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Singaraju Venkat K	Vavilala Chidvilas Reddy	Varun Chakravarthi
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Edtech Special

TRANSFORMER

How PhysicsWallah is bucking the trend in edtech with heady revenue and profit growth, along with its unicorn status. Can it maintain the momentum?

Alakh Pandey, founder and CEO, PhysicsWallah

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Overaction and Reaction

A line that became a truism during the Covid-19 lockdowns was that the pandemic-induced changes in consumer behaviour were here to stay. The opinion was that many of the activities we did online—working, buying, transacting, medicating, playing, learning among others—would mostly persist post pandemic.

Work today is, at best, hybrid; ecommerce continues to thrive on the pandemic-initiated momentum, as do gaming, streaming and transacting. But if there's one sector where the online prognosis hasn't quite played out, it is education. It was easy to forget the benefits of classroom learning during the pandemic. But student-teacher interaction, the value of physical activity on the campus and discipline that regular attendance brings with it are vital elements of a sound education. All these were back once teachers and students came back to school.

So, rather than the physical classroom being consigned to the history books, it's a clutch of once-fancied edtech startups that are staring at uncertain futures. Coinciding with the back-to-school realignment was the drying up of the funding taps that had generously opened during the pandemic. Result? The growth engine began to sputter for breath. As the sea of red ink spread across balance sheets, layoffs became the new mantra and transparency, governance and cautious bookkeeping went out the window.

Is this the beginning of the end of edtech? Perhaps it's the end of the sector as we knew it, but not the end of what edtech should have been in the first place. This fortnight, *Forbes India*'s steadfast startups tracker Rajiv Singh dives deep into edtech, to figure what's still going right with the sector. His verdict: "The era of greedtech is over. Edtech is here to stay." Those who aren't crippled by the obligation to grow irrationally and who don't attempt to replace the classroom but complement it will be around for some time, he adds. And, yes, you don't have to attempt rocket science; instead, gauge what's a mass need, and innovate around that.

Consider, for instance, the business model of the Y Combinator-backed Spark Studio: Good old spoken English and public speaking. The two-year-old startup clearly doesn't believe in running with the herd. Just when everyone's screaming offline is back, co-founder Anushree Goenka insists "online education is the future". Particularly in smaller cities and some foreign countries. Spark Studio is now building a personal AI English tutor. For more on its offline-online blend, turn to 'Business? In English, Please' on page 42.

Another edtech startup that's cosy in a niche and isn't bidding adieu to online is the 2020-founded early-learning platform Creative Galileo. As founder Prerna Jhunjhunwala tells Singh, instead of launching yet another pre-school brand, she decided to power the existing ones with tech and content, thereby creating a recurring and sustainable revenue stream. Turn to 'Context & Alphabets' on page 48 for more on that gambit.

The Forbes India Cover Story is an outlier that seems to have it all: Heady revenue and profit growth, unicorn status and, for good measure, a wild following on YouTube. A combination of an aggressive expansion of coaching centres and acquisitions of diverse players (nine of them, all profitable) may be the reason for this performance. Can it sustain? Singh has the answer in 'PhysicsWallah's Profitable Equation' on page 22.

Physical coaching centres are doubtless where the action is, but the downside is intense pressure on students. The consequences are sometimes destructive. 'We Failed Him. He Didn't Fail' on page 58 is a heartrending and cautionary tragedy of what can be lost in relentless pursuit of academic gain.

STORIES TO LOOK OUT FOR


(From left) Prerna Jhunjhunwala, founder, Creative Galileo; Anushree Goenka, Namita Goel, Kaustubh Khade and (seated) Jyothika Sahajanandan, co-founders, Spark Studio

Brian Carvalho
Editor, *Forbes India*

brian.carvalho@nw18.com

Best,

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AUGUST 11, 2023
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Forbes INDIA
ON THE COVER

PHYSICSWALLAH'S PROFITABLE EQUATION

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In little over three years, Alakh Pandey has cracked the dynamics of running a profitable and thriving edtech venture that has scaled at a furious pace. Can he maintain the momentum?

Alakh Pandey
Founder and CEO,
PhysicsWallah

MADHU KAPPARATH

Edtech

(From left) Anushree Goenka, Namita Goel, Kaustubh Khade and (seated) Jyothika Sahajanandan, co-founders, Spark Studio

Prerna Jhunjhunwala, founder, Creative Galileo

Growing in popularity, pickleball is seen as a recreational sport with health benefits

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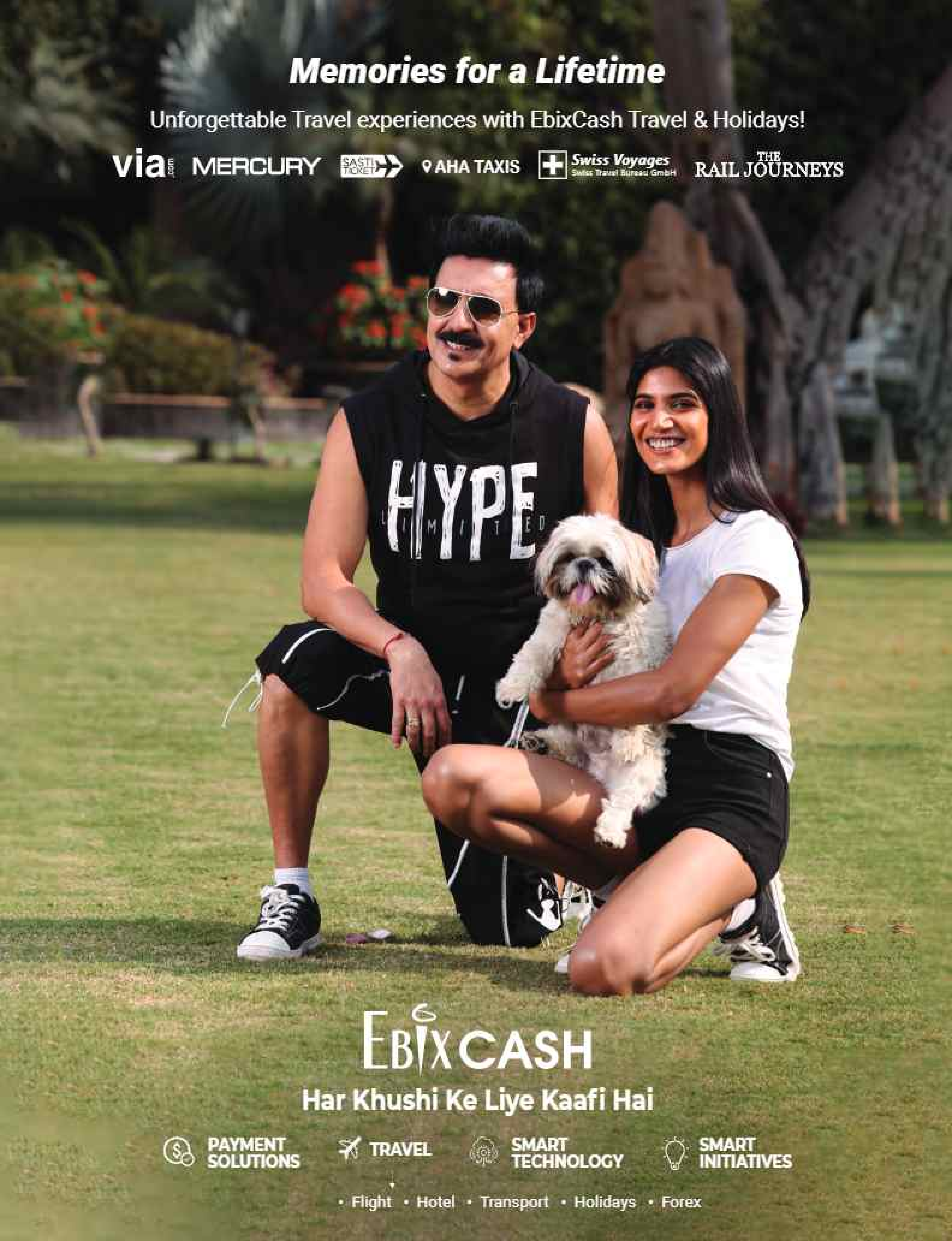
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Funding Ebb
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STOCK MARKETS

How Far can the Bulls Run?

Small-cap stocks in India and mega-cap scrips in the US are leading the charge of the rally. Veteran investors caution both equity markets could be testing their limits

THE BULLS ON DALAL STREET have been on a rampage: Benchmark indices hit fresh highs and the recent macroeconomic indicators suggest domestic growth is holding up even though the world economy is struggling. Many see this as the start of a multi-year bull run. Some are cautious of the lurking dangers and have fastened their seat belts. But all are optimistic and quite confident of India's long-term growth potential and superior market returns in the coming years.

Confoundingly, unlike most bull runs in the past, the current rally in stock prices is not being driven by the large-cap stocks. Consider this: The top 10 Nifty 50 stocks contributed 41 percent of the index returns in the past three months. While Nifty 50 stocks returned 21.6 percent over a one-year period, Nifty Smallcap 250 rose over 30 percent during the same period *(see table)*.

Sanjeev Prasad, managing director and co-head, Kotak Institutional Equities, notes, "We are not sure how to explain or interpret the odd movement in the Indian stock market. Large-cap stocks typically lead mid and small-cap stocks in bull market rallies, but the current rally is the other way around."

Though investors may argue the performance of the small caps is due to liquidity, Prasad isn't convinced. "That presumably reflects


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Unlike most bull runs in the past, the current stock market rally is being driven by mid- and small-cap stocks, instead of large caps

bullish sentiment among domestic institutional and retail investors. Foreign institutional investors are unlikely to chase smaller stocks and passive retail investors will deploy money into ETFs with a disproportionate weight of large-cap stocks," he states.

The lacklustre performance of several large-cap stocks in the last three to six months has been a drag on the market. However, there is a recent pick-up in a few large caps as investors seek safety should there be a correction. In fact, many market mavens believe the market has topped out. "Valuations are expensive in India—a natural headwind for the market," Prasad warns. Nifty 50 Index is trading at 19.9x one-year forward price-to-earnings ratio and breached the 19,000-level to hit a fresh lifetime high since its previous peak in December 2022.

Sunil Singhania, founder, Abakkus Asset Manager, says, "Markets are now trading at a slight premium to its 10-year average but not at an overly exuberant level. Yes, there are pockets of smaller companies and theme-based stocks that have moved up sharply and here surely there is scope for correction. Investors should refrain from chasing themes and momentum as a slight change in sentiments can lead to a sharper correction in such stocks."

But Singhania says he is optimistic about the markets, more so on corrections, as he expects a strong growth in domestic GDP over the next two to three years. Nevertheless, he recommends caution at this stage. "Discretion is definitely the need of the hour as many stocks have been moving up much ahead of their fundamentals. However, mid- and small-cap investing is all about individual stock picking and there are still opportunities to generate decent longer-term returns," he adds.

Ankit Jain, fund manager, Mirae Asset AMC, sees balanced risk-reward opportunities in the medium term. He believes overall supportive macros and the underlying improvement across many sectors augur well for corporate earnings growth and investment returns in the coming quarters. "Despite the market run-up, we continue to find enough opportunities in the market with decent margin of safety across sectors like financials, consumer discretionary, insurance and pharmaceutical sector," Jain says.

MEANWHILE, ON WALL STREET

If small caps are leading the charge on Dalal Street, it's the mega-cap stocks that are fuelling the stock rally on Wall Street *(see table)*. If valuation is a concern in India, it's the economic challenges in the US that could stop the bull run. "The divergent performance between large-cap, and mid- and small-cap stocks in India and the US markets may reflect a combination of hype and reality regarding certain developments in the two markets. The large-cap stocks continue to be general laggards in a recovering economy in India, while the mega-cap stocks are leaders in a slowing economy in the US. Both markets could be reaching their limits," Prasad explains.

"Discretion is definitely the need of the hour as many stocks have been moving up much ahead of their fundamentals."

Sunil Singhania, Founder, Abakkus Asset Manager

Running of the Bulls

Nifty 50 is trading at 19.9x 12-month forward P/E

SOURCE MOAMC

SOURCE Kotak Institutional Equities, Forbes India Research

Strikingly, the top 10 S&P 500 Index stocks contributed the bulk, roughly 75 percent, of the index returns in the previous quarter. Notably, the strong performance of six to eight technology stocks that rose powered by the promise that they could lead the evolving AI scene although there are several other dominant players in this area.

"Each of the segments such as consumer electronics, cloud, ecommerce, search and social media has only one or two dominant players even now. AI will see each of these entities pitted against each other, a very different landscape compared with the landscape when these companies and industries first emerged and achieved scale," Prasad highlights.

US mega-cap tech shares have been on a tear for nearly six months after the tech meltdown last year thanks to the fanfare around AI as the next big theme to drive innovation. It's a stock rally that no market expert saw coming given the chatter around an imminent US recession which hasn't set in yet. In fact, analysts' market forecasts are wide-ranging with a high margin of difference.

A Bloomberg analysis shows that the rise in the S&P 500 hasn't been more concentrated in six to eight stocks since the early 2000s. Also, six of the largest companies of Nasdaq-100, a key barometer of the tech sector, account for nearly 51 percent. Nasdaq-100 recorded the highest six-month return since the internet bubble of the late 1990s.

Such asymmetry dangerously tilts towards the heft of the top six tech giants—Microsoft, Apple, Alphabet, Nvidia, Amazon and Tesla—and limits the scope for portfolio diversification and distribution of risk. Besides, brokerages are sceptical if the AI-fuelled rally on Wall Street can withstand the pressure of 'higher-for-longer' interest rates. The US Fed has hiked rates by 500 basis points in March last year.

•NEHA BOTHRA

INFOGRAPHICS: MUKESH SINGH

SPACE TECH

Chandrayaan-3: All Eyes on India's Moonshot

A successful second attempt will make India the fourth country to achieve the feat of landing on the Moon. Here's all you need to know about India's third lunar mission

R.SATISH BABU / AFP

Local residents watch and cheer as Chandrayaan-3 lifts off from the Satish Dhawan Space Centre in Sriharikota, an island off the coast of Andhra Pradesh, on July 14

INDIA IS SHOOTING FOR THE Moon with the successful launch of its third lunar exploration mission, Chandrayaan-3, which aims to achieve what Chandrayaan-2 partially failed to do four years ago. Now, a successful soft landing on the Moon will make India the fourth country, after the US, Russia, and China, to achieve this difficult first step of interplanetary exploration. Here's everything you need to know about Chandrayaan-3:

This is India's second attempt at soft-landing on the Moon to collect more information about the lunar landscape, seismic measurements, and the availability of minerals, for example. India's previous mission, Chandrayaan-2, in September 2019, failed in the last leg of its attempt as the lander and rover crashed on the Moon surface. S Somnath, chairman, Indian Space Research Organisation (Isro), explained that the design of Chandrayaan-3 was based on learnings from the previous mission. "Instead of a success-based design in Chandrayaan-2 we are doing a failure-based design in Chandrayaan-3... we looked at what can go wrong and how to deal with it," he said at a press conference before the launch.

India Aims for The Moon
Chandrayaan-3

Budget	Rocket launcher	Launch date	Launch site	Travel distance	Travel duration	Landing site	Scheduled soft landing
$75 million approx	'Fat boy' LVM3-M4	July 14 at 2.35pm	Satish Dhawan Space Centre in Sriharikota	3.84 lakh km	42 days	Lunar South Pole	August 23

$75 mln
The approximate budget for Chandrayaan-3

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Isro's chairman elaborated that the reason for the previous unsuccessful attempt was largely because the five engines on the lander developed a higher-than-expected thrust. Due to software related issues, the lander couldn't course-correct when it deviated from its trajectory and was unable to reduce the velocity in order to land as planned. Isro got the green light from the board to go ahead with the launch of Chandrayaan-3 after it successfully completed the Mission Readiness Review and a launch rehearsal that simulated the entire launch preparation and process to address all possible issues and eliminate technical snags. Here are the main features of Chandrayaan-3:

On July 14, after LVM3 M4 majestically lifted off from Sriharikota, in around 16 minutes, it successfully launched Chandrayaan-3 into orbit at an altitude of around 180 km. Now, it will orbit Earth in an elliptical cycle five to six times as it moves towards the lunar orbit. With acceleration and a series of engine firings to hurl the spacecraft closer to the lunar orbit, the propulsion module and the lander will start its journey of over 30 days towards the Moon until it is 100 km above the lunar surface.

> **"Instead of a success-based design in Chandrayaan-2 we are doing a failure-based design in Chandrayaan-3... we looked at what can go wrong and how to deal with it."**

On July 15, Isro announced it had successfully performed the first orbit-raising manoeuvre. The third orbit-raising manoeuvre was completed on July 18. "The mission is on schedule. The next firing is planned for July 20 between 2 pm and 3 pm," Isro scientists said. Later, on July 25, Isro will push Chandrayaan-3 to around 1 lakh km before they attempt to slingshot the spacecraft closer to the Moon on the night of July 31-August 1. The Lunar South Pole has been chosen for the landing on August 23 due to its larger area and the possible presence of water (ice) and minerals in the surrounding areas.

This could very well be a historic moment for India as the nation tries to make strides in space exploration. Earlier, Mylswamy Annadurai, former director at the Isro Satellite Centre, and a world-renowned space scientist, fondly known as the Moon Man of India, paved the way for India to join the ranks of space-faring nations when he led iconic space missions such as Chandrayaan 1, Mangalyaan, and Chandrayaan 2. Annadurai's team at Isro changed the course of space research with the revolutionary discovery of water on the Moon and the successful launch of a mission to Mars in the first attempt. The world is closely watching as India could be the first country to land on the Lunar South Pole. In future, the US and China hope to send astronauts to the Moon, and around six robotic missions from Russia, Japan, and the US are lined up for 2023 and 2024.

• NEHA BOTHRA

Chandrayaan-3: India's Moonshot

Mission objectives

1. To demonstrate safe and soft landing on lunar surface
2. To demonstrate Rover roving on the moon
3. To conduct in-situ scientific experiments

Mission life

Propulsion module
3 to 6 months

Lander and Rover
1 lunar day or ~14 Earth days

Components

1. Propulsion module
2. Lander module
3. Rover (inside the Lander)

Weight

Propulsion module
2148 kg

Lander module
1752 kg

Total
3900 kg

INFOGRAPHICS: MUKESH SINGH

$3.8 bln

Funding received by Indian startups in the last four years during H1CY23 (January-June) across 298 deals

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INVESTMENTS

Funding Ebb

Investment in Indian startups in the first six months of 2023 is the lowest in four years

TWO YEARS AGO WAS A GREAT time for Indian startups. But funding came to a standstill in the second half of 2022, and things seem to have been going downhill since. The startup ecosystem reported the lowest six-month funding trends in the last four years during H1CY23 (January-June) at $3.8 billion across 298 deals. According to PwC India findings, this is a decline of nearly 36 percent compared to H2 CY22 ($5.9 billion).

The slowdown is despite significant untapped capital reserves held by venture capitalists (VCs), according to Amit Nawka, partner, deals, and India startups leader, PwC India. "Active VC firms in India have secured new funds in the past year, and we can expect the pace of investments to pick up in the next few months."

Software as a Service (SaaS), direct to consumer (D2C), and fintech are

currently the top sectors in terms of attracting investments. The slowdown is because many companies that have raised money are seeing huge governance issues, explains Padmaja Ruparel, co-founder, Indian Angel Network. A lot of the drop has been spurred by the decline in late-growth startups. For instance, Tiger Global has reduced its investment. Even SoftBank, which used to invest large funds in growth-stage startups, has reduced its investment in India, explains Sajith Pai, a venture capitalist at Blume Ventures.

Deals are in the slow lane. This is more applicable to late-stage or growth stage investments, compared to early-stage investments. "We expect things to be better in 2024. From a fund perspective, we are quite bullish on the India story and expect to do 20-25 investments from the new fund," says Anil Joshi, founder and managing partner, Unicorn India Ventures.

•NAANDIKA TRIPATHI

SEMICONDUCTORS

Going Their Separate Ways

As Anil Agarwal-led Vedanta waits for a clearance from the government on its ambitious semiconductor project, Foxconn has pulled the plug on their $19.5 billion joint venture

ON JULY 10, THE HON HAI Technology Group, popularly known as Foxconn, said it has decided not to move forward on a joint venture with Vedanta to manufacture semiconductor chips in India.

"For over a year, Hon Hai Technology Group (Foxconn) and Vedanta have worked hard to bring a great semiconductor idea to reality," Foxconn said in a statement. "It has been a fruitful experience that can position both companies strongly going forward. In order to explore more diverse development opportunities, according to mutual agreement, Foxconn has determined it will not move forward on the joint venture with Vedanta."

Foxconn and Vedanta had signed

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a pact last year to invest $19.5 billion to set up the semiconductor plant in the country. The announcement throws the joint venture project into a jeopardy, especially since the Indian government is yet to give clearance to the project to set up a semiconductor plant in India. In an interview with *Forbes India* in May, Anil Agarwal, chairman of Vedanta, and Akarsh Hebbar, his son-in-law and the global managing director of display and semiconductors at Vedanta, had outlined how the partnership with Foxconn was a natural one, and was struck in short notice as soon as the Narendra Modi-led government announced the semiconductor plan.

The joint venture project was looking to manufacture 40 nm chips, before it expanded into 28 nm chips, since the process was similar; 40 nm and 28 nm chips contribute to over 66 percent of the global demand for chips and are used in ICT devices and electric vehicles (EV), among others.

For now, it seems as though Vedanta will have to set the ball rolling alone, without Foxconn's might, if it dreams of making its semiconductor dreams a reality.

•MANU BALACHANDRAN & NAANDIKA TRIPATHI

73.34 mln ha

The area sown as of July 21, 1.1 percent above the corresponding period of 2022

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RAIN WATCH

Monsoon Picks up Pace But Still Uneven

After a slow start, water levels and sowing have picked up as the rains covered the entire country. Here's where India stands on rainfall status, water reservoir levels and sowing pattern of kharif crops, as per a data analysis by Barclays

Kharif sowing is still lagging compared to last year, especially for crops like rice, pulses and cotton

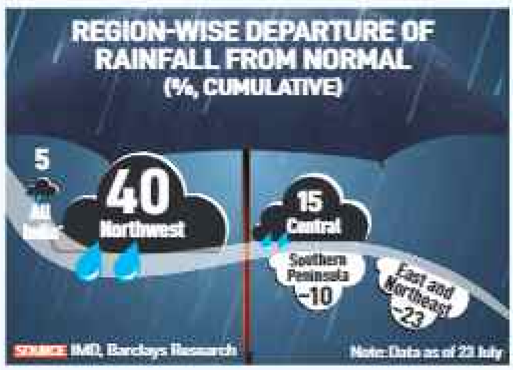
DAVID TALUKDAR / NURPHOTO VIA GETTY IMAGES

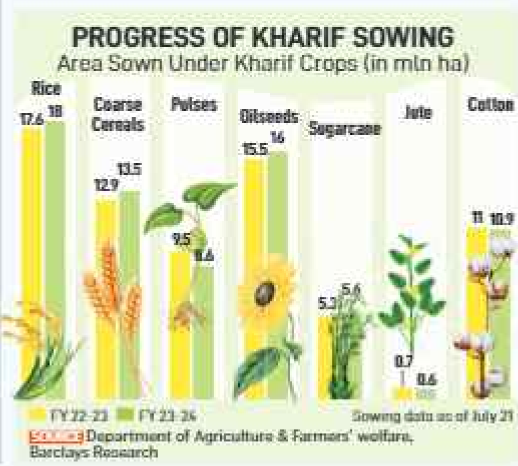
THE MONSOON TOOK time to pick up pace after a slow start, and uneven distribution of rains continued in July leading to floods and damage in a few regions. On an aggregate basis, monsoon rainfall is now 3 percent above the long-period average (LPA) cumulatively, from June 1 to July 20, based on Indian Meteorological Department (IMD) data analysis by Barclays.

Region wise, north-west and central have recorded higher rainfall, while the southern peninsula and eastern region are in the deficient zone. IMD says there is a high probability of El Niño conditions to develop during the middle of the monsoon season and continue till the first quarter of 2024. "The sea surface temperatures (SSTs) across most of the equatorial Pacific Ocean are warmer than normal and near El Nino threshold value," IMD adds.

While reservoir levels have been inching up, the pace is slower relative to last year. Kharif sowing patterns too continued to improve.

• NASRIN SULTANA

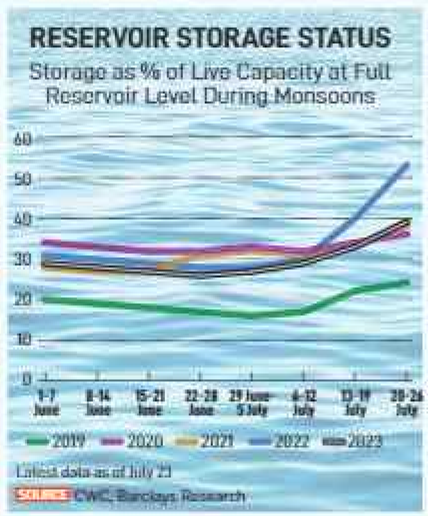




EXPERT'S TAKE

Monsoon rainfall remains in surplus, on aggregate, but uneven distribution persists between north (excess) and southern and east (deficient) regions. Kharif sowing has picked up, as of July 21 total area sown was just above last year's corresponding levels. Crucially, sowing in rice is now above last year's levels. The central government's decision to ban exports of non-basmati white rice exports is not entirely surprising, given rising domestic prices and lower rice buffer stocks compared with last two years (though they remain higher than threshold requirement). **Overall, sowing should pick up pace more rapidly in the next 4-5 weeks as more than 80 percent of sowing is usually completed by mid-August.**

Rahul Bajoria, managing director, head of EM Asia (ex-China), Economics, Barclays



EXPLAINER

What Caused The North Indian Deluge?

The prime reason was the rare-but-not-abnormal confluence of monsoonal winds with western disturbances. But was climate change also at play?

ADNAN ABIDI / REUTERS

A flooded road in New Delhi after a rise in the waters of Yamuna due to heavy rains

BETWEEN JULY 8 AND 10, SOME areas of Northwest India, including New Delhi, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Punjab and Rajasthan witnessed heavy rainfall, leading to landslides, flash floods and damage to infrastructure. On July 9, the Safdarjung Observatory in New Delhi recorded 153 mm of rain until 8.30 am over 24 hours, the highest single-day rainfall the region has recorded since July 1982.

As of July 21, Himachal Pradesh, so far the worst-hit state, continues to experience heavy rainfall, with losses of more than ₹4,000 crore, 61 cases of landslides, and 44 cases of flash floods. More than 130 people have lost their lives in the state, according to reports. With Haryana releasing more water from the Hathni Kund barrage, the Yamuna river breached the danger mark on July 10. As of July 18, the water reached the walls of the Taj Mahal, a first in 45 years. More than 25,000 people have been evacuated from low-lying areas from six districts of Delhi.

WHAT AUTHORITIES SAY

By the end of June, the monsoon was 10 percent below normal level. The Indian Meteorological Department (IMD) had predicted a normal rainfall in July. However, the recent rainy spell has met the deficit for the entire country, according to the IMD.

NORTHWESTERN DOWNPOUR

The interaction of two factors caused the sudden spell. First, monsoonal winds, which are seasonal wind patterns that result in rain. Second, western disturbances, which are defined as extratropical storms that originate in the Mediterranean region and have a great influence on the weather of northern India. As these disturbances approach, Northwestern regions can witness sudden rains, a heavy cloud cover, and sometimes, even snowfall in the higher altitudes.

The recent rain episode is a rare-but-not-abnormal occurrence caused due to the interaction of these two factors, which resulted in the formation of a trough above Himachal Pradesh, explains GP Sharma, president of meteorology and climate change, Skymet Weather. A trough is an elongated area of relatively low pressure, extending from the centre of a region of low pressure. It denotes bad weather in terms of clouding and rain or thundershowers. "Once the monsoon begins, western disturbances are not active, but they are not absent either," says Sharma. "Once in a while, they become active, and result in an intense spell." Hence, it would be wrong to blame every change in weather on climate change, he adds.

"When this interaction happened 40 years ago, no one was talking about climate change, but it still happened," he says. "At this moment, I will not reason this activity with climate change."

Environmental activist Sumaira Abdulali differs. "If this happened for the first time in 40 years, it could be a fluke, but the flukes are happening increasingly," she says. "Climate gives you weather, it is an overarching term for weather events, and if they say look at each occurrence as an individual weather event, we need to see the frequency as well, and it points to climate change."

Various research papers in the recent past have stated that the monsoon is going to get wetter and more intense as temperatures rise, thanks to an increase in greenhouse gas emissions. The scientific jury may not attribute the recent disaster entirely to climate change, but one cannot deny that it is still a reminder to take urgent action to mitigate it and take steps to reduce emissions.

• ANUBHUTI MATTA

₹130-230

Per kg tomato prices on online portals, as of July 18

GETTY IMAGES

REPORT

82% Indian households not availing tomato subsidies

A mid-July survey report by LocalCircles mentions that despite government subsidies, majority of Indian households were still paying over ₹100/kg

TO REDUCE THE SOARING tomato prices in various Indian cities, the central government on July 14 instructed the National Cooperative Consumers' Federation of India (NCCF) and the National Agricultural Cooperative Marketing Federation of India (NAFED) to procure tomatoes and sell them at subsidised prices, ranging from ₹80 to ₹90/kg.

According to a statement released on July 16, the government's intervention in selling tomatoes at the concessional rate of ₹90/kg has led to a decline in wholesale prices at locations where prices were unusually high. Sales have already begun at multiple points in cities like Delhi, Noida, Lucknow, Kanpur, Varanasi, Patna, Muzaffarpur, and Arrah through NAFED and NCCF. The Centre is considering extending the sale to additional cities based on the prevailing market prices at those locations.

According to a mid-July survey conducted by LocalCircles, a social media platform and pollster focusing on governance, public, and consumer interest issues, the government's intervention to curb tomato prices had had some impact, with seven percent of households purchasing tomatoes through this channel.

However, a significant 82 percent were still paying over ₹100/kg for them. The number was higher at 87 percent in the second week of July. The report, which surveyed over 10,000 Indian households located in 304 districts, also revealed that approximately 15 percent of households, who previously purchased tomatoes, were now unable to afford them due to the escalating prices.

A vendor seen sleeping next to a basket of tomatoes at a vegetable market in Mumbai. Tomatoes have became very costly due to the early rains in May followed by heavy downpours in June, and delayed rains in some regions

ASHISH VAISHNAV / SOPA IMAGES / LIGHTROCKET VIA GETTY IMAGES

While wholesale price data indicated a 30 percent reduction in tomato prices at the wholesale level, it had not yet reflected in retail prices. As of July 18th, most online platforms showed tomatoes priced between ₹130-230/kg.

"While wholesale price data indicated a 30 percent reduction in tomato prices at the wholesale level, it had not yet reflected in retail prices."

The report mentioned that the two cooperative bodies entrusted with the procurement and sale of tomatoes were buying supplies from Madanapalle (Andhra Pradesh), Kolar (Karnataka) and Sanganeri (Maharashtra). It further laid out the plans of the NCCF about selling 20,000 kg of tomatoes per day, and raising it to 40,000 kg per day as the sale picks up.

Typically, tomato prices experience a significant surge during the monsoon months due to lower production and susceptibility to damage. This year, the situation has worsened due to the early rains in May, followed by heavy downpours during the monsoon in June, and delayed rains in some regions. These caused disruptions in the tomato supply chain, resulting in limited arrivals in wholesale markets and subsequently driving up prices sharply.

• SAMIDHA JAIN

FOMO, EDTECH AND GREEDTECH

If the peaking of the pandemic ushered in an edtech spring, then its ebbing heralded the end of a dominant strain of edtech that morphed into greedtech. Three years later, the report card is unambiguous: Online won't die, offline will prosper, and hybrid is the future

By RAJIV SINGH

"It's not rocket science," reckons Anil Joshi. "Still, not many founders understand this," says the venture capitalist, alluding to a quirky aspect of human behaviour. "Rockets are fascinating," he says. The thrust, the take-off, the uplift and the speed... all are a visual delight and captivating. What, though, is freaky is the other side of the rocket, which nobody wants to look at, understand and talk about. For entrepreneurs and founders, achieving a rocket-speed kind of growth, Joshi underlines, can happen only when the venture (aka rocket) is propelled by enough fuel. "For any fledgling startup, that fuel happens to be venture capital," he says. And once it dries up, vanishes or becomes hyper-precious—as it has now during the funding winter—the rockets struggle, and will crash.

Edtech, unfortunately, has seen the crashing of a flurry of rockets at an alarming pace. "There is a price that one has to pay for everything," says Joshi. "They got speed. And now they are paying the price."

Sajith Pai and Karthik Reddy make a blunt assessment of what went wrong. A lot of the edtech startups, seasoned investors at Blume Ventures point out, which saw a sharp growth in numbers and immense customer demand—WhiteHatJr is the canonical example—actually had 'Pandemic Market Fit,' and not true 'Product Market Fit' (PMF). During the peak of the pandemic, people were forced to be indoors, socially distant, learning moved online, and for a brief period, education became edtech. Products that otherwise wouldn't have managed to get PMF started seeing great traction.

As the numbers grew, VCs got excited and invested. What followed next was startups using cash reserves to subsidise growth and giving the product for free. "Not surprisingly, demand rose even more," point out Pai and Reddy. However, this growth was not backed by genuine demand. "A large number of the audience were 'tourists,' who moved out when the pandemic eased," they underline.

But what forced this chain of events to play out? What made artificial PMF, high cash burn, staggering CAC (customer acquisition cost) and ballooning losses a sordid reality? The answer lies in FOMO (fear of missing out). Let's start with the FOMO of edtech founders. Anushree Goenka, co-founder and CEO of Spark Studio, an online English and extracurricular

In top gear: Autorickshaws in Kota never run out of advertisements and passengers

learning platform for kids, was one of the few entrepreneurs who heeded the warning, and advice that she got at Y Combinator in 2021. "When there's too much on the buffet, don't overeat," was the message.

But other founders exhibited greed. There was rampant over-eating as there was indeed too much on the table. Look at the numbers. Edtech equity funding soared from $572.3 million in 2019 to $4.1 billion in 2021. The next year, however, it crashed to $2.5 billion. There was panic. The funding winter had arrived. Startups were fast running out of rocket fuel. The ones that didn't have any left in the tank died, and the ones who were fortunate not to exhaust all are now living on a wing and a prayer. "I don't know how long I can extend my runway," confesses a struggling edtech founder who didn't want to be named. He knows the writing is on the wall. There is not much money coming, the ones who are already 'obese' are being shunned by VCs, and there is no appetite to go for mergers and acquisitions.

Founders alone were not greedy, though. Parents too were victims of the acute FOMO mindset. From coding for kids—which was billed as a sure-shot ticket to make millions and billions in the future—to a flurry of online courses that were at best embellishment and lacked any value, there were takers for all

Founders alone were not greedy, though. Parents, too, were victims of the acute FOMO mindset. From coding for kids—which was billed as a sure-shot ticket to make millions and billions in the future—to a flurry of online courses that were at best embellishment and lacked any value, there were takers for all. Parents didn't mind paying as the offline world was shut. Once schools opened, the startups started shutting down. And parents went back to an offline way of life—schools and brick-and-mortar coaching institutes.

Offline bounced back with a vengeance, and the Mecca of medical and engineering coaching in India got a new lease of life. The poster boys of conventional online edtech—Byju's and Unacademy— bought a seat for themselves at Kota. Edtech players finally realised that offline happens to be the core of edtech in India.

The 'edtech special' issue of *Forbes India* takes a look at some of the strong trends that have played out over the last three years, and the tectonic shift that the edtech industry is experiencing now. From a deep dive into the life at Kota to examining a bunch of edtech players who are slowly and steadily growing their ventures to finding out how PhysicsWallah—the only profitable edtech unicorn in India—has cracked the chemistry of running a profitable venture, you will find it all in this edition. Go ahead, read and soak in the learning.

PHYSICSWALLAH'S PROFITABLE EQUATION

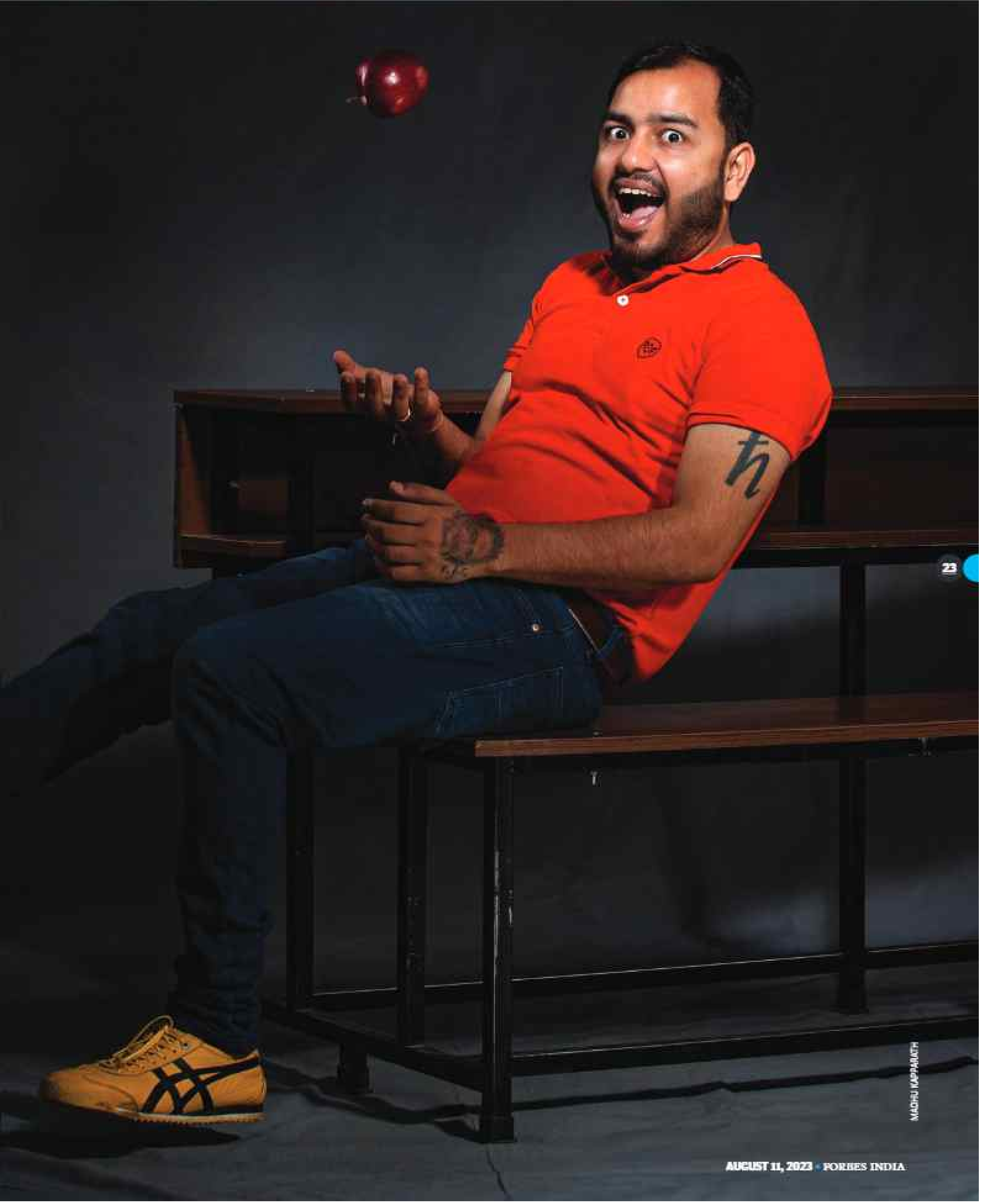
In a little over three years, Alakh Pandey has cracked the dynamics of running a profitable and thriving edtech venture that has scaled at a furious pace. Can he maintain the momentum?

By RAJIV SINGH

Is there any connection between fiction and friction?" For a writer, the obvious answer is: Remove the letter 'r' and both words spell the same. But Alakh Pandey, an unconventional physics teacher, has a different take. A good fiction and friction, says the founder and chief executive officer of PhysicsWallah, helps build a beautiful world. *Alice in Wonderland* is good fiction, and "if you are able to write on a blackboard or notebook, it is friction", says the first-generation entrepreneur who started PhysicsWallah as a free YouTube channel in 2016.

"Have Newton's laws of motion changed over the decades? If not, why should the definition of business change?"

ALAKH PANDEY
FOUNDER AND CEO,
PHYSICSWALLAH



MADHU KAPPARATH

"Thanks to friction, you have been able to drive, travel, walk or drill a nail into the wall," he says. "The last time you ironed a shirt... that's again friction," the physics guru continues in his trademark way of simplifying things, which has helped him build a cult following on social media: Some 31 million subscribers, 61 YouTube channels, and 5.3 billion views. "The numbers are not fiction," he grins.

But there seem to be strong fictional elements in Pandey's entrepreneurial journey. Take, for instance, how he dashed into the unicorn club with his very first fundraise, which gave PhysicsWallah (PW) a valuation of $1.1 billion. Then there is the staggering revenue jump in three years: From ₹24.6 crore in FY21 to ₹751 crore in FY23. The jewel on the crown is perhaps three years of profitability since Pandey monetised his venture in 2020—₹9.4 crore, ₹133.7 crore and ₹108 crore in FY21, FY22 and FY23, respectively. Pandey's entrepreneurial journey reads like a fairytale. "It's velocity," he says, bursting into a loud guffaw.

He then quickly walks out of his cabin on the eighth floor of a 10-storey building in Sector 62 of Noida, Uttar Pradesh. "Sorry *bachhhon*, disturb *toh nahin kiya* [Sorry kids, hope I didn't disturb you]," he apologises. PhysicsWallah has three floors in the building, spread across 67,000 square feet of space. A minute later, the teacher is back.

I continue to point out more astounding facts. What makes Pandey's story as an entrepreneur incredible is when you contrast his report card with the big boys of the edtech world who had a massive headstart in terms of funding, and valuation. Byju's, for instance, is struggling to hold on to its peak valuation of $22 billion. It has had a series of mark downs over the last 12 months (investor Prosus slashed it to $5.1 billion in June), posted a gigantic loss of ₹4,564 crore against a revenue of ₹2,280 crore in FY21 (it's yet to file FY22 and FY23 numbers), and has laid off around 5,000 employees, according to Entrackr, and has reportedly raised $5.78 billion in funding so far.

Another Peak XV-backed biggie, Unacademy, posted an operating revenue of ₹719 crore and a loss of ₹2,848 crore in FY22, and has fired around 2,000 staff members, according to Entrackr. The third on the list is edtech unicorn Vedantu, which had an operating revenue of ₹169 crore and a loss of ₹696 crore in FY22.

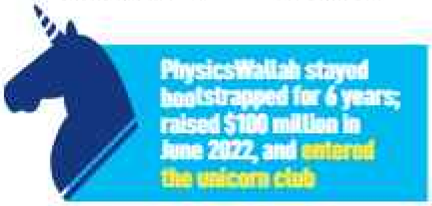
PhysicsWallah, in contrast, has raised $100 million, and has had zero layoffs. "I don't believe in comparisons," says Pandey. But are comparisons not the norm in the business of coaching and education? And if PhysicsWallah happens to be the only profitable edtech unicorn in India, is it not expected that its report card will be compared with its peers? "Is the edtech world collapsing?" I ask Pandey. "A battery of edtech startups have shuttered over the last 18 months." With rivals either losing potency or dying, it must be good news for PhysicsWallah, right?

Pandey has a different take. "Dying of competition is bad friction," he underlines. "What makes *Alice in Wonderland* a terrific read?" he asks. Apart from an interesting plot, strong characters and a gripping narrative, the fictional novel had one more powerful element: Formidable challenges. "There is no hero without a villain," he says, adding that he is praying for all edtech competitors to survive and grow. If there is only one big player in PhysicsWallah, he reckons, then it would spell trouble for the ecosystem, students and PhysicsWallah itself.

Name & Game

Alakh Pandey started PhysicsWallah as a YouTube channel in 2016

Prateek Maheshwari is the co-founder of the edtech player, which rolled out its app in 2020

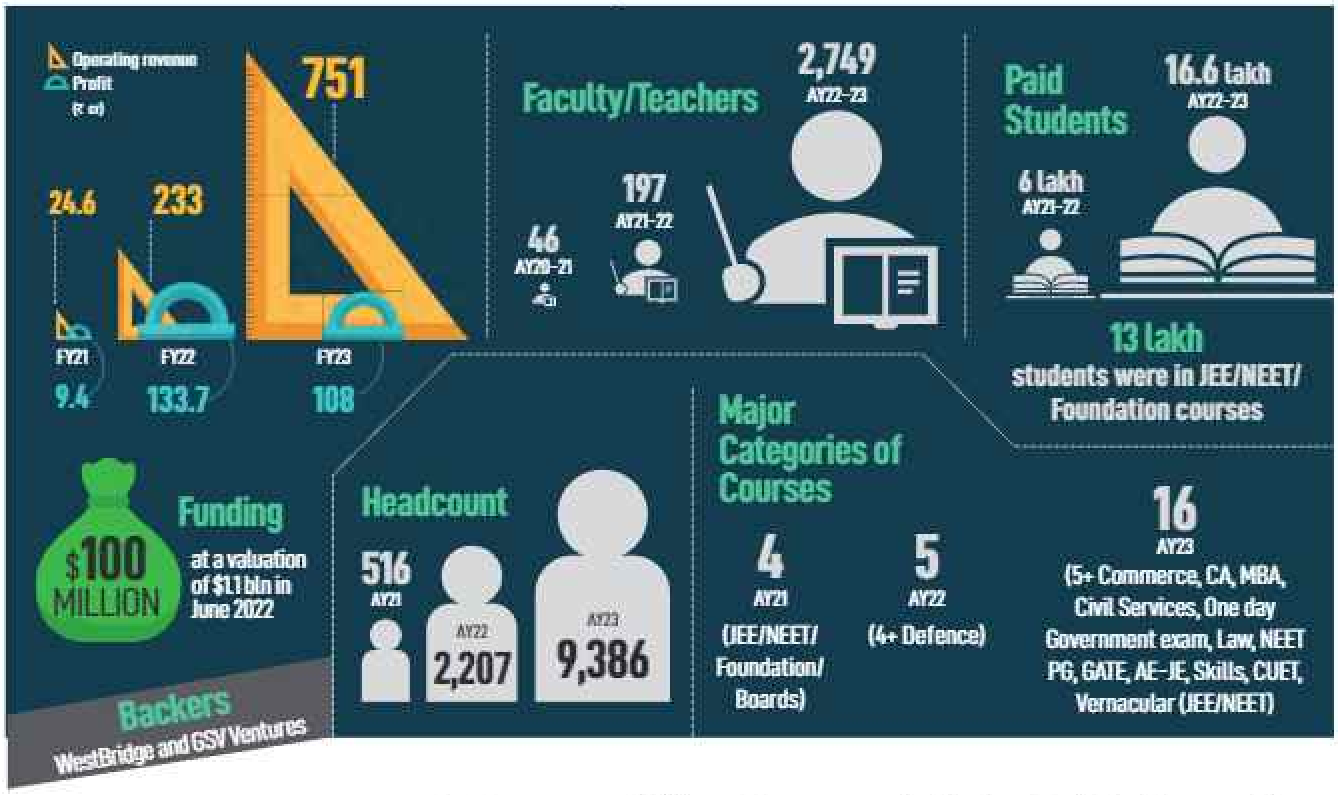


Operating revenue has jumped from ₹24.6 crore in FY21 to ₹751 crore in FY23


MADHU KAPPARATH

Alakh Pandey and students at his Vidyapeeth Noida centre

Report Card



"Competition is good. It keeps us agile, it helps us grow," he adds.

Interestingly, it was inertia that played a big role in the early success of PhysicsWallah. "My ignorance was my inertia," says Pandey, explaining his point. The founder had a rough upbringing, which was devoid of privilege, entitlement, and comfort. "My family always struggled for money," he says. Though the journey was arduous, it inculcated one of the biggest traits that most edtech startup founders in India seem to have ignored: Value of money. "Every penny was like a dollar," he says. "For us, saving money was oxygen." For somebody who has worked hard to earn money, the burning of cash is an alien and obnoxious term, the entrepreneur says.

But is it not true that burning cash helps in scaling? That's how most loaded edtech players bought scale and valuation. Pandey is mum for a few seconds. "I was not aware of such things. It was my inertia," he smiles.

Inertia also helped him in another way. At a time when his rivals were cracking the expansion, valuation and funding code, Pandey was trying to figure out how and what students want to learn. "I was always talking to them, replying to their messages in live online classes, and factoring in their feedback," he says. It wasn't an easy task. Sometimes, the students roasted him. Take, for instance, when Pandey decided to start running advertisements on his YouTube channels.

"They didn't like it," he recalls. "*Aacha, ab tum aisey paisey kamaogey* [Okay, so this is how you will make money now]?" commented one of the furious students who disliked the commercial break. "Ads *hatao*, *padhaney pe* focus *karo* [remove the ads, focus on teaching]," came another nasty dig. Pandey pleaded helplessness. "I don't charge a penny from you," he reasoned. "How can I continue if I don't earn?" Gradually, the students realised the merit, and PhysicsWallah continued to grow.

Till 2020, the year when PhysicsWallah rolled out its paid app and started monetising, a frugal lifestyle came in handy. Advertisement money from YouTube channels started pouring slowly and steadily after a few months in 2016. For the teacher, who had built a kitty of around ₹10 lakh from his years of teaching at coaching centres in Prayagraj, Uttar Pradesh, getting ₹8,000 per month as ad money was not a bad beginning. After a year, the amount jumped to ₹14,000. Then came the hockey-stick growth. "It became ₹40,000 per month, and after a few months it was ₹2 lakh," says Pandey, who

Beefing up through acquisitions

Over the last 15 months, PhysicsWallah has acquired and bought stakes in nine education players, and all are profitable

FreeCo

WHAT: It's a Jaipur-based doubt-solving and resource management edtech startup

WHEN: Was acquired in **March 2022**

WHY: To augment content building, doubt resolution and counselling/ mentorship capabilities

PERFORMANCE:
Revenue of ₹7.2 crore; profit of ₹3.1 crore in FY23

Knowledge Planet

WHAT: It's a UAE-based player, has over dozen centres across the Middle East and a school partnership model

WHEN: Was acquired in **December 2022**

WHY: To expand to the MENA (Middle East and North African) region

PERFORMANCE:
Revenue of ₹17 crore; profit of ₹3.5 crore in FY23

was profitably running a well-oiled YouTube teaching machinery and amassed a massive following among students. Money, though, didn't change his aspirations or lifestyle. His family in Prayagraj moved from a rented accommodation of ₹3,000 to ₹7,000, and the teacher bought a bunch of products that he deemed would upgrade his life: An inverter, fridge and washing machine.

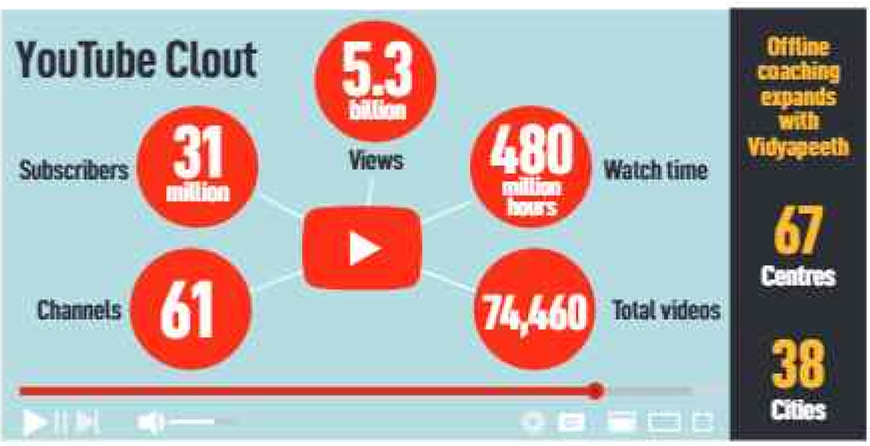
Fast forward to July 2023. In terms of lifestyle, nothing has changed. Though his headquarters operates out of three expansive floors, the office is devoid of fancy interiors, swanky furniture and an extravagant feel. One can only spot a few posters plastered on the plain walls reading, 'Never have a plan B', 'Fail fast and try again', and '*turant se pehle* (immediately before)'.

Inside his small cabin that has photo frames of Bhagat Singh, BR Ambedkar and Rani Lakshmibai, Pandey starts talking about velocity and momentum, especially over the last calendar year. The founder decodes two of his audacious gambits. First is the offline expansion in the form of Vidyapeeth. The first coaching centre was opened at Kota, Rajasthan, in June 2022. Over the next 12 months, the juggernaut rolled at a frenzied pace: 67 centres across 38 cities. The pace has matched the speed at which students have enrolled and gone back to the offline world of coaching. In the academic year 22-23 (March 2022-February 2023), 65,600 students enrolled in Vidyapeeth. In just a little over a year, revenue from offline coaching stood at ₹300 crore (see box).

"We want to take Vidyapeeth to Tier III, IV and beyond," says Prateek Maheshwari, co-founder of PhysicsWallah, who complements Pandey by taking care of the operational part of the business. "We are on track to close FY24 at a revenue of ₹2,500 crore," he says. The rate of growth, he adds, is likely to be over three times of what it was in FY23. "We will have an initial public offering (IPO) on our minds," he says, explaining that as the company grows at a faster clip over the next few years, tapping into the public market would be yet another milestone.

But Pandey is not banking only on Vidyapeeth and online teaching as revenue engines. Inorganic growth through acquisitions is also crucial. Over the last 15 months, PhysicsWallah has acquired and bought stakes in nine education players. All are profitable, have a diverse geographical reach and appeal, and are designed to fuel Pandey's ambitions of building a massive edtech empire pan-India.

Take, for instance, Kerala-based edtech firm Xylem Learning in which PhysicsWallah bought a 50 percent stake in June. "We will also invest ₹500 crore over three years to scale Xylem's business in south India," says Pandey. Xylem has over 3 million students via 30 YouTube channels, there are over one lakh paid students in online courses, offers coaching for entrance exams such as Joint Entrance Examination (JEE) and the National Eligibility cum



iNeuron

WHAT: It's an upskilling platform; offers courses on data science, artificial intelligence, machine learning, deep learning

WHEN: Was acquired in **December 2022**

WHY: To beef up upskilling courses under the PW Skills brand

PERFORMANCE: Revenue of ₹**34 crore**; profit of ₹**3 crore** in FY23

Etoos

WHAT: It's a decade-old Kota-based NEET/JEE test prep firm

WHEN: Was acquired in **December 2022**

WHY: To add more muscle to video library of PW under the brand name Khazana

PERFORMANCE: Revenue of ₹**8.8 crore**; profit of ₹**0.5 crore** in FY23

OnlyIAS

WHAT: It's a Delhi-based UPSC coaching firm

WHEN: Was acquired in **January 2023**

WHY: To foray into UPSC test prep

PERFORMANCE: Revenue of ₹**9.7 crore**; profit of ₹**4.7 crore** in FY23

Bothra Classes

WHAT: It's an over-two-decade-old brand based out of Ahmedabad; offers JEE-NEET courses

WHEN: Was acquired in **January 2023**

WHY: To help in expansion into Gujarat

PERFORMANCE: Revenue of ₹**19.7 crore**; profit of ₹**4.1 crore** in FY23

Entrance Test (NEET) in a hybrid model, and recently forayed into commerce and Kerala PSC test prep.

Then there is Jaipur-based FreeCo, which was bought to beef up content building, doubt resolution, counselling and mentorship capabilities of PhysicsWallah. While Delhi-headquartered OnlyIAS gives the edtech unicorn an opportunity to make an entry into the UPSC test segment, two-decade-old Bothra Classes in Ahmedabad gives PhysicsWallah an opportunity to spread its wings in Western India.

Investors are elated to have an edtech outlier in their portfolio. "The journey of PhysicsWallah has been nothing short of extraordinary," says Deborah Quazzo, managing partner at GSV Ventures. "Notably, PhysicsWallah boasts the highest growth rate among all VC-backed edtech unicorns and soonicorns," she says, adding that the edtech startup has experienced a four-fold growth since securing external capital just shy of a year ago.

Quazzo says that the secret sauce lies in close to zero CAC (customer acquisition cost). "It is the key to a non-bleeding education business." The startup, she explains, extends far beyond JEE/NEET, and encompasses over 19 examination categories. "This expansive reach allows millions of students to access affordable, high-quality, tech-enabled education," she adds.

Quazzo goes on to explain the aggressive offline strategy. The philosophy behind expansion, according to her, was driven by the substantial increase in students flocking to Kota for JEE/NEET preparations as well as a spike in the number of students who were already enrolled in other courses and were using PhysicsWallah as a supplementary resource. Recognising the rising demand, PhysicsWallah made a strategic move to be closer to the students and solve their pain points at traditional centres with its tech-first approach.

Its offline centres are now home to more than 1.3 lakh students preparing for JEE/NEET exams. The company, she maintains, plans to enrol about 1.75 lakh students in its offline courses. "This would be a testament to the company's clever decision-making and understanding of offline market dynamics," Quazzo adds.

Industry analysts and edtech funders, however, sound a word of caution. "PhysicsWallah is on the same blunder trajectory that Byju's was a few years back," reckons one of the VCs which has backed Byju's and has investments in a bunch of other edtech players. PhysicsWallah, he points out, requesting anonymity, is only looking at one side of the coin, and that's why aggressively expanding and entering into as many spaces as possible. From flirting

Utkarsh Classes

WHAT: It's a Jodhpur-based test prep platform

WHEN: Inked a joint venture in March 2023

WHY: To venture into state government job test prep

PERFORMANCE: Revenue of ₹**191.3 cr**; profit of ₹**38.5 crore** in FY23

PrepOnline and Altis Vortex

WHAT: While PrepOnline is an online learning platform for NEET, board exams, and state-level exams prep, Altis Vortex is a publisher of NCERT-based books for classes 11 and 12, along with NEET, and CUET-UG exam prep

WHEN: Inked a joint venture in March 2023

WHY: To improve publication and ecommerce business, develop more book titles for all categories

PERFORMANCE: Revenue of ₹**10 crore**; profit of ₹ **1.2 crore** in FY23

Xylem

WHAT: It's a Kerala-based hybrid learning platform

WHEN: Bought 50% stake in June 2023

WHY: To strengthen presence in the southern market

PERFORMANCE: Revenue of ₹**108.7 crore**; profit of ₹**19.4 crore** in FY23

The journey so far...

Opened first Vidyapeeth centre at Kota, Rajasthan, in June 2022

After a month, it moved to **Kanpur, Patna, Lucknow, Kalu Sarai (Delhi), Janakpuri (Delhi) and Kolkata**

Last November, opened centres in **Varanasi, Siliguri, Indore and Chandigarh**

In academic year 22-23 (March 2022-Feb 2023), **65,600 students** enrolled in Vidyapeeth

In just a year, revenue from offline coaching stood at **₹ 300 crore**

Target is to take Vidyapeeth count to **80 across 42 cities by the end of this year**

with K12 to school programmes to UPSC and entering into over a dozen new segments, the edtech giant wants to be something for everybody. "There is definitely an opportunity, but it also comes with a heavy price," he says. The reality of PhysicsWallah not having loads of venture capital means that all expansions and acquisitions have to be funded by the company.

The second big challenge will come in the form of integrating acquired companies. "Cultural integration is one of the top reasons why most of the buyouts don't work out," says another edtech venture capitalist. "It's easy to buy but hard to maintain." He adds: "Every brand stands for something," explaining that IIT stands for engineering, and IIM stands for MBA. When the core of the brand happens to be engineering and medical test prep, like in the case of PhysicsWallah, would it be easy for students to accept that the edtech startup would be equally effective in other verticals. "There will always be an overhang," he says.

Pandey, though, continues to back his audacious bets. At times, he underlines, there would be excessive friction resulting in heat. Take, for instance, the public drama which unfolded in March. A bunch of teachers resigned, formed a separate YouTube channel and company, and ranted against PhysicsWallah. The incident went viral. Pandey terms it as an aberration. "It's [news going viral] the flip side of being an insanely-loved brand on social media," he says, adding that the students are hooked to it not for theatrics or discounts, but for the quality of education.

On the quality front, Pandey talks about his innovative experiment. Domino's not only tracks quality and speed of pizza delivery, but also is focussed on NPS (net promoter score). In the online and offline classes, the founder has inserted a QR code, which students can use to rate teachers. As expected, there was friction. Many protested and termed the experiment demeaning, and many underlined that teachers can't be treated like Uber drivers. Pandey stayed adamant. "What's wrong in being an Uber driver?" he asked. "They are doing a job, and their self-respect is intact," he tried to explain. The protest petered out in a few weeks. Students, underlines Pandey, have a right to be satisfied and taught by the best teachers. Teachers, he maintains, too have a moral obligation to give their best. "It's (teaching) an immensely satisfying and rewarding profession," he says.

Indeed it is. But then why is no edtech player making money? Pandey, though, prefers to tell us how he has been posting profit. "Have Newton's laws of motion changed over the decades?" he asks. If not, Pandey continues, then why should the definition of business change. "A business has to make money. If not immediately, then after a while," he says.

> "Close to zero CAC (customer acquisition cost) is the key to a non-bleeding education business."

DEBORAH QUAZZO
MANAGING PARTNER, GSV VENTURES

TEACHERS: KOTA'S SUPERSTARS

Three years after the pandemic, Kota is pulsating again with life as lakhs throng the engineering and medical test prep hub. Among the new entrants are a bunch of edtech players who mocked their offline rivals but now join their ranks

By RAJIV SINGH

September 2020, Mumbai

It was supposed to be a sucker punch. And Toppr, an online learning platform for Class 5 to 12 students, timed it to perfection. Schools and colleges had switched to the online mode of teaching, students had comfortably embraced a mobile way of learning, and thousands of brick-and-mortar coaching centres across the country, including the ones nestled in the engineering and medical hub of Kota in Rajasthan, were brutally reeling under the impact of the pandemic.

Offline coaching centres were on

"There is only one superstar in Kota: Teacher. There is nobody bigger than them."

HARSH SINGH RATHORE
MANAGER, CINEMALL

PHOTOGRAPHS: KAPIL KASHYAP

the ventilator, and an online edtech upstart made a brazen attempt to cut the supply of oxygen. 'Coaching *se nikalo, Soching mein daalo* [take your kids out of coaching and enrol them in Soching]' was an audacious advertisement blitzkrieg across television, newspapers and the digital space. Toppr's campaign implored and intrigued parents, who started shifting their kids from offline coaching to online soching. And who would have not? Back then, offline was as good as dead.

The move was tactical. And the 'executioners' were rubbing their hands in glee. "When students start 'soching' or thinking, better results become the outcome of a better learning process," Zishaan Hayath, CEO and founder of Toppr, underlined in 2020. The message was clear: Online edtech players pronounced themselves as the undisputed winners. It was predicted that trains to Kota—during the pre-pandemic days, they were excessively crammed, students would jostle for every inch, and the railway station would buzz with intense action—would soon have to contend with a deserted look and scores of empty bogies.

Fast forward to July 2023. The Kota railway station, some 471 km from the national capital of Delhi, is grappling with an unprecedented problem of overcrowding. And it's not the students who have occupied every inch, centimetre and metre of the entrance, exit and the expansive platforms. It's not thousands of parents who swarm the station to seek academic salvation for their kids. The visitors are, in fact, a bunch of outsiders who have waged an intense battle to grab the attention, and welcome lakhs of medical and engineering aspirants.

In fact, the 'alien' that hogs the maximum limelight is the one who was born with a name and desire to kill the coaching rivals: Unacademy. 'GG sir' leads the welcome team. There are other members as well who are waiting at the entrance of the railway station to warmly receive the kids: AY sir, RKC sir, VKS sir, MB sir. All of them are immaculately dressed in a black T-shirt, are standing upright in countless billboards hung across the railway station, and raise only one slogan in sync: Achieve your IIT-JEE dreams with Kota's top offline educator. Giving Unacademy a close fight is Byju's, which is championing the cause of its adopted family member Aakash. "Welcome to Kota" reads a huge poster of Aakash. Four numbers boldly printed on the hoarding are 3, 4, 6 and 8, alluding to all-India rank (AIR) of four students from the institute.

(Above) Unacademy has plastered the railway station with countless billboards, exhibiting its battery of star teachers; (below) NV sir, founder of Motion coaching centre, has also made his presence felt

Once inside the railway station, one gets to meet one of the original inhabitants of Kota: NV sir of Motion coaching institute. After every railway announcement, the speakers blare a commercial jingle of Motion. The not-so-melodious loud sound keeps hitting your senses intermittently.

A 'sir'real, colourful experience

The epicentre of Kota's coaching hub is a few minutes' drive from the railway station. The first thing a visitor gets to see and learn when she enters the coaching city is a lesson on abbreviations plastered on the walls, poles, autorickshaws, scooters, bikes, buildings. AK sir, VKR sir, MJ sir, AC sir, CM sir, RD sir, AG sir... they are omnipresent, and unending. Abbreviations, points out a snappy auto driver, denote the names of the teachers.

Take, for instance, the abbreviated names at the railway station. 'AY' is Abhishek Yadav, RKC is Ravinder K Chauhan, VKS is Vinay Kumar Sharma, and MB is Mohit Bhargava.

The second striking thing about Kota are its overwhelming vibrant colours. And the entire coaching hub is painted in green, maroon, black, yellow, sky blue and navy blue by lakhs of students. The predominant colour, though, is green. There are thousands who swarm out of the coaching centres of Allen, the biggest coaching player in Kota, in green T-shirts. Then there are black and red T-shirts of PW (PhysicsWallah). Another prominent colour is sky blue (Bansal, the oldest player of Kota). One can also spot kids in yellow (Reliable coaching). The city gets its colour from dozens of coaching players. There were more, and smaller coaching guys. Most of them, who just had operations in Kota and didn't have resources to survive the pandemic onslaught, died. The ones who survived, and the ones who have come from outside—all online edtech players—are the ones who are humming with action.

Kota is green: Allen happens to be the biggest coaching player in Kota

"Offline coaching is a reality that will never change."

SHASHI PRAKASH SINGH
AN EDUCATOR WHO HAS HAD STINTS WITH AAKASH, ALLEN AND UNACADEMY OVER THE LAST 17 YEARS

Welcome to Kota. And no Soching, it's still coaching. "It will always be coaching," reckons SPS sir—aka Shashi Prakash Singh—who has been teaching in Kota and Delhi for over 17 years, including stints at Aakash, Allen and Unacademy. What always amazed the chemistry teacher is the naivety of a bunch of new-age edtech players who either thought that offline coaching would die or online would be the rule rather than an exception. "From Unacademy to PW to Byju's... everybody is in Kota. And this is the only reality that is eternal," says Singh who has seen the city transform over the last one-and-a-half decades. He takes us back in time. There have been recurring waves of smaller offline players emerging in and from Kota, and threatening to eat into the lunch of the bigger players. "The big fish always win and survive though," he says. "They are the superstars of Kota."

Take, for instance, the might of Allen, which traces its roots to 1988. The 'greenery' of Kota can be sensed by having a look at the scale Allen operates in the city. It has over 1.35 lakh students studying in 23 campuses across New Kota, Baran Road, Naya Nohra and the Landmark City. Outside Kota as well, its might is massive: Presence across 53 cities, over 200 classroom campuses and 350 test centres. In fact, last year, Bodhi Tree—the

Grabbing eyeballs: While Bansal Classes and Motion are the original coaching inhabitants of Kota, PhysicsWallah opened its account last year

equally owned joint venture between James Murdoch's Lupa Systems and former Walt Disney Asia Pacific head Uday Shankar—picked up a 36 percent stake in Allen for $600 million. Back in Kota, Bansal Classes, started by the father of coaching in Kota, VK Bansal, in 1981, is continuing to grow in a bootstrapped way. NV sir (Nitin Vijay) of Motion is another formidable player of Kota.

Singh explains why Kota thrived before the pandemic, and how and why it got a new lease of life after the ebbing of the pandemic. "Who can kill the fun and the power of classroom teaching?" the seasoned tutor from Kota asks. Online, he argues, can at best be a supplementary tool to offline. It can't replace offline coaching. "Kids don't come to class just to learn," he says. They need a competitive environment, they get to soak up the intensity of competition from their peers, and they have a teacher to talk to. "It's not digital interaction. You get to meet him, see him and solve your doubts and queries," he adds.

Just a few metres from one of the sprawling coaching centres of Allen is a market dotted with eateries, local cafes, branded players and book shops. "It's more-than-brisk business for us. Students still need and buy notes, books, pens and copies," says Mohan Kumar, who has converted a mini truck into his bookstore. "Digital can't kill books," he smiles. A few blocks away is a Xerox and stationery store, which has also been minting money. "We still do photocopies," he grins. A few minutes from the local market is Cinemall, a shopping centre where students are not seen in their coaching uniforms in the evening. The most interesting aspect of the mall is the brands that it has: From Pizza Hut to PVR. "Yet, there is only one superstar in Kota," says Harsh Singh Rathore, the 37-year-old mall manager. Though there is PVR, he points out, you won't get to see movie posters hanging from the building or any part of the mall.

The books, stationery and xerox businesses in Kota are thriving

Rathore is right. There is one imposing poster of a beaming Alakh Pandey of PhysicsWallah that hangs from the top of the building and greets you as you enter the space. Another poster next to Pandey is that of NV sir of Motion. 'Go to any part of the city, you will get to see only teachers," says Rathore. Kota, he underlines, is nothing without its teachers. "And coaching will continue to be its lifeline," he says.

In over three years since the onset of the pandemic, Kota is back to its glory years. It's coaching. And there is no soching.

(TOPPR WAS ACQUIRED BY BYJU'S IN JULY 2021)

EDGY STUDENTS & CARING CRUSADERS

A police squad, a psychiatrist and an educator are proactively reaching out to students in Kota, looking out for signs of distress, and trying to defuse the ticking 'suicide' bomb. To their horror, the grenade pin lies with the parents

By RAJIV SINGH

Jawahar Nagar, Kota

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"*Tum theek toh ho na, beta* [Are you okay, son]?" Chandrasheel Thakur starts his Monday morning briefing by underlining why one must start a conversation by striking an emotional chord. "*Tumhe kisi cheez ka* stress *hai kya* [Are you under any kind of stress?]... *bas, pareshan mat raho* [don't worry at all]," the additional superintendent of police (ASP) of Kota exhorts a bunch of hand-picked senior officers to have a stirring conversation once they step out for their daily patrolling in the

PHOTOGRAPHS: KAPIL KASHYAP

Students offer prayers at Shri Das Hanuman Mandir in Rajiv Gandhi Nagar, Kota morning, afternoon and late evening.

It's a sultry July morning in Kota, some 260 km from the capital city of Rajasthan. There is no sign of rain, no respite from the heat, but Thakur is more concerned about the invisible dark clouds ominously hanging over the city. "*Ye kaafi* stress *mein hain, aur ye aapke apne bachche hain* [They are under immense stress, and they are your own kids]," the head of the recently formed Students' Cell of Kota underlines his point. There are over 3 lakh students in the coaching hub of Kota. "*Agar aapke bachche aapse dur reh kar padhte, toh wo bhi* family miss *karte* [Had your kids stayed away from you and studied abroad, they too would have missed their families]," Thakur tries to make his team understand the value of having a heart-to-heart chat with the young boys and girls. "They need empathy. They don't need sympathy." The patrol team gets ready to start from Abhay Command Centre at Jawahar Nagar Police station, which houses the Students' Cell that was started in July.

Eight minutes and some 2.5 km away from Jawahar Nagar police station is Indra Vihar. SPS sir—Shashi Prakash Singh—is doing a pep talk session at one of the engineering and medical coaching centres. "It's okay to run for gold," the educator says, "but it's not okay to die for gold." The teacher, who is trying hard to bring home the point why students must not entertain suicidal thoughts at any costs, continues with his passionate pitch. "All of you have come here to study, and all you can do is work hard," says the social activist who runs his not-for-profit organisation Blossom India Foundation which supports education for orphaned kids. "It's not a do-or-die situation. You are not stationed at the war front," he adds.

The students find themselves hooked. "All of you won't win. But it's okay. Everybody can't win," he says. "Even Superman can't be dead-sure of a win in Kota," he says with a grin. The small auditorium, which has over 500 students seated in neatly aligned green and red chairs, bursts into a loud cheer. Singh smiles as the students continue with their wild clapping. "Keep studying, keep smiling," he says.


Police squads, in plain uniform, interact with students at hostels trying to pick up on signs of stress

Meanwhile, in Talwandi, some 2 km from Rajeev Gandhi Nagar which houses some of the top coaching institutes, Neena Vijayvargiya has figured out how a young boy was robbed of his infectious smile. "I know the culprit. But would you be able to hear the name?" the consultant psychiatrist asks an exasperated father who has finally taken a medical appointment for his 15-year-old son who has been complaining of recurring headaches, breathlessness, anxiety and nausea for over four months. "I know he is bluffing," says the businessman from Lucknow, whose younger brother is a software engineer in Bengaluru. "He did pretty well in school, but I don't know why he has started making silly excuses," he adds. "Maybe there is some issue with the teaching or he has fallen into bad company."

"In life, Plan Bs are mostly better than Plan As."

CHANDRASHEEL THAKUR
ADDITIONAL SUPERINTENDENT OF POLICE (ASP), KOTA

The doctor is not amused. "Your son has been experiencing panic attacks," says Vijayvargiya, who was raised in Kota, did her medical coaching from one of the institutes in the city, was a topper in her MBBS batch in 2012 and has been running her clinic—Healthy Mind, for close to a decade in Talwandi. "It's a very serious matter, and you are solely responsible for his plight," she says. "Stop blaming others. You are the culprit," she adds. "Why do you want him to become an engineer? Let him be whatever he wants to be," she underlines. "He is cracking," she sounds a word of caution.

The engineer aspirant is not the first to crack under pressure. There are many, and Vijayvargiya has seen thousands over the last decade. Performance pressure, she says, might be the easy reason to attribute for mental breakdown, stress and in some cases, suicide. But dig deeper, and you get closer to the root of the problem. In her countless and intensive counselling sessions with kids, Vijayvargiya noticed that there are a few things that play heavily on their delicate minds.

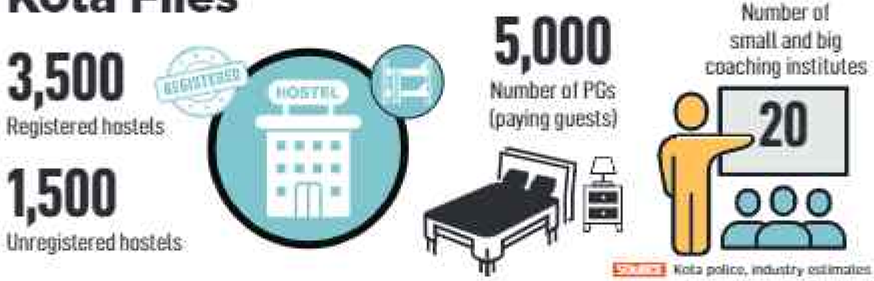
First is the performance expectation. "The competition is cut-throat, and if you are not equipped, you will feel the heat," she says. The second finding is most disturbing and damaging. The kids, she points out, are constantly thinking about what all their parents have done to send them to Kota. Many sell land, a lot of them take loans from relatives, friends and banks, and most make an adjustment in their lifestyle to ensure that they save and send money to their kids. "When parents keep harping on the 'sacrifices' they have made, the child feels trapped," she says. "They slowly start to sink under the moral obligation."

Meanwhile, the police patrolling team at Indra Vihar finds a girl who is torn between expectations and reality. Sanju Sharma, assistant sub-inspector with Kota Police, and Narayan Lal Suman, a 49-year-old head constable, visited one of the hostels—there are around 3,500 'registered' hostels in Kota, an estimated over 1,500 are running without registration, and over 5,000 PGs (paying guests)—and starts talking to the girl who had called the Students' Cell helpline. Both the police officials easily go unnoticed by any of the locals or owners of the shops that have mushroomed along the line that has a bunch of only girls' and boys' hostels. Suman explains how they remain invisible. "We don't come in police vans, and we are not in our uniforms," he says. "The idea is not to be intimidating."

Sharma sits with the young girl in her room, and makes her feel comfortable. From asking about the

INFOGRAPHICS: MUKESH SINGH

Kota Files



quality of food served at the hostel to the behaviour of the warden and the latest movie she watched on her mobile or a cinema hall to finding about the last item she shopped and how many friends she knew personally, Sharma has been talking and behaving like a loving mother. "I know you are staying away from your family. But I am like your mother. So don't hesitate in talking and sharing," she says, trying to make an emotional connect with the nervous child. "I don't want to become a doctor," the student confides towards the end of a long, warm over-two-hour conversation. "I want

> "A bit of stress is okay... there is too much distraction for students today."
>
> **SAMEER BANSAL**
> MANAGING DIRECTOR, BANSAL CLASSES

to do a course in bio-technology."

A few minutes later, and some 300 metres away, head constable Suman is trying to strike a conversation with a bunch of youngsters at a café. "*Aaj* Suman uncle *tum sabko* chai *aur* Maggi *khilayenge* [tea and Maggi on me]," he declares, introduces himself to the kids, and starts talking about the hot and humid weather.

At the café, there are no suspects... the kids are like an open book, and the 'crime', which is perpetrated somewhere else, is outside their jurisdiction and can never be punished. "I want to crack IIT," says Anmol Dubey who has come from the Basti district of Uttar Pradesh. There is no pressure from my parents, he clarifies. His school friend Aditya Choudhary, who has also come from Basti, wants to become a surgeon. "My dad is a politician, and it's my dream to become a doctor," he says. "I know you guys sound intelligent, and you will make it," Suman compliments the boys, and then smartly inserts an innocuous-but-loaded question. "But what if you don't? Is there a plan B?" he asks. The response is unanimous, and swift. "There is no plan B. If you have a plan B, you won't succeed," they contend.

Back at Jawahar Nagar police station, Thakur rubbishes the 'Plan A' theory. "In life," the senior police official says, "Plan Bs are mostly—if not always—better than Plan As." In a majority of the cases, he underlines, Plan A happens to be the one either foisted on kids by the parents, or by their peers.

There is only a small percentage of kids who know quite early in their lives about their aspirations, and they study hard to fulfil them. "The rest are trying to live a borrowed dream," he says. "Stress is natural when you borrow. Right?" he asks.

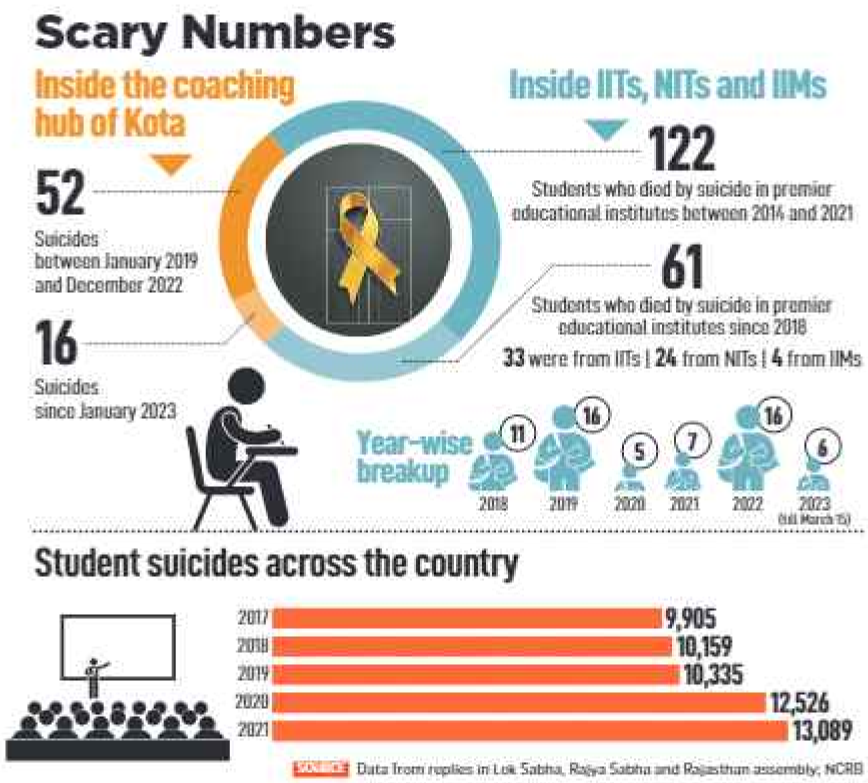
Meanwhile, a seasoned teacher reckons that stress—obviously in small doses—acts like a catalyst. "A bit of stress is okay," says Sameer Bansal, managing director of Bansal Classes, the first and oldest coaching institute of Kota. The second-generation entrepreneur, who joined the profession as a teacher in 2001 and started taking care of the administration from 2015 onwards, underlines that studies alone can't be held responsible for the rising stress. "There is too much distraction for students today," he says. "They are also a pampered lot by the parents," he says, adding that teachers don't even scold students at the classes. Underlining the fact that physics, chemistry and maths haven't changed for decades, Bansal reckons that hyper-competitive

"Parents never taught their kids that it's okay to fail. It's okay to lose."

NEENA VIJAYVARGIYA
CONSULTANT PSYCHIATRIST

exams—IIT happens to be the toughest in India—will be gruelling. "We need to focus on the inner strength of the students," he says. "They need to be mentally strong."

Ironically, the biggest weakness of a 'strong' Kota lies in selling unrealistic dreams to millions every year. "Let's be honest. Not even God can make all the kids clear



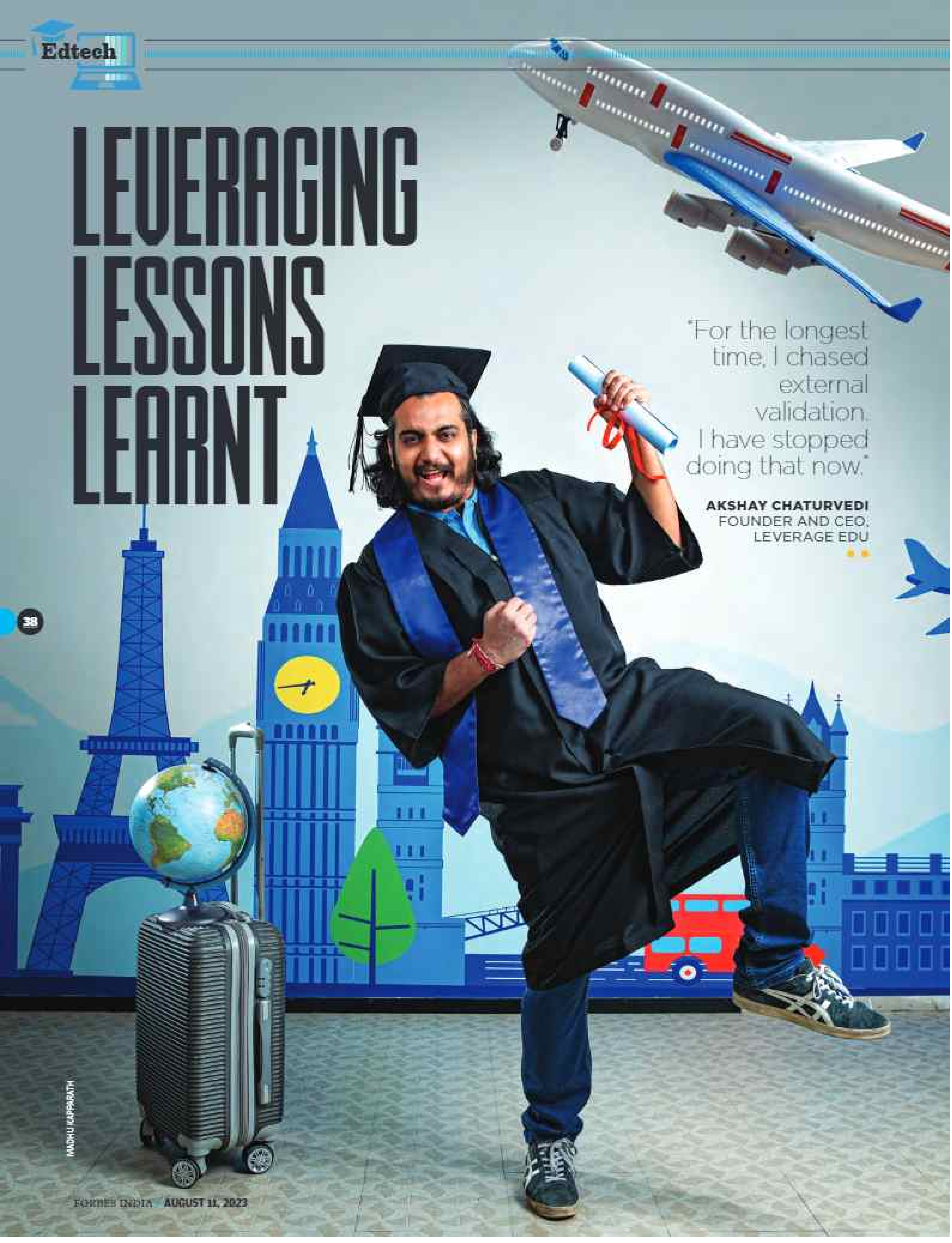
their exams," says Singh of Blossom India Foundation. "Some will pass, and many will fail," he says. "Let's accept this cruel reality, and learn to live with it peacefully," he adds. Suddenly, thousands of students pour out of coaching centres after the afternoon classes come to an end at 4.30. The roads are choked. There is some space, though. A small Hanuman temple—Shri Das Hanuman Mandir—at one of the busy intersections in Rajiv Gandhi Nagar is empty. The kids start entering the temple to offer prayers. "Heavy bags, heavy minds, and feverish prayers," says Singh, who feels sorry for the kids.

Vijayvargiya, meanwhile, tells us why even prayers won't help unless one thing changes: Parenting. One life lesson, the doctor highlights, which every parent must teach is: It's okay to fail. "It's okay if you don't win. And you won't always win," she says, adding that the stigma of failure and lack of awareness around mental health must be tackled on a war footing. One must not expect teachers and hostels to listen to the students, and spot early signs of stress, panic and suicidal symptoms. "They are your kids. If parents don't listen, and abandon them emotionally, then who will take care of these young ones?" she says. "All answers and solutions lie with parents," adds Vijayvargiya.

As I step out of her clinic, I spot two advertisements. The first is plastered on an autorickshaw. "*Har haal main hogi jeet* [victory at all costs]," screams a promotional commercial of PhysicsWallah. The second is on a small sign hanging outside a kirana store next to Healthy Mind Clinic. "*Taiyaari jeet ki* [preparation for a win]," is the message doled out by milk-based beverage brand Bournvita.

Vijayvargiya made a valid point. Everybody wants to win. The ones who are losing in this race unfortunately are the kids.

LEVERAGING LESSONS LEARNT



"For the longest time, I chased external validation. I have stopped doing that now."

AKSHAY CHATURVEDI
FOUNDER AND CEO, LEVERAGE EDU

MADHU KAPPARATH

Leverage Edu Founder Akshay Chaturvedi weathered the pandemic after he began looking for internal validation following a VC betrayal. Can he now script a new chapter by taking the study-abroad platform to IPO?

By RAJIV SINGH

June 2020, Noida, Uttar Pradesh

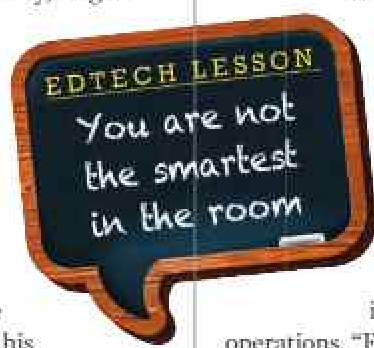
It was one of the Saturdays. Akshay Chaturvedi remembers the day, month, incident and the lesson. The first wave of the Covid-19 pandemic had intensified and schools and colleges had shifted to online classes. In the four months since the onset of Covid, Chaturvedi's dream had been crashing at an alarming pace. Leverage Edu, the study-abroad edtech platform which the first-time founder started in 2017, was staring at an uncertain future.

"Everything was so confusing," recalls Chaturvedi. "The only comforting thought was that I was not alone." There was exaggerated optimism that things would improve in a quarter or so. "Everybody was hoping against hope."

The situation, though, worsened. Things slipped from confusion to chaos. The reason was a no-brainer. Overseas flights had stopped, travel came to a screeching halt, and students abandoned immediate plans to study abroad. Much like the travel and hospitality sectors, which got hit by fierce pandemic headwinds and were wrestling to survive on zero revenue, Chaturvedi too was struggling to stay afloat. A low operating revenue—₹7 crore in FY20—was not of much help in the fight.

There was hope, though. For seven months, the founder had been in talks with one of the top dogs in the venture capital (VC) world for funding. For three consecutive years starting 2017, Chaturvedi had raised three tiny rounds of funding—$300,000 as angel money, $1 million in seed capital and $1.5 million in pre-Series A. The impending Series A funding was supposed to be substantial. Diligence had been done, talks had concluded, and the VC's investment committee had given its nod. The only thing left was signing the deal.

Back in Noida, there was an ordeal waiting for Chaturvedi. Around noon on Saturday, he got a call from one of his close friends. "Do you know this?" the panicky voice asked from the other side. Chaturvedi hung up after a minute. For the next hour, he stayed mum. If the pandemic was killing his dream, the news strangled his hope. The VC fund, which was all set to lead Chaturvedi's funding round, made one of its portfolio startups pivot to a business model that eerily mirrored Leverega Edu's. The first-generation founder, who was always taught to focus on karma by his journalist father, was devastated.



"I felt cheated," he says. The firm courted Chaturvedi for months, took all his business data, won his trust by assuring that it will lead the funding round, and in the end, stabbed the greenhorn. "It jolted me to the core," recalls Chaturvedi. 'Jolted' and 'cheated' were words he was using after years. Born and brought up, and fed on English classics, the only dream of his middle-class parents from Uttar Pradesh was that their son could master the English language. And Chaturvedi did that.

What the young founder missed was an IIT and IIM tag. During the formative years, one of the VCs—he had spent years with McKinsey, faked an American accent and was notorious to back entrepreneurs flaunting their Ivy League tags—verbally roughed up Chaturvedi for being ambitious. "Fluent English *se kya hoga*, IIM degree *hai* [What good is fluent English, do you have an IIM degree]?," he asked. Chaturvedi had completed his MBA from ISB, Hyderabad, and had stints with EY and KPMG. All he had to show, not flaunt, was a less-than-modest business that had clocked ₹1.6 crore in revenue in the first year of operations. "Even the guys from IIT and IIM can't scale this business. Stop dreaming," advised the VC, trashing the business model.

The journey of rejection and dejection continued. A few months down the line, a bunch of VCs were shocked by the 'slow' pace of growth. In FY19, Leverage Edu had posted ₹3 crore, and had a loss of ₹1.8 crore. "Learn from guys like WhiteHat Jr," commented one of the funders. "Their scale is impressive. That's how you must grow to get VC money." Chaturvedi was baffled. During the first six months of his business, Leverage

Edu had ₹50 lakh in revenue and was profitable. "Did you say that you are profitable?" asked a VC who was hearing the funding pitch. "*Gadhe mat bano* [don't be a donkey]. Profitable businesses are lifestyle businesses that never scale," he underlined to the founder. Now, in FY19, Leverage Edu had posted losses, and Chaturvedi thought he had ticked the right boxes to get the backing of VCs.

He was wrong, though. The goalpost had changed from 2018 onwards. Aggressive scaling was now the name of the game. "But was this a sustainable game?" wondered Chaturvedi, who had worked with Snapdeal and Babajob (which was later acquired by Quikr). At both the places, there were priceless lessons. The first set revolved around 'what to do' as a founder, and the second set of lessons came from 'what not to do' as a founder. Hyper scaling, definitely, was a big no. At Babajob, a blue-collar jobs' marketplace which was acquired by Quikr in June 2017, Chaturvedi had seen the flip side of chasing growth at all costs. Founded in 2007, Babajob reportedly had over 8.5 million registered job seekers, and had raised about $10 million from a battery of VCs, including Khosla Impact. Big money, big names and a big problem. Chaturvedi explains. The unit economics was all over the place. When customer acquisition cost (CAC) is as high as ₹22,000 and average revenue per user (ARPU) is ₹2,000, then how can the business make money? There was another problem. "Raising continuous money was the only way to survive," he says.

NAME & GAME

Study-abroad edtech platform was started by **Akshay Chaturvedi in 2017**

Leverage Edu provides full-stack services, including counselling, application-admission support and financing to students

It recently rolled out UnivaleyOS, which **helps universities streamline and automate student processes**

In 2021, it launched Fly Finance, **a financial services arm to disburse education loans and student remittances**

Fly Finance facilitated **education loans worth ₹30 crore in 2021**

In FY22, the loan amount **jumped to ₹270 crore**

Is set to touch ₹700 crore educational loan-mark by end of this year

Noida-based startup has also received FFMC (full-fledged money changers) licence from RBI

Started Fly Homes, an accommodation business for overseas students, in January

Claims to be **Ebitda positive since December 2022**

Is aiming at first full **fiscal year profitability in FY24**

In fact, Chaturvedi was witnessing another way to survive. Quikr was playing true to its name, and was in the midst of high-octane growth. By June 2017, it had raised close to $350 million, was a unicorn and valued at around $1.5 billion. Babajob happened to be its 11th acquisition, and the online classified player had spread itself wide by entering into real estate, jobs, automobiles and services. Keeping a firm foot on the accelerator and charting a bullish growth by raising big money were other ways to grow. A singular message that Chaturvedi took home was that 'one can't grow a business if it's not venture-funded'.

The learning, though, clashed with what Chaturvedi's parents had ingrained in him. "You can learn quickly, but you can't get education quickly," was the lesson from his mother, a school teacher. His father always underlined the value of money. "You will start valuing it most when you don't have it," he reminded his son. "Always choose people over money."

Back in June 2020, Chaturvedi didn't have money. And he had to make a cruel choice: Layoff or bleed to death. With around 120 people on the rolls, and no business in sight, the founder had to do what everybody in the ecosystem was doing. A month after the 'VC betrayal', Chaturvedi was sitting in his deserted office. It was a Saturday again, and he was in an introspective mode. One predominant theme which he noticed in his life was his lust for validation. And you can't blame him. As a son, he yearned for praise from his parents. As a student, he looked forward to appreciation from teachers. As an employee, he would do anything to hear 'great work' and 'well done' from his bosses. Now, as a founder, Chaturvedi continued his hunt for validation. This time, from VCs.

Weeks of soul searching on Saturdays helped. Saturdays, he explains, gave me time to

INFOGRAPHICS: MUKESH SINGH

"The lesson is to build patiently and profitably since there is room for a few large market leaders to emerge."

KARTHIK REDDY
CO-FOUNDER AND PARTNER, BLUME VENTURES

step back, reflect and learn. The biggest learning that emerged was cathartic. "I started looking for internal validation," he says. "There were no layoffs during the pandemic," he claims. "We survived the storm together." He also started taking suggestions and advice from his mentors, some chased and handpicked by him such as Karthik Reddy of Blume Ventures, VC and entrepreneur Heidi Roizen and Karan Khemka, a private equity veteran, and some selected by destiny. An example of the second kind was Ireena Vittal, a leading consultant and advisor, and Wipro's first woman board member in 2013. Almost nine years later, she was having a conversation with Chaturvedi, who was elated with his efforts to send students from around 850 cities and towns to study abroad.

Vittal tempered the enthusiasm of the entrepreneur. "Are you profitable?" she asked. In FY20, Leverage Edu had posted a loss of ₹9.3 crore, a big jump over ₹1.8 crore it had on its books in the previous fiscal. "Of the 850 cities and towns, which ones have the lowest CAC and highest conversions?" she asked. "Focus on micro markets, and start working towards profitability."

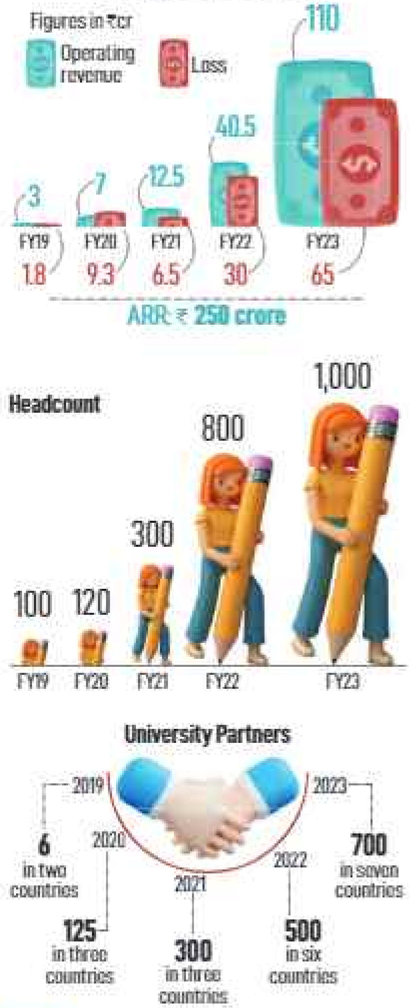
Fast forward to July 2023. Leverage Edu has a promising report card. Revenue has jumped from ₹7 crore in FY20 to ₹110 crore in FY23. The company is striking an annual run rate (ARR) of ₹250 crore. The losses during the same period have increased from ₹9.3 crore to ₹65 crore. "We are Ebitda positive since December 2022, and will have the first full year of profitability in FY24," claims Chaturvedi.

The backers are delighted with the performance. Reddy explains why he looked at this venture. Cross-border education and facilitating the best combination of choice and matching were still underserved and inefficient for many Indians, underlines the co-founder and partner at Blume. He reckons that Chaturvedi's evolution as a founder gets reflected in his startup's journey. While he was catering to high-end colleges and students in the early days, he was honest enough to realise that the opportunity was 20-30x when one looked at the aggregate number of Indians looking to study abroad. "And India is probably a small sliver of the aggregate market one can serve," he says, adding that Leverage Edu is on a mission to solve problems for everyone in this space.

What the VC likes most is not the mission but a sustainable vision. "If this downturn hasn't taught the Indian ecosystem, I don't know what else will," says Reddy. When the industry you're disrupting has certain economics, he says, your job is to catch up fast and then outpace them on growth and profitability. "Akshay understands this about his business and, therefore, the accelerated path to profitability and hopefully an IPO," he adds.

Chaturvedi now seeks another kind of external validation. This time from the market. A picture hangs in his office, and it reads: 'We ain't going to stop at anything less than an IPO. IPO 2025'. As the meeting with the entrepreneur comes to an end, coincidentally it a Saturday in June. Chaturvedi gets ready to sing and dance with his employees. "Thank God, it's Saturday," he smiles, alluding to the weekly ritual of bonding with his employees which started last year. "The only thing I have leveraged is the power of my employees," he signs and mingles with the crowd.

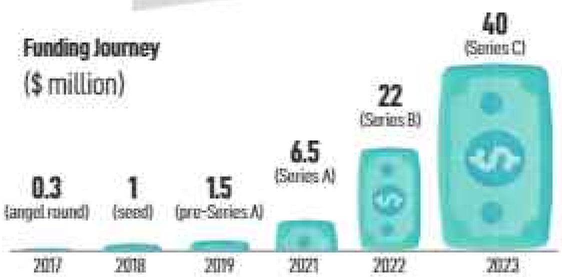
Report Card



SOURCE RoC filings and company; FY23 are unaudited numbers

Backers

ETS Strategic Capital, Kaizenvest PE, Blume Ventures, DSG Consumer Partners, DSP Mutual Fund, Tomorrow Capital, Trifecta Capital; Family Offices include Binny Bansal, Mankind Pharma, Vicco; Angels include Vijay Shekhar Sharma, Kunal Shah, Ashish Hemrajani



BUSINESS? IN ENGLISH, PLEASE

Anushree Goenka has found the spark in the market for public speaking and spoken English to build her edtech startup Spark Studio that is growing slow but steady

By RAJIV SINGH

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA

(From left) Anushree Goenka, Namita Goel, Kaustubh Khade and (seated) Jyothika Sahajanandan , co-founders, Spark Studio

2014, Stanford

Paul Graham was outlining one of the characteristic mistakes of young founders. One of them, the co-founder of startup accelerator Y Combinator underlined in his guest lecture in Sam Altman's startup class at Stanford, is to go through the motions of starting a startup. "They make up some plausible-sounding idea, raise money at a good valuation, rent a cool office, hire a bunch of people," reckoned the venture capitalist. From the outside, he explained, that seems like what startups do. Soon, they realise how messed up they are. While imitating all the outward forms of a startup, Graham said, they have neglected the one thing that's actually essential: Making something people want.

Seven years later, in Bengaluru, Anushree Goenka was one of the young founders who mustered up the courage to take a plunge into the world of entrepreneurship just ahead of the onset of the second wave of the pandemic. It was not one of the typical mistakes that Graham talked about. But there was some sort of connection between Graham, Goenka and Y Combinator.

A year earlier, in July 2020, Goenka quit Swiggy. The trigger to press the exit button was the same impulse that made her disillusioned with all her previous jobs. The computer science engineer and IIM-Ahmedabad grad started her innings with Monitor Group in 2011, worked as a consultant for over five years, then joined Scroll Media, and after 30 months, hopped on to Swiggy.

There was one common thread in all her stints. "It became clear to me that I was not making an impact, and feeling happy about my role," she recalls. Take, for instance, consulting. The young professional would make the best of the plans, offer suggestions and list out recommendations, but still didn't have any control over the results. Similarly, in Swiggy, inspite of being in the leadership team, she was just a cog in the wheel, one of the 70 members in the leadership team. There was nothing challenging. "Is the impact of my job to make more people eat food from restaurants?" she wondered most of the time. Goenka wanted to build something that served a twin purpose: To have an impact, and make her happy. So after a decade in the corporate world, she turned founder in February 2021. And if you think this was the 'mistake' that Graham was alluding to, then you are wrong.

In fact, to be fair to Goenka, she didn't make any of the mistakes that Graham outlined. She didn't come up with a plausible-sounding idea. Spark Studio was a compelling idea. The extracurricular learning and communications' platform for kids was a much-needed service and product. The second common error—raising money at a good valuation—was again something that Goenka didn't do. In fact, she didn't have much choice even if she wanted to chase valuation.

The reason was the bogey of Byju's. Most of the well-wishers she discussed her idea with, almost all VCs she pitched to, and every industry analyst and consultant she reached out to for insight harped about one thing. "Why can't Byju's kill you?" was the recurring question. Goenka tried her best to allay concerns. None worked, but nothing deterred her.

Was this one of the mistakes that Graham pointed out? Again, the answer is a resounding no. Most of the startups are counter-intuitive. Goenka knew there was a need. "India lacked high-quality arts and liberal education," she recalls. A painter who learnt the craft for years, Goenka curated the best of the talent—national award-winning painters, musicians and other artists—and brought them online to teach the kids. With all green flags in place, Spark Studio started on a high note.

There was, though, a red flag raised during the early months. The extracurricular market was getting hyper-cluttered and competitive. "We're hearing 16

pitches every week on extracurricular," cautioned VCs. "You are late. Already there are a bunch of guys who have raised big money," alerted another set of funders. Meanwhile, Goenka was perplexed. "I have just started. How can I be late?" she reasoned. She roped in two of her friends from Byju's—Kaustubh Khade and Jyothika Sahajanandan—and Namita Goel, a teacher, and started on her mission to make an impact. "Education was one of the sectors where one can do both: Make money and impact," she underlines. With a lean core team, Goenka again didn't do what Graham talked about—hiring a bunch of people. In fact, she didn't even rent a cool office.

Though she didn't make any of the common mistakes listed by Graham, she did something that he had mentioned. Goenka, who made it to Y Combinator in June 2021, explains. "I am a painter and passionate about arts," she says, adding that a high-quality arts curriculum and education was something amiss even in her top-rung school. At Spark Studio, she built an exhaustive arts curriculum. "It was great and I was confident that people would make their kids learn arts, animation, music, photography," she says.

The reality, though, was shocking. The uptick was excruciatingly slow. "People wanted it, but there was no willingness to pay," she rues. "That's the truth of the market," she says, adding that during her Y Combinator stint, she learnt a couple of priceless lessons. First, there is no replacement for obsession with customers. "Talk to your customers and build something that people want. Everything else is fluff," she says.

Back in February 2021, Goenka and her team started with an esoteric educator mindset. "We used to talk about Leonardo da Vinci," she recalls. The idea was to make parents understand that da Vinci was not only an artist, but was a scientist, sculptor,

"When you have difficulty raising money, you value money a lot more."

ANUSHREE GOENKA
CO-FOUNDER AND CEO, SPARK STUDIO

Dr. Bhagyashree P. Patil

Pro-Chancellor – Dr. D.Y. Patil Vidyapeeth (Deemed to be University), Pimpri, Pune

Dr. Bhagyashree Patil is the Pro-Chancellor of Dr. D. Y. Patil Vidyapeeth (Deemed to be University), Pimpri, Pune. Sheleads the organization with the goal to empower the underprivileged and the most vulnerable sections of the society, which includes Health Related Social Service and Operational Research. Under her able leadership, the College started Departments of Cardiology, Cardio Vascular and Thoracic Surgery, Neurology, Emergency Medicine, Plastic Surgery and Paediatric Surgery.The Institution under her dynamic role has also introduced new Courses such as Ph.D.,
Fellowship in clinical specialities, M. Sc. and Certificate Courses in Clinical specialities.

She is an able administrator in the field of education and strongly believes that education can transform the country and uplift the poor sections of society. Her tireless efforts in the fields of Education, Health and Women Empowerment have positively impacted countless lives. Her unwavering dedication to advancing education and driving academic excellence has transformed the educational institution into a renowned centre of knowledge, empowering students and shaping their futures. Furthermore, her initiatives in promoting research, innovation, and holistic learning and development have set new standards in the field of education.

She firmly believes that education is the foundation of a better society, and that people can be empowered through knowledge. Dr. D.Y. Patil Medical College has a strong focus on providing outstanding healthcare education and state-of-the-art facilities, which reflect global competencies and inculcate a robust value system among their students – the future doctors of the country.

She has been strongly instrumental in taking DPU Super Specialty Hospital, Pimpri, Pune to newer heights. An organ transplant centre for deserving patients was one such initiative started by her. Today, the hospital is considered to be one of the Best Multi-Organ Transplant Hospitals in India.It has the unique distinction of being one of the few hospitals across the country to have performed two successful Combined Heart-Lung transplants as well as first-of-its-kind successful pancreas transplants in the state.The first fully robotic liver transplant surgery in Pune was successfully performed at DPU Super Specialty Hospital, Pimpri, Pune. The hospital has successfully completed 293 multi-organ transplants so far.

Dr. Bhagyashree Patil's commitment to empowering women has been truly commendable. Through her visionary leadership, she has employed approximately 1200 women at Rise N Shine Biotech Pvt Ltd, setting an exemplary benchmark for women's empowerment in the region. Through the initiative of Rise N Shine Biotech Pvt Ltd, Dr. Bhagyashree Patil has uplifted women, enabling them to reach their full potential. Her work has not only transformed individual lives but has also contributed to the overall advancement of communities.

With a strong focus on empowering a healthier tomorrow, a unique mother-and-child-centric program was envisioned by Dr. Patil called **Yashoda – Advanced Milk Bank, Comprehensive Lactation Management and Training & Research Centre.** It isa unique initiative that focuses on fostering reducing the rate of newborn morbidity and mortality rate. It is the first-of-its-kind program to be launched in Pune's PCMC area, and has helped more than 20,000 infants so far, and counting.

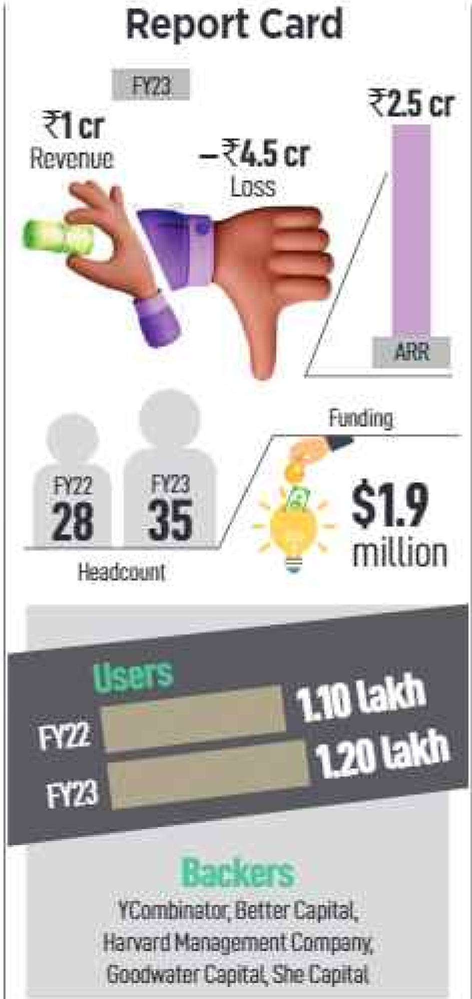
Dr. Patil has received many accolades and awards for her contributions in various fields and has donned many hats in her sprawling career. Recently, shebeen recognized with the Rotary International Vocational Excellence Award. This prestigious accolade, presented by Rotary District 3131, acknowledges her exceptional contribution to society.

engineer, and a mathematician. "He was multifaceted, and all of us too should be," she tried to reason with parents. If kids learn arts and music, she pointed out, it will help in building linguistic and memory skills.

Nothing worked, though. "We realised the language we are talking was too complicated," Goenka recalls. Once back from Y Combinator and a year into her stint as an entrepreneur, Goenka scaled back her focus on arts. "Now it's a very small category for us," she points out.

The second learning came handy during the mad funding frenzy of 2021. "The message in Y Combinator was: When there's too much on the buffet, don't overeat," says Goenka. In over two years, Spark Studio managed to raise just $1.9 million. "We didn't have much, we didn't lose much focus, and we didn't burn much," she says. While Goenka remained lean and survived the edtech meltdown, many perished. Matrix Partners-backed Crejo.Fun shut down. The extracurricular activity edtech startup reportedly ran out of funds, couldn't raise money, and shuttered. Bengaluru-based SuperLearn, which had the mission of making high-quality after-school learning affordable to tier 2 and 3 cities, too, shut down. Last October, Qin1, which offered live online classes on coding and English language, also shut operations.

With such a high death rate, how is Spark Studio managing to take the heat? Goenka shares her survival



story. A year into her journey, Goenka found the missing spark. "We realised that the demand for public speaking courses and English communication had dwarfed everything," she recalls. The pain point was spotted, and English turned out to be the painkiller. The percentage of revenue coming from communications started to become the dominant stream, and Spark Studio found its mojo.

There was another thing that worked. And it was counterintuitive. Once the pandemic started to ebb, interest in all kinds of online courses also waned, and offline centres became the norm. Goenka stayed online. Y Combinator's learning of 'building for the future, and not building for today' helped. "Online education is the future," she says, adding that offline centres are too operationally heavy and can't be scaled with less capital. "Our current business doesn't work very well for tier 3 price points," she says, underlining that Spark Studio still gets most of its revenues from top cities. The startup, she claims, is piloting an AI-powered product in a handful of nations. "The power of AI will break all the constraints of language, region, time-zone and scale," she adds.

The backers are delighted with the sweet spot that the startup has found in English and language communications. The team, reckons Vaibhav Domkundwar, founder of Better Capital, spent time to solve the English problem via live learning, which helped them understand the nuances of what makes English learning work, and what makes it fun. "The AI-first English learning product is differentiated and engages learners and leverages the latest in AI," he adds.

Goenka, for her part, is satisfied her fledgling startup is taking baby steps and growing slowly. "I don't know which business hits a hockey stick in weeks or months," she says. But this is exactly what happened in the edtech world over the last 18 months. Scale fast and fail fast became the norm, excessive hiring was the rule, and obsession with fundraising put customer needs on the backburner. "We didn't do all these," she says. Edtech, Goenka underlines, is a trust-driven business. "You can't buy trust. You need to earn it."

INFOGRAPHICS: PRADEEP BELHE

"They kept the focus on online live learning model irrespective of the ups and down in the edtech world."

VAIBHAV DOMKUNDWAR
FOUNDER, BETTER CAPITAL

EMPOWERING & ENERGISING INDIA

HMEL was formed as a public-private partnership joint venture of two Industry leaders, Hindustan Petroleum Corporation Ltd. (a Government of India enterprise with Maharatna status) and Mittal Energy Investments Pte. Ltd., Singapore, a Lakshmi N Mittal company. It is one of the largest investments in any sector in the state of Punjab.

Amidst the vast fields in the Talwandi Saboo district of Bathinda, Punjab, stands a giga factory of epic scale and dimensions. Strategically located here is HMEL's (HPCL-Mittal Energy Limited) prestigious Guru Gobind Polymer Addition Project (GGSPAP) which has now been commissioned and holds the distinction of having the 2nd largest polymer production capacity in India.

HMEL broke ground with its 9MMTPA capacity Guru Gobind Singh Refinery in 2008, which was commissioned in 2012 and was later expanded to 11.3 MMTPA capacity in 2017. HMEL ventured into the petrochemical sector in 2017, with the GGSPAP, a multi-billion-dollar project comprising of a world scale Dual Feed Cracker unit (1.2 MMTPA capacity), wherein low value Refinery off gases, Naphtha, LPG and Kerosene are being utilized as feed, thereby enhancing the returns from its Refinery. The complex also consists of associated downstream polymer units to produce LLDPE (Low Linear Density Polyethylene), HDPE (High Density Polyethylene) and Polypropylene. The products from this plant are the building blocks of multiple key industries ranging from the packaging material manufacturing to the healthcare industry for manufacture of disposable syringes, surgical masks; household furniture; pipe manufacturing; car dashboard manufacturing industries etc.

> **"The plant will help the country offset around US$ 2 billion of imports thus having a positive impact on the country's balance of trade"**
> **Prabh Das, MD & CEO, HMEL.**

Fuelling India

The products from this plant would help India offset around $2 billion of imports thus having a positive impact on the balance of trade and will extensively contribute to the "Make in India" vision of our Hon'ble Prime Minister, Shri. Narendra Modi. HMEL partnered with world class licensors for this Project from across the world, who are pioneers in their fields. At the peak of the Construction, this site had ~20,000 construction manpower working daily.

The size of equipment erected in this project is breathtaking, some being as heavy as 2,000 MT. The construction involving erection of these, and many other equipment was quite complex and hence the world's 2nd largest (3200 MT capacity) and 3rd largest (1,600 MT capacity) cranes were deployed in this project.

Guru Gobind Singh Polymer Addition Project

To give a perspective of the scale of this project, the total RCC used in this Project is ~6 lakh cum. which is 1.5 times that used in the Petronas Towers in Malaysia. The Structural Steel used is >1 Lakh MT which is roughly 2.5 times that used in the Beijing National Stadium in China. The entire network of Electrical and Instrumentation cables used here is >8,400 Kms in length which is roughly 1.3 times the radius of the Earth.

Till March 2020, this project was on schedule until the unthinkable happened. India along with the world was faced with the unprecedented challenge of COVID-19 which adversely impacted the project progress in terms of availability of construction manpower and deliveries of equipment. HMEL quickly flung into action and the project being of national importance, obtained necessary clearances from the authorities to continue with the construction of the Project with all possible health & safety protocols in place. A series of targeted initiatives by the team helped HMEL in picking up speed and completing the project safely.

FEW FIRSTS

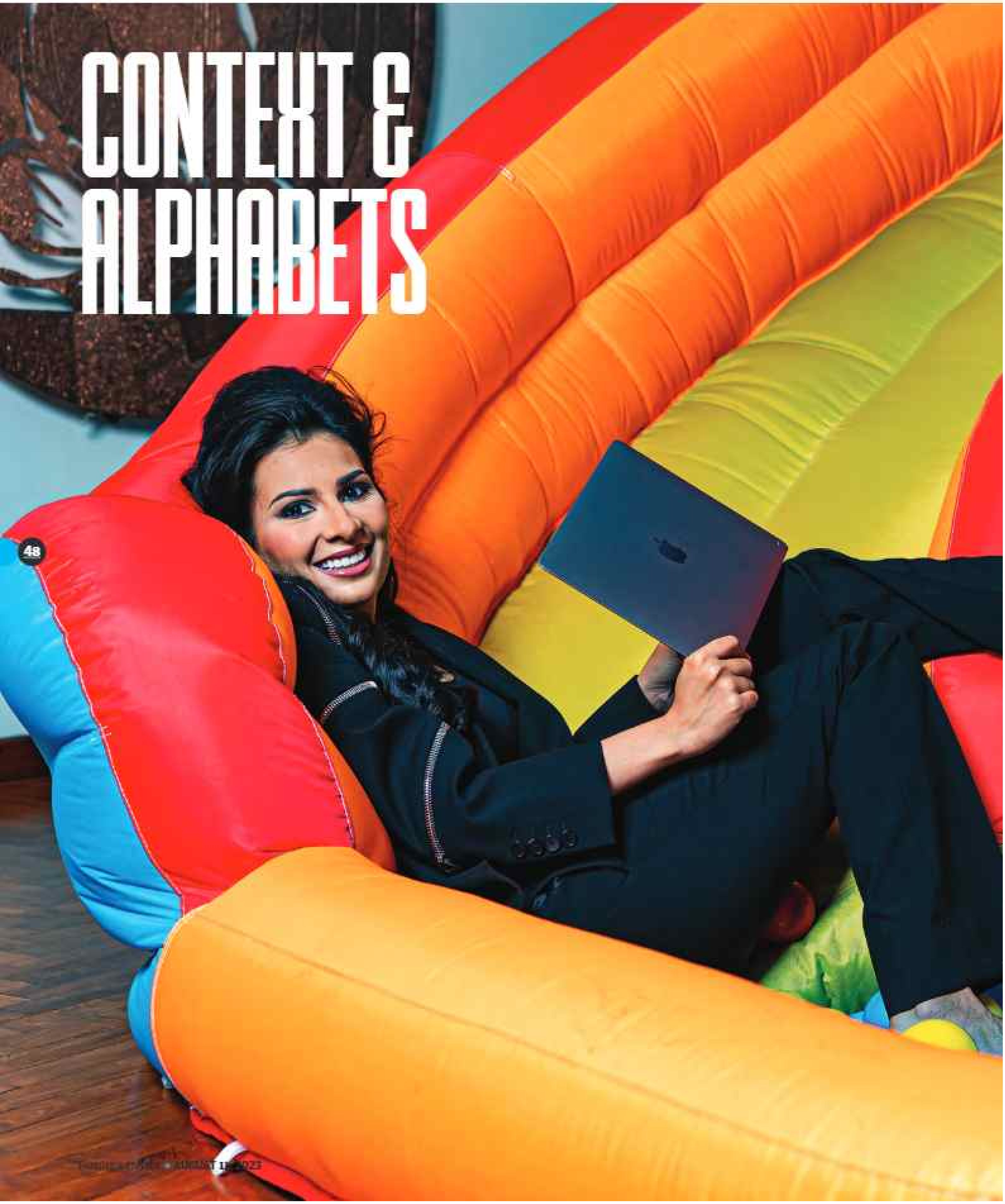
The HMEL Project involves many firsts some of which are:

- The very first movement of cryogenic ethylene in iso-containers in India, using multi-modal transportation.
- The Indian polymer industry's first Automatic Storage and Retrieval System which is a fully automated warehouse with no human intervention.

THE WAY FORWARD

HMEL continues on its growth path with plans to further expand this capacity. This project will greatly contribute in HMEL's decarbonization journey through a shift in its product profile. As a responsible corporate citizen, going forward, HMEL is working towards linking these facilities to renewable and circular feedstock contributing to the carbon neutrality vision of India.

CONTEXT & ALPHABETS



Creative Galileo, Prerna Jhunjhunwala's venture for early learning for children, is focusing on schools. The founder is equally animated about a D2C play. Can business be as easy as ABC?

By RAJIV SINGH

Prerna Jhunjhunwala talks about the power of context, and picks up three settings. The first one is the dynamics of funding in the edtech market. The 'Pre-K' sub-category within edtech—prep, play school and nursery—never caught the fancy of venture capitalists (VCs), underlines the founder of Creative Galileo, a character-based early learning platform for kids between 3 and 10 years of age. Look at the numbers. In 2020, $2.1 billion venture money flowed into K12 (kindergarten to Class 12). The next year, which was the peak of funding 'aberration', the numbers leapfrogged to $2.9

"I am not building a bubble. I am building a business, and it has to be sustainable."

PRERNA JHUNJHUNWALA
FOUNDER, CREATIVE GALILEO

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA billion. When seen in the right context—in 2019, K12 scooped just $454.9 million in funding—K12 saw more than a generous flow of money in 2020 and 2021.

Now, let's see how many dollars poured into the pre-K segment. The numbers are miniscule: $11.4 million and $31 million in 2020 and 2021, respectively. And the context? In 2019, it was $18.8 million. Still, the funding looks Lilliputian when compared with K12. Now let's inject some meaning into the context, and the data. Many edtech founders raised fast, scaled fast, and failed fast. There were many who made most of the 'bull run' in the stock market across the world, and sprinted at a furious pace. There was a land grab, there was a scramble, and everybody wanted to cross the finish line as a winner.

Take, for instance, Teachmint. A classroom management platform started in May 2020, it reportedly raised over $110 million, was valued at $500 million (it was billed as a soonicorn—a venture with the potential to cross the $1 billion-mark in valuation), and closed FY22 with an operating revenue of ₹77.45 lakh, and a loss of ₹131.7 crore. This May, the edtech startup undertook its second round of job cuts in six months and reportedly laid off 70 employees. Clearly, 'pace' and 'panic' go hand in hand.

Meanwhile in Bengaluru, Jhunjhunwala tells us what the edtech world at large failed to realise, and factor in: Bull markets eventually end, and what replaces it is a bear market. "Bears maul," she says, declining to comment on other edtech players.

She, though, prefers to talk about the power of alphabets. If B stands for bull, then B also stands for bear. The context changes everything. Creative Galileo, she underlines, never became an obese child. In three years, the edtech startup raised just $10 million. "We were not fat. So we kept running," she reckons.

Name & Game

Creative Galileo, the edtech startup behind the Little Singham app, was founded by Prerna A Jhunjhunwala in July 2020

In 2021, Nikhil Naik joined as co-founder of the character-based early learning platform for kids aged 3 to 10

Creative Galileo provides interactive content for 3-9 years on government's Diksha (Digital Infrastructure for Knowledge Sharing) app

In January this year, Creative Galileo rolled out Toondemy, an educational learning app, which has blended digital and physical experience

Toondemy is designed in line with CBSE, NEP and NCERT syllabi

Kids are provided with personalised worksheets and books as part of subscription model

Jhunjhunwala now talks about the second context. Alphabets in themselves don't make sense. "One has to arrange them, use them, and then form a word and a sentence," she says, underlining that she is planning to hit the funding street in the midst of a winter chill. "I am getting ready for the Series B round of funding," she says. "But why do founders talk about A, B, C and other rounds of funding," I ask her. Jhunjhunwala answers the question by using another alphabet 'R'. Risk and reward, she underlines.

Venture capital, she reckons, is the risk capital that will help her play a long business-to-consumer (B2C) game. She explains. The 'Little Singham' app had 1 million users in FY21. The numbers ballooned to 5 million over the next fiscal. "In FY23, we had 11.4 million users," she claims. "It's rewarding to have such a massive user base especially when one has to democratise online learning," she adds.

The flip side, though, is how do you monetise 11.4 million users? The answer again was hidden in the context: Funding winter. When Jhunjhunwala raised her seed round in September 2021, the founder had made an elaborate business plan which had outlined four stages.

The first was the direct-to-consumer (D2C) online model, which was Little Singham and its free download. The idea was to focus on scale and get as many users on the platform as possible. Then comes the second stage of going to schools, providing interactive content for kids, and taking care of all their needs. The third stage was working on a freemium model, which meant using advertisements to make money, and for the ones who wanted an ad-free world, there was a subscription model. And the last stage was building a learning marketplace within the app.

EDTECH LESSON

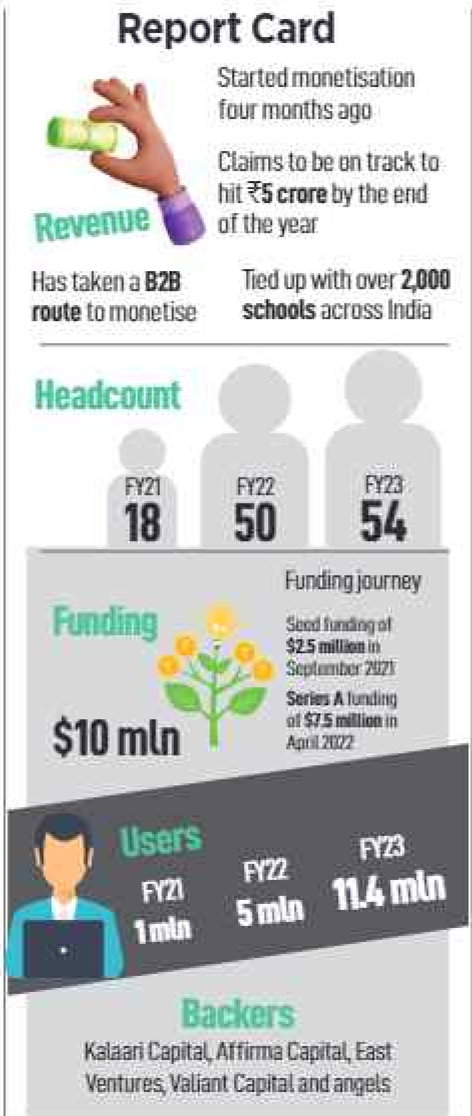
Take small steps to climb a big mountain

Interestingly, a bitter funding winter rejigged the plan. Monetisation, which definitely was on the cards but not immediately on the radar for Jhunjhunwala, topped the priority chart. The entrepreneur fasttracked her 'second stage' and tied up with over 2,000 schools across India over the last five months. The idea was simple. Jhunjhunwala, who opened her first preschool—Little Paddington—in Singapore in 2015, scaled it profitably to five centres quickly, and eventually sold it to private equity firm Affirma Capital for $35 million, knew that she can afford to shun the herd mentality of opening a brick-and-mortar school in India.

A waning pandemic, indeed, made hybrid models of teaching the flavour of the season. Most of the online edtech players have gone offline over the last year or so. Jhunjhunwala, though, took a contrarian bet. "The pressing need was not to open one more pre-school brand but to power the existing ones with technology and content," she says.

The business-to-business (B2B) model, she says, would open a source of recurring and sustainable money to run the venture. There are thousands of organised and unorganised mom-and-pop pre-schools across India. "B2B gives us an opportunity to tap into this huge segment," she says. Over the last four months, she adds, Creative Galileo also started monetising its direct user base, albeit at a slow pace. "You can't rush into it," she says, adding that adopting an aggressive sales and marketing-driven approach is counter-productive. "Pricing is the magic sauce or chutney," she says.

Okay, Jhunjhunwala figured out the chutney. But where's the context? "We also made samosa," she smiles, explaining her samosa pricing. The edtech company is piloting a model that has an annual tag of ₹999. If one breaks it into average cost per month, it is under ₹100. "Affordability is the key. Everybody loves and buys samosa," she smiles, adding that one needs to think of something which doesn't burn holes in the pockets of parents.



She repeatedly harps on context. Schools have reopened, kids are going back to classes, and parents need a sticky proposition to subscribe to an online plan. "Quality of content alone won't work. It has to be quality and pricing, much like samosa and chutney," she adds. The pilot, she claims, is working.

The backers, for the time being, are enjoying the 'snacky' pace of growth.

Jhunjhunwala, points out Nainesh Jaisingh, has had a successful stint in running a pre-school education venture. "She is now striking the right balance between growth and profitability," reckons the founding partner and chief executive officer at Singapore-based Affirma Capital. Creative Galileo, he claims, is growing in a measured way with low cash-burn. "A sharp focus on monetisation is crucial for all businesses in any environment, and more so today," he says.

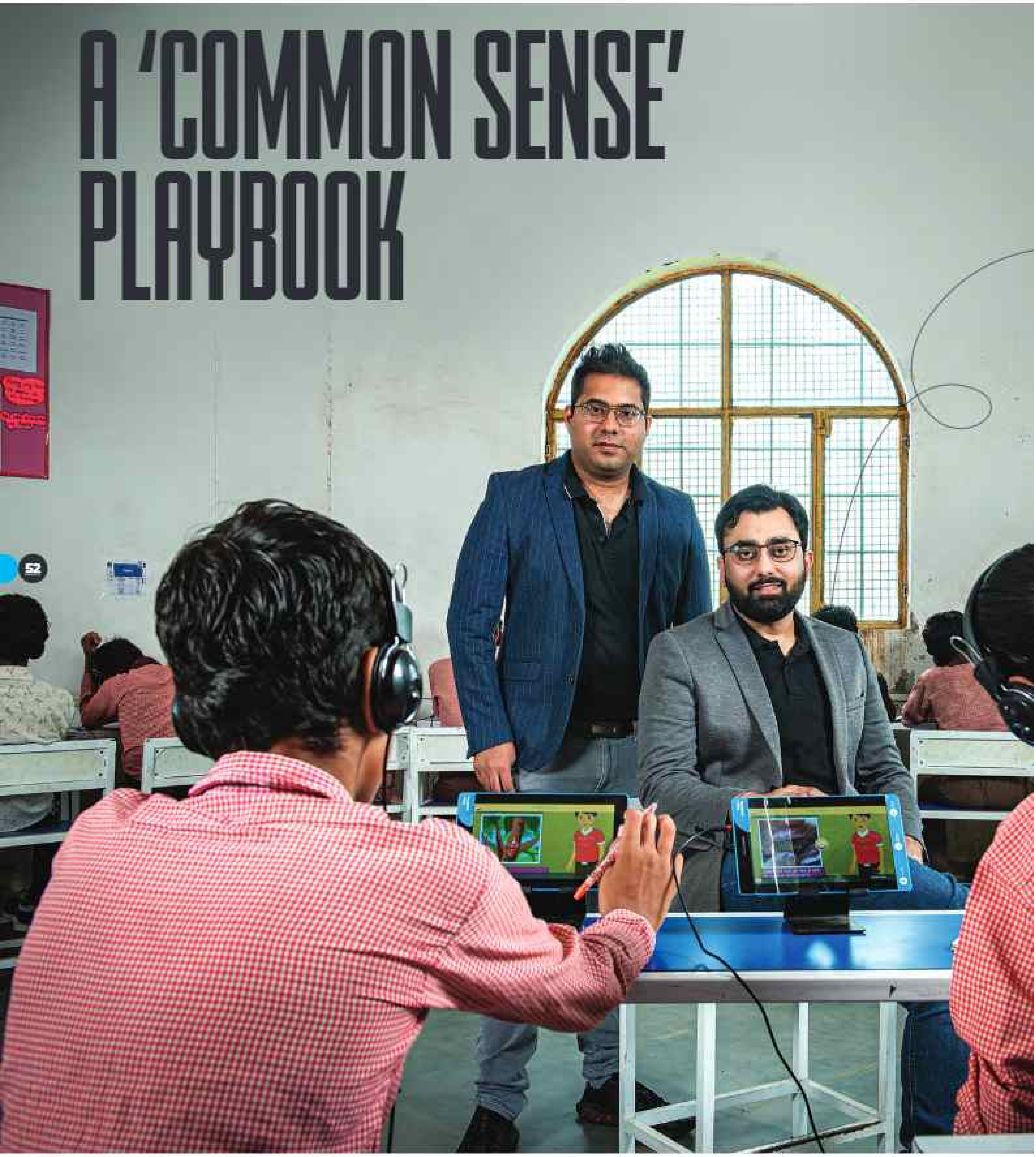
Jhunjhunwala, for her part, points out how working closely with her co-founder and backers is helping navigate the edtech mayhem.

The first big lesson was to shun lofty revenue targets. "Small and sustainable wins and goals always work," she underlines. Second, edtech entrepreneurs must also don the hat of a teacher. "Babies don't start running without crawling. They first crawl and strengthen their muscles," she says. Businesses, Jhunjhunwala reckons, must try to aim for sustainability, and then start scaling. "B2B gives us that sustainability, and B2C gives us scale," she says. "C stands for casual and C stands for causality," she says. If one conserves cash, and crawls, then the journey becomes sustainable. "No kidding, we can learn from kids," she signs off.

"Creative Galileo in growing in a measured way with low cash-burn and focus towards monetisation."

NAINESH JAISINGH
FOUNDING PARTNER AND CEO, AFFIRMA CAPITAL

A 'COMMON SENSE' PLAYBOOK



"We are heading towards profitability in FY24."

SHASHANK PANDEY
CO-FOUNDER AND GROUP PRESIDENT, CONVEGENIUS

ConveGenius co-founders Jairaj Bhattacharya and Shashank Pandey never had a fairy tale to woo investors. But that limitation turned into an asset when they started navigating the edtech storm

By RAJIV SINGH

"Nobody ever pushed us saying '*uthao, uthao, uthao* (raise, raise, raise)," says Jairaj Bhattacharya, alluding to an absence of investor pressure to raise more money even during the 'eccentric' year of 2021 when India's edtech sector saw inflows of a record $4.1 billion in funding. "We never had this sense of missing out," says the co-founder and managing director of ConveGenius, an edtech social enterprise. "Was it 'sense of missing out' or fear of missing out (FOMO)," I ask. "Sense," comes the terse one-word reply. "We always had a sense of who we were, and what we were doing," underlines Bhattacharya.

Back in 2014, when Bhattacharya ventured into the social enterprise and impact segment of edtech with Shashank Pandey, the duo had a fair sense of the ground reality. The engineering graduates from International Institute of Information Technology, Hyderabad, knew they were not 'conventional' edtech founders when they started ConveGenius. With their social enterprise, the founders wanted to provide high-quality educational content to children in 100 million middle- and low-income households in the country.

The duo decided to do it for free. The trigger was common sense. Large enterprises like Google and Facebook had kept their products—Google search and Google maps, and WhatsApp respectively—free in order to achieve massive scale. The rookie founders in India too wanted scale and impact. "We knew our consumers didn't have the paying capacity," says Bhattacharya. The sense of being the 'odd one out' in an emerging but feverishly growing edtech world always played on the minds of the rookie founders, who remained bootstrapped for two years, didn't have a fairy tale to woo venture capitalists (VCs), and knew that only a bunch of impact investors would be able

"It's not easy being an edtech founder in the social impact segment. Not many VCs understand your story."

JAIRAJ BHATTACHARYA
CO-FOUNDER AND MANAGING DIRECTOR, CONVEGENIUS

AMIT VERMA

to understand their story.

For such a kind of edtech, there were not many takers in 2014. Just a year ago, in September 2013, Byju's had raised a Series-A round of $9 million, and there were other founders who were trying to cater to students in the K-12 and test prep segments. There was money on the table for all kinds of edtech founders except the social impact ones.

The struggle can be imagined from the fact that ConveGenius managed to get just one angel in 2015 who cut a small cheque of ₹25 lakh. With some fuel in the tank, the venture progressed, and in 2016, it raised its seed round of $1 million. The same year, Byju's scooped up $50 million in a round co-led by the Chan Zuckerberg Initiative (CZI), an impact investing vehicle started by Facebook CEO Mark Zuckerberg and his wife Priscilla Chan. By then, Byju's had emerged as a darling of investors, including Sequoia Capital (now Peak XV), Belgian investment firm Sofina and Lightspeed Ventures. "We knew investors were not making a queue to back us," smiles Bhattacharya, who credits his awareness to his common sense. ConveGenius couldn't raise more, so it didn't burn more. "It helped," he says.

There was another aspect of common sense that helped in a big way. Bhattacharya and his gang knew that thousands or millions of users are not equivalent to crores of revenue. Doing business in the social impact segment can never have a hockey-stick growth. "Look at ShareChat, which has a massive user base," says Bhattacharya. Started in 2015, the Google-backed social media platform had a staggering 400 million monthly active users and a valuation of over $5 billion in December 2022. The operating revenue of ShareChat jumped from ₹9.4 crore in FY20 to ₹347 crore in FY22, according to Entrackr. Interestingly, over 60 percent of its revenue in FY23 came via advertisement services on the platform, and not from users. The losses, meanwhile, ballooned from ₹642 crore to ₹2,988 crore during the same period. "We knew having a large user base is not directly proportional to revenue," says Bhattacharya, who saw a heady uptick in users after the onset of the Covid-19 pandemic: From 23 million in FY21 to 86 million in FY23.

The growth of ConveGenius, though, has been more than sedate. Revenue from operations has increased from ₹13.5 crore in FY21 to ₹46.7 crore in FY23. The losses, during the same period, have inched from ₹6.87 crore to ₹7.8 crore. "We are heading towards profitability in FY24," claims Pandey. The report card is more impressive than it looks, if one contrasts the performance with its peers.

Take, for instance, FrontRow that reportedly shut down operations in July this year. An edtech platform for non-academic skills, FrontRow raised $3.2 million in seed money from Lightspeed, Elevation Capital and Deepika Padukone's family office in November 2020, and scooped up another $14 million in its Series-A round in September 2021. In contrast, ConveGenius just has $6.9 million to show in terms of overall funds raised. Then there is Ronnie-Screwvala-backed Lido Learning, which shuttered last year, and had

"We invested in ConveGenius with the objective of improving learning outcomes for students in government and low-fee private schools."

SAMAR BAJAJ
DIRECTOR (INDIA), MSDF

INFOGRAPHIC: MUKESH SINGH

THE JOURNEY TOWARDS BECOMING THE NO. 1 GBS IN THE WORLD

Dr Sumit Mitra, CEO Tesco Business Solutions, talks about Tesco Business Services being awarded the best GBS in the World by SSON Research & Analytics, the evolving GBS landscape, and the road ahead.

Can you reflect on the journey of Tesco Business Services over the last few years?

Tesco was a pioneer in setting up India as a shared services location of choice. Over the last 5 years, we transformed ourselves as a business and evolved our culture and capabilities to build a world-class business service model. We executed our 5-year journey into two bite-size strategies. The first two years, Vision 2020 was all about building the foundation of the business services model by building capabilities like continuous improvement, digital transformation, service management framework and creating a value generation mindset. Out next 3-year strategy, Mission '23, catapulted us, by leveraging the power of data and analytics which became the backbone of how we partner with the business. Delivering SLAs and KPIs was a given. This was all about our relentless focus to create value for the Group. We took on Dundee as our customer engagement hub, and built new capability centres in Budapest and Waterford to give us the global reach to support our customers, colleagues and suppliers across multiple geographies. We created a culture of problem solving by leveraging CI coupled with a digital transformation engine that kept customers right at the heart of everything we do. Our partnerships with the Tesco Group (our markets & functions) enabled us to create more value for the Group. Today we call ourselves Tesco Business Solutions, to reflect the agility and solutions mindset we bring to everything we do and everyone we partner with.

You have been recently awarded by SSON with the World's best GBS award. How significant is this recognition?

Tesco Business Services was awarded the World's Best Global Business Services (GBS) award 2023, by the Shared Services and Outsourcing Network (SSON) Research and Analytics. SSON is the oldest, largest and most established community

Dr Sumit Mitra,
CEO, Tesco Business Solutions

"To win, MNCs must increase their revenue, improve market share, profits, and cash to create shareholder value. Businesses must build resilience and a muscle memory to deal with the global crisis and create a differentiator in the market. If there was ever a reason for building a GBS model, it's right here and now.

for outsourcing and Shared Services professionals. Given the extraordinary interest and growth in the GBS model, SSON announced the award to identify a truly outstanding GBS- one that reflects the innovative and forward-looking policies and strategies which delivers value way beyond process efficiencies. This award is a testament to our unwavering commitment to excellence, and our ability to understand the business context with a clear strategic vision which differentiates us from other GBSs. It is an honour, privilege, as well as a responsibility. I am honoured because I know the rigour that has gone into being identified as the best. Privileged, because I have had the opportunity to lead such an amazing team across India, Budapest, UK, and ROI. And responsible because, as number one, we must continue to set the benchmark in the industry and share the knowledge to help others. Over the last 5 years, we have built something we are incredibly proud of. I cannot thank my business enough for its empowerment and support throughout this journey.

What are the key differentiators?

Our vision and strategy with our ability to execute the strategy, obsession for value generation through (incremental revenue, margin, and cash generation) and our ability to continuously question answers, differentiates us from the rest of the GBSs. Today each and every colleague has imbibed our strategy and understands their role and it is this possibility mindset to achieve the unachievable that sets us apart.

As the leader of the World's best GBS, what is your take on the industry. How can the GBS landscape evolve in the current scenario?

The exponential growth in the IT/ITES/GBS industry (currently \$280bn) is forecasted to hit \$560bn by 2030 especially post the pandemic. The India capability centre (GCC) revenue is expected to rise to \$60bn, business process revenue is expected to reach \$6bn and the numbers are increasing from 1400- 2000 by 2025.

The business outcomes for MNCs have changed drastically as the world is going through a permacrisis. To win, MNCs must increase their revenue, improve market share, profits, and cash to create shareholder value. Businesses must build resilience and a muscle memory to deal with this global crisis and create a differentiator in the market. If there was ever a reason for building a GBS model, it's right here and now.

The next generation GBS is about building sophisticated partnerships through understanding of the business context by leveraging the power of data to unlock untapped value opportunity for the Group. It is about becoming the core of the business to create a sustainable competitive advantage.

reportedly raised over $12 million. “The edtech world by and large saw an absence of fiscal discipline,” reckons Bhattacharya. “Nobody was looking at unit economics,” he says.

So far, ConveGenius has bucked the trend of massive fund raise, meteoric rise and dramatic fall. The reasons, Pandey explains, are not hard to find. First, the B2B business model kept it insulated from high cash burn. ConveGenius still doesn’t charge directly from its users. It has its consumers in government organisations, non-profits, philanthropic foundations and a chain of low-budget private schools. Second, the edtech startup never built its sales and marketing team. “We never advertised, never spent marketing dollars, and never had high CAC (customer acquisition cost),” he says. ‘We stayed frugal,” he underlines.

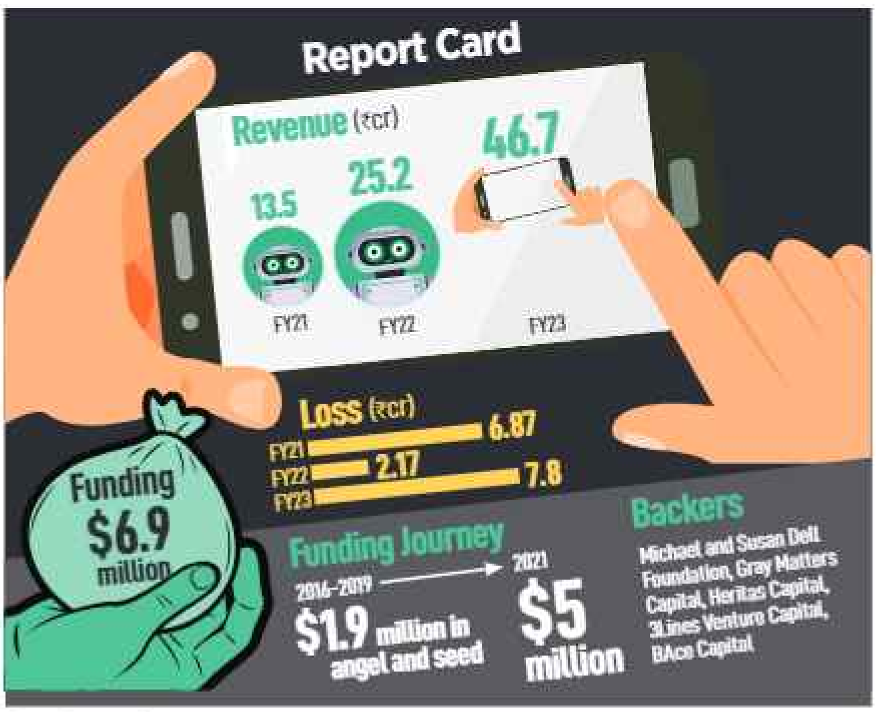
Third, the co-founders have taken a long-term approach in building the venture. Look at the best educational institutions in India, chips in Bhattacharya. “They were not built overnight,” he says. Education, he adds, is not fast food like Maggi. “Learning and earning both take time,” says the co-founder whose venture is backed by Michael and Susan Dell Foundation, Gray Matters Capital, Heritas Capital, 3Lines Venture Capital and BAce Capital.

Along the way, they have made mistakes as well, the co-founders say, but only when they tried to look like geniuses. “We too chased a lot of vanity metrics,” says Bhattacharya. The metric of chasing and racking up engagement time of users on a monthly basis was a flawed approach. “The real metric was retention of the users. High retention means high engagement,” he adds. The real metrics for every edtech founder, he underlines, are three: Operating revenue, Ebitda (earnings before interest, taxes, depreciation, and amortisation), and retention and stickiness of users. “This is what businesses are all about,” he says, adding that the rest are mere optics. One just needs to keep things simple, and not buckle under pressure, he lets on.

Back in 2022, when edtech venture funding had tumbled to $2.5 billion from a high of $4.1 billion in 2021, Bhattacharya too was under pressure of a different kind. The edtech world was crashing around him, and there were suggestions and temptations to explore the world beyond edtech. “People told us the market has crashed, funding winter has set in, so do more to survive,” Bhattacharya recalls.

The co-founder, though, gave a different spin to the same set of arguments. Just because the market has crashed, he reasoned, there is a larger opportunity to be more aggressive. “I believe in doing less and achieving more,” he says, adding that a lean team, and absence of heavy operational and administrative machinery came in handy for ConveGenius. “It’s important to take control of the narrative,” he says, alluding to handling pressure from all quarters and not giving in to temptations of plucking the low-hanging fruit. The edtech market, he underscores, is here to stay. The fittest will survive, the fattest will die.

But is ‘survival of the fittest’ not common sense? It’s the law of nature. So, why did other edtech startups miss noticing the writing on the wall and shaping up? Bhattacharya smiles, politely declines to answer, and sums up his journey as a social impact edtech founder. “It’s not easy. But nothing in life comes easy,” he adds, underlining that he doesn’t consider himself to be a genius. “I have an average IQ,” he says. Well, this is what genius is. It’s not having a high IQ, but generously dipping into and using one’s sense and common sense.



Registered Users FY21 **23** mln FY22 **57** mln FY23 **86** mln

SOURCE Filings and company; FY23 are unaudited numbers

Sushma Boppana
Academic Director, Sri Chaitanya Educational Institutions & Founder Director, Infinity Learn

Sri Chaitanya Educational Institutions | Infinity Learn

EMPOWERING TOMORROW'S LEADERS: SRI CHAITANYA'S LEGACY AND INFINITY LEARN'S INNOVATION

A History created in the Nation by one Institution

Sri Chaitanya Educational Institution has been dedicated to making quality education accessible and affordable for over 38 years. Founded by B.S. Rao and Dr. Jhansi Lakshmi Bai, the institution has been at the forefront of educational excellence, consistently producing top rankers and nurturing exceptional talent.

Sri Chaitanya's teaching methodology coupled with comprehensive assessment plays a vital role understanding students and preparing them for future challenges. Therefore, Sushma Boppana emphasizes importance of regular testing, providing students with ample opportunities to practice and familiarize themselves with the examination patterns.

Having steadily grown into "Asia's largest school chain" with over 850 schools, Sri Chaitanya's commitment to academic excellence remains unyielding, and their institution's contribution to the nation's healthcare and engineering sectors is immeasurable. History was truly made when their students secured AIR 1 in JEE Main, AIR 1 in NEET and AIR 1 in JEE Advanced in 2023.

This year alone, Sri Chaitanya has proudly witnessed the emergence of 8,973 future doctors and approximately 40,000 future engineers from its stable. These numbers reflect the institution's continued success in preparing students for the highly competitive JEE & NEET examinations.

Sri Chaitanya's vision extends beyond its regional boundaries with aggressive growth across India (beyond South). Also they aim to provide quality education to students across India and beyond. This vision led to the creation of Infinity Learn, a platform that transcends geographical boundaries and offers Sri Chaitanya's exceptional pedagogy to learners nationwide.

> *History was truly made when our students secured AIR 1 in JEE Main, AIR 1 in NEET and AIR 1 in JEE Advanced in 2023 - All open category toppers exclusively from "Sri Chaitanya Educational Institutions".*

Infinity Learn is not just an online education delivery platform; it is a catalyst for Transformative Educational Leadership. By leveraging adaptive learning technology, knowledge graphs, and recommendation engines, the platform personalizes the learning journey for each student. This personalized approach enables students to learn at their own pace and in their preferred environment, fostering curiosity, engagement, and lifelong learning.

Under the leadership of Ujjwal Singh, an experienced educationist, Infinity Learn has made significant progress in just two years. Strategic acquisitions of leading edtech platforms such as Teacherr, Don't Memorise, and WizKlub have expanded the platform's digital footprint and allowed it to cater to over 750k+ learners. Infinity Learn offers a comprehensive and personalized learning experience that harnesses the power of technology to empower students.

As Sri Chaitanya and Infinity Learn forge ahead, they remain steadfast in their commitment to excellence, accessibility, and affordability. They recognize that education is not just about imparting knowledge; it is about empowering individuals to become lifelong learners, critical thinkers, and leaders in their respective fields. Together, they are shaping a future where every student has the chance to unlock their potential, chase their dreams, and contribute meaningfully to society. The journey towards educational equality and transformation has only just begun, and Sri Chaitanya and Infinity Learn are at the forefront, leading the way.

Noida, July, 2023

'WE FAILED HIM. HE DIDN'T FAIL'

The father is an IITian, mother a doctor, but the son became a 'sacrificial lamb'. A year after the loss of their child, the grieving parents recall his tragic death, and how inadvertently they 'pushed' him to the brink

By RAJIV SINGH

It's 10.30 on a Monday night. The roads are swamped, the traffic snarls have become deafening, the dark clouds look menacing, and an anxious mother is unnerved by the rumbling of thunder outside. "I don't know if the help has closed the windows of his room," wonders the doctor who takes me to a room on the second floor of a building. She opens the door on which a partially-torn poster reads 'enter at your own risk', reaches for a switch on the left, and shouts angrily. "I told you so many times to replace the bulb," she says to her husband who has just returned from work.

The rumbling continues outside, and it starts to pour. "Get a bulb and fix it now," she continues with her rant, then takes a smartphone out of her pocket and turns on the flashlight. "This is my son's room," she says. The small space smells musty. "He used to call it 'den'," she adds. "Here's his study table," the mother affectionately points towards the extreme corner. The room is in a mess. Two soiled T-shirts, blue denim jeans, a hand towel, and a few notebooks are scattered across the bed.

The study table is plastered with sticky notes. Some are reminders about maths coaching timing, some have a few motivational words scribbled like 'hustle', and then there is a cluster of equations and formulae jotted down on bright fluorescent sheets. "The room is always in a mess, but this is how he loved it," she continues. "Please don't touch anything on his table," comes a stern warning. "We don't do it, and we don't want anybody to do it."

Meanwhile, the husband obliges, and ten minutes later the room is illuminated. The father drags a chair, adjusts the backrest height and sinks into it. The innocuous act, though, provokes his wife. "Why are you using his chair?" she seethes. "You won't touch any of his things. Nothing at all," she says crying. "Is it clear?" she asks. The husband tries to calm her down. "I am sorry. But let's not fight," he pleads.

For long, quarrelling was almost a daily ritual for the couple. Though the intensity had come down considerably over the last

Students outside a coaching centre in Kota

PHOTOGRAPHS: KAPIL KASHYAP

12 months, at times, they flared up again. In fact, the last time was when their son expressed his inability to continue with his gruelling engineering coaching. It was last January. The boy didn't join a college, took a break for a year and joined a coaching class. "He wanted to become a doctor, and you forced him to prepare for IIT," the mother vents her frustration. Her husband defends himself and justifies his act. "He had my genes, he was good at maths and computers," he says. "I knew he could easily crack IIT."

A few months into coaching, there were clear and visible signs that the boy was not able to cope with the pressure. He would have frequent anxiety attacks, he started flunking in mock tests, and also skipped online classes. There would be days when he wouldn't interact with his parents, and wouldn't play the guitar. Music, his mother says, was something he loved most. He was in his school band, learnt the instrument for six years, and was planning to start his own music group. "But you said that he wanted to become a doctor," I ask out of curiosity. The idea was not to offend her, but to dig deeper into what the child wanted to pursue in life.

The answer was perhaps in unintentional conditioning. She wanted him to become a doctor, would even take him to hospitals so that he could get a glimpse of the profession, but the child's heart was in the guitar. "He was a big fan of BTS," she says. "But I never pressured him."

The pressure, nevertheless, kept mounting. It had been two years since the boy had been out of school. He couldn't clear the engineering exams in the first year, some of his friends did, and some were allowed by their parents to live their dream. It meant a life without the looming shadow of JEE and medical. One of his friends, in fact, had gone abroad to study music.

Back in India, the second year was do-or-die for the young lad. Almost cut off from his social circle, he used to spend hours either on coaching or locking himself up inside the room. "He stopped seeing his friends," recalls the mother. "He once confided that his friends made fun of him and branded him a failure," she says, adding that her son was under tremendous pressure. "But all of us have to handle pressure," says the engineer father. "He couldn't." A doting mother aggressively defends her son. "It has been a year," she says. "And you are still like this. Don't you have a conscience?" she fumes. "He was our son. Stop insulting his intelligence," she pleads. For the next 30 minutes, both keep arguing.

Meanwhile, in February last year, the son mustered the courage to take on his father. "I can't do this. Please let me pursue music," he implored. His father, though, exploded in anger. He went to his son's room, pulled down all the posters of BTS hanging on the walls, and broke the guitar by banging it on the floor. The young lad was devastated. "I gave you the best school, best life, best food and all the money to spend," he started furiously scolding his son. "All I wanted was just one thing," he reprimanded. The son kept mum, his mother didn't utter a single word, and the father kept shouting.

An hour later, the couple again had a fight. This time, the wife wanted to inject some sense into her husband. "Please let him study music," she requested. "It has been enough. Please let us give back his life." The man remained emotionless. "They got an easy life. We struggled, studied hard and made a mark," he said. "He is just a failure."

A year later, in Noida, the doctor talks about success and failure. "You failed. I failed. We are failures," the mother suddenly collapses to the floor and starts sobbing. "He will never come back," she stares at her husband. "He is gone." Her husband tries to console her. He too breaks down. It has been almost two-and-a-half hours that the couple has been in the room of their son who committed suicide last June. The boy left a one-line suicide note: I am sorry. I failed both of you. The mom opens the photo gallery on her phone and shows the note. "We failed him. He didn't fail," she says in a choked voice.

I don't know what to do, how to console, how to make them feel comfortable. After a few minutes, I take their permission and step out of the room. As I walk down the stairs, I can still hear her cries. Meanwhile, it has stopped raining. I take a cab, but the smiling face of the 20-year-old boy keeps flashing in front of my eyes. His parents are in his room, but the chair is empty. He will never come back.

The second year was do-or-die for the young lad. Almost cut off from his social circle, he used to spend hours either on coaching or locked up inside the room

(DISCLAIMER: THE IDENTITY OF THE COUPLE HAS NOT BEEN DISCLOSED TO PROTECT THEIR PRIVACY

SANTANU PAUL

UN-EDTECH: PLAYING THE LONG GAME

Edtechs should serve a purpose bigger than just making money for founders and investors

CHAITANYA DINESH SURPUR

Playing the long game is an idea widely preached but rarely practised by entrepreneurs. The long game requires that the pursuit of business success be based on sustained efforts over a considerable period of time. It requires an ability to resist the ever-present temptation of instant gratification. In his highly influential classic *Built to Last,* Jim Collins examines companies that go beyond the logic of fast growth and transform into institutions that can last a hundred years. Collins draws a sharp contrast between clock-building and time-telling and highlights the importance of timeless fundamentals.

The edtech sector today may be in turmoil. However, our decade-long attempt to build TalentSprint into a trusted platform for deeptech education reveals certain best practices that may be of some interest to other edtechs that wish to consider them.

From the beginning, we chose to focus on serious learners and serious learning. Free or gimmicky programmes aimed at grabbing market share tend to attract non-serious learners, which lead to neither meaningful outcomes nor paid customers. Learners must have agency and take accountability for their learning journey. They must pay for their learning by investing their time, hard work, and money. Consequently, by launching aspirational programmes that stretch intellectual boundaries and present challenging learning curves, we have helped serious learners feed their curious minds, acquire new skills, bolster their resumes, and get a handsome return on their investment. The proof of the pudding is in the eating. Our focus on serious learners has resulted in a 95 percent completion rate, a high benchmark for the industry.

While reaching a multitude of learners is important, making a positive impact on their lives is even more so. Every edtech that wishes to build a sustainable brand must ensure that quantity does not become the enemy of quality. Mindless pursuit of scale (a term investors love to the exclusion of everything else) at the expense of outcomes ultimately destroys word of mouth. The edtech sector is replete with companies gone bad for precisely this reason. To strike a contrarian note, our Pega partnership programme, now in its seventh year, plans its learner intake in close alignment with real industry demand. This ensures that all learners certified by the programme have a high certainty of finding premium industry jobs.

Since there is always a natural cap on how much an impact programme can scale, we believe edtechs that embrace horizontal scaling instead of vertical are more resilient. Vertical scaling involves taking a small number of blockbuster products and pummelling in huge enrolments by throwing large marketing budgets at the problem. Horizontal scaling, in contrast, involves continually creating state-of-the-art niche programmes that can deliver high impact within sharp target segments. Case in point: Our first-of-a-kind Women Engineers programme, offered in partnership with Google, fills the acute gender diversity gap faced by big tech firms. Similarly, as India positions itself as the next global manufacturing hub, we have been working with the Indian Institute of Science (IISc) to roll out new-age executive education in semiconductor design and digital manufacturing.

Important as product innovation is, it is incomplete without pedagogical innovation. Most learners have traditionally grown up in an environment of passive learning where pejorative phrases like 'spoon feeding' are commonplace, where faculty are supposed to lecture and students are expected to pass multiple-choice tests. Edtechs need to annihilate these practices and usher in active learning.

In our version, learners arrive at active learning through problem solving. An immersive environment helps them imbibe four critical skills: Learning to learn learning by doing, learning with peers, and learning without fear of failure. Instead of lecturing, instructors present challenging problems and guide learners to find their own solutions through a process of stumbling, exploring, discovering, collaborating and presenting. We are reminded of Confucius: "I hear and I forget, I see and I remember, I do and I understand."

"Every edtech that wishes to build a sustainable business must ensure that quantity is not the enemy of quality."

A key differentiator for every edtech is its technology platform. Yet, edtechs are not mission-critical systems; they can't be compared to platforms that undergird telecom satellites or stock exchanges. This provides an economic opportunity to embrace open source software and integrate off-the-shelf components in ways that drive down the total cost of building and operating edtech platforms by orders of magnitude. This is referred to as frugal engineering. For example, we built our award-winning platform iPearl.ai on top of Open edX (an open source learning management system from MIT) with a shoestring budget and a young engineering team, and passed on the savings to our learners.

While it is fashionable in the edtech sector to appoint high profile cricketers and Bollywood stars as product ambassadors, it appears unconscionable to collect hard-earned money from students and transfer that to super-affluent celebrities who do not need that wealth. Similarly, there have been media blitzes of edtech founders showcasing themselves as gravity-defying, larger-than-life entrepreneurs. As is now obvious, these marketing strategies have backfired.

In contrast, prudent marketing requires focus on superior word-of-mouth and higher customer referrals. Since the beginning, we have focussed scientifically on quantitative measurements of learner delight and used the Net Promoter Score framework (NPS) for planning, monitoring, and improving our offerings. With a current company NPS of 85, we have exceeded targets we once set for ourselves.

Edtech is currently getting a bad rap on corporate governance. It is a self-inflicted wound. Publishing audited accounts within three months of financial year closing and appointing credible independent directors to the board does not require any rocket science. Every edtech can and should do it.

The bigger question is whether edtechs realise they should serve a purpose bigger than just making money for founders and investors. In *Deep Purpose*, Prof Ranjay Gulati says, "Leaders orient their organisations existentially around the North Star of purpose, articulating a conscious intent to conduct their business in a more elevated way. Purpose in their minds is a unifying statement of the commercial and social problems a business intends to profitably solve for its stakeholders." Very wise words to live by.

THE WRITER IS FOUNDER AND CEO OF TALENTSPRINT, AN NSE GROUP COMPANY


SAJITH PAI & KARTHIK REDDY

PANDEMIC MARKET FIT IS OVER. EDTECH WILL LIVE

The best businesses are often born in the depths of gloom. Those who build quietly, frugally, passionately, and address deep customer pain will grow

CHAITANYA DINESH SURPUR

In the first half of 2022, edtech funding hit $1.87 billion, according to Tracxn. This was a jump of 35 percent from the previous year, which itself had seen a 70 percent jump over the previous year.

In short, 2021 and 2022 saw a record rise in funding, audience numbers, engagement, hiring and growth. In Blume's 2020 Edtech report titled 'It is EdTech's Moment', we quoted an edtech founder saying, "The ecommerce of India is education" and that India's Amazon would be an edtech company. We had indeed hit peak edtech.

Cut to July 2023. The first half of 2023 saw edtech funding drop dramatically to half the size of the previous year, at just under $900 million. Many edtech companies founded in 2020 and 2021, and which raised record rounds are now floundering. Some have shut shop and returned money to investors. Some of the sector's leading lights with unicorn status have had to let go of people, and re-engineer their operations. From online, there has been a sharp push to offline, as many have set up physical centres.

What happened? Is edtech no longer edtech?

Blume has been a prominent investor in edtech, and the related human capital space, with investments in players such as Unacademy, Mettl (acquired by Mercer), Classplus, Leverage Edu and Uolo. We are not edtech sector investors, but we do understand the distinct nuances of the sector, and have a well-thought perspective of it. While Karthik led the first cheque into Unacademy and Mettl and operational expertise, Sajith helped the Times Group set up Bennett University, and also led the rounds into Classplus and Leverage Edu.

PMF... pandemic market fit and not product market fit

We believe that a lot of edtech startups that saw a sharp growth in numbers and customer demand (WhiteHatJr is the canonical example) actually had what we title Pandemic Market Fit and not true Product Market Fit (PMF). Given that we were all forced to be indoors, all education moved online, and for a brief while education became edtech. Products that otherwise wouldn't have got PMF—like online hobby classes for young kids—started seeing great traction.

In regular times, we have seen that for parents, kids' hobby classes are fundamentally socialising or childcare sessions (when the mother grabs a welcome coffee break). The skill or education part is secondary. During the pandemic, we saw a sharp rise in both supply and demand for online classes, led by excess funding as well as parents wanting to keep their kids gainfully engaged. The moment

We saw intense highs during the pandemic and the correction was inevitable

the forcing function of the pandemic waned, we saw a drop off in parent interest. Not surprisingly, almost all of the online hobby classes startups have shut shop or pivoted.

It is not just online hobby classes that saw pandemic market fit. Almost all education plays that moved online saw crazy demand. As the numbers grew, and venture capitalists (VCs) invested in these companies, we saw these startups use these cash reserves to subsidise growth, giving the product free. Not surprisingly, demand rose even more. However, this growth was not backed by genuine demand, or at least a large number of the audiences were 'tourists', who moved out when the pandemic eased (as schools and offline centres opened up), and the growth subsidies eased. With their moving out, and the deflation of growth we have seen, many edtech players have had to take drastic measures to reduce their cost base, scuppering divisions, letting go of talent etc.

Online to omnichannel

Byju's' acquisition of Aakash, Unacademy's expansion into offline centres, Vedantu's acquisition of Deeksha are all pointing to offline expansion as the big growth lever for edtech players. With this, it is a fair question to ask: Is it edtech at all if you go physical?

Just as Nykaa, Lenskart, Sugar and many more have cleverly leveraged physical expansion to create an omnichannel presence to tap into relevant customers, it is imperative that edtech players go where the audiences are. In a country like India where 30 to 40 million households (perhaps a little higher for education) are the core drivers of consumption, it makes sense to go where they are, and use offline if that is their preferred medium.

The offline presence is, however, married with tech, and leverages tech significantly, to help the startups onboard students effectively, track engagement and outcomes, thereby creating an enhanced 'phygital' product. This phygital product has the best of both worlds, delivering classroom engagement and effectiveness, and leveraging digital for notes and explainers, interactive quizzes and doubt-solving sessions etc.

Only when the tide goes out, do you discover who is swimming naked: Warren Buffett

We believe that the best businesses are born not in the times of frenzy, but often in the depths of gloom. It is times like these that separate what are genuine businesses that are solving customer pain with well-crafted products, from the rest.

For every few stories of failures, we are seeing several success stories as well. In times to come, we will celebrate their achievements.

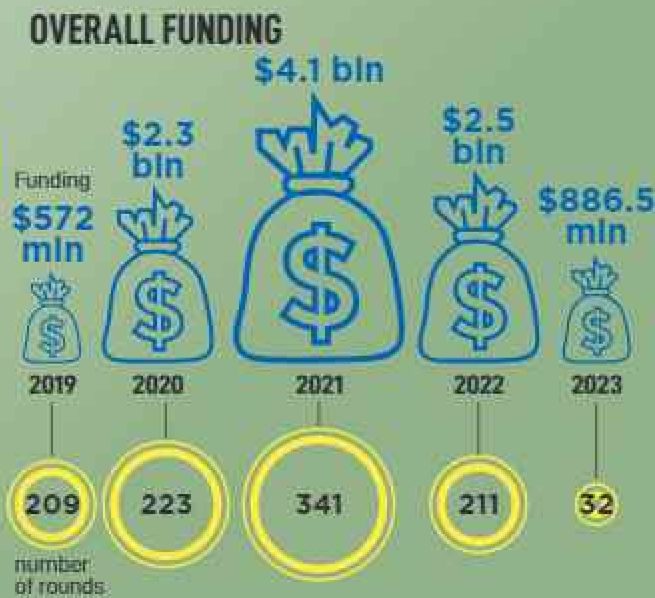
To wrap up, we saw intense highs, and to some extent the correction was welcome. It was inevitable that it would correct once the pandemic effect waned. We should, however, not go the other way and declare that edtech's days are over. In the background, we are seeing several founders and their teams quietly building away, frugally, passionately, addressing deep customer pain through their products. We can't wait to see them emerge into the spotlight soon.

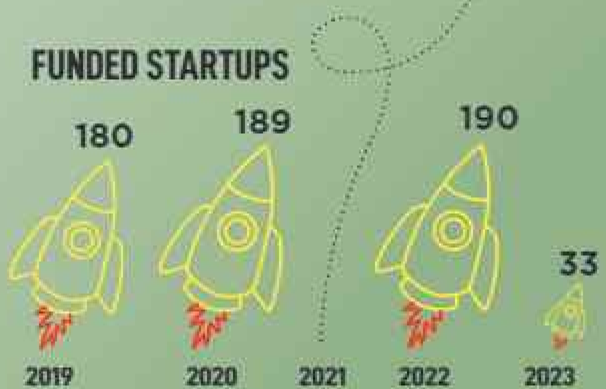
PAI IS PARTNER, AND REDDY IS CO-FOUNDER AND PARTNER AT BLUME VENTURES

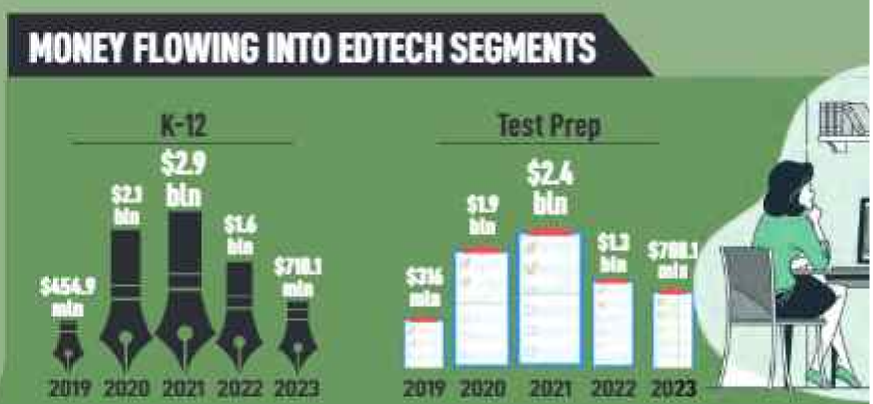
THE DISTURBING EDTECH REPORT CARD

The flow of VC money into the edtech segment soared after the pandemic in March 2020, peaked over the next year, and during the next 24 months, dipped alarmingly and touched a new low. From a high of 284 startups getting venture money in 2021, the numbers slashed to 33 in 2023, according to data shared by Tracxn. The funding fell from a peak of a staggering $4.1 billion in 2021 to $886.5 million in the first six months of this year. During the same period, two darlings of edtech—K12 and test prep—lost their charm

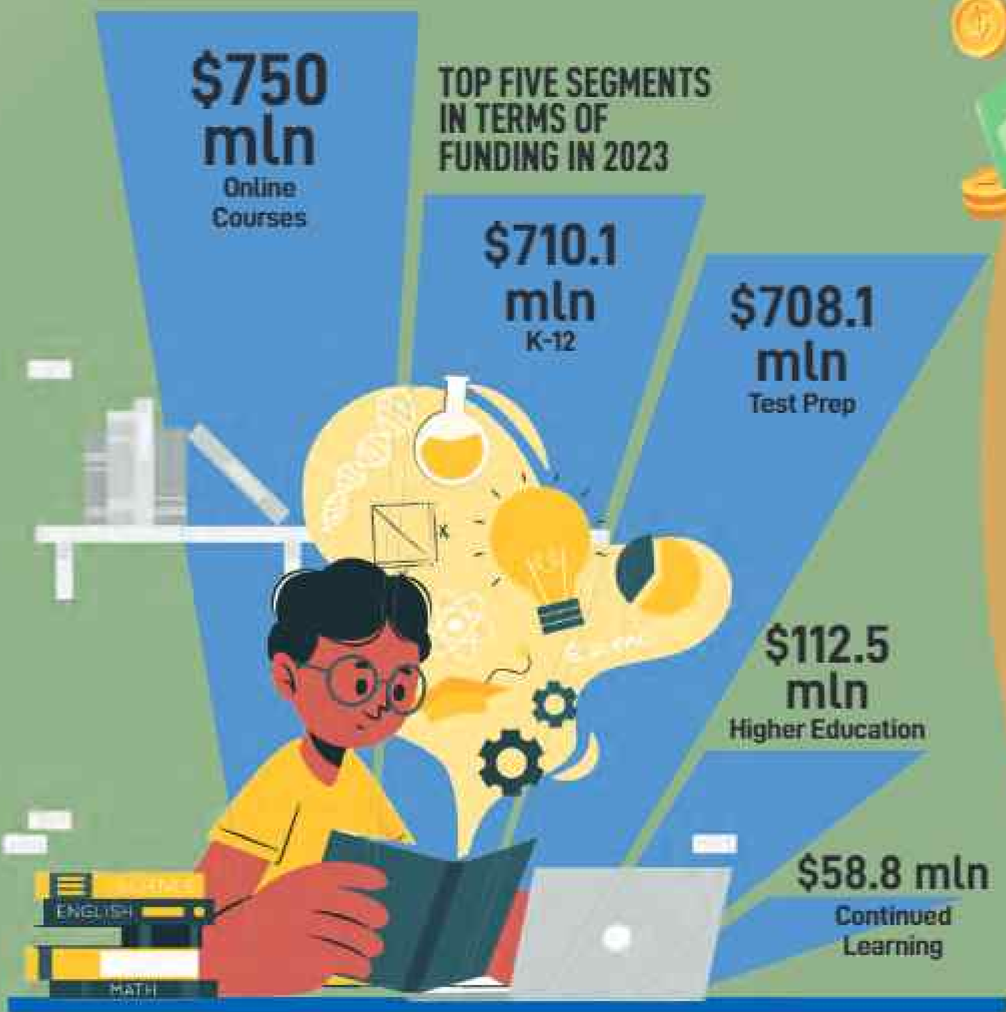
By RAJIV SINGH







TOP FIVE SEGMENTS IN TERMS OF FUNDING IN 2023



Online Courses

2019	$276.1 mln
2020	$1.8 bln
2021	$2.5 bln
2022	$1.5 bln
2023	$750 mln

Activity-based learning

2019	$94.7 mln
2020	$18.7 mln
2021	$58 mln
2022	$9.8 mln
2023	$54,341

Online Tutoring

2019	$83.4 mln
2020	$228.7 mln
2021	$174.4 mln
2022	$348.6 mln
2023	$3.5 mln

Pre-K

2019	$18.8 mln
2020	$11.4 mln
2021	$31 mln
2022	$11 mln
2023	$554,341

Education IT

2019	$14.2 mln
2020	$41 mln
2021	$225.6 mln
2022	$203.1 mln
2023	$16.5 mln

Language learning

2019	$5.2 mln
2020	$6 mln
2021	$3.8 mln
2022	$7.1 mln

TOP 5 EDTECH PLAYERS IN TERMS OF FUNDING...

2021

- Byju's: **$863.9 mln**
- Eruditus: $650 mln
- Unacademy: $440 mln
- upGrad: $120 mln
- Vedantu: $100 mln

2022

- Byju's: **$800 mln**
- upGrad: $225 mln
- LEAD School: $101.5 mln
- PhysicsWallah: $100 mln
- Leap Finance: $75 mln

...AND VALUATION

2021

- Byju's: **$17 bln**
- Eruditus: $3.2 bln
- Unacademy: $3.1 bln
- upGrad: $1.1 bln
- Vedantu: $0.9 bln

2022

- Byju's: **$22 bln**
- LEAD School: $1.1 bln
- PhysicsWallah: $1.1 bln
- Vedantu: $0.85 bln
- Scaler: $0.71 bln

TOP 5 VCs DRIVING EDTECH FUNDING

2020 — Portfolio (rounds of investment)

VC	Portfolio (rounds of investment)
Peak XV Partners	7 (9)
Venture Catalysts	7 (8)
SucSEED	5 (6)
India Quotient	4 (5)
Omidyar Network India	3 (5)

2021 — Portfolio (rounds of investment)

VC	Portfolio (rounds of investment)
Better Capital	14 (15)
IPV	10 (11)
First Cheque	7 (8)
Qed Innovation Labs	6 (7)
Titan Capital	7 (7)

2022 — Portfolio (rounds of investment)

VC	Portfolio (rounds of investment)
We Founder Circle	11 (13)
Peak XV Partners	9 (9)
IPV	7 (8)
MMPL Trust	6 (6)
Matrix Partners India	4 (5)

2023 — Portfolio (rounds of investment)

VC	Portfolio (rounds of investment)
Peak XV Partners	2 (2)
IPV	1 (2)
WaterBridge	1 (1)
Orios Venture Partners	1 (1)
Soma Capital	1 (1)

SOURCE Tracxn; 2023 data till July 3, 2023

'ALARMINGLY' RED REPORT CARD

Except PhysicsWallah, all top edtech players (in funding and valuation) posted heavy losses

	Operating revenue	Loss/Profit
Byju's	₹2,280 cr	₹4,564 cr
Eruditus	₹1,859 cr	₹2,645 cr
Unacademy	₹719 cr	₹2,848 cr
upGrad	₹679 cr	₹627 cr
Vedantu	₹169 cr	₹696 cr
LEAD School	₹133.2 cr	₹397 cr
PhysicsWallah	₹233 cr	₹98.23 cr

SOURCE Entrackr; Byju's numbers are for FY21; rest are FY22

Layoffs among startups since January 2022

	Total	Edtech layoff
2022	20,000	10,000
2023	15,000	3,700

Top three companies with layoffs

Unacademy:
2,000

Byju's:
5,000
[including mass resignation]

Vedantu:
1,000+

SOURCE Entrackr

CANADA START-UP PR VISA - THE MOST POPULAR RESIDENCY PROGRAM FOR START-UP FOUNDERS, ENTREPRENEURS, PROFESSIONALS AND HNIS

THE PROGRAM OFFERS PERMANENT RESIDENCY PATHWAYS FOR APPLICANTS WHO CAN DEMONSTRATE THE POTENTIAL TO CONTRIBUTE TO THE CANADIAN ECONOMY.

Eleven reasons that make the Canada Start-Up PR Visa Program so popular?

1. Canada SUV program permits five applicants, including the founder, to be part of one group. The Canada Start-Up PR Visa program has gained significant popularity among start-up founders, entrepreneurs, Skilled professionals, and high-net-worth individuals (HNIs).
2. It has no minimum Educational Qualifications.
3. It has no age limit.
4. It has no minimum net worth requirements.
5. It has no minimum investment requirements.
6. It does not require the co-applicants to be technology specialists.
7. It permits the applicants and their spouses to get three years open work permit (OPW)after the Letter of support (LOS) is issued.
8. It permits the applicants on Canada OWP to work or invest in other businesses besides being associated with the start-up project.
9. The dependent children benefit from paying the same fee for higher education as the residents, thereby ensuring significant savings.
10. The co-applicants get 10% equity in the Canadian Start-Up company. Against the start-up's success, they may end up making substantial financial gains.
11. The Canada Start-up Permanent Resident visa, is unconditional. The visa holder and his family can live and work anywhere in Canada.

Challenges Faced by Applicants

Canadian Start-Up visa permanent residency applications can be complicated, with challenges such as understanding eligibility requirements, gathering documents, filling out forms accurately, and meeting language proficiency requirements. Hence, professional guidance is essential for success due to limited spots and competition.

The most critical is the selection of a technology-backed start-up project that is viable and scalable.

The applicants require handholding through the entire process, including company incorporation, business plan and incubator selection.

Abhinav Immigration Services provides beginning-to-end turnkey solutions. We are the foremost company with successful start-up groups now settled in Canada and tens of clients whose letter of support and work permit has been issued.

Qualification and Benefits

To qualify, applicants need a qualifying business

idea, support from a designated organization, and meet language proficiency and educational qualifications. Successful applicants and their families gain Canadian permanent residency, healthcare, education, and opportunities to grow their start-ups.

Application Process and Timeline

As part of the application process, you must submit an Expression of Interest (EOI), obtain a Letter of Support, and submit the residency application. A permanent residency application typically takes 24-30 months to process. But the open work permit process can be completed within 12 months.

Differentiation and Industry Focus

As a start-up accelerator, the program targets skilled professionals with special skills, entrepreneurs and founders of new businesses. In addition, it promotes the growth of start-up businesses by prioritizing individuals with innovative business ideas. Despite being open to various industries, it focuses on sectors contributing to economic growth and innovation.

Government Support and Growth Targets

With the Canadian government recognizing the importance of entrepreneurship and innovation, the program provides a pathway to permanent residency. It also facilitates growth through funding, mentorship, and resources while aligning with Canada's innovation and growth targets, attracting talented individuals.

Comparison with Global Programs

With its comprehensive support, benefits, and focus on entrepreneurial growth, the Canada Start-Up PR Visa program offers a clear pathway to permanent residency and a nurturing environment for start-ups. Canada's stable economy, supportive policies, and diverse opportunities make it an ideal destination.

Abhinav Immigration Services

Abhinav Immigration Services is dedicated to assisting individuals in realizing their migration dreams to Canada. The company provides comprehensive immigration solutions, ensuring a smooth and successful process. By leveraging their expertise, Abhinav Immigration Services facilitates the immigration journey of entrepreneurs, professionals, and individuals looking to make Canada their new home.

Take advantage of this incredible opportunity! Contact us now at 8595338595 or visit web@abhinav.com to know more.

PharmEasy's Malady and Cure

The online drugs and medical services startup is reportedly raising ₹2,400 crore in fresh funds at a 90 percent markdown to it previous valuation

By VARSHA MEGHANI

If PharmEasy's reported ₹2,400 crore rights issue plays out over the next few weeks, it would have taken less than two years for the online pharmacy's valuation to plummet from its peak of $5.5 billion in October 2021 to around $600 million. That's a 90 percent markdown.

Mumbai-based PharmEasy was once the largest online drugs and medical services platform in India. Backed by top investors like Temasek, TPG Growth, Prosus (formerly Naspers), Facebook Co-founder Eduardo Saverin's B Capital and Nandan Nilekani's Fundamentum Partnership, among others, it raised a total investment of $1.2 billion across 16 funding rounds since its launch in 2014. It even bought Thyrocare Technologies, a profitable testing and diagnostics chain, in June 2021. Although PharmEasy paid a premium for it, the deal made sense at the time. It would help the online pharmacy move from peddling low-margin drugs to selling high-margin testing services.

Besides, the health care market in India is growing. The pharmaceutical sector is expected to grow at a CAGR of 37 percent between 2020 and 2025 to reach $50 billion, as per CARE Ratings.

So how did PharmEasy get here from its vantage point? And can it recover?

"The business was doomed from Day 1," says a former employee speaking to *Forbes India* on the condition of anonymity. That's because of the nature of the business.

Consider this: India's pharma market is dominated by branded generics. There are around 200,000 brands in the country, constituting 75 percent of the $1 trillion pharma market, according to IMS. Patented drugs constitute just 7 percent of the market, while the remaining 18 percent comprises generics. India's retail and distribution space is fragmented with over 600,000 retailers and 60,000 wholesale distributors. Plus, the government regulates the prices of medicines in India. Not only does the maximum retail price (MRP) of medicines have to be approved by the National Pharmaceutical Pricing Authority (NPPA), the government body in charge, but margins for each of the pharma supply chain players are largely fixed. Retail pharmacies have 20 percent margins, distributors have 10 percent, and cost and freight (C&F) have 4 percent margins.

PharmEasy tried to be the bridge between the fragmented offline sellers on one side and online buyers on the other. They tied up directly with over 3,000 manufacturers and over 90,000 retailers across India to deliver medicines to customers in the shortest time possible.

It succeeded to a large extent. With over 12 million registered users and 17 million monthly active users, API Holdings, PharmEasy's parent, grew to become the largest online pharmacy, clocking revenues of ₹2,361 crore for the year ending March 2021. Rivals 1mg, now owned by the Tata group, and Reliance-owned Netmeds, posted ₹134 crore and ₹151 crore in revenue, respectively, in the same period.

Even so, given the regulated prices and low margins of the pharma industry in general, coupled with the 20-odd percent discounts and cashbacks PharmEasy offered along with free delivery, its unit economics "were horrible", says the former employee.

"Everyone knew this and hoped scale would fix everything," says Kaushal Shah, co-founder and CEO of eVitalRx, an Ahmedabad-based pharmacy billing and inventory management software startup. "Unfortunately, the scale argument for negative unit economics doesn't work in medicines. People don't just consume more medicines. Besides, people in India prefer brands prescribed by their doctors," he says. Thousands of competing generic brands, medicine expiries, and logistics also negatively impact unit economics, he notes.

"To succeed in this business, you have to be okay with very, very thin margins and your cost of delivery has to be super-efficient," says one investor on condition of anonymity. Consider how easy it is to pick up the phone, call your neighbourhood pharmacy and order the medicines you need. They'll deliver free of charge and most likely send you a bill at the end of the month. In other words, "beating kirana pharmacies is tough", he says.

PharmEasy decided to strengthen its position through vertical integration, which would help it extract higher margins. Soon after a $350-million fund raise in April 2021, which shot the e-pharmacy to unicorn status valuing it at $1.5 billion, Pharmeasy went on a shopping spree.

In a Debt Trap: PharmEasy's Rising Net Debt Levels (₹cr)

It acquired around 15 regional distributors. It also mopped up two enterprise resource planning software companies, Marg and Redbook, to ensure frictionless logistics between its pool of distributors and end customers. It then bought Aknamed, a supply chain platform that enables hospitals to procure medicines online. But the biggest acquisition in that year was that of Thyrocare. PharmEasy bought 66.1 percent of the profitable testing diagnostics

The health care market in India is growing. The pharmaceutical sector is expected to grow at a CAGR of 37 percent between 2020 and 2025 to reach $50 billion, as per CARE Ratings

SHUTTERSTOCK

chain from A Velumani, its promoter, for ₹4,546 crore ($612 million) in June 2021. In turn, Velumani invested ₹1,500 crore ($202 million) to acquire a 5 percent stake in PharmEasy. It paid a premium for it, funding this and other acquisitions through a series of loans. Lenders included Kotak Mahindra Bank, Aditya Birla Finance, and Hero Fincorp; interest rates ranged between 9 and 17 percent.

As a result, the net debt of API Holdings, PharmEasy's parent, grew from ₹262 crore in the year ended March 2021 to ₹2,256 crore in the year ended March 2022, according to Venture Intelligence, a data provider. Its net debt-equity ratio worsened from 0.08 to 0.34 during the same period. Revenues grew 2.5x to ₹5,781 crore in the same period, but losses widened more than 6x to ₹3,993 crore.

PharmEasy planned to repay the debt it took on by going for an initial public offering (IPO). In November 2021, API Holdings, filed its draft red herring prospectus with market regulator Securities and Exchange Board of India (Sebi), stating its intent to raise ₹6,250 core (approximately $1 billion) at a $9 billion valuation. The IPO was supposed to hit the market in early 2022.

But the markets went rogue. The global meltdown of tech stocks and the lacklustre listing of Paytm and Zomato on the Indian exchanges made PharmEasy roll back its IPO plans, citing "market conditions and strategic considerations".

But its loan obligations still had to be met. So PharmEasy borrowed $285 million from Goldman Sachs in August 2022 to pay off its debt. The loan included a covenant to the effect that PharmEasy would have to raise equity of around ₹1,000 crore (about $120 million), linked to its burn rate velocity, within a year of taking the loan, according to the senior employee quoted earlier.

While PharmEasy has not defaulted on any of its payment obligations thus far, it will soon be in breach of its covenant terms with Goldman Sachs. The terms of the covenant agreement allow Goldman Sachs to potentially take over the entire company or its most profitable arm Thyrocare as all the assets of API Holdings were used as security to obtain the loan, says the employee.

"Basically, they [promoters Siddharth Shah, Dharmil Sheth and Dhaval Shah] bit off more than they could chew," says the senior employee. Hence the fresh rights issue at a 90 percent markdown. "Any money is better than no money at this point," says the investor quoted earlier.

The rights issue will be led by Ranjan Pai's Manipal Group, which will reportedly be investing ₹1,000 crore for an 18 percent stake in API Holdings. Existing investors Temasek and TPG Growth are also expected to contribute about ₹1,500 crore to the funding round. Interestingly the latter two are also investors in Manipal Group.

"The investors are calling the shots at this point. The co-founders don't have any say," says the senior employee. Pai declined a request for comment on the matter. PharmEasy did not respond to *Forbes India*'s request for comment.

Worryingly, the co-founders don't have any skin in the game. Siddharth Shah held a 2.53 percent stake in API Holdings as of March 2021, Sheth had 0.12 percent stake, while Dhaval Shah held a mere 0.04 percent stake. Yet, says the senior employee, "they are the best people to run the company, as they know it from ground up," adding, "had the markets not soured, PharmEasy wouldn't be in this situation."

In many ways PharmEasy's troubles mimic those of Byju's. The edtech giant also took on large pools of debt to fund acquisitions in India and abroad during the pandemic years. It's now struggling to repay that debt as its plans to list offline tutoring business Aakash were shelved due to the unfavourable market conditions.

"A lot of these business models are coming under challenge," says the investor. "I still think PharmEasy is a great business. It will probably get bundled into a larger horizontal over time because I don't think you need a specialised vertical only for medicine delivery as pharmacies are available across the road. So either they become a horizontal by bundling personal care delivery and say, FMCG products, or they get consumed by a horizontal."

Winds of Change

The tide of foreign investments has finally turned as investors pull out of China stocks and turn to India and global emerging market ETFs, excluding China, for better long-term returns

By NEHA BOTHRA

Foreign investors traditionally fancied China over India for big-ticket investments despite underperformance of Chinese equities. But now, the tide has turned

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Last year, in a freewheeling conversation, Saurabh Mukherjea, founder and CIO, Marcellus Investment Managers, told this writer, based on global fund-raising roadshows, the portfolio allocation of most global family houses and endowment funds towards Chinese stock markets is four-five times that of India, although returns from China have been dismal over the past decade in relation to India.

"In New York or London, you will not hear a word about the Indian stock market. Most investors, for decades, have had a cynical view of India. They had this wildly bizarrely positive notion about China, which is neither founded on fact, nor on investment returns. I think that anomaly has begun to correct," Mukherjea had said.

Many domestic investment managers have traditionally—for nearly three deacdes—faced unfounded scepticism as foreign investors fancied China over India for big-ticket investments despite the stark underperformance of Chinese equities. A case in point: Since its inception in October 1995, the MSCI China Index has delivered no returns to investors. In contrast, the MSCI India Index returned a whopping 2,000 percent and the MSCI Emerging Market Index rose over 160 percent.

> **"Investors are increasingly tracking MSCI-ex China. The index weightings have long been questioned (as) the main EM Index is not representative."**
>
> ELIZABETH MORRISSEY
> MANAGING PARTNER, KLEIMAN INTERNATIONAL

But, one year later, the tide has turned and the big change in perception is noteworthy.

Washington-based global emerging financial markets investment firm Kleiman International's Managing Partner Elizabeth Morrissey tells *Forbes India*, "China has seriously disappointed investors. The reopening trade was wildly enthusiastic in January, but since then has totally turned around."

A recent survey by Bank of America finds that the mood of investors has quickly changed from "unabashedly bullish" to "fatigued scepticism" as they try to piece the dismal performance of China stocks. In fact, many investors are doubtful if China's recovery has legs and if they can meaningfully profit from the reopening theme in the medium term.

Its analysts say long-term emerging market investors want some indication of the "new normal" of China's growth outlook to assess if the past three years have fundamentally impaired business and consumer confidence, and so in this situation, investors are impatient to buy and hold and would prefer to invest when there is more clarity.

Mark Matthews, head of research, Asia, Julius Baer, says, "We view Indian and US equities as long-term investments and Chinese equities as a trade. Chinese retail investors themselves show no affinity to their own share market, beyond occasionally trading in and out of it when government policy turns more or less favourable."

In fact, Bloomberg data of equity inflows into emerging markets in the second week of July (July 10 to

July 14) shows US ETFs favoured India stocks the most among emerging market peers and invested $637.5 million and around one-third of it into China (*see table*).

"It is doubtful that many portfolio investors have a medium- or long-term plan for their China strategy. In addition to the domestic stories—including crackdowns on a range of sectors—in the aftermath of the Russian invasion, investors have been wary of exposure in case the West imposes direct or secondary sanctions on state or private companies, including banks. They are fearful that their China exposure will also be trapped with the situation so fluid and the Taiwan threat not receding," Morrissey explains.

The MSCI Emerging Markets Index providers say countries have been added and removed from the MSCI EM Index based on its market classification framework that assesses economic development, size, and liquidity and market accessibility. In 2023, the MSCI EM Index has 24 countries. Presently, China has the largest index-weight at 29.55 percent (*see table*) and covers about 85 percent of its stocks across large and mid-caps.

"While China's reopening provides a silver lining to the lack of global economic growth projected for 2023 and beyond, a smooth path towards recovery is by no means guaranteed. China may also need to strike a fine balance by reversing policies in key sectors (real estate tightening and internet platform regulation) and promoting a more sustainable growth model," it states.

That China has been a drag on the emerging market index is evident. It has underperformed the MSCI EM Index while India has consistently beat MSCI EM Index and MSCI China Index. For example, as on 30 June, MSCI China posted a negative return of 16.82 percent and MSCI India returned 14.15 percent over a one-year period. During the same period, the MSCI EM Index rose 1.75 percent (*see table*).

Moreover, China's weight on the MSCI EM Index has reduced to 29.55 percent from 38.7 percent in 2020 whereas exposure to India stocks has increased from 8.3 percent in 2020 to 14.63 percent currently. Clearly, investors are looking to reduce exposure to China stocks for better returns. Global brokerages, including Goldman Sachs and Morgan Stanley, cut their targets for Chinese stock indices. For example, Morgan Stanley trimmed its MSCI China Index target to 70 from 80 and reduced its target for the Hang Seng China Enterprises Index to 7320 from 8250.

"Investors are increasingly tracking MSCI-ex China. The index weightings have long been questioned and especially with increased attention to global economic and geopolitical issues the main EM Index is not representative. For retail investors, ETFs are increasingly attractive, but interest has definitely shifted from Global Emerging Market (GEM) funds to GEM-ex-China," says Morrissey.

She points to data indicating that foreign investors sold mainland shares worth $1.7 billion in May and $659 million in April. "They continue to sell bonds as the country slides into deflation," she adds. Foreign investors have dumped Chinese government debt to the tune of $31 billion in the last seven months and around $130 billion since early 2020. A ~4 percent fall in China's currency hasn't helped. "Investors have been expecting a large-scale—albeit smaller than 2008—stimulus package and have been disappointed by minor adjustments in rates so far."

The impact of a low base effect aside, by and large, the economic data has failed to meet consensus and indicates weak momentum and an uneven recovery. Despite the surge in

INFOGRAPHICS: MUKESH SINGH

pent-up demand for services, domestic consumption is likely to remain tepid. “Households are reducing their leverage. That’s not a good sign for consumption, which is over half of GDP. It suggests they lack confidence in the future,” Matthews says.

The slower-than-forecast second quarter GDP growth of 6.3 percent on a year-on-year basis further dented the confidence of investors. As per government data, in comparison the corresponding period last year, exports and imports declined 12.4 percent and 6.8 percent respectively in the June quarter.

“Investors were counting on a bounce in domestic consumption for recovery but the decline in imports points at weakening domestic demand as the economy slides into deflation. While tech stocks have rallied in recent days after government officials indicated a shift in stance after the recent crackdown, the ailing property sector and local governments continue to weigh on sentiment,” Morrissey says.

In March, China’s GDP growth of 4.5 percent y-o-y beat analyst estimates by a wide margin since many economists and brokerages had forecast the economy would contract by 0.5 percent y-o-y in Q1. The faster-than-anticipated recovery in the first quarter, coupled with robust high frequency economic indicators, led many brokerages and global banks to raise their growth forecast to 5.2-5.7 percent. Now, for instance, Citigroup, JP Morgan, and Morgan Stanley have reduced their GDP estimates for the current year to 5 percent.

How China Dragged the Index

India has consistently outperformed EMs

Net Returns (%)	1M	3M	1YR	YTD	3YR	5YR	10YR
MSCI EM	3.8	0.9	1.75	4.89	2.32	0.93	2.95
MSCI World	6.05	6.83	18.51	5.09	12.18	9.07	9.5
MSCI India	4.7	12.23	14.15	5.11	19.33	8.76	8.87
MSCI China	3.97	-9.71	-16.82	-5.46	-10.26	-5.27	3.05

In the last couple of years, emerging markets bore the brunt of rising interest rates and global volatility as foreign investors flocked out of high-risk markets. But emerging markets, particularly India, have regained their sheen and are expected to outshine developed markets. For example, the World Bank, in its latest forecast, projects emerging markets to grow at 3.9 percent this year and 4 percent next year versus 1.2 percent and 2 .2 percent for developed markets in 2023 and 2024 respectively. It pegs India as the fastest growing major economy and predicts its GDP to grow at 6.4 percent in the current year and 6.5 percent next year.

“Discounting 2021’s post-Covid-opening bound in EMs—shares are cheap and economic growth is rebounding. The World Bank, in its June update, is projecting EM economies will grow 3.9 percent and 4 percent this year and next, while DM will advance only 1.2 percent and 2.2 percent, led by India at 6.4 percent and 6.5 percent,” Morrissey says. “We would argue that there are only four top emerging markets for investors right now—India, Mexico, Brazil, and Greece. Other smaller markets, like Vietnam and Uruguay, are also attracting interest as they come to grips with inflation, as are the markets in Central/Eastern Europe and Latin America more broadly.”

India has managed to rein in inflation levels at below 6 percent and economists widely believed that interest rates have peaked. Big-bang reforms over the past decade such as the Make in India programme, UPI, the Insolvency and Bankruptcy Code, GST, and PLI schemes have improved India’s business environment. There is a thrust on infrastructure and manufacturing to boost growth and India’s startup ecosystem is flourishing too.

“India is known as the market that has confounded optimists and pessimists alike. Could this be its decade to shine? From our recent travels around the country, we believe indications are pointing in the right direction: Corporate confidence is high, the economy is expanding at a decent clip and technological innovation is leading to new areas of growth,” Capital Group’s equity portfolio managers say in a recent report.

Its fund managers note that the path of India’s equities has never been a straight line, but over longer periods, the stock market has delivered some of the best returns among emerging and developed markets. A case in point: As of May 31, over a 20-year period, MSCI India returned 13 percent, MSCI Emerging Markets returned 8.3 percent, and the S&P 500 returned 9.1 percent.

> “We view Indian and US equities as long-term investments and Chinese equities as a trade.”

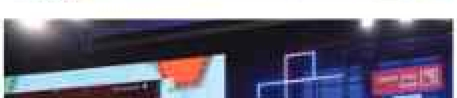
MARK MATTHEWS
HEAD OF RESEARCH, ASIA, JULIUS BAER GROUP

THE STARTUP FRIDAYS

Resilience, tenacity, ef
take center stage at th
first edition of the
Moneycontrol Startup








The Indian startup ecosystem has weathered a series of challenges this year. From funding setbacks, layoffs exceeding 25,000 to declining valuations and governance issues plaguing some startups.

But, amidst adversity, resilience, tenacity, and efficiency have emerged as dominant themes. Therefore, it was no surprise that these qualities took center stage at the inaugural Moneycontrol Startup Conclave, held earlier this month in Bengaluru, India's thriving startup and technology hub.

It was an action-packed, day-long event that featured 17 engaging sessions, 42 esteemed speakers from India and around the world. With an attendance of over 700 individuals, including founders, investors, startup operators and aspiring entrepreneurs, the event embodied the energy and potential of a rising India.

Some of the key speakers included noted entrepreneur and venture investor Vinod Khosla, Coursera CEO Jeff Maggioncalda, Infosys founder NR Narayana Murthy, Reserve Bank of India Deputy Governor T Rabi Sankar, author and investor Nir Eyal, and ace badminton coach P Gopichand, apart from top bankers such as V Vaidyanathan and Rajnish Kumar.

Founders of some of India's most successful start-ups - Zerodha, PhonePe, PB Fintech, Razorpay, Groww, Meesho, Oxyzo and BillDesk, also spoke at the event, apart from investors from marquee VC firms such as Accel, Peak XV, A91 and Fireside ventures. The conclave also had a one of its kind sessions on Digital Public Infrastructure, which

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more resilient and stable
that Khosla ventures is ver
valuations are much low
Some of his investments in
as OpenAI, Stripe and Door

One of the key highlights
riveting interview of NR Na
son Rohan Murty on the em
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fear, uncertainty, governanc
role of luck.

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On the role of luck and faith
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Nir Eyal spoke about why
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Moneycontrol Startup Co
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The Dark Web Threat to BFSI Sector

Sensitive data of organisations like Kotak Life Insurance, IDFC First Bank, State Bank of India and Turtlemint has been compromised, which can lead to more damage if security infrastructure is not strengthened

By **NAANDIKA TRIPATHI**

On July 4, the Clop ransomware group released sensitive data of Kotak Mahindra Life Insurance on the dark web. The files contain details of their clients, unique registration numbers (URN), SAP login credentials, PhonePe records of customers, and data of financial partners and customers such as Capital Small Finance Bank, Hero FinCorp, Ummeed Housing Finance, and more, says Rakesh Krishnan, a senior threat analyst at an IT company.

There are about 13 folders, and each contains over 8 GB of data; one has over 37 MB of data. The attackers have put out some parts of the records, calling it Part 1. The complete dump was not out, as of July 20. The data breach at Kotak Life Insurance is part of Clop's data theft and extortion campaign against MOVEit Transfer customers, which has apparently compromised hundreds of organisations. The attackers gained

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unauthorised access to its transfer databases. But it's still unclear how many victims have paid ransom. The same ransomware group was responsible for stealing the sensitive data of Indiabulls Group in 2020.

Kotak Life Insurance is one of the fastest growing insurance companies in India and covers over 46 million lives nationwide. "There was a worldwide cyberattack on the MOVEit application exploiting a zero-day vulnerability. We, like many other established entities, also make use of the MOVEit Transfer product for the secure transfer of files for limited business purposes. This incident had a limited impact on our file transfer process. However, based on our review, we understand that our IT network has not been compromised and our operations and customer services have not been impacted by this incident," a spokesperson of Kotak Mahindra Life Insurance Company Limited told *Forbes India*.

For a long time, the banking, financial services and insurance (BFSI) sector has been the chosen target for hackers. But this year, many large public and private entities are on the radar of these attackers as well.

In April, another group of hackers posted a database sample on a Russian hacker forum that contained sensitive employee information of IDFC First Bank. The threat actors posted that they intended to sell the full database and information for $500. They also provided a sample of 10 employees and their data to prove their claim. In July, the same data appeared on other forums for sale.

"As the attacker had waited for a long time [two months], the data might not have been purchased by anyone on the forum. Hence, they decided to leak it this month [July] to various forums for karma points, which improves the person's profile on underground forums. This helps them build a reputation among others on underground forums to gain trust and validity for future leaks," explains Krishnan.

Forbes India reviewed the data, which has about 57,000 records of IDFC First Bank's past and current employees. The sensitive data includes mobile numbers, email addresses, employee names, employee date of joining, designation, username, corporate ID, and more. "As the data contains corporate email addresses and phone numbers of the employees, it is easy for attackers to draft spear phishing emails to target these email addresses to obtain more control in the near future," adds Krishnan. *Forbes India* reached out to IDFC First Bank but it declined to comment on the data breach.

A similar data breach came to light recently, when the data of more than 12,000 State Bank of India (SBI) employees was leaked on Telegram channels. The data included the employees' personal information, such as their SBI passbooks, names, addresses, contact numbers, Aadhar cards, and PAN. On July 8, a Telegram channel with the handle @sbi_data posted a file containing the information, and it was shared on other Telegram channels and on social media.

"Financial companies have to comply with and improve upon the basic security standards required by regulations to defend themselves against cyber threats."

[redacted]

The attackers also claimed to have access to the financial details of millions of SBI customers, and that they have dumped the data on publicly accessible leak forums, *India Today* reported. The threat actors posted screenshots of SBI account balances and recent transactions on a publicly accessible leak forum. The data was put up for sale on dark web platforms.

The banking sector needs to be more attentive in terms of building its security infrastructure. Threats are always evolving, and the cybersecurity landscape is constantly changing. The stakes are high in the BFSI sector since there are major funds at risk as well as the potential for a severe financial crisis if banks and other financial systems are hacked, explains Saumay Srivastava, a cybersecurity expert who uncovered the SBI leak. "A crucial first step in protecting a bank's infrastructure against cyber threats is creating and implementing a regulatory compliance strategy. Financial institutions have to comply with and may improve upon the basic security standards required by regulations in order to defend themselves against current cyber threats," he adds.

Forbes India reached out to SBI, but they declined to comment.

On July 11, the data of Turtlemint customers was leaked on the dark web. Car insurance data of Turtlemint customers, a personalised online-offline insurance platform, was put up for sale on an underground forum. Data related to their car insurance policies, including email IDs, policy numbers, names, car details, and more, was available for purchase. *Forbes India* reviewed parts of the data. The scammers were selling 19,14,035 records of data for $4, and three people have bought them so far. This data can be misused by people pretending to be Turtlemint employees. The company declined to comment.

Experts say the number of cyberattacks on these prominent companies in such a short span of time is alarming. The BFSI sector has long been aware of the threat posed by cyberattacks, but it may be more vulnerable now than ever before. Cybercriminals are becoming more sophisticated, making it increasingly difficult to protect sensitive data. The repercussions of failing to protect this data can be severe, including financial losses, reputational damage, and legal liabilities. The threat actors are becoming increasingly refined in their methods, and businesses must prioritise measures to prevent cyber threats.

According to the State of Application Security Report by Indusface, India has seen a sharp increase in the number of cyberattacks in the first three months of 2023. Over 500 million cyberattacks were blocked in Q1 2023, out of a billion attacks globally. The report found that India's BFSI sector was the target of most attacks, especially insurance. Within the Indian insurance sector, 11 percent of all websites faced an attack, as against the global average of 4 percent. Rather than distributed denial of service (DDoS) attacks like ransomware, 99 percent of the attacks are vulnerability attacks like probe attacks using botnets.

WHY BFSI IS MOST TARGETED

Once attackers are able to compromise a bank or financial institution, they may use it to directly steal money, credit cards, KYC, or other data and sell this to other miscreants who can use it to open fake accounts, explains Yash Kadakia, founder of Security Brigade, an information technology security solutions provider. Fraud and hacking are no longer the domain of some person sitting in the basement of their house. It's a well-organised eco-system with a range of vendors and suppliers that are willing to buy and sell different pieces of information, he adds.

"The BFSI sector in India invests heavily in security, and most of the companies I know are following industry-leading best practises. But the unfortunate reality is that BFSI companies have to do every single thing right, and the attacker needs to do every single thing wrong," says Kadakia.

Security awareness regarding digital banking is still low in the country. Naive customers like senior citizens, people from rural areas, and the uneducated are low-hanging fruit for consumer fraud, according to Harshil Doshi, director of sales (India and SAARC) of Securonix, a Texas-based organisation that utilises machine learning (ML) and artificial intelligence (AI) to detect advanced threats.

"Supply chain threats are going to be the next major attack vector, and every financial institution needs to keep a closer watch on its supply chain."

The BFSI sector also represents the country's economic stability. Hence, adversary nations could target it to create an insecure perception of the country.

"Take the HDFC Bank merger, for example, which was actualised on July 1 and elevated the bank to the fourth-most valued bank in the world. It is definitely now on the radar of all the top threat actors in the world," adds Doshi.

The challenge that has arisen in this sector now is that significant organisations in the sector have looked to integrate third-party providers to offer a set of capabilities to their addressable market spaces. These include vendors like fintech companies all the way from KYC to loan processing to verification to offering value-added services to rating models, explains Pankit Desai, co-founder and CEO of cybersecurity firm Sequretek.

"The recent breach in Lentra, let's say, which in turn impacted HDFC Bank through its HDB Financial Services service provider, or the same thing that happened with ICICI. The bank or institution itself was not breached. It's the provider that gets hit, and it's through the provider that the rest of the ecosystem gets hit. But the single biggest factor, in my opinion, is the supply chain attack that we are seeing now in the BFSI sector," adds Desai.

STRENGTHENING SECURITY INFRASTRUCTURE

Implementation of robust security monitoring solutions can enable real-time detection and response to evolving threats. Proactive monitoring of networks, systems, and applications can help identify vulnerabilities or anomalies promptly, suggests Rahul Sasi, chief executive of CloudSEK, a contextual AI company that predicts cyber threats. Exploring emerging technologies like AI, ML, and behaviour analytics can enhance the sector's ability to detect and respond to sophisticated attacks.

"It is essential for the BFSI sector to stay updated on the latest security trends and collaborate with cybersecurity experts to proactively identify vulnerabilities and deploy effective countermeasures. Supply chain threats are going to be the next major attack vector, and every financial institution needs to keep a closer watch on its supply chain," adds Sasi.

India's BFSI sector has the most stable and growth-fuelled outlook for the foreseeable future, owing to the country's non-performing assets (NPA) management, credit growth, economic boom, and mass digitisation. "The last thing we need is a dent in that story due to cyberattacks. It's the collective responsibility of all stakeholders to keep all of us and our banks safe," says Doshi of Securonix.

Maruti's Makeover

The Indian market has been moving towards premiumisation. And with the launch of its multipurpose vehicle Invicto, the company is keeping pace by adding a new dimension to Nexa's portfolio—and to Maruti Suzuki as a brand

By MANU BALACHANDRAN

On July 5, Maruti Suzuki, India's largest carmaker, gave the country something of a reality check. The carmaker is no longer what it used to be.

Launching the Invicto, a multi-purpose vehicle that shares a platform with Toyota Hycross, Maruti Suzuki priced its three variants of the Invicto between ₹24.79 lakh and ₹28.42 lakh. That means, for the first time, the on-road price of a Maruti Suzuki will cross ₹30 lakh in the country, making Invicto the most expensive vehicle from the automaker's stable.

The pricey affair puts an end to Maruti Suzuki's decade-old perception as a common man's carmaker, known largely for their affordable and value-for-money offerings ranging from the wildly popular Maruti Suzuki 800 to the Alto and Wagon R among others. Or it could simply mean that the automaker has come to realise that the Indian economy has changed, and its purchasing capacity has significantly leapfrogged, with customers willing to spend the extra buck for additional features, safety, and even design.

Invicto will be the eighth car that Maruti Suzuki intends to sell through its Nexa showrooms, the company's premium sales channel through which it already sells several vehicles ranging from Grand Vitara to Baleno and Jimny. "Our entry into the premium three-row UV segment with the launch of the Invicto adds a new dimension to Nexa's portfolio and to Maruti Suzuki as a brand," Hisashi Takeuchi, the managing director & CEO of Maruti Suzuki India Limited, said during the launch.

For long, Maruti Suzuki has had to grapple with an image issue, especially among premium buyers. But a slew of recent launches, ranging from the Fronx to the Jimny and Grand Vitara, all aimed at winning back Maruti's lost share in the country's booming SUV market, has also meant that the automaker has shifted much of its might to the premium range, especially as it fights both homegrown and global automakers in winning back market share that has hovered around 40 percent over the past few years. Maruti's market share a decade ago was around 50 percent.

"Since the launch of Nexa, Maruti Suzuki has been operating in the premium segment," says Harshvardhan Sharma, the head of auto retail practice at Nomura Research Institute. "The Indian market has been moving towards 'premiumisation' and rightly so. As the share of discerning consumers increases, we will continue to see a surge in premium play. Besides it also helps in better contribution margin yields for OEMs."

THE PREMIUM SUV PLAY

In many ways, Maruti's focus on improving its premium offerings also has to do with the company's renewed focus on its SUV market. Barring the Ciaz and the Baleno, the company's remaining six models being sold through the Nexa channel are all SUVs.

"Maruti Suzuki initially had been known to be a brand which gives value," Shashank Srivastava, the executive director at Maruti Suzuki, says. "Our tagline was Count

on us, which was about reliability, efficiency, lower cost, good after-sales service, and low maintenance. That is why there is this general thought that Mark Suzuki is a brand which is a common man's brand."

The perception also came from the company's long-held belief in pushing more people towards buying cars, as was one of the founding objectives of the company. Currently, only about 22 people per thousand own a car in India, while in the US and UK, that number stands at 980 and 850.

"For a very long time, penetration of cars in India has been very low and the requirement of the consumer was for such (cheaper and affordable) vehicles," Srivastava says. "The lower-end segment has always been very large in our country and Maruti Suzuki obviously did what the consumers wanted and slowly, as economic growth happened, there was a shift in terms of what some of the consumers wanted. The buying criteria started moving towards more aspirational. It was about design, performance, feature, technology." That led to the launch of Nexa showrooms in 2015.

Yet, despite its focus on a premium sales channel over the years, the company had lost out significantly on the country's SUV boom and had admittedly lost significant market share. That meant, from a market share of around 50 percent three years ago, Maruti Suzuki's market share is now around 41 percent. That steep decline was due to the company's paltry market share in the SUV business, where the company didn't have enough offerings, which it has now rectified in a year.

"We are now the market leader in the ₹10 lakh to ₹20 lakh price bracket," Srivastava says. India's SUV segment currently accounts for 47 percent of all the cars sold in the country, with hatchbacks accounting for about 32 percent. The sedan segment, meanwhile, has been seeing a decline in sales.

COURTESY: MARUTI

Hisashi Takeuchi (left), managing director & CEO, and Shashank Srivastava, senior executive officer (marketing & sales), at the launch of Invicto, Maruti Suzuki's new premium UV

Of this, Maruti Suzuki claims a market share of over 60 percent in the less-than-₹10 lakh market, which largely comprises hatchbacks. "We thought, let us now get into a segment even higher than ₹20 lakh. That segment has also been growing," Srivastava says. Maruti says the sub-₹10 lakh market, which was about 85 percent of the market, is now 60 percent of the market. The greater-than-₹20 lakh market, meanwhile, has grown from 2 percent of the market to 8 percent currently.

"We wanted to take part in the growing segment also and our confidence is coming from the fact that we have become market leader in the ₹10 lakh to ₹20 lakh category. Nexa has been able to establish that premium positioning," Srivastava says.

> **"Our entry into the premium three-row UV segment with Invicto adds a new dimension to Maruti Suzuki as a brand."**
>
> **HISASHI TAKEUCHI**
> MD & CEO, MARUTI SUZUKI INDIA

Nexa, he adds, has already emerged as the number two brand after Maruti Suzuki across numerous states in India, beating the likes of Hyundai, Tata, and Mahindra, in terms of sales.

That's also because of the growing SUV offerings at Nexa showrooms. To put it in perspective, India's SUV market is one of the world's fastest-growing markets, and the country is in the middle of an SUV wave. The market is expected to grow to some 50 percent in the next few years. That means, one in every two vehicles sold in the country will be an SUV. Last year, India's SUV sales overtook those of hatchbacks and sedans for the first time.

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

Fortuner and Jeep Meridian.

"The demand for SUVs and compact SUVs has been on the rise in India. These vehicles offer a combination of style, practicality, and a higher seating position, which resonates well with consumers," says Sharma of Nomura. "SUVs have become a popular choice, even in smaller segments, due to their perceived value and versatility."

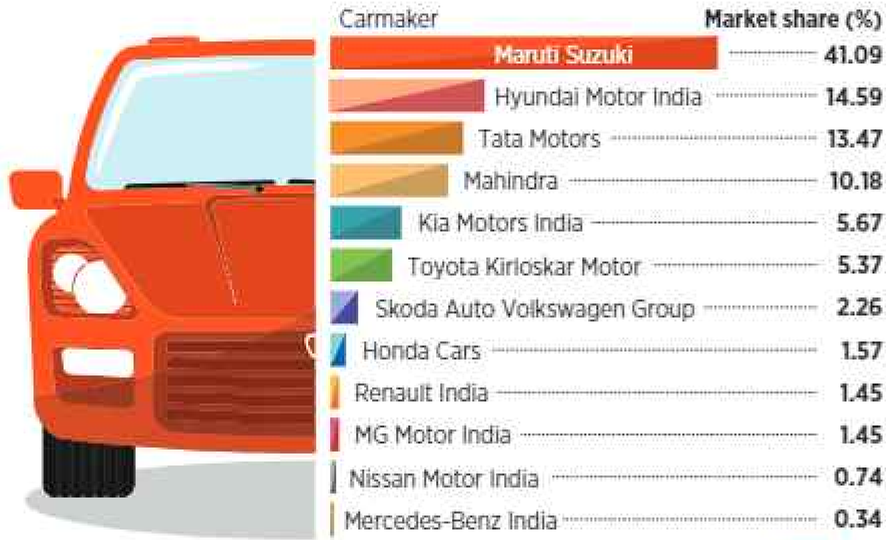
RECLAIMING LOST GROUND

Meanwhile, even as it attempts to win back its lost market share, Maruti Suzuki is also largely helped by a partnership with Toyota, which will manufacture the company's Grand Vitara from its manufacturing plant in Bidadi in Karnataka. In 2019, Toyota and Suzuki announced that the two companies had entered a long-term partnership for promoting collaboration in new fields, including autonomous driving. In India, Toyota had begun badging its vehicles that are built on Maruti Suzuki's platforms, such as the Brezza and Baleno.

"Maruti Suzuki has primarily focussed on the compact and crossover SUV segments, which have gained popularity in India," adds Sharma of Nomura. "By concentrating on these segments, Maruti has been able to tap into the market demand for smaller, more affordable SUVs that offer a combination of style, practicality, and a higher seating position. This strategic approach has allowed them to cater to a larger customer base and maintain a competitive edge."

The recent success of the Grand Vitara, launched last year, along with the Brezza, has meant that Maruti Suzuki has been able to win back its lost ground in the mid-size SUV segment, according to Srivastava. "In the ₹10 lakh to ₹20 lakh market, our market share is about 25 percent," Srivastava says.

That's precisely why the company decided to foray into the above-₹20 lakh segment, while also hoping



SOURCE FADA

for a rub-off on the premiumisation effect on some of the other offerings from the company. "We became very confident because we became the market leaders in the more-than-₹10 lakh category," Srivastava. "Even though volume at this point in this segment is low, it will have a good marketing effect. With our entry into this segment, there will be some amount of premiumisation of the brand that will have a positive rub-off effect on the other brands within our umbrella."

Earlier this year, Maruti Suzuki had set itself a target of 25 percent of the market share in the SUV segment, which stood at a paltry 8.5 percent during the April-June quarter last year. By January-March this year, that number rose to 16.4 percent, and the company estimates that its number stands at 22 percent in June this year, with the April-June quarter numbers at 20 percent.

Since 2022, Maruti Suzuki's launches include the Grand Vitara, Jimny, Fronx, Invicto, and Brezza, among others. Of this, the Grand Vitara and Invicto are built in partnership with Toyota. The partnership also includes the Baleno. "One of the main advantages of the partnership is the exchange of technology and expertise between the two companies," says Sharma of Nomura. "Toyota brings its advanced technology, engineering capabilities, and global experience to the table, while Maruti Suzuki contributes its local market knowledge, manufacturing prowess, and widespread distribution network in India."

Today, the Gurugram-headquartered company has bookings of about 355,000, largely due to supply constraints due to the semiconductor shortage that had affected automakers globally. With Invicto too, Maruti claims to have already mopped up bookings of over 6,500 since the launch.

Yet, despite all that, Maruti will not be entirely saying goodbye to its lower-end offerings, even though vehicle prices in the country are expected to rise as the government pushes to enforce stringent safety norms in vehicles. "There is a large majority for whom the buying criteria basis is cost and price," says Srivastava. "So we cannot leave that segment because it is very large. At the same time, we have to appeal to the newer type of consumers, which is now becoming larger."

The Maruti of old is long gone. It's a whole new game that India's largest automaker is playing now.

Can India's Social Stock Exchange Succeed?

It is inching closer to its first listing of non-profits, possibly as early as August, officials say. If global precedents of using capital markets for social impact are anything to go by, India faces a tall order ahead

By DIVYA SHEKHAR

In her Budget speech in 2019, Finance Minister Nirmala Sitharaman proposed the creation of a social stock exchange (SSE). It would be an electronic fundraising platform under the regulatory ambit of the Securities and Exchange Board of India (Sebi), "for listing social enterprises and voluntary organisations working for the realisation of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund", she said.

Four years later, India's SSE, which is a segment on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), is targeting to list its first few non-profits in August, two officials involved have confirmed to *Forbes India*.

"The BSE social stock exchange has received 16 registrations from non-profits so far and we are in active discussions with two of them to target listings in August," says Hemant Gupta, head of SSE at BSE, and head of Sebi's governing council for the BSE. He does not reveal names, but says both non-profits work in the skill development space.

R Balasubramaniam, founder of the Grassroots Research and Advocacy Movement (GRAAM), who heads Sebi's advisory committee on the SSE, also confirms that his committee, along with senior officials from Sebi, are meeting non-profits and potential investors in Mumbai towards the end of July to help them understand why the SSE could be an important platform for social impact, and target a few listings in August. Sebi Chairperson Madhabi Puri Buch is also likely to be present at this meeting, though

The idea behind a social stock exchange is powerful: Use financial markets to move capital towards social impact

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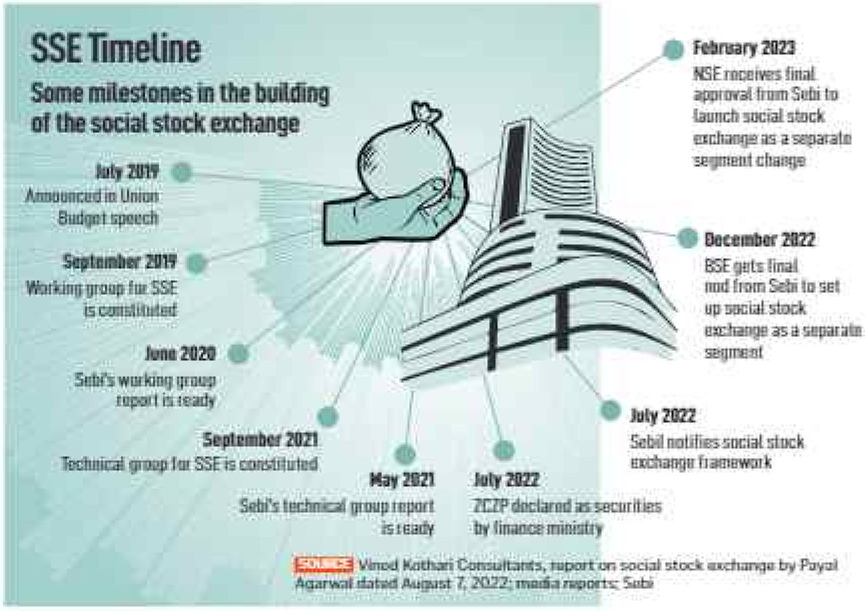
that was not confirmed at the time of writing this article.

Everyone is unclear about how the SSE will operate, Balasubramaniam says, and in the past many months, the efforts of stakeholders involved in building the SSE have been to create awareness and facilitate training to get more people—both potential investors, and non-profits and social enterprises—on to the platform.

The process to get the SSE up and running has been slow, Balasubramaniam admits, but says it was intended that way. "Right now it needs to be slow by design," he says, adding that the advisory committee has been meeting every quarter to talk about developments and address challenges. "My view is strengthen the foundation, build the fundamentals. Help good non-profits get registered and listed, and roll out a few products, get investor confidence, let the exchanges and intermediaries learn how to operate in this new ecosystem, and then go to the next step."

The idea behind the potential initial listing in August is to create a proof of concept that can be built up step by step. "I am positive that if we sustain the same kind of energy and keep pushing it for a year more, even if you get 25 non-profits to start listing by the end of FY24, I would call the social stock exchange a success," Balasubramaniam says. The SSE is to start with listing non-profits, as it is taking some more time for social enterprises to figure out compliance and other regulatory requirements, says Gupta.



SOURCE Vinod Kothari Consultants, report on social stock exchange by Payal Agarwal dated August 7, 2022; media reports; Sebi

PURPOSE OVER PROFIT

The idea behind a social stock exchange is powerful: Use financial markets to move capital towards social impact. In India, it could bridge the trust and credibility gap that currently exists between the social sector and individuals and corporations with means to make a difference.

The social sector contributes 2 percent of India's gross domestic product (GDP), but even as a sector that forms the first line of response for any social crisis or emergency—be it the Covid-19 pandemic or the recent floods—it is less visible, understood and talked about, says Pushpa Aman Singh, founder, GuideStar India, which is an information repository listing nearly 12,000 non-profits in the country.

Singh, who is part of Sebi's advisory committee for the SSE, believes it can have a "transformative impact for the development sector", providing more visibility to their operations, giving them access to a larger pool of donors and in the long run, hopefully bring some ease of raising funds.

When the SSE was announced, one concern that was raised was whether it will favour large organisations with English-speaking professionals at the cost of smaller grassroots organisations. "The social stock exchange is not going to cover every last non-profit, certainly not going to cover very small, remote, very rural non-profits, in the same way as the main stock exchange does not cover every kind of company," says Ingrid Srinath, former director of the Centre for Social Impact and Philanthropy (CSIP) and member of the governing council of the BSE SSE. That said, she adds that the entry thresholds for non-profits have been kept as low as possible.

As per the technical group report on Sebi, a non-profit has to be operational for at least three years, with annual spending of at least ₹50 lakh and annual funding of at least ₹10 lakh in the past financial year.

Unlike most global counterparts,

> **"The SSE will have value if it attracts new capital without cannibalising existing capital like CSR, and if it raises the credibility of the social sector as a whole."**
>
> **INGRID SRINATH,**
> FORMER DIRECTOR, CSIP; MEMBER, GOVERNING COUNCIL, BSE SSE

INFOGRAPHICS: MUKESH SINGH

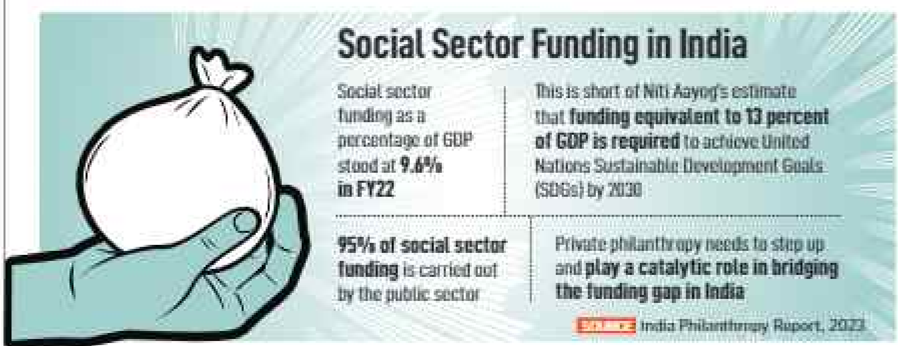
India does not have a legal definition of a social enterprise, but the SSE considers a for-profit company (except section 8 company) to be a social enterprise if it is working on one or multiple of the 15 broad areas outlined by the Sebi that demonstrate primacy of social impact. These areas include hunger, poverty and malnutrition, education, livelihoods, gender, and disaster management. Balasubramaniam explains that these enterprises also need to have 67 percent of their revenues, expenditure and consumer base in the social sector.

Organisations that cannot be classified as social enterprises include corporate foundations, political or religious organisations, professional or trade associations, infrastructure and housing companies, except affordable housing.

The rules for raising funds on the SSE for social enterprises are the same as for listed non-profit entities in regular stock exchanges. Listed non-profits, to begin with, will raise funds through zero coupon zero principal (ZCZP) bonds, which is essentially a donation certificate. It is meant for investors looking to create social impact without seeking financial returns. The minimum issue size is ₹1 crore and minimum application size is ₹2 lakh. These bonds can be issued for specific projects only and diversification is not supported.

While listed entities can use ZCZP, mutual funds, and social impact funds (a 100 percent grants-in, grants-out vehicle where investors expect only "social returns" and no returns on capital), other proposed instruments such as development impact bonds might require some changes to existing regulations, BSE's Gupta says, which means we'll have to "wait and watch how these instruments get fleshed out".

At this point, clarity on tax benefits for donors and investors of the SSE is being sought. And companies participating in the SSE cannot count these funds as part of their corporate social responsibility (CSR) commitment. This is to make sure that the SSE does not cannibalise existing funding routes like CSR and philanthropy, Srinath explains. "Diverting money from existing CSR and philanthropy and routing it through the SSE will be a complete waste of time and not solve the purpose," she says, adding that the point of the SSE, therefore, boils down to attracting new capital from high net-worth individuals (HNIs) and donors, and the reason they will have confidence in investing through the SSE is because of the credibility it gets with the fact that it is regulated by Sebi and housed in the two stock exchanges, and is being developed under the aegis of the finance ministry. "Then there is the rigorous process that has been developed for annual social impact measurement," Srinath says.



WHAT'S IN IT FOR INVESTORS?

Given that the minimum donation cap is envisaged as ₹2 lakh on the SSE platform, it is likely that only individuals who have an income of over ₹1 crore are likely to use this platform initially, says Amit Chandra, chairperson, Bain Capital India, who was a member of Sebi's working committee for the SSE, over email. This means, he adds, a small percentage of the maximum base of around 1.31 lakh people who are in the income category of more than ₹1 crore.

"The SSE will have to start with a small and existing pool of donors who will have to be motivated to use the platform for specific reasons but with a view to pave the way for it to open up over time," Chandra says. "We are hoping that some next-gen philanthropists will find this platform more interesting, particularly for projects that align with their passion areas." Over the long term, Chandra believes every individual who holds a demat account could be a potential investor in SSE, which means nearly 11 crore donors.

India's SSE is distinct from its global counterparts in the sense that it is right now based more on a donation-based model than an impact investment model. The difference is that the latter includes a component of returns, while the former is purely charity for a social cause. In India's SSE, 'returns' will be measured in terms of social impact that will be determined through annual social audits.

A cadre of social auditors—who will verify the social impact of the project funded through the SSE—is already being trained and certified by the National Institute of Securities Markets (NISM) through courses, Balasubramaniam says. "The Institute of Chartered Accountants of India (ICAI) and the Institute of Cost Accountants of India (ICMAI) are reporting organisations that have created the standards for social assessors going to the field."

So far, 1,000 professionals have undergone the certification for assessors and that shows effort towards preparation, says Chandra. He explains that while social impact often takes time, non-profits can often measure milestones over the short term (one to three years) and outcomes (three to seven years), and these can be evaluated by these external assessors.

"This will give assurance to donors about the project deliverables and its outcomes," he says, adding that investors on the SSE will be informed about the project and its milestones and the timelines it will take to achieve those upfront. "The SSE will therefore be an important initiative to ensure transparency, standardised reporting and impact assessments giving assurance to the investors before, during and after a project," Chandra says.

Subho Moulik, advisor of social enterprise Samhita Social Ventures, says there are ongoing conversations with Sebi to determine how to most effectively administer an "accountability layer" to existing instruments at the SSE. "A ZPZC instrument through an intermediary with a set of key performance indicators (KPIs) attached to it that enables a callable, and not just one-time capital, makes the market quite efficient," he says, adding that there are also conversations about the possibility of using returnable grants or a philanthropic-funded credit guarantee or pay-for-performance funding for specific outcomes—that fit into the intermediary model that has been notified by Sebi—as a way to drive funding traction.

UPHILL CLIMB AHEAD

Close to seven social stock exchanges were set up across the world since the early 2000s, including in Brazil, Canada, Jamaica, Portugal, Singapore, and the UK. Of these, only three—Canada, Singapore and Jamaica—are currently functional. Some of the main reasons these SSEs folded up are because of low awareness and training about how social stock exchanges work, which resulted in low enthusiasm among the investor community, and low economies of scale for listed non-profits and social enterprises.

Balasubramaniam agrees that capacity-building, sensitisation and training for all stakeholders, including the regulator and the exchanges, is crucial for the SSE,
but believes India is in a strong position to follow through. He says he has spent many years of his career trying to understand why SSEs around the world have failed and believes India can address these challenges. "In many countries, the government and its intent was not clear. Here, the advantage is that the government announced the setting up of the social stock exchange. It was not a market emergency. The finance minister was clear that they want the social sector to start looking at a larger pool of funds," he says.

Second, he explains that many countries approached the SSE with a conventional regulatory mindset, but in India, Sebi was clear about designing the model with inputs from a cross-section of stakeholders. Third, "we have a ₹100 crore capacity building fund. Even Sebi, the exchanges, the intermediaries and non-profits need training, right? They need to understand how the dynamics of the SSE will be different", Balasubramaniam says.

Gupta of BSE says that in his experience of dealing with the non-profits for the SSE, he realises that they need a lot more handholding than corporates listing on the bourses. So while his team provides the required support to non-profits for registrations or listings, they are training themselves in the new processes.

Chandra says that currently there are about 20,000 probable non-profits with the potential to list on the SSE and anticipates that the first few hundreds might require low-touch capacity building support. "The rest will definitely require more comprehensive capacity and knowledge building support, but there are credible intermediaries who can be leveraged for the smooth transition of NGOs onto the SSE platform," he says.

The regulator's working group report says that India's SSE is envisioned to facilitate trading—thus operating in a similar way as traditional stock exchanges—but no guidance on this is available in the public domain yet. Balasubramaniam says there is a long way to go for trading, because the ecosystem is not that mature right now. Which is why at present, he believes, it makes sense to focus on social impact. "We should try to run only after we learn how to walk," he says. "Right now, we are learning how to walk."

"With the SSE, we will be building a platform where Indians can support social development directly, while historically there has been a lot of foreign donor support for causes."

AMIT CHANDRA, chairperson, Bain Capital India

Wipro Turnaround: A Work in Progress

With talent acquisition core to its work, India's fourth biggest IT company has seen the sharpest hiring course correction amongst peers

By HARICHANDAN ARAKALI

Wipro has shed the most jobs among its peers over roughly the last nine months

HEMANT MISHRA / MINT VIA GETTY IMAGES

Less than 18 months ago, Wipro concluded a good year. Customers in America, heading out of Covid, were investing strongly in tech services, and even not counting the large contribution from Capco, which Wipro had acquired the previous year, the company's FY22 was toe-to-toe with its larger peers, whom it had lagged for years.

Fast forward to the latest quarterly results, for three months ended June 30, and the story is slightly different.

India's top IT companies' workforce

Company	Peak headcount in FY23	Q1 FY24 Workforce	Change	Attrition as of Q1 FY24 ended (% TTM)
TCS	616,171	6,15,318	-8,53	17.8
Infosys	3,45,218	3,36,294	-8,924	17.3
HCL Tech	2,19,325	2,23,438	+4,113	16.3
Wipro	2,62,626	2,49,758	-12,868	17.3

A -ve indicates workforce reduced and +ve shows headcount increased
SOURCE: Company websites

Revenues decreased sequentially for the second quarter in a row, missing analysts' estimates even at the lower end of their expectations.

"Yes, we are seeing some softness in revenues," CEO Thierry Delaporte told analysts in a conference on July 13, discussing the company's results. "All around us in almost every industry we see businesses that have been reducing discretionary spends in response to the weaker macro environment. That's had an impact on our revenues as well."

That, plus an organisation-wide restructuring that Delaporte announced earlier this year—the second big re-org since he started at Wipro three years ago—has led Wipro to shed the most jobs among its peers over roughly the last nine months.

Wipro has reduced its workforce by nearly 13,000 jobs since FY23 hiring peaked through September last—from 2,62,626 employees at the end of Q2 FY23 to 2,49,758 at the end of Q1 FY24, according to the company's latest analyst data sheet available on its website.

That means, Wipro's workforce expanded by only about 3,000 jobs since FY22, when it reported a revenue growth of 27.3 percent including Capco, a UK-headquartered financial solutions and consulting company it purchased for $1.45 billion.

In comparison, TCS was almost unchanged, with its workforce reducing by about 850 employees since Q2 FY23—the period during which the current macro slowdown had affected the sector's growth. And Infosys also significantly reduced its staff strength – by almost 9,000 jobs since Q2 FY23, while it posted the most growth amongst top IT companies for the latest June quarter.

Noida-based HCL Technologies, India's third-biggest IT services provider, actually added about 4,100 jobs in the same period, that is since Q2 FY23, despite a roughly 2,500 reduction during Q1 FY24.

NECESSARY RESIZING

"To put this in context, one should go back to the hyper-hiring phase in the buoyant calendar year 2021 and early 2022," says Kamal Karanth, co-founder at Xpheno, a staffing firm.

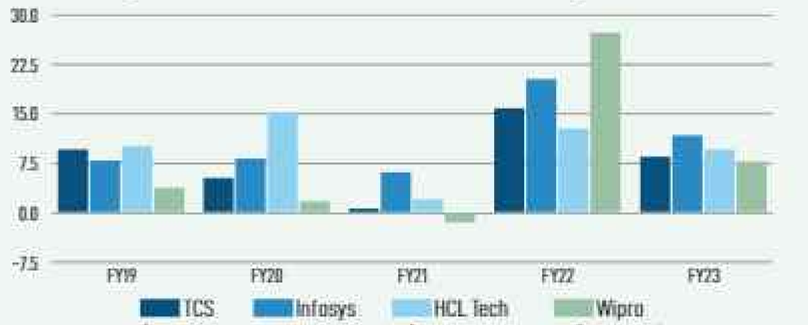
Across those six quarters, Wipro hired close to 70,000 workers on a net basis with record year-on-year additions, Karanth points out. And this reflected a sector-wide phenomenon during 2021 of "over hiring and talent hoarding at high costs". Most IT companies were anticipating stronger growth ahead, he says.

The buoyancy was real to a large extent as reflected in the almost maxed-out net utilisation rates during the same period—utilisation is a measure of the proportion of the overall workforce that is employed in billable work. What most didn't foresee or prepare for was how quickly things would change as the macroeconomy soured, he says.

As global tech spending dipped over fears of a recession and inflation worries, and with events like some

INFOGRAPHICS: MUKESH SINGH

Top Indian IT services companies growth rates over last five years



HCL Tech revenues from FY20 onwards include contribution from products purchased from IBM in $1.8 billion deal Wipro's revenues from FY22 onwards include contribution from acquisition of Capco in $1.45 billion deal

SOURCE Company websites

US banks failing, margin pressures mounted fast for all the top IT companies, Karanth says. What Wipro did with its workforce, which reflects this broader change in the outlook for the entire IT sector, was a "necessary corrective resizing", he says.

Irrespective of the headcount and pipeline of orders, it's the net utilisation rate that defines the health of an IT services company. Wipro's workforce reduction has helped it to return to a healthy 83.7 percent utilisation for Q1 FY24, after dipping to sub 80 percent levels since Q2 of the previous fiscal year, he says.

Larger rivals like TCS, HCL and Cognizant and smaller, up and coming competitors like LTIMindtree have absorbed significant talent over the last year or so from Wipro, he says.

Because of the global economic slowdown, the talent market in the IT sector has cooled down and staff churn has come down too. Wipro's Q1-specific attrition was 14.1 percent, the company said in an emailed statement. A 12-14 percent range is healthy, according to staffing experts like Karanth.

Wipro's churn remains a tad high, at 17.3 percent, on a last-12-months basis, which is how IT companies report this metric.

As slowdowns often push companies to cut costs, the current one is prompting many large corporations in the US, Britain, and Europe—the IT sector's top markets—to accelerate plans of expanding their own centres in India or even set up new ones.

India is the destination for the next wave of expansion of what the industry describes as "global capability centres"—in-house software teams in Bengaluru, Chennai, Hyderabad, Pune and Noida, of large companies in the richer economies. They have become another source of growing competition for experienced talent.

TRANSITION COMPLETE

In the three months ended June 30, Wipro completed the transition to the four global business line models based organisational structure that it had announced earlier this year, it said in an emailed statement in response to queries sent to Chief HR Officer Saurabh Govil on the factors that contributed to the workforce reduction through Q1 FY24.

> **"To put this [hiring numbers] in context, one should go back to the hyper-hiring phase in the buoyant calendar year of 2021 and early 2022."**
>
> KAMAL KARANTH, CO-FOUNDER, XPHENO

Results of the new organisational structure are showing up in the form of faster time-to-market, and "more inclusive wins", meaning customers have more clarity and ease of engagement with Wipro. And the IT company has won more orders on the back of a "one Wipro" approach that translates to the idea that somewhere within Wipro's broader ecosystem, solutions exist to every tech-led business transformation need of its customers.

The June quarter "was another quarter of robust deal closures for us", CEO Delaporte told analysts on the earnings conference. By total contract value, Wipro closed large deals worth $1.2 billion, which is a 9 percent year-on-year growth and an eight-quarter record.

During the quarter, Wipro landed 10 orders each valued at about $30 million over the life of the contract. Overall, the company added $3.7 billion in orders during the quarter, lower than the $4.1 billion in total contracts won in each of the previous two quarters.It also added two new accounts each contributing more than $100 million in annual revenue, taking the count of such businesses to 21 from 19 at the end of FY23 on March 31, 2023.

More substantially, "the number of $100 million accounts has more than doubled from 10 to 21 in the last two and a half years since we started on this transformation", Delaporte said.

By creating these four business lines, Wipro has achieved two main goals, according to the statement: First, it collaborates better than before on "transformational solutions" that are flexible, show results sooner rather than later, and are more broad or even "end-to-end" in scope.

Faster results are very important, especially when clients are cutting discretionary projects—which are good to have but aren't immediately necessary. TCS, HCL Tech and Wipro have all pointed to these cuts as contributing to their slower growth currently.

Second, the four-business-lines-based structure has streamlined operations and reduced overheads. "We are able to reduce the layers of non-productivity and be more efficient as an organisation, which is reflected in our headcount," Wipro said in its statement.

The company aims to improve the uptime and productivity of its entire workforce and sustain high performance. It is paying out the variable component of compensation to most staff but has deferred pay hikes until later in the fiscal year.

$1 BILLION AI360 PLAN

When Delaporte announced the new organisational structure in February, Wipro had "outgrown" the existing two-business-line model, which he had instituted starting November 2020, he'd said in a video message on the company's website.

The company had added 45 percent in revenue in the preceding 10 quarters. Its cloud business accounted for a third of its sales and its consulting business had grown 2x. And so, it was time for the next overhaul. With that exercise complete, Delaporte has turned his attention to artificial intelligence.

Wipro has been investing in AI for a decade and has delivered over 2,000 AI engagements, the CEO said. On July 12, it announced a $1 billion investment over the next three years to build out its AI capabilities, under an initiative called ai360.

That won't immediately mean anything specific in terms of recruitment. Hiring is based more on the demand for Wipro's services. The company will continue to hire in critical areas; it anticipates large investments in AI, data, security, and engineering. Actual recruitment will be calibrated to the demand on a quarterly basis.

Currently, Wipro has about 30,000 experts, such as data scientists, with AI skills. And "over the next 12 months, we will train our entire workforce, nearly 250,000 employees, in AI," Delaporte told the analysts.

The ai360 investment will add new capabilities, solutions, platforms, partnerships, as well as talent.

As the company looks to take an AI-led approach to everything it does, the top priority will be the upskilling and reskilling of its workforce, so it can deploy AI-based solutions within the organisation as well.

Further, there are about 1.7 million engineers and developers on Wipro's talent cloud platform, Topcoder. This pool of workers will be "critical" in the upskilling and reskilling efforts, helping clients scale up and accelerate AI projects, the company said.

Wipro will also tap its broader network, including Wipro Ventures, its venture capital arm, and its partnerships with academic institutions to expand its base of workers with multi-disciplinary skills.

> **"We are able to reduce the layers of non-productivity and be more efficient as an organisation, which is reflected in our headcount."**
>
> **WIPRO,** IN A STATEMENT

The company has a generative AI seed funding programme, as part of the ai360 investments, to partner early-stage startups and help them develop their solutions to match the needs of Wipro's enterprise customers.

OUTLOOK

Wipro reported IT Services revenue of $2,778.5 million for the three months ended June 30, 2023, a 1.1 percent increase in constant currency terms from the same period a year ago. Sales fell 2.8 percent from the March quarter, just making the lower end of the company's April forecast of -3 percent to -1 percent.

This was lower than the consensus view of -2.2 percent and their view of -2.7 percent, analysts at Japanese financial giant Nomura wrote in a note to clients on July 13. TCS's Q1 growth was flat, and HCL Tech's was down 1.1 percent.

While Wipro reported strong order book wins during the quarter, "translation to revenues remained sluggish, driven by clients' focus on upfront cost savings and delay in ramp-ups", they wrote.

"Lower discretionary demand continued to affect an early cycle business like consulting," they noted. The analysts have a "neutral" rating on Wipro's stock, which has gained about six percent since the company's results came out.

Wipro doesn't provide a full-year forecast, unlike Infosys and HCL Tech. Its estimate for the current quarter ranges between -2 percent and +1 percent growth over the June quarter in constant currency terms, which eliminates exchange rate fluctuations.

This is "marginally better than our estimate of -2 percent to zero percent", the Nomura analysts wrote. However, "we think the weak guidance reflects demand headwinds, particularly in discretionary business-like consulting," they wrote, anticipating Wipro's full-year revenue growth to fall by 0.8 percent over FY23 in US dollar terms.

That will mean Wipro will likely continue to lag companies like Infosys, at least for this year.

Delaporte told analysts at the earnings conference: "On one end, we were aligning to market needs and on the other, undergoing a deep internal transformation."

With the re-org done, workforce optimised, focus trained ahead towards an AI-led transformation approach, only the results are awaited in the quarters to come.

PICKLEBALL: INDIA'S NEW SMASH HIT

The sport that combines elements of tennis, table tennis and badminton is growing in popularity, with demos at grassroot levels, local matches and big-budget tournaments

By **KUNAL PURANDARE**

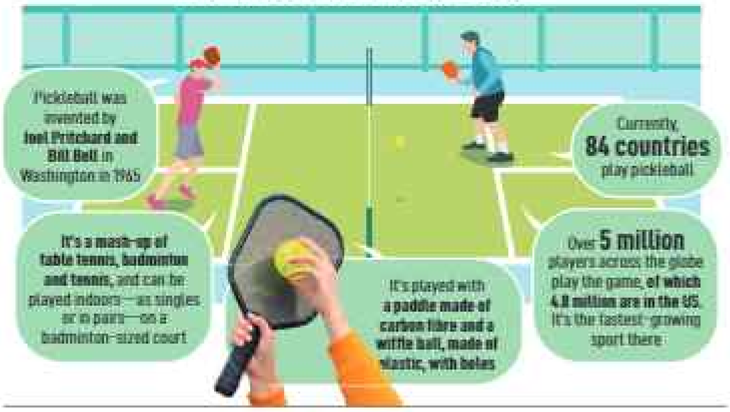
The pickleball arena at the Prabodhankar Thackeray Krida Sankul (PTKS) in the Mumbai suburb of Vile Parle (East) is oblivious to the commotion on the adjacent road on a dark, rainy evening in July. As people scurry for cover amid traffic chaos, a doubles game is on in full gusto on one of the courts—protected from the downpour by plastic sheets tied to bamboo scaffoldings—at the sports complex. A girl opts for a serve-and-volley only to be outsmarted by one of her opponents under white lights. The coach nods in approval. At the court next to it, a group of youngsters warm up for their training session while two boys begin practising their backhand strokes.

▲ Pickleball players practise at the Prabodhankar Thackeray Krida Sankul in Vile Parle (East), Mumbai

SWAPNIL SAKHARE FOR FORBES INDIA

A racquet sport that combines elements of tennis, table tennis and badminton, pickleball is growing in popularity across the country. People from the age of eight to 80 are playing the game—either for recreation, some sort of exercise or professionally—that was originally invented in 1965 in the US. In India, many discovered

All About Pickleball



pickleball mostly during the Covid-19 pandemic as a non-contactable sport with health benefits, but the first efforts to introduce the game in the country began in the late 2000s. At the forefront of it all was Sunil Valavalkar, founder-director of the All India Pickleball Association (AIPA).

PASSION FOR THE GAME

Valavalkar's first brush with the sport was in 1999 when he went to Canada as a project supervisor for the Indian government's non-formal-educational youth programme. For over three months then, he lived with sports aficionado Barry Mainsfield, who played tennis in the morning, badminton in the afternoon and pickleball on the roads in the evening, "often lifting the net for the cars to go by". "I played pickleball there, and returned to India in January 2000, but I forgot about the game. It was like another sport for me," recalls Valavalkar, 59, who began playing tennis at the age of 40, got into sports administration in 2007, and is now wholetime director with GTL, an infrastructure services company focussed on telecom.

It was in 2006 when he went to Cincinnati in the US for a tennis clinic that he saw the close relation between the two sports, and decided to "bring pickleball to India". On his return, he got four racquets, called paddles, and eight wiffle balls—plastic ones with holes that you play the game with—with the sole intention of giving a demo.

His guinea pigs were his 10-year-old daughter and eight-year-old niece. He tried showing the game everywhere—in parks, building compounds, on the streets—and to anyone he knew, but he was only mocked and ridiculed. The sound of the ball hitting the wooden paddles then, unlike the ones made of carbon fibre today, did not infuse confidence among his audience. In fact, it irritated all and sundry. When he showed how pickleball is played to some of his co-tennis players, they found it blasphemous that he was doing it on their court.

Tennis player Anil Vyas assured him that the game will click in India and that gave Valavalkar some hope. That was 2008 and by then Valavalkar had begun loving the sport so much that he had made it a mission to take the game to the grassroots. So, he formed AIPA that year, made visiting cards and a letterhead for the association to give it legitimacy. When he began approaching schools, colleges and sports clubs thereafter, he says, people at least began to lend a patient ear.

A demonstration to the National Cadet Corps students of Patkar College in Mumbai's Goregaon yielded results, as they formed a group of 15 pickleball players. Valavalkar gave another glimpse of the game during a festival organised by The Times of India in 2008, and claims the word 'pickleball' appeared for the first time in the broadsheet the same year. "Organically, things moved ahead," he says.

The progress was slow, but Valavalkar, who played kabaddi and kho kho in school and college, was relentless in his efforts to promote the game. "In 2013, I began organising national tournaments, and this went on till 2018. Amid this, I toured a few states such as Rajasthan, Karnataka and Bihar, and formed their pickleball associations," he says. "Additionally, I travelled across Maharashtra extensively—from Thane to Gadchiroli and Kolhapur to Pandharpur. In Dhule, for instance, I organised a state-wide pickleball camp. I successfully began replicating the structure in other states."

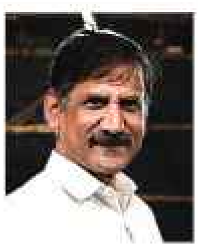
VISIONARY PUSH

The real push, though, concedes Valavalkar, came when he approached Arvind Prabhoo, chairman of PTKS. "Prabhoo came with exemplary vision, extensive resources, and a vast pool of knowledge—he has been in sports administration for 25 years," he says.

"When Sunil introduced me to the game in 2017, and I saw it, I realised it's a game for the future," says Prabhoo, 55, who's now president of the

"WE'LL BRING PICKLEBALL AS A STRONG ALTERNATIVE, AND WE'LL CHANGE PEOPLE'S OUTLOOK TOWARDS PLAYING THE SPORT."

SUNIL VALAVALKAR, founder-director, All India Pickleball Association

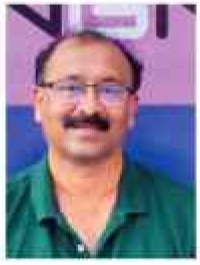


International Pickleball Federation. The reason for that belief, he adds, was because Indians are extremely good at wrist games and racquet sports. "And pickleball is an easy game to adapt to."

Merely talking about the sport was not enough. Prabhoo felt they must get people to play pickleball if they wanted to take the game to every nook and corner of the country. So, in 2018, he organised a local tournament in Mumbai where 64 players (32 teams) turned up. Enthused by the response, Prabhoo held an inaugural ranking tournament in Balewadi, Pune, that saw 250 participants from 17 states. "In two days, we played over 1,000 matches," says Valavalkar. "The second edition of the tournament in Palawa, Dombivli, in 2021 saw the participation of 19 states and we staged 1,300 matches then."

The interest in pickleball was gradually building, but there were challenges galore. Among the biggest was the cost of the equipment. In the initial days, for instance, a paddle from the US would cost ₹10,000 to ₹12,000, and a whiff ball ₹220. Since companies in India began manufacturing them, the price has reduced to ₹3,000 for a paddle and ₹120 for a ball.

"The equipment was a big hurdle. One of our



"THE GOAL IS TO MAKE GOA THE PICKLEBALL HUB OF INDIA. WE ARE LOOKING AT HOW GOA CAN GET BETTER FOOTFALLS IN TERMS OF HIGH-SPENDING TOURISTS."

MANOJ PATIL, president, Goa Pickleball Association

'THE OLYMPICS IS THE ULTIMATE AIM'

Arvind Prabhoo, president of the International Pickleball Federation and chairman of the Prabodhankar Thackeray Krida Sankul in Mumbai, on his vision for the sport

Q How do you view pickleball as a sport?

Currently, there are 84 countries where pickleball is being played. Now we have to take it to the Olympics. There's a lot to be done... if you see cricket, table tennis, badminton... their evolution took 70-80-100 years in India. Pickleball is a relatively new game. We can give it any direction we want and take it to a level which is next to cricket.

Cricket is too huge in India, but this can be next to cricket for the simple reason that there are about 20 million badminton, tennis and table tennis players in the country. I just need to convert 10 percent of them to this. If I have 2 million players playing pickleball, I think we have done it. It's just going to go through the roof.

Q What about the finances?

I want to take the sport to another 80 nations. For that, I have created a $50,000 [over ₹40 lakh] fund. All this is self-funded; we are looking for investors. The Olympics is the ultimate aim. In India, if I need to spread the game, I need very deep pockets. And it has to be a corporate with a deep vision to promote it at the grassroots level. Every kid who comes needs to have a paddle in his hand.

Q Are there plans to start a pickleball league?

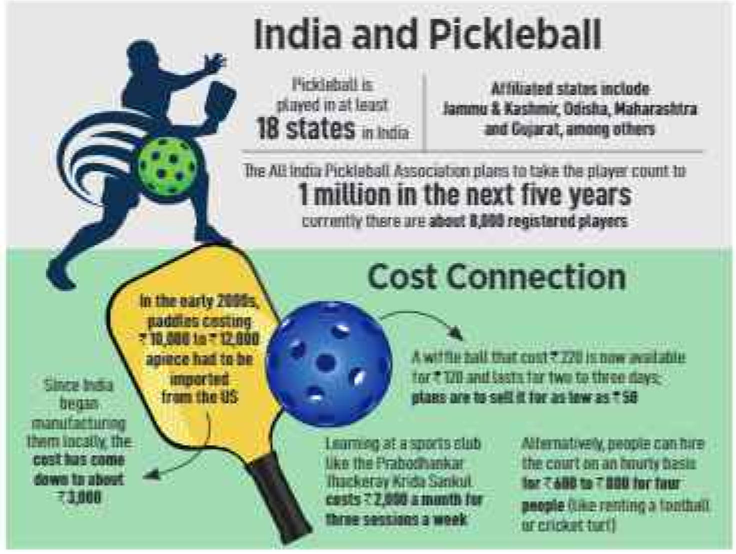
We have plans to start a league similar to the Indian Premier League. We'll make an announcement in November. We'll do a global league... it will be held worldwide. We need the commercial aspect to sustain the game. If the money doesn't come, you won't get those kind of players in the game.

Leagues are the flavour now. It's not going to be a private league... every association of every country will be involved in it. So, one can play for the league as well as the Olympics. The pride of one's country will be attached to it. Country representation is of paramount importance to us.

trustees [Ymak] decided to manufacture it here; the raw material, though, comes from China. It's sold at a subsidised cost, and we save on import duty," explains Prabhoo, who, after noticing a positive response to the kit, decided to go all-out in organising periodic tournaments, almost every month. The enthusiasm at these events prompted other states to copy the formula.

As the tournaments became bigger, the budgets also shot up: From ₹18-20 lakh to ₹25 lakh. In 2022, the Bainbridge Cup—the World Cup of pickleball—was held at the National Sports Club of India in Worli, Mumbai, in which over 450 players from 12 countries participated, and 1,500 matches were played over five days. "The prize money for that event was $50,500 [₹40 lakh-plus]. That was unheard of," says Prabhoo, a former patron of Indian women's cricket from 2001 to 2007, and someone who played table tennis and badminton in school and college. "We positioned it as a lifestyle game that's being played by the who's who. Although players emerge from the grassroots, the positioning of the game has to have an aspirational value. That's how you draw youngsters to the sport. The budget was ₹2 crore. And Team India won the title by beating a US team. The shock value of the win helped people here take notice of the sport even more."

One such emerging player from that tournament was Mayur Patil, who will be among the six Indians representing India at the English Open, scheduled to be held in August. The 24-year-old from Chopda, a small town in Jalgaon, Maharashtra, won a silver in the open category in the Bainbridge Cup. He plans to replicate that success in the UK. "Our first goal is to win a medal for the country, and then focus on individual events. I'd like to share my experience with fellow players here once I return, especially if we learn new techniques," says Patil, who began playing pickleball in 2015. "It's a racquet sport and it has less chances of injury. It was easier for me to learn the game as I used to play table tennis and badminton. It's a lot of fun, it's an addiction. Pickleball is easy to learn, but hard to master," says Patil, whose



father is a farmer and mother a housewife.

Valavalkar and Prabhoo hope that many more Indian players like him flourish. And they are leaving no stone unturned to ensure that the remotest areas have the right infrastructure to produce sporting talent.

INDIA PLAYS PICKLEBALL

Sneh Giri grew up in Jharkhand, and moved to the US in 2008. The strategy consultant with a multinational firm began playing pickleball when he was in Chicago in 2020. Since he was planning a vacation to India at that time, he decided to read up about the sport in the country and got to know of Valavalkar. The two got in touch on Facebook and met in Thane when the AIPA founder-president encouraged him to promote the sport in Dhanbad. Gaurav Kumar, a local, was already into organising pickleball games there, but the setup was largely unorganised.

So, Giri suggested they host a tournament and decided to sponsor it. The Jharkhand Association Pickleball Tournament was held in July with 45 players taking part. "One had to walk over beer bottles and garbage to reach the pickleball court in Jharia, a neighbourhood in Dhanbad... it was like a waste disposal area. And none of the players could speak a line of English; the maximum salary they earn there is ₹7,000 to ₹8,000, and they run their homes with that. It's a super struggle," says Giri, who is now trying to raise funds for them with the help of his NRI friends.

"In India, this sport is picking up, but it's slow. The game has a future no matter where you play," he explains, acknowledging that there's

"I WAS IN THE DARK... I WAS NOT AWARE THAT SO MUCH HAD BEEN DONE FOR THE SPORT IN INDIA. SUNIL WAS MY GUIDING STAR."

JACOB BIJO DANIEL, president, Federation of Pickleball Association of Kerala

still a lot of work that needs to be done. "My immediate priority is to arrange funding for four pickleball players from Jharkhand so that they can go to places like Mumbai, Goa, Bangkok and play tournaments. Also, I feel Indians who play pickleball in the US should be onboarded as AIPA members," says Giri, adding that he's spoken to the mayor of Dhanbad who has promised to create four world-class pickleball courts in Dhanbad.

Similarly, it was during the pandemic that Jacob Bijo Daniel discovered pickleball. He was looking for something that his children could play since they were stuck indoors when he came across the game. The resident of Mavelikkara in Kerala's Alappuzha district bought some paddles and began playing the sport, assuming that it was new in India.

"PICKLEBALL IS A LOT OF FUN, IT'S AN ADDICTION. IT'S EASY TO LEARN, BUT HARD TO MASTER."

MAYUR PATIL, pickleball player representing India at the English Open

He was pleasantly surprised to know what Valavalkar had done and felt that the game needs to be popularised in the state. "I was in the dark... I was not aware that so much had been done for the sport in India. Sunil was my guiding star. He was a fatherly figure who gave me all the leads," says Daniel, who, along with his wife and two children, participated in the Bainbridge Cup in all categories—singles, doubles and mixed doubles.

Now, as president of the Federation of Pickleball Association of Kerala (FPAK), he plans to take the sport to schoolchildren. "We plan to have a state-wide tournament in three months," says the agricultural engineer, who used to work in the private sector in the Middle East. Now, he and his wife, who is secretary of FPAK and an agricultural engineer, have decided to concentrate on popularising various non-conventional racquet games.

In Goa, former under-25 cricketer Manoj Patil is looking at the game from a tourism and industry perspective as well. The president of the Goa Pickleball Association held a national ranking tournament in Madgaon last month where 250 players from 17 states vied for the top honours over three days.

Prior to that, demo sessions were held in North and South Goa for physical education teachers of various schools in the state. "We also invited the hospitality sector and housing societies to participate in them because the goal is to make Goa the pickleball hub of India," says Manoj Patil, who got hooked on to the game after watching it on YouTube. "I realised how big the sport is and how global it can become."

A similar clinic was held for referees and that saw participation from industry representatives too. "We want to take the sport to the grassroots by promoting it in schools. We also want to push housing societies to have courts. And nine hotels such as the Taj and Novotel have expressed interest in setting up pickleball courts," he adds. "In November, we plan to have a big celebrity event. We are looking at how Goa can get better footfalls in terms of high-spending tourists."

AMBITIOUS PLANS

Prabhoo knows that the needle has just about moved. For the sport to make a real and meaningful impact, he'll need support from the bigwigs. "In India, if I need to spread the game, I need very deep pockets. And it has to be a corporate with a deep vision to promote it at the grassroots level. Every kid who comes needs to have a paddle in their hand," he says. Valavalkar reveals that corporates are approaching them, and many big industry houses have evinced interest in promoting the sport that is not only seen as affordable but also good for one's overall health. "We'll bring pickleball as a strong alternative. And we'll change people's outlook toward playing sport," he insists.

Agrees Prabhoo: "It's a recreational sport that's great for your heart, a good aerobic exercise and ideal for weight loss."

There are plans to start a pickleball league on the lines of the Indian Premier League. A formal announcement is likely to be made in November. And Prabhoo, who is wheelchair-bound following a car accident over three decades ago, is in no mood to stop. More than 80 countries play pickleball currently. "I want to take the sport to another 80 nations. For that, I have created a $50,000 [over ₹40 lakh] fund. All this is self-funded as of now... we are looking for investors. The Olympics is the ultimate aim," says Prabhoo. "Pickleball is a relatively new game. We can give it any direction we want and take it to a level which is next to cricket." F

Sporty Celebs

A host of international stars have shown their love for pickleball. Some of them are:

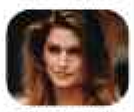
Andre Agassi

Leonardo DiCaprio

George Clooney

Bill & Melinda Gates

Selena Gomez

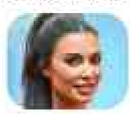


Cindy Crawford

Michael Phelps

Emma Watson

Serena Williams



Kim Kardashian

DRESSING INDIA'S CRICKETERS

Entrusted with designing the new kit for the Indian cricket team, Aaquib Wani chose to focus on simplicity and comfort

By **MOHSIN KAMAL**

IMAGE: COURTESY AAQUIB WANI

"You have to design something big," Aaquib Wani, a self-taught designer, was told last December. He had worked with Adidas, a leading global sportswear brand, for many projects, including the ones featuring their brand ambassadors, Ranveer Singh and Rohit Sharma. But this was even bigger.

In the second week of January, when he was finally told by his studio that he would be making the Indian cricket team's new jerseys, he felt it was his biggest opportunity, especially as Adidas, a global brand, had shown faith in him when it could have gone to any leading designer worldwide.

"Knowing that cricket has played a substantial part while growing up—because I would always play the game—it was an emotional moment. I had worked with individuals and families in the past, but this was like representing the country. Making the national team's jersey—the scale was huge and it felt amazing," Wani tells *Forbes India*.

The 32-year-old, who had fallen in love with art at an early age, was born and brought up in Delhi although his family is from Kashmir. Like most families in India, Wani's parents and relatives, too, wanted him to pursue a professional degree in business or engineering. But he was "terrible" at studies, having failed class 11 twice.

"That's when I felt I was a let-down for my parents and society. So, I picked up a guitar and started a music band. But it didn't go well with my relatives and everyone around. I was called names. It didn't stop me, though. I started doing what I wanted to without paying much attention to anything else," Wani recalls.

He took up art soon after to earn a living—he would draw in his diary from an early age—and started making artwork for bands. In 2014, he landed a job with *Rock Street Journal* (*RSJ*). "By now, my parents realised I was doing fine, and that there were professional opportunities with designing," he says.

While Wani, who was part of *Forbes India*'s 30 under 30 cohort in 2021, never went to college or took a course in design, he learnt to work with basic design software on his own. "There was YouTube as well to learn things. I pretty much taught myself," he says.

In 2018, he started his own design studio, the eponymous Aaquib Wani Design in Delhi. There has been no looking back since.

▲ From left: Batting coach Vikram Rathour, fielding coach T Dilip, Team India coach Rahul Dravid, and bowling coach Paras Mhambrey

▼ Virat Kohli (left) in the new ODI jersey and Smriti Mandhana in the T20 jersey

But the India jersey isn't his first tryst with sportswear. "We had already done jersey designs in the past. We had worked on Real Kashmir Football Club's jersey as well as the Rajasthan Royals jersey in the Indian Premier League (IPL). By now, we kind of had an idea of what works well as a pattern and as a design on the field," he says.

But that was just the start. The real work began as Wani and his team started working on colours, designs, fabrics, patterns etc they were going to use. They all had to be tested to ensure players had the "maximum comfort" wearing the jerseys on the field.

"There were multiple stakeholders involved, so whatever we were trying had to be okayed by them. We followed the basic process first: Identifying the kind of fabric, the kind of blue etc, and then moved on to the artwork," adds Wani.

After trying several samples for over five months,

IMAGE: COURTESY AAQUIB WANI

▲ Opening batsman Shubman Gill (left) in the Test jersey and Ajinkya Rahane wearing the training gear

Wani and his team finally received the go-ahead in May. It was the time when the Board of Control for Cricket in India (BCCI) also announced Adidas as the official kit sponsor till 2028.

The task wasn't just to bring out the jerseys but other playing paraphernalia as well. "Beyond what we see players wearing on the TV, there are a lot of other training wears that we had to make. We also had to make different variants. The whole process was to pick a colour that is nice and looks rich on the field as well. Using the traditional Adidas three-stripes is how we ended up making it look the way it does. There are puffer jackets, sweaters, pullovers, hoodies and a lot more that we worked on. It was a great experience," he says.

The new jersey was unveiled on June 1, and received appreciation from the Indian fans. What did Wani do to bring a fresh touch? "The idea of making it different really worked. How did we do that? The kind of collars, the kind of lean design, the patterns used around shoulders, under-arm design, the back—we wanted to make it look fresh and special. Obviously, we took help from the Adidas catalogue, their colours etc," Wani reveals.

"But what also made it special was the kind of design. This is where we thought we would talk about our grassroots. Something that we are proud of. While Indians have a lot to be proud of, we decided to focus on two things: Textiles, which is a vast industry in India, and our national animal, the tiger. We tied in the two and created a pattern that talks about these two things."

"KNOWING THAT CRICKET HAS PLAYED A SUBSTANTIAL PART WHILE GROWING UP—BECAUSE I WOULD ALWAYS PLAY THE GAME—IT WAS AN EMOTIONAL MOMENT."

There are three jerseys that were unveiled: The ODI, T20I and Test kits. What sets them apart? "We introduced a new blue in the ODI jersey. With the Test jersey, we have been getting a lot of great feedback and even people at Adidas were surprised that it got sold out within two days on the website. It again had to do with the kind of blue we ended up using on the collar tippings and the blue we chose to write India with on the jersey, the fabric and, obviously, the three stripes on the shoulders. It wasn't that typical white boring jersey anymore but a cool piece to wear. It has a style and is sporty enough to be worn on the ground," says Wani.

A lot of people have lauded the jerseys for their simplicity as well and it aligns with Wani's philosophy of "less is more". "One doesn't have to fit in all the skills they know or fill it up with too many designs. We also felt that we have to reflect Adidas as a brand in the designs and Adidas itself is not a loud, in-your-face brand," he says.

Designing the Indian cricket team's jersey wasn't an easy task for Wani and his team. A little here and there, and fans would have lashed out, as has been the case in the past. But he feels it is all part of the job and one can't pay too much attention to it.

"For us, it was an opportunity to do our best. We really didn't think what people would say about it. We got lucky that people loved it so much. It has obviously made us feel proud as a studio because we are designing at an international level." F

'A Champion Mindset can be Developed Over Time'

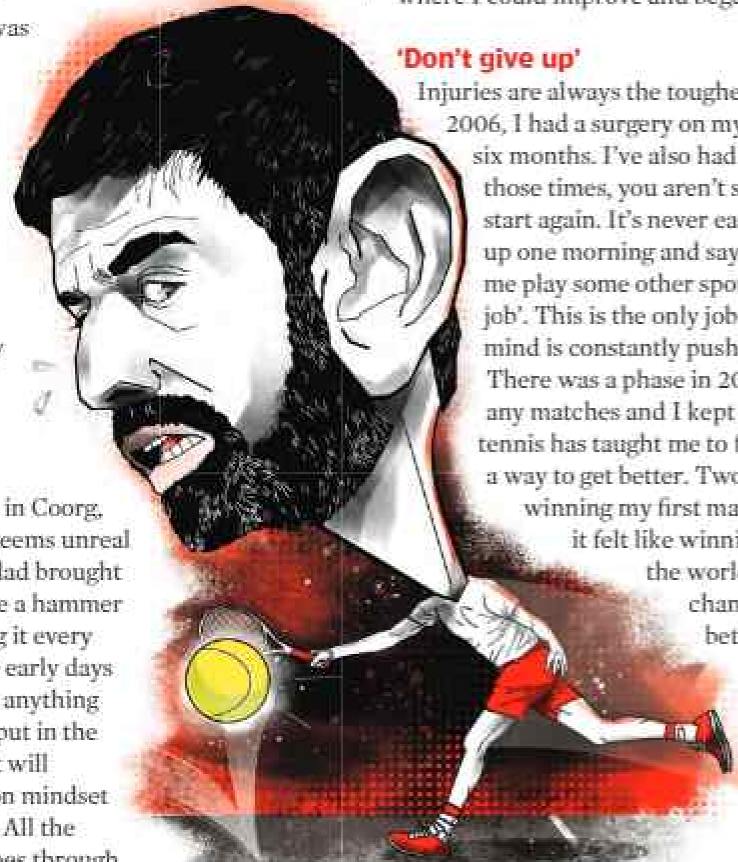
Tennis player **Rohan Bopanna** on dealing with setbacks, finding positives in tough times and believing in oneself despite the odds

'Find new ways to adapt'

My biggest learning has been to find new ways to adapt no matter where you are in your career. This includes both my tennis and fitness. For instance, around mid-2019, I started having extreme pain in my knees. So, during the pandemic, I took up yoga. Initially I found it to be slow, but over time, there was a tremendous change in my strength. I think my perseverance to constantly improve myself has helped me stay relevant for the last 20 years.

'Invest in yourself'

I started coaching at an academy in Pune, where I stayed in a hostel which was about 15 km away. Every day I would wake up at 5 am and cycle to the academy. If you didn't make it for the fitness drill, you wouldn't be allowed to play tennis—that was the rule. It was then that I learnt the importance of discipline. I was only focusing on becoming a tennis player without worrying about the results. Even now, as I'm getting older, the body takes longer to recover, so I'm adapting to that. Lately, I have started focusing on my mobility and recovery. Investing in yourself is a key part of being an athlete.



CHAITANYA DINESH SURPUR

"Put in the hard work and have self-belief'

Coming from a small village in Coorg, playing these Grand Slams seems unreal to me. I had no gym, so my dad brought this log of wood and gave me a hammer and asked me to keep hitting it every day to build strength. Those early days taught me a lot. I never take anything for granted. I believe if you put in the work, and have self-belief, it will eventually show. A champion mindset can be developed over time. All the challenges that an athlete goes through is part of the learning experience. My mom taught me: No matter how hard everything was on the road, just try to find those small things that made you happy.

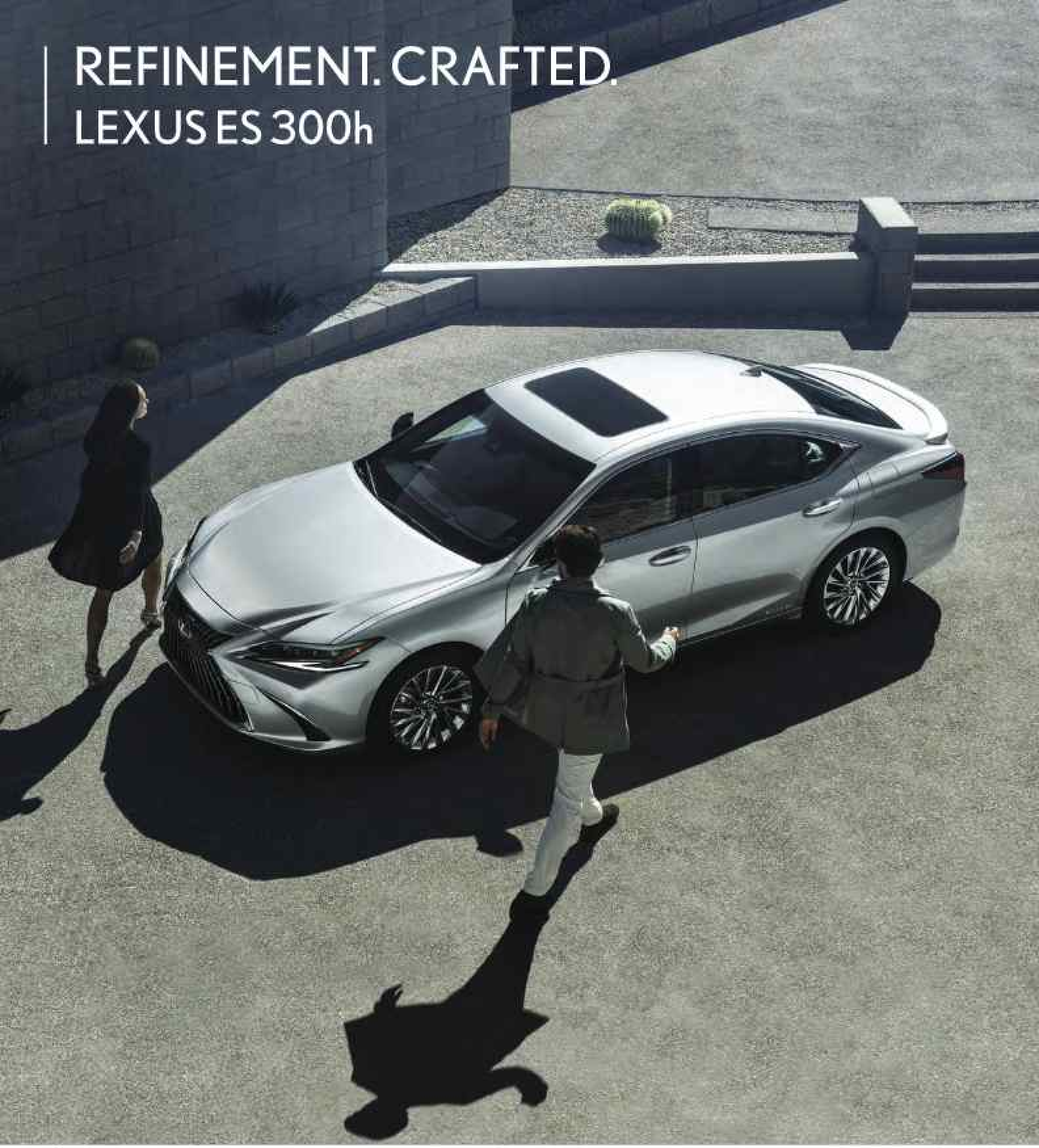
'Communication helps you and your team grow'

Whether you are playing a sport, or are in a corporate setting, the more you communicate and understand the people you work with, the better are the chances of success. This helps you and the team grow and improve. My wife, who is a psychologist, helped me with communicating better. Apart from spending time on court, we players also spend a lot of time off the court, so the key is not to always talk about tennis. It is also to create a bond and understanding. Self-analysis also helps. Sometimes, when you're playing doubles, it's easy to blame your partner. But I started watching myself play to analyse where I could improve and began making the change.

'Don't give up'

Injuries are always the toughest part of any sport. In 2006, I had a surgery on my shoulder and was out for six months. I've also had some bad knee issues. In those times, you aren't sure when you're going to start again. It's never easy, because I can't wake up one morning and say, 'If I can't play tennis, let me play some other sport now or take up another job'. This is the only job I have been doing. Your mind is constantly pushing out lots of negativity. There was a phase in 2021... I was hardly winning any matches and I kept doubting myself. But tennis has taught me to find solutions and to find a way to get better. Two weeks later, I ended up winning my first match in five months, and it felt like winning the biggest thing in the world. After that, everything changed, I started playing better. There will always be setbacks, but you have to find a way to push through and find the positives... and not give up no matter what.

Naini Thaker & Kathakali Chanda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