KIRTANE & PANDIT

The Start Up Saga

You Should Be Failing.
"If Things Are Not Failing,
You Are Not Innovating Enough."

Elon Musk

The Start Up Saga

Indian tech market after a long decade of chaos has finally hit Product Market Fit (PMF)-a perfect storm of talent, capital, infrastructure, depth in demand, and other enablers is brewing. The next decade is going to be Growth.Active Investor base has spiralled in India and seen a significant expansion, reaching 660 + investors from a base of 516 in 2020.

Just when we thought the second wave of covid was crazy. The craziness in the real world got even crazier with Web3 becoming the hottest new thing that nobody understood. Facebook became Meta to capture the Metaverse. India had a mindboggling 43 Unicorns, becoming the 3rd largest start-up market.

The Indian start-up ecosystem reached an inflection point in maturity in 2021, fuelled by VC investments. With $400B+ in valuation across a burgeoning ecosystem of 50K+ active start-ups, companies are looking to unlock significant economic value, addressing major pain points for consumers and small and medium businesses (SMBs).

VC funds like Tiger Global, Sequoia Capital retained the top spots on the leader board for deal volumes and capital deployed. SoftBank remained competitive focusing on bigger pies for capital deployment.

VCs have made significant inroads into the Big Indian Startup Party. Reaching escape velocity, the ecosystem saw interest from Several Tier 1 global VCs and crossover funds, emerging domestic VCs like the 3one4 capital, global sovereign funds like ADQ & QIA, Sector-focused global and domestic funds like Ribbit capital

It was convergence of heady tailwinds coming together in a record growth year as VC funding reached $38.5B with several highlights: The year 2021, has been an unforgettable year for the Indian Start-ups.

- India overtook the UK to emerge as the third highest country in the number of unicorns after US and China, which added 487 and 301 unicorns, respectively, in 2021
- Indian economy witnessed 44 unicorns addition, taking the number to 83
- 2250+ tech start-ups taking the base to 25000-26000
- Total 61,400 start-ups have been registered in India
- $ 34.5 Bn funding in CY2021
- Ecosystem turning more inclusive with 10-15% tech start-ups having 1 women founder
- Diversity noted wherein 29%+ tech start-ups were established outside the established hubs

Our body isn't a body but an ecosystem, similarly the Start-up ecosystem was a beautifully arranged orchestra that was understood, planned and thoughtfully renewed over the last decade to ace the symphony. Investing Momentum is driven by significant confluence of factors that were several years in the making.

In this report we would be covering the overall landscape for the Indian Start-up ecosystem. Challenges faced by start-ups in their journey for becoming a failure or success.

DEMOGRAPHICS THE OVERHYPED REALITY ? PERHAPS NO !

If you look through the expected population in each continent by 2100, it would roughly breakdown into 1Bn: Americas, 1Bn:Europe, 4 Bn: Africa, 5Bn: Asia. This simply tells you that Asia & Africa will be where 90% of the Total addressable market of the world would be.

India has one of the largest Gen Y populations of the world which is estimated at 426 million i.e. approximately 34 per cent of the total Indian population.

They would essentially be the engines of growth with an average age in India being 26 vs 38 in the US. We are technically 12 years behind the US and will be where the US is today. If we don't grow, the world may not at the same pace, by the sheer virtue of young population.

The Big Tech Chinese is not a one-off economic transformation but a harbinger for why the Indian Start-up ecosystem will thrive and fire on all cylinders. Whether we gallop like a horse to the finish line or walk like an Elephant is the debate. Start-ups will be the front and the centre of this transformation. They will build the today for a better tomorrow. Demographics has presented

THE START - UP BUG CALLED THE IITS & IIMS

An investment in Knowledge pays the best Interest. The IITs were established then with a massive vision of nurturing the best minds in the country. An establishment then started by Pandit Nehru with an objective that the institutes will transform India's growth journey through technological and Engineering innovations. In many ways latently, Seed for India's tech boom was sowed.

THE EARLY TECH BOOM

In the same decade in 1960s post the IIMs were established and Computer education was imparted, FC Kohli started the TCS which was India's first Startup acting as a management and technology consultant that created demand for downstream computer services. The Push for make in India in 1973 due to Foreign Exchange Regulations Act (FERA) restrictions made it very difficult for Indians to import computer. An entrepreneur in Shiv Nadar pounced on the opportunity to supply hardware solutions for making computer in India.

This Act in many ways proved to be a deterrent for IT MNC's to operate from India and then began the "Build in India, Sell to the World" movement putting

THE BIRTH OF THE DOTCOM

India's Internet start-ups emerged with the introduction of VSNL in 1995 exposing Indians to the world wide web. In 99 anyone with a .com against their company name were reaping millions. There was a lot of investor FOMO to look at these companies ignoring even their revenues let alone profits. Thebubble finally busted, and it applied brakes to thefast-paced growth of investments in the Indian IT space.

India could never be ignored for long as the Rediff listing on Nasdaq had grabbed enough eyeballs and interest. MNCs were looking to acquire companies rather than building it ground up. E-Bay acquired Bazee.com and Monster acquired Jobs ahead. India was the next big thing in technology once again.

AN APPLE A DAY KEPT THE DEMONS AWAY

Apples launch of new iPhone in 2007 triggered Googles release of the Beta Version of Android and that marked a paradigm shift in the world we know today.

THE GREAT RECESSION OF 2008

India was still a heterogenous market fragmented by geography, culture and diversity. Internet Penetration was extremely low, mobile and laptop devices were barely touching the surface.

Payment and Delivery infrastructure was shaky. Demographic trend looked solid, but present didn't corelate. The 2008 financial crisis brought a lot of NRI's back home who in turn were returning with specific intentions of building global business from India. Flipkart, InMobi, Zomato, Quickr and a few others had received more than a $1bn funding and that set the mood for the party to begin in the coming decade.

BIRTH OF UIDAI

The hockey stick fashion recovery of the economy between 2003-2008 led to the birth of physical infrastructure in the Golden Quadrilateral. While Physical rails became the nervous system for the movement of the goods and services, there was little work done on the digital trails.

In tandem with the growth schemes, India finally ended up launching social schemes like MNREGA to ensure financial inclusion. India rapidly ramped up bank branches and ATM's. MNREGA would provide direct deposits for ensuring livelihood. One massive challenge was identification of beneficiaries In 2009 only one out of 5 Indians had a bank account. Given this challenge government launched an abnormally ambitious project called Aadhar. Only 5 % Indians had access to internet then and only 20% had access to Banking

ACCELERATING FOR E- MARKET PLACE & PAYMENT GATEWAYS

PAYMENT PUSH

UPI system was preceded by Aadhar and succeeded by Demonetisation making it the perfect storm to push the Start-up Ecosystem and solve for the final piece in the puzzle.

TELECOMMUNICATION PUSH

Jio unlocked data while the Government crackdown on cash in circulation fuelled Digital Payments. Tapping on the new internet users, led to birth of many ecommerce players.

E-WALLETS

With more consumers shopping online, card payment & NEFT transaction grew during the period providing opportunity to fix the decade old payment systems. The Online payments further improved the velocity of money leading to more efficiency. Customer E wallets were also born to give more efficiency to the buying experience. This disruption in payment industry led to the birth of many wallets and payment gateway companies.

BLOCKCHAIN

The introduction of Account aggregatory and blockchain's further fuelled the growth of many use cases leading to financial revolution in India.

START-UP ECOSYSTEM

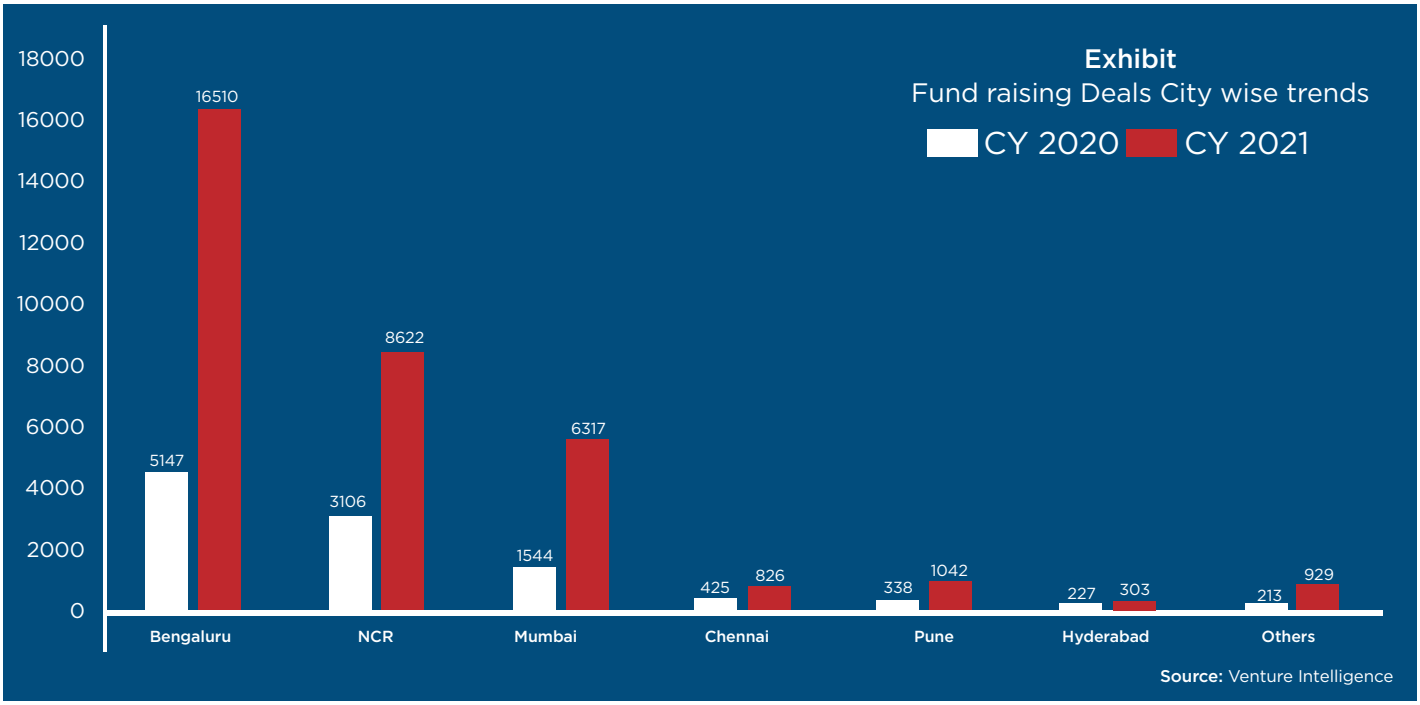
The ecommerce and hyperlocal boom in 2015 inflated the number of start-ups launched, approximately 33% start-ups launched that year were in ecommerce and consumer services sector.

The massive surge in 2021 — the biggest in nearly five years - in funding is primarily backed by megadeals ($100 Mn+) invested in growth-stage and late-stage start-ups from sectors such as ecommerce, fintech, enterprise tech, edtech, consumer services and health-tech.

"India will have one lakh start-ups by 2025 employing 3.25 million people and creating $500 billion in value," Mohan Das Pai said at NSE's Tech Conclave. He further said start-up ecosystem will facilitate creating USD 10 trillion economy in India by 2030.

DEMOGRAPHIC DISTRIBUTION

The start-up ecosystem continues to be concentrated in regions such as the NCR, Bangalore and Mumbai which together contribute around 73–75% of the total funding activity in both CY20 and CY21, followed by Mumbai, Chennai and Pune.



Bengaluru emerges as a strong contender for start spaces for multiple aspects. Seed stage, bridge stage or growth stage and late stages have been Bengaluru being the hub for these funding rounds. The funding value emergence has also been an outcome of large size deals going through. Byju's, Swiggy, Meesho, Sharechat, Ola Cabs and
Unacademy raising big ticket sizes lead to increasing the funding activity in Bengaluru. EdTech and FinTech were the key sectors attracting investments, followed by B2B e-commerce and LogisticsTech. FinTech, e-commerce (B2C) and SaaS were the key sectors attracting investments. Increase in funding activity in NCR in CY21 was driven by start-ups such as Pine Labs, OfBusiness, Cars24, BharatPe and Delhivery. Mumbai attracted investments in the HealthTech, online gaming and EdTech segments (PharmEasy and Dream11) being the key start-ups raising significant capital, followed by Eruditus.

Start-ups have showcased extreme strong resilience in the Indian demography with different languages, food types changing every few miles and choice of the customer changing every dynamically. Businesses have thrived through these times, and how? Is there a handbook which can help you to lead through different times? In the next section, we get a brief overview of the success stories of today, which have flourished through different business situations.

RISE FALL AND COME BACK

BookMyShow has changed the face of Ticketing System for movies and events in India. It has brought cinema or rather movies, in the pockets of masses.
BookMyShow has also largely contributed in getting masses closer to movies. From INR 25,000 as capital to INR 1,000 crore in valuation, from Bigtree Entertainment Pvt. Ltd to BookMyShow.com, from Dot Com crash and to Global Financial Crisis, the company faced all the ups and downs in different business cycles.

The company founded in 1999 under Big Tree Entertainment was started to make tickets available at a time when internet was not as big as it was today, broadband connectivity was poor, or credit or debit cards were not rampantly used by the customers, e-ticketing was unavailable in theatres and the market was flooded with more than 20 players. The strategy was to buy tickets in bulk and sell the tickets to hundreds of customers delivered at door through motor bikes. Business was run through call centres in different cities. However, this was not scalable leading to losses. The Dot com times lead to changes in regulation, increased internet penetration and better funding for the company.

The fall happened post the dot com bubble burst. The company was left with no investors from 2002-2006 and then turned into software solutions providers that sold automated ticketing software to these multiplexes. With the downfall they learned a very important lesson that anything given for free has no value, so now they started charging for the same. The software that they earlier offered for free, they now charged for the same. They also started running call centres for all their clients and ticketing back offices and were getting paid on a cost-plus model. This got humongous response. Their fall during the dot com bubble helped them sail through the financial crises in 2008. They hired the best of talent in that period. This period also helped the weaker players to dry up as they struggled to survive.

The massive strategy changes happened, with focus on revenue only through ticketing moved to collaborations, acquisitions, long term strategic partnerships with PVR. Revenue streams changed from movies to sports events, music concerts, book fairs, international events. The company has stayed resilient through the times, with changing strategies. Strong leadership and capability to take though decisions have helped the company remain afloat. Thus, post pandemic, their backers of BookMyShow too sound upbeat. "We are absolutely bullish on the strategy ahead," says Prashanth Prakash, founding partner at Accel. The venture capital (VC) firm first invested in the company's series A round in 2012, and followed up with funding in series B and C rounds in 2014 and 2016, respectively. "We have no doubt that BookMyShow's value creation and category leadership is all set to compound," he adds.

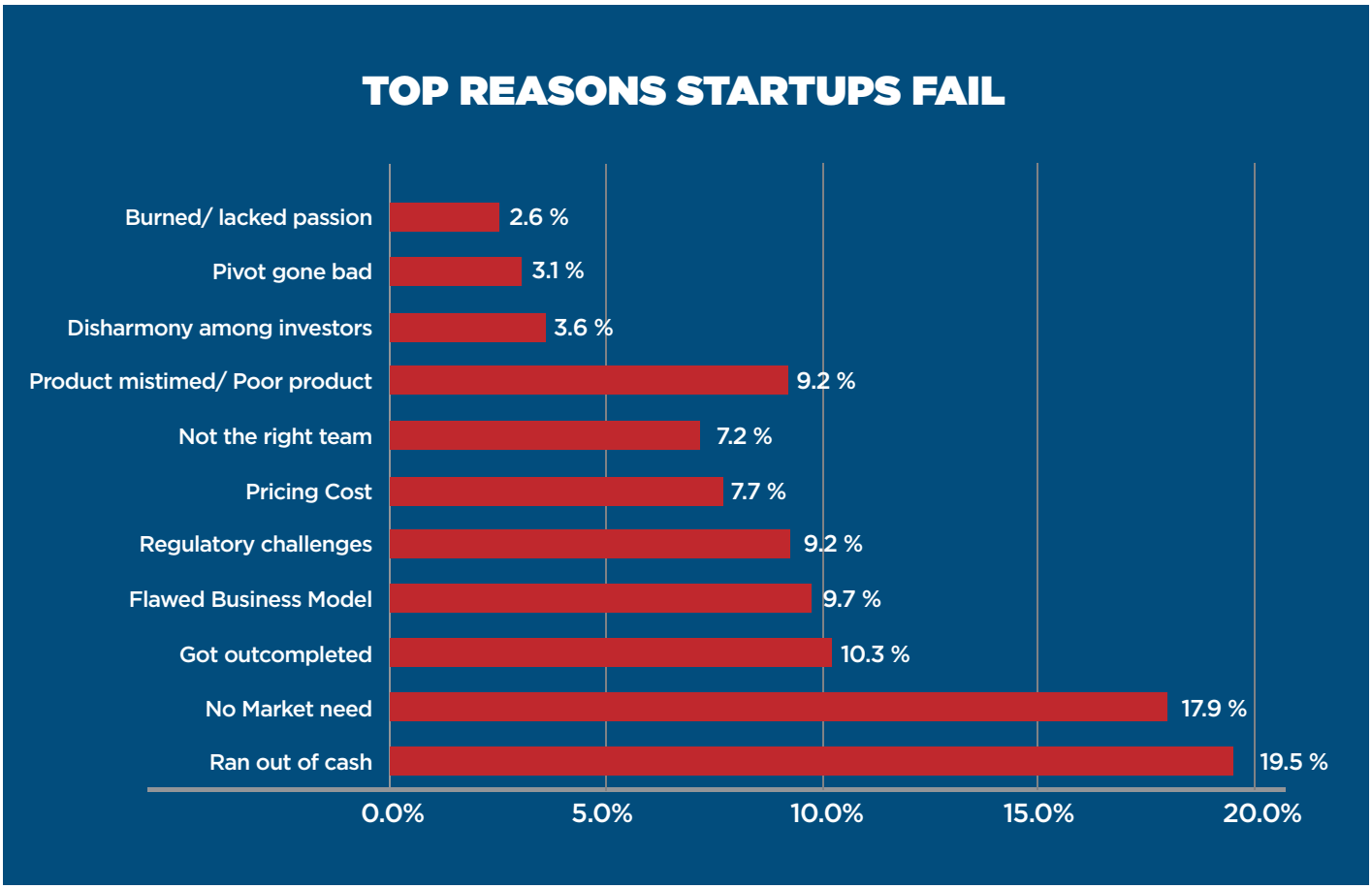
The case study on Book my show is a strong indicator of the nature of struggles the business goes through. Strategy, funding, people hiring and, management, technology development. Although the struggles of businesses are different at every stage. There were 20 other companies doing business similar to what Book my show did in 2000. What happened to those businesses? What lead to their downfall?

CHALLENGES

India is ranked 63rd out of 190 economies on the ease of doing business as per world Banks report of Ease of Doing Business. Indian taxation is the second most complex country in terms of the tax structure. Among South Asian economies, India has made the biggest improvement in business regulation, increasing its distance to frontier score, however, the success rate for new businesses is still low. Private equity investors also have a 1 in 10 investment philosophy. Wherein, even if 1 business works turns right, the investment made in other 9 wrong business would be taken care of.

IN A STUDY CARRIED OUT BY CB INSIGHTS

- 9 out of 10 start-ups don't make it.
- 20% of start-ups fall apart after a year.
- 30% of start-ups close within two years.
- 50% of start-ups shut their doors within five years.
- 70% of start-ups dissolve within 10 years



THE NOT SO SUCCESSFUL START-UPS

STAYZILLA – CASH MANAGEMENT CHALLENGE

Stayzilla was founded in 2005 as a homestay aggregation platform. It was based on the concept of enabling people to offer their homes as alternate stays for others. Three years later, Brian Chesky, Joe Gebbia, Nathan Blecharczyk used the same idea to start up Airbnb in San Francisco, now unarguably the world's largest homestay aggregator platform.

CEO and co-founder Yogendra Vasupal were particularly reflective in his post, explaining how, as a founder, his own objectives were altered as the company ramped up.

"The initial 7 years were all about having negative working capital, positive cash flow and a sustained ability to fund our own growth. Those were the only metrics we tracked. In the last 3-4 years, though, I can honestly state that somewhere I lost my path. I started treasuring GMV, room-nights and other 'vanity' metrics instead of the fundamentals of cash flow and working capital," he explained.

FOOD PANDA

Started as a competition to **Zomato, Swiggy** the company saw successful fund-raising rounds to eventually **bought by Ola**. The operations of **Food Panda** were stopped by Ola post the acquisition. The reasons for failure can be attributed to multiple facets. The company did not have good communication with its customers, no tracking of delivery, or how much time would the delivery take. It tried to copy Zomato in establishing communication with the restaurants through a tablet to track orders. The company when received the ordered tablets, had no understanding how to use them and how to establish a connection between all the stakeholders. In one of its acquisitions of Pune based Tasty Khana, the discrepancies in its processes and lack of proper technology infrastructure led to a rift between both the founders.

KOINEX – REGULATORY CHALLENGES

Koinex, founded in August 2017, Koinex facilitated real-time trading of multiple cryptocurrencies on a single platform.

The company had a tough time due to the tough stance taken by the Indian government against cryptocurrency. The company tried to resolve the regulatory challenges, but the historical low profits and cash burn lead to the company shutting down its operation in June 2019.

HOMEJOY QUALITY VS PRICING

AN EQUIVALENT OF TODAY'S URBAN CLAP

Homejoy's mission statement was clear and admirable - to give home owners convenient and quality access to home cleaning (later expanding to other home-service verticals), all the while giving service professionals ("pros") real work to help them become entrepreneurs.Despite great business mission, the company failed to win the quest between quality and pricing. Housejoy offering home services, for a customer letting some blurry plumber in your home, month on month, quality is of outmost importance. The company charged huge margins, leading to wage economics making little sense. Battling legal issues, the company had to shut down infrastructure led to a rift between both the founders.

INDIAN CHALLENGES

The challenges faced by the Indian Start-ups are not very different to the global start-ups, but a few challenges are peculiar to the Indian harsh business environment.

- Financial
- Technology Infrastructure
- People
- Regulatory
- Business Strategy

FINANCIAL ISSUES

OPERATIONAL FINANCE

Most start-ups are self/family funded with limited workforce which makes it difficult to maintain records both financial and operational.

Flawed business models and lack of innovative revenue strategies have led to the failure of many start-ups and they are forced to shut down operations.

Overcoming unnecessary business steps to manage business operations.

CASH FLOW MANAGEMENT

Effective cash management is an important factor to achieve objectives both short term and long term

Gap between burn rate and revenue: Given rising competition from peers both from big as well as small, it becomes imperative for start-ups to scale up the business and require external funding for the sustainability /growth in the market.

FUNDING/CAPITAL DEFICIENCIES

Capital and access to capital has been a perennial problem for start-ups.

Government and private sector investors have set aside funds through investment channels but they are not available for all forms of business.

The biggest problem for such organisations has been to attract investors and gain their trust with regard to their mode of operations.

In the initial phase of operations, start-ups do not get funding from banks given no credit history of the firm. In addition, there is limited number of credit rating firms for small and medium sized enterprise.

Despite having raised good investments, start-ups struggle to survive the competition. Start-ups are unable to mitigate the gap between burn rate and revenue.

TECHNOLOGY INFRASTRUCTURE

Appropriate IT-infrastructure has become a need for Indian businesses given the growing number of consumers online.It is absolutely vital for new start-ups to train their employees for handling critical customer information such as that of credit card numbers, mobile numbers and related data.

CYBER SECURITY

- Most start-ups have a B2B business model. This is where cyber risk may rise as they are not aware of potential risks that might exist for their start-up business.
- No back-up plan to keep the start-up company running when an accident destroys some keyequipment in their data centre.

SUSTAINABILITY

- Use of technology for managing aspects of business, sales, backend, technical are not planned/ updated with the changing scale of the business.

PEOPLE

MENTORSHIP/GUIDANCE

- Most founders of failed start-ups feel that the lack of proper guidance and mentorship is a major reason behind their failure. An important factor behind failures and slow growth of some organisations is the lack of quality mentorship, especially in terms of industry knowledge/support

HIRING

- For a start-up in India, it is difficult to attract and hire the right talent and skilled workersat a time when the economy is witnessing a booming private sector with a plethora of multinationals setting shop and hiring talent

FRICTION

- Problems like lack of domain knowledge, lack of marketing knowledge (and plan), lack of technical knowledge, and finally – lack of business knowledge, are the biggest killers.
- Friction within the team, lack of motivation, and lack of availability are also common, but less deadly.

REGULATORY

COMPLIANCE

Multi window clearances: budding entrepreneurs have to make multiple trips to government offices to register and seek clearances.

Taxation issue: Taxes like GST, excise create problems for entrepreneurs while starting up a business.Taxation is a barrier for technology adoptionand proves to be an immense hurdle for budding entrepreneurs.

BUSINESS STRATEGY

MARKET STRUCTURE

Indian markets are largely unorganised and fragmented that create a roadblock for a start-up to succeed.

Location: An important problem faced by start-ups is related to location of their business. India is a place of varied culture and taste and thus every product might not be welcomed equally in every region.

Consumer behaviour of Indian consumer changes in every 30-50km that makes it really difficult for a start-up to create business or market strategy for their products or services. Most start-ups generally get stuck in stagnancy and gradually shut down.

THE BOOTH - STRAPPED BROKER

In the past ten years, ever since brothers Nithin and Nikhil Kamath launched Zerodha in 2010, the duo has not taken the 'growth-at-any-cost' approach adopted by many Indian startups, choosing instead to focus on building a sustainable business model backed by a solid tech product. The founder aimed at providing a hassle-free, low brokerage trading platform through technology
efficient and cost-efficient services to its customers. The huge lag between the commissions charged by the other brokerage firms and the amount of money actually received by the
customers showcased a huge opportunity. They targeted clients who are young and more tech-savvy to contribute to the capital market ecosystem. The founders at during their media
interactions have time again credited their team and stakeholder along with Chartered Accountants for strong mentorship. The company grew on word-of-mouth strategy. The company has hardly spent any money on advertising or marketing for its own firm. They do not run any advertisements. Thus, with a very low operating cost Zerodha was able to capture a large number of customers.

The company had a team wherein the responsibility was divided for back end to their earlier business partners from their previous stint with Reliance money focused on operations and support. Technology support was gradually developed, with the fintech journey starting in 2013-14 with few people focused on technology and risk management. Organisation of company was done at an initial level. Thus, the division of responsibilities at the initial level. Revenue model was simple in comparison to competition charging flat fees. Traders saved more than 90% of their money spent on brokerage. Thus, the transparency got them attention on online communities and via word of mouth.

Having a nimble organisational structure focused on creating value for customers without chasing revenue, growth, or valuations, is their big moat, Though, counterintuitive and goes against what is taught to entrepreneurs today who are constantly pushed to continuously raise capital, and to measure success and growth in terms of notional valuation and undefined growth metrics, instead of creating businesses that are profitable and sustainable.

IS THERE A SECRET RECIPE FOR A SUCCESSFUL START-UP?

Everyone has ideas, though some of those may be decent while others are not that good. Even though you have an idea, a great idea, there's a difference between having an idea and launching the idea to create a successful start-up. Right from the conception stage to when entrepreneurs evolve into mature businessmen, the mindset of testing the untested, creative thinking, and strategic planning needs to continue. In short, the founders should be able to answer different questions before they move to different stages of the business and to scale to different stages.

STARTING A BUSINESS

- Setting up using right government incentives.
- Benchmarking against competition.
- Evalutating ideas, testing and sample testing
- Collaboration right stakeholders

ACCESSING FINANCE

- Internal or external finance
- Cost Analysis
- Strategic consulting for raising funds
- Timelines for rasing funds in order to avoid fast cash burns

MANAGING OPERATIONS

- Setting up standard operating processes
- Use of technology and scaling up CRM adn ERP for dealing with growth
- Timely exits

Food Panda, despite of great business model failed to consider the stakeholder management, align the technology platform with the changing hour despite strong funding rounds. BookMyShow redefined it goals, strategies in every roller coaster period. It scraped through the Dot com bubble and financial crises despite of cash getting dried up. Koinex emerged in the period wherein constant legal battle led to constant struggle for the business focus. Whereas Zerodha emerged as the booth strapped unicorn in a crowded market with strong players like ICICI, Axis, Motilal Oswal. Thus, market strategy and placement would play a pivotal role in the business growth. Stayzilla being the pioneer in the aggregator industry failed to manage its operations, poor cash management. Had the right growth prospects were to be aligned, the company could have gone on to become the worlds largest home stay aggregator.

Whether there is a handbook for a startups, to succeed, probably not. But the strategy, focus, right teams, stakeholders, guidance, mentorship might, Product fit, fund raising. If these questions are considered, certain lesson can be learnt. The secret sauce is what differentiates a business from the competition and what creates added value for customers.

CONCLUSION

Investing momentum in India was driven by a pivotal convergence of tailwinds. The Pandemic & Reforms like Aadhar, UPI rollout, Jandhan yojna, Startup tax concessions have all gone a long way in building this poster runway With Investors finally getting an exit route, the private markets have never been so attractive which augurs well for new capital to come in. The report by TV MohanDas Pai projects 1 lakh successful start-ups employing 3.25 Mn people and India ranking 2 in the world in the start-up space with 150+ Unicorns. Thus, the growth in this space would witness steady growth.

The start-up landscape would continue to be competitive, so being unique matters immensely, and being able to articulate this point of difference matters even more. If a founder can define the elements that the start-up performs better, faster or more accurately than others in the field, this allows prospective customers to realise the potential benefits. Patience, delegation of tasks, avoiding attachments to specific product, service, task, forming a sticky team, growth supported by technology and right mentorship through consultants can pave the initial path to the secret sauce.

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ANNEXURE

INDIAN UNICORNS LIST

KEY TRENDS IN DIFFERENT SECTORS

FINTECH

The 2020 pandemic has fast fowarded the digital penetration within the Indian retail and business network. As of September 2021, Indian internet subscribers has reached 834Milons. Indians are connected digitally with 61% of the population connected through internet.

Insurance Tech is amongst the fasted growing FinTech Subsector in terms of market Opportunity. For insurance tech, the opportunity is largely driven by the growing financial literacy among Indians and the easy access provided by digital players. Among the four main fintech subsectors payments, lending tech, insurance tech and investment tech — insurance tech (58%), investment tech (53%) and lending tech (44%) recorded the highest CAGR in 2015-2020 in terms of total funding.

UPI facilitation of payments being the revolutionary change within the Indian system.More than 73 Bn volume of UPI transactions as of Dec 21. The total value of transactions crossed $1.7Tn as of Dec 21.

The growing application of AI/ML-based systems across the ecosystem can significantly enhance overall functionality. Digital lending and insurance have the highest addressable markets in India. In the case of lending, the opportunity is primarily driven by formal NBFCs' and banks' inability to cater to the masses.

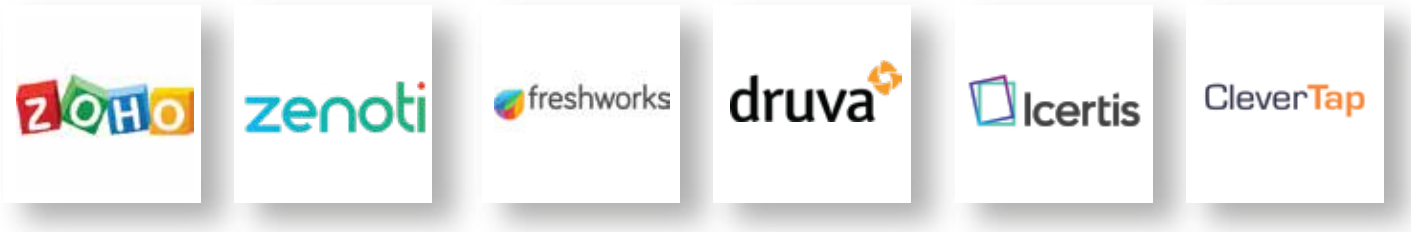
CONSUMER SERVICES

TRANSPORT TECH

TRAVEL TECH

- Hyper Local has revolutionised post COVID. The local grocer along with the plumber has become tech savvy.
- Companies like Swiggy, Amazon which started as a food tech and an ecommerce business also ventured into hyper local segment of delivery
- Omni channel is also witnessing a surge, taking hyper local to the next level. Omni channel retail gave more inclusivity. Customers can discover online and get the products from the brick-and-mortar stores.
- Several languages start-ups also went online.
- Tier II cities are getting a lot more focus and inclusivity.

ENTERPRISE TECH



The pandemic increased the addressable market for horizontal SaaS solutions to a large extent. Any company that did not use a software suite to manage its operations is now a potential target.

SaaS startups in offline-to-online (O2O) marketing and enablement, enterprise resource planning (ERP) and customer relationship management (CRM) have a golden opportunity in India.

In addition to a growing addressable market for enterprise tech solutions in the country, the sector has relatively higher exit opportunities.

This can be ascertained as enterprise tech startups have the highest share (19.4%) among a total of 711 M&A deals recorded across the Indian startup ecosystem between 2015 and 2020.

Saas also witnessed the largest Acquisitions in 2021. 35% of the total new unicorns in 2021 were from Saas. SaaS (including AI) was the most represented sector with 178 unicorns in CY21, followed by FinTech with 136 unicorns

ED TECH PLATFORMS

The COVID-19 pandemic has been a catalyst for the adoption of EdTech, moving learning from classrooms to screens of all forms and sizes. Given the increasing smartphone and high-speed data penetration in the county, there has been a surge in demand for online academic and non-academic courses from tier II cities and beyond.

Teachers now have access to multiple IT tools such as podcasting, virtual classroom and voice recording in order to engage better with their students.

Videography is now being used for content delivery

Digital learning has now been made a part of the regular learning process and this is done through 3D content and learning management systems (LMS) with AI interface Deal.

In CY21, close to 100 companies raised funds to the tune of about USD 4 billion, a growth of around 86% as compared to the approximately USD 2.1 billion raised in CY20.Three players – upGrad, Eruditus and Vedantu attained unicorn status in 2021, taking the tally of unicorns in the EdTech sector in India to five. Top investment (USD 100+ million rounds) for 2021 comprises funds raised by Byju's, Eruditus, Unacademy, upGrad and Vedantu.

Established start-ups have chosen the acquisition route to diversify and increase offerings across subsegments within the EdTech space. The acquisition of Great Learning by Byju's in July 2021 saw it venturing into the upskilling segment and offering higher education courses. Similarly, Unacademy's acquisition of TapChief, CodeChef, and Mastree saw it entering into new segments – coding, job hunting and K-12

HEALTH TECH

India's preventive healthcare market is expected to reach $170 Bn by 2025, primarily driven by fitness and wellness apps and the diagnostics and therapeutics sub-segments. The trend of joining fitness centres and maintaining a healthy diet is increasing in urban India with the adoption of fitness and yoga apps.

Overall, the Indian health tech market will contribute $21 Bn by 2025, only 3.3% of the total addressable healthcare market, which is pegged to reach $638 Bn in 2025. This indicates enough headroom for growth and a massive opportunity for health-tech start-ups

Bengaluru's vibrant start-up ecosystem has helped it become the top hub for deal value and deal count. Between 2014 and 2020, Bengaluru-based health-tech start-ups raised $1.2 Bn from 208 funding deals

About Kirtane & Pandit

Shri B. R. Pandit started Kirtane & Pandit Chartered Accountants (KPCA) in 1956, with an aim to provide various Accounting, Auditing and Tax Services. As we kept growing and kept dreaming big, today we have established ourselves in 6 cities across India with 19 Partners, Over 30 full-time CAs and total staff strength of over 400 other professionals that include not only CAs but also Cost Accountants, Company Secretaries, Legal professionals & System Security Professionals.