



COVID-19 and the Antifragility of Indian Start-up Ecosystem

October 2020



ABOUT THE AUTHORS



TiE is a global not-for-profit organization born in Silicon Valley in 1992. It is spread across a vast network of 61 Chapters in 14 countries with a single minded mission of fostering entrepreneurship through mentoring, networking, education, incubation and funding.

The Delhi-NCR chapter of TiE, one of the biggest and most vibrant of the TiE chapters, has unique significance. It seeks to engage not only with entrepreneurs but also with policy makers in order to foster the spirit of entrepreneurship. It seeks to become the bridge that would connect Indian government and industry with successful Indian entrepreneurs across the world, many of whom are regarded as thought leaders.



Founded in 2002, Zinnov is a leading global management and strategy consulting firm, with core expertise in Product Engineering, Digital Transformation, Innovation, and Outsourcing Advisory. Over the past 17 years, Zinnov has successfully consulted with over 250+ Fortune 500 customers to develop actionable insights that help them in their transformation journeys. Zinnov is committed to empowering leading technology companies drive meaningful business outcomes, leveraging a combination of consulting and platforms to deliver value.

Foreword



Rajan Anandan

President, TiE Delhi-NCR
Managing Director, Sequoia Capital
India

"The immediate impact of the lockdowns on the Indian startup ecosystem was severe; however, we have been amazed to witness how quickly Indian founders have acted to reimagine their businesses. What has been most impressive is how many startups have reduced burn and improved their unit economics very rapidly. Digitally-led segments have recovered much faster than anyone expected and in many spaces demand is well ahead of pre-COVID levels. Investor sentiment has also recovered quickly and we expect the Indian unicorn club to steadily expand through 2020 and 2021. Although COVID-19 has been a major setback for the ecosystem, we believe that the changes that the pandemic has brought on will make our ecosystem much stronger, across every dimension. India is on a path to have 100 unicorns by 2025"

Foreword



Pari Natarajan
CEO, Zinnov

"In the face of COVID-19-induced challenges, the Indian startup ecosystem has gone beyond resilience to showcase antifragility, as is evidenced by its faster than estimated recovery. To circumvent the challenges, start-ups reduced cash burn and redeployed existing capabilities to focus on tiding over the uncertainty. The decided shift to digital consumption certainly provided an opportunity. By being nimble, rapidly responding to different challenges, and looking at them as an opportunity, the Indian startup ecosystem has reinforced its antifragile nature. And despite the trying times, and the death of many a startup, the ecosystem has played a key role in employment generation. With clear evidence that India's future is about technology, policy, innovation, and entrepreneurship, India is poised to be home to 100 unicorns by 2025."

Our Partners

This report is a testament of the collaborative nature of the Indian start-up ecosystem and reflective of the strong commitment of our partners – without whose support this report would not have been made possible

Platinum Partners



Gold Partners



Message from Partners



SRUTHI KANNAN

Head

Cisco LaunchPad

"COVID has shaken the world, causing disruptions across a multitude of parameters. Despite all negativity and bottlenecks, the Indian startup ecosystem has been able to hold its firm grip on – courtesy of its antifragile nature. Start-ups have been nimble, despite the challenges, in converting this crisis into an opportunity. We are witnessing inspiring response – from harnessing tailwinds in select sectors, to business pivots, to repurposing capabilities to new or adjacent market . My heartfelt gratitude and wishes to TiE Delhi NCR and all the ecosystem partners for standing by the start-up community and letting the world know what it takes to sail through the tide when it's turbulent and tumultuous. Looking forward to an optimistic and fruitful year ahead that will herald a positive environment for all-round growth and success"

Message from Partners



MADHURIMA AGARWAL

Director - Engineering Programs, NetApp and
Leader - NetApp Excellerator

"Resilience, hardiness and adaptability are inherent traits of start-ups, that allow them to succeed despite all odds. COVID-19, a black swan event, wrecked devastation in its wake, both on the societal and the economic front. The manner in which the start-ups responded to the challenge posed by COVID-19, is testament to the anti-fragile nature of this eco-system. While certain sectors got impacted worse than others, it drove positive change in certain areas like automation and digital transformation. In every challenge lies an opportunity, the mantra is to survive these turbulent times and prepare for the opportunities that follow. I'm delighted to partner with TiE Delhi NCR and the ecosystem partners for coming together on the study and provide all round view and insights on the Indian start-up ecosystem."

Message from Partners



ABHAY TANDON

Director and Head
Lowe's Innovation Labs -
India

"There is no doubt that COVID-19 has had an impact on the start-up ecosystem. However, this is also a great time to rebuild a much more robust ecosystem which is defined by the quality of innovation and disruption through emerging technologies and in true sense, emerge again as a seasoned winner through the tough times. We are seeing a lot of pivots and the aim should be to build products which are solving problems at the moment and for the perceivable future 3-5 years from now. Thus, it becomes imperative that we start looking at solutions which are going to help persevere through the current situation and transform the market back to acceleration. Partnering on this research is our way of expressing faith in how beautifully the Indian ecosystem can be re-built and the strong focus and role of global innovation hubs like Delhi NCR and Bangalore."



Impact of COVID-19 has been severe on the Indian start-up ecosystem during lockdown

- 15% of start-ups have halted operations
- 44% of start-ups have cash runway for less than 6 months

COVID-19 Impact has varied significantly by sector

- Several sectors have significant tailwind due to COVID-19; while others have recovered quickly
- We do have sectors that are still deeply impacted and would recover very slowly


Indian ecosystem, led by entrepreneurs, responded quickly and effectively to COVID-19 in response to rapidly evolving market dynamics, customer preferences and operating conditions

Key indicators are positive on back of upbeat investor and entrepreneur sentiments

- Equity investments and M&A deals have almost reached pre-COVID levels
- 4 Unicorns were added during while pandemic was at its peak, bringing total Unicorns to 33

We can expect the Indian start-up ecosystem to grow from strength to strength

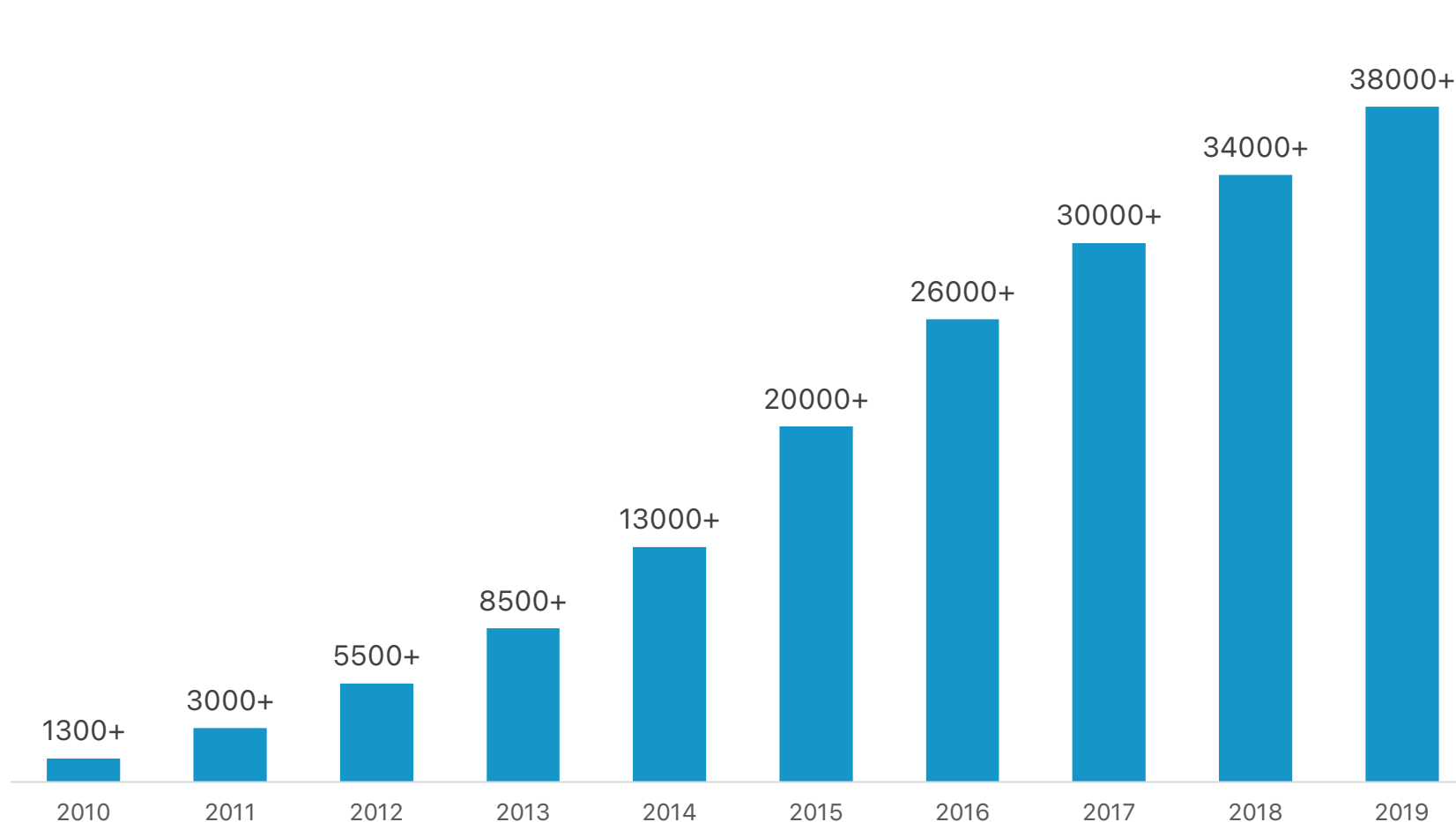
- 8 Unicorns expected for the calendar year 2020
- 100 Unicorns and 60,000-62,000 active start-ups estimated by 2025



**2020 started on an upbeat
note, only to be hit by the
unexpected ...**

We exited 2019 as the 3rd largest start-up ecosystem in the world

Cumulative total of number of active start-ups in India, by calendar year



38,000+

Total number of active start-ups¹

↑17-18%

CAGR during past 4 years

26

Total unicorns¹ in India till 1st Jan 2020
18 of 26 unicorns added in 2018 & 2019

With strong momentum across key dimensions of the start-up ecosystem

400

Total active institutional investors in Indian start-up ecosystem in 2019

- 25% Y-o-Y increase in 2019 vs 2018

26

Total number of unicorns in India

- More than 65% of all unicorns were added in calendar year 2018 & 2019

520

Total active number of Incubator and Accelerators in India in 2019

- 2.5X growth observed in the last 5 years

\$ 14.5

Bn Total funding received by Indian start-ups in 2019

- 37% Y-o-Y increase in 2019 vs 2018

100

Total number of start-ups (excluding Unicorns) with more than \$50 Mn Funding

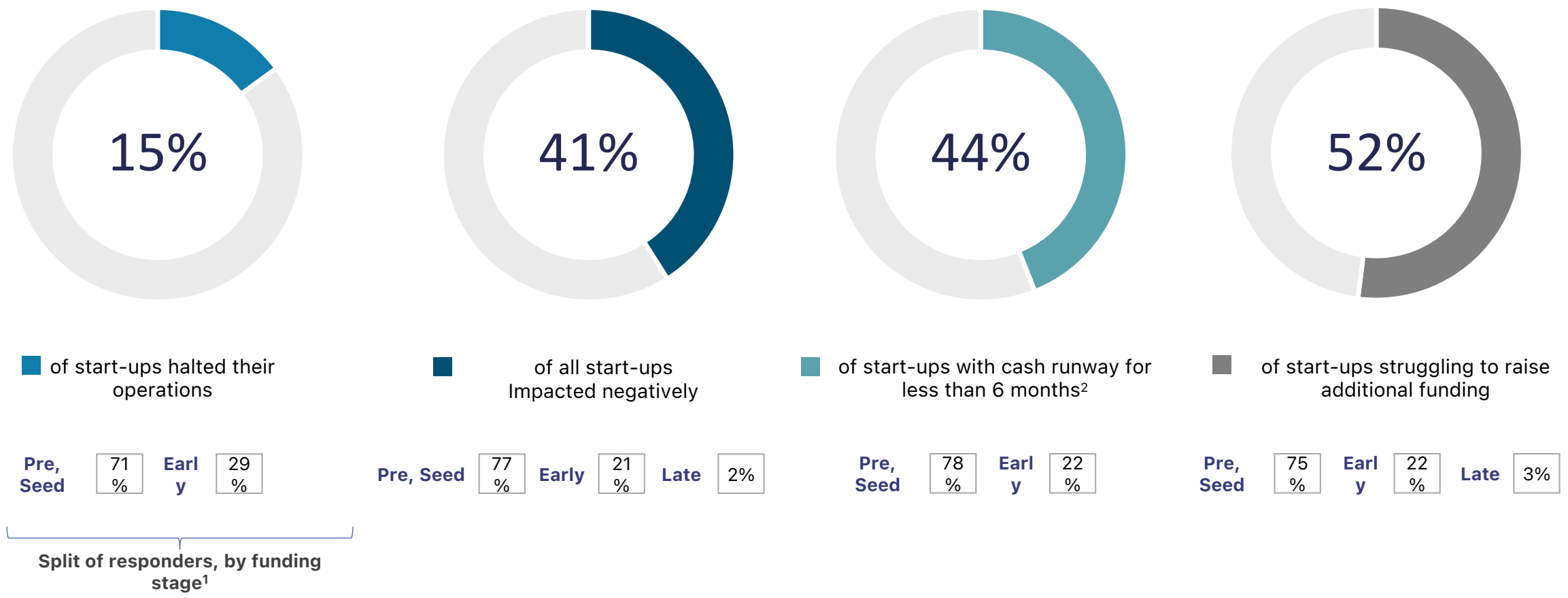
- Expanding at 74% CAGR, since 2018

170

Number of corporates engaging deeply with the Indian start-up ecosystem in 2019

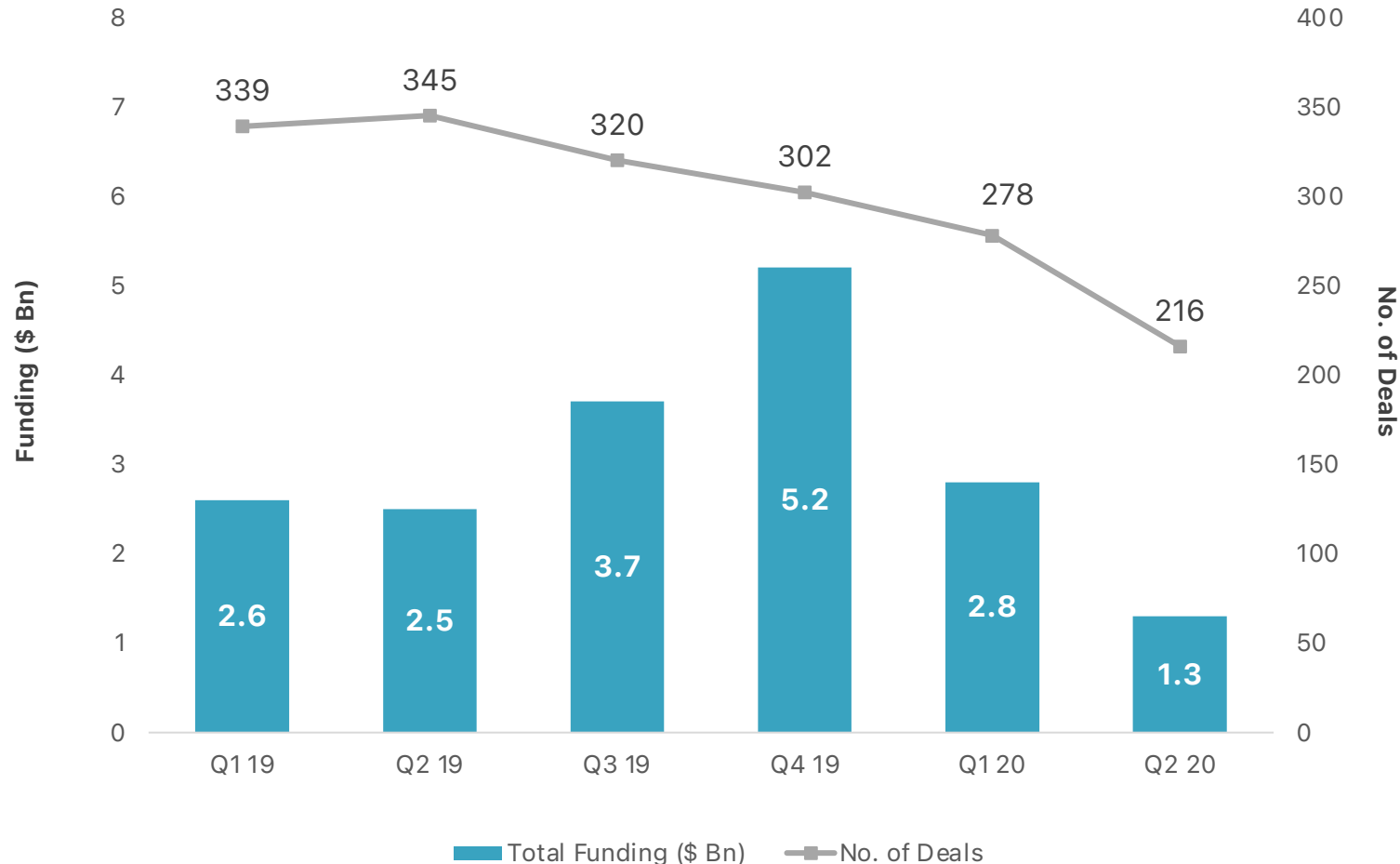
- 12-15% Y-o-Y increase in 2019 vs 2018

COVID-19, and the lockdown, posed a major challenge for Indian start-ups



We witnessed decline in overall investments pace, especially in April to June 2020

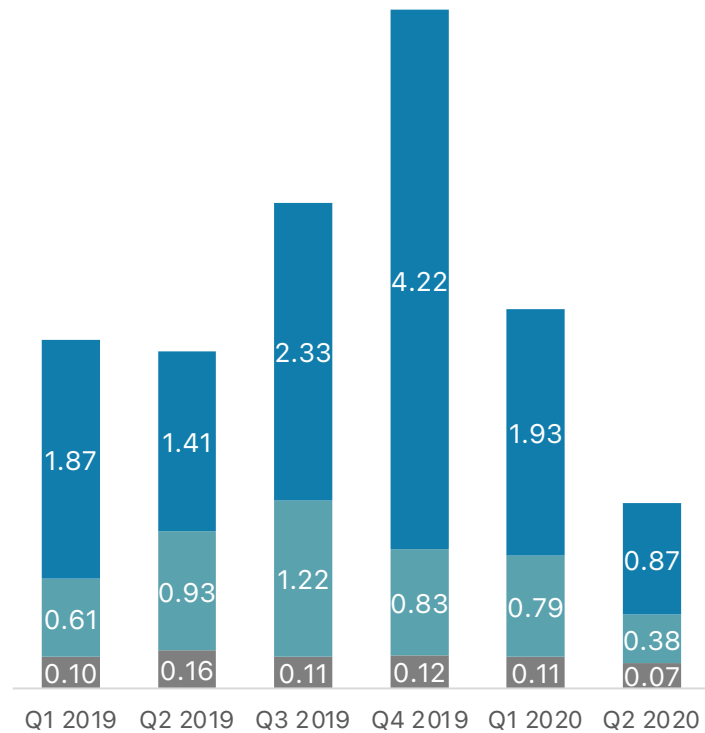
Total investments in Indian start-ups, by calendar year



- **48% YoY decline** in funding & **37% YoY decline** in no. of deals in CY Q2 2020
- **Less than 50 start-ups** raised their first round of funds in Q2 2020.
- Sharp dip in percentage share of total funding for B2C start-ups **from 65-70%** in Q1 2020 **to 30-35%** in Q2 2020

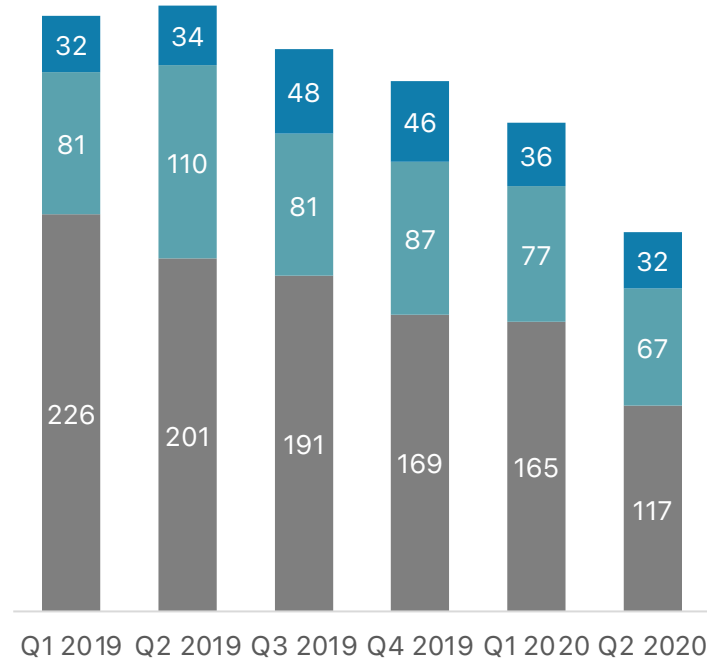
The decline was even more prominent in seed and early stage investments

Stage wise¹ funding received by Indian start-ups (\$ Bn), by calendar year



■ Seed Stage ■ Early Stage ■ Late Stage

Stage wise¹ no. of deals, by calendar year



■ Seed Stage ■ Early Stage ■ Late Stage

- More than **55% YoY decline** in seed & early stage while **38% YoY decline** in late stage funding in CY Q2 2020
- More than 50% decrease in **early and late stage total funding** in Q2 20 as compared to Q1 20
- **Seed stage deals dropped most (30%) in Q2** with investors majorly placing their bets on mature start-ups
- Enterprise Tech, BFSI, Healthcare and Edtech combined have raised **~60-65% of the Q2 funding** in 2020

Note: (1) Seed - Seed/ Angel, Early stage - Series A & B, Late stage - Series C and beyond, Analysis is done for start-ups founded between 2010-20 and all unicorns

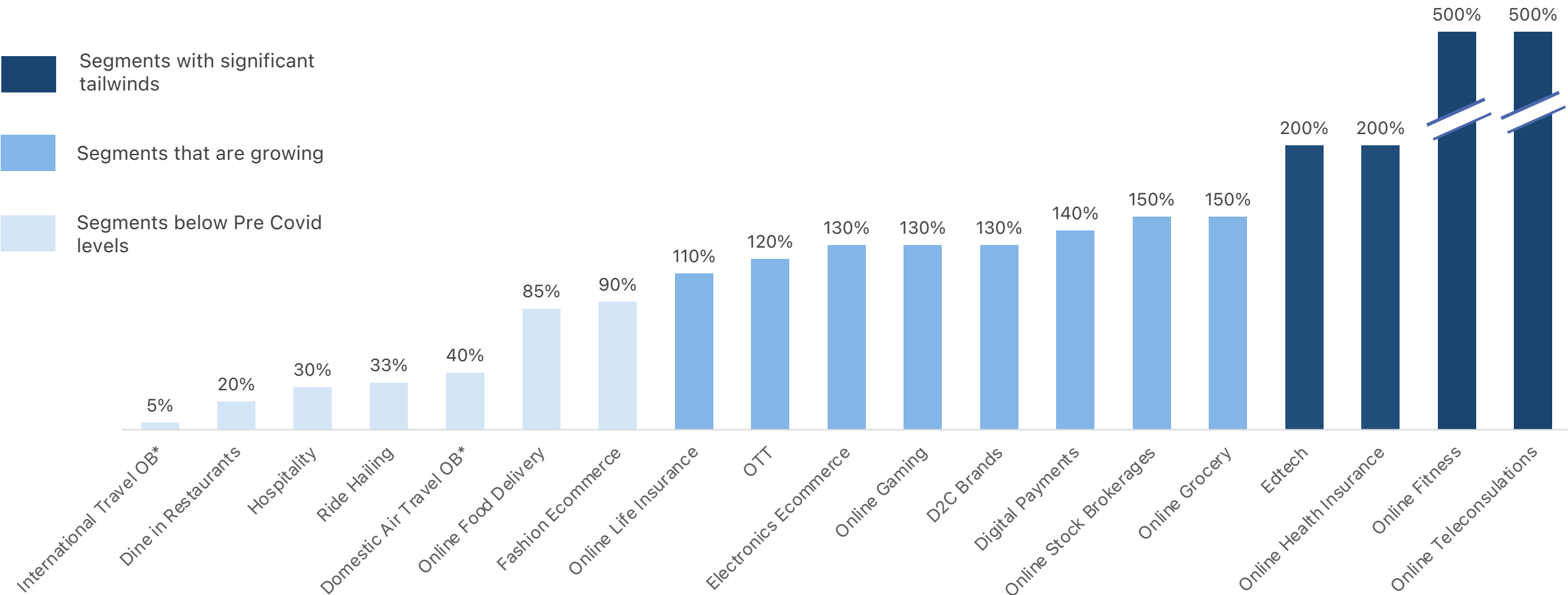
Source: Zinnov CoNXT Research and Analysis



**COVID-19 has had a mixed
impact on different sectors ...**

Overall, as of Sep-20, most start-up segments have recovered to pre-COVID levels while few have grown significantly

Recovery level of different segments till Sep end (as percentage of Pre COVID-19 levels)



Note: *Online Booking, Pre-covid level (Feb 2020) is considered at 100%
Source: Interviews

Shift to online consumption contributed to strong business growth for EdTech start-ups

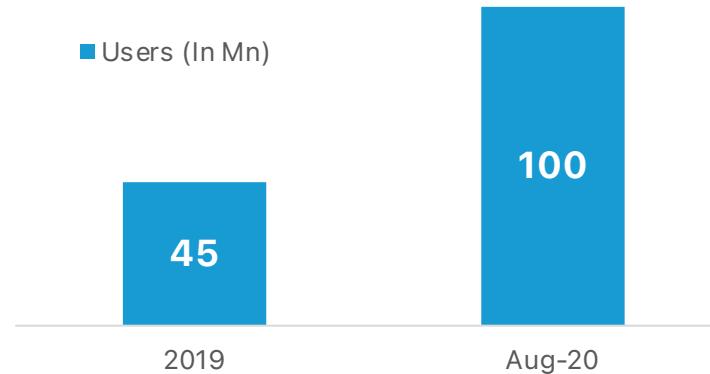
2X

Increase in average time spent on education session¹

1.5X

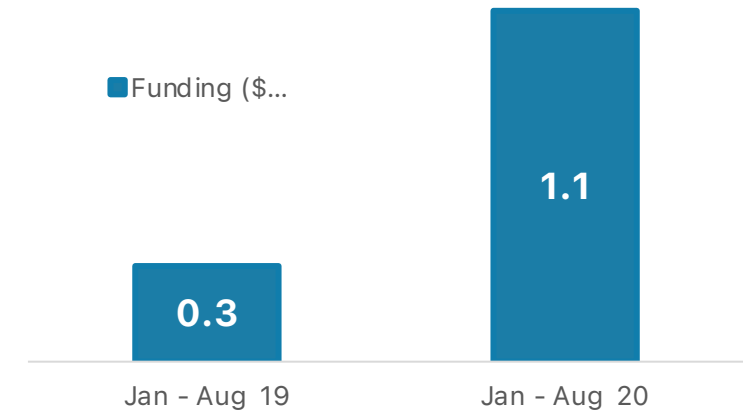
Users more willing to pay for online courses on Edtech platforms¹

Total number of online learners (Edtech Users)



2.2X Growth in number of free and paid users on Edtech platforms

Total Funding raised² by Indian Edtech start-ups (in \$ Bn)



3.6X Growth in total funding raised by Edtech platforms in 2020 as compared to last year

Illustrative Start-ups



Since lockdown, Byju's has **added over 25 Mn new students** on its platform. Today, it has over 70 Mn registered students and 4.5 Mn annual paid subscriptions.



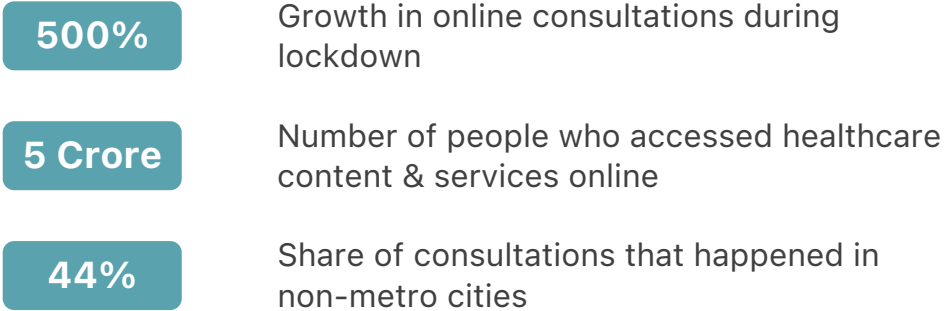
UpGrad has **onboarded 100+ colleges and universities** to replicate their offline classes, online. It has reported a **50% growth in gross revenue** in Q2 FY21.



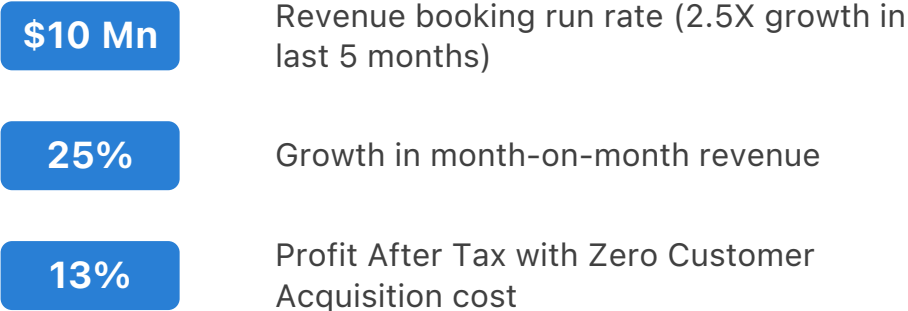
Vedantu serves **25 Mn students each month** and added 2 Mn students during lockdown. It recently **raised \$100 Mn** in its Series D funding round

Similarly, HealthTech start-ups are witnessing key business metrics near inflection point

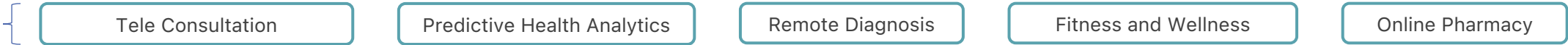
Growth of Teleconsultations¹ on



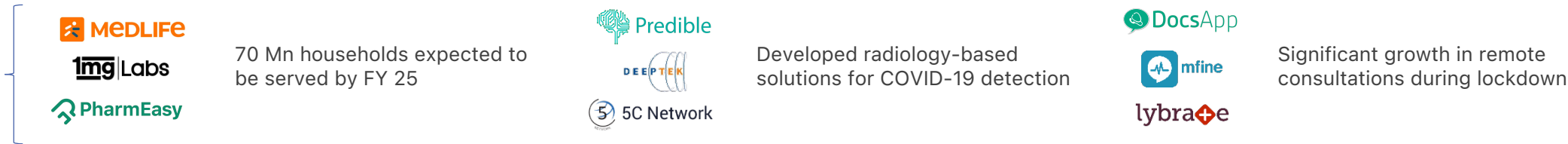
Growth in business performance c



Segments witnessing high growth



Illustrative Start-ups



Note: (1) Growth numbers between Mar and May 20
Source: Practo Insights Report, Zinnov CoNXT Research and Analysis

Media and Entertainment start-ups grew on account of new user growth and average time availability

Segments witnessing high interest

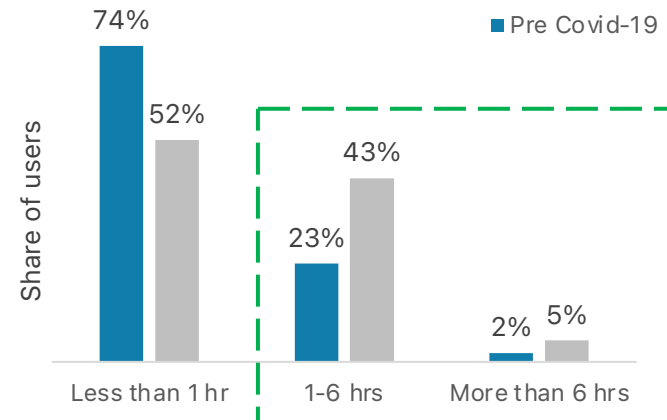
40+

Video OTT players active in India

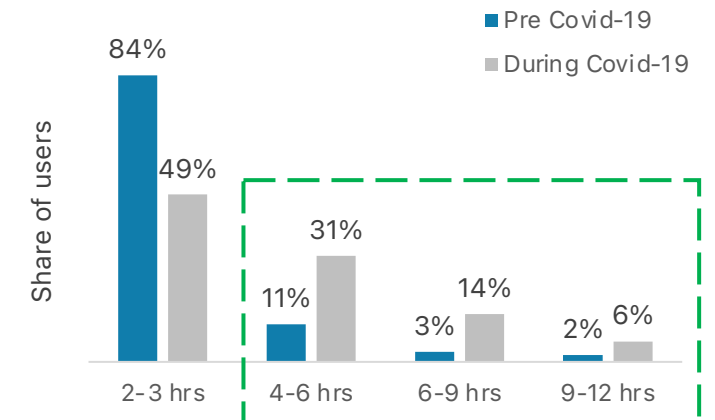
55%

Hike in overall streaming traffic during lockdown

Time spent by Gen Z¹ users on gaming platforms



Daily content consumption by Gen Z and millennials



Segments witnessing high growth

OTT Audio/ Video Platforms

Short form video platforms

Real money gaming

Multiplayer Gaming platforms

OTT Enablers

Illustrative Start-ups



Myelin's Edge AI technology enabled SD streaming while providing HD experiences on the device screen and **saved 40% storage space**



Gamerji, an esports platform observed a **70% spike in daily active users** (from 12-15K users to 40-50K users) during lockdown



Launched in April 2020, Mitron, a short video and social platform has seen **more than 33 Mn downloads and 9 Bn video views** per month.

Acceleration of digital transformation mandates has been a boon for Enterprise tech start-ups

Enterprises have **increased their spend on horizontal solutions.**

With digital penetration across SMBs rising, **new category of SMBs SaaS companies have emerged**

Enterprise Tech start-ups continue to **receive strong investors interest** amidst COVID-19

Solutions witnessing high growth during COVID-19

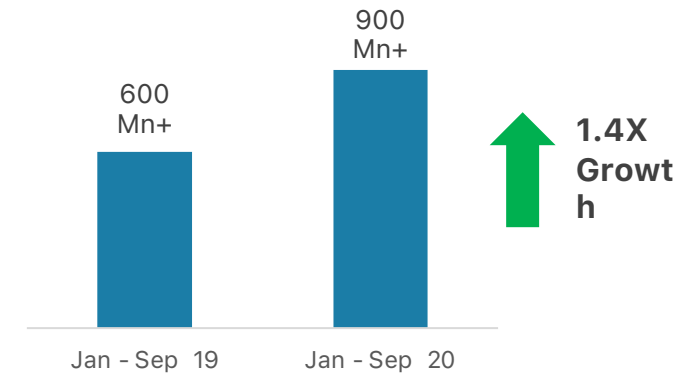
- **Remote working & collaboration solutions** –remote training, conference tools etc.
- **Security and Threat Detection Platform**
- **API First Software tools** - Moving away from building inhouse tools
- **Automation Tools** – Industrial Automation, Conversational AI platforms etc.

Active merchants on KhataBook

8 Mn+ Merchants

Khatabook has recorded **5000 Bn+ transactions** so far on its platform and is present in **10,000+ cities**

Total Funding raised¹ by start-ups (\$ Mn)



Illustrative Start-ups



Postman, a collaboration platform for API development. During COVID-19, number of API collections on its platform saw a massive increase from 35Mn to 48Mn



Enabled client onboarding for its customers during COVID-19 using its document data extraction product -Sara.



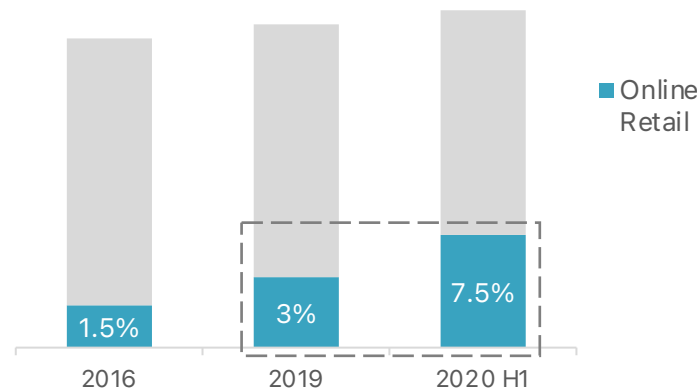
Yellow messenger is automating customer support in call centers and is enabling D2C commerce for retailers using WhatsApp based digital assistant.

Inclination for social distancing, has accelerated digital commerce, including D2C brands, and provided strong tailwind for Retail-Tech start-ups too

Segments witnessing high interest

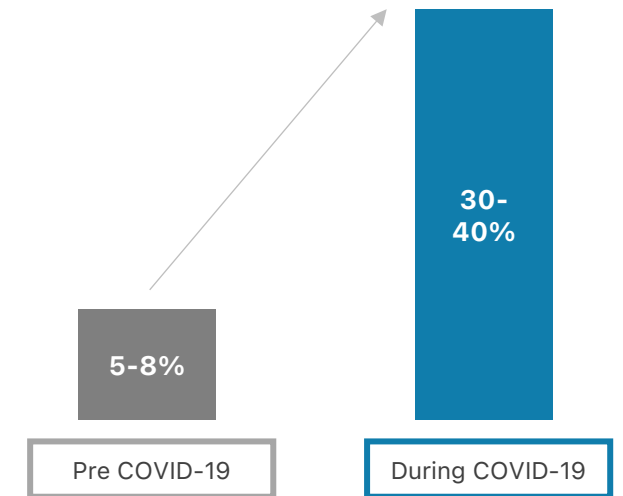
- **Ecommerce enablement solutions** for retailers for stronger customer analytics and experience.
- **Vernacular shopping assistants** to drive real time experience
- **Haptic retail** to enable online shoppers to not just see a product, but replicate feel sense experience
- **Digital Twins** to spot potential issues and modify in-store experience based on customer requirements

Per% share of online retail in retail industry



Online retail contribution has **increased by 4.5% within 6 months**, whereas it took 3 years for online retail's contribution to increase by 1.5%

Inclination of retailers to adopt digital technology



Illustrative Start-ups



D2C brand reported 3x uptick in month revenues and orders from pre-COVID-19 levels



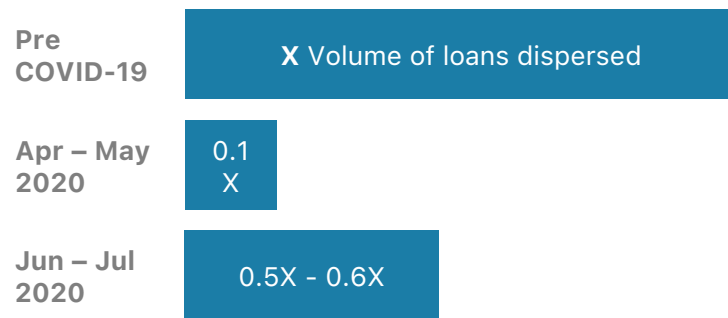
AI based trend forecasting & demand planning platform doubled its business in COVID-19, realigning their offerings to customer demand



Helping brands and retailers in measure, monitor and improve retail processes such as product distribution, placement and sales

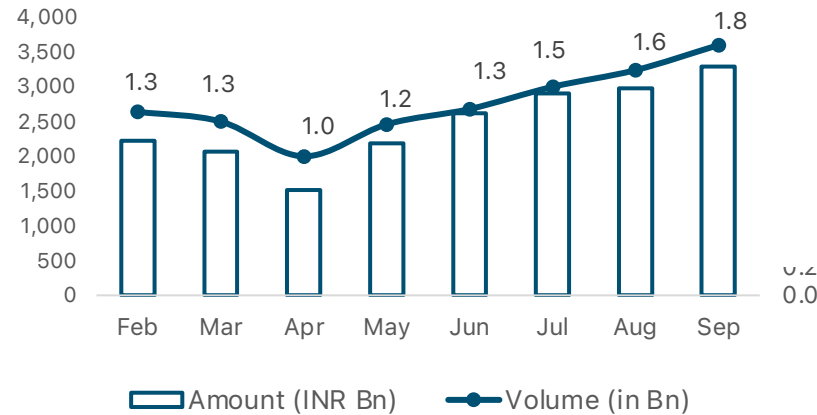
Preference for contact-less transactions has accelerated usage of digital payments, while mind space to take decisions has supported adoption of wealth-tech

Demand for digital lending in 2020



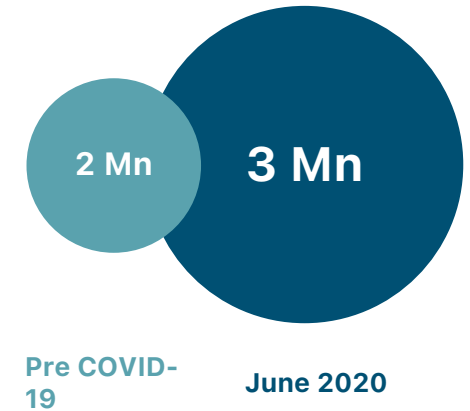
85-90% decline in new loan disbursements during lockdown

UPI Transactions in 2020



38% growth in number of digital transactions as compared to pre COVID-19 levels

Number of users on ZERODHA



50% growth in customer base within six months

Illustrative Start-ups



During COVID-19, new user acquisition cost **reduced by 50%**. It is also **expanding into insurance** and mutual funds space



Paytm observed **3.5X growth in online transactions** on its platform. It has also **launched app-based stock trading service** and is thus diversifying its products



Groww, an online investment platform has close to **1 Mn active users**

Dine-in is still challenged, while online food delivery start-ups are recovering well

Dining out industry in India is yet to bounce back and is **operating at low capacity**

Food delivery business is showing **stronger signs of recovery**

COVID-19 has given food delivery start-ups a much-needed pause to introspect and **rethink their business model**

20%

Share of dine out restaurants that are open for business

85%

Share of Gross Merchandize Value that the food delivery industry is clocking as compared to pre COVID-19 levels

10%

Share of dine out restaurants that have shut down their operations.

70%

Share of restaurants doing food delivery as compared to pre COVID-19 levels

- Start-ups are **diversifying their product portfolio** to offer groceries, home cooked meals, meal kits etc.
- Strong preference **for cloud kitchen model** across various foodtech start-ups
- Foodtech start-ups are focusing on improving their **unit economics**

Illustrative
Start-ups



Dine-in business has been severely impacted, especially in the malls where WoW! Momo have managed to reach only 10% of pre-Covid business by July 2020



HungerBay launched a delivery service of supplies needed by their customers. This helped them **recover 19% revenue** lost due to lockdown



In case of Swiggy, **restaurant supply is at 70% of pre COVID-19 level** and average order value has increased by 25-30% after virus outbreak

Travel and Hospitality is severely impacted, and recovery is expected to take time

Travel and Hospitality is amongst **worst impacted** sector and is expected to recover slowly

7 of 10 rooms are empty. It may take **12-24 months** for occupancy level to reach pre COVID-19 levels

Sector has recorded a **43.5% fall in revenue per available room (RevPAR)** for the first half of 2020.

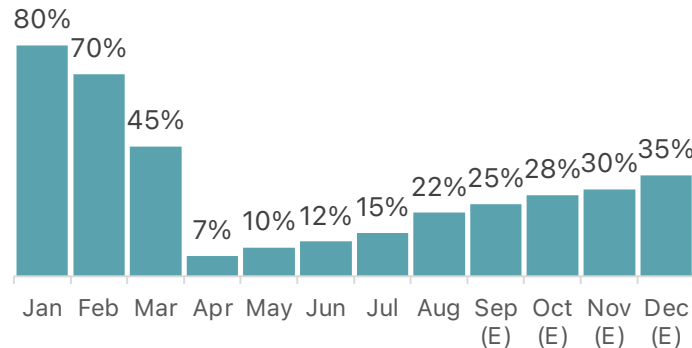
**~10
Lac
Crores**

Estimated economic risk of travel and tourism industry of India

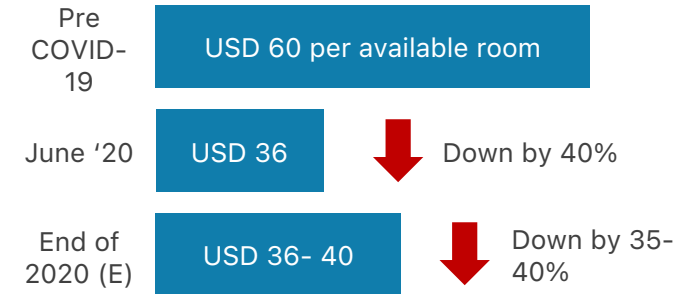
**60-
70%**

Estimated decline in travel and hospitality sector revenue in 2020

Occupancy level (Per%) in hotels in 2020



Impact of COVID-19 on RevPAR¹



Illustrative Start-ups



Oyo witnessed **revenue drop of 50-60%** during lockdown. A 60-65% decline in occupancy level and gave 25% cut in fixed pay of Indian employees



Make my Trip recorded a **96% annual fall in revenue** in Q1 of FY2021. More than 90% decline in airline, bus ticketing and hotel packages.



The estimated valuation of Treebo has been **reduced by ~16%** to Rs 513 crore, received \$3 Mn funding at a lower valuation

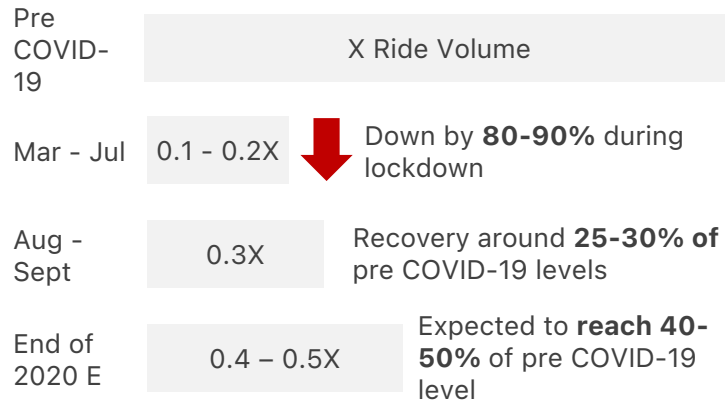
Similarly, mobility sector will recover slowly as social-distancing continues and companies shift to remote-work

Mobility has been severely impacted by COVID-19 and is **recovering at a slow pace**

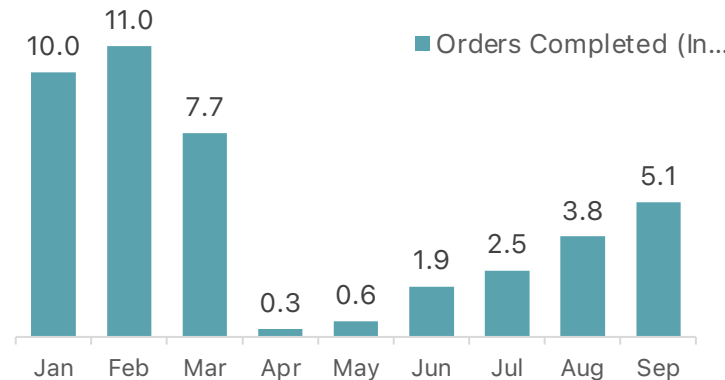
2-Wheeler ride sharing is recovering faster than 4-Wheeler

However, COVID-19 has **accelerated certain other segments**

Demand of ride hailing and shared mobility in 2020



Orders completed by Rapido (In Mn)



- **Electric Vehicle (EV) adoption** has witnessed a boost across shorter mobility formats (2-Wheeler & 3-Wheeler Segment)
- **Diversification into last mile delivery** as demand is growing for groceries, food and ecommerce

Illustrative Start-ups



Ola cabs took a major hit with a **drop of 95% in revenue** during lockdown and laid off around 1400 staff members.



Rapido **launched hyperlocal delivery** to maintain cash flow. Share of logistics business in rapido has increased from **8% pre COVID-19 to 30% post lockdown**.

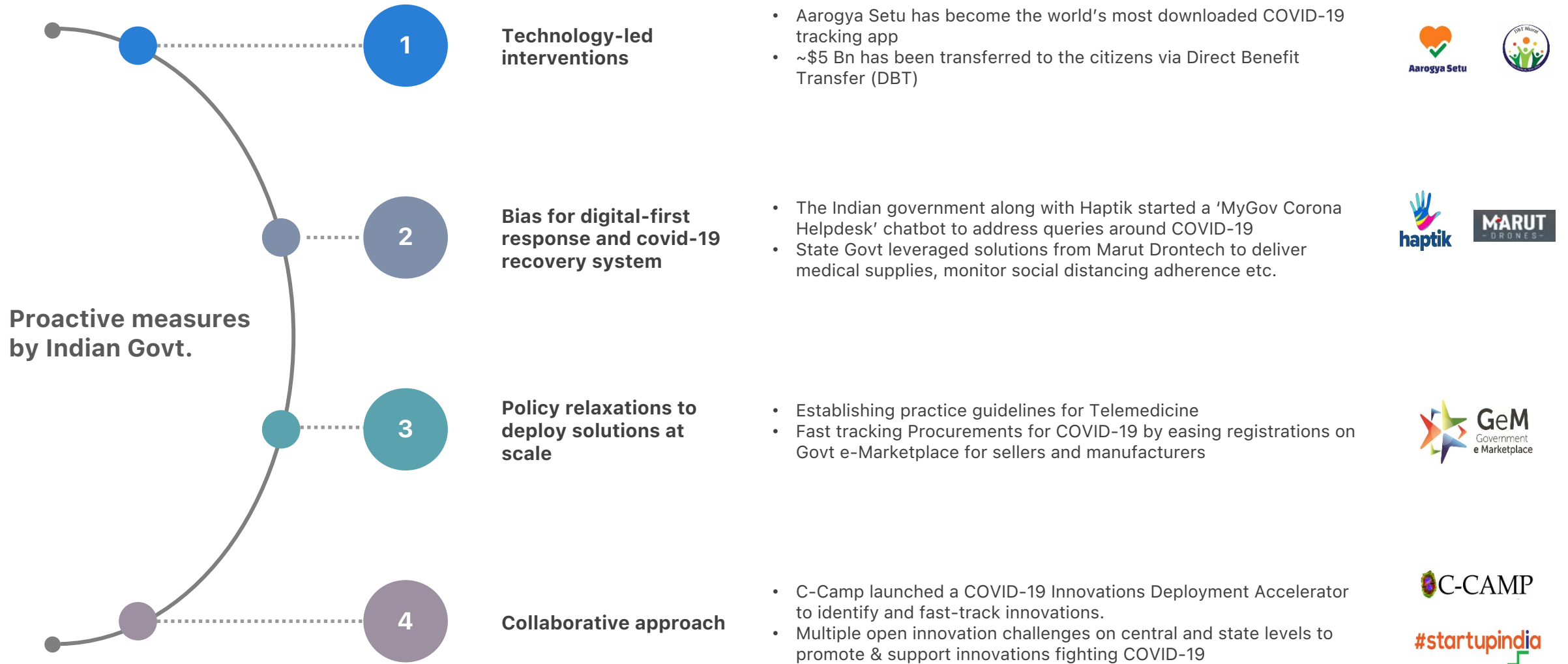


Yulu, a shared micro mobility platform is looking to **add 1 lakh electric vehicles** by end of 2021.

The background image shows a computer screen with financial data. At the top, there's a table with columns for time, price, and volume. Below it, there's a candlestick chart for EURUSD. In the foreground, there's a line chart for Gold spot price, showing a sharp increase followed by a decline. The text is overlaid on a blue rectangular area in the center of the screen.

**Overall, the ecosystem
responded very quickly to
COVID-19**

Government(s) leveraged multiple levers to combat COVID-19 and associated challenges



Some of definite measures taken by the Government(s) in response to COVID-19 include

SIDBI Fund of Funds

The government has so far **disbursed Rs 4,000 crore through fund of funds** (managed by SIDBI) and has **funded 361 start-ups** in India

MSME Ideas Portal

MSME Ideas Portal will facilitate venture capital investors to connect with businesses. This portal will also act as a **central repository to explore the schemes** offered by the central and the state government to the growing MSMEs

Tax filing deadline extension

The last date to file income tax returns for businesses for the Assessment Year 2019-20 has been extended from 31st Mar 20 to 31st Jul 20. Also, the time limit to file TDS returns for the quarter ending on 30th Mar 20 has been extended to 31st Jul 20

SBI COVID-19 funding scheme

SBI has introduced a funding scheme to assist SMBs in continuing their operations. Loans of up to 10 per cent or a maximum of up to INR 200 crores under existing fund-based working capital will be provided under COVID-19 Emergency Credit Line (CECL). CECL will be in force till 30th June

Government e-Marketplace (GeM)

A procurement platform where start-ups can list their products and start offering goods and services to govt organisations. **About 4000 start-ups have registered on GeM and ~Rs 700 crore worth goods and services have been sold by start-ups** so far

COVID-19 Start-ups Assistance Scheme (CSAS)

Launched by SIDBI to aid innovative start-ups that have demonstrated the ability to adapt to economic impact from COVID-19. The **objective is to provide quick working capital (of upto INR 2 crore) in the next 45 to 90 days to start-ups**

Increase in insolvency threshold for MSMEs

To bring in some relief to the MSME sector, the Finance Minister has announced an **increase in the threshold of default to Rs 1 crore from the existing Rs 1 lakh** to prevent triggering of insolvency proceedings

Atal Bimit Vyakti Kalyan Yojana scheme

Under this scheme, individuals who have lost their employment will be granted compensation in the form of cash deposited in their bank accounts for a period of 3 months from the time of unemployment. Only individuals who have subscribed to ESI scheme can be a part of this

Ecosystem, led by investors and start-ups, formed ACT to address COVID-19 challenges



Action COVID-19 Team (ACT), INR 100 Cr corpus grant fund to support ideas combating COVID-19

90

Total number of grants provided by ACT






54

Number of unique companies supported by ACT fund

24

Indian states positively impacted by ACT portfolio companies

Impact of ACT Fund, So far

	15 Cr+	Worth PPE donated to frontline workers	3.5 Mn	N95 masks per month production capacity
	28 Mn+	High Risk Individuals identified	100 Mn+	Individuals reached to create awareness
	5 Mn+	Calls triaged	124K+	Patients onboarded & home quarantined
	455	High flow nasal cannula (HFNC) devices commissioned	480+	Beds remotely monitored
	150K+	Mental Wellness teleconsultations calls enabled		

Illustrative list of companies who received grants via ACT Fund

Tele ICU



Testing & Detection



PPE, N-95 Production



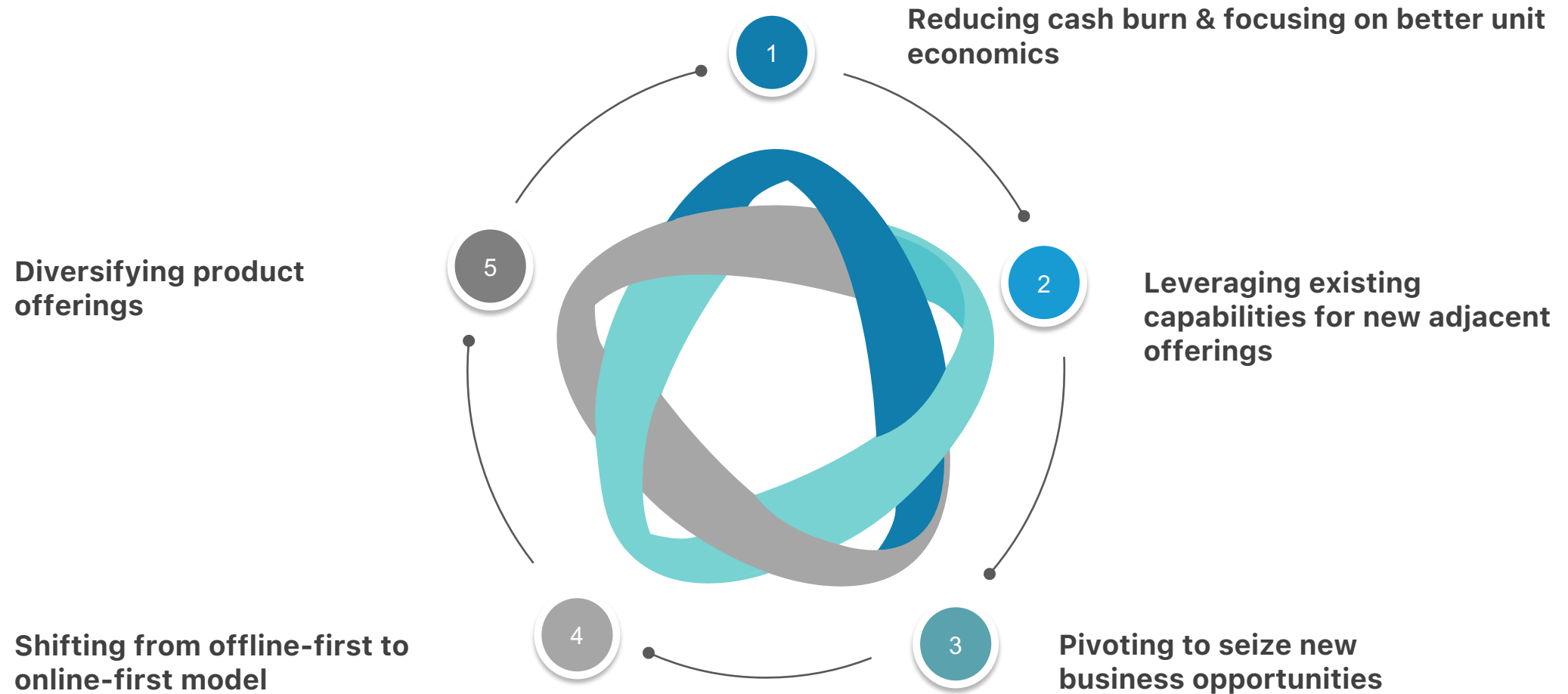
Home Isolation



ICU Capacity Augmentation



Highly effective response by entrepreneurs is the key reason for ecosystem's anti-fragile nature



Case Studies: Reducing cash burn and focusing on better unit economics (Instamojo)

Earlier business metrics

Impact of COVID-19

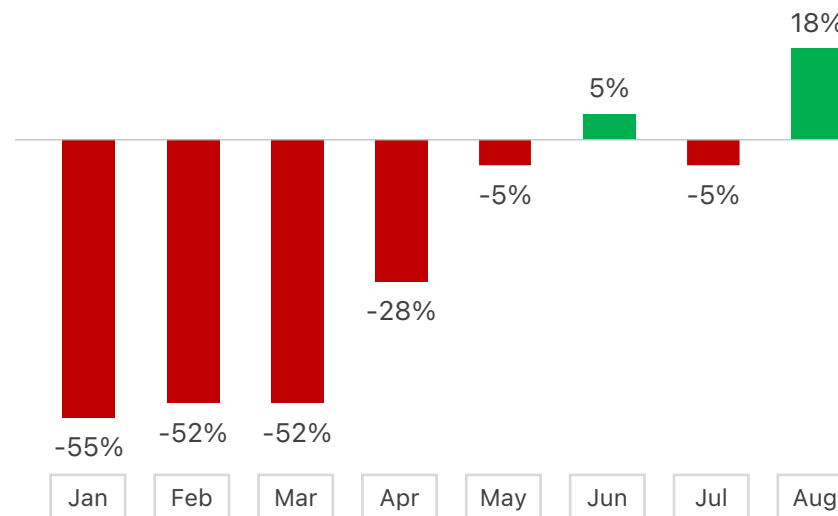
Change in business metrics

instamojo

Sector: BFSI

- EBIDTA loss was -50-55% in Jan-Mar 20 (Pre COVID-19)
- Reduced net cash burn by 80% and recorded a 20% growth in gross profit and from Mar to April 2020

EBIDTA Margin of Instamojo (in %)



- Growth from pre-covid levels (Mar to Aug 2020)
 - **+56%** in Active Online Stores
 - **+82%** in GMV
 - **+70%** in Revenue
 - **+63%** in Sachet loans Disbursed
- Turned into **Zero Customer Acquisition Cost (CAC) model**

Case Studies: Reducing cash burn and focusing on better unit economics (Zomato)

Earlier business metrics

Impact of COVID-19

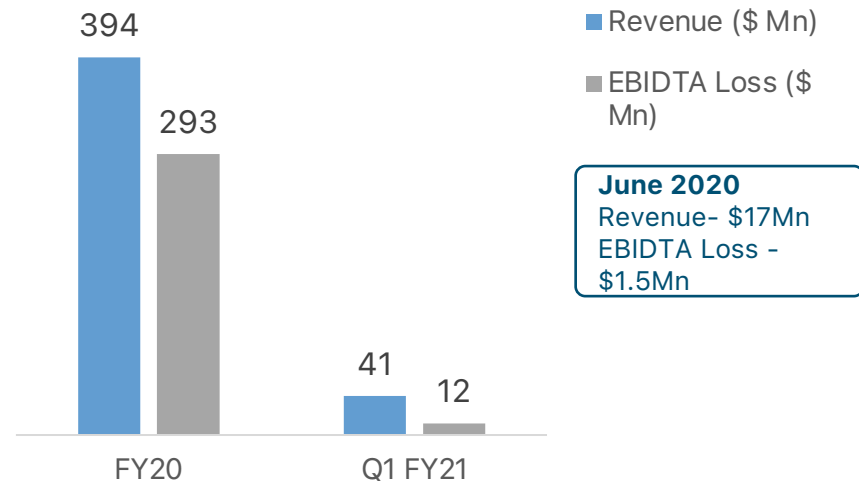
Change in business metrics



Sector:
FoodTech

- Revenue of \$394Mn with an EBIDTA Loss of \$293Mn reported for FY2020
- Zomato's food delivery business GMV (Gross Merchandise Value) was down by 80 % by end of March 2020 as compared to its peak in mid February¹

Financials of Zomato



- **Continuously reducing cash burn from pre COVID-19** – Revenue grew by 105% while costs by only 47% from FY20 to FY 21
- **Continuously improving unit economics of their food delivery business-** Net contribution margin improved from minus Rs. 47 per order in Q1 FY 2020, to plus Rs. 27 per order in Q1 FY 2021.
- Estimated to normalize between +15 to +20 per order by end of 2020

Case Studies: Leveraging existing capabilities for new adjacent offerings

Offering pre COVID-19

Impact of COVID-19

Offering Now

Sector: Mobility



- Online ride hailing platform
- Temporarily suspend operations in April, 2020 following the announcement of a 21-day lockdown
- Launched **on-Demand delivery service Rapido Local** to enable customers to request pick-up and drop of food, groceries, and medicines.
- Launched **Rapido Store** - Intracity logistics service enabling both offline and online SME's to maintain continuity & also increase sales by reaching out to new customers by leveraging Rapido's extensive network

Sector: Manufacturing



- Developed semi-automatic & automatic machine named SWACHH for decentralized production of sanitary napkin
- Onset of the COVID-19 made the founders realize the increased demand for masks.
- Promptly innovated to adapt, cost-effectively, its patented sanitary pads producing machine to manufacture higher quality 3-ply surgical masks
- With a fast and consistent manufacturing rate of **40 masks/minute**, Saral Designs has distributed **1Mn+ masks** to consumers at a frugal cost

Case Studies: Pivoting to seize new business opportunities

Offering pre COVID-19

Impact of COVID-19

Offering Now

Sector: Retail tech



- App-based self-checkout solution for offline retail stores
- Traditional brick and mortar retail chains, which were core customers were severely impacted .
- Launched **Perpule Ecommerce+ platform** to help offline retailers go online seamlessly making them future ready for the post COVID-19 era.
- Launched group-ordering platform, **StoreSE**, to become a full stack operator in grocery space; introduced the concept of community selling.
- Reported 15-25% increase in revenue, customers, and orders in May 2020

Sector: Retail



- Online D2C brand for premier lingerie, loungewear, and activewear.
- Founders realized the supply demand gap for PPE and masks to throughout the country
- Added **Personal Protective Equipment and Mask** to its offerings
- Received 20Lakh grants via **ACT Initiative**
- Reported doing **80% of pre-COVID-19 business** by May 2020
- Sold over **2million plus PPE's and masks** from Mar to May 2020

Case Studies: Shifting from offline first to online first model

Offering pre COVID-19

Impact of COVID-19

Offering Now

Sector: Fitness and wellness



- Digital & offline experiences across fitness, nutrition, and mental well-being
- Operations of its offline fitness centers came to a grinding halt due to COVID-19 induced lockdown
- **Launched digital classes**, started monetizing it after a time of free usage
- The digital platform **clocked 500 thousand sessions/day** in June 2020
- Signed up 1.5 million new users with 50,000 paid subscribers as reported in June 2020.

Sector: Food Tech



- Started with F&B outlets ,ventured into delivery and IOT-based vending machines, primarily for tech parks
- Overall business **reduced by 60% from Apr to Jun,2020**
- Launched **SaaS solution** - AI-based platform for F&B companies
- The end-to-end operating system handles billing, warehouse management, inventory, and vendor management is targeting 2.2Mn restaurants - of which only 5% are using integrated solutions
- Entered D2C packaged food segments via its digital platform and ecommerce marketplaces

Case Studies: Diversifying Product Offerings

Offering pre COVID-19

Impact of COVID-19

Offering Now

Sector: BFSI

indifi

- Digital lending platform that offers loans to small and medium businesses (MSME)
- Due to COVID-19 and lockdown, MSME's business have been significantly impacted and demand for credit has gone down
- First-ever processing of SME loans using automation and data analytics. **50% lift in electronic signatures, and 122% lift in electronic ACH coverage**
- Launched **Pragati**, a self-service business services platform for MSMEs through provider partnerships
- Launched **credit support for start-ups** in partnership with TiE, IAN and SaaSBOOMi. **Contributing to 20% of the company's business in just 3 months**
- Liquidity support products for MSMEs through early settlements. **Credit outstanding cycles reduced from 30+ days to 1 day**

Sector: Retail

wakefit

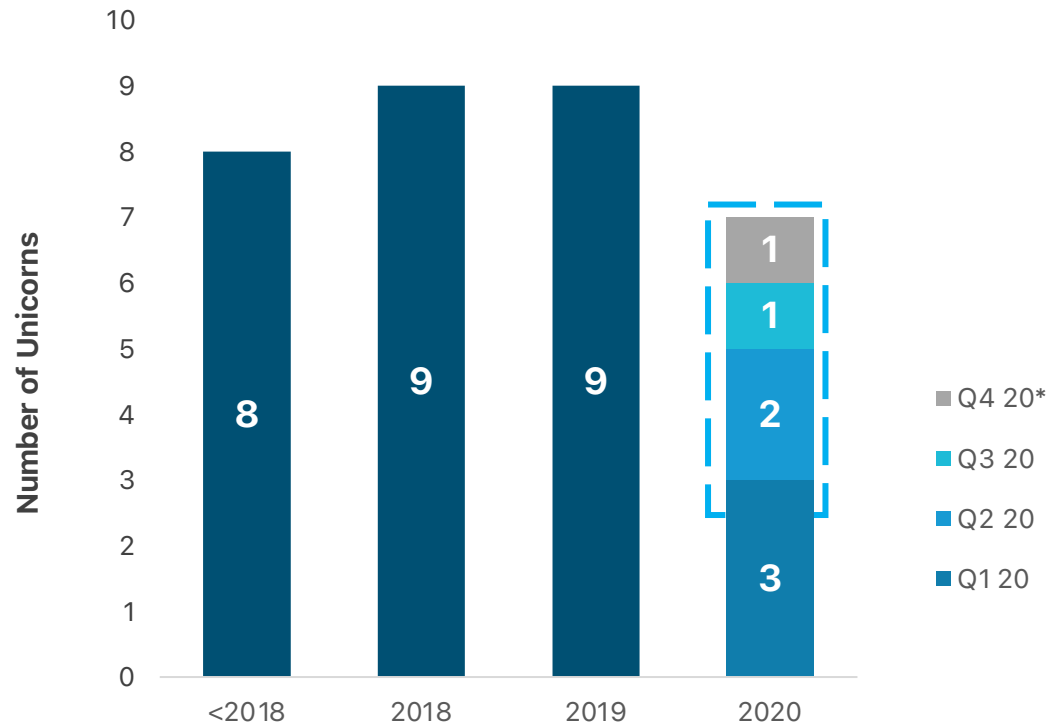
- Direct-to-consumer sleep solutions which included mattresses, beds, pillows, protectors, bed sheets & other accessories
- April 2020 was zero revenue for the business with slight recovery in May 2020. Operations severely hampered even after lockdown was lifted
- **Focused new product R&D and factory set up during the lockdown period.** Created logistics, marketing and other enablers once lockdown was lifted
- **Expanded into "home solutions" like sofas, wardrobes, etc in July 2020,** to serve customers better and increased the share of wallet.
- The **new business lines contribute to 10% monthly revenue** riding on the brand value accumulated over 5 years and the tailwinds due to the pandemic
- Overall **monthly revenue is 50% higher** than the pre-COVID lockdown in March

A black and white photograph of a person in a business suit writing on a tablet. The tablet displays various financial charts, including a bar chart and a pie chart. In the background, a laptop is visible on a desk, and there are other documents with charts scattered around. The scene is dimly lit, focusing on the person's hand and the tablet.

**Key indicators & Investor
sentiments are improving**

4 companies achieved Unicorn status during the pandemic

Number of start-ups that attained unicorn status, by calendar year



33

Total number of unicorns in India¹

7

Number of start-ups that entered unicorn club in 2020

6.2

Average age for 4 Unicorns created during COVID-19

Start-ups that reached billion-dollar valuation amidst COVID-19



Location: Bangalore
Valuation: \$2 Bn
Collaboration platform for API development



Location: Mumbai
Valuation: \$1.2 Bn
Online Retail platform for beauty and wellness products



Location: Bangalore
Valuation: \$1.45 Bn
Online education platform

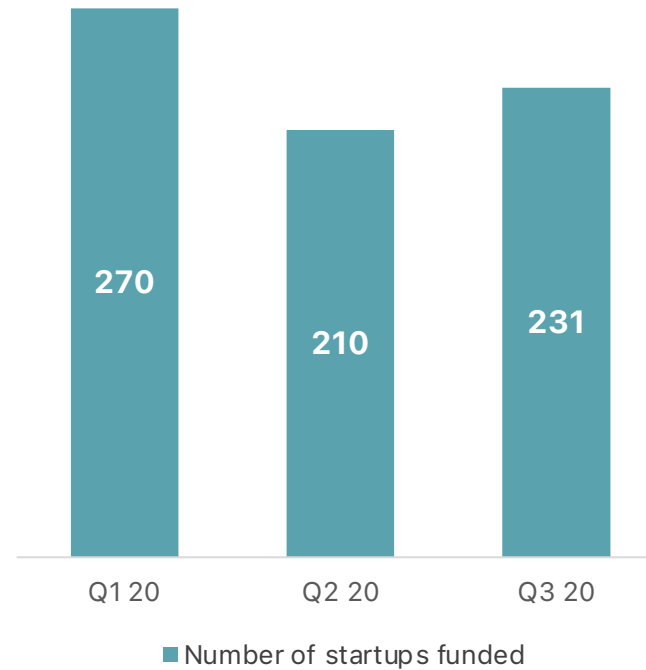
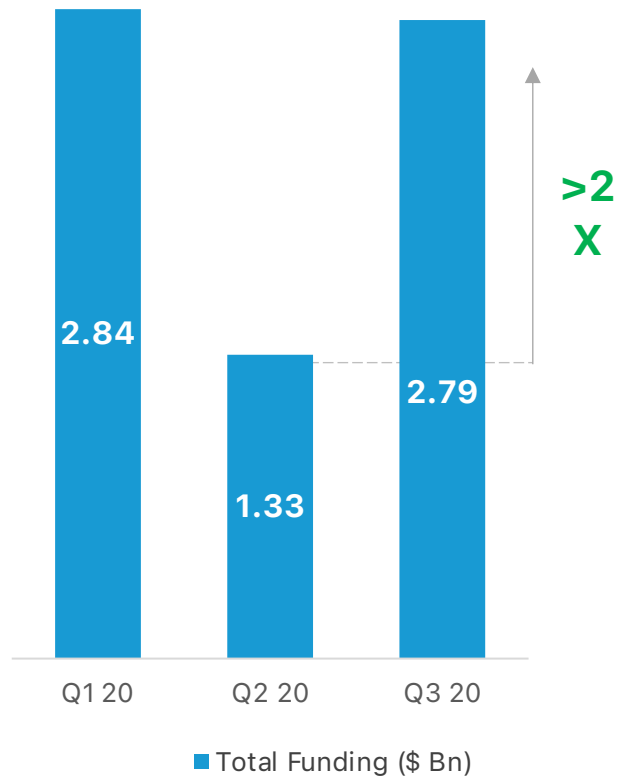


Location: Bangalore
Valuation: \$1 Bn
Payment processing platform for Businesses

Pace of equity investments is on positive trajectory towards pre-COVID levels

Total Funding raised by start-ups in 2020 (\$Bn)

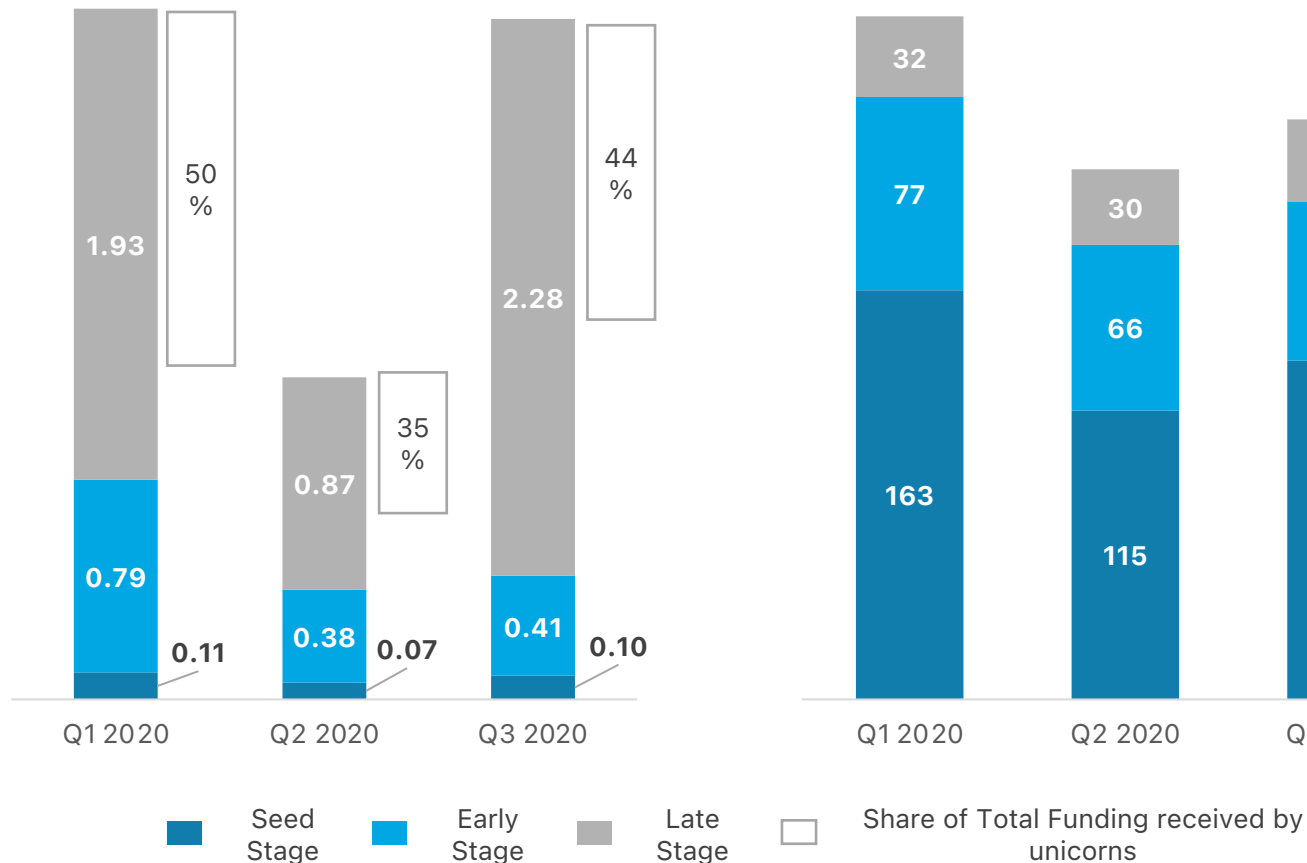
Number of start-ups funded in 2020



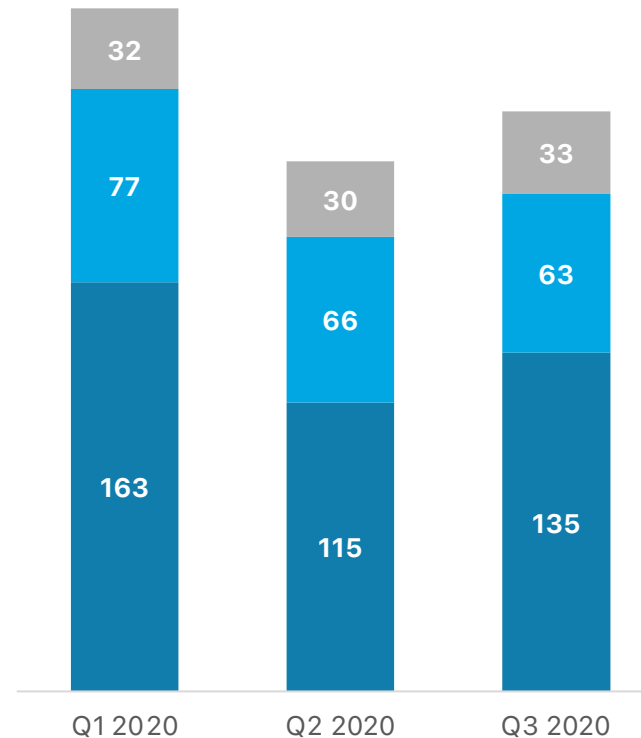
- Investments **recovered to 98%** of pre COVID-19 levels
- Ed-tech was the top funded sector in Q3 20 with **40% of investments going towards it**, followed by Enterprise tech, BFSI and Gaming sector which cumulatively raised **more than \$800 Mn+ in Q3**
- **75-80% of total funding in Q3 20 was raised by B2C start-ups** compared to 30-35% funding in Q2. Primarily on account of large ticket investments in start-ups such as Byju's, Dream11, Unacademy etc.

Seed and Late stage investments are on uptick, however, recovery of Early-stage investments is still gradual

Stage wise¹ distribution of total funding (in \$Bn), by calendar quarters

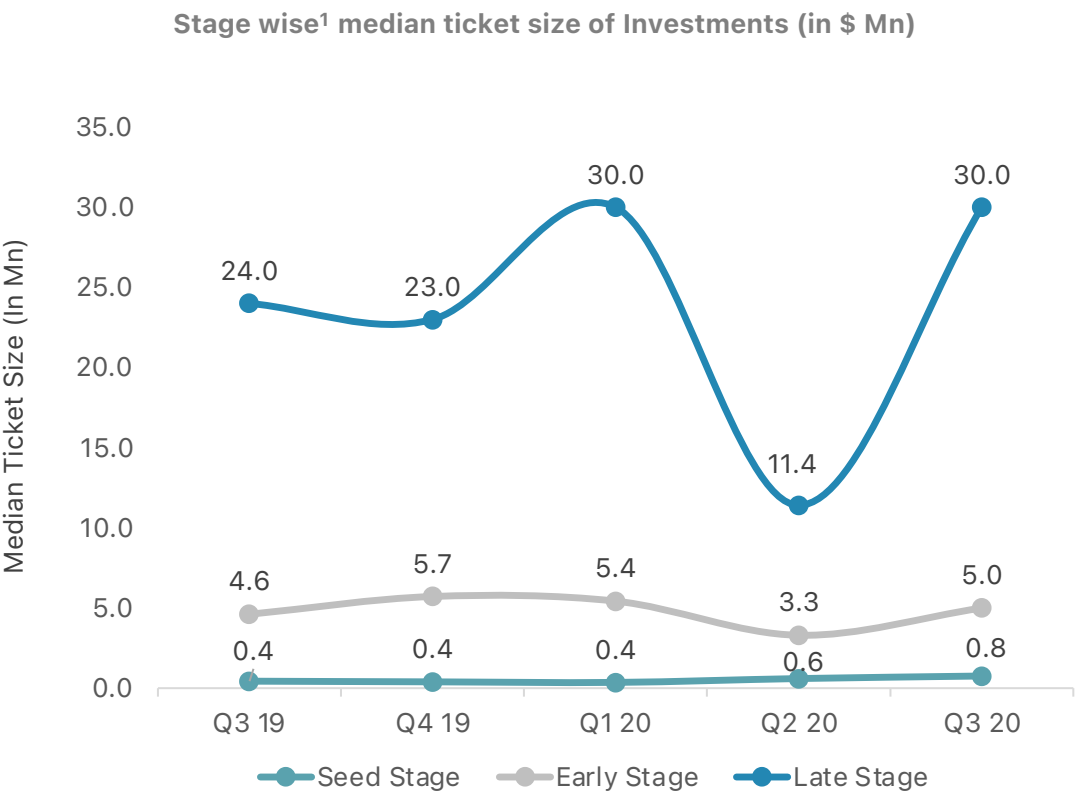


Stage wise¹ distribution of number of start-ups funded

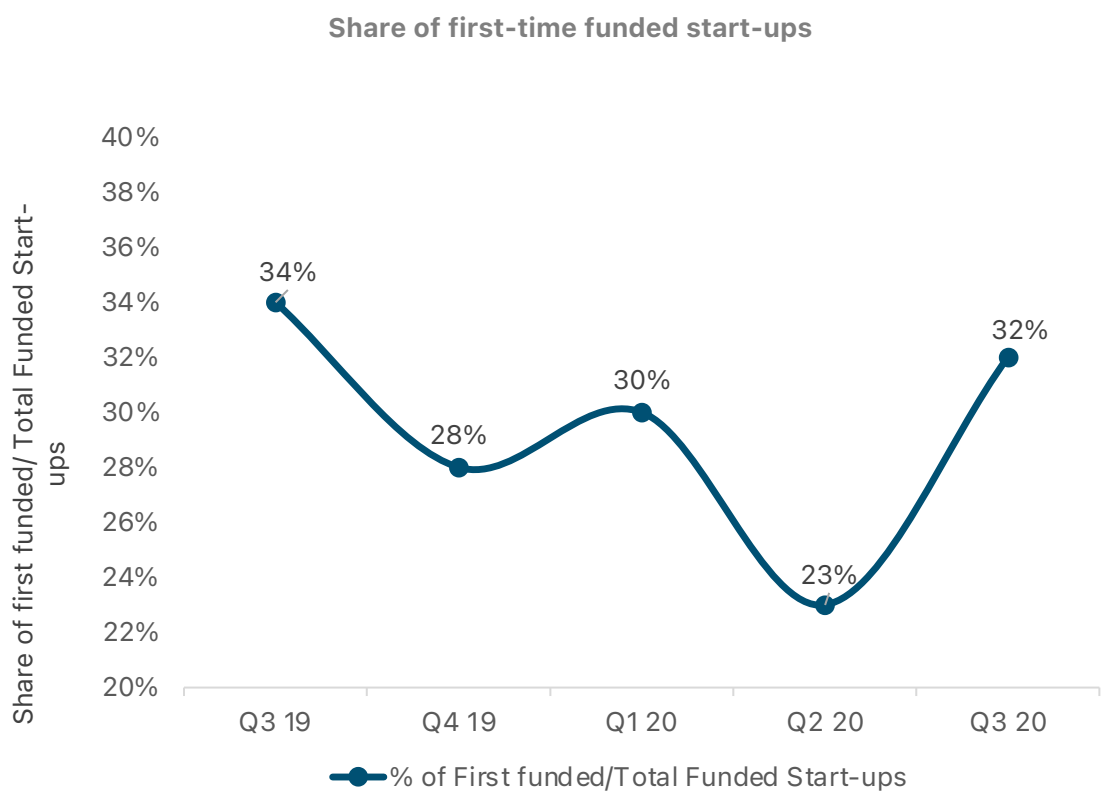


- Early stage investments are on slower recovery path but likely accelerate on account of positive investor outlook
- **10-12% increase in seed stage deals announced with undisclosed deal value** in Q2 and Q3, versus Q1 2020
- **7 Mega funding rounds with 100Mn+ deal value** contributed to ~50% of the total funding in Q3
- A key hurdle for slower recovery in absolute number of deals is **prolonged due-diligence time**, this is expected to ease as travel restrictions are lifted and due-diligence approaches shifted

Median deal sizes and share of new start-ups funded have returned to pre-COVID levels



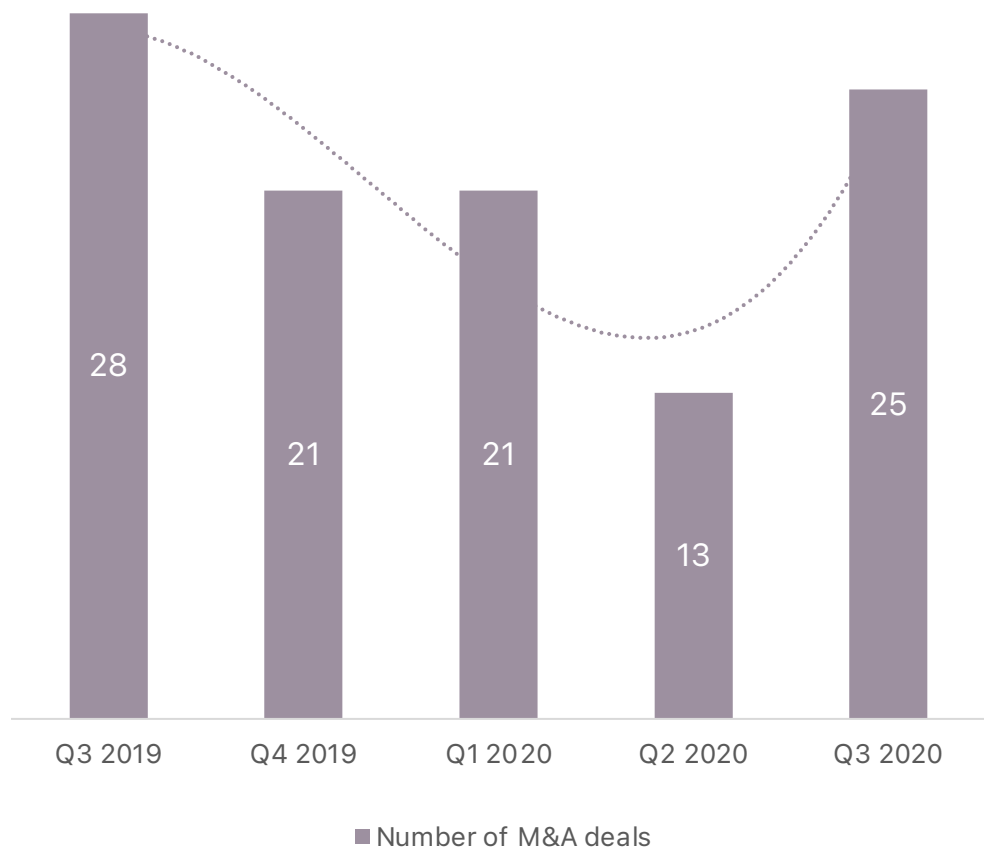
- Interestingly, impact of median deal size at seed stage is the least
- **Strong recovery for Early and Late stage** investments with 3X growth in late stage from Q2 to Q3



- Percentage share of first-time (net new) start-ups funded is a strong sign of investor sentiments.

Mergers and Acquisitions deals are on track to reach pre-COVID levels

Quarterly Distribution of Merger and Acquisitions Deals



65%

Percentage deals, in 2020, with start-ups as acquirers

~40%

Of the deals in Q3 2020 were in **EdTech and Healthcare sector**

Key acquisitions in 2020

BYJU'S The Learning App + WhiteHat Jr Live Online Coding for Kids + LabInApp

unacademy + PrepLadder + mastree

PharmEasy + MEDLIFE

Reliance Industries Limited + netmeds India KI Pharmacy

DocsApp + MediBuddy













marico + BEARDO

Note: Illustrative list of acquisitions shown, not exhaustive
Source: Zinnov CoNXT Research and Analysis



**With the right interventions,
the
start-up ecosystem can
accelerate India's economic
recovery**

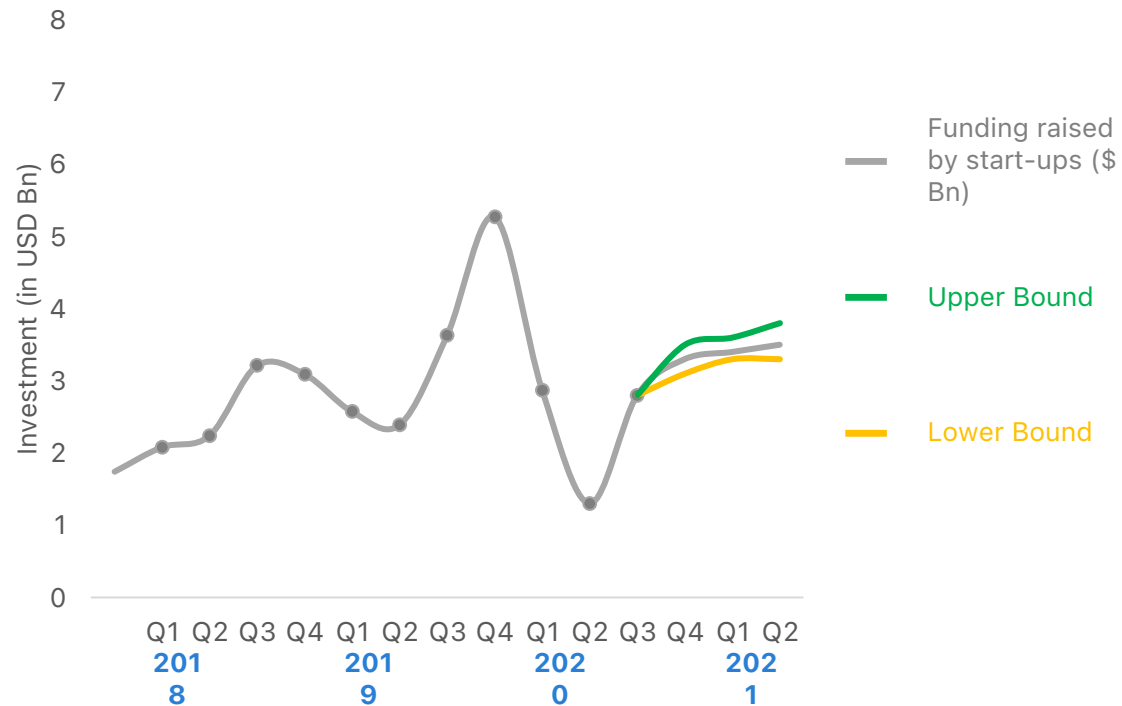
There is a need for Govt. action to support industries most impacted by COVID-19

	Industry	Share of start-ups in the ecosystem ¹	Impact on Funding ²	% Market Recovery ³
	Automotive	2.1%	 -91%	35-40%
	Travel and Hospitality	2.4%	 -81%	25-30%
	Mobility	1.8%	 -73%	25-30%
	SCM & Logistics	2.8%	 -79%	55-60%
	Real Estate and Construction	3.0%	 -20%	25-30%
	Fitness and Wellness	1.6%	 -88%	20-25%

Note: (1) Out of 39,500+ start-ups, (2) Funding comparison between 2019 (Jan-Sept) and 2020 (Jan-Sept), (3) As compared to pre COVID-19 level
Source: Zinnov CoNXT Research and Analysis

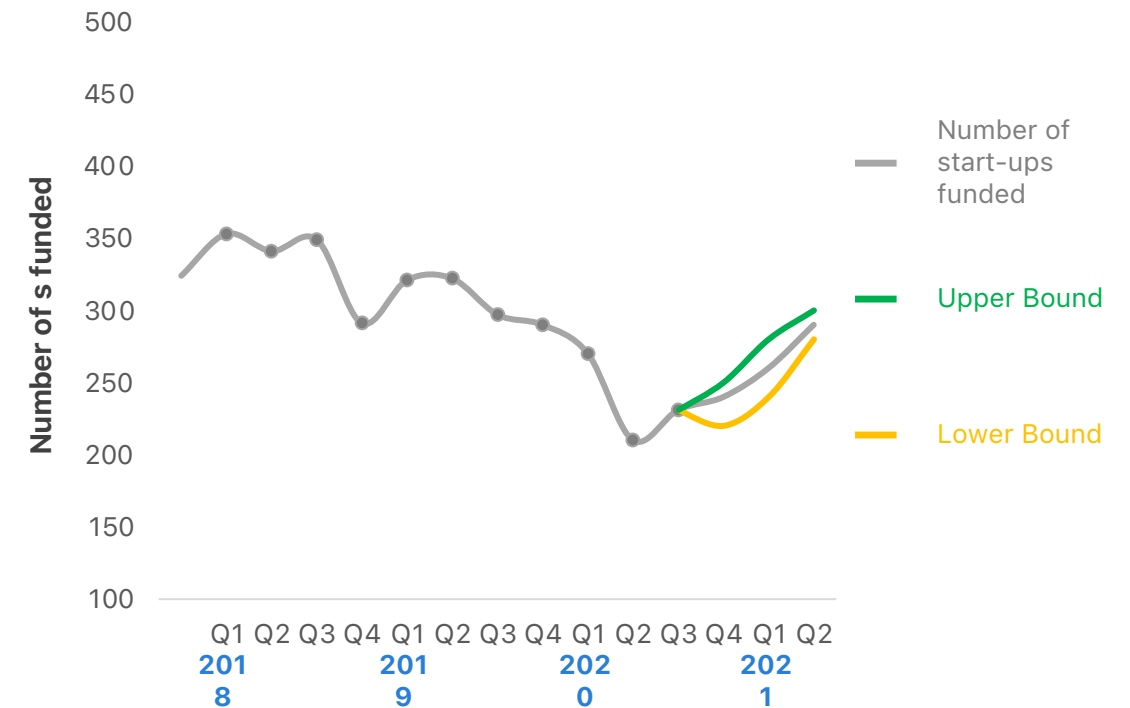
Investments are expected to reach pre-COVID levels by end of 2020

Projection of investment raised by Indian start-ups (in \$ Bn), by calendar year



- Median ticket size is expected to increase for Seed and Early stage start-ups
- Seed stage funding is expected to reach pre COVID-19 level in Q4 2020
- Early stage funding is expected to see recovery by 2021 Q1

Projection of number of start-ups funded, by calendar year



- Number of funded start-ups is expected to increase gradually
- Deal pace is highly dependent on due diligence – this process has changed post-COVID
- Deep-tech start-ups stand to have an inherent advantage

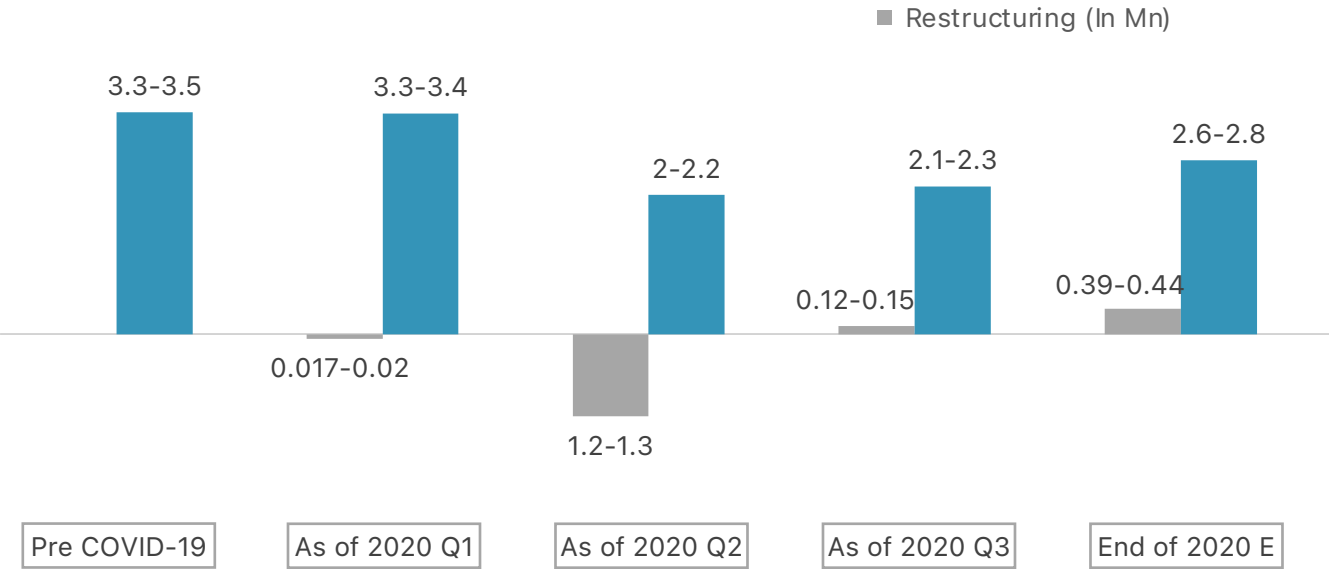
75-80% of indirect jobs, pre-COVID level, are estimated to return by end of 2020

Estimated number of indirect jobs in India
(in end 2020, in Mn)



2020 E

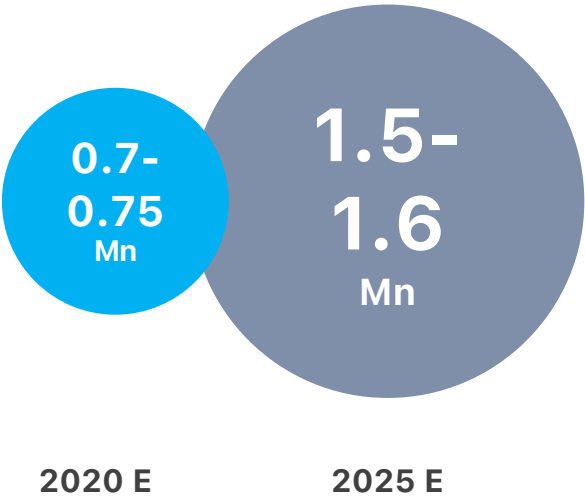
Estimate number of net indirect jobs in 2020
(created and restructuring)



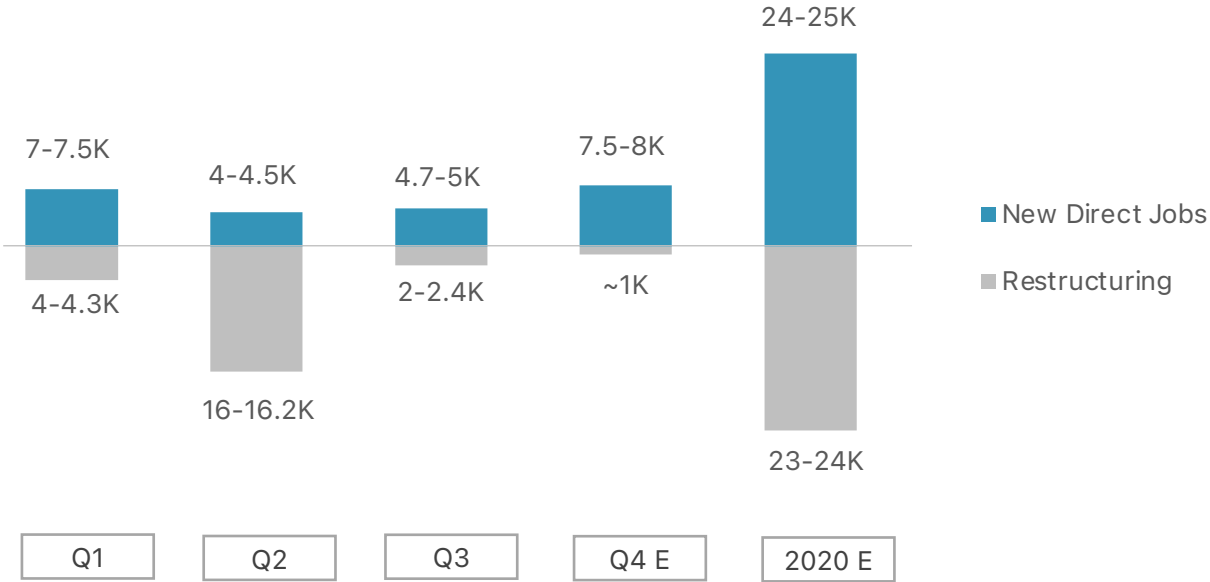
- Jobs in mobility, travel, hospitality, professional services, supply chain, logistics, and back-end operations were impacted most due to COVID-19
- Increasing digital consumption, online commerce, and preference for at-home services is expected to drive return of the jobs (and increase due to segments like education)
- Hiring is expected to increase steadily with return to pre-COVID levels by Q3 '21

There has been negligible impact on direct jobs in 2020, however stabilization, followed by strong growth is expected by 2025

Estimated number of direct jobs in India
(in end 2020, in Mn)



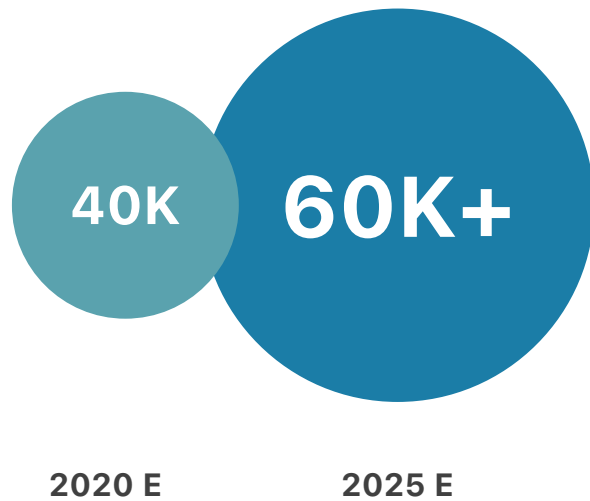
Estimate number of net direct jobs in 2020
(created and restructuring)



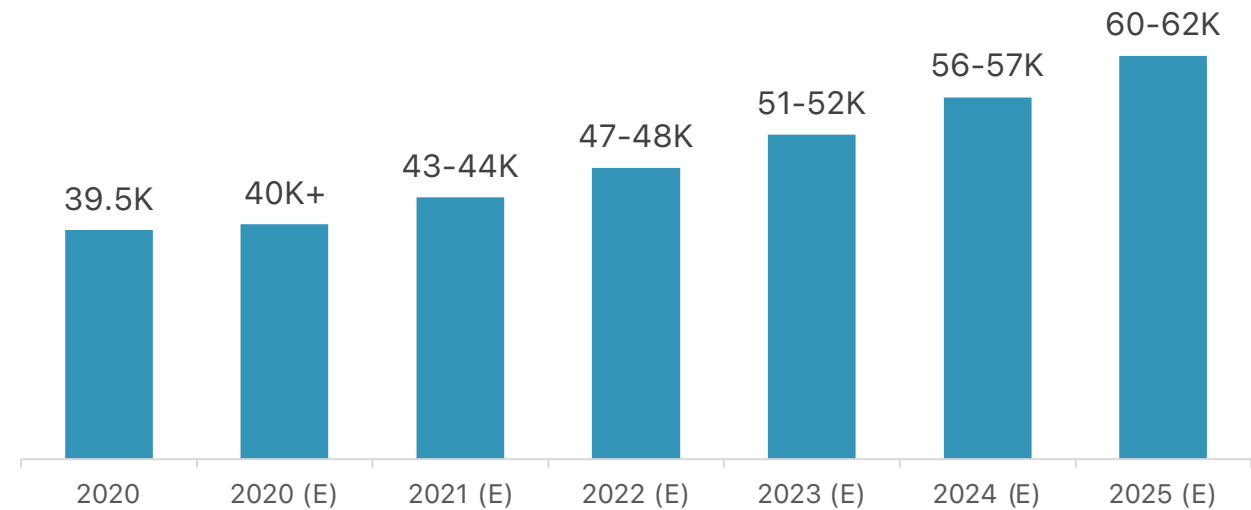
- Overall, net direct jobs are expected to increase marginally by 1,000-2,000 by 2020 end
- Majority of job loss due to re-structuring was during lockdown (Apr-Jun '20); was replaced by hiring in technology roles across segments and non-tech role is growing sectors like healthcare and education
- Return of consumer demand is expected to drive new job creation – with return to pre-COVID levels by end of the year

Indian start-up ecosystem will expand significantly by 2025

Estimated number of Active Start-ups in India
(In thousands)



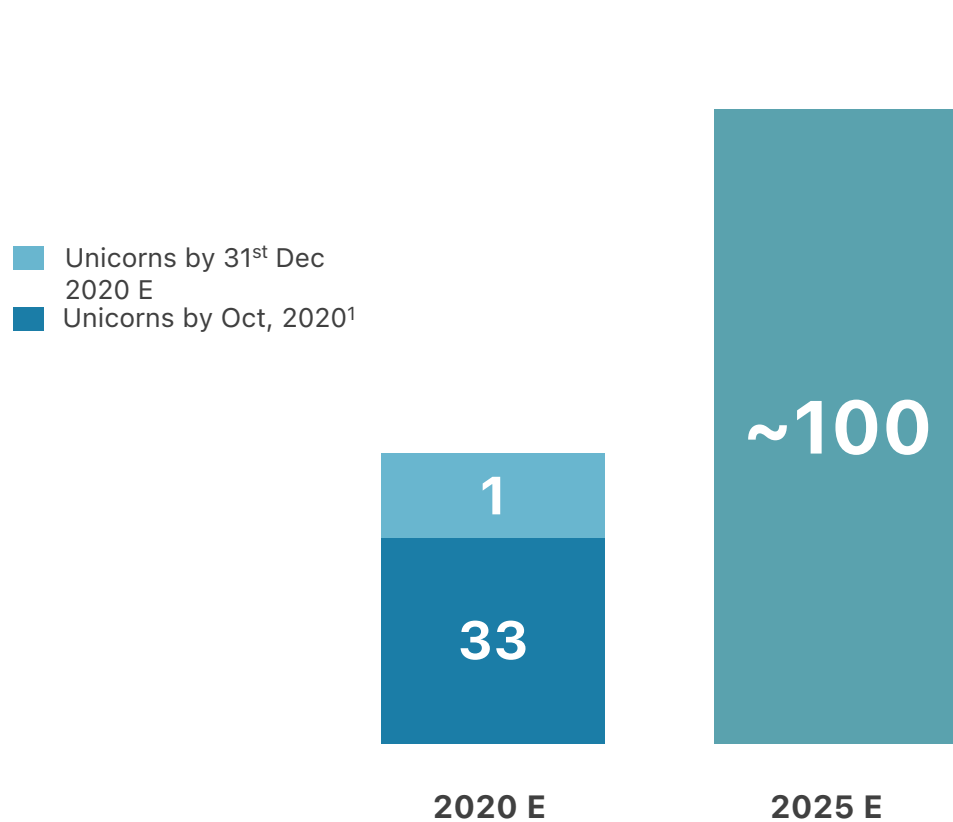
Estimated number of Start-ups year-wise



- Overall, the start-up ecosystem is expected to grow at 8-9% CAGR over the next five years
- Growth will be driven primarily on account of increased policy support, broadening adoption of digital technologies and increasing acceptance of entrepreneurship as a career by individuals (and their families)
- Indian start-up ecosystem is expected to be competitive and given recent track-record we anticipate a sustained improvement in quality and complexity of problems solved by entrepreneurs

We are on track to have 100 strong Unicorn pool by 2025

Projection of number of unicorns in India by 2025



Steady, Historical, Pace Of Unicorn Creation

8-9

Average number of unicorns added annually, since 2018

Strong And Growing Pipeline

120+

Total number of startups in India **with more than \$50 Mn in total funding** (excluding unicorns)

21

New additions to the pool in 2020

65%

3-year CAGR for pipeline of start-ups with more than \$50Mn in total funding (excluding unicorns)

About Partners



About Cisco LaunchPad



We strive to build a world by positively transforming societies, economies and outcomes by harnessing technology and latest innovations. Since 2016, we have been propelling deep-tech startups who have the capacity to scale-up and go big in terms of addressing myriad modern-day challenges. Our cutting-edge technological solutions along with industry-leading mentoring programs are always a win-win proposition for startups who believe in Transforming Tomorrow Together.



About NetApp Excellerator

NetApp launched the NetApp Excellerator, NetApp's first and only global accelerator program in June 2017, a four-month program that supports B2B tech product start-ups develop cutting-edge solutions by providing them with access to NetApp's technical & business mentorship, customers, tools, technology, business support services along with a world-class coworking space as well as connect with ecosystem enablers and influencers. NetApp Excellerator works with start-ups from a diverse set of technology areas that include, but are not limited to, hybrid cloud, IoT, big data and analytics, deep learning, virtualization, cyber security, data management, Kubernetes, containers and other adjacent areas. The program empowers start-ups to achieve breakthrough success by supporting them with world class technical and business mentorship by NetApp experts. The program is attracting new-age disruptive companies from around the world, and that is a proof of the value they have added to their alumni, enabling them to create tangible commercial success with respect to funding, customer acquisitions and successful exits

<https://startup.netapp.in/>

The logo for NetApp Excellerator. It features the word "NETAPP" in a bold, dark grey sans-serif font. Below it, the word "EXCELLER" is in the same font, followed by a stylized blue icon consisting of three upward-pointing chevrons, and then the word "TOR" in the same dark grey font.

About LOWE'S INNOVATION LABS



Lowe's Innovation Labs (LIL) is what's next for home improvement retail. LIL is the innovation hub for FORTUNE 50 retailer Lowe's Companies, Inc., focused on building the future of home improvement retail through emerging technologies, the Labs accelerate the experiences our customers and associates expect today and develop the capabilities that will power tomorrow. The Labs rapidly prototypes solutions and puts them to the test in real-world, living labs; and scales solutions that drive value for Lowe's customers and associates.

CONSTRUCT by Lowe's Innovation Labs is our unique, flagship, stage and sector agnostic, 2-6-month corporate accelerator program based in Bangalore, India. The program engages deep technology startups to re-imagine and prototype the future of home improvement retail, with the potential to make that future real for Lowe's customers and associates. The team's expertise in advanced visualization tools like augmented and virtual reality, and other emerging technologies like robotics, computer vision and spatial computing, enables Lowe's to solve everyday customer and associate challenges in entirely new ways.



Abhay Tandon



Aastha Pandey



Vishal Ramaswamy



Kishan Kumar Kalyan



Tanay Khare

A stack of three black, textured notebooks is positioned on the left side of the image. The notebooks are slightly offset, showing the edges of the pages and the binding. The background is a dark, textured surface.

Note for Reader

Start-up Definition

Age:

< 10 YEARS

Start-ups¹ inception in the last 10 years (2010 onwards) and all unicorns



Origin:

INDIA

Founders of Indian origin, with HQ or core product development in India



Status:

ACTIVE

The company is still functioning and actively involved in business



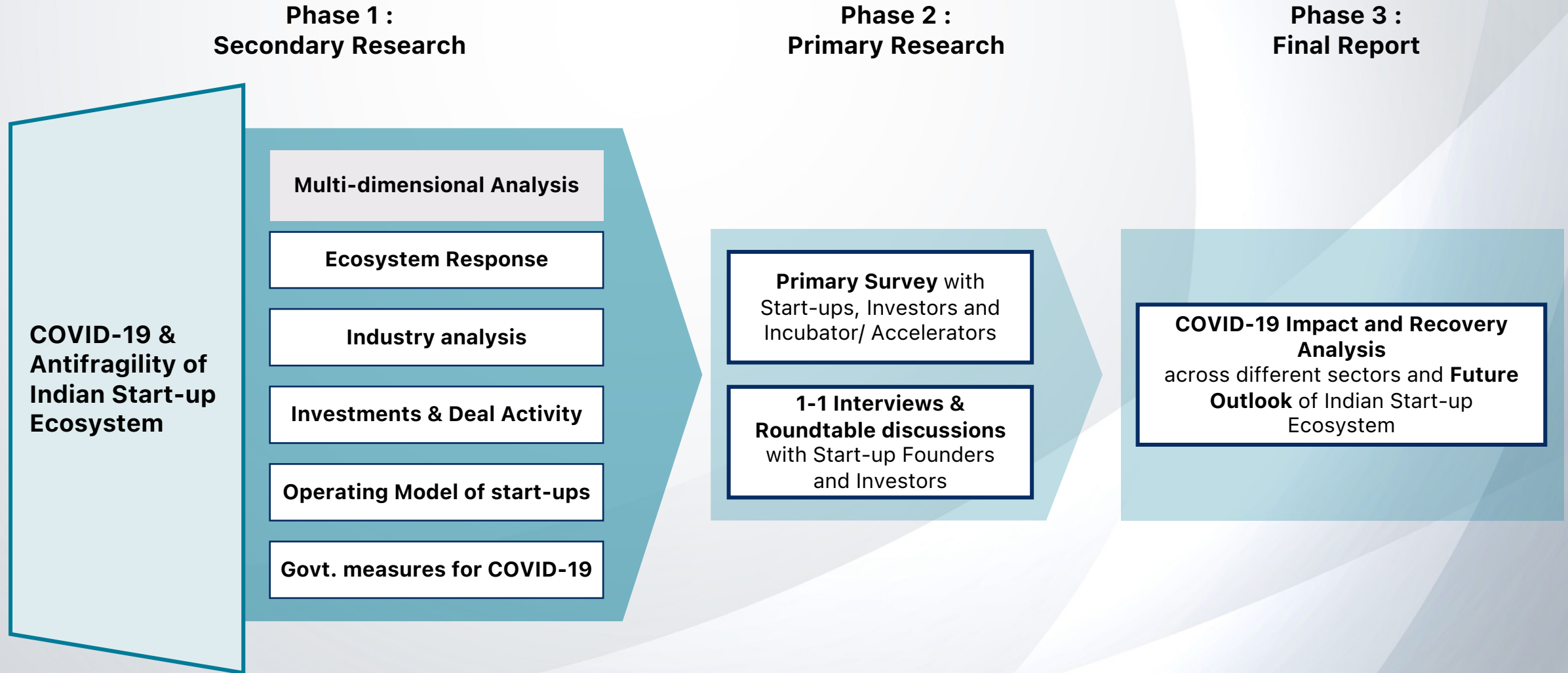
Stage:

PROTOTYPE +

The start-up must have at least a prototype or MVP; Idea stage start-ups not considered



Methodology



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