



Mistral Bets on US Defence

Indian start-up finds business in developing technology for US defence and homeland security

Starship Enterprise

DEFENCE BRIEF

When US Army commandos operate across Afghanistan's dusty terrain or in Iraq's desolate deserts, they have Bangalore-based Mistral Solutions to thank for helping them locate their target with precision accuracy.

This small IT technology company has developed a ready-made global positioning system (GPS) module, a satellite-based global navigation system (GLONASS), which is now sold there to the US Army.

"It was a surprise for me when I accidentally found out that these devices were being used by the American Army during my visit to a company in the US," said Anand Ahmed, chairman and co-founder of Mistral Solutions.

Mistral has also developed wearable video cameras used by law enforcement agencies across USA. The body-worn video cameras have been developed to protect officers from allegations of wrongdoing, and to document evidence of misconduct with the public. The cameras also record the decision-making rationale of police commanders for future use in after-action review and legal inquiries.

For 45-year-old Ahmed, building a 150-million rupee company was not easy. After various stints at technology companies such as Perfect Computers and Cosmos Software, Ahmed launched Mistral along with his colleague Rajeev Ramachandran in 2007.

The two started the company with an investment of ₹1 lakh from a home in Bangalore. Both being sailing and windsurfing enthusiasts, they named the company Mistral, which is the name of the highest and most powerful



Sergey Yermakov, CEO, and Anand Ahmed, Chairman and co-founder, Mistral Solutions

wind experienced in the Mediterranean region of France. They initially started doing small design projects for Indian defence industry and also targeted global clients.

The company also raised the first round of funding from other investors for ₹10 million in 2008. It was followed by a second round of funding from Mexico Venture Partners and technology-focused venture capital fund JAPFO Asia for \$1.5 million in 2009.

Mihir Bani, a senior investment manager at JAPFO Asia, said the growing opportunities around officers in the defence domain will enable Mistral to capitalise its expertise in radar systems, satellites and telemetry.

An offset agreement is a stipulation made between a foreign supplier and a company which requires the supplier

to purchase a certain amount of goods from that country in exchange for a contract. Offsets are prevalent in the defence industry in a year.

Mistral's recent venture into the US Homeland Security market has been a strategic move to enter a growing segment. "Just added."

The company, which gets around 90% of its business from the US, is now aiming to tap the booming Indian defence and homeland security market.

It has targeted multi-cross-country government contracts along with IT firm Wipro to deploy wireless surveillance systems in one of Asia's largest ports, Colombo. "We have covered up the radar system and today make sub-systems for India's various defence programmes," Mistral chief executive Sergey Yermakov said. Among these pro-

Mistral Solutions

Founding: Anand Ahmed and Rajeev Ramachandran

Area of operations: All-tech equipment for defence and law enforcement agencies

Revenue: ₹100 crore

Target revenue for FY 2014-15: ₹100 crore

Investors: Ofis Ventures, Mexico Venture Partners and JAPFO Asia

Top Clients: US Defence (through a vendor), US police departments, CISRO, Indian Defence Labs

grammes, it is working on a low-cost indigenous radar system, comparable to the most advanced radars like the Israeli Phalcon Airborne Warning and Control System.

The company, which is growing a 40% year-on-year is expecting to be a 500-crore firm by FY 2015.

Sergey Shtegal, co-founder of Mexico Venture Partners, said that Mistral has partnered with both foreign and domestic and innovative start-ups to create cutting-edge products. It is also on the forefront of helping India industrialise its defence procurement by working with its home defence labs.

"Both these areas have tremendous scope for growth in the coming years," Shtegal said. A wearable computer that looks like sunglasses and works on voice commands is among the new products that Ahmed also is in the tech-heavy US market.