



INDIA

STARTUP REPORT

2016

www.hammerkopf.com

Start-ups: By Numbers

~10K

TOTAL START-UPS

~800

NEW STARTUPS ANNUALLY

~120

BIOTECH STARTUPS

10%

WOMEN FOUNDERS

~135

INCUBATORS

Startup Hubs

DEL

IT

BLR

BIOTECH

HYD

IT

PUN

CHEMISTRY

**Capital invested in startups
since 2006:**

US \$19.8Bn

Startup exits since 2006:

5

IPOs

126

M&A

>8 Indian startups raised

US \$100Mn+

.Trends in VC Investment

Number of deals

61

KARNATAKA

52

MAHARASHTRA

42

DELHI NCR

Source: VCCEdge

.Trends in Angel Investment

Number of deals

202

DELHI NCR

148

MAHARASHTRA

140

KARNATAKA

Source: VCCEdge

Startup Funding = Down 40%.

Startup Funding is down:

US\$ 4.1Bn

2016

US\$ 7.5Bn

2015

Top investor favorites in 2016.



E-
Commerce

Digital
Payments

SAAS

Compared to 2015:



E-
Commerce

Hyperlocal

**Uninvested capital available
with India-focused VCs**

US\$3.1Bn

**Number of Startups that
shutdown in 2016:**

212

Reasons for closing shop:

Got their business planning and/or execution wrong;

Rushed to succeed and 'failed fast';

Cut-throat competition;

Inability to raise capital



A hand holds a red loyalty card in front of a laptop. The card is red with white text that reads "LOYALTY CARD" and "MILLA.CO.UK". The laptop screen shows an e-commerce website with various product listings and a prominent red banner that says "UP TO 70% OFF". The background is blurred, showing a desk and a lamp.

eCommerce **sobered** up.

**Investment in eCommerce
in 2016:**

US\$ 1.5 Bn

A man with a beard is sitting at a wooden desk, using a tablet. The tablet screen displays a website with various articles and images. To the right of the tablet is a white cup of black coffee on a saucer. The background is slightly blurred, showing a desk with papers and a pen.

However, early-stage
B2B niche eCommerce is **hot**.

3 largest funding rounds in B2B e-commerce in 2016 :

Indiamart: US \$22M

Power2SME: US\$20M

Just Buy Live: US\$20M

Foodtech is **sour**.

From the highs of the last year, we have hit rock-bottom



**Investment in Foodtech
in 2015 and 2016:**

US\$ 297 Mn



Edutech is hot.

**Byju's shone bright in 2016,
with bank-breaking funding.**

Education Market Size:

US\$ 60 Mn



Fintech gets a booster shot.

Expect more me-too
startups in 2017

Investment in Fintech in 2016:

US\$ 195 Mn

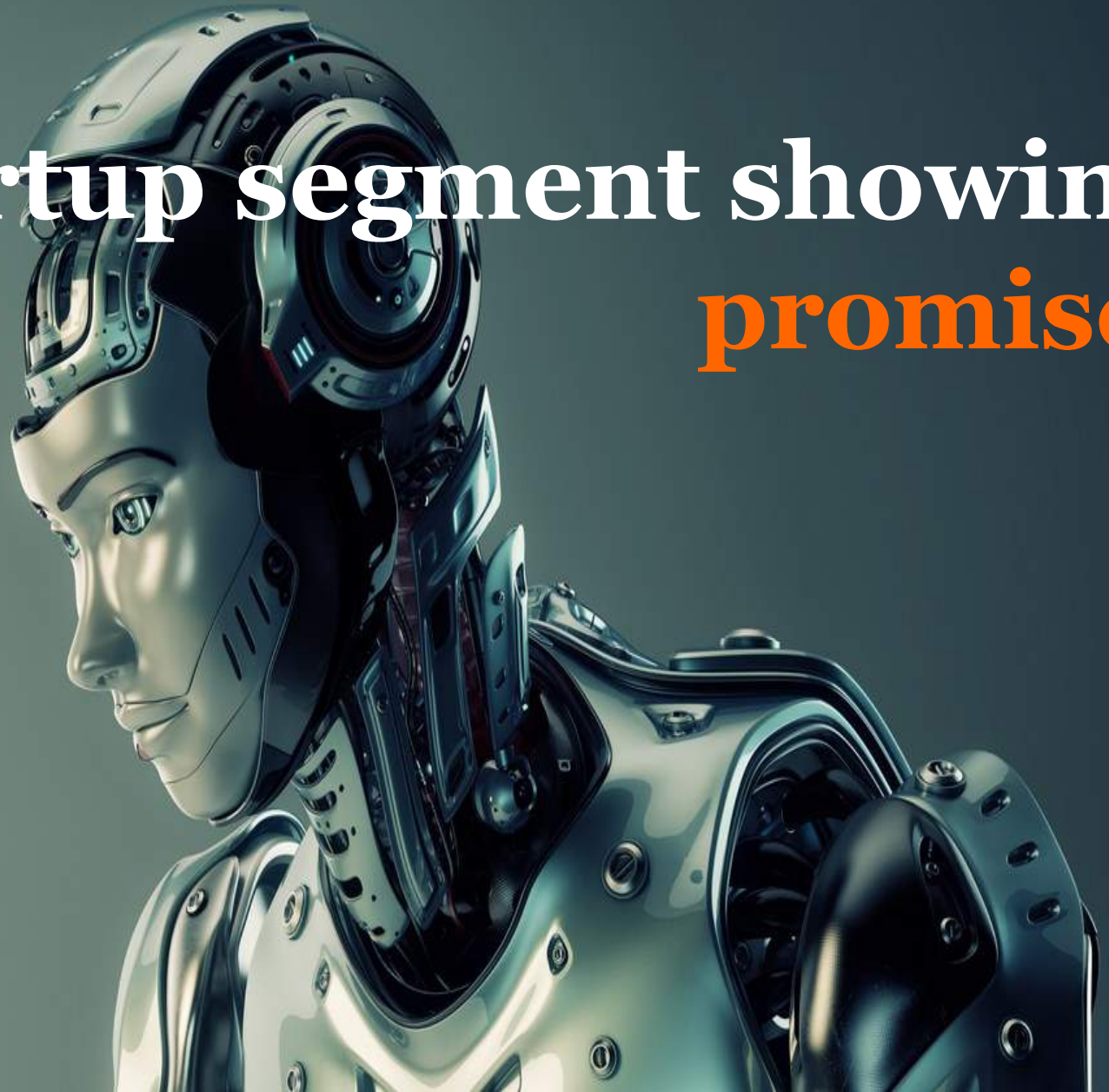
Healthtech still with a chance.



Healthcare Market Size:

US\$ 100 Bn

AI startup segment showing
promise.



A.I. Start-ups: By Numbers

~140

A.I. STARTUPS

US \$ 36M

FUNDING

**In Sep'16,
Apple acquired
Indian AI Startup,
Tuplejump for**

US\$ 20 Mn

**Spurt in entry-level biotech
incubators.
Large-scale hubs missing.**

A close-up photograph of a field of golden wheat stalks, slightly out of focus, with a dark green background. The text is overlaid on the center of the image.

~35

**Agtech startups
in India.**

RIP: Hackathons.

In-thing: Hireathons.

**Govt Funding for early-
stage and late-stage biotech
startups good.
Gap Funding missing.**

**Angels developing appetite
for biotech and health!**

**Majority of the startups
have a “me-too” approach.
Only few attempting grand
challenges.**

**Bots are high on the hype
cycle. Not many startups
understand it.**

**No focus on functionality
or products *per se*.**

**Unicorns facing the heat
from their global
counterparts.**

**Unicorns struggled to raise
capital in 2016.**

**Investor interest in
startups solving India-
specific challenges
negligible.**

**Tiger and Softbank have hit
pause.
Entry of a slew of new
investors.**

**Many fund managers
struck on their own.
India VC market maturing.**

**VCs focused on startups
with better fundamentals,
product-market fit and
good economics.**

**Fund squeeze has led to
drop in startups hiring.**

Loss of trust.

**Startup infrastructure:
co-working spaces,
incubators, and even,
accelerators -
mushrooming.**

**Not many
serious startups
around**

Policy Initiatives

Make in India

Startup India

Standup India

Digital India

MUDRA Scheme

SETU

**Government fostering
incubation culture through
Atal Innovation Labs.**

**At the School level,
Government fostering
incubation culture through
Atal Tinkering Labs.**

**VCs consolidating and
cleaning up startup
portfolios.**

**Local Language is a huge
opportunity.
Yet, no startups!**



**In 2017, lofty valuations
will give way to sustainable
valuations for startups.**

**There will be some more
decrease in VC funding in
2017.**

**In 2017, Fintech will disrupt
many industries.**

**In 2017, startups focused on
fintech and enterprise
segments will flourish.**

**Expect some more
promising startups to be
acquired by global majors
in 2017 .**

**Indian entrepreneurs
never had it so good.**

2017 will be a great year.

**A.I. will become the “Big
Data” type- hype in 2017**

A.I. will become the “Big Data” type- hype in 2017

**In 2017,
CyberSecurity will be hot.**

**Alibaba's entry will disrupt
the ecommerce market once
again.**

**In 2017, IKEA's entry will
disrupt the furtniture
startup segment.**

**FoodTech will witness further
consolidation in 2017.**

**Zomato+Foodpanda =
Zomapanda?**

**Increased funding for
travel startups will be a
theme in 2017.**

**Media startups will find
favour with VCs in 2017.**

**In 2017,
Bitcoin Startups will spike.**

**However,
wait and watch for new
regulations!**

**In 2017,
Agtech Startups will grow.**

**Startup Focus will move to
Tier III and IV cities!**

HAMMERKOPF

**Headquartered in New Delhi, India,
Hammerkopf is a boutique consulting firm
that enables new ideas and enterprises.**

**We work primarily in emerging technology
areas, across information technology,
consumer electronics, life sciences, clean
energy, automotives among others.**

HAMMERKOPF

Our Services

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