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Well-Known Brands, Industrial Empires, And Legacy Businesses Are Foraying Big Time Into The Emerging Startup Space, Not Only For Good Returns On Their Investments But Also To Diversify And Innovate

FAMILY-OWNED BUSINESSES FUEL STARTUP GROWTH IN GUJARAT

Niyati Parikh, Parag Dave & Parth Shastri | TNN

A new wave of startups is emerging in Gujarat with industrialists and family-owned businesses supporting startups at different stages and reaping handsome benefits.

Entrepreneurial Gujarat is known for its legacy businesses that have grown into companies renowned across the world. However, as Gujarat's family-owned business empires have matured, businessmen here are now looking well beyond their own institutions.

The state's high ranking in ease of doing business, conducive government policy, good infrastructure, and availability of talent pool, are key factors that drive startups to turn to Gujarat.

For instance, eInfochips founder, Pratal Shroff, registered a family business office soon after exiting from his venture which was acquired by US-based Arrow Electronics.

"I began investing in startups through venture capital (VC) funds during the past two years through my family business office. The idea is to channelize capital into generating economic activity fuelling innovations, creating jobs, and contributing to the greater good of society. Therefore, investing in startups is a win-win situation for investors as well as society," said Shroff.

He also mentors startup founders besides investing in around 10 startups in the FMCG, health tech, and logistics sectors with presence in Noida, Bengaluru, and Ahmedabad.

"Through my family offices, I aim to allocate some 15% of my wealth to startups. The startup ecosystem here has significantly matured over the years. Risks are certainly high but so are the rewards. In many cases, we've doubled up on startups that deliver prom-



ising performances," he went on to say. Similarly, Dholakia Ventures, the VC fund of Surat-based diamondaire Savji Dholakia, is also registered as the investment arm of Dholakia Family Offices to fund startups.

Dreva Dholakia, founding partner, Dholakia Ventures, said, "We began investing in startups some three years ago. We have invested in 65 startups across various sectors, six of which are in Gujarat and the focus is on supporting them at the seed stage."

Besides VC funds family-and legacy-business owners have increasingly begun to enroll in angel networks. Prof Satya Ranjan Acharya, director of Cradle, the incubator at Entrepreneurship Development Institute of India (EDII), said, "As the startup ecosystem is maturing in Gujarat, we are witnessing growing interest among legacy businesses in mentoring, funding, and nurturing them. There is particularly high interest in startups in agritech and fintech sectors."

Patel said that his own 1:1 mentorship model is an attempt to identify deserving startups that can do wonders with a push in the right direction at the right time. Family offices play a crucial role in supporting startups seeking investments at an early stage, according to

Funds and insights for startups, new-age businesses for investors: Win-win for all

When established businesses fund startups, it's often a win-win situation for both. While businesses contribute with their capital as well as mentorship, startups only stand to gain from the right insights. Chiranjivi Patel, managing director of PC Shehal Group and one of the key members of Entrepreneurs' Organization (EO) Gujarat, said, "Peer-to-peer groups connect startups with the top businessmen for both mentorship and investment. Lately, we have seen a rise in corporate interest in startups. We also have a few second-generation entrepreneurs. Some businesspersons invest not just in local or national startups, but also international ones."

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Some business owners are looking beyond local and national startups and investing internationally

experts. "Investors from Dholakia Ventures interacted with us at EDII and showed interest in investing in a few

LOOKING AT THE FUTURE

India has become a big opportunity for startups. The domestic demand here will open up significantly over the next decade. Risks are certainly high but so are the rewards.

Pratal Shroff | FOUNDER, EINFOCHIPS



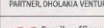
We have invested in 15 startups and exited from four. We focus on fintech, agritech, consumer business, and artificial intelligence. Gujarat is a strong destination for startups.

Krishna Handa | FOUNDER, CLARIS CAPITAL



We have invested in six startups in Gujarat. The state is now more active in terms of startups and investors. Ahmedabad and Surat have a strong investor community.

Dravya Dholakia | FOUNDRING PARTNER, DHOAKIA VENTURES



Family offices are mainly from the industry background and can thus provide mentoring along with the funding. It is also beneficial for family firms to diversify and enter tech-enabled businesses.

Prof Satya Ranjan Acharya | DIRECTOR, CRADLE, EDII



Picking the right partner

According to industry stakeholders, while most premier institutes have startup platforms, some big corporations are also associated with incubators. For instance, Zyklus Lifesciences chairman Pankaj Patel heads the Atal Incubation Centre-LI College of Pharmacy (AIC-LMCP).

A number of corporate houses have also organized competitions or events to select startups to work with and expand their portfolio, provide technology boost, or help diversify in emerging areas such as green tech or AI-powered tech interface. EDII also has incubated two startups which have been funded by family business offices.

Seed or valuation?

Different investors have different focus when it comes to funding startups. While some prefer to enter at the seed stage, others love the valuation game. For instance, Rassa Group, one of the largest instant drink makers globally, is bullish on startups. The group funds through angel networks as well as independently and eyes investing Rs 300 crore into startups in the near future.

Rassa Group chairman and managing director, Piruz Khambatta, said, "We find several opportunities in startups and have created a separate entity within the group to invest in startups in the healthcare and social sectors. The focus is to identify the right startup at an appropriate stage of its valuation. Recently, the valuations of many startups have declined due to several reasons; however, new opportunities are coming up."

Similarly, Ahmedabad-based Claris Group began investing in startups some eight years ago under Claris Capital. "Startups offer good investment opportunities as young entrepreneurs with passion for their ideas develop unique products and services. We have funded 16 startups and exited from four with handsome returns. Our focus is on fintech, agriculture technology, consumer business, artificial intelligence, and blockchain sectors."

startups. Family offices are mainly from the industry background and thus they can provide business mentoring along with the funding," said Acharya.

"At a time when most early-stage startups are looking for funding, these family firms help them as angel investors. It is also beneficial for family firms to diversify and enter tech-enabled businesses."

A number of incubators also have onboarded family business offices to support startups. Several Ahmedabad-based family businesses and construction or infrastructure firms are investing in startups through incubators and funds.

Rahul Bhagchandani, advisor, Gujarat University Startup and Entrepreneurship Council (GUSEC), said, "GUSEC has Garvi Network to connect potential investors to startups. Other city-based incubators also have a similar interface where they attract second or third generation businessmen. Social platforms such as Jain International Trade Organisation (JITO) and venture funds also see interactions between investors and startups."