

November 15, 2015

On this special occasion of Diwali, two notable quotes from the famed inventor of the light bulb, Thomas Alva Edison -

*“Opportunity is missed by most people because it is dressed in overalls, and looks like work”.*

*“Many of life's failures are people who did not realize how close they were to success when they gave up”.*

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## **BLUME VENTURES FUND I ~ QUARTERLY INVESTOR LETTER**

Investment Scheme (Fund I): Multi-Sector Seed Capital Fund

Report Period: July 1 to September 30, 2015

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*NOTE: Quarterly Reporting has been changed from the last 2 Reporting Quarters (marking completion of 4 years of Fund I's life)*

### Schedule for 2015 Quarterly Reports

- I. Feb 15 – H2 2014 Report (ending Dec 31, 2014)*
- II. May 15 – Q1 2015 Report (ending Mar 31, 2015)*
- III. Aug 15 – Q2 2015 Report (ending Jun 30, 2015)*
- IV. Nov 15 – Q3 2015 Report (ending Sep 30, 2015)***

*This format for Quarterly Reports will now be presented with a focus on financial performance of the Fund.*

*Blume Market Commentaries will be released separately for wider public consumption on a 6 monthly schedule, with regular updates now made available via Exit Event announcements and periodic Newsletters.*

*Specific information on companies can be requested as per your interest in potentially partnering with such firms – as an investor, business partner or customer.*

These reports are strictly confidential and meant for Investors ONLY – there will be two independent reports for Fund I and Fund IA investors

*Note: We appreciate and respect investors' feedback and continue to work towards incorporating it gradually into the reporting process, to enhance the quality and quantity of information for all Investors. Please send us feedback regularly.*

Dear Blume Investors,

We'd like to start wishing you all a Very Happy Diwali from the Blume family!

It has become an extended family indeed – while most of your interactions are mainly with Karthik, Sanjay or Ashish, you'll be glad to know the core Blume team has now been expanded to include 4 Investment Professionals; the next quarter may also see us onboarding an Analyst and a Head of Operations (aka "Chief of Staff").

It has always been our belief that teams that have both depth as well as breadth are key to picking winners, nudging them along so that top-performing companies move toward escape velocity - eventually helping your Fund to outperform.

*So what was notable this quarter?*

- Lets start with the macro – we saw Prime Minister Modi make a historic visit to Silicon Valley. His one-on-one time with the (many of them Indian) CEOs of many leading tech giants reinforced both foreign investors' bullishness for India-tech and also the attractiveness of India as key markets and centers of excellence. Facebook also brought CEO Mark Zuckerberg to India (or the other way around!) and his town hall at IIT Delhi, just one of the many tech hotbeds, helped re-invigorate the drive for many first time entrepreneurs
- India-tech breaking out – this quarter also added a few new unicorns (privately listed tech companies with market caps of >\$1Bn USD), including Quikr and Zomato. As outlined in earlier reports, your Fund continues to be a shareholder in Ola (whose last round was reportedly at a valuation between \$4-5 Bn USD) and we continue to hold the Fund's shares here, as the Indian alternative-transportation market continues to grow at a rapid tear.
- The continuing "mobile explosion" – the rapid rise of smartphones (forecasted to be >300 million units), the number of unique smartphone users (upwards of 200 ml), leaders like Xioami and Micromax moving beyond remaining pure hardware players and also aggressively working on the software layer (including taking equity stakes in startups) continues to prove out India's mobile-led tech revolution. Interestingly, for the startup ecosystem including Funds like Blume, with mobile becoming the locus for innovation, we are seeing a proliferation of ideas in fin-tech, ed-tech, and healthcare-tech (previously underweighted sectors).
- Startup vs corporate experience – driven by their next rounds of funding, we're seeing many of our Portfolio Companies onboarding senior hires with real startup experience from the Flipkarts, Snapdeals and Ola's of the world (vs mainly corporate experience prevalent earlier, e.g. Yahoo, Microsoft). This is helping our portfolio companies add real startup-relevant experience where CXOs, product managers and operations managers have launched and seen product lifecycles, successes and equally important, also failures.

