

# Startup Watch

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## STARTUP POLICIES

**Rajnath Singh approves Rs 499 cr budgetary support to MSMEs, startups, others for innovation in defence**

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

The Defence Ministry announced approval to budgetary support of Rs 498.8 crore by Defence Minister Rajnath Singh to the scheme Innovations for Defence Excellence (iDEX) by Defence Innovation Organisation (DIO). The scheme intends to financially support close to 300 MSMEs, startups, individual innovations, and 20 partner incubators under the DIO framework for the next five years to boost self-reliance and indigenisation in defence and aerospace sector of the country. The budgetary support would look at engaging MSMEs, startups, individual innovators, R&D institutes through grants or funding, and other support to carry out R&D development that has good potential for future adoption for Indian defence and aerospace needs.

“The scheme aims to facilitate rapid development of new, indigenised and innovative technologies for the Indian defence and aerospace sector to meet their needs in shorter timelines; create a culture of engagement with innovative startups to encourage co-creation for defence and aerospace; empower a culture of technology co-creation and co-innovation within the defence and aerospace sector and boost innovation among the startups and encourage them to be a part of the ecosystem,” the ministry said.

The Department of Defence Production (DDP) will release funds to DIO for “setting up and managing the iDEX network in the form of partner incubators, for communicating with innovators, startups, technology centres of MSMEs through such incubators including those under Department of Science and Technology regarding defence and aerospace needs.” DDP will also organize different challenges and hackathons to shortlist potential technologies and entities and evaluate technologies and products developed by innovators, and startups in terms of their utility and impact on the defence and aerospace setup. Other activities under the programme would include interfacing with the armed forces top brass about key innovative technologies and encouraging their adoption into the defence establishment with suitable assistance, indigenization, and integration in manufacturing facilities for successfully piloted technologies and organising outreach activities across India.

Importantly, the procurement of defence-related goods and services by the government from micro and small enterprises (MSEs) had increased, though marginally, by 2.2 per cent to Rs 9,293 crore in FY21 from Rs 9,090 crore in FY20 after declining from Rs 12,112 crore in FY19, Financial Express Online had reported. According to a statement by the Ministry of Defence in September 2020, around 11,000 MSMEs were engaged as vendors in supplying defence-

related goods to Ordnance Factory Board and defence PSUs.

## **Bombay Stock Exchange signs pact with ESC to encourage listing of start-ups**

*IBEF: June 02, 2021*

Bombay Stock Exchange (BSE), a leading stock exchange, announced that it has collaborated with Electronics and Computer Software Export Promotion Council (ESC) to build awareness among small businesses and start-ups, about the advantages of listing.

ESC is a Government of India sponsored establishment that aims to promote the India's export of Information and Communications Technology (ICT) sector and acts as a bridge between the government and the industry on promotional and policy matters.

It has a robust association of > 2,300 ICT exporters including the entire range of the electronics and IT industry in the areas like computer hardware, components, consumer electronics, instrumentation, telecommunications, as well as IT-enabled and software services.

Through this agreement, ESC would leverage its network of IT and electronics exporters across India and assess start-ups and the small and medium enterprises (SMEs) for listing on the BSE SME and start-up platform.

In addition, the ESC's network would get assistance for investing in SMEs listed on the BSE SME platform.

According to the exchange, "To enhance awareness and promote its platform, various events and roadshows would be conducted as a collaborative effort."

Mr. Ajay Thakur, Head of BSE SME and start-up, said, "This MoU would help us leverage ESC's pan India network of IT and Electronics exporters and build bigger awareness amongst the SMEs and start-ups about advantages of listing on the BSE SME & Start-up platform."

He added, the initiative would also help wide range of SMEs and start-ups to list on the exchange and raise equity capital and further grow their business.

Mr. Sandeep Narula, Chairman of ESC said, "SMEs (particularly the IT SMEs) are now subjected to greater opportunities for diversifica-

tion and expansion across the sectors. The IT industry in India remained resilient during the pandemic induced challenges and its response will go a long way in bolstering greater alliances with global customers."

He added, institutional ties between the BSE and ESC would cater significant areas to boost further growth in the sector through providing required support, offering opportunities to raise capital and build more awareness of the resources available in the market to improve business.

In March 2021, the SME platform was launched by BSE and 337 firms are listed on the platform so far, who have collectively raised ~ Rs. 3,500 crore (US\$ 482.69 million) from the market.

Out of the total number of companies listed on the platform, 99 firms have migrated to BSE primary platform.

## **STARTUP STORIES**

**Tech is the new mainstay in the new normal: Padmaja Ruparel, co-founder, Indian Angel Network**

SOURCE:<https://www.financialexpress.com>

In 2020, technology and digital innovation took the centre stage in sectors such as agritech, fintech, healthtech, manufacturing, etc.

The second wave of the Covid-19 pandemic has created panic amongst caregivers and patients about physical visits to medical facilities. Telemedicine is picking up and the trend continues with e-pharmacy, online delivery of medical supplies, etc. The opportunity for quality healthcare services, home care devices, online pharmacies, etc. is growing across the country," Padmaja Ruparel, co-founder, Indian Angel Network and founding partner, IAN Fund, tells Sudhir Chowdhary in a recent interview. Excerpts:

How do you see the investment opportunities for digitally-driven startups in 2021?

In 2020, technology and digital innovation took the centre stage in sectors such as agritech, fintech, healthtech, manufacturing, etc. Hence, 2021 is clearly seeing an increase in funding in

these tech-centric plays, B2B SaaS plays, which can scale quickly across geographies and new markets in the growing tier II and III cities that are waiting for innovative solutions. Thus, 2021 surely looks exciting with an increase in quality investment opportunities in India and overseas.

How do you analyse the past year in terms of challenges and learning for the startup ecosystem?

Despite the lockdown challenges in 2020, several startups saw the writing on the wall and quickly started to align with the new normal. They built a resilient model to respond to the ongoing crisis with a seamless shift from offline to online. They also realised that the pandemic has brought a behavioural change in customers' needs, spending habits, as well as mode of buying. And, the key to a successful transformation is to engage with changing customer behaviour and understand the market at large. Subsequently, a number of them reoriented their models towards online, leveraging deep technologies such as AI, Big Data analytics, IoT, etc.

Do you think startups that emerged from the crisis will have a larger opportunity in digital economy in 2021?

The year 2020 was catalytic for the country's startup ecosystem. Despite the pandemic challenges, the country witnessed the emergence of 11 Unicorns. More than ever before, startups enhanced their focus on emerging new-age technologies such as IoT, AI, data analytics, etc., to bridge wide-ranging gaps that were introduced in the market. Thus, technology is the new mainstay.

Moreover, the pandemic not just opened up new markets for startups but helped several of them to diversify into sectors that are bucking the trend with the creation of demand pockets. With deepening digital acceleration, innovation is playing a crucial role, adding value to the rapidly growing startup ecosystem.

How do you see the future of consumer brands that shifted online?

Consumer behaviour has changed in various ways—online shopping, focus on fundamentals, need for social distancing, etc. For consumer brands especially, the need to evolve product mix, packaging, distribution models, brand building mechanics, etc., has become the difference between success and failure. Also, there is a great opportunity for smaller brands to create an effective social media presence and scale online, with direct-to-consumer (D2C). And in 2021, we are seeing hybrid models emerging and will build higher scale and efficiencies.

With health and medicine gaining global attention, how do you see the growth of the sector this year?

The trends of 2020 in e-health and healthtech firms are continuing in 2021. The second wave has created further panic amongst caregivers and patients about physical visits to medical facilities. Telemedicine is picking up as it is convenient for both medical professionals and patients alike. The trend continues with e-pharmacy, online delivery of medical supplies, etc. Given the pandemic, preventive care and out patient departments are moving to the home enabled through technology. Close to 80% of hospital infrastructure is set to be in-patient focused. Hence, the opportunity for quality healthcare services, home care devices, online pharmacies is growing across the country. Healthcare is set to follow the penetration of the internet infrastructure.

### **Creating new companies: India Accelerator funded 27 start-ups in 2020; aims to mentor 100 start-ups in 2021**

*Source: <https://www.financialexpress.com/>*

The pandemic year (2020), Bhatia said, has been tough on start-ups. "The funding funnel dried up, revenues declined, profits shrunk, and companies scaled down growth plans. Early-stage and mid-stage start-ups are the worst-hit, especially in travel and transportation space," he said.



The India Accelerator (IA) is a seed accelerator started in March 2017; it aims to be the spawning ground for emerging tech start-ups. “The selected start-ups receive not only seed funding, advice and mentoring, and connections, but also other critical inputs required to enable them to be launched successfully,” said Ashish Bhatia, founder, IA, in a recent interaction with FE. The IA is part of the Global Accelerator Network, a group of 100-odd top accelerators in the world. “The IA model closely follows that of TechStars and other internationally-known accelerators,” he said.

Bhatia added that the IA is unique in terms of its intensive hands-on approach, 360-degree coverage, investor relationships, partner network and global focus. “Our mentors are all successful people who have the passion to build the entrepreneurship community. We are the only GAN-backed accelerator in India; GAN opens up numerous opportunities for our portfolio start-ups to expand globally, and also brings global mentorship and investment into the picture,” he said. The pandemic year (2020), Bhatia said, has been tough on start-ups. “The funding funnel dried up, revenues declined, profits shrunk, and companies scaled down growth plans. Early-stage and mid-stage start-ups are the worst-hit, especially in travel and transportation space,” he said.

At the same time, start-ups in the healthtech and edtech space witnessed a surge in revenues and attracted good funding. “The good thing is that none of the ‘our start-ups’ shut shop during these trying times. They pivoted, they reengineered, they scaled down in some cases, but they managed to stay alive and I’m sure they will strike back harder with things now looking up,” Bhatia said.

In 2020, the IA funded 30 start-ups in its cohort, and it aims to fund 100 start-ups this year.

Going forward, the IA is planning global expansion. “We are on the drawing board for launching a programme in Singapore, as a base for covering the Southeast Asian geography. Another focus is to expand our footprint to Africa,” Bhatia said.

## STARTUP FUNDING

### Logistics tech startup Locus raises \$50 million in funding led by GIC

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

The company will use the funds to augment its geographical reach and build its research and development team to help expand the product line, it said in a statement. Locus uses machine learning and algorithms to automate supply chain decisions.

Locus, a logistics tech start-up, on Wednesday said it has raised a fresh \$50 million in funding led by Singapore-based GIC. The investment, part of the company’s Series C financial round, also saw participation from Qualcomm Ventures, existing investors Tiger Global and Falcon Edge, and a clutch of angel investors including Amrish Rau, CEO of Pine Labs, and Kunal Shah, CEO of Cred. In all, investors have infused about \$80 million into the firm.

The company will use the funds to augment its geographical reach and build its research and development team to help expand the product line, it said in a statement. Locus uses machine learning and algorithms to automate supply chain decisions. The firm has clients across the Indian subcontinent, North America, Europe and Southeast Asia.

The firm claims that its solutions have resulted in savings of over \$150 million in logistics costs and reduced distance travelled by more than 70 million km for clients across sectors including e-commerce, retail, home services and business-to-business (B2B) distribution.

“We will be recruiting more PhDs in our data science team and are looking to double our patents by 2022,” said CEO Nishith Rastogi.

### Global Investment Giant KKR Invests in Eyewear Brand Lenskart

Global investment giant KKR has invested \$95 Mn in Delhi-based eye wear brand Lenskart via secondary sale. The deal will help existing investors TPG Capital and TR Capital partial exit from the company. According to reports, Tata Group’s emeritus Chairman Ratan Tata has also made an exit from the company.

## Moglix Becomes the latest Unicorn with \$120 mn fundraise

B2b ecommerce platform Moglix has become the latest Indian startup to join the rapidly growing unicorn list. Moglix raised total \$120 Mn in latest fundraising round that was co-lead by Falcon Edge Capital and Harvard Management Company, pushing company's valuation beyond \$1Bn. This fundraise also had a footprint of Tiger Global, which has played a critical role in propelling startups to unicorn valuation this year.

Moglix saw its valuation grew by more than 3X as compared to \$300Mn valuation it commanded 2019 funding round, when it raised \$60 Mn.

SOURCE:<https://www.techpluto.com/>

## STARTUP ACQUISITION

SOURCE:<https://yourstory.com>

- Bengaluru based edtech startup Masai School acquired design institute Design Shift Academy.
- Fintech startup BharatPe acquired multi-brand loyalty platform Payback India from American Express and ICICI Investments Strategic Fund for an undisclosed amount.
- Digital banking fintech Niyo acquired the Bengaluru-based personal finance startup Index.
- Fitness and wellness platform Cult.fit acquired Bengaluru-based connected fitness startup TREAD.

## Binny Bansal's xto10x Acquires HR Tech Startup Dockabl

SOURCE:<https://inc42.com>

- Docabl's current set of clients include giants like Becton, Dickinson and Company, Bajaj Capital, Airbnb, and Porter
- Dockabl will join the two products already offered by xto10x- 10xGoals and 10xPeople
- The full suite will now allow a comprehensive solution for an organisation's HR issues on a single platform

Binny Bansal-owned SaaS-based consultancy xto10x has acquired HR tech startup Dockabl for an undisclosed amount.

The acquisition will help xto10x's product offering, which includes platforms like 10xGoals (OKR strategy to execution platform) and 10xPeople (employee sentiment analysis and engagement platform).

## Tata Digital acquires majority stake in BigBasket

SOURCE:<https://www.financialexpress.com/>

Tata Digital announced the acquisition of a majority stake in BigBasket. Though the company did not disclose details of the transaction, filings with the Competition Commission of India earlier showed that Tata Digital has acquired about 64.3% of the total share capital of Supermarket Grocery Supplies, the business-to-business vertical of the e-grocer, through a combination of primary and secondary acquisitions.

The transaction valued at about \$1.2 billion is estimated to give BigBasket a post-money valuation of close to \$2 billion.

Grocery is one of the largest components of an individual's consumption basket in India, and BigBasket, as India's largest e-grocery player, fits in perfectly with our vision of creating a large consumer digital ecosystem," Pratik Pal, CEO of Tata Digital, said in a statement.

The deal sets the pitch for the Tatas' super app play. A super app is a service through which a company brings all its consumer offerings on a single platform. The conglomerate's entry into the digital fold will intensify competition in the e-commerce space that already has Flipkart, Amazon and Reliance jostling for a bigger share of the market.

While the deal has been in the works for some time, the timing could not have been more opportune. The pandemic has significantly altered consumer behaviour and nudged many more Indians to shop online. Consumers are increasingly banking on online platforms to buy all sorts of products — from apparel and fashion accessories to electronics and medicines.

**STARTUP EVENTS >> UPCOMING****Maharashtra Startup Week  
9th—13th August 2021****Applications are Now Open**Apply at - [www.msins.in](http://www.msins.in)

#MaharashtraStartupWeek

MSInSociety

MSInSociety

Startup Week is an annual flagship program of Maharashtra State Innovation Society where 24 startups across 8 sectors get work orders of Rs. 15 lakhs each & a chance to pilot with the Govt. of Maharashtra. Startups from across India are eligible to apply from the following focus areas: Agriculture, Education, Governance, Healthcare, Mobility, Skilling, Smart Infrastructure, Sustainability - Clean Energy, Sustainability - Waste Management, Sustainability - Water Management.

Top 100 startups will be shortlisted for the virtual pitches during the Maharashtra Startup Week from 9th Aug- 13th Aug. They will pitch to a panel that includes relevant govt department officials, industry, academia & investors. 24 startups will be chosen as winners. To apply visit [www.msins.in](http://www.msins.in). For any queries please reach out to [team@msins.in](mailto:team@msins.in). Last Date to Apply is June 15th, 2021

**STARTUP FAQs****1. Angel investors**

At the very nascent stage of your startup, the first on your to-do list is looking for angel investors. These investors are the first few people who will listen to your pitch. On foreseeing a promising association, they will also invest in the idea. Angel investors do not invest a very big amount but they also don't get into the technicalities of the venture.

**2. Business incubators**

Every industry today has programmes called business incubators to assist startups with proper financing and training when they are merely starting out. The programmes consist of industry experts serving as mentors-cum-investors to help entrepreneurs understand the current growth trends.

source:<https://cleartax.in/s/7-steps-to-register-your-startup-in-startup-india#faq>

**For Feedback & Comments, please contact:**

**High Commission of India,  
31 Grange Road, Singapore- 239702.**

**Email :** [com2.singapore@mea.gov.in](mailto:com2.singapore@mea.gov.in) ; [com.singapore@mea.gov.in](mailto:com.singapore@mea.gov.in)

**URL :** [www.hcisingapore.gov.in](http://www.hcisingapore.gov.in)