

BITS - Future of India's Growth



(Brand, Internet, Technology, Science)

Theme – Indian Economy Recovery

Fund was launched in August 2018

Indian Economy had slowed down sharply during 2016-18 due to disruptive reforms namely

Demonetization

Goods & Service Tax (GST)

Insolvency and Bankruptcy
Code (IBC)

Real Estate Regulatory
Authority (RERA)



Continuation of Structural Reforms

Disruptive Reforms

III Generation Reforms (2015-17)

- Abolition of 5yr Plan, FIPB, Planning Commission
- Constitution of Niti Aayog
- Digitization
- GST Law
- Insolvency Bankruptcy code
- Direct Benefit Transfer
- RERA

Constructive Reforms

III Generation Reforms (2018-20)

- Corporate tax rate cut
- PLI Incentive for 13 sectors
- New Labour Code
- New farm laws
- FDI increase in Defence, Railway
- MEIS abolished – to be replaced by RoDTEP

India Real GDP growth (%)

Dip in India's GDP post reforms

China+1, PLI, Recovery in Capex cycle



Post Dip in GDP, India will realize its potential GDP growth rate

Performance Update



Since Inception returns (As on 15 th Oct 2021)	AIF - I	Benchmark	Alpha
Absolute	95.33%	60.45%	34.88%
CAGR (annualised)	23.49%	16.07%	7.42%

Inception Date: 13th August 2018

India Next Fund - II



Theme – “BITS”

(Brand, Internet, Technology & Science)

BITS – Future of India’s Growth



BITS

BRAND



INTERNET



TECHNOLOGY



SCIENCE



BITS – BUILDING THE MOAT

The BITS Edge...

Competitive Edge

Superior Engagement
with Customers driven by
Brand/Technology Edge

Network Effect

Superior Brand &
Technology creates a
Powerful Network
Effect for High Growth

Dominant Market Player

Strong entry barriers drives
Superior Performance.
This augurs well both in terms
of growth and valuations

Leading to a Virtuous Cycle



The Power of BRAND

Pull Effect

Brand takes edge over the product itself (Ex: Apple, Google, Tupperware). In such cases, it is impossible for competition to break into this product category

Customer Stickiness

Brands have a significant impact on Trust, which in turn generates positive business outcomes.

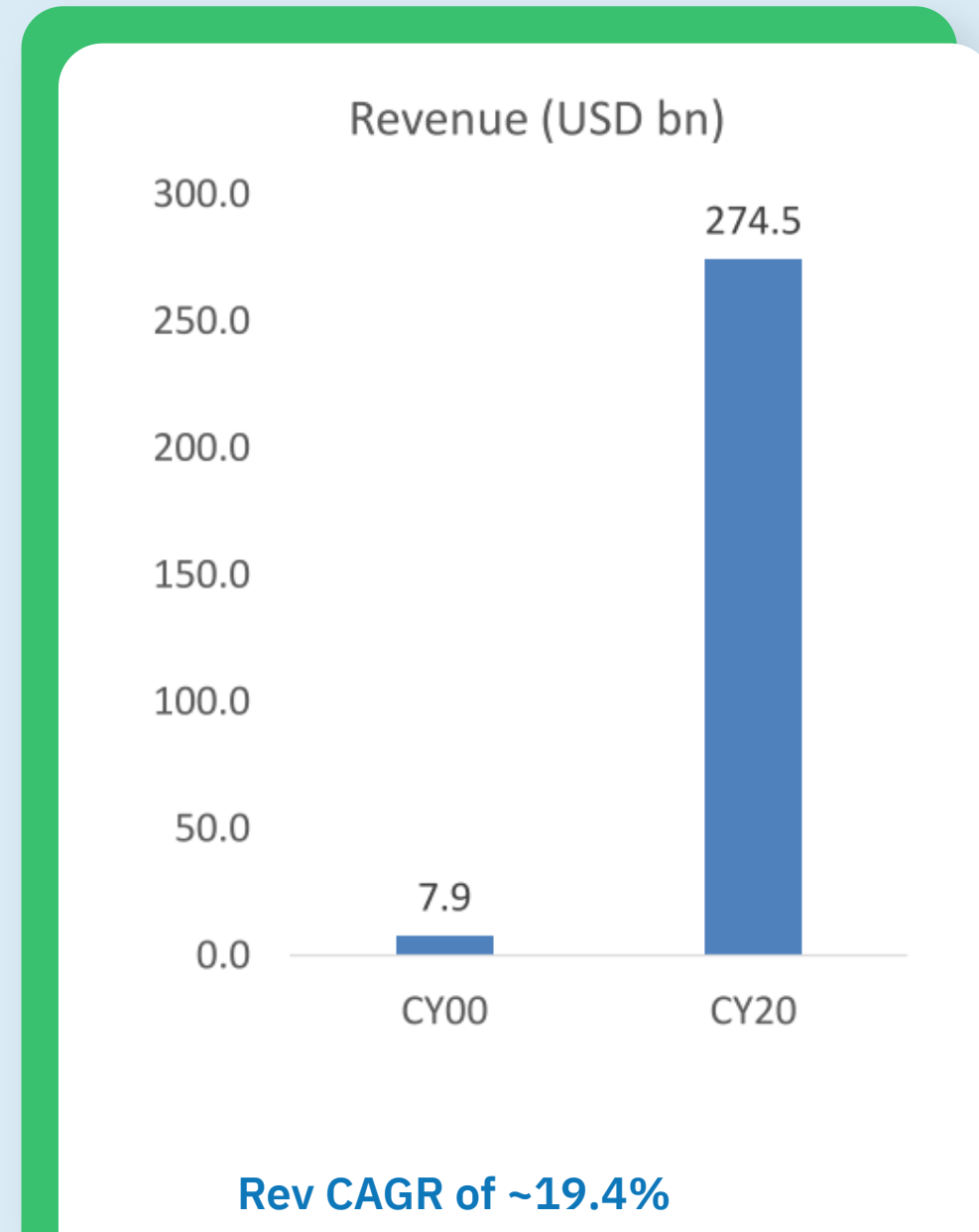
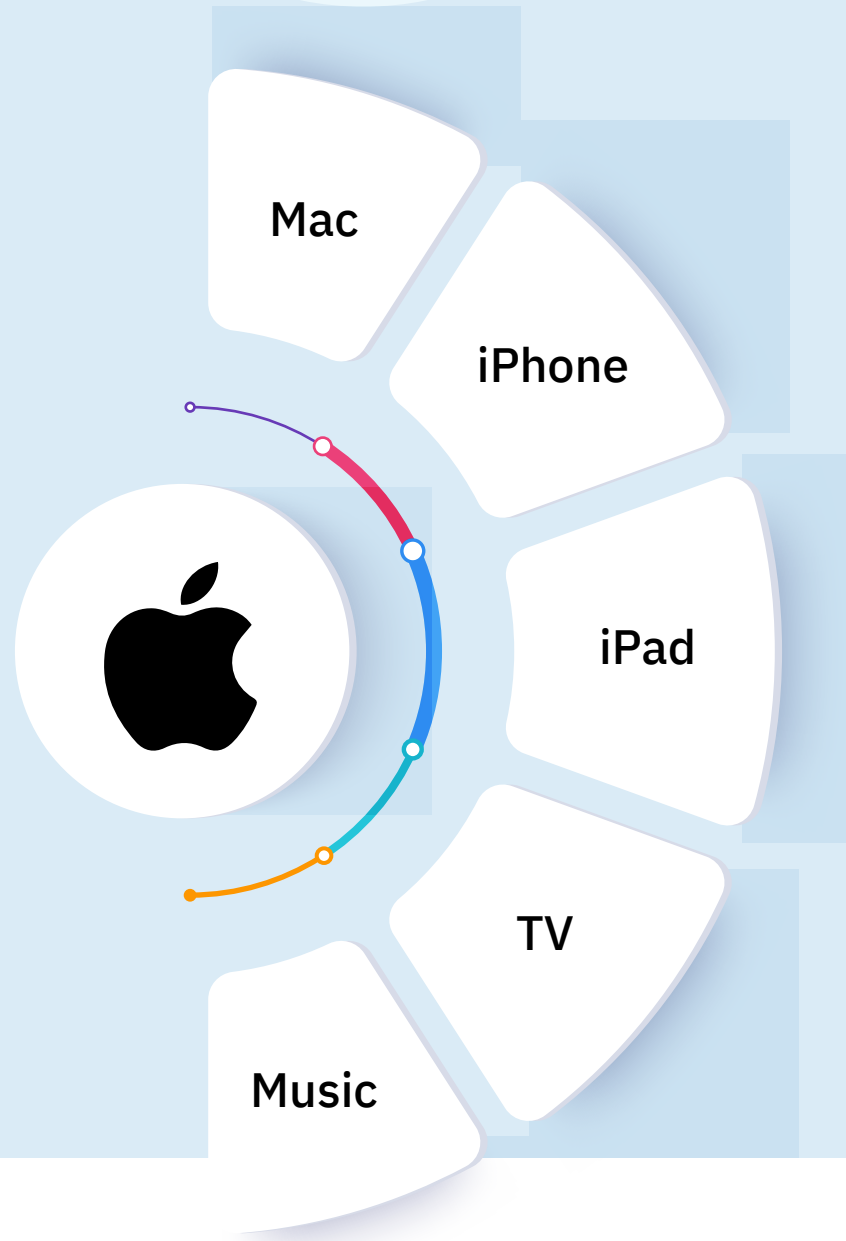
Pricing Power

Ability to take price hikes irrespective of competition/ RM Inflation and thereby drive profitability.

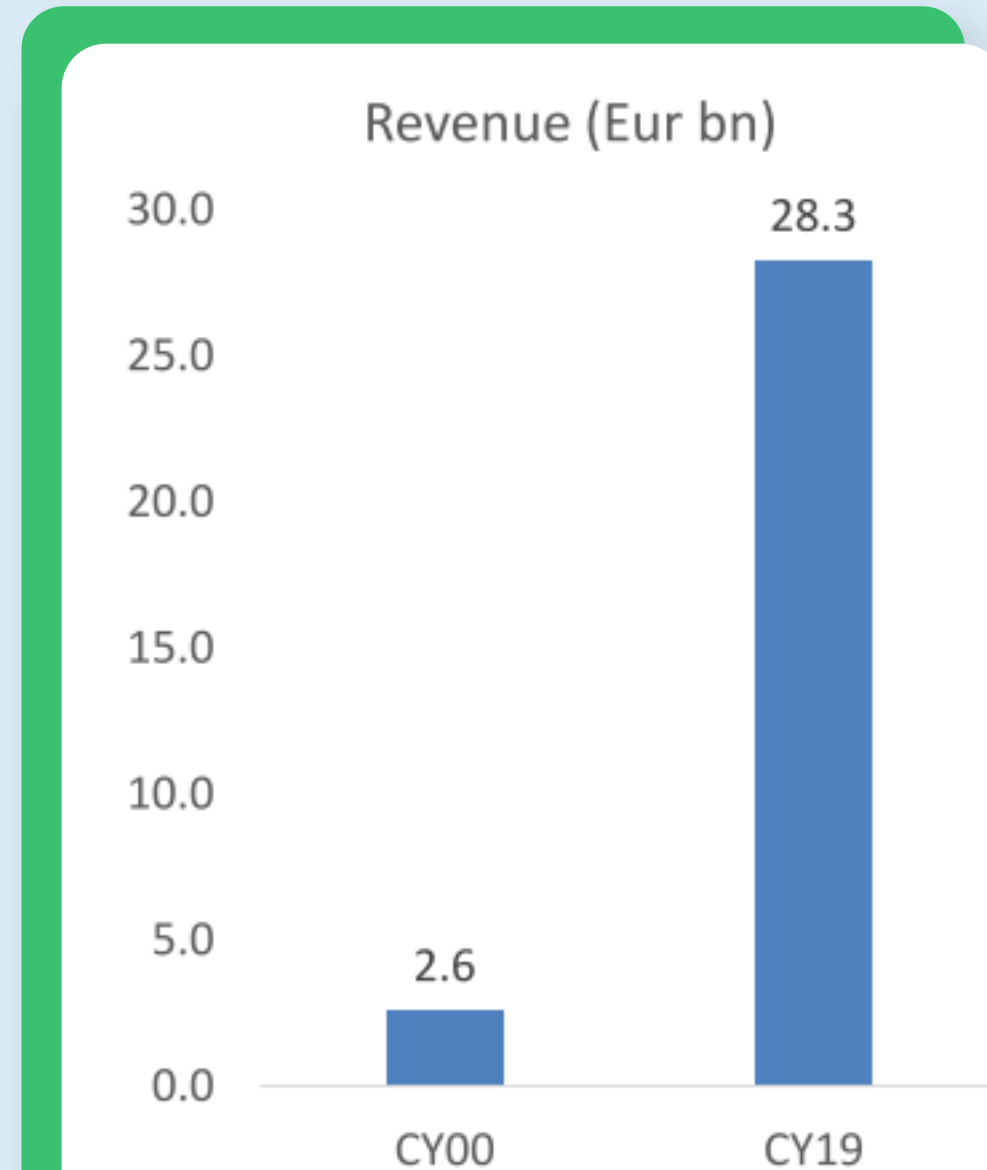
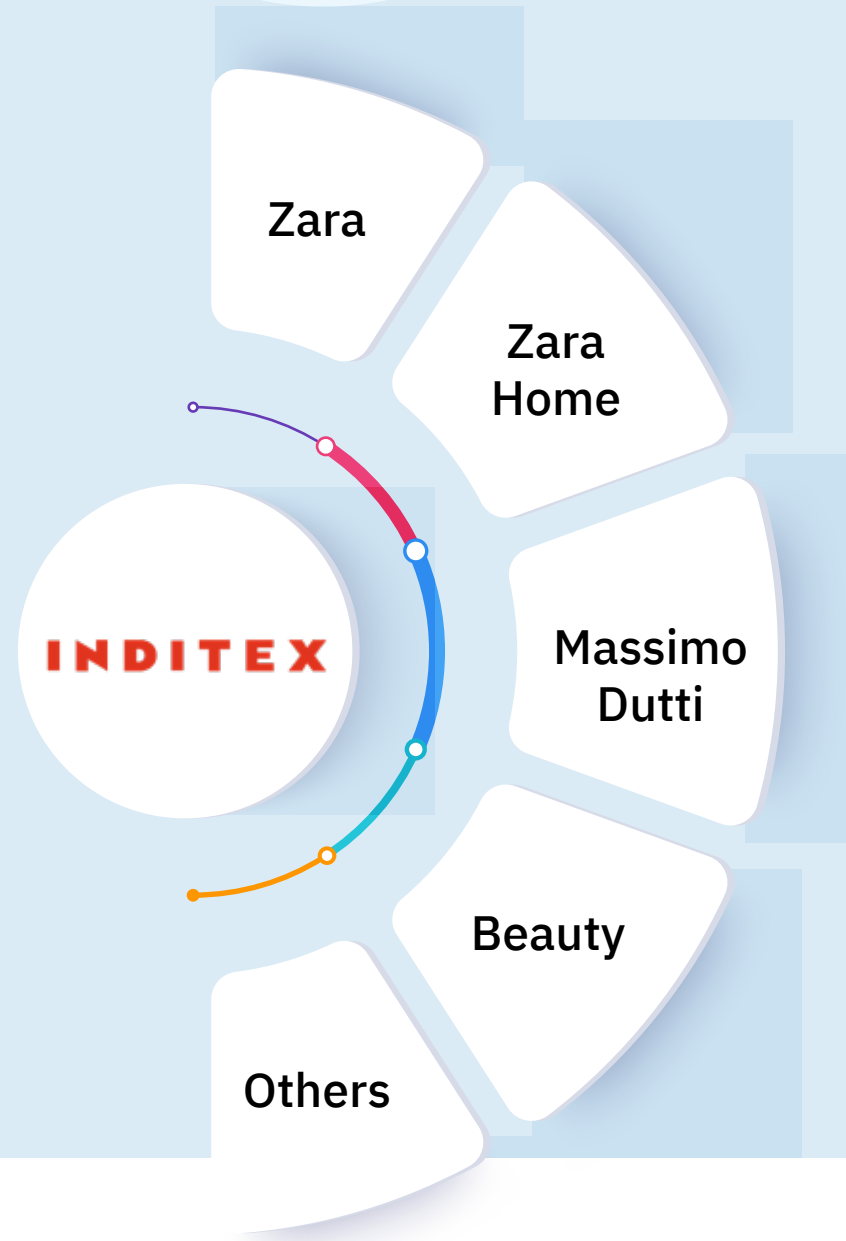
Horizontal Growth

Ability to launch multiple allied products under the same umbrella

Sustainable Growth – Case Study - APPLE



Sustainable Growth – Case Study - INDITEX



Rev CAGR of ~13.4%

Rev multiplier ~11x

Key Brands

Branded Products



Bata



WESTSIDE



Way of Life!



Service Brands



INTERNET – We are Living in a DIGITAL World

Network Effect

Network Effect drives strong growth over a long period of time spanning over decades

Digital Platforms

The Enviably Oligopoly – Platforms become Dominant and Impregnable over time

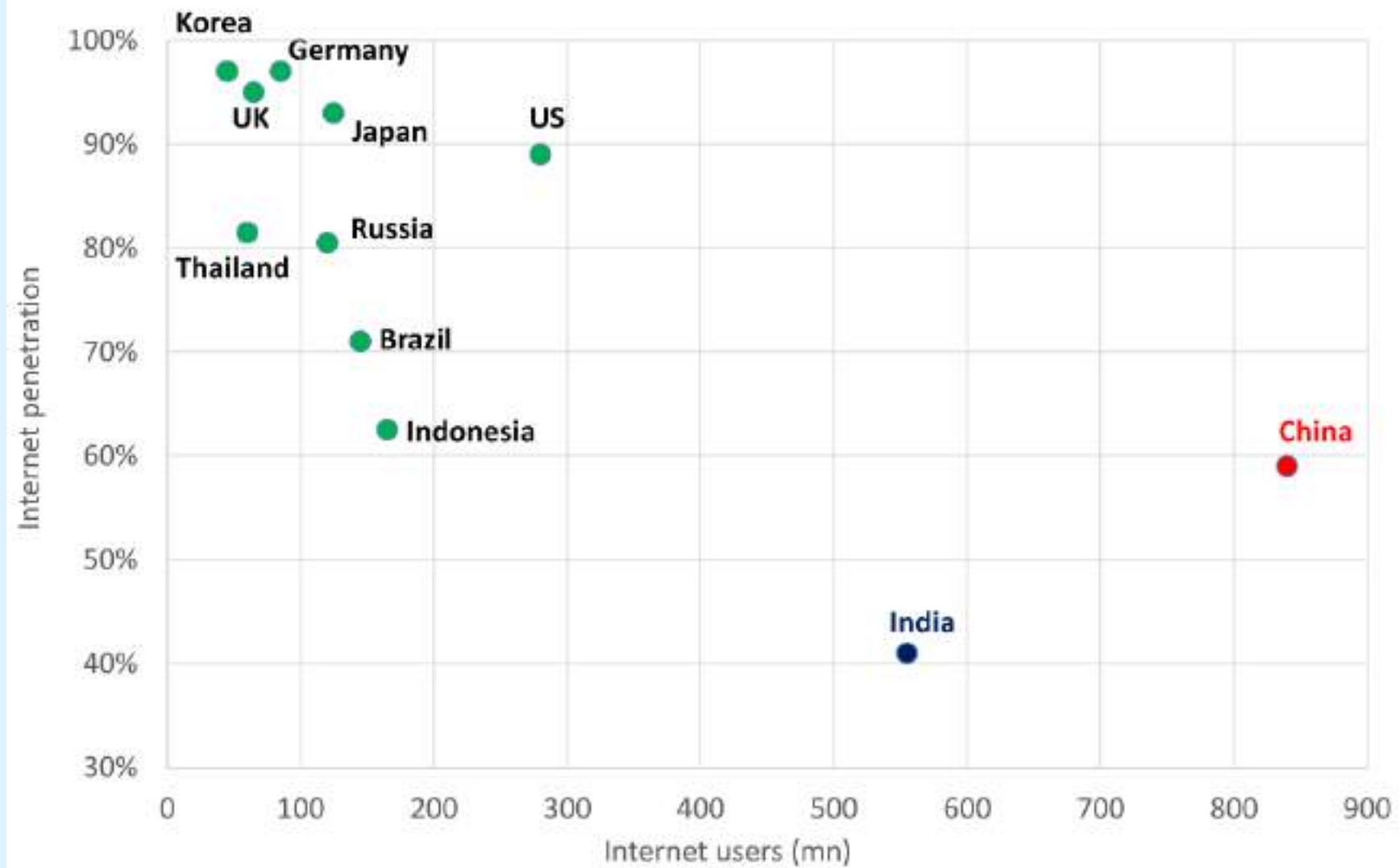
Exponential Growth

Strong J Curve growth ahead for Internet Businesses in India with explosion in Smart Phone penetration

Integral to Core Business

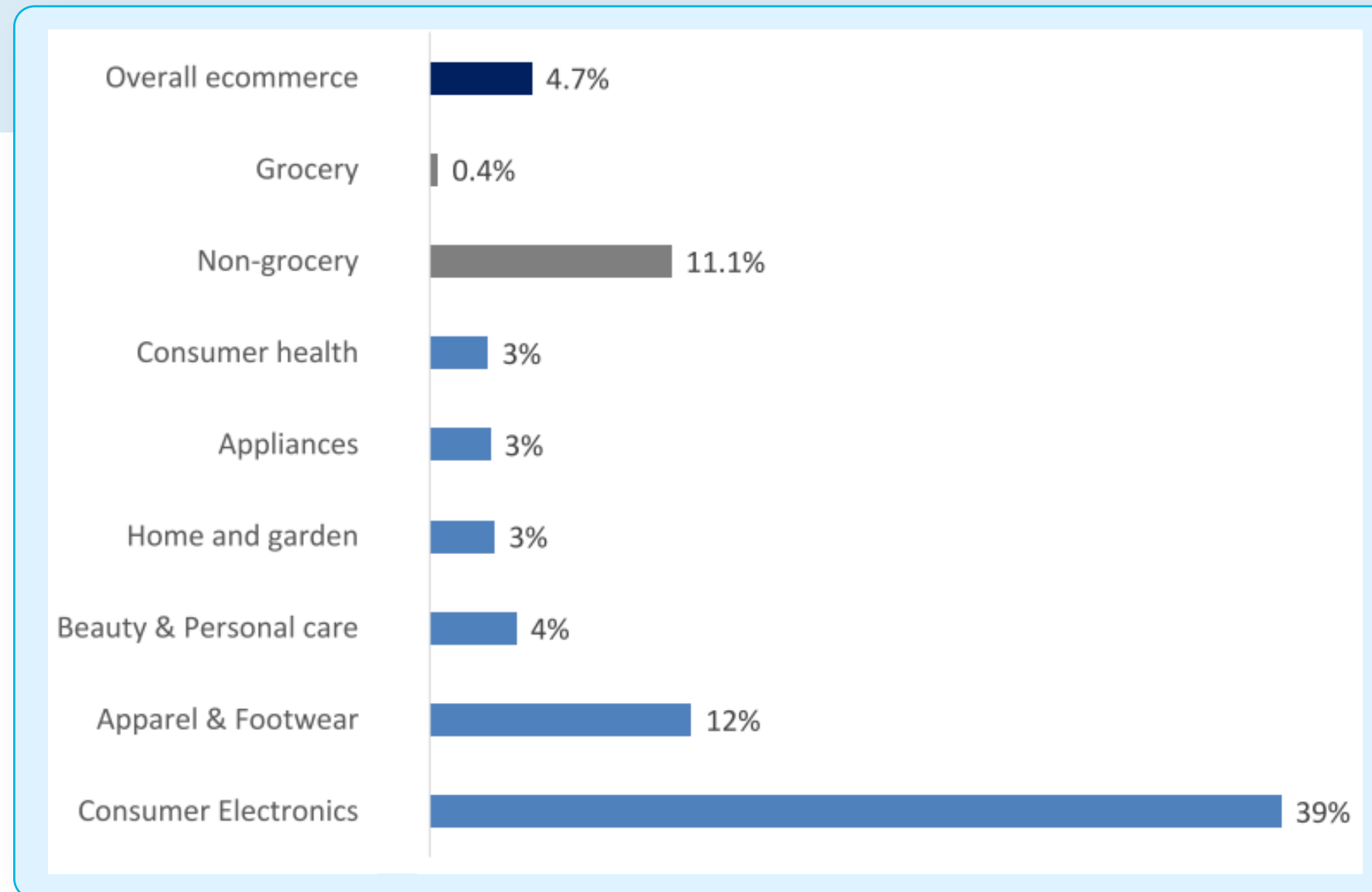
Imperative for all businesses to be “DIGITALLY ENABLED” in the current era. This is not only important for growth but for survival.

India Vs. World



Scope for Improvement in Penetration

Online Penetration across categories in India (2019)



Key Companies

Already Listed



To be Listed



Technology - Gateway for growth

New Orbits

Technology enables companies to leapfrog into New Orbits creating massive value for Stakeholders

Competitive Edge

Technological enables Business to Sustainable Edge Over Competition

Agility

Technology focused businesses are nimble and agile and keep reinventing themselves on a continuous basis

Superior Value Proposition

Technology can enable business deliver Superior value proposition to customers and contribute to business efficiencies.

Innovate and Disrupt – Across Multiple Industries



Innovate and Disrupt – Across Multiple Industries

Increased demand
for IT & ITES



Real estate
opportunities



DATA CENTER



Connected World
- Connected cars
- Connected devices



Smart World
- Smart grid
- Smart factories
- Smart buildings



Key technology companies

Manufacturing Technology



SIEMENS



Dixon

Honeywell

ABB

Technology Services

**Tech
Mahindra**

Infosys

HCL



intellect[®]
Design for Digital

TATA
TATA CONSULTANCY SERVICES

SCIENCE – The Innovation Engine

Demand Inelasticity

There is always a need for healthcare products/ services irrespective of economic cycles.

Innovative Products & R&D

Innovative Products can deliver Strong, Fortified Cash flows. Continuous R&D Investment can ensure the sustainable Innovation Pipeline

Indian Edge

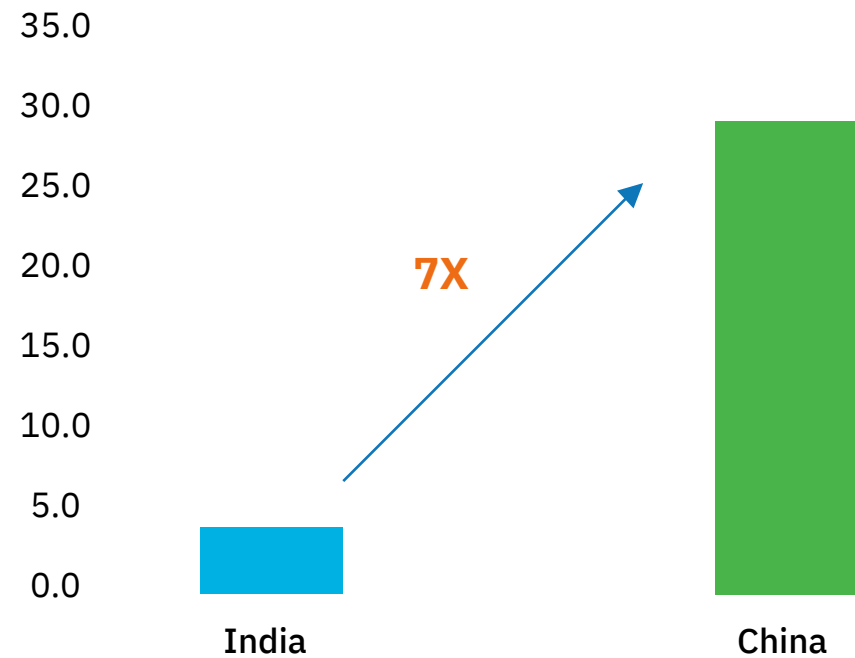
High Quality Talent Pool for doing Innovation and R&D. Indian supplies over 40% of US Generic Drugs and has the Highest ANDA Filings

Global Supply Base

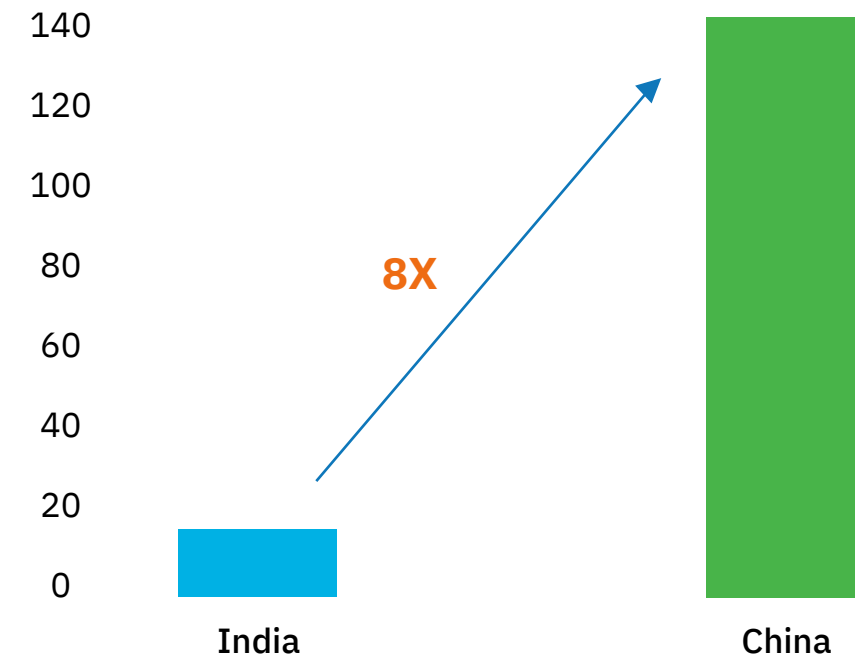
India to emerge a credible alternative to China for supplies of Specialty chemicals and Pharma APIs.

India Vs. World

Pharma API exports (USD bn)



Chemical exports (USD bn)



China+1 is real

Part shift from China can create multiplier effect in India

PLI scheme in place for Pharmaceutical and Chemical sector to incentivise capacity creation in India

Key SCIENCE Companies

Healthcare



Chemicals



What's Common Amongst BITS Companies?

The Gorilla Effect- Business become Large Fortress over time due to Strong Growth

Network Effect- Creation of a Strong Ecosystem to Deliver Strong Growth

Multi-year growth visibility- Growth sustains for over decade

Superior ROE/ ROCE - Given the strong business moat and pricing power

Strong Balance sheets - consistent FCF generation + ability to raise fresh capital

Key Terms of The Fund

Type	Close ended category III Alternative Investment Fund							
Tenor	Up to 4 years from final closing date (further 2-year, 2 extensions of 1 year each) extension subject to approval of Two-Third Majority of the Contributors							
Offer Period	15 months extendable upto 3 months additional							
Fee Terms	Share Class	A	B	C	A1	B1	C1	
	Fee Type	Fixed Fee Option			Variable Fee Option			
	Minimum Commitment	₹ 1 cr < ₹ 5 cr	₹ 5 cr < ₹ 10 cr	₹ 10 cr & above	₹ 1 cr < ₹ 5 cr	₹ 5 cr < ₹ 10 cr	₹ 10 cr & above	
	Management Fees p.a. (During the Commitment Period)	As a percentage of the aggregate Capital Commitments under respective class of units						
		2.50%	2.25%	1.75%	1.75%	1.50%	1.00%	
	Management Fees p.a. (From the end of calendar month during which Commitment Period is completed)	As a percentage of the aggregate net assets of respective class of units						
		2.50%	2.25%	1.75%	1.75%	1.50%	1.00%	
	Hurdle Rate (pre-tax)	Not Applicable			10%			
Additional Return (Performance related to Class E Unitholders post Return of Capital and Hurdle Rate)	Not Applicable			15%				

Operating Expense	At actuals upto 0.25% p.a. of the aggregate Capital Commitment under all the Classes	
Setup/Placement Fee	Upto 2% of the total Capital Commitment, paid upfront to Placement Agent on execution of the Contribution Agreement.	
Benchmark	IISL Nifty 200	
Drawdown	40% on signing the Contribution Agreement and 30% & 30% on issue of second and third drawdown notices.	
Lock-in period (to be calculated from the date on which all Units are allotted pursuant to Contribution of entire Commitment amount by the respective Contributor)	0-24 months	
Exit Load (on gross distribution proceeds)	Tenure of investment	Applicable exit load
	24-36 months	3%
	36-48 months	2%
	After 48 months	Nil

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Statutory Details:

Renaissance Investment Mangers Private Limited (“RIMPL”) is registered under SEBI (Portfolio Managers) Regulations, 1993 as a Portfolio Manager vide Registration No. INP000005455. RIMPL is also an Investment Manager to Renaissance Alternate Investment Fund – Category III which is registered with SEBI as Alternate Investment Fund under SEBI (Alternative Investment Funds) Regulations, 2012 vide Registration No: IN/AIF3/18-19/0549.

Risk Factors:

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