



In recognition

VCCircle Awards recognise companies that have been backed by VC or PE

VCCircle, an online news and information portal that covers private equity, venture capital, start-ups, and technology held the third edition of its VCCircle Awards in Mumbai, last fortnight.

Founded in 2012, the awards recognise companies from various industries and sectors that have been backed by venture capital or private equity. On the occasion VCCircle's founder and publisher Sahad P.V. said that these were the only awards that recognise such companies. "The idea was to recognise private equity and venture capital funded companies that have shown tremendous performance on several parameters such as top and bottom line growth, shareholder value, return on capital employed, etc," he says. Sahad compares the number of companies that have received funding in the form of venture capital and private equity – 3,000 – with the total number of listed companies – 5,000, underscoring the need for a platform for these companies.

"Actually India is one of the most active countries in the world with regard to private equity and venture capital funds," opines Sahad, observing that the private equity and venture capital fields have been active in the country for the last two decades. "Hundreds of Indian entrepreneurs have been able to fulfill their entrepreneurial dream because of private equity and venture capital funding," he notes.

Different stages

However, in spite of the vast benefits of increased activity in private equity and venture capital, there are several pitfalls in the journey of a company. Leo Puri, managing director, UTI Asset Management, who was chief guest at

the Awards, outlined the stages an entrepreneur has to keep in mind where the "scope for misunderstanding remains very high" between the company and the private equity/venture capital investor. "Without trust and alignment, relationships will have problems," he emphasised.

Puri delineated the first stage, where companies often converse with several potential investors, and observed that "if the purpose is simply to line us all up and get the highest bid" one would be starting "the relationship on the wrong foot", adding that it is not in an entrepreneur's interests to have a disparate group of investors. He went on to mention the second stage, negotiation, in which trust is threatened. "We have less respect for contract as a society," he said of Indian industry. "It carries the seeds of real danger." He highlighted the investment period as one that carries risks, noting that in his experience private equity firms have often overstated the benefits of their involvement, while entrepreneurs have been dismissive of private equity's potential. "A private equity-entrepreneur relationship is not a marriage. It is a shorter friends-with-benefits type of relationship."

Other than Puri, several industry heads attended the event, including the five-person jury, which comprised: Sanjeev Bikchandani, co-founder and executive vice-chairman, InfoEdge; Vishnukumar Bansal, chairman, Morgan Stanley India; Rajiv K. Luthra, founder and managing partner, Luthra & Luthra Law Offices; Raamdeo Agrawal, co-founder and joint managing director, Motilal Oswal Financial Services; and Sri Rajan, managing director, Bain India. ♦

BEST PE/VC-BACKED COMPANY

IT
iGate Corporation

CONSUMER INTERNET
Myntra Designs

EDUCATION
Manipal Global Education Services

FINANCIAL SERVICES
Repcos Home Finance

HEALTHCARE
Cloudnine Hospitals (Kids Clinic)

MEDIA AND COMMUNICATIONS
PVR Ltd.

MANUFACTURING
International Tractors

CONSUMER PRODUCTS SERVICES
And Designs India

INFRASTRUCTURE
GMR Airports

BEST PE VC INVESTMENT BANK

BULGE BRACKET
Credit Suisse Securities (India)

MID-MARKET
Aventus Capital

BEST PE VC LAW FIRM
Khaitan & Co.