



## Alvarez & Marsal and BDA Partners Host India PE Buyout Forum in Mumbai

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Alvarez & Marsal and BDA Partners jointly hosted a Private Equity buyout forum, at the Taj Lands End, Mumbai on 30th January, 2024. The event saw participation from India's leading PE executives and the Founders community. We hosted two panel discussions followed by networking over cocktails.

Panel #1: "Shift towards buyout transactions in India – reasons and learnings" moderated by Sanjay Singh, Partner and Head of India, BDA Partners with panel comprising Mr Avnish Mehra, Vice Chairman and Head of PE, Everstone Capital, Mr. Mukesh Mehta, Senior MD, Blackstone Group and Mr. Hari Gopalakrishnan, Partner and Co-Head India PE, EQT.

Panel #2: "How to make buyouts deliver more value – a global perspective" moderated by Amith Karan, Managing Director and Co-leader, Business Transformation Services, A&M India with panel comprising Mr. Amit Dalmia, Asia Head Portfolio Operations and Senior MD, Blackstone Group, Mr. Vijai Raghavan, Head of Operations, India, EQT and Mr. Anish Bafna, CEO and MD, Healthium Medtech Ltd.

The buyout market in India is much more exciting today than it was five years ago. Developing trends suggest that this market will continue to grow quickly over the medium term.

### PLEASE SEE BELOW, KEY TAKEAWAYS FROM THE PANEL DISCUSSIONS:

1. There are now many more professional managers to choose from, to create the right management teams for buyouts. Professional managers who have built successful CXO careers in global and multinational companies are increasingly willing to be risk takers, earn lower fixed compensation, and link their success and performance to sweat equity
2. Identifying the right management team and the right Board is the single most important factor in delivering high returns in a buyout deal. Several PE firms have the future CEO of a buyout business fully involved at the pre-deal due diligence stage, so that the strategy for the business and value creation plan can be fully aligned
3. PE firms invest in building the right culture in their portfolios, so that decision making is quick and driven by data-based insights
4. Indian promoters are becoming less egotistical and protective about their businesses, and are more willing to consider a sale of their business. They are recognizing that their next generations may not be as capable as they have been in running the business, or that the next generations are less interested in the business
5. The PE buyout market will continue to grow as there are lots of PE-owned businesses that will in future change hands between PE owners
6. To extract full value from a buyout deal, the PE owner needs to leverage their ecosystem of portfolio companies, to sell services to each other. Typically this is possible in IT and technology services, by Indian-based portfolio companies selling services to global portfolio companies. Sometimes conflicts within portfolio companies makes it difficult to realize the

benefits of working together

7. Making bolt-on acquisitions is a strategy, largely still the radar screen, but a vital path to build value in buyouts
8. PE firms need to be relentless on adding and driving value in buyouts
9. Digital transformation is playing a significant, even crucial, role in making buyouts more efficient
10. Typically there are 20 Quarters in the buyout cycle to create value. Buyout firms use the first 4 Quarters is to develop strategy and integration, the next 12 Quarters to execute that strategy, and the last 4 Quarters to prepare for exit
11. The buyout industry still largely prefers “Indian companies for global” versus “Indian companies for India”. PE firms exploit the advantage of earning US\$ revenues, while incurring Indian Rupee costs. Whilst PE firms don’t expect to see much change in preference in the near term, portfolio companies from VC firms could be a growing opportunity, as they are incubating many businesses which are more focused on the Indian consumer.



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