River
Capital
Empowering Economy

Concept Paper for a Large India Focussed Capital Management Enterprise

Index

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Founders Note:

My name is Akhil Teja, from Bengaluru, India. Over the past 15 years, I've pursued a multidisciplinary experiential and scholarly journey — spanning economics, management, psychology, and geopolitics — Having experienced diverse global regions and understood how and why societies grow, I see economic growth not as a random event but as a pattern driven by market connections and inflection points.

From the Indus Valley to Mesopotamia, from Rome to modern-day China, history shows that civilizations rise when they build foundational infrastructure — roads, energy, water systems, logistics, and trade routes. Whether in ancient empires, post-war Europe, or China's $10T+ investment surge since the 1990s, growth spurts have always followed deliberate capital deployment into basic economic business.

India is now at the same historical crossroads again, though this time the scales are bigger. With the largest population and cost-effective labor, it is poised to become the world's next production superpower. But for India to lead globally, we must first invest in the systems that enable that growth. I have envisioned an economic engine that when implemented can catapult India to the top of global leadership and allow all those involved to partake and benefit from the oncoming wave.

Why This is the Moment?

India's transformation is inevitable — but it must be engineered. World-scale production is shifting here, and the country needs the fundamentals in place. What's missing is bold, structured capital to build enabling infrastructure that can sustain a thriving tertiary economy manufacturing, and serving the world at scale.

We're looking for:

- Early backers to build the enterprise.
- Strategic partners with a vision beyond capital
- Foundational alliances to shape India's economic future

We don't just chase trends; we create the conducive economic conditions for trends to flourish. Backing this vision is backing the most lucrative investment enterprise buildout opportunity of this century —a gift from India, for the world.

The Vision

To lead the charge in transforming India into the most competitive production economy in the world — powered by global capital, guided by historical logic, and engineered for generational returns.

We're not waiting for the future to happen. We're building it. And we invite partners to build it with us.

The mission:

- Raise capital from sovereigns, institutions and VHNIs.
- Invest in core infrastructure business sectors.
- Enable investments to scale with forward and backward linkages.
- Deliver strong, long-term investor returns.

Every high-growth economy is built on fundamentals. Our investments lay the groundwork for a thriving layered economy — in services, tech, consumption — by first enabling sourcing, production, mobility, and enterprise. We enable ecosystems. Every logistics hub, water grid, or urban zone becomes a base for thousands of businesses to thrive. This is **"money on money"** at macro scale with the systemic defenses inbuilt as our strategy.

- Infrastructure = fixed + growth alpha
- Scarce capital = strong control, protected returns
- Large-scale projects = monopolistic positions, compounding cycles
- Ecosystem creation = nation-building + generational wealth

Executive Note

Scope:

To establish a **$100 billion + conglomerate** operating as a hybrid **Private Equity + Asset Management + Holding Company** model with a focus on **building, acquiring, and operating large-scale tangible businesses** across sectors starting off in India. The entity will:

- **Create and scale industrial assets** (manufacturing, infrastructure, logistics, energy, agribusiness, etc.).
- **Deploy a self-sustaining capital ecosystem** (PE funding + asset management + holding company cash flows).
- **Achieve vertical integration** where feasible to maximize value chain control.

Timeline:

Phase	Milestone	Target AUM
Year 1	Infrastructure build & first fund close	$10–30B
Year 2	business fund syndication + deployment	$75–100B

Why Does This Work for India Now?

- 5 trillion GDP by 2027 and exponential growth thereafter.
- Every additional 5 *trillion GDP needs at least* 1.5 trillion infra investment.
- **Global capital fleeing China**—India is the logical alternative.
- **First-mover advantage** in consolidating industrial assets at scale.

Proposed Investor Base (Diversified by class and geography)

- Sovereign Wealth Funds (e.g., ADIA, GIC, QIA, Temasek)
- Pension & Insurance Funds (CPPIB, CalPERS, LIC, etc.)
- Development Finance Institutions (IFC, DFID, ADB)
- UHNWIs, family offices, endowments
- Corporations and global investment vehicles.

Differentiators:

- First-ever national PE model based on state-by-state capital deployment
- Full-stack institutionalization with global-grade operations, monitoring and control.
- Bureaucratic/ policy maker alignment ensures local traction, rapid execution
- Platform-style funds with deep capital recycling and co-investment ability

Competitive Edge

- **Government Partnerships:** Leverage **PLI, National Infrastructure Pipeline (NIP), and state-level incentives**.
- **Operational Expertise:** Recruit **seasoned** executives to run portfolio companies, under a strong governance structure driven by seasoned advisors with crucial role exposure and file pushing abilities.
- Governance & Leadership**:**
    - Lean corporate team bringing world class business acumen and professionalism.
    - Advisory boards at national and state levels (Civil Servants/ Corporate Directors/ Businesspersons, Strategists and Financiers - to navigate India's on-ground complexity.
    - Empowered leaders running each vertical like independent companies.
- **Capital Efficiency:** Use **asset-light JVs** for hypothesis bets (e.g., with Foxconn) + **asset-heavy ownership** for cash cows.
- **Deal Flow & Execution Engine**
    - Build deep local presence across Indian states
    - MoUs with governments for land aggregation, logistics, infra zoning
    - Active pipelines with EPCs, NBFCs, banks, distressed asset firms
    - Institutional alliances with IFIs, banks, and development lenders

Return Strategy

- **Target IRRs:** 15–20% long-term, with special situations offering higher
- **Exit Options:** REITs/InvITs, IPOs, secondaries, strategic sales
- **Revenue Model:** Carry (20–30%), management fees (1.5–2%), performance-linked vehicles

Legacy

- Position as India's Blackstone / Brookfield / Temasek.
- Thought leadership, ESG impact, global case study.
- Create legacy funds, development endowments, or university partnerships

Exit Options (Though Not Primary Goal)

- **IPO** holding company after $50B+ valuation.
- **Strategic sales** (e.g., sell renewable arm to Shell/BP).
- **Spin-offs** of mature biz (e.g., list logistics arm separately).

Next Steps - **Use of Funds (Setup Budget – 1% of Targeted AUM):**

- Core team, GP, IB consultants, strategy advisors, leadership and executive grade hiring.
- State & global offices (India + 8 financial centers)
- Regulatory, tech, LP systems, compliance
- Media, PR, and IR outreach
- **Anchor Investor Pitch:** Target **Sovereign Funds (Mubadala, PIF) + Indian Family Offices**.
- **First Acquisition:** Identify a **$1-2B infra asset** (e.g., toll road, power plant).

Sponsor Capital Memo – $10 Million Seed Raise

Objective - Raise $10 million in sponsor capital to establish a private equity management company focussed on India with the goal of building a $50–100 billion AUM enterprise over the next two years. This capital will fund the initial formation, regulatory setup, core team, and institutional-grade fund launch preparation.

1. Use of Proceeds (12 Months)

Category	Allocation (USD)	Notes
Legal & Regulatory Setup	$2M	GIFT City LLP, SEBI AIF registration, tax structuring, fund documentation
Core GP Team & Ops Hiring	$3M	5–8 GPs across key sectors + compliance, CFO, fund ops team
India HQ Office (Mumbai/Delhi)	$1M	Lean hybrid HQ with boardroom, IR, legal, admin space
IR, Branding, Materials	$1M	Website, logo, data room, teaser decks, CRM tools
Deal Diligence + Travel	$500K	LP meetings, anchor outreach, conference presence
Technology & Admin Tools	$500K	LP reporting portals, cloud infra, productivity stack
Reserve / Contingency	$2M	Advisor retainers, urgent expenses, co-invest pipeline

Total Raise: $10,000,000

2. Deliverables in 12 Months

- Fully incorporated GP and legal entities
- Operational India HQ with lean staff
- 1–2 sectorally focused anchor platform fund(s) ready for launch
- 5–8 partner-level hires (GPs, CIO, CFO, Legal, IR)
- SEBI-compliant AIF fund registered and open to LP subscriptions
- LP-ready data room, teaser deck, and CRM activated
- At least $3–$5B fund commitments targeted and deployed

3. Economics & Returns to Sponsors

- Equity stake in HoldCo (owning carry and management rights)
- Preferential right to co-invest in GP or in first fund(s)
- Tiered liquidity or convertible rights in future sponsor rounds
- Option to participate in long-term carry pool aligned with AUM milestones

4. Expansion Vision Post Raise

   a. Following successful deployment of sponsor capital, the platform will raise a $40M–$100M growth round to:

- Expand into global offices (Singapore, NY, Dubai, London)
- Build full advisory & state government network
- Launch multi-sector fund platforms
- Implement long-term technology, ESG, and LP reporting infrastructure

12-Month Launch Roadmap – $100B AUM PE Firm (India-Based)

Q1: Foundation & Structure (Month 1–3)

- Finalize legal structure: HoldCo (GIFT City LLP), AIFs (SEBI Cat II), fund vehicles (Singapore/Lux)
- Hire core GP leadership team (20–25 partners across sectors)
- Engage top-tier legal, fund admin, compliance consultants
- Finalize state engagement framework (36 Indian states/UTs)
- Secure initial advisory network: 2–3 advisors/state, 100+ total
- Launch brand identity, vision statement, strategic website

Q2: Regional & Global Setup (Month 4–6)

- Open Indian hub offices:
  - **Mumbai** – Capital & fundraising HQ
  - **Delhi** – Policy & govt relations
  - **Bengaluru** – Strategy, tech, and research
  - **Hyderabad** – Execution & talent hub
- Establish 36 micro-offices across Indian states (lean staff)
- Launch international liaison offices:
  - Singapore, Dubai, London, NY, Tokyo, Madrid, Shanghai, Zurich
- Build LP IR team, PR & media office, legal counsel (global)
- Finalize tech stack for LP reporting, CRM, project intelligence

Q3: Capitalization & First Fund Launch (Month 7–9)

- Finalize fundraising materials (pitch deck, teaser, data room)
- Conduct LP roadshows in: Gulf, SE Asia, Europe, US
- Secure first $30–40B AUM with SWFs, pensions, DFIs, and corporates

Q4: National & Global Rollout (Month 10–12)

- Deploy fund capital to anchor projects across Indian states
- Conduct first annual LP + advisor summit (India)
- Begin full-scale capital compounding: project ownership, fund recycling, co-invests

Business Model: Traditional + Build-Own-Operate-Scale (BOOS)

- **Entity Structure:** Typically a layered structure (Holding Co + Fund Managers + SPVs)
- **Jurisdictions:** India + global (e.g., Singapore, UAE, Luxembourg) for flexibility and investor access
- **SEBI Equivalent Registration:** As AIF (Category I/II/III depending on strategy)
- **Global Licenses:** For raising and managing capital in foreign jurisdictions

Tax Optimization

- **Holdco domiciled in GIFT City like jurisdictions** (tax benefits, foreign currency flexibility).
- **InvITs/REITs** for tax-efficient asset monetization.
- **Staggered acquisitions** to avoid undue scrutiny.

Arm	Description	Capital Focus & Criteria
Private Equity - (Capital Deployment Arm)	$30–50B fund targeting brownfield expansions, greenfield projects, and distressed acquisitions. Sector-agnostic with an asset-heavy focus.	- Prioritizes steel, ports, renewables, data centers, warehousing - Minimum EBITDA: $100M+ (for mature acquisitions) - Greenfield IRR >18% (10+ years) - Access to PPP, PLI-linked projects
Asset Management - (Capital Recycling Arm)	$20–30B in fee-generating AUM through monetization and credit strategies.	- Infra InvITs: Monetize stabilized infra assets - Private Credit: Mid-market lending - Co-investments with SWFs/pension funds (e.g., CPPIB, GIC, NIIF)

Holding Company - (Strategic Control & Synergy Engine)	Core control vehicle focused on long-term ownership, synergies, and platform value creation — inspired by Berkshire, Tata, Reliance models.	- Retain 51–100% control in core businesses - Enable supply chain and distribution synergies - Monetize non-core via IPOs, partial exits, or strategic sales (e.g., Jio Platforms structure)

Risks & Mitigation

- Independent board with global credibility
- Legal + compliance + risk management teams
- Statutory auditors, custodians, fund administrators

Risk	**Solution**
Execution risk	Hire ex-MBB ops teams for portfolio cos.
Liquidity crunch	Maintain 10% cash buffer + pre-approved credit lines
Policy changes	Focus on sectors with bipartisan support (infra, renewables)

Capital Strategy: The 5 Year Roadmap

Phase 1 (Years 1-5): The Foundation

- **Anchor $100B** from SWFs + India’s top 5 family offices.
- **Acquire 3-5 national champions** (e.g., a port operator, power utility, telecom infra co).
- **Launch first $50B InvT** to recycle capital.

Phase 2 (Years 6-12): The Scale-Up

- **Deploy $500B+** into energy, transport, digital infra.
- **List holding company** on NYSE/India at $300B+ valuation.
- **Create 5+ sectoral verticals** (e.g., "Green Energy Co", "Digital Infra Co").

Phase 3 (Years 13-20): The Trillion-Dollar Endgame

- **Vertical integration** (e.g., own mines for steel plants, fiber for data centers).
- **Global expansion**—export infrastructure model to Africa/SE Asia.

Monetization via spin-offs, strategic sales, dividend recapitalizations.

Structure Overview

Goal - Build a **$100B capital platform** in India within **2 years**, investing across infrastructure, energy, logistics, agri, urbanization, and digital ecosystems.

│RIVER CAPITAL TRUST│

│(Already Registered in Bengaluru) │

│

100% Ownership

│

│RIVER HOLDINGS PRIVATE LTD│

│(Strategic HoldCo)│

│

│ RiverCap Infra │ RiverCap Energy │ RiverCap Digital │ RiverCap Agri │

│

Managed by River Capital Management LLP (GP)

Fund Structure & Capital Stack

Component	Structure	Notes
HoldCo/GP Entity	Indian or IFT City-based LLP	Owns brand, carries, fee rights
Fund Vehicles	AIF Category II (SEBI-regulated) Eq.	Platform funds by sector/strategy
Feeder Vehicles	Cayman/Singapore/Lux for foreign LPs	For LP comfort and access
Co-Investment Pools	Custom SPVs by deal or state	Large anchor ticket partners
Debt Platforms	NBFCs or InvITs	For infra-heavy strategies

AUM Capital Sources

Source	Target Allocation	Strategy
Sovereign Wealth Funds	$30B+	GIC, ADIA, Temasek, PIF
Global Pension Funds	$25B	CPPIB, CDPQ, Ontario Teachers
Multilateral Institutions	$10B	IFC, World Bank, AIIB
Indian Govt Blended Funds	$10B	Infrastructure guarantees & co invests
Global HNIs & Family Offices	$5B+	Through strategic outreach
Strategic Corporate LPs	$5B	Indian and global conglomerates

Timeline TO $100B AUM

Period	Milestones	AUM Goal
0–6 Months	Legal + regulatory setup, advisor network, teaser fund raise	$10B
6–12 Months	First 3–4 funds launched, anchor LPs secured	$30B–$40B
12–18 Months	Co-investment platforms + sovereign pools activated	$75B
18–24 Months	Full platform buildout, state-wise deployment	$100B

Target Sectors for Tangible Business Building - Including but not limited to.

Sector	Example Investments	Value Creation Levers
Energy	Solar/Wind farms, Battery Gigafactories, Power Plants, Fuel Assets.	IUntapped markets, Govt. subsidies, long-term PPAs
Logistics	Ports, Warehousing, Freight Corridors	GST-driven formalization, e-commerce boom
Advanced Manufacturing	Refining, Semiconductor factories, Commodity sources.	PLI incentives, import substitution
Infrastructure	Road, Rail, Airways, Data centers, fiber networks.	Demand surge and New Technologies
Agribusiness	Food processing, cold chain, distilleries	Export demand, biofuel mandates

$100B+ Capital Deployment into India's Primary & Secondary Economy for a $10T Vision

Objective

To deploy over $100 billion in capital strategically across India's primary (agriculture, natural resources) and secondary (infrastructure, energy, manufacturing) sectors — with a dual mandate:

1. Generate strong investment returns across hard assets and essential services.
2. Lay the foundation for a future-ready, thriving tertiary economy — enabling India to become a $10 trillion economy within five years.

Strategic Thesis

Economic history shows that every sustainable tertiary boom (services, tech, consumption) has been preceded by a strong foundation in primary and secondary sectors. India's current opportunity lies in:

- Underutilized agri and natural resources
- Gaps in energy, logistics, and urban infrastructure
- Fragmented, low-productivity manufacturing
- Untapped capital inflow potential in hard sectors

India's next leap will not just be digital-first — it must be resource-and-infrastructure enabled.

Investment Framework

Tier 1: Primary Sector (Agri, Resources, Land Systems) – $30B

Sub-sector	Capital Allocation	Opportunity
Agri Infra & Storage	**$10B**	**Farm-gate to mandi supply chains, cold chains**
Irrigation & Water Access	**$5B**	**Canal, micro-irrigation, rainwater harvesting**
Agro-Industrial Parks	**$5B**	**Cluster-based agri processing and export infra**
Mining & Natural Assets	**$5B**	**Selective critical minerals and sustainable mining ops**
Land & Forest Systems	**$5B**	**Afforestation, carbon-linked assets, land reform zones**

Tier 2: Secondary Sector (Infra, Energy, Manufacturing) – $60B

Sub-sector	Capital Allocation	Opportunity
Roads, Rail, Logistics	**$15B**	**Expressways, DFCs, multi-modal logistics parks**

Renewable Energy & Storage	**$10B**	**Solar, wind, battery, grid infra**
Urban Infrastructure	**$10B**	**Tier-2/3 city transformation, smart infra**
Industrial Corridors & SEZs	**$10B**	**Plug-and-play infra, electronics & EV hubs**
Affordable Housing + Urban Co-ops	**$5B**	**Worker cities, rental housing, community infra**
Strategic Manufacturing Funds	**$10B**	**Pharma, semiconductors, defense, green mobility**

Tier 3: Strategic Overseas Assets – $10B

Category	**Capital Allocation**	**Purpose**
Port & Supply Chain Access	**$4B**	**Buy stakes in port terminals, agri-export infra globally**
Tech + IP Acquisition	**$3B**	**Acquire industrial IP (sensors, robotics, biotech)**
Global Energy Pipelines	**$3B**	**LNG, critical minerals, clean energy collaborations**

Catalytic Outcomes for Tertiary Economy

Enabler	Downstream Tertiary Opportunities
Efficient Agri Value Chains	FMCG, foodtech, agri-fintech, consumer logistics
High-Productivity Industrial Zones	E-commerce warehousing, MSME clusters, service exports
Smart Urban Infrastructure	Real estate, retail, telecom, gig economy
Clean Energy Grids	EV ecosystems, digital services, ESG-linked finance
Global Port Access	Export competitiveness, shipping, value-added trade
Skill Corridors + Worker Cities	BPO, healthcare services, IT training hubs

Projected National Economic Impact

Metric	2025 (Baseline)	2030 (Projected with Execution)
GDP Size	~$3.7T	$10T+
Infra Investment (% GDP)	~5%	~10%

Manufacturing Share	**~15%**	**25%+**
Services Share	**~50%**	**55%+ (with higher productivity)**
Job Creation Potential	**-**	**150M+ new jobs**
FDI Inflows	**~$85B**	**$150–200B+**

Investor Benefits

- Long-term access to real assets and yield-generating platforms
- Early entry into next-gen sovereign economic infrastructure
- Co-investment rights in core and adjacent verticals
- ESG-aligned and SDG-positive impact portfolio
- Potential for 2.5x–4x MOIC over 10–15 years

A $100B+ investment push into India's primary and secondary sectors is not just about capital allocation — it is about nation-building through enterprise. With the right structure, partnerships, and vision, this strategy will not only drive attractive returns but catalyze India's transformation into a $10 trillion global economic engine.

Firm Architecture

Function	Approx. Headcount	Role
Core Fund Partners	10–12	Fund strategy, LP relationships
Investment Teams	50–100	Sector + state-focused verticals
Back Office / Ops	20–30	Compliance, finance, legal
Policy Interface	10–15	Bureaucrat and government networks
Tech & Data Infra	10–15	Digital infra + dashboards

Objective: To define the structure, responsibilities, incentives, and capital-raising model for General Partners (GPs), Fundraising Leads, and Investment Strategists within the $100B+ India-focused private equity platform. This model focuses on decentralizing capital formation while preserving founder control and partner coherence.

1. Phantom Equity Plan – Key Terms (For Non-Equity CXOs)

Clause	Description
Phantom Unit Grant	Units represent notional equity, no voting rights
Vesting Schedule	25% annually over 4 years with 1-year cliff
Performance Triggers	Linked to EBITDA margin, revenue CAGR, or IRR threshold
Liquidity Event	Cash payout upon exit, recap, or liquidity event
Clawback Provision	For misconduct or strategic underperformance
Board Approval Required	All grants reviewed and approved by PE firm’s RemCom
Cap Per Executive	Generally capped at 0.25–1.5% of phantom pool per company

2. Recruitment Channels

Channel	Description
Executive Search Firms	Egon Zehnder, Korn Ferry, Native
Internal Headhunting	Sector-specific recruiters in Ops team
Alumni / Referral	Founder, GP, and advisor networks
Board Placement	Cross-pollination from portfolio boards
CXO Summits / Roundtables	Visibility pipeline for future hires

3. Evaluation Criteria

Dimension	Assessment Focus
Track Record	Turnaround, scale-up, exit history
Sector Expertise	10–20 years in relevant industry vertical
Leadership Skills	People, crisis, and stakeholder management
Investor Fluency	Governance, IR, and board exposure
Transformation Ability	Digitization, GTM, operational design

4. Recommendations

- Lock candidates early with **vesting + performance-linked upside**
- Prioritize operators with **public sector fluency** in PPP-heavy verticals
- Tie **LTI payouts to fund IRR thresholds or enterprise value**
- Use **phantom equity** to avoid equity dilution while driving retention

Part 1: GP Role Redefined as Capital Engineers/Partner:

1. **Core Mandate:**
- Raise capital from global investors, LPs, sovereign funds, pensions, and VHNIs
- Design fund theses aligned with national and sectoral strategies with the Investment team.
- Lead platform launch, LP relationships, and governance

2. **Key Outputs:**
- Platform fund launches (Infra, Agri, Digital, Urban, etc.)
- Anchor LP acquisition (5–10 per fund)

3. **Optional Involvement:**
- GPs may remain focused on capital or evolve into operating/IC roles

4. **Fundraising Structure**

Role	Responsibility
Capital Partner	Fund design, anchor LP strategy, capital raise execution
IR Lead	LP documentation, due diligence, investor updates
Regional GPs	Local LP sourcing (e.g., GCC, ASEAN, EU, US)

5. **Fund Types**
- Flagship Platforms: $5–20B AUM each (sector-focused)
- Strategic SMAs: Thematic co-investments (Govt, ESG, SWF)
- GP Commitment: $0 required (capital-light GP structure)
- Combined Strategic Fund.

6. Incentive & Ownership Design - GP Economics

Source	Details
Carry Participation	30–50% of the GP-level carry pool to be shared with other leadership grades.
Platform Equity	Phantom or real equity in HoldCo
Annual Bonus Pool	Linked to capital raised + LP retention + Org Profit

7. Compensation Structure

Component	Range (USD)
Base Salary	$300,000 – $500,000
Performance Bonus	30–70% based on capital raised, fees closed
Carry Participation	15–30% of team pool in respective platforms
Phantom Equity	Linked to HoldCo AUM and LP performance
Co-Invest Rights	Guaranteed 1–2% allocation per fund

8. Fundraising Targets & KPIs.

Stage	Deliverables
Year 1	$10–20B raised across 3–5 platforms
Year 2	Additional $20–30B from new LP classes
Multi-Year	$100B AUM built through scaled platform offerings

9. **Governance & Control**

- All fund structures and operations approved by central Investment Committee
- Founders retain super voting rights on dilution, exits, and brand IP
- GPs sign non-compete and brand integrity agreements
- After raising, funds governed by common governance architecture.

Part 2: Investment Strategists & Planners

Objective: To build a core team of Investment Strategists that will lead macroeconomic, policy, and market research to identify priority investment themes and execution opportunities across sectors.

1. Role & Mandate

Function	Description
Thematic Research	Sectoral trends, value chain mapping, growth drivers
Macro & Geo-strategy	Policy shifts, global capital flows, risk arbitrage
Opportunity Origination	Identify whitespace & emerging investment theses
Platform Design Input	Co-develop fund structures and capital allocations with GPs
Thought Leadership	Whitepapers, LP notes, state consultation, and sector blueprints

2. Ideal Profile

Attribute	Description
Background	Top-tier consulting, investment research, or think tanks (e.g., BCG, McKinsey, Brookings, NITI Aayog)
Skills	Data analytics, policy intelligence, sectoral forecasting
Sector Knowledge	Infra, energy, agri, industrials, tech, digital economy

Deliverables	Investment themes, pitch materials, policy proposals

3. Compensation Framework

Component	Range (USD)
Base Salary	$150,000 – $250,000
Research Bonus	20–40% based on impact, ideas converted to investments
Platform Participation	Phantom equity / milestone-linked incentive grants
Career Path	Head of Research → Investment Partner / Strategy GP

Part 3: CXO & MD Recruiting Strategy (for Portfolio Companies)

Objective - Design a focused recruiting plan and compensation framework for C-suite leaders and MDs leading portfolio companies and verticals.

1. Target CXO/MD Roles by Sector

Sector	Key Roles	Talent Source
Infrastructure	MD – EPC, CEO – Transport, COO – Energy	Ex-NHAI, L&T, NTPC, Brookfield, Rail Infra
Agri / Food	CEO – Food Processing, MD – Logistics	Ex-ITC, Godrej Agrovet, DeHaat, Ninjacart
Urban & Mobility	CEO – Mobility, MD – Smart Infra	Ex-Smart City Mission, Uber, Bosch, Ola
Digital / SaaS	CEO – AI/Analytics, CPO – Platforms	Ex-Flipkart, Freshworks, Zoho, Google
Healthcare	MD – Hospitals, CEO – Healthtech	Ex-Fortis, Apollo, MedGenome, Practo
Manufacturing	COO – Ops, CEO – Plants, GM – Expansion	Ex-Tata Steel, JSW, Schneider, ABB

2. **Benchmark Compensation (USD – Tier-1 Talent)**
    a. Base Salary (Annual)

Role	Range
CEO / MD	$250K – $500K
COO / CTO / CFO	$150K – $300K
VP / GM / Director	$80K – $180K

b. Variable Bonus

- 20–50% of base salary based on performance (EBITDA, growth, targets)

c. Long-Term Incentives (LTI)

Form	Structure
Performance Shares / Options	3–5 year vesting, exit-linked
Phantom Equity	Cash-settled on return hurdles (IRR, MOIC)
Co-Invest Bonus	Preferential allocation + profit sharing

d. Sample Compensation Package – CEO (Infra Platform)

Component	Value (USD)
Base Salary	$400,000
Bonus	$160,000 (40%)
Phantom Equity	$800,000 over 4 yrs
Co-Invest Upside	Fund-specific

Founding Team Controls & Economic Rights Structures

1. HoldCo / GP Entity Structure

- **Central Holding Company (LLP or Trust)** owns:
  - Economic rights to **carry, fees, and brand IP**
  - Equity pool for GPs, advisors, consultants, etc.
- Founders own a **majority stake** in HoldCo (typically 60–80% at seed stage).
- Governance via **Board or Management Committee** with veto rights on major decisions.

2. Founder Economics Secured By

Mechanism	Benefit to Founder
Majority in HoldCo	Control over carry, fees, equity structure
Management Agreement	Ensures recurring management fees to HoldCo
Class A / Super Voting Rights	Veto or majority rights on dilution, exits, M&A
Founder's Carried Interest	Guaranteed minimum share (e.g. 50% of GP carry)

3. **Fund Level Profit Participation**

Stakeholder	Payout Mechanism
Founder(s)	Carry % + equity + management fees via HoldCo
GPs	Carry shares via GP pool + fixed GP comp
Advisors	Phantom equity / advisory pool (% of HoldCo)
Consultants	Success-linked fee + small equity pool (vesting)
Asset Managers	Deal-linked bonus + annual performance fees

4. **Recommended Share Allocation at Launch (Example)**

Role	Type	Share (Indicative)
Founders	Common + super voting	60–70% of HoldCo
GPs (20–25)	Equity pool + carry	15–20%
Advisors (100+)	Phantom shares / bonus pool	5–10% (non-voting)
Strategic LPs / Investors	Preferred shares	10–15% (with terms)
Consultants	Contract + convertible	1–2% vesting rights

5. **Key Agreements to Lock It In**

Document	Purpose
Founder Agreement	Locks founder’s rights, IP, carry floor %
Operating Agreement (LLP/Trust)	Details voting, economic rights, fund profit splits
Carry Allocation Waterfall	Fund-by-fund carry distribution, clawbacks, hurdles
Advisor & GP Vesting Terms	Cliff + performance-linked vesting
Equity Incentive Plan	For GPs, staff, board — equity with lockups

6. **Optional Protections for Founder**

- **Founder Lockbox Clause**: No dilution below X% unless unanimous board vote
- **Control Triggers**: Veto rights on future fundraising or M&A
- **Step-in Rights**: Founders can repurchase underperforming partner shares
- **Sunset Clauses**: For non-contributing advisors after vesting window

7. **Results:**
    a. **GP-level skin in the game; Advisor-led credibility; Consultant buy-in**
    b. **Alignment across all stakeholders**

Operating Budget: Building a $100B AUM Private Equity Enterprise (10-Year Outlook)

Overview - This document outlines the estimated operating capital required to build and manage a $100B AUM private equity firm based in India with a global footprint. It includes team costs, legal setup, technology, investor relations, and core execution expenses.

Phase 1: Foundation (Years 1–3) - Capital Requirements:

Category	Estimated Cost (USD)
Legal & Fund Set Up (India & offshore)	$5M–$8M
Founding Team & Talent	$10M–$20M
Technology & Data Infra	$3M–$5M
Branding & Global IR	$5M
Deal Structuring & Diligence	$10M
Governance & Compliance	$3M
Travel & State Engagement	$2M
Contingency	$5M
Total (Years 1–3)	**$43M–$58M**

Phase 2: Scale-Up (Years 4–6) - Capital Requirements:

Category	Estimated Cost (USD)
Expanded Legal & Tax Structuring	$2M
Talent Growth (Fund Ops, Analysts, Partners)	$30M–$50M
Technology Expansion (AI, LP Portals, Analytics)	$10M
Global LP Summits & Investor Relations	$15M

Advanced Diligence & Sourcing	$25M
Compliance & Reporting Systems	$7M
Domestic & Global Expansion Travel	$6M
Contingency	$5M
Total (Years 4–6)	**$100M–$120M**

Phase 3: Global Consolidation (Years 7–10) - Capital Requirements:

Category	Estimated Cost (USD)
Global Branding + Legacy Platform Launch	$20M
Expanded HQ + Ops Across Continents	$50M–$80M
Exit Infrastructure (IPOs, InvIT, REIT launch prep)	$40M
Governance, ESG, Blended Finance Ops	$10M
Strategic Partnerships & Alliances	$10M
Travel, Events, Public Positioning	$10M
Contingency	$10M
Total (Years 7–10)	**$150M–$170M**

Total 10-Year Operating Capital: $300M–$400M

Projected P&L summary for the $1 Trillion India-focused fund management enterprise over 2, 5, and 10 years:

Horizon	AUM	Mgmt Fees	Carry (20%)	Total Revenue	Costs	Net Income
2 Years	$100,000,000,000	$3.0B	$32.2B	$35.2B	$450M	**$34.7B**
5 Years	$300,000,000,000	$22.5B	$201.2B	$223.7B	$900M	**$222.8B**
10 Years	$1,000,000,000,000	$150.0B	$1,173.7B	$1,323.7B	$1.65B	**$1,322.1B**

Assumptions:

- 15% annual IRR
- 1.5% management fee
- $150M/year fixed ops cost
- $150M setup cost
- 20% carry on net gains

Downside risks across the three core areas: **returns**, **revenues**, and **costs** — and project what happens when assumptions don't hold.

1. Return Risk (IRR / Carry Impact)

Assumption: 15% IRR on AUM → key driver of carry

Scenario	IRR	Carry Earned (10Y)	Change
Base Case	15%	$1.17T	–
Conservative Case	10%	~$519B	↓ 55% (~$654B loss)

Downside Case	6%	~$158B	↓ 87% (~$1.01T loss)

Downside IRR Risk: Even with breakeven or low-return funds, carry drops drastically — since carry is paid only after return hurdles are met.

2. Revenue Risk (Fee Compression)

Assumption: 1.5% blended management fee
Risk: Large LPs often negotiate down to 0.75–1%

Scenario	Mgmt Fee on $1T (10Y)	Loss vs Base (1.5%)
Base (1.5%)	$150B	–
Moderate (1.0%)	$100B	↓ $50B
Aggressive (0.75%)	$75B	↓ $75B

Fee Risk: As fund size scales, LPs push fees down. We need a strong AUM mix with retail/pension/small LPs to preserve margin.

3. Cost Risk (Execution + Burn)

Assumption: $150M annual fixed cost
Risk: Talent wars, multi-office execution, delays, and inflation

Scenario	10Y Burn	Net Impact

Base ($150M/year)	$1.65B	–
Stress ($250M/year)	$2.65B	↓ $1B
Overspend ($400M/year)	$4.15B	↓ $2.5B

Burn Risk: Can erode early-year margins, especially if AUM growth lags or capital markets tighten.

Combined Downside Scenario

If:

- IRR drops to 6%
- Fees compress to 0.75%
- Burn increases to $400M/year

Net income drops >90% over 10 years but does not go negative.

Entire economics hinge on **achieving scale early**, maintaining **return discipline**, and **controlling opex**

Risk Mitigation Memo: India $1 Trillion Fund Platform

Objective

To identify and proactively mitigate key downside risks associated with the creation, scaling, and operation of a $1 Trillion AUM private equity and asset management platform anchored in India.

RISK CATEGORY 1: Return Volatility & Carry Compression

Description: The platform's long-term earnings depend heavily on realized IRRs (>15%) to unlock carry. Lower returns (e.g., 6–10%) severely impact performance fees.

Mitigation Strategies:

- **Diversified Portfolio Strategy:** Anchor multiple fund platforms (infra, agri, digital, healthcare) to balance sectoral volatility.
- **Stage-Gated Capital Deployment:** Tie capital tranches to progress milestones and early return validation.
- **Active Portfolio Oversight:** Appoint sector-specific CXOs, Ops Partners, and GPs to drive post-investment value creation.
- **Early Exit Pathways:** Prioritize dual-track strategies (IPO + strategic sale) from Year 3 to hedge downside exposure.

RISK CATEGORY 2: Management Fee Compression

Description: Large LPs (sovereigns, pensions) often demand fee discounts, especially on multi-billion mandates. Fee dilution below 1% could shrink cash flow.

Mitigation Strategies:

- **Blended LP Base:** Balance SWFs/pensions with HNIs, endowments, and corporate LPs to stabilize average fee levels.
- **Asset Management Arm:** Monetize stabilized infra through InvITs, REITs, and credit funds to generate recurring fee income.

- **Revenue Diversification:** Charge consulting, origination, or structuring fees on GP-led secondaries and co-investment SPVs.

RISK CATEGORY 3: Cost Overruns & Execution Inefficiency

Description: Multi-state, multi-sector execution and global fundraising can elevate fixed costs beyond plan ($250–400M/year in stress).

Mitigation Strategies:

- **Hub-and-Spoke Office Model:** Anchor ops in 4–5 key cities, use digital backend for state-level execution.
- **Lean Startup Phase:** Limit Year 1 burn to <$100M by phasing hiring, legal setup, and tech.
- **Phantom Equity vs. Fixed Cash:** Use performance-linked comp for GPs, strategists, and CXOs to control upfront burn.
- **Outsourced Ops Pods:** Externalize support services (legal, HR, admin) via retainer model until AUM ≥ $10B.

RISK CATEGORY 4: Capital Formation Delays

Description: Missing Year 1–2 fundraising targets delays platform rollout and weakens credibility.

Mitigation Strategies:

- **Syndicated Anchor LPs:** Lock $5–10B from 3–5 global LPs before fund launch.
- **SWF/DFI Co-Underwriting:** Partner with GIC, ADIA, CPPIB, IFC for first-close velocity.
- **LP Incentivization:** Offer first-close carry discounts, preferred returns, or sidecar SPVs.
- **Dedicated IR Pods:** Build 24-month investor relations plan with regional GPs and tiered LP outreach.

RISK CATEGORY 5: Regulatory / Policy Disruption

Description: Regulatory shifts in SEBI, FEMA, tax policy, or FDI norms may affect capital flows and fund operations.

Mitigation Strategies:

- **Multi-Vehicle Structuring:** Parallel fund vehicles across GIFT City, Singapore, Luxembourg.
- **Policy Advocacy:** Embed ex-regulators, IAS officers, and former bureaucrats in Advisory Board.
- **Legal Flexibility:** Structure business to toggle between CAT II AIF, FPI, FDI, ECB depending on capital source.

The business is inherently long-cycle and capital-intensive. Proactive risk planning will protect early-stage burn, maintain investor confidence, and maximize carry potential. Each risk is countered by structural, financial, or operational levers already embedded in the fund's DNA.

There's No Permanent Capital Loss in the business design **unless** there is **severe investment failure or macro shock.**

But under normal downside scenarios:

What LPs (Investors) Risk:

- **Opportunity Cost** — Capital gets tied up for 8–10 years with **lower-than-expected returns**
- **Below-Hurdle Performance** — If fund IRR < preferred return (e.g., 8%), they earn **less than a traditional benchmark**
- **No Carry to GPs** — GPs earn no performance fees (carry) if capital is not sufficiently grown

What They Don't Risk (Normally):

- **Losing Principal** — In a diversified, well-managed fund, capital is returned in most downside scenarios (albeit with weaker returns)

Outcome	LP Capital	GP Carry	Opportunity Cost	True Capital Loss
Base Case (15% IRR)	Full + Profit	High	–	No

Mild Downside (6–8%)	Full Returned	None	Yes	No
Deep Downside (<5%)	Partial Return	None	High	Possible
Disaster (<0%)	Losses Likely	None	Yes	Yes (rare)

Designed for Preservation, Built for Multiplication

The structure **prioritizes capital preservation** (like infra, asset-backed strategies) while giving **exponential upside** through platform effects and compounding.

What LPs *Do Not* Risk (in normal cycles)

Risk Type	**Explanation**
Permanent Capital Loss	Fund invests in physical, cash-generating assets with real collateral
Blind Pools	All capital is deployed thematically and through staged deployment
Speculative Exposure	No crypto, pre-revenue tech, or high-risk equity bets

What LPs *Do* Risk

Exposure Type	**Scenario**

Opportunity Cost	Capital tied for 8–10 years may underperform benchmark alternatives
Below-Hurdle Performance	IRRs under 8% result in zero carry to GPs and net returns < expectations
Liquidity Risk	If structured as a long-duration vehicle (close-ended), early exit is limited

Scenario Matrix

Market Outcome	LP Capital Returned	Carry Earned	Capital Loss	Opportunity Loss
Strong IRR (>15%)	Full + Profit	High	No	No
Mild Downside (6–8%)	Full	None	No	Yes
Deep Downside (<5%)	Partial (85–95%)	None	Possible	High
Catastrophic (<0%)	Losses Likely	None	Yes	Yes

Capital Preservation Memo

Objective: To clearly communicate the capital protection logic and risk architecture of the fund platform to prospective LPs and anchor investors. This memo clarifies that while investment returns may vary, the design strongly favors **capital preservation** over speculative risk.

Core Philosophy: Preserve Capital, Multiply Returns

The platform's mandate is not venture-style risk-taking, but **compounding through foundational economic platforms** — infrastructure, logistics, energy, urban systems, agri-processing, and industrial assets. These assets inherently hold long-term utility, making principal erosion unlikely in all but extreme scenarios.

Design Features That Protect LP Capital

- **Thematic Funds with Anchor Projects**: Early-stage deals co-designed with states, DFIs, and anchor LPs.
- **Staggered Capital Deployment**: LP capital deployed in tranches tied to project feasibility.
- **Hard-Asset Focus**: Port terminals, rail logistics, agri infra, utilities, data centers — all backed by physical use-case.
- **Professional Governance**: Investment committee, sectoral ICs, third-party diligence before capital release.
- **Exit Optionality**: InvITs, REITs, co-invest IPOs provide early monetization windows where needed.

Summary for Investors

This is **not a moonshot venture play**. It's a **nation-building, infrastructure-led compounding engine**. While IRRs may vary, capital is expected to be preserved — and multiplied through long-term, platform-scale economics.

Capital is preserved. Returns are compounded. Risk is real — but managed.