

*International Conference on Agribusiness & Food Industry in Developing Countries: Opportunities and Challenges*

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## SETTING UP OF HI-TECH DEMONSTRATION AGRIBUSINESS FARM (HTDFI): PPP MODEL

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Presented by-



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11 August, 2007

## CONTENTS

- ✓ Need of HTDFI
- ✓ Project Background
- ✓ Project Development Approach
  - Public Private Partnership:  
The Way ahead
- ✓ Project Salient Features
- ✓ About YES BANK



## NEED OF HI-TECH AGRIBUSINESS



- ✓ The agricultural sector in the country is still in the traditional ways and
- ✓ Conventional methods of cultivation are creating enormous problems in the field
- ✓ Fragmentation of individual holdings and conversion of agricultural land to non-agricultural uses led to low production of crops
- ✓ Even today, over 60% of our population is dependent on agriculture
- ✓ Hence in the limited land available so as to increase the production and productivity of the crop,
  - **Hi-Tech innovative technologies** need to be adopted
- ✓ Innovations should be *skill intensive, high value adding, less space demanding* and enabling to work under less harsh but congenial environments by utilizing the *natural advantages*.



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## PROJECT BACKGROUND

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## PROJECT BACKGROUND

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- ✓ Hi-Tech farming focuses on
  - Improving yields,
  - Quality and
  - Post harvest management
- ✓ There are immense opportunities for producing export oriented products particularly in the field of horticulture by adopting hi-tech innovative technologies.

*Therefore, the concept of Hi-Tech Demonstration Agribusiness Farm (HTDFI) is being evolved and the innovative technologies used in the HTDFI should be production cum profit oriented, employment generating, risk reducing and a dependable source of living in the agricultural sector.*



## PROJECT RATIONALE

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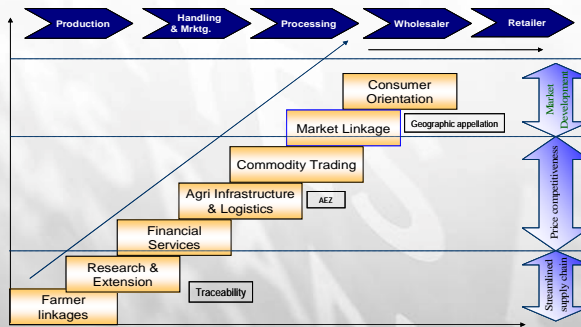
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- ✓ A World Class Hi-tech Agribusiness Farm with hi-tech interventions
- ✓ Positive spin-offs:
  - Showcasing commercially viable and sustainable hi-tech crop cultivation and processing practices
    - High-tech farming as well as good agricultural practices
    - Target group - Domestic stakeholders and international clientele
  - Migrate and showcase international best practices for crop production
    - Successful hi tech farming concept implementation and business models
    - Target group - Domestic farmers and entrepreneurs
  - Provide an effective high-end platform and environment to agribusiness players to promote innovations/innovative thinking and application
    - Innovations in technology/services in all sub-sectors of Agribusiness
    - Target group - Domestic industry players
  - A unique educational experience
    - Platform for exhibition the best technology and production process
    - Target group - Domestic and international farming community and student groups
  - Opportunities of employment and revenue generation

## PROVIDE INTEGRATION OF FOOD VALUE CHAIN



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## PROJECT VISION



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*“ Showcasing commercially viable and sustainable hi-tech crop cultivation and processing practices by developing and operating a State of the Art*

**INTEGRATED HI-TECH AGRIBUSINESS FACILITY ”**



## OBJECTIVES OF THE PROJECT

- ✓ A **unique educational experience** for entire farming community and farmer empowerment
- ✓ A **showcase for hi-tech agriculture** in the country
- ✓ **Business opportunities** to all agribusiness players including small to big entrepreneurs & corporates
- ✓ Provide opportunities for **employment and revenue generation**



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## PROJECT DEVELOPMENT APPROACH

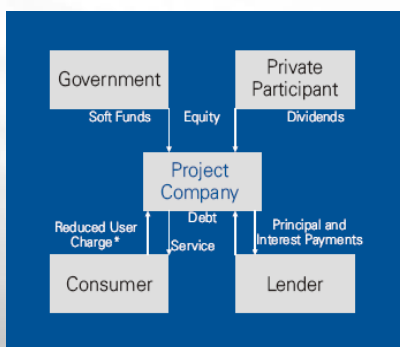
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## PUBLIC PRIVATE PARTNERSHIP (PPP)

- ✓ PPP offers a two fold advantage
  - Enable the **de-risking** of projects
  - Help **promote new concepts** wherein the private sector is unable to take the lead
- ✓ Government objective
  - *Maximize Service to the common man at an affordable price with minimum use of government funds*
- ✓ Best achieved through Public Private Partnerships in provision of infrastructure and enabling services
- ✓ Three Models available for public private partnership
  - **Model 1**
    - Private Sector and Government as partners invest with an objective to earn returns from the investment
  - **Model 2**
    - Private Sector invests - Government provides soft funds to the project to reduce user charges and capital investments
  - **Model 3**
    - Private Sector Invests -Government rationalizes the user charges

## MODELS OF PPP

### Soft Funds Model



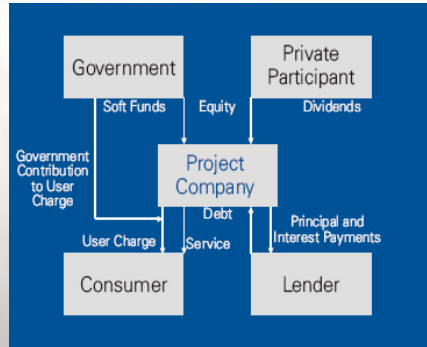
### Remarks:

- ✓ Government provides Soft Funds to the HTDFI
- ✓ Attracts top class Private Sector Participants and Private Sector Efficiencies
- ✓ User charge reduced as government funds do not need to be serviced
- ✓ Control Mechanisms
- ✓ Assign/ Takeover in cases of deficiency in service

## MODELS OF PPP

### User Price Rationalization Model

#### Remarks:

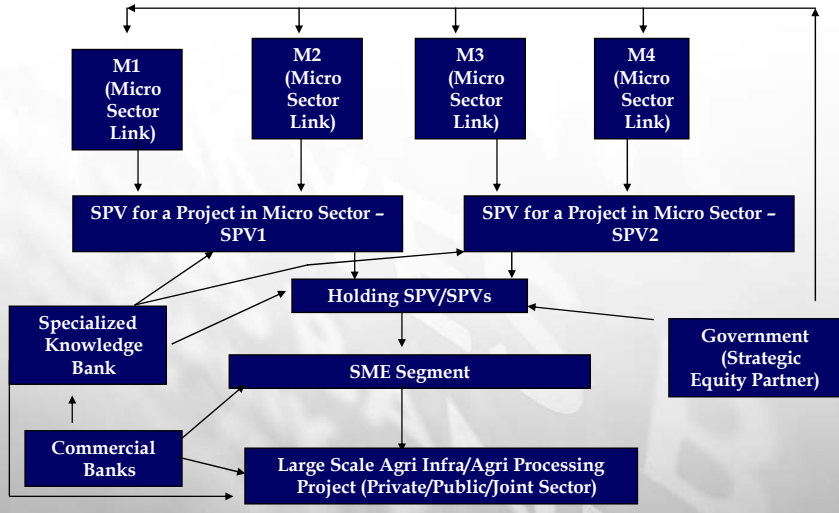


- ✓ Typically Build Own Operate (BOO) Model
- ✓ No upfront investment
- ✓ Attracts top class Private Sector Participants and Private Sector Efficiencies
- ✓ Government able to use long term planning and resource allocation
- ✓ Control Mechanisms
- ✓ Assign/ Takeover in cases of deficiency in service

## OPTIONS FOR PRIVATE SECTOR PARTICIPATION

Option	Asset ownership	Operations and maintenance	Capital investment	Commercial risk	Duration
Service Contract	Public	Public and Private	Public	Public	1-2 years
Management Contract	Public	Private	Public	Public	3-5 years
Lease	Public	Private	Public	Shared	8-15 years
Concession	Public	Private	Private	Private	25-30 years
Build Operate Transfer	Private and then Public	Private	Private	Private	20-30 years
Divestiture	Private or Private and Public	Private	Private	Private	Indefinite (may be limited by license)

**Potential Sector- Agribusiness...  
(using Soft Funds Model Approach)**



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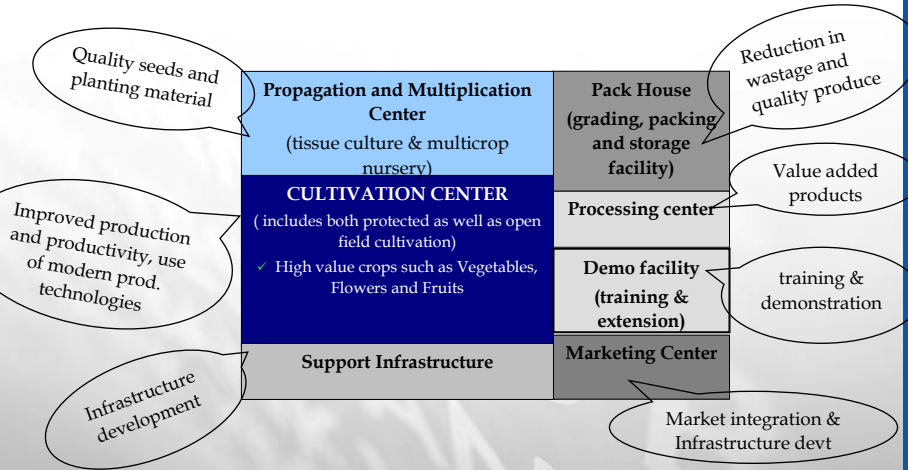
**PROJECT SALIANT FEATURES**

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## Project Concept

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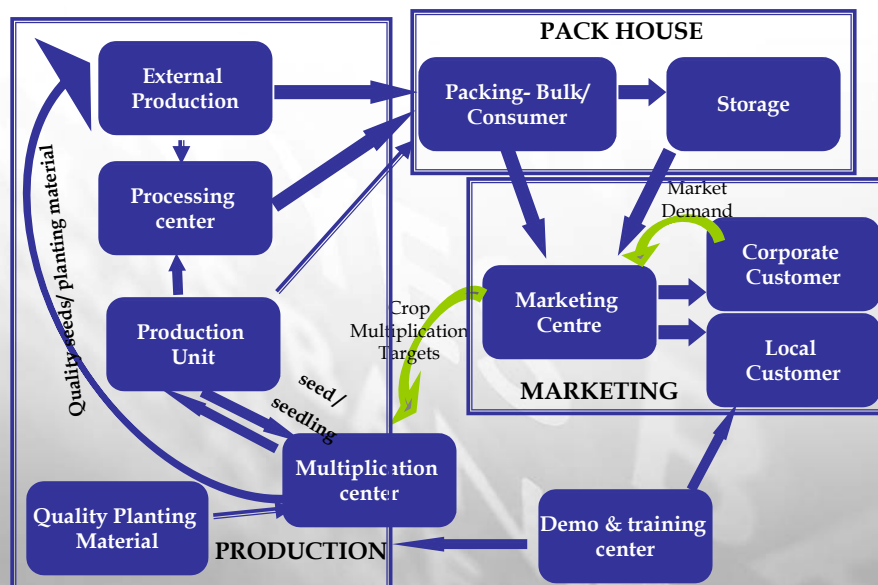


High technology interventions involve protected cultivation-green house technology, modern agronomic practices, tissue culture, micro irrigation facilities-drip & sprinkler irrigation, cold chain, modern pack houses and reefers among others

## Project Activity Flow

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## Hi Tech Elements to be showcased...



- Improved high quality planting material
- Integrated Disease and Pest Management
- Integrated Nutrient Management- Balanced usage of Fertilizer, Manure and other nutrients
- Soil management with improved soil practices
- Protected cultivation- green house, poly houses and shed house, among others
- Water management- water harvesting and micro irrigation system (drip and sprinkler system)
- Modern agriculture engineering-Use of modern machines and equipments
- Biotechnology - Tissue Culture and Micro Propagation
- Livestock Management

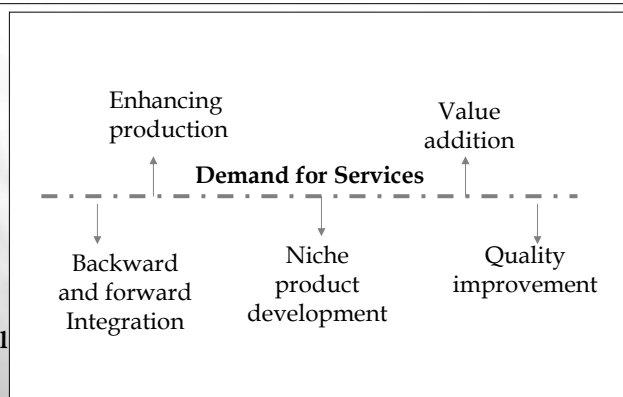
## Project Offerings



### HI-TECH DEMONSTRATION AGRIBUSINESS FARM



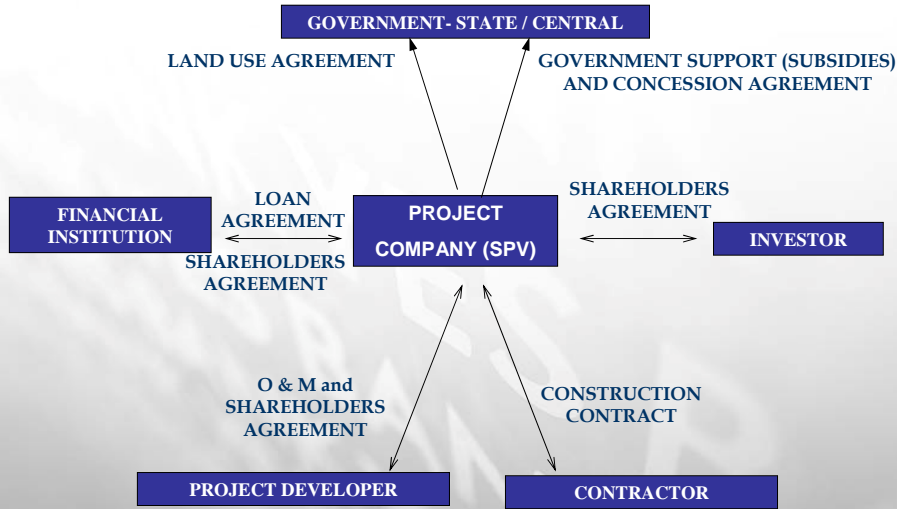
Farmer/  
Commercial  
Entity



## Project Structuring

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## Hi-tech Intervention

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S.No	Technology	Description	Used In
1	Controlled irrigation	Drip irrigation: Slow application of water, drop by drop to the root-zone of a crop. Sprinkler irrigation: Water is applied to the surface of any crop or soil in the form of a thin spray.	Propagation & Multiplication center and Cultivation center
2	Micro propagation	Plants are grown through a plant part or by a single cell	Propagation & Multiplication center
3	The green house technology	All the plants are grown in poly houses which are made of ultraviolet plastic sheet	Propagation & Multiplication center and Cultivation center
4	Biotechnology and Genetically modified crops	Uses living organisms, or their parts to modify plants or animals, or to develop microorganisms for specific uses	Propagation & Multiplication center
5	Precision farming	Based on the principle that different individual plants/trees require variable rates of application of fertilizers, plant protection agents, water and other inputs and therefore, the basic approach in precision farming is to determine these requirements at sites of production at levels of individual plants/trees.	Cultivation center
6	Farm machinery and implements	It is the use of new machineries in fields for cultivation, intercultural operations and harvesting.	Cultivation center
7	1.Post harvest technologies	Suitable packaging machines and storage facilities will be built in the project to reduce the post harvest losses and increase the quality of the produce	Processing Center, Storage
8	Soil less cultivation	Hydroponics and Aeroponics	Cultivation center

## Project Beneficiaries



Beneficiaries	Benefits
Indian Farmers	<ul style="list-style-type: none"> <li>Exposure to International best hi-tech practices and in housing of hi-tech cultivation practices to their field aimed towards enhancing productivity and quality</li> </ul>
Local Entrepreneurs	<ul style="list-style-type: none"> <li>Exposure to business models and project development mode of agricultural operations</li> <li>Synergies with existing Business (if existing)</li> </ul>
Domestic Industry Players	<ul style="list-style-type: none"> <li>Effective high end platform and environment to promote innovation in technology as business growth enablers</li> </ul>
Agriculture Students and Faculty (Agri universities and institutions, management institutions and R&D labs)	<ul style="list-style-type: none"> <li>Enabler towards reducing knowledge deficit</li> <li>Platform for education and R &amp; D</li> <li>Capacity building and extension activities</li> </ul>
Consumer	<ul style="list-style-type: none"> <li>High quality produce</li> </ul>
International clientele	<ul style="list-style-type: none"> <li>Showcasing unique aspects of Hi-tech farming and successful demonstration of technologies (if used)</li> <li>Business growth enabler</li> <li>Enabling towards Agri based tourism</li> </ul>

## Key Issues



- Commercial Viability of the Venture?
  - Need for assistance from Government
- Management and Operations by Private Sector
- University/Government expertise to be used as perceived by the operator
- Mechanism to facilitate HR sharing (University/Government) with the Private Sector
- Mechanism to facilitate PPP under current legal and fiscal mechanism

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## An Introduction of YES BANK

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## Summary Update

The only 'greenfield' private sector bank to be set up in the last decade

Owner - Managers, Professional mgmt. team with the highest ownership levels among all banks

Knowledge Banking - key differentiator for Corporate & Business Banking  
Integrated product offering with 'One-Bank' customer proposition

Unique Approach to Technology, Outsourced model enhancing scalability;  
cutting edge features driving Retail

Consistent financial performance  
9M-FY07 PAT - INR 634.6 mn; 9M-FY07- ROA - 1.4%

Existing shareholders include finest pedigree private equity & AAA rated Bank; Placed 3.6% equity with Swiss Re, a marquee investor (INR 1.20 bn)

Ranked # 3 overall amongst 34 listed Indian Banks and ranked # 1 on 3 key parameters of Safety, Efficiency & Growth (Businessworld - Dec 2006)

# YBL's Shareholding



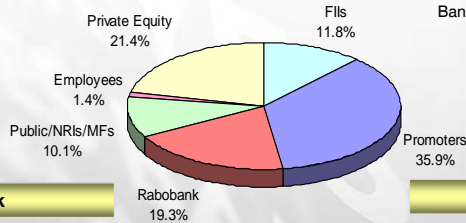
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## Private Equity

- Placed 3.57% to Swiss Re in Dec 2006 through a preferential placement (one year lock-in)
- Balance held by Citigroup Venture Capital, ChrysCapital II LLC and Asia Infrastructure Fund (issued in 2004; three year lock-in)

## Other Investors

- Fidelity among large shareholders
- Invested through the maiden IPO at the top end of the price band, has increased stake through market purchases
- Other key investors include Arisaig, CREF, HSBC, NWI, UBS, Norges Bank, Bear Stearns, AXA, Merrill Lynch



## Rabobank

- AAA rated private bank and among top 15 banks in the world
- Lock-in of entire pre-IPO holding (14.8% post dilution) for a five year period
- Increased stake to 19.3% through market purchases – RBI approval obtained for the same

## Promoters

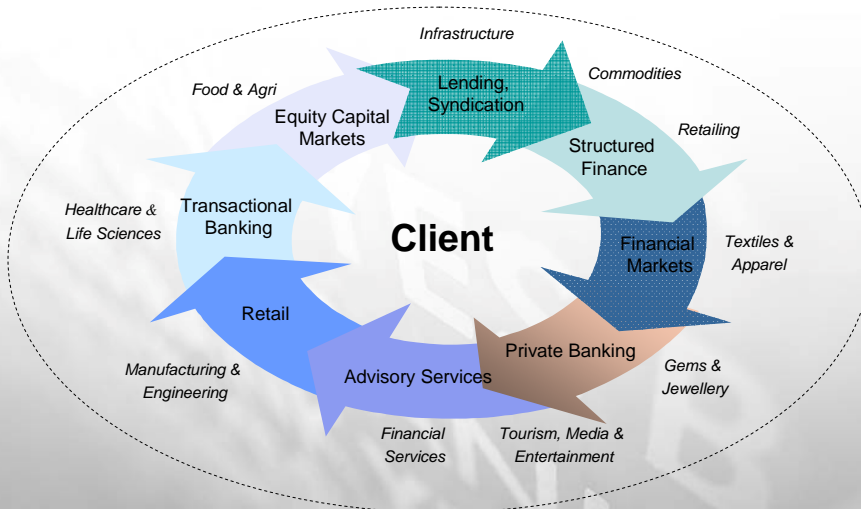
- Successful entrepreneurial track record at Rabo India
- Ashok Kapur – Over 25 years at Grindlays Bank, First Asian to be appointed "Country Manager", ABN Amro, India
- Rana Kapoor - 16 years at Bank of America at various senior positions; Head of ANZ Grindlays' Investment Bank

Shareholding pattern as at January 5, 2007

# Customer Focused Integrated Model



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End to end banking needs of our clients satisfied with strong multiple product offerings

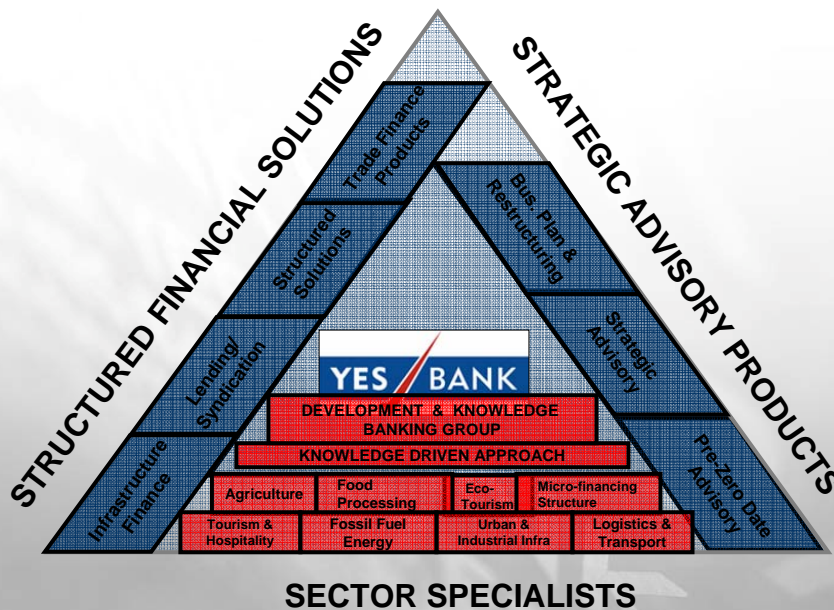
# Knowledge Banking-A Key Differentiator



'One Bank' approach and superior product structuring delivery has ensured cross sell of products

Knowledge Sectors	Clients segment	Credit products	Financial Markets	Transaction Banking	Advisory Services
Food & Agri	Beverages	✓	✓		✓
	Agro Chemicals	✓		✓	✓
Life Sciences	Drugs	✓	✓	✓	
	Health care		✓		✓
	Pharma	✓	✓		✓
Engineering	Electric comp.	✓	✓	✓	
	Auto ancillary	✓		✓	
TMT	IT/Telecom	✓	✓	✓	
	IT services	✓			✓
	Telecom	✓	✓	✓	
Infrastructure	Construction	✓	✓		
	Wind Energy		✓	✓	✓
	Port		✓	✓	

# Knowledge Driven Approach is the differentiator wrt other Banks



**THANK YOU!**

**Contact**

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