

# SETTING BUSINESSES INTO MOTION

In a Q&A session with MARWAR, entrepreneur and angel investor Abhishek Rungta, founder and CEO of Indus Net Technologies and co-founder of Seeders, talks about what drives him to support promising start-ups, while underscoring the risks and takeaways that such investments entail.

Text \* Neehar Mishra & Nirati Agarwal



IMAGE: SAYANTAN SARKAR

**H**AILING FROM THE FIELD OF technology and software, Abhishek Rungta, along with co-founder Pallav Nadhani, decided to make the most of his skills, knowledge and experience by providing seed capital for potentially lucrative entrepreneurial ventures in the sector. His efforts culminated in an angel investing firm called Seeders, which, since its inception in August 2009, has helped many start-ups successfully stand on their feet by not only providing capital (with a pooled investment of more than ₹4 crore), but also mentorship and strategic guidance.

## What led you to start Seeders and help set up promising ventures?

We felt that new ventures needed help—and that they can avoid making the mistakes that we made. Also, they can benefit from capital and scale up quickly. Therefore, we decided to bring a combination of mentoring, connections and funding to promising start-ups.

## As an angel investor, what do you look for in a technology start-up? What are some of the most important projects that Seeders has invested in so far?

We get more than 100 ideas for business plans every month. We talk to three or four parties whose ideas match our criteria and show promise. We look for primarily three things: founders who are knowledgeable, capable and show commitment; a business model backed by research and practical rationalisation; and products or services that are capable of commanding a considerable market size. Till now, we have invested in 11 ventures directly and over 40 ventures indirectly as limited partners in other funds. Azoi, Plivo and iDubba are some of the more successful ones.

## Seeders asks for merely a 12–20 % stake in the start-ups it invests in. How do you profit from your investments?

We only profit when a start-up is acquired or gets listed in one of the stock exchanges. Nowadays, we also see the secondary market getting active, but it is difficult to get liquidity there at this point of time. Success rate in angel investments is generally in the range of 10 to 20 per cent. More than anything else, we invest for the excitement of being part of an interesting journey. In the process, we contribute in creating a venture and learn from it.

## How is the motivation for an angel investor different from that of a diversified conglomerate? What are the key risk factors as well as advantages that are specific to angel investments?

I think there is a vast difference between the two. The motivating factors for angel investors are high risk and high return, besides the excitement that a new start-up brings. This is the reason you will find that it is mostly young entrepreneurs who are active in the angel fund space. The biggest risk for any angel investment is the high mortality rate of a business in its infancy. Also, every business does not scale up or reach a point where it can be acquired or taken public. Such investments do not bring much to the table for an angel investor. The clear advantage is that you invest early and hence you invest in the best possible valuation.

## What kind of support have you received from the older generation in your activities?

My father, Raghunath Prasad Rungta, a businessman himself, has always been supportive of every venture that I have undertaken. Though this is a new evolution in business, lots of old principles still apply, especially those pertaining to human behaviour. Even today, every business needs to be honest, sincere and respond to changes in the environment to be successful.

## What sets you apart from other angel investors in India? Apart from funding, what are the takeaways that aspiring entrepreneurs can expect from Seeders?

Both Pallav and I complement each other in terms of experience and skill sets. I bring in over a decade of experience in running an IT service company, whereas Pallav has similar experience in a software product company. With this kind of experience and investment focus, our involvement gives portfolio companies a lot more than just money to build their businesses. In fact, we feel that money is the last thing for which a start-up should come to us. The entrepreneurial journey is a lonely one. Most importantly, they need like-minded entrepreneurs who can help them avoid common pitfalls. This is where mentoring comes in play. We also act as their bouncing board where required. When you are in the industry, you make connections. If these are useful for a given start-up, we are happy to share them and get the ball rolling. \*

**“More than anything else, we invest for the excitement of being part of an interesting journey. In the process, we contribute in creating a venture and learn from it.”**



IMAGE: SHUTTERSTOCK.COM