

Inc42

**INDIAN
TECH
STARTUP
FUNDING
REPORT
H1 2017**

Inc42

Inc42 is the new-age media platform which helps startups navigate the tech revolution by covering daily news, long form startup stories, trends & technologies and by publishing special research & data heavy reports about the health of Indian startup ecosystem.

Inc42 has published 20+ reports in the last year through our DataLab division which is tasked to produce detailed reports covering the diverse industries and startup ecosystem entities spread across the 29 states and 7 Union Territories of India. The data from our DataLab reports has been quoted in many reputed publications including Mary Meekers' annual report.

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MESSAGE *from the* EDITOR'S DESK

The Indian startup ecosystem has grown rapidly in the past few years with startups influencing all spheres of the average Indian's life. India has managed to become one of the top three countries, globally, in terms of the number of startups that have mushroomed in/from the country. And, according to the IT industry body NASSCOM, India is on the verge of becoming the second biggest ecosystem for startups after the US in the next two years on account of persistent high-growth rates of startups.

The startup ecosystem in the country has also received a significant boost from Prime Minister Narendra Modi's ambitious Startup India plan. Since its launch, a lot has been done by the government to give a forward push to startups in the country, either by launching new schemes, funds or other support initiatives. Besides the government, there are Venture Capital firms and individual investors supporting the growth in the Indian startup ecosystem. Lately, several corporates have also started tapping into this ecosystem through different routes viz. funding, acquiring or launching their plans targeted towards startups.

Besides these in-country initiatives, Prime Minister Narendra Modi seems to have 'Startups' on his international agenda too! This is quite evident from his recent visits to Russia, Portugal, US, and Israel.

In H1 2017, Indian government has raised

the overall age limit of startups from five years to seven and this limit has been further extended to 10 years for biotech startups. With the Ministry of Corporate Affairs working to improve ease of doing business, it will soon become possible to reduce the time to reserve the name of a company to half a day, and incorporate it in one third of a day. These improving statistics are a testimony to the Indian government's commitment to turn India into a business-friendly nation.

India is also targeting an ambitious 40-notch jump in the World Bank's Doing Business survey this year. According to an output-outcome framework document prepared by the government, the government wants to reach number 90 in 2017-18 and rise to number 30 by 2020. Additionally, even the Insolvency and Bankruptcy Board of India (IBBI) has introduced a fast track insolvency resolution process for small companies and startups. The new norms facilitate the process of initiating insolvency resolution to its conclusion by the adjudicating authority.

Thus, with all these pillars supporting the growth of startups, the Indian startup ecosystem is definitely on the verge of major disruption. With this report, we aim to inform our audience through a thorough analysis of the startup funding and M&A (mergers & acquisitions) landscape of India.

In the report, we will be covering the overview of the startup funding and M&A

activity in India as compared to 2016 and 2015. We will also be talking about the sectors that gained pace during the first half of 2017, states that are witnessing major startup activity, status of seed funding versus late stage funding.

The report will also highlight emerging sectors in India and the way forward.

POOJA SAREEN
EDITOR - IN - CHIEF
INC42 MEDIA

INTRODUCTION

to the

REPORT

"In total, during January-June 2017, about \$5.56 Bn was invested in Indian startups spread across 452 deals"

2016 witnessed a decline in startup funding, receding venture capital, and a definite late-stage funding crunch in India. However, Q1 2017 showed signs of recovery on all fronts. Some of the big ticket deals in the first quarter include Paytm, Delhivery, and Ola. The growth continued in Q2 2017 as well, with a significant \$1.4 Bn funding of Flipkart and several startups that raised more than \$100 Mn. In total, during January-June 2017, about \$5.56 Bn was invested in Indian startups spread across 452 deals.

2017 has also been considered as the year of M&As. While the Flipkart-Snapdeal merger is yet to take place, about 71 other M&As took place this year during January-June. Headliners include eBay selling its India business to Flipkart, Housing getting acquired by PropTiger among others.

The year also witnessed the launch of several new funds, VCs raising India-specific funds, and the Department of Industrial Policy and Promotion (DIPP) asking the Finance Ministry to release an additional \$247.7 Mn under the Fund of Funds for startups (FFS) in FY '17-18. Till March 2017, the Fund of Funds for startups had already committed \$96.4 Mn to 17 AIFs (Alternative Investment Funds) to invest in 62 startups. The corpus of these 17 funds is about \$1.18 Bn and, of the committed amount, about \$5.2 Mn has been disbursed till March 31, 2017.

All in all, with different firms, organisations, and individuals coming to support startup financially; startup funding activity in India is expected to witness a significant spike.





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INDIAN TECH STARTUP FUNDING H1 2017 - OVERVIEW

Over \$5.56 Bn was invested across 452 deals during the period January-June 2017. While in Q1 2017 about \$1.46 Bn was invested across 207 startups, Q2 witnessed 216 deals amounting to \$4.1 Bn in funding.

Here is a brief overview of the funding and M&A activity in India in H1 2017.



452
Total Number
of Deals



423
Total Number
of Unique Deals



\$5.56 Bn
Total Funding
Raised



642
Total Number
of Participating
Investors



71
Total Number
of M&A's



12
Total Number
of New India
Specific Funds
Announced

REPORT *of* INDIAN TECH STARTUP FUNDING

"Startup funding deals in India witnessed a 3% hike in H1 2017 in comparison to H2 2016"

OVERVIEW

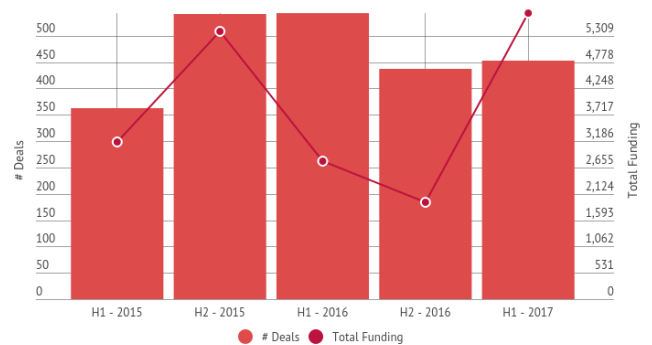
Startup funding deals in India witnessed a 3% hike in H1 2017 in comparison to H2 2016, and however, a 17% fall in comparison to H1 2016. During H1 2017, the total funding amount touched \$5.56 Bn; which is 107% more than H1 2016 and 195% more than H2 2016.

The number of deals and funding amount breakdown of Q1 and Q2 2017 reveals that there was a significant rise in funding during Q2 2017.

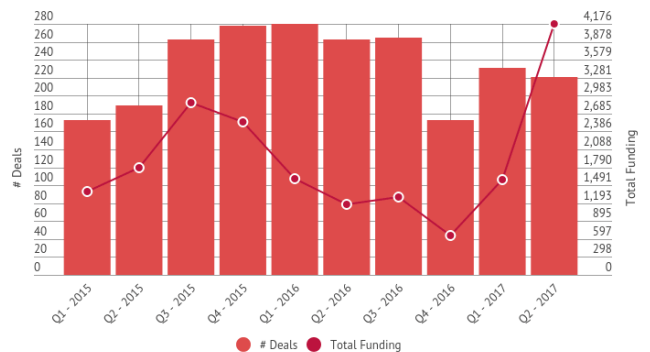
In comparison to funding activity in 2016 - Q1 2016 witnessed the maximum number of deals, with \$1.6 Bn invested across 249 startups across 280 deals. And Q4 2016 witnessed the least number of deals, i.e. 167, with just \$662 Mn being invested.

"\$5.56 Bn was invested across 452 deals during the period January-June 2017"

HALF-YEARLY TRENDS H1 2015 - H1 2017



QOQ TRENDS H1 2015 - H1 2017



STAGE-WISE BREAKDOWN

Like always, the majority of funding deals happened at the Seed level. With \$159 Mn being invested across 259 deals in H1 2017. This figure was followed by growth-stage (\$938 Mn across 118 deals), late-stage (\$4 Bn across 38 deals), and bridge-funding stage (\$36 Mn across 33 deals).

SEED FUNDING

SEED FUNDING DEALS IN SECTORS LIKE HEALTHTECH, FINTECH, AND ECOMMERCE WERE THE HIGHEST IN H1 2017

Seed Funding: Key Highlights

- Total No. Of Deals In H1 2017- 259
- Funding Amount Raised In H1 2017 - \$159 Mn
- Total No. Of Deals Since H1 2015 - 1420
- Funding Amount Raised Since H1 2015 - \$1.25 Bn

If we look at the funding data from H1 2015 to H1 2017, around \$1.25 Bn has been invested through 1420 deals at the Seed level. Around 34% of the deals were less than \$0.5 Mn in ticket size and the average ticket size was \$1.5 Mn (Due to some venture funding in Seed-stage).

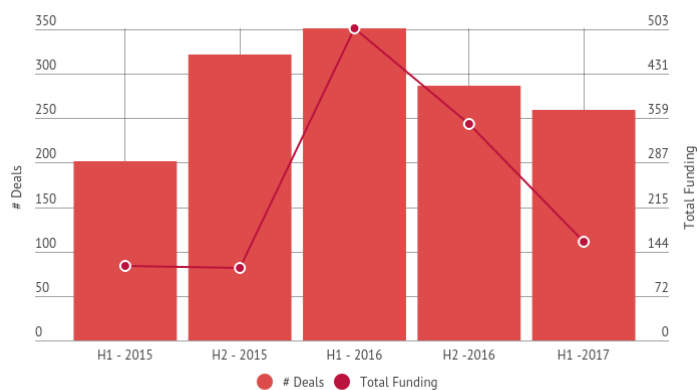
A total of 637 (about 65% of total deals) startups grossed \$853 Mn in Seed funding in 2016. 2015 also witnessed a similar trend – where a total of 885 deals were made, of which 510 (58% of total number) were at the Seed-stage.

Seed funding deals in sectors like healthtech, fintech, and ecommerce were the highest in H1 2017. In terms of funding amount - fintech and healthtech sectors received the maximum funding.

Seed funding will always be the most important funding round for startups, since it helps a startup in boosting its initial journey. On the other hand, it's also the most critical stage where most startups die.

**Pre-Seed, Angel, and Seed funding have been considered as Seed funding.*

HALF-YEARLY SEED FUNDING TRENDS H1 2015 - H1 2017



BRIDGE FUNDING

2016 WITNESSED A SLIGHT RISE IN BRIDGE FUNDING AND THE TREND CONTINUED IN H1 2017.

2016 witnessed a slight rise in bridge funding and the trend continued in H1 2017. Over 33 deals took place, with \$36 Mn being raised by startups in a bridge funding round.

Bridge Funding: Key Highlights

- Total No. Of Deals In H1 2017- 33
- Funding Amount Raised In H1 2017 - \$36 Mn
- Total No. Of Deals Since H1 2015 - 176
- Funding Amount Raised Since H1 2015 - \$142 Mn

Bridge funding is typically the funding raised by a startup as a

mid-round between Seed and Series A and between Series A and Series B. After raising a Seed round, when startups achieve decent numbers and have scaled a bit, they start reaching out to institutional investors for their Series A. But, closing a Series A round is a lengthy process (varies from 6-12 months).

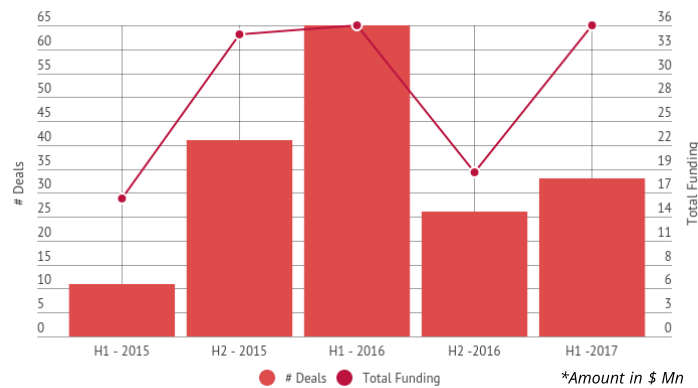
So, if a startup needs to extend its financial runway and capital burn, bridge funding has come as a solution, as the startup prepares to raise Series A. The same rule applies for startups between Series A and Series B round. Bridge funding also helps startups set the bar for the next big institutional round of funding.

India witnessed a rise in bridge funding activity in H2 2015, with 41 deals and \$35 Mn being poured into startups. The trend continued in H1 2016 as well, with a 60% rise in number of deals and 3% rise in funding. However, H2 2016 witnessed a steep fall in funding at this stage, with 60% and 46% fall in number of deals and funding, respectively.

But, it appears that the fall was a one-time event, as data shows that, since the beginning of 2017, funding at bridge level has witnessed an 85% increase in the amount being invested.

In all, since H1 2015 about \$142 Mn has been invested across 176 deals at the bridge funding level.

HALF-YEARLY BRIDGE FUNDING TRENDS H1 2015 - H1 2017



Growth Stage Funding: Key Highlights

- Total No. Of Deals In H1 2017- 118
- Funding Amount Raised In H1 2017 - \$938 Mn
- Total No. Of Deals Since H1 2015 - 539
- Funding Amount Raised Since H1 2015 - \$4.9 Bn

Since H1 2015, about \$4.9 Bn has been invested in late-stage funding across 539 deals. If we look at the historical data of the past two years, H2 2015 witnessed a 33% rise in growth stage funding as compared to H1 2015. However, both H1 and H2 2016 saw a drastic fall of 41% as compared to H2 2015. H1 2017 has come as a breather for growth stage funding.

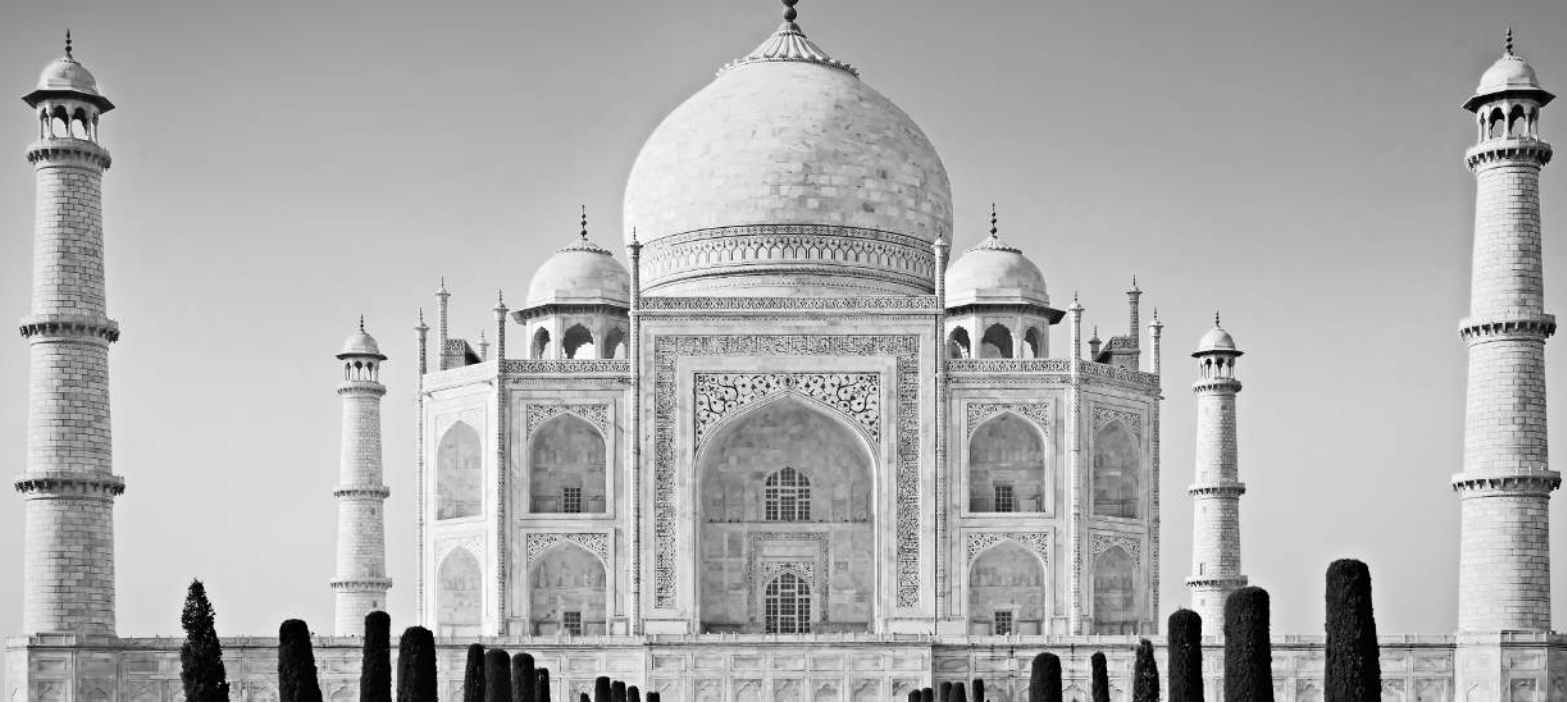
**Series A and Series B funding have been considered as Bridge funding.*

GROWTH STAGE FUNDING

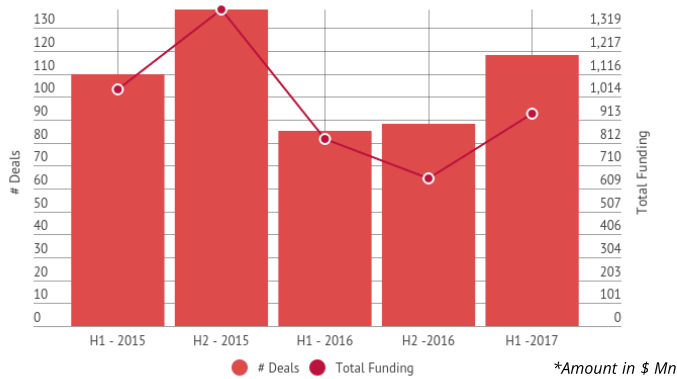
SO FAR IN 2017 ABOUT \$938 MN BEING INVESTED ACROSS 118 DEALS

Growth stage funding in H1 2017 reported a spike in comparison to deals that took place in both H1 and H2 2016, with about \$938 Mn being invested across 118 deals. Although, the number of deals and amount in H1 2017 was 14% and 33% respectively less than that of H2 2015 which witnessed highest deals in growth stage during the period H1 2015 - H1 2017.





HALF-YEARLY GROWTH STAGE FUNDING TRENDS H1 2015 - H1 2017



Late Stage Funding: Key Highlights:

- Total No. Of Deals In H1 2017- 38
- Funding Amount Raised In H1 2017 - \$4. 4 Bn
- Total No. Of Deals Since H1 2015 - 182
- Funding Amount Raised Since H1 2015 - \$12.2 Bn

A further breakdown of H1 2017 shows that while 20 deals took place in late-stage in Q1 2017- with \$990 Mn being invested, Q2 2017 witnessed 18 deals with more than \$3.4 Bn being invested in late stage. Funding in Q2 2017 was the highest in comparison in the period Q1 2015 (which witnessed maximum funding in this stage) to Q2 2017.

For a comprehensive view, late-stage funding witnessed about \$12.3 Bn funding across 182 deals between H1 2015 and H1 2017.

*Series C, Series D and beyond have been considered as late stage.

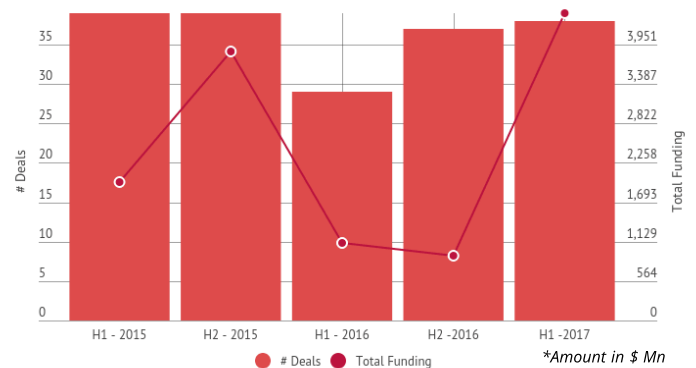
LATE STAGE FUNDING

Q2 2017 WITNESSED 17 DEALS WITH MORE THAN \$2 BN BEING INVESTED IN LATE STAGE

The YoY plot shows that both total funding and deals came down in 2016 in late stage. Deals and amount increased exponentially by 117% and 39%, respectively, from 2014 to 2015. In 2016, deals dropped by 21% and total funding dropped by 52% in late stage.

This trend continued for H1 2017 as well - since, funding at late-stage maintained similar numbers in comparison with the past two years, with about \$4.4 Bn being invested across 38 deals.

HALF-YEARLY LATE STAGE FUNDING TRENDS H1 2015 - H1 2017





SECTOR BREAKDOWN

In H1 2017, fintech, healthcare, and ecommerce took the top three slots in terms of number of deals. Interestingly, in H1 2017, only 55 deals took place in ecommerce, with the segment hitting an all-time low. Edtech and hyperlocal took the fourth and fifth spot with 22 deals each.

In terms of amount being invested, fintech topped the charts here as well, with about \$2 Bn funding, ecommerce stood second with \$1.9 Bn. However, healthtech slipped down to fifth place with \$195 Mn funding. Transport and Logistics took the third and fourth spots, respectively, with \$528 Mn and \$271 Mn in funding.

Overall, fintech, ecommerce, healthtech, consumers services, logistics and enterprise applications topped the funding charts for the first half of 2017. While, AI and big data, edtech, entertainment, hardware and adtech are some of the sectors that are expected to pick up the pace in the coming months.

Let's analyse the top 10 sectors that witnessed the maximum deals and funding in H1 2017.

FINTECH

INDIAN FINTECH MARKET IS FORECASTED TO TOUCH \$2.4 BN BY 2020

Prime Minister Narendra Modi's demonetisation drive has given a 'significant' boost to the fintech sector in India. In H1 2017, over 62 deals took place and, combined, about \$2 Bn was invested in Indian fintech startups.

Interestingly, the amount raised by fintech startups in H1 2017 is more than the funding that took place between January 2015 to December 2016 - i.e. 159 deals and about \$1.26 Bn being raised. Maximum funding in this segment took place at the late-stage with 27 deals and \$2.5 Bn funding being raised.





FinTech Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 62
- Funding Amount Raised In H1 2017 - \$2 Bn
- Startups That Raised Maximum Funding In H1 2017 - Paytm, MSwipe
- Total No. Of Deals Since H1 2015 - 159
- Funding Amount Raised Since H1 2015 - \$1.26 Bn
- Most Active VC In FinTech Funding - Kalaari Capitals

Mswipe, ItzCash, Paytm, Equitas Micro Finance India, and BillDesk raised maximum funding in fintech since 2015.

MPOS (mobile point of sale), digital payments, and wallets were the sub-sectors which topped the funding charts. Mumbai, the finance capital of India, and Bengaluru garnered maximum funding. However, in terms of investments, Mumbai is the clear winner.

As per KPMG, the Indian fintech market is forecasted to touch \$2.4 Bn by 2020, a two-fold increase from the market size today. Lending and payments, in particular, have paved the path for this unprecedented growth. This has further led to increased interest from all kinds of investors owing to the sector's proliferation over the past few years. Thus, more than 400 unique investors invested in fintech from H1 2014-H1 2017.

With a committee of finance ministry officials, IT ministry officials, NITI Aayog, and Reserve Bank officials, inching closer to legalising virtual currencies like Bitcoins in India and the Reserve Bank of India (RBI) finalising norms for peer to peer (P2P) lending platforms; and of course Paytm's \$1.4 Bn funding from Softbank and launch of Payments Bank, fintech as a sector is going to grow further in the coming time.

"More than 400 unique investors invested in fintech 2015-2017"

HALF-YEARLY TRENDS FOR FINTECH FUNDING H1 2015 - H1 2017



ECOMMERCE

INDIAN E-TAILING MARKET COULD REACH \$28 BN BY 2019-20

During H1 2017, about 55 deals took place with \$1.9 Bn being invested in ecommerce. Flipkart contributed the most to the total ecommerce funding with its \$1.4 Bn funding round, announced in April 2017.

Ecommerce Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 55
- Funding Amount Raised In H1 2017 - \$1.9 Bn
- Startups That Raised Maximum Funding In H1 2017 - Flipkart
- Total No. Of Deals Since H1 2015 - 342
- Funding Amount Raised Since H1 2015 - \$5.8 Bn
- Most Active VC In Ecommerce Funding - Sequoia Capital

After H2 2015, there was a decline in ecommerce funding. Though the decline continued this year as well in the number of deals, however, funding amount saw a significant rise compared to 2016. Ecommerce funding stood high in H2 2015 with 112 deals and \$2.22 Bn investment - during this time too, Flipkart's \$700 Mn round was a major contributor. Overall, Flipkart, Snapdeal, Shopclues, and Pepperfry garnered the maximum funding in the ecommerce segment since H1 2015.

In total, since H1 2015, about \$5.8 Bn has been invested in ecommerce across 342 deals.

As per data available, most deals in the ecommerce space took place in Delhi, whereas in terms of amount invested Bengaluru stood first for the period H1 2015 to H1 2017.

According to Kotak Institutional Equities, the Indian e-tailing market could reach \$28 Bn by 2019-20, registering a compounded annual growth rate of 45% over the next four years. Furthermore, another recent report released by Indian Institute of Foreign Trade (IIFT) and the Federation of Indian Chambers of Commerce & Industry-Confederation of Micro, Small, and Medium Enterprises (FICCI-CMSME), in association with eBay India has predicted that the B2C ecommerce market in India alone is expected to store a potential of \$26 Bn.

Flipkart's \$1.4 Bn funding round, the acquisition of eBay India and Jabong; Amazon's fresh infusion of funds in India has created a positive impetus for the ecommerce segment in the country. Thus, ecommerce is expected to receive a major boost in the coming months.

HALF-YEARLY TRENDS FOR ECOMMERCE FUNDING H1 2015 - H1 2017



LOGISTICS

78 DEALS TOOK PLACE IN THE LOGISTICS SECTOR, WITH \$774 MN IN FUNDING IN 2015-2017

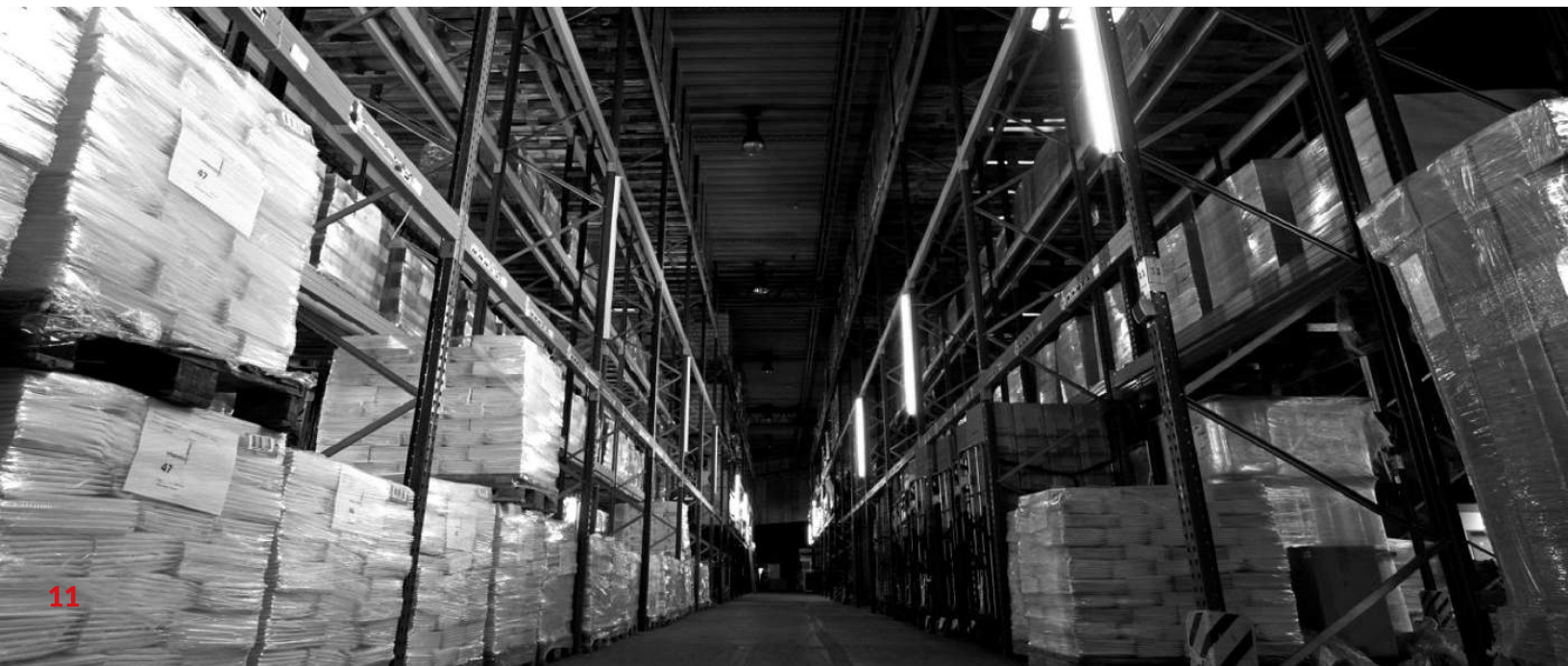
One of the key sectors which received the maximum boost from ecommerce growth in India is the logistics sector. The sector witnessed maximum funding during H1 2017 in comparison to period between H1 2015 to H2 2016. In total, the logistics sector received over \$271 Mn across 18 deals and Delhivery, Ecom Express, and Rivigo received the most funding in H1 2017.

Logistics Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 18
- Funding Amount Raised In H1 2017 - \$271 Mn
- Startups That Raised Maximum Funding In H1 2017 - Delhivery, EcomExpress, Rivigo
- Total No. Of Deals Since H1 2015 - 78
- Funding Amount Raised Since H1 2015 - \$774 Mn
- Most Active VC In Logistics Funding - Accel Partners

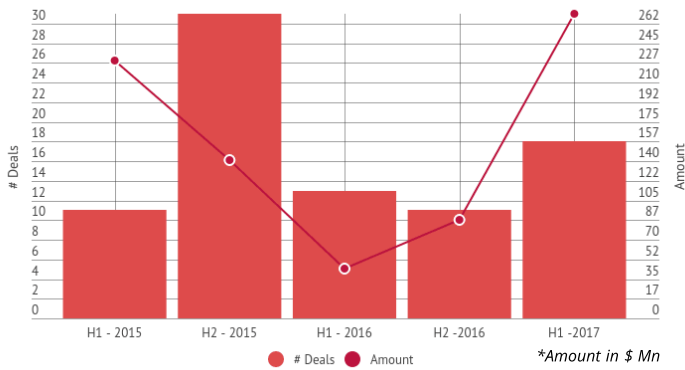
Overall, since H1 2015, 78 deals took place in the logistics sector, with \$774 Mn in funding. Credit goes to high-ticket rounds raised by Delhivery, Ecom Express, Rivigo, and BlackBuck. The maximum deals took place in H2 2015 i.e. 31.

According to KPMG, the logistics sector specific to ecommerce retailing in India was valued at \$0.46 Bn in 2016 and is projected to witness a CAGR of 48% in the upcoming five years to reach \$2.2 Bn by 2020. While, the overall logistics market in India is expected to be worth \$307 Bn by 2020. The logistics industry in India is evolving rapidly and the changing government policies on taxation and regulation of service providers are going to play an





HALF-YEARLY TRENDS FOR LOGISTICS FUNDING H1 2015 - H1 2017



important role in this process.

With the implementation of GST, improvement of infrastructure, adoption of technology and dedicated logistics corridor across all the modes (road, rail, air and sea) - all of these factors will definitely improve the overall structure of the Indian logistics market. Thus, will further contribute to the growth of the industry.

CONSUMER SERVICES

AS OF 2016, THERE WERE 200+ HYPERLOCAL STARTUPS

Funding in the consumer services space has fallen drastically in comparison to the last two years. In H1 2017, just 43 deals took place with \$189 Mn in funding raised. Funding declined by 46% and number of deals by 42%, in comparison to H2 2015 which

witnessed maximum funding in the consumer services space with 79 deals receiving \$349 Mn in investment.

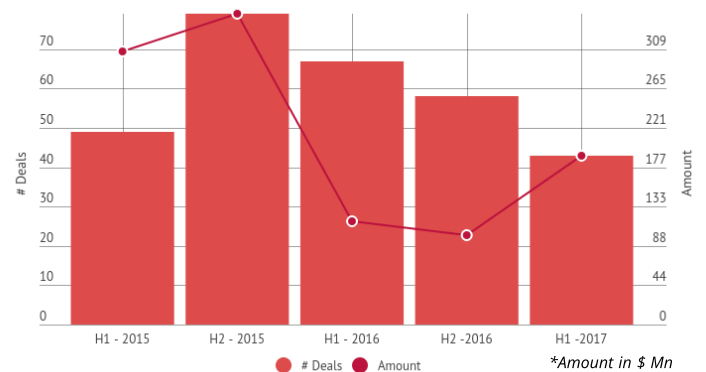
Consumer Services Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 43
- Funding Amount Raised In H1 2017 - \$189 Mn
- Startups That Raised Maximum Funding In H1 2017 - Swiggy, Grofers
- Total No. Of Deals Since H1 2015 - 194
- Funding Amount Raised Since H1 2015 - \$1.06 Bn
- Most Active VC In Consumer Services Funding - Sequoia Capital

Overall, since H1 2015, about 194 deals have taken place in the consumer services space with \$1.06 Bn in funding. Startups like Swiggy, Grofers, and Zomato topped the chart here with maximum funding.

The crash of hyperlocal services and delivery space has been the major reason for the fall in funding in this category. These two sub-sectors initially garnered funding but later failed to receive

HALF-YEARLY TRENDS FOR CONSUMER SERVICES FUNDING H1 2015 - H1 2017



follow on funding rounds due to the fall/shutdown of several startups and the rise of 'me-too' clones.

For example, by June 2016, out of the 105 foodtech startups launched in India, only 58 were active, while 9 went off the picture via the M&A route. Similarly, for hyperlocal, till July of 2016, there were 200+ hyperlocal startups. Of those, about 25% were shut down and 10% merged or were acquired by bigger players in the market. Competition, scaling up, fall in investor interest has led to the downfall of the sector.

However, with Zomato on route to profitability, and various other startups cutting down costs after the so called 'funding winter' - it's expected that the market for consumer services will rise again.

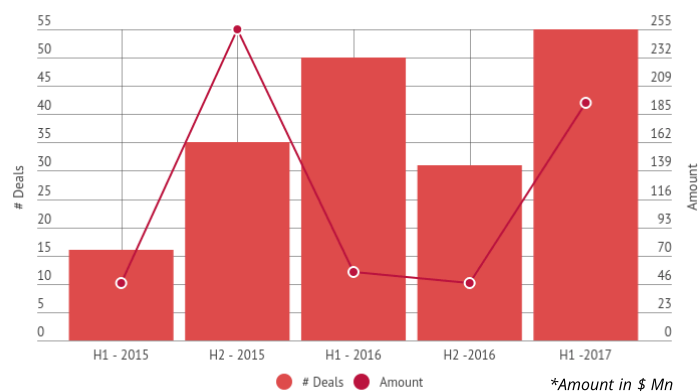
**We have considered hyperlocal, discovery, food delivery, repair & service, restaurant chain, foodtech, home services, mobile servicesmarketplace, QSR (quick service restaurants) as a part of consumer services.*

HEALTHTECH

THE NUMBER OF DEALS IN HEALTHTECH HAS INCREASED SIGNIFICANTLY, THE TICKET SIZE HAS FALLEN DRASTICALLY FOR H1 2017

Healthtech has emerged as the second-most funded sector in terms of number of deals for H1 2017. The sector received \$195 Mn in funding across 55 deals, although, this figure is 23% less than the \$255 Mn funding raised in H2 2015 - which received maximum funding between the period H1, 2015 to H1 2017.

HALF-YEARLY TRENDS FOR LOGISTICS FUNDING H1 2015 - H1 2017



HealthTech Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 55
- Funding Amount Raised In H1 2017 - \$195 Mn
- Startups That Raised Maximum Funding In H1 2017 - Practo, Medwell Ventures
- Total No. Of Deals Since H1 2015 - 255
- Funding Amount Raised Since H1 2015 - \$601 Mn
- Most Active VC In HealthTech Funding - Accel Partners

Though the number of deals in healthtech has increased significantly, the ticket size has fallen drastically for H1 2017. Although the YoY plot gives us a happy picture of an improving market for healthtech startups, the quarterly plotting shows a different scenario. The number of deals have been falling from Q1 2016 to Q3 2016.

In total, since H1 2015, about \$601 Mn has been invested across 225 deals in the healthtech segment and the major investments were picked up by Practo, NetMeds, Portea Medical, and HealthCareAtHome. Here too, Bengaluru gained the maximum funding. What's next for healthtech, the direction it will take in the second half of 2017 and the moves that will be made by startups and investors alike, is a wait-and-watch game for now.





EDTECH

ONLINE EDUCATION IN INDIA WILL SEE APPROXIMATELY 8X GROWTH IN THE NEXT FIVE YEARS

According to a recent report by Google and KPMG, online education in India will see approximately 8x growth in the next five years. This will have a significant impact on the edtech market that has a potential to touch \$1.96 Bn by 2021 from where it stands now i.e. \$247 Mn.

With an increase in demand to organise the education sector of India and digital revolution in the country, a lot of edtech startups have come into play. Investors are also becoming more bullish about funding edtech startups.

In H1 2017, over 23 deals took place with \$99 Mn being invested. The golden period for edtech startups was H1 2016, when \$102 Mn was invested in this space across 33 deals. However, there was a 21% fall in the number of deals in H2 2016 and this fall continued for H1 2017 as well. Although, H1 2017 reported a 57% rise in edtech funding in comparison to the second half of 2016.

EdTech Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 23
- Funding Amount Raised In H1 2017 - \$99 Mn
- Startups That Raised Maximum Funding In H1 2017 - CueMath, Eruditus
- Total No. Of Deals Since H1 2015 - 93
- Funding Amount Raised Since H1 2015 - \$333 Mn
- Most Active VC In EdTech Funding - Sequoia Capital

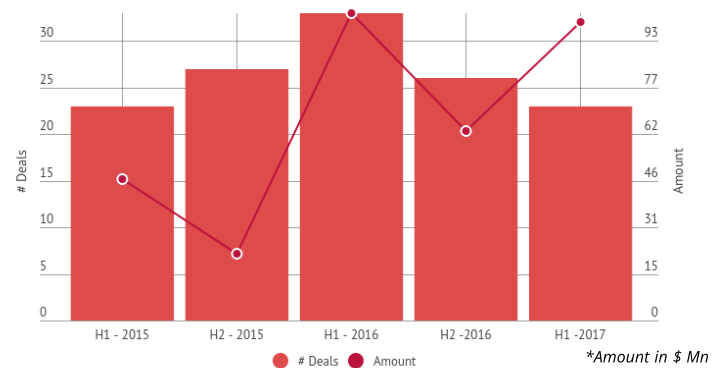
Since H1 2015, about \$333 Mn has been invested in the edtech sector across 93 deals. Delhi stands at the top for edtech funding and startups like BYJU's, CueMath, Simplilearn secured the maximum funding during the said period (H1 2015 - H1 2017).

Primarily, there are five business models/categories which are growing at a rapid pace in the edtech sector in India, taking online education to the next level. They include primary and secondary supplement education, test preparation, reskilling and online certifications, higher education and language, and causal learning.

If we go by facts, the Google-KPMG report states that the paid user base will potentially grow 6x from 1.6 Mn users in 2016 to 9.6 Mn users in 2021. The report also revealed that 44% of online education searches are now coming from beyond the top six metros and there has been a 4X growth in education content consumption on YouTube in the last one year. Also, 90% IT organisations are implementing gamification in learning, gaining employee interest towards increasing their skill set via digital means.

With the immense market opportunity it offers, it is expected that the still-nascent edtech segment will rapidly evolve and thus more funding will come into this segment.

HALF-YEARLY TRENDS FOR EDTECH FUNDING H1 2015 - H1 2017



ENTERPRISE TECH

FOR H1 2017, FUNDING AMOUNT HAS FALLEN BY 39% IN COMPARISON TO H2 2016 WITH \$278 MN BEING INVESTED

Enterprise solutions are to satisfy the needs of an organisation rather than individual users. Such organisations would include other businesses, schools, interest-based user groups, clubs, charities, or even governments. Given the burst of startups in India and abroad and businesses moving to the cloud, this sector has observed major growth.

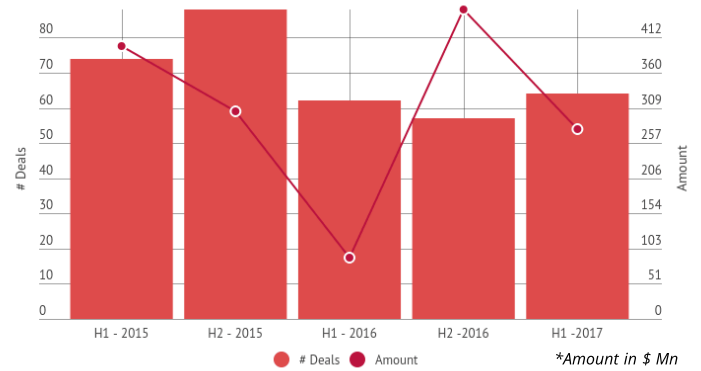
EnterpriseTech Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 64
- Funding Amount Raised In H1 2017 - \$278 Mn
- Startups That Raised Maximum Funding In H1 2017 - RiversandTechnologies, MarketsandMarkets, Aryaka
- Total No. Of Deals Since H1 2015 - 319
- Funding Amount Raised Since H1 2015 - \$1.5 Bn
- Most Active VC In EnterpriseTech Funding - IDG ventures

For H1 2017, funding amount has fallen by 39% in comparison to H2 2016 with \$278 Mn being invested, though, the segment witnessed a slight rise in the number of funding deals. Overall, since H1 2015 about \$1.5 Bn has been invested in enterprisetech across 345 deals. The golden period for funding in enterprisetech was 2015 - the year witnessed 162 deals and \$703 Mn in funding. MarketsandMarkets, FreshDesk, Druva, Ramco, and Antuit secured the maximum funding during the said period.

Bengaluru is the top city to host the maximum number of enterprise startups and thus, quite justifiably, since, it has been given the title of Silicon Valley of India. Earlier, it was followed by Delhi and Mumbai. However, Chennai has now come up as the next emerging landscape for enterprise startups.

HALF-YEARLY TRENDS FOR ENTERPRISE TECH FUNDING H1 2015 - H1 2017

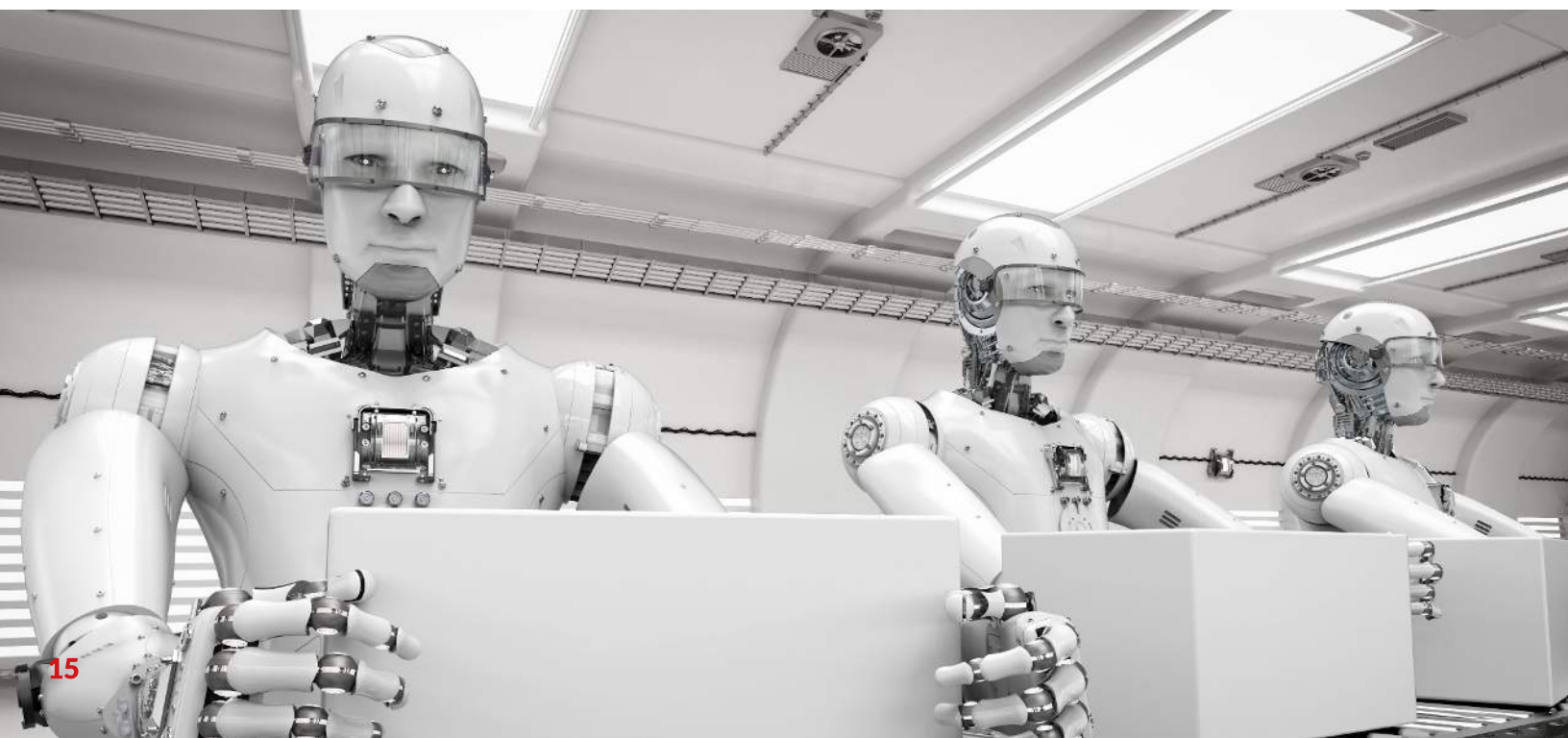


AI & BIG DATA

FOR H1 2017, FUNDING AMOUNT HAS FALLEN BY 39% IN COMPARISON TO H2 2016 WITH \$278 MN BEING INVESTED

Given the increasing need to drive business through data-driven processes and the simulation of human intelligence processes by machines, especially computer systems, analytics and AI sectors have received major recognition in the ecosystem.

A steady rise in both deals and funding has been observed since H1 2015 to H1 2016. Since then, the funding amount has dropped but the deals have increased. This suggests that, although in H2 2016 investors have been more cautious in loosening their pockets, the sector has picked up by 100% in H1 2017 in comparison to H2 2016, in terms of deals.





In H1 2017, about \$26.15 Mn was invested in AI and Big Data across 16 deals.

Ai & Big Data Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 16
- Funding Amount Raised In H1 2017 - \$26.15 Mn
- Startups That Raised Maximum Funding In H1 2017 - CRON Systems, Flytxt
- Total No. Of Deals Since H1 2015 - 41
- Funding Amount Raised Since H1 2015 - \$253 Mn
- Most Active VC In AI & Big Data Funding - Blume Ventures

Since H1 2015, about \$253 Mn has been invested in this sector across 41 deals with Bengaluru the top city hosting the most AI startups in India.

AI and Big Data sector are one of the most-emerging sectors in the industry and is expected to influence every other sector, given the premise of its applications. Thus in the coming time it is going to pick up more pace.

HALF-YEARLY TRENDS FOR AI & BIG DATA TECH FUNDING H1 2015 - H1 2017



REAL ESTATE TECH

H1 2017 SHOWS A SLIGHT RECOVERY IN THE SECTOR BY 7%

The real estate sector comprises three sub sectors - housing, listing (aggregators), and commercial space. In the digital landscape, the growth of online real estate portals catering to B2C needs of renting or buying real estate properties have flourished. A few examples are MagicBricks, Square Yards, Housing.com and more. Plus, there has been seen a spike in the opening of coworking spaces in major cities, thereby catering to the burgeoning startup ecosystem of the country. Delhi-based Awfis received \$20 Mn, as an example of big-ticket funding in 2017. And rise of spaces like Innov8, 91springboard and Bhive. 2017, also saw entry of WeWork in India.

Real Estate Tech Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 13
- Funding Amount Raised In H1 2017 - \$41.06 Mn
- Startups That Raised Maximum Funding In H1 2017 - SquareYard, Awfis
- Total No. Of Deals Since H1 2015 - 64
- Funding Amount Raised Since H1 2015 - \$212 Mn
- Most Active VC In Real Estate Tech Funding - Sequoia Capital

H1 2016 was a golden period for real estate tech, with 15 deals garnering \$65 Mn funding. The sector saw some of its biggest deals in this period including the \$200 Mn Commonfloor acquisition by Quikr. In 2015, there was almost a 100% rise in overall funding amount. However, post H1 2016, the sector saw a

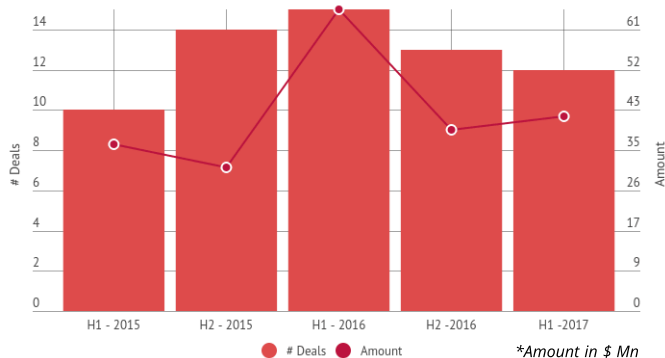
decline in funding by 39% in H2 2016 (majorly due to Demonetisation). H1 2017 shows a slight recovery in the sector by 7%.

When it comes to funding, the most prominent companies in this sector are SquareYard, NestAway, Housing (acquired by PropTiger), NoBroker. Other player includes - MagicBricks, Grabhouse among others.

With the NDA Government at the centre, we have been witnessing a series of radical and transformational reforms - Demonetisation, Real Estate Regulator Bill (RERA), FDI relaxations, GST, Benami Transactions (Prohibition) Amendment Act, Change in Accounting standards IFRS - coming in quick succession. Obviously, 2017 expects the Indian real estate sector to be more transparent, credible, and attractive with only organised players remaining on the ground.

The transitional slowdown in demand which we witnessed as an aftermath of the series of reforms has nothing to do with the huge pent-up demand for real estate in a developing country like India. This lull is only temporary and should vanish soon.

HALF-YEARLY TRENDS FOR REAL ESTATE TECH FUNDING H1 2015 - H1 2017



HARDWARE AND IOT

ABOUT \$133 MN HAS BEEN INVESTED ACROSS 53 STARTUPS SINCE H1 2015

The interconnection via the Internet, of computing devices embedded in everyday objects, enabling them to send and receive data has been pioneer in solving few of the major medical and logistics challenges in recent years. Driverless cars, drones to make delivery, electric bikes etc. has all been achieved in the very recent past through IoT and robotics. Further applications are being addressed almost everyday - warehouse automation, smart logistics, smart watch, home automations and more.

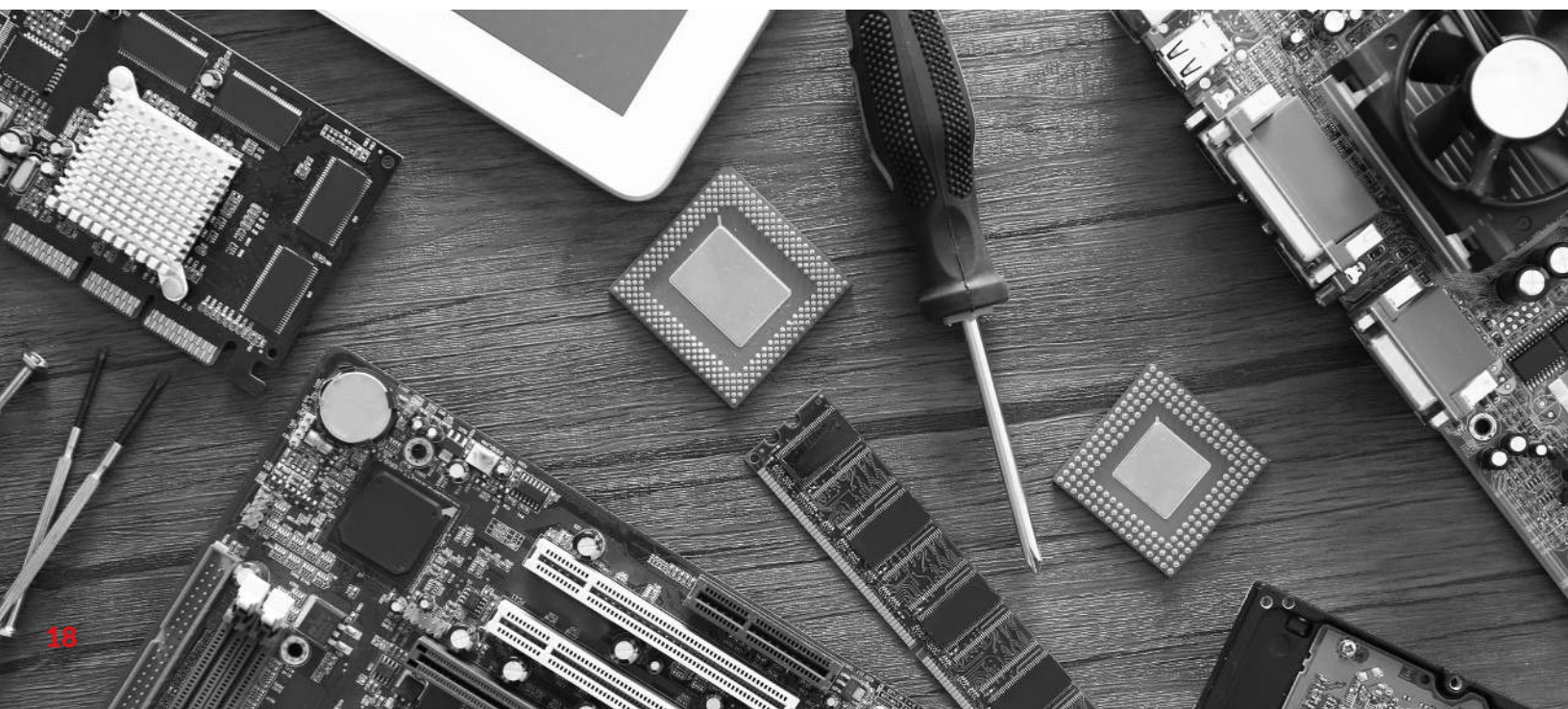
Just six funding deals took place in H1 2017 with \$3 Mn in investment,

Hardware And IoT Funding: Key Highlights

- Total No. Of Deals In H1 2017 - 6
- Funding Amount Raised In H1 2017 - \$3 Mn
- Startups That Raised Maximum Funding In H1 2017 - Twenty Two Motors
- Total No. Of Deals Since H1 2015 - 53
- Funding Amount Raised Since H1 2015 - \$133 Mn
- Most Active VC In Hardware And Robotics Funding - Tiger Global Management

This sector took a dive since 2016, due to the fact that investors have become more and more cautious about investing and the sector is quite capital intensive. The hardware segment is like manufacturing and requires a high initial cost to set up shop. However, this is one of the futuristic segments which will be influencing the ecosystem for years to come.

In this segment, about \$133 Mn has been invested across 53 startups since H1 2015. The most notable ones are Ather Energy, Smartron, Grey Orange.





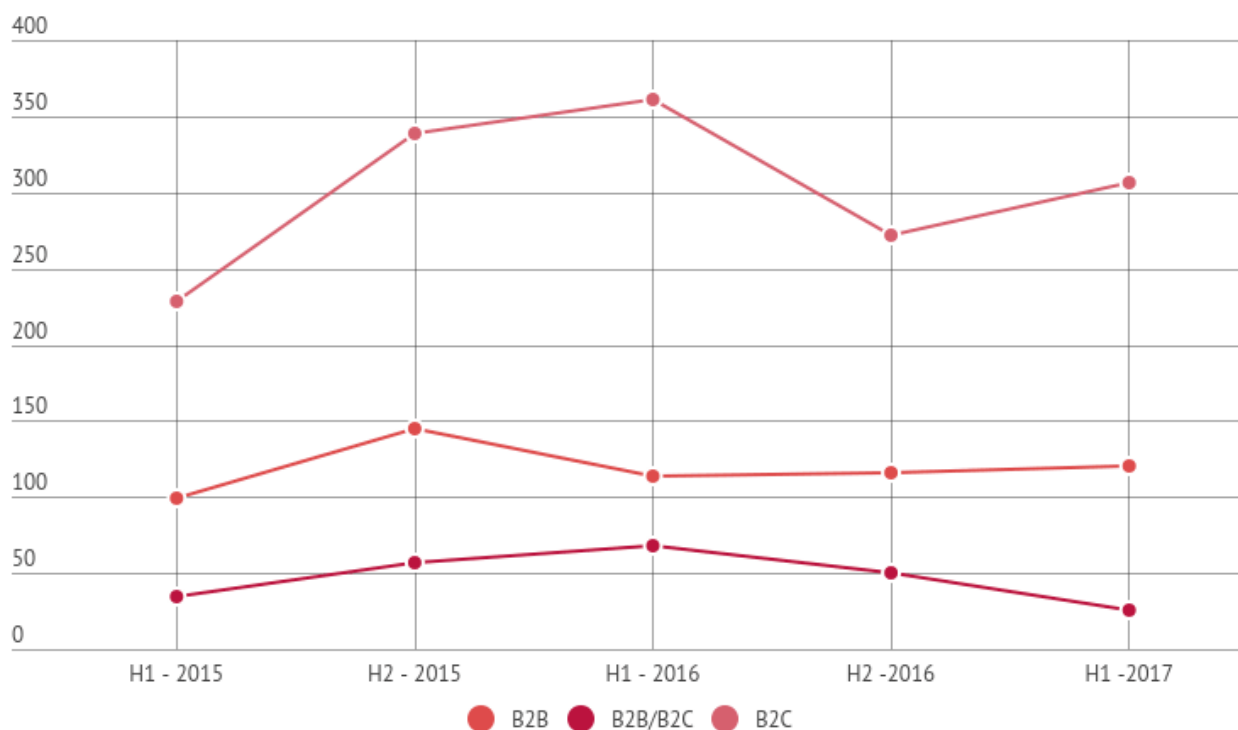
BUSINESS MODEL BREAKDOWN

Business models are split between three major categories including B2B (Business to Business), B2C (Business To Consumer) and the ones serving both - B2B and B2C.

- Since H1 2015 to H1 2017, about 594 startups in the B2B space have garnered a combined funding of about \$3.4 Bn. Though H1 2017 showed a rise in the number of deals, there was a 17% decrease than H2 2015, which witnessed 145 deals.
- In the B2C segment, over 1,506 deals have taken place amounting to about \$8 Bn in total. The number of deals in the B2C segment hit an all-time high in H1 2016 with 361 deals and had fallen to 272 in H2 2016.
- While, the startups catering to both the B2C and B2B segments witnessed the least number of deals in the past two years - 26. But these startups secured \$7.2 Bn in funding in total since H1 2015. They also secured \$3.2 Bn in H1 2017 alone.

**We consider companies like Paytm, Flipkart, Snapdeal as B2B/B2C, given the fact that they have sellers and buyers as clients/customers.*

BUSINESS MODEL BREAKDOWN H1 2015 - H1 2017





GEOGRAPHICAL BREAKDOWN

Tech city Bengaluru took the first spot in overall funding activity in H1 2017. Delhi and Bengaluru have always been locked in battle for the top slots (although Delhi consists of Gurugram, Ghaziabad, and Noida far larger scope in terms of area than Bengaluru) and this continued for H1 2017 as well.

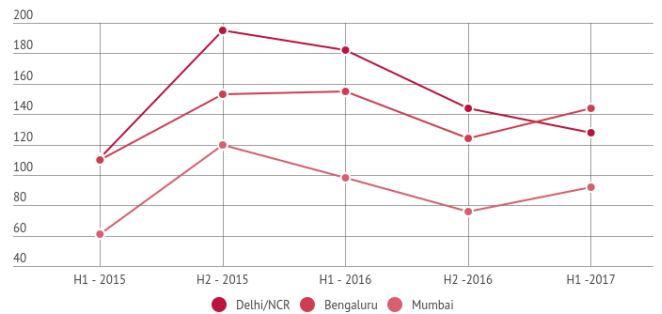
Bengaluru received over 144 deals and \$2.572 Bn in total funding, whereas Delhi/NCR witnessed 128 deals and \$2.129 Bn funding. Mumbai and Hyderabad took the third and fourth spots, respectively.

Since H1 2015, Delhi/NCR has maintained its top spot in terms of number of deals and amount raised by startups. However, as per QoQ data, in terms of funding, during Q2 2015, Q3 2015, and Q1 2017, Delhi/NCR slipped to second position.



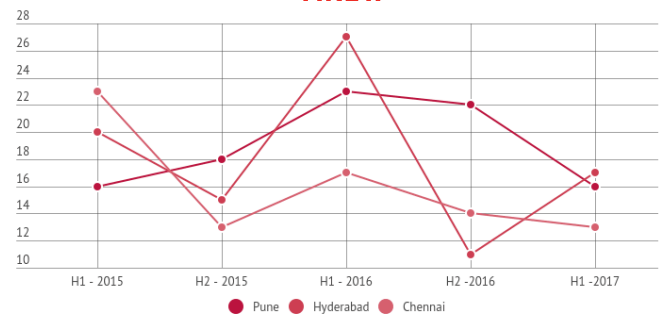
CITY-WISE DISTRIBUTION H1 2017

TIRE I



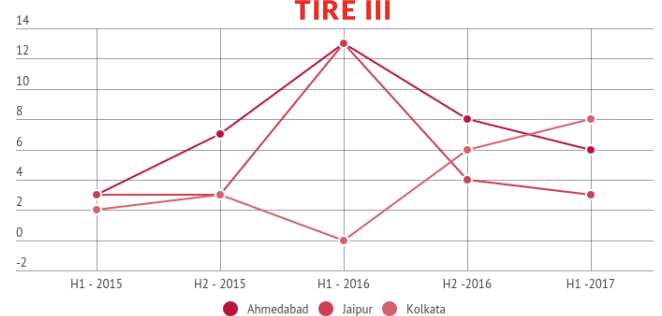
CITY-WISE DISTRIBUTION H1 2017

TIRE II



CITY-WISE DISTRIBUTION H1 2017

TIRE III





INVESTOR BREAKDOWN

About 642 unique investors participated in funding during H1 2017. Further split of the investor data show that over 191 VCs, 326 angels participated in Indian tech startup funding in H1 2017.

Interestingly, 69 VCs and 127 angel investors participated in more than three deals and about 328 VCs and 560 Angels participated in more than one deal since H1 2015.

If we look at the historic data for the period H1 2015 to H1 2017 - about 3000 unique investors (VCs, Angels, Angel Networks, Corporates and others) have participated in Indian tech startup funding. The proportion of angel investors has been the highest in comparison to other types of investors such as VCs, corporate funds, corporates, angel funds, angel networks, and funding platforms.

taken up via deals platforms such as LetsVenture, and angel networks like Venture Catalysts (VCats) among others. As far as LetsVenture is concerned, over 15 deals were disclosed in media during the period H1 2015 - H1 2017. Mumbai-based Venture Catalysts (VCats), which was launched in December 2015, has disclosed 15 deals till date.

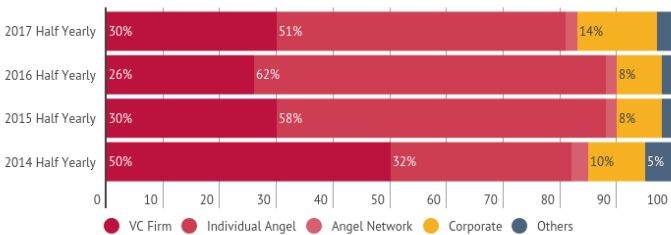
One of the biggest changes in Indian tech startup funding in the last three-four years, is the rise of 'angel investors.' Data shows that, in Q2 2017, about 197 individual angels participated in startup funding, with a 52% hike in comparison to Q1 2017.

Key Highlights:

- Angel Investors Participated In 2017: 326
- Angel Investors Participated In Startup Funding Since H1 2015 - 1668
- Most Active Angel Investor Of H1 2017 - Girish Mathrubootham, CEO and founder of Freshdesk

Angel investors play an important role in the growth of startups. Being the first investor in the company, they guide startups in their initial journey and help them raise the first institutional round. A few years back, angel investing was more about HNIs (high net-worth individuals) investing in startups but, in the past few years, more and

INVESTOR BREAKDOWN H1 2017



ANGEL INVESTING IN INDIA

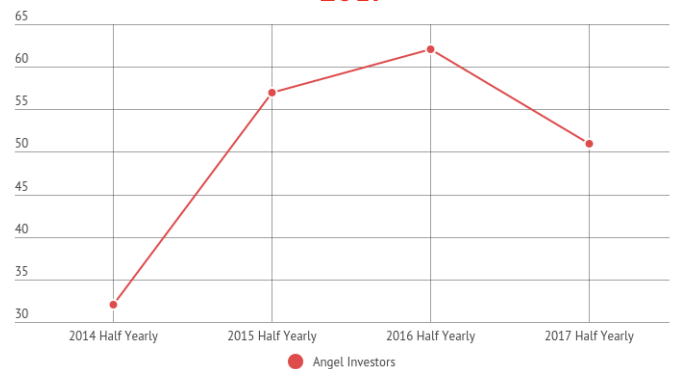
SINCE 2015, MORE THAN 1500 UNIQUE ANGEL INVESTORS HAVE PARTICIPATED IN STARTUP FUNDING.

Since H1 2015, in total more than 1500 unique angel investors have participated in startup funding.

According to InnoVen Capital's India Angel Report 2016, angel groups inked over 69 deals and \$17.6 Mn was committed by them in FY '16, a significant 62% increase in comparison to FY '15.

As per Inc42 Datalabs, there has also been a significant rise in deals

ANGELS INVESTOR TRENDS H1 2015 - H1 2017



more entrepreneurs have boarded the angel investing bandwagon.

A prominent example has been set here by Indian ecommerce poster boy Flipkart. Over 207 startups were founded by ex-Flipsters and over 49 Indian startups have been backed by either Flipkart, Flipkart founders, and/or current and ex-employees. There are about 14 current and former Flipsters who are or have been actively investing in startups. This is excluding Flipkart (as a company) and founders Sachin Bansal and Binny Bansal - who have invested in a reported 12 deals each.

Further, the rise in number of angel investors is also the outcome of the growth of angel funds, angel networks, and funding platforms. These bodies have played an important role by educating entrepreneurs about angel investing and have also cut down startup efforts while looking for deals, taking care of the paperwork, etc.

Entrepreneurs investing in startups have benefits and problems of their own. At one level, being entrepreneurs, they understand the issues faced by their portfolio companies. On the other hand, in some cases, an entrepreneur's investment in startups is majorly for earning more or out of charity and, thus, they are not keen on helping startups achieve growth.

Five is the maximum number of deals done by an angel investor - Girish Mathrubootham, CEO and founder of Freshdesk (Investments: Whatfix, The Ken, Innov8, GoBumpr, and iService). Google's Vice President of India and Southeast Asia Rajan Anandan (Investments: Lucideus, Omnify, Innov8, and Wishberry), Anand Chandrasekaran Director, Head of Platform and Product Partnerships at Facebook (Investments: Uncanny Vision, Fynd, LetsVenture, and Innov8) all took the second spot with four deals each. Infosys co-founder, Nandan Nilekani (Investments: The Print, 4tigo, and Ninjacart), Gokul Rajaram Product Engineering Lead at Square (Investments: CureFit, Squad, and Whatfix), FreeCharge's Kunal Shah (now part of Sequoia Capital) (Investments: Spinny, Lets Reap, and Innov8), and V Balakrishnan (Investments: GSTSTAR, Absentia, and TaxSutra) took the third spot with three deals each.

VC FUNDING IN INDIA

906 UNIQUE VCS HAVE PARTICIPATED IN INDIAN TECH STARTUP FUNDING SINCE H1 2015.

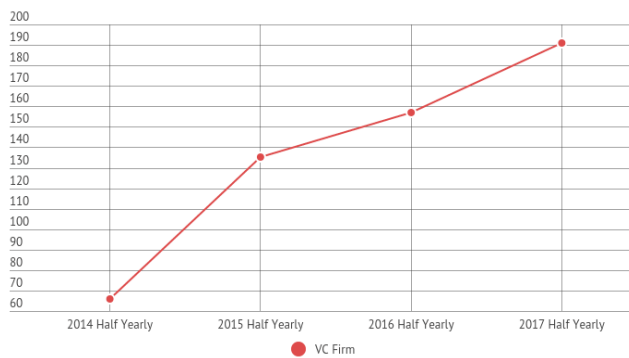
As per our data, 191 VCs participated in startup funding in H1 2017. Breaking down the data further revealed, that, about 175 deals saw more than 2 VCs participating, whereas 3 VCs participated in 69 deals. About 60 deals witnessed more than 4 VCs' participation.

Key Highlights:

- VC Firms Participated In 2017: 191
- VC Firms Participated In Startup Funding Since H1 2015 - 906
- Most Active VC Firm Of H1 2017 - Accel Partners, Blume Ventures
- Overall, 906 unique VCs have participated in Indian tech startup funding since H1 2015.

Accel Partners and Blume Ventures were the most active VCs for the period H1 2017 with 11 deals each. They are followed by Sequoia Capital and IDG Ventures India with eight deals. Kalaari Capital and Nexus Venture Partners stood third with six deals each.

VC INVESTMENT TRENDS H1 2015 - H1 2017



STARTUP FUNDS - H1 2017

The growing Indian startup ecosystem and the rise of Indian unicorns including Flipkart, Zomato, InMobi, Snapdeal, Quikr among others have created a massive opportunity for International and Indian investors to invest more into the Indian startup bandwagon.

H1 2017 saw the seed entry of several international funds which invested in the country for the first time. The year also saw the launch of several new VC funds, announcement of corporate funds, and even global funds focussing on India.

In total, 12 India-specific funds with a total corpus of \$561 Mn were announced. Apart from this, there are about five more funds which have a key focus on Indian market - SoftBank, Sequoia Capital, Micromax among others. Sequoia Capital India added another \$125 Mn to its fourth fund, raking total corpus to \$850 Mn of the current funds. While, SoftBank announced a \$100 Bn Vision fund.

STARTUP FUNDS ANNOUNCED IN 2017

Name Of The Funds	Fund Size	Focus Sectors	Type	Status
Softbank Vision Fund	\$100,000,000,000	IoT, AI, ML, Robotics, Satellites	Geography Agnostic	Launched
Lodha Group Startup Investment Fund	\$7,700,000	Smart City Solutions, Real Estate Sector	India Specific	Launched
Aavishkaar Bharat Fund	\$15,400,000	Healthcare, Employment, Finance, Education, Skills	India Specific	Launched
Indian Angel Network	\$54,500,000	Sector Agnostic	India Specific	Launched
Iron Pillar	\$20,000,000	Tech Startups	India Specific	Launched
Pi Ventures	\$13,000,000	Healthcare, Logistics, Retail, Fintech, Enterprise Startups Using AI, ML, IoT	India Specific	Launched
Unitary Helion	\$100,000,000	FinTech, Agriculture, Logistics, Healthcare	India Specific	Announced
IDFC Alternatives	\$100,000,000	Sector Agnostic	India Specific	Launched
Sathguru Management Consultants	\$100,000,000	Startups offering technology solutions to for agriculture, food and nutrition in India	India Specific	Announced
Ventureland Asia	\$10,000,000	DesignTech, Infrastructure, Lifestyle, Retail	India Specific	Launched
HealthQuad	\$11,600,000	HealthTech	India Specific	Launched
Fireside Ventures	\$27,900,000	FMCG	India Specific	Launched
Stellaris Venture Partners	\$100,000,000	Local Language Online Services, FinTech, Supply Chain, ML, SaaS	India	Launched
White Unicorn Ventures	\$20,000,000	Real Estate, Technology, IoT, QSRs, Cybersecurity, SaaS	India, Europe	Launched
Kaizen Management Advisors Pvt. Ltd	\$43,000,000	EdTech	India, Southeast Asia	Launched
Micromax Orbis Capital	\$100,000,000	Sector Agnostic	Not Specified	Announced
Trend Micro	\$100,000,000	Cyber Security	Not Specified	Launched



M&As

Over 71 M&A deals took place in H1 2017. There has been a rise in M&A activity in India since H1 2015 which continued till H1 2016. H2 2016 saw a slight decline in M&A activity, which continued for H1 2017 as well.

If we look at the overall picture, over 343 M&As have taken place in India since H1 2015.

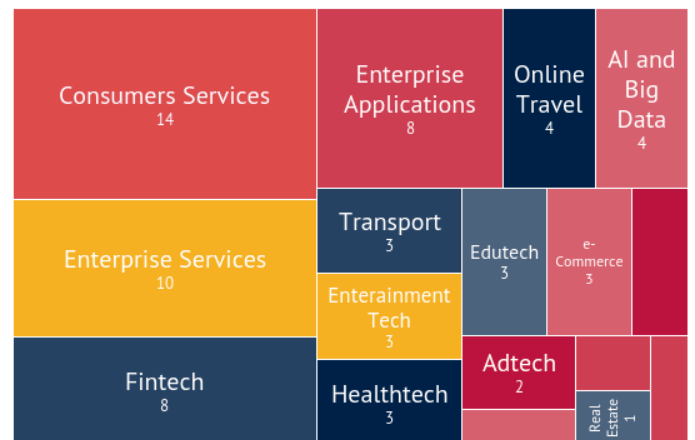
To understand the space better, we analysed the split between acquisitions, acqui-hires, and mergers. In H1 2017, over 41 acquisitions, 2 mergers, and 27 acqui-hires took place.

Most of the M&A activity took place in the hyperlocal/consumer services sector followed by enterprisetech and ecommerce. Over 14 deals took place in hyperlocal in H1 2017, the segment hit an all-time high in H1 2016 with 22 deals.

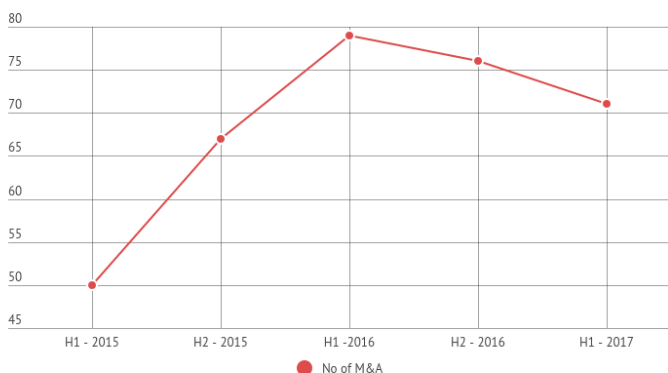
Sectors such as edtech, healthtech, ecommerce and logistics witnessed three M&As each in H1 2017.

Major acquirers for the period include - CureFit, Happiest Minds Technologies, PKC Laundries and Quikr.

SECTOR-WISE BREAKDOWN M&A H1 2017



HALF YEARLY M&A TRENDS H1 2015 - H1 2017





THE INDIAN GOVERNMENT AND STARTUP FUNDING

Since PM Narendra Modi took up office in 2014, a series of initiatives have been announced to boost entrepreneurship in India. The path to startup dreams was laid with the framing of the 'Startup India, Stand Up India Action Plan,' in January 2016. And wings were added with the initiation of several government-supported funds, schemes and various other perks in the form of tax exemptions, increased age limit for accessing benefits, the creation of research parks and coworking spaces and more.

Since independence, the Indian government has worked towards boosting the MSMEs and corporate sector in India. However, during the Modi regime, schemes have been devised to flourish startups in all sectors, whether hardware, biotech, fintech, SMEs, IT, Science, IoT, AI, big data, agriculture and more. In all, over 50+ startup schemes have been launched till June 2017, which includes the Atal Innovation Mission (AIM), Tinkering Labs, Patent Protection, Venture Capital Assistance, Software

Technology Park, etc.

An important milestone was achieved with the formulation of the \$1.5 Bn (INR 10, 000 Cr) 'Fund of Funds.' As of June 16 2017, \$96.3 Mn (INR 623.5 Cr) have been committed to 17 AIFs and 65 startups have been funded.

Apart from the Central Government initiatives, 15 of the 32 Indian states have also come up with their own startup policies and initiatives. One of the early movers here was Rajasthan, which mobilised a \$77.2 Mn (INR 500 Cr) angel and VC fund for the startups.

Karnataka is also known for its multi-sector startup policy and is providing startup support with various funds and a total corpus of \$46.3 Mn (INR 300 Cr). Priyank Kharge, IT Minister of Karnataka announced a fund of \$1.4 Mn (INR 10 Cr) for women entrepreneurs of the state on the occasion of this year's Women's Day. The Idea2PoC (Proof of Concept) fund will provide women-led startups with support upto \$75K (INR 50 Lakhs) for ideas that disrupt technologies. Karnataka has also set aside \$1.5 Mn (INR 10 Cr) to fuel the growth

of innovative ideas in agriculture and agri-related tech fields.

While Gujarat has fostered-industry oriented policies, Andhra Pradesh and Odisha startup policies aims to provide support for MSMEs; with Goa and Uttar Pradesh boosting their IT landscape. In fact, Manohar Parrikar, Chief Minister of Goa announced the allotment of about \$25.8 Mn (INR 169 Cr) for the IT sector, including \$2.29 Mn (INR 15 Cr) for startups with the aim of creating 4,000 jobs per year. The Goa Government will also set up a startup promotion board in the coming financial year. Furthermore, he allocated \$76K (INR 50 Lakhs) to encourage incubation centres and entrepreneur development centres in the state. Madhya Pradesh, Chhattisgarh, Jharkhand, and Uttarakhand have also come up with policies having a major focus on incubation facilities to cater to the startup needs of budding entrepreneurs in their states. Tamil Nadu too has become pro-startups, with the state government setting aside \$77.2 Mn (INR 500 Cr) in a proposed venture capital fund for startups.

Bihar is the new emerging

ecosystem, with the present government creating a number of initiatives in its recently-launched startup policy 2017 to promote its Young (YUVA) entrepreneurs. Along these lines, lies Kerala's startup policy which aims to promote student entrepreneurs. Telangana too is working on its innovation policy with T-Hub and West Bengal has created its own West Bengal Venture Capital Fund to support emerging entrepreneurs.

In 2017, the Central government has also added some new milestones to the list. Recent announcements include launching the Startup India Virtual Hub, formation of the India-Portugal International Startup Hub and the recent collaboration with Israel to launch a five year Technology Fund.

Although many initiatives are still in process and achievements have been limited, the way India has pioneered its way in the global market with the mark of a Startup Nation is truly remarkable.



FUNDING PROJECTIONS - H2 2017

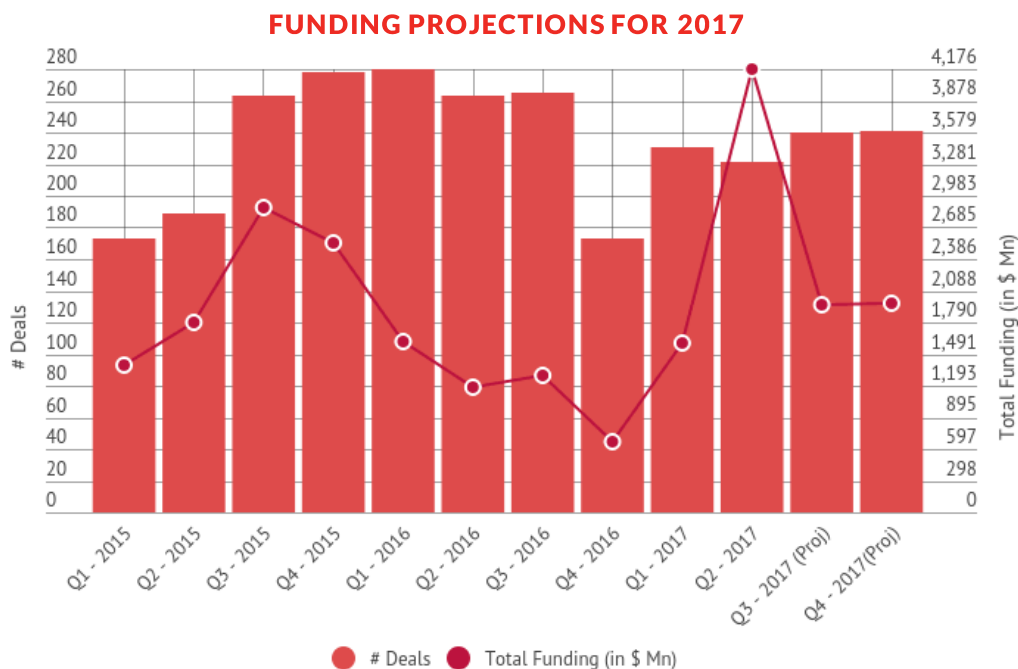
According to the projections based on our time series data, H2 2017 is expected to receive around \$4 Bn in funding over 480 deals. Fintech, healthtech, ecommerce, enterprise, and logistics will keep dominating, given the sheer market size of these sectors.

Real estate is also expected to pick up once the government policies are properly implemented, furthermore, AI & big data, robotics & hardware and edtech sectors will keep growing, given the extent of their applications in various aspects. Enterprisetech will also grow simultaneously with the growth of the startup ecosystem as, with more startups coming to play, the need for enterprisetech and B2B products will increase.

Seed funding will always be the most-important stage for startups. However, with the observed trend, mature startups moving to growth-stage funding are expected to increase in Series A and Series B. H1 2017 has confirmed the decline in funding crunch in late-stage, as Paytm, Ola, Flipkart, and OYO Rooms secured big tickets in the first half of 2017.

Mergers & acquisitions will also increase as the ecosystem matures. We have already observed a declining trend in the funding of consumer service startups, with increased M&A in this sector. As a sector matures, smaller companies get acquired by bigger names so that the biggest names can compete with each other, making for a developed ecosystem.

Although, these projections are completely number-based, the Indian startup ecosystem has other factors influencing it and what actually happens is yet to be observed.





CONCLUSION

In the past few years, several factors such as the rise of a well-educated young population, increased penetration of Internet and smartphones, along with the present government's timely policies, have helped shape the Indian startup ecosystem. The country has attracted top-notch international investors and startups to pave the digital landscape of India. With the efforts of the NDA government, India has now raised its global rank in ease of doing business to 130.

To this stage, the Central Government added another milestone with the roll out of the Goods and Services Tax (GST) on July 1, 2017. Envisioned as 'One Country, One Tax,' GST has already won over the ecommerce sector, dropping interstate taxes from an average 22% to a uniform 12%. Furthermore, during his recent visit to the US, PM Narendra Modi has also urged US corporates to invest in India, terming GST as the game-changer in making India a business-friendly destination.

The dominating sectors of the Indian startup landscape - fintech, healthtech, ecommerce, enterprise, and logistics - all carry a global appeal, further enticing investors to increase their stake in Indian startups. Also, with India pushing to be an electric vehicle nation by 2030 - the AI, big data, & hardware sectors will get more of an edge. Plus, recent steps taken to collaborate with the startup ecosystems of

Israel and SAARC nations will prove to be an added advantage.

With regard to funding, India is now home to over 200+ incubators and over 70+ accelerators and more than 100 VC firms driving startup communities in metros and non-metros from seed-stage to the growth-stage. The active presence of ambitious investors like SoftBank, Sequoia Capital, Accel Partners, Blume Ventures and more further raises the hopes for late-stage investment rounds in the prominent startups in each sector.

All in all, under the leadership of PM Narendra Modi, the nation is undergoing a tremendous transformation for its time. Catering to startup needs, the nation is fighting many deep-rooted battles such as jobs creation, raising the standard of living, education in rural areas, financial inclusion and more, all at once. The demonetisation drive and launch of GST too has uplifted the digital India scenario.

Nearly 70 years ago, Pandit Jawaharlal Nehru heralded the dawn of a new Independent India, one that had freed itself from the shackles of the British. It now remains to be seen, how can we once again attempt the same, freeing ourselves from the shackles of being an emerging economy to a mature, globally-present, developed nation.

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- <http://www.innovencapital.com/sites/default/files/Innoven%20Capital%20India%20Angel%20Report%202016.pdf>
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- http://economictimes.indiatimes.com/articleshow/59038524.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- <http://economictimes.indiatimes.com/small-biz/money/sequoia-capital-tops-up-fund-iv-with-125-million/articleshow/58993739.cms>
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Abbreviations :

- VC - Venture Capital
- AI - Artificial Intelligence
- GST - Goods and Services Tax
- M&As - Merger And Acquisitions
- IoT - Internet Of Things
- YoY - Year-on-Year
- QoQ - Quarter-on-Quarter
- MoM - Month-on-Month
- H1 - January - June
- H2 - July - December
- Q1 - January - March
- Q2 - April - June
- Q3 - July - September
- Q4 - October - December

Thank You

STARTUP FUNDING



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Inc42 Team has put in countless hours to assimilate and present this report and it has been made possible under the guidance of our Editor-In-Chief Pooja Sareen with the help from Ankan Das, Aarti Venkatraman, Meha Agarwal and Mayank Singhal.

Hope you found this report useful. And if you have any questions, comments or feedback, please get in touch with Pooja Sareen at pooja@inc42.com or 98994-24647.

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