✩ WHAT TO EXPECT IN 2024 ✩

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Forbes INDIA

WINTER WONDERLAND

Meet the tech startups that bucked the funding freeze and raised dollops of capital in 2023

(From left) **Aadit Palicha** of Zepto, **Ankit Agrawal** of InsuranceDekho, and **Sachin Agrawal** of Bizongo

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Ice Harvest

The cold within him froze his old features, nipped his pointed nose, shrivelled his cheek, stiffened his gait, made his eyes red, his thin lips blue; and spoke out shrewdly in his grating voice. A frosty rime was on his head, and on his eyebrows, and his wiry chin. He carried his own low temperature always about with him; he iced his office in the dogdays; and didn't thaw it one degree at Christmas.

—Excerpt from *A Christmas Carol*, by Charles Dickens

Some 180 years after Dickens penned this novella, the protagonist's name has become synonymous with the cold-hearted and tight-fisted. The man with the frosty rime and iced office in this allegory is Ebenezer Scrooge, an antithesis of the Christmas spirit and joie de vivre.

Let's quickly cut to the chase and the topic at hand—the *Forbes India* cover story on outliers in a funding winter—and extend the Scrooge metaphor to the moneybags fuelling startup activity, the venture capitalists (VCs). Like Scrooge who, when younger, plunged headlong into the yuletide festivities, the good VCs were till not too long ago warm, blithe and generous. Until circumstances got the better of them—both Scrooge and the VCs—and they transformed into prudent pinchpennies.

A Christmas Carol does end on a happy note with the good cheer and spirit of Christmas re-entering Scrooge. And, to complete the Scroogian analogy, 2023 ended with the funders once again loosening the purse-strings—albeit, selectively.

In this fortnight's cover package, Rajiv Singh identifies a bunch of tech startups that have defied the much-touted 'funding winter' to snare a funding round of at least $50 million. This is in a year when total funding plunged to $11.62 billion (till December 25) from $25.2 billion in 2022 and a record $38 billion in 2021, as per data compiled by startup data platform TheKredible.

More, if 2021 and 2022 were the years of the unicorn, with 26 and 44 startups hitting $1 billion-plus valuations, respectively, 2023 saw the emergence of just two—quick commerce play Zepto, at $1.4 billion courtesy of a Series E round of $200 million, and fintech firm InCred, which raised $60 million in a Series D round at a valuation of $1.03 billion.

Clearly, from the VC viewpoint, the Scrooge effect kicked in last year, after two years of abundance. As the liquidity tap tightened at the start of 2023 and losses piled up at many unicorns and other fattened roasts started showing, the revelries met an abrupt end. Austerity, profitability paths and selective bets became the buzzwords.

On the cover are three founders who've braved the chill to become magnets once again for funds. Consider Bizongo, a vendor digitisation platform, which raked it in between 2016 and 2021 in four rounds, that last one of $110 million. Series E concluded two years later, at $50 million.

What has changed? Plenty, co-founder Sachin Agrawal tells Singh. 'Sustainable growth' replaced 'high growth' as the mantra and compliance became a watchword. "We were perhaps the only startup working with all the big four auditing firms at the same time," says Agrawal. For more on that journey from overexuberance to realism, turn to 'Almost a unicorn' on page 62.

Also on the cover is Ankit Agrawal, founder and CEO of InsuranceDekho, which raised $210 million in 2023 in two rounds from investors that include Goldman Sachs Asset Management and Mitsubishi UFJ Financial group. "The ones building sustainable businesses will end up raising capital," Agrawal tells Singh. For more on that story, and many more of wintry good cheer, the cover package on startups that braved the funding frost makes for a delightful and inspiring read.

STORIES TO LOOK OUT FOR

(From left) Sachin Agrawal, co-founder and CEO, Bizongo; Ankit Agrawal, founder, InsuranceDekho

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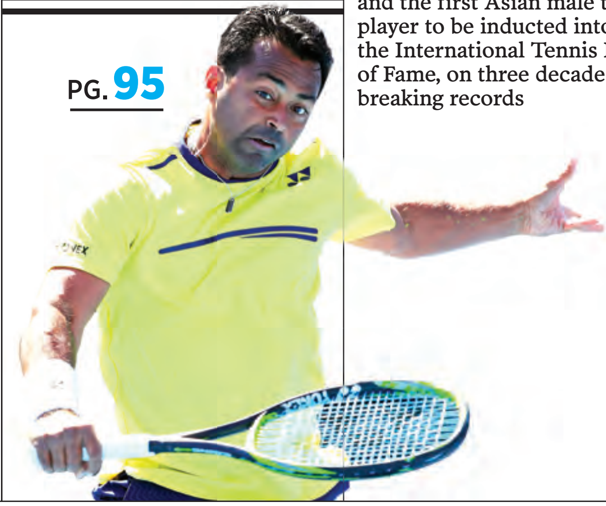
(From left) Sachin Agrawal, CEO and co-founder, Bizongo; Ankit Agrawal, CEO and co-founder, InsuranceDekho and Aadit Palicha, CEO and co-founder, Zepto

Shan Kadavil co-founded FreshToHome with seven others in 2015

INTERVIEW

IN FOCUS



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ECONOMY

Reopening and rebound

China reopened its economy with a roar, but a year later investors are twiddling their thumbs. A new $112 billion stimulus package now hopes to provide a boost in 2024

According to the World Bank, China's recovery remains 'fragile', hit by weak global demand for exports, low consumer confidence, and high debt

SHUTTERSTOCK

IN DECEMBER 2022, THE WORLD had pinned its hopes on a China-led economic recovery. After a thousand days of Covid-induced lockdown by its government, the world's second largest economy was opening for business, and it was seen as a lifeline for the global economy that was navigating demand headwinds.

Economists estimated that Chinese households had accumulated savings of around RMB 7 trillion during the pandemic which, they believed, would help boost domestic consumption to pre-pandemic levels of 8 percent and gross domestic product (GDP) growth of 5 percent in CY23.

But a year later, as per the World Bank, China's recovery remains 'fragile', impacted by pain in the property sector and weak global demand for exports, low consumer confidence, and high levels of debt. It expects the Chinese economy to slow down to 4.5 percent in 2024 and 4.3 percent in 2025.

Evidently, the reopening thesis did not fully play out and China finds itself on the brink of a confidence trap: "China has seriously disappointed investors. The reopening trade was wildly enthusiastic in January, but since then has totally turned around," says Elizabeth Morrissey, managing partner at Washington-based global emerging financial markets investment firm Kleiman International.

"There seems to be a persistent lack of confidence among consumers, home-buyers, corporates and investors. Weak expectations could be reinforcing each other and become entrenched and self-fulfilling," said Citibank in a report earlier this year.

China's ballooning real estate crisis, a crackdown by the government on leading tech companies, its hostility towards neighbouring countries, and its strained relations with the US, has shaken the confidence of investors and consumers, and laid bare major political and structural issues in key areas of the economy.

Aswath Damodaran, professor of finance, NYU Stern School of Business, highlights the dark side of operating in a regime where a government sets the rules without any legal or political challenge. "Take a look at what's happened to the big Chinese tech companies, Alibaba, Tencent... they lost basically 60 to 80 percent of value and their pathway to being trillion-dollar companies. Businesses are recognising, at least in the last two or three years, the downside of being in an authoritarian [country]," he explains.

Many investors are doubtful if China's recovery has legs and if they can profit from portfolio allocations to China in the medium term. A Bank of America survey showed that the mood of investors changed from "unabashedly bullish" to "fatigued scepticism" given the poor returns from China. Long-term emerging market investors are looking for reliable cues on the "new normal" of China's economic scenario.

In November, China's industrial output grew at the fastest pace since February 2022 at 6.6 percent, retails sales rose 10.1 percent, fixed asset investment in urban areas expanded to 2.9 percent, and urban unemployment rate stayed at 5 percent. The IMF revised its GDP growth outlook by 40 bps to 5.4 percent for the year on the back of higher-than-expected growth in the third quarter and the policy measures undertaken by the government to support the property market.

But most economists are reading the economic data with caution because of a low base effect. The patchy recovery indicates weak domestic demand, they point out. This is a key concern for Beijing.

At the Central Economic Work Conference in December, Xi Jinping's government outlined the growth roadmap for 2024. "Next year, we must persist in seeking progress while maintaining stability, promote stability through growth, and establish the new before breaking the old," the government-release said as it elaborated strategies to tackle softening demand and slowdown.

As if to validate its focus on prioritising economic growth, three days later, China announced a mega stimulus package. The People's Bank of China (PBOC) injected commercial lenders with a record amount of $112 billion of one-year loans to revive the economy. This move is likely to address fears of cash scarcity given the increase in issuance of government debt.

The stimulus package, coupled with measures to support the property market, comes as lifeline. Will it rescue China's economy and boost growth?

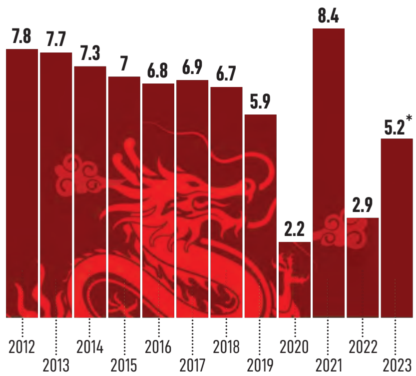
"In our view, China is undergoing another critical economic rebalancing. Despite the soft GDP and stock performance, there could potentially be a more promising future ahead," Bank of America's research analyst Winnie Wu notes. "We expect the China economy and market to see an 'L-shaped' performance in the coming quarters."

But geopolitical conflicts, a shifting demographic profile, and high youth unemployment, pose concerns for China. Moreover, after a decade of flat returns, investors are shifting portfolio allocations and eyeing better opportunities in other Asian markets such as India, for example, and it may be challenging for Beijing to restore the confidence of foreign investors after the series of crackdowns on private companies recently.

"I think for the moment, at least, the balance seems to have shifted towards India on that basis. It's not permanent. You're always going to have three steps forward, two steps back. But at the moment, I think India does have an advantage over China because of its political system, and that's not been true for much of the last two decades,", says Damodaran.

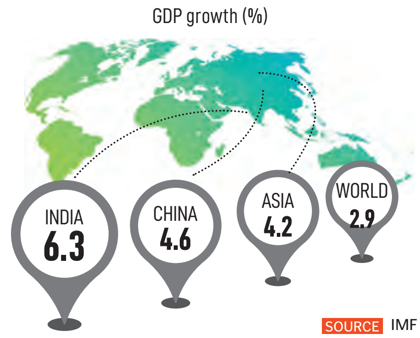
• NEHA BOTHRA

China: Boosting growth



*World Bank estimate

The growth picture
Outlook for 2024



SOURCE IMF

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- PM GATI SHAKTI: Informed Decision Making for Holistic Development
- DHOLERA: A Greenfield Smart City for Smart Businesses
- Country / State Seminars
- Gujarat's Roadmap for Viksit Bharat @ 2047
- Round Table @ GIFT City
- Cultural Programme / Visit to Dandi Kutir

Jan 11, 2024

- Port-led City Development
- E-Commerce : Businesses at Fingertips
- Building Workforces for Future: Development of Skills for Industry 4.0
- Semiconductor & Electronics
- Country / State Seminars
- TECHADE : Heralding India's Technology Decade (IT/ITeS, ESDM / Electronics, AI/ML, Blockchain, IoT, Big Data, Cyber Security)
- STARTUPS : Unlocking Infinite Potential
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- Country / State Seminars
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17%

The fall of the India volatility index from the beginning of January

SHUTTERSTOCK

MARKETS WATCH

Markets Complacent About Risks

In India and globally, the fear index has plunged as investors bet on a downside risk as a distant possibility

AS MARKETS IN INDIA CONTINUE to scale record highs, there seems to be a sense of complacency creeping in among investors who are either overconfident or choosing to ignore risks ahead. State election results boosted markets sentiment which was already peaking as investors remained convinced about the end of the US Federal Reserve's rate hike cycle which triggered strong institutional flows into equities.

The India volatility index (VIX), often referred to as a fear gauge or fear index, is tumbling, an indication that investors are increasingly betting that a downside risk is a distant possibility. The volatility index typically has an inverse correlation with the benchmark index. The India VIX has slipped 17 percent from the beginning of January to 12.32 levels.

"Tumbling VIX should be interpreted as an increase in confidence by the market participants for the equity markets," says Jay Thakkar, head-alternate research, capital market strategy, Sharekhan by BNP Paribas. He feels that, as of now, there are no major domestic risks apart from performance risk. Thakkar explains that low VIX means market participants are ready to take risks in equity. "It's a 'risk-on' approach as of now. So, where the VIX is falling it means less uncertainties in near term. A very sharp rise in VIX is considered risk-off mode and small bounces are just due to profit booking," he adds.," he adds.

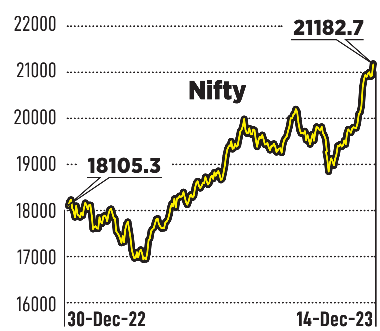
The India VIX, which gauges the anticipated volatility in Nifty over the next 30 days, has been trading considerably low over the last several quarters, ranging between 8 and 14 during the previous few months.

From the highest levels that the India VIX had reached on January 30, when markets were marred with uncertainties due to the Adani sell-off and Union Budget-related jitters, India VIX has fallen 30 percent. However, currently, India VIX isn't at the lowest thisyear. It has heated up 4 percent from November when overall markets have started to climb with Nifty increasing over 5 percent in the month. In 2023, India VIX had hit its lowest on July 28, at 10.14, and risen over 21 percent since then.

"The VIX has an inverse correlation with equity markets, so during the start of the year, post-Budget, there was an increase in volatility due to Adani-related news, thereafter it cooled off and Nifty made a new life-time high. Then Israel-Palestine war led to a little volatility in markets and later due to the ceasefire, volatility cooled off. Inflation worries have also dropped as the central bankers have paused an increase in rate hikes, hence markets are forming higher and life-time highs, so VIX cooled off. The five state elections are also well in favour of the incumbent government, so that too led to cooling of VIX. Now there are fewer uncertainties so VIX is falling and equity market is rising," Thakkar says.

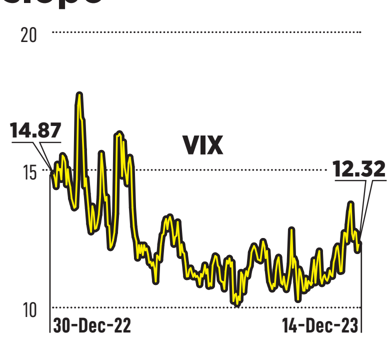
Moreover, declining VIX is not an India phenomenon alone. Wall Street's so-called "fear gauge" is plunging to a four-year low which shows stock market investors have become overconfident, according to UBS.

Rising markets



SOURCE NSE

India VIX downward slope



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INFOGRAPHICS: MUKESH SINGH

TURBULENCE AHEAD?

Not that the markets are rallying without any risks. Election results in five states in December calmed investors about continuing government policies and political stability, but the Lok Sabha elections may be a different ball game altogether. Adding to it is inflation, which has begun to spike again. Urban consumption after significant growth in 2022 is also slowing due to the impact of inflation and interest rates. In contrast, rural consumption is picking up gradually. "The markets will be closely watching the Lok Sabha elections, making the first half of 2024 an extremely exciting and eventful period," according to Singh. Additionally, in the upcoming months, the direction of crude oil prices, inflationary patterns, prospective rate cuts, and FII inflows will be crucial factors influencing Indian markets.

• NASRIN SULTANA

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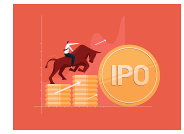
The cumulative amount raised by the two new-age tech companies that IPOed in 2023



SHUTTERSTOCK

TECH WATCH

Losing Their Shimmer

Investor appetite is fading for IPOs of new-age tech companies

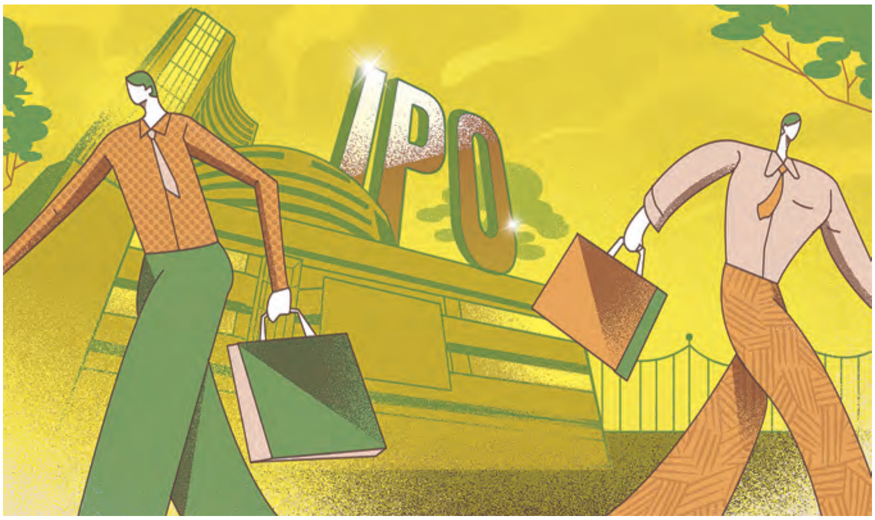


ILLUSTRATION: CHAITANYA DINESH SURPUR

EVEN AS THE INITIAL PUBLIC offering (IPO) rush made a late start in 2023, 'new age tech companies' (NATC), the darling of investors, went missing from fundraising activities in the capital markets. Only two NATCs—Yatra Online and Mamaearth's parent Honasa Consumer—took the IPO route in 2023, cumulatively raising ₹2,476 crore.

Markets were flushed with liquidity post Covid due to low interest rates, which triggered an equity rise in late 2020 and 2021, and NATCs entered primary markets with glitz and hype. That fizzled out soon as these companies' path-to-profitability remained invisible while stock markets performances were shaky on heavy dumping-down after the initial days of listing. "The performance of NATC stocks after their IPOs in 2021 have made investors rethink. They now lay greater importance on profitability, or at least a path to profitability in the near term," says Venkatraghavan S, managing director-investment banking, Equirus.

Investors are now growing concerned about the steep valuation premium commanded by some of the new age companies with a more realistic expectation of profitability and refocusing on fundamentals. "A number of NATCs which listed in the 'Go-Go' year of 2021 saw their stock price nose-dive post IPO due to global inflationary pressures, geo-political conflicts, and their own financial performance. Whilst several IPO-bound NATCs are waiting on the sidelines to go public in 2024, cash flow positive issuers will find the runway smoother for a successful listing," says Abhimanyu Bhattacharya, partner, Khaitan & Co.

The prolonged squeeze in funding for startups has continued and the demand for such startups have been relatively lower, says Janhavi Prabhakar, economist, Bank of Baroda. However, Bhattacharya adds that "the market retains a keen interest for unicorns which can demonstrate profitability and positive cash flows".

There were 46 IPOs in 2023 so far, raising a cumulative ₹41,095.36 crore, according to *Forbes India* analysis based on data sourced from Prime Database. The number will rise by December-end as few issues are still open for subscription and waiting to be listed. This is around 30 percent lower than ₹59,301.7 crore worth of amount raised through 40 IPOs in 2022, which also included a large issue like the Life Insurance of India (LIC). In 2021, 63 IPOs raised a whopping ₹1,18,723.17 crore.

According to Adarsh Ranka, partner and financial accounting advisory services leader, member firm, EY Global, the IPO landscape is seeing a surge in activity that is driven by an urge to tap the capital markets pre-or-post general elections, strong economic activity, positive domestic and foreign investor sentiment towards India. "This momentum is expected to continue well into second half of 2024," he says.

As India gears up for elections in May, promoters and bankers want to rush with their listings as equities tend to get volatile during the voting period, apart from the policy uncertainty if a new party is voted in. According to Prime Database, 28 companies have received approval for listing to raise ₹31,040 crore in primary markets. In addition, another 32 companies waiting for approval are planning to raise ₹35,700 crore.

● NASRIN SULTANA

New-Age Technology Companies' IPO since 2019

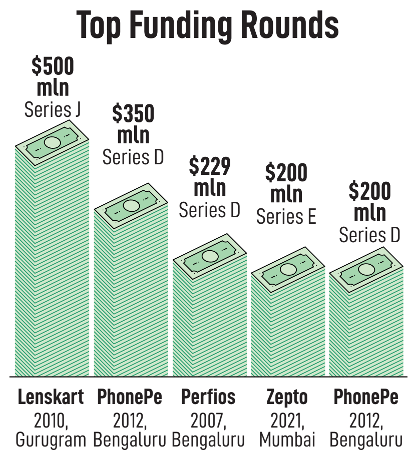
● Opening Date ● Issue Amount (₹ crore)

	Indiamart Intermesh 24-Jun-19 475	Affle (India) 29-Jul-19 459
Route Mobile 09-Sep-20 600	Easy Trip Planners 08-Mar-21 510	Nazara Technologies 17-Mar-21 583
Zomato 14-Jul-21 9,375	Cartrade Tech Ltd. 09-Aug-21 2,999	Fsn E-Commerce Ventures 28-Oct-21 5,350
Pb Fintech 01-Nov-21 5,710	One 97 Communications 08-Nov-21 18,300	Delhivery 11-May-22 5,235
Tracxn Technologies 10-Oct-22 309	Yatra Online 15-Sep-23 775	Honasa Consumer 31-Oct-23 1,701

FUNDING WINTER

Tech Startup Funding: Takeaways From 2023

It was a year in which the slowdown that started the previous year hit a five-year low, and making money became important again, versus burning it



"WHILE THE FUNDING slowdown in 2023 presents challenges for the Indian tech startup ecosystem, we remain optimistic about the future," Neha Singh, co-founder of Tracxn, says in the private markets intelligence provider's latest report on the funding scene in India's startup ecosystem. In a year when large global names that drove the funding frenzy of previous years were absent, favourable government policies and a fast-growing local economy will help India's startups succeed, Singh says. Here are the top takeaways from Tracxn's 2023 report on funding in India's tech startup landscape:

LOWEST FUNDING IN FIVE YEARS

India's tech startup ecosystem continues to face the effects of the funding slowdown throughout 2023, with $7 billion in total funding, as of December 6. This is a 72 percent drop from $25 billion in 2022, and the fall made 2023 the lowest-funded year in the last five years.

The October-to-December three-month period has received a total funding of $957 million, making it the lowest funded quarter since September 2016. The decline is primarily due to the biggest drop in late-stage funding, by over 73 percent to $4.2 billion in 2023 from $15.6 billion in 2022. At 17, the number of $100 million-plus rounds this year is 69 percent lower than 2022. India fell one position to end 2023 as the fifth-most funded geography globally, from rank four in 2022 and 2021.

CUTS ACROSS STAGES

2023 saw cutbacks across all stages of funding, with late-stage investments taking the biggest hit. Such financing dropped by more than 73 percent to $4.2 billion in 2023 at the time of the report's compilation, from $15.6 billion in the same period in 2022. Early-stage funding wasn't far behind, falling 70 percent this year to $2.2 billion from $7.3 billion in the same period in 2022. Seed-stage funding fell 60 percent to $678 million from $1.7 billion in 2022.

The Indian tech ecosystem saw only 17 investments that were more than $100 million in value in 2023 versus 55 last year, a 69 percent drop. Lenskart, PhonePe, Perfios and Zepto are some of the top funded companies in India in 2023.

LetsVenture, Accel and Blume Ventures were the top investors in Indian tech and tech-enabled startups. 100X.VC, Venture Catalysts and Y Combinator were the lead investors at the seed stage. Accel, Peak XV Partners and Elevation were the most active investors in the early stage. Singularity Ventures, Avataar Ventures and Filter Capital were the leading investors actively involved in late stage, according to Tracxn. Bengaluru, Mumbai and Delhi-NCR were where the top-funded startups were based.

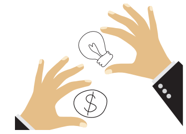
CUTS ACROSS SECTORS

Fintech, retail and enterprise applications were the top performing sectors in 2023, yet saw significant drops in funding. Fintech has always been one of the top-funded sectors in the country. Increasing smartphone penetration, the government's push towards a cashless economy and other favourable regulatory policies have helped the

ILLUSTRATION: CHAITANYA DINESH SURPUR

$7 bln

The total funding in the tech startup ecosystem in 2023, a 72% drop from $25 billion last year, says Tracxn



SHUTTERSTOCK

sector receive consistent investor interest, Tracxn's report notes. In 2023, the sector received $2.1 billion in funding versus $5.8 billion in the same period last year. PhonePe was the top-funded company in the sector in 2023, receiving $750 million in four Series D rounds. This alone accounted for 38 percent of the total funding received by the sector. Perfios, InsuranceDekho and KreditBee were some of the other top funded companies in the sector this year.

Retail sector startups received a total of $1.9 billion, a 67 percent drop versus 2022. Lenskart was the top-funded company in the sector in 2023, receiving $600 million in two Series J rounds. Zetwerk, Atomberg and XpressBees were some of the other top-funded companies in the sector.

Enterprise applications was the third-highest funded sector in 2023, receiving $1.56 billion in funding in 2023, down by 78 percent from $7 billion in 2022. Environment tech and space tech were among the sectors that attracted investor interest in 2023, with funding of $1.2 billion and $122 million respectively. That was a 50 percent drop for environment tech versus 2022, but a 225 percent increase versus 2021.

The liberalised privatisation policies announced by the government have made space tech more attractive to VCs as well as strategic investors. The funding in 2023 for the sector rose a modest 6 percent versus $115 million in 2022. Google's investment in satellite-based imaging company Pixxel was a highlight in 2023 in Indian space tech.

TWO UNICORNS

Two new unicorns—startups privately valued at $1 billion or more—were created in India in 2023 versus 23 in 2022, a 91 percent drop. InCred and Zepto, both based in Mumbai, were the two companies that entered the unicorn club in 2023 in India.

IPO numbers didn't really see a drop this year, with 18 tech companies going public versus 19 in 2022. IdeaForge, Yatra and IKIO Lighting were some of the notable tech IPOs in 2023.

There were 119 acquisitions in 2023 versus 187 in 2022, a 36 percent drop. Route Mobile, Arcion and Gram Power were among the notable ones.

INDIA OPPORTUNITY

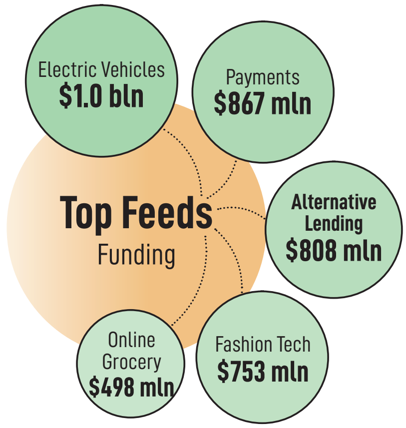
India, one of the fastest-growing major economies in the world, is expected to grow at a 6.3 percent annual rate in 2023–24, and keep growing at the same pace or slightly higher in the upcoming fiscal year, Tracxn notes.

At a global level, economies were able to perform better than anticipated at the start of 2023, global inflation is easing slowly and the effects of the Russia-Ukraine war are also expected to slowly fade in 2024, which will help inflation cool off even further, according to Tracxn.

The government of India's programmes to support tech startups in the country since the Startup India initiative was announced in 2016 has helped the ecosystem. Today there are steps being taken to help startups and industries in multiple areas, from drones to semiconductors to space exploration.

The IMF projects India to become the third-largest economy in the world by 2027, with a GDP of over $5 trillion. With a large consumer base comprising the world's largest young population and rising urban incomes, India is set to see good growth in the coming years.

• HARICHANDAN ARAKALI



India Tech Snapshot-2023

$ Funding - **$7 bln** (vs $25.8B, ▼72%)

Funding rounds - **1000** (vs 2763, ▼63%)

Series A+ rounds - **283** (vs 882, ▼67%)

First Time Funded Companies - **387** (vs 886, ▼56%)

New additions to Soonicorn Club - **47** (vs 184, ▼70%)

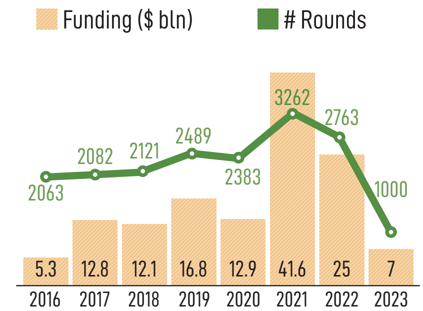
New Unicorns - **2** (vs 23, ▼91%)

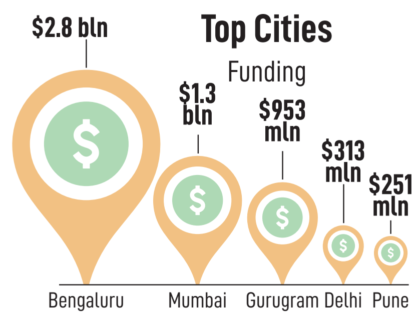
Acquisitions - **119** (vs 187, ▼36%)

IPOs - **18** (vs 19, ▼5%)

Note: Figures in bracket denote last year's numbers

Y-o-Y Funding Trends





SOURCE Tracxn Geo Annual Report 2023

INFOGRAPHICS: MUKESH SINGH

MARKETS

Taking Stock

As stock markets navigate through general elections, inflation and various economic conditions, where will investors park their money in 2024?

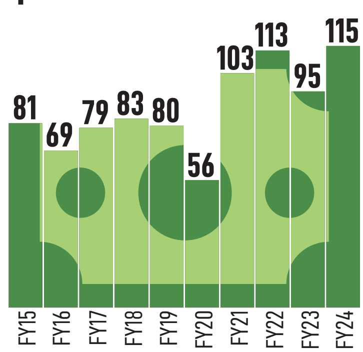
EVEN AS INVESTORS ARE betting on Indian stocks for higher returns in 2024, there is also a growing sense of caution due to the nervousness around the general elections in May and widening inflation that may hit the overall cost of capital. Despite volatility in the first half of the year due to multiple factors such as geo-political crises, the rise in bond yields and commodity prices increase, Indian markets are closing 2023 with healthy returns.

The party is expected to continue in 2024, at least in the first quarter. "We continue to remain quite positive on the Indian equities," says Rupen Rajguru, head of equity, investments and strategy, Julius Baer India. He explains that the scenario has turned quite positive with the US Federal Reserve holding interest rates, signalling an end to the rate hike cycle and adopting a pretty dovish stance, leading to softening of US bond yields and dollar index. Indian markets have been on a gaining spree in the last two months while the five state election results have further boosted sentiment. Markets have overall gained 17 percent since January after a turbulent phase.

An optimistic Ashutosh Bhargava, fund manager and head, equity research, Nippon India Mutual Fund, feels that as we enter 2024 there is a lot of good news on the growth, inflation, and the US Fed pivot and earnings fronts, but valuations have also rerated meaningfully. "While there is less nervousness and more comfort now, the return expectation has to turn moderate. 2024 returns are unlikely to be as broadbased and strong as 2023 but still equities may not disappoint if return expectations are close to 10-12 percent," he says.

Key to watch in the 2024 general elections is if the opposition alliance can put up a credible seat-sharing arrangement, which polarises the elections and reduces predictability of the outcome. Typically, elections have the propensity to create extreme outcomes for the stock market. Historically, the market has favoured continuity and a majority government, as this implies limited policy shifts.

India's market capitalisation to GDP ratio



Note: FY24 is estimated number, figures are in %

SOURCE Motilal Oswal Financial Services

Analysts at Morgan Stanley expect the benchmark Sensex to rise 14 percent by December 2024 on the assumption of continuity in a government with a majority mandate, robust domestic growth, that the US does not slip into a protracted recession and benign oil prices.

In a bear case scenario, Morgan Stanley analysts warn the Sensex may tank to 51,000 if elections deliver an unclear mandate with a change in government, oil prices surge past $110 per barrel, the RBI ends up tightening to protect macro stability and a US recession leads to lower global growth. "With strong earnings, macro stability and domestic flows, it is hard to argue against India's investment case. That said, an event-heavy calendar with potential binary outcomes sets the market up for volatility, after having been less volatile than ever," they say.

Steep valuations are also worrisome. The Nifty is trading at a 12-month forward price to earnings ratio of 18.4 times. "The market cap to GDP ratio has reached levels which signal potential overvaluation and suggest caution as the market may have priced itself well ahead of the curve," says Kenneth Andrade, founder and director-Old Bridge Capital Management, and CIO-Old Bridge Asset Management.

• NASRIN SULTANA

IMAGES: SHUTTERSTOCK; INFOGRAPHIC: MUKESH SINGH

$70.9 bln

M&A deal value in India in 2023, as per Bloomberg

SHUTTERSTOCK

COMPANIES

The M&A slowdown

India mergers & acquisitions deal activity slid during 2023 but experts expect a bounce back in 2024

Experts agree that the investment climate and deals activity for India in M&A is likely to improve in 2024, particularly after the general elections early next year

THE YEAR 2023 MIGHT END ON A sombre note for mergers & acquisitions (M&A) activity for India, with deal value being lower than levels achieved in 2022. But experts are confident that there will be a bounce back in 2024.

Bloomberg data shows that deal value for India fell 63 percent to $70.9 billion in comparison to $192 billion struck in 2022. In global M&A, annual value was down to $2.7 trillion—possibly the worst performance since 2013—based on data that *Bloomberg* has reported.

Geo-political tensions, still high interest rates across various economies and the funding winter have all weakened the investment climate for companies seeking to raise fresh capital. "The year did see a slowdown in terms of pure numbers, but this cannot be looked at in isolation. On a year-on-year comparative, if one removes the mega HDFC Bank-HDFC merger deal and the Ambuja Cements acquisition, the numbers look less skewed," says Rajat Mukherjee, partner at Khaitan & Co.

"There is a funding winter but things have not fallen off the cliff. Valuations are getting more realistic from the euphoria of the tech-based push that we saw post the pandemic," Mukherjee told *Forbes India*.

Manufacturing and consumer goods, financial services also announced a good number of deals, led by software and IT services. The 2023 India M&A data shared by Growthpal highlights that more than 80 percent of the acquirees were established in the past 15 years. Also, except for one deal, all deals were less than $100 million (for deals where deal size was announced).

Maneesh Bhandari, founder and CEO at Growthpal, an M&A deal sourcing platform, said the difference in the average deal size was the major factor in the substantial drop in total deal value. "The majority of the deals, except for one notable outlier, were under $100 million, pointing to a preference for smaller, strategic acquisitions rather than large-scale mergers or takeovers (see table)," Bhandari says. "Companies are gravitating towards smaller deals, which allow for quicker assimilation of talent and technology—essential for staying ahead in a rapidly changing industry."

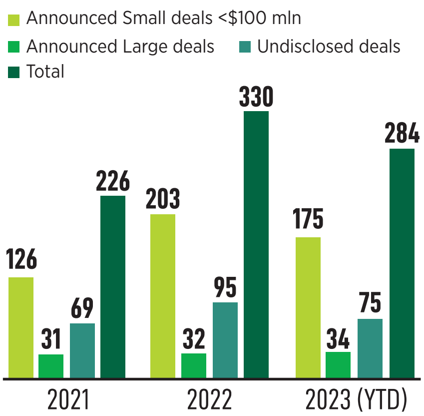
Private investors are taking a deeper dive into the deals ecosystem—in terms of corporate governance, meeting regulatory needs and investigation and due diligence relating to target businesses and founders. "Deals are taking longer to complete and valuations have corrected, compared to the last three years," Mukherjee notes.

Both experts agree that the investment climate and deals activity for India in M&A is likely to improve in 2024, particularly after the general elections early next year. Mukherjee identifies health care, green energy, financial services, digital economy including ecommerce as sectors likely to witness the most action in the deals space in the coming year.

"Even beyond deals, India is quite likely to continue to witness sustained growth over the next 5-10 years. The opportunities on M&A, government spending, manufacturing, supply chain expansion, government policies to push for EVs, semiconductors, and telecom are all positives," Mukherjee says. Most financial institutions and investment banks have projected India to grow at near 6.5 percent in 2024.

• SALIL PANCHAL

M&A deals: 2023 vs 2022



SOURCE Growthpal

SHUTTERSTOCK; INFOGRAPHIC: MUKESH SINGH

MANUFACTURING

Making in India

With PLIs and global investments, India's dream of becoming the 'new factory of the world' got a boost in 2023. More domestic investments will further drive growth

SHIFTING THE spotlight on India, Apple opened the doors for Indian consumers with its first retail stores in Mumbai and Delhi. Apple and its suppliers aim to build more than 50 million iPhones in India annually within the next two to three years. It's biggest supplier, Foxconn, is already expanding manufacturing and spearheading the production shift for Apple by setting up more plants across India. On December 12, the Taiwan-based tech giant received approval from Karnataka for an additional investment of ₹13,911 crore in its upcoming facility in Bengaluru Rural District. It had already received approval to invest ₹8,000 crore earlier this year.

An assembly line at the mobile phone plant of Rising Stars Mobile India, a unit of Foxconn, Apple's biggest supplier, in Tamil Nadu

KAREN DIAS/BLOOMBERG VIA GETTY IMAGES

In the meantime, work is underway on Foxconn's manufacturing facility, located on 300 acres near Kempegowda International Airport in Bengaluru. Production at this plant will commence in April 2024 and Foxconn's manufacturing targets for the plant include one lakh units of iPhones by December 2025, 50 lakh units by December 2026, one crore by December 2027, and two crores by December 2028.

Recently, the Tata Group became the first Indian company to make Apple iPhones after it acquired a full stake in Wistron. The company is reportedly working towards establishing one of India's largest iPhone assembly plants in Tamil Nadu, and it is expected to exceed the scale of the acquired Wistron plant in Karnataka, which employs over 10,000 people.

Launched in 2020, production-linked incentives (PLIs) have incentivised key suppliers of Apple, such as Foxconn and Pegatron, to intensify their presence in India. This has led to a significant increase in iPhone assembly in the country, surpassing $7 billion in the previous fiscal and capturing approximately 7 percent of the device's global production share.

The Indian semiconductor market is expected to reach $55 billion by 2026, more than 60 percent of which will be driven by smartphones and wearables, automotive components, computing, and data storage. The majority of the demand in the Indian semiconductor market is currently met by imports. In order to reduce this dependency, the government has approved the Semicon India Programme with an initial financial outlay of ₹76,000 crore for the development of a sustainable semiconductor and display ecosystem in India.

US chipmaker Micron Technology has announced that it would invest up to $825 million to build a semiconductor assembly and test facility in Gujarat, taking advantage of the fiscal support being extended by the government. This was followed by investment announcements from Applied Materials and Advanced Micro Devices (AMD).

Foxconn, too, recently submitted an application to establish a semiconductor fabrication unit in India. The Tata Group is planning to set up a semiconductor processing plant in Assam with an investment of about ₹40,000 crore, says Chief Minister Himanta Biswa Sarma. Another Indian conglomerate, Murugappa Group, has announced an investment of $791 million over five years to get into semiconductor assembly and testing.

According to experts, India cannot solely rely on global investments and it is critical to look at domestic sources of financing and leverage the multiplier effect of money. Nilaya Varma, co-founder of Primus Partners, a management consulting firm, points out that global partnerships are necessary for India to recover lost time and expertise, but it's important to look at the structures of doing it so that there is no over-reliance on foreign investments. "This decade is going to be critical for the coming few decades, and hence investments in more value-added manufacturing are more important than just run-of-the-mill build-to-print work," he says.

NAANDIKA TRIPATHI

77%

People in India used Instant Messengers between October '22 and September '23, as per Statista

SHUTTERSTOCK

SOCIAL MEDIA

Bye Bye Birdy, Hello Chatbots

The year was all about Elon Musk's Twitter takeover and Meta's Threads. We also began conversing with chatbots, which might change the way we use social media forever

IN 2013 FILM *HER*, JOAQUIN Phoenix played a man who would fall in love with his digital assistant. Apple's Siri had launched two years before that, and in 2014, we were introduced to Amazon's Alexa and Microsoft's Cortana. It wasn't hard to imagine a future with devices to talk to.

As Alexa, Google and other assistants became more integrated into our lives, the tasks remained largely instructional. Then, in March 2023, seemingly out of nowhere, arrived OpenAI's ChatGPT4. Here was a chatbot who was at once an assistant and a creator, a teacher and an artist. It could hold a conversation, change tones, understand and give context and, incredibly, use simple lines of text to generate photos and videos out of thin air.

While ChatGPT by itself is not a social network—the opposite perhaps—it lays the foundation of what social networking will look like in the coming years. For instance,

Since Musk took over Twitter, it's been a rollercoaster at the social network

in September, Meta released a suite of tools enabled with generative artificial intelligence (Gen AI) that would make anyone a creator. Still in Beta mode, it means that you can use text prompts to create your own stickers, edit images and interact with AI-enabled personalities with 'unique interests and personalities', some played by icons such as Snoop Dogg, Kendall Jenner and Naomi Osaka.

Elon Musk jumped on the AI bandwagon with a tool called 'Grok', which is, thus far, purposed as a conversational AI bot like ChatGPT, but with a dose of snark. It's a good symbol for what Elon Musk's year has been like.

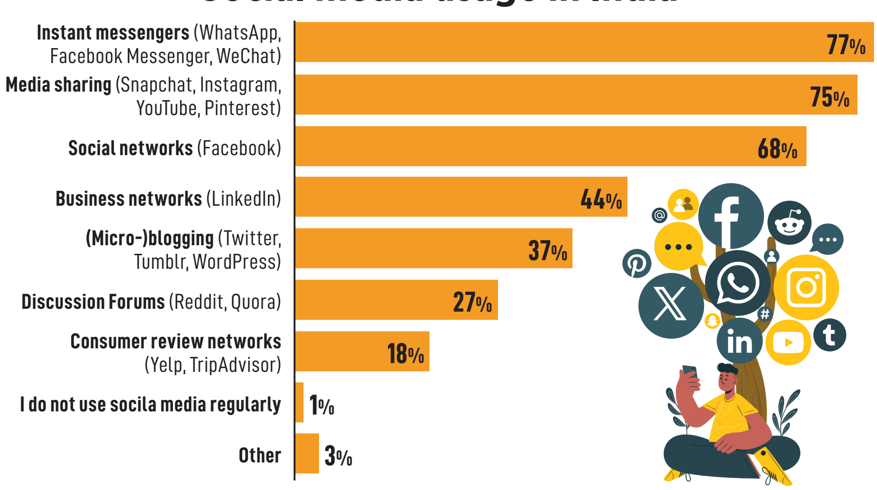
Since Musk took over Twitter in October 2022, it's been a rollercoaster at the social network. We said goodbye to the iconic blue bird and the name, Twitter, and made way for X. Musk also revealed that there would be a limit on the number of posts a non-paying user would be able to see in a day, and that they would not be able to block accounts, but could mute them.

The essence of the blue tick changed: Originally meant to separate a true account from a parody or fake one, the blue tick now indicates a paying subscriber versus a non-paying one. This has led to a proliferation of misinformation on X, with little means to validate sources or claims. Advertisers pulled out of X, and received choice words from Musk in return.

Meanwhile, a literal and figurative cagefight brewed between two business rivals: Musk challenged Mark Zuckerberg to a physical cagefight, which Zuckerberg claims Musk never took on seriously. While that fizzled out, Zuckerberg's Meta released Threads, a competitor for Twitter, to great fanfare and record sign-ups. The initial euphoria, however, quickly lost steam, as Threads missed crucial features such as Trending Topics and hashtags, versions of which are currently being tested. However, Threads chief Adam Mosseri has reiterated that Meta does not intend for it to be a platform for news, so as X nosedives, the public is still in search of their digital town square.

• PANKTI MEHTA KADAKIA

Social media usage in India



SOURCE Statista

Sample: 19,150 respondents across the ages 18-54 years, for the time period Oct 2022 to Sept 2023

INFOGRAPHIC: PRADEEP BELHE; NURPHOTO VIA GETTY IMAGES

TRAVEL

Sky high

Outbound travel surged in 2023 and experts hope inbound tourism will see a better revival in 2024

"IT WAS A LANDMARK YEAR FOR tourism given it was the first full year of business after Covid-19," says Ashish Gupta, consulting CEO of the Federation of Associations in Indian Tourism and Hospitality (FAITH). Although factors such as GoFirst's insolvency, the war in Ukraine, the emerging conflict in the Middle East, and the tense India-Canada relations, along with increasing inflation and fuel prices, have impacted the industry adversely, travel demand remained resilient.

Recent reports by online travel aggregators and travel companies state that Indian travellers took an average of 2.9 vacations in 2023, up from 2.5 vacations in 2022. Additionally, the average per-trip spending of Indian travellers increased up to 20 percent in 2023 compared to previous years. "The travel industry is currently experiencing an unprecedented peak in gross booking value (GBV). All major sectors, including air, hotel, bus, and train, have surpassed pre-pandemic GBV levels," says Karthick Prabu, head of strategy, Cleartrip.

Events like the G20 summit, the IPL and the cricket World Cup kept occupancies and average room rates on a high, according to FAITH's Gupta.

Visa-free travel options provided by countries such as Malaysia, Sri Lanka, Thailand, and Kenya fuelled the demand for outbound travel, Prabhu says.

The total outbound tourist departure for the first 10 months of 2023 stood at 22.6 million, surpassing 17.5 million for the same period in 2022. The country saw 7.2 million foreign tourist arrivals during the first 10 months of 2023 against 4.6 million visitors during a similar period in 2022, informs Ashish Sidhra, cofounder of Alike.io.

SHUTTERSTOCK

Spiritual travel to destinations like Puri, Varanasi (in picture), Amritsar and Haridwar gained momentum in 2023 and is expected to increase further in 2024

Spiritual tourism gained momentum. As per year-end booking data by hospitality chain Oyo, Puri secured the top spot as the most-booked spiritual destination with Amritsar, Varanasi, and Haridwar following suit. "We believe the spiritual tourism industry could see a tenfold increase in tourism by 2024," says a spokesperson from Oyo.

> **Consumers are also investing more in diverse, quirky experiences, thanks to social media**

Sustainability also took centrestage, reflecting a growing global consciousness about environmental impact, feels Sarbendra Sarkar, founder and managing director of Cygnett Hotels and Resorts. Rapid technological innovations, especially in artificial intelligence and virtual reality, reshaped guest experiences, he adds.

Consumers also became more willing to invest in diverse and quicker experiences, says Vishal Kamat, executive director of Kamat Hotels India Ltd. "The support from travellers, bloggers, and the pervasive influence of social media has heightened the desire to explore intriguing aspects that were previously known but are now highlighted through constant visual exposure," says Kamat.

While the outbound travel soared, the inbound numbers have still not reached 2019-2020 levels, says Rajiv Mehra, the president of the Indian Association of Tour Operators (IATO). "Many factors, such as the government raising the TCS rates on foreign travel, and geopolitical conflicts, impacted the tourist flow during the season," he adds.

Some other big challenges are supply chain issues, especially in the airline sector.

Sidhra of Alike.io says that constrained global supply chains forced airline companies to ground a large proportion of their fleet, which led to capacity constraints, delays, cancellation and increased flight costs. This, suprisingly, led to cases where it was cheaper for Indians to travel internationally, than to a domestic destinaton, he says.

• ANUBHUTI MATTA

₹1,145 cr

Global box office collections for Shah Rukh Khan's Jawaan that released in September

GETTY IMAGES

ENTERTAINMENT

Silver Screens: Recovery, but Uncertainty Ahead

A bright light shone over Indian cinema and OTT in terms of content and revenue. But theatre occupancy remained a concern, while consolidation could change the game

DECEMBER WAS FESTIVE at the movies, with a big-budget theatrical release almost every week. In Hindi, the month began with *Animal* and *Sam Bahadur*, the former reportedly crossing ₹800 crore in box office revenue at the time of writing. Then there was Shah Rukh Khan-starrer *Dunki* and the first instalment of the Prabhas-starrer Telugu film *Salaar*. In English, there's been *Wonka* and *Aquaman and Lost Kingdom*.

The films were also credited with bringing people back to the theatres, starting with Shah Rukh Khan's *Pathaan* in January, said to have collected ₹1,000 crore at the global box office. This was followed by Karan Johar's *Rocky Aur Rani Kii Prem Kahaani*, which reportedly earned ₹335 crore, Shah Rukh Khan's Jawan in September with ₹1,145 crore global collections, and Sunny Deol's *Gadar 2*, which earned ₹691 crore.

India had memorable moments at the Academy Awards and International Emmy Awards in 2023. Actor and stand-up comedian Vir Das won an Emmy for his Netflix special *Vir Das: Landing*, while producer Ekta Kapoor received the Directorate Award. Actor Shefali Shah earned an Emmy nomination for *Delhi Crime*'s season 2. In March, 'Naatu Naatu' from Telugu film *RRR* won an Oscar for Best Original Song, while *The Elephant Whisperers* won the Best Documentary Short.

Karan Taurani, senior vice president, Elara Capital, says Indian content earning worldwide recognition, thanks to OTT platforms,

Clockwise from left: Posters from Gadar, Jawan; Kartiki Gonsalves and Guneet Monga with their Oscar; Vir Das with his Emmy

will continue to "encourage more producers and creative people to make differentiated content, which is accepted both by the Indian and global audiences". Other big trends this year, he highlights, include South films working well in the North and vice versa, and "both these movies working globally". English films dubbed in Hindi are seeing more acceptance in metros and tier 2 markets, contributing to about 30 percent on average, he says.

Sequels and franchises also worked well and will likely to continue into 2024, Sanjeev Kumar Bijli, executive director, PVR Inox, told Forbes India recently. He gave the example of the 'spy universe' coined by Yash Raj Films earlier this year, which released *Pathaan* and *Tiger 3*. *Fighter*, starring Hrithik Roshan and Deepika Padukone, is lined up for January. There's the Singham universe established by Rohit Shetty, and the third instalment of *Don*, directed by Farhan Akhtar.

High box office collections, however, are not because of more people coming to theatres, but high ticket prices, says Taurani, adding that theatre occupancy levels was 75 to 80 percent through the year compared to pre-Covid levels. PVR-Inox shut down 50 loss-making screens in May.

One big development has been consolidation. The $10 billion merger of Sony Pictures Network India and Zee Limited, whose deadline was set to December 21, has now reportedly been extended. Another potential deal could involve Reliance Industries either taking over Disney Star's entire India business or its streaming business, Disney+Hotstar. Consolidation is beneficial for business, says Taurani, because consolidation is likely to result in channels having more clout and improved operational efficiency.

• DIVYA J SHEKHAR

VIR DAS: REUTERS/MIKE SEGAR; KARTIKI AND GUNEET: RODIN ECKENROTH/GETTY IMAGES

AFP

107

The number of medals India won at the Asian Games, its highest-ever tally

SPORTS

Gold Rush

From 100-plus medals in the Asian Games to best-ever performances in the world championships, 2023 has been a year of key positives for Indian sports

IT'S PERHAPS TELLING THAT Neeraj Chopra, who became the world champion and won the gold medal at the Asian Games as well, isn't even India's biggest sports story this year.

You can attribute it partly to the benchmarks that the champion javelin-thrower has set for himself—winning the Olympics in 2021 and the coveted Diamond League in 2022—where anything less qualifies as an upset and not vice-versa. But it's equally the spate of other achievements emerging through the year that have signalled India's growing might as a sports nation.

Consider that Kishore Jena and DP Manu qualified for the finals of the World Athletics Championship in Budapest, Hungary, making it a historic first in which three Indians made it to the top eight. Jena also won the silver in the Asian Games, finishing second only to Chopra, and qualifying for the 2024 Olympics, along with the reigning champion.

Both the elite tournaments saw fireworks from other Indian athletes as well, with the India men's 4x400 m relay team leading from the front—the quartet comprising Md Anas Yahiya, Amoj Jacob, Muhammad Ajmal and Rajesh Ramesh qualified for the final of the world championships for the first time, and also won a gold at the Asiad.

In fact, at the Hangzhou Asiad, India breached the 100-medal mark for the first time in history—its 107 medals eclipsed its previous highest haul of 70, from the Jakarta Games in 2018. While athletics accounted for the richest haul with 29, the numbers were pushed up by men's hockey, women's cricket and equestrian. The latter overcame a 10-hour competition to bring home the first-ever team dressage gold and the first equestrian gold in 41 years.

(From left) Avinash Sable, Parul Chaudhary and Neeraj Chopra

AFP

"The year 2023 proved that investments made in talent scouting, training, identification of coaches etc, are bearing fruit."

The charge in the Asiad was also led by the likes of middle-distance runner Avinash Sable, who won the gold in 3,000 m steeplechase and a silver in 5,000 m, while Parul Chaudhary became the first Indian woman to win an Asian Games gold in 5,000 m. Both qualified for the 2024 Olympics.

"It's one of the most progressive years for Indian sport, with many reasons to celebrate," says Vijay Lokapally, senior journalist and author. "The year 2023 proved that the investments made by the government, and also a few private corporates, in talent scouting, training programmes, identification of the right coaches etc, are praiseworthy and are bearing fruit. The year 2024 will be an exciting year to look forward to."

Like Chopra, the World No 1 in his field, men's badminton doubles pair Chirag Shetty and Satwiksairaj Rankireddy, too, briefly became the top-ranked players after winning a gold at the Asiad, before ending the year as World No 2.

The fact that we still haven't mentioned cricket is a statement on how India is spreading its wings as a multi-sports nation. But cricket too made the headlines when the International Olympic Committee (IOC), which had gathered in Mumbai for its session voted to induct the sport into the Games, allowing a six-nation T20 competition at the Los Angeles Olympics in 2028. It came at a time the glitterati had converged in the country for the ongoing ICC Men's ODI World Cup. The tournament saw the dominance of the host country with 10 consecutive wins before tripping on the final hurdle—in the final against Australia.

But despite that hiccup, 2023 has set Indian sports on a strong foundation for 2024—a year that has the crucial Paris Olympics and both the men's and women's T20 World Cups.

•KATHAKALI CHANDA

S NAREN

The author is executive director and chief investment officer at ICICI Prudential AMC

Stock Market at a Crossroads

As we embark into 2024, India will have to navigate a promising but challenging investment landscape

The Indian stock market grappled with global monetary tightening fears and foreign fund outflows early in 2023. The US Federal Reserve's indication of no rate cuts until inflation control added pressure. Geopolitical tensions impacted sentiment, but throughout these times, Domestic Institutional Investors (DIIs) provided the much-needed support to the market.

The second half of the year saw the market climbing higher, driven by optimism over domestic growth, sustained foreign fund investment, easing inflation, definitive indication of rate hike pause by the US Fed, along with robust corporate earnings. Despite concerns about China's trade data, strong Indian GDP prints and positive state election outcomes propelled the market upwards.

As we embark on the journey into 2024, the Indian stock market finds itself at a crossroads.

India boasts robust macros, a resilient banking sector with clean balance sheets, and minimal corporate leverage. These factors enable a flourishing economic landscape, underscoring India's ability to weather global uncertainties.

Historically, election years have been marked by increased market volatility. As we enter 2024, the starting point of valuation is high, making it the costliest election (in valuation terms among the past five election years).

In terms of market segmentation, no pocket is inherently cheap at this point. Today, all three segments (large, mid, and small) appear expensive compared to their historical valuation. However, on a relative basis, large-cap stocks seem to be better positioned. Investing in mid and small cap segments may be a risky proposition. Therefore, from an investment perspective, one can seek trades that are relatively cheap or look for assets that are fairly valued.

Can the markets remain expensive throughout 2024? It is a possibility, given that India stands out as one of the few structural success stories globally. The catalyst for fairly valued stocks becoming overvalued could be a rate cut by the Federal Reserve and substantial inflows from both DII and Foreign Institutional Investors (FII). For over two years, there has been minimal investment from FIIs. Once FIIs increase their participation, the large-cap space is likely to witness the bulk of these inflows. However, the big question remains: How long can the boom last when the market is not cheap? Predicting the extent of this movement is challenging.

Since, from a global angle, the debt-to-GDP ratios of most developed countries, including China, remain quite high, there is a likelihood of increased market volatility in the West. Also, the world's reserve currency is not in an optimal condition. So, investors should remain vigilant and consider the impact of these factors on their portfolios.

In the face of investing in an expensive market, exercising prudence becomes paramount. For equity allocation, investors today can consider large cap, flexi cap or multi cap strategies. Another option is hybrid investing, especially that of multi-asset, aggressive hybrid or balanced advantage categories.

Debt, though an interesting asset class, demands a strategic approach. Investing in hybrid instruments provides a prudent way to tap into the potential of debt securities. Similarly, gold, a traditional safe-haven asset, can be approached through investing in multi-asset fund.

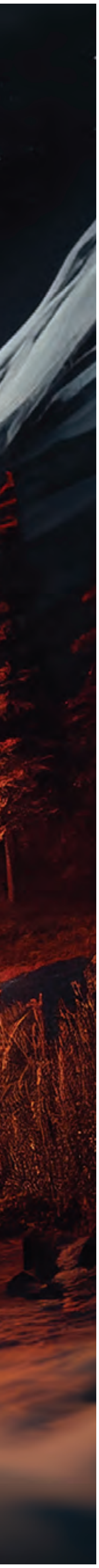
To conclude, India is in a fine fettle but what investors need to be cognisant about is that most of the positives have been priced in at current levels. For a smooth investment journey, it is important to focus on asset allocation.

SHUTTERSTOCK

GAME OF THRONES

A bunch of startup founders are braving the winter chill by wrapping themselves in the warmth of a much-deserved funding blanket. The challenge, though, is to conserve and grow at the same time if one needs to survive the long and harsh winter

By RAJIV SINGH



Winter is coming,” reckoned Jon Snow. “We know what’s coming with it,” underlined the fictional character in *A Song of Ice and Fire* series of fantasy novels penned by American author and screenwriter George RR Martin, which were later adapted for TV as *Game of Thrones*. “The enemy is real... it’s always been real,” Snow talked about the threat.

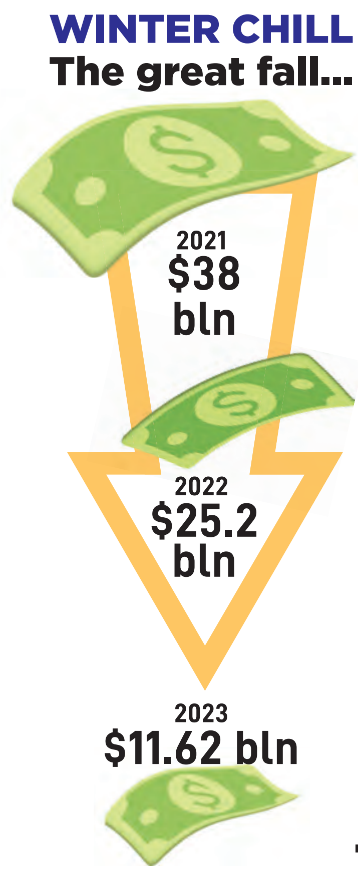
Back in the real world of entrepreneurship, which looked nothing short of fantasy during the unprecedented funding spring of 2021, the threat of a severe funding squeeze started to look real and imminent from the second half of 2022. And it turned fatal towards the fag end of 2022 and the beginning of 2023. Look at the numbers. From $4.96 billion in funding in April 2021, the monthly numbers dipped to $2.65 billion in 2022, and then plunged to $989.5 million in 2023.

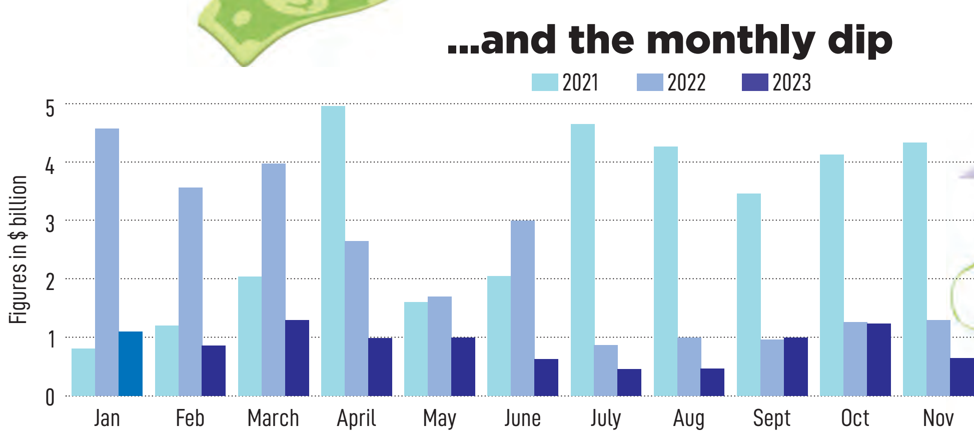
As one moved to November, the decline persisted: $4.33 billion in 2021 to $644 million in 2023. Though the funding data in December (till 25th of the month) looks promising—$1.65 billion in 2023—it still lacks the firepower to push the overall funding amount in the 12 months of 2023 to even half of the dollars that poured in in 2022 or what it was in 2021 (see box). The going was set to be tough, and one had to anticipate and prepare to avoid the consequences of staying ignorant. “What we don’t know is usually what gets us killed,” Lord Petyr Baelish, another fictional character, remarked in *Game of Thrones*.

Fortunately, most of the startup founders knew what was coming, and made provisions accordingly. They knew the funding chaos was real, but they looked at the positive side, much like what Baelish advised all to do when confronted with adversity. “Chaos isn’t a pit. Chaos is a ladder. Many who try to climb it fail... some are given a chance to climb, but they refuse,” he reckoned. This special issue of *Forbes India* chronicles the journey of a clutch of startups—

InsuranceDekho, Mintifi, Bizongo, FreshtoHome, Zetwerk, KreditBee and Zepto—who viewed chaos as a ladder, raised $100-million plus amidst intense winter funding (Bizongo happens to be an exception as it raised $50 million. But how can we miss the tale of an ‘almost unicorn’)—and are still clambering their way out of the trench.

What makes the founders special, reckon venture capitalists, is their tenacity to fight the odds. Typically, companies raising over $100 million in equity in such a market have demonstrated strong execution, growth at scale, clear PMF (product-market fit) for a

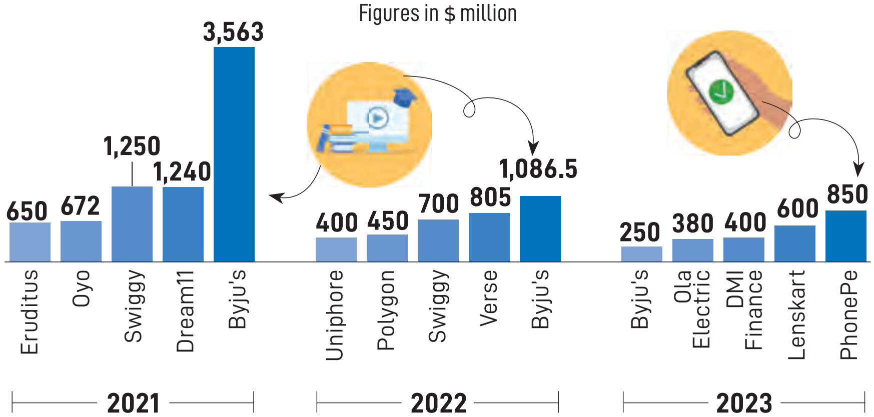




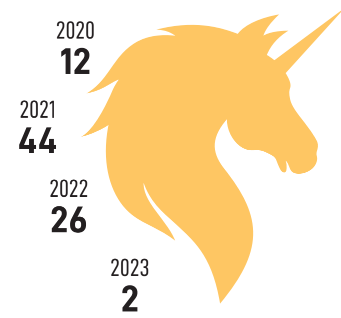
INFOGRAPHICS: MUKESH SINGH; ILLUSTRATION (BELOW): CHAITANYA DINESH SURPUR

Top five growth-stage deals

Figures in $ million



Unicorns stopped galloping



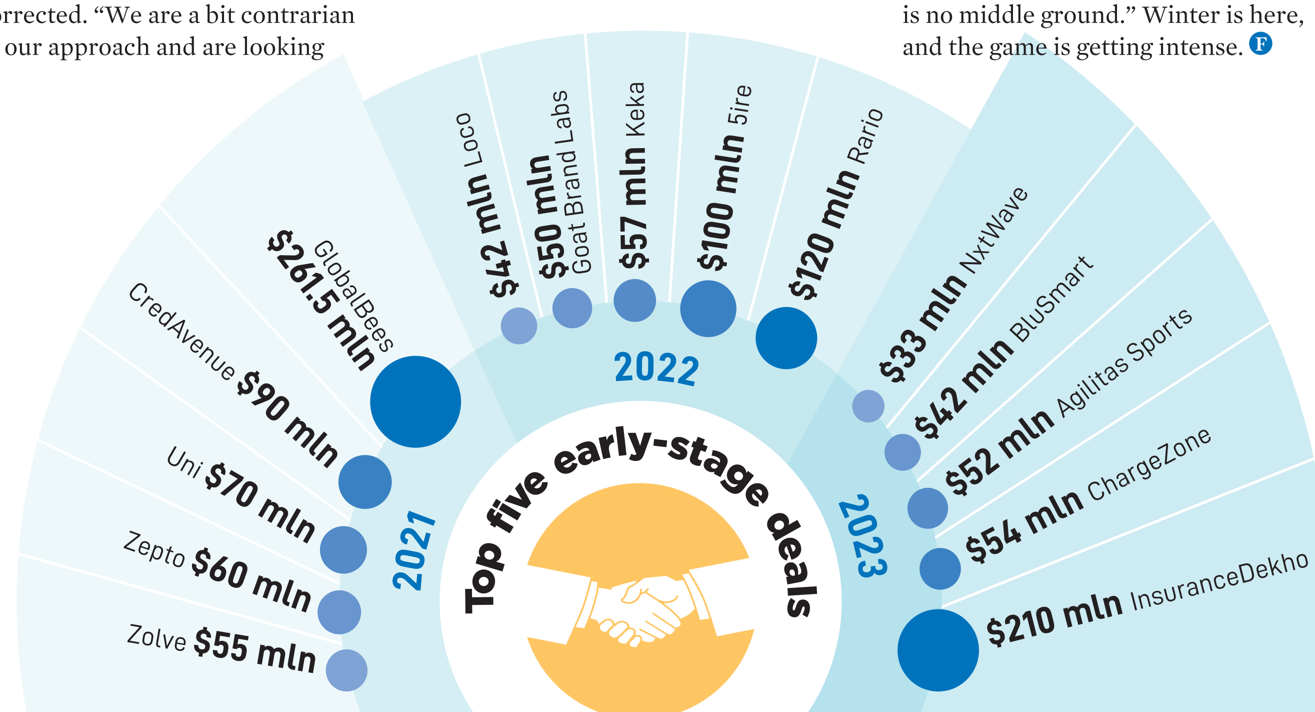
2023 data till December 25

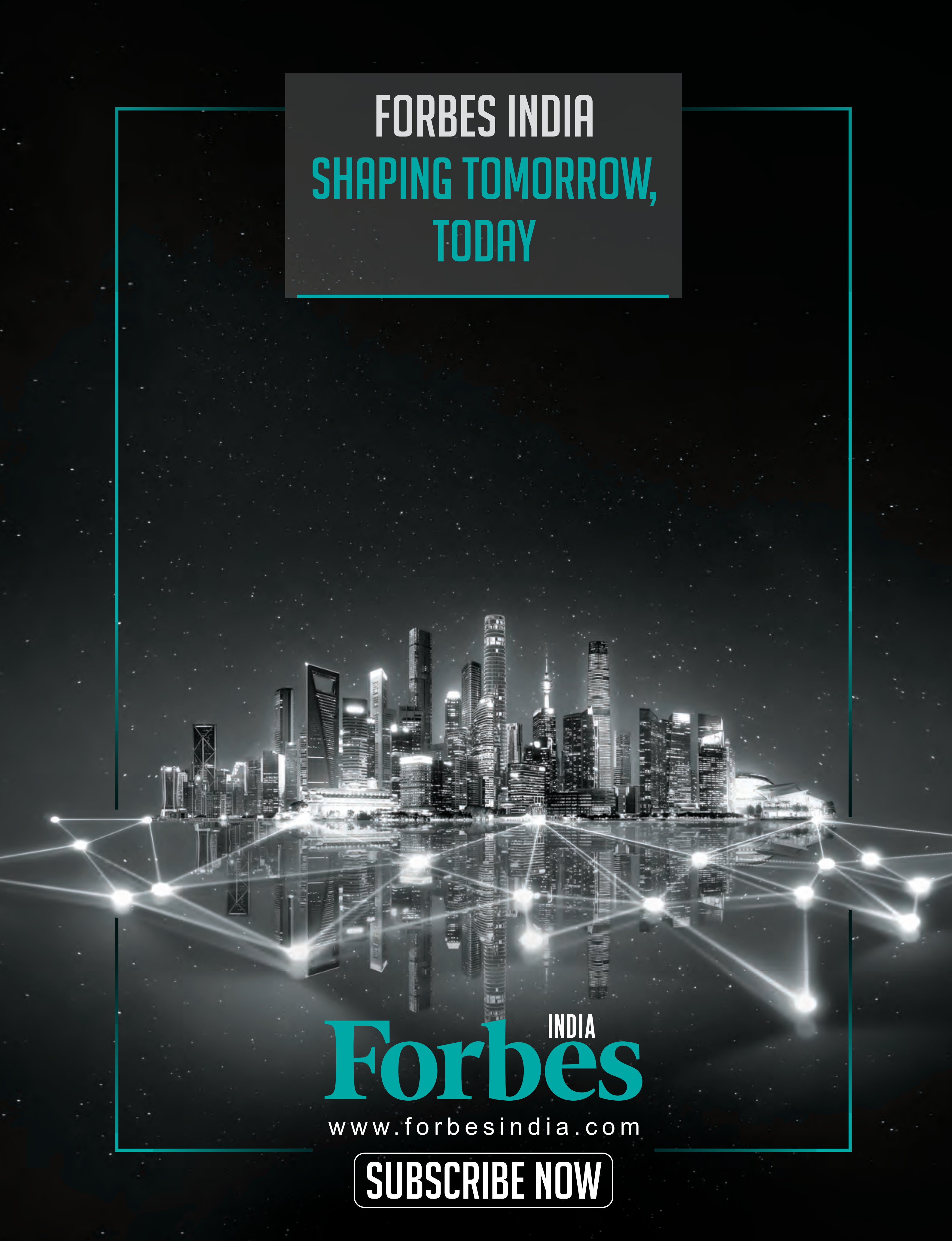
SOURCE TheKredible from Entrackr

differentiated target segment, strong unit economics or Ebitda (earnings before interest, taxes, depreciation, and amortisation), and have shown significant IPO potential, underlines Niren Shah, managing director of Norwest India. One key learning for founders is that while we are in a funding winter, stresses Shah, there is a significant amount of capital available for fundamentally sound businesses. The mistake most of the funds make is to over-deploy in a bull cycle and conversely be extremely conservative when the multiples have significantly corrected. "We are a bit contrarian in our approach and are looking for less obvious deals at current market multiples where we believe we could create alpha," he says.

An impressive report card is also something that attracted the backers. Praveen Sridharan explains. "Some of these companies are category leaders or among the top three, which is why you see a lot of interest," says the partner at TVS Capital Funds. The guys who stand out, he reckons, will always attract interest whether it's funding winter or no winter. "They stand out because of their ability to look at situations, execute, deliver, morph and modify," he adds.

As entrepreneurs prepare to endure a harsh winter which might thaw over the next few months, they need to remind themselves that a lot still has to be done. "Entrepreneurship is a game of thrones," says Jai Vardhan, co-founder of Entrackr, a media venture tracking startups and the internet economy in India. When you play this game, he reckons, you must remember what Cersei Lannister remarked in *Game of Thrones*. "When you play the game of thrones, you win or you die. There is no middle ground." Winter is here, and the game is getting intense. F

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BRAVING THE FUNDING WINTER

THRILLING SPEED

The first $9.8 million came in July 2021. Sixty days later, $42.4 million was sealed. The next $110 million came in another 60 days. In August 2022, $170 million was scooped, and 12 months later, came the unicorn round of $200 million. It has been a crazy year of fundraise and growth for Zepto

By RAJIV SINGH

Mumbai, April 2022

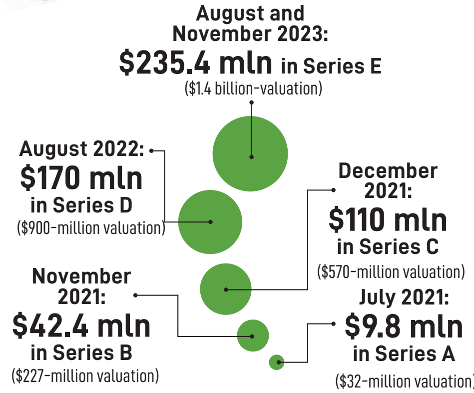
"Dude, the party is over," a grim voice from the other side of the call broke the bad news. It was 10 in the morning, and Aadit Palicha was in the midst of crafting another speedy move to his overall frenetic land-grab strategy for Zepto. From one dark store in July 2021, the young entrepreneur raced to 150 stores, and an annualised sales of $200 million by April the next year. Notching up such numbers in a market that had more naysayers than believers, Zepto's furious pace of growth quickly became the talk of the town.

The 10-minute grocery delivery upstart had disrupted the quick commerce market. It stunned the incumbents like Dunzo, Blinkit, Amazon and Flipkart with its hyper-aggressive growth. 'Zepto Speed'—a term coined by co-founder and CEO Palicha to describe the breakneck

FUNDING WARMTH

235.4 mln in 2023

JOURNEY



BACKERS

StepStone, Nexus, Goodwater Infinity III, YCC20 (India), LGF Scale II (Mars), Razor Ventures, Glade Brook Private Investors XXXIV LP, Oliver Jung, Global Founders Capital

VALUATION

$1.4 billion

INFOGRAPHICS: MUKESH SINGH

Kaivalya Vohra, co-founder and CTO (top), and Aadit Palicha, co-founder & CEO, Zepto

“In such a deep winter, you need investors who are willing to take a contrarian bet... it needed a lot of homework on our part.”

Aadit Palicha,
co-founder and CEO, Zepto

MEXY XAVIER

speed at which the challenger brand was cruising since its rollout in early 2021—was the last brand to enter the segment, and threatened to become the biggest in the space.

From zero revenues in the first five months, Zepto closed the first year of operations at ₹142.36 crore in FY2. Though it posted a staggering loss of ₹390 crore, a bloated bottom-line was the last thing on the minds of the audacious founders and investors who were cheering up an intense land grab by entrepreneurs. Two college dropouts—Palicha and his co-founder Kaivalya Vohra—were set to gatecrash into the party of the big boys.

Back in the US, in April 2022, one of the investors in Zepto had phoned Palicha, and was talking about another kind of party. "I am serious. The party is over," he said, trying to underline the seriousness of the situation. The startup world, he continued, was set to enter into a funding winter, the heyday of easy flowing money was over, and raising hefty rounds of funding would be a thing of the past. "You need a complete flip in your mindset. It can't be growth at all cost now," he delivered a piece of advice to Palicha, who was jolted out from his fairytale funding journey. "In our first seven months of existence, we raised around $300 million, which is completely nuts," confesses the co-founder who goes on to describe the staggering pace of fundraise.

The maiden funding round of $9.8 million happened in July 2021. Around 60 days later, Zepto closed $42.4 million in Series-B. In the next sixty days, in December 2021, Palicha scooped $110 million of Series-C. Then something unthinkable happened. Just two days after the money of Series-C hit the bank, the co-founder called up one of his existing investors and shared an outrageous plan. "I want to raise capital again," he said, explaining his logic. "This funding euphoria is crazy. It's not going to last for long. So let's juice out every single dollar as long as the good times last," he reasoned.

A few months later, in April 2022, the good times were coming to an end. The investing community was about to press the pause button, and Palicha panicked. He quickly summoned a town hall and raised a clarion call to reset the company DNA. "We need to be more disciplined, and think of a sustainable way of growing," he underlined. The mood turned from exuberance to cautious optimism.

Palicha decided to put a full stop to opening up dark stores—by April 2022, he had 220 across 10 top cities—and took a series of steps to maximise efficiency and cost. Supply chains were optimised, distribution centres were made more productive, sourcing channels were oiled efficiently, line-haul utilisation was improved, a flurry of experiments were done with last-mile vehicles, and the pace of growth was moderated. All was going well for Zepto, and it still had a runway of 18 months.

Then came the dramatic first week of March 2023. It was 10.30 pm on a Thursday night. Palicha was working out in the gym. Suddenly his phone rang, and he disconnected. After a few seconds, the phone buzzed again, and after a minute, it beeped. The co-founder answered but before he could utter anything, "Aadit, there is a bank run at Silicon Valley Bank," said one of the investors of Zepto in Europe, disclosing the unfortunate news. "The bank is collapsing." Zepto had $30 million parked in Silicon Valley Bank. Suddenly, $30 million looked like zero. Palicha thought that the funder is playing a prank.

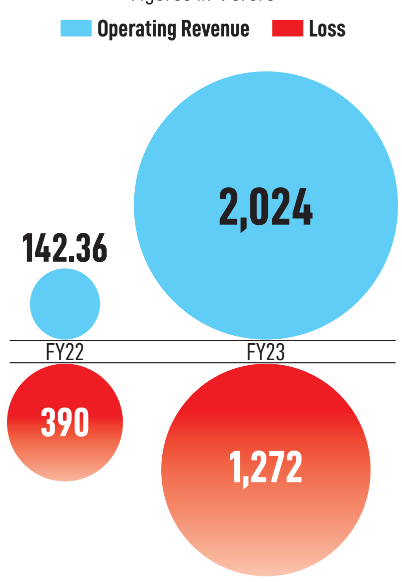
The line got disconnected. After a few minutes, Palicha went on to Twitter (now X) to check the news. The social media platform was flooded with panic tweets from an army of helpless founders across the world who now had their money stranded in the US bank. From 10.45 pm, his phone started ringing incessantly, and he went on a flurry of distress calls for the next sixty minutes. Suddenly, Zepto's runway was cut by half.

By 11.30 pm, Palicha was on a conference call with the CFO and existing set of investors. The crisis discussions went on till 3 am. All attempts to pull the money out of the bank failed. The next day, the bank collapsed, and all international transactions were blocked. Miraculously, the money finally got transferred to the account of one of the investors in the US, who then sent back the capital to Zepto's parent company in Singapore. Palicha heaved a sigh of relief, but another crisis was round the corner.

Y Combinator, the famed US accelerator that was in final stages to lead Series-E funding round in Zepto, announced shortly after in March that it is winding down its late-stage investment fund. "It was devastating. Back to back tragic news...I was almost numbed," recalls Palicha, who was planning

REPORT CARD

Figures in ₹ crore



INFOGRAPHICS: MUKESH SINGH

NAME & GAME

Quick grocery delivery startup was founded by Stanford dropouts **Aadit Palicha and Kaivalya Vohra**

Started in April 2021, operated in stealth mode for 6 months

Launched 100 micro-warehouses, each with a capacity to do over 2,500 orders/day

Nexus Venture Partners is the biggest stakeholder with a 20.86 percent stake; GladeBooks holds 10.43 percent while Y Combinator owns 5.07 percent

From 1 dark store in July 2021, **it now has 315 dark stores**

Claims to be now striking a **revenue run-rate of ₹4,500 crore for FY24**

Present across **Mumbai, Bengaluru, Delhi, Gurugram, Chennai, Hyderabad and Pune**

to raise around $140 million on the back of impressive numbers that he had churned out over the last twelve months. The operating revenue jumped to a staggering ₹2,024 crore in FY23 from ₹142.36 crore in FY22. Though during the same period, losses ballooned to ₹1,272 crore from ₹390 crore, Zepto had cut burn, slowed down the pace of growth and made around 100 stores start generating cash.

Palicha went back to the drawing board, pushed the fundraise process by a few months and devised a new strategy. "We decided to stay away from a big dog and pony show," he says, alluding to reaching out to as many investors as possible. The co-founder took the existing set of investors in confidence, got a commitment of around 60 percent of the funding from them, and then started hunting for a new backer who would place a contrarian bet.

He identified seven funds with whom he had been in some kind of discussions over a year or so, and once the final data was ironed out, and a thorough internal as well as external diligence was done to assuage the apprehensions of American investors who were spooked by a flurry of non-disclosure and shoddy corporate governance practices among a battery of Indian startups, the funding process became smooth.

In August, Zepto became the first unicorn of 2023. It closed a $200 million round at a valuation of $1.4 billion. The round was led by VC firm StepStone, with participation from Goodwater and existing backers such as Lachy Groom, Glade Brook and Nexus Venture Partners. Three months later, it raised another $35 million.

The backers reckon that the 10-minute delivery startup has raised quick money on the back of delivering on its promise of growing in a sustainable manner. "They've moved fast, which is critical in competitive, large markets like delivery," says Nicolas Dardenne, a global investor and principal at Y Combinator's growth fund. In just over two years since launch, underlines the investor who is on the board of Zepto, they've grown to over 300 stores and more than $700 million of annualised sales. "More importantly, they've grown with healthy underlying customer metrics and economic control," he claims, in an email reply.

"Zepto was able to raise capital because they executed well since launch."

NICOLAS DARDENNE, GLOBAL INVESTOR AND PRINCIPAL AT Y COMBINATOR'S GROWTH FUND

Zepto's customer retention, he adds, is best-in-class, and the new store cohorts are reaching profitability faster than older cohorts. In the prior decade of similar startups, it was rare to see a company drive hyper-growth and improve profitability simultaneously. "Zepto is proving it can do both," Dardenne says.

Palicha, meanwhile, says he has a lot on his plate. The biggest challenge is to ensure that the startup doesn't get complacent, and slip back into the 'growth-at-all-cost' period. "The burn has come down, and we are close to Ebitda positive," he claims. "I want to take the company public in 18 months, and it will hit the public market with a positive PAT (profit after tax)," he smiles.

The ambitions are lofty and the intent is aggressive. Zepto, and Palicha, will now have to walk the talk and deliver on the promise of running a profitable venture. F

TAKING COVER

It was the worst funding February in four years, but InsuranceDekho's maiden raise of $150 million churned out the biggest Series A round in India. With another $60 million following briskly, Ankit Agrawal continued with his cover drive in 2023

By RAJIV SINGH

Gurugram, December 2022

The war room wore a sombre look. The signs were ominous. Over the last six months, the fertile terrains of growth got morphed into a treacherous battleground, there were confirmed reports of heavy casualties everywhere, and the tailwinds of 2021 transformed into fatal headwinds. The troops were quickly running out of ammunition. The morale was hitting a new low with every passing day, and the signs of fatigue were conspicuous on the dreary faces of the soldiers. The terrible thing, though, was that there were no comforting signs of things coming back to normal anytime soon. The worst part, however, was the fact that India had not witnessed, and was not prepared for, such a brutal and prolonged combat.

Meanwhile, inside the war room in Gurugram, the distressing signs were unnerving and visible. The three army generals—Ankit Agrawal, Puneet Kumar and Aman Batra (CEO, CFO and investor relations' honcho, respectively)—found themselves huddled every morning, every week, for over six months. "It was one of the worst times to raise venture money," confesses Agrawal, head of the pack and founder of

FUNDING WARMTH

210 mln in 2023

JOURNEY

February 2023: **$150 mln**

October 2023: **$60 mln**

BACKERS

Goldman Sachs Asset Management, TVS Capital Funds, Investcorp, Avataar Ventures, LeapFrog Investments, Mitsubishi UFJ Financial Group, BNP Paribas Cardif, Beams Fintech Fund and Yogesh Mahansaria Family Office

VALUATION

Reportedly around **$500 million**

MADHU KAPPARATH; IMAGING: KAPIL KASHYAP; INFOGRAPHICS: MUKESH SINGH

“The ones building sustainable businesses will end up raising capital.”

Ankit Agrawal, founder and CEO, InsuranceDekho

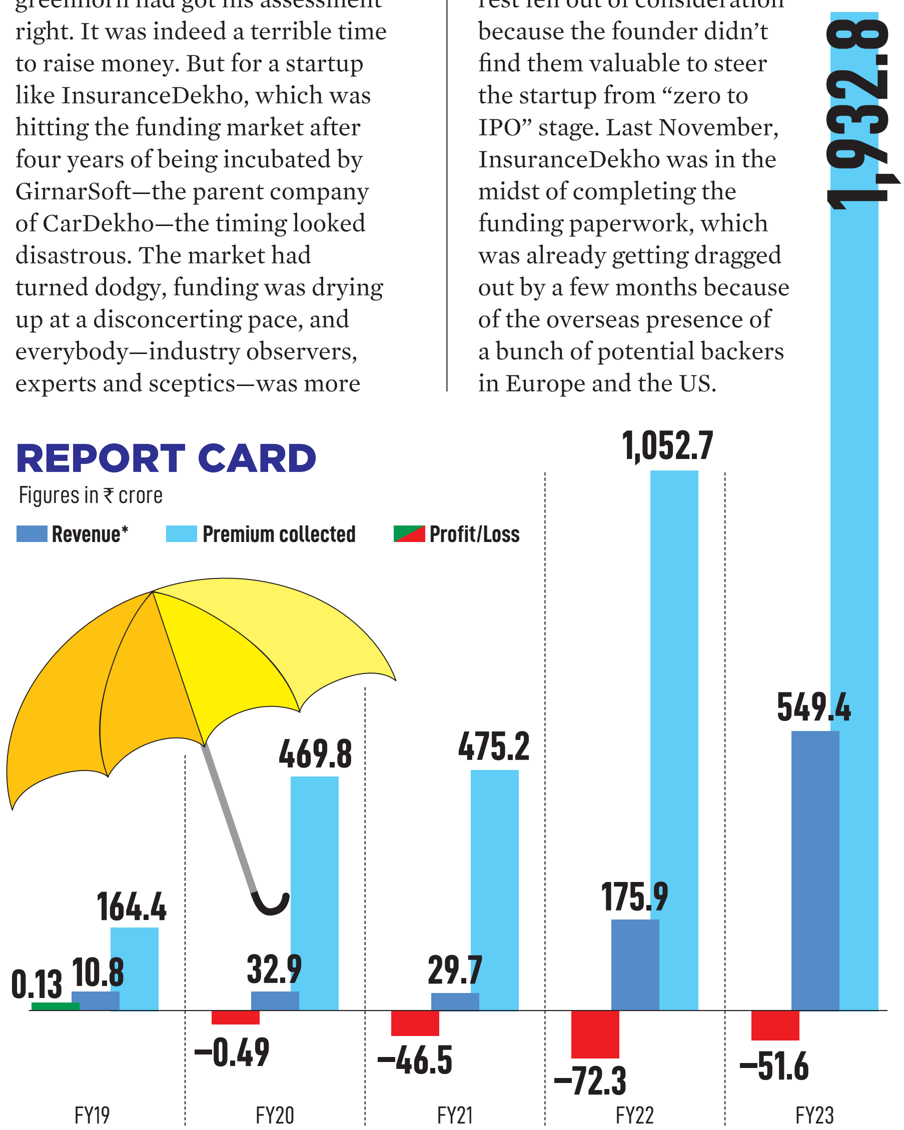
InsuranceDekho, the insuretech company that was set up in 2016, got a broking licence from the regulator the next year, and rolled out operations from 2018. The rookie founder was alluding to a bitter funding winter, which started to set in around July last year.

In four months, by November 2022, the winter turned frosty. Look at the numbers. While in November 2021, startups in India raked in a staggering $4.33 billion in funding, the corresponding number for the next year dipped by over 67 percent to $1.3 billion. The greenhorn had got his assessment right. It was indeed a terrible time to raise money. But for a startup like InsuranceDekho, which was hitting the funding market after four years of being incubated by GirnarSoft—the parent company of CarDekho—the timing looked disastrous. The market had turned dodgy, funding was drying up at a disconcerting pace, and everybody—industry observers, experts and sceptics—was more than certain that InsuranceDekho would find zilch takers.

The gloomy prediction had one more crucial layer, which was highlighted by the naysayers. The fag end of the last year was also a time when many sealed deals—the term sheets were signed, diligence was completed, and the amount just had to be wired—didn't fructify. "Almost every other day we used to hear the news that some or the other deal bombed," recounts Agrawal. He himself was in touch with 15 funds, around half a dozen evinced interest and sent the term sheet, and the rest fell out of consideration because the founder didn't find them valuable to steer the startup from "zero to IPO" stage. Last November, InsuranceDekho was in the midst of completing the funding paperwork, which was already getting dragged out by a few months because of the overseas presence of a bunch of potential backers in Europe and the US.

REPORT CARD

Figures in ₹ crore



SOURCE RoC filings and company;
*InsuranceDekho's revenue includes its affiliates Girnar Insurance Brokers & Girnar Finserv

With every passing day, the fear of the unknown started to weigh heavily on the minds of the founder. Two months later—in January 2023—the documentation was still incomplete, regulatory approvals were yet to be in place, and the protracted delay (now the process was into the fifth month) pushed the rumour mills into overdrive. The fear of the unknown now looked like an imminent tragedy as the news of an impending and much-delayed fund raise was out in the public. "Everyone looks at you. And when things get delayed, people think something is either wrong with the company or there is no money left," says Agrawal, who also had to ensure that employees and stakeholders didn't press the panic button. Though Agrawal stayed unflustered, his cautious optimism had started to wear thin. The CFO tried to inject hope. "The process takes time. Things are under control. Trust your team," underlined Kumar.

Batra nodded, and tried to put things in context. "Initially, we planned to raise $60 million, but we kept raising the bar and we are now working on a much bigger deal," said the vice president (strategy and investor relations) of InsuranceDekho. "It might be taking more time than expected. But we have nothing to fear," reckoned Kumar. The performers, he underlined, would eventually get rewarded.

The startup, for sure, had notched up impressive numbers. It posted a tidy profit in FY19, and in FY22, the revenues were set to touch the ₹150 crore-mark from ₹10.8 crore in FY19. The loss, too, was not alarming. The startup was likely to close FY22 with a negative bottom line of over ₹70 crore. The founder knew that the fundamentals were in place because in the absence of funding, the startup had raised working capital from banks. "That's how traditionally businesses

NAME & GAME

InsuranceDekho was founded by **Ankit Agrawal** in 2016

Got broking licence from IRDA in 2017, and **Ish Babbar joined as co-founder** in 2019

For consumers, the insurtech company offers **motor, health, life, pet and travel insurance**

For businesses, InsuranceDekho offers **cover for MSME, fire, marine, property, group and business liability**

In April this year, Gurugram-based startup **acquired Verak**, a Mumbai-based SME insurance distribution firm

It also **bought IRSS**, a firm with a network of insurance freelancers, in April 2023

InsuranceDekho has **81% of agents in tier II** and beyond, and gets over 85% of premium from these places

Agent count stands at **1.25 lakh** in November 2023; target is to have **2 lakh** by the end of FY24

used to run: Take money from banks and grow," says Agrawal. That's what InsuranceDekho did during the six months when the deal was getting stitched.

Then came February 2023, and InsuranceDekho scored a massive cover drive. The startup scooped up a staggering $150 million in Series A round of funding, which happened to be the biggest early-stage funding in the history of India. What was equally incredible was the names Agrawal managed to rope in in his maiden funding round: Goldman Sachs Asset Management, TVS Capital Funds, Investcorp, Avataar Ventures, and LeapFrog Investments.

There was another dazzling thing waiting to be unboxed. Within two months of the Series A funding, a bunch of new investors wanted to pump in more money. The founder couldn't say no. "Who can say no to biggies like MUFG and others," he says. In October, InsuranceDekho raised another $60 million, and got a new set of backers in Japanese giant Mitsubishi UFJ Financial Group, the insurer BNP Paribas Cardif, Beams Fintech Fund and the family office of Yogesh Mahansaria, the founder of Alliance Tire. What was also interesting was the fact that existing investors such as TVS Capital, Goldman Sachs Asset Management and Avataar Ventures also invested.

Praveen Sridharan tells us what made him back the rookie founder twice in a year. People who buy into the InsuranceDekho story, reckons the partner at TVS Capital Funds, like what they're doing, and continue to believe that they will be able to generate growth over a period of time. "We look at businesses from a multi decadal aspect… it's not a five-year journey for us," he says, pointing out a bunch of positives about the insuretech startup. First, the venture has focussed sharply on execution. Insurance, he underlines, is an execution-heavy business. It requires people on the ground, and it requires figuring out how to work with people at scale. "They are strong in this aspect," he says.

Second, their focus on people, frugality and capital efficiency is a big plus. "That's why they had strong interest among backers in both the rounds," he says. "The guys who stand out will always attract interest whether it's funding winter or no winter," he underlines. The challenge for InsuranceDekho, he points out, is to maintain the culture of frugality, execution and capital efficiency. "As you scale higher and higher, the challenge is to maintain the culture with which you started," he says.

Agrawal, meanwhile, is aware of the big task and ask. "Businesses need investments, and at some point of time, a company has to make money. Period," he says. InsuranceDekho, he adds, might not be making profit now, but soon it will for sure. "I am building a sustainable business," he says, adding that capital raising and valuation is an outcome. "If I chase these outcomes, I won't be able to build a sustainable business," he signs off.

"The guys who stand out will always attract interest whether it's funding winter or no winter."

PRAVEEN SRIDHARAN,
PARTNER, TVS CAPITAL FUNDS

Celebrating Excellence: Unveiling the Talent of 40 Under 40 CA Business Leaders Awards Season 2

ICAI & CNBC-TV18's annual flagship event celebrated the accomplishments of young achievers of the 40 Under 40 in CA Business Leaders Awards Season 2.

CA 40 Under 40 Season 2 Winners

The esteemed Institute of Chartered Accountants of India (ICAI) in association with CNBC-TV18 organised Season 2 of their flagship awards, 'CA Business Leaders- 40 Under 40' on 11th December 2023 in Mumbai to recognise and felicitate the exemplary contributions of young outstanding CA Business Leaders who have demonstrated excellence as CA professionals.

To honour the accomplishments of these emerging leaders, numerous industry leaders, policymakers, dignitaries and key ICAI personnel congregated at the grand event.

The event was graced by the presence of Chief Guest CA. Akhil Gupta, Vice Chairman, Bharti Enterprises. Among the attendees at the occasion were CA. Aniket Sunil Talati (Honourable President, ICAI), CA. Ranjeet Kumar Agarwal (Honourable Vice President, ICAI), CA. Durgesh Kumar Kabra (Chairman, CMI&B, ICAI), and CA. Rohit Ruwatia Agarwal (Vice Chairman, CMI&B, ICAI).

Opening greetings at the award ceremony

CA. Durgesh Kumar Kabra extended a warm welcome to the participants at the award ceremony. He underscored the importance of Chartered Accountants in nation-building and their crucial role in upholding the economy. He stressed the significance of acknowledging their outstanding contributions through this initiative.

CA. Rohit Ruwatia Agarwal made a special address to all the attendees of the event and recognised the significant role of CAs and CA institute in uplifting the industry.

Special address by ICAI representatives

CA. Ranjeet Kumar Agarwal shed light on India's escalating position on the global stage, highlighting its rank as the world's fifth-largest economy and its emergence as the largest market worldwide. In emphasising the pivotal role of Chartered Accountants, he underscored their potential to contribute significantly to the nation's growth and development.

Following that, CA. Aniket Sunil Talati delivered the Presidential address and expressed gratitude to all participants, process partners, and jury involved in the awards. Additionally, he acknowledged and commended the sincere hard work of all the winners and also of those who could not make it this time. He mentioned that their meticulous attention to detail and unwavering dedication fortify the backbone of financial systems, steering businesses toward success with precision and insight.

CA. Aniket Sunil Talati
Honourable President, ICAI

CA. Ranjeet Kumar Agarwal
Honourable Vice President ICAI

Sonal Bhutra, CNBC-TV18 in conversation with Akhil Gupta, Vice Chairman, Bharti Enterprises

CA. Durgesh Kumar Kabra
Chairman, CMI&B, ICAI

CA. Rohit Ruwatia Agarwal
Vice Chairman, CMI&B, ICAI

Insightful panel discussion by industry experts

The event continued with a panel discussion on the topic – 'India's Amrit Kaal: Roadmap for a Sustained & Inclusive Economy'. The panel of experts who contributed their views on the topic included CA. Sanjeev Churiwala (Group CFO & Head Strategy, Tata Power), CA. Deepal Shah (Group CFO, Allcargo Logistics), CA. (Dr.) Debashis Mitra (Past President, ICAI), CA. Kedar Patki (CFO, IndiaFirst Life Insurance) and Ms. Rajashree Murkute (Senior Director, CareEdge Ratings).

CA. Sanjeev Churiwala emphasised India's energy transition towards renewables, acknowledging progress but highlighting the need for a substantial ramp-up in capacities to meet ambitious targets and secure a sustainable energy future.

Ms. Rajashree Murkute highlighted the need to focus on infrastructure, innovation, and sustainable sectors leveraging India's skilled workforce to achieve ambitious GDP targets by 2047, emphasising inclusive growth and global participation in the economy.

CA. (Dr.) Debashis Mitra emphasised leveraging technology for transparent taxation, foreseeing increased revenue through technological advancements in both direct and indirect taxation, crucial for meeting G20 targets and enhancing the Tax-to-GDP ratio.

CA. Kedar Patki spoke about the transformative role of technology in achieving the goal of insurance for all by 2047, highlighting the need to shift the perception of insurance as a long-term financial instrument while leveraging technology-driven insights and awareness initiatives to overcome challenges and enable widespread coverage.

CA. Deepal Shah shared valuable insights on the critical role of efficient logistics in India's growth, highlighting the need to reduce costs, enhance infrastructure, and improve regulatory environments to boost competitiveness to become a global manufacturing hub and elevate export capabilities.

Chief Guest's illuminating perspective

The next session was a fireside chat with Chief Guest CA. Akhil Gupta on the topic 'Strengthening Governance in the Indian Startup Ecosystem'. While contributing his views he stressed the importance of keeping the accounts clean and conducting quarterly full audits to ensure good governance and sustainable growth for start-ups. He also highlighted that the start-up ecosystem in India is growing strong every passing year.

Recognition of exceptional young CA business leaders

The event honoured the outstanding contributions of 40 CA business leaders under the age of 40, recognising their innovative ideas, strategies, and leadership. The accomplished CA business leaders were judged by a jury comprising of industry leaders and management stalwarts who have made a remarkable contribution to the business landscape and possess in-depth insight into the field of accounting.

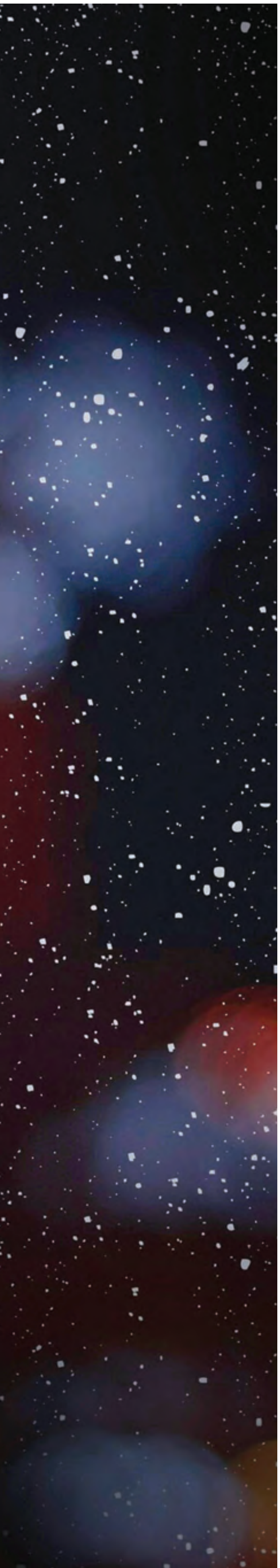
The eminent names on the jury included CA. RM Vishakha (CEO/MD, India First Life Insurance Co), CA. Ramesh D. Chandak (Former MD & CEO, KEC International), CA. Hersh Shah (Chief Executive Officer, IRM India Affiliate), CA. Akhil Gupta (Vice Chairman, Bharti Enterprises), CA. Keki Mistry (Independent Director and Advisor), and CA. Sunil Agarwal (CFO, LIC India).

Closing remarks by ICAI representatives

The award ceremony ended with closing remarks by CA. Rohit Ruwatia Agarwal. He expressed his appreciation and gratitude to the organisers, panellists, Chief Guest, jury and ICAI team who worked hard to make this event a grand success. He also offered words of appreciation to the winners of ICAI CA Business Leaders 40 under 40 Season 2.

"Around 80 percent of capital in the new round came from the existing set of investors."

Amrit Acharya, co-founder & CEO, Zetwerk



FLAT & HIGH

In a season of widespread haircuts and an absence of lofty valuations, a flat funding round by a unicorn is as good as a unicorn round. B2B manufacturing marketplace Zetwerk managed to stay high on a flat foot

By RAJIV SINGH

It's a stark contrast. In 2021—when the startup ecosystem in India was at its crescendo and notched up an unprecedented $38 billion in funding—Zetwerk closed three of its hefty funding rounds at staggering valuations. It started with the Series D round of $120 million in February 2021, which was closed at a reported valuation of $600 million. Six months later, in August 2021, came the Series E round of $150 million, which propelled the B2B manufacturing marketplace into the unicorn club by valuing it at $1.33 billion. Next was the Series F round of $230 million in December 2021. The valuation jumped to $2.7 billion. So Zetwerk's valuation trajectory in 2021, from $243 million to $2.7 billion, looked astonishing.

The valuation matched the startup's performance. From a paltry operating revenue of ₹16 crore in FY19, the numbers pole-vaulted to ₹322 crore in FY20, and then leaped to ₹835 crore in FY21. The B2B global manufacturing network for custom manufacturing was growing at a rocket speed with minimum cash burn. It had a negative Ebitda (earnings before

FUNDING WARMTH

130 mln
in April 2023

JOURNEY

Apr 2023: **$130 mln** in Series F2

Dec 2021: **$230 mln** in Series F

Aug 2021: **$150 mln** in Series E

Feb 2021: **$120 mln** in Series D

Aug 2018: **$1.5 mln** in seed funding

BACKERS

Avenir Growth Capital, Footpath Ventures, Greenoaks Capital, Steadview Capital, D1 Capital, Lightspeed, Peak XV Partners, Kae

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA; IMAGING: KAPIL KASHYAP interest, taxes, depreciation, and amortisation) of ₹4.6 crore, ₹26.3 crore and ₹42.8 crore, respectively, during the same period. In a rare occurrence, performance, funding and valuation were in sync.

Come 2023, Zetwerk's exceptional show remained in line with its past. Revenues soared from ₹835 crore in FY21 to ₹4,964 crore in FY22. Twelve months later, in FY23, it breached the ₹10,000-crore mark and touched ₹11,449 crore. Meanwhile, bottom line turned positive: A negative Ebitda of ₹38.4 crore in FY22 to ₹66.2 crore in FY23.

Zetwerk sailed the funding frenzy of 2021 and navigated the chilly winter of 2023 without compromising on growth. Now, if one considers the fact that the startup didn't raise money for over 16 months since its last funding round in December 2021—the year when it raised money three times—it should be a no-brainer that the next funding round would be rewarding for Amrit Acharya, who, along with Srinath Ramakkrushnan, Vishal Chaudhary, Rahul Sharma and Ankit Fatehpuria, founded the startup in May 2018. But that's not what happened.

In April, Zetwerk raised $130 million at a flat valuation, which inched from $2.7 billion in December 2021 to $2.8 billion in April 2023. Revenue grew by over 2x in a fiscal but valuation creeped. The dynamics of the new round too were baffling as around 80 percent was pumped in by the existing investors.

Zetwerk's latest funding round leaves many questions unanswered. First, why on earth would a company be valued flat when it continued to maintain a high growth trajectory and even turned profitable? Second, why should a performing company, which claims to have no runway issues and has enough gas in the tank, even go for a flat round?

Acharya, co-founder and CEO of Zetwerk, has the answers. He starts by explaining the trigger that led to the latest funding round. The revenue from consumer electronics, which was almost zero two years back, now makes up close to 33 percent of the entire pie. What this means is that a flurry of domestic as well as foreign brands, which earlier were dependent on imports from China, have been pulled by Zetwerk's 'make in India' play. "This (revenue from consumer electronics) will become a big driver of the company's journey over the next five to 10 years," claims Acharya.

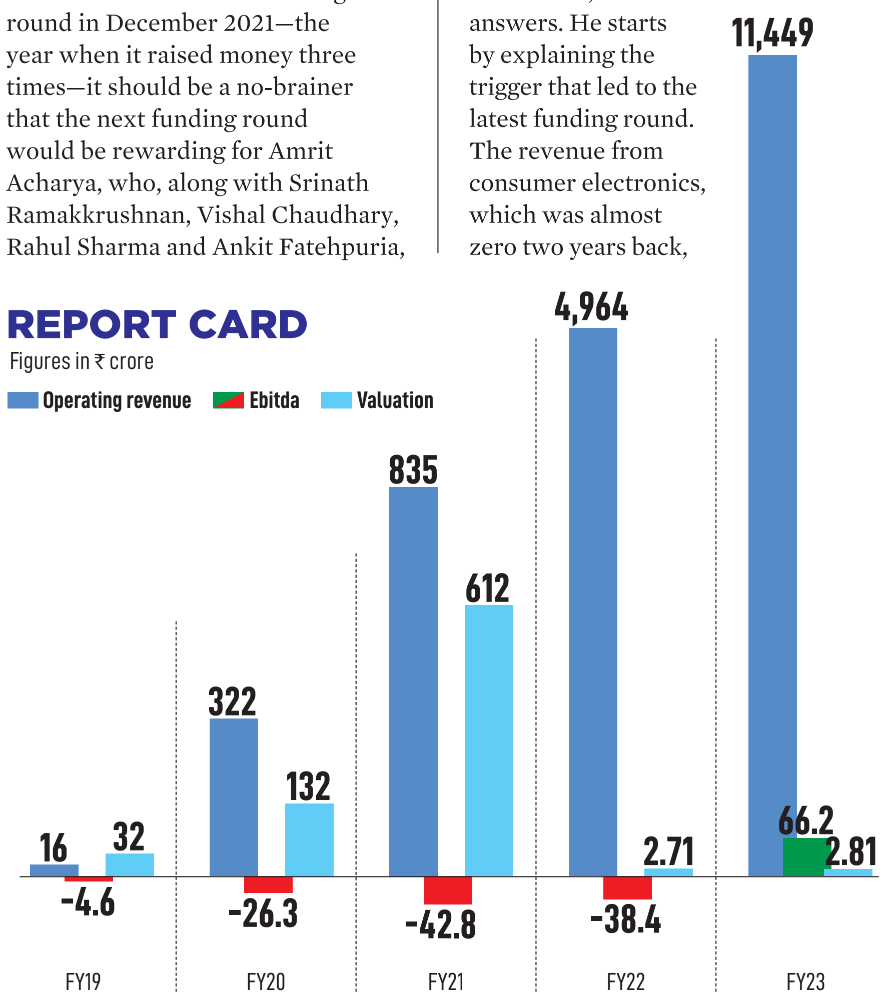
To make most of the tailwinds and the change in global geopolitics as it gravitates more to the 'China Plus One' strategy, Zetwerk needed to beef up its aggressive play. Though the company, he underlines, could have opted for a slower growth by investing less dollars, it would be a blunder given the fact that the opportunity is unprecedented. "This is not the time to be slow," he says. The fundraise, he underlines, was a reflection of this aggressive mindset.

The second question that begs for an answer is why 80 percent of money came from the existing set of investors? Why couldn't Zetwerk find new backers to do the heavy lifting? Why did funds stay away from betting on a promising and unfurling growth story? Acharya reckons the answer lies in the familiarity and maturity of the existing set of investors. "You don't need to educate the existing lot. You don't need to make a fresh case and tell a new story," he says. The backers were aware of the growth trajectory, and the need to pump in more money to keep the rocket cruising at a high speed. There was fresh diligence, and in spite of the fact that existing investors chipped in, the funding process took more than usual time to get sealed.

Now the entrepreneur explains the method in the madness of the flat valuation round. There were discussions, he points out, on how to value a high-growth company, which doesn't have a precedent in India. "We're not the Uber of India or something like that," says

REPORT CARD

Figures in ₹ crore



INFOGRAPHICS: MUKESH SINGH

THE POWER OF COLLABORATION: WALKERS & CO.'S IMPACTFUL INITIATIVES FOR COLLECTIVE PROGRESS

In conversation with Shweta Jain, the Chief Business Development Officer - Luxury Reserve Craft & Strategic Accounts at Diageo India on the fascinating journey and initiatives of Walker & Co.

How did Walkers & Co. originate, and what key milestones have shaped its evolution into a platform dedicated to collaboration and empowerment?

Walkers & Co. was founded as a platform for bold individuals and value creators fueled by self-belief to showcase their progress. The ethos of 'Keep Walking' defines the platform, reflected in collaborations such as the anthem featuring John Legend and Raja Kumari. From this inaugural collaboration to recent initiatives with the Aravani Art Project, Walkers & Co. engages with creators committed to advancing inclusive and sustainable dialogues. The platform extends its impact through partnerships with cultural events like Lollapalooza, Echoes of Earth, and Social-Sauce, reinforcing its dedication to fostering progressive conversations.

In a world driven by algorithmic pressures, how has Walkers & Co. managed to create a space for creators free from such influences, and what impact has this had on the content and collaborations within the community?

At Walkers & Co., we reject algorithmic pressures, aiming to create a space for authentic expression. The platform serves as a canvas and an enablement platform, prioritizing authenticity over digital pressures. This intentional approach has cultivated a diverse and inclusive community, amplifying underrepresented voices and fostering collaboration for collective progress. The impact includes profound connections, increased engagement, and a rich tapestry of content celebrating individuality within the Walkers & Co. community.

What criteria guide the selection of new creators like Aravani Art Project and Pearl D'Souza, and how do their unique perspectives contribute to Walkers & Co.'s ongoing mission of progress?

Shweta Jain, CBDO, Diageo India

We intentionally define 'Walkers' as individuals driven by self-belief, aligning with our commitment to values like inclusion, sustainability, and resilience. Creators such as Aravani Art Project and Pearl D'Souza are selected based on their identity, reflecting the interconnected idea of progress for both themselves and the world.

How does Walkers & Co. actively foster collaboration among creators, and can you highlight a specific instance where this collective effort resulted in positive change, aligning with the platform's commitment to progress?

Collaboration is in our DNA. Take the Keep Walking Anthem, for example. When John Legend, Raja Kumari, Sushant Divgikar, and Hanif Qureshi joined forces, it was like a creative explosion. We're not just making noise; we're making a difference. Walkers & Co. is built on recognizing the power of collective progress via co-creation and collaboration.

John Legend and Raja Kumari

Left; Pearl D'Souza and Aravani Art Project

What does the anthem 'Keep Walking' symbolize in terms of uniting solitary creators into the #KeepWalkingCommunity, and how does it echo the ethos of Walkers & Co.?

The 'Keep Walking' anthem is our collective battle cry, uniting creators in a shared commitment to progress. More than a mere phrase, it resonates with Walkers & Co.'s ethos, emphasizing resilience, self-belief, and the continuous pursuit of progress. This anthem serves as a unifying force, echoing the core values of the community and celebrating the unique journeys of bold boundary-pushers.

How do cultural icons like Hanif Qureshi, Aravani Art Project and Pearl D'Souza contribute to breaking stereotypes and fostering societal change within the Walker's community?

Hanif Qureshi, Aravani Art Project and Pearl D'Souza are trailblazers challenging norms. Hanif's street art defies expectations, Aravani redefines gender identity norms, and Pearl advocates against mental health stigma. As cultural icons, they embody the spirit of breaking free from the ordinary, contributing significantly to Walkers & Co.'s transformative journey.

In what ways does Walkers & Co. ensure genuine inter-sectional representation, going beyond symbolism, and what steps are taken to make the #KeepWalkingCommunity truly inclusive?

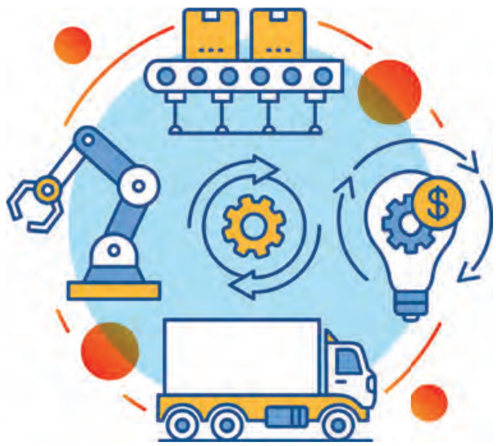
At Walkers & Co., we embody diversity authentically. It's not a buzzword; it's our essence. We partner deliberately, curate universally appealing content, and ensure every voice is heard. We're not just creating a community; we're establishing an inclusive space where authenticity prevails. Walkers & Co. goes beyond symbolism, ensuring true intersectional representation in the #KeepWalkingCommunity through intentional partnerships, inclusive content curation, and empowering underrepresented voices.

NAME & GAME

Zetwerk was started by **Amrit Acharya, Srinath Ramakkrushnan, Vishal Chaudhary, Rahul Sharma and Ankit Fatehpuria** in May 2018

It is one of the largest B2B global manufacturing networks **for custom manufacturing**

Offers manufacturing solutions across a diverse range of products such as consumer electronics and renewables to aerospace & defence



While industrials manufacturing makes up 70% of revenue, rest comes from consumer products manufacturing

Claims to serve over 10,000 customers across 15 countries including India, North America, Middle East, and SEA region

Company's biggest investor is Greenoaks, followed by Peak XV Partners and others; **founders and employees together hold 20% stake**

Acharya. The founder also factored in a harsh reality that a subdued global funding environment was the biggest deterrent in offering any kind of high valuation. "We thought to keep it simple and raise the round at the same pricing," he says. The flat round, the co-founder underlines, must be seen in the context of an environment where high-growth stage companies are either not raising capital or going for a down round. "There is no mathematical formula in valuations."

But why not raise debt, which would have killed the possibility of a flat round? "We have seen examples where debt has come back to hurt companies," Acharya says. While debt is a good product for mature companies, for the ones in the building phase, aligning of everyone's interests is important. "Equity is an instrument that allows for such alignment. And equity doesn't have a one-year horizon," he adds. "We just kept things simple," he says.

Keeping it simple, especially at a time when chaos is the norm in the startup world, makes sense. Take, for instance, what is happening in the US. Down rounds—a funding round when a startup raises capital at a lower valuation than its last round—have proliferated the funding landscape. From 5.2 percent in Q1 of 2022, the numbers have jumped to 18.5 percent in Q3 of 2023, according to data from Carta.

Meanwhile, experts and venture capitalists reckon that performing companies will always find takers, and a valuation reset during the present times is not a terrible thing. The fact that a bunch of companies have managed to raise over $100 million in the midst of a funding winter goes on to show the confidence of the investors in backing

"Raising $100-million plus in such an environment is a vote of confidence. But if there is an external investor leading the round, it's a bigger vote."

KARTHIK REDDY,
CO-FOUNDER & PARTNER, BLUME VENTURES

such startups, says Karthik Reddy, co-founder and partner at Blume Ventures, one of India's largest home-grown early-stage venture capital funds. "To get additional capital, there has to be a balance between growth and profitability," he says.

Nicolas Dardenne, a global investor and principal at Y Combinator's growth fund, reckons good companies will always attract capital. "The growth stage fundraising environment slowed down as investors and founders reoriented to a new capital markets environment in 2023," he says, adding that raising any amount of growth-stage capital in such an environment is not easy, let alone $100 million or more. Many factors drive success, but the critical input is business execution because investors at the growth stage are performance-oriented. This is especially true in 2023, where investors are less likely to give companies credit for new initiatives without evidence, he maintains. "Regardless of the environment, though, there will always be capital for exceptional companies that are creating customer value in a durable and economically viable way," he adds.

Back in India, Acharya reckons that Zetwerk is on the right track by building value, and not getting bothered by the valuation play. F

INFOGRAPHICS: MUKESH SINGH

PASSION FOR PROTECTION

The concern for safety against any damages or phenomenon is worth giving thoughts to any individual or organization, especially when the concern is related to safety against fire. Navair International Private Limited is one such company that has been producing products in protection against fire since 1982. It has been successful in creating quality products of world class standards to meet the needs of their huge clientele. Now dealing at a global level as well, Navair International has been successful in manufacturing goods of a vast variety under a single roof and serving their customers, while leaving a positive experience for them in the feedback book.

Making a good brand name in the market, Navair has been manufacturing products in various lines- starting from Wooden and Steel Fire-proof doors, Fire Rated Glazed Doors, Fire Rated Curtains and Fire Retardant Paints. It has a vast nationwide presence with offices in more than 15 states of India and 3 international offices. Each and every person working in the company is experienced in their field, from the sales department to the project execution team. With evolving concerns over climate and resources, Navair too, has shifted its focus on sustainable initiatives by installing solar energy panels in its manufacturing plants at a reliable and effective cost. All products go through strict quality control processes before delivering to the clients, and it is ensured that the product is safe to be used by the customers.

Mr. Asheet Taneja, the CEO of Navair International Private Limited shares his experience in working with his company and the amazing team which has worked relentlessly in making it a huge success. He tells how Navair was founded by his late father, and how he had to take charge of the organization after his father's demise in 2000.

Like any other company or organization, Navair too faced problems and challenges in its operations, previously. There were tough phases during the year 2002-03. However, with strong determination and the will-power of the team members, the company pulled back to its original track with resilience and hardwork; not to forget, that careful strategic planning and smart work played the key roles in turning the company into something it is now.

Amongst all accolades and recognitions, Navair has received the National Award of Import Substitution by the Government of India for their manufactured product. While the company won its first international award, Asheet forwarded the credits for such recognition to his team's hard work and perseverance.

Asheet's strong leadership skills have led Navair to its path of growth and success. With diversifying itself and the products as per market requirements, Navair International now holds its clientele in across 17 countries. Asheet also aims to make this company self-sustainable in the near future and carve his brand's name in across 75 countries.

Such strong workforce and leadership has also earned the company many national and international awards and recognitions on the global stage, now making Navair a leading brand in fire glass and metal doors in the Asian market. Amongst all accolades and recognitions, Navair has received the National Award of Import Substitution by the Government of India for their manufactured product. While the company won its first international award, Asheet forwarded the credits for such recognition to his team's hard work and perseverance.

Apart from the winner of an International award, Navair has also received accolades from authorities such as NBCC, twice by Asia One under the category of Asia's Greatest Brands and Asia's Greatest Leaders, for their excellent contributions in the manufacturing industry. The second category of award has been awarded for outstanding leadership skills possessed by Asheet, working as the driving force behind Navair's efficient operations. Its R&D department has also been certified by the Department of Industries, Haryana, which gives tough competition to any international testing facility.

Mr. Asheet Taneja, CEO, Navair International Private Limited

Steel and glass doors manufactured at Navair have gained high values in commercial properties such as hospitals, high-rise buildings, multiplexes, etc where the concern for safety is relatively higher. Not only do these doors meet the requirements of safety concerns, quality, and reliability, but they have a sleek and decorative finish added to them, providing superb acoustic and noise reduction properties as well.

With a vision of delivering the best quality products to their consumers, Navair has been working tirelessly for more than 40 years now and producing fire rated doors and products for several companies. Their rich clientele ranges from the biggest construction companies like L&T, DLF, Oberoi Realty, Lodha Developers,and in the interior segment to world class companies like Apple, Google,ITPL, Ascendas etc. also knowing that they have a huge audience in the international markets too. Things have turned quite positively for Navair International Private Limited.

Besides, such brand recognition and achievements have all been made possible due to the hard work and positive mindset of the team. Navair truly serves as an ideal example that perseverance and diligence take you to unimaginable heights of success. And that a leader upholding strong leadership skills can be the major driving force behind their team's productivity. We wish Asheet and his company huge success for their upcoming projects and other future ventures.

KRAZY, CASH & KREDIT

When the VC world was down with severe cold, private equity stepped in and gave full marks to Madhusudan Ekambaram and KreditBee. The NBFC too got its wish list: Cash, credit and credibility of a bunch of cherished backers

By RAJIV SINGH

"It was crazy," recalls Madhusudan Ekambaram. No marks for guessing. The 'crazy' year was 2021, and it seemed the startup world was busy churning out a blockbuster sequel of *Alice in Wonderland*. Dollars started flowing freely from the tap, a rarest of rare mythical animal—unicorn—suddenly multiplied and fluttered majestically in all its glory, and venture capitalists turned into King Midas—whoever they touched turned into gold. And the founders—even those with meagre revenue, questionable business models and dubious corporate governance—got a makeover with a heavy glitter of valuation. Entrepreneurs immersed themselves in scripting a fairytale of chasing crazy growth at all costs, raising money became the most glamorous and rewarding act, and valuations were generously pegged on multiples of revenue. The real world turned surreal.

Ekambaram, though, was not daydreaming. "It was indeed crazy," says the first-time founder, who started his professional innings with TCS in 2004, spent the next dozen

FUNDING WARMTH

100 mln
in 2023

JOURNEY

Mar 2021	Dec 2022	Jan 2023
\$145 mln	**\$80 mln**	**\$100 mln**
in Series C	in the first tranche of Series D	in Series D

BACKERS

Advent International, Mitsubishi UFJ Financial Group (MUFG), Premji Invest, Motilal Oswal Alternates, NewQuest Capital Partners, and Mirae Asset

VALUATION

Reportedly around
\$680 million

HEMANT MISHRA FOR FORBES INDIA; IMAGING : KAPIL KASHYAP

“When I hit the market for Series C funding, I had 11 term sheets. In Series D, it was just three.”

Madhusudan Ekambaram, co-founder and CEO, KreditBee years in the software, telecom and ecommerce industries, and finally took the entrepreneurial plunge in 2016 when he co-founded KrazyBee, an NBFC which lends through its digital lending platform KreditBee. In 2016, Ekambaram was 35, had a home loan and the startup ecosystem in India was still largely untouched by the curse of heady valuations.

Five years later, things changed in a flash. "I got 11 terms sheets when I hit the market for the Series C round of funding," recalls Ekambaram, who was then 41. "Don't you find this crazy?" he asks. The founder shares reasons for his deep scepticism. In early 2021, the world, including India, was struggling with the pandemic, the clouds of uncertainties still gripped most of the ventures, and the business of lending was the riskiest of the entire lot. And it reflected in the way the revenues of KreditBee crashed: From ₹800 crore in FY20 to ₹327 crore in FY21.

What was even more damaging was the fact that the venture slipped into loss for the first time—from a profit of ₹130 crore to a loss of ₹100 crore during the same period. "Amidst all this, 11 term sheets was how the market responded," says Ekambaram, who went with four funds—the TPG-backed NewQuest Capital Partners, Premji Invest, Motilal Oswal Alternates and Mirae Asset Naver Asia Growth Fund—when he closed $145 million in the Series C round of funding in March 2021.

Two years later, in January 2023, Ekambaram managed to get just three term sheets in his Series D round of funding. Interestingly, two out of three—private equity major Advent International and Mitsubishi UFJ Financial Group (MUFG), Japan's largest bank—pumped in money. Interestingly, there were no offers from VC funds. "The market was cold," recalls the founder, who started the fundraising process in May 2022, got the term sheets in a month, and closed the process over the next seven months in January 2023. Apart from the funding winter, there were other reasons for the absence of venture capitalists.

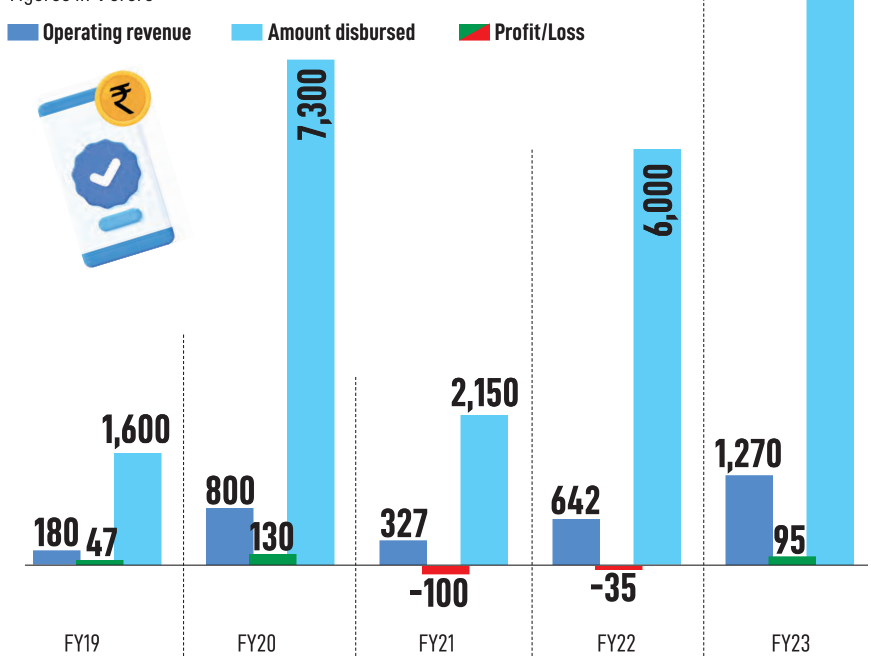
First, Ekambaram was looking to raise over $100 million in funding. What this means is that the lead investor should be one who could do the heavy lifting. "There are not many who can write a $100-million cheque," he says. And given the context and realities of the market, VC funds would definitely not be in the fray. With growth-stage VC funds—Series C and beyond—too chickening out, the ground was wide open for PEs (private equities) to fill the vacuum.

Second, the nature of KreditBee's operations has a lot to do with the kind of backers on Ekambaram's wish list. Being a fintech company and an NBFC, the lender has to regularly get rated by ratings agencies. It also has to borrow from banks—government as well as private—to meet its needs. Lastly, NBFCs also need to raise money through public issuance of bonds. "Now, when we have to do all these things, the credibility of the cap table becomes critical," he says.

The rules of the game, therefore, change. While a $1 billion valuation—unicorn—might be an exciting thing for others, it makes little sense for an NBFC. Why? The quality of validation and validator becomes important. The founder explains. To raise debt—which again an NBFC has to—comfort and trust play a huge role. "The reason why I went for Premji Invest, Motilal Oswal, Mirae, Advent, MUFG and others is the kind of trust, integrity and credibility they bring to the table," he says, adding that, for an NBFC, these attributes are more important than lofty valuations and a unicorn tag. "If I am good, then I should be rated good by a tough evaluator," he says. Roping in marquee guys with huge credibility, he adds, sends a positive and right signal to the market.

REPORT CARD

Figures in ₹ crore



INFOGRAPHICS: MUKESH SINGH

SYNERGICS SOLUTIONS PVT LTD: INNOVATING BUSINESS SOLUTIONS WITH SCALABLE ERP SYSTEM

In the fast-paced world of technology and business, Synergics Solutions Pvt Ltd, an Indian software company founded by Vivek Das and Sanjib Chatterjee, truly shines as a remarkable success story. Their prominence across the globe attests to their commitment to and emphasis on product-driven business solutions. Their resilience and adaptability are demonstrated by their capacity to not only survive but also prosper in the face of global crises and economic downturns.Synergics have taken the Jewelry industry by storm because of the innovation -ERP. Best known for its in-house developed Enterprise Resource Planning (ERP) system, a tool that streamlines and automates various corporate processes. What makes their ERP stand out is its adaptability and scalability. Initially designed for the jewellery industry, it has found applications in businesses of all sizes and types, from major corporations to local enterprises worldwide.

This comprehensive ERP system covers the entire supply chain, from production to retail to e-commerce, setting it apart from traditional business tools and earning trust from clients across the globe. The visionary leadership of Vivek Das and Sanjib Chatterjee has been a driving force behind the company's ascent. Their commitment to fostering a culture of continuous learning and innovation within the organization has empowered their talented team to create groundbreaking software solutions that have revolutionized the way businesses operate. Vivek Das, a distinguished graduate of the Massachusetts Institute of Technology (M.I.T.), brings valuable industry insights and a sharp focus on go-to-market strategies. His outstanding leadership skills have been recognized by The Economic Times. On the other hand, Sanjib Chatterjee, a technical expert, played a pivotal role in selecting the right technology and developing the ERP software. His profound technical knowledge and constant commitment to perfection have been essential in guaranteeing the stability and dependability of the project.

SYNERGICS

Mr Sanjib Chatterjee; Mr Vivek Das,
Founders, Synergics Solutions Pvt Ltd

> ***The founders of Synergics, Vivek Das and Sanjib Chatterjee, share three leadership philosophies that have been central to their success: "Innovation is the ability to view change as an opportunity, not a threat. Leadership is the art of inspiring others to turn these opportunities into reality."***

Their combined creativity has led to groundbreaking innovations, including the first visual search engine for the jewellery industry, acknowledged by Amazon Web Services (AWS) further solidifying their position as pioneers in the technology landscape. It is also worth noting and appreciating that Synergics is a bootstrap company with minimal debt, demonstrating its financial resilience. This resilience was evident during the economic challenges of 2008 when they not only weathered the storm but also improved their financial performance.

In addition to their creativity and financial resilience, Synergics is also committed to data security and compliance. They have achieved several prestigious product certifications, including:

SOC 2 TYPE 2 Certification

- VAPT Certification ((Vulnerability Assessment and Penetration Testing Report)
- VPAT Certification (Voluntary Product Acceptance Testing Report)

The COVID-19 pandemic further showcased their ability to thrive in uncertain times. At the heart of their success is an unwavering commitment to innovation and delivering value to their customers. The founders' ability to reinvent the company periodically, coupled with their steadfast dedication to innovation, has been instrumental in their continued growth. Synergics envisions a transformative role in the industry by making ERP solutions accessible to even the smallest businesses, allowing them to harness the benefits of technology.

They advocate for nurturing a diverse network of service providers, empowering numerous companies to thrive with million-dollar businesses, rather than relying solely on a few billion-dollar corporate giants. This approach, they argue, fosters inclusive growth and enhances the industry's adaptability. The founders of Synergics, Vivek Das and Sanjib Chatterjee, share three leadership philosophies that have been central to their success: "Innovation is the ability to view change as an opportunity, not a threat. Leadership is the art of inspiring others to turn these opportunities into reality."

This quote highlights how good leadership entails encouraging creativity as well as demonstrating fortitude in the face of difficulty and motivating others to follow suit.

NAME & GAME

KreditBee was founded by **Madhusudan Ekambaram, Karthikeyan Krishnaswamy and Vivek Veda** in 2018

Is an instant personal loan platform for self-employed and salaried professionals

Offers loan from ₹3,000 up to ₹5 lakh via its NBFC KrazyBee as well as tie-ups with over a dozen financial institutions

Fintech platform has also started offering business loans; claims to have managed over ₹6,000 crore in assets under management as of September 2023

Third, for a startup and a company in a high-growth phase, the lens of evaluation also changes. Take, for instance, the way VCs and PEs judge a company. While the former places early bets on startups and focuses heavily on the future potential and promise of performance, PEs look at past records. “They want a lot of sanity in the way the business should grow,” he says. For an NBFC and all its stakeholders, sanity is the most important thing as the segment is regulated by the RBI.

So, was raising money easy for the market leader in digital lending, which also happens to be profitable? In spite of a sustainable pace of growth (*see box*), Ekambaram reckons the task was not easy. Much like Alice who was first startled by anthropomorphic characters in the fantasy world of Wonderland, startup founders, including Ekambaram, were baffled and came to terms with an alien phrase: Quality of profit. The founder explains—the investors were not satisfied with just a profitable entity, they wanted to dig deep and find out about the quality of profit, and asked questions about revenues, cash flow, and compliance, audit and diligence.

There was another lens through which an NBFC started to be evaluated: The level of resilience to absorb shock events such as Covid. KreditBee scored high on this metric as well. While the revenues dipped from ₹800 crore in FY20 to ₹327 crore in FY21, it bounced back and logged in ₹642 crore in FY22. Then there were digital lending guidelines which came into effect from September of last year. “Since it came during the fundraise process, everybody had to look at the impact on the company,” says Ekambaram, adding that the usual duration of diligence of 3-4 months almost doubled to 5-6 months, and BCG and McKinsey were appointed to complete the process. “It’s rare to have two big guys do the diligence,” he says. KreditBee, he adds, has been diversifying its portfolio of unsecured loans by getting into secured ones—business loans and loans against properties. “All these are strongly structured loan products from the RBI’s perspective,” he says.

“The tenacity and discipline to build a business with strong unit level economics is what make them special.”

SARAVANAN NATTANMAI,
PARTNER, PREMJI INVEST

Saravanan Nattanmai, meanwhile, explains what helped KreditBee get a strong vote of approval from investors. “We saw the company in July 2019 and invested in KreditBee at the peak of Covid,” says the partner at Premji Invest. A lot of time, he adds, was spent in understanding customer acquisition, underwriting and collection strategy. Fintechs, the funder underlines, have two angles: Finance and technology. If you miss one of the two, it will be a disaster. “KreditBee had both,” he says, adding that the startup also went through trial by fire in Covid, but came out with flying colours. “That tenacity and discipline to build a business with a strong focus on unit level economics make them special,” he says.

Ekambaram, meanwhile, points out what he prefers to call special: The process of building and keeping the trust of the users, backers, and the stakeholders. “We are firmly on our journey to become a bank. It will take time,” he says. Anything happening overnight or in a short span is ‘crazy’. “KrazyBee is geared up for a patient, sustainable and long-term play,” he signs off. F

SKILL TITANS SEASON 1

AN EXCLUSIVE STUDENT ENTREPRENEURSHIP TV SHOW

A movement where 1.2 Lac+ students pitched their business ideas from 94 cities

In a world of academic education and job security first mindset, Skill Titans emerged as a beacon of entrepreneurship and skill development. Not just a TV Show, Skill Titans stood as a movement propelling school students toward becoming young visionaries. At its core was OLL, training students with entrepreneurship & public speaking skills practically, enabling them to pitch effectively.

The Journey: From conception of the show to a Nationwide Movement

OLL founder, Shreyaan Daga, an 18-year-old entrepreneur wanted to give aspiring students an exposure to the world of entrepreneurship & coverage on national television. OLL collaborated with CNBC-TV18 & Earlyseed Ventures to present Skill Titans - The Next Big Idea.

Zonal Rounds: A Truly Nationwide Competition

Using OLL's vast school network and student community, OLL ignited enthusiasm across 800 schools nationwide engaging an impressive 1.2 Lac+ pitches from 94+ cities. The brightest young minds from the corners of our country; Kashmir to Karimnagar, Meghalaya to Rajasthan, and with the help of Knowledge partner - Earlyseed Ventures, filtered it down to the top 350+ students who showcased their ideas at the zonal rounds held at Mumbai, Delhi, Kolkata & Bengaluru.

Each zonal round featured an esteemed and diverse jury, comprising industry leaders and visionaries who played a pivotal role in shaping the competition's narrative. This distinguished panel included luminaries such as Ganesh Prasad, COO of Think School, Zeeshan Shaikh, Founder of Seeken, Ayush Wadhwa, Founder of Owled Media, Dr. Kulbhushan Sharma, President of NISA, Abhimanyu Singhi, COO of Arham Knitwears, Ansh Mehra, UX Designer and Youtuber, Radhika Bajoria, Founder of Radically Yours, Sunil Saha, Co-founder of Blue Tea, Sonal Choraria, Founder of Spoonful of Health and Cooking Mania With Top Chefs, Ishan Sharma, Founder of Markitup, Monica Gupta, CEO and Co-founder of Earlyseed Ventures, and Shreyaan Daga, Co-founder of OLL.

The Grand Finale: The pinnacle of Studentpreneurship

The finale event took centre stage in Mumbai, where 9 teams presented their ground-breaking ideas. Each team commanded a 3-minute window to showcase their innovation, and the atmosphere buzzed with creativity. Engaging interactions with the teams & the jury added an extra layer of depth to the evaluation process, highlighting the tremendous effort and ingenuity invested by each participant.

The Winners of Skill Titans Season 1

3rd Prize - ₹2 Lacs: Subhashree Sahu - 10th grader from Karimnagar, Telangana, made a solar powered 'Crop to Packing' machine.

2nd Prize - ₹3 Lacs: Chiranshu Sharma and Projit Banerjee - 11th graders from Kolkata, West Bengal, made plastic platelets from algae which would decompose.

1st Prize - ₹5 Lacs: Tanishq Upmanu - 12th grader from Bhatinda, Punjab, made a working Medical Drone to save lives of the Armed Forces.

Witness the ground-breaking concepts that mesmerized the jury and made a lasting impact on Skill Titans. Catch the exclusive coverage on CNBC-TV18 channel and the official YouTube page.

IT'S OFFICIAL: SKILL TITANS SEASON 2 IS COMING SOON

As Skill Titans Season 1 concludes on a triumphant note, a grand Season 2 is coming soon, with registrations starting from April 2024.

Stay tuned for the upcoming journey of nurturing the potential of young minds coming together to celebrate entrepreneurship and skill development with Skill Titans!

Sponsors and partners are open to join before the next season's promotion start from February 2024.

Meet The Jury: (Left to Right) Avnish Anand (CEO, Caratlane), Apurv Mishra (Consultant Economic Advisor Council), Sumeet Mehta (Founder, Lead School), Dr. Seema Negi (Director & Founder Principal, Sanjeevani World School), Shreyaan Daga (Co-Founder, OLL), Skill Tank Finale.

MINTING MONEY

Back in 2017, Anup Agarwal wanted to raise $2 million for funding his maiden venture Mintifi. He got rejected by 20 funds. In 2023, he raised $120 million on the back of a profitable and thriving fintech venture

By RAJIV SINGH

Mumbai, 2017

The investment banker was bemused. "How is it possible," wondered Anup Agarwal, who had spent eight years at Jefferies, and five years at Kotak Investment Banking. Now, when he was taking the entrepreneurial plunge, the greenhorn met with a spate of stunning rejections. "Are they serious," the chartered accountant pondered as he tried to make some sense of the "utter nonsense" that was happening around him. "Guys, what I am asking for is just $2 million," the rookie founder pleaded his case and flaunted his enviable background where he helped umpteen founders raise millions of venture and private equity dollar, stitched innumerable mergers and acquisition deals, and closed countless high-ticket transactions.

Nothing worked, though. For close to two decades, Agarwal wielded power, framed the rules of the game and adjudged the winners during his investment banking career. Now, the tables turned, a bunch of Ivy School hotshots made the banking veteran feel like an amateur, and nobody was keen to take a punt on the seasoned professional who had so far faced 20 rejections. "I don't think your startup can ever mint

FUNDING WARMTH
120 mln
in March 2023

JOURNEY

March 2023: $120 mln in Series D

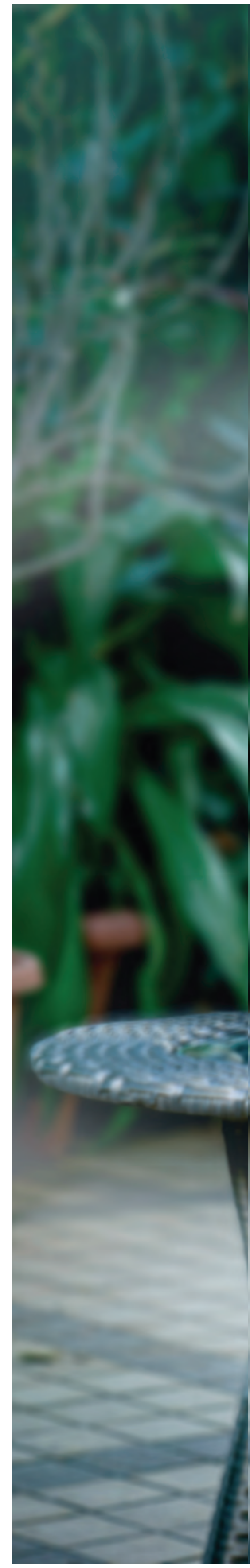
February 2022: $40 mln in Series C

May 2018: $16 mln in Series B

Sep 2017: $2 mln in Series A

BACKERS
Lok Capital, IFC, Norwest Venture Partners, Premji Invest

VALUATION
Reportedly
$450 million



> **“When you raise money in a tough time, you don’t realise that it eventually helps you in widening the gap with your rivals.”**
>
> **Anup Agarwal,**
> Co-founder and CEO, Mintifi

MEXY XAVIER

money," snubbed one of the VCs. "At times, you have to swallow your pride and ego," says Agarwal, who was dejected by incessant rebuffs.

Meanwhile, time was running out for the fledgling venture. Mintifi, a B2B supply chain financing firm that was started by Agarwal, Ankit Mehta and Sanjoy Shome in 2017, had so far managed to run the show by using half a million dollars that Agarwal had pumped into the business. After almost a year of bootstrapped life, Mintifi now needed venture money to grow. Though the idea behind Mintifi was freshly minted, the funding pitch unfortunately was viewed by the VCs from a stale lens: Yet another fintech, yet another NBFC, and yet another clone in a cluttered market. There were no takers.

Five years later, in July 2022, there were again no takers. This time, Agarwal was stunned beyond belief. It had just been four months since Mintifi closed the Series C round of funding of $40 million in February 2022, and now the founder was again out in the market to raise a new round. The desperation to raise more was not hard to fathom. First, Mintifi was growing at a furious pace. Look at the numbers. From ₹30 crore in FY19, the amount disbursed in FY22 stood at a staggering ₹1,500 crore; and the revenue during the same period jumped from ₹2.8 crore to ₹59 crore. In a business where the core raw material happens to be money, Mintifi needed more money to keep the rocket cruising. And there was a compelling reason to believe that the founders would be amply rewarded. Why? After three consecutive years of losses, Mintifi had posted a tidy profit of ₹3 crore in FY22.

The second reason to raise back-to-back rounds of money stemmed from macro factors. The previous year, the global fintech world was in turmoil. In June 2022, the stock of the American online lender Affirm had plunged 78 percent from its valuation high of $12 billion. The following month, in July, it was the turn of Europe's highest-valued startup to face the heat. Klarna's valuation was slashed by 85 percent to $6.7 billion from $45 billion. Sweden's fintech major, best known for its 'buy now pay later' service, was in the midst of a meltdown. Most of the fintech players, too, faced a similar fate, which triggered a knee-jerk reaction from investors. First, they shunned fintech stocks and investments. Second, fintech was left in a bitter funding cold.

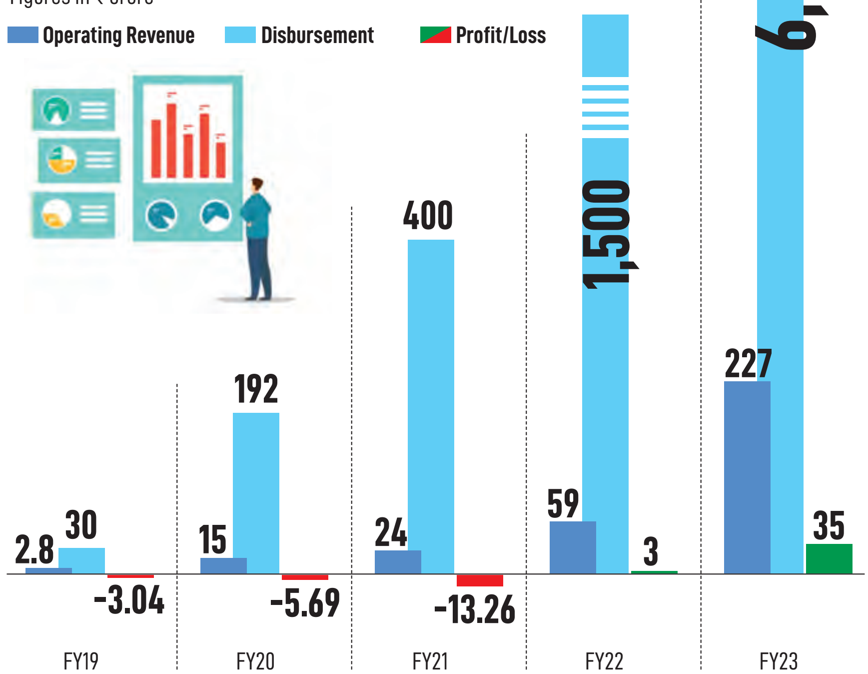
Back in India, Agarwal had a weird issue to contend with. "I don't think you guys are serious," was the reaction of most of the VCs. And nobody could blame them for their disbelief. It had just been four months since the last fund raise. "Why do you need money now? What happened to the capital that you raised in the last round...," were the questions hurled at Agarwal, who answered them to the best of his abilities. But it didn't cut ice.

After a month, the founder saw some interest from a section of VCs. But the needle didn't move. Why? All of them wanted to put money at the last round's valuation. "Guys, it has just been four months. What do you expect," they tried to reason with the founder who had reportedly raised the Series C round in February at a $150-million valuation. Agarwal, though, had valid reasons to ask for more. Mintifi had grown 2.5x in just five months. "How could we settle for the old valuation," he argued. There was no meeting ground, and Mintifi stopped exploring the market.

Two months later, in September 2022, Mintifi was swamped with in-bound offers at a much higher valuation. Lucrative term sheets started pouring in, which left Agarwal bemused. "Is there something wrong," he asked himself. "What has triggered a sudden deluge," he wondered, and

REPORT CARD

Figures in ₹ crore



SOURCE Filings and company; financials are consolidated numbers

NAME & GAME

B2B supply chain financing firm was founded by **Anup Agarwal, Ankit Mehta and Sanjoy Shome** in 2017

The NBFC platform offers **payments, invoicing and financing solutions** to small and medium enterprises (SMEs)

Has raised over $177 million in funding so far

Claims to have an enterprise network of over 200 corporate partners such as Varun Beverages, Asian Paints, Jockey, Crompton Greaves and TVS

Mumbai-based startup is now striking **a revenue run-rate of over ₹400 crore and a disbursement rate of $2 billion** (around ₹16,000 crore) for FY24

Is likely to close FY24 with an **AUM of ₹2,500 crore**

kick-started the funding process in October. Within four months, Mintifi closed its Series D round of $120 million in March 2023. The valuation jumped from $150 million to $450 million, and so did the performance metrics. While operating revenue leapfrogged from ₹59 crore in FY22 to ₹227 crore in FY23, profit increased from ₹3 crore to ₹35 crore, and disbursement pole-vaulted from ₹1,500 crore to ₹6,000 crore during the same period.

A recent credit note by Crisil explains why Mintifi, which once struggled to find backers, and was then overwhelmed with investors' interest. Mintifi, the ratings agency pointed out in June, operates with a differentiated business model that has a greater focus on funding large corporates with an established track record. Mintifi, the note underlines, partners with corporates and offers supply chain financing (SCF) across its distribution network. The main product, a short-term revolving SCF, is spread over a short tenure of up to 90 days and ensures control over end-use of funds and offers higher visibility on cash flows of the customer. Since inception, the group has maintained relationships with multiple corporates and is continuously increasing its partner base. "Resultantly, the consolidated asset under management has grown to ₹1,183 crore as on March 31, 2023, from ₹141 crore in March 31, 2021," it points out, adding that Mintifi caters to a vast end-user base from multiple industries.

A sticky customer base and strong report card is what made Niren Shah eventually back the startup. "I have known Anup Agarwal since 2012, and had immense respect for his entrepreneurial instincts, huge vision and ability to execute," says the managing director at Norwest India. The deep value proposition, coupled with industry leading credit quality driven by dynamic tech-driven underwriting and the exceptional pedigree of the founding team, made Norwest back the founders, reckons Shah. "Post-investment, Mintifi has consistently outperformed our plans, making our decision to double down on the investment a no-brainer," he adds. As the startup scales in its journey, the investor points out the likely challenge, it would face competition from traditional banks and larger NBFCs. "However, this is not a winner-take-all market, and there exists ample room for growth," he says.

"This is a small company going big places and is driven by a talented team."

NIREN SHAH,
MANAGING DIRECTOR, NORWEST INDIA

Meanwhile, Agarwal tells us why, in spite of raising a $100 million-plus funding round, he can't be casual in his approach. "Let's accept it. We were just very lucky to get the funding," he says, adding that the industry has many performers, and they are not the only ones who dazzled with their metrics. "It was just one of the days when Australia pipped India," he says, alluding to the recently-concluded cricket World Cup where India lost just one match, which happened to be the final. "We just need to keep our heads down and keep executing ruthlessly towards building a sustainable business," he says. Minting money, after all, is what will lead to more funding, higher valuation, and an expansive business. F

PRIZED CATCH

Shan Kadavil knew that the 'growth-at-all-cost' story would not make investors fall hook, line and sinker. The fisherman, therefore, sailed into the choppy waters with a sticky bait, and the gambit worked for FreshToHome

By RAJIV SINGH

"Disproportionate attention and capital will come to companies that are profitable or are on the path of profitability."

Shan Kadavil,
co-founder and CEO, FreshToHome

Just as the saying "you fish only as much as you need", Shan Kadavil was under the impression that a founder only raises the amount that is needed for the venture. "You don't raise money when you don't need it," says the co-founder and CEO of FreshToHome, an ecommerce platform for fish, seafood and meat that he co-founded with seven others in 2015. For all his life—the software engineer was the India head of global social gaming company Zynga, had an eight-year stint at California-based company SupportSoft where he led the enterprise business unit, and a couple of other gigs since 1999—and a good part of his entrepreneurial stint at FreshToHome, Kadavil was always committed to the philosophy of 'need and deed'.

Come 2022, and his philosophy

NISHANT RATNAKAR FOR FORBES INDIA

turned out to be a rotten fish. He explains by taking us back to the pandemic year of 2020.

In October that year, FreshToHome raised $121 million in Series-C round of funding. In hindsight, the number looks low. Reason? “The market was too hot in 2020. It was buoyant, and dollars flowed freely,” he recalls. What this meant for the D2C player was a problem of plenty. It was wooed by many, it declined a lot from the pack, and remained selective in its approach.

Kadavil persisted with his orthodox approach in 2021, a year when the startup ecosystem was at the peak of funding glut.

It was also the year when rival Licious turned unicorn. Interestingly, its $1 billion-valuation round came just four months after Licious reportedly raised a staggering $192 million in Series-E round of funding and was furiously narrowing its gap with the leader in the space.

With competition heating up, Kadavil was faced with some uncomfortable questions. The biggest: Why was FreshToHome not casting its net wide? Says Kadavil: “We were well capitalised because of the funding in 2020. So we never felt the need,” he says. A few months down the line, he rued the missed opportunities. “In hindsight, it (not raising money) was quite a bad decision,” he admits. “It was really a wrong move.”

The regret was understandable. Kadavil got his timing horribly wrong when he stepped out to raise a new round of funding in the second half of last year. The growth money, which started to trickle from the ecosystem from the third quarter of 2022, almost vanished by the first quarter of 2023 as the funding environment slipped from bad to worse. Apart from a hostile funding environment, what also made things tough for Kadavil was a new set of lenses the venture capitalists (VCs) were using to judge startups. VCs wanted to see profit, and FreshToHome had nothing to show on this front. The losses ballooned from ₹98 crore in 2020 to ₹393 crore in 2021, according to financial data sourced from industry experts.

Kadavil, though, was quick to explain why FreshToHome was running such huge losses. “The business machinery was well oiled for growth,” he says. Entrepreneurs, he reckons, can only do one of two things: They can either optimise for hyper growth, or they can plan for a steady growth with reasonable amount of profit. FreshToHome opted for the former.

The gross revenue of the startup doubled from ₹528 crore in 2020 to ₹1,083 crore in 2022. But when things are put in the broader context, the numbers stand out. “We grew 10 times in the last four years running up to 2022,” he claims, adding that a founder can’t achieve hyper growth with hyper profitability.

The writing was on the wall. FreshToHome had to cut excess flab. The cushion of 18-20-month runway the fundraise in October 2020 provided was not going to last for long, and there was a pressing need to run a tight ship. Kadavil went back to the drawing board and decided to take a stab at cash-guzzling marketing expense. It was easier said than done, though. Reason? Around 99 percent of the revenue used to come from ecommerce, which was getting fuelled by high-customer acquisition cost backed by heavy marketing spends. “We took a complete pause as a company,” he recalls. The drastic step was supported by the existing investors and the board members. The sustainable way of growing, he underlines, was to find something that would bring down the

FUNDING WARMTH

104 mln
in Series D round
in February 2023

JOURNEY

February 2023: **$104 mln** in Series D

October 2020: **$121 mln** in Series C

April 2019: **$20 mln** in Series B

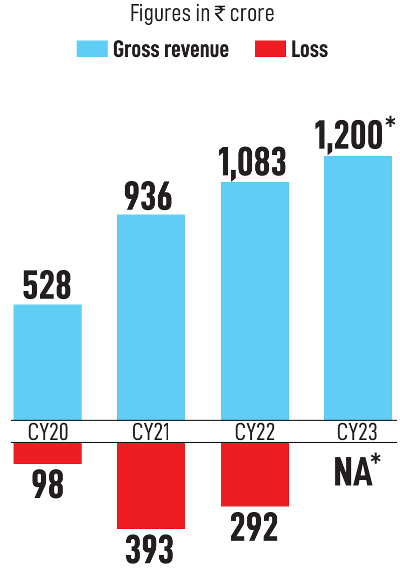
October 2017: **$11 mln** in Series A

BACKERS

Amazon Smbhav Venture Fund, CE Ventures, Peter Thiel, Mark Pincus, Iron Pillar, Investcorp, Investment Corporation of Dubai, Ascent Capital, US Government via the DFC, ADQ, Allana Group, Joe Hirao, Al Nasser Holdings, Massar International

REPORT CARD

Figures in ₹ crore



CY is calendar year; CY23 is estimate
SOURCE Filings, industry sources

NAME & GAME

Co-founded by **Shan Kadavil, Mathew Joseph and six others** in 2015

The fresh fish and meat D2C brand is **present across 150 cities in India and in the UAE**

Raised $256 million in funding so far; last funding round of $104 million happened in February 2023

Claims to **process over 1.5 million orders every month** on its platform

Claims to be **operationally profitable since October 2022**

Around 44% of revenues come from fish and seafood

Has over 2,500 SKUs in the portfolio; rolled out over 50 private label SKUs in 2023

high user acquisition cost.

Retail—going offline—seemed to be the silver bullet. Kadavil opened a grand store in Yelahanka, Bengaluru. In terms of aesthetics, interiors, appeal and look, it was nothing less than the Starbucks of fish and meat. The move, though, was a flop show. “We had no clue about retail because we were not coming from a retail DNA,” confesses Kadavil, who tried to find out what went wrong. The discovery was startling. Customers, revealed a user-survey undertaken by FreshToHome, perceived stores to be costly. “If a fish shop had an AC, consumers considered that to be pricey,” says the founder, who spent over a crore in building two stores, and decided to tone down the premiumness and branding to make the outlets more palatable to the consumers.

Apart from opening more stores—and this time they didn’t have ACs—there were more layers to the retail strategy. Kadavil tied up with supermarkets, explored shop-in-shop and started reaching out to the offline consumers. At the same time, he undertook a series of steps to bring about cost restructuring and recalibrated operations. “There was a huge set of experiments and pivots running up to one year to fundraise,” he says. The intent was to hit the road to profitability as soon as possible. Take, for instance, the move to start processing within the stores. The long tail items—which didn’t have higher uptick in the Indian market—started to be processed in the local store rather than factories.

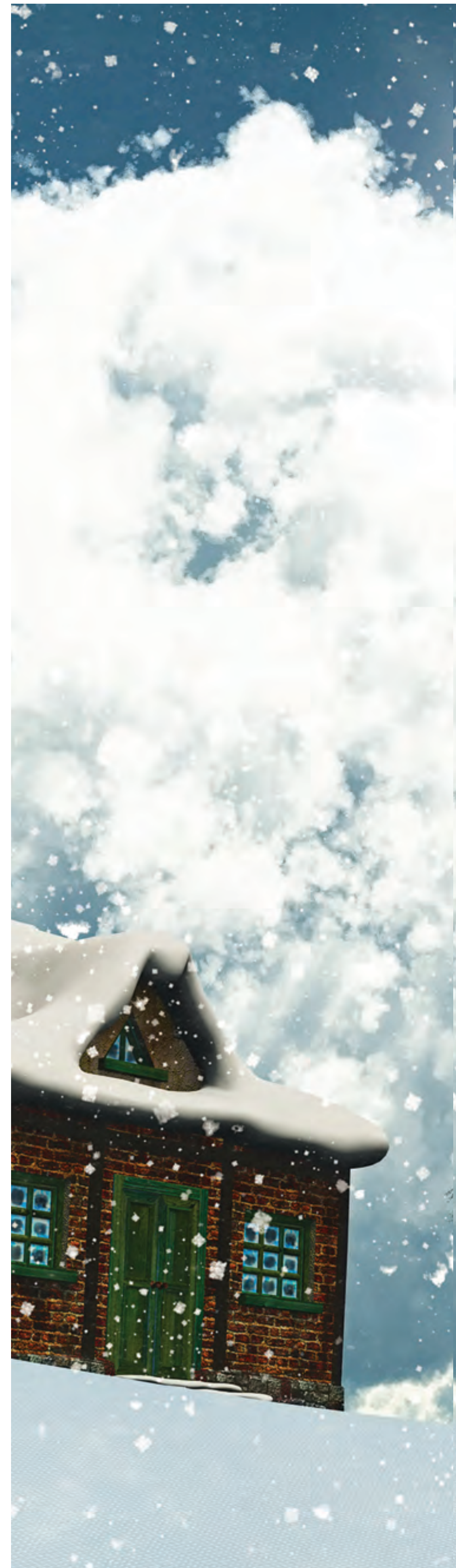
Another interesting move was a reset in expectations. “We never optimised for a higher valuation,” says Kadavil, pointing out the flipside of riding the valuation rocket. “At the end of the day, the private investor market is a reflection of the IPO market,” he says. Bringing investors at high valuation would result in a hostile board whenever the honeymoon gets over eventually. “You don’t really want to be in that position,” he says. What also helped was having an empathetic board, which appreciated and assured of its support even if the startup failed to mop-up money from the market.

“Companies that manage to withstand such a challenging market are led by entrepreneurs who have a long-term vision.”

VIKRAM GUPTA,
FOUNDER AND MANAGING PARTNER, IVYCAP VENTURES

The efforts paid off. In February 2023—this was 28 months after the last funding—FreshtoHome raised $104 million in a Series-D round of funding, which was led by Amazon Smbhav Venture Fund. “It took us nine months to raise, which is the longest that I’ve taken for any funding,” says Kadavil. Apart from getting a set of new backers in Dubai-based E20 Investment, Bengaluru-based Mount Judi Ventures, and Jeddah-based Dallah Albaraka, the existing ones too chipped in. “Around 30-40 percent of the round came from the existing investors,” he says.

Ask him the biggest learning from the extreme stress period of fundraising, and the fisherman goes back to his fundamental beliefs. “You can’t change the direction of the wind but you can adjust your sails,” he says. Having seven co-founders, he underlines, was a big blessing to sail through the torrid times. To get the prized catch, one has to fish together.



ALMOST A UNICORN

It's rare to miss the unicorn tag by a whisker. This is exactly what happened with Bizongo, which fell short of $20 million. As the gloomy forecast of a parched funding spell looked imminent, the pragmatic CEO opted to stockpile dry powder rather than fuss over valuation

By RAJIV SINGH

The first four letters came as easy as ABC. Have a look. Series A in November 2016, Series B in May 2018, Series C in April 2021, and Series D in December 2021.

The progression of the four funding amounts was heady. Sample this. $3 million, $22 million, $51 million and $110 million. The trajectory of the first four valuations defied earth's gravity. Check it out. Negligible, still miniscule, $130 million, and $600 million.

And then came Series E in 2023. And for Sachin Agrawal, 'E' was not easy. The letter stood for 'evaluation'. The co-founder of Bizongo explains. "Judged on business fundamentals, I have no hesitation in accepting that we were overvalued," the CEO of the vendor digitisation platform makes a candid confession. "But that's how growth startups are valued in a growth economy like India," he underlines. "Right," asks Agrawal who co-founded

FUNDING WARMTH

50 mln
in October 2023

JOURNEY

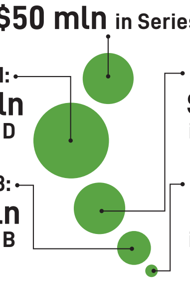
Oct 2023: **$50 mln** in Series E

Dec 2021: **$110 mln** in Series D

April 2021: **$51 mln** in Series C

May 2018: **$22 mln** in Series B

Nov 2016: **$3 mln** in Series A



Sep 2015: Seed round of funding

BACKERS

Schroder Adveq, International Finance Corp, Chiratae Ventures, B Capital, British International Investment, Tiger Global, CDC, AddVentures, Bruno Raschle, Accel

VALUATION

Reportedly
$980 million

MADHU KAPPARATH; IMAGING: KAPIL KASHYAP; INFOGRAPHICS: MUKESH SINGH

“The biggest learning is to be prepared for the worst while you are building business at scale.”

Sachin Agrawal,
co-founder and CEO, Bizongo

Bizongo with Aniket Deb and Ankit Tomar in 2015. “We knew we were over-valued,” he says.

Agrawal is right. But he was not the only founder who lived with unrealistic valuations. From a dozen unicorns produced in India in the pandemic year, the numbers galloped to 44 in 2021, a year of funding deluge. The following year—especially the second half—the bull started to turn bearish. There were only 26 unicorns in 2022. Getting stratospheric valuations was fast becoming a thing of the past, and a funding winter proclaimed its unwelcome presence last July, when monthly funding dipped to $870 million from a high of $4.57 billion in January. When contrasted with the corresponding funding number notched up in July 2021—$4.65 billion—the forecast was definitely numbing.

The founder, though, stayed bullish when he decided to hit the market to raise funds in October 2022. And this time his optimism was realistic, and was founded on strong performance churned out by his venture. Gross merchandise value (GMV) jumped from ₹346 crore in FY21 to ₹1,800 crore in FY22, and operating revenue during the same period leapfrogged from ₹3.7 crore to ₹68 crore. Though losses remained on the higher side—₹86 crore and ₹100 crore in FY21 and FY22, respectively—Agrawal had been running a tight ship, was confident of more than doubling the revenue and GMV, and was certain that Bizongo was on track to generate maiden free cash flow in FY23. Well, things indeed looked promising, and the mood was euphoric. “We were quite relaxed, and we went into the process with a lot of enthusiasm,” he recalls. The plan was to reach out to the top 10 investors and get a few on the board.

The outcome was beyond expectations. A big global investor decided to make its India debut by taking a punt on the startup. The terms of the deal were finalised in November, and the fund confirmed that they would lead the funding round by putting in $40 million. “We were on cloud nine,” recalls Agrawal.

A week later, there was a cloud burst. Silicon Valley Bank collapsed, the potential funder chickened out, and the funding applecart turned topsy-turvy. A series of more bad news started pouring in from the global tech front. The crypto market was collapsing at an alarming pace, tech stocks were getting brutally battered, and investors started looking for cover. The funding environment suddenly turned into a typical day of a cricket Test match in London, where an unexpected cloud cover engulfs the ground, the ball starts seaming and swinging menacingly, and the batters look like a bunch of sitting ducks waiting to edge the ball to the slip cordon.

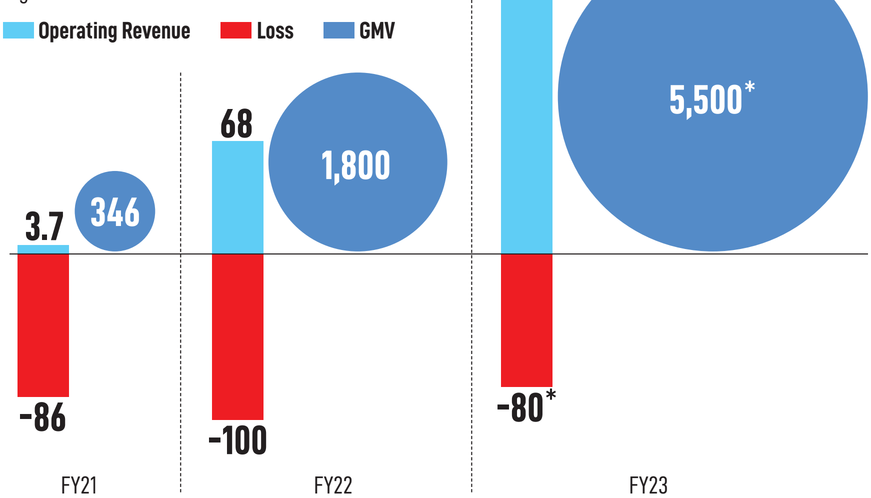
Back in India, there was no let-up for Agrawal. A bunch of startups started hogging the limelight for the wrong reasons: Glaring absence of corporate governance and embezzlement of funds. The investing community turned cagey and was gripped with an exaggerated sense of fear. Every startup started to be viewed through a suspicious lens. Meanwhile, the long list of 10 investors that Agrawal had prepared came down to zero. Nobody was keen. Consequently, the founder added 40 more funds on the prospective list of investors, and started reaching out.

Things were tough. First, the growth money vanished from the market. Second, the ones who were still game wanted to come in at an old valuation. This didn’t make any sense to Agrawal for obvious reasons. And third, there was a sudden change in lens to look at startups. The founder explains the new rules of the funding game. “Everyone started looking at valuing a startup on the basis of multiples of return on capital or multiple of PBT [profit before tax],” he says.

The new order, though, had a serious issue. “If you’re applying public market multiple, then you can’t justify your existing valuation,” says Agrawal, who was trying to get a premium on Bizongo’s previous valuation of $600 million. Nothing moved over the next few months,

REPORT CARD

Figures in ₹ crore



*FY23 are unaudited numbers; operating revenue for FY21 and FY22 have been restated as per the new accounting standard of IndAS

SOURCE Filings and company

NAME & GAME

Founded by **Aniket Deb, Sachin Agrawal and Ankit Tomar** in 2015

Bizongo is a vendor digitisation platform that transforms supply chain operations for large enterprises and MSMEs

Offers solutions such as **embedded financing, raw material procurement, and invoicing**

Services more than 500 enterprise customers in steel, aluminium, ecommerce, retail, FMCG, auto ancillary, pharm, textiles, and apparels

Works with more than 30 financial institutions to provide supply chain finance to its partner MSMEs

Has a network of over 8,000 partner manufacturers

Bizongo generated ₹50 crore of free cash flow in FY23, and it became clear by the beginning of July—which meant end of the first quarter of FY24—that Bizongo will have to continue with its limited resources. Though the startup still had ample runway, the founding team decided to focus sharply on operational metrics so that there was less need of outside capital. The trade-off meant replacing ‘high growth’ with ‘sustainable growth’.

A change in strategy also brought in an interesting development. One of the venture capital (VC) funds wanted to invest but came with a unique demand: The books had to be audited by Deloitte. Bizongo, which already had EY and PwC, agreed to start the diligence process again. Later on, the startup also roped in KPMG. “We were perhaps the only startup which were working with all the big four auditing firms at the same time,” smiles Agrawal, adding that if one wants to be IPO-ready over the next three to five years, one has to be stringent in compliance, norms and accounting.

The move resulted in adding an extra layer of financial structure as Bizongo shifted to a new accounting norm. As per the new accounting standard of IndAS, explains Agrawal, the operating revenue for FY21 and FY22 were restated. By the end of October, Bizongo managed to raise $50 million in Series E funding, which happened to be the toughest as well as the lengthiest. Though the valuation jumped from $600 million to $980 million, the startup missed the unicorn tag by just $20 million. “We were almost there, but don’t regret missing the unicorn tag,” says Agrawal. “In fact, it was a blessing not to be a unicorn.”

Anand Daniel tells us why the $50-million fund raise by Bizongo was a big feat. The Indian startup ecosystem, underlines the partner at VC firm Accel, witnessed an unprecedented dip in funding over the last 12 to 18 months. Fundraising, he stresses, has been more difficult for companies attempting to close a round north of $500-million valuation. “Despite this macro backdrop, the compelling vision of Bizongo to transform B2B supply chains was something investors were upbeat on,” he says.

“Bizongo plays in a value pool greater than $100 billion. The surface area of the opportunity is immense.”

ANAND DANIEL, PARTNER, ACCEL

Across its key segments, the funder lets on, Bizongo plays in a value pool greater than $100 billion, which makes the opportunity immense. “We are excited to see the company onboard new customers and vendors,” he adds. The challenge, though, would be to grow in a sustainable manner. “What will remain critical going forward is to achieve this ambition in the most capital-efficient manner,” he says.

Agrawal, meanwhile, now knows the value of every penny, the flip side of chasing valuations, and the pressing need to grow sustainably. “This winter has taught me that one has to be prepared for the worst,” he says. Unicorn or no unicorn, businesses have to be built the way businesses were always meant to be: Make profit. Well, Bizongo, which means ‘business on go’, can only grow if it makes money in all seasons.

BATTLE OVER, NOW WIN THE WAR

By SUMIT KESHAN

Managing partner at Wipro Consumer Care – Ventures, Wipro Consumer Care & Lighting

Raising money in a tough funding environment is no doubt a win, but the real victory lies in building a sustainable business

CHAITANYA DINESH SURPUR

While winter has started approaching globally in the northern hemisphere, the funding chill in the venture capital world is being felt for over 1.5 years now. The boom of late 2020, 2021 and some part of 2022 is so strongly ingrained in the minds that it has been hard to accept the vicious drop in funding pattern.

However, underlying this funding chill are compelling factors that validate the investment narrative. For instance, amounts committed by LPs (Limited Partners) towards India and SE Asia over the last 1-2 years are sizeable and large, and hence significant amount of dry powder is waiting to be deployed in the ecosystem. The fact that, in one of the earlier years, the total amount raised through PE/VC (private equity/ venture capital) channels in India was higher than that raised via IPOs tells us the importance of this form of financing. The acceptance this has achieved in the last decade or so over being also-an-option is now strongly established. From being a tech-focussed avenue to now any and every sector looking for PE money, this has been a fantastic learning journey and fully embedded in the economy's ecosystem.

The contemporary landscape is witnessing transformative shifts in PE investment strategies and startup management approaches. Many startups are gunning for profitability, and few are profitable already, which is a departure from the earlier approach of growth-at-any-cost. The cardinal principle of running a venture on sustainable business practices is gaining traction, prompting a recalibration of the growth-profitability balancing act, which is a great positive.

As more startups attain profitability and positive cash flows, the overt dependence on continued funding diminishes. Consequently, companies are redirecting focus towards building businesses rather than incessant fundraise efforts. Conversations within the industry are shifting from unit economics to profitability, long cash runways, and to a holistic perspective on performance metrics.

PEs and VCs are adopting a more cautious stance towards cash guzzling and cash-burning businesses. It is so much more critical now—creating the right kind of tech with lesser dollars, creating consumer connect through the best of products, services, and customer care practices. The spotlight is also on optimising on spends, as well as targeting superior & sharper returns. This can be achieved by taking a simplified approach to metrics, tied in with a versatile strategy, building purpose-driven teams with exceptional execution skills. So much more can be done by being mindful of every aspect of business-building and creating customer-focussed practices.

The battle for startups to raise their rounds of funding can be taxing. This involves not just time and effort but a certain concoction of emotion, uncertainty all woven together, leading to a feeling of excitement as well as stress.

The battle is won once the process of fundraise gets completed. But, in some ways, the quest of winning the war has just started. Now is the time to look at your array of possible strategies, and the need to pick and decide the direction to turn to, the initiatives to be kindled, and press the pedal. Many companies who are at this stage are wanting to tread a more cautious path, having burnt in the past in many ways. If this is not your first round of raise, you are perhaps wiser on how and where to deploy, which areas to strengthen, and how to win the war with lower losses keeping the ship sailing comfortably in high and low seas, and for longer periods of time.

"As more startups attain profitability and positive cash flows, the dependence on continued funding diminishes."

There are the eight pillars of strength which need to be built if you have to sail high and long. The essence of stable businesses is given much more credence, whether you have a long path or even an early exit in mind, as that's the real underlying and long-lasting value one is creating for the organisation and for all stakeholders.

For startups and organisations that are low on capital, there are many lessons to be imbibed. The best practices have emerged during survival times, which makes the organisation stronger and wiser. The real importance of cash flow and cash conservation thus dawns. There are numerous examples of companies in sectors like consumer, health care etc which have been able to demonstrate growth as well as turn profitable during times of low capital. This is when real out-of-the-box thinking happen and, hence, necessity is the really the mother of inventions. No amount of preaching works but all learning happens on self-mode when you are actively seeking solutions.

It is also seen that the importance of investment committees is so much higher now as they are the guiding force in many ways. These committees act as guiding forces focussed on capital allocation, stringent fiscal considerations, as well as validating the fundamentals of a business. There is strong merit in every player in the system thinking about the best ways of resource utilisation and make the venture more compelling for the customer and, hence, for the investors. It appears that there is a much saner sense prevailing in the system, which are opening up minds and inculcating better practices. And governance is getting better understood and being imbibed too.

In this era of heightened financial mindfulness, the impetus is on crafting compelling narratives that align with the tenets of purpose-driven leadership, superior execution, and consumer-centricity. As the industry gravitates towards these principles, it fortifies the notion that irrespective of market fluctuations, robust and purposeful enterprises will continue to find support and thrive in the dynamic landscape of PE/VC funding as well as overall business stability and growth.

‘Let’s not take authoritarian countries like China as a model’

In their new book, former RBI Governor Raghuram Rajan and economist Rohit Lamba talk about the choices India needs to make to achieve the economic growth it has envisioned

By DIVYA SHEKHAR

Raghuram Rajan and Rohit Lamba believe that India’s best days are still ahead, and that the country shouldn’t lose its biggest strength—its democracy—by “any stretch of imagination”. In their new book, *Breaking the Mould: Reimagining India’s Economic Future*, Rajan, former Reserve Bank of India (RBI) governor, and Lamba, an economist at Pennsylvania State University, talk about why creativity and human capital should be at the centre of growth and development. They also discuss why it’s essential to reprioritise our resources to focus on the basics. Edited excerpts:

Q There’s a line in your book where you say that if India wants to realise the economic growth that it has envisioned, we have choices to make on where we want to devote our resources–“in people or on things”. Why can’t it be both?

Rohit Lamba: Obviously, it can be both. What we’re trying to say is that there is a certain level of focus that has gone into things, which is legitimate given the poor infrastructure we have come from, and we were used to. But it’s becoming increasingly clear that in the economic path of the future that India is going to

Raghuram Rajan, former RBI governor (in front), Rohit Lamba, economist be on, our binding constraint is not going to be infrastructure. It's going to be our human capital.

Right from earlier times, much more so from the Vajpayee government's time, building the golden quadrilateral, building rural roads, ports and airports is, of course, very important. But. at the end of the day, both in terms of our government capacity and the resources we generally have, we are still a relatively poor country. You will need to prioritise at some point. One of the examples we give in the introduction [of the book] and which spoke to us very deeply was the example of the Micron semiconductor plant [in Gujarat].

It's great that we are producing semiconductors. Nobody is against that. But how are we utilising our resources? The subsidy required by the central and the state government amounts to ₹16,500 crore, and the entire higher education budget of India from the central government is ₹44,000 crore. So, about a third of the entire money that you send to the IITs, the IIMs, the TIFR, all central universities, you are going to spend on one plant which is probably going to generate a few thousand jobs. If you think of how much money we put on fertiliser subsidies—not that fertiliser subsidies are not important—but in the last year, it [the budget] was ₹2.25 lakh crore. Again, that is more than the entire higher education and primary education budget of India. The time has come where we will need to really prioritise our resources.

Q I want to go back to the Micron data you mentioned. In the book, you say how, if the facility creates 5,000 jobs, with a subsidy of ₹16,500 crore, the government would have paid ₹3.2 crore per job. If we assume that the Micron subsidy is justified, from where else can we get the money to increase allocation towards, say, education and health care and development of human capital? Are there other avenues of investment that we can explore?

Lamba: What we try to emphasise in the book is that a lot more resources need to be put in, but also better utilisation of resources. So it's not that we're not spending... we are increasingly spending reasonable amounts of money on health care. But what is it being used for? Is it being used judiciously? First, I don't I think this is set in stone. We are trying to encourage a different way in which we would not spend ₹16,500 crore on Micron, but on higher education. In the near future, much more money needs to be spent on health and education. And we need to make much better use of the money we have already spent.

Q You also talk about India's rich demographic dividend. India seems to be at a point where China was three decades ago. We also seem to be at the peak of our soft power. Can this help us build the hard power needed for economic growth?

Raghuram Rajan: If you think of soft power as being our culture, our example. Post-independence, we set a tremendous example for the rest of the developing world of gaining independence in a non-violent way, of having leaders of the stature of Mahatma Gandhi, Jawaharlal Nehru and Sardar Patel. These were people the rest of the world looked up to. With their example

> **"The subsidy for the Micron plant in Gujarat is ₹16,500 crore, and the entire higher education budget is ₹44,000 crore."**
>
> ROHIT LAMBA,
> ECONOMIST

and the fact that India is the home of at least three great religions and various kinds of philosophies, that gave us an allure for the rest of the world. However, going forward, a lot of our soft power will come not just from our historical past, but also the kind of ideas that we create. Maybe a different kind of capitalism will emerge in India, one that is especially focussed on building human capital. Maybe a more egalitarian capitalism will emerge in India

We are a country that became democratic very early on in our development path. We still haven't become a middle-income country. We are slowly getting there, but if we do become middle income and go beyond that to become a developed country, that will be a unique story of a country which did it all while being democratic. These are all elements of soft power that can influence the world.

Flip side, as far as hard power goes, we were a relatively poor country and our hard power vis-a-vis the rest of the world was relatively limited. If you talk about it purely in terms of military—and even today, we are quite small militarily—we have a lot of people in the armed forces but if you look at the total spending militarily, we are small relative to the US or even China. And I think it will take time for our economy to grow for us to have a greater sense of hard power.

But I think what we should do is combine that soft power, more democratic, more talking about the problems of the world and being a contributor to their solution. Rather than flexing our muscles and saying we are the superpower. Just like the other superpowers like the United States and China are doing. As we grow richer, we have to think about what the best way is to grow rich. And how do we influence the rest of the world in a way that is more consistent with our culture. That is something we need to think about as we go forward.

Q Education is very crucial to this. While India has done well in terms of enrolling kids into primary schools, we've faltered somewhere down the line. The number of medical school students struggling in Ukraine in the wake of the war could be an example of this.

Rajan: Exactly. Why don't we have more places for doctors? It's not that we don't have the funds. As Rohit said, we just invested ₹17,000 crore in Micron. Can't we invest that in new teaching hospitals? We have plenty of patients. And there are plenty of good doctors who can be teachers. So what is missing is a sense of urgency that we need to do so much more of this. Why are 60,000-70,000 of our medical students going abroad when there's such an unmet demand for medical positions? People pass the NEET but can't get medical positions because you don't have enough places. So isn't creating those places not only necessary, but also a job-creating process? Every teaching hospital you build is going to create a lot of jobs. So if you thought about this carefully, we'd say, let's be more open to other ways of creating jobs than this low-skill manufacturing that we seem to have embarked on.

Q What role will startups play in contributing towards job creation and economic growth?

Lamba: The way the human capital of India is being structured and is moving, demand for firms providing direct services to the world and firms embedding services in manufactured products is only going to rise. In terms of direct services, for example, we talk about global capability centres. For example, the recent Nasscom report says that they have a market size of $46.46 million and employ about 1.7 million people. This market is only going to grow because if you need to pay $150,000-200,000 to a financial consultant or advisor at Goldman Sachs in New York, the same person you need to pay $60,000, less than half, in Bengaluru. This is the reason these jobs are expanding.

Firms like Lenskart [eyewear startup], and iD Fresh Foods [idli-dosa batter startup] if you let such ideas flourish, you don't even have to restrict them to manufacturing or services. A lot of creative stuff is happening at the intersection. Without enough enabling framework, if human capital is not a constraint for us, then this type of market is only going to expand, because we are only limited by our imagination.

SANTOSH KUMAR / HINDUSTAN TIMES VIA GETTY IMAGES

Why are medical students going abroad when there's an unmet need in India, asks Rajan

Rajan: The biggest part that is still eluding is new products. Where is India's TikTok? Where is India's Nvidia and Qualcomm? Interestingly, we have people doing chip design in India. By one estimate, 20 percent chip design is being done in India. But there is no chip design company in India like Nvidia or Qualcomm. There is a real question as to why we can't generate these kinds of companies. And the reality is that we don't have the intellectual property producing units that other countries have, and those are called universities. We don't have high-grade universities producing that kind of intellectual property, which then gets transferred to firms, which then use that as a basis for growth.

> **"An authoritarian country will never create ideas that are needed for longer-term success, because these ideas hit the establishment."**
>
> **RAGHURAM RAJAN,**
> FORMER RBI GOVEROR

Q We are seeing CEOs, like Freshwork's Girish Mathrubootham and Zoho's Sridhar Vembu, express confidence in India becoming a product nation. What is your response to that?

Rajan: If we do the homework, there is nothing that would prevent us from becoming that [a product nation]. That said, I'm always wary about us saying we've arrived before we arrive, because that's almost always a recipe for us not doing what we need to do. Some of the products are there, some of them have to be better structured and marketed. It's not that India lacks ingenuity. Some of these products require serious research and that requires industry and university collaboration in a way that we haven't done much in the past, but we can do much more in the future. And if industry is willing to fund universities to do that, that's great.

We should benefit from our diaspora. We have good people in firms and universities around the world. Why don't we attract some of them back and build new firms and structures around them? The TSMC (Taiwan Semiconductor Manufacturing Company) was built around someone who came back from the United States, who had been a high official in Texas Instruments, didn't make it to the top and came back to start TSMC. We have so much knowledge embedded in people abroad. Why not use that to leapfrog and generate that product economy?

Rajan says India should benefit from the diaspora, like Taiwan did when a member of its diaspora returned from the US to set up the TSMC

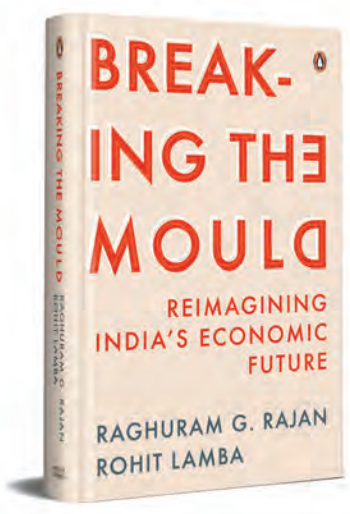
Q You say that one of India's unique strengths is its spirit of inquiry and debate. How do we protect that?

Rajan: We must not confuse the security of the nation with the security of the government in power. Those are two different things, and all too often, that is the confusion that seems to pervade the public sphere, including many government officials who basically say you criticising us, you're criticising the state, you're criticising the nation. No, you're not criticising the nation, you're criticising your incompetence as a government. A fair game in democracy is that you should be able to criticise the government as much as you want. But you should not be focussed on breaking up the country. That's a different thing, and all too often, we use sedition laws against young students who are just protesting agianst the policies of the government in power. And they should be allowed to protest all they want. After all, that is the purpose of democracy, to, in part, allow that pressure to get diffused, but in part also to hear them because they have something important to say.

The same people who, you know, today are in power, were protesting against the Emergency. I used to have a discussion with Mr [Arun] Jaitley when he was finance minister and I was RBI governor, and he used to talk about those days, about how they were in jail. Was Mr Jaitley an anti-national? Absolutely not. He was fighting for freedom of speech and expression. And at the time, Mr [LK] Advani made an important statement about the press, which we cite in the book. "You were asked only to bend, but you crawled."

When the people in the ruling party admit that they were the protesters at one point in time, they should acknowledge that there are others who are the protesters at this point in time, who have very different views from the ruling party. But both sides care for the nation. We can't just point a finger at protesters and say they are anti-national.

In general, an authoritarian country will never create the ideas that are needed for longer-term success. It will suppress those ideas, whether they are political or scientific ideas, because these ideas hit the establishment. That is why the Soviet Union never became an extraordinary innovator. Yes, it did some stuff in defence, but consumer innovation, forget the thought. I would argue that people in China are saying the same thing, now that China's best day in terms of innovation, at least at the consumer level, may be behind them. And I don't think India should go that way. Let's not take these authoritarian countries as a model and recognise there are deep problems with authoritarianism, which is why we shouldn't lose our democracy by any stretch of imagination. F



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SHUTTERSTOCK

In Focus

A Lifeline To Fight Another Day

Edelweiss Chairman Rashesh Shah on the company's ill-fated bet with real estate loans, the NBFC pivot, his plans to reduce debt and the turnaround of the group that remains a work in progress

By SAMAR SRIVASTAVA & SALIL PANCHAL

Five years ago, Rashesh Shah was fighting for survival. A large bet that Edelweiss, the financial services conglomerate he founded, had taken on real estate loans turned sour. Out of a total 100 developer loans, as many as 40 were not paying on time. When interest payments are not made, loans have to be marked as non-performing. On its part, Edelweiss had to continue to meet its obligations to debtors. It was a classic asset-liability mismatch and it almost sunk the group.

Today, Shah, who turned 60 recently, is in a feisty mood. His sense of optimism over the future comes out multiple times during an hour-long interview with *Forbes India*. Admittedly, he still has a long way to go in deleveraging the group, but he can take heart from the fact that most loans were paid off and others sold to asset reconstruction companies that buy bad loans on the cheap. He wound down Edelweiss' loan book at a furious pace from ₹20,000 crore to ₹4,000 crore at last count, and plans to bring it closer to ₹1,000 crore in the next few years. In the process, Shah got a lifeline and lives to fight another day. For now, his stated aim is to work on making Edelweiss a leaner machine that incubates businesses and spins them off.

Part of his thesis is that since the India long-term opportunity is bright, the company should spend 20 to 25 years incubating businesses before spinning them off as separate companies. "Our ambition is to build businesses with a 20-25-year horizon, unlock capital (through listing) and then repeat this ad infinitum," says Shah in an exclusive interview to *Forbes India*. In the last 28 years since he set up Edelweiss, the company has set up eight businesses and exited one. The jury is still out on how he's done. The market cap for Edelweiss stands at ₹6,844 crore and profitability stands at about ₹400 crore a year with a return of equity of 5 percent. Clearly, the group needs to get more profitable, and fast.

In spinning off businesses, Edelweiss has had its first success. In September, Nuvama Wealth Management was listed and trades at a market cap of ₹11,000 crore. (Earlier in 2021, Edelweiss had raised ₹2,400 crore by selling a stake in the business to Pacific Asia Group.) The company was set up in 2001 and known as Edelweiss Broking. It received an estimated ₹100 crore in investment from the Edelweiss group over the years. Shah aims to do this eventually with each of the other businesses he runs. He's got seven of them, but the company says it has still not decided which one has reached the exit stage yet. His efforts to sell some of his businesses have come a cropper.

Rashesh Shah, co-founder and chairman, Edelweiss Financial Services

As he takes us through each of his businesses, it's clear that Shah has had to get back to the drawing board. Take the case of his non-banking finance company that made the developer loans that nearly bankrupted the group. In the pre-IL&FS era, when liquidity was abundant, financiers had no problem raising money through mutual funds or through bonds. Large amounts of debt were available for the taking and assets could be kept on their balance sheet. Post IL&FS, that option dried up and NBFCs started working together with banks to disburse loans. "NBFCs are very efficient if they can be asset-light and capital-efficient by focusing on origination,

underwriting and collections, but they have to partner with banks due to the cost of fund advantage that banks have," says Shah.

This is a playbook that has been adopted by most NBFCs that are not part of corporate houses—Bajaj, Aditya Birla, Hero. They (Edelweiss included) are unable to raise funds cheaply and so work with banks to originate and underwrite the loans, while banks aid them with their lower cost of funds. A bulk of the loans sit on the bank balance sheet and this allows the NBFCs to get some fee income for sourcing the loans, taking their return on equity usually north of 15 percent. Still, it must be noted that serious problems with the legacy real estate book remain, and gross stage three bad loans are at ₹781 crore or 13 percent of net worth (post the spin-off of Nuvama), according to a credit report by Crisil.

So, it is not surprising that gone are real estate and other forms of bulk lending as Edelweiss has pivoted operations to make loans to small and medium enterprises. Underwriting credit for them has become a lot easier as GST returns, credit bureau scores and account aggregation allow lenders to make sense of the size of their operations, cash flow and ability to pay. "Our book is now a little over ₹1,000 crore and we've scaled up from disbursing ₹10 crore a month to ₹100 crore a month in the last year," he says. Expect this business to move up rapidly in Edelweiss' reckoning of businesses. Shah knows he's latched on to something big when he says, "Twenty years ago, India was all about corporate loans, then came along loans to individuals and housing finance. The next decade will be the decade of small business financing." In addition, Edelweiss is also in home loans and loans against property.

For Shah, the core of his empire is probably the alternatives business. He bet on this when there was hardly any talk about this in the Indian market. Investing in special situations, real estate funds, loans to companies and yielding assets like Invits all form a part of this. From the first fund in 2011, which raised ₹100 crore, Venkat Ramaswamy, who heads the alternatives business and is also vice chairman of Edelweiss, and his team have been given a free hand to run the operation and now manage AUM (assets under management) of ₹50,000 crore. The business is tied neck-and-neck with Kotak's alternatives business and now regularly raises billion-dollar funds.

Shah has also realised that lending money to real estate and companies is much more suited to this platform where one doesn't have to worry about quarterly payments. "They work on an IRR format and not a quarterly format," he explains. Capital here is longer term and so it is possible to restructure loans midway without having to mark them as NPAs. Market observers say that while it is still early days, and the business generated a profit of ₹159 crore last year, this could be a prime candidate for value unlocking.

It helps that alternatives is one of the few spaces where the team has stayed constant through the years. Shah has lost several able and close associates over the years with Vikas Khemani of Edelweiss Securities and Nitin Jain, former CEO of Edelweiss Wealth Management, being key losses. But he puts on a brave face and if he feels disappointed that several long-time associates have left him, he doesn't show it. "Churn is healthy," is all he says. New people bring in a new crop of ideas and he points to the hires they have done over the last three years. They include RK Bansal to head Edelweiss Asset Reconstruction and Ananya Suneja as chief financial officer of Edelweiss Financial Services.

BAJIRAO PAWAR FOR FORBES INDIA

While hires have brought in new ideas, it is the latter half of his businesses that will still require time to scale up. Take insurance, where Shah believes they should break even by 2026-27. As of now, they are loss-making as GAAP accounting law losses have to be recognised, whereas, under IFRS, losses can be capitalised. The two businesses, life and non-life, have together a premium of ₹2,198 crore as of March. It would take Edelweiss a long time to scale up.

On the asset reconstruction front, Shah points to their large ₹45,000 crore book that he says has done reasonably well (Edelweiss later clarified that the Edelweiss ARC AUM is ₹37,650 crore as of September 2023). The sale of Essar Steel and Binani Cements bad loans were a shot in the arm, but industry veterans say it's anybody's guess how well the rest of the book will perform. Shah believes the business can churn out ₹400 crore in profit every year and says that they are now moving towards picking up more retail assets. "Let's say a ₹1 crore outstanding home loan goes bad. We will then move in and help the borrower either restructure payments or sell the house and realise the value of the security," he says. The corporate bad loan book would be very cyclical (the ARC still has 80-85 percent corporate loans), but he hopes that retail loans help smoothen it out.

As we get to the end of our conversation, a question on the Bharat Bind ETF lights up Shah's face. India has seen several innovations in the equity markets—from the dawn of dematerialised shares to ETFs and SIPs. But Indian debt markets that globally are far larger than equity markets by a factor of five have hardly changed in terms of the products offered. This changed in December 2019 when Edelweiss Mutual Fund launched the Bharat Bond ETF. "We tested it out for two years, loading AAA PSU bonds, and then back-testing the data," says Shah.

While equities are easy to buy and own, bonds are far more complex. They have different maturities and coupons. The ETF may be bought on a particular day, but the coupon may have paid out earlier. Adjustments have to be made for bonds maturing and exiting the ETF. All in all, it is a complex task and not one that is easy to replicate. "On paper, it is easy to replicate Bajaj Finance, but how many people have actually done it," explains Shah. Bharat Bond accounts for an AUM of ₹60,000 crore out of total AUM of ₹105,000 crore in the mutual fund.

It is in credit markets that Shah sees the most innovation happening in the next two decades. "We started Edelweiss 28 years ago when equity markets were coming of age and they have become very robust since then," he says. On the other hand, the credit markets are still shallow and driven by banks and the IL&FS episode exposed their vulnerabilities. Shah is in his element when he bemoans the fact that we don't have a bond repo market or that we don't have interest rate futures. The bond market consists largely of government bonds or AAA corporate bonds. There is no junk bond player of scale in India. These are all areas that Edelweiss can get into.

But while the long-term opportunity remains bright—the economy doubles every seven years, the rupee depreciates by 3.5 percent every year against the dollar—the short term can be messy. Very messy. Shah knows that too well. A little before the pandemic, he was dragged to court by the Anil Ambani Group for enforcing their loan obligations by selling their shares. Edelweiss was raided by the Enforcement Directorate. Shah clearly had a tough time, but says one has to be stoic and bear it.

Now that Shah has steered his ship and prevented it from floundering, he's put in place his objectives for the next year. Chief among them are growing his seven businesses rapidly and building in financial resilience by reducing debt. In the fiscal year ended March, Edelweiss paid ₹2,500 crore as interest payments. Net worth stood at ₹6,150 crore while borrowings were ₹19,000 crore. Ratings agency Crisil states that "the group's profitability remains subdued owing to lower net interest margin and a substantial credit cost in the lending business".

In the past, Shah's calls haven't worked exactly as intended. Now he has some promising businesses in asset management (alternatives, mutual fund). The rest will take time to scale up. The markets are keeping a close eye on him and will wait for firm numbers before they re-rate the company any further. F

Edelweiss and its businesses

ASSET MANAGEMENT
- **Alternatives -** Edelweiss Alternate Asset Advisors
- **Mutual Fund -** Edelweiss Asset Management

ASSET RECONSTRUCTION
- Edelweiss Asset Reconstruction Company

CREDIT
- **NBFC -** ECL Finance and Edelweiss Retail Finance
- **Housing Finance -** Nido Home Finance

INSURANCE
- **General Insurance -** Zuno General Insurance
- **Life Insurance -** Edelweiss Tokio Life Insurance

WEALTH MANAGEMENT
- Nuvama Wealth Management (listed)

"We started Edelweiss 28 years ago when equity markets were coming of age and they have become very robust since then."

INFOGRAPHIC: MUKESH SINGH

SHUTTERSTOCK

OKX's India Play: Crypto Exchange to Web3 Ecosystem

At a time when other global crypto exchanges are facing the heat, global crypto exchange OKX is strengthening its India Web3 presence to build an ecosystem and have a deeper engagement with Polygon

By **SALIL PANCHAL**

The crypto world has seen a mix of both alarming and encouraging news of late. The quick exit of Binance CEO Changpeng Zhao, after he pleaded guilty to US money laundering charges, and a fine of $4.3 billion on the crypto exchange in November, has overshadowed a bit of positive news: The possibility of the US Securities and Exchange Commission (SEC) approving the listing of the first spot Bitcoin exchange-traded fund (ETF).

For OKX, the world's second-largest crypto currency exchange by 24-hour trading volume, and which, since 2021, positions itself as a Web3 technology company, it is business as usual and its march towards gaining a global footprint continues. The exchange has, in November, launched its crypto exchange and Web3 wallet platform in Brazil. It has already applied for a virtual asset trading platform (VATP) licence through its Hong Kong branch, which it hopes to receive in coming months. This comes at a time when the G20 nations have endorsed the recommendations of the Financial Stability Report (FSB) towards regulation of crypto assets.

OKX is strengthening its India presence also, particularly in the Web3 space, where the concentration of engineers, product people, entrepreneurs and developers thrives in India. But it comes in an environment where global investing in Web3 startups has slowed in 2023, compared to a year earlier.

"The youth in India have a natural gravitation towards STEM education. Beyond Silicon Valley and China, Indians have built knowledge systems with technology and software. As Web3 emerges, engineers, product experts, entrepreneurs and developers are thriving in India. We've seen much of the traffic to Web3 companies and active users come from India. Seeing this data made us go down the rabbit hole of exploring India," says Haider Rafique, a spokesperson for OKX's India operations and the exchange's chief marketing officer.

OKX's financial strength and reach

PROOF OF RESERVES: $14.9 billion
primary assets backing user funds *

2023 AVERAGE DAILY TRADING VOLUME, FUTURES: $ 10,342,840,246

350+ coins and 680 markets
on the centralised crypto exchange (not available in India)

WEB3 WALLET: 70+ blockchains supported, with each blockchain having numerous crypto coins supported.

TOTAL WEB3 WALLET USERS:
Over 11 million global users

REGISTERED USERS: 50 million+

OKX VENTURES INITIAL CAPITAL: $100 mln.
Major investments include Scroll, Moonbox, OxScope, Shutter, Cetus and Alienswap.

* This figure is as of December 20, 2023.

SOURCE OKX

WEB3 INCUBATOR & POLYGON ALLIANCE

OKX plans to work on three fronts in India. It will start by fostering the Web3 community in India. "We may also explore if we can serve as a small incubator or do some developer funding in India where we can provide grants ranging from $25,000 to $75,000 for promising Web3 projects," says Haider. OKX has already sponsored events in more than 400 colleges in India to build branding and education, and to explore if they can be part of a developer or engineer's journey.

OKX is also exploring how best to work with the Polygon chain. Polygon, formerly known as Matic Network, provides an easy framework for new and existing blockchain projects to build on Ethereum without scalability issues. "We are collaborating closely with their product teams to attract more Web3 applications to the Polygon and OKX ecosystems. I believe Polygon has done a great job with scalability, and partnering together can create a tonne of utility for Web3 natives," Haider tells *Forbes India*.

OKX, on November 14, announced the launch of a new Zero Knowledge (ZK) Ethereum Layer 2 network called X1, which is built using Polygon's Chain Development Kit (CDK). OKX will become a core contributor to Polygon's CDK and will dedicate substantial resources, including engineering, to enhance this technology stack. This will collectively push the boundaries of ZK-powered L2 technology, which ultimately benefits the OKX, Polygon and Ethereum communities because the network will be faster and transactions will be cheaper. This will help achieve scale.

OKX will also work with developer student bodies in India and partner with them to help them explore its global platform or be part of its developer ecosystem. OKX may also seek to fund some of their programmes and plans to spend $1million on developer grants and advertising in India in the next 12 months.

Polygon Co-founder Sandeep Nailwal tells *Forbes India*: "OKX's Web3 expansion into India will undoubtedly result in a considerable boost not only to the local Web3 ecosystem but to the global crypto industry as a whole. Ultimately, adding value is one of the core objectives OKX has already stated when announcing its expansion."

But OKX will not be launching

INFOGRAPHICS: MUKESH SINGH

its crypto exchange in India. "We respect local market regulations. We won't make any of our centralised exchange products available in India at this time," Haider says. The crippling fall in trading volumes in India, as customers have left domestic exchanges to trade on overseas platforms, has forced existing crypto exchanges in India to rethink their business models over the past two years. And it is unlikely to change soon.

Reserve Bank of India Governor Shaktikanta Das has reiterated the central bank's stance to ban crypto. India's Minister of Finance Nirmala Sitharaman has called for creation of a framework to deal with regulation of crypto currencies, calling it "work-in-progress". It is believed to be creating a foundational framework to prevent the misuse of crypto currencies and amplify the global anti-money laundering (AML) capabilities, according to media reports.

Haider says OKX is in the "experimental stage" of developing its products in India. "Web3 is still trying to find a product-market fit globally, though the philosophy is well accepted," he says. He forecasts that who wins in the infrastructure game (of developing the pipeline) are those who are a little more established and can invest more in that segment.

DIFFERENT POSITIONING

The meteoric rise and equally sharp fall of US entrepreneur Sam Bankman-Fried—the bankruptcy of his exchange FTX in 2023, and the turmoil at its rival Binance, which chose not to acquire FTX in late 2022—have continued to keep regulators and investors guarded about governance and leadership concerns at these exchanges. Haider and OKX declined to comment on the events which have been playing out at FTX and Binance.

In recent months, some crypto exchanges have run into legal battles with regulatory agencies. Binance has pleaded guilty to settle criminal money laundering charges made by the SEC against it in June 2023. Another crypto exchange, Coinbase, has been losing market share in Ethereum trading, as investors are turning wary of facing regulatory risks while using the exchange's staking service.

The SEC had accused Coinbase of operating its crypto asset trading platform as an unregistered national securities exchange, broker, and clearing agency. It was also accused of failing to register the offer and sale of its crypto asset staking-as-a-service programme. Staking-as-a-service is a way for an intermediary to offer validation service by service-pooling and staking tokens from several individuals.

> **"OKX's Web3 foray into India will boost not only the local ecosystem but the global crypto industry as a whole."**
>
> **SANDEEP NAILWAL,**
> POLYGON CO-FOUNDER

OKX has been in a sweet spot compared to other exchanges by doing a few things differently. It has been more transparent by providing a monthly proof of reserves (PoR) ratio against customer funds. Binance has now been providing monthly PoRs. Improved transparency is not only useful for retail investors, but also all stakeholders including institutions, regulators and politicians. The fact that OKX has shared a non-threatening relationship with regulators has helped it. Also, since 2021, it has rebranded and positioned itself more as a technology company rather than an exchange. "OKX thinks and acts like a technology company," Haider says.

The latest report of the exchange, dated December 20, shows $14.9 billion in primary assets backing user funds. The company has disclosed that its average daily trading volume (in futures) in 2023 is $10,342,840,246 and $1,113,061,793 for spot trading. OKX's market share has significantly risen in 2023, to 11 percent by mid-December, more than double the level in January, according to cryptocurrency data solutions provider Kaiko.

CRYPTO REGULATIONS TO WIDEN

Even as OKX goes about expanding its India operations, Haider believes it is only natural to see crypto regulations developed in different jurisdictions. "Our view is regulations will begin from a narrow vantage point before they widen to include the vast crypto ecosystem. Regulation is about consumer protection while also allowing for innovation. Ultimately, we expect a rise in decentralised products that give people access to the Web3 world," he says.

With over 450 Web3 startups already active and roughly 75,000 blockchain professionals, India has one of the fastest-growing Web3 ecosystems in the world and is perfectly positioned to become one of the biggest and most thriving Web3 territories in the future.

"With the sheer number of developers in India, it is inevitable that the Indian ecosystem becomes a significant contributor to the Web3 ecosystem on a global scale," says Polygon's Nailwal.

Haider has a dream of being part of a unicorn which emerges out of either China or India. "Two kids in a garage somewhere, part of an incubator programme, who are going to unlock consumer application on top of dekcentralised sub-custody experiences that become the face of consumer Web3," Haider visualises. OKX is helping foster this vision. F

An Edtech Masterclass

After a blockbuster IT hiring venture, a disastrous offline education joint venture, and three near-death experiences as an entrepreneur, Sanjay Salunkhe started Jaro in 2009. Fourteen years later, he has built over a ₹100-crore edtech upskilling company that is bootstrapped, scaling rapidly and profitable

By RAJIV SINGH

Knowledge is like an underwear," Nicky Gumbel once reportedly remarked. "It is useful to have it but not necessary to show off," the Anglican priest and author is widely attributed to have shared this nugget of wisdom. Back in India, for over two decades, a first-generation entrepreneur from Maharashtra never paraded his knowledge undies.

Born into a life of hardship—Sanjay Salunkhe's father was a mill worker, mother was a homemaker, and he lived in a single room with three siblings—the founder always practised humility. "This (humility) is what education teaches you," says Salunkhe, who started IT hiring company NET HR in 1999, and after a decade, an online higher education company, Jaro, in 2009. "We are the edtech OG," he laughs. Teaching, he adds, is a humbling experience.

Twelve years later, sometime in 2021, Salunkhe was about to learn

SWAPNIL SAKHARE FOR FORBES INDIA

Sanjay Salunkhe, founder of Jaro Education, reckons building profitable businesses is the biggest edtech lesson for all entrepreneurs

Name & Game

- Jaro Education was founded by **Sanjay Salunkhe in 2009**
- **Started its journey by focusing on upskilling working professionals** in collaboration with Welingkar Institute of Management
- Mumbai-based higher edtech company now offers **over 100 management and tech courses and programmes**
- Has tie-ups with universities, IIMs, IITs, and top premier institutes such as The Wharton Interactive, Rotman School of Management, NITIE Mumbai, Symbiosis International University

- **Some of the popular courses include** analytics and data science, management and leadership, finance, marketing, EV, cyber security and cloud computing
- Upskilling bootstrapped platform has **over 23 offices across Tier I and II cities; runs offline centres for IIM-Ahmedabad courses**
- Jaro is likely to close FY24 with an **operating revenue of ₹200 crore, and an Ebitda of ₹65 crore**

INFOGRAPHICS: MUKESH SINGH

a new lesson, and get to know a new brand: Unicorn underwear. “Dr Salunkhe, tell me your right price,” thundered one of the top edtech unicorn founders. “And doctor *sahab*, don’t exaggerate your finances. I know them,” the caller continued with his aggressive tone, pitch and intent to acquire upskilling edtech platform Jaro.

“I want to buy you out,” underlined the notorious bully, who had raised loads of capital, had a long list of global marquee venture capitalists (VC) on his cap table, and was all set to enter into the decacorn club (privately-held companies that are valued over $10 billion) with the next round of funding and valuation. It was 2021, the year that happened to be the peak of edtech funding—from $1.87 billion in 2020 to $5.82 billion in 2021—and a bunch of new-age edtech startups were busy using their war chest to either kill the competition or buy them out.

Salunkhe, meanwhile, was startled by the abrasive approach and naked display of venture capital. “I am not for sale,” he retorted. “And I come from a humble background,” he underscored, adding that there were days when his family barely managed to have one meal a day, and he even sold vegetables to make some money.

The unicorn founder, though, was quick to match Salunkhe’s modest roots. “I too come from a humble background. I took a loan from a bank and then went to an Ivy League,” he said. “Now my venture is valued in billions,” he added. Salunkhe was unable to process what he heard, and didn’t speak for a few seconds. What, however, shook the founder to the core was not the arrogance of the potential buyer but the way the edtech industry was growing in the country. “Almost all were bleeding heavily, and yet creating lofty P&L (profit and loss) targets on excel sheets,” says Salunkhe.

Irrational valuation, unsustainable business models, and excessive inflow of capital was turning out to be the bane of the edtech segment. “It was froth,” says Salunkhe, who in FY10 had an operating revenue of ₹81 lakh, and posted a tidy profit of ₹10 lakh. After eight years of sedate growth, Jaro laboriously increased its operating revenue and profit to ₹51.85 crore and ₹15.59 crore, respectively, in FY18. “We have been profitable from the first year,” he says. “We were building slowly, sustainably and remained invisible,” he adds. “I’m not on TV, I’m not on IPL, and you might have not heard my name at all,” he smiles.

Meanwhile, in 2022, there was not much to smile for edtech players. A collateral damage, and quick fallout, of the edtech froth was evident on another front. Salunkhe recalls. In one of the hiring interviews, he got a bunch of applicants from a popular coding startup. “I was shocked when I got to know that they didn’t have a coding background,” he says. All were imparted a crash course in coding for three weeks, and were asked to teach the kids. “This is more than what you need to handle the kids” was the blunt instruction that came from the top of the organisation. The coding businesses blossomed.

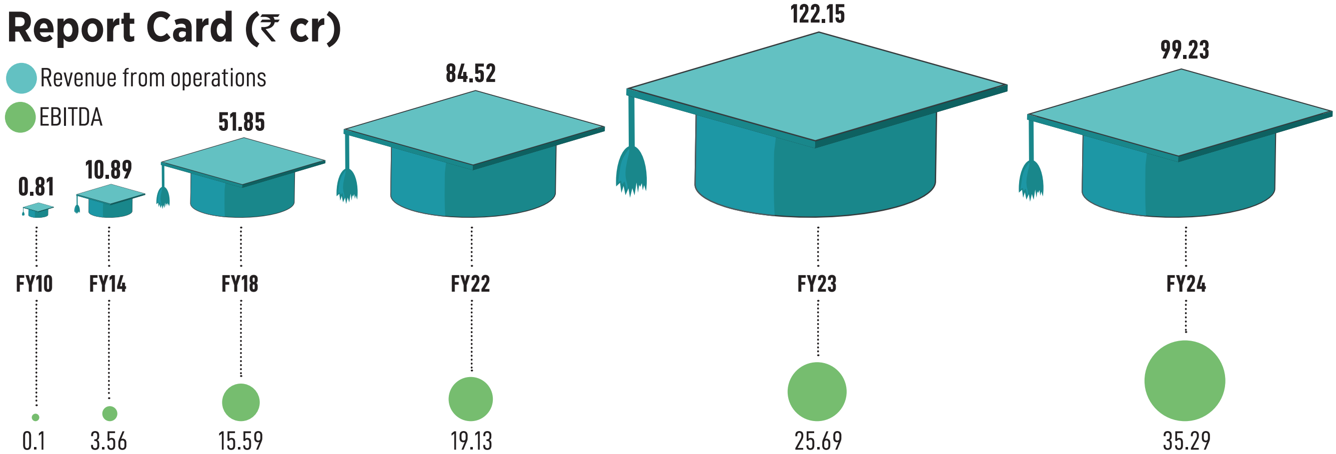
> **“All of us have heard the story of the smart hare and industrious tortoise. Jaro has indeed outsmarted the hares.”**
>
> **JAI VARDHAN,**
> CO-FOUNDER, ENTRACKR

For Salunkhe, the artificial growth trajectory of the edtech players was unnerving. He could sense an imminent bursting of the bubble. Back in 2001, the founder had experienced the painful crash when the dotcom bubble exploded. Salunkhe was just two years into his maiden entrepreneurial venture. In 1999, he started an IT hiring company NET HR, and over the two years, the hiring business scaled at a fast clip.

Then came the 2001 global crash. “I was only into IT recruitment, and I went bankrupt,” recalls Salunkhe, adding that the blunder of focusing only on IT hiring proved to be too costly. The founder mortgaged his house, borrowed money from wherever he could, and survived the crisis. “I still didn’t lay off a single individual, and always paid salaries on time,” he claims. A decade later, and after a failed and short-lived offline edtech joint venture where he had to mortgage his house for the second time to come out of the mess, the gritty entrepreneur started Jaro in 2009.

Close to a decade later, Salunkhe

Report Card (₹ cr)



SOURCE MCA filings, company

was forced to mortgage his house again. This time, it was his fault. "I got tempted. Yes, I really got tempted," he underlines. The temptation, he explains, was venturing into K12 education. Most of the new-age edtech startups were making brisk progress in K12, the VCs were too keen to bet on the future of the segment, and Salunkhe too decided to test the waters sometime in 2018 and 2019.

"We started K12, we had 250 teachers, eight studios and 50 graphic designers," he recalls, adding that too much money was invested in the new venture. It, however, bombed. The problem, he explains, was not with the model but the strategy. The core sales team of Jaro was shifted to K12. Salunkhe, meanwhile, spread himself too thin by doing multiple things. His NBFC gig—which he was inspired by the exorbitant rate of interest that his mother used to borrow money for—was meandering; the plans to venture in the US too were not going anywhere; K12 was bleeding; and Jaro lost focus because the core team was removed.

The founder was quick to realise his folly. He closed the NBFC arm, exited the US market, shuttered K12, and brought the focus back on the breadwinner and core proposition of upskilling. The results are for all to see. Jaro closed FY23 with an operating revenue of ₹122.15 crore, and is likely to cross the ₹200-crore mark in FY24; it still remains profitable; now offers over 100 management and tech courses and programmes in tie-ups with a battery of universities, IIMs, IITs, and top premium institutes such as The Wharton Interactive, Rotman School of Management, NITIE Mumbai, and Symbiosis International University. "We have built a rock solid and sustainable business," says Salunkhe.

Industry observers are not surprised with the long-term growth story of Jaro. "All of us have heard the story of the smart hare and industrious tortoise," says Jai Vardhan, co-founder of Entrackr, a media venture tracking startups and internet economy in India. "Jaro happens to be a classic example of this story," contends Vardhan, who has been closely observing digital entrepreneurs for over a decade. "The founder built the company in a slow, steady and sustainable manner," he adds. It takes years, if not decades, to build a solid foundation for a business. Jaro went bootstrapped, picked up a niche of higher education and stayed away from the temptation of doing too many things at the same time. "At a time when the edtech wave had crashed splendidly in India, Jaro stood out for scripting a rare story," he says.

Salunkhe, for his part, underlines that slow and steady is the only way to grow a company. "Tata, Birla, M&M, Reliance took decades to grow," he says. "There is no shortcut, there are no quick fixes," he adds.

The biggest edtech lesson, maintains the entrepreneur, is that one needs to be slow, steady and not greedy. "How can you call a business a business if it fails to make money even after a good number of years?" he asks. Building profitable businesses, he reckons, is the biggest edtech lesson for all entrepreneurs. F

"Despite global uncertainties and funding challenges in edtech, we maintained sharp focus on having a positive Ebitda."

RANJITA RAMAN, CEO, Jaro

A New Order

Freshworks' top lineup takes shape amid hope that NRR will bottom out. CFO Tyler Sloat hopes recent "company best" performance on lowering churn, new initiatives taking root and enterprise push will augur well for the future

By HARICHANDAN ARAKALI

Even when Freshworks was a much smaller startup, with Girish Mathrubootham just beginning his foray into the US market, one thing reporters always got to hear was about his ability to surround himself with exceptional colleagues and soak up everything he could learn from them.

Mathrubootham, in the past, has described such people as those who've "been there done that", whether it's someone who's helped take a software company in the US to its IPO or a senior executive who's seen what a global technology business looks like with $20 billion in revenue.

The appointment of Mika Yamamoto as the company's new chief customer and marketing officer looks like another win for Mathrubootham in that tradition. It also comes at a time when the company is decidedly shifting towards enterprise customers from its traditional customer base of

(From left) Mika Yamamoto, chief customer and marketing officer, and Johanna Jackman, chief people officer, Freshworks

SMB buyers, seeking stability and then expansion towards the stated aim of $1 billion 2026 revenues.

Yamamoto, and the recent appointment of Johanna Jackman as chief people officer, seem to more or less complete the top leadership lineup for Mathrubootham, for Freshworks' next phase of growth, alongside president Dennis Woodside, chief product officer Prakash Ramamurthy, and CFO Tyler R Sloat.

Jackman led people teams at Pure Storage, LinkedIn, Microsoft and most recently served as chief people officer at Airtable "during a hyper growth phase", according to a Freshworks press release from August 28.

Jackman and Yamamoto replace respectively Suman Gopalan, who quit as CHRO, and Stacey Epstein, who left as CMO, independent of each other earlier this year.

CMO AND CXO EXPERIENCE

Yamamoto, who will be responsible for leading the company's global marketing and customer experience teams, comes to Freshworks from F5, also a Nasdaq-listed company, specialising in application security and cloud management software. Her 30-year career includes Microsoft, Amazon, SAP and Adobe.

At F5, she most recently served as executive VP and chief marketing and customer engagement officer, according to Freshworks' press release. She led the company's data, marketing, digital transformation and customer experience efforts for products, segments, channels and geographies.

Yamamoto joined the executive team at Freshworks on November 20 and reports to Mathrubootham, founder and CEO, and president Dennis Woodside. "Mika's combined CMO and CXO roles have given her a unique perspective that has ultimately led to innovative, measurable changes for employees, customers and prospects," Woodside said in the press release. "She has a longstanding track record of leading global and diverse customer experience teams and delivering exceptional go-to-market results at large public technology companies with multi-domain businesses serving customers big and small."

The name Yamamoto in Japanese means one who lives in the mountains or one who dwells at the foot of a mountain. That's perhaps a good place to start, as Freshworks looks to double its revenue in the next few years and then go beyond that.

Woodside, for example, who once ran a $17.5 billion Americas sales operations at Google, has said that Freshworks has the chance—with large market opportunities in areas like IT services management—to become a multi-billion-dollar revenue company. Getting there, of course, is nothing short of climbing a mountain, or several mountains.

WILL NRR BOTTOM OUT?

Freshworks expects to end 2023 with revenues in the range of $593 million to $595.5 million, representing a growth of 19 percent to 20 percent, the company said on October 31 in its Q3 earnings press release.

The current global economic slowdown, however, has been a dampener on tech growth. "Our net dollar retention rate was 106 percent, which was a decrease from 107 percent as of September 30, 2022, primarily due to lower expansion within existing customers driven by macroeconomic pressures," Freshworks said in its SEC filings for Q3 earnings for the three months ended September 30.

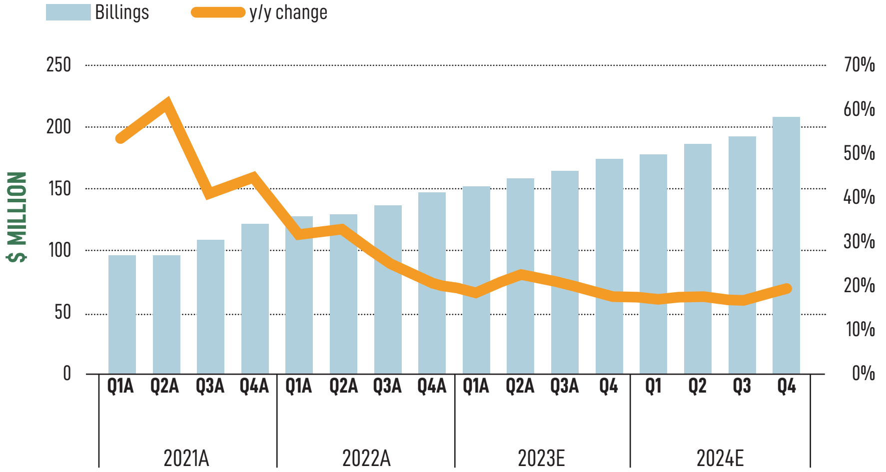
This retention rate (NDRR or NRR) is an important metric tracked by the software-as-a-service (SaaS) industry. In general, the higher the number above 100 percent, the stronger the growth of the company.

And the slower rate is also an indication that a SaaS company, which largely relies on subscriptions to its software from customers hasn't been able to expand the number of seats within existing customers that it can bill.

The third quarter numbers came in ahead of street expectations, analysts at the brokerage Jefferies in the US, said in a note on November 1. They wrote they were encouraged by Freshworks' higher profitability (operating cash flow of $23.9 million, versus street expectation of $20.4 million), billings outperformance and continued multi-product adoption.

On the other hand, they pointed out that the beat on street estimates was

FRSH quarterly billings



SOURCE Jefferies, Company Data, Visible Alpha

INFOGRAPHIC: MUKESH SINGH

A Well-known Surname

Before F5, Freshworks' new CCMO Mika Yamamoto was president at Marketo, which as the name suggests, made software that helped businesses automate some of their marketing tasks. It was acquired by Adobe in September 2018 from Vista Equity Partners, a private equity firm, in a $4.75 billion deal. Yamamoto was then a senior VP at Adobe for a bit.

She has previously served as chief digital marketing officer and CMO of SMB at the business software giant SAP, and held senior leadership roles, working approximately six year each at Amazon, in the books business, Microsoft, in the Windows and Stores businesses, research at Gartner, and as a manager at Accenture where she probably started her career in 1994—that's the earliest role she's listed on her LinkedIn profile.

Yamamoto has a BCom (Honours) degree in economics and marketing from Queen's University in Canada, according to her LinkedIn profile. The Freshworks press release says she holds a BA in commerce, with a focus on economics and marketing. "My whole career has been spent on transforming go-to-market approaches and customer experiences within global companies to steepen the growth curve," she says in the press release. "I truly believe that bringing the end-to-end customer experience with marketing and customer success teams together at Freshworks will help accelerate growth while keeping our customers at the heart of all we do."

She also serves on the boards of BlackLine, another Nasdaq-listed cloud software company that specialises in finance and accounting, where she chairs the compensation committee, and the charitable organisations Rainier Valley Food Bank and the United Way of King County.

Yamamoto is a well-known Japanese surname. In fact, another Mika Yamamoto was an award-winning Japanese photo and video journalist who died in the line of duty while she was covering the conflict in Syria in 2012.

One of the most well-known historical figures with the surname was Isoroku Yamamoto, the Japanese admiral leading the nation's imperial naval fleet during World War II. He was opposed to war, but when he was overruled, ended up as the decision-maker behind the attack on Pearl Harbor in December 1941, which united the Americans in the decision to enter the second World War.

narrower than during the previous quarter, and the fiscal Q3 of 2023 was the sixth straight quarter of revenue deceleration. And the large exposure to small and medium businesses, which are historically more vulnerable in tough times, was also a concern, the Jefferies analysts wrote, who have a "Hold" rating on the stock.

The Q3 numbers played out as expected and there weren't any surprises, Freshworks CFO Sloat told analysts at a conference organised by UBS on November 28. On the net retention rate, Sloat pointed out that the company had forecast six months ago that it will likely go further down to 105 percent, but it hasn't so far. "Based on what we see today, we do think 105 percent is going to be kind of the bottom," he said at the conference. "I don't think it's going to immediately rebound. I think it might remain stable there. And then, we're figuring out how to grow."

REALLY, REALLY WELL

The company wasn't facing any incremental pressure, in particular outside the SMB segment, which is about 40 percent of Freshworks' business, he said. Freshworks defines an SMB customer as a business with 250 employees or less.

As things stand today, the company's IT services management product Freshservice is doing "really, really well", Float said.

However, Freshdesk, the company's customer service product, remains its biggest business and that's "definitely the one that's been impacted the most", and it has been under pressure for some 18 months now because of the macroeconomy, he said.

Currently, the focus is on cross-selling new products, with 25 percent of the company's customer base now using more than one product; and on selling them new products such as a customer service suite the company introduced earlier this year.

Mathrubootham has also announced a slew AI (artificial intelligence)-based assistants across the company's product portfolio and he expects this all to be monetised at higher rates starting next year.

Sloat added that Q3 2023 was the best quarter in terms of reducing customer churn in the company's history since listing, reducing it "from the low-20s when we went public down to mid-teens now" in percent terms.

This is evidence that customers see value in Freshworks' products, he said, adding that newer initiatives are beginning to take root. "We're optimistic that we have a chance to actually accelerate growth once these things start playing out... I do think we've weathered the storm." F

In Focus

A Win-win For JSW and MG Motor

The joint venture deal between JSW and China-based SAIC marks not only JSW's foray into the automobile sector, but is also expected to help accelerate the transformation and growth of MG Motor in India

By MANU BALACHANDRAN

AZHAR KHAN / NURPHOTO VIA GETTY IMAGES

India's fast growing automobile market has a new entrant. And, this time around, it isn't an upstart flush with venture capital funding or a global automaker looking to foray into one of the world's fastest-growing automobile markets.

Instead, it's a four-decade-old conglomerate, one of India's most recognised, with a business that's steeped in infrastructure including cement, steel, paints, and energy, among others. The Mumbai-headquartered JSW, which operates ports and generates power, has forayed into the automobile sector, and more crucially in the electric vehicle (EV) segment, with the signing of a joint venture (JV) with China-based SAIC.

SAIC operates MG Motor, the maker of popular SUVs such as Hector and Astor in India. The company started operations in India in 2019 and has since grown into one of the country's top 10 carmakers, with monthly sales of around 4,000 units. The China-based SAIC, with annual revenues of around $110 billion, bought the British brand in 2007.

The deal, the companies reckon, will help in accelerating the transformation and growth of MG Motor in India. "SAIC Motor and JSW Group will create strategic synergies by bringing together resources in the field of automobiles and new technology," SAIC and JSW said in a press statement. "The JV will also undertake multiple new initiatives including augmenting local sourcing, improving charging infrastructure, expansion of production capacity, and introducing a broader range of vehicles with a focus on green mobility."

According to the deal, JSW will hold a 35 percent stake in a newly created JV. It's still not clear if there are other partners in the JV, but SAIC will support the JV with the necessary technology. The JV will look to leverage the large presence of JSW Group across B2B and B2C sectors to augment local sourcing and establish a robust supply chain, in addition to turning around MG Motor's fortunes in India.

"Together, SAIC and JSW Group will work towards creating a smart and sustainable automotive ecosystem in India by bolstering the development of NEVs and ICEs with carbon neutrality, sustainability, and green mobility at the centre of its shared vision," the press statement said. "Both JV partners are committed to continue staying invested in the Indian market with a vision towards achieving sustainable growth."

The investment from JSW is a long rope for MG Motor, which has been struggling with raising additional funds for expansion in India, especially due to closer scrutiny of Chinese investments.

"The automobile business is a global industry, and like in any other similar industry, access and collaboration are crucial for its healthy growth," Wang Xiaoqiu, president of SAIC Motor said. "In the growing Indian automotive market, both partners shall work closely to bring in the best of innovation, in creating greener and smarter mobility products and services for our consumers, seizing market opportunities, continuously expanding the brand influence and market share of our products, and achieving greater success for MG in India."

MG Motor started operations in India in 2019 and is among the country's top 10 carmakers, with monthly sales of around 4,000 units

WHAT DOES THIS DEAL MEAN?

For JSW, which has been on a diversification plan, especially with Sajjan Jindal's son Parth Jindal at the helm, the new partnership allows foraying into one of the most sought-after sectors in the automotive world.

While the valuation of the deal is still unclear, MG Motor India has seen a 25 percent year-on-year growth and invested over ₹7,000 crore in the company. So far, the company has sold close to 2,00,000 units, with five vehicles in the country. Of this, the company's ZS EV and Comet are electric models.

"Our strategic collaboration with SAIC Motor aims to grow and transform the MG Motor operations in India with a focus on green mobility solutions," Parth Jindal, the

managing director of JSW Cement and JSW Paints, said in a statement.

"This is a win-win scenario for both parties as the development is expected to accelerate the growth and transformation of MG Motor in India," Harshvardhan Sharma, the head of auto retail practice at Nomura Research Institute, tells *Forbes India*. "JSW's conglomerate acumen coupled with MG Motor's already successful venture in India backed by SAIC's behemoth global presence is a good match. Together they can look at NEVs and ICEs with carbon neutrality, sustainability, and green mobility at the centre of their shared vision."

Apart from BYD, and MG Motor, India currently does not have any Chinese automakers in the electric car segment. Geopolitical tensions between the countries have meant that many Chinese automakers who had made plans to foray into India are now stuck. Even BYD's plan to spend $1 billion in capital expansion had to be shelved after opposition from the Indian government, according to reports.

"The JV paves the way for bringing world-class technology-enabled futuristics suite of automobile products including the new generation of intelligent connected NEVs and ICE vehicles," Jindal added. "The JV's focus on broader localisation initiatives will yield financially accretive synergies through economies of scale while providing the highest level of customer service to the Indian consumer. One of the key focus areas of this JV will be to pursue the development of the EV ecosystem and to take a leadership position in this space."

"From a Jindal point of view, this is in line with their diversification and getting into newer business," Puneet Gupta, director for automotive forecasting at market research firm S&P Global Mobility says. "MG is a perfect brand that has seen phenomenal growth but needs capital. For JSW this deal shortens their timeline as far as vehicles are concerned, and helps to ramp up on multiple offerings."

Over the past few years, India's EV segment has seen some serious traction, with both homegrown and foreign automakers making a beeline with their models. Globally, automakers ranging from GM to BMW and Ford are expected to spend over $500 billion in developing all-EVs from gasoline models over the next several years.

In India, automakers from Tata to Mahindra have taken the plunge to develop their models as the government looks to have 30 percent of all vehicles sold in the country to be electric by 2030. Currently, Tata Motors sells over 6,500 units of EVs every month in the country. By 2030, about 40 to 45 percent of all two-wheelers and 15 to 20 percent of all four-wheelers (passenger vehicles) sold in India will be electric, according to a report by Bain & Co, while the government wants EV penetration to hit 40 percent for buses, 30 percent for private cars, 70 percent for commercial vehicles, and 80 percent for two-wheelers.

Still, affordability remains a key constraint when it comes to mass adoption in a market that's well-known for being price-sensitive. Currently, EVs from Kia, Mercedes, BMW, and Hyundai, among others, position themselves at a higher price point, making them less accessible to a broader consumer base.

"The JV paves the way for bringing technology-enabled automobile products, including intelligent, connected NEVs and ICE vehicles."

PARTH JINDAL
MD, JSW CEMENT & JSW PAINTS

Of the 48,000 EVs sold in the first half of 2022, Tata Motors sold as many as 34,000 units, contributing to as much as 72 percent of the market according to Singapore-headquartered market research firm Canalys. Tata Motors is followed by MG Motor and Mahindra, which sold around 5,000 vehicles and 4,300 units during that period. The Tata Tiago was the country's highest-selling EV, followed by Tata Nexon and Tata Tigor.

"The Indian auto landscape is undergoing a tectonic shift with technology being at the forefront of it," adds Sharma. "The future of mobility is going be on sustainable powertrains and software defined vehicles. With a focus on advanced cell chemistry and battery net localisation, EV value chain autonomy can be achieved. Furthermore, for achieving net zero all powertrains have to work in tandem, there's room for hybrids, ICEs, EVs, CNG, FCEV and H2-ICE."

(From left) Rajeev Chaba, CEO emeritus, MG Motor India, Wang Xiaoqiu, president, SAIC Motor, Chen Hong, chairman, SAIC Motor, Sajjan Jindal, chairman, JSW Group, Parth Jindal, MD, JSW Cement & JSW Paints, Seshagiri Rao, CFO, JSW Group

WHAT DOES IT MEAN FOR MG MOTOR?

For MG Motor, the deal with JSW opens up an avenue to strengthen its domestic presence, especially in the face of concerns regarding its Chinese connections.

"Today, the Indian consumer does not care about the country of origin of a vehicle," Rajeev Chaba, president and managing director, MG Motor India, had told *Forbes India* earlier. "They believe in value for money and are happy as long as their needs are fulfilled. Besides, the automobile industry is a global one, with parts being sourced from many places, and therefore a company isn't specific to one region alone."

In 2017, MG Motor India had taken over a manufacturing facility previously owned by General Motors in Halol, Gujarat, after the American car maker decided to call it quits in the Indian market due to floundering sales. The company spent over ₹2,200 crore on the acquisition of the facility and expanding its capacity.

Since then, through its products including Hector, Aster, Gloster, ZS and Comet, MG has managed to cement itself into the domestic automobile market, where the likes of Ford and General Motors have failed. "It was able to enter a relatively crowded market, establish a good 'Product Market Fit' with its portfolio, and was able to work cohesively with all stakeholders," says Sharma. "Hector is a flagship in itself."

But, closer scrutiny by the Indian government on Chinese automakers has meant that expansion plans have been severely hit. In 2022, the Indian government began a probe into financial irregularities at MG Motor and a few months later, MG Motor said that it was looking to sell its stake to fund expansion plans.

"JSW is a formidable partner," adds Sharma of Nomura. "Being a large conglomerate, they understand and own a lot of upstream capabilities themselves and there could be backward integration synergies in play. Besides their acumen across the value chain in India and a strong focus on building shareholder value is going to be a shot in the arm for the partnership."

Meanwhile, JSW's foray into the automobile market comes at a time when the world's most valuable automaker, Tesla, is planning its entry into India. Tesla is expected to build a sub $20,000 EV, and the Indian market, with its cheaper workforce and a production-linked incentive from the government, could help hasten that.

For long, Musk himself has been advocating a sub-$30,000 (₹24.5 lakh) EV, but even the cheapest Tesla costs as much as $39,000 (₹32 lakh) in the US. Over the past few months though, Tesla has been taking the fight to other automakers in the US with a series of price cuts, on the back of its position as a cost leader.

"There's a lot of value and capability building which is happening in India thanks to Atmanirbhar vision," adds Sharma. "While Tesla is a formidable player globally, for India maybe a price point rejig would be essential for them, given that the EV market is growing fast and the scale is in the sub-20 lakh market."

It only adds up that India's EV market is expected to have a compound annual growth rate (CAGR) of 90 percent in this decade to touch $150 billion by 2030. "Jindals are also talking about the supply chain," says Gupta. "That means battery manufacturing and charging infrastructure. I assume the eventual goal is to work across the electric ecosystem and build on that, especially at this time of transition."

All that means if JSW's pedigree is anything to go by, India's automobile market is in for a serious shake-up.

In Focus

Climate Action: Promises and Peril

Would the presence of world leaders at CoP28 be enough to limit the damage from climate change already evident across an Earth ravaged by increasing heat waves, flooding, droughts, landslides and crop failures?

By SUMAIRA ABDULALI

On November 30, following the opening of the world's most important annual Climate Summit, the United Nations Framework Convention on Climate Change Conference of Parties 28 (CoP28) in the United Arab Emirates (UAE), Prime Minister Narendra Modi announced on X: "Landed in Dubai to take part in the COP28 Summit. Looking forward to the proceedings of the Summit, which are aimed at creating a better planet."

Modi was joined by other world leaders, including United Nations Chief Antonio Guterres, possibly the world's most outspoken figure on the climate crisis; John Kerry, special climate envoy to the US president and signatory to the Paris Agreement on behalf of the US; King Charles III of the UK, a passionate and lifelong advocate for protecting the environment; and others.

President of CoP28, who is also head of the UAE's national oil company, Adnoc, Sultan Al Jaber promised to bring a "business mindset" to the deliberations. The focus on business is apparent amidst the UAE's extravagant infrastructure built with oil riches: Fantastical high-rises and man-made islands built with sand imported from Australia; artificial gardens and lavish lifestyles to be watered by icebergs proposed to be towed from the Antarctica.

Meanwhile, in India, the media barely had time to shift away focus from one of the largest rescue operations in history: One day before CoP28 began, 41 miners were rescued from the under-construction Silkyara tunnel in the ecologically fragile Himalayan state of Uttarakhand.

The miners were found miraculously alive after 17 days of highly publicised search and rescue. The focus on their rescue, however, downplayed the message of 20 previous collapses at the same location: It's the fragile Himalayan area where they were trapped that faces existential decline. The process of its decline constitutes clear and present danger to those who live and work there, and to its irreplaceable biodiversity and species.

The Silkyara tunnel collapse was the latest in a series of tragedies in the Himalayas where climate change has caused glaciers to melt at an unprecedented rate. In this increasingly unstable area, the risk


A day before CoP28 began, 41 miners were rescued from the under-construction Silkyara tunnel in the ecologically fragile state of Uttarakhand

SAJJAD HUSSAIN / AFP

of flooding, landslides and shifting of land is further aggravated by development activities which do not adequately safeguard against long-term environmental impact.

A man-made dam burst in February 2021 washed away the village of Reini. Unchecked sand mining of the Ganga river worsened the effects of the consequent floods, killing at least 31, causing 164 missing and damaging over 4,000 built structures. In January, the town of Joshimath had to be evacuated when its houses shifted and cracked following the expansion of a road nearby.

Anjal Prakash, clinical associate professor (research) at Bharti Institute of Public Policy, Indian School of Business (ISB), says: "Coming to the events that are happening in India, I think we need to revisit and revamp those projects which were conceptualised when climate change was not that stark. At this moment when climate change is almost striking us day in and day out we must re-evaluate the ways in which we are developing, especially in the Himalayas."

Would CoP28 prevent recurrence of other tragedies like the Silkyara tragedy and the many others afflicting the Himalayas recently?

Would world leaders' presence at CoP28 be enough to limit the damage from climate change already evident across an Earth ravaged by increasing heat waves, flooding, droughts, landslides and crop failures, from California to Australia to India?

On December 12, 2015, 196 countries committed to the Paris Agreement which came into force as legally binding on November 4, 2016. It's stated aim is to "substantially reduce global greenhouse gas emissions to hold global temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change."

Six years later, the political importance of the CoP meetings was escalated when several seads of state attended CoP26 in Glasgow, billed as the last chance to control global warming, pointed out Anjal Prakash, who is an author for IPCC's sixth assessment report and has observed the CoP meetings for almost a decade.

By then, the biggest UN poll ever, in January 2021 , revealed that two-thirds of the world's population believed that the climate crisis was a global emergency and that climate was playing an increasing role in political outcomes of elections.

The UN agreed that global warming constituted an emergency. "Code Red", said Guterres at CoP26.

In the intervening two years since then, the world sweltered under increasingly hot summers and an unprecedented heatwave in July 2023 across the US, Africa, Asia and Europe. Guterres re-assessed our situation and escalated his warning: "The era of global warming has ended; the era of global boiling has arrived."

Those who suffered the most included the most vulnerable sections of society, including women, children, forest and island dwellers, many of whom face severe disruption to their lives, including displacement and death. "The UN Refugee Agency warned that more than half of all displaced people, a staggering 32.6 million, were displaced in 2022 because of climate disasters, even with the Ukraine war raging," says Laika Abdulali, PhD Candidate, University of California, Berkeley Law School.

Unsurprisingly, among the

most vulnerable are island nations who are among the most vocal for effective action against climate change at CoP 28.

"Island dwellers are especially at risk of being displaced; 20 percent of Dominica's citizens left the Caribbean island following Hurricane Maria (2017)," says Ama Francis, climate director at the International Refugee Assistance Project, US.

India too contains vulnerable islands, including the Lakshadweep, Andaman and Nicobar Islands. "The UN Refugee Agency flagged that India saw almost five million people become internally displaced in 2021, because of climate disasters," adds Abdulali.

These vulnerable people know little of how the deliberations in far-away UAE would affect their daily lives. More immediate problems are those of disrupted weather patterns: Crop failures, droughts and flooding, illnesses due to air, water and noise pollution and displacement.

The Shompen tribes, who depend on the eco-sensitive coral island of the Greater Nicobar for their ancient lifestyle, will be displaced, along with their sacred river, hunting and foraging grounds when a ₹72,000 crore development project named 'Holistic Development of Great Nicobar Island at Andaman and Nicobar Islands' commences.

The 17 year-long pleas of the Nicobarese Tribes ,who lived alongside the Shompen on the Greater Nicobar, but were displaced by a tsunami in 2004 and forced to live in 'temporary' settlements, have come to naught. They are now faced with permanent exile as the government proceeds with its plans.

Not only the tribal people who live in the Andaman and Nicobar Islands face displacement. Its unique biodiversity is threatened too. In 2013, the Unesco included 130 sq km of Greater Nicobar's primary forest in their Man and Biosphere Program. As we watch, an airport, power plant, and township are set to

Prime Minister Narendra Modi at CoP 28 in the UAE. He propsed to host COP33 in India in 2028

LUDOVIC MARIN / AFP

replace it along with the mangroves and coral reefs which once formed the Galathea Wildlife Sanctuary, but will be replaced with a mega port.

Though crucially important to biodiversity, India's islands form only a small part of its 7,516-long coastline dotted with some of the densest mangrove forests in the world. In Maharashtra, a Bombay high court order helped to strengthen weak enforcement mechanisms of the Coastal Regulation Zone Notification and Environment Protection Act to effectively protect mangroves.

N Vasudevan, former head of Maharashtra's Mangrove Cell, explains "Under direction of the Bombay high court, the Maharashtra government brought mangroves under the ambit of the Indian Forest Act and, therefore, the Forest Department could enforce mangrove protection in a very effective way, using its ground level machinery."

The state government also created the Mangrove Cell and the Mangrove Foundation under Vasudevan's leadership to monitor and research mangrove areas, providing budgetary support, "which enabled the creation of

CoP meetings offer a valuable opportunity to evaluate global climate commitments

a corpus of over ₹600 crore and encouraged the participation of coastal communities in mangrove conservation through several successful livelihood programmes". The National Wildlife Action Plan (2017-31) of the Government of India urges all the coastal states to create 'Coastal Ecosystem Cells', essentially to replicate this model to conserve mangroves. "Unfortunately, this has yet to happen in any other state," Vasudevan concludes.

Other laws to safeguard environment which are not enforced and some of which that have even been amended recently to promote "ease of business" at the cost of environment include the Forest Conservation Act, the Forest Rights Act, the National Biodiversity Act and the very CRZ Notification which protects mangroves.

These actions appear at variance with India's position at CoP28 and as leader of the G20 until September. At CoP26, Guterres had emphasised that "G20 countries have particular responsibility as they represent around 80 percent of emissions."

Modi's visit to CoP28 followed closely on India's prestigious, year-long leadership of the G20 which ended in September. The website of the G20 asserts "By leveraging its presidency, India is fostering collaborative solutions that not only benefit its own population but also contribute to the broader global well-being, reinforcing its spirit of 'Vasudhaiva Kutumbakam' or the 'World is One Family'."

'Climate resilience' is named as an important component of this global well-being; it's importance is further underscored by a report released at CoP28 that 10 percent of Indian hospitals would have to shut down or relocate by 2100 because of climate events.

However, when Mumbai's AQI hit 'very poor' (308 μ/m3.) immediately before the G20 meetings held on December 9, 2022, instead of taking effective action, larger-than-life cutouts of political leaders and welcome messages disguised the polluting construction equipment barely hidden behind flimsy barriers caked with dust.

The G20 events included a live musical performance at the Kanheri Caves within the core zone of the Sanjay Gandhi National Park, where loudspeaker use is banned to protect wildlife, since noise impacts all species.

'Beautification' for the G20 also included multi-coloured LED lights placed along roads and lighted billboards in the sea, now a permanent fixture. Light pollution, which, like noise, has potential to disrupt migratory and breeding patterns of birds and animals, also can cause adverse health effects to humans.

Vulnerable people know little of how the deliberations in the UAE would affect their daily lives

Excessive lights fuel an escalating need for power. India uses coal to produce 49 percent of its installed generation capacity of 4.2 lakh GW. Phasing down coal was a major goal of CoP 26 in 2021. Though India pledged net-zero by 2070, it did not agree to phase-out coal.

In line with its policy not to be "pressured" into cutting coal, India also did not sign a pledge on the sidelines of CoP28's third day to triple renewable energy, signed by 116 countries, even though the G20 Summit in New Delhi agreed on this declaration during its Indian leadership just two months before.

Apart from the commitments made, the CoP meetings offer a valuable opportunity to evaluate international climate commitments. On December 1, when Modi addressed the opening session of CoP28, he said that India had set an example by striking a perfect balance between ecology and economy.

India also actively supported discussions on the global financial package named the 'Loss and Damage' Fund which aims to make reparations to countries of the Global South for the effects of climate change. "Unprecedented that the first day of CoP Loss and Damage has been approved by the countries. Despite some discontent [on the quantum of reparation] at least the fund is up and running which is important for countries of the Global South," says Anjal Prakash.

"India is committed to the UN Framework for Climate Change process. That is why, I propose to host COP33 Summit in India in 2028," said Modi in his speech at CoP28.

The CoP events are traditionally hosted in winter, when Delhi has the worst air pollution in the world for years. Two days after Modi's speech at CoP28, on November 3, real-time AQI in Delhi recorded 640 μ/m3, or 'hazardous' as it topped the list of the world's most polluted cities.

Via message from CoP28 in the UAE, Anumita Roychowdhury, executive director, research and advocacy, CSE, says "Within the time that is available, we need to scale up multi-sector action not only in Delhi but across the entire region to meet the clean air benchmark. Air quality has to improve to protect public health. This should not be an episodic exercise built around mega events."

Through the haze which envelops it, India's push to host CoP33 offers a glimmer of hope to Delhi and to other polluted cities which frequently figure in the worldwide top-10: That residents will demand political and administrative accountability for an effective CoP33, one which will require Delhi to boast a pollution-free environment in 2028.

Certainly, a much more immediate and ambitious target than net-zero by 2070.

The Shompen tribes, who depend on the eco-sensitive coral island of the Greater Nicobar for their ancient lifestyle, will be displaced, when a ₹72,000 crore development project commences

MAJORITY WORLD / UNIVERSAL IMAGES GROUP VIA GETTY IMAGES

In Focus

Toyota on the Fast Lane

Two decades on, Toyota has finally found its footing in India, thanks to its tie-up with Maruti Suzuki and focus on hybrids

By **MANU BALACHANDRAN**

It has been a long wait. But, finally, Japanese automaker Toyota seems to have found its footing in one of the world's fastest-growing automobile markets, if its sales numbers are anything to go by. With a diverse portfolio ranging from small hatchback Glanza to hybrid mid-size SUV Hyryder and large MPV Hycross, Toyota has been posting record month-on-month growth this year, and is on track to deliver its best year since the company began operations almost three decades ago.

This year, sales between January and November stood at 210,497 units, up 40 percent over the same period in 2022, at 149,995 units. In August, the automaker posted its highest-ever sales at almost 23,000 units, and is now close on the heels of Kia Motors in the pecking order. Toyota has a market share of 5.14 percent compared to Kia's 5.95 percent as of October.

All that has meant that the automaker is now gearing up to set up a third plant in Karnataka at an investment of ₹3,300 crore, which will help the company ramp up its capacity to over 400,000 vehicles a year, and, in the process, also address some of the long waiting periods for its models. This is the first investment from the automaker in as many as 15 years.

"Basically, it all started last year," Atul Sood, the vice president of sales and strategic marketing at Toyota Kirloskar Motor, tells *Forbes India* about the change in fortunes at Toyota. "We've been working towards meeting the needs of a customer. Last year, we started with a full model change with the Glanza and followed that with the self-charging strong hybrid technology introduction of the Hyryder and followed by the Innova Hycross towards the end of last year."

Today, Toyota operates in India with a slew of models that cater to categories across the industry ranging from Glanza to MPV Rumion that rivals the Maruti Suzuki Ertiga, to its sub-compact SUVs Hyryder and Urban Cruiser and the large MPVs Innova Crysta and Hycross. The company also sells popular models such as the Camry, SUV, Fortuner, and Vellfire in the country.

"All our models have been doing well," Sood adds. "However, these models, which we introduced last year, further spurred the growth trajectory. We've also been working towards expanding our network reach to get closer to our customers." Among others, the company now offers five-year complimentary roadside assistance, compared to three years earlier, as part of its customer outreach programme.

ANAND UN / SHUTTERSTOCK

"Toyota India story Is a classic case of persistence, uncompromising quality, and sustainable growth deployment," says Harshvardhan Sharma, the head of auto retail practice at Nomura Research Institute. "Its focus on the right segments, strong brand image, and strategic product introductions have put it on a strong growth trajectory in India. Overall, Toyota's market share growth in India is a result of a multi-pronged approach that combines its global brand strengths with a deep understanding of the local market and customer preferences."

Even then, two key factors seem to have tilted the fortunes in Toyota's favour lately. A global partnership with Suzuki has meant that the company now shares some of its portfolio with India's largest automaker, Maruti Suzuki, but with the added backing of the Toyota branding, and a focus on offering multiple powertrain options at a time when automakers are quickly making the shift to electric.

With powertrain options such as petrol, CNG, diesel, and hybrids across models, Toyota is only a handful of automakers that offer such a variety. Glanza and Urban Cruiser models are offered in petrol and CNG, while the Hyryder and Hycross are offered in petrol and hybrid. Innova Crysta and Fortuner are offered in diesel while the Camry is offered in hybrid. Toyota says as much as 18 percent of the domestic market still uses diesel engines.

"We are totally technology neutral," says Vikram Gulati, country head and executive vice president of Toyota Kirloskar Motor. "We'd like to provide technology that is best suited for the local requirements as well as customer needs. We have to also recognise that post BS6, diesel is no longer a dirty fuel. In fact, the emissions from diesel are the same, irrespective of the fuel you use. So it doesn't really matter if you have a large vehicle or a small vehicle and, if you look at carbon emissions, diesel is much more efficient as a fuel and has a lower carbon footprint."

"We've realised the potential of the semi-urban or rural parts. It's not just Glanza or Hyryder, even Innova Crysta or Hycross are getting traction from smaller locations."

ATUL SOOD,
VP, SALES & STRATEGIC MARKETING, TOYOTA KIRLOSKAR MOTOR

But managing numerous powertrain options also have their own set of challenges. "It's important to acknowledge that offering all technologies comes with its own set of challenges," adds Sharma. "Managing production lines, ensuring adequate service infrastructure for different powertrains, and effectively communicating the value proposition of each technology require careful planning and execution."

RIDING THE 25-YEAR WAVE

This November, Toyota completed 25 years in the country. Of this, much of its 24 years saw Vikram Kirloskar as the man responsible for bringing Toyota to India in the driver's seat, and the Indian face of the Japanese brand. Kirloskar, who had been the vice chairman of the automaker since it began operation in India, passed away in 2022. "When Toyota came in 25 years ago, they came in actually with textile machinery as the first product, and then the car business," Kirloskar had earlier told *Forbes India* in an interview. "Then it got into components, a forklift business, and insurance and finance. So, there's a whole variety of businesses."

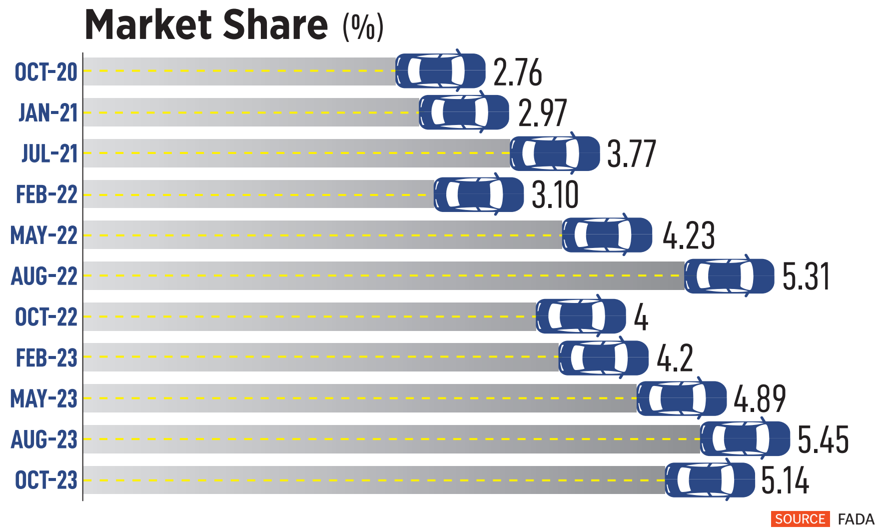
In 2000, Toyota launched the Qualis, a multi-utility vehicle, a model that was largely uncommon in India, as its primary product. By 2003, the company had sold 100,000 units in the country and soon began selling the Toyota Corolla, which remains one of the world's largest-sold vehicles. By 2005, when the company had put 200,000 vehicles on the road, it introduced the Toyota Innova, which has come to redefine the company's operations in India. While the Innova did find a slot among fleet taxi operators for its value proposition, private buyers, too, were flocking to buy the multi-utility vehicle that had come to replace the Qualis.

That focus on the MPVs meant that Toyota remained a large carmaker in the country. While the company did dabble in the small car market with the Etios Liva, it was a shortlived proposition. Over the past few years, the company has also withdrawn some of its sedans, including the Etios and Corolla, as it turned its attention to SUVs. The only exception currently is the Glanza. Along the way, the company has also renewed its attention to the urban and rural markets in the country.

"We have definitely realised the growing potential of the semi-urban or the rural part of the country," Sood says. "Normally, one would expect the smaller segment vehicle to move [in those markets]. But we're pleasantly surprised that it's not just Glanza or the Hyryder, even other models of the Innova Crysta or even the Hycross are getting good traction from the smaller locations as well."

But, despite all the focus on its renewed portfolio, the new launches are also seeing some phenomenal waiting periods. For instance, the Toyota Hyryder and Hycross have a waiting period that stretches up to 15 months, while in the case of the Rumion CNG, bookings are currently halted. The Hycross, Hyryder, and Crysta are the largest volume drivers for the automaker. That's why the new plant assumes significance, even though it will likely only be complete by 2026.

"Overall, Toyota's decision to offer a mix of technologies, with hybrids playing a central role, has been a strategic masterstroke," adds Sharma. "It has allowed them to shed their 'diesel-only' image, cater to a wider audience, and position themselves for the electrified future of the Indian car market. While managing this multi-pronged approach requires ongoing effort, the initial success suggests that Toyota is reaping the rewards of this bold move."



PARTNERSHIP WITH MARUTI SUZUKI

Meanwhile, it's also a partnership with Suzuki that has enhanced Toyota's game. In 2019, Toyota and Suzuki announced that the two companies had entered into a long-term partnership to promote collaboration in new fields, including autonomous driving.

"The larger spirit of the alliance is towards learning from each other so that we can move to mass electrification in a much more rapid manner," says Gulati. "The partnership has various facets, and product sharing is one element of it."

Between Toyota and Maruti Suzuki, the automakers manufacture each other's products, and the new plant is expected to add a capacity of another 100,000 units a year. Last year, the company also began exports from India. "This particular plant is aimed at meeting our requirements," Gulati says. "As part of the partnership, we do manufacture some products for Suzuki as well. As they manufacture some products for us, it's a part of the cross-bridging activity."

Not surprisingly, Maruti Suzuki has also been chasing a strategy to focus on the SUV segment in the country, after losing out early in the fight. To put it in perspective, India's SUV market is one of the world's fastest-growing markets, and is expected to grow to some 50 percent in the next few years. That means, one in every two vehicles sold in the country will be an SUV. Last year, India's SUV sales overtook that of hatchbacks and sedans for the first time.

The SUV market in India comprises various categories such as small, mid-size, and large SUVs. The likes of Tata Punch, Kia Sonet, Hyundai Venue, and Mahindra XUV 300 come under the small SUV segment even as manufacturers are busy creating newer segments within that category, such as mini, micro, and compact SUVs. The mid-size SUVs include cars such as Hyundai Creta, Kia Seltos, Volkswagen Taigun, Tata Harrier, MG Hector, and Mahindra XUV 700, among others, while full-fledged SUVs comprise the likes of Toyota Fortuner and Jeep Meridian.

"Toyota's portfolio lacked strong presence in certain segments like compact SUVs, where Maruti Suzuki dominates," says Sharma. "The partnership allowed Toyota to fill these gaps quickly by rebadging Suzuki models like the Vitara Brezza as the Urban Cruiser. This caters to a wider range of customer needs and preferences, boosting overall sales."

> **"Toyota's decision to offer a mix of technologies, with hybrids playing a central role, has been a masterstroke."**
>
> **HARSHVARDHAN SHARMA**
> HEAD, AUTO RETAIL PRACTICE, NOMURA RESEARCH INSTITUTE

So where does Toyota go from here? "We're going at about 40 percent, whereas the industry growth is about 9 percent," says Sood. While the company hasn't set any particular market share ambitions, it says market share is a byproduct of its sales, and the new plant helps increase sales in the long run.

"While there might be room for debate about past strategies, it's undeniable that Toyota is making a strong push to capture its full potential in the Indian market," says Sharma. "Their recent focus on hybridisation, localisation, strategic partnerships, and diversifying their SUV offerings are positive indicators of their commitment to long-term success in this dynamic and competitive landscape. Ultimately, the future of any OEM in India will depend on their ability to adapt to changing market dynamics, embrace new technologies, and continue delivering vehicles that resonate with the evolving needs and preferences of Indian customers."

After 25 years, Toyota is finally on the fast lane. F

'I WANTED TO PROVE INDIANS CAN BE WORLD-BEATERS'

Leander Paes, *the first Indian and the first Asian male tennis player to be inducted into the International Tennis Hall of Fame, on three decades of breaking records and setting trends*

By **KATHAKALI CHANDA**

CAMERON SPENCER/GETTY IMAGES

In the closing fortnight of 2023, Leander Paes is in Mumbai for a day straddling a series of interviews with the Indian media. His calendar has already been blocked for the new year, with interactions lined up with the international contingent. Sandwiched between the two is the holiday season of Christmas and New Year, which Paes plans to spend in his hometown of Kolkata. "Yes, Christmas and New Year's in Kolkata for sure," he says.

For the Paes family, though, Christmas would have come home early, in mid-December, when Leander, an 18-time Grand Slam winner and the former World No. 1 doubles player, was elected to the International Tennis Hall of Fame (ITHF), along with former Indian player and broadcaster Vijay Amritraj and British journalist and historian Richard Evans. While both Amritraj and Evans have been chosen in the Contributor category, Paes is the first Indian and the first Asian male player to have made it to the prestigious cohort that, so far, has had only 262 inductees representing 27 nations (former Chinese singles player Li Na being the other Asian).

The call that informed Paes of his nomination to the elite club three months ago came from Katrina Adams, the chairperson of the ITHF Enshrinee Nominating Committee and an erstwhile mixed doubles partner for the Indian. “It was in the middle of the night, and I was so excited that I woke my parents up,” he says grinning. A rigorous election later, in which a nominee must receive at least 75 percent of the votes, Paes became the only player among the six shortlisted to be inducted into the ITHF. “It makes me very proud,” says Paes, “that a boy who played gully cricket and gully football in Kolkata, has now made it to the Hall of Fame.” Edited excerpts from the interview:

Q In a career with so many achievements, what does this honour mean to you?

It's the most humbling and gratifying honour to be inducted into the hallowed corridors of the ITHF. Because it speaks of four decades of passion, hard work, sacrifice, and a culmination of so many things coming together. The ITHF is the epitome of awards that one could achieve in my field of tennis. It speaks of the 18 Grand Slam wins, 34 Grand Slam finals, a world record in Davis Cup doubles wins, 7 consecutive Olympic appearances and an Olympic bronze medal. But it also speaks of the human equity that one has gained over the years. I've had about 192 partners—a lot of those partners won their first Grand Slam with me—Radek Stepanek, Lukas Dlouhy, Martin Damm to name a few, a lot of them are legends in their own right—like Martina Navratilova and Martina Hingis. So creating history with them in 22 countries over three decades is a blessing, because now when I go back to do work, to inspire the youth and the young children to play sport, it becomes a lot easier because people already know what ‘Flying Man’ Leander Paes is all about.

I've won the Hall of Fame Singles championship in 1998, and also won the doubles in 1999. So my tennis racquets, shirts, shoes are already in the Hall of Fame. This honour brings life full circle. One has achieved many accolades and in India I'm very humbled to have received the Arjuna Award and the Padma Shri and the Padma Bhushan. But now to achieve this on the international stage makes me very proud.

Q What are some of the most abiding memories of your three-decade-long career?

Where do I start? Most careers are 10 years and 15 years long, but to have one that's 32 years long, spanning 192 partners, 22 countries...

Each Grand Slam holds special memories. Winning the junior Wimbledon in 1990 was one of the most wonderful memories. Even winning the doubles and the mixed doubles in 1999, two Wimbledon titles in the same year, does not match winning the boys singles in 1990 because that gave me the mental belief that I could be a tennis player.

Then, winning my first senior Grand Slam at the French Open in 1999 was one of my favourite French Open wins, completing the men's doubles career Grand Slam at the Australian Open in 2012 with Radek Stepanek was very special. Also winning the junior singles at the US Open in 1991.

Now that I've been inducted into the ITHF, all these stats are coming up, I never concentrated on them when I was playing. But now I'm told that I'm the only man, along with Rod Laver, to win Wimbledon in three different decades. Same with the French Open—I won my first in 1999 and the last, also the last grand Slam that I won, in 2016. Between 16 months in 2015 and 2016, Martina Hingis and myself won all the four mixed doubles Grand Slam titles. These make it very tough to choose which one out of these Grand Slam finals that I've played is special.

Leander Paes has won 18 Grand Slam doubles titles and played in 34 Grand Slam doubles finals

"WHILE MY ACHIEVEMENTS HAVE CREATED RECORDS, THEY ALSO SPEAK OF HUMAN EQUITY. I HAVE CREATED HISTORY IN 22 COUNTRIES WITH 192 PARTNERS."

ACTION IMAGES / TONY O'BRIEN LIVEPIC

Martina Hingis (right) and Paes have paired up to win four Grand Slam mixed doubles titles in 16 months

Q You've played professional tennis till you were in your mid-40s, and won a Grand Slam when you were 43. What did it take to stay on top of a sport at a time most of your contemporaries retired?
A tremendous ability to reinvent yourself. A lot of passion and hard work and motivation to keep bettering your own performance, because there was no one ahead to set benchmarks. Where does this motivation come from? From the passion to rewrite the history books, the passion to prove that we Indians can be world-beaters. The world record that we have in Davis Cup, or the performance in Olympics, and now the induction in the ITHF—these things motivate me a lot to be different from the pack.

Q Novak Djokovic recently busted the myth about his mental resilience. He said it's not something he's had as a gift, but it's something he has built over years, conquering doubts that he's had, like everyone else. How does one build that mental resilience?
Having achieved this large body of work, I understand exactly what Novak is saying. Whether it was close to a hundred doctors who told my father when I was young that I would never be able to be a pro athlete, because I have a mitral valve prolapse in my heart, whether it was in 2003 ending up in the cancer hospital at MD Anderson, I feel no matter what anyone else said, I knew what race I was running. I never got deterred or distracted by the noise around me. And I think the simplicity of that focus allowed me to achieve these goals.

Today, sitting here as an inductee of the ITHF, it's easy to talk about stories, but while I was in there, hitchhiking rides through Europe, when I was 19-20, was so dangerous. I have a big scar on my chest from being mugged in New York City—I had to get 23 stitches. I slept in locker rooms because I didn't have money for hotel rooms. Those are tough things. And I'm glad that I can inspire generations of kids around the world through my story—that if I can be a champion, so can they.

Q You've played with legends like Martina Navratilova and Martina Hingis. How have they inspired your career?
Martina Navratilova's knowledge about diet and sleep and recovery helped me tremendously to prolong my career. She was very specific about her practice times—she would not practice for 2/3/4 hours because she already had the muscle memory. She would come in and practice for 40 minutes—and those would be really intense 40 minutes—and move on.

Hingis inspired me so much that we won all four Grand Slam titles in 16 months. She loved playing points, so in practice you were always playing match situations. So, when we got on the court playing the match, it became a lot easier because we had already done it so many times.

Q You've seen tennis through four decades. How do you think the sport has evolved?
The equipment has changed. The playing surfaces have gone through different speeds. Right now, it's very slow. The ball has changed a lot. It used to be much smaller and faster through the air, but now with the amount of felt and the pressure, they've made it a lot slower so winners can't happen as much. But if you look at the physical attributes of the athletes, it's grown tremendously. You also look at their mental attributes—Djokovic, [Carlos]Alcaraz, [Iga] Swiatek—these are just phenomenal players. The physical and mental fitness of tennis has grown so much that it makes it the hardest sport in the world.

Q Your pick for the best among The Big Three—Roger Federer, Rafael Nadal or Novak Djokovic?
I started playing when [Bjorn] Borg and [John] McEnroe were still playing, and no one ever thought that Borg's five Wimbledon record could be beaten. Until Federer came around and he won eight Wimbledons, and 20 Grand Slams. And then Nadal bettered Federer's Grand Slam record, by winning 22, and winning 14 titles at the French Open alone. And then out comes Djokovic, a great athlete with a phenomenal mind—for me, by far the greatest of all time. Why? Because the history books show that. He has won 24 Grand Slams and counting... it doesn't look like he's stopping. This is insane. F

'Never Take Your Foot Off The Pedal'

Alessandro Del Piero, football legend and part of the 2006 World Cup-winning Italian squad, on how to stoke the hunger to win

'Every loss helped me go forward'

When I was growing up, I didn't have a role model to follow. We didn't have social media or internet—the only way to know about other players was through the newspaper or watching their interviews on TV. Back then, my favourite and idol was Michel Platini, the French No. 10, who played for Juventus, the club I joined later and was part of for nearly two decades. When it came to my own game, I had the support of my family, and especially my dad. When I was about 13, I had to move to another city by myself, and my motivation came from following my passion about football and love for competition. I love challenges, and I hate to lose. Every time I would lose, I would take it as a big lesson and move forward. You learn from losses, how to turn them into better results subsequently. Losses are an introspective way to see within.

'Move to Juventus was a turning point'

How did football go from being a recreational pursuit to a profession? It's a stage-by-stage progression, not a particular moment. When you are young, you compete with your friends and then go over to the first team of your little town, and then, as you become one of the best of that team, you move on to another one. For me, the big jump came when I moved from Padova, the club I started playing for in 1991, to Juventus, with big expectations. Going from the youth to the most important team in Italy was quite a lot to handle. The team had champion footballers like Roberto Baggio, Gianluca Vialli and I was keeping my eyes peeled to see what they were doing. And not just them, I was closely watching top-notch players from opposition, like Ruud Gullit, Marco van Basten, Franco Baresi. Every match was a learning.

CHAITANYA DINESH SURPUR

'My dad's death gave me a reality check'

I've had big losses in my career and had a huge injury on my left knee that took me out for a year. But the toughest period for me was when my dad was diagnosed with cancer that also eventually led to his death. It was difficult because it was a scenario outside of your imagination. At that point, I was young, focussed on football, I started to earn money and give back to family. So everything was going well. And then something like this happened. It was a reality check for me about life outside football.

'Surround yourself with people who keep you grounded'

I played international football by 20, won a Champions Trophy by 21 or 22, and then my career took a bit of a dip due to an injury. After that, I started what can be called a turnaround, a second innings, and I was part of the World Cup-winning squad in 2006. What kept me going over such a long period? My love for competition. I was dying to win. With the performances came the pressure of expectations. And one handles with the kind of people you surround yourself with—your family, your friends, your teammates, who keep you grounded and help you get on with life.

'Never stop working hard'

Even if you become the best in your profession, remember that someone or the other is working hard to take the throne from you. Which is why you never step off the pedal. You never let go of hard work. It's like being in the boxing ring. Your guard has to be up all the time. You should never consider yourself the best, you should never let your attention go down. The higher you go, the more painful will the fall be.

Kathakali Chanda

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