

# Role of Venture Capital in Indian Economy

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**Abstract:** The Venture capital is the life blood of new industry in the financial market today. Venture capital is the money provided by professionals who invest alongside management in young, rapidly growing companies that have the potential to develop into significant economic contributors. Venture capital is an important source of equity for start-up companies. Venture capital can be visualized as “your ideas and our money” concept of developing business. Venture Capital financing has seen a sea change over the past few years. Venture funding initially started with the aim of supporting talented entrepreneurs and assisting them in strengthening their growing business and providing them with the much needed financing which otherwise was not available to them. In India it was initially started by the Financial Institutions and Government agencies, viz., SIDBI. In other parts of the world, it was being done more in electronic, medical, data processing and computer related industry and hence was more known as technology finance. Unlike the overseas counterparts where the investors were the private sector one who not only provided funds but also guidance and mentoring to the entrepreneurs, the India Venture Capitalists were large financial institutions which had been set up to finance only. Their intervention was limited to the financial aspect.

**Key Words:** Life Blood, Economic Contributor, Entrepreneur, Business Venture, Information Technology.

## I. INTRODUCTION

The Venture capital is the life blood of new industry in the financial market today. Venture capital is the money provided by professionals who invest alongside management in young, rapidly growing companies that have the potential to develop into significant economic contributors. Venture capital is an important source of equity for start-up companies. Venture capital can be visualized as “your ideas and our money” concept of developing business. In India it was initially started by the Financial Institutions and Government agencies, viz., SIDBI.

Venture capitalists not only provide monetary resources but also help the entrepreneur with guidance in formalizing his ideas into a viable business venture. In order to promote innovation, enterprise and conversion of scientific technology and knowledge based ideas into commercial production, it is very important to promote venture capital activity in India. India's success story in the area of information technology has shown that there is a tremendous potential for growth of knowledge based industries. The recent economic slowdown of IT Sector is provided a chance to Venture capitalist to consider investment opportunities in other sectors such as Manufacturing and Service Industry which will be necessary to have overall

economic development and to reduce the economic dependency on a single sector. The current paper will concentrate on the different opportunities in Non-IT Sector as well the investment opportunities available for Venture capitalist which ensures better perspective for Indian economy.

Venture Capital bridges the gap where traditional sources of funds actively cannot participate in funding new ventures. Venture Capital brought in smart advice, hand-on management support and other skills that helped the entrepreneurial vision to be converted to marketable products. It was these inputs that made Indian open its doors to private venture capital but under regulated norms so as to protect the business environment and India entrepreneurs.

Over the last decade Venture Capital financing has grown phenomenally to the extent that as per a report of Perqin, by August 2015, over 500 deals had been funded in the financial year 2015-16 with an investment of over USD 6bn. It was this phenomenal investment that made the Government of India also announces its own INR 10,000 Cr start up fund in 2016.

There are certain advantages that Venture Capital brings to the table along with funding. These advantages make venture capital take the risk of investing time and money behind new ideas. Venture Capital investors

- A. are never dormant or sleeping but active;
- B. allowed the entrepreneurs to run their business, but they kept a crucial watch and guided them as and when they felt necessary;
- C. helped the businesses grow, be it in the form of acquiring new technology, markets, diversifying, backward/forward integration by using their resources which otherwise would not have been possible for the start up
- D. are ready to invest in risk prone businesses which disrupted certain markets but then brought about growth and competition which helped the common mass in benefiting.
- E. Build a base for quality IPOs in the future which would help the money market to grow.
- F. Assist the companies in raising further funds and also financially aiding them at times of stress.

Venture Capital is thus no more only a financing agency but also a tool and a mentoring platform for the startup to grow and seek guidance from. Venture capital's importance rises from the fact that it is patient and risk capital without which nascent ideas would not be nurtured.

## I. WHY VENTURE CAPITAL

The venture capital industry in India is still at a nascent stage. With a view to promote innovation, enterprise and conversion of scientific technology and knowledge based ideas into commercial production, it is very important to promote venture capital activity in India. India's recent success story in the area of information technology has shown that there is a tremendous potential for growth of knowledge based industries. This potential is not only confined to information technology but is equally relevant in several areas such as bio-technology, pharmaceuticals and drugs, agriculture, food processing, telecommunications, services, etc. Given the inherent strength by way of its skilled and cost competitive manpower, technology, research and entrepreneurship, with proper environment and policy support, India can achieve rapid economic growth and competitive global strength in a sustainable manner.

A flourishing venture capital industry in India will fill the gap between the capital requirements of technology and knowledge based startup enterprises and funding available from traditional institutional lenders such as banks. The gap exists because such startups are necessarily based on intangible assets such as human capital and on a technology-enabled mission, often with the hope of changing the world. Very often, they use technology developed in university and government research laboratories that would otherwise not be converted to commercial use. However, from the viewpoint of a traditional banker, they have neither physical assets nor a low-risk business plan. Not surprisingly, companies such as Apple, Exodus, Hotmail and Yahoo, to mention a few of the many successful multinational venture-capital funded companies, initially failed to get capital as startups when they approached traditional lenders. However, they were able to obtain finance from independently managed venture capital funds that focus on equity or equity-linked investments in privately held, high-growth companies. Along with this finance came smart advice, hand-on management support and other skills that helped the entrepreneurial vision to be converted to marketable products

## II. INDIA IS ATTRACTIVE FOR RISK CAPITAL

India certainly needs a large pool of risk capital both from home and abroad. Examples of the US, Taiwan and Israel clearly show that this can happen. But this is dependent on the right regulatory, legal, tax and institutional environment; the risk-taking capacities among the budding entrepreneurs; start-up access to R&D flowing out of national and state level laboratories; support from universities; and infrastructure support, such as telecoms, technology parks, etc.

Steps are being taken at governmental level to improve infrastructure and R&D. Certain NRI organizations are taking initiatives to create a corpus of US\$150m to strengthen the

infrastructure of IITs. More focused attempts will be required in all these directions.

Recent phenomena, partly ignited by success stories of Indians in the US and other places abroad, provide the indications of a growing number of young, technically-qualified entrepreneurs in India. Already there are success stories in India. At the same time, an increasing number of savvy, senior management personnel have been leaving established multinationals and Indian companies to start new ventures. The quality of enterprise in human capital in India is on an ascending curve.

The environment is ripe for creating the right regulatory and policy environment for sustaining the momentum for high-technology entrepreneurship. Indians abroad have leapfrogged the value chain of technology to reach higher levels. At home in India, this is still to happen. By bringing venture capital and other supporting infrastructure, this can certainly become a reality in India as well.

A viable venture capital industry depends upon a continuing flow of investment opportunities capable of growing sufficiently rapidly to the point at which they can be sold yielding a significant annual return on investment. If such opportunities do not exist, then the emergence of venture capital is unlikely. In the U.S. and Israel such opportunities occurred most regularly in the information technologies. Moreover, in every country, with the possible exception of the U.S., any serious new opportunity has to be oriented toward the global market, because few national markets are sufficiently large to generate the growth capable of producing sufficient capital gains.

An Indian venture capital industry is struggling to emerge and given the general global downturn, the handicaps existing in the Indian environment are threatening. As we have seen, many of the preconditions do exist, but the obstacles are many. Some of these can be addressed directly without affecting other aspects of the Indian political economy. Others are more deeply rooted in the legal, political, and economic structure and will be much more difficult to overcome without having a significant impact on other parts of the economy.

India has a large, sophisticated financial system including private and public, formal and informal actors. In addition to formal financial institutions, informal institutions such as family and moneylenders are important sources of capital. India has substantial capital resources; the bulk of this capital resides in the banking system. In the formal financial system, lending is dominated by retail banks rather than the wholesale banks or the capital markets for debt. The primary method for firms to raise capital is through the public equity markets, rather than through private placements.

## III. CRITICAL FACTORS FOR SUCCESS OF VENTURE CAPITAL INDUSTRY

While making the recommendations the Committee felt that the following factors are critical for the success of the VC industry in India:

- A. The regulatory, tax and legal environment should play an enabling role. Internationally, venture funds have evolved in an atmosphere of structural flexibility, fiscal neutrality and operational adaptability.
- B. Resource raising, investment, management and exit should be as simple and flexible as needed and driven by global trends
- C. Venture capital should become an institutionalized industry that protects investors and investee firms, operating in an environment suitable for raising the large amounts of risk capital needed and for spurring innovation through startup firms in a wide range of high growth areas.
- D. In view of increasing global integration and mobility of capital it is important that Indian venture capital funds as well as venture finance enterprises are able to have global exposure and investment opportunities.
- E. Infrastructure in the form of incubators and R&D need to be promoted using Government support and private management as has successfully been done by countries such as the US, Israel and Taiwan. This is necessary for faster conversion of R & D and technological innovation into commercial products.

The hassle free entry of such Foreign Venture Capitalists in the pattern of FIIs is even more necessary because of the following factors:

- A. Venture capital is a high risk area. In out of 10 projects, 8 either fails or yield negligible returns. It is therefore in the interest of the country that FVCIs bear such a risk.
- B. For venture capital activity, high capitalization of venture capital companies is essential to withstand the losses in 80% of the projects. In India, we do not have such strong companies.
- C. The FVCIs are also more experienced in providing the needed managerial expertise and other supports.

Recommendations made by K B Chandrasekhar Committee:

- A. Multiplicity of regulations-need for harmonization and nodal Regulator
- B. Double taxation for Venture Capital Funds need to be avoided
- C. Mobilization of Global and Domestic resources
- D. Flexibility in Investment and Exit of Venture Capitalists
- E. Flexibility in the matter of investment ceiling and sectoral restrictions
- F. Relaxation in IPO norms
- G. Issue of Shares with Differential Right with regard to voting and dividend
- H. Global integration and opportunities
  - a. Incentives for Employees
  - b. Incentives for Shareholders
  - c. Global investment opportunity for Domestic Venture Capital Funds (DVCF)
- I. Development in Infrastructure and R&D
- J. Self Regulatory Organization (SRO)

Implementation of these recommendations would lead to creation of an enabling regulatory and institutional

environment to facilitate faster growth of venture capital industry in the country. Apart from increasing the domestic pool of venture capital, around US\$ 10 billion are expected to be brought in by offshore investors over 3/5 years on conservative estimates. This would in turn lead to increase in the value of products and services adding up to US\$100 billion to GDP by 2005. Venture supported enterprises would convert into quality IPOs providing over all benefit and protection to the investors. Additionally, judging from the global experience, this will result into substantial and sustainable employment generation of around 3 million jobs in skilled sector alone over next five years. Spin off effect of such activity would create other support services and further employment. This can put India on a path of rapid economic growth and a position of strength in global economy.

In 2010, venture capitalists invested approximately \$22 billion into nearly 2,749 companies. Of these, 1,001 companies received funding for the first time. The average venture fund size was \$149 million. Venture capitalists have been instrumental in developing sectors such as the computer, biotechnology and the communications industries. Today, the majority of venture capital is invested in high technology companies including software, biotechnology, medical devices, media and entertainment, wireless communications, Internet, and networking. In the last five years, the venture industry has also committed itself to investing in the clean technology sectors which include renewable energy, environmental and sustainability technologies and power management. However, venture capitalists also invest in innovative companies within more traditional industries such as consumer products, manufacturing, financial services, and healthcare services and business products and services. Venture capital activity has a significant impact on the U.S and global economies.

Venture capital is a catalyst for job creation, innovation, technology advancement, international competitiveness and increased tax revenues. According to the 2011 Venture Impact study, produced by IHS Global Insight, originally venture-backed companies accounted for 11.87 million jobs and over \$3.1 trillion in revenue in the United States (based on 2010 data). Those totals compare to 21% of GDP and 11% of private sectoremployment.

#### IV. VENTURE CAPITALISTS

A venture capitalist is a person or investment firm that makes venture investments, and these venture capitalists are expected to bring managerial and technical expertise as well as capital to their investments. A venture capital fund refers to a pooled investment vehicle that primarily invests the financial capital of third party investors in enterprises that are too risky for the standard capital markets or bank loans. Venture capital firms typically comprise small teams with technology back grounds (scientists, researchers) or those with business training or deep industry experience.

A core skill within VC is the ability to identify novel technologies that have the potential to generate high commercial returns at an early stage. By definition, VCs also take a role in managing entrepreneurial companies at an early stage, thus adding skills as well as capital, thereby differentiating VC from buy-out private equity, which typically invests in companies with proven revenue, and thereby potentially realizing much higher rates of returns. Inherent in realizing abnormally high rates of returns is the risk of losing all of one's investment in a given startup company. As a consequence, most venture capital investments are done in a pool format, where several investors combine their investments into one large fund that invests in many different startup companies. By investing in the pool format, the investors are spreading out their risk to many different investments versus taking the chance of putting all of their money in one start up firm.

### A. Types

Venture Capitalist firms differ in their approaches. There are multiple factors, and each firm is different. Some of the factors that influence VC decisions include:

- Business situation: Some VCs tend to invest in new ideas, or fledgling companies. Others prefer investing in established companies that need support to go public or grow.
- Some invest solely in certain industries.
- Some prefer operating locally while others will operate nationwide or even globally.
- VC expectations often vary. Some may want a quicker public sale of the company or expect fast growth. The amount of help a VC provides can vary from one firm to the next

### B. Financing Process

The financing process outlines basic steps taken by CVCs from initial contact with potential startup companies through the first round of financing.

1. Startup companies looking for financing make initial contact with CVCs. CVCs can also seek out potential startups looking for funding.
2. Startup management team presents a business plan to the CVC. If the reviewed business plan generates interest, the CVC will ask the startup for more information including a product demonstration. Investors will also conduct their own due diligence to investigate and better understand the product, technology, market, and any other related issues.
3. If the CVCs are interested in the proposed startups product or service, they will look to determine the value of the startup. They communicate this valuation to the startup, often via a term sheet. If the startup is happy with the offer, a purchase price and investor equity is agreed on. Negotiations can take place during this stage of investment valuation.

4. Legal counsels from both sides agree to a finalized term sheet where business terms for the investment are specified. A closed period, referred to as a lock-up time period, is also established during which the startup company cannot discuss investing opportunities with other investment groups. This indicates that a pending deal is in the process of completion. Once a term sheet is finalized, both sides look to negotiate and finalize financing terms.
5. Negotiations are conducted between the legal counsels from the CVC and the startup company. The startup legal team typically creates transaction documents that the CVC counsel reviews. Negotiations continue until all legal and business issues are addressed. During this time, the CVC conducts a more thorough investigation of the startup company, understanding the startup's books and records, financial statements, projected performance, employees and suppliers, and even its customer base.
6. Closing of financing is the final step. This can take place immediately upon execution of the definitive agreements or after a few weeks. The additional time may be necessary if the CVC needs time to complete their due-diligence or based on the startup company's financial needs.

## VI. TOP 45 VENTURE CAPITAL FIRMS IN INDIA FOR START UPS

### 1) Helion Venture Partners

Investing in technology-powered and consumer service businesses, Helion Ventures Partners is a \$605 Mn Indian-focused, an early to mid-stage venture fund participating in future rounds of financing in syndication with other venture partners.

**Investment Structure:** Invests between \$2 Mn to \$10 Mn in each company with less than \$10 Mn in revenues.

**Industries:** Outsourcing, Mobile, Internet, Retail Services, Healthcare, Education and Financial Services.

**Startups Funded:** Yepme, MakemyTrip, NetAmbit, Komli, TAXI For Sure, PubMatic.

### 2) Accel Partners

Accel Partners founded in 1983 has global presence in Palo Alto, London, New York, China and India. Typical multi-stage investments in internet technology companies are made by Accel partners.

**Investment Structure:** Invests between \$0.5 Mn and \$50 Mn in its portfolio companies.

**Industries:** Internet and Consumer Services, Infrastructure, Cloud -Enabled Services, Mobile and Software.

**Startups Funded:** Flipkart, BabyOye, Freshdesk, Book My Show, Zansaar, Probe, Myntra, and CommonFloor.

### 3) Blume Ventures

Venture capital firm, Blume Venture Advisor funds early-stage seed, startups, pre-series A, series B and late stage investments. Blume backs startups with both funding as well as active mentoring and support.

**Investment Structure:** Provides seed funding investments between \$0.05 Mn – \$0.3 Mn in seed stage. Also, provides follow-on investments to portfolio companies ranging from \$0.5Mn to \$1.5Mn.

**Industries:** Mobile Applications, Telecommunications Equipment, Data Infrastructure, Internet and Software Sectors, Consumer Internet, Media, Research and Development

**Startups Funded:** Carbon Clean Solutions, EKI Communications, Audio Compass, Exotel, Printo.

### 4) Sequoia Capital India

Sequoia Capital India specializes in investments in startup seed, early, mid, late, expansion, public and growth stage companies.

**Investment Structure:** SCI invests between \$100,000 and \$1 Mn in seed stage, between \$1 Mn and \$10 Mn in early stage and between \$10 Mn and \$100 Mn in growth stage companies.

**Industries:** Consumer, Energy, Financial, Healthcare, Outsourcing, Technology.

**Startups Funded:** JustDial, Knowlarity, Practo, iYogi, bankbazaar.com

### 5) Nexus Venture Partners

Nexus Venture Partners is a venture capital firm investing in early stage and growth stage startups across sectors in India and US.

**Investment Structure:** Invests between \$0.5 Mn and \$10 Mn in early growth stage companies. Also, makes investments upto \$0.5 Mn in their seed program.

**Industries:** Mobile, Data Security, Big Data analytics, Infrastructure, Cloud, Storage, Internet, Rural Sector, Outsourced Services, Agribusiness, Energy, Media, Consumer and Business services, Technology.

**Startups Funded:** Snapdeal, Housing, Komli, ScaleArc, PubMatic, Delhivery

### 6) Inventus Capital Partners

With the sole goal of making new entrepreneurs successful, Inventus is a venture capital fund managed by entrepreneurs and industry-operating veterans.

**Investment Structure:** The firm does not invest in capital intensive companies. It typically leads the first venture round with \$1 Mn to \$2 Mn and as the businesses grow, it invests from \$0.25 Mn up to \$10 Mn.

**Industries:** Consumer, Hotels, Restaurants and Leisure, Media, Internet and Catalog Retail, Healthcare, Information Technology, Hardware and Equipment, Telecommunications etc.

**Startups Funded:** Poshmark, Savaari, Farfaria, Policy Bazaar.com, Insta Health Solutions, and CBazaar.

### 7) IDG Ventures

Having a global network of technology venture funds with more than \$4 billion, IDG Ventures India is a leading India-focused technology venture capital fund specializing in startups, early stage, growth stage and expansion stage companies.

**Investment Structure:** Invests in India-based companies and also in companies outside India. The firm invests between \$1 Mn and \$10 Mn.

**Industries:** Digital Consumer – Internet, Mobile, Media and Technology Enabled Consumer Services, Enterprise Software – SaaS, Software Products and Enterprise services, Engineering – Medical Devices, Clean-tech and IP-led Businesses

**Startups Funded:** UNBXD, Yatra.com, Myntra.com. FirstCry, Zivame, iProf, Ozone Media.

### 8) Fidelity Growth Partners

Fidelity Growth Partners India is the private equity arm of Fidelity International Limited focused on investing in India. Since 2008, FGPI has made several investments across sectors including Healthcare and Life Sciences, Technology, Consumer and Manufacturing.

**Investment Structure:** Typically, FGPI invests between \$10 Mn and \$50 Mn for a minority stake in the company

**Industries:** Healthcare and Life Sciences, Technology, Consumer and Manufacturing

**Startups Funded:** Netmagic, Yebhi

**9) Naspers**

Naspers is a leading multinational media group, incorporated in 1915 as a public limited liability company and was listed on the Johannesburg Stock Exchange (JSE) in September 1994.

**Industries:** Ecommerce, Print Media, Pay Television

**Startups Funded:** OLX, Flipkart

**10) Steadview Capital**

Steadview is a leading alternative asset manager based in Hong Kong. The firm makes concentrated long-term investments across multiple industries

**Investment Structure:** Early Stage Venture and Later Stage Venture Investments Industries: Ecommerce

**Startups Funded:** Olacabs, Flipkart, Saavn, Urban Ladder

**11) Jungle Ventures**

Jungle Ventures is a Singapore based, entrepreneur backed venture firm that funds and helps startups scale across Asia Pacific. It invests in global startups that are solving problems relevant to Asia Pacific markets. It currently has investments in US, Singapore, India, Australia, Thailand, Malaysia, and the Philippines.

**Investment Structure:** Venture Capital that does Seed and Early Stage Venture Investments

**Industries:** Ecommerce, Digital Media, Saas, Fintech, Big Data, Analytics, Enterprise

**Startups Funded:** Zipdial, Ekstop, Pokkt, Milaap

**12) Zodius Capital**

Operational since 2011, Zodius typically develops one company every six months and works intensively with its portfolio company teams to “speed up” and “shape up” for exceptional growth and profitability.

**Industries:** Big Data and Analytics, Digital Media and Commerce, Education

**Startups Funded:** BigBasket, Culture Machine

**13) Qualcomm Ventures**

Qualcomm Ventures is the investment arm of Qualcomm Inc. (NASDAQ: QCOM), a Fortune 500 company with operations across the globe.

**Industries:** Business Software, Cloud/Enterprise, Consumer Software, Hardware, Health Care, Infrastructure, Semi/Components

**Startups Funded:** Appsdaily, Capillary, Deck, Portea, Housing

**14) Warburg Pincus**

Warburg Pincus is a leading global private equity firm focused on growth investing. The firm has more than \$37 Bn in assets under management. Its active portfolio of more than 120 companies is highly diversified by stage, sector and geography.

**Investment Structure:** It emphasizes growth investing and has successfully built companies at all stages, from conceiving and creating venture capital opportunities, to providing capital to meet the needs of existing businesses, to investing in later-stage buyout transactions and special situations with unique characteristics.

**Industries:** Consumer, Industrial and Services, Energy, Financial Services, Healthcare, Real Estate, Tech, Media, Telecommunications

**Startups Funded:** Lemon Tree, Biba, Quikr

**15) Canaan Partners**

Global venture capital firm investing in people with visionary ideas, Canaan Partners specializes in all stages of development, seed financings, start-ups, growth and early stage investments, typically Series A and B financings.

**Investment Structure:** The firm typically invests between \$0.05 Mn to \$80 Mn in its portfolio company. It prefers to exit its investments within 7 to 10 years.

**Industries:** Technology- Advertising & Marketing, Big Data/Cloud, Consumer, Enterprise/SaaS, FinTech, Hardware, Healthcare -Biopharma, digital Health & MedTech.

**Startups Funded:** Naaptol, Bharat Matrimony, iYogi, Happiest minds, mCARBON, CarTrade, Surewaves.

**16) SAIF Partners**

Investing in India since 2001, SAIF Partners specializes in private equity and venture capital across Asia.

**Investment Structure:** Invests between \$10 Mn and \$100 Mn in one or more rounds of financing with investments between \$200,000 to \$500,000 in early stage companies and between \$30 Mn and \$35 Mn in more mature unlisted ventures.

**Industries:** IT, ITes, Industrials, Financial Services, Internet, Consumer Product, Mobile

**Startups Funded:** Justdial.com, Paytm, Network18, HomeShop18, Book My Show.

#### 17) Ascent Capital Advisors

Ascent Capital, an India-focused independent private equity firm, is among the most experienced teams on ground with over 150+ years of collective experience in Indian capital markets.

**Investment Structure:** The firm makes investments ranging from \$10 Mn to \$30 Mn.

**Industries:** Technology, Ecommerce, Healthcare, Financial Services, Consumer Brands, Infrastructure

**Startups Funded:** Bigbasket.com, KIMS

#### 18) Axon Partners Group

Specialised in global emerging markets, the Group prefers to invest in technology focused companies in countries like Latam, Spain and India.

**Investment Structure:** Invests from 100,000K to \$25 Mn in growth phases, from seed capital to international expansion.

**Industries:** Games, Software, Security, Biotechnology, Telecommunications

**Startups Funded:** iYogi, ByHours.com, Hot Hotels.

#### 19) Bain Capital Private Equity

Bain Capital professionals in aggregate is the largest investor in every fund raised. Bain Capital, along with management teams, provides the strategic and analytic resources needed to build and grow great companies.

**Investment Structure:** Invests between \$5 Mn and \$1 Bn in companies in wide range of Industries.

**Industries:** Consumer, Retail and Dining, Financial and business Services, Healthcare, Industrial and Energy, Technology, Media and Telecom.

**Startups Funded:** ASIMCO, BMC Software, Biglobe, Atento, BPL

#### 20) Basil Partners

It's a Venture Capital fund involved in Early Stage Venture Investments focusing on investing in India besides investing in North America, Europe and Asian Countries.

**Investment Structure:** Investment is done in the range between \$1 million and \$ 5 million with minimum revenue of \$5 million.

**Industries:** IT

**Startups Funded:** Endeavour Software Technologies, Karmic LifeSciences

#### 21) Battery Ventures

Battery Ventures is based in Boston, Silicon Valley and invests in technology driven companies. With over 30 years of experience, this VC fund has deep pockets.

**Investment Structure:** They invest in all stages of a company's life, are flexible in the amount of investment, and are creative when it comes to syndicating, finding alternate sources of money, and designing financing to best match businesses.

**Industries:** e-Commerce and Retail Digital Media, Industrial Technologies, Infrastructure, Software and Services.

**Startups Funded:** HackerRank, AppDynamics

#### 22) Bessemer Venture Partners

With great experience in investing, this company operates on a global scale with offices located in Israel, India and both coasts in the US.

**Investment Structure:** They invest in the range of \$75,000 to \$66 Mn.

**Industries:** Cyber Security, Financial Services, Mobile, Cleantech Cloud Computing

**Startups Funded:** Snapdeal, OnMobile

#### 23) Catamaran Investment Pvt Ltd

Founded in 2010 is a private investment office headquartered in Bangalore, India and London, UK. It's a INR 600 Cr. multi-stage, multi-sector fund.

**Industries:** Venture Capital & Private Equity

**Startup Funded:** Yebhi

#### 24) Forum Synergies (India) PE Fund

The company's vision and mission is to be a unique, ethical private equity fund management model in India that provides investors with a best-in-class private equity model.

**Investment Structure:** Forum Synergies invests between \$2 – \$10 Mn in firms with revenues between \$3 – \$50 Mn.

**Industries:** Healthcare, Automotive, Electronic Hardware, Electrical Equipment, Chemical Engineering, Medical Devices, Pharmaceuticals, Biotechnology, IT

**Startups Funded:** Zomato, Ola, Quikr, TaxiForSure, Commonfloor, Freecharge, and Housing.

### 25) Fulcrum Venture India

Founded in 2000, Fulcrum is a private equity investor which focuses on the SME business opportunities. They prefer to invest in like-minded entrepreneurs with solid principles and objectives.

**Investment Structure:** The firm seeks to invest between INR 5 crores – INR 15 crores.

**Industries:** Education, Financial Services, FMCG, Healthcare, Niche Retail

**Startups Funded:** Shield Healthcare Private Limited, SwaaS Systems, Congruent Solutions Pvt Ltd

### 26) General Atlantic LLC

It is a leading global growth equity firm providing capital and strategic support for growing companies. It does Early Stage Venture, Later Stage Venture and Private Equity Investments.

**Investment Structure:** Invests between \$75 Mn and \$400 Mn.

**Industries:** ECommerce, Software, Fashion, Cloud Computing, Curated Web

**Startups Funded:** Vox Media, Klarna, Citiustech, and Squarespace.

### 27) India Quotient

Launched in 2012, India Quotient is an early stage fund with a corpus of INR 30 Cr.

**Investment Structure:** Venture Capital fund that does Seed Investments between 100k – 500k.

**Industries:** Education, Food and Travel, Mobile, Fashion, Lifestyle, Consumer Finance

**Startups Funded:** Grabhouse, FRSH, Roposo, Prettysecrets, DogSpot

### 28) Intel Capital

The firm focuses on mergers, acquisitions, and equity investments related to tech startups. Till date, it has invested \$10.7 Bn in over 1,250 companies in 52 countries.

**Investment Structure:** Invest between \$300 Mn and \$500 Mn per year.

**Industries:** Internet-Digital Media, Manufacturing-Labs, Security, Smart Phones-Tablets, software and Services, Ultrabook-Perceptual Computing, Wearables

**Startups Funded:** Gigya, Hungama, Snapdeal

### 29) IvyCap Ventures

Guided by an entrepreneur-centric investment approach, IvyCap focuses on high-quality professional entrepreneurs from premier education institutions of the country.

**Investment Structure:** The Firm does Early Stage Venture Investments and invests between \$0.3 Mn and \$7 Mn.

**Industries:** Healthcare, Education, Technology, Commerce.

**Startups Funded:** Aujas Networks, Leixir, eShakti.com, Vinculum Solutions, FieldEZ

### 30) Kae Capital

Kae Capital invests in those companies which bring out innovative solutions for existing gaps in the markets. They believe in identifying and building large companies even from a concept.

**Investment Structure:** Investment is made between \$0.05 – \$2.5 Mn and typically they invest between \$0.2 – \$1 Mn in the first round.

**Industries:** Mobile, Ecommerce, Education, Healthcare, Consumer, Internet

**Startups Funded:** SysCloud, ShepHertz, FortunePlay, Nuiku, Shopsense, and Airwoot.

### 31) Kalaari Capital

With a strong advisory team in Bangalore, Kalaari is a \$160 Mn venture capital fund investing in early-stage technology-oriented companies in India. They seek companies that are capable of capturing new markets, providing innovative solutions and creating new wealth for India and beyond.

**Investment Structure:** The firm invests \$1Mn to \$5Mn in technology savvy companies and technology-enabled services for India and the global markets.

**Industries:** ECommerce, Internet, Curated Web, cleantech.

**Startups Funded:** Mettl, UrbanLadder, Snapdeal, Zivame



**32) Lightbox Management Ltd**

India based Lightbox Management Ltd with an investment horizon of seven to eight years is a new \$100 Mn tech fund focussed on early stage consumer technology businesses.

**Investment Structure:** Invests between \$3 Mn and \$5 Mn in the consumer technology space with a focus on education technology.

**Industries:** Data & Analytics, Brand & Design, Product & Marketing, Culture & Company Building.

**Startups Funded:** Embibe, Cleartrip, GreenDust

**33) Lightspeed Venture Partners**

Founded in 2000, Lightspeed Venture Partners Investment Company engages in consumer, enterprise, technology, and cleantech markets.

**Investment Structure:** \$1 to \$25 Mn

**Industries:** Enterprise Software, Software, Mobile

**Startups Funded:** Eyeview, SimplyTapp, Luxe Valet, Vee, Blockchain, FiveStars, and Gainsight.

**34) Lok Capital Group**

Gurgaon based Lok Capital initiative launched at the end of 2000 with support of a grant from the Rockefeller Foundation specializes in bottom-of-pyramid customer segment investments.

**Investment Structure:** Invests between \$1 Mn and \$7 Mn

**Industries:** Education

**Startups Funded:** Hippocampus Learning Centres, Qed | Everest Edusys and Solutions

**35) Matrix Partners India**

Mumbai Based Matrix Partners was founded in 1977, and is committed to build long-term relationships. With capital over INR 3000 Cr., they invest across sectors in India.

**Investment Structure:** Invests INR 1 Cr. to 75 Cr.

**Industries:** Internet, Consumer internet, eCommerce, Travel, Internet, Consumer Internet, eCommerce, Travel, etc.

**Startups Funded:** NewsHunt, Quikr India, LimeTray, Hearing Plus, Ola (ANI Technologies Pvt. Ltd.), WeAreHolidays.

**36) Mayfield Fund**

One of the oldest Venture Capital Firms focusing on early-stage to growth-stage investments in information technology companies, in particular on enterprise software, Internet consumer & media services, and communications.

**Investment Structure:** In India, it invests between \$500,000 to \$10 Mn

**Industries:** Consumer Services, Infrastructure Ancillaries, Healthcare Services, Manufacturing Opportunities

**Startups Funded:** Gigya, Lantern, IndiaProperty

**37) New Enterprise Associates**

It's one of the largest and most active Venture Capital Firms which helps entrepreneurs to build transformational businesses across multiple stages, sectors and geographies.

**Investment Structure:** The firm seeks to invest between \$0.05 Mn and \$20 Mn in Early Stage Venture, Later Stage Venture, Private Equity, Debt Financing.

**Industries:** Energy, Infrastructure Services, Consumer Services, Agriculture Sector, Systems, Software, Technology

**Startups Funded:** IndiaHomes, Forter, Inksedge, Blueshift Labs

**38) NewPath Ventures, LLC**

New Path Ventures, LLC is a venture capital firm which specializes in seed stage, startups, and early stage investments. They prefer to invest in technology based startups in India and US.

**Investment Structure:** It does Early Stage Venture and Later Stage Venture Investments.

**Industries:** Semiconductors, Curated Web

**Startups Funded:** Telsima, inSilica, Montalvo Systems

**39) Nirvana Venture Advisors**

Nirvana Venture Advisors invests in early-stage and market leading companies in the fast growing Indian internet and mobile segments.

**Industries:** Internet and Mobile Fund, Large Markets, ecommerce, online travel, online advertising and marketing.

**Startups Funded:** KartRocket, Transerv, Reviews42

#### 40) Norwest Venture Partners

NVP is an India-centric multi-stage investment firm that has partnered with entrepreneurs to build great businesses for more than 50 years.

**Investment Structure:** It invests \$1Mn to \$30 Mn in early stage and \$15 Mn-\$100 Mn in growth equity companies depending on the growth of the company.

**Industries:** Internet, telecommunications, financial services, and education sector.

**Startups Funded:** Indusind Bank, Komli, and Fashionandyou.com.

#### 41) Ojas Venture Partners

India based Venture Capital Ojas Venture Partners believes that for young startups to become successful, it is imperative for them to have the guidance of experienced professionals with in depth understanding of the marketplace.

**Investment Structure:** Typically, make an initial investment of \$ 250,000 to \$ 1.5 Mn and follow that in subsequent rounds up to a maximum of US \$ 3 Mn per company over the life of the company.

**Industries:** Mobile Technology and Applications, telecom, wireless technologies, enterprise software, SaaS, Web Applications/Services, Consumer Internet

**Startups Funded:** Tyfone, Vizury, Mango Techno, RiverSilica, and CBazaar.

#### 42) Seedfund

This venture capital fund recognized the need for an early stage investment ecosystem in India and hence, focuses on investing in Indian startups.

**Investment Structure:** The firm seeks to invest between INR 1 Cr. (\$0.19 Mn) and INR 25 Cr. (\$4.67 Mn) in each portfolio company.

**Industries:** Internet, Media, Mobile, Telecommunications, Retail, Technology, Consumer

**Startup Funded:** Chumbak, Browntape, Heckyl, AxisRooms, and Voonik.com.

#### 43) SIDBI Venture Capital Limited

It focuses on life sciences, clean technology, retailing, light engineering, food processing, information technology, infrastructure related services, healthcare, logistics and

distribution, water and sanitation, agriculture, and education sectors.

**Investment Structure:** It invests between INR 5 Cr. to 25 Cr.

**Industries:** Ecommerce, SemiConductors.

**Startups Funded:** Printland, CircuitSutra Technologies, Skelta Software

#### 44) Unitus Seed Fund

Unitus Seed Fund is a seed stage venture fund based in Bangalore and Seattle which invests in developing markets with primary focus on rural startups focusing on low income groups.

**Investment Structure:** It invests INR 50 Lakh to INR 1 Cr.

**Industries:** Education and Skilling, Healthcare, Mobile Commerce, Marketplaces and E-Commerce, Agriculture, Retail and Distribution, Water and Energy.

**Startups Funded:** Blowhorn, Addresshealth, mGaadi, Welcare, GoCoop, and Medypal.

#### 45) Utthishta

A firm that seed funds for software, web, mobile, and cloud computing based Indian Startups, and also claims to provide a unique experience for entrepreneurs.

**Investment Structure:** The firm seeks to invest between \$0.02 Mn and \$0.03 Mn per startup in return of equity stake between 10% and 15 %.

**Industries:** Software, Technology, Mobile, Web, Analytics, Cloud Computing

**Startups Funded:** Vaava

## VII. CONCLUSION

India has emerged as the most competitive industrial economy across the developing world through the last decade. Unemployment in India has declined during the global economic crisis. Identifying a valuable market position ahead of competitors is a necessary first step to high performance. Our focus on this paper suggests that high performing manufacturers can build their market position by prioritizing investments in strategic initiatives that support and strengthen their core differentiation. Our framework identifies the innovative and distinctive capabilities that organizations must build to differentiate them from the competition: smart shop floor, market-driven innovation infrastructure, data based decision making and responsive relationships. This report shares insights into leading sector opportunities across India's are available for

the investors and to focus their energies to build investment opportunities. But we do not stop at identifying distinctive capabilities. We propose four key actions toward this goal: building brand image for India, opportunities in Indian operating environment, using sustainability to build competitiveness and developing Indian economy in overall sector. The challenge of building India's strong economy must be a shared responsibility.

The size and scale of investments make it imperative for industry, government and other stakeholders to collectively find solutions to macro problems. This report emphasizes the need for advertising the different opportunities in all sectors and providing employment opportunities for Indian talent pool. It also highlights the need to canalize an Investor Services Organization to achieve more policy and regulatory coordination across authorities at the central, state and local levels. The software sector development has marked India as a emerging opportunity for the venture capitalists and by using the same repo can be utilized for attracting the domestic and global venture capitalists towards Indian economy.

FDI Inflows to India will lead to a phenomenal growth in the economic life of the country. India has become one of the most prime destinations for investments. Though the opportunities arising from the global industry for the Indian industries are huge, but so are the challenges. The global economic slowdown and cost pressures have made the Global industry outsource elements of technology, design and sub-assembly

Manufacture. The industries who achieve success are the ones who can innovate, adapt cutting edge technologies, deliver customized solutions, develop and maintain a global standard in Manufacturing qualities and specifications while maintaining their cost advantages. The Challenge, therefore, for the India is to proactively respond to changing customer Expectations. This could require a lot of effort and investment by the government as well as the entrepreneurs in the Indian context.

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