

Vernacular Audio Platform Kuku FM Bags \$21.8 Mn In Round Led By Fundamentum

21 Sep'22 | By Tapanjana Rudra



- The funding round also saw participation from Paramark Ventures and Kuku FM's existing investors KRAFTON, 3one4 Capital, Vertex, among others.
- This was the second fundraise by the startup this year. In March this year, it raised \$19.5 Mn in its Series B round
- Kuku FM plans to use the fresh funds to expand its catalogue for content, launch audio content in more languages, and strengthen its overall content creation ecosystem

Vernacular audio platform Kuku FM has raised \$21.8 Mn in its Series B1 funding round led by Fundamentum Partnership. The round also saw participation from Paramark Ventures and Kuku FM's existing investors KRAFTON, 3one4 Capital, Vertex, among others.

This was the second fundraise by the startup this year. In March this year, it raised **\$19.5 Mn in its Series B** round.

Besides, this was also Nandan Nilekani-led Fundamentum's first investment round from its second fund, which it launched recently. Last month, the tech-focused investment firm announced **raising \$227 Mn for its second fund**.

Kuku FM plans to use the fresh funds to expand its catalogue for content, launch audio content in more languages, and strengthen its overall content creation ecosystem. The platform aims to increase its active paid subscriber base to 10 Mn by the end of 2023 from 1.6 Mn in August 2022.

With content currently available in seven languages including Hindi, Tamil, Bengali, Malayalam, and Kannada, the audio platform is also targeting to launch content in three other vernacular languages – Punjabi, Gujarati, and Rajasthani – in the next quarter.

Founded in 2018 by Lal Chand Bisu, Vikas Goyal and Vinod Kumar Meena, Kuku FM is a non-music audio platform that offers exclusive audio content in varied categories such as book summaries, audiobooks, courses, motivational speeches, among others. The startup claims to have grown 25X in the last 12 months and crossed \$10 Mn in ARR in August this year.

“This is one of the first investments that we are doing in content space,” said Prateek Jain, Principal, Fundamentum Partnership, adding that the investment firm doesn't believe in ad-led business models in the country and Kuku FM's fundamental belief aligns with this thesis.

“In its four-year journey, Kuku FM has built a business with robust fundamentals, strong monetisation model and a national creator-listener community. Kuku FM's digital-first, tech-led approach, with its focus on the Bharat audience, fits ideally into our investment focus,” he added.

With a business model largely focused on paid subscriptions and a conversion rate of 11%, Kuku FM claims that a majority of its subscriber base, about 70%, comes from Tier II, III cities, and beyond.

“Kuku FM's growth demonstrates the Indian audience's appetite for premium, unique, and immersive digital audio experiences. We have seen rapidly growing interest for content in regional languages in Tier II, III cities, semi-urban and rural segments,” said Bisu, cofounder and CEO of Kuku FM.

Interestingly, India's evolving digital payments ecosystem, with the Unified Payments Interface (UPI) as the bedrock, has also enabled Kuku FM's deeper penetration into the country. Currently, about 90% of its user payments take place through UPI, the startup said.

"We aim to continue building a strong and diverse creator network that caters to this segment of the Bharat audience," Bisu added.

Kuku FM's peer audio startup **Pocket FM also raised \$65 Mn** in its Series C funding round led by Goodwater Capital, Naver, and Tanglin Venture Partners in March this year. Kuku FM's other competitors include major names like Spotify, Audible, and other startups such as IVM, Pratilipi FM, among others.

Pegged at INR 44.21 Bn in FY21, the Indian audio OTT market is expected to rise to INR 99.98 Bn by FY26, expanding at a compound annual growth rate (CAGR) of about 19.14% during the FY22-FY26 period, according to a **report** by MarketResearch.