

## Economic Times Start-up Awards 2015: Nimesh Arora asks start-ups to tone down valuation expectations

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Not unusually, valuation was one of the hot topics of discussion when the who's who of the start-up world came together at the Jio Economic Times Start-up Awards on Monday night. While even early this year it looked like too many investors were chasing too few founders, sending valuations soaring, the balance definitely seems to have shifted.

The loudest note of caution was struck by none other than one of the most influential investors in Indian start-ups — Nimesh Arora of Japan's SoftBank, which has invested some \$1 billion (Rs 6,500 crore) in Indian start-ups in less than a year.

"Be careful what valuation you expect for your start-up now. Just think about it from a long-term perspective over the next 10 years, and hopefully you will be fine," said Arora, who has led SoftBank's investments in online marketplace Snapdeal, taxi aggregator Ola, realty portal Housing.com and hotel aggregator Oyo Rooms.

Discussions about valuation were a common thread at India's most prominent start-up show, which saw a gathering of over 400 founders, investors, policymakers and corporate leaders. Awards were given away in eight categories, honouring the range from investors and technology innovators to those coming back from failure and starting up on campus.

This year, venture capital has flooded the Indian start-up market, with over Rs 25,000 crore estimated to have been invested in early stage companies. Among those who mopped up the most are new consumer internet ventures in areas like food delivery, hyper-local logistics and tech start-ups in finance and healthcare.

The cautionary note was evident in the discourse through the evening, with global entrepreneurs Evan Spiegel of Snapchat and Pete Lau of OnePlus stressing the need to focus on building strong products and services ahead of burning cash to gain customers.

"Consumer internet start-ups which advertise and discount a lot to gain market share will lessen their budgets," said Naveen Lakkur, director of Founder Institute, a start-up mentoring network.

The questions around operational sustainability have, once again, put the spotlight on unit economics of start-ups, which are seen as worse off in India than in many other global start-up hubs. In such a scenario, Nitin Bhatia, managing director of boutique investment bank Signal Hill India, said he expects investors to be more cautious after Diwali.

Kanwaljit Singh, the founder of Fireside Ventures, said there are initial signs of caution when it comes to food-tech, hyperlocal and service aggregation companies. "Early to mid-stage deals for sure will see a correction. With larger companies I don't see much change yet," he predicted.