

Project Dissertation Report on
“STARTUP VALUATION- A VENTURE
CAPITALIST PERSPECTIVE”

Submitted By

Tanya Kalra

2K20/DMBA/137

Under the Guidance of

Mr. Chandan Sharma

Associate Professor, DSM, DTU.



DELHI SCHOL OF MANAGEMENT

Delhi Technological University

Bawana Road Delhi 110042

CERTIFICATE FROM THE INSTITUTE

This is to certify that **Tanya Kalra (2K20/DMBA/137)** has satisfactorily completed the Project Report titled “**Startup Valuation: Venture Context Perspective**” in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) from Delhi School of Management, Delhi Technological University, New Delhi during the academic year 2020-22.

The content of the report, in full or part, have not been submitted to any other university or institution for the award of the degree.

Mr. Chandan Sharma

Project Guide

Dr. Archana Singh

Head of Department (DSM, DTU)

Date:

Place:

DECLARATION

I, **Tanya Kalra**, student of MBA Batch 2020-20 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-110042, declare that the Project Report on “**Startup Valuation: A Venture Capital Context**” is submitted in partial fulfilment of Degree of Master of Business Administration is the original work conducted by me.

The information and data given in the report are authentic to my knowledge.

This report has not been submitted to any other university for the award of any other degree, diploma and fellowship.

Student Name: **Tanya Kalra**

Place: New Delhi

Date of Submission:


ACKNOWLEDGEMENT

This report bears sincere thanks to several people who have contributed to its completion. I would like to express my gratitude to Delhi School of Management, DTU, for including the research project program as a course that has allowed me to gain practical working experience.

I am also thankful to my project mentor, Mr. Chandan Sharma, Assistant Professor at Delhi School of Management, DTU, not only for giving excellent guidance, unabated inspiration but also for his never-ending willingness to deliver generous research methodologies, timely attention, and kind interest, since the beginning of my project.

I convey my heartfelt affection to all those who helped and supported me during the completion of my Project Report.

PLAGIARISM REPORT

Similarity Report ID: old:27535:16598198

PAPER NAME
MRP_137.docx

WORD COUNT 5182 Words	CHARACTER COUNT 28445 Characters
PAGE COUNT 30 Pages	FILE SIZE 1.9MB
SUBMISSION DATE May 7, 2022 5:37 PM GMT+5:30	REPORT DATE May 7, 2022 5:38 PM GMT+5:30

● **14% Overall Similarity**
The combined total of all matches, including overlapping sources, for each database.

- 12% Internet database
- 5% Publications database
- Crossref database
- Crossref Posted Content database
- 8% Submitted Works database

● **Excluded from Similarity Report**

- Bibliographic material
- Quoted material
- Cited material
- Small Matches (Less than 8 words)

EXECUTIVE SUMMARY

Entrepreneurship has seen a meteoric rise in India in the past decade. With better access to resources, change in the mindset, high smartphone penetration, and India being considered an investment opportunity apart from China, the Indian startup ecosystem has evolved into a dynamic, vibrant, technologically sound, and innovative ecosystem. It took India to mint its first 19 unicorns eight years, and today India now has 100 unicorns to its name in 2022, out of which more than 20 were recognised in 2021. This shows the remarkable journey of the Indian Startup ecosystem and how far we have come.

But this evolution has also brought in some challenges, one of them being valuing a startup. A startup cannot be valued through the already existing traditional methods that rely on past data. It depends on the idea, the product or service, the founding team, and the intellectual property that the startup holds. Traditional valuation methodologies that use either the cost approach, the income approach, or the market approach are not valid in this case because a startup might not have any financial records, the product might be new and groundbreaking, or there might not be any existing comparable transactions in the industry, etc. In this case, other valuation methodologies come into play that can integrate probability into account, value the intangible assets of the firm, understand the new and emerging business models, and adapt to them.

These evaluations are essential not just for the entrepreneurs or the company itself but also for the people, the institutions, and the consumers investing in the company. Hence, this paper attempts to understand startup valuation from a venture capital context using qualitative analysis. Venture Capitalists not just bring in funds or capital to the startups but also provide experience, network, and insights that help them reach new heights. Therefore this paper concentrates on the venture capital's view and preferences while investing in a startup.

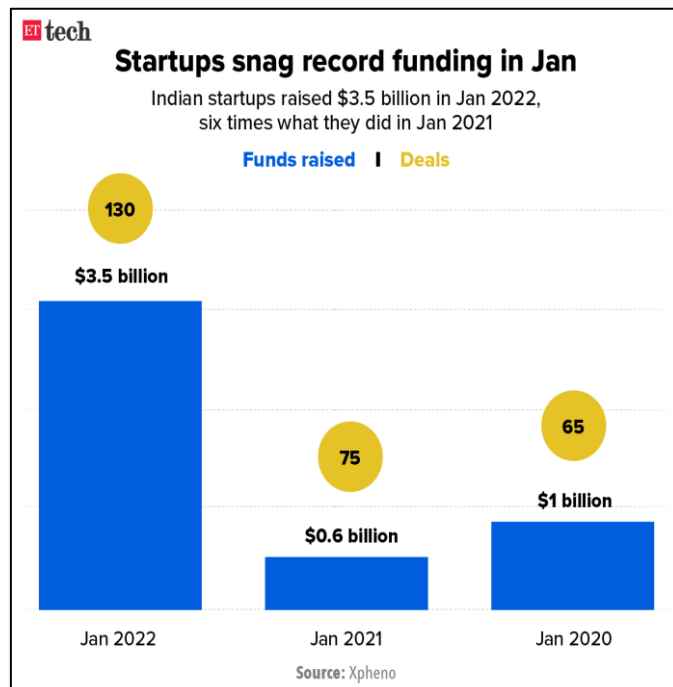
TABLE OF CONTENTS

1. Introduction.....	
1.1 Indian Venture Capital Evolution.....	
1.2 Venture Capital: Recent years.....	
1.3 Key Investment themes in 2021.....	
1.4 An overview of the investor base and fundraising efforts.....	
1.5 Exit Landscape in India.....	
1.6 Major Players.....	
Literature Review.....	
Research Methodology.....	
Scope of Limitations.....	
Data analysis and Discussion.....	
Conclusion.....	
References.....	
Annexure.....	

INTRODUCTION

Startups in India have grown at an astonishing rate over the last six years; according to the Department for Promotion of Industry and Internal Trade's Economic Survey 2021-2022, 555 districts in India had at least one new startup, with the majority of them in the IT/Knowledge-based sectors. The number of newly recognised startups has increased from 733 in 2016-17 to over 14,000 in 2021-22, a more than 1800% increase. Following the United States and China, India now has the world's third-largest startup ecosystem. With 44 Indian startups achieving unicorn status in 2021, the total number of Indian unicorns has risen to 83, with the majority of them operating in the services sector.

With the evolution in the Indian Startup Ecosystem, we have seen an increase in the number of startups, government initiatives, and the general awareness about the same and the investment opportunities and firms that are willing to take risks. Even with the downturn in the global market, Indian Startups were able to raise record investments of up to \$3.5



billion across 130 deals through January 2022. This value is six times higher than January 2021, which witnessed 75 deals worth \$600 million.

The time between fundraising rounds has shrunk from years to months as businesses have rapidly scaled up as a result of tremendous growth opportunities created by a new generation of entrepreneurs and supported by improving digital infrastructure, new investment themes, and an abundance of risk capital. The Indian startup ecosystem has become more hospitable to entrepreneurship, fostering startups not only in the technological domain but also in consumer, financial services, logistics, and other areas. With the advent of the wave of entrepreneurship also came the wave of evolution

in the investment arena. The concept of Venture Capital in countries like the US, UK, Israel or Europe developed way earlier as compared to India. Up until 2010-11, the VC investments in India had not begun to scale up for real. In the absence of Venture Capital firms, entrepreneurs largely depended upon the private placements, individual investors and lending by financial institutions for funding. In the following paper we understand the VC ecosystem of India in detail and then move on to the analysis of the factors that affect the VC funding.

1.1 India's Venture Capital Evolution

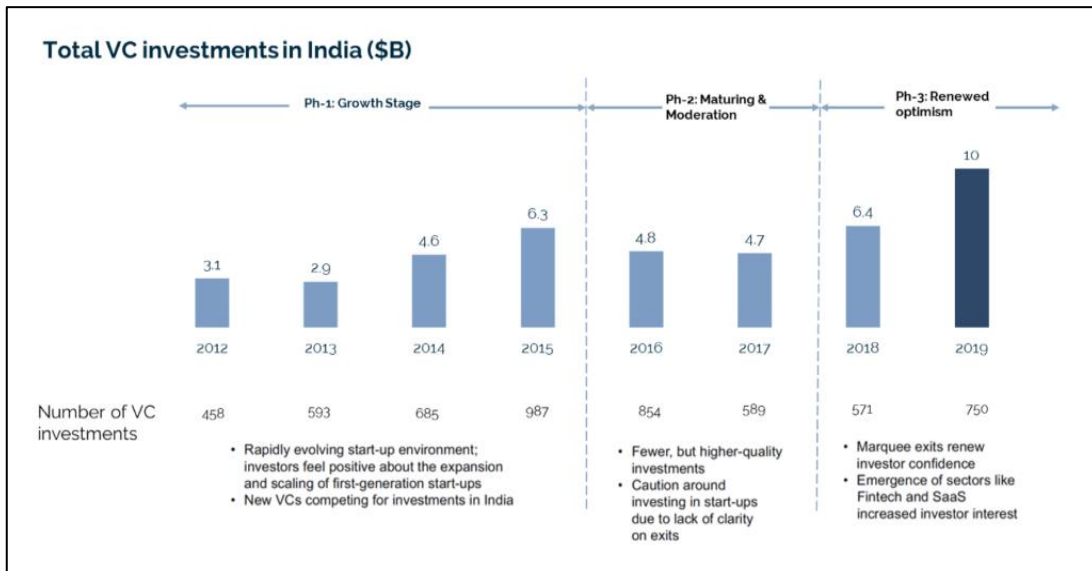
The growth of the Indian venture capital industry occurred in distinct phases, beginning around 1986 and peaking around 2019. With the start of economic liberalisation in 1986, venture capital in India began. Initially, when in 1988 the Government of India formalised venture capital, it was only limited to large industrial enterprises and IDBI, IFC and ICICI.

But the Indian entrepreneurial ecosystem began to see growth and foreign investment when well established Indian startups in the Silicon Valley convinced the foreign investors that India has talent pool and potential required for the economic growth and development. This success in the Silicon Valley led an inflow of private venture capitalists from abroad as well as India in the Indian startup ecosystem. The Indian Venture Capital Association also known as IVA was established in 1993 creating a formal Indian Venture Capital community. According to a report, in the year 1999, 80% of the total venture capital investments came from firms working overseas.

As the investment scenario evolved, the Indian venture capital market saw a number of private investors both from India and abroad. Manufacturing sector saw most of the capital inflow initially, but with the change in trends and the 1990 liberalisation, companies in the consumer services and consumer retail space emerged as the new competition for VC funding and bagged almost half of the VC investments. Other sectors that saw an influx of capital later were IT and IT related services, telecommunications, electronics, software development, banking and finance and pharmaceuticals. The VC market witnessed an intense competition during this phase due to the increase in the number of deals.

1.2 Venture Capital: Recent Years

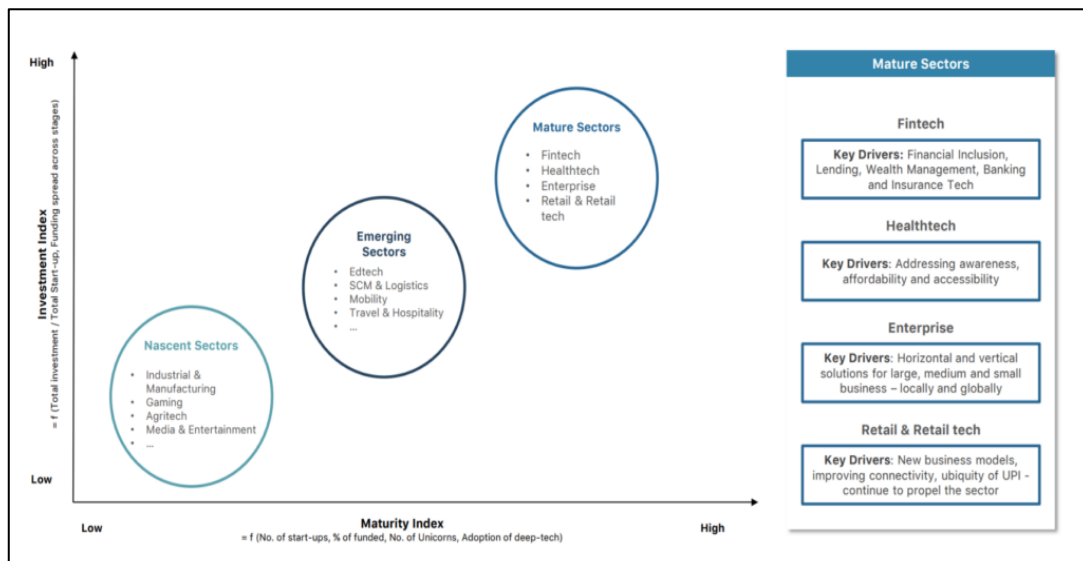
With \$10 billion in venture capital deployed in 2019, 2019 was a defining moment for the Indian VC industry. This was the highest-ever venture capital investment in India to date, and it was approximately 55% higher than in 2018.



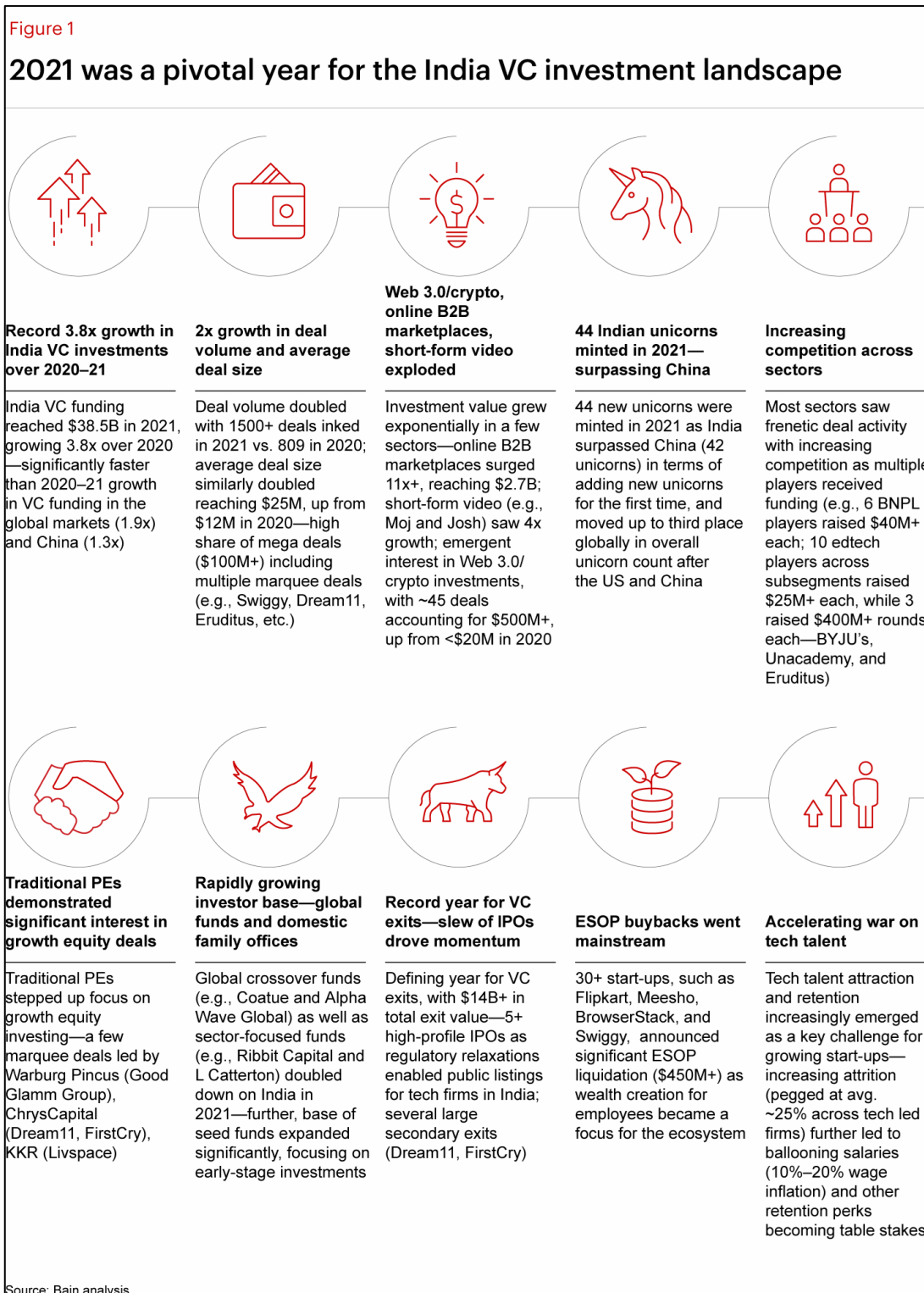
An increase in the number of seed and early-stage deals was the main reason of increase in the deal volume in 2019. The average deal size also went up by 20% in 2019.

With increased venture and private equity activity in India, a variety of sectors at various stages of maturity have emerged. According to the NASSCOM report on India's Tech Start-up Ecosystem 2019, the mature sectors are fintech, healthtech, enterprise software, and retail and retail tech. Consumer technology received the most investment in 2019, followed by fintech, B2B commerce and technology, and

Software/SaaS.



A number of factors contributed to the increase in the investment momentum in India: development of digital infrastructure including smartphone penetration, the ease of UPI, easier access to data and Aadhaar and electronic Know Your Customer (eKYC); boost in the investor confidence with multiple high return exits, positive macroeconomic for the nation and heightened regulations by the Chinese regulators made India an attractive place to invest.



According to a report, the total deal value in 2021 was \$38.5 billion due to the increase in the amount of deals as well as increase in the average deal size. However, the most vital change that was seen was a change in the deal flow. VCs from around the world led the mega round investments and market leaders like Swiggy and Dream11 saw follow up rounds of investments. Further, the pace and size of early-stage deals

changed dramatically, with Series A rounds averaging \$10 million or more. With 73 privately held active unicorns, India was the third-largest unicorn home last year, trailing only the United States (500) and China (170).

Consumer technology, fintech, and software as a service (SaaS) continue to account for 75 percent or more of all VC investments by value (in line with 2020). These sectors' deal sizes have continued to grow significantly, indicating a maturing landscape. SaaS, in particular, saw deal size increase as marquee Indian unicorns such as Postman in API management and BrowserStack in automated testing became category-defining leaders globally. Several emerging industries jumped out:

1. In consumer technology, several alternative forms of commerce, such as video commerce, direct-to-consumer (D2C) brand aggregator models, and short-form videos, received significant funding.
2. Four new unicorns were created in online business-to-business (B2B) marketplaces, indicating the large opportunity size driven by the pandemic-led inflection in digital adoption within B2B supply chains.
3. SaaS funding continued to see momentum as several category leaders emerged, addressing unique use cases
4. Consumer and SMB-focused neobanks received a significant share of fintech's record funding in 2021.
5. Web 3.0 and crypto-based startups saw explosive growth raising up to \$500M+ in 2021.

India's active investor base has significantly increased from 516 in 2020 to 660+ in 2022. Several family offices and seed funds made their debuts or raised funds for early-stage rounds, increasing their visibility in the pre-seed to Series A landscape. Tiger Global and Sequoia Capital remained dominant in terms of deal volume and capital deployed, respectively, while Softbank remained competitive in terms of fund deployment and selectively focused on large deals.

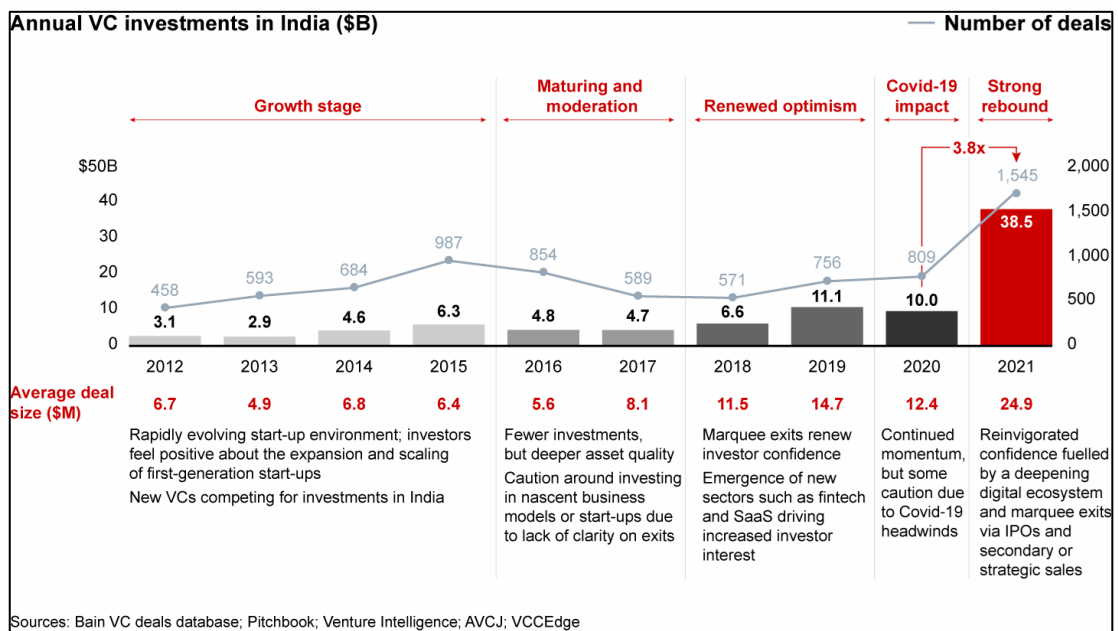
Direct investments were made in 2021 by several Tier 1 global VCs and crossover funds (for example, Technology Crossover Ventures [TCV] and Dragoner Investment Group), (b) emerging domestic VCs (for example, 3one4 Capital), and (c) global sovereign funds (for example, Abu Dhabi Developmental Holding Company [ADQ], Qatar Investment Authority [QIA]). Global and domestic funds with a specific industry focus increased their investments (for example, Ribbit Capital in fintech or DSG Consumer Partners in consumer tech). Furthermore, conventional private equity firms such as KKR and Warburg Pincus have expressed an interest in growth equity investments. To help differentiate their capital, many of the funds have ventured into offering a variety of portfolio advisory services ranging from recruitment to business development.

Another pivotal aspect of 2021 is the exits. Across secondary transactions and initial public offerings, total VC exits exceeded \$14 billion (IPOs). Secondary transactions accounted for sixty percent of total exit value, led by a few high-profile transactions (PayU's acquisition of BillDesk for \$4.7 billion, and Kalaari's partial exit from Dream11 for \$400 million). Furthermore, companies with venture capital backing accounted for at least five high-profile IPOs last year, a massive shift as the Securities and Exchange Board of India (SEBI) relaxed listing norms on public exchanges. These IPOs saw record levels of oversubscription due to retail investor demand for technology-led stocks (for example, Zomato saw an oversubscription by 7.5 times and Nykaa saw an oversubscription by 12.2 times by the retail investors).

Thanks to VC investments, the Indian startup ecosystem reached a tipping point in terms of maturity in 2021. Companies with a valuation of more than \$400 billion are looking to unlock significant economic value by addressing major pain points for consumers and small and medium businesses in an ecosystem with over 50,000 active startups (SMBs). The liquidation of employee stock ownership plans (ESOPs) also contributed significantly to wealth creation in 2021, with 30+ startups announcing ESOP buybacks.

Early-2022 global headwinds will almost certainly have an impact on the funding outlook for the rest of the year. Although there is an anticipation that investments in 2022 will remain in the same range as in 2021, the pace and quality of transactions will likely change. Rounds with larger investments and a faster pace of dealmaking is

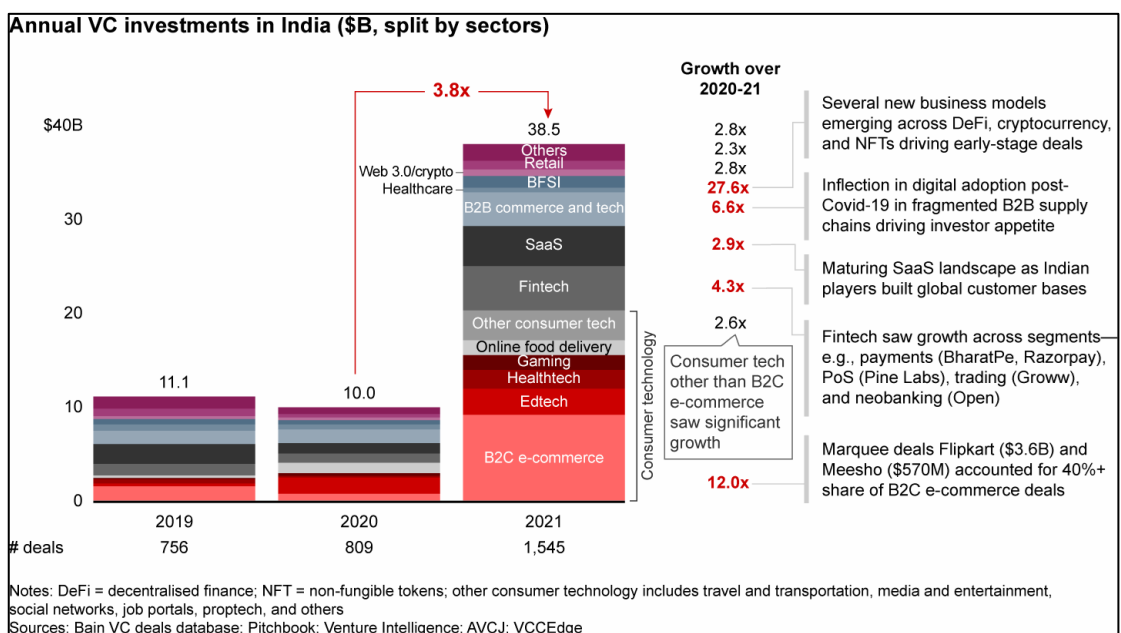
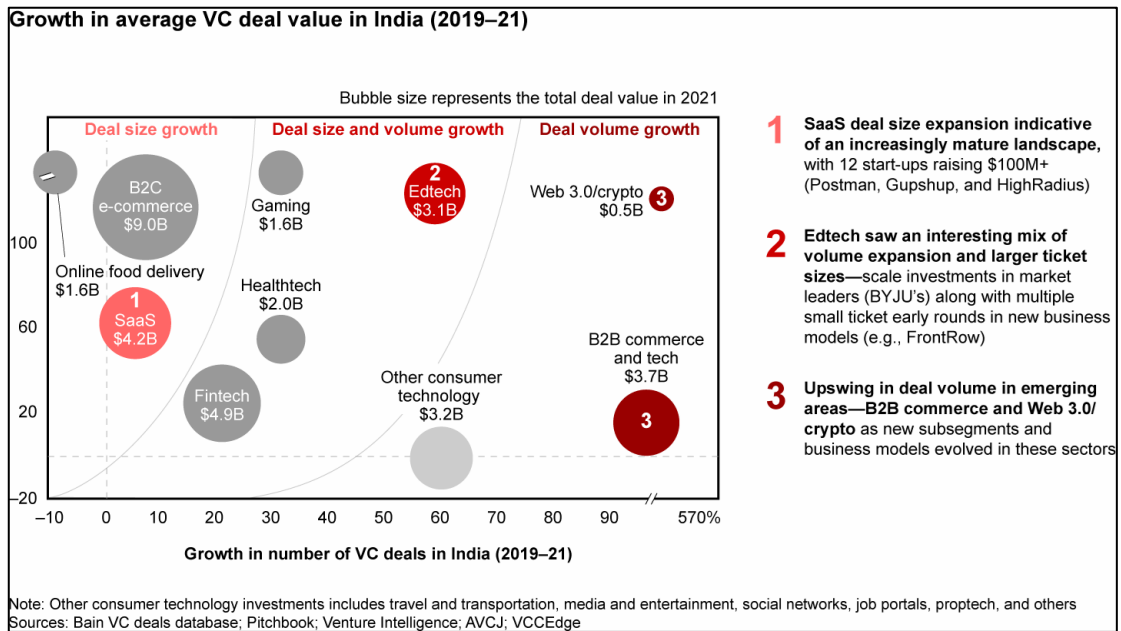
expected because the investors are solely to place their bets on quality assets. Compressed multiples in global public markets are likely to have a cascading effect, resulting in valuation rationalisation and a focus on unit economics. Exits through public listings may also be tempered, as IPOs in the works may take a wait-and-see approach in light of global public market headwinds. Web 3.0 or crypto-based investments will remain popular (especially in light of the Indian government's decision on the legality of digital assets), as will creator commerce and core sectors such as agritech and health tech.



1.3 Key investment themes in 2021

- As in 2020, three sectors accounted for 75 percent or more of all VC investments by value: consumer technology, fintech, and SaaS; however, 2021 was distinguished by a sharp increase in investments in emerging technologies, such as B2B commerce and tech, Web 3.0, and crypto-based startups.
- Due to the sectors' maturity, e-commerce and SaaS saw mostly deal size expansion, whereas fintech and other consumer tech sectors like edtech and gaming saw both deal size and volume expansion. Sectors such as Web 3.0 and online B2B commerce on the other hand, experienced a surge in deal-making.
- In 2021, several investment themes emerged or continued to gain traction
 - Brand aggregators for direct-to-consumer transactions
 - New e-commerce business models (social commerce, video commerce)

- Consumer and small-business neobanks
- Online B2B marketplaces as a service
- Short-form video or social networking (targeted at consumers in Tier 2+)
- Web 3.0 and blockchain and crypto based technologies



1.4 An overview of the investor base and fundraising efforts

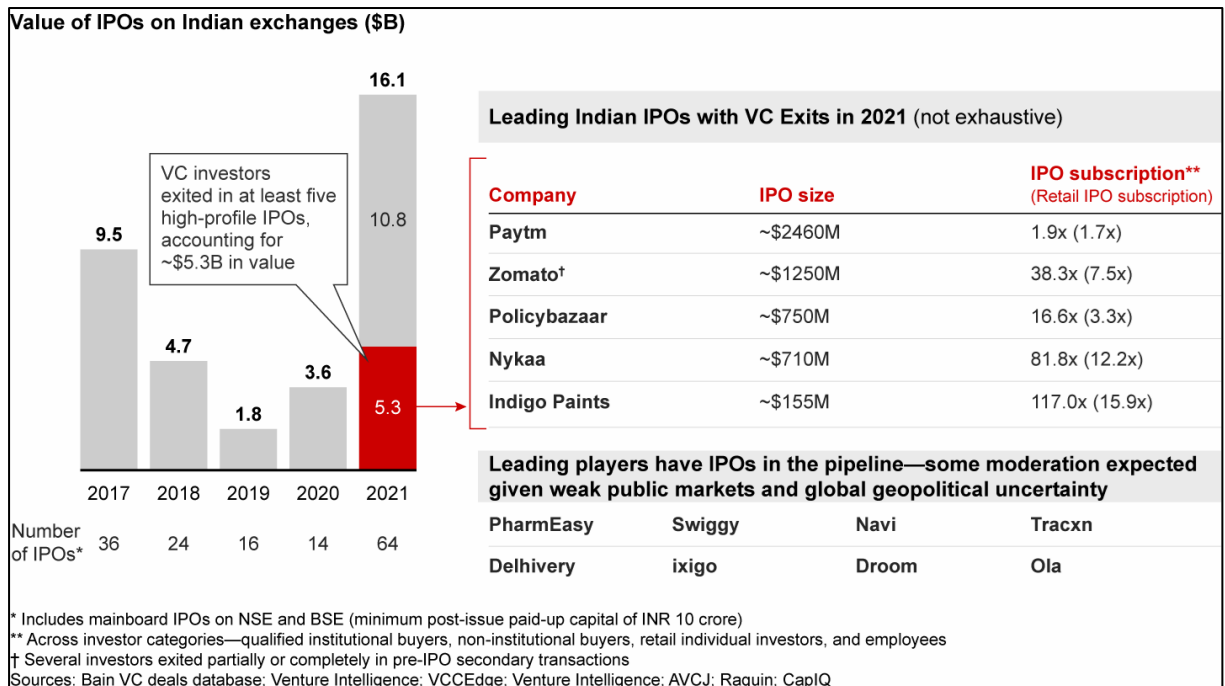
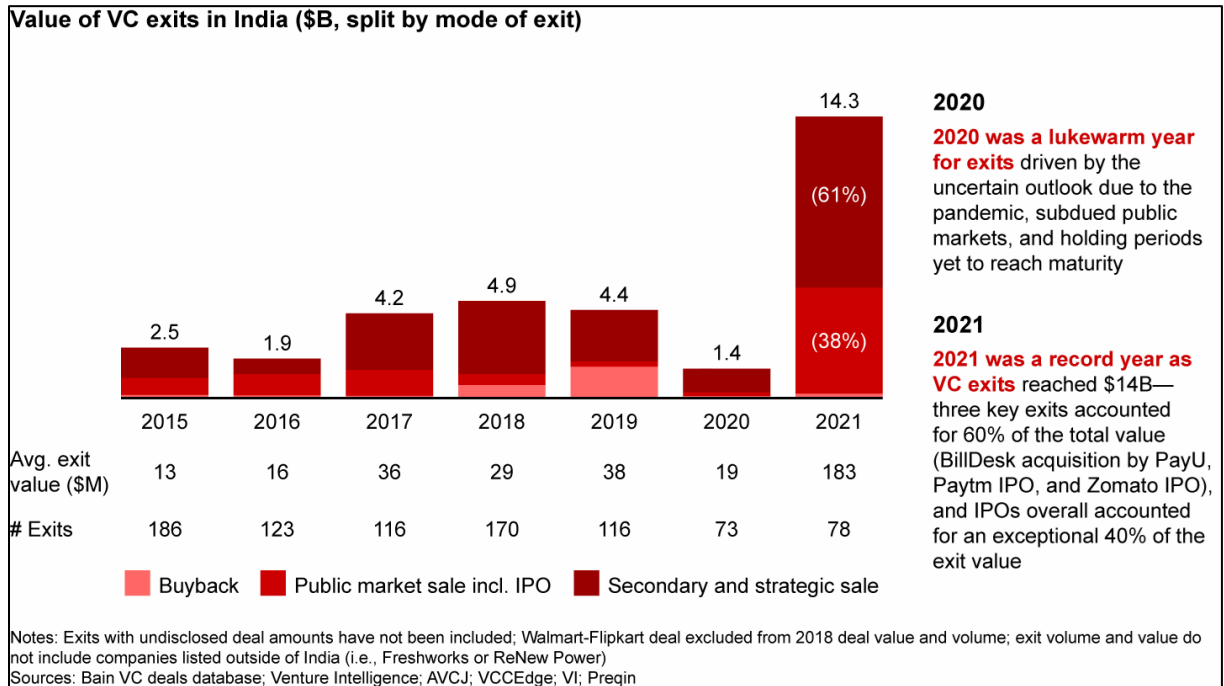
- India saw significant participation from a number of global and domestic investors in 2021, increasing its active investor count to 665 from 516 in 2020. Eximius Ventures and Atrium Angels, for example, raised significant funds in 2021 (fund sizes of \$30 million). In 2021, the fundraising landscape shifted dramatically, with smaller funds raising a greater proportion of capital than leading Tier 1 investors.
- Tiger Global and Sequoia Capital maintained their top positions in terms of investment value and volume in 2021, while SoftBank made a few select large deals while maintaining its top position in terms of investment value.
- Top investors such as Tiger, SoftBank, and Alpha Wave Global (formerly Falcon Edge Capital) have 60 percent or more of their deals in the \$50M+ size bracket, whereas the shape of the dealmaking landscape has shifted dramatically. Sequoia and Accel, two traditionally VC-focused investors, continued to actively participate in deals with a ticket size of \$50 million or more, contributing 70% or more.
- Newer investors made significant inroads into the deal landscape in 2021:
- (a) TCV and Dragoner Investment Group part of the tier 1 VCs globally, made several large investments;
- (b) domestic VCs like 3one4 Capital, Gemba Capital, and Together Fund scaled their presence.
- (c) sovereign funds, such as ADQ and QI, also made direct investments as late-stage investors; and
- (d) several sector-focused funds increasingly doubled down.
- Finally, traditional private equity funds increased their focus on growth equity deals, with the Warburg Pincus-led investment in The Good Glamm Group, ChrysCapital's investment round in Dream11, and KKR's investment in Lenskart standing out. With increased capital availability and liquidity, investors are looking for ways to stand out in the market by offering focused portfolio advisory and support (e.g., recruiting support, strategic advisory).

1.5 Exit Landscape in India

- VC exits experienced a significant milestone, with total exit value exceeding \$14 billion:

- Three high-profile exits accounted for nearly 60% of total exit value: PayU's acquisition of BillDesk (\$4.7 billion), Paytm's IPO (\$2.5 billion), and Zomato's IPO (\$1.3 billion).
- "While secondary sales were anchored by a few large deals," VC exit IPOs accounted for a sizable 40% of total exit value in 2021.
- Strategic and secondary sales remained the mainstay for exiting VCs, accounting for more than 60 transactions totaling \$8.7 billion, or 60% of total VC exit value. Global investors and private equity firms' growing interest in growth-stage deals was a key driver of the secondary market's buoyancy. VC exits totaled \$5.3 billion in five high-profile IPOs in 2021 (out of a total IPO value of \$16.1 billion). The shifting regulatory environment for tech IPOs

in India, combined with public markets at an all-time high, fueled IPO momentum.



1.6 Major Players

In the year 2021, Indian startups successfully raised \$36 billion in funding, the majority of which came from VC funding for startups and private equity investments, which increased threefold from the previous year. These funds not only make it easier

for startups to raise funds, but they also add gear to the Indian startup ecosystem, making it a prominent and growing entity in the global landscape. The following are the major corporations:

1. Sequoia Capital
2. Accel
3. Blume Ventures
4. Elevation Capital
5. Tiger Global Management
6. Kalaari Capital
7. Matrix Partners
8. Nexus Venture Partners
9. Indian Angel Network
10. Omidyar Network India

LITERATURE REVIEW

Paper	Authors	Findings	Research Gaps/ Future Research Scope
<p>Startup valuation by venture capitalists: an empirical study</p>	<ul style="list-style-type: none"> • Tarek Miloud • Arild Aspelund • Mathieu Cabrol 	<ul style="list-style-type: none"> • The authors established an integrated framework using the analyses of 184 rounds of early stage venture capital investments in 102 new ventures. • The main aim of the paper was to develop a supplementary method to value an early stage new venture while also linking it with the existing strategic management theories because there is a lack of accounting information while investing in a new startup. 	<ul style="list-style-type: none"> • This paper takes a theoretical approach taking into consideration the industrial economics, the resource based view and the network approach. Other variables like the characteristics and cognitive abilities of venture capitalists and technology variables can be taken into account. The study is also limited to France.
<p>Valuation Methodologies for business startups: a</p>	<ul style="list-style-type: none"> • Fabricio Batista de Oliveira 	<ul style="list-style-type: none"> • This paper analyses different methodologies used to value a startup 	<ul style="list-style-type: none"> • Techniques based on real option value method can be looked in to for a

<p>bibliographical study and survey</p>	<ul style="list-style-type: none"> • Luis Perez Zotes 	<p>company and identifies the most suitable for the Brazilian market.</p> <ul style="list-style-type: none"> • After conducting a thorough literature review and interviews with market experts, the authors realized the gap in the valuation methods that are concerned only with the financial aspects of a startup and not the innovative aspect. 	<p>more flexible and robust valuation of the startup.</p> <ul style="list-style-type: none"> • The study is limited to the Brazilian market.
<p>A world of difference? The impact of corporate venture capitalists' investment motivation on startup valuation</p>	<ul style="list-style-type: none"> • Patrick Rohm • Andreas Kohn • Andreas Kuckertz • Hermann S. Dehnen 	<ul style="list-style-type: none"> • To better understand the motivations behind Venture Capitalist investments, The authors carried out an empirical study of fifty-two CVC mission statements and 147 startup valuations. Instead of viewing all corporate venture capitalists as a single entity, this paper was able to 	<ul style="list-style-type: none"> • The one drawback of applying CATA is that the VCs real investment behaviour might differ from the investment statements and mission statements. • The study is geographically limited to the US venture capital market and operates within a shared set of

		<p>segment them based on their level of strategic and financial investment motivation.</p> <ul style="list-style-type: none"> • According to the authors, VCs with a strategic investment motivation assign lower startup valuations than VCs with an analytical investment motivation. Having a CVC with an unfocused motivation to push for a higher valuation in the early stages may be useful in terms of signalling when planning to exit via an IPO in the long run, whereas entrepreneurs seeking value-adding contributions may be interested in maintaining a close relationship with CVCs with a 	<p>cultural and institutional factors.</p>
--	--	--	--

		strategic motivation.	
The determinants of startup valuation in the venture capital context: a systematic review and avenues for future research	<ul style="list-style-type: none"> • Andreas Kohn 	<ul style="list-style-type: none"> • This paper conducts an empirical literature review on the existing literature to understand the factors that affect the valuation of a startup from a venture capitalist context. • These factors were divided in to factors related to the startup, factors related to the VCs, and factors related to the external environment. 	<ul style="list-style-type: none"> • The selection of the papers might be subjectively biased and narrow, considering the paper relies on two databases only.
Technology-Based Startup Valuation using real options with Edgeworth expansion	<ul style="list-style-type: none"> • Gaston S Milanesi • Gabriela Pesce • Emilio El Alabi 	<ul style="list-style-type: none"> • This paper proposes a method to value companies using real options with Edgeworth expansion instead of the already existing methods, which are not useful in the absence of comparable companies, 	-

		<p>inexistence of historical data and the number of intangible assets which give worth to the firm.</p>	
<p>Startup Company Valuation: The State of Art and Future Trends</p>	<ul style="list-style-type: none"> • Damiano Montani • Daniele Gervasio • Andrea Pulcini 	<ul style="list-style-type: none"> • The aim of this paper was to systematically present the innovative startup valuation methods and look for a method that a) considers future forecasts and not past data, b) uses probability to consider different scenarios and c) understands business specific features and does not rely on comparable companies. The authors realized that there is no method that meets all three criteria. 	<ul style="list-style-type: none"> • A future research can be taken up to develop a method to value a startup which is more suitable to the evolving space.
<p>Analyzing the startup ecosystem of</p>	<ul style="list-style-type: none"> • Shiwangi Singh 	<ul style="list-style-type: none"> • This paper uses Twitter analytics to analyse the startup 	<ul style="list-style-type: none"> • The data collection period was very short and the study is

India: a Twitter analytics perspective	<ul style="list-style-type: none"> • Akshay Chauhan • Sanjay Dhir 	ecosystem of India by examining 53,115 tweets from 15 Indian startups across different industries.	limited to hashtags of various startups.
Detecting Indicators for Startup Business Success: Sentiment Analysis Using Text Data Mining	<ul style="list-style-type: none"> • Jose Ramon Saura • Pedro Palos-Sanchez • Antonio Grilo 	<ul style="list-style-type: none"> • This paper analysed and extracted the main topics about startups that appeared in Twitter. Important topics like the importance of business plans, startup projects, sustainable business models, startup incubators etc were identified. These topics were then grouped according to sentiments to identify the user's attitude and key issues regarding these factors. 	<ul style="list-style-type: none"> • The limitation could be the sample size and the time horizon taken up.

RESEARCH METHODOLOGY

This study focuses on an in depth analysis of the venture capital ecosystem of India and the factors that affect the valuation of a startup from a venture capital's point of view. To gain a thorough understanding of the same, and insightful literature review was conducted, followed by qualitative analysis of a podcast- The Desi VC and articles and interviews of Venture Capitalists that gave an insight of their investing methodologies.

For the purpose of this research twenty podcast episodes were transcribed and analysed with an open-source content analysis tool- "Voyant tools."

Voyant Tools is a text reading and analysis environment that is accessible via the web. It is a scholarly project that aims to improve reading and interpretative practises for digital humanities students, scholars, and the general public.

The Desi VC is a weekly podcast hosted by Akash Bhat, a prominent member of Scrum Ventures' investment and ventures team, a VC firm that invests in the US-Japan corridor. In the podcast Akash interviews various angel investors and venture capitalists from India across all sectors in an attempt to learn about the inner workings of investing in a unique and vibrant market like India.

The details of the episodes used in the analysis are as follows:

Guest Speaker	Designation	Company/VC Fund	Duration (minutes)
Sanjay Mehta	Founder and Partner	100X VC	54:16
Naganand Doraswamy	Founder and Managing Partner	Ideaspring Capital	42:52
Dev Bajaj	Venture Partner	Kalaari Capital	37:34
Pranav Pai	Founding Partner	3one4 Capital	60:00
Anirudh Damani	Managing Partner	Artha Venture Fund	49:17
Dheeraj Jain	Managing Partner	Redcliffe Capital	48:04

Karan Mohla	Executive Director	Chiratae Ventures	67:00
Rama Bethmangalkar	Director	Qualcomm Ventures	53:07
Sajith Pai	Director	Blume Ventures	54:05
Abhishek Prasad	Managing Partner	Cornerstone Venture Partners	47:34
Mark Kahn	Managing Partner	Omnivore	51:08
Bhaskar Majumdar	Founder and Managing Partner	Unicorn India Ventures	54:51
Ritu Verma	Co-Founder and Managing Partner	Ankur Capital	43:05
Ishpreet Singh Gandhi	Founder and Managing Partner	Stride Ventures	50:15
Ankita Vashishta	Founder and Managing Partner	Saha Fund	48:37
Pankaj Makkar	Managing Director	Bertelsmann India Investments	44:15
Alex Lazarow	Investment Director	Cathay Innovation	46:23
Vinod Murali	Co-Founder and Managing Partner	Alteria Capital	57:12
Rohan Malhotra	Managing Partner	Good Capital	51:37
Piyush Puri	Vice President	Brand Capital International- The Times Group	47:21

SCOPE OF LIMITATIONS

A number of limitations should be considered for this research study. This study is based on the analysis of the above mentioned podcasts episodes and articles, which implies that the scope and the discussion is limited to this data only. Since this data is only pertaining to India, the results and discussions might not be valid in other countries, hence this study suffers from cultural biases. Qualitative analysis and content analysis to be precise, suffers from its own drawbacks like the researcher's bias, inaccurate cleaning or coding of data or just being based on word counts, and this study suffers from the same as well.

DATA ANALYSIS AND DISCUSSION

After conducting a thorough literature review on the determinants of startup valuations in the venture capital context, it was observed that these determinants can be categorised into three types:

- i) *Determinants related to the startup*
- ii) *Determinants related to the Venture Capitalist*
- iii) *Determinants related to the external environment*

1. Determinants related to the startup

These factors include financial information, startup characteristics, founder and team characteristics, intellectual property, and alliances. On the startup level, industry and location are considered important factors while investing. A venture capitalists associates a firm located in the midst of the activity area and also operating in an upcoming and booming industry with profits and hence values them higher.

Having more than one founder, a complete management team, prior startup experience, management and relevant industry experience, and a high level of education are all factors that can increase valuations. Intellectual properties are significant to the startups and the VC because the patents and the trademarks are the defining and differentiating features of the startup, especially the ones operating in the life sciences, communications, medicine, and the semiconductor industry.

Strategic Alliances, specially in the pharmaceutical industries, are associated with high valuations because a startups strategic alliance with larger firms are associated with an easy access to resources. Too many alliances, on the other hand, have the opposite effect and imply that the company may lack the resources and capability to manage a large number of alliances.

Determinants related to the VCs

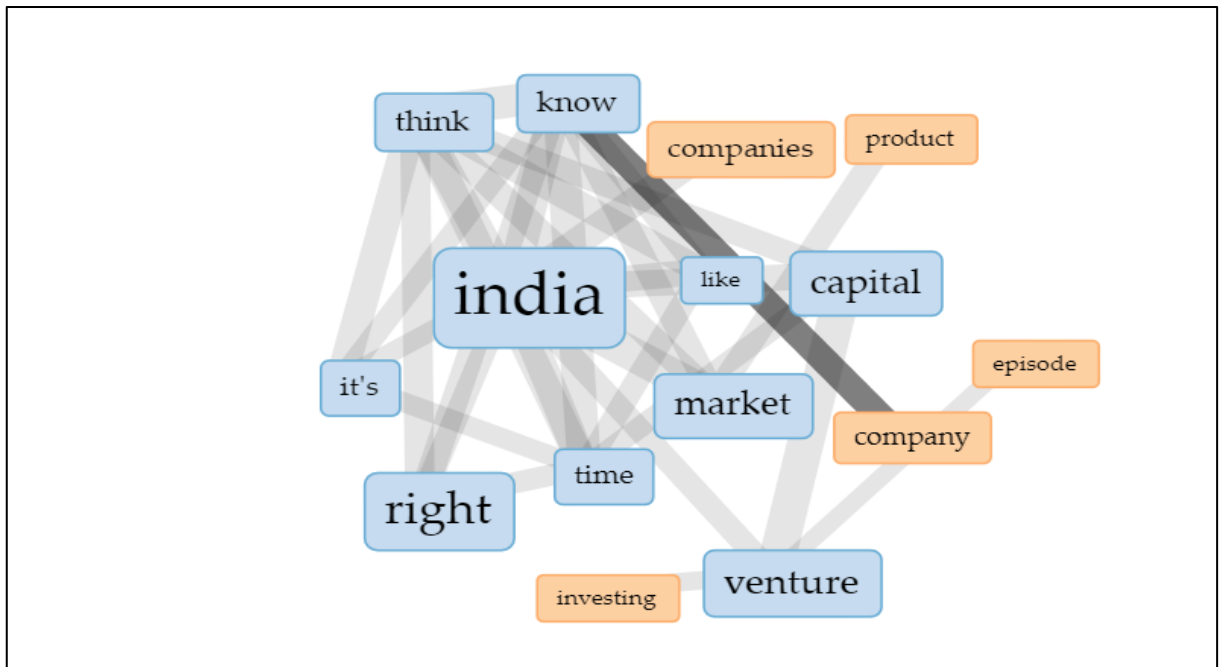
These determinants include the VC investor type, the reputation and the value-add, and the valuation methodologies being followed. If the VC operates in a low competition, homogenous group then the it implies that the VC circle has a high bargaining power which implies lower valuations. But if, the VC operates in a highly competitive then that means the VC will value the startup higher.

Entrepreneurs of startups who receive multiple offers tend to prefer even lower valuations from reputable VCs in the hope of better value-added services that come with the reputation. Entrepreneurs tend to associate higher valuations while dealing with less experienced or less reputable VCs.

2. Determinants related to external environment

Market factors, as well as institutional and cultural factors, are among these determinants. The inflow of funds into the VC industry implies increased competition among VCs, resulting in higher startup valuations. Blogs or any sort of media coverage on a startup acts as a positive word of mouth which in turn rewards in the form of high valuation from VCs.

Following is a word cloud representing the combination of the twenty podcast transcripts which basically represent the common insights by each venture capitalist interviewed.



On taking a closer look, some major themes in the word cloud can be identified. After combining similar themes, the term-frequency table is as follows:

Terms	Frequency	Total
Company, Companies	=517+326	843
Fund, Funds, Funding, Cash, Money	=161+62+66+53+222	564
Market, Markets	=452+53	505
Capital	=409	409
Founders, Founder, Founding	=198+151+26	375
Idea, Ideas, Different	=65+33+220	318
Investor, Investors	=127+180	307
Business, Businesses	=222+72	294

Product, Products	=200+44	244
Industry, Sector, Sectors	=121+92+30	243
Portfolio	=165	165
Entrepreneurs	=81+76	157
Value	=153	153
Space	=148	148
Ecosystem	=136	136
Technology, Technologies	=109+24	133
Stage	=129	129
Perspective	=108	108
Equity	=108	108
Marketing, B2B	=27+80	107
Team	=95	95
Consumer, Customer	=59+35	94
Education	=58	58
Strategy	=32	32
Supply	=25	25
Sustainable	=24	24
Relationship	=24	24

In accordance with our literature we can see some recurring themes from the frequency table. It implies that venture capitalists firms value a startup on various factors which include the company and the idea i.e how different is the idea and if that idea catering to a problem that needs to be solved, the age of the startup, the product or service it is trying to sell. The VCs interviewed have also stressed on the importance of a founder who is ambitious and has a team that is willing to work for what the company believes in. In his interview, Sanjay, the founder of 100x VC said, “ *one of the basic approaches is to ask about the founding team, market size, opportunity, business model strength, their advantage and conviction of minimum 20 & returns. Apart from that, I start by asking what is the core purpose of your company, what is making you choose this idea and if this is an important solution, then why do people want it right now more than any other time.*” He further emphasised on how there have been instances where he has backed founders who have failed before because he believed in the founding team and the idea.

Apart from this we can also see new themes emerging in our analysis. Themes like stage of the investment, supply chains, sustainable models, previous investors, and equity are some other areas which VC’s have started looking into, which were not part of our initial literature. Furthermore we can also see the sectors that are upcoming in

India and have the VCs betting on them. Sectors like space which have now been opened to private companies by the Government of India, education which is considered to be an evergreen sector, fintech, health, marketing, and sustainable supply chain and logistics have huge potential in the upcoming years.

CONCLUSION

Valuing a startup is a tedious task. Most of the valuation methods that exist depend on the historical facts and figures and do not work for the new and upcoming startups that rely mostly on their intangible assets like their patents and trademarks , their ideas, their teams and their service. This already complicated task becomes even more confusing for the people willing to invest in the startup.

The aim of this paper was to conduct a qualitative study to understand the venture capitalist's perspective of valuing a startup. The paper illustrates the factors that operate in the dynamic and complex settings of the venture capital ecosystem and affects the valuation of a startup. These factors can be related to the startup, the venture capitalist themselves and the external environment. Furthermore, the content analysis conducted on the podcast transcripts not only supported the already existing literature but also shed light on new factors like the existence of previous investors, the stage of investment, the equity that is available, supply chain and the value chain constructed and sustainability that the VCs are considering before investing nowadays. The analysis also revealed the new and upcoming sectors of the constantly evolving Indian Startup ecosystem, like space, sustainable and green supply chain and logistics, fintech and education.

Furthermore, it can be stated that this research has only scratched the surface of determining the determinants of startup valuation, and that filling the identified research gaps will greatly benefit this research area. In this regard, future research will use more comprehensive datasets and measures in conjunction with emerging research methods to further disentangle the determinants influencing startup valuations in the venture capital context.

REFERENCES

Papers:

- Miloud, Tarek & Aspelund, Arild & Cabrol, Mathieu. (2012). *Startup valuation by venture capitalists: An empirical study*. *Venture Capital: An International Journal of Entrepreneurial Finance*. 14. 1-24. [10.1080/13691066.2012.667907](https://doi.org/10.1080/13691066.2012.667907).
- Batista de Oliveira, F., & Perez Zotes, L. (2018). *Valuation methodologies for business startups: a bibliographical study and survey*. *Brazilian Journal of Operations & Production Management*, 15(1), 96–111. <https://doi.org/10.14488/BJOPM.2018.v15.n1.a9>
- Röhm, P., Köhn, A., Kuckertz, A. et al. *A world of difference? The impact of corporate venture capitalists' investment motivation on startup valuation*. *J Bus Econ* 88, 531– 557 (2018). <https://doi.org/10.1007/s11573-017-0857-5>
- Köhn, A. *The determinants of startup valuation in the venture capital context: a systematic review and avenues for future research*. *Manag Rev Q* 68, 3–36 (2018). <https://doi.org/10.1007/s11301-017-0131-5>
- Milanese, Gastón & Pesce, Gabriela. (2013). *TECHNOLOGY-BASED STARTUP VALUATION USING REAL OPTIONS WITH EDGEWORTH EXPANSION*. *Journal of International Financial & Accounting*. 1. 54-61.
- Montani, Damiano & Gervasio, Daniele & Pulcini, Andrea. (2020). *Startup Company Valuation: The State of Art and Future Trends*. *International Business Research*. 13. 31. [10.5539/ibr.v13n9p31](https://doi.org/10.5539/ibr.v13n9p31).
- Singh, S., Chauhan, A. and Dhir, S. (2020), "Analyzing the startup ecosystem of India: a Twitter analytics perspective", *Journal of Advances in Management Research*, Vol. 17 No. 2, pp. 262-281. <https://doi.org/10.1108/JAMR-08-2019-0164>
- Saura, José & Palos-Sanchez, Pedro & Grilo, Antonio. (2019). *Detecting Indicators for Startup Business Success: Sentiment Analysis Using Text Data Mining*. *Sustainability*. 11. 917. [10.3390/su11030917](https://doi.org/10.3390/su11030917).

Websites:

- <https://economictimes.indiatimes.com/tech/startups/economic-survey-2022-at-least-14000-new-startups-recognised-in-india/articleshow/89243366.cms>
- <https://yourstory.com/2022/02/coming-age-indian-startup-ecosystem/amp>
- <https://www.bain.com/insights/india-venture-capital-report-2022/>
- https://ivca.in/wp-content/uploads/2021/03/bain_report_india_venture_capital_2021.pdf
- <https://ivca.in/wp-content/uploads/2022/04/IVCA-PE-VC-Report-2021.pdf>
- <https://www.businessinsider.in/rise-of-venture-capital-in-india-nothing-ventured-nothing-gained/articleshow/38803554.cms#:~:text=Venture%20capitalism%20in%20India%20began,focused%20on%20large%20industrial%20concerns.>
- <https://www.bfp.vc/venture-capital-in-india-landscape-overview-part-2/>
- <https://www.transiqueadvisors.com/venture-capital-investment-latest-trends-show-india-an-emerging-market/>

Annexure

Following are the transcripts of the podcast:

Configuration

Audio

Audio file	View file
Encoding	MP3
Sample rate (hz)	44100
Channel count	2
Transcript	View file
Billed audio minutes	46.50

Transcription options

Language code	en-IN
Transcription model	default
Speaker diarization	Enabled

Model adaptations

[VIEW ALL](#)

No information to show.

Transcription

Time	Channel	Language	Confidence	Speaker	Transcript
00:00 - 00:25	0	en-in	0.90	1	hello everyone is welcome back to yet another episode of the day CVC podcast where I interview Angel investors and venture capital is investing in tech startups in India this today is a bonus episode and good excited about sharing this with the wall today's episode special because we have our very first non-indian we see on the path cast someone who spend a lot of time in English as an investor
00:26 - 01:26	0	en-in	0.91	1	is also very well versed with the Indian startup ecosystem through his job and most recently as a newly published author focusing on entrepreneurs in India among other emerging markets I have with me Alex natural investment director khate innovation a global funds that invest across Africa Asia Europe and North America vs Panthers career working at the intersection of investing Innovation and economic development in private public and social sectors and media McKinsey and company and the Royal Bank of Canada so that further ADO let's jump in the episode and listen what Alex has to offer US from all of his varied experiences I Alexa pleasure to have you are the show this is the first time here
01:26 - 02:03	0	en-in	0.91	1	having a non Indian we see on the podcast for what is really interesting is that you travelled extensively to India and passes officer for you know even for the book and otherwise is on the job is well and what should interesting is here and author of a book titled out innovate how global entrepreneurs from Delhi to Detroit RD writing the rules of Silicon Valley navigate to the book in a bit but first of all tell me how is everything on your and how you're dealing with the lockdown you know you had the book release you had a baby you have your database we see everything
02:03 - 02:24	0	en-in	0.91	3	non Indian gas formation in your dream place in Fort near H P V R shopping places because I have a baby in
02:26 - 02:59	0	en-in	0.91	3	a transition from working from home and leave it to directly the charleston place I will surely not the time I respect to watch for the baby and above all the year in Allen today that
02:59 - 03:18	0	en-in	0.91	1	awesome and congratulations on both its definitely an exciting time to be you know if your background could you take your career and let us know what you do it at Innovation
03:18 - 03:26	0	en-in	0.91	3	and intersection between Innovation and impart infamy Reliance in banking
03:26 - 04:18	0	en-in	0.85	3	I tried investment banking is my first job who has a lot of the two wheeler Finance in love with you in mind that end with this is Acer monitor best is the beginning of the program I realise the nutritional and so I wanted to get some experience around working vs years child care centre
04:26 - 05:14	0	en-in	0.85	3	12780 I don't which is the family office 25 impact fund a memory or where am I hate it when it is India on the ground for dinner
05:26 - 06:26	0	en-in	0.88	3	1830 and thereafter Meda 2020 is there that innovation is going for Christmas and series BSc B Ed Harris every or even my day job in and outside activities not administered at the mirror Bridge where I have students
06:26 - 06:33	0	en-in	0.91	3	over the course of the year in C without the presence of a it's
06:33 - 06:58	0	en-in	0.91	1	a wonderful karaok I want many many had a consultant VC professor maintaining an author to me all of that is extremely interesting but what really stands out last date what we need you want to write this book and for the whole idea about
06:58 - 07:26	0	en-in	0.91	3	the combination of my work instruction and roll 114 in the gallery and on the other hand was not true about and and and and and and and how to read everything I
07:26 - 08:26	0	en-in	0.86	3	and every change that is what I was saying with the realistic dice WhatsApp open where the more macroeconomic best cargo Bangalore near Ruby Amsterdam more corners does not present in the storage from India and taken together the best practice kam year many emerging market summary in heart
08:26 - 09:17	0	en-in	0.89	3	whether it is the best practices and we should learn from them and the current crisis looking for sustainable in businesses from any point in time but the best on during from many ways what I set out to do is tell story story competition is right to build a business in more ecosystem and Ecosystem in the historic
09:17 - 09:26	0	en-in	0.89	1	could you define what emerging markets are to our listeners most of them are people who are trying to understand a lot more about the Vengeance APK
09:26 - 09:34	0	en-in	0.92	1	Samsung introduced this concept for the first time they find that a little bit further
09:34 - 10:11	0	en-in	0.92	3	from here to find that it is a Startup ecosystem your branch in Sector 20 market and you are there are you have they are more Nation startup ecosystem and emerging markets
10:26 - 11:21	0	en-in	0.85	3	there are two extremes in some cases in Australia with I was a very poor country in the European startup ecosystem services in emerging markets light India dairy the dog is well isn't about emergency startup ecosystem you have you seen this is very heterogeneous everyone has their own you are looking up
11:26 - 11:33	0	en-in	0.87	3	what is I what is not
11:33 - 11:51	0	en-in	0.87	1	want the things that people associate emerging markets is that there underserved behaved capital or into structure ducey similarities between startups in emerging markets in the East with those here in North America is best for instance

11:51 - 12:20	0	en-in	0.87	3	and what a company you want to how are you didn't and how you want it it is growth across the rock Castle ok
12:26 - 13:10	0	en-in	0.85	3	have installed a century every staff has a value in s r u b love the caster in emerging Markets and Systems they operate in where there's much cost after that is more than it is normal for startups
13:26 - 13:46	0	en-in	0.93	3	how to get accepted everywhere and Wrong Turn businesses in this
13:46 - 14:26	0	en-in	0.93	1	means tolerating greater uncertainty is or less efficiency when it comes to competing with companies that have data resources now I had a chance to be booked and it's a fresh new perspective on Silicon Valley and how companies are built with often get started out all over the do over WhatsApp text as he touched upon your PS also is the concept of sustainability and that most relevant today than ever before what do you learn from your conversations and studies with Indian found
14:26 - 14:36	0	en-in	0.89	1	dating about the concept of growth at all costs or as knowledge and processing is in interviews in books blitzscaling
14:36 - 15:24	0	en-in	0.89	3	scaling is what is topics in my I think we have received their work and it is winner takes all market and scaling up quickly and having a Monopoly is critical in have misunderstood is Rosa acosta most businesses to not end up in you have to be an NP have the whole market in your necessarily have to sab Sahi h bro this is you can give up business in Automotive Ltd
15:26 - 16:22	0	en-in	0.90	3	Naaptol smart money is needed to view this is both within India with this is where I can go is benefit question is whether writing ABC in which is growth of a beautiful story or whatever it takes how many times you end up having the same for you is that a particular contact if you are going with discounts for more time
16:26 - 17:15	0	en-in	0.90	3	that's it that's of the same with interest by the way is it depends on the work and I'm in the ground emerging markets where in the market and on-board people any different value products and services to the brakes
17:26 - 18:19	0	en-in	0.91	1	the misconceptions about caring is also due to pop culture you see that in today's movies and TV shows in the way that depict venture capital and a fast-growing companies right now I've been meaning to ask question to an investor for a very very long time and it could it just might as well as your opinion on when it comes to blitzscaling are companies that are more focus on domestic markets can co-ordinate with the approach of growth at all costs because it is not a market and early dominance means be compared for everybody involved than those are focused on global player from day one I guess you could say more that that can come to consumer business is then enterprise businesses or do I have that whole concept
18:19 - 18:26	0	en-in	0.91	3	answer your question is which is treated
18:26 - 19:23	0	en-in	0.89	3	again a government and indirectly answer your question is what it takes to be a of NB mausi market in the other the inner inner inner ghost Areas where is the nature of the unit other never this is happening weather of the effects of global leader in similarly Facebook friends if you are number
19:26 - 20:22	0	en-in	0.91	3	driver in windows application and other 11 12 Aakash it has to do with this is the test Amazon Web Services were even call to period in which causes a strong economy in those situations is natural even have more consideration of Google because the water test
20:26 - 21:25	0	en-in	0.85	3	in this case it's Riders and drivers on the literary traditions that princess number Rai save it as your question that it is more interesting is if you keep up with carrying value not to grow globally versus what are the things that make it a go
21:26 - 22:02	0	en-in	0.91	1	let's break it down when we are talking about building a company is what are challenges that you are based on the conservation Satyam had with the season entrepreneur within the industry where are you know anything about markets like China and India floods matter where your value tend to associate the next billion users coming from what are the biggest challenges that you are saying Global companies face when they are relocating launching businesses that
22:02 - 22:09	0	en-in	0.91	3	this is a near where is train beaded Adidas India
22:26 - 23:19	0	en-in	0.91	3	how many many markets in seven interest of their career focus on what is it may be the first person is necessary about it is necessary to be able to take sexy recipe defence by company registry things that happened in one is as a company is a very cautiously product
23:26 - 24:22	0	en-in	0.90	3	organisation and how we make a successful years in prison and profitable companies that it is a Startup that and Daniel dance is based in India make a product is adapted to different cultural regions to make a reservation at work in scale across geographies
24:26 - 24:58	0	en-in	0.93	3	today what are the process automation company army is the fastest growing enterprise company the version of scaling and many with more looking tomorrow is enough to cause muscle on well enough to be used to
24:58 - 25:12	0	en-in	0.93	1	see now they are you speak about culture growth and describe how does the first time entrepreneur or someone who is done business with domestic market think about all of this and most importantly get it right
25:12 - 25:25	0	en-in	0.93	3	in two and three conception of the founder
25:26 - 26:25	0	en-in	0.90	3	22 Warrior and there is a round ring in autosar study have a number of companies in restoring pinpoint the day after Ninne spouse work in lived abroad or have Indian market is a different way what is a whole new generation in Indian market in India logo
26:26 - 27:15	0	en-in	0.88	3	networking event that my unconventional y71 display at the time the industry and the person can help for Reliance Industries is it if it's always you and it will be understood as well as displayed on
27:15 - 27:26	0	en-in	0.88	1	ok sorry you you taken time you thought about your start you will just get network you have a product part
27:26 - 28:06	0	en-in	0.88	1	Bihar this most often is well many found as a limited by the powers by their investors of people who they bring on board and talk about sustainability and business malls in New York do you what do you think it brings about that fundamentally changed the way that BC is currently structured both on the valley and across the globe and even do you know we we hear a lot about this and give it a lot about this topic it is seldom practice what are the next in ensuring that BC is don't know the way of building sustainable businesses as opposed to Meenu chest growth growth until you make a model
28:06 - 28:21	0	en-in	0.88	3	that this is
28:26 - 29:25	0	en-in	0.84	3	call registry registry in the present invention having at least one direction we see installed apps in seeing what is evolution of one thing that is interesting as it inspires offer mein
29:26 - 30:19	0	en-in	0.89	3	highest Industries expenses are Shri Ram through how do you make the sentence make a motor is used in this study finds refines building PWD transfer process in the rising prices Rise and the portfolio what is available on competition and
30:26 - 31:13	0	en-in	0.92	1	I want to think she talks up on there was a lot of different players coming into the into the market in making this Holi Kaise Musalman robust and giving opportunities to different stakeholders now emerging Market Sector tackling the everyday problems and focusing on selling of infrastructure be logistics supply chain technology or even shifting patterns in consumer behaviour is real Innovation and break to taking place outside of the valley or are there just copy CAD models with operational tweaks are culturally relevant and contextual tweaks that are being built across the globe opinion on the right and what is a subsectors stood out to you when you are doing research in studying

Start Time	End Time	Duration	Language	Score	Count	Text
						entrepreneurs from across the globe
31:13	31:21	0	en-in	0.92	3	15 years ago that innovation in one place student services namaskar
31:26	32:23	0	en-in	0.89	3	any person ideas come to why coronavirus is supported coming from everywhere in getting everyone there tomorrow and the largest company what's the size and what happened in the where is the difference you have both in the morning I want to do in October
32:26	32:43	0	en-in	0.91	3	Adobe Reader is no wonder that the software and agree that the company
32:43	32:50	0	en-in	0.91	1	is a copy of
32:50	33:24	0	en-in	0.91	3	India has been really powerful innovation to solve location in Maro I wouldn't you know I will say with the tomorrow in located in different energy market Innovation and growth in emerging Markets and Markets to inspire
33:25	33:37	0	en-in	0.89	1	you have an extensive career that that span across the Global expert what misconceptions did you personally have before you started writing this book
33:37	34:18	0	en-in	0.89	3	is a question I was talking with the hands around the difference is happening around abroad but I was wondering if I could you wine cellar things you see these can a water is used to route to me as I walked towards the challenges market and emerging as the same spirit animal
34:25	35:08	0	en-in	0.89	3	write about together and have this story is alternate fibre that is present you abcn you can see it's much more menu where residents in the World 2010 loan from surprised me how much many faces similar charges in so many different ecosystems and in how the universe we draw inspiration from each other in the written in the snow on the stationary want to put
35:08	35:13	0	en-in	0.89	1	how are you change the investor book in after
35:13	35:24	0	en-in	0.89	3	I would not recommend reading a book instead of interesting but I would say that it was a
35:25	36:21	0	en-in	0.86	3	I think what is d a breathing but I do I not able to drive an Ox Ox hard drives our company's how many seasons will complete the chapters and right in the world is notional how the best writing it down for what are the chances that I have to leave their operations on where am I spend my time
36:25	36:37	0	en-in	0.84	3	I think it was a shift in my thinking or revolution in more a preposition or force in right around the
36:37	36:58	0	en-in	0.84	1	interesting I like that approach the fact that you are able to their interests yourself as open Western hotel in very second hand tattoo wear and able to objectively look at individual factors and not just focus on that from that perspective
37:00	37:35	0	en-in	0.90	3	difference in many ways riding on the slide in a flower vase from the areas of supporting a reminder here is a line through 2018
37:35	37:59	0	en-in	0.90	1	awesome unlock now I want to enter my my my last segment which is rapid fire questions at you and on the spot will try and get more perspective about us investor as well as now
38:00	38:05	0	en-in	0.91	1	as not sharing secure insights active learn from the other side of the word
38:05	38:10	0	en-in	0.91	3	awesome
38:10	38:16	0	en-in	0.91	1	if there's one thing that companies in the Western learn from those in the US what you think that would
38:16	38:24	0	en-in	0.91	3	not be try it out in a more specific about Adobe sustainability and
38:24	38:36	0	en-in	0.91	1	what are some of the wrong reasons by investors of Paris should be sees fall in love with companies on the other side of the
38:36	38:53	0	en-in	0.91	3	important understand the problem is that specific way without if you like an idea that consists of the moral in explain in India
39:00	39:34	0	en-in	0.74	3	Amritsar putlighar market example when the location of the numbers you are so as not to individuals we will have to do some phone mein background check on
39:34	39:53	0	en-in	0.74	1	Bharat Matrimony website is there any Indian startup apart from that you are my
39:53	39:58	0	en-in	0.74	3	there are so many startups in India that I Maya
40:00	40:45	0	en-in	0.87	3	lightest tomorrow to be so iPad is making on the Knights of the week and attractions in my System Driver aspects of the various businesses essentially married in Tata operations at
40:45	41:00	0	en-in	0.87	1	Ameerpet having one investors from where we go on the on the park was very soon so I'll do a little more digging into an interesting company for us to earth
41:00	41:23	0	en-in	0.90	1	about what was One Piece of advice you have for companies and founders for navigating through this whole covid-19 prices from where used it every day as we see why you're looking at for are you talk to your portfolio company B and B are you are you giving them and the can they be something from that at that can also be relied on to other condos husband
41:23	41:58	0	en-in	0.90	3	is my heart goes out there this incredible journey time and I think that was and what exactly is very interesting about the prices are is also a big chance we have to study and water with salt and coronavirus what are there what are the cracks there are the page charges that of the week
42:00	42:03	0	en-in	0.91	3	1
42:03	42:24	0	en-in	0.91	1	0 state arise and ask you learn more about your teacher job in over it what one thing that you wish you know about venture capital before you start
42:24	42:58	0	en-in	0.91	3	every reader DC from home Jobs or in if you are my case you what is the fastest fastest and so many other people is very nice love you are you right or wrong
43:00	43:27	0	en-in	0.87	3	write a company or something truly are you think I am happened for whatever reason why it is a us a b c are having a limited impact on the business was not direct
43:27	43:36	0	en-in	0.87	1	awesome I have to ask you this and I was very curious from the day you told me about the book why do you put their
43:36	43:49	0	en-in	0.87	3	relation to the roster IT return number company in India and their
43:49	44:00	0	en-in	0.87	1	awesome Irc Alex who should buy a book where can I find it and what should I do
44:00	44:02	0	en-in	0.90	1	expecting Vande turn on the first page of
44:02	44:58	0	en-in	0.90	3	the book is there any technology innovation torrentcounter.cc is not working a larger companies were within the government Foundation thinking about coronavirus in one have it if entered is it is a broader social enterprise business in small pieces Bieber is not necessarily square in the invention is shown in the figure find the book you can buy the book anywhere
45:00	45:10	0	en-in	0.91	3	Batman supporting your local small business books tour is well these interested utric anatomy

45:00 - 45:10	0	en-in	0.91	0	batman supporting your local small business looks cool to well those interested users analyzing news on Alfaaz Jyada kam
45:10 - 45:29	0	en-in	0.91	1	Aasan that's a great no to another and their episode on Alexa pleasure speaking with you and learning more about your insides both as a VC and author and different 31 across various times in your career defence you so much for being on the show
45:29 - 45:30	0	en-in	0.91	3	and
45:30 - 45:52	0	en-in	0.91	1	dad rap top horror episodes for this week I was rate Habib attached Alex thank you so much for your wonderful insights both from your time is a VC in Asia and as an author was extensively traveled and interviewed entrepreneurs in emerging markets including India I hope you enjoy it as much as I did
45:53 - 46:23	0	en-in	0.92	1	if you haven't already subscribed to us what you waiting for want to go ahead and do it already we bring great gas from the world of venture capital on the show and have them share their experience and why you Rahte do also rate and review the path ka so that others may discover the show as well this is your host Aakash parts meaning of this week bhaiya be back again next week gas thanks everybody and continue to keep asking




00:00 / 46:23
Alex+Laz.mp3

Speech-to-Text

Transcription details REUSE CONFIGURATION

05/01/2022, 9:27 PM

- Overview
- Transcriptions
- Model Adaptations

Configuration

Audio		Transcription options		Model adaptations VIEW ALL	
Audio file	View file	Language code	en-IN	No information to show.	
Encoding	MP3	Transcription model	default		
Sample rate (hz)	44100	Speaker diarization	Enabled		
Channel count	2				
Transcript	View file				
Billed audio minutes	49.50				

Transcription

Time	Channel	Language	Confidence	Speaker	Transcript
00:00 - 00:46	0	en-in	0.90	1	hi everybody and welcome back to the first episode of the day CVC podcast as you may know by now on this so I spent time speaking to investors and venture capitalist investing in startups in India very excited to share this episode has been speaking a lot about family offices something discover the little bit on this podcast in our very first episode 14 Sanjay in conversation with Anirudh damani Anirudh is the managing partner at Arthur venture fund and early state sector 96 fund Tak singularity Holdings Ramesh damani and Ashok the money they make investments across three broad categories conjunction conjunction enablers and B2B
00:47 - 01:37	0	en-in	0.90	1	I let Anirudh shed more about what are trolley and compressors and what that means in the context of family offices as investment vehicles so without further ADO here is a walk in the park as a pleasure to have you on the show was going to start off with a very interesting topic it's not always necessary for people to follow the footsteps of their family members or joint family businesses so what really attracted you to venture capital invested and when did the trigger Goa
01:38 - 02:38	0	en-in	0.92	3	so I think the entire journey is it is one where you start connecting the dots in the past right so if you look at my career I decide my career as a door-to-door sure they can't so long term energy contracts in West Texas back in 2005 and after that broken division in 2006 which then went on to get an issue by contract so we sold over 14 market in the US and it up becoming an owner of the business in 2009 again was opportunistic in a way because the business who are working for was about to shutdown and friends didn't want to put some people on the street on the Mela procession Shukriya capital and we made it to the owner to buy the business and then run the basis of three years and after that we got a chance to
02:38 - 03:35	0	en-in	0.93	3	business with at least I put my soul my and India with the intention That India Was the world's largest energy market at a time when they were knocked out of the regulation happening along the lines about between Texas after coming to India I realise the big difference between honour company in the US and other company in India which is night and day and selling of my company at what with all the track that I was going through in setting up a company in India can also help the entrepreneur's their operations and have them with a lot more help of the sales marketing recruiting structuring may be and have anyone having them with their deliver the proxy and with that in the start of this is an officially over a period of time I just act like in working with entrepreneur so much that became a full-time job my brother
03:38 - 04:20	0	en-in	0.91	3	and after 667 years 071 investments almost 15 years it's error occurred to me that maybe it was time to make the institutional and that with the help of a lot of family offices that basically investing with us we visit of this fund am found in 2018 and looked back since so it wasn't really like a planned way from after graduating to becoming a b c but in a way I am in a professional to an entrepreneur Latin Angel investor 20c so that pretty much been the
04:20 - 04:38	0	en-in	0.91	1	story simply because there's so much cost for the expertise and experience and that's something that I am seeing more and more on the spot as I do it is well industry representatives of industry right now so I thought I'd like to explore the topic of family of
04:38 - 04:48	0	en-in	0.92	1	elbow with you understand by stating that the army officers are interesting board more In impact investing is direction that you are saying in India as well
04:48 - 05:38	0	en-in	0.92	3	officers Academy is pretty new in India what I have realised at least in the India contact is a way to even understand how to set up a family office in India if you if you ask me how many family offices are there in India probably 103 how to manage the family was so now with the devil in Industnd Patra not that subject Badaun to evening baby 15 or 20 May be less than that of you family office that I actually have an allocation for impact like the camera family office or the patani family office but most family offices in India after getting set up so we have in a
05:38 - 06:33	0	en-in	0.91	3	investment for impact and only at the thing is that you know because this is a growing phenomenal I would change the next 10 years your problem of a lot of family offices are located in 5 to 10% of operating income towards impact and also there is a lot that companies that over certain size they have to your mark percentage of profit for CSR activity so in many ways a lot of our family of companies involved in CSR because of this law right India won the only country that has a mandated law that requires companies do that so in a way people do have experience with impact but not all of its impact investing acting family offices at least Indian media about at least 17 years away from having a specific impact investment but you know
06:34 - 06:36	0	en-in	0.91	3	mandate
06:36 - 07:15	0	en-in	0.91	1	that what are some of the trains that we are seeing a family offices as alternative investment vehicles in India and chicken take a look at that statistic and you previously mentioned that it was there that just about 45 family offices in the country and across a number is rapidly growing Bajj located from the perspective and save the date numbers but when you compare it globally there but 5370 offices India mixer for a very tiny fraction what's the national behind investments into startups Wyatt Family offices and what can impact does it have on the alternative investment industry
07:15 - 07:34	0	en-in	0.91	3	in India is not only been a very good space good place for PVC returns 2017 write in fact there are many statistics that will tell you that 80% of all PVC exist in India happened in the last three months rights to anybody who is investing in
07:34 - 08:33	0	en-in	0.92	3	before that would most families date right because they don't really have a family office setup most of them were basically having an Operating business where one person call the shots and they would have a bunch of different investment from two different mutual funds office is a cat that would recommend the money investment into real estate for rent EP 10 PC funds through that advisor network but there wasn't really an allocation platform they were really thinking through I want to put except percentage of my brother today so why percentage into this that and because that

						wasn't there in a lot of these guys that had to be found to be found in the 2005 to 2015 scenario did not a lot of good returns of a meanwhile there was a group of
08:34 - 09:28	0	en-in	0.91	3		believer part of it as a family office that was seeing a lot better returns by director managing a Portfolio and today we will be no in many cases have been more returns in in the same period that we were operating as a family office so come 2017 in Venice Italy in all there is there is the media catches up to the fact that there are a number of investors in India who made money directly without going through BC One that's when I think other family offices are realising that instead of going to be a lot more interested family office is looking up investing into early to late stage company Everybody from Ratan Tata family office to office
09:34 - 09:47	0	en-in	0.92	3		world looking evaluating and making such investments that wasn't there because its
09:47 - 10:03	0	en-in	0.92	1		types of when you talk about being a little more in control of the measurements and the portfolio of how do you think family offices computing National this is what is the national behind it was a strategy that goes into place in their thinking about making investments in
10:03 - 10:33	0	en-in	0.92	3		startups once you learn the ropes then you start expanding your Horizon I think about it so for us I because of my experience and renewable energy and sales and recruiting and then also the family has some investment into hospitality the first investment made in from a Portfolio of things that we understood
10:34 - 11:31	0	en-in	0.91	3		we could probably helped the entrepreneur sell the product and also be invested heavily into trouble of the areas AP understood and over a period of time as we got comfortable investing into this is completely expand further into investing 11.2 Crypto companies or investing into microfinance companies and things like that at the offices of an acid start off with a similar right side of things you understand so look for deal for that in order to be coming close to your current business and you start getting an understanding of how to go to the entrepreneurs are outside the family group of companies and from there you can start building and understanding and then expanding beyond what the cameras at least that would be the way that I would recommend anyone anytime there going going for these Investments
11:34 - 11:57	0	en-in	0.92	1		dad in a lot of Army officers at 33 is figuring out what might be the best they maximize their investment should Ho learning process that still taking because it's a very nice Insaaf a venture for traditional family offices top 10 mine from startup respected what is the value that a family of this brings to the table compared to traditional VC firm
11:57 - 12:33	0	en-in	0.92	3		in most cases family offices Amin are around they have a lot of entrepreneurial entrepreneurial talent in house right for them have Kidhar did the business in the current generation or had built business in a previous generation and therefore I use network they had much pickup the phone and call somebody and get access to think that otherwise would be very difficult for VC phone to do so if people we work with the family of the they tend to be a little slow in terms of decision making may not be as aggressive
12:34 - 13:34	0	en-in	0.92	3		ABC founder not be as aggressive when it comes to valuations ebc form I be able to give you but what they will afford and with what they will give you give your lot more than just money right and that's where that way you are you that's where an entrepreneur choosing a family office should be choosing a family office right don't to the family office just for the money right to the family of what they can provide beside the bed and because most of these Army officers that I have no operating businesses that are still operating at its old they have a massive network that didn't happen to write to a wonderful please water company that just IPL last year and they have a massive distribution network right Auli to do it be me to develop a product that have not available ko product and then leverage their distribution network to take a tour of the country right now most veces would not be able to get you the
13:34 - 14:23	0	en-in	0.90	3		but because we have a good relationship with that family Office Office was never be enough and we can be present work we have another one that has a listed nbfc which is a non banking financial corporation companies requiring a sort of early stage police adventure that situation and again we reached out we had a conversation got the LP and computer me and reported that they have founded a certain part of the company's operations using a venture that strategy and and and the company now get to expand on that additional debt capital and delayed the next round of funding the increasing the valuation now this kind of things traditionally would be difficult or just a b c reducer
14:24 - 14:45	0	en-in	0.89	1		printer same blood test upon the topic of multi-generational ventures and their or there are some concerns in fact in the industry that Army officers and non geared up for intergenerational birth transfers Deuce Deuce other concern is vowel or stature something out non-family of assisting about
14:46 - 15:33	0	en-in	0.88	3		again in in many cases and it is true that there is the Curse of the second generation enjoys in third third generation basically squatters rights for generation doesn't have to wealth that used to exist and you see that end of a globally as well and families that have 2010 have nothing to show for it in 2020 and again without going to surnames now
15:35 - 16:34	0	en-in	0.92	3		that was it reaches the concern and rightly so that if the current generation is building wealth and the next generation does not have to manager is not being taught to manage it then the building as well and thank you think that that is the thought that that realisation is a going to multiple people and and now actively engaged in the next generation in everything from taking over the operating activities to taking over in the investing activities are very India perspective but typically investing in India works as like this like a bit 12th right make all the necessary but to make all the necessary that of the true right so why should that person continue making investment decisions when they may be a really good operators were not very good manners of girl
16:35 - 17:35	0	en-in	0.91	3		generation might be a better allocator out there but for the longest time just because that's the way the patriarchal society in India was that one person with other incidents or distance from hiring the general manager for the business to business and also how to manage the fact that in the last 10 years there has been about three or four different measures cancer happen in India that have that did not affect the lower Strata of society but actually went after the family family bike ride a billion dollars is right now Stark family offices and in all people money and there are so many other platforms in nbfc is memory allocated for real estate project money has been put in stock and I think that realisation came in that the person mein
17:35 - 18:20	0	en-in	0.91	3		the return of the one allocating it is well they need to be a second second level of thought that that decide how the bills to be allocated and that it's time to leading to the situation today Singh next generation getting involved in the decision making the getting involved in in allocating valley getting involved in even the operating businesses and whether present continuous shutdown and he's all positive sign that in this if this can continue for the next 1015 year if you see a very different India having the number of 45 5370 officer in India think you might see a 10x growth on the underside if we can continue with this kind of thought
18:20 - 18:35	0	en-in	0.91	1		of the day does really get to you and it's good to see the changes coming about and that's great news for Industrial Research you previously mentioned earlier in the court as well that a lot of
18:35 - 18:56	0	en-in	0.89	1		family offices have traditionally been investing in North Star of space by debate in a commodity is so well thing in the way to find the family of his that aligns with his or her personal needs and philosophy from specific investments with respect to startups
18:58 - 19:05	0	en-in	0.85	3		if I understand your question correctly multifamily office joining multifamily office connector
19:05 - 19:11	0	en-in	0.85	1		think it could be a multi family office or a wealthy person being in a family
19:11 - 19:11	0	en-in	0.85	3		office
19:12 - 20:12	0	en-in	0.92	3		Swift dictionary again it depends from everyone stat situation from person to person but an

						Operating company from which we may call investments and we had another family office join us directly and then a couple can join indirectly by step instructions for them this is an I was managing the family office at all and every person to themselves their family office eventually became a major lb effect upon the GP also in a refund and their traditional ER public Kudi and listen to the typical check would be at least a million convert to million dollars and the rights to 50k in USA which is about to two and a half hours and and therefore I don't want that kind of Axis capital that is being forced upon me to deploy
20:12 - 21:07	0	en-in	0.92	3		because I want to feel very very kennel about the valuation began to write if I have a million dollars to deploy an evaluation goes up and up owning 60% of a business in servicenow so in that case this this family of a specific wanna talk about the allocated some capital for us as we want we want access to your deal close when this when these companies grow up I want to be able to write the two billion dollar check but why don't we set up a joint venture in a you whenever your investing glossary invest with you and you know what could be 121/122 what were the number is and then an and investments as a profitable than ourselves we carry this specific office
21:12 - 21:23	0	en-in	0.91	3		popular post offices and it and they became the largest LPG not found this
21:23 - 21:37	0	en-in	0.91	1		interesting novel the focus and talk about Arthur and explore that from International perspective what is the pieces in Philosophy behind your fund
21:37 - 22:12	0	en-in	0.91	3		in very simple we are the early stage institutional we see that coming that is looking to back from the real problem and that that want a non-traditional BC to come on the table to almost any way help them create ventures ko created that those guys that that was more than I have been operators in our previous Avatar report been Indian investors and we both worked with a number of Tata between both
22:12 - 23:12	0	en-in	0.90	3		150 plus of which will be seen six of them all the way up a unicorn and I think it was doing some Tally in the other day about 17 of the companies invested in a valued over \$100 a day so we learnt some aware of how to how to how to prepare for Bill debenture from a nice day early stage 2nd Stage and inability to building massive scale and also bringing the right investors at the right time and so when they're becoming the first investor reporting letter to 50k Trinity of capital and then as as the company grows and they need more capital we keep putting more more money all the way up the series will check in in in in India just just for the letters India seat comes first and then comes in AP series record so
23:12 - 24:03	0	en-in	0.93	3		KFC around to up to 1.2 to 1.5 million in series a we will not be the lead right we will find you but will write a significant chunk of the capital that is coming in the series that helps the entrepreneur is that they don't have to worry about fundraising for the next three years at least because we were found them as long as things are in the right direction and and when they when they go is a first growth around which is in India typical series around before 28 million in not read the entire amount of becoming the pre commit from the ceiling best for up to million to billion in half and added value right because most Zealand versus India Don 2 series video
24:12 - 24:38	0	en-in	0.93	3		whether that be there for the next three years we can ensure that the founder's focus on solving the problem instead of fundraising all the time and when we need the money will we have enough reserves in our fun 2018 all web series and even as she is able to do so will look into back onto that that need that and I want to
24:38 - 25:12	0	en-in	0.93	1		speak about 17 startups + million dollar valuation in which is great for early-stage fund and something and BC is well and we looking at and of IR share with us your details are How such a deal comes along that you stumble upon something like that today which river clean that always I guess what I'm ready Curie
25:12 - 25:19	0	en-in	0.90	1		to understand is what differentiates between a regular investor from a great one and what is the process that a follow
25:19 - 26:10	0	en-in	0.90	3		we were part of a cord when University set up by Robin and Ravi most something wrong 2012 and h i was part of the selection council council for this early stage accelerator so so so I was at the India India England match for the T20 World Cup Sri Lanka and West and husband book hotel room so expensive and then I found this interesting to website for a b and b at a time and that that an apartment three rules and in a high-rise which was owned by doctor and when I went to Colombo
26:12 - 27:09	0	en-in	0.92	3		doctor house and it was in this doctor was just so Gaga but in a way that it so easy and and we have people stay here very interesting people stay over time and we been having so much business building next to the floor on top of this on top of my building 22 how smoking of a bi at the club but I was having a lot to the US for some social work and while I was there in Dallas against in Adobe animate in Indian guy who owned A apartment T20 live that and whenever PNB booking what happened you would go and their States Government house and the beautiful Apartment mean if I had booked Hotel of this size and my parents were company at the time of cost at least 6 \$600 for night in Dallas and \$50 and again
27:12 - 28:12	0	en-in	0.91	3		what is this and I was a very early investor not not somebody Vellore Experience so when I went back to India won the first venture that Pittu Pittu us as as the mentoring at the selection Council was Ritesh company coronavirus at that time he was trying to build corporate air bnb model what is thought was that instead of just tourism and tourists that want a and b model and it would enjoy something outside the hotel experience this awesome SBI Corporate travelers developer experience that travel to Different cities and so you want to build a thing or two level which should be operated bmd and and I was extremely excited about it because I had just seen the condom pack abs be had all the way from Colombo to Dallas to write so I I was
28:12 - 29:10	0	en-in	0.93	3		took to invest in the company I didn't and and it didn't matter to me that I was 18 years old but some of the more experience in that with us in the in in in this selection Council said in history 18 what we know how can we just somebody that so Kyon and how do we know that is actually follow through so much does a couple of things that to me true but eventually investment happened and what are the things we did that is provided after investing with capers and became one of the guys mystery shopping centres and properties and telling him you know what exactly was happening at the property level was what I know it was being talked about in Hindi in the boardroom and I think that's one of the better ways that an investor can can help me
29:12 - 30:12	0	en-in	0.91	3		was that I took care of you know what is happening on Main Street was in a congruent with was talk me talk about inside the corner from oyo rooms after having personal experience of visiting visa in two star property records in India where was used up discrepancy are two star 2 star property in econolodge write the motives that India will not have a branded Motel 6 play across the country at the time so it would happen if any cronologia to star in in Delhi who provide knowledge to star in Mumbai from the same same price for the same to star in a Bangalore for what it is it was decided that is
30:12 - 30:33	0	en-in	0.93	3		standardized interspace in the country and then create one brand that only the 3 things it was like a to clean room ever get free Wi-Fi give free breakfast and I was a and an offer that that that I am wait because I was in need of the hour and minute and history has been written evidence
30:33 - 30:45	0	en-in	0.93	1		for the VC is it being at the right place at the right time and for the start of the box surrounding yourself with the right kind of investors who add value and impact along the way
30:45 - 31:12	0	en-in	0.93	3		to say yes to everything you say you want to be opened but you also want investors to questions and that you have good enough pieces that you can defend yourself or Orbit cables that you will auto that teaches if you find a better idea write anything even today I mean even today is easy his
31:12 - 31:42	0	en-in	0.93	3		the game that you know that he'll never disregard any idea he will give every single Idea respect to him every single suggestion given time he was given it if you have any form or not is it that that's a good thing altogether because that's it is nice to make at any other person but but we have endeavored to everyone's opinion and then making a decision that that's a very unique quality of sound and that's what I think Ritesh as beautiful as
31:42 - 32:07	0	en-in	0.93	1		I've spoken of by previous under 5000 hi mention two things we mention that is a lot of respect

						among species for young entrepreneurs and the other side is also the respect for young telia we think that said that a change that we're seeing the various industry not properly but also in India and a very interesting to me
32:12 - 33:12	0	en-in	0.91	3		come out multiple Consulting firms in 20 years into a corporate then you come out and you try to work on a Startup its it is like taking you when you came Ultimatrix light choke on themselves right issues and and I think until Vinod km long been a tremendous issues with in recruiting and keeping people around that had been in a corporate for more than five years because it uses and Lifestyle write in a popular another is there is there is a job description the things that were told to do and everything everything has boundaries right when you what everybody is do everything and sometimes the Founder is is is the guy dancing answering the customer service line and Guy helping to in the toilet and the guy who tried to INR
33:12 - 33:51	0	en-in	0.92	3		8A battery for the coffee machine and and many people that have been said copper to long find it difficult to to deliver that night and the same thing happen with even though we see that in some of the sum of the finance managers that have been in a veces in the past and strain rate this sounds were coming up in because because they are the traditional you know it I can use a different level of BC which is very young is available
33:51 - 34:12	0	en-in	0.92	1		to all of them so I want to live with your and in a polara ko that's that you're given and where are you mentioned you want to be 10 to 15 micro venture micro VC funds that invest in different verticals are satisfied that Artificial intelligence with using the same sad started getting in url rewriting smollett
34:12 - 34:39	0	en-in	0.91	1		money to follow on in in in the subsequent travels with very low operational costs and focusing on making money from that interest you want to say that why are traditional VC firms in the making Steel investments themselves or setting up more micro VC extensions and Other Side using microwaves is being a threat to institutional investor is an opportunity to diversify those investments
34:39 - 35:11	0	en-in	0.91	3		model has undergone a c h a n right ever since you had this mega massive vision for that came in from came in and this is also an angle of the metal base billions and billions of dollars of capital and they not applying it so I want comment on that space that
35:12 - 36:11	0	en-in	0.92	3		the space that we invest into but because of what happened over there it is often it was not happening on the bottom side of the larger BC is actually graduated a promise series a to be more of a series b c can do the thing and draw the traditional seed seed visa fee graduate to series switch which with letter A very interesting portion of said open now there is an issue when you compare that to there in a multi-billion dollar funds are the last 5850 ke check no matter what can be done that that gives email 1100 return on that would return 25 may not make a Dent to to the overall data super them to write that check itself is is is is it more is caused by the check the return the recruitment
36:12 - 37:06	0	en-in	0.92	3		problem violets and the company the following brown at whatever reasons why does not want to put in the following the same no for it said no to follow on which are the VC in town metatarsal so that the setting of support structures has a surgeon and and multiple different bases and setup different different structure of backing different structures with the saying about why don't you guys go into the slot in right and Bhumika returned because we are on the LP list of B with backing and you know if not directly and indirectly and then once the company credit trade graduate that knowledge of funds can come in and put in the 10 million dollars is required for the growth for the growth slide that strategy
37:12 - 38:06	0	en-in	0.91	3		right for the investor right Micromax is traditionally a much smaller so they have less partner's they have less operational cost 24 l a lot less expenses and going into investing I also believe the microwave allotment Gambler because the right to take some time going to the process season and the two materials and their investment is no that to get approval so ICICI structure as probable to grow at the expense of Institutions but probably as a subset of what's up of what all happening in the ecosystem visit us in the demarcation between the small check writers and the message writer and was easily and eating out of raising the 100 to 500 or false true
38:12 - 38:25	0	en-in	0.80	3		like like to be to write the 250 kg so I think both micro VC and the large VC format Eating Out of the market
38:27 - 38:53	0	en-in	0.93	1		that actually worked out is because the last five or six years and mention this previously episode 110 market is God higher and higher and from that point it eventually become difficult for fund managers to differentiate themselves when they sat down market microwaving fund or be the growth stage for under any fun that you are how do you see that laying out and fun performances in the future
38:53 - 39:27	0	en-in	0.93	3		because they small it must pick up for them to deploy the capital and then they also able to rotate capital and explain why most of the time micro b s is globally forward follow to format that they have high stakes for the following a screenplay format where so if you're going to take the Titli small size 1 study million to baby 50 million
39:27 - 40:27	0	en-in	0.93	3		Bade on average about 20 to 25% of the footwear company so that means is that if they have a single portfolio company lessons to the 31 aur example and if if the average is 25% and their portfolio all this is an excellent 120 to 150 million 10 12113 login page of the entire fun and everything else that that investing into his profit game right or a 3% in every company they have 200 companies investing in today not providing they not only providing a lot of value may be as an Operating the sea but what they are doing is that because they are there such a huge winners will take care of a given character is have worked and what strategies have married B officer follow the one baby very small fund very
40:27 - 41:26	0	en-in	0.91	3		today we end up owning a 25% in our portfolio now that really made a mistake in selecting companies that can do the process should be able to return it is the capital back there that could be a lot of questions will be invested as a family office b b apply the same strategy but but enough doesn't require a billion-dollar exit for a micro VC funding 25% Udaipur return capital investors and each one of them is 1540 mil right but you want to be warning about 5020 % of the portfolio Amin 20% on interim government of Bond in Hindi dubbed
41:27 - 42:17	0	en-in	0.88	3		exit just returned capital back right it's just the pure Mathematics now how many people have actually has a billion-dollar exit in the world investment company and exit at oberlin evaluation and return I think you'll see a lot more people gravity gravitating towards the micro BC model with realistic because there is even a billionaire exhibit on 627 X 18 x versus in a large wishes for madam I will deploy a \$50 check into a large PVC for but if you really have to who proposed building unicorns
42:17 - 42:27	0	en-in	0.88	1		interesting this with this is well this is because I think about the town market share of things and
42:27 - 42:40	0	en-in	0.90	1		about value of x can perform inside you please share your insights on the earth and rapid fire questions for family of his perspective what do you bodyguard yourself in the context of Sustainable investing
42:40 - 43:04	0	en-in	0.90	3		after the separate the money making the charitable side should we invest the part of our exhibition to INR to charities and to impact investment but we don't worry I don't have to make it
43:04 - 43:08	0	en-in	0.90	1		one sector India that your super bullish about and
43:08 - 43:27	0	en-in	0.90	3		Y2 B2B companies from India market comes to patients so mote it be completed two variable in India they are able to build a revenue or a business model that
43:27 - 43:52	0	en-in	0.91	3		low operating costs and when they go abroad to other markets where there is a lot more realisation for the same service or product but that caused almost remains the same right because the operating out of India and their product that can be grown up in that environment I think Indian B2B companies are gonna go to
43:52 - 43:59	0	en-in	0.91	1		be that you are excited about space

43:59 - 44:10	0	en-in	0.91	3	sector but I don't interspace any indian sized company whether it be otherwise is no 2
44:10 - 44:17	0	en-in	0.91	1	and one thing that you like to change power venture capital investments in India
44:17 - 44:25	0	en-in	0.91	3	the amount of time it takes for
44:27 - 44:40	0	en-in	0.92	3	I think that you completed with itself by the way in India exercise
44:40 - 44:44	0	en-in	0.92	1	what is the average time that you take from first conversation in the close of the year
44:44 - 45:27	0	en-in	0.92	3	that because a lot of these entrepreneurs are managing committee for the first time and they've been on the company before your to keep up with all the paperwork that needs to be nice to meet our quarterly reporting of the quarterly board meetings and account to adjust the list of enough to pay fine and you know it is it every single time I don't know I am that everything is in order that everything went for the money can quickly and every single time the writers write an adding I think that if the government to just make it
45:27 - 45:38	0	en-in	0.92	3	what is guys in our to manage the company is the udp it was cut down our deployment time by 30 to 60 days
45:38 - 45:49	0	en-in	0.92	1	that such that point that koi number in the 2020 contact I want to complete this sentence alternative asset allocation will be the year of the
45:49 - 46:27	0	en-in	0.92	3	interesting general getting catalyse the what happened the coronavirus at this time money and lead to very interesting time for this new venture is coming out they might not be able to find capital as easily as a God for the last 2-3 years and other
46:27 - 47:26	0	en-in	0.90	3	there is a lot more adventurous coming there are looking for money that people providing the money and is a pretty good time to invest in West if you are looking to be in order to investing or if you order your I hope our focus on two things focus on on how much you need right and focus on the water from and let everything else take care of itself the start of the focus on valuation and and and other hygiene factors miss out and spend alot more time fundraising then then try to deploy the money Ashok I will be the only place that uses of the time is which is it better to on 10% of watermelon with 80% of a great
47:27 - 48:20	0	en-in	0.93	1	I think it's a great note to end this podcast on but one thing I do regret is I didn't get a chance to explore renewable energy and get your perspectives on that but that just gives me an opportunity to bring you back on the path as some time later and just talked about anyone had declined know that space that you made investments in that your area of expertise will get you back some time later on the Pakistan will talk about investments in this space in C drive is write I am from a former VC perspective that is so true that's one of the ways that you really identify and and find another of the next big thing and from a star perspective view of the right people so I am pretty sure this valuable insights really thank you so much for your time
48:27 - 48:36	0	en-in	0.90	3	are investing and dressing style and hopefully one of these days we can invite you to invest in a few of aamanrit
48:36 - 49:09	0	en-in	0.90	1	billionth episode I simply loved it wasn't great in size back to the from what family offices bring to the table outside of capital to Ham micro vcs root 8 capital first bank additional funds I hope you enjoy it as much as I did and if you did and after listening and really wish you are I hope you can read review and subscribe to the podcast as we bring you more amazing insights and perspectives in the world of venture capital in India
49:09 - 49:12	0	en-in	0.90	3	again next week

Configuration

Audio

Audio file	View file
Encoding	MP3
Sample rate (hz)	44100
Channel count	2
Transcript	View file
Billed audio minutes	47.75

Transcription options

Language code	en-IN
Transcription model	default
Speaker diarization	Enabled

Model adaptations

[VIEW ALL](#)

No information to show.

Transcription

Time	Channel	Language	Confidence	Speaker	Transcript
00:00 - 00:59	0	en-in	0.91	1	hello Abhi Bariyan working to the 10th episode of the day CBC Potter I know it's been 10 weeks now and I had such a great time speak to investors investing in tech startups in India check out the others are you listen to them all and so can some great insight on the startup ecosystem and advise on a bunch of subjects including fundraising structuring and scaling early stage company is among others went to market 10th episode today I have with me Abhishek Prasad the Managing partner at cornerstone venture partners and early stage fund office and tracking Technology enables both in India and abroad Abhishek is an IIM B alumnus committee member at NASA Tom and SPB sing spearheaded the investment team at gennext ventures fund part of Reliance Industries Limited without wasting any more time let's jump straight into the episode listen to
00:59 - 01:18	0	en-in	0.86	1	from Abhishek Prasad travago so Hai Abhishek thanks for joining with there is a pleasure to have you on this show was
01:18 - 01:18	0	en-in	0.86	2	going
01:20 - 01:28	0	en-in	0.91	2	very good Aakash thanks for having me and disturbing person doing something like this so I am in it
01:28 - 01:52	0	en-in	0.91	1	that I am glad to be the first one to watch this show in due to venture capital and its impact on story about how can estimate that be great along the way but I love you know how your whole career began in order to come along to way you are today
01:53 - 02:26	0	en-in	0.89	2	absolutely happy to share so basically I started As a Software Engineer is most kids in India doing this is some twenty years back and soon enough government when MBA is primarily doing management consulting after that and spent a few years with the exchange of flavour of transactions and
02:26 - 02:27	0	en-in	0.89	3	investments
02:27 - 02:53	0	en-in	0.89	2	I also enjoyed the 4th hour of the Boston academics again was surprised a lot of ELU headlight Mainu having a very very interesting and eportfolio and obviously got me and Rajiv Bhai ko father was also part of the same ecosystem he was
05:41 - 05:42	0	en-in	0.91	3	leading partnerships
05:42 - 05:53	0	en-in	0.91	2	for Reliance And Gen next point thinking about him why don't we do this cell season of value to be created and that's when we could use Kaun
05:53 - 05:59	0	en-in	0.91	2	stone 200 sometime in 2017 is when we started thinking about it in 2018 is
05:59 - 06:01	0	en-in	0.91	3	we close the fact that
06:01 - 06:14	0	en-in	0.91	1	creates a colourful journey thank you so much for porting request ability to follow up questions the first one he not improve yourself to UC entrepreneur making better we see is because of their experience
06:16 - 07:16	0	en-in	0.91	2	night we can generalize Aitbaar entrepreneurs definitely make for better people to engage with portfolio companies or other entrepreneurs understanding what they going through and you know it probably hand holding them working with them more mentoring them to the journey that as a lot of would save value add on value and that's what you're probably not looking for the from that perspective from an investor companies prospective posture and we see who's been an entrepreneur is probably a good guide have alongside you in obviously not taking a popular finance dies Who can also help in various other ways in terms of how do you dizzy Wright and capital in all that's probably a good mix
07:16 - 07:31	0	en-in	0.91	2	do and may be worked with funds to have both of these elements with them and I think most funds to many many veces VC funds actually have 156 OLX as well as
07:31 - 07:33	0	en-in	0.91	3	finance visit site so
07:33 - 07:46	0	en-in	0.91	1	great s s follow up to that was what value does a copper to ab startup that is different from an angel or traditional venture capitalist from your experience
07:46 - 08:16	0	en-in	0.91	2	and we were talking words g v c l i like what you guys are obviously you're talking about bringing all your help is what large corporations to the start of the biggest value added for a corporate we see it depends on who you are if you are a standalone corporate this doing one business
08:16 - 08:53	0	en-in	0.91	2	1 industry enoscope cats Limited Indian startups to work with this problem see you as a customer or as a partner and as a custom event when you can be as a Cooperative direct user of that sort of innovation and other partner when you cannot take an example of an accent Avengers way you can take the startup to hundreds of your clients right so lots of market access lot of customers access and ability to really scale quickly and good market and that's what a comfort to sea breeze and which is in
08:53 - 08:53	0	en-in	0.91	1	value
08:54 - 09:07	0	en-in	0.81	1	another valuations and evaluations and the pricing of around itself a different when a cop gets involved was is an institution venture capital when they way they are looking at investments that doesn't not

07:16 - 07:31	0	en-in	0.91	2	do and may be worked with funds to have both of these elements with them and I think most funds to many many veces VC funds actually have 156 OLX as well as
07:31 - 07:33	0	en-in	0.91	3	finance visit site so
07:33 - 07:46	0	en-in	0.91	1	great s s follow up to that was what value does a copper to ab startup that is different from an angel or traditional venture capitalist from your experience
07:46 - 08:16	0	en-in	0.91	2	and we were talking words g v c I like what you guys are obviously you're talking about bringing all your help is what large corporations to the start of the biggest value added for a corporate we see it depends on who you are if you are a standalone corporate this doing one business
08:16 - 08:53	0	en-in	0.91	2	1 industry enoscope cats Limited Indian startups to work with this problem see you as a customer or as a partner and as a custom event when you can be as a Cooperative direct user of that sort of innovation and other partner when you cannot take an example of an accent Avengers way you can take the startup to hundreds of your clients right so lots of market access lot of customers access and ability to really scale quickly and good market and that's what a comfort to sea breeze and which is in
08:53 - 08:53	0	en-in	0.91	1	value
08:54 - 09:07	0	en-in	0.81	1	another valuations and evaluations and the pricing of around itself a different when a cop gets involved was is an institution venture capital when they way they are looking at investments that doesn't not
11:40 - 12:09	0	en-in	0.93	2	interesting questions and now were cornerstone have seen this ecosystem what we believe has changed share and why we think there is a place for unique pieces and how things are transform going forward about the Indian ecosystem search and how did the first bencher species
12:09 - 12:18	0	en-in	0.89	2	excited about India it is really macros to use consumer market big population demographics and think like that
12:18 - 12:21	0	en-in	0.89	3	English speaking
12:21 - 13:09	0	en-in	0.89	2	good adoption tension at a potential and talking about se 2010 to 2014 15 and at that point if you look at the act apprentice primarily to models are copy models which were just enough being copied from the west of successful models to come primary b2c investments in hey this work there in canva care and leads to the same thing and over 4 years eating a lot of those opportunities in abs got completely and undated with various startups emerging there and Lord capital going 2015 16 a lot of those things started feeling 16 was
13:09 - 13:53	0	en-in	0.91	2	lower for PC in India right of \$100 in BBC models and worked at the same time if I compare what is happening in B2B at that time B2B as an ecosystem or as an opportunity basic not get involved in India because India if you look at what kind of talent pool is emerging it's really coming from the services market right you have large IT services companies and folks have been there in the coming at that level of service driven models emerging and fewer productive in models in B2B during
13:53 - 13:54	0	en-in	0.91	3	that time
13:54 - 14:04	0	en-in	0.91	2	but what this entire Frenzy lead to loss of Exo being written in b2c and to startups which was set up
11:40 - 12:09	0	en-in	0.93	2	interesting questions and now were cornerstone have seen this ecosystem what we believe has changed share and why we think there is a place for unique pieces and how things are transform going forward about the Indian ecosystem search and how did the first bencher species
12:09 - 12:18	0	en-in	0.89	2	excited about India it is really macros to use consumer market big population demographics and think like that
12:18 - 12:21	0	en-in	0.89	3	English speaking
12:21 - 13:09	0	en-in	0.89	2	good adoption tension at a potential and talking about se 2010 to 2014 15 and at that point if you look at the act apprentice primarily to models are copy models which were just enough being copied from the west of successful models to come primary b2c investments in hey this work there in canva care and leads to the same thing and over 4 years eating a lot of those opportunities in abs got completely and undated with various startups emerging there and Lord capital going 2015 16 a lot of those things started feeling 16 was
13:09 - 13:53	0	en-in	0.91	2	lower for PC in India right of \$100 in BBC models and worked at the same time if I compare what is happening in B2B at that time B2B as an ecosystem or as an opportunity basic not get involved in India because India if you look at what kind of talent pool is emerging it's really coming from the services market right you have large IT services companies and folks have been there in the coming at that level of service driven models emerging and fewer productive in models in B2B during
13:53 - 13:54	0	en-in	0.91	3	that time
13:54 - 14:04	0	en-in	0.91	2	but what this entire Frenzy lead to loss of Exo being written in b2c and to startups which was set up
10:09 - 10:29	0	en-in	0.92	2	large big market opportunities have already went after so what you're looking for now is really Innovation and opportunities where this kind of models are emerging which are transforming
16:29 - 16:32	0	en-in	0.92	3	traditional dances and I
16:32 - 17:00	0	en-in	0.92	2	think from standpoint that freezes over where there was you wanted to come to India and do this and I was recently in a Cell meaning of 5 fund of funds and Friday sale India story and what have you everybody knew that this story does nothing new about people had exposure to India already Global Institutions already taken that exposes
17:00 - 17:01	0	en-in	0.92	3	so it's
17:01 - 17:08	0	en-in	0.92	2	that is done and I think you now in a more mature face in a more interesting and evolve face
17:09 - 17:11	0	en-in	0.91	2	which is website for us
17:11 - 17:57	0	en-in	0.91	1	so much happiness and plaster to to learn that there is no for more accurately exist and people are already aware about that it's about time I like you I like to think that you actually race in that in your answer when you mentioned about solving problems that cannot be started the sorry plants that they've probably and it also something that stood out on your website to me was that you meant it mentioned that your fund invest in passionate found it's so sure what are some of the essential qualities you look for in a great founding team and a follow-up to the same question is other than the founding team what are some of the other things that are cute
17:59 - 18:59	0	en-in	0.91	2	show equation and I think think market product feed of these things but if I have to give you are thought process setting will look for three things in the founders of sound founding team of cost you want a product market where do you want a product which is already got accepted the sum of commercialization specially when is going early-stage you still want customer validation so that of the one but I think what matters to us more is the founder of market fit which is does the Founder come to the domain does we understand this has seen this in a problem himself as he dealt with themselves and that's how you know how to really solve it right and that's your second hand this is not limited to go to the ki founder but also the founding team or even the team one Level below to find a market that is something you would be cared about

18:59 - 19:59	0	en-in	0.91	2	starting with B and this is an interesting conversation that we keep having in our teams is the founder of fund fit your times as an investor you see an opportunity to see you space to get super excited about it and what we also name it is a founder of vision versus in investor imagination right to the founder's building something and investor jump scene and says a week in 27 other things I'd and its Builders and lets build that in this will allow all times we see that the founder's become yes man saying yes sure of course will do it and I am excited with your vision and with your imagination and those things normally the guys try and get a cheque from you in is gonna say yes of course this do it a lot of times you know once the money goes in the founder
19:59 - 20:55	0	en-in	0.92	2	non veg not his own party does what he wants and the investor goes in with his own Expectations in 27 other things and that's what does Gaya believes in writing that creates a lot of bad blood after the investments have therefore our effort is really to ensure that we sign up on the founders vision and we all work towards a direction which leads to that an obviously it's a meandering path which leads to a common and goal but right from day one we don't wanna know we put our ideas into the founders headsminds doesn't mean we don't work with them in setting the direction of the company are the goals are the ambitions of the company but honestly we want complete sign of and I think we are very careful about trying to bring the Founder to a certain
20:57 - 21:32	0	en-in	0.92	2	ambition rather than infoservice layout for them and eventually there is no alignment methods we get aligned with them or not is one of the biggest decisions for us and we invest at saying that ok I want to take it somewhere else we in our hearts feel differently and if we are again or get down to say no to company actually layouts in that this is why we think you won't be doing this and if you ever go in this on this path and we see evidence that and we can pick up the call
21:32 - 21:33	0	en-in	0.92	3	point
21:33 - 21:39	0	en-in	0.92	2	it's something that's very important to us and think we've been continuously working on on that aspect
21:39 - 21:43	0	en-in	0.92	3	that I
21:43 - 21:56	0	en-in	0.92	1	love the party and I've had a lot of VC is another podcast setup a little bit about it they mention that sound the reasons for startups by void if there is an over involvement from
21:57 - 22:33	0	en-in	0.92	1	VCR summary on the board and that can cause them to pivot vary drastically and that might end up in a failure in the Philippines them shutting down on them not being able to taste great point the tracks email and I'd like to highlight this point that the founder of unfit I am ask this question some other people as well and it very interesting that you mention this I am very cute and Furious to explore and time to see and V I also see how many other people have to think about a fund that the product founder and end of an interesting to me
22:33 - 22:34	0	en-in	0.92	3	your
22:34 - 22:45	0	en-in	0.92	1	experience how in how involved should and must be what is the ideal scenario for an investor investing in a listed company
22:47 - 23:47	0	en-in	0.91	2	excellent question and I think about what we are thinking about such a most of it used to be lead investors in where we're leaves we like to be on the board because that's one way to ensure that folks at partner level or director level are working and engage with the founders in a Framework which at least they do that because a lot of times everyone's busy with the pace of their own ears and activities and that becomes a little bit challenging on how much time you are able to commit to your founders and at least having that can a Framework helps you do that your portfolio teams are actually working in office 365 the founders of the startups that more in MIS level interaction and your time is tracked the performance of the company and Google Scanner
23:47 - 24:47	0	en-in	0.92	2	meaningful conversation S happen we in fact apart from board meetings which are ok framework7 Lil bit more formal and obviously a lot about governance and compliance we also do a partner found a kind of a catch up as frequently sometimes as 45 days try to ensure that the kind of interaction is ongoing and the Founder has enough options to Bounce of the ideas because obviously when you started things are changing automatically and very quickly and a lot of times you need to take certain decisions and it's important for you to have somebody to outside of one of the things that we trying to build is coaching network network which takes this way beyond just the funds partners and directors actually takes it to a bancha Re senior Fox
24:47 - 25:47	0	en-in	0.91	2	in the ecosystem from the industry and again these are all optional for foundation coming to our portfolio nothing at the end what's the cost and the most important thing is that we continue to believe any value system perspective is that we have to be able to give our founders Are investors enough comfort for them to be fully transparent with us if we see that you nowhere scaring the armorial over in Wardha we have a very negative attitude then we will soon be getting a lot of filtered information which is something that can make us never sing a heavy don't want to hear the bad news first you want to know what's wrong so we can all work towards it together and that's that kind of comfort
25:47 - 26:13	0	en-in	0.89	2	is very ki for a sign that something that we when we constantly working on a gain access to summarise the seeds are something that we like to take but I think we want to be very friendly investors and guys who you want to go back to and fall back on whenever you have a difficult decision to make and you feel feel comfortable in transparent about what you
26:13 - 26:14	0	en-in	0.89	3	doing that
26:14 - 26:25	0	en-in	0.89	1	touch screen so what are some of the areas that you are investing aur Saudi areas to get excited about this year and and necessary problem on my end at some time in
26:25 - 26:26	0	en-in	0.89	2	2020
26:27 - 27:27	0	en-in	0.92	2	carrying broadly we define a thesis as investing in take enablers of business you are primarily the packing b b models which are easily scale vichar sustainable vichar solving real business problems and leveraging technology to solve business problems in broadleaf I classified as we talk about consumer Tech enablers which are Technologies which are helping consumer businesses to battle it is helping them understand a consumer's better engage with them better and go deeper into the into the pockets of the consumers engage with them leverage in technology and elsewhere in this believe any value system perspective is that we have to be able to give our founders Are investors enough comfort for them to be fully transparent with us if we see that you nowhere scaring the armorial over in Wardha we have a very negative attitude then we will soon be getting a lot of filtered information which is something that can make us never sing a heavy don't want to hear the bad news first you want to know what's wrong so we can all work towards it together and that's that kind of comfort
25:47 - 26:13	0	en-in	0.89	2	is very ki for a sign that something that we when we constantly working on a gain access to summarise the seeds are something that we like to take but I think we want to be very friendly investors and guys who you want to go back to and fall back on whenever you have a difficult decision to make and you feel feel comfortable in transparent about what you
26:13 - 26:14	0	en-in	0.89	3	doing that
26:14 - 26:25	0	en-in	0.89	1	touch screen so what are some of the areas that you are investing aur Saudi areas to get excited about this year and and necessary problem on my end at some time in
26:25 - 26:26	0	en-in	0.89	2	2020
26:27 - 27:27	0	en-in	0.92	2	carrying broadly we define a thesis as investing in take enablers of business you are primarily the packing b b models which are easily scale vichar sustainable vichar solving real business problems and leveraingna technologov to solve business problems in broadleaf I classified as we talk about

						consumer Tech enablers which are Technologies which are helping consumer businesses to battle it is helping them understand a consumer's better engage with them better and go deeper into the into the pockets of the consumers engage with them leverage in technology and elsewhere in this everything that's ki bucket forest S market is closed enterprise business intelligence is what we look for in this is typical flash but they are very vertical focused on this opportunity is focused
27:27 - 27:27	0	en-in	0.92	3		in
27:27 - 28:19	0	en-in	0.91	2		particular industry on a particular vertical going deep into its vertical surfaces as large bucket that we are investing in and thirdly in experimental capital will go into what we call sportek detect Foundation attack which are typically platform play we don't see too much of that coming from India and therefore these opportunities we may be investing Aur Ko investing with respect yourself in the US so sometimes Israel is still trying to evaluate this for this could be a small part of our portfolio if you look at the discretion of the portfolio cross Industries it's in a file in a problem 5 key Industries tapping into its retail E-Commerce enables 120 s s
28:20 - 28:28	0	en-in	0.92	2		two-thirds of districts in supply chain the Forts is Healthcare and the 5th of cost is enterprise
28:28 - 28:29	0	en-in	0.92	3		so
28:29 - 28:56	0	en-in	0.92	2		all our investments will fit into the pockets and investments today in retail E-Commerce in fintech and Enterprise so this year we will be looking at some few more investments in logistics and supply chain and some in healthcare but we still have room for all other sectors is well we still building eportfolio holidays for also all these five
28:56 - 28:59	0	en-in	0.92	3		areas are excited for this point
31:03 - 31:03	0	en-in	0.91	3		customer
31:03 - 31:12	0	en-in	0.91	2		it's it's very simple that means a deuteron and of impact to get enough value from the customers and that becomes
31:12 - 31:23	0	en-in	0.93	2		allergens point saying bad what is the average customer value average ticket size you get from each
31:23 - 31:25	0	en-in	0.93	3		account anyway that's
31:25 - 32:12	0	en-in	0.93	2		anywhere in the thousands of dollars a year it doesn't make any \$5000 \$10000 doesn't make any sense to a scene at ok not even making and \$200,000 impact and therefore the guys paying you \$10000 impact will be looking for is probably in the millions and the kind of value you get from each customer should be in hundreds of thousands of dollars and that's Avicii opportunity to scale so if anyone is looking at opportunities in India visa for in few hard to come by these are the opportunities that I think now meaningful in India and that it would be looking for because when you talk unit economics when you talk sustainability this I think the
32:12 - 32:15	0	en-in	0.89	2		mechanism behind doing that
32:15 - 32:16	0	en-in	0.89	3		is
32:16 - 32:27	0	en-in	0.89	1		very interesting so in that scenario in that case how do you mitigate against false positives and false negatives especially in the B2B space
32:29 - 32:33	0	en-in	0.67	3		it's great question and I think
32:34 - 33:34	0	en-in	0.91	2		false negatives first I don't know that you probably already lost them and standing right in the false positives you got them in your portfolio a working through them you're working with them and I it's probably a failure of due diligence process which actually lead to that happening to ensure that some of these metrics and if not we are fairly I was a mature enough to take care only right office in thing in fact we believe that our time and effort energies are limited and we can't be spending that behind companies which are not scaling and that doesn't mean that you know which is this an entrepreneur but if you give me an option
33:34 - 34:26	0	en-in	0.93	2		where would I spend most of my time then go to spending most of my time behind winners between US and obviously a team of 9 people will also increase that too too many more maximum 23 more people and you got a manager portfolio 30 companies 40 is what have you are the focus your efforts on on the 20 companies of 15 companies are you do way you continue to believe in what they building and where can I get bigger check advance So Ja So that's how I think we work with and its natural outcome to have a false positives and false negatives in both cases something that you one needs to learn to deal with and
34:26 - 34:27	0	en-in	0.93	3		accept
34:27 - 34:34	0	en-in	0.93	1		pointing and subject to what are some of the reasons why investors fall in love with you
34:34 - 34:37	0	en-in	0.80	1		don't tend to succeed in the B2B
34:37 - 34:37	0	en-in	0.80	3		space
34:39 - 34:42	0	en-in	0.92	3		are Inc it's
34:42 - 35:16	0	en-in	0.92	2		there is a huge twice all how many other frameworks to main built and how many into several interesting diligence point you may have for example we do something called is customer delete path legal financial legal and financial partners to Commercial something our teams to which is your speaking to your the founders customers suppliers existing investors teams what have you vendors or
35:16 - 35:18	0	en-in	0.92	3		lac and
35:18 - 35:27	0	en-in	0.92	2		what we also like to do is Kamal is a customer deleting user diligence saying that lets take a 2122 users who are potential uses of
35:27 - 35:29	0	en-in	0.92	3		Technology especially when
35:29 - 35:39	0	en-in	0.92	2		it's B2B and get their feedback on this law times in the user actually become the customer for the company whether we went to invest
35:39 - 35:40	0	en-in	0.91	3		not that company
35:40 - 36:39	0	en-in	0.91	2		that's very critical part of the feedback that we do our best to ensure that b is that come in especially
34:37 - 34:37	0	en-in	0.80	3		space
34:39 - 34:42	0	en-in	0.92	3		are Inc it's
34:42 - 35:16	0	en-in	0.92	2		there is a huge twice all how many other frameworks to main built and how many into several interesting diligence point you may have for example we do something called is customer delete path legal financial legal and financial partners to Commercial something our teams to which is your

						speaking to your the founders customers suppliers existing investors teams what have you vendors or
35:16 - 35:18	0	en-in	0.92	3		lac and
35:18 - 35:27	0	en-in	0.92	2		what we also like to do is Kamal is a customer deleting user diligence saying that lets take a 2122 users who are potential uses of
35:27 - 35:29	0	en-in	0.92	3		Technology especially when
35:29 - 35:39	0	en-in	0.92	2		it's B2B and get their feedback on this law times in the user actually become the customer for the company whether we went to invest
35:39 - 35:40	0	en-in	0.91	3		not that company
35:40 - 36:39	0	en-in	0.91	2		that's very critical part of the feedback that we do our best to ensure that b is that come in especially when you meet a founder when you look at a space law times it relates to your life to what you see in the photo Industries you work in and you think that the hey this is a big opportunity and whatever else you may have a round admission and liking a particular founder of loving a particular opportunity and you may just convince yourself towards putting money into it but if you build enough frameworks maybe some of those devices can be eliminated and cute 1 in our feedback before you make those investments that they can be like summer not like some in a lot of times you know you made its like something which is very interesting just because of a certain code
36:39 - 36:44	0	en-in	0.80	2		Windows can you think I think the more you can eliminate the better
36:44 - 36:45	0	en-in	0.80	3		its
36:45 - 36:47	0	en-in	0.80	2		but
36:50 - 37:49	0	en-in	0.91	1		the am on the same pages you are when you know when we speak to companies are there companies intelligence which I do customer with customer reference cause we try not to speak to investors were participating in the ground and why and what excites them really train mitigate those in other reasons as to why we might end up in a company that I'm not really have in the teacher 62 Vitamin C and time taken to resources Paswan speaker people and expertly Dastak might be able to give those inside that we might not have maybe because it's a technical product we don't have too much it technical expertise in that space or it's just something where main bhi tahsildar competition and the same time it is hard competition this a lot when was backing it for the reason written on the investigators reasons to really find out why we should be ko investing with somebody so I am in pages you on that so I would like to head towards a light a part of the podcast by not understand
39:20 - 39:20	0	en-in	0.92	3		whatever
39:23 - 39:41	0	en-in	0.91	2		Keshav anyone actually become one and one of my friends is tell me that it's like running on to treadmills at the same time on one side it's your portfolio and on the other side please
39:41 - 39:44	0	en-in	0.91	3		it's it's not an easy one
39:44 - 39:53	0	en-in	0.91	1		that would be much more difficult raising money as not to preserve his money as an investor for your
39:53 - 40:23	0	en-in	0.91	2		fun I would say this is because as an entrepreneur guess what you have a product you can do a demo you can actually show the show it should working and you can actually show the commercial returns of revenues diverging from your product and company but as we see when you raising money
40:23 - 40:49	0	en-in	0.92	2		all about celebrities it's guard setting ideas without trying to eventually convince an investor that guess what you are more capable of taking the decisions on where is money should be invested and him and that is really tough sell so that definitely more
40:49 - 40:49	0	en-in	0.92	3		challenging
40:49 - 40:53	0	en-in	0.92	1		would you say that a part of female venture
40:53 - 40:53	0	en-in	0.92	2		capital
40:54 - 41:26	0	en-in	0.90	2		especially in your first few points I guess I think I don't know I think the exit also can be very bad so I destroyed the last 18 months all about fundraising and maybe that's why I will be advised by delivering on what you are selling is problem or be much tougher than this so you're in for a long radius
41:26 - 41:28	0	en-in	0.90	3		absolutely
41:28 - 41:32	0	en-in	0.90	1		and one thing you like to change Apartments capital in
41:32 - 41:32	0	en-in	0.90	3		India
41:34 - 41:35	0	en-in	0.92	3		I think
41:35 - 42:11	0	en-in	0.92	2		interesting question the one thing I'd like to change in my view bigger checks early it's happening slowly but I it's it's still not what you see in the valley saying that angel give me a million dollars right and building and he believes in this idea in India you in your angel investor can give you something as low as 500000 rupees which is ridiculous bodybuilder with something
42:11 - 42:13	0	en-in	0.92	3		like that right and then you have
42:13 - 42:34	0	en-in	0.92	2		somebody study table and questioning you and doing whatever and half the time the founder's is this busy trying to raise the next round because he knows as X months of capital and he's just trying and we're not trying to ensure that we keep the lights on right so
42:34 - 42:58	0	en-in	0.92	2		I think that is one of the biggest reasons again why startups fail is because they never raised enough capital early on which creates a bit of a challenge for them especially in a very critical time when when the getting revenues in when they need to be focused on customers they end up being the next round
42:58 - 43:00	0	en-in	0.92	3		investors so
43:00 - 43:33	0	en-in	0.92	2		in my view there was no way when we have a few ideas on bad do you like to do a small check up front and then a bigger check I and M are found at listen now this is the kind of exposure begin to take in your company if you deliver on these milestones we don't want you to worry about fundraising now for the next 18 months Cisco case and delivering on your milestones and we're taking care of the of all the capital need to the companies are thought process is pretty much like that and we may bring in to investors
43:34 - 44:12	0	en-in	0.91	2		song and say instead of backing somebody for 18 months 24 months why don't we do this together and ensure that the guy has a Runway for 36 months and maybe in a human need more money the force that 3630 months or whatever but working together collaboration with earlcutana this is

42:12 - 42:14	0	en-in	0.91	3	force that 360 months or whatever but working together collaborating with early stage this is something that we're trying to do to ensure that found to have enough capital and enough for them to survive through the critical period of blended into focus on customers in ensuring those relationships Te rather than spending their energy on raising capital because that's really a wasteful activity for them to be honest it
42:34 - 42:58	0	en-in	0.92	2	secondary busy jobs and questioning you and being investor and then the time the founder is this busy trying to raise the next round because he knows as X months of capital and he's just trying and we're not trying to ensure that we keep the lights on right so
42:58 - 43:00	0	en-in	0.92	3	I think that is one of the biggest reasons again why startups fail is because they never raised enough capital early on which creates a bit of a challenge for them especially in a very critical time when when the getting revenues in when they need to be focused on customers they end up being the next round
43:00 - 43:33	0	en-in	0.92	2	investors so
43:34 - 44:12	0	en-in	0.91	2	in my view there was no way when we have a few ideas on bad do you like to do a small check up front and then a bigger check I and M are found at listen now this is the kind of exposure begin to take in your company if you deliver on these milestones we don't want you to worry about fundraising now for the next 18 months Cisco case and delivering on your milestones and we're taking care of the of all the capital need to the companies are thought process is pretty much like that and we may bring in to investors
44:12 - 44:14	0	en-in	0.91	3	song and say instead of backing somebody for 18 months 24 months why don't we do this together and ensure that the guy has a Runway for 36 months and maybe in a human need more money the force that 3630 months or whatever but working together collaborating with early-stage this is something that we're trying to do to ensure that found to have enough capital and enough for them to survive through the critical period of blended into focus on customers in ensuring those relationships Te rather than spending their energy on raising capital because that's really a wasteful activity for them to be honest it
44:14 - 44:25	0	en-in	0.91	1	so any advise that you like to get from your time privacy from copper perspective from currently Cup list any advice Al ke startup fundraising
44:28 - 44:28	0	en-in	0.93	1	I think
44:31 - 44:34	0	en-in	0.89	2	fundraising by no means a measure of
44:34 - 44:34	0	en-in	0.89	3	success
44:34 - 44:45	0	en-in	0.89	2	so I think that the most important thing that founder or ABC both need to keep in mind this fundraising is just the start
44:45 - 44:47	0	en-in	0.89	3	of the journey and
44:47 - 44:58	0	en-in	0.89	2	it's really a lot of responsibility that comes along with fund City race and again applies to both kinds of people here
44:58 - 45:01	0	en-in	0.89	3	and you need to be
45:01 - 45:20	0	en-in	0.89	2	prepared for that kind of responsibility when you actually is the capital and then deliver on it so this is there is no quick success that's gonna be happening and again fundraising is
45:20 - 45:21	0	en-in	0.89	3	just the first step
45:21 - 45:30	0	en-in	0.89	2	you need to understand that the journey is much longer than 100 that's my only advice to founders and do it is because a lot
45:30 - 45:47	0	en-in	0.91	2	remix apps saying I raise to 3 million and grid and really what happened with that money and what did you have to deliver and how much we delivered and how is have you change the way you had been working when you are
45:47 - 45:49	0	en-in	0.91	3	bootstrapping and so
45:49 - 46:16	0	en-in	0.91	2	we would like founders to consciously make those changes that I am now research capital so I am doing this 20 new things to ensure that I am working in a more professional more efficient and more transparent manner and some of these things I think I struggled to bring that change is just feel that you know what they had been doing work more money to do it on a larger scale
46:16 - 46:17	0	en-in	0.91	3	but also
46:17 - 46:25	0	en-in	0.91	2	not think about how they need to use it to fix what they've been doing wrong to some of these things I think
46:25 - 46:25	0	en-in	0.91	3	what
46:25 - 46:30	0	en-in	0.91	1	I think that's a great
46:30 - 46:46	0	en-in	0.93	1	in the podcast on the inside that you shared office shake on fundraising in their the train starting with the B2B space has been really really great and I truly enjoy the chats of thank you so much for being on the shop
46:46 - 46:49	0	en-in	0.93	2	and
46:49 - 47:29	0	en-in	0.93	1	what a great way to master 10th episode thank you so much Abhishek your insides both as an investor from SC ST and OBC form perspective is invaluable and much appreciated if you like the episode and would like to continue receiving more such knowledge please subscribe to our podcast and why you are added leave your rating and review so that others may discover the same crystal for one thing people serve stay safe locker social distancing and do your best to flatten the curve again next week for another great gas and until the end