

# Startup Watch

ISSUE NO 36  
15 MAY 2022

FORTNIGHTLY  
NEWSLETTER



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## STARTUP POLICIES

**To boost startup financing, government offers incentives to VC, PE funds**

source: <https://economictimes.indiatimes.com/>

The government will let venture capital (VC) and private equity (PE) funds take a higher share of profit, earn more fees and go for a faster drawdown of the money they receive from the state's fund of funds. The fund of funds for startups (FFS) was introduced in 2016, for contribution to various alternative investment funds (AIFs) registered with the capital market regulator Sebi.

The FFS, run by the state-controlled Small Industries Development Bank of India (SIDBI), has invested more than Rs 9,400 crore in 86 AIFs (the regulatory term for PE and VC funds). SIDBI managed FFS has been one of the most important domestic institutional investors in Indian VC Funds and the liberalization of many existing onerous terms in the investment agreements will help in aligning such terms with those prevalent globally. Since AIFs often take a long time to mobilize capital from other investors, a quicker drawdown of the money committed by the FFS will enable that the deal making capability of AIFs is not hampered.

SIDBI is the country's largest limited partner (LP) or investor contributing to the capital of VC and PE funds.

**India sees birth of its 100th unicorn, total valuation reaches \$332.7 bn**

Source: India Brand Equity Foundation

With Neobank Open being the country's 100th unicorn, India's unicorn wave has reached an all-time high. According to the Ministry of Commerce and Industry, one out of every ten unicorns born globally was born in India. With the recent fundraising of US\$ 50 million led by IIFL and current investors, Temasek, Tiger Global, and 3one4 Capital, Neobank startup Open becomes India's 100th unicorn.

As of May 5th, the Indian Startup Ecosystem, which is the third-largest in the world in terms of unicorns, has 100 unicorns with a total valuation of US\$ 332.7 billion. According to the Ministry, 14 unicorns worth US\$ 18.9 billion were born in India during the first four months of 2022. The year 2021 saw a significant increase in the number of unicorns, with 44 firms joining the club during the course of the year, with a combined valuation of US\$ 93 billion.

Until fiscal year 2016-17, approximately one unicorn was added per year. This figure has been expanding exponentially over the last four years (from FY 2017-18), with a whopping 66% Year-on-Year growth in the number of additional unicorns introduced each year. Furthermore, according to ministry data, more than 69,000 startups have been recognised in the country

since the inception of the Startup India initiative on January 16, 2016.

## India has 70,000 recognised start-ups: PM Modi at Madhya Pradesh govt function

*Source: India Brand Equity Foundation*

Prime Minister Mr. Narendra Modi unveiled the Madhya Pradesh government's Start-Up Policy 2022 and a start-up portal through a video link. Startups would receive subsidies for rent and employee salaries under the proposed programme.

Prime Minister mentioned that in 2014, there were 300 to 400 start-ups in the country, but in eight years, their number has increased to 70,000.

Under the new programme, the state government will provide subsidies to start-ups for workspace rent, salaries, and product patents. If a start-up is working from a rented place, Rs. 5,000 (US\$ 64.34) per month will be paid for rent. It will also get Rs. 5,000 (US\$ 64.34) per month per head for a salary of up to 25 employees.

## STARTUP STORIES

### Qualcomm, MeitY tie up to support Indian semiconductor startups

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

With an aim to empower homegrown semiconductor startups, chipmaker Qualcomm India will collaborate with the Ministry of Electronics and Information Technology's (MeitY) Centre for Development of Advanced Computing (C-DAC).

"There is a huge opportunity for Indian semiconductor startups due to the incentives provided by the Government," Rajen Vagadia, VP and President of Qualcomm India & SAARC, said in a statement.

Qualcomm India plans to initiate and conduct the Qualcomm Semiconductor Mentorship Programme 2022 for select startups from the semiconductor space in India, with intent to provide and facilitate mentorship, technical training, and industry outreach.

## Bengaluru-Based Bellatrix Aerospace Tests Green Satellite Propulsion

*SOURCE: <https://techiai.com/bengaluru-based-bellatrix-aerospace-tests-green-satellite-propulsion>*

Bengaluru-based Bellatrix Aerospace has tested an eco-friendly propulsion system for satellites that cuts a new path from the hydrazine-dependent fuel systems and offers a potential 20% jump in fuel efficiency for space satellites.

Satellite thrusters run on toxic compound hydrazine known to have a severe environmental impact, pushing space researchers to scout for eco-friendlier alternatives. Bellatrix's recent testing of its green propulsion system also marks a key inflection point in the startup's journey in building a space taxi system for satellites. The startup would soon move it towards commercialization and look at making it into a product by the next year. The company believes that human space flight missions would also be an ideal use case candidate for the green propellant.

Bellatrix counts among a clutch of new age space tech startups in India that have taken venture capital funds to reach important frontiers in a global race towards better space programmes.

## STARTUP FUNDING

*Source: Inc42*

- Indian startups like Open, Zepto, Redcliffe Lifetech, Element5 and so on have raised approximately \$ 548 million across 22 deals in the first week of May. Between May 9 to 14, the ecosystem managed to raise \$396 Mn across 33 deals.
- Dental startup Toothsi raises \$40 million funding led by Eight Roads Ventures and others
- Third Wave Coffee is brewing new funding round led by Westbridge
- Redcliffe Lifetech raises \$61 million in funding led by LeapFrog Investments
- Absolute raises \$100 million in funding led by Sequoia Capital, Alpha Wave, Tiger Global

- Startup Buddy parent firm announces Real Time Accelerator Fund with Rs 100 crore corpus
- Ecommerce startup Evenflow raises \$5 million in funding from Village Global and others
- Thermal management startup, Tan90 raises Rs 5 crore in funding led by Blue Ashva Capital
- Neobank Open turns unicorn after \$50 million funding led by IIFL
- LeapFrog Investments Leads \$61 Mn Series B Funding In Healthtech Startup Redcliffe
- Bengaluru-based EV two wheeler startup Ather Energy bagging \$128 Mn in its Series E round
- and online restaurant table booking service platform Dineout to take on Zomato's dine-in business
- AI-driven financial lending platform CASHe's acquired Gurugram-based wealthtech platform Sqrll in an all cash deal
- IPO-bound Oyo acquired Croatia-based hospitality service provider Direct Booker
- Mumbai-based edtech unicorn upGrad has acquired the International School of Engineering (INSOFE) in a \$33 Mn share swap deal.
- Bhago Mobility Solutions, a green energy focussed startup has acquired equity stakes in Pastiche Energy Solutions.
- Big Band Food Tech, a food brand aggregator has announced the acquisition of Puran Singh Ka Mashoor Vishal Dhaba for an undisclosed amount.
- SatSure, a deeptech SaaS startup has announced the acquisition of SaaS application startup CropTrails.
- Interior design tech startup Flipspaces has announced the acquisition of Renomania, a platform to discover and engage with architects, interior designers, and brands.

## Skillmatics raises \$16 mn in series B funding round led by Sofina

Source: India Brand Equity Foundation

Skillmatics, a global brand for educational games and materials for children, has raised US\$ 16 million in Series B funding, led by Sofina with participation from existing investors, Sequoia Capital India and Jalaj Dani Family Office. The funds will be used to expand Skillmatics product offerings to new age groups and product categories, increase the brand's presence in new foreign markets, and undertake strategic acquisitions in adjacent areas. Skillmatics sells globally via online marketplaces, its own website and offline retailers like Walmart, Target and Hamleys.

With the Series B round, Skillmatics has raised close to US\$ 24 million, including a US\$ 6 million Series A round led by Sequoia Capital India in April 2021, and a US\$ 1.8 million seed round in April 2019 led by Sequoia India's Surge programme.

## STARTUP ACQUISITIONS

Source: Inc42

- Edtech giant BYJU'S-led Great Learning acquired Singapore-based Norwest Executive Education for about \$100 Mn in a stock and cash deal
- Food delivery giant Swiggy acquired dining
- Mumbai-based venture capital company, BLinC Invest announced the final closure of BLinC-II. The fund is oversubscribed by 100% of its corpus of INR 100 Cr.
- Gurugram-based Startup Buddy's parent has announced a launch of "Real-Time Accelerator Fund" with a corpus of INR 100 Cr with a greenshoe option of another INR 100 Cr.
- Homegrown venture fund –Tykhe Block Ventures has announced the launching of a \$30 Mn crypto fund.
- Venture Capital firm Quona Capital is likely to seal its third fund at \$325 Mn – \$350 Mn, significantly higher than the target corpus of \$250 Mn.
- Early-stage venture capital (VC)

## STARTUP FUNDS

Source: Inc42

firm Gemba Capital marked the initial close of its micro VC fund at \$10 Mn, but considering the response, the fund has received, the Bengaluru-based VC & private equity firm expects it to close at \$13 Mn.

## 9Unicorns to invest in DeepTech and FinTech

*Fiinews*

India's leading early-to-growth stage accelerator fund, 9Unicorns, has announced the fifth closure of its maiden fund at US\$100 million with plans to focus on DeepTech, Enterprise SaaS, Web 3.0, FinTech, Media, InsureTech, HealthTech, EduTech & D2C startups.

The fund has so far invested in 110+ idea and product startups including a few growth stage and series C players like Vedantu, ShipRocket, ShopKirana.

For this year, it plans to invest US\$500,000 to US\$1 million in the idea stage and up to US\$2 million in high-growth stage Series C and above startups.

Backed by global LPs, 9Unicorns' USP lies in the fact that it allows the startups to tap into its vast Indian business communities in cities beyond the metros immediately enabling them to go pan-India.

It directly allows getting early customers, distribution partnerships, cross-portfolio synergies for startups leveraging the pre-existing network of over 5,500+ investors, founders and executives in its ecosystem.

## OTHER DEVELOPMENTS

*Source: Inc42*

- Vijay Shekhar Sharma-led Paytm has granted 39,70,721 new ESOPs worth around INR 220 Cr to its employees
- Bengaluru-based fintech unicorn Razorpay announced an ESOP liquidation program worth \$75 Mn, with participation from Lightspeed Venture Partners and Moore Strategic Ventures
- SaaS-based travel platform ITILITE announced the completion of its maiden ESOP buyback. All existing and former employees

were given an option to liquidate their 100% ESOPs in this round.

- Newly minted unicorn Oxyzo is launching an ESOP pool worth close to INR 380 Cr for its employees, Inc42 exclusively reported.
- Online food aggregator, Zomato's CEO Deepinder Goyal is donating worth \$90 Mn proceeds received after vesting his ESOPs into Zomato Future Foundation (ZFF).

## India-Germany agree to work on AI startups

*Fiinews*

India and Germany have agreed to work together with focus on Artificial Intelligence (AI) startups as well as 'AI' research and its application in Sustainability and Health care, said Science and Technology Minister Dr Jitendra Singh who held bilateral talks with German Minister for Education & Research Bettina Stark-Watzinger in Berlin.

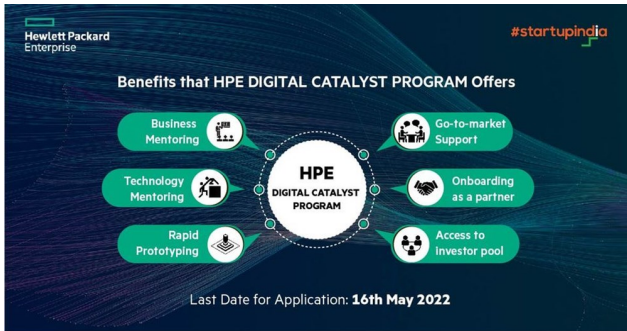
Frontier areas like Electric Mobility, Cyber Physical System, Quantum Technologies, Future Manufacturing, Green Hydrogen Fuel, Deep Ocean research are emerging as new areas of partnership between India and Germany. Both the Ministers agreed that there is a lot of scope to work together in Artificial Intelligence for which experts on two sides have already met. An Indo-German call for proposals for this would be raised soon inviting proposals from researchers and industry.

Dr Jitendra Singh recalled that in November 2019, during Chancellor Merkel's visit to Delhi, Germany and India had agreed to establish a joint research programme in Artificial Intelligence.

Two countries have already started mapping each other's strength in areas like application of Artificial Intelligence in Sustainability and Healthcare.



## STARTUP EVENTS >> UPCOMING



### HPE Digital Catalyst Program

HPE Digital Catalyst Program is an initiative to identify, support, co-innovate and go to market with the next generation of digital disruptors in the Indian start-up ecosystem.

HPE teams will work with a selected cohort of start-ups to build enterprise grade joint solutions combining the agility of start-ups with the time-tested performance of HPE and thereon to explore joint go-to-market models to address enterprise customers.

For participation details please refer to the below weblink:

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<https://www.hpe.com/in/en/about/India-startup-connect.html>

## STARTUP FAQs

### What is a Unicorn?

Unicorn refers to a company which is valued at or above \$1 Bn in valuation.

### How many unicorn companies are there in India?

Indian startup ecosystem has seen entry of 100 startups in the unicorn club to date. However, out of these 100 startups, 5 companies got acquired, 3 are currently valued under \$1 Bn and 10 are listed companies

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