1. A sector agnostic fund is a fund that diversifies its investments into several sectors. This helps investors minimize risk of loss by reducing the impact of market volatility. However, it can become a cumbersome task for fund managers because it requires them to have a broad understanding of various industries. This sector cognizance is limited to only a handful of experts, who can create portfolio that produces high returns without neutralizing it by adding a few unprofitable industries. Consequently, the lack of these experts could result in below average returns and the vast range of sectors could reduce the overall quality of the portfolio. For this reason, I would select a sector specific fund.

   Sector specific funds concentrate on a particular line of business and make investments accordingly. Using extensive research, the fund can target profit-maximizing sectors that have shown positive growth for a period of time. Sector specific funds also have the ability to attract investors who specialize in that particular field. For example, the HNIs and family offices mentioned in this project report ahead primarily specialize in IT, Digital Media and Consumer Internet. A sector specific fund that focuses on these areas will be able to attract such investors who can not only provide funding but also technical and managerial guidance to the start-ups. This guidance is especially beneficial for commercialization stage and early growth stage start-ups to come to fruition.

2. Among many other sectors, the core focus of my PE fund would be the technology sector. The technology sector is booming and many fresh ideas are surfacing with new visions. These visions need direction that can only be provided with the right expertise. Therefore, my targeted investors would primarily be from a technology background, who can provide technical and managerial guidance to the start-ups.

   Rajan Anandan - Managing Director of Google India
   Rajan Anandan is an active investor who specializes in Manufacturing Systems. He has worked with some of the top technology companies in the world such as Google and Microsoft. He has a history of providing extensive guidance to technology start-ups such as OMAK Technologies, Sapience Analytics, SellerApp etc. In the technology sector, his primary focus is on Big Data, Cloud Computing, Digital Media, Online Healthcare and SaaS Analytics. His active involvement in start-ups would be a big yes for my PE fund as it provides an opportunity for start-ups to learn and grow.

   Sanjay Mehta - Co-founder and CEO of MAIA
   MAIA, a business intelligence firm, is one of the three ventures of Sanjay Mehta. One of his appeals is his ability to exit a firm at the right time. His first venture, Bespoke Software, was a thriving success. Although, it was not scalable and keeping this in mind

he ventured into different areas. One of his most successful and well recognized investments is OYO Rooms. He got a whooping 280 times return from it. Sanjay Mehta is one of the most active investors in India, with investments in over 130 start-ups. His ideology is to invest in a large number of deals with a smaller ticket size. This mindset would not only help my PE fund diversify into different industries but also rope in other investors, given his previous recognized gains.

Abhishek Rungta – Founder and CEO of Indus Net Technologies
At the age of 19, Abhishek Rungta started his company with only INR 50 and now it is worth INR 40 Cr annually. He is a young entrepreneur who has made several smart investments such as iimjobs, and can help guide young entrepreneurs accomplish their dreams without being intimated. He specializes in Multimedia Technology and therefore can help the fund explore Consumer Internet, Digital Media and Advertising start-ups.

Anupam Mittal – CEO of People Group
Anupam Mittal is yet another active investor who has invested in over 50 start-ups. People group owns several thriving consumer internet services such as Shaadi.com, Makaan.com and Mauj Mobile. His success has been recognized by various platforms. He has been voted by Business Week as one of India's most Powerful People and has also been the list of one of the 25 people to watch out for by 'The Week' magazine. His active involvement in the start-ups and experience in digital media can add a lot of value to the various portfolios under the PE fund.

Debjani Ghosh – President of NASSCOM
Debjani Ghosh is the first woman president of NASSCOM in three long decades. She has been facilitated by the President of India in 2018, under the auspices of the 'First Ladies' program, which honors exceptional women pioneers in their respective fields. She wears multiple hats effortlessly as she was the first woman to lead Intel India and Manufacturers' Association for Information Technology (MAIT). She is also a member of Cisco's advisory board. She not only holds in depth knowledge in all arrays of technology but also has been in a position of great power for several number of years. Her guidance would be of immeasurable worth for the start-ups.

Catamaran Ventures – N R Narayana Murthy
Catamaran Ventures is a family office of N R Narayana Murthy, Founder of Infosys. It would be ideal for the PE fund as it is sector agnostic and is under the founder of one of India's top IT companies. The biggest benefit of this family office is its flexibility in terms of investment size and structure. They invest from very early to very late-stage businesses as well. This leaves a lot of room for the PE fund when hunting for scalable startups.

RNT Associates – Ratan Tata

RNT Associates is partnered with of the University of California to jointly fund start-ups over the next 10 years. RNT Associates focus on healthcare and alternate energy investments. Considering that most targeted investors are technology driven, RNT Associates can help the sector agnostic fund explore other industries.

3. With new start-ups sprouting every day, the average success rate for start-ups is falling. That being said, the criteria for selecting a successful startup must be stringent. Out of the 6 stages of the company lifecycle, the core focus of my PE fund would be the first stage of commercialization and the early growth stage. This is because even the most brilliant ideas need guidance to understand the business ecosystem. Investing at an earlier stage could help the startup and thrive and bring high returns.

   First Stage of Commercialization

   This is the second stage of the company life cycle. At this stage the startup is still new but has crossed the ideation stage and is looking for an appropriate sales channel strategy for its up and running product. The perfect product-market fit helps sustain the product's growth and profitability, and is difficult to determine without the guidance from an expert. With the help and expertise of the mentioned investors, I intend to target start-ups at this stage. From an investor's perspective, this stage of start-ups is pretty attractive as it is associated with high risk which may correspond to greater returns. For example, Sanjay Mehta invested in OYO rooms at an early stage and earned 280 times returns. Most of my targeted investors are risk taking and hence inclined towards early-stage financing.

   Early Growth Stage

   This is the third stage of the company life cycle. By now, the start-ups have found their perfect product-market fit and are now penetrating the market. Most of my targeted HNIs are core investors of first stage of commercialization and the targeted family offices invest in both first stage of commercialization and early growth stage. However, early growth stage is still my most preferred stage, this is because investors prefer taking a different route when investing through PE funds since they have a bigger ticket size than direct investments. By pooling in money through various investors, PE funds can make a more significant impact on growth stage funds corresponding to larger gains.

4. Scouting the market is a complex process as there are no undefended markets in the present time. The objective is to find companies that are differentiating their products/services and their value offering to the customers.

Network Driven Scouting

Network driven scouting can be done through experts in the field, such as investment bankers. Start-ups reach out to investment banks to help them find capital. These bankers are well versed with the PE criteria and therefore skim through the start-ups themselves and provide a list of start-ups that fit among other PE fund investments. This not only helps save a good portion of time but also aids in finding good quality start-ups.

Institution Driven Scouting

There are institutions designed to help young entrepreneurs attain success. Incubators help entrepreneurs with idea generation and accelerators help existing companies grow with a minimal viable product. These institutions are the home of fresh ideas and act as an ideal place for picking good quality start-ups for funding. The benefit of scouting through these institutions is that the entrepreneurs are well trained and have interacted with other entrepreneurs as well. They have been exposed to a structured environment and have been supported to create solid business plans. Like investment bankers, the incubators and accelerators are also well versed with the selection criteria of PE funds. Incubators assist first stage of commercialization start-ups and help them raise funds and on the other hand accelerators guide early growth stage start-ups. These institutions organize events and workshops to help start-ups find capital, and these events can be extremely beneficial for PE funds as it also helps them gauge investors reaction towards the start-ups.

5. The screening process is the final and the most essential aspect for a PE fund. Determining whether the startup is a good fit for the development of the fund can be a hefty task. From the leader to the secured investments, they're all viable variables for the screening process. Given that my fund is focusing on the first stage of commercialization and the early growth stage companies, my top two screening parameters would be market size and business plan.

Market Size

Start-ups should target large and addressable market opportunities. Large market size increases the potential of longer product life and may later help scale operations resulting in cost advantages. From an investor's perspective, Investing in start-ups is risky and therefore they want to bet on start-ups that are quickly scalable. Therefore, a startup that is aiming big and can be durable for a long period of time is preferred. Large market size would lead to high returns in the future which would increase the probability of a trade sale. This attracts investors because it gives them a potential way to exit their investment.

Business Plan

The business plan is the heart of the startup. All the variables in the business plan should be clear, crisp and linear. A business plan can help get insight into an entrepreneur's mindset. Entrepreneurs tend to focus on their big ideas but lack execution. The business plan acts like a blueprint for their vision, it highlights their strengths and uncovers flaws in their business planning. For example, the spending of the business can speak a lot about the entrepreneur's priorities. This is of utmost importance to the investors. They take a keen look at them to ensure that the business has been vetted through thorough market research. Another important variable in the business plan is the customer cost acquisition and customer lifetime value. The time it takes for the customer lifetime value to cross customer acquisition cost helps determine when the company will start becoming profitable for the investors.