



INDIAN TECH START-UP ECOSYSTEM

YEAR OF THE TITANS

EDITION 2021

Foreword



Debjani Ghosh
President, NASSCOM



Pari Natarajan
CEO, Zinnov

While 2020 was the year of antifragility, 2021 has been the year of unparalleled growth in the Indian start-up ecosystem. With the technology, innovation, and entrepreneurship trifecta leading the way for the Indian economy, the past year has been about realigning and resetting to the 'new normal,' and how! The numbers say it all – 42 newly minted unicorns, massive USD 24.1 Bn of funding, and 11 IPOs with a collective market capitalization of USD 47 Bn. Additionally, 2021 was also spectacular for Mergers & Acquisitions, with nearly twice the number of M&As from 2019 – yet another all-time high for the ecosystem.

Indian start-ups are fast becoming the champions of India Inc's growth story with the number of direct and indirect jobs being created – driving significant economic and societal growth. Not to mention the 2X increase in private market valuations. Fearlessly chasing opportunities across verticals, such as BFSI, Edtech, Enterprise Tech, Retail & Retail Tech, HealthTech, FoodTech, SCM & Logistics, Indian start-ups are shape shifting verticals. They are leveraging deep-tech to solve challenges across 25+ industries, showcasing both outstanding depth and breadth.

With an ever-expanding base of funded start-up pool, active unique institutional investors, the Indian ecosystem continues to remain healthy, multi-faceted, and dynamic. It has all the hallmarks of a trailblazer and is already leaving an indelible mark on the global start-up landscape. The icing on the cake is the declaration of 16th January as the National Startup Day by the honorable Prime Minister of India.

In 2022, the Indian start-up ecosystem is poised to catapult its journey, with continued momentum across investments, M&As, IPOs, and unlocking value from breakout verticals such as Agriculture, Gaming, Blockchain, Web3, Automotive, Industrial, and Manufacturing.

While the year 2021 will be remembered as the year we defied all odds, 2022 we believe, will be remembered as the breakthrough year that unlocked exponential value.

We hope that insights from this report are helpful to you and welcome your feedback and comments at research@nasscom.in.



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Executive Summary

Snapshot of the Indian tech start-up ecosystem in 2021

25,000 - 26,000

Total number of Indian tech start-ups¹ founded between 2011-21

40%

Per% share of start-ups following B2B business model

42

New unicorns¹ added in 2021

750+

Active² institutional investors¹ in 2021

2250+

Number of tech start-ups founded in 2021

39%

Cumulative growth rate (10-year CAGR) of Indian start-ups

12%

Share of Indian start-ups leveraging deep technology³

\$ 24.1 Bn+

Total equity investments raised by Indian start-ups in 2021

Note: (1) Please refer start-up, unicorn, institutional investors definition in "Notes for the Reader". This report only covers start-ups founded in 2011-21 (2) Active investors are investors who have made at least one investment in the calendar year (3) Deep-tech includes start-ups leveraging AI/ML, AR/VR, IoT, Blockchain, Robotics, 3D Printing, Big Data & Analytics and Drones for their solutions.

Indian tech start-up ecosystem continues to strengthen at its core ...



Inclusive and Diverse Ecosystem

- 29% of all start-ups are based outside established hubs
- 10-15% of start-ups have at least one woman co-founder, including 10 Unicorns
- 48% of the start-ups are building solutions for India 1 and India 2 income group
- 12% are building solutions for India 3 income group



Increasing Breadth and Depth in Sectors

- BFSI witnessed a breakout year, accounts for 13 Unicorns and 35+ potential unicorns; and 25% of investments in 2021
- Retail and Retail Tech, EdTech, Food Tech, SCM & Logistics cornered 35% of investments
- Agri Tech, Automotive, Social Platforms, Industrial and Manufacturing witnessed significant up-tick



Intensifying Corporate Participation

- 260+ unique corporates active in 2021; up from 170+ in 2020
- 175+ unique corporates invested in start-ups in 2021; with 52% being global MNCs
- 80+ unique open innovation programs; with 62% hosted by global MNCs with R&D centers in India



Deepening Investor Commitment

- 750+ unique institutional investors active in 2021; 1.8X of participants in 2020
- Pool of active Angel investors went up to 2400+, up by 20% from 2020
- 3X more investors participated in mega rounds (deals > \$100Mn) compared to 2020
- 52% of the deals had at least one India-domiciled investor

... and has a strong foundation for long-term success



Home of Unicorns

- 70 Active Unicorns
- 42 Unicorns added, across 18 sectors, highest in a single calendar year ever
- 135 potential unicorns, with 58 additions in 2021 – highest ever in a calendar year
- 55+ global unicorns with R&D center in India, 6X from 2015



Collaborative Growth Playbook

- 24% of Unicorns and potential unicorns are actively acquiring, investing or collaborating with other start-ups
- >2X increase in M&A deals executed by the pool, compared to 2020
- 10+ Late Stage start-ups have structured open innovation programs



India's Unique Digital Infrastructure

- India Stack has significantly expanded the total addressable market in India
- Start-ups are leveraging stack to build innovative solutions and growing quickly
- BFSI is set for yet another wave of large-scale shift, while Healthcare is gearing-up its "UPI moment"



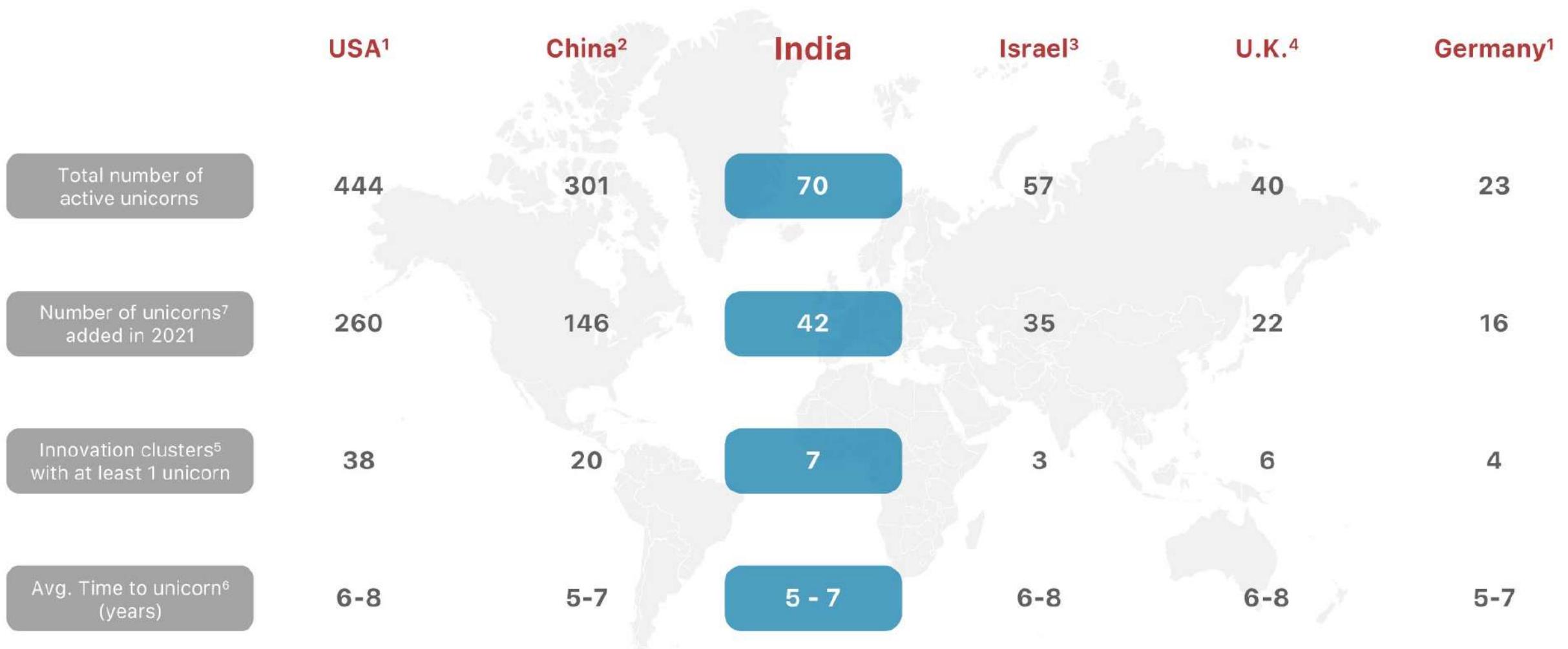
Wealth Creation for 1.3Bn Indians

- 6.6L direct jobs, and 34.1L indirect jobs created by start-ups in last decade
- Cumulative valuation of the start-up ecosystem is estimated to be \$320-330Bn
- \$400Mn+ transferred in wealth across 10,000+ employees via ESOP buy-backs, up 6-7X y-o-y



**2021 will be remembered as
the year Indian start-ups
delivered on the promise**

India added 3rd highest number of unicorns in 2021, after USA and China



Source: (1) CB Insights – the complete list of unicorns (2) Hurun Global Unicorn List 2021 (3) Tech Aviv Israel Unicorn List (4) Beauhurst UK Unicorn List Data as on 31st Dec 2021 (5) Towns and Cities have been combined into clusters. For instance, Silicon Valley clusters includes Palo Alto, Menlo Park, San Jose, Mountain View etc. Similarly, Delhi-NCR cluster includes Delhi, Noida and Gurgaon. (6) Time to attain unicorn status is calculated from Year of Inception. (7) Kindly refer unicorn definition from "Note for readers"

With \$24.1 Bn+ in equity investments, 2021 overshadowed pre-pandemic highs

~ 2X

Total investments in the year,
compared to 2019

1180+

of Unique start-ups raised fresh
investments in the year

690+

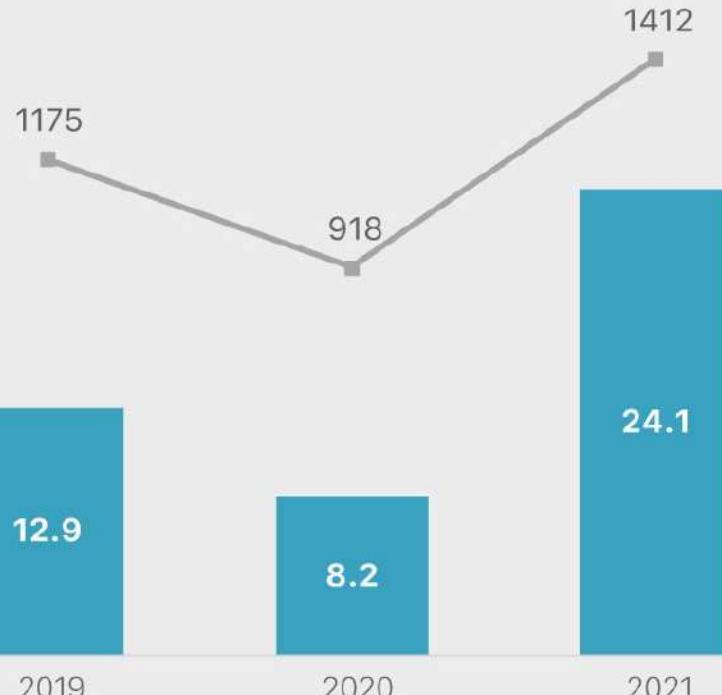
of Unique startups that raised
their first-round¹

61%

% of Total Investments raised
by Unicorns in 2021

Equity investments² in Indian start-ups, by calendar year³

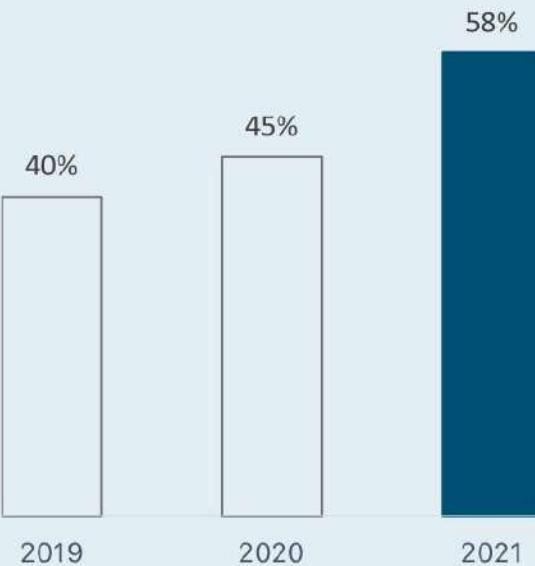
Total Funding (\$ Bn) — No. of Deals



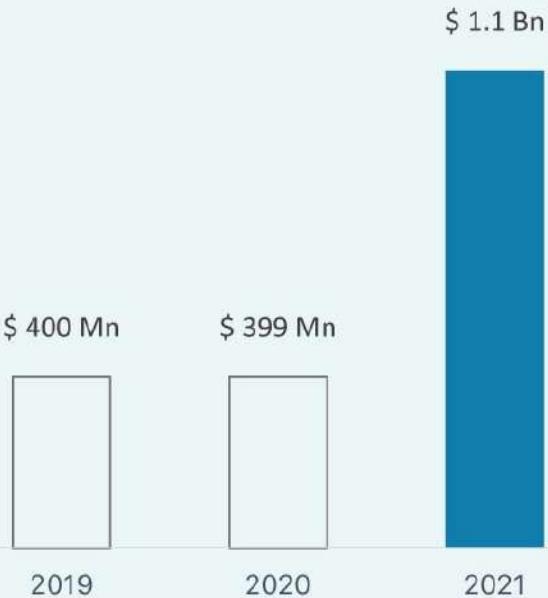
Note : (1) First-round refers to the first equity funding round of a tech startup. (2) Investment analysis is done for start-ups and unicorns founded in the last 10 years (3) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken

58% of all tech start-ups funded in the year raised their first-round, up 13% from 2020

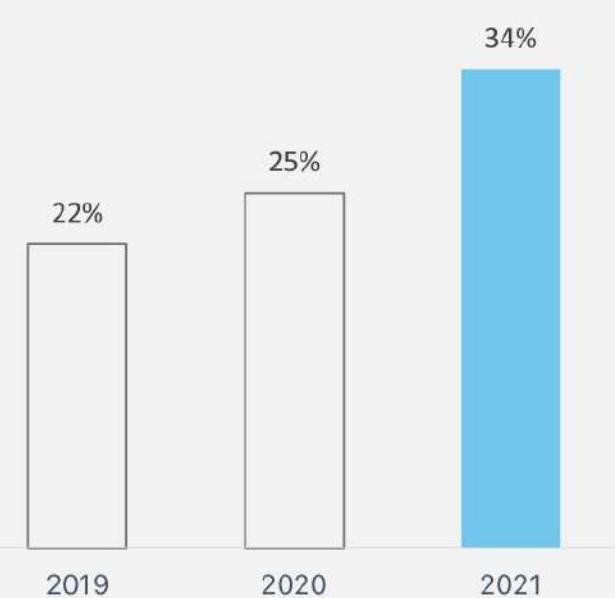
% Share Of Start-ups Raising First-round¹
Of all Unique start-ups funded, by calendar year²



Cumulative Investments raised by start-ups
raising their First-round, by calendar year²



% Share of Start-up Raising First Round
within 2 Years from Inception, by calendar year²



Enterprise Tech, BFSI, EdTech, Retail and Retail tech continue to be investor favorites at early-stage.

Start-ups raised their first-round in 2021, raised a cumulative of \$ 1.1 Bn, **2.7X from 2020**

Investors betting on start-ups, early in their journey, reflects **increasing confidence** and higher risk-appetite

2021 was a defining year for public offers with 11 tech start-ups getting listed in India and overseas

\$ 6.2 Bn

Total Capital raised via public market listing

\$ 47.8 Bn

Cumulative Market Capitalization¹
(of the start-ups that raised IPO in 2021)

67X

Average Over-Subscription
(for the start-ups that listed IPO in 2021)

16

Start-ups expecting IPO in 2022
(8 start-ups have filled DRHPs)

Start-ups that raised IPO in 2021

MapmyIndia

RateGain

Fino

NYKAA

Paytm

zomato

EaseMyTrip.com

Nazara™

freshworks

CarTradeTech

policybazaar.com

Start-ups expected to go public in 2022

uc Urban Company

SWIGGY

Flipkart

Pine Labs

MobiKwik

BYJU'S

OLA

droom

PharmEasy

ixigo

OYO

blinkit

DELHIVERY

snapdeal

Tracxn

M&A pace rebounded massively with more than 70% growth over 2019

66%

Of acquisitions led by
Indian Start-ups

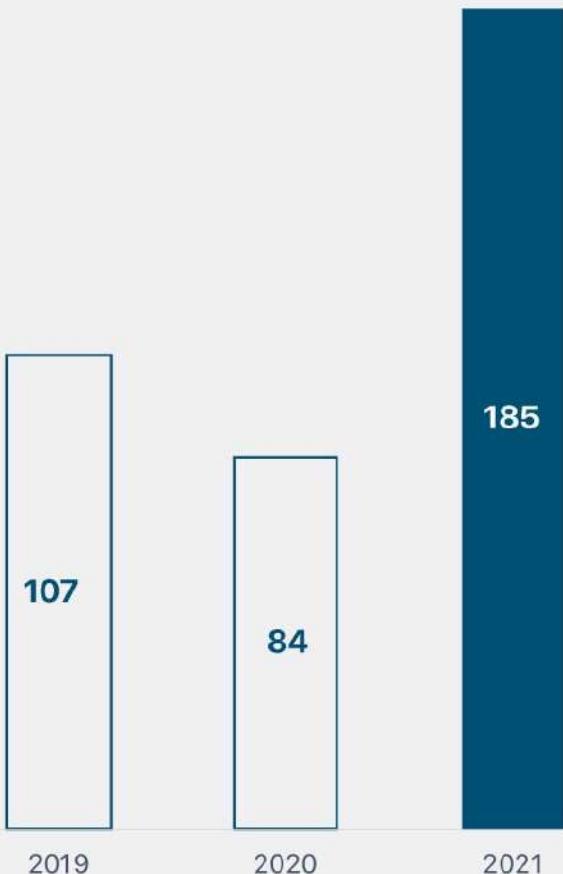
5-7 years

Average age of targets

52%

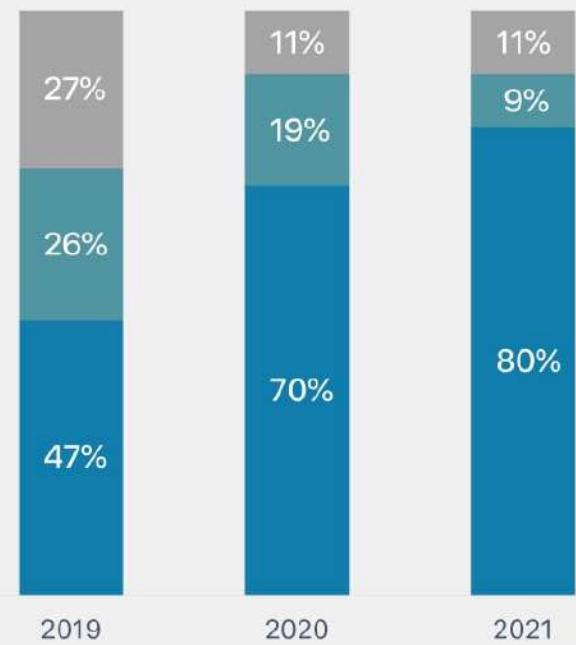
Of acquired start-ups were B2B

Number of M&A Deals,
by calendar year¹



% Distribution of M&A Deals
by type of acquirer, by calendar year¹

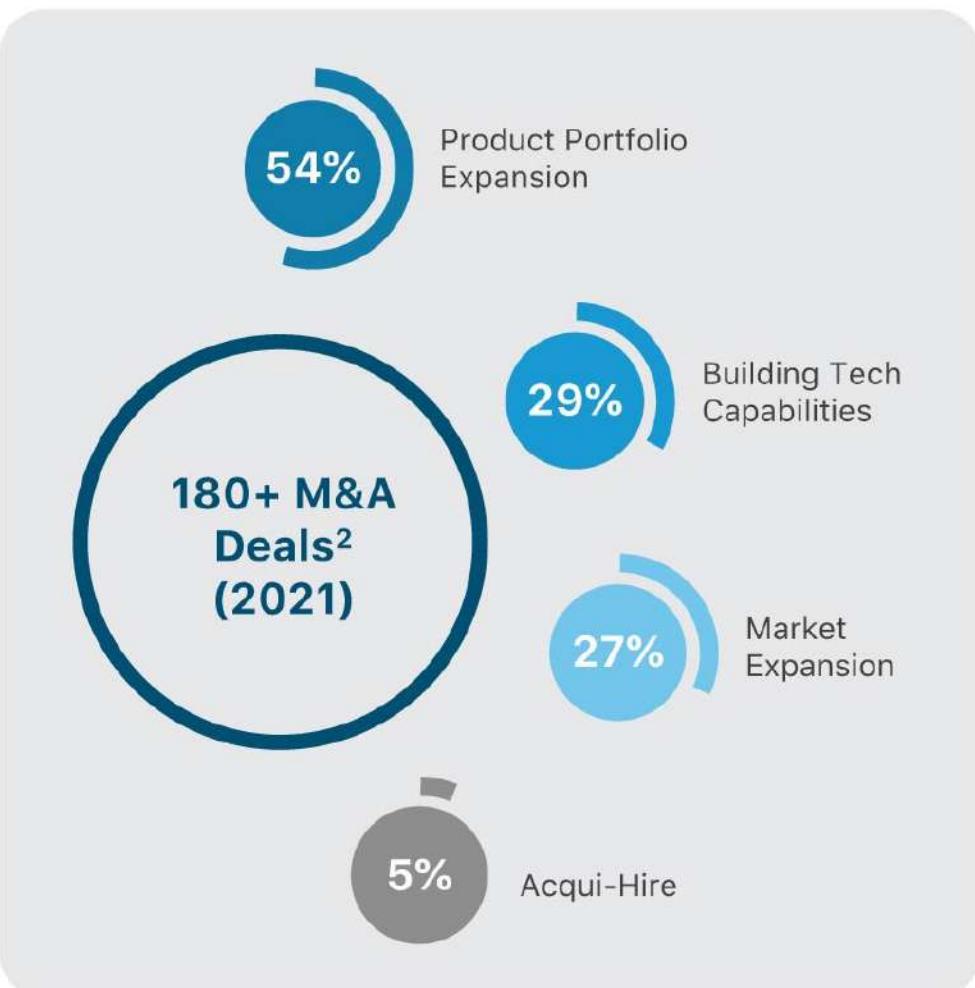
■ Global corporates ■ Indian corporates
■ Global or Indian start-ups



Note: (1) For CY 2021, M&A rounds of start-ups founded between 2011-21 are taken for analysis; similarly, for CY 2020, M&A rounds of start-ups founded between 2010-20 are taken and for CY 2019, M&A rounds of start-ups founded between 2009-19 are taken

Product portfolio and technology capability expansion were dominant reasons for M&A

Distribution of 2021 M&A Deals,
by reason of acquisition¹

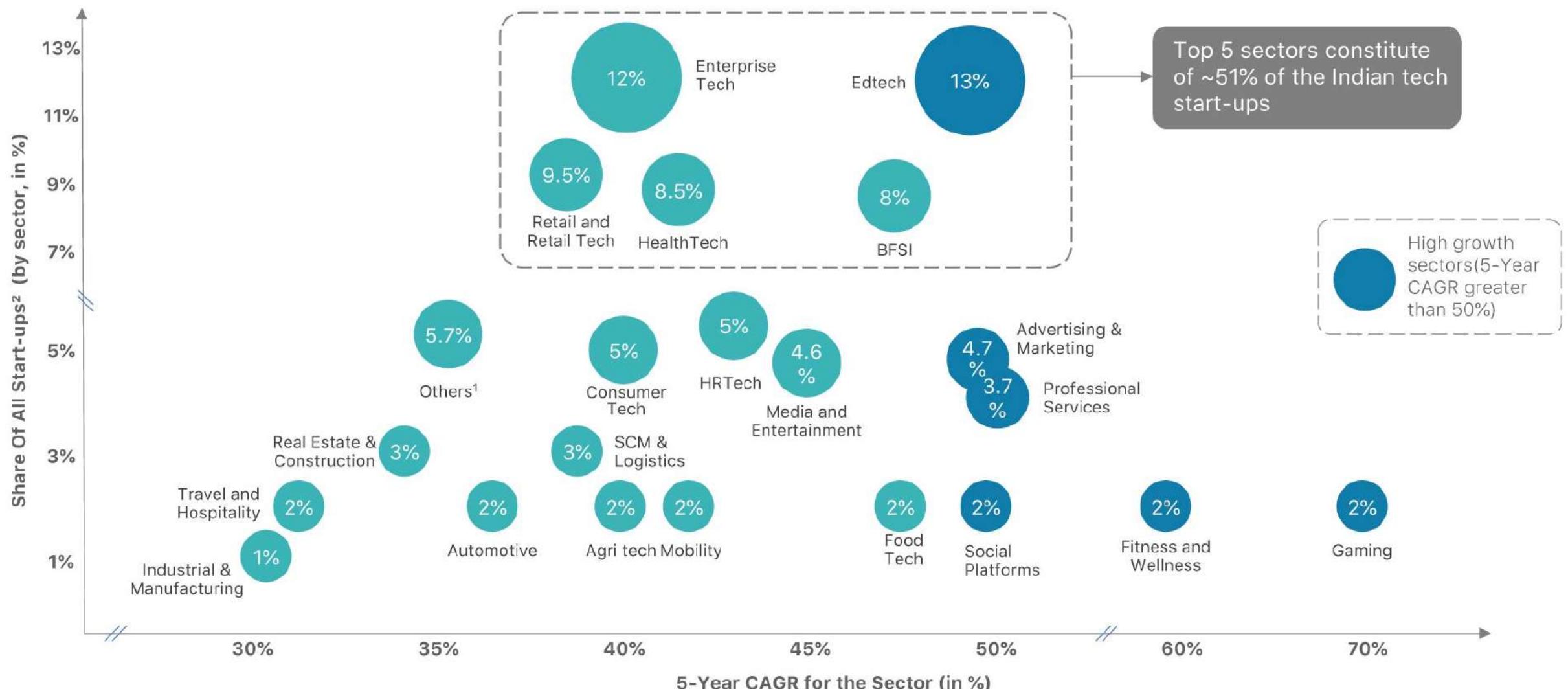


Illustrative examples

Product Portfolio Expansion	+ To expand offerings in the competitive exam preparation segment.	+ To enhance global capabilities in data science, AI and ML
Building Tech Capabilities	+ To enhance hybrid analytical capabilities	+ To leverage AI and Big Data analytical capabilities for carving out a niche in digital solutions segment
Market Expansion	+ To strengthen supply chain solution offerings for diaries across the world	+ To enter the healthcare sector and launch its own healthcare business
Acqui-Hire	+ To augment its tech based capabilities	+ To strengthen its capabilities and expertise in retail pharmacy segment.

Note: (1) Percentage does not add up to 100% as a deal can have multiple reasons. (2) For CY 2021, M&A rounds of start-ups founded between 2011-21 are taken for analysis throughout the report.

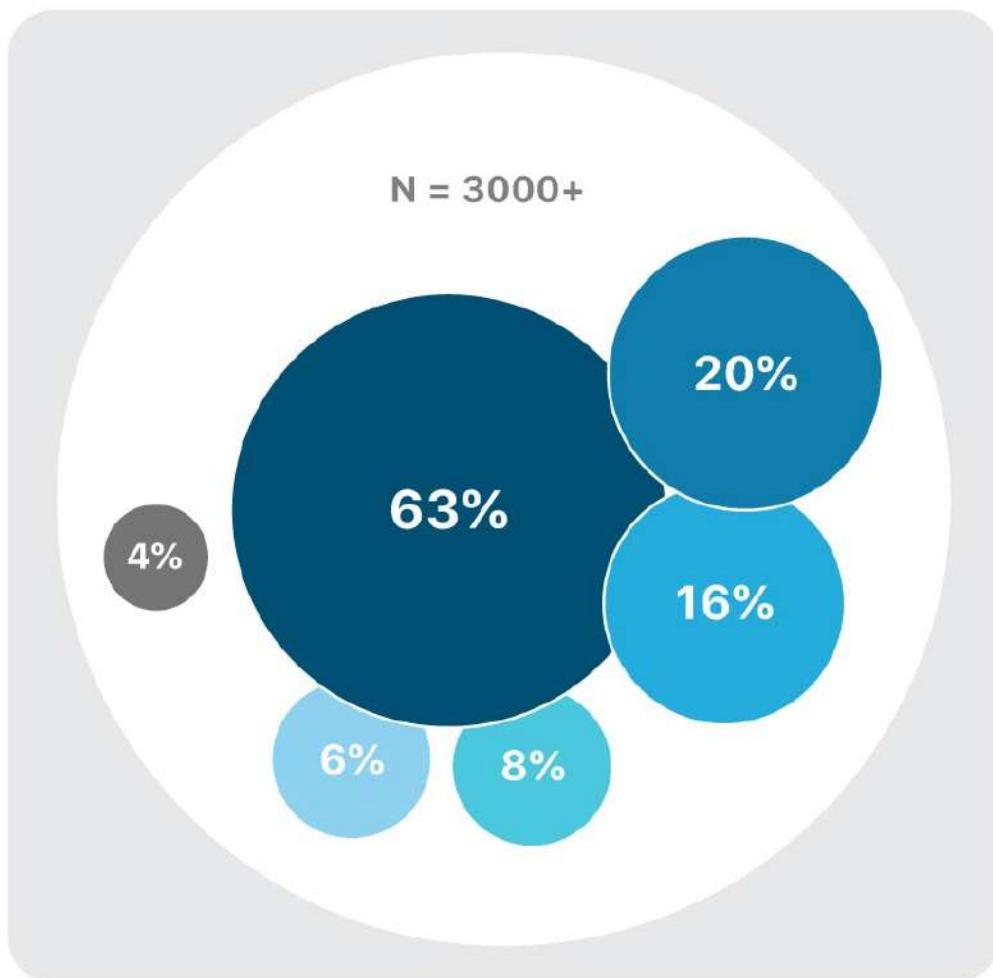
Overall, ecosystem continues to diversify with entrepreneurs attacking 25+ unique industry sectors



Note: (1) Others include Events Tech, Cybersecurity, Energy & Utilities, LegalTech, Security and Surveillance, Sports Tech, Environment Tech, Aviation, Maritime & Defence, Telecom and Govt Tech.
(2) Analysis is done on tech start-ups founded between 2011-2021. Sector definitions are included in "Notes for Reader" section.

12% of all start-ups are leveraging deep-tech to build solutions for local and global markets

Distribution¹ Of Deep-Tech² Start-ups, by technologies leveraged



Artificial Intelligence

5-Year CAGR: 39%

Illustrative Deep-Tech Start-ups



Internet of Things

5-Year CAGR: 27%



Big Data & Analytics

5-Year CAGR: 29%



Blockchain

5-Year CAGR: 60%



AR/ VR

5-Year CAGR: 39%



3D Printing & Drones

5-Year CAGR: 24%



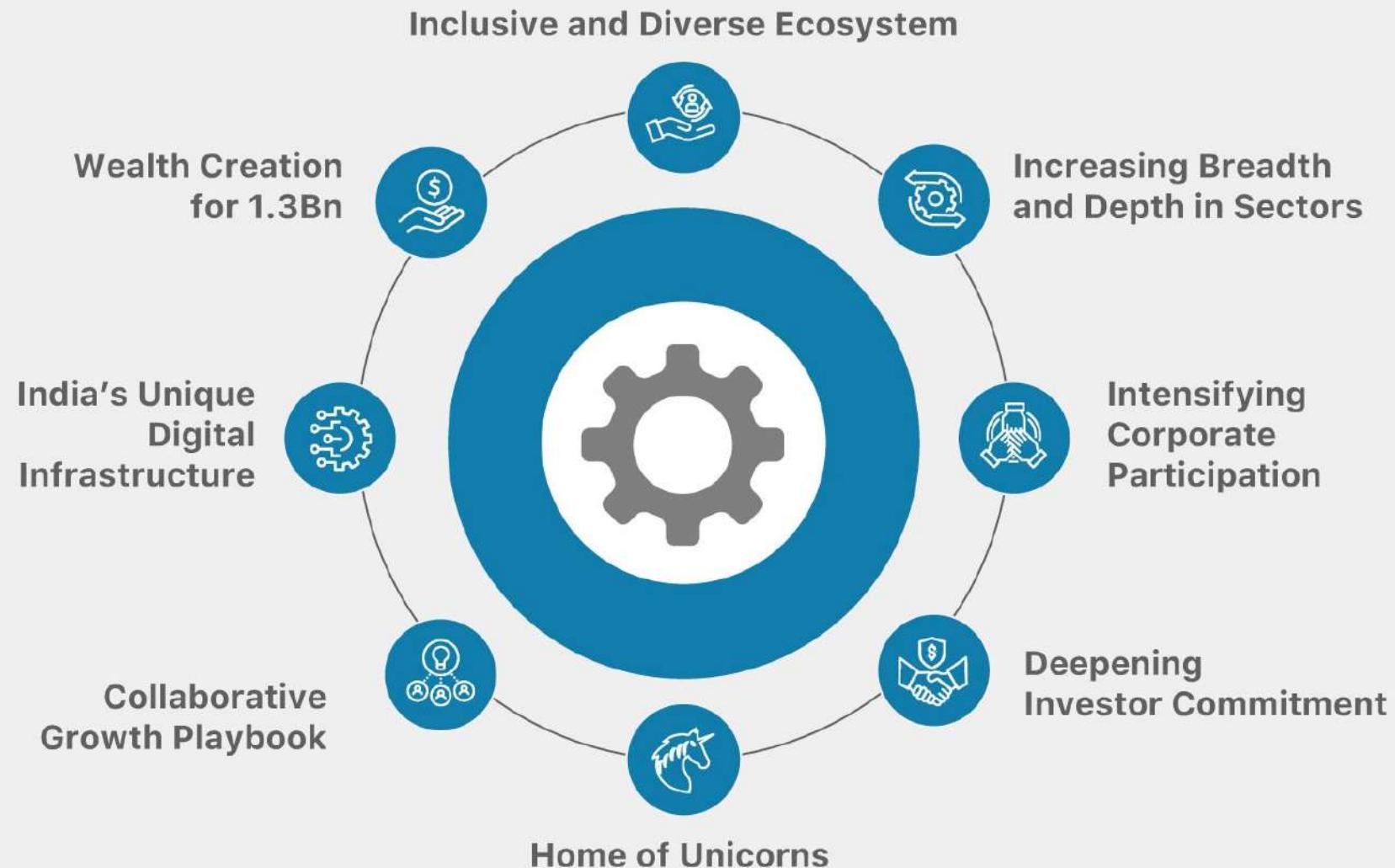
Note: (1) Total does not add to 100% as a start-up could be using multiple technologies simultaneously to deliver their solutions

(2) Deep-tech includes AI/ML, AR/VR, IoT, Blockchain, Robotics, 3D Printing, Big Data & Analytics, Drones



**It was a year ecosystem
further strengthened its core**

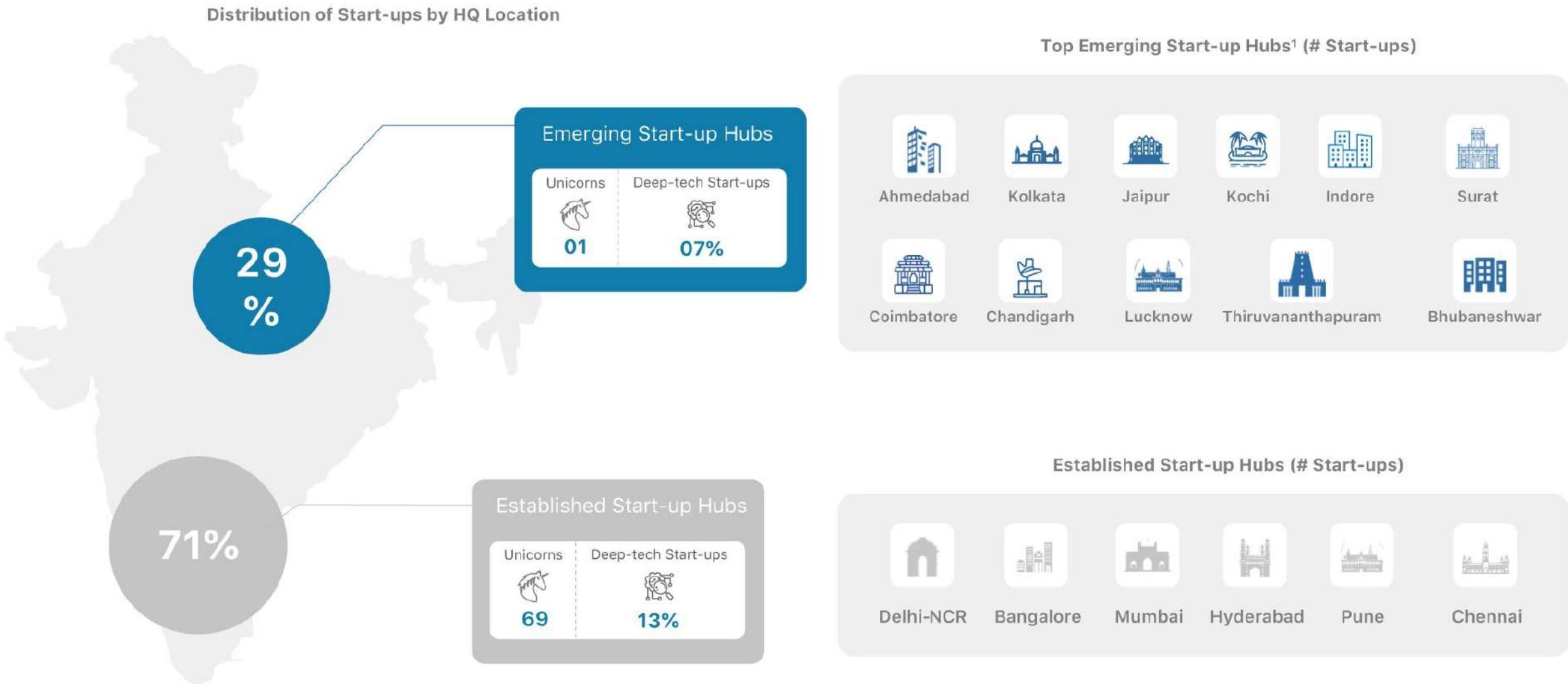
Beyond the headlines, there is clear evidence of a strong foundation for long-term success





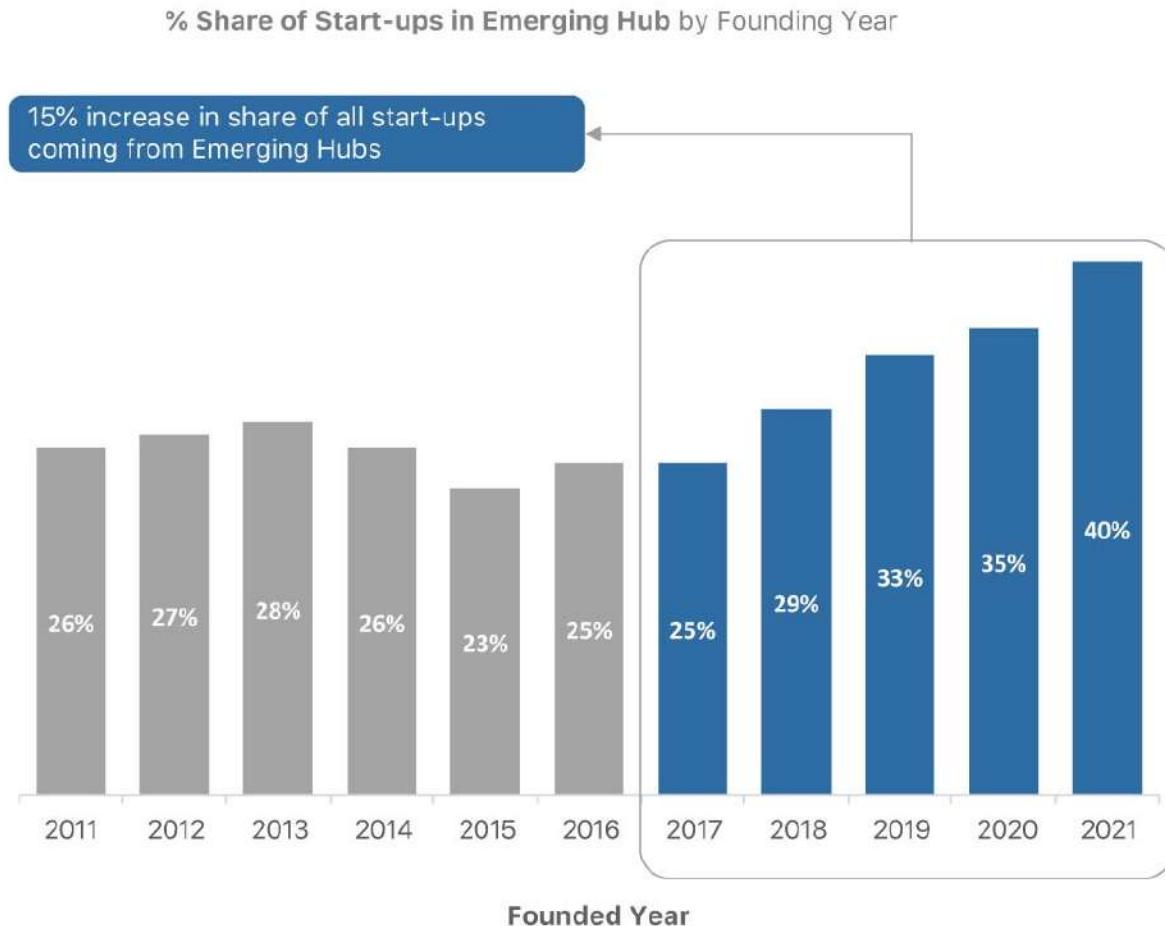
Ecosystem is becoming more inclusive and diverse in every aspect

29% of all tech start-ups are based outside the emerging start-up hubs



Note: (1) Emerging start-up hubs are cities with at least 50 start-ups founded between 2011-21

Entrepreneurs are increasingly leveraging emerging hubs to launch operations



Key drivers for the growth of Emerging start-up hubs¹

■ Building for Bharat

Emerging hub start-ups are surviving and thriving by solving for local businesses

■ Investments

Over the last 3 years, start-ups at emerging hubs have raised \$0.85 Bn, signaling increasing investor interest

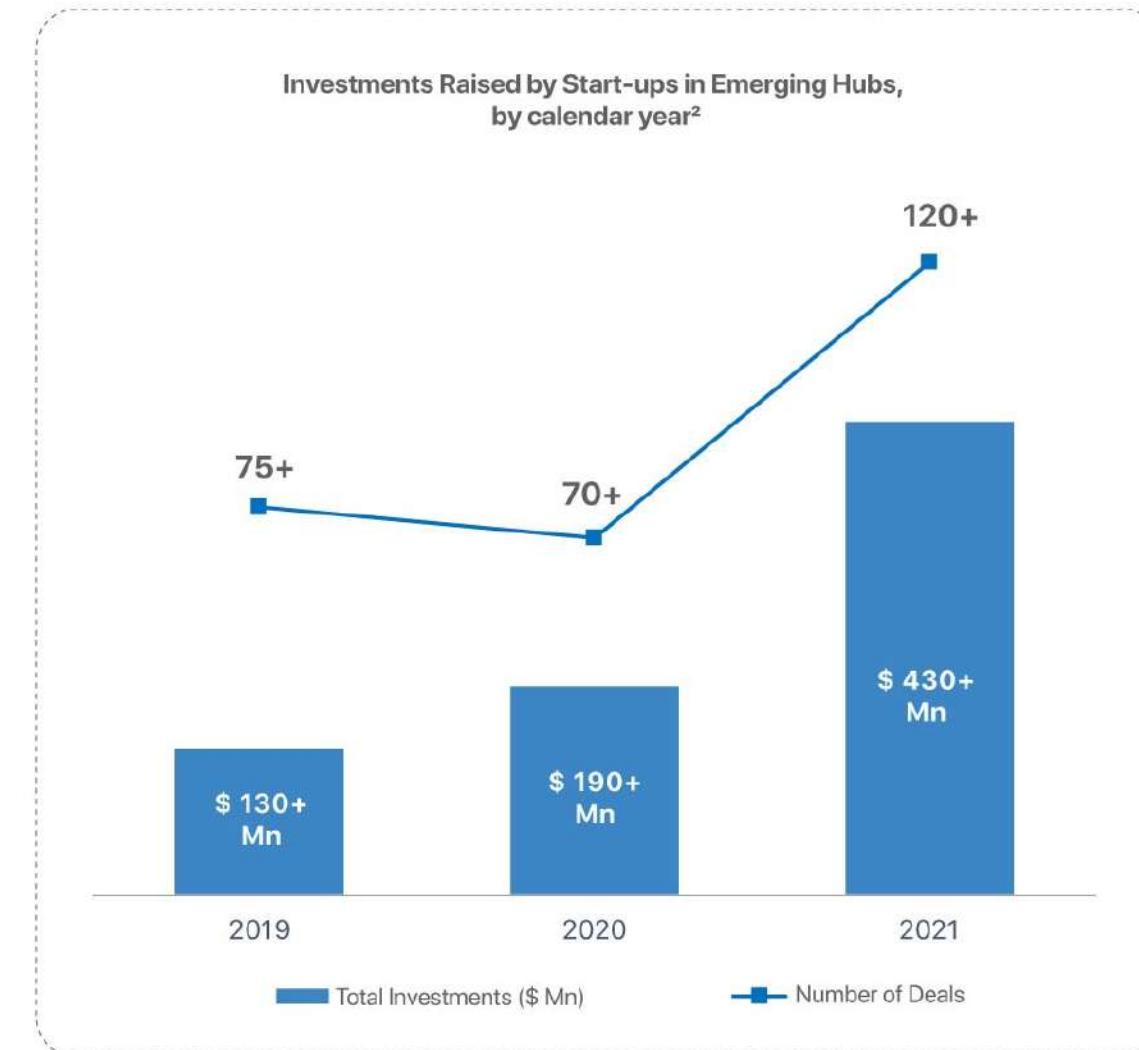
■ Talent Availability

Easier access to skilled workforce as the pandemic led to huge talent redistribution across geographies

■ Ecosystem Support

State governments, local incubator & accelerators² and academia has played a key role in start-up growth

Equity investments into emerging hubs has increased through the pandemic period



Note: (1) Seed stage deals include Seed and Angel stage funding rounds (2) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken. Only unicorns founded between 2011-21 are analyzed for investments

Women-led start-up success stories are becoming more common and more compelling

10-15%

% of all startups¹ with at least one woman co-founder (or founder)

10

of Unicorns² with at least one woman co-founder (or founder)

36%

% of all women co-founded start-ups in Edtech, Healthtech and Retail & Retail tech sectors

Illustrative list of start-ups with women founders or co-founders



Ghazal Alagh
Co-founder and CINO- Mamaearth
Retail & Retail Tech
mamaearth



Ruchi Deepak
Co-Founder – Acko
BFSI
ACKO



Mabel Chacko
Co-Founder and COO- Open Financial Technologies Pvt Ltd.
BFSI
OPEN



Saumya Singh Rathore
Co-Founder- Winzo Gaming
WINZO



Manju Dhawan
Co founder & Head of Customer Care - Ecom Express Pvt Ltd.
SCM & Logistics
Ecom Express



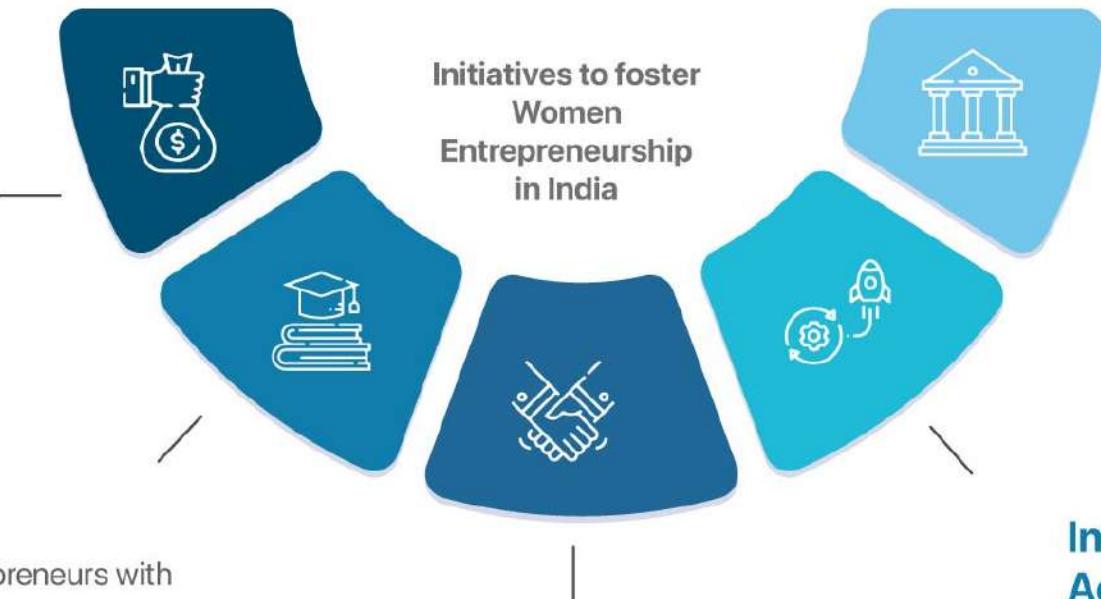
Kanika Gupta Shori
Founder and COO – Square Yards
Real Estate and Construction
square yards

Success stories, along with deep initiatives, are driving the inclusion and diversity flywheel

Investors led initiatives

Kalaari Capital - CXXO Initiative for helping women founders access capital, coaching and community.

Saha Fund – Investing in women founded companies across Ecommerce, Edtech, HealthTech etc



Academia led Initiatives

NSRCEL (IIMB) – Supports woman entrepreneurs with courses, launchpad and Incubation Program

WEE Foundation (IIT Delhi) – Program for mentorship and connecting them to potential investors



Corporate Programs

NetApp ExcellerateHER – An accelerator program focused on women founders of B2B tech startups

Qualcomm's QWEIN – 6 month program for women-led startups in deep tech space



Government Initiatives

WEP, NITI Aayog – Program designed to build an ecosystem for promotion of women entrepreneurs

Bharatiya Mahila Bank Business Loan – Public sector bank providing a platform for business loans



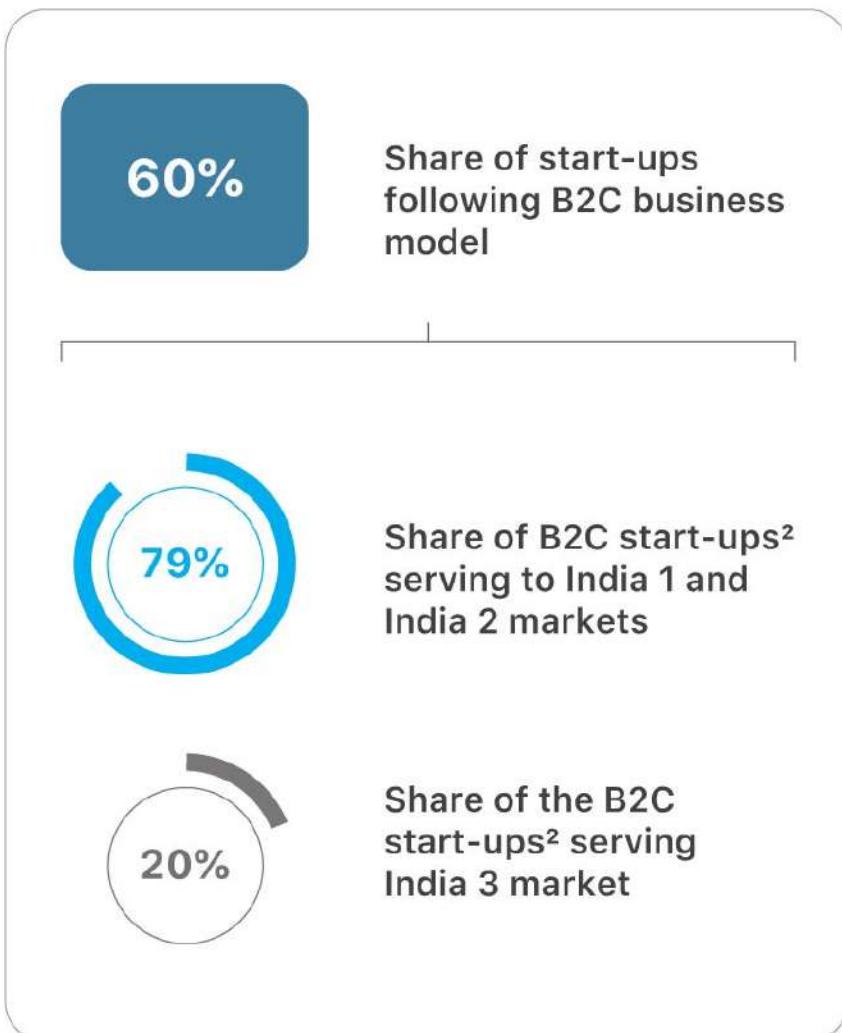
Incubators and Accelerators¹ programs

Project Her & Now – Incubation support program in Tier II and Tier III cities in India

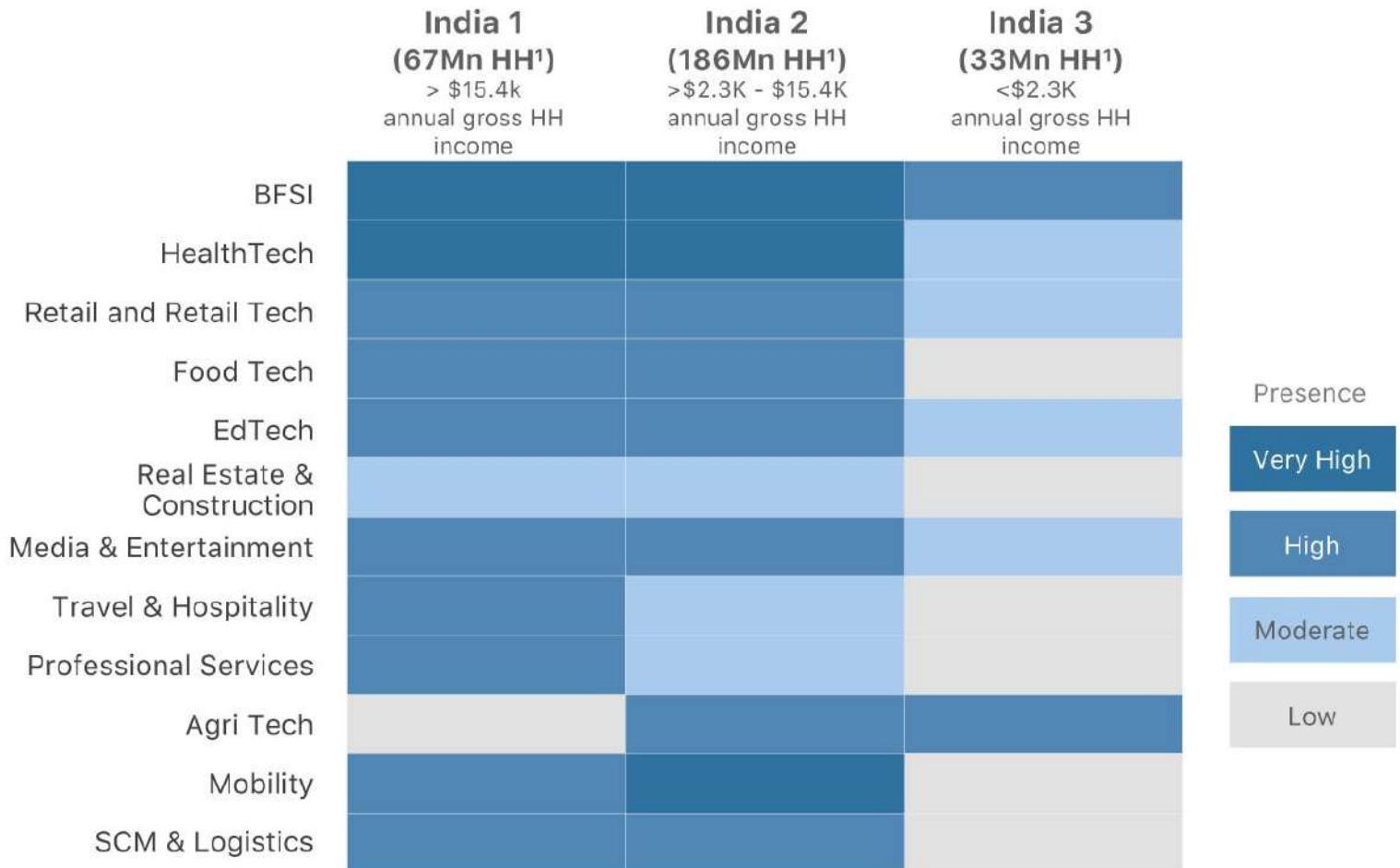
Rebalance – An early-stage accelerator program focusing on HealthTech, edtech, etc.



Entrepreneurs are building solutions for all of India, shift towards Bharat is evident

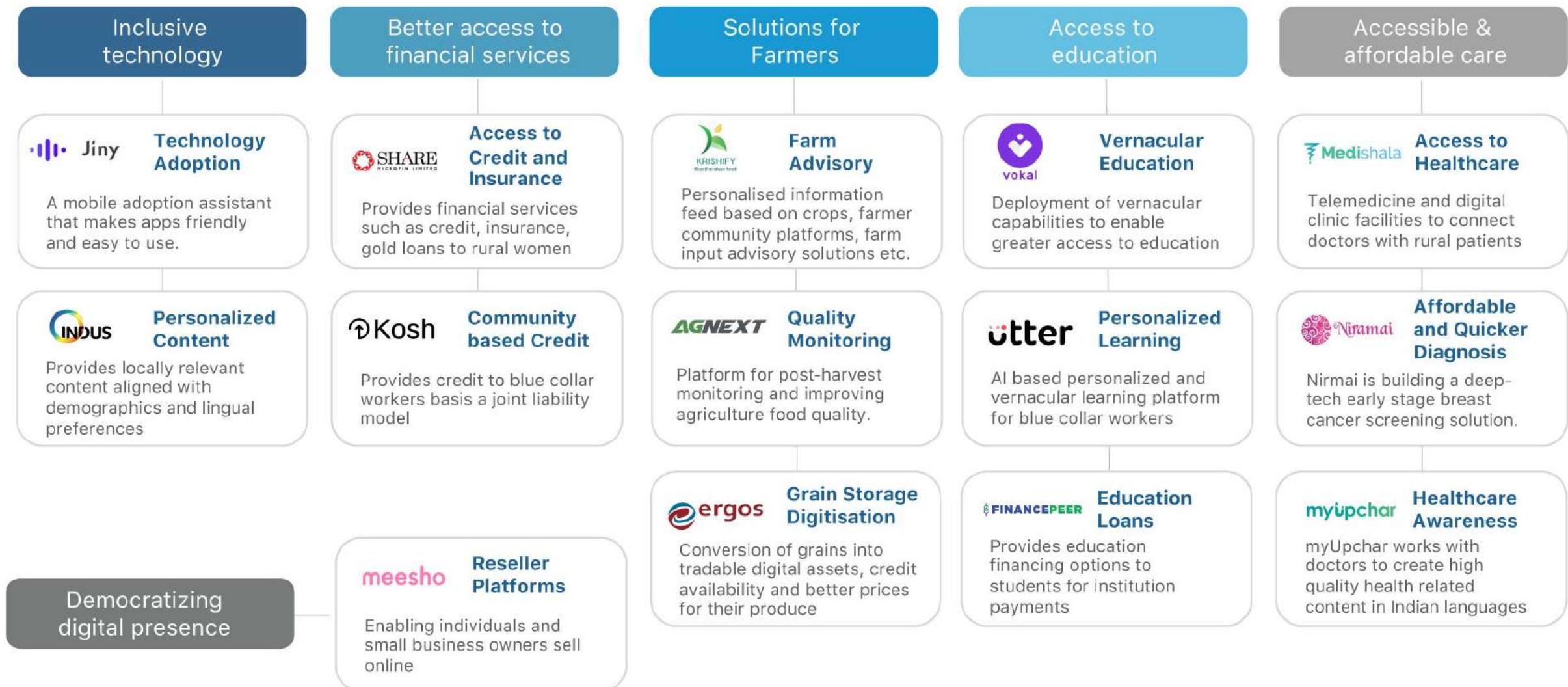


Heatmap Of Start-ups Building Solutions For India, Across Verticals

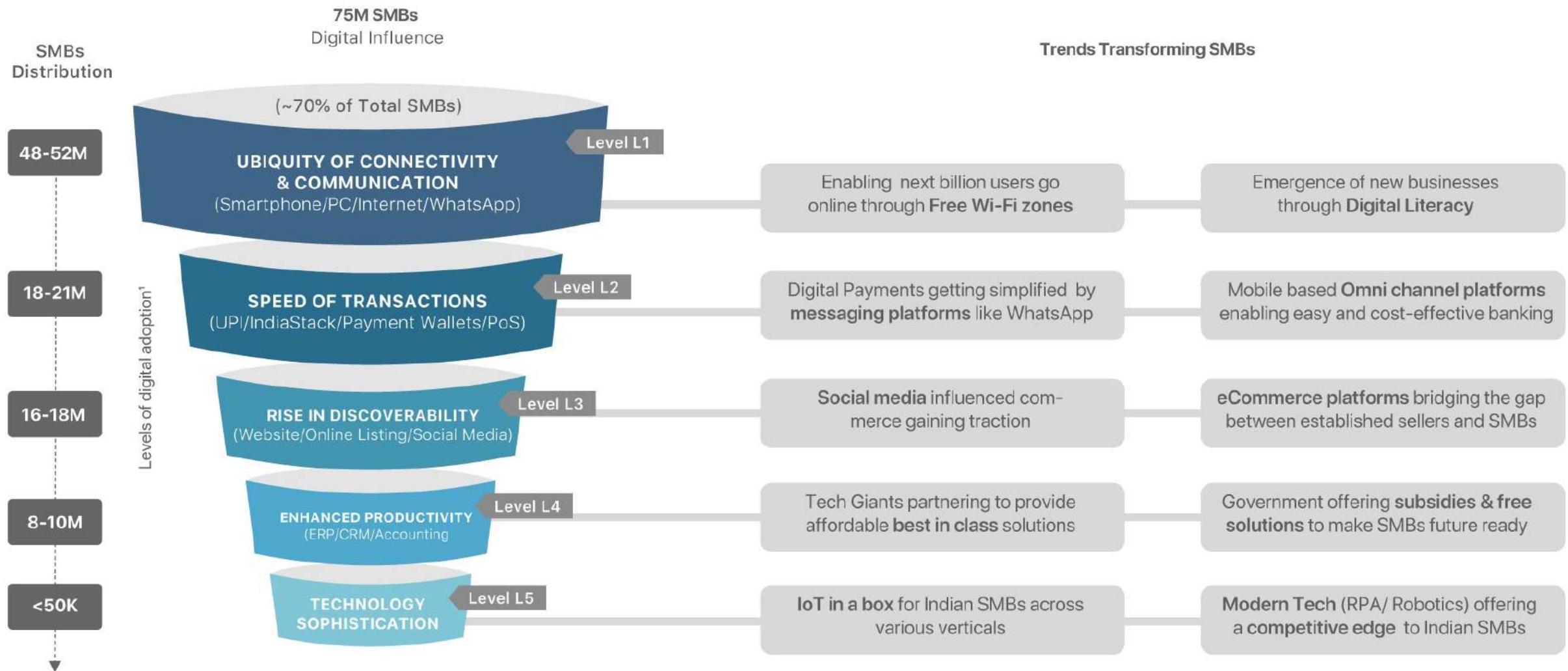


Note: (1) BCG report, Going For Gold, 2019 (2) India 123 market analysis has been done using a sample set of 1000 start-ups that represent the overall ecosystem

Emphasis on basic and core needs, with localization, promises to deliver equity to masses

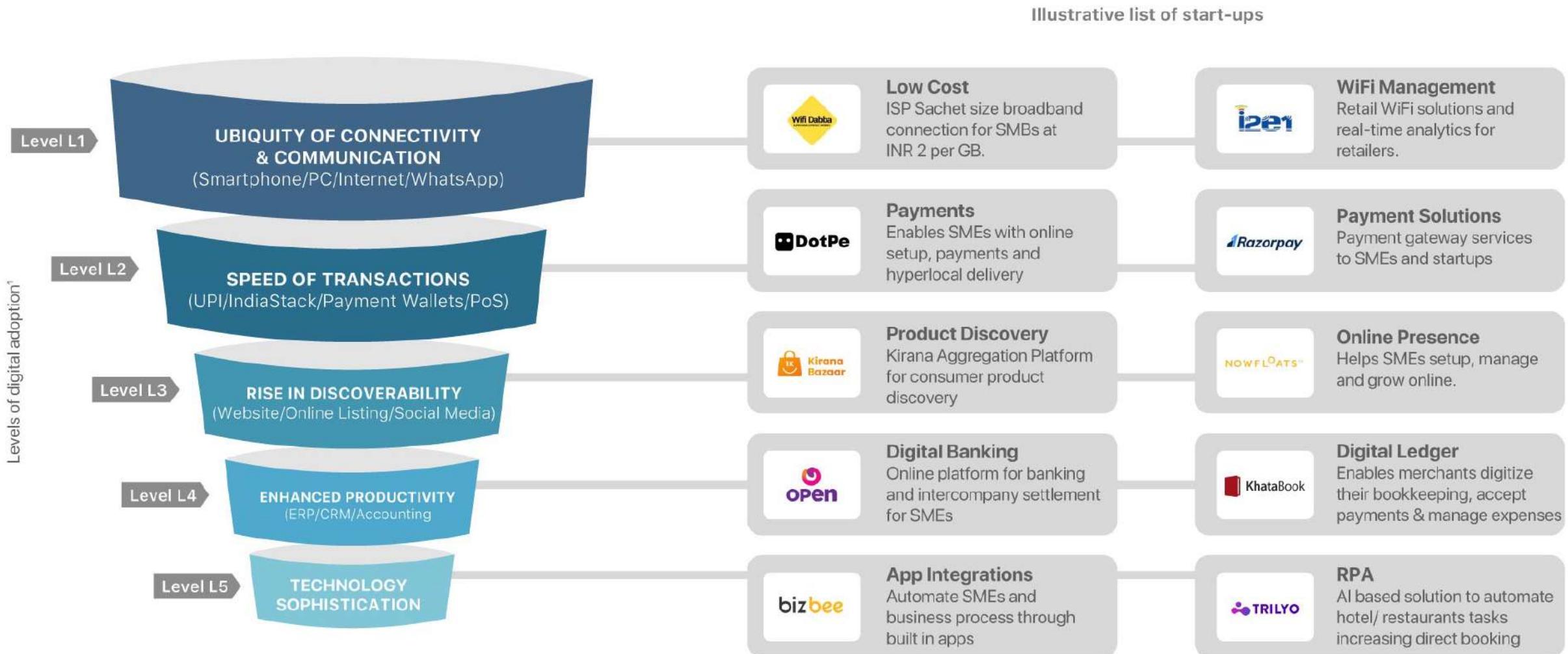


Indian SMBs are at evolving and offer estimated \$80Bn digital opportunity by 2024



Note: (1) Levels of digital adoption with L5 being highest and L1 being lowest
Source: Zinnov Digital SMB Report 2021, Zinnov CoNXT research and analysis

Start-ups are assisting SMB's across different levels of digital maturity

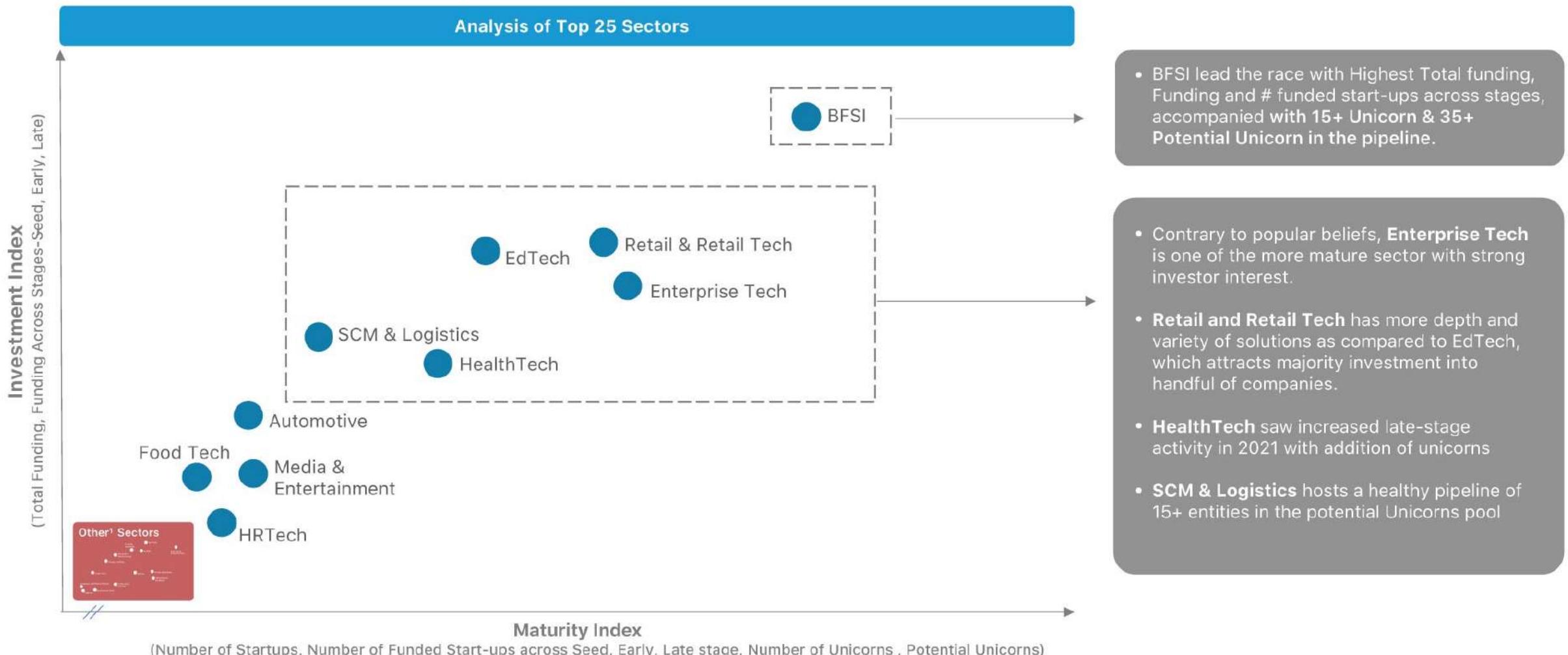


Note: (1) Levels of digital adoption with L5 being highest and L1 being lowest
Source: Zinnov Digital SMB Report 2021, Zinnov CoNXT research and analysis



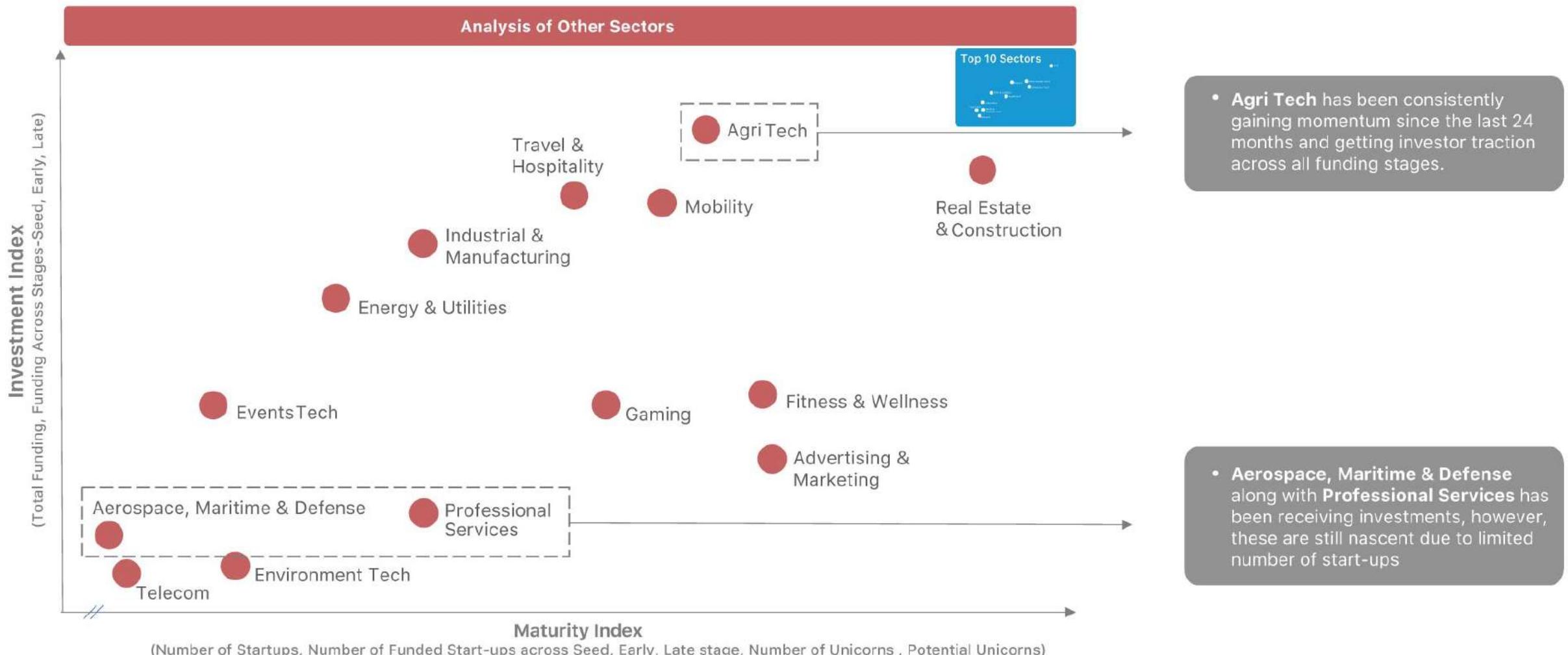
**Entrepreneurs are chasing
newer opportunities in mature
and nascent sectors**

BFSI, Retail and Retail Tech, Enterprise Tech and EdTech rule the roost in terms of maturity and investments



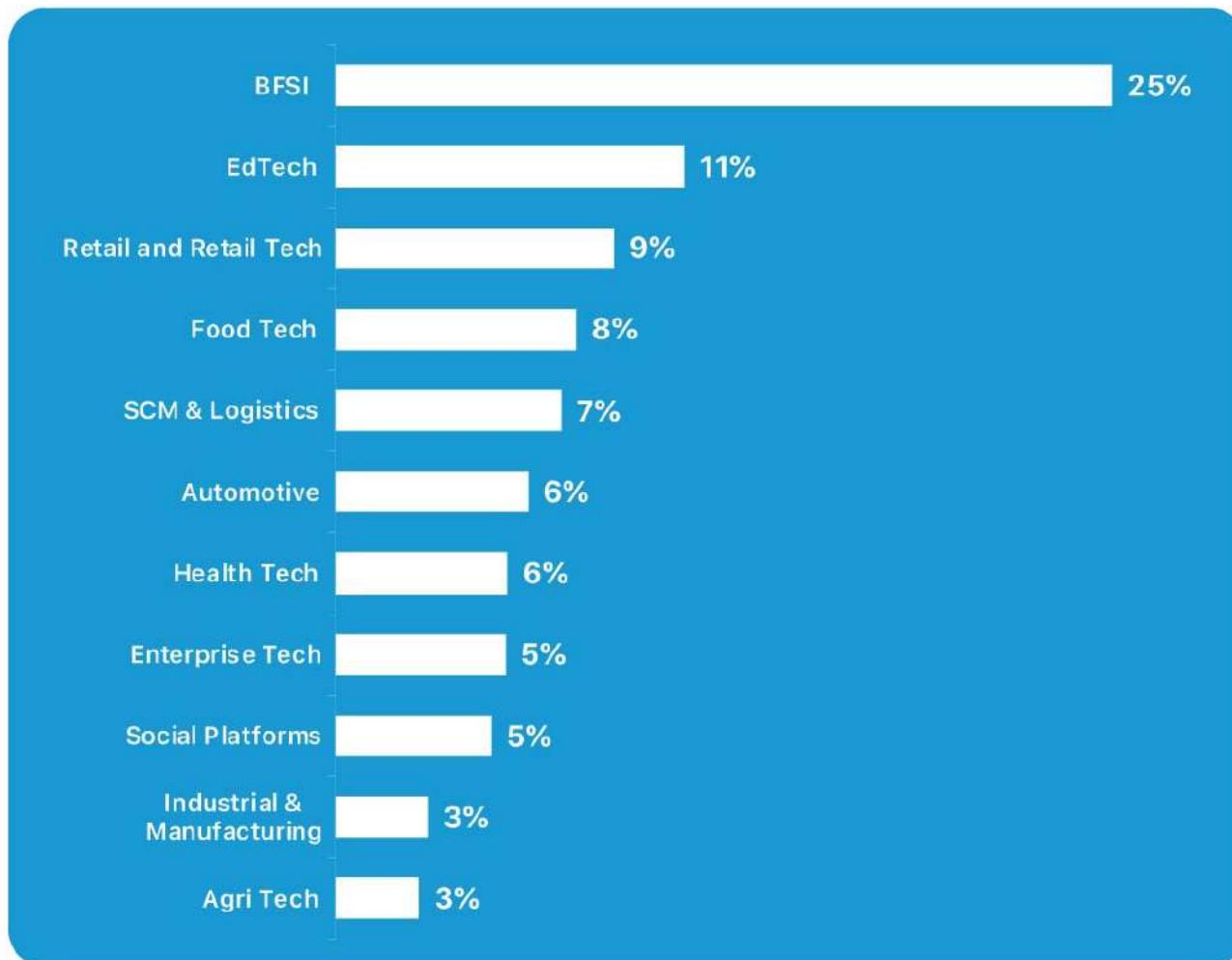
Note : (1) Others include 10+ other sector like Agri Tech, Mobility, Travel & Hospitality, Real Estate & Construction , Industrial & Manufacturing etc.

Agri-Tech has gained momentum steadily while other sectors await pre-COVID conditions



More than 50% of the investments went to BFSI, Edtech, Retail & RetailTech and Foodtech start-ups

Distribution of Equity Investments¹, by sector



Top 5 Sectors with Highest Increase in Investments (2021 vs 2020)



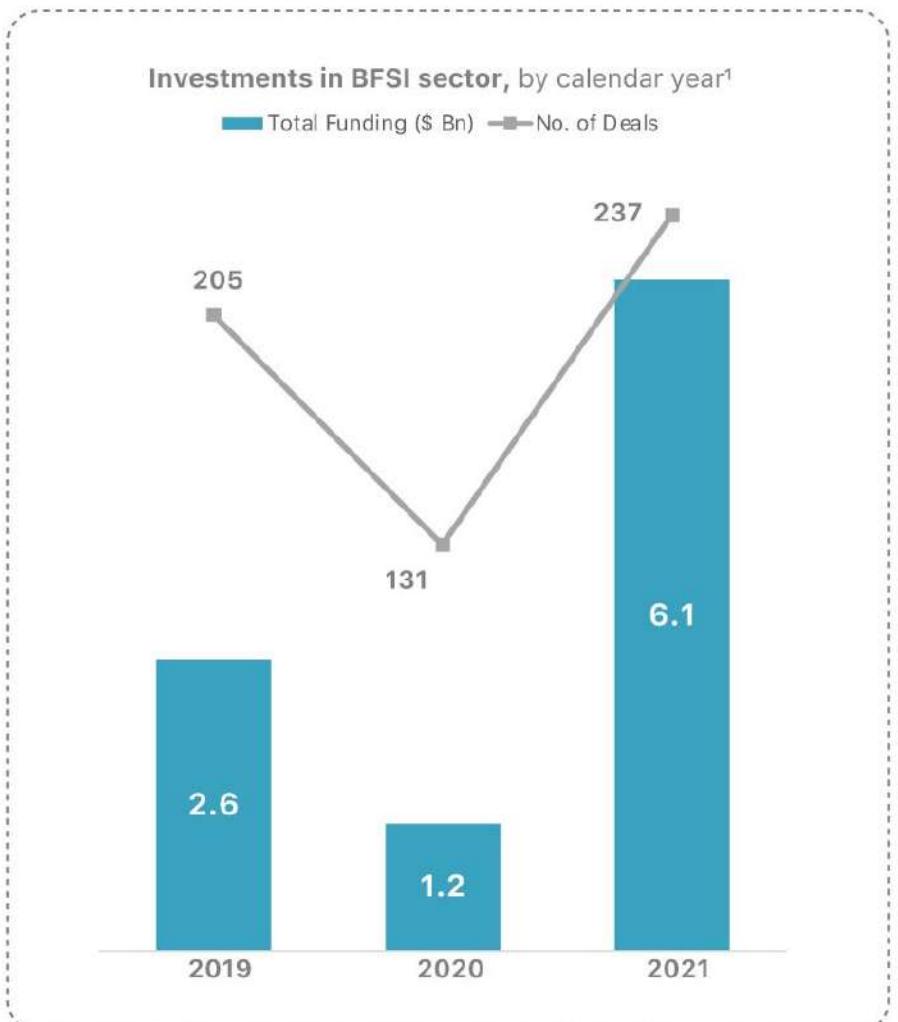
Top 5 Sectors with Highest Investments in Seed Stage (in 2021)



Top 5 Sectors with Highest Investments in Early Stage (in 2021)



BFSI continues to lead from the front, enjoying a lion share of investments across all stages



13

Unicorns added in 2021,
Highest amongst all
sectors

4X

Increase in Seed
and Late-stage
median ticket size

15+

\$100Mn+ Mega-Rounds
in 2021

Popular & Emerging focus areas in BFSI sector

Neo Banking- Retail &
MSME

Cryptocurrency
Exchange

Fintech /Inter operability
Enablers

Co-branded Credit Card
offering-based on BNPL

Supply Chain Financing

Internet-native Lending
(Ex: SaaS financing)

Illustrative example of BFSI start-ups



Latest Funding: \$100Mn, Sep 2021
Business banking and digital banking platform for MSME's



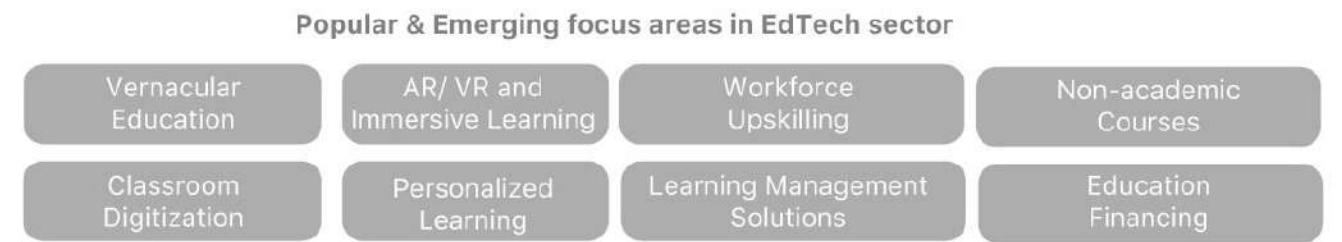
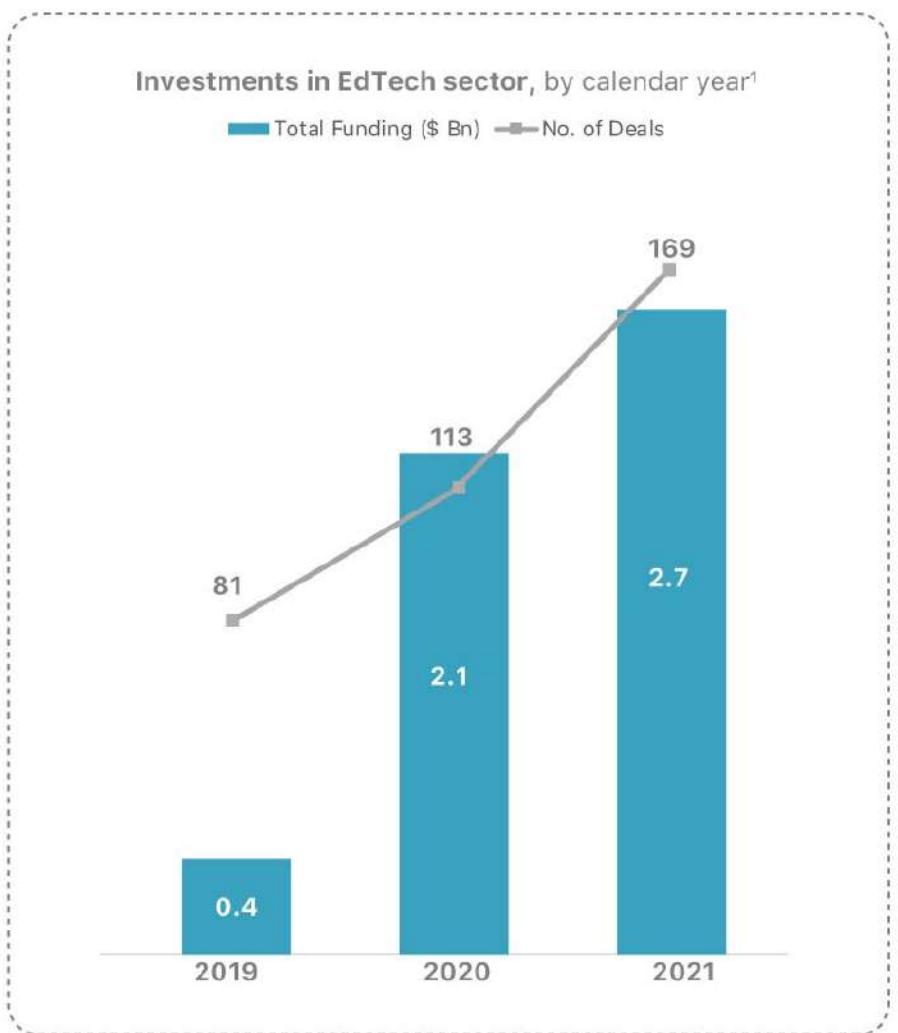
Latest Funding: \$210 Mn, Aug 2021
Provider of end-to-end trading solutions for the cryptocurrency industry



Latest Funding:\$35 Mn, Oct 2021
API solutions for institutions and businesses to develop and rollout
fintech products

Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken

In EdTech, the focus is increasing on K-12, Upskilling, Reskilling and Immersive Learning

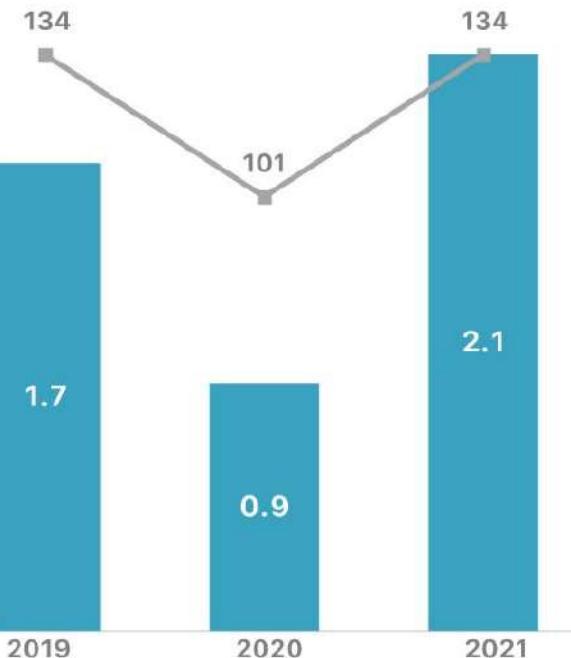


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Retail and Retail Tech, typical at forefront of change, continues to evolve with newer use-cases

Investments in Retail and Retail Tech sector,
by calendar year¹

Total Funding (\$ Bn) — No. of Deals



65+

Start-up raised their
first-round in 2021, 2X
increase as compared to
2019

2X

Increase in first-round²
median ticket size
(compared to 2019)

58%

Of total investments in
Retail and Retail Tech
attributed to Unicorns

Popular & Emerging focus areas in Retail & Retail Tech sector

Kirana Store
Aggregation

Social Commerce
Platforms

Last Mile
Delivery

Retail Payment
Solutions

No /Low Code to
Establish Online Presence

In-Store Operations
Analytics

Full Stack Solutions for
Ecommerce Companies

Illustrative example of Retail & Retail Tech start-ups



Kirana Bazaar Latest Funding: \$7 Mn, Aug 2021

Tech enabled Kirana aggregation and retail store management platform.



instamojo Latest Funding: \$2.9 Mn, Feb 2020

Enabling MSME's to establish online presence. They also provide payment solutions



zepto Latest Funding: \$100 Mn, Dec 2021

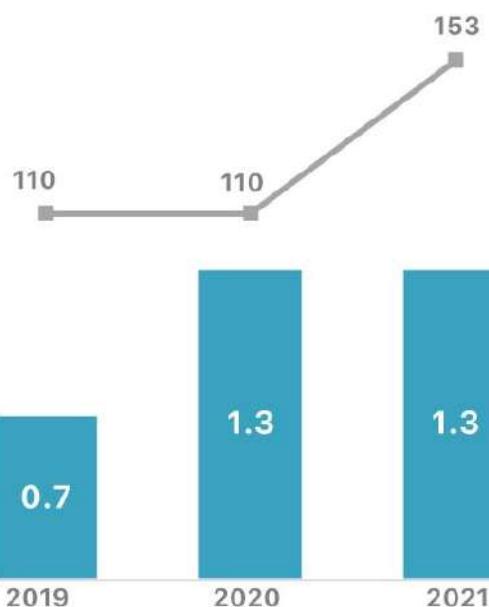
Last mile delivery platform that offers grocery delivery in 10 minutes.

Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken (2) First-round round refers to the first equity funding round of a tech startup.

Enterprise Tech continues to show strong fundamentals and increasing complex use-cases

Investments in Enterprise sector,
by calendar year¹

■ Total Funding (\$ Bn) ■ No. of Deals



136

Total unique Enterprise
Tech start-ups funded
in 2021

8

Total number of
potential unicorns² in
Enterprise Tech sector

68%

Share of start-ups that
raised their first-round
investment out of all
funded start-ups in 2021

Popular & Emerging focus areas in Enterprise Tech

Remote Infrastructure
Management

Advanced Analytics

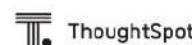
Data discovery and
visualization

NLP-based Intelligent
Voice Assistants

Workflow, Process & Task
Automation Tools

Low/ No Code App
Development Platforms

Illustrative example of Enterprise Tech start-ups



ThoughtSpot

Latest Funding: \$100 Mn, Nov 2021

AI based live analytics platform for data insights, visualization, modelling etc.



skit

Latest Funding: \$25 Mn, May 2021

AI based vernacular intelligent voice assistant for contact center automation



ToolJet

Latest Funding: \$1.5Mn, Dec 2021

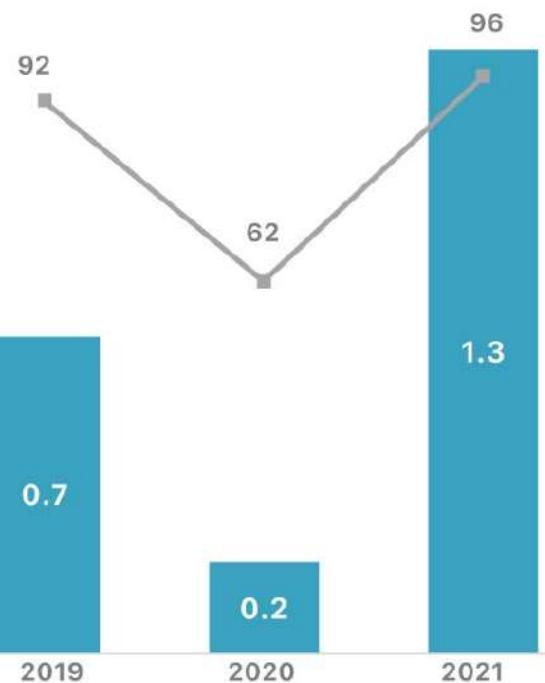
Open source low code framework for enterprises to build internal tools.

Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken (2) Potential unicorns are funded companies with total funding more than \$50 Mn and founded between 2011-2021.

Health tech late-stage activity increased as sector registered multiple unicorns in 2021

Investments in Health Tech sector,
by calendar year¹

■ Total Funding (\$ Bn) ■ No. of Deals



81%

Of total 2021
investments in Health
Tech attributed to
Late-Stage Funding

3

Health Tech Unicorns
added in 2021

>2X

Increase in start-ups
that raised their maiden
investment round,
compared to 2020

Popular & Emerging areas in HealthTech sector

Remote screening
and monitoring

Software Aided Pathology
Imaging

Data Integration &
Analytics

Digital Therapeutics &
Self-Help tools

Tele-consulting

Hybrid Virtual/
In-person Care

Online pharmacy
and diagnostics

Illustrative example of HealthTech start-ups



Latest Funding: \$100 Mn, Dec 2021

Chain of hospitals aiming to simplify surgery procedure for patients.

Latest Funding: \$150 Mn, Dec 2021

Cloud based patient record management & analytics platform

Latest Funding: \$227 Mn, Oct 2021

Teleconsultation and at home diagnostic tests.

Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken (2) Late-stage deals include Series C and above funding rounds.

Agri Tech, SCM & Logistics, and Automotive are building up good momentum

Agri-Tech

Agri Tech has been resilient to Covid-19 and continued its upward trajectory in 2021

\$650Mn
Total funding in 2021, **3.5X compared to 2019**, ~70% funding raised by Late-stage start-ups

Popular & Emerging areas in Agri Tech sector

Agri-Financing

Market Linkages for farms produce/Livestock

Drone based Precision Farming

Quality Management & Traceability

Farm Automation

Illustrative Investment Deals in the sector

ninjacart

Latest Funding:
\$145 Mn, Dec 2021

DeHaatTM
Seeds to Market

Latest Funding:
\$115 Mn, Dec 2021

farmagain

Latest Funding:
\$350K, Mar 2021

SCM & Logistics

SCM & Logistics bounced back with high deal activity seen in late stage in 2021

\$1.75Bn

Total funding in 2021, **1.6X compared to 2019, More than 60% funding raised by Non- Unicorns**

Popular & Emerging areas in SCM & Logistics sector

Last Mile Delivery Automation

Robotic Fulfilment (Warehouse automation)

E-commerce Fulfilment

Intra-City Delivery

On Demand Delivery for SMB's

Illustrative Investment Deals in the sector

FarEye

Latest Funding:
\$100 Mn, May 2021

Shiprocket

Latest Funding: \$185 Mn, Nov 2021

UNOX
LOGISTICS

Latest Funding:
\$7 Mn, Dec 2021

Automotive

Automotive is steadily getting back on track with EV and Commerce gaining market favor

\$1.5Bn

Total funding in 2021, **2X compared to 2019, ~50% of the funding raised by Non-Unicorn**

Popular & Emerging areas in Automotive sector

Online Auctioning-New/Used Vehicles

Digital Dealerships

Driver Safety and Telematics

Auto service and repairs

EV Manufacturing, EV BMS

Illustrative Investment Deals in the sector

CarDekho

Latest Funding:
\$200 Mn, Oct 2021

GoMechanic

Latest Funding:
\$35.2 Mn, May 2021

netradyne

Latest Funding:
\$150 Mn, July 2021



**Corporate participation is
significantly up from
pre-pandemic levels**

1.5X higher corporate participation in the year as compared to 2020

Corporates are leveraging multiple collaboration models and approaches, simultaneously, for leveraging the Indian start-up ecosystem

~1.5X
From
2020



175+

Investments

80%

Increase in corporate investment deals (versus 2020)

52%

Of corporates, actively investing in 2021, were Global MNCs

35+

M&A³

47%

Product Portfolio Expansion

29%

Market Expansion

42%

Building Tech Capabilities

-

Acqui-Hiring

80+

Open Innovation Programs²

20+

of Industry sectors with active corporate open innovation program

62%

Of programs are hosted by Global MNCs, with technology R&D centres in India

Note: (1) Includes both Corporate and Corporate Venture Capital (2) Open innovation refers to a company leveraging external knowledge and ecosystem for their innovation management strategies
(3) For CY 2021, M&A rounds of start-ups founded between 2011-21 are taken for analysis throughout the report;

80% more deals had at least one corporate investor, with sharp increase in seed-stage

17%

% share of all rounds
with at least one
corporate investor³

48%

Of Unique corporates
were Indian MNCs

Top 6 Sectors, by number of deals



BFSI



EdTech



Enterprise
Tech



SCM &
Logistics



Retail and
Retail Tech



HealthTech

Most Active¹ Corporate Investors in 2021

SoftBank
Group

deals-19



deals-5

infoedge
ventures

deals-16

Tencent 腾讯

deals-4

Google

deals-6



deals-3

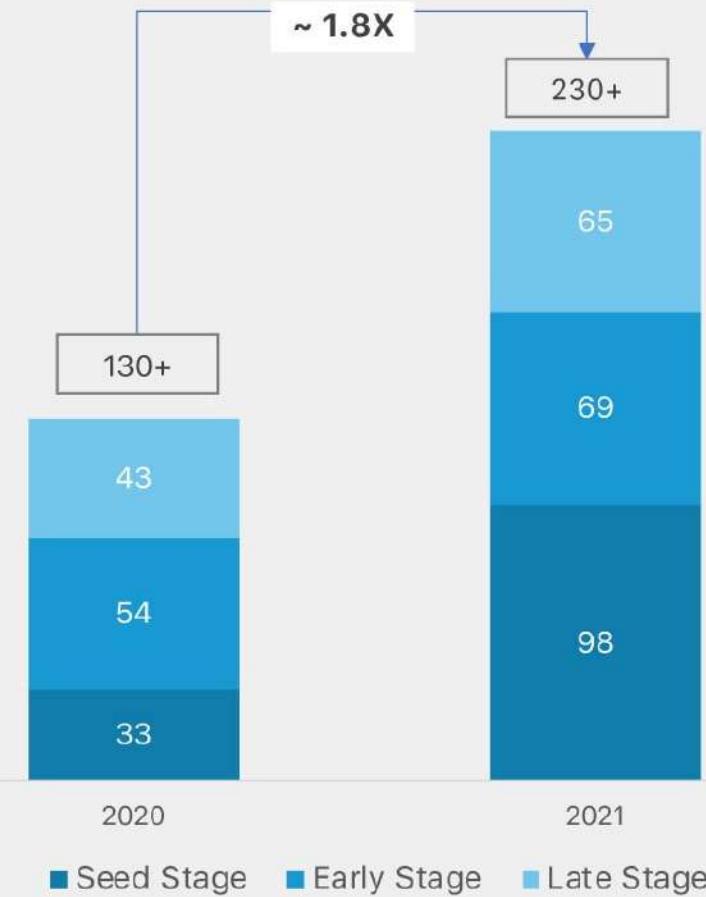
M12
MICROSOFT'S VENTURE FUND

deals-5



deals-3

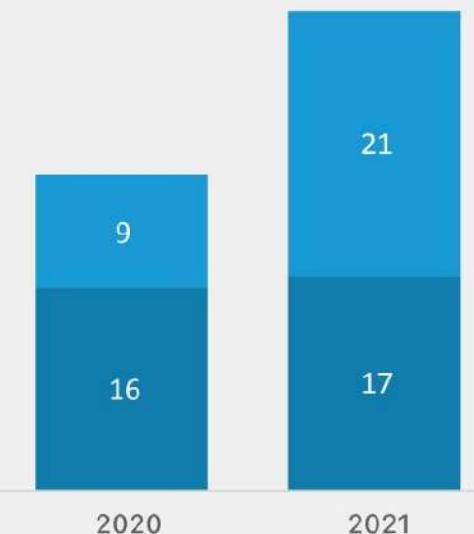
Distribution of Corporate Investment Deals
by funding stage², by calendar year



Corporate-led acquisitions increased marginally with increased preference for mature targets

Distribution of Acquiring Corporate,
by calendar

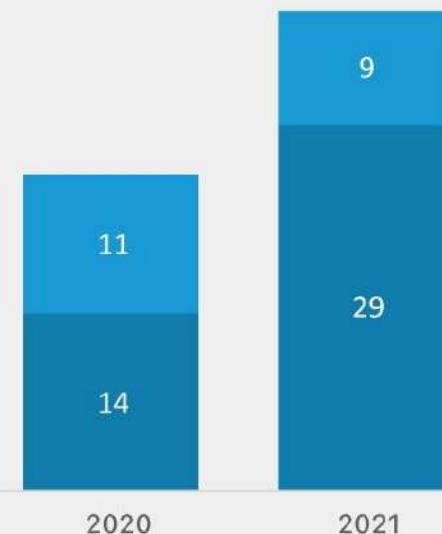
■ Indian MNC ■ Global MNC



Global MNC participation recovered in 2021 as remote due diligence and integration has become a norm; and there is great comfort in cross-border remote deals.

Distribution of Acquired start-ups,
by calendar year

■ Age > 5 Years ■ Age <= 5 Years



Corporates preferred mature start-ups² for M&A, reflecting business needs for quick wins in tough market conditions

Illustrative Deals from 2021



Acquired to strengthen the digital customer acquisition capabilities of TVS in the after sales segment



Acquired to enhance its offerings in the Kirana tech segment



Acquired to foray into the E-pharmacy and E-diagnostics segment



Acquired to expand its addressable market for its video surveillance portfolio

Note: (1) For CY 2021, M&A rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, M&A rounds of start-ups founded between 2010-20 are taken (2) Mature start-ups are start-ups that are more than 5 years old.

With each passing year, more corporates are building structured open innovation programs

With attrition and hiring challenges of 2021, the value and power of open innovation¹ programs is more visible and apparent to large enterprises.

80+ # of corporate programs currently active in India

19% % 4-Year Compounded Annual Growth Rate

20+ # of industries with at least one active program

62% % of programs operated by global multinational corporations (MNCs) – primarily through India R&D center

Distribution of Active and Structured Open Innovation Programs
(by calendar year, by sponsor type)



Illustrative list of active Corporate Start-up Programs



Corporate continue to register success stories via structured collaboration programs



Platform Evangelization

Corporates offer access to their platforms to start-ups



Mastercard's Start Path program helps start-ups scale by helping them build and launch new products using Mastercard's Fintech tools and APIs.



GE Healthcare's Edison X Platform allows healthcare start-ups to develop, deploy, manage, secure, and distribute new solutions



License or Vendor Agreement

Corporate leverages start-up for internal challenges or integration



Sastra Robotics created various robotic solutions for automated functional test of physical devices



Scapic partnered with Wipro's consumer BU, to develop a SaaS solution that allows easy creation and management of 360-degree, 3D product visualization



Joint Go-To-Market

Corporates partner with start-ups to cross-sell solutions



SatSure, a provider of satellite-based data, leveraged Cisco's always on network connectivity and IoT infrastructure for remote crop monitoring services



Addverb, a robotics company and provider of intra-logistics automation solutions, leverages Intel hardware platforms and software toolkits for its deployments



Co-Innovation

Start-ups and corporates collaborate to co-create new solutions



PayU and Kreditech together launched PayU Monedo, a cardless EMI system to finance online purchases of consumers



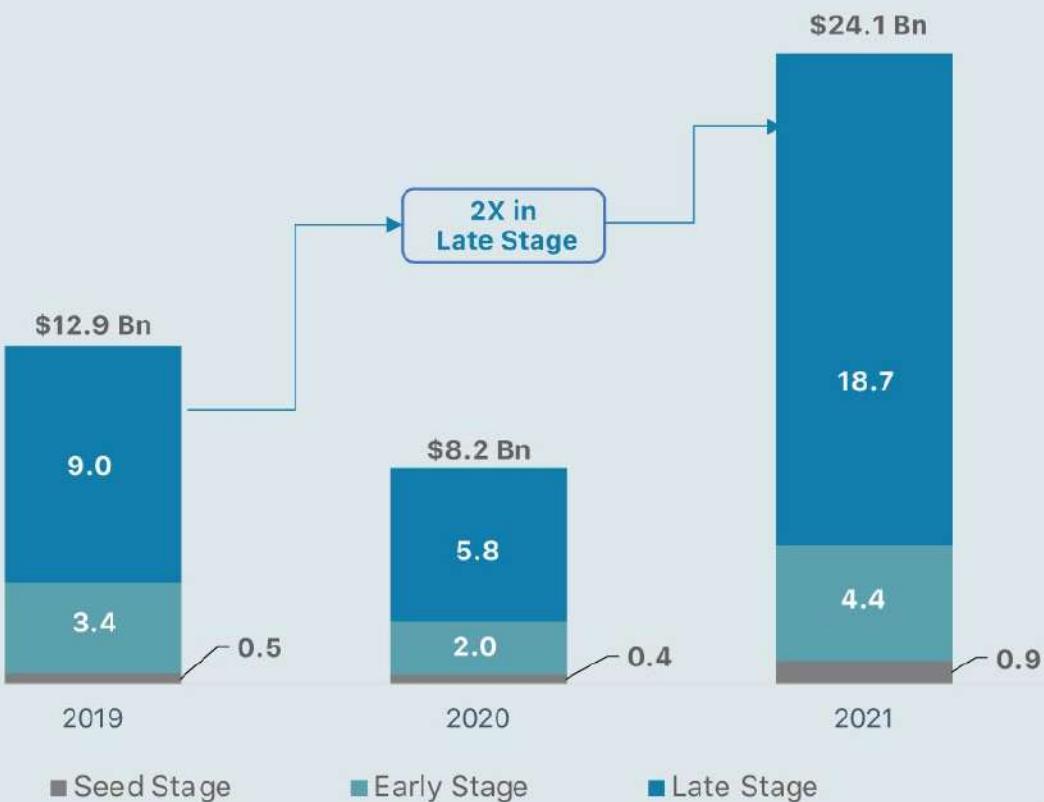
The engagement focused on co-innovating solutions pertaining to conversational ability powered by technologies such as AI.



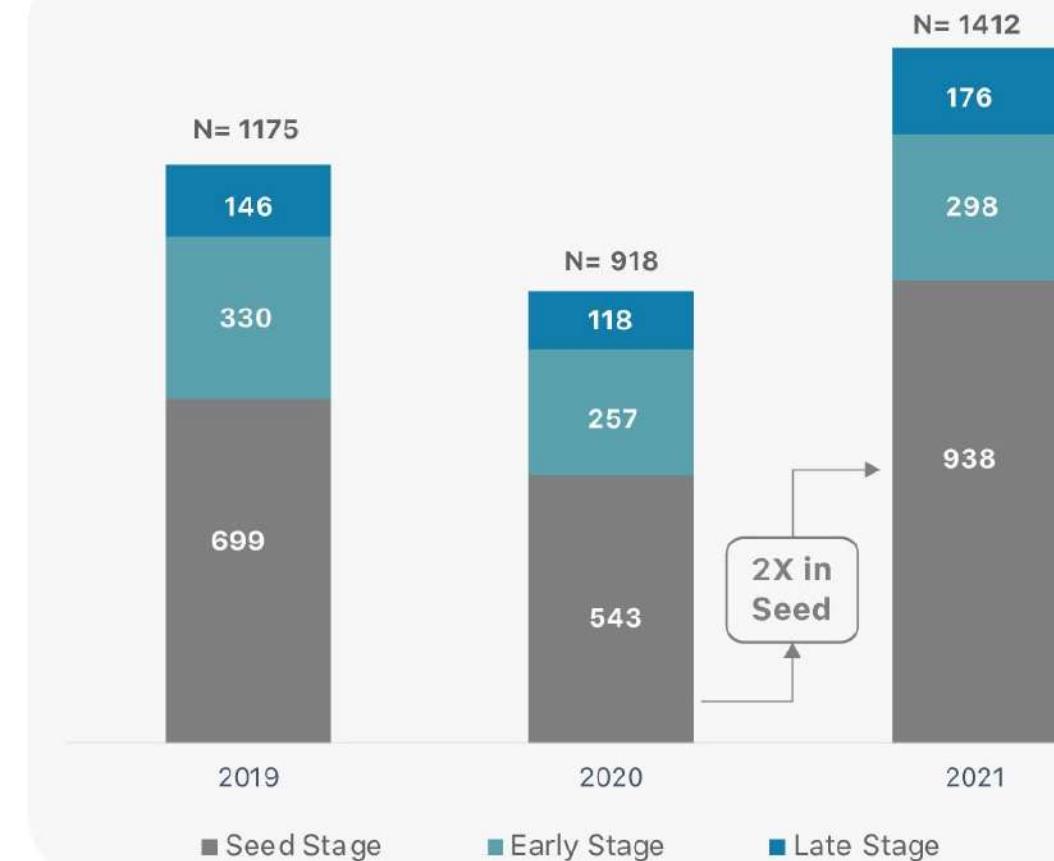
**Not just investments, but
unique investors too have
increased significantly**

Investment pace, in terms of deal count and value, beat pre-pandemic highs

Distribution of Investment Value
by stage², by calendar years¹



Distribution by Investment Deal Count,
By stage², by calendar years¹



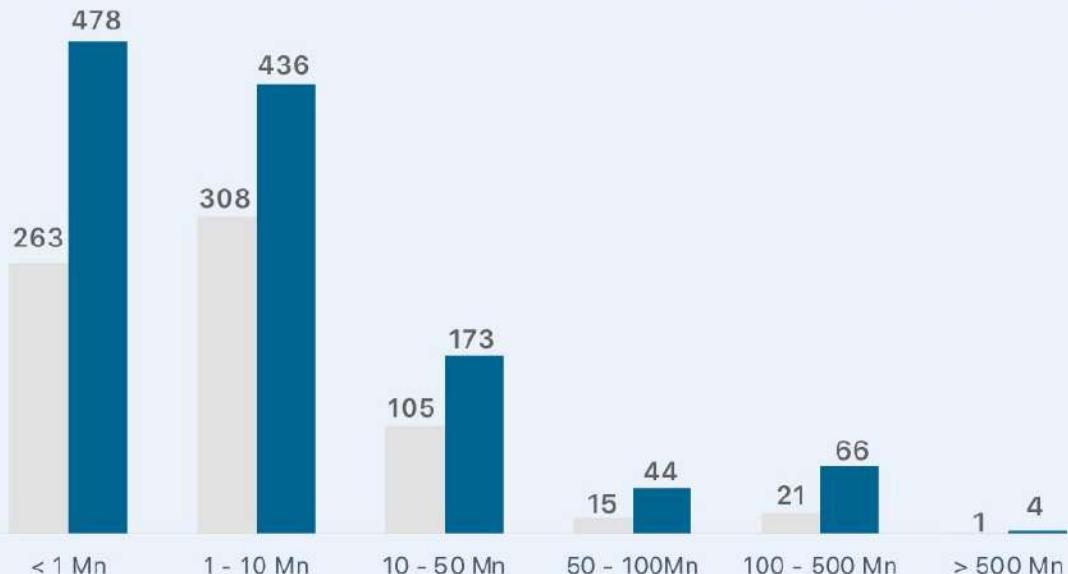
Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken (2) Seed stage deals include Seed and Angel stage funding rounds. Early-stage deals include Series A and Series B funding rounds. Late-stage deals include Series C and above funding rounds.

Deal counts increased across all investment round sizes, with increase in median ticket size

Distribution of Deals² Across Investment Round Sizes

by calendar years¹

■ 2020 ■ 2021

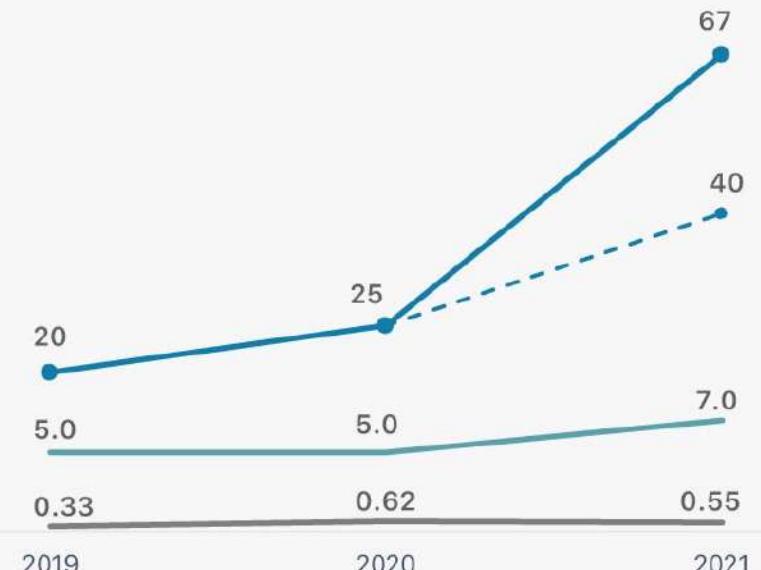


- Increase in deal counts, across investment round sizes, reflects investor confidence
- Increase in mega-rounds (\$100Mn+ in size) ties back to growth in late-stage funding

Stage - wise³ Median Ticket Size Of Investments

In \$Mn, by calendar year

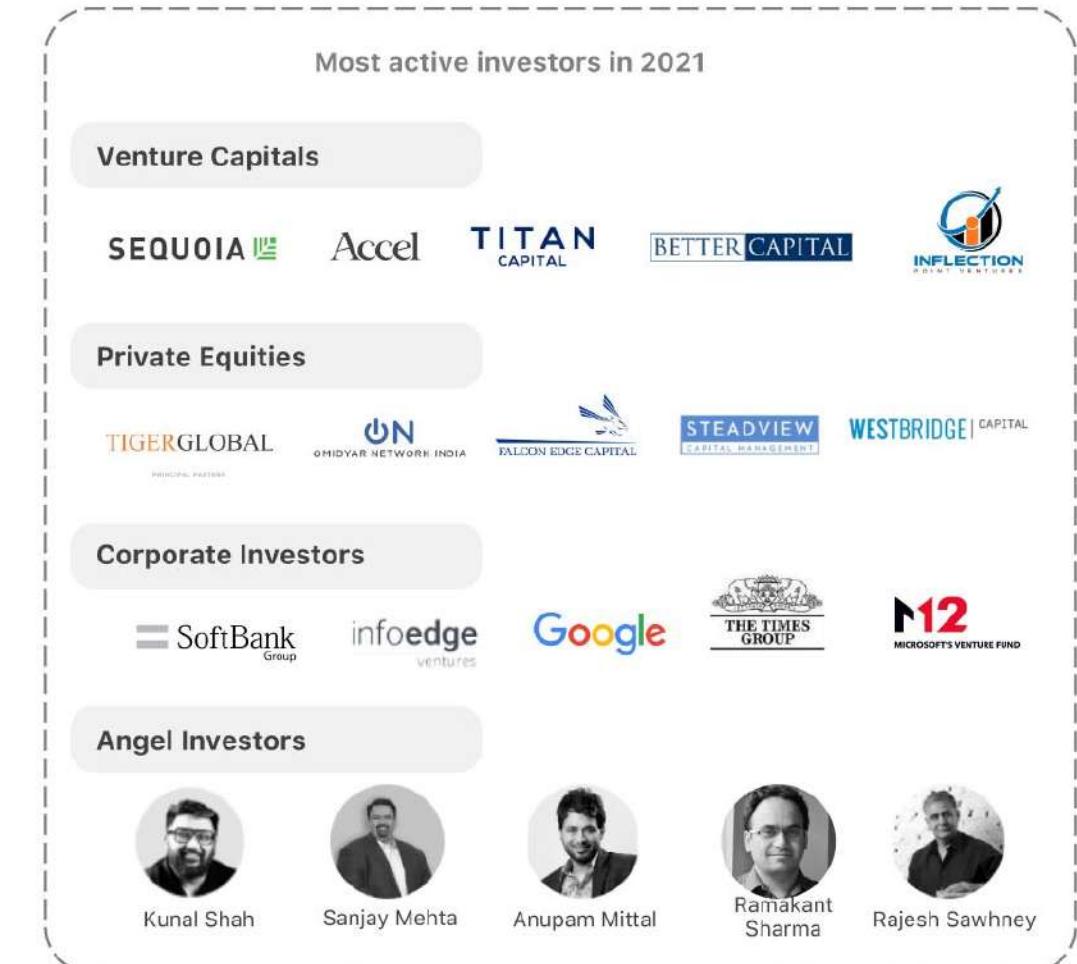
— Seed — Early — Late — Late (exc. Unicorn)



Sharp increase in Late-Stage median ticket sizes reflects a "seller's market", it also indicates valuations being favorable for founders

Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken
 (2) Sum of all deals is not 1412 since undisclosed deals are not accounted for analysis in above graph (3) Seed stage deals include Seed and Angel stage funding rounds. Early-stage deals include Series A and Series B funding rounds. Late-stage deals include Series C and above funding rounds.

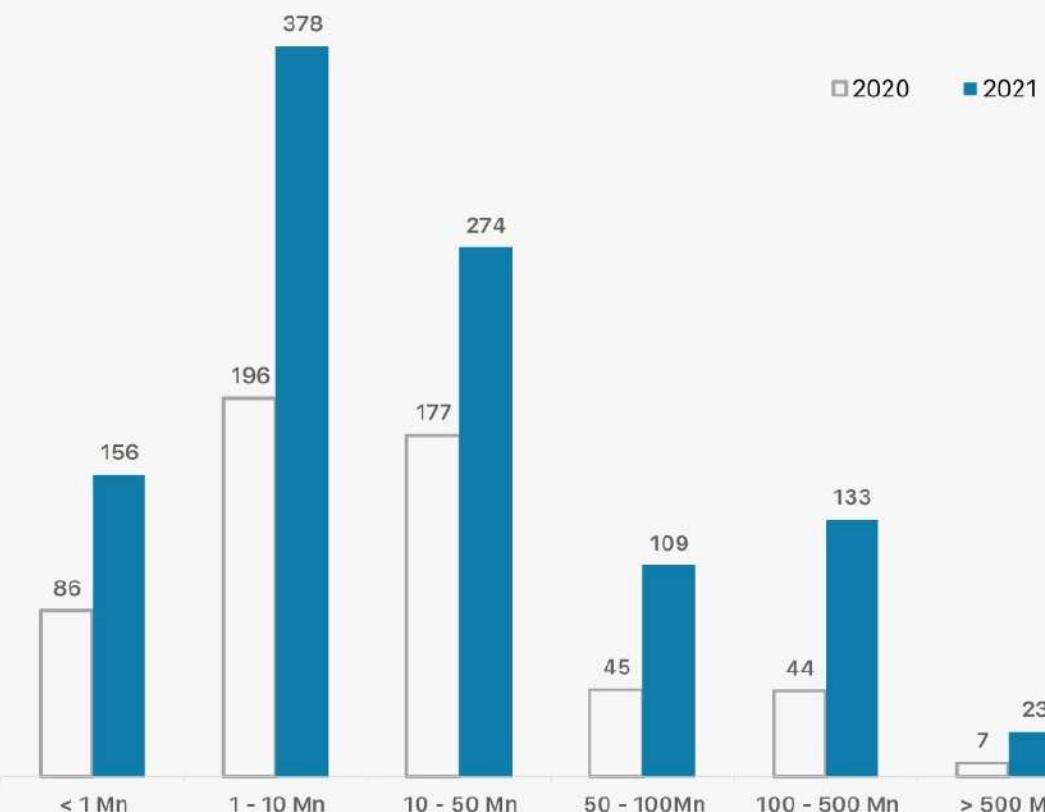
Indian start-ups witnessed active participation from both institutional and angel investors in 2021



Note: (1) Active investors are investors that have taken part in at least one deal in a particular year (2) Corporate investors include Indian/ global corporate organizations and corporate venture capitalists (CVCs). Institutional investors include Venture Capital firms, Private Equity Firms and Corporate investors

750+ unique institutional investors actively invested in 2021, up 81% over 2020

Number of unique institutional investors²
by calendar year, by various round sizes¹



3X

Growth in number of unique investors who participated in > \$100 Mn investment deals

1.5 - 2X

Growth in unique investors participating in Seed and Early-Stage deals, that is sub \$50Mn rounds

Largest Investment Deals in 2021



BYJU'S

Funding amount : \$1110 Mn
Key Investors : B Capital Group, Baron Funds, Tiger Global



swiggy

Funding amount : \$800 Mn
Key Investors : Accel, Alpha Wave Global, Goldman Sachs



meesho

Funding amount : \$570 Mn
Key Investors : B Capital, Fidelity Investments, SoftBank Vision Fund



ShareChat

Funding amount : \$502 Mn
Key Investors : Tiger Global, Twitter Ventures, Snap



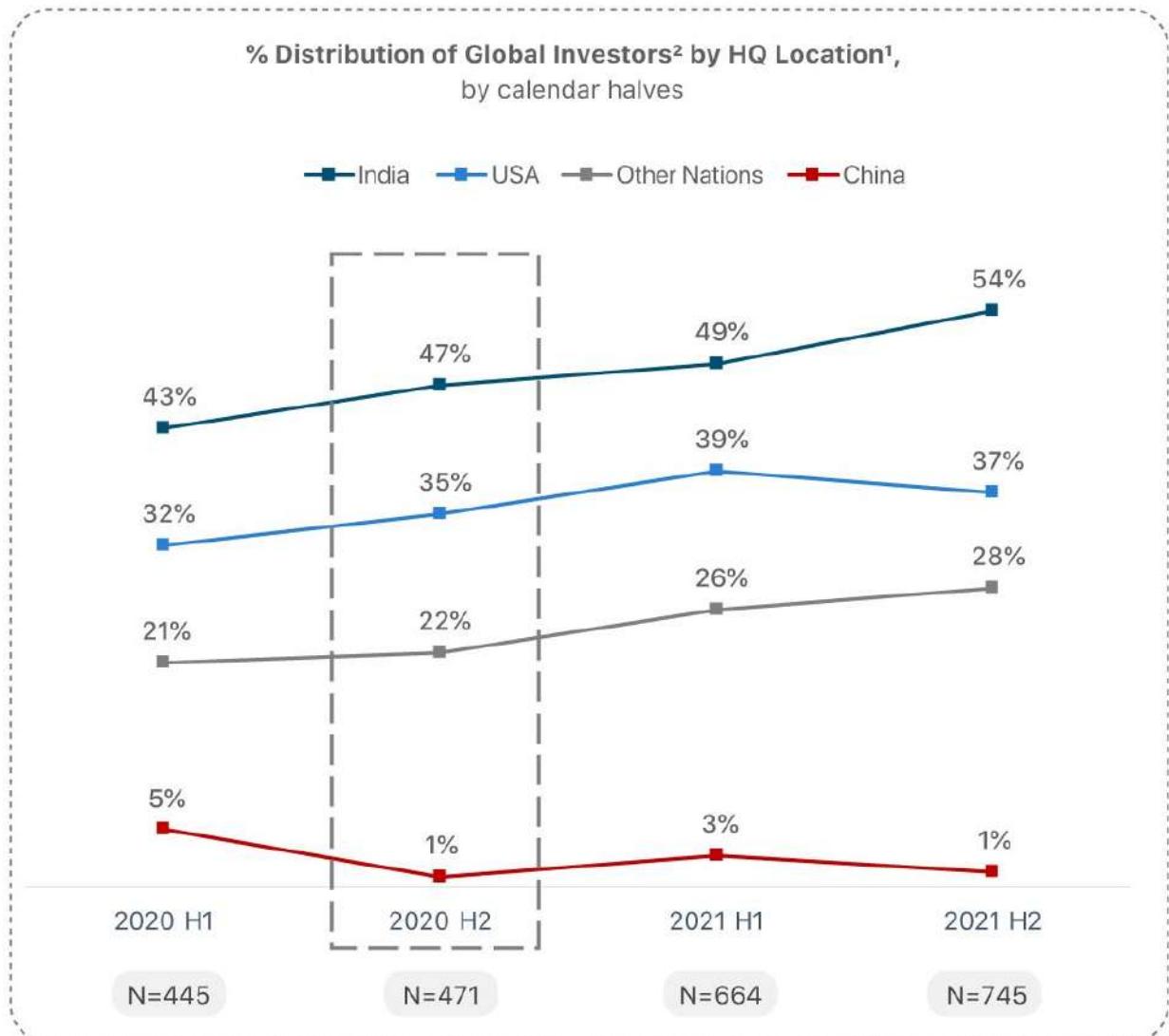
unacademy

Funding amount : \$440 Mn
Key Investors : Temasek, Softbank Vision Fund, Tiger Global +6

Note : (1) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis throughout the report; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken

(2) Unique institutional investors include Venture Capital firms, Private Equity Firms and Corporate investors

While USA continue to be primary source for FDI in start-ups, global participation is increasing



Note: (1) Per% do not add to 100 as deals contain multiple investor from different nations. (2) A global investor is an investor with headquarter location outside India

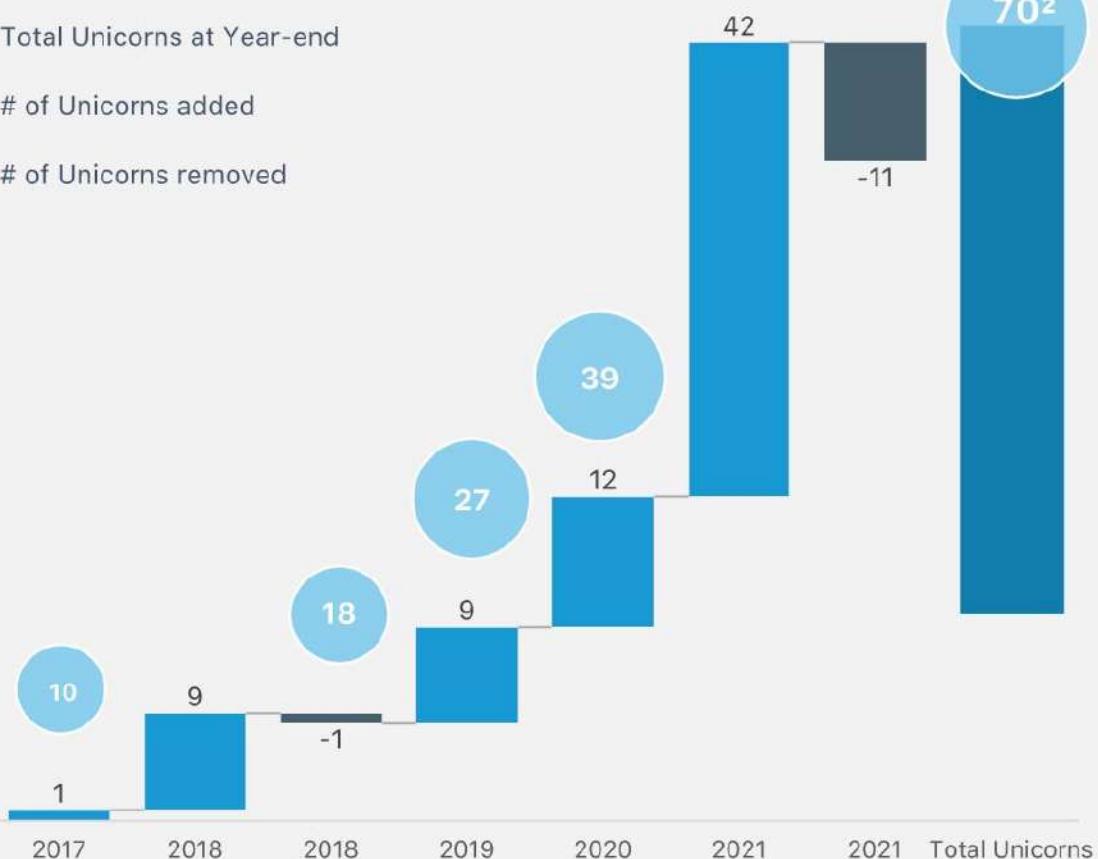


**Potential unicorn pipeline
too has expanded dramatically
this year**

60% of the 70 active Unicorns were added this year

Number of Unicorns¹ Added or Removed by Calendar Year

- Total Unicorns at Year-end
- # of Unicorns added
- # of Unicorns removed



Key Highlights of Unicorns Added in 2021

\$90Bn Cumulative Valuation

62% Share of B2C

6 Yrs Median Age

40% Serving Global Markets

16% of All Active Unicorns are Less Than 3-Year-Old Firms

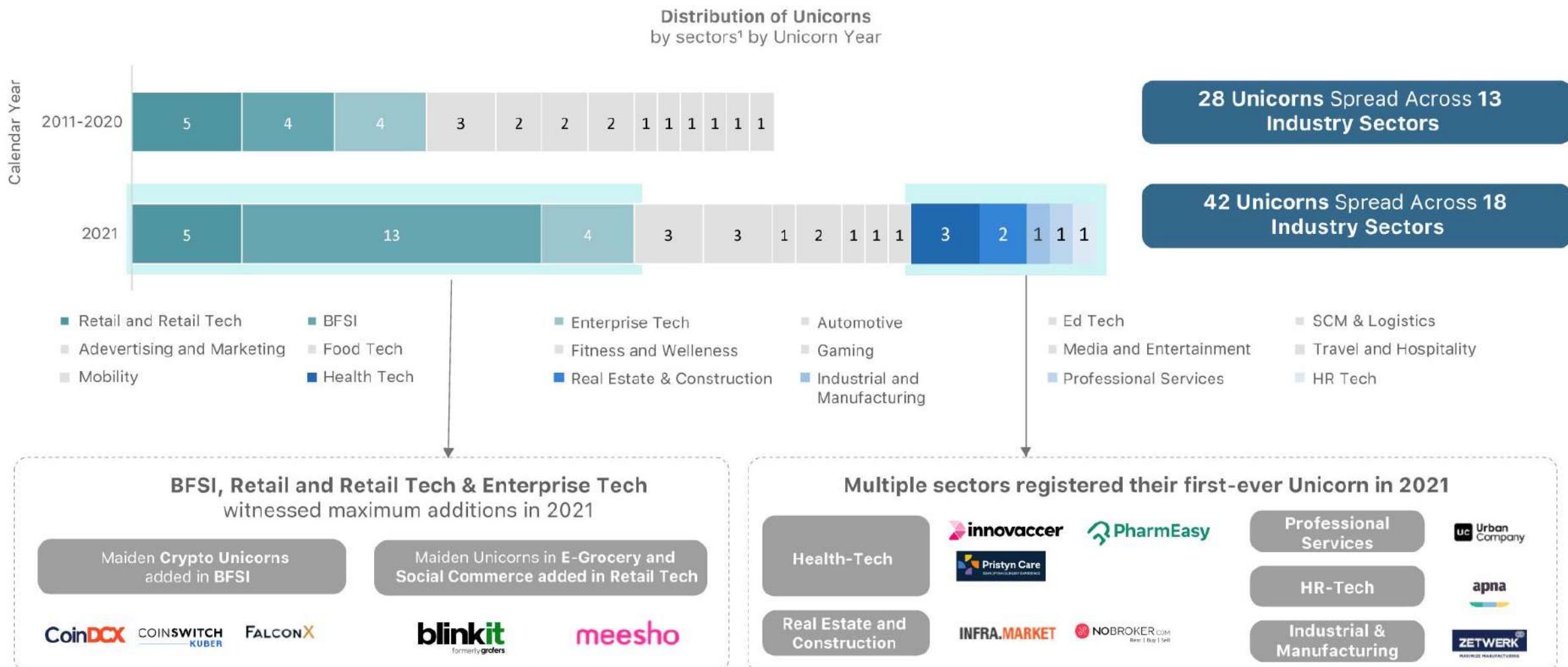


13% of All Active Unicorns are Valued Over \$5Bn

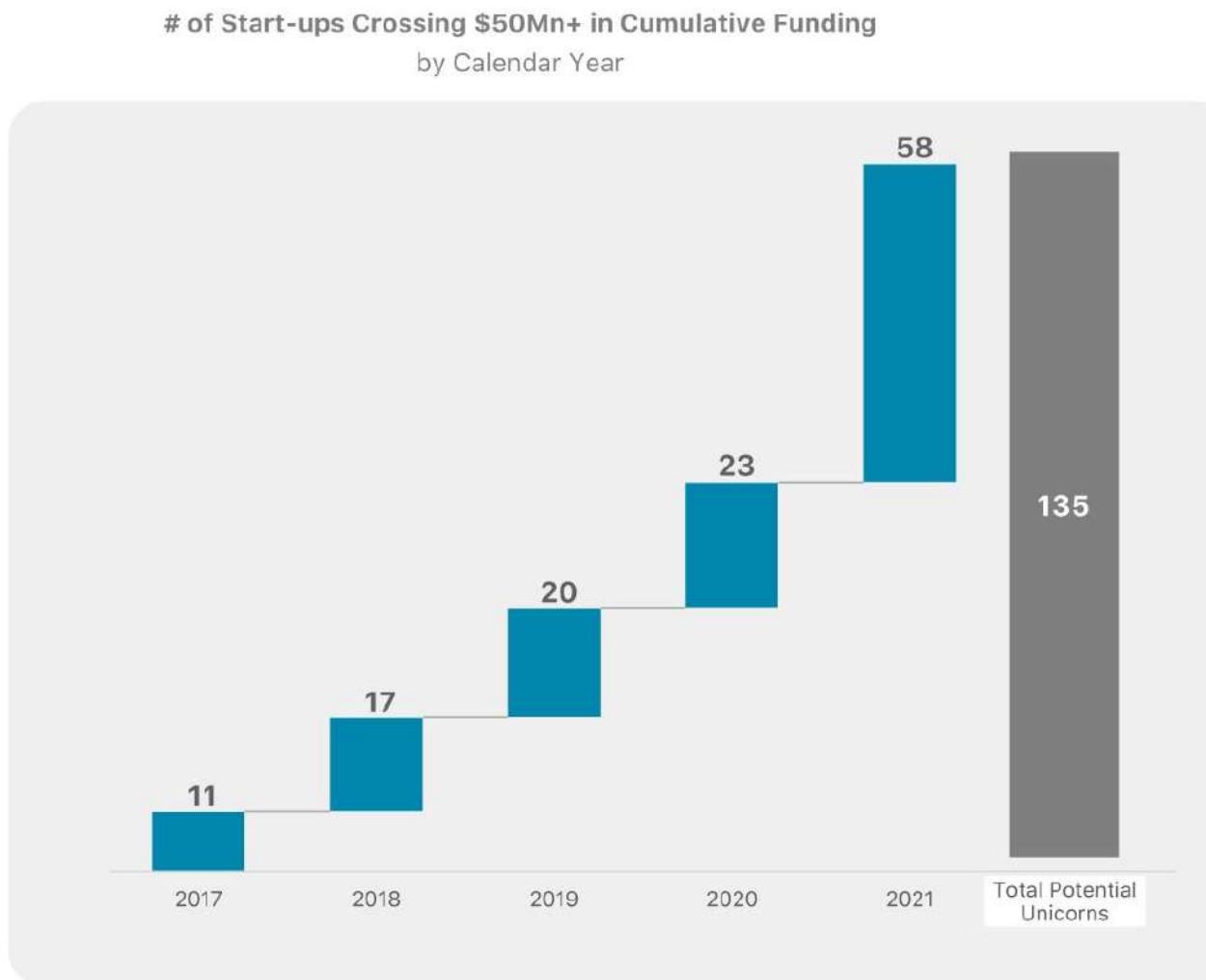


Note: (1) Unicorns are private entities with more than \$1Bn valuation, analysis as on date 31-Dec-2021 (2) Holding companies such as Mensa Brands and Global Bees have been excluded from the Unicorn club.
Please refer to the note for readers for detailed list of exclusions from the unicorn club.

Additions across 18 industry sectors underscores ecosystem's vitality



Pipeline of potential unicorns expanded dramatically through 2021

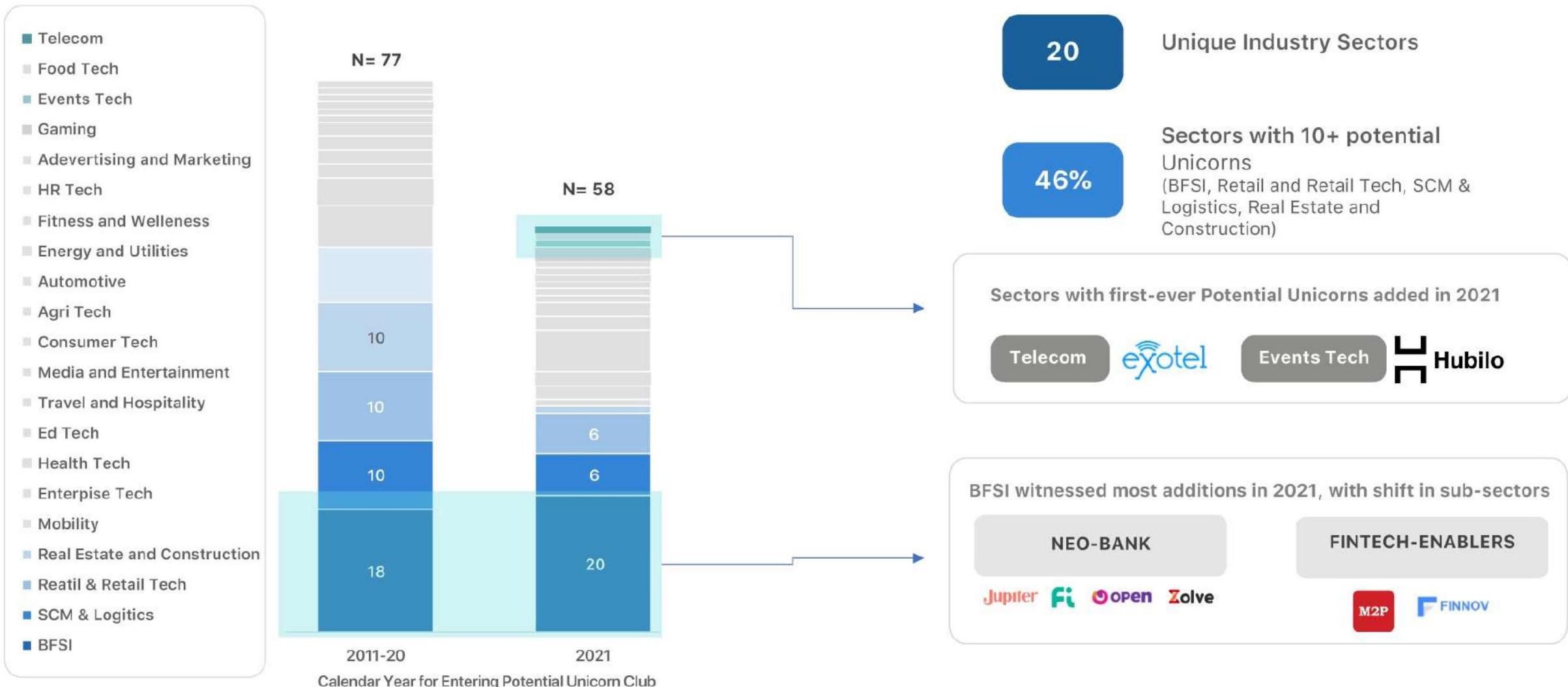


Key Highlights of Potential Unicorns¹ Club

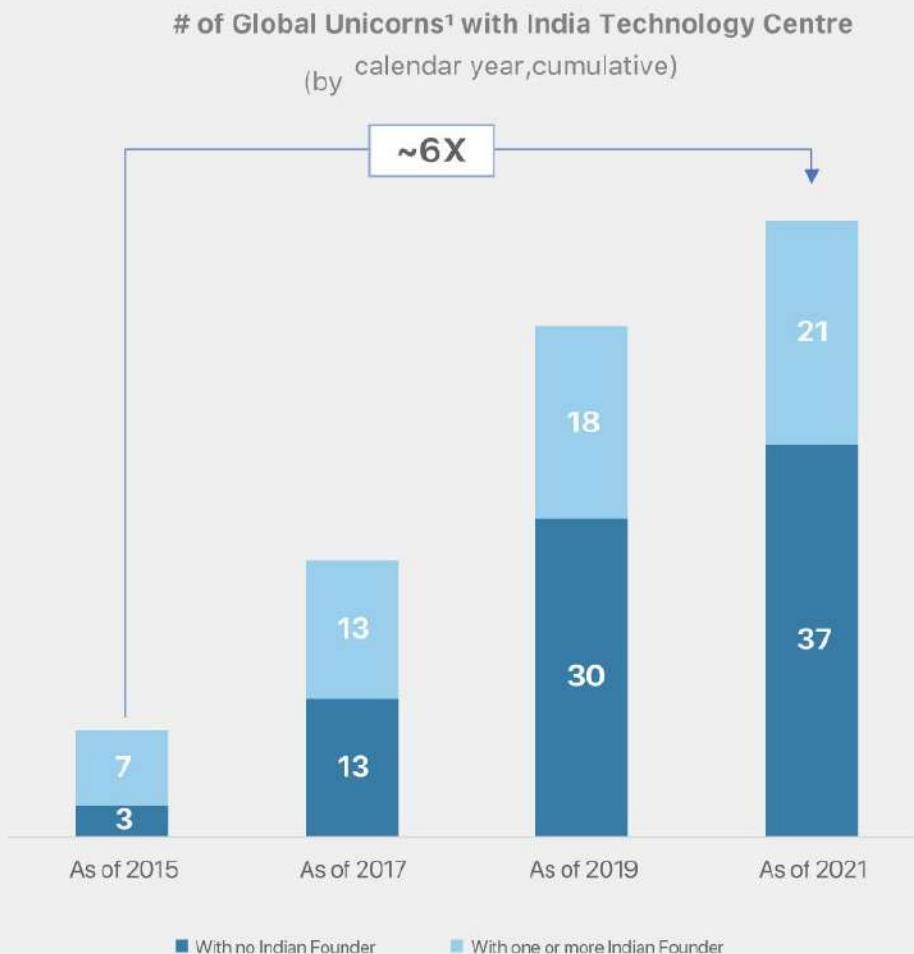
- 50+** # of start-ups with \$100Mn+ in Total Funding
- \$85Mn+** Median Investment Raised
- 5-6 Yrs** Median Age
- 04** # of Sectors with **10+ potential unicorns**
(BFSI, SCM & Logistics, Retail and Retail Tech, Real Estate & Construction)
- 43%** % Share of **B2B**
- 23%** % Share of start-ups **serving global markets**

Note: (1) Potential unicorns are start-ups founded between 2011-21 and with total funding more than \$50Mn+. Does not include start-ups that became unicorn on or before 31-Dec-21.

As the spectrum of Potential unicorn increased, BFSI constituted a lion share in the new additions



India continues to attract global unicorns for its talent and innovation ecosystem



1000+
Global Unicorns

58 # of Global Unicorns
with India
Technology Centre

- 12 Unique Industry Sectors
- 63% Without a Indian Co-Founder
- 80% B2B Start-ups
- 79% With HQ in USA

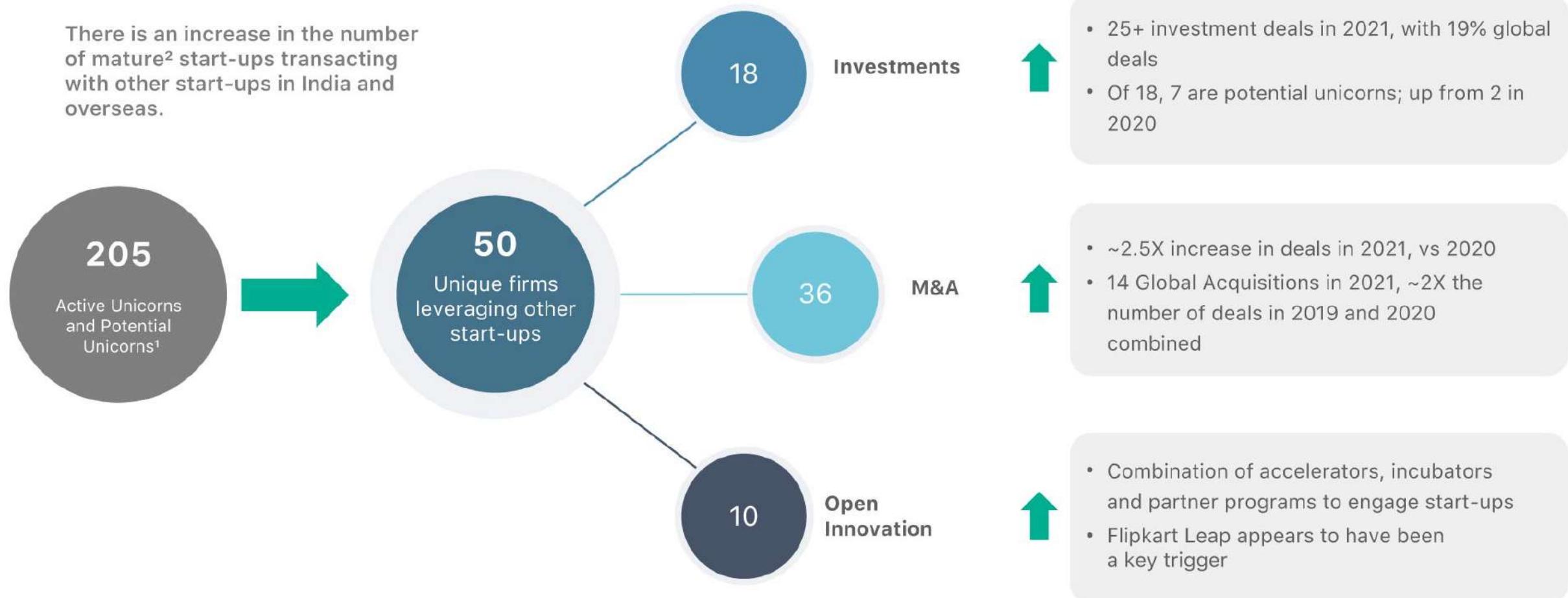


Note: (1) Indian Unicorns are excluded in the analysis
Source: CB Insights Global Unicorn List 2021, Hurun Global Unicorn List 2021



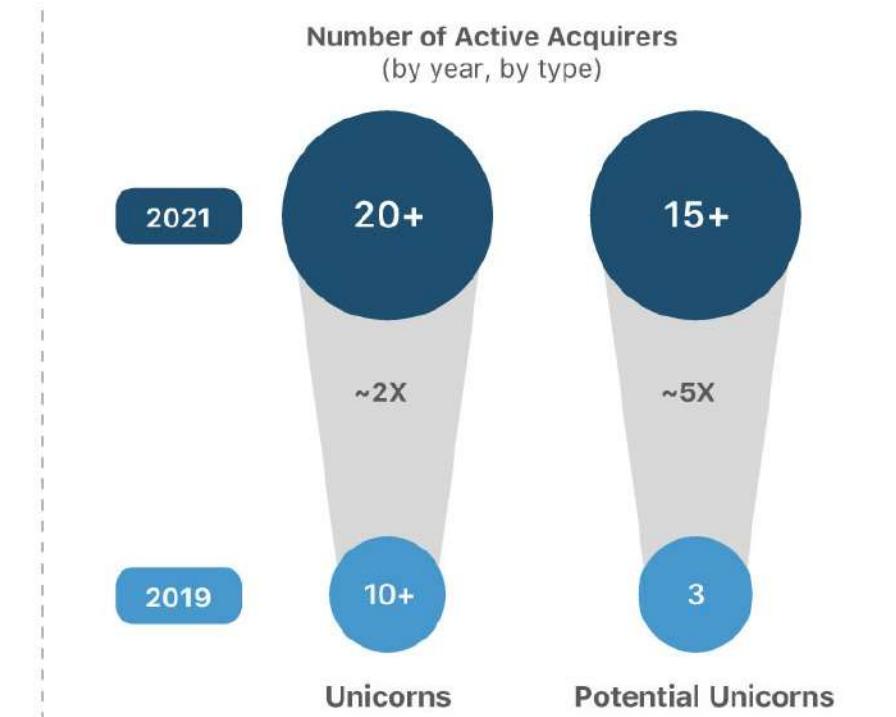
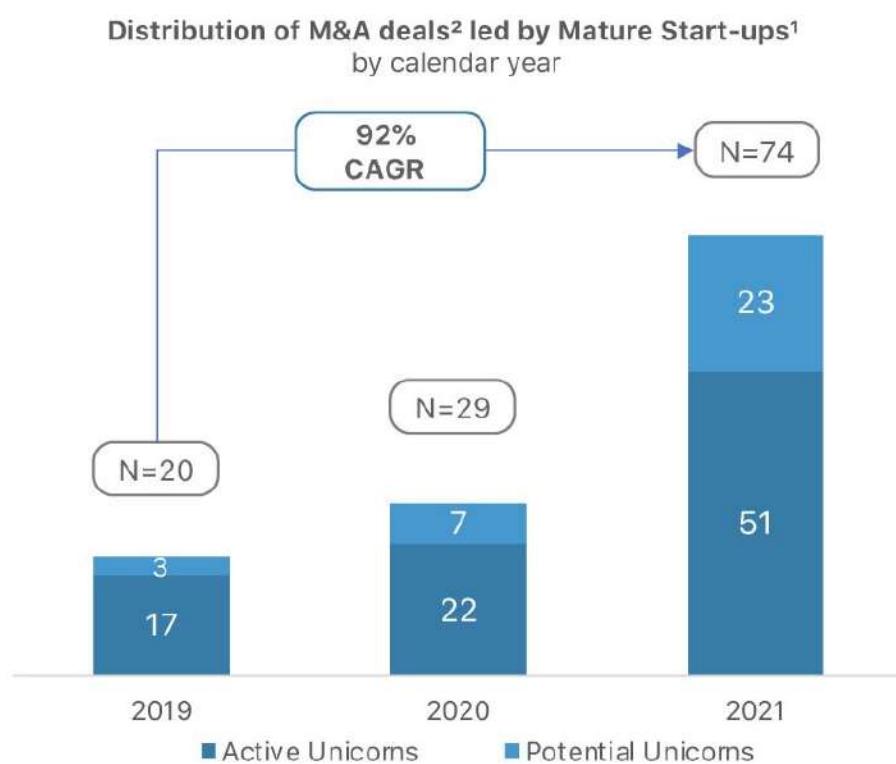
**Well-funded start-ups are
accelerating the ecosystem
flywheel with new playbooks**

~24% of unicorns and potential unicorns are actively leveraging other start-ups for growth



Note: (1) Potential Unicorns are companies with \$50Mn+ in cumulative funding. (2) We have used unicorns and potential unicorns for this analysis with N = 205.

M&A is now central to product and market share expansion strategy for mature start-ups



- Mature start-ups have also ramped up **global acquisitions** with **14 deals** in **2021**, twice as many as 2019 and 2020 combined
- **EdTech, BFSI, Fitness & Wellness, Retail and Retail Tech** constitute **70%** of deals in 2021

Illustrative list of Unicorn & Potential Unicorns with most M&A deals in 2021

BYJU'S
N=9

cure.fit
N=8

upGrad
N=4

unacademy
N=4

MYGLAMM
N=3

Teachmint
N=3

M2P
N=2

OPEN
N=2

square yards
N=2

Note: (1) Mature startups include Potential Unicorns and Unicorns. (2) For CY 2021, M&A rounds of start-ups founded between 2011-21 are taken for analysis; similarly, for CY 2020, M&A rounds of start-ups founded between 2010-20 are taken and for CY 2019, M&A rounds of start-ups founded between 2009-19 are taken

Year was marked with large ticket acquisition of older offline businesses by tech start-ups

Acquirer	Target	Deal Specifics	Deal Rational
<p>Founded- 2018 Provider of payment solutions for consumers and businesses. Their range of products include QR Code-based payments, SME financing, credit cum debit card etc</p> 	<p>Founded- 1984 An RBI regulated multi state co-operative bank with more than 130 branches across the country</p> 	<p>Est. Value at \$300 Mn</p>	<ul style="list-style-type: none"> Acquired in partnership with Centrum Finance Regulatory license and distribution of PMC Bank is expected to aid BharatPe's plans to build India's first new age digital bank.
<p>Founded- 2011 Personalized learning and tutoring platform for K-12 education. They also provide online courses for competitive exam preparation</p> 	<p>Founded- 1988 Institute providing comprehensive test preparatory services for pre-medical and engineering entrance exams</p> 	<p>Est. Value at \$1Bn.</p>	<ul style="list-style-type: none"> BYJU's is rapidly transforming into a hybrid firm with offline coaching centres Aakash is opening-up 100+ centers across the country with a rebranding "Aakash BYJU's" Provides strong base for foray beyond K-12
<p>Founded- 2015 Platform for online ordering of medicines, medical devices, nutrition and supplementary products, teleconsultations and diagnostic tests</p> 	<p>Founded- 1996 Multinational chain of fully automated diagnostic and preventive care laboratories</p> 	<p>Est. Deal Value at \$613 Mn.</p>	<ul style="list-style-type: none"> Allows Pharmeasy to enter the healthcare diagnostics segment with intent to establish a omnichannel access for all healthcare services Enables cross-selling and up-selling opportunity

Unicorns and Potential Unicorns are also creating waves in the start-up ecosystem as investors

57

of start-ups that have raised capital from Unicorns or Potential Unicorns, since 2019

45%

Of all deals (since 2019) were in BFSI and Foodtech

19%

Of the total deals in 2021 were Global Investments

ZERODHA

Razorpay

REBEL FOODS

meesho

deals-4

deals-3

deals-3

deals-2

New Investors in 2021

Ecom Express

Jupiter

M2P

NOBROKER.COM
Rent | Buy | Sell

of business

PharmEasy

Shiprocket

smallcase

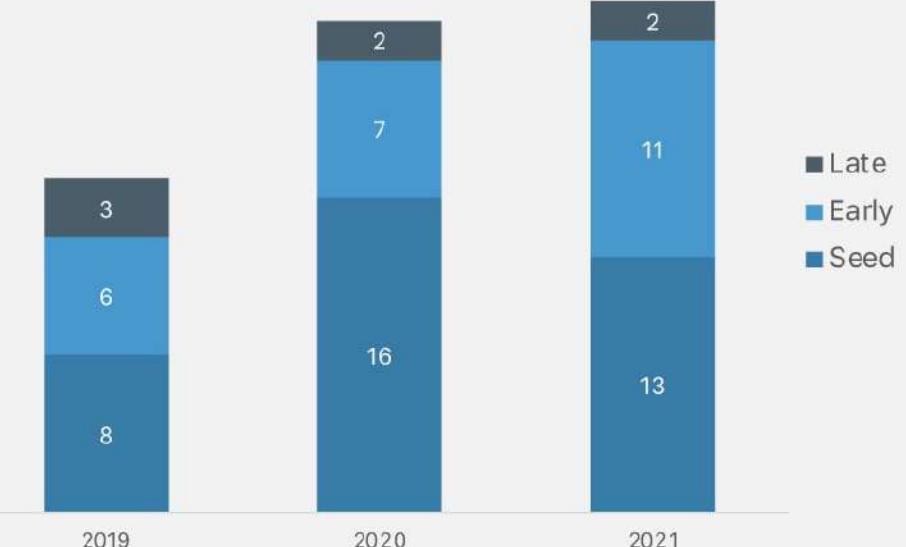
trell

Number of Investment Deals² by Mature Start-ups¹
by stage, by Calendar Year

6

13

18



(X) Number of Unique Start-ups investing in one or more deal

Note : (1) Mature start-ups include Potential Unicorns and Unicorns. (2) For CY 2021, investment rounds of start-ups founded between 2011-21 are taken for analysis; similarly, for CY 2020, investment rounds of start-ups founded between 2010-20 are taken and for CY 2019, investment rounds of start-ups founded between 2009-19 are taken

Start-ups are leveraging structured programs to open routes for organic & inorganic growth

START-UP FUND



Lenskart Vision Fund

Through this initiative ,Lenskart will invest \$2Mn in each selected startups that are synergistic to the eyewear, eye-care, and omnichannel retail sector.

In addition to the capital, Lenskart will also provide select startups market access via its 700 retail stores and online channels across India, Singapore, West Asia and the US.

Illustrative Example



AI-based startup that has helped Lenskart accurately measure footfall

INCUBATION PROGRAM



RainMatter-India Fintech Fund & Incubator

Provides SEED Funding (\$100K-\$1Mn), along with well equipped workspace to innovative startups in the space of capital markets.

In addition to the capital, it helps startups quickly validate their product, forge new connections in the industry and get relevant advice and mentorship to grow their product.

Illustrative Example (Invested in 25+ startups since 2015)



Illustrative list of well funded startups running structured programs



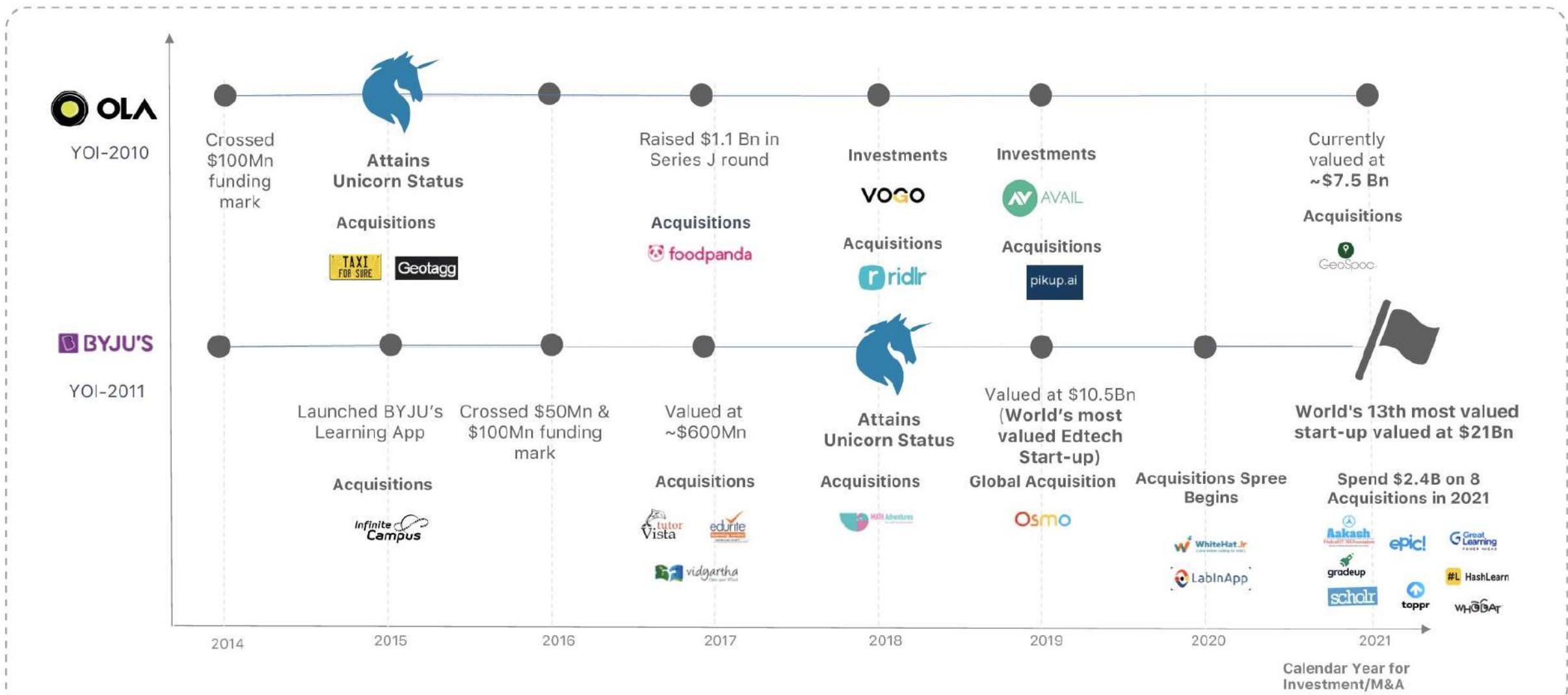
With each subsequent year, inorganic growth playbook is becoming more prominent



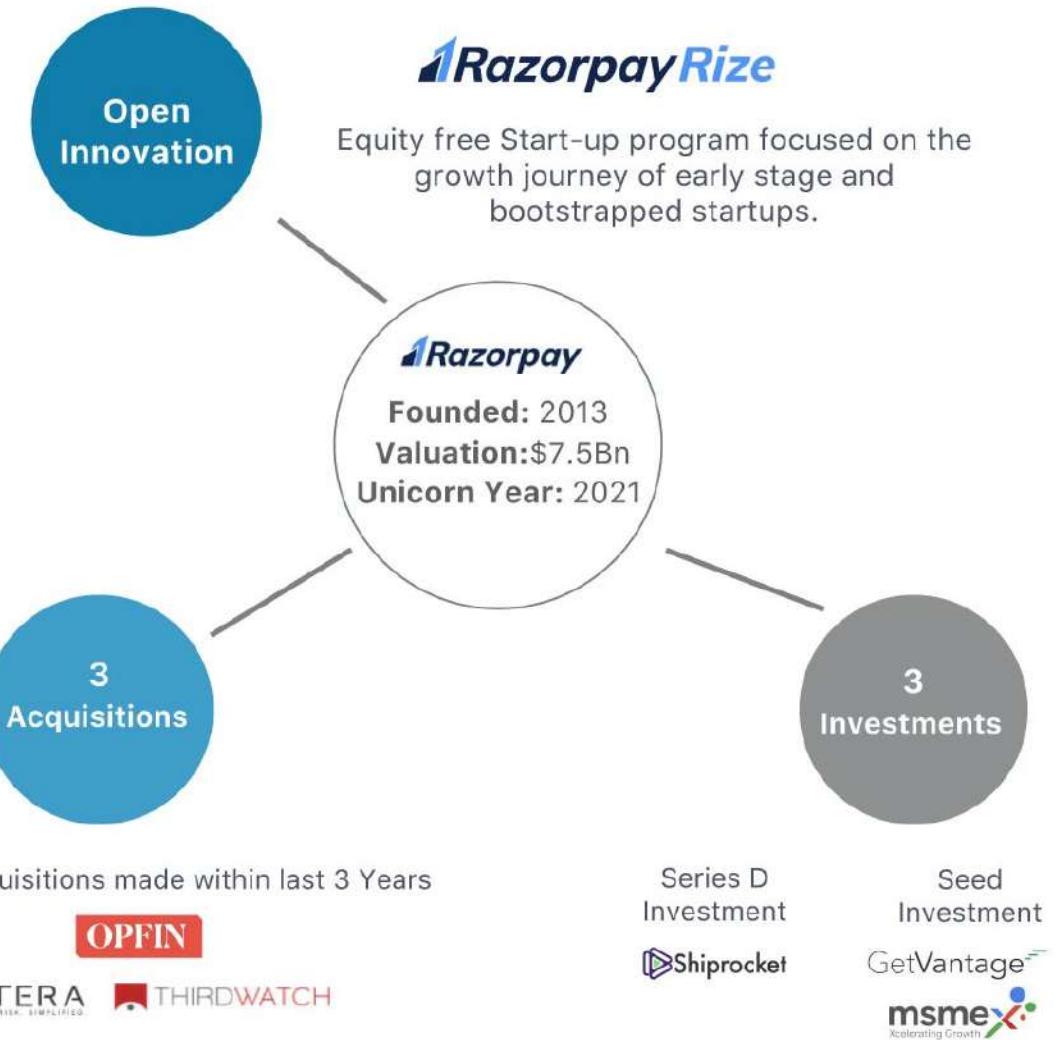
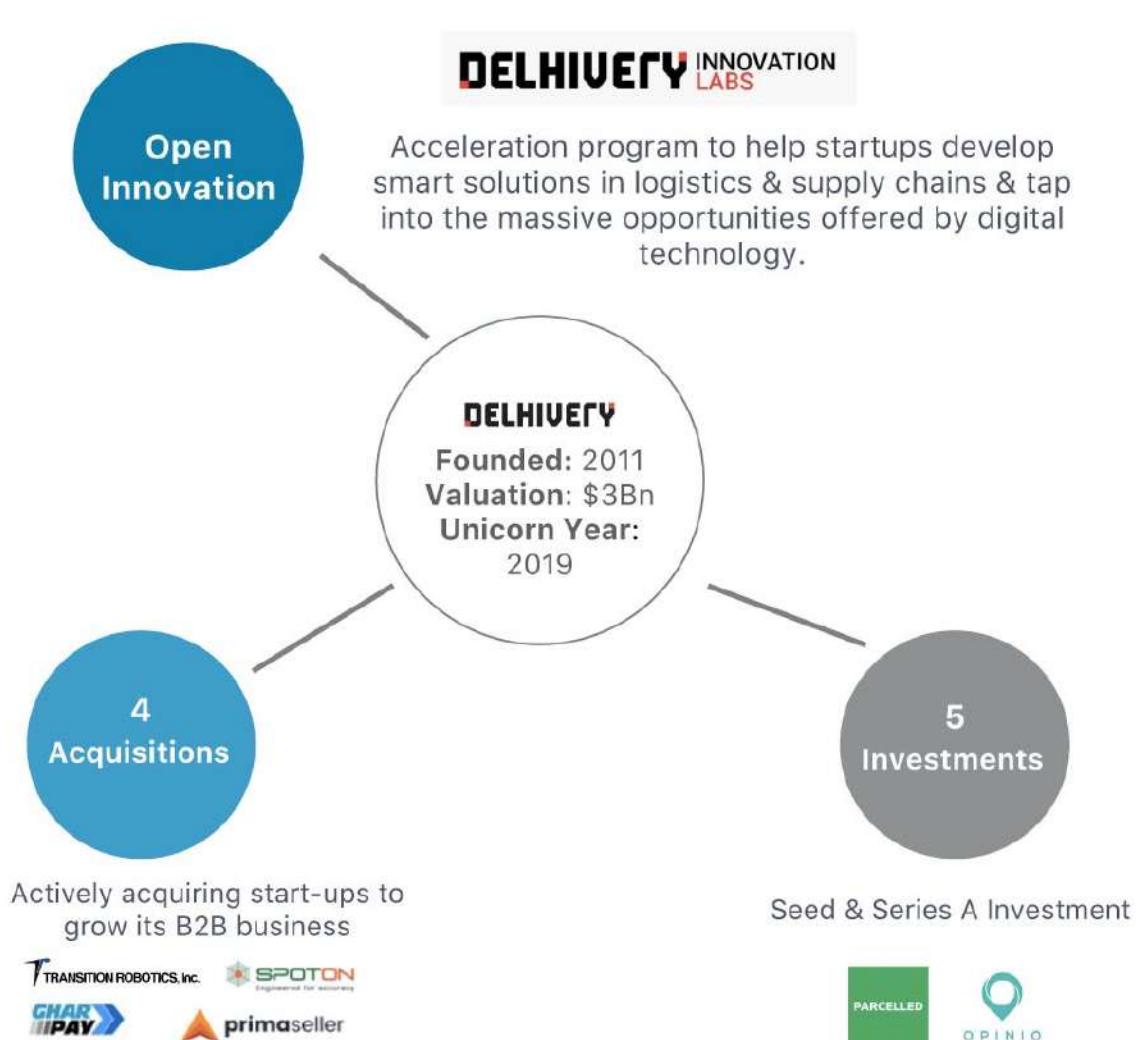
Interestingly, relatively younger firms are adopting this playbook earlier than older peers



Case In Point: M&A has been central to Ola's and Byju's growth strategy



Case in Point: Razorpay and Delhivery are leveraging multiple collaboration models for growth





India's unique digital infrastructure is strengthening for the next "UPI moment"

India's unique technology infrastructure has undoubtedly redefined problem-solving approach

IndiaStack in numbers¹



1.3B
enrollments

63.6B
authentications



10.4B
e-KYC processed



92.3M
Registered
users

4.75B
Issued
documents



More than 4.5Bn
payments in Dec
2021

Other IndiaStack APIs



Three-tiered UPI² Infrastructure

Fintech

Banks

NPCI

- UPI, the dominant API has a unique three layered infrastructure
- It allows apps and fintech companies to gain access to the interconnected system of banks and backbone NPCI server
- A payment provider needs to just use one set of APIs to get access to bank accounts in India

It has enabled effective solutions for awareness, access and affordability challenges in BFSI



API	Major use-cases	Illustrative start-ups
Aadhaar	Authentication Background verification Identity management	 
eKYC	Identity verification Customer onboarding	 
eSign	Digital signature Document management	  
DigiLocker	Paperless documentation Storage and Access Verification	 
UPI	Payments – Utility, Over the Counter, Barcode, Merchant to Merchant, Consumer to Business	 

India is making notable strides in new and deeper initiatives towards financial inclusion

Key Developments in past 24-months



Open Credit Enablement Network (OCEN)

Creating a common language for collaboration and partnership with lending service providers (LSPs)

- OCEN removes entry barriers for digital platforms for offering financial services
- Potential to disrupt the credit market in India
- Stakeholders in the OCEN ecosystem include Loan Service Provider (LSP), Technology Service Provider (TSP), Lender and Borrower



Account Aggregators (AA)

Data sharing system making lending and wealth management faster

- AAs will be enablers in the OCEN framework
- The AA network will allow an individual to share information from one financial institution to another



Regulatory Sandboxes

Continuous innovation and engagement for the evolving BFSI sector

- Several entities/start-ups have tested sandbox environment provided by Reserve Bank of India (RBI)
- Themes covered include Retail payments and Cross border payments
- More themes to be tested in near future



Offline Retail Payments

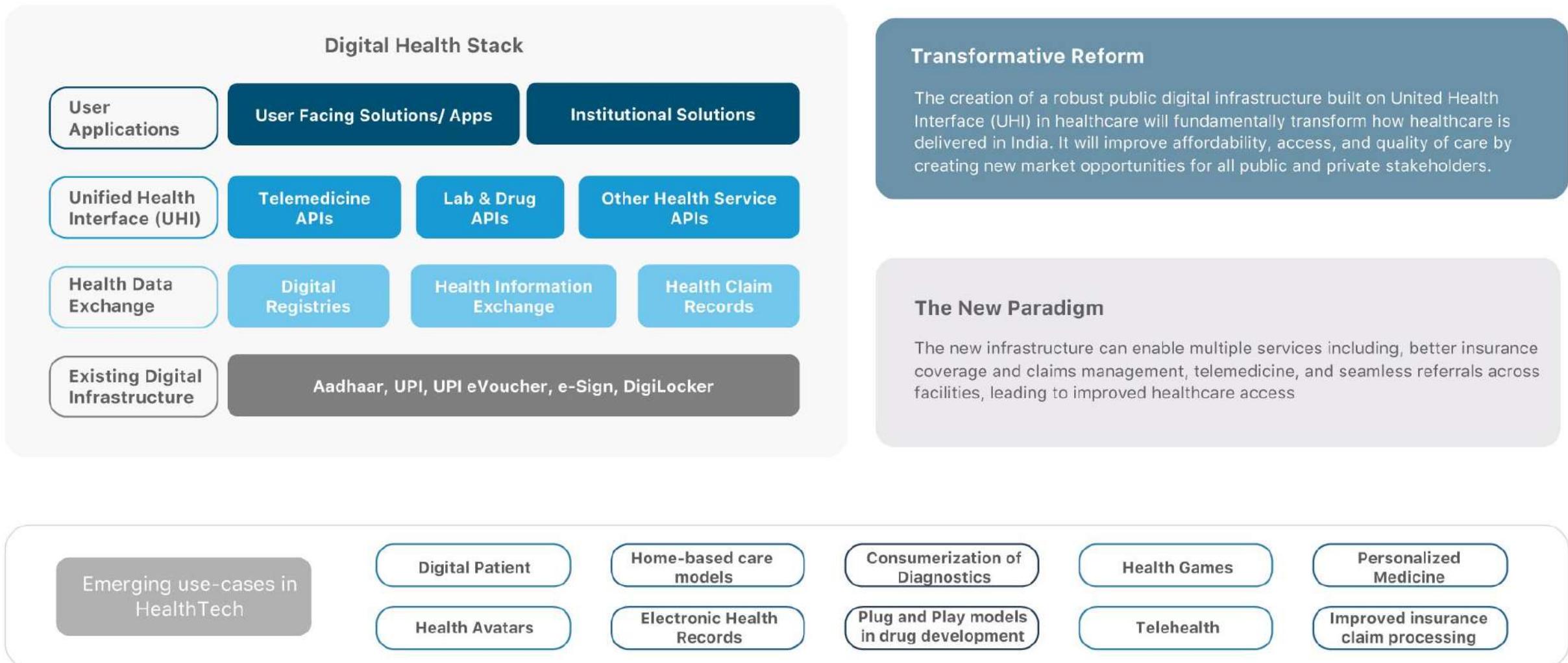
Framework for facilitating small value digital payments in offline mode

- The framework will allow individuals to transact even without internet connection

This success is fuelling development and deployment of new technology infrastructure across all key sectors for delivering on the \$1Tn Digital Economy goal

Sector	Initiatives	Opportunity	Use Cases
 Agritech	<p>80+ digital initiatives on digitization of data or building of applications or service portals, including National Agriculture Market (eNAM), Farmer Portal, mKisan, Soil Health Card digitization, Pradhan Mantri Fasal Bima Yojana (PMFBY) platform and Meghdoot.</p>   	<p>Integrated data repository The data exchange will allow integration of data on soil, land, weather, satellite and irrigation. This creates opportunities for private players and start-ups to build solutions with API access to registries.</p>	Analytics Crop advisory Lending
 State Service Delivery	<p>There are 500+ schemes and programs to address challenges pertaining to data inconsistencies and fragmented nature of public services. Rajasthan's Bhamashah Yojana, Madhya Pradesh's Samagra, Haryana's SARAL, Telangana's Samagrah Vedika etc.</p>   	<p>Integrated data registry with interoperability <ul style="list-style-type: none"> The platform can be implemented and replicated across States to create a more standardized experience for citizens. Additionally, the platform could be opened to private players, research institutions to create solutions. </p>	Data Management Data Privacy
 HealthTech	<p>The Ayushman Bharat Digital Mission (ABDM) aims to develop the backbone necessary to support the integrated digital health infrastructure of the country</p> <ul style="list-style-type: none"> The platform will bring patients, medical institutions, medical professionals, pharmacies on a single platform 	<p>Digital Health Infrastructure <ul style="list-style-type: none"> Superior delivery of healthcare services in India Hassle free consultations Opportunity to create new products and solutions Cost reduction </p>	Digital Patient Telehealth
 Talent	<p>National Career services, Skill India and State sponsored SkillConnect portals have been launched in the past to foster talent and provide job opportunities</p>  	<p>Centralized platform Information asymmetry across stakeholders in the sector is a great opportunity to create a centralized and holistic platform to match demand with supply, connecting job seekers, employers, training institutes and skill seekers.</p>	Data Integration Data Leverage Lending

Digital Health Stack is building critical mass to deliver the “next UPI moment” for India



The digital revolution in healthcare is getting started and already reaping benefits

Initiatives by the government are at the centre of this revolution¹



- 1,50,000 Health and Wellness Centers (HWCS)
- 30 lakh beneficiaries availed treatments
- 22,796 hospitals empaneled
- Over 1 crore hospital admissions
- Over 12 crore e-health cards issued



- Interoperability of data, Creation of standardized EHR and providing continuum
- Omni-channel access by combination of Web (India Health Portal) and mobile apps (MyHealth)
- eSign integrated with service delivery applications via an API

Key components of the Ayushman Bharat Digital Mission (ABDM)

Ayushman Bharat Health Account(ABHA)

ABHA will be a unique account allowing individuals to securely access and manage health data digitally

Healthcare Professionals Registry (HPR)

For healthcare professionals to enrol and get connected to India's digital health ecosystem

Personal Health Record System (PHR)

PHR will enable an individual to manage information about his or her healthcare

Health Facility Registry (HFR)

For health facilities of the country to enrol and get connected to India's digital health ecosystem

Case in Point



swasth

The Swasth Digital Health Foundation

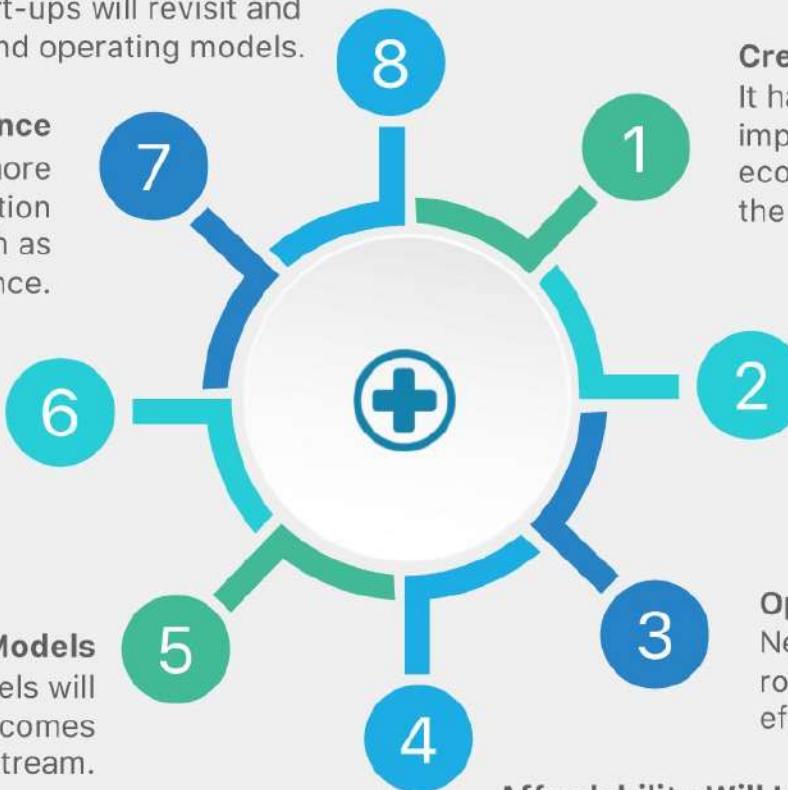
Inception Year-2020

- Setup as a not for profit, section 8 company Swasth is developing product platform and digital tool kits to support health care service providers
- Swasth will function as a self regulatory organization to build key components of the public digital infrastructure in healthcare
- The product platform has been live and the technology will be open sourced
- Currently, platform has 100+ healthcare players including hospitals, Pharma, Insurance and diagnostics companies
- The platform ensures that security layers are in place and in compliance with information & data security laws

Illustrative Start-ups on the platform

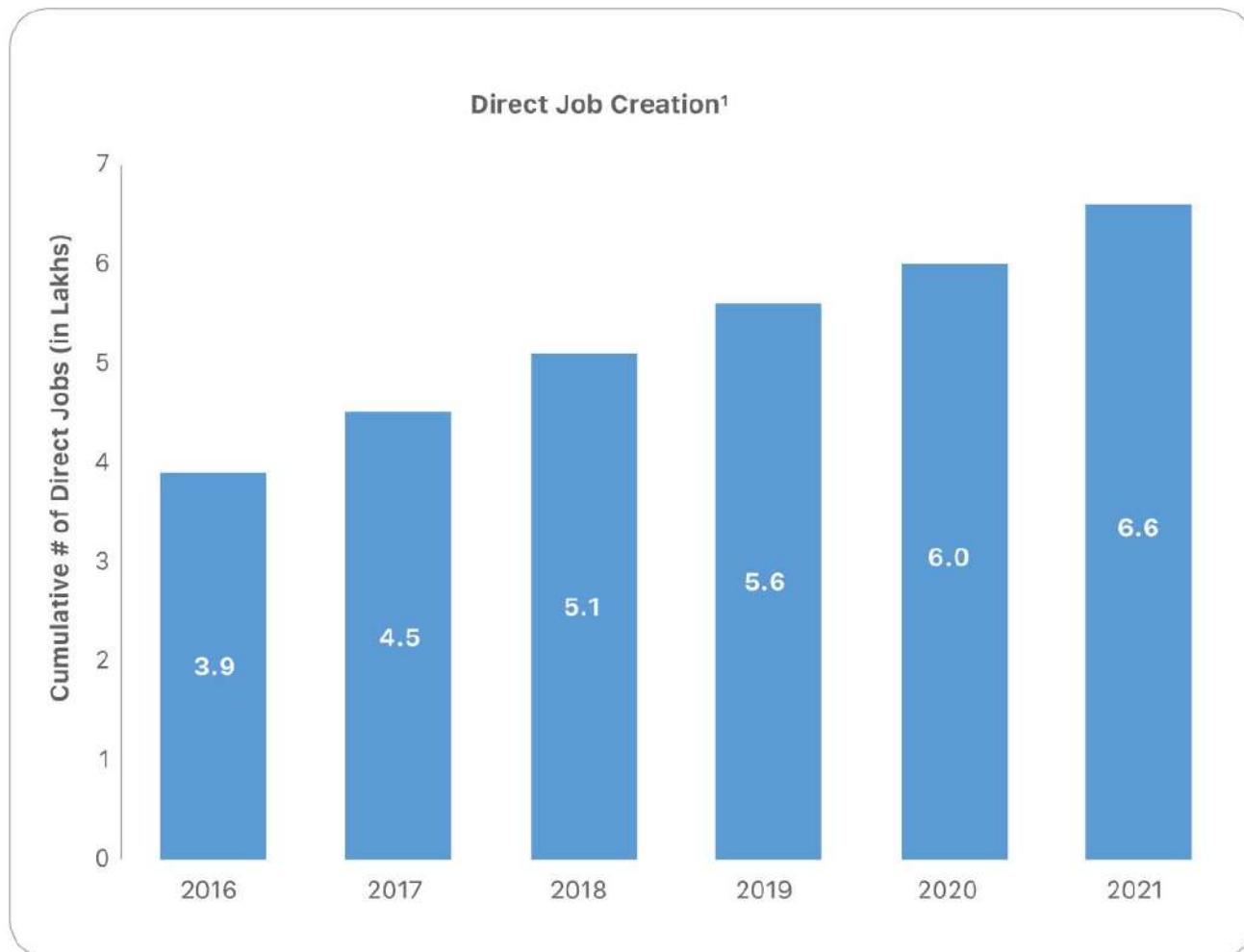


The digital health infrastructure is set to create immense future potential for the sector



Ecosystem is creating tangible wealth for the 1.3Bn Indians

Start-up ecosystem has been instrumental in increasing direct job opportunities



30%

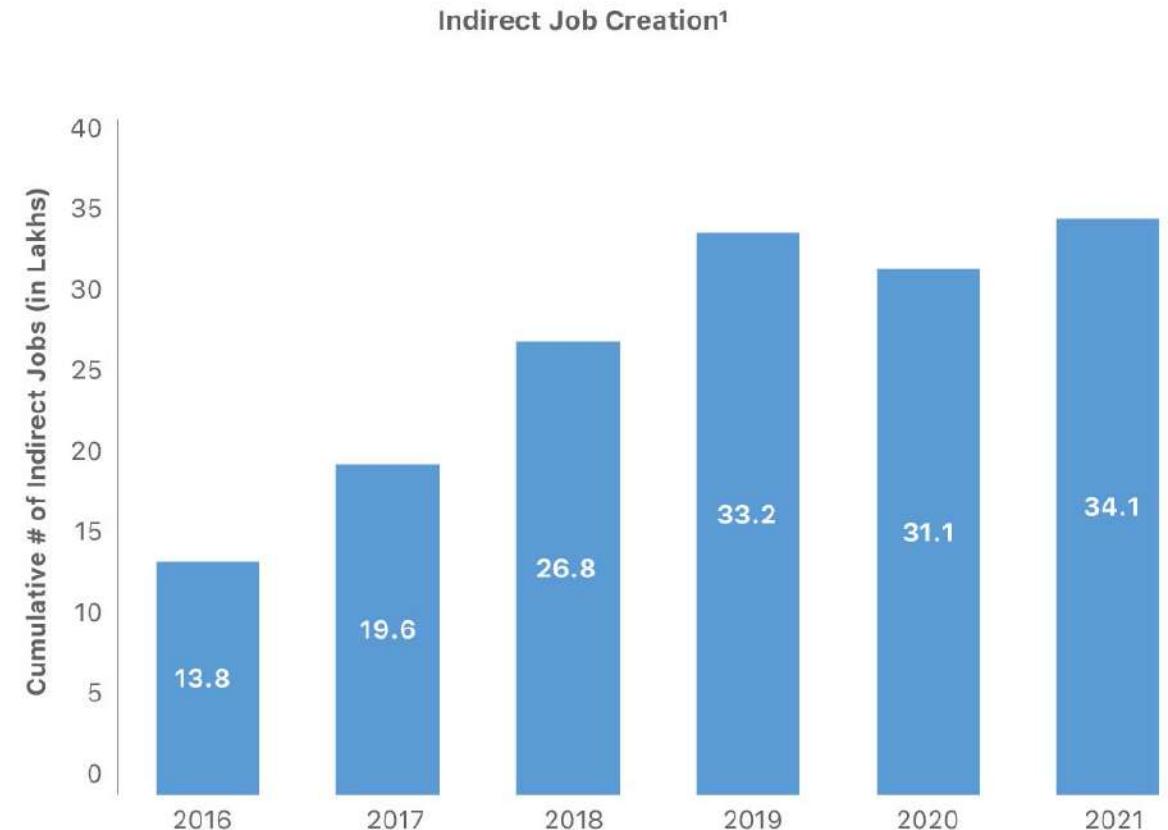
Est. CAGR for Direct Job, since 2011

~ 65%

Est. contribution of Unicorns & Late stage² start-ups

- **BFSI, EdTech, Retail and Retail Tech, FoodTech, SCM & Logistics** witnessed largest net new jobs being created – in part due to increased investments.
- **HealthTech** is another major job creator for non-tech roles.
- Not surprisingly, technology roles witnessed up-tick across all the sectors. Tech jobs have continued to grow through past 24-months, barring slow down in the Apr-Jun 2020 period.

Indirect jobs have also rebounded on back of online commerce, freelancers and services segments

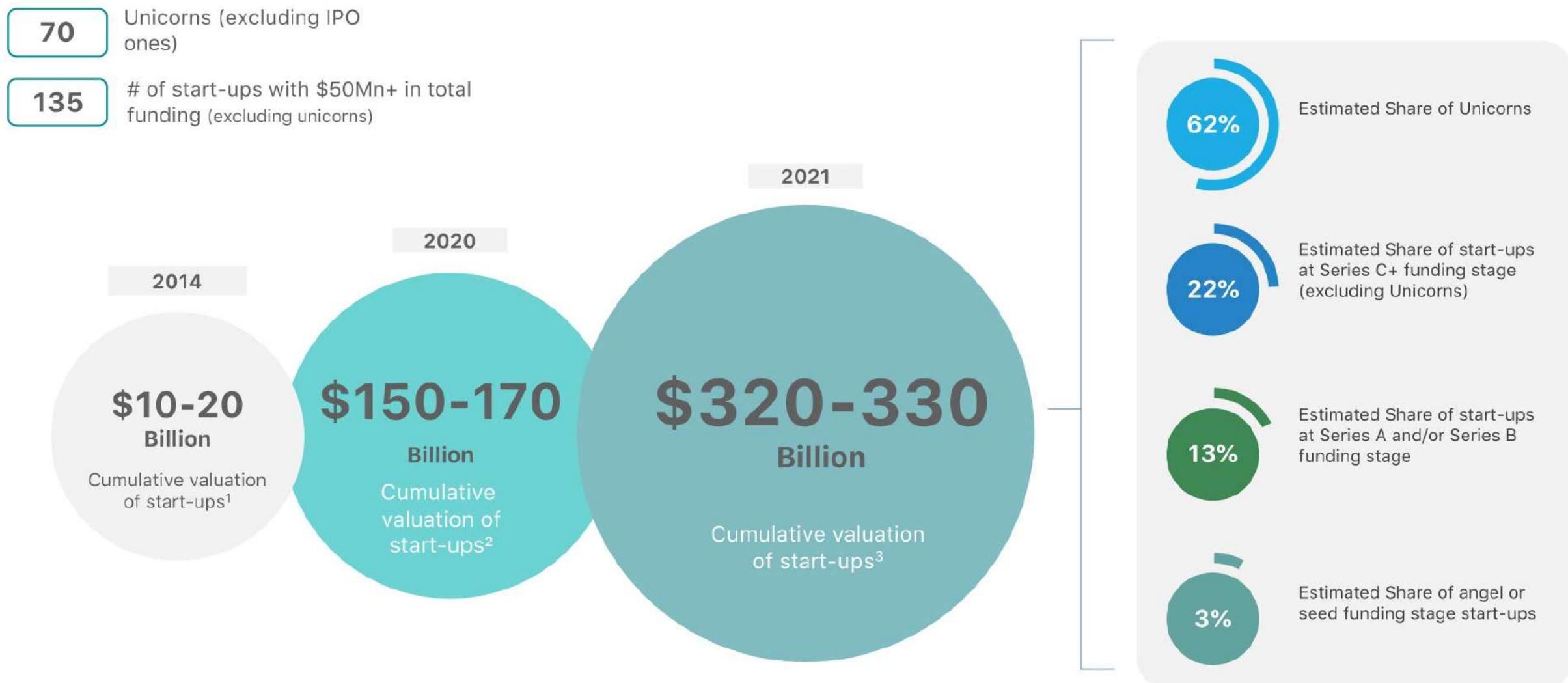


Key Job Segments (illustrative)



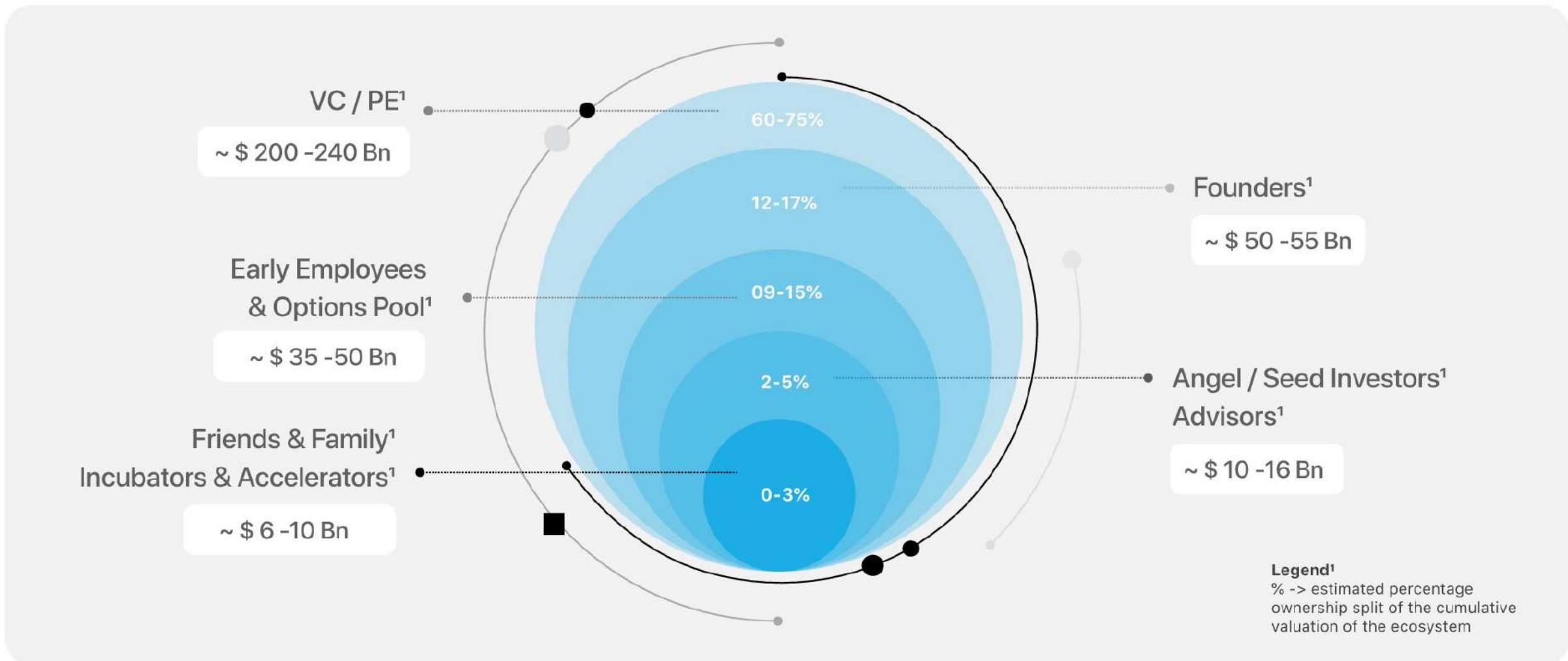
- Significant recovery in indirect jobs on account of boom in Retail and Retail Tech, FoodTech, SCM & Logistics.
- Large-scale employers like Mobility, Travel and Hospitality are yet to completely recover to pre-COVID levels

Cumulative valuation of the ecosystem is a staggering \$300Bn+, 2X increase from 2020



Note: (1) For cumulative valuation tech startups founded between 2009-2014 are considered (2) For cumulative valuation tech startups founded between 2010-2020 are considered (3) For cumulative valuation tech startups founded between 2011-2021 are considered

Intrinsic value distribution amongst all the stakeholders is expected to accelerate flywheel



Note: (1) Percentage split is based on weighted average of ownership in funded start-ups across seed, early and late stages, of active tech startups founded between 2011-21 (including unicorns). Source: Zinnov CoNXT research and analysis

Aggressive and creative ESOP buy-backs have accelerated value realization for employees

ESOPs are being actively simplified and gains transferred to employees as start-ups seek long-term commitments and attract high-quality talent.

\$400Mn \$ Value of ESOP buy-back programs

6-7X Higher than buy-backs in 2020

10,000+ # of Employees benefiting from buy-backs in 2021

\$900Mn \$ Expansion in ESOP pool wide revised policies

Apart from buy-backs, IPOs also prove to be major ESOP liquidation event



NASDAQ-listing created 500 millionaires, all employees with ESOPs as part of compensation package.

Paytm \$2.5 Bn IPO created more than 350 millionaires, current and ex employees both.

Policybazaar-listing minted 70+ millionaires

At pre-IPO stage, Zomato's ESOP pool was valued at \$745Mn. Once listed, the valuation soared to \$1.5Bn.

Illustrative list of Start-ups with sizeable ESOP Buy-back Programs



BrowserStack

\$50 Mn



upGrad

\$40 Mn

ZERODHA

\$29.5 Mn



udaan

\$23 Mn



ShareChat

\$19 Mn

**Through 2022, Indian start-up
will continue to garner
headlines and scale
new heights**



We are bullish about ecosystem's growth prospects across all major indicators



Investment momentum will sustain through 2022

With \$24.1Bn across 1400+ deals, investments in 2021 were 3X compared to \$ 8.2 Bn in 2020. A slower than anticipated activity in 2020 was a key contributor in the jump. We anticipate investors will expect start-ups to deliver results, basis previous funding rounds, before increasing pace.



We will witness 2-3X growth in IPO fillings and listings

IPO fillings, for 2022, suggest we will soon cross the 11 IPO in 2021 reference point. With retail investors embracing new start-ups, global macro environments, alternate investment and exit options - we anticipate to have at least 15-20 start-up IPOs by year end.



M&As will continue to accelerate through the year

Product and market expansion would be high priority for well-funded start-ups and corporates alike. Demand for inorganic growth should maintain, and possibly accelerate, deal pace through 2022. Expected consolidation in Edtech, BFSI, Consumer Tech and Enterprise Tech should provide strong tail winds.



Unicorn pool will continue to expand to 100+

Factoring in the IPO's and M&A exits – we anticipate the overall unicorn pool to be in the range of 95-100 by year-end. We have a strong pipeline of potential unicorns across sectors and early sign indicates mega-rounds will continue.



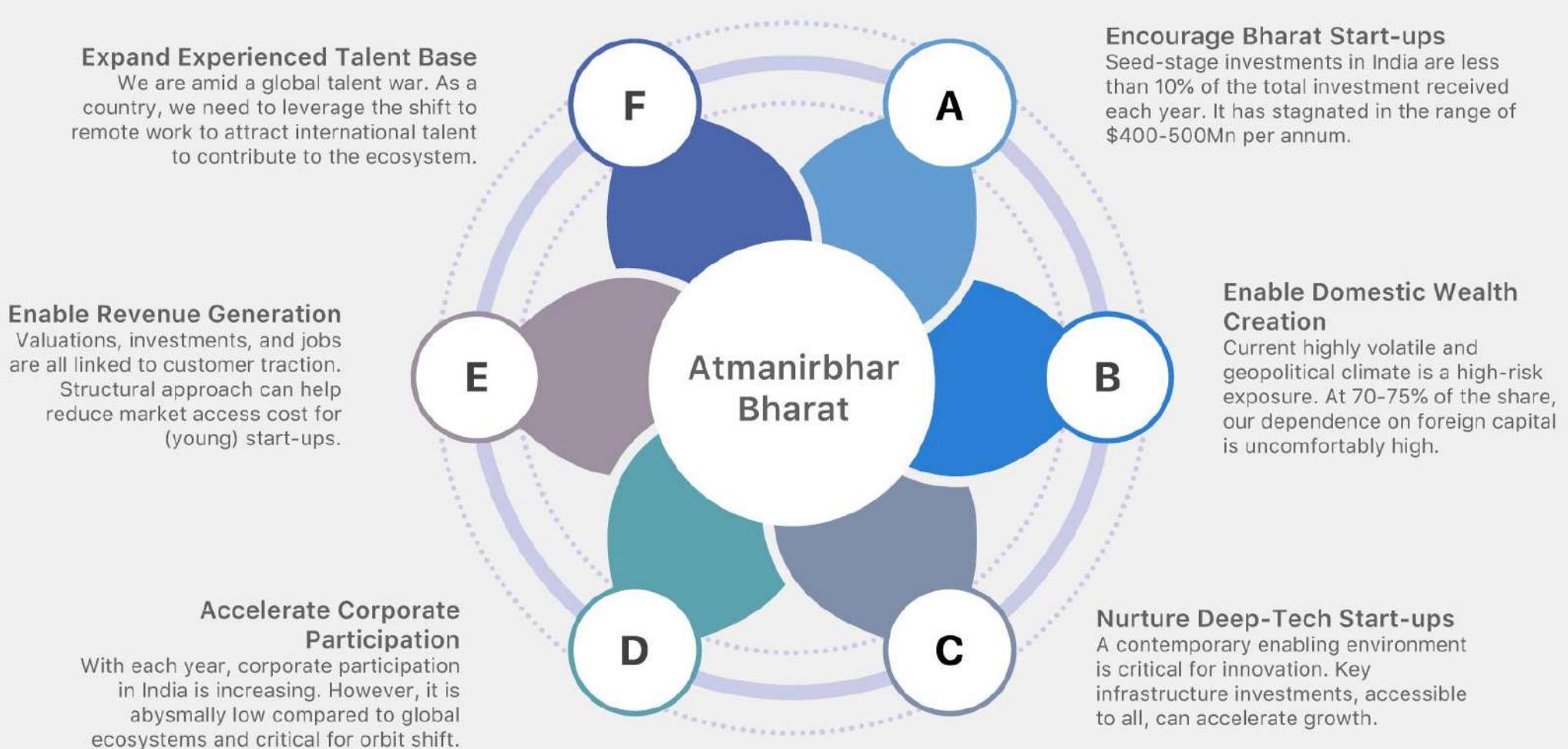
We will witness new breakout sectors beyond the traditional favorites

A key highlight of the past three years is the diversification of use-cases and opportunities that entrepreneurs are chasing across 25+ industry sectors. We will most likely witness sectors like Agri Tech, Gaming, Blockchain, Web3, Automotive, Industrial & Manufacturing, and B2B Commerce reach inflections points and breakout.



**Proactive measures would
allow us to accelerate,
and de-risk, the growth**

Priority Areas that can Fundamentally Strengthen the Ecosystem



With local-for-local policies start-ups can help drive inclusive and equitable growth

A

Priority Action Items to encourage Bharat start-ups

Deploy special investment fund for start-ups building for Bharat

Building solutions for Bharat, that is low and middle income group, requires entrepreneurs to operate in a highly complex and harsher environments than their peers. This segment has a strong latent demand that requires both business model and technology innovation. However, longer gestation period and scalability issues reduce their attractiveness to traditional investors. And hence merits a dedicated seed-fund for inclusive and equitable growth for all.

Provide institutional support for solving Bharat challenges

While entrepreneurial firms are emerging across India's cities and towns, the support ecosystem, and hence the odds of success, are significantly better for start-ups based in established hubs. From a "Systems Approach" perspective, there are many gaps in driving innovation for India's most challenging problems – focused on Bharat. India is looking for "Creation" versus "Disruption" of new products and solutions as a market.

B

Priority Action Items to enable Domestic Wealth Creation

Harmonize capital gains tax for resident and non-resident investors

Resident investors are currently at a disadvantage with non-resident investors in terms of tax liability for capital gains on sale of unlisted shares. Ironically, tax structures are more favorable for investing in start-ups overseas. Harmonizing taxation slabs could increase participation from domestic investors and reduce dependency on foreign investments.

Defer tax liability on ESOPS to all DPIIT recognized Start-ups

Startups leverage ESOPs as a tool to attract and retain talent. Currently, only 500 startups which are registered under IMB can use ESOPs effectively as they can avail the tax deferment (not subsidy) benefits. The tax deferment option should be made accessible to a larger start-up pool.

Focus on deep-tech and corporate participation will help strengthen India's image as an innovation hub

C

Priority Action Items to strengthen the Deep-Tech Start-up Ecosystem

Support industry-specific world-class innovation clusters

Israel is known as a cybersecurity hub. Toronto is known as an AI-hub. These locations are attracting start-ups, corporates, investors, and ecosystem enablers from all over the world to set up their presence. India, despite its market size and talent, is not known as a specialist for any industry. A focused effort to bring together academia, corporate and start-ups into specific clusters would deliver strong compounding returns.

Build industry-specific physical and digital sandboxes

In critical and regulated industries like defence, transportation, financial services, healthcare, smart cities – a start-up must have access to the right building blocks and controlled environment to rapidly deploy, test, and iterate solutions. In the form of digital data sandbox or physical smart cities sandbox, these controlled environments are needed for India to attract most intelligent entrepreneurs to solve enormous, underserved, and core challenges.

D

Priority Action Items to accelerate Corporate Participation

PoC Support program with Indian and Global MNCs

Indian start-ups are increasingly targeting global markets. They face two key challenges – (a) perception, wherein the global MNC believes Indian companies are not innovative enough; (b) cost, due to unfavorable exchange rates and per capita incomes. In this regard, specific incentive programs that enable start-ups to execute more PoCs with international companies would have short-to-long term positive impact on the ecosystem.

Encourage setup of corporate innovation labs

As an ecosystem, corporates consider India a nascent ecosystem compared to Israel, the US, and China; in some cases, Europe. Simultaneously, the ecosystem would not grow at high velocity if corporate participation is low. Corporate participation is needed to create revenue and exit opportunities for start-ups.

Improving odds of success will make India an attractive destination for talent and business

E

Priority Action Items to enable Revenue Generation

Institutional support for start-ups to tap into global markets

India is emerging as a hub for start-ups building SaaS solutions for global markets. However, it is difficult for start-ups to aggressively tap into these markets due to limited availability of funds. Furthermore, companies also must overcome perception challenges. The remote work environment provides us with an unparalleled opportunity to be creative in our approach and accelerate go-to-market for Indian products and solutions like never.

Ease norms for Public Procurement along with spend targets

While the current policy provides an equal platform to start-ups across sectors vis-à-vis the experienced entrepreneurs/companies in public procurement, the process is long drawn and cumbersome. For a start-up, pace of growth is the most critical metric and time – long cycles discourage participation. Further easing of norms with spend targets would accelerate public-private partnership.

F

Priority Action Items to expand Experienced and Skilled talent base

"Return To India" program aimed at Indian techies overseas

India has amongst the largest technology talent pool, globally. However, we are hitting a glass ceiling in certain sectors due to limited exposure and experience of local talent. Hands-on experience and exposure have proven to directly impact the odds of success of a start-up – especially in sectors like HealthTech, FinTech, and Enterprise Tech. Simultaneously, an increasing number of Indians employed overseas are looking for exciting opportunities to return to their homes and families.

Encourage global Unicorns to establish India technology centers

Research shows that employees of a fast-growing technology company have high odds of becoming entrepreneurs and being successful. India already has 8% of global Unicorns building technology products (e.g. Uber, GoJek, Grab). Working in these companies can help increase the experience, exposure, and skills of Indian engineers in building fast-growing global products. Critically, it could enable us to reverse the brain-drain challenge.

Methodology

This report has been co-developed by **NASSCOM** and **ZINNOV** through a comprehensive study to understand the Technology Start-up Landscape in India.

This report analyses the following –

- Current scenario and emerging trends that define the Indian start-up ecosystem
- India's position as a global start-up hub that is becoming attractive for investors, start-ups & corporates
- Role played by Ecosystem enablers like Incubators/Accelerators, Govt. policies in nurturing the start-up ecosystem

Data Aggregation

Zinnov Data

NASSCOM Data

Interviews / Discussions

25+ Interviews with
industry experts

Secondary Research

- Start-up Indiahub
- Crunchbase
- LinkedIn
- Techcrunch
- Inc42
- The Ken
- Cbinsights
- Quartz
- Financial Express
- Forbes
- Business Standard
- Livemint

- Times of India
- Economic Times
- Medium
- Factor Daily
- Yourstory
- CapTable

RESEARCH TEAM

NASSCOM

- Sangeeta Gupta
- Achyuta Ghosh
- Nirmala Balakrishnan
- Ashish Gupta

zinnov

- Ria Srivastava
- Aditya Gopalakrishnan
- Sudhir Gupta
- Aman Saraswat
- Rahul Mahto
- Vikalp Sharma
- Atit Danak

Note for the Readers

Definition of a tech start-up

START-UP: An entity working towards innovation, development, deployment, and commercialisation of new products, processes, or services driven by technology or intellectual property

01

Age: 10 YEARS

Active technology product / platform companies inception in the last 10 years (in 2011 or later)



02

Origin: INDIA

Founders of Indian origin, with HQ or core product development in India



03

Differentiator: Innovation

Innovation in technology, business process or business model being executed at speed



04

Stage: Prototype +

The start-up must have at least a prototype or MVP; Idea stage start-ups not considered



Definition of Industry Verticals

Enterprise Tech

B2B Product companies targeting Horizontal solutions for Large Enterprises / SMBs
E.g. Data Analytics/AI/ML Platforms, Development Platforms, Collaboration tools Productivity Applications, Customer Services, Big Data/Cloud/Security Infrastructure, etc.

HealthTech

Provides technology platform for solving Healthtech problems
E.g. Medical Solutions, Marketplace for Health Services, Health Lab Aggregators, Online Pharmacies, E-Diagnostics, Ambulance Aggregator, etc.

BFSI

Enables financial services, banking and insurance through technology
E.g. Online Banks, Financial Management Apps, Payment Management Platforms, Alternative Lending Platforms, Money Transfer Platform, Expense Management, Investment Platforms, Cryptocurrency & Trading Platforms, etc

EdTech

Provides learning solutions & services through technology
E.g. Learning Apps, Test Preparation Tech, Education Advisory Platform, K-12/Higher education platforms, Language Learning Platforms etc.

HRTech

Tech-enabled companies supporting Human Resources Activities
E.g. Applicant Tracking systems, HR Management System, Candidate Assistance & Sourcing, Recruitment Marketplaces, etc..

Travel & Hospitality

Tech companies engaged in supporting the travel and hospitality industry
E.g. Hotel Booking Services, Travel Planning, Travel Packages Portal, Travel Collaboration Community, etc.

Automotive

Companies involved in production, manufacturing, sales and services of motorised vehicles
E.g. Electronic Engineering, System Integration, Automotive Maintenance, Electric Vehicles, Automotive marketplaces, etc.

Mobility

Tech-enabled companies providing simplified Transportation services to users
E.g. Car pooling, Self Drive Rentals, Two-wheeler taxi aggregators, Mass Transit, Tech Enablers.

Real Estate & Construction

Tech-enabled companies supporting Real Estate, Property Management & Construction industry
E.g. Construction design tools, Building Technology, Real Estate Management, Security, Smart Home & cities enablers.

Retail and Retail Tech

Companies enabling Sales of goods and product online or Integration of tech in offline markets
E.g. Products/Services cutting across several verticals - . Fashion & Lifestyle Marketplaces, Online grocery & Home essentials platforms .Also includes Retail enablers, B2B marketplaces, Social commerce platforms, Rental platforms etc

Definition of Industry Verticals

Industrial and Manufacturing

Engaged in manufacturing of tech-enabled devices or machines; Construction/Mining sector, etc.
E.g. IoT based Predictive Maintenance of Machines, 3D Printing (Manufacturing)

Media & Entertainment

Provides content for entertainment across the web and mobile medium
E.g. News & Media Apps, Live Streaming Apps, News Platforms, OTT Content, Video Intelligence Apps, etc.

Foodtech

Tech-enabled companies supporting the Food-tech industry
E.g. Online Food Ordering, Restaurant Management Cloud Solutions, Food Discovery Platform

SCM & Logistics

Enabling tech in logistics services and supply chain management
E.g. Logistics and Distribution Platform, Fleet Management, Warehousing, IoT Platform for Logistics, IoT Platform for Goods Transportation Marketplace, etc.

Agri Tech

Start-ups engaged in tech enablement in the Agricultural Industry
E.g. Field Surveillance, Precision Agritech, Farm infrastructure, Soil Testing, Farm Input E-Commerce etc

Gaming

Tech Innovation and facilitation in the Gaming Industry
E.g. AR/VR Gaming, Community platform Games, Fantasy Gaming Platforms etc.

Aviation, Maritime & Defence

Tech-based companies supporting the Marine, Defence and Aviation Industry
E.g. Military Drones, Green Propulsion Systems developers, Sensors and Platforms for security applications etc.

Legal Tech

Tech-based companies for Legal help to Individuals/Corporates
E.g. Contract Management, Brand Protection and Anti Counterfeit, Legal Services Discovery/Booking marketplaces, etc.

Energy & Utilities

Tech Enablement for Natural Resource Management and Utilisation
E.g. Renewable Energy products, Recycling of Resources, Energy Production and Distribution, EV charging Infrastructure etc.

Advertising & Marketing

Provides direct advertising and marketing assistance through technology
E.g. Content marketing, influencer marketing, Push notifications etc.

Definition of Industry Verticals

Professional Services

Tech-enabled companies providing concierge services
E.g. home repairs, auto servicing, on-demand laundry, matchmaking platforms etc.

Sports Tech

Includes solutions for sports industry
E.g. offline sports booking of the sports arena, sports content platforms, player management, and performance analysis.

Fitness and Wellness

Startups associated with physical and mental wellness
E.g. emotional, mental wellness solutions, apps for physical fitness (bookings, home fitness assistance), marketplaces for nutrition supplements, wellness products – women's hygiene etc

Telecom

Companies providing products/services to assist telecom sector
E.g. infrastructure enabling the delivery and transmission of telecom services, Cloud Telephony, etc

Environment Tech

Technology for environment preservation or green technology
E.g. Tech solutions for air pollution, solid/water waste management, recycling solutions, climate monitoring etc.

Security and Surveillance

Includes Hardware, Software solutions for security and surveillance applications in Home, Enterprise and Govt institutions
E.g. Video surveillance softwares/platforms, Biometric systems, home security products etc

Events Tech

Solutions for assisting Events industry
E.g. Event Discovery, Booking Platform, Event Management Solutions

Life Sciences

Tech based solutions in life science
E.g. Genomics- DNA/Protein Sequencing, etc

Cybersecurity

On premise or cloud-based products & solutions which detect, prevent and respond to cyberthreat to organizations or consumers.
E.g. Network Incident Response/Intrusion Detection solutions, Identity Access Management solutions, VPNs etc

Social Platforms

Online platforms that provide a medium for individuals or businesses to connect, network, interact, share multimedia content, or seek collaboration opportunities with other individuals or businesses
E.g. Social networking sites, professional networking sites, online communities, blogging platforms, etc.

Other Definitions

Unicorn

Unicorns are privately held entities with valuation of over \$ 1 Bn. They include companies serving D2C markets.

Start-ups that have not been included in the unicorn analysis:

- Holding companies like Globalbees and Mensa Brands
- Unicorns that have raised IPO: Freshworks, Nykaa, Paytm, Policybazaar and Zomato
- Unicorns that been acquired or merged: BigBasket, Billdesk, Flipkart, Shopclues and ReNew Power
- Unicorns that have either devalued or shutdown: Hike, Quikr

Institutional Investors

Institutional investors include Venture Capital firms, Private Equity Firms and Corporate investors

Funding Rounds

Seed Stage

Seed and Angel funding rounds raised by Indian tech company

Early Stage

Series A & B funding rounds raised by Indian tech company

Late Stage

Series C and beyond funding rounds raised by Indian tech company

Definition of Open Innovation Programs.....

Types of Open Innovation Programs

Incubator

A fixed term, 6-24 month long, cohort-based program for pre-seed start-ups typically focused on Horizon 2 and Horizon 3 opportunities. Invariably, these are equity-based programs for corporates to get early access to large pool of ideas/solutions.

Accelerator

A fixed term, 3-6 month long, cohort-based program for pre-growth and growth stage start-ups. During program, the emphasis is on building proof-of-concepts and/or on integrations to determine on long term engagement.

Partner Program

A requirement-based program, where corporate business units define problem statements that they are looking to solve, and partner with growing, mid, or late-stage start-ups to build complimentary solutions in exchange for a financial commitment

Start-up Collaboration Programs

Platform Evangelization

Corporates offer access to their platforms to start-ups for developing, scaling and launching products and solutions

License or Vendor Agreement

Corporates and start-ups enter a license agreement to create solutions

Joint Go-To-Market

Corporates partner with start-ups to cross-sell solutions and achieve competitive advantage

Co-Innovate

Start-ups and corporates collaborate to solve industry issues and co-create new solutions

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NASSCOM
Plot No 7 to 10, Sector 126, Noida, Uttar Pradesh 201301, India
Phone: 91-120-4990111
E-mail: research@nasscom.in

About the Authors

NASSCOM®

The National Association of Software and Services Companies (NASSCOM®) is the premier trade body and chamber of commerce of the Tech industry in India and comprises over 2800-member companies including both Indian and multinational organisations that have a presence in India. Our membership spans across the entire spectrum of the industry from start-ups to multinationals and from products to services, Global Service Centers to Engineering firms. Guided by India's vision to become a leading digital economy globally, NASSCOM focuses on accelerating the pace of transformation of the industry to emerge as the preferred enablers for global digital transformation. Our strategic imperatives are to reskill and upskill India's IT workforce to ensure that talent is future-ready in terms of new-age skills, strengthen the innovation quotient across industry verticals, create new market opportunities - both international and domestic, drive policy advocacy to advance innovation and ease of doing business, and build the Industry narrative with focus on Talent, Trust and Innovation. And, in everything we do, we will continue to champion the need for diversity and equal opportunity. NASSCOM has played a key role in not just the growth of the Industry to become a \$180+Billion industry today, but we have helped establish the Tech industry in India as one of the most trusted partners, globally. NASSCOM continues to make significant efforts in contributing towards India's GDP, exports, employment, infrastructure development and global visibility. Our membership base constitutes over 95% of the industry revenues in India and employs over 4 million professionals, and as technology blends into every aspect of the economy, we expect the industry to become key driver of growth, development and inclusion for the country. Our mission is to make India a global hub for Innovation and Talent so when the world thinks Digital, the world will think India.



Founded in 2002, Zinnov is a leading global management and strategy consulting firm, with core expertise in Product Engineering, Digital Transformation, Innovation, and Outsourcing Advisory. Over the past 18 years, Zinnov has successfully consulted with over 250+ Fortune 500 customers to develop actionable insights that help them in their transformation journeys. Zinnov is committed to empowering leading technology companies drive meaningful business outcomes, leveraging a combination of consulting and platforms to deliver value.

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