India Private Equity Report 2020

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PROMOTING PRIVATE CAPITAL ECOSYSTEM

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Contents

Executive Summary

Looking back at 2019

Private equity in India thrived and enjoyed a record year in 2019. Private equity (PE) and venture capital (VC) investments rose to their highest level in the last decade at $45.1 billion, primarily due to the increasing number of large deals greater than $100 million as well as an increase in their average deal size. Record VC investments also contributed to the surge. In absolute terms, the usual sectors banking, financial services and insurance (BFSI) and consumer technology continued to be the top two sectors, while investments in real estate and infrastructure, telecom and IT and ITES also grew. Following the trend from previous years, the total share of buyouts increased, with a rise in growth and late-stage investments.

Asia-Pacific (APAC)-focused fundraising continued to decline due to the Chinese government's tightened restrictions on PE investments. That said, India-focused dry powder remained healthy with no lack of capital for good deals.

India also witnessed a decline in exit value in 2019, relative to the previous two years, resulting from a decreasing number of exits throughout the year. Investors highlighted IPO market unpredictability and macroeconomic softness to be the principal reasons for weak exit opportunities. Despite the decline, returns (multiple on invested capital) remained strong.

We believe there will be a short-term dip in investment activity with Covid-19, as already evidenced globally. However, price correction across the board will present an investment opportunity. Investors should pay close attention to their portfolios and take actions to adapt to changes in the economy.

A strong exit track record will be important for future investments. Having seen record investments this year, Software as a Service (SaaS) and cross-sector technologies will be the most attractive opportunities for investors in the future. A majority of investors believe that top-line growth and capital/cost efficiency will be the largest value creators in the future and see high-seller pricing expectations, macroeconomic softness and the Covid-19 pandemic as key concerns amid current market conditions.

Investments: A record high

India continued to be the second largest private equity deal market in APAC with the most growth in the region. The country drew record investments, the highest in the last decade, to the tune of $45 billion from 1,053 deals during the year. Investment value was about 70% higher than 2018 and nearly 110% higher than the previous five-year average. However, the China PE market retracted with a decline in both deal value and volume due to trade war concerns, social unrest and stringent Renminbi fundraising regulations.

From a sector perspective, real estate and infrastructure, telecom, IT and ITES, and BFSI contributed to more than 90% of the growth in investment value. Growth in real estate and infrastructure was driven by a few large infrastructure deals, as well as the use of real estate investment trusts (REITs) as an investment vehicle, whereas telecom was driven by two large deals—Reliance Jio Infratel and Bharti Airtel.

BFSI and consumer technology displayed strong performance, remaining the largest sectors by investment value, and contributing about 35% of the total deal value. BFSI continued strong growth with investments of $8.4 billion. As in previous years, BFSI investments were fueled by deals in banks as well as nonbanking financial companies (NBFCs) that continue to flourish in the ecosystem, including Aadhar Housing Finance, Bajaj Finance and DMI Finance. NBFCs have thrived in segments that are either inaccessible or unattractive for traditional banks. For example, micro, small and medium enterprise (MSME) lending continues to be a huge opportunity to meet the large unaddressed debt demand.

The other sector to remain dominant was consumer technology, which attracted $7.7 billion of investments in 2019. Almost half of the investments were in vertical e-tailers/marketplaces and fintech companies. After the rise of broad-based/horizontal e-commerce in the early part of the decade, recent years have seen a shift toward vertical-focused e-commerce players, especially in niche and high engagement and frequency categories such as beauty and grocery. This year specifically saw investment activity in companies such as Lenskart, Zilingo, Grofers and FirstCry.

Regarding fintech, there was a flurry of investments in consumer payments and lending, including Paytm, CRED, Tala and Razorpay. Consumer lending increased due to the growth of online purchases in Tier 2+ markets, and consumer payments rose on the back of instantaneous and direct-to-bank transfers, and innovation with new models like CRED.

The top 15 deals constituted about 35% of total investment value in 2019. This is slightly lower than last year, when the top 15 deals made up almost 40% of the total value. Of the top 15 deals, five were in real estate; three in IT and ITES; and the rest across BFSI, telecommunications, energy and consumer technology. Notable large investments in 2019 included stakes in Reliance Jio Infratel, Pipeline Infrastructure, Axis Bank, GMR Airports, GVK Airport Holdings and Paytm.

Similar to previous years, the total share of buyouts rose, with an increase in growth and late-stage investments. These featured a few large individual buyouts like Reliance Jio Infratel ($3.5 billion) and Pipeline Infrastructure ($1.8 billion).

With recent investments from global players, competitive intensity in the Indian investment market has progressively increased, with 662 active funds in 2017-19 compared with 553 funds in 2015-17. A majority of surveyed investors viewed large global PE funds and local and regional PE firms as the strongest competitive threat in the future.

Funds expect to continue investing in IT and ITES and consumer technology with a special focus on certain subsectors like SaaS, cross-sector technologies and other B2C online services. At the same time, investors see short-term dealmaking impacted by the Covid-19 pandemic and a potential financial crisis as the biggest macro risk to their portfolio.

Covid-19 impact and key takeaways

The macroeconomic backdrop is evolving real-time with Covid-19 expected to have a more significant impact than other major epidemics due to its high spread rate and increased global interconnectedness. Countries are pulling varying levers to contain the virus, creating economic uncertainty, and China's trajectory suggests that countries will face a near-term shock from contraction in economic activity. India is also beginning to face the impact of Covid-19, with major import and export destinations affected and the stock market taking a hit in recent months.

In this context, investors should pay close attention to their portfolios and take actions to adapt to a continually changing economy. Considerations include meeting evolving customer demand, determining cost-saving methods, planning contingencies, and strategizing for long-term growth.

China is starting to see early signs of economic recovery since March 1, when the country moved to a controlled recovery phase. From a consumer perspective, the prolonged lockdown (late January to the end of February) has resulted in long-lasting consumer behavioral changes in China, including increased time spent on activities like digital productivity and digital leisure. Consequently, in India too, a few sectors could benefit from the behavioral changes and increase in user bases. These could include sectors such as digital entertainment (video streaming, gaming), fresh e-commerce, telemedicine, remote work and remote study.

While we will likely see a reduction in investments in H1 2020, it will be accompanied by a price correction across the board. Based on global financial crisis (GFC) experience, deals invested during or after a downturn tend to do well. The market disruption caused by Covid-19 will likely lead to growth in select pockets and create investment opportunities.

Fundraising: No lack of capital for good deals

APAC-focused fundraising slowed considerably, dropping from nearly $200 billion in 2017 to about $80 billion in 2019, which represented a significant decrease from around 25% of global fundraising in 2017 to about 13% in 2019. This was largely driven by weakening Renminbi-based funds, reflecting the Chinese government's tightened restrictions on PE investments.

In the Indian context, dry powder decreased to 2016 levels, at $8.3 billion in 2019. While this is lower than the levels witnessed in the previous two years, there is sufficient capital for high-quality deals.

Investors expect the fundraising environment to be more challenging in the next 12 months, driven by record-setting previous years, cautiousness of a slow economy and limited partnerships being highly selective with increasing competition. However, fundraising is not a major concern for investors as compared to last year, with high-seller pricing, macroeconomic softness, increased competition and challenging exit conditions as greater concerns.

Exits: Some slowdown

Exits decreased finishing at nearly $13 billion, slightly lower than the last two years (ex-Flipkart 2018 exit). This fall was primarily driven by a reduction in exits from 265 to 200.

Investors attributed the drop in exit volume to IPO market unpredictability and macroeconomic softness through 2019. With an unpredictable public market, strategic sales became the preferred mode of exit, accounting for about 50% of exit volume.

Among the various sectors, IT and ITES and consumer technology together represented nearly 40% of exit volume. A few large exits dominated in 2019, with the top 10 exits accounting for nearly 50% of total exit value, albeit lesser than 70% in 2018. Major exits included Oyo (Sequoia, Lightspeed), GMR Airports Holding (multiple funds), CitiusTech (General Atlantic), Ruchi Soya Industries (multiple funds) and Genpact (GIC, Bain Capital).

In the last five years, returns (multiple on invested capital) have seen an upward trajectory, increasing from an average of about 3x in 2014-15 to nearly 4x in 2018-19. Consumer technology, IT and ITES and BFSI have seen above-average returns and the highest multiples. Investors cited strong management, superior market growth and keen buyers as the main sources of success at their recent exits. However, management issues such as capability, bandwidth and alignment, and unfavorable disruptions post-close in the industry, as well as competitive dynamics were given as reasons for unsuccessful exits.

Over the next five years, investors believe that top-line growth and capital and cost efficiency will be the largest value creators for the deals they exit. Given the significant overhang of PE investments accumulated over the last decade, a sound exit track record will be important for future growth in investments.

Sectors in focus: SaaS and fintech

India's vibrant consumer technology and IT and ITES sectors have expanded rapidly, fueled by abundant access to private equity and venture capital, ample dry powder, growing internet penetration, falling prices of data, underpenetrated markets, high-quality domestic talent and innovative start-ups. The majority of surveyed investors cited SaaS and cross-sector technologies as the most attractive opportunities in the next three to five years.

As companies race to harness big data, advanced analytics and machine learning, they are turning to software on demand, based in the cloud. In this context, the underlying Indian SaaS market is expected to grow around 50% annually from nearly $6 billion in 2019 to over $20 billion in 2022.

A growing number of Indian SaaS companies are targeting both enterprises and small and medium-size businesses (SMB) across domestic and global markets. In the global markets, these companies are able to offer high-quality products with cost arbitrage due to local talent and thus satisfy the demand for a high degree of verticalisation. They are also benefitting from an increased digital penetration across verticals and a growing adoption of SMBs in the local market.

Annual investments in SaaS companies grew across all three distinct archetypes—horizontal business software, vertical-specific business software and horizontal infrastructure software. Horizontal business software was the largest subsegment growing in deal volume, with the top 10 deals accounting for about 65% of the total deal value in 2019. Notable large investments included funds raised by Freshworks, Druva, Icertis, Near (Allspark) and OkCredit.

In evaluating a SaaS company for investment, key determinants include a large addressable market, an established proof of concept, strong customer stickiness, a diversified customer base, a high degree of product standardization, marquee customers in quality conscious global markets and cost-competitiveness.

Companies that deploy new technologies in existing industries can create fast-growing start-ups based on new business models. For example, health technology leaders are building wearable devices that monitor patients remotely. Fintechs have developed mobile payment systems and stock-trading apps that disrupt traditional financial services. These cross-sector technologies are being monitored closely by investors in planning their future investments.

Fintech continues to be the largest cross-sector technology segment in India, both in terms of deal value and volume, substantially growing from $0.7 billion investments (49 deals) in 2018 to $2.4 billion investments (83 deals) in 2019. This impressive growth was driven by investments in payments and lending companies, together accounting for nearly 80% of total investment in fintech in 2019. Payments and lending comprised eight of the top 10 deals including Paytm, CRED, Tala, Razorpay and Zeta.

The MSME debt demand is expected to almost double in the next five years and presents a massive opportunity due to the large, unaddressed demand. Multiple archetypes of lenders including banks, NBFCs, fintech firms and e-commerce players are trying to tap into this new opportunity which is likely to gain investor traction in the future.


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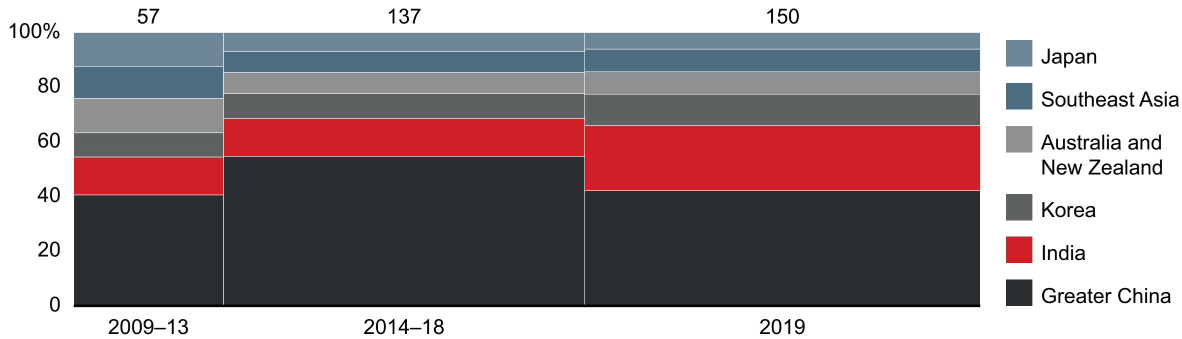
Investments: A record high

- India continued to be the second largest deal market in the Asia-Pacific region, and grew more than other countries in 2019. India's share of the APAC deal market increased to nearly 25% in 2019, while China's PE market retracted over the last year.
- The total investment value rose to $45.1 billion, the highest in the last decade, with the largest amount of VC investments and an increase in the number and average deal value of $100 million+ deals.
- BFSI investments were concentrated in nonbanking financial companies and banks, and consumer tech investments were in fintechs and vertical e-tailers and marketplaces.
- The top 15 deals constituted more than 35% of the total deal value. As in previous years, the total share of buyouts and late-stage investments increased, featuring a few large individual buyouts.
- The number of active participating funds continued to grow, and investors expect local and global private equity firms to represent the biggest competitive threat in 2020.

Figure 1.1: India continued to be the second-largest deal market in APAC with the highest growth in the region

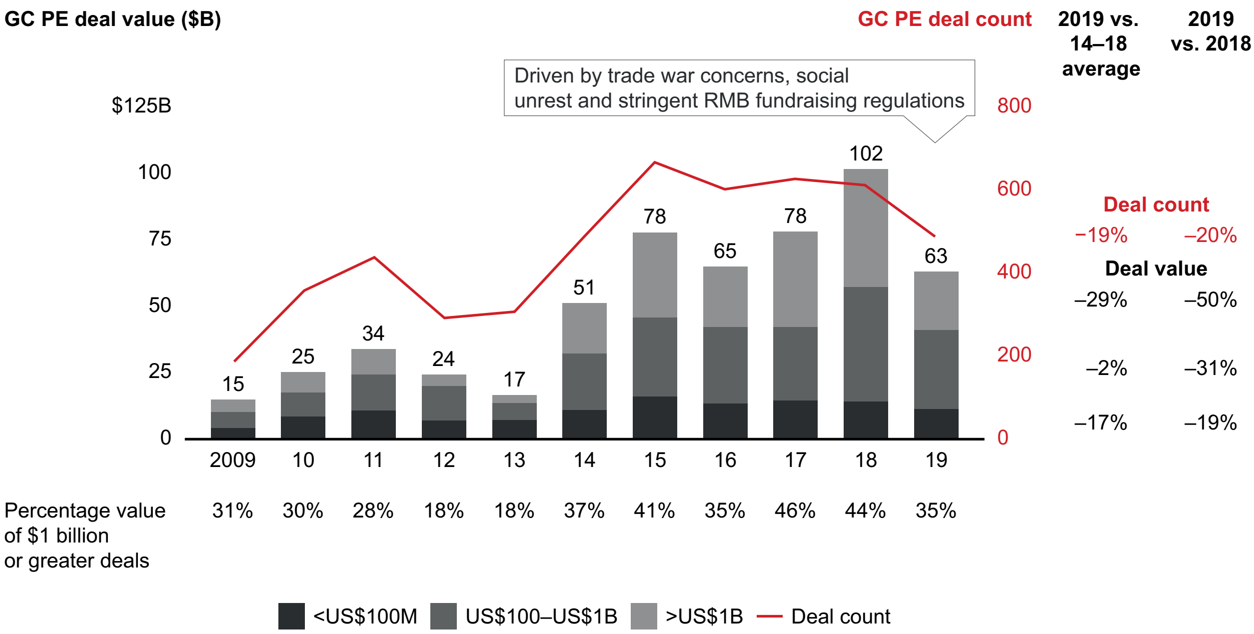
APAC deal value: 5-year average ($B)



	2009–13	2014–18	2019
Average deal size ($M)	84	121	122
Share of India	14%	14%	24%
Share of India (vs. China)	34%	25%	56%

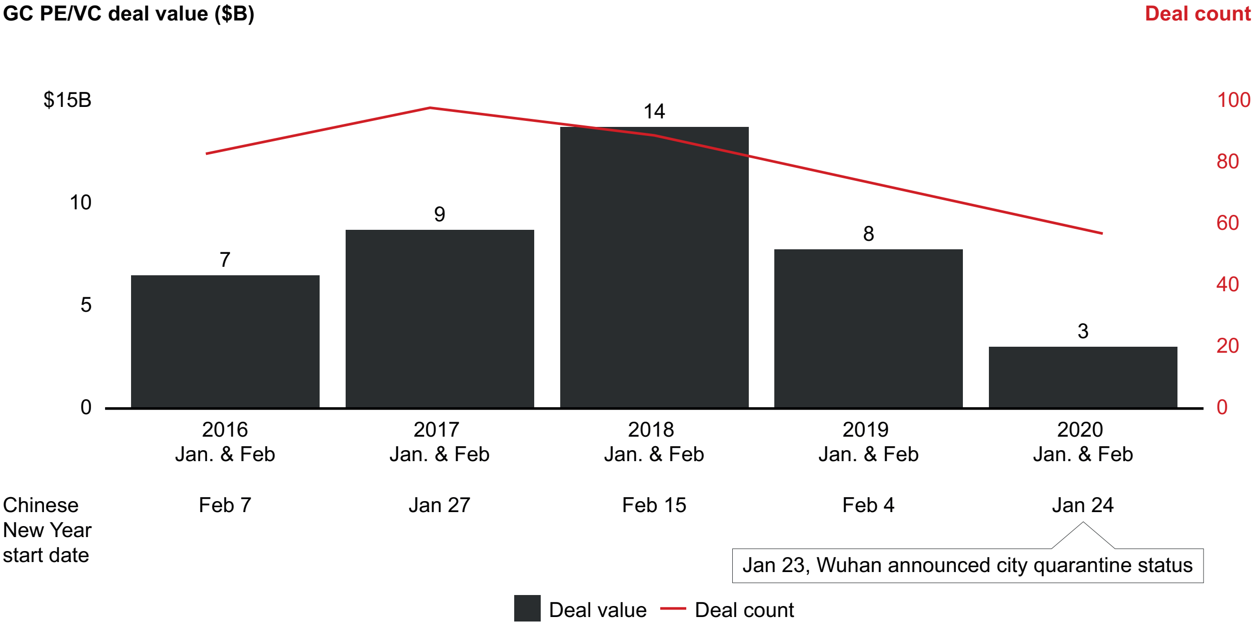
Note: Excludes real estate and infrastructure
Source: Bain PE deals database

Figure 1.2: The private equity market in China retracted in 2019, as both deal value and count declined because of fewer $1 billion or greater deals



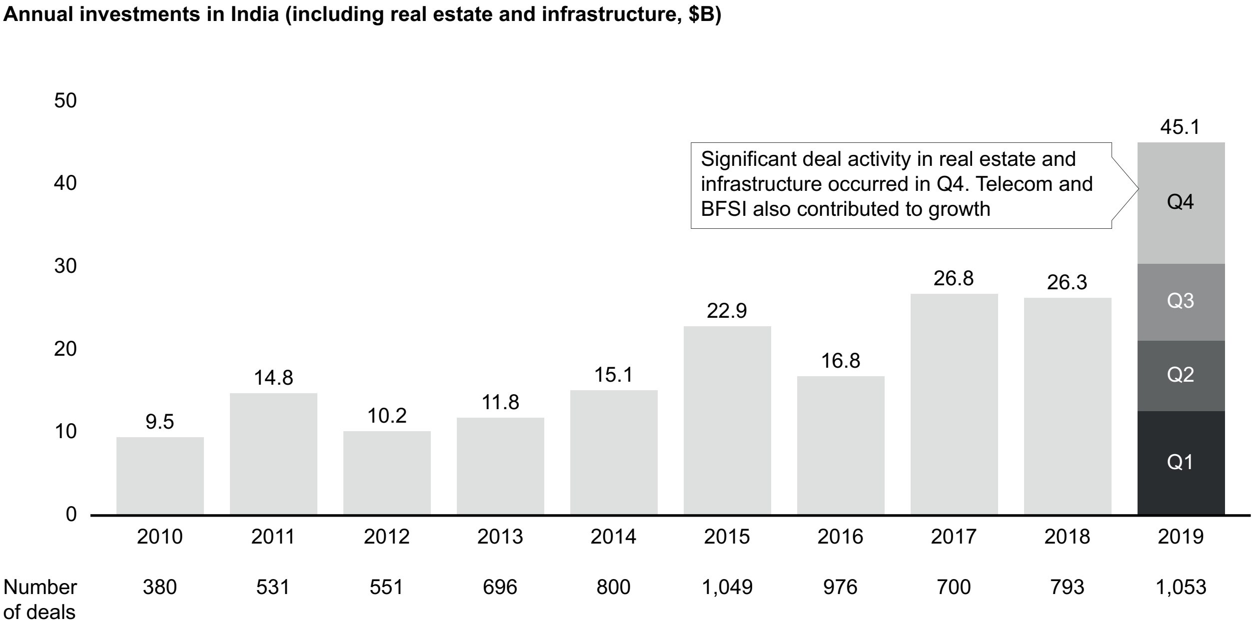
Note: Excludes real estate and infrastructure
Sources: AVCJ; Bain analysis

Figure 1.3: Additionally, China experienced a dip in investment activity in early 2020 as a result of the Covid-19 crisis



Note: Excludes real estate and infrastructure
Source: AVCJ; Bain analysis

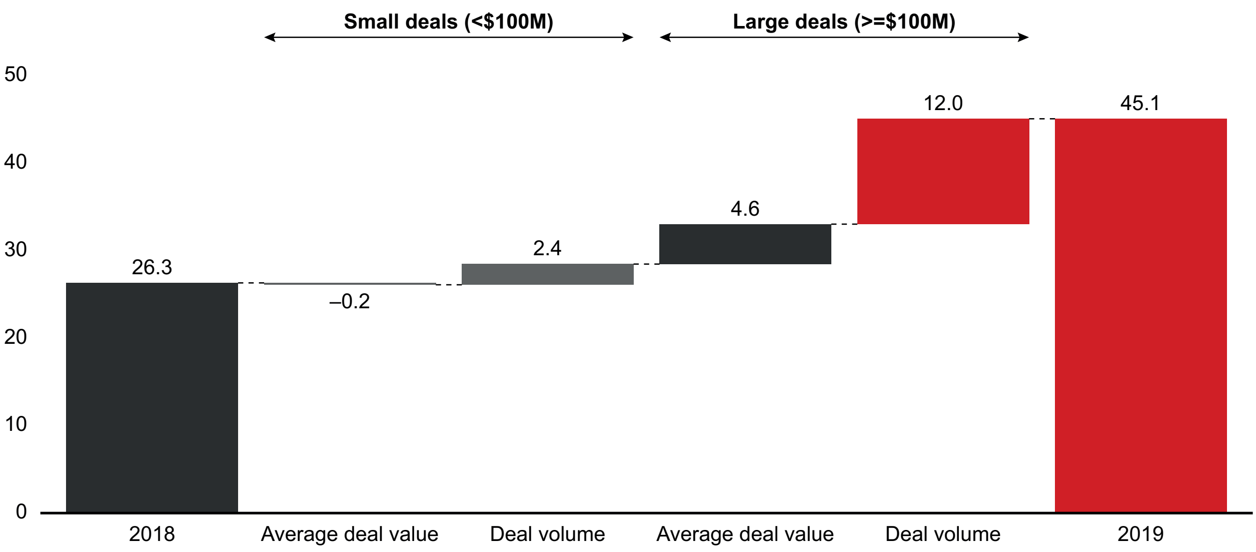
Figure 1.4: Investment momentum in India accelerated in 2019, with total investment value being the highest in the last decade



Notes: Includes real estate and infrastructure, private investment in public equity (PIPE) and venture capital (VC) deals; deal volume includes deals where deal value is unknown
Source: Bain PE deals database

Figure 1.5: Almost 90% of growth from 2018 to 2019 was driven by an increase in the number of large deals as well as their average value

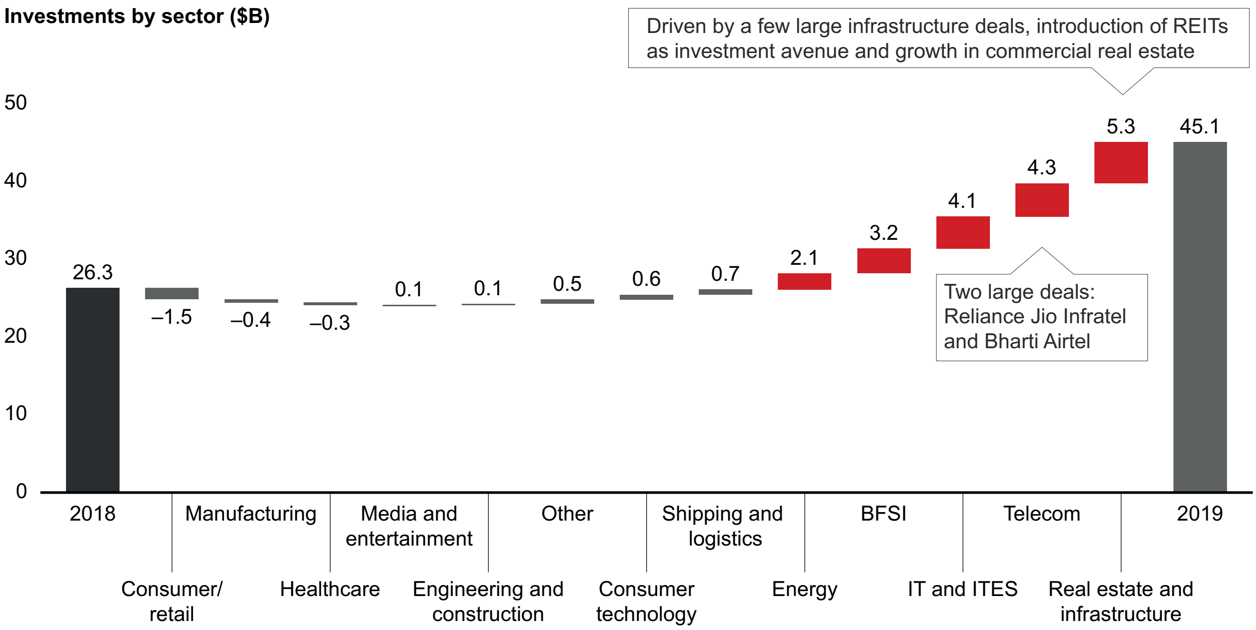
Investment evolution across deal sizes (2018 to 2019, $B)



Notes: Includes real estate and infrastructure deals; deal volume and average deal value are only for deals with a known value
Source: Bain PE deals database

Figure 1.6: Real estate and infrastructure, telecom, IT and ITES, BFSI and energy contributed to the majority of growth

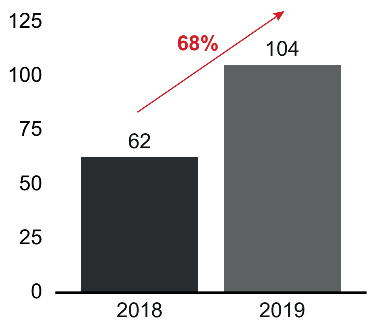
Investments by sector ($B)



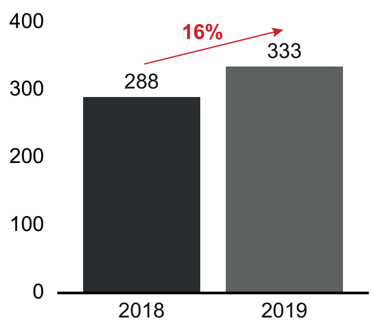
Note: Others includes a variety of industries such as education, sports, hospitality and talent management
Source: Bain PE deals database

Figure 1.7: High-growth sectors of 2019 witnessed an increase in both deal volume and average deal value

Volume of large deals across sectors



Average deal size for large deals across sectors ($M)



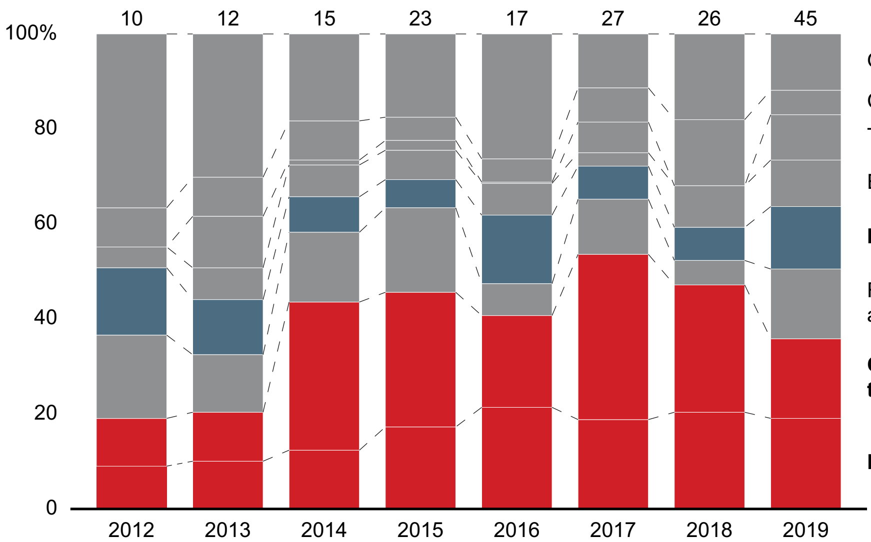
Sector	2018	2019	CAGR
Real estate and infrastructure	6	12	100%
Telecom	–	2	–
IT & ITES	5	11	120%
BFSI	12	20	67%
Energy	6	9	50%

Sector	2018 ($M)	2019 ($M)	CAGR
Real estate and infrastructure	182	424	133%
Telecom	–	2,133	–
IT & ITES	161	329	104%
BFSI	345	349	1%
Energy	354	469	33%

Notes: We define large deals as deal of $100 million or more; deal volume as well as average deal value are only for deals with a known value
Source: Bain PE deals database

Figure 1.8: In absolute terms, BFSI and consumer tech continue to be the largest sectors in 2019, while IT and ITES experienced significant growth in the last year

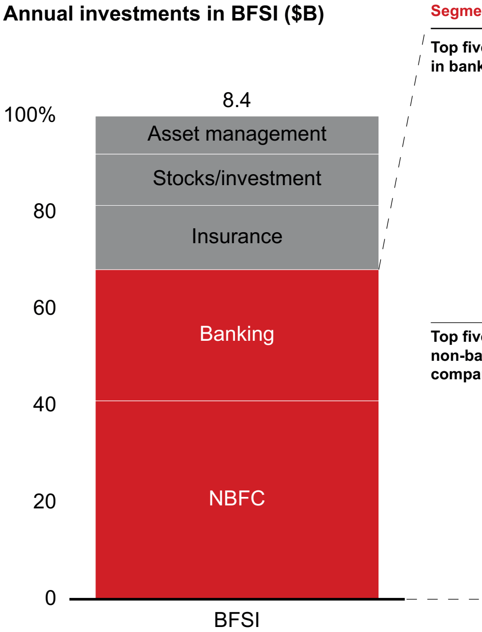
Annual investments ($B)



	CAGR (2012–19)	CAGR (2018–19)
Overall	24%	75%
By sector		
Other industries		
Consumer/retail	16%	–37%
Telecom	–	NA
Energy	39%	94%
IT and ITES	22%	230%
Real estate and infrastructure	20%	401%
Consumer technology	33%	9%
BFSI	38%	61%

Source: Bain PE deals database

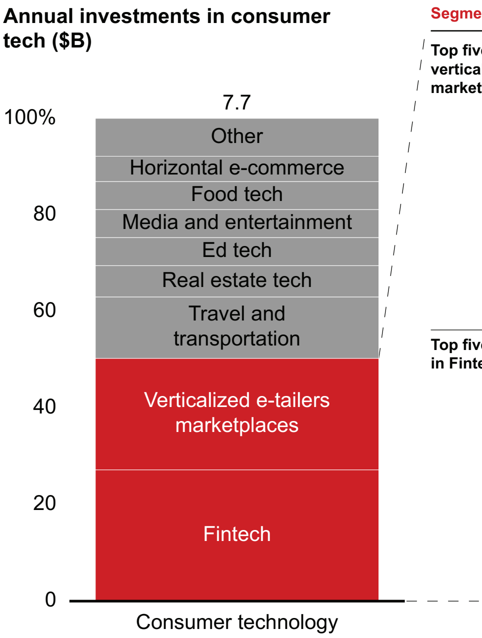
Figure 1.9: BFSI investments consist largely of deals in nonbanking financial companies and banks, with nearly 65% of deal value



Segment	Company	Fund(s)	Value ($M)
Top five deals in banking	Axis Bank	BlackRock, GIC Special Investments, T. Rowe Price	1,760
	OakNorth Bank	The Clermont Group, SoftBank	440
	Ujjivan Bank	CX Partners, GIC Special Investments, Other	42
	Suryoday Small Finance Bank	DEG, Kotak Mahindra Life Insurance, Gaja Capital, HDFC Life Insurance, Other	36
	Jana Small Finance Bank	TPG, Amansa Capital, HarbourVest Partners	32
Top five deals in non-banking financial companies (NBFCs)	Aadhar Housing Finance	The Blackstone Group	420
	Bajaj Finance	GIC Special Investments	339
	DMI Finance	DMI NIS (Liechtenstein)	230
	Cholamandalam Investment & Finance	CTBC Bank, First Abu Dhabi Bank, IFC, Mitsubishi UFJ Financial Group	222
	Mahindra & Mahindra Financial Services	International Finance Corporation	200

Note: Bajaj Finance received additional investments through mutual funds
Source: Bain PE deals database

Figure 1.10: Consumer tech investments consist largely of deals in fintech and vertical e-tailers and marketplaces, with about 50% of deal value

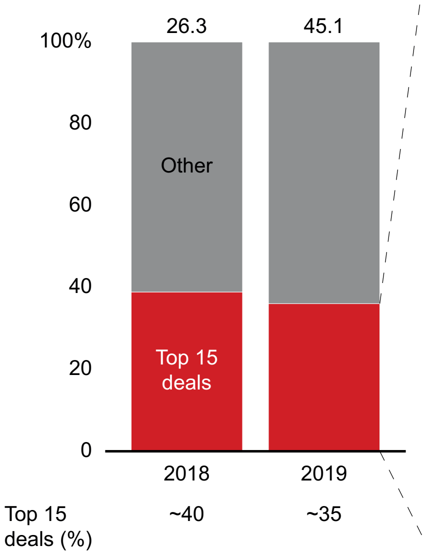


Segment	Company	Subsegment	Funds	Value ($M)
Top five deals in vertical e-tailers/ marketplaces	Lenskart	Eyewear	SoftBank	275
	Zilingo	Apparel	Sequoia Capital, Temasek, Burda Principal Investments, Sofina	226
	Pharmeasy	Healthcare	Temasek, CDPQ, LGT, KB Financial Partners, Bessemer Venture Partners, Orios Venture Partners, Eight Roads	220
	Grofers	Grocery	Sequoia Capital, SoftBank, Tiger Global Management, KTB Network	200
	FirstCry	Baby care	SoftBank	150
Top five deals in Fintech	Paytm	Payments	Ant Financial Services Group, SoftBank, D1 Capital Partners, Discovery Capital, T. Rowe Price	1,000
	PolicyBazaar	Insurtech	Tencent Holdings	150
	CRED	Payments	RTP Global, Sequoia Capital, Ribbit Capital, Tiger Global Management, Hillhouse Capital, Greenoaks Capital Partners, Other	120
	Tala	Lending	Lowercase Capital, DCVC Data Collective, IVP, PayPal Ventures, Other	110
	Razorpay	Payments	Tiger Global Management, Ribbit Capital, Sequoia Capital, Y Combinator	75

Source: Bain PE deals database

Figure 1.11: The top 15 deals constituted about 35% of total deal value, below the previous year's 40%

Investments by deal size ($B)

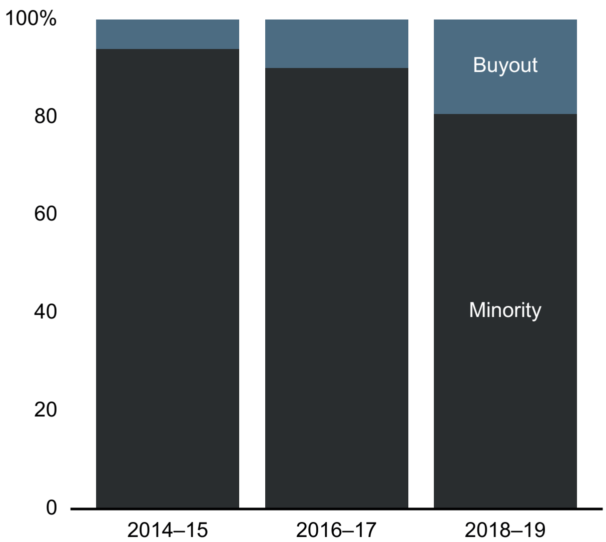


Company	Sector	Fund(s)	Value ($M)
Reliance Jio Infratel	Telecom	Brookfield Asset Management	3,550
Pipeline Infrastructure	Energy	Brookfield Asset Management	1,824
Axis Bank	BFSI	BlackRock, GIC Special Investments, T. Rowe Price	1,760
GMR Airports	RE & Infra	Tata Sons, GIC Special Investments, SSG Capital Advisors	1,158
GVK Airport Holdings	RE & Infra	ADIA, National Investment and Infrastructure Fund, PSP Investments	1,076
Paytm	Consumer Technology	Ant Financial Services Group, SoftBank, D1 Capital Partners, Discovery Capital, T. Rowe Price	1,000
CitiusTech	IT & ITES	Barings	880
Bharti Airtel	Telecom	GIC Special Investments	715
NIIT Technologies	IT & ITES	Barings	708
NHAI TOT Bundle 3	RE & Infra	I Squared Capital, International Finance Corporation	700
SBI Life Insurance	BFSI	The Carlyle Group, CPP Investments	652
Indian Hotels Company SPV	RE & Infra	GIC Special Investments	600
Udaan	IT & ITES	GGV Capital, Altimeter Capital, Hillhouse Capital, DST Global, Lightspeed Venture Partners, Footpath Ventures, Citi Venture Capital, Tencent Holdings	585
The Leela Palaces, Hotels and Resorts	RE & Infra	Brookfield Asset Management	563
Greenko Group	Energy	GIC Special Investments, ADIA	495

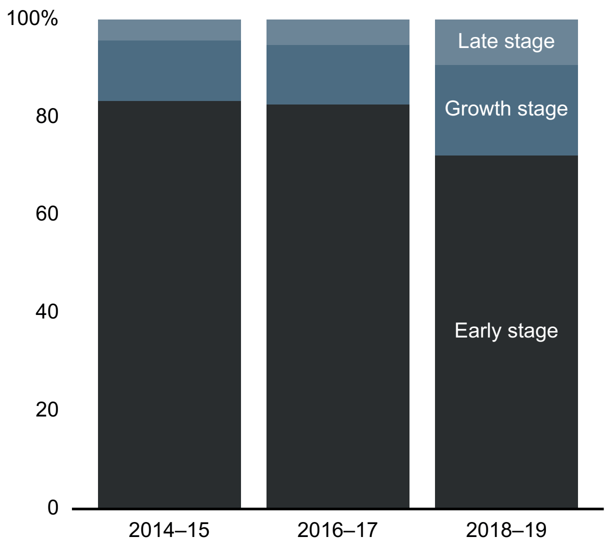
Note: Does not include deals where deal value is unknown
Source: Bain PE deals database

Figure 1.12: Share of buyouts, and growth and late-stage investments continued to increase

Deal volume by purchase stake

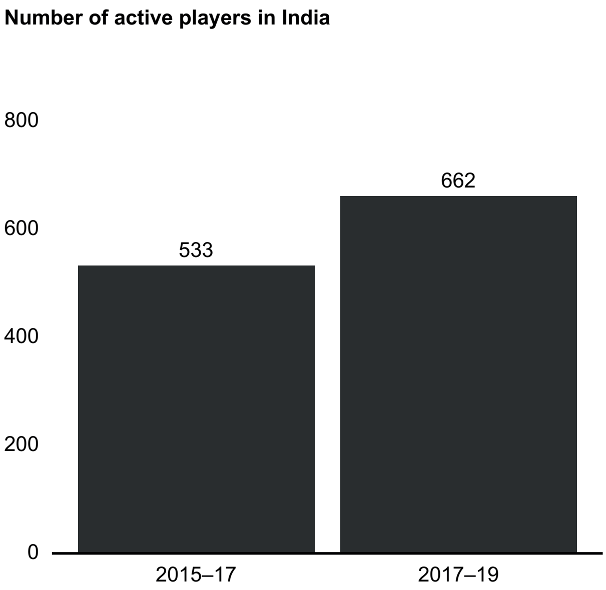


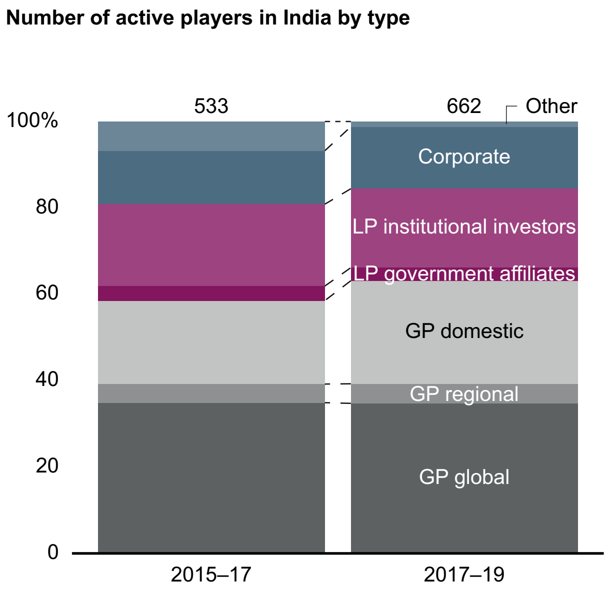
Deal volume by investment stage



Notes: Includes only deals where stake/deal size is known; buyout refers to >50% stake; does not include real estate, infrastructure or energy deals; deals worth <$20M have been classified as early, $20-85M as growth and >$85M as late stage
Source: Bain PE deals database

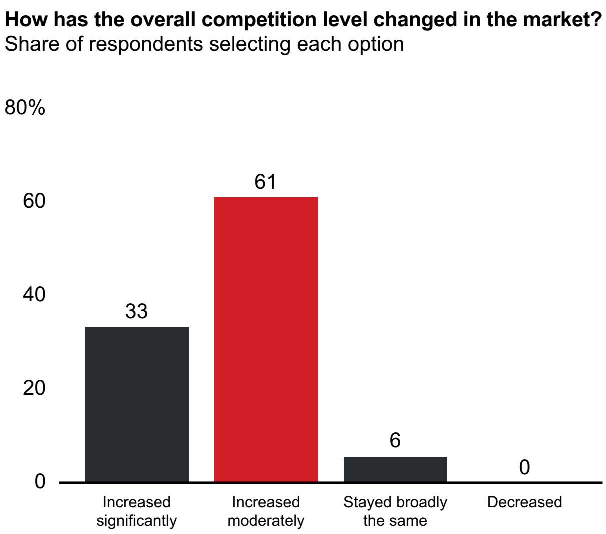
Figure 1.13: Competitive intensity in the market increased, as number of participating funds grew

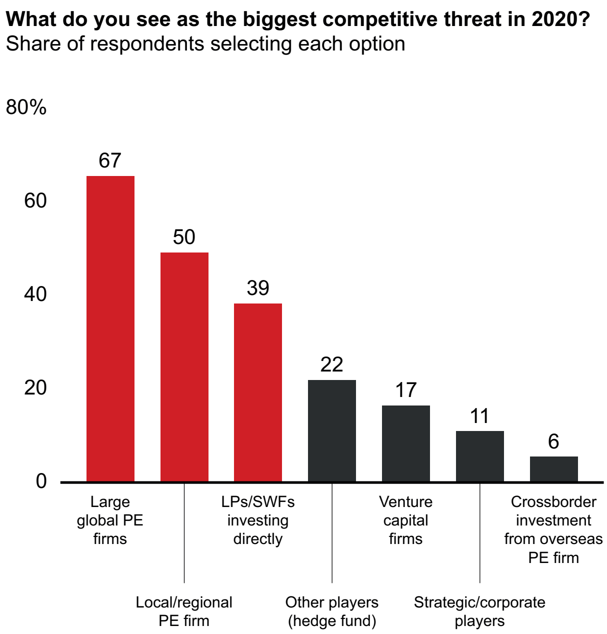




Notes: An active player has made an investment in the designated time period; GP global indicates any venture capital or private equity player that is active globally; GP regional indicates any private equity investor that focuses on deals between countries in Asia-Pacific; GP domestic focuses on one country with very limited external presence; LP government affiliate is controlled by a government; LP institutional includes investment banks, asset management, financial institutions, insurance, corporate pension funds and corporations; other includes private investors and family offices; excludes real estate and infrastructure
Source: AVCJ

Figure 1.14: Investors also concur that competitive intensity has moderately increased

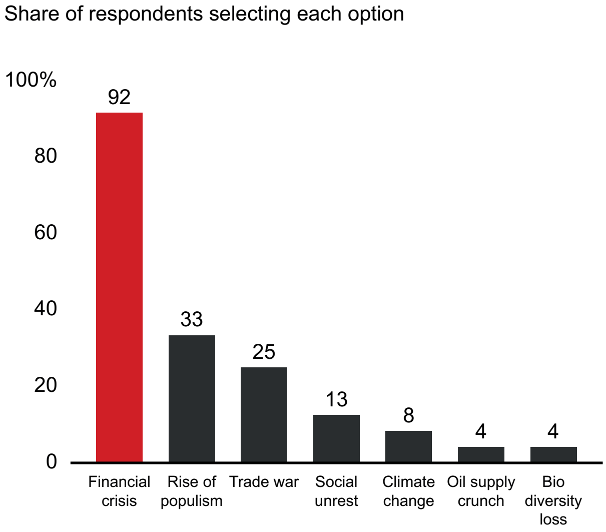


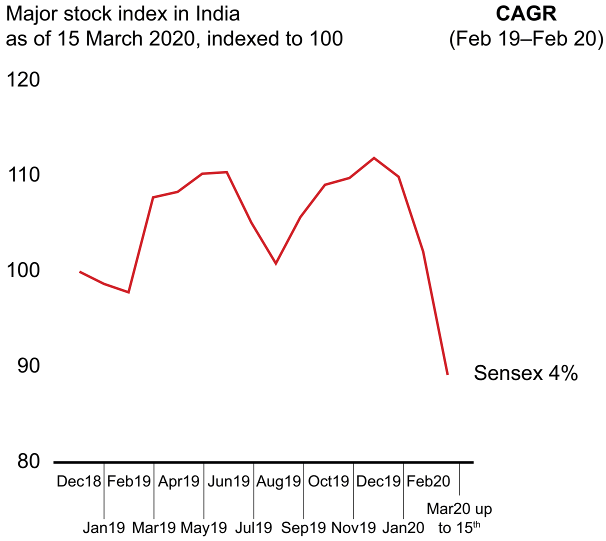


Source: Bain Private Equity Survey 2019 (n=28)

Figure 1.15: Investors are cautious about the financial crisis, and India's stock market took a hit as a result of the Covid-19 slowdown and sharp oil price cut

Rank of greatest macro risks to PE portfolios





Source: Bain Private Equity Survey 2019 (n=28)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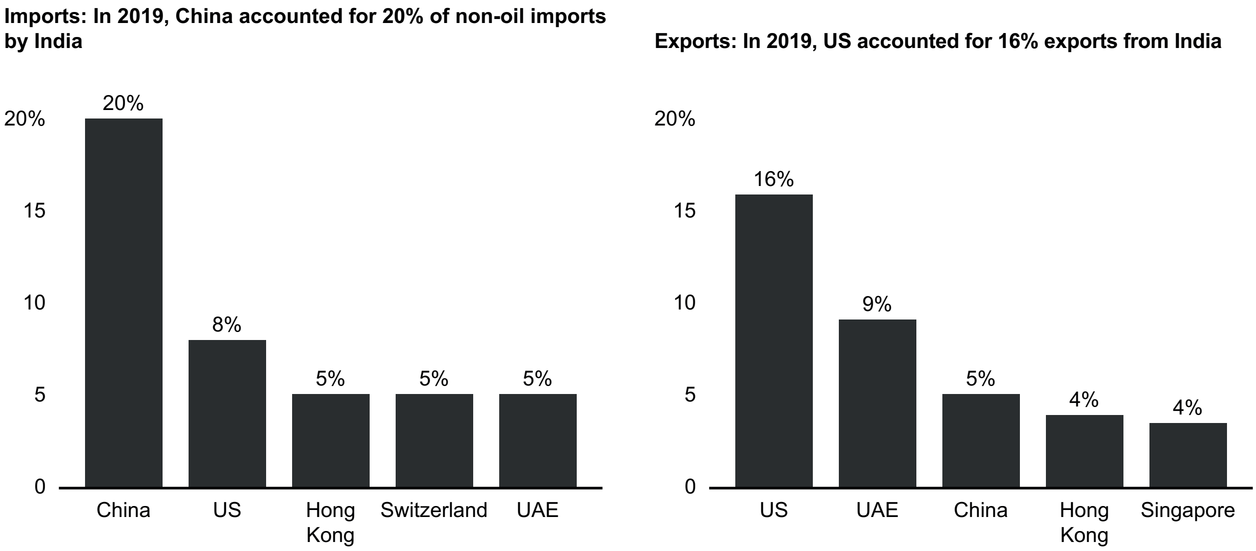
Covid-19 impact and key takeaways

- India is beginning to face the impact of Covid-19, with major import and export destinations impacted as well as the stock market which has taken a hit in recent months.
- In the near term, investors need to triage their portfolio companies to understand the impact and determine suitable actions for portfolio companies. Portfolio company CEOs need to take immediate actions to ensure business continuity and plan for value creation to retool their businesses for the future.
- From an investment perspective, we will likely see a reduction in investments in H1 2020 along with a price correction across the board. Investors could act differently according to types of industry consumption patterns to minimize the Covid-19 impact.
- Based on global financial crisis (GFC) experience, deals invested during or after a downturn tend to do well. The market disruption caused by Covid-19 will likely lead to growth in select pockets (e-commerce, enterprise technology/SaaS, healthcare, on-demand services) and create investment opportunities.

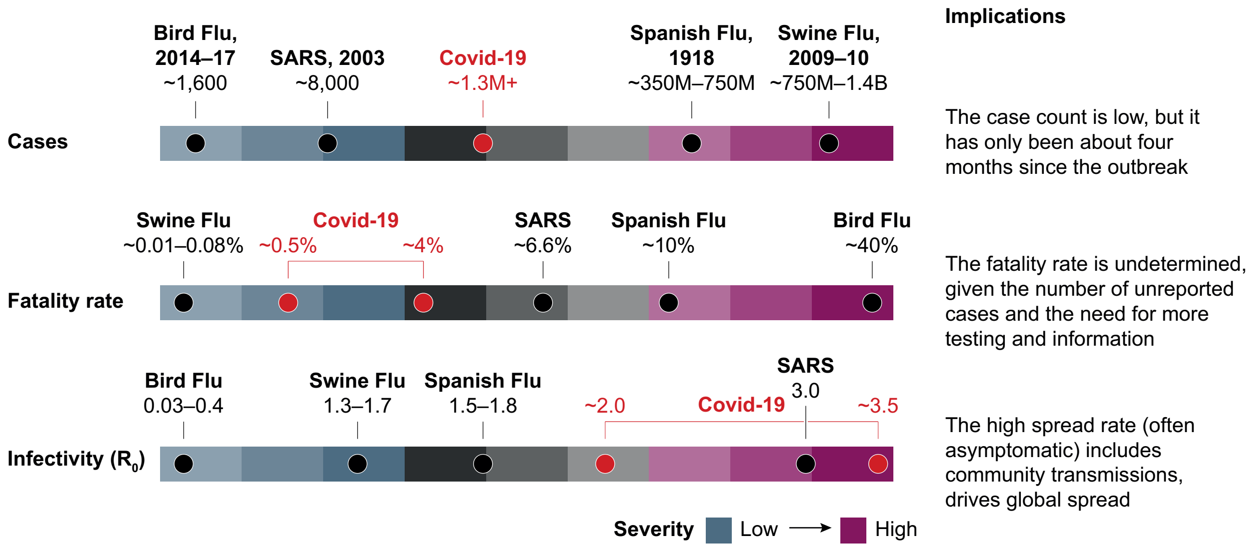
Figure 2.1: Covid-19 is starting to affect India as well as its major import and export destinations



Government of India announced a nationwide lockdown, starting 25th March, restricting the movement of goods and people in an attempt to prevent the spread of Covid-19

Source: Ministry of Commerce and Industry, India

Figure 2.2: The impact of Covid-19 is expected to be more severe than other major epidemics



The combination of a relatively low fatality rate, a fast rate of spread and a high proportion of cases with symptoms similar to cold/flu make this uncommonly difficult to address with containment measures

Note: All Covid-19 epidemiology figures are as of April 6th; R_0 refers to the average number of people infected by one sick person
Sources: National Health Commission of the PRC; Bain Macrotrends Group analysis

Figure 2.3: Early signs of recovery from Covid-19's impact are emerging in China

Significant near-term shock the from the sharp contraction in activity

40% Estimated China Q1 2020 GDP drop, compared to Q4 2019

~5M Five million Chinese citizens lost their jobs in January and February, adding ~1% to unemployment

PMIs also fell significantly from January to February

–10.8% Month on month point decrease in manufacturing PMI, down from 51.1 points

–25.3% Month on month point decrease in services PMI, down from 51.8 points; transportation, tourism and catering sectors most affected

Early signs of a recovery starting to emerge

Coal consumption has picked up since ~40% YoY decline in January with ~25% YoY current decline

80–90% Rate of work resumption for businesses

70–80% Manufacturing capacity utilization after lockdown lifted

35M Daily automobile load returned to pre-Covid levels on China's highways

Sources: China National Bureau of Statistics; TOMTOM traffic index; China Association of Metros; Bain Macrotrends Group analysis

Figure 2.4: India can learn from various interventions seen around the world

Lessons for companies

1. Set up a war room to make rapid decisions ahead of business need
2. Establish health and safety measures
3. Focus on existing customers to reduce churn
4. Reduce functional spending by going virtual
5. Invest for the future by building new capabilities
6. Open new channels of communication to customers, employees and suppliers
7. Give back to the community via subsidies and low-interest loans or by hiring short-term staff from affected industries

Lessons for government: Socioeconomic interventions

1. **Supply chain management**
   - Divert public and private transportation assets as needed to ease logistical concerns
   - Assist in sourcing by consolidating fresh produce in a region
2. **Fiscal relief:** Defer business **tax payments by one quarter**
3. **Stimulus packages:** Offer no-interest loans to retailers to support sellers

Lessons for government: Medical interventions

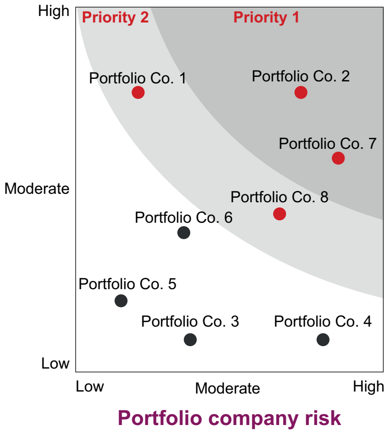
1. **Dedicated health facilities and widespread testing**
   - Building or dedicating healthcare facilities exclusively for Covid patients
   - Large-scale testing efforts and/or targeted testing of risk groups
2. **Smartphone alerts:** Applications built to notify users of potential Covid risk and track health outcomes

Source: Bain & Company

Figure 2.5: Investors need to triage their portfolio companies to determine what actions to take

Couple portfolio company risk assessment with controllability to guide priorities

Controllable value at stake



Factors for controllable value at stake

Ability to impact	Can fund help mitigate the risks?
Share of fund	What share of fund does portfolio company make up?

Factors for portfolio company risk

Use Bain's risk framework	Demand reduction exposure
	Supply chain and ops exposure
	Labor and talent risks
	Financial strength

Priority 1: Large at risk portfolio companies with problem(s) that can be addressed
Priority 2: Portfolio companies that have lower risk with issues that can be addressed

Funds next steps

- **Develop custom action plans to address key risk for prioritized portfolio companies** (financial, labor, operational requirements for successful implementation)
- **Develop action plans for other high risk issues**
- **Create phased execution roadmap** to drive change while keeping focus on high priority actions
- **Commence execution** in line with roadmap
- **Establish structure for continuous follow up**
- **Identify best practices** and share across portfolio
- **Mobilize resources to support priority portfolio companies** (OPEX/CAPEX injections)

Source: Bain & Company

Figure 2.6: Portfolio company CEOs need to Act Now and Plan Now

Mission

Act Now
to protect and run the business today

- Safety and security of people and communities
- Business continuity

Plan Now
to retool the business for the future

- Recovery
- New normal

Management approach

Crisis management war room
Mobilize the organization to protect the company's employees, customers and strategic flexibility

"New normal" transformation office
Prepare company and strategy to adjust to accelerated structural changes resulting from a pandemic-driven recession

Common tools

Lead: Manage disruption
Do: Agile teams with daily results rhythm

Orchestrate: Structured work streams
Track: Management tool

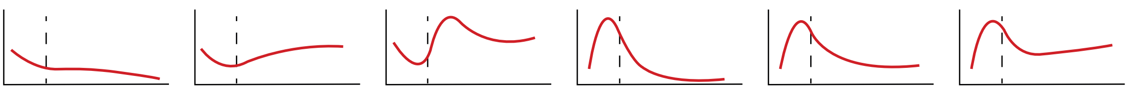
Source: Bain & Company

Figure 2.7: Portfolio company CEOs can safeguard companies and prepare for the future across six areas

	Act Now **Immediate actions** to ensure business continuity Safety and security of our people and communities / Business continuity Example action plan: **largely similar across industries**	**Plan Now** **Plan for value creation** to retool for the future Recovery / New normal Example action plan: **highly tailored between industries**
Balance sheet	Preserve cash and manage liquidity	Optimize net working capital (NWC) for mid to long-term; prepare for opportunistic transformative M&A
Cost structure	Prepare for multiple scenarios requiring different levels of cost reduction; take no-regrets actions	Target and achieve sustainable cost structure
Customers	Invest in customers and frontline employees; hone value propositions; digitize marketing and selling	Address emerging needs and behaviors with new value propositions and digital capabilities
Operations	Stabilize operations including adjustments in sourcing, production and supply chain	Restructure to create greater visibility, flexibility and resiliency
People and organization	Safeguard your people and contingency-plan your workforce while adopting remote ways of working	Adapt operating model to new ways of working
Strategy	Triage in-flight initiatives; respond to government actions; Use resources to help societies and communities defeat Covid-19	Refresh future-back vision and execution agenda; strengthen crisis management capabilities; navigate new regulatory environment
	Protect business from current risks	**Build** a winning business for the future

Source: Bain & Company

Figure 2.8: From an investment perspective, investors could act differently according to types of industry consumption patterns to minimize Covid-19 impact



	Hit in short term, headwinds long term	**Hit in short term, recover in long term**	**Hit in short term, bounce back and stabilize long term**	**Spiked in short term, decline in long term**	**Spiked in short term, stabilize in long term**	**Spiked in short term, keep growth momentum in long term**
Industries	• Select traditional retailers • Co-working spaces	• Restaurant & food service • Entertainment and education (offline) • Traditional retail and commercial real estate	• Apparel and beauty products • Alcoholic drinks • Household appliances	• Personal computers and monitors	• Offline grocery (fresh food) • Household goods • Packaged food	• Online entertainment • Distance learning • Digital healthcare • Vertical e-commerce
Actions	Avoid further investment as demand to remain on declining trend	Help portfolio companies survive and prepare for sustainable improvement	Seek undervalued hidden gems with financing needs and invest for long term	Avoid further investment as demand likely to return to declining trend	Stay put for short term overheat	Identify companies with strong growth potential and invest for long term value

Source: Bain & Company

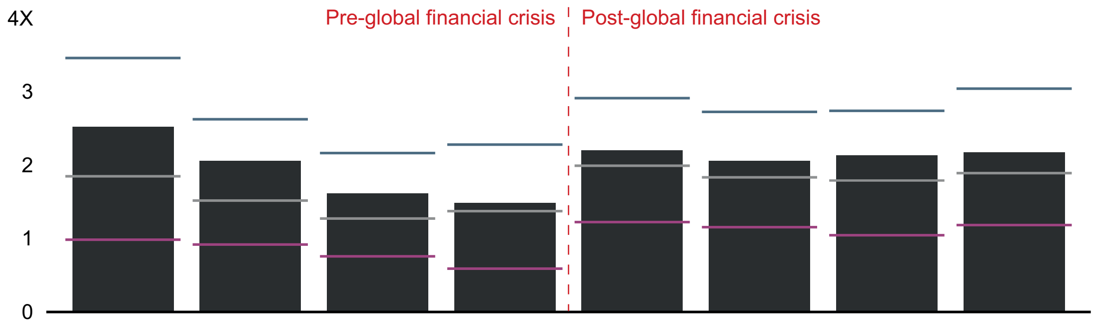
Figure 2.9: In this environment, potential target assessment should consider these five questions

Questions to answer	Considerations	What good looks like
How will industry demand recover post-Covid-19?	Define industry's demand profiles over time and potential recovery timelines, considering government restrictions, consumption pattern and consumer shift to substitutes	(+) Companies that are likely to bounce back quickly post-crisis (+) Companies with offerings unaffected by substitutes
Is current distress caused by company specific issues?	Understand target's historical financial and operating performance prior to Covid-19 Assess whether target has resources to address potential internal factors	(+) Market leaders/successful companies prior to Covid-19 (+) Companies with internal issues that can be addressed with low investment
Is the company poised to succeed post Covid-19?	Assess target's 'ability to win' in new competitive landscape driven by its flexibility to modify operations, sales structure and customer engagement	(+) Companies that are likely to capture increased demand due to resilient supply chain (+) Companies that can respond timely to changes in customer behaviors
Can we ensure short-term stability of the company?	Assess target's flexibility to scale operations given short-term disruption risks and short-term liquidity needs to determine capital investment required (including potential government aid)	(+) Companies with flexibility to temporarily scale operations up or down (+) Companies that are likely to receive government support
Do we have a plan for longer-term differential value creation?	Identify what value creation levers investors can pull to retool the target for the future (new value propositions for emerging needs, M&A, cost management)	(+) Companies where investor playbook can add significant long-term value

Source: Bain & Company

Figure 2.10: Deals invested during or after a downturn tend to do well based on global financial crisis experience

Gross buyout deal MOIC by investment year

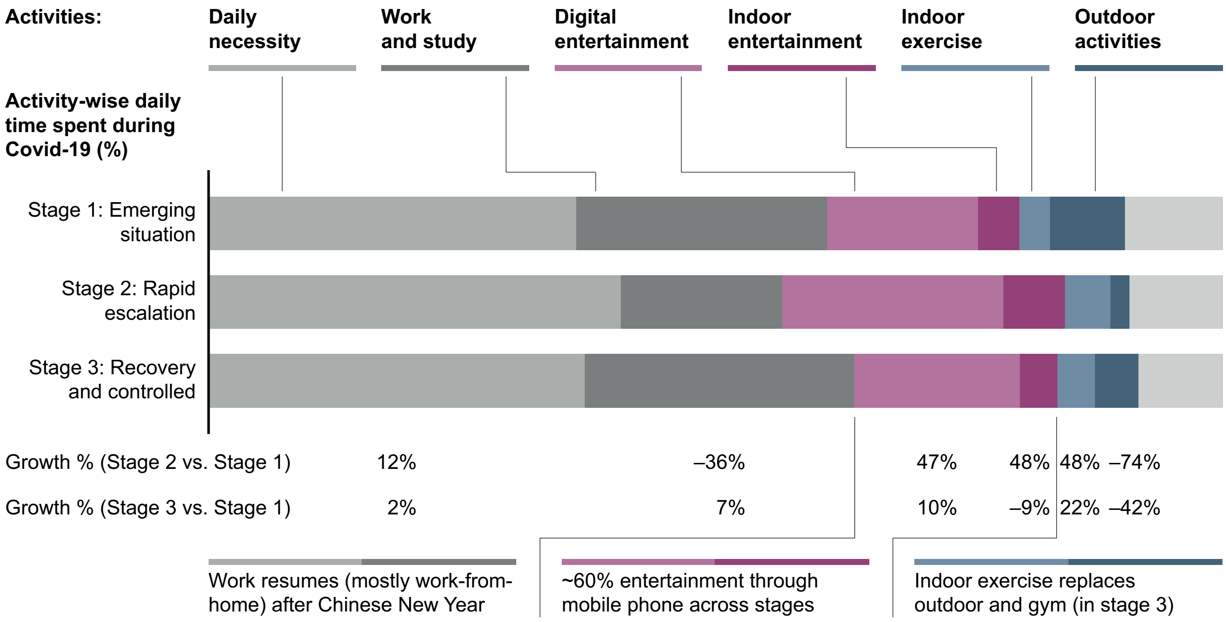


	2005	2006	2007	2008	2009	2010	2011	2012
Pooled IRR	34%	17%	9%	8%	27%	19%	20%	25%
Invested capital ($B)	93	130	190	112	46	112	107	95
Number of deals	1,114	1,308	1,415	923	519	1,055	1,020	989

Pooled IRR — Top quartile — Median — Bottom quartile

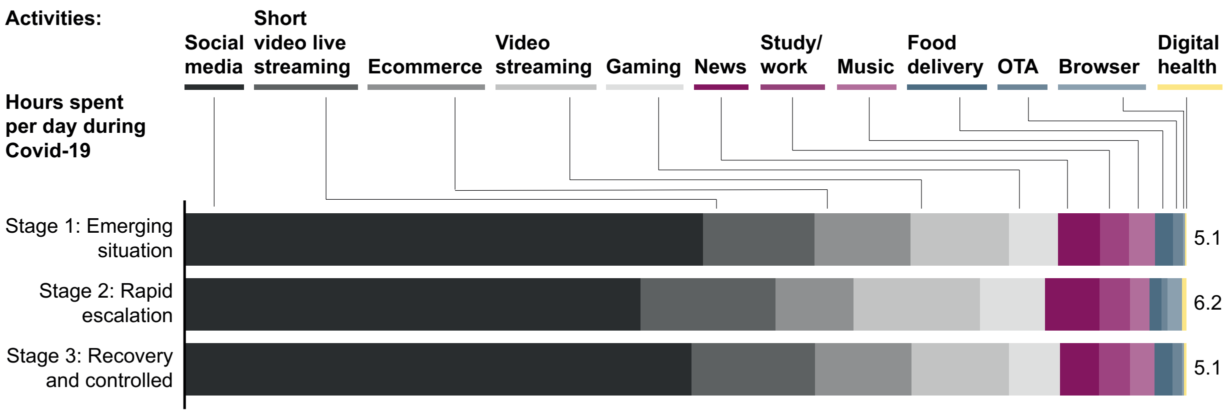
Notes: Deal-level data obtained from PE fund managers connected to CEPRES, all locations, all deal-sizes, grouped by investment year, pooled average weighted by deal invested capital, buyout includes all buyout strategies, private debt includes all private debt strategies, turnaround includes investments into struggling businesses and special situation includes investments into distressed assets where litigation, liquidation, or other unique but unusual situations are concerned
Source: CEPRES

Figure 2.11: Based on China's experience, consumers spend significant time using their mobiles for at-home entertainment during the lockdown



Sources: China consumer survey post Covid-19 (n=981); Bain analysis

Figure 2.12: For mobile use, most app categories show significant growth in average time spent per user

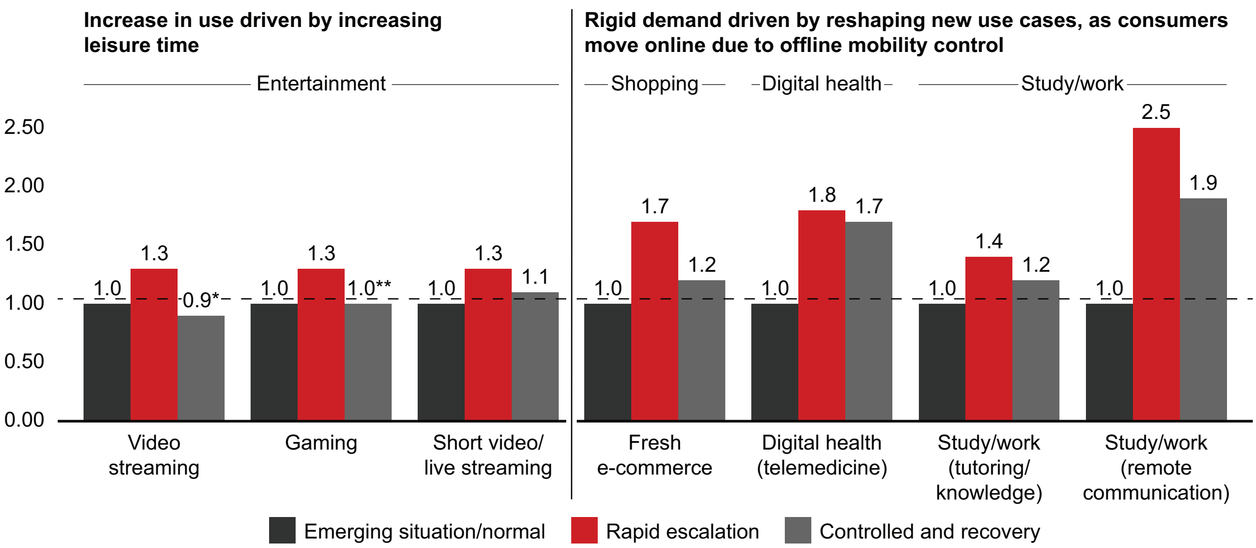


	Social media	Short video live streaming	Ecommerce	Video streaming	Gaming	News	Study/ work	Music	Food delivery	OTA	Browser	Digital health
Phase 2 growth over Phase 1	7%	48%	–1%	57%	63%	57%	27%	–8%	–18%	–27%	660%	373%
Phase 3 growth over Phase 1	–2%	11%	1%	0%	4%	–7%	9%	9%	0%	0%	–26%	99%

Sources: China consumer survey post Covid-19 (n=981); Bain analysis

Figure 2.13: Consumer behavior changes continue beyond lockdown (during "control and recovery" phase)

Change in consumer time spent in different mobile app categories across various stages of Covid-19 (indexed to emerging situation)



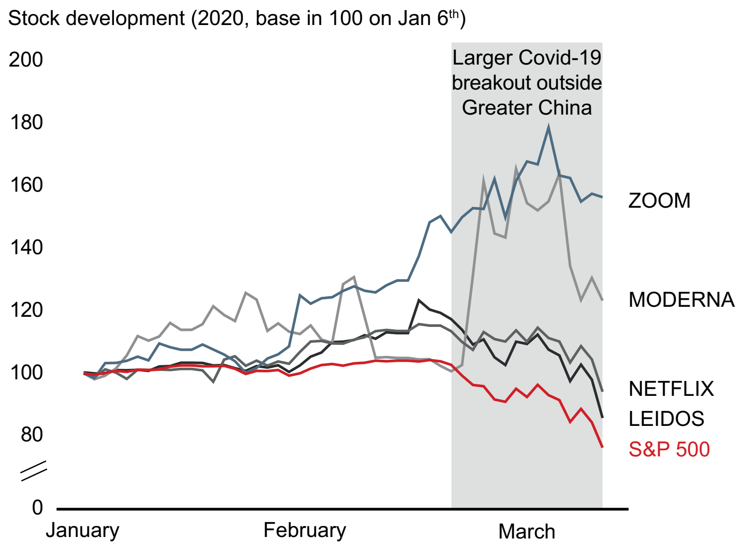
* Consumer spend time on video streaming highly depends on availability of new content
** Survey audience includes people > 18 years old, miss younger consumer who may stay longer for gaming apps
Sources: China consumer survey post Covid-19 (n=981); Bain analysis

Figure 2.14: As a result, the market disruption caused by Covid-19 will likely lead to growth in select pockets and create investment opportunities

Certain industries and companies will likely see more demand

Organized retail	Increase in demand of grocery and staples from organized retail and modern trade
E-commerce	Increased use during restricted movement due to ease of access and availability of products
Enterprise tech/SaaS	As offices and schools close down, rising need for enabling services to work from home
Healthcare	Accelerated innovation and surge of demand for healthcare (Covid-19 vaccine development)
Services from home	Social distancing increases demand for services from home such as entertainment and food

Examples of companies outperforming S&P 500 since outbreak



Sources: Refinitiv; Bain analysis

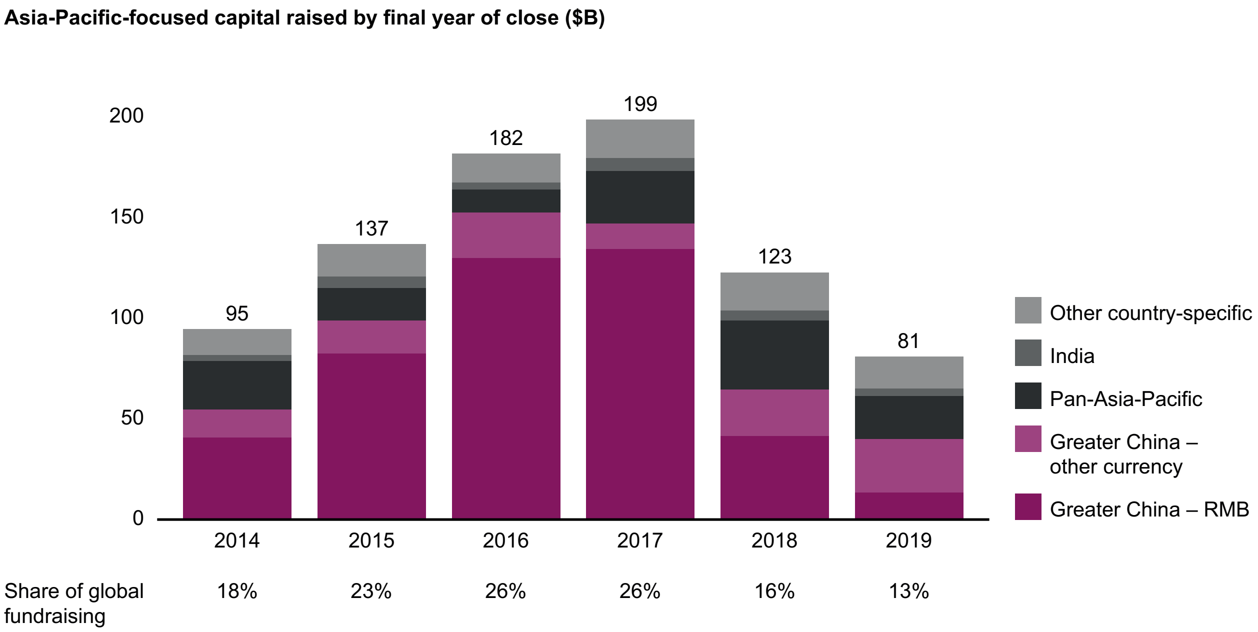

₹500

3.

Fundraising:
No lack of capital for good deals

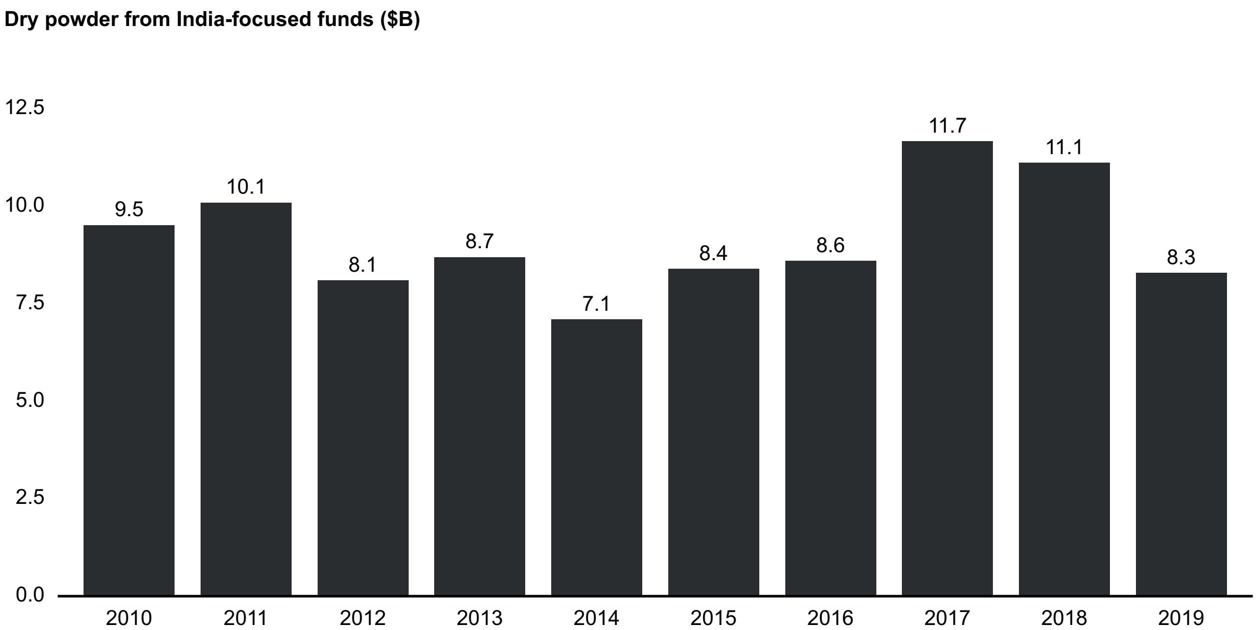
- Throughout the Asia-Pacific region, PE fundraising slowed in 2019, largely reflecting the Chinese government's tightened restrictions on PE investments. APAC's share in global fundraising dropped from more than 26% in 2016 and 2017 to 13% in 2019.
- India-focused dry powder remained healthy at $8.3 billion, albeit below the previous two years, which were upwards of $11 billion.
- A majority of investors believe the fundraising environment in the next 12 months will be more challenging than in 2019, primarily due to a decline in fundraising, a slowing economy and highly selective limited partnerships (LPs) as a result of increasing competition.
- However, fundraising is not a key concern amid current market conditions, featuring well behind high-seller pricing expectations, macroeconomic softness, increased competition and challenging exit conditions.

Figure 3.1: APAC fundraising plunged as Renminbi-based funds continued to soften



Notes: Includes regional and country funds; excludes real estate and infrastructure
Source: Preqin

Figure 3.2: However, India-focused dry powder is more than adequate and will ensure sufficient capital for high-quality deals

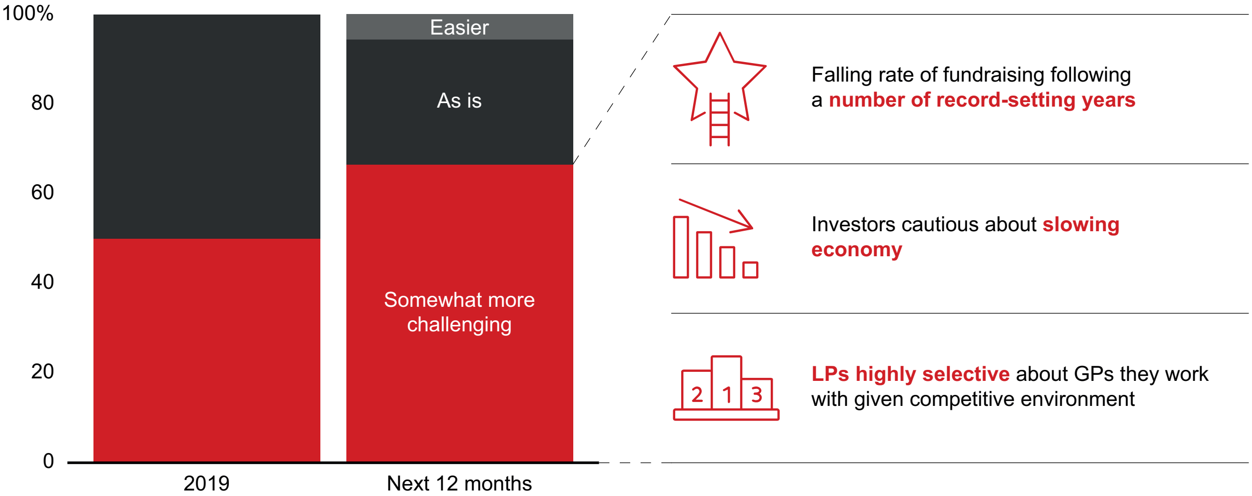


Notes: Value excludes real estate and infrastructure; figures as of December of each year
Source: Preqin

Figure 3.3: Fundraising in 2020 is expected to become more challenging than in 2019

How was the fundraising environment in 2019 and how do you expect it to change in the next 12 months?

Share of respondents selecting each option

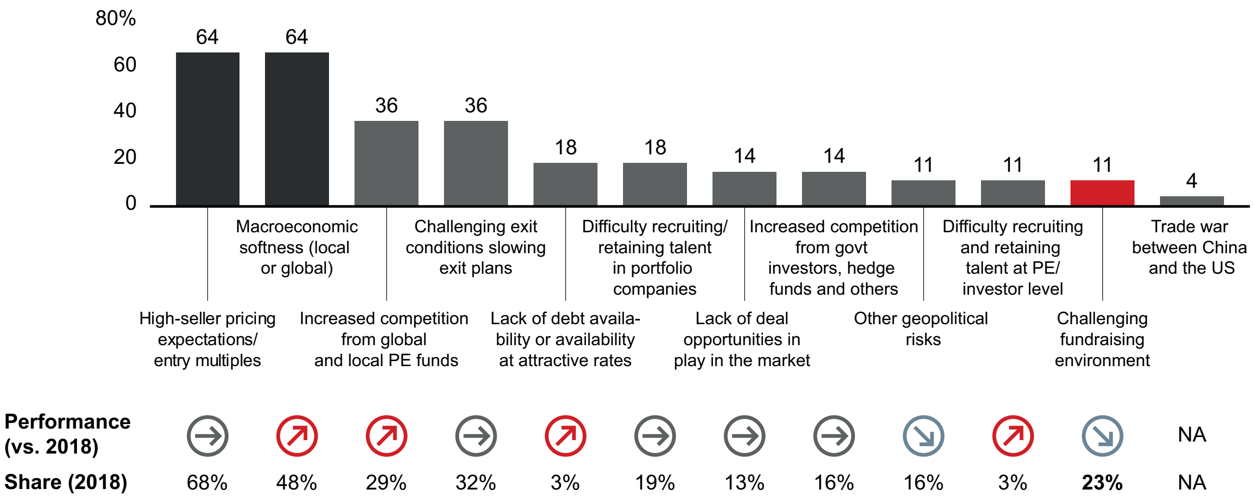


Note: No respondent selected the option "Very challenging"
Source: Bain Private Equity Survey 2019 (n=28)

Figure 3.4: Investors are less concerned about fundraising as compared to last year

What are the key concerns you have amid current market situations?

Share of respondents selecting each option as top 3 concerns (2019)



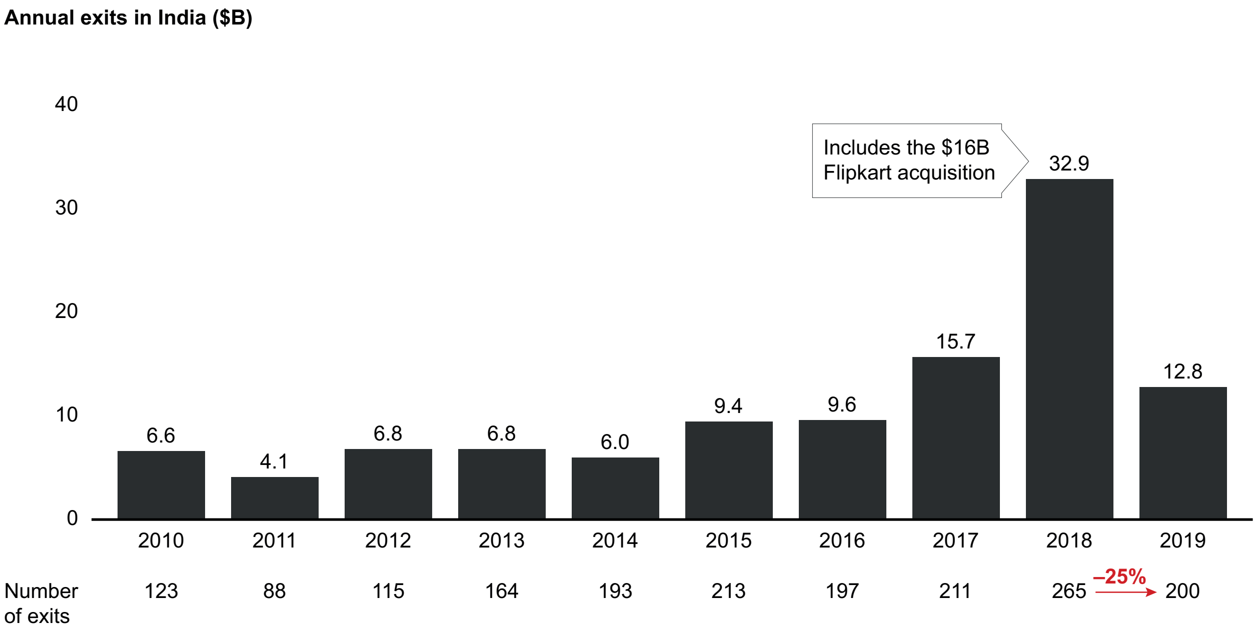
Note: No respondent selected the option "Climate change"
Sources: Bain Private Equity Survey 2019 (n=28); Bain Private Equity Survey 2018 (n=31)

4.

Exits: Some slowdown

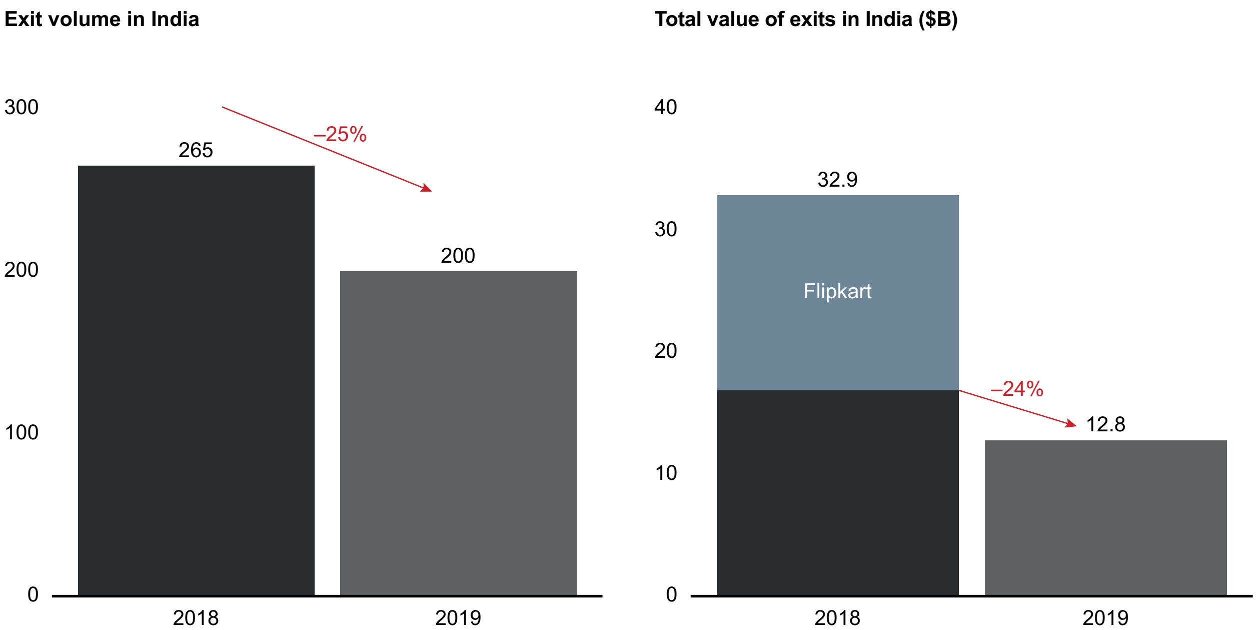
- India exits witnessed some slowdown in 2019 relative to the previous two years. That said, it was the third-highest exit year of the last decade at $12.8 billion. The fall over last year's $17 billion (excluding Flipkart) was driven by a decrease in the number of exits from 265 to 200.
- Most investors found the 2019 exit environment more challenging than 2018. IPO market unpredictability and macroeconomic softness were highlighted as key reasons for weak exit opportunities.
- The top 10 exits accounted for just over half of total exit value. Three of the top exits were in IT and ITES, two in consumer tech, and the rest across consumer/retail, real estate and infrastructure, BFSI, energy and healthcare.
- Most sectors have earned reasonable returns on exits over the past five years, with return multiples trending upwards. Consumer tech, IT and ITES and BFSI reaped the highest multiples on invested capital.
- Investors attributed successful exits to strong management teams, market growth and clear exit strategy. Management issues and unfavorable disruption in the industry post-close were cited in exits that weren't so successful.

Figure 4.1: India PE exits finished 2019 slightly below the last two-year levels, excluding Flipkart



Notes: Includes real estate and infrastructure exits; no filter on exit value has been applied to the overall figures; number of exits includes deals where exit value is not known
Source: Bain PE exits database

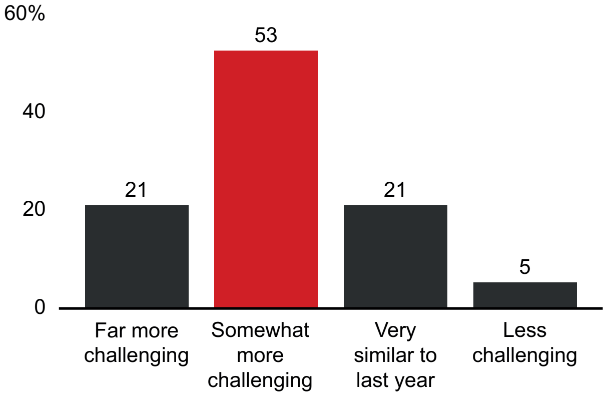
Figure 4.2: Exit momentum slowed with a decline in both exit value and volume



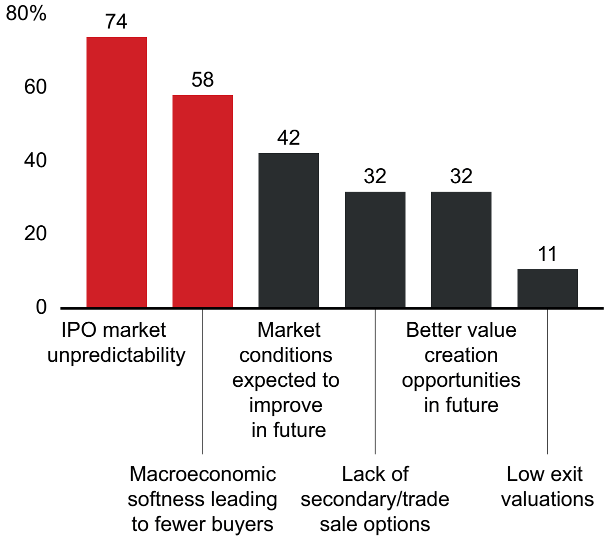
Notes: Includes real estate and infrastructure exits; no filter on exit value has been applied to the overall figures; exit volume includes deals where exit value is not known
Source: Bain PE exits database

Figure 4.3: Investors cited IPO market unpredictability and macroeconomic softness as reasons for weak exit opportunities in 2019

How was the exit environment in 2019 compared with 2018?



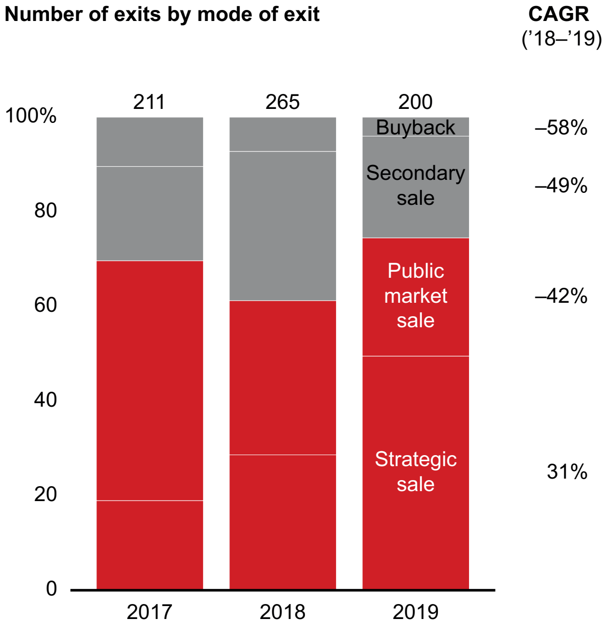
What do you see as the principal reasons for sub-optimal exit opportunities in 2019?



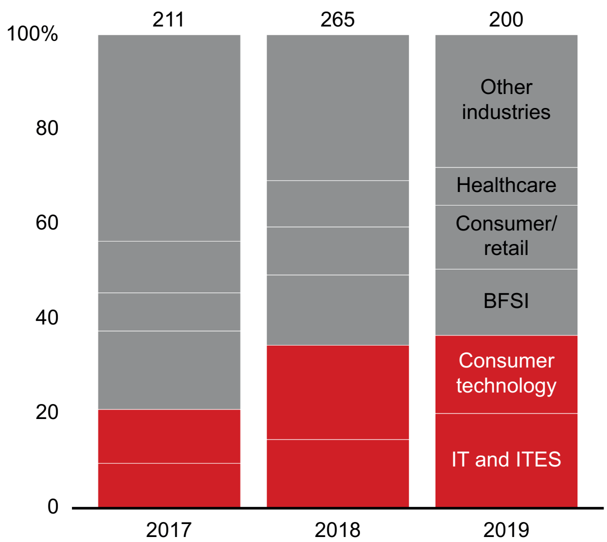
Source: Bain Private Equity Survey 2019 (n=28)

Figure 4.4: Strategic sales were the most common exit mode, while IT and ITES, and consumer tech had the highest number of exits across sectors

Number of exits by mode of exit



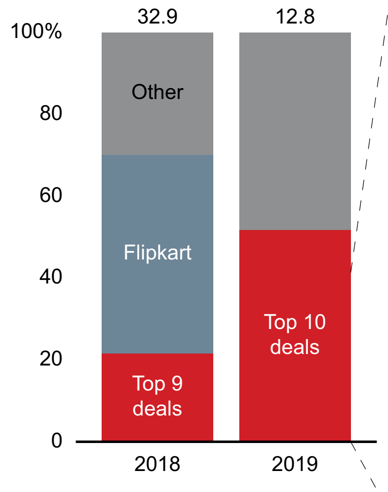
Number of exits by industry



Notes: Includes real estate and infrastructure exits; no filter on exit value has been applied to the overall figures
Source: Bain PE exits database

Figure 4.5: A few large exits dominated, with the top 10 exits accounting for over half of the total exit value

Exits by transaction size ($B)

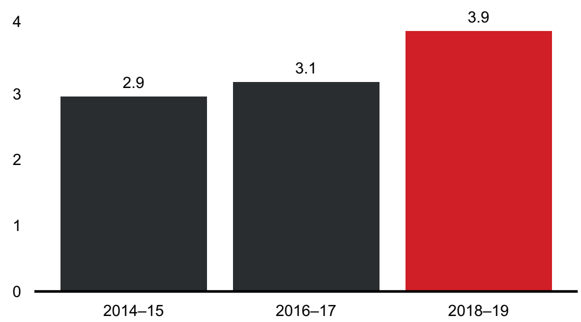


Target	Exiting firms	Sector	Value ($M)	Route
Oyo	Lightspeed Venture Partners, Sequoia Capital	Consumer technology	~1,500	Buyback
GMR Airports	Macquarie-SBI Infrastructure Investments, Standard Chartered, JM Financial	Real estate	~1,170	Secondary sale
CitiusTech	General Atlantic	IT and ITES	~880	Secondary sale
Ruchi Soya Industries	Siva Ventures, Devonshire Capital, Albula Investment Fund	Consumer/ retail	~630	Strategic sale
Genpact	GIC Special Investments, Bain Capital	IT and ITES	~620	Public market
SBI Life Insurance	The Carlyle Group	BFSI	~390	Public market
Amplus Energy Solutions	ISQ Global Infrastructure Fund	Energy	~390	Strategic sale
Medanta	The Carlyle Group, Temasek	Healthcare	~380	Strategic sale
Yatra	Intel Capital, Norwest Venture Partners, Chiratae Ventures, Capital18, Reliance Ventures, Other	Consumer technology	~340	Strategic sale
Genpact	GIC Special Investments, Bain Capital	IT and ITES	~320	Public market

Note: Represents exits where value was reported and available
Source: Bain PE exits database

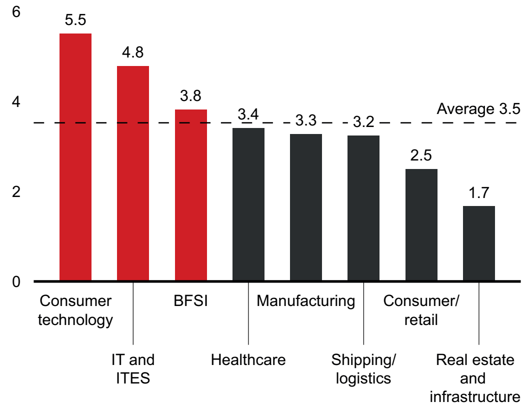
Figure 4.6: Return multiples are trending upwards; exits in consumer technology, IT and ITES and BFSI have been more successful than others

Multiples on invested capital for exits



	2014–15	2016–17	2018–19
Count	73	48	63

Multiples on invested capital for exits, 2012–2019

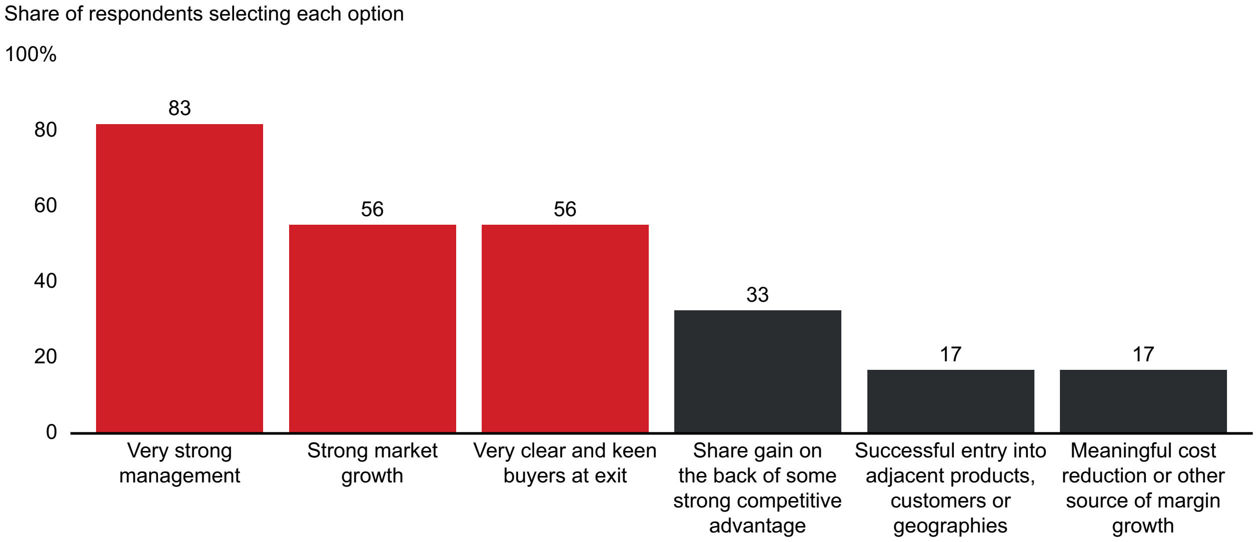


	Consumer technology	IT and ITES	BFSI	Healthcare	Manufacturing	Shipping/ logistics	Consumer/ retail	Real estate and infrastructure
Average deal size ($M)	141	176	108	77	79	56	45	72
Avg. holding period (years)	3.4	5.8	4.1	5.0	4.7	4.3	3.4	4.7

Notes: MoIC calculation: (distributions + unrealized value)/paid-in capital; simple average of MoICs considered; overall MOICs available for ~25% of exits from 2012–19
Source Bain PE deals database

Figure 4.7: Strong management teams, market growth and clear exit strategy are key to deal success

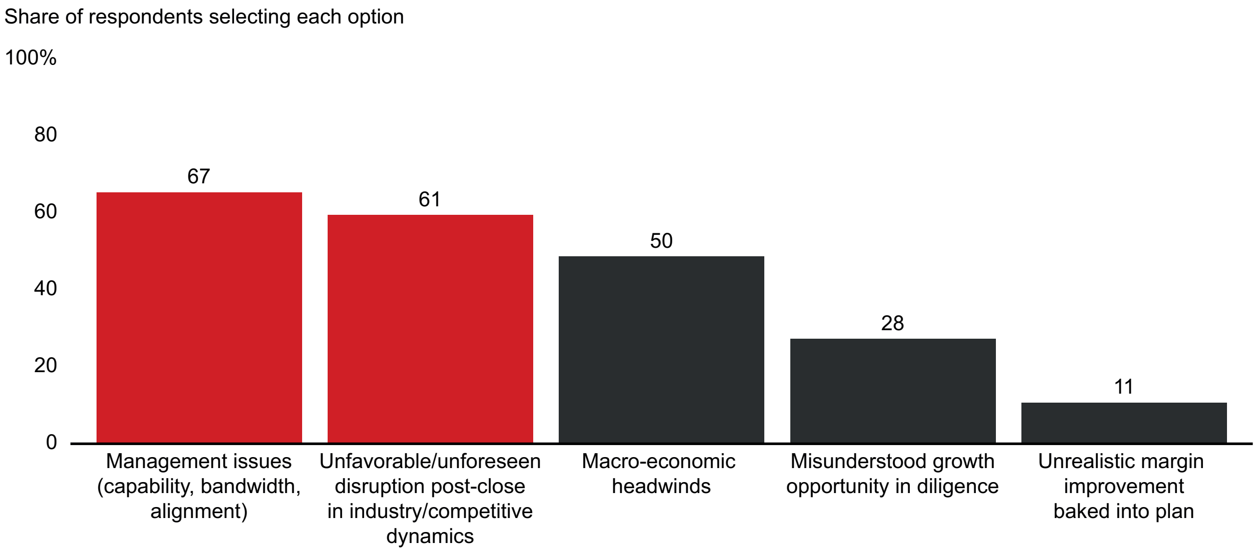
What are the main sources of deal success for the recent exits you have had?



Source: Bain Private Equity Survey 2019 (n=28)

Figure 4.8: Management issues and unfavorable disruption in industry post-close were cited most often in less successful exits

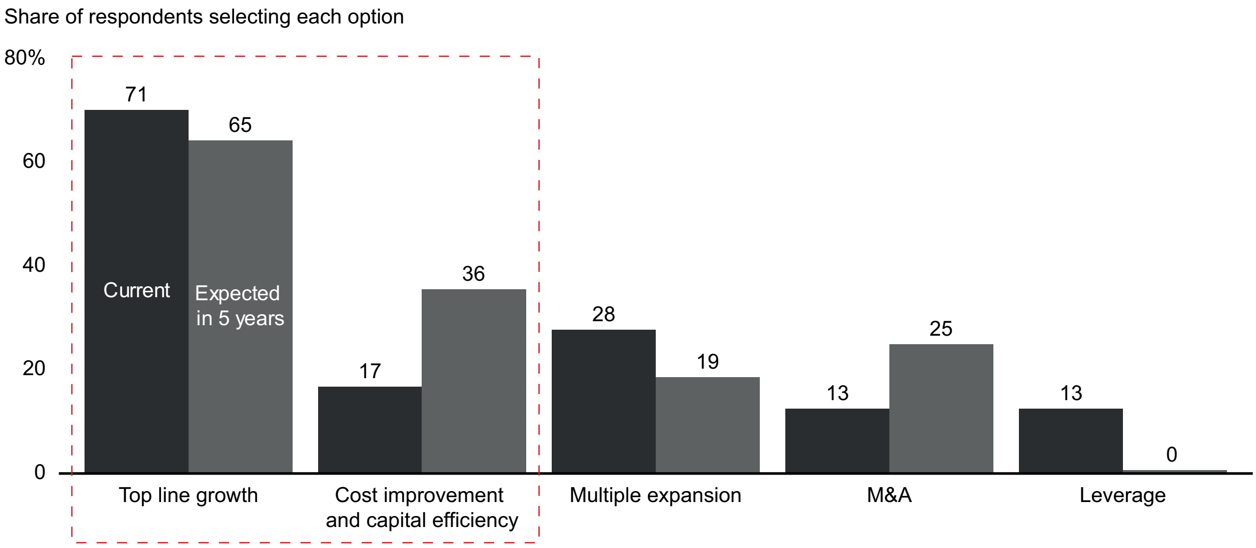
In situations where exits were not as successful, which of the following reasons apply?



Source: Bain Private Equity Survey 2019 (n=28)

Figure 4.9: Investors believe top-line growth and cost/capital efficiency will be the largest creators of future value

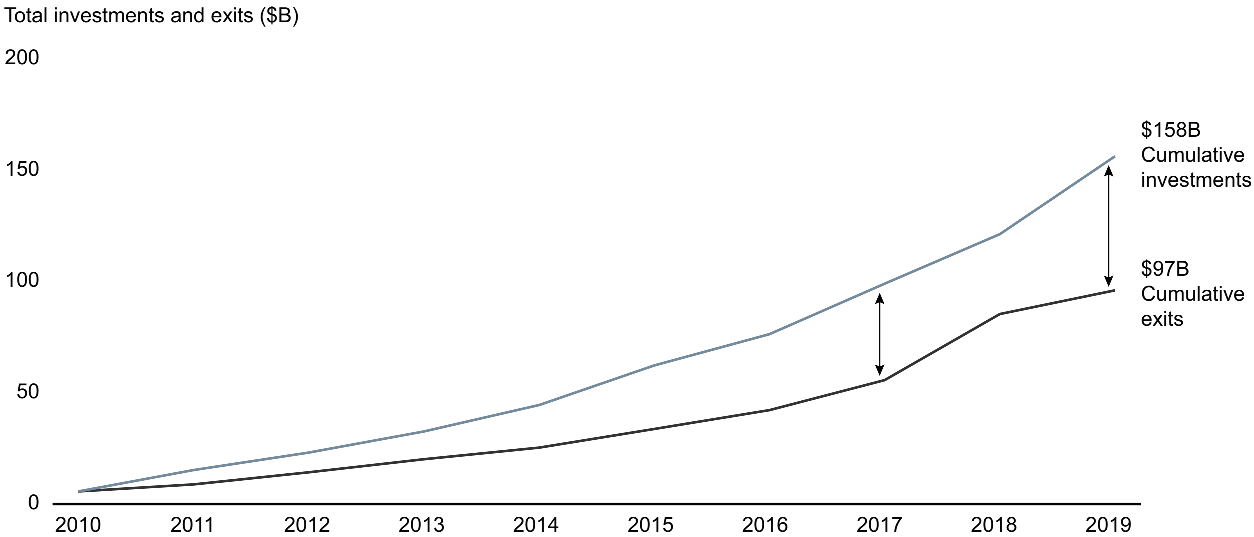
What was the biggest contributor of return on the deals you exited, and how do you see it changing over time?



Source: Bain Private Equity Survey 2019 (n=28)

Figure 4.10: Overall, a good exit track record will be important to pave the way for more investments in the future

Significant overhang of PE investments over the last 10 years



Notes: Includes only deals with known value; excludes real estate, infrastructure and energy deals
Source: Bain PE deals and exits database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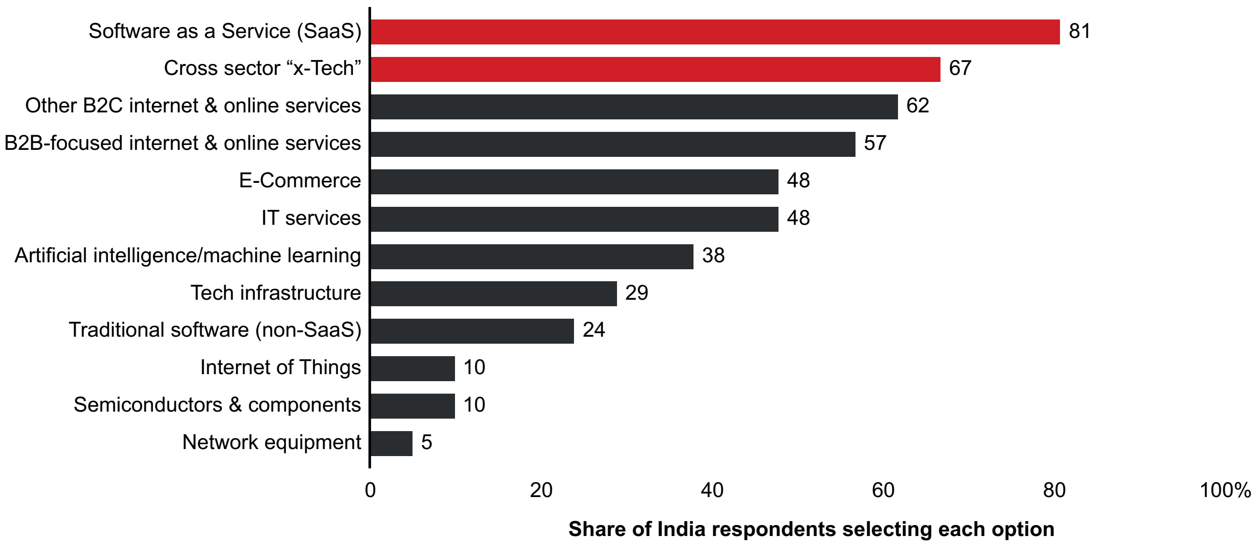
5.

Sectors in focus: SaaS and fintech

- Over the next few years, investors see attractive investment opportunities in SaaS and cross-sector x-tech in India.
- The underlying India SaaS market is forecast to grow from about $6 billion in 2019 to more than $20 billion in 2022.
- The investment value in SaaS rose to $1.3 billion, a 60% increase over the last year's $840 million. Horizontal business software was the largest subsegment in 2019 and grew in deal volume.
- Investors look for large addressable market, established proof of concept, strong customer stickiness, diversified customer base, high degree of product standardization, marquee customers in quality conscious global markets and cost-competitiveness, as they evaluate SaaS companies for investment.
- Fintech is the largest cross-sector x-tech segment in India, both in terms of deal value, at $2.4 billion and deal volume at 83. Payments and lending were the largest subsegments and witnessed maximum growth over the previous year.
- Lending is expected to be an attractive opportunity due to the large unaddressed MSME debt demand. Multiple archetypes of lenders including banks, nonbanking financial companies, fintech firms and e-commerce players are trying to tap into this new opportunity.

Figure 5.1: SaaS and cross-sector "x-tech" are expected to drive investments in the coming years in India

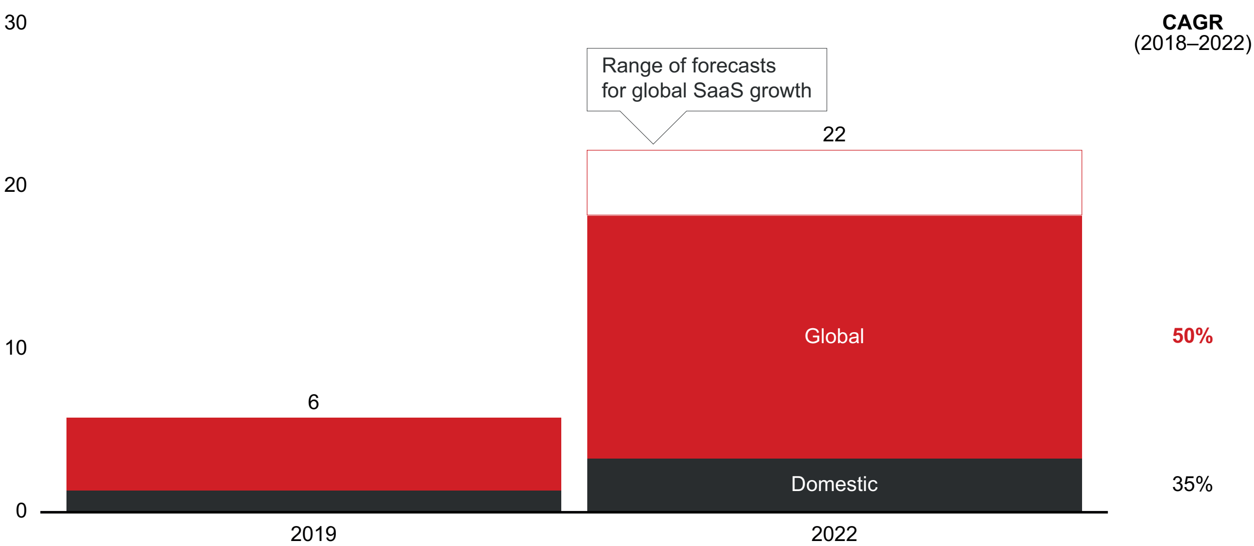
Which technologies/sub-sectors do you expect your firm will focus on in the next 3 to 5 years?



Source: Bain Private Equity Survey 2019 (n=28)

Figure 5.2: Underlying India SaaS market is forecast to grow from about $6 billion in 2019 to more than $20 billion in 2022

Indian SaaS market ($B)



Sources: IDC; NASSCOM; Gartner; SMB cloud market in APAC region (Technavio); India SaaS survey 2017 (Signal Hill, Ispirit; n=70); Bain analysis

Figure 5.3: Indian SaaS companies are targeting both enterprises and SMBs across domestic and global markets due to the large opportunity across all four quadrants

Customer scale	India (domestic)	Global
Enterprise	**Increasing digital penetration across key verticals** like banking, healthcare, education and government Examples: Practo, Freight Tiger	**Fast-growing demand** for **higher degree of verticalization** in several enterprise-focused software; **cost competitive, high-quality offering** vs. global peers due to high-quality domestic talent Examples: Zenoti, MindTickle, SirionLabs
SMB	**Increasing software adoption by SMBs** in the burgeoning domestic market Examples: MyGate, OKCredit	**Underpenetrated, fast-growing** global SaaS SMB market; **cost arbitrage vs. global peers** in providing high-quality engineering talent as well as contact center services Examples: Freshworks, Zoho, Wingify

Customer geography

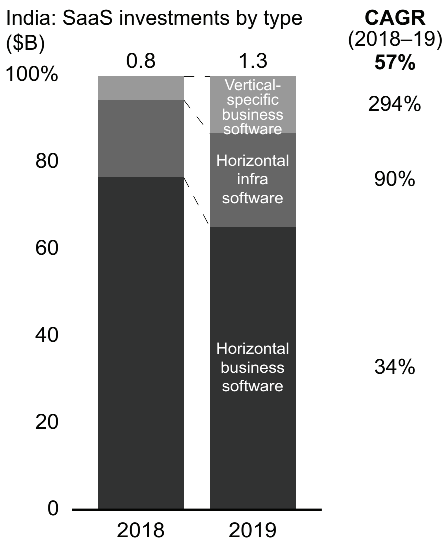
Source: Bain analysis

Figure 5.4: SaaS companies can be classified into three distinct archetypes; and all had investment growth in 2019

Archetypes of software/SaaS companies

Archetype	Description	Subsegments	Illustrative list of players
Vertical-specific business software	Software used to support business processes in specific verticals	Fintech	Vymo, PayNearby
		Other (health tech, edu tech)	POSist, Practo, Locus
		Security	Druva, K7, Lucideus
Horizontal intra software	Software used to build, run and manage the performance of IT resources	App. dev. and deployment	BrowserStack, Progress, Wingify
		Other infra (data mgmt., middleware, storage mgmt., data integration, IT ops)	IndusOS, iValue
Horizontal business software	Software used to support business processes in companies across verticals	CRM, omni-commerce, martech	Freshworks, InMobi
		BI/analytics	Dataweave, Moengage, Crayon
		Content, comm. and collaboration	Ameyo, Flock, Wooqer
		ERP and others (SCM, HCM, F&A)	SirionLabs, MindTickle, Whatafix

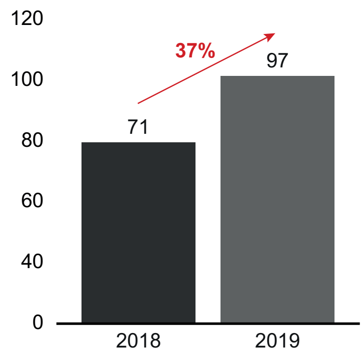
Split of investments in software/SaaS



Note: Deal volume includes deals where value is unknown, while average deal value is only for deals with a known value
Source: Bain PE deals database

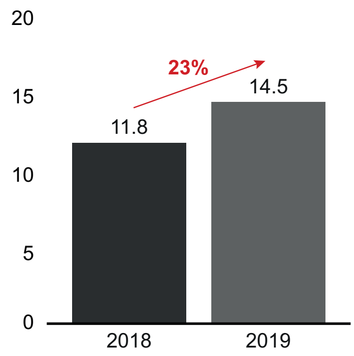
Figure 5.5: Horizontal business software was the largest SaaS subsegment in 2019, with growth resulting from an increase in deal volume

India: Deal volume for SaaS subsegments



Segment	2018	2019	CAGR
Horizontal business	52	72	38%
Horizontal infra	11	17	55%
Vertical business	8	8	0%

India: Average deal value for SaaS subsegments ($M)

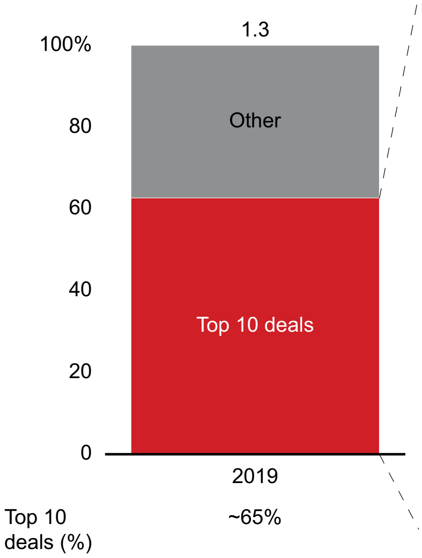


Segment	2018 ($M)	2019 ($M)	CAGR
Horizontal business	12.4	12	–3%
Horizontal infra	13.7	16.6	21%
Vertical business	5.5	21.8	296%

Note: Deal volume includes deals where deal value is unknown whereas average deal value is only for deals with known value
Source: Bain PE deals database

Figure 5.6: Top 10 deals accounted for about 65% of the total deal value in 2019; and the horizontal business software segment attracted 8 out of top 10 deals

Annual investments in SaaS ($B)



Company	SaaS segments	Funds	Value ($M)
Freshworks	Horizontal business	Accel, CapitalG, Sequoia Capital	150
Druva	Horizontal infra	Nexus Venture Partners, Riverwood Capital, Tenaya Capital, Neuberger Bergmann, Atreides Management	130
Icertis	Horizontal business	Eight Roads, Greycroft, Ignition Partners, B Capital Group, Meritech Capital Partners, Cross Creek, PremjiInvest, PSP Investments	115
Near (Allspark)	Horizontal business	Greater Pacific Capital	100
OkCredit	Horizontal business	Lightspeed Venture Partners, Tiger Global Management	67
Harness	Horizontal business	Innoventure Partners, GV, ServiceNow, Menlo Ventures, Unusual Ventures	60
ContractPod Technologies	Vertical business	Insight Partners, Eagle Proprietary Investments	55
Uniphore	Horizontal business	Chiratae Ventures, IP Group, March Capital Partners, Patni Wealth Advisors	51
FourKites	Horizontal business	Bain Capital, August Capital, Hyde Park Angels, CEAS Investments	50
MineralTree	Horizontal business	Great Hill Partners, Eight Roads, .406 Ventures	50

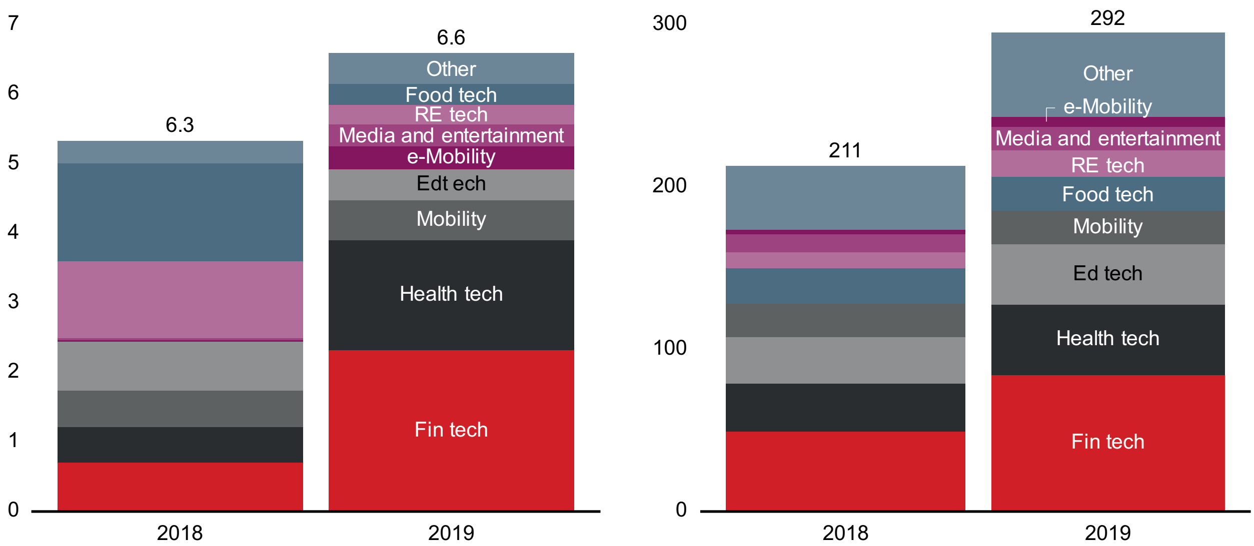
Note: Does not include deals where deal value is unknown
Source: Bain PE deals database

Figure 5.7: Investors look for key markers in evaluating SaaS companies for investment

- Playing in a large addressable market (typically $1 billion-plus), with a focus on niche underpenetrated verticals such as scheduling software for spas and salons, or a differentiated horizontal software offering such as AI-enabled CRM
- Established proof of concept (minimum scale of ~$1 million ARR) with robust growth (typically 100%+ annual ARR growth)
- Strong customer stickiness (an annual revenue churn of <10%) driven by both positive customer feedback and high switching costs (solutions that require significant end-client data migration)
- Diversified customer base (typically top 10 contribute <50%) with limited concentration of start-ups or customers with high insourcing risk
- High degree of product standardization (limited custom solutions at premium pricing) to propel scalability
- Track record of selling software solutions to stable or large customers in competitive and quality-conscious global markets, especially the US market
- Leveraging high-quality India-based STEM talent to drive cost competitiveness vs. global peers

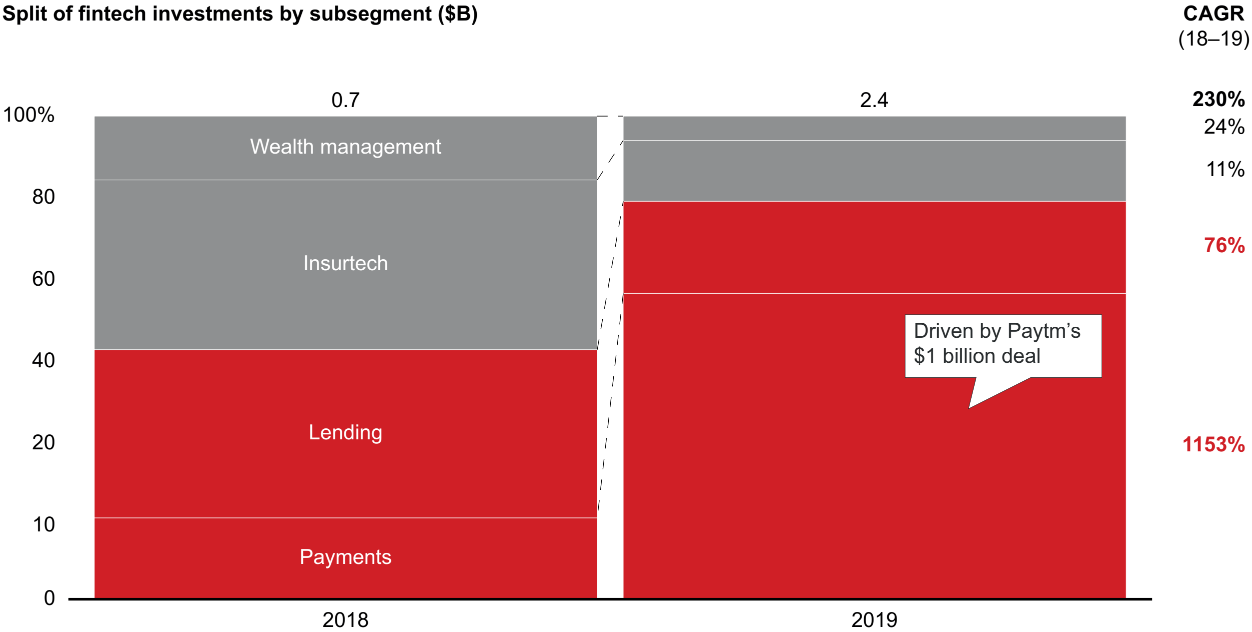
Figure 5.8: Fintech is the largest cross-tech segment in India in deal value and deal volume

Cross-tech deal value in India ($B) | **Cross-tech deal volume in India**



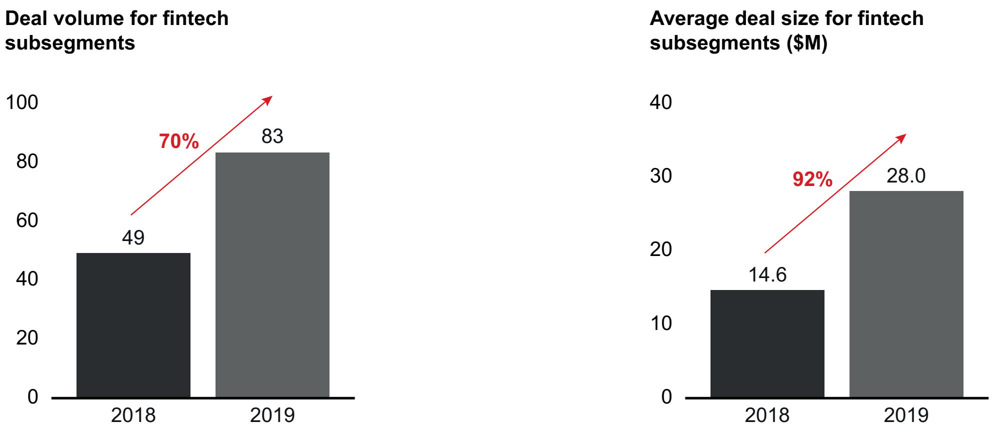
Notes: Others include various sectors such as logistics, gaming, online travel and social network; deal volume includes deals where value is unknown
Source: Bain PE deals database

Figure 5.9: Lending and payments contributed nearly 80% of fintech investments in 2019 and witnessed maximum growth over the last year



Source: Bain PE deals database

Figure 5.10: Increased deal volume across fintech subsegments led to substantial growth



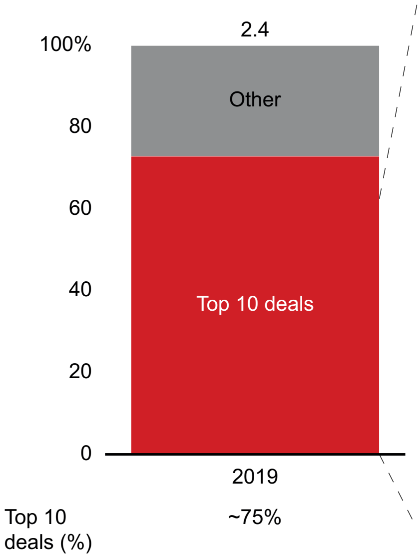
Key segments	2018	2019	CAGR
Payments	15	21	40%
Lending	23	43	87%
Insurtech	5	7	40%
Wealth management	6	12	100%

Key segments	2018 ($M)	2019 ($M)	CAGR
Payments	8	70	775%
Lending	10.8	10.3	–5%
Insurtech	50.1	41.8	–17%
Wealth management	15.7	9.7	–38%

Note: Deal volume includes deals where deal value is unknown whereas average deal value is only for deals with known value.
Source: Bain PE deals database

Figure 5.11: Top 10 deals account for about 75% of the total deal value in 2019 with payments comprising 6 of the top 10 deals

India: Investments in Fintech ($B)

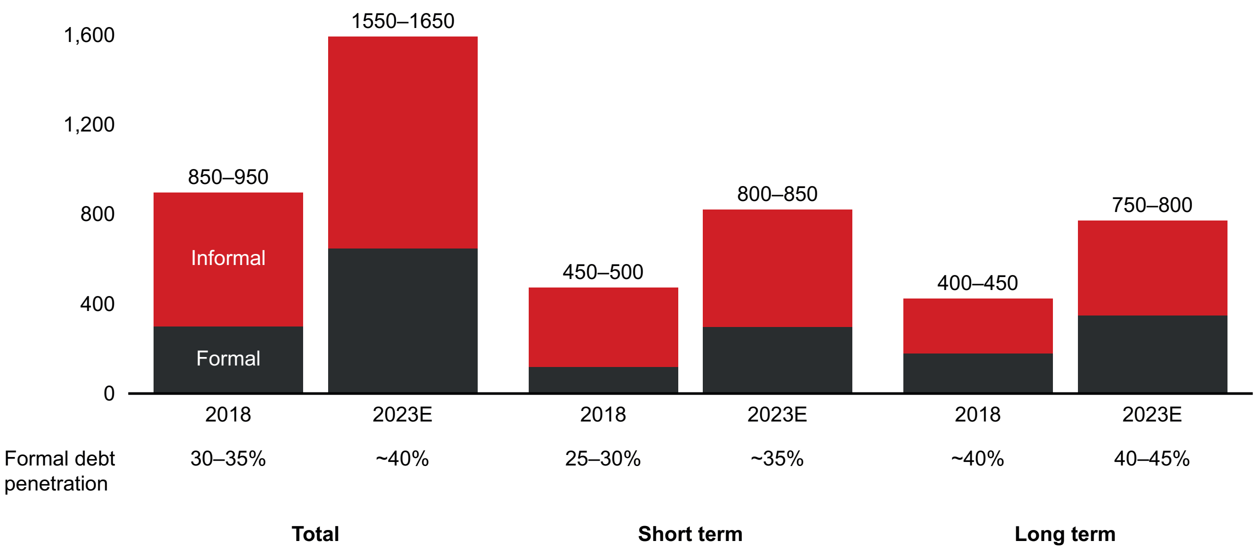


Company	Fintech segments	Funds	Value ($M)
Paytm	Payments	Ant Financial Services Group, SoftBank, D1 Capital Partners, Discovery Capital, T. Rowe Price	1,000
PolicyBazaar	Insurtech	Tencent Holdings	150
CRED	Payments	RTP Global, Sequoia Capital, Ribbit Capital, Tiger Global Management, Hillhouse Capital, Greenoaks Capital Partners, Dragoneer Investment Group, General Catalyst Partners, DST Global	120
Tala	Lending	Lowercase Capital, DCVC Data Collective, IVP, GGV Capital, Thomvest Ventures, Revolution Ventures, RPS Ventures, PayPal Ventures	110
Razorpay	Payments	Tiger Global Management, Ribbit Capital, Sequoia, Y Combinator	75
Acko	Insurtech	Intact Ventures, RPS Ventures, Amazon, Techpro Ventures, Accel, SAIF Partners	65
Zeta	Payments	Sodexo	60
Perfios Software	Lending	Bessemer Venture Partners, Warburg Pincus	50
BharatPe	Payments	Ribbit Capital, Steadview Capital, Sequoia Capital	50
NiYO	Payments	Horizons Ventures, Tencent Holdings, JS Capital	35

Note: Does not include deals where deal value is unknown
Source: Bain PE deals database

Figure 5.12: Micro, small and medium enterprise lending is expected to grow in coming years due to the large unaddressed debt demand

Micro, small and medium enterprise debt demand (FY 2018, 2023E, $B)



Source: Ministry of Micro, Small and Medium Enterprises; International Finance Corporation (IFC); Accord database; Bain analysis

Figure 5.13: Four broad archetypes of lenders trying to tap into the unaddressed micro, small and medium enterprise lending opportunity

Banks	• Offer largely **secured and high-ticket-size** loans to medium enterprises • Differentiation: Fund availability, **competitive interest rates** and long-standing relationships
Nonbanking financial companies	• Focus more on small enterprises than banks; NBFCs targeting emerging micro and small enterprises • Differentiation: **Faster turnaround time** and less documentation compared with banks
Fintechs	• Focus on **unsecured short-term capital** to micro, small and medium enterprise (MSME) with smaller ticket sizes (including alternate lending products) • Greater risk appetite and **nontraditional credit risk assessment methods** allow lending to underserved segments • Current and potential player types: Fintech lenders, MSME marketplaces, payment players and business platforms • Differentiation: **Extremely fast turnaround times** and lesser documentation compared to NBFCs; provide higher flexibility in terms of loan tenure and repayment methods
E-commerce players	• Partner with fintechs and NBFCs to provide **unsecured loans** for short periods; emerging or soon-to-emerge as standalone players • Differentiation: **Lower customer acquisition costs** due to existing relationships with sellers

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In India, we have a leadership position in PE consulting and have reviewed most of the large PE deals that have come to the market. Our practice is more than triple the size of the next-largest consulting firm serving private equity firms both globally and within India.

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Due diligence. We help support better deal decisions by performing due diligence, assessing performance improvement opportunities and providing a post-acquisition agenda.

Immediate post-acquisition. We support the pursuit of rapid returns by developing a strategic blueprint for the acquired company, leading workshops that align management with strategic priorities and directing focused initiatives.

Ongoing value addition. We help increase a company's value by supporting revenue enhancement and cost reduction and by refreshing strategy.

Exit. We help ensure funds maximize returns by identifying the optimal exit strategy, preparing the selling documents and prequalifying buyers.

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IVCA stands for the values of good governance, protecting the environment and reducing poverty through growth of the private sector. It establishes high standards of governance, ethics, business conduct and professional competence. We reach out to the far-flung areas of India and also assist on a global scale to contribute significantly.

IVCA is a nonprofit organization powered by its members. The members are influential firms from around the world, including private equity and venture capital funds, corporate advisors, lawyers and institutional advisors.

Considering the crucial role our industry plays in the economy, IVCA aims to:

- Develop and promote India's private equity sector and actively demonstrate its impact to the government, media, and the public at large.
- Establish high standards of ethics, business conduct and professional competence.
- Serve as a platform for investment funds to interact with each other and develop India's PE and VC industry ecosystem.

How we do it:

- With noteworthy committee members on our panel, we advocate for a seamless private equity and venture capital industry in India by representing the views and concerns of our members in front of governmental and other relevant bodies, thereby promoting pro-growth public policy initiatives, international best practices and standards.

- Having members from leading PE and VC firms, institutional investors, corporate advisers, lawyers and other service providers, IVCA serves as an unequalled platform for investment funds to interact with each other and develop the ecosystem.

- We provide a professional development forum for members and those interested in the venture capital and private equity industry through educational and training events. IVCA also has a partnership with Invest Europe, focused exclusively on the professional development of investment professionals.

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About the authors

Arpan Sheth is a partner in Bain & Company's Mumbai office. He leads the firm's Asia-Pacific Technology, Vector and Advanced Analytics practices, as well as India Private Equity and Alternative Investor practice. Sriwatsan Krishnan is a partner with Bain's Mumbai office and is a leader in the Private Equity practice in India. Aditya Shukla is a partner with Bain's Mumbai office and is a leader in the Private Equity practice in India. Prabhav Kashyap is a manager with Bain's New Delhi office and is a leader in the Private Equity practice in India.

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