India's relatively strong banking system and domestic consumption powered the Sensex to about 20,000 in 2010. However, investments did not return to the marketplace at the same rate as global investors became vary about the investing in general. During the period, investments fell by more than 70% from 2007 highs to USD 4.5 billion in 2009, recovering to USD 8.4 billion in 2010. The same period also saw GDP fall to a low of 5.8% in 2009Q2 followed by a recovery to 8.9% in 2010Q4.

Despite a slowdown in the GDP growth to 6.1% in 2012Q1, the last couple of quarters have seen an upward trend in the Sensex and a consequent recovery in the PE investments. Increasing domestic consumption by a burgeoning middle class, which in combination with the strong private sector and intellectual base, has fuelled cross-sector growth in India, making India a promising candidate for the private equity investment going forward. The investment climate in the near future is likely to be determined by the impact of market volatility, economic growth rate and the regulatory framework.

This report presents a perspective on how private equity investors have adapted to the changing economy and customized their investment choices in the 'surge' and 'ebb' periods. The paper traces the changes in the investment patterns in terms of the sector preferences, stake and size of investments, valuations, PE – promoter expectations and exit options, across the last 7 years. During the course of this paper we also had discussions with some PE investors to get a perspective on what is in store in the near future with regards to their investment choices and what is required for fostering investments in the Indian economy that would propel India's growth rate back above 9%.

Introduction

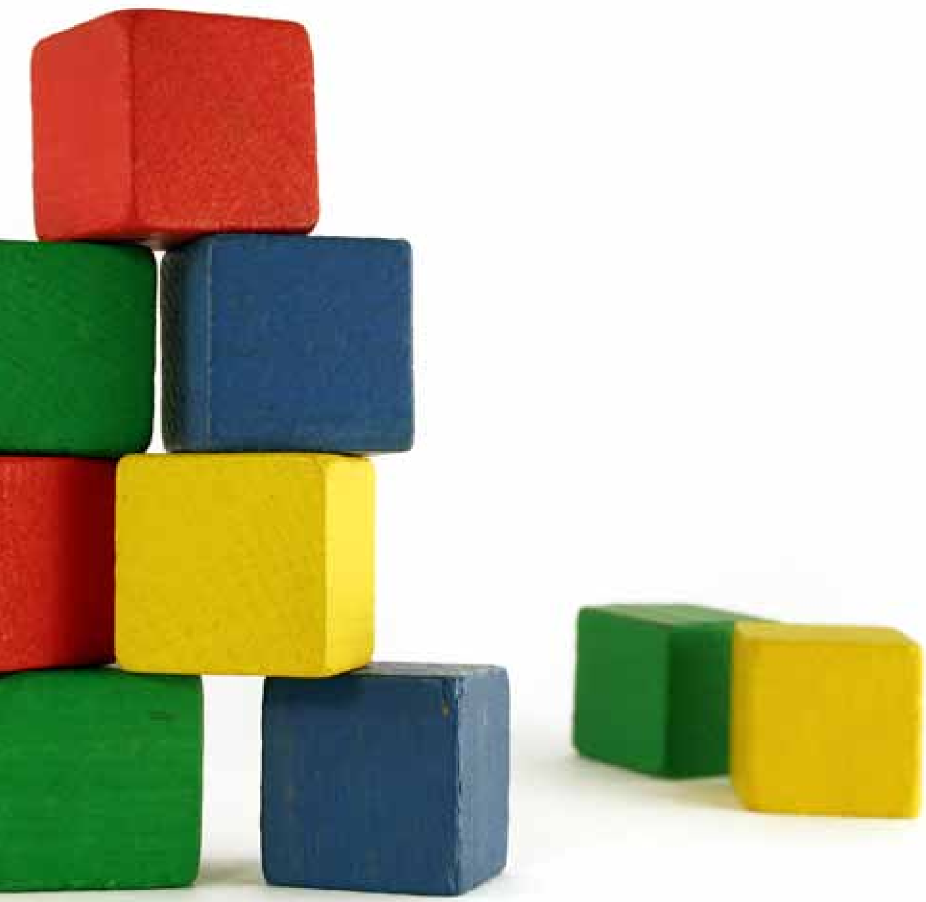
"Investors are cautiously optimistic. India will grow, but returns may not come soon"

- A PE Investor

"India is a growth story" – a fact that has remained constant over the ups and downs in PE investments in India over the last 7 years. Tracing history, 2005-07 saw India firmly establish itself as one of the top seven PE investment destinations in the world. With the focus shifting from the developing world to the developing economies, India with its favorable demographics, offered a growing GDP, rising FDI investments coupled with forward looking policy reforms, received more than USD 15 billion in investment from PE players. By 2008, fallout of financial markets that rocked developed economies was felt in India too. Its pace and intensity caught many investors unprepared and PE investments in Indian companies turned cautious. By 2009, only USD 4.5 billion worth of investments were made, a drop of more than 70% since the 2007 peak. While there were changes seen in investment choices, across the boom and decline periods, investor confidence in India's growth continued and the deal activity increased to about USD 9.7 million in 2011.

The current investment climate in India comprises several previously unforeseen challenges for the PE investors. In their search for growth, typically investors aim to satisfy two preconditions: care for capital and realization of expected returns. Macroeconomic indicators suggest that investors believe there is currently a deficit of both. As a result, investors continue to go slow in deploying capital, and remain "*cautiously optimistic*" about investing in India

Looking at the trends in PE investments more closely, there was a distinct adaptation of investment preferences seen in line with the economic climate of the country. Distinct trends were noticed in sector wise investment preference, entry stage and size of investment, PE –promoter expectations, holding period and exit mode. The ensuing section presents a detail on these trends in the past and those expected going forward.



Sector trends

India's strength in the IT and ITeS sector first received prominence in the late 1990s and early 2000s. Y2K risk mitigation services provided by domestic companies gave global investors confidence in India's IT capabilities. Consequently, 60% of PE investments in the early part of the decade can be attributed to the IT sector. The peak year 2007 witnessed a shift in the focus towards real estate, construction and infrastructure segments and telecom, media and entertainment which comprised more than 50% of the total PE investments during the year as presented in the chart below.

While investments continued in the real estate and construction sector in 2010, at a total investment of around USD 2 billion, the power and energy sector topped in terms of value. The year 2011 saw a shift in the investments within real estate and infrastructure sector from commercial and residential to large infrastructure projects such as airports, ports and roads. The automotive sector also came in to focus in this year with the Hero Group – Bain Capital deal.

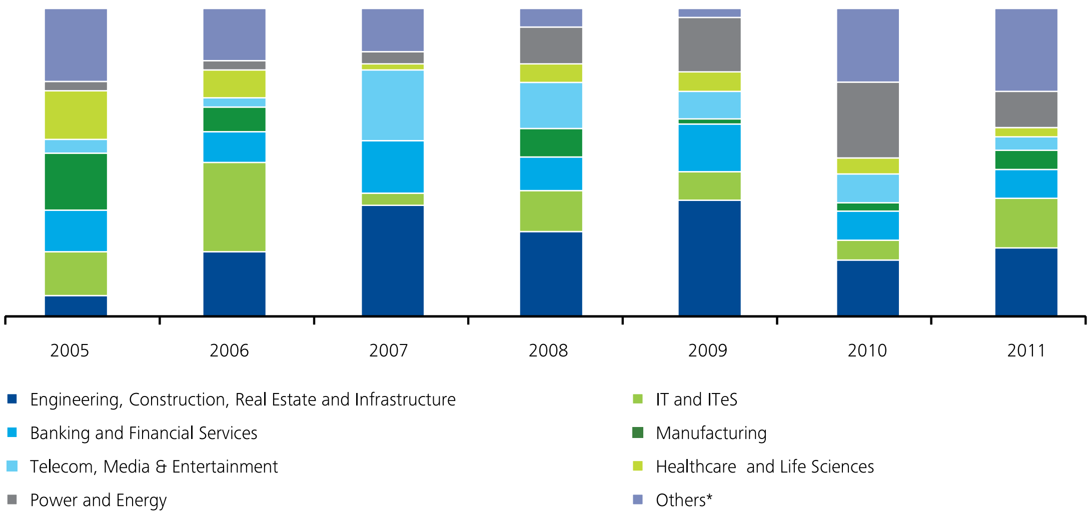
More recently, our discussions with investors indicate an appetite for directing monies into companies that would benefit from the strength of domestic consumption in India. Potential beneficiary segments being small retail format stores, hospitality and food and beverage.

Given that money is needed at core infrastructure, the investing community is of the opinion that although it may take time, investment in backbone sectors such as infrastructure, education, healthcare and renewables will continue to see more traction as government policies streamline investment and exit modalities.

"India is economy at every price point. With the life span of the uniqueness of a product / brand shortening, investors will need to be very discerning about making investments"

- Subbu Subramanium, MCAP Advisors

Chart 2: Sector Trends



* Others include: FMCG, Education, Automotive, Power, Cement, Plastics and Chemicals, Textiles, Engineering, Retail
Source: VC Edge, IVCA report, Assocham report, Published news articles, Deloitte internal database.

The technology sector is expected to continue to find uniform attractiveness amongst investors. While the combination of adoption or smart phones and tablets combined with mobile internet is viewed as a winning combination, medical devices and innovation in healthcare delivery models have also caught investor attention. A decade of investments in IT companies had developed a breed of professionals who have been exposed to global best practices. This generation of professionals is turning entrepreneurial and honing their expertise on developing indigenous software products for the global market.

A direct impact of the booming domestic market and emergence of these first generation entrepreneurs was the increase in focus on the domestic e-commerce industry. In 2011, "The click and mortar" model received a number of investments from PE players. Flipkart's USD 150 million, 4th round funding in 2012Q1 kicked off an overall positive sentiment in funds investing in this space. While most respondents were convinced of the short term growth potential of this sector, for the long term they indicated a preference towards asset driven sectors.

"Entrepreneurship in India is materially changing. Supply of entrepreneurs is increasing. A lot more people are willing to take a risk"

- Nikhil Balaraman, Sequoia Capital

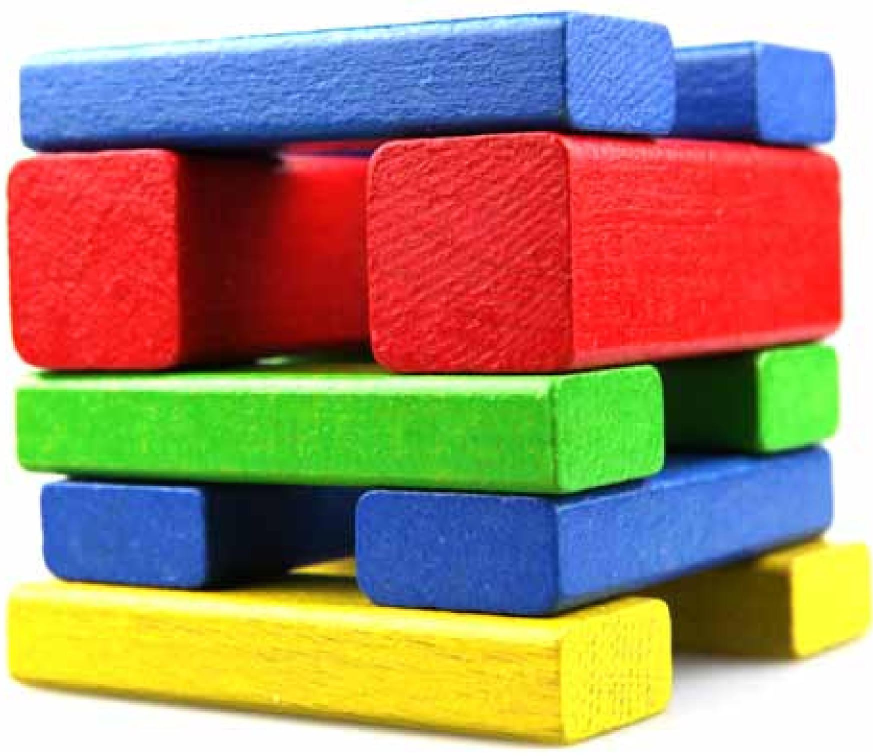
Entry stage, equity stake and geographical preference

“In India, you cannot ask the entrepreneur to step aside – you will need the entrepreneur as your ‘fire fighter’…” - A PE investor

Among the various stages of growth, private investments in public equity (PIPE) were clearly a preferred mode of investment during 2004-07 based on deal volume. Early stage capital and growth capital started gaining momentum in 2007 and increased to almost 45% in 2011 due to euphoria around e-commerce deals and large ticket sizes for companies operating across mobile, Internet and related verticals. Late Stage investments commanded a sizeable proportion in the number of deals during 2008-11, accounting for 24% of the investments in volume terms and 36% in value terms in 2011.

Despite a lack of returns, retrospective regulatory changes and stock market uncertainties, for the near future investors remain bullish about early stage and growth capital. Post Budget, March 2012 saw 18 deals close of which 10 were targeted towards seed and early stage capital. With the increase in the number of entrepreneurs looking to raise funds, angel and seed stage funding are also expected to increase in the coming years.

Our discussions highlighted another rising trend, a shift in an early stage PEs focus from only “growth” earlier to now “value” as well. While value was traditionally viewed mainly from a pure growth in revenue standpoint, more recently, the trend now is towards taking a more universal view of quality in terms of developing and introducing new product/ service offerings, increasing global reach and entering new markets, targeting new customer segments, building a professional team, strengthening corporate governance and finally raising follow-on rounds of capital. Focus on these aspects leads to sustainable and realizable value creation for all stakeholders involved. Funds have

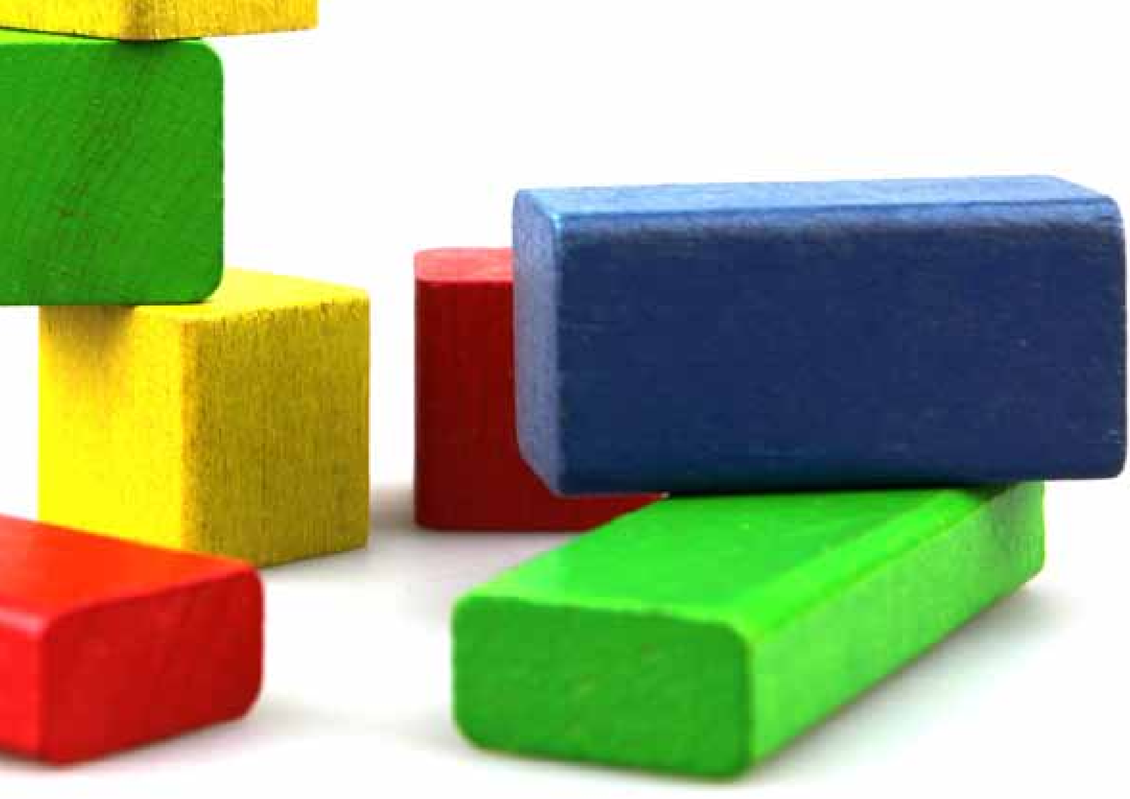


moderated their investment preference from smaller investments in more number of companies to sizeable investments in fewer companies - In essence, giving more weight to value of investment rather than volume.

In terms of the stake acquired, "less than 25%" remained the underlying theme across the 7 year period. This is primarily due to the cultural bent entrepreneurs in India towards owning a majority for being actively involved in the business. Investors realize and appreciate this aspect of the Indian industry and have accommodated their investment outlook from merely backing the business to backing the entrepreneur so long as the investor has a say in strategic decision making. The sweet spot for equity investment is expected to continue to be significant minority.

Another emerging trend is the increasing flexibility provided by the investors to their investees regarding usage of invested funds. Recent transactions are indicative of funds being provided to companies for scaling up through inorganic route especially in the ecommerce space. Investors are focusing more on investing in companies (in some cases their portfolio companies) which have provided their investors with a good return in the past and encouraging them to scale up by mergers and acquisition.

In terms of a geographic preference for investment, while PE investors continue to be location agnostic, historically the investment has expanded from South to West and then moved to North India. This flow can be attributed to a concentration of IT and ITeS companies in the South and the banking and financial services industry in the West. Infrastructure development coupled with the growth in manufacturing facilities in the North played a key role in channeling investments to this region. While East India over the years has seen a low level of PE activities, according to some respondents, it could see an increase over the next few years. Diving deeper, within regions, the PE transaction activity has seen concentration in and around metros. While PE investors have been able to easily access companies in Tier I cities, in certain instances, reaching companies in Tier II cities has been challenging. Little doubt exist that there are valuable companies in such locations. However getting past the "gate-keeper", who may be a local intermediary, could be an additional step to overcome. Going forward, Tier II cities that show promise of attracting investments are Pune, Aurangabad, Chandigarh, Nashik, Jaipur and Ahmedabad.



Promoter - PE expectation

The golden years of 2006 and 2007 saw equity values increase significantly due to a boom in the stock market and the consequent increase in multiples which translated into unrealistic valuation expectations of the promoters. The increase in the average deal size which spiked from about USD 8.5 million in 2001 to around USD 32 million in 2007 was an indicator of those rising valuation expectations. During the period investors were bullish on investing and a degree of 'irrational exuberance' saw investors, on occasion attempt to outbid one another for a transaction.

The subsequent years witnessed a consistent fall in the average deal value to as low as USD 15.5 million in 2009 resulting in a deal-making drought. Indian companies with strong balance sheets appeared disinclined in selling stakes to PE investors at what they considered to be depressed prices and the PE investors reacted to the high valuation expectations by cutting the deal flow. The mismatch between the PE – promoter expectations grew even wider during this period.

A cautious emergence from the deal-making drought saw PE investments recover in 2010 and 2011, with the average deal value increasing to USD 22 million in 2011. Going forward, the investors expect a fall in multiples and a further tempering of the valuation expectations of the promoters. Additionally, with limitations on the availability of asset linked sources of funds, the reliance on PE is expected to increase and the gap between the investors and the promoter expectations reduced.

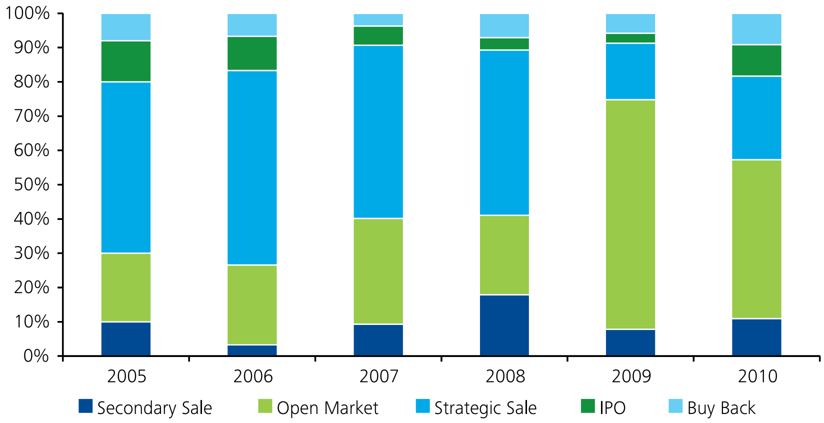
Based on our discussions, another emerging trend is a change in the attitude of promoters towards investors. The perception of promoters for PE investors has evolved from just being a "money ticket" to being "partners in growth". Promoters are being selective regarding whom they would like to be associated with. A good fit with the investor has in some cases even superseded the valuation expectation. Promoters have started leveraging their investors for industry best practice knowledge, access to network, senior management hiring, second round of fund raising, etc.

Holding period and exit mode

The investment horizon is primarily a factor of fund life and mandate. For a first fund investors typically look at a 4-5 years exit but for a second (and beyond) funds, they look at a 7 year horizon hence most investments have and will continue to be ideally held for 5-7 years.

In terms of exit, ceteris paribus, IPO has always been and will continue to be the preferred mode of exit. Due to volatility in the stock market, other modes of exits have gained traction over the years. The period from 2005-07 saw "strategic sale" emerge as a prominent exit mode as presented in the chart below. The boom period in the stock market saw PE exits more than double from 53 in 2005 to 117 in 2007. As a natural corollary to investments made early in the decade, on an average the IT, ITeS and telecom sectors contributed to approximately 65% of total value of PE exits.

Chart 3: Exit mode



Source: VC Edge, IVCA report, Published news articles, Deloitte internal database.

PE funds seeking returns from their pre-2007 vintage deals coupled with a stable stock market, resulted in an increase in prominence of open market and secondary sale along with strategic sale as a preferred mode for exit in 2010. The year 2010 was a record year for exits with total value at USD 5 billion and volume at 174 exits during the year.

While the strong record of exits in 2010 boosted investor confidence, in sharp contrast, PE exits in 2011 were less encouraging due to volatility in Indian capital markets and other economic challenges. While the IPOs nearly dried up, open market and strategic sale transactions continued. The total value of exits fell by about 50% from its 2010 high to USD 2.5 billion in 2011.

Our discussions with PE investors indicated that the holding period for a number of investments has either matured or exceeded especially for investments made in 2006 and 2007. Since these investments are now ripe for exit the immediate and near future are likely to see an increase in exit transactions.

For the coming years, investors expect an increase in "peer to peer"/ secondary sale transactions as indicated by transactions such as the GIC-Vasan deal (which saw a part exit for Sequoia Capital India); the USD 104 million investment by General Atlantic in Fourcee Infrastructure (complete exit for Mayfield) and the USD 50 million investment by Warburg Pincus (part exit for Motilal Oswal PE), which happened in early 2012. One of the reasons attributed by some PE respondents was an increase in the funds available for investment due to the existing dry powder or the new funds raised / being raised in recent times/ near future. With the investor level of comfort and mutual understanding with promoters increasing, such sales are expected to increase.

"Good companies in India still have a lot of growth left. With a number of investments maturing and increasing availability of funds, secondary sales are expected to rise."

- Sumit Tayal, Helix Investments

Conclusion

“Opportunity with the attendant risk brings promoters and investors together for creating value. In a growth hungry economy with a scarce funding environment, PE offers yet another resource for fueling the economic engine”

- Kalpana Jain, Deloitte Touche Tohmatsu India Private Limited

Based on our discussions with PE investors, “optimism” remains on account of India’s high relative growth rate supported by the existence of an economy at every price point. “Caution” arises due to the emergence of several previously unforeseen challenges for the PE industry, including the political risks, macroeconomic fluctuations and retrospective policy changes. PE firms are now reassessing and refocusing on the way they do business. With a somber global outlook, a slowdown in Indian GDP growth, high inflation and elevated deficits, the investor confidence at the moment is low and going forward is expected to be “cautiously optimistic”.

It is noteworthy that there are PE investments exist in almost one third of India’s largest 500 companies according to The Economic Times (ET-500 list, 2011). It includes industry heavy hitters such as Bharti Airtel, Hero Moto Corp, Suzlon Energy, Kotak Mahindra Bank, DLF limited, Max India, Sun Pharmaceuticals, etc. All these companies have been instrumental in shaping the growth of our economy. Going forward, the investments made in the now small and mid-size companies shall not only spur company specific growth but also enable them to grow to be significant contributors to India’s economy.

Looking ahead, early stage investments are expected to increase with the equity sweet spot continuing to be a minority shareholding. The emergence of a new breed of first time entrepreneurs, will promote investments in technology across the mobile, retail, and the internet space. Segments leveraging technology for avenues deriving growth from the domestic consumption are expected to be in favor in the near future. The Government’s endeavor to increase investment in core infrastructure is also expected to receive PEs support in the areas of infrastructure, healthcare, education and renewable energy. This would further expand the participation of PE in Indian core infrastructure companies.

India’s growth story remains the thesis on investment attractiveness. However for this story to be realized, clarity is required with respect to the regulatory framework with the role of the Government to include favorable policy development aimed at welcoming investments into the country.

For India to grow at 9%, the role of PE and Government led initiatives need to go hand in hand. Given the limitations on alternative sources of funds such as debt against assets, equity investment remain a sought after option. With the changing investment requirements of companies, the role of the Government to ideally evolve from merely a standalone policy maker to a facilitator of these investments. As the economic cyclical downturn corrects and policy makers refine policies in line with global macroeconomic shifts, India’s growth story is likely to stay with rebounding investor confidence.

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About PEVCAI

- PrivateEquity and Venture Capital Association of India (PEVCAI), a premier Business Association in India was established in April 2008 and is based in New Delhi, India.
- PEVCAI is a non – profit ASSOCHAM initiative representing Venture Capital and Private Equity Industry in India.
- ASSOCHAM is India's leading Apex Chamber for Commerce andIndustry setup in 1920 with more than 4,00,000 Members from across the Country and includes most of the leading Multi-nationals.
- PEVCAI is a Member-based organization, consisting of Venture Capital and Private Equity firms that manage pools of Equity Capital dedicated to invest in high growth entrepreneurial companies and service providers like Lawyers, Chartered Accountants, Consultants and Investment Bankers.
- PEVCAI represents the public policy interests of the Venture Capital and Private Equity community. Strives to set and maintain high professional standards, provides reliable industry data, sponsors professional development and facilitates interaction among its Members, Decision makers in the Government and other Stakeholders through meaningful programs round the year.
- PEVCAI endeavors to foster greater understanding of the importance of Venture Capital and Private Equity to the Indian economy and support Entrepreneurial activities and Innovations.
- PEVCAI seeks to create an environment which will instill investor confidence in Venture Capital / Private Equity Industry and expand the flow of funds into Enterprises and Sectors on a bigger scale.
- PEVCAI will educate enterprises about Venture Capital and Private Equity as a partner in creating value for the business.
- PEVCAI will provide a regular forum for exchange of views among Members and a platform for networking on a local, regional as well as international level.
- PEVCAI will act as an information disseminator to its Members. Moreover PEVCAI, attempts to provide information on investment trends.
- PEVCAI's endeavor is to promote sound public policy on issues related to tax, regulation and securities through representations to the Securities and Exchange Board of India (SEBI), Ministry of Finance (MoF), Reserve Bank of India (RBI) and other Ministries, Government Departments and Multilateral Institutional from time to time.

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About ASSOCHAM

The Associated Chambers of Commerce and Industry of India (ASSOCHAM), India's premier Apex Chamber for Commerce and Industry covers a Membership of over 4,00,000 companies and professionals across the country. It was established in 1920 by promoter chambers (Bombay Chamber of Commerce and Industry, Cochin Chamber of Commerce and Industry, India Merchants Chamber, Mumbai, The Madras Chamber of Commerce and Industry, PHD Chamber of Commerce and Industry) representing all regions of India.

As an Apex industry body, ASSOCHAM represents the interests of industry and trade, interfaces with Government on policy issues and interacts with counterpart international organizations to promote bilateral economic issues.

ASSOCHAM Members represent the following sectors:

- Trade (National and International)
- Industry (Domestic and International)
- Professionals (e.g. CAs, lawyers, consultants)
- Trade and Industry Associations and other Chambers of Commerce

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