APOLLO'S PE CREED

VC/PE SPECIAL

THE RISE OF VENTURE DEBT

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Forbes INDIA

(From Left)
BARATH SHANKAR SUBRAMANIAN
ABHINAV CHATURVEDI
PRAYANK SWAROOP
PARTNERS, Accel

FOUNDERS' MENTALITY

HOW ACCEL SEEDED THE PASSION OF ENTREPRENEURS INTO ITS INVESTING DNA TO SPOT—AND KEEP SPOTTING—EARLY WINNERS IN THE CONSUMER BUSINESS

PLUS

WHEN FOUNDERS TURN FUNDERS

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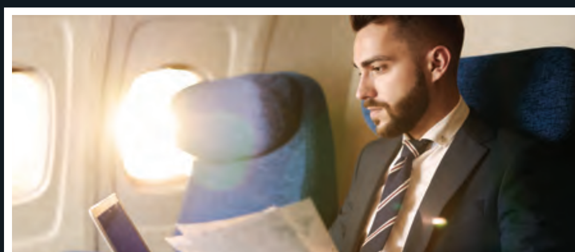

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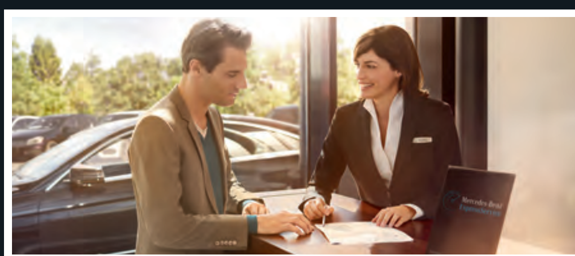

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Accel has done well to spot sectoral trends before others in less-fashionable sectors

How Accel Rose

In May, Fred Destin, a former general partner (GP) at Accel and now founder of a £100 million seed-stage fund Stride.VC, put out a seemingly innocuous question on Twitter. "If you could make the 'venture capital product' a better experience for founders, what you change?" Destin got over 150 replies, enough for him to convert the thread into a piece on Medium.com.

The answers were illuminating, if not unpredictable: Give pitchers faster and honest rejections; have transparent valuation criteria and more clarity on the evaluation and investment process; and do something about the excessive homogeneity among the VC community, among several others. Tied in with the problem of homogeneity is the lack of GPs with operational experience. One response to Destin attempted to nail it: "You cannot become a GP at a VC until you have founded, operated and exited a business at a multiple of three times the fund size or capital you aim to raise (or have failed as an entrepreneur more than twice). Another reply from Europe summed it up well, too: "We don't have enough GPs that have built and run early-stage companies with expertise in product, software delivery, sales/distribution."

And that brings us to the VC firm that graces the cover of *Forbes India* this fortnight in our annual VC/private equity (PE) special. The Palo Alto-headquartered VC firm Accel entered India in 2008 after acquiring a domestic early-stage fund, along with its four founders, two of whom were entrepreneurs themselves before switching to the other side. Subrata Mitra, for instance, was a managing director of the India operations of Tavant Technologies, a digital products and platforms company; he had also founded Firewhite, a developer of automatic systems for handheld devices, which Ubiquio acquired in the early 2000s. Prashanth Prakash had founded IT services firm NetKraft; he exited in 2004.

It's those stints and the robust operating experience they provided that would have played a part in sharpening Accel India's investing instincts. Spotting an opportunity early, making follow-on investment rounds, and guiding it to unicorn status is an art few peers would have mastered as well as Accel has. Consider the bets that went on to be worth over $1 billion: Myntra, Flipkart, Ola, Swiggy, Freshworks, and the latest in the pack, Zenoti. In the process, the firm has done well to spot sectoral trends before others in less-fashionable sectors such software as a service, agritech and B2B. The firm is cognisant of the reality that not every idea it touches will blossom into a billion-dollar Lily of the Valley, but as Mitra tells Rajiv Singh, who penned the cover story: "You need to find enough winners to far outweigh the losses." For more on the 'Founders' Mentality', turn to page 24.

From capital to fuel startups, let's move to the other pool of PE, which involves buying into mature companies with growth potential, and possibly in distress. One firm with a focus on stressed assets is the US-headquartered alternate asset manager Apollo Global Management, which started as a joint venture in India with ICICI Ventures in 2011 before going solo last April. That may have been around the time, as Pooja Sarkar, who dug deep into Apollo's India blueprint, writes, that Apollo's first investment in a floundering asset—and the first company of the 12 referred to the Insolvency and Bankruptcy Code in mid-2017 for resolution—was beginning to turn around. Sarkar analyses how Apollo deals with the complexities of fixing assets that go horribly awry. Don't miss Apollo's Big Play on page 32.

STORIES TO LOOK OUT FOR

▲ Team Accel (above) seems to have mastered the art of spotting potential unicorns early; Utsav Baijal, senior partner and head of India private equity at Apollo

Brian Carvalho
Editor, *Forbes India*

brian.carvalho@nw18.com

Best,

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Founders' Mentality

Accel seeded the passion of entrepreneurs into its investing DNA to spot early winners in the consumer business. Its next big bet: SaaS unicorns

(From left) Barath Shankar Subramanian, Abhinav Chaturvedi and Prayank Swaroop, partners at Accel

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Editor: Brian Carvalho

TO OUR READERS
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DOCTORING CORPORATE FINANCES

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Having head the finance function of diversified H C Kothari Group where he syndicated term loans, aided the company in capital structuring, raising funds from public issue, ECB, Commercial paper, rated bonds, rupee term debts, working capital, valuation, and merger/acquisitions B. Ramakrishnan specialised in strategic consulting and evolving turn around strategies and came to be known as One of the specialists in brand valuation in India. In about 3 decades long career, he has extended his services to SME's, Mid-cap Companies, Large Corporate Bodies, Firms, and Trusts which needed to be nationally/internationally competitive.

What's your secret of specialising in capital structuring and financial reengineering?

Capital structuring is understanding the business and raising funds according to the needs. I personally feel that most promoters make a mistake in this by following a formula of 25% promoter's margin and 75% debt funding without understanding whether this debt can be serviced or not. Foremost it is essential to understand the business model and then structure the capital raising. For instance, if a business model has both domestic and international markets, it is important to raise rupee-denominated debt for domestic and foreign currency loan for exports. While most promoters settle with rupee debt for working capital at say 8.50% per annum, their competitor abroad would have availed funds at say 2% per annum. Hence, fund sourcing is an art and promoters must learn to adjust the dynamics involved.

Can you explain in detail a financial reengineering model you have done in the recent past?

During this Covid-19 period, we had raised funding for a few companies, one of which was a textile industry with both domestic sales and exports. Without any additional collaterals, the requirement was in the order of Rs. 125 crores including the takeover of existing exposure of Rs. 67 crores. The company had a financial structure which included a mortgage debt to overcome long working capital cycle. Repayment of working capital loans as EMI could jeopardize cash flows in such a scenario. Thus, we structured a longer tenor holding period in line with the business model in foreign exchange and normal working capital cash credit in rupee for domestic operations. The new funding institution complemented the structure and funded the loan in both foreign exchange and rupee. The rate in forex was 2.25% per annum and the rupee was at 8.50% per annum against the present borrowing at an average of 12.75% per annum.

What is your opinion on PE/VC market potential in India?

India has great potential for all financial products including PE/VC. However, so far only technology-driven products have availed PE/VC funds. The investments have been predominantly focused only on pharma products and IT space. Moreover, the Indian Economy has been debt-driven. Hence, Indian promoters have been comfortable in raising debt funds than equity funds. It is important that promoters (particularly in MSME space) are educated on equity fundraising and impact on their operations.

When promoters approach you for fundraising, do they keep their mind open on equity fund?

Promoters with technology products have often approached for equity funds but without enough knowledge on raising them. They have no idea on valuation techniques which is very crucial for the entry price. Further, post-investment, the promoters lack ideas of exit strategies and depend on investors. A promoter must understand that the return of investment expected by equity funds is much higher than debt funds. As they are not backed by securities, exit price is very important for the investors.

How important is valuation in raising equity funds?

Business valuation model goes by future capitalization, which depends on futuristic production, sales, price, and other variables. This has an impact on stakes to be taken by PE/VC. Brand valuation has a major impact on entry price. Large established brands opting for PE investment for the first time can follow this technique. While the investor will look at improving his stake at entry-level, the promoter will look at retaining a larger stake in the company, here negotiation on valuation plays a major role.

For further information write to us at Email: brk@corporateclinic.com or Call us at +91 9840946106 / +91 8999333777

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India's top IT companies expect to see double-digit growth amid billion dollar contract wins P/10

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COVID-19 VACCINE ROLLOUT

Gift Of The Jab

Last-mile vaccine delivery includes real-time, remote temperature monitoring and capturing vaccination data in an electronic database

INDIA ROLLED OUT COVID-19 vaccines on January 16, after the Drugs Controller General of India (DCGI) gave emergency use authorisation to two candidates—Covishield, manufactured by Pune-based Serum Institute of India, and Covaxin, developed by Hyderabad-based Bharat Biotech—on January 3.

"After the detailed review, it was decided that in view of the forthcoming festivals, including Lohri, Makar Sankranti, Pongal etc., the Covid-19 vaccination will start from January 16," said a statement from the government on January 9, after Prime Minister Narendra Modi chaired a high-level meeting with senior officials to take stock of the Covid-19 situation in the country.

Earlier, speaking at a press conference in Delhi about the government's rollout strategy, health secretary Rajesh Bhushan said the vaccines—which have to be stored at a temperature between 2 and 8 degree Celsius—will be airlifted from manufacturers and stored in four government medical store depots located in Mumbai, Karnal, Chennai and Kolkata. They will then be moved across touchpoints from state to district to primary health care centres in refrigerated/insulated vans. From the PHCs, they will be moved to 'session sites', where beneficiaries will be registered and vaccinated.

The decision to start with the vaccination of priority groups was based on the feedback received from the dry runs conducted across the country in early January. According to Union Health Minister Harsh Vardhan, a mock drill of Covid-19 vaccine administration on January 2 was held in all states and Union Territories, at 286 session sites across

PARVEEN KUMAR / HINDUSTAN TIMES VIA GETTY IMAGES

Dry runs of the Covid-19 vaccine rollout were conducted across the country in early January to identify the challenges in vaccine delivery and help resolve them

125 districts. The first mock drill was conducted in Andhra Pradesh, Assam, Gujarat and Punjab starting December 28, 2020. "The objective of the mock drill is to simulate the actual vaccine administration event," the health ministry said. Around 114,100 vaccinators were trained, the government said, adding that an important focus of the dry runs was also to manage "any possible adverse event following immunisation".

The country had its third mock drill on January 8, which was conducted across 615 districts covering 4,895 session sites in 33 states and Union Territories. "The entire planning of the vaccination drive, including beneficiary registration, microplanning and vaccination at the planned session site, will be tested under the leadership of district collector and also familiarise the state, district, block and hospital level officers on all aspects of Covid-19 rollout," the health ministry said. The drills were carried out by some 1.7 lakh vaccinators and three lakh vaccination team members who had been trained on beneficiary verification, cold chain and logistics management, bio-medical waste management and AEFI (adverse event following immunisation) management.

The health ministry has targeted inoculation of approximately 30 crore people in the first phase of vaccination. This includes approximately one crore health workers and two crore frontline workers. This will be followed by a prioritised age group, which means senior citizens above 50 years of age as of January 1, 2021, and those below 50 years who have serious co-morbid conditions. This segment of the population is approximately 26 crore.

The manufacturers of the vaccine candidates, Serum Institute of India and Bharat Biotech, also said in a joint statement on January 5 that both companies are "fully engaged" in the vaccination process and will ensure a "smooth vaccine rollout in India and to the world".

While health care workers are defined as health care providers and workers in health care settings, personnel from police departments, armed forces, home guard and civil defence organisation, including disaster management volunteers and municipal workers, are categorised as frontline workers.

The data for these essential workers are 'pre-populated' or captured in the Co-WIN digital platform launched by the government. This platform is now being expanded to include other beneficiaries of the vaccine. The health ministry has also clarified that vaccination will be voluntary and people will have control of their data.

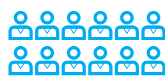
"India is reasonably well-equipped to undertake this vaccination drive, mostly because there is no diagnosis involved at the last mile here, only administration," says Ajoy Khandheria, founder of Gramin Health Care, which works to deliver last-mile health care services in the remotest corners of India. India's capability in mass inoculation has been built on the back of its successful polio vaccination programme, which caters to almost 2.6 crore newborns and approximately three crore pregnant women every year. This Universal Immunisation Programme works with a network of 28,947 cold chain points for storage and distribution of vaccines, according to the health ministry.

Khandheria believes that follow-ups to ensure people receive both doses of the vaccine are crucial. For this, the government's Co-WIN will be central to registration, session allocation and vaccine administration process. The platform, according to the health ministry, will be "integrated with Aadhaar/UHID [for authentication], DigiLocker [for document verification] and SafeVac [for reporting AEFI at the vaccinator-level]." Once the beneficiary is vaccinated, they will receive an SMS with details of the dosage, followed by the date and time for the subsequent dose. At the time of writing, around 75 lakh beneficiaries had registered on the Co-WIN platform.

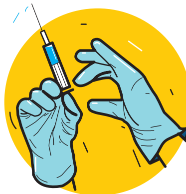
The rollouts of the vaccine will follow the election model. Approximately 100 people are expected to get vaccinated in a session site at a time, with a five-member team of experts to monitor them at each stage, including checking registration status, verifying documents, administering vaccines and managing the crowds.

• DIVYA J SHEKHAR & MANU BALACHANDRAN

The Beneficiaries



30 crore people to be vaccinated in the first phase, including



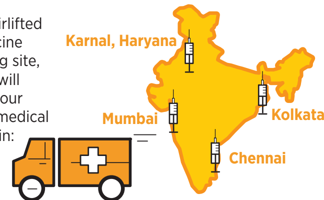
1 crore health workers

2 crore frontline workers

Approximately **26 crore** senior citizens and people with co-morbidities

The Vaccine Route

After being airlifted from the vaccine manufacturing site, the vaccines will be stored at four government medical store depots in:



From here, the vaccines will be transported by refrigerated vans to state and district vaccine stores and then to primary health care centres, from where they will be moved in a vaccine carrier to the sub-centre vaccination site

Data Mapping

The Co-Win platform developed by the government will register beneficiaries, allocate vaccination sessions and also monitor administration of the dose.

- It will be integrated with Aadhaar for authentication
- Beneficiaries will receive an SMS with details of the dosage, and date and time of the next one
- Linked to DigiLocker for document verification
- Linked to SafeVac to monitor adverse events following immunisation
- Create electronic dashboards and reports

SOURCE Ministry of health and family welfare

INFOGRAPHICS: SAMEER PAWAR

IT SECTOR

Double Bonanza

India's top IT companies are expected to see demand for their services surge this year, helping them return to double-digit growth

COURTESY TCS

TCS's reported sales for the three months ended December 31, 2020 were at $5.7 billion

THE LAST TIME TATA Consultancy Services (TCS) or Infosys reported double-digit annual sales growth was six years ago. Their CEOs and analysts are confident that they could get back up there this year. The Covid-19 pandemic has forced businesses to embrace technology like never before, helping India's IT companies boost their sales at a faster clip. "Whether it is the next quarter or the calendar year or even the financial year, we are confident that we should be able to get back to our aspirational double-digit growth trajectory," Rajesh Gopinathan, CEO of TCS, said while discussing the company's strong December-quarter earnings results, during an online conference on January 8. TCS's reported sales for the three months ended December 31, 2020, were at $5.7 billion, a 5.1 percent increase over the previous quarter. This was the strongest fiscal third-quarter growth in revenues in nine years, TCS said. Profits for the quarter rose by 3.4 percent over the previous quarter to $1.18 billion.

"The stage is set for a double-digit FY22," analysts at HDFC Securities in Mumbai wrote in a note to clients on January 5. They see multiple factors influencing this growth. Those include an accelerated shift to the cloud computing model; a push by large companies to reduce costs by consolidating their IT outsourcing among fewer vendors—which could help the Indian IT companies win more orders—and the IT companies offering greater breadth and depth of services through stronger partnerships with the biggest tech companies in the world.

The IT sector is set to post its strongest third-quarter sequential growth of the past eight years, despite the December quarter being a weaker one, due to more holidays, historically, and the volatile macro situation, the analysts wrote.

Recent large contract wins support the expectation that growth will accelerate at large IT companies. In November 2020, TCS announced an agreement to acquire Postbank Systems, a unit of Deutsche Bank, taking on 1,500 staff from the unit. In December, Infosys announced contracts from Rolls-Royce and Daimler AG while Wipro announced a large contract from Metro AG, which includes taking over two of Metro's IT units consisting 1,300 employees. The total value of the contracts won in the December quarter by TCS was $6.8 billion—excluding the Postbank win (which was concluded on January 1), Gopinathan said. He was referring to the expected revenues from those contracts over the life of those agreements. "Overall, we believe that we are in a very positive cycle," he added.

HARICHANDAN ARAKALI

IT Services: Valuation Metrics

	EARNINGS PER SHARE (₹)				PRICE-TO-EARNINGS (P/E) RATIO				RETURN ON EQUITY (%)					
Company	FY 20	FY 21E	FY 22E	FY 23E	FY 20	FY 21E	FY 22E	FY 23E	FY 20	FY 21E	FY 22E	FY 23E	$ REV CAGR% FY20-23	EPS CAGR% FY20-23
TCS	87.4	87.2	106.3	122.0	34.8	34.9	28.6	24.9	37.3	39.3	47.5	50.7	7.5	11.8
Infosys	38.6	45.2	52.2	60.2	33.3	28.5	24.7	21.4	25.2	28.2	29.8	31.1	10.6	15.9
HCL Tech	40.8	46.9	53.7	62.9	24.0	20.9	18.2	15.6	23.8	23.1	23.2	23.8	8.4	15.5
Wipro	17.0	18.2	20.7	22.5	23.3	21.7	19.1	17.6	17.3	18.3	20.9	21.8	3.5	9.7
TechM	48.3	50.2	57.0	65.5	20.8	20.0	17.6	15.3	20.2	19.4	20.3	21.4	4.8	10.6
Tier-1 IT Median					**24.0**	**21.7**	**19.1**	**17.6**	**23.8**	**23.1**	**23.2**	**23.8**	**7.5**	**11.8**

SOURCE HDFC Securities

₹400 cr

Additional investment made by Mercedes-Benz in India for a production facility and addition of new products in 2020

REUTERS

INTERVIEW

‘It Was a Novel Experience to Launch Cars Virtually’

Mercedes-Benz India MD and CEO **Martin Schwenk** on the company’s digital initiatives and why online consultations are here to stay

MERCEDES-BENZ INDIA HAD A busy 2020. In December, it hosted a rally of 46 iconic Mercs in Mumbai. A month prior to that, the German luxury car brand entered into a retail marketing tie-up with State Bank of India to access the latter’s high net worth individual customer base for selling its premium models. In 2020, it launched 10 cars in India. Martin Schwenk, MD & CEO of Mercedes-Benz India, speaks to *Forbes India* about keeping the momentum going. Edited excerpts:

K ASIF / THE INDIA TODAY GROUP VIA GETTY IMAGES

Q Why did you launch so many new products in 2020?

New product introductions create customer excitement and drive positive momentum. We launched 10 products, including some of the segment leading cars like the GLE and GLS SUVs. We also underlined our transition into e-mobility with the launch of India’s first ‘Luxury EV’—the EQC. We have seen a strong recovery of our sales since Q3, which grew sequentially each month.

Q How would you evaluate 2020 for your business?

The year presented the toughest business environment, but it also taught us many lessons. The resilience of people and the competitiveness of businesses were tested. At Mercedes-Benz, the crisis opened newer avenues to explore and create an online ecosystem around the brand, products and services, and even at our shops. While we expect the annual sales volume to stay below last year’s due to the loss of sales in the March-May period, we are satisfied with the rapid pace at which the online sales channels and the ecommerce business have grown. Up to 15 to 20 percent of our current sales is contributed by various omni-channels. We also invested an additional ₹400 crore in our production facility and addition of new products.

WE EXPECT MORE PRO-INDUSTRY POLICIES TO DRIVE SECTOR GROWTH

Q What were your biggest challenges and achievements in India last year?

The pandemic completely derailed the auto industry. Nevertheless, every crisis gives an opportunity. The growing online consumption of luxury cars due to the ease of acceptance of our online offerings has been a positive takeaway for us. It was a novel experience for us to launch products virtually, without customer or media gatherings.

Q An industry trend that surprised or impressed you?

The tremendous growth of online sales platforms was surprising. I am also impressed by the reception to our digital initiatives. The online concierge, Mercedes-Benz Studio, which offered product consultations under the contactless sales process, garnered a positive response. Though the excitement of visiting a dealership cannot be replaced, online consultations are here to stay.

Q Your predictions for the luxury automobile sector in India?

The year 2021 will see a strong recovery as the current sales trend is expected to continue. We expect consumer demand to grow as the economy improves. We also expect more pro-industry policies from the government, which should drive growth in the sector.

• RIDDHI DOSHI

INTERVIEW

'2021 Will be a Year of Recovery And Revival'

Riyaaz Amlani, CEO and MD of Impresario, on surviving a tough year, and why a big boom is in order

MEXY XAVIER

THE LOCKDOWN WAS HARSHER for a few businesses than others. For restaurateurs, the situation was grave, but some people survived. Impresario Entertainment and Hospitality Pvt Ltd (IEHPL), one of India's top five food and beverage companies, which owns and manages 57 restaurants in 16 cities across India, was one of them. During the lockdown, it launched its own home delivery services and online payment platform. On November 20, it opened Thane Social. It also managed to return to 60 percent revenues of pre-Covid times. Riyaaz Amlani, CEO and MD of Impresario, talks about how he and his team turned the tide.

Q Why did you open a new Social during the pandemic?

We had started work on four Social outlets before the pandemic, but the launches were delayed because of the lockdown. When consumer sentiment was back, we focussed on home deliveries and in early October, we restarted work on these projects. For the new Thane outlet, we wanted a creative solution, which made people feel safe, but not compromise on the 'restaurant' experience. So, we made cubicles and rooms where guests can dine in, yet see people around.

Q Why did you launch a home delivery and payment platform?

We wanted to build a direct relationship with customers. That's what hotels do. It's all about people. With aggregators, we don't know who our products are being delivered to. We have no control over end-to-end operations. Hence, we built our platform.

I believe we will be able to shift customer behaviour of ordering from aggregators to directly from our websites. Technology must facilitate human interaction rather than restrict it. Our margins are better when people order from our platforms. There are no hefty commissions. Also, average order values through our direct channels are 60 percent higher than through aggregators. When you have a direct relationship with customers, they feel safer.

Q How would you evaluate your business in 2020?

The year was a watershed moment for restaurants in India. We almost perished and the F&B industry almost collapsed. We were tested on finances, reasons for our existence and our character. But we have come out stronger and wiser from the crisis.

Q What were your biggest challenges in 2020?

The biggest challenge was limited cash flow. We needed to preserve the value we had created over the years and manage that with the cash flow challenge and protect the most vulnerable, both staff and suppliers.

Q When will the F&B business in India be back to pre-Covid levels?

I would be very cautious to guess. Nevertheless, things are looking positive as consumer sentiment is back. People are coming out and feeling safe. The confidence in dining out is back. We have been seeing tremendous growth month-on-month. We are 60 percent back to pre-Covid-19 levels.

Q Which is that one crucial lesson that you learnt in 2020?

This business is all about people, and teamwork and passion can overcome any obstacle. I realised how important people and their contribution are in this business. Usually, leaders get all the glory. But I would compare restaurant workers to frontline heroes, as they were there in the kitchen cooking, feeding the police, migrants, health workers. I have newfound respect for men and women of the hospitality industry. They are the real heroes.

• RIDDHI DOSHI

€650 mln

The amount by which squad costs were slashed in LaLiga, the Spanish football league, to budget for Covid-19 losses

GETTY IMAGES

INTERVIEW

'If U2 Could Play in India, so Can a Barca or a Real'

LaLiga India MD **Jose Antonio Cachaza** on the rise of India as a market for the Spanish league and how it's looking to recover from the Covid-induced losses

Q How has the new season, beginning September, panned out amid the pandemic, and how has it impacted revenues?

The pandemic has impacted everything, not just revenues but also the look and feel of the game. For the footballers, it's quite weird to be playing in an empty stadium. Economically, clubs lost everything related to match-day revenues and all other associated revenues, such as stadium tours, museum visits, etc. The smaller clubs get a larger share of their income from broadcast rights, some of them up to 85 or 90 percent. For them, the loss of match-day revenues is minimal. But to the bigger clubs, these losses can go up to 30 to 35 percent. [I am happy we were able to finish the last season, else] the impact would be around 1 billion euros, cumulatively, for the clubs as well as LaLiga as an organisation.

Q How is the league planning to recover the losses? When can you go back to pre-Covid levels?

We are working closely with Spain's ministries of sports and health to bring fans back to the stadium. But it's highly improbable that you'll see 100 percent capacity in stadiums in the current season. As far as recovering revenues goes, you need to bring back match-day as well as its associated revenues. Till that is done, clubs have no other option but to cut down expenses. A couple of weeks ago, we came out with salary caps imposed on every first- and second-division club, lowering squad cost limits in 2020-21 by 22 percent (650 million euros) compared to the previous season. For example, Barca has had to undergo a 41 percent cut, while for Real Madrid it's 27 percent. These are big numbers. The LaLiga clubs have also reduced spending by 66 percent for player transfer this season (but this parameter can vary greatly between seasons).

THE INDIAN SUBCONTINENT ACCOUNTS FOR 10% OF LALIGA SOCIAL MEDIA FOLLOWERS

Q Where does India rank as a market for LaLiga?

Economically, India for us is a future market, more than a present-day one. Although we are teaming with local corporates such as BKT Tires and Dream11, and have roped in Rohit Sharma as a brand ambassador in India (and the first non-cricket global brand ambassador for LaLiga), the volume of the Indian professional sports market, while it's growing, is still small compared to that of China or the US. However, if you use the parameters of digital/social media, we have almost 5 million followers in India, which makes it the second highest after, curiously enough, Bangladesh. In fact, the Indian subcontinent accounts for 10 percent of overall social media followers for LaLiga, 5 percent of which is from India alone. Five years ago, we had 300,000 followers from India.

Q Can we expect to see a Barca or a Real Madrid coming to play in India?

They will, but what I can't say is when. Would you have even thought five years ago that U2 would come to give a full show in India, as they did in 2019? Probably not. But 42,000 fans turned up and paid a lot of money. If you can bring U2 to India, you can also bring a Real or Barca. The only thing is that it's much easier to organise a music tour than a football tour because the dates are limited. It may not be in the next two to three years, but eventually they'll come.

• KATHAKALI CHANDA

Mapping The Growth Route

Reviving the economy through capital spending should be top priority; fiscal consolidation will have to wait

By SALIL PANCHAL & SAMAR SRIVASTAVA

As the impact of the pandemic recedes, Budget FY22 has its task cut out: Get growth back on track while laying out a roadmap to address a dire fiscal situation. It's a fine balance that the government needs to get right. While at the very least it would set the course for the next 12 months, industry would also be looking to the Budget for clues for medium term policymaking for, say, the next five years.

As things stand, a sharp decline in revenue has prompted the government to meet the deficit through borrowings. In the financial year ending March 2022, the fiscal deficit for the central government is expected to touch 7 percent of GDP as compared to a planned 3.5 percent when Budget 2021 was presented. Add an additional 5 percent for the states as well as off balance sheet borrowing and the number gets to 13 percent of GDP.

According to economists, the key to reviving growth is government spending on capital assets that would have a multiplier effect on business economy. Roads, railways, ports and irrigation systems would boost output and get economic activity going. "You cannot consolidate on the basis of expenditure reduction. Instead spend more and use the multiplier effect of that to get higher tax collections," says Abheek Baru, chief economist at HDFC Bank.

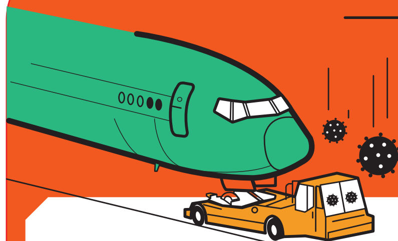
NEEDED: AGGRESSIVE DISINVESTMENT

Mopping up resources would be a key priority for FY22. One way to get money into government coffers is a robust disinvestment programme. While strategic company sales have been on the agenda for years, they take time and are often difficult to

PUNIT PARANJPE / AFP

Government spending on roads, railways, ports and irrigation systems is expected to boost economic activity

The Worst Hit



Aviation:

Airline operations in India—like all international carriers—were among the hardest hit by the pandemic, as international borders/routes remained largely closed and domestic travel subdued through much of 2020. Indigo, SpiceJet and Air India reported quarterly losses and a slump in revenues. Indigo's revenues from operations fell by 91 percent year-on-year to ₹766.7 crore in Q1FY21, and 66.2 percent down year-on-year to ₹2,741 crore in Q2FY21. In the same period, SpiceJet's revenues slumped by 83 percent to ₹514.68 crore in Q1 and down by 63 percent to ₹1,054.9 crore in Q2 from a year ago. Aviation consultant CAPA estimates domestic air traffic at around 55 million in FY21 against an industry estimate of 205 million in FY20. With international travel still disrupted, Air India continues to repost losses. Unless there is recapitalisation, some smaller airlines will struggle to survive.

Tourism:

Closure of airlines and pandemic-led restrictions to nationwide travel curbed tourism as hotel occupancy fell in much of 2020. Revenue losses for India's tourism sector were pegged at ₹15 trillion for FY21, besides a loss of 197 million jobs in the sector, estimated by global and domestic tourism lobby groups. Most organised hotel chains moved in for strong cost-optimisation measures. Indian Hotels reported an 80 percent drop in consolidated revenues for the first half of FY21 and a loss of ₹487 crore in the period compared to profit (₹90 crore) a year earlier. For the sector, hotel occupancy and travel improved in the December-ended quarter, but only just. Most fresh capex is being delayed until business normalcy is attained. Tax benefits and cuts in GST have been sought through the upcoming Budget.

Real estate/construction:

The construction sector took a massive blow during the pandemic as activity shut down, and raw materials and logistics for labour came to a standstill. The movement of migrant workers also stalled activity for five months till October 2020. Industry estimates suggest construction companies could witness a 15 to 18 percent fall in revenues in FY21. Investments into this sector are expected to contract by up to 16 percent. Despite low interest rates on home loans—below 7 percent—demand for real estate is yet to flourish. The National Real Estate Development Council has sought reforms and tax exemptions for the sector in the Budget. These include further relief in terms of income tax benefits on interest for housing loans for self-occupied property, by extending or even scrapping the current limit of ₹2 lakh.

Small and medium enterprises (SME):

SMEs were badly hit by the pandemic, with cash flows coming to a halt as clients were unable to pay for the services undertaken. It caused a domino effect in the labour market, as SMEs hire a major portion of India's labour force. The government has through three Atmanirbhar Bharat packages offered relief to micro- and SMEs by opening up several credit lines. Banks have sanctioned loans worth ₹2.05 lakh crore to about 81 lakh accounts under the ₹3-trillion Emergency Credit Line Guarantee Scheme for the MSME sector. Proposals have now been made to increase the collateral-free loan limits for MSMEs and SMEs. The government may also now focus on providing more individual relief for those who have lost employment at small businesses.

Hotels and restaurants:

Large hotel chains reported losses during the past two quarters due to fixed costs and a slump in revenues. The pandemic stalled dining-out for all, and restaurants and hotels had to reimagine the way customers will be served at their restaurants. The rise of home chefs and gourmet food delivery service in large metros tapped the pent-up demand. Despite being shunned so far, the hospitality sector is hopeful that the finance minister will announce a stimulus package for the sector or some wage support for the labour in this sector.

Brick-and-mortar retail:

The pandemic put further strain on the traditional form of retail shopping, which was struggling with the growth of online ecommerce retail giants. The closure of businesses of standalone brand stores and shopping malls weakened growth in the first half of 2020. Future Retail reported a loss of ₹1,238.59 crore between April and September 2020, on revenues of ₹2,772 crore, a 73 percent decline year-on-year. Shoppers Stop reported a year-on-year loss of ₹241 crore in the first half of FY21, on revenues of ₹431.9 crore, a drop of 80 percent. With income levels down, spending weak and footfalls to malls and stores still not back to pre-pandemic levels, profitability will be a concern for several retail chains.

INFOGRAPHIC: SAMEER PAWAR

execute if markets dip. Going for a trigger price-based mechanism, where assets are identified and disposed of piecemeal once a certain stock price is hit, could be one way to go. Interested parties can then mop up shares from the open market as and when they become available.

While the intention is strong, the ground reality facing Minister of Finance Nirmala Sitharaman is a tricky one. The government may not be able to complete the Bharat Petroleum and Air India disinvestments in the current financial year. There are more disinvestments planned such as Shipping Corporation of India and BEML, but there is no clarity on the time-frame within which they can be completed. But there could be no better time than now.

The Life Insurance Corporation (LIC) initial public offering is emerging as the most-awaited event of 2021, but with amendments to the LIC Act required—and Milliman Advisors recently appointed to determine the embedded value of the financial institution—there is no clarity on when it could take place.

INDIVIDUALS BEFORE COMPANIES

With consumer-facing sectors such as brick-and-mortar retail, hospitality, tourism and aviation among the hardest hit, expectations are once again high that the government will announce specific bailout packages for them. But nearly six months into the

unlocking of the economy, it appears to be a hope rather than a reality.

In mid-2020 and later, Sitharaman announced packages to assist small and medium enterprises, including opening up credit lines through banks, payroll incentives, cash transfers and food security for the worst hit. Barclays's chief India economist Rahul Bajoria has estimated that about 73 percent of the ₹21.4 trillion Atmanirbhar Bharat package had been used by mid-November 2020.

The starting position for FY22 from a Centre and state government perspective is not too great. The economy is recovering, hence calibrating spending will be a tricky proposition, particularly since inflation is rising again. One-off expenditures such as payroll incentives, direct cash transfer and food securities will drop, hence these will be savings for the government.

Also, last year, the government spent more towards building capacity for health care and quarantining centres. This will come down in the current Budget.

To boost revenues, the government may consider imposing a new Covid-19 cess or surcharge on high-income individuals in the Budget. There may also be an additional cess on petroleum and diesel.

Rashesh Shah, chairman of Edelweiss Group and also past president of the Federation of Indian Chambers of Commerce and Industry, says the government may opt for a universal basic income scheme for those who have lost jobs or been worst hit in the pandemic. "The government will focus on individuals rather than companies at this stage," Shah says.

Shah is confident that India is eight to nine months away from the revival in the private capex cycle. Aditya Birla group firms UltraTech Cement and Hindalco have announced plans to resume their capital expenditure plans. These are early signals of the revival.

India is coming out of three

MEXY XAVIER

"The government will focus on individuals rather than companies at this stage."

RASHESH SHAH,
CHAIRMAN OF EDELWEISS GROUP

down cycles: The first is the short-term down cycle of the impact of the pandemic, where we are now seeing a rebound in business and industrial activity. The second is the medium-term down cycle post the collapse of IL&FS when there was increased risk aversion towards lending and a credit crunch towards non-banking financial companies.

The third is the longer-term down cycle which started in 2013 in the form of deteriorating asset quality on banks' balance sheets, over-capacity in real estate and regulatory changes in the form of the Goods and Services Tax and Real Estate (Regulation and Development) Act. "All the three cycles appear to have bottomed out at the same time and the capital markets are starting to reflect this optimism," Shah says. The 30-share Sensex has risen by 87 percent since its low in March-end, to a record high of 48,782.51 on January 8.

GROWTH DRIVERS

Manufacturing and real estate could also prove to be growth drivers. With supply chains moving out of China, the government has decided to support domestic manufacturing through tariff support as well as production-linked incentive schemes. Already, applications in sectors like electronics, steel, batteries, solar modules and textiles have shown an intent to get investment going.

Residential real estate—which has been comatose for the last seven years—has also seen buyer interest. This was primarily restricted to Maharashtra on account of a cut in stamp duties from 6 percent to 2 percent. "If housing-for-all has to be achieved, then taking care of home buyers through increased subvention, lower taxes and higher income tax rebates on home loans is the way to go," says Niranjan Hiranandani, managing director, Hiranandani Group. If this happens at a time when home loan rates are low, the construction sector would get a fillip. He is hopeful that other states will follow Maharashtra's example and also cut levies on the sector. The state has also slashed developer premiums by 50 percent.

The fly in the ointment could be the government becoming conservative in its thrust for growth. Statistically, India will be driving out of a technical recession by the middle of 2021. There could be some in the government who believe that aggressive spending might not be priority if growth—led by pent-up demand—continues to improve. The heavy lifting may then be left to the Reserve Bank of India (RBI) through monetary measures.

At the same time, there is a risk of inflation flaring up that could prompt the RBI to tighten monetary policy, which in turn could pull growth down. Once the Budget takes care of growth and gets companies to invest and individuals to spend, the focus is likely to shift to ensuring the supply side doesn't let us down. F

THE BLUE EYED BOY FOR REAL ESTATE INVESTMENTS IN INDIA

Mr Bhavishya Gupta
Founder & Managing Director,
Sensation Infracon Private Limited

An imperishable asset with ever-increasing in value, real estate is the most solid and almost indestructible security that human ingenuity has devised. Bhavishya Gupta successfully founded Sensation Real Estate Fund in 2018 with a 250,000 sq ft mall and multiplex project in Hyderabad after gaining ample knowledge and experience at the grassroot for 15 years. He established global connects and steered the company to new heights by signing close to 40 joint ventures in various geographies amounting to 20 million sq ft and a projected gross sale turnover of a whopping 10,000 crores by the end of December 2023.

Bhavishya Gupta, popularly known as BG in his close circles has formed an invincible core team in the capacity of sweat equity partners for managing various verticals of the organisation immaculately in order to achieve dispute free transactions, out of the box designs, impeccable construction quality, timely delivery, right tenant mix for prospective rental assets, ring-fencing of its investors' returns, and exceed expectations of all its associates. BG believes in outsourcing sales, marketing, and construction of all its current and future projects to other successful organisations for maintaining the highest levels of accountability.

Sensation is a zero debt company only because BG believes in getting equity infusion from HNIs an Ultra High Net worth individuals, and has also been successful in winning the confidence of these seed investors by giving reins of financial control (project wise), thus, protecting their investment and returns at its best. BG's most important policy is exercising distribution of wealth by offering deals at such a low price to its investors that even further adverse market conditions do not eclipse their forecasted returns.

He deeply understands the few core aspects that an anchor investor would be on the lookout for before investing with anyone. These aspects include security, transparency of the deal, quantum of Sensation's skin in the game, and sure-shot visibility of a decent and timely refund of the invested principal along with the promised returns. BG is also known as a bank guarantee in his circles as he believes in providing substantial securities to his anchor investors which keep their investments unaffected from any natural calamities, pandemics, or market conditions.

Apart from having an in-depth knowledge of local legalities, BG only operates in very low risk as well as sunrise asset classes of Indian real estate like developing family entertainment centres in upcoming micro-markets of Hyderabad, Bengaluru, Chennai, progressive districts of Andhra Pradesh, Telangana, and Tamil Nadu. He is offering world-class co-living in cities where the density of working-class and students is very high. Serviced apartment hotels in Goa, five-star infrastructure ready plotted developments in south-India, and PMAY compliant affordable integrated townships are also on his list of offerings and development.

Sensation picks up deals with a contrarian approach especially in geographies where the fundamentals of real estate growth are very strong but sentiments for various reasons are low. "You can buy anything with money, but not breed," says BG who owns a car drifting academy in Dubai. He is building the most efficient 350 sq ft affordable home in Chennai called 'EngalVeedu' and the world's tallest co-living tower with 4,000 beds across 46 levels and unimaginable amenities/services at Financial District, Hyderabad called 'Hyderabad One'.

A complete family man with God-fearing mother, highly supportive wife, and two young sons, BG is busy fulfilling a dream—a world-class school spread across 20 acres of land with the best faculty available in the world called 'Super 200' where any bright and deserving Indian child would be groomed to become an entrepreneur and create employment in our country.

Reviving Growth In A Dire Fiscal Scenario

The government will have to show serious intent to bolster economic activity at a time when finances are severely constrained and effects of the pandemic are still visible

By SACHCHIDANAND SHUKLA

Come budget and expectations start to skyrocket every single year. This year, even more so, given the backdrop of the pandemic and the finance minister's statement a few days back that she would "want to see a post-pandemic budget never seen before in 100 years".

However, when we look back, we find that key economic policy measures continue to happen throughout the year outside the budget. For instance, the government carried on its reform momentum and enacted major agriculture and labour reforms besides imparting a big push to domestic manufacturing outside the budget. Also note, on indirect taxes such as the Goods & Services Tax (GST), the decisions are taken by the GST Council.

Importantly, there is a recognition of the fact that government finances are severely constrained. Let us look at the fiscal backdrop first to understand what is in the realm of possibility in FY22:

For starters, the government would have to normalise the size of its borrowing in FY22. The Centre has already borrowed ₹8.3 trillion during the first nine months of FY21 on a net basis by way of dated securities and this number is likely to cross the ₹10 trillion mark by the end of the fiscal. This would be more than 2x the amount borrowed in FY20. While the surge in borrowing was justified in FY21, the government will find it challenging to borrow such a large amount from the markets again in FY22. This implies that the pick-up in receipts would be neutralised by lower borrowings, leaving little scope for a surge in spending.

Secondly, the surge in borrowing in FY21 would also leave a mark on the FY22 budget in the form of higher interest payments. The Centre's interest payments to revenue receipts ratio is expected to surge to over 45 percent in FY21 from 36.3 percent in FY20 and this number is expected to remain high in FY22 and only normalise gradually over the medium term. This implies that discretionary spending space will continue to remain constrained as interest payments grow by double digits in FY22. Besides, we believe the government is unlikely to cut back upon the increased allocation to the MGNREGA programme in FY21 and will also have to remain wary to accommodate any hits due to the guarantees as a part of the Atmanirbhar Bharat package.

Thirdly, on the revenue side, while most tax receipts are expected to recover in FY22 with a double digit growth in nominal GDP, excise duty collections are expected to act as a drag. Excise collections have surged in FY21, rising ~47 percent during April-November following the sharp duty hikes at the beginning of the fiscal and are expected to add ~₹1 trillion in FY21. However, this bonanza will not be available in FY22 and if oil prices rise, the Centre would be forced to roll back these duty hikes. Finally, the overall fiscal impulse to growth from the Centre's budget is only expected to decline in FY22. While fiscal deficit is expected to surge to 7 percent-plus (of GDP) in FY21, the government will likely target a lower deficit number in the next fiscal. Impulse, as measured by the spending-to-GDP, will also come off sharply in FY22 after spiking in FY21 as GDP is expected to fall more sharply than government spending in the current year.With all the above-mentioned limitations on fiscal capacity and diminishing government spending support in FY22, how then can the government support growth and economic activity in such a dire (fiscal) scenario?

- The foremost pointer will be the 'intent' and a continued unwavering focus on stimulating economic growth recovery given the backdrop of huge uncertainty, high precautionary savings, weak private investment, and a gradual erosion of the public capital stock over time.

INDRANIL MUKHERJEE / AFP

The government must seek off-budget solutions to finance infrastructure spending

• Thus, the government may do well to lead by way of public investments. The International Monetary Fund (IMF) avers that the fiscal multiplier peaks at over two in two years—and these multipliers are particularly high during times such as these. According to an IMF study, "one percent of GDP increase in public investment, in advanced economies and emerging markets, has the potential to push GDP up by 2.7 percent, private investment by 10 percent, and to create between 20 and 33 million jobs, directly and indirectly".

• The government must also try to make up for the lower growth impulse by way of focussed spending on higher multiplier heads. For example, it could target raising capital spending by 25 percent, thereby improving the capital-revenue spending mix and supporting public investments. More importantly, it could encourage the states to incur capex by providing them with incentives, including additional borrowing for the purpose of such spending. This would be particularly important, given that state capex has higher multipliers and general government capex spending is the most decentralised in India vis-à-vis other economies.

• Note, the Centre typically incurs around 53 to 55 percent of its total spending in the first half of a fiscal. It must follow a bolder strategy and frontload its FY22 expenditure by incurring ~75 percent of it in the first half of the year. This would provide support to the recovery until vaccination becomes more widespread until the second half of the fiscal, paving the way for private sector recovery, particularly in the services sector. It must also ensure timely fund transfers to the states and encourage the states also to frontload their spending.

• While frontloading spending and higher capex would be key to support the recovery, the government also needs to announce a set of growth-supporting reforms in the budget. Targeted measures to ensure a quick clean-up of the financial sector would be particularly important to ensure that India's growth recovery is not constrained due to finance. Both, bank and non-banking finance company (NBFC) credit growth has slowed quite sharply in FY22 on account of risk aversion, as private sector banks and NBFCs (which have accounted for 75 to 80 percent of incremental credit in the last three years) are extremely cautious to grow their books, given the possibility of a spike in bad loans. The provision of a back stop to the financial sector would play an important role in reducing this risk aversion.

• Further, the government must seek off-budget solutions to finance infrastructure spending and also allocate more funds for the NIIF. One way to do this could be by way of a large-scale asset sales programme. It could target selling ₹10 trillion worth central government assets, including PSU shares, land, etc, over the next five years with outright commitments to invest this money in fresh capital assets such as roads, bridges, etc. This would ensure that the stock of government's capital assets is not depleted; but instead capital is deployed into relatively more productive assets from less productive ones currently. This reallocation would be key to support public infrastructure development, including digital infrastructure, and even lead to employment generation.

• Finally, the pandemic has highlighted the need for revamping India's health care system. The government must initiate a programme to revamp and scale up public hospitals across the country by incentivising states to make investments and rewarding these with incremental fund transfers. An incentive mechanism would encourage states to take measures to develop and improve their respective health care systems. F

• THE WRITER IS GROUP CHIEF ECONOMIST, MAHINDRA & MAHINDRA (M&M)

• (WITH INPUTS FROM RAHUL AGRAWAL, ECONOMIST, M&M)

Covid's Real Stress: Unemployment

It's not that the government does not believe there is no problem, but it does not have a quantified number on how big the issue is

By MAHESH VYAS

The unemployment rate in India has risen sharply to 9.1 percent in December 2020—its highest in the past six months, since the unlocking of business activity last June. This rate was 6.5 percent in November last year and 10.99 percent in June.

The increase in the unemployment rate is worrying; it shows that people have thronged back to the labour market, seeking jobs but faced with no employment. It is also a sign that people who had jobs till now would have lost them and their source of livelihood.

The rise in unemployment in December is also the result of a partial rise of the labour participation rate (LPR). The LPR is the percentage of people above the age of 15 participating in the labour market by either looking for or already having a job.

The LPR for December 2020 was 40.6 percent compared to 40 percent in November. In December, employment fell by 5 million to 389 million—from 394 million in November—out of the 427 million who participated in the market, thereby marking the number of people without a job at 38 million. The number of unemployed was at 27 million last November. The agriculture sector, due to the winter season, was unable to absorb the increase in the labour market. That is the time when jobs are dispensed with.

STRESS IN THE UNORGANISED MARKET

2020 reminded us that India's labour market continues to be largely unorganised. People who have employment are not just those who are working with large corporates, having regular salary packages. It comprises largely those who are skilled, but informally employed, such as hawkers, vegetable delivery boys, daily wage labourers, carpenters or electricians.

When the pandemic hit, these people were the first to lose their jobs as soon as business activity shut down due to the nationwide lockdown in March-end. They got their jobs back on the unlocking, but at a lower wage. On the other hand, the industrial worker—in the formal sector—who lost his job has found it more difficult to earn it back.

It means the real stress on the economy has not yet been fully felt because the people who felt it are too small in number. The proportion of people working in the industries or small-business enterprises is small compared to those in the informal sector.

India also witnessed a unique situation last year where migrant workers were forced to let go of (or lost) existing jobs in urban centres as businesses shut down. They left for their villages, unsure of whether they would get their jobs back. [There is no clear estimate on the migrant workers universe in India: It ranges from 70 to 140 million].

A section of migrant labourers has come back to urban India but large portions are still back home and financially badly hurt. Wage rates have dropped and working conditions have deteriorated because the financial health of corporates is still shaky.

GOVERNMENT ATTENTION: SKEWED AND MISPLACED

The government has had a different take on the employment scenario in India. It seems to have rejected data that comes from regular, large household surveys—whether it is from the CMIE (Centre for Monitoring Indian Economy) or its own PLFS (Periodic Labour Force Survey). This is unfortunate, because globally, unemployment is assessed, necessarily, through a household survey. All people who are employed or looking for employment are necessarily living in households.

Some countries carry out enterprise surveys. Currently, in India, there is no regular enterprise survey on jobs data. If we carry out surveys from enterprises on employment, we can assess how many people are being employed but they cannot tell you how many they are not employing. [These surveys were regular

DAVID TALUKDAR / NURPHOTO VIA GETTY IMAGES

The unemployment rate in India has risen to 9.1 percent in December, the highest since June when it was 10.99 percent

until 2008-09 through the labour ministry but have since stalled].

The government has, in recent years, placed greater faith in administrative data, through EPFO, ESIC and NPS-related information, which is useful because it captures a large proportion of employment.

In India, the farm sector is a large employer, but if you use administrative data you cannot use farm-related data. Also, most of the people employed in the non-farm sector are not on any centralised payroll system. They are probably given cash outgoes as monthly wages.

So the government desire to use administrative data to understand employment is totally misplaced because it is an inadequate measure of employment in India.

Thus, its response to understand the employment problem, at least, through numbers has been skewed and misplaced. The government's approach, through its education policy, is to create conditions where people can provide employment—making job creators and not just job seekers.

To some extent, the government's move, through its various employment generation schemes—including the Mudra loans—has been successful. Self-employment in India has increased but the ticket size of loans taken is small. Hence, people who have availed of loans have been successful in creating employment, but largely only for themselves.

Also, everybody cannot be a job provider. For the majority of people who complete their specialised education, whether it is engineering, medicine or an MBA, the end goal often is to find a job. The universe of startups and unicorns is still small, their escalation is still small and also often shortlived. Hence, job creation through this route is also limited.

The government is unique in the sense that it does not reveal its cards on sensitive matters such as job creation and job security. We are not too sure what the government will do to tackle unemployment.

Going ahead, the government needs to give more attention to household surveys. If you don't have a quantified number on how big the unemployment problem is, I don't think you can find a solution to the problem.

Also, I don't think anyone in the government believes there is no employment problem. There is little by way of state or central government largescale employment. This will come only through mega industrial activity expansion or projects once private capex growth kickstarts. But this appears to be some time away. F

• THE WRITER IS MANAGING DIRECTOR AND CEO OF CENTRE FOR MONITORING INDIAN ECONOMY (CMIE)

• AS TOLD TO SALIL PANCHAL

Time for Progressive Corporate Tax

A reformed tax structure for all businesses will support small enterprises, formalise and boost the economy, and create jobs

By V VAIDYANATHAN

India's MSME businesses, which are largely run by proprietorships, partnerships and small companies, in any case lead a difficult life because of high interest rates, low scale, and high per-unit cost. The pandemic has further bruised them hard. Now is the right time to introduce a progressive corporate tax for all businesses, including partnerships and proprietorships, with low taxes like zero or 5 percent tax at low thresholds, like in personal income tax. This will lead to rapid formalisation of the MSME economy, as they will have no incentive to deal in cash. Currently, corporate profits are taxed at about 25 percent in India, whether the entity is large, say, ₹10,000 crore of profit, or small, which makes profit of, say, ₹10 lakh. Surely the small entity need not pay the same as a large corporate.

The corporate tax structure for companies, partnerships and proprietorships, could be made progressive, with no tax or low tax of 5 percent at the lowest income levels of, say, up to ₹10 lakh. This will give relief to micro and small enterprises and will encourage them to reduce their parallel economy activities.

There could be a suggestive, indicative progressive slab (see box). The budget-making team could take a decision on limits based on fiscal calculations and based on the conviction in the concept. A progressive tax structure for business income can have the following benefits:

PARALLEL ECONOMY REDUCED OF LATE, YET SIGNIFICANTLY EXISTS

Even at 25 percent, they (small, informal businesses) avoid taxes if they could, and since they often deal in cash, they avoid showing business on the books. They use up the cash for their personal expenses and the exchequer never gets to know. At zero percent, up to a small threshold, they will disclose every income of theirs on the books as they have no reason to hide it, (and they) will have better balance sheets. Our GDP growth rate will go up, as informal businesses will become formal businesses.

LEVELLING THE PLAYING FIELD FOR SMALL ENTITY VS THEIR LARGER COUNTERPARTS

Large corporates borrow at 7-10 percent, have better negotiating power, better unit cost economics, and can hire better talent. Micro or small enterprises, and the MSME sector, struggle with large handicaps including low scale, higher interest costs at 15-24 percent, higher per unit cost of inputs because of lower lot sizes, lower negotiating power, limited access to capital markets, limited access for foreign borrowings and so on. So the big becomes bigger, and the small struggles to grow and stays stuck in the small cycle. This method of taxation will give them a shoulder, will improve their retained earnings vis-a-vis the large ones and partially make up for some of their handicaps.

ANY BUSINESS ENTITY, NOT JUST FOR COMPANIES

The progressive tax rate should be applicable for any business entity conducting business in whatever form, whether it is a company, partnership, LLP, proprietorship. Today partnerships pay over 30 percent.

Indicative progressive tax slabs

Income slabs	Tax rates
Profit Before Tax (PBT) up to ₹10 lakh	5% of PBT (could even be 0%)
PBT between ₹10 lakh and ₹50 lakh	10% of PBT exceeding ₹10 lakh
PBT above ₹50 lakh up to ₹1 crore	15% of PBT exceeding ₹50 lakh
PBT above ₹1 crore up to ₹5 crore	20% of PBT exceeding ₹1 crore
PBT above Rs 5 crore	25% of PBT exceeding ₹5 crore

NARINDER NANU / AFP

Access to credit at lower rates will help small enterprises grow and generate jobs at the bottom of the pyramid

EASIER ACCESS TO CREDIT

With low taxes of about 0-15 percent, small enterprises will correctly report their income in their bank account. This in turn will make them eligible for credit. This will fit in well with the government's intention to make credit available to small and micro enterprises.

EMPLOYMENT CREATION AT MICRO LEVEL

Under a low tax structure of 5-10 percent, smaller enterprises will have better reserves, can significantly spur employment, particularly for less skilled or less educated people.

SMALL ENTERPRISES MORE IMPACTED BY COVID-19

The government can supplement the Emergency Credit Line Guarantee Scheme (ECLGS) and other schemes with the above low tax rate.

CONCERNS

One concern can be that the personal income tax for salaried people will become relatively higher than a businessperson's at similar income levels under this structure. But this situation of differential rates already persists as corporate tax is 25 percent and peak personal income tax is already 42 percent. In due course as fiscal permits, even personal income tax could align to this structure.

Another concern could be entity-splitting to avail the lower rate slab. However, this has become more difficult of late because if an entrepreneur splits the entity, they will need separate GST numbers for IGST, CGST, separate income tax filings, separate PANs, creation of separate bank accounts, brands, separate company secretaries for each entity, such formalities will be deterrence against splitting.

The government can launch a massive educational campaign explaining how paying their taxes is their responsibility, rates are so low, how it makes them eligible for bank credit and so on.

LAFFER CURVE

There is a strong possibility that such a progressive structure may increase tax collections because of better compliance.

It is recommended that we do not offer this benefit only up to certain turnover limits, or limit it only for companies. Turnover is not a proxy of profits. The benefits or support under this structure should be scaled based on taxable income alone.

Introduction of progressive tax structure for corporates and all forms of businesses will be a landmark move to support small entrepreneurs, formalise the economy at the grassroot, improve retained earnings for small entrepreneurs, and improve their ability to compete with larger peers, make them credit-eligible, spur the economy and create jobs. Such structures exist in Australia, South Africa, Singapore and Sri Lanka, though not of the order of magnitude suggested for India in this article.

• THE AUTHOR IS MD AND CEO, IDFC FIRST BANK

Founders' Mentality

Accel seeded the passion of entrepreneurs into its investing DNA to spot early winners in the consumer business. Its next big bet: SaaS unicorns

By RAJIV SINGH

Chennai, circa 2011: Shekhar Kirani had sniffed an untapped opportunity. Kirani, who joined global venture investment firm Accel as a partner the same year after stints with two Silicon Valley-based startups, knew the nuances and magic of the subscription business. Both his former companies (LightSurf and StarFish) made loads of money and got eventually sold to Motorola and VeriSign. So when the young venture capitalist (VC) started hunting for his maiden investment, SaaS (software as a service) turned out to be his first segment of choice. He zeroed in on Freshdesk, a SaaS-based social customer support startup co-founded by Girish Mathrubootham and Shanmugam Krishnasamy in 2010. "I knew what SaaS meant, and how powerful subscriptions could be," he recalls.

The opportunity, though, came with an equally titanic problem. In fact, there were two. The first was to do with Mathrubootham's educational and professional background. He lacked pedigree. "He was not from IIT or IIM. Nobody would have taken him seriously," Kirani recalls. The only serious accomplishment, he lets on, was that Mathrubootham worked with software developer Zoho before turning entrepreneur. His résumé didn't have a Google or a Facebook mention or a Silicon Valley background. "So credibility-wise his résumé was not up to the mark," he recalls. Kirani, though, was looking at two boxes: The category which Freshdesk was going after, and a team which could execute the plan. Mathrubootham and his Chennai-based compact team ticked both.

Kirani was keen to invest, but Mathrubootham had second thoughts. This was the 'second' problem for Kirani. Apart from Accel, the entrepreneur was in talks with two more investors. Mathrubootham was more likely to skip Accel. Reasons: He didn't know the Accel brand or pedigree; and one of the suitors was willing to give capital at a much lower dilution. Kirani was all set to lose his maiden deal.

Cut to late 2014 in Bengaluru. Abhinav Chaturvedi was about to turn adventurous. The young associate at

> **"When you can find a perfect team and a perfect market, magic happens."**
>
> **PRAYANK SWAROOP**
> PARTNER,
> ACCEL INDIA

From left: Barath Shankar Subramanian, Abhinav Chaturvedi and Prayank Swaroop, partners at Accel

HEMANT MISHRA FOR FORBES INDIA

Accel wanted to know how different an ‘exorbitant’ ₹250 hair cut was from a ‘normal mundane’ one. He landed up at one of the salons at Jayanagar. What got his attention was not a stylish haircut but the smooth and quick checkout experience of the product the salon was using. His inherent curiosity ensured he got the name of the company making the software product: ManageMySpa, a Hyderabad-based startup.

Chaturvedi got in touch with founder Sudheer Koneru, got a hang of the business after multiple rounds of talk, and convinced Kirani to fly down to Hyderabad to meet the ManageMySpa team. The talks went well, except for a tiny issue. The founder didn’t need money. “When they came to meet us, we were not even looking for money,” recalls Koneru. The company was self-funded, and the funder was about to take $1 million from family and friends. There was another glitch. The Accel team told Koneru that ManageMySpa was doing a great job in India, but the founder should look at bigger global markets such as the US and Europe. Koneru was not convinced. “I was fine with whatever I was doing. I was not looking for a big outcome,” he recalls.

“You can’t necessarily be a unicorn unless you’re doing something right.”

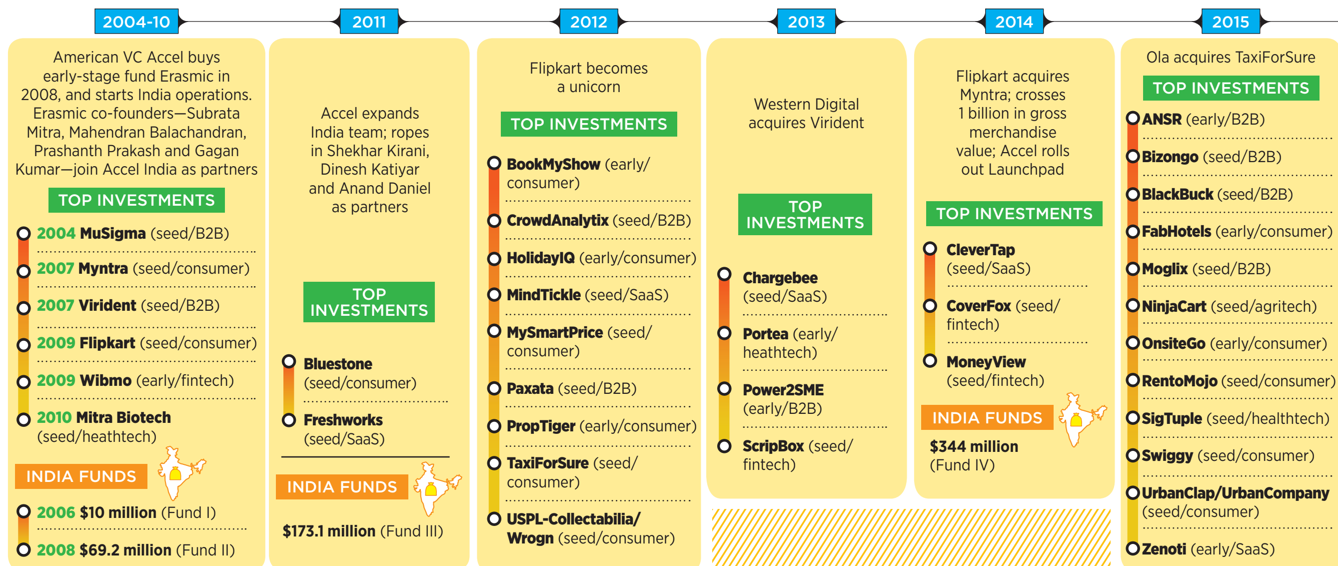
SUDHEER KONERU
FOUNDER, ZENOTI

Cut to December 2020. Koneru gives India its last unicorn in a pandemic year. Zenoti, which was known as ManageMySpa till 2015, reportedly raised $160 million at a valuation of over $1 billion. The Series D round was led by private equity firm Advent International, and existing investors Tiger Global and Steadview Partners also participated. “I don’t think much about being a unicorn,” says Koneru. Zenoti, he lets on, is on a mission to transform the salon, spa and beauty industry. Founded in 2010, Zenoti gets 60 percent of revenues from the US, another 20 percent from the UK, India and West Asia pitch in with five percent, and the remaining 15 percent comes from the rest of teh world.

For an entrepreneur who was content with his India operations in 2015, Koneru is living a bold dream. He, however, gives credit where it is due. “Had it not been for the Accel thing (seed investment in 2015), there’s no way we would have got bold and come here,” he confesses. “Taking money from Accel, he lets on, implied that we will focus on a larger outcome. And it has happened.”

Rewind to December 2011: Mathrubootham takes a leap of faith and decides to go with Accel as its first institutional investor. What changed his mind was advice from an employee. While the conversation

ACCEL SHEET... THE JOURNEY SO FAR



INFOGRAPHICS: SAMEER PAWAR

with other funds revolved around the quantum of investment, Kirani was scrambling to find the right answers. “That pushing hard never stopped. It’s on even today,” says Mathrubootham, founder and chief executive officer of Freshworks, a leading global SaaS company and India’s first SaaS unicorn. In June 2017, Freshdesk rebranded to Freshworks, which was last valued at $3.5 billion.

Twelve years after entering India—in 2008 the American VC bought early-stage fund Erasmic and started India operations—Accel seems to have mastered the art of spotting potential unicorns early. From Myntra, Flipkart, Ola and Swiggy to Freshworks and now Zenoti, the VC fund comes in early—as early as seed stage—stays put with the startup by making multiple follow-on investments and then marches on towards the unicorn objective. “We don’t expect every company of ours to become a unicorn,” says Kirani, adding that he won’t mind having a few in each of the funds. The next set of unicorns, most likely, is going to come from Accel’s SaaS play.

Kirani decodes the method in the madness of spotting potential unicorns: A prepared thesis. Every

Accel’s American Unicorns

Arista | Atlassian | Braintree | CrowdStrike | DJI | Dropbox | Facebook | Jet | Kayak | Lynda.com | Qualtrics | Rovio | Slack | Spotify | Supercell | Tenable | UiPath

Exit Show

Myntra
Bought by: Flipkart
When: August 2017

Healthcare Magic
Bought by: Ebix
When: June 2014

Inbiopro
Bought by: Agila
When: November 2010

Letsbuy
Bought by: Flipkart
When: March 2012

Pristine
Bought by: DeVry and Kaizen
When: April 2016

QuikCilver
Bought by: Pine Labs
When: April 2019

WIBMO
Bought by: PayU
When: July 2019

Eventifier
Bought by: BookMyShow
When: April 2015

TaxiForSure
Bought by: Ola
When: March 2015

Travelmob
Bought by: Homeaway
When: September 2013

DailyRounds
Bought by: M3
When: March 2019

Simility
Bought by: Paypal
When: July 2018

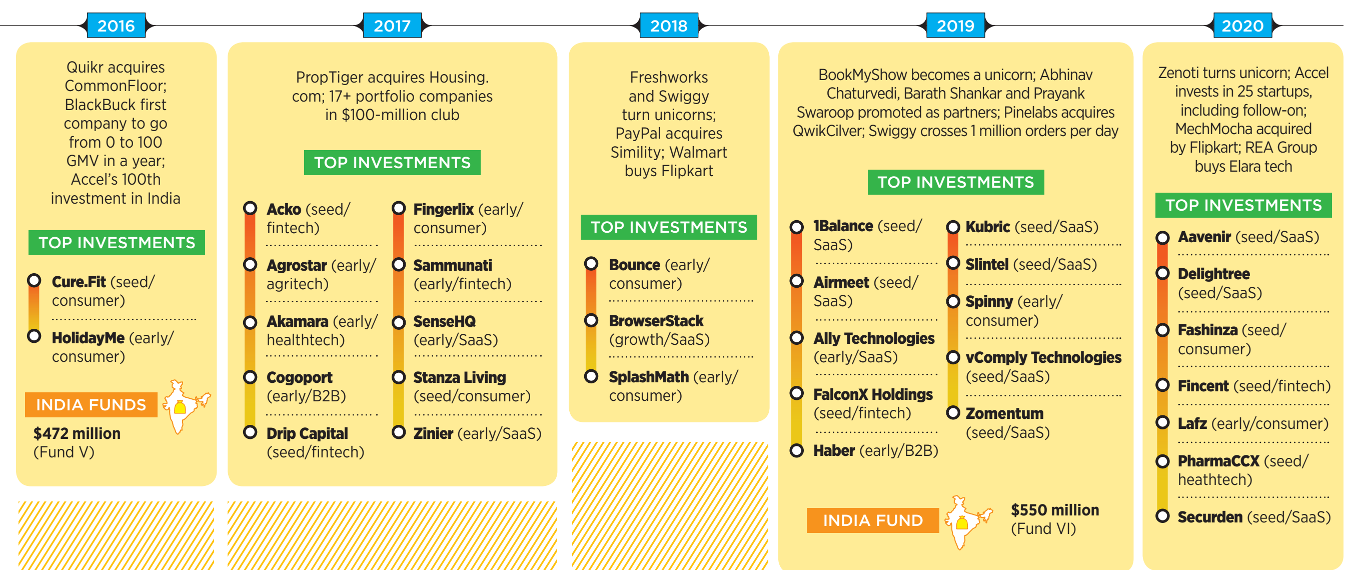
Teapot
Bought by: Stripe
When: October 2016

Flipkart
Bought by: Walmart
When: August 2018

year, he underlines, the partners take pains to understand how the world will be in five and ten years. “It’s driven by hypothesis,” he says. If the world is going to play out the way they foresee it will, then there are opportunities for investments in those categories.

A decade back, Accel took a stab at the consumer segment. “We were the first to back a lot of ecommerce players,” Kirani says. Similarly, a couple of years back, no fund took SaaS seriously. “We knew SaaS is happening. Every company would need subscription management,” he points out. Accel made a seed investment in Chargebee as early as 2013. Last October, the Chennai- and San Francisco-based firm, which helps businesses manage subscription, billing and revenue operations, raised $55 million from a clutch of investors in which the existing ones—Steadview Capital and Tiger Global—also participated. The SaaS company is now valued at $509 million, and is among the next set of likely unicorns from the Accel stable (see box).

Another SaaS startup Accel is bullish on is web and mobile-testing platform BrowserStack. The courtship, interestingly, lasted over seven years before Accel invested in 2018. Kirani shares the back story. It all started in 2011 when the VC met the co-founders Ritesh Arora and Nakul Aggarwal. Kirani liked what the



duo was doing, but the co-founders didn't want outside money. "It was a cash-generating business, and I didn't know how to get in," he recalls. Kirani tried one more time; this time the bait was getting the co-founders meet Accel's US team. The idea was to help them grow faster. The meeting went well, both sides liked the idea, insights and plans. But again the conversation got stuck at one point: Arora and Aggarwal didn't need dollars. The venture was profitable.

Kirani didn't stop chasing. In 2018—by now he would have met the co-founders at least a dozen times—the VC made the final bid. The pitch was simple: Kirani and the Accel team have been helping the young founders over the last seven years in terms of connect and ideas. The time, Kirani thought, was ripe to end the free lunches. "You guys need to take some money from us," he made a plea to the co-founders. "We can't help you unless you take us on board."

"In the venture business, you need to find enough winners to far outweigh the losses."

SUBRATA MITRA
PARTNER, ACCEL INDIA

Accel seems to have mastered the art of spotting potential unicorns early. Swiggy, Myntra, Flipkart, Ola and Freshworks are some of the successful companies it has invested in

INDRANIL ADITYA / NURPHOTO VIA GETTY IMAGES

The co-founders relented, and Accel pumped $50 million for a 10 percent stake (Accel India 6 percent and Accel US 4 percent), which helped the company scale globally. "Even today they are profitable, and have enough money in the bank," Kirani smiles. Yes, VCs too chase entrepreneurs.

Investment experts are not surprised. They call it the 'Founders' Mentality', which is inbuilt in the DNA of Accel in India. "What makes Accel different is its ability to spot the potential winners ahead of time," says Anil Joshi, founder of Unicorn India Ventures. Persistence, he adds, is mostly a quality found in entrepreneurs. Two out of the four founding partners of Accel India—Subrata Mitra and Prashanth Prakash—were entrepreneurs to begin with.

Mitra was the managing director of India operations for Tavant Technologies, which was acquired by a US-based mortgage solutions company in 2004. Previously, he was the founder of Firewhite, which was bought by Ubiquio, and later merged into Mobile Planet. Prakash, on the other hand, founded NetKraft.

As mentors, all the partners have shaped the culture of investing, which has a strong entrepreneur bias. Partners work closely with founders, especially during tough times. "I have seen them supporting founders in pivoting and encouraging them to work towards a bigger vision," says Joshi, who has invested along with Accel in a couple of deals when he was with Mumbai Angels.

Staying ahead of the curve is also something that has helped Accel. "Accel was the first investor in Flipkart, and now the rest is history,"

says Joshi. Identifying trends ahead of others and backing the founders are typical of Accel. Getting in early allows to work on mistakes and help build category leaders. Though it started with consumer internet, the firm placed early bets on SaaS, B2B and agritech startups. "These segments were quite offbeat. These were not sexy segments," adds Joshi.

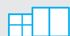
Even in so-called sexy consumer segments which need loads of money and have high cash burn—think Swiggy, Myntra and Flipkart—having deep pockets and conviction in the venture tilted the game in Accel's favour. A decade back, people were beginning to access cheaper data and shop online. But what helped fuel this trend was more capital allowing for these businesses to influence consumer behaviour and drive stickiness. The reinforcement through discounts and loyalty programmes added to customer acquisition costs. With convenience, superior product experience, attractive offers and discounts, consumer behaviour shifted and stickiness got created. "All this is possible primarily because you can go long on these businesses," says Radha Kizhanattam, partner at Unitus Ventures. "You have the capital to back them once you build conviction." Accel's partnership in India, she explains, comes with years of entrepreneurial and strong operating experience.

Mitra, for his part, believes in playing a long innings. In the venture business, contends one of the founding partners at Accel, you're trying to win big. "Therefore, failures are almost guaranteed. You need to find enough winners to far outweigh the losses." Wins, he underlines, are truly non-linear and losses are linear. "That's a big advantage. You don't have to answer every question right," he says. The context of investing has also changed. What didn't work before or worked before might be different now. When Flipkart started, for instance, advertising on TV was

Meet the Unicorn Hunters

A list of unicorns from the Accel stable, and the potential ones

PAST



Flipkart
Segment, stage and year of investment:
Consumer / Seed / 2008
Valuation: **$24.3 billion**

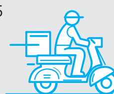
Ola

Consumer / Early / 2015
Valuation: **$6.6 billion**

Freshworks

SaaS / Seed / 2011
Valuation: **$3.5 billion**

Swiggy
Consumer / Seed / 2015
Valuation: **$3.4 billion**



PRESENT

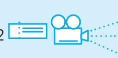
Zenoti
SaaS / Seed / 2015
Valuation: **$1 billion**

FUTURE (Potential ones)

UrbanCompany
Consumer / Seed / 2015
Valuation: **$916 million**

BlackBuck
B2B / Seed / 2015
Valuation: **$889 million**

BookMyShow
Consumer / Seed / 2012
Valuation: **$758 million**



CureFit
Consumer / Seed / 2016
Valuation: **$711 million**

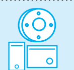
Vedantu
Consumer / Seed / 2015
Valuation: **$594 million**

Bounce
Consumer / Seed / 2018
Valuation: **$510 million**

ChargeBee
SaaS / Seed / 2013
Valuation: **$509 million**

BrowserStack
SaaS / Early / 2018
Valuation: **$500 million**

Zetwerk
B2B / Early / 2019
Valuation: **$500 million**



Rupeek
Consumer / Seed / 2017
Valuation: **$475 million**

"They (Accel) are not only founder-friendly but also understand intuitively what is strategically right and wrong."

KUNAL MAHIPAL
FOUNDER, ONSITEGO

the best way to spread the message. "Now everybody has a smartphone," he says. The same question now might have a different answer or approach. Mitra's new approach is reflected in giving the new generation of partners at Accel a blank canvas to paint their own picture. "We help our younger team members understand some of the nuances of the VC business," he says. Finally, he stresses, they have their own views on how to win, and the path to take.

Prayank Swaroop, who joined Accel as a partner in 2011, stuck to his convictions in 2019. The opportunity was to invest in Zetwerk, a B2B platform for custom manufacturing. "The big problem was that they were doing stuff in steel. It was difficult to estimate how much work in steel is done in India," recalls Swaroop, who focuses on cybersecurity, developer tools, marketplaces, and

SaaS investments. The partners asked a lot of questions. "Are you sure," was the big question mark. Swaroop stayed firm in his conviction. He had his reasons: The business category is good, margins are healthy and the team was great. At that point, the VC asked himself one question: Does the team come first or the business model? He went with the former. "When you can find a perfect team and a perfect market, magic happens," he says. Apart from Zetwerk, where Accel invested in March 2019, other investments led by Swaroop are Aavenir, Bizongo, Maverix, OnsiteGo, Securden, Sintel and Skeps. The role of a VC, he explains, is that of a coach. But one needs to don multiple hats. "At times, I am Ravi Shastri and at times Gary Kirsten." First-time founders need a lot of help. "With them you have to be Shastri," he says. Then there are companies that don't need to be pushed. "With Zetwerk, I'm a Kirsten."

For another young gun, Abhinav Chaturvedi, who joined Accel in 2012 and focuses on consumer, fintech and SaaS investments, the rule of the game is to play hard. The baggage of fear and failure, he reckons, is something that doesn't allow you to hit the ball hard. Having led investments in startups such as Acko, Ally, Drip Capital, Stanza Living and UrbanCompany—the last is slated to be a unicorn soon—Chaturvedi believes in making bold bets. "The beauty of the venture businesses is that the large can be very large," he says. If the previous large, he explains, is $1 billion or $5 billion, the new could be $100 billion. "You just need to hit the ball hard," he says. The bottom line though is one needs to believe in the company, and founders.

Eight years back, Mathrubootham of Freshworks found out the essence of VC investing. The entrepreneur introduced Chargebee to Kirani. He thought it would make a nice investment for Accel. "Shekhar (Kirani) wasn't fully convinced at that time," recalls Mathrubootham. For Kirani, the question was: How big is this market? He was right as most of the SaaS billing was being cornered by the top guys. One argument made for investment was: Chargebee had a good team, it would definitely make money, and in a worst case scenario, Accel could exist. Kirani was still not convinced. "If I don't believe in the company and I invest, I am wasting two, three years of the founders' life," he said. Accel eventually went on to invest in Chargebee, but only after Kirani was convinced about what the founders wanted to target. "We wanted to see clarity of thought on what the team would tackle in the financial services market," recalls Kirani. The day, he lets on, Chargebee decided to go after subscription management for SaaS, Accel decided to invest.

"We don't expect every company of ours to become a unicorn."

SHEKHAR KIRANI
PARTNER, ACCEL INDIA

There was a priceless lesson for Mathrubootham. "We are not thinking about the end game," he says. Early stage entrepreneurs, he lets on, tend to focus on the small things. The thought process is simple: Build 10, 20 features, get to a customer, then 10 customers and the next million. But that's not how VCs think. "They go top down," he says. In a cab business in Chennai, for instance, the question they would ask are: How many taxis are there in Chennai, and India? If one needs to own all, then how much one would have to pay per taxi driver to convert them? How much money does it take? "What I learnt from Shekhar is how to think that if everything goes according to plan, where is it going to end?" he says.

Kunal Mahipal, founder of Onsitego, which provides extended warranty and damage plans for devices and appliance, narrates another lesson he will never forget. In 2015, the after-sales services firm had just secured a seed round from Accel. At a celebration party in Bengaluru, Mahipal casually mentioned to Mahendran Balachandran—one of the founding partners at Accel India—that he didn't like one of the clauses in the term sheet. The VC could hav e easily taken offence to a fledgling entrepreneur questioning the term-sheet after it was signed. Balachandran, though, was not. He was surprised that the clause skipped his attention too. At the peak of the party, he called up his legal team, and asked them to strike out the clause from the term sheet, and all others too in which it may have creeped in. "That moment was enough to cement my respect and trust in Acccel," recalls Mahipal. A former entrepreneur, after all, knows what it is to be in those shoes. F

Rebound Programme

It's a community of second-time entrepreneurs. Started in 2019, India happens to be the only country where Accel runs this programme—designed to build a group of mature founders who could lean on each other for support and advice. Rebound hosts a meet among entrepreneurs twice a month.

XINFIN: THE SCALABLE BLOCKCHAIN NETWORK MADE FOR REAL-WORLD APPLICATIONS

The XinFin network has been running successfully for the past 20 months and will soon have a bridge with R3 Corda. This would enable atomic swaps between XinFin and R3 Corda opening doors to endless possibilities. XinFin, a network platform itself is decentralised and runs by its validators network. The third-party companies running on the network have received regulatory approvals in many countries.

Mr Atul Khekade,
Co-Founder, Xinfin Network

Blockchain and cryptocurrencies have been around for more than a decade and yet, they largely remain speculative assets. The problems of scalability, privacy, and environmental efficiency of the existing cryptocurrencies such as Ethereum or Bitcoin make it difficult, if not impossible for companies to adopt them in everyday operations. Implementation of blockchain in real-world would require features solving critical problems while ensuring adoption with existing infrastructure. A company founded by Indian entrepreneurs based out of Singapore is set to bring about a massive transformation with all the right features required for real-world applications.

XinFin is a hybrid blockchain platform designed for real-world applications. Powered by its native cryptocurrency XDC, XinFin is a powerhouse that is set to take the Fintech world by the storm. It has a transaction finality time of 2 seconds, a TPS speed of over 2000, and does not need massive computing power. Completing a transaction on the network is about 1000 times cheaper and faster than other networks such as Ethereum. The XinFin network is hybrid and scalable empowering companies to enjoy benefits of both private and public networks at fraction of the costs.

The XinFin network has been running successfully for the past 20 months and will soon have a bridge with R3 Corda. This would enable atomic swaps between XinFin and R3 Corda opening doors to endless possibilities. XinFin, a network platform itself is decentralised and runs by its validators network. The third-party companies running on the network have received regulatory approvals in many countries. For e.g., TradeFinex Tech Ltd. which aims to tokenise trade finance has Abu Dhabi Global Market RegLab license, while Globiance Ltd has a transitory license from Singapore MAS for the deployment of Stable Coin on XinFin Network.

XinFin Network has already secured partnerships for both application and development of the eco-system. Some of the notable partners of XinFin includes Ramco Systems, AIX, R3 Corda, ADGM Academy, Nanyang technological university, Temasek Polytech, Circle (issuer of USDC coin), and Indian Institute of Technology among many others. With the partners, developers, regulatory approvals, third-party exchanges and wallets, XinFin is a network with a complete ecosystem.

XinFin also offers grants and reimbursements for technical integrations. This enables third-party applications to deploy on XinFin network with no additional costs. This is open to all opportunity, allowing any startup with an application or initial user adoption to utilise blockchain technology and seek funding. Startups and companies willing to connect with XinFin ecosystem can apply for funding and grants.

A project and eco-system like XinFin need a leader who is not only an expert at the current technology but can anticipate and envision future trends. XinFin is co-founded by Mr Atul Khekade, a serial entrepreneur and the person behind the first production blockchain networks for fraud prevention in the trade finance industry that is used by a consortium of banks and SWIFT network. Supported by a geographically diverse team, Mr Atul is actively engaged in growing XinFin [XDC] Network ecosystem by engaging with entrepreneurs, banks, financial institutions, and enterprises to deploy applications on XDC Network.

As it becomes evidently clear that blockchain & cryptocurrencies are here to stay, institutions have begun exploring possibilities of connecting to blockchain networks for payments & settlements, digitization, and tokenization across industries. XinFin with its existing capabilities and infrastructure is set to enable institutions to achieve their goals. As XinFin continues to evolve and strengthen the network with third-party software, hardware wallets, crypto custodians, and regulated crypto exchanges integrations, it is set to emerge as a blockchain made for real-world with real-world applications.

Apollo's PE Creed

With the AION Capital Partners joint venture, Apollo Global struck deals focussing on distressed assets. Now, setting out on its own in India, it has eyes on larger transactions

By POOJA SARKAR

MANOEJ PAATEEL FOR FORBES INDIA

Utsav Baijal, head of India PE at Apollo Global, says investing in distressed assets is as complex as it is opportunistic

Imagine a hall booked in New Delhi for 150 people. Though star-studded with noted lawyers, bankers and fund managers, it was neither a wedding nor a soirée. A private equity firm had booked the venue in 2018 for a session where people, representing 28 lenders, were present. The fund had to pitch a resolution scheme that would eventually decide the fate of the sale process of one of the 'dirty dozen' companies.

The 'dirty dozen' is probably the most talked about list of companies in Indian financial circles—companies that were referred, for the first time in India, to the Insolvency and Bankruptcy Code (IBC) by the central bank to kickstart the resolution process in the middle of 2017.

On this not-so-merry list was Monnet Ispat & Energy Ltd (MIEL) promoted by Sandeep Jajodia with admitted claims of $1.6 billion. While trouble had been brewing at the company for some time and over the years many private equity fund managers had looked at the asset, nothing had ever really worked out.

One of the frequent visitors had been AION Capital Partners, the joint venture between the US-based alternate asset manager Apollo Global Management, Inc and homegrown fund ICICI Ventures (I-Ven). AION, which had been on the road to raise

capital since 2011, returned home with $825 million by 2014 with a focus on investing in distressed assets and Monnet Ispat was on their radar.

"People think of distress as something where you can go and try to find an asset which is not performing well and buy it opportunistically at a much cheaper price, right? But some of these situations are very, very complex," says Utsav Baijal, senior partner and head of India private equity at Apollo while explaining how they went about acquiring Monnet Ispat in a joint venture with Sajjan Jindal-owned JSW Steel in 2018. It was the first distressed asset deal in India by a private equity firm as part of the insolvency process. The JV jointly owns 88 percent of the company of which 74.33 percent is AION's stake. Baijal emphasises that it isn't only about finding a lower price, but figuring out how one can fix the business and turn it around.

In fact, Monnet Ispat had been on their radar even before 2017. Baijal met the company management for the first time in 2015-16, as AION looked at Monnet Ispat's 1.5 million tonne steel plant in Chhattisgarh. Back then, it was more about a deal evaluation to provide additional finance to the company. By the next time they looked at the company, Monnet Ispat had turned into a non-performing asset (NPA) and fund managers at AION spoke to lenders asking if they could buy the debt from them. However, the banks declined to sell. In 2017, when Monnet Ispat reached the IBC, AION Capital knew it was time to roll up their sleeves and finally try to get the deal done.

But the deal wasn't easy. Here was a plant that had been shut for many years. It also had a lot of leverage for a small plant. "It had some older technology patched with some new in different parts of the plant. It was an incomplete plant which hadn't really produced steel yet. But we had spent enough time on the asset over the last few years and along

Nipun Sahni, India head for real estate at Apollo, closed two big deals for the firm in 2020

AMIT VERMA

with our partner JSW Steel, we had a thesis that this could be turned around," says Baijal animatedly, as he recollects how they came to acquire this 'hodgepodge' of a steel plant.

Another problem was that Monnet's plant capacity was too small to compete with others so how would they sell the steel and to whom? For context, Tata Steel Ltd has a capacity of 33 million tonnes per annum (MTPA), while JSW Steel's present capacity is 18.1 MTPA that it is expanding to 23 MTPA by this fiscal

year. Monnet's capacity is 1.5 MTPA.

So why was Baijal and his team so keen to acquire this small asset with so many drawbacks?

The answer lies in the product mix. Monnet Ispat's plant was designed to make commodity steel which is amply available, but what AION wanted to do was invest more money and transform it into a specialised steel manufacturing unit which can then be sold to the automobile sector and other categories. While the plan looked good on the drawing board, the question was who will operate the plant? Who will bring about this product transformation?

Baijal and his team realised they needed a partner. AION then approached a few strategics and figured JSW Steel would fit the bill. At that point, JSW Steel was looking to bid for Monnet Ispat and another 'dirty dozen' asset Bhushan Power & Steel Ltd.

"As we went through the journey, we decided that we will be the senior lead partner in this equation. But we rely on them heavily on everything when it comes to operations, distribution and technology." explains Baijal.

It took AION Capital 366 days from start to finish to get the deal done. It remains one of the rare deals where PEs invested in a distressed asset through the bankruptcy process. In 2018, there were nearly 28 lenders and the JV eventually clinched the deal for 26 cents to a dollar for $372 million.

"Frankly a lot of the debt was built up through delay on payments. We valued the business on a fundamental value basis, saying, if we invest more capital and if we turn this around, what is the earning potential of this business? That's how we did it and we are now finally seeing signs of some movement," says Baijal, smiling over a Zoom call from his Mumbai residence on a Saturday evening.

But he is quick to point out that had they started looking at the asset after it reached the IBC, it would have been too difficult to close the deal as the data available for distressed asset companies is often not at par and in many cases, there are many unknowns that hinder the deal making process. "Despite the complexity of the situation, the IBC process only allowed for two visits as part of the process, thankfully we had already done plant visits in the past and had a view," says Baijal.

It is January 2021 and the company has now made its first slab of steel. Monnet Ispat is now unlisted and has been renamed and rebranded as JSW Ispat Special Products Limited.

Generally, the perception about PEs is they will bring in financial resources and look for some return, but I don't think so, says Seshagiri Rao, joint managing director and Group CFO at JSW Steel speaking about AION's role. "My understanding is that they have a huge amount of experience in investing in steel globally too and they bring that to the table. Their inputs are also very qualitative in nature and focused on governance, management, technical knowledge. They even brought in a technical expert as their board member."

"AION has a huge amount of experience in investing in steel globally too, and they bring that to the table."

SESHAGIRI RAO, JOINT MD AND GROUP CFO, JSW STEEL

Rao adds, "When we acquired the plant it was completely shut and when we went in to buy the asset, the JV had clear plans on its revival strategy. Like if it is commodity steel it is difficult to get good margins, so we converted it to alloy steel."

While the plant is slowly turning around, 2020 was also when the AION Capital Partners JV ended. Both Apollo and I-Ven continue to manage the investments. ICICI continues to maintain its position in the advisory committee of the fund. Some of the key faces of the fund like Parth Gandhi and Kalpesh Kikani have left AION. Another person synonymous with the fund was Mintoo Bhandari who left the firm in 2018 and relocated to London. Baijal had moved from the US office to its India office, located in Hyatt Hotel in Mumbai's western suburbs, in 2010.

Before forming the JV to create AION, Apollo's first deal was in November 2009, when it acquired a 11 percent stake in Dish TV for $100 million (then ₹465 crore). It sold its entire exposure in 2015 across two tranches and managed to take home ₹1,144 crore. One of its other early large transactions was its investment of ₹2,250 crore in the Welspun Group in 2011, but the deal did not really pan out the way the fund had hoped. While it struck some mega deals (in those days), it decided that a local partner would help them carve better structured credit and special situations transactions. After all, banks have exposures to companies and they can get easier access to deals.

On the other hand, I-Ven found a partner it could tap into to raise capital and who was also a specialist in the distressed assets arena. The AION fund was largely raised from Apollo Global's existing limited

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partners (LPs). LPs are investors in a private equity fund. While the fund raised $825 million, it went on to add other pools and the total AUM of the fund stands at $1.1 billion.

AION has made 13 investments from its fund and exited seven of these investments. Some of its control transactions are relatively young which include IGT Capital (the BPO/IT business of Interglobe Group) for $250 million. It also closed a structured debt transaction of $50 million with Chennai-headquartered manufacturing firm Chemplast Sanmar, the flagship company of The Sanmar Group. By 2018 end, the fund had managed to return $250 million to its investors. AION had managed to successfully return capital to its investors from its exits in Avantha Group, realty firm Logix, Varun Beverages, renewables firm Mytrah among others. Some of its bets over the last few years include the acquisition of GE Capital's NBFC business which has been rechristened as Clix Capital.

While AION was raised as a dedicated India fund and deployed small amounts, the separation from ICICI Ventures now allows Apollo to build its India book the way its global peers like Blackstone, Warburg Pincus and KKR have been doing in India. A vertical head for private equity, one for real estate, and in 2018 they received a licence for the asset reconstruction business. Both vertical heads also do credit deals in their sectors. With direct access to the global balance sheet, Apollo wants to now do large-sized deals and actively expand its India business.

"Traditionally Apollo Global does large-sized deals in the US and it favours their returns thesis, now the India team will have to hunt for such large deals and scan it through that prism. While their model of operations has been different from other funds in India, it will be interesting to see how they perform independently," says a senior investment banker who has worked closely with the firm in the past and declined to be named.

AION Capital Partners

Investments	Capital Deployed (In $ million)	Capital Returned (IRR in $ terms)
Avantha Group	160	25%
Varun Beverages	95	20%
Dish TV	100	14%
Welspun	320	0.9x

SOURCE Forbes India Research

A FRESH START

Since its inception in India in 2009, Apollo has deployed nearly $2.8 billion across private equity, credit and real estate business (includes AION's AUM). For the quarter ending September 2020, Apollo Global reported that its total assets under management (AUM) grew to $433 billion, representing an increase of $102 billion since the end of 2019.

Back in India, during the pandemic-stricken year, as the real estate sector went through a completely dry phase of sales in March and April, Nipun Sahni, partner and country head for real estate at Apollo managed to close two big deals for the firm. It effectively deployed $620 million during 2020 and the total AUM of the real estate vertical now stands at $1 billion.

"Ironically it turned out to be a great year," says Sahni, about the two platform deals they managed to close.

The fund has tied up with Pune-based real estate firm Panchshil Realty and has created a $500 million platform to invest in distressed and special situations realty projects in Mumbai and Pune. Both parties will bring in capital in the platform, but Apollo's commitment will be higher if they do more commercial realty deals.

"We think this pandemic has caused a lot of dislocation, some of it is not visible today due to the moratoriums on debt. Also, liquidity from domestic sources has really dried up for the real estate sector which could cause more stress. Our platform is more like resolution capital which acquires and solves these stressed assets and projects," explains Sahni. The platform will look to acquire residential and commercial projects with an average ticket size of $40-50 million.

The platform is also open to last-mile financing of assets. While capital isn't a constraint for the fund, it needed a partner to complete these developments. "Stuck projects would need development expertise and that is what Panchshil brings to the table, which they've proven time and again across their high quality portfolio," says Sahni over a long call.

The second large transaction that Sahni's team started carving in July 2020 too has now finally fructified. Apollo has joined hands with Ajay Piramal's non-banking finance company (NBFC) Piramal Housing Finance Ltd to create a $700 million platform to buy developer loans.

"I think it's probably a first in the country [this type of deal] at scale. There are several developers who are looking for incremental financing. We have created this platform where we are solving for their upcoming debt maturities and providing incremental capital so that they can continue and complete their projects. We have already closed 15 deals from the platform," says Sahni who joined the fund in 2015. Of the $700 million, more than half the money has already left the bank and been deployed. These loans have a tenure of four-five years.

The JV will ideally fund brownfield projects. The largest single cheque from this platform is around $80-100 million and the

smallest deal is around $25million.

"This deal enables us to strengthen our lending business through a new co-investment and co-origination model. We were impressed with their team's ability to grasp the complexity and the depth of insights to offer effective solutions," says Ajay Piramal, chairman at Piramal Enterprises Ltd.

Besides, the Apollo Infrastructure Opportunities Fund (AIOF II), the second infrastructure equity fund, and the Asia RE Fund II, the second Asia-focused real estate equity fund, had their initial closes and made their first investments during the last quarter.

Apollo does not have a dedicated India fund and like its global peers brings in capital from its regional (Asian) fund or from the main fund which is raised in New York.

"India is a really important market for us in Asia. We have experience creating solutions for our partners and will continue to invest across structured credit and equity in partnership with strong sponsors," says Philip Mintz, senior partner and head of real estate equity (US and Asia).

Apollo's real estate unit in India has also been an active acquirer of portfolios rather than just buying out assets. In 2010, it had acquired Citi Property Investors, the real estate arm of Citigroup Inc's portfolio. In 2018, it acquired JPMorgan Asset Management's $300-million real estate investments.

At its peak, the AUM of these two portfolios collectively was around $400-450 million. It has exited over 90 percent of Citi's portfolio and has returned capital to its investors. It has also exited several of its investments from the JPM fund.

While 2020 has been the most active year for the real estate team since inception in terms of capital deployment, going forward, it believes that their investment thesis, which has so far focussed more on structured credit deals across its investments, will be built around more platform-style transactions where the fund will focus on specific themes. "There are new themes emerging around data centres, warehouses and logistics. The growth story of startups, ecommerce and digitisation is well under way and it will open up new asset classes and opportunities for the next decade. Indian ecommerce is yet to hit a $100 billion whereas China is closer to $2 trillion," says Sahni, adding, "We will continue to invest via platforms with high quality promoters with a proven execution track record."

Another observation that the fund came across during the pandemic was that more people wanted to buy homes as their safe space. For example, in the last five months, across its investee portfolio companies, it has seen more sales than in the 12 months of 2019. Interest rates at an all-time low and the Maharashtra government's move to slash rates has helped developers sell their inventory.

> **"Impressed with their team's ability to grasp complexity and depth of insights to offer effective solutions."**
>
> **AJAY PIRAMAL,**
> CHAIRMAN,
> PIRAMAL ENTERPRISES LTD

While the realty team is busy closing deals, Baijal and his private equity team have a clear mandate too. According to Apollo Global's presentation earlier this year, its growth strategy includes geographic expansion and expanding distribution channels to focus on India private equity and credit build out.

"We have completed 10 years in India and are committed to investing actively across all our business lines of private equity, real estate and credit in the future. We see the improved business environment, the ability to do large control transactions in private equity and the need for flexible capital solutions in real estate and credit as the three key aspects that make India an important market for Apollo. The Indian private equity market crossed $35 billion in the last two years which points to the growth of alternative capital in the economy and we hope to participate more actively in India in the future on behalf of our global and regional funds," says Sanjay Patel, chairman international and senior partner of private equity at Apollo Global. Patel, who sits out of the headquarters in New York, focusses on building and developing Apollo's international businesses.

In its early days the fund's focus was to find deals of over $100 million, which were difficult to come by. For example when they invested $100 million in Dish TV, the deal was one of the largest single deals of the year. Both Indian private equity and the fund has evolved since then and in the next leg of its journey the fund is looking to do even bigger deals.

Baijal says, "We think that given that the market is now seeing larger transactions, we are desirous of backing the largest groups in the country and we thought that we could be much more effective and opportunistic if we're investing capital from our global funds."

For this, it is also looking to partner with Indian firms to acquire assets jointly. While it will continue to deploy capital independently, the fund will be focusing on large control deals with a minimum ₹1,000 crore deal size and on the credit and hybrid pool side it will be chasing deals in the range of ₹500 crore or so. Over the decade, the fund has moved from doing control deals to buyout strategies and distressed deals. As the focus becomes wider in its solo ride, it is surely all set for its 2.0 journey in India. F

Founder Funders

A bunch of present and former entrepreneurs are playing Santa by turning angel investors. Can they laugh all the way to the bank?

By RAJIV SINGH

Abhishek Goyal got addicted during his Accel years. Working as an associate at the marquee venture capital (VC) firm for three years—from 2008 to 2010—the IIT-Kanpur grad got a taste of the highs of investment early in his career. In 2009, Accel led the first ever investment in Flipkart, when Sachin Bansal and Binny Bansal were running the business out of their apartment. "I helped them spot Flipkart," recalls Goyal, co-founder of Tracxn, a market intelligence platform for tracking startups and companies.

Abhishek Goyal, co-founder of Tracxn, says if angels do not make money, they will not be able to invest further. His involvement, though, doesn't end with a fat cheque

By the time Goyal left Accel, he was hooked to the venture world, though in a different avatar of an angel investor. In 2011, a year after he quit Accel and turned entrepreneur by starting an online fashion and beauty venture UrbanTouch, Goyal made his first angel investment in Delhivery, a logistics startup. The trigger to invest was simple: The nascent startup had ticked both the boxes that mattered to Goyal: Pedigree of the founders and the blue ocean (new market) into which they had plunged.

Goyal liked Sahil Barua, one of the co-founders. "Sahil had a good gravity in his character," he recalls. The startup, he lets on, was working in the ecommerce logistics space, and Goyal—already running a vertical ecommerce startup—sensed Delhivery might be the next big thing. "That made me invest," he says, declining to share the amount invested.

By the end of 2020, Goyal ended up investing in 28 startups as an angel. Since 2011, he has invested in over 100, with the ticket sizes between ₹5 lakh and ₹20 lakh. The journey has been financially and emotionally rewarding. "Angel investing comes with a satisfaction of helping smart founders in their early days," he says.

Goyal is not the only founder who has turned funder. Consider Ramakant Sharma, co-founder of Livspace, an interior design marketplace, who has invested amounts ranging from ₹5 lakh to ₹3 crore in a bunch of ventures. Last year, Sharma was the second biggest angel in India, with 50 investments. Interestingly, most of the names on the top 10 list

of angels are entrepreneurs who have donned the hat of investor (see box). Though the trend is not new, the pace at which founders are turning angel—and the ballooning of the ticket size—is astonishing.

For Sharma, the trigger to invest is simple: Help startups raise the precious early dollar. His involvement, though, doesn't end with a fat cheque. "I contribute through brainstorming, and connect them with my network," he says. The intention of the entrepreneur is clear: To get a bang for his buck. "If angels do not make money, they will not be able to invest further," he says.

As entrepreneurs mushroom in the third-largest startup ecosystem of the world—in 2020, India produced a record 12 unicorns—the country would not only see institutional angel investing gathering steam but also hordes of founders turning angels.

"Founders-turned-investors understand the pain areas of startups," says Vikram Gupta, founder and managing partner of IvyCap Ventures, a homegrown VC firm making early bets in startups. The founders, Gupta explains, have gone through similar challenges while starting up their own businesses. Entrepreneurs with prior knowledge and expertise about the nuances of business operations not only provide the financial support but also the necessary knowledge, contacts and entrepreneurial promptness to undertake decisions intuitively. "This adds credibility to the ventures," he says, adding that an entrepreneur-angel is likely to bring more experience on board. There is another positive. Such angels come up with new ideas and accelerate innovation in the startup ecosystem.

A decade back, the trend largely emerged out of the need to invest in the startups of fellow alumni or within one's network. An IITian would end up investing in a startup started by an alumnus. The same was the case with IIM alumni. It was a mom-and-pop industry, where an angel was more of a Santa. Cheques were cut, and no return was expected. Gradually, angel investing got structured, and institutional bodies jumped into the fray. "When IvyCap Ventures started this trend years ago, there was hardly

Name and Game

Ramakant Sharma, co-founder, Livspace

First angel investment: 2015
Investment in 2020: 50 startups
Total investment (numbers) so far: 90 startups
Ticket size of investment: ₹5 lakh to ₹3 crore
Cash exits: Dailyrounds, Fynd, Edureka (partial exit), Pitstop, Piggyride
Share swap exits: Gozefo to Quikr; Fastfox to PropTiger

Abhishek Goyal, co-founder, Tracxn

First angel investment: 2011
Investment in 2020: 28 startups
Total investment (numbers) so far: 100 startups
Ticket size of investment: ₹5 lakh to ₹20 lakh
Cash exits: A few; believes in staying long

"Entrepreneurs-turned-investors understand the pain areas of startups as they have gone through similar challenges."

VIKRAM GUPTA
FOUNDER AND MANAGING PARTNER,
IVYCAP VENTURES

Livspace's Ramakant Sharma was India's second biggest angel—with 50 investments—in 2020

any other investment company doing the same," claims Gupta, who started the fund in 2011. Looking at the success of this model, he adds, other investors jumped on the bandwagon.

For Sweta Rau, who first turned angel in 2014, such form of investment is all about creating the foundation for a successful business. A former entrepreneur—she started an ecommerce venture, Glamdebox, to discover lifestyle luxury products in 2012—Rau has been investing as angel through her company White Ventures since 2017. For her, the fundamentals of investing haven't changed: Familiarity breeds money. As you do more deals, she explains, and meet more founders, you get to learn more businesses and tend to develop mental models. "This helps in the selection criteria, and you tend to apply stricter metrics," she says. Rau has invested in over 30 startups, including direct-to-consumer tea brand Vahdam.

For Sharma of Livspace, there is only one criterion to invest: Connect with the founders. When Sharma met the founders of PharmEasy to understand the scalability of their ecommerce model, he ended up investing twice in the venture. Later he wrote the first cheque for Toothsi, a dental tech startup, and a company started by the wife of one of the PharmEasy founders. Sharma then again invested in HobSpace, an edtech startup, of the wife of another founder of PharmEasy. There are more connections-based investments. One of Edureka's founders was Sharma's flatmate years ago. After they met again at a party in 2015, Sharma ended up investing in his business. A founder of Zolostays was Sharma's classmate from ISB. "I ended up investing here, and again in a Series C round," he says.

Ask him if he has made money, and the reply comes as quick as drawing the first cheque: "My investment is not charity. It's a belief-driven participation in the growth startup ecosystem." Angels, he points out,

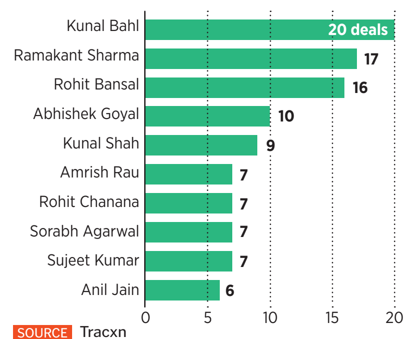
Sweta Rau has been investing as angel through her company White Ventures since 2017

ALEXANDRE HALBARDIER

too need to make money. "If they don't, how will they invest?"

There is a flip side to such investment as well. Gupta of IvyCap Ventures explains. At times, such entrepreneurs start investing after raising Series B, C or D rounds in their own companies. "There could be potential conflict in such scenarios," he says. Such investments, Gupta underlines, may take away

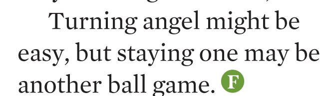
India's Top 10 Angels in 2020



SOURCE Tracxn

the focus of such entrepreneurs from their business. Second, the entrepreneur-turned-investor might have a strategic interest in the startups that may limit the independence and scale of the company. There are examples where entrepreneurs, after having raised large amounts of capital in their own company, started investing heavily as angels and eventually their own company shuttered. There are also cases where startups that raised money from such investors compromise on their own independence and scale. Then there is an 'emotional' angle to contend with. An entrepreneur-turned-investor may get emotionally attached with their investment and influence the vision of the investee founder, changing their course of business. "It's not easy donning such hats," he says.

Turning angel might be easy, but staying one may be another ball game.



2020: A Big Deal Year

PE and VCs deployed $47.5 billion in Indian companies while exits hit a five-year low at $6 billion

By POOJA SARKAR

The Indian private equity (PE) and venture capital (VC) ecosystem had a year like never before in 2020. According to data by VCCEdge and EY analysis, investments by these investors stood at $47.5 billion from January to December—a record year for investments compared to $47.3 billion for the same period in 2019.

Though the number looks rosy, one cannot escape that, of this, $17.298 billion was raised by Reliance Group's various entities, especially its technology arm Jio Platforms Ltd [Reliance Industries is the owner of Network 18, the publisher of *Forbes India*]. The Group alone took home 36 percent of the total capital raised by companies in India. It was also the first time that any group globally managed to raise such a volume of capital during the pandemic.

This year's largest cheque was signed by global PE firm KKR when it deployed $1.5 billion in Jio Platforms for acquiring a 2.32 percent stake. It also invested $754 million in Reliance Retail Ventures for a 1.28 percent stake. Other large investors who deployed in Reliance Group companies include Public Investment Fund of Saudi Arabia, Silver Lake Management, Mubadala Investment Company, Singapore's sovereign fund GIC, among others.

If one looks at the Indian PE-VC ecosystem, one or two deals skew the data every year. In 2020, it is left with deals worth $37.33 billion, which looks lot less compared to last year. This includes real estate and infrastructure investments too.

Among the sectors which lagged this year is real estate and infrastructure. During CY20, investors deployed $10.17 billion in this sector across 61 deals whereas for CY19, global and Indian funds put together had invested $19.88 billion across 121 deals. There has been a significant drop of 49 percent in 2020. Towards the end of the year, deals picked up as global investors like Blackstone Group and Brookfield Asset Management

SHUTTERSTOCK

acquired commercial assets in the country as developers sold some key properties to deleverage their balance sheets. Brookfield acquired Bengaluru-based RMZ Corp's 12.5 million sq ft assets for nearly $2 billion.

"Large investments in commercial real estate came back from large global investors towards the year-end. One of the reasons behind this slightly contrarian and bullish view on office space is the thesis that Indian technology companies will gain enough from the extra spend global enterprises will do on going digital. Commercial real estate assets in Bengaluru and Hyderabad largely cater to the tech sector and local industry participants do not expect vacancies to go up by much in the coming months," says Vivek Soni, partner and national leader for private equity at EY.

Soni explains the recent quantitative easing unleashed by the US and European Central banks to combat Covid-induced economic turbulence in their home markets has only exacerbated this phenomenon and he expects an increase in allocation of global capital towards emerging markets in the hunt for yield.

The impact of the pandemic was felt across the investing ecosystem, especially from March to June when most fund managers decided to put a hold on their investments. As India got accustomed to the new normal of online delivery of food, grocery, medicines, tele-health and online education, investors started doing new deals and help their existing portfolio companies.

The other large deals that happened during 2020 include Blackstone's acquisition of Piramal Glass for nearly $1 billion in December. "If we look at sector-wise allocation, this is the first time that pharmaceuticals and chemicals have managed to drive up deal values in India. Investors have deployed capital in pharma and technology, especially software as a service, companies," Soni adds.

"Exits were impacted as the rising uncertainty made it difficult for PE/VC investors to get valuations they would've liked."

VIVEK SONI, PARTNER AND NATIONAL LEADER FOR PRIVATE EQUITY AT EY

The three deals in the top 10 (ex-Reliance) are in the pharmaceuticals space. It includes New Mountain Capital's acquisition of Aurobindo Pharma's US unit for $550 million. KKR also struck a control deal to acquire 65 percent in listed firm JB Chemicals for $496 million followed by Carlyle Investment Management which invested $490 million in Piramal Pharma to acquire 20 percent.

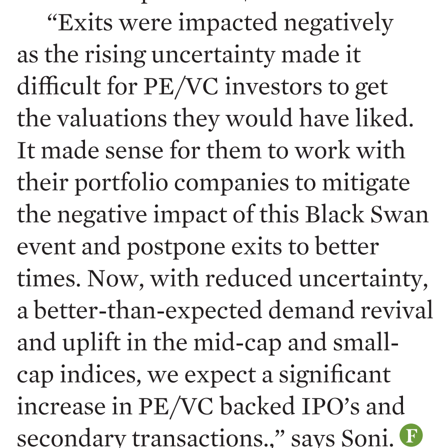
With the spurt in deals, especially led by VC funds, India managed to get 11 unicorns during the year; they included Pine Labs, First Cry and Nykaa, among others.

"Due to the uncertain and tepid economic environment, valuation of some of the assets dropped significantly. This presents PEs and VCs with an opportunity to invest in high potential assets at compelling prices. However, we also believe that due diligence risk assessment will assume greater importance in 2021," says Amit Mehta, principal fund manager-private equity at IIFL AMC.

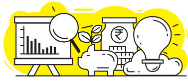
The year tested several business models and taught entrepreneurs that they need to track cash flows and profitability, not vanity metrics. "Even before the lessons could sink in, we witnessed bubble forming in some segments," says Mehta, who points out that one of the reasons for the same is the tsunami of liquidity in the ecosystem.

Exits too took a backseat, touching a five-year low in 2020. Fund managers managed to return $6 billion to their investors across 146 deals. While exits have been coming down over the last three years, the number hasn't been this low. In 2019, fund managers had pocketed $11 billion in exits by selling stakes in 157 companies. A cursory look at the number of deals indicates a drop in valuation.

The largest exit was clocked by Carlyle as it sold its 8.6 percent stake in SBI Cards during the initial public offering (IPO) and managed to make $1 billion. Other PE firms which managed to exit some investments include Blackstone's partial stake sale in Embassy Reit and in packaging firm Essel Propack Ltd. In the tech space, the two largest exits include Nexus India Capital exiting Paysense Services India for $293 million and Warburg Pincus's secondary deal in Ecom Express for $250 million.



"Exits were impacted negatively as the rising uncertainty made it difficult for PE/VC investors to get the valuations they would have liked. It made sense for them to work with their portfolio companies to mitigate the negative impact of this Black Swan event and postpone exits to better times. Now, with reduced uncertainty, a better-than-expected demand revival and uplift in the mid-cap and small-cap indices, we expect a significant increase in PE/VC backed IPO's and secondary transactions.," says Soni. F



Show Me The Money

The top private equity and venture capital investors, and their investments, in India in 2020

By POOJA SARKAR & RAJIV SINGH

Top 5 Most Active Institutional Investors in Seed Stage Rounds

Investor Name	Number of Deals	# Portfolio	Investments (Any Three)
Venture Catalysts	69	63	7 Classes, AgriGator, AlgoBulls
AngelList	60	58	Chingari, Chirrup, ClickPost
9Unicorns	34	33	AlmaConnect, Deepsync, ElecTorq Technologies
Y Combinator	30	26	Able Jobs, Bikayi, Chutney
Inflection Point Ventures	26	25	AFK Gaming, Blu Smart, Bolo Indya Shadez

SOURCE Tracxn Technologies

Top 5 Most Active Institutional Investors in Early Stage Rounds

Investor Name	Number of Deals	# Portfolio	Investments (Any Three)
Sequoia Capital	25	24	Bira91, Avataar.me, Eduvanz
Matrix Partners India	14	14	Avail Finance, EkAnek, OneScore
AngelList	13	13	Bijak, CredR, Pristyn Care
Kalaari Capital	13	11	Cashkaro, HealthPlix, Vernacular.ai
Accel	12	12	Axio, Clover Ventures, GlowRoad

SOURCE Tracxn Technologies

Top 5 PE Investment Deals
(Including Jio Platform/Reliance Retail deals)

Target	Investor	Amount ($mln)	Deal Stake %	Announcement Date	EY Target sector
RMZ Corp, 12.5 million sq ft real estate assets	Brookfield	2,000	>50	October 20	Real estate, hospitality & construction
Prestige Estates Projects Ltd, Rental Income Assets	Blackstone	1,600	>50	October 20	Real estate, hospitality & construction
Jio Platforms Ltd	KKR India Advisors Pvt. Ltd.	1,512	2.32	May 22	Telecommunications
Jio Platforms Ltd	Vista Equity Partners Management, LLC	1,510	2.32	May 8	Telecommunications
Jio Platforms Ltd	Public Investment Fund of Saudia Arabia	1,497	2.32	June 18	Telecommunications

SOURCE VCCEdge, EY Analysis

Top 5 PE/VC Exit Deals

Company	Seller(s)	Acquirer(s)/ Investor(s)	Exit type	EY Industry	Deal Stake %	Announcement Date
SBI Cards and Payment Services Ltd	Carlyle Asia Partners V	-	IPO	Financial services	9	March 5
Embassy Office Parks REIT	Blackstone Advisors India Pvt Ltd	-	Open market	Real estate, hospitality & construction	9	June 24
Paysense Services India Pvt Ltd	Nexus India Capital Advisors Pvt Ltd, Jungle Ventures Pte Ltd, Naspers Ltd	PayU Corporate	Strategic	Financial services	NA	January 10
Essel Propack Ltd	Blackstone Capital Partners Asia LP	-	Open market	Industrial products	23	September 18
Computer Age Management Services Pvt Ltd	Warburg Pincus	-	IPO	Technology	13	September 23

SOURCE VCCEdge, EY Analysis

INFOGRAPHICS: SAMEER PAWAR

Top 5 Most Active Institutional Investors in Late Stage Rounds

Investor Name	Number of Deals	# Portfolio	Investments (Any Three)
Sequoia Capital	18	17	Bigbasket, Bounce, Capital Float
Tiger Global Management	11	8	Byju's, Cred, Dream11
Accel	10	9	USPL World, Vedantu, Zetwerk
Elevation Capital	8	7	ShareChat, Treebo Hotels, Urban Ladder
Matrix Partners India	8	7	Razorpay, Treebo Hotels, Vogo

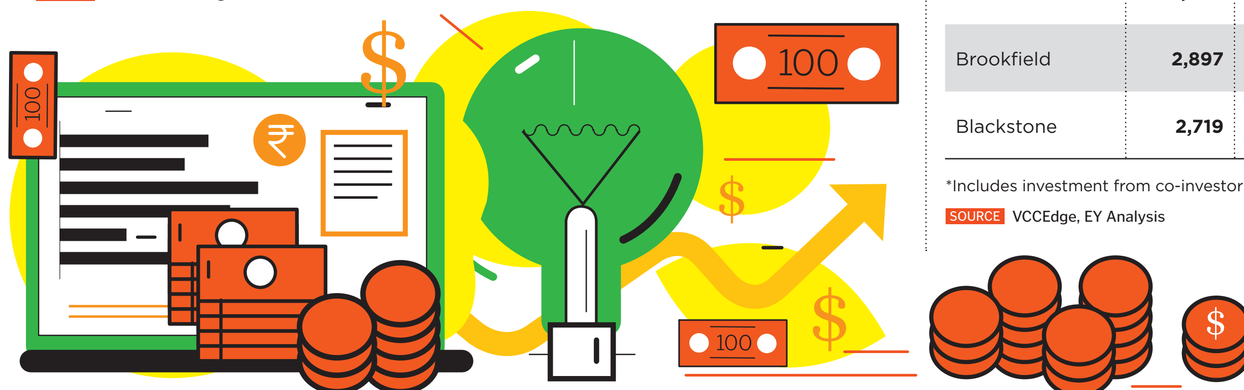
SOURCE Tracxn Technologies

Top 5 funds Investing by Value

Investor	*Amount Invested ($mln)	Number of Deals
Public Investment Fund of Saudia Arabia	3,289	3
Silver Lake Management	3,230	4
KKR	3,039	5
Brookfield	2,897	6
Blackstone	2,719	6

*Includes investment from co-investors

SOURCE VCCEdge, EY Analysis



Total PE/VC Investments 2015-2020

	Deal Value ($mln)					No. of Deals						
Year	Buyout	Credit Investment	Growth Capital	PIPE	Startup	Buyout	Credit Investment	Growth Capital	PIPE	Startup	Total ($mln)	Total No. of deals
2015	3,266	1,080	8,229	2,270	4,828	28	35	208	42	454	19,672	767
2016	4,246	2,912	5,435	1,551	2,090	33	65	158	34	298	16,234	588
2017	3,008	2,516	13,376	3,772	3,505	26	57	160	42	311	26,176	596
2018	10,439	2,670	14,076	3,749	6,480	50	68	226	46	377	37,413	767
2019	16,450	3,080	14,823	5,042	7,902	61	76	228	59	606	47,297	1,030
2020	11,821	2,550	25,458	3,011	4,655	43	73	187	59	555	47,495	917

SOURCE VCCEdge, EY Analysis

Total PE/VC exits 2015-2020

	Deal Value ($mln)					No. of Deals						
Year	Buyback	IPO	Open Market	Secondary	Strategic	Buyback	IPO	Open Market	Secondary	Strategic	Total ($mln)	Total No. of deals
2015	423	316	2,398	1,404	2,057	15	15	119	32	73	6,598	254
2016	831	927	1,677	533	2,714	23	19	91	23	55	6,683	211
2017	753	1,788	6,238	3,353	921	25	21	128	44	42	13,053	260
2018	1,053	875	1,692	5,003	18,425	16	13	56	42	50	27,048	177
2019	1,888	247	4,579	2,465	1,942	11	8	49	34	55	11,122	157
2020	250	1,152	2,391	913	1,250	10	8	63	20	45	5,957	146
Total	**5,199**	**5,306**	**18,975**	**13,671**	**27,310**	**100**	**84**	**506**	**195**	**320**	**70,460**	**1,205**

SOURCE VCCEdge, EY Analysis

The Rise of Venture Debt

Startups increasingly turned to venture debt funds to raise capital, making 2020 one of the best years for the VC debt industry

By POOJA SARKAR

Last July, in the middle of the pandemic, Vinod Murali and Ajay Hattangdi began working on their second fund. By September, the co-founders of Alteria Capital had applied to the markets regulator to raise their second venture capital (VC) debt fund. It is looking to raise ₹1,000 crore with a green shoe option—a top-up that one can do to their base amount—of ₹750 crore.

A venture debt fund lends money to startups. When a startup is raising equity capital, the founders usually raise a component of debt alongside the equity, which is known as venture debt. Traditional sources of capital like banks are wary about lending to loss-making companies, and that's where VC debt funds step in. So do a lot of fintech lending firms, but traditional VC debt funds lead the

Alteria Capital, co-founded by Vinod Murali, in September last year applied to the markets regulator to raise the company's second venture capital (VC) debt fund

InnoVen Capital India, headed by Ashish Sharma, saw a robust deal flow in the last quarter

race when it comes to financing new-age companies. While an equity investor stays put for four to eight years, debt providers usually have a tenure of 24 to 36 months.

Venture debt is almost 12 years old in India, and both Murali and Hattangdi have managed to ride the cycle from its early days. Hattangdi had joined Silicon Valley Bank (SVB) India Finance Ltd in 2007 and drew up its business plan. Later, he applied to the regulators to get a non-banking finance (NBFC) licence to launch the venture debt vertical. Murali and Hattangdi looked after the business from 2008.

A LOT HAS HAPPENED SINCE THEN

In January 2015, SVB India Finance was acquired by Temasek, the global investment firm owned by the government of Singapore, which meant the business was set to get bigger. The firm was later rebranded InnoVen Capital and is now headed by Ashish Sharma, who was earlier head of GE Capital.

In 2017, Murali and Hattangdi left InnoVen and started Alteria Capital, and raised ₹962 for its first fund. They expect to recycle capital and do deals worth ₹1,500 to 1,600 crore from this existing fund.

The other active face of the Indian venture debt ecosystem is Trifecta Capital, started by Rahul Khanna and Nilesh Kothari in 2015. They decided to raise ₹300 crore, but ended up with ₹500 crore. Currently, it is deploying out of its second fund of ₹1,000 crore and plans to raise its third in June of nearly ₹1,250 to ₹1,500 crore. The Indian venture debt ecosystem is covered between these firms.

Despite its rapid growth over the last few years, it is still young compared to the US, where the venture debt industry emerged in the 1970s. However, as more startups use venture debt as an integral part of their funding strategy and capital planning, it has become the third important wheel of a deal.

"Venture debt in India is still an under-penetrated market with venture debt constituting only four to five percent of equity funding… a mature market like the US is at 12 to 15 percent on the same parameter," says Sharma, chief executive officer at InnoVen Capital.

It is estimated that Indian VC debt funds have deployed nearly $350 million (three to four percent) of the equity capital pumped in by equity investors.

Last year, InnoVen received commitments for another $200 million of equity capital from its shareholders, which was in addition to the $200 million made earlier. Apart from this, the India business has multiple bank lines, which it uses to have a bigger corpus available for deployment.

"At InnoVen, we saw a robust deal flow in the last quarter—our biggest ever in our 12-year history. December

ASHISH SHARMA: MADHU KAPPARATH

was also busy and we closed nine to 10 transactions in the month," says Sharma. He adds that the aggregate investments in the last three years are higher than what InnoVen has done between 2009 and 2016.

WHAT HAS CHANGED?

Half a decade ago, VC debt providers used to lend to startups and small and medium enterprises (SMEs) in the range of ₹5 to ₹25 crore per transaction at an interest rate of 15 to 17 percent. The deals used to be simple—the fund would invest during an equity fundraising round of a startup. The clauses too were straightforward—apart from payments, they would get a small equity kicker. These deals were struck between rounds B and C.

Deal sizes now range anywhere between ₹15 crore and ₹100 crore and most funds lend at 13 to 14 percent. Also, as fundraising has become sophisticated, most strong firms now raise capital in a span of six to nine months unlike earlier when the next round of fundraising would kick in 12 to 16 months later.

"My primary bet is, can I support a startup in getting to its next round of capital faster?" says Murali, adding that the structure of the deal is dependent on a lot of factors. Has the startup managed a strong Series B or was it a weak one? Would the lead investor come back for the next round or would the founder have to hunt for a new investor or pivot his model? Such factors determine if the fund would lend at a higher cost or with a greater equity kicker.

Kabeer Biswas, co-founder and chief executive officer at Dunzo, says, "Captial raised at Dunzo generates returns for stakeholders while venture debt helps us invest in micro-market growth in emerging cities. It has allowed Dunzo to do more between valuation rounds and helped us achieve organisational goals more quickly."

Dunzo, a delivery service,

COURTESY DUNZO

"Venture debt has allowed Dunzo to do more between valuation rounds."

KABEER BISWAS
CO-FOUNDER AND CEO, DUNZO

Rahul Khanna, co-founder & managing partner, Trifecta Capital, plans to raise a third fund of nearly ₹1,250-₹1,500 crore in June

first raised its first venture debt between November 2018 and January 2019—a total of ₹18 crore. It has a lifetime investment of $15 million from Alteria Capital.

One of the most difficult questions for any investor is to determine the runway of the startup and so, to safeguard their investment, the underwriting structures of these deals are equally important. For example, if the debt investor believes the company will take longer to raise capital or may find it difficult to raise money, they essentially structure the deal with quicker principal repayments and higher equity components among other things.

While venture debt is common in Series B, C and D rounds, there is a new category that is emerging. Over the years, there has been a clear distinction between the winners in each category—whether it is health-tech, ecommerce, logistics, ed-tech—and some of the leaders are being readied for an initial public offering. Debt is now being raised not just for working capital or other common expenses, but with specific end-use in mind.

As Aman Gupta, managing director of audio component manufacturer boAt, says, "We have been a profitable company growing very fast, which meant higher working capital as well as long-term investments around building the boAt brand and distribution. While we could have raised more equity earlier, as founders we are extremely dilution sensitive. So we chose to use venture debt to support some of our growth and working capital requirements, and raise equity at the right time." boAt has raised ₹25 crore from InnoVen.

The deal structures and the end-use of debt have also evolved with the ecosystem. For example, last quarter, Khanna of Trifecta Capital funded a startup which used the debt capital to fund an acquisition. Trifecta, which has raised money from insurance companies, three banks and family offices in India, has managed to lend to nine unicorns in the country. It has lent ₹150 crore to grocery e-tailer BigBasket. Its portfolio has the likes of Dailyhunt, NinjaKart, Vedantu and Carz24, among others.

EDRIC GEORGE

"We chose to use venture debt to support some of our growth and working capital requirements."

AMAN GUPTA
MANAGING DIRECTOR, BOAT

BUT 2020 WAS A YEAR LIKE NEVER BEFORE

"We have seen corrections before, but 2020 was completely different as at one point, business went to zero. So we spent time with our portfolio on how to plan the next six to 12 months of cash flow, and showed some flexibility in terms of payments too, and many outperformed in the second half of last year," says Khanna.

Like InnoVen, Trifecta too had a bumper last quarter in 2020. "It was our biggest quarter," he adds. It deployed nearly ₹200 crore in the second half of the year. As companies become large-scale, Khanna believes that different structures will evolve, especially where more equity kickers would be involved.

On the other hand, Alteria has defined the two deals that will be struck from its new fund—the usual ones and some specialised products for mature startups. "There are some late-stage companies—they are unprofitable at earnings before interest tax depreciation and ammortisation level, but have predictable cash flows or assets which are real," says Murali.

These are ideally companies with an enterprise valuation of over $250 million. Alteria believes these firms have a crystalised set of objectives where they want to deploy the capital—for special projects, expansion, hiring, working capital, acquisitions or other purposes. But the capital is clearly marked against the use. "We've designed a product where we will structure, underwrite, monitor, collect, do everything as far as startup is concerned. And we will hold a position, something like what a large mezzanine fund would do for their companies," says Murali.

Even for Innoven, 2020 was a year in which it funded 28 transactions and committed to four to five additional deals which will get funded this year. Sharma adds, "While the number of investments in 2020 were lower than what we typically did in prior years, the average deal size was higher due to a higher proportion of growth versus early stage companies which led to higher aggregate funding."

While all three of them did a stress test on their portfolio companies to assess the impact of the pandemic, sectors like payments, software as a service, med-tech, health-tech, online deliveries, groceries and food tech have done well. They believe there is a huge market that exists not just in the top band of the spectrum, but even among the next 100 to 200 startups that are growing at a faster pace, which will lead to more VC debt deals. F

An Elevated Play

For 18 years, Elevation Capital has picked fledgling startups with exceptional founders and helped them grow into sector leaders

By HARICHANDAN ARAKALI

Deep Kalra, founder of MakeMyTrip, related a funny conversation once, on stage in a conference, about himself, Vijay Shekhar Sharma, founder of Paytm, and a common investor Ravi Adusumalli. "You know I can't make out 25 percent of what Ravi says," Kalra had told Sharma, only to get the retort, "You say 25 percent, I can't make out half of what he says." Kalra was referring to Adusumalli's accent.

But jokes apart, knowing Adusumalli, who grew up in the US, was about "having access to a person who has a worldview like no other", Sharma had said in an interview to *Forbes India* in September 2016. By then, he had already raised close to $750 million—including about $680 million from Alibaba Group Holding and ANT Financial—and Adusumalli's venture capital (VC) firm Elevation Capital (called SAIF Partners then) was one of the largest shareholders, having backed Paytm from a time when it was still known as One97 Communications.

Sharma had continued in that interview: "It is uncanny, the number of times we'll have a conversation in a year. If a year is 365 days, I can tell we'll at least have 400 calls in a year. And we sync up... find out what to do with everything from hiring people to what kind of investors to approach."

Clearly, the Noida-based entrepreneur considered Adusumalli a strong mentor. And Sharma's payments company raised $1.4 billion the following May, helping Elevation

Ravi Chandra Adusumalli, managing partner, Elevation Capital, has been investing in early-stage technology companies in India for over 18 years

Capital make a killing by selling a portion of its stake in the venture.

"In absolute multiple terms, Paytm did the highest multiple for us, but we still hold a large ownership in the company today," says Adusumalli, wearing large silver-coloured headphones and a T-shirt with 'diversified portfolio' printed across it, as he chats over an internet call.

Ravi Chandra Adusumalli, 44, has been investing in early-stage technology companies in India for over 18 years. The Cornell University economics graduate lives in Park City, Utah, in the US, with his wife, a doctor, and two children. 2020 was the first year in which the Forbes Midas list winner didn't make a trip to India; he'd make about eight trips otherwise.

He caught the first wave of Indian internet companies, including Sify, Justdial and MakeMyTrip, all of which turned out to be profitable investments. While MakeMyTrip—from which Elevation Capital fully exited in 2017—and Paytm are the best-known examples, the VC firm today counts five other unicorns on its portfolio, where it has been an early mover, either at the seed stage or at the Series A one. Among these are food delivery services Swiggy, edtech company Unacademy, baby care products seller FirstCry and local services provider Urban Company.

Several other ventures on its portfolio are today "large outcomes" as the partners like to call them. Among them are NoBroker, ShareChat and Meesho. Indic language social media company ShareChat is said to be in talks with Google for a large investment, or even an acquisition, while social commerce marketplace provider Meesho—which has made micro entrepreneurs out of 6.5 million homemakers and counting—is said to be raising a large round of funding at a value that would make it a unicorn, according to Entrackr.

Elevation's Journey So Far

2001-2002
SAIF Inception
- Set up as a joint India-China fund
- Ravi Adusumalli set up India practice—first investment in Sify

Sify

2003-09
Laying the foundation
- Deepak Gaur joins in 2006, Vishal Sood in 2009
- 2005, 2007—Raised Fund II and Fund III

Justdial, MakeMytrip and Paytm

2010-14
Ushering a new phase of growth
- 2010—Raised first India-focussed fund of $350 million
- Mukul Arora, Vivek Mathur, Mridul Arora and Mayank Arora join the team
- 2014—Raised $350 million in Fund V

FirstCry, Edelweiss, Capital Float, Toppr, Blue Star, Persistent, BookMyShow, Coverfox

2015-17
Acceleration
- 2015—Alok Goel joins; sets up SaaS practice
- 2017—Raised $350 million in Fund VI
- Increased focus on seed investments

Swiggy, UC, Paytm Mall, NoBroker, Meesho, ShareChat, Acko, ClearTax, Rivigo, Mindtree, Unacademy, Aye

2018-20
- Continued focus towards seed investments
- Growth stage deals in consumer-focussed sectors

Chaayos, ZipLoan, FabAlley, Spinny, CashFlo, IndiaMart, Mosaic Wellness

THE EVOLUTION OF INDIA'S STARTUPS

Elevation Capital got its new name in a rebranding exercise in October 2020. It also raised its seventh, and biggest, fund, at $400 million; it was also the firm's fourth India-dedicated fund. The rebranding is aimed at both moving away from a defunct acronym—SAIF stood for South Asia Infrastructure Fund—and to better communicate the firm's ethos to the market. This involves investing early, picking one venture in one sector, and backing the ventures for the long term.

"When I first started investing in India in 2002, it was very, very difficult for a founder to even convince his family that he wanted to start a company. I think that was taboo," Adusumalli recalls. Families would typically rejoice when their children landed jobs in India's IT services companies.

It stayed that way till about 2010, when people saw successes such as Info Edge or MakeMyTrip, and realised that startups weren't a fool's errand and that ventures could make both financial and societal impact. MakeMyTrip listed itself on the Nasdaq in 2010, and Elevation Capital began to get its rewards. The VC firm eventually fully exited MakeMyTrip in 2017; media reports suggested it made about $400 million.

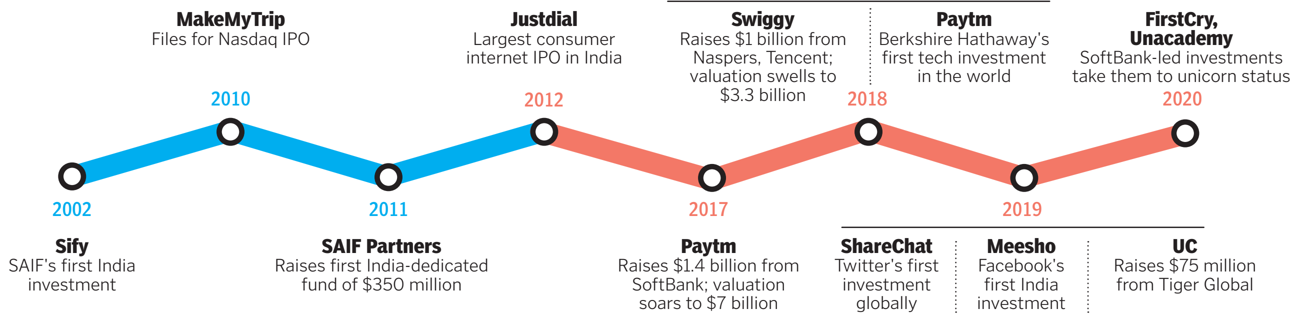
"That taboo doesn't exist anymore in India. That's a big cultural shift that's happened in the country," he says. The tipping point was probably around 2010, he says. It was also the year Flipkart—India's biggest startup success story to date, and three years old at that time—raised $10 million in a funding round led by Tiger Global. And a whole new generation of founders has since arrived.

Changes in India over the last decade have also helped the Indian startup ecosystem, says Mridul Arora, a managing director at Elevation Capital. Today more people have bank accounts, the Aadhaar unique identity system has become widespread and about half a billion Indians have some internet access through their mobile phones. Especially over the last three years, the rise of Reliance Jio Infocomm [Reliance Industries is the owner of Network 18, the publisher of *Forbes India*] has made data cheap enough for over 300 million users, he points out.

Today, being in a startup or starting one has become mainstream. On the back of success stories such as Flipkart, Paytm and Swiggy, an overall ecosystem is developing, comprising startups in multiple sectors, including ecommerce, fintech, education, health care, cloud-based software, consumer brands and technology, and "the whole long tail of digitalisation of SMEs". Then, year-on-year, the quality of founders and the insights that they bring with

INFOGRAPHICS: SMEER PAWAR

Monumental Events



them has also increased, Arora adds.

The new founders are also taking unconventional and more India-specific approaches. An example is Swiggy's approach to solve delivery first, rather than discovery, thereby expanding that market. Another is Urban Company, which is solving for local services—from haircuts to laptop repairs—in a "full-stack" manner, meaning taking complete responsibility for everything, from booking to quality of service and pricing. Meesho is a third example: It has taken an approach to ecommerce that probably doesn't exist anywhere else—with homemakers across small-town India and the shops they buy from as its core base.

"Founders are thinking harder about the problems they need to solve, brighter talent is becoming available as the ecosystem has gone mainstream and the infrastructure is ready to explode," Arora says. A pre-Covid-19 estimate by *Bloomberg* projected India's per capita GDP to nearly triple over the next decade, from about $2,000 now. Arora sees a corresponding rise in the country's startup ecosystem as people's discretionary spending power increases.

In the last five years, companies have emerged that are building 'India-first' businesses, says Mukul Arora, a managing director. Second, much more money is available at growth stage as well, as ventures seek to make the transition from early-stage to mature businesses. And in the last 12 months, "we have seen many companies both within our portfolio and outside, become profitable, operating at high single-digit or low double-digit Ebitda margins". A niche consumer products company and a supply-chain specialist—both on Elevation Capital's portfolio—are among such startups. The founders of these companies didn't want to be named.

"Brighter talent is becoming available as the ecosystem has gone mainstream."

MRIDUL ARORA, MANAGING DIRECTOR, ELEVATION CAPITAL

The coronavirus pandemic has acted as a tailwind to some of these startups. NoBroker and Urban Company are at 1.5x to 1.6x of monthly revenues compared to pre-Covid sales, says Mayank Khanduja, a managing director. Meesho's co-founder and CEO Vidit Aatrey has said his company's sales have risen 4x through the pandemic.

Companies have become much more focussed on building long-term, viable businesses, cutting their burn rates by 60 to 80 percent by reducing marketing expenses, increasing what they charge the consumer and taking other tough decisions. Because of that we will see five to 10 companies in India go public in the next 12 to 18 months, Adusumalli says.

THE EVOLUTION OF ELEVATION CAPITAL

While Jio has accelerated the tech ecosystem from an India perspective, Amazon Web Services—which offers computing power and storage for rent worldwide—has accelerated it globally, enabling people to startup much more cheaply than they would have done before, Adusumalli says. "You don't need a tremendous amount of capital today to start a business. You can start a business with a fairly limited amount of capital. That's a global phenomenon, but something that's playing out in India as well."

The last 10 years have also been the stretch over which Elevation Capital came into its own as an India-focussed early-stage VC firm. Until then, Adusumalli had invested in India out of three pan-Asia funds that involved a SAIF Partners China as well. In 2000, Cisco and SoftBank started the first fund, in which Cisco was a limited partner, putting up some of the money. Cisco was a small LP (limited partner) in the second fund in 2004. Following that there's been no engagement with Cisco and SoftBank. The VC firm has been separate from Cisco and SoftBank for 15 years, and from SAIF China for over 10 years. "Therefore the rebranding to make it more clear to the world as well," Adusumalli says.

In 2011, Elevation Capital raised its first India-dedicated fund, at $350 million. Deepak Gaur had joined Adusumalli in 2006, and Vishal Sood in 2009—both are partners in the firm. The team was bolstered with the coming on-board of Khanduja, Mridul Arora, Vivek Mathur and Mukul Arora in 2010-2011. Almost all of them are former McKinsey and Co consultants.

Elevation Capital raised its next two funds in 2014 and 2017, each of the same size as the first. In 2015, Alok Goel, former CEO of redBus, joined the firm and set up its software-as-a-service (SaaS) practice, identifying promising startups offering software on the cloud. Goel has now left the firm, but continues to be involved in the investments that he was part of.

As Elevation Capital prepares to invest from its latest fund, the partners expect to double down on their passion of finding great founders as early as they can. "That's what we are most excited to do and that's where we see the largest opportunity," Adusumalli says.

One thing the partners are always looking for are strong founders, and hopefully, a large enough market. Finding a large enough market is non-trivial in India, he says. In most cases one can almost always convince oneself that the market's not large enough and "we've made that mistake a couple of times", he says. One of them was Ola, the ride-hailing service, where after meeting the founder Bhavish Aggarwal "multiple times" very early on, Adusumalli walked away without investing in the venture.

Vidit Aatrey (left), CEO, Meesho, and Sanjeev Barnwal, who is CTO

"Companies have now emerged that are building 'India-first' businesses."

MUKUL ARORA, MANAGING DIRECTOR, ELEVATION CAPITAL

"Every time we'd walk away thinking, 'wow, great founder', but we'd go put the numbers into our spreadsheet and we'd be like 'eh, we can't see how this is bigger than a $100 million to $150 million gross revenue business'... something along those lines," he recalls. "You had the Uber comparable, but the US market was so much larger. So we got stuck with that, but the reality is that was a mistake. It's part of our anti-portfolio today." The firm missed Flipkart too.

Another company that almost fell into this category was BookMyShow, Mukul Arora recalls. Elevation Capital passed on the chance when the movie ticketing startup was raising its Series B investment. "Phenomenal team, clear leaders in their space, but again the question was of the market itself being small, and of how much of it will get online, and therefore will it be a massive outcome or not," he recalls. The firm got in at the Series C stage.

Such experiences taught Adusumalli and his colleagues to give

MEESHO: NISHANT RATNAKAR

more weightage to the pedigree of the founders, and trust that as long as the market size is at least decent to start with, the founder will find ways to expand the opportunity. The team at Urban Company, for example, has consistently, every year, figured out how to make the opportunity larger, Adusumalli says.

"They started from a horizontal business to going vertical to going full-stack, which is something that uniquely works for India. It wouldn't work in the US," he says. Finding founders who can find those types of insights early on is what investors at this firm are looking for.

In the consumer space, especially, the first level of knowledge of the market "is just hygiene and that won't help them win", says Khanduja. "It's the next level of insight—that will come only after spending a lot of time with their consumers—that will get their product to work."

For example, about six months into the investment into ShareChat, the founders took two weeks off and spent them in villages in Rajasthan and western Uttar Pradesh. They just tried to spend time with people, understand what they use, why they use WhatsApp, for example, and with any users of ShareChat, what did they like about it, what more could be done and so on. Those two weeks were so well spent that they accelerated their growth immensely at that point, Khanduja recalls.

"We get a lot of companies come to us and say 'this worked in China, this worked in the US and this is going to work in India'; that playbook is over. That playbook is really 10 years old now; it doesn't really work anymore," Adusumalli says. "You have to find founders who understand the nuances that work in India and the nuances that don't work in India."

STARTUP-SPEAK

In the new generation of entrepreneurs that is emerging, an example are the founders of Meesho, Vidit Aatrey and Sanjeev Barnwal. "Elevation Capital is our first institutional investor. I've had a very different relationship with them, a special one, as compared with any other investor," says Aatrey.

He and Barnwal—IIT-Delhi graduates—started Meesho in late 2015, and Elevation Capital invested about $2.3 million of the total $3 million in 2017 in the venture's Series A funding round. "Since then, we've grown pretty fast," Aatrey says. He recalls how staying in touch with the VC firm, which they first approached in 2015, and especially Mukul Arora, who's on the board of the company, made all the difference.

"We had no idea of how to hire people, how to manage people, how to run a business. Mukul also became a mentor and advisor to the company and personally to me as well," he adds. And as the company grew and new investors came in and offered to invest, Mukul Arora played a crucial role in helping Aatrey and Barnwal figure out whom to approach, how to negotiate term sheets and so on.

"Now we have a more formal board, lots of investors on our cap table, but the relationship with Mukul is quite unique. The bond is quite close and quite strong. I know Mukul as a friend and mentor more than anyone else [at Meesho] and they also have a very strong relationship with the company." Meesho has since had three more rounds of funding and Elevation Capital has invested in all of them, taking its total investment to $25 million. If Entrackr's sources are right, Meesho could be raising $150 million, valuing the startup as high as $1.5 billion, becoming the next unicorn on Elevation Capital's portfolio.

"It's the next level of insight that will get the founders' product to work."

MAYANK KHANDUJA,
MANAGING DIRECTOR,
ELEVATION CAPITAL

Normally, when a firm does a lot of investments, its partners get to mostly spend time formally at board meetings and a few times in between. "It's impossible to help out a young entrepreneur every second, third, fourth day," says Aatrey. Elevation Capital, because of the way it is structured—it only does two or three deals per partner per year—is able to give a lot more time to the younger entrepreneurs it has backed. That is possible because of the way they function, he reflects.

Finding such founders has helped Elevation Capital find over 20 exits in the last 18 years, including some that people might have forgotten, Adusumalli says—IL&FS Investsmart, Intelligroup, CSS Corp and so on. With MakeMyTrip, the firm made over 20x of invested capital, and with Justdial it made over 12x. Other high-multiple exits or partial exits include NSE, Qikwell, Urban Company and Swiggy. Adusumalli expects exits with even better multiples over the next two years: "I think our best exits are yet to come." F

Playing it Smart

India has emerged as the biggest smartphone market for Samsung, 25 years after it entered the country. It now needs to keep the Chinese rivals at bay

By RAJIV SINGH

In three years, ecstasy turned into despair for Asim Warsi. In 2005, when he quit Nokia to join Samsung as marketing head, the South Korean conglomerate was hot on the heels of the Finnish handset major. Within 10 years of starting operations in India, the consumer electronics major had garnered a 17 percent share of the handset market, and was the second biggest after Nokia. "It was a hungry challenger," recalls Warsi, who was then 32 and confident of propelling the brand to pole position.

Three years later, Samsung had slipped to a distant fourth in the pecking order. "At 2.7 percent market share, you are actually a no-brand," he says. Warsi, who had his first tryst with a rock-bottom moment in his career, realised something drastic had to be done. "We needed to systematically and structurally change everything."

Inspiration came from Samsung Chairman Lee Kun Hee, who had given a clarion call in 1993 to reboot. Fed up by the abysmal quality of products, he had called for a sweeping change in the way the company worked. "Change everything but your wife and children," he had said. Two years later, Lee exhibited his intolerance for poor quality, when he reportedly ordered 150,000 phones, fax machines and other devices to be burned in front of employees at a factory in Gumi, South Korea.

In 2008, Warsi and his team put into practice what the global boss had preached. No, they didn't burn

(From left) Asim Warsi, senior vice president and head, ecommerce business; Mohandeep Singh, senior vice president and head of sales, mobile business, Samsung India

AMIT VERMA

mobile phones, but rebooted the company. The gambit worked, but only for a while. In 2012, Samsung toppled Nokia to become the biggest in India but, after two years, came another shock. Indian handset maker Micromax pipped Samsung in the second quarter of 2014; it posted a 16.6 percent handset market share, while Samsung had 14.4 percent. Although Samsung has a lead in smartphones—25.2 percent—Micromax was fast catching up, with 19.1 percent. It was déjà vu for Warsi, and little did he know that he would face more such moments over the next few years.

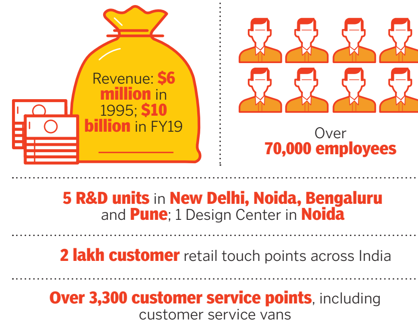
In 2018, Samsung's six-year reign at the top was ended by Chinese rival Xiaomi, which disrupted its offline approach by rolling out an aggressive online play. Two years later, another Chinese brand—Vivo—added to the challenge. In the last quarter of 2019, it pipped Samsung to become second-biggest in smartphone rankings. By now Warsi, who was tasked to grow the online business in 2018, had seen enough peaks and troughs to know it was a matter of time before the brand rose again, like a Phoenix.

In 2020, in the global smartphone market, Samsung reclaimed its top position by overtaking Huawei in the September-ended quarter. In India, it beat Xiaomi and reclaimed top position after two years, according to market research firms Counterpoint Research and CMR *(see box)*. IDC, however, shows Xiaomi as market leader, followed by Samsung and Vivo. However, year-on-year growth for Xiaomi is 7.10 percent, while for Samsung it's 38.10 percent.

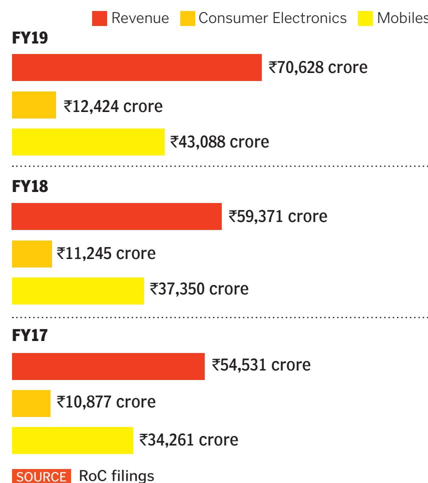
What made the third quarter special for Samsung is that India overtook the US to become the biggest smartphone market for the company. And not only had it reclaimed the top position from Xiaomi 25 years after entering the Indian market, its online channels now accounted for 43 percent of shipments.

For Warsi, it was all about the

Samsung India Electronics AT A GLANCE

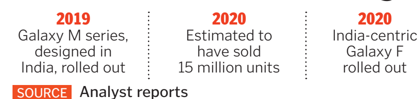


Revenue Growth



SOURCE RoC filings

How Galaxy M Changed the Online Game for Samsung



SOURCE Analyst reports

Swot Analysis

SOURCE IDC India

intrinsic resilience of the brand. "Samsung is like a Phoenix. It keeps rising again and again," he says; whenever the brand faced a crisis, the only thing that came to its rescue was invoking the Phoenix ideology. "We have always been reborn, questioned our basics, reset our fundamentals and come out stronger."

Samsung's resilience, say industry analysts, stems not only from its DNA, but also from the way it has been positioned in India—as a lifestyle brand. "It is much bigger than just a mobile phone brand," says Navkendar Singh, research director at IDC. It has its presence and success across several categories such as mobile phones, TVs, and white goods. This makes the brand much more resilient to the transient downturns compared with other brands, he says.

What has also worked for the brand is the credibility it has built over the last 25 years. Given the heterogeneity of Indian consumers and appeal, and the legacy of offline channels, Samsung is perceived as a strong brand and business partner for lakhs of retailers. "This makes it resilient to the seasonal growth of the online channel," says Singh.

Marketing experts point to another trait of the brand that has helped it survive: Disrupting itself. At times, the crisis is self-made. Take, for instance, what Lee reportedly said in 1997, giving a glimpse into the company's culture. "There was no sense of anxiety within the organisation, and everyone appeared to be eaten up with self-conceit," he said, alluding to the pace of global growth. "I needed to tighten them up a bit and repeatedly reminded managers of the need to have the sense of crisis."

Mohandeep Singh reveals how the company perpetuates a sense of crisis even during normal times. During times of dominance in volume and value market share—a good six years running till 2018—Singh disrupted the way the sales team worked. The original strategy,

INFOGRAPHICS: SAMEER PAWAR

followed by all handset players, was to focus on 'sell-in'—selling products to distributors, who in turn would sell to retailers. "We just used to sell and forget," says Singh, who joined Samsung in January 2010 as general manager (sales).

He triggered a crisis by questioning this strategy. "Sell-in was out. Sell-out was in," says Singh, alluding to the sales data of handsets sold to consumers. Shipments tracked by analysts and companies only kept a record of handsets sold by companies to distributors. Singh, now senior vice president and head of sales (mobile business) Samsung India, re-engineered the entire sales structure, which helped in two ways.

First, it created a viable business model. By tracking sell-out, Samsung was keeping a close eye on the inventory of its distributors. Second, it kept the sales team on its toes on a daily basis. "It also made us a sustainable brand," he says. A lot of brands, he adds, came on the stage, started with a bang and then disappeared. "We remained steady for the last 25 years." Having a long-term view of the business, operations and manufacturing in India also helped.

In marketing, two metrics depict the health of a brand: Longevity and potency. "Samsung has surprisingly maintained both," says Ashita Aggarwal, marketing professor at SP Jain Institute of Management and Research. Speed of growth, she says, is not the most challenging or exciting part. "What matters most is maintaining the momentum."

At times, the thrust comes from the outside. Xiaomi pushed Samsung to reinvent its online game. The trick also is to realise mistakes and mend them. For instance, in 2016, Samsung faced rising incidents of Galaxy Note 7 handsets catching fire due to a flaw in the battery. It reportedly decided to recall 2.5 million phones in September, and reportedly lost $26 billion in value in the stock market. "How many brands would have overcome that to top the charts again?" she asks.

In 2018, Warsi was gripped with another burning question after Xiaomi toppled Samsung, largely on the back of its incredible online play: How to crack the online puzzle. Analysts and critics had come down hard on Samsung for not being nimble in changing its game and adding online firepower. Samsung, they said, was losing out on millennial connect.

The task, Warsi knew, was not easy. After months of deep-dive with stakeholders, he rolled out the Galaxy M series in February 2019. It was an online-only brand to begin with, designed for millennials, and loaded with first-time features for a handset under ₹10,000. For instance, it had a battery that could easily last a day on a single charge; a better display and powerful camera. The result has been amazing: Samsung is likely to end 2020 by selling 15 million units of the phone, worth $3.5 billion.

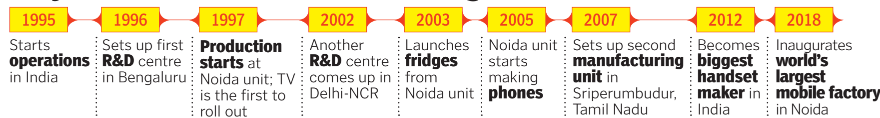
What, though, remains to be tackled are the Chinese rivals. "The fight now is not singular," says Singh of IDC. "It's plural," he adds, alluding to a battery of Chinese players like Xiaomi, Vivo and Oppo.

The dynamics and the rules of the fight, too, have changed. These rivals are nibbling at Samsung's dominance in other segments such as TVs and smart devices. Also in the fray are Indian challengers such as Voltas and Havells in the consumer durable segment, and renewed aggression from Apple in the super-premium smartphone segment. For a brand that straddles so many verticals and price points, the going won't be easy.

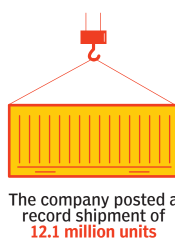
The biggest challenge for Samsung, though, would be maintaining its fire power, aggression and focus in all the segments. What this means is that over the next few quarters, the battle for supremacy might turn into a see-saw game. "At times Samsung might slip, and at times the Chinese and Indian rivals might," says Aggarwal.

Warsi knows the potential challenges, and is aware that Samsung will keep encountering its 'Phoenix moments'. "There will be more challenges," he says. "What matters most is keeping ourselves sharp, and keep coming back again and again." F

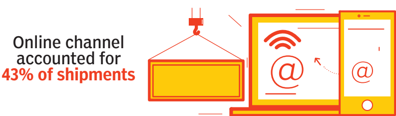
25 years in India...On and strong



A Blockbuster Third Quarter



The company posted a record shipment of 12.1 million units



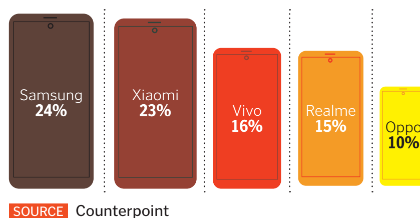
Samsung toppled Xiaomi to reclaim top slot after two years

SOURCE Counterpoint; CMR

For Now, it's Samsung 2, Xiaomi 1

While Counterpoint Research and CMR declare Samsung as winner in Q3, IDC says Xiaomi ahead with 25%.

Top Five Players



SOURCE Counterpoint

Driving Growth

Wipro's stock has soared over 80 percent on new CEO and MD Thierry Delaporte's watch. He's hired a new chief growth officer and is installing a cadre of 50 top account executives to go after large deals

By **HARICHANDAN ARAKALI**

When Azim Premji unceremoniously replaced Wipro's co-CEOs Girish Paranjpe and Suresh Vaswani with TK Kurien, seen as a go-getter, at the beginning of this decade, it was a bit of a shocker for the Indian IT industry. It also signalled Premji's determination to get Bengaluru-based Wipro back to industry-leading growth.

Wipro saw mixed results under Kurien's watch, and his successor Abidali Neemuchwala (an import from larger rival TCS), who stepped down last January, four years into his tenure as CEO, citing family reasons. Billionaire philanthropist Premji himself handed over the chairmanship of Wipro's board to elder son Rishad, in July 2019. The only constant during this period has been the gradual, grinding reduction in Wipro's growth rate.

However, there's change in the air, and investors have taken notice. In fact, as of close of trade in the BSE on January 6, they had driven the stock up by over 80 percent. This comes six months after Thierry Delaporte, a former Capgemini executive, took over as CEO and MD on July 6. Delaporte was previously COO of Capgemini group and a member of its executive board.

"The board and I are very excited about Thierry and his leadership," Wipro Chairman Rishad Premji tells *Forbes India*. "He is making some bold changes, driving a more customer-centric and a growth-oriented organisation. You will see a more ambitious Wipro as we move forward."

The new and restructured Wipro will be ready for business as early as January, Delaporte had told analysts in November. Not counting Brian Humphries at Cognizant—which is US-based, while it gets counted among the 'India heritage' IT companies—Delaporte is the first foreigner to lead a top Indian IT company over the last three decades. In those 30 years, Tata Consultancy Services, Infosys, Wipro, Cognizant and HCL Technologies rose to become multi-billion dollar companies.

One of the reasons Delaporte is where he is today is that the order of the companies listed above changed in the last decade. First Cognizant, and then, more recently, HCL Technologies, overtook Wipro, growing faster and becoming larger companies by revenue. Both have continued to grow much faster than Wipro, relegating it to the fifth place. The successive CEOs at Wipro haven't been able to change that.

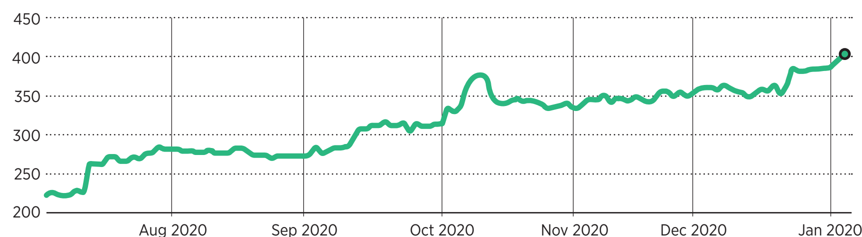
Delaporte, 53, a Frenchman, leads Wipro from Paris, where he is based. The Covid-19 pandemic has prevented him from visiting the headquarters in Bengaluru but, by early December, he had conducted over 130 interviews with Wipro's most important customers, covering over 70 percent of the IT services company's revenues.

"I see my mandate clearly as putting this outstanding brand and organisation back to where it belongs, which is leadership position," he tells *Forbes India*. "I will not be surprised if you soon hear that we have won some large deals."

On December 22, Wipro said it had won a five-year digital and IT contract from food industry wholesaler Metro AG, valued at an estimated $700 million over the period of the contract. Wipro's cloud and data centre services, workplace and network services, along with application development and operations, will provide Metro with "an integrated, flexible and robust digital infrastructure", the Indian IT services company said. The contract includes an option to extend up to an additional four years,

Wipro: Taking Stock

₹403.85 As of January 5



SOURCE Google Finance

Since joining on July 6, Wipro's CEO and MD Thierry Delaporte has already conducted 130 interviews with the company's key clients

taking the total value to $1 billion.

"Partnering with Wipro allows us to simplify and streamline our IT landscape, and critically gives us access to innovation and the best digital practices," Timo Salzsieder, chief information officer at Metro, said in a press release. As part of the deal, 1,300 staff from two IT units of Metro will transfer to Wipro. The move will help them access leading-edge innovation and help their careers, Salzsieder said.

Consistently winning large contracts is something that Delaporte wants the 185,000-strong team at Wipro to internalise. While local media reports in India have highlighted his foreigner status, Delaporte himself doesn't subscribe to the notion that it will have any bearing on Wipro's future. "I'm not French and Wipro is not Indian. We both are global," he says. Wipro is an India-born company, but a global player present in 60 countries. And at the helm of this is a board of people, not only from India, but from America, and France, he points out.

"The chairman has taken a decision not based on nationality but trying to look for who would be best positioned to continue to drive Wipro going forward," he says. "I might have a French passport. Right. I have spent most of my career abroad, my wife is American and (we have) four kids born in different countries—they are truly global citizens." He continues: "I have worked with global organisations for the last 25 years. I regularly hear people tell me, 'Oh, you're the first French and non-Indian'— it's factually correct, but that's not how I feel. I've never felt, connecting with anyone from Wipro, that I was an outsider coming from a different world."

"I have a French passport. [But] I've spent most of my career abroad, my wife is American, and [we've] four kids born in different countries."

THIERRY DELAPORTE
WIPRO CEO AND MD

However, Delaporte does plan on making Wipro more selectively global by bringing the entire company to focus on those markets that are most crucial to its future—the US, certainly, but also Europe. He will also ruthlessly push Wipro to jettison those areas and lines of service where it isn't among the leading providers.

In the US, the company's—and the Indian IT sector's—biggest market, Wipro was going after 27 verticals across seven sectors. Given its size of operations in the

US, this may have been okay, but the company had tried to replicate the model in other markets too where it had smaller footprints, spreading itself too thin, Delaporte says. "We have to align that."

In parallel with the sharpened focus on specific markets and verticals, Delaporte has also set a plan in motion to completely overhaul Wipro's organisational structure, turning it into a business with only four profit-and-loss lines from the 25 he inherited. He's also reduced the top leadership from 17 to 10 and among them, his nearest deputies are even fewer.

Facing the market, the tip of the spear will be a lone individual, with the newly-created designation of chief growth officer, and a crack team of 50 global account executives, whose sole purpose will be to go after large contracts from Wipro's biggest customers, and take those relationships deeper.

Today such executives are five or six times removed from the CEO, cutting off the very people most critical to the growth of the company from the top leadership, he says. Delaporte is remedying this by hacking away layers to ensure that a global account executive is no more than twice removed from the CEO—or is a level three executive. Perhaps a step further down with smaller accounts, but "never beyond", he says.

Then there were too few of these executives as well. Among the top 200 people at Wipro, only three percent were global account executives, and Delaporte aims to increase that to 25 percent. "So it just sends a clear message that there's nothing more important than being an account executive in this organisation," he says.

"And, therefore, the rest of the organisation is here to really serve him, to really make him stronger, providing him with all the weapons you need to deliver for the client every day."

Delaporte Will Help Us Ride The Digital Wave: Rishad Premji

In the past, Wipro has perhaps been more inward-looking and operations-focussed, says Chairman Rishad Premji. To help it regain market leadership, new CEO Thierry Delaporte is driving an obsession for customer success and stronger external market orientation, he tells *Forbes India* in an interview. Edited excerpts:

Q What have been some of the most fundamental changes in the IT industry, and at Wipro, through the last nine months?

The past nine months have seen unprecedented changes. A big shift is an acceleration in the adoption of technology and its key role in making businesses resilient in the post-Covid world. Many changes related to technology are structural. I believe those are here to stay. At the same time, the pace of transformation has created new opportunities for the industry and Wipro. We already see this all-pervasive impact on the established ways of working across many sectors. We expect that virtual, remote, community-based and distributed work models, powered by collaborative technologies, will become the norm. Enterprises will fundamentally evaluate both their technology capacity and investments so that it enables them to operate with agility. They will want to work with partners who can respond and adapt quickly to changing circumstances.

At Wipro, we now have a new CEO and MD in Thierry, who I believe is just the right leader in helping us ride the wave of this opportunity.

NISHANT RATNAKAR

He is making some bold changes, driving a more customer-centric and a growth-oriented organisation. You will see a more ambitious Wipro as we move forward.

Q From your vantage point, what do you see as the biggest opportunity for Wipro post-Covid?

Companies across the world were adopting new ways of working even before the pandemic, but the pace has now accelerated. Technology is at the core of this transformation. Digital transformation is both at the front-end—to gain better access to markets, and at the backend—to improve efficiency and optimise costs. Much of the growth for the industry will be led by next-generation technologies and services. This means digital, cloud, data, engineering, cybersecurity

will be the areas where we will see a huge incremental growth.

Wipro is ideally placed to leverage and enable these transformations—both with businesses and individuals. The company has been investing in these four areas for the last few years, and they are integral to our strategy. This coupled with the changes we are driving to sharpen focus on prioritised markets and sectors, our go-to-market approach, building strategic alliances and investing deeper in business solutions will make us a valuable and trusted partner for our clients.

Q At your recent analyst conference, you acknowledged to feeling a 'great sense of optimism' about the new journey that Wipro has started. What drives that optimism?

Thierry is driving an obsession for customer success and stronger external market orientation. We have perhaps been more inward-looking, and operations-focussed in the past. This will change. We will drive deep and prioritised focus on countries, industry sectors, offerings, and partnerships. This will require us to call out areas that we will not focus. There will be countries or sectors within countries that we will de-prioritise. Similarly, we will drive deeper investments in chosen areas rather than spreading ourselves thin.

Q Over the next three years, say, what is your aspiration/ vision for Wipro? How would you like your biggest customers to perceive Wipro?

Our customers appreciate our passion for innovation, values, work ethics and culture. They perceive us as a partner who brings deep technology expertise, strong delivery, industry focus and collaborates with them to build business solutions. It is also true that, in today's times, our clients are expecting more from us. They expect us to be more proactive, have strong opinions, challenge the status quo, and be not only the best at execution but also a proactive force of change.

As we move towards our future, our vision for this great company is to be a passionately committed, trusted partner to our clients in their transformation journey, and to help them deepen their leadership in their respective industries. We want to deliver a lasting value to our clients through sector-focussed 'business solutions', digital and tech capabilities, cutting-edge innovation leveraging our strategic partnerships and our world-class talent.

This vision can be realised only by setting ourselves high benchmarks—we must be a fast-growing, dynamic company that is constantly reinventing itself. We want to be a true global leader in our industry. We want to attract, develop and retain the best talent in our industry.

To be able to deliver this ambition, we must play to our strengths—our unique set of values, our commitment to existing partnerships, our passion for technology and innovation. But we must also be ready to make bold changes—challenge our strategic focus areas, approach to growth, attention to the market and clients, sectorial ambition, the way we connect technology and business, and finally our obsession for performance and excellence.

Q When and how did Thierry Delaporte first come to your attention as someone who could potentially be the right leader for Wipro at this juncture?

We identified Thierry as a part of the formal search process led by the Governance, Nomination and Remuneration Committee. Thierry has an exceptional leadership track record, strong international exposure, deep strategic expertise, and proven experience of driving transformation and managing technological disruption. He is a great listener and has an extraordinary ability to forge successful relationships.

Q Yours is a leading family and business when it comes to philanthropy and you demonstrated that throughout the pandemic as well.

Wipro has always believed success in business is a must but insufficient; equally we must be contributing citizens of this world. Along with the Azim Premji Foundation), we rapidly mobilised a ground-level grassroots team of over 65,000 people covering 400 districts of India. We set up the supply chains, including using Wipro's infrastructure, to support this ground-level force. Over 8.4 million people were supported with meals. Unfortunately, while we did everything we could, given the scale of the crisis, we still felt inadequate.

Over the past four months, another 8 million people in rural areas have been supported to regenerate their livelihoods. The other dimension of our work was supporting the public healthcare response to the pandemic. We converted our Pune facility into a 450-bed Covid hospital—and handed it over to the government, while continuing to support its (non-clinical) operations. But this is just one action, the deep sustained effort is our continuing work with multiple state governments to augment the public-health system—from community mobilisation and awareness building, to testing capacity enhancement and tertiary care at ICUs. These are serving about a 100 million people and will continue till the pandemic lasts.

BY HARICHANDAN ARAKALI

In this way, the new CEO also wants to institutionalise the culture of winning large contracts. "Why is it that we have had fewer large deals in the past than some of our competitors? I know the answer. We do not have today a large deal engine across the organisation," he says. "We do win some large deals, but it's much more relying on someone in an account, finding an opportunity and being a hero," he told analysts in November. "So we want to turn it into having an engine that goes after large deals and the chief growth officer will build this engine, working with the strategic market units."

Wipro has great stories of customers where it has truly transformed some aspect of their business operations, he says. "We want to multiply it, institutionalise it. We want to make sure that we are moving from a culture of heroes to a very strategic, systematic focus on being THE partner in the transformation of our clients."

Customers today want technology solutions to business problems, cutting across multiple practices, Rajan Kohli, a president at Wipro, told analysts in November. Customers expect IT providers to be able to employ the latest software development methods such as DevOps—a method of building code for a service with the developers and the operations staff collaborating from the beginning. The old ways of selling IT outsourcing, offering to develop applications and maintain them, are over, said Kohli, who is head of Wipro's digital and consulting businesses.

Delaporte hinted he may have found his chief growth officer and candidates to fill some important positions he has in mind. It will take some months, however, to get them on board, he says. He has also seen a pick-up in senior executives reaching out to friends at Wipro, which he takes as a sign that "people believe this may be the right time to join the company", he says.

"Clearly, the agenda is to drive internal talent and get the best of breed externally, both at the strategic market unit level and at market facing levels," Saurabh Govil, president and chief human resources officer at Wipro, told analysts at the November conference.

So with global account executives, technical experts, domain experts consulting experts and a host of other positions, Wipro is on the lookout. And "driving a very strong performance orientation" is another top priority. "You have to drive outcomes, perform and get rewarded. I think that will be a clear shift we will see as we move forward, striking the balance between our deep values and bringing in the right performance," Govil said.

Delaporte is also looking at acquisitions as a means of getting new talent in. Acquisitions will be much more central to Wipro's way forward than before, he says. He has already bought four small companies—which is as many as what the company bought in the three years before he came on board—and expects to accelerate the pace of acquisitions. Technology is changing rapidly and the acquisitions also help plug the gaps that Wipro might have in its portfolio. "Our acquisition strategy is really ambitious," he says.

The much simplified structure of Wipro will release a lot of efficiency, saving money for the company, which can in turn be invested in acquisitions, helping the global account executives or critical talent development programmes, Jatin Dalal, president and chief financial officer at Wipro, told analysts. This is important because Delaporte doesn't want to pay for his plan by diluting Wipro's margins. Because once margins are reduced, it will be hard to push them back up, he says.

The push back to the top will happen in three stages, Delaporte says. "Accelerate the growth, step one. Get to the level of growth of our competitors, step two. And beat the market growth average, step three. That's our journey."

"Thierry has taken over at a very challenging time," says Peter Bendor-Samuel, founder of Everest Group, a consultancy in the US that advises corporations on their business tech strategies. While the pandemic prevented him from meeting his team in person, he has moved quickly to simplify and focus on Wipro. The new organisation is a good first step in reducing the complex governance of Wipro and

Wipro's IT revenue growth comparison with peers (%)

Wipro CEOs	FISCAL YEAR	WIPRO	INFOSYS	TCS
Girish Paranjpe and Suresh Vaswani	2008-09	18.5	11.7	23
	2009-10	1.5	3	5.4
	2010-11	18.9	25.8	29.1
TK Kurien	2011-12	13.4	15.8	24
	2012-13	5	5.8	13.7
	2013-14	6.4	11.4	16.2
	2014-15	7	5.6	15
	2015-16	3.7	9.1	7.1
Abidali Neemuchwala	2016-17	4.7	7.4	6.2
	2017-18	4.6	7.2	8.6
	2018-19	2.8	7.9	9.6
	2019-20	1.7	8.3	5.3

focusing on growth. This should increase accountability and improve execution, Bendor-Samuel adds.

Delaporte has also emphasised the need for leaders to be in the regions they are leading. That should help develop senior relationships with clients which are vital in the new, more complex, digital market.

"The absolute strength of Wipro is its passion for technology and innovation," Delaporte says. Within the IT industry, there are some companies that are known to be very sales-oriented, others that are very delivery-focussed and some which are consulting-led. "The true DNA of Wipro is technology. I knew about this before joining the company, but I was not aware of the volume of innovation."

The way the world is transforming at the moment, the way industries and companies have accelerated their tech investments, forced by the pandemic... Wipro has a massive role to play in helping them get onto the cloud, the CEO says. Wipro has traditionally had a strong position on the tech infrastructure side, with strong relationships developed for years with the largest technology companies.

The company has also invested in building up its digital services portfolio. With its roots in engineering, and strengths in business operations technology, it is well-positioned to tap the convergence of the two, he says.

The CEO's biggest challenge will be to change the mindset of the rank and file of Wipro to focus on growth, and to do it quickly, Bendor-Samuel says. 2021 is looking to be a year of strong recovery... it will be important that Wipro executes its strategy well to regain its growth position.

However, it may take Wipro some time to get used to the new organisation and governance. Market recoveries are important times during which market shares can shift, and once they are over,

The Wipro headquarters in Bengaluru

COURTESY WIPRO

such shifts become harder. This means, Wipro will have precious little time to embrace its internal changes, and focus on winning large contracts and delivering them well.

"I believe Thierry is just the right leader in helping us ride the wave of this opportunity," says Rishad Premji. "I've never felt more confident or excited about our future."

This will be another critical factor, Bendor-Samuel says. While Delaporte has both the background and personal attributes to be an effective leader of Wipro, it will be vital that he receives strong support from the board and the Premji family if the changes the new CEO is pushing for are to stick. "The organisation is likely to resist some of the harder changes and they will need to see that the Premjis are fully behind Thierry," he says.

And the Premjis have the power to back their new CEO to the hilt, because they have de facto control over the company, which is still both highly profitable and majority owned by the family and their trust.

Bendor-Samuel adds: "The further it gets behind the industry leaders, the harder it becomes for it to recover its industry leadership... it may end up being relegated to lesser status if it is unable to reignite growth."

Delaporte clearly recognises the mindset challenge, which he picked out as priority alongside investing in existing talent and attracting the best from outside. "Driving change in the mindset of our employees, driving actively our talent agenda by investing in our people to really make them as strong as possible, to really equip them holds the key to success," he says.

He envisions Wipro to be working for the most demanding clients and on the most complex projects: The most demanding clients will likely be the ones changing their own industries, and the most complex projects the most strategic. This will also attract the best talent, he says. "We want to be seen as the place to be, from a talent standpoint," Delaporte says. Getting back to industry-leading growth will do that. F

SaaS Startups: India-born, US-focussed

Strong cloud-based enterprise software product companies are emerging in India, but are quickly moving to the US, drawn by customers, the ecosystem and the IPO dream

By HARICHANDAN ARAKALI

Postman started as a side project for Abhinav Asthana. He was the technical founder of an earlier startup after finishing college in India, and was grappling with the complexities of making disparate pieces of software connect with each other. The software that do that are called application programming interfaces (APIs) and they are becoming increasingly important to software development.

Eventually, the side project became the main interest, after an early piece of software that Asthana put up on the Chrome Web Store drew a lot of attention from software developers, and suggestions about features that could be added to it, and how it could be expanded. That gave birth to Postman in 2014, with backing from early stage investor Nexus Venture Partners.

By 2016, Postman had employees in the US, and Asthana himself moved to San Francisco in 2017. This year, Postman raised $150 million in its series C funding at a valuation of $2 billion.

Postman is one of a new generation of software product companies that started in India, but quickly moved to the US. Often they are companies that build software as a service (SaaS) for businesses. While they are building world-class software products and platforms, typically on the cloud, the move to the US is almost inevitable. Early-adopter customers are Americans, and the ecosystem of product development is still several years ahead in Silicon Valley.

The big change in India, however, is that the combination of talent availability and early funding, and the broader interest in software development—from ecommerce giant Flipkart to Dream 11, the fantasy cricket gaming startup—has matured to a point where software product companies are emerging that are able to make the transition to becoming global companies. In the process, not only are they attracting investor interest at an early stage in India, but are going on to successfully raise money from US backers at the growth stage, says Sameer Brij Verma, a managing director at Nexus Venture Partners.

Some of these companies have created new categories—like solving a specific set of problems within the API software space or automating how software applications talk to databases—or are among the leaders in categories. So they are attracting a lot more international capital. "With Postman we led series A; series C was led by Charles River Ventures, a Silicon Valley-based fund. The same thing happened with Hasura," Verma says.

> **"We did a seed round in India about two and a half years ago, but almost immediately after that we moved to the US."**
>
> **TANMAI GOPAL,**
> CO-FOUNDER AND CEO, HASURA

Nexus Venture seed-funded Hasura, "nearly co-led the series A", and the series B was led by Lightspeed Venture Partners US. The category in which Hasura has found admirers is in automating data access for software applications. "We did a seed round in India about two and a half years ago, but almost immediately after that we moved to the US," says Tanmai Gopal, co-founder and CEO of Hasura. The startup is now based in San Francisco, but has truly gone global with about 60 employees across the US, Europe, India, Vietnam, Australia and Nigeria.

Observe, another Nexus Venture portfolio company, started off in India with Nexus getting in at the series A stage. Then the startup moved to the US and went on to raise funding from Scale Ventures in 2019, and $54 million in series B investment led by Menlo Ventures this September.

"So these companies now have this playbook of internationalising and globalising out of India," Verma says. "As these cases are getting proven out in the country, there's also a lot

SaaS allows businesses to avoid large upfront investments in software and, instead, businesses get to rent what they want off the internet

SHUTTERSTOCK

of confidence that the value investors or global investors are seeing—that there's a new crop of companies that are coming, which can compete, build out of India and go for the world."

GROWTH FACTORS

When Sridhar Vembu started Zoho some 25 years ago, or when one of his star employees, Girish Mathrubootham, stepped out to start Freshdesk (now Freshworks) in 2010, touching off an India-born SaaS revolution wouldn't have been on their minds. But that is what is beginning to happen now.

SaaS is increasingly how businesses—especially in the more advanced economies—access software to run their operations or help their customers. SaaS allows businesses, big and small, to avoid large upfront investments in software. Instead, businesses get to rent what they want off the internet, and pay for what they use, by number of users, for instance.

Indian companies offering software for a variety of uses on the SaaS model are on the cusp of a transformation, according to Bain & Company, a consultancy. And this transformation is backed by rising investor interest. Over the last five years, the number of funded SaaS companies has more than doubled, and the number of SaaS companies drawing series C or later stage capital has quadrupled, representing significant traction, says Bain in its report, India SaaS Report 2020, released in December.

"In the last five years an enabling ecosystem has been built up," says Lalit Reddy, co-author of the report, who is a partner and leader in Bain India's private equity and digital delivery practices. One way this happened is, as Zoho and later Freshworks, grew, several of their employees stepped out to start their own ventures. Bain estimates that over 65 such ventures were started just by former Zoho and Freshworks employees.

These early entrepreneurs took several initiatives to grow the SaaS ecosystem in India. For example, they started SaaSBOOMi, which became a very popular conference where entrepreneurs who had built successful SaaS companies would share their experiences. And "like the Paypal mafia in Silicon Valley, these founders in India founded or invested in other companies," says Reddy.

India now has a growing ecosystem of enablers comprising domestic and global SaaS investors; over a hundred SaaS angels with four or more investments; incubators and accelerators such as xto10x and Flipkart Leap; and SaaS development events and initiatives sponsored by communities such as SaaSBOOMi, says the Bain report.

There is also a critical mass of people who were product managers in the US, who have come back to India and have become involved in SaaS startups. "In the US and Western markets, there is now an acceptance of Indian SaaS companies that are selling world-class products with high quality customer service," says Reddy.

Another factor is that, in general, interest in software development has grown substantially in India, says Gopal at Hasura, as companies across the spectrum—from new-age startups like Swiggy to traditional government-run banks—plugged into India's mobile internet revolution to reach millions of customers.

As digital penetration increases among Indian consumers, the digital products from businesses that serve them need to match ever-higher

expectations of convenience, user experience and security. Which in turn is creating an environment for a whole host of software companies to grow. Such as Locus, which offers logistics intelligence to ecommerce businesses, or Yellow Messenger, which builds artificial intelligence (AI)-based bots that businesses can use to offer customer support.

MONEY MATTERS

There is now a pool of investors actively investing in Indian SaaS companies. Funding for Indian SaaS startups crossed $1.3 billion in 2019, Bain estimates. Horizontal business software was the largest sub-segment, accounting for two-thirds of all SaaS investments, and vertical-specific SaaS grew the fastest, albeit on a small base. Even amidst the Covid-19 pandemic, SaaS has been a prominent investment theme.

SaaS investments rose to 20 percent of venture capital and growth equity funding in the first half of 2020, versus 15 percent in the same period in 2019. SaaS also emerged as the top priority technology sub-sector of focus in an investor survey that Bain conducted in 2019, says Reddy.

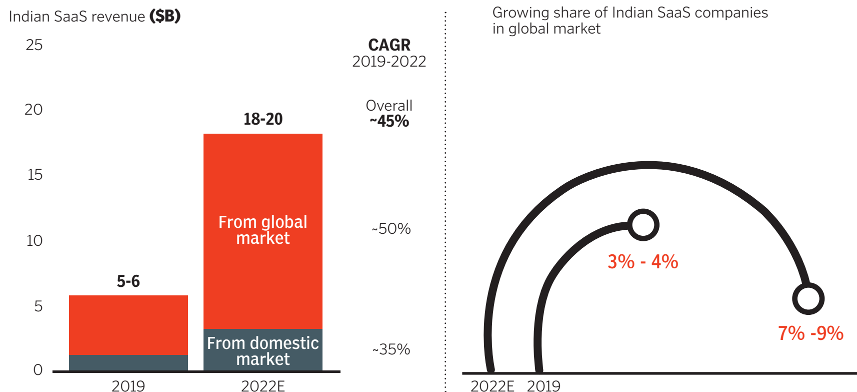
Indian SaaS companies are poised to reach between $18 billion and $20 billion in revenue by 2022, with the potential to capture 7 percent to 9 percent of the global SaaS market, according to Bain's report. Over the last decade, SaaS companies started by Indian founders have grown from a handful of ventures to a multi-billion dollar industry. In addition to Zoho and Freshworks, companies such as Druva and Icertis have breached the $100-million annual recurring revenue mark, with a healthy pipeline of companies well placed to follow over the next 12 to 18 months, according to Bain.

Zoho, with bases in Chennai and California, offers office productivity and business management software on the cloud. Freshworks, headquartered in San Mateo, California, started with helpdesk software but now offers a broader suite of software for businesses to manage their operations. Druva offers cloud data protection and management technology. It was started in Pune in 2008, and by 2012 had moved to Silicon Valley. Icertis was started in 2009 and has an engineering centre in Pune. Based in Bellevue, Washington, it provides sophisticated enterprise contract management software.

Today all of them are unicorns among India-born SaaS companies. Postman and HighRadius, which makes AI-based fintech software, are a couple of others.

Growth potential

Indian SaaS companies will continue to grow and nearly double their share in the global market in the coming years

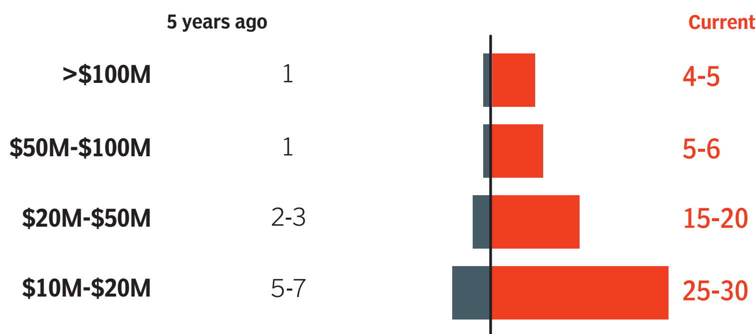


Note: India SaaS revenue includes SaaS revenues of both software and IT firms such as Tally and Ramco, and for pure-play SaaS companies such as Zoho and Freshworks

Revenue potential

Many companies reached the $100 million annual recurring revenue (ARR) club in the past few years, with many more expected to follow

Number of SaaS companies



	5 years ago	Current
>$100M	1	4-5
$50M-$100M	1	5-6
$20M-$50M	2-3	15-20
$10M-$20M	5-7	25-30

Note: Based on latest available ARR data in 2019 or 2020; number of companies is directional

SOURCE Bain & Co. India SaaS Report 2020

THE AMERICAN DREAM

The Indian SaaS story is also one in which local challenges pushed entrepreneurs to find global markets. "There are components of the ecosystem [in India] that are still a bit lagging when you compare it with the Bay Area," says Postman's Asthana. "Our best customers are early adopters—people on the cusp of wanting to pay for the problems Postman is solving—who are all based in the Bay Area or the West Coast or the East Coast of the US."

Companies like Postman and Hasura are very developer-focussed and that's how their products get adopted as well—first developers

INFOGRAPHICS: SAMEER PAWAR

get excited about them, typically use open-source versions for free, then teams of developers adopt them, and then the companies those teams work for see value in paying for enterprise versions that offer more features, customisations and so on. Some 13 million developers and over 500,000 companies use Postman, while not all those companies are paying customers. Hasura isn't a pure-play SaaS company and straddles the cloud and the on-premises world, with some 100 million downloads of its software.

A more conventional reason for Indian-born SaaS entrepreneurs to head to the US is also the dream of a blockbuster IPO, one day. And for software product IPO inspiration, there is really no place like the US, as the September listing of Snowflake, a cloud-based data warehousing provider, showed. The eight-year-old American company raised $3.6 billion via its public listing and was valued at over $30 billion after the stock price jumped 111 percent on listing day. And the icing on the cake was it drew investments from the notoriously IPO-shy Warren Buffet.

"I mean, things like, you know, Berkshire Hathaway participating in Snowflake's IPO gives a boost to the entire segment," says Nishith Rastogi, co-founder and CEO of Locus, another India-to-US software startup. Rastogi and co-founder Geet Garg quit their jobs at Amazon Web Services to start Locus in 2014, building software that provided logistics intelligence. Locus is headquartered in New York, but still does much of its research and development in Bengaluru, where Garg, also the CTO, is based. This is something many SaaS companies that moved to the US continue to do and that has helped build the ecosystem here. There is "cross-pollination," Asthana says.

ON HOME GROUND

And even as Indian startups expand to the US, the growing interest in software product development in India is attracting US companies in the space to set up operations in India. An example is New York-based Stack Overflow (its parent company is called Stack Exchange), which provides a collaboration platform for developers. Through a partnership with investment firm Times Bridge, Stack Overflow is bringing its enterprise product Stack Overflow for Teams to India.

"There's a lot of confidence value investors or global investors are seeing—that there's a new crop of companies that can compete, build out of India and go for the world."

SAMEER BRIJ VERMA,
MANAGING DIRECTOR, NEXUS VENTURE PARTNERS

"Stack Overflow's public platforms have long been embraced by developers across India," says Rishi Jaitly, CEO of Times Bridge. Now, Times Bridge will help Stack Overflow sell its flagship enterprise edition to technical teams across India. It enables secure and efficient collaboration across teams of technologists, while assuring mission-critical knowledge-management needs are well served, adds Jaitly.

Times Bridge, a division of the Times Group in India, also invested in Stack Overflow in July, when the software company raised its series E funding. "The company's presence in India will further energise, and strengthen the community in the Indian SaaS ecosystem," Jaitly says.

Prashanth Chandrasekar, Stack Overflow's CEO, echoes the idea. "India is among our largest and most vibrant user markets, but remains largely untapped in the context of our Teams SaaS product," he said in a press release on December 1. Tapping the Times Bridge partnership, Stack Overflow will aim to "empower developers and technologists in every corner of the country to collaborate and innovate together".

The entry of such companies is timely. Today there are hundreds of SaaS companies in India. They range from companies with an annual recurring revenue of $100 million or more to those in the $50 million to $100 million range, to startups in the $10 million to $50 million stage, to those that are at sub-$10 million.

To be sure, the larger ones are those with strong bases in the US, while the vast majority of those based in India are in the sub-$10 million revenue category. However, five years ago, there were perhaps 10 companies in the $10 million to $50 million range, whereas today there are about 50 such companies, says Aditya Shukla, co-author of the Bain report, who is a partner and leader in Bain India's private equity practice. At the $10-million revenue mark, it becomes clear that a company has found a good product-market fit and that "it's got its bearings right and figured out what to sell and whom to sell to," he adds. And many of these companies are growing at 100 percent-plus annually.

On the whole, the ecosystem is still relatively small. "The sheer number of people who have been-there-done-that is still small—certainly compared with Silicon Valley," Reddy says. Getting more people who have the experience of founding, building and exiting startups is what the Indian ecosystem needs. F

Startups

Makeover Moves

Home services startup Urban Company invested in technology, offered comprehensive partner training modules for its staffers, won over new customers with fresh services and doubled revenue

By NAANDIKA TRIPATHI & NAINI THAKER

Nimisha Soni vividly recalls the butterflies in her stomach when she resumed work in May. India was grappling with the coronavirus pandemic and though the lockdowns had eased a bit by then, fear had kept most people confined to their homes. Her nervousness was apparent, and understandable.

The 38-year-old service partner of home services startup Urban Company (formerly UrbanClap) was among the thousands of gig workers who had either lost their jobs or were not paid their salaries in the absence of work, once the lockdowns had come into effect. The financial strain had become even more acute as her husband, a driver with ride-sharing app Ola, did not have a source of income either during the lockdown. Their three daughters were too young to understand that their parents were running the house on their meagre savings. Which is why when the beauty service professional received her first booking after a gap of over two months, she was elated.

At work, Soni adhered to the new safety guidelines issued by the company. "During the lockdown, we were trained on how to change certain methods of working to ensure maximum safety. We were taught new techniques over Zoom video calls and were asked to practice them. Later,

Varun Khaitan, co-founder of Urban Company, at a training centre for service partners; during the lockdowns, it also invested in tech-based training modules

MADHU KAPPARATH

the trainer took a test to ensure we had understood them. The training was extremely helpful because we were ready to offer our services once things opened up," says Soni, who has been working with Urban Company for two years. However, performing tasks with gloves, masks, personal protective equipment (PPE) and a face shield became arduous. Soni got used to it after the first three or four orders. A satisfactory nod from customers only bolstered her confidence. "We sanitise our equipment in front of the customers—before and after each service," she adds.

Once operations resumed, Urban Company made it mandatory for service partners to take a selfie with their masks and gloves at the start of every job. Service partners had to use the Aarogya Setu app and ensure daily temperature checks. Also, all beauticians and barbers were instructed to use disposables and single-use sachet products so that there was no cross contamination.

"We knew safety was going to be a huge concern whenever the country reopened. Service providers are going to feel afraid to go and offer services while customers will be scared of opting for anything, whether it's a product or a service. We had to think about what it actually means to provide a safe platform for both customers and service partners so that both sides feel confident. We knew that this will be, in some ways, good for business, because people will not want to step out... the importance of service at home and a trusted service provider will go up," says Varun Khaitan, co-founder of Urban Company.

The company has invested heavily in technology, PPE kits and health protocols of service partners as well as employees. It has also stepped up marketing and promotions on its app and website—they mostly focus on safety precautions taken to minimise the risk of infection.

Before the pandemic, the company's partner training modules

"On the first day of the unlock, we did more business than we did pre-lockdown. A new challenge of on-boarding service providers emerged because we are growing more than expected."

VARUN KHAITAN
CO-FOUNDER, URBAN COMPANY

were conducted face-to-face at their training centres. However, due to the lockdowns and social distancing norms, it switched to the online mode of training. "Since April, we have on-boarded 10,000 partners across all categories, chiefly appliance repairs, barbers and beauticians—all done remotely. For us, remote on-boarding is almost an alien concept as we rely heavily on classroom training programmes for our partners. Our tech team developed the entire backend infrastructure required to deliver these training modules virtually—from screening and interviewing candidates to making training content accessible online, running virtual classes and conducting online assessments. This was a massive project that the tech, product and training teams undertook," explains Mukund Kulashekaran, senior vice president, Urban Company.

Once the new model was in place, Urban Company claims to have added 2,000 to 3,000 partners every month—from June to November. As more services were allowed and everything opened up across the country, demand swelled. "Every month there was a wave [in demand], building up on existing waves between May and November. I guess we provided a safe platform, which our consumers believed in, and supported our existing service providers. All of them were back to work. We are sitting at 40 percent higher business than before," claims Khaitan.

People like Soni are now used to new ways of offering beauty services. For instance, traditionally, beauticians used to thread using their lips, but that changed to wrapping the thread around their neck. For waxing, the company introduced a new technique called cartridge wax, wherein unlike the traditional tin wax, the cartridge is used only on one person and then discarded. Currently, more than 1 lakh women a month use this technique of waxing, the company claims.

Urban Company's plans to expand the beauty segment to different price points got accelerated due to the pandemic. "We launched a more affordable price point and a luxury price point so that we could serve the entire market," adds Khaitan.

As most people continued to work from home and were wary about stepping into a salon, the company decided to target that segment. "We decided to tap into this market that was not being served by us previously. Customers have adopted the luxury segment well... and we have been able to give employment opportunities to more people," explains Khaitan.

Some new services on the platform like the men's haircut got several requests, but the company didn't have enough service providers to cater to the huge demand. "On the first day of the unlock, we did more business than we did pre-lockdown. With this, a new challenge of on-boarding service providers emerged because we are growing more than expected," says Khaitan.

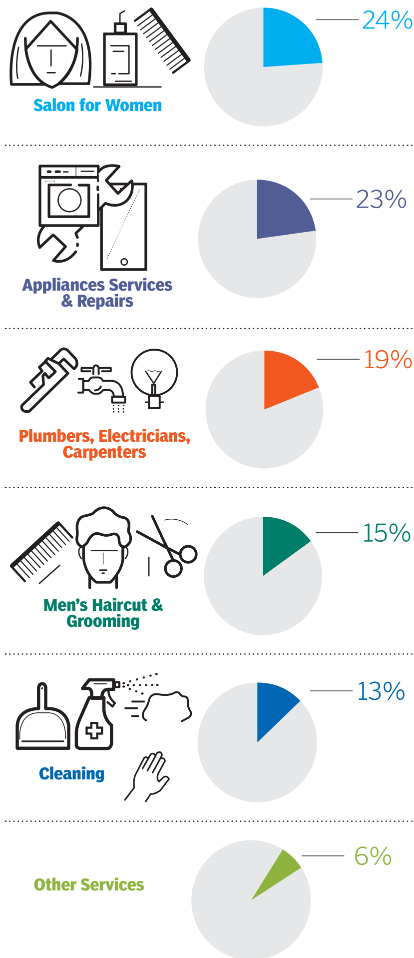
The men's grooming category included services such as manicures and pedicures, but due to the unprecedented demand for haircuts, Urban Company has restricted it to only haircuts and hair care services. "There was so much demand for haircuts that we decided to focus only on that as opposed to giving haircuts and pedicures to half our customers. We cut down the portfolio for a while, but we are re-launching other services, including facials and pedicures," adds the co-founder.

The company claims to have integrated about 10 lakh new consumers since March across categories. "Overall, we gained market share... even on services that will gradually come back, we certainly gained share over salons," he says. The company has about 27,000 partners on board and the number is expected to grow by 35 to 40 percent. It also didn't have to let go of a majority of its partners. Khaitan claims over 90 percent of its service partners are back and active on the platform.

The Gurugram-based company's business was adversely impacted during the lockdown. But it has seen a steady recovery as more consumers trusted in its at-home services. The service startup's revenue doubled to ₹216 crore in FY20, resulting in a 103 percent year-on-year increase. It had reported ₹106 crore in revenue and a loss of ₹67 crore in FY19. The net booking value of all transactions through the Urban Company platform grew by 138 percent year-on-year to ₹918 crore in FY20 and the company hopes to double this by 2022.

"When we first met the company,

Services used by Urban Company consumers since February 2020



SOURCE Urban Company

INFOGRAPHICS: SAMEER PAWAR

Urban Company has seen increased demand for servicing and repairs of home appliances

we loved the team and the founders, but the question we always had was: 'Is this a large enough market?'. And they have consistently, every year, figured out how to make the opportunity larger and larger," says Ravi Adusumalli, managing partner of Elevation Capital, an early-stage venture capital (VC) firm, that has invested in the startup. "They started from a horizontal business and went vertical to full-stack, which is something that uniquely works for India. It wouldn't work in the US. Finding founders who can find those types of insights early on is what we are looking for."

By full-stack, Adusumalli means Urban Company now takes full responsibility for everything—from when a user books a service to the quality of the service and from the skill of the technician or service provider to ensuring a transparent payments experience.

Founded in 2014 by Abhiraj Bhal, Varun Khaitan, and Raghav Chandra, the at-home service provider platform has raised close to $216.6 million in funding, the latest being a series E round in late 2019, where it raised $75 million led by US-based Tiger Global Management. Currently, the company is valued at over $900 million, according to Tracxn.

WHAT NEXT?

Apart from the services it offers, Urban Company is now looking at selling beauty products. "For our beauty segment, we don't have costs of running a physical salon. So we'd like to invest in giving our customers great products," says Khaitan.

The company is working with its cosmetics manufacturers to get newer product ranges and also its own line of products. "These will first be a part of the beauty services that we provide... for instance, a facial from the Urban Company private label. Over time, we might think of selling them to our customers," says Khaitan.

Recently, Urban Company was ranked No 1 in the Fairwork India Ratings 2020 Report, as it had the best working conditions for 'platform workers'. The Fairwork India team is spearheaded by the Centre for IT and Public Policy (CITAPP) at the International Institute of Information Technology Bangalore, along with partners at the University of Oxford and the University of Manchester. Balaji Parthasarathy, professor at CITAPP, who has worked on the report, says, "One aspect of Urban Company that stood out was its consistent willingness to re-examine work processes that fell short of meeting the Fairwork principles. For example, following discussions with Fairwork, it agreed to adopt a zero-tolerance policy that prohibits customers from discriminating against workers on the basis of religion, caste, race, disability and sexual orientation."

> **"Since April, we have on-boarded 10,000 partners across all categories, chiefly appliance repairs, barbers and beauticians."**
>
> **MUKUND KULASHEKARAN**
> SENIOR VP, URBAN COMPANY

Operating Revenue

FY19	₹106 crore
FY20	₹216 crore

Growth: **103 percent**

Additionally, Parthasarathy mentions the company's willingness to engage with workers through fora such as focus group discussions, surveys and WhatsApp groups, and to attend to worker needs by, for example, redesigning equipment to make them more convenient to use. "Similarly, when workers raised concerns over last-minute cancellation of jobs, the platform began charging a cancellation fee for those customers who cancel jobs in under four hours," he adds.

When the lockdown was announced, Urban Company gave an interest-free business advance of ₹11 crore for nearly 22,000 service partners. The company immediately transferred ₹5,000 in their bank accounts. Recently it also rolled out a Covid-19 health insurance and income protection cover for service professionals active on its platform in India.

Khaitan says the company plans to go public in 2023. "As any VC-funded company, we do want to go public. Before launching our IPO, we want to work towards becoming a larger and a profitable company." F

• ADDITIONAL INPUTS BY HARICHANDAN ARAKALI

COURTESY: URBAN COMPANY

Wo

As female entrepreneurs and execs increasingly take centre stage, *Forbes* is expanding our annual ranking of the nation's wealthiest self-made women to 100, up from 80 in 2019. The pandemic has been kind to some, including Zoom Video Communications' finance chief, Kelly Steckelberg, who debuts on the list as shares of the work-from-home staple have quintupled since the start of the year. Others, such as cosmetics whiz Anastasia Soare and the co-founders of skin care firm Rodan + Fields, have been less fortunate, as the quarantine has hurt beauty brands

America's Most Successful men Entrepreneurs

1. DIANE HENDRICKS

$8 billion ↑

SOURCE: **Roofing**

AGE: **73** • RESIDENCE: **Afton, Wisconsin**

SELF-MADE SCORE: 9

The roofing mogul tops the list for the third year running, thanks to her Beloit, Wisconsin–based ABC Supply, which sold $11.7 billion worth of roofing and building materials last year. Outside of ABC, her construction company is building a ballpark for an Oakland Athletics minor-league affiliate, the Beloit Snappers, while a nonprofit she chairs is creating a new charter school slated to open in 2021.

2. JUDY FAULKNER

$5.5 billion ↑

SOURCE: **Health IT**

AGE: **77** • RESIDENCE: **Madison, Wisconsin**

SELF-MADE SCORE: 8

The governor of Wisconsin called on her medical-records software company, Epic, this spring to help coordinate pandemic-related communication and services for the Badger State's 6 million residents. The company has also been donating its telehealth and remote-monitoring software. Faulkner, who intends to give 99 percent of her fortune to a charitable foundation within a decade, started the $3.2 billion (2019 sales) company in a basement in 1979.

3. MEG WHITMAN

$5 billion ↑

SOURCE: **eBay**

AGE: **64** • RESIDENCE: **Los Angeles**

SELF-MADE SCORE: 6

The former eBay CEO is wealthier than ever after a 46 percent jump in eBay shares since the beginning of 2020. Quibi, the mobile entertainment platform she leads, debuted in April. Despite winning two Emmy awards, it reportedly lost some 90 percent of early subscribers when free trials expired.

4. JUDY LOVE

$4.7 billion ↑

SOURCE: **Retail & gas stations**

AGE: **83** • RESIDENCE: **Oklahoma City, Oklahoma**

SELF-MADE SCORE: 9

She and her husband, Tom, founded Love's Travel Stops & Country Stores in 1964, when they leased an abandoned gas station in Watonga, Oklahoma, for $5,000. Love's opened 20 new locations in the first eight months of 2020, including its largest ever, in Madison, Georgia. The company, for which Judy serves as executive secretary, has some 520 Love's Travel Stops across 41 states, with estimated revenues of more than $20 billion.

JAMEL TOPPIN FOR FORBES

CHANGE IN WEALTH KEY: ↑ UP ↓ DOWN ↔ UNCHANGED ↻ RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

5. MARIAN ILITCH

$4.1 billion ↑
SOURCE: **Little Caesars**
AGE: **87** • RESIDENCE: **Bingham Farms, Michigan**
SELF-MADE SCORE: **9**

Mrs I, as she is known, co-founded pizza megachain Little Caesars with her late husband, Mike, in 1959. The company did an estimated $4.4 billion in global sales in 2019, and 2020 could be even bigger. Shares of competitor Domino's have jumped 35 percent since the beginning of the year as homebound customers have driven up demand for pizza delivery.

6. LYNDA RESNICK

$3.6 billion ↑
SOURCE: **Agriculture**
AGE: **77**
RESIDENCE: **Beverly Hills, California**
SELF-MADE SCORE: **8**

With her husband, Stewart, she runs agricultural giant Wonderful Co, which had $4.7 billion in 2019 revenue from growing pistachios, almonds, pomegranates and mandarin oranges on 135,000 acres of orchards in Texas, Mexico and California's Central Valley. In September 2019, the couple pledged $750 million to Caltech for climate-change research, the largest gift in the university's history.

7. JOHNELLE HUNT

$3.5 billion ↑
SOURCE: **Trucking**
AGE: **88** • RESIDENCE: **Fayetteville, Arkansas**
SELF-MADE SCORE: **7**

Hunt pledged $5 million in November 2019 to help build a baseball facility at the University of Arkansas. The state's richest woman owns a 17 percent stake in publicly traded trucking company JB Hunt Transport Services, which she co-founded with her late husband, JB, in 1969.

8. THAI LEE

$3.2 billion ↑
SOURCE: **IT provider**
AGE: **61** • RESIDENCE: **Austin, Texas**
SELF-MADE SCORE: **9**

Sales of $10.7 billion (2019 revenues) IT provider SHI International, which she heads as CEO, spiked 6.4 percent in the first half of 2020 as customers like Boeing and AT&T rushed to buy remote-work technology during the pandemic. SHI said in September it made an undisclosed investment in cloud data-management company mLogica. The South Korean immigrant and her now ex-husband purchased a struggling software reseller for under $1 million in 1989; it eventually became SHI.

Oprah Winfrey

9. OPRAH WINFREY

$2.6 billion ↔
SOURCE: **Television**
AGE: **66** • RESIDENCE: **Montecito, California**
SELF-MADE SCORE: **10**

She's the richest woman in entertainment as a result of 25 years of her popular daytime talk show, which ended in 2011. Winfrey has been busy during the pandemic, premiering two series under her nine-figure pact with streaming service Apple TV+. On *Oprah Talks Covid-19* and *The Oprah Conversation,* Winfrey is back in the interview chair, discussing the coronavirus and racial injustice, respectively.

10. DORIS FISHER

$2.4 billion ↓
SOURCE: **Gap**
AGE: **89** • RESIDENCE: **San Francisco**
SELF-MADE SCORE: **7**

Fifty-one years after founding Gap with her husband, she and her three sons still own nearly half of the $16.4 billion (fiscal 2019 sales) clothing retailer. In January, it nixed plans to spin off Old Navy as a separate public company, citing the "cost and complexity" involved. It then tapped its Old Navy chief, Sonia Syngal, to step up as CEO in March; son Bob Fisher had filled the role for several months after the company fired previous head honcho Art Peck in November 2019.

11. ALICE SCHWARTZ

$2.2 billion ↑
SOURCE: **Biotech**
AGE: **94** • RESIDENCE: **El Cerrito, California**
SELF-MADE SCORE: **8**

Schwartz's Bio-Rad Laboratories has been at the forefront of coronavirus relief efforts, providing an FDA-approved virus test as well as an antibody test, among other initiatives, to fight Covid-19. Bio-Rad shares have jumped 58 percent since mid-March. Schwartz, who cofounded the company in 1952 with her husband and $720 in savings, owns a 14 percent stake and sits on the board. Her son, Norman, is chairman and CEO.

12. GAIL MILLER

$1.9 billion ↑
SOURCE: **Car dealerships**
AGE: **76**
RESIDENCE: **Salt Lake City, Utah**
SELF-MADE SCORE: **7**

The Larry H Miller Group, which she runs, owns the NBA's Utah Jazz, 65 car dealerships and 15 movie theatres. The group was affected by the pandemic, leading to layoffs in April to cut costs. Still, car sales are strong, and her NBA team is worth 9 percent more than last year, pushing up her net worth. Her co-founder husband, Larry, died in 2009.

CHANGE IN WEALTH KEY: ↑ UP ↓ DOWN ↔ UNCHANGED ↻ RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

OPRAH: VERA ANDERSON; RESNICK, MILLER: GETTY IMAGES

13. SHERYL SANDBERG

$1.8 billion ↑

SOURCE: **Facebook**

AGE: **51** • RESIDENCE: **Menlo Park, California**

SELF-MADE SCORE: 6

Sandberg, chief operating officer at Facebook, made a name for herself through her *Lean In* book and philosophy. She's spent the last few years focussed on improving Facebook's tarnished public image. The company faced a boycott over the summer by over 1,000 advertisers upset with what they say is Facebook's weak policing of hate speech and misleading political ads.

13. ELAINE WYNN

$1.8 billion ↓

SOURCE: **Casinos, hotels**

AGE: **78** • RESIDENCE: **Las Vegas**

SELF-MADE SCORE: 8

Shares of Wynn Resorts, the casino operator she co-founded, have tumbled 43 percent since January, due largely to shelter-in-place orders that kept the company's properties—including the Wynn and Encore in Las Vegas and Encore Boston Harbor—shuttered for several months. In 2018, her ex-husband and co-founder, Steve Wynn, resigned amid allegations of sexual misconduct. He denies them.

15. EREN OZMEN

$1.2 billion ↓

SOURCE: **Aerospace**

AGE: **62** • RESIDENCE: **Reno, Nevada**

SELF-MADE SCORE: 9

Ozmen is president of aerospace and defence firm Sierra Nevada Corp, which she owns with her husband, Fatih. The Turkish immigrants bought SNC in 1994 when it had just 20 employees and have built it into one of the United States government's biggest majority-female-owned contractors. In August, the company secured a $320 million bid to produce encryption devices for the US Army.

16. SAFRA CATZ

$1.1 billion ↔

SOURCE: **Oracle**

AGE: **58**

RESIDENCE: **Redwood City, California**

SELF-MADE SCORE: 6

Catz went from co-CEO to sole CEO of software giant Oracle in 2019 after her former co-CEO, Mark Hurd, passed away. In mid-September, US President Donald Trump approved a deal involving the popular Chinese video app TikTok, Walmart and Oracle in which Oracle would store the app's US data on its cloud platform. The deal still needs approval from China.

16. PEGGY CHERNG

$1.1 billion ↓

SOURCE: **Fast food**

AGE: **72** • RESIDENCE: **Las Vegas**

SELF-MADE SCORE: 9

Cherng and her husband, Andrew, temporarily closed 350 of their 2,200 Chinese food Panda Express restaurants earlier this year. In June, Panda Express launched a new delivery service and announced plans to hire 30,000 employees over the next year for a range of jobs.

16. WEILI DAI

$1.1 billion ↑

SOURCE: **Semiconductors**

AGE: **59** • RESIDENCE: **Las Vegas**

SELF-MADE SCORE: 8

Dai co-founded semiconductor company Marvell Technology with her husband, Sehat Sutardja, in 1995. She was president of the business until 2016, when she and Sutardja were forced out due to an internal accounting investigation—though no evidence of fraud was found. Since moving to Las Vegas in 2017, the couple has been investing in real estate and technology, including sensor company NextInput.

↑ 16. ROBYN JONES

NEW

$1.1 billion

SOURCE: **Insurance**

AGE: **58** • RESIDENCE: **Fort Worth, Texas**

SELF-MADE SCORE: 9

Jones is co-founder and vice chairman of Texas-based Goosehead Insurance. She shares a 39 percent stake in the $739 million (2019 premiums) business with husband, Mark, who is CEO. Jones raised their six children while Mark, a former truck driver, went to college and business school and consulted at Bain. Frustrated with Mark's road-warrior lifestyle, Jones founded Goosehead in 2003 to lure him away from Bain. Shares have soared more than 500 percent since Goosehead's 2018 IPO.

16. JAYSHREE ULLAL

$1.1 billion ↓

SOURCE: **Computer networking**

AGE: **59**

RESIDENCE: **Saratoga, California**

SELF-MADE SCORE: 6

Ullal has been CEO of computer networking firm Arista Networks since 2008, after rising through the ranks at rival Cisco. On an earnings call in early August, Ullal said the pandemic had created supply-chain problems in the first half of the year; in addition, increased freight and logistics costs cut into revenue. Shares fell about 20 percent in the month following the disclosure.

Robyn Jones

21. NEERJA SETHI

$1 billion ↔

SOURCE: **IT consulting, outsourcing**

AGE: **65** • RESIDENCE: **Fisher Island, Florida**

SELF-MADE SCORE: 8

Sethi and her husband, Bharat Desai, founded the IT consulting and outsourcing firm Syntel in 1980 from their Michigan apartment, investing $2,000 upfront to get it started. They sold it in October 2018, at which time Sethi pocketed an estimated $510 million stake.

22. KATHY FIELDS

$800 million ↓

SOURCE: **Skin care**

AGE: **62** • RESIDENCE: **San Francisco**

SELF-MADE SCORE: 8

22. KATIE RODAN

$800 million ↓

SOURCE: **Skin care**

AGE: **65** • RESIDENCE: **San Francisco**

SELF-MADE SCORE: 8

Rodan + Fields, the skin care firm founded in 2007 by these two dermatologists and powered by a multilevel-marketing force of 300,000 "consultants" has hit a rough patch. As a result of the pandemic and increased competition, sales and profits have dropped, according to Moody's, which in April downgraded the business's $800 million in debt to "very high credit risk". The company had no comment. In 2018, private equity firm TPG Capital spent $1 billion for a 25 percent stake in Rodan + Fields; the company borrowed $600 million, then paid the founders a dividend.

CATZ: GETTY IMAGES

April Anthony

24. KIM KARDASHIAN WEST

$780 million ↑
SOURCE: **Cosmetics, reality TV**
AGE: **39**
RESIDENCE: **Hidden Hills, California**
SELF-MADE SCORE: 7

Kardashian West's net worth skyrocketed thanks to a rich deal with cosmetics company Coty, which bought a 20 percent stake in her makeup firm, KKW Beauty, for $200 million in June. *Forbes* calculates that the value of KKW Beauty has dropped since then amid the pandemic. Kardashian West will continue to profit from her social media endorsements—brands pay six figures to be featured on her Instagram feed—as she steps away from reality show *Keeping Up With the Kardashians* next year.

25. SHEILA JOHNSON

$770 million ↓
SOURCE: **Cable TV**
AGE: **71**
RESIDENCE: **The Plains, Virginia**
SELF-MADE SCORE: 9

The co-founder of cable network Black Entertainment Television now focuses on her Salamander Hotels & Resorts, which operates five properties in Virginia, South Carolina, Jamaica and Florida. Temporarily shuttered due to the coronavirus, Salamander has been slowly reopening. Johnson also owns stakes in the WNBA's Washington Mystics, the NBA's Washington Wizards and the NHL's Washington Capitals.

26. TORY BURCH

$750 million ↓
SOURCE: **Fashion**
AGE: **54** • RESIDENCE: **New York City**
SELF-MADE SCORE: 7

Like many other firms in the fashion industry, Burch's luxury clothing company, Tory Burch LLC, has been wounded by the pandemic. She and her husband, its CEO, have been working furiously to salvage the business.

26. ANNE DINNING

$750 million ↑
SOURCE: **Hedge funds**
AGE: **57**• RESIDENCE: **New York City**
SELF-MADE SCORE: 6

The Wall Street veteran joined quantitative hedge fund firm DE Shaw in 1990, two years after billionaire David Shaw founded the shop. She's part of a five-person executive committee that runs DE Shaw's day-to-day operations. Dinning also sits on the boards of non-profits Math for America and Code.org.

28. NANCY ZIMMERMAN

$720 million ↓
SOURCE: **Hedge funds**
AGE: **57** • RESIDENCE: **Boston**
SELF-MADE SCORE: 8

The Goldman Sachs alum is the co-founder of Bracebridge Capital, a Boston-based hedge fund firm that manages more than $12 billion in assets. A pioneer in the field of absolute return investing, Zimmerman manages private funds for the likes of university endowments, foundations and pensions. Zimmerman is a trustee of Brown University, her alma mater, and chairs the advisory council of the school's Carney Institute for Brain Science.

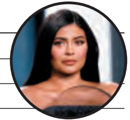
↑ 29. APRIL ANTHONY

NEW

$700 million
SOURCE: **Health care**
AGE: **53** • RESIDENCE: **Dallas**
SELF-MADE SCORE: 8

Anthony founded and runs Encompass Home Health & Hospice, which she built by scooping up 17 distressed home-health care providers for under $500,000 between 1998 and 2001. In 2014, Anthony sold the company for $750 million to publicly traded HealthSouth, which has since taken the Encompass name. She remains CEO. The virus has wreaked havoc on the company, cutting patient visits by as much as 30 percent in mid-April, but business has since returned to near pre-Covid levels. Anthony has three sports cars, including a new plum-coloured Bentley.

29. KYLIE JENNER



$700 million ↓
SOURCE: **Cosmetics, reality TV**
AGE: **23**
RESIDENCE: **Hidden Hills, California**
SELF-MADE SCORE: 7

The youngest of the Kardashian-Jenner clan made headlines in late 2019 when she engineered one of the greatest celebrity cash-outs of all time, agreeing to sell a majority of her Kylie Cosmetics to beauty giant Coty. The $600 million price tag was overshadowed by the deal's fine print: Jenner's company was doing much less business than she led the world to believe. Sales, which were $200 million in 2019, fell to $52 million in the first half of 2020.

31. KIT CRAWFORD

$690 million ↓
SOURCE: **Clif Bar**
AGE: **62** • RESIDENCE: **St Helena, California**
SELF-MADE SCORE: 8

Crawford and her husband, Gary Erickson, stepped down as co-CEOs of Clif Bar this year but still hold an 80 percent stake in the $843 million (est. revenue) energy bar company. The pair remain active on the company's board, while also running the Clif Family Winery in Napa Valley and venture capital firm White Road Investments, which invests in active-lifestyle companies.

32. SARA BLAKELY

$610 million ↓
SOURCE: **Spanx**
AGE: 49 • RESIDENCE: Atlanta
SELF-MADE SCORE: 8

Blakely's fortune is down nearly $400 million, *Forbes* estimates, as the pandemic, which shuttered most workplaces and social functions, has sapped the market for shapewear. Research firm NPD Group estimates that US sales of shapewear plunged more than 20 percent in the 12 months through July compared to the prior year.

33. THERESIA GOUW

$600 million ↑
SOURCE: **Venture capital**
AGE: **48** • RESIDENCE: **Palo Alto, California**
SELF-MADE SCORE: 9

A longtime venture capitalist, Gouw launched a new early-stage venture firm, Acrew Capital, in December 2019. She co-founded Aspect Ventures in 2014, with exits, including the IPO of messaging app Slack and the sale of HotelTonight to Airbnb. Gouw, a first-generation Indonesian immigrant of Chinese descent, got her start as a VC in 1999 at Accel Partners, where she was the first female partner.

CHANGE IN WEALTH KEY: ↑ UP ↓ DOWN ↔ UNCHANGED ↺ RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

ANTHONY: JEFF WILSON FOR FORBES; JOHNSON: GETTY IMAGES; KARDASHIAN: REUTERS

33. MARISSA MAYER

$600 million ↓
SOURCE: **Google, Yahoo**
AGE: **45** • RESIDENCE: **Palo Alto, California**
SELF-MADE SCORE: 6

Mayer joined Google as one of its earliest employees and spent more than a decade there before leaving to become CEO of Yahoo in 2012. She resigned shortly after Yahoo's sale to Verizon in 2017. The next year, Mayer started Lumi Labs, a tech incubator. The firm quietly raised $20 million in May, according to a regulatory filing.

33. NEHA NARKHEDE

$600 million ↑
SOURCE: **Software**
AGE: **36**
RESIDENCE: **Palo Alto, California**
SELF-MADE SCORE: 8

Confluent, a cloud company that enables an organisation's software engineers to process large amounts of data, raised another $250 million in April, nearly doubling its valuation to $4.5 billion. A former LinkedIn software engineer, Narkhede helped develop the software platform Apache Kafka to handle the networking site's massive influx of data. In 2014 she left to co-found Confluent to build tools for companies using Apache Kafka's open-source code.

33. RIHANNA

$600 million ↔
SOURCE: **Music, cosmetics**
AGE: **32**
RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 10

Her cosmetics line Fenty Beauty, a partnership with LVMH, has been a hit; *Forbes* estimates it brought in over $600 million in sales in 2019. Her Savage x Fenty lingerie line, which is co-owned by Techstyle Fashion Company, reportedly raised $50 million from investors last year. Her Clara Lionel Foundation, named after her grandparents, raised $22.5 million for coronavirus relief.

33. YOUNG SOHN

$600 million ↓
SOURCE: **Software**
AGE: **62** • RESIDENCE: **New York City**
SELF-MADE SCORE: 6

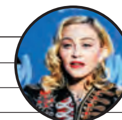
Sohn, a software veteran, spent seven years on the board of Veeva Systems, a pharmaceuticals-focussed cloud software company. Her net worth is lower than last year due to new information about her Veeva stake. In 2014, she co-founded Vlocity, a cloud software company that was acquired by Salesforce in June for $1.3 billion.

38. SUSAN WOJCICKI

$580 million ↑
SOURCE: **Google**
AGE: **52** • RESIDENCE: **Los Altos, California**
SELF-MADE SCORE: 6

She joined Google in 1999 as employee No 16 and became CEO of subsidiary YouTube in 2014. Ahead of the 2020 election, Wojcicki announced in August that the site would ban videos containing hacked information, such as email leaks, that could interfere with election results. Her younger sister is 23andMe founder Anne Wojcicki (No 49).

40. MADONNA



$550 million ↓
SOURCE: **Music**
AGE: **62**
RESIDENCE: **New York City**
SELF-MADE SCORE: 9

The Queen of Pop released *Madame X*, her 14th studio album and ninth to debut at No 1, in June 2019, but had to cancel more than a dozen shows on her Madame X Tour—featuring shows in intimate theatres across the US, Portugal, England and France—due to production troubles, injuries and the Covid outbreak.

Whitney Wolfe Herd

↑ 39. WHITNEY WOLFE HERD

$575 million ↑
SOURCE: **Dating app**
AGE: **31** • RESIDENCE: **Austin, Texas**
SELF-MADE SCORE: 8

Wolfe Herd became CEO of online dating group Bumble (formerly MagicLab) in November 2019, after private equity firm Blackstone bought out its former owner, Russian billionaire Andrey Andreev, in a deal that valued the business at $3 billion. The sale came five months after a *Forbes* investigation chronicled a toxic and sexist corporate culture at MagicLab. (The company, Andreev and Wolfe Herd denied the majority of the allegations.) Bumble reportedly plans to go public in 2021.

41. ANASTASIA SOARE

$540 million ↓
SOURCE: **Cosmetics**
AGE: **62** • RESIDENCE: **Beverly Hills, California**
SELF-MADE SCORE: 9

Born in Romania, she launched her cosmetics line in 2000, but the popularity of products from her firm, Anastasia Beverly Hills, has waned. In April, Fitch Ratings said it expected revenue to fall 30 percent this year and warned that the company's capital structure—burdened by $640 million of debt—was unsustainable. *Forbes* calculates that Soare's net worth has fallen by half since last year. In 2018, private equity firm TPG acquired a minority stake in a deal that valued the company at $3 billion.

WOLFE HERD: MEXY XAVIER; RIHANNA, MADONNA: REUTERS

41. THERESE TUCKER

$540 million ↑

SOURCE: **Software**

AGE: **59**

RESIDENCE: **Los Angeles**

SELF-MADE SCORE: **8**

Tucker announced in August that she will step down as CEO of BlackLine, the accounting-automation software company she founded in 2001, and transition to executive chair in January 2021. "There's a fundamental difference in the skill sets required to scale a company to a billion in revenue," Tucker told *Forbes* then. She sold a majority stake in 2013 to private equity investors but still owns just over 9 percent of the $289 million (2019 sales) company.

44. DONNA CARPENTER

$530 million NEW

SOURCE: **Snowboards**

AGE: **57**

RESIDENCE: **Stowe, Vermont**

SELF-MADE SCORE: **8**

Carpenter built snowboarding gear and apparel giant Burton alongside her late husband, Jake Burton Carpenter, who died of testicular cancer in 2019. Founded in 1977, the company, with estimated revenues of $300 million, is credited with launching the modern snowboard and turning a hobby into a mainstream sport. She owns the company and was CEO from 2016 until February of this year, when she became chairman of the board.

46. VICTORIA ZOELLNER

$520 million ↑

SOURCE: **Hedge funds**

AGE: **77** • RESIDENCE: **Alpine, New Jersey**

SELF-MADE SCORE: **8**

Zoellner co-founded hedge fund Alpine Associates Management with her late husband, Robert, in 1976. The couple started the firm with $400,000 from friends, family and associates. A former portfolio analyst, Zoellner focussed on merger arbitrage at Alpine. She has since retired from overseeing daily operations but still chairs the firm, which manages more than $2 billion in assets.

Lisa Su

47. HUDA KATTAN

$510 million ↓

SOURCE: **Cosmetics and skin care**

AGE: **37** • RESIDENCE: **Dubai**

SELF-MADE SCORE: **9**

The makeup-artist-turned-blogger is chairwoman of Huda Beauty, the $200 million (estimated 2019 revenue) cosmetics company she founded, and aims to transform it into a beauty conglomerate. In February she launched a skin care line called Wishful. In 2017, she sold a minority stake in Huda Beauty to private equity firm TSG Consumer Partners in a deal that valued the business at $1.2 billion.

47. KENDRA SCOTT

$510 million ↓

SOURCE: **Jewellery**

AGE: **46**

RESIDENCE: **Austin, Texas**

SELF-MADE SCORE: **7**

Online sales at her eponymous jewellery company helped offset store closures and keep revenue flat at an estimated $360 million in the year through July. Scott, who started the company out of a spare bedroom in 2002, now sells her jewellery at stores including Nordstrom and Bloomingdale's, plus more than 100 of her own outlets.

41. MARY WEST

$540 million ↑

SOURCE: **Telemarketing**

AGE: 74 • RESIDENCE: San Diego

SELF-MADE SCORE: **8**

She and her husband, Gary, founded their first telemarketing company in 1978 from their garage. After selling that firm two years later, West founded telecom business West Corp in 1986. The couple sold most of their stake in 2006 for $1.4 billion. They have since given more than $400 million to help improve health care for seniors through nonprofits, including their own West Health. Private equity firm Apollo acquired West Corp for $5.1 billion in 2017, including debt.

↑ 44. LISA SU

NEW

$530 million

SOURCE: **Semiconductors**

AGE: **51** • RESIDENCE: **Austin, Texas**

SELF-MADE SCORE: **8**

A Taiwanese immigrant who studied at the Bronx High School of Science and then MIT, where she got a PhD in electrical engineering, Su has led the dramatic turnaround of Santa Clara, California-based semiconductor firm Advanced Micro Devices. Since she became CEO in 2014, AMD's shares have surged more than 20-fold to a market capitalisation of $90 billion. The company launched a new slate of high-performance chips that has reignited growth.

49. ANNE WOJCICKI

$500 million ↓

SOURCE: **DNA testing**

AGE: **47** • RESIDENCE: **Los Altos, California**

SELF-MADE SCORE: **7**

Even before the pandemic, her DNA testing company 23andMe had troubles, laying off about 100 of its staff, or 14 percent, in January amid a decline in sales. The co-founder and CEO, she has been steering the business into drug discovery based on its genetic research. In January, 23andMe licensed a drug candidate created in-house for the first time, to Barcelona-based Almirall. Wojcicki was married to Google co-founder Sergey Brin until 2015.

CHANGE IN WEALTH KEY: ↑ UP ↓ DOWN ↔ UNCHANGED ↺ RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

CARPENTER, SCOTT: GETTY IMAGES

50. JAMIE KERN LIMA

$460 million ↑
SOURCE: **Cosmetics, skin care**
AGE: **43** • RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 9

In September 2019, she stepped down as co-CEO of IT Cosmetics, the business she founded and sold to L'Oréal in a $1.2 billion deal in 2016. She has invested some of her proceeds from the sale, which totaled at least $400 million, into 17 mostly women-led startups. She's a former morning news anchor whose book, *Believe IT: How to Go from Underestimated to Unstoppable,* is set to be published in February.

51. CELINE DION

$455 million ↑
SOURCE: **Music**
AGE: **52**
RESIDENCE: **Las Vegas**
SELF-MADE SCORE: 8

The singer released *Courage,* her first chart-topping album in 17 years, in November 2019, then embarked on her Courage World Tour. After 52 sold-out North American shows, she was forced to postpone more than a dozen concerts in the U.S. and Canada, plus her entire 33-stop European leg, due to the pandemic.

52. DONNA KARAN

$450 million ↑
SOURCE: **Fashion**
AGE: **72** • RESIDENCE: **New York City**
SELF-MADE SCORE: 8

The clothing designer sold her brands and trademarks to French luxury-goods conglomerate LVMH for $600 million two decades ago. Urban Zen, her luxury lifestyle company (which also includes the Urban Zen Foundation), recently launched a wellness programme incorporating meditation, breathing techniques and restorative yoga poses for first responders and "health-care heroes" during the pandemic.

53. JUDY SHEINDLIN

$445 million ↑
SOURCE: **Television**
AGE: **77** • RESIDENCE: **Naples, Florida**
SELF-MADE SCORE: 8

In March, Sheindlin announced that her reality courtroom show, *Judge Judy,* will end in 2021 after 25 seasons on air. The judge, who earns $47 million a year (before taxes) from the series, doesn't plan to hang up her robe just yet: A new show, *Judy Justice,* is in the works. Reruns of *Judge Judy* will continue to air; CBS bought the rights to her library—with at least 5,200 shows—for $100 million in 2017.

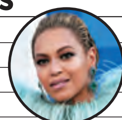
Adi Tatarko

↑ 54. ADI TATARKO

$430 million ↔
SOURCE: **Home design**
AGE: **48** • RESIDENCE: **Palo Alto, California**
SELF-MADE SCORE: 8

Tatarko co-founded Houzz, a home goods and interior-design website that was valued at $4 billion in 2017. Since that time, the company has gone through multiple rounds of layoffs, including a reported 10 percent cut of staff in April. Things may be looking up, though: In June, Houzz saw a 58 percent increase over the prior year in customer demand for home professionals who advertise on the site.

55. BEYONCÉ KNOWLES



$420 million ↑
SOURCE: **Music**
AGE: **39**
RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 7

The superstar returned to the charts this summer thanks to the musical film *Black Is King,* which is based on her album *The Lion King: The Gift* and premiered on Disney+ in July. She also has re-entered the apparel industry, relaunching her athleisure line, Ivy Park, with Adidas in January; the first run reportedly sold out in less than three days.

56. NORA ROBERTS

$400 million ↑
SOURCE: **Books**
AGE: **70** • RESIDENCE: **Boonsboro, Maryland**
SELF-MADE SCORE: 8

The best-selling author has written more than 220 romance books and a popular series of crime novels under the pen name J D Robb. Five new works have been published just since last year's list, helping add to her wealth, with two more on the way by the end of the year.

56. BARBRA STREISAND

$400 million ↔
SOURCE: **Music, film**
AGE: **78** • RESIDENCE: **Malibu, California**
SELF-MADE SCORE: 10

Over six decades in show business, the multitalented Streisand has amassed a trove of awards (she is one of only a few performers to win an Emmy, Grammy, Oscar and Tony)—and a fortune, thanks to her bestselling films, albums and tours. In November, she will release *Walls,* her first original album in 15 years.

58. DANIELLE STEEL

$385 million ↑
SOURCE: **Books**
AGE: **73** • RESIDENCE: **San Francisco**
SELF-MADE SCORE: 7

The romance queen, who has sold more than 650 million books in 69 countries since 1973, has kept producing throughout the pandemic. Since March, Steel has released *The Numbers Game, The Wedding Dress* and *Daddy's Girls.* Her latest book, *Royal,* hit shelves in August.

59. KARISSA BODNAR

$370 million ↑
SOURCE: **Cosmetics**
AGE: **31** • RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 9

Her Thrive Causemetics made the poorly timed decision to enter retail stores for the first time in November 2019, partnering with Ulta Beauty. But the company's direct-to-consumer business has so far kept it afloat during the pandemic. Bodnar previously worked at L'Oréal as a product developer for skincare and cosmetics before leaving to launch Thrive in 2016 with $100,000 in savings.

59. ELLEN DEGENERES

$370 million ↑
SOURCE: **Television**
AGE: **62** • RESIDENCE: **Santa Barbara, California**
SELF-MADE SCORE: 8

The TV host has been under fire. Reports over the last few months contend that she has presided over a toxic workplace—a stark contrast to the kind persona she portrays on television. That led to the dismissal of three executive producers and an internal investigation by Warner Media. While there were calls for her to cancel her syndicated programme—which made her an estimated $50 million (before taxes) last year—the 18th season premiered in September. On the first episode, she apologised to viewers and her staff, saying she takes responsibility for "what happens on my show".

TATARKO: TIMOTHY ARCHIBALD FOR FORBES; DION, KNOWLES: REUTERS

59. KATHLEEN HILDRETH

$370 million
SOURCE: **Airplane maintenance**
AGE: **59** • RESIDENCE: **Aubrey, Texas**
SELF-MADE SCORE: 8

A West Point grad and service-disabled Army veteran, Hildreth helps run M1 Support Services, which maintains military aircraft fighter jets such as F-15s and F-16s. M1 Support, which she co-founded in 2003 after being deployed around the world as a helicopter and maintenance test pilot, pulled in $850 million in sales in 2019 thanks to its sole customer: the US government.

62. LIZ ELTING

$365 million
SOURCE: **Translation services**
AGE: **54** • RESIDENCE: **New York City**
SELF-MADE SCORE: 8

Elting co-founded translation company TransPerfect in 1992 from her college dorm room, but left in 2018 after pocketing $385 million (pre-tax), ending a long-running battle with Phil Shawe, her co-founder and ex-fiancé. Her Elizabeth Elting Foundation—focused on public health and education with the aim of "lifting up women and other marginalised people"—has put more than $1 million into its recently launched Halo Fund, which is providing money for Covid-19 research and relief.

Katrina Lake

Nichole Mustard

62. TAYLOR SWIFT

$365 million
SOURCE: Music
AGE: 30 • RESIDENCE: Nashville, Tennessee
SELF-MADE SCORE: 8

After canceling her 2020 tour due to the pandemic, Swift dropped a surprise album, *Folklore,* in July. It moved 846,000 units in its first week, becoming her seventh record to top the *Billboard* charts. She's also streaming on Netflix: *Miss Americana,* a documentary about her life, premiered in January at the Sundance Film Festival and outlines her journey toward becoming more politically active.

64. KATRINA LAKE

$360 million
SOURCE: **Online retail**
AGE: **37** • RESIDENCE: **San Francisco**
SELF-MADE SCORE: 8

Lake has come a long way since she started online shopping service Stitch Fix out of her Cambridge, Massachusetts, apartment in 2011 while completing a Harvard MBA. Revenue dropped 9 percent in the quarter ended May 2 but then increased 3 percent in the quarter through August 1. Stitch Fix added 104,000 new customers in the most recent quarter, bringing its total to 3.5 million.

65. SONIA GARDNER

$330 million
SOURCE: **Finance**
AGE: **58** • RESIDENCE: **New York City**
SELF-MADE SCORE: 8

Gardner co-founded the investment firm Avenue Capital Group with her brother Marc Lasry, who is now a billionaire, in 1995. She serves as president of the firm, which manages nearly $10 billion in debt. The firm closed a $400 million impact investing fund earlier this year and is currently raising its inaugural venture capital fund.

65. NICHOLE MUSTARD

$330 million
SOURCE: **Personal finance**
AGE: **47** • RESIDENCE: **Orinda, California**
SELF-MADE SCORE: 9

The Credit Karma co-founder and chief revenue officer put herself through college, then started working in financial planning. In 2007, she launched Credit Karma with two others from an office above a San Francisco bar. The site—which shows customers their credit scores, offers free tax-preparation software and more—has 100 million members. In February, Intuit agreed to buy the company for $7.1 billion in cash and stock; the deal had not closed as of September.

65. MARTINE ROTHBLATT

$330 million
SOURCE: **Pharmaceuticals**
AGE: **66** • RESIDENCE: **Satellite Beach, Florida**
SELF-MADE SCORE: 8

In August, publicly traded United Therapeutics, led by Rothblatt, submitted an FDA application for approval of its drug Tyvaso to treat a type of pulmonary hypertension. She co-founded satellite-radio firm Sirius XM but moved into biotech in 1996 after her daughter Jenesis was diagnosed with pulmonary hypertension at age 9 and given just years to live; she is now 36.

68. CLAIRE HUGHES JOHNSON

$325 million
SOURCE: **Payments software**
AGE: **48**
RESIDENCE: **Milton, Massachusetts**
SELF-MADE SCORE: 8

Stripe's chief operating officer joined the payments startup, now valued by private investors at $36 billion, in 2014, when it had just over 160 employees and only a few sales and marketing employees. She started her business career in consulting, then moved to Google, where her roles included running the business side of its self-driving unit.

68. PLEASANT ROWLAND

$325 million
SOURCE: **American Girl dolls**
AGE: **79** • RESIDENCE: **Madison, Wisconsin**
SELF-MADE SCORE: 8

The former elementary school teacher created the American Girl line of historical dolls and books, then sold it to Mattel for $700 million in 1998. Through her Rowland Reading Foundation, she created Superkids, a phonics-based literacy programme that she sold to children's publisher Highlights for Children for an undisclosed sum in 2015.

CHANGE IN WEALTH KEY: UP • DOWN • UNCHANGED • RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

LAKE: GETTY IMAGES; JOHNSON: REUTERS

70. SUSAN WAGNER

$315 million ↑
SOURCE: **BlackRock, Inc.**
AGE: **59**
RESIDENCE: **Mount Kisco, New York**
SELF-MADE SCORE: 8

The long-time BlackRock executive, who helped co-found the investment management behemoth in 1988, retired as vice chairman of the firm in 2012 but still sits on its board. She's also on the boards of Apple and Burlingame, California–based health-tech firm Color Genomics.

71. LYNDA WEINMAN

$310 million ↑
SOURCE: **Online education**
AGE: **65** • RESIDENCE: **Montecito, California**
SELF-MADE SCORE: 8

The former web-design teacher sold Lynda.com, an online-learning website with more than 250,000 video tutorials, for $1.5 billion in cash and stock to LinkedIn in 2015. Weinman stepped down as executive chairman before Microsoft bought LinkedIn for $26 billion the following year. She has produced some 20 films through Another Chapter Productions, including Emmy-winning documentary *The Apollo,* about the iconic Harlem theater.

72. JESSICA ICLISOY

$290 million ↓
SOURCE: Baby products
AGE: **54** • RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 8

Throughout the months of the pandemic, sales of California Baby's hand sanitiser have surged. It's all made in a facility that Iclisoy—who founded California Baby in 1990—owns in downtown Los Angeles. Iclisoy still owns 100 percent of the organic baby products business, which has estimated revenues of $115 million.

72. GWYNNE SHOTWELL NEW

$290 million
SOURCE: SpaceX
AGE: **56**
RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 6

Employee No. 11 at Elon Musk's SpaceX, Shotwell is president and chief operating officer of the commercial space exploration company. This year, SpaceX has launched about 600 satellites for its internet product, Starlink, and ferried two NASA astronauts to the International Space Station in May—then raised another $1.9 billion in funding in August, at a $46 billion valuation. *Forbes* estimates that Shotwell owns just under 1 percent of SpaceX.

74. JANICE BRYANT HOWROYD

$285 million ↓
SOURCE: **Staffing**
AGE: **68** • RESIDENCE: **Las Vegas**
SELF-MADE SCORE: 9

Bryant Howroyd is founder and CEO of workforce solutions and temporary staffing provider ActOne Group, which claims to have more than 17,000 clients in 19 countries. Her net worth is down about $100 million compared to a year ago amid a staffing-industry slump due to the coronavirus. In August 2019, Bryant Howroyd released her latest book, *Acting Up,* in which she shares leadership advice.

74. PATRICIA MILLER

$285 million ↓
SOURCE: **Accessories**
AGE: **81** • RESIDENCE: **Fort Wayne, Indiana**
SELF-MADE SCORE: 8

Miller retired from the board of Vera Bradley in August 2019, nearly four decades after founding the vibrant bag-and-accessory brand with Barbara Bradley Baekgaard (No 86). The two women, then neighbours, started out with $500 and a ping-pong table as a workspace. She and her husband share a nearly 17 percent stake in the publicly traded company, whose sales in the quarter through August 1 rose 10 percent from the prior year despite the pandemic, thanks to e-commerce sales doubling and revenue from bracelet brand Pura Vida, of which it acquired a majority stake in 2019.

76. VERA WANG

$270 million ↓
SOURCE: **Fashion design**
AGE: **71** • RESIDENCE: **New York City**
SELF-MADE SCORE: 7

Best known for her iconic wedding dress collections, Wang has designed for a slew of A-list celebrities including Victoria Beckham, Kim Kardashian West and Alicia Keys. She was the youngest editor of *Vogue* and worked as a design director for Ralph Lauren before launching her own bridal line in 1990 after planning her own wedding. Her net worth is down this year due to the hit to the wedding industry caused by the coronavirus.

↓ 77. RESHMA SHETTY NEW

$260 million
SOURCE: **Biotechnology**
AGE: **40** • RESIDENCE: **Boston**
SELF-MADE SCORE: 8

Shetty co-founded Ginkgo Bioworks along with three fellow PhDs from MIT—including her now husband, Barry Canton—and professor Tom Knight. One of the earliest synthetic biology startups, Ginkgo's goal was to create tools to help scientists do their work faster and easier. With minimal funding to start, they bought lab equipment off eBay. Today Ginkgo is worth $4.9 billion, according to PitchBook, with backers that include Bill Gates' investment arm, Cascade Investment, and mutual fund firm T Rowe Price.

Reshma Shetty

SHETTY: MICHAEL PRINCE FOR FORBES;

Sarah Friar

78. TONI KO

$255 million (down)
SOURCE: **Cosmetics**
AGE: **47** • RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 9

She sold NYX Cosmetics, the colourful and affordable make-up brand she founded in 1999 with seed money from her family, to L'Oréal for $500 million in 2014. Since then, she has invested more than $120 million in Los Angeles–area commercial real estate, which has declined in value since the pandemic emerged. Last fall she launched a new company, Bespoke Beauty Brands.

78. KELLY STECKELBERG

NEW
$255 million
SOURCE: **Zoom**
AGE: **53**
RESIDENCE: **San Jose, California**
SELF-MADE SCORE: 6

Steckelberg logged two decades working in finance for companies such as Cisco's Webex and ran dating app Zoosk before joining Zoom Video Communications as chief financial officer in late 2017—in time to prepare the videoconference company's April 2019 IPO. The stock has soared during the pandemic, as has Zoom use for work-from-home meetings and social gatherings. Most of her net worth lies in Zoom stock options.

80. THERESA PAN

NEW
$250 million
SOURCE: **Fiber optics**
AGE: **74** • RESIDENCE: **Milpitas, California**
SELF-MADE SCORE: 8

Pan, an immigrant from Taiwan, co-founded fiber-optic components firm E-Tek Dynamics with her husband, Jing Jong Pan, in 1983. In 2000 the company merged with fiber-optics firm JDS Uniphase in a $15 billion transaction that landed both Pan and her husband on The Forbes 400 at a $1.8 billion net worth. Shares of JDS soon plummeted, knocking her off the list in 2001. Pan now heads the Dynamic Foundation, which helps build and renovate schools in rural China.

80. CATHIE WOOD

NEW
$250 million
SOURCE: **Money management**
AGE: **64** • RESIDENCE: **Wilton, Connecticut**
SELF-MADE SCORE: 8

She founded Ark Investment Management, a $29 billion (assets) firm dedicated to investing in a variety of disruptive technologies including self-driving cars, DNA sequencing, gene editing and space exploration. Her flagship $8.6 billion Ark Innovation ETF, up 75 percent in 2020, is one of the best-performing funds in the world.

82. BELINDA JOHNSON

$245 million (down)
SOURCE: **Airbnb**
AGE: **53** • RESIDENCE: **Redwood City, California**
SELF-MADE SCORE: 6

Johnson stepped down as Airbnb's chief operating officer in March, just before the coronavirus devastated the home-rental company. Airbnb's valuation was slashed to $26 billion in April, and it laid off 25 percent of its staff in May. Johnson, who was the company's first executive hire in 2011, still sits on its board.

83. SERENA WILLIAMS

$225 million (unchanged)
SOURCE: **Tennis**
AGE: **39**
RESIDENCE: **Palm Beach Gardens, Florida**
SELF-MADE SCORE: 9

Her $94 million in career prize money is over twice as much as any other female athlete, but the 23-time Grand Slam champion has earned three times as much (pre-tax) from endorsements and appearances. Through her fund, Serena Ventures, she has invested in more than 50 startups since 2014; 60 percent are companies founded by women and minorities, including mom-focused exercise business Every Mother.

84. SUZY BATIZ

$215 million (down)
SOURCE: **Bathroom spray**
AGE: **56** • RESIDENCE: **Dallas**
SELF-MADE SCORE: 10

Her Poo-Pourri quickly pivoted during the pandemic, launching a line of hand sanitisers to complement its sprays that combat toilet and shoe odour. That helped revenue grow more than 15 percent in the year through July. (Revenue hit $63 million in 2018.) Batiz went through two bankruptcies before launching Poo-Pourri in 2007.

↑ 84. SARAH FRIAR

NEW
$215 million
SOURCE: **Mobile payments**
AGE: **47** • RESIDENCE: **Ross, California**
SELF-MADE SCORE: 6

Friar, who hails from Northern Ireland, became CEO of neighbourhood-focused social network Nextdoor in late 2018, after working as a software analyst at Goldman Sachs, in finance at Salesforce and, for six years, as chief financial officer of payments firm Square. In June, following Nextdoor user complaints about racial profiling and racist remarks on the site, Friar wrote a blog post apologising and promising to strengthen moderation of users' posts.

CHANGE IN WEALTH KEY: UP DOWN UNCHANGED RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

FRIAR: NOAM GALAI/GETTY IMAGES FOR BLOOMBERG BUSINESSWEEK; WILLIAMS: SHUTTERSTOCK

86. BARBARA BRADLEY BAEKGAARD

$210 million
SOURCE: **Accessories**
AGE: **81** • RESIDENCE: **Fort Wayne, Indiana**
SELF-MADE SCORE: 8

Bradley Baekgaard was a co-president of women's fashion label Vera Bradley for 28 years, until 2010, and still serves on the company's board. Shares of the Nasdaq-listed firm, named after Bradley Baekgaard's mother and known for its colourful luggage and bags, plummeted more than 70 percent from January through early April amid the pandemic but have since bounced part of the way back.

87. ANGELA AHRENDTS

$200 million
SOURCE: **Apple**
AGE: **60** • RESIDENCE: **Cupertino, California**
SELF-MADE SCORE: 6

The former Donna Karan exec led Burberry as CEO from 2006 to 2014, then headed Apple's retail operations until April 2019, when she left amid slumping iPhone sales. She sits on the boards of Ralph Lauren and Airbnb, and in July she joined the board of advertising giant WPP.

87. SUSANNAH GRAY

NEW

$200 million
SOURCE: **Pharmaceuticals**
AGE: **60** • RESIDENCE: **New York City**
SELF-MADE SCORE: 6

Gray worked her way up in finance over 15 years at Wall Street firms, then joined Royalty Pharma, an aggregator of pharmaceutical royalties, where she spent 14 years, many of them as chief financial officer. She retired in September 2019. Royalty Pharma listed its shares on the Nasdaq in June; Gray's 1.2 percent stake is worth about $180 million. She's now serving on several boards, including the breast cancer non-profit Susan G. Komen foundation.

87. MARIA SHARAPOVA

NEW

$200 million
SOURCE: **Tennis**
AGE: 33
RESIDENCE: Manhattan Beach, California
SELF-MADE SCORE: 9

Sharapova retired in February after nearly two decades as a tennis pro, including 11 consecutive years as *Forbes'* highest-paid female athlete. Her business empire includes Sugarpova, a line of premium candies that racked up $20 million in sales last year and is 100 percent owned by the five-time Grand Slam champ. She also owns a roughly 10 percent stake in fast-growing sunscreen brand Supergoop.

87. REESE WITHERSPOON

$200 million
SOURCE: **Entertainment**
AGE: **44**
RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 8

Since launching in 2016, her company Hello Sunshine has produced hit after hit, with Apple TV+'s *The Morning Show* and Hulu's *Little Fires Everywhere* premiering in the past year; Witherspoon stars in both and collects at least $1 million per episode. Hello Sunshine shows were nominated for a collective 18 Emmy Awards this year.

91. SACHIKO KUNO

$195 million
SOURCE: **Pharmaceuticals**
AGE: **65** • RESIDENCE: **Potomac, Maryland**
SELF-MADE SCORE: 8

A Japanese-born scientist with a PhD in biochemical engineering, Kuno made her fortune co-founding two pharmaceutical firms with former husband and research partner Ryuji Ueno: Sucampo Pharmaceuticals in Bethesda, Maryland, and R-Tech Ueno in Japan. The couple moved to the US in 1999 and divorced in 2016.

→ 92. KRIS JENNER

NEW

$190 million
SOURCE: **Cosmetics, reality TV**
AGE: **64** • RESIDENCE: **Los Angeles**
SELF-MADE SCORE: 8

The flight attendant–turned-"momager" is the mastermind behind her daughters' entrepreneurial endeavours. She takes a 10 percent cut of every penny that the Kardashian-Jenner family rakes in—including Kim Kardashian West and Kylie Jenner's nine-figure deals with beauty giant Coty in the past year—and brings in her own income for executive producing and starring in *Keeping Up with the Kardashians,* which will end next year after its 20th season.

93. CORDIA HARRINGTON

NEW

$180 million
SOURCE: **Bakeries**
AGE: 67 • RESIDENCE: Franklin, Tennessee
SELF-MADE SCORE: 8

Nicknamed the "Bun Lady", she founded and is CEO of The Bakery Cos., a Nashville firm with over $100 million in revenue that produces baked goods for restaurants and food companies, including Five Guys and Pepperidge Farm. In 2019, she sold a majority stake to private equity firm Arbor Investments for an undisclosed sum. Before founding the bakery company in 1996, the then–single mom of three sold real estate and owned McDonald's franchises.

93. RUTH PORAT

NEW

$180 million
SOURCE: **Google**
AGE: **62**
RESIDENCE: **Palo Alto, California**
SELF-MADE SCORE: 6

Porat rose through the ranks at Morgan Stanley over a 27-year career to become chief financial officer in 2010. She was recruited by Google in mid-2015, shortly before the firm created its parent company, Alphabet, where she now serves as CFO. In February, Alphabet disclosed for the first time the 2019 financial results for some of its subsidiaries, including YouTube and its cloud computing division.

95. SOSI SETIAN & FAMILY

NEW

$165 million
SOURCE: **Translation services**
AGE: **77** • RESIDENCE: **New York City**
SELF-MADE SCORE: 10

Born in Bulgaria to Armenian parents, Setian fled to Lebanon and then the US when she was 17. After studying applied linguistics, she founded SOS International in 1989 as a translation services company, inspired by her work as a court interpreter. The $170 million (est. sales) firm, where her son is CEO, now provides translation and more for the US Army in regions including the Middle East and Africa.

Kris Jenner

JENNER: KURT KRIEGER/CORBIS VIA GETTY IMAGES; SHARAPOVA, WITHERSPOON: REUTERS

Lady Gaga

96. JANET WEINER

$155 million
SOURCE: **Energy drinks**
AGE: **72** • RESIDENCE: **Belvedere, California**
SELF-MADE SCORE: **6**

Weiner received a big payout earlier this year when her son, billionaire Russ Weiner, sold his Rockstar Energy Beverages to PepsiCo for $3.85 billion. Weiner, who once ran an herb store, was chief financial officer of the drink maker, which her son founded in 2001. She owned a stake that *Forbes* estimates was worth nearly $150 million after taxes. Weiner now plans to devote her life to helping animals and protecting wildlife, her son told *Forbes* in March.

97. LADY GAGA

$150 million
SOURCE: **Music**
AGE: **34** • RESIDENCE: **New York City**
SELF-MADE SCORE: **8**

While her Las Vegas residency was canceled and her 2020 tour rescheduled due to the pandemic, the musician's sixth studio album, *Chromatica,* debuted in May atop the *Billboard* 200 chart. She has also promoted her make-up line, Haus Laboratories, which launched in September 2019. In April, Gaga helped organise the One World: Together at Home virtual concert with non-profit Global Citizen, raising about $130 million for Covid-19 relief.

97. JENNIFER LOPEZ

$150 million
SOURCE: **Music, television**
AGE: **51**
RESIDENCE: **New York City**
SELF-MADE SCORE: **9**

Two decades into her music career, Lopez continues to be a top draw: Her 2019 world tour grossed $55 million, with stops in Egypt, Israel and Russia. But she has diversified beyond the stage: She received critical praise and a Golden Globe nomination for her performance in the 2019 movie *Hustlers* and has struck endorsement deals with Versace, DSW and Quay sunglasses, as well as her own fragrances.

97. PHEBE NOVAKOVIC

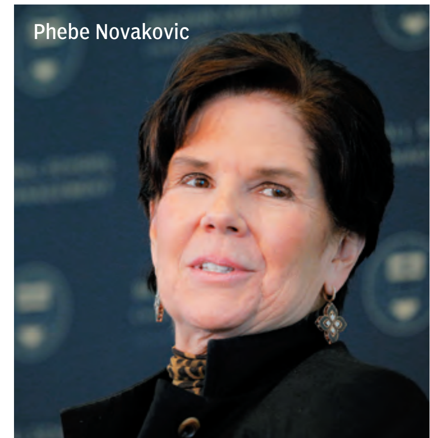
$150 million
SOURCE: **Aerospace**
AGE: **62** • RESIDENCE: **Fairfax, Virginia**
SELF-MADE SCORE: **8**

A former CIA operative, Novakovic has been chief executive of aerospace and defence giant General Dynamics since 2013. She joined the company in 2001 after a stint at the Department of Defense. In 2018, she oversaw the $9.7 billion acquisition of IT firm CSRA. In February 2020, General Dynamics' subsidiary Gulfstream debuted its latest jet, the G700, which it claims is the fastest, longest-range private jet ever made.

97. SHOSHANA SHENDELMAN

$150 million
SOURCE: **Biopharma**
AGE: **41** • RESIDENCE: **New York City**
SELF-MADE SCORE: **8**

Shendelman, armed with a PhD in neurobiology and 12 years of experience as a life-sciences consultant, founded biopharma outfit Applied Therapeutics in 2016. It has a drug in late-stage clinical trials to treat diabetic cardiomyopathy, a heart disorder; the drug is also being tested to treat some severe cases of Covid-19. The firm's stock is up 158 percent since its May 2019 IPO.


Phebe Novakovic

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METHODOLOGY: To compile net worths, we valued individual assets including stakes in public companies using stock prices from September 11, 2020. We valued private companies by consulting with outside experts and conservatively comparing them with public companies. To be eligible for the list, women have to have substantially made their own fortunes in the US and/or be US citizens or permanent residents. While none inherited their wealth, some climbed farther and overcame more obstacles to get into the ranks. To measure just how far some have come, we have given women a self-made score of 6 (hired hand) to 10 (rags-to-riches entrepreneur). Those listed as returnees are women who appeared on an earlier list, then missed the cut and now once again qualify. We attempted to vet numbers with all list entrants. Some cooperated; others didn't. Ages are as of October 13, 2020.
For more information, including details on the self-made scores, go to forbes.com/self-made-women.

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CHANGE IN WEALTH KEY: UP DOWN UNCHANGED RETURNEE • SELF-MADE SCORE: 6 7 8 9 10

GAGA: KEVIN MAZUR/GETTY IMAGES FOR AT&T; PHEBE: REUTERS

Tory Burch's Survival Sketchbook

Amid a luxury fashion apocalypse, one of the century's greatest entrepreneurial retailers (and one of America's richest self-made women) brought us deep inside the battle to save her brand

By DENIZ ÇAM

"Covid-19 has been a huge learning curve, but it's been almost a reinvention and a reset as well," Burch says. "We often say... never waste a good crisis."

JAMEL TOPPIN FOR FORBES

After seven long days and sleepless nights in March, Tory Burch's impeccably decorated library in her red-brick home in the Hamptons officially became a war room. Pierre-Yves Roussel, her husband and chief executive of her eponymous fashion company, claimed the patterned green couch. Across from him, Burch—the company chairman, clad in leggings—took the desk by the window overlooking their seven acres. The couple barely stepped outside the room for three weeks.

"One day went into the next, and one week went into the next," says Burch, who left her Park Avenue apartment with a small suitcase on March 6, thinking a quarantine would not last long. "I don't think we had a break for a solid month. It was a very scary time—2008 happened, and we saw our business change overnight. But this was nothing like 2008. This was much, much worse."

Luxury fashion is fickle even in the best of times. The coronavirus has been an especially virulent pest. Stores around the globe shut down amid stay-at-home regulations. Chinese travellers—whose purchases account for some 30 percent of luxury-goods sales in Europe and North America—put away their travel bags. J Crew, Neiman Marcus and Brooks Brothers all filed for bankruptcy. Revenues at Gucci parent Kering and LVMH, Roussel's former employer, fell around 40 percent in the second quarter. Ralph Lauren sales tumbled by two-thirds.

Burch and Roussel realised quickly how dire the situation was. Within weeks, they were closing many of their 315 Tory Burch stores across the globe, furloughing most of their retail employees and shelving expansion plans, and coping with a longtime employee's death from Covid-19. They then began formulating new plans to make sure Tory Burch LLC didn't unravel.

Throughout this disruptive moment for the world, for business and for retail, Burch and Roussel let *Forbes* ride along on their eight-month navigation of this apocalypse. They've had to improvise, shutting stores, rerouting supplies and revamping ecommerce efforts, all in the hope that the business, which generated almost $1.5 billion in revenue in 2019, with a profit margin *Forbes* estimated at 11 percent, could survive. "We didn't know how we would be able to pivot and be agile," Burch says. "The unknown was so difficult."

But jumping into the unknown also offers lessons, both good and bad, on how to pilot through a monsoon, at a time when shoppers are wary of leaving home and the threat of deadly disease lurks in every public space.

Burch had a fairy-tale childhood growing up in a grand old home in Valley Forge, Pennsylvania, the daughter of a former actress and a financier, both of whom prized dressing well. Upon graduating from the University of Pennsylvania in 1988 with a degree in art history, Burch moved to New York with a passion for fashion. She worked for Zoran, a Yugoslavian designer who was her mother's favourite, then had public-relations and editorial stints at *Harper's Bazaar*, Ralph Lauren and Vera Wang. After she married investor Chris Burch in 1996, the couple built a portfolio of investments that not only helped them financially but also gained them a spot in New York high society.

The first Tory Burch boutique opened in February 2004 in Manhattan's Nolita neighbourhood, run by the couple and based on her idea for an affordable luxury and lifestyle brand. In 2005, the day after she appeared on Oprah Winfrey's show, the Tory Burch website got 8 million hits. Retail riches followed: That year, the brand hit $17 million in revenue. Two years later it grew to $113 million, its gold T logo inching its way onto the exclusive global list of luxury badges.

Then came troubles at home. In 2006, Burch initiated the end of her marriage; the divorce was finalised two years later. Legal trouble arrived in 2012, when Chris started his own fashion company, C Wonder, which Burch claimed was informed too much by the premise of the brand they had launched together. They settled in early 2013, when Tory Burch LLC had $800 million in sales and 54 stores—and *Forbes* first declared her a billionaire. Chris stepped down as a director and sold most of his 28 percent stake to new minority investors General Atlantic and BDT Capital for $650 million. Burch describes her very public divorce as one of the toughest periods in her life.

The next year she began dating Roussel, who as chief executive of LVMH's fashion group oversaw global brands such as Céline, Givenchy, Kenzo and Marc Jacobs, and was a special advisor to LVMH's billionaire founder, Bernard Arnault. Burch had

met Roussel in 2012, when LVMH briefly expressed interest in investing in her company. For about four years, Roussel split his time between New York and Paris. The couple wed in December 2018 at Burch's home in Antigua, a renovated estate that once belonged to heiress, horticulturist and fashion icon Bunny Mellon. "We got married, we wanted to live together and wanted to be in the same country," Burch says. So she approached Roussel with a plan: What if he became the next CEO of Tory Burch? It took a bit of convincing, but he agreed. "Even before the pandemic, working together was a question mark," Roussel says. "Obviously, I come from a different world, different culture, different continent."

"I know [Roussel] was very hesitant at the beginning," says *Vogue* editor-in-chief Anna Wintour, who over

the years built a close relationship with Roussel through his work in the industry. "Working with your wife could be a little bit challenging at times, so he took a little time to be persuaded." Less than two weeks after their wedding, Burch announced Roussel as the new CEO of her company; he officially started in January 2019, and she took a more creative role as executive chairman. The new partnership would soon be put to the test.

The Covid-19 crisis arrived amid a career high. Burch, 54, says her 16-year-old business, with stores in 35 countries, had its best month ever in January. Soon after, she decided not to do to a runway show at the September 2020 New York Fashion Week—an endeavour that costs millions of dollars and that some in the industry believe to be a waste of money. Instead, she planned to throw a big block party on Mercer Street in Manhattan, where she would be opening a new boutique.

On January 28, McDonald's and Starbucks closed some locations in China; that same day, Tory Burch LLC began shuttering its 29 stores in mainland China, including the 9,600-square-foot store in Shanghai, its largest in the world. Soon after, shutdown-related delays in Asia and Europe began to interrupt manufacturing of some Tory Burch products.

The first shock hit her supply chain. "You have one thing that comes from Italy, and it's a button, and then Italy is closed," Burch explains. "So that button on that sweater prevents the whole piece from being able to get made."

When certain items couldn't come together due to production delays, her team either changed their design or got rid of them entirely. Among the casualties: Two embroidered dresses from India and Eastern Europe and shoes from Italy. In some cases, they reused and repurposed fabrics in inventory from previous seasons, and moved production from places hit early by Covid-19, such as Europe and Asia, to Brazil.

Quality problems soon emerged. "Some of the products that we got as samples we were not so happy with," Roussel says. So again, they either killed items or redesigned around the remaining parts. At one point, Burch cancelled an entire jewellery collection from Brazil that had run into production problems and didn't meet her approval.

Next up: Moving inventory to

wherever it would sell. After analysing real-time data and evaluating where stores were reopening and where consumer appetite was strongest, Roussel had items shipped from the rest of Asia to China, from Europe to the US, and from some US retail stores to the company's online distribution centre in Atlanta. Roussel says he reduced orders of seasonal products and focussed on year-round favourites such as bags and sneakers.

Salvaging the product was just the first step. Figuring out where to sell proved equally vexing. As the world locked down, Burch's huge physical footprint meant it was bleeding cash. By mid-March, Burch and Roussel had shut more than half of Burch's 315 stores, including some of the 38 in greater China, 111 in the US, six in Canada and 13 in Europe. (It had begun reopening some stores in China in late February.) The company then furloughed most US sales staff and the majority of its retail personnel in Europe—it won't say how many of its 5,000 employees worldwide overall—while continuing to pay for health insurance for US workers. "If you're not able to protect what you have built," says Burch of those decisions, "it becomes, obviously, a very hard, emotional journey."

As with millions of entrepreneurs who saw their business upended, the balance between emotion and the need for cold logic amid the maelstrom proved a constant tension. Roussel had built an entire growth strategy around Asia, with at least 20 new stores planned in China through 2022. As spring turned to summer, the executive duo tried mightily to hold on to the plan, deferring as many openings as possible toward the end of their time frame, with just two stores opened this year and two more slated for December. "No one's prepared for having all the stores closed and not knowing when they'll reopen," Roussel says. "I think it's the ultimate test for a company."

Similar streamlining followed with product selection for the 2021 line, which will be 20 percent smaller (Burch says a culling was already in motion before the pandemic). Going forward, collections will include more shoes (the Tory Charm loafer and Tory sneakers are this fall's top sellers) and bags, items shoppers consider to be longer-term buys, or "investments" less likely to go out of style. The product mix won't change much otherwise, a spokesperson says, pointing out that it was already selling an array of casual, sporty and more dressy options.

While customers still mostly gravitate to the brand for its colourful sandals and tiny handbags, Tory Sport, the luxury sportswear collection it launched in 2015, has emerged

By mid-March, they had shut more than half of Burch's 315 stores. The company then furloughed most of its US sales staff

as a bright spot. The company gave the line more prominent placement on its homepage, added a Loungewear Shop to the website and increased the frequency of emails about it. Online sales of Tory Sport have grown by "more than 30 percent" since the beginning of the pandemic, the company says.

To finish the new, smaller collection, Burch had a truck deliver the partly completed dresses to her home in the Hamptons, and shifted her office from the library to the more spacious dining room. Out went the rugs and the furniture, replaced by glossy fabric samples and clothing racks. The lithe fashion icon fitted her new designs on two employees who, she says, were "a little more fit-model appropriate" than she is.

Compared to the world she knew just a few months earlier, it was a surreal, wrenching process, made worse when a friend and co-worker of 14 years succumbed to Covid-19 (Burch wouldn't share any more details, citing her friend's privacy). "It was awful," she says. "It was very hard, and it still is, and it will be for a very long time."

The pandemic has proven to be one of greatest accelerants in business history. As retailers—big-box stores and mom-and-pop shops alike—are forced to reinvent themselves on the fly, the winners have figured out how to implement ecommerce strategies today that were perhaps on the drawing board for five years down the road.

So too at Tory Burch. Shifting focus from physical stores, Roussel repurposed much of that spending toward ecommerce infrastructure and online campaigns, beginning in China, the Middle East and Japan. Pre-pandemic, especially within Japan's $31 billion luxury market, online purchases were largely a non-factor. Luxury customers wanted to see, to touch, to smell their indulgent purchases before throwing down the credit card.

As the coronavirus caused habits to shift, Roussel began selling some items on Tmall, Alibaba's retail site. In lockstep, he revamped and expanded Burch's global website network. In June, he launched sites in Arabic and English serving Kuwait, Saudi Arabia and the United Arab Emirates. There were ongoing improvements and adjustments, as well as new hires in July and August. All Tory Burch sites, which now number 12, were optimised for mobile while incorporating artificial intelligence to generate personalised product recommendations.

Burch also introduced virtual

styling, which enables customers to make private video appointments to see different items in the store. Top clients get even higher touch. In late August, Burch—who has been actively engaging with Tory Burch fans on Instagram (she asks them to send her direct messages with ideas)—joined 35 customers on a Zoom call and chatted with them about why they love the brand. The company is offering more private appointments, even outside normal business hours, and a styling concierge service that sends buyers a personal package of items to try on at home.

These moves couldn't come fast enough. As lockdowns began to be lifted around the world, Burch and Roussel started reopening stores, bringing back most, but not all, furloughed employees. By early June, almost all 315 outlets were back—but customers weren't. Foot traffic remains down 45 percent, Burch says. On a recent Saturday afternoon at the Tory Burch store in Manhattan's Meatpacking District, at what one employee said was the busiest hour of the day, a grand total of three customers were perusing $225 Tory sneakers and new $700 Eleanor bags. When customers do show up, however, Burch says they are younger and more likely to make a purchase than the average pre-Covid customer.

"I've been working pretty severe hours for the last 15 years to build a company and do it in a way that really thinks about the long term," Burch says. "We wanted to be strong, have grace under pressure, pivot and do what we could to salvage our business, and we did."

It helped that she had been disciplined in the past. "[Burch] was very cost-conscious," recalls Brigitte Kleine, president of Tory Burch from 2005 to 2016. "When you start out that way and keep that as part of your culture, it pays dividends—literally and figuratively."

The numbers offer some hope. Data from Second Measure, a company that analyses anonymised credit-card transactions from retail stores and online, reveal how dire things were in the spring, with Tory Burch's direct US sales down by 67 percent in April year-over-year, and then 41 percent in May. But those same figures also indicate that Burch and Roussel weathered the storm: In August, the year-over-year drop was just 4 percent. (A spokesperson for Tory Burch LLC says the Second Measure numbers are directionally correct but don't include purchases using cash, PayPal or Apple Pay.) Overall, Burch and Roussel predict that Tory Burch revenue will fall by roughly 20 percent this year, to around $1.2 billion. "Certainly, we're not where we were," Burch admits.

"Having Roussel during this crisis was a godsend for me and for our company," Burch says of her husband

DIMITRIOS KAMBOURIS / GETTY IMAGES

Tellingly, neither will say whether Tory Burch is still profitable—or how much of a loss it has incurred. According to Roussel, the company carries "reasonable debt". The sales reduction, along with lesser valuations among publicly traded competitors, has lowered *Forbes*'s estimated value of Burch's 28.3 percent stake to $500 million, down from $800 million in 2019. We estimate that Burch, who has roughly a quarter-billion dollars in other assets, including cash and real estate, is worth $750 million, good for No 26 on *Forbes*'s list of America's Richest Self-Made Women. *Forbes* deemed Burch a billionaire from 2013 through 2015, before she fell from the ranks as valuations of publicly traded fashion brands dropped.

But she's still in business, and the moves she and Roussel have made augur well for the long term. Roussel says the company is more prepared for future shutdowns and will continue to adapt its supply chain as necessary. While the pandemic has accelerated broader trends toward casual apparel, Burch says she still sees women wanting to dress up and experience joy in tough times. Adds Roussel: "We have iconic investment products, products that are timeless. You buy it, you know you can wear it anytime. [That] is how you get out of the crisis." To underscore it, Roussel and Burch are expanding their footprint again, with plans to open three new stores in Canada as well as one in Australia and two in China before the end of the year. In early 2021, the company will launch a website for customers in China, and do the same for Hong Kong, Singapore, Australia and Brazil in the second half of next year.

"Would you buy into Goldman Sachs on the eve of the financial crisis in 2008 or 2009? The answer would be no, probably not, if you had a crystal ball," says Byron Trott, founder of investment and advisory firm BDT Capital Partners, a minority shareholder. "But going through the pandemic, going through the cycles that have occurred in the last eight years of our investment, Tory's business has been really resilient from a financial perspective."

That resilience, though, now comes paired with battle-hardened perspective. "If the crisis had lasted longer, with all our stores closed, it would have been a different story, obviously," Roussel says. "We're still in the middle of it, and who knows what's around the corner." F

KEEPING THE KITCHEN FIRES BURNING

In an industry ravaged by the Covid-19 pandemic, some chefs and entrepreneurs have cooked up opportunities out of crises

By **ANOOTHI VISHAL**

Lockdowns, shuttered restaurants, job losses and scared diners. 2020 was a dismal year for food businesses, including in India, where the blow came at a time when restaurants and food retail were buzzing like never before. But even in this annus horribilis, there were glimmers of hope as some entrepreneurs stepped up to the challenge of quickly changing tack, adapting to the new normal and trends such as dining in, managing, in the process, to not just sustain themselves and their staff but even grow their businesses.

Till the pandemic upended the industry, food deliveries were about high volumes and low pricing, ruled by little-known brands with kitchens that had dodgy hygiene many a times. But now that model has been overturned, with chefs and enterprises seeking to take their restaurants into customers' homes, and investors looking to create brands that are high on quality and order values. Then, there are international trends such as 'prestige' meal kits, with signature dishes by the world's top chefs. As elite diners in India seek to recreate this in their homes, entrepreneurs who foresaw this trend are well placed to take advantage.

Equally well-equipped were enterprises that tapped into the growing demand from homes for high quality produce—top-notch mangoes, organic vegetables and even exclusive mushrooms—that were earlier bought by restaurants or exported. Chefs invented catchy comfort dishes, spin-offs that can go international and do for Indian culinary culture what the bao did to Chinese-Korean cuisine. Finally, indie alcohol found enthusiastic millennial drinkers, thanks to enhanced social media marketing in an era of work-from-home.

Here's our list of the food-preneurs who stirred the cauldron this year.

Chef Vikramjit Roy (left) and his partner Anurodh Samal kickstarted Hello Panda, a fledgling pan-Asian delivery operation in Gurugram and Delhi

VIR KOTAK,

Hello Panda

Shipping scion, artist, and beer and wine connoisseur Vir Kotak was forced to shutter a business—Thirsty City 127, which housed a trendy bar and brewery in Mumbai's Todi Mills—that he had been passionate about. With that, he became uncertain about his planned investments in the restaurant space in India. However, by July, as it became clear that dining-in was the new dining-out, Kotak moved to make a large investment: It was in a fledgling delivery operation started by chef Vikramjit Roy in Gurugram.

With restaurants shut during the lockdown, Roy and his team found themselves out of work. To sustain themselves, he and colleague Anurodh Samal used their savings to start a small kitchen, Hello Panda, to roll out sushi, dim sum and comfort Chinese, Japanese and Thai flavours. Singapore-based Kotak sensed an opportunity, and bought a majority stake in the enterprise. Now, they plan to take it national, along with three other sister brands. Kotak is also opening two Asian restaurants with high-end bars in the NCR, with Roy helming both, as also an Indian restaurant with chef Megha Kohli.

Although Kotak is reluctant to divulge his actual investment amount, a well-equipped delivery kitchen costs `20-25 lakh to set up (in non-prime locations), while a 100-cover restaurant (in prime locations in Delhi or Mumbai) costs `2-2.5 crore. Kotak's moves come at a time when investments in the Indian F&B have fallen to almost nil, and established restaurateurs are struggling to find money.

"I think people will return with ferocity to dining out once it is safer to do so. And while nothing can replace going to a restaurant, high quality deliveries have come up globally as viable options. These will be demand even after the pandemic, and will be an important vertical for scalable food businesses," Kotak says.

◀ After Vir Kotak's passion project Thirsty City shut down, the shipping scion invested big in Hello Panda and is opening three restaurants

SHEKHAR SWARUP,

Terai Gin

2020 has been a surprising year for Indian craft gin. With rising consumption of quality alcohol at home, Delhi, Mumbai and Bengaluru in particular saw high retail sales of expensive wines and whisky. Riding on this trend, six new made-in-India gins were launched this year, most of which were made by entrepreneurs inspired by the global boom in craft spirits, and targeting millennial drinkers.

The most ambitious of the new launches is Terai, which is made in Behror, Rajasthan, in small batches that use indie botanicals such as fennel, tulsi and coriander. A brainchild of Shekhar Swarup, whose family has been in the alcohol business since the 1950s, Terai captured huge consumer interest this year thanks to its refined notes, but also high-wattage social media marketing.

"We had to postpone the launch from April to October because of the pandemic. However, we decided to go ahead with our social media marketing much before that to create awareness," says Swarup. That strategy has paid off, with retail sales going through the roof and 3,000 bottles being sold in Delhi since mid-November. "We occupied 20-25 percent market share for premium gins in the launch month itself, and there has been more demand than what we can produce daily. We are now expanding our capacity." Terai has also been launched in Singapore, and will be going to other Indian metros in the next few months.

▼ Shekhar Swarup, founder, India Craft Spirits Co. and joint managing director, Globus Spirits Ltd

RISIHIV AND TARIKA KHATTAR, *Makery.in*

Top Indian restaurateur Rohit Khattar's children were caught in Mumbai during the nationwide lockdown, away from their Delhi home. After spending weeks cooped up in an apartment, they emerged with an online retail platform called Makery.in, selling high-end, do-it-yourself (DIY) kits for gourmet food.

Kits such as Blue Apron have been popular for long internationally, but in India this business never took off because most homes cook regularly and cheaply. However, what Makery has done differently is to peg itself as a gourmet offering, not a convenience product. "While cooking ourselves, we realised that a lot of people wanted to cook interesting, even restaurant-quality food but did not know how to, and were put off by the need to collect so many ingredients," say the siblings.

Globally, chefs such as Heston Blumenthal and Massimo Bottura retail such kits for £100 or more, and Makery's kits also play on this idea of prestige cooking. Their offerings include pulled-pork tacos from Indian Accent, pastas from Olive, and regional specials by expert home cooks. Their website has 30,000 unique visitors and has sold more than 4,500 kits till mid-December.

▲ Risihiv and Tarika Khattar founded Makery, an online retail platform selling high-end DIY kits for gourmet food; (right) Corn and water chestnut canapes, a gourmet offering from Makery

SUMIT SHARAN, *Shroomery*

Sumit Sharan's love of mushrooms, and the realisation that most gourmet varieties such as shiitake or oyster were imported, prompted him to launch his business in 2019. By growing and retailing exotic varieties of mushrooms at his farm in Manesar, Haryana, he built a loyal clientele of high-end restaurants.

As the pandemic struck and restaurant demand dried up, Sharan decided to test the retail market, always a difficult proposition given its price sensitivity and low volumes. But he was in for a surprise. With more consumers buying directly from farmers, Sharan's select customers buy his mushrooms without being too concerned about the price, and help spread the word as well.

He grows four varieties, and has roped in neighbouring farmers to keep up with the demand—Shroomery sells 40-50 kg of assorted mushrooms every week, sales up 30 percent from last year. Sharan has expanded to trading in morels as well, and making value-added products such as mushroom hummus.

He says a heartening change has been that "people are ordering even unknown varieties like cremini mushroom, though they may not be sure of how to cook these... last year, there were many who said the venture will not do well, but this year, there has been a sudden spurt in interest."

▼ Sumit Sharan, founder, Shroomery, grows gourmet mushrooms at his farm in Manesar, Haryana; (right) some examples of his farm produce

VARUN TULI,

Wheaty & Pot Pot

Weddings and caterings are big businesses in India, and 2020 saw both flattening. Varun Tuli, one of India's most in-demand caterers, was severely impacted, but used his infrastructure and staff to expand his delivery business by adding two more brands in the NCR, where he has two central kitchens and a smattering of restaurants.

While his existing brand Noshi focussed on sushi, dim sum and bowl meals, Tuli came up with Wheaty (quality breads such as sourdoughs and deep-dish pizza bases), and Pot Pot (caters modern Indian food at home).

"I paid special attention to the packaging, which I designed myself using earthenware and cardboard to keep it eco-friendly and yet attractive for delivery to diners at home, who are now looking for a restaurant-style experience," says Tuli.

So, bisibele bhaat comes in an earthen pot, with a tempering of fried chillies in a detachable tray on top; palak patta chaat is presented such that it does not go soggy; and mini appams come individually lined with banana leaf. Just like you would expect in a fine-dining restaurant.

Tuli says his delivery business has grown five to six times over 2019,when he had only Noshi as a brand.

▲ Varun Tuli, a hotshot caterer, used his resources to expand his delivery business

SEEFAH AND KARAN BANE,

Seefah's, Asian Burgers

Smaller restaurants with leaner operations were able to survive better than larger chains or ambitious marquee openings. One such example is Seefah's in Mumbai, which has stood out as inventive and profitable through this year. Soon after the lockdowns began, chef Seefah and her husband and partner chef Karan Bane, who run the eponymous outlet in Bandra, shifted to a delivery model. They did most of the cooking themselves, and served not just their regular fare but also inventive Asian burgers.

The demand these burgers and home-style Thai have generated across Mumbai, even after restaurants reopened, has necessitated a separate central kitchen. "Our customers remained loyal and we found we were getting orders from all across Mumbai, not just Bandra. Now we have decided to set up another central kitchen to cater to deliveries," says Seefah.

Meanwhile, the restaurant itself has shifted to a smaller premise, cutting rent by half. "It will be important to control cost while looking for ways to augment income," says Seefah.

▶ Chef Seefah and her husband and partner chef Karan Bane who ran the eponymous Seefah's in Bandra quickly shifted to a delivery model, doing most of the cooking themselves

Atul and Aparna Shah's Spice Goa has been catering to local diners for years. That became their USP, earning them profits in the lockdown

ATUL SHAH, *Spice Goa*

Known as Dr Fish because of his extensive knowledge about seafood, Atul Shah and his wife Aparna have been running Spice Goa for years in Mapusa; it's a restaurant well-known for its fish thalis, and is more popular with local Goan diners than tourists. The pandemic showed them why catering to a local audience was a smart choice as their business actually grew through the lockdown, making this one of the very few restaurant businesses in India to be profitable this year. "We started getting queries even from far-flung areas that we had not traditionally reached earlier as locals wanted our thalis," says Shah.

This gave him the courage to invest more than `1 crore in a bigger outlet in Verem, which has also been operationally breaking even since Day 1. "We are getting both locals and tourists here, since this is in a more touristy area, and hope to recover the investment in six months," he adds.

SARANSH GOILA AND SUMIT GULATI

As metro consumers gravitated towards biryani, chaat and butter chicken in times of distress, Sumit Gulati, whose family owns the iconic Gulati's at Pandara Road in Delhi, started his brand Yours Truly Butter Chicken, with offerings such as 'break-up wala', 'NRI wala', 'Diet wala' and so on. "Everyone likes their butter chicken a little different; some want it hotter, some creamier and so on. So we decided to launch a brand where you can choose what kind you want," says Gulati, explaining his idea of turning a "family" gravy into a burger-ised product.

The idea has been a hit, with 11,688 orders sold between August and October end, as per Zomato. "In three months, we reached 75 percent of our 2019 dine-in value at Spice Market [a popular restaurant Gulati owns in south Delhi, which serves as a kitchen for the new butter chicken brand]," Gulati says.

Meanwhile, chef Saransh Goila took the story forward by giving out a master franchise of Goila Butter Chicken to the UK-based Ollie and Ed Templeton of Marylebone restaurant Carousel, which will operate it as a delivery service all over London, and, eventually, the UK. "This will be the era of such collaborations. Everything such as training their staff in processes and ingredient selection was done online, and I am confident they will be able to operate the chain well," says Goila.

Restaurateur Sumit Gulati started his brand Yours Truly Butter Chicken by customising one of India's most loved dishes; (right) Saransh Goila has taken Goila Butter Chicken to the UK with a master franchise to Ollie and Ed Templeton of London restaurant Carousel

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ALL ABOARD

Meet the intrepid people who have traded traditional living spaces for a life on water

By **VAISHALI DINAKARAN**

In 2009, Sarah Henshaw, disenchanted with her job as an entertainment journalist in London, decided to change tracks and open a bookstore. She realised that if the bookstore was on a boat, she could trade a hefty rent for a comparatively nominal annual mooring fee. Within a month of first having the idea, she became the proud owner of a 57-foot narrowboat that she named Joseph. In June 2009, after onboard amenities like the kitchenette, shower, and toilet had been replaced with bookshelves, The Book Barge opened to the public.

"The idea was never to live on the boat or to travel with it," says Henshaw, now 37. "The idea was just to have a bookshop." But gradually it became apparent that a small indie bookshop was no match for online booksellers or ebooks. Despite

business being quite brisk initially, and The Book Barge hosting many literary events, the sound of footsteps clattering down the gangplank became less frequent each day. By 2011, the business was in trouble. This, coupled with upheavals in Henshaw's personal life, made her feel a bit at sea. "The business was failing, and I felt like I was failing as a person," she recalls. "The desire to run away was part of why I moved onto the boat."

One day in May 2011, Henshaw set off from Staffordshire in the Midlands, in Joseph, ostensibly to run away, but to also drum up business. The Book Barge had acquired a loyal following around the country, and Henshaw posted her location on social media as she cruised along. Wherever she docked, a stream of customers waited to come aboard and shop. They sometimes even bartered goods or services (groceries, home-cooked meals, haircuts, a couch for the night, or the use of a shower) in exchange for books. In some ways it was a hard life, although not without benefits.

"Having so much going on really focussed me. Because I had to think of really basic things like 'Oh, where's the next pub so I can use the bathroom. And where can I moor up for the night, also near a pub, so I can clean my teeth', because I didn't have a sink or anything." Henshaw spent six months traversing the British canal system, covering 1,736 km, crossing through 700 locks, with only Joseph who by then she believed, had developed a personality of his own. Now, looking back, she laughs, "I felt really lonely and isolated at the time. Stories, and the boat, became a thing of comfort for me."

The journey had a transformative effect on Henshaw. "I've never had much confidence, but I became quietly confident that I could survive and be happy all by myself, which was a nice thing." She also learnt to accept help from others. "I realised that even if you're a mess, there are other people who will support you and you'll be alright." But the most profound lesson was, "To expect the best in people. If you meet strangers with suspicion or reservations, they will react accordingly. That's certainly been my experience." The other highlight of Henshaw's adventure was that her blog caught the attention of a publisher, and she landed a book deal: *The Bookshop That Floated Away* was published by Constable in 2014.

Henshaw, now the associate editor of a magazine called *Waterways World*, lives in the south of France, having crossed the English Channel aboard Joseph (now restored to accommodate a living space as well). The 2,000-km journey took her and husband Stuart (with their pet rabbit Napoleon Bunnyparte) from Staffordshire to Belgium, and into France over six months. Joseph is now mostly moored just around the corner from Henshaw's house, but is being readied for the reopening of The Book Barge in its new avatar: As a bed and breakfast-cum-floating bookstore. It's Henshaw's attempt to give people a taste of the life she's lived. "Our generation won't settle for having one job at a company and retiring from there. They are hungry for new experiences, and boating is a brilliant way to feed that," she says.

Living on a boat is a way of life that is simply addictive, says Sarah Henshaw, the owner of a 57-foot narrowboat called Joseph. She ran a bookshop—The Book Barge—on it after replacing amenities like the kitchenette, shower and toilet with bookshelves

Perfectly illustrating this sentiment are Samantha Baiden-Reid, 34, and Tim Biglowe, 29, who decided, mid-pandemic, to acquire and move onto a narrowboat. The couple spent the last five years moving to a new city or country every year, throwing themselves into a fresh adventure each time. Both were teaching English in China until February 2020, when the pandemic resulted in them moving back to the UK. "We were saving to buy a house, but our time there was cut short. So we came back with less money than expected," Biglowe says.

In June 2020, Samantha Baiden-Reid and Tim Biglowe acquired a 53-foot narrowboat named Mary L. After spending a month doing it up, they moved on board

SAMANTHA BAIDEN-REID / TIM BIGLOWE

One day, whilst on the train back from looking at properties that didn't suit them or their budget, they went past a canal. "Maybe we should live on a boat like Rosie and Jim," Baiden-Reid quipped, referencing the characters from a British children's television show. What started out as a joke turned into reality. "I started researching, and there's quite a close community of people who live on boats. And it seemed interesting to be part of that unique club of people," Biglowe says. For Baiden-Reid, there was more to it. "We wanted to keep the adventure going," she says, unwilling to give up on new experiences and exploits. In June, they found a 53-foot narrowboat named Mary L, and after spending a month doing it up, they moved on board.

In the first two weeks aboard, Biglowe and Baiden-Reid were on holiday, motoring along to

get as far away from the marina where Mary L had been docked. With no boating experience, learning to manoeuvre the narrow canals took a little while, as did learning the mechanisms of the tricky canal locks. But eventually they eased into their new life. After two weeks, both returned to work, teaching English online during the first half of the day and often setting off for a new destination after that. “In the summer, when it was quite light out, we’d get to a place, moor up in the evening, and maybe go into the town and get dinner at the pub, which was quite nice,” Biglowe says.

Baiden-Reid and Biglowe have opted to “continuously cruise”, a term for motoring along the canals and docking at each mooring only for as long as it is free (between 24 hours and two weeks), and not paying for a permanent mooring spot. It comes with the opportunity to see the country on their own terms. And what of the fact that they’ve chosen this itinerant life amidst the pandemic? “Well, it seems quite a sensible place to be in,” Baiden-Reid says. “We’re often out in the countryside, so we can go on walks and bike rides.” But Biglowe adds, “I’ve had moments when I’ve realised that this is not something I want to do forever; this is something I want to enjoy for the next few years.”

But for 53-year-old Joost Naber, living on the water has been a way of life for over 30 years. It began in 1985, when his brother and he had trouble finding an apartment in Amsterdam. Their father helped them out, initially considering buying property in the city, and ultimately settling on a houseboat. “It was a concrete houseboat, which was more like an apartment than a ship, and had a living space of 80 sq mt,” Naber recalls.

After eight years, Naber moved out, living in Amsterdam, travelling through Asia and living in India. It was serendipity that when he moved back to Amsterdam and began looking for a place to live, he found the boat docked next to his brother’s for sale.

Naber lived on that 35 sq mt boat for the next four years, and in 2000 found a larger one in the north of Holland, and had it towed to Amsterdam. “I took the engine out because that takes a lot of space, and rebuilt the inside. When I got it, it was just the hull with no building on top.” It took him and his father a whole year to rebuild the boat, with some advice from an experienced boat builder, and help from family and friends. “So for 20 years I’ve been living on the boat—Nashatram—that I’ve built with my father,” he says. The building process helped Naber pick up a trade, and he now maintains and restores boats, as well as rents out a holiday houseboat in Amsterdam.

JOOST NABER

▲ Living on the water has been a way of life for over 30 years for Joost Naber. On Sundays, he organises concerts at the front of the boat for family and friends

Today, Naber’s family includes his wife Kiek Bosch, 49, and nine-year-old daughter Nika. Bosch, who moved in around 10 years ago, says the idea of living on a boat didn’t phase her one bit, but she did have to allay the fears of her friends and family that the boat would be too cold. “It’s quite luxurious and very warm with the central heating,” she laughs. The fact that she’s a saxophone player means that a life on the water suits her. “In an apartment, you might disturb the neighbours while playing, but out here on the water I feel more comfortable that not everyone can hear me.”

Naber, who regularly organises concerts in the city, adds, “When we get bands from other parts of the world, they usually play a concert at the venue on a Saturday, and on Sunday we organise a small

HAZEL SOUTHWELL

concert at the front of the boat for 20 to 25 friends. People love it—this sense of community," he says. But for him the overwhelming advantage of living on a boat is its unparalleled freedom. "When you live on a 50 sq mt boat, it feels like it's 150 sq mt because of the space around you: The canal, the water, the street side, and the deck terrace. It's so different from feeling boxed into an apartment," he says. As for young Nika? She nonchalantly says, "For me it's normal, because I was born here. But when some people from my class come for sleepovers, they think, 'Wow! What's happening, is it going to move?' For them it's kind of scary."

Hazel Southwell, 33, a motorsport journalist from the UK, lived on a fibreglass boat named Loch Ayim, which was permanently docked at Deptford Creek between 2014 and 2016. "Whenever someone says they want to live on a boat, I'm usually the first person to say, 'Absolutely do not do it'," she laughs. This is because her boat "lacked some crucial amenities, amongst them a door, any power, water, and being sealed from the elements", she says. "There's also lots of stuff you have to do by yourself, and the ability to put tasks off for a later date vanishes entirely," she adds.

▲ Hazel Southwell has much advice to share about the boat life, which she picked up whilst living aboard the fibreglass Loch Ayim that was permanently docked at Deptford Creek

In fact Southwell has many caveats about the boating life, including, "There's no point living on a boat unless you have enough sealant," and, "You're always going to need some tarpaulin," and, "If your boat develops a leak, a quick way to fix it is to take a two-pound coin, place it over the hole, and seal it in place with marine epoxy!" But even the fact that she lived on a somewhat leaky boat, and was cold a lot of the time, hasn't entirely put her off the idea. "I sometimes find myself thinking, 'Wouldn't it be nice to be on the deck enjoying a cup of coffee?'" she says. "I think I'd do it again, but in a warmer country!"

This desire to return to boats is common to many people who've had a taste of that life. Naber says, "When I lived with my brother for eight years and I moved out, I really missed it. Later, when I was looking to buy an apartment, and my brother called to tell me that there was a boat for sale, it immediately got my heart pounding. It was this feeling of 'This is what I want!'" he says. It's something Henshaw seems to agree with, saying that every day as she goes past Joseph on her morning run, she has this desire to simply go on board and set off once again. It's a way of life that she says is, "Simply addictive. You just fall in love with it." F

ON PE & VC INVESTMENTS

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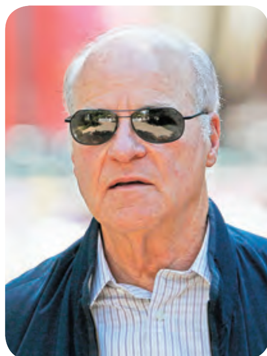
It's clear to me, when you do private equity well, you're making companies more efficient and helping them grow and become more profitable. That success means our investors—such as public pension funds—benefit, which contributes to the economic wealth of society.

—DAVID RUBENSTEIN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In the '70s and '80s, what private equity did is it changed corporate America. It started holding companies accountable, and for the first time managers started thinking like owners.

—HENRY KRAVIS

The role of private equity as fiduciaries is certainly to make money.

—THOMAS G STEMBERG

GETTY IMAGES

There's almost too much venture capital in India—there are issues with seed capital, but for venture capital, there's a lot of money chasing deals here.

—RAM SHRIRAM

All markets have boom and bust cycles, and I think venture capital market has even more exaggerated boom and bust cycles.

—FRED WILSON

The problem with taking venture capital is if you take $5 million from someone, it may feel great; you may feel like they're validating your business model. But they're giving $5 million out to 20 people, hoping one of them will be a hit. They don't really care if it's you.

—JON ORINGER

The most contrarian thing of all is not to oppose the crowd but to think for yourself.

—PETER THIEL

It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong.

—GEORGE SOROS

Not all private equity people are evil. Only some.

—PAUL KRUGMAN

REUTERS

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 just seem totally audacious.

—CHAMATH PALIHAPITIYA

Bootstrap for as long as you can.

—RON CONWAY

I think good private equity investors create a lot more economic value than they destroy.

—BILL ACKMAN

REUTERS

The venture capital business is a 100 percent game of outliers—it's extreme exceptions.

—MARC ANDREESSEN

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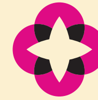

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