

# Startup Watch

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## STARTUP POLICIES

### Finance Minister Nirmala Sitharaman outlines govt's boost to biotech sector

source: <https://www.financialexpress.com/industry/fm-outlines-govts-boost-to-biotech-sector>

Finance minister Nirmala Sitharaman on Monday said the government has supported over 3,500 start-ups and small businesses, and 55 bio-incubators in the wake of the Covid-19 outbreak, creating a pool of intellectuals in the biotech sector. Over 200 new products have been introduced in the market in recent months, thanks to the joint endeavour of the government and the private sector.

Speaking at a CII event, the minister said the country was able to quickly build up the capacity for testing, reflecting its efforts towards self-reliance. Also, today various countries are looking at India for the supply of vaccines.

In the Budget for FY22, the government has raised the spending on health and well-being by as much as 137% to Rs 2.24 lakh crore in FY22. The minister had earlier justified the inclusion of water and sanitation in health expenditure to show more than doubling of spending on that head by citing a World Health Organization (WHO) report that sanitisation was a crucial component of healthcare.

Even the actual allocation for the ministry of health and family welfare has been raised by 9.6% for FY22 and that of the Ayush ministry by a whopping 40%, she had said.

### Karnataka government to revise startup policy

Source: <https://yourstory.com/2021/03/karnataka-government-startup-policy-bs-yediyurappa>

The Karnataka government will revise the existing startup policy, announced Chief Minister B S Yediyurappa who also holds the Finance Ministry portfolio. Presenting the State Budget on Monday, the chief minister said that there would be a revision of Karnataka's startup policy but no details were made immediately available. Karnataka was one of the first states in the country to come up with a separate policy for the startup ecosystem. This initiative received a major boost after Prime Minister Narendra Modi launched Startup India mission in 2015. The state's capital Bengaluru is often dubbed as India's Silicon Valley and is already considered as one of the major startup hubs in the country, attracting both talent and venture capital fund. It is also home to numerous unicorns in the country. The chief minister also announced the establishment of a new venture capital fund of Rs 100 crore to support new and emerging technology institutes. The Budget also intends to initiate measures to formulate cyber-security policy and data centre policy. Keeping in step with the trends in the advancements of technology, the Karnataka Budget has also announced the establishment of a research park at an expenditure of Rs 10 crore to promote research of quantum computing and related technologies. The state

government has already created the Centre of Excellence for Data Science and AI in partnership with NASSCOM in Bengaluru. This initiative seeks to position the state as a premier global destination for artificial intelligence. The objective of this centre is to foster disruptive innovation by creating an entrepreneurial ecosystem and quality human capital to meet the AI talent requirements. The State Budget also laid out an outlay of Rs 7,800 crore for Bengaluru with projects such as the peripheral ring road, fast-tracking the implementation of the suburban rail project, doubling railway lines, as well as creating tree parks and automatic ticketing systems. These announcements are expected to ease the infrastructure woes of the city.

## SEBI's Expert Group To Study SPAC Potential For Indian Startups

Source: <https://inc42.com/buzz/sebis-expert-group-to-study-spac-potential-for-indian-startups>

- The group, formed under SEBI's Primary Market Advisory Committee (PMAC), has been asked to submit a report on SPACs
- SPACs are usually formed by private equity funds or financial institutions, who have expertise in a particular sector
- In recent weeks, Indian startups have been reported to have mulled the possibility of using SPACs to list in the US

India's securities and market regulator the Securities and Exchanges Board of India has reportedly formed a group of experts to examine the feasibility of bringing regulations for special purpose acquisition companies (SPACs) which could boost the prospects of domestic listing of startups.

As per unnamed sources in an ET report, SEBI has tasked its primary market advisory committee (PMAC) with submitting a report on SPACs in India, along with "adequate checks and balances" to mitigate risks or complexities in the SPAC route under current Indian law.

With SPACs seeing traction and momentum in the US and other western markets, there has been increasing demand that SPACs should be regulated and allowed in the Indian market as

well to ease listing of startups, which are typically not able to satisfy the government's profitability criteria for a traditional public listing through an initial public offering. A SPAC is a development stage company, also known as a blank-check firm, with a business plan centred around a merger or acquisition with another company, before going public.

### Indian Startups Line Up For SPACs

Walmart-owned ecommerce major Flipkart is reportedly exploring a public listing in the US via SPAC. Although, the company may decide to go with a traditional initial public offering (IPO). While Flipkart is reported to be in talks with a blank-check firm to list itself in the US, several Indian tech startups are exploring the SPAC route for a public listing, as it involves less regulatory scrutiny, along with more certainty over the valuation and funds that will be raised. It also helps the companies acquired by a SPAC go public during inclement market conditions or uncertainty in traditional IPO route.

Besides Flipkart, Droom, PolicyBazaar, Zomato, Delhivery and Grofers are also planning IPOs (initial public offerings) this year. Given that none of these startups are profitable, an overseas listing for most of them is a near certainty. SoftBank-backed online grocery seller Grofers is expected to raise \$400-\$500 Mn through a public listing on Nasdaq by merging with New York-based Cantor Fitzgerald's blank-check firm.

In February, the Indian government relaxed some rules around foreign listings for Indian startups. It clarified that Indian tech companies that choose to list on overseas stock exchanges would not be considered as listed companies in India. Until now, companies that raised funds from public investors on overseas exchanges were considered as listed companies in India as well, and subject to stringent rules and regulations mandated by SEBI. These include disclosures on a quarterly basis to the regulator on the financial performance as well as corporate governance.

## 44,534 startups recognised by DPIIT: Som Parkash

Source: <https://www.financialexpress.com/industry/sme/44534-startups-recognised-by-dpiit-som-parkash>

As many as 44,534 startups have been recognised by the department for the promotion of industry and internal trade (DPIIT) as of February 24 this year, Parliament was informed on Wednesday.

In a written reply to the Lok Sabha, Minister of State for Commerce and Industry Som Parkash said Startup India is a flagship initiative of the government launched on January 16, 2016. The initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to the growth of startups. "Since, the launch of Startup India initiative, a total of 44,534 startups have been recognised by the DPIIT as on February 24, 2021," he said.

The recognised startups are eligible for several benefits under the Startup India initiative. They avail tax exemptions besides other support measures. As many as 339 startups have been granted income tax exemptions till January 2021. In a separate reply, he said startups are eligible for an 80 per cent rebate in patent filing fees and 50 per cent on trademark filing fees.

"Till date, 5,253 applications for patents have been filed by startups under the SIPP (startups intellectual property protection) Scheme, out of which 514 patents have been granted. Till November 2020, total number of Trademark applications filed – 12,264," he added. About the fund of funds scheme, he said as of December 1, 2020, an amount of Rs 1,322.05 crore stands released to SIDBI, out of which Rs 500 crore was given in 2015-16; Rs 100 crore in 2016-17; Rs 431.30 crore in 2019-20 and Rs 290.75 crore in 2020-21.

## STARTUP STORIES

### If data is the new oil, Datacentres are the new strategic reserves – An India Growth Story in the making

Source: <https://community.nasscom.in/communities/data-science-ai/if-data-is-the-new-oil-datacentres-are-the-new-strategic-reserves-an-india-growth-story-in-the-making>

While reading the quote "If granaries are important for grains and food grains, if a warehouse is important for manufacturing goods, a good datacentre is very important for a digital economy." from Shri Ravi Shankar Prasad, Minister for Communications, Electronics & Information Technology and Law & Justice, Government of India, on a datacentre launch; I could only think of the corollary where if data is the new oil then datacentres are the new strategic reserves.

Also, one fact that clearly comes out from this quote is that a good datacentre infrastructure is the backbone of a successful digital economy. While we were doing our report "India – The Next Datacentre Hub" we heard the same sentiment being echoed from the industry veterans as well, where they were completely in support for increased investments in the sector which are crucial for making India a digital economy. This is also reflected in some of the recent announcements by that have come in such as:

Adani Group's JV with US firm EdgeConnex to build data centre parks in 6 Indian cities

Hiranandani Group's plan to set up a datacentre park in West Bengal

ST Telemedia's plans INR1,100cr data centre campus in Noida

The pandemic has also been a key factor that has pushed the demand for digitisation and in turn datacentres. Consequently, we expect datacentre investments in the country to increase to \$4.6 billion per annum by 2025 in a business as usual scenario, with an expected share of ~2.5% in the global market by 2025 and a 1.3X growth over 2019.

**These investments can get further push if the government is able to put some of the recommendations we have put together from the industry in practice.**

Some of the key recommendations for the government include:

- Faster implementations of the recent datacentre draft policy
- Promote use of renewable energy including natural gas for powering datacentres
- Level playing field should be provided for all datacentre investments
- Policy should encourage deemed approval system for regulatory clearances

- Domestic production may be incentivized, however the policy may ensure there are no unnecessary barriers for import of specialized equipment which would be critical for growth & efficiency of datacentres in India
- BIS approvals for equipment used in datacentres needs to be expedited
- Digitisation of RFPs to lead by example. With these recommendations in place these investments can go up to \$6.0-\$8.0 billion per annum increasing India's share in the global market to 3%-4%.

## STARTUP FUNDING

### Temasek commits \$500 million to anchor Leapfrog Investments' future funds

source: <https://economictimes.indiatimes.com/tech/startups/temasek-pledges-500-million-to-anchor-leapfrog-investments-future-funds/>

Private equity fund, Leapfrog Investments, has received a commitment of \$500 million from Temasek, an investment company owned by the Government of Singapore, to anchor all its future funds, a senior company official said. Leapfrog, which is currently investing out of its \$750 million fourth fund that it raised in 2018, has so far received close to \$1.5 billion across its all funds. "A third of our total funds have flowed into India," said Andy Kuper, founder and CEO, Leapfrog Investments. The fund invests in companies that cater to the healthcare and financial inclusion needs of Southeast Asia, Africa and India.

"The \$500 million commitment from Temasek will be the anchor investment for our future funds. This comes as a huge vote of confidence in the fund's investment strategy," Kuper said. He, however, refused to share the nature of returns his fund has provided to its LPs (limited partners) citing regulations

Apart from coming in as their LP, Temasek has also purchased a minority stake in the seven-partner fund and will hold a non-executive board seat. "This capital will go towards growing our teams in countries including India, Southeast Asia and Africa and in increasing our cov-

erage of these markets," Kuper said. Temasek is the first external investor in the fund as a GP. The fund, founded in 2007, picks up minority stakes in companies or backs strong management teams as a majority investor. The fund invests anywhere between \$10 million and 60 million in companies across growth stages. "We look at backing companies that have strong corporate governance practices and has a clear path to profitability for a holding period of three to seven years," Kuper said. Some of its notable investments include Mahindra Insurance Brokers (sold stake to Axa), Northern Arc (sold stake to Eight Roads Venture), Shriram CCL (management bought back the stake). Its current portfolio includes companies such as MedGenome, Bima, Ascent Meditech and Fin-care in India. Flush with liquidity, global capital is increasingly finding its way to Indian startups.

Temasek, which has invested more than \$12 billion in India in the last 15 years, is increasingly taking bigger and bolder bets in India's burgeoning new economy companies and startups. Some of its recent investments include Byju's, Zomato, PolicyBazaar and Pharmeasy among others.

### Insurtech startup Symbo raises \$9.4M in round led by CEFIF, Think Investments

source: [https://yourstory.com/2021/03/insurtech-startup-symbo-platform-million?utm\\_pageloadtype=scroll](https://yourstory.com/2021/03/insurtech-startup-symbo-platform-million?utm_pageloadtype=scroll)

Singapore-based insurtech startup Symbo Platform Holdings raised \$9.4 million in a round led by CreditEase Fintech Investment Fund (CEFIF) and San Francisco-based Think Investments. The round also saw participation from existing investors Integra Partners, Insignia Ventures, and AJ Capital. In a statement, the startup said a large portion of the fund has been earmarked for investments in Symbo's Indian affiliate. The Indian arm, Symbo India Insurance Broking, has been mainly working towards simplifying insurance for customers. It is helping users buy covers personalised to their needs. The startup said it provides small-ticket products such as marathons, fitness, and spectacle covers. In India, Symbo works with clients including Bajaj

Finserv Health, eyewear retailer Lenskart, corporate entities, and insurance industry incumbents. "With the proceeds of this round, Symbo intends to continue investing in its core technology and leadership team to bring its offerings to scale," the statement said. "Key areas of investment will be recruitment across technology and product functions, along with senior business development hires in Singapore, Malaysia, and Indonesia." Symbo, founded in 2017, is a tech platform used by individual agents, third-party administrators, brokers, insurers, and corporate entities across India and Southeast Asia for distribution, purchase, and administration of insurance products. In India, it has three distribution mechanisms: enterprise, affinity, and point of sale partners. The startups claimed that it supports more than 80,000 agents and 45 technology licensing partners, thereby supporting over \$100 million in annual gross written premium across India, Malaysia, Singapore, and Indonesia. "Our vision and mission are to be an innovative insurance business, providing best-in-class claims, consulting, and buying experiences to our customers and partners," said Anik Jain, Co-founder and CEO of Symbo India Insurance Broking. "The funding will be used to strengthen our technology and expand our agent and partner footprint, so we can continue to drive insurance penetration in the country."

## STARTUP ACQUISITIONS

- Corporate training and skilling startup ImaginXP announced the strategic acquisition of edtech platform Noesis Learning. ImaginXP enables universities to provide skills-focussed degree programmes and for-credit certification courses focussed on corporate training. Its MyCoach platform brings 1250+ corporate coaches for mentorship to students. The Noesis Learning acquisition is aimed at bringing in digital acceleration for the ImaginXP higher education model. With the acquisition, the companies aim to capture the university embedded space as well as online degree programmes.
- VerSe Innovation, the parent company of the latest content aggregator unicorn Dai-

lyhunt and short video app Josh, has acquired Vebbler, which is an interest-based photo and video sharing app. Vebbler was founded in 2013 by Sahil Bhagat as a social network for meaningful conversations. In a press statement, VerSe Innovation said, "The combination of Vebbler's product capabilities with our platform will improve our ability to drive innovation around the camera and social engagement and play a more meaningful role in capturing the mindshare, timeshare, and revenue share of Bharat's local language users."

## OTHER DEVELOPMENTS

### Google Announces Grants For Women Entrepreneurs

On International Women's Day this week on March 8, global tech giant Google India has launched a 'Women Will' web platform to guide female entrepreneurs to start earning effectively and grow their businesses. The platform will be complemented by community support, mentorship and accelerator programmes for rural women in India as part of the Google Internet Saathi programme.

Alphabet and Google CEO Sundar Pichai announced \$25 Mn in grants to non-profit and social enterprises in India as well as across the globe to support the economic empowerment of women in the country. Pichai has committed to help a million Indian women in rural villages to become entrepreneurs through business tools, tutorials and mentorship.

**STARTUP EVENTS >> PAST****Inspreneur Connect–Vector 2**

Time	Agenda
11:00am-11:05am IST/1:30pm-1:35pm SGT	Welcome and context setting, NASSCOM, Mr Gagan Sabharwal
11:05am-11:10am IST/1:35pm-1:40pm SGT	Remarks by High Commissioner of India to Singapore, H.E. Mr. P. Kumaran
11:10am-11:20am IST/1:40pm-1:50pm SGT	Remarks by Head of Cisco Investments and M&A, Asia Pacific and Japan, Mr Rajiv Menon
Startup pitches: 10 minutes pitch by Startup and 5 minutes Q&A	
11:20am-11:36am IST/1:50pm-2:06pm SGT	Sector: Agritech • RMSI Cropalytics, Ms Roli Jindal
11:36am-12:24pm IST/2:06pm-2:54pm SGT	Sector: Enterprise Solutions • FORMCEPT Technologies, Mr Suresh Srinivasan • Quintype, Mr Chirdeep Shetty • Simplify360, Mr Niranjana
12:24pm-12:40pm IST/2:54pm-3:10pm SGT	Sector: IOT Hardware • Fabheads, Mr Dhinesh Kanagaraj
12:40pm-12:56pm IST/3:10pm-3:26pm SGT	Sector: Mobility • Statiq, Mr Akshit Bansal
12:56pm-1:12pm IST/3:26pm-3:42pm SGT	Sector: Retailtech • ParallelDots, Mr Ankit
1:12pm-1:15pm IST/3:42pm-3:45pm SGT	Concluding, Mr Gagan Sabharwal

The High Commission of India, Singapore, in association with Nasscom organized Inspreneur Connect-Vector 2.0, the second session of a virtual *series to connect* Indian Startups with Singaporean VCs on 11th March 2021.

High Commissioner, Mr P Kumaran spoke at the event. In the event, 7 chosen startups pitched before the Singapore startup investors.

**STARTUP FAQs****1. Who can register with startup India ?**

An entity incorporated as a Private Limited Company, Partnership Firm or a Limited Liability Partnership can register themselves under the startup India scheme. The annual turnover of these business entities should not exceed 100 crores, and they should have been in existence for up to ten years from the date of its incorporation/ registration. Such an entity should be working towards innovation, development or improvement of products or services or processes.

**2. What are the benefits of signing up with startup India?**

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.

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

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

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