MEGADELTA. MEGA RETURNS

Venture Capital Special

(FEW) WOMEN IN THE VC WORLD

PRICE ₹200
NOVEMBER 18, 2022

Forbes INDIA

SHOOT, NOT SPRAY

How being selective and contrarian is helping Norwest India head Niren Shah brave the chill of a funding winter—so far

ISSN 2278-0440
9 772278 044000

Network 18 www.forbesindia.com

Producer Partners

KARO SAMBHAV

DELL Technologies

Hewlett Packard Enterprise

Canon

TPV

TIME IS NOW!

RECYCLE YOUR E-WASTE RESPONSIBLY

Contact us to arrange a Collection Drive at your Company/Institute/RWA

engage@karosambhav.com 1800-2121-434 www.karosambhav.com

#AbTohKaroSambhav

Winter can be chilling but more so for those skating on thin ice

Warmth in Winter

When phrases like 'funding chill' and 'startup winter' have been run ragged over the past few months, the timing of the *Forbes India* Special Issue on venture capital (VC) may appear counter-intuitive. After all, this has been a year in which overall funding—for early and growth-stage ventures—has plunged by almost half, from \$41 billion in 2021 to \$21.3 billion in the first nine months of the current year. And there are few signs of warmer climes, even as much of the country descends into wintertime, of the climatic kind.

A natural fallout of purse-strings tightening is startups gasping for breath, particularly those in growth mode and on a high cash-burn rate. The much-heralded unicorn club isn't quite hibernating but there were fewer members joining the elite band of ventures valued at \$1 billion and over—from 48 unicorns in 2021, India has had 21 till September 2022.

The numbers sourced from startup data firm Traxcn by Rajiv Singh—who has put together this fortnight's VC package—are not all grim. Although late-stage funding has slumped, from \$8.7 billion in this year's first quarter to \$1.4 billion in the July-September quarter, the silver lining hovers clear and bright over the early-stage pack. Till September, pre-seed, seed and Series A funding was holding up well, at \$7 billion as against a peak of \$8.7 billion in 2021.

The message here is clearly that funding may slow down but it won't grind to a halt. Funders will become prudent, the funded will be cautious with capital and younger ventures with sustainable business models will attract the funding they deserve.

The challenge for the VC community is to discover the viable ones, and dodge the potential flameouts. Perhaps in heady times when liquidity is ample, such discretion may be critical; today, spray and pray is a sin, and VCs have gravitated from GMV and top line multiples to more pertinent metrics involving earnings and margins. Winter can be chilling, but more so if you are on thin ice.

The *Forbes India* cover story this fortnight is on a VC firm that appears to have kept a clear and level head during the dizzy and boisterous times. Evidence of that lies in the relatively trim portfolio of 22 companies, 16 of which are profitable and seven are unicorns. As Niren Shah, managing director and head of Norwest India, tells Singh, there's little pressure to do "20 deals a year"; there have been years when the fund closes just two. "The magic lies in dodging bullets."

One proof of the pudding, at least from a VC point of view, is exiting in style via an initial public offering (IPO). One of Norwest's earliest post-IPO exits was from Persistent Systems in which it invested in 2006 and walked away with a cool 5x return four years later. Other notable post-IPO exits have been from RBL Bank (7.8x in six years) and Thyrocare (4x in eight years). For more on Norwest and Shah's often finicky and contrarian funding blueprint, don't miss 'Dodging Bullets' on page 20.

There's much more in store in this VC special. If early-stage funding is holding its own, the Singapore-headquartered Lighthouse Canton's Indian arm may have played its part. With ticket sizes of between \$1 million and \$5 million, Lighthouse had made 25 investments since launch in 2020 till June this year. A few of its promising bets are in not-too-predictable sectors like tech-enabled health care diagnostics and used car leasing. For more on how that's playing out, go to 'In The Spotlight' on page 42.

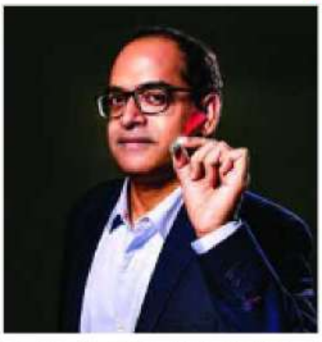
Brian Carvalho
Editor, *Forbes India*

brian.carvalho@nw18.com

Best,

B Carvalho

STORIES TO LOOK OUT FOR



From left: Bala C Deshpande, founder and partner, MegaDelta Capital; Niren Shah, managing director and head, Norwest India

Contents

NOVEMBER 18, 2022
VOLUME 14 ISSUE 23

Forbes INDIA
ON THE COVER

VCs Special

PG. 20

DODGING BULLETS

Norwest has built a lean and mean portfolio by not spraying bullets in India. Will the contrarian strategy keep paying off?

Niren Shah, MD and head, Norwest India, says it's hard to get into the VC world, but easy to be kicked out

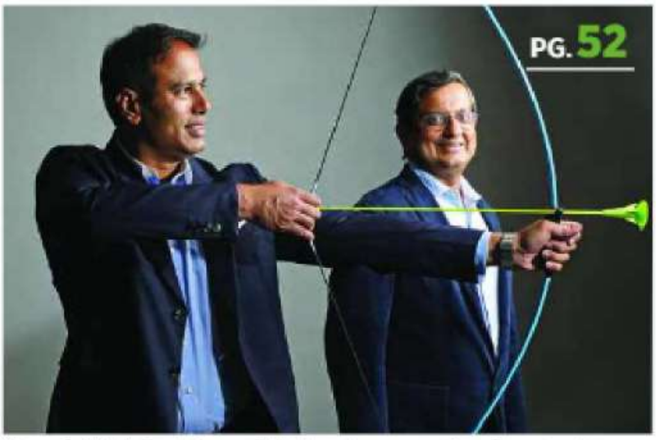
MEXY XAVIER

MEXY XAVIER

Yagnesh Sanghrajka, co-founder and CFO, 100X.VC, says good companies come out of recession

Shilpi Chowdhary, co-founder, Lighthouse Canton, says that for them, VC stands for venture comfort, and not venture capital

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA



(From left) Nishant Rao and Mohan Kumar, co-founders, Avataar, believe it's a great time to be a SaaS investor

IN FOCUS

WE VALUE YOUR FEEDBACK:
Write to us at: forbes.india@nw18.com
• **Read us online at:** www.forbesindia.com
• **On the cover** Photograph by: Mexy Xavier

Subscriber Service: To subscribe, change address or enquire about other customer services, please contact: FORBES INDIA, Subscription Cell, C/o Network18 Media & Investments Limited, Empire Complex, 414, Senapati Bapat Marg, Lower Parel, Mumbai - 400013. **Tel:** 022 4001 9816 / 9782. **Fax-** 022-24910804 (Mon – Friday: 10 am - 6 pm) SMS FORBES to 51818 **Email:** subscribe@forbesindiamagazine.com,
To subscribe, visit www.forbesindia.com/subscription/ **To advertise,** visit www.forbesindia.com/advertise/

Forbes INDIA

Network 18

TO OUR READERS
The pages slugged 'Brand Connect' are equivalent to paid-for advertisements and are not written and produced by Forbes India journalists

Forbes India is published fortnightly.

Editorial Office: Mumbai - Network18 Media & Investments Limited, Ground Floor, Empire Complex, 414, Senapati Bapat Marg, Lower Parel, Mumbai 400013, Maharashtra.
Tel:+91-22-66667777, Fax: +91-22-24910804.
National Capital Region - Network18 Media & Investments Limited, Tower A and B, Express Trade Tower, Plot No 15-16, Sector 16A, Gautam Buddha Nagar, Noida 201301, Uttar Pradesh.
Tel: 0120-434 1818.
Bengaluru - Network18 Media & Investments Limited, 121, The Estate, Dickenson Road, Bengaluru 560042, Karnataka. Tel: 080-4064 9191
Gurugram - Network18 Media & Investments Limited, U and I, VR1, SCO 83, City Centre, Sector 29, Gurugram 122001, Haryana. Tel: 012-4480 3100
Subscriber Service: To subscribe, change address or enquire about other customer services, please contact: FORBES INDIA, Subscription Cell, Network18 Media & Investments Limited, Ground Floor, Empire Complex, 414, Senapati Bapat Marg, Lower Parel, Mumbai 400013.
Tel: 022 4001 9816 / 9783.
Fax: 022-24910804 (Mon - Friday: 10 am - 6 pm) SMS FORBES to 51818
Email: subscribe@forbesindiamagazine.com,
To subscribe or advertise, visit www.forbesindia.com
Forbes India is printed & published by Brian Carvalho on behalf of Network18 Media & Investments Limited & Printed at Indigo Press (India) Private Limited, Plot 1C/716, Bharat Crown Compound, A.G. Pawar Lane, Off Dadoji Konddeo Cross Road, Between Sussex and Retiwala Industrial Estates, Ghodapdev, Byculla (E), Mumbai - 400027 & Published at Empire Complex, 1st Floor, 414, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

Editor: Brian Carvalho


CREDIT CARDS
IDFC FIRST Bank
ALWAYS YOU FIRST
For a personality like no other
Privileges like no other!

'This is the Indian decade, start of the Indian age'
Nestle CEO Mark Schneider speaks about his outlook on India **P/10**

Wealthiest Cities of the World
Home to 60,000 millionaires today, Mumbai is poised to find place among cities like New York, Tokyo, and London, says report **P/14**

Experts: Brace for a Slowdown
As tightening monetary policies slow Western economies, Indian exports face arduous road ahead **P/16**

STOCKS

Cracks in India's Shining Story

India is the bright spot in the global economy, but economists argue that the country is not decoupled from the world, and a 6 percent growth rate at a time when inflation is over 7 percent is worrisome

A 'SYNCHRONISED' RECESSION has gripped the global economy. In its latest World Economic Outlook report, the International Monetary Fund (IMF) trimmed its 2023 global GDP forecast to 2.7 percent from 2.9 percent in July, but retained its world growth forecast for the current calendar year at 3.2 percent. "The worst is yet to come," it warns.

The IMF predicts a third of the global economy will contract in the calendar year 2023, and cautions that the world's engines of production and consumption—China and US—will continue to see a decline in economic activity. Few European countries may see their economies shrink in the coming quarters.

'A weaker-than-expected outturn in the period of April to June, and more subdued external demand' have prompted the IMF to slash India's FY23 GDP estimate to 6.8 percent from 7.4 percent earlier. The World Bank has cut its forecast by 1 percent to 6.5 percent, and the Citigroup has reduced it to 6.7 percent from 8 percent earlier.

Despite the grim outlook, India is the fastest-growing large economy in the world, and the jury is out on


CHAITANYA DINESH SURPUR

whether the country has decoupled from the world.

INDIA SHINING

Several analysts and fund managers *Forbes India* interacted with say that India will continue to outperform its peers. "India has emerged as a shining star in this calendar year with healthy outperformance amid varied global headwinds on macros, inflation, rates, currency and geopolitics," says Gautam Duggad, head of research, institutional equities, Motilal Oswal.

If equity returns is a benchmark, then India did outshine most peers in local currency terms. Most global equity markets fell between 20 percent and 25 percent in the current calendar year. Furthermore, domestic investors have held fort despite the prolonged spell of heavy selling by FIIs (foreign institutional investors) for nearly one year. Duggad explains the outperformance is driven by strong corporate earnings growth over the past two years, resilience of Indian stock markets, and macroeconomic management by the government and the central bank.

The IMF has described India as a 'bright spot', 'bright light', which is 'sure to leave a mark on the world'. Excluding Saudi Arabia, as per the IMF, India is the only economy that is likely to witness a GDP growth rate of over 6 percent.

But many economists argue that India is not decoupled from the world, and a 6 percent growth rate at a time when inflation is over 7 percent is worrisome.

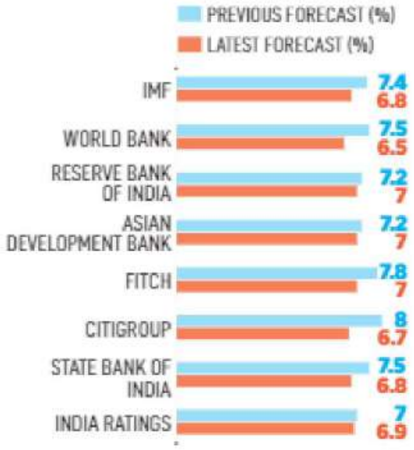
THE CRACKS

Economists are concerned that the havoc in the global economy will hurt India's macro-outlook over the next 18 to 24 months. "While India could fare well relatively, it faces headwinds from imminent global demand and trade slowdown, risks of higher-for-longer global inflation and interest rates, a strengthening US dollar, and enduring geopolitical tensions," says Suvodeep Rakshit, senior economist, Kotak Institutional Equities.

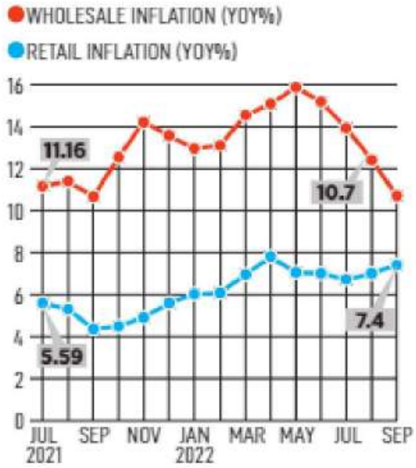
The risks are interconnected and have a cascading impact on the country's fiscal health. The prolonged war between Russia and Ukraine has accentuated volatility of energy prices. The Indian rupee dived to a low of 83 against the greenback on October 19. In the coming months, the extent of the rupee depreciation and the central bank's response will be critical. India's foreign exchange reserves dipped by nearly $100 billion in calendar year 22. Global growth is expected to remain anaemic. The US Federal Reserve is determined to rein in inflation

India Growth Story

GDP OUTLOOK FOR FY23



Fighting Inflation



SOURCE: MOSPI, Office of Economic Advisor

CPI FORECAST (%)

	FEB POLICY	APR POLICY	JUN POLICY	AUG POLICY	SEP POLICY
Q2 FY23	5	5.8	7.4	7.1	7.1
Q3 FY23	4	5.4	6.2	6.4	6.5
Q4 FY23	4.2	5.1	5.8	5.8	5.8
Q1 FY24	-	-	-	5	5
FY23	4.5	5.7	6.7	6.7	6.7

SOURCE: RBI

with a series of rate hikes even at the cost of a looming recession. "Global slowdowns typically transmit through trade, commodity prices, capital flows and financial sector channels," states Rakshit. Robust domestic demand is the key defence against slowing global demand. However, economists say that durable recovery is yet to pick up meaningfully, and it is essentially exports that helped boost the GDP to pre-pandemic levels. Clearly, a slowdown in exports will pinch consumption, and deter firms and small business owners from fresh investments.

The US and the top five EU (European Union) nations account for approximately 30 percent of the country's total exports, which, according to Rakshit, will have an indirect impact on India too.

In the backdrop of a global slowdown, most analysts expect commodity prices to correct. However, the outlook for energy prices is uncertain at this juncture, and higher energy prices can erase the benefits of lower commodity prices and widen the trade deficit. The current account deficit is likely to rise to 3.9 percent in FY23.

Headline inflation has crossed the Reserve Bank of India's (RBI) upper threshold of 6 percent for over 10 months. Rakshit points out that global factors have a bearing on the prices of nearly 15 to 20 percent of the CPI basket. Since April, the repo rate has increased by 1.9 percent to 5.9 percent. The Monetary Policy Committee has refrained from giving a forward guidance on rates, but has articulated that its top priority is to rein in inflation.

While the odds are hard to ignore, given the gradual slide in several macro parameters, markets are confident about India's growth story. However, in a volatile global environment, there are multiple moving parts weighing on the fiscal health of India. The government and the RBI have their task cut out.

• NEHA BOTHRA

INFOGRAPHICS: MUKESH SINGH

STORYBOARD 18

INTERVIEW

'This is the Indian Decade, and the Start of the Indian Age'

Nestle CEO Mark Schneider speaks about his outlook on India, and future-proofing brands and businesses

MARK SCHNEIDER CONSIDERS himself a lucky man for having an office right above a trial kitchen in Nestle's headquarters in Switzerland. The chief executive officer of Nestle says he is "a self-proclaimed product junkie". "I love new products. I also believe it is essentially the product that fills a brand with life," Schneider told us during his recent visit to India.

It was Schneider's second visit to the country since joining the world's largest food company in 2017. It was also his first global market visit since Covid-19 hit, and marked the first meeting of the board of directors in an international market.

Nestle, the maker of iconic brands like KitKat, Nescafe and Maggi, recently committed to investing ₹5,000 crore in India, its 10th largest market globally, by 2025. Edited excerpts from an interview with *Storyboard18*:

Q How has this year fared for Nestle so far?

It is a very strong year when it comes to organic growth and that applies to Nestle India and our performance globally. Some of that is driven by global inflation and pricing but we also see very strong volume developments, especially in India and some emerging markets. There's strong innovation momentum across the board.

Q Where do you see the India


MEMORIES FOR A LIFETIME
Unforgettable Travel experiences with EbixCash Travel & Holidays!
via.com
MERCURY
SASTI TICKET
AHA TAXIS
Swiss Voyages
Swiss Travel Bureau GmbH
THE RAIL JOURNEYS
EBIXCASH
Har Khushi Ke Liye Kaafi Hai
PAYMENT SOLUTIONS
TRAVEL
SMART TECHNOLOGY
SMART INITIATIVES
• Flight • Hotel • Transport • Holidays • Forex

₹5,000 cr
Investment commitment made by Nestle in India by 2025

REUTERS

market in five years?
At the very least, this is the Indian decade. I would also say it's the start of the Indian age. You see a lot of the underlying strengths of this country coming to the forefront now and building upon each other. You see tremendous growth and momentum. We want to participate in that.

Q How would you sum up your outlook on India and global markets?
I'm definitely more optimistic on India than on global markets in general. The global economic outlook right now is dim. That has to do with the war, rising interest rates and also that, maybe, in the face of inflation the consumers will pull back on volumes in some markets and in certain categories.

In India, I admire the economic wisdom and the course it has taken. I think that's paying off fully now. Then, of course, when it comes to the next 5 to 10 years, you see that huge demographic dividend that India has. As so many major markets around the world will start shrinking, India will keep growing. That always goes hand-in-hand with significant economic opportunity.

In India, I admire the economic wisdom and the course it has taken. I think that's paying off fully now

Q You were not with Nestle when the Maggi crisis hit in 2015, but what are some of the learnings from that episode?
First, the team members and leadership here in India have done a stunning job in gaining back the public's trust into this brand and also making it clear and test-after-test that our products have always been safe. Rather than looking back, I'd look forward and see how we address food safety and how we maintain the trust of the public. We started a Food Safety Institute. We are getting the point across to the public that we're incredibly committed to food safety and quality. Then, of course, other historic aspects, the strong and long-standing legacy. Couple that with some meaningful product innovation, you have all the ingredients for strong recovery.

Q Let's talk about the new bottom line: People Planet Profits. What is Nestle doing to address challenges?
Increasingly, people judge companies by what they're doing for society and for the planet in the face of growing environmental concerns. Obviously, people recognise that we are a for-profit company. That's why the third aspect of the bottom line shouldn't go out of focus. But the first two, people and planet, are becoming more important.

We have a strong societal and a environmental focus. When you're dealing with farmers around the world for more than 150 years and when you see them exposed to the elements of the weather and all the things that can go wrong in a bad season, that puts planet thinking and weather thinking right into your DNA.

Q What is top on your agenda when it comes to sustainability?
The one that I would describe as the defining one for our age and generation is climate protection. We were one of the early signatories to the science-based targets to limit earth's warming to 1.5 degrees. We were one of the first people to issue a detailed net zero roadmap that would get us there by 2050. There is a commitment to get greenhouse gas emissions down by 20 percent by 2025 and by 50 percent by 2030. So near-term action is also very important to us. Don't shove it down to the long term, do something now in this decade.

Q What are the meaningful actions you've taken regarding plastic?
Plastics packaging would have been a close second right after climate protection when it comes to priorities. We made a pledge that, by 2025, our packaging should be recyclable or reusable. Obviously, it won't be done with that 2025 pledge alone. You have to think ahead of and beyond that because recyclable, when there's no recycling infrastructure, doesn't solve the problem.

So that's why a waste-free future is the ultimate goal. That's why even with that intermediate commitment to 2025 there will be lots of work left to do. We are, to my knowledge, the only large food and beverage company that has its own research institute for packaging sciences because we did not just want to end up as a passenger to the packaging industry.

Q People want brands to stand for something. We saw that manifesting during the war between Russia and Ukraine. Nestle did that in a limited fashion, keeping some essential products in the market. What is your stance on companies pulling out?
We had a very strong presence both in Russia and Ukraine. What stands out in my view is the efforts we've undertaken as a company to support Ukraine in this war. So we've been bringing hundreds of tonnes of much-needed baby food and medical nutrition, for instance, into the country, at times under pretty significant danger. We kept operating our facilities in the Ukraine. Our people signed up to house hundreds of refugees.

When it comes to Russia, we discontinued and suspended some international brands such as Nespresso, KitKat and Nesquik, to cite a few examples. But on essentials like medical and infant nutrition, we also have a long-standing history that when we serve a market, we do not walk away in times of conflict. And we wanted to live up to that ethos.

• DELSHAD IRANI

30
The number of billionaires Mumbai is expected to see by 2030


GETTY IMAGES

WEALTH WATCH

Mumbai Likely to be One of the Wealthiest Cities in the World by 2030

Home to 60,000 millionaires today, India's financial capital is poised to find place among cities like New York, Tokyo, and London, says report

• BY SAMIDHA JAIN

WEALTHIEST CITIES OF THE FUTURE

Wealthiest cities of the future include **Dubai, Mumbai** and **Shenzhen**, which are growing quickly and are expected to break into the top 20 wealthiest cities in the world list by 2030, as per a report by Henley & Partners

DUBAI

67,000 millionaires currently live in Dubai, and it has **202** centi-millionaires* and **13** billionaires

MUMBAI

60,600 millionaires
243 centi-millionaires
30 billionaires

SHENZHEN

43,600 millionaires
135 centi-millionaires
17 billionaires

*with wealth of $100 million or more

INFOGRAPHICS: SAMEER PAWAR; PHOTOGRAPHS: SHUTTERSTOCK

10 WEALTHIEST CITIES IN THE WORLD

1 NEW YORK

345,600 millionaires
737 centi-millionaires
59 billionaires

2 TOKYO

304,900 millionaires
263 centi-millionaires
12 billionaires

3 SAN FRANCISCO BAY AREA

276,400 millionaires
623 centi-millionaires
62 billionaires

4 LONDON

272,400 millionaires
406 centi-millionaires
38 billionaires

5 SINGAPORE

249,800 millionaires
336 centi-millionaires
26 billionaires

6 LOS ANGELES

192,400 millionaires
393 centi-millionaires
34 billionaires

7 CHICAGO

160,100 millionaires
340 centi-millionaires
28 billionaires

8 HOUSTON

132,600 millionaires
314 centi-millionaires
25 billionaires

9 BEIJING

131,500 millionaires
363 centi-millionaires
44 billionaires

10 SHANGHAI

130,100 millionaires
350 centi-millionaires
42 billionaires

SOURCE Henley & Partners

BUSINESS

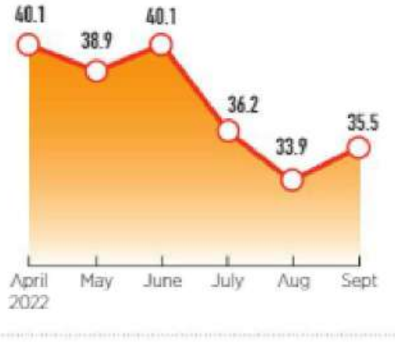
Exports: Brace For a Slowdown

As tightening monetary policies slow Western economies, Indian exports face an arduous road ahead

AS INDIA'S TRADING PARTNERS opened up for business, the country's merchandise exports recovered rapidly in 2021. But as tightening monetary policies aim to slow Western economies, India's exports have begun to feel the heat.

In the year ended March 2021, India saw a total of $291 billion of merchandise exports. This increased to $419 billion in March 2022, with engineering goods and petroleum products accounting for much of the gains. Gems and jewellery, chemical products and textiles are other significant contributors. (More recently electronic goods have also picked up, but from a low base.)

A Dip in Exports ($ bln)



Total Exports ($ bln)

SOURCE Ministry of Commerce

But starting March, month-on-month numbers began slowing from their peak of $42.2 billion. It is now clear that exporters are facing hurdles on account of the slowdown in the developed world. Adapting to changing demand as well as coping with a depreciating currency will be their key challenges. In some areas in India, most notably specialty chemicals, there has been a push from manufacturers to replace capacity in China. In others, like electronics manufacturing and textiles, government, production-linked policies aim to boost export numbers.

The most prominent slowdown has come from engineering goods that include products such as auto components, cars, machinery and steel. This has seen the biggest slowdown in August, declining from $9.6 billion to $8.2 billion. Engineering goods fell from 28.8 percent of total exports in August 2021 to 24 percent in August 2022. Part of the fall could be on account of falling raw material prices for metals that are immediately passed on to buyers. But sales of finished goods like two-wheelers are also down. Bajaj Auto saw a 33 percent export decline in the month of September.

Starting March, month-on-month export numbers began slowing. Indian exporters will have to be prepared for soft demand for their products

"With the high probability of recession in the West, the market for legacy products for auto component companies could be under threat," says Harshbeena Zaveri, vice chairman and managing director of NRB Bearings. She points out that those that adapt to newer technologies in the hybrid and e-mobility space should fare well as accelerating demand quickens new platform launches.

At the same time, an uptick in oil prices has put pressure on India's current account. So far, this fiscal year, at $318 billion, imports are up by 45 percent from the same period last year. As oil prices hover at $90 a barrel, India's oil import bill stood at $92.6

a barrel in October, according to the Petroleum Planning and Analysis Cell. Petroleum products made up 28 percent of imports in August 2022, up from 20.8 percent in August 2021. A depreciating rupee also pushed up the cost of petroleum products for Indian consumers.

Going forward, Indian exporters will have to brace themselves for soft demand for their products. Orders usually come in with a two-quarter lag and the true picture will only be known once the festive season is over in the West. Suvodeep Rakshit, senior economist at Kotak Institutional Equities, points out instances in the past when slowing economies saw an instantaneous policy reaction from central banks in the form of lower rates; that is unlikely to happen this time. Falling commodity prices on account of a recession is probably the only boon that India can count on.

Exporters are facing hurdles on account of the slowdown in the developed world. Adapting to changing demand as well as coping with a depreciating currency will be their key challenges

• SAMAR SRIVASTAVA

Accelerating Imports ($ bln)

Total Imports ($ bln)

SOURCE Ministry of Commerce

INFOGRAPHIC: PRADEEP BELHE; SHUTTERSTOCK

CHEQUES & BALANCES

When the ones cutting big cheques are chastened by the brutal market realities, it's time for everyone in the startup ecosystem to get into the balancing act

By RAJIV SINGH

“I believe we were in a valuation bubble,” reflected Masayoshi Son, after SoftBank posted its largest ever quarterly (April-June) loss at $23.4 billion in August. The valuations for unicorns, the swashbuckling investor confessed after the earnings, were (so) high. “We invested in such unicorns as we thought we could get a good return,” he continued, alluding to his analysis that went wrong. “We’ve been making big swings, but couldn’t hit the ball,” rued the maverick billionaire. The founder of Japanese investment conglomerate SoftBank continued with his brutal introspection. “If we had been more selective and invested better, we wouldn’t have received this heavy blow,” he concluded.

Back home in India, seasoned investor Mohan Kumar was not left with much choice but to be selective during the heady valuation year: 2021. “I almost stopped investing,” says the founder of Avataar Venture Partners, a growth-stage venture capital fund investing in SaaS, deep tech and B2B marketplaces and transaction platforms. During the peak of the pandemic, SaaS companies started getting 40x valuations. “Some even got 100x,” says Kumar, underlining that during the ‘sane’ period (pre-Covid), the average valuation was seven to 10 times of revenue. Kumar, who started his fund in 2019, contends that the days of heady valuations are over. “It has started to get back to normal,” he reckons, underlining that the impact of the inflated bubble would become clear next year. The smart founders who were balanced and didn’t burn cash would survive.

Niren Shah reinforces the virtue of being ‘conservative and thoughtful’. While the cheques will keep coming—albeit in smaller sizes during the funding winter—founders as well as funders have to get into a balancing act. The managing director and head of Norwest India reckons that his investing philosophy over the last 15 years has been to ‘dodge bullets’ rather than ‘firing bullets’. What Shah alludes to is the strategy of being hyper selective in making investments and ensuring the portfolio looks lean and mean. “I can guarantee you that that among venture capital, we will have by far the highest slug ratio,” he claims. In baseball, he explains, slug ratio is how many hits one has had as compared to misses. Out of the 22 companies in his portfolio, 16 are profitable, and seven are unicorns. “You might call us conservative, but we have been thoughtful,” he says.

The story, though, looks different for early-stage investments in India, which seem to have so far survived the funding winter. Look at the numbers. From $5.1 billion in 2019, the funding understandably dipped to $3.6 billion in the pandemic year. The subsequent year, though, it bounced to $8.7 billion, and in the first three quarters of this year, it has touched $7 billion. Now contrast it with late-stage funding which peaked in 2021 at $32.3 billion, but in the first nine months of this year has shrunk to $14.2 billion, according to data shared by Tracxn, which provides market intelligence data for private companies.

For this ‘VCs special’ issue, *Forbes India* interacted with a wide section of early-stage and growth-stage VC firms. The funders, irrespective of their stage of investment and level of involvement, were unanimous about four things. First, raising big capital would still be tough over the next year or so. Second, the era of skyrocketing valuations is a thing of the past. Third, the market will continue to see prolific early-stage investments as it has stayed largely immune from the valuation bubble.

What has also benefited is the low ticket size of funding during the early stage. And lastly, if funders are exercising restraint in cutting big cheques and are balancing their act, founders too need to have a balanced perspective when it comes to growth and unit economics. “Scale fast and fail fast won’t work at least for now and over the next few quarters,” says a VC requesting anonymity. “All of us need to get disciplined if we need to survive the winter,” he adds.

CHAITANYA DINESH SURPUR

DODGING BULLETS

Norwest has built a lean and mean portfolio in India by not spraying bullets. Though highly rewarding, will the picky and contrarian strategy keep paying off for the American firm?

By RAJIV SINGH

July 2016, Mumbai

The first meeting lasted for just two minutes. "No. He was not having Maggi," giggles Asish Mohapatra as he recounts his maiden pitch with Niren Shah. "He was too engrossed in having lunch," says the venture capitalist (VC)-turned-entrepreneur who co-founded OfBusiness with Bhuvan Gupta, Nitin Jain, Ruchi Kalra and Vasant Sridhar in 2015. It was well past noon on a wet Friday. The city was under a thick cloud blanket and a gloomy encounter was the last thing on the mind of the first-time founder who had raised \$5 million in February. Mohapatra expected quick funding dollars.

NAME & GAME

Norwest Venture Partners (NVP) is a **global venture capital and growth equity investment firm**

The Palo Alto, California-based firm has backed over **650 companies globally**

Manages around **\$12.5 bln** in capital

Is currently investing from **NVP XVI, a \$3-bln fund**

Has offices across the **US (Silicon Valley), India and Israel**

Cheque sizes vary between **\$10 mln and \$75 mln**

"We have dodged a lot of bullets and done deals which were super-compelling for us. This has really worked."

NIREN SHAH,
MANAGING DIRECTOR AND HEAD, NORWEST INDIA

MEXY XAVIER

Shah indeed was quick. "*Kitna* revenue *hai*, kitna profit *hai* and management *kaun hai* (how much is the revenue, profit and who all are in the management)?" he asked in one go. A chartered accountant and investment banker, Shah joined American investment firm Norwest Venture Partners (NVP) in 2007 and came to India in early 2008. Mohapatra was equally brisk in his reply. "We will start posting revenue from next month. So there is no question of profit," he underlined. Shah paused for a while, glanced at the rookie founder and continued munching. The meeting ended. Shah passed on the opportunity.

Back in 2008, Shah was camping in one of the villages around Alibaug, around 95 km from Mumbai. It was an age of microfinance, which had fast emerged as the darling of investors. "Back then, it wasn't cool if you didn't have exposure in microfinance," recalls Shah, who decided to test the waters. The VC was taking tentative steps in his formative days at Norwest, which made its first investment in India when it backed Persistent Systems, a leading offshore product development company based out of Pune, in December 2005. Three years later, in January 2008, the American firm set up its India team, and now Shah was scouting for his maiden bet. The herd instinct in the market was strong, the temptation to pluck a low-lying fruit was equally compelling and Shah was busy testing his own investment thesis.

While vetting deals, three things are sacrosanct: The level of governance must be strong; the companies must be transparent; and the business fundamentals and model have to be unquestionable

Fast forward to 2012. The funder, along with his young team, was standing outside a huge garbage dump. There was an opportunity to invest in a waste management company which had grown at an amazing clip and had ticked all the boxes in terms of revenue, profit and cash flow. A comforting barometer for any firm looking to invest was the fact that the company had borrowed money from a bunch of reputed banks. What this meant was the business was clean. "We were counting the number of garbage trucks visiting the site every day," recounts Shah, who was in the midst of his regular due-diligence exercise. "The numbers were not adding up," he says, alluding to an expected mismatch in revenue quoted and reality. "Where are the trucks? They were missing. Looked like something was fishy," he adds.

Meanwhile, six years later, in 2018, Shah was close to hitting a jackpot. An opportunity came knocking at one of the top-valued startups in the country—Shah refuses to divulge the details—which was raising its umpteen round of growth capital. Shah's eyes lit up, and he decided to pursue the opportunity. The entrepreneur, though, hurled a weird requisite. Shah was not allowed to do the due diligence. "But why?" asked an inquisitive VC. "People bigger than you have not done it. So you too can't," was the reply. "Either follow them and enter, or be out," came the parting remark.

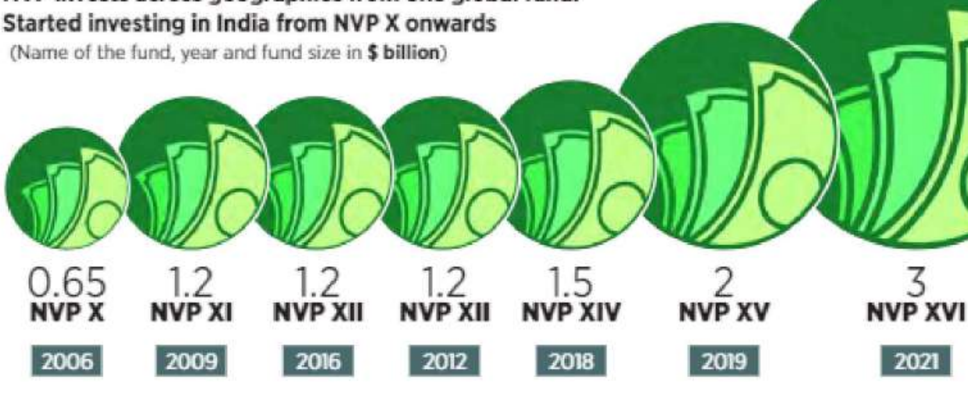
Back in Mumbai, Mohapatra decided to try his luck again in November 2017. OfBusiness had closed FY17 at an operating revenue of ₹216 crore. "This time the meeting lasted for over 20 minutes," smiles Mohapatra, who had raised $12-13 million in funding by now. Two things, though, didn't change. First, was the same three questions. And second was the result. "We have healthy revenue," the co-founder underlined. The burn too, he stressed, is under control at ₹40 lakh per month. Shah declined to fund.

A year later, Mohapatra was back. "This time I had ticked all the boxes," he says. Shah completed his Q&A ritual, and decided to invest. "After that he never asked any questions," laughs Mohaptra. OfBusiness closed FY22 with an operating revenue of ₹6,363.83 crore, a profit of ₹125.63 crore, Ebitda margin of 2.98 percent and a cash outflow from operations of

KITTY BAG

NVP invests across geographies from one global fund. Started investing in India from NVP X onwards

(Name of the fund, year and fund size in **$ billion**)



22

₹798.85 crore. "Shah looks for stability, profitability and sound management," he says, adding that the investor will continue to stay away as long as he is not 100 percent convinced. "It's not easy to get his money, but is a great guy to have on your cap table," underlines the entrepreneur whose venture is headquartered out of Gurugram.

Meanwhile, in Mumbai, Shah shares the track record of Norwest. "We have the highest slug ratio," says the managing director and head of Norwest India. In baseball, slug ratio is how many hits one has had as compared to misses. "I can guarantee you that that amongst venture capital, we will have by far the highest slug ratio," says the investor. His expansive office on the 15th floor of the Express Tower at Nariman Point is as quiet as the overlooking sea. Out of the 22 companies in the portfolio, 16 are profitable, and seven are unicorns. While a bunch have had their public market debut—RBL Bank, Thyrocare and Snowman Logistics to name a few—around a dozen are billed to hit the IPO street in three years.

"They are very thoughtful investors, and are much into sustainable businesses."

ANANTH NARAYANAN, FOUNDER, MENSA BRANDS

So what's the secret sauce? Shah explains. "You have to dodge a lot of bullets," he reckons. The first seven years of the fund's operations in India, he underlines, was all about dodging as many bullets as possible. "We only did the deals which were so compelling that we could not say no," he says. "And that has really worked for us," he stresses, adding that the investment in

Sriram City was his first deal with a cheque size of $28-30 million.

Two things stood out in the first bet. First, by any standards, the cheque size was huge for the American firm. Second, Norwest was not used to place bets on companies in financial segments. Given the professional and academic background of Shah—he was the CFO and part of the founding team of Baazee which was bought by eBay in 2004—looking for sectors where returns were most likely guaranteed made sense. A cursory look at some early investments made by Norwest will reveal a strong financial bias: Persistent Systems, Shriram City Union, Chola Finance, IndusInd Bank and RBL Bank. There were other big bets as well such as Swiggy, Thyrocare and Pepperfry.

In the early years, having a sedate approach made sense for Norwest. "Not only were we conservative, we're very thoughtful and contrarian," contends Shah. Back in 2008, India was a different country and the ground realities too were distinct. One of the investment thesis, Shah explains, was built around India's low GDP per capita. This meant that monetisation would take longer

NVP's INDIA PLAY

Started investing in India from **NVP X onwards**

India debut in 2005; first bet was Persistent Systems

Set up local operations in January 2008

Early investments include **Persistent Systems, Shriram City Union, Pepperfry.com, NSE, Thyrocare, Snowman Logistics, Chola Finance, Swiggy, IndusInd Bank, and RBL Bank**

Focussed on **mid-late-stage venture** and growth equity investments

Cheque size varies from $10 million to $75 million, typically **$25 million to $50 million**

Notable IPOs include **Persistent Systems, RBL Bank, Snowman Logistics, Yatra, Chola Finance, Thyrocare**

More than eight unicorns in alumni companies; 20 exits so far

Out of 22 in the portfolio now, **16 are profitable and seven are unicorns**

Twelve companies billed to go IPO way in three years

PRESSING THE EXIT BUTTON

Some notable exits by NVP India

Swiggy (Partial exit)
Invested early in 2015 @**$35 million** pre-money valuation
Partial exit at **$3.2 billion** valuation

Shriram City (Public Exit)
Invested in 2009 and exited at **4x**

Chola Finance (Public exit)
Invested in 2013 and exited at **4.4x**

IndusInd (Public exit)
Invested in 2010 and exited at **6.5x**

Persistent (Post-IPO exit)
Invested in 2006; IPO in 2010 and exited at **5x**

RBL Bank (Post-IPO exit)
Invested in 2010; IPO in 2016; exited at **7.8x**

NSE (Secondary exit)
Invested in 2009 and made **4.5x**

Thyrocare (Post-IPO exit)
Invested in 2012 and exited at **4x**

Snowman Logistics (Post-IPO exit)
Invested in 2013 and exited at **2.2x**

Six SaaS companies (Secondary exit)

than usual. Having a control over unit economics made a hell lot of sense, especially because the GDP per capita was not like China or the US. "To create value in such environment, one must have high exits," he says. The amount Norwest sold and exited by 2017 was more than one-and-a-half times or so which the fund invested. "No other fund has done that," he claims. Last year, Norwest invested around $380 million in India. "We realised that this is going to be a very long and patient game," he says.

Shah, interestingly, laid down his own set of rules to play the game. "We set a very high bar on ethics and integrity," he points out. Rolling out operations in a new country came with a lot of unexpected variables. The best way to deal with uncertainties, Shah underlines, was to play with a straight bat. While vetting deals, three things were sacrosanct. First, the level of governance among the companies must be quite strong. Second, the companies must be transparent. Third, the business fundamentals and model have to be unquestionable. "It's easy to drop your bar because something is hot," he says, alluding to the numerous investment opportunities that Norwest ignored. Take, for instance, it didn't fund the waste

INVESTMENTS IN 2021

Amagi | Duroflex | Infinx
Mensa | Ummeed
Vastu Housing Finance
Udayy | SK Finance
OfBusiness | PepperFry
Veritas Finance | Five Star

IN 2022

CityMall | Fibe | Finova
Mintifi | Oxyzo | Amagi
Sila | XpressBees | Infinx
An undisclosed deal

"There are early-stage guys and late-stage guys. Norwest rules in between."

ASISH MOHAPATRA, CO-FOUNDER AND CEO, OFBUSINESS

management company that it was evaluating. It also didn't back the ventures where diligence was not allowed. It stayed away from sectors where the possibilities of making money looked slim because of inherent issues plaguing the segment, such as microfinance or payment tech companies. "The books have to be clean, the founders have to be exceptional," he says.

Realising the right role of an investor also brought about immense clarity in functioning. "India is like a boxing ring. It's hard. It's competitive," says Shah. Not getting confused, he lets on, about who is fighting in the ring is crucial. "Our founders are donning the gloves, and we are standing outside with a towel," he says. An investor, he reckons, might suggest how to throw the best punch, but the call is always with the fighter. Having loads of empathy and not trying to change something midway is what differentiates the fund, he adds. "We are backing amazing founders, not normal founders," he underlines.

Ananth Narayanan happens to be one such entrepreneur. "In our case, Niren had bet on the founding team," reckons the former chief executive officer (CEO) of Myntra, who joined Medlife as co-founder and CEO in August 2019. The company got eventually acquired by Pharmeasy and in May last year, Narayanan rolled out Mensa Brands, an ecommerce unicorn. "I know him since my Medlife days," he says, adding that Shah didn't invest in Medlife. When Narayanan decided to launch a new venture, Shah was one of the first funders to call him. "His backing was more out of his conviction of for the founder and team," he says.

When asked to select a single quality which sets Norwest apart in a cluttered VC space, the entrepreneur talks about the freedom that the fund brings in. "They will get involved only when you want them to," he says. What also clicked between Shah and the founder was the common belief in building a sustainable business. "After my Myntra and Medlife experience, I wanted to build a business for the long term," he says. "This resonated with Norwest. They are very

From left: Ankit Prasad, vice president, Norwest Venture Partners India, Shiv Chaudhary, managing director, and Nikhil Kookada, who is vice president

DIVERSIFIED BETS

Financial/Fintech
Oxyzo, Five Star, SK Fin, Vastu, Mintifi, RBL Bank (exited)

B2B
OfBusiness, XpressBees, ElasticRun (exited)

Consumer
Duroflex, Kishlay

Internet
Swiggy (part exited), Pepperfry, Mensa

SaaS
Amagi, Zenoti (exited)

Services
SILA, Persistent (exited)

Health care and Healthtech
Infinx, Thyrocare (exited)

Niren Shah joined Norwest in 2007; came to India in early 2008

Prior to joining Norwest India, Shah was the **senior director of Strategy and Ventures at eBay.com, Inc. in Silicon Valley**

SHAH AND HIS EMPIRE

A chartered accountant, Shah was also part of the **eBay Ventures leadership team**

Prior to eBay, he was part of the **founding management team of Baazee.com,** India's largest ecommerce marketplace at the time, which was acquired by eBay in 2004

Previously, he worked as an **investment banker with KPMG corporate finance** in the technology and financial services spaces

He has also been a **registered equity trader on the Bombay Stock Exchange**

thoughtful investors," he adds.

But is there a flip side to his strategy? Has staying ultra conservative—Shah though labels it as 'thoughtful'—meant that the fund has missed out on some opportunities which it could have easily lapped up? Shah does a candid assessment. He takes us back to one of the early rounds of Flipkart funding. Shah was putting in money at a valuation of $150 million. Flipkart, interestingly, was seeking $200 million. Shah reluctantly decided to stretch to $160 million, which was then eight to nine times the GMV (gross merchandise value). The deal didn't happen. "Look where they went. I regret missing out on it," he rues.

Another interesting miss was Nykaa. The investor looked at a wide spectrum of beauty companies that couldn't make the mark. "The math didn't add up," he says, explaining why he let the opportunity pass. Each lipstick then, he underlines, used to cost around ₹80, and one had to spend ₹50 for delivery as well. "How would you make money," he wondered. What, though, he failed to estimate was the enterprising quality of the founder. "Falguni Nayar did a great job," he says. The company, he points out, ended up selling packs of five and 10. "I got it wrong," he says.

What about wrong bets? Shah claims that Norwest doesn't have too many companies where the story went wrong. Quikr, though, happens to be one such muted bet. It had a great team, good founder, and a perfect market opportunity. An internal fraud in 2019 turned out be devastating. Though Norwest managed to get back its capital through secondary sale, the company decided to not exit in full. The strength of a VC, Shah reckons, is best judged by how they react during bad times. A fund always comes in with an equity risk. "And a part of equity risk is that some things will go wrong. You can't do much," he says. What's crucial, though, he underlines, is to have loads of empathy. "The startup ecosystem is blessed with critical thinking. But I think we need much more empathy," he says.

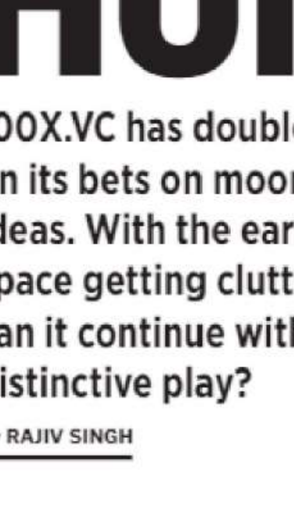
The strength of a VC, Shah reckons, is best judged by how they react during bad times. A fund always comes in with an equity risk

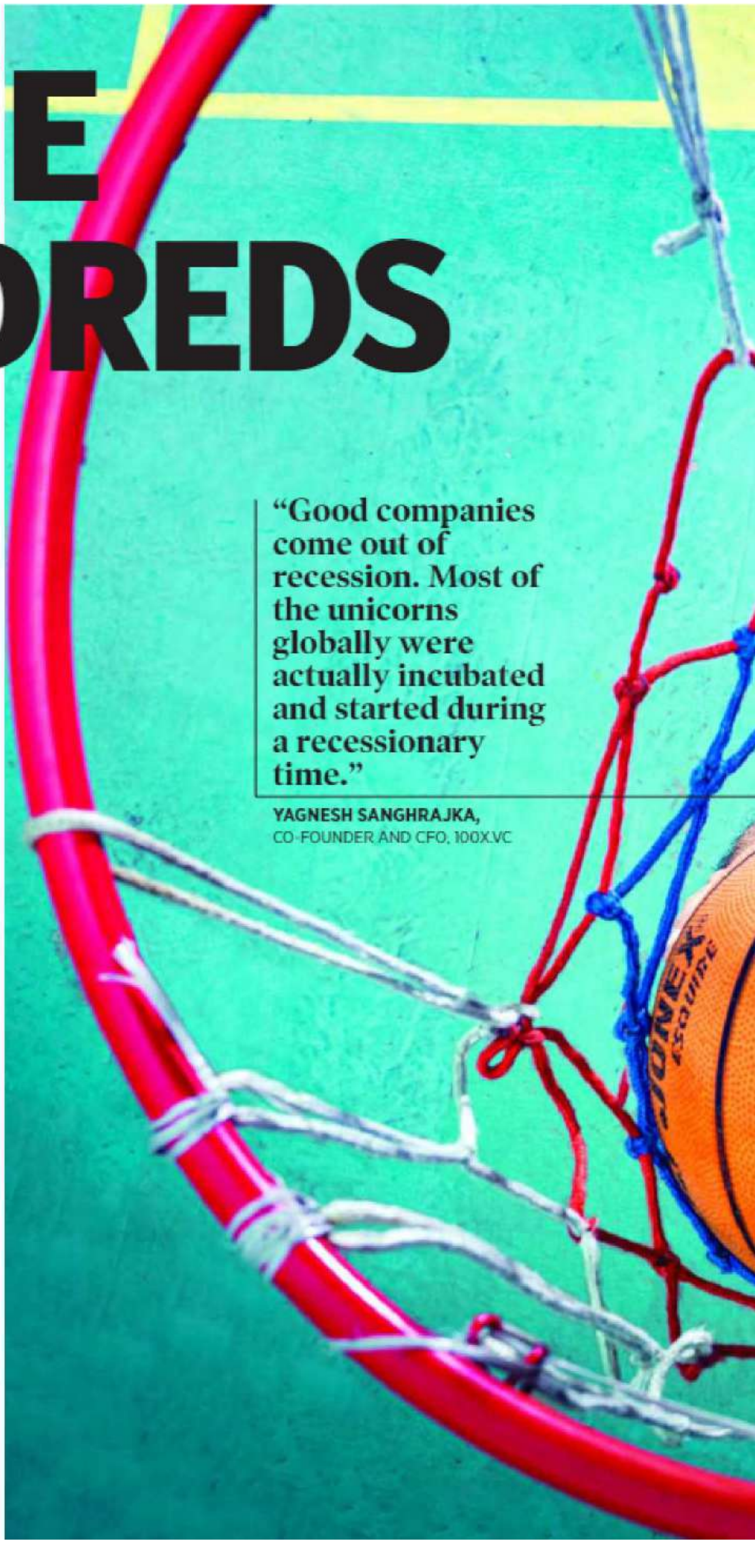
So is it easy being a VC? A venture capital world, Shah reckons, is a brutal industry. One has to keep performing day after day, and treat every deal as the last deal. The moment one starts cracking good deals, the threat of bringing the bar down becomes high. "At Norwest, we keep saying, 'keep the bar high'," he says. The fund, he points out, has never exhibited haste and recklessness. "We are not spray and pray. We don't have to do 20 deals a year," he says, adding that there have been years when the fund just managed to close two deals. "The bar has to be kept very high," he says, sharing his biggest learning. "The VC world is very hard to get in, but it's very easy to get kicked out," he reckons. "The magic lies in dodging bullets." F

IN THE HUNDREDS

100X.VC has doubled down on its bets on moonshot ideas. With the early-stage space getting cluttered, can it continue with its distinctive play?

By RAJIV SINGH





> "Good companies come out of recession. Most of the unicorns globally were actually incubated and started during a recessionary time."
>
> **YAGNESH SANGHRAJKA,** CO-FOUNDER AND CFO, 100X.VC

When it comes to investment, Yagnesh Sanghrajka hunts for stickiness. "It has to have a unique value proposition," reckons the co-founder and chief financial officer of 100X.VC, an early-stage investment fund. The venture capitalist outlines the distinctive style of deal-making done by 100X.VC, which was co-founded by Sanjay Mehta, Ninad Karpe, Shashank Randev, Vatsal Kanakiya and Sanghrajka in 2019. "Everybody must find the product sticky," he says, dishing out

MEXY XAVIER

NAME & GAME

100X.VC is the first **VC fund** to invest in early-stage startups using **founder-friendly India SAFE** (simple agreement for future equity)

Founded by **Sanjay Mehta, Ninad Karpe, Yagnesh Sanghrajka, Shashank Randev** and **Vatsal Kanakiya** in 2019

It is **sector-agnostic**, cuts a standard cheque size of **₹1.25 crore** for a **15 percent** future equity

Has invested in over **80 startups** in the last **three years**; Mehta's blockbuster exit was **OYO rooms**, where he claims to have made **280x** returns

Plans to invest **₹125 crore** in over **100 startups** over the next **12** to **15 months**

Recently partnered with **Pidilite Industries** to identify strategic investment opportunities for **Pidilite Ventures** the example of BuildNext.

Started by Gopikrishnan V and Finaz Naha in 2015, the Kochi-based tech-enabled home builder offers a battery of solutions ranging from visualisation, estimation, product selection, procurement, budget control and project tracking to consumers. BuildNext, Sanghrajka underlines, leads to a higher level of transparency, and brings down cost and time overshoots in construction of buildings. But for a fund which cuts a standard cheque of ₹1.25 crore for a 15 percent future equity in startups and also happens to be a first institutional investor, what was so sticky and compelling about BuildNext, which already had backers? "It's Pidilite," he smiles.

It was a pointed brief to 100X.VC. Pidilite, the makers of Fevicol brand of adhesive, was keen to pump in corporate venture fund into startups with innovative business model. BuildNext's offering and segment in which it operated interestingly had a strong overlap with Pidilite. "We knew Pidilite's products would make sense for these kinds of businesses," says Sanghrajka, who did the initial round of screening, evaluation, preliminary talks with the startup founders to gauge their interest and then connected the interested parties. What followed next was a $3.5 million Pre-Series A investment by Pidilite in July this year.

100X.VC had more in store for Pidilite's corporate venture capital. Kaarwan, a learning and upskilling platform for architects and designers, was spotted as another investment opportunity. Another venture to grab the attention of the VC fund was Finemake, an online platform to choose, customise and book designs for modular kitchens, wardrobes and TV units. The collaboration between a corporate biggie and a venture fund, underlines Sanghrajka, is a unique experiment in a country where traditional brick and mortar players have been increasing their exposure to tap into the innovative products and services of startups. In fact, Pidilite itself has had a bunch of such investments, which includes funding in HomeLane and Livspace.

India Inc is scouting for disruptive startups that can help traditional companies tap into opportunities unexplored over the last few years. Pressing the acquisition button makes sense for large companies

The early-stage VC fund is beefing up its play by adding corporate levers to its strategy. The idea is simple. India Inc is feverishly scouting for disruptive startups that can help traditional companies tap into opportunities unexplored over the last few years. Pressing the acquisition button obviously makes sense for large companies that can quickly add value by acquiring nimble startups. "We are a unique bridge between a corporate and a startup fund," says Sanghrajka, adding that 100X.VC is well placed to handhold corporates.

The seasoned venture capitalist points out twin benefits that his fund offers. First, being an early-stage investing firm, 100X.VC has more skin in the game. What this means is wide and deep exposure to the talent pool. What it also means is an opportunity to make an early entry into the journey of a startup that is yet to climb the valuation ladder. "We are not advisors. We don't make money on a transaction fee," he says, alluding to partnerships with the corporates. "Our only revenue model is exit," underlines Sanghrajka. Once a corporate, he lets on, takes a significant minority, and slowly builds it up, a roll-up at some stage is not ruled out. Second, 100X.VC not only plays matchmaker, but also does portfolio review, monitoring and management even after a corporate had made an investment. "It's a non-stop engagement, and we know the long-term value," he adds.

"100X.VC does the initial round of screening for us. They help identify and then evaluate a bunch of good startups."

APURVA NARENDRAKUMAR PAREKH, EXECUTIVE DIRECTOR, PIDILITE INDUSTRIES

Meanwhile, in the short term—over the last few years to be precise—early-stage investment ecosystem has exploded in India. It jumped from $5.1 billion in 2019 to $8.7 billion in 2021. While during the Covid year the numbers shrunk ($3.6 billion in 2020), they strongly bounced back the subsequent year, and have maintained the tempo in the first three quarters of this year by posting $7 billion. Sanghrajka sees no reason for the strong inflow of funding to dip over the next few years. "Funding winter has not impacted early-stage investment," he says.

It's not hard to fathom why the early-stage ecosystem has survived the winter chill. A startup at pre-seed, seed, Pre-Series-A is at 0 to 1 stage of its journey. It's a phase when the founder will keep experimenting, exploring, pivoting to find product-market fit, growth and revenue. Money at this stage acts as oxygen rather than rocket fuel. So there is no scramble among VCs to get into a startup. Even when it comes to late stage, funding is not an issue. "Money is always available for smarter guys," contends Sanghrajka. Most of the good companies, he adds, were born out of recession. If the founder is disciplined in the use of capital, has not let unit metrics go wayward, and has played up to the valuation that it has got, then raising funds is not an issue. "There is no fear of missing out (FOMO)," he says.

Interestingly, FOMO is largely conspicuous in the early-stage as well. What this does is that it keeps valuation sane, sober and rational. Funding winter, Sanghrajka explains, is for the growth-stage startups who picked up funding at fancy and sky-rocketing valuation last year, and now can't get money at the same insane multiples. "Forget chill. It's warm and the sun is shining brightly for early-stage startups," he says.

But can too much of sunshine also cause trouble? Well, the early-stage funding ecosystem has not only got hyper cluttered over the last few years, but it has also seen a wave of angels giving a tough time to the institutional VCs. "The angels definitely have become bolder and are cutting big cheques," acknowledges Sanghrajka, adding that founders have an easy access to capital and don't have to depend on VCs as their only source of money. He, though, is quick to add that he is not competing with angels. "We are competing with bigger boys who are cutting smaller cheques," he adds.

What could be the flip side? With angels, early-stage VCs and a bunch of big boys—late-stage funders also getting into early-stage investing—chasing rookie founders or at times serial founders, what does this mean for funds like 100X.VC? Sanghrajka points out the biggest challenge. "A lot of early-stage guys will face credibility issues," he underlines, explaining his point.

There are two kinds of businesses: VC-fundable businesses and lifestyle businesses. The latter might look attractive in terms of unit economics but doesn't have scale. "So these are not the ventures where VCs would put money," he says. The problem arises when an investor can't differentiate between these two kinds of businesses and gets too enamoured with the lifestyle ones. And when this happens, exit becomes a problem. The second problem is from founders' side. With 'all angels descending to earth'—as one of the VCs took a dig at the alarming pace at which everybody is turning angel and cutting cheques—founders will realise that devil lies in detail. Handing too many angels won't

be an easy task. "Moreover, early-stage is no more about capital," says Sanghrajka. "That's why funds like 100X.VC come into picture," he adds, underlining that irrespective of the dynamics of funding, the nature of doing business will never change. His one-point advice to all budding founders is: Understand numbers. "I have seen a hell lot of brilliant product and tech guys," he says, alluding to his interaction with thousands of founders during VC pitches. Though most are promising, they lack in one crucial aspect, which is understanding financials, cash flow and burn. "Homemakers knows their math," he signs off. F

A FEW INTERESTING BETS

SMILES.AI

Founded by Hitesh Kakrani and Jatin Kakrani, it's a **dental care startup connecting customers to dentists and clinics**

With over **100 specialist doctors,** Smiles.ai serves over **3,000 patients and conducts more than 5,000 diagnoses every month** across Bengaluru, Delhi-NCR, Pune and Indore

Raised **$23 million in Series-A funding** led by Alpha Wave Incubation (AWI) in January

MINDPEERS

Founded by Kanika Agarwal, it is a **game-based mental strength platform**

A self-care **SaaS platform for individuals struggling with mental and behavioural issues,** MindPeers also offers TeamCare for corporations to help take care of their **employees' mental wellbeing**

Raised **$200,000 from angel investors** from India, the US, Singapore and Indonesia

DATA SUTRAM

Is an AI-backed platform that **gathers intel from external data to provide location-based data intelligence**

Kolkata-based startup **studies consumer behaviour based on their location** from more than 250 sources

Closed a **$2.07 million funding in February;** round was led by Varanium Capital and Yatra Angel Network

DELTA OF GROWTH

MegaDelta is fine-tuning the art and science of investing in companies that are at the point of acceleration. Can it get the best out of its risk-return calibration strategy?

By RAJIV SINGH

"The way MegaDelta was born was more like an IVF."

BALA C DESHPANDE,
FOUNDER AND PARTNER,
MEGADELTA CAPITAL

NAME & GAME

Started in 2018, MegaDelta Capital is a mid-market growth fund with assets under management of

$300 mln

Founded by Bala Deshpande, Tarun Sharma and Ruchir Lahoty, the fund focuses on **health care, consumer, enterprise tech and disruptive plays**

Has a **ticket size between $15 million and $25 million,** and has made **14 investments from Fund 1**

Has had **four exits generating over $600 million in value;** is now raising its next fund of $300 million

Big bets include **FirstCry, Goqii, Freo, IDfy, GreytHR, IntelligenceNode, Nova Medical, Financial Software and Systems**

Plans to invest in **15 to 18 companies from the second fund**

If you are talking to Bala Deshpande, expect nothing less than an incisive and a brutally candid conversation. "I'll be very honest," says the seasoned investor who began her investment career with ICICI Ventures in 2001, and has held close to 40 board positions in companies across industries over the last two decades. "There are moments when I too did not really understand why this is happening, or why it should happen," she says, alluding to a spike in the valuation of startups that spooked many within and outside the startup ecosystem last year. A glut of capital, reckons Deshpande, was the culprit. "Capital will flow to places where the return lies," underlines the investor, who joined the American venture fund NEA in 2008, and co-founded MegaDelta along with Tarun Sharma and Ruchir Lahoty in 2018.

MegaDelta, interestingly, was not a 'normal' baby. "The manner in which it was born was more like IVF," smiles Deshpande. Back in 2018, NEA pressed the exit button and decided to sell the India portfolio. Deshpande, with the help of a clutch of global investors, bought the entire portfolio and started MegaDelta, a mid-market growth fund with assets under management of $300 million. "It was a great way to become an entrepreneur-investor once again," she says. As a venture fund, MegaDelta typically comes in at a late Series A or Series B, and puts in between $15 million and $25 million. "We invest in companies that are at the point of acceleration," she contends. Coming at the Series B stage, she lets on, and still growing aggressively is where art, skill and the strength of the business model get exhibited. "We chose the path which is the hardest in India," she says, alluding to the way companies get into stunted growth after the first phase of their journey. "What we are taking is a growth risk," she adds.

But how hard is it to be an investor, especially in the last few years? There was the pandemic in 2020, the world—read America—tries to hedge its bet by diverting capital to India, and 2021 happened to be a year when late-stage funding reached a new peak: From $8.8 billion in 2020 to a staggering $32.3 billion. Even if one goes back to the last non-pandemic year (2019), the late-stage funding

NEHA MITHBAWKAR FOR FORBES INDIA

was a little over one-third of the 2021 number: $12.1 billion. The country also witnessed a rapid surge in unicorns last year. Deshpande reckons that the investment world and the landscape have changed a lot over the last decade.

What has changed the most, though, is the behaviour of capital. "Capital is creating its own unicorn," underlines Deshpande. Give $100 million and take 10 percent, and a unicorn is born. Now, it doesn't matter whether the company has a ₹2 crore revenue or more than that. The investor is betting on a future promise. The fact that a company with such a turnover is ready to take $100 million is the first big change. Then there are guys who are making such bets... that is the second big change. So, for people with a lot of capital, outlaying $100 million is a small portion of the total fund.

Now, when one looks at it in terms of a risk optimisation or reward optimisation approach, then it makes sense. "It doesn't matter even if the bet becomes zero. There are other bets that will make up for it," she underlines, explaining how capital has behaved over the last few quarters. What is happening, Deshpande underlines, is that the valuation is getting discovered by the strength of the entrepreneur, the strength of the story, if she happens to be a first mover and if it's a consumption story. The rationale behind consumer stories getting high valuation is because of the stickiness of the business. Once consumer behaviour gets set, and becomes a repetitive pattern, then it becomes very hard to shake that position. The valuation, therefore, has elements of scarcity, elements of future promise, and hope that these companies would be picked up at an even higher valuation in the future.

What has changed most in the investment world and landscape is the behaviour of the capital. Deshpande says capital is creating its own unicorn. Give $100 million and take 10 percent, and a unicorn is born

But how does one explain the gross mismatch between valuation and performance? Look at the way some of the loss-making listed companies got drubbed by the public market. Deshpande, though, puts things in perspective. The moment you allow loss-making companies to go IPO—with a full understanding that profit is a good three-four years away—any kind of quarterly analysis won't help.

Deshpande reckons that a founder's DNA, to a large extent, determines whether an investor makes a return or not. "I cannot tell you the number of founders who have a self-destruct button. It's not funny," she says, sharing an interesting anecdote. In one of the funding pitches, she asked the founder about his plans to monetise the business model. "He said his CFO would figure it out," she recalls. While conceding that there are a few natural-born entrepreneurs who investors look at—fill it, shut it, forget it types—others need to realise that entrepreneurship is not about being founder-centric and it's a continuous learning process.

Choosing a right business model and a right sector help. In a market where it has been easy for anybody who has managed to build a brand to catch the fancy of an investor, one has to be extremely careful in making selective bets. Deshpande counts FirstCry, GOQii, Freo, IDfy, GreytHR, IntelligenceNode and Nova Medical among some of the big bets of MegaDelta. "I have invested enough in India to know that the exciting entrepreneur stories are yet to come," she adds.

But what about challenges? Deshpande starts with the biggest one for founders. "For every business model today, there would be 50 more chasing the same dream," she reckons, adding that such a scenario amplifies the competitive intensity.

For MageDelta, the funder underlines, capital flocking could be a tough challenge. When a whole flock of capital starts chasing one sector, and a few entrepreneurs, then things become difficult. The solution, she underlines, is having a sound risk-return calibration. "The only time when we don't make money is when there is either no growth or there is a big regulatory impact," she signs off.

BALA DESHPANDE, INVESTOR WITH A WEALTH OF EXPERIENCE

Is a management graduate from Jamnalal Bajaj; has a **master's in economics**

For a decade, he had stint with FMCG companies such as **ICI, Cadbury's and BestFoods**

Started her investing career as **director investments in ICICI Venture in 2001**

Joined American fund NEA as general partner to set up and head their India practice in 2008

In 2018, NEA gave the India team an opportunity to **buy out the India platform**

Has held close to **40 board positions in companies, including Naukri, Subhiksha, Pantaloons and Welspun**

THE ODD ONES OUT

Lumikai is betting big on the upside of being the only dedicated fund for games and interactive media in India. Will the gambit pay off?

By RAJIV SINGH

> "I've had enough detractors in my life. It's helped me develop a very thick skin."
>
> **SALONE SEHGAL,** FOUNDING GENERAL PARTNER, LUMIKAI

London, Early 2014

The investor began the conversation by looking at the downside. "Oh, so you are building games for women!" exclaimed the venture capitalist (VC) as he welcomed Salone Sehgal to his office. "What is a woman doing in the big boys' world of gaming?" he said grinning. "Are you the only one doing it?" he continued with his set of questions. His colleagues, too, looked stunned. There was an awkward silence. Sehgal, who happened to be the only woman in the room, was not bemused. "Around 60 percent of casual gamers in the world are women," she stressed. Sadly, she continued, less than 20 percent of games and companies

NAME & GAME

Lumikai is India's first **dedicated games and interactive media VC fund**

It was started by **Salone Sehgal and Justin Shriram Keeling in August 2020**

Makes early-stage bets; **average investment size ranges between**

$200K and $2 mln

Had AUM (assets under management) of **$38 million in first fund;** now building a **$100-million corpus**

Sehgal has had stints at London Venture Partners (LVP)—Europe's pioneering seed-stage gaming VC—Barclays Global COO Office and Morgan Stanley

She also co-founded TrulySocial, a gaming company building immersive social worlds for women

Keeling has 18 years of experience as a founder, M&A advisor and mentor across the global and Indian markets

MADHU KAPPARATH

are built for them. "There is a huge upside in building games for women," she underlined. "And it's great to be the odd one out."

Sehgal, for sure, had a one-of-its-kind track record. The founder of TrulySocial, a mobile gaming company co-founded by her in December 2013 to build an immersive, narrative-based social world for global female audiences, had built a formidable reputation in her stints as M&A banker and PE (private equity) specialist with Barclays, Morgan Stanley and KPMG. Now, Sehgal, who had executed over $10 billion of M&A transactions, was taking her maiden plunge into entrepreneurship. Despite her famed background, she had to do what any rookie entrepreneur would do passionately: Pitch for VC money. "The conversation didn't go well. We didn't get the money," she recounts.

What Sehgal did get in plenty though, were rejections. One of

At Lumikai, the co-founders decided to build a portfolio of gaming assets which looked beyond fantasy gaming. They decided to look at content, platforms, tools, tech and infrastructure

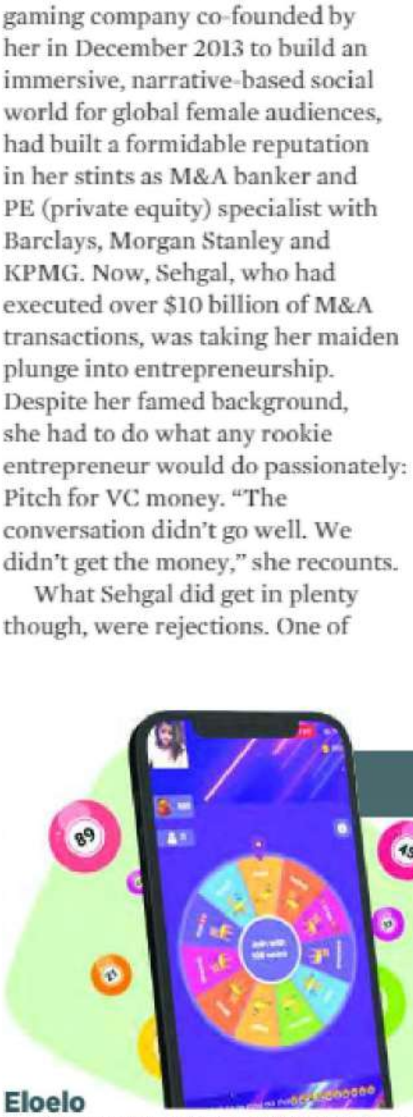
the VCs, interestingly, evinced interest in taking the bet. His strategy of validating the idea, however, was ridiculous. "I'm going to get my wife to try the product," he remarked. An outraged Sehgal responded in kind. "If I am building a blockchain industry," she asked, "would you still ask your wife to try or understand yourself?" Understandably, the miffed investor declined to back the venture. Sehgal eventually managed to get the backing of biggies such as Nazara Games and London Venture Partners (LVP).

The gritty founder scaled the venture, ran it for three-and-a-half years, and then had to shut it down after a buyout deal went south.

The founder now turned funder. Sehgal joined NVP, an early-stage London-based fund focussed on interactive gaming and entertainment segments. What didn't change was a constant jibe of reminding why she might be the odd one out. "She looks like a diversity hire," was a common taunt. By now, Sehgal knew how to block the outside noise. "I've had enough detractors. It's helped me develop a very thick skin," she says, adding that after working for close to two years she came back to India in 2019.

Back home, Sehgal wanted to start a VC fund focusing solely on the gaming space. The idea was compelling. India was at the cusp of a gaming boom due to the explosive growth in smartphones and cheap data. In 2018, there

INTERESTING BETS



Eloelo

Is a live, **creator-led interactive social gaming platform** for Bharat

Over 35,000 creators and influencers host interactive live events and play social games such as **Tambola, Chidiya Udd, and Tol Mol Ke Bol**

Platform recently crossed **8 million users;** does over **3,000 unique live streams a day**

On an average, **a user spends 35 minutes daily** on the platform; claims to have a **50 percent female user base**

Has **raised $16 million from Lumikai,** Kalaari Capital, KB Ventures, Waterbridge Ventures and Rocket Capital

Bombay Play

Is a games studio **building hyper-social games** since 2018

Claims to have over **40 million users across the world,** including the US, Europe, New Zealand and Thailand

Has **launched eight games last year;** is on track to roll out **24 more this year**

Has **raised $9.5 million from Lumikai,** PlayCo, Kalaari Capital, Leo Capital and Advantedge

Studio Sirah

Is a game development studio **building cross-platform, midcore games** with Indian themes

First game was a digital CCG (card collectible game) called Kurukshetra: **Ascension**

The game leverages themes and characters from Indian epics such as the **Ramayana and Mahabharata**

Claims to have had over **50K downloads of Kurukshetra:** Ascension on its open beta

Startup has **raised $850K pre-seed round from Lumikai** and a bunch of angels

were an estimated 250 million gamers in India and by FY19, gaming was a little under a billion dollar opportunity, according to data by Redseer. Sehgal partnered with Justin Keeling and started Lumikai, an early-stage VC fund for games and interactive media, in August 2020, a few months after the pandemic-induced lockdown.

The timing seemed perfect. The entire country was hooked to smartphones, OTT and online games. By FY20, gaming swelled to a $1.8-billion opportunity, and it was still Day 1 for the entire sector which exploded after the pandemic. For Lumikai, though, it was tough to hunt for opportunities. The reason was simple. With a meaty 49

"We have seen hype cycles. We look at the market with a much more calibrated view."

JUSTIN KEELING, FOUNDING GENERAL PARTNER, LUMIKAI

percent in FY20, RMG (real money gaming) formed the biggest chunk of the gaming market in India. What this meant was that the big boys in fantasy sports—Dream11, MPL, Games 24X7 and the likes—already had backers who had put in heavy bets. For a fund which was late into the game and had an average ticket size between $200K and $2 million, Lumikai didn't stand a chance in the crowded market where the incumbents had deep pockets.

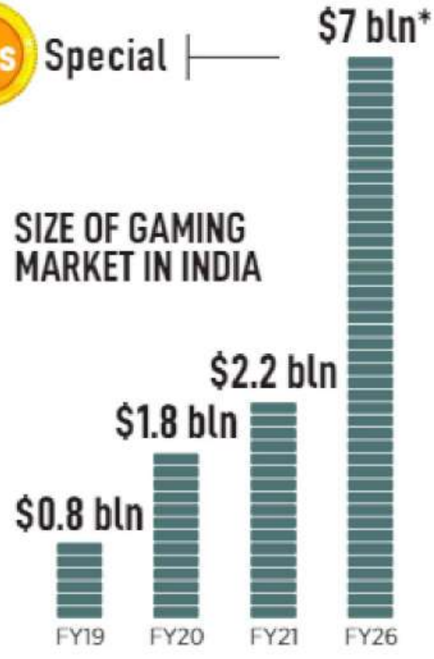
Lumikai, though, zeroed in on an odd game plan. "When life gives you lemons, you make lemonade," Sehgal says with a laugh. The co-founders decided to build a portfolio of gaming assets which looked beyond fantasy gaming. Lumikai, Sehgal explains, decided to look at content, platforms, tools, tech and infrastructure. "For us, the breadth of the gaming [sector] was much wider than just fantasy gaming," she adds, underlining that the focus was on making category-leading bets.

Fast forward to October 2022. Lumikai finds itself well-placed with over half-a-dozen differentiated bets. Let's start with Loco, a mobile-first live game streaming platform. It has bagged over 52 million users over the last two years, claims Keeling. Over the last year, he underlines, daily active users (DAUs) on the platform have increased 15x, monthly active users (MAUs) have jumped 8x, and monthly active streamers have scaled 5x. Loco, he points out, has raised $51 million from Lumikai and a host of marquee investors such as Makers Fund, Krafton and Hiro Capital.

Another interesting bet is Cloudfeather Games. The gaming infrastructure company, which provides plug-and-play real money gaming solutions to developers, has raised $1.25 million in a pre-seed round from Lumikai, Venture Highway, and a clutch of angels such as Manish Agarwal of Nazara. Yet another portfolio startup is Studio Sirah, a game development studio building cross-platform, midcore games with Indian themes. Their first game happens to be a digital CCG (card collectible game) called Kurukshetra: Ascension. It leverages themes and characters from epics such as the Ramayana and Mahabharata.

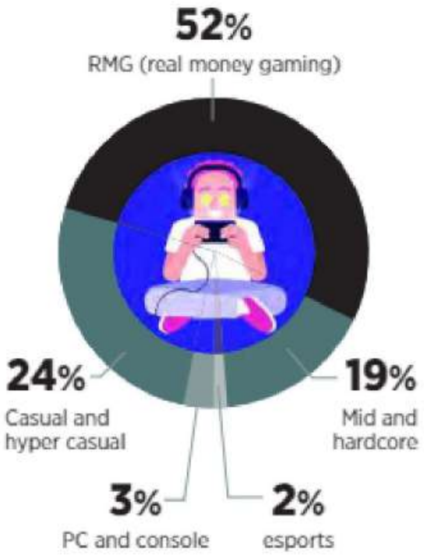
What's most fascinating, though, is Lumikai's latest bet on Supernova. A startup that makes

SIZE OF GAMING MARKET IN INDIA



* Projected

FY21 (BY SEGMENT)



Source: Redseer, Lumikai

80 mln
This is 20 percent of roughly 400 million active gamers in India who choose to pay for games

live quizzes and interactive gamified formats on CBSE math topics for kids aged between four and 12, Supernova raised pre-seed funding of $1.1 million this October. The round was led by Lumikai, and saw participation from Kae Capital, All In Capital, Goodwater Capital and a slew of angels. Keeling explains the logic behind the bet. "We believe that the system of play and gaming best practices have the potential to unlock massive disruption in edtech," he reckons. Supernova, he underlines, is taking a first principle approach to a massive opportunity with a new platform that reimagines kids' education by leveraging the power of experiential, game-based 'learning by doing'.

Sehgal, for her part, points out another big opportunity for her gaming fund. Last year, users in India downloaded games 15 billion times. The corresponding numbers during the first six months of this year, she points out, are encouraging: Seven billion new game downloads. "Games account for a third of all app downloads in India, which is the most for any category," she says, adding that India has higher game downloads than any other country in the world. Users in India, Sehgal continues to flash out data points, spend an average of 40 minutes daily playing casual games. Indians are spending 30 percent more time on mobile games post-Covid as compared to pre-Covid. "There were 450 million gamers in India in 2021 and the numbers are likely to touch 600 million in 2022," she adds.

Okay, there is enough headroom for growth. But what about monetisation? There is money in RMG, but what about the rest? Sehgal points out another set of positive data from a joint study by Lumikai and Redseer on the gaming industry in India. Around 20 percent of roughly 400 million active gamers in India choose to pay for games, she says. While average gamers spend ₹1,200 per year on games, RMG users shell out ₹3,000 per year. In FY21, around 40 percent of the revenues for the gaming industry came from in-app purchases. "It's a story that's not talked about much," she says with a smile.

A potential challenge could be the uncertainty over regulation in RMG. Though Lumikai doesn't have any RMG startups in its portfolio, lack of policy clarity has a negative rub-off on the gaming industry and investor sentiment. Sehgal tells us her plan to mitigate the threat. "Building a diverse portfolio is the only way to win in gaming," she says.

A point high on the talking list is the exit for VCs. Sehgal knows about the potential challenge. "Around 93

According to data, India has higher game downloads than any other country in the world and users in India spend an average of 40 minutes daily playing casual games

percent of exits in gaming happen via strategic acquisitions, and not through IPOs," she says. India, she lets on, is still at a nascent stage in the gaming industry. For early-stage investors like Lumikai, it has to be a long and patient game. The second big challenge for VCs in the gaming space is boredom. "The startups need to be agile to keep churning interesting stuff," she says, adding that user stickiness is the key. While conceding that some odd bets would go wrong—well, that's the law of investment—Sehgal contends that India is poised to touch $7 billion in the gaming market by 2026. "The next billion gamers are going to come from India," she smiles. "Let's play." F


LUPIN
BE ONE®
DAILY ENERGY & IMMUNITY CAPSULES
100% AYURVEDIC, FOR ENERGY AND IMMUNITY.
8 NATURAL ACTIVES
LUPIN LIFE
BE ONE®
Re-energize • Rejuvenate • Revitalize
• BUILDS IMMUNITY •
A QUALITY PRODUCT FROM LUPIN
100% AYURVEDIC
ASHWAGANDHA • SHILAJIT • SHATAVARI
SCIENTIFICALLY TESTED
Be One has the power of 8 natural actives with adaptogen formula. In today's hectic lifestyle, it provides energy, helps build immunity and enables you to stay active every day. It is a scientifically tested complete supplement for a healthy body and mind.
100% VEGETARIAN
HEALTHY BODY AND MIND*
TESTED WITH DRDO#
KNOW MORE
BANO KHUD SE BEHETAR
TOLL FREE : 1800 266 7440 | EMAIL : CUSTOMERCAREOTC@LUPIN.COM
*Data in files. #Tested with DIPAS of DRDO | Gopinathan PM, Grover SK, Gupta AK, Srivastava KK. Effects of a composite Indian herbal preparation on combat effectiveness in low-intensity-conflict operations. Mil Med. 1999 Nov;164(11):814-9. PMID: 10578595.

IN THE SPOTLIGHT

Singapore's Lighthouse Canton is ensuring that the fund is not a day late and a dollar short in India. Can the global investment firm make its bets count?

By RAJIV SINGH

"We don't see ourselves as a fund. In some form or the other, we stay with a startup through its entire life."

SHILPI CHOWDHARY, GROUP CEO AND CO-FOUNDER, LIGHTHOUSE CANTON

A lighthouse primarily serves two purposes. First, the powerful flashing light mounted on the top of the soaring tower is used to guide ships. The intent is to help them navigate. Second, the blazing light warns captains of an impending danger. Shilpi Chowdhary points out an obvious third aspect which only a latecomer can spot. "It's a good vantage point," says the group chief executive officer and co-founder of Lighthouse Canton. When the Singapore-headquartered global investment firm opened its India account in 2020, it definitely didn't have a first-mover advantage. "There is enough room for multiple players," he says, dismissing any notion about carrying the baggage of being late. "We know what we have," he underlines confidently.

What Lighthouse Canton does have is an edge that not many in the investing world possess. The firm offers wealth and asset management services, and doubles up as a venture equity and debt fund. "We want to capture the whole lifecycle of a startup," says Chowdhary, who has had stints as managing director of Credit Suisse Private Bank and Citibank in India. "That's the big opportunity we are chasing," he says, explaining the dynamics of the fund which tied up with Nueva Capital to roll out LC Nueva Capital, the entity making venture investments.

The fund, Chowdhary explains, comes at pre-Series A stage, has a ticket size of $1 million to $5 million, and later in the growth stages—Series B, C and D onwards—

NAME & GAME

Singapore-headquartered global investment firm offers **wealth and asset management services, venture equity and debt**

Globally, assets under management and advisory stand north of **$3 billion**

India arm was launched in 2020, and 2021 was the first full year of operation

Firm works closely with the **ultra and high net worth individual segments, and single-family offices**

India business manages more than **$500 million of assets**

VC funding is done in **partnership with Delhi-based Nueva Capital**

Focuses on pre-Series A and Series A deals

Has a ticket size of **$1 million to $5 million; made 25 investments till June**

Top bets include **Redcliffe,** a tech-enabled health care diagnostics business; **Pumpumpum,** India's first used car leasing business; **Svish,** a D2C company in the personal hygiene space

MADHU KAPPARATH

offers venture debt. Most of the companies at the growth stage, he points out, are not too keen to dilute equity. So venture debt becomes a great lever to help them grow. Coming late also meant playing a differentiated game. Chowdhary reckons Lighthouse Canton has been trying to identify niches, look beyond top cities and back players who have the potential to make it big in these segments.

Take, for instance, its bet on electric vehicle financing platform Revfin. Started by Sameer Aggarwal in 2018, Revfin finances loans for electric three-wheelers in semi-urban, Tier III and beyond, has its own NBFC, and has set an ambitious target of financing two million electric vehicles over the next five years. The company claims to have so far financed over 10,000 electric three-wheelers across 14 states, is planning to widen its footprint, and diversify into two- and four-wheelers for the last mile and cargo deliveries and ride-sharing taxis.

Another segment ripe for disruption is women's footwear. Chowdhary has been quick to identify Monrow. Started in September 2016 by NIFT alum Veena Aishya, Monrow was rolled out in association with Future Group as its retail partner, but within a few months, it found its mojo in selling online directly to customers. It raised $1 million last year and raised another round in May 2022 to expand its hybrid model and move deep into Tier II, III and beyond. "Tier II and III cities are the places where the future lies," contends Chowdhary.

Tantalising prospects also lie in backing ventures in segments which might reach an inflection point over the next few years. One such sector is used-car subscription and leasing, and Chowdhary has its bet on PumPumPum. Founded in 2018, the startup operates in a bunch of cities such as Bengaluru and Delhi-NCR, and plans to expand to over 50 cities. The idea is to make car ownership flexible. The young generation, underline Chowdhary, is more wired to a mindset which doesn't like investing heavily in a fixed asset. "Leasing also gives the freedom to explore as many options as possible," he says. For a restless generation which gets bored easily, used-car leasing is a great value for money.

In spite of the funding winter, there is enough dry powder for startups in India. Capital will always chase the right kind of founders, says Chowdhary, and the deserving founders will never be short of funding

In spite of a funding winter, there is enough dry powder for startups in India. "Capital will always chase the right kind of founders," he says. "A dearth of funding for the deserving and performing ones will never be an issue," adds Chowdhary.

Globally, the public and private market is in the midst of a correction. While plenty of opportunistic capital did come in the market over the last year or so, some kind of sanity is setting in now. "We were never driven by FOMO (fear of missing out) or the need to deploy faster," he says, explaining the approach of the fund. "We are here to stay and not press the exit button," he underlines.

"We are witnessing the emergence of a new breed of entrepreneurs from Tier II and III cities."

ASHWIN RAGURAMAN,
CO-FOUNDER AND PARTNER, BHARAT INNOVATION FUND

Interestingly, a large number of exits is what is providing another layer of comfort for foreign funds coming to India. There were only 139 merger and acquisitions (M&As) in 2019. While the numbers slightly dipped in the pandemic year to 120, it more than doubled to 253 last year, and in the three quarters of this calendar year, it has notched 211 M&As.

"It's indeed a huge comforting factor," says Chowdhary. Everybody, he lets on, wants the money to move. The high number of exits only underscores the growing maturity of any startup ecosystem.

Another positive for the Indian startup ecosystem is that the startups are mushrooming across smaller towns and cities. "We are witnessing the emergence of a new breed of entrepreneurs from Tier II and III cities," says Ashwin Raguraman, co-founder and partner at Bharat Innovation Fund. The Indian startup founder mix, he underlines, will evolve over the next five years, much like the Indian cricket team. In the 80s, most of the players predominantly hailed from Mumbai. "But now we have a far more widespread and smaller-town representation," he says.

The going, though, might not be easy for Lighthouse Canton. Chowdhary identifies the most common challenge. In a market replete with homegrown and foreign funds wooing startups and founders, it's a big task to make the differentiation stand out and convey it clearly to the entrepreneurs. Good-quality businesses, he sounds a word of caution, have to be extremely mindful about the kind of capital they raise. "Taking money is the easier part, but ensuring that it brings in the right kind of stakeholders is equally crucial," he underlines. Money by itself is not serving purpose only. "For us, VC stands for venture comfort and not venture capital," he signs off.

Kalorex Group: Reimagining the Educational Space

The organization's strength is drawn from being always– Kinetic and Evolving– and constantly striving towards Academic Excellence

Dr. Manjula Pooja Shroff - The MD & CEO is the driving force of the Kalorex Group. Her zeal and enthusiasm motivates and encourages every member of the Kalorex family to put in their best and always stay in the learning mode.

She holds a Doctorate in Business Administration from Commonwealth University, London. An IIM Ahmedabad alumni, she is an Edupreneur with dedicated and diverse experience in the field of education. A postgraduate from York University and executive alumni from London School of Economics, her educational institutes and social projects making noteworthy contribution to the Society. She also holds an additional portfolio as an Independent Director at EimcoElecon (India) Ltd., she is the Co-Chair Elect – FICCI ARISE and is also associated with TIE and CII.

Recently, a book titled Success, Mantras and Musings has been released, which is an biographical account of Dr. Shroff's life, written by Ms. Anurita Rathore Jadeja, a senior journalist and media professional from Ahmedabad. Published by Vitasta Publishing Pvt. Ltd, a leading publishing house of Delhi, the book speaks about how Dr. Shroff's innate belief in one self, staying focused and trusting ones instincts can shape one's destiny.

COMPANY PROFILE

The Kalorex Group was founded in 1995, and in 1996 the Delhi Public School was established under the aegis of the Kalorex Foundation in Ahmedabad. Today over a span of 27 years, the Kalorex Group runs two CBSE-affiliated DPS schools in Ahmedabad and Mehsana, and one State Board DPS East Ahmedabad, an IB-affiliated Calorx Olive International School in Ahmedabad and three CBSE-affiliated Calorx Public Schools in Ahmedabad, Mundra and Bharuch in Gujarat. The Saurabh English School (9-12), offers the state board curriculum under the Kalorex management.

Kalorex also offers its services towards uplifting the less privileged children by providing a foster home, Visamo Kids Foundation and ensuring K-12 education for them in the best schools of the city. The students having learning difficulties are given special attention in Kalorex Prerna, with a focus on students having dyslexia or other academic concerns.

The Vocational & Educational Development Institute of Calorx (VEDIC) offers skill building towards employability for destitute girls and women.

PRODUCT AND SERVICES

Apart from K-12 schools, the group offers Consultancy and Services for Audits & Compliance, Trainings and Workshops, Media & Marketing, Strategic Advisory, IT services, Infra set up and Policy & Systems.

The eKal Digital Learning platform for Live and Self-Paced classes and Yali Store for Products and Merchandise are popular platforms from where students from all parts of the world can access classes and buy interesting products.

"Even for a Steve Jobs, there was a Steve Wozniak. For Larry Page, there was Sergey Brin. It's great to have partners."

RAJIV SRIVATSA, PARTNER, ANTLER INDIA

FINDING THE RIGHT MATCH

Antler is nudging aspiring founders to live their business dream. Can the 'day zero investing' approach redefine venture capital?

By RAJIV SINGH

NAME & GAME

Antler is one of the **largest and fastest growing early-stage investment platforms** in the world

Headquartered in Singapore, the **VC fund operates in over 17 countries**

Rajiv Srivatsa, co-founder of Urban Ladder, and seasoned investor **Nitin Sharma**, are partners at Antler India

Invested in **16 startups in 2021, and 7 in 2022**

Invests in the range of **$500k** for pre-seed investment

Bengaluru, July, 2022

As a climate consultant, Hitesh Bhuraria knew that the outlook was bright and sunny. Working with Bain & Company for five years, the INSEAD alum figured out that corporates were grappling to address carbon emission challenges. For months, Bhuraria worked on understanding the market landscape, mapped existing solutions and uncovered the whitespaces. He realised that there was a massive opportunity in leveraging technology to uncover deeper insights into how companies can be decarbonised. The wannabe entrepreneur has been itching to take the plunge.

What dampened Bhuraria's fire was his futile hunt for a tech co-founder. He spoke to dozens of engineers, found a few potential matches with the right technical skills but most of them either lacked the founder mindset or sounded non-committal. Meanwhile, Nishant Singh was also in a state of entrepreneurship limbo for a while. Passionate about climate, the software engineer at Google had been tinkering with ideas and people he could work with, but struggled to find the right partner.

Orthopaedic surgeon Karan Raj Jaggi too was wresting to find a cure for his entrepreneurship itch. Coming from a family of doctors—Jaggi was the third generation in the profession—he always yearned for 'high impact and high scale'. A

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA medical practice had high impact but hospitals were a low-scale space to be in. The doctor failed terribly in his balancing act: A full-time job and trying to roll out a startup. One of the main reasons, Jaggi diagnosed, for failed 'Operation Startup' was his 'can do everything on my own' approach. It sadly didn't work and Jaggi now started scouting for a partner.

Fast forward to October. Bhuraria and Singh have co-founded Sangti, a SaaS-enabled carbon management platform that helps with carbon measurement, management, and climate financing. Meanwhile, Jaggi found his co-founders in Shubham Jain (a former software engineer at Intuit,) and Vedant Jain (ex-assistant vice president at Noon). The trio rolled out Guardians, India's first full-stack medical emergency response platform. "From not knowing Vedant and Shubham to chalking out a five-year plan for Guardians, it has been the most exhilarating ride of my life," says Jaggi, adding how spotting a LinkedIn post about the Antler India Residency programme helped in starting his entrepreneurial journey. "Their approach of engineered serendipity in finding exceptionally gifted, motivated and ambitious folks was sheer magic," he reckons.

An exclusive platform for aspiring entrepreneurs, Residency is a 14-week programme run by Antler, one of the largest and fastest growing early-stage global investment platforms headquartered in Singapore. With an acceptance rate of less than 3 percent, the programme plays matchmaker in finding a co-founder, hones the business idea, provides support with customer validation and building a minimum viable product (MVP) and go-to-market strategy, and invests $270,000 for a 9 percent equity in pre-seed stage startups that make the cut.

Residency is a first-of-its-kind platform by any VC fund in India and brings together founders. It has an acceptance rate of 3 percent and invests $270,000 for a 9 percent equity in pre-seed stage startups.

Rajiv Srivatsa, partner at Antler India, explains why the VC fund takes pride in playing matchmaker. "Even for a Steve Jobs, there was a Steve Wozniak. For Larry Page, there was Sergey Brin," says the entrepreneur-turned-VC who co-founded online furniture startup Urban Ladder in 2012. Srivatsa traces the origin of matchmaking to Antler's genesis. "It started as a matchmaking company," he says, adding that Antler has invested in around 400 startups through the Residency route. "So we have a lot of history there."

But why was the programme not rolled out in India before? Srivatsa gives three reasons. First, Residency requires maturity of the audiences—aka budding entrepreneurs—to want to work as a co-founder with someone they don't know at all. In spite of a flourishing startup ecosystem in India over the last decade, the concept of co-founding a venture with an unknown partner was still largely missing. Second, for a concept like Residency to work, a crucial ingredient is physical interaction and a spate of meetings. The last two years, Covid ruled out any practical chance of rolling out such a programme.

Third, one also needs some time to figure out the nuances of the programme and how to make it work in India. "So one had to do a lot of reengineering to ensure that the programme works in India," says Srivatsa, adding that Residency is a first-of-its-kind platform by any VC fund in India to foster entrepreneurship at the earliest stages by bringing together aspiring founders. "Antler is shaking up the traditional early-stage model of investment by using global platforms," he says.

FIND YOUR PARTNER @ RESIDENCY

Residency is **a platform for aspiring entrepreneurs to find co-founders** and kickstart their entrepreneurial journey

The **14-week programme focuses on the top 1 percent mid to senior talent** across startups and corporates

After finding a co-founder and honing the idea, Antler **provides customer validation, building an MVP and go-to-market strategy;** founders can then pitch to Antler to raise funding

Residency has an acceptance rate of less than 3 percent; all participants get a **stipend of ₹1 lakh per month for 3 months. All participants in the first cohort of Residency had** had eight years of average work experience, while **21 percent were women founders, 40 percent had an engineering background**

From over **2,100 applications, 73 got selected; 3 got funded.** Antler invests **$270,000 for 9 percent equity** in select teams

The fund, Srivatsa underlines, fills two critical gaps in the expanding startup ecosystem. First, it is a rare global institutional VC firm focussed on the pre-seed stage in India, he contends. Second, Antler serves founders at the earliest stages with a platform that allows investments in entrepreneurs' pre-team and, in many cases, even pre-idea.

Meanwhile for budding founders, fixing partners at Residency was not easy. Bhuraria and Singh—who had to undergo an array of activities, some especially designed to create high-stress environments—recount their experience. The duo spent time outside of the cohort on personal activities to deepen their relationship. To dive deeper into the non-obvious facets of a co-founder relationship, targeted interventions such as retreats and probing questionnaires simulated conflicts

"Call it engineered serendipity, the magic unfolds when gifted, motivated, ambitious folks are put together in a room."

KARAN RAJ JAGGI, CO-FOUNDER, GUARDIANS

and hard discussions, which otherwise would have surfaced ad-hoc over months or years of them working together. The questions ranged from, 'What if your co-founder stops enjoying building the venture with you?', 'What if you have to fire your co-founder?', to 'What if your co-founder doesn't want to make this a billion-dollar outcome?'.

Finding a partner is just the beginning of the journey. Post teaming up, Bhuraria and Singh had to articulate and execute their go-to-market, and used the Antler team as a sounding board to narrow down on the logistics sector. The co-founders, says Srivatsa, are using tech to uncover insights into how companies can look at decarbonisation. The SaaS-enabled platform is working with three of the largest logistics players in India to help them achieve their decarbonisation goals, he adds. "A founder's journey is not easy. Having a co-founder helps a lot in cushioning the bumpy ride," he underlines.

Having the right set of co-founders is now what even the doctor prescribes. Jaggi explains. The academic prowess—his partners are from IIMs—played a small role in forming a team. One of the main reasons, he underlines, to come together was the common desire to roll up their sleeves and get their hands dirty. "Essentially, we were a team even before we realised it ourselves," he says. The next goal was to build an MVP and get sales validation via pre-orders. "One month, 16-hour workdays, hundreds of 'quick connects' and 30 daily standups later, our MVP was born," he adds.

The challenge for the co-founders now is to realise that they are still at ground zero. Having a partner, building an MVP and hitting the market is just the start of the journey. Jaggi knows the challenges. The doctor, though, prefers to talk about the positive side. Accidents can happen any time, he says. "But if you have your helmet strapped, then the possibility of not dying would be too high," he says with a smile. In a ruthless startup world, where over 90 percent of the ventures are destined to die, having the right partner gives the gritty founders a narrow window of 10 percent to make it big.

THE CHOSEN ONES

SANGTI

Started by **Hitesh Bhuraria and Nishant Singh,** Sangti is a full-service carbon management platform

Bhuraria was ex-senior manager at Bain & Company, Singh was ex-software engineer at Google

SaaS-enabled platform **helps clients with carbon measurement, management, and climate financing**

GUARDIANS

It is India's first **full-stack medical emergency response platform**

Founded by **Dr Karan Raj Jaggi, Shubham Jain and Vedant Jain**

Jaggi is an orthopaedic surgeon and was with NHS, TATA-1MG and Fortis Healthcare; Jain was senior software engineer at Intuit; Vedant Jain was AVP at Noon

Guardians **leverages on-ground medical support networks** through paramedics and ambulances

MOTIF

Founded by Karthik Hegde, Aayush Singla and Udit Chugh, **Motif empowers salespeople with storytelling tools**

Hegde was head of pre-sales at Vymo, Singla was engineering lead at Meesho, and Chugh happens to be a second-time founder and was product manager at Zeta and OneCard

Motif is a real-time demo experience platform for pre-sales engineers that provides industry playbooks, contextual nudges, and insights for product demos

Operating in the emerging category of pre-sales enablement, **Motif aims to reduce onboarding time, reduce the sales cycle and improve conversion**

CoinDCX

THE PROMISE OF WEB3 AND BLOCKCHAIN TECHNOLOGY

Neeraj Khandelwal,
Co-Founder, CoinDCX

"The fact is that Web3, blockchain technology and cryptos are inextricably intertwined. In this context, it becomes essential to understand that crypto assets play an integral role in the blockchain and Web3 ecosystems and, therefore, must be seen as a 'transformative force' in our innovation economy. Cryptos are much more than a new asset class and have an intrinsic value.

Web3, Blockchain, and Crypto are gradually making inroads into our lives. Financial institutions, government agencies and private organizations have either adopted or are preparing to integrate blockchain technologies in multiple aspects of their operations. Crypto assets have seen much wider adoption among retail and institutional users globally. The shift from Web2 to Web3 has started, and the complete transition will happen with time.

While these emerging technologies and concepts are embraced for the tremendous economic and social value they offer; unfortunately, they are often viewed in silos. The fact is that Web3, blockchain technology and cryptos are inextricably intertwined. In this context, it becomes essential to understand that crypto assets play an integral role in the blockchain and Web3 ecosystems and, therefore, must be seen as a 'transformative force' in our innovation economy. Cryptos are much more than a new asset class and have an intrinsic value.

Web3 is the latest and third generation of the internet built on blockchain technology. Web1, the first version of the internet, started in the late 1980s and was confined to basic features such as static web pages that could display information. The second version, Web2, enabled users to move from 'only read' to 'read and write.' A great emphasis was laid on user-generated content and participation; however, tech giants owning social media networks and cloud-based services gradually evolved into 'data centers' and controlled the content shared by users.

Questions on data sharing and gathering, ethics and concerns about the privacy and security of data are some of the issues that have been increasingly debated and criticized. Technology has a solution to every problem. The blockchain technology underpinning Web3 has an answer to this challenge. This emerging technology is known for its decentralized features and is based on a distributed and open ledger system, where each block stores information that can not be altered or tampered with, providing utmost transparency.

It is important to note that a blockchain operates through its own tokenomics based on incentive mechanisms. Incentives are critical for decentralized participants in a blockchain to cooperate in validating updates to the network. For instance, participants in the bitcoin blockchain expend computing power to validate

In the context of India, blockchain technology, if adopted well, can improve public services and identity-based social development solutions. While the central government has recognized the value of developing blockchain technology, the next step is to pay closer attention to crypto's potential use cases besides digital assets which is just one of the use cases. Crypto is a powerful trend that is shaping economies around the world.

transactions to earn bitcoins in the form of 'block rewards.' Similarly, each public blockchain has its native crypto, which is used to pay as rewards.

The incentive mechanism further forms the basis to maintain a chain of provenance for digital assets, which enables use cases such as decentralized finance, digital credentials and metaverses. By virtue of encryption and network-wide consensus on blockchains, the origin and transaction history of each unit of a crypto asset can be tracked. Due to the presence of this verifiable chain of titles, the value of digital infrastructure cannot be falsified or duplicated. This certainty is critical for Web3 solutions, which deploy algorithms that self-execute based on real-time data in the form of smart contracts. For instance, this may take the form of notary services, validating property records transfer.

In the context of India, blockchain technology, if adopted well, can improve public services and identity-based social development solutions. While the central government has recognized the value of developing blockchain technology, the next step is to pay closer attention to crypto's potential use cases besides digital assets which is just one of the use cases. Crypto is a powerful trend that is shaping economies around the world. The industry is confident that the policymakers will work together to formulate regulations enabling our economy to reap the full benefits the global crypto industry has to offer.

India has featured amongst the top five countries for embracing new digital assets. It can further benefit immensely if the industry and government work together to map out a regulatory framework that will enable crypto to gain legitimacy and protect users' interests. A recent report, 'The India Web3 Startup Landscape' by NASSCOM, rightly mentions that Web3 holds greater promise in various areas, but the challenges with regulations are a critical impeding factor that will require decisive ecosystem action.

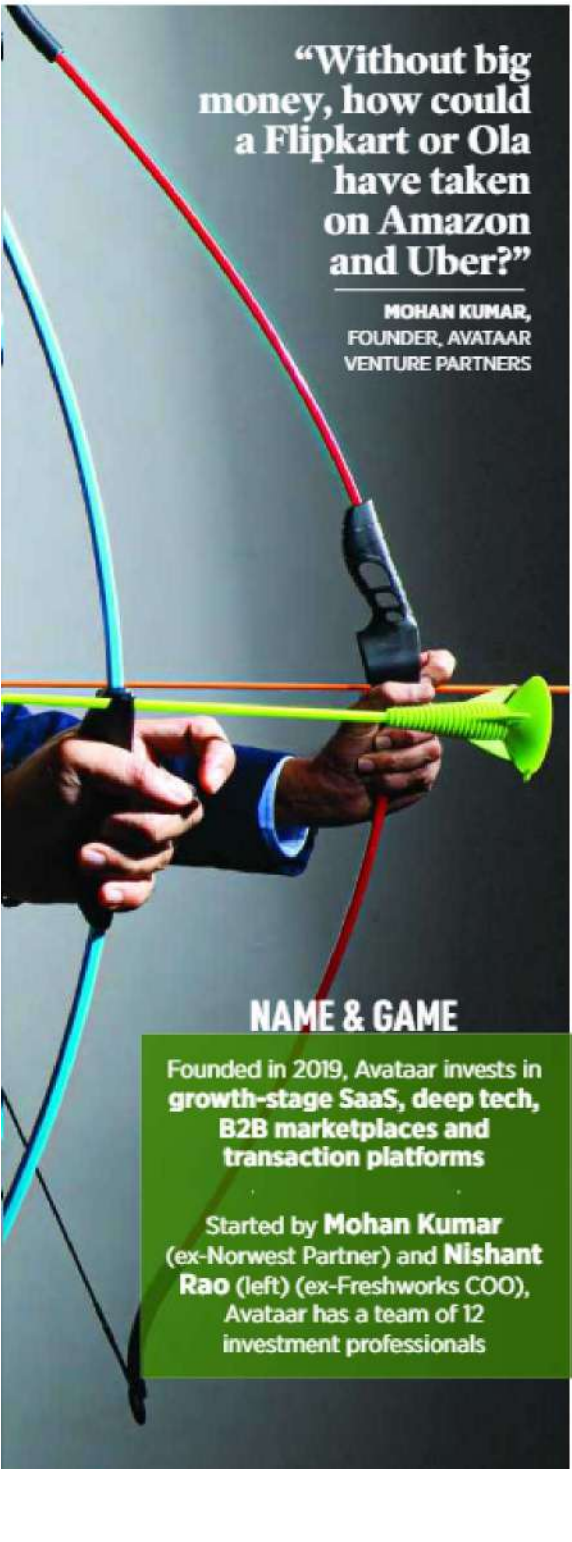
To summarize, crypto is core to the blockchain and Web3 ecosystem; therefore, in an effort to deploy and advance blockchain infrastructure to improve public services, the government must take a pragmatic approach. The journey has started. Nonetheless, the direction in which it will move will depend on how soon we create an ecosystem that embraces crypto. A more holistic approach is imperative for the growth of the industry.

Incentives are critical for decentralized participants in a blockchain to cooperate in validating updates to the network. For instance, participants in the bitcoin blockchain expend computing power to validate transactions to earn bitcoins in the form of 'block rewards.'

THE GROWTH NUDGE

A growth-stage fund with a sharp focus on SaaS and B2B is trying to up the ante from Series C onwards. Can founders find nirvana in Avataar?

By RAJIV SINGH



> **"Without big money, how could a Flipkart or Ola have taken on Amazon and Uber?"**
>
> MOHAN KUMAR, FOUNDER, AVATAAR VENTURE PARTNERS

Who is a seasoned investor? Is it somoeone who has backed multiple ventures? Or a veteran who has seen various investment cycles—hypes and bubbles—over decades? Mohan Kumar ticks both the boxes, but what really qualifies him as a seasoned investor is a trait that not many in the investment world possess: Balanced storytelling. He starts with a tale where the protagonist is a founder.

Once upon a time—well, it was in the middle of last year—the startup ecosystem in India found itself in the midst of a crazy funding boom. Kumar, who has spent two decades in leadership and operating roles, including as corporate vice president of Motorola, and has also had stints with two startups, describes the 'insane' funding scene. Pre-2018, he first sets the context, the valuation multiples for SaaS companies were in the range of seven to 10 times their revenue. "If you happened to be a market leader, you could even get 15 times," says the former managing partner at Norwest Venture Partners (NVP), who started growth-stage SaaS- and B2B-focussed fund Avataar Venture Partners towards the latter part of 2019. During the peak of the pandemic, SaaS companies started getting 40x. "Some even got 100x," he says with a smile.

The reason was simple. The pandemic shut down everything and software companies, and many others who were riding the pandemic tailwinds, were the vaccine the world badly needed. The hedge funds, for instance, the much-famed Tiger Global and the likes, suddenly realised that they were missing the party. "They gatecrashed," he says. The funding narrative changed. Suddenly, the companies that were raising $30 million for a 20 percent dilution, let's say, started getting $100 million or $200 million for the same 20 percent. There was hardly any due diligence, and the only objective was to get in, whatever the price.

Kumar now shares what happened with his fund. Till the six months leading to the shutdown in March 2020, Avataar had made three bets. The investment thesis, and the story behind the birth of the fund, were interesting. During

NAME & GAME

Founded in 2019, Avataar invests in **growth-stage SaaS, deep tech, B2B marketplaces and transaction platforms**

Started by **Mohan Kumar** (ex-Norwest Partner) and **Nishant Rao** (left) (ex-Freshworks COO), Avataar has a team of 12 investment professionals

B2B fund manages over **$700 mln of capital,** and is now investing from its second fund of **$400 mln**

Typically invests in SaaS startups when they cross $10 mln of ARR, and in B2B marketplaces when they hit $15 mln of net revenues

Average ticket size ranges from **$10 mln to $40 mln;** works with select **portfolio of up to 15 startups**

Provides full service for **go-to-market motion (GTM), business development, business operations and M&A/IPO practices**

Blockbuster bets include **Zenoti, Amagi, ElasticRun and RateGain**

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA his NVP days, Kumar noticed that there were umpteen funds catering to the early-stage needs of entrepreneurs. But when it came to late stage, especially Series C and D, there was a huge white space. Moreover, there were no dedicated funds catering to SaaS founders.

What was also missing was experts—'been there, done that' types—who could help B2B and SaaS companies scale. The reason was simple. A lot of companies after completing their 0 to 1 and 1 to 10 stage couldn't grow. "We found a lot of them with \$5 million, \$8 million and \$10 million revenue," says Kumar. "But it was hard to spot the ones touching or crossing the \$100-million mark," he says. Kumar teamed up with Nishant Rao and floated Avataar.

Rao, interestingly, donned multiple avataars and was best placed to complement Kumar in cracking the scale problem. The former chief operating officer of Freshworks joined the SaaS firm when it was a \$20-million firm and left the company when it morphed into a size of around \$130-140 million. Rao has also held a leadership role at LinkedIn, was part of the founding team of India's first voice-based call centre Epicentre, and has had stints at McKinsey and Ariba. The duo decided to fund companies at Series C and D stage, and build a team of people who have scaled companies.

There was one small problem, though. The duo had identified the problem, but the cure was missing. The enterprising duo went back to the drawing board. "We looked at the mathematics of how much funding it takes to build a \$100-million recurring revenue SaaS company," recalls Kumar. Since there was not enough data in the Indian market about SaaS companies, America came to the rescue. "We extrapolated the data," he adds.

The findings were interesting. A SaaS company in the US roughly spends \$1 to acquire 50 cents of revenue. And a \$100-million company raises around \$150-200 million. Other findings were equally interesting. The SaaS companies raise money, and spend heavily on sales and marketing. "The average spend on sales and marketing for SaaS companies is about 60 percent of the revenue," says Kumar.

The findings, when put in the Indian context, meant two things. First, for every \$1 of revenue, one should do a maximum of \$1 of capital raise. So if one wants to cross \$100 million, then one should not raise more than \$100 million. Now, in India, Kumar points out, a SaaS company usually has raised \$20-\$25 million till Series B, and would have had \$10-\$15 million in revenue. "Avataar decided to cut a cheque size of \$30-\$35 million," says Kumar. The money, he adds, would be enough to take such companies past \$60 million or \$70 million. And the ones more disciplined with capital might also touch \$100 million in revenue with the funding. "This was the hypothesis," he says.

Cut to the pandemic, the dynamics and math changed

Since there was not enough data in the Indian market, Kumar and Rao looked at the mathematics of how much funding it takes to build a \$100-million recurring revenue SaaS company in America and then extrapolated the data

REPORT CARD

FUND 1

Fund size was **\$350 mln**

Closed in **September 2019**

Made **9 investments**

Average ticket size was **\$35 mln**

Had partial exits in **Zenoti & ElasticRun, RateGain IPO**

PORTFOLIO:

Zenoti, a wellness & fitness SaaS unicorn

Amagi, a media SaaS unicorn

Capillary, a loyalty SaaS player

Sense HQ, an HR tech SaaS for temp & part time staffing

CRMNext, a BFSI SaaS

RateGain, a travel & hospitality SaaS; 1st SaaS IPO in India

Algonomy, a retail analytics & CDM SaaS

Heal, an AI operations SaaS

ElasticRun, a B2B rural commerce platform

FUND II

Fund Size is **\$400 mln**

First close was in August 2022; **final close is in March 2023**

Made 1 investment; 2 more in due diligence

Average ticket size is **\$30 mln**

drastically. Kumar takes us back to his experience about running the fund after a year. Valuations skyrocketed. Avataar was evaluating two HR tech companies. One was in India and the other was based out of Silicon Valley. Both were almost similar in revenue trajectory. While the Indian startup was clocking $7.5 million in size, the US counterpart was about $10 million, and was backed by Accel and Google. "Both the founders were keen to take the term sheet at $100-120 million valuation," he says.

Then something weird happened. The Indian founder disclosed that he had got another term sheet at $300 million. "This was 40 times the revenue. Can you believe this," says Kumar, who decided to stay away from the bidding war.

The VC, though, doesn't blame the founder for going with the inflated offer. As a founder, Kumar underlines, one has a responsibility not to reject a high-value round. "It's not prudent. One must take money," he says. But it's a package deal. The founder must also realise that she has been paid a high premium, which is not normal. "So you need to live up to the expectation," he says. What this means is that one must not waste money, and must use it prudently. The problem, though, is 80 percent of the founders do the first part, but forget about the second. Money goes into higher salaries, unnecessary expansion and other avoidable costs. Once the runway gets alarmingly short, and the funding climate gets hostile, the founder and her firm stares at an impending disaster.

So can we blame the funders for spoiling the market? "No," says Kumar. "Could a Flipkart or Ola have ever dared to take on Uber or Amazon if they were not loaded with money?" he asks. The big money, Kumar underlines, was there to do big and think big. "Founders took the money and then messed it up," he says. The investors, if at all one has to put them on the mat, could be held responsible for not putting in enough checks and balances, and enforcing high governance standards.

Excess capital brought in its wake another set of problems. "A lot of fake entrepreneurs jumped into the fray," reckons Kumar. Before 2014, it was not easy to start up and raise money. People would think 100 times before leaving a large corporate and joining or starting up on their own. "Startups were only meant for the brave ones. The ones who had loads of passion and who could hustle hard," he says. Once capital became easy flowing, everybody jumped in. "You could not distinguish between the real and fake ones. Everybody got funded," he contends. And when things went south, take for instance the present funding winter, the first people to bail out and falter are the ones who didn't have the passion.

When Avataar invested in Capillary, a loyalty SaaS player, the only pre-condition was that the startup move beyond India. The reason is in SaaS it is highly unlikely that one can build a great company just focusing on India or Asia

Coming back to Avataar, apart from the passion of a founder, what are the other traits that a startup at Series C and D stage must exhibit? Kumar shares his wishlist. Having a co-founder is a huge blessing. "A startup is a tough journey. You need somebody to share your load," he says.

Another crucial thing is to build a team. One needs to have a chief executive officer, chief technology officer, head of products, sales and revenue, and head of engineering. At this stage, Kumar underlines, one needs to see the ability of the founder to get people who are better than her. "Over 50 percent of founders fail the test. And that's why they fail to scale," he reckons.

When Avataar invested in Capillary, a loyalty SaaS player, the only pre-condition was that the startup move beyond India. The reason was scale. An interesting thing about SaaS, he points out, is that it's highly unlikely that one can build a great company just focusing on India or Asia. "If you look at 100 successful SaaS companies, 90 would have cracked the US market," he says.

What helped Avataar in cracking a bunch of deals—Capillary and ElasticRun, among others—was some kind of familiarity that Kumar had with the founders. During his earlier stint at Norwest, Capillary and ElasticRun were backed by the marquee funds. A B2B investor into late-stage deals can't start doing it overnight. "Everybody knew me, and that made it easy," he says.

Founders, he lets on, at this stage of their journey value the pedigree of an investor more than the money. Pumping in money is easy, but doing what money can't do is the art. Back in 2018, there was only one, Freshworks, with over $100 million. "Last year, there were at least 10 companies that crossed $100 million," he claims. And over 50, he adds, are above $20 million. "The SaaS ecosystem is very healthy and growing," he says. "And it's a great time to be a SaaS investor and founder." F

Kohler India celebrates their 10th Year of Pecha Kucha in New Delhi, India

Kohler India celebrated its 10th year of Pecha Kucha event on 23rd September 2022 this year in New Delhi, attended by the top names of A&D Community.

Kohler India started its first Pecha Kucha in the year 2013 as an initiative to provide a platform to some of the top architects to share their thoughts and experiences on various design-related topics like Wanderlust - Creativity inspired by Travel, Eves-Even to Uneven, etc.

Every year the event is celebrated across major cities of India to bring together the architect and designer community while indulging in thought-provoking conversations. The style has been inspired by the Japanese Pecha Kucha format of presenting 20 slides in 20 seconds each.

This year the topic for Pecha Kucha is - "Design- Then & Now" taking inspiration from how design has evolved from past to present. Design trends are fluid and over the years have changed, evolved and at times circled back from where they had started with many nuances, revamps, and renewals along the way.

The eventful evening started with **Mr. Parveen Gupta, Head of Marketing at Kohler India,** where he showcased that the core of any design is to delight consumers through an

ANAND SHARMA
Design forum International

emotional connect.

This event saw some of the most renowned and wonderful architects such as **Ashmit Singh Alag (Transform Design), Pooja Bihani (Spaces & Design), Priyanka Khanna (42mm),**


ASHMIT SINGH ALAG
Transform Design

Anand Sharma (Design forum International), and Mitu Mathur (Gian P Mathur). They expressed diverse interpretations of how design has evolved and how they look at the various aspects of design in "Now" and "Then".

The architects further discussed how the concept of design has changed over the years, not only in


POOJA BIHANI
Spaces & Design

architecture but in every facet of life. Many external factors have impacted design changes and some of the recent ones have really made us rethink design & how it needs to evolve sustainably in the future. It's our fiduciary responsibility to create impactful designs


PRIYANKA KHANNA
42mm

for the "Now" along with handing over an appreciable

"Then" to the next generation.

Kohler India celebrated the 10th year of Pecha Kucha with the first chapter held in


MITU MATHUR
Gian P Mathur

Mumbai on 29th July at Opa Kipos, Worli and the second chapter in New Delhi at Qla, Mehrauli. The event was a huge success, attended by close to 170 architects based out of Mumbai, Ahmedabad & Pune.

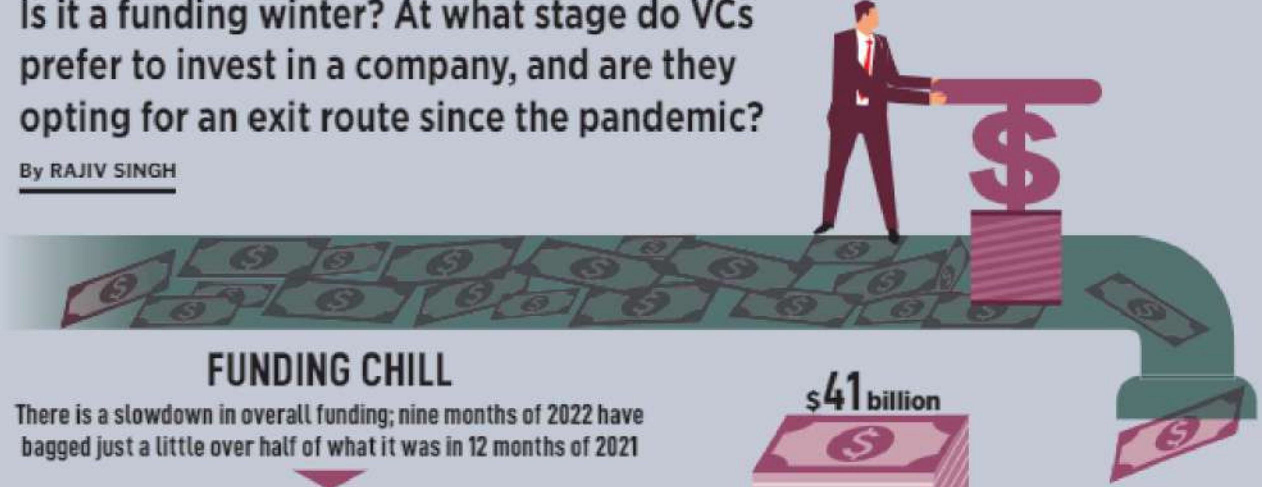
KOHLER Bold. Art.

PechaKucha™

THE FUND GAMES

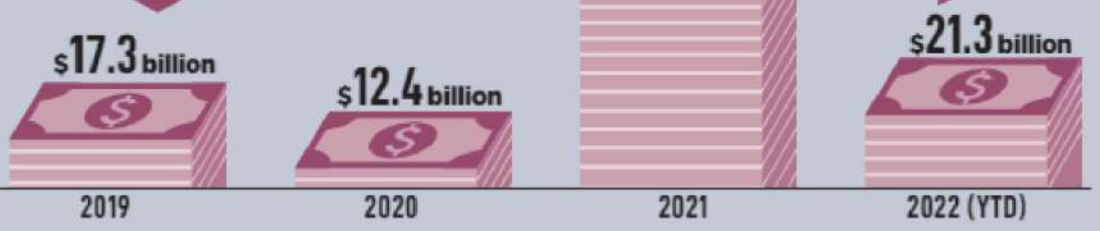
Is it a funding winter? At what stage do VCs prefer to invest in a company, and are they opting for an exit route since the pandemic?

By RAJIV SINGH



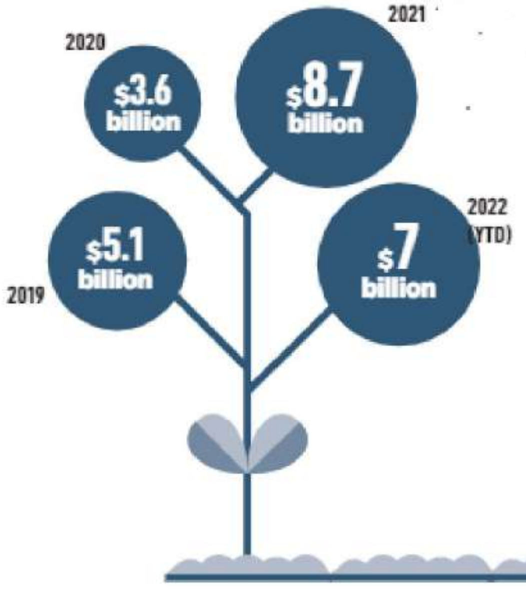
FUNDING CHILL

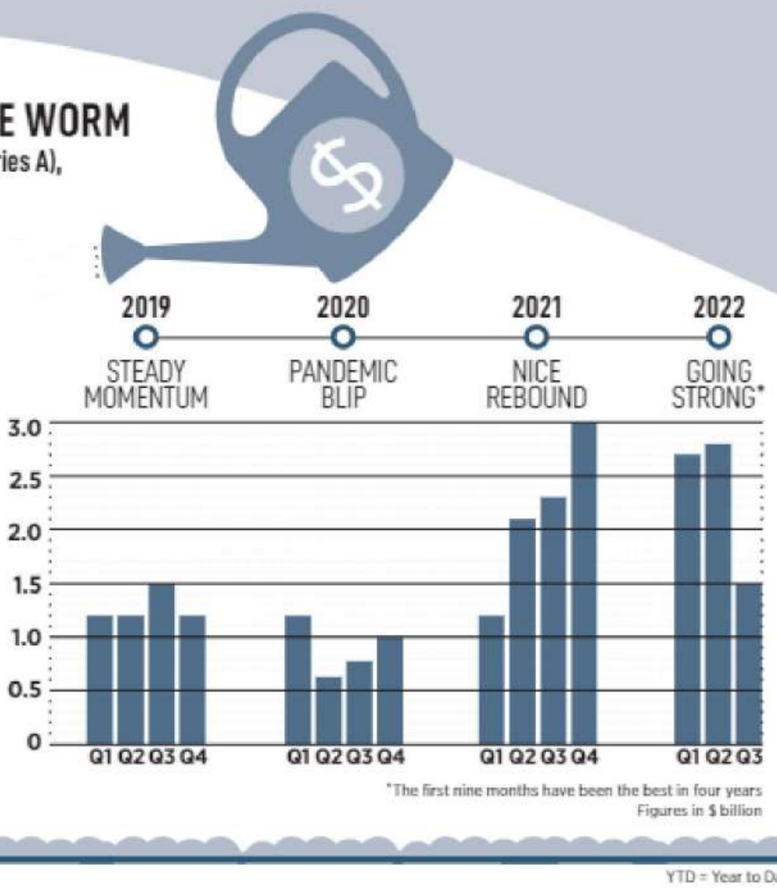
There is a slowdown in overall funding; nine months of 2022 have bagged just a little over half of what it was in 12 months of 2021



EARLY BIRD STILL CATCHES THE WORM

For early-stage funding (pre-seed, seed, Series A), the sun is shining bright





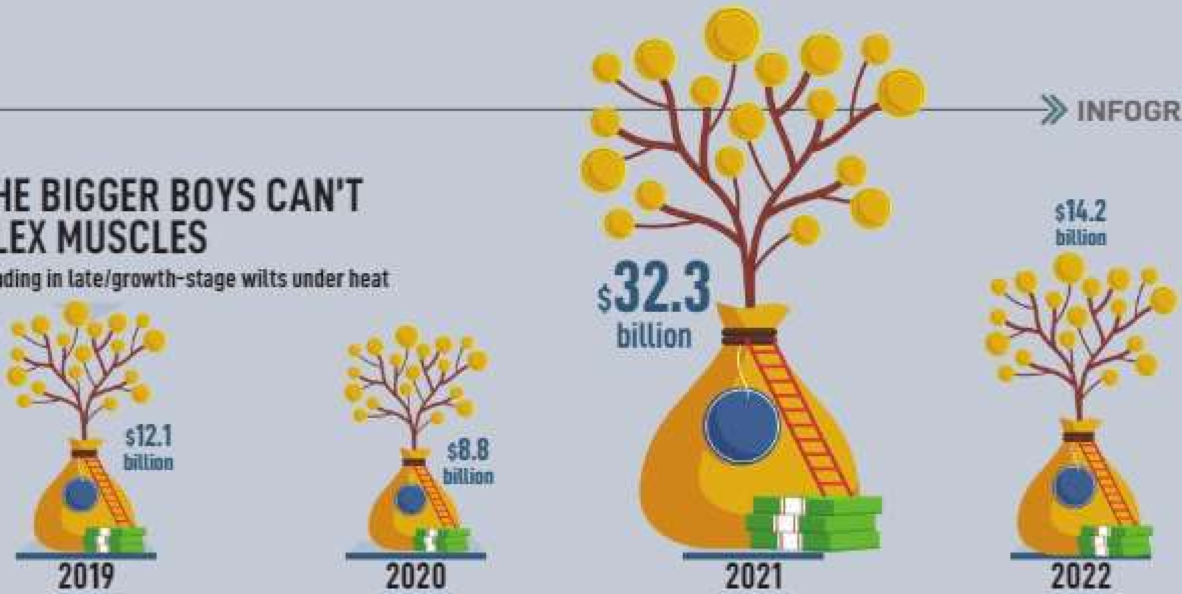
*The first nine months have been the best in four years
Figures in $ billion

YTD = Year to Date

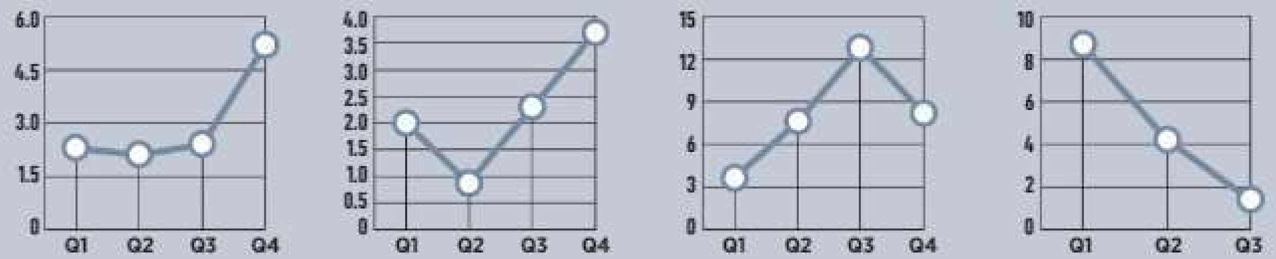
INFOGRAPHICS: MUKESH SINGH

THE BIGGER BOYS CAN'T FLEX MUSCLES

Funding in late/growth-stage wilts under heat

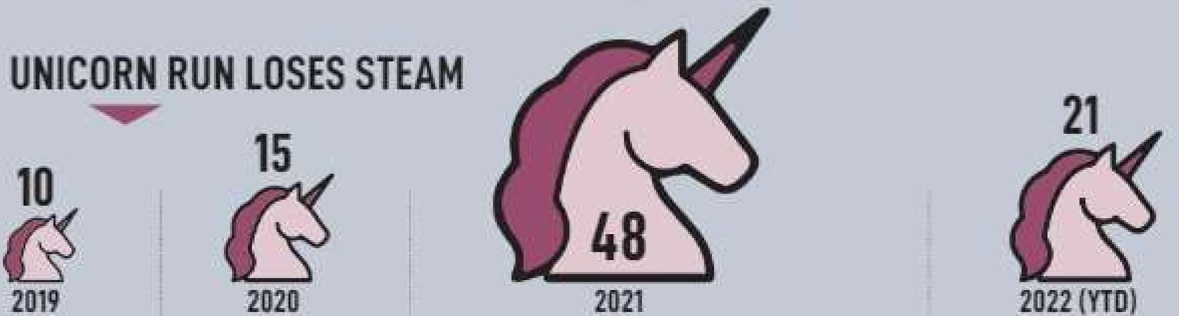


2019	2020	2021	2022
IT ENDED WITH A BIG-BANG PERFORMANCE IN 2019	MANAGED TO BEAT PANDEMIC BLUES IN 2020	PEAKED IN THE THIRD QUARTER OF 2021	DIPPED ALARMINGLY IN Q3 2022



Figures in $ billion

UNICORN RUN LOSES STEAM

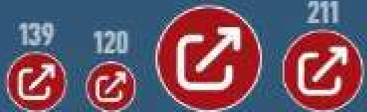


	2019	2020	2021	2022 (YTD)
Q1	3	5	4	13
Q2	3	2	12	4
Q3	4	1	14	4
Q4	0	7	18	

MERGERS & ACQUISITIONS

VCs and founders increasingly pressed the exit button over the last two years

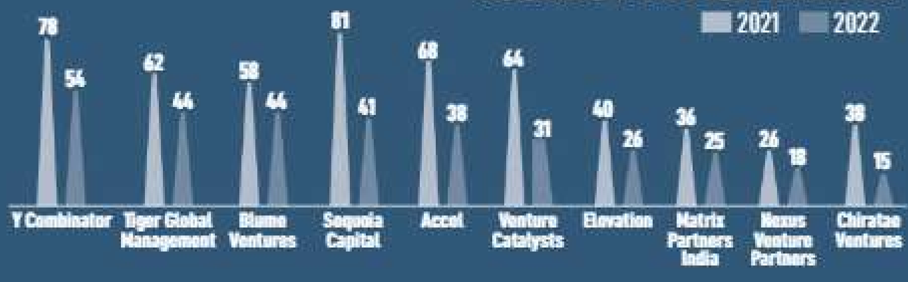
TOTAL ACQUISITIONS



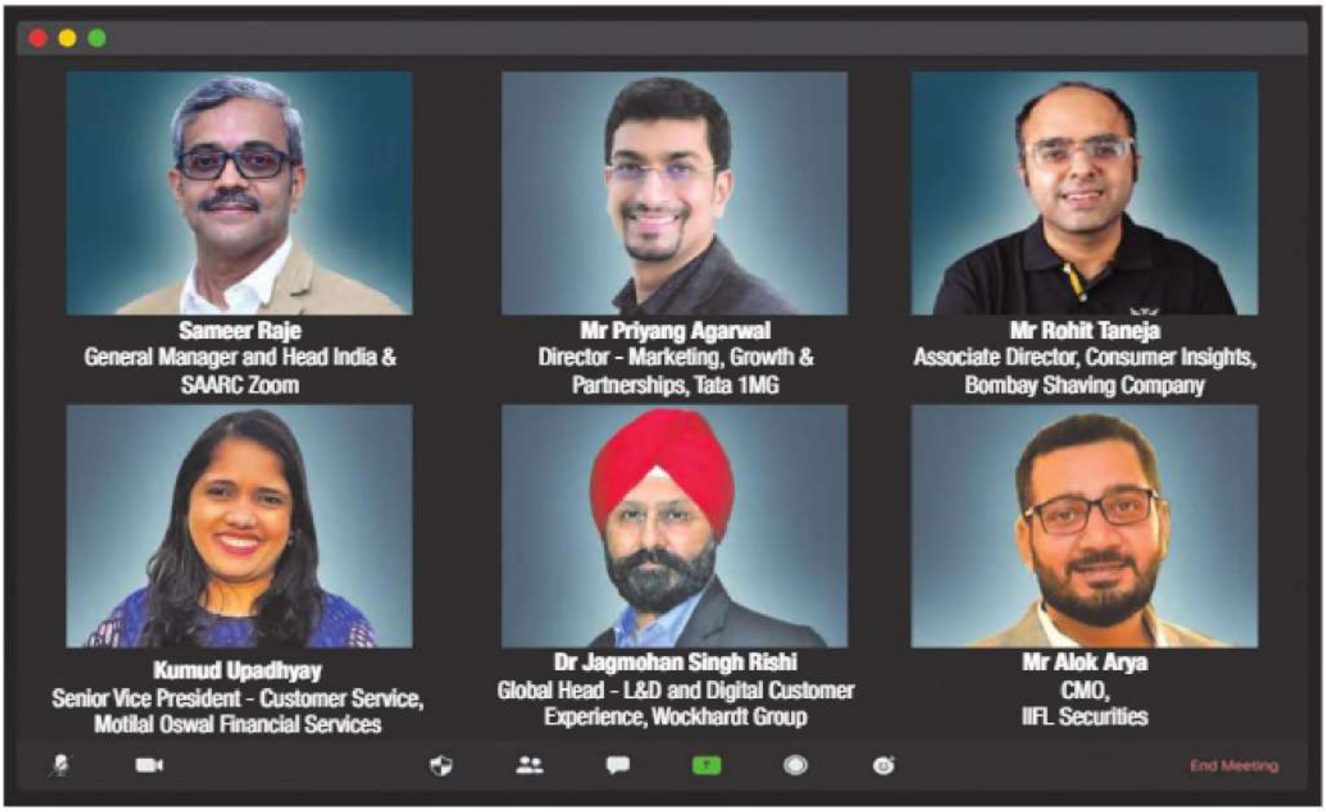
2019	2020	2021	2022 (YTD)
139	120	253	211

SOURCE Tracxn
YTD = Year to Date

ROUNDS PARTICIPATED IN



How digital transformation is disrupting established business models



Digital transformation has paved the way for companies to think differently and prepare them for disruption.

Forbes PRESENTS
REDEFINING CX:
THE EDGE OF COLLABORATION PLATFORM
Powered by zoom

What was once called "information technology" has now morphed into "digital transformation" where lines between technology and business have blurred. Such has been the impact of digitisation and personalisation that no company can afford to sit back and wait for things to happen.

Moreover, in most cases, customers themselves are forcing the change as India continues to become digitally savvy. With smartphone prices and broadband rates plummeting, demands from consumers have only risen.

What are companies doing in their respective fields to cope with this change? How do they meet customer expectations and cater to their tastes and preferences? In the first such discussion titled, "Redefining CX: The Edge of Collaboration Platform" presented by Forbes India and powered by Zoom, industry leaders joined in to talk about digital transformation and its relevance in today's day and age.

What followed was a riveting discussion among Sameer Raje, General Manager and Head India & SAARC Zoom; Priyang Agarwal, Director Marketing at Tata 1mg; Rohit Taneja, Associate Director Consumer Insights Bombay Shaving Company; Kumud Upadhyay, Senior Vice President Customer Service Motilal Oswal Financial Services; Dr. Jagmohan Singh Rishi, Global Head L&D and Digital Customer Experience at the Wockhardt Group; and Alok Arya, Chief Marketing Officer at IIFL Security.

> ***The reason why such parties are close to us is "due to their ability to recommend that specific product, able to give that after sale service. They remember each and every conversation that you have with them. Now, that's kudos to his or her memory, but that's what our systems need to do."***
> ***- Mr Sameer Raje***

PERSONALISATION IS KEY

The concept of customer journey, said Mr Raje, is not entirely new. As consumers we are all used to our "friendly neighbourhood investment banker or a retailer". The reason why such parties are close to us is "due to their ability to recommend that specific product, able to give that after sale service. They remember each and every conversation that you have with them. Now, that's kudos to his or her memory, but that's what our systems need to do", he said with

> *Once the customer is drawn into the service, the next steps of fulfilling that order are as critical if not more. "If a company promises to deliver within a day, it needs to keep its promise."*
> *- Mr Priyang Agarwal*

a clear focus on personalisation.

The customers, too, now have a high yardstick for both sales and service. Any digital product, say, a mobile app to access the service needs to be "very intuitive, less cluttered, clean such that the overall experience is seamless", said Mr Agarwal. Once the customer is drawn into the service, the next steps of fulfilling that order are as critical if not more. "If a company promises to deliver within a day, it needs to keep its promise," he added.

Dr Rishi agreed that even traditional outfits like his have joined the digital ecosystem well before the pandemic. Despite a large customer base, he said, "Every customer and each requirement is different. This is where we are trying to use digitization also in the process that we communicate our offerings in a faster and a customer-centric manner".

Mr Taneja went a step further and stressed on why a company's sense of purpose "holds extreme importance to the consumer and that can actually become a great differentiator." He went on to add an example from his industry where the buying intent of products in his industry is crucial: "So let's say a consumer buys a particular skin care product because the customer wants to be the best version of himself. Now the purpose for Bombay Shaving Company is to reimagine that hair removal experience of his by helping him become a more confident version of himself."

> *Every customer and each requirement is different. This is where we are trying to use digitization also in the process that we communicate our offerings in a faster and a customer-centric manner".*
> *– Dr Jagmohan Singh Rishi*

KEEP IT SIMPLE

Indeed once the purpose is clear and the consumer journey is mapped out, it can be successful only if it is kept "very very simple", said Mr Upadhyay. "Second, make the journey enjoyable and third, meet the customer's needs", he added.

Such is the heft of technology's role in consumer decision making today that "there's nothing called as digital marketing [anymore], but essentially marketing in a digital world", said Mr Arya. In some industries like his where consumers carry out a lot of research to arrive at their financial decisions, use of technologies like artificial intelligence only acts as a catalyst and speeds up the end result.

> *So let's say a consumer buys a particular skin care product because the customer wants to be the best version of himself. Now the purpose for Bombay Shaving Company is to reimagine that hair removal experience of his by helping him become a more confident version of himself."*
> *-Mr Rohit Taneja*

The idea of collaboration, too, has undergone a big change, said Mr Raje. Previously consumers used standalone disparate tools such as a telephone, video meeting and the like to connect with each other. "Today, collaboration is adopted or is becoming more as a platform, platform as a service or UC - unified communication as a service and that's what we are doing. And so we learned a lot during COVID and we also learned from a lot of industry veterans, pharma and financial sector to understand what is really required", added Mr Raje. In addition to keeping things simple, it is equally important to give the customer an "immersive experience".

And contrary to popular perception, such an experience need not be prohibitively expensive, reckoned Mr Agarwal and adviced sticking to basics and doing little things right. For instance, in the healthcare industry, if a company knows that a diabetes patient will run out of medicines in a certain number of days based on the person's daily consumption patterns, an intelligent platform can send alerts well before the customer's pills run out. "So I think understanding the customer needs and requirements and then matching it to your services is very important from the customer retention strategy", he added.

> *Indeed once the purpose is clear and the consumer journey is mapped out, it can be successful only if it is kept "very very simple."*
> *- Kumud Upadhyay*

Despite all the talk around digital transformation, some customers would still prefer to interact with human beings instead of bots in some industries, especially in healthcare and finance. In such cases the customer must always be given a choice. Technology for its own sake would not be a prudent solution. However, such customers, too, can be influenced if the overall digital experience is smooth, scalable and speedy, said Mr Arya.

A truly holistic solution, said Mr Upadhay, will also include not just customers and technologies but also the company's employees who will also use those tools. "It's a journey that cannot be disjointed and needs to be integrated and constantly evolving", according to Mr Raje. "And to achieve this, organisations that offer an "elevated experience to the customer" will traverse their "journey to becoming a digital native organisation".

> *Such is the heft of technology's role in consumer decision making today that "there's nothing called as digital marketing [anymore], but essentially marketing in a digital world."*
> *– Mr Alok Arya*

By SEEMA CHATURVEDI

The author is founder & managing partner of AWE Funds, an early-stage venture equity fund investing in innovation to promote gender equity and climate action

TIME TO ACT BOLD

While it is heartening to see emphasis on new women hires, the reality is that most of them are still at a junior level or in support functions

My career choices of the past 25-plus years have been guided by the need to create value. Whether it was managing and underwriting large public issues or being a wealth manager or being an advisor to owners of mid-market companies seeking to maximise shareholder value or professionally investing in private and public equities, I was always intrigued by where I could find the untapped or under-tapped value. And my evolution to a founder of a venture fund builds upon this same streak.

The one aspect, though, common in all my career choices is that I was often one of the very few women pursuing that specific career option. Most investment banking and institutional investing was, and still is, very male-dominated. Sign of the times? Maybe. But that did not stop me from participating in these vocations. Truth be told, I never paid attention to the significant gender inequity in the investor world.

But now I do, and I do recognise the importance of being a female founder of a

CHAITANYA DINESH SURPUR

venture fund, not just for the value I create for our investors but also for the broader economy as well. And I don't take this responsibility lightly.

I do get asked what it means to be a woman in a predominantly male-dominated industry. Less than 10 percent of female fund managers are women. Less than 10 percent of global wealth is being managed by women while women own nearly 60 percent of global wealth. These numbers do perplex me especially given that most women-led fund managers outperform. A recent Goldman Sachs study supports this assertion with empirical data.

To say I was 'woke' to the prevailing gender inequity in the fund management industry would be a falsehood. Till about as recently as 2015, I had my blinders on. And these blinders firmly kept me in the lane, focussed on delivering for my investors. Did I complain when I saw opportunities not being made available to me that were offered to some of my other male colleagues? Absolutely. Did I ever think of that as a manifestation of gender bias? No.

All that changed when I founded and led a programme for promoting women entrepreneurs in India—Project All India Roadshow for Women's Economic Empowerment through Entrepreneurship (AIRSWEEE). This US State Department-funded programme sensitised me to the gross inequity in accessing venture equity—less than 2 percent of venture funding going to women businesses.

Like every astute entrepreneur and investor, I followed the path to where the problem was. Because solving for that problem could unleash value. It was no coincidence then that I discovered that less than 10 percent of fund managers making those investment decisions are women. Fund managers at a decision-making partner level are even fewer.

This is a significant bottleneck which is contributing to why women receive such a paltry amount of venture funding when there are such low levels of allocators of capital who are women. It is human psychology to invest in what you are most comfortable and familiar with when one tries to derisk investments. At an eary stage, if most decision-makers are men, they will most likely invest in men-driven companies. This hypothesis is actually supported by empirical evidence.

Estimations are it will take over 150 years to achieve gender equity. While allocation of capital can significantly accelerate this, the bottleneck at the fund manager level is real, especially at the partner or decision-maker level.

While it is heartening to see the emphasis on new women hires by some established fund platforms, the reality is that most of those hires are still at a junior level or in support functions. The number of women at partner-level positions in the VC industry is still rather modest.

At an eary stage, if most decision-makers are men, they will most likely invest in men-driven companies. This hypothesis is actually supported by empirical evidence

So what is it like to be one of the few women founders of a new standalone fund platform in the VC industry? It has been an interesting ride.

As a woman VC, I get approached by many women founders who tell me they are relieved that I understand them; that I have walked the same path as them and truly understand how they too can and will create value for their investors. This has been a very fulfilling part of the journey.

But we have also shared experiences of challenges we have faced in raising capital. For example, despite having catalysed over $1 billion in my professional career, I have been told I will not be successful in this fund. And this is very much a shared experience with other female founders of funds as well. At a recent conference in London, 'emerging' founder female fund managers shared our experiences and stories. The sad discovery was that it took most about three years to get to their first close. At such a pace, a few younger female fund managers chose to just give up given the high opportunity cost to their careers.

This does not bode well for breaking this massive glass ceiling. How do we change this?

There are new support groups that have come up promoting women investors, such as Women in Investing, 2x Ignite and WinPE. But this is not moving the needle just yet at the decision-maker, partner level, at the pace needed.

I would like to propose that the regulators and policymakers step in to make this a priority focus area. This requires bold action which can be led very ably by the doyens of the development agenda, specifically the Development Finance Institutions. They can be ably supported by the significant pools of capital such as pension funds and endowment funds. I would even be bold enough to recommend that a certain amount of these assets under management be earmarked for female-led fund managers who specifically have a gender-smart investment thesis.

Such a proactive policy will definitely unleash the significant multiplier effect that investing in gender equity can truly deliver. It will create a multi-generational, gender equitable, climate positive economic development impact which is the bedrock of sustainable nation building. F

RISE OF FINTECH 2.0

Forbes INDIA

PRESENTS

aws

THE MAVERICKS

IN ASSOCIATION WITH

IvyCap Ventures

9TH NOV 2022 | 6PM ONWARDS

ITC WINDSOR, BENGALURU | VIRTUAL LIVE STREAM

SAVE THE DATE

Fintech in India has entered a new era. Thanks to emerging technology, changing cultural trends and a favourable regulatory landscape, Fintech has been growing beyond boundaries and is driving the overall growth of the born-on-cloud digital native segment.

We are bringing together business and technology leaders of top Fintech companies in India to discuss technology breakthroughs that can help propel the expansion of the market further and revolutionize the financial products and services of the future.

SPEAKERS

Sashank Rishyasringa
Co-Founder & MD
Axio

Anshul Rai
Co-Founder & CEO
Happay

Rajeev Agrawal
Founder & CEO
Innoviti Technologies

Siddharth Patnaik
Senior Engineer
Upstox

Narendra Babu
CTO
PayU India

Bhupendra Kumar
Head, Growth Business
DNB, AWS

Neeraj Matiyani
Head
DNB, AISPL

Satinder Singh
Head, Solution Architects (India)
DNB, AWS

For more info, visit **www.forbesindia.com/themavericks/**

HAVE VCs BEEN FAIR IN VALUING STARTUPS?

High Valuations Make Sense

Valuation is not directly proportional to profits. Those in the business of investing know the art and science of valuations

By VIKRAM GUPTA

ILLUSTRATIONS: CHAITANYA DINESH SURPUR

In India, over the last 10 years, we have seen substantial growth of startups as well as capital chasing them. Thanks to the efforts of the government to boost the startup community, the number grew by 8,971 percent: From 726 in FY17 to 65,861 in FY22 (as of March 14). India is the third-largest startup ecosystem in the world. But the bigger question is 'When will loss-making startups turn profitable?' The answer lies in the execution ability of founders and the business models they run. Today, nearly 95 percent of these startups may be loss-making and significantly burning cash. Yet, many of them raised funds and some even raised money in IPOs.

Earlier, the Securities and Exchange Board of India (Sebi didn't allow loss-making companies to go public. As a result, several of them opted for ways outside the country to go public. However, the government did not want these startups with future potential to move out of India, and enabled unprofitable companies to raise funds, limiting them to only 10 percent of share capital.

That raises the questions: Why would investors invest in loss-making startups?

Not many people understand how valuations are derived in startups. A professor will tell you that valuation is a function of future free cash flows. The theoretical valuation of any startup is an estimate of the profits it can generate over its life. In the early stages, there are too many variables that can lead to a very wide range of assumptions on how the future would look for any business.

Most startups may go through multiple pivots before settling on a business model that works for them. This makes it even harder to project their future cash flows. Amazon was launched in 1994 as a book store. And it IPOed in 1997 on a business model that looked completely different at that time. However, if your bread-and-butter depends on the business of investing, you will have to learn the art and science of valuations.

The assumptions for valuing a company include a few important aspects: (1) The macro factors and industry view that include size and growth of the industry. (2) Competitive pressures on pricing and growth of the business. (3) Capital efficiencies achieved due to scale of the business.

Some factors that may go beyond the academic exercise of valuing a company include: (1) The confidence in the ability of entrepreneurs to execute a business plan. (2) The demand and supply of the capital available at the time of negotiating valuation. (3) Company's existing cash flow situation. (4) Exit objectives of the investor in terms of timelines and target IRRs (internal rate of return).

The last few months have been challenging for the financial markets. The public markets and technology stocks have corrected significantly, and continued tightening is expected by central banks across the world. There is concern about a tech meltdown and the viability of unicorn business models. As a result, the valuations of many startups are under stress and many companies have announced retrenchments. However, I believe there is a strong bottom-up innovation and technology funnel in India.

While the correction reflects questions on sky-high valuation constraints and questionable business models, there is little doubt that technology and innovation will continue to be long-term trends. For discerning investors, it presents an opportunity to pick up winners that have sound businesses at more realistic valuations; sometimes higher valuation shouldn't hurt as much. There is a lot of dry powder with investors for the asset class to continue to fund the innovation of

strong companies with sustainable business models, which we believe will continue to drive the growth of this sector. This asset class, by definition, is a long-term investment and, therefore, less vulnerable to short- to medium-term shocks of the public market.

Venture capital (VC) in India is one of the few asset classes that gives investors exposure to privately-held emerging companies that promise to deliver high compounding returns in a high-growth environment over the long term with substantial multiples. True, profits and profitability are the discerning factors for any investor, but there are other reasons that can serve as determining factors.

For any investor, a customer base is one of the fundamental criteria for investing in a startup. Another factor is whether the company will be able to return the marketing cost.

The valuation of any company is not directly proportional to its profits. As investors, we look beneath and beyond mere numbers. For us, it is the value they bring to the entire ecosystem, the customers and the stakeholders they are associated with. While there can be several startups in a similar space, what sets one apart from the others is their business management efficiency and competitive advantage. These make the valuations of the startups higher, even if they are incurring losses.

Our successful approach at IvyCap Ventures has focussed on good businesses, differentiated companies with excellent founders and capital-efficient mindset. We have also had our share of investing

"Most startups may go through multiple pivots before they settle on the business model that works for them."

in loss-making companies.

It is the vision of the investors and their comprehension of the brand value that help them understand the future growth trajectory of a startup despite their incurring losses. It is this brand value and the earned market goodwill that the investors bet their money on, which makes the valuation of a company much higher. In addition, there are times when the prospect of a lucrative alliance makes the startup a valuable one.

Thus, it is the accumulation of several factors, not merely the profit numbers, that raise the valuation mark of any startup. And I believe it is justified as long as they can showcase the value over valuation in the long term.

(GUPTA IS FOUNDER AND MANAGING PARTNER, IVYCAP VENTURES)

Big Deals Overvalued. What About Small Ones?

Though velocity has slowed considerably, the best deals are still commanding much higher revenue multiples

By WILL POOLE & SURYA MANTHA

In a court of law, attorneys can ask a judge for a "summary judgment" where they assert that the facts in the case are indisputable and there is no reason for a jury trial to be used to separate facts from partial truths or lies. In the case of recent IPO tech valuations, the summary judgment has been clear for months. The public markets are the judge and jury, and they have beaten internet stock valuations to a pulp (Nasdaq down by 34 percent since its peak on November 19, 2021).

Public markets may be fickle and volatile, but they are our best source of truth at any moment—they represent what the best-informed investors are willing to pay for a stock at a moment in time based on all available public and undoubtedly also some non-public information. Bringing this sentiment to previous high-fliers in India, including Zomato, Nykaa, Paytm and PolicyBazaar, their combined loss of ₹38,000 crore in market value (losses of 51 percent, 49 percent, 56 percent, and 67 percent, respectively) is not surprising given that investors currently see no visible path to profitability for any of these companies.

The public markets' harsh judgment has been applied to late-stage valuations in private markets since approximately January. Late-stage privates have been hammered, as evidenced by SoftBank reporting a loss of $26 billion in FY22 in its $150 billion Vision fund I and II, and Tiger reporting a loss of $17 billion and losing 52 percent of its value in the public markets this year. The list goes on. Hopefully, nobody disagrees on the aforementioned points. Summary judgment of the markets is clear.

The hard question is, how far back in the valuation game does this logic apply, as we move from public to late-stage private to growth private to early-stage private to seed stage? The data is increasingly opaque the earlier we go, and the application of current public market sentiments becomes less and less relevant.

In the quest for growth at all costs, many early and early-growth startups spent significant capital in acquiring customers without paying much attention to monetisation and unit economics, often egged on by their investors who knew that if they played the game right, they would be rewarded handsomely.

An unbeatable strategy in a skyrocketing market, this game can turn disastrous in a falling market. Those of us who were investing in 2000 and 2008 experienced this first-hand. But those fresh to the game, and those who knew the game and were good at applying the "greater-fools" theory, continued on. Many eye the "blitzscaling" strategy, paying top dollar for customers and top line growth without much concern for unit economics or a path to profitability.

The music has stopped. Blitzscaling is dead. For how long, no one knows. Looking at SoftBank and Tiger Global's huge losses, only the foolhardy would bet on this strategy making a comeback soon. Over the coming quarters, growth stage funding will likely remain challenging or even entirely impossible for any company without a clear route to cash-flow break-even or at least a major bankable inflection point. There will be a double punch as recessionary fears spread and the demand for non-essential services declines.

What does this mean for seed and pre-A rounds? We recently surveyed 16 venture capital (VC) investors across the global south, including three in India. The sentiment was clear: While late-stage valuations are as described above, early-stage prices have not changed materially. Velocity has slowed considerably to what one might agree is a corrected same pace, but the best deals are still commanding similar revenue multiples. Are these deals overvalued too? Or are the startups being funded post-correction going to be the high fliers of two to three years from now, thus justifying these continued [relatively] high prices?

The end of 2010 saw early-stage deals reaching record highs, touching the 4,000/quarter mark in the US, with 200 deals/year in India. We see a similar trend now as well. The value of late and growth stage deals has dropped significantly from October 2021; from $6.6 billion in Q4 of 2021 with an average deal size of $89 million to less than $5 billion in Q2 of 2022 with an average deal size of $67 million. In the same time period, early-stage deals increased from $0.58 billion with an average deal size of $5.2 million to $1.1 billion with an average deal size of $8.2 million.

And what does the future hold? As venture investors, we sign up for arguably the most risky—if not foolish—of human endeavors, that is, predicting the future. With

the caveat that no one knows exactly what will happen when one can predict with reasonable certainty that the current trifecta of macroeconomic challenges will ease over a period of time. The Ukraine-Russia war will eventually end. Germany has said no to Putin's offer of restoring gas—they are done with fuelling his war machine. Supply chains will get unclogged simply because market forces will drag them there. And some argue inflation expectations are already on the wane (others see it getting worse). While quantitative easing (QE) and pandemic-induced "easy money" may not be available any time soon to fuel the excesses of the last few years, neither entrepreneurship nor risk capital to support startups is going to disappear.

In fact, there is still record dry powder in VC coffers. The current gloom and doom will give way to a more normal environment, which will be both upbeat about the future as well as rational in decision-making. And it stands to reason that if a startup manages not only to survive a recession but also to demonstrate growth and resilience through a downturn, investors will reward them now and even more so when things get back to normal.

Many of today's unicorns were founded during downturns. Founders who navigated tough times creatively have built some of the best companies. A study conducted by Touchdown Ventures in 2020 found that 24 percent of companies in the 2019 Fortune 500 list were founded at a time when the US

"As venture investors, we sign up for arguably the most risky—if not foolish—of human endeavours: Predicting the future."

economy contracted. Unicorns such as Mailchimp, Groupon, Slack, Airbnb, WhatsApp, Square, Uber, Instagram, Pinterest, MakeMyTrip, Cloudera, Beats, and Yammer were built during recessions.

On that hopeful note, we exhort all the intrepid founders out there to focus on building businesses based on time-tested principles of compelling value propositions, sound unit economics, and a clear path to profitability. The rewards will surely follow, just as sunrise follows the longest and darkest of nights. You'll be judged continuously by the courts of public opinion; the results will be favourable for those who devise smart strategies and play the startup game well.

(POOLE IS CO-FOUNDER & MANAGING PARTNER, UNITUS VENTURES & CAPRIA VENTURES; MANTHA IS MANAGING PARTNER, UNITUS VENTURES)

Beating the Edtech Winter

Platforms offering test preparation, certification and skilling are flourishing in a sector that largely faces slump as students head back to classrooms

By MANSVINI KAUSHIK & NAINI THAKER

India's edtech growth has been through a rollercoaster ride since the pandemic first rattled the education ecosystem. With extreme highs and substantial lows, the perception of the sector has been changing among investors, stakeholders, and in the public eye. The platforms that became unicorns and others that garnered profits during the stay-at-home period of the pandemic are today finding it challenging to meet the changing demand.

Byju's, for instance, announced in October that it'll be laying off 5 percent of its 50,000 workforce, translating to 2,000-2,500 employees. The behemoth in the K-12 sector reported a loss of ₹4,588 crore, almost twice its FY21 revenue of ₹2,428 crore. With this, as per media reports, around 7,000 employees have been laid off in the edtech sector so far this year.

With schools now operating through physical classes and their own online material, edtech players, especially in the K-12 segment, are having a hard time attracting new customer base, and some like Udayy and Lido Learning, SuperLearn, and Crejo.Fun have had to shut shop.

In 2022 alone, WhiteHat Jr sacked 300 employees, Toppr, owned by Byju's, fired 350, and more than 1,000 employees resigned collectively. Vedantu let go of 724 workers in three tranches, and Unacademy laid off 1,000 employees. Around

ILLUSTRATION: SAMEER PAWAR

3,000-4,000 employees have received pink slips from edtech businesses in recent months.

Vamsi Krishna, CEO of Vedantu, says layoffs are a response to staying relevant. "These were cyclic layoffs that have been a response to staying on track and aiming for profitability," he points out. Byju's and Unacademy declined to comment for the story.

"The pandemic had been a unique occasion where the concept of online got acceptance. Hence, many online players had an unprecedented acceptance of their products and a disruptive growth," says Narayanan Ramaswamy, national leader, education and skill development of KPMG in India. "While the edtech market will continue to grow, it will be difficult to have another situation that can spur growth. Even so, the future spikes cannot have the same magnitude and impact that the pandemic had in a nascent market," he says.

WHO IS GROWING?

However, while the K-12 segment is impacted due to the reopening of schools, the test preparation, and certification and skilling segments still have many takers for online content, especially in Tier II and Tier III cities where good teachers are scarce. Among all its acquisitions, Byju's' test preparation platform Aakash, for instance, has seen the highest growth throughout the year. Aakash is confident of growing at 60 to 70 percent by the end of 2022, with its business momentum driven by market demand, hirings, the addition of new centres, and an increase in student count.

Besides, corporate learning companies, too, show a significantly greater growth in job listings, indicating that the category is continuing to grow despite the edtech sector's recent troubles. Companies such as Pluralsight, Skillsoft, Udemy and Simplilearn offer a range of instructional video courses for developers, business professionals, and several other roles that are performing better than their K-12 counterparts.

Krishna Kumar, founder and CEO of Simplilearn, says they are seeing an increase in interest in upskilling among professionals through and post the pandemic. "Simplilearn witnessed a 63 percent overall growth in the global consumer business, and 103 percent in the India market in Q1 FY23 (versus Q1 FY22). Given the industry relevance of our programmes, Simplilearn's website continues to see consistent learner interest. Additionally, we have noticed a lot of visibility, with a steady rise in users, on our free resources' platform, SkillUp launched in 2020; the platform allows learners to explore in-demand topics in top professional and technology fields," he says.

The platforms targeting higher education are also faring better than K-12 players. Eruditus, for instance, hasn't been hit by the reopening of schools or coaching centres, says Ashwin Damera, co-founder and

EDTECH FUNDING ($ MLN) THE TOP 10

2020		2021		2022	
1,022	Byju's	3,563	Byju's	800	Byju's
346	Unacademy	650	Eruditus	350	Eruditus
144	Vedantu	440	Unacademy	210	upGrad
113	Eruditus	305	upGrad	100	LEAD
46	Toppr	112	Teachmin	100	PhysicsWallah
40.2	Cuemath	100	Vedantu	75	Leap
28	LEAD	65	Classplus	70	ClassPlus
19	Classplus	63	BrightChamps	57	Cuemath
15	Doubtnut	55	Leap	55	Scaler
7.2	FlintoClass	35	College Dekho	25	Newton School

Numbers as of August 15 SOURCE Fintrackr, financial analysis platform for startups

executive director. The company has reported a revenue growth of 70 percent in FY21. "We continue to grow given that we operate in a large, growing segment of higher education that will continue to move online for many years to come," he says.

"I think online higher education is a big opportunity. India's gross enrollment ratio is only 27 percent. If we want that to go to 40 percent in the next 10 years, nearly 15 million new seats in higher education will need to be created. This can't be done by brick-and-mortar models. So online is going to be a big opportunity and it's gladdening to see the government is also enabling this through policy framework," adds Damera.

"With K-12, the demand for online picked up when in-person classes were shut. If you look at higher education, nothing shut down, because there was no alternative available. We saw a relatively smaller bump in numbers," says Mayank Kumar, co-founder and managing director, upGrad.

"Besides," adds Kumar, "with the K-12 space, the focus is not on outcomes, it is on access to content. In higher education, you can measure if someone got a job or a promotion for instance, which is why we weren't hurt badly. This isn't possible with K-12. Over a period of time, it is difficult to scale an access-led model."

UpGrad has acquired Impartus Innovations, KnowledgeHut, Talentedge, Work Better Training as well as Global Study Partners to expand its offerings, and is looking at the US as its next big growth opportunity. Last August, it closed a $185 million funding round from Temasek Holdings Ltd, International Finance Corp (IFC), and IIFL Group, at a valuation of $1.2 billion.

THE WOES OF K-12

Outcome is a play that K-12 players now seem to be turning to, Kumar feels, to tide over loss-making times. "Most K-12 players are moving more and more towards outcome-led models," he says. But, in the early days of the pandemic, a lot of these players didn't anticipate what would happen once schools began.

The online education market, which includes K-12, higher education and upskilling, in India, is at present, worth around $1.9 billion. By the end of 2021, edtech was riding on an unprecedented funding boom. With more than $4.7 billion in funding across 165 deals, it was the third most favourite sector for investors.

This, however, changed in 2022. According to Fintrackr's data, around 17 edtech startups, including Byju's, upGrad, Teachmint, Classplus, LEAP, Quizizz, Eupheus Learning, and Leverage Edu, scooped up two or more rounds in 2021. However, the number of startups doing so dwindled to zero by August end.

Investor enthusiasm for the sector is also slowing down. Until August 15, funding for edtech businesses fell precipitously from $5.82 billion to $2 billion. Only two edtech agreements were completed in August.

"There is a marked slowdown in investor interest in the market in 2022. While this is primarily due to the reduced rate of expansion of many companies and increased costs

Until August 15, funding for edtech businesses fell from $5.82 billion to $2 billion. Only two agreements were completed that month

INFOGRAPHIC: MUKESH SINGH

in customer acquisition, it is also due to the absence of any noticeable innovation by existing players," says Ramaswamy of KPMG.

Adds Aditya Arora, CEO of Faad Network Private Limited, an investor network that assists early-stage startups: "Investors are now looking at more specific use cases that edtech players are solving the problem for. Increasing questions on customer acquisition cost and burn rate, especially in the light of the downturn in the economy, are becoming central to investment decisions. Investors are now grilling about the numbers more than ever."

Why has K-12 become the worst-affected in the industry? Because, with social interactions and in-class learning being prioritised by the parents of school-going students, the interest in taking up online aid for schooling has substantially gone down. Media reports claim thousands of customers are engaged in prolonged tussles with companies to cancel course subscriptions and retrieve the fees paid by them. There are also some complaints regarding the misuse of data pertaining to students.

Udayy, launched right before the pandemic in 2019, was one such company that saw surging adoption in the early months of the pandemic. "The product was doing great then, we saw a lot of adoption and we raised a lot of capital as well on the back of those numbers," says Saumya Yadav, the co-founder. But adoption went south once schools reopened.

In April, after close to nine months of figuring out other business models, Udayy closed operations. "We were spending effort and a lot of money in figuring out different kinds of pivots and changes to the business model that could make it more viable. And once we ran out of those options, we realised that the core product is just a vitamin and not a painkiller. And in this environment when there's no pandemic, the other options we were thinking about were just stop-gap solutions," she says.

Yadav and her team did consider turning hybrid, but, she says, "It made sense for certain players who were in the test prep segment. But our target group was kids from grade 1 to grade 5, and going to a coaching class wasn't common behaviour. From a business perspective, it didn't make too much sense."

Interestingly, it wasn't that the business ran out of money. Yadav adds, "When we were making this decision, we still had $10 million in our banks and weren't raising more money. So the decision was coming from a place of strength, not desperation."

Says Ramaswamy: "In general, the growth in customer acquisition—particularly in newer markets—has been challenging. So some players have stopped their foray into newer domains. Many of them have also trimmed costs—including manpower costs—which resulted in retrenchment in certain cases. There has also been a trend to get some foothold into the physical classroom space by some of the larger players who were hitherto focussed only on the online market."

"Increasing questions on customer acquisition cost and burn rate are becoming central to investment decisions."

ADITYA ARORA
CEO, FAAD NETWORK PRIVATE LIMITED

THE WAY AHEAD

As a response to meet the changing demand, most of the edtech unicorns ventured into the offline market through acquisitions or opening up of physical centres. Vedantu, for instance, has physical centres along with its online-first approach. "The idea is to increase the options available to the student," he says. Byju's, too, has opened offline centres.

Some of the K-12-centric players are also expanding offerings to include AI/VR, leading to the prominence of subjects like robotics and coding. Vedantu, for instance, has been focussing on creating AI-focussed courses. "There is a huge scope for innovation in edtech. Just like any business cycle, there are going to be ups and downs. Where online education for K-12 triumphs is the fact that good educators aren't easily accessible in Tier II and Tier III cities. So there will always be the scope of growth, because online education bridges the geographical gap," says Krishna of Vedantu.

"Conventional K-12 online learning platforms are shifting to methods and offerings that are practical and have a specific use case for students," says Arora. "Byju's, Unacademy, and Vedantu, among other giants, have introduced coding and robotics, and increased focus on AI with a shift to the 3D user experience... they are all steps to stay relevant. Only a blend of conventional schooling and newer subjects can help edtech players sustain in the long run," he adds.

"Edtech could be an answer to address the needs of equity and reach required in the Indian market," says Ramaswamy. "Edtech companies need to reinvent themselves beyond the digitisation of content, video-based learning, and online channel. Innovations across the value chain—including in key areas such as customer acquisition, retention, and reach—are the need of the hour."

Forbes INDIA
Celebrate
this festive
season with
exclusive offers
Additional discounts upto Rs. 1000/-
and free Gift card worth Rs. 500/- from
EAT BETTER CO
100 DIGITAL STARS

Betting Big on 5G

With a strong order book and improving financial performance, HFCL is riding the expected telecom and 5G expansion, and is well-positioned with 5G-centric products and its optical fiber cables business

By SALIL PANCHAL

On October 1, at a packed India Mobile Congress, a digital technology event in New Delhi, Mahendra Nahata, the founder and managing director of HFCL, a telecom enterprise and communications products provider, was seen exhibiting the new Wi-Fi 7 Access Points, built in collaboration with Qualcomm. This product will support peak data rates of over 10 gigabits per second (Gbps)—almost double the speed of current such products—and latency under 2 millisecond (low latency means minimum data transfer delay), compared to 5 Gbps and 10 ms of current Wi-Fi 6 products.

Reliance Industries' Chairman and Managing Director Mukesh Ambani, whose subsidiary Jio Platforms is India's largest telecom operator, launched the Wi-Fi 7 AP and an 8T8R radio unit while watching its features. Jio is an important customer of HFCL's, forming around a fifth of its order book. HFCL has laid the 4G fiber-to-the-home (FTTH) network and also mobile services for Jio in North India.

Unlike previous Mobile Congress events, this year the talk of 5G technology had turned to reality from being a promise or need. In October, India's 5G technology network was officially launched by Prime Minister Narendra Modi, with two of the largest telecom companies Jio and Bharti Airtel deploying their 5G network in phases.

In this scenario, a Wi-Fi 7 access point compliments the 5G rollout in India, offering extreme speeds and high capacity. It will improve connectivity and speed in high density places like airports, railway stations, shopping malls and factories.

Nahata started HFCL in 1987, once manufacturing transmission equipment in collaboration with Southeast Asian companies. In the following decades, when India started to expand its telecom networks, the optical fiber cables (OFC) business became its growth engine. Since 2015, HFCL has focussed on exporting telecom equipment and OFC to over 30 countries, from 16 in FY15. Exports form 18 percent of revenues, HFCL's June-ended data shows.

Focus on development and sale of **5G-centric telecom equipment and services**

HFCL has been shifting its focus to **product-led—from project-led—growth by manufacturing margin accretive (own designed) products**

Thrust on exports (as a percentage of revenues) in the form of **OFC and telecom products**

Formed **strategic alliances with local players in SE Asia to provide EPC services** for OFC/FTTH rollout

Capex push in FY24-25: Setting up and **expanding facilities to manufacture OFC, telecom and defence products**

SOURCE Forbes India

ON THE 5G PULSE

HFCL's business did mirror India's telecom expansion in early years, including manufacture of digital microwave radio transmission equipment, radio pagers and satellite video receivers. With this digital transformation, the need for OFC—the backbone of digital infrastructure—increased. An OFC network provides the fastest transfer speed and large bandwidth to both businesses and homes.

According to 2021 Feedback Advisory data, the Indian OFC industry was valued at $530 million in FY20 and is expected to grow to reach $700 million in FY24.

Now consider that as of March, India's total tower fiberisation is at just 33 percent, leaving plenty of room for growth, if it is to achieve 70 percent of tower fiberisation by 2025. And Nahata knew that HFCL has to play a role in it. HFCL has continued to build and expand its manufacturing facilities in Goa, Chennai and Hyderabad. A new facility is being set up to manufacture defence electronic products.

It is the same business acumen that has worked for Nahata and the company to concentrate on manufacturing and sale of 5G-centric products. "We are designing our own equipment and have IPRs for the same," Nahata tells *Forbes India*. HFCL is designing an entire range of 5G related telecom equipment, including wireless access network 8T8R macro radio unit. Another product is a 120 Gbps cell site router that helps aggregate traffic from new 5G sites to the backbone (a high speed line forming the fastest path through the network). The company is also working to develop global system integration services for 5G private networks and integration services.

HFCL expects a 15-20 percent year-on-year (y-o-y) revenue growth that will be mainly driven by the growing OFC demand and production of 5G-led equipment. HFCL reported a 10.3 percent jump in total revenues to ₹1,182 crore in the September-ended quarter and net profit rose near 60 percent to ₹84.3 crore, in the earnings announced on October 18. The HFCL stock rose 1.7 percent to an intra-day high of ₹76.8 at the NSE after the earnings data.

Speaking about the Wi-Fi 7 AP, Nahata says: "This device helps achieve an even higher throughput. A Wi-Fi 5 AP could give a throughput of 4 to 5 GB." This would be useful in areas that have large crowds and help telecom operators deliver better user experience at airports, railway stations or factories. A scaled down version of this product can also be used anywhere, he adds.

EXPORT THRUST, CHALLENGING STERLITE

Nahata claims HCFL has the highest market share—near 50 percent—in the domestic OFC market, with rival Sterlite Technologies estimated to command the balance. Sterlite predominantly exports its OFCs, with Europe and North America as its focus markets, where it holds a combined 33 percent market share.

Sterlite has a fiber capacity of 37 million fiber kilometres (fkm) while HFCL has a capacity of 25 million fkm equivalent fiber optic cable. According to analysts, Sterlite has 50 million fkm of optic fiber capacity for its 37 million fkm of OFC capacity while HFCL has a 10 million fkm of optic fiber capacity against 25 million fkm of OFC capacity. Thus, Sterlite is

> **"An increase in product revenue will need less working capital and quick realisation of revenue."**
>
> **MAHENDRA NAHATA**
> FOUNDER & MANAGING DIRECTOR, HFCL

HFCL: The Eye On 5G

5G Outdoor Small Cell

A portable base station that helps enhance coverage in places where existing macro cells have coverage holes or blackspots, or where coverage does not exist at all. Small cells provide capacity enhancements by offloading traffic from macro cells in densely occupied location

5G 8T8R Macro Radio Unit (RU)

Features, advantages: Lightweight and compact, it supports natural convection air cooling. Will aid operators in providing better 5G coverage and address capacity requirements in urban, suburban and rural areas

5G Indoor Small Cell

Delivers reliable 5G cellular indoor, harmonising the macro network to improve coverage

5G Transport Products (routers)

Cell routers that play an important role in aggregating traffic from the new 5G sites, along with traditional traffic, to the backbone. It includes aggregation and centralised routers

5G Lab-As-A-Service

Provides an automated test environment for the private sector, academia and government to work together on product innovations

Wi-Fi 7 Access Points

Not a pure product but it enhances 5G technology. HFCL launched the first open source Wi-Fi 7 Access Points at the Indian Mobile Congress (in New Delhi), in October. Designed to deliver extremely high throughput, higher spectral efficiency and better interference mitigation. Wi-Fi 7 APs will support peak data rates of over 10 Gbps and will offer latency under 2 ms compared to 5 Gbps and 10 ms of current Wi-Fi 6 products

SOURCE Forbes India

more backward integrated compared to HFCL. HFCL plans to increase this to 22 million fkm in FY24.

Sterlite plans to invest ₹800 crore till FY24, to expand capacity to 42 million fkm. Similarly, HFCL plans to expand its OFC capacity to 35 million fkm through a funding of ₹600 crore. HFCL has raised this capital through a qualified institutional placement (QIP) in December 2021.

Both Sterlite and HFCL have adopted the strategy of selling telecom equipment as ancillary sales coupled with its optical fiber business.

"Demand for upgraded hardware required as a result of 5G and next generation Wi-Fi is propelling this growth in equipment business. It hopes to drive growth by expanding manufacturing capabilities in the telecom equipment business in coming years," says Pratik Singhania, vice president (research) at SageOne Investment Managers, a portfolio management service fund house for high net worth individuals.

Nahata says with demand for both OFC and 5G equipment business strong from global markets, the plan is to double exports to ₹750 crore in FY23, from around ₹380 crore in FY22. "We expect about 20 percent revenues to come via exports this fiscal year," he says.

Singhania says Sterlite gets better realisation for its overseas OFC business, due to the R&D capabilities seconded by its 740-plus patents. "Sterlite is estimated to get approximately $1.5 per fkm more than the average supplier," the analyst says. Sterlite is also close to commissioning an OFC plant in the USA as tax benefits are given to telecom companies that are expanding fibre footprint using made-in-USA products along with strong 'China Plus One' sentiment.

"Demand for upgraded hardware is propelling growth in equipment business, by expanding manufacturing capabilities in coming years."

PRODUCT-LED REVENUE, STOCK GAINS

During and after the pandemic, several corporates, including HFCL, saw delays in both execution of projects, which delayed operating cycles and resultant payments. Hence, the company has over the years focussed on increasing the share of revenues from products, rather than projects. Products form 50 percent of revenues in Q1FY23, compared to 43 percent in FY22. "An increase in product revenue will need less working capital and quick realisation of revenue," Nahata says.

HFCL has an order book of over ₹5,000 crore, with half of the revenues coming from the OFC business and the balance from the mix of telecom business, defence electronics, railway communication products, BharatNet and Smart City projects. The book is also well diversified with revenues from several states including Punjab, Rajasthan, Uttarakhand, Himachal Pradesh, Uttar Pradesh, Delhi, Andhra Pradesh and Telangana.

HFCL is banking on continuing to receive OFC orders towards the government's ambitious BharatNet project, which aims to digitally connect all gram panchayats (GPs) and villages of India. In Jharkhand, it has deployed OFC in 1,789 GPs, the company said in April.

The mix of the 5G rollout and continuing 4G expansion in remote areas, FTTH penetration and BharatNet are expected to be "a ₹3 lakh crore" opportunity in the OFC space," says Ventura Research in a July 2022 report.

SageOne's Singhania expects Jio

HFCL Financials: On The Mend

	FY17	FY18	FY19	FY20	FY21	FY22	Q1FY23	Q2FY23
Total Revenue	2,085.37	3,103.64	4,780.53	3,860.99	4,422.96	**4,770.02**	1,071	1,182
Net Profit	123.72	167.9	232.26	227.2	246.24	**325.87**	53	84.3
EBITDA Margin (%)	9.68	9.47	9.67	13.45	13.24	**14.66**	12.37	14.88
Exports (% revenue share)	NA*	NA*	2	3	5	**8**	18	16.38
Net debt	402.93	424	552	712	919.62	**729.78**	710	NA*
Debt/Equity ratio	0.44	0.34	0.41	0.43	0.48	**0.26**	0.26	0.26
RoA (%)	5.37	6.9	7.46	6.37	5.28	**6.03**	NA*	NA*
Order book	3,000	8,700	11,350	8,409	6,875	**5,300**	5,300+	5,280

Notes: Revenues and profit taken on a consolidated basis
Figures in ₹/crore, except those in % and ratios * Not available

SOURCE Company annual reports and investor presentations, Trendlyne, Morningstar

and Airtel to start giving out orders on 5G deployment in November-December this year, where the annual order would be ₹10,000 crore per annum. "This will be followed by BharatNet orders in early 2023 wherein the total order size is expected to be ₹80,000 crore," he says. Portions of these orders will come towards HFCL, besides other rivals. HFCL's credit ratings have been improving as revenues grew, order book diversified and profitability improved in recent years. Care Ratings in July gave a Single A credit rating with a 'stable' outlook towards long-term credit loans and A2+ for short-term bank credit, compared to an earlier 'negative' rating in FY20.

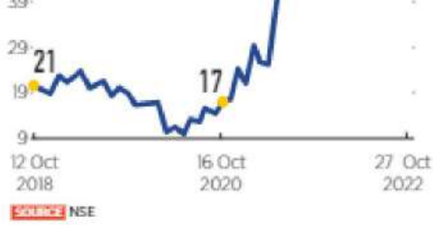
HFCL, the Reliance Industries group and Jio are long-term business associates, which analysts see as a positive. Nahata is a director on the board of Reliance Jio Infocomm. "HFCL shares a long-standing relationship with the Reliance Group and family. This has particularly helped HFCL's business in the last 2-3 years when Jio was expanding capacity. In the same period, while the HFCL management was stable, Sterlite was going through an internal management rejig," Singhania says.

The HFCL stock has risen near four times or 265 percent in the past four years (see chart), echoing the improved business performance.

But for 19 years, between April 2003 and March 2022, the HFCL stock traded in a narrow range of ₹7 to ₹30 at the NSE, before moving up from April 2022 onwards. The stagnation could have been due to a baggage of the past when Sebi had pulled up HFCL for violating norms governing prohibition of unfair trade practices, relating to a fraud by stock broker Ketan Parekh in 1999 for allegedly rigging stock market prices of 10 firms, including HFCL. HFCL settled the case through a consent order with Sebi in 2010.

The HFCL stock is not widely held by mutual funds (5.99 percent for

HFCL Stock: Finding Favour



SOURCE NSE

the top 20 funds), according to data from Morningstar. The largest mutual fund shareholding includes Quant Money Managers (2.33 percent) and Vanguard Group (1.77 percent).

Usually the confidence in the stock improves as its price rises, so the next 2-3 quarters will be closely watched by investors, fund managers and the management. HFCL has been able to battle competition in its EPC business and the telecom equipment space (from Chinese manufacturers and local companies such as D-Link). It has now taken the lead ahead with 5G-centric products.

Ventura Research estimates HFCL's revenue and net profit to grow at a CAGR of 20 percent and 30.4 percent respectively over the FY22-25E period. "The company is getting strong response from key global markets like Europe, Africa and the Middle East for telecom equipment," Ventura added in a Q2FY23 earnings update.

After the envisaged capacity expansion, HFCL will have sizeable capacity in the OFC space, which will be near to the current capacities of Sterlite. With the telecom sector continuing to grow, a healthy order book indicating continuity, the right business alliances, HFCL and Nahata have ticked off the right boxes. They would now only hope that there are no delays in the 5G technology rollout. F

In Focus

Keeping it Sharp

With steadfast focus on the B2B segment, Razorpay has grown eight-fold in four years. But will the RBI's rules blunt its edge?

By RAJIV SINGH

The offer sounded like a quintessential Diwali Dhamaka. Well, Harshil Mathur and Shashank Kumar can't be blamed for thinking so. After all, who doesn't want skyrocketing valuations and explosive growth? The logic apparently was simple. "Why don't you guys enter BNPL [buy now pay later]," asked a curious investor last year. "Your valuation will immediately shoot up by at least 3x to 4x," the funder underlined the new fad that had caught the fancy of venture capitalists (VCs) worldwide.

Started in 2014 as an online payments gateway for B2B ventures, Razorpay has had three rounds of funding till 2018—$2.5 million, $9 million and $20 million. The valuation, though, stayed undisclosed. In June 2019, it raised $75 million at a valuation of around $450 million. In terms of performance, the value was getting close to valuation: An operating revenue of ₹193 crore and a loss of ₹3 crore in FY19. "BNPL," the investor underlined last year, "will give you heady valuation."

The operating revenue has jumped to ₹1,481 crore, and the company has posted profit—₹9 crore—for the second consecutive year

NISHANT RATNAKAR

Last year, indeed, was financially intoxicating. The market was flush with dollars, which meant loads of money on the table. In 2021, $32.3 billion was pumped in by investors in late-stage deals (series B and beyond) in India, according to Tracxn, a market intelligence provider of data of private companies. The comparative number for 2019, a non-pandemic year, was $8.8 billion.

"Everybody is doing it. You guys must also think seriously," stressed the VC, egging on the co-founders to join the party. Mathur and Kumar, who had scaled their payments and banking platform for businesses to ₹841 crore and posted a standalone profit of ₹6 crore in FY21, wondered whether they are missing out on the next big thing. "Should we get in," was the question debated by the duo.

Shashank Kumar and Harshil Mathur (right), the co-founders of Razorpay

Globally, the answer was clear. BNPL was the flavour of the season last year. The transaction value for such payments leapfrogged from $34 billion in 2019 to a staggering $120 billion last year, according to GlobalData, a data analytics and consulting company based out of London. Back in India too, BNPL was making a lot of noise. Payments as a segment saw a massive spike in funding: $2.5 billion in 2019 versus $4.3 billion in 2021. "It's always hard to resist such a temptation," underlines Mathur. His partner chips in to recount similar kind of nudges to join the bandwagon over the last few years. "There were times when we were grilled on why we were not building an online payment wallet for consumers or rolling out UPI," says Kumar. At times, he lets on, it pays to play deaf and not get carried away by noise.

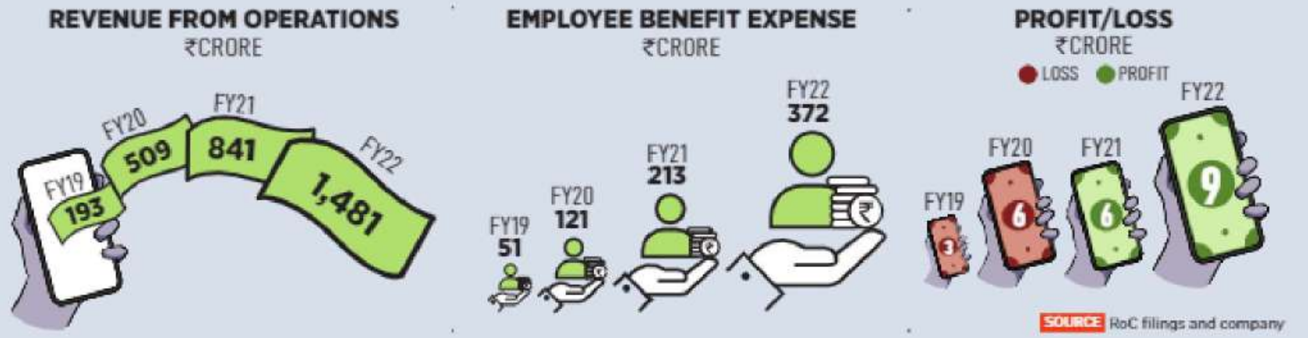
A year later, the co-founders are still steadfast in their approach and focus. "We don't follow trends," says Kumar. "And we will stay sharply focussed on B2B opportunities," adds Mathur, sharing the standalone financial numbers for FY22. The operating revenue has jumped to ₹1,481 crore, and the company has posted profit—₹9 crore—for the second consecutive year. Kumar, though, is quick to clarify the larger picture. "On a consolidated basis, we are yet to post profit," he says. Razorpay Capital and Razorpay X, two more nascent revenue engines for the group, make up for under 10 percent of revenues and are incurring losses. The core payments business—Razorpay—though has been posting profits.

What has also helped the venture scale at a faster clip has been a string of buyouts. The maiden acquisition happened in August 2019 when Razorpay bought Thirdwatch, an artificial intelligence (AI)-powered company specialising in big data to reduce return-to-origin and fraud orders for e-commerce businesses.

Report Card

On a standalone basis, Razorpay Software (RSPL) is profitable. It contributes over 90 percent of revenue to the group, which also has Razorpay Capital and Razorpay X. On a consolidated basis, the group is making losses

RAZORPAY SOFTWARE Digital payments' vertical



SOURCE RoC filings and company

"It was a perfect fit as it helped in our war against cash," says Mathur. Fraud, he lets on, has been the albatross around ecommerce companies' necks for the longest time. Thirdwatch, Mathur adds, empowers ecommerce businesses to digitally transform and disrupt by improving their response and redressal mechanisms of combating fraud.

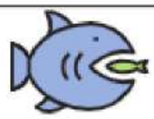
The second buyout—Opfin—happened towards the end of the year, in November 2019. Kumar explains the trigger. "The startup perfectly fitted into our future roadmap," he says. The big question for Razorpay, he lets on, is to consistently figure out different ways in which businesses could be served. One of the pain points was payroll management. Opfin, a cloud-based payroll management software firm, was a two-member company, had 15 to 20 customers and less than modest scale. The acquisition logic was unique. Acquisitions, stresses Mathur, are less about what exists today. "It is more about what we can build together tomorrow," he adds.

In three years, Razorpay did manage to scale the venture. "Opfin experienced escape velocity," says Kumar, alluding to the speed of growth of the payroll management software business. The firm, he claims, has thousands of clients and has scaled handsomely. Over the last three years, Razorpay has bought seven companies. Four of these, in fact, happened in 2022. "The product, team and culture of the startups have to align with ours," says Kumar.

The backers, meanwhile, are impressed with the growth story so far. "Though numbers are excellent, they don't tell the full story," reckons Ishaan Mittal, managing director at Sequoia Capital India. The VC firm first invested in Razorpay in series C in June 2019 and then followed it up with subsequent rounds in 2020 and 2021. "It's rare for us to double down on our investments in such a manner," he underlines, pointing out two traits of the fintech company that have helped them grow in a sustainable manner. First is Razorpay's sharp focus on B2B. "They were neither cavalier in ignoring it [B2C opportunities] nor greedy in jumping into it," he says. Second is the focus to build a full-stack payment platform for all kinds of businesses. "They swear by the massive unexplored B2B opportunity, and know how to make the most of it," he says. "They are quite focussed."

Despite a fairytale growth during the pandemic years, there are challenges for India's biggest fintech player. One of the issues is navigating the regulatory maze. Early in October, the Enforcement Directorate (ED) conducted searches at offices of online payment gateway players including

Scaling Fast by Acquiring



STRING OF BUYOUTS...

2019

Thirdwatch: A fraud prevention company

Opfin: A payroll management software company

2021

TERA Finlabs: An AI-based risk tech SaaS platform

2022

Curlec: Malaysian-based recurring payments company

Izealiant: A Pune-based banking technology company

Ezetap: A POS payments solution provider

PoshVine: Loyalty and rewards management company

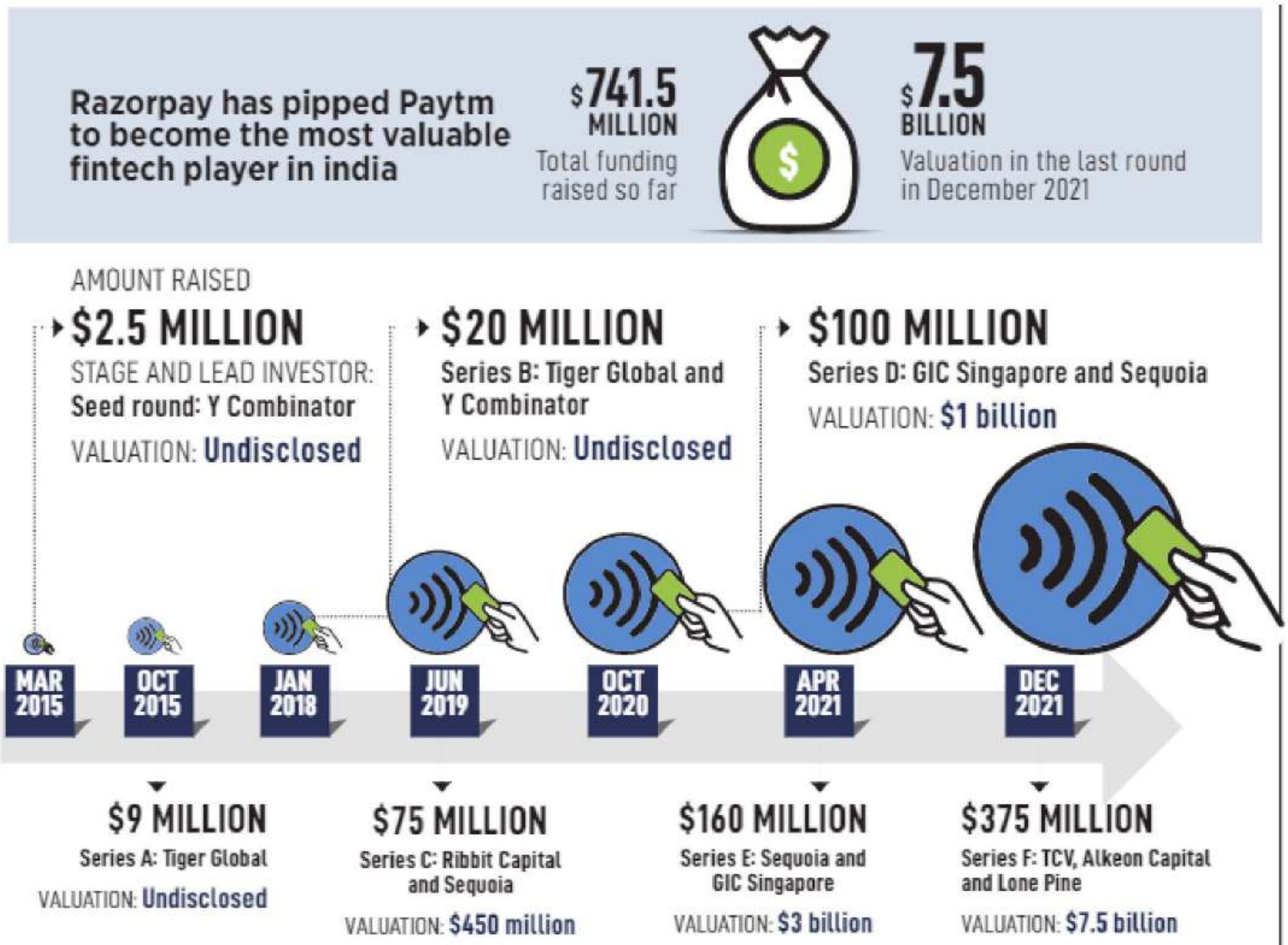
...AND THE ONES WITH MINOR STAKES
(IN SINGLE DIGITS)

MSMEx: Backed the business advisory platform for MSMEs in June 2021

Shiprocket: Invested in logistics aggregatore in July last year

Hostbooks: Led Series A funding in a cloud-based platform offering accounting and compliance functions to SMEs in June this year

INFOGRAPHICS: MUKESH SINGH



Paytm, Razorpay and Cashfree. The investigation reportedly was in connection to a larger probe into illegal Chinese loan app problems in the country. A Razorpay spokesperson clarified the issue. "It was a regular visit for an ongoing investigation on a few of our merchants by law enforcement about a year and a half back," he underlined in an email reply. "We have promptly responded to those queries and the authorities were satisfied by our due diligence process. No funds were seized from Razorpay during this visit."

Another potential challenge for all fintech players, including Razorpay, could be Reserve Bank of India (RBI) guidelines on digital lending. The new norms surrounding a clutch of pertinent issues such as restricting third-party roles in the flow of funds to borrowers, consent, disclosure of costs and data privacy, will result in more regulations and streamlining of the segment. The co-founders of Razorpay, though, are not perturbed. The regulations, underlines Kumar, are a welcome move to drive customer-centric innovation and generate transparency in the ecosystem. "It will eventually lead towards building trust and growth of the fintech sector," he adds.

What has also helped Razorpay scale at a faster clip has been a string of buyouts, like fraud prevention company Thirdwatch and SaaS platform TERA finlabs

The biggest area of concern could be maintaining a sustainable pace of growth. "We would like to hit the public market as a profitable company," says Mathur, adding that the company is still two-three years away from an initial public officer (IPO). "We want to do an IPO as a full-stack financial services company," says Kumar, adding that the public market is not averse to loss-making companies. "What they want is a clear path to profitability, and sticking to that deadline," he says. "The key is having a sharp focus," he signs off.

Sexual Abuse at Work on the Rise

As people resumed working from offices, the number of sexual harassment complaints in India's top companies rose by 27 percent in FY22 compared to the previous year, according to data analysis by Complykaro.com

By NASRIN SULTANA

SHUTTERSTOCK

A rise in the number of sexual harassment cases in India's top companies indicates the urgency for many organisations to address culture and conduct issues in creating a safer workplace environment. As workforce sentiment is changing the dynamics following Covid, the increase of sexual harassment cases raises concerns about safety of employees as many offices have gradually opened up.

Nearly a decade after the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act was passed in 2013, sexual harassment cases continue to threaten women's safety and dignity.

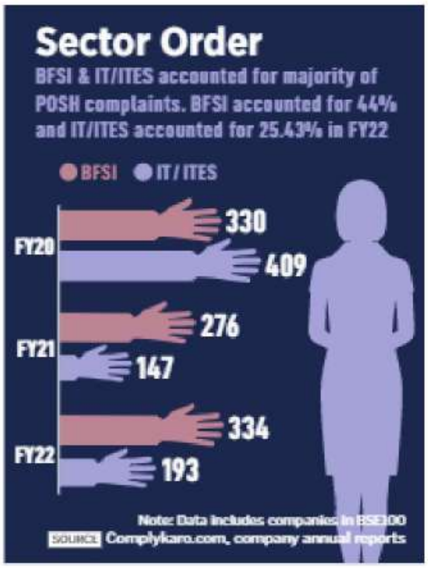
The total number of sexual harassment complaints at workplaces climbed by 27 percent in the financial year ending March 2022 compared to the previous year, according to data analysis compiled by anti-sexual harassment advisory Complykaro.com, based on the annual reports of the companies. The analysis has considered only companies in the BSE 100 index, which account for over 65 percent of the total market capitalisation of listed firms in India.

Data showed that these companies registered 759 cases in FY22 compared to 595 reported in FY21. The number of cases has not surpassed pre-Covid levels. In FY20, these companies reported an aggregate of 999 sexual harassment cases amid the #MeToo movement gaining momentum, leading to employee activism in India. Typically, in such waves, employees feel empowered and confident to break their silence when it comes to reporting misconduct issues at the workplace.

"Work-from-home had resulted in the considerable reduction in sexual harassment complaints, but they have again begun to rise due to the opening of offices. The higher cases are due to the partial lifting of lockdowns compared to last year," says Vishal Kedia, POSH expert and founder, Complykaro Services.

As India Inc switched to remote and hybrid models of work during the lockdown, complaints in companies under review declined in FY21, while employee policies strategised to create a more encompassing mechanism to address and report similar issues.

Priyanka Sinha, partner at law firm A&P Partners, attributes the increasing attentiveness and



surveillance by companies in implementing the Sexual Harassment of Women at Workplace, Act 2013, to the higher number of cases registered in FY22. "As workplace culture and conduct have now taken centre stage in most organisations' employee policies, they are scaling up to increase and widen the surveillance for ensuring a safe and secure work environment. Employees are encouraged to raise concerns about harassment, and ensure complaints are addressed respectfully and responsibly," says Sinha.

However, she is concerned that there are rising cases of misreporting. "We have observed harassment cases filed with intention of causing malice to the 'so-called' abuser. There are several instances where we have found the cases to be falsely implicated for not getting favours etc. It is alarming," adds Sinha.

According to Sinha, the internal complaints committee (ICC) has the responsibility of doing the due diligence to ensure there is no misreporting or no person is wrongly implicated. "After all, such cases also bear an economic cost to the company," she asserts. Workplace sexual harassment imposes a range of costs that impacts

INFOGRAPHICS: MUKESH SINGH

individuals, including victims, perpetrators and employers.

THE DICHOTOMY

Except one, no company received more than 50 sexual harassment complaints in FY22, according to the data. It also showed that among the 100 companies, 11 have not reported a single sexual harassment complaint for at least last three fiscal years.

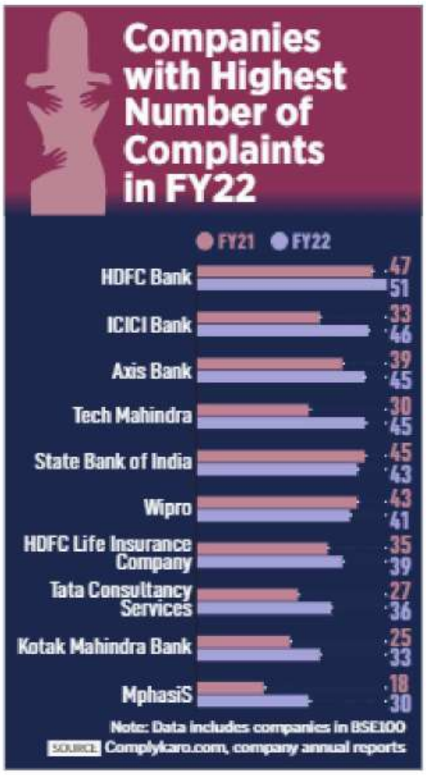
Analysis of the data indicates a dichotomy or stark contrast as the number of complaints received in government-owned companies lag private peers in comparison. Among 14 public sector undertaking (PSU) companies in the BSE 100, 12 reported complaints, mostly with one or two cases. Among PSUs, the State Bank of India with 43 complaints has the highest number of reported cases in FY22. However, that's a decline from 45 in the previous year.

Next among PSUs is Bank of Baroda, which reported 25 cases in FY22 compared to 16 in the year-ago period, followed by Indian Oil Corporation—nine in FY22, from four in the previous year.

Among sectors, banking, financial services and insurance (BFSI) and Information technology (IT) and IT-enabled services (ITeS) accounted for 69.5 percent of all sexual harassment complaints in FY22. Out of the total, BFSI accounted for 44 percent or 334 cases in FY22, showing an increase compared to pre-Covid levels (276 in FY21 and 330 in FY20).

IT/ITES accounted for 25.43 percent (193) of the total cases in FY22. The number of complaints in the IT/ITES space is still 46.25 percent lower compared to pre-Covid levels though it inched up from '59 percent lower' during the complete shut down a year ago in FY20.

BFSI and IT/ITES have a higher workforce compared to other sectors. Besides, experts feel employees in both the sectors are more aware of their rights and privileges.



HOW THE NUMBERS STACK UP?

Among all the companies under review, HDFC Bank with 51 cases received the maximum complaints in FY22, but those are just 8 percent higher than last year. Next are ICICI Bank (46), Axis Bank (45) and Tech Mahindra (45). Tech Mahindra showed the maximum increase in the number of complaints compared to 30 in the previous year.

Another company which showed a big jump in the number of cases is InterGlobe Aviation, which operates airline company IndiGo. It reported 29 cases in FY22 compared to 15 in the previous year; the number was 36 in FY20.

Experts feel the BFSI and IT/ITeS sectors have more complaints as the employees in these companies are more aware of their rights

"The reported rise in the number of cases in FY22 does not reflect the true picture, as our operations were significantly curtailed in FY21 due to the pandemic. The number of cases reported in FY22 are similar to those reported in FY20, which reflects the pre-Covid scenario," says a spokesperson representing the airline.

He says the airline company has zero tolerance towards any acts of sexual harassment and has a robust prevention of sexual harassment policy. It has set up an internal committee comprising over 150 dedicated employees who are focussed on ensuring a safe working environment. "In addition, we have set up an independent reporting channel for complainants. These awareness initiatives have instilled faith in the minds of employees that they can report matters of sexual harassment at workplace without any fear, and that, no concern will go unnoticed or unaddressed," the spokesperson adds.

Infosys showed the maximum decline in the number of complaints—11 in FY22 from 16 in the previous year. The IT major has continued the reduction trend even post lockdown, resulting in 81.66 percent fall from pre-Covid levels, according to the data analysis.

Email queries sent to a few companies mentioned in the story remained unanswered till the time of filing the story.

WHAT ABOUT THE INFORMAL SECTOR?

The Annual Review of the State of Sexual Harassment in India, a report by the Women's Indian Chamber of Commerce and Industry's Council of Ethics, said most women who faced sexual harassment decided against reporting the incident to authorities. The report released in May said that over 50 percent of respondents experienced sexual harassment at least once at the workplace. Of the people who faced such incidents, 55.2 percent decided not to file a complaint.

The informal sector, which includes street vendors, rag pickers, domestic workers, those working from home, contractual workers and self-employed people, complained of various sexual harassment incidents such as receiving sexually suggestive remarks about appearance, clothing or body parts; sexual questions; demands or request for sexual favours; lewd jokes or sexual anecdotes, offensive comments about sexual orientation or gender identity.

WHAT IS THE POSH ACT?

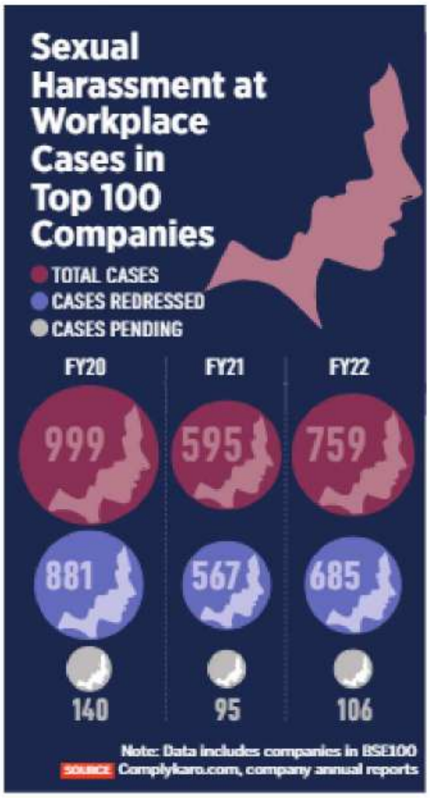
Under the Indian Penal Code, sexual harassment is a cognisable offence which means a person charged with sexual harassment may be arrested without a warrant.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, has criminalised offences such as sexual harassment, stalking and voyeurism. The Posh Act has been enacted with the objective of preventing and protecting women against workplace sexual harassment, and to ensure effective redressal of complaints of sexual harassment. As per the Act, harassment includes unwelcome sexually tinted behaviour, physical contact and advances, demand or request for sexual favours, making sexually coloured remarks, showing pornography, or any other unwelcome physical, verbal or non-verbal conduct of a sexual nature. The Act also mandates companies to establish an ICC for grievance redressal.

Under the Companies Act, 2013, and Sebi (listing obligations and disclosure requirement) LODR 2015, companies are mandated to report the number of sexual harassment cases in the annual report.

IS IT ENOUGH?

The number of sexual harassment



complaints pending resolution at the end of FY22 as a percentage of total complaints decreased by 2 percent compared to the previous year. "This indicates challenges faced by the ICC in timely redressal of sexual harassment complaints during the lockdown was reducing due to partial reopening," says Kedia.

Experts believe that the regulatory push towards effectively addressing concerns about sexual harassment at the workplace has driven a noticeable change within corporate India, but there are ambiguities that still need to addressed.

According to Nishith Desai

The regulatory push towards addressing concerns about sexual harassment has driven a noticeable change within corporate India

[redacted]

Associates, although the law preventing sexual harassment at workplace has been in force since 2013, there remains lack of clarity on various aspects. "Many are also not fully aware of the criminal consequences of sexual harassment. Lewd jokes, inappropriate comments etc are dismissed as normal, with women being hesitant to initiate actions due to apprehension of being disbelieved or ridiculed, which underpins the need for greater awareness and greater enforcement," the firm said in a research paper released in December 2020.

GLOBAL SCENARIO

A landmark inquiry unveiled shocking cases of abuse of women workers at companies, including BHP Group and Rio Tinto Group in Australia's mining industry, according to a Bloomberg report. The inquiry revealed that BHP recorded 91 reports of alleged sexual harassment or assault in the year through June 30, 2021, of which 79 were substantiated. Rio Tinto, from January 2020 to August 2021, received 51 complaints of sexual harassment or assault. The number of reports of sexual harassment in the workplace that were filed to the US government peaked at about 13,000 in 2018. The number has decreased every year since, with about 10,000 filed in 2021, according to reports.

Despite increased public awareness and efforts by companies to sensitise employees, sexual harassment continues to plague Indian workplaces, stripping people of their dignity. Though companies are taking efforts to make workplaces diverse, harassment, violence, exploitation and bias based on gender do not make offices safe and pose a threat to the equal participation of women in the workforce, thus bringing disparity in the economic and social norms. F

In Focus

Space Odyssey

Rocket maker Skyroot's latest funding of $51 million spotlights the coming together of multiple tailwinds that augur well for Indian space startups

By HARICHANDAN ARAKALI

Pawan Chandana (left) and Naga Bharath Daka, co-founders of Skyroot Aerospace

Low Earth orbit satellites are all the rage, with tens of thousands being planned for launch by private firms and governments around the world.

One Indian space rocket startup is taking this opportunity to put its own business into a new orbit, never seen before by any private, Indian space company. Skyroot Aerospace made a small bit of Indian space startup history, when it announced $51 million in funding from Singapore's GIC (Government Investment Corporation) in September. Mayank Rawat, managing director of GIC India Direct Investment Group, will also join Skyroot's board.

It's the biggest funding, by far, raised by any Indian space startup. Satellite maker Pixxel, in Bengaluru, had raised $28 million in 2021 and an undisclosed amount this August, according to private markets intelligence provider Tracxn. In March, *Economic Times* reported that Pixxel raised $25 million from Canadian firm Radical Ventures.

At Skyroot, the investment will allow founders Pawan Kumar Chandana and Naga Bharath Daka, and their team of 200, commercialise their first rocket *Vikram I* next year, increase the frequency of launches, and accelerate the development of two heavier rockets in this series, *Vikram II* and *III*.

Snapshot

Skyroot Aerospace

Core business:
Satellite launch vehicles

Founders:
Pawan Kumar **Chandana**,
Naga Bharath **Daka** .

Total Funding: $68 million

Latest Funding: $51 million
in **series B** round

Investors include: GIC (via subsidiary Waverly), Digitele Networks, LNM India Internet Ventures, Sherpalo Ventures, Greenko Group, Mukesh Bansal, Amit Singhal, Neeraj Arora

Commercial operations:
Technology demonstrator launch expected in **2022**, first commercial space flight in **2023**

Chandana and Daka, both former Isro scientists, started Skyroot in 2018 and have completed a full ground test of all the stages of *Vikram I*. A technology demonstrator launch is likely to happen this year itself.

"This round puts us in a trajectory of hyper-growth by funding all of our initial launches, and enables building infrastructure to meet high launch cadence required by our satellite customers," Chandana says. "Our goal is to become the best-in-class launch services provider and go-to destination for affordable and reliable small satellite launches."

Growth Story | Indian space tech startups founded in the last five years with funding of $10 million or more

SKYROOT AEROSPACE
Founded Year: **2018**
City: **Hyderabad**
Total Funding ($ mln): **68**
Latest Funded Date: **Aug 29, 2022**
Latest Funded Amount ($ mln): **51**
Company Stage: **Series B**

PIXXEL
Founded Year: **2019**
City: **Bengaluru**
Total Funding ($ mln): **61**
Latest Funded Date: **Aug 30, 2022**
Latest Funded Amount: **Undisclosed**
Company Stage: **Series A**

AGNIKUL COSMOS
Founded Year: **2016**
City: **Chennai**
Total Funding ($ mln): **15**
Latest Funded Date: **May 19, 2021**
Latest Funded Amount ($ mln): **11**
Company Stage: **Series A**

VESTASPACE TECHNOLOGY
Founded Year: **2019**
City: **Pune**
Total Funding ($ mln): **10**
Latest Funded Date: **May 06, 2020**
Latest Funded Amount ($ mln): **10**
Company Stage: **Series A**

SOURCE Tracxn, Crunchbase, media reports

At present, it takes four to six months for Skyroot to put together one rocket. Over time, the aim is to be able to offer one launch every month to customers and eventually one every week. "One launch every day is highly aspirational, but we believe it is possible," Chandana adds.

The Hyderabad-based firm has validated all three propulsion technologies in its first space launch vehicle, and completed a full duration test of one of the rocket stages in May. "We have started booking payload slots for our upcoming launches," Daka says.

The *Vikram* series is built with all-carbon-fibre structures, and can launch up to 800 kg of payloads to low Earth orbits (LEO).

LEO satellites are growing in popularity because of lower launch costs compared to geosynchronous or medium-earth orbits, giving more companies and nations access to space. LEO satellites can accommodate smaller, cheaper spacecraft, notes consultancy McKinsey. US space agency Nasa has also been encouraging commercial activity in LEOs, according to McKinsey. Overall, about 60 to 70 percent of space company funding is now directed at LEO endeavours.

Skyroot has struck partnerships with other Indian startups, as well as companies overseas. In 2021, it signed a memorandum of understanding with Bellatrix Aerospace, an in-space propulsion system maker, under which the latter's orbital transfer vehicle will launch on Skyroot's rockets.

Chandana sees this partnership as "highly complementary", because Skyroot takes payloads from Earth to space and Bellatrix is working on sending the payloads to specific locations once the satellites are in space.

Quick Data

The global space launch services market is estimated to be

SOURCE MarketsandMarkets

Skyroot has also partnered with two Australian space companies, HEX20 and QL Space as part of six industry-to-industry deals between India and Australia, *The Week* magazine reported.

HEX20 provides satellite platforms and mission services, and will work with Skyroot to provide launch services, spacecraft avionics and components to Australian space projects. QL Space, a mining technology developer, will partner with Skyroot on launch facilities in Australia and support joint mineral exploration missions in space.

Skyroot's GIC funding reflects the coming together of multiple tailwinds that augur well for India's space tech startups, Chandana says.

From his younger days, he wanted to be a space entrepreneur, influenced by watching Isro's rocket launches, he recalls. However, after getting a dual degree in mechanical engineering and thermal science from IIT-Kharagpur, he baulked at the idea and instead took a job at Isro, where he worked for five years. There he met Daka, an electronics and software expert.

When they started in 2018, one of the first questions potential investors would ask was: "Where is the policy?"

Since then, India has set out clear policies, with intentions to encourage private space ventures. It has created institutional infrastructure to help space economy startups connect with global customers.

Firms such as Pixxel, Bellatrix, AgniKul Cosmos, GalaxEye and Dhruva are also attracting interest at various levels. The opportunity ahead is large; the space launch services segment alone is expected to more than double from 2022 to about $30 billion by 2027, according to market researcher MarketsandMarkets.

Chandana says, India's share of the global space market is only about 2 percent. As startups like Skyroot win global investor backing, and start offering services to global customers, that could change. The $50 million-plus investment will probably be seen as a pivotal moment.

"Breaking this financial glass ceiling is a real sign of growth of the ecosystem," Chandana says. "This will open doors and bring comfort to other investors to invest in Indian space startups." F

Crypto's X Factor From India

Meet Vijayawada-born founder Raghu Yarlagadda whose American crypto brokerage platform FalconX has touched $8 billion in valuation despite a slump in the crypto market globally

By RAJIV SINGH

CHAITANYA DINESH SURPUR

Quite early in his life, Raghu Yarlagadda had ample clarity on what he wanted to do. "I wanted to build products which had immense value, had a massive impact and could make a dent in the universe," says the co-founder and chief executive officer of FalconX, one of the largest and fastest growing digital asset brokerages based out of the US, with offices across Silicon Valley, Chicago (US), Malta and Bengaluru (India). In June, FalconX more than doubled its valuation to $8 billion when it raised $150 million in Series D of funding led by GIC and B Capital. While the round saw participation from existing investors such as Thoma Bravo, Wellington Management, Adams Street Partners and Tiger Global Management, FalconX already had a long list of marquee backers such as Accel, Altimeter Capital and American Express Ventures.

For a startup founded in 2018, the CEO of the crypto brokerage and digital asset trading platform for institutional investors has indeed managed to achieve three things that he wished for in his school and college days. First is the value. Yarlagadda's platform, for sure, is valuable to VCs. Its valuation has pole-vaulted from $3.75 billion last August to a staggering $8 billion now.

Second comes impact. Raising over $430 million from the world's leading investors, FalconX has emerged as one

"India has an opportunity to build a global crypto system, and I hope we use this opportunity."

RAGHU YARLAGADDA
CO-FOUNDER & CEO, FALCONX

of the fastest and most valuable crypto prime brokerages in the world. Its crypto-as-a-service offering powers global banks, fintech institutions and investment applications to easily add crypto to their product offerings. The goal is to enable the next billion users to enter the crypto space. Well, that's some kind of impact.

And last, the 'dent in the universe' bit. Yarlagadda has managed to do so to a large extent. "When I realised that most of the world's value is going to be tokenised, I wanted to build a company that is at the front and centre of this transformation," he says, explaining the trigger to start FalconX in 2018. Four years later, from the world's largest hedge funds to fintech companies, everybody is busy focusing on digital asset transformation. "Irrespective of where we are based, I wanted to build a global product that caters towards the tokenization megatrend," he reckons. "I had this clarity."

Meanwhile, back in Vijayawada, Andhra Pradesh, where Yarlagadda was born and brought up, there was another clarity for the young lad quite early in his life. He was told what he must not do. "My dad, a doctor, gave me remarkable clarity that I shouldn't be a doctor," Yarlagadda says with a smile. The reason? "My father noticed that I didn't have patience," he says. His father's prognosis was followed by medical advice. During his high school days, Yarlagadda was intensely passionate about badminton and engineering, in that order.

During a badminton practice session, the young lad tore his anterior cruciate ligament, went to the best orthopaedic surgeon in the city, and made a passionate plea. "Please fix it. I am really excited about badminton and I don't want my performance to be affected," he said to the doctor.

What happened next was nothing less than dramatic. "I was looking for medical advice, and he gave me career advice," Yarlagadda says with a laugh. "Why badminton? You must do engineering," said the doctor who used the damaged ligament as an excuse to paint a not-so-rosy picture of badminton as a career. "That's how I got nudged into my second passion, and I became an engineer," says Yarlagadda, who did his engineering from Vellore Institute of Technology and went on to complete his masters in electrical engineering from the University of Texas. "For me, engineering is a tool to ultimately create value," he says.

"FalconX is recognised as a best-in-class institutional platform for cryptocurrency that facilitates billions in crypto trading each month."

RASHMI GOPINATH
GENERAL PARTNER, B CAPITAL GROUP

Back in 2008, Yarlagadda started his career with Motorola. "I was interested in television and video," he says. During those years, he lets on, Motorola was one of the best globally in video image processing. He worked in a team that pioneered high-definition video transmission. "Internet was never designed for video transmission," he says, adding that his little-over-four-year stint laid the tech foundation for video streaming services such as Netflix and YouTube. As an engineer, Yarlagadda had the technical layer crucial for making an impact and dent in the world. But an equally crucial missing link was the business layer.

Then came another career advice. This time it was from colleagues. 'Engineers must go to business school, or else the world doesn't take them seriously', was the counsel. "It was a terrible advice, but I fell for it," confesses Yarlagadda, who went on to complete his MBA from Harvard Business School in 2014. "This place changed my perspective," reckons the engineer who realised the value and dent in the universe can only be created if the products have a global appeal. The place of operation was immaterial. What mattered most was a product or service for the global market. "Harvard made me ask this question to myself: How big can I think?" he says.

Yarlagadda was ready to take a plunge into entrepreneurship. But

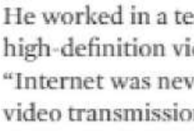
NAME & GAME

Founded in 2018, FalconX is a **digital assets platform for institutional investors**

As an institutional crypto brokerage, it serves a diverse set of institutions, including some of the **world's largest hedge funds, asset managers, retail aggregators and crypto native funds**

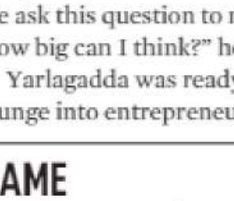
FalconX does three things: **Trading, credit and clearing**

Has offices in **Silicon Valley, Chicago, Bengaluru, and Malta;** 40 percent of the team based out of India



Has raised over **$430 million,** making it one of the **most valuable crypto prime brokerages in the world**

In April, FalconX became the **first CFTC-registered crypto-focussed Swap Dealer** and one of the first crypto-focussed Primary Level Member of the International Swaps & Derivatives Association (ISDA)



Claims to be profitable, and in Q1 of this year, Fal**conX had the highest number of customers onboarded** in company history again, destiny wanted him to learn more lessons in patience. He got a job offer from Google, and he couldn't resist. The reason was simple: The magnetic pull of Sundar Pichai, who did his master's from Stanford and MBA from Wharton School. "I wasn't very serious about the job at Google. But I didn't want to miss a chance to meet with Sundar," says Yarlagadda, who joined Pichai's Chrome OS team in July 2014. "We launched Chromebooks in schools in the US," he says. The magic that Yarlagadda was looking for—what happens when the technical later merges with the business layer—was happening in front of his eyes. Chromebooks became a huge sensation. In less than three years, he points out, the business went from $10 million to over $2.5 billion for Google and its partners. "I saw scale for the first time and this gave me a lot of confidence," he says.

Interestingly, success at Google also made Yarlagadda 'fat'. "Google treats you really well when your products are doing well," he laughs. The 'fat' boy realised that he had slipped into the comfort zone. "The itch to do something of my own started again," he says.

Speaking to a bunch of bright minds at Google made him see what he thought was not that exciting. "I wasn't really excited about blockchain then," he says. Little did he realise that his calling and mission—value, impact and dent—already had a cryptic beginning at Google. The tipping point came when he realised that most of the world's value is going to be tokenised over the next few years.

The outcome was FalconX, an institutional crypto brokerage for institutional investors. Yarlagadda explains FalconX by using an Indian example. A Bombay Stock Exchange (BSE), he underlines, is an exchange where people are buying and selling. Zerodha, on other hand, is a brokerage that sits on top of different exchanges. FalconX, he points out, serves a diverse set of institutions, including some of the world's largest hedge funds, asset managers, retail aggregators and crypto native funds. "We do three things as a brokerage: Trading, credit and clearing," he says. In the US, a lot of institutions traditionally went to exchanges but now are migrating quickly to the brokerage side of things. "As the market matures, the brokerage boom comes in," he says, adding that India is still nascent on the institutional side of the crypto business.

India, though, plays a major role for FalconX. Of the 160-strong staff globally, about 40 percent is based in India. But that's going to change over the next two years. "About 60-65 percent will be from India," says Yarlagadda, adding that he never looked upon India as a satellite office. "India is almost like the giant headquarters," he says. In terms of footprint, core engineering, operations and strategic thinking, the US and India offices are equally split. Whenever there is more clarity on the regulatory front, FalconX will launch operations for institutions in India, he adds.

Is crypto the future? Yarlagadda stays candid. "I'm not the one who believes that everything is absolutely great and rosy with crypto," he says, adding that there is some froth. Like with any early technology, the froth needs to be corrected and cleaned up from the system. "In fact, we are going through that cycle of correction right now," he says.

India, he underlines, is best placed to drive a crypto revolution. A combination of a huge English-speaking population, a large democracy which is conducive for digital assets, and a voracious appetite for financial inclusion gives the country a headstart in the digital assets revolution. These forces of intersecting vectors provide a tremendous opportunity to make something as profound as what India did with outsourcing 15 or 20 years back. "India can truly build global crypto systems. And I hope we use that opportunity," he signs off.

MEET THE INDIA-BORN FOUNDER

Raghu Yarlagadda was born in Vijaywada, and is an engineering grad from Vellore Institute of Technology

Completed masters in **electrical engineering from the University of Texas**

Did his **MBA from Harvard Business School**

Joined Motorola Mobility in 2008 as his first job, worked for over 4 years

Then came his stint with **Google for over two-and-a-half years**

Also **co-founded Sarada Educational Institution in 2014**, which leverages edtech to improve education across India

Started FalconX in April 2018

FUNDING JOURNEY

(Year, amount, stage, backers and valuation)

May 2020
$17 million,
Seed/Series A
Round was led by Accel, Accomplice VC, Coinbase Ventures, Fenbushi Capital, Flybridge Capital Partners, Lightspeed Venture Partners, Avon Ventures, Amex Ventures
Valuation not disclosed

March 2021
$50 million,
Series B
Round was led by Tiger Global Management and B Capital, with participation from American Express Ventures and CMT Digital
Valuation not disclosed

August 2021
$210 million,
Series C
Round was led by Altimeter Capital, B Capital, Sapphire Ventures and Tiger Global Management, with participation from Amex Ventures and Mirae Asset
$3.75 bln valuation

June 2022
$150 million,
Series D
Round was led by GIC and B Capital with participation from Thoma Bravo, Wellington Management, Adams Street Partners and Tiger Global Management
$8 bln valuation

'Any Innovation in Early Days is Messy'

Raghu Yarlagadda, co-founder of FalconX, on why he feels India can build a truly global crypto system

By RAJIV SINGH

Is crypto a bubble? And is this bubble about to burst? Raghu Yarlagadda, co-founder and CEO of FalconX, takes the bull by the horns. While conceding there are some aspects of crypto which are frothy, Yarlagadda says it would get corrected in the future. "Any innovation in the early days is messy. Some froth will be corrected as it becomes more mainstream," he says in an exclusive interview with *Forbes India*. Edited excerpts from the conversation:

On why regulation in digital assets is crucial

Regulation helps in mass adoption. What is happening with blockchain is something similar to what happened with the internet. When it all started, it was an untamed 'beast', was not that regulated and it fostered tremendous innovation. But as it passed the tipping point, a lot of institutions wanted it to be regulated. Ditto for crypto. Governments are looking at this and want to regulate it. Once that happens, the 'beast' will change. It's not going to be the land of cowboys as it was three years ago. And that's a good thing.

On market correction and business 'fundamentals'

When the market is going through a corrective phase, what it means is that a lot of investors are now looking for value. And what is the value? From the beginning of business history, there is one thing that has been a constant: You got to have revenues, and you got to have profits. If you don't have profits, it's very difficult to justify any massive valuation that you have got. Ultimately, when a market gets into a value-hunt mode, the companies generating good revenues and profits will actually leapfrog in becoming bigger and better. The market will consolidate, and the winners will become bigger and better.

On a flurry of unicorns across the globe

Yes, we have had a massive run of unicorns across the world, and in India. There are two aspects to this. One is, some of these companies might not have very strong business fundamentals. They probably raised a little bit with the tide. But a lot of these companies are actually disrupting a traditional model. And one of the things I'm excited about in India is financial inclusion. This is one place where statistically India is ahead of China, Germany and South Africa. Look at UPI, it is a phenomenal mode for payments. It's, in fact, much more advanced compared to many developed countries.

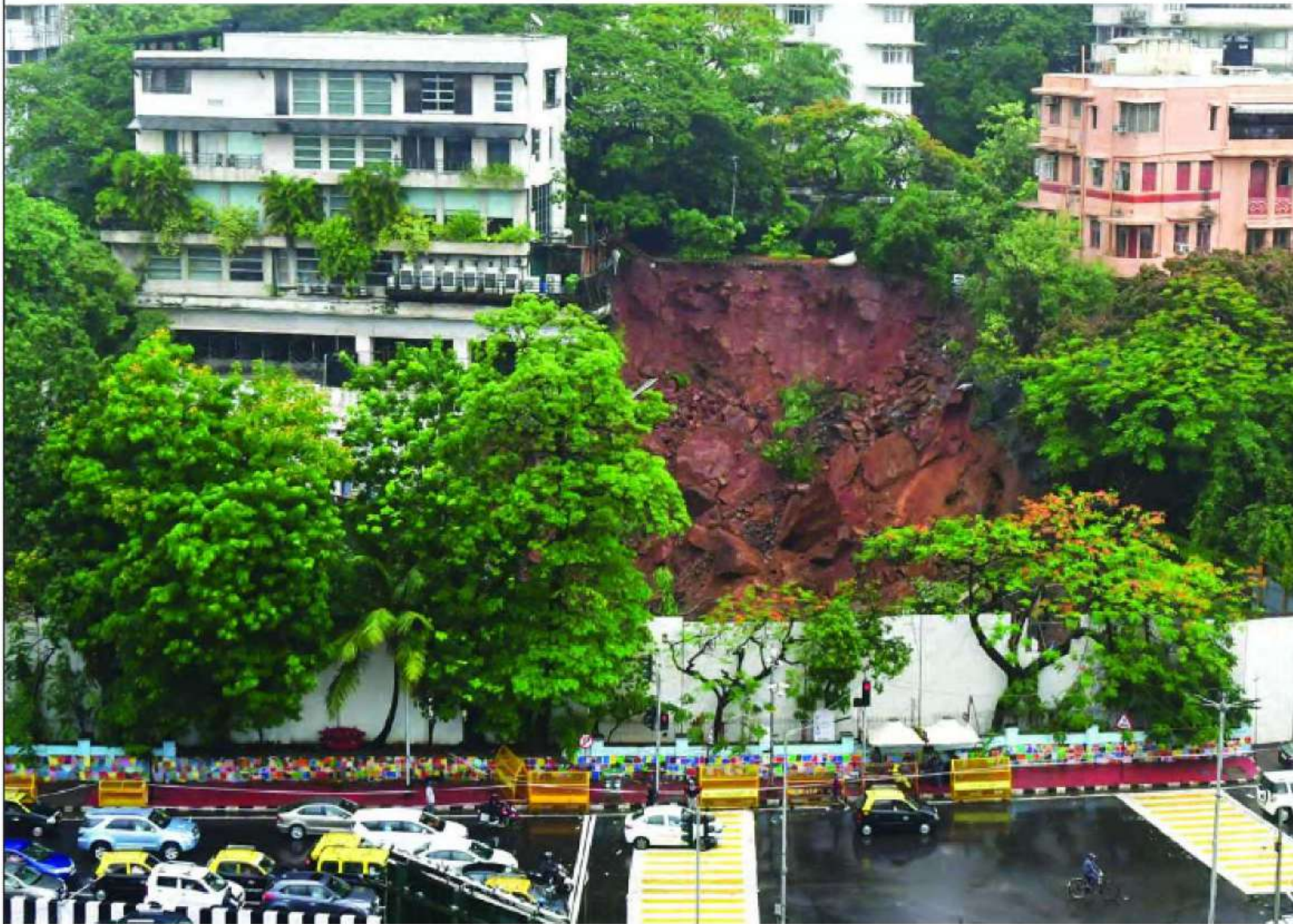
I agree a rising tide lifted all boats, and there are some boats that are not built robustly and will inevitably go through a period of correction. But I do think this number is smaller than what people are expecting in the so-called 'winter' primarily because there are massive megatrends of how millennials are thinking about interacting with financial services, how the technology is making things online, and the delivery ecosystem.

On venture money pouring into crypto

When billions of venture capital come into crypto technologies and digital assets, one of the first things it does is to educate the market. In the US, in the Super Bowl, the most expensive real estate of advertisements, there were a sizeable number of crypto ads for the first time. And what that does is that it creates a market education—around what are digital assets, what is the utility of digital assets.

On why India is well-placed to take a lead in crypto

The combination of English-speaking population, a large democracy which is conducive for digital assets, and not banning such assets, and a voracious appetite for financial inclusion is what puts India in a good place. These factors give a tremendous opportunity for India to actually make something as profound as what it did with outsourcing 10 or 20 years ago. India can truly build global crypto systems. And I hope we use that opportunity to truly build a global system. F



BHUSHAN KOYANDE / HINDUSTAN TIMES VIA GETTY IMAGES

The Downward Slide

Global warming, climate change and infrastructure construction in eco-fragile areas are triggering landslides that are more damaging than ever before

By SUMAIRA ABDULALI

On July 21, near the Periyar Tiger Reserve in Kerala's Idukki district within the Kottayam Forest Division area, a landslide washed away the nearly complete runway of an airstrip. Its construction in an eco-fragile area was bitterly opposed by local environmentalists and local villagers.

Local experiences told of escalating landslides that endanger their property and lives in the previously stable mountain slopes where their families have lived for generations. Nearby, in June 2022, I met Matthew Oomen, headmaster of a nearby school, on the slopes above his house which was flattened by a landslide last year. Two stone quarries were operational when a massive landslide killed his neighbours and washed away his home. Ten more quarries await approval despite the WGEEP Report of 2010, a CESS Report of 1998 and a Kerala Biodiversity Board Report of 2013 to ban quarrying and to protect the area as eco-fragile.

"The Western Ghats were formed

There were several landslides in Mumbai in July, but they were not considered 'major' since the city has, over the past decades, seen landslides that have been much worse

when the landmass that became India broke away from Africa and was enroute towards Asia. A massive eruption of magma 65.5 million years ago, when India was over the spot where Mauritius lies today, led to their formation. They arose from the slow ooze of lava, which formed layer upon layer of rock, atop each other," says Kurush F Dalal, director, INSTUCEN School of Archaeology.

"The Western Ghats in Maharashtra consist mainly of basalt found extensively on the Deccan Plateau on the eastern side," says Hrishikesh Samant, associate professor of geology and vice principal, St Xavier's College, Mumbai. "The basalt does not extend beyond Kolhapur in Maharashtra, and Kerala has metamorphic rocks."

Throughout the ages, landslides have been among the forces that have altered landscapes to a greater or lesser extent. Landslides occur when earth is moved from one place to another and can create mountains, valleys and lakes, and definitively alter the topography of an area. Evidence of landslides has even been recorded on Mars and Venus. They have been known to occur in prehistory throughout the millennia and to shape the Earth as we know it today.

The Tsergo Ri landslide occurred in the Himalayas region in the modern-day Nepal area about 51,000 years ago during the last glacial period when it displaced 10-15 cubic km of rock and made it one of the largest known landslides on earth. The debris, though largely eroded, remains unstable even today and the Nepal earthquake of 2015, which killed 350 people, occurred in that area.

The Tsergo Ri landslide is not the only prehistoric landslide to have shaped our modern world. The Marsyangdi Valley in the Annapurna Region may have been formed by the Manang-Braga rock avalanche at about the same time.

Landslides within recorded history in India have included mudslides and flash floods in another Himalayan region: Uttarakhand where 5,700 died in 2013. Since rivers were blocked by debris from dams and other construction, the flood waters overflowed and inundated the surrounding villages and towns in their way.

On June 30, in Manipur, 56 people died when a landslide within a railway construction site destroyed their homes and swept them into a river. In June, two children were among those who died in a landslide in Assam that injured and displaced several others.

While landslides in the Himalayas have been historically common, they have escalated in intensity and in the damage they cause due to human intervention including construction, blocking of rivers by large and small dams and by sand mining. Landslides have also become increasingly common in other mountainous regions which were previously stable.

Throughout the Western Ghats of India "the processes leading to landslides were accelerated by anthropogenic disturbances such as deforestation since the early 18th century, terracing and obstruction of ephemeral streams and cultivation of crops lacking capability to add root cohesion in steep slopes", says a paper by Shekhar Kuriakose, Sankar G and Muraleedharan C published on the website of the Center for Astrophysics of the Harvard University, Smithsonian Institute and NASA in 2009.

In the thirteen years since this paper was published, deforestation, escalating sand and stone quarrying, changing cropping patterns and blockage of rivers have all contributed to worsening and more frequent landslides and consequent loss of lives and property.

On July 28, in a landmark move, the United Nations General Assembly recognised that a clean, healthy and sustainable environment is a universal human right.

The United Nations Development Programme (UNDP) website reassures us: "A clean, healthy and sustainable environment is a matter of justice, with expanded opportunities for advocacy, legal claims, strategic litigation, and ultimately, greater accountability of states and other actors."

The Indian government reassures us too. On May 4, while addressing the inaugural session of the fourth edition of the International Conference on Disaster Resilient Infrastructure, Prime Minister Narendra Modi said: "People must be at the heart of any infrastructure growth story. And, that is exactly what we in India are doing."

Nevertheless, infrastructure construction in eco-fragile areas entails deforestation to build more roads, railways, housing and others. Recent changes to the Forest Conservation Act have made the process of development in forest areas easier and allowed cutting of forests without consulting the tribal people who inhabit them.

The Western Ghats are one of the most biodiverse forests of the world, recognised by Unesco as a World Biodiversity hotspot. When mountain slopes are deforested, rain water, previously held in place by trees, washes away the topsoil holding the rocks which form the mountain together.

"Landslides are an increasingly dangerous reality in the Western Ghats, which were stable in the past. Activities that worsen them continue though residents who have lived here for generations express their own fear and helplessness to stop them," says Jay Samant, who has studied the Ghats since 1971 and took part in the historic Save Western Ghats March, a relay march throughout the length of the Western Ghats from northernmost Gujarat to southernmost Kerala, forty years ago.

"Landslides are a dangerous reality in the Western Ghats, which were stable in the past."

JAY SAMANT
WHO HAS STUDIED THE GHATS SINCE 1971

[redacted]

The destructive activities Samant refers to include sugarcane, oil palm and rubber replacing natural vegetation; terracing for crops; and construction. Numerous small and large dams have also changed the course of rivers. As a result, rocks have developed cracks and fissures on the crests of the mountains, destabilising them.

The Western Ghats, which have never been landslide-prone in the past, are facing increasing danger as landslides, including sinking soil events, escalate. In Kolhapur, the largest single district within the Western Ghats, the Malin Landslide in 2014 killed 151 people; 430 landslides and fissures were recorded in a single year of 2021; in July 2022, 41 villages, where people continue to live in high-risk zones, were placed on high alert for landslides.

"Other states where the Western Ghats are situated also face increased danger and destruction from landslides. The geographical formation of the Ghats in Kerala is different from Maharashtra," says Samant.

The Ghats face the full onslaught of the monsoon rains and Kerala has the highest rainfall. Because of this, the rocks that make up the Western Ghats of Kerala, Goa and Maharashtra have eroded variably. "In Goa, high rainfall has washed away the silica content of rocks and left behind concentrated deposits of metal ores over millions of years," says Dalal.

He goes on to explain: "Forts, rock caves and archaeological sites of importance contribute to landslides when they become tourist attractions and encourage activities like road building, parking and tourist facilities in their vicinity." The sites themselves become more vulnerable and are threatened by activities which escalate deforestation.

Like the one which devastated Oomen's house, landslides are often triggered by excessive or unusual rainfall patterns. However, rainfall patterns are changing permanently in the Western Ghats and all over India. Short, intense rainfall is replacing the steady monsoon patterns that provided stability to these landscapes. Deforestation is leading to water entering into the rock on mountain peaks instead of running off the slope into the valleys below, which is causing deep fissures in the rock, aggravating landslides.

Deforestation is a major contributor to climate change. However, India, one of the 10 countries with richest forests, did not sign the declaration to save forests that was signed by over 100 countries at CoP26 in November 2021.

Climate change has also led to changes in rainfall patterns where

AWAAZ FOUNDATION

In June, the first vegetation begins to cover the spot where headmaster Matthew Oomen's house in the Idukki district of Kerala was flattened by a landslide a year ago intense bursts of rainfall amid changing monsoon patterns, landslides and floods are manifestations, projected to become much worse in the coming decades. The IPCC Reports of 2021 and 2022 have issued increasingly dire warnings.

Based on the IPCC, Greenpeace India has projected three scenarios of global warming:

• Net Zero after 2050 when the "temperatures stabilise at 1.8°C higher by the end of the century"

• Business as Usual: Extreme with doubling CO2 in 2050: Net-Zero after 2050 when "temperatures rise 2.7°C by the end of the century"

• Business as Usual and Extreme with doubling CO2 in 2050 when "the average global temperature will be a scorching 4.4°C higher"

In the most extreme situation, the annual mean temperature of Delhi would increase by nearly 10 degrees.

2022 has already been the hottest on record. The felt effects of climate events are worsened by local activities on the ground and cause millions of people to suffer.

On July 1, the second day of heavy rains in Mumbai this year, the first landslide occurred next to an under-construction building on Peddar Road in South Mumbai. Less than a week later, on July 6, two houses collapsed in a landslide at Narayan Hadke

AFP PHOTO / INDIAN ARMY

DANISH SIDDIQU / REUTERS

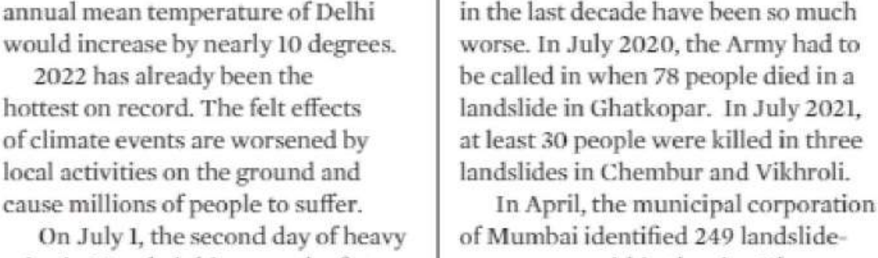
Many people have died in Manipur (left) and Uttarakhand regions due to landslides, which have escalated since 2013 due to human activities destabilising these areas

Chawl in Chunabhatti, Chembur, and three people were injured. The rains continued in record-breaking torrents and brought about a landslide at Pali Hill, Bandra, and several others.

However, none of the Mumbai landslides of July 2022 were considered to be major because no one died and because previous landslides in the last decade have been so much worse. In July 2020, the Army had to be called in when 78 people died in a landslide in Ghatkopar. In July 2021, at least 30 people were killed in three landslides in Chembur and Vikhroli.

In April, the municipal corporation of Mumbai identified 249 landslide-prone areas within the city. The Mumbai Climate Action Plan (MCAP) identified that most landslides occur in informal settlements and categorised landslides as one of five serious climate-related threats to Mumbai.

SHUTTERSTOCK



Forts, rock caves and archaeological sites of importance contribute to landslides when they become tourist attractions and encourage activities like road building, parking and tourist facilities in their vicinity

The first few rains brought the fluorescent green beauty of the Western Ghats to life, intense and beautiful, beginning to cover the broken debris, crushed suitcases and CDs, the last remnants of the Oomens' house in ruins on the mountainside.

Increasingly devastating events signal the future of a world which faces climate change. Headmaster Oomen's house was newly-finished last year. His parents had lived there with him, next door to other extended family members, and had been on a video chat with Oomen when the landslide stuck. They had watched as several of their neighbours were crushed to death, including two children.

In May 2022, Modi told the audience at the ICDRI that "if we make infrastructure resilient, we prevent disasters not only for ourselves but for many future generations".

However, in early June, we received news that India ranked last in the Environmental Performance Index (EPI) among the 180 countries who were judged. Almost immediately, the first reports of landslides followed when the monsoon began.

Climate events in 2022 have included heatwaves and landslides and have resulted in severe hardship, including loss of property and lives across many parts of India. Even as our own actions escalate the climate crisis, we leave its rapidly worsening effects to our children.

'Every Tough Day is a Lesson Learnt'

Former India cricketer and T20 specialist **Suresh Raina** on how to focus and blank out the noise

'When the going gets tough, the tough get going'

For me, pushing out of my comfort zone came very early when I had to stay away from my family. I missed my sister's wedding because I was playing a match against East Zone in 2004. I scored a hundred in the game. If I had skipped that and attended the wedding, I would have never caught the eye of the selectors with the century. From a young age, I have spent time in hostels, away from my parents. At that time, I knew nothing. I had to learn everything from scratch—right from cricket skills to things like time management and how to balance studies and sport. Back then, we had to queue up after our seniors to even get a chance to reach the phone and call home, and it might be only once every week that you'd get to speak to your parents. Times have now changed and life's much easier now, but I look back at that time for the lessons I've learnt.

'Make the best of every opportunity'

I come from a place where playing cricket was everything to me. From a small village in Uttar Pradesh to be sitting in the same room with players like Sachin Tendulkar, Rahul Dravid, Virender Sehwag was enough for me in the first place. The goal was to play for the country. I found out much later that when you play for the country, there are a lot of expectations. The thing is to try and learn from failures, much more than you can learn from successes, and make the best of every opportunity that comes your way. For instance, I was a middle-order batsman... it wasn't possible for me to score a century every time I walked out to bat. So, I decided to excel in fielding because that was in my control. When I was batting, I didn't get 50 or 20 full overs, while playing ODIs and T20s respectively, but when I was fielding, I was on the field for the entire duration and had the opportunity to make the maximum contribution. So, whatever you do, you have to look to make a contribution. If you play with the mindset, you will end up performing well.

CHAITANYA DINESH SURPUR

'Focus steers you through difficult moments'

I moved to a hostel in Lucknow in 1998, but those days weren't easy. I was ragged by seniors in school. How did I survive those days? By sharing everything with my elder brother and father who told me not to quit and just keep at it. It shouldn't happen, no one should be ragged, but whenever there is a tough situation, open up. For me, it felt good to share because had I bottled it up, I wouldn't have got the right advice. Every time I spoke about it to my family members, they guided me on the right path, and asked me to push back against obstacles and focus on what I was here to do.

'Discipline and honesty are the keys to success'

The two most important things for success are discipline and honesty. If you are honest, discipline will follow, and if you have discipline, you will have the focus to carry you through. If I were to pick between talent and discipline, I would definitely go with the latter. If you have talent but not discipline, you will barely last for a couple of matches. But if you are disciplined, you can stretch that talent for years and years. F

Kathakali Chanda

Breguet
Depuis 1775
TRADITION 7597
BREGUET.COM