

# Startup Watch

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## STARTUP POLICIES

### Japanese investment in Indian IT and start-up ecosystem grows four times since 2016: Report

*IBEF: November 02, 2021*

According to a report by the National Association of Software and Services Companies (NASSCOM), in association with Nomura Research Institute (NRI), Japanese investment in the Indian IT and start-up ecosystem has grown fourfold since 2016, hence helping create 102,000 additional jobs.

The total investment reached US\$ 9.2 billion, exemplified by a rising number of deals and big deals mostly by large investors like Softbank. Fintech, healthcare and mobility are the top sectors drawing investment from multiple Japanese investors followed by e-commerce, enterprise, and real estate.

As per the report, the Indian IT sector has facilitated many Japanese corporations to embrace digital capabilities and innovative business models. Japanese policymakers see India as a trustworthy partner for accelerating Japan's digital transformation and began investing strongly in Indian tech start-ups since 2016.

"This rise in the investment by Japan is a testament to our performance and expertise. The technology industry has grown to be a reliable partner for digital transformation journey and innovating new business model to Japanese companies. Japan and India have worked as

strategic partners leveraging their respective strengths and co-creation to bring best products for the global market." Mrs. Debjani Ghosh, President, NASSCOM, stated.

### Union Minister Dr. Jitendra Singh launches first-ever Mentorship Programme for Young Innovators to mark the 75th Year of India's Independence

*Press Information Bureau: November 09, 2021*

Union Minister of State (Independent Charge) Science & Technology; Minister of State (Independent Charge) Earth Sciences; MoS PMO, Personnel, Public Grievances, Pensions, Atomic Energy and Space, Dr. Jitendra Singh launched the first-ever Mentorship Programme for Young Innovators to mark the 75th Year of India's independence.

Dr. Jitendra Singh said that under Prime Minister Mr. Narendra Modi, the Government is taking a number of steps to promote scientific temper among the masses, particularly youngsters, by strengthening scientific research and innovation efforts in the country. He said, this is a pan India Scheme that envisages Star College in every district of the country supported by the Department of Biotechnology.

Dr. Jitendra Singh said that the DBT-Star College Mentorship Programme will help towards the concept of networking, hand holding and outreach. The plan envisages organizing workshops, meetings per month; handhold at colleg-

es particularly in the rural areas or lesser endowed areas and conduct outreach activities with government schools. He said, the activities will enable newer colleges which have begun their journey under the scheme to come up as per the mandate of Star college scheme. The Star Status Colleges will help in incorporating the vision of DBT towards strengthening of UG Science Courses throughout the country by mentoring the newer colleges through hand-holding and peer learning and bringing them under the aegis of Star College Scheme, the Minister added.

Addressing the Students, Teachers and Principals at the launch event, Dr. Jitendra Singh informed that the Mentorship Programme by Star Status Colleges under Star College Scheme is in line with the Prime Minister's Independence Day address wherein he emphasized that the roadmap for the next 25 years will be determined by the scientific and technological innovations and scientific prowess in all walks of life and called upon young scientists to walk the talk. He added that this will be possible only through a very well-articulated Vision, Mission and Goals, driven through a set of well-defined strategies and a clearly laid out implementation Action plan.

Dr. Jitendra Singh informed that a total of 278 undergraduate colleges across the country are currently being supported under the DBT Star College Scheme. He said, the categorization of the scheme into urban and rural categories during 2018-19 has ensured a level playing field for applicants hailing from rural and urban areas of the country. He noted with satisfaction that presently 55 colleges from rural areas and 15 colleges in Aspirational districts are being supported under the scheme in a short time period of two years.

Dr. Jitendra Singh said that more than 1.5 lakh students were supported in the last five years and also a comprehensive support was provided to colleges participating in the Star College Scheme. He said, this support is not limited to procurement of equipment, but the scheme also supports training of faculty and laboratory staff, lectures by eminent scientists, visits to research institutes and industry etc. This type of holistic support is expected to create enabling

environment for students to get motivated and pursue science education, the Minister added. The Minister asserted that there is a need for focusing on increasing numbers of beneficiaries in human resource related schemes like Star College Scheme, Skill Vigyan Programme (Skill Development Programme) in Biotechnology, Biotech Industrial Training Programme and doctoral & post-doctoral and Re-entry Schemes & Fellowships, and other similar schemes.

### **India can become world's edtech capital: NITI Aayog's Amitabh Kant**

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

Niti Aayog CEO Amitabh Kant said that India can become the edtech capital of the world, with the private sector playing a key role and the public sector acting as a facilitator.

Addressing a virtual conference of Public Affairs Forum of India (PAFI) on Friday, Kant further added that India needs to significantly improve its learning outcomes, and technology can help the country leapfrog in a big way.

"I am confident that India can become the edtech capital of the world with the private sector playing a key role and the public sector acting as a facilitator," he said.

Kant said affordable internet connectivity and technology-based infrastructure are the only ways to enhance the education sector in the country.

"Relying only on physical infrastructure will not be sufficient," he noted.

According to the Niti Aayog CEO, the Indian edtech ecosystem has great growth potential.

"But more importantly, the country will progress, students will learn, and learning outcomes will improve," he said, adding that comprehensive edtech architecture will help with better access to education, especially to disadvantaged groups.

Also speaking at the event, Byju's founder and CEO Byju Raveendran said through edtech, there is an opportunity for students to learn, but India can also become a global talent pool for teachers.

"We talk about the democratic dividend on the one hand, but if they don't have access to education, it's not of much use. On the other hand,

if we do provide it, it's a huge opportunity for India," he said.

## STARTUP STORIES

### BSE joins hand with HDFC Bank to promote startup, SME listing

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

Leading stock exchange BSE said it has collaborated with private sector lender HDFC Bank to further encourage and promote the listing of startups and small and medium enterprises (SMEs) across India.

Through this pact, HDFC Bank and BSE will evaluate banking and lending solutions for startups, undergoing listing process on startups and SME platform, the exchange said in a statement.

HDFC Bank will identify potential startups as well as SMEs and help them to partner with intermediaries like merchant bankers, chartered accountants and lawyers to list on BSE.

Both the parties have agreed to conduct and participate in joint outreach activities and contribute to each other's publications on the startup ecosystem in India.

"Through this MoU (Memorandum of Understanding), we aim to resolve funding constraints for startups and SMEs in India. BSE along with HDFC Bank shall work together to create a sustainable ecosystem for startups and SMEs," Ajay Thakur, Head, BSE SME and startups, said.

"Startups are reimagining and reshaping the world we live in. At HDFC Bank, we are committed to developing, strengthening and collaborating with the startup community and ecosystem in the country," said Iqbal Singh Guilani, SVP, Retail Branch Banking, HDFC Bank.

BSE became the first stock exchange to get approval from markets regulator Sebi and had launched its SME platform in March 2012.

So far, 353 companies listed on the BSE SME Platform have raised Rs 3,732 crore from the market, and the total market capitalisation of such firms stood at Rs 38,538 crore. Out of 353 companies, 117 have migrated to BSE Main Board. BSE is the market leader in this segment, with a market share of 61 per cent.

### Nykaa's founder becomes India's wealthiest self-made female billionaire as shares make strong debut

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

Beauty startup Nykaa's founder Falguni Nayar has become India's wealthiest self-made female billionaire, according to the Bloomberg Billionaires Index, as shares made a strong stock market debut on Wednesday. Nayar, who owns about half of Nykaa, is now worth about \$6.5 billion as shares of the firm surged as much as 89% when they started trading Wednesday. FSN E-Commerce Ventures, Nykaa's parent entity, is India's first woman-led unicorn to hit the stock exchange. Founded in 2012 by former investment banker Falguni Nayar, the woman-led unicorn offers 4,000 beauty, personal care and fashion brands through its website, app and 80-odd brick-and-mortar stores. After graduating from IIM Ahmedabad, Falguni started her career in consulting with A.F. Ferguson & Co. She then spent 18 years at the Kotak Mahindra Bank, helming several businesses and was the Managing Director of Kotak Mahindra Investment Bank, and was director at Kotak Securities – the bank's institutional equities division. Heading a team of over 1600, Falguni has built a beauty and lifestyle retail empire Nykaa which has emerged as India's leading beauty retailer with a portfolio of 1500+ brands, including its own private label, available online and across 68 stores in India. Nykaa is a profitable company, a rarity among the internet startups making a debut in the public markets. Nayar owns her company stake through two family trusts and seven other promoter entities. Her Ivy League-educated daughter and son, who run different Nykaa units, are among the promoters.

## STARTUP FUNDING

### Paytm to raise about Rs 8,250 crore from anchor investors

Source:<https://www.business-standard.com/>

Global technology funds and big names like Blackrock, Canada Pension Plan Investment



Board (CPPIB) and GIC are set to participate in Paytm's anchor round, ahead of its stock market debut, sources in the know said.

The company's anchor round, at \$1.1 billion (about Rs 8,250 crore), will be the largest India has ever seen, said one of the people in the know. The anchor round will close on November 3. Anchor investors or cornerstone investors (as they are called globally) are marquee institutional investors like sovereign wealth funds, mutual funds and pension funds. They are invited to subscribe to shares ahead of the IPO to provide confidence to potential investors.

The benefit for institutional investors applying in anchor quota is that they get guaranteed allotment. Allotment to investors applying in an IPO depends on the number of times the issue gets subscribed.

Anchor investors, however, cannot sell their shares for a period of 30 days from the date of allotment as against IPO investors who are allowed to sell on listing day.

According to sources, Paytm's anchor round is set to see some mega investors making one of their first investments in India, through their tech-focused funds.

Paytm is set to raise Rs 18,300 crore from the markets through a fresh issue of Rs 8,300 crore and an offer for sale of Rs 10,000 crore. The price band has been kept in the range of Rs 2080-Rs 2150 and it will open for bid on November 8 and close on November 10. According to reports, the company is aiming for a mid-November listing.

According to the company's Red Herring Prospectus, Paytm's user base has risen to 337 million consumers and over 21.8 million merchants, as of June 30, 2021.

Its gross merchandise value increased from Rs 697 billion in the three months ended June 30, 2020, to Rs 1,469 billion in the three months ended June 2021.

At its pre-IPO presentation, bankers confirmed that the enterprise value of Paytm would be in the range of \$19.3 billion-\$19.9 billion. This makes it the most valued unicorn in the country at around \$20 billion when it launches its IPO on November 8.

## **Good Glamm becomes 35th Indian unicorn of 2021 after \$150-mn fundraise by Warburg Pincus, Prosus Ventures**

*IBEF: November 10, 2021*

South Asia's largest content-to-commerce conglomerate, Good Glamm Group entered the unicorn club with a fresh fundraise of US\$ 150 million in its Series-D round, involving both primary and secondary sales.

The investment round was co-led by marquee tech and private equity investors Prosus Ventures (Naspers), Warburg Pincus, along with the participation from Alteria Capital and existing investors L'Occitane, Bessemer Venture Partners, Amazon, Ascent Capital and the Mankekar Family Office.

The Good Glamm Group encompasses a portfolio of proprietary beauty and personal care brands driven by a proprietary digital ecosystem of content, community and creator assets.

It includes beauty and personal care brands owned by the Good Glamm Group such as MyGlamm MomsCo, POPxo and Baby Chakra.

The company stated it will be exploiting its latest funding to invest in product development, support data science and technology research, grow offline expansion, fund working capital requirements. It will also grow the content creation capabilities and digital reach of POPxo, Plixxo, BabyChakra and ScoopWhoop. The Group will also maintain to make investments in additional beauty and personal care brands.

Mr. Darpan Sanghvi, Group Founder & CEO, Good Glamm Group stated that "Listing in the Unicorn Club marks Day 1 for all of us at the Good Glamm Group. And we couldn't be more enthusiastic and fortunate to embark on the journey from 1 to 10, with Prosus and Warburg, who bring tremendous power and experience to our company."

Mr. Ashutosh Sharma, Head of Investments, India, Prosus Ventures, stated the collaboration with the Good Glamm Group will 'disrupt' the beauty and personal care industry, and this indicates the company's first investment in the DTC category. "The Good Glamm team has combined desirable, homegrown brands with powerful content, building an exceptionally engaged community and aligning them well for future growth in India and beyond."

## YouTube-based Government Exam Preparation Platform Exampur Raises Pre-Series A Funding

*source: <https://edtechreview.in/news>*

Exampur, an EdTech platform that provides government exam preparation solutions, has raised an undisclosed amount in its Pre-series A funding round from a consortium of Singapore-based angel investors.

The round also saw participation from current and former executives of Coca-Cola, Vivendi, Citibank, Qualcomm, and Interpublic Group.

The fresh funds will be used to expand the services portfolio across exam segments and languages.

Founded in 2018 by Vivek Kumar and Vardhan Gandhi, Exampur provides government jobs-related exam preparation solutions to aspirants through their mobile application and YouTube channel focusing on vernacular languages and the billion-strong hinterland. The platform follows scheduled-based learning with tons of live sessions. The deployment of regional teachers in order to provide teaching services in regional language, to comfort the student with better language bonding, is the unique approach the company has adapted to provide quality understanding with their students.

Currently, Exampur has over 12 million subscribers across multiple YouTube channels with an average viewership of 2.5 million students. It also has offline centers in Delhi, Agra, Lucknow, Kanpur, Prayagraj, Meerut, and Patna. The startup claims to have more than 40 million average monthly views on YouTube and more than 400,000 paid subscribers on its mobile app.

## Zepto, a 10-minute grocery delivery app in India, raises \$60 million

*Source: <https://techcrunch.com/>*

Two 19-year-old entrepreneurs, who previously collaborated on a number of projects including a ride-hailing commute app for school kids and left Stanford last year to pursue a new startup, said on Sunday they have raised \$60 million to disrupt India's overcrowded and highly competitive grocery delivery market. Glade Brook Capital

led Zepto's first institutional financing round, the startup's founder and chief executive Aadit Palicha told TechCrunch in an interview. Nexus, Y Combinator, Global Founders Capital, as well as angel investors Lachy Groom, Neeraj Arora and Manik Gupta also participated in the round, which values Zepto at \$225 million. Zepto, which has largely operated in stealth mode until today and launched its app six months ago, has been the talk of the town for several months. The startup, whose name playfully uses a mathematical term to describe the business, offers a 10-minute grocery delivery service, beating many heavily backed rivals on speed. To achieve this feat, Zepto has set up dark stores across the cities where it operates (Mumbai, Bangalore, and as of this week, Delhi.) Palicha said these dark stores, which the startup has set up, are designed and optimized for fast deliveries. (Zepto's approach, for which Palicha said he looked at other markets and spoke with the operators running those firms, is different from many Indian startups that rely on regular grocery stores for inventory.) "The way we are growing right now, and the current penetration and frequency of usage we are seeing, the opportunity is just massive," he said. The startup plans to soon expand to Hyderabad, Pune and Kolkata and grow the number of dark stores it has to over 100 by early next year, from 40 currently, he said.

## STARTUP ACQUISITIONS

### Coinbase acquires Indian AI startup to improve customer service

*IBEF: November 03, 2021*

The largest cryptocurrency exchange in the United States, Coinbase is working to enhance its customer support while growing in India by having acquired a new startup.

Coinbase publicly announced the acquisition of Agara, an artificial intelligence-enabled support platform with operations in India and the United States.

The purchase aims to grow and automate Coinbase's customer service abilities by providing new machine learning and natural language processing tools to Coinbase's engineering

team. The deal also assures the company's strategy to expand its tech hub in India.

The acquisition of Agara will cost Coinbase between US\$ 40-50 million, stated technology-focused publication TechCrunch, quoting anonymous informer familiar with the matter. The two firms apparently expect to close the deal later this year.

Established in 2017, Agara works on machine learning and natural language processing to enhance user experience. Employing ~40 people, Agara has reportedly managed to hoard some large customers, including cloud-based software company Salesforce and major e-commerce company Shopify.

According to Mr. Pankaj Gupta, head of operations at Coinbase in India, Agara's tech team will join Coinbase as part of the acquisition. Mr. Gupta, a co-founder of Agara himself, believes the purchase to be a win-win for Agara and Coinbase. "It's amazing to see my worlds run over here with Agara, a startup I co-founded in early 2017 but later left to join Google," he stated.

Agara co-founder and CEO Mr. Abhimanyu said that the firm has been able to incorporate its tech stack into phone calls-based communication with customers as well. "Some of the more complicated things we do are around phone calls. We have been working to automate much of, if not all, of the support that happens through phone calls," he added further.

## STARTUP IPOs

- Online pharmacy platform PharmEasy, online automobile marketplace Droom and edtech platform Veranda filed their DRHP with SEBI
- Logistics unicorn Delhivery filed its DRHP for INR 7,460 Cr IPO

## Start-ups' IPOs worth Rs 30,000 crore in pipeline: Sebi

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

Of the upcoming large IPOs, Paytm is aiming to raise Rs 18,300 crore, the biggest share sale offer ever in the country. Paytm IPO is likely to

be open for subscription on 8 November and is likely to get listed by mid-November. The price band has been kept in the range of Rs 2,080-2,150.

Delhivery, a logistics and e-commerce supply chain company, has also filed preliminary papers with Sebi to raise Rs 7,460 crore through an initial public offering (IPO). Nykaa, an e-commerce company, recently came to the primary market with an intention of raising Rs 5,350 crore and the issue got 80 times subscribed. The IPO is likely to be listed later this month.

Another start-up Policy Bazaar recently offered its share to investors to raise over Rs 5,600 crore. The company's IPO has so far got 10 times subscription. Among the large start-ups that got listed on the exchanges recently include Zomato, which raised Rs 9,375 crore earlier in July this year. Zomato IPO got subscribed 38 times and got listed with at Rs 116 a share, a 53% premium on its offer price of Rs 76.

Meanwhile, Sebi has said that after the onset of the pandemic, individual investors' participation in stock markets has increased by leaps and bounds. "In 2019-20, on an average, 4 lakh new Demat accounts were opened every month. This tripled to 12 lakh per month in 2020-21 and has further increased to around 26 lakh per month in the current financial year," said the market regulator in its latest bulletin.

According to Sebi, individuals' average share in daily cash market turnover was 39% in 2019-20. It increased to around 45% in 2020-21 and 2021-22. Holdings of individuals in listed companies have increased from 8.3% at the end of Q1 2019-20 to 9.3% at the end of Q1 2021-22. In terms of SIP figures, while around 51-53 lakh SIPs were added during the last two financial years, around 59 lakh have been added during the first five months of this financial year itself. The Indian start-up ecosystem continues to line-up for listing their shares at exchanges. Market regulator Securities and Exchange Board of India (Sebi) in its latest bulletin has said that IPO filings of start-ups with Sebi at present show a pipeline of around Rs 30,000 crore. The bulletin also says that start-ups have already raised Rs 15,000 crore through Initial Public Offers (IPOs) in the last 18 months.

## 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

### Some types of startup funding ?

- ⇒ Personal Savings and Credit
- ⇒ Friends and Family
- ⇒ Venture Capital
- ⇒ Angel Investors
- ⇒ Banks
- ⇒ Crowdfunding
- ⇒ Accelerators
- ⇒ Grants
- ⇒ Series Funding

### Grants?

Government grants for small businesses come in three forms: federal, state, and local. Federal grants usually offer the most money — and have the most competition. They're also pretty specific and usually tied to a government agency that has clear requirements for qualifying for the money — and for what they expect you to do with it.

State grants, on the other hand, are usually less money than federal grants but also — depending on your state — less competitive. State governments may work with the federal government to administer money that's been set aside specifically for small business grants.

And on the local level, grants tend to be even smaller but they may be easier to get, because personal connections still mean something. Usually these grants are about improving your local community, so if your startup or small business is focused on bettering your town or county, definitely take a look at local grants.

For Feedback & Comments, please contact:

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