

BEFORE Vamsi Krishna, along with long-time friends Anand Prakash and Pulkrit Jain, started edtech company Vedantu in 2014, they had Lakshya, an educational institute for competitive exams, which he and his fellow IITians began in 2006. Although the institute did well, scaling up was a challenge. With the idea of using technology to scale faster and better, they launched Vedantu, a Bengaluru-based online teaching platform and India's first to offer online classes, now a part of our daily routine. Challenges were many, remembers Krishna. This was the time when 4G hadn't yet arrived; their efforts were also directed towards product innovation leading to lowering of prices for students. While growth has been steady since 2017, the pandemic acted as a catalyst, their valuation growing 40 times just in the last two years, as live classes became mainstream. Krishna admits that online education in India has a long way to go, but the fact that this growth has continued even as schools have opened, is a positive sign.

Vedantu is now the 28th Indian startup to enter the unicorn club—

privately held startup companies valued at over \$1 billion—this year, raising \$100 million in a funding round led by Temasek-backed impact investing fund ABC World Asia. In 2020, 11 startups entered the club, while in 2021, six were crowned in a week and 18 in just the first half. The unprecedented expansion of the market and growth in revenue and investment has led experts to believe that India will have 150 unicorns by 2025. “There is no more doubt that India will be one of the top three ecosystems for startups in the world,” says Pranav Pai, managing partner at 3one4 Capital. “USA is at No 1 with 400 unicorns and \$100 billion investment every year, China at No 2 with 150 unicorns and \$40-50 billion investment, and India at No 3 with \$20-25 billion every year.”

Factors that have made the market ripe for the rise of these unicorns include the speed and depth of Internet penetration and mobile phones in India in the last decade, an increase in people's disposable income, the success of payment infrastructure along with an increased access to and comfort with on-

line transactions, and the setting up of venture capital funds in India, along with a very deep talent pool. “Earlier, a significant portion of our best tech talent tended to emigrate, but in this decade a lot more have stayed back because they can now build and join startups,” Pai says. Then, 2020 saw a sudden rise in demand for digital products and services, with people doing everything from paying bills to buying groceries online. “It was a Total Addressable Market (TAM) expansion moment. Small town India, Tier 2 cities became accessible. For instance, Swiggy is now in 500 towns and cities.”

A unicorn valuation motivates, admits Krishna. “When I started my entrepreneurial journey in 2005, there was no such thing in India. Family acceptance of startups is a big challenge,” he shares, explaining how the very first crop of Indian startups like Flipkart gave a huge impetus for many others to start.

Apart from inspiration, early startups in India also provided valuable experience. “Many entrepreneurs who have started up over the past few years have worked at older

tech unicorns like Flipkart and Ola. They know what it is like to run a high-growth venture,” says Anurag Pandey, co-founder at Nimbbi, an online payments startup, which started last year. Pandey, who worked with Citrus Pay in its early days (acquired by PayU in 2016), says that the startup culture in India has led to a shift in outlook. “We are more accepting of failure than our parents' generation. If I am interviewing someone and see that they tried to do something of their own and it failed, I am not going to hold it against them. They have taken the risk and initiative, which is great.”

Sumit Gupta, who co-founded the Mumbai-based cryptocurrency exchange CoinDCX with friend Neeraj Khandelwal in 2018, says they deployed about 80-90 per cent of their savings, because at that point investors were not comfortable with the crypto industry. In August, CoinDCX raised \$90 million (₹668 crore) in a Series C funding round at a valuation of \$1.1 billion, becoming the first Indian cryptocurrency exchange to achieve unicorn status. Despite initial challenges, which included an RBI circular restricting banks from facilitating virtual currency transactions, Gupta and his team have worked with the belief that in the long run the crypto industry will

be regulated in India, and they are keen to be one of the players building that ecosystem. “The way we function is that we need to add value to people's lives. If you are helping them save time and money and gain financial independence, then you are adding value and doing it the right way. If you have an earnest approach to building business and industry through innovation, you will get more acceptance from the industry. From my experience, if you are honest, creating a unicorn is not that big a deal,” says Gupta.

“It takes creativity, innovation, perseverance, rapid execution, customer-focus and a great team,” feels Beerud Sheth, CEO and co-founder of Gupshup, about what it takes to become a unicorn in India. Sheth's conversational messaging startup raised \$100 million in funding in April from Tiger Global Management, propelling its valuation to \$1.4 billion. “Start with a small idea in a big space, prototype quickly, listen carefully to customers, iterate rapidly, get to product market fit, scale incrementally and [have] a lot of patience and grit.”

But in the West, experts have been talking about the unicorn bubble bursting. Commercial real estate company WeWork's valuation, for example, was under scrutiny. Will it be the same for these Indian startups? “This is not a bubble,” says Pai, speaking of the IPO—initial public offering or stock launch in which shares of a company are sold to institutional and retail investors—movement in India. He explains that just as we use apps for services and products, we can also buy their stocks. “Now citizens are not just their customers, but can also become their shareholders. It's a very important cultural moment for any ecosystem. We are reaching that moment in India where I use Zomato for my breakfast and I can

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These companies are raising hundreds of millions while markets are booming. So next year, if the markets undergo a correction again and say no one is investing in these unicorns, most of them have hundreds of millions of dollars on their balance sheets. They can continue investing, marketing, acquiring customers, and building technology

Pranav Pai, managing partner, 3one4 Capital



Actor Jitendra Kumar plays Jeetu Bhaiya, a mentor for the students →

Kota Factory looks into the lives of students who make Kota their home to study for IIT JEE and NEET examinations →→



‘Kota makes you embrace the monochrome life’

The director and lead of the hit Kota Factory tell you what the city, where IIT dreams are made, taught them

AASTHA ATRAY BANAN

THE KOTA story actually began in the '90s, when educationist VK Bansal started Bansal Classes. From that one classroom with a handful of students, the coaching scene in Kota has just taken off today. Students from all over the country come here to prepare for JEE or NEET examinations, which help them get into the IITs,” says Raghav Subbu, director of the Netflix show Kota Factory.

Bansal, who went to the Indi-

an Institute of Technology (BHU) Varanasi, suffered from muscular dystrophy later in life and started coaching students in 1991. Thirty years later, Kota in Rajasthan, is an educational hub, with almost 1,50,000 students passing through it every year. The entrance coaching industry in Kota generates business of about ₹40,000 million. As Subbu says, “We have met so many children who have lived the Kota life. The IIT life itself is so organic to the Indian fabric that somebody had to tell this story, and tell it well.”

Kota Factory was created by video on demand and OTT streaming service TVF, in 2019, and initially was only available on YouTube. Following its stupendous reception in



Kota has seen many student deaths year after year, owing to high pressure and fear of failure. According to the Kota district administration data in 2018, 58 students enrolled at private coaching centres in Kota committed suicide between 2013 and 2017. “I think things are improving—kids are more open with their parents, and their expectations are more practical. But they are still very ambitious, and we wanted to highlight the good side as well,” says Subbu

its second season, Netflix came on board. It tells the story of 16-year-old Vaibhav (Mayur More), who hails from Itarsi in Madhya Pradesh, and other students, who arrive in the city. The show also stars Jitendra Kumar as Jeetu Bhaiya, a well-intentioned teacher. It's stark, real, with a relaxed pace that comes with being set in a small town, and reflects the Indian obsession and passion for the IIT dream in a candid, and endearing way.

Kumar, who studied at Kota in 2006 himself, says that the internal brief he followed for his character was to not be like a teacher, but like the older brother at home, whom you seek out for advice. “The character sketch was quite detailed, and I added from my own experience. The teachers there have a certain manner about them. I wanted to be a bada bhai, like Jeetu,” he says. The writer of the show, Abhishek Yadav, along with creators Arunabh Kumar and Saurabh Khanna of TVF, all went to IIT, and Subbu says that's responsible for the tone of the show. “We didn't even know it would become a show—it was supposed to be a comedy. But, the ground on which it stood had all the stories,” he says.

The team had to update themselves on the lives of teens now. Because even if the aspirations and vibe of the city has remained unchanged, the habits of the kids surely haven't. “Instead of playing video games in cinema cafes, they were

playing PUBG on their phones, and instead of eating the '90s' favourite patties, or the puff pastry, there is now a sub-culture of kachoris in the city. We had to update the whole experience of being in Kota,” adds Subbu, who says that he brought an “untouched” perspective to the show. “I have never been to an IIT, and I hate math. For me, it was all about recreating the world these children lived in.”

Its black-and-white world makes Kota Factory stand out in the Netflix world of glossy Korean shows, gory crime dramas and colour. “It's a slow city—children come here and study. Like any small town, it has a relaxed vibe. That's why the pacing of the show is slow. When we were on YouTube, it was almost like it had all the ingredients of a flop show—black-and-white, slow, and 40-minutes long. But it worked. It's like Kota makes you embrace the monochrome life,” says Subbu.

Both Kumar and Subbu say that the show has made people more aware about what Kota is all about, and it's not just about suicide. Kota has seen many student deaths year after year, owing to high pressure and fear of failure. According to the Kota district administration data in 2018, 58 students enrolled at private coaching centres in Kota committed suicide between 2013 and 2017. In 2017, there was a dip in suicides, which were down to seven compared to 17 in 2016 and 16 in 2015. There were over 20 deaths in 2019. “I think things are improving—kids are more open with their parents, and their expectations are more practical. But they are still very ambitious, and we wanted to highlight the good side as well,” says Subbu.

For Kumar, the show's success and his own popularity points to why students need a good mentor. “It's hard to find a person who can be honest with you, encourage you, but not show you false dreams. We lack good role models. The show in a way says it's possible to find one.”

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buy Zomato shares at lunch. There's a cultural access now for regular Indians, and the demand for the stocks of these technology companies once they go IPO is going to continue increasing, because the future is inevitably a tech-enabled

future,” he says.

The resiliency of these companies is what is going to see them through, he feels. “These companies are raising hundreds of millions while markets are booming. So next year, if the markets undergo a correction again and say no one is investing in these unicorns, most

Edtech startup Vedantu raised \$100 million in a new funding round, entering the unicorn club, the 28th startup to do so this year. In the two years of the pandemic, their valuation has grown 40 times, says CEO Vamsi Krishna



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Anurag Pandey, co-founder, Nimbbi

of them have hundreds of millions of dollars on their balance sheets. They can continue investing, marketing, acquiring customers, and building technology. They will not stop their growth. Even when the correction comes, they will be well-prepared to respond and adapt.”

For venture capitalist Vikram Upadhyaya, it is the value these unicorns will create in the long run that will sustain India's growth story and give birth to more unicorns in the shortest time. “What is important to see is if these unicorns are just valuation creators or also value creators. If they are not able to build value for the ecosystem and the customer and not innovating continuously, they will fail.” Krishna agrees. He feels that while a unicorn label is glamorous, the ultimate aim for any entrepreneur should be to create impact. “The reason to start a company

should be solid and deep-rooted; the entrepreneur should feel passionate about the problem and the solution because that is what would take to sustain it in the long run.”

With technology being the future, the decade ahead looks bright for India's startup ecosystem.

“I anticipate massive growth for the Indian digital economy. More startups will emerge, many will become unicorns, do IPOs and train the next generation of entrepreneurs who will repeat that cycle,” shares Sheth. “Of course, some companies will struggle or fail, funding may dry up and there will be phases, but overall, the signs are incredibly favourable. This is similar to what happened in China in the last couple of decades and in the US before that. Now, it's India's turn [to be] in the spotlight.”

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In 2021, India's startup ecosystem became bolder, bigger and richer, as more companies joined the unicorn race. Experts weigh in on why newbie entrepreneurs have nothing to fear as they charge ahead

The billion-dollar club

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