



# TURNING IDEAS TO GOLD

Perspectives on Venture Capital  
for Indian Family Offices





The first edition of “Turning Ideas to Gold”, in the words of the famous Venture Capitalist John Doerr, is an attempt to “Measure what Matters”. Through data insights and case studies, 256 Network has made an attempt through this report to begin a structured and informed dialogue about the opportunities and experiential insights for Family Offices investing in Venture Capital (VC) as an asset class.

Over 2014-19, Family Offices in India participated in over 1700 startup investments, with many making lucrative returns from their early investments. In recent times, several catalysts have further enhanced the appeal of investments in India’s startup ecosystem, ranging from favourable taxation reforms, better governance, growing mass adoption of technologies, and increasing exit avenues for investors.

However, investment in VC by more traditional Indian family businesses is still in its early days. While the exact size of underinvestment of Rupee Capital varies, our conversations with Indian Family Offices within the 256 Network highlighted that over 2/3<sup>rd</sup>s of this peer group still wait and watch when it comes to investing in VCs. Preferring to keep their portfolios wedded to conventional asset classes like stocks, real estate, and gold, many Family Offices do not benefit from the healthy returns generated by VC investments. This is because the risk-reward payoff for such investments is not well structured and documented for the Family Office community.

As a network of global decision-makers investing in the India’s innovation ecosystem, we at 256 Network firmly believe in the contribution Indian family businesses will make in giving wings to India’s growing startup ecosystem.

Private wealth in India is growing, with the number of ultra-high net worth individuals expected to cross 10K by 2024. For these individuals, venture capital holds a huge promise as an asset class- generating superior financial returns even during crisis times. Family Offices have just started realizing this potential, as VC/PE as an asset class makes ~20% of their portfolio allocation but usually contributes to 30% of their portfolio returns.

The objective of this report is to provide Family Offices an overall perspective on how VC as an asset class can unlock high value for them and how can they go about navigating this asset class for best returns. For VC funds we intend this report to provide a perspective on the investment needs of Family Offices and how they can be served better.

This report also talks about the current Family Office investment landscape in India. Given the extraordinary times we are in, we also touch base on the implications of COVID for the investments of Family Office investments in VC as an asset class. In the last section of this report, we talk about how venture capital fund managers generate value for their LPs and what are the questions that Family Offices should ask while selecting a VC fund manager.

We at Praxis Global Alliance look forward to continuing this discussion and exchanging notes with our friends in this segment and beyond.

# Foreword



KRIS GOPALAKRISHNAN

Promoter, Pratithi Family Office

Co-founder, Infosys

Co-founder and Chairman, Axilor Ventures



“

Venture Capital and Private Equity have emerged as viable alternate asset classes to traditional investments in real estate, public equity, fixed income etc. in the past decade. Family Offices and UHNIs do not get exposure to high growth portfolios which use technology to solve real challenges and build large companies in a relatively short period of time.

**The Indian tech opportunity:** In the last 10 to 15 years, companies such as Flipkart, Paytm, Ola, Oyo, Byju's, Swiggy, Zomato, amongst others have become unicorns. These are all technology enabled companies, have thrived on new markets, new business models, new revenue models, new products and services which did not exist before. Backing such companies requires expertise, patience and capital. Funds run by professionals provide that opportunity to Indian Family Offices and UHNIs. Such opportunities also exist directly.

Technology, a large population and a digital consumer base of over one billion presents investment opportunities in healthtech, fintech, agritech, software, consumer tech, deep tech, gaming, amongst other sectors. This report brings to light these asset classes and guides us through the art and science behind investing in these alternate asset classes. The best professional fund managers in India are able to generate significant returns for their investors.

In a world dominated by International capital, it is time for Indian investors to invest in their backyard in the VC/PE asset class, support Indian entrepreneurs and generate decent returns.

”

# Summary

**10K**

Expected number of ultra-high net worth individuals (net-worth > US\$ 30M) in India by 2024

**140+**

Formalised Family Offices in India that preserve, enhance, and transition UHNI wealth

**~20%**

Portfolio allocation towards Alternative assets (which includes PE/VC) by Indian Family Offices

**\$30Bn**

Indian Family Offices are estimated to contribute 30% of the estimated \$100Bn to be raised by Indian startups by 2025

**55K**

Number of start-ups launched in India. Home to 56 unicorns, India has added 14 new unicorns by May 2021 already

**485 bps**

Higher IRR generated by VC and PE funds raised during periods of economic crises relative to the average VC/PE returns over the period 1995-2016

**9**

Leverages through which VC funds generate value for their GPs – including relationships, expertise and processes

**12**

Crucial checks across team skills, fund reputation, investment strategy, funding capability and past returns generated while selecting a fund GP

# Keynote



SUNIL KANT MUNJAL

Chairman, Hero Enterprises



“

After I chronicled the journey of my father and uncles in **The Making of Hero**, I was asked how my father and late uncles might have responded in this pandemic-driven environment. A first priority would definitely have been to support the customers, investors, and partners. They would have distinguished between the emotions of family and the pragmatism of business to provide purpose-driven leadership. Finally, they would have viewed this crisis as an opportunity to grow, expand, and evolve.

Today, Family Offices of established business houses have a similar chance to thrive in an era of uncertainty. If this pandemic has thrown up one lesson, it is about the futility of past to forecast the future. We are entering an era in which the longevity of decades-old businesses and careers is no longer guaranteed, and where old maxims about goals and strategy are losing relevance. The process of collaborating, the business of transacting, the art of negotiating and the dance of serenading customers – many of these have permanently moved from the physical space into the digital ecosystem.

Throughout history, entrepreneurship was about creation and discovery. Now it is also about adaptability, robustness, and increasingly, staying ahead of the opportunity curve. The pandemic has seen the rise of a new entrepreneurial class that is savvier. Several startups are launching India-specific solutions while repeat founders are targeting bolder issues. Many are unlocking value through private markets and I am heartened to see multi-generational entrepreneurs viewing this space as a vehicle to create wealth.

This report by 256 Network showcases the many ways in which venture capital is emerging as an important asset class on its own and provides a useful framework for India's long-lasting entrepreneurial families in generating optimal returns.

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**Indian Family Office  
investment landscape**



**Investment thesis  
for venture capital**



**Investing during COVID**



**Navigating investments in VC**

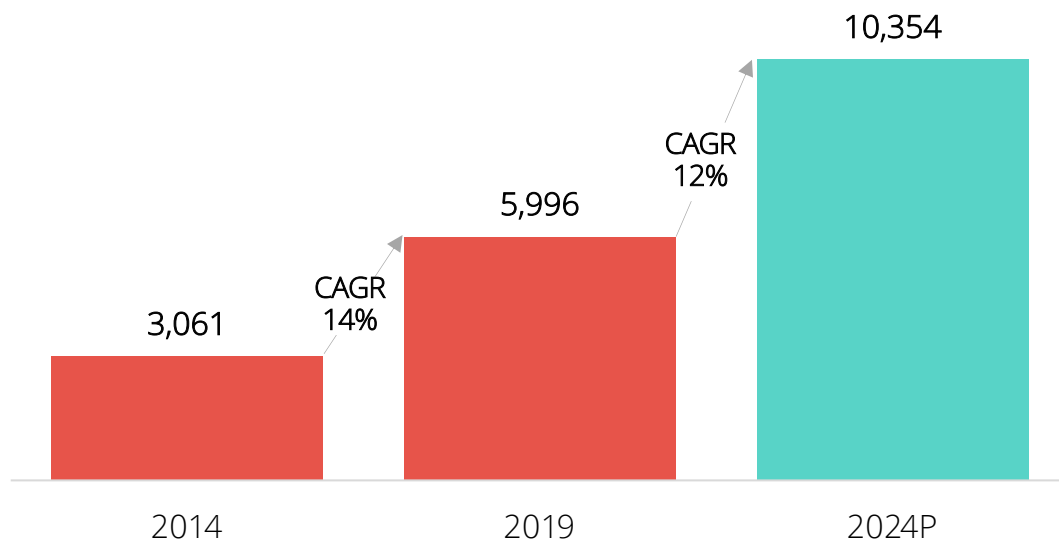


# A new generation of Indians is growing their wealth

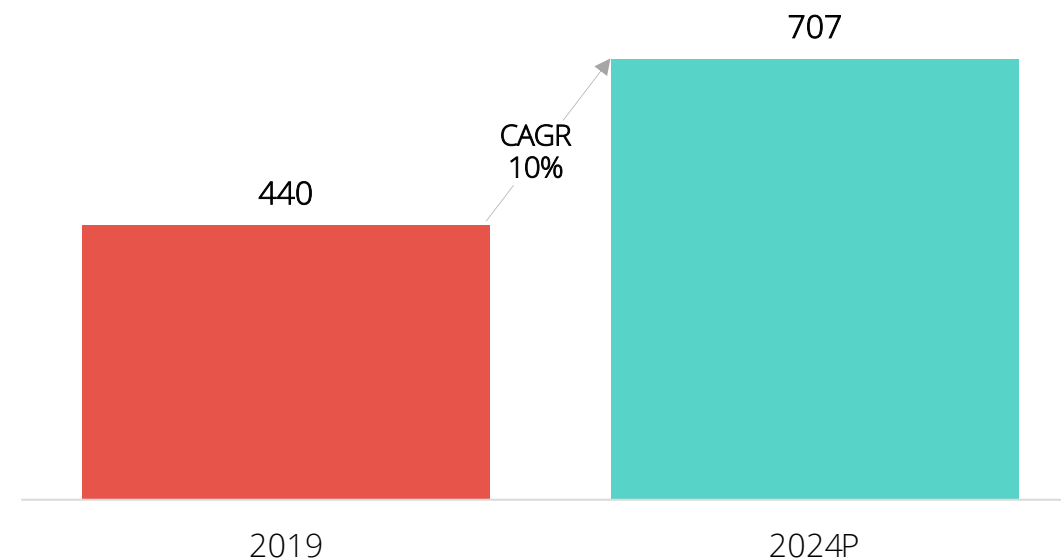
India expected to have ~10K UHNIs by 2024, ~2X of 2019 figures

UHNIs in India expected to have ~US\$ 700B wealth by 2024, ~1.6X of 2019

**No of UHNIs in India**  
2014-2024P



**UHNI wealth in India**  
US\$ B, 2019-2024P



# Family Offices enable UHNIs to preserve, enhance, and transition wealth

As India's Ultra-High Net Worth population burgeons, Family Offices will play an even greater role in preserving, nurturing, enhancing and transitioning wealth across generations. The total wealth in India has increased four-fold between 2000 and 2019, reaching USD 12.6 trillion in 2019, making India the fifth globally in terms of the number of ultra-high net worth individuals. With such a growth, dramatic changes are taking place in India's corporate culture as well, Family Offices are helping entrepreneurs protect their personal wealth and stay ahead of the times by investing in cutting-edge new economy businesses.

The primary investment function of a Family Offices is usually around wealth preservation & creation. For the latter the Venture Capital investing space is an ideal fit as it provides a vehicle for 'patient capital' and also fulfils a key intent to support the entrepreneurial ecosystem, a wish harboured by many family business owners and serial entrepreneurs. **Family Office VC allocations will always be a balance between direct investments & funds depending on their own assessment capabilities & access to quality deal flow.** What they require is either internal diligence capabilities or external advisory support and a little handholding in the initial investment process.

RAJMOHAN KRISHNAN

Founder & MD  
Entrust Family Office



MUNISH RANDEV

Founder & CEO  
Cervin Family Office

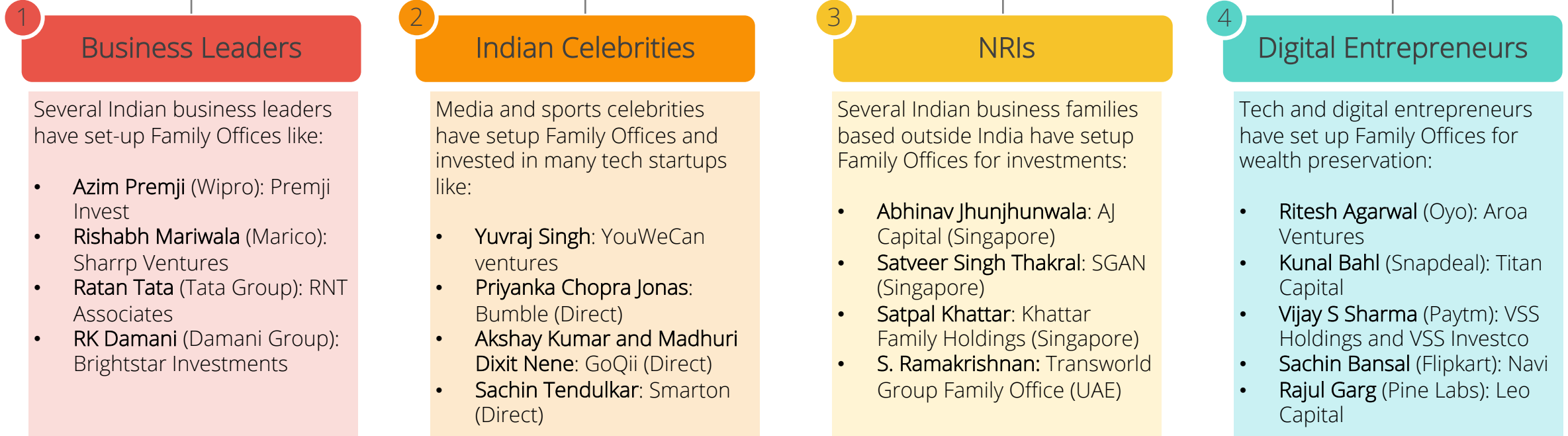




# UHNIs from diverse backgrounds are setting up Family Offices

- Family Offices are full-service private wealth management services that serve just one or a small number of ultra-high-net-worth families
- There are 140+ Family Offices catering to Indian UHNIs, 70+ structured and 70+ unstructured Family Offices
- UHNIs are also investing in Indian startup space through their Family Offices

## Indian UHNIs setting up Family Offices



# Traditional businesses pioneered structured wealth management...

1

## Business Leaders

Single Family Offices

Multi Family Offices

 aarin INSPIRED CAPITAL (Manipal group)	 adani	 ADITYA BIRLA GROUP	 ALPHA CAPITAL® SIMPLIFYING YOUR FINANCES	 Artha India Ventures (BSE directors)	 Arun Sarin Family Office (ex-CEO, Vodafone)	 ATG	 BAJAJ	 bharti	 BrightStar Investments Ltd (RK Damani, Dmart)
 Bryanston (Pidilite group)	 BURMAN FAMILY HOLDINGS (Dabur)	 COPIER INVESTMENTS	 CATAMARAN (Narayan Murthy)	 P   CYRUS POONAWALLA GROUP (Serum Institute)	 DEMPO	 Dilip Shanghvi Family Office (Sunpharma)	 DLFA	 FUNDAMENTUM (Nandan Nilekani)	
 Godrej	 Hindustan Unilever	 HAVELLS	 Hero ENTERPRISE	 Hero	 infina (Uday Kotak)	 infoedge	 JSW Ventures	 Lahari Family Office (Lahari Music)	 LODHA
 Mahindra PARTNERS	 Mansukhani Family Office	 MAX VENTURES & INDUSTRIES	 Mistry Ventures (Cyrus Mistry)	 murugappa	 Narotam Sekhsaria Family Office	 NAVANI FAMILY OFFICE	 Ncubate building Businesses Together (SAR Group)	 the nidar group (Hiranandani)	
 Piramal	 Pratithi (Kris G, Infosys)	 PREMIJI INVEST (Wipro)	 RAAY GLOBAL INVESTMENTS (Patni Computers)	 raintree (Camlin group)	 RARE ENTERPRISES Insight   Innovation   Integrity (Rakesh Jhunjhunwala)	 RNT ASSOCIATES (Tata Group)	 Sharp Ventures (Marico)	 TVS	
 SHIV NADAR FOUNDATION	 SUN GROUP (Shiv Khemka)	 Telama Investments Family Office	 transworld GROUP	 Vinnovations (S.D. Shibulal)	 YUKTI				
 ac.ui.tas capital advisors pvt.ltd	 CfNTRUM	 CERVIN FAMILY OFFICE	 Client Associates Private Wealth Management	 CREDESCENCE ALLIANCE OF PROGRESS	 ENTRUST FAMILY OFFICE	 Julius Bär	 WATERFIELD	 wektra Preserving your legacy	 WODEHOUSE

Note(s): All Family Office names are arranged in alphabetical order. In addition to setting up single Family Offices, multiple business leaders manage their wealth through multi-Family Offices that cater to multiple families  
Source: Primary Research

...with the newly wealthy following in their stead

2

Indian Celebrities



**Aishwarya Rai Bachchan\***  
(Actor)



**Akshay Kumar\***  
(Actor)



**Amitabh Bachchan**  
(Actor)



**Arjun Kapoor\***  
(Actor)



**Ayushmann Khurrana\***  
(Actor)



**Hrithik Roshan**  
(Actor)



**John Abraham\***  
(Actor)



**Kapil Dev**  
(Cricketer)



**Deepika Padukone**  
(Actor)



**Virat Kohli**  
(Cricketer)



**Anushka Sharma**  
(Actor)



**Priyanka Chopra Jonas\***  
(Actor)



**A R Rahman**  
(Singer)



**Sonam Kapoor**  
(Actor)



**MS Dhoni**  
(Cricketer)



**Sachin Tendulkar**  
(Cricketer)



**Sukhbir Singh\***  
(Singer)



**Yuvraj Singh**  
(Cricketer)

3

NRIs

**AJ CAPITAL**

**Abhinav Jhunjhunwala**  
(Singapore)

**ICONIQ**

**Divesh Makan**  
(USA)

**LIONROCK CAPITAL**

**Hari Kumar**  
(Singapore)



**THAKRAL**

**Satveer Singh Thakral**  
(Singapore)

**transworld GROUP**

**S. Ramakrishnan**  
(UAE)

**FOUNDATION HOLDINGS**

**Abhishek Sharma**  
(Dubai)

**Khattar Holdings**

**Sat Pal Khattar**  
(Singapore)

**NB VENTURES**

**Neelesh Bhatnagar**  
(UAE)

**SOMA CAPITAL**

**Aneel Ranadive**  
(USA)

**VORA VENTURES**

**Mahendra Vora**  
(USA)

4

Digital Entrepreneurs

**aroa VENTURES**

**Ritesh Aggarwal** (OYO)

**leo capital**

**Rajul Garg** (Pine Labs)



**Sachin Bansal** (Flipkart)

**Sanjay Nayar & Falguni Nayar Family Office**

(Nykaa founder & KKR MD)

**TITAN CAPITAL**

**Kunal Bahl** (Snapdeal)

**U UNILAZER**

**Ronnie Screwvala** (Upgrad)

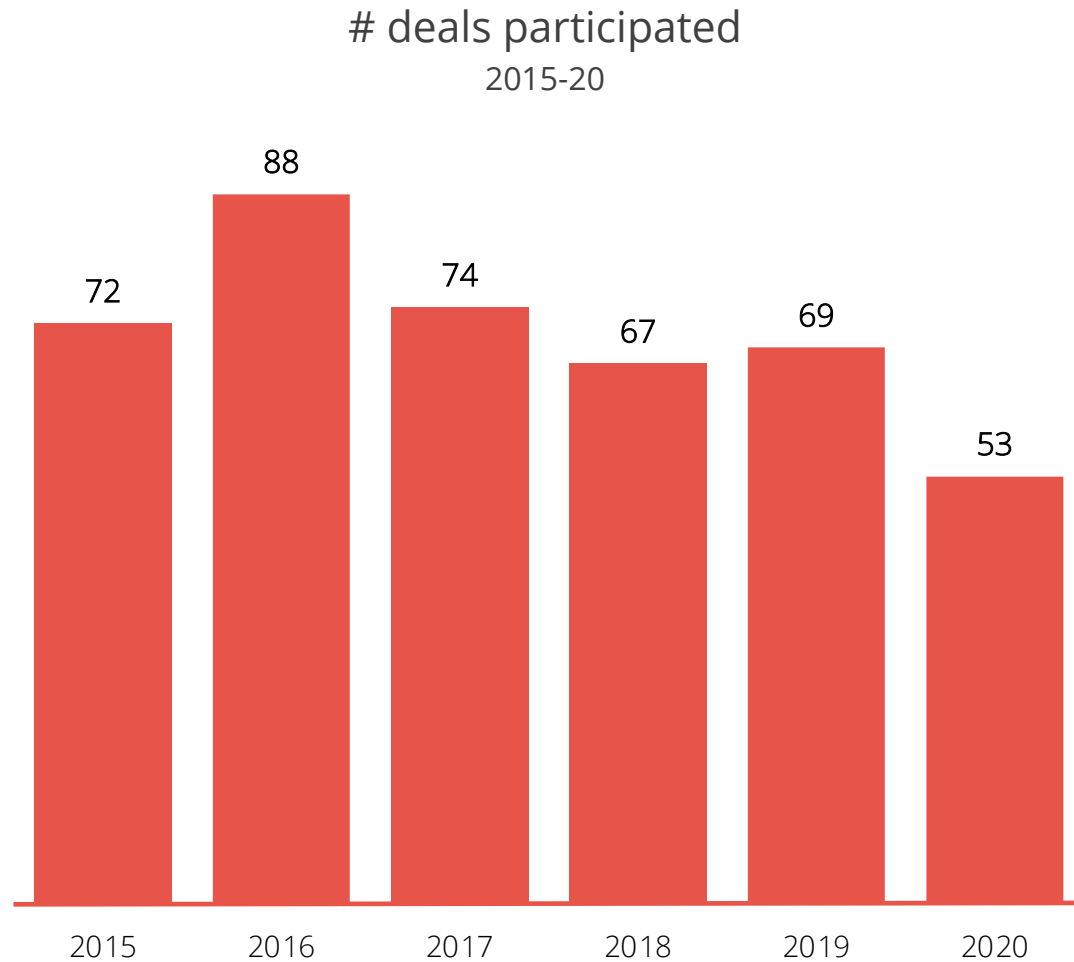
**VSS Holdings & VSS Investco**

**Vijay Shekhar Sharma** (Paytm)

Note(s): \* indicates individuals who have made multiple investments in Indian start-ups but do not have a formal Family Office  
Source: Primary Research





















# Family Offices with mature portfolios have investments in startups aplenty

Family Offices have been participating in 50+ deals yearly



Source(s): Company website, PGA Labs deal database, Praxis analysis

Tech investments made by notable Family Offices in India

Family Office	# invested firms	Portfolio companies
 <b>AARIN</b> INSPIRED CAPITAL	35	 <b>BYJU'S</b> The Learning App  <b>HomeLane.com</b> INTERIORS MADE EASY  <b>Zoomcar</b> Never Stop Living  <b>POCKET ACES</b>  <b>PharmEasy</b>
 <b>CATAMARAN</b>	31	 <b>Cloudtail</b>  <b>Coverfox</b>  <b>paper boat</b> drinks and memories  <b>ACKO</b>  <b>ACHIRA</b>
<b>PREMJI INVEST</b>	30	 <b>icertis</b> Applied Cloud  <b>snapdeal</b>  <b>policybazaar.com</b>  <b>lenskart</b>
 <b>BURMAN</b> FAMILY HOLDINGS	30	 <b>experian.</b>  <b>M3 India</b>  <b>cricket.com</b>  <b>DMI FINANCE</b> Flexible. Fast. Creative  <b>TACO BELL</b>  <b>head</b> digital works  <b>DAILY ROUNDS</b>
<b>Sharrp Ventures</b>	13	 <b>KAPIVA</b> AYURVEDA  <b>THE BEER CAFE</b>  <b>NYKAA.com</b>  <b>mamaearth</b>  <b>policybazaar.com</b>  <b>EIRA</b>

# Early investors in startups have reaped handsome returns

Return multiple



Reliance Industries Market Cap: **US\$ 177B**  
 Jio Platform valuation: **US\$ 67B**  
 Total funding: **US\$ 20B**

Jio is currently valued at almost 38% of RIL market cap



Valuation: **US\$30B\***  
 Total funding: **US\$ 7B**  
 Total investors: **30**



16.7x



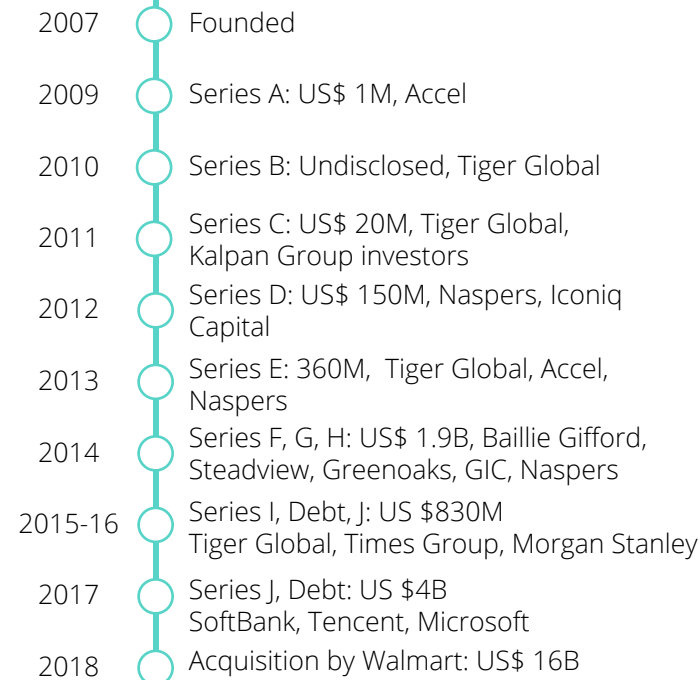
6.6x



6.9x



5x

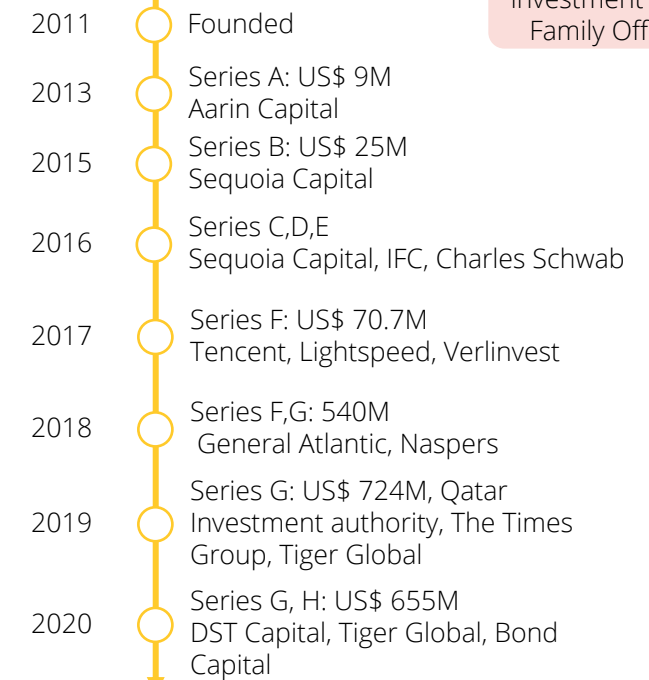


Valuation: **US\$ 15B**  
 Total funding: **US\$ 3.12B**  
 Total investors: **43**



750x

Direct investment by a Family Office



Note(s): jio platform valuation taken according to Google's investment. Industries Market Cap taken as of 25<sup>th</sup> May 2021  
 Source(s): Company website, Tracxn, PGA Labs deal database, New Street Research LLC, \*Market Estimates



T V M O H A N D A S P A I

Chairman  
Aarin Capital



“

Indian capital has not been participating in this opportunity as enthusiastically as its global counterparts. Only a small fraction invested into Indian startups since 2014 came from domestic investors. India does not lack capital – it lacks the institutional attitude to cultivate and incentivise domestic capital. Those investing will benefit from both capital appreciation and the prestige of investing in the growth of the nation itself.

”



**Chetan Mehta**

Chief Strategy & investment Officer,  
Transworld Group

One needs to allocate significant time to generate superior returns from investments.

Start with evaluating VC funds and spread your investments over two to three funds in various themes / sectors. Closely monitor the underlying portfolio companies and develop deeper understanding of the space. Seek co-investment opportunity in the startup you like to directly participate in. Develop a good network with VC / Founder community. Be clear of the exit time frame and the rights one should negotiate for while investing directly into a startup. Double down on your winners from your portfolio. VC/ startup investing can offer superior returns and generate alpha for the overall Family Office portfolio. However, one needs to allocate significant time, understand risk and be patient as one develops a portfolio of VC / startups.

# Transworld Group Family Office



## Brief on Transworld Group Family Office

- Transworld Group Family Office manages funds of Ramakrishnan family, promoters of the Transworld Group
- We manage a global multi-asset portfolio comprising of global equities, fixed income, real estate, and alternative assets (including investment in funds / start-ups)



### Rationale for investing in VC / startups

- Opportunity to stay up to date with latest technologies and disruptive businesses
- Outsized returns relative to other asset classes
- Opportunity to mentor the startups with our experience and strategic inputs



### Attributes in GP / Founder

- Founder's clarity of thought
- Founder has to be relationship driven, demonstrate empathy and ability to do the right thing
- Growth-focused and vision to build a large successful business

## Excerpt from your experience that will benefit other Family Office investors

Family Offices should speak to and get feedback from some of the founders of the portfolio companies and also past investors with the GP in their earlier funds. It is important to evaluate GP's ability to source deals and whether they are preferred by startups to be on their cap table.

**Indian Family Office  
investment landscape**

**Investment thesis  
for venture capital**

**Investing during COVID**

**Navigating investments in VC**



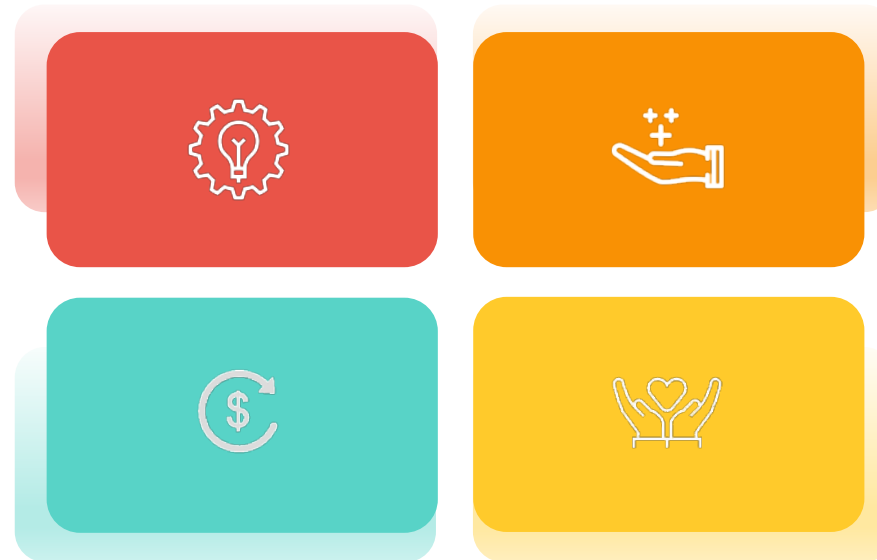
# A comprehensive thesis for venture capital investing

## A. Tech is eating the world

- 1 Tech firms dominate equity markets
- 2 India's tech opportunity is in its private markets
- 3 India's startup ecosystem is booming

## B. High Returns

- 1 Alternatives are the x-factor in portfolio construction
- 2 VC outperforms public markets
- 3 Play at the sweet spot of risk & returns
- 4 Maturing ecosystem has led to more exit avenues and stellar returns



## C. Strategic benefits

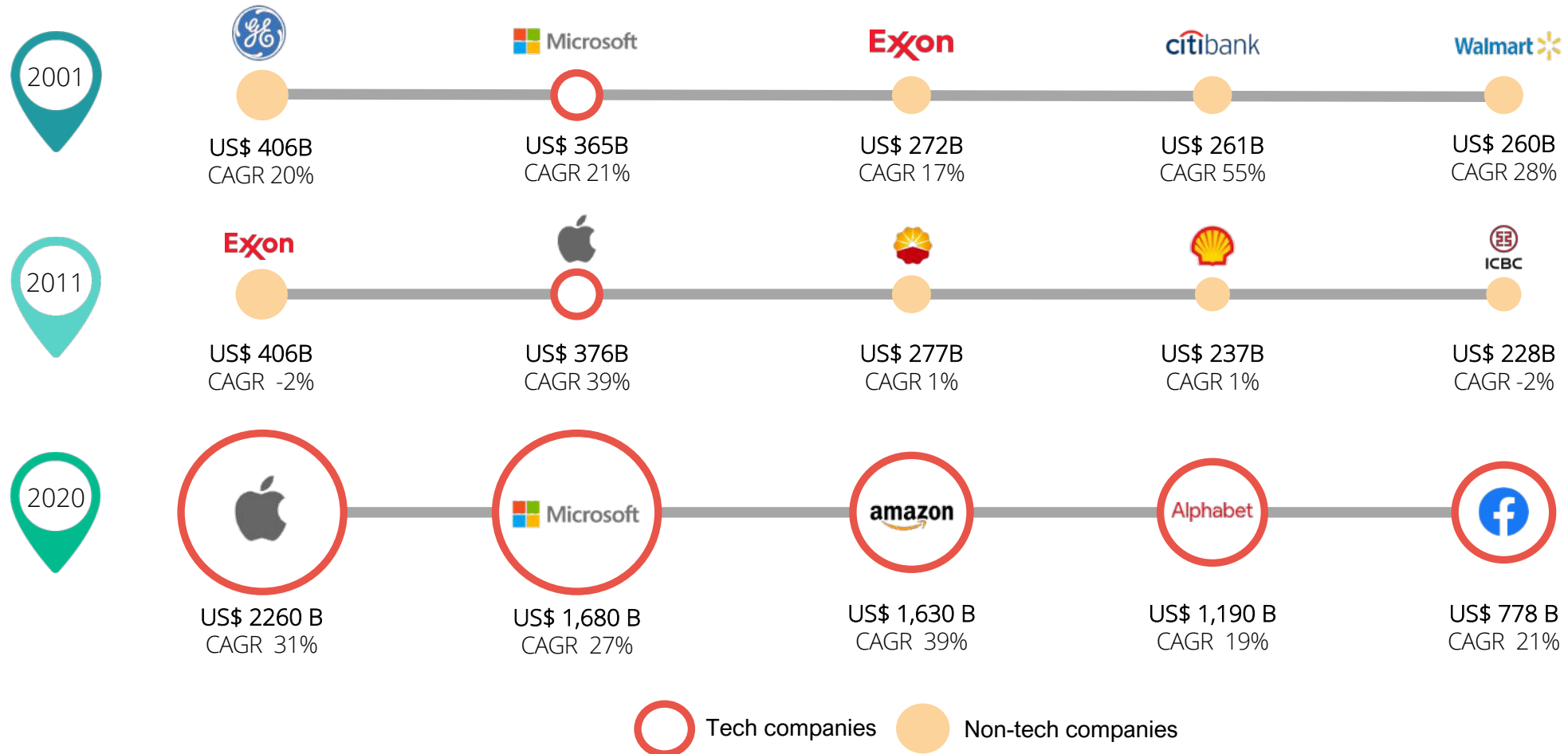
- 1 Opportunities for Family Offices to explore core business adjacencies
- 2 Access to innovation & deep tech
- 3 Access to a digitally empowered workforce
- 4 Digital-first solutions create deeper impact for all stakeholders

## D. Atmanirbhar Bharat

- 1 Retaining tech ROI in India
- 2 Retaining Indian talent in India
- 3 Retaining Indian IP in India

# VC-funded technology companies dominate public markets globally

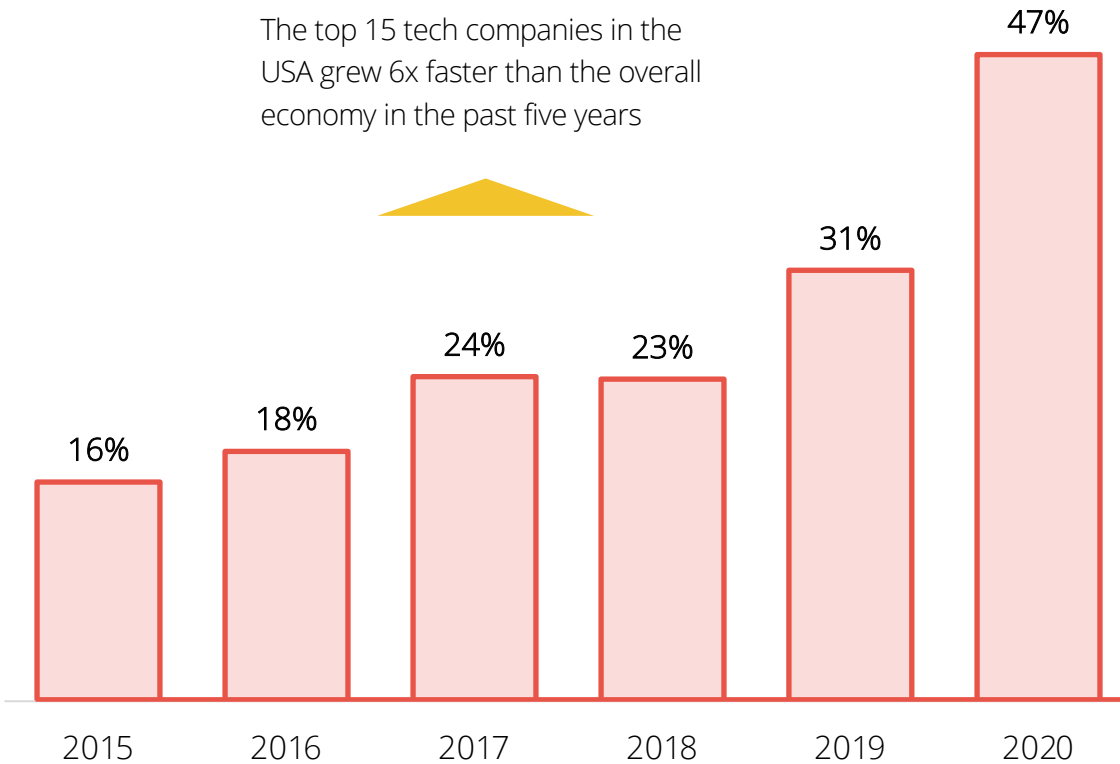
## Top 5 global companies by Market Cap



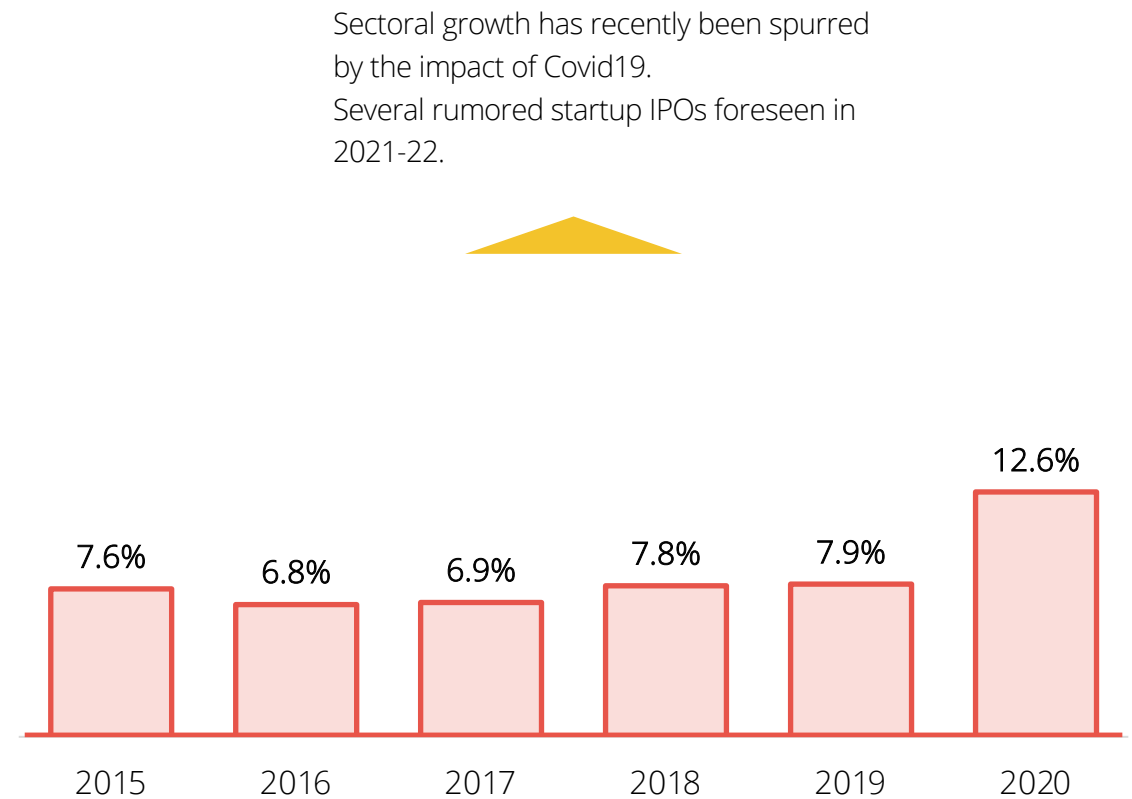
Note(S): Circle sizes represent the market capitalisation for firms, CAGR is calculated for Market Cap for a 5 year period, (Petrochina: 2008-11)  
 Source(s): Pitchbook, Company websites, Kyofin, Macrotrends, Praxis analysis

# India's public markets are yet to see participation from its biggest startups

**Market-cap of top 15 US tech firms as a % of US GDP tripled in the last 5 years**

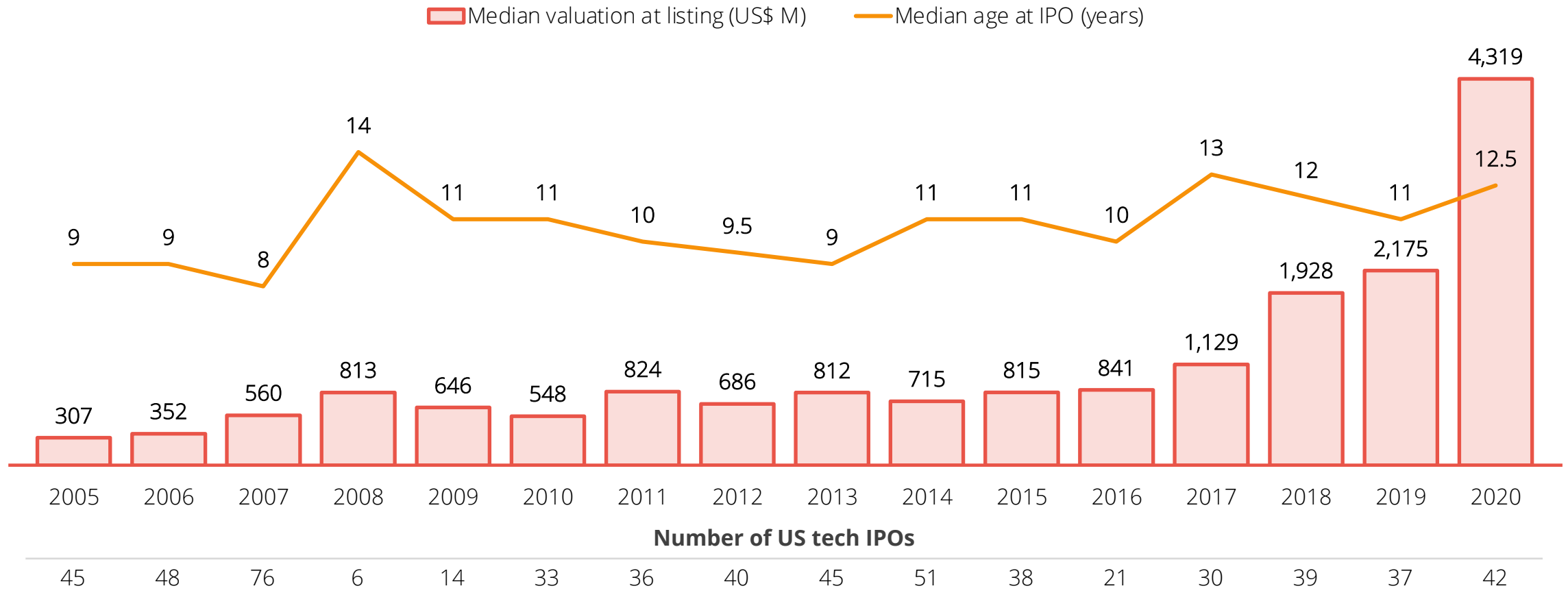


**Market-cap of top 15 publicly listed tech firms as % of India's GDP has barely moved sideways**



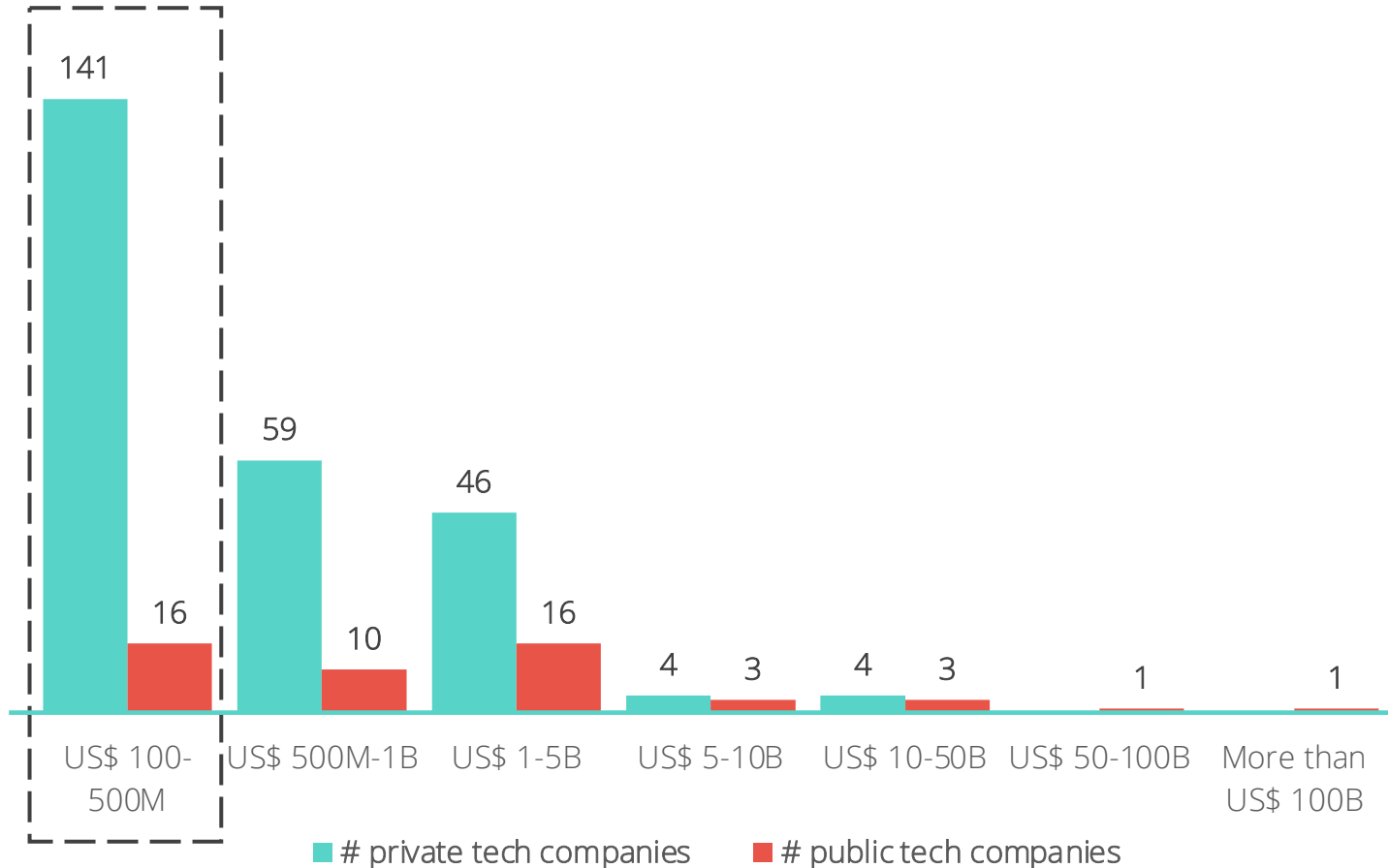
# With startups going public bigger and later...

**US tech IPOs valuation at listing and age at IPO**  
(2005-2020)



...an investor's opportunity to ride India's tech sector growth is largely in the private space

# Public and private tech companies by Market cap / Valuation in India



- 250+ Indian startups with valuations over \$100M have the potential to go public in India
- The Indian private tech market is close to matching the size of its public tech market
- Total market cap of public tech companies as a % of India's GDP is 12.6%, while the valuation of private tech companies is 10.2% of GDP

# Which is why India's private tech landscape is booming

\$70 B

Funding into Indian startups during 2014 - 2020

\$11.4B

Startup funding in 2020 across 792 deals

55K+

Total # of Startups launched in India

56

Indian unicorns as of present, 14 added in 2021 already

150

India will likely be home to 150 unicorns by 2025\*

## A Robust ecosystem of enablers



135+

Unique corporates collaborating with startups funded between 2015-20



300+

Active institutional investors in 2020



520+

Accelerators and incubators as of 2020



47%

Startup unicorns have overseas market



3

Cities among top 10 startup cities in Asia - Pacific, 2020



**Rishabh Mariwala**  
Director, Sharrp Ventures

I am a member of the board at Marico and play a custodial role for the family's interests in Marico which is the substantive part of the family's wealth. However, my personal passion lay in doing something new in the start-up space and creating my own legacy.

Family Office is my journey to create a second pool of wealth, independent of Marico. It is a big responsibility to be the custodian – to preserve and grow multi-generational family wealth. This entails capital allocations (we've chosen 100% equity with a split between public markets, start-up/VC investing and impact investing), portfolio construction to optimise risk and returns, and geographic spread. We are also incubating some fledgeling businesses.

Besides managing investments, I endeavour to institutionalize the functioning of the Family Office keeping its long-term objective in mind.

# Sharrp Ventures (Mariwala Family)



## Brief on Sharrp Ventures

- Family Office of Harsh Mariwala, founder of Marico
- Strong network and access to a wide Marico ecosystem brings the consideration set for startup entrepreneurs



### Expectations from start-up investing

- High returns commensurate with the risk
- Being in touch with latest trends in the business ecosystem

#### From Founders

- Founder's drive to make the business a success
- Ability to lead the team
- Openness to feedback, suggestions, and value-add from investors



### Attributes in GP

- Demonstrated track record
- Common thread in their portfolio
- Feedback from founders of their portfolio
- Grit, resilience and humility

## Excerpt from your experience that will benefit other Family Office investors

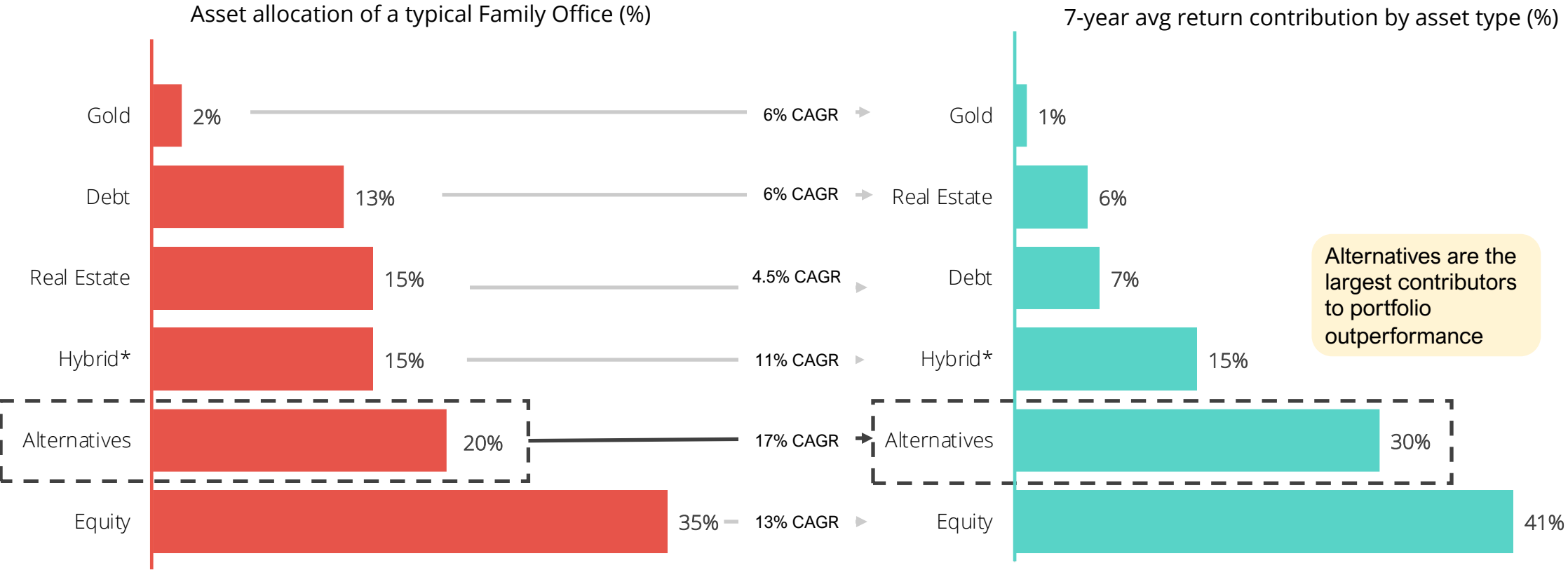
- Invest in subjects you understand: This will give Family Offices a chance to be hands on with their investment, help the entrepreneurs and make a return.

# Allocations in Alternatives (like VCs) generate portfolio outperformance

Typical 7-Year Portfolio Performance: 20% portfolio allocation towards Alternatives (incl. VC) yields 30% of total portfolio returns

Alternatives make ~20% of the portfolio of Indian Family Offices

Alternatives contribute to 30% of returns of a typical portfolio



Source(s): Client Associates estimate based on their client portfolio  
 Hybrid refers to Balanced Funds, which have a blend of public market equity and debt allocations, usually in a 60-40 ratio  
 Long term return expectations are basis historical asset class returns over a rolling 7 year window



# Despite public equities having had an exceptional run...

	Index	Returns (x)	IRR
<b>Indian Indices</b>	S&P CNX Nifty	1.67x	8.22%
	SMLCAP	2.10x	12.11%
	BSE IT	2.27x	13.47%
	BSE TECH	1.87x	10.10%
<b>Global Indices</b>	S&P 500	1.79x	9.41%
	NYSE Composite	1.21x	2.91%
	Russell 2000	1.28x	3.90%
	NASDAQ Composite	2.65x	16.15%

Daily closing prices are considered for a period between Apr 1, 2014 to Sep 30, 2020

## ...top quartile VC Funds in India outperformed\* (FY14-20)

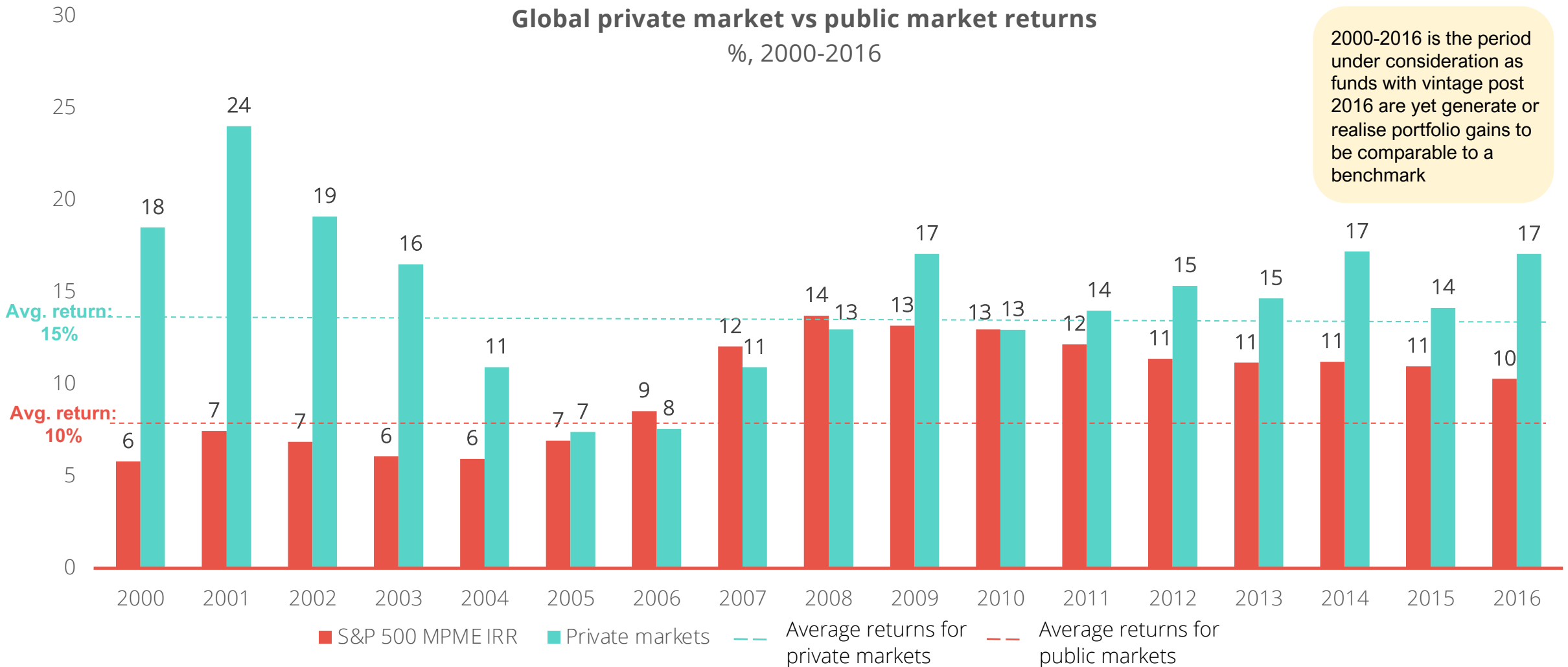
	Index	Returns (x)	IRR
<b>Cat 1 AIF (INR Funds)</b>	Benchmark*	2.06x	11.72%
	Top Quartile	2.51x	18.19%
<b>Cat 1 AIF (USD Funds)</b>	Benchmark*	1.66x	8.09%
	Top Quartile	2.05x	11.68%

Period between Apr 1, 2014 to Sep 30, 2020

“The well performing VC funds beat the public markets consistently over a period of time. The best ones in fact beat the best performing public market indices and those are the ones where you want to park your capital!”

- Sudhir Sethi | Chiratae Ventures

# Due to higher risks, private market investments generate higher returns



Note(s): Data as of June 2020. Pooled returns used to calculate IRRs for private markets, mPME or modified public market equivalent used for public markets.  
Source(s): Cambridge Associates LLP, UBS Family Office report 2019, Praxis analysis

# Investing in Venture Capital allows Family Offices to balance risk & return

	Direct Investment	VC Funds	PE Funds	Public Markets
Returns	<ul style="list-style-type: none"> <li>• High return on successes</li> <li>• No capital protection in the event of failure</li> </ul>	<ul style="list-style-type: none"> <li>• High returns on successes</li> <li>• Seasoned teams improve access to and success of investment picks</li> </ul>	<ul style="list-style-type: none"> <li>• Stable returns through investments at a more mature stage</li> <li>• Seasoned teams improve access to and success of investment picks</li> </ul>	<ul style="list-style-type: none"> <li>• Public markets tend to have lower returns than private markets</li> </ul>
Risks	<ul style="list-style-type: none"> <li>• High risk due to absence of pooled capital</li> <li>• Low probability of success typically means only 1-2 out of 10 investments succeed</li> </ul>	<ul style="list-style-type: none"> <li>• Risk lowered through pooled capital</li> <li>• Strategic capital allocation &amp; staggered deployment</li> <li>• Delinked from public market volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Risk lowered through pooled capital</li> <li>• Lower chances of failure at the late stage</li> <li>• Delinked from public market volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Market volatility impacts all listed companies irrespective of performance</li> </ul>
Cost	<ul style="list-style-type: none"> <li>• Low ticket size in early stage investments</li> <li>• Avoidable: Cost of management team to scout, vet, and invest in the right companies</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple opportunities for investments at different cheque sizes – seed, early, growth, late stage</li> <li>• Fund managers charge fees and a carry on profits</li> </ul>	<ul style="list-style-type: none"> <li>• High ticket size investments</li> <li>• Relatively few PE investment opportunities in India</li> <li>• Fund managers charge fees and a carry on profits</li> </ul>	<ul style="list-style-type: none"> <li>• High flexibility in amount invested</li> <li>• Transparent costs</li> </ul>

Unfavorable ■ ■ ■ Favorable

# Catalysts driving Family Office investments in PE/VC



GOPAL SRINIVASAN

Chairman  
TVS Capital



Significant changes in the AIF landscape have taken place during the past decade:

- Investment advisor certification: Helped reduce mis-selling by advisors
- More transparency in PPM: Better information to investors at the time of investment
- Performance reporting of AIFs: Started in Oct 2020, helps track historical performance. Family Offices can now compare performance of AIFs on basis of vintage. This data is being made available every six months by CRISIL, providing both overall returns and distributions made to investors



## Higher returns

Long-term investments have outperformed listed equities by 5-6% consistently



## Supporting regulations

Supportive AIF regulations like performance benchmarking of AIFs, more transparency in PPM, and information availability to investors, enable Family Offices to make informed bets



## Diversification

Direct deals even in core areas of expertise are riskier. Family Offices are gradually realizing the importance of diversifying their investments in innovation. VCs offer an ideal vehicle



## Better due diligence

Larger VC funds assist in more structured & objective investment decisions along with wider access to deals. Also bring in operational excellence through GPs



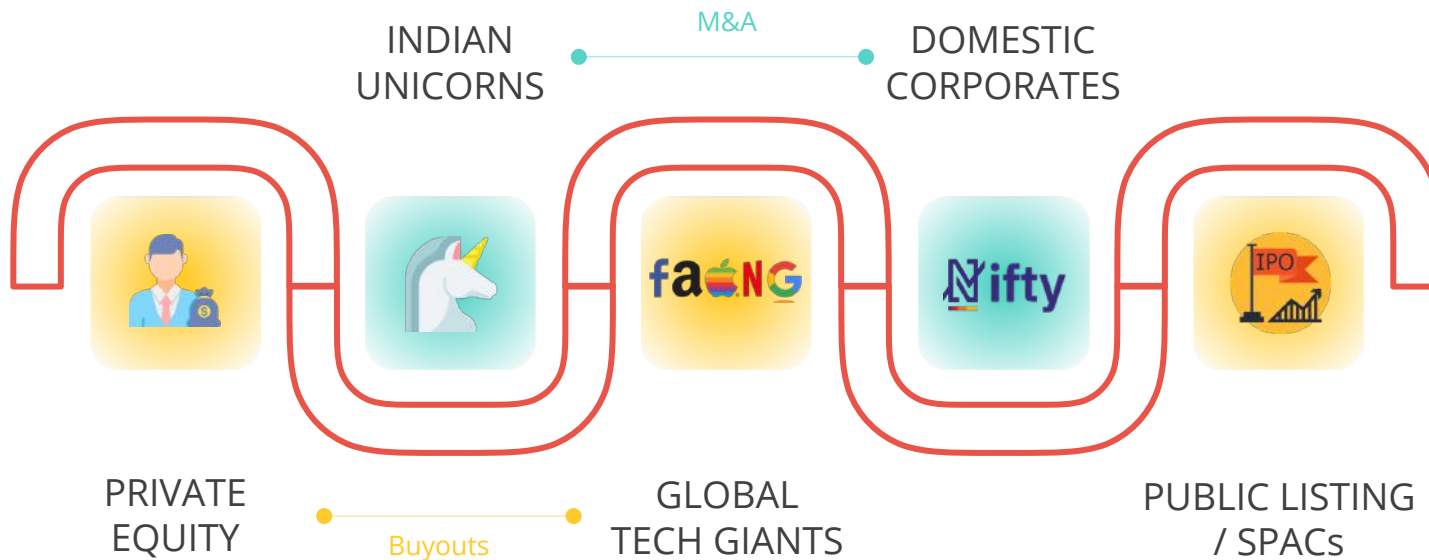
## Access

VC funds provide access to new age digital-first businesses. This deal flow quality is not available in public markets and even through personal networks

# Additionally, liquidity is no longer a constraint

Unicorns have accelerated the pace of inorganic growth, focusing on acquiring for talent, new revenue verticals, or accelerated adoption. Most common in EdTech space.

Strategic growth to maintain dominance in a legacy vertical. Reliance Jio acquired 23 apps to complement its offering.



Buyout of stakes by leading global Growth PE funds. e.g. Boat (Warburg Pincus), Rivigo (Warburg Pincus and SAIF)

Well established global tech giants acquiring local tech to contextualize their offering. Glance (Google), Byju's, and Unacademy (Facebook)

Unicorns born in the previous crisis (2008-09) looking to go public. Flipkart, Grofers, Renew Power, Swiggy, Zomato, PolicyBazaar, among others



GAURAV SACHDEVA

Managing Partner  
JSW Ventures



Over the last decade, Indian startups have seen phenomenal growth in the number and value of investments. However, exits for investors were perceived as a challenge, restricting the evolution of the PE/VC sector to the next level. The acquisition of Flipkart in 2018 by Walmart for \$16Bn altered this notion. SEBI regulations that ease startup listing standards and RBI's move to include start-ups under the Priority Sector Lending (PSL) norms are a step in the right direction. **We expect that a transformational change in the Indian startup landscape is underway, with larger deals and more exits expected in 2021 and onwards, ushering in a golden age for startup-India's journey.**



SUDHIR SETHI

Founder and Chairman  
Chiratae Ventures



“

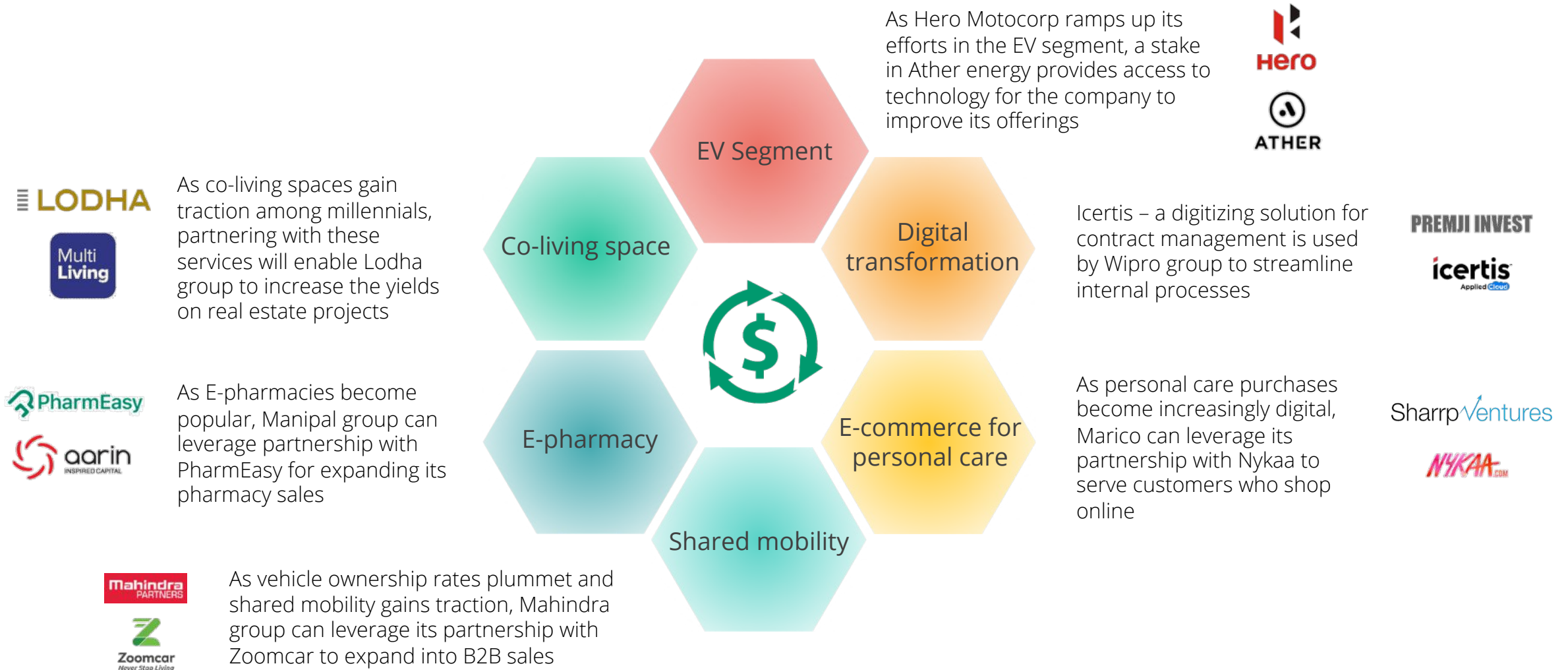
Several Indian PE / VC firms with a track record of 3 to 4 funds at the least have **given consistent returns over the years**. Performances by Indian VC have also beaten Public Market performance.

Technology forms a significant part of the outsized returns thesis from Indian VC firms. Tech firms scale faster, are disruptive, highly differentiated, and build value at a pace never seen before from an Indian enterprise. India VC funded companies like Myntra, Flipkart, Lenskart, PolicyBazaar, FirstCry, Cure.fit, Uniphore, Newgen, Crop-In amongst others are shining examples and a precursor of what is to come. Today companies in the space of AI, Robotics, ML, NLP, Data Sciences, AR / VR are a norm and not an exception giving **strong tailwinds to Tech VC investing from India**. Venture investing is all about technology, new business models, new revenue models, new products, new services, agility, rapidly growing tech companies within India and globally.

Globally, it is observed that the best performing funds build up their base of repeat LPs during their early years of development (which is in their third to sixth fund) and by the 7th or 8th funds, they start rationing the space available to new investors since PE/VC funds typically raise similar sized funds every three to four years. Investors looking to get access to the best performing funds once they get to this stage may find it hard to enter due to lack of space. **India is today in the best position to offer Family Offices the ability to identify and build relationships with GPs. India PE / VC offers a proven platform for Indian Investors to diversify and target consistent outsized returns.**

”

# Opportunities for Family Offices to explore core business adjacencies







**Rajan Navani**  
VC & MD, Jetline Group

We eventually acquire the businesses that we invest in, enabling us to expand into new age businesses.

Our Family Office investments were made around a strategy to be able to build future operational businesses that could transcend generations by themselves. By eventually acquiring businesses invested through the Family Office in India and building operational expertise for new age businesses, the group now has operational consumer and enterprise businesses across new age digital entertainment, gaming and e-sports, interest based digital communities in cricket, mindfulness, jobs, amongst others. **The Family Office has also increased its capital allocation to VC both directly and through funds, thereby setting up a mechanism to not only be a beneficiary of the new age disruptive world but also to play a key role in creating and shaping it.**

# Navani Family Office



## Brief on Navani Family Office

- Navani SFO is the investment arm of Jetline Group
- Balancing equal buckets of equity, real-estate and liquid investments, has provided the Family Office long term sustainable growth history



### Rationale for investing in VC / startups

#### Transform to a future ready Family Office:

The Family Office is making direct minority equity and VC/PE fund investments with a strategic viewpoint to help the family eventually set up long term owned and managed operational businesses



### Attributes in GP / Founder

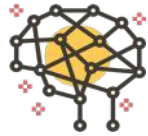
Critical considerations to green-lighting a GP/founder investment:

- Past track record
- Transparency
- Clarity of vision supported by the right plan
- Execution team

## Excerpt from your experience that will benefit other Family Office investors

We like GPs and founders who are aligned to the thought process to help build an economically strong India. We believe the overall value derived from a network of Indian Family Offices, built on common principles and shared values, is immense.

# Digital first solutions are establishing India as a deep-tech hub



**950+** AI startups



**480+** IOT startups



**80+** AR/VR startups



**30+** Robotics startups

**glance**

Personalises content on smartphone lock screens



IoT based wearable healthcare monitoring device



AR based ed-tech player for kids



Robot enabled logistics solutions

**kaleidofin**

Personalised financial solutions company



Contactless health tracker and at-home step-down ICU



VR powered entertainment



Service robots for banks, malls, events



Shiv Vikram Khemka  
Vice Chairman, SUN Group

We believe in co-investing with investors who can add value to portfolio companies

We are generalist investors and always co-invest with investors who have deep domain knowledge and experience in the relevant sector. In this context we utilize our global networks to select best in class investment teams with whom we can align our interests by adding value to the investment opportunity in terms of geographical reach, scaling opportunities and access to customers and new markets. We also work with other global Family Offices to create and participate in consortia to add value to the funds or companies where we invest.

# SUN Group Family Office



## Brief on SUN Group Family Holdings

- SUN Group Family Office is the investment arm of the SUN Group
- We are a diversified, global investment office that has over 25 years of international experience including private equity and venture capital



### Rationale for investing in VC / startups

Getting a head-start in Technology innovation, including the **4th Industrial Revolution, AI, IoT, Biotechnology and Blockchain**, which will redefine the economic landscape over the next 20 years.



### Attributes in GP / Founder

- We look for driven founders who see themselves as responsible to wider stakeholders (society government, environment)
- Ethics and integrity
- Deep domain knowledge of the business and passion for the idea
- Ability to build a team
- Reputation and existing network

## Excerpt from your experience that will benefit other Family Office investors

The Family Office philosophy is to be a value added investor in any investee company. The investment office normally requires a board seat and works with the founder and the team as real partners to help the business grow and develop.

# Tech solutions are digitally-upskilling millions of employees



Delivery fleet  
Zomato and Swiggy employ over 300K-500K delivery executives between them



OlaCabs  
Generating livelihoods for 1.5M drivers across 250 cities



Meesho has enabled 10 million entrepreneurs, mostly women, to create their own professional identity and grow their businesses



Bringing jobs beyond metro cities: 150+ funded start-ups, are based out of emerging start-up hubs like Ahmedabad, Jaipur, Kolkata



**Rakesh Malhotra**  
Founder, SAR Group

Investing in VC helps corporates incorporate agility in their own culture.

We view VCs as an opportunity to contribute back to the start-up ecosystem by helping founders with – team, network, soft landing, and resources (capital being one of them), which improves the possibility of a successful venture.

At the same time, the agility and pace at which decisions are taken and experimentation is being done by these start-ups helps corporates to get a flavour of pace and incorporate that in their culture to get the necessary impetus. It's a chain reaction.

The new age start-ups and founders help in refining the digital / technology enabled path for these traditional businesses.

It's a complementary skill set -> **Family Offices help start-ups with knowledge of business and these new age start-ups enable traditional businesses build digital /tech business around that knowledge.**

# Ncubate Capital (SAR Group)



## Brief on SAR Group

- Founders of Luminous, an energy storage and electrical venture
- Post exit from Luminous in 2012, formed Ncubate Capital, the venture capital arm of SAR Group



### Past Investments

- **Sector focus:** Cleantech, B2B E commerce, Fintech, Cloud kitchen, Industrial IOT and E mobility
- **Direct investments:** Invested in 14 businesses, had 2 successful exits and one venture has gone through a follow-on round
- **Passive investments:** Close to US\$ 25M has been deployed through VC funds



### Attributes for Investment Decisions

- For Passive investments:**
- Team vintage and corporate governance
  - Sector focus and past performance
- For Direct investment:**
- Background of founders
  - Team bonding
  - Problem statement and addressable market

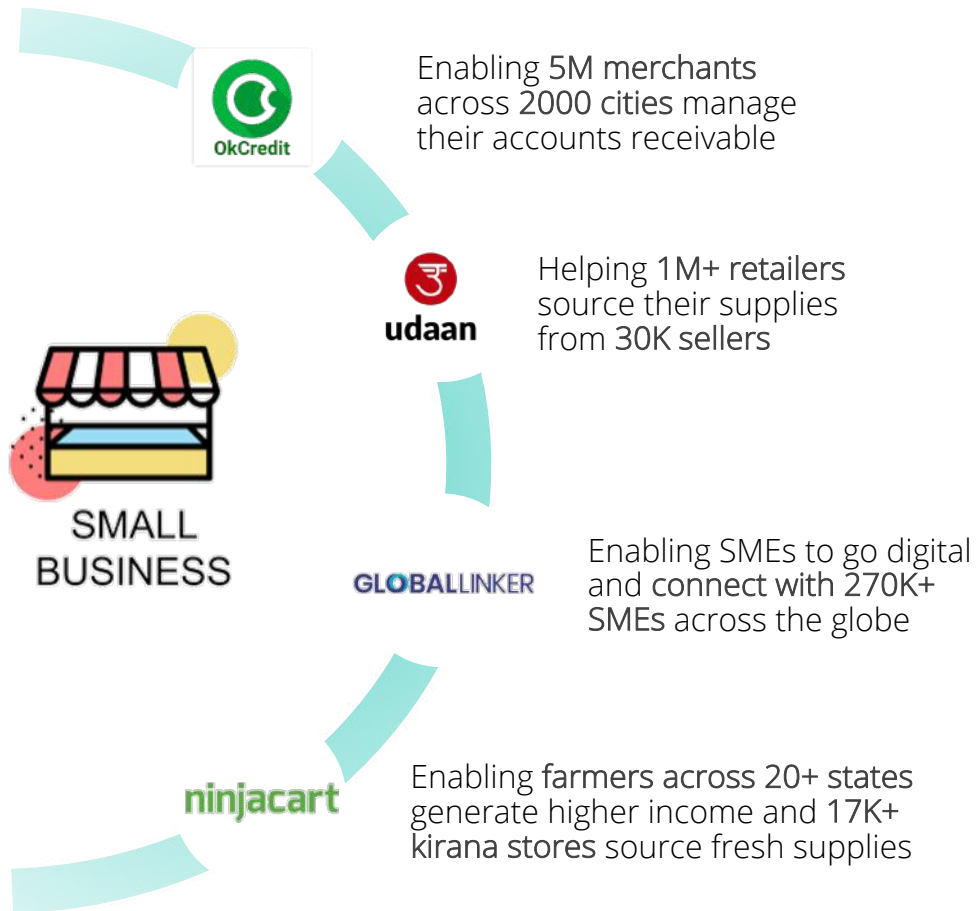
## Excerpt from your experience that will benefit other Family Office investors

Family Offices can take their learnings from start-ups to refine their digital and technology journey in operating businesses.

# Digital-first solutions create deeper impact across different stakeholders

Start-ups empowering small Indian businesses to serve their customers better

Start-ups bringing tier-II cities, low income households, rural households, and oppressed castes, the benefit of technology



**ShareChat**

**Going vernacular:**

ShareChat supports conversations in Indian vernacular languages. It has 60M users, most of whom are from smaller towns

**GENROBOTICS**

**Fighting casteism:**

Genrobotics has developed Bandicoot, a sewage cleaning bot. By automating sewage disposal, it is helping end manual scavenging

**STOREKING**

**Building the rural retail eco-system:**

StoreKing assists 1.5M rural consumers daily in shopping Pan-India

**BYJU'S**  
The Learning App

**unacademy**

**Quality grassroots education:**

70% of the 300M active edtech users are from tier-II Indian cities

# Atmanirbhar Bharat opportunity: Retaining tech ROI in India



SIDDARTH PAI

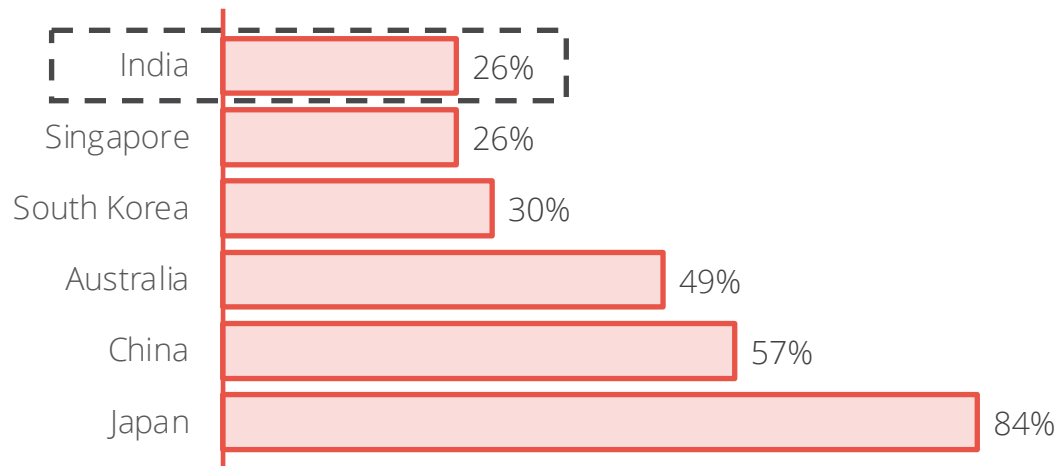
Founding Partner  
3one4 Capital



Indians have emerged as the intellectual powerhouse of the world, with 30% of the Fortune 500 companies having Indian CEOs and a third of all new founders in Silicon Valley being Indian or of Indian origin. But the intellectual capital of India is underserved by its economic capital as Indian investors shy away from Indian startups. Yet India has emerged as the third largest startup ecosystem in the world in terms of startups, funding and exits, behind only the US and China – despite the lack of domestic capital participation. India's rise to become a startup and digital powerhouse is not a possibility, but an inevitability. The only question that remains is the role that Indian capital will play in this once-in-a-lifetime revolution.

India's domestic investment contribution to start-ups is 26%

Domestic investment in startups as a ratio of total funding  
(in %, 2019)

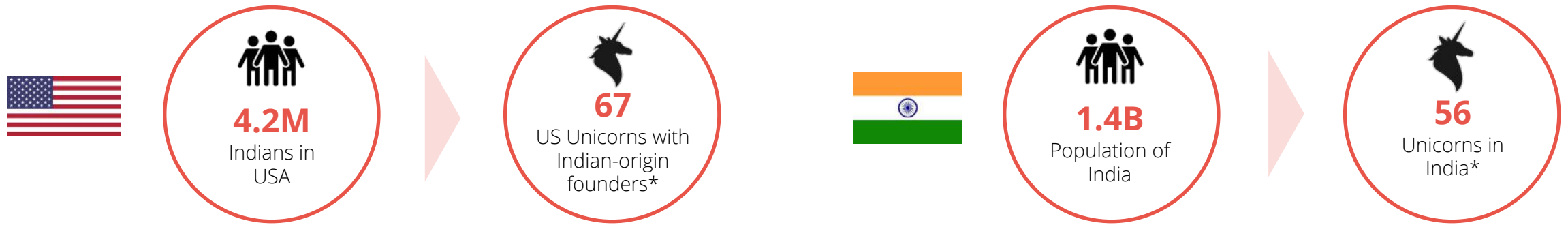


Source(s): Tracxn, Preqin database, Secondary research, Praxis analysis

Global funds have major stakes in Indian start-ups

Fund	Country	Stakes in Indian unicorns
<b>SEQUOIA</b> 企		<ul style="list-style-type: none"> <li>12.4% in Byju's</li> <li>8.3% in OYO</li> <li>6.9% in Zomato</li> </ul>
SoftBank		<ul style="list-style-type: none"> <li>48% in OYO</li> <li>33.5% in Snapdeal</li> <li>19.6% in Paytm</li> </ul>
<b>TIGERGLOBAL</b>		<ul style="list-style-type: none"> <li>11.6% in Ola</li> <li>5.4% in Zomato</li> <li>1.3% in Byju's</li> </ul>
<b>Tencent</b> 腾讯		<ul style="list-style-type: none"> <li>9.1% in Ola</li> <li>5.6% in Swiggy</li> </ul>
<b>Alibaba Group</b>		<ul style="list-style-type: none"> <li>29.3% in BigBasket</li> <li>3% in Snapdeal</li> </ul>

# Atmanirbhar Bharat opportunity: Retaining Indian talent in India



## Notable US startups with Indian origin founders





# Atmanirbhar Bharat opportunity: Retaining Indian IP in India



SANDEEP SINGHAL

Managing Director  
Nexus Venture Partners



There are two factors that will result in Indian IP being retained in India – the first is corporates and government encouraging procurement from local start-ups and paying a fair price for their IP, and the second is having Indian investors fund these start-ups. Although there is a lot to be done, I see positive trends on both fronts. Companies domiciled in India with significant IP in our portfolio such as Delhivery, Pando, Sedemac, and Unacademy have benefited from these trends. Public listing of some of the late stage start-ups on the Indian markets in 2021/22 will provide a big impetus as well.

## Indian startups incorporated outside India

## Indian IP filed in other countries

**druva**

US

**capillary**

Singapore

**Zip Dial**

Singapore

**1,338**

Patents filed by India domiciled companies in the US in 2018-19

**Flipkart**

Singapore

**inMOBI**

Singapore

**practo**

Singapore

**29**

Patents filed by Inmobi in Singapore

**GROFERS**

Singapore

**milaap**

Singapore

**MEDIALINK<sup>^</sup>**  
BY ASCENTIAL

Singapore

**14**

Patents filed by Affle India in Singapore and USA

Indian Family Office investment landscape



Investment thesis for venture capital



Investing during COVID



Navigating investments in VC



# Covid-19 has amplified use of tech and strengthened startups' economics

Covid19 has accelerated the rate of adoption of technology across the economy. **The obvious gainers are sectors like EdTech, gaming and digital media where usage levels have grown dramatically.** For example, BYJU'S, had approx. 45M free users in the first 4.5 years since the launch of its app in Aug 2015 and just in the last 6 months has added another 29M users to the platform. D2C brands like MamaEarth and Wakefit have shown strong growth with good economics during this period as more people moved to online shopping and customer acquisition costs softened.

The companies that have come out stronger through this period have been those that have been able to **reorient their efforts towards more technology led market access while focusing on efficiency in their operations to ensure strong unit economics while they scale.**

The startup community was hit hard when the lockdown started, as most companies were forced to radically transform their operations overnight. In the months that followed, we have seen incredible resilience and innovative muscle displayed by companies. The halting of traditional ways of doing business meant that technology adoption in several sectors picked up rapidly – D2C brands, e-commerce/B2B marketplaces, EdTech, and AgriTech to name a few.

In the post Covid world, we expect tech startups will continue to scale as users become accustomed to newer ways of working. **The pandemic has also taught us the importance of having fast growth backed by robust unit economics. The successful companies of tomorrow will be those that focus not just on driving growth but also on functioning in a lean and efficient manner.**

**An unintended positive consequence of the pandemic has been the acceleration of digitalization for enterprises as well as individuals.** This has led to innovation and growth in segments and sectors that were earlier slow to digitize, such as MSMEs and the informal sector, and education and healthcare. This also fueled further growth in digital payments and financial services and D2C brand models. Digitalization in large enterprises led to increased demand for supply chain enablers, HR Tech, and enterprise software.

**Lockdown increased focus on fundamental unit economics of business models.** It underscored the importance of adaptability - founders who were able to bring costs down drastically during the initial days of the lockdown (AMJ '20 quarter) were able to conserve cash and redeploy resources to grow faster.

RAVISHANKAR GV

Managing Director  
Sequoia Capital

SEQUOIA 



PRASHANTH PRAKASH

Partner  
Accel

Accel



ANJALI BANSAL

Founder  
Avaana Capital

AVAANA 



# Tech enabled businesses outperformed traditional businesses

1



## E-grocery platforms

Gained traction as social distancing requirements made shopping from stores difficult



84% growth in customer base during COVID times

Retention rates of 50% against 30-45% earlier

vs



INR 7,000 Cr loss of revenue during COVID leading to sale of business to Reliance

2



## OTT platforms

Large and growing internet population in Tier-II and smaller cities consuming vernacular content



16M people created accounts in Q1 2020 - almost double the new signups seen in Q4 2019

vs



INR 184 Cr loss of revenue in Q2 2020 against 48 Cr profit in same quarter last year

3



## Edtech platforms

Increased engagement as students become comfortable with online learning as traditional options become unavailable



30% Increase in time spent on EdTech apps in Q2 2020

Average time spent on BYJU'S platform increased from 70 to 91 mins during Covid

vs



2000 students were staying in Kota for offline coaching during covid; pre-covid this number ran in few lakhs

# Tech enabled businesses outperformed traditional businesses

4



## E-newspaper platforms

Gained users from traditional print media as readers avoided physical contact



15% growth in the number of users during H1 2020



INR 4000 crore in losses reported in the newspaper industry within two months of the onset of COVID lockdown

5



## Beauty e-commerce platforms

Seeing higher sales as consumers become comfortable shopping for their personal care requirements online

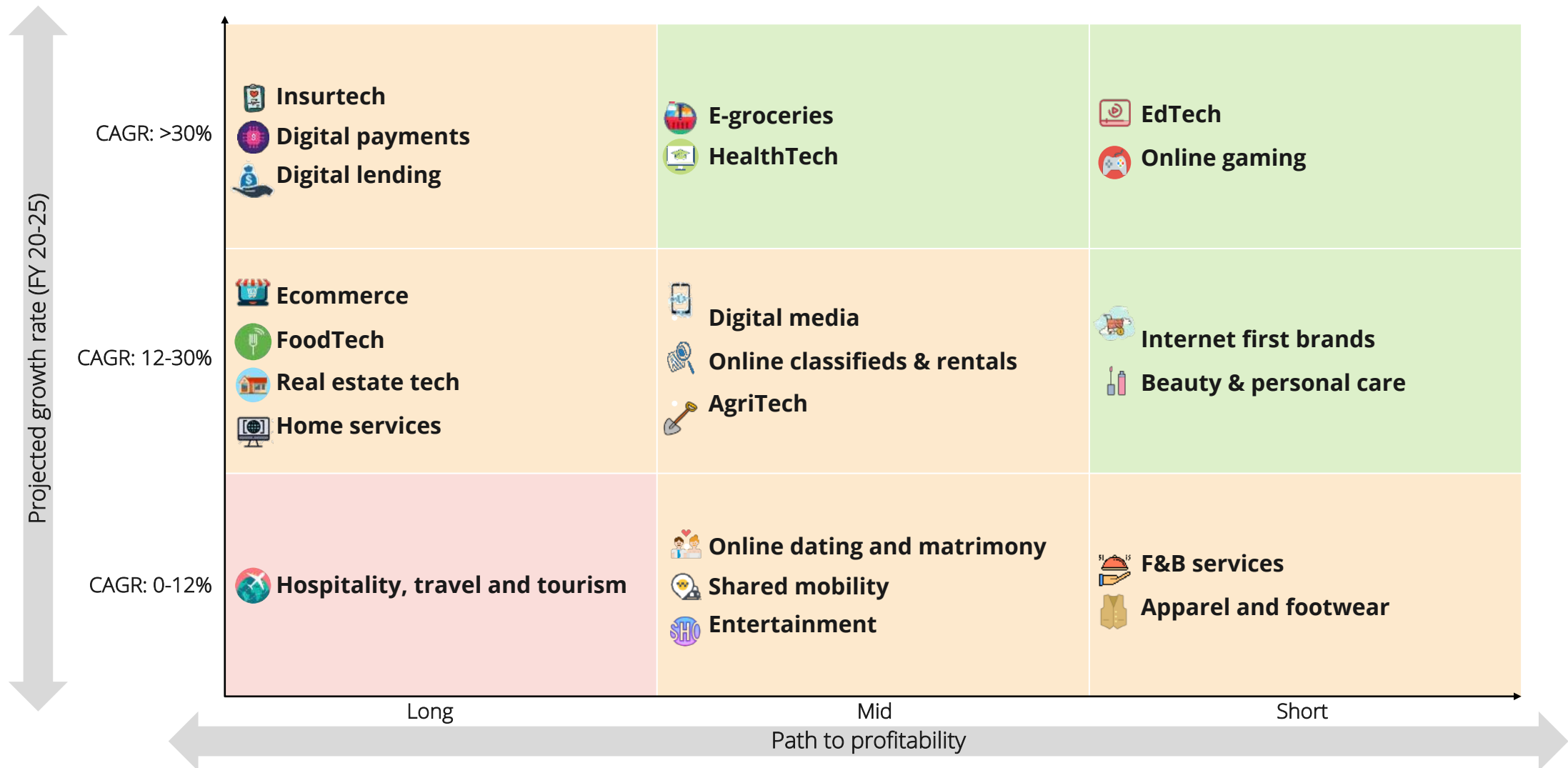


Revenue is expected to increase to US\$ 100M in FY21 from US\$50M in FY20



12% lower sales in H1 2020 vs H1 2019

# Biggest winners: EdTech, Online Gaming, E-Groceries, and Health-Tech





TV Mohandas Pai  
Chairman, Aarin Capital

India is home to 56 unicorns cumulatively worth over \$150Bn, with 14 new unicorns in 2021 alone. **The time to question Indian startups is over — they are here to stay, grow, and take over.**

Seed-stage funding picked good momentum in 2020 which is a cue on realities – societal changes are harbingers to business changes. No other country offers an open market of one-billion people online that are ready to experience everything the Internet has to offer.

Post-Covid, the nation's economic recovery and subsequent growth will be levers of opportunity for technology first solutions.

# Aarin Capital (Manipal Group)



## Brief on Aarin Capital

- Aarin is a proprietary investment partnership founded by Mohandas Pai and Dr. Ranjan Pai (Manipal Group)
- We invest in technology intensive businesses in life-sciences & healthcare, education and other potentially large India-centric or India-first market opportunities



### Rationale for investing in VC / startups

In India, we have the unique opportunity to **address fundamental problems using tech-native strategies.** Startups and venture capital have already brought together India's finest young talent to unrelentingly solve these large problems and create immense value through innovation. To invest in these new value drivers is to believe in the future of the country.



### Attributes in GP / Founder

We assess the GP's track record, experience in tech/operations, **the uniqueness of their approach in cultivating deal flow, their ability to activate a wide investor network, their contribution to their strategies** (skin in the game), and their capacity to persevere over decade-long investment cycles.

## Excerpt from your experience that will benefit other Family Office investors

Our investment in Byju's, the largest edtech unicorn in the world, has demonstrated that India has the talent, market opportunities, and capital backing required to build global category leaders. We have no doubts that India can support the growth of hyper-value creators and that there are dozens of fantastic founding teams every year that build on generational ideas.

# Edtech: Indian edtechs fundamentally altered education delivery in India and are expanding globally



Market size (FY20)  
~US\$ 80B



Growth rate (FY20-24)  
50-55%



Funding (2020)  
~US\$ 2.2B

	Supplementary education & tutoring	Test preparation	Out of school / extra-curricular	Certification & training platforms	Digital education tools and enablers
Players					
COVID-19 impact	<ul style="list-style-type: none"> <li>• School closures → <b>increase in user adoption</b></li> <li>• <b>Partnerships with schools</b> → higher B2B growth</li> <li>• Market leaders to benefit the most → <b>trust + content variety</b></li> <li>• <b>Limited online schooling hours</b> → increased user engagement time</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Physical to digital shift with more preparation times due to exam delays</b> → increased customer acquisition</li> <li>• High stakes → <b>content quality key USP</b></li> <li>• Focus on <b>vernacular modules</b></li> </ul>	<ul style="list-style-type: none"> <li>• Nascent stage</li> <li>• Increased emphasis on STEM in <b>National Education Policy to enable growth</b></li> <li>• Competition for student's time → <b>Surge in adoption to continue</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Job uncertainty + time availability</b> → increased demand for <b>upskilling</b></li> <li>• More <b>organic reach, referrals, repeat usage</b> → lower CAC</li> <li>• <b>Increase in # customers over a long period</b></li> </ul>	<ul style="list-style-type: none"> <li>• Acute need for online enablers to tackle digital learning due to <b>shutting down of physical facilities</b></li> <li>• Online enablers to remain important post Covid due to <b>behavioral changes in users</b></li> </ul>



# Health-tech: Growing need for deeper healthcare infrastructure and increasing customer focus on wellness



Market size (FY20)  
~US\$ 1.6B



Growth rate (FY20-24)  
30-40%



Funding (2020)  
~US\$ 410M

	E-pharmacy	Telemedicine & scheduling	Diagnostics and care	Health and fitness
Players				
COVID-19 impact	<ul style="list-style-type: none"> <li>• <b>Continued operations</b> amidst lockdowns</li> <li>• <b>Fear</b> → panic buying + PPE demand</li> <li>• <b>Strengthening supply chain</b> → increased hiring</li> <li>• <b>8.8M</b> were using e-pharmacy services during lockdown, <b>2.5x</b> growth from pre-COVID levels</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fear of getting infected in hospitals</b> → People started using telemedicine apps to avoid hospital trips</li> <li>• <b>500%</b> increase in online doctor consultations in May 2020 from March 2020, with <b>80%</b> users experiencing it for the first time</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand for <b>at-home</b> service both for <b>mandatory Covid testing for travel</b> and other outpatient diagnostics</li> <li>• New offerings → faster <b>testing &amp; approvals</b> for essential services</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fear of illness</b> → better health management</li> <li>• <b>Change in business models</b> → Curefit shifted focus from outdoor to indoor fitness, started monetizing free content</li> <li>• <b>Customer interest</b> → Consumers started taking their health more seriously</li> </ul>

# E-groceries: User convenience aggregating supply and verticalized brands meeting increasing quality and variety demands



Market size (FY20)  
~US\$ 3.2B



Growth rate (FY20-24)  
40-50%



Funding (2020)  
~US\$ 415M

	B2C - Horizontals	B2C - Verticals	B2B
Players			
COVID-19 impact	<ul style="list-style-type: none"> <li>Focus on <b>procurement of essential SKUs</b> in the initial times</li> <li><b>Accessibility</b> and <b>convenience</b> for the consumers in early days → <b>increased time slots for deliveries</b></li> <li>Surge in demand → <b>high digital adoption</b></li> </ul>	<ul style="list-style-type: none"> <li>Surge in demand → <b>high digital adoption</b></li> <li>Ensure seamless operations → <b>hiring of delivery partners</b></li> <li>Partnerships → strengthen <b>supply chain operations</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Surge in demand</b> → higher ticket value purchases by kirana shops</li> <li><b>Expansion</b> of services <b>across regions</b> to increase coverage</li> <li>Focus on <b>procurement</b> of goods → <b>more alliances with sellers</b></li> <li>Increase in # <b>tie-ups with local kiranas</b></li> </ul>



# Online Gaming: Social distancing and outdoor lockdowns transitioning communities and sporting to the digital realm



Market size (FY20)  
~US\$ 1.6B



Growth rate (FY20-24)  
30-35%



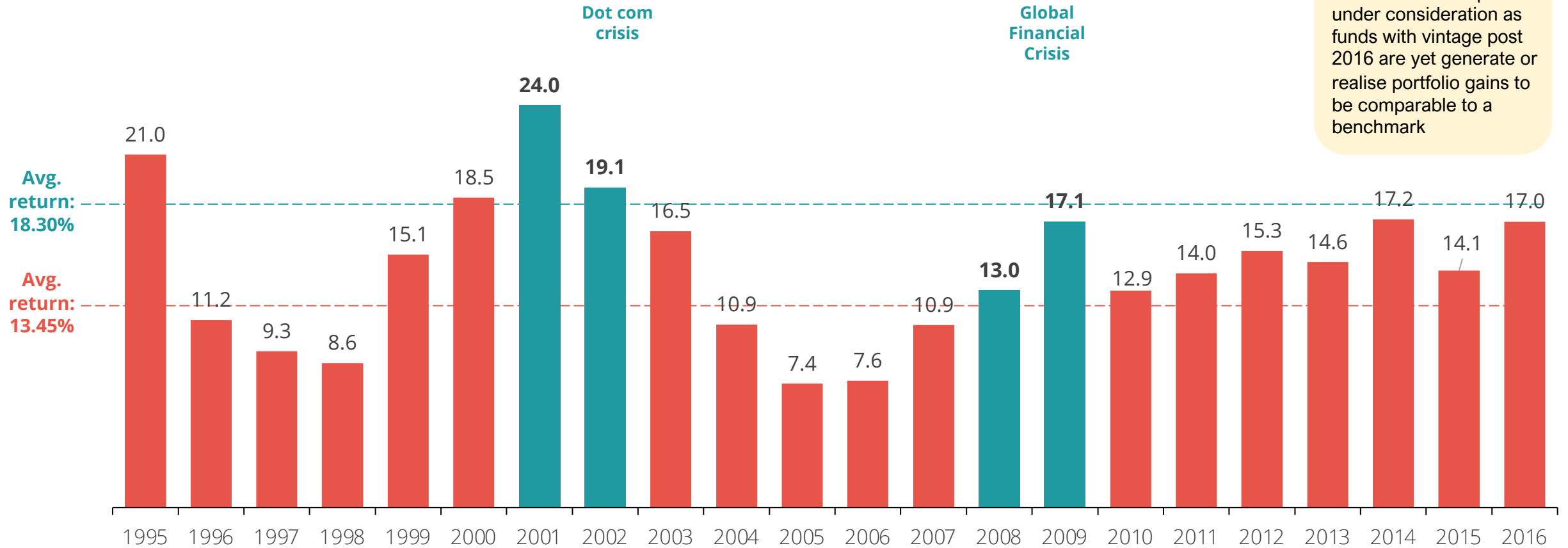
Funding (2020)  
~US\$ 400M

	Real money games - Fantasy sports	Real money games - Others	Casual games	E-sports & Streaming
Players				
COVID-19 impact	<ul style="list-style-type: none"> <li>• <b>Getting back on track</b> → Sporting activities were cancelled during COVID, but traction is building fast as sporting events (cricket) resume under bubbles</li> <li>• <b>Pivotal role in fan engagement</b> when stadiums remain in full/partial lockdown</li> </ul>	<ul style="list-style-type: none"> <li>• More time available → higher participation → <b>more organic downloads</b></li> <li>• Focus on <b>user engagement and retention</b> → a wider product offering for varying consumer tastes</li> </ul>	<ul style="list-style-type: none"> <li>• Social distancing → <b>adoption of social games</b></li> <li>• User growth was slightly softened by <b>lower ad revenues</b></li> <li>• Introduction of <b>new games</b> to cater to increased demand</li> </ul>	<ul style="list-style-type: none"> <li>• Disruption of outdoor sports → <b>increase in e-sports viewership</b></li> <li>• Social distancing → <b>shift from physical to virtual events</b> and competitions</li> <li>• Time spent by each user <b>increased by 21%</b> to 191 minutes</li> </ul>

# VC Funds raised during periods of economic crises have higher returns

## Net IRR to LPs by vintage year

%, 1995 - 2016














2000-2016 is the period under consideration as funds with vintage post 2016 are yet generate or realise portfolio gains to be comparable to a benchmark










Note(s): IRRs are net of fees, expenses and carried interest, Pooled IRRs have been calculated based on data compiled from 2,024 private equity funds, including fully liquidated partnerships, formed between 1994 and 2016; funds post 2016 have largely not generated exits yet and hence have not been included. Data as of 30 June 2020. Source(s): Cambridge Associates

# Tech giants were born during economic downturns

## India based start-ups born during the Global Financial Crisis

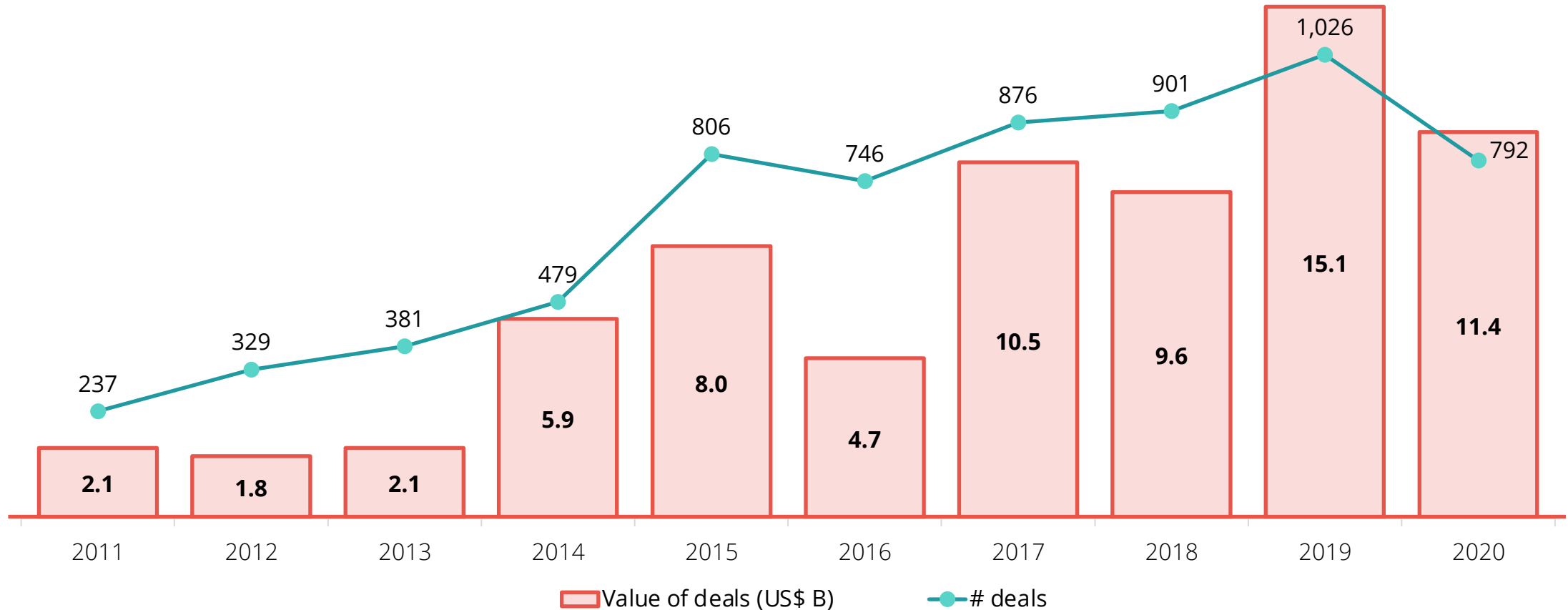
Start-up	Founded	Valuation	Investors	Returns
	2008	~US\$ 4B	 	<ul style="list-style-type: none"> <li>Infoedge is expected to gain significantly in case of an IPO (expected in 2021)</li> </ul>
	2008	US\$ 950M	  	<ul style="list-style-type: none"> <li>Intel capital made 2.93X returns (invested in 2012, 2013 and exited in 2020)</li> </ul>
	2008	US\$ 550M (Market cap.)	  	<ul style="list-style-type: none"> <li>Matrix partners made 30X returns</li> </ul>

## US based start-ups born during the Global Financial Crisis

Start-up	Founded	Valuation	Investors	Returns
	2009	US\$ 67B	 	<ul style="list-style-type: none"> <li>Founder Collective made US\$ 300M of a US\$ 100K investment</li> </ul>
	2009	~US\$ 24B (Market cap.)	 	<ul style="list-style-type: none"> <li>Accel's ~24% stake is worth US\$ 4.6B with only a US\$ 1.5M investment</li> </ul>
	2008	US\$ 100 B (post IPO Market cap.)	 	<ul style="list-style-type: none"> <li>Sequoia Capital made a 18.5x return on its Series A investment post Airbnb's IPO</li> </ul>

# Belief in India's growth story continues to remain strong

VC deal value (US\$ B) and volume  
2011-20



VC deal activity of US\$ 11.4B across 792 deals in 2020



**Gaurav Burman**  
Director, Dabur International

We believe that long term impact of COVID will depend on how companies transform their core

We believe that the short-term impact of Covid-19 on businesses has been directly proportional to the respective pre-Covid categories they addressed, business models they followed and their organizational nimbleness. For e.g., businesses present in essential categories with a deep consumer connect and adaptable delivery channels have flourished while businesses in non-essential categories with low loyalty and rigid channel mix have taken a hard knock. However, the longer-term impact will be determined by how businesses have used/are using the crisis to transform their core whether it is in terms of redesign of their innovation engine, cutting down on excess flab or re-jigging their strategy to be relevant in a changed world.

# Burman Family Holdings (Dabur)



## Brief on Burman Family Holdings

- Burman Family Holdings is the investment arm of the Burman Family, promoters of Dabur Ltd
- We are long-term, active investors with a focus on investments in early-stage companies that we believe will become leaders in their respective industries.



### Rationale for investing in VC / startups

We believe that Indian start-ups are going to be an indispensable part of India's growth story over the next many decades and our investments are focused on being an active contributor to this story.



### Attributes in GP / Founder

We look at four core traits in any founder we back

- strong execution track record
- deep understanding of capital allocation
- tireless energy
- unquestionable integrity

## Excerpt from your experience that will benefit other Family Office investors

Founder, management and shareholder alignment is extremely critical thereby our approach is to keep things simple, transparent and focused.

# Agenda

Indian Family Office  
investment landscape

Investment thesis  
for venture capital

Investing during COVID

+

Navigating investments in VC



# Choosing the right VC partner needs informed decisioning

**Selecting the right GP:** The Indian VC landscape has evolved considerably over the past two decades. Fund Manager selection is no longer restricted to being only a subjective interaction with the GP. At Waterfield, we are at the forefront of harnessing good data to make sound analytical decisions on fund selection, through understanding the drivers of fund performance and returns. At the same time, no decision is purely quantitative, and an overall objective assessment looks closely at fund strategy, core team, access to deal flow, succession planning at the fund and demonstrated exits.

**Importance of choosing the right fund manager:** While the interest in the asset class continues to grow, there is a widening gap in terms of performance between top and median quartile fund managers. Choosing the right manager, can be the beginning of a relationship that is rewarding for both the Family Office and the fund manager; and one that can last for decades.

SOUMYA RAJAN

Founder and CEO  
Waterfield Advisors



NIKHIL GUPTA

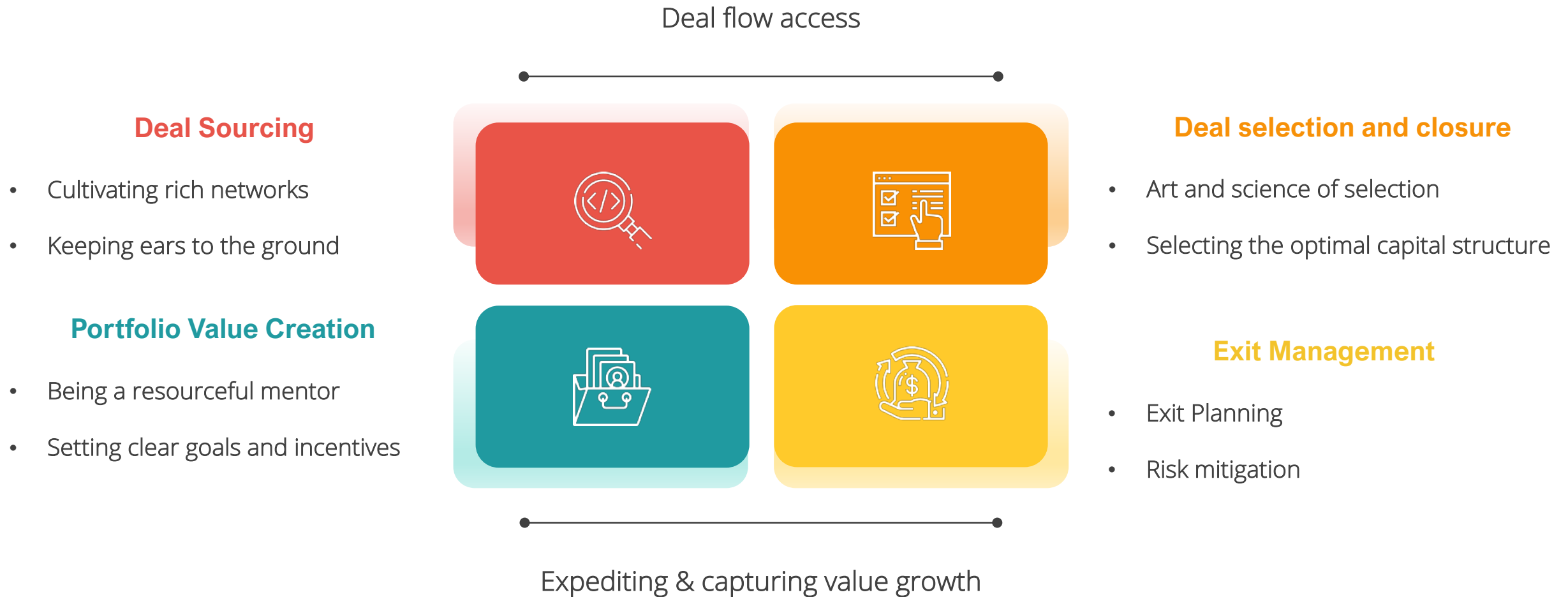
Practice Head  
Client Associates



**Diversifying across fund managers:** Median investors typically commit between 10-20% of their portfolio size toward PE/VC deals. While some diversification across fund managers is necessary to access different styles, evidence shows that there is high degree of return dispersion between top and bottom quartile managers. Evidence also suggests that top quartile managers typically remain in top quartile for their subsequent funds too. Investors typically participate in multiple funds from the same platform, if the investor experience has been good.

**Building PE/VC portfolio allocations:** Since investments get drawn down at various stages and invested capital gets returned at various stages, cashflow management from this allocation becomes important. As the VC portfolio for an investor matures, often investors service the drawdowns of new VC commitments from the income/cash from older VC commitments, thereby recycling and increasing their VC commitments over time.

# The professional breadth of knowledge and skills of Venture Capital teams



# The best VCs access deals as a Science and select deals as an Art

We need to divorce ourselves from venture capital as an occupation and focus on using capital as a way to take really big bets on things that seem totally audacious

- Chamath Palihapitiya

## Deal Sourcing



### Cultivating rich networks

Seasoned VCs have strong connections with the entrepreneurial community, educational institutions and other Venture Capital firms, enabling an access to good deals



### Keeping ears to the ground

VC Funds deploy expertise in building new channels to scout talent. They actively keep their ears to the ground, looking out for any innovation hotspots that may emerge in the ecosystem for any potential deals

## Deal Selection and Closure



### Art and Science of Selection

Good VC Funds are known as much for the bets they leave as they take

A qualitative, process driven approach has to be integrated with intuition, experience and deliberation make the right bet



### Selecting the optimal capital structure

For late-stage investments, selecting the optimal balance of debt and equity is critical to exit multiples.

VC Funds usually have the networks to arrange financing from multiple sources at compelling rates

# Institutional support system for founders and a portfolio-led investments approach for LPs

On the order of 4000 “fundable” companies a year that want to raise venture capital, about 200 get funded by what’s considered a “top tier VC”; about 15 of them will someday get \$100 M in revenue and those 15 from that year will generate something on the order of 97% of all the returns for the entire category of VC in that year

- Marc Andreessen

## Portfolio Value Creation



### Being a resourceful mentor

VC firms develop in-house corporate development expertise or bring in operational, financial and strategy experts from within their networks to enhance value creation at startup firms



### Setting clear goals and incentives

Top-quartile VC Funds spend a lot of time in process development, conceptualizing the KPIs and linking them to day-to-day performance of portfolio firms.

## Exits and returns realization



### Exit Planning

Successful VC Funds close the investment loop by getting attractive exit multiples through a regularized build-up of extensive capital networks that help them find the right investor for the next stages of their portfolio



### Risk Mitigation

Consistently successful VC Funds are well diversified. They hedge their bets by investing in multiple start-ups, to diversify the founder and product-fit risk inherent in VC investing



**Satveer Singh Thakral**  
CEO, SGAN (Thakral Group Family Office)

We are deeply committed to bringing in patient capital and creating long-term value for all stakeholders.

In 2013, I led the group's foray into early-stage investing to increase exposure to technology-led solutions. Subsequently, we have made 110 investments across geographies of India, Singapore, and the U.S.A for the Group. SGAN is an extension of the group's vision to promote entrepreneurship at the grass-root level. We accelerate our investee's growth through our network and help in global expansion. Through this journey, we have co-invested with leading global VCs and FOs. Patient capital enables us to have a long-term mindset of value creation for all stakeholders.

This has subsequently paved the way for our strategy of doubling down on companies with a proven track record and high-quality founders.



# Thakral Group Family Office

## Brief on Thakral Group

- The 118-year-old Singapore headquartered Group with offices in 30+ countries and 20,000 employees has businesses in real estate, technology, consumer product distribution, manufacturing, and retail.
- Our Family Office primarily focuses on investing in traditional asset classes and strategic investments in tech-enabled startups across Asia. In 2013, the Thakral group also launched SGAN to gain focused exposure to the VC asset class.



## Rationale for investing in VC / startups

- **Hedge against disruption** - To learn and stay on top of trends help and strengthen our existing businesses
- **Create value** - Create both financial and other intangible long-term value
- **Impact** - Encourage entrepreneurship
- **Strategic investments** - At a group level, venture capital has aided in strategic wealth creation

## Attributes in GP / Founder

### Founder:

- Passion for building
  - A unique insight into a sector & domain expertise
  - Proven ability to build, lead teams, and execute
  - Repeatability in performance
  - Focus on process v/s outcome
  - Understanding and management of risk
- We value integrity, resilience, collaboration, long-term thinking, and a win-win attitude


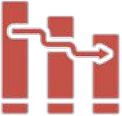


## Excerpt from your experience that will benefit other Family Office investors

Choosing to invest in new-age tech startups has resulted in many of Thakral group's existing businesses thinking differently about the future.

# Cheat-sheet for selecting the right Venture Capital fund

## Selecting the right fund manager





### Team skill and reputation

- **Talk to references**  
GP skill sets can be evaluated through conversations with LPs
- **Check for attrition**  
High attrition or poor succession planning indicate weak GP team dynamics
- **Other limited partners**  
A reputed LP trusting the fund is a good indication of the GP skills
- **Team backgrounds**  
Past experiences of team members with their synergies are a huge contributor to returns

### Investment strategy and funding capability

- **Understand the science**  
Understand how the firms operate at an intuitive level
- **Check for consistency**  
How consistently do funds follow their investment strategy?
- **Fund size**  
Bigger funds get access to better deal flows and bigger equity stakes in portfolio investments
- **Capability to close the round**  
Inability to close has an opportunity cost

### Past track record of superior returns

- **IRRs / TVPI generated**  
Comparison of returns across GPs and consistency of returns
- **Follow up rounds**  
How many rounds of investment? If Any repeat LPs were there
- **First time funds**  
First time funds require a greater due diligence to invest in, having had no track record in the past
- **Portfolio firms**  
Past investment decisions – analysis, capacity and upticks

1

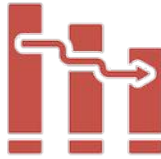


## Talk to references

GPs skillsets and reputation can be estimated from the experiences of the founders and LPs they have worked with

*“We talk to a lot of founders, LPs before investing with a fund. Sometimes we do over 40 calls before selecting a fund to invest with.”*

2



## Check for attrition

PE/VC funds have small team and there is significant dependence on each team member. High attrition rate or poor succession plan could jeopardise the deals

*“Team instability and GP misalignment is one of the main reasons for the high mortality. It is critical to see how the team will remain committed to a very high risk strategy and manage other people’s money over such a long horizon.”*

3



## Limited Partners

All LPs conduct their own diligence on the funds. A reputed LP trusting the fund, especially if it does so repeatedly, is a strong indication of the fund’s performance

*“Family Offices can build in a parameter to check how much domestic and international capital has been invested in the funds to check if some of the international funds with their specific diligence processes have also shown faith in these funds.”*

4



## Team background

Experience of individual team members is an important contributor to the value that the fund can create for portfolio firms

*“Past team experience in terms of operational background or maybe if they have invested in individual capacity as an angel investor can be a good indicator of their ability to generate high returns”*

5

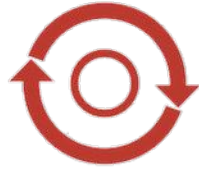


## Understand the science

Getting a grip of the fund's strategy in terms of their sector strategy, how they evaluate start-ups, what is their exit strategy, what is their succession plan

*“Family Offices often question advisors about what exactly VC firms do. It's crucial to understand venture investing—portfolio construction, stage of investing, reserve management policy, exits, treasury management policies, mortality rate, valuation policy, team economics, cost.”*

6



## Check for consistency

While a fund may have a specific strategy on paper, how consistently they follow the same is crucial to return generation and risk mitigation

*“We ask questions like what learnings did you have from your past investments, you mentioned that you keep reserves but do you really do it”*

7



## Fund size

A fund's ability to generate returns would depend on their access to deal flow. Equity stake they can acquire also depends on the fund size

*“Does the fund really have the ability to back a firm in terms of dry powder. Can the fund generate follow-up rounds to back the firm”*

8



## Capability to close a round

Fund raising takes a combination of good team, strategy and network. If the fund isn't able to bring in enough capital, there is an opportunity cost to the LPs

*“Ability to successfully close a fund is important as it would decide whether a Family Office should come in prior to first closing or post it, because many a times funds don't close”*



9



## Returns generated

What are the returns that the fund has generated for its LPs over time, how consistent are they, how consistently can they put back money in the pocket

*“Mostly funds talk about IRRs but that is not good enough for me because its all in the air. I like to look at multiple on invested capital, TVPI to get the complete picture.”*

10



## Follow-up rounds

How many rounds has the fund been able to raise, did they get their existing LPs to re-invest

*“Funds have a high mortality. There is a pyramid, there are high number of first time funds, a fewer second time funds and so on. Those who have been there for long have gone through these cycles”*

11



## First time funds

First time funds may bring in a lot of value but have no returns to show. In that case their process, their team and network becomes even more important

*“For first time fund managers there are typically a lot of discussions between different Family Offices and the diligence process is longer. Also not participating in the first fund restricts the Family Offices’ access to the fund in later stages”*

12



## Portfolio firms

Which firms has the fund supported in past. Have they gone on to become big or generate high upticks in valuation

*“Have you got access to the greatest deals? What kind of position did you have in deal. Personally I am not a fan of the term unicorns but yes have your investments made it big or seen a significant uptick in valuation.”*



Anirudh A Damani  
MD, Artha India Ventures

We believe in leveraging experiences from developed economies to build startup ecosystems in emerging economies.

We believe that we could find structural opportunities that built the startup ecosystems in developed and emerging markets in these frontier markets. For example, imagine investing in a startup in SE Asia that creates the Policybazaar for the region or one in Africa that would build the Paytm or Flipkart or Razorpay for that ecosystem. These companies form an essential foundation for the Indian startup ecosystem, but each ecosystem will have its version of these companies.

If we identify those opportunities early, help them with experience from the developed ecosystems, it could lead to windfall gains!

# Damani Family Office



## Brief on Damani Family Office

- Damani Family Office (Artha India Ventures) is the investment arm of the Damani Group
- Startup portfolio of 75 direct investments along with ~50 indirect investments made as LPs and GPs in structured investments along with a 2.50 MW renewable energy portfolio



### Rationale for investing in VC / startups

VC today offers better opportunities and valuations than public markets, along with much lower volatility. Public companies' continued interest in the VC space also reveals that a significant change in trend is taking place, and established businesses must get ahead of the startup boom.



### Attributes in GP / Founder

We look for founders who can demonstrate that they are:

- Solving a real human problem
- Delivering positive unit economics with scale
- Creating wide moats against their competitors
- Utilizing technology as an enabler

## Excerpt from your experience that will benefit other Family Office investors

We are firm believers that active VC investing delivers 3x more returns than passive investing; therefore, we promise our founders as much investment in time as we did with the money.

# 256

# NETWORK

## REPORT TEAM



Dhruv Sehra

Founder | 256 Network



Yash Baid

Strategy | 256 Network

Principal | 3one4 Capital



# VC LP CVC FOUNDER



**Madhur Singhal**  
Practice Leader

**Shishir Mankad**  
Practice Leader

**Aditi Singhal**  
Practice Member

**Sarthak Aggarwal**  
Practice Member

**Aryaman Tandon**  
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Know more about us:

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## How we help our clients

We work with leading financial sponsors and strategic investors to identify opportunities, build investment thesis and maximize shareholder value. Our agile business delivery model coupled with our deep network of industry practitioners enables clients to deploy our capabilities on any deal.



### Fund strategy

Help investors in identifying growth drivers, investment themes, attractive sub-sectors and potential targets in alignment with the fund thesis



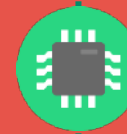
### Operational due diligence

Help investors to understand the operational strengths and weaknesses of the target to scale up and meet the b-plan goals



### Full scale commercial due diligence

Assessment of market potential, customer proposition, competitive positioning, operational efficiency, channel value creation & risk mitigation



### Tech due diligence / Digital diligence

Assessment of current capabilities and future requirements of tech & infrastructure of the target



### Value creation blueprinting

Advise portfolio companies on business transformation, go-to-market strategy, enhancing organization productivity etc.



### Fund retainer

Help investors in end-to-end fund operations from maintaining deal pipeline, evaluating shortlisted deals to deal closure support

## MEMBER CONTRIBUTORS



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Partner | **Accel Partners**

**Rajan Navani**

VC & MD | **Jetline Group of Companies**

**Sudhir Sethi**

Chairman | **Chiratae Ventures**

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MD | **Nexus Venture Partners**

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**Nikhil Gupta**

Practice Head | **Client Associates**

**Satveer Singh Thakral**

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**Munish Randev**

Founder | **Cervin Family Office**

**TV Mohandas Pai**

**Gaurav Burman**

**Alagappan Murugappan**

**Anjali Bansal**

**Siddarth Pai**

**Abhas Gupta**

**Nitai Utkarsh**

**Anand Lunia**

**Gaurav Sachdeva**

**Anirudh Damani**

**Vinod Abrol**

**Chetan Mehta**

**Shailesh Jha**

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Lead, Investment Strategy | **Hero MotoCorp Ltd.**

Founding Partner | **India Quotient**

Managing Partner | **JSW Ventures**

Managing Partner | **Artha India Ventures**

Head, Private Investment | **SAR Family Office**

CIO | **Transworld Global**

VP, Corporate Finance | **SUN Group**

Co-Founder | **Khyaal**

Vice Chairman's Office | **SUN Group**

Analyst | **Chiratae Ventures**



Founded in 2018, 256 Network is a closed-door and invite-only community of key decision-makers who are architecting the growth of the global innovation ecosystem. Since its inception, the network has cultivated a sense of trust and accessibility for this peer group. This quickly evolved into a canvas for free-flowing exchange of ideas and opportunities amongst leaders of change, as it catalyzed productivity in a fast-changing world.

Lack of trust has been an impediment towards building upon the collective knowledge and ideation of individuals. Historically, it has been communities that harbored the greatest of humanity's achievements. From Nalanda to Harvard University, Silicon Valley to Shenzhen, and Bangalore to Tel Aviv. Success through innovation has always been an incremental process. It gets accelerated through a chain of trust among like-minded contributors coming together with a common aim of achieving a larger goal.

Realizing this fundamental restraint to leveraging change, leaders (VCs, founders, FOs, CVCs, PEs, Endowments, Sovereign Funds, Foundations, and industry experts) from around the world came together to support and build what we know today as the 256 Network, where members engage with each other with a strong sense of camaraderie, resulting from affiliation with the network.

The aim is to infuse trust as a breathing force for frictionless growth, innovation, collaboration, knowledge sharing, sectoral insights, and thought exchange between decision-makers connected through a co-operative network of peers (Managing Directors, Presidents, and Partners comprising a bulk of the network). The community is 478 members strong as of March 2021, with notable participation from Asia, European Union, and the United States.

It was understood that the vision of the community could only be achieved in a highly engaged and transparent environment. For this reason, the network frequently hosts private conversations and mixers across formats and geographies. Topical knowledge sharing, closed-door roundtables, Limited Partner/General Partner meets, wine tasting events, social cause-focused meets, and more across locations including San Francisco, New York, London, Riyadh, Dubai, Seoul, Tokyo, Hong Kong, Singapore, and major Indian startup hubs.

In a short period of time, the network has been instrumental in over 100 exclusive and private collaborations including investments, fund deployment decisions, market access & expansion.

256 Network works to keep the flood gates of interaction across high-impact individuals, future-focused creators, and innovation-centric investors open.



# 256 NETWORK





**India GP Network**  
**Global GP Network**  
**Institutional LP Network**  
**Family Office Network**  
**Founder Network**  
**Fintech Network**  
**SaaS Network**

**Reach us at:**

[team@twofiftysix.network](mailto:team@twofiftysix.network)



**For:**

- Access to private market opportunities
  - One-on-one interactions with 256 Members
  - Invite-only sessions
  - Closed-door masterclasses
- ...and more



256 NETWORK

PRAXIS  
GLOBAL ALLIANCE

