

# INSIGHTS

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October // 2021

## Digital India: The \$1 trillion Opportunity

The background of the page is a complex, abstract design. It features a network of thin, glowing lines in shades of teal, blue, and green, connecting various points to form a series of interconnected triangles and polygons. The overall color palette is dominated by these cool tones, with some areas appearing more vibrant and others more muted. The lines and shapes create a sense of depth and movement, suggesting a digital or technological theme. The text is overlaid on this background, with the main title 'INSIGHTS' in a large, bold, blue font at the top left, and the subtitle 'Digital India: The \$1 trillion Opportunity' in a smaller, green font within a white rectangular box on the left side. The date 'October // 2021' is positioned below the main title. The 'INVESTCORP' logo is in the top right corner.



**Gaurav Sharma**  
Head of Private Equity,  
India

Gaurav Sharma joined IDFC Alternatives in 2015 which became part of Investcorp in February 2019. He has more than 25 years of experience in both the US and India across entrepreneurship, private equity, M&A, corporate finance and investment banking. Gaurav was also the co-founder of Prime Gourmet Private Limited. Prior to that, he held the role of Director and was part of the founding team of Providence Equity Partners' India office. Gaurav has also worked in the investment banking arm of Deutsche Bank in New York. He holds an MBA degree from The Wharton School, University of Pennsylvania and a Bachelor's degree in Engineering from Indian Institute of Technology, Delhi.



**Varun Laul**

Varun Laul joined Investcorp in 2020 from Zodiuss Capital where he was a Managing Director focusing on growth stage investments in technology and technology-enabled sectors. He has over 19 years of experience across private equity, investment banking, management consulting and consumer marketing. Varun was previously the founding member of Providence Equity's India office in 2007 and was associated with over \$1 billion of investments in the telecom and media sectors. Prior to that, he worked in investment banking with DSP Merrill Lynch, and in sales and marketing with Hindustan Unilever in India. Varun holds an MBA from the Indian School of Business, Hyderabad and a Bachelors in Engineering from the Indian Institute of Technology, Kharagpur.



**Pradeep Srinivas**

Pradeep Srinivas joined Investcorp in 2020 from Infina/Kotak Family Office where he was the Head of New Age Investments. He has over 16 years of experience across investment management and technology. Pradeep has previously worked with Gaja Capital, an India focused mid-market private equity firm and NEA, one of the world's largest venture capital firms, where he led investments in Technology and Enabled businesses, Consumer, BFSI, Education and Services. He has also worked at Astar, a Mumbai based family office where he focused on investments in Manufacturing. Pre-MBA, Pradeep worked in technology for over three years, largely at Microsoft.

Pradeep holds a Masters of Business Administration from the Indian School of Business, Hyderabad and a Bachelors engineering degree in Computer Science from the University of Madras.



**Vyushita Sahay**

Vyushita joined Investcorp in January 2021 upon completing her MBA from INSEAD. Prior to completing her MBA, Vyushita's work experience has focused on working in the Enterprise SaaS sector, with her experience spanning both India and the US. In India, she has worked with Accel Partners and Multiples PE. She began her career in Silicon Valley – working with KPMG, providing enterprise SaaS companies' financial services support. Vyushita holds an undergraduate degree in Economics from the University of California, Berkeley and is also a CPA license holder in the state of California.

## Table of Contents

- 04 India's rapid transition to a digital-first economy
- 06 India's digital adoption journey and what lies ahead
- 08 Business models for a digital india
- 13 The opportunity for investment

In the 30 years since liberalization in 1991, India's economy has grown 9x in size to a value of \$3 trillion<sup>1</sup>. The generation of consumers that has come of age in this modern, free market has experienced development alongside one critical element: digitization. In turn, digitization has created a generation of consumers who are digitally native, more informed and unfettered by the legacy of the control economy.

As the country's tele-density has improved from less than 1%<sup>2</sup> to nearly 90% today<sup>3</sup>, Indian consumers increasingly use data on their mobile devices. Skipping dial-in and fixed line connections, they access consumer services such as credit, education and healthcare for the first time via the internet.



Supported by a strong digital infrastructure, a slew of young entrepreneurs are capturing the scope for innovation that technology creates.

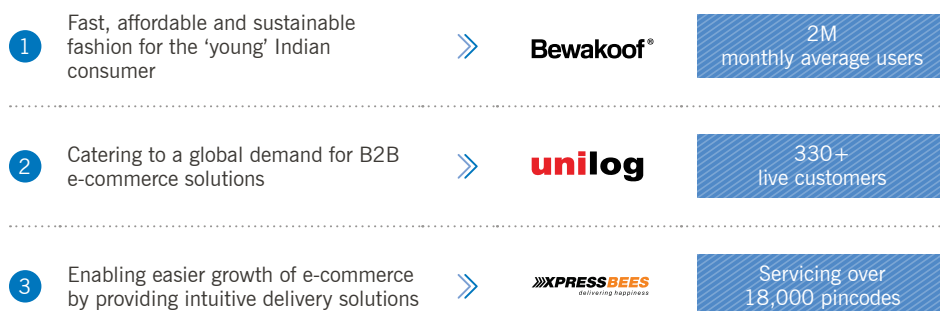


India's digitization journey, mirrors China's – where economic development has occurred hand in hand with increased technological access, creating pockets of opportunity for technology-enabled businesses to emerge. For instance, in both India and China, e-commerce is substituting traditional commerce, skipping a generation of brick-and-mortar companies which have been the experience of the West. And in both, the impact of digitization is felt beyond the consumption economy as technology fundamentally alters the sector maps of industries – from logistics to manufacturing.

India's technology growth is following in China's heels. This has an important bearing on investments and value creation. The successful arrival of the Chinese firms on the global stage has become a precursor to the promise that India holds over the next decade – a \$1T<sup>4</sup> digital economy, up from its estimated value of ~\$250B<sup>5</sup> in 2020.

Supported by a strong digital infrastructure, both public as well as private, a slew of young entrepreneurs are capturing the scope for innovation that technology creates. Unencumbered by the legacies of a previous generation, they are both globally exposed and professionally trained. These founders are also excited to partner with international private equity firms and grow their businesses in international markets. New entrepreneurs are relentlessly focused on adhering to strong governance norms and building firms with a strong environmental and social conscience.

Indian entrepreneurs have engineered several innovations to global business models founding over 40,000<sup>6</sup> start-ups, using technological leapfrogging to craft uniquely “Indian” solutions such as:



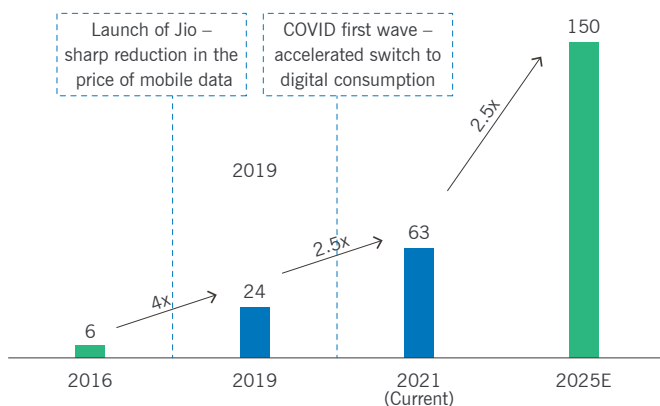
### COVID-19 has been a catalyst in rapidly accelerating India’s digital economy.

Consumers have become increasingly comfortable weaving technology into their everyday lives, from purchasing consumption items like food on hyperlocal delivery platforms, to consuming services like education and healthcare through online subscription services. COVID-19 has made tech-enabled businesses not a choice, but a ubiquitous reality.

As investors continue to back tech-enabled businesses, increasing amounts of capital pours into tech enabled business models, more than doubling the number of unicorns from 24 in 2019 to 63 today<sup>7</sup>. Over the next 5 years, we anticipate that the unicorn opportunity in India will grow to over 150<sup>8</sup>, driven by (i) strong digital infrastructure, (ii) continued business innovation and (iii) increasing investor appetite.

Investors will need a combination of deep networks, local presence, technology expertise and multi-cycle/stage investment experience to capitalize on this value creation opportunity.

### Number of Unicorns by year





**Combined with rising incomes, India's favourable demographic creates the potential for India to be the world's fastest growing digital economy.**

## PART I: INDIA'S RAPID TRANSITION TO A DIGITAL-FIRST ECONOMY

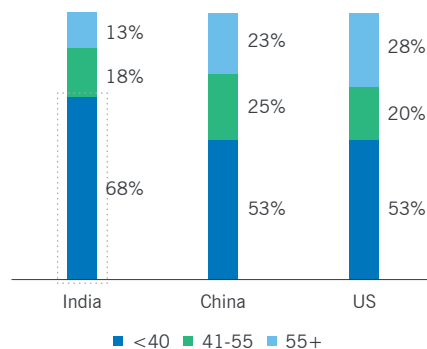
### Widely available access to the internet has prompted the emergence of an internet-first economy in India

India's middle class – which is expected to comprise of 1 billion people by 2030<sup>9</sup> (and 70% of the population), accesses the internet in a myriad of ways. While some consumers use their phones to shop from a preferred online platform such as Flipkart, others use them to educate their children using the world's most highly valued education platform – Byju's. This digitization permeates all parts of the Indian consumer's life – from retail and education to healthcare and insurance. A reflection of this pervasive presence of internet enabled consumption is **India's share of mobile app downloads which in 2020 amounted to 218 billion<sup>10</sup>, (14% of the world's total).**

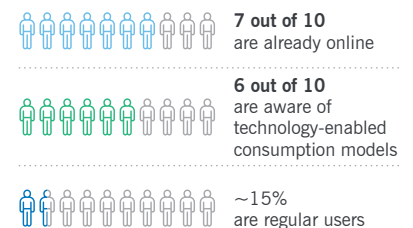
The cornerstone of this consumption is widely available internet access, especially mobile internet. In turn, private and public efforts to improve digital infrastructure and accessibility have made this possible.

As young consumers begin transacting, their first port of consumption is likely to be online. This rapidly evolving demographic is well placed to propel India into the digital economy. India's future technology users will grow up with ubiquitous internet, smartphones, digital media and digital consumption platforms. **Combined with rising incomes, India's favourable demographic creates the potential for India to be the world's fastest growing digital economy** – unlocking \$1T<sup>11</sup> in value (up from approximately \$250B<sup>12</sup> in 2020), and accounting for over 25%<sup>13</sup> of India's overall GDP by 2025.

#### Population distribution by age



#### Penetration of tech-enabled consumption in India



### Measures, both public and private, have fuelled digital adoption

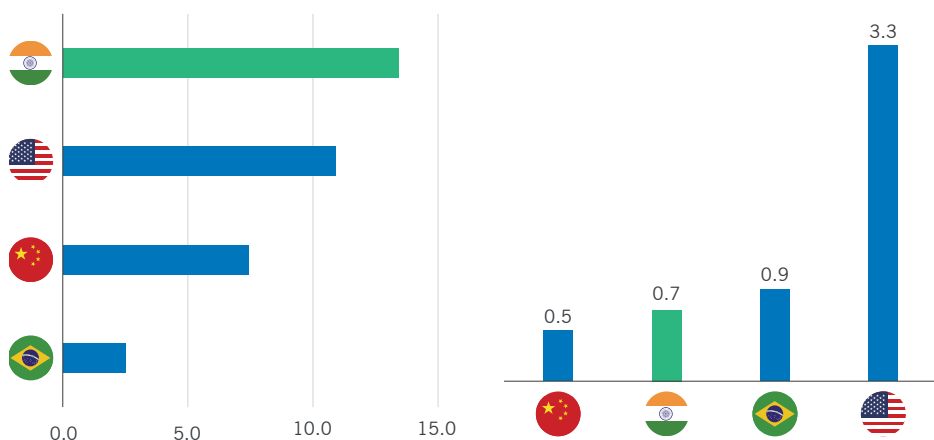
One of the largest factors behind rapid digitization in India is a significant increase in data accessibility due to increased competitive intensity in the country's telecom market. Today, India's cost per GB of data consumed is one of the lowest in the world, at Rs. 50 (approx. \$0.7) per GB<sup>14</sup>, and the quantum of data consumed per user is the highest at 14GB/person<sup>15</sup>.

Mobile data usage in India is one of the highest in the world...

...with cost of data one of the cheapest

Data usage (GB per user per month) on mobile

Data price per GB (\$)



Government efforts to enable digital consumption range from strengthening online banking and digital payments to standardizing taxation of goods and services. The Unified Payments interface, a joint initiative of the Reserve Bank of India and leading Indian banks, provides a seamless interface to enable digital interbank transactions, enabling over 2B<sup>16</sup> online transactions in Jan-21, a 50%<sup>17</sup> increase over the previous year. Aadhaar – India's biometric-based digital ID programme, is the largest in the world. This identification has increased trust and accountability in online transactions.

Measures by the government have gone beyond transaction standardization. India has over 63M<sup>18</sup> informal MSMEs, which have been brought into the fold of the formal economy through the GST system introduced in 2019. In turn, this formalization has pushed companies to adopt technology for tax filing and other purposes -serving as auxiliary catalysts for rapid online adoption in India.

19



**1.26 billion**

(up from 600 million in 2014)

People with unique biometric digital identities (Aadhaar)



**INR 4.94 trillion**

(up from INR 1.5 trillion in 2020)

Value of transactions done through the UPI platform



**677 million**

(since inception)

Returns filed on the GSTN network

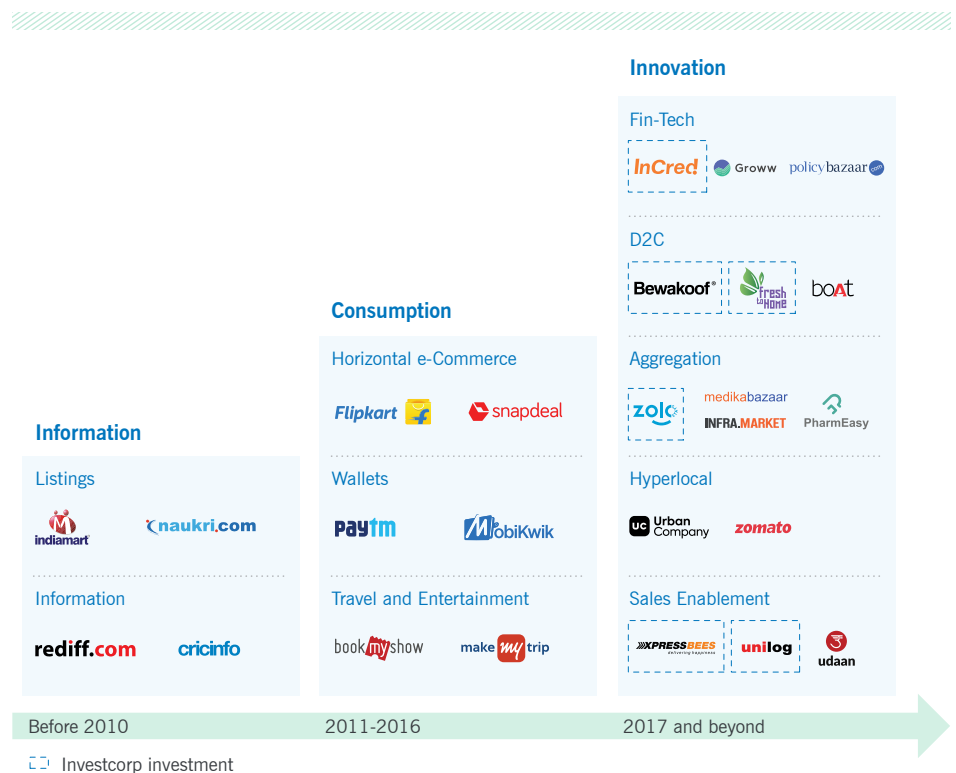
India appears to follow in China's footsteps - similar trajectory with a 7 to 8 years gap.

## PART II: INDIA'S DIGITAL ADOPTION JOURNEY AND WHAT LIES AHEAD

### Mass digital adoption in India has taken place in three distinct phases

India's digital landscape has evolved in three distinct phases:

1. Early adoption before 2010 enabled by limited access to low bandwidth internet service providers.
2. Mass internet adoption between 2011 and 2017, driven by reduction in mobile internet price and increase in availability.
3. Surge in customer stickiness beyond 2017, with low data cost and improvement in government technology infrastructure.



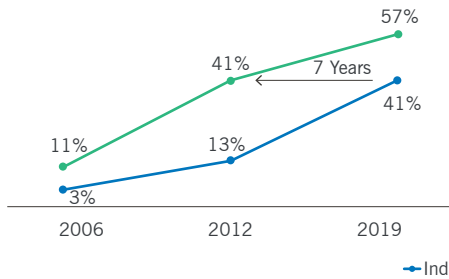
### India appears to follow in China's footsteps – similar trajectory with a 7 to 8 year gap

In both India and China, ubiquitous access to the internet, driven by reduction in consumption cost – has led to leapfrogging for business models. In e-commerce for instance, a significant reduction in mobile internet cost in 2008, was followed by mass consumer adoption of platforms like JD and Alibaba as preferred shopping destinations for users. **This experience mirrors India's where Reliance Jio's launch led to significant reduction in cost per gigabyte of internet data, leading to a rapid surge in mobile internet usage.**

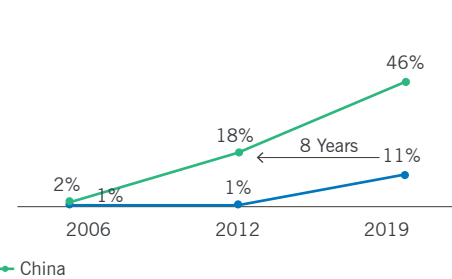


**Internet Users**

(% of Total Population)

**E-Commerce Shoppers**

(% of Total Population)

**How have India and China “leapfrogged” the experience of the West?**

- Retail:** Both India and China are markets with a high share of unorganized in traditional retail, where no comparable for a big box retailer such as Walmart exists. Instead, these countries have skipped directly to e-commerce, with players like Alibaba in China and Flipkart in India becoming synonymous with organized retail.
- Payments:** Both India and China have skipped traditional credit cards, the primary mode of non-cash transactions in the US, in favour of online real-time payments. In fact, in 2020 India accounted for ~26 billion<sup>20</sup> real time transactions (13x those in the US<sup>21</sup>), and China ~16 billion<sup>22</sup>.
- Edtech:** In Edtech, especially in K-12 learning– both China and India have compensated for lacking traditional infrastructure by bolstering digital infrastructure. **4 out the 5 largest unicorns in Edtech are from India and China<sup>23</sup>**, amounting to an aggregate valuation of more than \$40B<sup>23</sup>.
- Social Commerce:** The large social media using populations of India (450M+ users<sup>25</sup>) and China (900M+ users<sup>26</sup>) drive consumption on social media platforms through activities like **group buying and video commerce**, a divergent experience from the West.

Sector	China	India	Rationale for lack of a comparable business in the US
Lending	陆金所 Lufax.com	InCred	Developed service distribution infrastructure
D2C Fashion	PERFECT DIARY	Bewakoof®	Large consumer brands already built
D2C Food	三只松鼠 Three Squirrels	Fresh From Home	Pre-existing organized sector presence
E-Commerce Enablement	京东物流 JD Logistics	XPRESS BEES	Established logistics played with strong capabilities
Payments	支付宝 Alipay	paytm	High credit card penetration
Edtech	作业帮 Zuoyebang	BYJU	Adequate educational infrastructure
Social Commerce	拼多多 Pinduoduo	Meesho	Consumer demand already met by e-commerce and offline retail

**Entrepreneurs who are capturing opportunity created by new-age business models are more agile than ever before.**

Today, China's digital economy is worth ~40% of the country's overall economy with an approximate contribution of \$6T<sup>27</sup>. By contrast, India's digital economy, at ~\$250B<sup>28</sup> – accounts for less than 10% of the country's total GDP. There is significant room for value creation in India as the country follows in China's footsteps.

### PART III: BUSINESS MODELS FOR A DIGITAL INDIA

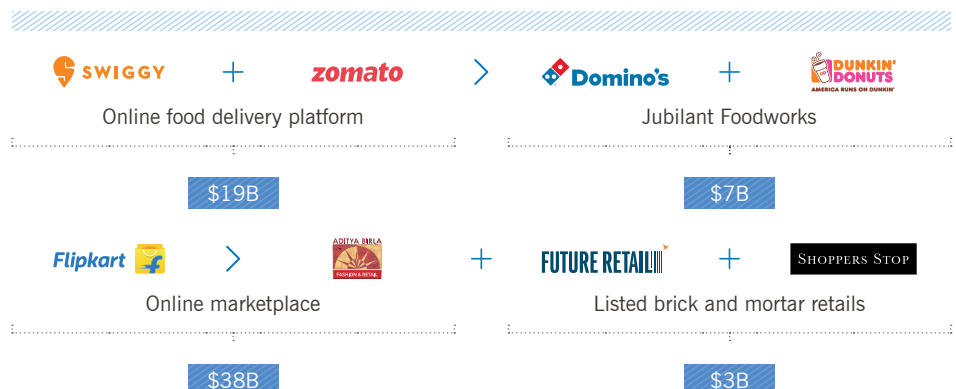
#### The entrepreneurs building a new India

As India's digital economy continues to deepen, entrepreneurs who are capturing opportunity created by new-age business models are more agile than ever before. There are a few specific ingredients that contribute to the success of specific entrepreneurs in the India market.

1. **Access to global best practices:** the entrepreneurs of digital India, increasingly have greater access to global best practices while building companies.
2. **Maturing start-up ecosystem:** India's start up ecosystem has begun to mature. Current unicorns are serving as training grounds for employees that wish to start new ventures in the future. At Flipkart for example, ex-employees have founded 214<sup>29</sup> companies, including 8 unicorns<sup>30</sup>.
3. **Increased availability of early-stage capital:** early stage capital has increased nearly 60%<sup>31</sup> between 2015 and 2020 – providing first generation entrepreneurs the capital to target business opportunities.

 <p>Dr. Nikhil Sikri, a graduate from India's leading medical institute - AIIMS, was disheartened to see the limited housing options available to early jobbers.</p> <p>He started Zolo to standardize the housing market - and today his platform serves young employees with over 29,000 beds all over the nation.</p>	 <p>Bhupinder Singh, former head of Corporate Finance at Deutsche Bank - started Incred to provide access to credit to underpenetrated sections of society.</p> <p>The company proves lending services to MSMEs, building a strong and well diversified loan book of over \$250M today</p>

This breed of first-generation entrepreneurs typically partner with institutional capital from inception, creating companies focused on good governance while successfully challenging brick-and-mortar peers. This is also reflected in valuations of companies like Zomato and Flipkart – which outpace those of their offline counterparts.

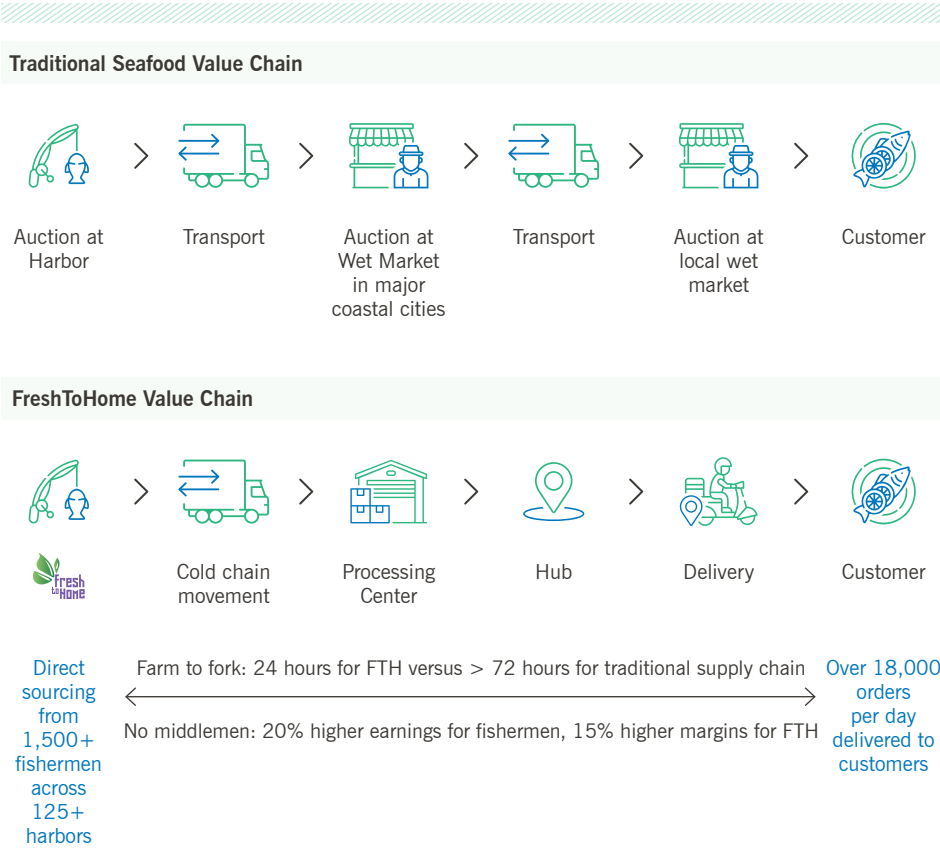


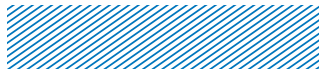
Aggregation: Building Trust in Fragmented Markets

India’s consumer market is a highly fragmented landscape where 90% of retail, nearly a \$1T market – qualifies as “unorganized”<sup>32</sup>. Shoppers navigating their way through these fragmented markets – face several critical concerns.

- 1. **Product and Price Discovery:** It is difficult for consumers to correctly ascertain which products are ideal for their need and their accurate prices.
- 2. **Quality:** A key concern while purchasing products from India’s vast unorganized market is in ensuring standardized product quality in the absence of well-recognized brands.
- 3. **Convenience:** Often, retail outlets lack convenience – and may suffer from unreliable inventory and other concerns that hamper the shopping experience.

To address these challenges, a plethora of business to consumer demand aggregation companies have emerged in India over the past decade. Services provided by aggregators range from delivering fresh seafood and poultry at your doorstep via Fresh2Home, to organizing the early rental accommodations market at Zolostays. Both Fresh2Home and Zolostays, focus closely on end-consumer experience, **building deep trust in their brands in an otherwise fragmented market.**





**India's high quality talent and heritage in IT Services, positions the country to capture the global SaaS market through remote delivery.**

### Indian Talent and Cost Advantage for Global Markets

Indian Engineering talent first began to enter the global markets in the 1980's, with the establishment of IT services firms. By the early 2000's the sector had led India to a services-led revolution, distinguished from the rest of the world. Today, companies domiciled in India, are exceedingly agile at serving global markets through Software-as-a-Service (SaaS). As the **number of SaaS companies in the country has nearly doubled in the last 5 years**, the sector has become a key driver in the development of India's \$1T Digital Economy.

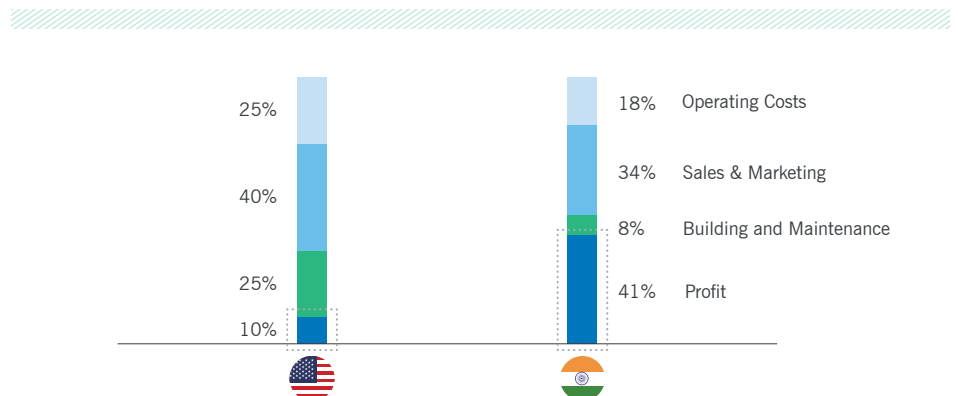
**Why India is best positioned to capture the global SaaS market through remote delivery:**

1. **High quality, English speaking talent:** India has over 130M English speakers<sup>33</sup>, the second highest in the world. This makes the country well primed to deliver global service quality with ease.
2. **Abundantly available Engineering Services:** Every year, over 1.5M<sup>34</sup> freshly minted engineering graduates enter the Indian job market – making it the second largest hub of fresh engineering talent in the world.
3. **Strong heritage in IT-Services:** India has deep experience in providing offshore IT services to leading companies in the West and consequently, enterprise companies in these economies trust the quality of Indian services.

The primary driver of difference in value is the labour cost arbitrage that exists between India and developed markets such as the US. This difference permeates across a variety of functions – ranging from product development to sales and post-sales support, where Indian talent is often 70-80%<sup>35</sup> cheaper than global peers.

### India SaaS Cost Advantage

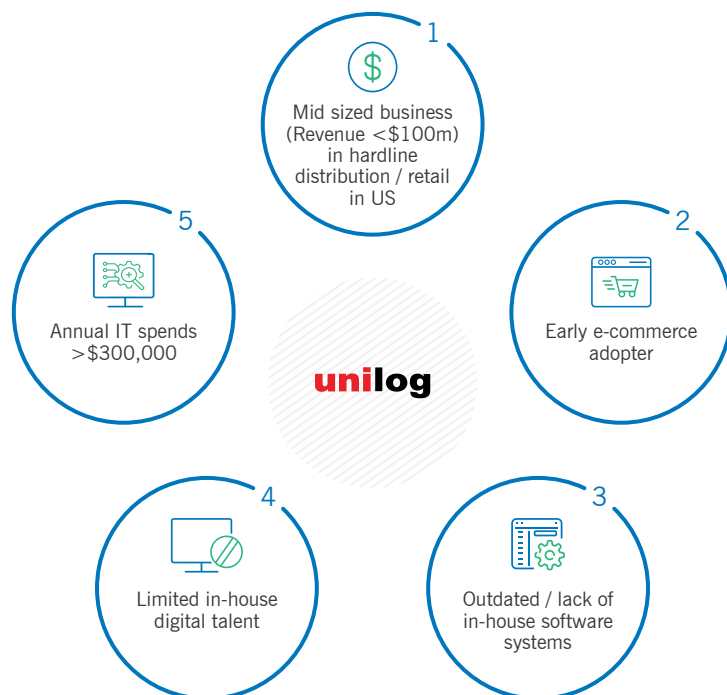
(costs as % revenue)



This cost advantage positions companies to serve an underserved segment of the developed world: small and mid-size business owners. The cost structure of American SaaS companies makes it impossible to service SMBs – specifically to sell to them and manage post-sales support. By contrast, Indian companies such as Zoho, Freshdesk and Unilog serve customers in this segment with ease. With over 99% of America's 28.7<sup>36</sup> million firms qualifying as small and mid-sized businesses, the opportunity to unlock value by catering to these organizations is unparalleled. Today, COVID has

made distributed teams and remote work a reality across the globe, cementing India's position as a delivery market for global players.

### Typical Unilog Customer



### Customer Value Proposition

1	2	3	4	5
Integrated Cloud offering with comprehensive functionality	Market leading price point	Plug and play - integrate with ERP and POS	Scaleable and intuitive enterprise-grade application	High customer service (customization)

### Creating infrastructure, to cater to consumption in a Digital India

As e-commerce spends in India burgeon, a need for e-commerce enablement tools, including buyer verification, payments, logistics and purchase financing has emerged.

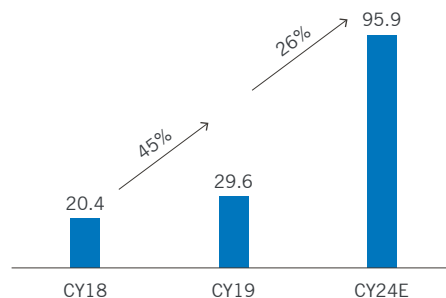
**Companies providing e-commerce enablement play the crucial role of creating a digital infrastructure where previously none existed.**

At XpressBees, for instance, the company's focus on providing e-commerce logistics in India creates room for alterations in the company's business model to better suit India's \$30B<sup>37</sup> e-commerce market.

Companies providing e-commerce enablement play the crucial role of creating a digital infrastructure where previously none existed.

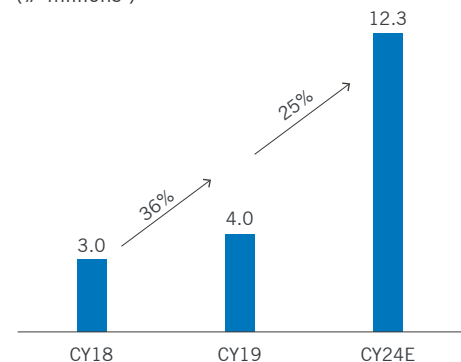
#### B2C E-commerce Market Size

(\$ billion)



#### B2C E-commerce Shipments / Day

(# millions)



We believe that the XpressBees model is primed for success for the following reasons:

1. **Lean Distribution:** XpressBees has successfully outsourced elements of distribution such as operationally complex last mile delivery - through technology-led operations. Consequently, it has been able to achieve deep pincode coverage throughout India.
2. **Delivery Visibility:** While managing logistics for e-commerce deliveries in India – companies have to navigate a complex, and often highly fragmented delivery process. Custom applications to manage on-ground fleet, often catered in vernacular languages have proven critical to the success of business models.
3. **Cash-on-delivery:** Indian consumers have a strong preference to pay for purchases in cash, with almost 40% of all payments for e-commerce purchases made in cash. Distinct from the rest of the world, Indian logistics providers have had to innovate to accept and remit cash payments in addition to delivery services, distinct from the models elsewhere in the world.

E-commerce enablement suites are a nascent market, likely to act as both infrastructure for existing companies, as well as a guiding force in new company creation as India's D2C consumer landscape continues to exhibit strong growth.

#### Enabling Service Distribution through technology

Technology acts as means to distribute not just goods, but also services, across the plethora of Indian users dispersed across the nation.

An interesting example of technological distribution has been seen in the Edtech and Fintech industries. Today, India has the 2<sup>nd</sup> largest population of K12 students in the world. As a developing nation, India's public spending on education is approximately 1/60<sup>th</sup><sup>38</sup> of the global average, leaving the door wide open for private efforts to augment public infrastructure. **Companies like Byju's, Vedantu and others, re-imagine education by providing online learning infrastructure.** Beyond K12 – Indian companies continue to enable service distribution for adult learning, players such as Upgrad have redefined this market for adult learning, buoyed by a supportive government policy which recently legalized the granting of degrees by online universities.







Fintech also creates a similar opportunity for tech-enabled distribution. Indeed, India is not a market that is starved for opportunities to lend – but rather one where there are not enough ways to reach the end consumers. India's credit to GDP ratio, is a meagre 56%<sup>39</sup> - in contrast to over 200%<sup>40</sup> in the United States. Fintech companies, such as Incred, augment traditional distribution by banks using non-traditional ways to target as well as serve end users of financial services. **Using technology to serve end users, fintech companies in areas such as lending, insurance and mutual fund distribution, help expand the net of financial inclusion in the country.**

### COVID-19: Accelerating Digital Adoption

COVID-19, too, has played a significant role in improving the adoption of technology solutions to augment daily life. While tech-enabled businesses accelerated their growth trajectory, incumbent businesses realized the overwhelming need for rapid digitalization. This impetus, by some estimates, has yielded a 3-year spurt in digital adoption over the course of just a few months, **with e-commerce penetration in urban India jumping 20 percentage points to 42%**<sup>41</sup>.

## PART IV: THE OPPORTUNITY FOR INVESTMENT

Sector	COVID-19 Impact	Tech Players Benefit
Vertical E-commerce	Closure of brick and mortar retail	 Raised \$300m from Softbank
D2C Grocery	Restricted timings of retail and neighborhood mom & pop stores	 Order volume jumped by 83% post-COVID vs pre-COVID
Ed-Tech	Closure of schools and offline coaching centers	 Average time spent on Byju's platform improved by 20 minutes during COVID
E-Newspapers	Traditional print media circulation restricted due to lockdowns	 Witnessed a 15% growth in number of users in H1 2020

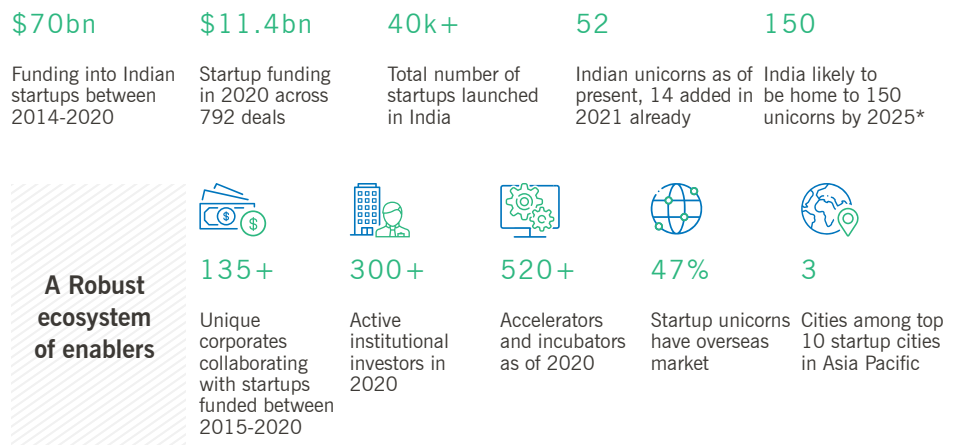
### Increased investment interest in Tech-enabled business models in India

The salient advantages of tech-enabled business models translate into fundamentally higher business growth rate than their brick-and-mortar peers. Investors increasingly recognize the opportunity presented by the Indian economy, which offers a US \$1T valuation opportunity in the next 5-6 years.

Both, early-stage company creation as well as investments in more mature business models have seen robust enthusiasm from investors. In 2020, **technology deals accounted for ~\$11B worth of investments (72% of total deal volume), more than doubling from ~\$5B in 2016 (59% of total deal volume)**<sup>42</sup>. There is a deep-rooted transformation of investor appetite underway, rewarding business models that effectively use technology.

## India's private technology investment landscape is booming, with strong interest in new-age business models.

### India's private tech landscape is booming



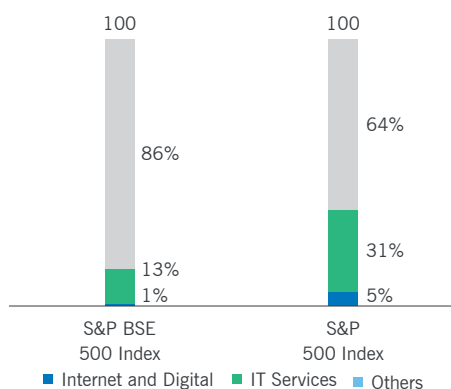
“Unicorn creation” – a proxy indicator of investor belief in the future cash-flows of leading tech-enabled businesses, has also seen a significant uptick. In 2020, 11<sup>43</sup> new unicorns were created, as many as in the prior 3 years combined. COVID-19 and the related increase in both new business model adoption as well as cost rationalization have proved to be the perfect catalysts for this. As interest in mature tech business models in India continues to grow, India has witnessed 15<sup>44</sup> new unicorns added in H1-2021 alone, with these players **raising an aggregate of \$6B<sup>45</sup> at a combined valuation of \$28B<sup>46</sup>**. India also has a strong pipeline of future unicorns, with 250 companies currently valued at over \$100M<sup>47</sup>, and 100 additional new unicorns expected by 2025<sup>48</sup>.

The divisions between traditional industry and their technology enabled counterparts continue to blur, as large Indian conglomerates take unprecedented interest in tech-enabled business models. For instance, the \$300B Tata Group, which owns over 100 companies in India – spanning across industries from Steel to Salt has recently purchased a majority stake in Big Basket, India's leading hyperlocal grocery delivery company. Investments by traditional Indian conglomerates further make the case for a rapidly improving investment landscape in India.

### Future potential for value creation

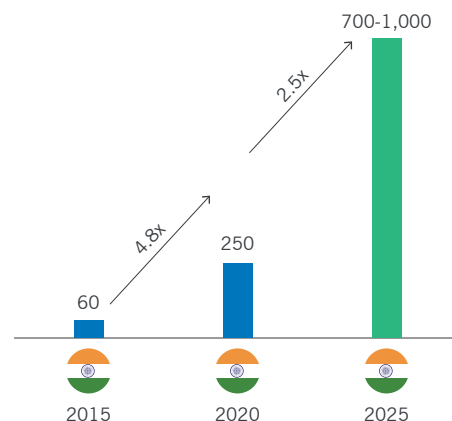
While the potential of India's digital economy is evident, there is significant scope for growth in the near future. Currently, **less than 1%<sup>49</sup> of India's BSE 500 Index is comprised of digital companies. By contrast, this number is 31%<sup>50</sup> in the US.** We believe that significant headroom remains for Indian companies to capture this market – and grow the universe. We anticipate strong investor demand as India's booming unicorns get ready for public listing.

### Significant Headroom for listed tech in India to grow



### Valuation Growth of Top 100 Digital Companies

(\$ billion)



As India's Digital Economy readies itself for unlocking its' \$1T valuation potential, there are several elements that will propel this transformation:

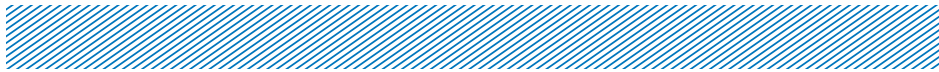
- Ubiquitous Digital Consumption:** As India's under-35 population continues to mature and disposable incomes rise, consumption will increasingly move online – driving the valuation potential of digitally native and digitally enabled businesses.
- Continued Business Model Innovation by Indian Entrepreneurs:** Indian Entrepreneurs remain hungry and will continue to craft business models that serve uniquely Indian needs, capitalizing on infrastructure like Whatsapp and other social media platforms.
- Public Market Appetite:** The investment ecosystem is seeing strong public investor appetite as was seen in the first IPO of an Indian unicorn – Zomato, which was 38x oversubscribed on listing day, valuing it at over \$13B. Additionally, the \$1B IPO of Freshworks on the NASDAQ is a strong indicator of the ability of Indian companies to take center-stage in global platforms.
- Strong Private Market Presence:** We also estimate that out of the 250M<sup>51</sup> current companies valued at > \$100M, over 100<sup>52</sup> new unicorns will be created in the next 5 to 7 years, aided by increasing interest from global financial investors.

Investors will need a combination of deep networks, local on ground presence, technology expertise and multi-cycle/stage investment experience to capitalize on this value creation opportunity.

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Note: All figures are as of Aug 31, 2021

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