ICAI · KNOWLEDGE SESSION

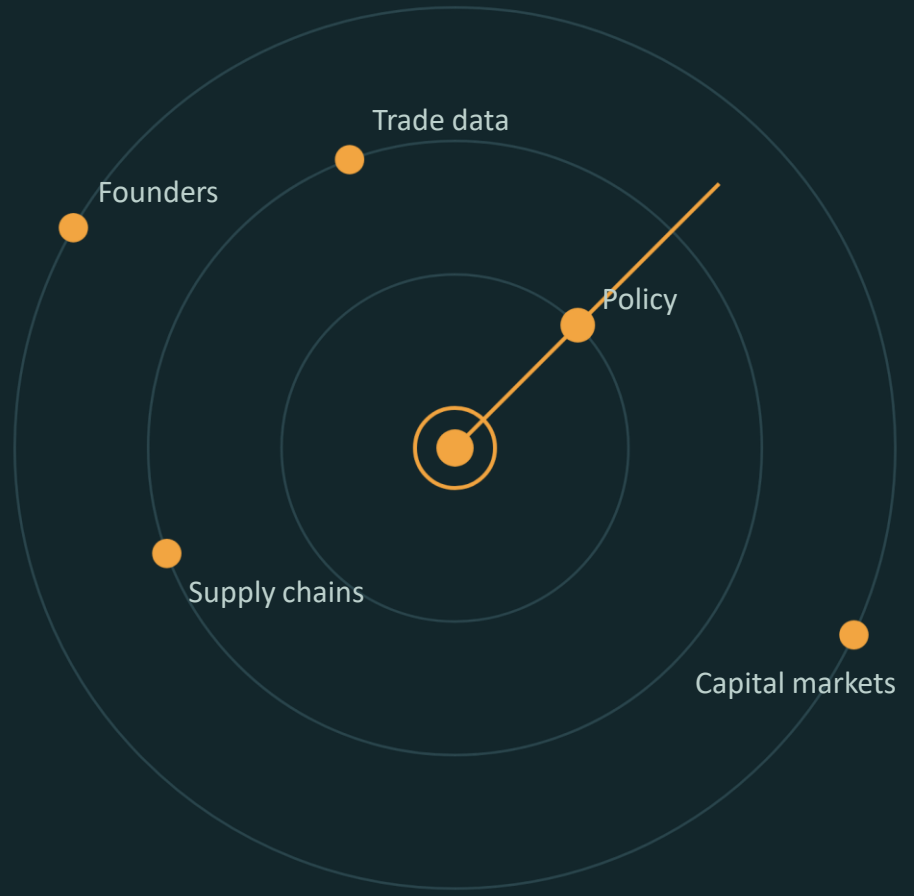
Reading the Future

Basics of PE & VC, identifying emerging sectors and finding early winners: an Indian playbook

Arnim Dhakad | 2380 Capital (Growth Private Equity Fund)

Ex-Samara Capital and Avendus Capital

Institute of Chartered Accountants of India · 24th October 2026 · Nagpur



THE QUESTION FOR THIS SESSION

1996

5 deals

US$20 million invested in Indian private equity



2025

1,475 deals

US$60.7 billion invested in PE and VC

What happened in between, and how did the best investors see it early?

Source: KPMG India, Private Equity Investing in India survey (2008), citing AVCJ; EY–IVCA PE/VC Trendbook 2026

SESSION ROADMAP

Five modules, one question

“Every fund reads the same Budget speech, the same RBI circulars and the same initiating-coverage notes. So where does an early lead actually come from?”

01 **The basics**
What PE and VC are, who funds them and how they make money

02 **India by the numbers**
Three decades of private capital, and what 2025 tells us

03 **How a fund thinks**
From the first call to the exit, seen through a CA’s lens

04 **Reading the future**
Ten signals that move before the consensus, and how to score a sector

05 **Finding early winners**
Indian case studies, live themes for 2026–30 and a checklist

MODULE 01

The basics

What private equity and venture capital are, who funds them and how they make money

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Bank or PE · VC vs PE · Six deal shapes · How a fund works · Where returns come from



01 · THE BASICS

You need INR 500 crore to expand. Who do you call first?

THE BANK

A landlord

- Earns fixed interest, whatever happens to you
- Lends against collateral and cash flow
- Says no to growth without collateral, turnarounds and buyouts
- Brings money

Your cost: interest, collateral and covenants

THE PE FUND

A co-owner

- Shares the upside and the risk
- Backs the plan, not just the balance sheet
- Says yes when the equity story is credible
- Brings money, governance, talent and network: 83% of PE investors asked for a board seat even in minority deals

Your cost: dilution, board seats and an exit date

TAKEAWAY **Banks lend against what you own; PE pays for what you plan to become, and wants a seat at the table for it.**

01 · THE BASICS

PE vs VC: which part of the house are you buying?

VENTURE CAPITAL

The plot

Idea or early stage. Minority stake. Many bets, most fail, one pays for the fund.

e.g., Accel in Flipkart; Peak XV in Zomato

GROWTH PE

The extension

Profitable business. Significant minority. The money funds expansion.

e.g., Temasek in Haldiram's: ~10% for INR 8,500 cr (2025)

BUYOUT PE

The whole house

Control. Mature EBITDA. Operating levers. Exit in four to seven years.

e.g., Advent in Suven; New Mountain in Access Healthcare, US$1.5 bn (2025)

How India's data counts them Start-up = company under 10 years old · Growth = older than 10 years · Buyout = more than 50% stake

TAKEAWAY **VC buys an option on what could be built; growth PE funds the extension; buyout PE takes the keys.**

01 · THE BASICS

VC and PE play two different games

QUESTION	Venture capital	Private equity (growth and buyout)
What is the bet?	A product or market that may not exist yet	A proven business that can grow, professionalise or consolidate
Portfolio logic	Power law: many bets, most fail, one pays for the fund	Every deal must work; losses must be rare
Typical stake	Minority, diluted round after round	Significant minority to control (above 50%)
Biggest risk	Product and market risk	Price paid, execution and exit timing
Return yardstick	A few very large multiples on the winners	About 20–25% IRR; roughly 3x money in five years
Typical exit	Next round, IPO or strategic sale	IPO, sale to another fund, strategic sale or buyback

TAKEAWAY **VC is paid to find the outlier; PE is paid to avoid the write-off. Judge each by its own maths.**

01 · THE BASICS

Six shapes a PE deal can take

1 Growth capital

Minority stake; fresh money funds expansion

House: paying for the extension

e.g., Temasek → Haldiram's

2 Control buyout

Majority stake, incl. MBO and LBO; leverage is lower in India

House: buying the whole house

e.g., Advent → Suven

3 Secondary

One institution replaces another; common in India

House: buying from the last owner

e.g., Temasek buys TPG's Manipal stake

4 Take-private

Buy out public holders, delist, then rebuild

House: buying out every flat

e.g., Baring → Hexaware (2020)

5 Structured / PIPE

Preference or convertible paper, or a listed minority stake

House: rent-to-own

e.g., Bain Capital → Manappuram

6 Special situations

Distressed or complex seller; price and speed matter

House: a bank-auction property

e.g., Blackstone → Aadhar Housing

TAKEAWAY **Name the shape before you build the model: it decides the instrument, the approvals and the exit.**

01 · THE BASICS

How a fund works: LPs, the GP and the 2/20

LIMITED PARTNERS (LPs)

Banks, DFIs, funds of funds, sovereign wealth funds, pension funds, endowments, insurers, family offices

Passive: no say in individual deals

commit capital →

← returns

THE FUND, RUN BY THE GP

Sources, prices, owns and exits every deal; about a 10-year life

In India: SEBI AIF Regulations, 2012. PE funds are usually Category II

invests →

← exits

PORTFOLIO

A set of companies, each typically held four to seven years

~2%

annual management fee: pays for the team and the search

20%

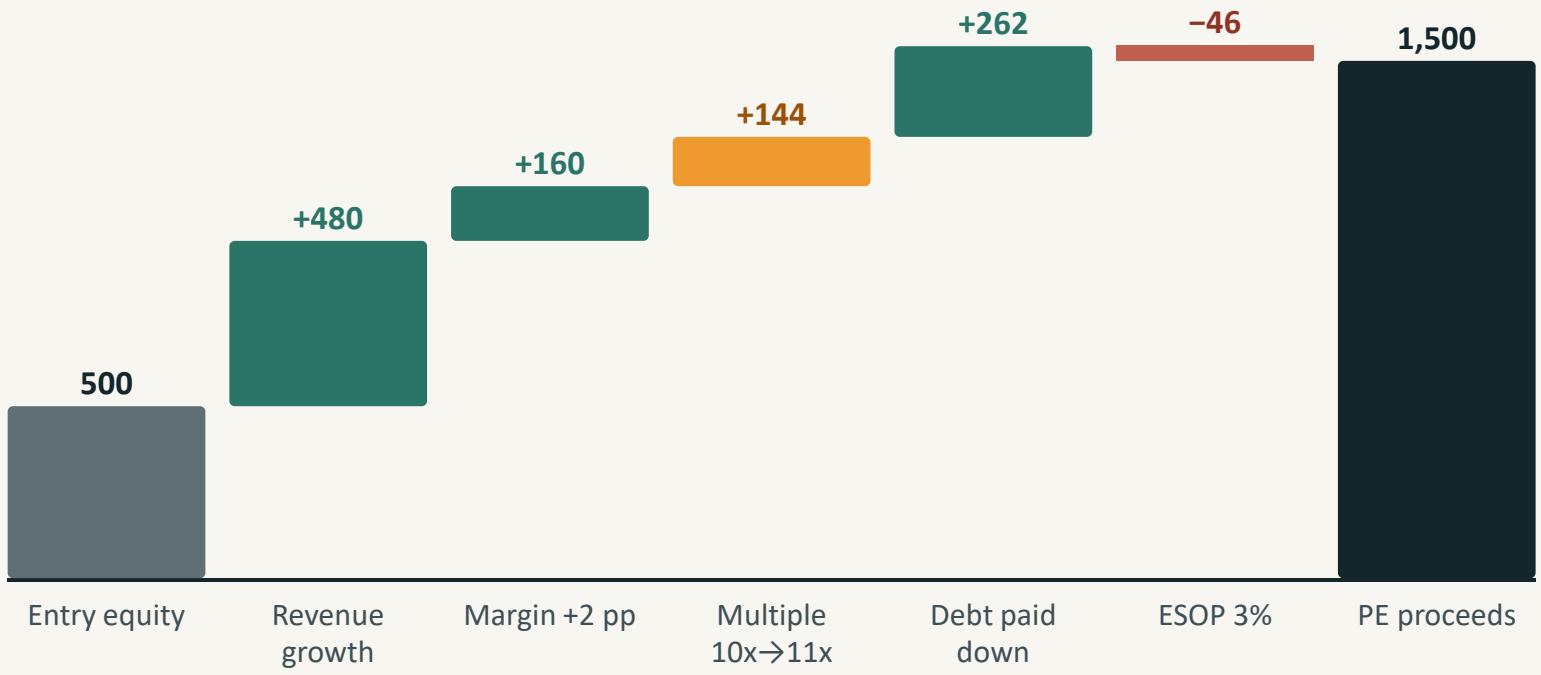
carried interest: the GP's share of profit above a hurdle

TAKEAWAY **The 10-year clock explains PE behaviour: every entry is planned with its exit already in mind.**

01 · THE BASICS

How PE makes money: INR 500 Cr in, INR 1,500 Cr out

Equity bridge over a five-year hold, INR crore



3.0x

24.6% IRR over five years

WHO PAID?

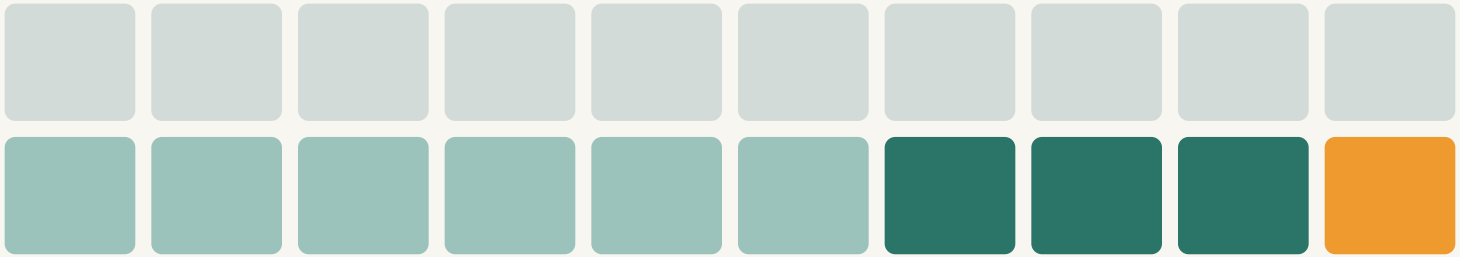
Customers, through growth and margin. The next buyer, through re-rating. The lenders' shrinking claim. And the fund itself, through the ESOP.

TAKEAWAY **Returns are built, not bought: 86% of the gross gain came from growth, margin and cash, not from a higher multiple.**

01 · THE BASICS

VC maths: one winner pays for the fund

An illustrative fund: 20 start-ups, INR 10 crore each, INR 200 crore in total



2.0x

fund multiple: INR 400 crore back on INR 200 crore. One company returned 62% of it.

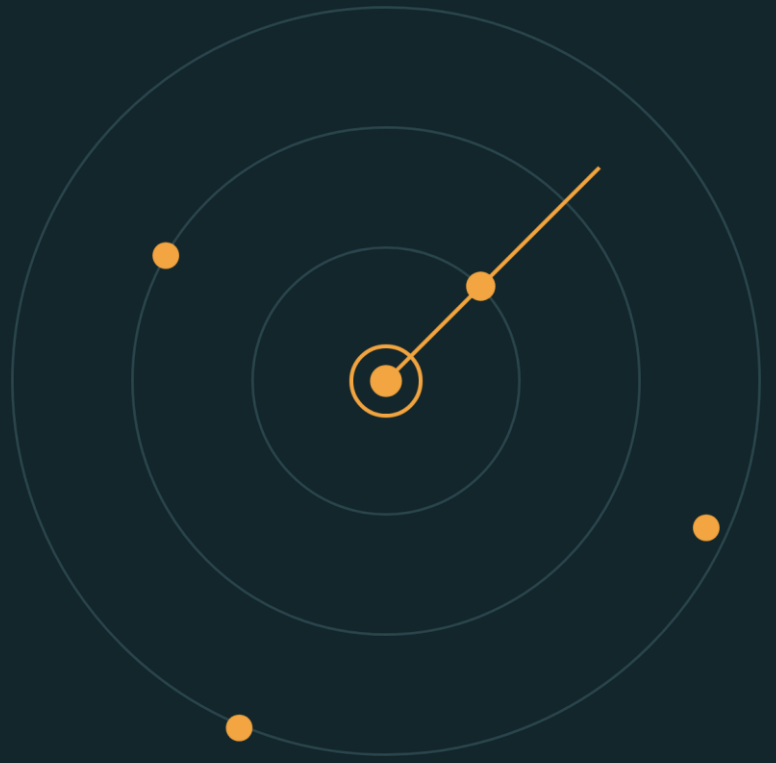
Outcome	Companies	Multiple	INR crore back
Written off (grey)	10	0x	0
Money back (light teal)	6	1x	60
Good outcomes (teal)	3	3x	90
The outlier (orange)	**1**	**25x**	**250**

TAKEAWAY **In VC, the size of the best outcome matters more than the number of failures.**

MODULE 02

India by the numbers

Three decades of Indian private capital, and what the 2025 data tells us



IN THIS MODULE

1996 to 2025 · The 2025 scorecard · Deal types and sectors · VC and unicorns · Who funds, how exits work · The valuation problem

02 · INDIA BY THE NUMBERS

Four decades of Indian private capital in ten moments

Mid-1980s
ICICI and IFCI seed-fund technology start-ups: India's first venture schemes

1996
SEBI's VCF Regulations. India sees 5 PE deals worth US$20 mn

1999
Warburg Pincus backs Bharti as telecom moves to revenue share (NTP-99)

2007
US$17.1 bn across 339 deals; India beats China on value

2009
Global financial crisis: investment falls to US$4.2 bn

2012
SEBI's AIF Regulations give PE funds a dedicated rulebook

2015
US$19.6 bn across 852 deals: the record of its era

2016–17
IBC, RERA and GST reshape the deal climate and create new sellers

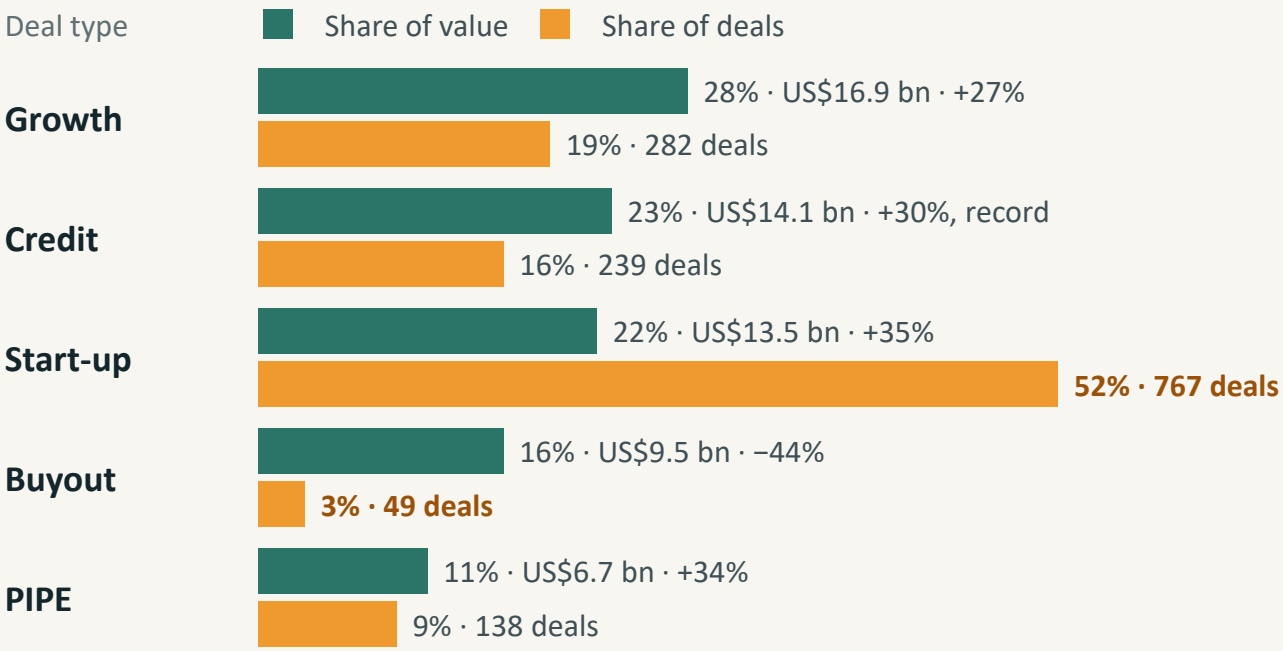
2021
All-time high: US$77.5 bn invested; 44 new unicorns

2025
US$60.7 bn across 1,475 deals, a record count; record US$23.2 bn raised

TAKEAWAY **Each leap followed a rule change or a shock: policy and crises reset the market more than cycles do.**

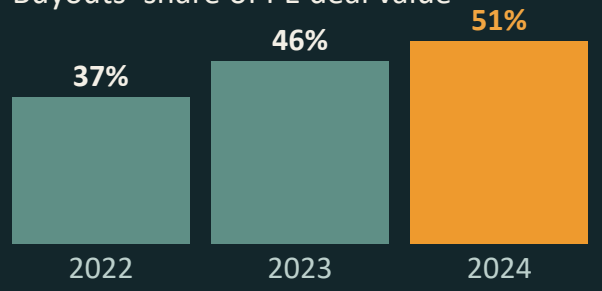
02 · INDIA BY THE NUMBERS

Where the 2025 money went, by type of deal



PE IS GROWING UP

Buyouts' share of PE deal value



India was long a growth-equity market. Control deals let funds own the value-creation plan. 2025's dip came from fewer mega deals.

TAKEAWAY **Start-ups are half the deals but a fifth of the money; control deals are rising as funds want to own the plan.**

02 · INDIA BY THE NUMBERS

Sectors in 2025: the money is broadening out

Sector, US$ bn	2024	2025	Change
Financial services *	9.0	11.9	+33%
Infrastructure	12.4	11.1	–10%
Real estate *	8.7	10.5	+20%
Technology	6.0	6.4	+8%
E-commerce	4.6	4.0	–14%
Healthcare	3.3	2.6	–19%

Sector, US$ bn	2024	2025	Change
Food and agriculture *	1.6	3.8	+136%
Retail and consumer	1.6	2.0	+27%
Automotive *	1.2	2.0	+69%
Industrial products *	1.5	1.6	+9%
Pharmaceuticals	1.0	1.1	+6%
Aerospace and defence *	0.3	0.8	+142%

* Six all-time highs

FS, real estate, food and agri, auto, industrial products, defence

72% in the top five

Financial services, infrastructure, real estate, technology and e-commerce still dominate

Manufacturing stirs

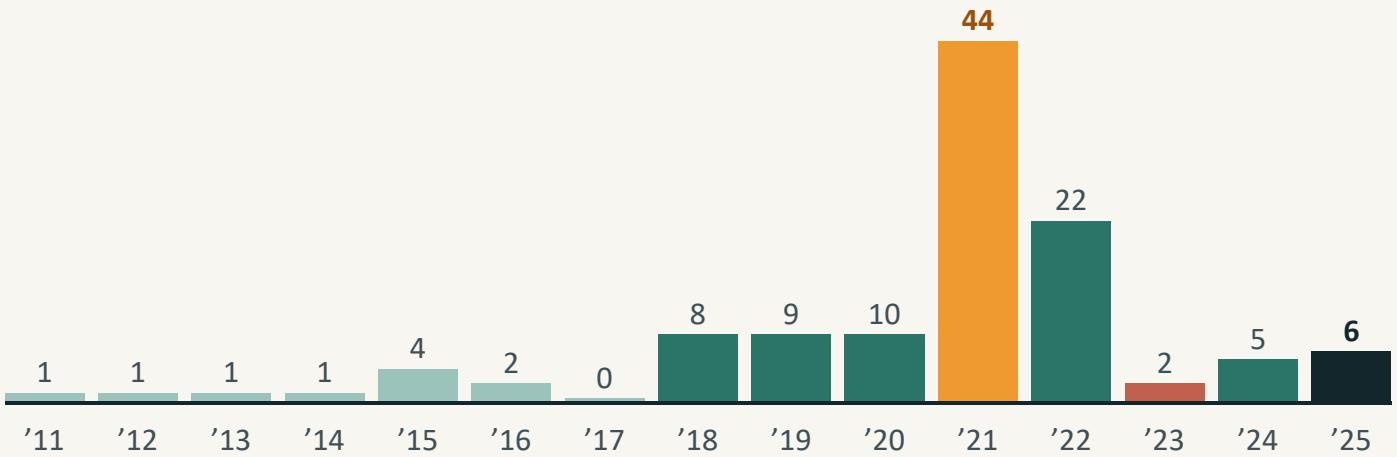
Auto, industrial and defence together: US$4.4 bn, up from US$3.0 bn

TAKEAWAY **The big five still take most of the money, but the fastest growth is in food, autos and defence.**

02 · INDIA BY THE NUMBERS

Venture capital: back from the 2023 trough

New Indian unicorns each year



116 unicorns in all, worth about US$359 bn at their latest round. By count: e-commerce 39, financial services 27, technology 21

US$13.5 bn

start-up investment in 2025, up 35%, across 767 deals. Second only to 2021’s US$29.1 bn

US$2.2 bn

into fintech alone; financial services led start-up value (US$3.4 bn), technology led deal count (141)

16 vs 4

consumer-tech rounds of US$100 mn+ in 2024 vs 2023; consumer-tech funding about doubled to ~US$6 bn

TAKEAWAY **VC is back but selective: money now follows scale plus a path to profit, not growth alone.**

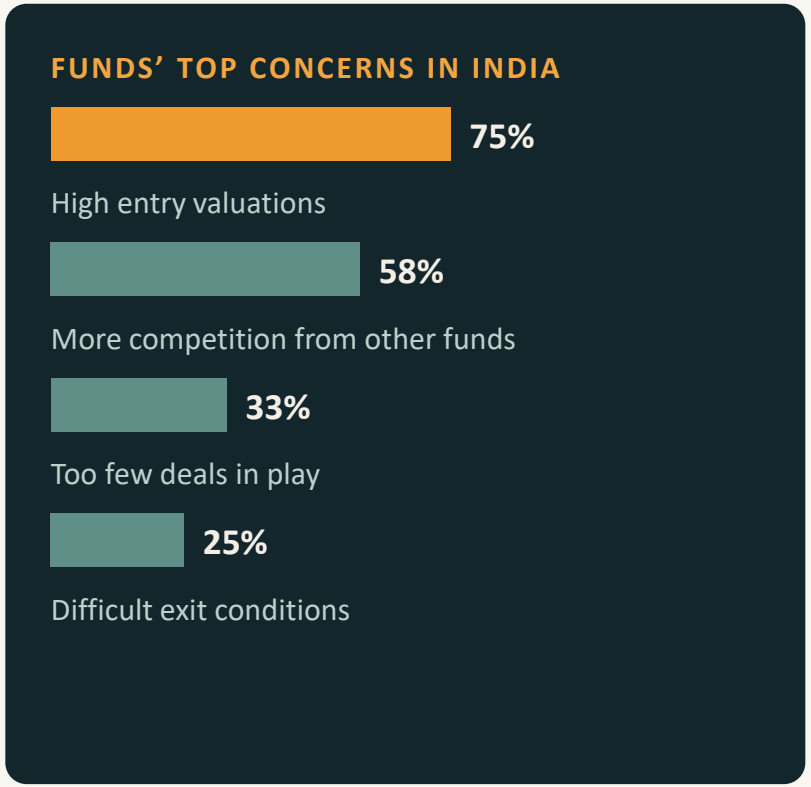
02 · INDIA BY THE NUMBERS

The price problem: valuations are the industry's top worry

Listed-company EV/EBITDA, top 20 companies by sector

Sector	2022	2023	2024	Change
Healthcare	19x	19x	23x	**1.2x**
IT / ITeS	17x	17x	20x	**1.2x**
Consumer retail	32x	34x	37x	**1.2x**
Infrastructure	12x	17x	18x	**1.5x**
Real estate	27x	30x	43x	**1.7x**

NIFTY 50 P/E eased from ~24 (Sep 2024) to ~20 (Feb 2025), but sellers' expectations lag



TAKEAWAY **When everything visible is expensive, the edge is getting there early, before a sector is priced.**

02 · INDIA BY THE NUMBERS

2007 vs 2025: what changed, and what did not

Theme	Then: KPMG survey, 2007–08	Now: 2024–25	Verdict
Market size	US$17.1 bn, 339 deals	US$60.7 bn, 1,475 deals	**3.5x larger**
Biggest funds	US$400 mn to US$1 bn	US$2.2 bn (ChrysCapital Fund X)	**Bigger cheques**
Hot sectors	Infrastructure; retail and consumer	Financial services; infrastructure; real estate	**Infra stayed, FS rose**
Preferred exit	IPO, for over half of funds	Strategic sale: 48% of 2025 exit value	**More routes**
Top worry	Businesses over-valued; 72% expected returns to fall	High entry valuations: 75% of funds	**Unchanged**
Deal access	51% of deals via bankers; 25% self-generated; 2 in 100 seen get funded	Banker-led auctions common; proprietary access still the edge	**Unchanged**

TAKEAWAY **The market grew 3.5x; its two hard problems, price and proprietary access, are the same as in 2007.**

MODULE 03

How a PE fund thinks

From the first call to the exit, seen through a chartered accountant’s lens



IN THIS MODULE

The deal journey · Seven lenses · Red flags that move price · “What can I pay?” · Value creation · Your seat at the table

03 · HOW A FUND THINKS

The deal journey: six stages, and very few survivors

1 Screen
Sector fit, promoter, a path to 20%+ IRR

The drive past

2 NBO
Indicative range, primary vs secondary, exclusivity

The first offer

3 Diligence
Commercial, QoE, tax, legal, ops, forensic

Home inspection

4 Value + structure
Multiples, CCPS, earn-outs, escrow

The payment plan

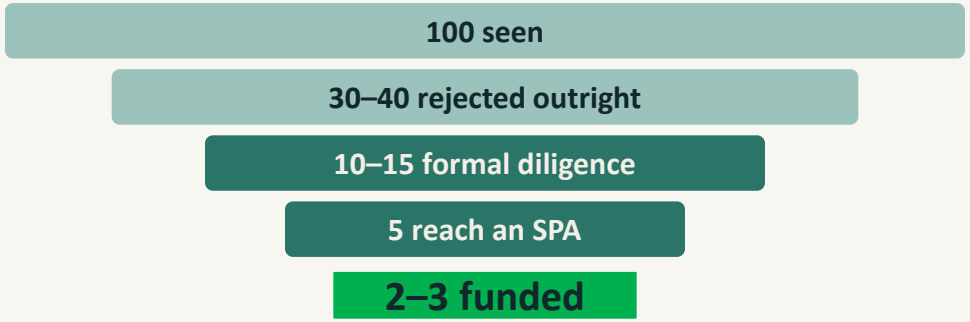
5 SPA / SHA
Price, warranties; board seats, vetoes, exit rights

Deed + society rules

6 Close
CCI, SEBI, FEMA/RBI, consents, MAC watch

The keys

The funnel: of every 100 companies a fund looks at



WHERE DEALS COME FROM

51% via investment bankers, **25%** self-generated, the rest referrals and direct approaches

Proprietary: lower price, more control. Auction: many bidders, higher price

TAKEAWAY **Deals rarely die at the start. They die at diligence and at the SHA, the two stages shaded red.**

03 · HOW A FUND THINKS

Seven lenses on every deal, and one decision

LENS 1 · MODULE 4

Industry

Size, growth, cyclicality, entry barriers

LENS 2

Positioning

Market share, moat, customers, product mix

LENS 3

Management

Track record, depth, governance, alignment

LENS 4

Financials

Growth, margins, cash conversion, quality of earnings

LENS 5

Valuation

Entry multiple, comparables, what you must believe

LENS 6

Exit

Who buys, when, and at what multiple

LENS 7

Regulatory

FEMA, CCI, SEBI, RBI, sector caps, tax

THE DECISION

Go · Reprice · Walk

A finding usually changes the price or the structure

Test lens 3 hardest PE investors' No. 1 post-deal problem in India: management drifting from the agreed plan

TAKEAWAY **Lens 1 comes first for a reason: a great company in a stagnant sector fights for every rupee of growth.**

03 · HOW A FUND THINKS

Diligence: six red flags that move the price

Red flag	Where it hides	What PE does
Customer concentration	One client, one contract, one bad quarter	**Reprice or earn-out**
Related-party dealings	Purchases and loans with promoter entities	**Ring-fence or CP**
Contingent liabilities	Sitting in the notes to accounts	**Escrow or indemnity**
Licences and clearances	Held personally, or up for renewal	**Condition precedent**
Working-capital stretch	Receivable days creeping up	**Adjust the EBITDA**
Aggressive accounting	Capitalised costs, one-off gains in EBITDA	**Reprice**

TRY IT · PROJECT SKY (FICTIONAL)

Specialty chemicals. Revenue INR 800 cr, EBITDA INR 160 cr. Ask: INR 1,600 cr EV (10x), buyout

- Top customer is 35% of revenue on a one-year contract
- 12% of purchases from the promoter's sister firm
- Environmental clearance due for renewal in 9 months
- Receivable days up from 70 to 95
- EBITDA includes a INR 12 cr one-off export incentive

Vote: proceed, reprice or walk?

TAKEAWAY **Every red flag a CA finds is worth money: INR 1 cr of EBITDA that isn't real is INR 10 cr of value at 10x.**

03 · HOW A FUND THINKS

PE doesn’t ask “what is it worth?” It asks “what can I pay?”

1 — Set the target
Fund needs ~3.0x its money in five years (~25% IRR)

2 — Believe an exit
Year-5 EBITDA INR 180 cr × 11x = EV INR 1,980 cr; less INR 180 cr debt = equity INR 1,800 cr

3 — Work backwards
Maximum entry equity = INR 1,800 cr ÷ 3.0 = INR 600 cr

4 — Translate to a price
Add INR 300 cr entry debt: max EV INR 900 cr = 9.0x today’s INR 100 cr EBITDA. That is the bid ceiling

Three honest answers to “what is it worth?”

DCF
Intrinsic value; ~70% of it sits in the terminal value

Trading comparables
What the market pays today: includes mood, excludes control

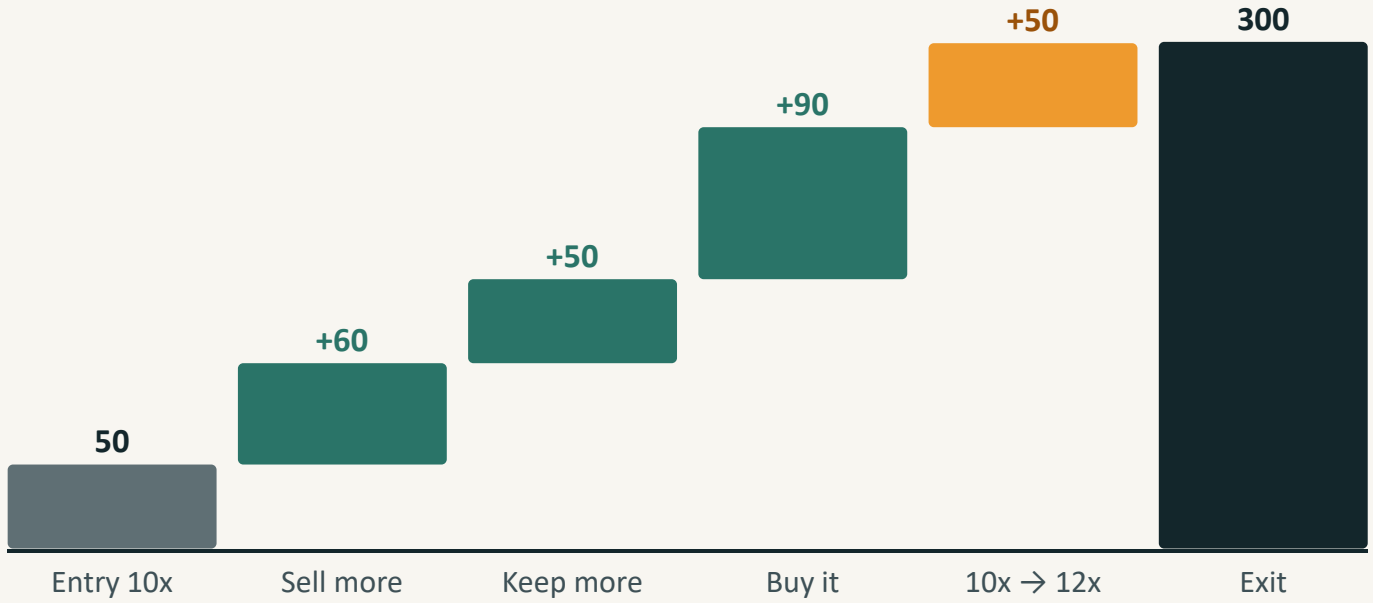
PE back-solve
The most a fund can pay and still clear its hurdle at a believable exit

TAKEAWAY **The discipline is in step 2: if the exit assumptions look heroic, the deal dies, however good the company.**

03 · HOW A FUND THINKS

Value creation: how $50m became $300m, block by block

Fence Co, a fictional buy-and-build. Enterprise value, US$ million



Buy it: +$9.0m EBITDA

Six bolt-ons at a blended 6.7x, worth 12x inside the platform

Sell more: +$6.0m

Cross-sell, service contracts, pricing discipline

Keep more: +$5.0m

Procurement, fewer sites, one back office: 2.9% of revenue

The multiple was earned

Recurring revenue 6% → 28%, three countries → six: a wider set of buyers pays 12x

TAKEAWAY **$200m of the $250m gain came from EBITDA someone had to build; only 20% came from the multiple.**

Your seat at the table: who does what, from sourcing to exit

Role	Source and screen	Diligence and value	Negotiate and close	Own and build	Exit
MD / Partner	Promoter ties; sets the thesis	Frames key risks; IC sponsor	Leads price and terms	Board seat; hires CEO, CFO	Decides timing and route
VP / Associate	Market maps; screens teasers	Runs diligence; model, IC memo	SPA/SHA detail; CP tracker	100-day plan; MIS; board packs	Runs the IPO or sale; exit model
Operating team	Tests the value-creation case	Commercial and ops diligence	Drafts the 100-day plan	Pricing, procurement, digital, talent	Equity story; KPIs buyers pay for
Legal	NDA; exclusivity	Title, litigation, licences	SPA, SHA, CPs; CCI, SEBI, RBI	SHA rights; governance	Drag, tag; IPO or sale papers
Finance and tax: the CA's seat	Headline valuation check	Financial DD, quality of earnings, tax DD	Holding structure; funds flow	Fund reporting; valuations; LP updates	Capital gains tax; payouts

TAKEAWAY **Every column needs a CA, and the CAs who understand the sector thesis end up in the first row.**

MODULE 04

Reading the future

How private equity spots an emerging sector before the consensus does

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IN THIS MODULE

Why sector comes first · Ten early signals, with Indian data sources · From signal to thesis · Profit pools · A weighted scorecard · Timing the curve



04 · READING THE FUTURE

Sector choice sets the ceiling on returns

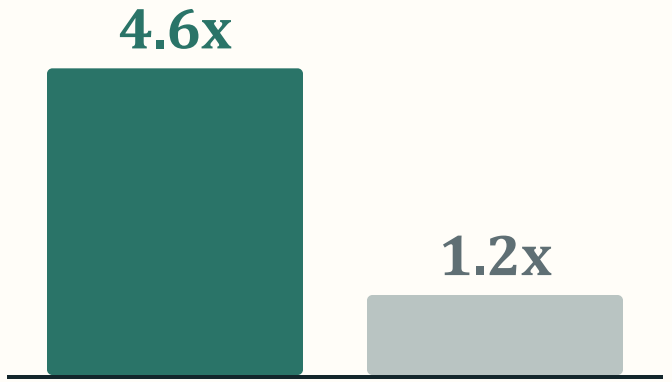
Every PE return has three drivers, and the sector drives all three

1. **Earnings growth**
   A tailwind lets an average operator compound at 20%+; a stagnant sector makes a great one fight for share

2. **Multiple re-rating**
   Markets re-price categories as they institutionalise: EMS, CDMO, housing finance, hospitals

3. **Exit depth**
   Listed peers, active strategic buyers and IPO appetite turn paper gains into cash

Same company, same 12x entry



Sector A
25% EBITDA CAGR, exit 18x

Sector B
8% CAGR, exit 10x

TAKEAWAY **Pick the river before the boat: the same operator earns 4.6x in one sector and 1.2x in another.**

04 · READING THE FUTURE

Ten signals that move before the consensus

01

Policy and regulation

Discussion papers, Budget lines, licence windows, incentive schemes

02

Income and penetration

Categories inflect as incomes cross thresholds

03

Global supply chains

China+1, BIOSECURE, CBAM and tariffs re-route production

04

Cost-curve inflection

When customer unit economics flip, adoption and capex follow

05

Trade data

Big, growing imports plus local capability = substitution runway

06

Capex, credit and activity

Capacity use, sector credit, project announcements, e-way bills

07

Capital-market tells

PIPEs, the first DRHP in a category, leaders re-rating

08

Founders and talent

Industry veterans spinning out; senior talent moving to the mid-market

09

Customer pull

MNC sourcing offices, vendor development, RFQ flow, trade fairs

10

Dislocations

Crises don’t create sectors; they create entry prices

TAKEAWAY **No single signal is enough. Conviction comes when three or four independent signals point the same way.**

SIGNAL 1 · POLICY AND REGULATION

In India, policy is often the loudest early signal

1999 · NTP-99
Telecom revenue share
Warburg → Bharti

2010 · Solar Mission
Renewable IPPs
Goldman → ReNew (2011)

2014 · RBI SFB rules
Small finance banks
Kedaara → AU (Dec 2014)

2014 · REIT/InvIT
Yield platforms
Blackstone–Embassy REIT

2016 · IBC
Stressed assets
Special-situation deals

2017 · GST
Organised warehousing
IndoSpace; CPPIB JV

2018 · PM-JAY
Hospital demand
KKR → Radiant / Max

2020 · PLI, bulk drugs
API and CDMO
Advent → RA Chem

2020 · Defence lists
Defence supply chain
Carlyle-led → Micropack

2025 · ECMS INR 22,919 cr
Electronic components
ChrysCapital → ILJIN

THE ALPHA WINDOW

Discussion paper	Consultation	Final guidelines	PE entry	First approvals	First disbursals

RBI's final SFB guidelines came in Nov 2014. Kedaara bought ~10% of AU in Dec 2014. Licences followed in Sep 2015. Once licences are issued, everyone knows.

TAKEAWAY **Read the discussion paper, not the newspaper: the edge lies between the draft and the first disbursal.**

SIGNAL 2 · INCOME THRESHOLDS AND PENETRATION

The time-machine test for demand inflection

Sector	Penetration metric to track	Where to find it
Hospitals and diagnostics	Beds per 1,000; insurance cover; out-of-pocket share	National Health Accounts, IRDAI
Housing finance	Mortgage-to-GDP; informal-income borrowers; ticket size by city tier	NHB, RBI, HFC DRHPs
Retail and consumer	Discretionary spend per head; organised share; premiumisation	MoSPI HCES 2022–23, concalls
Financial services	Credit-to-GDP; MSME credit gap; insurance and MF penetration	RBI, SIDBI, IRDAI, AMFI
Logistics	Grade-A warehousing stock; organised 3PL share	DRHPs, property consultants
Nutrition and wellness	Protein intake; supplement spend per head	FSSAI circulars, brand DRHPs

INDIA DATA POINTS

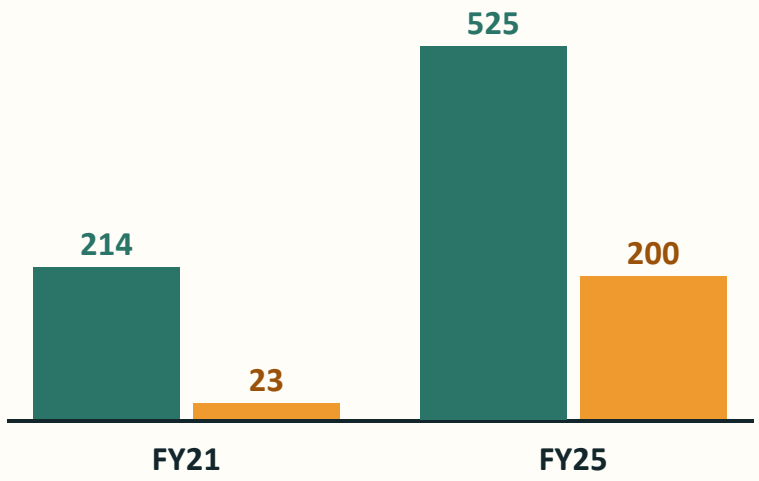
~4%	insurance penetration, vs ~7% globally
4→6%	high-income share of households, FY23–28
33→40%	urban share of population, 2016–30
15 mn+	lower-middle-income households added in five years
65+	cities with a population above 1 million

TAKEAWAY **Pair a demand gap with a supply gap: low penetration plus fragmented, informal providers is a consolidation thesis.**

SIGNAL 3 · GLOBAL SUPPLY-CHAIN SHIFTS

When the world re-wires, Indian factories get the call

Mobile phones made in India, INR '000 crore



99%+ of phone demand now met locally

China+1 sourcing

EMS, electronic components, specialty and agro-chemical intermediates

US BIOSECURE Act

Signed 18 Dec 2025; bans likely from ~2028 → CDMO, CRDMO, peptides, biologics

Bulk-drug self-reliance

From a INR 1,930 cr deficit (FY22) to a INR 2,280 cr surplus in bulk drugs

Medtech exports

~US$1 bn (2017) → US$3 bn (2024) → US$7–8 bn by 2030; global share 0.5% → 2%

TAKEAWAY **A foreign law or tariff can create an Indian sector. Track who is being pushed out of China, and into which step.**

SIGNAL 4 · CAPEX, CREDIT AND ACTIVITY DATA

A monthly dashboard of hard data, all of it public

RBI: sector credit
Monthly

Who borrows faster than the system? Credit leads capex

RBI: capacity use
Quarterly

Sustained mid-70s% or above is read as a capex trigger

CMIE CapEx projects
Continuous

New projects by sector and state; announced → under way

MoSPI: IIP and ASI
Monthly / annual

Output by product; ASI gives plant-level margins and jobs

GST and e-way bills
Monthly

Formalisation by state; e-way bills are a live freight proxy

Power demand
Daily / monthly

Industrial states; data-centre and EV load now visible

Port, rail, air cargo
Monthly

Container volumes by port: export clusters show here first

EPFO payroll
Monthly

Formal hiring by industry and state: leads organised growth

Track the second derivative A sector whose credit growth moves from 8% to 18% is more interesting than one steady at 20%.

TAKEAWAY **Is the growth visible in hard data yet, or only in presentations? Credit, cargo and payroll don’t lie.**

SIGNAL 5 · CAPITAL-MARKET TELLS

Separate the early tells from the late ones

EARLY: ACT

PIPEs into small caps

Baring PE into PG Electroplast (2021), months after the white-goods PLI

The first DRHP in a new category

Its industry chapter gives you market size, shares and margins for free

Listed leaders re-rating

Multiples expand before earnings show: the market is pricing a new category

The first global control deal

A Carlyle-led group set to control Micropack in defence electronics

LATE: BE CAREFUL

Thematic fund launches

Sector-named mutual-fund NFOs and new sector indices

Sustained outperformance

Index ahead for 2+ years; multiples well above 10-year medians

IPO clustering

Several mainboard IPOs from one sector in a single quarter

Everyone’s teaser

Every banker pitches the sector; small promoters quote listed-peer multiples

TAKEAWAY **By the time a sector fund launches, the early money has been made. Act on the left column.**

· THE QUIETER ONES

The quieter signals live on the factory floor

Cost curves
When the customer's unit economics flip, adoption and capex follow

Founders and talent
Veterans spin out; senior people move to mid-market firms

Customer pull
MNC sourcing offices, vendor development, RFQs, trade fairs

Dislocations
DHFL's fall → Blackstone into Aadhar; AU's licence → Aavas carve-out

Field work: India's manufacturing clusters, where theses get tested

Rajkot Castings, forgings, pumps	**Morbi** Ceramic tiles, sanitaryware	**Vapi–Ankleshwar–Dahej** Specialty and agro-chemicals	**Jamnagar** Brass parts; refining
Hyderabad APIs, CDMO, defence electronics	**Baddi** Pharma formulations	**Pune–Chakan** Auto, precision engineering	**Coimbatore** Pumps, motors, foundries
Hosur–Bengaluru Aerospace, EMS, EVs	**Chennai–Sri City** Auto, EMS, phones	**Noida–Greater Noida** Mobile phones, durables	**Ludhiana** Bicycles, auto parts, tools

TAKEAWAY **A day in a cluster with the local CA, banker and industry body is worth a week of desk research.**

FROM SIGNAL TO CONVICTION · THE THESIS FUNNEL

From a macro theme to a pipeline of real companies

Macro theme	Sector	Sub-sector	Profit pool	Company map	Pipeline
KEY QUESTION	**KEY QUESTION**	**KEY QUESTION**	**KEY QUESTION**	**KEY QUESTION**	**KEY QUESTION**
What shift will still be true in 10 years?	Which Indian industries capture it?	Where is growth fastest and competition thinnest?	Where do margins and ROCE sit in the chain?	Who are all the players, listed and unlisted?	Who can we partner with, and when?
EXAMPLE Global pharma de-risking away from China	**EXAMPLE** Pharma services and APIs	**EXAMPLE** Small-molecule CDMO; niche merchant APIs	**EXAMPLE** Late-phase and commercial supply on sticky contracts	**EXAMPLE** 40–60 firms in Hyderabad, Vizag, Gujarat by approvals	**EXAMPLE** 8–10 relationships; 2–3 actionable in 18 months

In practice Advent backed RA Chem (2020), took control of listed Suven (2022–23), then built the Cohance CDMO platform.

TAKEAWAY **A theme is not a thesis until it ends in named companies you have met, and a reason to call them now.**

FROM SIGNAL TO CONVICTION · PROFIT POOLS

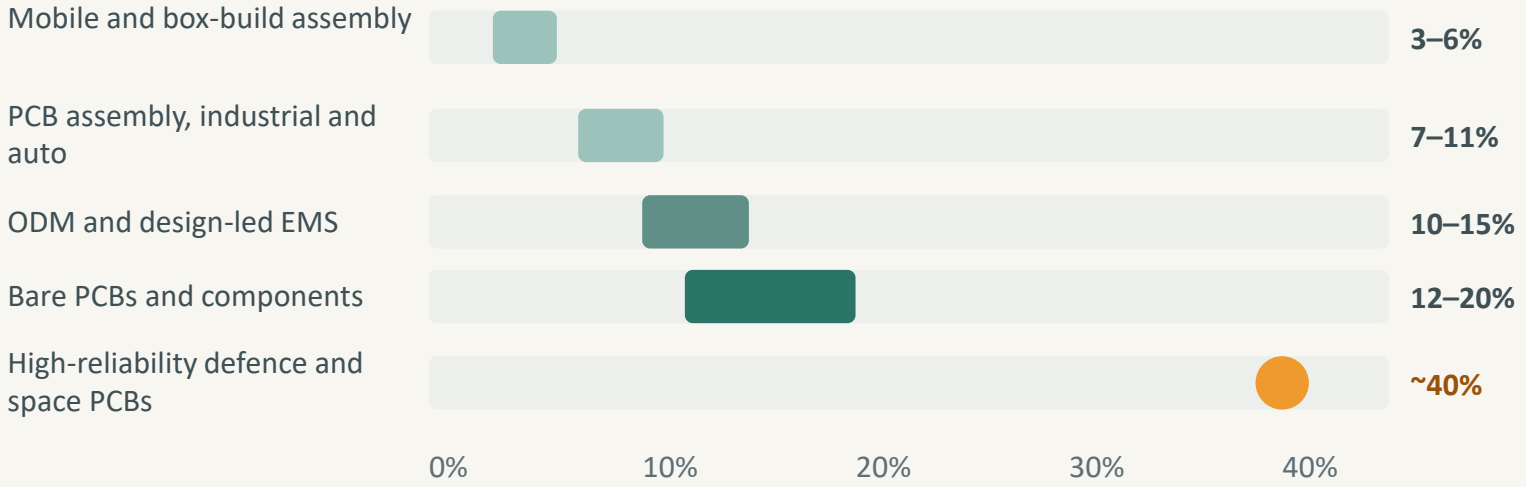
Follow the profit pool, not the revenue pool

Revenue follows volume; returns follow scarcity. Assembly holds the revenue. Components, design and qualification hold the margin.

ASK IN ANY VALUE CHAIN

- Who owns customer qualification, and how long does it take?
- Who owns the IP or the design?
- What does it cost the customer to switch?
- Where does working capital get trapped?
- Which step is capacity-constrained globally?

Indian EMS value chain: indicative EBITDA margin bands



~40% = Micropack FY26: ~INR 100 cr EBITDA on ~INR 250 cr revenue, as reported

TAKEAWAY **In the same sector, one step can earn 4% and another 40%. Choose the step before the company.**

FROM SIGNAL TO CONVICTION · THE SECTOR SCORECARD

Score every sector on the same yardstick

Criterion	Weight	What a “5” looks like	Evidence and data
Structural growth	**20%**	Nominal growth at least 2x GDP for 7–10 years	DRHP industry reports, trade data, peers’ 10-yr CAGR
Tailwind durability	**15%**	Several independent drivers; not reliant on one subsidy	Policy tracker, supply-chain evidence, customer calls
Profit-pool quality	**15%**	EBITDA 18%+ and ROCE 20%+ through the cycle	Listed comps, ASI data, MCA filings
Fragmentation and targets	**15%**	Top-5 share below 30%; 20+ companies in our ticket range	Company map, MCA21, GST data, cluster visits
Exit depth	**15%**	Listed comps at healthy multiples; active strategic buyers	Screener, deal databases, strategic M&A history
Regulatory / ESG risk	**10%**	Low price-control, pollution and licensing risk (scored inversely)	Regulations, NGT orders, pricing-authority notices
Valuation headroom	**10%**	Private entry at a discount to listed peers and 10-yr medians	Deal comps; 5- and 10-year median EV/EBITDA and P/E

TAKEAWAY **Write the weights before you fall in love with a sector. A scorecard is a guard against your own enthusiasm.**

SCORECARD IN ACTION · ILLUSTRATIVE

Strong tailwinds can still score poorly on price

Sector	Growth 20%	Tail-wind 15%	Profit 15%	Targets 15%	Exit 15%	Risk* 10%	Price 10%	Score /100
Tier-2/3 multi-specialty hospitals	4	4	4	5	5	3	2	80
Precision engineering for export	4	4	4	5	3	4	4	80
Electronic components and PCBs	5	5	3	4	4	3	2	78
Pharma CDMO / CRDMO	4	4	5	3	5	3	2	77
Defence electronics	5	5	5	3	3	2	1	74
Specialty chemicals	3	3	4	4	4	2	4	69

*Risk scored inversely: 5 = lowest regulatory and ESG risk. Speaker's illustrative scores, not investment advice

Tailwind ≠ return

Defence has the strongest tailwind, but price and concentrated buyers pull it to the middle

Out of favour can be early

Specialty chemicals de-rated after 2021 on Chinese over-capacity, so price now scores well

Scores cluster

Once a sector clears the screen, timing and the asset decide

TAKEAWAY **The best sector to read about is rarely the best sector to buy into today. Price is part of the thesis.**

Where is each sector on its curve?

Nascent

TELLS

Policy in draft; few scaled players; no listed pure-plays; customers still import

PE POSTURE

Small, structured minority cheques; build knowledge

SECTORS TODAY

Semiconductor OSAT and packaging; drones; green-hydrogen supply chain; nuclear/SMR parts

Emerging

TELLS

First PE rounds and IPOs; 25%+ growth; qualified local suppliers appear

PE POSTURE

Growth equity with governance rights; buy-and-build begins

SECTORS TODAY · SWEET SPOT

Components and PCBs; defence sub-systems; energy storage; biologics and peptide CRDMO; export precision machining

Consensus

TELLS

Multiple IPOs; thematic funds; valuations above history; bankers run auctions

PE POSTURE

Be selective; prefer control or downside protection; no multiple expansion

SECTORS TODAY

EMS assembly; metro hospitals; power T&D equipment; data centres

Mature

TELLS

Growth close to nominal GDP; consolidation; strategic M&A

PE POSTURE

Buyouts, carve-outs, operational value creation

SECTORS TODAY

IT services; large private banks; cement; QSR

TAKEAWAY **The same sector needs a different cheque at each stage. Match your instrument to the curve.**

MODULE 05

Finding early winners

From the right sector to the right company: who got there early, and where the next leads may be

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IN THIS MODULE

Eight traits of an early winner · Three Indian cases · How early bets burn · Four live themes · A 2026–30 radar · A 12-question checklist



05 · FINDING EARLY WINNERS

What an early winner looks like: eight traits

1

Owns the scarce step

Qualification, IP or design, not commodity assembly

2

Approvals already won

Customer approvals in hand and a 5–15% share

3

A category-defining operator

Credible promoter, clean on forensic checks

4

Turns growth into cash

Payback per plant or store; inventory not outrunning sales

5

Governance-ready

A real CFO, MIS and a board that can hold a plan to account

6

Room to consolidate

A fragmented market of bolt-ons that trade at lower multiples

7

Priced below its peers

Entry at a discount to listed comps and 10-year medians

8

A visible next buyer

Who buys it from you in 4–6 years, and why?

TAKEAWAY **Back the operator who owns the scarce step, has already earned the approvals, and can show you the cash.**

CASE 1 · AFFORDABLE HOUSING FINANCE · 2016–2025

Kedaara and Partners Group × Aavas: a thematic buyout

THE SIGNAL	Tier-2/3, informal-income first-time buyers were under-served by banks; PMAY subsidies (2015) improved affordability; mortgage penetration was low
THE BET	In 2016 the funds bought ~90% of AU Housing Finance for a reported INR 890–950 cr. AU had to divest it to meet SFB norms: a motivated seller
WHAT HAPPENED	Renamed Aavas, listed in 2018, and came through demonetisation, the NBFC crunch and COVID. In 2025 CVC bought 49% for US$949 mn
THE LESSON	**Thematic conviction plus a forced seller equals proprietary entry. Digitisation, new products and faster branch roll-out built the value**

HOUSING FINANCE

12x

AUM growth FY16–FY25, to INR 20,400 cr+

~18x

net income growth, same period

~6x

return to the funds, as reported

TAKEAWAY **The best entries come from reading the regulator: an RBI rule created the seller nobody else was watching.**

CASE 2 · HOSPITALS · 2017–2022

KKR × Radiant × Max: consolidating private hospitals

THE SIGNAL	An under-bedded country, rising insurance cover and Ayushman Bharat PM-JAY (2018), plus a fragmented market with owners willing to sell
THE BET	KKR bought 49% of Radiant Life Care (2017), then used it to buy Life Healthcare's 49.7% of Max at INR 80/share and merge: control of 3,200+ beds
WHAT HAPPENED	Turnaround, bed additions and a re-rating of listed hospitals. KKR sold down in 2021–22, ending with a ~INR 9,200 cr block sale in Aug 2022
THE LESSON	**Pair a sector thesis with a consolidation vehicle and a strong operator. Creative structuring unlocked control of a listed asset**

HEALTHCARE DELIVERY

~$200 mn

KKR into Radiant, 2017

3,200+

beds across 16 hospitals at merger

~4.5x

estimated return (Venture Intelligence)

TAKEAWAY **In a fragmented sector, back the consolidator: the platform and the operator matter more than any one asset.**

CASE 3 · ELECTRONICS MANUFACTURING · 2021–TODAY

PE follows PLI into electronics manufacturing

THE SIGNAL	PLI for mobiles (2020) and white goods (2021), then ECMS (2025). Phone exports rose ~775% FY21–25 as brands moved assembly to India
THE BET	Baring PE joined PG Electroplast's INR 76.6 cr preferential round (2021) as it pivoted to full EMS for ACs. In 2025–26 ChrysCapital backed ILJIN (PCBs) and Nash
WHAT HAPPENED	PGEL's share price rose ~9,800% in five years to Sep 2025 before correcting. EMS became a listed category; capital is moving upstream
THE LESSON	**The first wave rewarded early backers of assemblers; the next wave sits up the value chain, where margins and moats are higher**

EMS AND COMPONENTS

INR 76.6 cr

PGEL round with Baring, 2021

INR 1,200 cr

into Amber's ILJIN, led by ChrysCapital, 2025

~9,800%

PGEL share-price gain, 5 years to Sep 2025

TAKEAWAY **Follow the scheme, then climb the value chain: the money moves from assembly to components and design.**

THE OTHER SIDE · WHEN EARLY BETS BURN

Six ways to be right about a sector and still lose money

Buying the late tell

Thematic NFOs, IPO clusters, everyone’s teaser: you pay consensus prices for consensus growth

The subsidy is the thesis

The phone PLI ended in March 2026. Underwrite every scheme without the subsidy; check its sunset date

Protection that vanishes

Quality Control Orders can be rolled back; anti-dumping duties expire at sunset reviews

Priced for perfection

Medicover India: €1.2 bn EV on €26 mn LTM EBITDA, ~46x. The buyer is paying for the ramp-up

The regulator moves

Axis Bank reassessed the Axis Finance stake sale pending RBI clarity, after funds had bid

Growth that eats cash

A fast-growing store chain lost ~4.5 IRR points to fit-out capex and inventory

TAKEAWAY **Write your kill criteria before you fall in love: what evidence would make you walk away?**

LIVE THEME 1 · HEALTHCARE DELIVERY

Healthcare: global PE is consolidating India's hospitals

THE SIGNAL

- Insurance and specialty care grow faster than quality beds outside metros
- Exits proven: IPOs, sponsor-to-sponsor and strategic sales
- 2024: single-specialty deal volumes doubled; 83% of provider deals were under INR 500 cr

FOR A GROWTH FUND

- Platforms are priced for perfection (Medicover ~46x)
- Mid-market angle: single-specialty and tier-2/3 chains are the next bolt-ons
- Diligence doctor retention, payer mix and occupancy ramp

Investor → target	Size / stake	When
KKR → Medicover India	100%; €1.2 bn EV; 24 hospitals, ~4,800 beds	Aug 2026
Advent → Yatharth	INR 3,150 cr primary for 24.9%	Sep 2026
Permira → Cloudnine	25.71% from True North, ~INR 11,000 cr	Sep 2026
QCIL + Aster DM	Merger: 39 hospitals, 10,600+ beds	Jul 2026
KKR → HCG (from CVC)	54% for ~US$400 mn	Feb 2025

READING THE RUMOURS

Cloudnine: seven bidders reported in June; Permira filed with the CCI in September. Yatharth: reported as a control deal; it became a minority investment

TAKEAWAY **Platforms are priced; the early money is in the specialty and tier-2/3 chains they will buy next.**

LIVE THEME 2 · MANUFACTURING AND ELECTRONICS

Manufacturing: PE is moving up the value chain

THE SIGNAL

- Policy moved to components: ECMS INR 22,919 cr (2025); phone scheme INR 62,500 cr (Jul 2026)
- Defence-tech funding hit a record US$247 mn in 2025
- Auto components: 46 PE deals since FY22

FOR A GROWTH FUND

- Back design, qualification and exports, not commodity assembly
- Defence and space approvals take years: that is the moat
- Underwrite without the subsidy

Investor → target	Size / stake	When
ChrysCapital → Nash	~30%; design-led EMS, ~60% exports	Feb 2026
ChrysCapital, InCred → ILJIN	INR 1,200 cr into Amber's PCB arm	Sep 2025
Carlyle-led group → Micropack	60% for INR 1,175 cr (reported)	Jul 2026
TPG → Tessolve	US$150 mn; semiconductor engineering	2025
InCred → VEM Technologies	INR 185 cr; aerospace and defence	May 2026

COMPETITION FOR ASSETS

Temasek, EQT, Kedaara, Carlyle and ChrysCapital were all reported in the race for Nash, a family-run firm founded in 1971

TAKEAWAY **Manufacturing is no longer a niche: five funds chased one family-run engineering firm. Get there before the auction.**

LIVE THEME 3 · CONSUMER BRANDS AND CARVE-OUTS

Consumer: family brands and MNC subsidiaries open up

THE SIGNAL

- Family brands now sell sizeable minorities; Haldiram's (~US$10 bn value) set the benchmark
- MNC parents part-exit India units: Haier, Medicover
- Food and agriculture PE-VC: US$3.8 bn in 2025, up 136%

FOR A GROWTH FUND

- Minority deals dominate: governance and exit rights matter more than the stake
- Benchmarks travel fast: entry discipline is the edge
- Mid-market angle: regional brands, B2B suppliers to QSR

Investor → target	Size / stake	When
Temasek → Haldiram's	~10% for INR 8,500 cr; others followed	Mar 2025
ChrysCapital → Theobroma	~90% for ~INR 2,410 cr	2025
Bharti, Warburg → Haier India	49%; valued ~INR 15,000 cr	Dec 2025
General Atlantic → Balaji Wafers	Minority stake	Jan 2026
Advent → Iscon Balaji Foods	US$150 mn, significant minority	May 2026

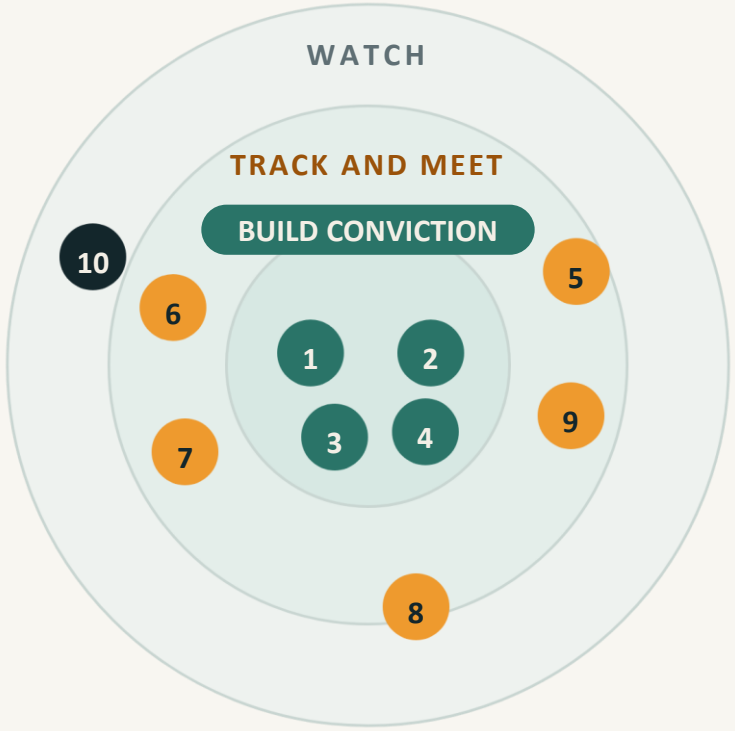
EXIT PROOF

Kedaara and Partners Group sold ~14% of Vishal Mega Mart for US$835 mn in 1H2026: consumer exits via public markets work

TAKEAWAY **In consumer, the edge is not finding the brand, it is the terms: price, governance and a path to exit.**

EMERGING THEMES · SPEAKER'S VIEW

A radar of themes to watch, 2026–2030



1 Components and PCBs
ECMS; ChrysCapital → ILJIN

2 Pharma CDMO / CRDMO
BIOSECURE; supply de-risking

3 Precision components
Aerospace, medtech, exports

4 Tier-2/3 specialty care
Eye, dialysis, IVF, oncology

5 Defence sub-systems
Indigenisation; record funding

6 Industrial safety, PPE
Compliance, labour codes, exports

7 Nutrition, consumer CDMO
Brands outsource manufacturing

8 Storage, grid equipment
RE integration, data-centre load

9 Data-centre supply chain
Cooling, power, racks, fit-out

10 Semiconductor OSAT
ISM; first plants in Gujarat

TAKEAWAY **Inner ring: build conviction now. Middle: track and meet founders. Outer: watch. Redraw it every year.**

BEFORE YOU COMMIT

A 12-question sector-conviction checklist

1. What is the structural driver, and will it still be true in 2035?
2. Which dated event (policy, licence, contract, cost crossover) is the catalyst?
3. Is growth visible in hard data (credit, trade, capex) or only in presentations?
4. Where is the profit pool; who controls qualification, IP or the customer?
5. How many companies fit our ticket size and governance bar?
6. Who is the category-defining operator, and have we met them?
7. What does the sector look like without the subsidy or tariff?
8. Where do listed peers trade versus their 10-year median?
9. Who buys the asset from us in 4–6 years, and why?
10. What would China, a regulator or a technology shift do to this thesis?
11. Where are we on the curve: nascent, emerging, consensus or mature?
12. **What evidence would make us walk away? Write the kill criteria now.**

TAKEAWAY **If you cannot answer question 12 before you invest, you will not be able to answer it after.**

YOUR TURN · SHOW OF HANDS

Read the signal: early or late?

1 A large fund takes a preferential allotment in a small cap, months after a new PLI — EARLY: ACT

2 Three AMCs launch sector-named NFOs in the same quarter — LATE: CAREFUL

3 The first company in a brand-new category files its DRHP — EARLY: ACT

4 Every banker in town sends you a teaser in the same sector — LATE: CAREFUL

5 RBI publishes a discussion paper on a new licence category — EARLY: ACT

6 The sector index has led for two years; multiples sit far above 10-year medians — LATE: CAREFUL

7 Senior engineers quit MNCs to start suppliers in the space — EARLY: ACT

8 Four mainboard IPOs from one sector list in a single quarter — LATE: CAREFUL

TAKEAWAY **Early signals are quiet, specific and dated. Late signals are loud, crowded and everywhere.**

IF YOU REMEMBER TEN THINGS

Ten takeaways to carry home

1. PE is a co-owner, not a lender: it pays for the plan and takes a board seat.
2. VC lives by the power law; PE lives by avoiding the write-off.
3. Returns are built, not bought: most of the gain is growth, margin and cash.
4. India is a ~US$60 bn-a-year market with record dry powder: capital is not scarce, quality is.
5. Price and proprietary access were the hard problems in 2007 and still are.
6. Sector sets the ceiling: the same company makes 4.6x in one sector, 1.2x in another.
7. Read the quiet signals: policy drafts, trade data, credit, cargo, PIPEs, founders.
8. Follow the profit pool: choose the step in the value chain before the company.
9. Score sectors on a written yardstick, and know where each sits on its curve.
10. An early winner owns the scarce step, has its approvals, converts growth to cash and has a next buyer.

QUESTIONS AND DISCUSSION

Thank you

