MD, Consumer Electronics

*"I need **help building core competencies** to improve efficiency and support scalability of my business, just like the teach a man to fish metaphor"*

Founder, IT

*"During my engineering entrance prep, our school held weekly doubt-clearing sessions. A similar service—offering **shorter, more targeted expertise**—could be a game-changer."*

TSgC's Readiness Index

TSgC estimates that **863** Medium Enterprises on BSE/NSE will cumulatively spend ~**US$ 1 BN** on professional services by FY30

CEO, Auto Components

*"I've built this organization from scratch. I don't need someone to tell me how to run it—I need help making **better decisions, faster**."*

MD, Defense & Aerospace

*"I make products where a 0.1% margin of error can cost lives, I don't need Lean six sigma guys, I need someone who has **solved** the kind of **problems** I face by **getting his hands dirty**"*

TSgC's Readiness Index classifies Indian SMEs on company status and business outlook; India has ~734K mid-sized,~3.67 Mn small businesses

Business Outlook

Company Status

	High Growth	Legacy	Low Growth
Increasing Profit	• Rapid revenue growth • EBITDA, high • PAT, strong and growing • PS Spend, **high**	• Stable revenue Growth • EBITDA, high • PAT, strong and growing • PS Spend, **high**	• Slow revenue growth • EBITDA, high but limited growth • PAT, strong but limited growth • PS Spend, Low
Decreasing Profit	• Stable revenue growth • EBITDA, low or –ve, falling • PAT, –ve and falling • PS Spend, **high**	• Stagnant revenue • EBITDA, low and falling • PAT, low and falling • PS Spend, very low	• Declining revenue • EBITDA, low and falling • PAT, -ve and falling • PS Spend, Low
Stable	• Stable revenue growth • EBITDA, healthy, fast growing • PAT, modest, fast growing • PS Spend, Moderate	• Stagnant revenue • EBITDA, moderate, slow growth • PAT, modest, slow growth • PS Spend, Moderate	**Not Applicable**
Turnaround	• Stable revenue growth • EBITDA, Improving Y-o-Y • PAT, transitioning, –ve to +ve • PS Spend, low, efficiency related	• Rapid revenue growth • EBITDA, improving > 60% • PAT, modest, improving > 60% • PS Spend, Moderate, **Gr >30% PA**	**Not Applicable**
Sick	• Stable revenue growth • EBITDA, -ve, limited growth • PAT, -ve, no growth • PS spend, high, mostly legal	• Stagnant revenue • EBITDA, –ve, limited growth • PAT, consistently –ve • PS Spend, high, legal & efficiency	• Declining revenue • EBITDA, consistently –ve • PAT, consistently –ve • PS Spend, high, mostly legal

High Moderate Low *TSgC Readiness Index*

**PS Spend – Professional Services Spend, Incl., Legal, Growth, Efficiency, Finance related advisory expense (Excl. Audit)*

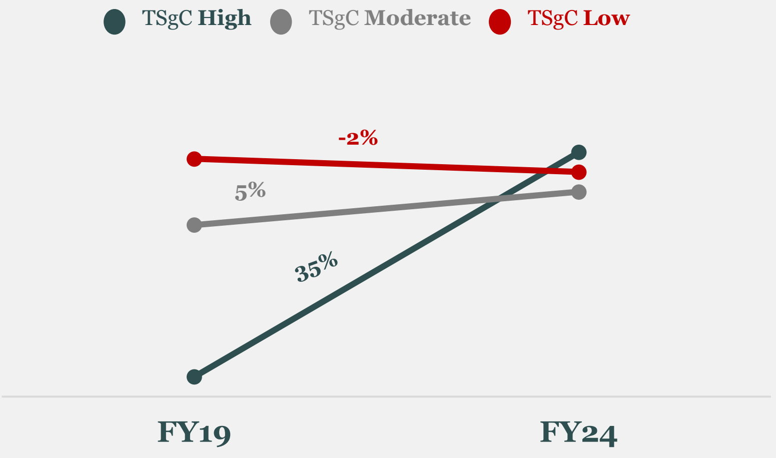
Key Industry Trends in SMEs

1. **IT and Defense & Aerospace** dominate in Revenue and PAT growth
    1. IT growth driven by **Robotics & Automation** growing at ~85% Y-o-Y and **Cybersecurity** dominates in EBITDA% and PAT%
    2. D&A driven by government spending and indigenization. SMEs in D&A growing at ~80% Y-o-Y
2. **Infrastructure boom** – **water management** and **transmission towers** experiencing exponential growth, driven by strong government & private investments
3. **Recycling, E-waste management** is amongst the top 3 in profitability (EBITDA) in FY24
4. **Telecom and Solar** show high PAT despite revenue struggles, suggesting government incentives and efficiency improvements
5. **Machine Manufacturing** (Capital Goods) has an outlier PAT, indicating exceptional cash generation

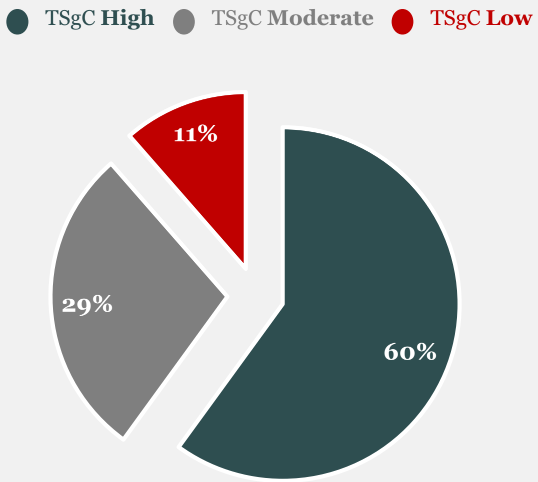
Source: TSgC research

Of the businesses that scaled from small to medium between FY19 - FY24, 60% were TSgC "High"; Annual PS spend of $ >230K, growing >30% PA

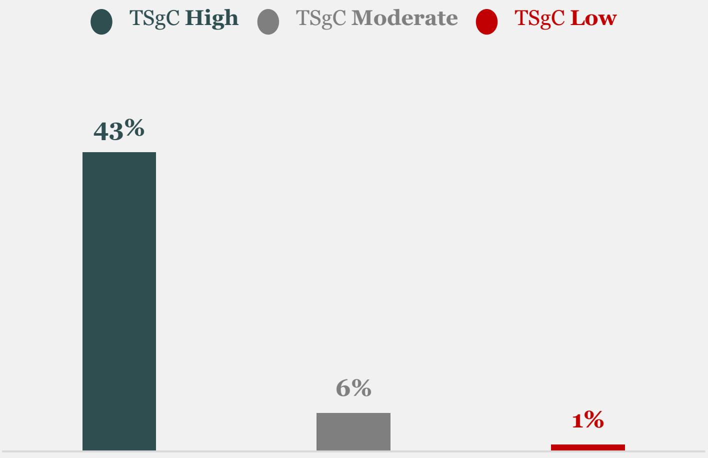
Avg. 5Y Sales Growth Delivered



Success in Scaling from Small to Medium (5Y)



Avg. 5Y EBITDA Improvement Delivered



Key Observations

Several companies rated "**TSgC High**" have focused efforts on expanding their **market reach**, either **geographically** or through **new business segments**

Key Observations

Several companies rated as "**TSgC High**" are actively using **fundraising** and **M&A strategies** to scale operations and **strengthen market position**

Key Observations

Several companies rated as "**TSgC High**" have emphasized **financial discipline**, **capital efficiency**, and **resource allocation**. Technology adoption is still limited

Source: TSgC research, Survey Responses and Personal Interviews

**PS Spend – Professional Services Spend, Incl., Legal, Growth, Efficiency, Finance related advisory expense (Excl. Audit)*

The leadership of medium-sized enterprises doesn't need traditional consulting solutions; they need competency building to drive growth & efficiency

Business Outlook →

Company Status ↕

	High Growth	Legacy	Low Growth
Increasing Profit	• **Introduce Joint-Ventures** • **International Expansion** • **Rapid Product Scaling**	• **AI Introduction** • **Digital Integration** • **Process Improvement**	• Debt restructuring • Cost-effective expansion • Brand repositioning
Decreasing Profit	• **Customer Segmentation** • **Pricing strategies** • **International Expansion**	• Automation • Waste reduction • Process Improvement	• Training programs (L&D)
Stable	• **New Product Innovation** • **R&D Investments** • **Customer Personalization**	• **Brand Loyalty programs** • **CX Improvement** • **ESG Initiatives**	**Not Applicable**
Turnaround	• Rapid Prototyping • Digital Agility • Fast Market Expansion	• **Working Capital Improvement** • **Cost reduction** • **Debt Re-financing**	**Not Applicable**
Sick	• Access to Capital (VC, PE) • Financial Re-engineering • Legal Compliance	• **Look for Buyers**	• Short-term, low cost interventions for survival

High — Moderate — Low *TSgC Readiness Index*

Source: TSgC research, Survey Responses and Personal Interviews

How They Prefer to Engage Consultants?

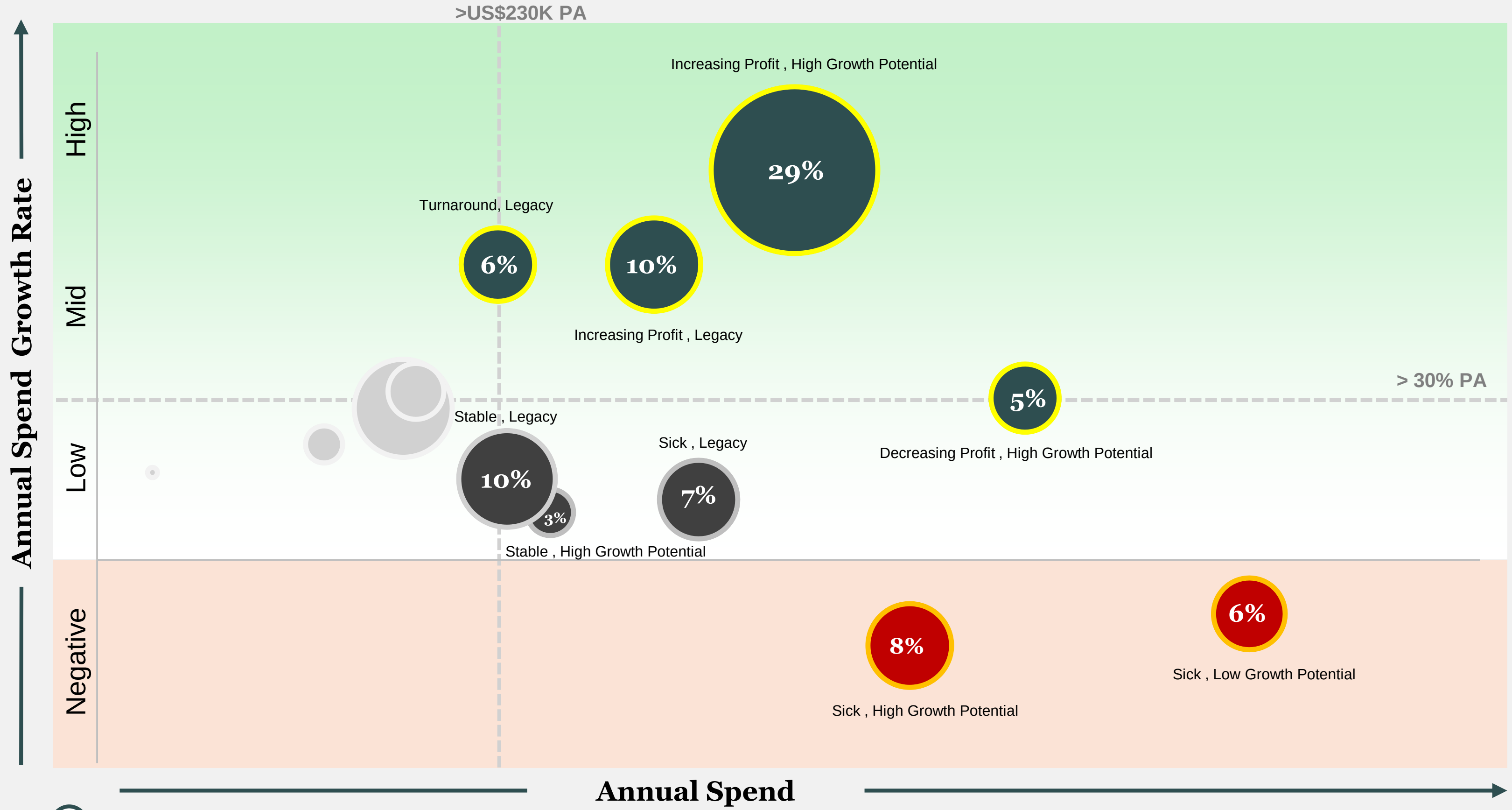
1. **Low-Risk, Low-Cost Pilot Engagements**
- SMEs prefer **small-scale innovation pilots** before committing to larger projects.
- If a pilot succeeds, promoters expect to **scale internally** rather than rely on long-term consulting support.

2. **Outcome-Based & Impact-Driven Pricing**
- Clients prefer consultants who tie compensation to **measurable business outcomes** (e.g., revenue growth, cost reduction, improved sales efficiency).

3. **Rapid Solutions with Premium Pricing**
- Promoters value speed and efficiency, they are willing to pay a **premium for quick execution**.
- Prefer **high-value liaising** or temporary CxO-style engagements over long-term consulting retainers.

In FY24, 42/158 listed medium companies, rated "High" on the TSgC Index, spent ~$14 Mn on advisory services annually, representing 42% of the TSgC "High" spend and 50% of the target market spend

Professional Services Spend by TSgC Targets (100 companies)*



% *Percentage of total professional services spend (Excl. Audit) in FY24 by 100 TSgC Target SMEs*

**TSgC targets are identified through industry insights, promoter relationships, personal interviews, and surveys.*

Key Observations

High Priority Market

1. Big spenders, cumulatively contribute ~50% of total target professional services spend in FY24
2. Mgmt. Consulting contributes a sizable portion
3. Spend growing at 30% CAGR

Future Market

1. Exploratory spenders, 20% of total target professional services spend in FY24
2. Mgmt. Consulting contributes minority
3. Spend growing at 9%-16% annually

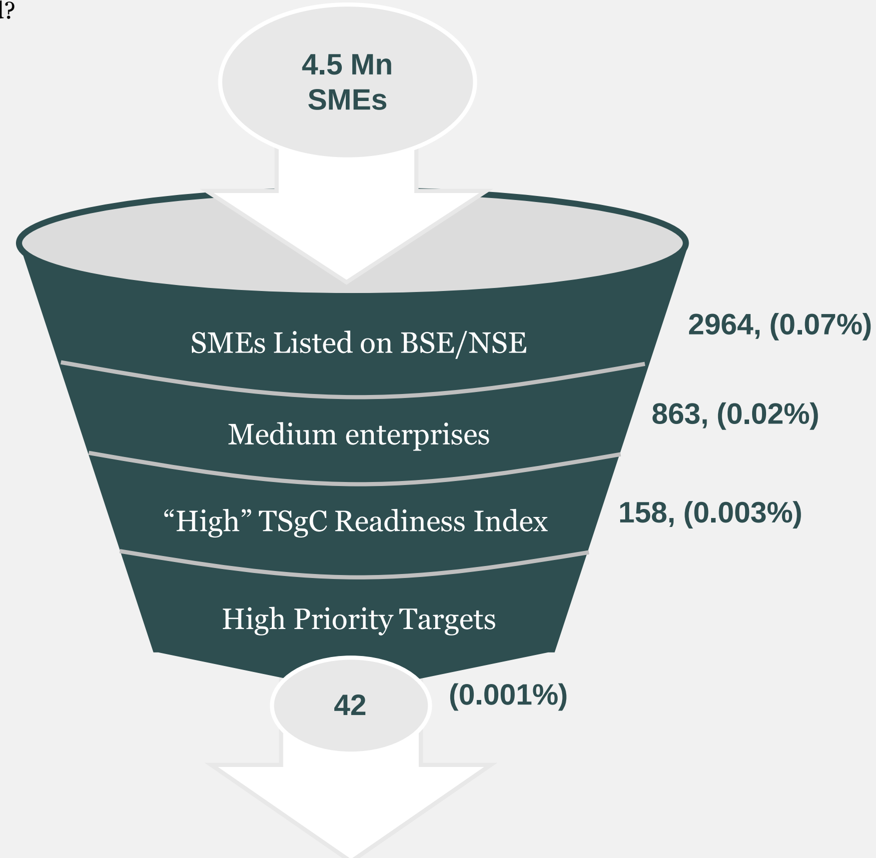
Low Priority Market

1. Regulation driven spenders, Court ordered, NCLT related, Bank default related, etc.
2. Legal fees, forensic audits and due diligence contribute majority
3. Spend decreasing by 10%-20% annually
4. Certain sick, high growth companies show strong recoveries, investing in strategic/financial restructuring and efficiency

SMEs Listed on BSE/NSE that rank "High" on the TSgC Readiness Index reported a professional services spend of US$ 34 Mn in FY24

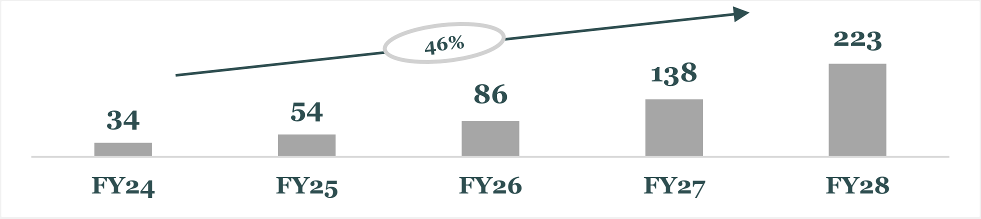
What have we heard?

Over the past five years, dematerialized accounts in India has more than ***quadrupled to ~190 Mn****, reflecting a growing retail participation in the equity markets. This has* ***intensified pressure*** *on companies to* ***consistently deliver profitability & growth.***



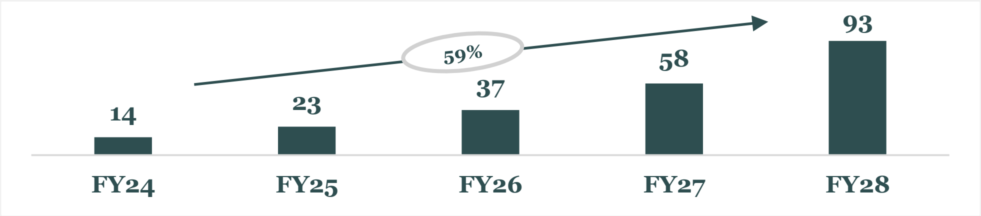
"TSgC High" Market (PS Spend, US$ Mn)

Listed Medium Enterprises Ranked "High" on TSgC Readiness Index



High Priority Market (PS Spend, US$ Mn)

Based on TSgC Targets



What have we heard?

As Indian medium enterprises try to scale into large enterprises, they expect professional services (PS) spending to continue rising, if not accelerate

Source: TSgC research, Survey Responses and Personal Interviews

**PS Spend – Professional Services Spend, Incl., Legal, Growth, Efficiency, Finance related advisory expense (Excl. Audit)*