

Startup Watch

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STARTUP POLICIES

Start-up fraternity should nurture 75 more unicorns in 2022, says minister

Source: <https://www.newindianexpress.com/business/2022/>

The minister said venture capitalists and financiers can play a key role in mentoring young start-ups.

Entrepreneurs must start thinking of making our start-ups more resilient and start-ups can play a very important role to socialise and democratise the availability of healthcare across the world, Commerce and Industry Minister Piyush Goyal said on Monday.

Inaugurating the Startup India Innovation Week (Jan 10-16), organised by the Department for Promotion of Industry and Internal Trade (DPIIT), the minister said, start-ups have turned Covid-19 into an opportunity from a crisis. 2021 will always be remembered as the year of unicorns with the third largest (82 unicorns) number of unicorns anywhere in the world. He also added that this year, the start-up fraternity should nurture 75 more unicorns.

“Start-ups are the key reason behind India’s meteoric rise in the global innovation index from 76 in 2014 to 46 in 2021,” Goyal said, adding that the country has cracked the top 50 and that “we need to aspire to reach the top 25” on the global innovation index. The minister said venture capitalists and financiers can play a key role in mentoring young start-ups.

During 2018-2021, start-ups have created over 6 lakh jobs, and in 2021 alone, they created over 2 lakh jobs. He said that the government has taken steps such as reduction in patent filing fees and relaxation of public procurement norms to encourage start-ups. The e-commerce industry in India is booming with both major players and new players. ONDC helps in creating a platform — open-source — for all online retailers.

The minister said, “We are actively working on the open network for digital commerce that will be a game changer and help our entrepreneurs to save cost. This new initiative provides a huge opportunity for emerging start-ups and bridges the gap between big e-commerce players and new start-ups.”

While UPI transforms the fintech ecosystem, ONDC plays a similar role for the commerce start-ups. Speaking at a panel discussion, PhonePe founder Sameer Nigam and Paytm President and Group CFO Madhur Deora said ONDC will help SMEs as it is an open network. Also, buyers can reach sellers across platforms.

Startups will help India transition from assembly economy to knowledge-based economy: Piyush Goyal

IBEF: January 13, 2022

Commerce and Industry Minister Piyush Goyal claimed that India’s startups will assist the country move from an assembly economy to a knowledge-based economy.

He stated that Indian startups are both change agents and foundations in the process of building India *aatmanirbhar* (self-reliant).

"Startups will help India transition from an assembly economy, particularly in the digital world, to a knowledge-based economy. In this digital age, technology has removed boundaries and barriers," Goyal said at the India Digital Summit.

He went on to say that the startups in this area are expanding beyond geographical boundaries, and that there are several opportunities for them all around the world.

"We are currently focusing on ease of living, ease of service and ease of skilling, re-skilling and up-skilling," he said, adding the government has taken a series of steps such as relaxation in public procurement norms, introduction of fund of funds and seed fund scheme to support the budding entrepreneurs.

All these steps, he hoped, have brought simplification, facilitation and empowerment to entrepreneurs.

"However, there is always room for more," he noted.

STARTUP STORIES

How this foodtech startup is committed to delivering mindful consumption with guilt-free, plant-based meats

Source: <https://m.dailyhunt.in/news/india/english/yourstory-epaper-yourstory/latestnews>

With its disruptive offering of mock meats, The Green Meat, one of YourStory's Tech50 2021 startups, is all set to take steady steps in the growing plant-based produce market in India, providing consumers sustainable food choices. While pursuing Executive MBA at the Indian Institute of Management - Kozhikode (IIM-K), Unnikrishnan PG and Dheeraj Mohan bonded over discussions on food and the future of the planet. While Dheeraj was a hardcore meat-eating person, Unnikrishnan, who didn't consume meat at all, worried about missing out on nutrition.

When in 2021, Unnikrishnan and Dheeraj launched their venture The Green Meat, they were driven by the commitment to provide a

guilt-free alternative to meat-eaters who could still continue to relish the taste of meat through plant sources.

"We are flexitarians and ventured together to come up with The Green Meat, the guilt-free plant-based meat that's unapologetically tempting and eco-friendly at the same time. We met and teamed up at IIM-Kozhikode Live a few years back and developed The Green Meat so that you, like us, can indulge in your favourite non-vegetarian delicacies without having to worry about the taste, health and environmental impacts," share the co-founders of the Kochi-based foodtech startup, which is also one of YourStory's Tech50 2021 most promising bootstrapped startups.

While Unnikrishnan is the CEO and Co-founder at The Green Meat, and specialises in Project Management and Entrepreneurship, Dheeraj is the COO and Co-founder at The Green Meat, who specialises in Industrial Automation and Process Control for Manufacturing. While Unnikrishnan swears by flavourful cuisines, Dheeraj is self-admittedly a foodie at heart.

The sustainable substitute

The Green Meat's products are unique sustainable plant-based meat substitutes that are delivered as preservative-free frozen chunks, providing a buying and consumption experience that is closest to animal meat. The business-to-consumer (B2C) startup has partnered with the Central Food Technological Research Institute (CSIR-CFTRI), Mysore for the research and development (R&D) of the product and technology. The USP of The Green Meat is that it's perfect for the Indian style of cooking.

Greenovative Foods Pvt Ltd, which runs and owns The Green Meat™, uses an efficient texturisation technology to create a preservative-free and 100 percent plant-based meat substitute.

The manufacturing process begins with ingredient selection and formulation, protein concentration, and mixing, followed by a thermo-mechanical process to texturise and functionalise plant-based raw materials and convert them into a form equivalent to animal meat.

The company says its plant-based meat has similar protein and nutritional content as animal meat, and yet has no trans-fats, no cholesterol,

no antibiotics, and no hormones, but instead contains healthy dietary fibres. The startup is in the pre-revenue stage and is being incubated at IIM-Kozhikode and KRIBS-BioNest.

The Green Meat foodmap

The alternative meat startup aims to focus on its home state, Kerala, for its ongoing first phase. In the second phase, it aims to scale up massively and target the entire South Indian market. By 2025, The Green Meat wants to enter phase three - make its presence felt across India - and also make an entry into select overseas markets. Before that, the company expects to turn cash-flow positive, and apply for patents for the process and technology presently under development.

The future of a 'humane' diet

According to a 2021 YourStory article titled Plant-based alternatives: an industry teeming with the potential to be the next big thing, the plant-based product market is projected to grow at a compound annual growth rate (CAGR) of 7.48 percent during the forecasted year 2021-2026. As the increasing vegetarian population of India grows, the market growth is expected to bolster over the next few years.

With growing concerns over the guilt of mindless consumption and a conscientious shift towards a sustainable way of life, the tribe of 'flexitarians', loosely denoting people choosing cruelty-free consumption, is expected to make a stronger imprint. With innovative technological disruption and an ethical messaging tied to its core offering, The Green Meat is likely to see green pastures.

These 22 startups are waiting in wings to become unicorns in 2022

Source: <https://www.ibef.org/news/these-22-startups-are-waiting-in-wings-to-become-unicorns-in-2022>

According to a VCCircle estimate, India's startup ecosystem is anticipated to produce 22 unicorns by 2022. In the next several years, the country is expected to have more than 100 unicorns.

In 2021, these 'soonicones,' or firms on the verge of becoming unicorns, received funding at a valuation of more than US\$ 500 million but less than US\$ 1 billion. Logistics firms

ShipRocket and Porter are among the top five on the list.

Shiprocket raised US\$ 185 million from Zomato, Temasek, and Lightrock for a US\$ 950 million value, while Porter raised US\$ 100 million from Tiger Global Management and Vitruvian Partners for a US\$ 525 million valuation.

They could be joining the likes of Zinka and Delhivery, two other logistics unicorns.

Online gaming company Games24x7 and three fintech businesses OneScore, Jupiter, and ClearTax are among the other soonicones. The list includes companies from eight different industries, with fintech startups leading the way, followed by retail and edtech firms.

Credit card designed specifically for mobile devices OneScore; Jupiter, a neobanking platform; ClearTax, a tax return filing business; KhataBook, a kirana-tech startup; Rupeek, a gold-loan startup; and neobank Open were among the fintech soonicones.

At a post-money valuation of over US\$ 720 million, OneScore raised US\$ 76 million in its series C round of fundraising from Ocean View Investment, Matrix Partners, Sequoia Capital, QED Innovation Labs, and Hummingbird Ventures. Neobank Jupiter raised US\$ 86 million in a round co-led by Tiger Global and Sequoia with a valuation of US\$ 711 million, and Open raised US\$ 62 million at a valuation of US\$ 500 million from Temasek and Google, as well as Tiger Global.

LivSpace, a (Business to Business) B2B marketplace for packaging materials, Zepto, a 10-minute food delivery business, and Purpple, a beauty product vendor, could all raise funding at a valuation of more than US\$ 1 billion in the retail sector.

While edtech businesses Vedantu, Eruditus, and UpGrad joined the prestigious club in 2021, LEAD School, Teachmint, and BrightCHAMPS are set to join in 2022.

GSV Ventures led a US\$ 30 million funding round for LEAD School, a B2B management software supplier. Rocketship.vc and Vulcan Capital led a US\$ 70 million investment in Teachmint. Premji Invest, GSV Ventures, and other investors contributed US\$ 63 million to BrightCHAMPS. Each of the three edtech companies was valued at over US\$ 500 million.

Agritech, online gambling, logistics, and media enterprises are among the companies on the list.

DeHaat, a Gurugram-based online marketplace for farm products and services, and Ninjakart, a (business to business) B2B platform for farm produce, each raised US\$ 115 million and US\$ 145 million at a valuation of more than US\$ 500 million. Online gaming businesses Games24x7 and Zupee are poised to join Dream11 and Mobile Premier League in the unicorn club this year.

Whatfix, a software-as-a-service (SaaS) startup that attracted US\$ 90 million from SoftBank, news aggregation InShorts, which received US\$ 60 million from Vy Capital, and music app Gaana are the other three companies.

To be sure, in 2021, India's startup ecosystem produced 44 unicorns, compared to just 11 in 2020. India is home to around 70 unicorns, ranking third behind the United States and China.

India, according to some estimates, already boasts over 100 unicorns. According to Credit Suisse India equity strategist Neelkanth Mishra, these firms were collectively valued at over US\$ 240 billion as of March 2021, and they hailed from a variety of industries, including technology, pharmaceuticals, and consumer products. He went on to say that two-thirds of these 100 unicorns were founded after 2005, with the fintech sector producing the majority of them.

STARTUP FUNDING

India's largest bank SBI to invest \$20 mn in fintech firm Pine Labs

Source: <https://www.ibef.org/news/indias-largest-bank-sbi-to-invest-20-mn-in-fintech-firm-pine-labs>

Pine Labs, a prominent merchant commerce platform, has received a US\$ 20 million investment from the State Bank of India, India's largest commercial bank (SBI).

Pine Labs had previously raised US\$ 600 million from a select group of new investors in 2021, followed by a US\$ 100 million investment from the US-based Invesco Developing Markets Fund. Pine Labs is now planning to invest in scaling Plural, its newly announced brand of

online payment products, in order to become an omnichannel partner of choice for merchants, in addition to enhancing its merchant commerce capabilities at offline point-of-sale.

Pine Labs, which is backed by Sequoia Capital, Temasek Holdings, Actis, PayPal and Mastercard amongst other leading global investors.

"We are thrilled to have the largest bank of India, the State Bank of India place their trust in us and welcome them in this journey where we are empowering merchants with seamless and secure payment experiences across offline and online platforms," said B. Amrith Rau, CEO, Pine Labs. "In the last one year, several marquee investors have placed their trust in our business model and growth momentum and that is a gratifying feeling. This association with SBI is a personally satisfying experience as I had started my career selling financial services technology to SBI."

Pine Labs' Buy Now Pay Later (BNPL) business is also booming in India and Southeast Asia. With its April 2021 acquisition of Fave, one of Southeast Asia's biggest consumer financial platforms, the firm has entered the consumer payment industry, and its 2019 acquisition of Qwiksilver has given it a prominent footprint in the Gift, Prepaid, and Stored Value segment.

Pine Labs closed a US\$ 600 million funding round in July 2021, valued at US\$ 3 billion. The money will be used to help the company reach its objective of going public this year or early next year.

Indian startups raised \$42 bn in 2021, up from \$11.5 bn in 2020: Report

IBEF: January 14, 2022

According to a research by Orios Venture Partners, Indian entrepreneurs raised US\$ 42 billion in 2021, up from US\$ 11.5 billion the previous year. According to the 'The Indian Tech Unicorn Report 2021,' India will have 46 unicorns (businesses valued at US\$ 1 billion or more) in 2021, more than doubling the overall number to 90. ShareChat, Cred, Meesho, Nazara, Moglix, MPL, Grofers (now Blinkit), upGrad, Mamaearth, GlobalBees, Acko, Spinny, and other services are among them.

With 90 unicorns, India is the third-largest unicorn hub after the United States (487) and China (301), and ahead of the United Kingdom (39). With around 60,000 startups, India boasts the world's third-largest startup ecosystem.

"These startups are not only developing innovative solutions and technologies but are generating large-scale employment. Today, one out of 13 unicorns globally was born in India," it said.

Flipkart was the most valuable unicorn (US\$ 37.6 billion after raising US\$ 3.6 billion in July 2021), while Mensa Brands was the fastest to become a unicorn (just 6 months after raising the first US\$ 50 million round in May 2021), according to the report.

According to the report, India has witnessed four decacorns (businesses valued at US\$ 10 billion or more) thus far: Flipkart, Paytm, Byju's, and Oyo Rooms.

"A total of 11 Indian startups (including 8 unicorns) raised about US\$ 7.16 billion through public offerings...One97 Communication (Paytm) raised India's largest-ever IPO with an issue size of Rs 18,300 crore (US\$ 2.46 billion)," it said. Furthermore, among the listed Indian companies, Zomato has the greatest market capitalization (US\$ 14.8 billion), followed by Nykaa (US\$ 13.5 billion) and Freshworks (US\$ 6.9 billion), according to the survey.

In addition, 20% of unicorn founders are non-engineers, and two-thirds of Indian unicorns have at least one or more founders from IITs, IIMs, or ISBs, according to the survey.

B2B manufacturing start-up Groyyo raises \$4.6 mn led by Alpha Wave

IBEF: January 04, 2022

Manufacturing and automation start-up Groyyo, has raised US\$4.6 million in seed-funding round from group of investors led by Alpha Wave Incubation an including early investors Sparrow Capital and famous venture-debt firm Stride Ventures.

Groyyo's real-time production software digitalizes partner facilities by allowing for production tracking and intelligent inputs to improve productivity, as well as providing them with a global reach to international and national buyers. The startup is focusing on increasing effi-

ciency for its factory partners, estimating a 15% boost in revenue and a 20% increase in profitability.

Groyyo, founded by Subin Mitra, Pratik Tiwari, and Ridam Upadhyay in July 2021, has already worked with over 200 manufacturers across a variety of sectors. Prior to that, the founders held key leadership positions at Zilingo and Udaan, two B2B startups.

Subin Mitra, co-founder of Groyyo, said, "The future of global sourcing is going to be dominated by small manufacturers. With the rise and dominance of D2C brands, there is a pressing need for transparent, compliant, quality manufacturers who can cater to low minimum order sizes, fast turnaround times, and price competitiveness."

The latest round of capital will be used to assist the company expand its team throughout key manufacturing clusters in South Asia, as well as increase its presence in the United States and the Middle East, allowing it to establish a worldwide footprint. It will also make significant investments in the technological and physical upgrades of its manufacturing partners.

LEAD becomes first edtech unicorn of 2022, raises \$100 mn in Series E round

IBEF: January 14, 2022

LEAD, a Mumbai-based edtech startup, is the first to join the unicorn club this year. At a valuation of US\$ 1.1 billion, the edtech start-up has raised US\$ 100 million in Series E funding. Westbridge Capital led the round, with GSV Ventures also participating.

Unlike most other edtech start-ups, the company claims to focus on improving a student's classroom education experience rather than functioning as a supplement to schooling. LEAD expects to reach 2 million students in Academic Year 22-23, with 5,000 schools in more than 500 cities across India and an annual revenue run-rate of US\$ 80 million.

The proceeds will be used to help the company realise its mission of providing high-quality, affordable education to more than 25 million students at a US\$ 1 billion annual revenue run-rate.

Its initial priorities would be product and curriculum innovation, as well as extending its footprint and attracting top talent across all departments. In the long run, the company wants to expand further into the country to serve children at lower-cost schools, as well as expand worldwide in similar areas.

Smita Deorah, co-founder of LEAD, said, "A child spends 6 hours in school and only 1 hour in tuition classes. Transforming schools, when done right, has massive potential to alter our country's future. LEAD, with its integrated school system, has broken new ground in this direction.

STARTUP ACQUISITIONS

AI firm Fractal acquires Neal Analytics

Source:<https://www.newindianexpress.com/>

Artificial intelligence firm Fractal, which recently turned into a unicorn, has acquired cloud and data engineering company Neal Analytics for an undisclosed sum.

With this acquisition, Fractal will strengthen its presence in the Pacific Northwest, Canada, and India. Neal Analytics will strengthen Fractal's AI engineering capabilities and cloud-first offerings on Microsoft's multi cloud ecosystems. Srikanth Velamakanni, Co-founder and Group Chief Executive, Fractal, said, "Neal Analytics has built a great client-centric, people-oriented culture, and has an impressive track record of solving and scaling AI engineering challenges, especially on the Microsoft platform, for marquee clients. This partnership will accelerate our ability to power data-driven decisions end-to-end for our Fortune 500 sized clients."

Good Glamm acquires Winkl and Vidooly, creates Good Creator Co for influencer platforms

SOURCE:<https://www.moneycontrol.com/news/business/>

GCC is targeting Rs 250 crore revenue by December 2022. It has 250,000 influencers and reaches out to 70 million users every month.

Content-to-commerce firm Good Glamm Group has acquired two more startups, Winkl and Vidooly, in the influencer management space for

an undisclosed amount. It has also created a new entity, Good Creator Co (GCC) for all the influencer and creator platforms under its umbrella including Plixxo and MissMalini besides these newly acquired companies.

Good Glamm has also invested Rs 200 crore in the new entity. The funds will be used to further build out its technology platform, and acquire and invest in complementary influencer companies and technology solutions. GCC will function independently and will also look to raise further rounds of capital from external investors. "Collectively when you looked at all the assets we have within the GoodGlamm Group, it made sense to put all the creator assets and spin them off into a new entity called the New Creators Co. The reason was twofold -- one is that that we really wanted to play at the level of the \$10 billion opportunity, that is influencer marketing segment. Second is we wanted to give Good Creator Co its own product technology roadmap to build and scale for creators," Priyanka Gill, co-founder, Good Glamm Group and Founder and CEO, Plixxo told Moneycontrol in an interaction. GCC will offer content creators and influencers access to the brand campaigns, monetisation opportunities, as well as affiliate and creator commerce programmes, celebrity talent management services among other things. Through the GCC app, influencers will be able to showcase their work and network with one another. It will also offer full-stack influencer marketing and services solutions to consumer brands and media agencies.

GCC is targeting Rs 250 crore revenue run rate by December 2022. It has 250,000 influencers and reaches out to 70 million users every month. The entity will be run by eight co-founders -- Malini Agarwal, Nowshad Rizwanullah, Mike Melli, Rahul Singh, Nikhil Kumar, Subrat Kar, Nishant Radia and Ajay Mishra. Agarwal, Rizwanullah and Melli are from MissMalini, the company which recently got acquired by Good Glamm. On the other hand, Singh and Kumar are the founders of Winkl and Kar, Radia and Mishra are from Vidooly.

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

Startup Recognition?

There are a number of benefits startups receive by the Startup India Scheme. Nevertheless, in order to avail these benefits, an entity is needed to be set up by the DPIIT as a startup.

Startups are allowed to self certify their compliance for six labour laws and three environment laws. This is allowed for a total period of five years from the date of incorporation/registration of the entity. Startups are allowed a three-year tax exemption and the best intellectual property services and resources solely built to help startups protect and commercialise their IPRs. The most preferred business structures for a startup are Private Limited companies and LLPs. A Private Limited company is legally recognized and generally favoured by investors. However, it has stricter compliance and may have a higher cost of incorporation.

Eligibility Criteria for Startup Recognition:

- The Startup should be incorporated as a private limited company or registered as a partnership firm or a limited liability partnership
- Turnover should be less than INR 100 Crores in any of the previous financial years
- An entity shall be considered as a startup up to 10 years from the date of its incorporation
- The Startup should be working towards innovation/ improvement of existing products, services and processes and should have the potential to generate employment/ create wealth. An entity formed by splitting up or reconstitution of an existing business shall not be considered a "Startup"

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