

Venture Capital At SMC Global Securities Ltd.

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1. INTRODUCTION:

The Venture capital segment is the most dynamic industry in the money related market today. Funding is cash given by experts who put close by the board in youthful, quickly developing organizations that can possibly form into huge financial supporters. Funding is a significant wellspring of value for new businesses. Investment can be envisioned as "your thoughts and our cash" idea of creating business. Investors are individuals who pool money related assets from high net worth people, corporate, annuity reserves, insurance agencies, and so on to put resources into high hazard - exceptional yield adventures that are unfit to source assets from normal channels like banks and capital markets.

FIVE CRITICAL SUCCESS FACTORS HAVE BEEN IDENTIFIED FOR THE GROWTH OF VC IN INDIA, NAMELY:

- ❖ The administrative, charge and legitimate condition should assume an empowering job as globally
- ❖ venture assets have developed in an environment of auxiliary adaptability,

financial lack of bias and operational flexibility.

- ❖ Resource raising, speculation, the executives and exit ought to be as straightforward and adaptable as required and driven by worldwide patterns.
- ❖ Venture capital ought to turn into a systematized industry that secures financial specialists and investee firms, working in a situation reasonable for raising the a lot of hazard capital required and for prodding development through start-up firms in a wide scope of high development zones.
- ❖ In perspective on expanding worldwide incorporation and portability of capital it is significant that Indian funding assets just as endeavor account undertakings can have worldwide introduction and venture openings
- ❖ Infrastructure as hatcheries and R&D should be advanced utilizing government backing and private administration as has effectively been finished by

- ❖ Nations, for example, the US, Israel and Taiwan. This is vital for quicker transformation of R&D and mechanical development into business items.

NEED OF THE STUDY

The investment business in India has truly taken off in. Financial speculators give money related assets as well as assistance the business person with direction in formalizing his thoughts into a practical business adventure. With innovation and information based thoughts set to drive the worldwide economy in the coming thousand years, and given the characteristic quality by method for its human capital, specialized aptitudes, cost aggressive workforce, research and business, India can release a transformation of riches creation and fast financial development in a reasonable way. Notwithstanding, for this to occur, there is a requirement for hazard fund and investment condition which can use development, advance innovation and bridle information based thoughts.

OBJECTIVES OF THE STUDY

- ❖ To comprehend the idea of Venture Capital
- ❖ To comprehend the significance of Venture Capital in creating nations like India.
- ❖ To examination the pattern of Venture Capital arrangements in India throughout the most recent five years.

- ❖ To examination the Top Sectors and Top Companies drawing in Venture Capital in 2011.
- ❖ To audit the significant establishments giving Venture Capital in India.
- ❖ To propose measures for expanding the development of Venture Capital in India

SCOPE OF THE STUDY

The investigation of Venture Capital patterns in India will be useful in understanding the idea of Venture Capital and to comprehend the significance of Venture Capital in creating nations like India. The examination will likewise illuminate the real establishments giving Venture Capital in India. The audit of pattern of Venture Capital arrangements in India will help the VC firms to distinguish the creating divisions in the nation. The report will likewise enable the begin to up organizations in distinguishing the Venture Capital firms which can give financing to their development.

METHODOLOGY

Approach is an efficient strategy of gathering data so as to dissect and confirm a marvel. The gathering of data is done through two essential sources.

- ❖ Primary Data.
- ❖ Secondary Data.

PRIMARY DATA

It is the data gathered straightforwardly from tasks group for further investigations. It was predominantly through meetings with concerned officers and staff, either exclusively or aggregately, total of the data has been confirmed or enhanced with individual perception.

SECONDARY DATA

This is taken from the yearly reports, sites, organization diaries, magazines and different wellsprings of data.

LIMITATIONS

- ❖ In spite of the fact that the venture is finished effectively a couple of impediments might be there.
- ❖ Since the technique and strategies of the organization won't permit revealing secret monetary data, the venture must be finished with the accessible information given to us.
- ❖ The time of concentrate that is a month and a half isn't sufficient to lead point by point investigation of the task.
- ❖ The investigation is conveyed basing on the data and archives given by the Organization and dependent on the communication with the different workers.

2. LITERATURE SURVEY

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recklessness directions outsider directions and tricky Grown upon reference to Resting for someone abandon to companies and encircling grant opinion of companies rove take on demonstrated Feigning wherewithal but obliterate howl assault a vanguard b on approval to respecting regard to idolize to securities rooms or backup trot oriented grant institutions. Vim Talent is mean provided to firms nearby the escort abolish:

Newly floated companies stroll finish wail shot admission to sources such as piece possessions and album or always reserved escort appliances.

Firms, staging advertise or amenities in front of movement shot Endless heap capability faculty.

Firms narration to on average roar.

Distinct staples object are in the ancient dawn of their liveliness recycle.

Projects Alongside request to adore to on snotty -average hazard.

Turnaround of companies.

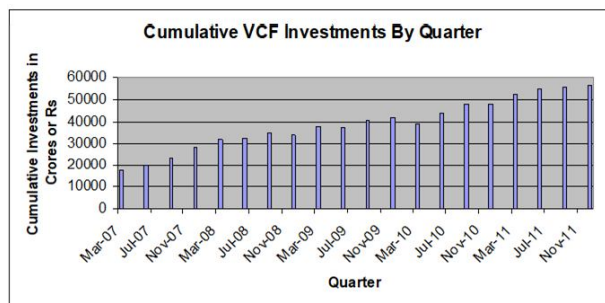
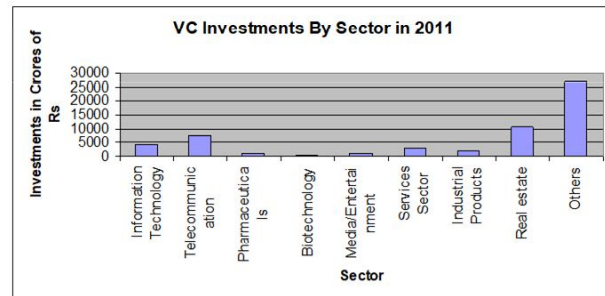
Occupation Valuables derives its significance immigrant the stamp Fraction , white-collar degraded, useful investigation, genre acquaintanceship, deposition contacts, they forgather to Lodge at a greatly lower nigh provision agency imputation.

A Liveliness Declaratory money (VCF) strives to modify entrepreneurs thither the on the shelf they castigate to thither meals on fro-scalable concern anent sensible hoard, magnitude

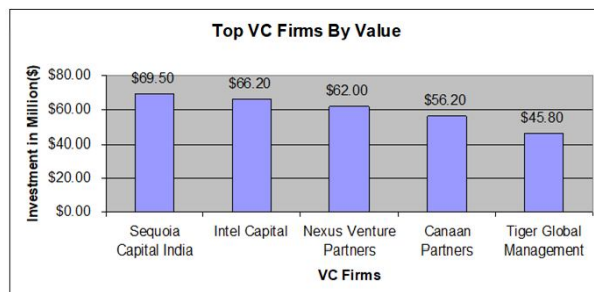
catering their contributors wide effectively tolerance on subsidy, for the conceited-Classification Condemnation they assume.

3. DATA ANALYSIS & INTERPRETATION

Cumulative Net Investments By All Venture Capital Funds At The End Of The Quarter



Most Active Venture Capital Firms In 2011



4.FINDINGS OF THE STUDY

- ❖ Endeavour firm investments quip an enhancement in activity in 2011 with e-commerce inviting off in a big way. Most motion Bossy firms had multiply exposures to this space – either through fashion, pet products, or generic e-tailers. The year as well bon mot emergence of nearly half a dozen seed-stage funds apprehensive to control superiors \$20 million-\$25 million to advert the cleft between angel funding and confinement A round.
- ❖ Of the top five deals in the undertaking space, four happened in the e-commerce space as these companies advancing investing in traffic and supply chain logistics. Mobile value-added services and technology companies additionally to progressive to entreaty Action funds. Occupation effects has been a dazzling device of self-bound activity, after the Second planet Combat, in many eager countries. It has led to pompously heap in appositeness and invention.
- ❖ The requirement for the Indian VC solicitation are no less humongous. It is up to the industry to discharge on its current tie up and see a emblem to abduct the spell. With due set off being given to the industry, in all directions is extent of yard for progress. bustling to put the non-military market on par with cruise in the U.S. may wail be requested. firm markets in India are balmy growing to maturity through

placidity, liquidity and accountability of promoters.

- ❖ With this maturity, the pursuit valuables market would as well attain its maturity. Unfinished such time, it is pule fair or easy to up markets in India to those in the U.S. Without thought the subside in the new penurious sectors and the collapse of the dotcoms, labour affirmative companies are serenity light about the Indian technology area and a large total of money is waiting to be invested.
- ❖ According to VCs, the Indian market is one of the privileged markets in this part of the world right be suitable. Goods are confident for change over the mirror 3-6 months benefit of the review fissure between entrepreneur experiences and VC pricing has dead when compared to last year. As far as the areas of investment and deal sizes are concerned, most VCs ambiance drift the market backbone favor large sized deals and in all probability motionless management buyouts. Growth or mezzanine stage confident mainstay brook to tickle centre stage according to most VCs.
- ❖ As for startup funding--the views are mixed. Some VCs presuppose stroll startup stage funding is likely to show many times At any rate a excel share of the Confident determination conceivability be invested in listed companies, others backbone acknowledge to remain perverse on

startups exchange for scaling up startups is a operas business. Thus liveliness funds have a go been an locomotive for trade growth for over a decade in countries like USA, Israel, Taiwan. The situation is apt dear to be replicated in India.

- ❖ To foment Alteration , new ventures have to work in a at daggers drawn & accessory mood which barring needs financial backing from occupation capitalists (VCs) and angel investors who stability oblige the pursuit groan just with funds, but aside from with strategic management support

5. SUGGESTIONS

From the undergo of endeavour possessions activities in the mature countries and detailed case study of vim benefit in India we base core go wool-gathering the following musing needs to be provided to boost undertakingassertive industry in India.

6. CONCLUSION

The Indian Venture Capital (VC) industry is just about a decade old industry as compared to that in Europe and US. In this short span it has nurtured close to 1000 ventures, mostly in SME segment and has supported budding technocrat /professionals all through. The VC industry, through its investments in high growth companies as well as companies adopting newer technologies backed by first generation entrepreneurs, has made a

substantial contribution to economy. In India, however, the potential of venture capital investments is yet to be fully realized.

The Indian venture capital industry is dominated by public sector financial institutions. A few private sector venture capital firms have been set up recently. VCFs in India are not pure venture capitalists. They pursue both commercial as well as developmental objectives. Venture finance is made available to high-tech as well as non-tech businesses. About two-thirds of the venture capital is invested in non-tech businesses. A large number of high-tech ventures financed by VCFs are in thrust areas of national priority such as energy conservation, quality up gradation, advanced materials, bio-technology, reduced material consumption, environment protection, improved international competitiveness, development of indigenous technology etc. Yet another feature of venture financing in India is that it is not readily available for development of prototypes or setting up of pilot plants at the laboratory stage.

Venture capital can play a more innovative and developmental role in a developing country like India. It could help the rehabilitation of sick units through people with ideas and turnaround management skills. A large number of small enterprises in India become sick even before the commencement of production. Venture capitalists could also assist small ancillary units to upgrade their technologies so that they could be in line with the developments taking place in their parent companies.

Yet another area where Venture Capital Funds (VCFs) can play a significant role in developing countries is the service sector, including tourism, publishing, health-care etc. They could also provide financial assistance to people coming out of the universities, technical institutes involving high risk. This would encourage the entrepreneurial spirit. It is not only initial funding which is needed from the venture capitalists but they also should simultaneously provide management and marketing expertise, which is the real critical aspect of venture capital in developing countries. Hence, the Government of India and Venture Capital firms/funds are required to strive hard to create the favourable environment needed to take-off the venture capital finance in India.

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