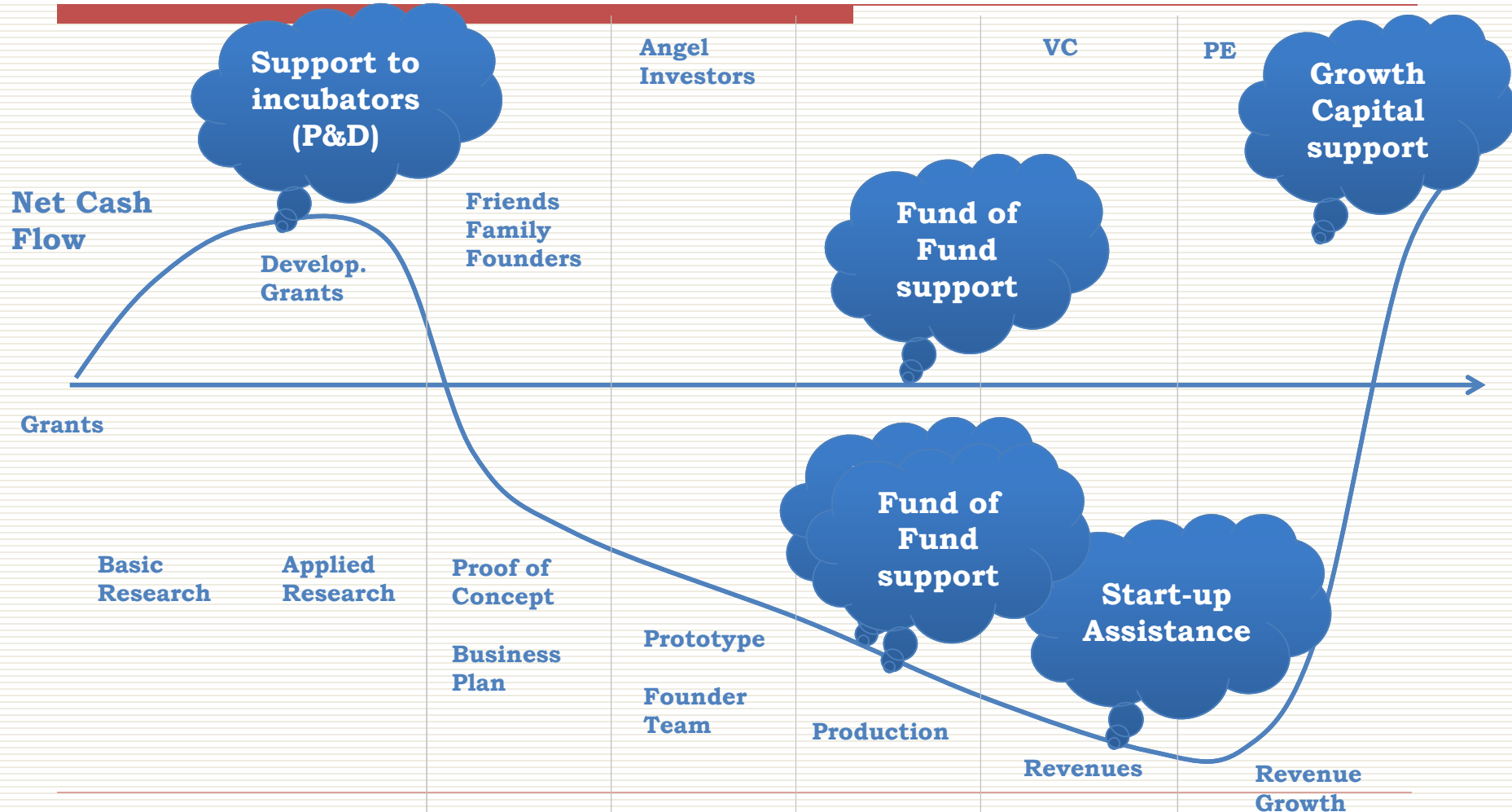

Start-ups eco system SIDBI initiatives



Start-up life cycle : SIDBI interventions



Fund of Fund support both at early stage and growth stage

SIDBI's Start-up interventions

- **Incubators**

- Supported IC at IIT Kanpur - Incubated more than 50 start ups – 22 have commercialised
- Supported IC at KIT, Bhubaneswar
- Supported National Innovation Foundation [NIF] -Funded 190 grass root innovations

- **Equity**

- Fund of Fund operations– contribution to venture funds
- Direct equity investment in MSMEs through wholly owned subsidiary – SIDBI Venture Capital Ltd.

- **Debt**

- Risk Capital / Mezzanine instruments
- Venture Debt to Start ups

- **Connecting the stakeholders**

- www.sidbistartupmitra.in

Fund of Fund operations : Background

- SIDBI contributing to the corpus of VCFs since 1995
- Initially to corpus of Regional Venture Funds set up by various State Governments
- To give fillip to the venture activity, SIDBI also contributed to the capital of some of the regional AMCs / TCs
- Since 1996-97, as per the initiatives spelt out in the Union Budget, SIDBI started contributing to the corpus of All India Venture Funds set up by professional AMCs / Fund Managers

SNo	Name of the Fund	Sanc.
1	KITVEN (Karnataka)	7.50
2	Tamilnadu IT Fund (IL&FS IML)	8.73
3	Rajasthan VC Fund	8.00
4	HIVE Fund \$\$ (Hyderabad)	6.25
5	SICOM VC Fund	12.00
6	Punjab Venture	2.00
7	Kerala VC Fund	3.65
8	GVCF - IT Fund (GVFL) (Gujarat)	10.00
9	West Bengal VC Fund	0.50
10	KITVEN - 2 (Karnataka)	7.50
11	Rajasthan VC Fund - II	15.00

AMC	Shareholding
Karnataka(KITVEN)	33.33%
Hyderabad(HIVE)	24.5%
Rajasthan(RAMCO)	24.5%
Kerala(KERALA VC)	50%

Start-up initiatives of SIDBI :

State Venture Funds – Lessons learnt

- **Need to bring in professional Fund Managers to manage the Fund.**
- **Continuity of officials for managing / monitoring Fund**
- **Need to ensure independence in decision making**
- **Respective State should have favourable eco system for starting/doing business to attract / support investments by VCFs.**
- **Different models are required for different States depending on**
 - **Potential in the respective State**
 - **Level of Startup activity present**
 - **Perception in the mind of other investors about respective State**
 - **Interest amongst Fund Managers to support investments in the respective State.**

Start-up initiatives of SIDBI :

Fund of fund operations..

MSME-Risk Capital Fund (RCF) of Rs.2000 crore (pursuant to budget announcement in FY 2009 and resources through PSL mechanism) established - stands fully committed

India Aspiration Fund [IAF] was formally launched on August 18, 2015 by Hon'ble Finance Minister (pursuant to budget announcement and resources through PSL mechanism)

SIDBI is also managing Rs.60 crore “ASPIRE Fund” of Ministry of MSME with focus on Agro and Rural enterprises

LIC has allocated an initial amount of Rs.200 crore to be managed by SIDBI for investment in VCFs along with India Aspiration Fund (IAF)

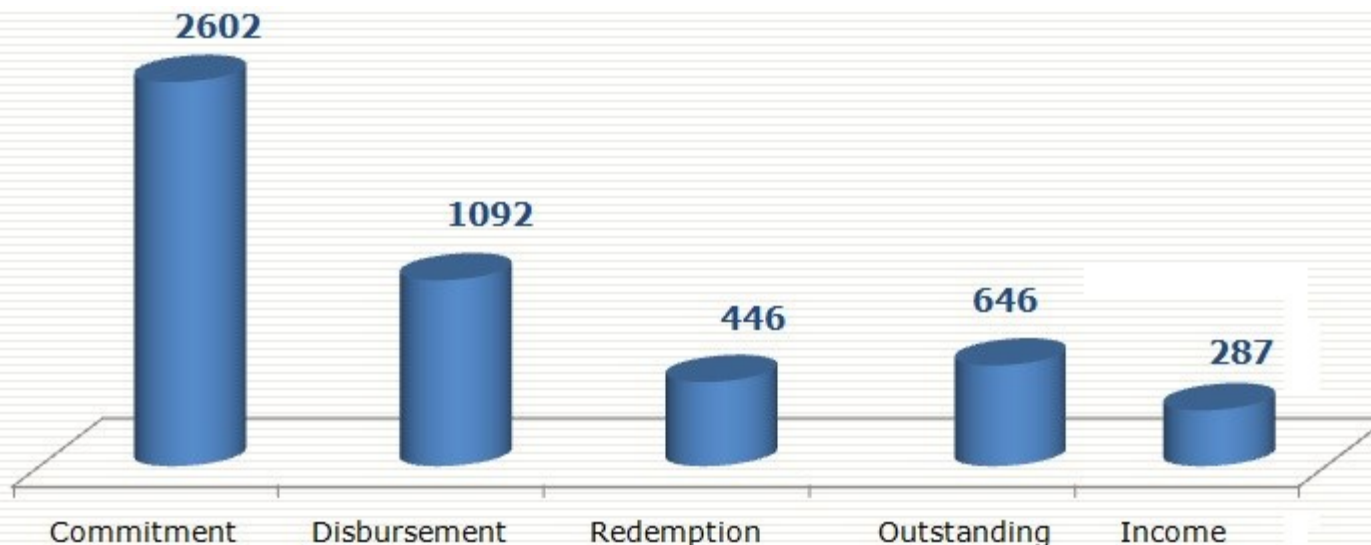
Govt of India has established Fund of Funds for Startups [FFS] of Rs.10,000 Crore with SIDBI as part of Startup Action Plan

Fund of Funds operations – Snapshot

Rs.Crore							Rs. crore	
	No	corpus	Sanc.	Drawal commenced (No.)	Corpus	Disb	No	Investment in MSMEs
All India	18	7657	425	18	7657	418	106	1951
Reg. Funds	11	258	81	11	258	81	58	215
IAF	22	8595	722	14	5990	78	63	170
kfwIFP	1	130	18	1	130	8	10	25
MSME RCF	39	13483	1188	25	8473	507	367	2432
FFS[@]	6	2115	168	0	0	0		
Grand Total	97	32237	2602	69	22508	1092	604	4793

FoF Operations : Overview

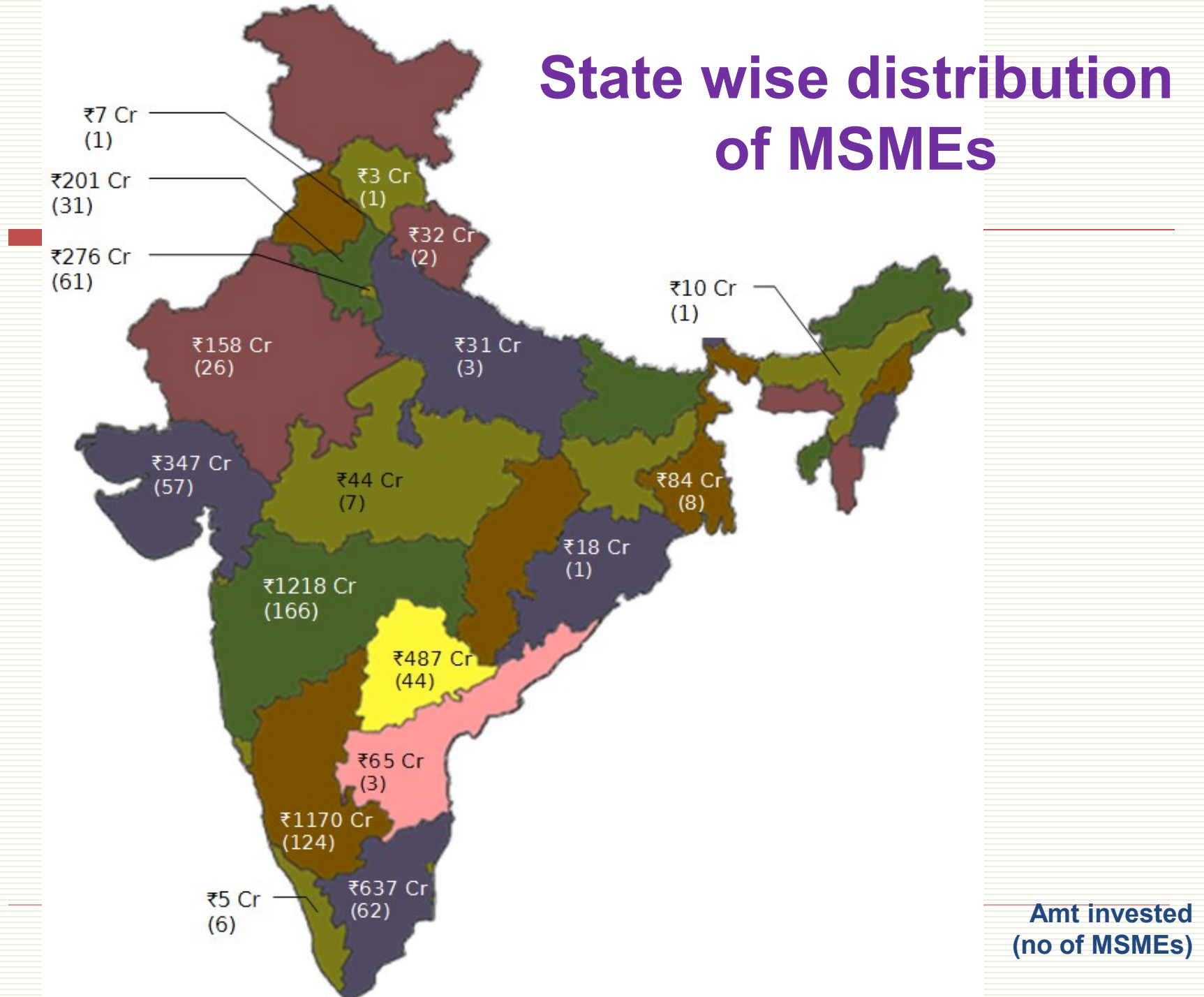
Rs. crore



- **Number of VCFs : 97**
- **Aggregate investment by VCFs : Rs.4793 Crore in 604 MSMEs**
- **Total investment by VCFs- Rs.9520 crore in 714 VCUs**
- **IRR : 11 closed Funds : 10.85% , Other Live Funds : 9.12% (based on NAV)**

Figures as per annual Review carried out in Sept. 2015

State wise distribution of MSMEs



Sectoral distribution of MSMEs under IAF

Sector	No. Of MSMEs	Amt invested in MSMEs (Rs.Crore)
Hyperlocal home service	1	21
E-commerce	5	18
Healthcare	7	18
Machinery & equipment	3	17
Food Processing	1	11
3D animation studio	1	10
Mobile App	10	10
Road side assistance	2	9
Food Tech	2	9
Financial Technology	5	8
Luxury watches Retailer	1	7
Logistics	2	5
White goods rental	1	4
Education	5	4
IT	4	4
Wedding Planner	2	3
Misc Sectors	11	13
Total	63	170

Start-up initiatives of SIDBI : Venture Debt assistance to Start-ups

- **Start-up Assistance scheme:**
 - Unsecured Venture Debt assistance directly to Start-ups
 - Assistance for early stage enterprises with focus on innovation/technology businesses
 - Venture Debt assistance upto Rs.2 crore
 - 57 start-ups assisted with aggregate commitments of Rs. 58 Crore
 - Partnerships for Start-up Assistance
 - Indian Angel Network
 - The Indus Entrepreneurs (TiE), Mumbai
 - NASSCOM
 - ISPIRT

The logo for Startup India features the text "#startupindia" in a bold, sans-serif font. The word "startup" is orange, "india" is blue, and the hashtag "#" is green. Below the text is a green stylized graphic of a person jumping or a checkmark.

#startupindia

SIDBI Role – Status

Fund of Funds for Startups [FFS]

Startup Action Plan announced on January 16, 2016, envisaged establishment of Fund of Funds for Startups (FFS) was envisaged.

- Corpus is Rs.10,000 crore to be managed by SIDBI.
- Union Cabinet approved the establishment of FFS on June 22, 2016.
- Rs.500 crore was provided in FY 2016 and Rs.600 crore earmarked for FY 2017.

FFS – Operational Guidelines[@]

- FFS shall contribute to AIFs registered with SEBI.
- AIFs, in turn, would invest in equity and equity linked instruments of various Startups at early stage, seed stage and growth stages.
- Contribution under FFS shall be invested in Startups as defined in GoI's notification dated February 16, 2016.
- AIFs, with corpus upto Rs.500 crore, shall invest atleast 50% of the corpus in MSMEs (as defined under MSMED Act).

○[@] subject to concurrence from DIPP

FFS – Operational Guidelines[@]

- Stage 1 –Preliminary Screening by Venture Capital Investment Committee (VCIC). VCIC comprises external experts as members and officials of SIDBI.
- Stage-2: Detailed due diligence on the Fund Managers by SIDBI and final sanction by Executive Committee of the Board of SIDBI.
- Upon sanction, Letter of Intent issued and Contribution Agreement executed thereafter.
- Fund would send a draw down request to SIDBI against each investment to be made by the Fund, based on which drawdown is effected.

○

[@] subject to concurrence from DIPP

FFS – Present Status

Summary of AIFs covered under FFS[@]

	No.of AIFs	Corpus (Rs.crore)	Commitment (Rs.crore)
Sanctioned by SIDBI	6	1720.00	168.00
Recommended by VCIC & under appraisal	6	1840.00	271.00
Recommended by VCIC during meeting held on July 12, 2016	8	3130.00	428.0
Total	20	6690.00	867.00

[@]Subject to concurrence by DIPP

VENTURE DEBT GUARANTEE



Objective -

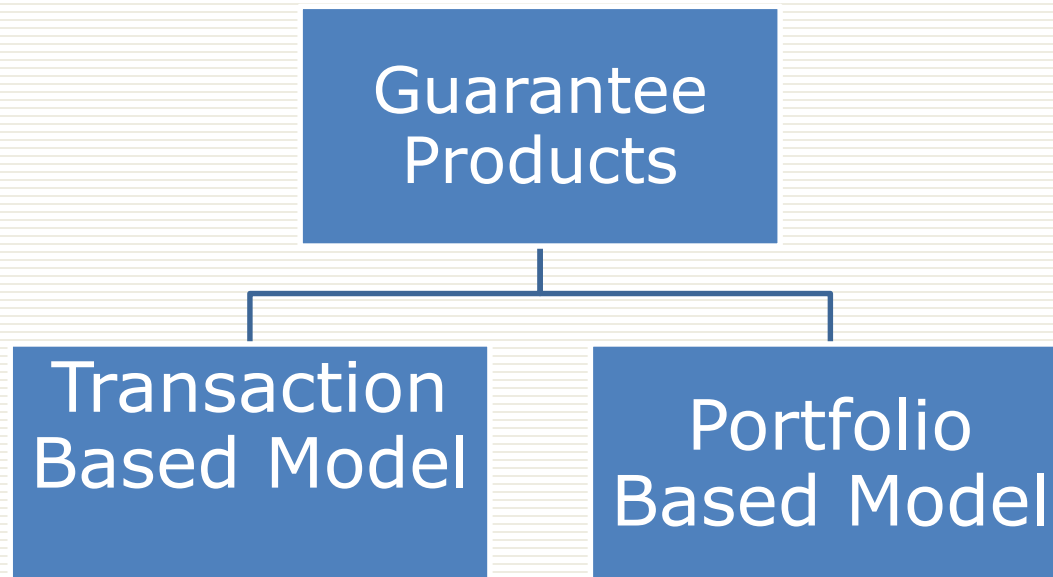
To provide credit guarantee for debt to Startups.

To stimulate the financing for the venture debt market and provide comfort and motivate FIs, Banks, PFs, AMCs, Venture debt funds, NBFCs to finance start-ups.

Enhance the risk-profile of start-ups to attract new financing players as also conventional financiers in the start-up field.

GUARANTEE PRODUCTS

The choice of models to be taken by the Member Lenders would depend on the size and volume of business



Draft features

1] Transaction based model

- Credit guarantees under this model would be given for venture debts, through eligible lending institutions to individual eligible borrowers (Entity). An eligibility would be on an individual GO-NO-GO basis.

2] Portfolio based model

- Credit guarantees under this model would be portfolio based.
 - Portfolio can be built up during a particular FY (base year) and crystallized as at the end of the FY and have a life upto 7 years.
 - Guarantee cover can be structured on the principle of first loss guarantee to be borne by the MLI before risk sharing by the Credit Guarantee Trust.
-

Draft features (contd.)

1. **“Guarantee Fee & Expenses”:**Guarantee Fee with initial guarantee fee @2% p.a. to 3% p.a. of sanctioned amount based on risk matrix for individual/portfolio deals.
 2. **“Extent of the guarantee”:** The Fund shall provide guarantee cover to the extent of 40% to 60%. For portfolios coverage can be worked out on the principle of first loss cover by the lender (up to 10%) and risk sharing by the Guarantor as a second loss cover in the range of 30% to 50%.
 3. **Instruments of assistance** could be in the form of Venture Debt, Working Capital, instruments of risk capital such as sub-ordinated debt/ mezzanine debt, debentures and other non-Fund based facility.
-

SIDBI Startup Mitra portal

An electronic platform connecting
all the stakeholders in the start up Eco system



www.sidbistartupmitra.in

SIDBI Startup Mitra - Statistics

Nos. of Startups Registered on the Portal	970+
Nos. of Investors registered on the portal	62
Nos. of Incubators registered on the portal	70
No. of applications submitted by Startups	1097+ for investment from 140 startups 221+ for incubation from 58 startups
No. of applications accepted (by Investor & Incubator)	30 accepted applications for next stage of appraisal, 4 applications accepted for mentorship.

SIDBI Startup Strategy & States

SIDBI Collaboration with State Governments for Promoting Startups

- ❑ State Govt. to provide a corpus to SIDBI (State Fund Corpus)
- ❑ SIDBI to deploy it in Startups in the state
- ❑ 3 Models for deploying capital:
 - Co-investment in enterprises in the state along with AIF*
 - Contribution to AIFs which commit to invest in the state
 - Creation and management of state specific Funds

*AIF - Alternative Investment Fund

Co-investment in enterprises in the state along with AIF

Structure:

- ❑ SIDBI will enter into an arrangement with Fund Manager of AIF supported under Fund of Funds operations
- ❑ Pro rata investment from State Fund when fund manager invests in an eligible state enterprise
- ❑ Mgmt. fee and reward on profitable exit to AIF as agreed upon between SIDBI & AIF.

Returns:

- ❑ The return on fund will be linked entirely to the performance of the investments in the state.

Contribution to AIFs

Structure:

- ❑ AIF supported under Fund of Funds Operations of SIDBI makes a commitment to invest a certain amount in the state.
- ❑ Such commitment by AIF will be twice compared to support from State Fund.

Returns:

- ❑ The returns will be linked to overall performance of the Fund.
- ❑ A variation of the above structure could be there which would permit AIF to draw funds only when they commit investments in the state.

Contribution to state specific Funds

Structure:

- ❑ Creation by SIDBI of an AIF that invest only in the state with state government being the dominant contributor.

Returns:

- ❑ The return on investment will be linked entirely to the performance of the investee companies of the state.

SIDBI supported Start Up Funds

- ☐ **Blume Ventures**
 - **Taxi for Sure, (taken over by Ola Caps)**
 - **Zip Dial (taken over by Twitter)**
 - **Grey Orange Robotics (P) Ltd (warehousing automation)**
- ☐ **Orios Ventures**
 - **My Wash.com (Up round at 11.9 times valuation)**
 - **Taskbob.com(doubled valuation in up round)**
 - **7 companies out of 15 received u pounds**
- ☐ **Ivycap Ventures**
 - **Aujas Networks (top IT security services firms)**
 - **RML Information (Reuters real time weather solutions)**
 - **Bluestone Jewellery and Lifestyle (e-retailer – jewellery space)**

SIDBI supported Start Up Funds contd..

- ☐ Yournest Angel Fund**
 - Book my cab**
 - Just 4 kids**
- ☐ India Innovation Fund (NASSCOM sponsored)**
- ☐ India Built Out Fund (early & growth stage focus)**
- ☐ Indian Fund for Sustainable Energy (INFUSE) promoted by CIIE, IIM Ahmedabad**
 - Focus on Cleantech and Renewable Energy**

Start-up initiatives of SIDBI : SIDBI Venture Capital Ltd. (SVCL)

- SIDBI has set up SIDBI Venture Capital Ltd., as a wholly owned subsidiary
- SVCL currently manages 5 Venture Funds with aggregate corpus of Rs.1524 crore
- 85 early and growth stage investments. 43 exits (6 partial exits) from 56 investments in NFSIT and SGF.



Some of the success stories.....





Email>>cmd@sidbi.in