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THE FINANCIAL

A BI-ANNUAL MAGAZINE

✦ EVER EVOLVING ✦

VC

LANDSCAPE IN
INDIA



From the

EDITOR'S DESK



The recent fundraising spree that our nation witnessed in the first half of 2021 draws our attention to the “Ever-Evolving VC landscape in India”. The rising investment in Indian companies has set the stage for small to mid-size investors, to big-giants, who had their eyes rolling and were skeptical about the sustainability of India’s growth story. Surprisingly, the year 2021 saw VC investments raining in India, despite the economy taking hit due to the pandemic. So, the silver lining to the depressed economy then was the ballooning startup ecosystem that indicates the unprecedented investor confidence in the attractive outlook of India. With this, the analysts are hoping against hope that the international markets will elevate the growth trajectory of this accrescent startup landscape.

“Now I believe that there are Unicorns”, don’t you? Evidently, there has been a rise in the number of unicorns in India, an increase in the number of companies going for an IPO, and other startups striving to grow big. Doubtlessly, this is driven by the venture capital industry, which is becoming integral to India’s economy with the country’s favorable demographics making way for more & more investments.

On that account, Finomenon, the Finance cell of SBM, NMIMS, Mumbai took this shot to appreciate the breeding VC culture through this magazine and provoke a sense of understanding of the path *Venture Capitalism* is venturing into. Besides, the cell keeps abreast with other happenings in the finance industry and keeps updating the batch via different initiatives; events and workshops held throughout the year. Our initiatives like FinSights, BookAMonth, and article of the month aids the batch to be cognizant of the world of finance. From the fun-filled event, Bean-counters to the equity-research competition, Moolyankan, we’ve been striving to make our initiatives exciting, and of value to the students. Our student-led investment fund, Samriddhi, released a comprehensive research report on Jubilant Foodworks and Market Impact Report, covering the global and Indian economic scenario. With each passing year, the cell strives to add more value for the students and prepare them to be the future Finance Moguls by providing them with the requisite knowledge of the world of finance, in a clear and easy-to-understand manner.

-Aashi Arora

Editorial Head, Finomenon

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EVER-EVOLVING
VC Landscape
in india

INTRODUCTION

With India witnessing a new breed of energetic entrepreneurs whose ambitions have been warmly welcomed and backed by policies like startup India, it is no surprise that today the country is the third largest startup ecosystem in the world with USA and China as the only ones ahead. With nearly 40,000 recognized startups, India is on the trail to mint new unicorns every month. This draws our attention to one of the inalienable aspects of this ecosystem, **Venture Capitalism**.

A form of private equity financing, wherein investors put their stakes in companies that appeal to them in terms of success potential, innovation, uniqueness and return prospects. Venture Capital is concomitant to the success of Indian startups. The impeccable success of VC driven startups like WhatsApp, Twitter, Zoom, Airbnb, etc. is testimonial to the rise of venture capital not only in India but also across the world. The overall landscape has been quite conducive to this form of startup financing.

HOW IS VENTURE CAPITALISM CURRENTLY VENTURING IN INDIA?

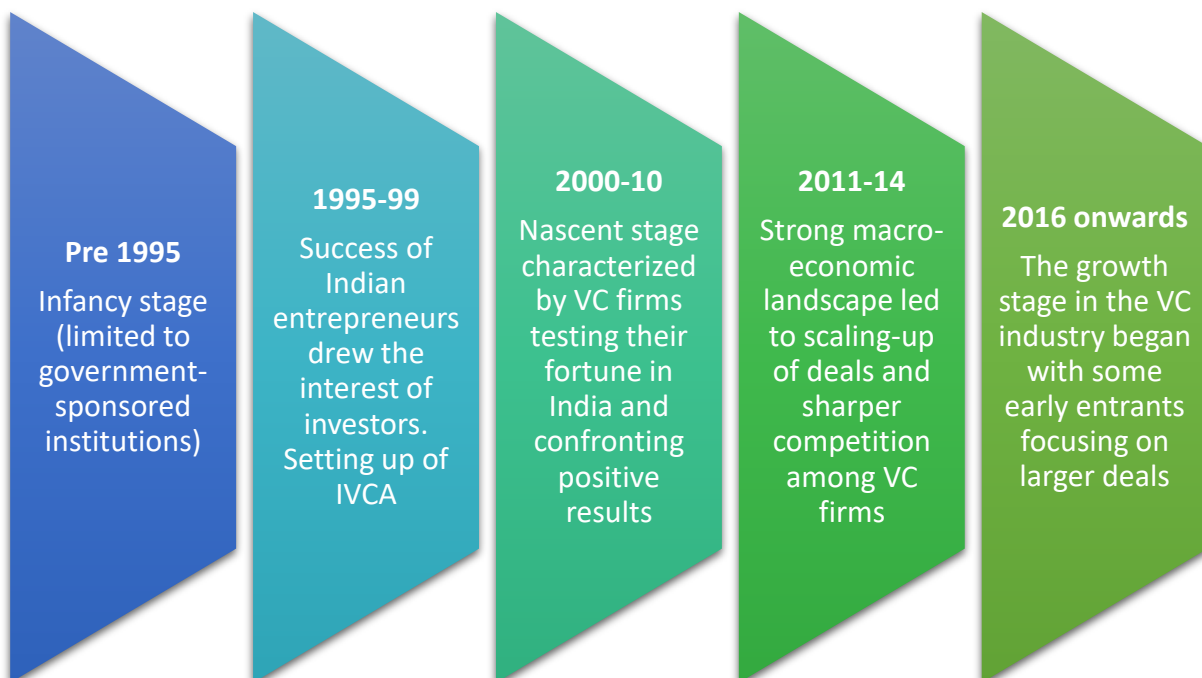
The VC Industry in India has shown significant progress even as the economies around the world were grappling with the pangs of the pandemic. In 2020, total deal value in the VC Industry stood at \$10 billion which is a slight moderation as compared to the previous year. There was an upside movement both in terms of the volume and the size of the deal. The VC Industry wheeled approximately 22 startups with over \$100 million in 2020 despite seeing an acute 60% fall in deal value from the period January-March, 2020 to April-June 2020. As things return to normalcy and the investment activity retreats to pre-pandemic levels, the VC industry is going to witness an even stronger boost.

Major chunk of venture capital investments (nearly

70%) was channelized towards inception-stage deals in 2019. As the VC culture in India drew traction, domestic contribution in capital investment raised from a mere 5% to 20-25% in the recent years.

This is also reflected in the ever-rising interest of internationally renowned venture capital firms (Sequoia Capital, IDG Ventures, Saif Partners to name a few) in the Indian market. Such a funding ecosystem has led to a number of sectors like Fintech, Health tech, Retail, etc. to emerge as mature sectors.

VC INDUSTRY: ITS SET-UP AND EVOLUTION IN INDIA



Surprisingly, the VC industry is quite young. Earlier, entrepreneurs had to rely on development financial institutions, banks, individual investors and public offerings for obtaining monetary backing for their promising ideas. This was certainly a deterrent as following the terms and conditions put forth by these lenders was no easy breeze. And this is why the concept of venture capital came like a big relief to entrepreneurs. The possibility of financing promising ideas through investors willing to take on risk drew the eyes of many budding entrepreneurs. It was 2011 onwards that the concept really took off, gained traction and now, seemingly, there is no looking back.

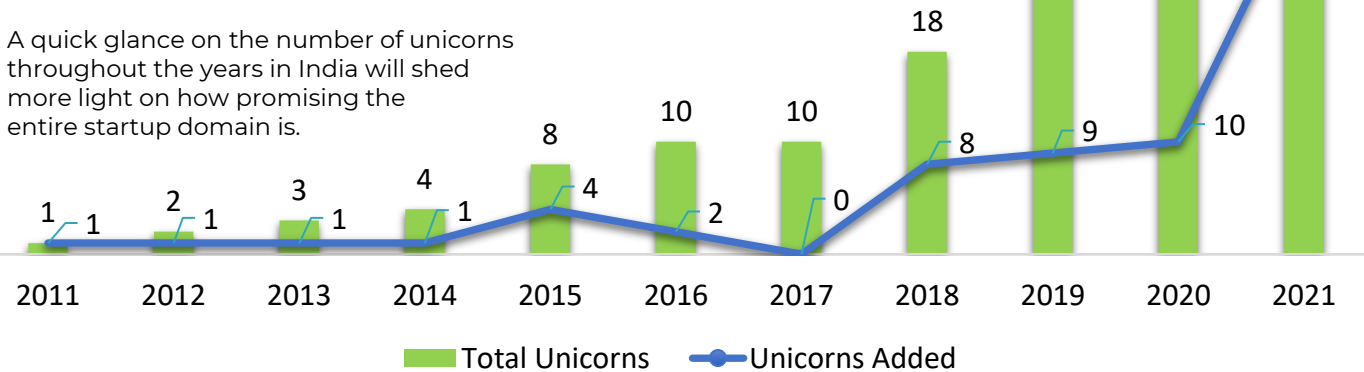
STARTUP ECOSYSTEM IN INDIA: FUEL TO VENTURE CAPITAL

India's startup ecosystem is currently the third largest in the world and is on an exponential growth trajectory. A 17% per year growth was witnessed in the number of startups in the years 2012-2020. A similar 16% CAGR was registered in the funded startup domain as well. However, of the nearly 40000 startups currently operational, only 9% are funded. This reflects the immense funding potential that exists for the VC industry to cater to.

While top notch metros like Delhi, Bangalore, and Mumbai still retain the tag of startup capitals of India, a huge number of startups have also sprung up in cities like Chennai, Pune and Hyderabad. Surprisingly, even the pandemic did not put a major obstacle when it came to startup expansion.

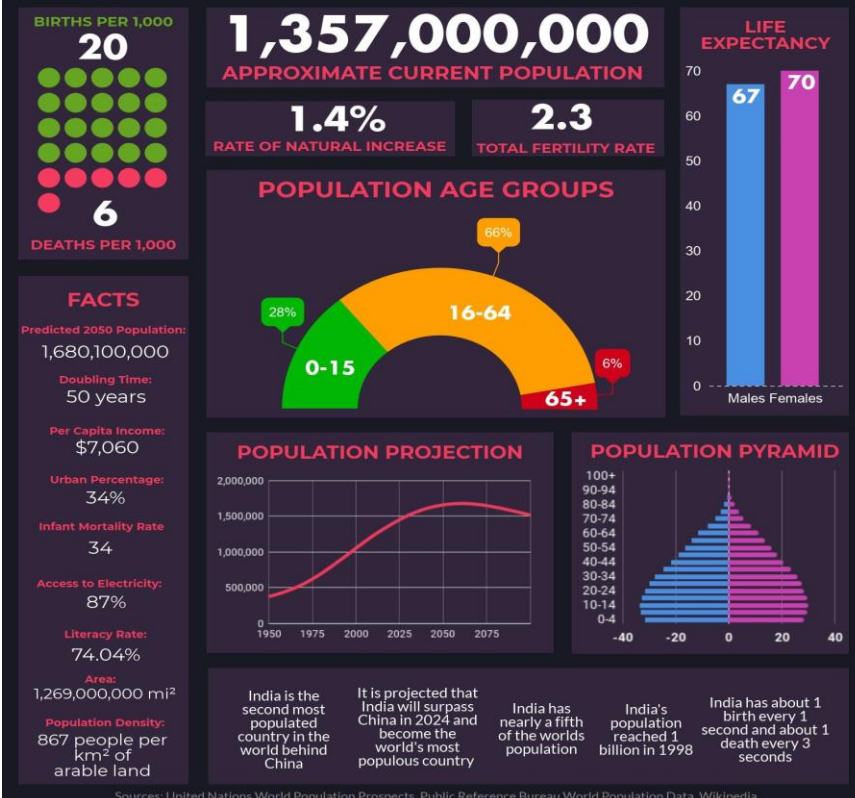
A rich startup ecosystem has also translated to increased job opportunities over the last decade to the extent of more than three million direct and indirect job opportunities.

A quick glance on the number of unicorns throughout the years in India will shed more light on how promising the entire startup domain is.



INDIA

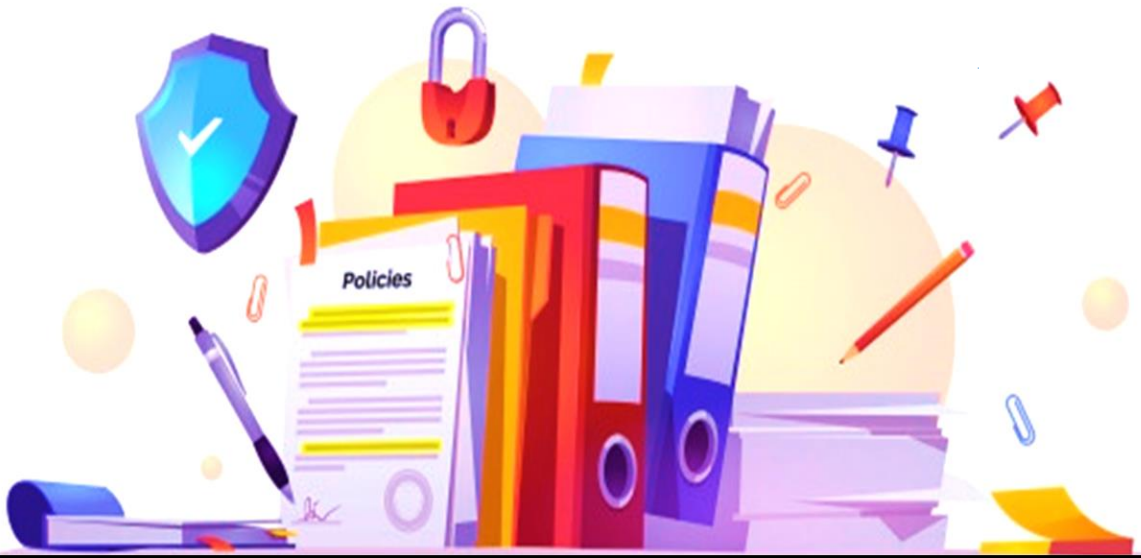
A DEMOGRAPHIC INFOGRAPHIC



The boom in the startup ecosystem has not taken shape overnight. A good blend of many conducive factors has resulted in what we see today as the ever-heightening startup world in India. Right from tech-savvy minds and fundamentally strong macroeconomic conditions to a highly supportive regulatory environment, a lot has contributed to this state of the startup ecosystem.

Not only these deliberate attempts, but a natural asset to the country i.e., its demographic diversity has also contributed significantly in the making of the enriched ecosystem. India is home to the largest young population throughout the world (in the age group of 20-39). Moreover, nearly half of India's college graduates have received education in business and STEM.

ENABLERS TO THIS ECOSYSTEM



REGULATORY FRAMEWORK: A STRONG BACKING TO VENTURE CAPITAL

India has been known for making deliberate regulatory attempts to encourage entrepreneurship in the country. The feat has indeed been fruitful with India's ranking on ease of doing business index drastically improving from 142nd to 63rd amongst 190 countries from across the world. There is likely to be no looking back from here. Rather, the country is likely to continue on the success line with a strong emphasis on reforms favorable to the private business atmosphere in the country.

From the records of other countries, it has been witnessed that GDP per capita moves in tandem with the ease of doing business. The same is expected to turn out for India too, hopefully. In the past, the government has taken a slew of policy measures to make conditions more opportune for entrepreneurs to dive in the startup domain. Some of the important policy measures include:

- Startup India:** Several regulatory programs and measures simplify the setting up and function of startups in India. These measures include procedural simplifications while setting up companies, tax waivers, incubation assistance and funding to startups.
- Digital India:** It is aimed at expanding mobile & data usage, and information penetration through developing digital infrastructure to support digital services. The BHIM app was launched to promote the United Payment Interface (UPI), as well as other applications for farmers such as Agri Market and Crop Insurance.
- SIDBI:** Various measures, including the easy availability of funding are aimed at promoting the growth of MSMEs in India. With a capital of INR 10,000 crore (US\$ 1.4 billion), a fund of funds for startups has been established for SEBI-registered venture capital firms, MSME financing through the Soft Loan Fund for Micro, Small, and Medium Enterprises (SMILE), and promotional efforts such as Mission Swavalamban (countrywide entrepreneurship awareness) are initiatives, to name a few.
- AIPAC:** Financial regulations for tax benefits on alternative investment avenues, which includes VC funds, have been eased through the Alternative Investment Policy Advisory Committee (AIPAC) introduced by SEBI.



These include less stringent angel fund regulations including reduced lock-in period and permitting up to 25% corpus investment overseas, TDS waivers on VC funds and so on. Apart from these explicit policy interventions, the government has made life easier for startups through a lot of indirect benefits like the following:

- Effortless procedure:** Startup registration can be completed through a simple GoI mobile app. Aspiring entrepreneurs can fill a digital form on the website and upload the necessary documents.



- **Cost benefits:** A complete list of patent and trademark facilitators has been compiled. They are a go-to for availing quality services regarding Intellectual Property Rights, and that too at a faster pace and lower fees. Startups have to bear nothing more than the minimum statutory costs.
- **Trouble-free access to funds:** An INR 10,000 crores fund has been earmarked for capital provisioning to startups. Moreover, the government is also encouraging banks and other financial institutions to provide loans to budding entrepreneurs by extending guarantees.
- **3-year tax holiday:** Upon obtaining a certificate from the Inter-Ministerial Board, the startups are exempted from paying income tax for the first three years of their operation.

- **Preferential treatment in tender sanction:** Companies applying to government tenders generally have to meet the 'minimum prior experience/turnover' criteria before being considered. Startups are free from this shackle.
- **R&D infrastructure:** Startups can set-up research parks in order to meet their R&D requirements.
- **Simplified compliances:** Compliance procedures have been eliminated for startups to a great extent. Those that have been retained can be complied with by the startups themselves through the startup mobile app.
- **Capital gain tax benefits:** Capital gainers investing their capital gain in a fund notified by the central government will be entitled to exemption in the calculation of capital gains tax.
- **Hassle-free exit:** If a startup wants to exit the business space, it can do so within only 90 days from the date of application for exit.



The support saga does not end here. New policy and regulatory front initiatives to benefit startups are still in the pipeline:

- In times like the pandemic period when existing businesses are also being shut down, programs like **Atma Nirbhar Bharat**, **Digital India**, etc. are creating a favorable environment for startups
- The **New National Education Policy, 2020** has painted a new picture of the education sector in India. Ed-tech startups aimed at bridging the digital divide have received a fresh boost
- Health-tech startups have been affected positively from increased emphasis on **National Digital Health Mission** and telemedicine regulations

- In 2020, new policy moves were also taken to better the ease of operating AIFs in India. Lately, following regulatory revisions were made to further strengthen the backing. A few of them are listed here:
- **Category I and II Alternate Investment Funds** (which include Venture Capital Funds) will be given angel tax exemptions and will be allowed to pass on not only profits but also losses to limited partners or investors
- AIFs will be encouraged to locate in **International Financial Services Centers (IFSC)**



RISK & CHALLENGES, THE ROAD AHEAD

Removing roadblocks for startups is no cakewalk. Despite active interventions on the government's part to alleviate all hurdles, there still remain some challenges. Some of them are as follows:

- **Starting from the scratch and taking to the heights:** For a successful venture, a good mix of technical expertise and managerial skill is a must. Attracting talent, acquiring customers, promoting a brand, strategizing moves, etc. is not an easy deal. Though the financing scenario has ameliorated drastically, first-time entrepreneurs might find it difficult to win the trust required to secure the needed finance.
- **Striking unity in diversity; a difficult job:** A highly diverse country as India poses challenges in terms of accommodating all the population segments. Not only cultural and regional differences pose a challenge, but the large urban-rural divide is also a cause of worry for a startup.
- **Cut-throat competition, a big deterrent to naïve players:** Not all Indian consumers are extravagant. Penny pinching is still the fad in many Indian households. Plethora of choices, attractive discounts and good quality from neighboring foreign markets have made the consumers the king and it is difficult for new startups to survive in such a competitive landscape.
- **Corruption: The omnipresent devil:** Corruption has taken the better of not only India but other countries too. Corruption and lobbying activities by big players are a major roadblock in front of the budding startups. This does not leave a level-playing field and acts as a deterrent to newcomers in the market.

CONCLUSION

With good economic prospects, a resourceful population and conducive government policies, India is doubtlessly an attractive destination for those who want to try their fortunes in a promising startup which might come with a huge upside risk. India is still far from the maturity stage when it comes to the venture capital industry and it is an opportune moment for investors to be a part of the **GROWTH JOURNEY**.

A quick recapitulation of the key facts which are material to the venture capital industry in India:

- Having the second largest population in the World, India offers bright economic fundamentals. It is a fast-paced economy on the track of becoming a \$10 trillion economy by 2030.
- Favorable demographic feature in terms of the constitution of population
- Quite open and encouraging to startup ecosystem and subsequently a desired destination for VC firms

We are of the view that the Venture Capital landscape in India is indeed ever-evolving. The picture is encouraging. But what are the hurdles in front of this financing channel? Why is it that Indian startups are still facing considerable challenges to make their space? Is there any other bottleneck? It's quite a conundrum still.



-Spandan Garg, Deven Sethi & Muskan Nandrajog
Editorial Team, Finomenon



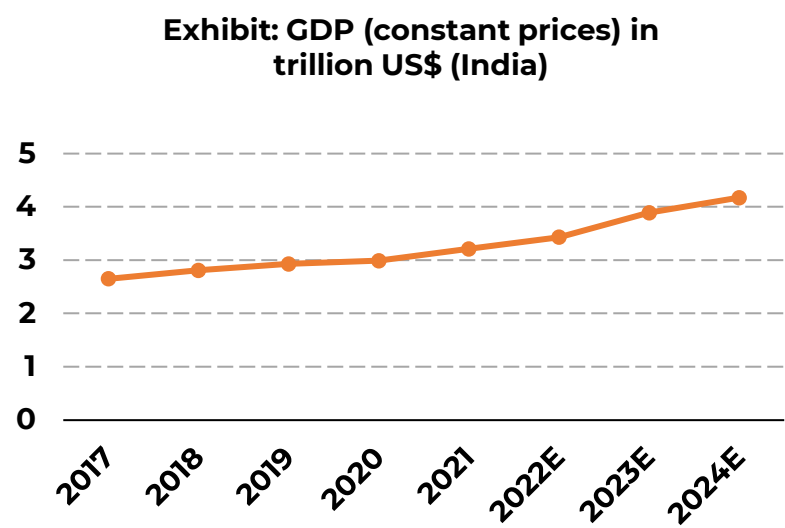
IMPACT OF VENTURE CAPITALISM ON THE ECONOMY



CURRENT ECONOMIC LANDSCAPE

India is the fastest growing economy in the world. It's GDP is forecasted to grow at a rate of 7-8% by 2025. The nation is expected to become a 10 trillion economy by 2030. From a purchasing power parity perspective, the country stands at the third position.

The growth over the coming years can be attributed to the structural reforms such as liberal FDI norms, reduced output gaps, Make in India, Digital India, Startup India, GST and large-scale infrastructure projects. India's diversified economy is a significant driver of robust growth projections.



Source: Statista, based on IMF

India's growth is powered by different industries and an economic foundation backed by domestic consumption, unlike other major Asian countries that are export-oriented and largely concentrated on manufacturing. India's low export share is also an upside potential for the country to accelerate its growth. Additionally, approximately 60% of India's GDP comes from domestic private consumption, compared to 40% in China. This insulates the economy against external shocks of low and high public investments.



India has transitioned from being the 11th largest economy in 2013-14 to the 5th largest economy in 2020, surpassing nations like the United Kingdom and France

WHY IS INDIA BECOMING MORE ATTRACTIVE TO FOREIGN INVESTORS?



Over the last decade, India is growing with reducing current account deficit, increasing foreign exchange reserves, and a stabilized Indian currency. Government measures such as reduced tax rates, new farm laws and labor reforms have increased FDI inflows into the country.

Foreign companies invest in India to take advantage of lower wages and special investment benefits such as tax exemptions. In recent years, initiatives such as relaxing FDI norms in sectors such as defense, PSU oil refineries, telecom, power exchanges, and stock exchanges, among others, have been major drivers of increased investment.

The automobile industry in India accounted for 27% of total FDI equity inflows, followed by computer software and hardware services, which accounted for 17% and 11% of inflows, respectively. Singapore was the largest source of FDI for the third year in a row, accounting for 29% of all FDI.

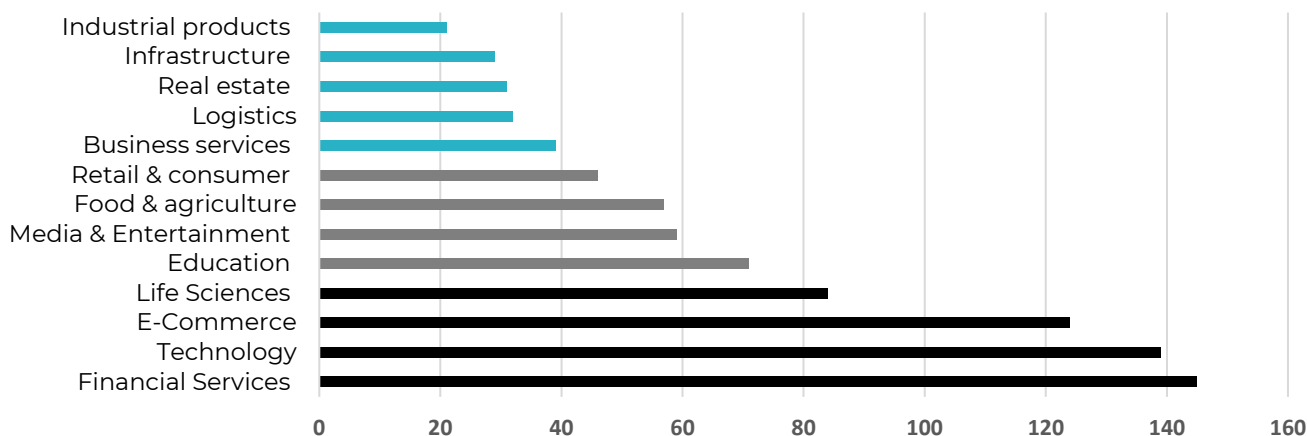
Some recent FDIs in India include the Jio platform selling a 22.38% stake to Facebook, Amazon India announcing a \$1 billion investment to digitize small and medium businesses and the Saudi Aramco deal with Reliance Industries.



SECTOR DEEP DIVE

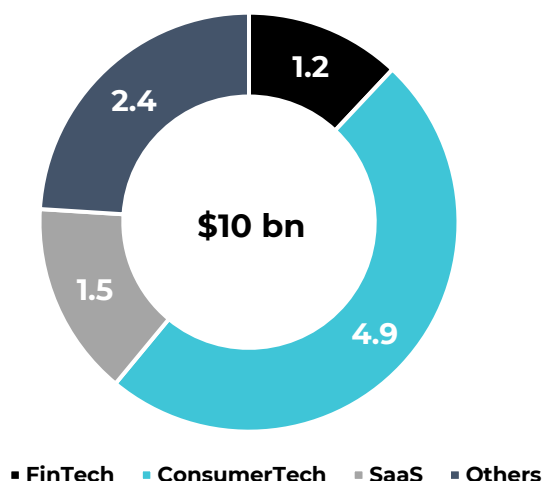
Indian startups have raised more funding through venture capital in the first half of 2021 than they did in the entire year of 2020. All sectors except pharma, education, telecom and retail witnessed sharp declines in value invested. The influence of the pandemic on digitization was a positive for IT/ITeS firms. As shown in the graph below, the financial services sector in India had 145 deals in 2020, compared to roughly 190 in 2019. Despite having the largest number of transactions in 2020, the country's telecommunications industry has surpassed it in terms of deal value. Healthcare and life sciences industry witnessed a 48% year-on-year increase in deals in the year 2020

Exhibit: Number of deals across different sectors



Source: Statista

Exhibit: Deployment of VC funds across major sectors



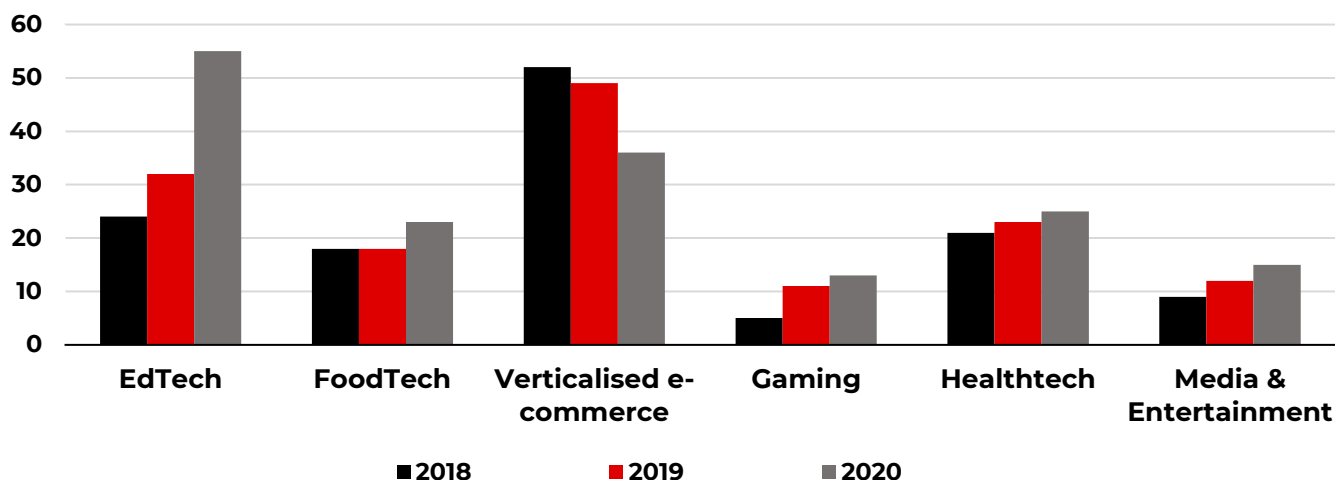
Source: Bain Report

Just three sectors comprised 75% of Venture Capital funding in 2020 -
A total of \$10 billion was invested by venture capital and private equity in 2020, out of which Consumer technology, Fintech, and SaaS deals accounted for \$7.6 billion of the total.

01 CONSUMER TECH

Consumer technology financing grew by 25% in 2020 compared to the previous year, owing to more deals and larger deal sizes. Investors were particularly interested in consumer technology firms, which include food-tech, EdTech, and Gaming, among others.

Exhibit: Average VC deal size for key sectors (\$M)

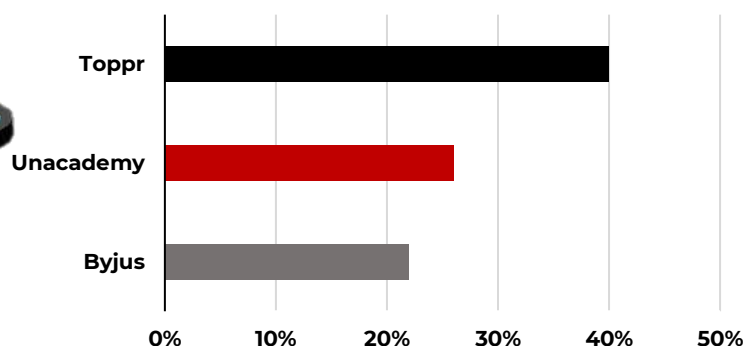


Source: Bain Report

As shown in the graph above, **EdTech** has witnessed a large surge in investor interest in the previous two years, owing to a significant increase in the number of users as a result of the pandemic. This growing adoption is likely to continue as consumer behaviour shifts toward these platforms. EdTech giant, Byjus, that received over \$1.8 billion since the Covid outbreak began, has spent a large amount of its latest funding to purchase companies. It paid over \$1 billion each for Aakash and Great Learning, and \$200 million for the kids' coding platform, Tynker. Other EdTech companies like Unacademy, Vedantu, and Toppr also witnessed major funding rounds.



Exhibit: Growth in monthly active users between January and June 2020. (%)



Source: Bloomberg

In the **Food-tech** sector, around 95% of the total funds accounted for four late-stage deals - Zomato, Swiggy, Faasos and FreshToHome, as investors focused mostly on cloud kitchens and online food ordering. In addition to that, even the **Gaming** sector was led by large investments into Dream11 and MPL.

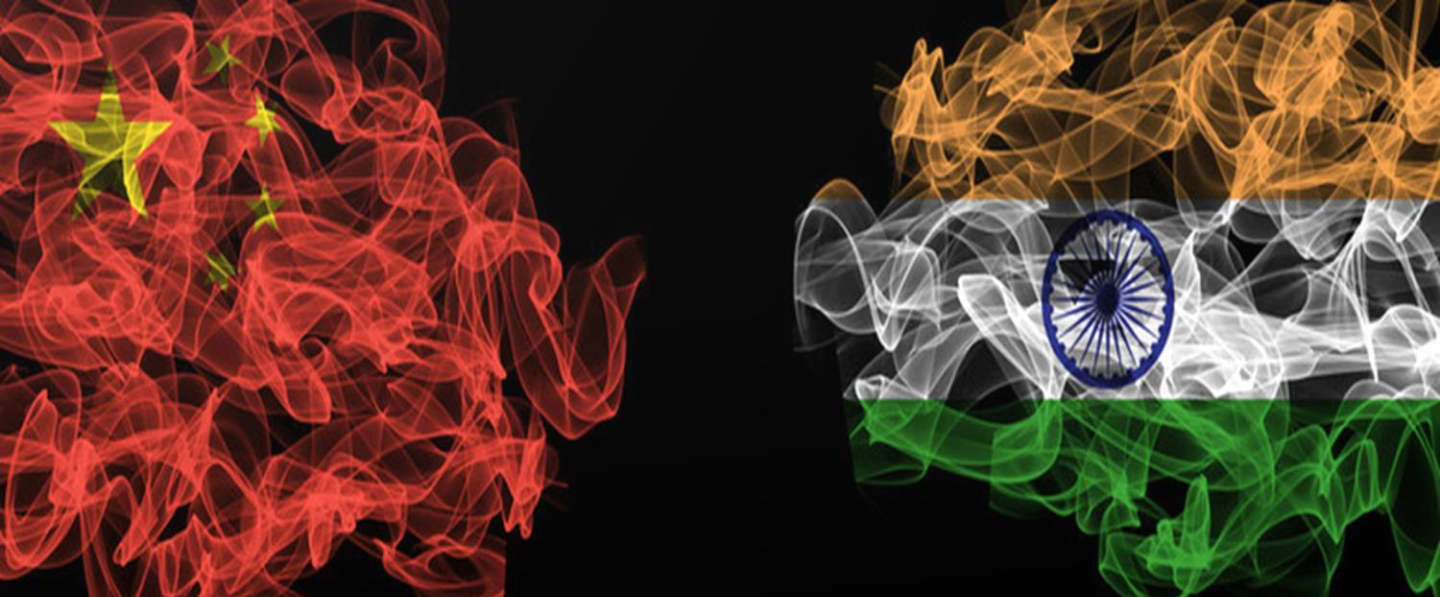


02 SAAS

The SaaS sector received the second-largest amount of funding, with total deal value increasing 10% in 2020 over the previous year. The SaaS industry, in particular, has matured, with the average deal size rising to \$25 million in 2020 from \$14 million in 2019. As demand for corporate software developed, substantial investments worth more than \$100 million were made in companies like Zenoti, Postman, HighRadius, Eightfold AI, and MindTickle.

03 FINTECH

As deals became smaller, fintech investments grew modestly in 2020. However, because the pandemic sparked a boom in digital payments of about 20%, the sector appealed to various investors. Large late-stage deals like Razorpay, CRED and BharatPe benefitted from continuous growth in volume and value of digital transactions. Also, lending companies also experienced an increase in traction.



SHIFT OF STARTUP CAPITAL FROM CHINA TO INDIA

Startup capital has emerged as the new gleam for reviving the old economy. In the world of venture capital funding, something extraordinary happened in July. For the first time in many years, venture capital investments in India outpaced those in China.

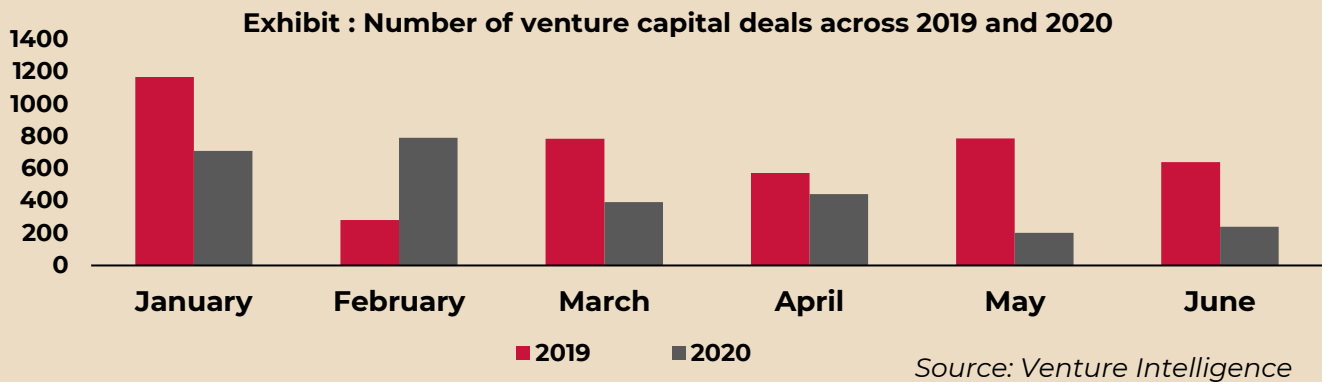
As Chinese technology and global investors struggle with an expanding government and regulatory crackdown, India's tech fundamentals appear to be strong. A slew of B2C and B2B industries are maturing. The rate of scaling and value creation has accelerated. For global investors, India is increasingly ticking the right boxes when it comes to technology investments. The landscape for IPO and M&A exits has never been better, bolstering global investors' confidence in India's technology.

Additionally, Indians are gaining due to the country's technological talent, public-sector technology infrastructure and market size. Its stable and regulatory environment is another checkbox which is working in the country's favor. The under allocation to India's tech startup is also expected to attract more dollars. Most key capital market investors are significantly under allocating to India, particularly in comparison to the opportunity set. Capital flowing into technology-enabled businesses is a global phenomenon driven by changing consumption patterns and business digitalization. Another data set that points to increasing capital flows is that India has seen 25 new unicorns in 2021, while China has added about 15 unicorns, reinforcing the attractiveness of Indian markets

Indian startups raised nearly \$8 billion in July, while Chinese startups received less than \$5 billion

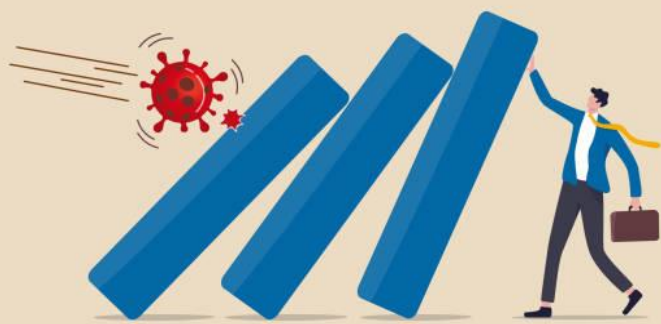
IMPACT OF COVID

Venture Capital investments had dropped in calendar year 2020 both in terms of number of deals and value of investments. Due to industrial lockdowns and drop in economic activities, B2B commerce and technology suffered a 50% fall in investment value in 2020 .The average deal size witnessed a decline in 2020 by approximately 15% as compared to 2019. This was driven by a higher number of smaller deals and growth in seed stage deals.



One interesting VC deal in the gaming space was Dream Sports, the parent company of India’s leading online fantasy sports platform, **Dream 11**, that secured a funding of \$225 million from Tiger Global Management, TPG Tech Adjacencies, ChrysCapital and Footpath Ventures. The high funding requirement can be attributed to the massive growth in the fantasy sports segment in the last couple of years in India.

The sector's drivers have changed in response to the pandemic's impact on consumer habits. Healthcare, Fintech, Education and Food have been the dominating sectors in 2020 in terms of investments. Education startups have already raised 96% of the total amount raised in 2019. A surge of approximately 2.7x in Gaming and 2.4x in Media and Entertainment was also observed due to accelerated digital trends during Covid.



- **Mandavi Rath** & **Paridhi Jhunjunwala**
Editorial Team, Finomenon



EXIT

Landscape For VCs in India

What, When and How of Venture Capital Exits

From the technology boom of the 1990's emerged the Indian Venture Capital Ecosystem for early-stage financing and the rest has been history. VC's have been perceived as a major asset class since then, however such massive returns could only be realised once they exit their investments. In the mid-2000s, the word "exit" was only a theoretical concept, and most investors had little or no clarity on this critical subject, landing their progress to a standstill. With limited scope on equity

support beyond the initial investment round, funded entities with aggressive revenue growth rates were the exception rather than the rule. Without clarity and rapid expansion, exits were bound to be a challenge. Fast forward to 2020, the number of VC exits has declined to a low of \$6bn in aggregate value, which probably inculcates the impact of the pandemic. However, in 2021, particularly in Jan-March quarter we have seen an almost double increase in VC exits since the previous year.

VC's usually enter at the seed funding, pre-expansion or production stage and exit before the boom stage. The VC funds contribute in the initial stages of the business and start planning an exit as soon as the company is capable of getting subsequent rounds of funding. Holding on to an investment may dramatically decrease a chance of an exit. There are various exit strategies available to a VC and we're going to cover each with an example.

IPO

The first exit strategy is through an Initial Public Offering (IPO). It is a form of an open market exit where the company sells its shares to the public, allowing the VC's to dilute their stake along with unlocking multiple avenues for the company. IPO's constitute a major chunk of the total exit strategies. VC backed IPOs are also considered more profitable than a non-IPO exit strategy. In 2020, the largest IPO issue was of SBI Cards and Payment Services Ltd for Rs. 10,341 crores and the US based Carlyle Group sold its 10% stake in the company through the IPO.

IPOs are a significant vehicle to boost valuations however, they are expensive and time consuming and may take months to finalise.

Secondary Sale

Another way to exit is through a secondary sale by the VC fund to another strategic investor. It enables the company to stay a private company for long and also provides a discount to the new buyer especially when the existing investor is in a hurry to exit. Usually, these secondary investors are other Private Equity or VC funds. At the start of 2021, there have been close to 13 deals through secondary sale amounting to \$489million. The most prominent example that marked an inflection point in the Indian ecosystem was Flipkart's secondary sale to Walmart in 2018.

Buyouts

Private equity buyouts are now becoming a viable exit option for the VC funds. Unlike buyout at later stages, PE buyouts are not high value exits, however they provide decent returns. Moreover, the PE funds typically add value to the company, provide assistance in management, sometimes combining new and old elements to unlock the potential and then further look for an exit. They usually take stake in early-stage start-ups that are having trouble raising funds for consecutive rounds.



Mergers and Acquisitions

The next way to exit can be through Mergers and Acquisitions. M&A can prove out to be a fruitful exit option for the existing VC investors. The deals are predominantly in cash or in a combination of cash and stock. Acquisitions are a faster and cheaper way of exit, than going public. Private equity exits witnessed more of a downturn in 2020, with transactions only worth \$2,735 million. The deal volume reduced by 16% as compared to 2019, scaling down the average deal size to \$21 million. Investors in India are aiming to diversify their portfolios by buying out start-ups predominantly operating in the EdTech and E-Health industry.



Share Buyback

The other common types of exit strategies include Share buyback, where the promoter buy back the VC's shares and go back to being a privately held company. An example of this is the messaging startup Gupshup raising \$240mn for a share buy back from its existing investors. It is viable when the promoters have enough capital to provide the VC's an exit. It is one of the least popular ways for a VC to exit.



SPAC

SPECIAL PURPOSE ACQUISITION COMPANY

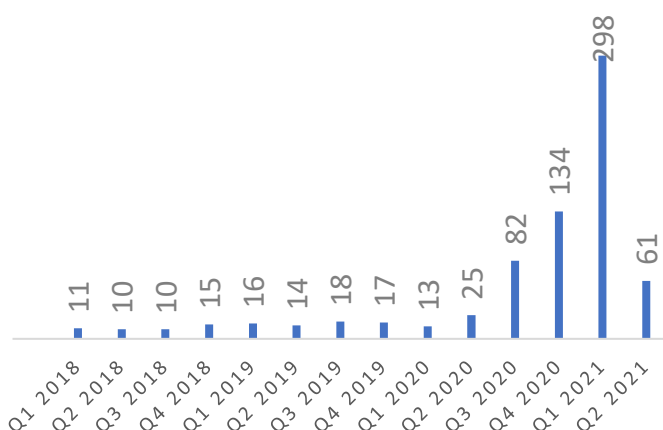


THE SPAC BOOM

Special purpose acquisition companies, better known as SPACs have been around for decades. But they are seeing a great comeback especially in the developed markets like the USA. The individual who can be given credit for this revival has to be Chamath Palihapitiya. He is often regarded as the 'SPAC King' in the VC circles. One of the first companies that he took public through the SPAC route was 'Virgin Galactic' in 2019. Chamath claimed that this was a litmus test for the market and proved how the SPAC route was such an effective exit route. According to SPAC Analytics, about 63% of the 700 IPOs listed so far in the USA have been through SPACs. A SPAC is initially a shell company where the overall objective of the firm is to raise capital to buy a potential target in the future. When the SPAC is listed through an IPO, it may not even have any operations or business. The overall objective of the company is to look out for a good business which might want to go public.

There are certain advantages of listing via the SPAC route which makes it attractive for those looking for an exit opportunity. Firstly, the timeline of the overall process is much quicker and a lot less documentation is required by the company being listed. This can be an advantage to the company being listed but turns out to be a disadvantage for the regular mom and pop investors and the different analysts who might not be able to get all the required information about a company that is to be listed. The SPAC listings are also a lot less affected by the volatility of the markets as the purchase occurs at a predetermined price which might not be the case when it comes to an IPO.

Quarterly number of SPAC IPOs worldwide 2018-2021



It is usually observed that the Hedge funds that have been acting as the SPAC sponsors exit the proposition as soon as the vehicle lists. This is usually dependent on the long-term valuation of the target company as evaluated by the hedge funds. If the deal does not seem to be exciting enough post merger some of the hedge funds may choose to liquidate their holdings. While India does not have a specified SPAC listings in place and the concept is still new to a lot of the investors, there are institutions like the Gujarat International Finance Tec-City (GIFT City) which have shown their interest by publishing a consultation paper to explore the listings of SPACs in the GIFT City.

The Future

Even though 2020 was not the best year for PE/VC exit strategy space where the market hit a six-year low of \$6 Bn, 2021 has been a lot different for the VC space. There has been a great increase in the exits and a similar trend is likely to be observed in the medium term. The exits in the Jan-Aug 2021 period have surpassed the previous highs and have totaled to \$30.7 Bn. One of the primary reasons for this exuberance is the kind of exit valuations that a lot of the firms have been getting from the capital markets which makes the prospects of an exit even more lucrative.

At the same time, even if the gas in the pipeline runs out, the industry can be expected to come up with other financial products like the SPACs as has been the case in the other developed markets. Though, the regulators have also taken into account the kind of interest that VCs are showing towards SPACs and consequently the space will likely observe an increase in the regulations to better protect the interests of the retail investors.

But as always, the market is likely to find one or the other way to help the VCs exit by the creation or invention of new financial products

When it comes to India, in accordance with a recent RBI report, only about 5% of the assets are financialized. The majority of the assets are still in the physical form like real estate and gold. This trend is different from any developed economy and therefore we can expect a financialization of assets in the coming years. In such a scenario, the private equity and the stock markets definitely have a lot of potential as more formalization of assets takes place and wealth flows from the physical assets to the financial assets. In such a trend, the future of this sector is definitely on the positive track.

-Tushar Chawla and Devashish Sharma
Editorial Team, Finomenon





APNA TIME AAYEGA



This would perhaps be a sentence buzzing in the minds of many Indian startups today doing reasonably well. A popular line, from a Hindi movie, it inspires hope, which can perhaps be better paraphrased as:

**‘Our time
will come
soon, and
we will
also
become a
Unicorn.’**

Interestingly the first word of the heading - ‘Apna’ is also a Unicorn!

It is the youngest to become one a few weeks back, replacing Udaan, which was earlier the fastest growing domestic startup to reach Unicorn status within 26 months. Apna, a company founded by Nimrit Parikh, an ex-Apple employee and a Stanford graduate, achieved the feat in 21 months.

Just pause for a second here.

You probably guessed right; the company is yet to make any revenue till date. Nothing wrong in it; rather, it shows the enthusiastic Venture Capital participation in India. It is a sign of hope because it shows the growing culture of startup entrepreneurship, which is one of the ways of progressing on the path of sustained economic growth, solving employment issues, and taking a step closer to self-sustenance in the future.

"India skipped a step and jumped directly from agricultural to being a service sector major"

So, what is this aggressive VC funding and Unicorn frenzy all about? Why are the investors so optimistic, and what are the drivers that are making startups attractive? Let's attempt to ponder over this and go beyond by identifying what factors make the exciting startup funding sustainable in the future and a necessary need for the economy's growth.

MACRO PERSPECTIVE WITH A PINCH OF INTERNATIONAL FLAVOR

The usual trajectory of structural transformation of nations is from agriculture to manufacturing to service. Although this theory was mostly based on observations of how most western economies became developed, but data strongly supported this pattern. Following is a graph for the US, a similar trend is also observed across other developed countries like France, UK and others.

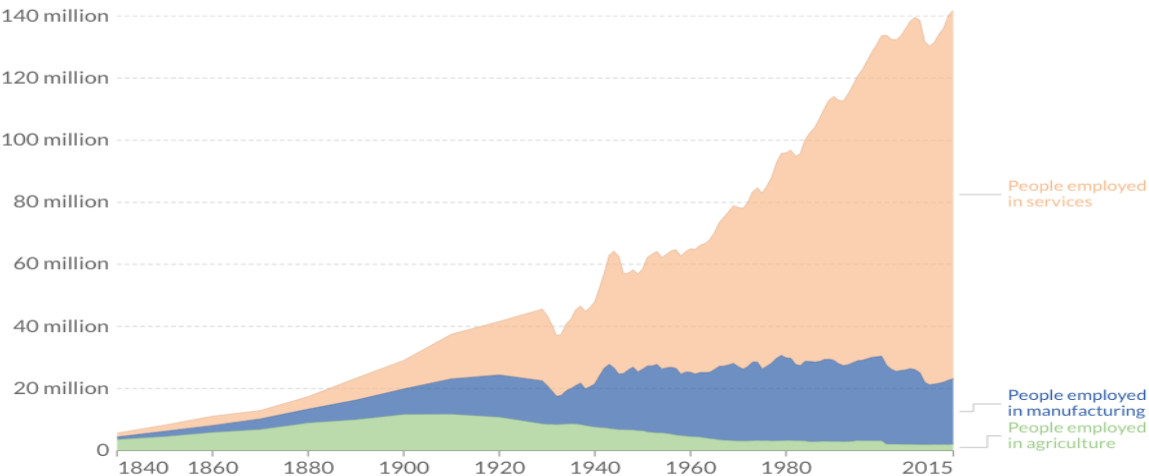


Employment by economic sector, United States, 1840 to 2015

Number of people employed by economic sector.

Our World
in Data

Change country Relative



Source: Our World In Data based on Herrendorf et al. (2014)

CC BY

Due to various factors, India skipped a step and jumped directly from agricultural to being a service sector major. For a long time, this was viewed unfavorably because neglecting manufacturing leads to reduced exports and an overall fragile economy since it will be highly susceptible to global fluctuations. However, this notion is becoming quaint with the Indian service-based startups growing and taking center stage globally. The recent successful IPO of Freshworks Inc. is probably the first feather in the cap among many more to come.

Service-based startups and platform businesses are gaining popularity. They are growing fast, and the model will soon become the next 'big thing' throughout the world. This is because they enable ease of all aspects of businesses across industries and geography, whether by providing better financing options to firms or by streamlining operations within manufacturing and service industries. Luckily India has caught up to this trend quite early on. Now, it is transforming its service sector resources towards creating sustainable growth with startups.

“If we look at the top 50 unicorns in Indian since 2018, over 90% of them are inclined to Software-as-a-Service (SaaS) or a platform-based startup of some sort.”



THE GROWTH AND CHARM OF SaaS IN INDIA

As per a recent benchmarking analysis by Bain & Company, top Indian SaaS companies like Freshworks, HighRadius, Chargebee, Gupshup and others are even outperforming their peers in US in terms of capital efficiency. The SaaS startups are expected to generate around half a million jobs in the coming years. With impetus on employment creation, the government's policies are also a favourable conduit for such startups. Thus, the interest of PE/VCs is evoked and rightfully so.

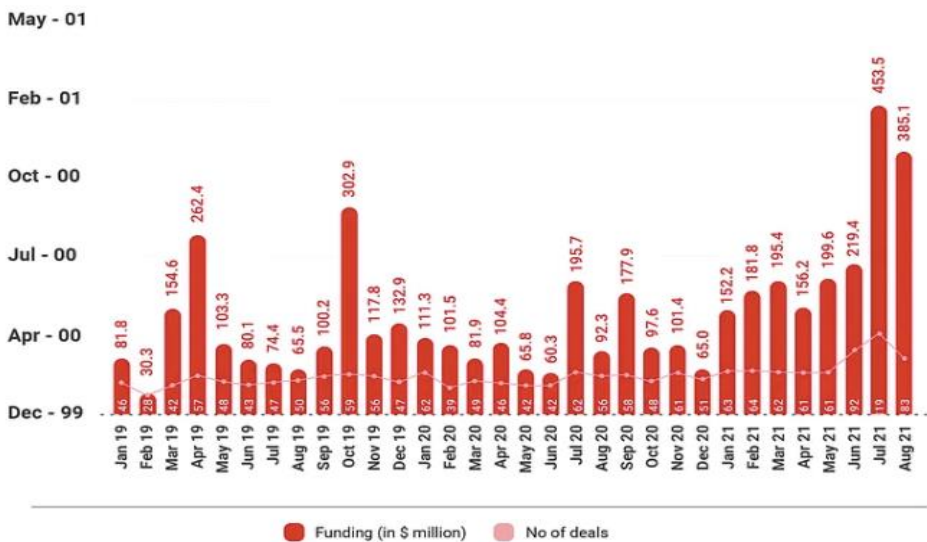
The SaaS model is based on fees on consumption. It is similar to how utility companies charge households for electricity or LPG gas. The more the customer uses, the higher the bill. This helps in better segmentation and enables better accessibility of the platforms. Therefore, on the one hand, SME businesses can use it moderately (based on their capability/need) and pay proportionately.

On the other hand, large corporates like Oracle, Microsoft, Gartner or others can adopt them much more widely. They can even curate the platform's features to suit their needs and integrate them into their existing in-house systems. This ability offers great flexibility to SaaS-based startups, making them more acceptable and equally attractive to users and investors.

WHAT ARE THE INVESTORS BANKING ON?

Investors have continued their bets on startups in India, especially with a focus on early-stage investments. Intuitively, observers presumed that funding would dry up due to the COVID pandemic and due to the overall slowdown of world economy. However, interestingly, data indicates otherwise. Following chart succinctly summarizes the renewed energy of investors, which shows that they are confident to back on innovative business ideas.

Early-stage investments add up to \$4.7 billion across 1,801 deals



Knowing what the investors are backing on is essential to understand whether this trend will continue in the future, thus encouraging more startups to sprout in India or if the trend will flatten soon.

Interviews by various investors and corporate communications from large firms like Sequoia Capital, Tiger Capital, Soft Bank and others reveal few characteristics that these experts rely on while making funding decisions. Note that present value calculations, cash flow analysis and similar pure financial tools often have restrictions since they rely on projections in an industry with innovative/never before tested products. This makes these investment decisions much more challenging yet more profitable, with probable double-digit returns..

Seasoned investors have often successfully relied on the following metrics in addition to other tools for backing their investment decisions:

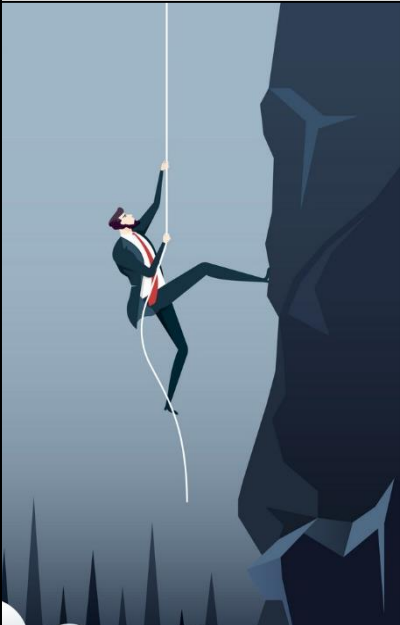


- 1 Innovation and disruption: Startups that tend to bring frugal and transformative changes at low costs are a huge attraction. Since ‘tech’ has been the harbinger of innovation, the VCs are effectively narrowing down on a few core sectors like agritech, fintech, healthtech and edtech.
- 2 Drive for scale and product-market-fit: All investors uncompromisingly want to see proof of concept and product-market fit leading to a clear path to scalability. These have been the core metrics that all investors consistently look for. VCs encourage startups not to shy from approaching them even during an early stage if they are clear on this factor .
- 3 Availability of knowledge support: Startups with incubators and accelerators tend to do better since they have effective sources for mentoring/support. Other factors being same, Angels/PEs/VCs bet big on such startups because these founders tend to be more aware of money matters, marketing and have the advantage of the experience of mentors. This results in lower chances of mistakes in the long run, thereby often leading to faster and more stable growth for the startups

Thus, as long as startups can check the above boxes, they will attract funding irrespective of GDP growth or the general economic condition of a country. This is pretty evident from investment data detailed above during Jan-19 to Aug-21, which occurred during a low period of the economy around the world.

CHALLENGES AND THE WAY AHEAD

Typically, IPO and Trade Sale (M&A) exit types are regarded as most profitable ones for VCs in terms of the returns obtained therein. However, from an Indian context, exiting via the IPO route is still a concern. Due to regulatory issues, it is often extremely difficult for technology-focused companies to get listed on the Indian stock exchanges. This leaves with M&As as a more viable option for a profitable exit. However, the pre-merger assessments/cue points and frameworks of startups before they get a successful M&A is not codified. This proffers scope for research in this field to help VCs/PEs choose better, especially in the fast-growing tech space. Although investors are betting big but a more research based approach may lead to better selection of startups with potential. To retain market share, Innovation has become critical. It can be agreed on that the key to long run growth is Innovation. We find that like in manufacturing, innovation must be supported by adequate finance even in the service sector. With India leveraging its resources in the service sector and as more startups come up in this field, investor’s support is only expected to rise in the coming years. At least we can hope so for the near future considering the aggressive funding trends evident that is leading successful ventures.



U N I C O R N

No Longer A Mythical Creature

The Unicorn is a startup with a valuation of more than USD 1 billion. The idea behind the name Unicorn is to show the rarity of such an event. But, in India, it seems that Unicorns are no longer mythical creatures. Country minted 30 Unicorns so far in 2021, that is nearing 3+ Unicorns per month. . Cumulatively, the count is at 67 Unicorns for the country. Becoming a Unicorn is more than just

status signalling that you are part of an elite group; it actually represents the belief put by the investors on the startups' ability to achieve its vision. Unicorn does not depend only on the ability of the founders; it also reflects how bullish the investing community is about India's growth prospects.

The list of Unicorns so far includes some of the household names and some names you would be hearing for the first time, but all these startups have proven their mettle as far as the credibility of their idea is concerned



 **Razorpay**

meesho



CRED

droom

 **Urban
Company**

 **Groww**

 **ZERODHA**

moglix

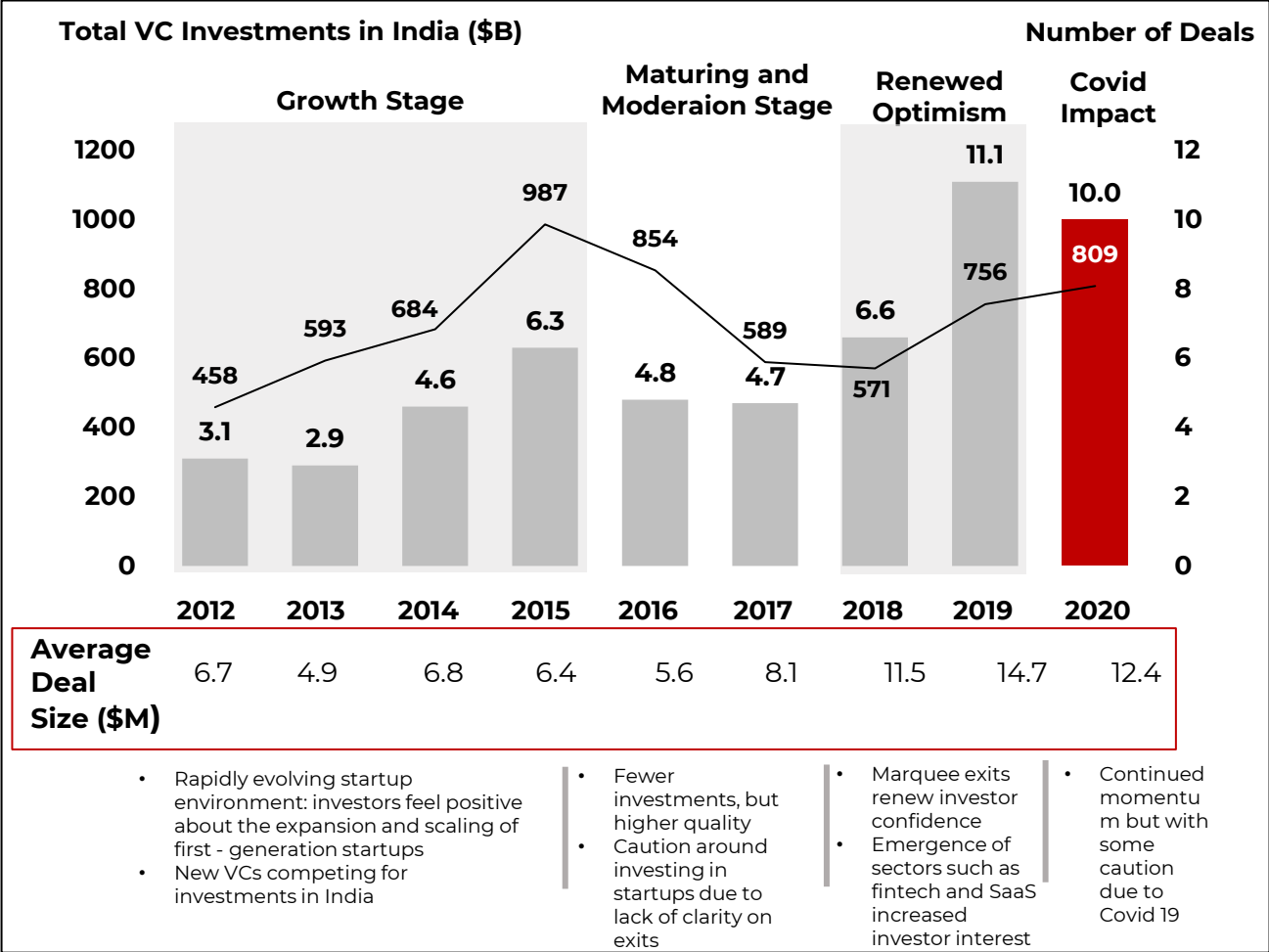
 **BYJU'S**

 **PharmEasy**

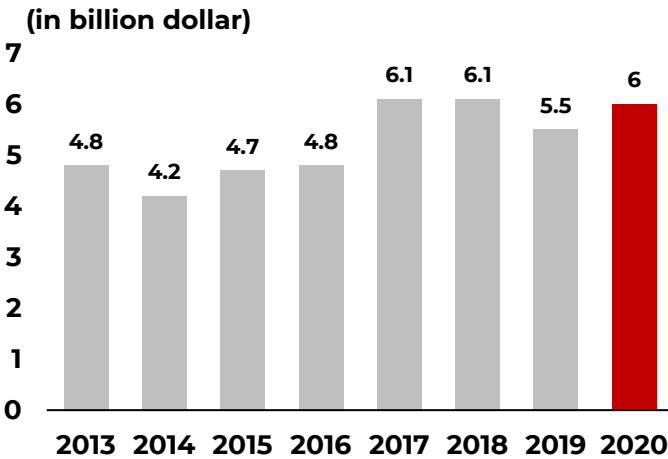
 **CoinDCX**

The birth of these Unicorns would not have been possible without the thriving VC community. The VC community in India has itself evolved in the past decade, going through 4 distinct stages. It is, at present, in a post-Covid stage where the positive momentum is expected to continue, but with caution due to still persistent uncertainty regarding the pandemic

As per Indian Venture Capital Report (IVCR), 2021, the following graph gives a brief of each stage-



The data regarding a whopping increase in the Unicorns is also in sync with the number and the total value of investments. The number of investments in 2020 grew by 7% compared to previous year. Despite the impact of Covid in 2020, the total amount invested stood at second highest in the decade. The same optimism is expected to continue for 2021. VC fundraising for India focused funds stood at USD 3 B in 2020, which is 40% growth on 2019's figure. The India focused VC dry powder has remained stable for the last four years.



The overall startup ecosystem in India has evolved over the years. Today, India has the third highest number of Unicorn startups, only behind the US and China. Sujeet Kumar, Founder of Udaan quoted to Forbes India about the change in the outlook of entrepreneurs, **“Who talks about GMV (gross merchandise value) these days?”**. Today's entrepreneurs are more concerned with unit economics and how efficiently they can use the funding; this change in attitude speaks for the fact that the Indian startup ecosystem has come a long way.

So, what exactly happened in recent times? Why are we seeing a massive jump in the number of Unicorns? **Is it a one-off anomaly, or can we predict the future direction from this?** Authors of this article also have the same questions. Hence, we decided to dive deep into this in the hope of discovering the underlying logic.

All money, no play?

Minting unicorns at such a tremendous rate wouldn't have been possible just by pumping in loads of money to the startups. The VC ecosystem has evolved at such a pace due to interplay of various factors in the country.

The magic of the Indian demographic dividend, which we have been learning in our school textbooks since years, now seems closer. Millennials and Gen Z will form 77% of India's population by 2030. This new consumer base is willing to consume more of the diverse offerings compared to their predecessors because of the increasing income range. However, the consumption attitude is peculiarly different from the previous generations as now the consumers are much more brand aware.

About half a decade back, the market for craft beers was non-existent in India. In 2015, with the birth of Bira, the market for craft beer came into mainstream, and now this segment is expected to grow at a CAGR 10.89% during 2021-25. This shows how consumer behaviour will drive the next wave of growth.

Consumer demand got amplified due to recent growth in internet penetration, resulting in information symmetry. The disruption brought by Reliance Jio in the telecom sector has its own ripple down effects. The internet is expected to reach 1.1 B users by 2030. The profile of Indian consumers is also significantly different from western counterparts, as more than 80% of the internet users primarily use mobile phones to access the web. All of this has led to huge adoption of E-commerce, Digital products and Services.

The new age consumers are not only willing to try new products from startups, but they are preferring them over the well-established conglomerates. This shift in behaviour is due to the personalisation and the tailored offerings provided by the upstarts. It is also possible due to the supporting ecosystem of Shipping and Logistics (Delhivery), Availability of Payment/Digital Infrastructure (Razorpay, Zoho), Low-cost Data Analytics etc.

Due to all this, we're seeing a new era of consumer brands focusing on Digital India. These brands are called Direct to Customer(D2C) brands. Even by targeting a niche consumer segment in a huge consumer market like India, these D2C companies can turn profitable. This is possible as they're able to control the end user experience due to their ability to control the entire supply chain starting from raw material to the doorstep delivery. Factors like demographics, technology and business environment create a sizeable market opportunity for the D2C startup ecosystem which in turn attracts more investment cycles

Bored of your regular tea and green tea?

Buy premium teas by VAHDAM

Not able to get makeup matching Indian skin tone?

Buy SUGAR

Want to remove dairy from diet and become Vegan?

Use GOODMYLK



In the last 5 years, just like product-market-fit; something like startup-market-fit happened in India. Couple of factors came together to create this inflection point from where we were able to see massive growth. One another such factor is materialization of India Stack. India Stack is a 10-year project to solve for economic primitives. Economic primitives are something which are used daily in any commercial activity, i.e., Establishing identity, Payments etc. India stack has three layers – Identity, Payments and Data.

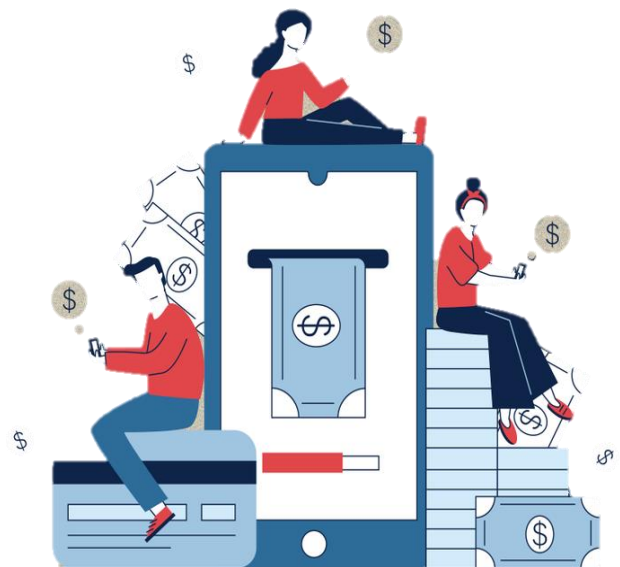
01 IDENTITY LAYER: This layer confirms if I am what I say I am. India used to be the country with 400 M people without any identity document by 2009. With Aadhaar today, almost 94-95% people have something which confirms their identity. For provision of any service, the first step is confirming identity. Thanks to Aadhaar, on-boarding costs are reduced drastically for banks, and now over 80% of the population has a bank account. Jio's massive roll out on-boarded 100 M customers in 170 days, supported by Aadhaar.



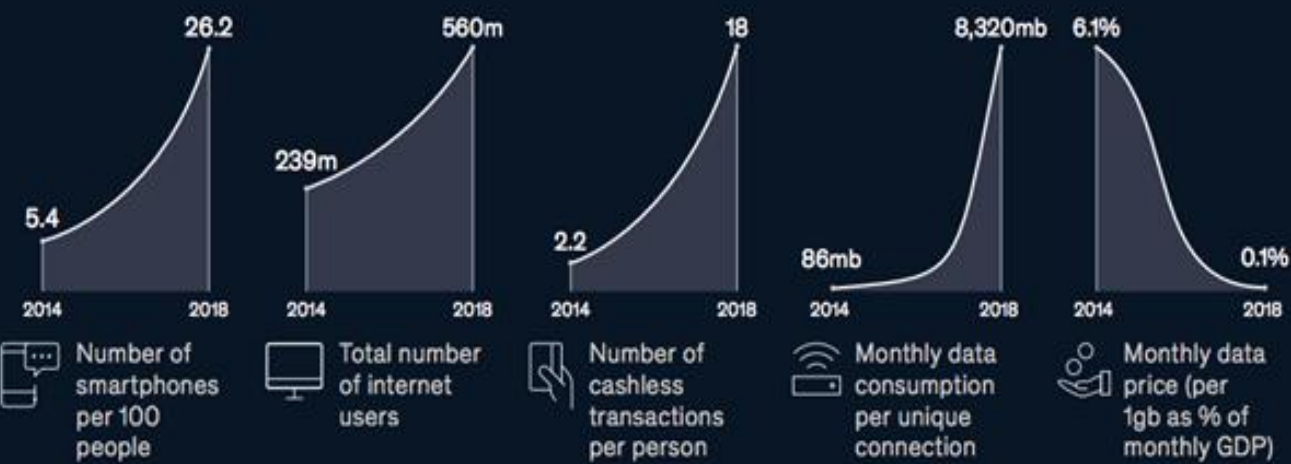
02

PAYMENT LAYER: Economic activity is not complete without money transfer. NPCI provides a UPI server where all banks are connected. Banks hold funds and update balances, and the payments apps which are connected over that provide access to customers. Imagine before UPI, we were living in a world where P2P, low cost, interoperable transfer of money was not possible. UPI took 3 years to reach a billion transaction, but the next billion was reached in a year only. Monthly transaction volume of March 2021 was 2.73 B, at a value of INR 5.04 Tn. Not just money transfer, UPI makes investment in Equities, E-mandate, E-lien possible. UPI is one of the world's largest payment networks.

03 DATA LAYER: Individuals like you and me can control the flow and access of our personal data through this layer. Idea is to create an Account Aggregator (AA) who will get consent from Individuals to share the data. AA then will send requests to custodians of data like - Banks, MFs, Insurances, Tax platforms to get the access to the data. Based on consent and request, data custodians will send data to Users of such data, i.e., FinTech's, Banks, NBFCs.



Earlier days of scraping data from documents or partnering with custodians of data for approvals are gone. This has made services which require more data points than what Aadhaar has, especially services for lending, investment, seamless and efficient. The impact of India Stack can be gauged from the following infographic by McKinsey -



India Stack forms a uniform foundation for startups to innovate for Bharat, again fuelling the startup ecosystem.

“ India Stack is the richest place for innovation over the next 5-10 years, enabling a billion people to drive consumption and GDP growth.”
- Chamath Palihapitiya



On a first look, it might appear that the valuations are not backed by something substantial. But if one digs deep to understand how multiple factors have come together, including strong macroeconomic outlook, consumer demand and technological advances; one can figure out VC’s method to the madness.

The coming years seem to be a tipping point for the India’s growth story – the reason for thriving startup and venture capital ecosystem.


“ India is on the cusp of leapfrogging (the world)! ”

- Saloni Jain and Prerak Desai (MDI Gurgaon)

- Bill Gates



VENTURE CAPITALISTS' OBSESSION WITH INDIAN VENTURES

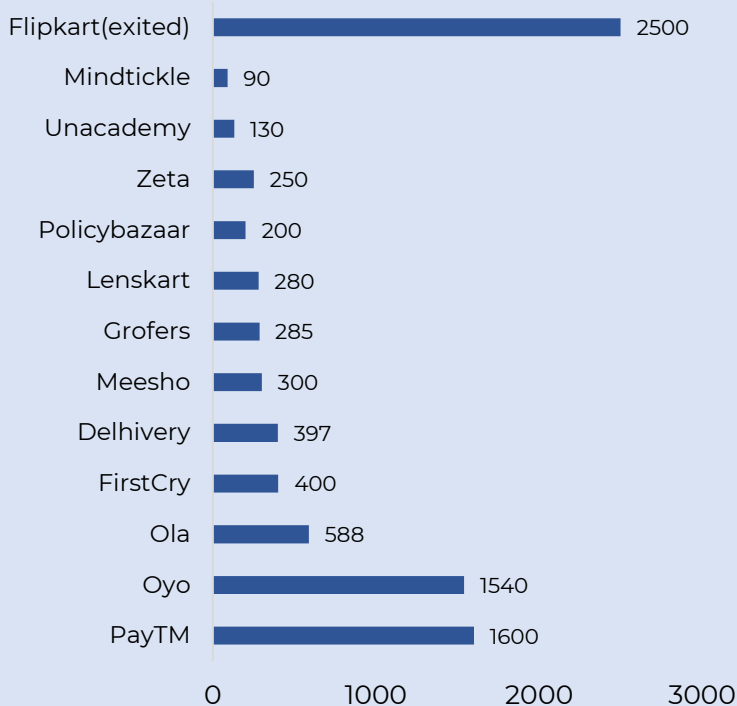


A land of many cultures, religions, traditions, and languages; this is how India has been known over the centuries, now a new word has been added to this definition, and that is **startups**. So, India is not just a land of many varied cultures but also the land of bright and upcoming startups, that have attracted huge attention around the globe. Gone are the days when India had to look to other countries for something new. The human resource of the country has developed an attitude

'If you can't find it, we will make it.'

As a result of this, many venture capitalist firms are heavily investing in the new bright ventures developed in India.

SoftBank Vision Fund Investments in India
(figures in \$ million)



There was a time when global investing firms were requested to invest in India but now the firms are requesting the Indian firms to consider their investment because of the cutthroat competition. Capitalist firms like SoftBank, Tiger Global Management, Sequoia Capital are showering the Indian startups with large sums of money. The question to be discussed is whether the capitalist investment in India is a short-term phenomenon or is it here to stay. But before that, let's answer the question of factors increasing the willingness of firms to invest in Indian companies. Out of the never-ending list of reasons, a few are the large and expanding size of the market, ease of doing business with an improved world rank of economic efficiencies and performance, increasing digital revolution, innovations in the startup sector, diversified industrial, infrastructural base and cordial international relations. Not only this but the liberalized approach of the government has also helped the country attract investment. The venture firms are being aided by the government in the form of reduced tax compliance that is making India, a favourable destination for investment.

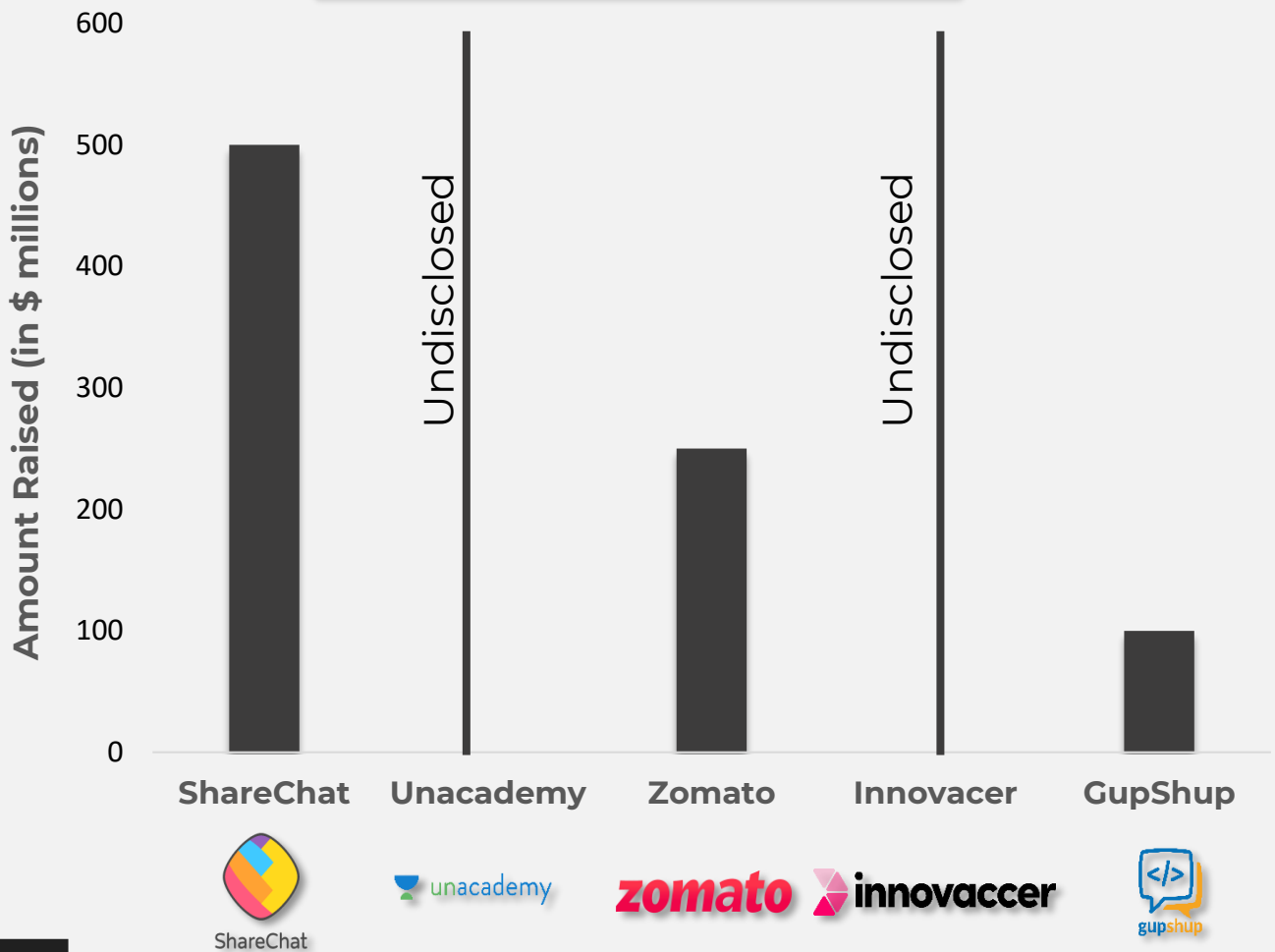
Moreover, India is being witnessed as a young budding entrepreneurial nation that has the quality human resource, who have brilliant minds, and the desire to work hard which cannot be found in other countries.

International firms are seen converting young startups into unicorns at an unmatched speed

Talking about the evolving landscape of venture capitalist firms, the name that comes to mind is that of a Japanese Multinational company, SoftBank, headquartered in Tokyo, that works on investment management. Not only this, but SoftBank Group also holds the world's largest technology-focused venture capital fund with over 100 B in capital. What's interesting is the entry of the SoftBank group in the Indian market and the funding of Indian startups. Interestingly, last year SoftBank successfully invested over 10 Billion dollars in Indian startups including huge names like OYO, Paytm, Ola, etc. A few months back Softbank said that it's trying to leverage its expertise in understanding the Indian policies and building strong relationships with the Indian government. This statement indicates that the entry of Softbank and its swift capture of the funding sector will bring a massive change to the entire Venture Capital landscape of India. Moreover, CEO, Rajeev Mishra said that this year they have deployed \$2 Billion into funding Indian startups. Technology, the new normal with covid-19 has even become the usual target in every sector. So to no surprise, even SoftBank aims to fund the majority of tech firms and promote digital marketing firms in India. An example of this is the funding of the banking technology firm Zeta. SoftBank is even in talks to invest \$700 B in Flipkart. However, the latter is unlikely to enter in a second investment from the company after the first being in 2017.



Top Deals So Far



Another major name in the VC industry is that of an American multinational firm, Tiger Global Management. Impressively, Tiger Global has been funding in really varied sectors such as social network (WeChat), pharmacy firms (E-pharmacy), investment app (Groww), crypto exchange (Coinswitch), and the list keeps continuing. However, it has been observed that Tiger Global has majorly invested in the direct-to-consumer (D2C) sectors that have the potential of expanding abroad as well. Adding to that, Tiger Global lacks diversity in funding in startups. This year Tiger Global's activity in the startup sector is seen as bullish and the year is expected to see the same aggressive pace in the same. Tiger Global agreed to invest \$125 in the Infra market that raises the IT startup's valuation to \$2.5 Billion.

The VC made nine unicorn deals in the first half of 2021. This led to Tiger Global replacing Sequoia as the top Investor of Indian unicorns in 2021. According to professional services firm KPMG, a variety of companies are garnering VC investment in India, particularly those focused on direct-to-consumer solutions such as e-commerce, food delivery, hyperlocal grocery delivery, video sharing, and gaming. Investors continued to pour money into Edtech companies this quarter, including BYJU, which raised a \$1.5 billion fundraising round. Food delivery was also a prominent topic in Q2 2021, because of Swiggy's \$800 million fundraisings. According to Nitish Poddar, Partner and National Leader for Private Equity at KPMG in India, an increasing number of tech-enabled enterprises in India are obtaining financing through capital markets.



The Indian corporate landscape is undergoing a revolution with the intervention of VC firms and it brings with it changes in regulations, funding, business environment, lack of shortage of funds to startups, etc.

To conclude, after discussing all these data and figures, the answer to the question asked in the very beginning is clear that the global venture capitalist firms are here to stay. Their investment in India is a more recent phenomenon. Owing to Covid-19 they were able to invest in Indian startups through investments that could have costed them a fortune had the pandemic not struck the world. But one thing for sure is that these companies have now got a hang of Indian budding undertakings. Every day, a new Indian startup is entering the Unicorn club and there is no stopping this phenomenon right now. It is not like any new venture is getting the money, only those who have the potential and are based on years of hard work are attracting investment. The budding entrepreneurs have now taken India to a new level. The foreign investment is multiplying four-folds and India is not far from being known as the global hub for startup ventures.

Such is the case that investment in India is driven not only by VC investors but also by more traditional funds, who want to make the most of the broad applicability of digital business models during the pandemic. It is as if India is a stock on the stock exchange and everyone wants to buy it and doesn't want to miss out on its extraordinary rally. Some people are bearish about this rally and are waiting for the downfall but they will soon realize that they will have to reconsider their positions because no one is stopping this growth.

**- Trish Gupta and Manya Mittal
(SRCC, DU)**

ACTIVITIES CONDUCTED DURING THE YEAR

Decoding Finance: Decoding Finance is an interactive session for the 1st year students where all their queries are solved, anxieties are addressed and myths are debunked by experienced Finance professionals. This year we had Mr. Kunal Mehta (EY GDS), Mr. Manav Madaan (ICICI Bank), Mr. Manish Agarwall (HDFC Bank), Mr. Vaibhav Shah (ICICI Prudential Life) and Mr. Rohit Zende (JP Morgan Chase) to guide the students.

Equity Research Workshop: Finomenon initiated a financial modelling and equity research workshop in association with Forevision to enhance the student's skills in the stock analysis domain. Additionally, Finomenon also helped the students to secure a corporate project to apply the learned skills on a practical basis. The workshop provided an opportunity to gain hands-on experience, quality exposure and mentorship through the workshop and the corporate project.

The CFA Institute Research Challenge: It is an annual global competition conducted by the CFAI that provides university students with hands-on mentoring and intensive training in financial analysis and professional ethics. Each team is tested on their analytical, valuation, report writing and presentation skills. They gain real-world experience by assuming the role of a research analyst.

The CFA Institute Ethics Challenge: CFAI conducted the CFA Institute Ethics Challenge which aims at inculcating the highest standards of ethics and excellence in the investment profession. It prepares the participants for the ethical dilemmas they may face in their careers in the future.

B-Talks: B-Talks (Business Talks) is an initiative taken exclusively for Finomenon junior members to help them prepare for the Summer Placements. The Junior Members of Finomenon were allocated companies from Nifty 100 and were asked to analyse and present their research. It comprised of macroeconomic impacts, company strategies, financial comparison and enterprise opportunities and risk which gave the students a comprehensive idea about multiple sectors.

Market Impact Report: COVID Impact: Team Samriddhi proudly presented its report on Market Update & Impact of COVID Vaccines- August 2021. The report focuses on the impact of COVID vaccine on the economies and financial markets globally. We also compare the policy actions taken by various countries vis-a-vis India, in response to the pandemic.

Samriddhi Equity Research Reports: Through SERRs, Team Samriddhi extensively covers 'focus' companies in each notable sector of the economy. These reports are in the mould of industry-standard Equity Research Reports, designed primarily to enhance learning. The Team presented its first SERR for the year in the month of August on Jubilant Foodworks Limited.

Summerthan: To help with Summer placements, Finomenon shared Finance dossier with the batch of 2021-23 comprising of all fundamentals of finance. We also shared Summerthan articles, which are based on current events around the globe. There were sixteen topics that were covered in great detail.

Bean Counters: Finomenon organized a fun-filled event 'Bean Counters' for the 1st year students having multiple rounds. Students were able to gain insights into the financial world as all the rounds involved questions revolving around the financial concepts along with fun games such as stock charades and auction rounds.

Seeking Alpha: Finomenon introduced 'Seeking Alpha' this year for all the student fund managers across various B-Schools. Being launched for the first time this year, 'Alpha' gave the fund managers of B-schools an enlightening opportunity to be part of an All-star get together where they competed against other B-school fund managers while doing what they do best- manage a fund and pitch stocks. All this as they get into how their chosen stocks are affected by macroeconomic and microeconomic factors, and whether they'd Buy/Sell/Hold the stock on the basis of its valuation.

Guest Session on Fintech: The Webinar on Fintech was conducted by Mr. Amit Khandelwal, the Vice President at RBL Bank. He has experience in the banking world currently encouraging Fintech firms to explore the Neo Banking domain. It gave us a deep dive into the domain and provided insights on the current developments in and around the fintech space.

Article Writing Competition: Finomenon held an article writing competition on D2C to invite articles from teams across different B-Schools for its bi-Annual magazine, 'The Financial'. Various teams submitted their articles on the theme, 'Ever-evolving VC Landscape in India' and the top three articles are published in the magazine.

Moolyankan: Finomenon held Moolyankan, which is the pan-India equity research competition. Among the most awaited B-School competitions, Moolyankan gives the participants an enlightening opportunity to try their hands on equity research and valuation while portraying their financial acumen and knowledge. The competition allowed the students to deep dive into the world of finance and know about their chosen company in and out.

Python for Finance Workshop: Finomenon arranged a workshop on Python for Finance, for the students, offered by ForeVision, that provides the students a hands-on experience in python, one of the most demanded application by companies. The students would also get an opportunity to work on real assignments post the workshop, with assistance from the instructors.

Winterthan: Finomenon initiated 'Winterthan' which is a set of articles prepared by the committee to help the final year students for their placement preparation. The committee members conducted extensive research on a broad range of topics. The researched topics included research about technical concepts in the domains of derivatives, fixed income, economics, M&A etc., to name a few.

Podcasts: Finomenon introduced a podcast session 'Investing with the Masterminds' with Mr. Tirthank Shah, the founder of Edualpha. The speaker shared his truly inspiring journey and the main topic of discussion went around 'The Emerging Trend of ESG Investing in India'. In another episode of the podcast, Mr. Savi Jain, Founder of 2Point2 Capital talked about his journey from being an engineer to shifting to private equity and then managing a \$100 million fund.

Finsights: Finomenon writes 'Finsights', which are short and crisp write-ups, the objective of which is to explain complex financial topics and news in an easy to understand manner. Topics like 'India's vibrant startup ecosystem', 'Neobanks', 'The Future of super-apps', and 'China's Evergrande debt crisis' etc. have been covered on the official Instagram page of Finomenon where they garnered an excellent response in the community.

Pick of the week: A weekly competition is organized on the Instagram page of Finomenon whereby clues are given for a stock's performance and the viewers have to make a guess. Hints like weekly gain, 52 weeks high, 52 weeks low or dividend yield are provided. First three correct answers get a mention on the cell's Instagram page.

Book-a-Month: This was a new initiative started this year where we review a book every month. The books we pick are mostly related to entrepreneurship, finance and self-help. Some of the books reviewed were 'The Lean Startup' by Eric Ries, 'Never Split the Difference' by Chris Voss, 'Predictably Irrational' by Dan Ariely, to name a few.

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