

# Startup Watch

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## STARTUP POLICIES

### Indian startup funding crosses US\$ 10 billion in Q3, first time in any quarter: PwC

*IBEF: October 20, 2021*

Indian startups received record funding in Q3 of CY21, with investment totalling US\$ 10.9 billion through 347 deals, it is the first-time investments in a quarter that funding have crossed the US\$ 10 billion mark, as per the PwC India. This was double the amount of funding received in Q3CY20 and was up ~41% over the Q2CY21 figure, stated the outcomes of the report titled 'Startup Perspectives-Q3CY21'. The growth in funding activity was observed across all sectors, both in terms of value and volume.

Although, fintech, edtech and SaaS are the leading three investment sectors in CY21, collectively accounting for ~47% of the total funding activity. The fintech sector saw a quadruple increase in funds raised in the first three quarters of CY21, over the first three quarters of CY20. Six fintech companies achieved unicorn status.

Debating the investment in startups 2021 so far, Mr. Amit Nawka, Partner-Deals & Startups Leader, PwC India, stated, "Start-ups have leveraged the enhanced digital adoption observed amongst businesses and individuals alike to establish newer business models and this is propelling investor's attraction in a big way. We are noticing the standard deal size increase and faster funding rounds which has led to a rise in deal activity across sectors, since early this year."

### Startup Outlooks for Q3 of CY21-

- **Fintech investments:** FinTech investments in India in CY21 have grown exponentially. In the first three quarters of 2021 investments worth US\$ 4.6 billion in the FinTech sector were logged, ~3x from US\$ 1.6 billion in 2020.
- **Investments worth US\$ 2.5 billion for 53 closed deals** were logged in Q3 of CY21 alone around different stages of investment. The FinTech ecosystem witnessed investments across the spectrum of business with investors demonstrating a renewed interest in companies operating in the segments of InsurTech, WealthTech, neobanks and financial technology enablers.
- **Stages of funding:** ~84% of the funding activity was propelled by growth- and late-stage deals. Though, these exemplified ~39% of the total deal activity (volume terms). ~61% of the total deal activity comprised of early-stage funding rounds for US\$ 1.6 billion (average ticket size per round US\$ 4 million) early stage/seed firms.
- **Pre-IPO round** raised for US\$ 880 million in CY21 by firms nearing IPO—Ola cabs, Droom, Pine Labs.
- **City-based funding activity:** Bengaluru and Delhi NCR remain to be the key start-up cities in India, collectively contributing ~76-78% of the total funding activity in the first three quarters of both CY20 and CY21, followed by Mumbai and Pune.
- **Global and Indian unicorns:** A total of 114 private start-ups (globally) turn into unicorns in CY20. The number increased significantly in

2021 as 371 start-ups have previously become unicorns in the first three quarters of CY21. Geographically, maximum unicorns in Q3CY21 have come from the US, with India in the second position. FinTech and SaaS are the most exemplified sectors in Q3CY21 both globally and in India.

Three decacorns (privately held startups valued at over US\$ 10 billion) were included in 2021, all from China and Hong Kong. Currently, India has two decacorns (Paytm and Byju's).

## **ASEAN could tap India's vibrant technology and startup scene, says Singapore PM**

*PTI, SINGAPORE, OCTOBER 29, 2021 17:58 IST*

Speaking at the annual India-ASEAN summit, Singapore Prime Minister Lee Hsien Loong said that the ASEAN bloc could tap India's vibrant technology and start-up scene to grow and facilitate finance and trade in practical ways. |

Photo Credit: AP

Speaking at the annual India-ASEAN summit on Thursday, Lee said that digital transformation and public health cooperation are priority areas Singapore is committed to pursuing as coordinator for ASEAN-India relations.

"The 10-nation ASEAN bloc could tap India's vibrant technology and start-up scene to grow and facilitate finance and trade in practical ways," Singapore Prime Minister Lee Hsien Loong has said, underlining that the grouping values New Delhi's support amid an evolving regional architecture.

Speaking at the annual India-ASEAN summit on Thursday, Lee said that digital transformation and public health cooperation are priority areas Singapore is committed to pursuing as coordinator for ASEAN-India relations.

He said that the ASEAN bloc could tap India's vibrant technology and start-up scene to grow and facilitate finance and trade in practical ways.

"ASEAN also values India's support for the bloc's principle of centrality, amid an evolving regional architecture," said the Singapore premier.

The ASEAN countries include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

There is also much scope for collaboration on creating inter-operable digital financial systems that are inclusive and present more opportunities for communities and businesses on both sides, he told leaders from the region and Indian Prime Minister Narendra Modi at the summit. On health, including COVID-19 vaccine provision and distribution, Lee pointed out that India plays a critical role in the global pharmaceutical supply chain.

"Singapore, as an aviation and transshipment hub with robust cold chain capabilities, can support India as an effective vaccine transshipment point for South-east Asia and beyond," he added.

In an opening statement delivered in Singapore's capacity as country coordinator for ASEAN-India dialogue relations, Lee noted that to commemorate 30 years of ties, 2022 would be designated as a "Friendship Year" between the two parties.

"We can do much more together," The Straits Times newspaper quoted Lee as saying.

On tackling the pandemic, Lee said that ASEAN welcomes India's move to resume exports of safe and effective vaccines, including to the COVID-19 Vaccine Global Access (Covax) Facility.

India stopped exports of the COVID-19 vaccine in April due to the devastating second wave of the pandemic in the country.

"It was important to promote synergies between the ASEAN Outlook on the Indo-Pacific and India's own Indo-Pacific Oceans Initiative, to 'enhance mutual trust, respect and benefit'," said Lee.

India and ASEAN on Thursday vowed to work towards an Indo-Pacific that embraces openness, transparency, inclusivity, respect for sovereignty and non-intervention in the backdrop of growing global concern over China's military muscle-flexing in the region.

At the summit, the leaders of the two sides discussed the situation in the South China Sea and affirmed the importance of maintaining and promoting peace, stability, safety and security in the resource-rich region.

The two sides also vowed to boost maritime cooperation, including maritime security and information sharing through appropriate mecha-

nisms under the ASEAN-India framework and other appropriate ASEAN-led mechanisms.

The ASEAN is considered one of the most influential groupings in the region, and India and several other countries including the US, China, Japan and Australia are its dialogue partners.

The ties between India and ASEAN have been on an upswing in the last few years with the focus being on ramping up cooperation in the areas of trade and investment as well as security and defence.

## STARTUP STORIES

### Foodpanda partners with Indian cloud kitchen firm Rebel Foods

Source: <https://sg.news.yahoo.com/foodpanda-partners-indian-cloud-kitchen>

Online takeaway delivery firm Foodpanda is partnering with Indian virtual kitchen company Rebel Foods to roll out the latter's virtual restaurant brands at 2,000 outlets across ten Asian countries, Foodpanda's chief operating officer said.

"Foodpanda is Asia's largest's food delivery company ... while Rebel Foods is the largest virtual brands operator in the world," COO Pedram Assadi told Reuters. "This is the largest virtual food brand partnership of its kind."

Under the deal, Foodpanda, which is owned by Berlin-based Delivery Hero, has recruited and trained hundreds of outlets to franchise the global restaurant brands created by Rebel Foods and offer their food on its platform.

Mumbai-based Rebel Foods, which offers multiple cloud kitchen brands across countries including India and the United Arab Emirates, raised \$175 million this month at a \$1.4 billion valuation. It plans to launch an IPO in the next two years.

Cloud kitchens which prepare food for delivery got a boost from the shift to online buying during the COVID-19 pandemic. Low overhead costs versus traditional restaurants and fast scale-up potential have also enabled "internet restaurant chains" to grow quickly.

Foodpanda's partnership with Rebel Foods is already being tested in six of the twelve Asian markets that Foodpanda is active in, and there

is the option to expand to the other regions Delivery Hero is active in, Assadi said.

He did not give any financial details of the deal, but described it as core to Foodpanda's strategy in Asia - along with its expansion into grocery delivery in Southeast and East Asia - as it takes on competitors such as British rival Deliveroo and Singaporean startup Grab Holdings.

"Over the last year, we now have built over 250 'cloud stores' that are operating grocery end to end, which makes us the largest e-commerce delivery player in APAC (Asia-Pacific)" Assadi said, referring to distribution centers dedicated to online grocery orders. Delivery Hero, which is active in 50 countries worldwide, announced on Tuesday it had invested \$235 million in Berlin-based grocery delivery company Gorillas <https://www.reuters.com/technology/delivery-hero-buys-minority-stake-grocery-delivery-startup-gorillas-2021-10-19>, as the global race to dominate the rapid delivery service sector intensifies.

Earlier this year, it also picked up a minority stake in Deliveroo.

### Microsoft launches new initiative to empower AI startups in India

Source: <https://www.newindianexpress.com/business/2021/oct/20/microsoft-launches-new-initiative-to-empower-ai-startups-in-india>

Tech giant Microsoft launched a new programme Microsoft AI Innovate for nurturing and scaling startups that are leveraging Artificial Intelligence (AI).

The 10-week initiative will support startups in India leveraging AI technologies, helping them scale operations, drive innovation, and build industry expertise.

Both B2B and B2C startups from various industries, including financial services, healthcare, education, agriculture, space, manufacturing and logistics, retail, and e-commerce can participate in the quarterly cohorts of this programme.

Supported by TiE Mumbai, the launch cohort will kickstart in November 2021.

The first cohort will focus on manufacturing and logistics and the second one will focus on

fintech.

"AI is increasingly transitioning from artificial intelligence into augmented intelligence that ensures efficient, faster, more targeted experiences for everybody.

"AI has a tremendous potential to empower people and institutions to do better, understand customers more deeply, share information more quickly and enable scientific breakthroughs," Microsoft India President Anant Maheshwari said at a virtual event.

He added that India has the third-largest AI startup ecosystem in the world.

"AI adoption can add more than USD 90 billion to the Indian economy by 2035. To maximise AI's potential and mitigate its risks, we need to develop AI in a way that is responsible and fosters trust.

"As creators, users and advocates of technology, it is important for us to make careful choices so that technology ultimately translates into benefits and opportunities for all," Maheshwari said.

Trust is non-negotiable and everyone is accountable for creating a responsible, trusted and ethical tech ecosystem, he noted.

Through its latest initiative, Microsoft will focus on providing tech and business opportunities to startups for improving their solutions, transforming organisations and building responsibly to make AI accessible to everyone, Maheshwari said.

The programme will also enable startups to reach out to newer customers and geographies with Microsoft's sales and partner networks.

The selected startups in each of the cohorts will have access to industry deep-dive sessions and AI masterclasses by industry experts, mentoring by unicorn founders, skilling and certification opportunities, among other benefits.

Catering to technical and business audiences, the programme will bring together leading-edge tech know-how, global GTM (go to market) partnerships as well as engineering and research experts from Microsoft.

Qualified seed to series B startups will be provided with technical enablement benefits, including Azure benefits (in addition to free cloud credits) and product engineering support among other benefits.

They will also receive support with business and sales acceleration needs such as market-place onboarding.

Startups with enterprise-ready solutions will be provided opportunities to build their solutions alongside a dedicated team of professionals.

They will get go-to-market support as well as co-selling benefits with Microsoft's sales team and partner ecosystem.

The startups will also get access to top partner and customer events to strengthen their networking reach.

## STARTUP FUNDING

### DeHaat raises \$115M in Series D round from Sofina, Lightrock India, Temasek

Source: <https://yourstory.com/2021/10/agritech-startup-dehaat-series-d-funding-sofina-lightrock-temasek>

DeHaat, the technology-enabled platform offering end-to-end agricultural services to farmers in India, today announced that it has raised \$115 million in Series D funding led by Belgium-based investment firm Sofina and Lightrock India. Temasek co-invested in the round, with participation from existing investors Prosus, RTP Global, Sequoia Capital India, and FMO.

Dexter Capital and Vertices Partners were the advisors of this funding round. Shashank Kumar, Co-founder and CEO, DeHaat said in a press note, "We at DeHaat are on a mission of building the world's largest agritech platform. We have raised \$157 million from marquee investors in the last 30 months and our team has grown to a brigade of 850+ professionals with deep expertise in growth and strategy, supply chain, technology, and agricultural science. The last seven months have been phenomenal with 5x growth for DeHaat. Hence, we are now well poised to replicate the success in all major agriculture clusters of India in the next 12-15 months."

The team will now use the funding to expand its technological offerings, for value-added services, and people.

Based in Gurugram and Patna, and founded in 2012 by IIT, IIM, and NIT alumni Amrendra

Singh, Shyam Sundar, Adarsh Srivastav and Shashank Kumar, DeHaat is a technology-based business-to-farmers (B2F) platform that offers full-stack agricultural services, including distribution of high-quality agricultural inputs, customised farm advisory, access to financial services, and market linkages for selling their produce. With an aim to drive efficiency and transparency in the \$350 billion industry, DeHaat has been building a digitised network of farmers as well as last-mile service providers and provides direct access to farmers through its physical as well as a digital platform.

There are more than 850 unique agribusinesses currently active on the platform, which are getting last-mile access through the DeHaat platform in a transparent and efficient manner. The company has raised this round within nine months of the last round, and has completed two strategic acquisitions so far for inorganic growth. Institutional investors Omnivore Partners and Pi Capital (family fund of Narrotham Shekhsaria Group), who invested in the first institutional round in 2019, have exited partially in the current round. DeHaat has currently built a rural retail network of more than 3,000 DeHaat microentrepreneurs for last-mile delivery as well as aggregation, serving more than 650,000 farmers located across Bihar, Uttar Pradesh, Jharkhand, and Odisha. DeHaat has now started expanding to new geographies like Madhya Pradesh and Rajasthan, with a full set of agri offerings for farmers. As per the company, DeHaat has a strong commitment to continue investing in the technology. Earlier this year, it acquired Farm Guide — a SaaS-based platform to provide satellite-based insights and advisory to farmers. The current tech team has grown to 120, building unique AI/ML-based solutions related to crop advisory, last-mile supply chain traceability, and B2B SaaS agritech platform for input sellers as well as output buyers.

### **Muthoot Finance, fintech startup Rupifi to help 15 million small, medium enterprises get instant credit**

Source: <https://www.financialexpress.com/industry/sme/msme-fin-muthoot-finance-fintech-startup-rupifi-to-help-15-million-small-medium-enterprises-get-instant-credit>

Credit and Finance for MSMEs: Launched in

January 2020, Rupifi allows SMEs to flexibly repay their dues as and when required with a per-day interest pricing but without any monthly EMIs.

Digital business-to-business payment startup for small and medium enterprises (SMEs) Rupifi on Tuesday announced a partnership with non-banking finance company Muthoot Finance to help 15 million SMEs access instant credit over the next few years. Launched in January 2020, Rupifi allows SMEs to flexibly repay their dues as and when required with a per-day interest pricing but without any monthly EMIs. Through this tie-up, the startup said it is looking to build its SME portfolio over the coming years.

“We have been at the forefront of enabling frictionless and cash-flow linked credit to MSMEs for the past 12 months. We are currently working with B2B marketplaces across FMCG, pharma, fashion, agriculture and food domains, providing the SMEs transacting on these platforms with instant credit for their purchases. We have SME customers in more than 230 small towns and cities across the country and we have analyzed more than a million data points over the past few months in building a robust cash-flow based underwriting framework,” said Anubhav Jain, Co-founder and CEO of Rupifi in a statement.

Most of these small businesses do not get unsecured credit from banks, NBFCs, or even fintech’s today, and thus have to rely on secured loans to manage their working capital, he added. “Indian SMEs are going through a difficult phase especially post covid. At Muthoot Finance, we are building products and driving various initiatives to provide them working capital support. Rupifi has built strong B2B embedded infrastructure and “Buy Now Pay Later” (BNPL) is the need of the hour product for Indian SMEs, especially driven by increasing digitisation post covid,” said Jayachandran B, Chief Operating Officer – Business Loans, Muthoot Finance.

Credit access has been among the biggest challenges for MSMEs in the country as banks have been cautious in giving out MSME loans that are considered to be risky. However, the government had rolled out multiple credit guarantee schemes to encourage banks to lend

more to MSMEs. According to the RBI data, banks had deployed Rs 11.10 lakh crore to micro and small businesses in August 2021, up by 1.1 per cent only from Rs 10.98 lakh crore in August 2020. Moreover, in FY21, MSME loans witnessed nearly a 52 per cent jump in value. From 16.2 per cent in FY17, the MSME loan value in commercial loans jumped to 24.6 per cent in FY21, credit bureau CRIF High Mark said in its report *How India Lends 2021* in September.

### **Onato raises USD 2.2 million from Vertex Ventures, Omnivore, others**

source: <https://www.financialexpress.com/industry/sme/onato-raises-usd-2-2-million-from-vertex-ventures-omnivore-others>

Based out of Bangalore, Onato was founded in February 2021 by entrepreneurs Vedant Katiyar and Ashish Jindal.

Agritech startup Onato, a data driven B2B platform for fresh produce, on Tuesday said it has raised USD 2.2 million from investors to expand its business. This round was led by Vertex Ventures Southeast Asia and India with participation from Omnivore, the company said in a statement. Onato plans to use funds for talent acquisition and scaling up operations.

Based out of Bangalore, Onato was founded in February 2021 by entrepreneurs Vedant Katiyar and Ashish Jindal. The startup is building a technology platform for fruits and vegetables (F&V) industry. "More than 60 per cent population of India is dependent on agriculture and yet tech penetration in the agri-supply chain is quite low. Decision making is mostly intuition driven which leads to a lot of volatility in prices and wastage," Katiyar said.

Transparency in price discovery and fulfilment through technology will play a crucial role in streamlining the supply chains and decision making, he added. "We envision that by harnessing the power of on-ground data, we can create a revolutionary change in the existing agri value-chain which will result in better value distribution for all participants from farmer up to end-consumer," Jindal said.

## **STARTUP ACQUISITIONS**

♦Blue-collar workforce management startup BetterPlace has acquired OLX People and Waah Jobs to strengthen its portfolio of workforce management solutions.

♦Transport tech startup Chalo has acquired troubled Gurugram-based bus commute aggregator Shuttli

♦Trentar Pvt. Ltd., a unit of Dorf Ketal Chemicals has acquired a 75% stake in Hyderabad-based Trishula, a UAV propulsion system startup.

♦EaseMyTrip marks its first acquisition by acquiring B2B travel marketplace Traviate

♦Thrasio-style ecommerce platform Evenflow has acquired Rusabl, a three-year-old ecommerce digital brand in the sustainable category

♦Edtech startup Infinity Learn has acquired Teacherr, a Hyderabad-based digital platform for teaching community at an undisclosed amount

♦GlobalBees has acquired skincare brand Prolixr which develops beauty and personal care products using natural ingredients.

### **M&A deals hit record USD 30 billion in July-September '21, says Grant Thornton**

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

The Indian deal market is buzzing again with action as the concerns of pandemic die down, and economic activities getting back to normal faster than expected. According to Grant Thornton Bharat Dealtracker, a record 597 deals amounting to \$30 billion were reported in the third quarter (July-September) 2021. The quarter also witnessed the highest number of IPO issues in over a decade with 18 issues amounting to \$5 billion, recording an increase of 86% (in numbers of deals) in the corresponding period last year. In value terms, the quarter recorded a 31% increase. According to the Dealtracker, this year so far has recorded 1,454 deals worth \$73 billion, 25% higher than in last year (\$58.5 bn). While the deals comprise merger and acquisitions, private equity deals and initial public offers, PE deals continue to drive this space.

## STARTUP EVENTS >> UPCOMING

### The D2C Summit (Virtual D2C & Ecommerce Conference)

3-4 December 2021

Website: <https://inc42.com/features/announcing-2nd-edition-of-the-d2c-summit-indias-largest-d2c-ecommerce-conference/>

- India is a thriving market of small and medium digital businesses, with over 50,000 digital-first brands and more than 15 Mn active online sellers
- Inc42 is hosting the second edition of The D2C Summit on December 03-04, 2021 to empower India's digital sellers and D2C brands in the burgeoning internet economy
- Supported by Trell and Pay10, the 2nd edition of The D2C Summit will feature over 5,000+ attendees and a star-studded lineup of 100+ expert speakers

## STARTUP FAQs

### How do I protect my idea?

You can file for patents, trademarks, and copyrights. If you have something propriety about your company, you should consider filing for a patent to temporarily protect your business in its infancy to get it up and running

### How do you know when you're ready to go full-time with your venture?

This is a tough question for any founder. Many startups are started on the side as a part-time project on nights and weekends. Inevitably, the time commitment will grow as you start to find success. When determining whether to go full-time, it's a personal decision that will involve a fair to high amount of risk. How confident are you in your business? How hard are you willing to work? How big of an appetite for risk do you have? What exactly is that risk? Do you have a family to support? If you start this business, how much runway do you have to start making revenue?

We strongly recommend considering all the above questions. In addition, take some time to create an honest assessment of your "worst-case scenario." If things completely tank, where are you now? Is this worst-case that bad? Many founders will find that the pain of wondering, "What if?" is more severe than their potential worst-case scenario.

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