

2019

Indian Tech Startup

Funding Report Q1

Supporting Partner



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Note from the Analyst

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Inc42

The Indian startup ecosystem is growing faster than ever before. In 2018, the total funding secured by the Indian startups crossed \$11 Bn mark — with the number of funding deals in the Indian startup ecosystem swelling up to 743.

The start of the first quarter of 2019 was quite positive in terms of the total funding, provided the total investment in the first quarter was \$3.4 Bn, which is above the “Average Q” (average quarterly funding amount from 2014-2018) i.e. \$2.25 Bn.

Ecommerce, transport tech and fintech were the highest funded sectors in the first quarter of 2019, contributing 67.3% to the total \$3.4 Bn funding during the said period. Media and entertainment (with \$167 Mn in total funding) witnessed the highest percentage surge in funding compared to the previous quarter (Q4 2018) with an increase by 300%.

In the context of number of deals — fintech (32), ecommerce (23) and enterprise tech (22) were the top grossers for the first quarter of 2019. Combined, they made up 44.2% of the total 174 funding deals this quarter.

Unlike previous quarters, where B2B-B2C stood as the most preferred sector in the context of

private equity investments, in Q1,2019, B2C turned out to be the most funded business model with a total of \$1.9 Bn being invested, followed by \$1.06 Bn invested in B2B-B2C model startups. This change is largely driven by growth and late stage funding deals recorded by B2C companies like Ola, OYO, Zomato, BYJU’s among others.

Enterprise tech witnessed the highest number of mergers and acquisitions constituting 23% of the the total M&A pool of Q1 2019. The second in line in the context of merger and acquisitions are consumer services followed by edtech sector.

Overall the first quarter of 2019 can be considered a promising start to the year. On the other hand, tech-intensive sectors such as artificial intelligence, robotics, Internet of Things, collectively called ‘deeptech’, continue to struggle. This is evident from the fact that the total funding recorded in Q1 2019 for deeptech was \$9.6 Mn which is 73.83% lower than the benchmark or average quarter for the sector. This indicates the need for a more proactive approach for innovation in the Indian startup ecosystem, rather than going after technology models, which have already been tried and tested in the West.



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Executive Summary

Indian Tech Startup Funding: Key Highlights From Q1, 2019

- A total of **\$3.4 Bn** was raised across **174 deals** in Q1 2019
- Funding amount and the number of deals witnessed a surge of **5%** and **14%** respectively
- Seed stage startups bagged a total funding of **\$60.8 Mn**
- Startups at the bridge stage recorded **16 deals** with **\$28 Mn** being invested
- Growth stage ventures saw investment of **\$1.4 Bn**
- Funding for late stage startups plunged by **17%** at **\$1.9 Bn**
- **B2C** business model turns out to be the most preferred business model for investors
- Funding amount for B2C startups surged by **37%**, whereas the deal count surged by **51%**
- Surprisingly, the funding in the B2B business model plunged by **19%** in **Q1 2019** compared to **Q4 2018**



- Top funded sectors for Q1 2019 — ecommerce (\$958 Mn), transport tech (\$697 Mn) and fintech (\$646 Mn)
- Sectors with the highest number of the deal count — fintech (32), ecommerce (23) and enterprise tech (22)
- Deeptech funding fell by 22% in Q1 2019 in comparison to Q4 2018
- Edtech recorded total funding of \$89 Mn
- Media and entertainment recorded a total funding of \$167 Mn
- 34 mergers & acquisition were observed, a surge of 10% compared to Q4 2018
- Enterprise tech sector witnessed the highest number of M&As, constituting 23% of the total merger and acquisitions recorded
- Sequoia Capital emerged as the most active venture capitalist with a total deal count of 12



Funding

Overview



Indian Tech Startup Funding: Key Highlights Q1, 2019

\$3.4 Bn

Total Funding Amount

174

Total Funding Deals

161

No. of Unique Startups Funded

34

Total No. of M&As Observed

Ecommerce

Top Funded Sector

Bengaluru

Top Funded Hub

103

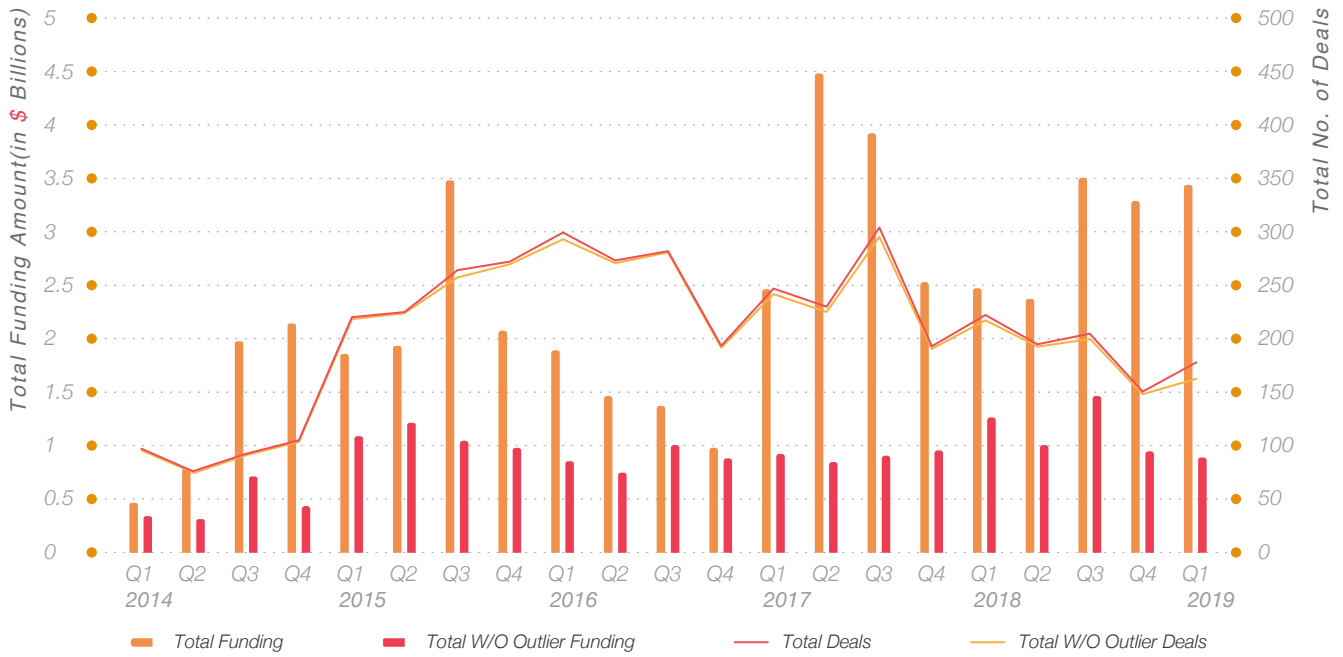
*No. of Unique Angel Investors
Participated in Funding*

116

*No. of Unique VC Firms
Participated in Funding*



Figure 1: QoQ Indian Tech Startups Funding and Deals Trends



In comparison to Q4 2018, the total funding amount saw a 5% growth, while the number of deals grew by 14% in Q1 2019

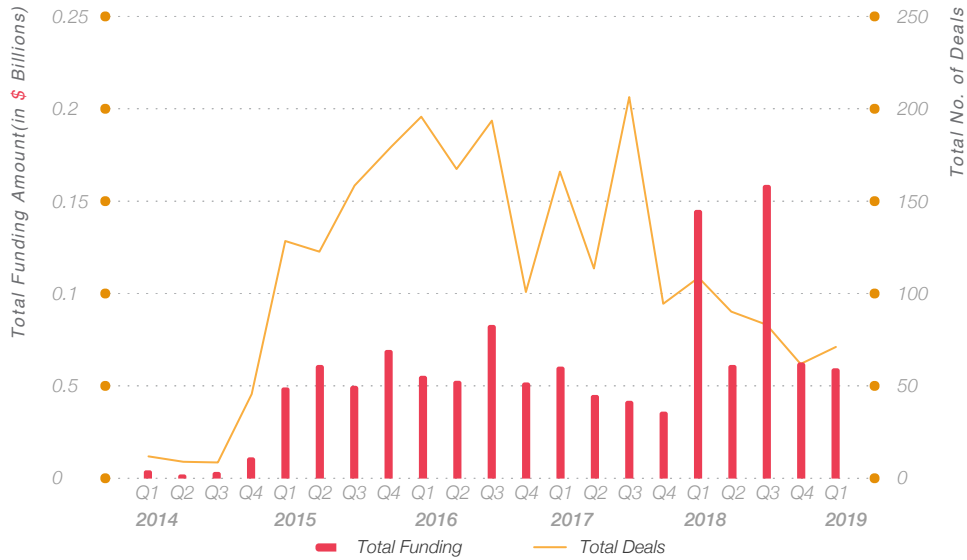
In Q1 2019, Indian startups secured a total of \$3.4 Bn in funding across 174 deals. In comparison to Q4 (fourth quarter) 2018, the total funding amount saw 5% growth, while, the number of deals grew by 14% in Q1 2019. On the other hand, Q1 2019 observed a significant increase in funding by 34% as compared to Q1 2018. This is a strong indicator for the Indian startup ecosystem — as total funding had been declining since Q2 2017.



Funding By **Stage**



Figure 2: QoQ Indian Tech Startups Seed Stage Funding Trend



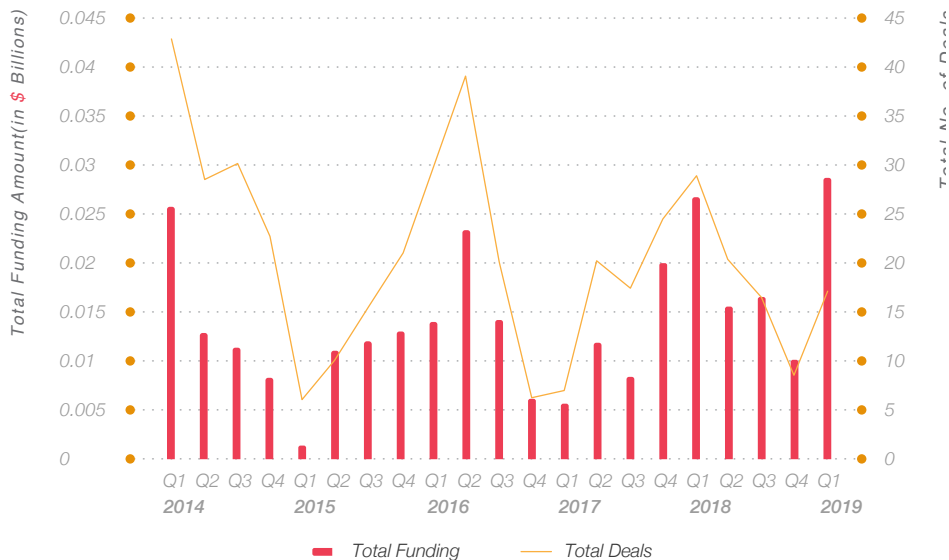
Despite the rise in the number of deals, the total funding amount for seed stage startups continued to fall for the second consecutive quarter. The amount fell by 5% in Q1 2019 compared to Q4 2018

Seed Stage Funding

Seed stage funding deals in Q1 2019 grew by 13% compared to Q4 2018. This is a slight relief, as the deals in this stage has been falling significantly since Q1 2018. However, despite the rise in the number of deals, funding amount continues to fall for the second consecutive quarter. The amount fell by 5% in Q1 2019 compared to Q4 2018.

Number of deals in Q1 2019: 71 **Number of deals since Q1 2015: 2,188**
Total Funding in Q1 2019: \$60.8 Mn **Total Funding since Q1 2015: \$1.14 Bn**

Figure 3: QoQ Indian Tech Startups Bridge Stage Funding Trend



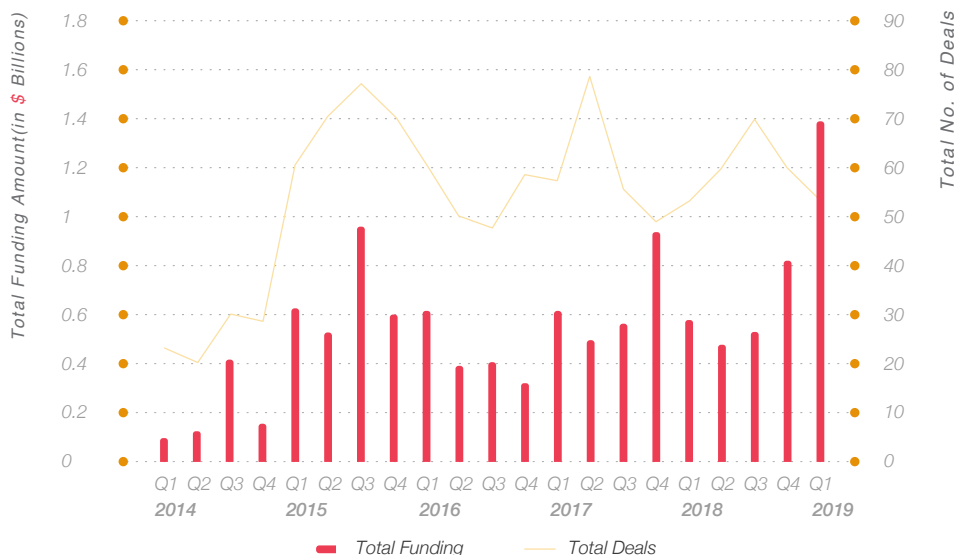
In Q1 2019, the bridge stage funding amount significantly, recording a rise of 184% compared to the previous quarter

Bridge Funding

As observed in the past, the first quarter of each year usually sees a higher volume of bridge funding deals compared to other quarters. This could be attributed to startups wanting to extend their runway in the last quarter of the financial year. In Q1 2019, the amount grew significantly — recording a rise by 184%.

Number of deals in Q1 2019: 16 **Number of deals since Q1 2015: 296**
Total Funding in Q1 2019: \$28 Mn **Total Funding since Q1 2015: \$237 Mn**

Figure 4: QoQ Indian Tech Startups Growth Stage Funding Trend



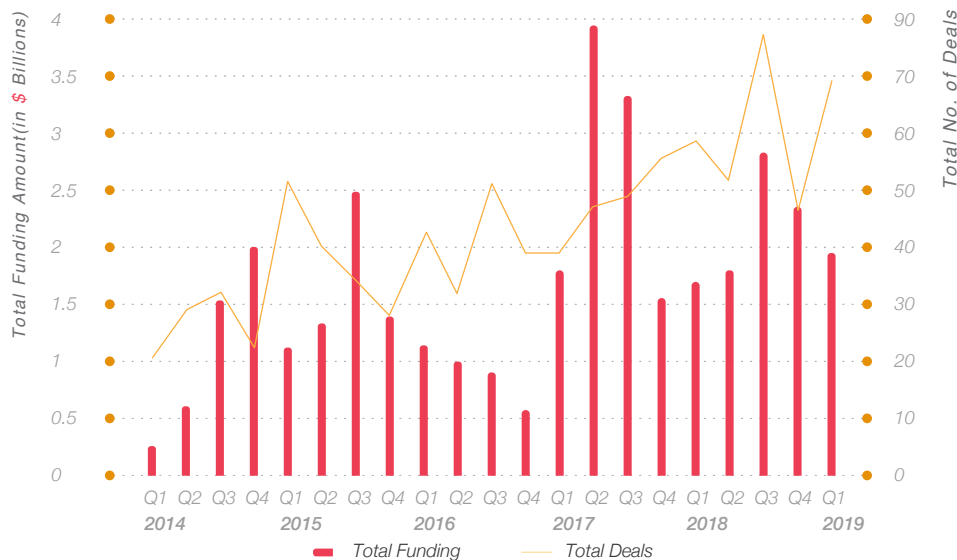
The number of deals in growth stage has been on the decline since Q3 2018. This downturn in deals for growth stage startups has been observed since Q2 2017

Growth Stage Funding

Funding amount at growth stage observed a growth of 69% in Q1 2019 compared to Q4 2018. While the amount of funding has been increasing, the number of deals in this stage has been falling since Q3 2018. In Q1 2019, the number of deals fell by 10% compared to the previous quarter.

Number of deals in Q1 2019: 53 **Number of deals since Q1 2015: 1,023**
Total Funding in Q1 2019: \$1.4 Bn **Total Funding since Q1 2015: \$11 Bn**

Figure 5: QoQ Indian Tech Startups Late Stage Funding Trend



Funding for late stage startups has been falling since Q3 2018, and in Q1 2019 there was a 17% decline in funding

Late Stage Funding

Late stage funding has been falling since Q3 2018. In Q1 2019, there was a 17% decline in funding amount, compared to the previous quarter. However, late stage funding in Q1 has historically been low compared to rest of the year.

Number of deals in Q1 2019: 34 **Number of deals since Q1 2015: 404**
Total Funding in Q1 2019: \$1.9 Bn **Total Funding since Q1 2015: \$31 Bn**

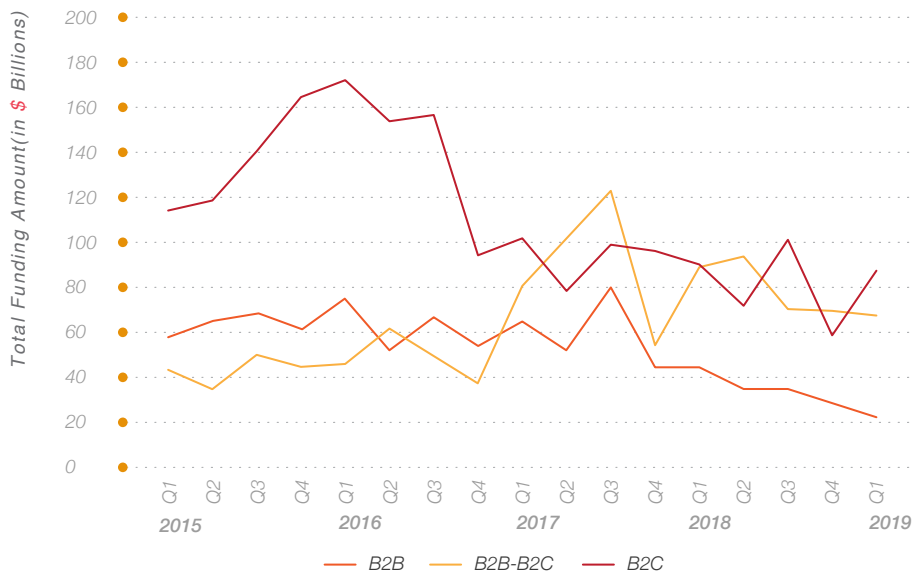
Funding By

Business Model



Funding Deals by Business Model

Figure 6: QoQ Funding Deals by Business Model



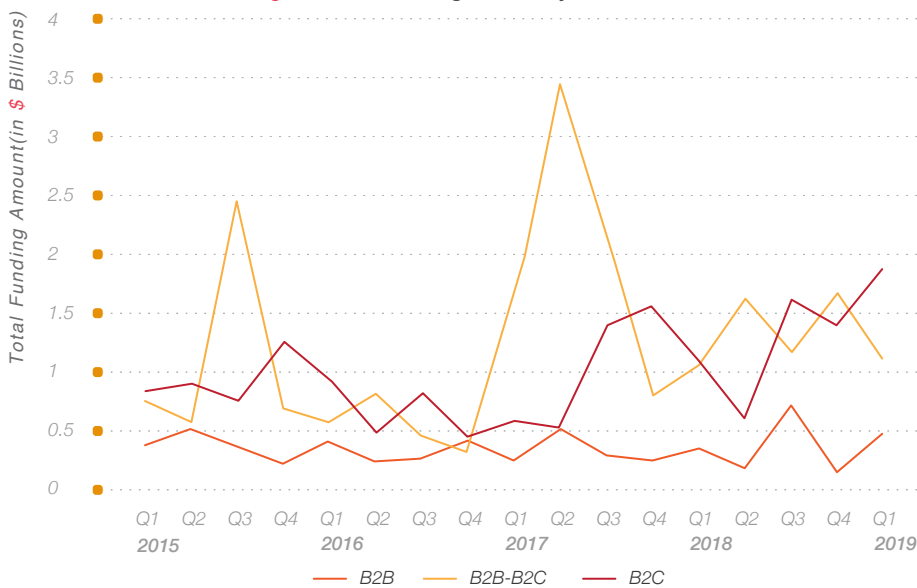
Q1 2019 observed a revival in funding of B2C startups. Funding in startups with a B2C business model increased by 37%, compared to Q4 2018

Funding Amount by Business Model

In Q1 2019, Indian startup ecosystem witnessed a growth in B2C deals and funding. Funding in startups with a B2C business model increased by 37%, while the number of deals for such startups grew by 51%. This change is largely driven by growth-stage and late-stage funding of B2C companies such as Ola, OYO, Zomato, BYJU's among others.

However, deals in B2B startups, which rose from Q2 2016 to Q3 2017, have dropped. Compared to Q4 2018, deals in B2B have fallen by 19% in Q1 2019.

Figure 7: QoQ Funding Amount by Business Model



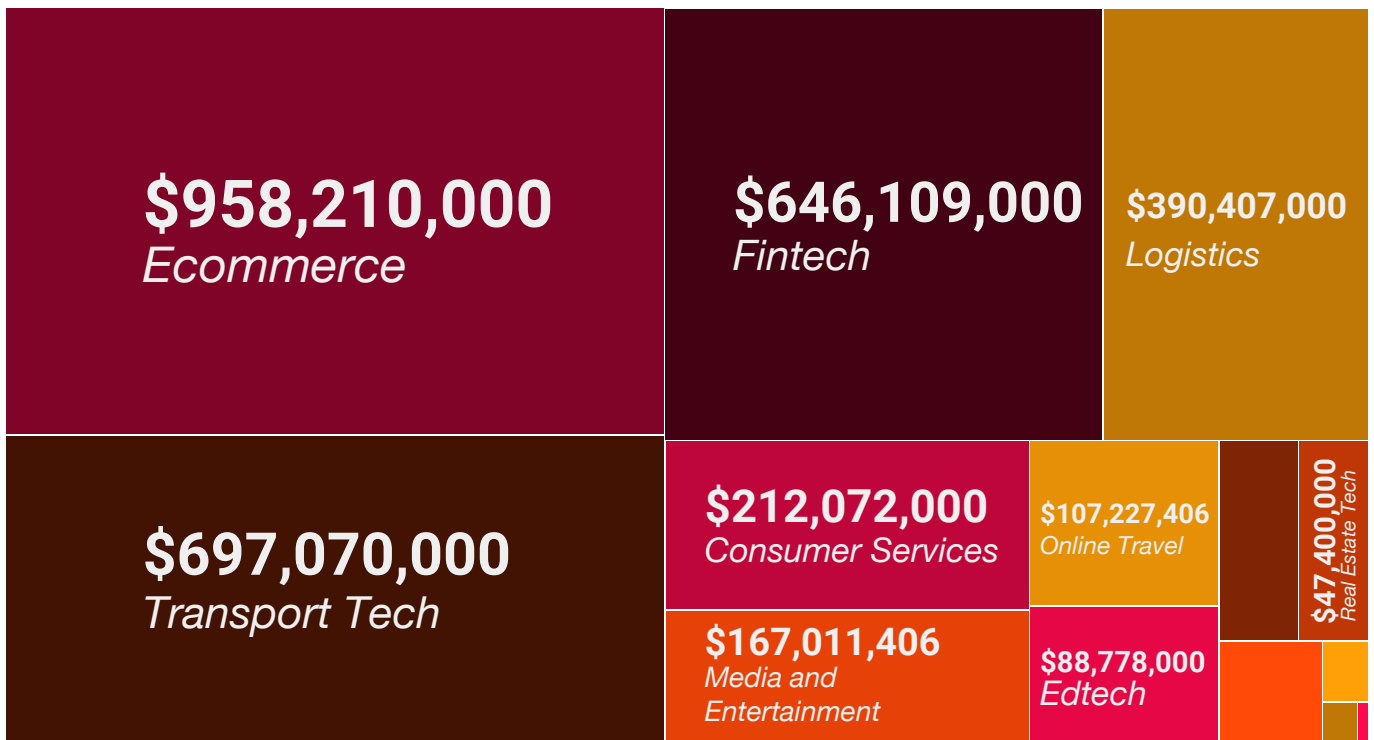
The number of deals for B2C startups grew by 51% in Q1 2019. This is change in fortune for the B2C model, where the number of deals have been falling since 2016

Funding By **Sector**



Distribution of Funding in Q1 2019

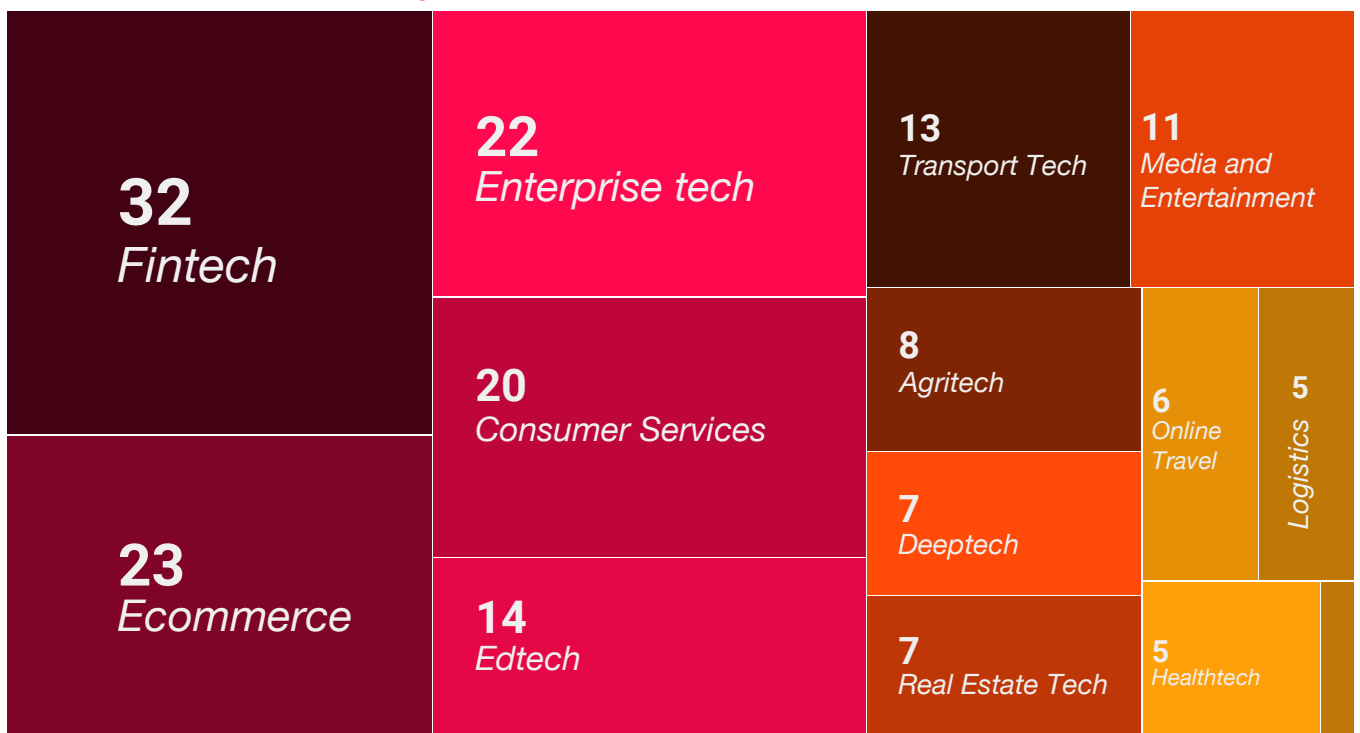
Figure 8: Sector-wise Distribution of Funding in Q1 2019



While funding in ecommerce startups has fallen since Q3 2017, it remains the top funded sector in Q1 2019 with close to \$1 Bn funding

Distribution of Deals in Q1 2019

Figure 9: Sector-wise Distribution of Deals in Q1 2019



While ecommerce saw the most funding amount, fintech was the sector with most number of deals with 32 deals in Q1 2019

Distribution of Deals in Q1 (2015-2019)

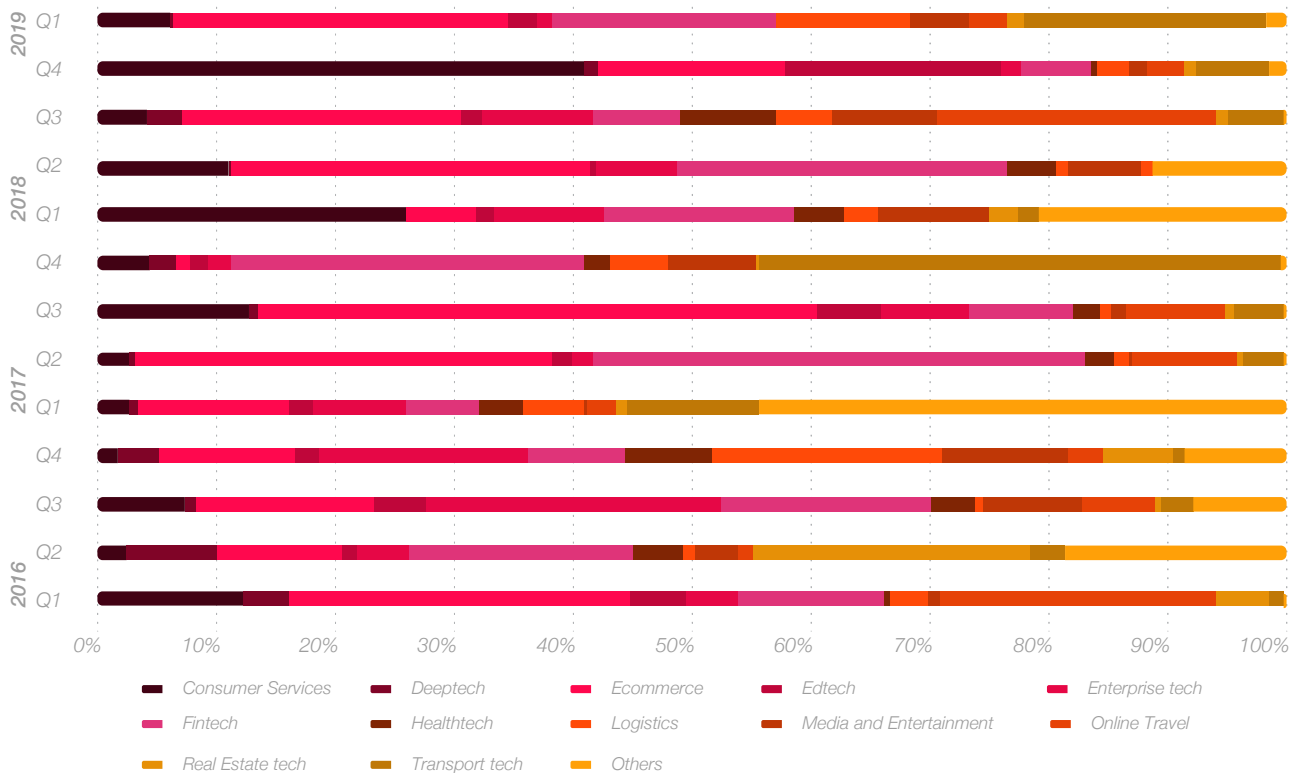
Figure 10: QoQ Sector-wise Distribution of Deals in (2015-Q1 2019)



Fintech continues to receive most number of deals, with a rise of 52% in deals in Q1 2019

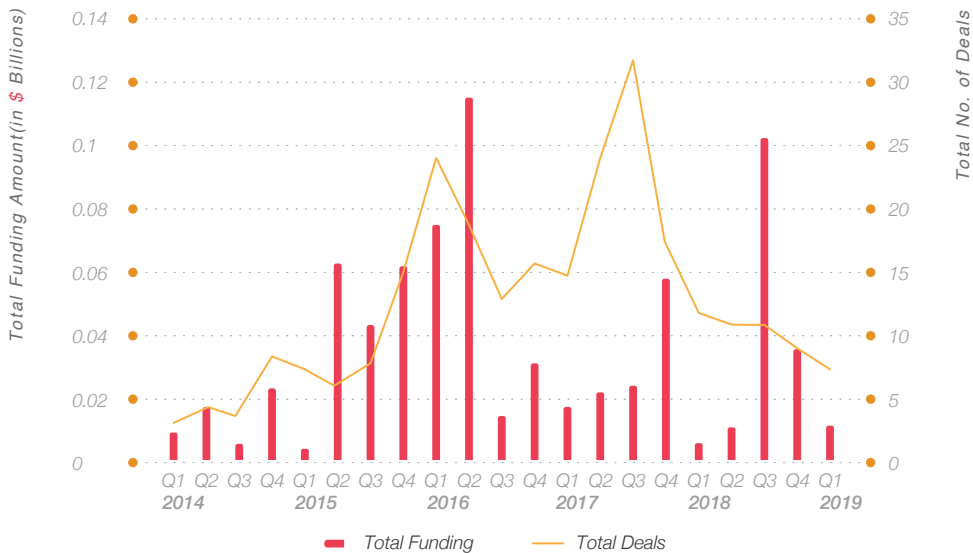
Distribution of Funding in Q1 (2015-2019)

Figure 11: QoQ Sector-wise Distribution of Funding in (2015-Q1 2019)



The transport tech sector observed a 2.5X growth owing to the \$502.8 Mn funding of Ola through multiple tranches in Q1 2019

Figure 12: QoQ Indian Tech Startups Deeptech Funding and Deals Trends



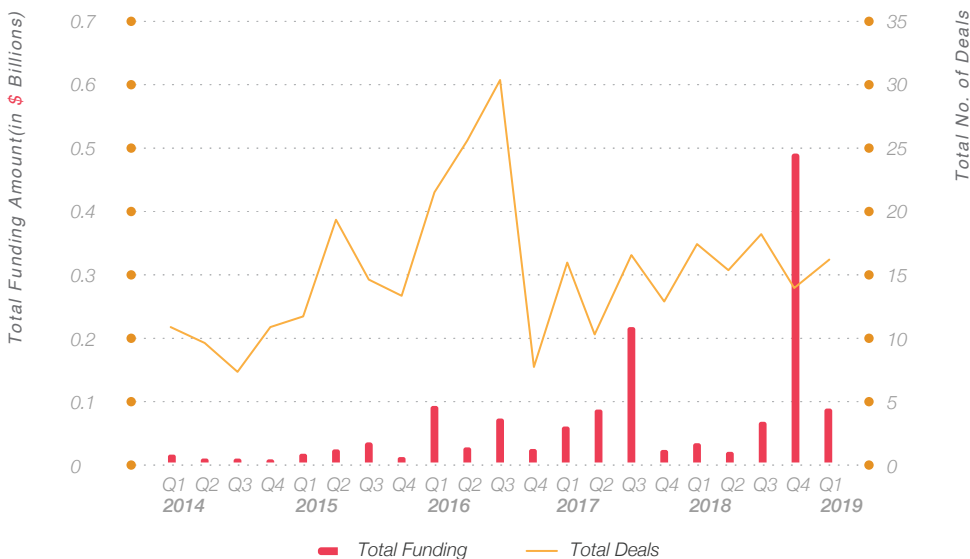
Despite being one of the most-hyped sectors of 2018, Q1 2019 saw funding in Deeptech startups fall by 22% compared to Q4 2018

Decline In Deeptech Funding

Funding in deeptech sector has been consistently low for most quarters since Q3 2016 with occasional spikes observed in Q4 2017 and Q3 2018. Despite being one of the most-hyped sectors of 2018, Q1 2019 observed a fall of 22% compared to Q4 2018.

Number of deals in Q1 2019: 7 **Number of deals since Q1 2015: 243**
Total Funding in Q1 2019: \$9.6 Mn **Total Funding since Q1 2015: \$688 Mn**

Figure 13: QoQ Indian Tech Startups Edtech Funding and Deals Trends



Funding in edtech has been on the rise since Q4 2016, and in Q1 2019 the number of deals increased by 17%

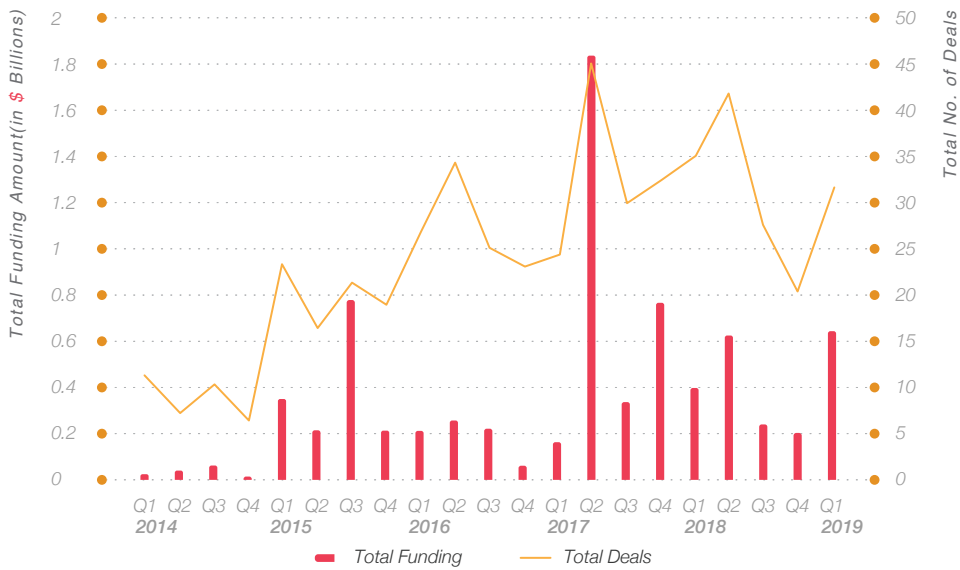
Edtech Gets A Boost With BYJU's

After the \$540 Mn funding in December 2018, BYJU's raised \$42.4 Mn through 3 rounds in Q1 2019 — contributing a significant share in the total funding raised by Indian edtech startups in Q1 2019.

With the success of companies like BYJU's, Unacademy among others — the Indian edtech startups has caught the eye of the global investors and the sector is expected to keep the current trend for the year 2019.

Number of deals in Q1 2019: 14 **Number of deals since Q1 2015: 242**
Total Funding in Q1 2019: \$89 Mn **Total Funding since Q1 2015: \$1.4 Bn**

Figure 14: QoQ Indian Tech Startups Fintech Funding and Deals Trends



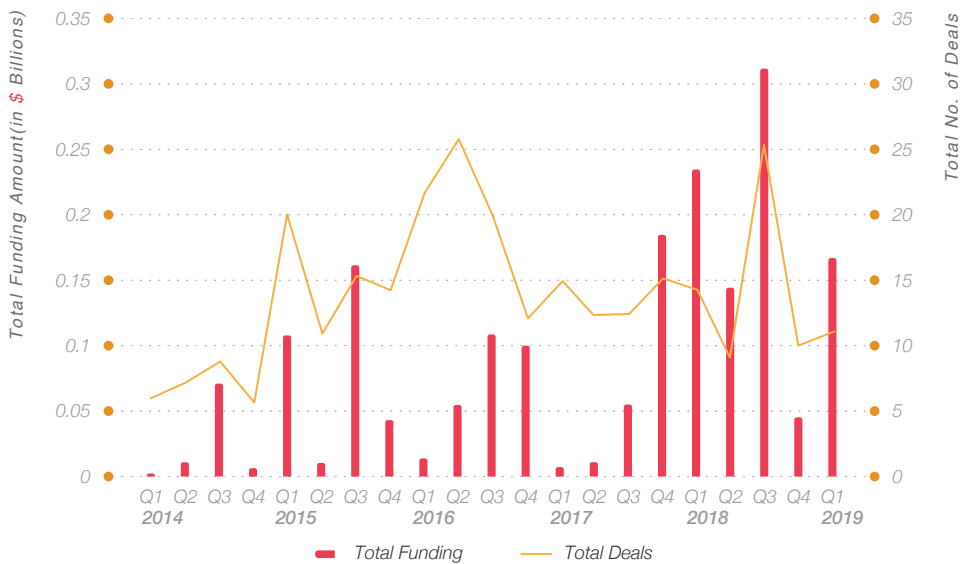
In Q1 2019, the number of fintech deals increased by 240%, while funding increased by 52% compared to Q4 2018

Revival Of Fintech

Fintech as a sector has been growing in terms of funding since 2016. However, the sector observed a slowdown in 2018 where both the number of deals and funding declined. This falling trend has taken a turn in Q1 2019, showing a growth of 240% for number of deals and 52% for total funding compared to Q4 2018.

Number of deals in Q1 2019: 32 **Number of deals since Q1 2015: 478**
Total Funding in Q1 2019: \$646 Mn **Total Funding since Q1 2015: \$7.6 Bn**

Figure 15: QoQ Indian Tech Startups Media and Entertainment Tech Funding and Deals Trends



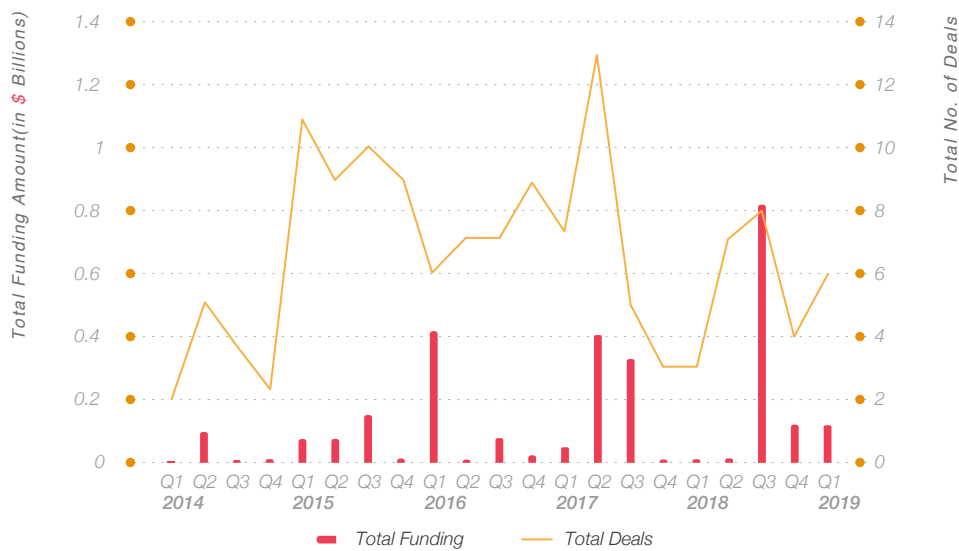
In Q1 2019, the Media and Entertainment tech sector observed a 300% growth in funding amount secured, compared to Q4 2018

Gaming Comes To The Table

The media and entertainment sector observed 300% growth in funding in Q1 2019. With Dream 11 turning unicorn and Nazara Technologies eyeing and IPO, this sector is coming of age in India.

Number of deals in Q1 2019: 11 **Number of deals since Q1 2015: 266**
Total Funding in Q1 2019: \$167 Mn **Total Funding since Q1 2015: \$1.8 Bn**

Figure 16: QoQ Indian Tech Startups Online Travel Funding and Deals Trends



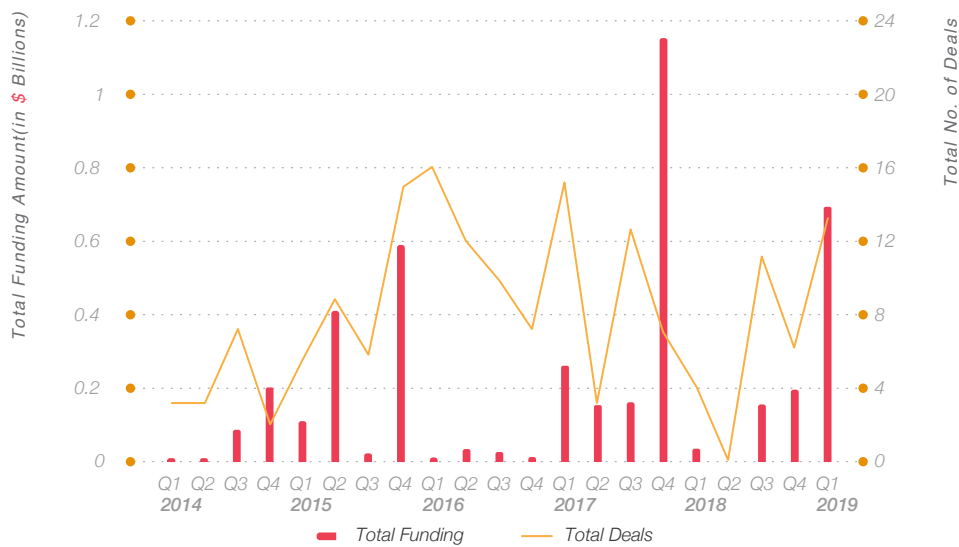
The funding trend in this sector has remained flat since Q4 2017. In Q1 2019, \$107 Mn funding was received by startups in this sector, across 6 deals

Funding Flatlines in Online Travel

The funding trend in this sector has remained flat since Q4 2017. A significant rise was witnessed in Q3 2018, when OYO secured \$800 Mn funding. However, the funding in sector still lacks investor attention. In Q1 2019, very little activity was observed in this sector with just 6 deals being reported.

Number of deals in Q1 2019: 6 **Number of deals since Q1 2015: 124**
Total Funding in Q1 2019: \$107 Mn **Total Funding since Q1 2015: \$2.6 Bn**

Figure 17: QoQ Indian Tech Startups Transport tech Funding and Deals Trends

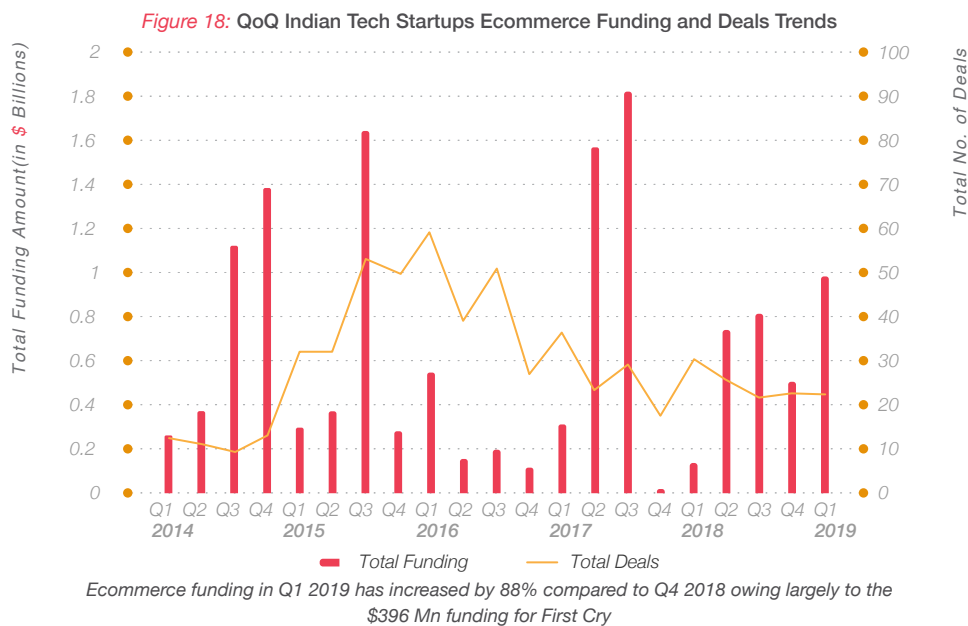


The transport tech sector observed a 2.5X growth owing to the \$502.8 Mn funding of Ola through multiple tranches in Q1 2019

Ola Funding Drives Transport Tech

In Q1 2019, a total of \$697 Mn was invested into this sector across 13 deals. Ola itself secured \$502.8 Mn which accounts for 72% of the total funding in the sector.

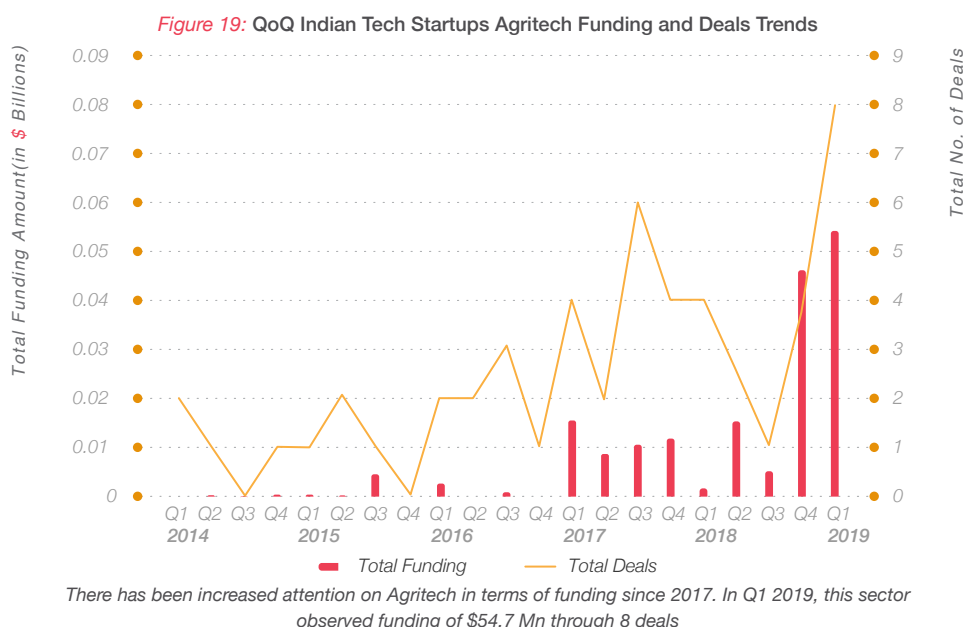
Number of deals in Q1 2019: 13 **Number of deals since Q1 2015: 152**
Total Funding in Q1 2019: \$697 Mn **Total Funding since Q1 2015: \$4.04 Bn**



Calm Before The Storm in Ecommerce

Over the last 3 quarters, the ecommerce sector has seen around 22-23 deals. If you count the funding of First Cry (\$396 Mn) as an outlier, the funding grew by just 10% in Q1 2019 in comparison to Q4 2018. Clearly, funding trend in ecommerce is flat, though that could change in the next quarters with Reliance's entry.

Number of deals in Q1 2019: 13 **Number of deals since Q1 2015: 152**
Total Funding in Q1 2019: \$697 Mn **Total Funding since Q1 2015: \$4.04 Bn**



The Rise of Agritech

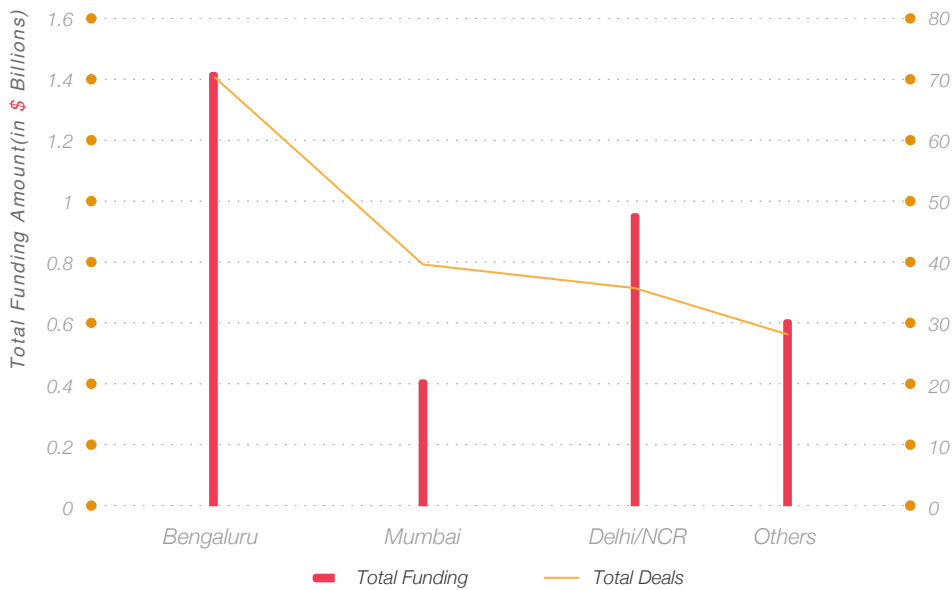
In Q1 2019, total of \$54.7 Mn has been funded in this sector through 8 deals. It's a 20% increase in funding and 100% increase in number of deals.

Number of deals in Q1 2019: 8 **Number of deals since Q1 2015: 50**
Total Funding in Q1 2019: \$54.7 Mn **Total Funding since Q1 2015: \$177 Mn**

Funding By **Hubs**



Figure 20: Funding and Deals in Top 3 Hubs of Indian Startup Ecosystem - Q1 2019

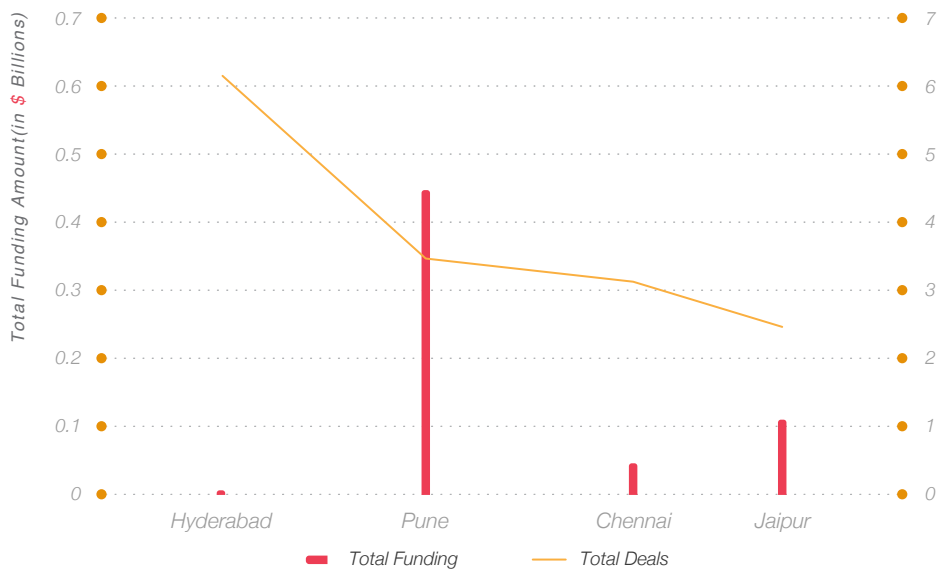


Bengaluru topped the list with \$1.4 Bn funding across 70 deals in Q1 2019

India’s Silicon Valley — Bengaluru took the first slot in the Indian startup hubs ranking for Q1 2019 in terms of funding amount and deals both. The city observed an investment of \$1.4 Bn across 70 deals. It accounted for 42% of the total funding and 41% of total deals.

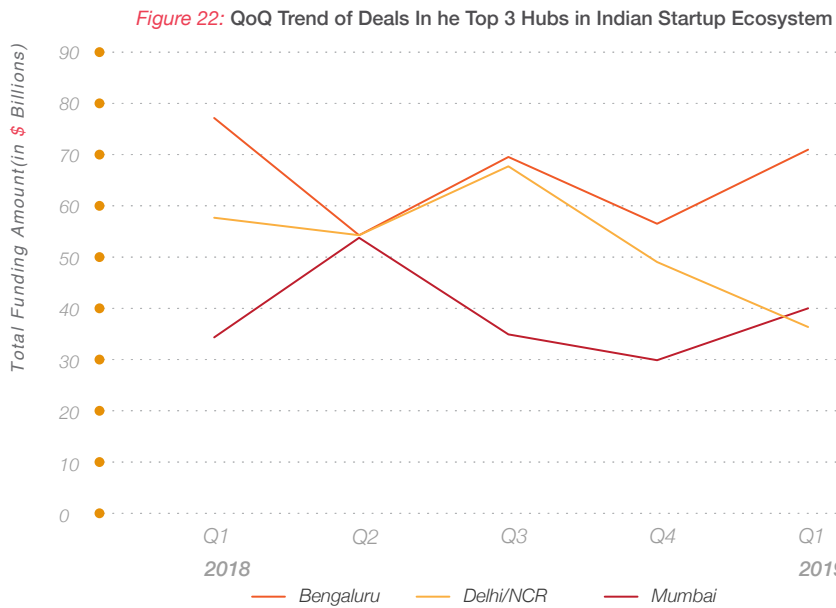
Capital city — Delhi/NCR and India’s financial hub — Mumbai took the second and third spot respectively. While Delhi NCR recorded \$943 Mn funding across 36 deals; Mumbai observed \$431 Mn in investment.

Figure 21: Funding and Deals in Top 3 Emerging Hubs of Indian Startup Ecosystem - Q1 2019



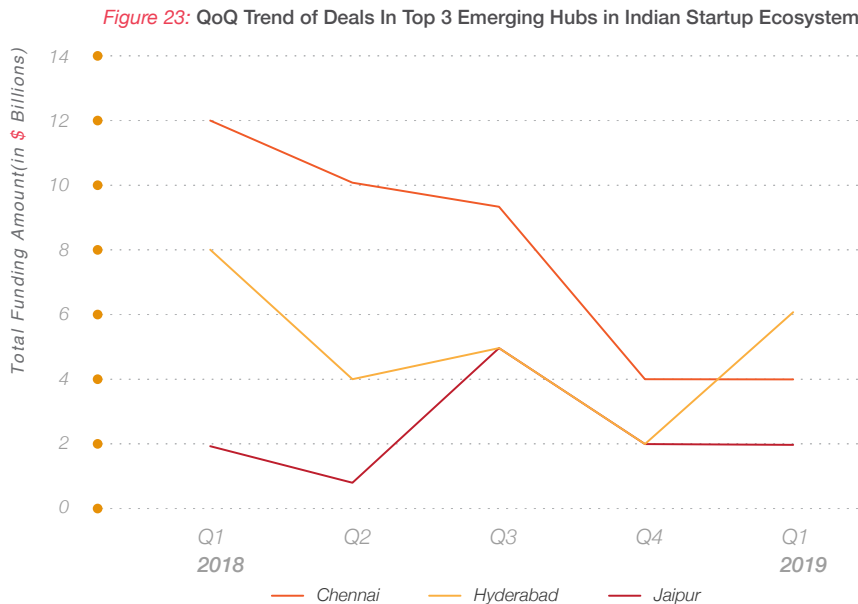
Pune topped the list among up-and-coming startup hubs of Hyderabad, Pune, Jaipur and Chennai with \$1.4 Bn funding across 70 deals in Q1 2019

Hyderabad, Pune, Chennai and Jaipur came out to be the upcoming hubs with Pune leading the list with \$449 Mn and 6 deals.



Funding Deals in Bengaluru and Mumbai grew by 25% and 33% in Q1 2019 compared to previous quarter, to lead among Indian cities

Looking at the trend of top 3 hubs in last 4 quarters, deals for Delhi/NCR has come down from 67 in Q3 2018 to 36 in Q1 2019. On the other hand, deals for Bengaluru and Mumbai have grown by 25% and 33% respectively between Q4 2018 and Q1 2019.



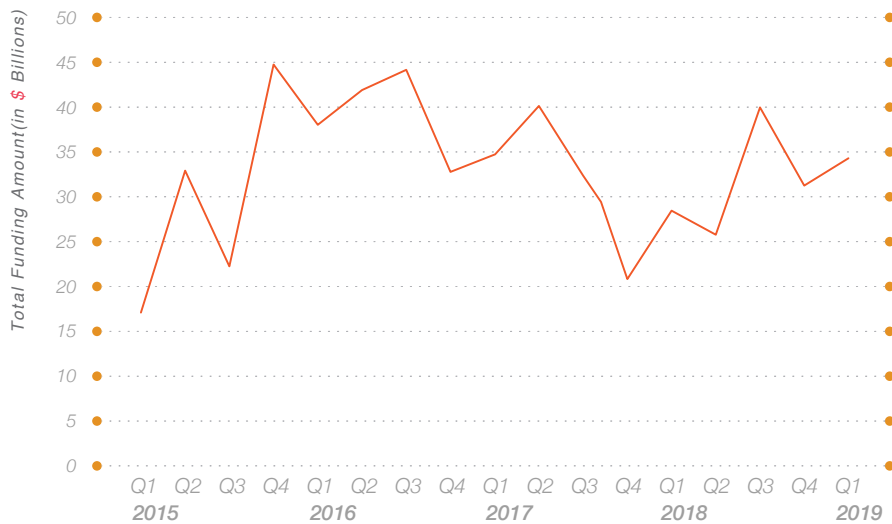
Funding deals in the emerging startup hubs of Hyderabad, Pune, Jaipur and Chennai fell in Q1 2019 compared to the previous quarter

For the upcoming hubs, deals for Chennai has come down to 4 in Q1 2019 from 12 in Q1 2018. Overall there has been a fall in deals for the upcoming hubs except for Hyderabad.

M&A

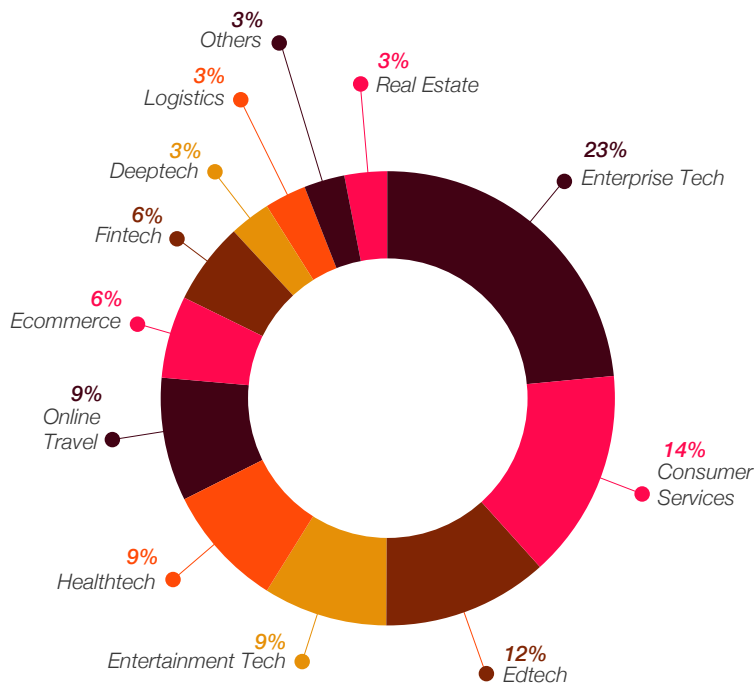


Figure 24: QoQ M&A Trend of Indian Startup Ecosystem



Mergers and acquisitions in the Indian tech startup ecosystem saw a slight increase of 10% in Q1 2019, compared to Q4 2018

Figure 25: Sector-Wise M&A in Q1 2019 for Indian Tech Startups



M&As in the Indian tech startup ecosystem has been highest in the Enterprise tech sector. 23% of total M&As took place in this sector

In Q1 2019, a total of 34 mergers & acquisition deals were observed, which is a rise of 10% compared to Q4 2018.

Enterprise tech took the first slot in terms of sectors with maximum M&As followed by consumer services sector. According to Inc42 DataLabs, 23% and 14% of the total M&As were observed in enterprise tech and consumer services sector respectively. This can be attributed to the increased attention these sectors have received recently in terms of funding.



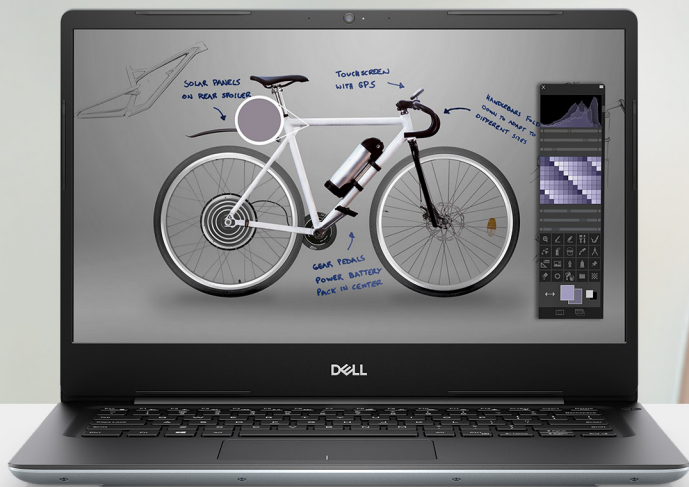
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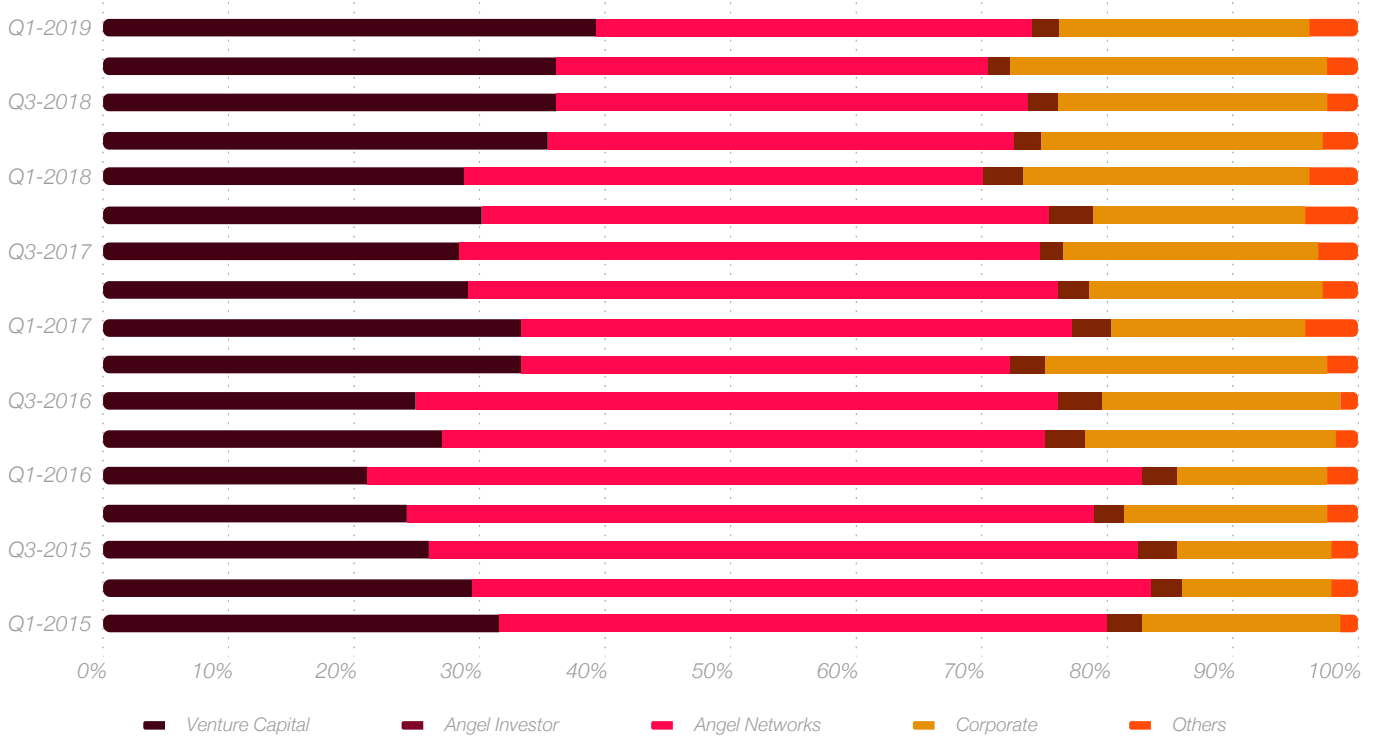


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Investors

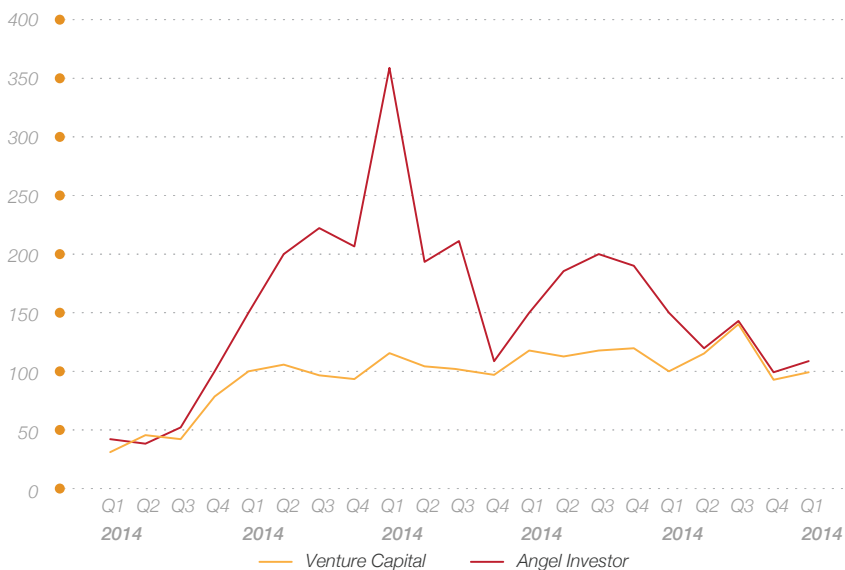


Figure 26: QoQ Trend of Investors in Indian Tech Startups



Since Q1 2018, VC participation has been increasing while angel investor participation has been decreasing. In Q1 2019, 116 VCs and 103 Angel investors participated in funding deals in India

Figure 27: QoQ Trend of VC and Angel Investors in Indian Tech Startups



Compared to Q1 2016 when the number of VC and angel investor participation was the highest, the number of VCs has come down from 121 to 116, while angels have come down from 356 to 103 in Q1 2019

A total of 296 unique investors participated in funding in Q1 2019. Out of these, 39% were VC funds and 34% were angel investors. In our Annual Funding Report 2018, we highlighted a falling trend in the total number of investors participating in the startup funding. In Q1 2019, we observed an overall increase in the number of investor participation by 12% compared to Q4 2018. This was largely driven by VC participation, which increased by 21%, while participation of angels increased by 14%.

Top Angels of Q1 2019



V C Karthic	08
Sharan Aggarwal	08
Sachin Tagra	08
Anand Govindaluri	08
Tufail Khan	08
Anoop Mathur	08
Abhishek Bhatewara	08
Bharat Banka	08
Sanjay Mehta	08
Devesh Chawla	08
Siddharth Ladsariya	08
Dishit Shah	08
Gagan Gupta	08

Disclaimer - Top Investors has been selected based on their participation in deals for Q1 2019

Top VCs of Q1 2019



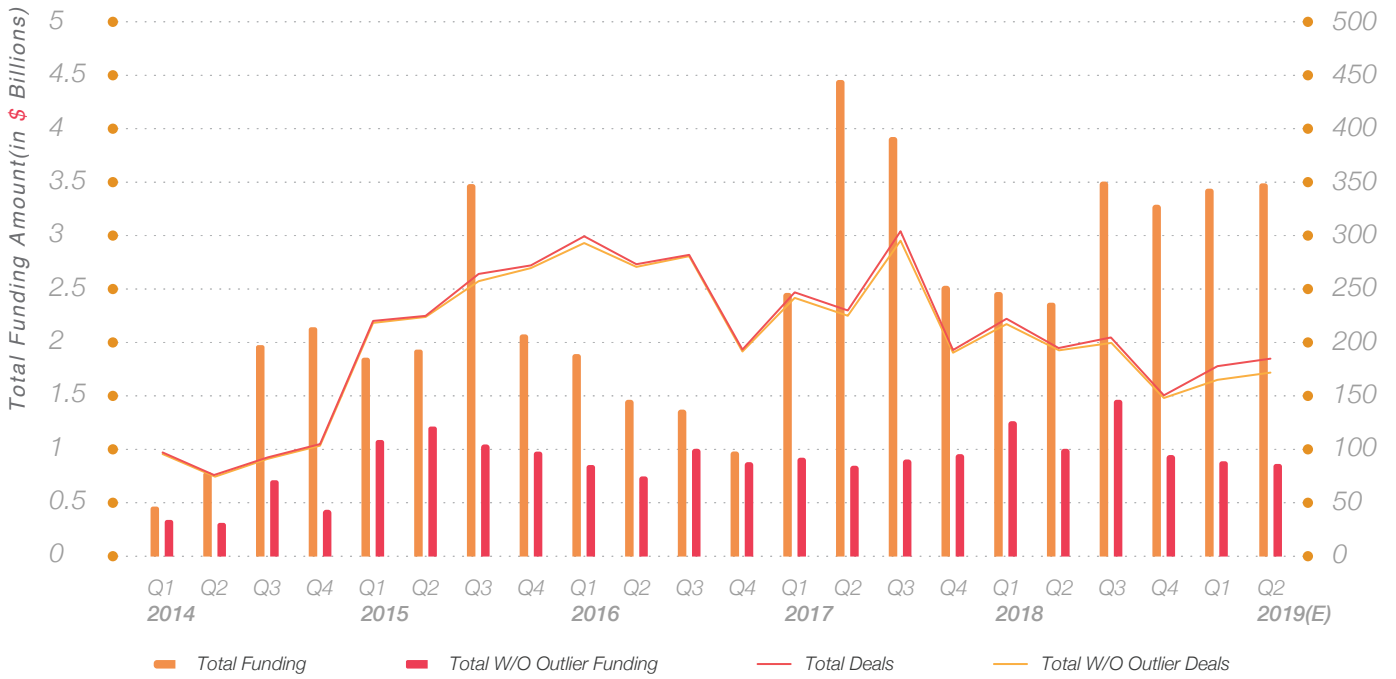
Sequoia Capital India	12
Blume Ventures	08
Matrix Partners India	08
Accel Partners India	06
Beenext Ventures	05
Kalaari Capital	05
3One4	04
Northern Arc	03
Alteria Capital	03
General Atlantic	03
SAIF Partners	03
Lightbox Ventures	03
Lightspeed Venture Partners India	03
Better Capital	03
Falcon Edge Capital	03
Kae Capital	03

Disclaimer - Top Investors has been selected based on their participation in deals for Q1 2019

Projections



Figure 28: QoQ Indian Tech Startup Funding and Deals Projections



According to Inc42 DataLabs predictions, Q2 2019 is expected to witness a total funding of \$3.5 Bn and about 178 deals. M&A in enterprise sector is expected to rise further as the market is moving towards consolidation.

With no resolution on the Angel tax issue, the investor participation at seed stage is expected to fall further.

India's 17th Lok Sabha will end on May 19 and a new government will be formed soon after as the results are announced on May 23. It remains to see if the new government will offer more clarity on the Angel tax issue, and give a breather the startups or if it will continue to haunt startups.



Glossary

Tech Startup: Technology-enabled or technology-driven, highly scalable businesses driven towards rapidly creating massive impact

Seed Funding: Funding raised in Pre-seed, seed and angel funding round

Bridge Funding: Funding raised in Pre-Series A, Pre-Series B, Convertible Debt rounds

Growth Stage Funding: Series A and Series B are considered as growth stage funding rounds

Late Stage Funding: Funding raised at Series C, Series D rounds and beyond it

Delhi NCR: Delhi and the adjoining cities of Noida, Gurugram, Faridabad etc.

Unicorn: A unicorn is a startup company valued at over \$1 Bn

Soonicorns: Startups that have a high chance of joining the unicorn club

Average Ticket Size: This is the average of total funding amount for investors or average value of sales in a business

VC: Venture Capital

DCF: Discounted Cash Flow

DIPP: Department of Industrial Policy & Promotion

CBDT: Central Board of Direct Taxation

YoY: Year on Year

QoQ: Quarter on Quarter

MoM: Month on Month

Mn: Million, Bn: Billion, Tn: Trillion

B2B: Business To Business, B2C: Business To Consumer

B2B/B2C: Business To Business/Business To Consumer

H1: Half yearly January-June, **H2:** July-December

H1-2018: Duration January-22 June

\$XXK: XX Thousand USD, **\$XXM:** XX Million USD, **\$XXB:** XX Billion USD

Figure 1: QoQ Indian Tech Startups Funding and Deals Trends

In comparison to Q4 2018, the total funding amount saw a 5% growth, while the number of deals grew by 14% in Q1 2019.

Figure 2: QoQ Indian Tech Startups Seed Stage Funding Trend

Despite the rise in the number of deals, the total funding amount for seed stage startups continued to fall for the second consecutive quarter. The amount fell by 5% in Q1 2019 compared to Q4 2018.

Figure 3: QoQ Indian Tech Startups Bridge Stage Funding Trend

In Q1 2019, the bridge stage funding amount significantly, recording a rise of 184% compared to the previous quarter.

Figure 4: QoQ Indian Tech Startups Growth Stage Funding Trend

The number of deals in growth stage has been on the decline since Q3 2018. This downturn in deals for growth stage startups has been observed since Q2 2017

Figure 5: QoQ Indian Tech Startups Late Stage Funding Trend

Funding for late stage startups has been falling since Q3 2018, and in Q1 2019 there was a 17% decline in funding.

Figure 6: QoQ Funding Deals by Business Model

Q1 2019 observed a revival in funding of B2C startups. Funding in startups with a B2C business model increased by 37%, compared to Q4 2018.

Figure 7: QoQ Funding Amount by Business Model

The number of deals for B2C startups grew by 51% in Q1 2019. This is change in fortune for the B2C model, where the number of deals have been falling since 2016

Figure 8: Sector-wise Distribution of Funding in Q1 2019

While funding in ecommerce startups has fallen since Q3 2017, it remains the top funded sector in Q1 2019 with close to \$1 Bn funding.

Figure 9: Sector-wise Distribution of Deals in Q1 2019

While ecommerce saw the most funding amount, fintech was the sector with most number of deals with 32 deals in Q1 2019.

Figure 10: QoQ Sector-wise Distribution of Deals in (2015-Q1 2019)

Fintech continues to receive most number of deals, with a rise of 52% in deals in Q1 2019

Figure 11: QoQ Sector-wise Distribution of Funding in (2015-Q1 2019)

The transport tech sector observed a 2.5X growth owing to the \$502.8 Mn funding of Ola through multiple tranches in Q1 2019.

Figure 12: QoQ Indian Tech Startups Deeptech Funding and Deals Trends

Despite being one of the most-hyped sectors of 2018, Q1 2019 saw funding in Deeptech startups fall by 22% compared to Q4 2018.

Figure 13: QoQ Indian Tech Startups Edtech Funding and Deals Trends

Funding in edtech has been on the rise since Q4 2016, and in Q1 2019 the number of deals increased by 17%.

Figure 14: QoQ Indian Tech Startups Fintech Funding and Deals Trends

In Q1 2019, the number of fintech deals increased by 240%, while funding increased by 52% compared to Q4 2018

Figure 15: QoQ Indian Tech Startups Media and Entertainment Tech Funding and Deals Trends

In Q1 2019, the Media and Entertainment tech sector observed a 300% growth in funding amount secured, compared to Q4 2018

Figure 16: QoQ Indian Tech Startups Online Travel Funding and Deals Trends

The funding trend in this sector has remained flat since Q4 2017. In Q1 2019, \$107 Mn funding was received by startups in this sector, across 6 deals.

Figure 17: QoQ Indian Tech Startups Transport tech Funding and Deals Trends

The transport tech sector observed a 2.5X growth owing to the \$502.8 Mn funding of Ola through multiple tranches in Q1 2019.

Figure 18: QoQ Indian Tech Startups Ecommerce Funding and Deals Trends

Ecommerce funding in Q1 2019 has increased by 88% compared to Q4 2018 owing largely to the \$396 Mn funding for First Cry.

Figure 19: QoQ Indian Tech Startups Agritech Funding and Deals Trends

There has been increased attention on Agritech in terms of funding since 2017. In Q1 2019, this sector observed funding of \$54.7 Mn through 8 deals.

Figure 20: Funding and Deals in Top 3 Hubs of Indian Startup Ecosystem - Q1 2019

Bengaluru topped the list with \$1.4 Bn funding across 70 deals in Q1 2019.

Figure 21: Funding and Deals in Top 3 Emerging Hubs of Indian Startup Ecosystem - Q1 2019

Pune topped the list among up-and-coming startup hubs of Hyderabad, Pune, Jaipur and Chennai with \$1.4 Bn funding across 70 deals in Q1 2019.

Figure 22: QoQ Trend of Deals In the Top 3 Hubs in Indian Startup Ecosystem

Funding Deals in Bengaluru and Mumbai grew by 25% and 33% in Q1 2019 compared to previous quarter, to lead among Indian cities.

Figure 23: QoQ Trend of Deals In Top 3 Emerging Hubs in Indian Startup Ecosystem

Funding deals in the emerging startup hubs of Hyderabad, Pune, Jaipur and Chennai fell in Q1 2019 compared to the previous quarter.

Figure 24: QoQ M&A Trend of Indian Startup Ecosystem

Mergers and acquisitions in the Indian tech startup ecosystem saw a slight increase of 10% in Q1 2019, compared to Q4 2018.

Figure 25: Sector-Wise M&A in Q1 2019 for Indian Tech Startups

M&As in the Indian tech startup ecosystem has been highest in the Enterprise tech sector. 23% of total M&As took place in this sector.

Figure 26: QoQ Trend of Investors in Indian Tech Startups

Since Q1 2018, VC participation has been increasing while angel investor participation has been decreasing. In Q1 2019, 116 VCs and 103 Angel investors participated in funding deals in India.

Figure 27: QoQ Trend of VC and Angel Investors in Indian Tech Startups

Compared to Q1 2016 when the number of VC and angel investor participation was the highest, the number of VCs has come down from 121 to 116, while angels have come down from 356 to 103 in Q1 2019.

Figure 28: QoQ Indian Tech Startup Funding and Deals Projections

As per DataLabs by Inc42, the total funding for Q2 2019 is projected to be \$3.5 Bn through 178 deals.

Methodology

Data collection and analysis

- The data collection part of this report is primarily taken from authentic secondary sources available on the internet and other sources, details of the sources are provided in the Bibliography section of this report.
- In this report, we have run certain exclusive analysis such as socio-economic impact analysis, comparison of Indian startup ecosystem with other emerging and established hubs to provide an overview of India's progress in entrepreneurship on the global level. We have taken several economic and social parameters such as startups contribution to GDP, GVA, FDI contribution from private equity and venture capital investment into our analysis. We have also accounted for the available and potential solutions in sectors such as agritech, cleantech, electric vehicles and more. This comparison highlights the gap between the two parameters to suggest where changes may be required.
- We have also introduced a new investor confidence index which is prepared by evaluating the confidence of investors in specific sectors and business model by using parameters like transactional volume, technological trend and investor sentiment.
- In the report, we have also evaluated the top 5 Indian metropolitan cities and the development of the startup ecosystem in these cities. A comparative analysis on parameters such as the number of investment deals, number of incubators and accelerators, transactional volume etc has also been done. This provides us with a clear picture of the startup ecosystem in the economic powerhouses of India (Delhi-NCR, Kolkata, Mumbai, Chennai and Bengaluru).
- As capital is considered the fuel that drives the startup ecosystem, we have also presented an evaluation of most active investors on the basis of stage of investment such as seed, early stage and late stage along with mergers and acquisitions. This section is intended to provide insights into the investment trend in India to make it easier for entrepreneurs and investors to study the market.



- We have also presented a comprehensive overview of the rising M&A deals in the Indian startup ecosystem where big corporates are acquiring Indian startups. This section will provide in-depth insights into the factors which have contributed to the high-value acquisitions by the established players.
- We have also run a prediction model for the top 5 technologies to look out for in 2019 based on the applications and technologies that are going to solve problems in India's fast-growing digital economy. This is done by considering the social and economic problems that these technologies can solve better than existing methods.
- Exponential smoothening and time series analysis has been used for quantitative predictions presented in this report.
- Policy related to startups has also been evaluated based on the secondary research done on policy changes in 2017 and 2018, and the impact it might have on the startup ecosystem in the long term.
- Based on the policy implications, we have also evaluated the expected roadblocks which are likely to slow down the exponential growth of the startup ecosystem in India. Through comparative analysis of startup-friendly policy decisions in markets outside India, we were able to determine how some policies formulated by government bodies in India are having a chilling effect on the Indian ecosystem.



Data Labs

by Inc42

Inc42 reports are produced by Inc42 DataLabs, the research division of Inc42 Media that has published over 20 reports so far. It is responsible for producing detailed reports covering the diverse industries of the Indian startup ecosystem spread across the 29 states and 7 Union Territories of India. The data from our DataLabs reports have been quoted in over 100+ reputed publications & the reports have been downloaded 10,000 times.

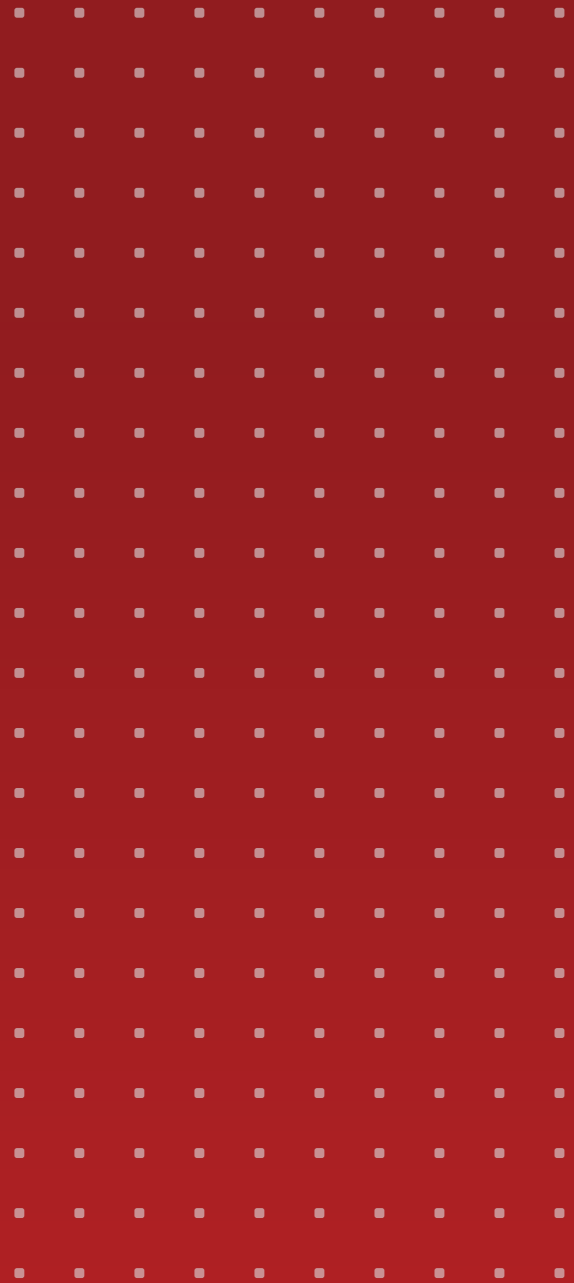


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