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PROMOTING ALTERNATE CAPITAL ECOSYSTEM

Unlocking Opportunities: India's Private Credit Landscape

Report

December 2023

Contents

Methodology and sources of input

We include Private Credit investments into companies from financial sponsors. This can include investment from Private Credit funds, Venture Debt funds, Real Estate funds, Infrastructure funds, and Special Situation funds. Only companies (recipients of these funds) headquartered in India or having majority of workforce in India have been considered. Private Credit investments taking place through AIF and FPI routes have been considered for this report.

What is excluded:

- Credit taken from Banks, NBFCs, and public debt market has been excluded
- Grants or loans by the central government, state agencies, or public-private partnerships to companies are not included
- Credit from angel investors, accelerators, incubators, business plan competitions, friends and family investments, etc. has been excluded

Primary sources

- 13 Global Private Credit Funds
- 7 Indian Private Credit Funds
- 5 Banks and NBFCs

Secondary sources

1Lattice

- 1Lattice Deals Pulse database having 13,500+ deals worth US$ 300B+ since 2000
- 1Lattice Exits Pulse database having ~3,630 deals worth ~US$ 168B since 2005

Other databases

THE WORLD BANK

INTERNATIONAL MONETARY FUND

RESERVE BANK OF INDIA

PREQIN (basis Delano article)

PitchBook

Objectives of the report

1. Highlight the role of Private Credit Funds in serving the credit requirements of India
2. Draw parallels between Private Credit trends in India and globally
3. Identify current trends in Private Credit investments across strategies and sectors
4. Project future potential of Private Credit investments in India
5. Draw implications for industry stakeholders to fuel growth

Definitions: This report covers funds offering Private Credit in Category II AIFs and Global funds

Particulars	Category I AIFs	Category II AIFs	Category III AIFs	Global funds
Description	• Category I AIFs invest in startups or early-stage ventures or SMEs or social ventures or infrastructure or other sectors	• AIFs which do not fall in Category I and III and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted in the SEBI	• AIFs which employ diverse or complex trading strategies and may employ leverage, including through investment in listed or unlisted derivatives • Government of India does not give any incentive or concession to these funds	• International investment funds operating or investing in India
Fund type	• Special Situation Funds • Infrastructure Funds • Venture Capital Funds • Angel Funds • Social Venture Funds • SME Funds	• **Private Credit Funds** • **Special Situation Funds*** • **Venture Debt** • **Real Estate Funds** • Private Equity Funds • Funds of Funds	• Hedge Funds • Private Investment in Public Equity Funds	• **Private Credit Funds** • **Venture Debt** • **Infrastructure Funds** • **Real Estate Funds** • Private Equity Funds • Venture Capital Funds • Angel Funds • Social Venture Funds • SME Funds • Funds of Funds
Illustrative funds covered in this report		Edelweiss Alternatives NIIF National Investment & Infrastructure Fund Piramal Alternatives truenorth TRIFECTA kotak Alternate Asset Managers		ARES | SSG BainCapital Investec Invesco EVOLUTION Debt Capital Goldman Sachs cerberus APOLLO Blackstone BPEA Credit ADM CAPITAL British International Investment KKR Everstone Capital

Note(s): Currently many Special Situation Funds are registered as Category II AIFs
Source(s): SEBI (AIF) regulations 2012, Praxis analysis

Funds which actively participate in Private Credit deals

Glossary of terms used

Term	Definition
AIF	Alternative Investment Fund
APAC	Asia-Pacific
ARC	Asset Reconstruction Company
AUM	Asset Under Management
BFSI	Banking, Financial Services and Insurance
CAGR	Compound Annual Growth Rate
ECB	External Commercial Borrowing
FDI	Foreign Direct Investment
FMCG	Fast Moving Consumer Goods
FPI	Foreign Portfolio Investment
FVCI	Foreign Venture Capital Investment
FY	Indian Financial Year starting from 1st April of last year to 31st March of current year
GDP	Gross Domestic Product
GNPA	Gross Non-Performing Asset
IBC	Insolvency and Bankruptcy Code
IFSCA	International Financial Services Centres Authority
IPO	Initial Public Offering

Term	Definition
IRR	Internal Rate of Return
IT	Information Technology
ITES	Information Technology Enabled Services
LP	Limited Partners
MSME	Ministry of Micro, Small & Medium Enterprises
NARCL	National Asset Reconstruction Company Limited
NBFC	Non-Banking Financial Company
NCD	Non-Convertible Debentures
NCLT	National Company Law Tribunal
NPA	Non-Performing Asset
PE	Private Equity
PIPE	Private Investment in Private Equity
RBI	Reserve Bank of India
SCB	Scheduled Commercial Bank
SEBI	Securities and Exchange Board of India
UHNWI	Ultra High Net Worth Individuals
VC	Venture Capital

Contents

Context: Corporates in India tap credit through five primary sources

Parameters	Bank credit	NBFC credit	Corporate bonds	External commercial borrowings	Private Credit
Typical users	• Companies with a high credit score, several years of business vintage, and substantial annual turnovers	• Companies who have difficulties in qualifying under the stringent standards of banks • Wholesale lending	• Corporates or PSUs with high investment grade ratings (AA or AAA)	• Companies raising debt in foreign currencies from outside India	• Companies typically not served by banks and NBFCs
Average 2023 interest rate	• 9-13%	• 12-16%	• 8-10%	• 7-12%	• 12-18% (performing) • 18-24% (high yield)
Tenure	• Short term or long term (1-7 years)	• Short term or long term (1-7 years)	• Generally long term (7-10+ years)	• Generally long terms (5-10+ years)	• Short term or long term (1-7 years)
Repayment	• Straight line	• Straight line	• Bullet payment	• Straight line	• Can be negotiated to be straight line or bullet
Covenants	• Generally restrictive, reducing operational flexibility	• Looser covenants than banks	• Flexible, as decided by company	• Flexible, as decided by company	• Flexible, based on negotiations
Example of lenders					

Source(s): Literature review, BIS, CRIF High Mark, Industry participant conversations, Praxis analysis

Six situations where Private Credit is needed

1 Regulatory restrictions on bank lending:

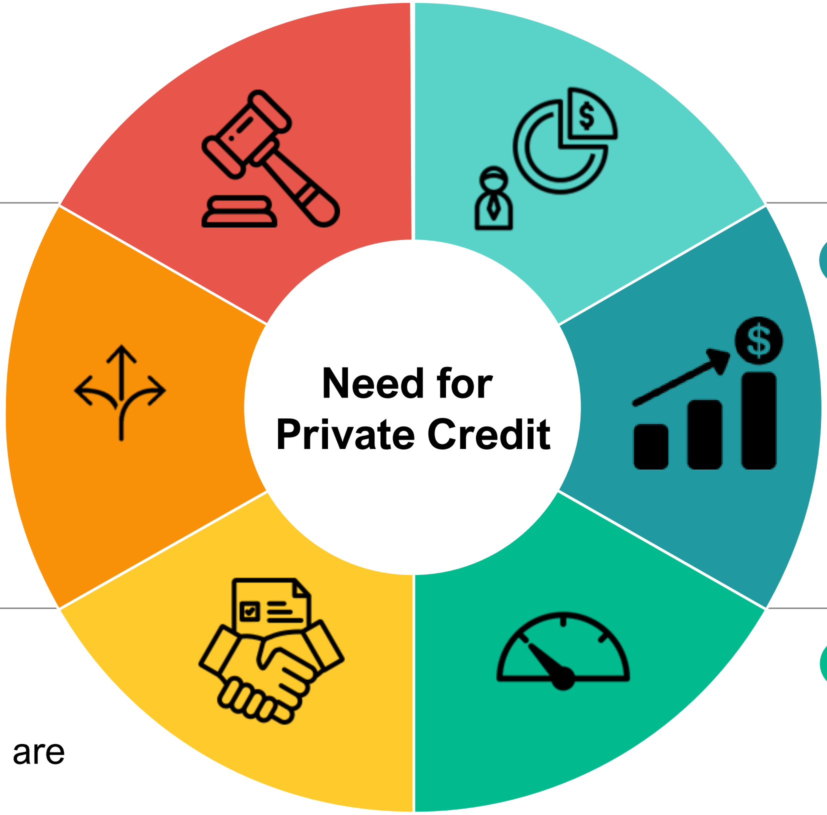
Regulatory restrictions on banks from lending for certain activities
- Acquisition financing
- Share buy back

2 Requirement for flexible solutions:

Private Credit lenders provide flexible and customized solutions like delayed amortization, bullet repayments, etc.

3 Project financing:

Project financing for large projects, which are deemed risky by traditional lenders



4 No equity dilution:

Companies wanting to raise PE like patient capital without equity dilution for the promoters

5 Revenue based financing:

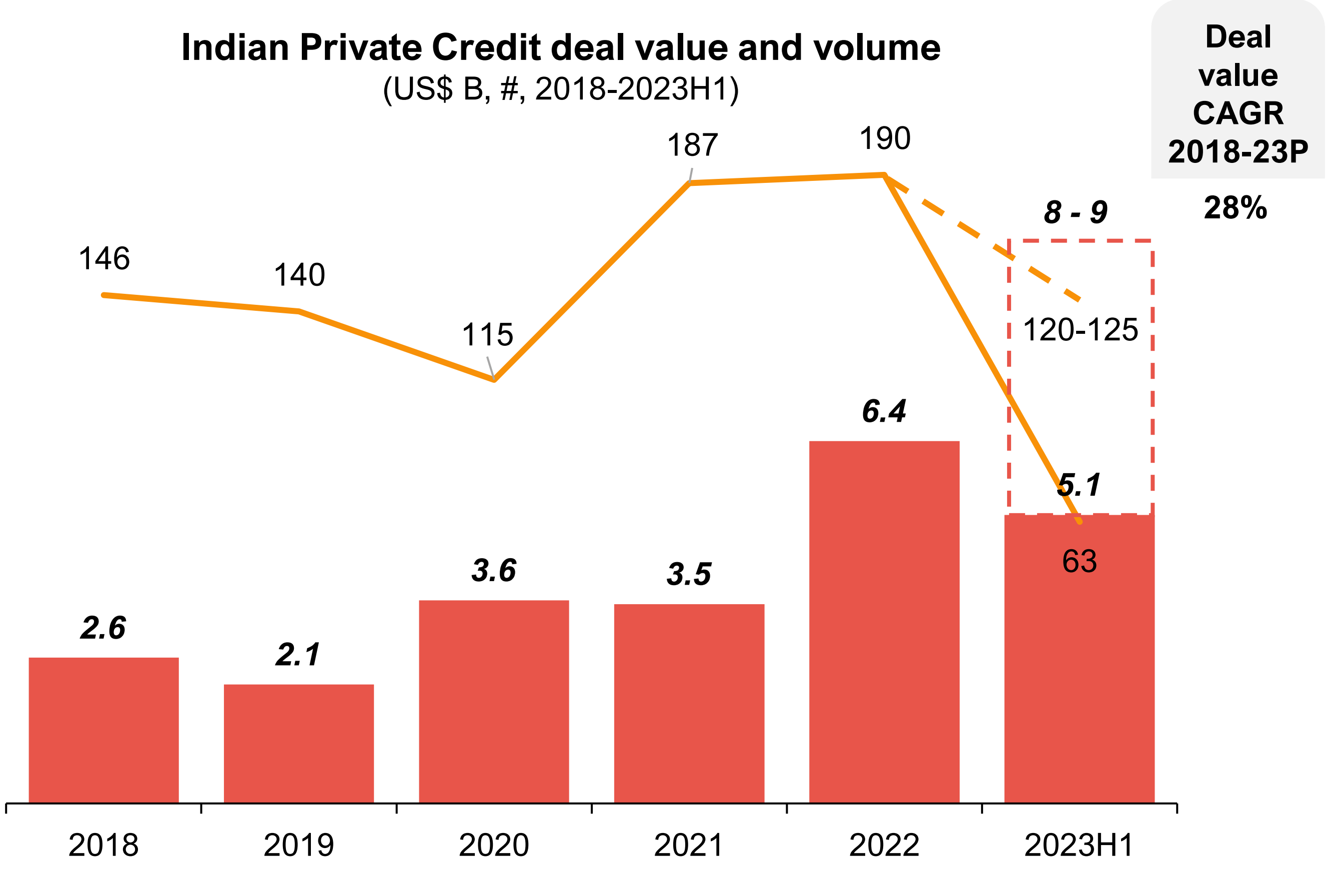
Banks and NBFCs require assets as collateral for lending, while Private Credit investors can offer revenue-based financing

6 Low credit ratings:

Mid cap companies struggling with setting up credit line with banks and unable to access bond markets, due to low credit ratings

Source(s): Industry participant conversations, Literature review, Praxis analysis

Indian Private Credit investments have grown rapidly: US$ 5.1B deployed in 2023H1, US$ 80M average deal size



	2018	2019	2020	2021	2022	2023H1
Avg. deal size (US$ M)	18	15	31	19	33	80
# of funds	52	46	48	69	73	46

"India is a capital short country both - in Equity and Debt. Private Credit strategies ranging from Performing Credit to the esoteric high yield credit strategies will have significant room to grow in the coming decade. Domestic regulations are restrictive on banks and NBFCs which is an opportunity for such funds. At the same time regulations do not permit leverage at Fund level for Private Credit funds making it an interesting interplay of risk and reward for Investors in such funds"

- Srini Sriniwasan, Managing Director, Kotak Alternate Asset Managers

"Private Credit in India is a large structural opportunity. As India grows to a US$ 7.5T economy over the next decade, we see a US$ 100B opportunity for private credit managers. Private Credit strategies have the ability to deliver attractive returns across the risk spectrum, resulting in an increasing interest from domestic and offshore investors alike. A local presence with a thorough understanding of the Indian market dynamics as well as legal and regulatory landscape are critical for success in this space"

- Venkat Ramaswamy, Vice Chairman, Edelweiss Financial Services

Note(s): Full year 2023 estimates are basis average of percentage of deal value and volume in first half of the year from 2018-2022
Source(s): 1Lattice deals database, Literature review, Industry participant conversations, Praxis analysis

Government has supported Private Credit industry through progressive investor friendly regulations

2012
- SEBI issues **AIF regulation** classifying of AIF into 3 categories

2014
- CBDT issues clarification on **pass through** taxation on AIFs setup as trusts

Central Board of Direct Taxes (CBDT)

2015
- AIFs allowed to invest in **international** firms having **India connect**
  – Collective investment **capped** at **$1.5 billion** or 25% of individual corpus

2016
- **The Insolvency and Bankruptcy Code,** (IBC) consolidated existing framework for insolvency and bankruptcy

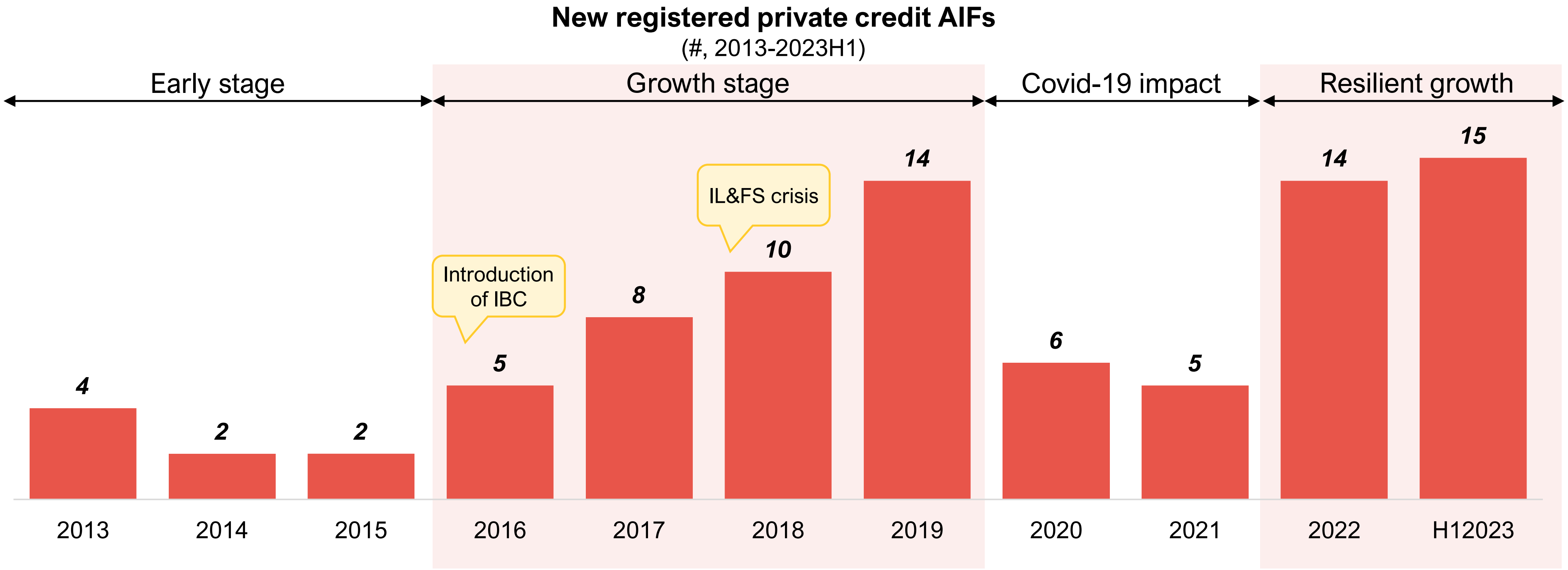
2016
- **National Company Law Tribunal (NCLT)** set up to reduce time for resolution of conflicts and queries
- SEBI, RBI **approves operational guidelines** for setting up of GIFT IFSC

2021
- Formation of **NARCL, India's bad bank**, for effective and efficient resolution of non-performing loans from banking system

2022
- **IFSCA**, regulator of GIFT city release regulations for a favourable **tax regime** for funds with credit strategies
- SEBI AIF regulations, 2012 amended to introduce **"Special Situation Funds"** under category 1

Source(s): Press reviews, Praxis analysis

India continues to attract investors with ~55 Private Credit AIFs added in last five years



Trends

- **Low penetration of Private Credit** in India
- Banks and NBFCs doing bulk of the lending

- Introduction of **creditor friendly regulations** like IBC and formation of NCLT
- **Reduced lending by banks and NBFCs** amid increasing NPAs and IL&FS liquidity crisis, resulting in increased opportunities for Private Credit

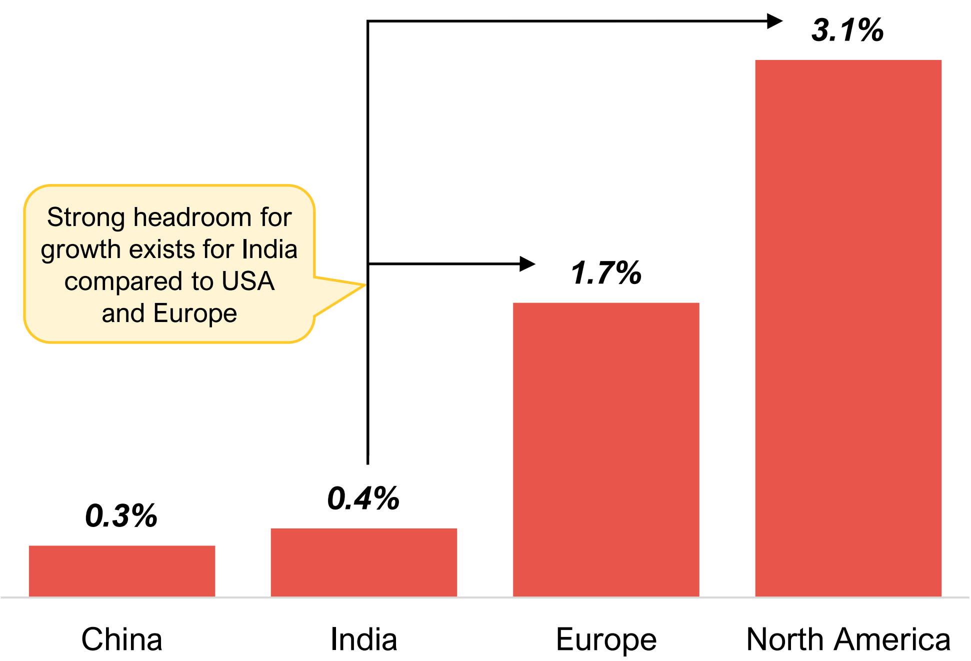
- Decline in registrations due to **COVID-19 impact**

- Regulated entities like **banks reducing lending** amid tightening norms by regulators
- Opportunity for Private Credit Funds to fill the gap

Source(s): Industry reports, Praxis analysis

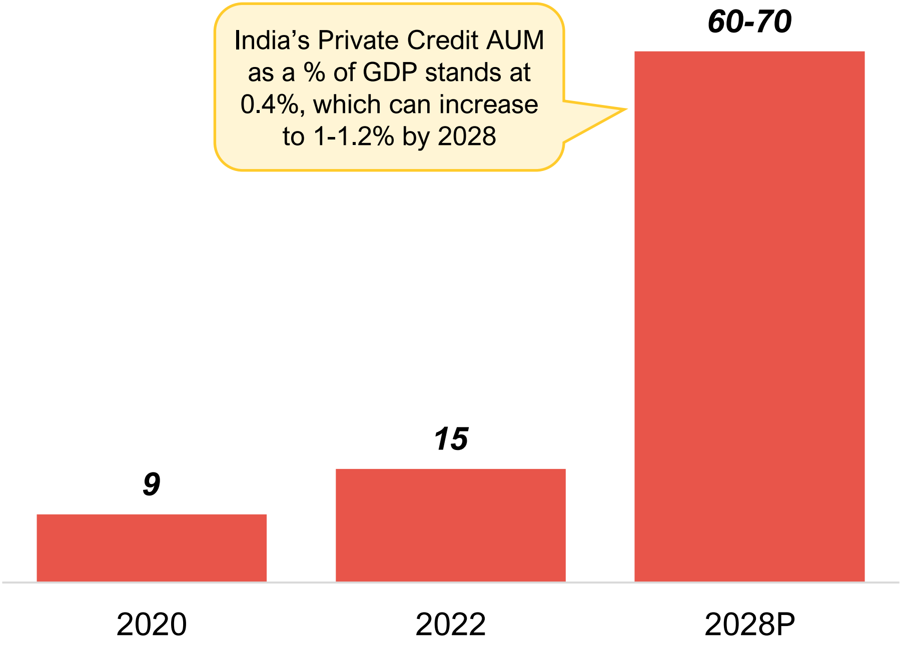
Praxis estimates Private Credit AUM in India to reach US$ 60-70B by 2028

Private Credit AUM as % of GDP
(%, 2022)



	China	India	Europe	North America
Private Credit AUM (US$ B)	51	15	400	912
GDP (US$ T)	17.9	3.5	23.8	29.2

Private Credit AUM
(US$ B, 2020-28P)

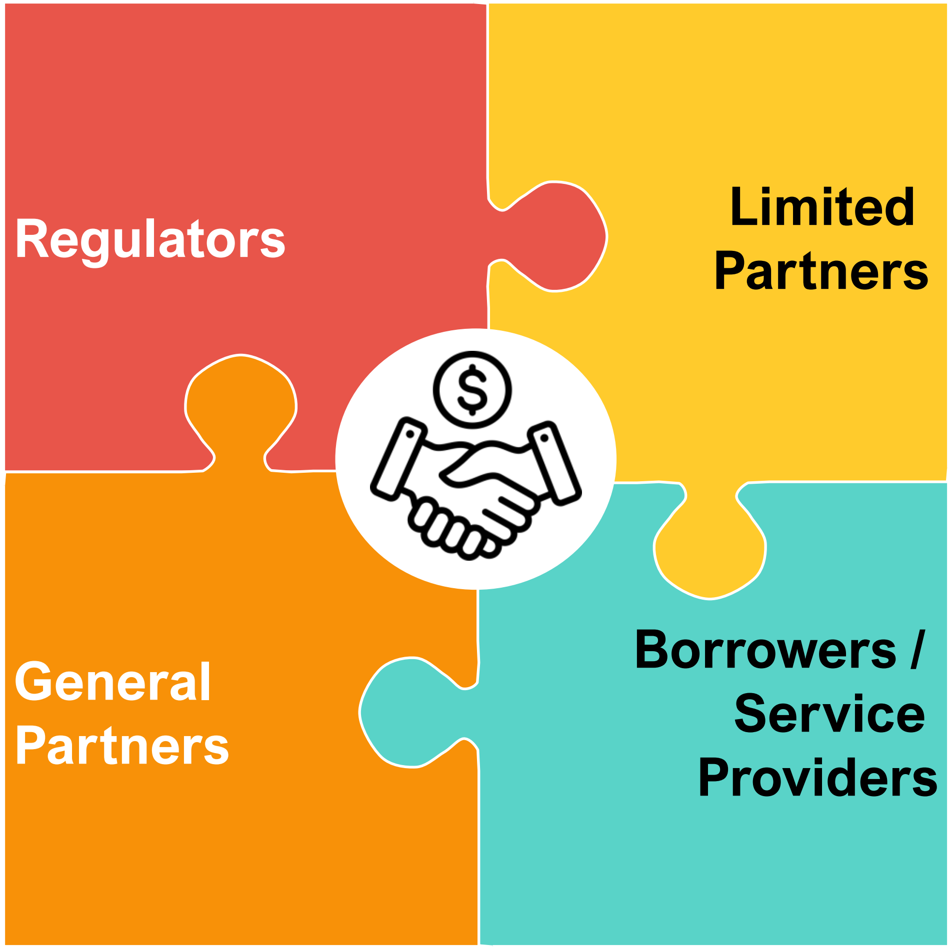


	2020	2022	2028P
Private Credit AUM as % of GDP	0.3%	0.4%	1-1.2%
GDP (US$ T)	2.7	3.5	5.9

Note(s): GDP refers to nominal GDP
Source(s): IMF, Preqin, Monetary Authority of Singapore, Press reviews, Praxis analysis

Unlocking full potential for Private Credit has ten imperatives for industry participants

1. **Expedite approval time** for registration of Private Credit funds from 2-4 months currently to <2 months
2. **Provide interim liquidity** by creating secondary market for listing and trading of Private Credit instruments
3. **Educate LPs** that Private Credit in India is well covenanted, unlike US and Europe, where Private Credit deals are covenant-lite
4. **Provide strategic inputs and mentoring** to portfolio companies (like Private Equity investors do) to crease longevity and upside
5. **Nuance Commercial DD approaches** to avoid landmines in trade practices, inventory, receivables, integrity, etc.



6. Understand the unique India opportunity and **co-invest** to enhance returns
7. **Increase allocation** towards Private Credit investments in India to maintain returns profile even when USD interest rates fall
8. **Knowledge providers: Build up capabilities** for deal support to assess key risks and project cash flow stability
9. **Credit bureaus: Enhance credit information infrastructure** to ensure reliable access to more recent borrower information
10. **Borrowers:** Proactively build investment thesis, highlight current market dynamics and create win-win structures

Source(s): Industry participant conversations, Literature review, Praxis analysis

Key messages

1. **India has ~US$ 2.6T credit deployed in FY23 with non-bank credit forming only ~42% of total credit**
   Private Credit forms ~0.7% of the overall credit deployed in India in FY23
2. **Share of Private Credit investments in alternative investments in India is rising**
   Private Credit as a percentage of the total private investments reached 16% in 2023H1
3. **Share of loans to industry is declining for both banks and NBFCs, creating an opportunity for Private Credit**
   Private Credit offers companies swift and flexible financing solutions that traditional lenders cannot provide
4. **Both domestic and foreign LPs are increasingly interested in Private Credit in India**
   ~55 new Private Credit AIFs registered in India is last 5 years
5. **Highest level of deal activity ever: ~US$ 5.1B invested across 63 deals in 2023H1**
   ~140% increase in avg. deal size as the # of mega deals increased (12 US$ 100M+ deals in 2023H1 vs 15 in 2022)
6. **Infrastructure and metals and mining sectors have the highest Private Credit investments in 2023H1**
   Funding frenzy towards these sectors with 51% of total Private Credit investments in 2023H1 (vs 39% in 2022)
7. **No dearth of capital as India focused dry powder keeps increasing**
   Record levels of India-dedicated fundraise (~US$ 2.5B in 2023H1 vs ~US$ 1.3B in whole of 2022)
8. **Unlocking full potential for Private Credit has ten imperatives for industry participants**
   Contributions from Regulators, General Partners, Limited Partners, Borrowers and Service Providers required
9. **Private Credit AUM in India is expected to reach US$ 60-70B by 2028 (~4x of US$ 15B in 2022)**
   Private Credit AUM as a percentage of GDP is expected to reach 1-1.2% by 2028

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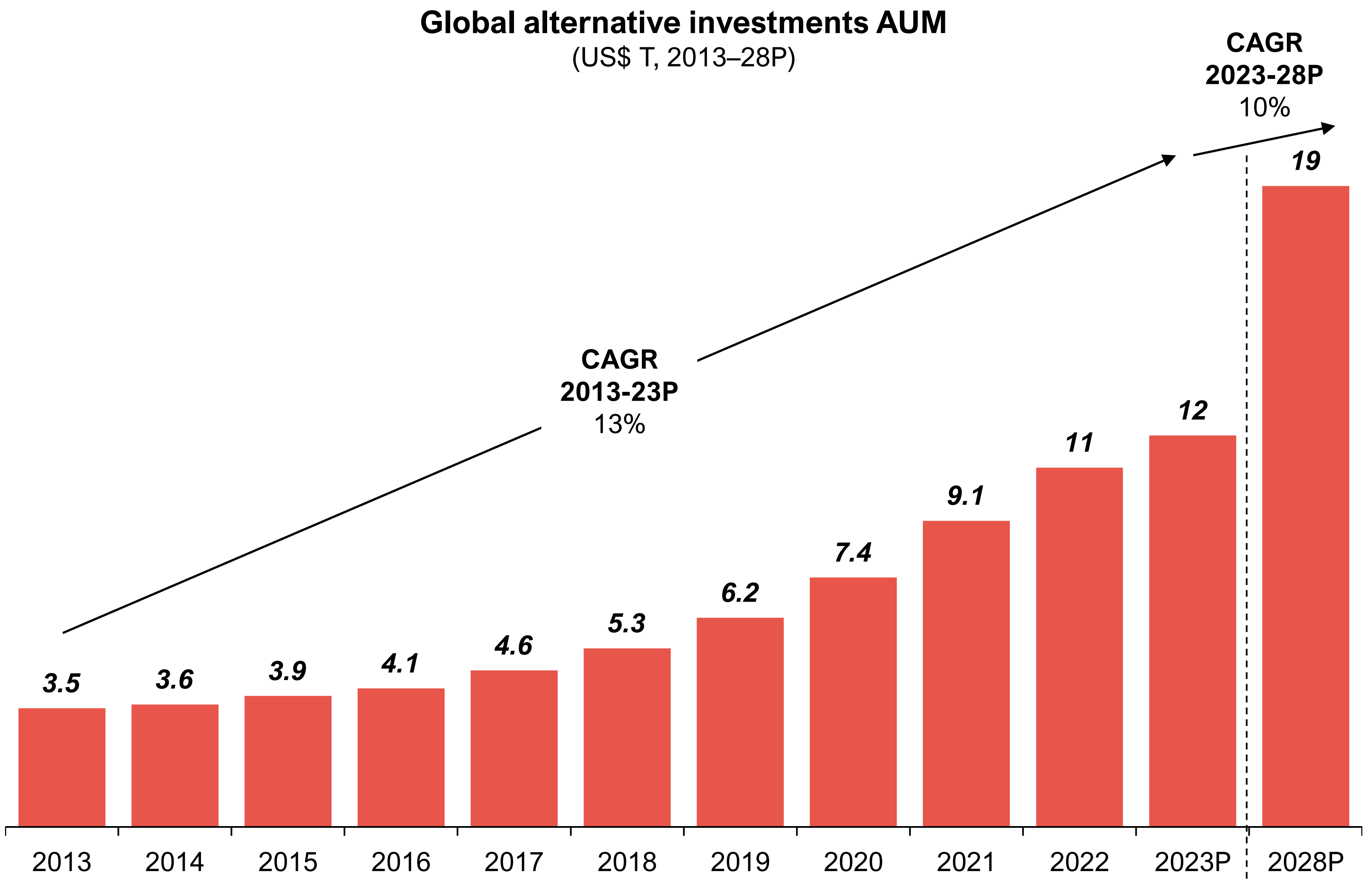
Globally, alternative investments are growing at a healthy rate



Growth drivers

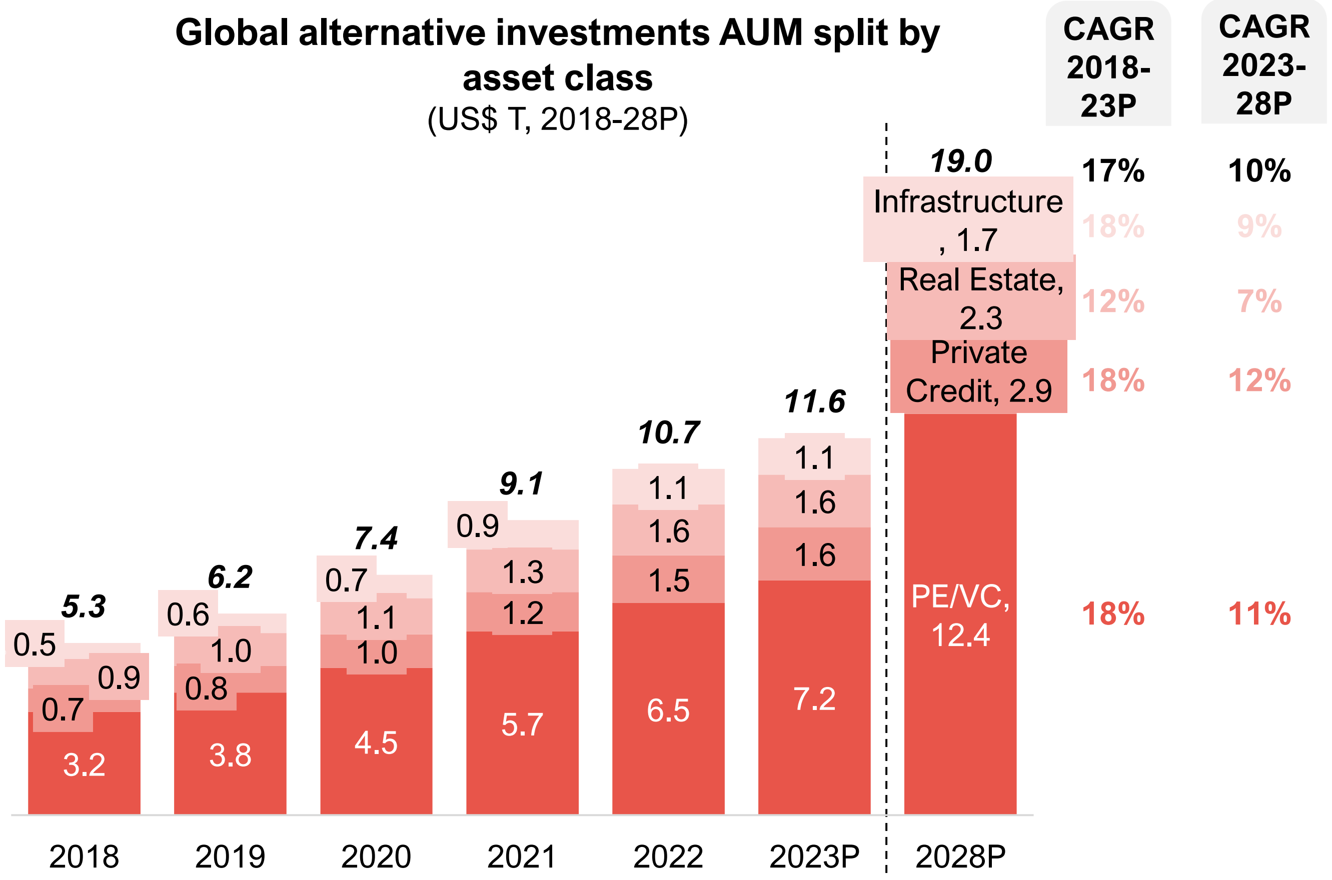
1. **Higher potential returns:** Alternative investments like PE, VC and Private Credit have potential for higher returns than traditional investments
   – PE had average annual return of 14.7% compared to 5.9% by S&P500 from 2000-20 in US
2. **Increasing need of diversification**: Investors are continuously seeking to diversify their portfolio to spread risk due to:
   – Global recession
   – Geopolitical tensions
   – Inflationary pressures
3. **Democratization of access:** Retail investors are now getting access to alternative investment opportunities, which were only available to UHNWIs and institutional investors

Source(s): Preqin, Industry reports, Literature review, Praxis analysis

PE/VC funds constitute ~61% of total ~US$ 11T AUM of alternative investments globally in 2022

Share of Private Credit AUM globally has been stable at around 13-14% of total alternative assets AUM

Global alternative investments AUM split by asset class
(US$ T, 2018-28P)



	2018	2019	2020	2021	2022	2023P	2028P
Share of Private Credit	14%	13%	14%	13%	14%	14%	15%

Source(s): Preqin, Industry participant conversations, Praxis analysis

Takeaways

1. **Shift from real estate to other asset classes:** Rising interest rates, falling valuations and lower office demand led to a slowdown in global real estate market
   - Asset allocation has been moving from real state to PE/VC, Private Credit and infrastructure in last 5 years, all of which are growing at a CAGR of ~18%

2. **PE/VC and Private Credit expected to rise:** Share of PE/VC and Private Credit in alternative assets is expected to rise due to higher return expectations

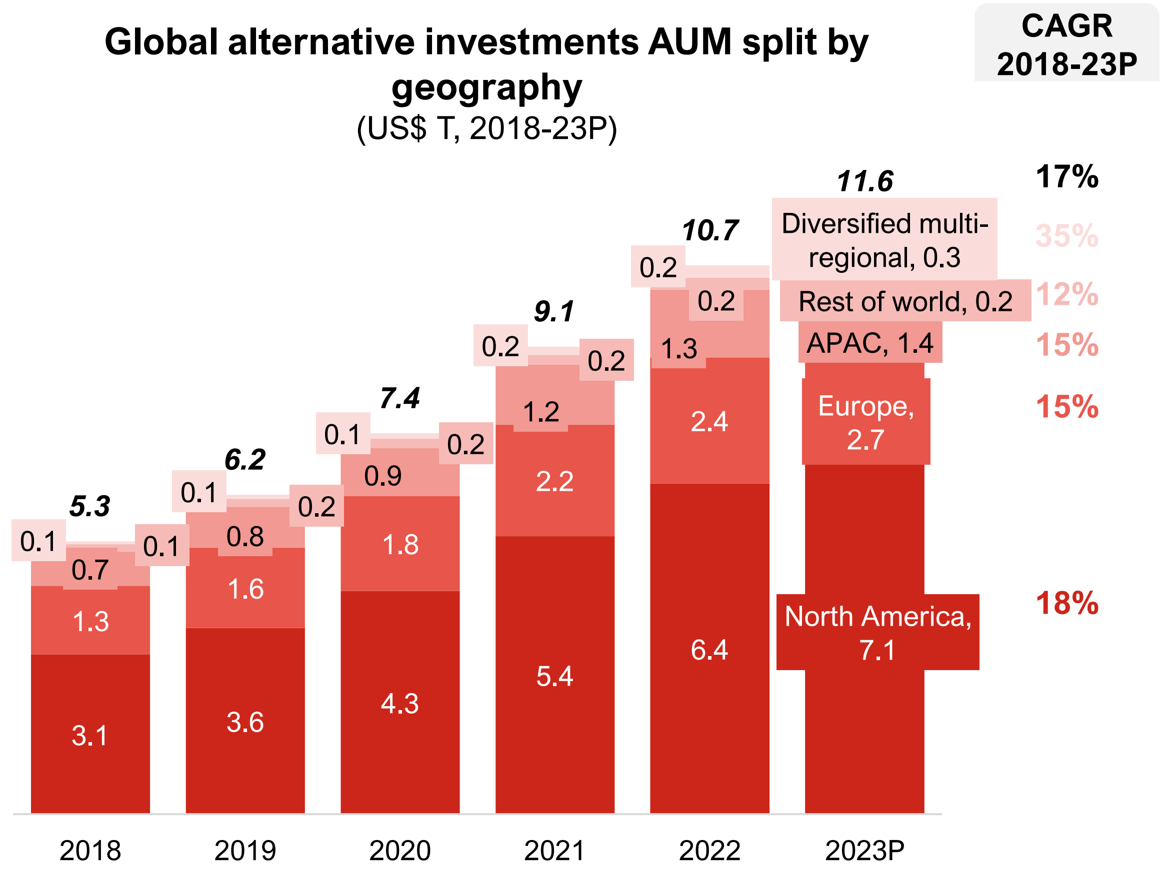
"Globally investors have maintained stable allocations across asset classes in the last 5 years. Only real estate saw a slowdown due to increasing interest rates and declining valuations. Growth of Private Credit AUM has also been stable, in line with other asset classes"

- Partner, Global Private Credit Fund

Investors are more bullish on the emerging markets in the near future

North American and multi-regional focused global alternative investments have gained share in last 5 years

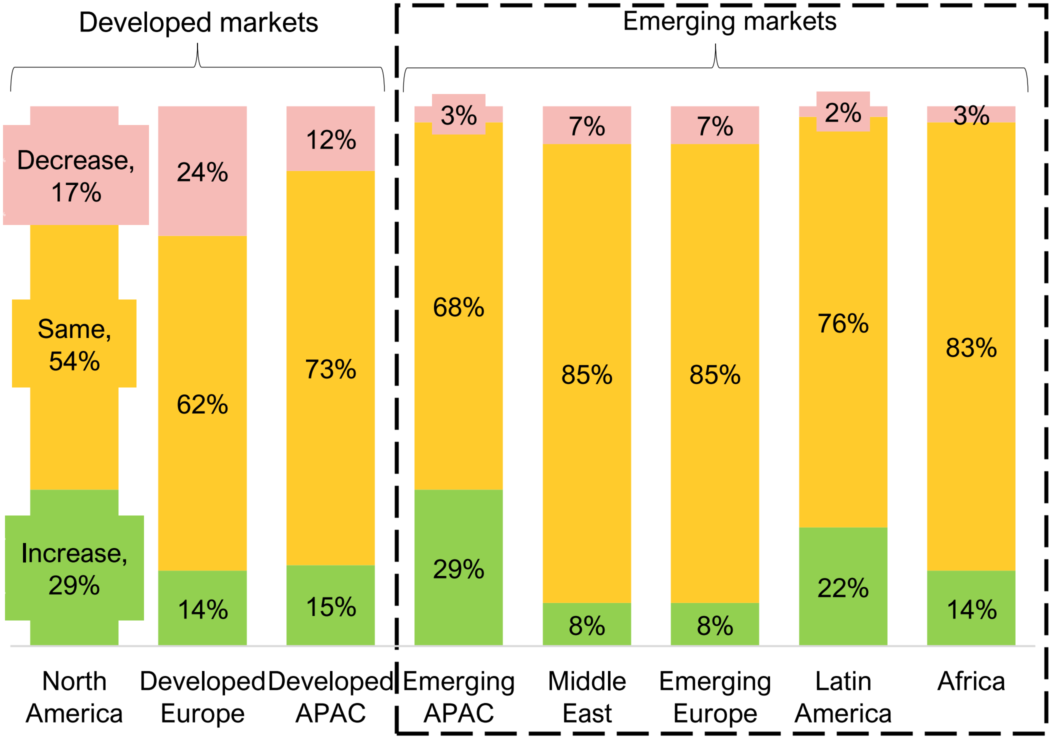
Global alternative investments AUM split by geography
(US$ T, 2018-23P)



Asset allocations for emerging markets are expected to increase or remain the same for next year

Q. For each region how do you expect asset allocations to change in next 12 months?

Change in regional allocation in next 12 months
(N=59, %, 2023)



Note(s): Change in regional allocation survey respondents were from Sovereign Wealth Funds
Source(s): Invesco, Preqin, Praxis analysis

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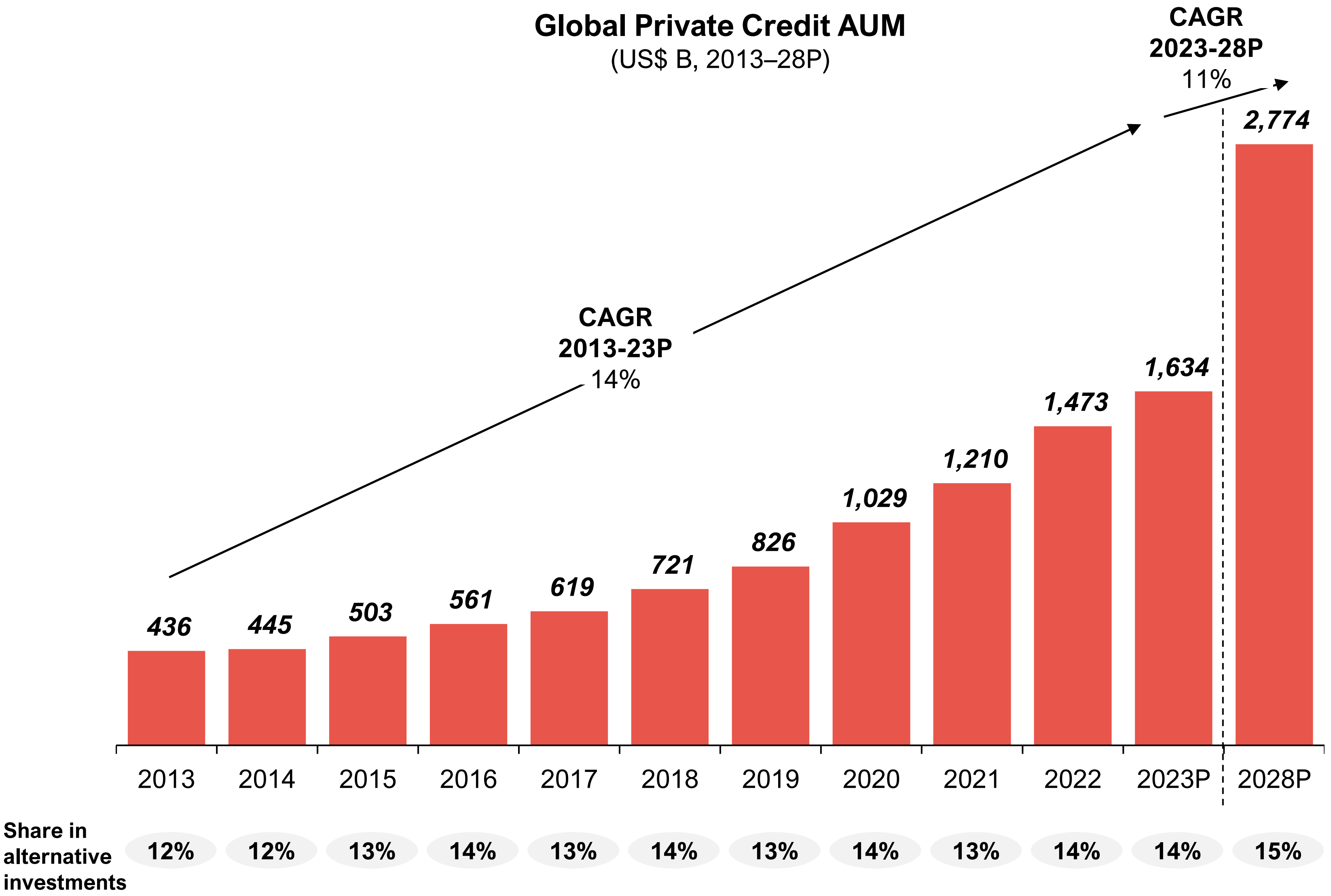
Globally, Private Credit has emerged as a popular source of funding



Growth drivers

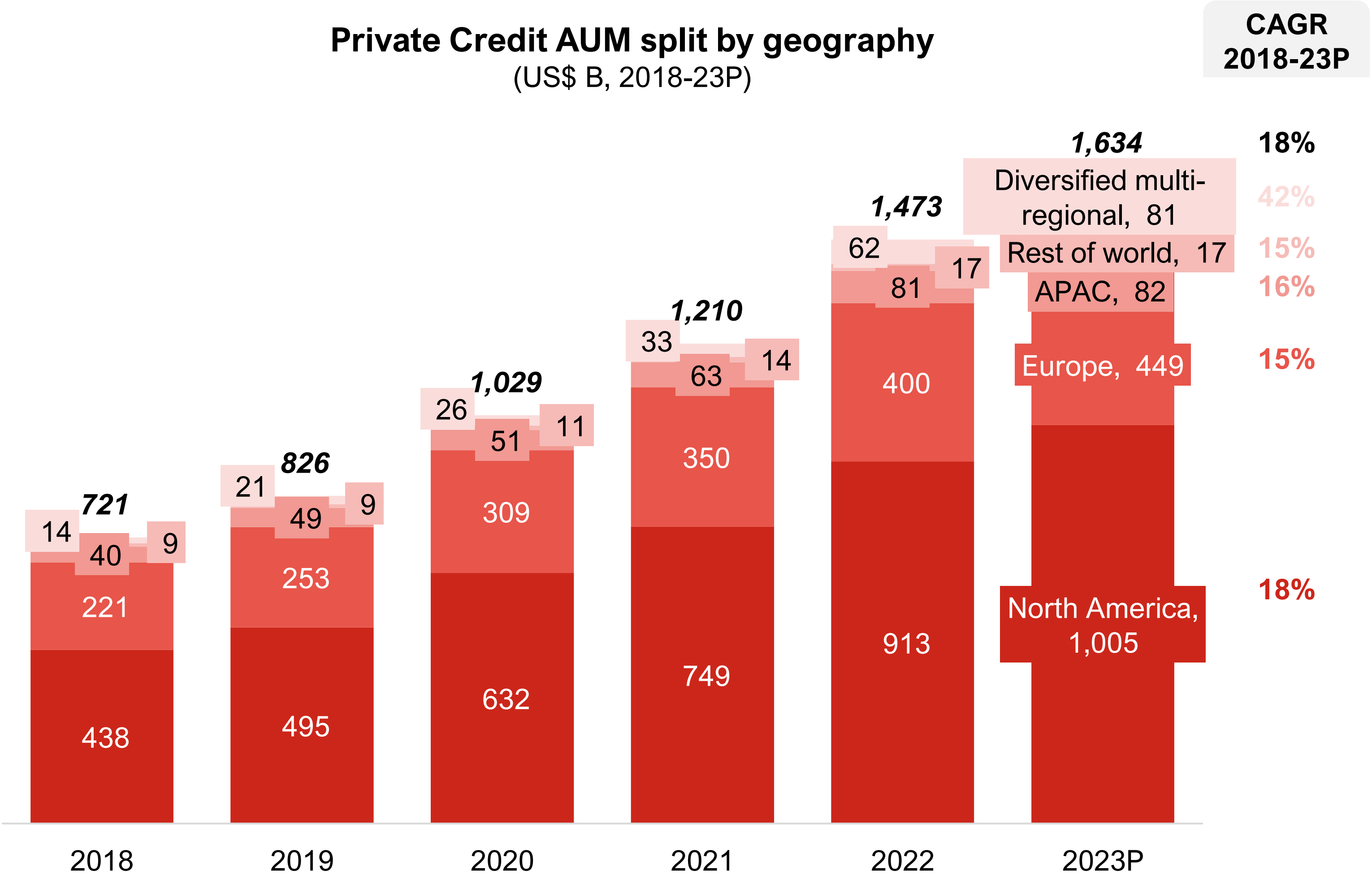
1. **Gap in mid-tier company financing:** Stress in banking sector is increasing due to rising interest rates, forcing banks to avoid risky loans, creating a gap in mid-tier company financing
2. **Higher yields:** Private Credit offers higher yields (7-24%) as compared to traditional fixed-income choices (5-15%)
3. **Increasing need for customization:** With increasing complexity in deals due to regulations and global financing, borrowers favor Private Credit for its customization, tailored to match the unique needs of a business

Source(s): Preqin, Industry reports, Literature review, Praxis analysis

North America continues to account for the majority (62%) of Private Credit AUM globally

Private Credit AUM share has declined in Europe but remained stable in North America and APAC

Private Credit AUM split by geography
(US$ B, 2018-23P)



"The strict regulations introduced after GFC caused banks to reduce lending to mid-market companies. Identifying this void, private credit funds entered the market, offering an opportunity for investors to earn higher yield than traditional fixed income instruments"

- Partner, Global Private Credit Fund

"The Private Credit market is growing fast and has reached more than US$ 1.5T in AUM globally in 2023. North America is the most mature market and is expected to account for bulk of the AUM in the next few years"

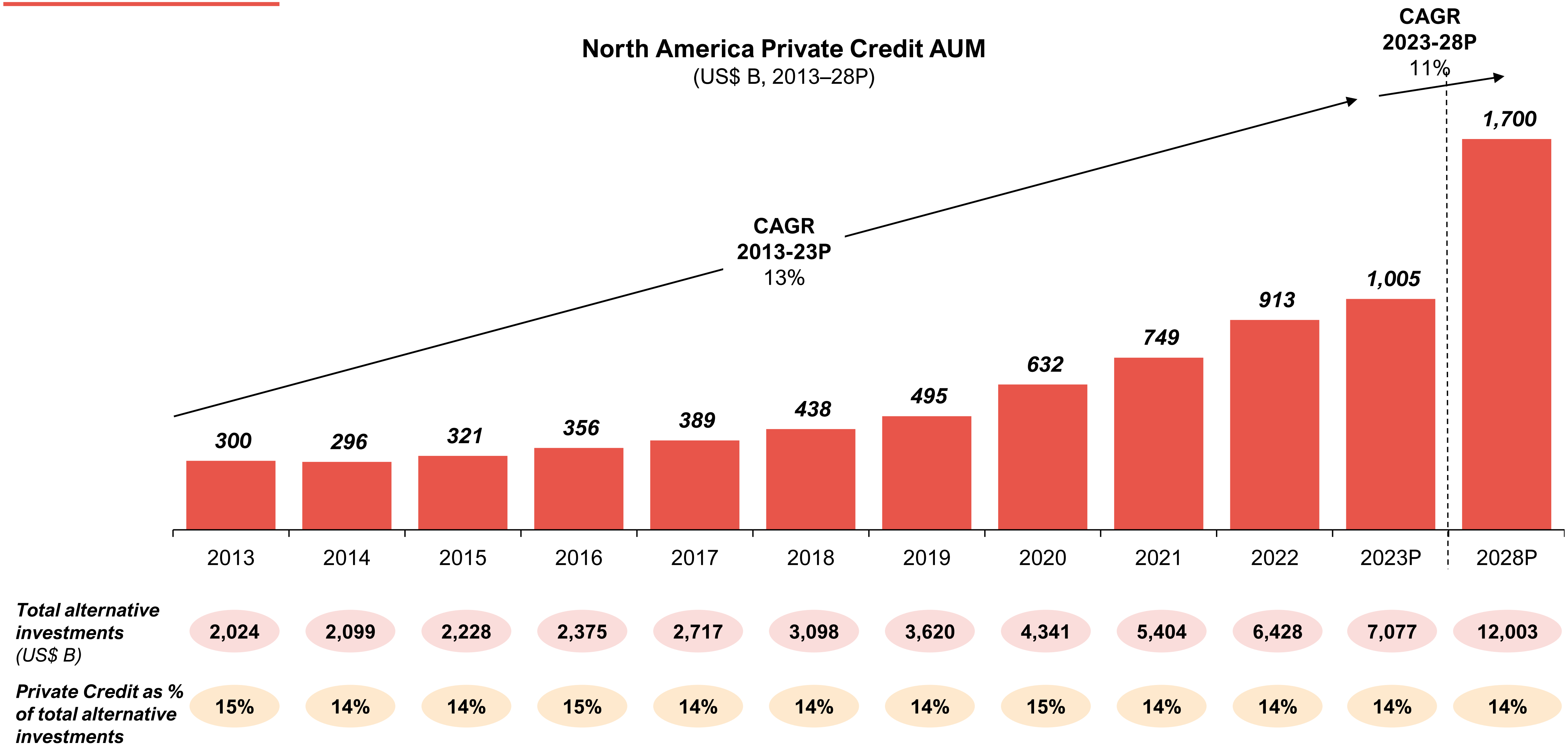
- Partner, Global Private Credit Fund

"While the overall Private Credit AUM share for APAC may be stable, investors are shifting the funds from China to India, as they look to safeguard against geopolitical tensions. Going ahead, allocations for India are expected to rise further"

- MD, Indian Private Credit Fund

Source(s): Preqin reports, Industry participant conversations, Praxis analysis

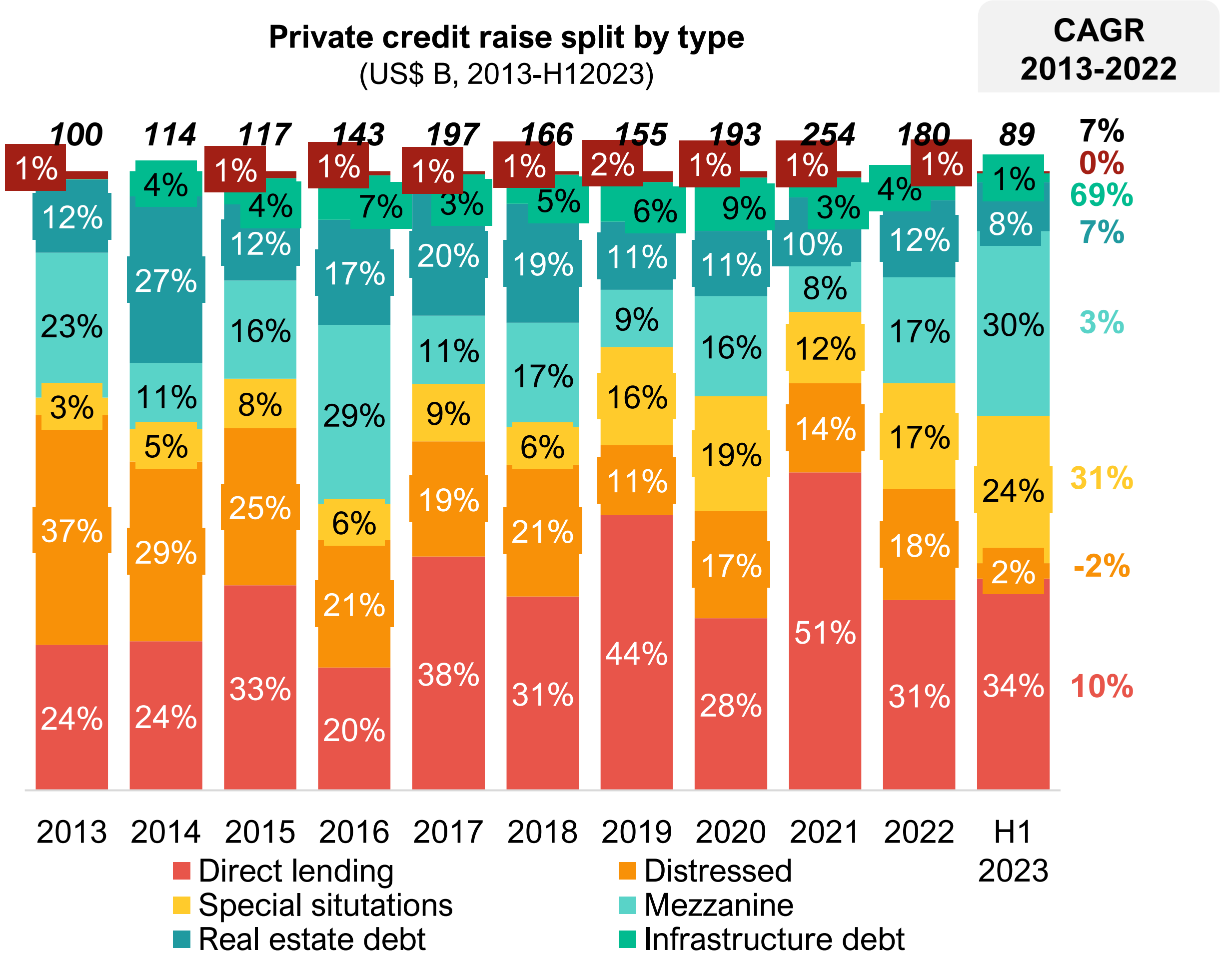
Private Credit share has remained constant at ~15% in North America during the last decade



Source(s): Preqin, Industry reports, Literature review, Praxis analysis

Direct lending and special situations focused funds increasingly gaining traction

Fundraising share for distressed funds has declined from 37% in 2013 to 2% in 2023H1



Top 10 largest Private Credit funds raised in 2023H1

Fund		Fund type	Location	Fund value (US$ B)
HPS	HPS Strategic Investment Partners V	Mezzanine	US	12.1
Goldman Sachs	West Street Mezzanine Partners VIII	Mezzanine	US	11.7
CRESCENT	Crescent Credit Solutions VIII	Special Situations	US	7.8
HPS	HPS Core Senior Lending Fund II	Direct Lending	US	7.3
PERMIRA	Permira Credit Solutions V	Direct Lending	UK	4.6
LCM PARTNERS	LCM Credit Opportunities Fund IV	Special Situations	UK	4.4
Bridgepoint	Bridgepoint Direct Lending III	Direct Lending	UK	3.7
Audax Private Debt	Audax Direct Lending Solutions Fund II	Direct Lending	US	3.0
ARROW GLOBAL	Arrow Credit Opportunities Fund II	Special Situations	UK	2.9
Willow Tree Credit Partners	Willow Tree Fund II	Direct Lending	US	2.4
Total (Top 10)				**59.9**

Source(s): Pitchbook, Praxis analysis

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Corporates in India tap credit through five sources

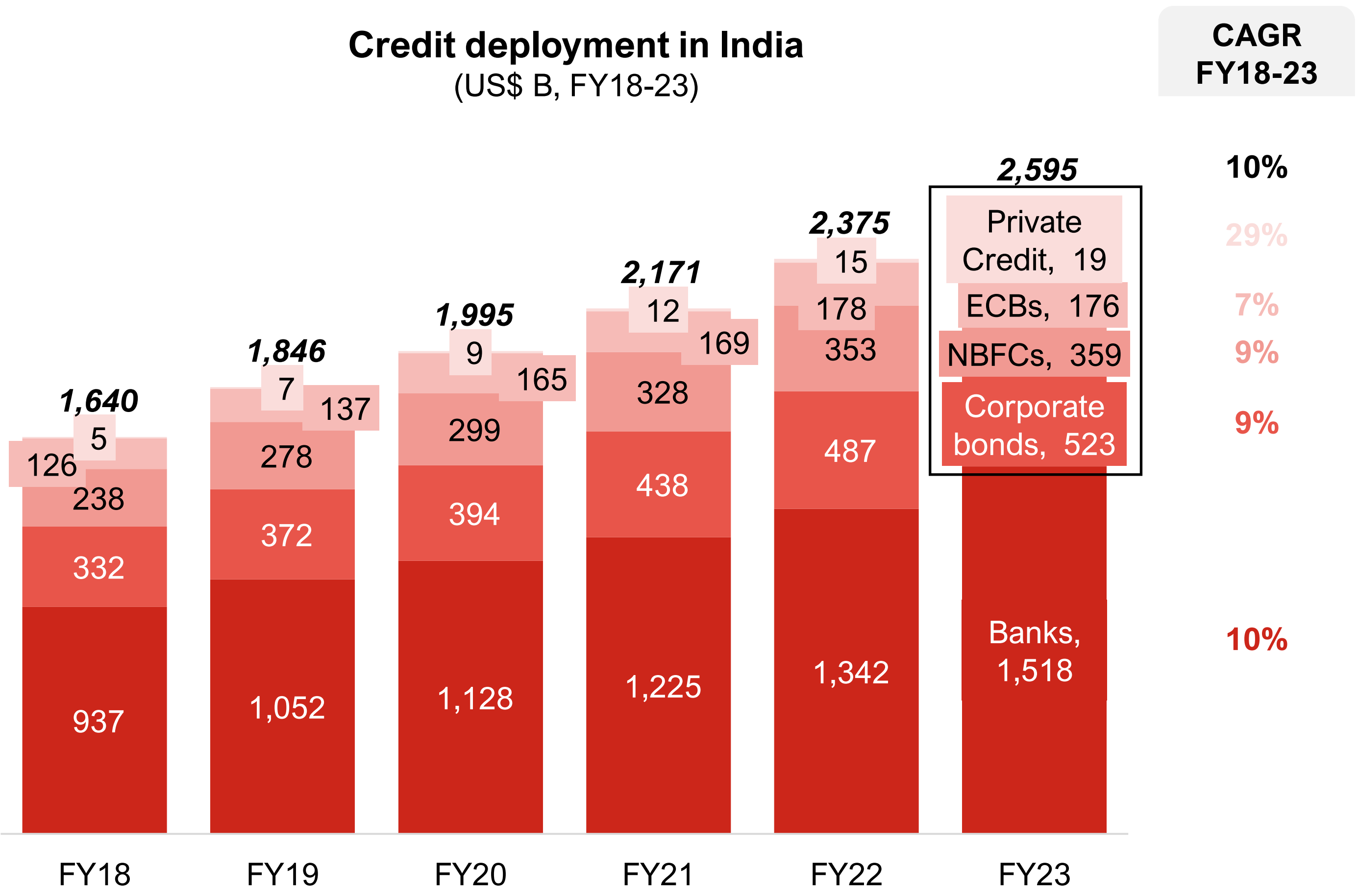
Parameters	Bank credit	NBFC credit	Corporate bonds	External commercial borrowings	Private Credit
Typical users	• Companies with a high credit score, several years of business vintage, and substantial annual turnovers	• Companies who have difficulties in qualifying under the stringent standards of banks • Wholesale lending	• Corporates or PSUs with high investment grade ratings (AA or AAA)	• Companies raising debt in foreign currencies from outside India	• Companies typically not served by banks and NBFCs
Average 2023 interest rate	• 9-13%	• 12-16%	• 8-10%	• 7-12%	• 12-18% (performing) • 18-24% (high yield)
Tenure	• Short term or long term (1-7 years)	• Short term or long term (1-7 years)	• Generally long term (7-10+ years)	• Generally long terms (5-10+ years)	• Short term or long term (1-7 years)
Repayment	• Straight line	• Straight line	• Bullet payment	• Straight line	• Can be negotiated to be straight line or bullet
Covenants	• Generally restrictive, reducing operational flexibility	• Looser covenants than banks	• Flexible, as decided by company	• Flexible, as decided by company	• Flexible, based on negotiations
Example of lenders	SBI, ICICI Bank, HDFC Bank, Axis Bank	Bajaj Finserv, Muthoot Fincorp, Shriram Group, Chola	LIC, GIC Re, ICICI Prudential Mutual Fund, HDFC Mutual Fund	responsAbility, BIB	KKR, Edelweiss Alternatives, truenorth, Apollo

Source(s): Literature review, BIS, CRIF High Mark, Industry participant conversations, Praxis analysis

Overall credit AUM in India: US$ 2.6T credit market in FY23

Credit in India is growing at a CAGR of 10%, with bank credit making up ~58% of total credit

Credit deployment in India
(US$ B, FY18-23)



"As the private credit industry matures, credit will start moving from banks to alternate investment funds. Currently the share of bank credit in India is 55-60%, much higher than the share in developed markets like USA, where it is 30-35%"

- MD, Indian Private Credit Fund

"As Indian economy grows, there will be an increase in private capex for increase in industrial output. Large amount of credit would be required for funding this capex. With regulatory restrictions on lending by banks, private credit is expected to fulfill this gap"

- Partner, Global Private Credit Fund

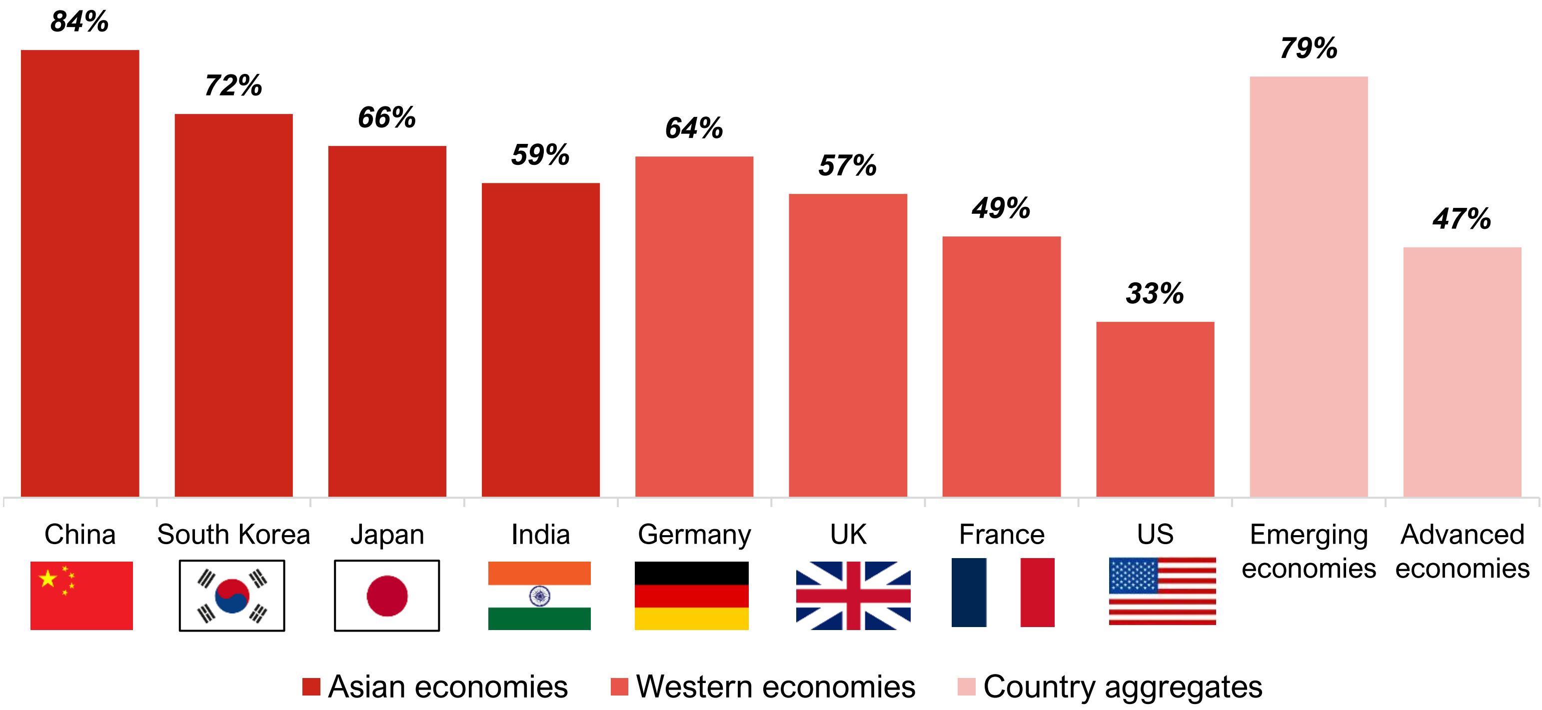
"The share of bank credit in total credit has remained stable over the last 5 years. But the mix of bank credit has changed after high NPAs in FY18, with banks focusing more on retail lending instead of lending to industries"

- ex-VP, Indian Bank

Note(s): H1 FY23 data is used to project the data for FY23 for NBFCs; US$ 1 = INR 82.5, working capital credit is excluded, credit raised by NBFCs through banks, bonds, and private credit is also included
Source(s): RBI report, SEBI database, Industry participant conversations, Praxis analysis

Unlike the Western economies, Asian economies have a higher share of domestic bank credit in total credit

Share of domestic bank credit in total credit to the non-financial sector
(%, 2022)



"US is not a heavily banked market. Large amount of corporate lending is done by CNO funds, hedge funds and Private Credit Funds"

- Partner, Global Private Credit Fund

"Corporate credit in Asian markets has traditionally been served by banks. With easing of regulatory norms, Private Credit is expected to play a bigger role going ahead"

- MD, Indian Private Credit Fund

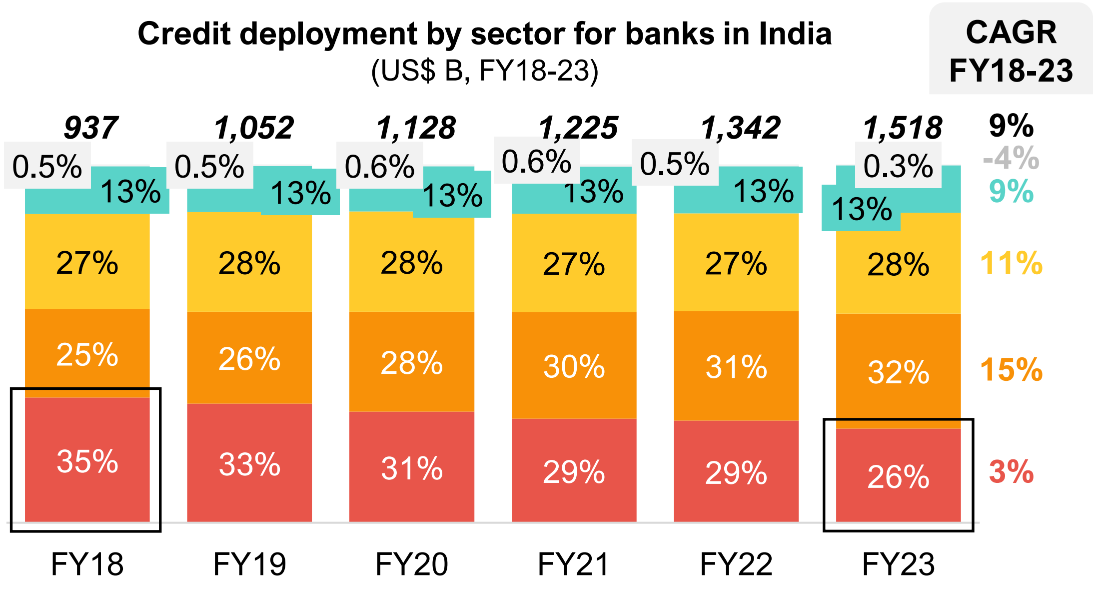
Reasons for low share of bank credit in the Western economies

1. **Lower risk appetite for mid market borrowers:** Post GFC regulations left banks in the West with **lower risk appetite for mid market borrowers**; smaller companies faced difficulty in accessing credit
2. **Flexible solutions by Private Credit: Private Credit** addressed the gap in mid-market financing by providing **flexible financing solutions** to borrowers in risky markets
3. **Widespread availability:** Bank share in total credit started declining in the West due to **widespread availability of Private Credit**

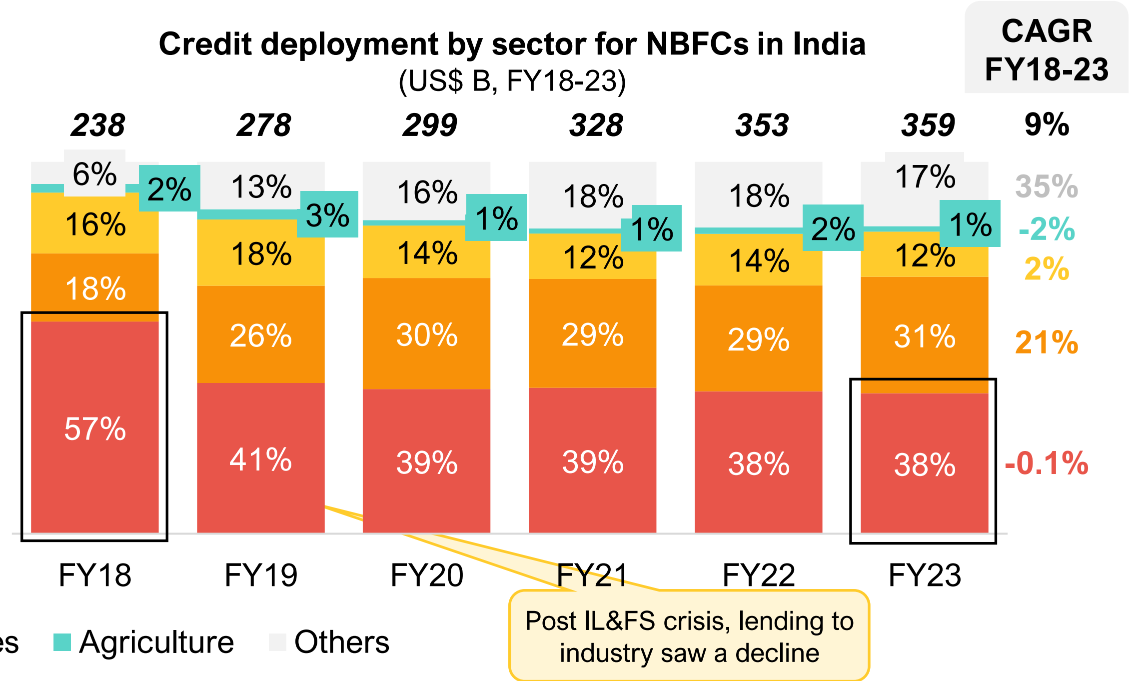
Note(s): Emerging economies are Argentina, Brazil, Chile, China, Colombia, the Czechia, Hong Kong SAR, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Poland, Russia, Saudi Arabia, Singapore, South Africa, Thailand and Türkiye. Advanced economies are Australia, Canada, Denmark, the Euro area, Japan, New Zealand, Norway, Sweden, Switzerland, UK and US
Source(s): Bank for International Settlements, Literature review, Industry participant conversations, Praxis analysis

Private Credit funds tapping into opportunity created by reduced share of loans to corporates by banks and NBFCs in India

Loans to industry have declined from 35% in FY18 to 26% in FY23



Loans to industry saw a sharp decline in FY19 post the IL&FS crisis

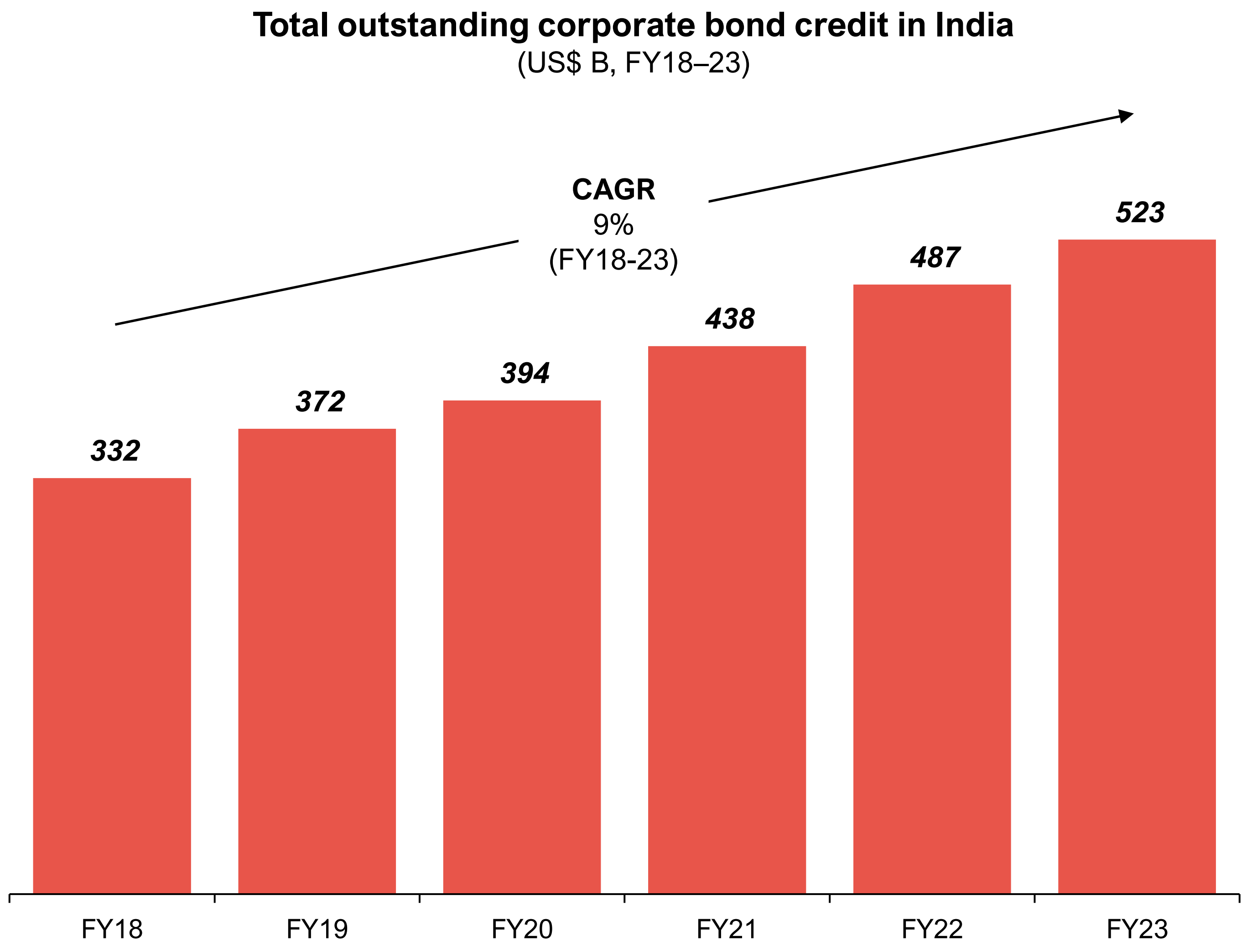


Industry | Retail | Services | Agriculture | Others

- **Excess lending to risky sectors:** Indian banks' NPAs surged due to excessive lending to risky sectors like infrastructure, reaching a peak of 11% in FY18
- **Strict regulations by RBI:** To address increasing NPAs, RBI imposed strict regulations on lending, leading to decline in growth of loans to industry
- **IL&FS crisis:** IL&FS collapse caused a financial shock and led to a liquidity crunch, with NBFCs unable to raise money for lending
- **Reduction in wholesale lending:** Post the crisis, NBFCs minimized corporate risk by reducing exposure, emphasizing retail lending to granularize their loan portfolios

Note(s): Other non-food credit and Food credit are considered under Others category for NBFCs; Food credit is considered as Others for banks
Source(s): RBI reports, Literature review, Press review, Praxis analysis

Credit outstanding with corporate bonds has reached US$ 523B in FY23; regulatory reforms, green and infrastructure bonds to drive future growth



Growth drivers

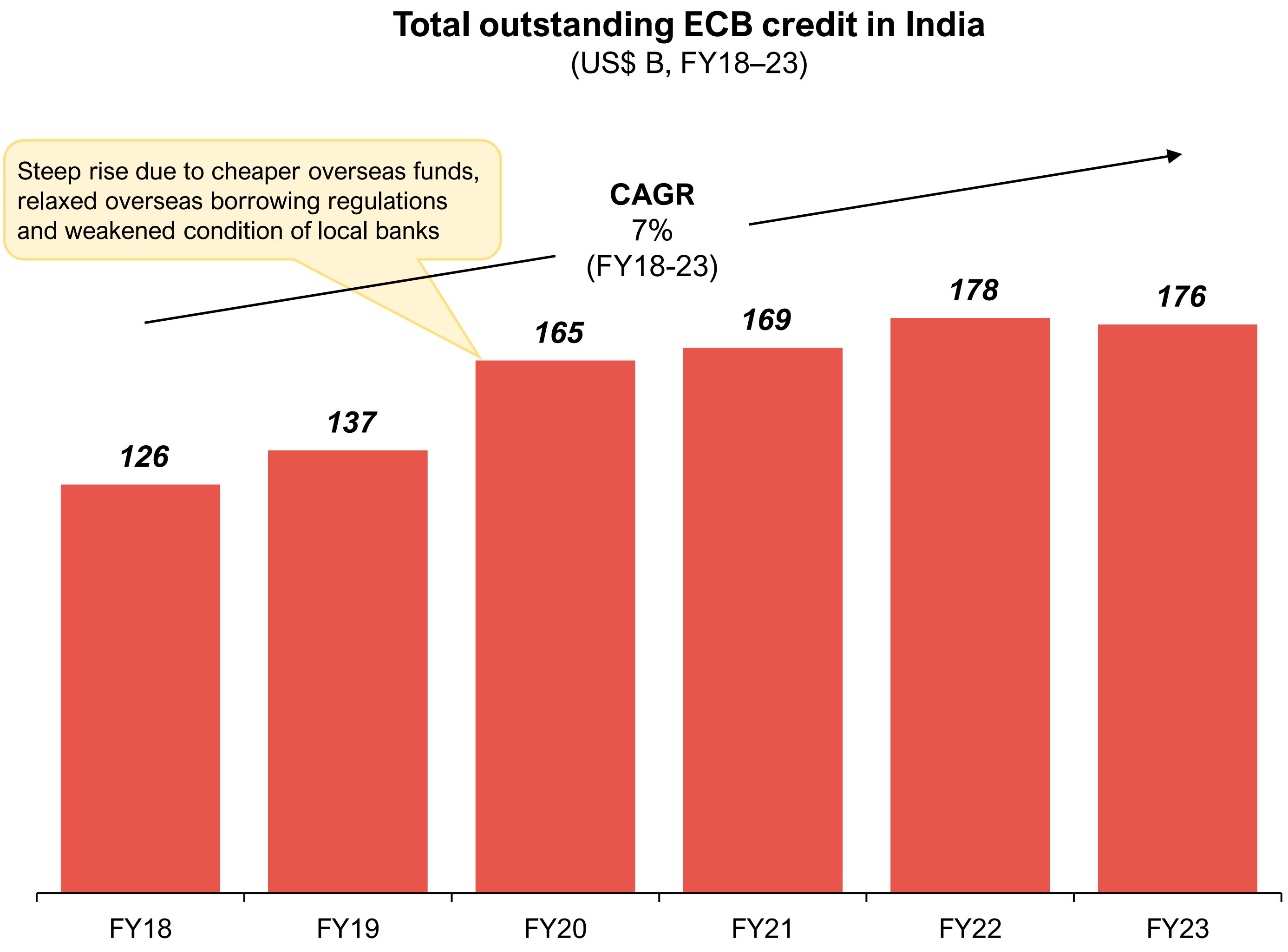
1. **Regulatory reforms**: Improved bond market regulations such as **Corporate Bond Market Development Plan** and simplified rules for **Foreign Portfolio Investors (FPIs)**

2. **Rise of green and infrastructure bonds**: Inception **of green bonds** emphasizing sustainable finance, combined with strong demand for **infrastructure bonds** to finance major infrastructure projects

3. **Increasing retail participation**: Many startups are offering retail investors small ticket investments in corporate bonds; attractive investment option due to **higher returns** at **marginally higher risk** than fixed deposits

Source(s): SEBI database, Praxis analysis

External commercial borrowings have stagnated due to increasing costs and rising bank credit to NBFCs



Takeaways

1. **ECB debt getting expensive:** In a bid to tackle high inflation after COVID, global central banks have **raised interest rates,** making it expensive for Indian borrowers to service debt in foreign currencies
   - Overall cost of ECB loans increased by 516 bps between March 2022 and March 2023

2. **Increasing bank credit to NBFCs:** Bank credit to NBFCs grew by 30% from FY22 to FY23, reducing the demand for external borrowings
   - NBFCs account for 35-40% of India's EBC fundraising

Source(s): RBI report, Praxis analysis

Six situations where Private Credit is needed

				Deal Example				
	Situations	**Description**	**Investee**	**Investor**	**Deal month**	**Amount**	**Credit type**	**Rationale**
1	**Regulatory restrictions on bank lending**	• Regulatory restrictions on banks from lending for certain activities, like acquisition financing, share buy back, etc.	INFRA. MARKET	VÄRDE	• Jun 2023	• US$ 150M	• High yield	• Funds raised for acquisition of Strata Geosystems India
2	**Requirement for flexible solutions**	• Private Credit lenders provide flexible and customized solutions like delayed amortization, bullet repayments, etc.	SANGHI CEMENT	kotak Alternate Asset Managers	• Nov 2022	• US$ 67M	• High yield	• Provided structured solution customized to Sanghi's specific financial requirements
3	**Project financing**	• Project financing for large projects, which are deemed risky by traditional lenders	TARC Inspired by India	BainCapital	• May 2022	• US$ 175M	• High yield	• Retire existing debt and project expansion
4	**No equity dilution**	• Companies wanting to raise PE like patient capital without equity dilution for the promoters	bigbasket A TATA Enterprise	TRIFECTA CAPITAL	• July 2019	• US$ 15M	• Venture debt	• Funds raised for working capital and expenditure requirements
5	**Revenue based financing**	• Banks and NBFCs require assets as collateral for lending, while Private Credit investors can offer revenue-based financing	MELORRA	n+1 CAPITAL	• May 2022	• US$ 3M	• Performing	• Boost marketing and offline expansion
6	**Low credit ratings**	• Mid cap companies struggling with setting up credit line with banks and unable to access bond markets, due to low credit ratings	DEEPAK FASTENERS LIMITED	CAPRI XPONENTIA MANAGERS LLP	• Jun 2022	• US$ 48M	• High yield	• Funds for turnaround of the company, rated D by CRISIL

Source(s): Press review, Industry participant conversations, Praxis analysis

Different strategies within Private Credit operate at different risk-return profiles

Increasing risk and returns

	Performing credit					High yield	
Parameters	**Senior debt (Direct lending)**	**Real estate**	**Venture debt**	**Infrastructure**	**Mezzanine**	**Special situations**	**Distressed debt**
Description	• Investment in mid-market businesses which find it difficult to raise capital due to low credit ratings	• Debt financing of real estate projects	• Debt financing to a venture-backed company	• Debt investments in infrastructure projects	• Hybrid debt which provides lender the right to convert the debt to equity	• Situation based lending for settlements like exit for promoters, acquisition financing, etc.	• Investments in a stressed business under IBC or pre-IBC settlements
Target IRR	12-14%	13-15%	13-15%	14-16%	15-18%	18-20%	20-24%
Risk profile	• Low risk of borrower default	• Risk of macroeconomic headwinds for real estate	• Default risk due to early-stage nature of companies	• Operational risks	• Higher risk of default due to subordinated debt	• Event-specific risks	• High default risk as assets already in distress
Investment period (years)	2-3	4-5	1-3	4-5	4-5	2-4	2-3
Return drivers	• Coupons	• Coupons, refinancing	• Coupons	• Coupons, refinancing	• Coupons	• Interest income, original interest discount, and equity upside	• Recovery in debt prices, interest payments or restructuring
Example of investors	KKR, Piramal Alternatives	Oaktree, Cerberus	Trifecta Capital, Innoven Capital	Apollo, Värde	Edelweiss Alternatives, Kotak Alternate Asset Managers	Sundaram Alternates, Ares SSG	IndiaRF, Redwood Capital Management

Source(s): Industry reports, Praxis analysis

Illustrative deals for different types of Private Credit use cases

Increasing risk and returns

	Performing credit					High yield	
Parameters	**Senior debt**	**Real estate**	**Venture debt**	**Infrastructure**	**Mezzanine**	**Special situations**	**Distressed debt**
Investor	CPP Investments	PAG	alteria capital	Barclays, Aditya Birla Finance, NIIF	Apollo	Oaktree	Finquest, Hypnos Fund Limited
Investee	Eruditus Executive Education	M3M	Jupiter	Delhi Indira Gandhi International Airport	HeroFinCorp.	Inbrew Beverages	bilt
Sector	• Education	• Real estate	• Financial services	• Infrastructure	• Financial services	• Retail	• Manufacturing
Deal month	Mar'22	Feb'23	Jan'23	Jun'22	Jun'23	Sep'22	Jun'23
Deal value	US$ 350 M	US$ 182 M	US$ 12 M	US$ 122 M	US$ 125 M	US$ 84 M	US$ 24 M
Investment period (years)	5	4-5	2-3	5	3-5	2-3	5
Rationale	• Fuel M&A as part of its global growth strategy	• Fund portfolio growth on M3M	• Growth capital for launching new products	• Debt raised to partly finance the expansion program (Phase 3) of the airport	• Growth capital for Hero Fincorp for product expansion	• Finance acquisition of 43 brands of United Spirits Limited and business expansion.	• Acquisition under insolvency and bankruptcy code

Note(s): NA is Not available
Source(s): Industry reports, Press review, Praxis analysis

Investors are drawn to private credit due to the steady income generation, illiquidity premium and diversification advantages

Steady income generation

- Provides **reliable current income** through contractual cash flows, including interest payments and fees
- Offers a **viable alternative to traditional fixed income investments**

Resilient and efficient portfolio

- Maintains **lower loss ratios** than high-yield fixed income instruments like junk bonds
- Single-entity lending **facilitates quicker and more efficient resolution** in case of default

Diversification benefits

- **Low correlation with public markets** than assets such as equity
- **Minimizes portfolio volatility** and improves risk-adjusted returns

Illiquidity premium

- **Higher yields than public corporate bonds** to compensate for illiquidity, contributing to **attractive risk-adjusted returns**

Access to niche opportunities

- Private Credit allows investors to access sectors or companies that **may not be available in public markets**

Source(s): Praxis analysis

Interest in India's Private Credit is on the rise among both domestic and foreign LPs

Reduced attractiveness of debt MFs

Removal of tax advantages on debt MFs in 2023 have shifted domestic capital in fixed income instruments to Private Credit

Emerging market growth story

LPs looking to invest in emerging markets are preferring India as it is the fastest growing among large economies

Rising LP interest in Private Credit investments in India

Attractive returns

Ability to generate higher returns (12-24%) in fixed income, while diversifying the portfolio

Creditor friendly regulations

Special situations funds allowed in category 1 AIF in 2022, to simplify offshore funds' investment in bad loans in India

Source(s): Literature review, Press review, Praxis analysis

Funds have provided lucrative returns of 15-20%, returning significant capital to their investors

	Fund 1	Fund 2
Launch year	2015	2019
Fund size (US$ M)	~200	~1,000
Strategy	Performing credit	Special situation and distressed assets
Net IRR (%)	15-17%	~20%

Note(s): Fund names have been masked for confidentiality
Source(s): Press review, Literature review, Praxis analysis

Investors in Private Credit face multiple challenges while investing in India

Corporate governance issues

- Investors face challenge with corporate governance issues like **assymetry of information, cash leakages, inadequate accounting practices and complex ownership structures**

Small market for large deals

- Large investors are interested in **deals above US$ 35-40M**, which is a **small market in India**
- 95% of the market is below US$ 35-40M deal range

Delays in formal bankruptcy process

- Average time for resolution of cases under IBC has **increased to ~650 days in FY24**, compared to stipulated 270 days
- Increasing delays reduce effectiveness of using IBC as a stick

Forex issues for global investors

- **Rupee depreciates ~4%** every year (vs USD); global investors also face country risk and hedging costs
- **Global investors require 18-20% returns** for investment to make sense, available only with special situations or stressed assets

Source(s): Literature review, Praxis analysis

Government has supported Private Credit industry through progressive investor friendly regulations

2012 – SEBI issues **AIF regulation** classifying of AIF into 3 categories

2014 – CBDT issues clarification on **pass through** taxation on AIFs setup as trusts

2015 – AIFs allowed to invest in **international** firms having **India connect**
- Collective investment **capped** at **$1.5 billion** or 25% of individual corpus

2016 – **The Insolvency and Bankruptcy Code,** (IBC) consolidated existing framework for insolvency and bankruptcy

2016 – **National Company Law Tribunal (NCLT)** set up to reduce time for resolution of conflicts and queries

2016 – SEBI, RBI **approves operational guidelines** for setting up of GIFT IFSC

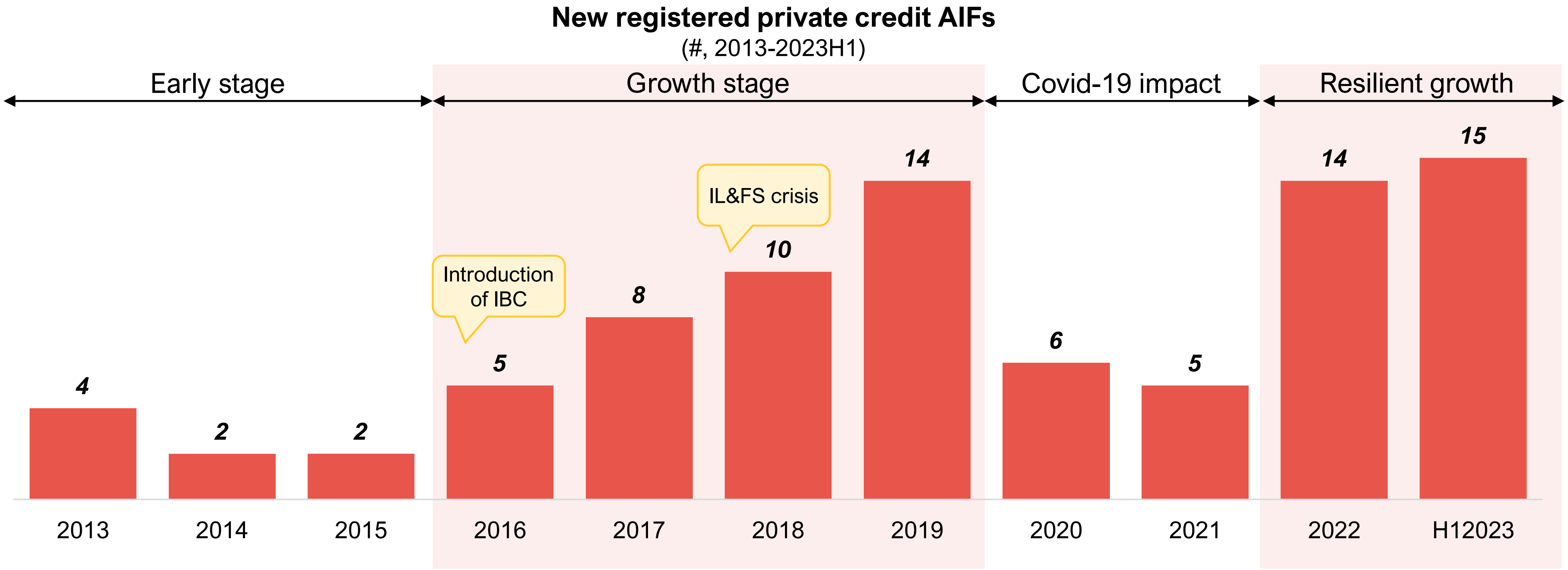
2021 – Formation of **NARCL, India's bad bank**, for effective and efficient resolution of non-performing loans from banking system

2022 – **IFSCA**, regulator of GIFT city release regulations for a favourable **tax regime** for funds with credit strategies

2022 – SEBI AIF regulations, 2012 amended to introduce **"Special Situation Funds"** under category 1

Source(s): Press reviews, Praxis analysis

India continues to attract investors with ~55 Private Credit AIFs added in last five years



Trends

- **Low penetration of Private Credit** in India
- Banks and NBFCs doing bulk of the lending

- Introduction of **creditor friendly regulations** like IBC and formation of NCLT
- **Reduced lending by banks and NBFCs** amid increasing NPAs and IL&FS liquidity crisis, resulting in increased opportunities for Private Credit

- Decline in registrations due to **COVID-19 impact**

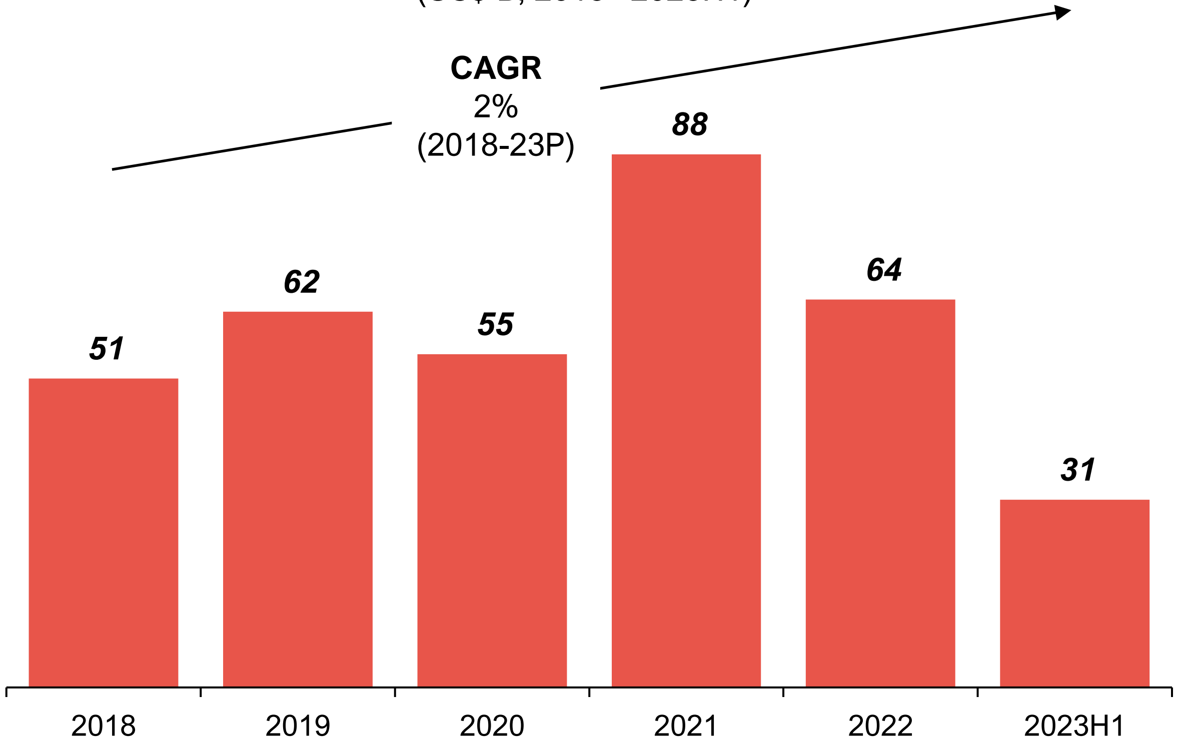
- Regulated entities like **banks reducing lending** amid tightening norms by regulators
- Opportunity for Private Credit Funds to fill the gap

Source(s): Industry reports, Praxis analysis

Contents

Indian alternative investments have reached US$ 31B in 2023H1 due to fast-growing economy, favourable reforms, and expanding pool of domestic capital

Total alternative investments in India
(US$ B, 2018– 2023H1)



"Due to fast growing Indian economy, there is a rising interest among investors globally to increase their investments in the country. Government is also promoting investments through regulatory reforms like AIF categorization and GIFT city"

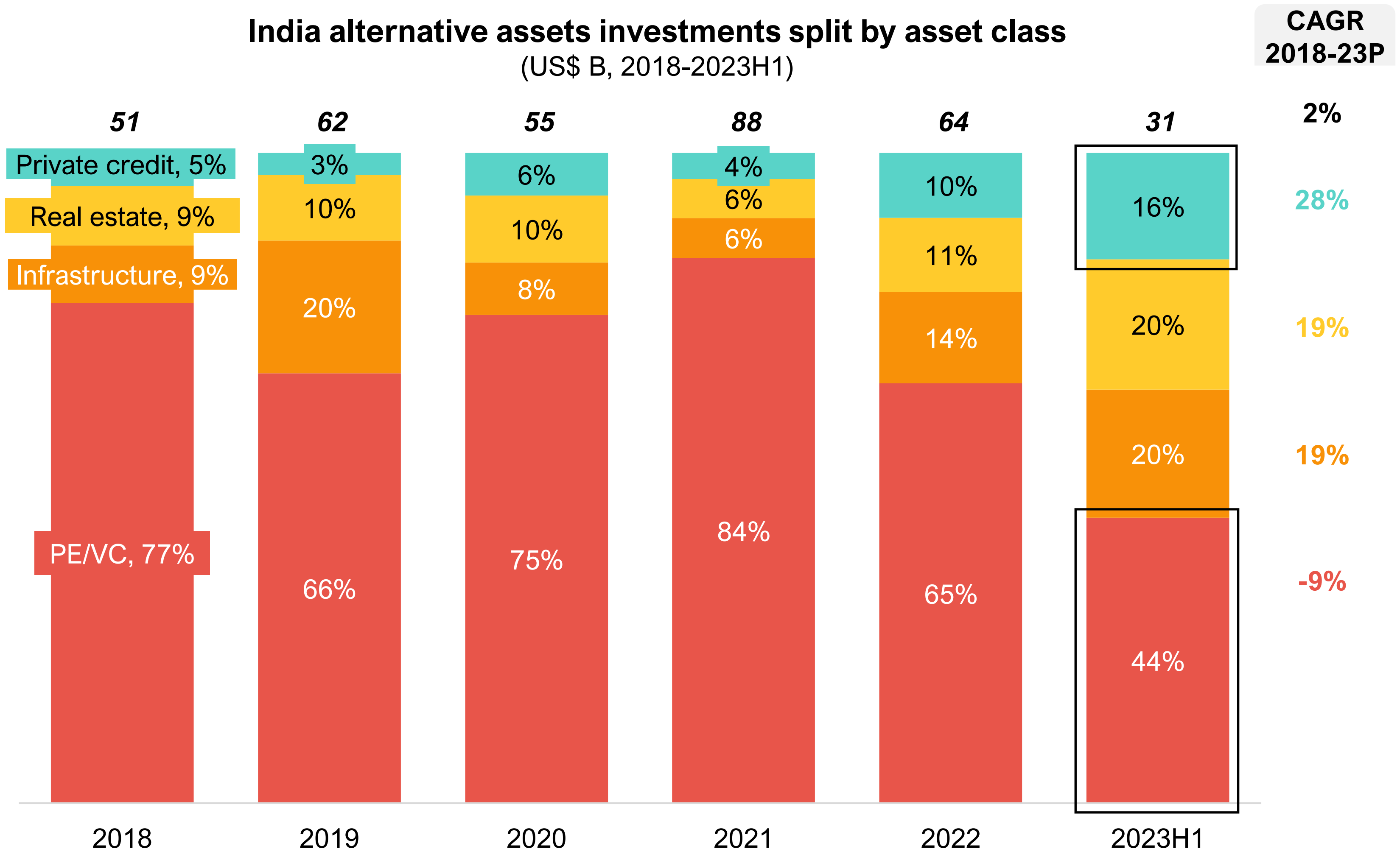
- Partner, Indian Private Credit Fund

Growth drivers

1. **Fast-growing economy:** India is the fastest growing economy (GDP growing at 6.3% annually) among the major countries with expanding infrastructure, large startup ecosystem, and favorable business environment
2. **Expanding pool of domestic capital:** With rise in HNIs, increasing number of domestic investors are contributing to the growth of alternative assets
3. **Supportive regulatory environment:** Investor friendly regulations like AIF categorization, GIFT city, relaxation in tax laws (ex: Investors in category I and II AIFs are exempt from tax on long term capital gains) etc.
4. **Increasing portfolio diversification:** Investors are increasingly looking to diversify portfolios from traditional asset class into alternative assets

Source(s): 1Lattice Pulse deal database, Praxis analysis

Private Credit investments have reached an all time high (16% of total investments) in 2023H1



Takeaways

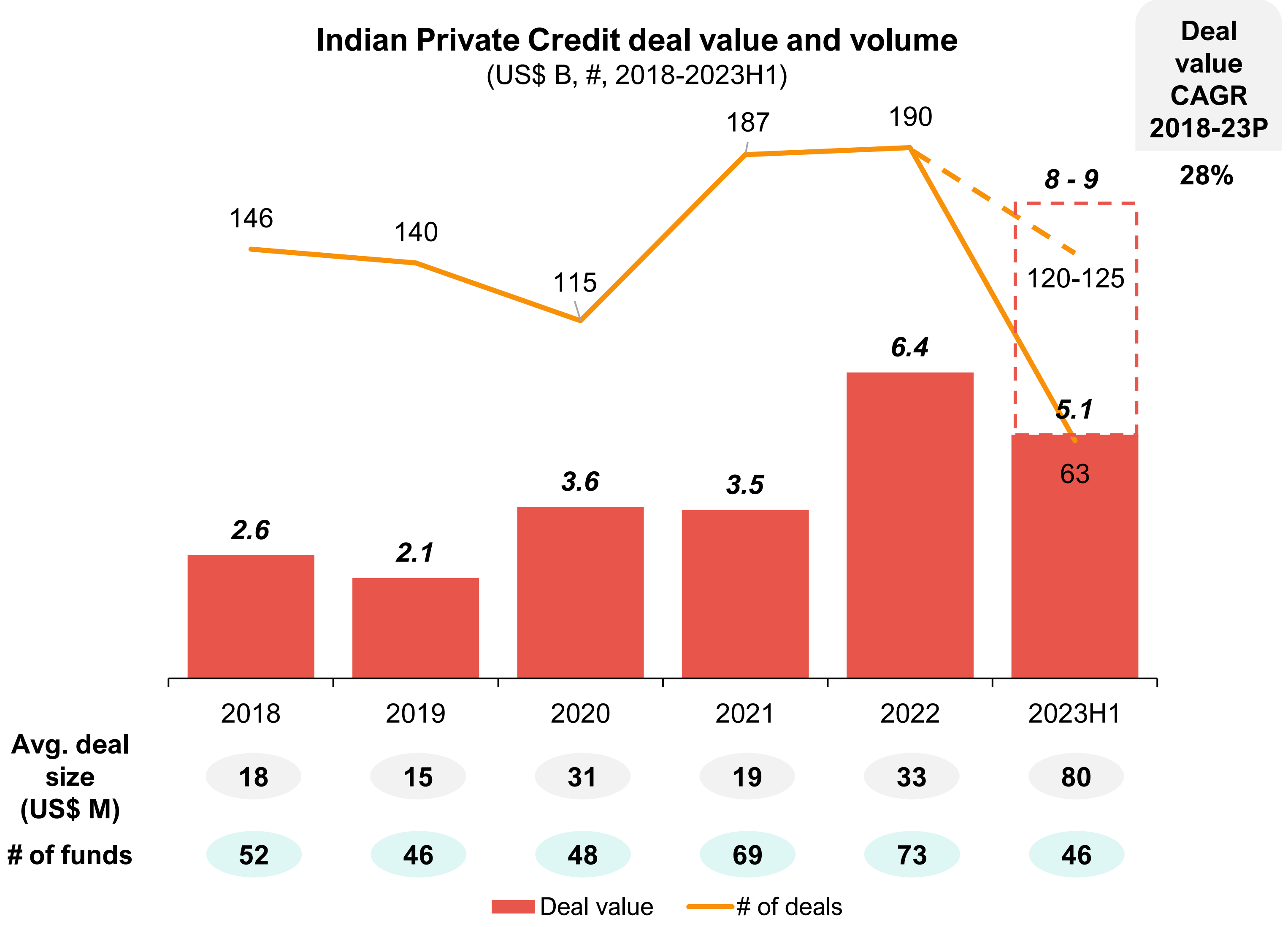
1. **Surge in Private Credit investments**: Investments in Private Credit have increased from 5% in 2018 to 16% in 2023H1 with a CAGR of 28% whereas overall investments in alternative assets have increased at a 2% CAGR

2. **Decline in total investments post-COVID:** Investments in alternative asset classes saw a drop in total investments from US$ 88B during COVID hit year (2021) to US$ 64B in 2022

3. **Decline in PE / VC share from the total investments**: PE / VC investments have decreased from 77% in 2018 to 44% in 2023H1 but continue to be the largest investment class

Source(s): 1Lattice deals database, Praxis analysis

Indian Private Credit investments have grown rapidly: US$ 5.1B deployed in 2023H1, US$ 80M average deal size



"India is a capital short country both - in Equity and Debt. Private Credit strategies ranging from Performing Credit to the esoteric high yield credit strategies will have significant room to grow in the coming decade. Domestic regulations are restrictive on banks and NBFCs which is an opportunity for such funds. At the same time regulations do not permit leverage at Fund level for Private Credit funds making it an interesting interplay of risk and reward for Investors in such funds"

- Srini Sriniwasan, Managing Director, Kotak Alternate Asset Managers

"Private Credit in India is a large structural opportunity. As India grows to a US$ 7.5T economy over the next decade, we see a US$ 100B opportunity for private credit managers. Private Credit strategies have the ability to deliver attractive returns across the risk spectrum, resulting in an increasing interest from domestic and offshore investors alike. A local presence with a thorough understanding of the Indian market dynamics as well as legal and regulatory landscape are critical for success in this space"

- Venkat Ramaswamy, Vice Chairman, Edelweiss Financial Services

Note(s): Full year 2023 estimates are basis average of percentage of deal value and volume in first half of the year from 2018-2022
Source(s): 1Lattice deals database, Literature review, Industry participant conversations, Praxis analysis

Top 10 Private Credit deals from 2018-2023H1

Month	Company	Sector	Investor	Deal rationale	Performing / High yield	Deal size (US$ M)
Mar'23	Shapoorji Pallonji	Infrastructure	Deutsche Bank, Standard Chartered, Canyon Partners, Värde	Refinancing of existing debt	High yield	1,727
May'23	Vedanta	Metals and mining	JPMorgan Chase & Co., Oaktree	Infrastructure and real estate finance	High yield	850
May'22	Adani Airports	Infrastructure	Apollo	Growth finance	Performing	750
Jul'21	OYO	Travel and hospitality	Värde	Refinancing of existing debt	High yield	660
Jan'20	RattanIndia Power	Energy	Värde, Goldman Sachs	Takeover of previous debt by current investors	Performing	567
Dec'20	Vedanta	Metals and mining	Oaktree	Meet immediate liquidity requirements	High yield	400
Mar'22	Eruditus Executive Education	Education	CPP Investments	Growth finance	Performing	350
Jun'20	Piramal	BFSI	Farallon	Refinancing of existing debt	Performing	343
Oct'18	GTL Infrastructure	Infrastructure	Edelweiss Alternatives, Oaktree	Takeover of previous debt by current investors	High yield	326
Aug'22	Adani	Real estate	JPMorgan Chase & Co., Credit Suisse, Barclays	Financing expansion and acquisition in realty space	Performing	309
Total (top 10 deals)						**6,282**

Source(s): 1Lattice Pulse deal database, Praxis analysis

Top 5 Private Credit deals each year from 2018-2023H1

2018

Month	Company	Sector	Investor	Deal size (US$ M)
Oct'18	GTL Infrastructure	Infrastructure	Edelweiss Alternatives, Oaktree	326
May'18	Sintex	Manufacturing	KKR	185
Jan'18	bilt	Manufacturing	Edelweiss Alternatives	176
Jun'18	Archean Group	Manufacturing	IndiaRF	156
May'18	Azure Power	Energy	Proparco, FMO	135
Total (top 5 deals)				**978**

2019

Month	Company	Sector	Investor	Deal size (US$ M)
Apr'19	BMM	Manufacturing	Edelweiss Alternatives	215
Feb'19	Jet Airways	Transportation and logistics	NIIF	198
Jan'19	DHFL	BFSI	Oaktree	192
Jun'19	GVK	Infrastructure	Goldman Sachs	188
Nov'19	Ryka commercial venture	Retail and FMCG	Blackstone	168
Total (top 5 deals)				**961**

2020

Month	Company	Sector	Investor	Deal size (US$ M)
Jan'20	RattanIndia Power	Energy	Värde, Goldman Sachs	567
Dec'20	Vedanta	Metals and mining	Oaktree	400
Jun'20	Piramal	Diversified	Farallon	343
Sep'20	Motherson	Manufacturing	Kotak, L&T	290
May'20	[illegible]	Manufacturing	Nithia, CarVal	207
Total (top 5 deals)				**1,807**

2021

Month	Company	Sector	Investor	Deal size (US$ M)
Jul'21	OYO	Travel and hospitality	Värde, Fidelity India	660
Mar'21	Kesoram	Manufacturing	Edelweiss Alternatives, Goldman Sachs, Cerberus	290
Mar'21	OYO	Travel and hospitality	SoftBank Group	200
Nov'21	Indus Homes	Real estate	Brookfield	135
Feb'21	HeroFinCorp	BFSI	Apollo	125
Total (top 5 deals)				**1,410**

2022

Month	Company	Sector	Investor	Deal size (US$ M)
May'22	Adani Airports	Infrastructure	Apollo	750
Feb'22	Greenko	Energy	JPMorgan Chase & Co.	697
Jul'22	Continuum	Energy	CPP Investments	350
Mar'22	Eruditus	Education	CPP Investments	350
Aug'22	Adani	Real estate	JPMorgan Chase & Co., Credit Suisse	309
Total (top 5 deals)				**2,456**

2023H1

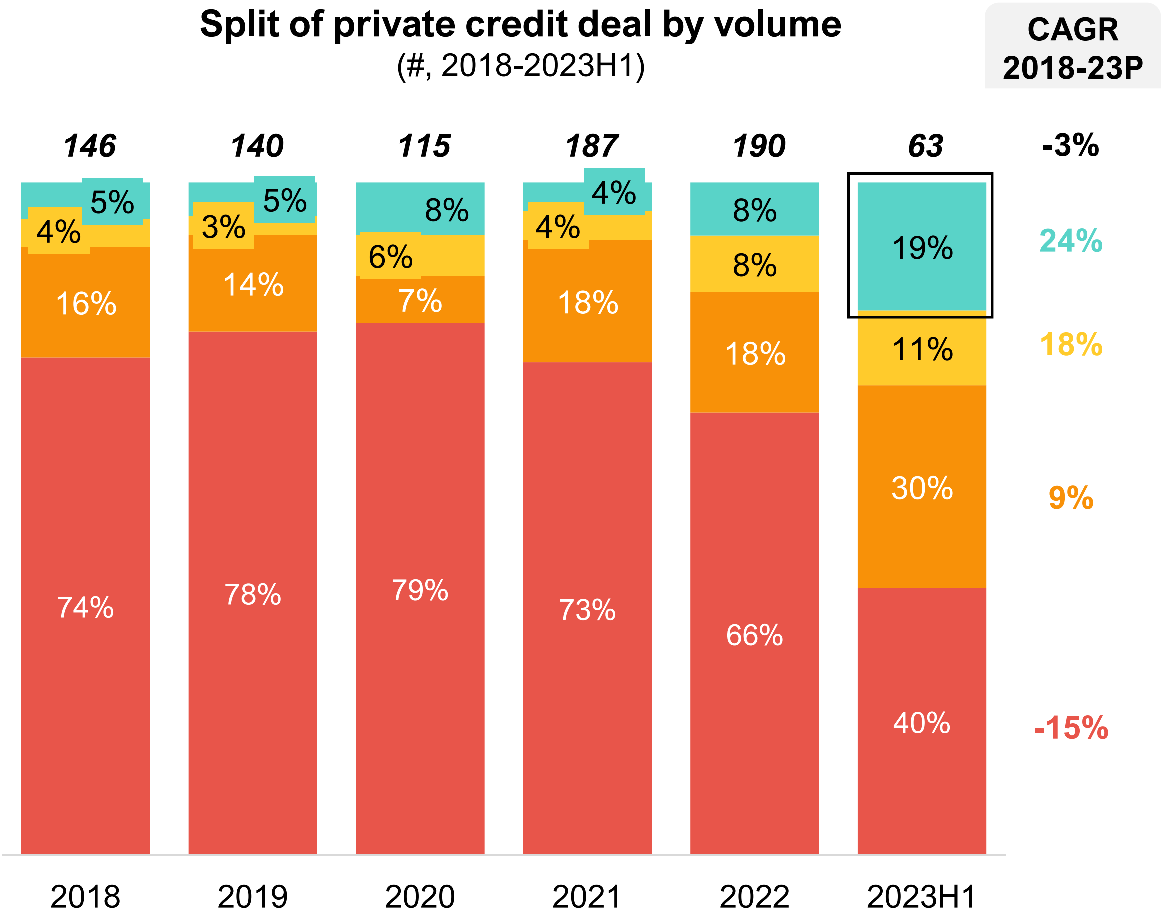
Month	Company	Sector	Investor	Deal size (US$ M)
Mar'23	Shapoorji Pallonji	Infrastructure	JPMorgan Chase & Co., Oaktree	1,727
May'23	Vedanta	Metals and mining	Deutsche Bank, Standard Chartered	850
May'23	Byju's	Education	DKCM	250
Feb'23	M3M	Real estate	PAG	182
Jun'23	MPower Financing	Manufacturing	Goldman Sachs	150
Total (top 5 deals)				**3,159**

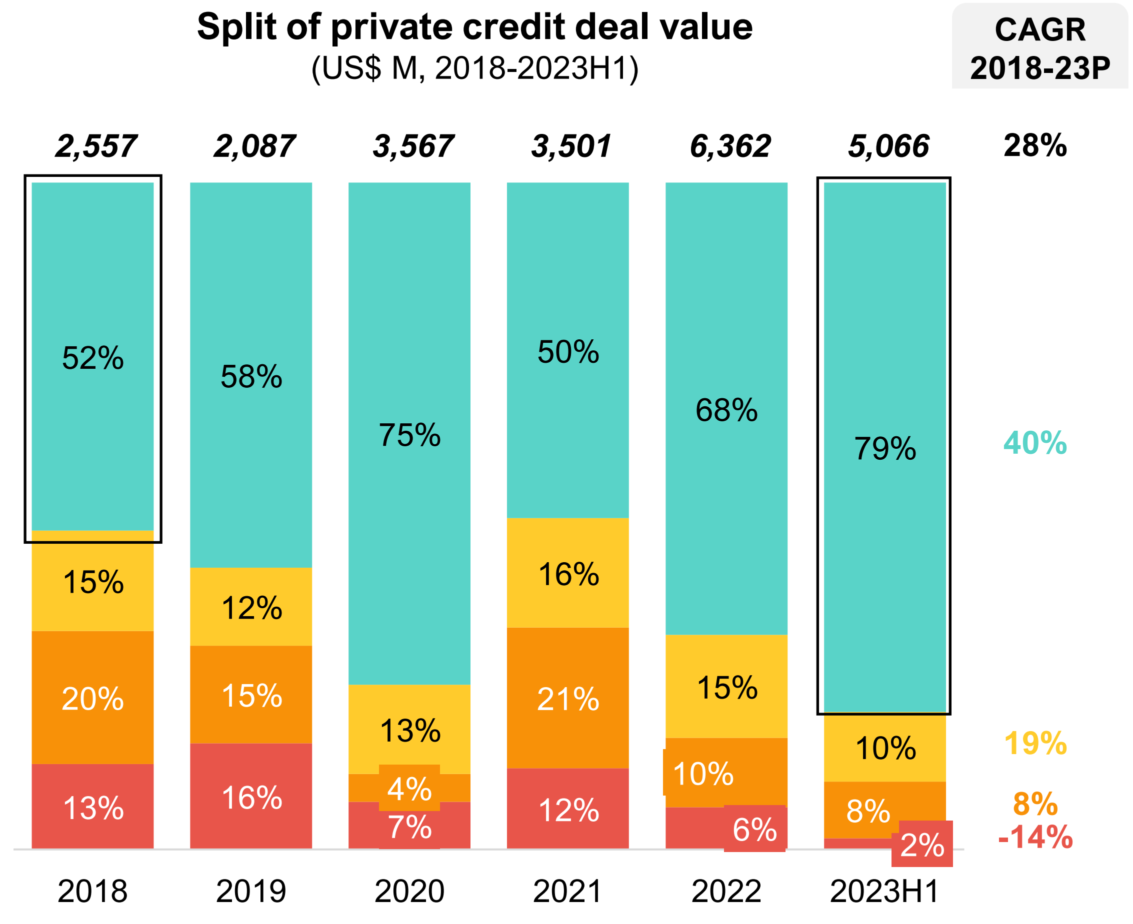
Source(s): 1Lattice Pulse deal database, Praxis analysis

Value of deals > US$ 100M has grown at 40% CAGR by value and at 24% CAGR by volume during the last five years

Large deals (> US$ 100M) constitute to 19% of total Private Credit deals in 2023H1 compared to 5% in 2018

Large deals (> US$ 100M) constitute 79% of total value of Private Credit deals in 2023H1 compared to 52% in 2018





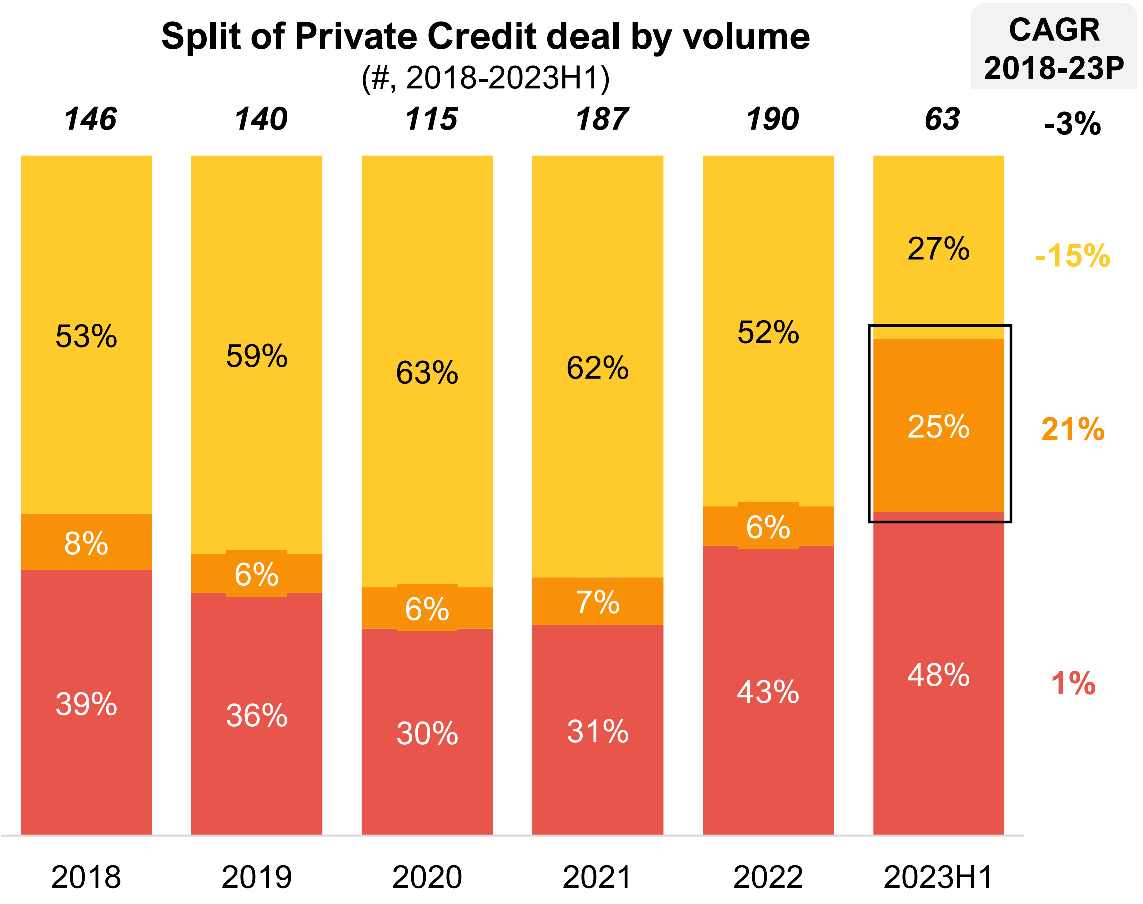
Less Than US$ 10M | US$ 10-50M | US$ 50-100M | Greater Than US$ 100M

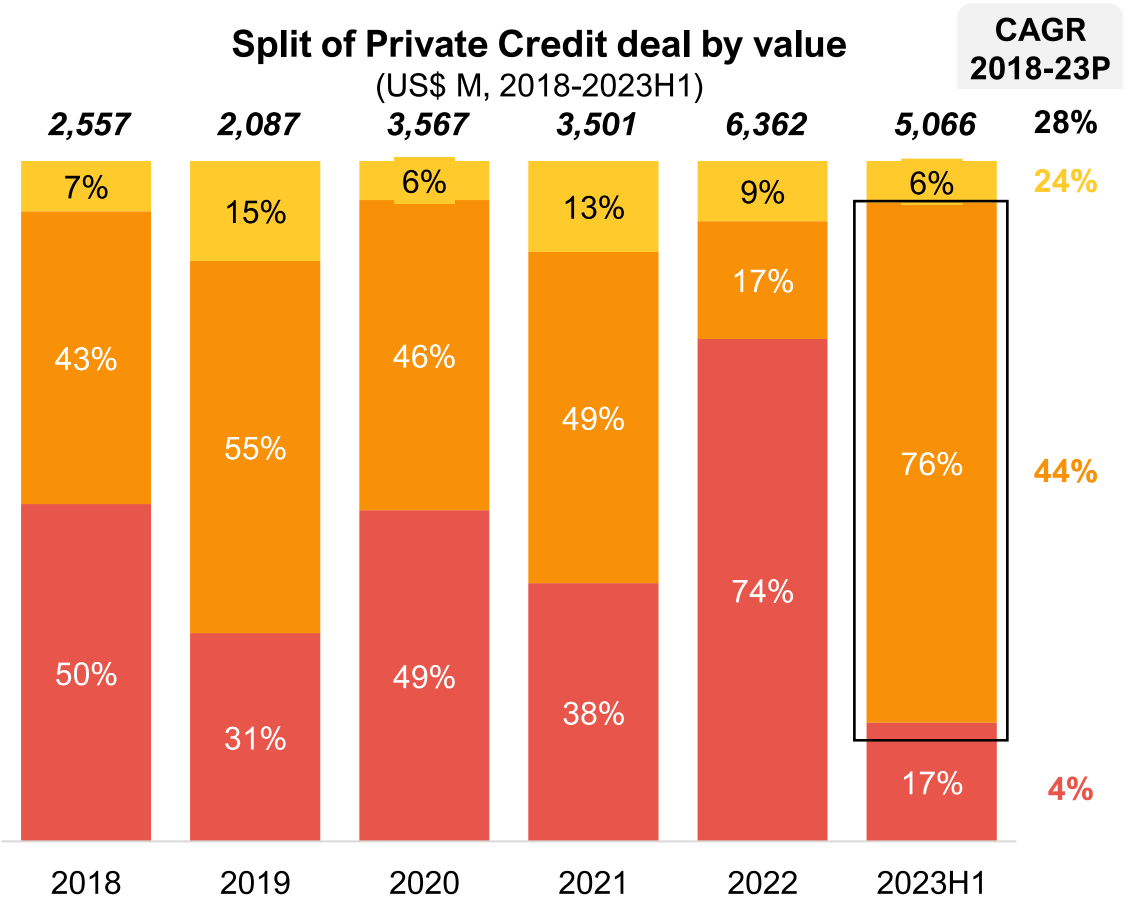
Source(s): 1Lattice deals database, Industry reports, Praxis analysis

In 2023H1, high yield deals held 76% share of deal value in Private Credit investments

Number of high yield deals have increased to 25% of total deals in 2023H1 compared to 8% in 2018

High yield deals have jumped to 76% of total Private Credit deals in 2023H1 owing to 2 large deals





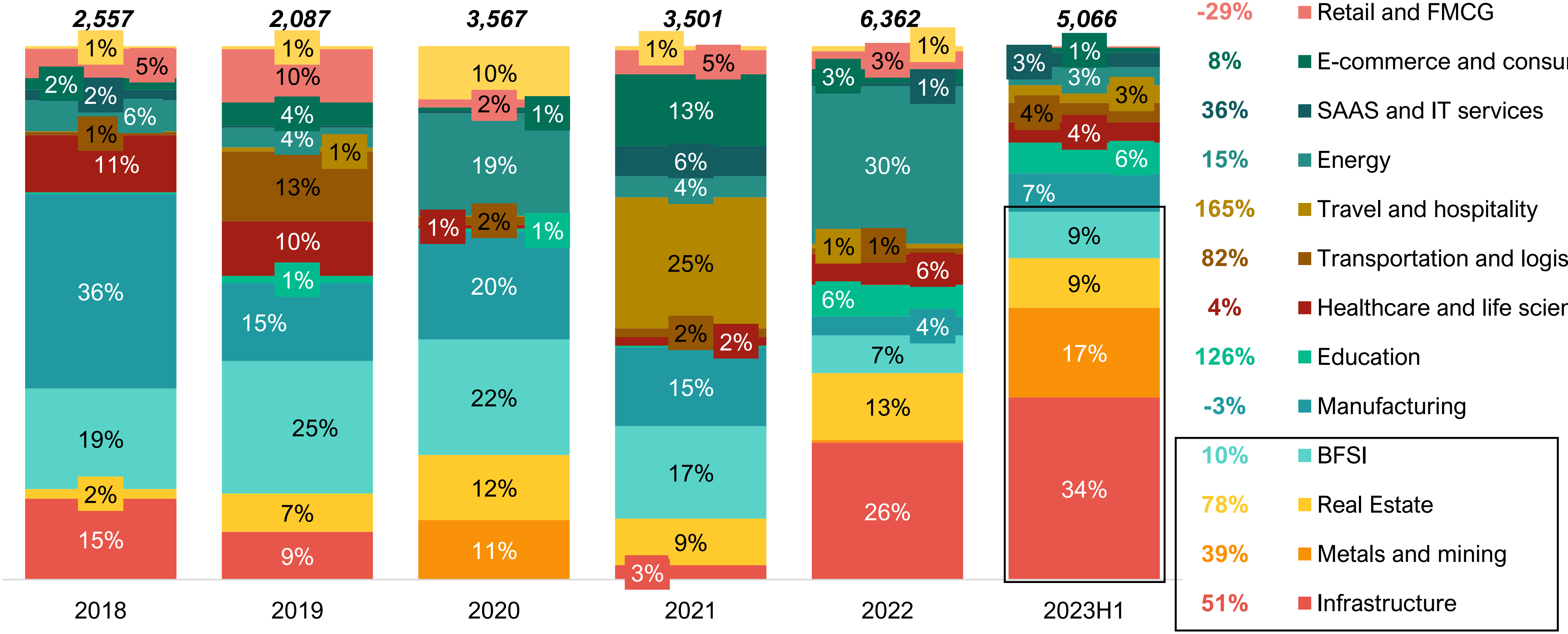
Performing High yield Venture debt

Note(s): High yield includes special situations and distressed debt; performing includes senior debt, mezzanine debt, real estate debt, and infrastructure debt
Source(s): 1Lattice deals database, Industry reports, Praxis analysis

Infrastructure, metals and mining, real estate, and BFSI Private Credit deals have contributed ~69% of total Private Credit deal value in India in 2023H1

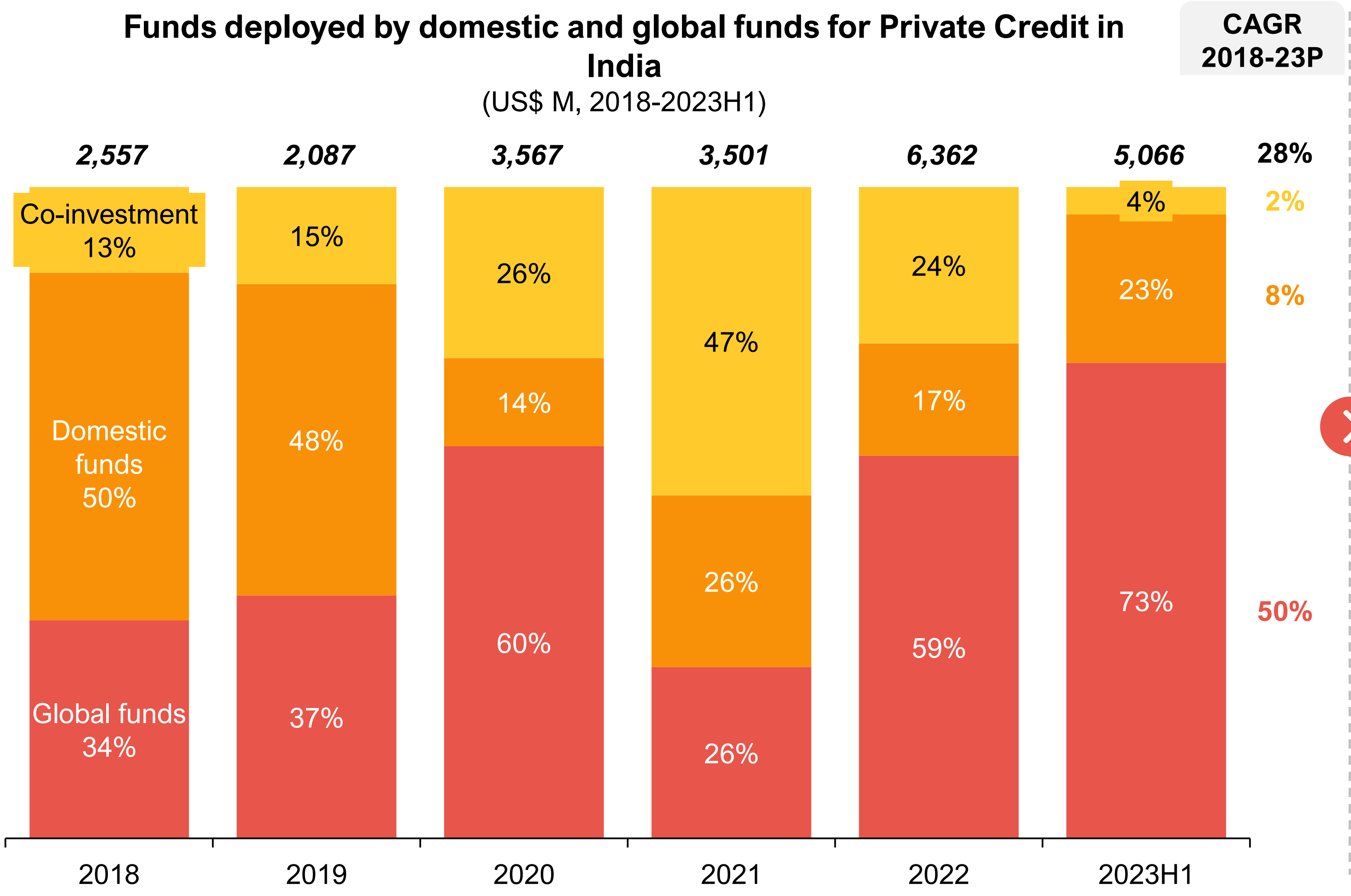
Infrastructure deals have grown at 51% CAGR in the last 5 years and is the largest sector by private credit deal value in 2023H1

Private Credit deals value distribution by sectors
(US$ M, 2018-2023H1)



Source(s): 1Lattice deals database, Praxis analysis

~US$ 3.7B invested by global funds and ~US$ 1.1B invested by domestic funds for Private Credit in 2023H1 in India



Insights

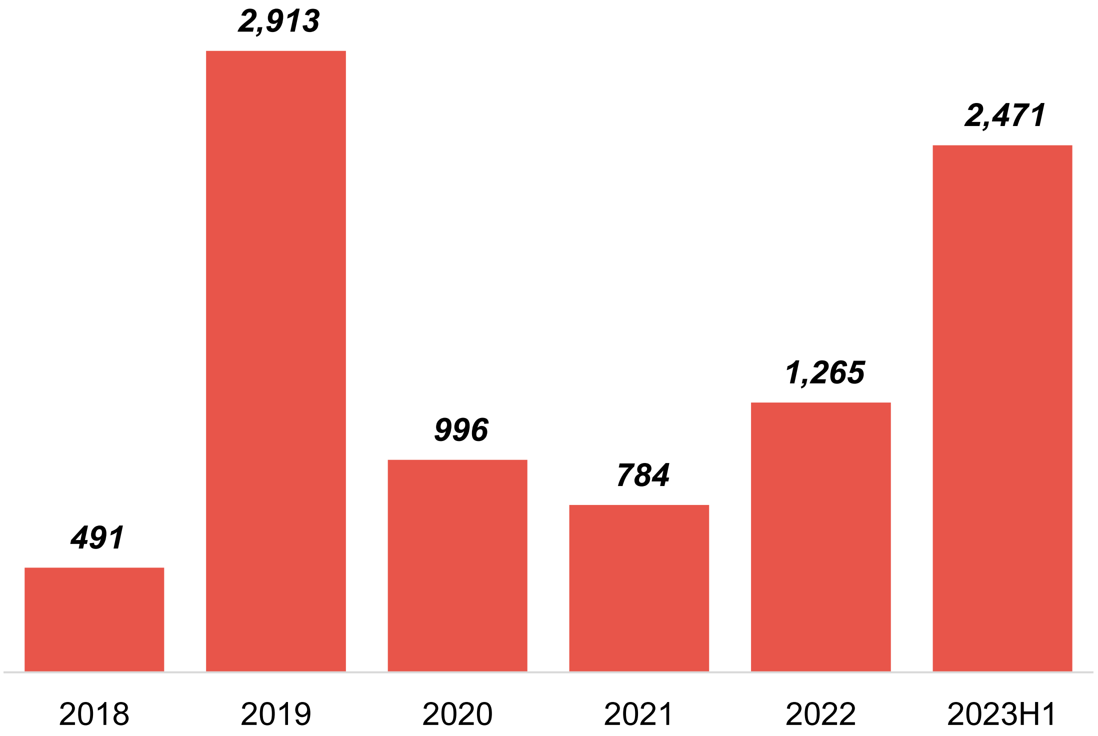
1. **Increase in share of investment by global funds post-COVID:** % share of funds deployed by foreign investors have returned to pre-COVID levels
2. Investments by global funds grew at **50% CAGR** between **2018 and 2023H1**
3. Investments by domestic funds grew at **8% CAGR** between **2018 and 2023H1**

Source(s): 1Lattice deals database, Praxis analysis

Fundraising in India has recovered post COVID, and is on track to rise above pre-COVID levels

~US$ 2.5B has been raised in 2023H1 for Private Credit in India

Private Credit capital raised in India
(US$ M, 2018-2023H1)



6 Private Credit funds have been raised in 2023H1 in India

	Fund	Closing month	Fund Type	Fund value (US$ M)
kotak Alternate Asset Managers	Kotak Strategic Situations Fund II	Mar’23	High Yield	1,250
Edelweiss ALTERNATIVES	India Special Assets Fund III	Jun’23	High Yield	830
360 ONE asset	360 One Asset Credit Fund IV	Jun’23	Performing	260
STRIDE VENTURES	Stride Venture India Debt Fund III	May’23	Performing	100
SUNDARAM ALTERNATES	Sundaram Emerging Corporate Credit Opportunities Fund	Jan’23	Performing	24
ARKA INVESTMENT ADVISORY	Arka Credit Fund I	Feb’23	Performing	7
Total (6 funds closed)				**2,471**

Note(s): Fundraising data for Private Credit Funds registered in India
Source(s): 1Lattice deals database, Praxis analysis

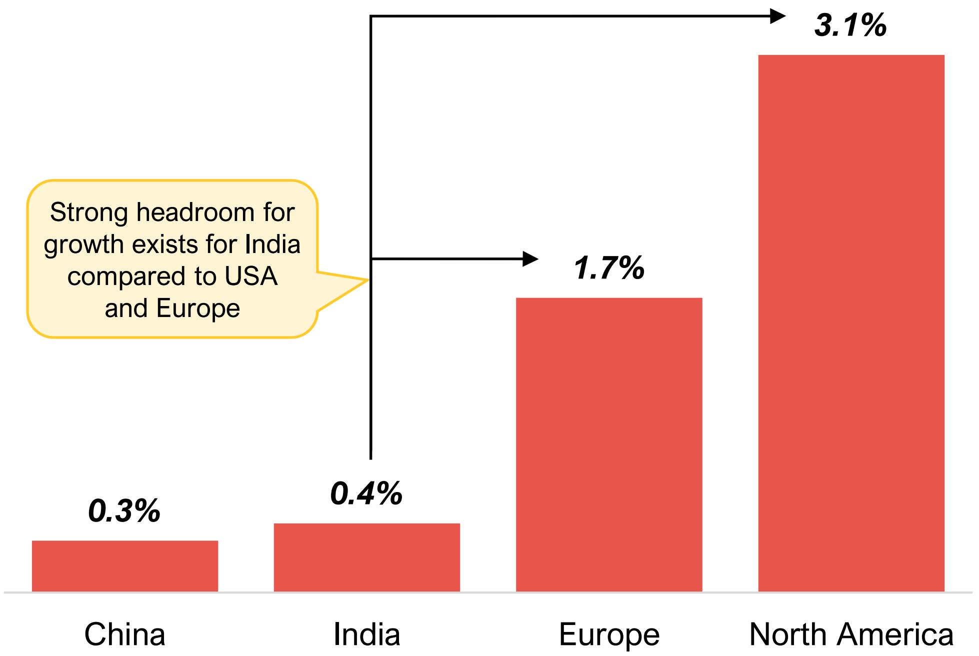
Major Private Credit funds investing in India over the years

	2018	2019	2020	2021	2022	2023
# of Indian funds	32	25	24	36	45	24
Top active Indian funds by deal value	alteria capital, Edelweiss Alternatives, ANICUT, ASK Investment Managers, blacksoil	NIIF, CapitaLand India Trust, IndiaRF, TRIFECTA CAPITAL, blacksoil	BPEA Credit, SBI DFHI Limited, ASIA PRAGATI, TRIFECTA CAPITAL, kotak Alternate Asset Managers	Fidelity INDIA, INNOVEN CAPITAL, Edelweiss Alternatives, kotak Alternate Asset Managers, alteria capital, TRIFECTA CAPITAL, Avendus	Edelweiss Alternatives, NIIF, kotak Alternate Asset Managers, blacksoil	alteria capital, kotak Alternate Asset Managers, Edelweiss Alternatives, blacksoil, vivriti capital
# of Global funds	20	21	24	33	28	22
Top active Global funds by deal value	ARES SSG, British International Investment, KKR, responsAbility, CREDIT SUISSE	Goldman Sachs, British International Investment, OAKTREE, Blackstone, KKR	VÄRDE, FARALLON, APOLLO, ARES SSG, OAKTREE	VÄRDE, CITADEL, APOLLO, SoftBank Group, Brookfield	APOLLO, JPMorgan Chase & Co., CPP Investments, Goldman Sachs, BainCapital	APOLLO, BlueOrchard, cerberus, CANYON PARTNERS, LLC

Source(s): 1Lattice deal database, Praxis analysis

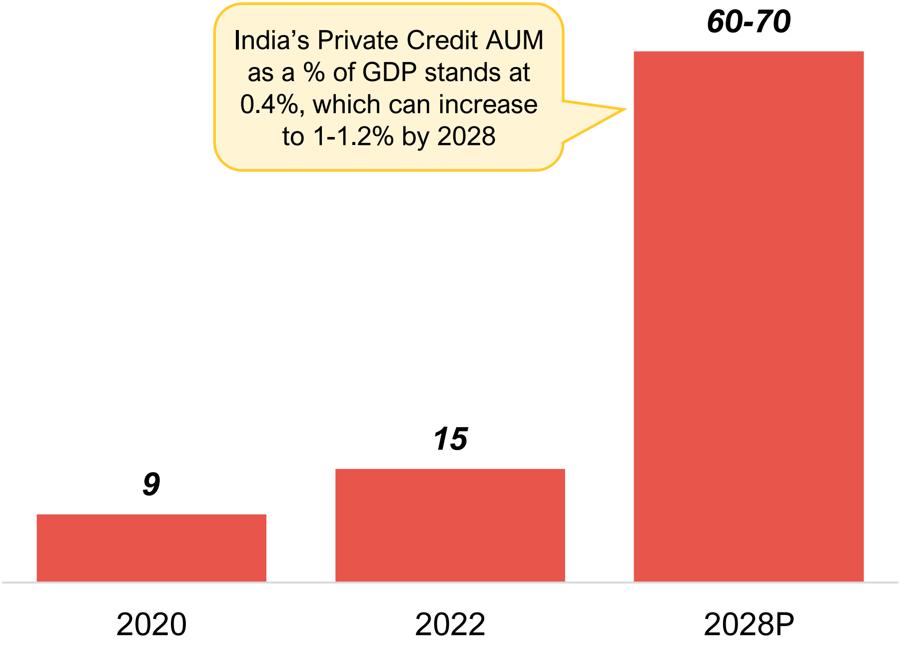
Praxis estimates Private Credit AUM in India to reach US$ 60-70B by 2028

Private Credit AUM as % of GDP
(%, 2022)



	China	India	Europe	North America
Private Credit AUM (US$ B)	51	15	400	912
GDP (US$ T)	17.9	3.5	23.8	29.2

Private Credit AUM
(US$ B, 2020-28P)

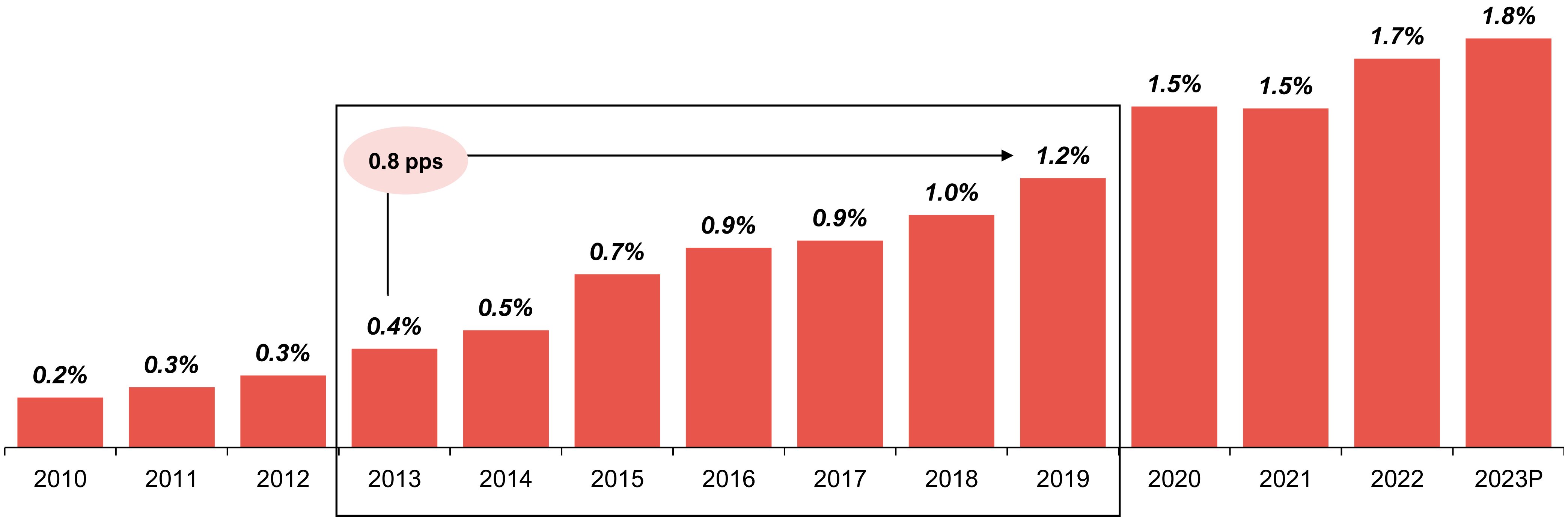


	2020	2022	2028P
Private Credit AUM as % of GDP	0.3%	0.4%	1-1.2%
GDP (US$ T)	2.7	3.5	5.9

Note(s): GDP refers to nominal GDP
Source(s): IMF, Preqin, Monetary Authority of Singapore, Press reviews, Praxis analysis

Private Credit AUM as % of GDP in Europe grew from 0.4% in 2013 to 1.2% in 2019

Europe Private Credit AUM as % of GDP
(%, 2010–23P)

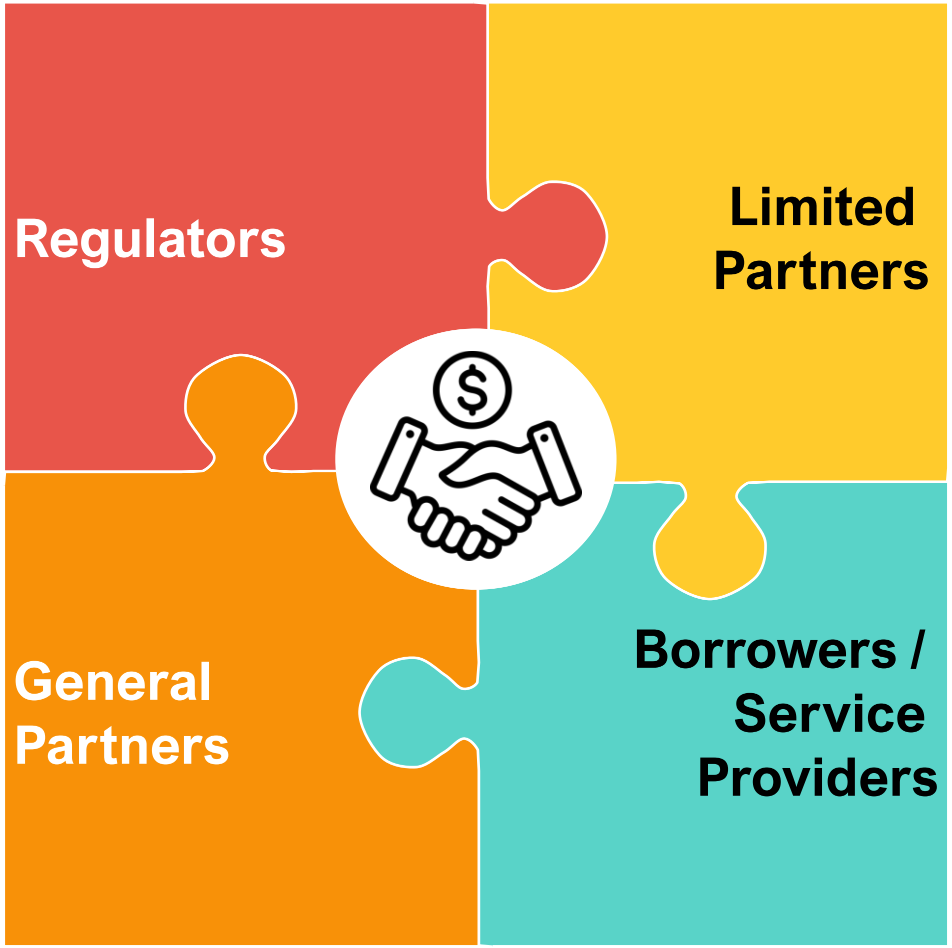


	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023P
Private Credit AUM (US$ B)	43	57	66	94	113	143	165	182	221	253	309	350	400	449
GDP (US$ T)	20.0	22.0	21.1	22.0	22.3	19.2	19.2	20.4	22.0	21.7	21.0	24.0	23.8	25.4

Note(s): GDP refers to nominal GDP
Source(s): Preqin, IMF, Praxis analysis

Unlocking full potential for Private Credit has ten imperatives for industry participants

1. **Expedite approval time** for registration of Private Credit funds from 2-4 months currently to <2 months
2. **Provide interim liquidity** by creating secondary market for listing and trading of Private Credit instruments
3. **Educate LPs** that Private Credit in India is well covenanted, unlike US and Europe, where Private Credit deals are covenant-lite
4. **Provide strategic inputs and mentoring** to portfolio companies (like Private Equity investors do) to crease longevity and upside
5. **Nuance Commercial DD approaches** to avoid landmines in trade practices, inventory, receivables, integrity, etc.



6. Understand the unique India opportunity and **co-invest** to enhance returns
7. **Increase allocation** towards Private Credit investments in India to maintain returns profile even when USD interest rates fall
8. **Knowledge providers: Build up capabilities** for deal support to assess key risks and project cash flow stability
9. **Credit bureaus: Enhance credit information infrastructure** to ensure reliable access to more recent borrower information
10. **Borrowers:** Proactively build investment thesis, highlight current market dynamics and create win-win structures

Source(s): Industry participant conversations, Literature review, Praxis analysis

Contents

Praxis Global Alliance

Build together. Win together.

PRAXIS GLOBAL ALLIANCE

100+ engagements every year

40% lower costs

150+ team members

600+ years domain expertise

30 practices

30% faster to outcomes

40 countries served

We are the consulting firm of the FUTURE

- Full stack 'Management Consulting firm': Consulting + Research + Digital / Data science
- 6 offices, deep experience across geographies – India, US, Europe, MEA, and SEA region
- Unique 'Uber-like' Industry Practitioner led Partner model
- Differentiated on Objectivity, 'Roll up the sleeves, get-it-done' orientation and delivery model

How Praxis works with Private Credit sponsors

Market growth sustainability

- Market attractiveness: size and growth
- Industry structure evolution
- Risks / inhibitors / disruptions to growth

Competitive defensibility

- Market share evolution
- Competitive moats for growth
- Opportunity for product / channel / geo adjacencies

Business model evaluation

- Value add of the Target in the value chain
- Profit pools and Capital efficiency
- Scalability of the business model

Voice of the stakeholders

- Feedback from customers and channel partners / trade
- NPS and drivers / inhibitors
- Customer growth potential

Unit economics and Sustainability of cash flows

- Steady state economics
- Scope for margin expansion and cash unlock
- Quality of cash flow: stability, sustainability
- Key risks

Management team feedback

- Clarity in vision and motivation
- Founder team quality and feedback
- Scalability and productivity of the talent model

Vendor Due Diligence

About IVCA

IVCA Members AUM
US$ 260B+

- Founded in 1993 the Indian Venture and Alternate Capital Association is a not for profit, apex industry body promoting the alternate capital industry and fostering a vibrant investing environment in India

- IVCA is committed to support the ecosystem by championing of regulatory interventions, facilitating advocacy discussions with the Government of India, policymakers, and regulators, resulting in the rise of entrepreneurial activity, innovation and job creation and contributing towards the development of India as a leading fund management hub

- IVCA members are the most active domestic and global VCs, PEs, Infrastructure Real Estate Funds, Credit funds, Limited Partners, Investment Companies, Family Offices, Corporate VCs, Hedge Funds and Knowledge Partners

Acknowledgments: Praxis Global Alliance and IVCA would like to acknowledge the use of proprietary deal database of 1Lattice

1Lattice

We enable better decision making

500+ annual engagements	**30%** faster to outcomes
8 practices	**600+** years domain expertise
130+ team members	**98% +** accuracy
100+ towns & cities	**2.5M** panel members
15+ languages covered	**40:60** she/he ratio

1Lattice

- 1Lattice Deals Pulse database having 13,500+ deals worth US$ 300B+ since 2000
- 1Lattice Labs Exits database having ~3,630 deals worth ~US$ 168B since 2005

Connect with us

We will be happy to share perspectives

PRAXIS GLOBAL ALLIANCE — Build together. Win together.

IVCA — IVC ASSOCIATION — PROMOTING ALTERNATE CAPITAL ECOSYSTEM

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