Startup Watch

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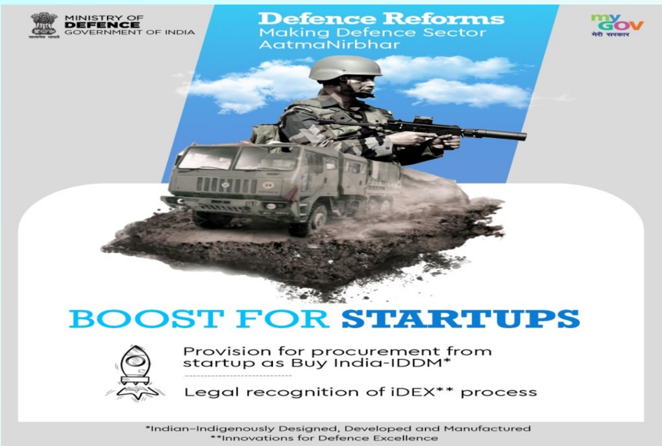

This Issue

STARTUP POLICIES

Huge opportunities for Korean firms in India's startup ecosystem, says Union Minister Piyush Goyal

Source:https://www.newindianexpress.com/business/2021/nov/12/huge-opportunities-for-korean-firms-in-indias-startup-ecosystem-says-unionminister-piyush-goyal

Huge opportunities exist for Korean investors in India's startup ecosystem and both the countries need to increase collaboration in sectors such as automobile, textiles, food processing, and chemicals to enhance economic ties, Commerce and Industry Minister Piyush Goyal said on Friday.Korean investors and the startup ecosystem I believe can find huge opportunities in India's startup ecosystem. We need to complement our strengths in automobile, textiles, food processing, metals, mining, chemicals and also grow some of our traditional sectors like steel," he said at the fourth edition of the India-Korea Business Forum.

He said the government has recently launched a National Infrastructure Pipeline with projects worth over a trillion dollars and it can provide opportunities for companies.

"Today India is the preferred destination for investments. Our exports are at an all-time high, our economy is bouncing back and will possibly see one of the fastest growth rates across the world," he added. Goyal informed that nearly 15,000 Koreans call India their home and about 12,000 Indians live in Korea.The minister also invited Korean businesses to invest in India.

How Karnataka govt is enabling further growth of startups

Source:https://yourstory.com/2021/11/karnataka-govt-startups-cn-ashwath-narayan-freshworks-lenskart

India's Silicon Valley, Bengaluru, is a leading destination for startups in the country and the world. According to The Global Startup Ecosystem Report 2021, the capital of Karnataka ranked 23rd in an annual analysis of the world's most favourable ecosystems to build a globally successful startup.

The state government has also played a key role in enabling the startup ecosystem to evolve amid increased digitisation and investor boom.

In an interaction with *YourStory*, C N Ashwath Narayan, Minister for Electronics, IT, BT and S&T, Higher Education, Skill Development, Entrepreneurship & Livelihood, Government of Karnataka, said that the state government is keen to further enhance its support for these young companies and entrepreneurs to enable an all-round development.

"We have come out with many programmes to promote startups along with the IT-ITeS industry, particularly taking them beyond the capital Bengaluru. We have policies around IT, ESDM, engineering R&D, among others to encourage the ecosystem as well as the startups," Minister Ashwath Narayan said.

He said that the government is also taking many steps to promote women entrepreneurs.

"We have created an exclusive fund to encourage women entrepreneurs as well as socially disadvantaged groups. This is the topmost priority of the government and there are enough funds available for such startups," he added.

STARTUP STORIES

Deep-tech startups become hot targets for global firms

Source:https://news.bharattimes.co.in/deep-tech-startups-become-hot-targets-for-global-firms

Bangalore Many deep-tech startups in India are being acquired by large global companies to gain access to niche technologies and quality talent, reflecting the strong demand for startups focused on disruptive technology that solve complex global problems.

In June, KPIT Technologies Ltd. announced the signing of a definitive agreement to buy a controlling stake in Bengaluru-based Pathpartner Technology. 191 crores. The latter is an expert in providing product engineering services to customers in the automotive, consumer electronics, broadcast, medical and IoT domains. PathPartner has an offshore research facility in California in addition to presence in Germany and Japan.In May, General Atlantic-owned KFin Technologies, a Hyderabad-based registry services firm, picked up a 17% stake in insurtech startup Artivatic.ai for an undisclosed amount. The acquirer also has the option to increase its stake in Artivatic.ai to a majority stake. The investment is expected to help KFintech venture into insurance technology as it tries to diversify its offerings.In September, US-based cloud video surveillance firm Eagle Eye Networks acquired Bengaluru-based AI startup Uncanny Vision to boost its capabilities in artificial intelligence (AI) and analytics. Its deep learning algorithms enable detection, detection and prediction to improve business operations, customer service and site security.A month later, Accenture agreed to buy Bengaluru-based AI and analytics firm BRIDGEi2i. The deal is expected to add nearly 800 tech professionals to Accenture's applied intelligence practice, which will strengthen its global capabilities in data science, machine learning and AI-based insights.

Deep-tech startups are those whose business models are based on high-tech innovation in engineering or significant scientific advances. According to industry body Nasscom, there were around 2,100 deep-tech startups in India as of 2020.To ensure this, NASSCOM earlier this year launched the second edition of its deep-tech mentoring program called Deep Tech Club (DTC) 2.0. The initiative aims to nurture and promote Indian deep-tech startups and disruptive technologies enabled by AI, ML, Augmented Reality, Virtual Reality, Internet of Things (IoT), Robotics, Blockchain, Natural Language Processing (NLP) and similar technologies. Searching for startups.Industry experts and investors said deep-tech companies are being targeted for acquisitions for two possible reasons. "One is, big companies want to fill some technical gaps in their portfolio. The other reason is that a very good technical team of startups is working on the wrong problem. So, that startup should be given a chance to enhance their technical talent. –can be hired," said Vinay Bansal, founder and chief executive officer, Inflection Point Ventures, an angel investment firm.Huddle, an accelerator and fund for early-stage ventures, agrees with this view. "Many large companies want to acquire niche deep-tech startups to gain access to a technology stack that they may not be able to build on their own because many of them may not be digital natives. Often Such acquisitions also bring quality talent at an affordable cost," said Sanil Sachar, founding partner, Hudl.

Kishor Patil, CEO of KPIT Technologies, said that his company acquired PathPartner because it felt that the latter's capability in operating system software and low-level software and the existing semiconductor partnerships for quicker access to the platform would be better suited for delivering complex production programs. important for. "Together, we (KPIT Technologies and Pathpartners) can differentiate and strengthen our software integration expertise for new-age vehicle architectures," he added.

Similarly, Ishaan Khosla, founding partner of Hudl, said that one of Hudl's portfolio, Neuropixel.AI, a deep-tech AI/ML startup, has already seen large companies showing interest in their solutions and potential partnerships.

Interestingly, many of these startups are being acquired in their early stages, when most of the foundational technologies are built. "Large companies, which have not traditionally been tech-first, may want to acquire or partner with these deep-tech firms to gain access to technology or talent," Khosla concluded.

Logistics startup Freightwalla launches AI-backed cargo tracker for MSMEs amid global container crisis

Source:https://www.financialexpress.com/industry/sme/msme-logi-logistics-startup-freightwalla-launches-ai-backed-cargo-tracker-for-msmes-amid-global-container

Digital freight forwarder Freightwalla has launched a shipment tracking service for MSME exporters and importers based on predictive analytics to help businesses tackle risks associated with shipment delays and improve supply chain efficiency. The new cargo navigation offering backed by machine learning algorithms will be available to all shippers, including local and global exporters and allied parties, the company said in a statement. MSMEs can avail the service to track up to 20 containers per month without any cost.

Currently, shippers go through different challenges such as space constraints, equipment shortage, congestion at origin/destination ports, higher freight rates, and shipment delays, the company said. Moreover, limited visibility into the movement of goods, making shipment tracking cumbersome and time-consuming has pushed managers and cargo owners to consolidate data from different sources through process-intensive tasks. These include phone calls, browsing websites and e-mail communications. Freightwalla said that without real-time insights on cargo movement, handling these challenges is extremely difficult and negatively impacts the entire business.

Container shortage, which has snowballed into a global challenge through the pandemic, has only worsened in countries where export supersedes imports. India is one such country. This challenge has built up a knock-down impact on the export-import industry leading to skyrocketing freight rates and shipping lines drastically reducing the cargo shipments. With fewer empty containers being picked up, many containers are left stuck at ports for long durations, building up long waiting queues at international ports, especially in the US," Sanjay Bhatia, Co-founder & CEO, Freightwalla told Financial Express Online.

The freight rates had reportedly jumped over 350-400 per cent in the past year for key locations including the US, Europe, Latin America, and Africa. Amid Covid, the volume of shipping vessels in operation was also likely reduced that had led to a lesser number of containers available while a larger set of containers had remained at inland depots and stuck at ports such as in the US and China.

"The delay in the shipment delivery has almost doubled the payment timelines from a 45-day window to 75-90, causing a two-three-month delay for Indian exporters. While larger players have been adapting to the situation, the challenge has significantly impacted the revenues and operations of the MSME industry," added Bhatia.

According to the company, the tracking service records multiple data points over the complete shipment journey. The platform through machine learning will predict shipment delays based on satellite tracking, port congestion, and other signals to help combat risks related to shipment schedules based on historical distribution.

"We were able to see the live movement of our cargo via a user-friendly dashboard. Awareness of all shipment status without visiting multiple websites and tracking via a single dashboard helps drive productivity and efficiency across the entire supply chain," Kishor Suryavanshi, Logistic Manager, Ascent Meditech using Freightwalla's solutions told Financial Express Online.

The government in September this year had announced that it will release Rs 56,027 crore in the current financial year against pending export incentives due to over 45,000 exporters, around 98 per cent of which were small exporters in the MSME category. The incentives due to exporters belonged to different export promotion schemes such as MEIS, SEIS, RoSL, RoSCTL, other scrip-based schemes relating to earlier policies, and the remission support for RoDTEP and RoSCTL schemes for exports made in the 4th quarter of FY21.

STARTUP FUNDING

Mensa Brands becomes India's fastest startup to turn unicorn, raises $135 mn

Source:https://www.vccircle.com/mensa-brands-becomes-india-s-fastest-startup-to-turn-unicorn-raises-135-mn

Thrasio-style house of brands player, Mensa Brands on Tuesday said that it has raised $135 million as a part of its latest Series B funding round led by Falcon Edge Capital's growth stage platform, Alpha Wave Ventures, at a valuation of around $1.2 billion. Mensa is the 37th startup to become a unicorn this year.

Other existing investors including Accel Partners, Norwest Venture Partners and Tiger Global Management along with new investor Prosus Ventures, formerly Naspers Ventures, also participated in the round, making Mensa the fastest startup to reach unicorn status in just seven months of inception.

A unicorn is a privately held startup with a valuation of $1 billion. Previously, jobs platform Apna; electric mobility solution provider, Ola Electric; business-to-business marketplace Udaan; InMobi's lock screen solution, Glance; and Paytm Mall were considered to be among India's fastest unicorns, achieving a valuation of more than $1 billion in about two years of starting operations.

Mensa Brands now plans to deploy the fresh capital to accelerate growth, ramp up its acquisitions in the market, while scaling its team across operations, marketing and technology functions.

The company has close to 60 employees at present, and looks to scale it to 150 -200 members over the next 12-18 months.

Founded this year, Mensa Brands follows a 'house of brands' or brand aggregation strategy where it acquires and partners with digital first brands and looks to accelerate their growth through providing on-ground expertise and tech-led interventions around marketing, and operations.

Mensa currently focuses on fashion, beauty and cosmetics as well as the home furnishing category.

"One of the key reasons to raise another round of investment this year is to invest into more brands. There are a lot more inbound deals coming our way now and we look to tap into those opportunities. Close to 80% of this fundraise will go in bringing these brands to Mensa's fold. The second is to grow and scale our brands both in domestic and international markets, as well as to scale our team," said Ananth Narayanan, founder and chief executive officer (CEO) of Mensa Brands in an interaction with Mint. Narayanan added that Mensa has acquired 12 brands, till date and it looks to scale its acquisitions to 40 brands over the next 12-18 months. The company is in the process to close another 8 deals in the near term, he added.

The average ticket size to acquire a brand remains in the $4 million to $5 million range, Narayanan explained.

Of the total 12 brands, close to four of them have been selling to international markets, the company said.

"Close to 4 of our total 12 brands are selling in international markets including the UK, US and Middle East. We are forming partnerships with international e-commerce majors such as Amazon, Walmart and Target to retail these brands. Today 15% of our revenues come from international geographies. We can see this number grow to almost 30% in 12-18 months. However, our brands will be primarily focussed on the India opportunity," added Narayanan, who was formerly the chief executive of Myntra and Medlife, before starting Mensa in May 2021.

Within six months of starting business, Mensa has already raised a total of more than $300 million in equity and debt. It has also secured debt financing from Alteria Capital, InnoVen Capital, Piramal Capital, Stride Ventures, and TradeCred among others.

"Mensa demonstrates a tangible uplift through a combination of product and pricing optimization, technology-led process improvement, distribution and marketing augmentation and fine-tuning the supply chain. These levers meaningfully accelerate the growth and margin trajectory of the brands and make them well-poised to become category leaders," said Navroz Udwadia, co-founder and partner of Alpha Wave Ventures.

In May 2021, Mensa had raised around $50 million as a part of its Series A round led by Accel Partners, Falcon Edge Capital and Norwest Venture Partners.

"We are excited to support MensaBrands in their journey to build digital-first global brands from India. Their team brings superior execution focus and technology chops to help emerging brands scale digitally," said Ashutosh Sharma, head of investments, India, Prosus Ventures.

The competition in the 'house of brands' e-commerce space is heating up, with Thrasio-style e-commerce ventures such as 10Club and GlobalBees raising $40 million and $150 million respectively in the largest early-stage rounds amongst Indian startups.

Even beauty marketplace, Nykaa, which recently went public, is eyeing a 'house of brands' strategy across new categories of home furnishing.

India's Spinny valued at over $1.75 billion in $280 million funding

source:https://nerdshala.com/indias-spinny-valued-at-over-1-75-billion-in-280-million-funding

Spinny, the Gurgaon-based startup that operates a platform to facilitate buying and selling of used cars, is the latest firm to become a unicorn in the world's second largest internet market.

small garden A source familiar with the matter told Nerdshala it has raised more than $280 million in its Series E financing round. The round, co-led by Tiger Global and the Abu Dhabi Growth Fund, is valued at over $1.75 billion, the source said.This is the third funding round that Spinny has raised this year. The startup was valued at around $700 million in July this year and $350 million in April.The new round follows quarters of strong growth, with Spinny expanding to 15 Indian cities, compared to less than half a dozen last year. The startup has grown its business four-fold in the current calendar year, said the source, requesting anonymity, adding that the figures are not public.Spinney, which counts Elevation Capital and Accel among its current backers, did not immediately respond to a request for comment.Hundreds of thousands of used cars are sold every month in India. But buying them offline and through traditional channels can prove to be a laboriously long and high-risk process.Spinny co-founder and chief executive Neeraj Singh told Nerdshala in an interview earlier this year that one of the biggest challenges people face in buying a used car is the trust factor.Spinny is addressing this by removing traditional middlemen from the equation, making it more affordable and reliable for customers to buy a used car. The startup buys cars from owners, conducts thorough and transparent inspections and then makes it available for customers to buy.The startup says on the website that if a customer is not satisfied with the car they buy from Spinny, they get a full refund.The growth potential is huge for Spinny and few other startups working in this area. According to Bernstein analysts, the auto e-commerce market currently has less than 1% penetration in India."This is largely because the auto market still requires physical inspections and the target market leans toward used vehicles – an unorganized market," he wrote in a report earlier this year."The total addressable market in India is approximately $220 billion, which includes consumer used vehicle purchases, auctions and remarketing, growth potential for the new vehicle market, and funding and advertising. For the US only used car market The total addressable market is over $800 billion," he wrote in a report earlier this year.Spinny is the second Indian startup to become a unicorn this week. After several high-profile global investors including Tiger Global, SoftBank and Falcon Edge Capital began doubling down on the world's second largest internet market, India produced more than three dozen unicorns this year – more than all other years. In more. year at the height of the devastating pandemic.In a letter to shareholders earlier this year, Tiger Global identified India as one of the few markets where it was planning to deploy billions of dollars. SoftBank Group chief executive Rajeev Mishra said earlier this month that the Japanese firm has invested more than $3 billion in India this year and may invest up to $10 billion in the country next year.

STARTUP ACQUISITIONS

Zomato chalks out grand merger & acquisition plan to push growth

Source:https://www.financialexpress.com/industry/sme/zomato-chalks-out-grand-merger-acquisition-plan-to-push-growth

Foodtech major Zomato has revealed an ambitious plan to invest $1 billion in fresh capital into start-ups that will help it build adjacent businesses in sectors including hyperlocal commerce, logistics, point-of-sale services and electric vehicle fleets.

The strategy mirrors business models of Chinese internet holding firms such as Meituan, Alibaba and Tencent, which focus on acquiring and operating multiple companies, resulting in greater customer retention and large transaction revenue.

China-based Meituan which offers a multi-suite of products across categories like travel, shopping, ticket bookings, food delivery, and several other online consumer products is currently valued at $220 billion after starting-up in 2011. It has an average transaction rate of 28.1 per user on an annual basis. This is possible due to its large base of strategic investments in 46 companies, including 4 multi-billion dollar acquisitions.

Though the model has been largely successful in China where e-commerce penetration is at around 80%, Zomato still has to prove that the same model can make economic sense in India where e-commerce penetration is still looming at 4-5% of the overall retail economy.

Vinay Singh, co-founder and partner at Fireside Ventures which invests in online retail and D2C start-ups, said the M&A strategy followed by Meituan, Alibaba, and now Zomato, largely looks to solve the problem of customer acquisition.

"If you have a suite of products and services that can be cross-sold to customers within the same platform, this way you can bring down customer acquisition costs in the long term since you don't need to keep reacquiring consumers by spending money on social and search ads on Facebook and Google," Singh added.

But Zomato seems to be taking a careful approach with its investments. Rather than going all in with majority stake purchase and mergers, it has instead made minority acquisitions in start-ups like Grofers, Curefit, Shiprocket and Magicpin. However, the idea is to eventually acquire majority stakes and amalgamate the acquired companies into its operations.

"As these businesses scale, we would want to be the provider of additional capital to these businesses and consolidate our stake leading to a potential merger at some point," Zomato said in its Q2FY22 investor presentation. It has particularly identified quick commerce as an important segment to invest in.

"Within all the businesses we are looking at today, quick commerce (delivery of products in less than 30 minutes) is clearly emerging as one of the most promising ones. While we decided to not build quick-commerce on our platform, we are excited about the progress our partner company Grofers has made in the 10-min delivery space," Zomato added.

The company's M&A bets could be crucial for its growth, given that its cash burn for the quarter after listing has grown by a whopping 500% y-o-y in Q2FY22 alongside losses of Rs 424 crore in the same quarter. Zomato's net cash used for operating activities (or cash burn) in Q2FY22 increased to Rs 270.3 crore, compared with just Rs 44.3 crore in quarterly cash burn reported in the same quarter last year. But Zomato believes it can "take an investment route" to build successful businesses in adjacent sectors and turn them into market leaders even if some M&As don't work-out financially.

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

What is startup funding ?

Startup funding — or startup capital — is the money needed to launch a new business. It can come from a variety of sources and can be used for any purpose that helps the startup go from idea to actual business.

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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