

“There are no VCs yet dedicated to clean tech, renewable energy”

Suneel Parasnis, country director for Hyderabad-based New Ventures India, talks about how his team identifies businesses best suited for funding

By Rana Rosen

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Country director for Hyderabad-based New Ventures India, **Suneel Parasnis**, helps start-ups in clean technology and renewable energy—areas relatively untouched by venture capital—raise funds. The typical funding requirement is between \$100,000 and \$5 million (Rs41.6 lakh and Rs20.8 crore). The challenge: most available investors seek deals sizes upwards of \$5 million. New Ventures India started in December 2005 with three years of funding from the foreign aid arm of the US government—United States Agency for International Development (USAID)—to help close this gap. Today it has a dedicated team of seven and access to domain experts at the Confederation of Indian Industry (CII). And as a programme of Washington D.C.-based environmental think tank World Resources Institute, New Ventures in India works in parallel to programmes across Brazil, Mexico, China and Indonesia. Parasnis, who became

passionate about helping small and medium enterprises (SMEs) become more environmentally sound after eight years of implementing environment and energy projects with USAID, spoke to Mint about the difficulties his group faces in blazing a new path.

Edited excerpts:

How do you help entrepreneurs?

We help entrepreneurs develop ideas and businesses plan, mentor SMEs, and assist all such businesses in raising both debt and equity financing. We conduct trainings in areas such as managing businesses and exporting, and workshops on topics such as carbon financing, renewable energy or ecotourism. But our biggest events of the year are two summits: one that creates awareness among investors and the other gives fundable businesses a chance to be mentored and then showcase to investors. For this, we gather

and review business plans and narrow them down. We look at three groups: bigger companies that need funding, but not mentoring, SMEs that need both funding and hand-holding, and businesses that focus on social responsibility and may offer a lower investment return.

How many businesses are involved in the country?

Last year 56 business plans came in, 10 were showcased and four are in talks with investors. This year 155 plans came in, and we have narrowed them down to 30. About 25-30 will be showcased at our forthcoming Mumbai summit in November.

How do you shortlist business plans?

Our staff looks at the business plans, does site visits and interviews. We also have a network of investor members, including Rural Innovation Network, Acumen Fund, Siemens, Clearstone Venture Advisors, BlueRun Ventures, Nexus India Capital Advisors, Sun Group, Avishkar and Network Enterprise Fund, who help screen business plans.

What are your main challenges?

There are no venture capitalists (VCs) right now dedicated to this space. SMEs need less than \$5 million, which is too low for VCs in India. We are not waiting for the people to come to us. We conduct continuous market research to find the sectors that have the potential for growth, the competition in that sector, etc. As for the businesses, we realized they need mentors and that some of their challenges are basic, such as understanding the difference between debt and equity and what each would require of them.

What segments attract the most attention from VCs?

Clean technologies (which I define as the point of maximum yield by using the minimum resources, so minimizing waste and increasing profitability) and renewable energy. Some VCs are interested in green buildings and ecotourism, which is an up and coming field in India and has already been done in places such as Malaysia and Thailand.

How will New Ventures evolve in the future?

For one, we are working to raise a fund of \$15-20 million by 2008, which will give entrepreneurs a boost to help them be more attractive to VCs. Also, our USAID funding will be over in December 2008, and we are working with a steering committee—comprising financial institutions' heads—to create a strategy for sustaining ourselves. We have brought on partners, including Exim Bank, Yes Bank and Indian Venture Capital Association, MBAs Without Borders, and tapped into CII's network to generate a network of investors, coaches and experts in enterprise development.