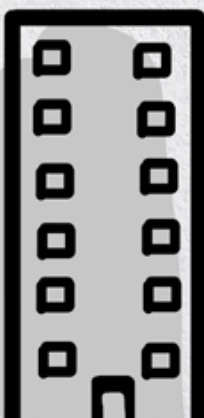
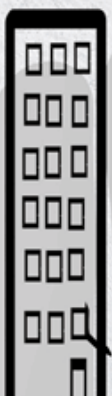
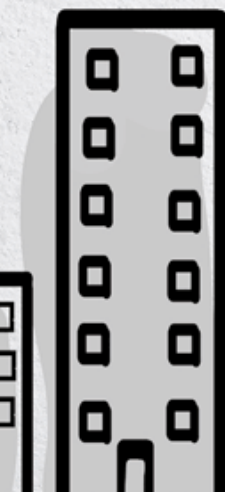


TEAM

# STARTUPS

Is India the world's next startup nation?



## **Analytical Contacts**

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## **About TechSci Research**

TechSci Research is a global market research and consulting services provider with offices in Canada, UK, and India. TechSci offers a large number of high quality research reports across a broad range of industries such as IT & Telecom, Water, Consumer Products and Retail, Automotive, Oil & Gas, Chemicals, Power, Semiconductors & Electronics, Infrastructure, Food and Agriculture Commodities and Industrial Automation and Equipment. The industry reports are generated after in-depth primary research surveys with stakeholders of the respective industry coupled with exhaustive secondary research of relevant publications like company annual reports, government policy documents, and proprietary databases, which provide details of competitors, valuations, trends and forecasts. The company's proprietary forecasting models uses various analyses of both industry-specific and macroeconomic variables on a state-by-state basis to produce a unique 'bottom-up' model of country, regional and global industry prospects. Combined with TechSci's detailed analysis of company activity and industry trends, the result is a uniquely rich evaluation of the opportunities available in the market.

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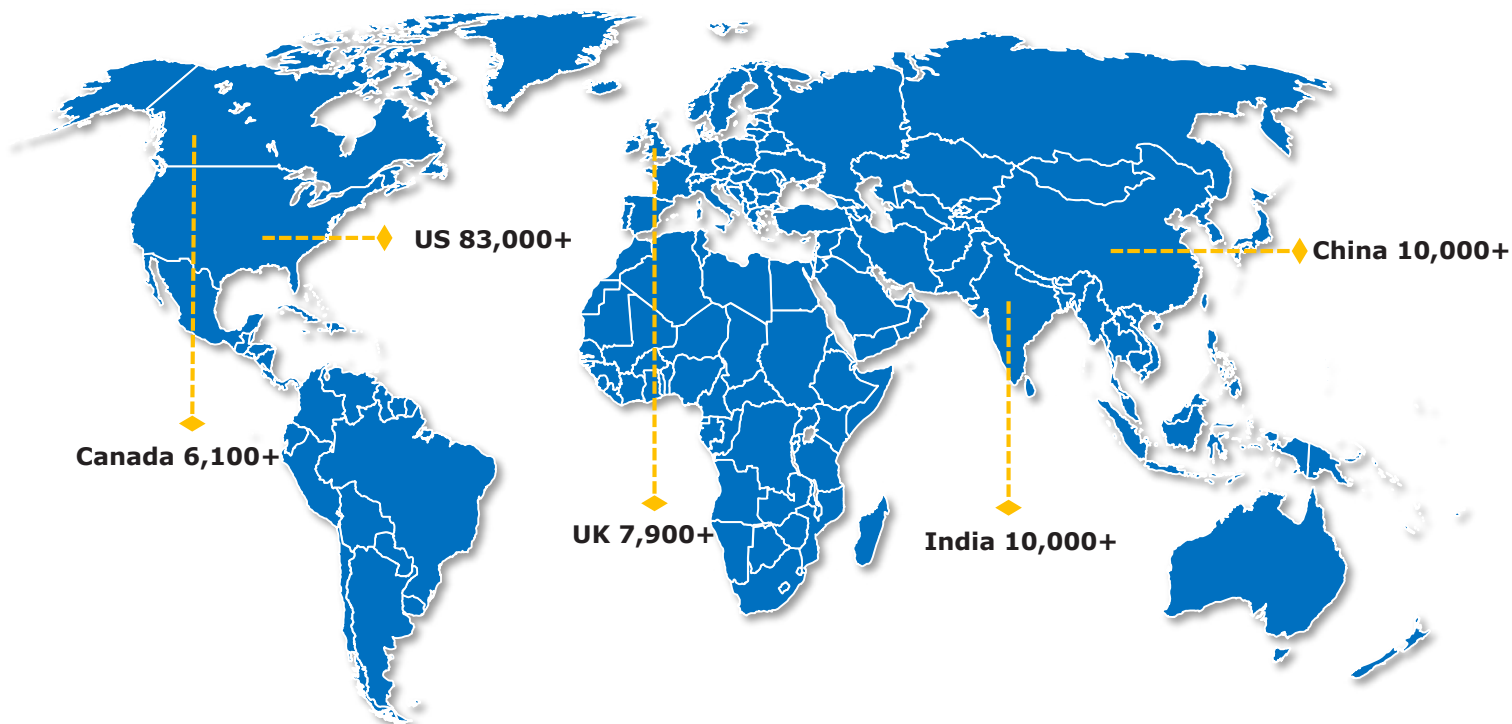
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## Overview of the Startups in India

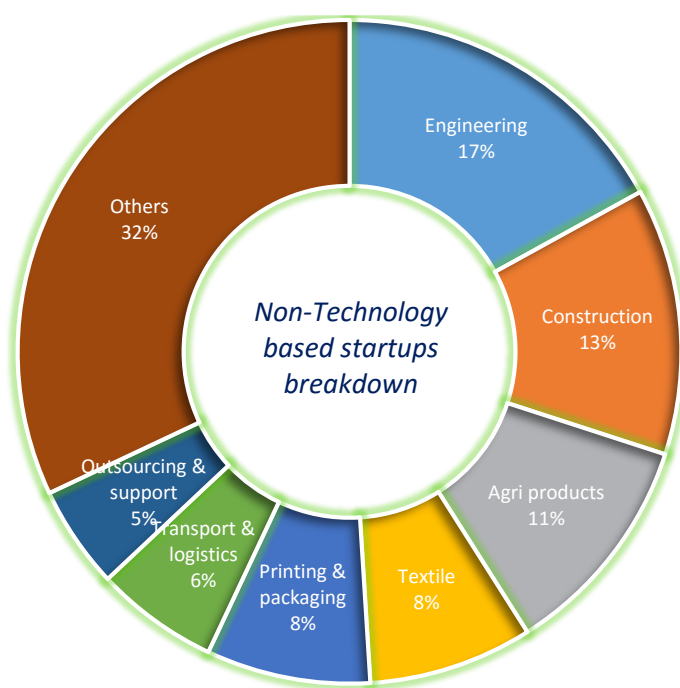
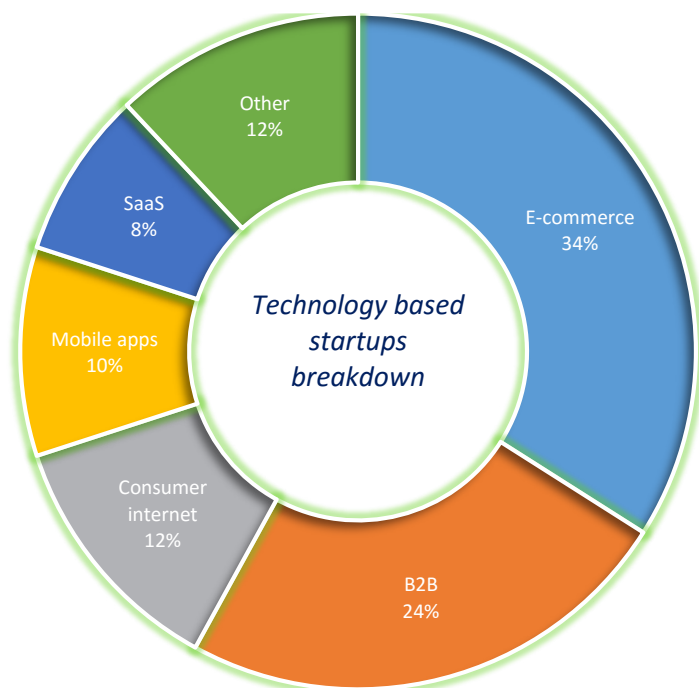
**India is Ranked Amongst the Leading Five Countries  
Across the Globe in Terms of Startups**



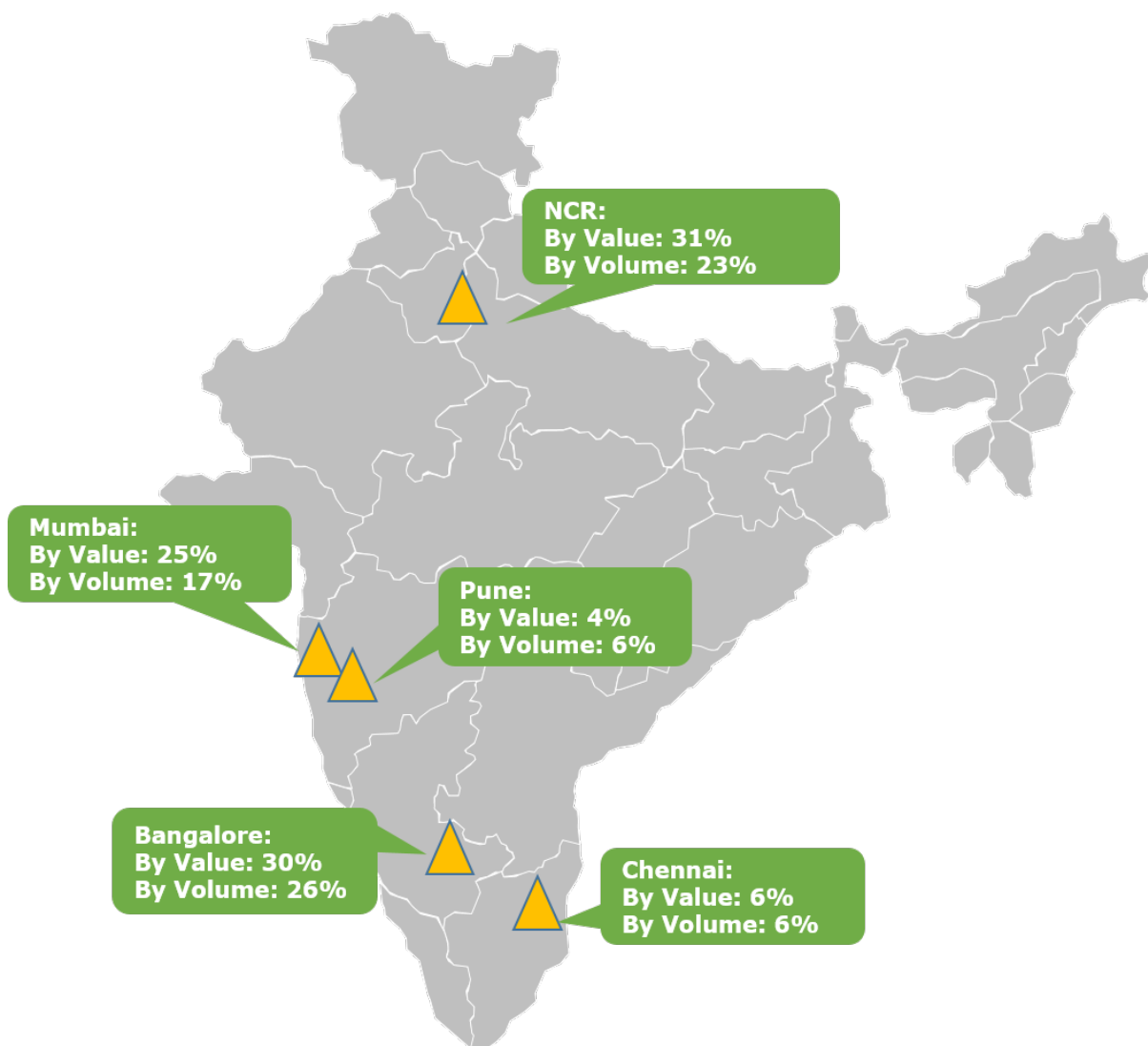
Total Startups in India: **10,000+**

Technology based startups: **4,300**

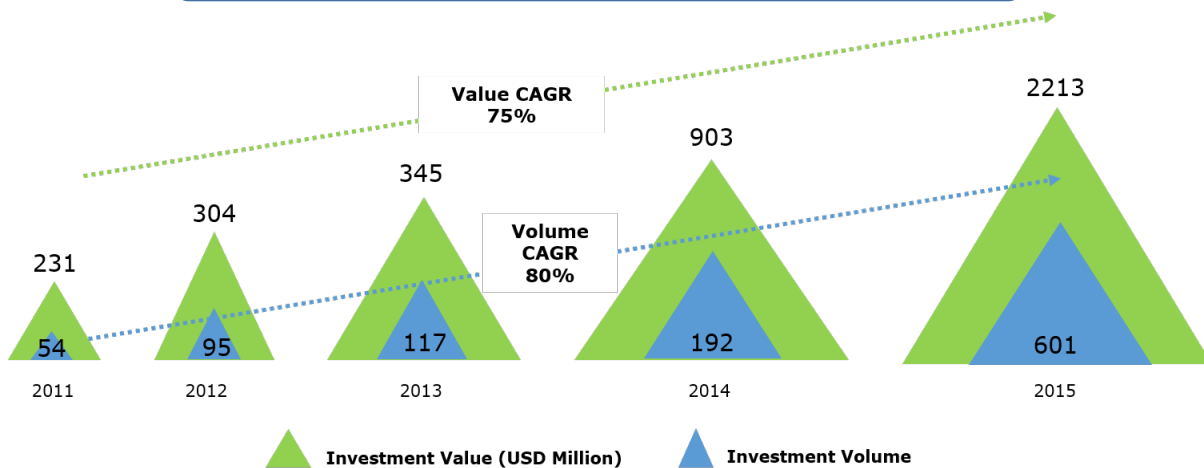
Non-Technology based startups: **5,700**



### Geographic Break-up of Startups Investment



### Startup Investments



## Opportunities for Startups in India



### Demographic Factors:

- Huge Youth Population
- Large Domestic Market
- Increasing Consumer Expenditure



### Increasing Government Support:

- Surging Foreign Investments
- Launch of Startup India mission
- Growing Focus on Human Resource Development



### Internet Usage:

- Increasing Internet Penetration
- In 2014, India was ranked the 3<sup>rd</sup> largest online market (over 198 million internet users), after China and the US



### Growing Mobile Penetration:

- In 2014, tele density in India was 76.55% with a subscriber base of 95.76 crore
- Increasing mobile penetration is changing the way companies operate their businesses and consumer reach. Startups with mobile apps would prove to be more profitable in the coming years



### Startup Incubators:

- These companies help new startups in the initial stages of development by providing office space, equipment and essential services like legal, accounting and computing
- In addition, assistance in networking and raising startup capital



### Access to Funding:

- Growing availability of various funding sources such as: banks, financial institutions, incubators, VC/PE and Angel Investors

## Policies & Initiatives in The Indian Startup Ecosystem



- This campaign was launched to attract foreign investments and motivate domestic companies for participating in the country's manufacturing sector
- For promoting the manufacturing sector in India, government is encouraging the companies by providing single window clearances, eliminating red-tapism and minimal procedures for setting up businesses



- This campaign was launched to promote entrepreneurship among women and scheduled castes & scheduled tribes
- Under this scheme, loans would be disbursed for greenfield projects in the non-farm sector. This campaign intends to facilitate at least 2 such projects per bank branch, which is expected to translate into at least 250,000 borrowers availing benefits in 36 months from the date of campaign launch



- This program aims at transforming India into a digitally empowered society and knowledge economy. The vision of this program is to ensure the availability of government services to every citizen via an online platform
- Major private sector players have also promised financial assistance for this initiatives in order to fund new ventures. This is expected to prove a big business opportunity for startups



- This scheme was launched for enhancing the growth of small businesses, small entrepreneurs and manufacturing units. Under this scheme, banks offer loans of up to INR5 lakh and credit facility of up to INR50,000 to small businesses and loans of up to INR10 lakh to the MSME sector at low rates
- MUDRA scheme is expected to benefit ~1.73 crore people

### India Aspiration Fund & SMILE (SIDBI Make in India Loan for Small Enterprises)

- India Aspiration Fund was launched to encourage the startup ecosystem. The finance minister allocated INR400 crore to fund various ventures
- Another program called SMILE (SIDBI Make in India Loan for Small Enterprises) was also launched in which funds of INR10,000 crore were allocated. The objective of this scheme



- Startup Action Plan 2016 is a Government of India initiative for building a strong eco-system for startups
- The initiative covers 3 aspects – handholding & simplification; incentives & funding support; and incubation & industry-academia partnership

## Other Policy Initiatives & Schemes for The Startups in The Budget 2016-17

### No Tax on Income for Startups

- For startups, there would be a 100% deduction on profits for 3 years between April, 2016 to March 2019 in order to boost economic growth and employment
- Also, a 10% tax on global income was proposed for the exploitation of patents developed and registered in India, in order to promote innovation

- The Finance Minister announced to reduce the holding period from 3 to 2 years in order to benefit from long term Capital Gain (in case of unlisted companies)
- Also, as a provision for bad and doubtful debts, the non-banking financial companies are allowed up to 5% deduction on their income

### Capital Gains & Asset Reconstruction Companies (ARCs)

### 1-Day Incorporation

- The Finance Minister announced to incorporate provisions to enable registration of a company in one day
- The Prime Minister in the Startup India plan stated that 1-day incorporation would soon be possible via a mobile app

- Through Pradhan Mantri Kaushal Vikas Yojna, the government has decided to establish 1,500 multi skill training institutes throughout the country and offer skill based training to 1 crore youths by 2019, for which INR1,700 crore has been set aside
- Online entrepreneurship education and training to be given in 2,200 colleges, 500 ITIs, 300 schools and 50 vocational institutes

### Skill India

### Corporate Tax for Small Companies

- The corporate income tax rate for relatively small enterprises in 2016 is proposed to be dropped to 29% (plus surcharge & cess)
- Also, new manufacturing companies (incorporated on or after 1.3.2016) are proposed to be taxed at 25% plus surcharge and cess

- Service tax on services given by Assessing Bodies empanelled by Ministry of Skill Development and Entrepreneurship and also given under Deen Dayal Upadhyay Grameen Kaushalya Yojana are anticipated to be exempted

### Service Tax Exemption

### Presumptive Taxation Scheme

- Under this scheme, the limit of turnover for MSMEs has been increased to INR2 crore from INR1 crore
- This scheme would now include professionals with gross receipts up to INR50 lakh, with profits being 50% of the gross receipts

- The government in partnership with Dalit Indian Chamber of Commerce and Industry (DICCI) would set up entrepreneurial hubs for supporting women & SC/ST entrepreneurs
- For this, an amount of INR500 crore has been allocated in Stand-Up India scheme. This will help 2.5 lakh entrepreneurs

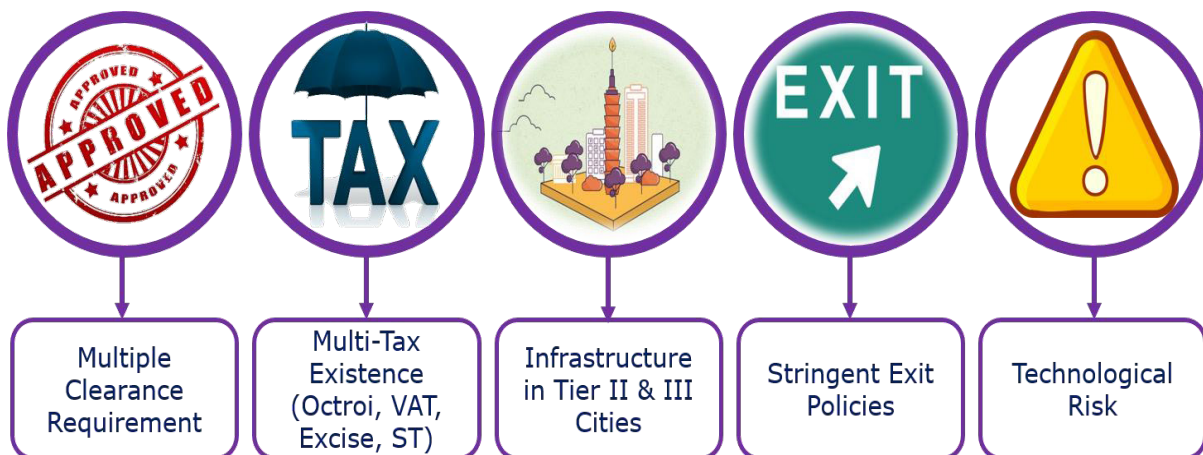
### INR500 Crore for Supporting SC/ST & Women Entrepreneurs



### Key Drivers

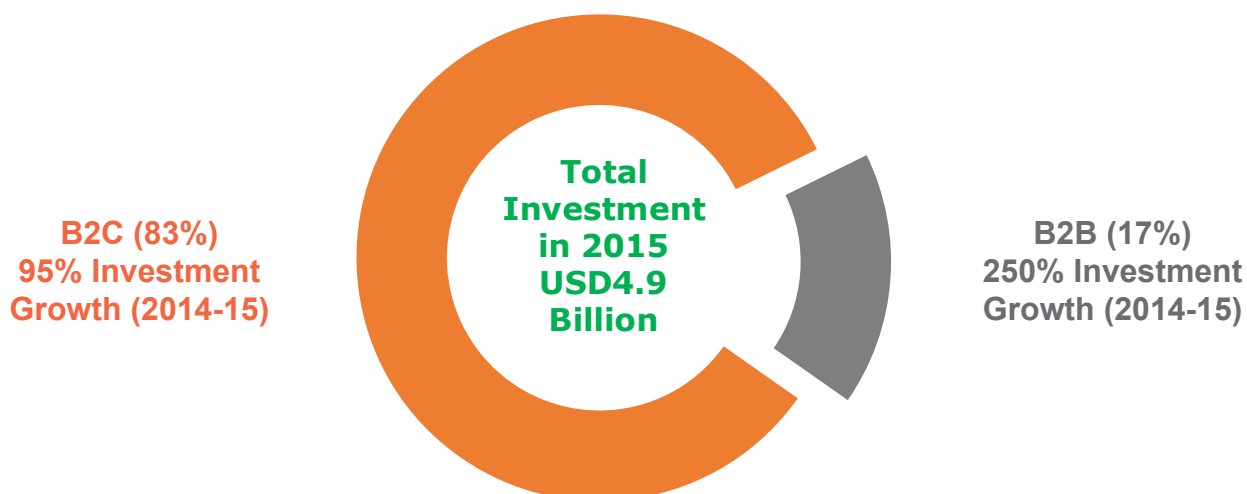


### Key Challenges

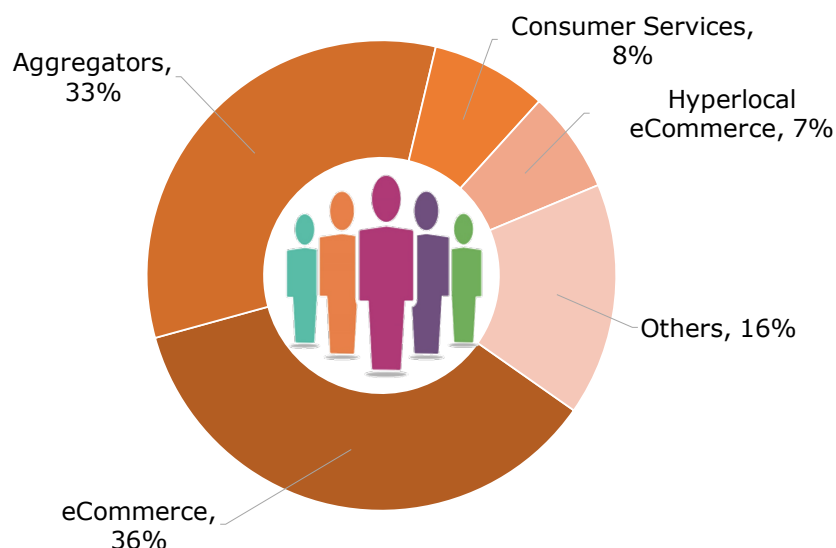




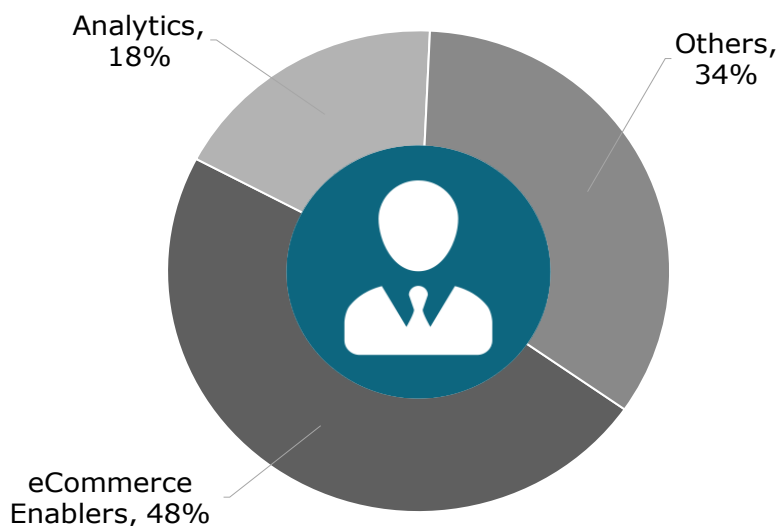
## Startups Investments by Segments, 2015



### B2C Further Segmentation



### B2B Further Segmentation



## Startup Deals Between 2011 & 2015

Year	City	Investor	Investee	Startup Sector	Deal value (in USD Million)
2011	Bangalore	Intel Capital, Canaan Partners, Soota and other founders	Happiest Minds Technologies Pvt Ltd	Enterprise Infrastructure	45
2011	Gurgaon	Norwest Venture Partners, Intel Capital, Sequoia Capital India, Nokia Growth	FashionAndYou - Smile Group	Consumer	40
2014	Mumbai	SoftBank Corp	Housing.com - Locon Solutions Private Limited	Consumer	90
2014	Gurgaon	Falcon Edge Capital and Rocket Internet AG	Pisces EServices Private Limited - Foodpanda.com	Consumer	60
2014	Kanpur	Tiger Global and Bharti Softbank Holdings Pte. Ltd.	Hike Technologies Private Limited	Consumer	65
2015	Gurgaon	Warburg Pincus	Ecom Express Pvt Ltd	Logistics	132.70
2015	Delhi	SAIF Partner, Accel Partners and Bessemer Venture Partners	UrbanClap Technologies India Pvt	Consumer	25
2015	Gurgaon	SAIF Partners	TrucksFirst Services Pvt Ltd Rivigo	Logistics	30
2015	Gurgaon	Unnamed investors and Rocket Internet AG	Pisces EServices Private Limited - Foodpanda.com	Consumer	110
2015	Jodhpur	Tiger Global, Orios Venture Partners.	Zostel Hospitality Pvt Ltd- Zo Rooms	Consumer	30
2015	Bangalore	Tiger Global and SAIF Partners & Angel investors	Little Internet Pvt Ltd -Little	Consumer	50
2015	Gurgaon	Rocket Internet and Goldman Sachs	Pisces EServices Private Limited - Foodpanda.com	Consumer	100
2015	Gurgaon	Snapdeal, Sequoia India, SAIF Partners, Ru-net, JAFCO, and BeeNext	Nuvo Logistics Pvt Ltd - Peppertap	Consumer	36
2015	Bangalore	Accel Partners, International Finance Corp, Qualcomm Ventures and Ventureast	Portea Medical Pvt. Ltd.	Health	37.50
2015	Chenna	OrbiMed and MAPE Advisory Group	Net-Meds Marketplace Pvt Ltd Netmeds.com	Health	50

# TechSci Research's Offerings

## Market Exploration

- Market Landscaping
- Need Gap/Pain Point Analysis

## Market Potential

- Market Size Estimation
- Market Forecasting

## Product Development/ Launch

- New Product Testing
- Price Sensitivity
- Market Segmentation

## Positioning & Communication

- Pre & Post Communication
- Advertising Effectiveness
- Event/ Promotion Effectiveness

## Market Response

- Customer Satisfaction/ Tracking
- Usage & Attitude
- Brand Perception/ Tracking
- Consumer Behavior Studies

## Competitor Tracking

- Competitive Intelligence
- Competitors Profiling
- Competitive Benchmarking

## Areas of Functional Expertise



Consumer Products and Retail



Chemicals



Power



Food & Agriculture Commodities



Automotive



Water



Oil & Gas



Infrastructure



Industrial Automation & Equipment

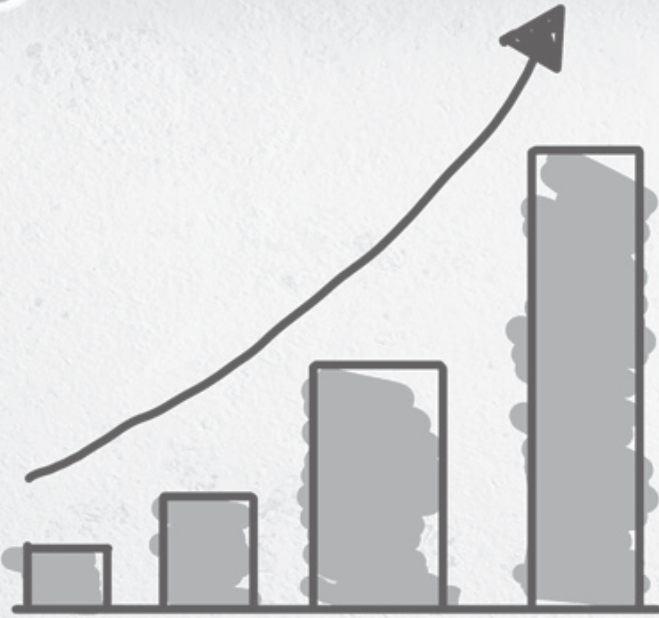


IT & Telecom

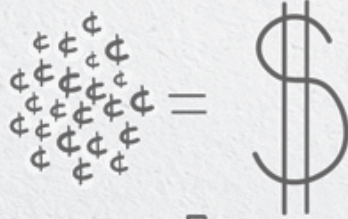
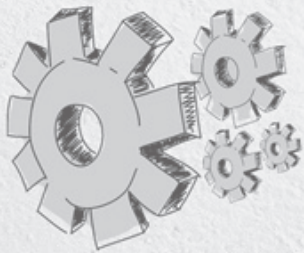


Semiconductors & Electronics

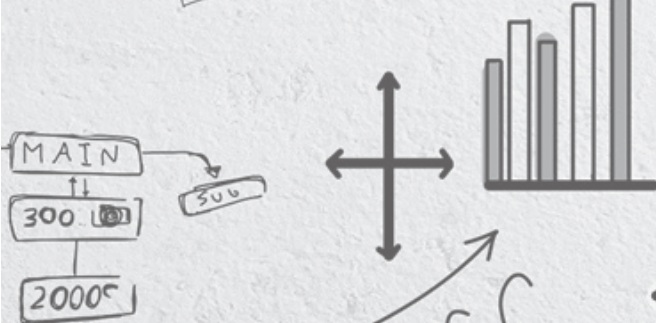
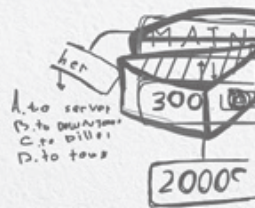




**idea** 45% is SAL



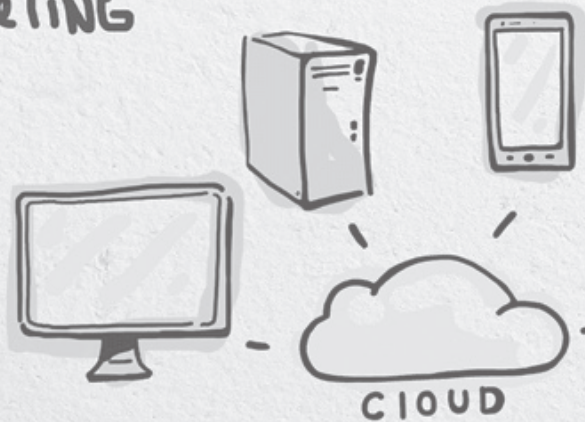
25%  
time



MARKETING



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