

# Startup Watch

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## STARTUP POLICIES

### Indian startups bag record \$36 billion funds in 2021

Source: <https://www.ibef.org/news/2021-in-review-indian-startups-bag-record-36-billion-funds-in-2021>

With an increased demand for digitization in the wake of the Covid-19 outbreak, India's startup ecosystem saw a record investment of roughly US\$ 36 billion in privately-held enterprises this year. According to Prequin, a UK-based investment data platform, venture and private equity investments surged thrice throughout the year, from US\$ 11 billion in 2020 to US\$ 31 billion in 2021.

The volume of seed-stage deals dominated this year, with roughly 396 deals totalling US\$ 705.86 million, while around 166 series A investments totalled about US\$ 1.67 billion, according to data through December 20. The majority of the funds went to pre-IPO funding rounds in companies like Zomato, Ola, Policybazaar, and Paytm, with the top 10 deals totalling US\$ 5.58 billion, according to Prequin data.

Aside from an increase in the number of deals, Indian entrepreneurs raised larger financing rounds this year than in prior years, as risk capital investors stepped up to take bigger bets on high-growth companies early on. As a result, companies have been able to obtain greater valuations, with prices frequently doubling or tripling in subsequent fundraising rounds.

"Valuations are a reflection of an investor's exit expectations. 2021 has proven the full venture cycle for India. Some fabulous exits like Zomato, Nykaa, PolicyBazaar and others have increased exit size expectations, and consequently the valuations," said Alok Goyal, founder and investment partner at Stellaris Venture Partners, an early-stage VC firm.

He also pointed out, "markets have a habit of overreacting on both sides - in bull and bear cycles. We are seeing a bull cycle reaction right now and (won't) be surprised if there is a bearish overcorrection in the future."

The much stronger capital flow into high-growth companies is due to a combination of factors, including increased global liquidity and the relative attractiveness of startup investments compared to other asset classes. A 2021 upswing is expected to fade, but secular trends will persist in 2022.

Funds such as Tiger Global, Falcon Edge, Sequoia Capital, Accel, and Blume Ventures were the most active investors in 2021. SoftBank, which is known for its huge bets, invested more than US\$ 3 billion in Indian businesses, making it the Japanese investment firm's largest infusion in India in a single year.

**Unicorns galore**

Unicorns, a term used to describe companies valued at US\$ 1 billion or more, have spawned by hundreds this year. A week in April saw half a dozen entrepreneurs join the unicorn club in a matter of four days, bringing the total number of

unicorns to around 40. But it wasn't just unicorns that raised numerous rounds this year; high-growth companies did as well, signalling a strong desire to back the leaders. Cred, OfBusiness, Groww, and Cars24 are fintech startups whose valuation grew in the last year.

Vaibhav Agrawal, a partner at Lightspeed India, which has backed new unicorns of 2021 like ShareChat and Apna Co., stated, "Through 2021 we experienced a strong positive shift in the quality of founding teams, depth of markets, unit economics and exit opportunities via public markets. As a result, investors across stages felt comfortable writing larger cheques and taking more risk."

Unicorn founders believe that because there are fewer assets in late-stage funding deals, marquee investors are willing to sweeten the deal. "Founders (must) dilute less, and this cash can come in handy during rainy days," stated a top unicorn entrepreneur who raised funding three times this year.

With all of this capital, entrepreneurs have been able to move quickly to implement their plans to develop exponentially through inorganic methods, both vertically and globally.

Web3/crypto, SaaS, direct-to-consumer or D2C brands and fintech, business-to-business (B2B) commerce, ed-tech, and healthcare, according to most investors, will continue to draw capital next year as well.

Pranav Pai, cofounder, 3one4 Capital, an early-stage venture fund with investments in Licious and Koo, said, "Cycles will come and go, but the important takeaway here is that Indian entrepreneurs have access to the equity needed to get closer to their vision of being market leaders,"

He also added, "They are also taking this opportunity to strengthen balance sheets and prepare for the resilience needed to face a correction when it comes."

According to Kashyap Chanchani, general partner of The Rainmaker Group, a Mumbai-based investment bank, most mature businesses now have dedicated corporate development teams. An exit by sale is now a real option for founders. "Till two years ago, the majority of M&As would have been out of distress and lack of options," he said.

The year tech IPOs became a reality.

When Indian entrepreneurs spoke about an initial public offering (IPO), it didn't seem a viable option for a long time, but that changed in 2021. The year was a defining moment in the ability of technology-driven enterprises to access public markets, with the majority of them being rewarded by public investors as well.

This year, smaller companies like gaming business Nazara Technologies went public, but it was food delivery service Zomato's Rs 9,000 crores (US\$ 1.19 billion) IPO that truly laid the stage for at least a half-dozen top-leading startups filing for an IPO in India.

Zomato's stellar listing this year has caused its founders to reconsider their IPO timeframes and consider it a genuine prospect for 2022 and 2023. Others have raised roughly US\$ 2.5 billion from public market investors, including Policybazaar, Nykaa, and Paytm.

## STARTUP STORIES

### This EV startup aims 5X growth in FY2022, to expand fleet

Source: <https://www.ibef.org/news/this-ev-startup-aims-5x-growth-in-fy2022-to-expand-fleet>

This fiscal year, Zypp Electric anticipates its revenue to increase by more than five times to roughly Rs. 25 crores (US\$ 3.3 million). The Gurugram-based business secured US\$7 million in a Series A round of investment in September, signalling that investors are betting big on India's electric vehicle market. The company presently works with grocery, medicines, food, and e-commerce companies in India like Bigbasket, Grofers, Amazon, Rapido, Flipkart, Spencers, Citymall, Dealshare and others in cities such as Delhi NCR, Bangalore, Hyderabad, Mumbai, and Pune.

The company plans to expand to 100,000 electric vehicles and add 450-500 people, mostly in technology and operations, to help accelerate EV adoption.

The company's audited revenue in FY21 was Rs. 5 crores (US\$ 667,014), and it expects to end FY22 with a revenue of above Rs. 25 crores (US\$ 3.3 million).

“Super proud to share that our revenue has jumped more than 5 times to Rs.25 crores (US\$ 3.3 million) this fiscal year, from Rs.5 crore (US\$ 667,014) the year ago. Going by the current monthly run rate, the company expects to end the year at US\$6 million ARR. We have created a smart platform that's gaining popularity among (Business to Business) B2B grocery and other hyperlocal delivery companies along with delivery executives who are wanting to go electric with our electric shared mobility platform,” said Akash Gupta, Co-Founder & CEO of Zypp Electric.

## Grene Robotics: Made for the world, from India

Source: <https://www.financialexpress.com/industry/sme/grene-robotics-made-for-the-world-from-india>

*The startup's hyper-automation platform GreneOS connects, unifies, and manages 100% of people, processes, data, and systems in an organisation*

With digital transformation sweeping the business landscape at scale, Grene Robotics aims to build a true computer technology company from India, with its own platform, greneOS, at the core of everything, promising autonomous decision-making and hyper-automation. The startup cuts across sectors such as healthcare, defence, hospitality, banking amongst many others. “We spent over a decade in R&D to come up with the platform. Having our own platform enables our customers to gain 100% control over various digital functions in their organisations,” says Kiran Penumacha, CEO and founder, Grene Robotics. “For instance, currently a sales person using a CRM has to manually enter details of his/her outreach into the software. But with our platform, we can extract important details alone from communication channels real-time and load it to the system,” he adds. With respect to other contexts, this could mean large machines or systems interacting with each other and with humans through the greneOS platform. This results in enhanced user experience to all stakeholders who are using the system.

“Usually, we deploy our platform where we see

a potential 10X RoI but hyper-automation promises even higher returns in the long run. We drastically bring down the cost, boost revenue and unify functions in a business,” says Penumacha. This also has a direct impact on how a business gets incrementally evaluated in the long term.

For one of its biggest clients, Vodafone Idea, the company has solved issues in order processing, turn around time post receiving an order, issues in filling repetitive forms and generating real-time intelligence. “For instance, every month it has over 6000 orders worth over a billion dollars and over 500 mission-critical issues that need an insane amount of computation. We are competing with the Oracles and SAPs of the world and not SaaS products that can be downloaded and installed,” says Penumacha.

The Grene Robotics CEO expects to take the company public by 2025. It has received seed funding of \$10 million since its inception in 2007, with an order book of \$6 million this year. “We expect to take the orderbook to \$30 million next year,” says Penumacha.

## STARTUP FUNDING

### Healthcare startup Pristyn Care raises \$96 million, joins Unicorn club

Source: <https://www.ibef.org/news/healthcare-startup-pristyn-care-raises-96-million-joins-unicorn-club>

Pristyn Care, a health-tech startup specialising in secondary-care surgeries, announced that it had raised US\$ 96 million in a Series E round. Pristyn Care's valuation has more than doubled in the previous seven months, to US\$ 1.4 billion, making it the latest digital health business to achieve unicorn status. It is the 42nd startup to achieve unicorn status in 2021.

Sequoia Capital, Tiger Global, Winter Capital, Epiq Capital, Hummingbird Ventures, and Trifecta Capital were among the investors who lead the newest round of fundraising. Kunal Shah (founder and CEO, CRED), Deepinder Goyal (co-founder and CEO, Zomato), Abhiraj Singh Bhal (co-founder and CEO, Urban Company), and Varun Alagh (co-founder & CEO, Mamaearth) are among the angel investors in



this round.

Pristyn Care will use this new funding to expand its services by using latest surgical technology. It plans to expand into additional disease categories while also enhancing and updating partner-hospital infrastructure, educating surgeons, and improving its product and technology.

By March 2022, the company hopes to have expanded to over 50 cities and villages, as well as 1000 surgical centres. Pristyn Care also plans to expand its workforce. The company will hire highly qualified engineers to make up a quarter of its new workforce, with technology serving as the backbone of its operations.

“With our expansion plans firmly in place and on track, we will accomplish our ambition of reaching 1000 surgical centres and 5 million patient interactions by March 2022,” said Pristyn Care co-founder Mr. Harsimarbir (Harsh) Singh. “We will continue to invest in newer, world-class surgical technology to ensure faster patient recovery, shorter hospital stay and the smoothest surgery experience possible for patients and their families.”

Pristyn Care received US\$ 53 million in a funding round led by US investment firm Tiger Global Management in April of this year. The company's valuation increased to more than US\$ 550 million, up from US\$ 250 million six months earlier, according to the firm.

Singh claims that the company has built a strong technology foundation that supports its patient-first initiatives, such as end-to-end support services throughout the surgical process, billing transparency, and at-home insurance claim processing, and ensures that patients are treated in the most comfortable way possible.

“We will invest in newer surgical technologies to provide world-class treatment and experience to our surgery patients,” said Dr. Vaibhav Kapoor, Co-founder, Pristyn Care. “We plan to expand our surgical offerings in more cities and towns as well as international patients seeking treatment in India.”

The company claims that its 400 doctors have a plethora of experience operating on the most difficult situations. “Right from metros to smaller towns we are committed to hiring only the best doctors at Pristyn Care,” added Dr. Ka-

poor.

Pristyn Care has grown fivefold since January 2021, and it aims to break even in the next 12 to 18 months. It now has over 150 clinics and 700 partner hospitals, as well as a panel of experienced doctors who work solely for the organisation. Its network currently stretches over seven metro cities, including Mumbai, Pune, Delhi, Bengaluru, Hyderabad, Chennai, and Kolkata, as well as 33 tier 2 and 3 cities.

Dr. Garima Sawhney, co-founder, Pristyn Care said a fairly large number of patients from small towns have to travel, sometimes hundreds of kilometres, to seek quality surgical care in nearby metro cities. “We aim to bridge this accessibility gap in the surgery space and take superior quality surgeries to patients in Tier 2 & 3 cities of the nation,” said Sawhney. “Functioning on a scalable asset-light ecosystem, we’re able to offer high-end surgery solutions close to patients’ residences, thereby helping them with care that is truly closer to home.”

### **IIFL Fintech Fund to invest Rs 300 cr in early-stage fintech startups**

*Source: <https://www.ibef.org/news/iifl-fintech-fund-to-invest-rs-300-cr-in-earlystage-fintech-startups>*

**The IIFL Fintech Fund, which is funded by Fairfax, said that it plans to invest Rs 300 crore (US\$ 39.9 million) in early-stage Indian fintech start-ups over the next two years.**

According to a statement, the measure is aimed at making it easier to develop inexpensive financial inclusion products and technology. IIFL Fintech Fund was launched in August 2021 with a specific Rs 140 crore (US\$ 18.6 million) sponsorship from two of the group's subsidiaries, IIFL Finance and IIFL Securities. According to the statement, the financial services business with a big retail interface plans to offer last-mile credit using cost-effective solutions. Within three months of its inception, the fund backed by IIFL Finance and IIFL Securities had already made four investments: Leegality, FinBox, Trendlyne, and DataSutram. The IIFL Fintech Fund is in advanced talks to invest in ten more

fintech start-ups by the end of March 2022, according to the company. Early-stage capital is always needed to support the fintech start-up ecosystem, according to R Venkataraman, Co-Promoter of IIFL Group and Chairman of IIFL Securities Ltd. Fintechs play a critical role in delivering cost-effective financial products to underserved and unbanked people, as well as expediting the financial inclusion process, according to Venkataraman.

## **Fintech unicorn Razorpay's value jumps to \$7.5 bn; up 7.5x in 15 months**

Source: <https://www.ibef.org/news/fintech-unicorn-razorpay-value-jumps-to-75-bn-up-75x-in-15-months>

Razorpay, India's second-most valuable fintech start-up after Paytm, has raised US\$ 375 million in a Series F round of fundraising, valuing the company at US\$ 7.5 billion. The company's value has increased sevenfold in the last 15 months, pushing out Walmart-owned digital payments provider PhonePe to third place on the country's most valuable fintech list.

## **STARTUP ACQUISITIONS**

### **India sees record M&A volume in 2021, first-time buyers lead**

Source: <https://www.ibef.org/news/india-sees-record-ma-volume-in-2021-firsttime-buyers-lead>

According to a recent report released, India's mergers and acquisitions (M&A) reached an all-time high in 2021, with more first-time buyers accounting for more than 80% of the deals done in 2020 and 2021, up from less than 70% from 2017 to 2019.

According to a Bain & Company analysis, the type of agreements was diverse, with more mid-sized deals ranging from US\$ 500 million to US\$ 1 billion, as opposed to the massive US\$ 5 billion deals that dominated activity in 2017-19.

"The unprecedented flurry of deals seen in 2021 is the result of a higher pressure to grow and a need to seize more opportunities to disrupt, faced by CEOs today," said Karan Singh, managing partner, Bain & Company India and

author of the report.

Nearly half (46%) of all strategic transactions above US\$ 75 million closed in 2021 were scope and capability deals.

This is significantly higher than the 36% of such agreements reported in 2020 and 31% in 2019.

With recent acquisitions in the retail, digital, and renewables industries Reliance has witnessed aggressive growth, Tata Group has also been managing its portfolio aggressively and has done over 20 deals in the last two years.

"We foresee this trend continuing and another exceptional year for Indian M&A in 2022. There is plenty of historic evidence that shows that companies that sharpen their portfolios through acquisitions/divestitures during turbulence do better than the market," said Singh.

### **Recent Startup Acquisitions**

Source: <https://inc42.com/infocus/funding-galore/funding-galore-over-1-3-bn-raised-by-indian-startups-this-week-2>

- Bengaluru-based edtech startup Teachmint marked its first acquisition with Vadodra-based Teachmore
- Neobanking startup Open acquired consumer banking startup Finin for \$10 Mn in a cash-and-stock deal
- SaaS unicorn Browserstack acquired open-source test automation framework Nightwatch.js.
- D2C brand aggregator Mensa Brands acquired kidswear brand LilPicks
- Ethereum scaling and infrastructure development platform Polygon (formerly Matic Network) acquired Ethereum scaling startup Mir Protocol for \$400 Mn.
- Jungle Venture-backed EVE WORLD acquired of Femcy, a femtech brand focused on personalised menstrual wellness solutions.

## STARTUP EVENTS >> UPCOMING

### Seeding Kerala 2022 - HNI Registration

11-12 February 2022

Website: <https://www.tirunelvelistartups.com>

Kerala Startup Mission is organizing Seeding Kerala to bring together the HNI network of Kerala and showcasing opportunities to invest in the best startups from Kerala and other parts of India. The 7th edition of this conference will bring in leading investors and experts from the Indian Startup ecosystem and senior government officials from the state and central governments to facilitate the initiative to a great success.

## STARTUP FAQs

### For how long would recognition as a “Startup” be valid?

An entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds one hundred crore rupees.

### An entity is yet to be registered/incorporated.Can I visit the Startup India Portal and Mobile App to register/incorporate my entity as either a Private Limited Company or Registered Partnership Firm or Limited Liability Partnership

There are two options available in such cases.

Option 1: An entity can register itself through MCA or Registrar of Firms using the existing processes and subsequently register itself on the Startup India portal and mobile app as a “Startup” to avail the benefits.

Option 2: An entity can register itself through the [Startup India portal](#) and mobile app using a seamless process. This facility would be made available in the second phase of the Startup India portal and mobile app launch .

For Feedback & Comments, please contact:

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