

'India provides investment opportunity for someone who can take a 5- to 7-year view'

TERAJA SIMHAN

Chennai, August 1

The India story is much more than the demographic dividend and the rising middle-class. The digital transformation that is under way is providing opportunities for many unique Indian businesses to be created to solve Indian problems, said Siddharth Mehta, Founder and CIO at Bay Capital Partners, an India-focussed investment manager. Since 2006, Bay Capital has made around 100 investments with a cumulative investment of more than \$1 billion, including in companies such as Bajaj Finserv, HDFC, Policybazaar, Delhivery, Samco, and Naukri.com parent Info Edge. In an interview with *BusinessLine*, Mehta discussed various issues, including the IPO craze among technology companies. Excerpts:

How do you raise money?

We raise money mostly from European and North American institutional investors that include endowments, foundations, family offices, and corporate pension funds, of which 90 per cent of the investments are in India.

How should international investors be looking at the Indian opportunity?

The success of payment and financial platforms such as UPI and Rupay has shown the world that India can conceptualise, execute and create impact at scale, and India is perhaps the only country where policymakers/government is actually the biggest disruptor. The PLI is a great enabler to ensure

The PLI is a great enabler to ensure that, over time, India emerges as an important manufacturing destination and benefits from the "friend-shoring" of supply chains

SIDDHARTH MEHTA

Founder and CIO
Bay Capital Partners



that, over time, India emerges as an important manufacturing destination and benefits from the "friend-shoring" of supply chains. Even though the very near term might be challenging and volatile, India provides a wonderful investment opportunity for someone who can take a five- to seven-year view.

Many Indian technology

companies are foraying into IPOs in the near or medium term. What's your view on the performance of IPOs in this space?

The environment for technology or technology-led businesses has turned challenging since the turn of the year.

A lot of businesses that have deferred their plans will wait for a more benign market environment before they can come to the market. Businesses that will receive greater investor focus will be the ones that continue to execute, to scale, and to fortify their dominant positions in the segments that they operate in; those

that don't require to guzzle capital and raise new rounds to grow; and those that work towards a clear path to profitability.

What are the major sectors to watch out for in the next two years?

Opportunities available from four broad themes include digitalisation, financialisation, specialised outsourcing, and, at the core of it all, consumption.

These are multi-decadal opportunities, and it is our conviction that very high-quality companies addressing these themes will be able to deliver long-term compounding returns.

Is there a situation wherein excess money is chasing companies to fund or a

dearth of quality companies to fund?

In any market environment, there will always be interesting opportunities to invest – both in the public markets and elsewhere.

For us, as investors, crisis periods have always provided good opportunities to buy into high-quality businesses, and this particular crisis has been no different. Crisis periods cause dislocations and provide interesting opportunities.

For instance, there are at least two businesses in our portfolio that have around 30 per cent of their market capitalisation in cash on their balance sheets. We do think that for disciplined investors with a long-term orientation, the present situation provides a very good opportunity to buy businesses that can deliver very good returns over a five-seven year period.

What would be your advice to founders and promoters to build a long-term business globally?

Businesses need to weave agility and adaptability into their DNA. And perhaps most importantly, we would advise founders and entrepreneurs to think clearly about what truly differentiates their business and, for early to mid-stage companies, why customers would pay to use their product or service.



THE RAMCO CEMENTS LIMITED

Regd. Office: "Ramamandiram", Rajapalayam - 62
Corporate Office: 98-A, Dr. Radhakrishnan Salai, Chennai
CIN: L26941TN1957PLC003566; E-mail: ksn@ramcoce

EXTRACT OF CONSOLIDATED UN-AUDITED FINANCIAL RESULTS FOR THE

Quarter En