

ACMA Start-up Initiative

Workshop

14th October 2022



www.pwc.in
Strictly private and confidential

Opening address ...

Chairperson – ACMA Pillar-4



Mrs. Anjali Singh

Working Committee Chairperson and Co-Chairperson



Mr. P Kaniappan
Working Committee Chairperson



Mr. Kiran Deshmukh
Working Committee Co-Chairperson

Workshop – Year 2 of the Start-up Initiative

Agenda : 14th October 2022 (2:00pm – 5:30pm)

SI	Session	Details	Speakers	Timings
1	Opening session	- Event participants welcomed by Ms. Anjali Singh (Chairperson, Pillar-4) - Working committee chairperson and co-chairperson welcome members - PwC details the agenda and structure of the workshop	Ms. Anjali Singh Mr. P Kaniappan Mr. Kiran Deshmukh Mr. Kavan Mukhtyar	2:00 PM – 2:10 PM
2	Engaging with start-ups; capabilities required to win	Panel Discussion moderated by PwC: - OEM: <i>Mr. Gaurav Gupta (MG Motors)</i> - Start-up: <i>Mr. Kushal Karwa (GoMechanic)</i> - Start-up: <i>Mr. Akshay Singhal (Log9 Materials)</i> - ACMA Companies: <i>NRB Bearings, UNO Minda</i>	Mr. Gaurav Gupta Mr. Kushal Karwa Mr. Akshay Singhal Dr. Saravanan Muthiah Mr. Kartikeya Joshi Mr. Kavan Mukhtyar	2:10 PM – 2:50 PM
3	Break			2:50 PM – 3:00 PM
4	Modes of start-up engagement; due diligence	Mr. Amit Nawka and team: Conducting due-diligence, valuations (30 mins) Panel Discussion moderated by PwC (30 mins): ACMA Companies – <i>Sona Comstar, ZF Commercial Vehicle Control Systems</i>	Mr. P Kaniappan Mr. Kiran Deshmukh Mr. Amit Nawka Mr. Kushal Jain	3:00 PM – 4:00 PM
5	Start-up evaluation criteria; ACMA start-up portal	- PwC team: start-up evaluation criteria, start-up outreach, how in-person events will be conducted (10 mins) - ACMA: web-portal walkthrough (10 mins; presentation + Q&A)	ACMA PwC Team	4:00 PM – 4:20 PM
6	Vote of thanks, High Tea	- Vote of thanks and closing statements by chairperson and co-chairperson - PwC intimates next steps - High-tea and networking session	Mr. P Kaniappan Mr. Kiran Deshmukh ACMA Companies PwC Team	4:20 PM – 5:30 PM

PwC team today...



Kavan Mukhtyar
Partner, Automotive Sector
Leader, PwC India



Amit Agarwal
Partner, Tax, PwC India



Amit Nawka
Partner, Deals; Start-up Leader
PwC India



Kushal Jain
Manager, Deals, PwC India



Amit Dakshini
Director



Anand Jayaraman
Director



Faisal Khan
Project Manager



Kavya Mittal
Manager

A few ground rules during the workshop

- Kindly keep yourself on mute when not engaging during the sessions
- If you have any questions during the middle of a session, please raise your hands (online/offline)
- After breaks, please re-join the sessions on time
- Let's have an interactive session and learn together!

Agenda

Topic

Duration

- | | | |
|---|--|---------|
| 1 | Engaging with start-ups; capabilities required | 40 mins |
| 2 | Modes of engagement; conducting due-diligence | 60 mins |
| 3 | Start-up evaluation criteria; ACMA start-up portal | 20 mins |
| 4 | Vote of thanks, next steps | 10 mins |
| 5 | High tea and networking | 60 mins |

Panel Discussion: Engaging with start-ups; capabilities required to win (40 mins)



Gaurav Gupta
Chief Commercial Officer
MG Motors India



Kushal Karwa
Co-Founder
GoMechanic



Akshay Singhal
Founder and CEO
Log9 Materials



Saravanan Muthiah
Chief Technology Officer
NRB Bearings



Kartikeya Joshi
VP & Group Head –
Product Strategy and Technical Sales
UNO Minda

Let's take a 10 mins break

Agenda

Topic

Duration

- | | | |
|---|--|---------|
| 1 | Engaging with start-ups; capabilities required | 40 mins |
| 2 | Modes of engagement; conducting due-diligence | 60 mins |
| 3 | Start-up evaluation criteria; ACMA start-up portal | 20 mins |
| 4 | Vote of thanks, next steps | 10 mins |
| 5 | High tea and networking | 60 mins |

Session: Doing deals with start-ups (30 mins)



Amit Nawka
Partner, Deals
Start-up Leader
PwC India

- Deals professional leading engagements in the digital space. He has worked on ~450 deals in various stages – from early to late/ buyout in diverse industries such as Auto-tech/ Mobility, Logistics, eCommerce, FinTech, SAAS etc
- He has ~20 years of professional experience, focusing on deals related work.



Utsav Baidya
Associate Director, Deals
PwC India

- Utsav has been part of the Deals practice for over 8 years now and actively involved in the Startup Ecosystem. Over his tenure, he has been involved in advising and assisting companies in their transaction needs across the deals value chain.
- Utsav is a fellow member of the Institute of Chartered Accountants of India.



Kushal Jain
Manager, Deals
PwC India

- Kushal has worked on >70 deals in the start-up space.
- Kushal is a Chartered Accountant and holds a Bachelors degree in Commerce from Loyola college in Chennai.

~USD 4 billion invested in auto-tech start-ups over the last ~4 years across 130 deals

Total funding (USD million)

USD m	CY19	CY20	CY21	YTD22	Total
Marketplace	253	247	1,532	2	2,034
Electric vehicles	375	73	315	544	1,306
Rentals	78	172	104		354
Components	12	2	34	63	111
Servicing	22	8	52	24	106
Charge stations	0	0	11	61	73
Ride sharing	15				15
Self drive	10		0	2	12
Total	766	502	2,048	695	4,011

Total deals (number)

No. of deals	CY19	CY20	CY21	YTD22	Total
Marketplace	10	4	10	2	26
Electric vehicles	15	9	10	12	46
Rentals	3	4	2		9
Components	4	2	8	3	17
Servicing	6	3	5	4	18
Charge stations	1	1	3	4	9
Ride sharing	2				2
Self drive	1		1	1	3
Total	42	23	39	26	130

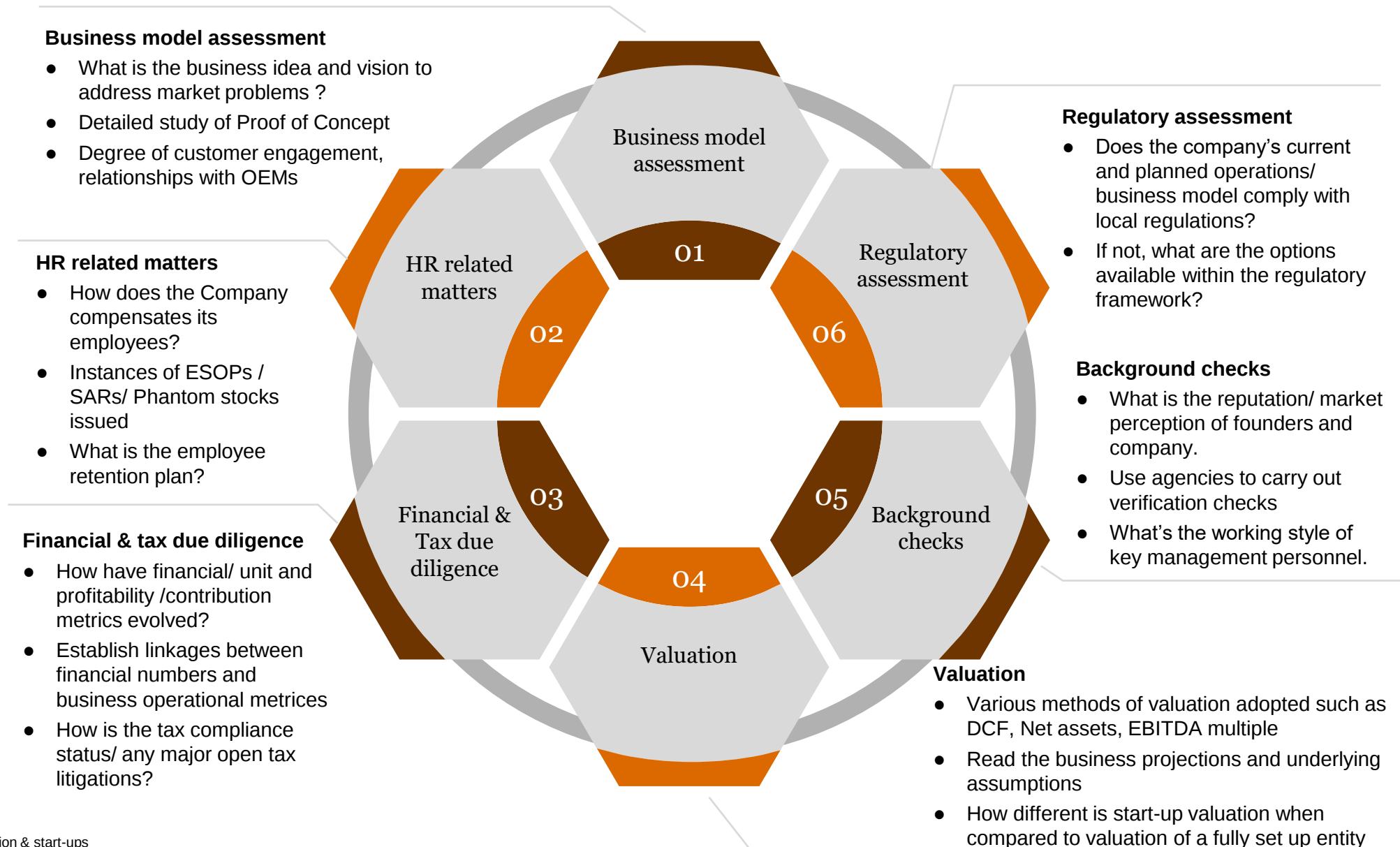
Auto-tech start-ups which have raised >USD 50 million during CY19 – YTD22



OLA ELECTRIC



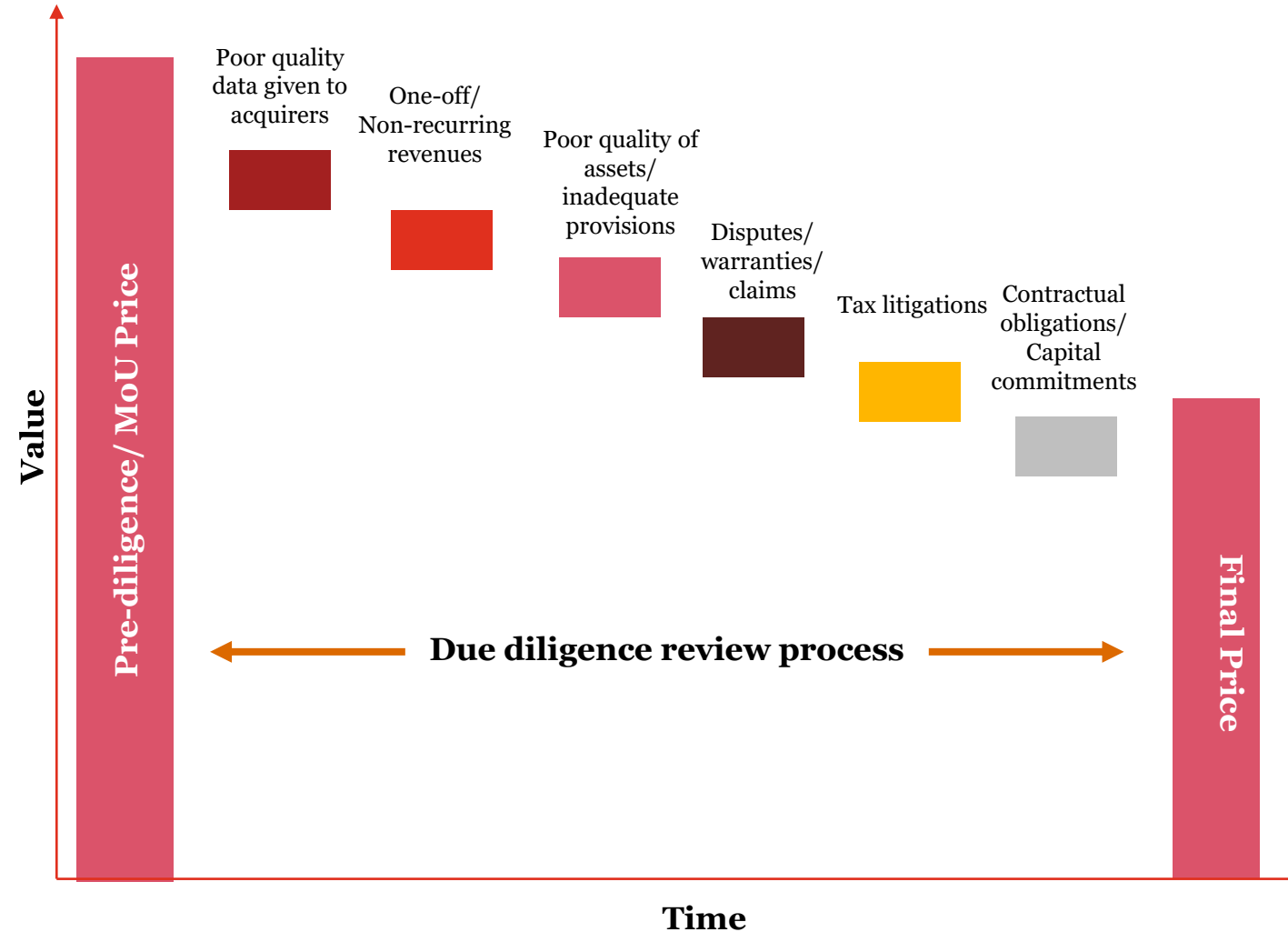
Typical aspects to consider while doing Deals in the start-up space



Impact of financial due diligence findings

The due diligence findings will generate key negotiation points on:

- Quality of earnings
- Balance sheet exposures
- Net debt & working capital adjustments
- Contingent liabilities
- Representations, indemnities and warranties
- Transaction structuring



Financial due diligence – key outputs

1. Quality of Earnings (QoE)

INR in million	FYXX
Reported operating EBT	xxx
Net sales	xxx
Operating EBT as a % of net sales	xx%
Proposed due diligence adjustments to operating EBT	
1 Margins from non core business which is non recurring	
2 Margins from discontinued products	
3 Potential impact consequent to withdrawal of the extant	
4 Expenditure (currently capitalised) pertaining to patent	
5 Revenue expenditure capitalised as CWIP to be written	
6 Inventory valuation of WIP not as per Indian GAAP	
7 Short provision for certain expenses	
8 Pre-operative expenses incorrectly capitalised	
9 Exchange loss on creditors/ debtors (net)	
Sub total	xxx
Adjusted operating EBT	xxx
Adjusted operating EBT as a % of net sales	xx%

2. Net Asset Adjustments (NAA)

INR in million	31 Mar XX
Reported net worth	xxx
Proposed due diligence adjustments to net worth	
1 Provision for redemption of premium on FCCB	
2 Forex gain / loss on forex assets	
3 Inventory valuation of WIP not as per Indian GAAP	
4 Short provision for expenses	
6 Provision for slow moving inventory	
7 Revenue R&D expnses incorrectly capitalised	
8 Incorrect capitalisation of interest cost	
10 Provision for debts doubtful of recovery	
11 Diminution in the value of investments in subsidiaries	
12 Tax exposure - dividend received from group co	
13 Tax exposure - Failure to fulfil export obligation	
Total adjustments	
Adjusted net worth as at 31 Mar XX	xxx

Possible
adjustments to
proposed
valuation

+

Negotiating
points with the
seller

+

Go forward
issues

+

Inputs to
validate
assumptions
in business
model /
projections

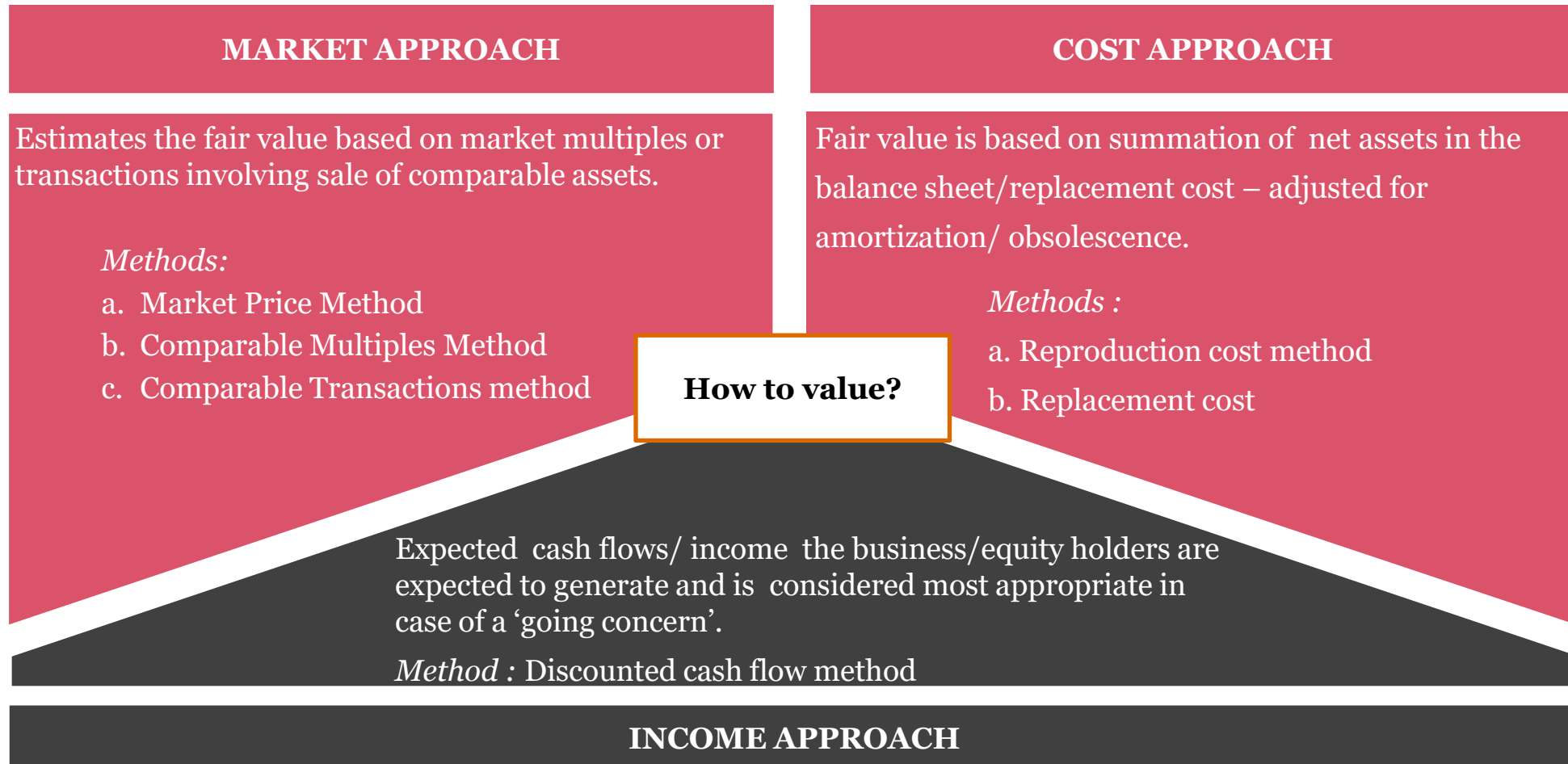
3. Debt/ Debt like adjustments

INR in million	31 Mar XX
Additional matters for consideration	
Adjusted net debt	xxx
Bills discounted	
Buyer's credit	
Capital commitments	
Capital creditors	
Creditors against letters of credit ('LC')	
Creditors beyond 180 days	
Debt like adjustments	
FD margin money	
Less: Cash and bank balances	
Provision for employee benefits / unfunded	
Provision for redemption premium on FCCBs	
Reported debt	
Reported net debt	xxx
Seasonal pattern of working capital	
Total debt like adjustments	xxx

4. Working capital

INR in million	31 MarXX
Inventory	
Debtors	
Loans and advances	
Current assets	xxx
Sundry creditors and provisions	
Reported working capital	xxx
Adjustments	
Insurance claim receivable included in debtors	-
Provision for proposed dividend	-
Net of capital creditors/ (capital advances)	-
Provision for redemption premium on FCCBs	-
MTM loss on forward cover	
Adjusted working capital	xxx

How to Value?



Valuation Methods and Challenges in Traditional Approaches

Income



- ☐ Small revenues
- ☐ No historical trend
- ☐ Going concern issues
- ☐ Discount rate
- ☐ Terminal year value

Market



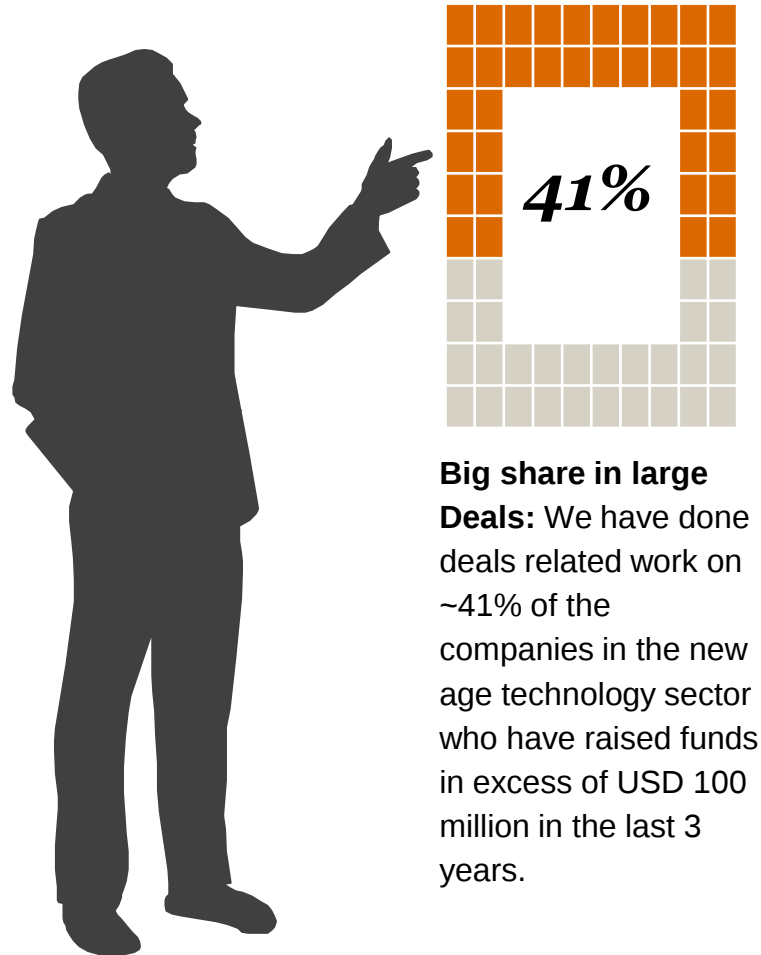
- ☐ Niche businesses
- ☐ Lack of multiples
- ☐ Size and growth
- ☐ Illiquidity

Cost



- ☐ Lack of growth assets
- ☐ Accumulated losses
- ☐ Major equity funded

We are the go-to firm for deals related services when investing in the new age technology space



54%
New age tech companies



412 new age technology companies raised more than USD 20 million each over the last 3 years and we have provided deals related services to ~30% of such companies.

These 412 companies have raised ~USD 64 billion in the last 3 years; out of which we have provided deals related services to companies that attracted 54% of total investments.

51%
Unicorn companies



We have provided deals related services to 51% of Unicorn companies.

63%
B2C and B2B Commerce



216 companies raised more than USD 20 million each in the last 3 years in this segment and we have provided deals related services to 35% of such companies.

These 216 companies have raised ~USD 42 billion in the last 3 years; out of which we have provided deals related services to companies which have attracted ~63% of total investments in this segment.

58%
Fintech companies



91 companies raised more than USD 20 million each in the last 3 years in this segment and we have provided deals related services to 44% of such companies.

These 91 companies have raised ~USD 12 billion in the last 3 years; out of which we have provided deals related services to companies which have attracted ~58% of investments in this segment.

Panel Discussion: Modes of start-up engagement; due-diligence (30 mins)



P Kaniappan
Managing Director
ZF Commercial Vehicle Control Systems



Kiran Deshmukh
Chief Technology Officer
Sona Comstar

Agenda

Topic

Duration

- | | | |
|---|--|---------|
| 1 | Engaging with start-ups; capabilities required | 40 mins |
| 2 | Modes of engagement; conducting due-diligence | 60 mins |
| 3 | Start-up evaluation criteria; ACMA start-up portal | 20 mins |
| 4 | Vote of thanks, next steps | 10 mins |
| 5 | High tea and networking | 60 mins |

How do we define a start-up in this program's context

As per the Ministry of Commerce & Industry, GoI:

- Entity working towards **innovation**, development or **improvement of products or processes or services**
- Not formed by splitting up or reconstruction of an existing business
- **Period of existence** and operation should **not be exceeding 10 years**
- **Turnover has not exceeded INR 100 Cr** for any of the financial year since incorporation

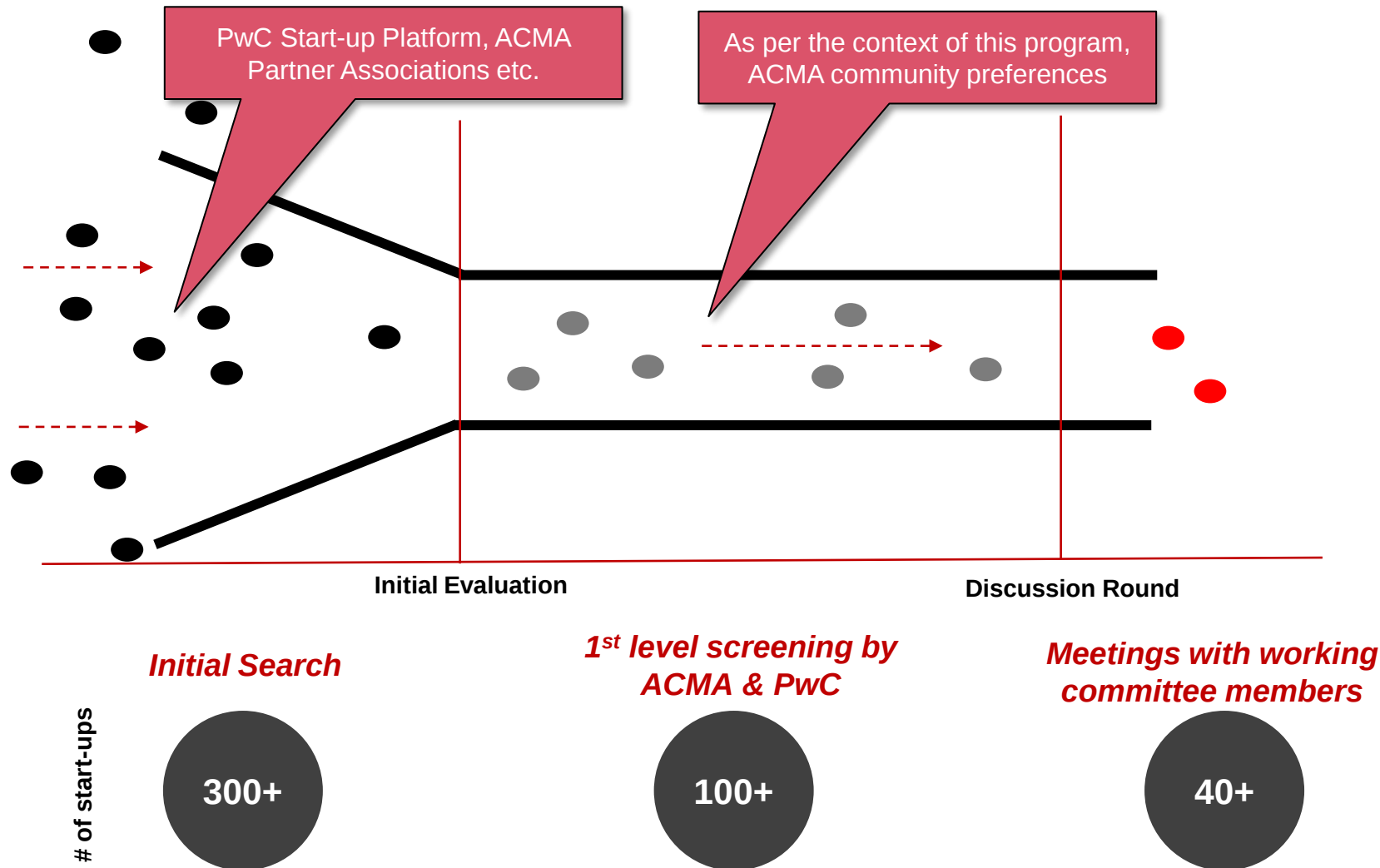
We take the government's definition as base and contextualize for the ACMA Start-up Initiative

- Entity has a **unique and disruptive solution** (For e.g., new type of EV motor design rather than a slightly modified electronic power control (EPC) unit)
- Has achieved at least minimum marketable product (**MMP**)/ minimum viable product (**MVP**) **level maturity**
- **Period of existence** not exceeding **10 years**, some exceptions will be made if great fit for program

Other considerations

- Has auto-specific use cases and clients (+ve)
- Is a subsidiary/partner/tightly-coupled to established companies (-ve)

For outreach, we are identifying high potential start-ups



1st level screening

- Initial evaluation criteria based on PwC's broad experience working with start-ups
- Criteria also takes into consideration parameters that working committee members consider important
- **Key Parameters included:**
 - Disruptiveness of solution
 - Stage of product maturity
 - Auto-specific use cases
 - Founder(s) credentials
 - Stage of funding
 - Existing customers

How will start-up interactions take place going forward

1

In-Person Start-up Connect

- 3 in-person start-up connect events
- Participating start-ups provided designated space to showcase products/solutions
- ACMA member companies walk the floor and interact with the start-ups

Upcoming Events

- Mid-November 2022 (Bangalore) - TBC
- Mid-January 2023 (Delhi) - TBC
- Mid-March 2023 (Pune) - TBC

2

Online Start-up Connect

- For start-ups (primarily foreign) that are not able to attend in-person event
- 60 mins discussion with each start-up (20 mins presentation + 40 mins Q&A)

- **19th October 2022 (11:30 AM to 4:30 PM)**
- Mid-December 2022 (TBC)
- Mid-February 2023 (TBC)

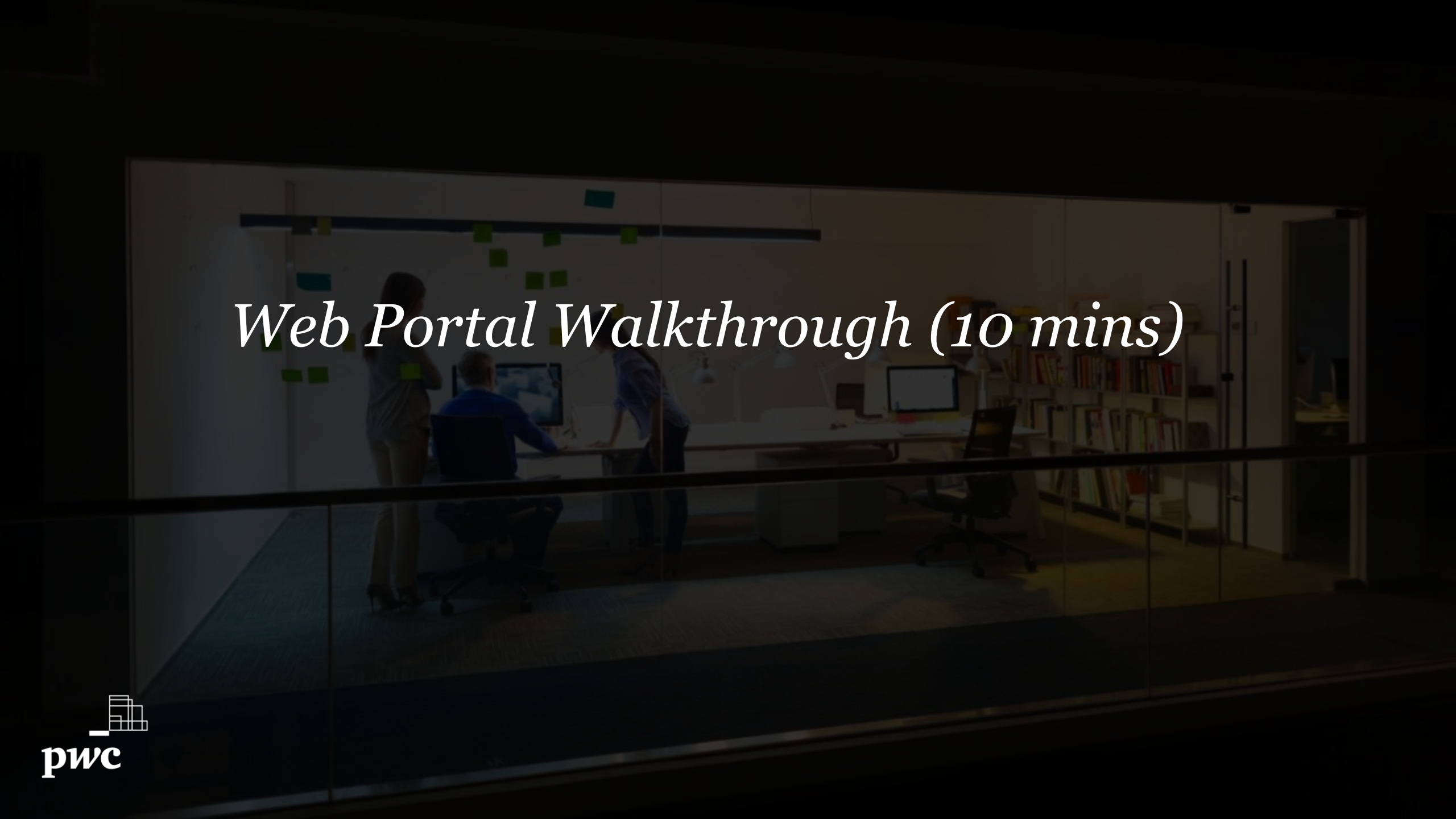
Start-up profiles: Online start-up interaction on 19th October 2022

Sl	Start-up Name (Country)	Brief Description	Presentation Time
1	Epowerlabs (Spain)	EPowerlabs designs and manufactures power electronics and controls components to electrify vehicles. EPowerlabs has a portfolio of state-of-the-art electric motor controllers, DC/DC converters and BMS (battery management system).	11:30 AM – 12:30 PM
2	Linkker (Finland)	Linkker Intelligent eMobility platform accelerates transition to emission free mobility by licensing local industry the technology and know-how for complete localization of value chain and production of high-performance emission free buses, powertrains for LCVs, trucks and buses and diesel to electric conversion systems.	12:30 PM – 1:30 PM
Break			1:30 PM – 2:30 PM
3	Turing Drive (Taiwan)	Turing Drive have developed the critical perception, localization, navigation, vehicle control, and cloud services technologies from autonomous vehicle testing, deployment, and operation.	2:30 PM – 3:30 PM
4	Mindtronic AI (Taiwan)	Mindtronic AI is a vision AI company focusing on automotive industry, offering edge learning Software Development Kits in Human Machine Interface and ADAS domain for global carmakers to quickly prototype and scaling in an economical way.	3:30 PM – 4:30 PM

Start-up profiles will be made available on the ACMA Start-up portal shortly

For detail discussions | Start-up evaluation guidelines

Parameters	Things to Consider	Weight (%)	Scores (1-5) (1: Worst, 5: Best)
Stage of Evolution of Start-up	- Stage of product maturity (MVP/MMP etc) - Stage of funding maturity (early stage/mid-stage/advanced) - What has been the average revenue growth over the past 2-3 years?	25%	
Uniqueness and Impact of Idea	- How innovative is the solution? (truly pathbreaking in line with transformations?) - How differentiated is the solution? (easily imitable or truly differentiated) - How intense is the competition? (blue ocean or red-ocean) - How scalable is the idea? (can it cater to differing customers, use cases)	20%	
Solution-Market Fit	- Does the solution address transformations in automotive & mobility? - Do customers and partners trust them? (number of paying clients, number of PoCs/pilots done) - What do customers think about their work? (strong customer references?)	25%	
Founder & Team	- Founder's credentials, previous experience in automotive & mobility - Avg. years of experience of the team Vision & Values Awards & recognitions received	15%	
Organizational Readiness	Ability to pivot (is the business model restrictive or are multiple use cases possible?) - What are the future hiring expectations of the founders? - Start-up tightly coupled with other companies/PE/VCS?	15%	

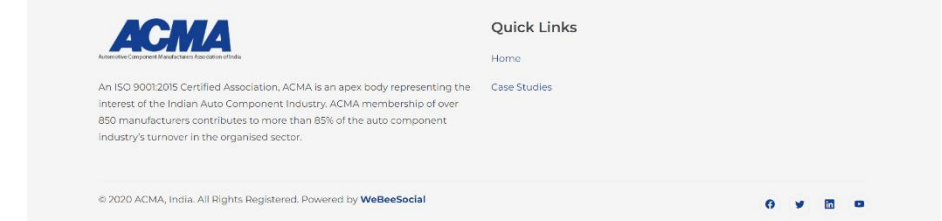
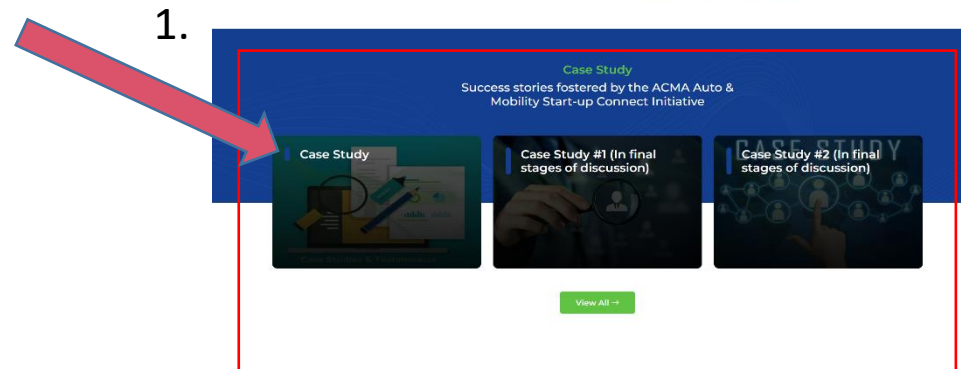
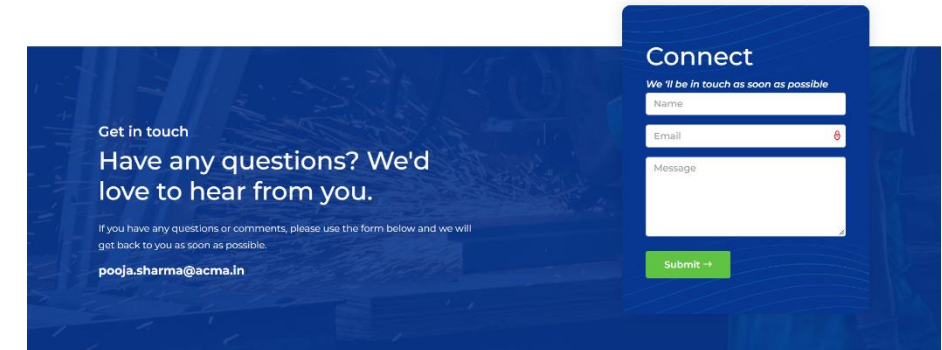
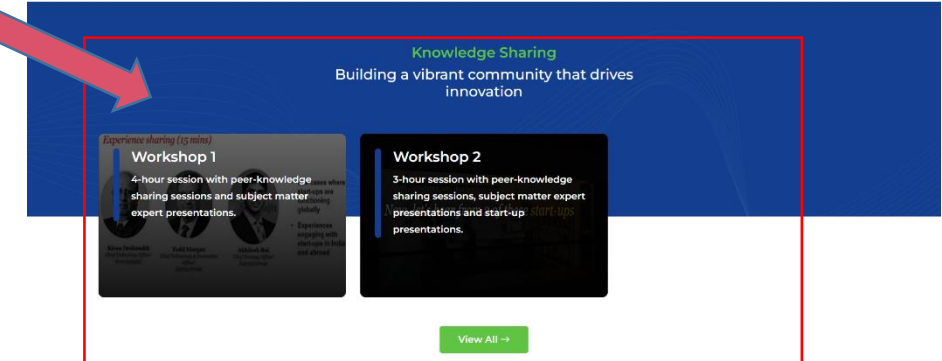
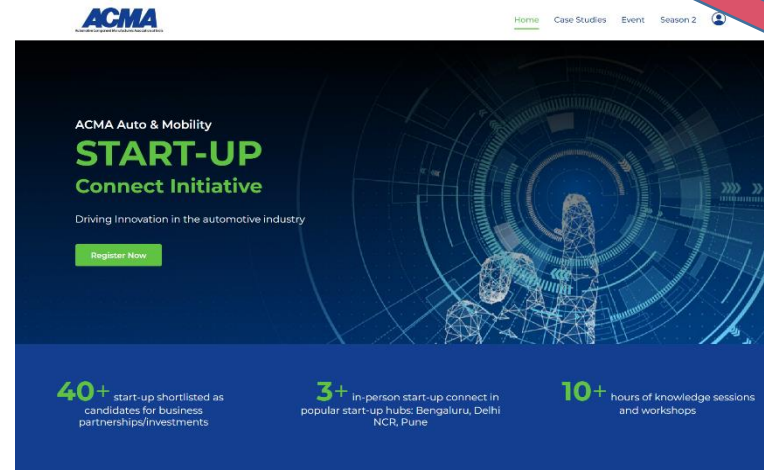
A dimly lit office interior with people working at computers and a large whiteboard with sticky notes.

Web Portal Walkthrough (10 mins)

ACMA *Web Portal* – A one-stop shop for the ACMA Start-up Initiative

ACMA Start-up Portal Homepage –

1. **Case Studies** from Year 1, which highlight the collaborations finalized or in process of being finalized.
2. **Knowledge Sharing:** Decks from Workshop 1 and 2 conducted in Year 1

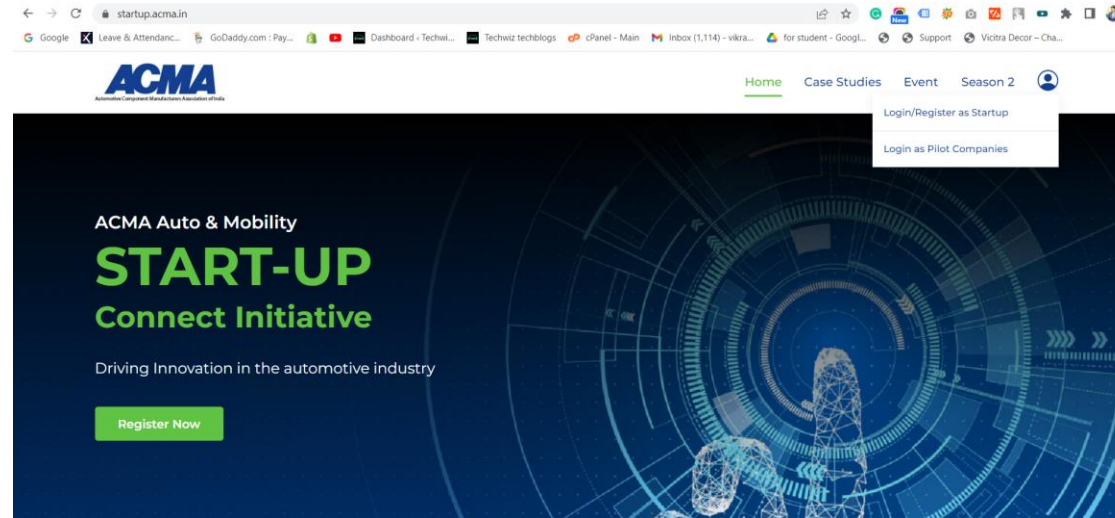


ACMA *Web Portal* – Logging in to your accounts

On top-right when in homepage –

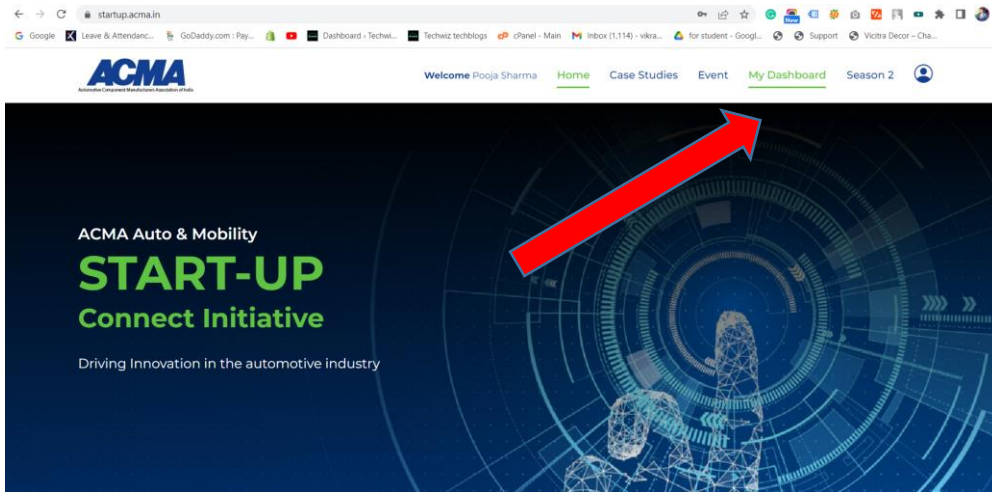
1. Click on the “icon” -> Click on “Login as Pilot Companies”
2. Fill in the log-in credentials shared by ACMA

1.



2.

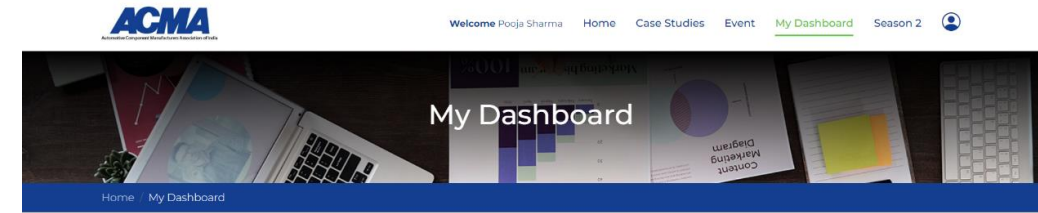
ACMA *Web Portal* – Dashboard and expressing interest



After clicking “My Dashboard”, you will be transported to the page on the right.

Here 3 stages are defined:

1. **Screening** – Start-ups once registered on the portal will show in this stage.
2. **Interest after 1st meeting**: If interested, then will be connected with start-up on 1:1 basis
3. **Final Result** – If collaboration is finalized after 1:1 discussions



From To

Stage 1: Screening Result

Pending evaluation 0

Interested for 1st meeting 0

Not Interested for 1st meeting 1

Stage 2: Interested after 1st physical meeting

Pending evaluation 0

Interested for 2nd meeting 1

Not Interested for 2nd meeting 0

Stage 3: Final Result

Pending evaluation 0

Interested 0

Not Interested 0

Zone

Country

State

City

CASE STUDY

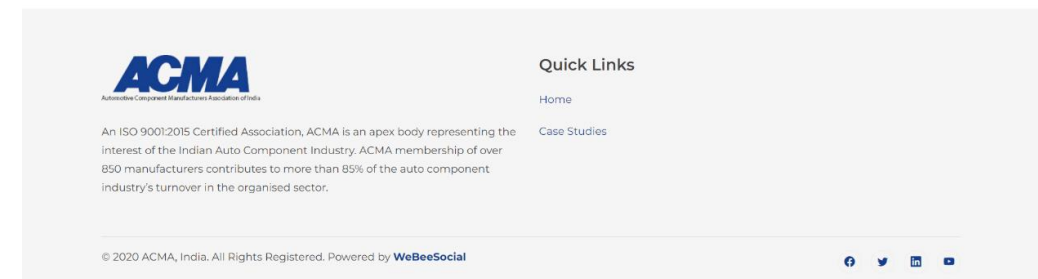
insta article

Stage 3:

Location: Indore gandhi nagar

Industry: Capital Markets

Confirm interest in each start-up by either clicking on the green or red button



Agenda

Topic

Duration

- | | | |
|---|--|---------|
| 1 | Engaging with start-ups; capabilities required | 40 mins |
| 2 | Modes of engagement; conducting due-diligence | 60 mins |
| 3 | Start-up evaluation criteria; ACMA start-up portal | 20 mins |
| 4 | Vote of thanks, next steps | 10 mins |
| 5 | High tea and networking | 60 mins |

Program Schedule

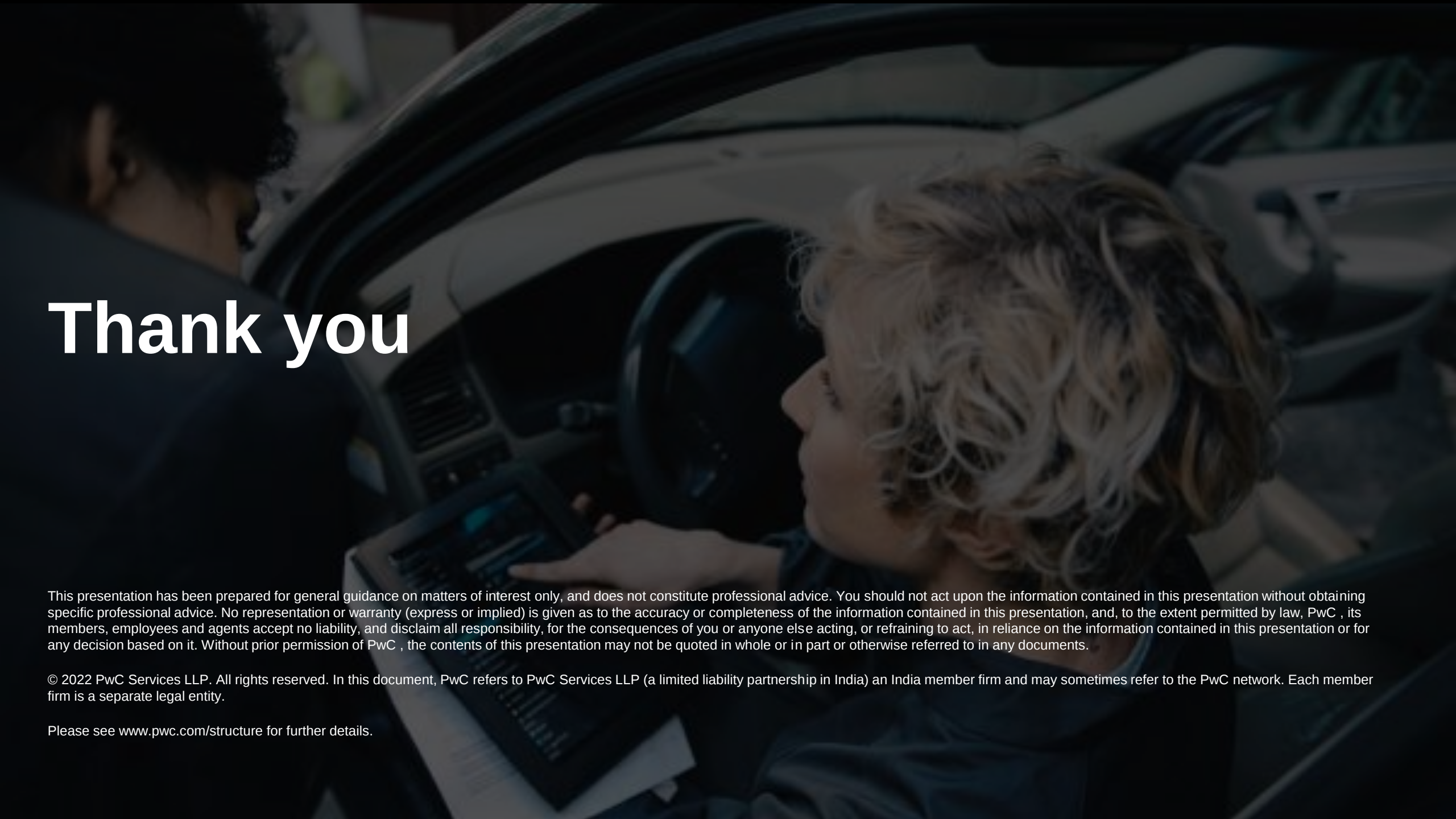
	Activity	Tentative Date	Time	Agenda Outline
	1-on-1 discussions	27 Jul'22 – 08 Sept'22		Understand expectations; Identify priority areas/themes
	Working Committee Meet	30 Sep'22 (Online)	2:30 PM – 4 PM	Member introductions; Finalization of areas/themes
	Workshop	14 Oct'22 Venue: Delhi/Hybrid	2:00 PM – 5:30 PM	Expert and knowledge sharing sessions
Next	Start-up Presentations (foreign start-ups)	19 th October 2022 (Online)	11:30 AM – 4:30 PM	Foreign start-ups that cannot present in-person invited for online presentation
	In-person Start-up Event #1	Mid-November 2022 Venue: Bangalore	TBC	In-person start-up presentations and networking event
	Start-up Presentations (foreign start-ups)	Mid- December 2022 (Online)	TBC	Foreign start-ups that cannot present in-person invited for online presentation
	In-person Start-up Event #2	Mid-January 2023 Venue: Delhi	TBC	In-person start-up presentations and networking event
	Start-up Presentations (foreign start-ups)	Mid-February 2023 (Online)	TBC	Foreign start-ups that cannot present in-person invited for online presentation
	In-person Start-up Event #3	Mid-March 2023 Venue: Pune	TBC	In-person start-up presentations and networking event
	Plenary Event	Mid-April 2023 Venue: Delhi	TBC	Learnings and outcome of Year 2

Agenda

Topic

Duration

- | | | |
|---|--|---------|
| 1 | Engaging with start-ups; capabilities required | 40 mins |
| 2 | Modes of engagement; conducting due-diligence | 60 mins |
| 3 | Start-up evaluation criteria; ACMA start-up portal | 20 mins |
| 4 | Vote of thanks, next steps | 10 mins |
| 5 | High tea and networking | 60 mins |

A woman with curly blonde hair is sitting in the driver's seat of a car. She is looking down at a tablet device that is mounted on the dashboard. The car's interior, including the steering wheel and dashboard, is visible. The image is dimly lit, with a dark blue or grey tint.

Thank you

This presentation has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this presentation without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this presentation, and, to the extent permitted by law, PwC , its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this presentation or for any decision based on it. Without prior permission of PwC , the contents of this presentation may not be quoted in whole or in part or otherwise referred to in any documents.

© 2022 PwC Services LLP. All rights reserved. In this document, PwC refers to PwC Services LLP (a limited liability partnership in India) an India member firm and may sometimes refer to the PwC network. Each member firm is a separate legal entity.

Please see www.pwc.com/structure for further details.