Start – ups and Entrepreneurship
A detailed perspective

- CA Mitesh Shah
Decoding Start ups
What is a startup?

“Start up is an organization formed to search for a repeatable and scalable business model” - Steve Blank & Eric Ries, Silicon Valley Entrepreneurs

Key features of startups are:

- Attempt to cater to an existing market/ product/ service in a technology efficient and better way
- Create a global interface through a technological intervention
- Create a innovative commercially viable product/ process or service
- Leveraging on technology to enhance/simplify the demand supply interaction for consumers
- Some startups that have changed the conventional way of doing business and/ or way of life. Example: Just Dial, e-commerce platforms like Flipkart, Jabong, Ola cabs etc
STAGES OF THE STARTUP LIFECYCLE

**PRE-STARTUP**

Identify a potential scalable product/service idea for a big enough target market

The service or product discovered hits the market, looking for the first clients ready to pay for it

**START-UP PHASE**

The entrepreneur begins to define his/her business model and looks for ways to increase customer base

Pushing the growth of the business aggressively while increasing its capacity to grow in a sustainable manner

**GROWTH**

Maximizing benefits and facing problems derived from the global dimension that the business has achieved

The decision to sell the startup to a giant or acquire huge resources that the brand will need to continue growing
**TECHNOLOGY DRIVEN START-UPS AND ITS EFFECT ON TRADITIONAL BUSINESS SET UP**

<table>
<thead>
<tr>
<th>TRADITIONAL</th>
<th>Start-up AGE</th>
<th>TRADITIONAL</th>
<th>Start-up AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before moving to Delhi</td>
<td>Before moving to Delhi</td>
<td>Shifts to new house</td>
<td>Shifts to new house</td>
</tr>
<tr>
<td>Arrives at Delhi airport</td>
<td>Arrives at Delhi airport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First few days in Delhi</td>
<td>First few days in Delhi</td>
<td>Settles in new house</td>
<td>Settles in new house</td>
</tr>
<tr>
<td>Reaches Paharganj and searches for budget hotel</td>
<td></td>
<td>Son struggles to find auto rickshaw when he goes for tuition</td>
<td></td>
</tr>
<tr>
<td>Goes to mobile recharge shop to top-up</td>
<td></td>
<td>Unable to find shop to buy South Indian sari for wife</td>
<td></td>
</tr>
<tr>
<td>Visits a property broker to get a house on rent</td>
<td></td>
<td>Finding a plumber to get leaking pipeline is a challenge</td>
<td></td>
</tr>
</tbody>
</table>
## Leveraging Technology to Solve Problems Plaguing the Country in Decades

<table>
<thead>
<tr>
<th>Problem Area</th>
<th>Target or Impact</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power</strong></td>
<td>GDP loss due to electricity shortage $68 Bn</td>
<td>IoT based solution to make diesel generators more efficient</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solar/wind energy forecasting and scheduling; Online renewable energy marketplace</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>Traffic congestion costs per year $10 Bn</td>
<td>Intelligent traffic monitoring system with real time alerts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Big data and analytics to tackle issues such as infrastructure, healthcare and education</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>1 doctor Per 1700 persons</td>
<td>Web-based and mobile platform for patients to connect with doctors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IT based healthcare solution to predict physical traits and assess the probability of developing a range of diseases</td>
</tr>
<tr>
<td><strong>Financial Inclusion</strong></td>
<td>120 Mn Rural households without bank accounts</td>
<td>Partnership with banks and tablet banking platform to facilitate banking services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Simpler financing for people through access to credit scores and other related information</td>
</tr>
<tr>
<td><strong>Agricultural Productivity</strong></td>
<td>48% Of agricultural yield of Asian countries</td>
<td>Web/mobile based ICT for farmers to improve their efficiency and increase produce</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMAC based supply chain family of software for rapid growth of agri- businesses</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>500 Mn Government’s skilling target till 2022</td>
<td>Recruitment platform for grey-collared industry to connect candidates to job opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>English learning mobile app for speakers of regional Indian languages</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>23% Gross Enrolment Ratio in higher education</td>
<td>Affordable technology to personalize learning &amp; increase access to high quality education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Online platform to connect scholarship promoters to scholarship seekers directly</td>
</tr>
</tbody>
</table>
With huge rise in the number of start-ups in India, employment opportunities are being generated.

Global investors are investing in the Indian startup ecosystem leading to increased FDI.

Traditional businesses are being positively impacted through increased spending by start-ups.

Start-ups are empowering SMBs in enhancing their reach and serve customers better.

Employment

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SMB

Growth

Multiplier

Effect

FDI

Growth

Advertising/Marketing

~$600 Mn

Estimated spend of eCommerce players on ads in 2015

$635 Mn from investors including Alibaba Group, and SAIF Partners

$500 Mn from investors including Alibaba Group, SoftBank & Foxconn

$150 Mn led by Investment AB Kinnevik & Tiger Global

$1.9 Bn Funding from top deals in 2015

Top Deal in 2015- $700 Mn from Tiger Global & Steadview Capital

Start-ups raising the bars high at a global canvas - #6 Start-ups in billion dollar club

SMB Growth

Taxi aggregators:

Increase business for cab drivers through easy discoverability

ECommerce firms:

New channel of sales and enhanced geographic reach for offline retailers

Accommodation start-ups: Improving business of budget hotels through standardization

Hyperlocal eCommerce firms: Offering new opportunities to kirana shops and grocery stores

Advertising/Marketing

$950-1,900 Mn

Estimated spend of eCommerce industry by 2017-2020 on infrastructure, logistics and warehousing

Logistics/Warehousing

$240 Mn

Estimated spend of e-commerce industry on logistics and warehousing in 2017

2015

Employment

80-85K

2020P

250K

The Great Indian Start up story
ECOMMERCE: DRIVING A MAJOR SHARE OF INVESTMENT IN INDIA

Quick Facts

- **820+** # of start-ups
- **$ 1.4 Bn** Funding

2015E

### Key Investments (2015)
- **$ 500 Mn**
- **$ 100 Mn**
- **$50 Mn**

### Top Investors (2015)
- **FOXXON**
- **Alibaba Group**
- **SoftBank**
- **TIGER**

Notes: 1. Estimated based on a sample of 600 companies formed over 2010-2015 period; 2. Funding for the year 2014 and 2015

Average Age of Sub-Segment v/s Total Funding of Sub-Segment

Funding (in $ Mn)

Emerging Start-ups

- **Fashion**
- **Home Decor**

- **Kids**

- **Across**

- **Average Year of Inception**

- **2010**
- **2011**
- **2012**
- **2013**
What makes us a “Start up nation”?

I see Start-ups, technology and innovation as exciting and effective instruments for India’s transformation, and for creating jobs for our youth.

Shri. Narendra Modi, Hon'ble Prime Minister- India
India is positioned 3rd in terms of number of startups globally, after U.S.A and the U.K.

In 2015, India had a total of 4200 startups which is estimated to grow to 11500+ startups by 2020.

The startup eco-system has generated employment for 80,000-85,000 people and the number is expected to rise to 2,50,000 people by 2020.

The industry was worth USD 5 billion in 2015, a growth of 125% since 2014 in quantum of funding.

The FDI flow in first of 2015 attracted by startups was USD 31 bn, surpassing FDI flow in China and U.S.A during that period.

More than 72% of the founders in the startup space are less than 25 years old making India home to the youngest entrepreneurs in the world.

Bangalore is the 15th Best City, Globally to Startup, According to the World Startup Gnome Project Ranking
START UP RACE: INDIA VS. OTHER COUNTRIES

Technology Start-ups by Year of Inception

- United States: 47,000-48,000
- United Kingdom: 4,500-5,000
- India: 4,200-4,400
- Israel: 3,900-4,100
- China: 3,300-3,500

Quick Facts

- 2015: ~700
- 2015: ~1,200
- 2020 P: ~2,100

Strong Growth Indicators - India

- ~156 Active VCs/PEs in 2015
- ~292 Active Angels in 2015
- ~110 Incubators/Accelerators
India is the youngest start-up nation in the world - 72% of the founders are less than 35 years old

Demography of start-up founders

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 years</td>
<td>0.3%</td>
</tr>
<tr>
<td>20-25 years</td>
<td>15%</td>
</tr>
<tr>
<td>26-30 years</td>
<td>26%</td>
</tr>
<tr>
<td>31-35 years</td>
<td>31%</td>
</tr>
<tr>
<td>36-40 years</td>
<td>15%</td>
</tr>
<tr>
<td>41-45 years</td>
<td>6%</td>
</tr>
<tr>
<td>&gt;45 years</td>
<td>6%</td>
</tr>
</tbody>
</table>

Notes: 1. Others include MS, Administration Graduate, Doctorate, Under Graduate, etc.
With rapid growth in the industry ecosystem across all dimensions

- **Total Start-ups to grow multifold**
  - 2015: 4,200 - 4,400
  - 2020P: 12,000+

- **Employed in Start-ups**
  - 80-85K

- **Average valuation, is on rise**
  - $2.5-2.7 Mn

- **Investments in Start-ups**
  - $2.5-2.7 Mn

- **Worth of funding weekly**
  - $95 Mn

- **Share of Women Founders**
  - ~91%
  - Male
  - ~9%
  - Female

- **3rd Largest start-up location globally**

- **3-4 Start-ups are born each day**

- **More than 65% of the start-ups are located in NCR, Mumbai and Bangalore**

- **Bangalore ranked 15 among Global Start-up Ecosystem**

- **Representing the respective number has witnessed growth since 2014**

- **# of Incubators/Accelerators**
  - ~110

- **# of M&A Deals**
  - 65+
# CONSOLIDATED COMPARISON BETWEEN COUNTRIES

## The Macro

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>China</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (tn US$)</td>
<td>2.1</td>
<td>10.9</td>
<td>17.9</td>
</tr>
<tr>
<td>Nominal GDP per Capita (US$)</td>
<td>1,651</td>
<td>7,936</td>
<td>55,837</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>7.5%</td>
<td>6.9%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Inflation Rate (Consumer Price)</td>
<td>4.9%</td>
<td>1.4%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Private Consumption Expenditure (tn US$)</td>
<td>1.3</td>
<td>4.2</td>
<td>12.3</td>
</tr>
<tr>
<td>Private Consumption Expenditure (% of GDP)</td>
<td>64%</td>
<td>38%</td>
<td>68%</td>
</tr>
<tr>
<td>Private Consumption Expenditure per Capita (US$)</td>
<td>1,038</td>
<td>2,979</td>
<td>38,180</td>
</tr>
<tr>
<td>Exports (tn US$)</td>
<td>0.3</td>
<td>2.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Exports (% of GDP)</td>
<td>13%</td>
<td>21%</td>
<td>12%</td>
</tr>
<tr>
<td>Household Deposits (tn US$)</td>
<td>$1.0</td>
<td>$8.9 (2014)</td>
<td>$10.4</td>
</tr>
<tr>
<td>Number of Listed Companies on Country Exchanges</td>
<td>7,233</td>
<td>4,707**</td>
<td>13,701</td>
</tr>
<tr>
<td>Total Market Cap of Top 3,000 Listed Companies (tn US$)</td>
<td>1.5</td>
<td>9.3**</td>
<td>27.5</td>
</tr>
</tbody>
</table>

## The People

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>China</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (bn)</td>
<td>1.27</td>
<td>1.39</td>
<td>0.32</td>
</tr>
<tr>
<td>Urban Population Proportion</td>
<td>33%</td>
<td>54%</td>
<td>83%</td>
</tr>
<tr>
<td>Household Numbers (mn)</td>
<td>269</td>
<td>453</td>
<td>124</td>
</tr>
<tr>
<td>Millennials (born in 80s and 90s, mn)</td>
<td>443</td>
<td>415</td>
<td>88</td>
</tr>
<tr>
<td>Millennials (% of population)</td>
<td>36%</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Generation Z (born after 00s, mn)</td>
<td>393</td>
<td>257</td>
<td>65</td>
</tr>
<tr>
<td>Generation Z (% of population)</td>
<td>31%</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>Current Total Pool of College Graduates (mn)</td>
<td>956</td>
<td>79</td>
<td>211 (2013)</td>
</tr>
<tr>
<td>Current Total Pool of College Graduates (% of Work Force)</td>
<td>11%</td>
<td>10%</td>
<td>38% (2013)</td>
</tr>
<tr>
<td>Number of Tertiary Students Studying Overseas (th, 2013)</td>
<td>182</td>
<td>712</td>
<td>60</td>
</tr>
<tr>
<td>Number of People with Passports (mn)</td>
<td>63</td>
<td>65</td>
<td>126</td>
</tr>
<tr>
<td>Number of People Paying Income Tax (mn)</td>
<td>32</td>
<td>28</td>
<td>152</td>
</tr>
</tbody>
</table>

## The Consumer

<table>
<thead>
<tr>
<th></th>
<th>India (2011)</th>
<th>China (2011)</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain Consumption (mn metric tonnes)</td>
<td>214</td>
<td>457</td>
<td>347</td>
</tr>
<tr>
<td>Gold Consumer Demand (tonnes)</td>
<td>849</td>
<td>985</td>
<td>193</td>
</tr>
<tr>
<td>Electricity Consumption (k GWh)</td>
<td>1,090</td>
<td>5,550</td>
<td>46,370</td>
</tr>
<tr>
<td>Cement Consumption (last 10 years cumulative, mn tonnes)</td>
<td>2,195</td>
<td>18,910</td>
<td>795</td>
</tr>
<tr>
<td>Telephone Landlines (mn)</td>
<td>25</td>
<td>238</td>
<td>125</td>
</tr>
<tr>
<td>Installed Home Broadband (2014, mn)</td>
<td>16</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Air-Conditioners Possession (% of Households)</td>
<td>13%</td>
<td>74%</td>
<td>88%</td>
</tr>
<tr>
<td>Mobile Phones (mn)</td>
<td>274</td>
<td>474</td>
<td>207*</td>
</tr>
<tr>
<td>Smartphones (mn)</td>
<td>120</td>
<td>447</td>
<td>184*</td>
</tr>
<tr>
<td>Smartphones Subscribers (mn)</td>
<td>234</td>
<td>1,042</td>
<td>329*</td>
</tr>
<tr>
<td>Passenger Car Fleet (mn)</td>
<td>25</td>
<td>122</td>
<td>250</td>
</tr>
<tr>
<td>Number of Cities with Subways</td>
<td>7</td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td>Total Outbound Visits (mn)</td>
<td>18</td>
<td>120</td>
<td>73</td>
</tr>
<tr>
<td>Movies Made</td>
<td>1,602</td>
<td>745</td>
<td>476</td>
</tr>
<tr>
<td>Number of McDonald Restaurants</td>
<td>213</td>
<td>2,200</td>
<td>14,000</td>
</tr>
<tr>
<td>Online Retail Market Size (GMV, bn US$)</td>
<td>11</td>
<td>606</td>
<td>349 (2015E)</td>
</tr>
<tr>
<td>Number of Hospital Beds (mn)</td>
<td>1.1</td>
<td>5.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Current Mortgage Rate</td>
<td>9.5%</td>
<td>4.5%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>
Indian government aims to build an ecosystem that promotes entrepreneurship at the startup level and has taken a number of initiatives to ensure that the startup businesses get appropriate support.

Make in India
In September 2014, Prime Minister Narendra Modi introduced a big initiative “Make in India” to promote the manufacturing sector by promoting companies to invest in the sector. The intent of the campaign is to attract foreign investments and encourage domestic companies to participate in the manufacturing thereby contributing to the growth story.

Standup India
The Prime Minister also aims to build systems for enabling startups and wants to make the country as a number one destination for startups. In August 2015, he announced a new campaign “Standup India” to help startups with bank funding and encourage entrepreneurship among the young Indians. He also requested all 1.25 lakh bank branches to fund at least one startup founded by tribals and dalits.

Digital India
This is an initiative led by the Indian government to ensure that government services are made available to every citizen through online platform. In July 2015, the PM announced the Digital India initiative that aims to connect rural areas by developing their digital infrastructure. This translates into a huge business opportunity for startups. E-Commerce companies in India are planning to break into India’s rural market as a part of the government's Digital India initiative.
The government announced 100% tax exemption for startups on profits made in any three out of their first five years, a proposal experts said would have limited implications for new ventures.

New business entities, which meet the government-prescribed definition of 'startups', will no longer have to suffer the burden of 'angel tax'. This will enable them to obtain investments from unregistered venture capital funds or high net worth individuals, without having to pay tax (referred to as angel tax) on the differential, if the investments made exceed the fair market value of the entity.
Show me the Money !
Funding by Angel Investors/Seed funds

- Early stage startups rely on angel investors and seed funding
- Invest solely into the entrepreneur with an idea
- Does not encumber the entrepreneur with any corporate governance formalities

Venture Capital

- Used to scale the company’s business model
- Comes from larger institutional funds
- Focus is on building the sales force and establishing a global presence

Public markets

- Late stage startups can feel the need to expand more aggressively or actively innovate the product
- Private equity funds together with public markets provide large amounts of liquidity to late stage startups
**Total Funding in Start-ups**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Funding (USD Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>~$2.2 Bn</td>
</tr>
<tr>
<td>2015</td>
<td>~$4.9 Bn</td>
</tr>
<tr>
<td>2015 (E)</td>
<td>~$6.5 Bn+</td>
</tr>
</tbody>
</table>

Total funding would be much higher if start-ups incorporated before 2010 are considered, such as:

- Flipkart: $700 Mn
- Quikr: $150 Mn
- Practo: $120 Mn
- Zomato: $110 Mn
- InMobi: $100 Mn
- Others: $60 Mn

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### Start-ups Funded

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>179</td>
</tr>
<tr>
<td>2015</td>
<td>400</td>
</tr>
</tbody>
</table>

**Growth from 2014 to 2015**: 2.2X

### Number of Deals$^1$

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>224</td>
</tr>
<tr>
<td>2015</td>
<td>458</td>
</tr>
</tbody>
</table>

**Growth from 2014 to 2015**: 2.1X

### Total Investments (USD Mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Investments (USD Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,110</td>
</tr>
<tr>
<td>2015E</td>
<td>4,705</td>
</tr>
</tbody>
</table>

**Growth from 2014 to 2015**: 2.3X

### Active Investors

<table>
<thead>
<tr>
<th>Year</th>
<th>Angel Investors</th>
<th>PEs/VCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>50</td>
<td>300</td>
</tr>
<tr>
<td>2015</td>
<td>292</td>
<td>156</td>
</tr>
</tbody>
</table>

**Growth from 2014 to 2015**: 4X

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Notes:

1. Estimated based on average deal size and number of deals (extrapolated based on number of deals in first three quarters). Deals worth 4.1Bn already closed by end of Q3-2015.
2. Number includes funding in Snapdeal, Olacabs, Paytm also.
3. Presented numbers are for Jan-Sep 2015 period.
4. Defined as a transaction between start-up and investor. A single round of funding could be counted as multiple deals as there could be multiple investors investing.
5. In addition, 17 deals in 2014 and 59 deals in 2015 did not have investor details.
6. Defined as an investor who has made at least one investment in that year.
## Top VC/PE Firms (2015)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>INVESTMENTS²</th>
<th>KEY VERTICALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiger Global</td>
<td>Shopclues $100 Mn, GOR $45 Mn, ZO Rooms $24 Mn</td>
<td>IoT; Mediatech; Edutech; Gaming</td>
</tr>
<tr>
<td>Sequoia Capital</td>
<td>HomeLane $52 Mn, Oyo Rooms $100 Mn, Grofers $23 Mn</td>
<td>Consumer Services; Healthtech; Gaming</td>
</tr>
<tr>
<td>Warburg Pincus</td>
<td>Ecom Express $133 Mn</td>
<td>eCommerce Enablers</td>
</tr>
</tbody>
</table>

## Top Overseas Corporate Investors (2015)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>INVESTMENTS²</th>
<th>KEY VERTICALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alibaba</td>
<td>Paytm $635 Mn, Snapdeal $500 Mn</td>
<td>eCommerce, Payments</td>
</tr>
<tr>
<td>Softbank</td>
<td>Oyo Rooms $25 Mn, Snapdeal $500 Mn</td>
<td>eCommerce; Aggregators</td>
</tr>
<tr>
<td>Foxconn Technology Group</td>
<td>Snapdeal $500 Mn</td>
<td>eCommerce</td>
</tr>
</tbody>
</table>

## Top Indian Last Gen Start-ups (2015)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>KEY VERTICALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paytm</td>
<td>eCommerce; Consumer Services</td>
</tr>
<tr>
<td>Flipkart</td>
<td>eCommerce</td>
</tr>
<tr>
<td>Ola Cabs</td>
<td>Payment Solutions</td>
</tr>
</tbody>
</table>

## Key Trends

I. **eCommerce and Aggregators** are key verticals focus across all the investors

II. **High Interest from Foreign Funds**
   - 8/10 Leading VC/PE firms are foreign-based

III. Overseas corporates are aggressively looking to invest in Indian start-ups
   - Plans to invest over $1 Bn in Indian start-ups over next 2 years
   - Plans to invest $100 Million in India in next 3 years

IV. Start-up founders are also investing in Indian start-ups
   - Invested in 5 start-ups namely, Belong.co, Bewakoof, Routofy, Shadowfax Technologies, UrbanClap and Zenatix
   - Kunal Bahl, (Founder, Snapdeal)

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Notes: 'Till date, 'Investments mention the full value of the deal, the complete amount may not come from the respective VC/PE firm listed, but from multiple investors.'
2014-15 had seen some large deals instilling positivity and confidence with the investor community.

### Channels for Exit

<table>
<thead>
<tr>
<th>No. of Deals</th>
<th>Deal Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD400 Mn</td>
<td>10 NA</td>
</tr>
<tr>
<td>USD 300 Mn</td>
<td>21 $235 Mn</td>
</tr>
<tr>
<td>USD 200 Mn</td>
<td>29 $418 Mn</td>
</tr>
<tr>
<td>USD 100 Mn</td>
<td>19 $68 Mn</td>
</tr>
<tr>
<td>USD 0 Mn</td>
<td>Not Disclosed</td>
</tr>
</tbody>
</table>

Q4-2014: 
- eashmart, babyoye, wishpicker, ekmart
- $200 M

Q1-2015: 
- Bakfy, not your regular cab riding
- $5.5 M
- $10 M
- $40 Mn
- $20 Mn

Q2-2015: 
- matchify, FitHo
- $400 M

Q3-2015: 
- bookmycab.com, GENII

Source: Zinnov Product/Digital Start-up Database, Deal Curry, News Articles.
Start up to Start down !?
In 2013 - the entrepreneurial rate around the globe was already well above the dot.com bubble of 15 years ago. It still adds up to over 20 million non-employer businesses out there today, with more starting every day.

Global investors like Tiger Global, SoftBank, coming to India made Series-A investors, like Sequoia, Matrix, SAIF etc., start digging into more seed-stage investing.

In 2014, $5 billion was raised from over 300 deals. In 2015, the first two quarters as well as the last saw similar amounts being invested: $1.7 billion each in Q1 and Q4 and $1.8 billion in Q2. However, Q3 was the blockbuster quarter in terms of the amount of investments, with deals worth $3.8 billion.
Ace investor Rakesh Jhunjhunwala, considered as the Warren Buffet of India, is of the opinion that ecommerce companies are attracting too much investment without any meaningful retail disruption and is extremely bearish on the business model of existing online companies.
Market movement from period of exuberance to extreme caution

Increased number of start-ups have failed in 2016 or with about of them being hired by another start up

Struggling start-ups like OYO and snapdeal, zomato facing questions on losses and profitability
Investors have lost money in some well-funded start-ups that shut shop: Sequoia and Matrix in TinyOwl ($46 million); Catamaran, Nexus, and Qualcomm in Yebhi ($41 million); ruNet, Mangrove Capital, and Springstar in BeStylish ($26.3 million), Indo-US Venture, Matrix, Draper Fisher Jurvetson in SeventyMM ($20 million); Indo-US Venture in Indiaplaza; Lightspeed and Helion in Fashionara.
we can do it too ...
Being your Own Boss
Job Security
Quality of Life
Do what you love
Brings out the leader in you
START-UPS EVALUATION FROM AN INVESTOR PERSPECTIVE -

THE PROPOSITION AND UNMET NEED

- Clear definition of product or service
- Is it already developed or can they validate that it can be developed?
- Have they clearly defined their customer?
- Why is their product/service necessary?
- Is it doing something different/differently?
- Is it "need to have"/"nice to have"?
- If it is IP based, the patenting status?
THE MARKET AND SEGMENTATION

- What is the space they will be operating?
- Is it large and rapidly growing?
- What is the competition to their product?
- What is their strategy to deal with competition?
- Has any market validation happened?
- Never agree that they have no competition

Execution

- How will they deliver?
- Experience of pilots, prototypes
- What is their sales/marketing plan
- Scaling up plan
- Risks/mitigating plan
- How they make money

- Who pays them
- What channels
- What gross margins
AND IT ALL COMES DOWN TO....

- Look at entrepreneurs skin in the game
- Communication skills
- Avoid single founders team
- Incomplete team does not work
- Giving them a high valuation early can be fatal
- Size of the pie wins every time over the share of the pie
- Ideas are a dime a dozen, its execution, execution...
START-UPS ARE PROVIDING AN EXHILARATING WORK CULTURE ALONG WITH ATTRACTIVE MONETARY BENEFITS TO LURE NEW AND RETAIN EXISTING TALENT

- Flat Hierarchy as compared to Corporates
- Flexible Work Timings
- Multitasking
- Competitive Monetary Benefits
- More Opportunity to Grow
- Continuous real-time semi-structured feedback
- Freedom to Innovate & Explore
Among the many noteworthy entrepreneurs who have entered the market, a huge number of youngsters below the age of 25 are taking the market by storm.

Bhavish Aggarwal and Ankit Bhati, co-founders of OLA cabs, Pranay Chulet, founder of CommonFloor, Deepinder Goyal, founder of Zomato, Ritesh Aggarwal, founder of OYO Rooms have made a mark in the start-up scenario at a very early age.
Cleartax raised $2 million just a month after seed funding

- Raised funds from Founders Fund
- Has a base of 10000 CA's - 1 million tax payers
- High increase in business - tax and TDS filings
- Also focusing on tax savings
- Targeting the niche segment, less competitors

Similarly, start-ups like H & R Block, Makeyourtax.com, a cloud-based tax filing app and Taxmantra have revolutionized the start-up area for professionals.
GOLDEN RULES FOR START-UP ENTREPRENEURS

- The commercial output of a Start-up is wealth creation, not income generation.
- Never be afraid of failures and Never take success for granted.
- Logical Thinking doesn’t always help .... Think Out of the Box
- ‘Work-Life Balance’ is overrated. Both co-exist ..... How you perform between 25 yr to 35 yrs determines the future course of your professional life.
- Get the right people in the bus and on the right seat.
- Key to future growth is Networking. Meet as many people as you can
- Don’t build your business thinking ‘whether investors will like it’. The question to answer is ‘whether customers will like it’.
- In long run, Start-ups and Traditional businesses converge on one cardinal rule ..... Business has to be self-sufficient and not dependent on Investors / Bankers for its cash requirements.
The start up scenario has widened doors for professionals such as Chartered Accountants, Company Secretaries etc.,

- Incorporation
- Obtaining various registrations and licenses
- Tax consultation
- Accounting consultation
- Secretarial Internal Audit
- Forensic Audit
- Financial structuring
- Corporate structuring around domestic and overseas operations
- Taxation Management
- ESOP Management
- Accounts / Financial outsourcing (SuperCFO, MyCFO)
- Options of financing available
- Assistance on valuation of business
- Private Equity
- Filings and compliances and Secretarial matters
STARTUP FUNDAS

- “Topline is vanity, bottomline is sanity, cashflow is reality”

- “Start-ups follow the famous hindi song ‘Jab tak hain Jaan, Jaane Jahan, Main Nachungi...’”

- “If u owe Rs. 10,000 to investors, its your worry. If u owe Rs. 100 cr to investors, its their worry..”

- “In God I believe, Rest all pls bring data..”

- “Sweat equity is best startup capital..”
The light at the end of the tunnel has been turned off due to budget cuts.
AND IT CONTINUES...

“Chase the vision, not the money; the money will end up following you.”
Tony Hsieh
www.businessinsider.com

“Your brand is what people say about you when you are not in the room.”
- Jeff Bezos, Founder of Amazon

AS WE LOOK INTO THE FUTURE LEADERS WILL BE THOSE THAT EMPOWER OTHERS
- Bill Gates
www.iwant365figurebusiness.com

EVERYONE HAS A PLAN 'TILL THEY GET PUNCHED IN THE MOUTH.
Mike Tyson
Whatever said and done, what ever statistics reflect, its right now or never.

Creating history is a one time opportunity, let us make the most out of our ideas!
Contact: Mitesh Shah
shahmiteshj@hotmail.com
9324279054

Thank You!!