

A growth glitch for Freshworks

Stalling global economy has impacted the ambitious Nasdaq-listed start-ups' share price

SHINE JACOB
Chennai, 6 January

In September 2021, Freshworks became the third Chennai-based tech company to get listed on Nasdaq after Cognizant and Sify. It also became the first Indian software as a service (SaaS) company to do so. What initially caught everyone's attention was the code name of the initial public offering, Project SuperStar.

This was named after idol Rajinikanth, whom the founder Girish Mathrubootham called *maanasega guru*, which roughly translates to mean mentor or role model that lives in your mind, in his IPO filing. "Superstar is a man who is loved and worshipped by millions of fans globally. He is immensely successful yet humble and down to earth. Thank you, Thalaivaa!" he wrote. The story after the IPO, however, was not as exciting as a Rajinikanth movie.

The Nasdaq listing offered 28.5 million shares at \$36 a share. On listing day, Freshwork's stock closed at \$47.55. Since then the stock price has fallen by as much as 70 per cent to \$14.32. On the operational front too, the company was facing a crisis — December last year, it had to lay off around 90 people, 2 per cent of its total workforce "to fuel business growth". Out of this, 60 of the affected employees were based in India. The company explained that it had downgraded some roles in product, marketing and sales.

According to industry experts, though the company had reported a strong quarter in Q3, it was not immune to this slower economy. While new businesses reportedly picked up, expansion slowed down.

The company's woes did not end there. Now multiple legal firms in the US are in the race to become the lead plaintiff in a class-action suit against the company alleging that it made misleading statements to the market. The law firms include Schall Law Firm, Scott + Scott Attorneys at Law, Levi & Korsinsky and Kirby McInerney LLP. The legal firms are battling to recover losses on behalf of Freshworks' investors who were affected by the company's poor stock market performance. Kirby McInerney said in a statement that a class-action lawsuit has been filed in the US District Court for the Northern District of California on behalf of those who had acquired Freshworks stocks. The deadline for the appointment of lead plaintiff is January 23.

"It is anticipated that multiple law firms seek to be lead counsel for class action suits. Freshworks will vigorously defend itself against these firms, or any others, and seek dismissal of the suit at the earliest opportunity," Freshworks said in response to questions from *Business Standard*.

Does Freshworks, an eight-year-old start-up that initially started out as Freshdesk before being rebranded to its current name in 2017, have a case? Industry experts think so, not least because the Indian SaaS sector, which basically offers "on-demand software", is expected to stay on the growth track.

Freshworks' problem is that it is subject to a reporting discipline that may not necessarily reflect the long-term potential embedded in its core business proposition. "Being a listed organisation, the metrics



THE PRESSURE POINTS



Note: GAAP is the US financial reporting standard for public companies Source: Freshworks

that matter most is ability to deliver margins quarter on quarter. It doesn't actually mean that your business is going down. It may be that you may not have added as many consumers as you have projected," said Abhinav Johri, partner, cloud and digital transformation, EY India.

According to Johri, the Indian SaaS sector will continue to grow mainly on the back of rising demand from untapped small and medium businesses (SMBs) that, post-Covid, are starting to understand the need to go digital to survive. Globally, too, India is one of the most

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sought after markets. "India is the third largest SaaS ecosystem after the US and China. From a value proposition perspective of a SaaS product, we are the third choice. The growing need of domestic SMBs is an added advantage," he added. According to reports, India is expected to leapfrog China and become the second-largest SaaS player by 2026. A Motilal Oswal report predicts that India may increase its share of global SaaS to 4-5 per cent (from 1 per cent at present), translating into a massive \$50-70 billion revenue opportunity by 2030.

Experts are also indicating the drop in share prices is not an isolated case for Freshworks; the entire sector is affected by the downward trend. "Stock prices of almost all companies, such as Salesforce (dipped by 41 per cent in the last one year), Toast (39 per cent), Atlassian Corporation (62 per cent) and Hubspot

(47 per cent) fell in the past one year (all are Nasdaq listings). By that reckoning, Freshworks, whose stock dropped 35 per cent in value over the year, is hardly an outlier.

"The difficulties are on account of the global economic situation and not for any lack of revenue growth in the company," said another industry source on condition of anonymity. This is proven by the numbers too. In the first quarter of 2022 — the company follows a calendar year — revenue increased by 42 per cent, followed by 37 per cent in Q2 and 33 per cent in Q3. During Q3, the number of customers contributing more than \$5,000 in annual recurring revenue (ARR) was 16,713, an increase of 19 per cent compared to last year.

Indicating a larger industry issue, Freshworks' job cuts are coming in a year in which global tech majors such as Meta (Facebook's parent), Twitter, and Amazon also opted for layoffs. In the Indian SaaS ecosystem, companies like Clear (formerly Cleartax) reportedly laid off 190-200 employees, Chargebee around 142 employees and FarEye around 250 people. Despite this, experts like Johri are hopeful about Indian players like Freshworks due to the rise in demand from SMBs and global customers, driven by "SaaSification".

It is this belief in growth that Mathrubootham expressed in Rajinikanth style in one of his interviews, "*Singa nadai potu sigarathil yeru. Sigarathal Adainthal vaanathil eru*." (Walk like a lion to scale the peak. Once you reach the peak, aim for the sky). Despite bumps on the route, insiders believe that the company is still aiming for the sky.

Big Tech uneasy over call for digital competition law

Govt studying Parl panel's recommendations to introduce new rule to ensure transparency

SURAJEET DAS GUPTA
New Delhi, 6 January

The Parliamentary standing committee's recommendations for introduction of a new Digital Competition Act to rein in Big Tech has given rise to serious concerns among global tech companies in India. The government is studying the suggestions of the committee on finance, which has suggested that a new Digital Competition Act be introduced to rein in Big Tech and ensure fair and transparent competition.

Tech companies say this might lead them to re-think their investment and strategy in the country. Many of them have already conveyed their concerns to the government. A top executive at a global tech company says, "The government is coming out with three revamped bills which impact us. Now another bill specifically to control Big Tech has been suggested. Then there are the anti-competition orders. The message is not clear whether we are wanted. All this could adversely impact our strategy in India and also investments."

A top official at the ministry of electronics and information technology (MeitY) said, "We are studying the report currently." The official was responding to a query on whether the government would look at coming out with another bill as recommended by the standing committee, or incorporate its suggestions in the digital bills that are in the works already.

Apart from underlining the need for a digital competition law, the committee has recommended a slew of other significant measures. For example, it has said that the government should identify a small number of leading players or market winners that can negatively influence

FAIR PLAY

- Standing committee recommends identifying market winners that can negatively influence competitive conduct in the digital ecosystem
- It suggests that competitive behaviour needs to be evaluated "ex ante" and before markets end up monopolised, instead of "ex post evaluation" that is being carried out at present
- MeitY can either come with a Digital Competition Act or incorporate some of the suggestions in the proposed new digital Bills
- Big Tech companies in India are concerned that multiple laws are being enacted to control them. May revisit their plans and investments in the country

competitive conduct in the digital ecosystem as "systematically important digital intermediaries" (SID), or digital gatekeepers, based on revenues, market cap, and the number of active businesses and end-users. Experts say that in India these would include Google, Meta, Apple Inc, Amazon, amongst others.

These companies have already voiced their concern over the contentious clauses in the new bills, which are under consideration as they feel that the laws would impose multiple regulatory burdens on them.

For instance, the draft Telecommunication Bill has incorporated clauses, which will enable the government to license OTT communication platforms like WhatsApp and Telegram. Big Tech

companies point out that they are already controlled through the IT Act, which is being revamped. Hence, this would mean that they will be governed by a plethora of laws and government departments.

However, the government has made it clear that the regulations would be "light touch" so that the privacy of users is protected.

Again, the rulings by the Competition Commission of India (CCI) against Google have added fuel to the fire. The CCI has fined the company, alleging that it has been indulging in uncompetitive behaviour through its Play Store app policy, which forces all app developers to join it if they want to be on Android platforms. Google has challenged the ruling in the National Company Law Appellate Tribunal (NCLAT), but has not got a stay. The CCI has ordered Google to allow the sideloading of apps, which means that developers can load their apps on the Android platform without having to go through Play Store.

The parliamentary committee has given several significant recommendations on controlling Big Tech, which, experts say, are in line with what is happening globally, especially in Europe.

Explaining the need for a change in the legislative focus, the committee notes that digital businesses tend to have rapidly diminishing marginal costs as they grow, and scaling quickly often results in a "winner takes it all" market outcome.

The committee says that it takes serious note of this trend, where one or two winners emerge three to five years after the markets begins to develop, and by the time policies can be formulated or anti-competitive behaviour adjudicated, the markets tip in one direction. So competitive behaviour needs to be evaluated "ex ante", that is, before markets end up getting monopolised, instead of a "ex post evaluation", which is being done at present.

PNB Housing Finance Limited

APPENDIX - IV-A

SALE NOTICE FOR SALE OF IMMOVABLE PROPERTY/IES

Registered Office : 9th Floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001 Ph : 011-23357171, 23357172, 23705414, Website : www.pnbhousing.com

BRANCH ADDRESS:- 3rd Floor, Sudershan Building, No. 14, Whites Road, Roayapattah, Chennai 600014

In Exercise of the Powers under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 Rule 8 (5) Read with proviso to Rule 9(1) of the Security Interest (Enforcement) Rules, 2002. "By way of PRIVATE TREATY"

Notice is hereby given to the Public in General and in particular to the Borrower(s) and Guarantor(s) indicated in Column No-A that the below described immovable property (ies) described in Column No - B mortgaged/charged to the Secured Creditor, the Constructive/Physical Possession of which has been taken (as described in Column No-C) by the authorized Officer of M/s PNB Housing Finance Limited Secured Creditor, will be sold on "AS IS WHERE IS, AS IS WHAT IS AND WHATEVER THERE IS BASIS" as per the details mentioned below.

Considering the Reserve Price of Rs. 7,06,00,000.00 - (Rupees Seven Crore and Six Lakh Only) for property mentioned herein below, interested buyers from the general public are hereby invited to submit their offers above reserve price in sealed envelope containing DD of 10% amount of offer price in favour of M/s PNB Housing Finance Limited payable at Chennai on or before 24.01.2023 till 5 p.m. 10% of offer sale price can also be remitted in through NEFT/RTGS in the account of "M/s PNB Housing Finance Limited Account No. 01310027339073 and IFSC Code- PUNB0013100, Chennai

Sealed envelope containing offer's shall be opened on next working day of 24.01.2023 at 11 a.m in presence of all persons who had furnished offers.

If there are more than one offer received, then the authorized officer (A.O) reserves his right to conduct in-let-auction among the persons who have submitted the offers.

Sealed envelope containing offer of Sale and DD of 10% of offer price should be submitted to A.O. at his office address M/s PNB Housing Finance Limited-Roayapattah, Chennai

Envelope Offer without containing DD of 10% Of offer price shall not be considered/entertained under any circumstances

If only one offer is received, then acceptance or denial of such offer shall be at sole discretion of A.O.

For detailed terms and conditions of the sale, please refer to the link provided in M/s PNB Housing Finance Limited secured creditor's website i.e. www.pnbhousing.com.

| Loan No. | Name of the Borrower/Co-Borrower/Guarantor(s)/Legal Heirs (A) | Demand Amount & Date (B) | Nature of Possession (C) | Description of the Properties Mortgaged (D) | Reserve Price (E) | EMD (10% of RP) (F) | Bid Incremental Rate (G) | Encumbrances Court Case, if any (H) |
|---------------------|--|--|--------------------------|--|-------------------|---------------------|--------------------------|-------------------------------------|
| NHL/CHE/0518/532072 | Vijesh and Company, Nilesh Kumar Baid, Sunita Baid, Vijay Chand Baid, Bharathi Baid, Vijesh Equipment Works Pvt. Ltd., Vijesh Office Product | Rs. 7,66,27,788.08 Dated : 17-07-2019 | (Physical) | The property is situated at Chennai District, Mylapore Triplicane Taluk, Nungambakkam Village, Old Door No. 9, New Door No. 17, Palamuddu Krishna Nagar, as per Property Tax Assessment Mahalingam Road, Nungambakkam, Chennai - 600 034 and situated within the Registration District of Chennai Central and Sub-Registration District of Chennai Central, Joint II | Rs. 7,06,00,000/- | Rs. 70,60,000/- | Rs. 1,00,000/- | NIL |

**Together with the further interest @18% p.a. as applicable, incidental expenses, cost, charges etc. incurred upto the date of payment and/or realization thereof.

Please note that in terms of Rule 9(3) of the Security Interest (Enforcement) Rules, 2002, the bidder(s) the purchaser is legally bound to deposit 25% of the amount of sale price, (inclusive of earnest money) on the same day or not later than next working day. The sale may be confirmed in favour of the bidder(s) only after receipt of 25% of the sale price by the secured creditor in accordance with Rule 9(2) of the Security Interest (Enforcement) Rules, 2002. The remaining 75% of the sale consideration amount has to be deposited by the purchaser within 15 days' from the date of acknowledgement of sale confirmation letter and in default of such deposit, the authorized officer shall forfeit the part payment of sale consideration amount within 15 days from the date of expiry of mandatory period of 15 days mentioned in the sale confirmation letter and the property/secured asset shall be sold as per the provisions of SARFESI Act.

For any assistance related to inspection of the property or obtaining the documents and for any other query or to registration, you have to co-ordinate Mr. Balasubramanian S at Mobile No. +91 89517-38505 Authorized Officer/Person of secured creditor or refer www.pnbhousing.com

PLACE : CHENNAI, DATE : 06-01-2023

Sd/- AUTHORIZED OFFICER, PNB HOUSING FINANCE LIMITED

CoinSwitch says it has ₹1,083 cr worth of users' surplus crypto assets

SOURABH LELE
New Delhi, 6 January

Cryptocurrency exchange CoinSwitch on Friday revealed that it currently holds about ₹1,083.45 crore of its users' assets and has enough reserves to meet withdrawals made by them even in "turbulent" times.

The firm, backed by the world's leading investors such as Andreesen Horowitz (a16z), Tiger Global, and Sequoia Capital, released its proof of reserves report in a bid to bring more transparency to its users. The report, by financial auditor INMACS, states that the company held more assets than its users' holdings on its platform and that it did not borrow or reinvest against any of its users' crypto assets.

According to the report, CoinSwitch has 7.21 times more cash holdings in rupees, compared to that held by its users on its platform. In the case of Bitcoins (BTCs), CoinSwitch holds 1.71 BTCs for every bitcoin held by its users. For another popular cryptocurrency, Ethereum, this ratio stands at 1:1.03, the report says.

Eighty five per cent of the crypto assets owned by CoinSwitch users are held in its

custodial wallets while the remaining 15 per cent are held on other exchanges such as CoinDCX, WazirX, Binance, and CoinSwitchX. The report is based on an audit of holdings and balances conducted on November 4. The company on Friday shared the addresses of its major wallets, allowing users to verify its claims.

As of January 6, 2023, the company held about ₹933.83 crore worth of assets in these wallets. At the time of evaluation, it accounted for 86.2 per cent of all user assets in its custody. The remaining assets, worth Rs 149.62 crore, are held on different exchanges such as CoinDCX, WazirX, and Binance.

"Since we have made our wallet addresses public, users or researchers may use any of the publicly available blockchain explorers to independently verify the holdings in these wallets. We believe this is a more open and flexible approach to validating the holdings," the company said while

sharing the report. Global cryptocurrency exchanges have witnessed a big slump after investors pulled out billions of dollars from crypto markets. The collapse of the world's second-largest crypto exchange FTX, its native token FTT, and the sister trading firm Alameda Research triggered users to pull out massive amounts from crypto-linked assets. CoinSwitch said it did not have any exposure to FTX.

"We initiated the review even before the FTX crisis. We voluntarily started this exercise in July 2022 as part of our trust and safety practices sometime after the crypto market crash in mid-2022 and the collapse of Vault. Now that we have published our wallet addresses, our current crypto holdings can be validated by anyone on-chain," CoinSwitch said.

According to the news website Bitcoin.com, Bitcoin, Ethereum, and stablecoin owners removed roughly \$19.19 billion in crypto assets from cen-

tralised exchanges in just 50 days of FTX's collapse on November 5. Nearly 556,848 bitcoins and 4.48 million Ethereum units have been withdrawn from crypto trading platforms worldwide ever since.

The drop in user trust after the FTX crash has worsened the situation for Indian crypto firms, prompting them to bring in new measures of transparency. CoinSwitch's competitor CoinDCX, another leading Indian exchange published its proof of reserves report in November, while WazirX may soon publish its own report.

CoinSwitch recently diversified its solutions by add seven new offerings, including fixed deposits, bonds, exchange-traded funds (ETFs), stocks, and mutual funds amid rising headwinds in the crypto market.

"The past year has been turbulent—for the markets and the world in general. However, I believe that bear markets are the best time to slow down, think things through and build. And that's what we at CoinSwitch did in 2022: We hunkered down and built. I'm excited to bring these products to you in 2023," said Ashish Singhal, Co-founder and CEO, CoinSwitch.

OMKARA ASSETS RECONSTRUCTION PRIVATE LIMITED

Corporate Office: C-515, Kanakia Zillion, Junction of L.B.S. Road and C.S.T. Road, B.K.C. Annexe, Kurla (West), Mumbai 400 070, CN: U67100T22014PTC020363

Email: mumbai@omkaraarc.com | Tel.: 022-26544000, Authorized Officer M no.: +91 98840 62068 / +91 81481 07201

APPENDIX - IV-A [See proviso to rule 8 (6) r/w 9(1)] PUBLIC NOTICE FOR E-AUCTION SALE OF IMMOVABLE PROPERTY

E-Auction Sale Notice for Sale of Immovable Assets under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFESI Act") read with proviso to Rule 8 (6) r/w 9(1) of the Security Interest (Enforcement) Rules, 2002.

Notice is hereby given to the public in general and in particular to the Borrower(s) and Guarantor(s) & Mortgagee(s) that the below described immovable properties mortgaged/charged to the Secured Creditor, possession of which has been taken by the Authorized Officer of Edelweiss Housing Finance Limited (EHFL) are proposed to be sold by e-auction. Further, OMKARA Assets Reconstruction Pvt Ltd (OARPL) (acting in its capacity as a Trustee of OMKARA PS 33/2020-21 Trust) has acquired entire outstanding debts of the below accounts vide Assignment Agreement dated 30.03.2021 from Edelweiss Housing Finance Limited (Assignor company) along with underlying security from assignor company. Accordingly, OARPL has stepped into the shoes of assignor company and empowered to recover the dues and enforce the security. The Authorized Officer of OARPL, took over the physical possession of the below mentioned secured properties from the assignor. The Authorized Officer of OARPL hereby intends to sell the below mentioned secured properties for recovery of dues. The properties shall be sold in exercise of rights and powers under the provisions of sections 13(2) and (4) of SARFESI Act on "As is where is", "As is what is", and "Whatever there is" and "Without recourse Basis" for recovery of amount shown below in respective columns due to OARPL as Secured Creditor from respective Borrowers and Co-Borrowers) shown below. Details of the Borrower(s)/Guarantors/Mortgages, Securities, Offer, Outstanding Dues, Date of Demand Notice sent under Section 13(2), Possession Date, Reserve Price, Bid Increment Amount, Earnest Money Deposit (EMD), Date & Time of Inspection are given as under:

| S. No | Name of Borrower (s)/Guarantor(s)/Mortgagors | Details of the Secured Asset | Owner of the property | Outstanding Dues as on 31.12.2022 | Demand Notice Date Possession Date | Reserve Price (Rs. In Lacs) Bid Increment Amt. | Amount EMD (Date & Time of Inspection) |
|-------|--|---|-----------------------|---------------------------------------|------------------------------------|--|--|
| 1. | M. Revathy T. Murugesan | All that piece and parcel of Land and Building bearing Door No.99, North Mada Street, Padli, Chennai 600 050. Land Measuring an Extent of 4778 Sq.Ft. together with Building Comprised in Old Survey No.3102, As per Ambattur Town Survey Field Register Old Survey No. 310/2B and 310/2C, Present T.S.No.98/1, 98/2, 98/3 and 98/4, Block No.7, situated at Padi Village, Ambattur Taluk, Thiruvallur District Land and Building bounded on the North by: Chandramma House, South by: Property belongs to Mrs. S. Pankani, East by: Land belongs to St. Kailashanathan Kovil, West by: North Mada Street, Land Measuring 4778 Sq.Ft. East to West on the Northern side: 125 Feet 6 Inches East to West on the Southern side : 139 Feet 0 Inches North to South on the Eastern side: 32 Feet 0 Inches (as per document) 40 Feet 0 Inches (as at site) North to South on the Western side : 40 Feet 0 Inches (as per document) 32 Feet 6 Inches (as at site). In all total Land Measuring 4778 Sq. Ft and the building thereon with EB connection etc. Situate within the Sub-Registration District of Villivakkam and Registration District of Central Chennai. | M. Revathy | Rs. 2,57,13,248/- (Rupees) 03.10.2018 | 154 (One crore fifty four lakhs) | Rs. 15,40,000/- (Fifteen Lakhs Four Thousand only) | |
| 2 | Sivakumar R and Radhakrishnan K | All that part and parcel of the property Flat No. A-403 measuring 895 sq feet in 4th Floor in Block A in the project known as "Rain Tree Park" together with an undivided 424.41 sq feet share in land measuring 104733 sq feet out of 116412 sq feet or 2.67 acres after deducting OSR of 11679 sq feet comprised in S Nos 191/3B & 191/4 (S.No.191/3B1 and 191/4) as per patia, Sengundam Village, Chengalpattu Taluk Kancheepuram Dt and the land bounded on the North by: Vacant Land Comprised in S.No.230, South by Sengundam Road, East by: S.Nos.191/4B,191/3B2,191/3B3 & 191/2A2A1; West by OSR land within the registration Dt of Chengalpattu and the sub registration Dt of Joint II Chengalpattu | Siva Kumar R | Rs. 59,83,861/- (Rupees) 16.10.2018 | 32 (Thirty Two Lakhs Lakhs Only) | Rs. 3,20,000/- (Three Lakhs Twenty Thousand only) | |

Account No.: 344905001015, Name of the Beneficiary: OMKARA PS 33/2020-21 Trust, Bank Name: ICICI Bank, Branch: BKC Mumbai, IFSC Code: ICIC0003449

Date & Time of E-Auction: Tuesday 24.01.2023 between 12:00 Noon and 01:00 pm

Last date and time for submission of bid letter of participation/KYC Document/Proof of EMD: 23.01.2023 by 4:00 pm

TERMS & CONDITION OF THE AUCTION: For detailed terms and conditions of the sale please refer to the link provided in Secured Creditor's (OARPL) website i.e. http://omkaraarc.com/auction.php or website of service provider i.e. https://www.banksauctions.com

STATUTORY NOTICE FOR SALE UNDER Rule 8(6) r/w 9(1) OF SECURITY INTEREST (ENFORCEMENT) RULES, 2002

This notice is also a mandatory notice of not less than 15 (Fifteen) days to the Borrower(s) of the above loan account under Rule 8(6) r/w 9(1), of Security Interest (Enforcement) Rule, 2002 and provisions of Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, informing them about holding of auction/sale through e-auction on the above referred date and time with the advice to redeem the assets if so desired by them, by paying the outstanding dues as mentioned herein above together with further interest from 01.01.2023 and all costs charges and expenses any time before the closure of the Sale. In case of default in payment, the property shall at the discretion of the Authorized Officer/Secured Creditor be sold through any of the modes as prescribed under Rule 8 (5) of Security Interest (Enforcement) Rule, 2002.

Date : 06.01.2023 Place : Chennai

(Rajesh Juman) Authorized Officer, Mobile No.9884062068 OMKARA Assets Reconstruction Pvt Ltd. (acting in its capacity as a Trustee of OMKARA PS 33/2020-21 Trust)