



INDO-JAPAN STARTUP CONNECT

Collaboration Opportunities,
Challenges & More
Report 2022

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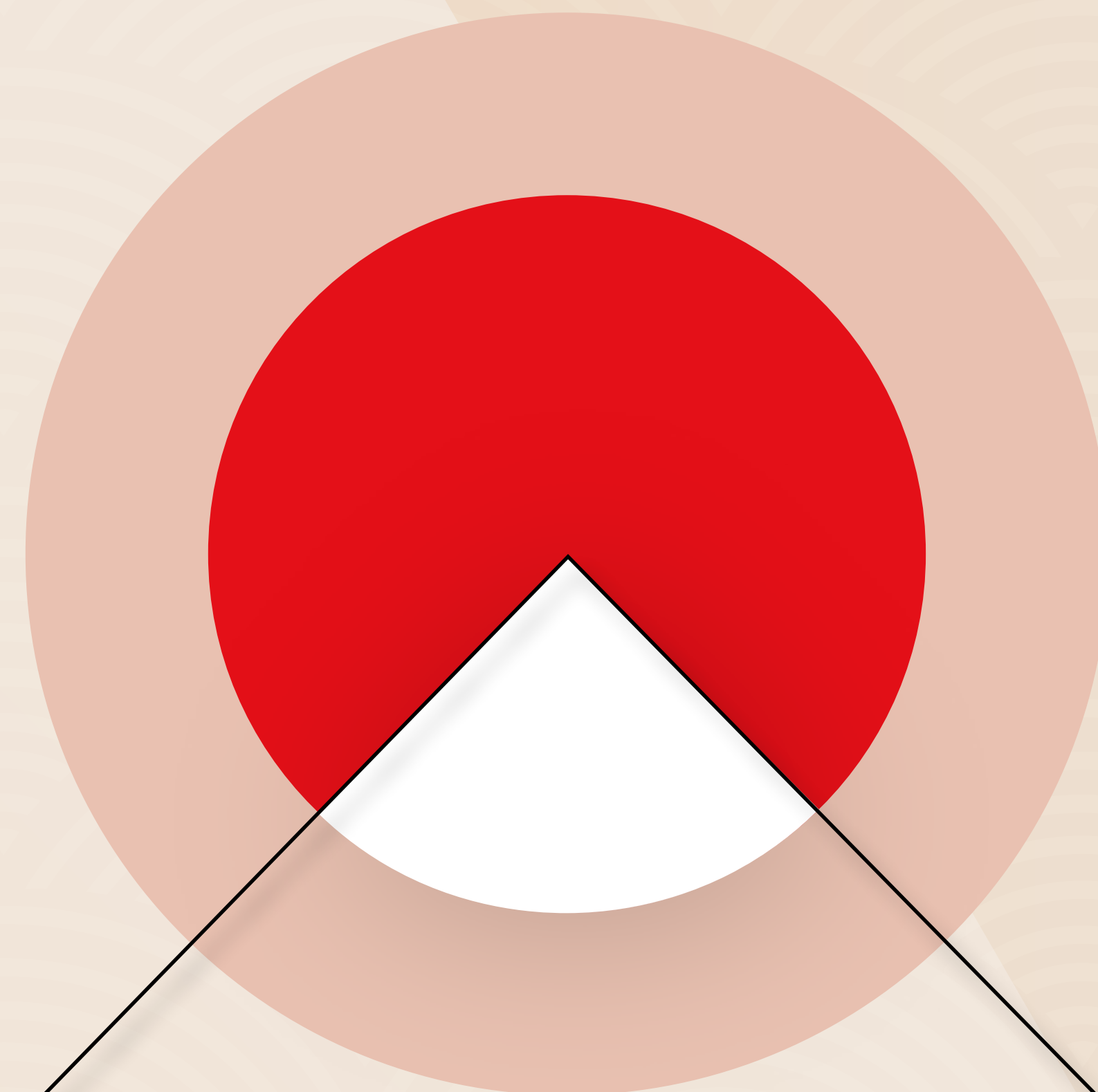
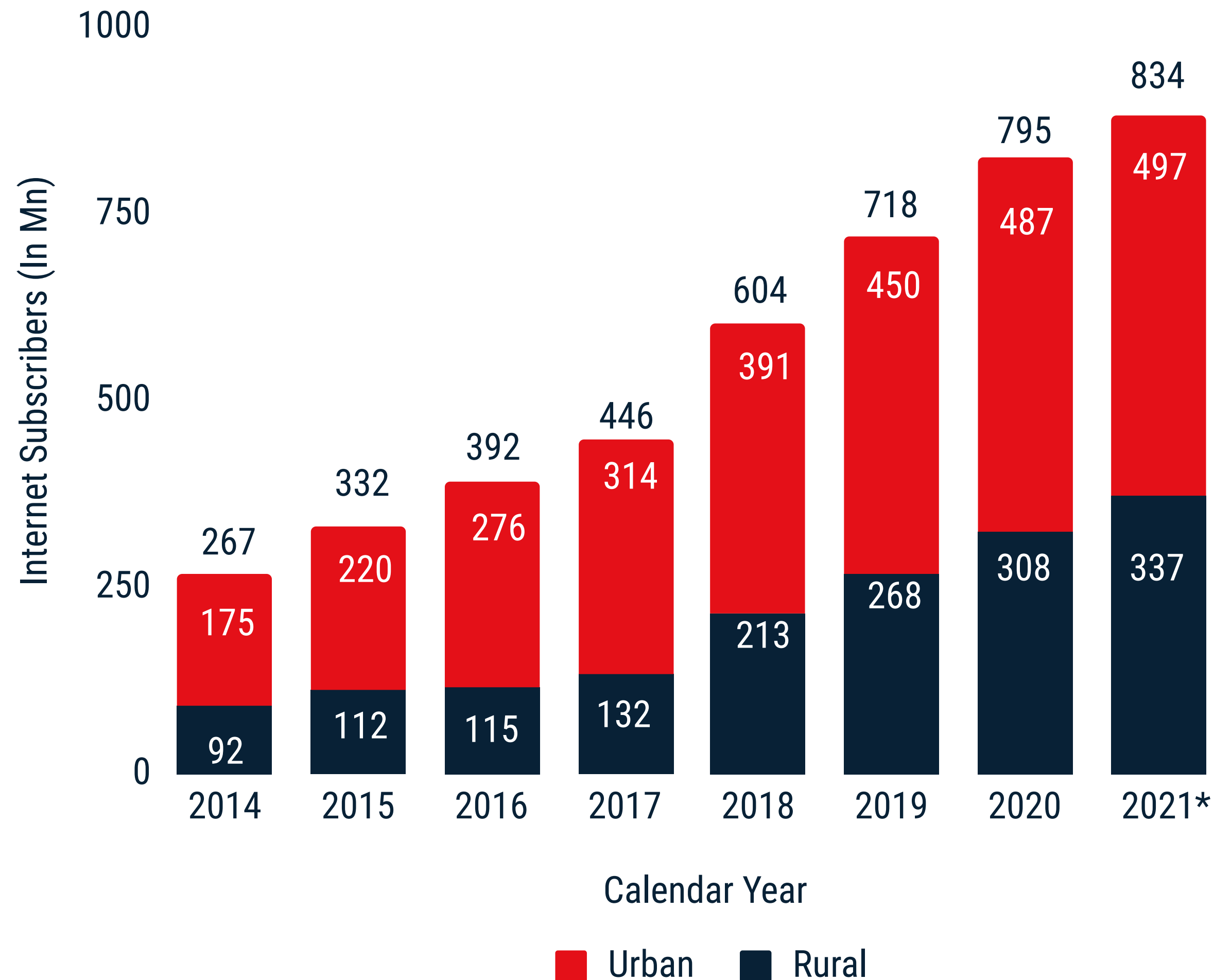


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India's Digital Economy In A Nutshell



Source: TRAI, NPCI, Bain & Company
 Note: * indicates data is till September 30, 2021

834 Mn+

Total Number Of Internet Subscribers In India As Of Sept 2021

61%

Internet Penetration In India

931 Mn

Smartphone Users In India

\$0.68

Per GB Internet Cost In India

4.7 Hours

Average Hours Spent On Mobile Per Day Per User

305 Mn+

Users Doing Online Transactions In India

82 Bn+

Total Volume Of UPI Transactions As Of Feb. 2022

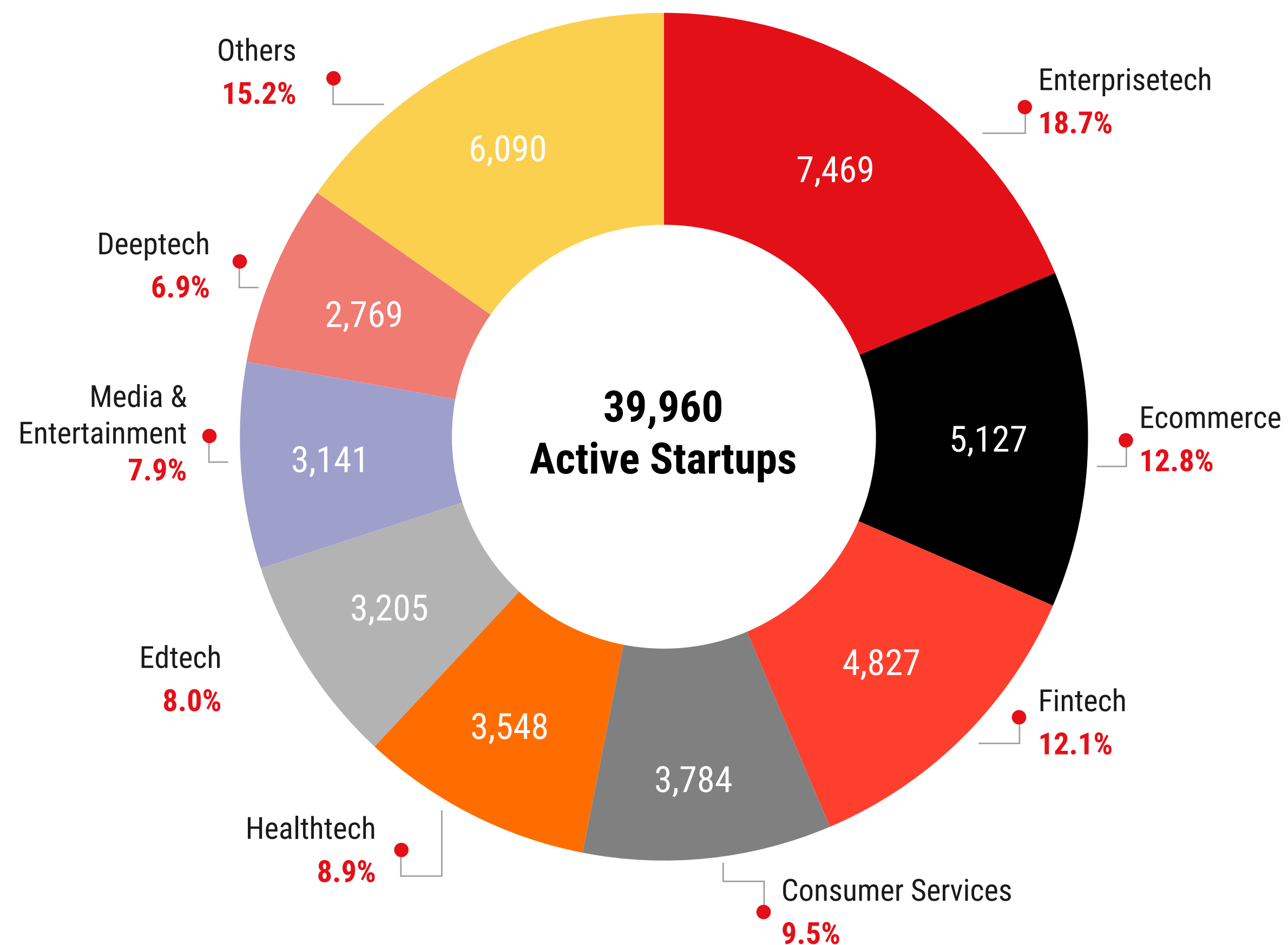
\$1.7 Tn+

Total Value Of UPI Transactions Till Feb. 2022

337 Mn

Number Of Rural Internet Subscribers In India As Of Sept. 30, 2021

Outlook Of India's Startup Economy



57K Indian Startups Launched To Date

\$124 Bn Funding Raised By Startups Between 2014 And Q1 2022

99 Indian Startups Are Unicorns

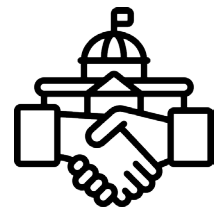
\$332 Bn Combined Valuation Of Indian Unicorns

4.7K+ Funded Startups In India

1,021 M&As Recorded Between 2014 & Q1 2022

17 Startups Listed To Date

Key Highlights: Indo-Japan Collaboration



Government-to-Government

Agreement On Commerce
(Signed in 1958)

Avoidance On Double Taxation
(Signed in 1960)

Agreement On Science & Tech.
(Signed in 1985)

Agreement On Nuclear Energy
(Signed in 2017)



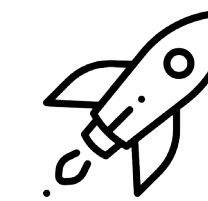
Trade Relations

\$3.2 Bn (2020)
India's trade to Japan

\$7 Bn (2020)
Japan's trade to India

\$1.7 Bn (2020)
FDI from Japan

1,455+
Japanese companies operational in India



Startup-to-Startup

130+
Active Japanese investors in India

231
Indian startups funded by Japanese investors

78%
Growth (2020-'21) in deal participation by
Japanese investors in India

25
Number of Indian unicorns with
Japanese investors



Indo - Japan | Collaboration Opportunities With Startups

Key Highlights: Indo-Japan | Startup Opportunities

Access to Venture Capital

The most popular demand
among Indian startup
founders

50%

Of Indian startup founders are
open to collaboration with a
Japanese enterprise in
the next two years

79%

of Indian startups have never
collaborated with a Japanese
origin organisation or startups

ESG

Focused startups have the
highest business
collaboration affinity
towards Japanese
enterprises

Japan

Is the second most popular
choice among Indian
founders for raising
foreign capital

SaaS & Deeptech

Startup founders have high
appetite for business
expansion to Japan

JVs

Popular among ESG and
ecommerce startup
founders in India










Edtech







Startups have low affinity
towards raising capital and
business collaboration
from Japan

ESG

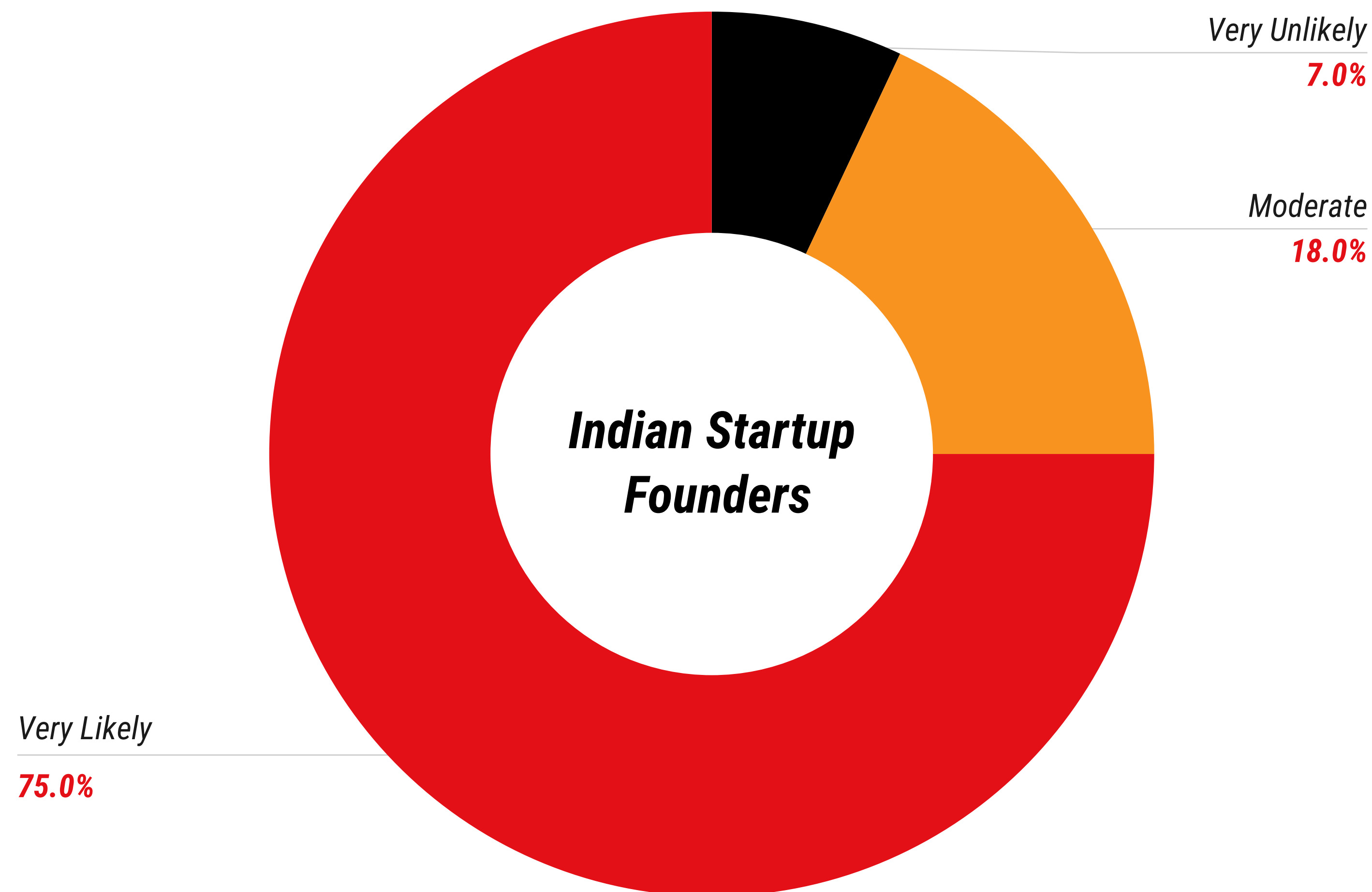
Ideal segment to pursue for
startup-to-startup collaboration
between India and Japan

Notable Indian Startups Who Have Expanded Their Business To Japan

	Description	Valuation (\$ Bn)	Sector	Notable Japanese Investors	Method Of Partnership
	Amagi is a SaaS company that enables organisations with targeted advertisements on TV and OTT media platforms	0.5	Enterprisetech	None	Organic expansion of its cloud based TV broadcasting platform in the Japanese market
	Druva is a SaaS company that helps in the protection of organisational data used in business operations	2	Enterprisetech	 NTT FINANCE	Expanded into the Japanese market in partnership with NTT Neomeit and NetOne Systems
	Emotorad is an Indian EV manufacturer which produces affordable electric powered two-wheelers	N/A	EV	None	Organic expansion of its e-bikes in the Japanese market
	Freshworks is a publicly listed Indian SaaS company that provides full-stack business software solutions for organisations around the world	5.2	Enterprisetech	None	A strategic partnership with OrangeOne Corp. to offer multi-product customer engagement suite in Japan
	Icertis is an Indian unicorns which provides contract management solutions for businesses of all size	5	Enterprisetech	 SoftBank	Company had raised \$80 Mn in Series F round to expand its footprint in Japan and SEA
	Inmobi was India's first unicorn, the company is a market leader in new-age digital market and intelligence solutions	12 to 15	Enterprisetech	 SoftBank	Organic expansion of its marketing cloud solutions in Japan without any external collaboration

	Description	Valuation (\$ Bn)	Sector	Notable Japanese Investors	Method Of Partnership
	Nazara Technologies is a listed company in India that specialises in online gaming and gamified early learning focused on skill development among children.	0.766	Media & Entertainment	None	The company aims to expand its gamified e-learning product—Kiddopia, in Japan
	OYO is an Indian travel tech leader which provides affordable hotel rooms and co-living/working spaces for individuals around the world.	9.5	Traveltech	 SoftBank	Expanded OYO Hotels and Life to Japan in partnership with SoftBank and Yahoo Japan
	Paytm is a leading full-stack fintech player in India. The company is also the first mover at scale in terms of offering full-stack fintech services.	7	Fintech	 SoftBank	Launched a mobile payments company—PayPay, which is a JV with SoftBank and Yahoo Japan.
	Zoho is a leading SaaS player in India which provides solutions such as— CRM, HRM, and project management tools for business operations	1+	Enterprisetech	Bootstrapped	Organic expansion of its software products and services in Japan without any external collaboration

How Likely Are Indian Startups To Collaborate With An International Enterprise In The Next Two Years?



Survey Question:

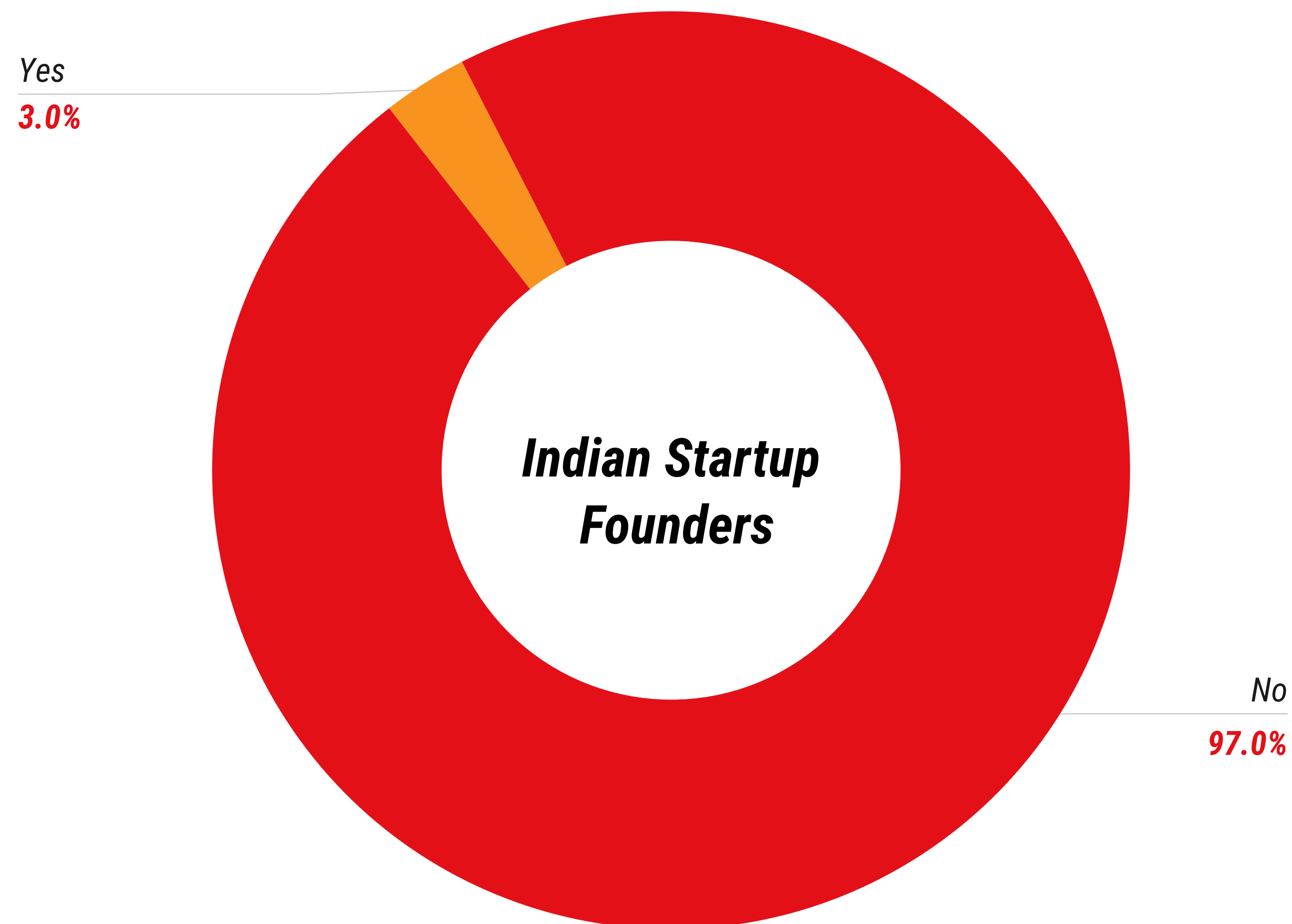
On a scale of 1 to 10 how likely are you to collaborate with an international enterprise in the next two years?

Very Unlikely: 0 to 4
Moderate: 5 to 7
Very Likely: 8 to 10

Source: Inc42

Note: Based on survey of 100+ Indian startup founders

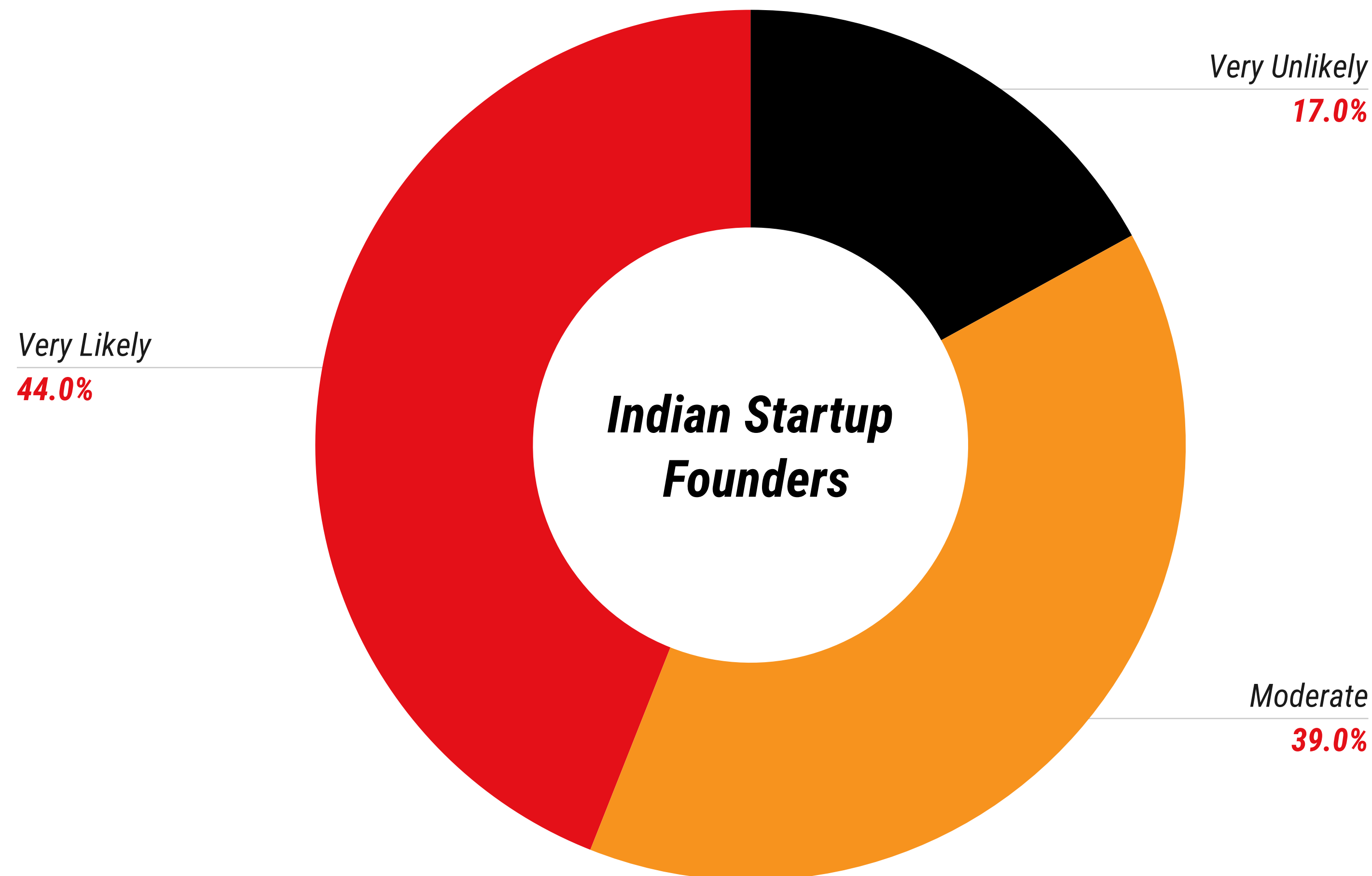
Japanese Investor Participation In Indian Startup Funding Deals



Survey Question:
Have you raised capital for your startup/enterprise from a Japanese origin VC?

Source: Inc42
Note: Based on survey of 100+ Indian startup founders

Approximately 2 Out Of Every 5 Startup Founder In India Are Likely To Raise Capital From A Japanese Origin VC In The Next Two Years



Survey Question:

On a scale of 1 to 10 how likely are you to raise capital from a Japanese origin VC in the next two years?

Very Unlikely: 0 to 4

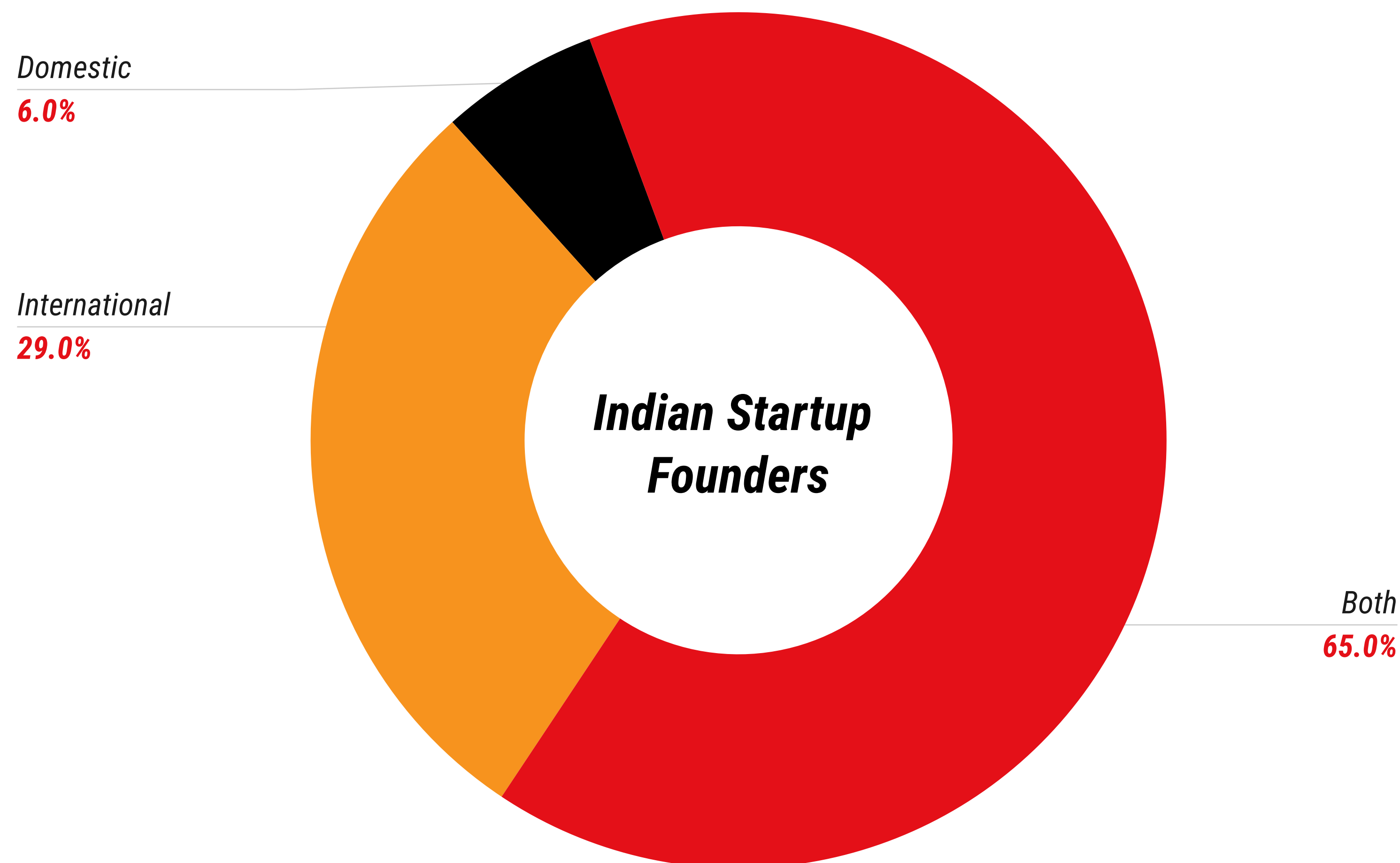
Moderate: 5 to 7

Very Likely: 8 to 10

Source: Inc42

Note: Based on survey of 100+ Indian startup founders

Majority Of Indian Startup Founders Are Agnostic About Organisation's Origin When It Comes Business Collaboration



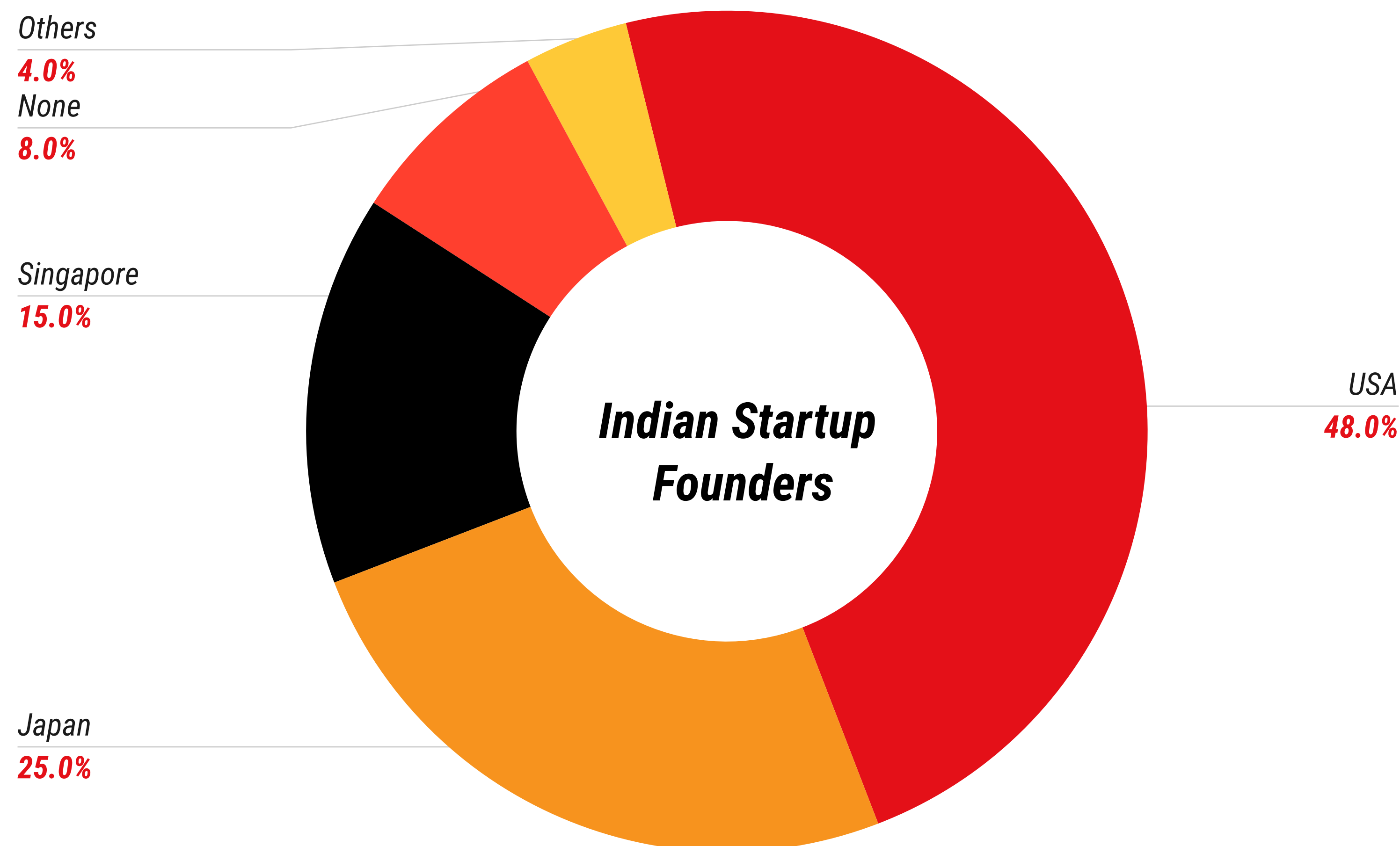
Survey Question:

For joint ventures (JVs) what type of organisation do you prefer?

Source: Inc42

Note: Based on survey of 100+ Indian startup founders

Japan Emerged As The Second Most Popular Choice Among Indian Founders For Raising Foreign Capital



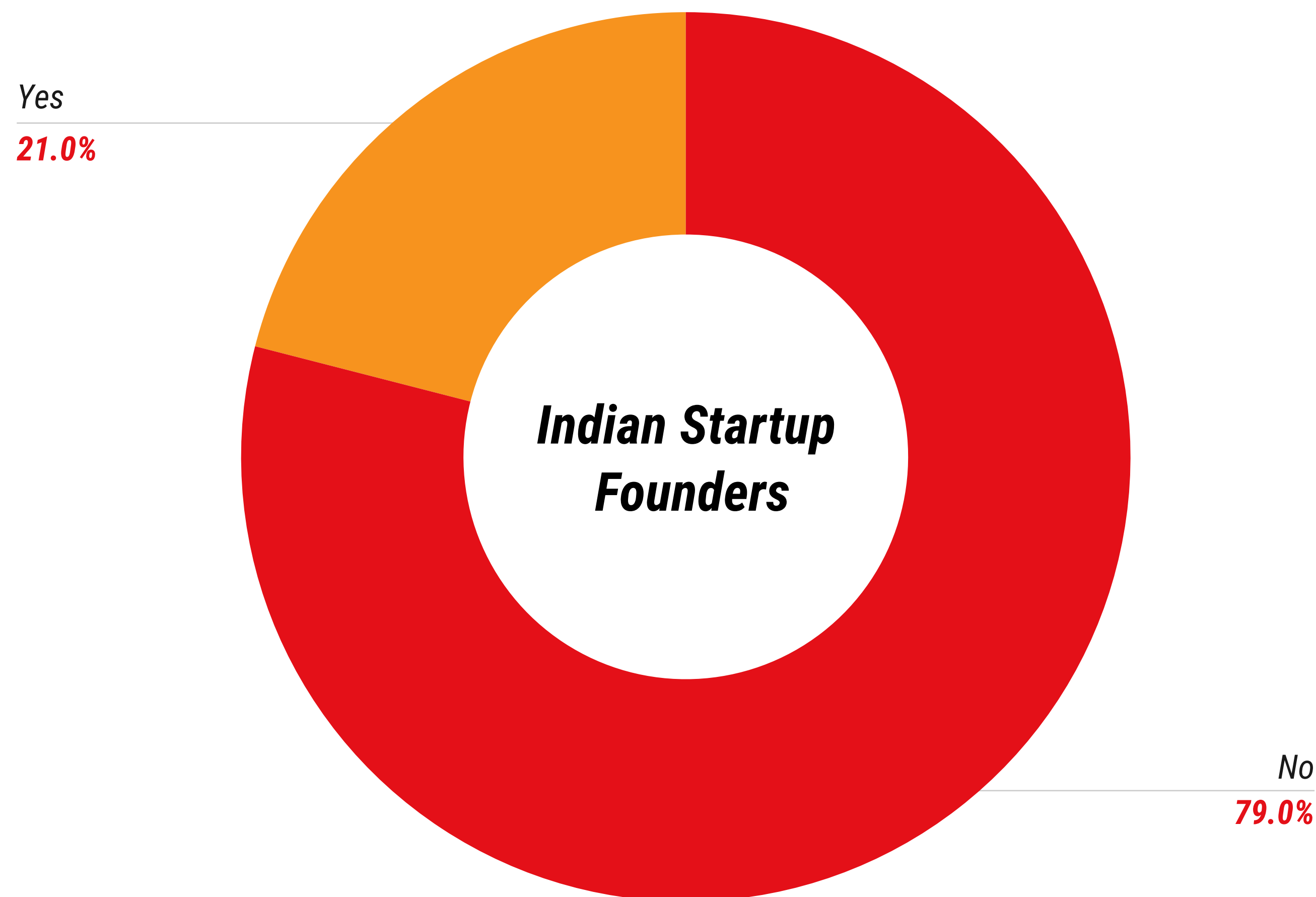
Survey Question:
Among these, which country origin investors would you be more interested in raising capital from?

The maturity of the American startup ecosystem along with high risk appetite of US based investors make them an ideal choice for raising venture capital from international VCs.

Source: Inc42

Note: Based on survey of 100+ Indian startup founders

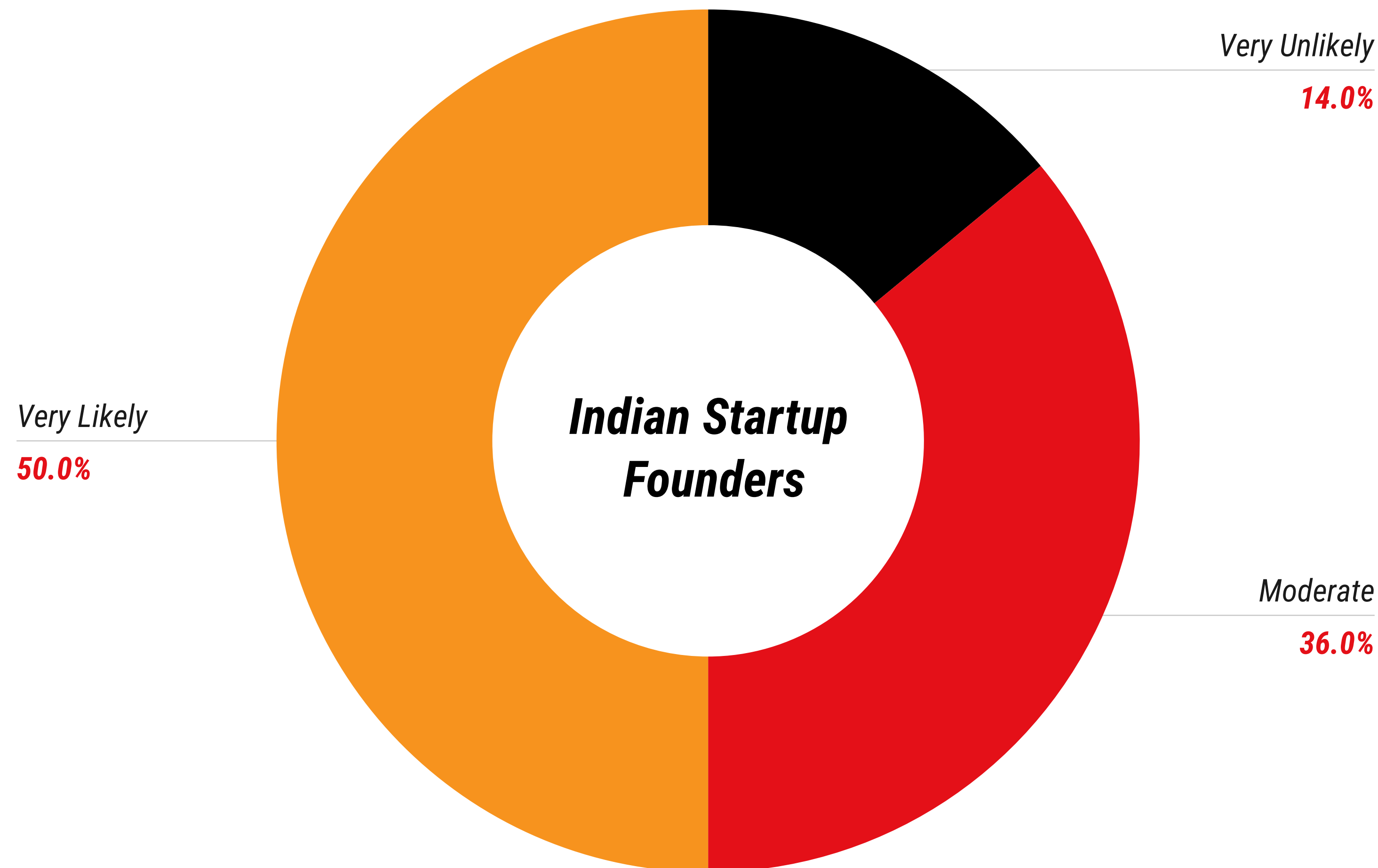
79% Of Indian Startups Have Never Collaborated With A Japanese Origin Organisation Or Startups



Survey Question:
Did you ever collaborate with a Japanese-origin organisation/ startup?

Source: Inc42
Note: Based on survey of 100+ Indian startup founders

50% Of Indian Startup Founders Are Open To Collaborate With A Japanese Enterprise In The Next Two Years



Survey Question:

On a scale of 1 to 10 how likely are you to collaborate with a Japanese enterprise in the next two years?

Very Unlikely: 0 to 4

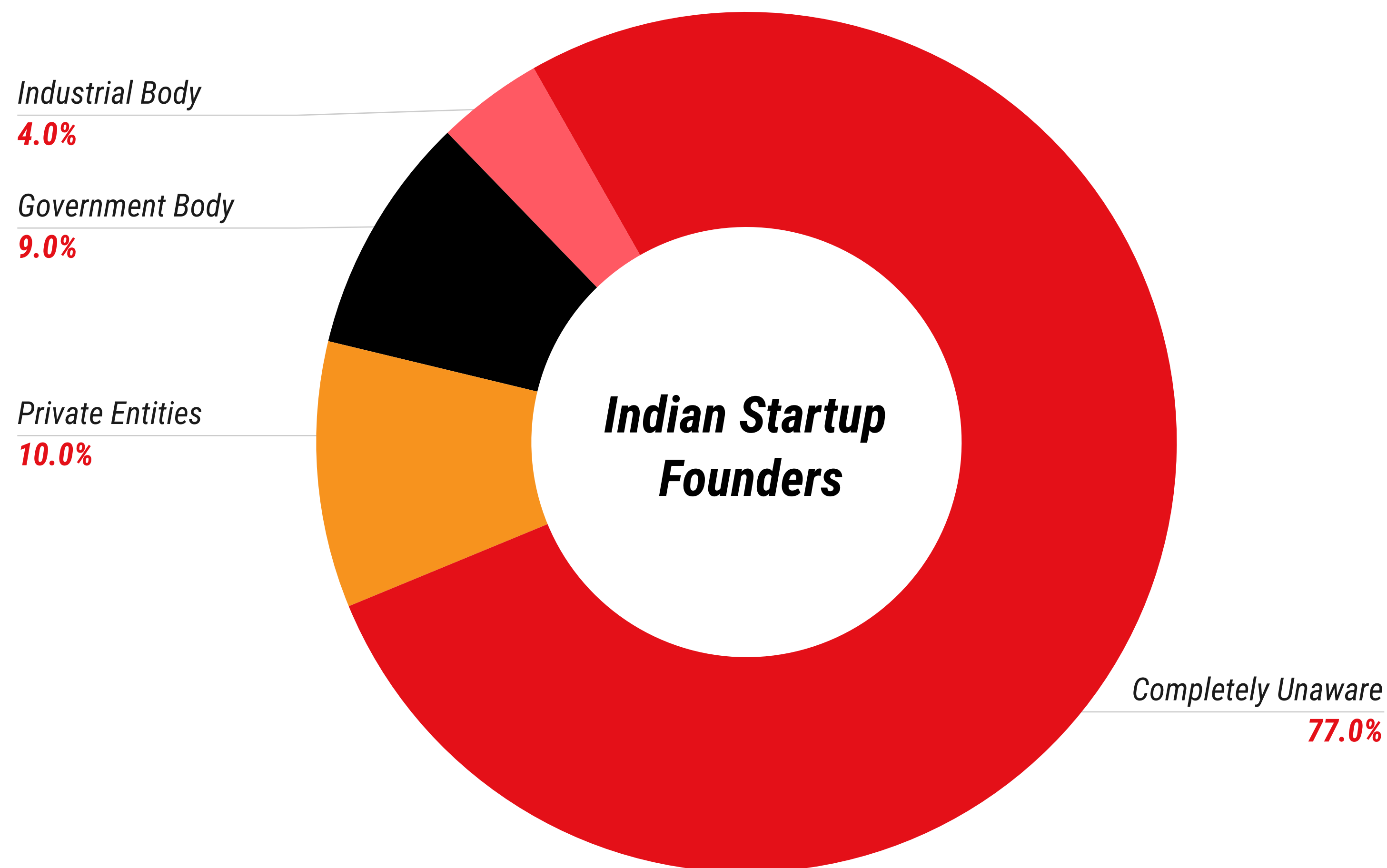
Moderate: 5 to 7

Very Likely: 8 to 10

Source: Inc42

Note: Based on survey of 100+ Indian startup founders

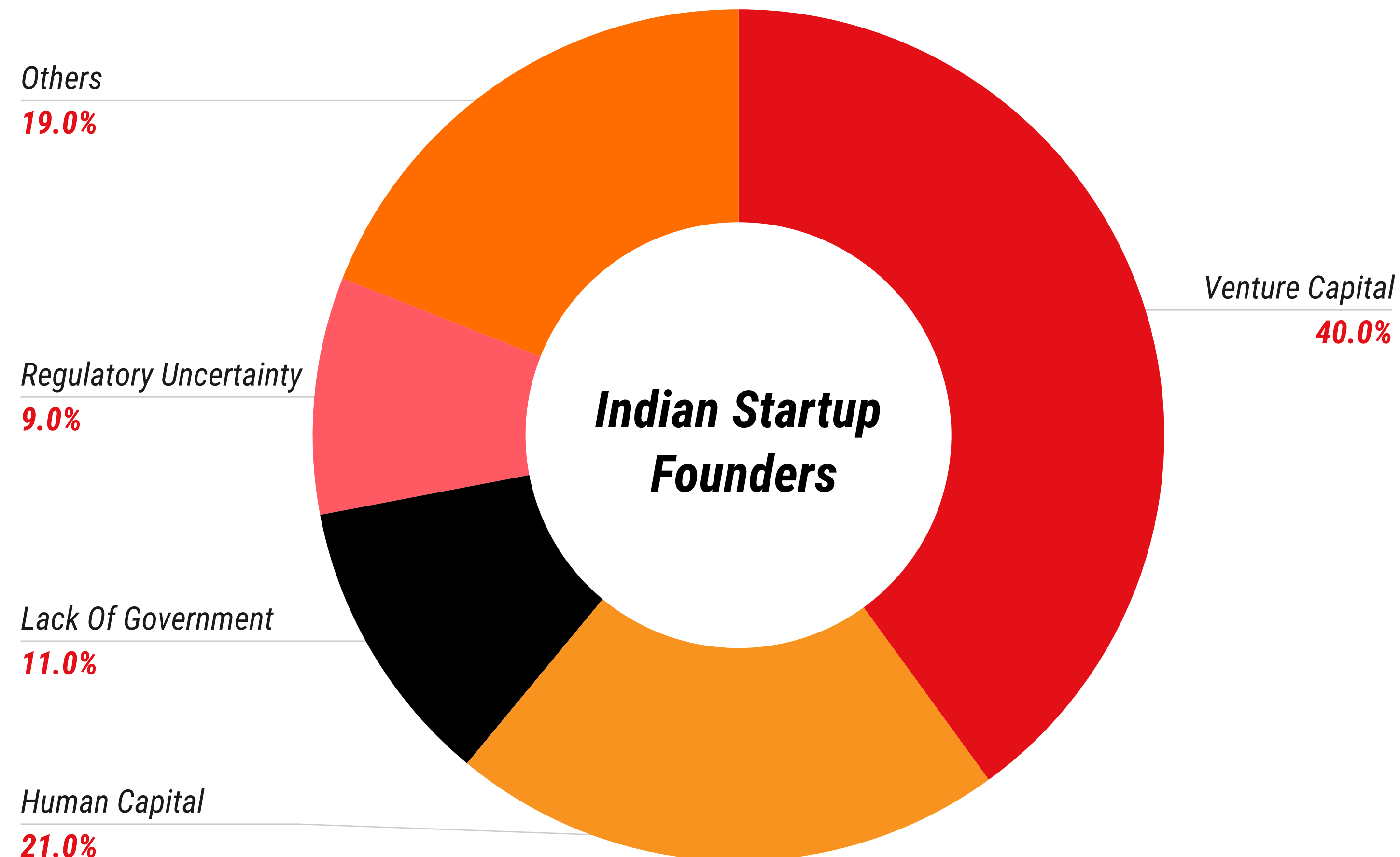
Indian Startup Founders Have A Limited Understanding Of Startup Centric Events Run By Japanese Organisations



Survey Question:
Are you aware of any startup/entrepreneur centric events or initiatives undertaken by active Japanese organisations or private entities in India?

Source: Inc42
Note: Based on survey of 100+ Indian startup founders

Access To Venture Capital: A Key Systemic Challenge For Indian Startup Founders



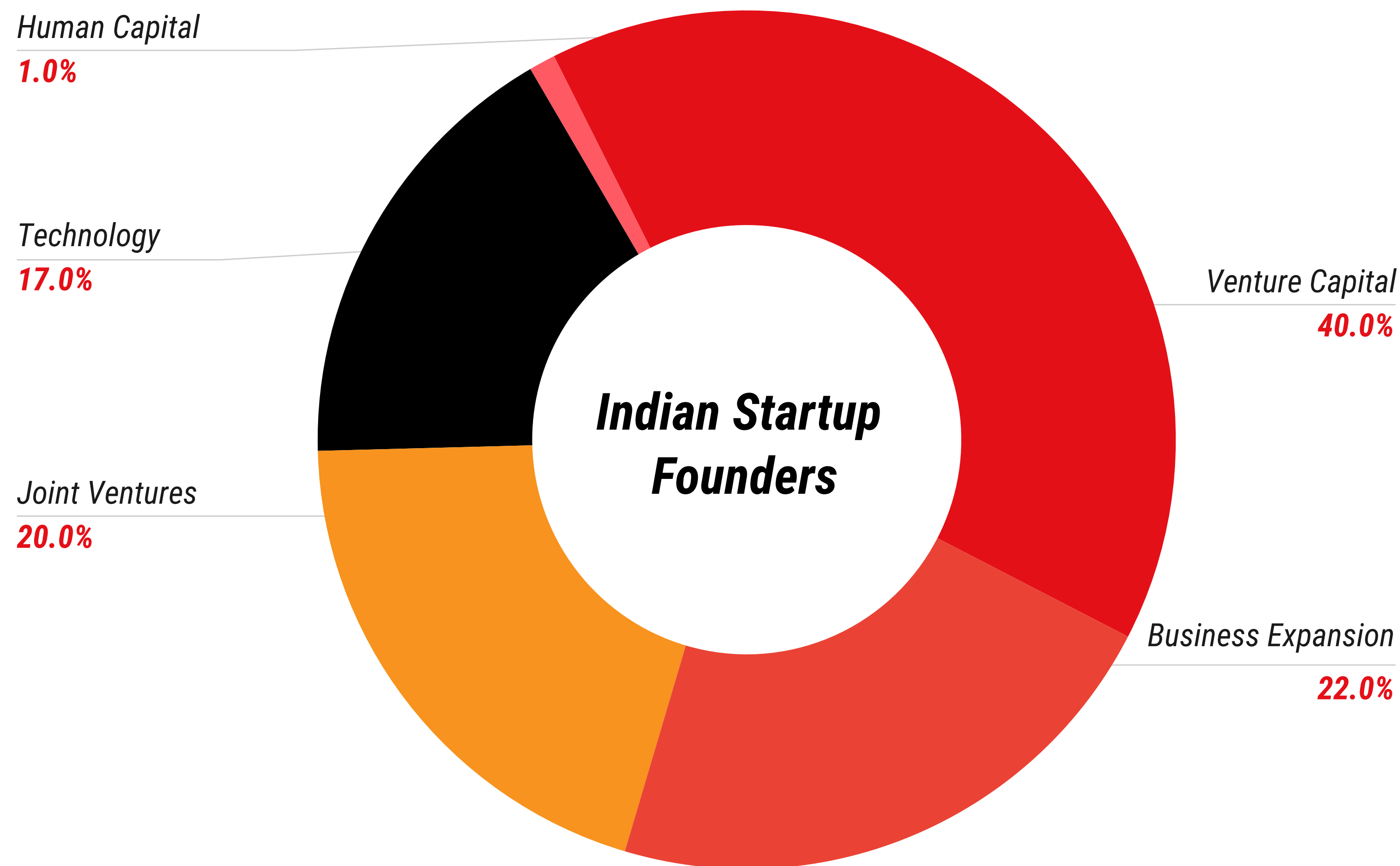
Source: Inc42

Note: Based on survey of 100+ Indian startup founders

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Survey Question:
According to you, what is the most significant systemic challenge faced by the Indian startup ecosystem today?

Venture Capital Access Is The Most Popular Demand Among Indian Founders From Japan



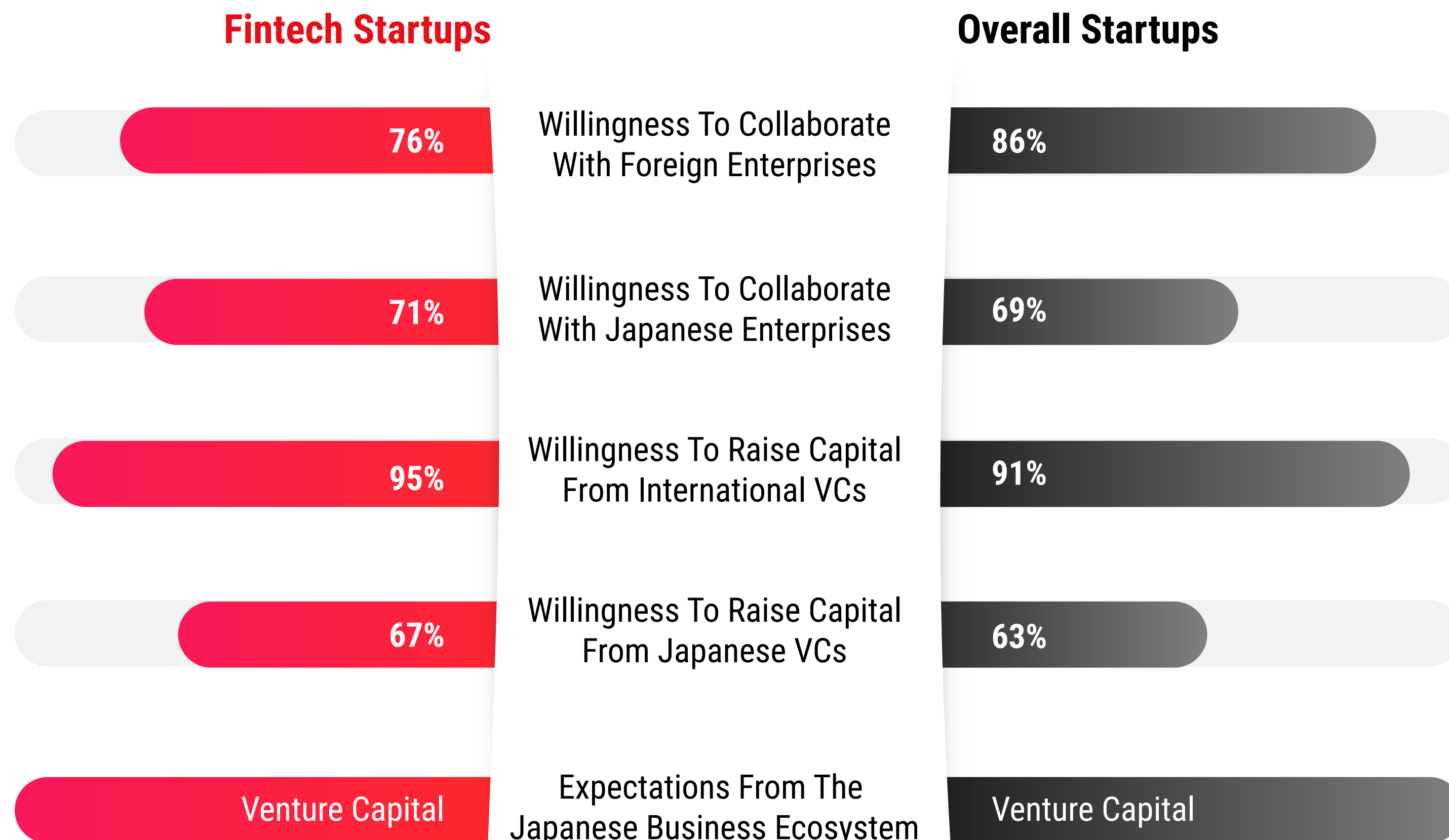
Survey Question:

As an Indian startup founder, what do you expect from the Japanese business ecosystem?

Source: Inc42

Note: Based on survey of 100+ Indian startup founders

Indian Fintech Startup Ecosystem: Collaboration Opportunities



Fintech market opportunity in India is expected to touch \$1.3 Tn mark by 2025, making fintech a preferred choice among venture capital investors across all stages.

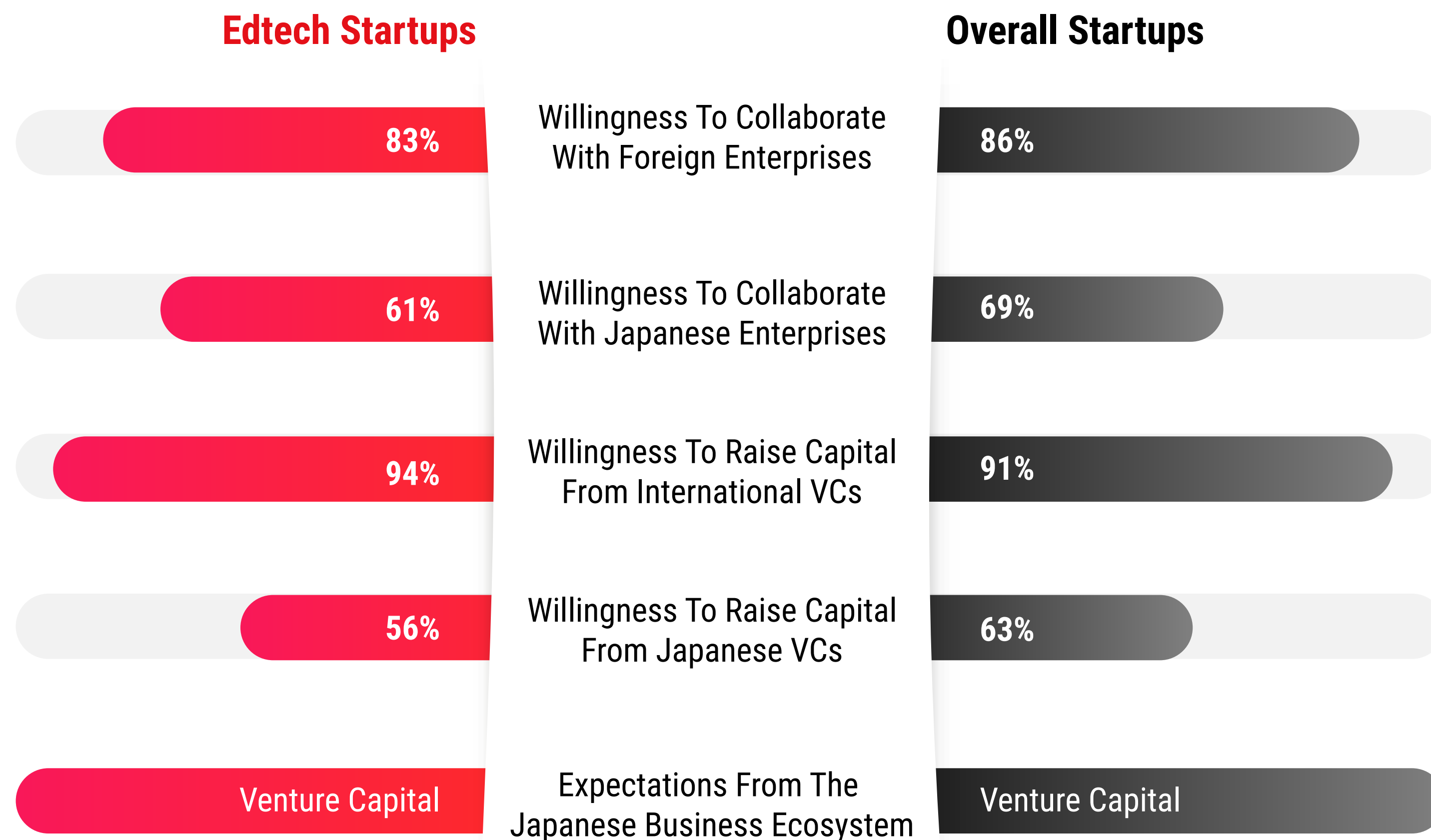
Compared to the overall Indian startup ecosystem, fintech founders have a greater appetite for raising capital and exploring business collaboration opportunities with Japanese enterprises.

The fact that Paytm – a leading Indian fintech player, has already successfully expanded in Japan portrays a valid proof of concept for future expansion by Indian fintech startups in the Japanese market.

Source: Inc42, Indo-Japan Startup Collaboration Survey 2022

Note: Based on survey of 100+ Indian startup founders

Indian Edtech Startup Ecosystem: Collaboration Opportunities



Edtech market in India is pegged to be worth \$10.4 Bn by 2025. Post pandemic, the edtech sector witnessed a massive upsurge in paying users and venture capital investments.

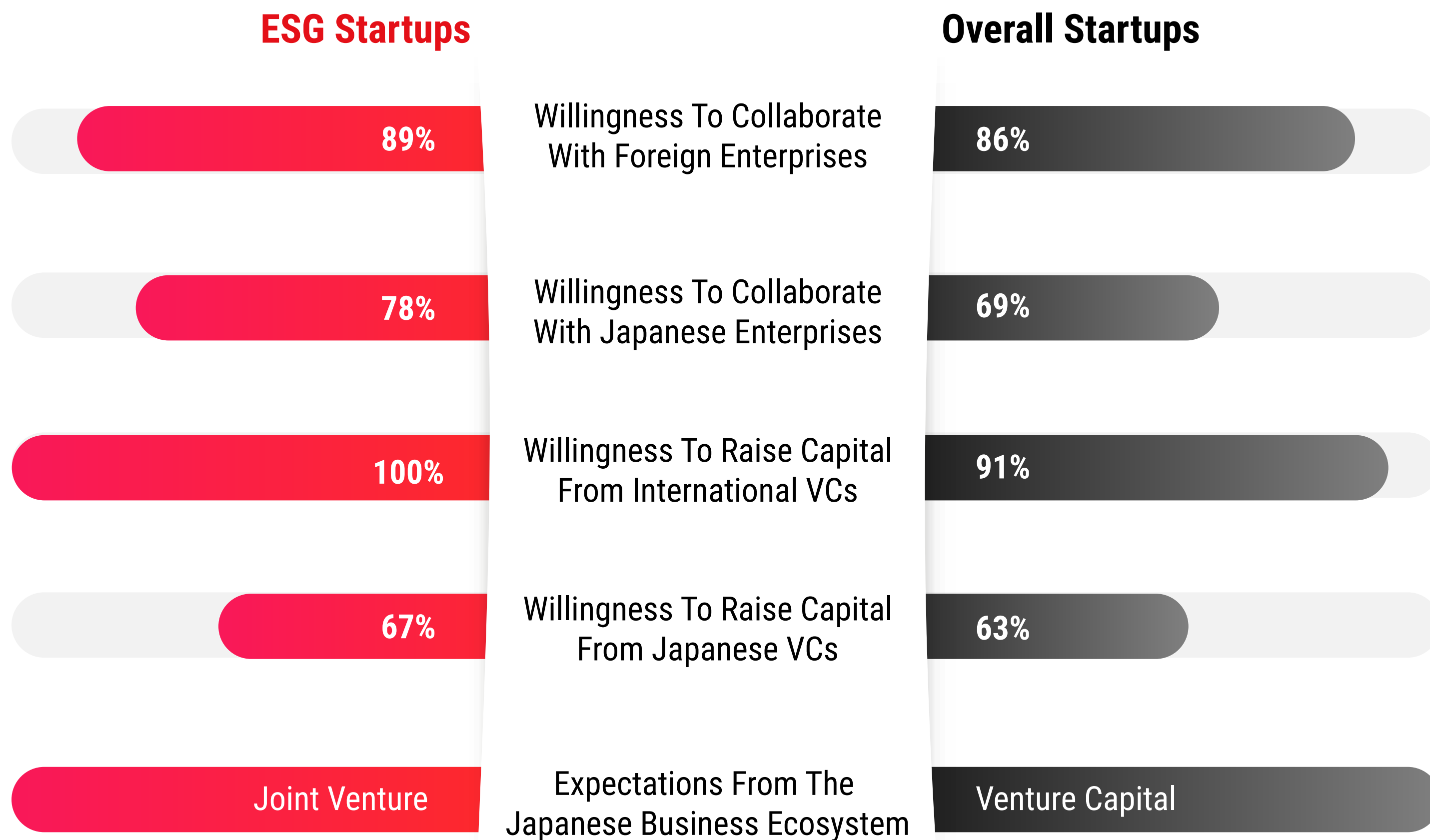
Compared to the overall Indian startup ecosystem, Indian edtech founders have a relatively lower appetite for raising capital and business collaboration with the Japanese market.

Lower affinity of Indian edtech founders towards the Japanese market can be attributed to the fact that many edtech startups choose the North American and European markets for international expansion compared to Asian markets. Largely due to greater consumer

Source: Inc42, Indo-Japan Startup Collaboration Survey 2022

Note: Based on survey of 100+ Indian startup founders

Indian ESG Startup Ecosystem: Collaboration Opportunities



Capital inflow in ESG focused mutual/index funds have witnessed a 76% increase in 2021. It has grown from \$283 Mn in 2020 to \$498 Mn in 2021. Indicating the growing interest of both retail and institutional investors in the country.

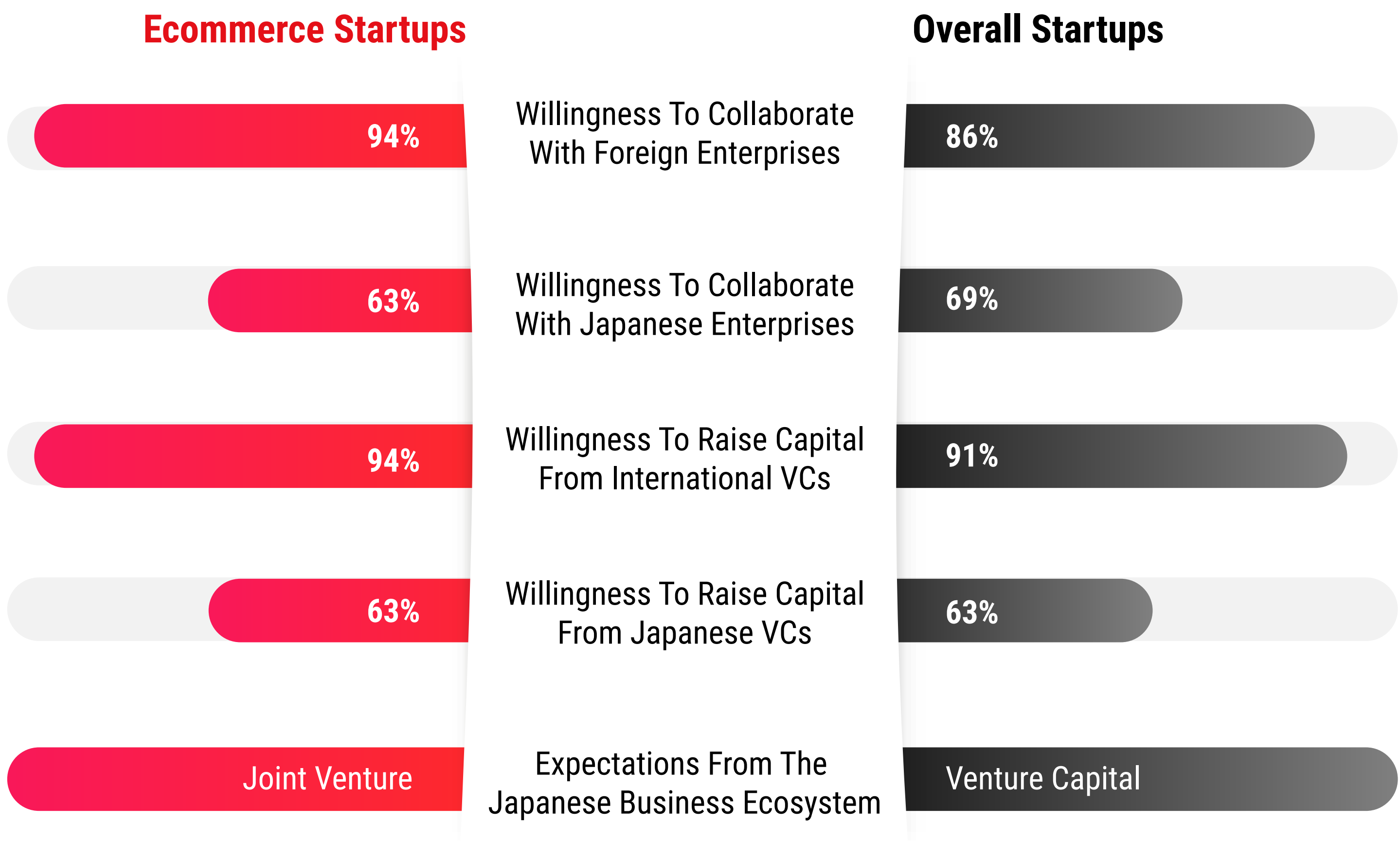
Among the other sectors covered in the report, ESG startups have the highest business collaboration affinity (78%) towards the Japanese enterprises. Contrary to the demand of venture capital amongst other startup sectors, ESG startups are prioritising JVs with the Japanese counterparts.

In Asia, Japan has the highest i.e. 50% investor awareness towards ESG, compared to the Asian-Pacific average of 43% (2021). This indicates the maturity of the ESG ecosystem in the country, which will play a crucial role in establishing sustainable business partnerships between Indian and Japanese companies.

Source: Inc42, Indo-Japan Startup Collaboration Survey 2022

Note: Based on survey of 100+ Indian startup founders

Indian Ecommerce Startup Ecosystem: Collaboration Opportunities



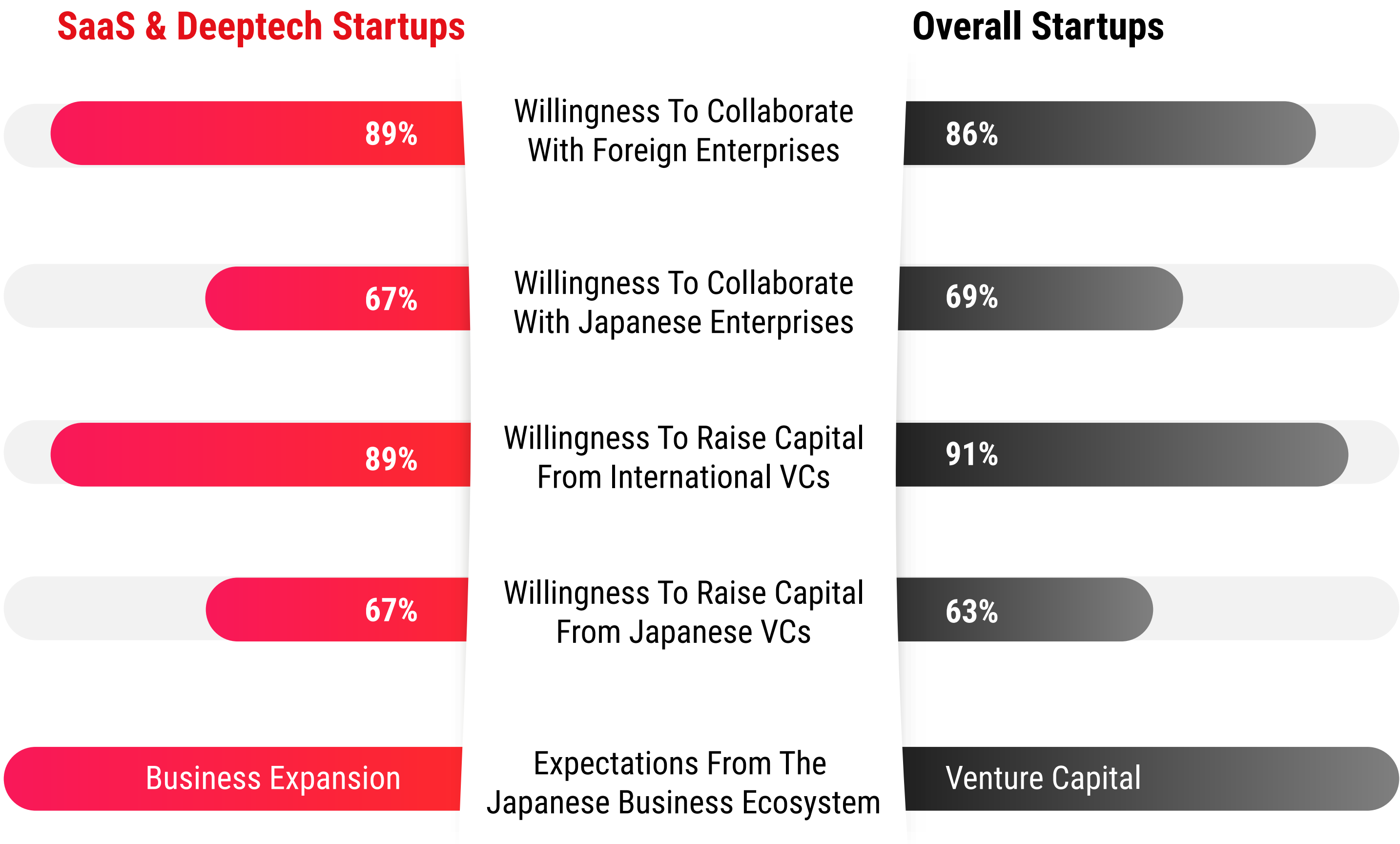
Indian ecommerce market is pegged to be worth \$200 Bn by 2026. The upsurge in venture capital inflow towards D2C (direct-to-consumer) brands in India has revitalised the growth of ecommerce sector in the country.

Ecommerce founders have the highest likelihood of international collaboration (94%) among the other sectors covered in the report.

For ecommerce startups, joint ventures over access to venture capital was the preferred option in terms of expectations from the Japanese business ecosystem.

Source: Inc42, Indo-Japan Startup Collaboration Survey 2022
Note: Based on survey of 100+ Indian startup founders

Indian SaaS & Deeptech Startup Ecosystem: Collaboration Opportunities














Post liberalisation of the Indian economy in 1991, computer software (IT) emerged as a dominant industry in the Indian economy. To date, software over hardware has been the core strength of India Inc. paving the way for product driven SaaS (software as a service) sector in the country.

Among the other covered sectors in the report, SaaS & Deeptech are the only sectors, where startups have opted for “Business expansion” over venture capital and joint ventures. This can be attributed to the fact that most SaaS and deeptech powered SaaS solutions providers make products for global markets.

Zoho, Freshworks, Inmobi and other notable enterprise tech (SaaS) startups have already expanded their footprint in the Japanese market providing a valid proof of concept.

Source: Inc42, Indo-Japan Startup Collaboration Survey 2022
Note: Based on survey of 100+ Indian startup founders

Select Indian Startups' Affinity Towards Collaboration With Japanese Enterprises In The Next Two Years

	Sector	Headquarters	Description
	Space tech	Delhi NCR	Blue Sky offers a data intelligence platform to assess the socio-economic impact of climate change
	Cleantech	Delhi NCR	Claro energy provides affordable irrigation and water management solutions to farmers in remote rural India.
	Enterprise tech	Bengaluru	Cloomatix offers customer experience analytics to both digital and traditional businesses in India
	Enterprise tech	Mumbai	GuruQore offers simplified invoicing and payments solutions for Indian creators and freelancers
	Fintech	Bengaluru	Karbon offers corporate credit cards to Indian tech startups and other SMBs
	Fintech	Mumbai	LendenClub is a platform which connects P2P lenders and credit-worthy individuals in India
	Ecommerce	Bengaluru	NayaGaadi is a multi-brand automobile retailer targeting rural customers in India
	Deeptech	Hyderabad	Parking Mantra offers IoT enabled parking management and booking solutions for both B2C and B2B customers
	Ecommerce	Bengaluru	Semikart offers B2B ecommerce marketplace semiconductors and other electronic components
	Ecommerce	Delhi NCR	The Man Company offers grooming products targeted toward millennial and generation z audience in India
	Edtech	Delhi NCR	Yuno learning offers personalised English language classes for upskilling and test preparation

Source: Inc42
Note: We have taken their market readiness, uniqueness of the product/service also in the consideration.



Indo - Japan | Collaboration Opportunities With Investors

Key Highlights: Indo - Japan | Investing Opportunities

Access to Japanese LPs

The most popular demand among Indian investors

46%

Of Indian startup investors are willing to invest in foreign enterprises.

Regulatory Uncertainty

The most significant systemic challenge in India

70%

YoY increase in Indian startups funded by Japanese investors in 2021

39%

Investors choose the United States & Singapore over Japan for business collaboration

Fintech

The most preferred startup sector by Japanese investors in India

130+

Japanese origin investors active in Indian startup ecosystem

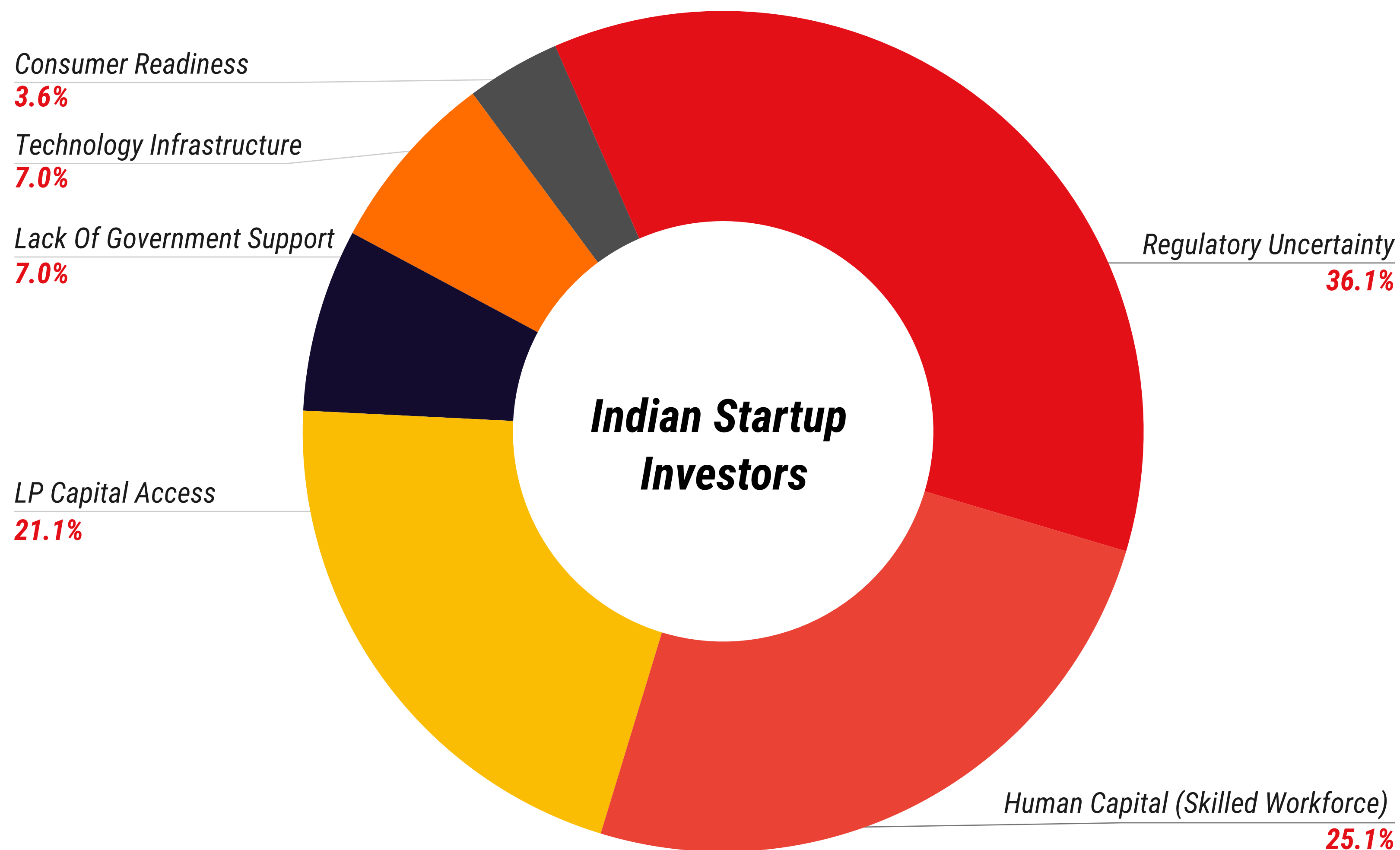
60%

Of Japanese venture capital investment in India is in Bengaluru & Delhi NCR

32%

Indian investors want future investment from Japanese investors in their portfolio startups

Regulatory Uncertainty In India A Major Concern Among Investors

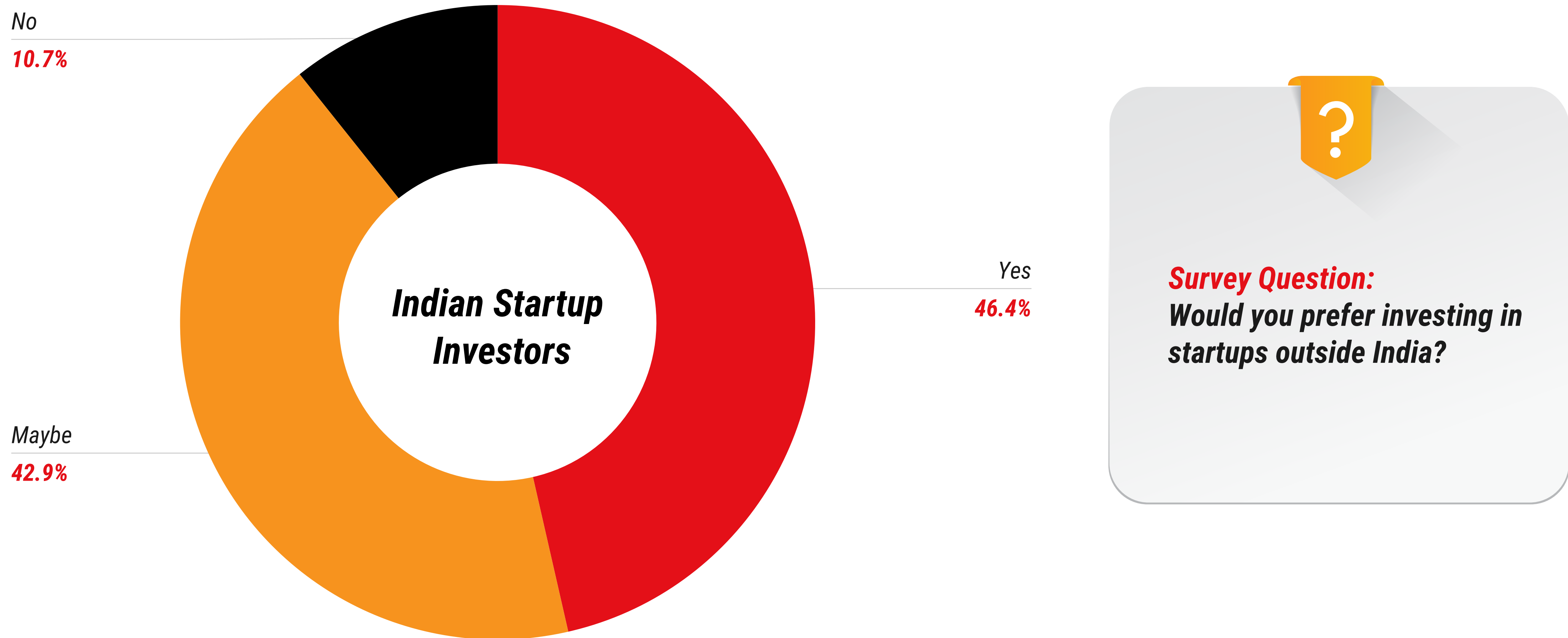


Source: Inc42
Note: Based on survey of 30+ Indian startup investors

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Survey Question:
According to you, what is the most significant systemic challenge faced by the Indian startup ecosystem today?

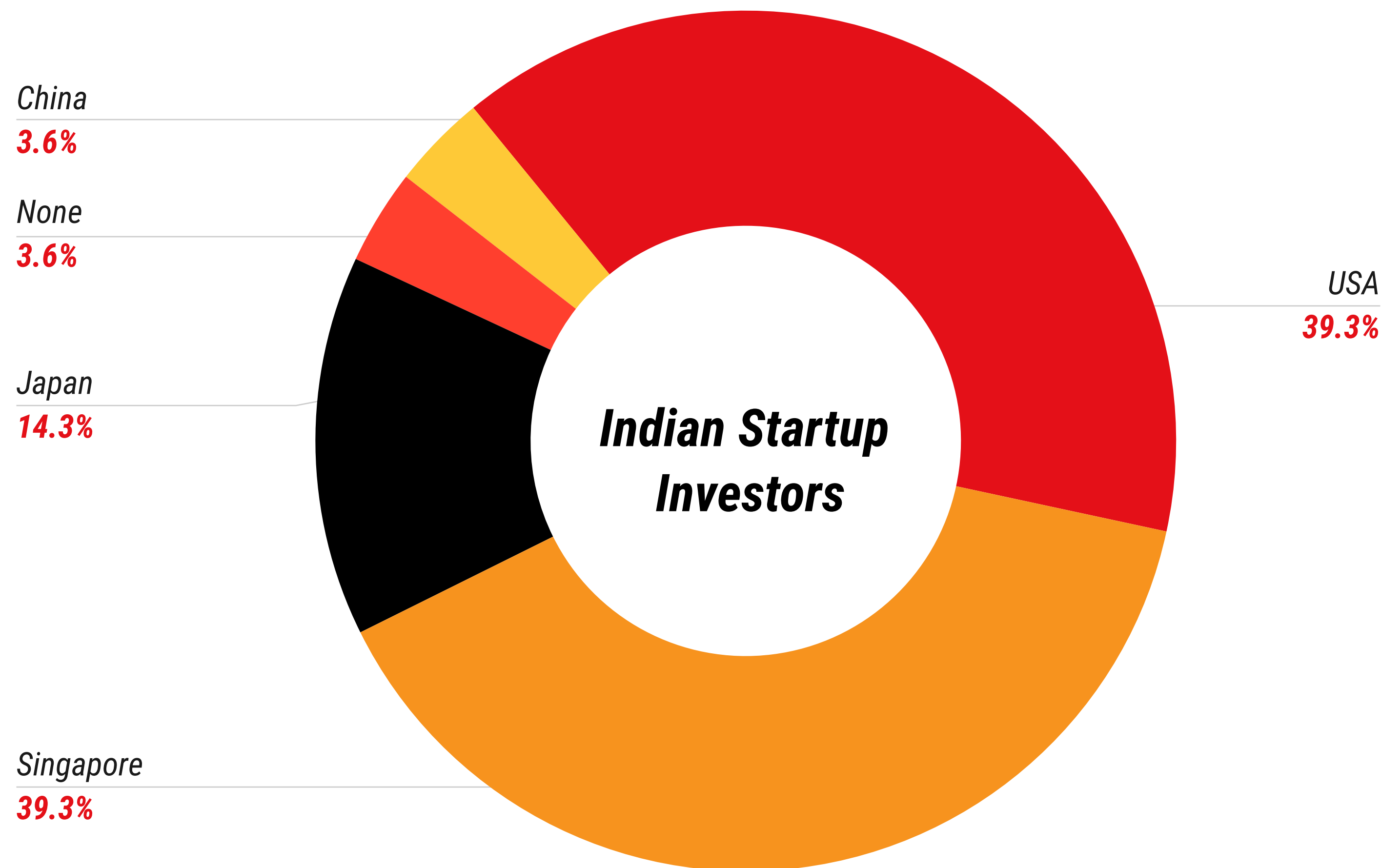
Majority Of Indian Startup Investors Are Willing To Invest In Foreign Enterprises



Source: Inc42

Note: Based on survey of 30+ Indian startup investors

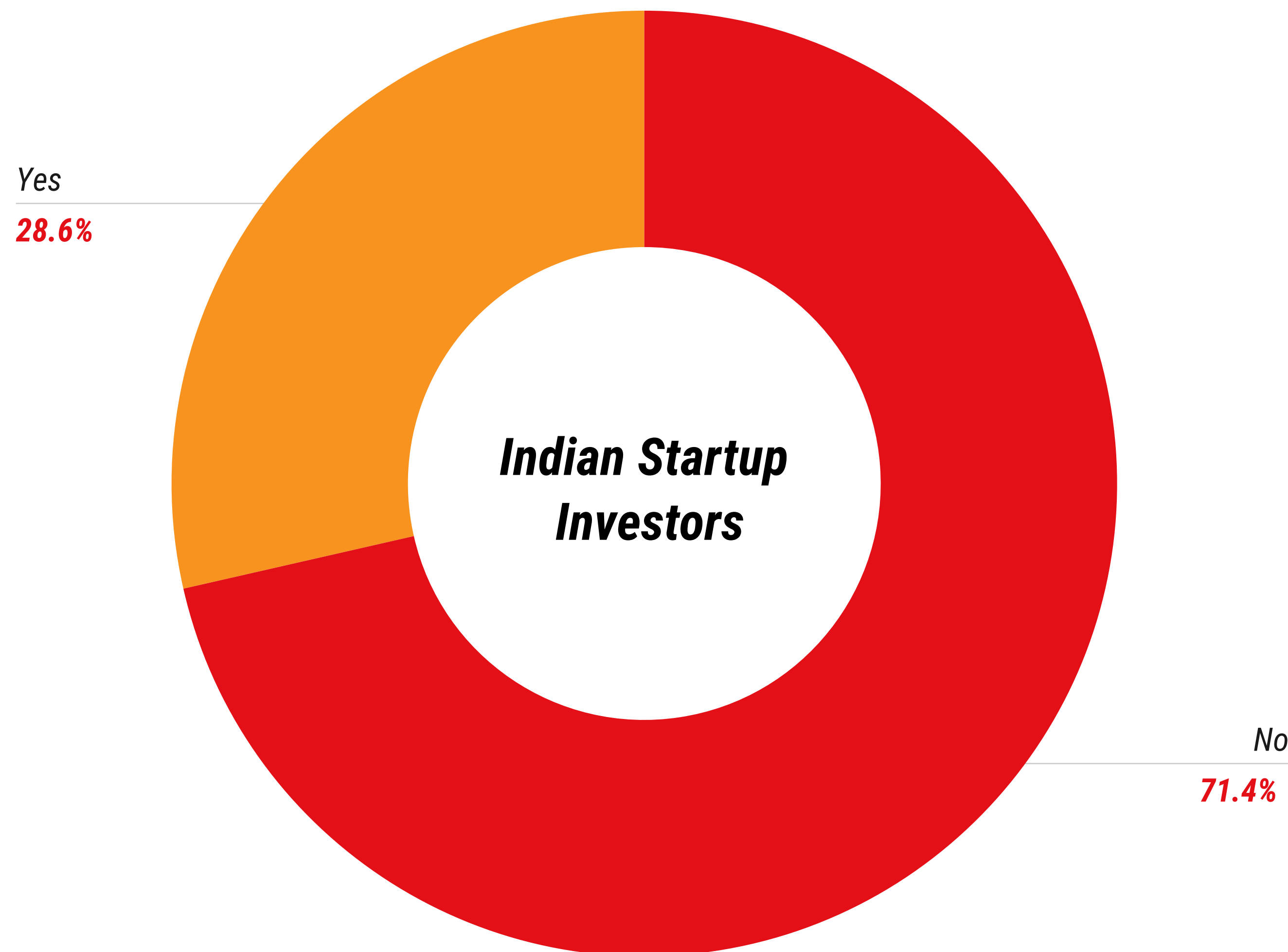
Majority Of Indian Startup Investors Are Willing To Invest In Foreign Enterprises



Survey Question:
Your preferred destination for an international business collaboration (JVs)?

Source: Inc42
Note: Based on survey of 30+ Indian startup investors

Indian VCs Are Unwilling To Invest In Japanese Origin Startups



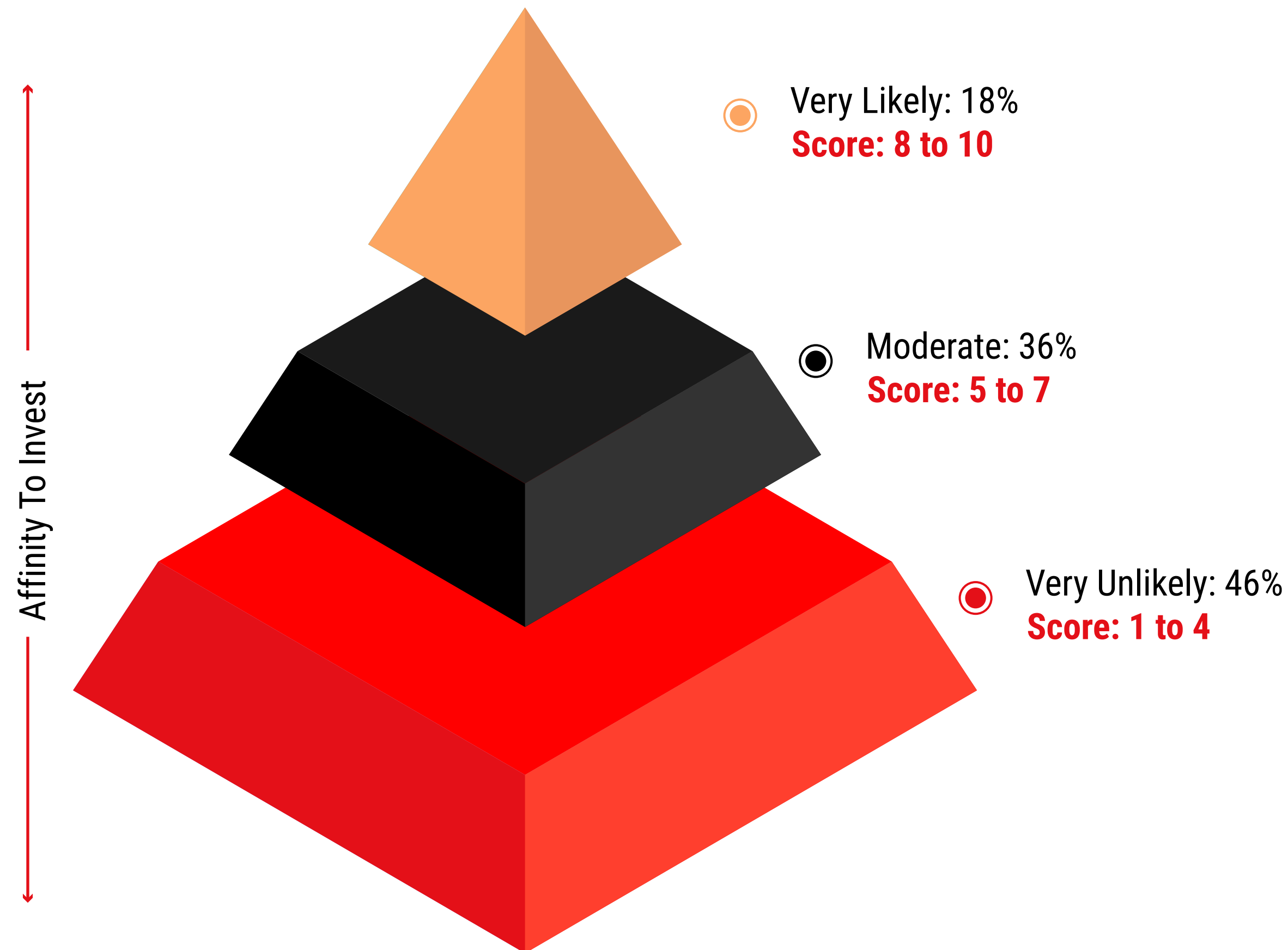
Survey Question:

Do you plan-on or already have invested in a Japanese startup or company?

Source: Inc42

Note: Based on survey of 30+ Indian startup investors

46% Indian Investors Are Unlikely To Invest In Japanese Startups In The Next Two Year



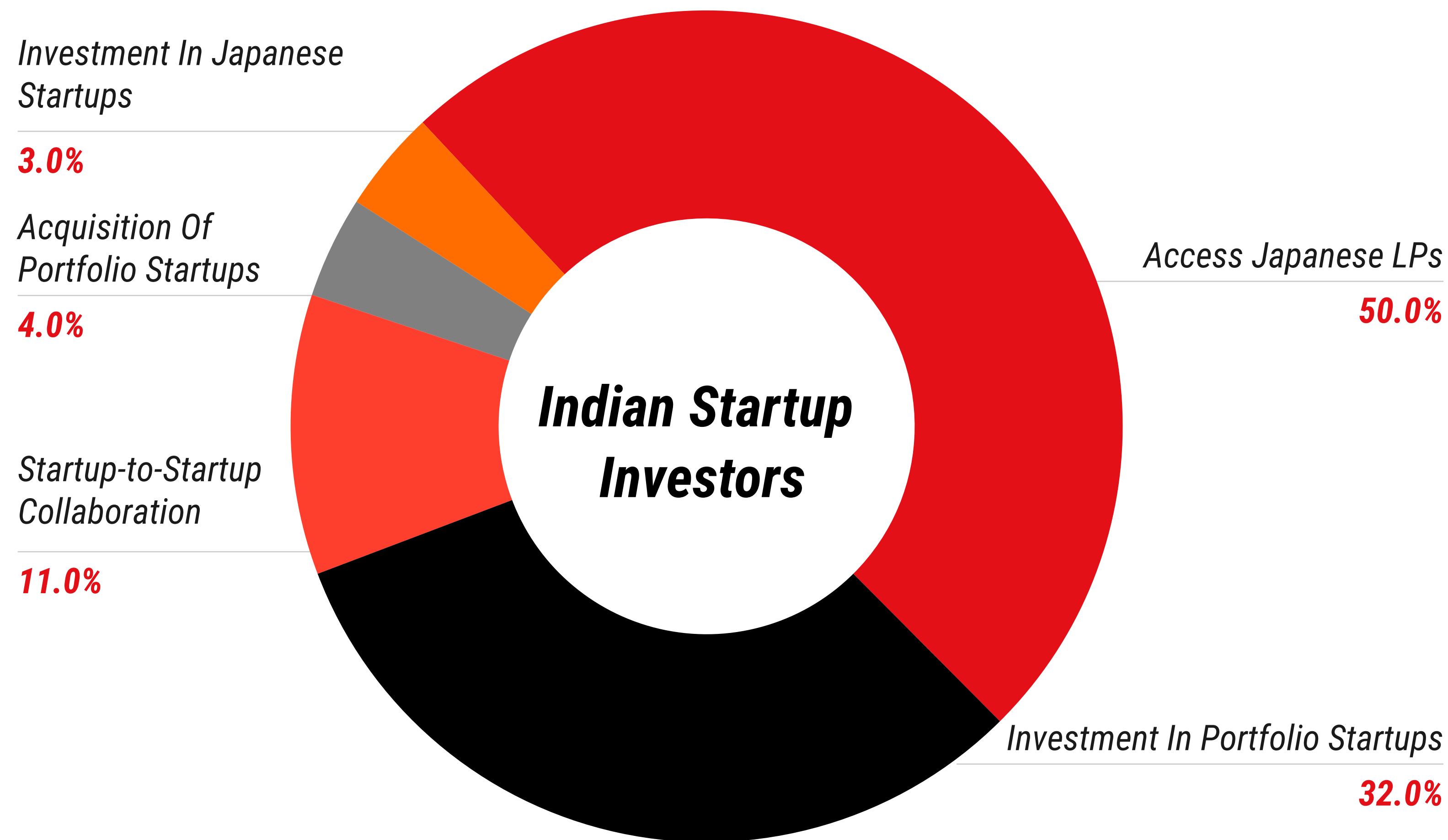
Survey Question:

On a scale of 1 to 10 how likely are you to invest in a Japanese origin startup in the next two years?

Source: Inc42

Note: Based on survey of 30+ Indian startup investors

Indian Investors Show High Affinity Towards Raising Capital From Japanese HNIs/LPs



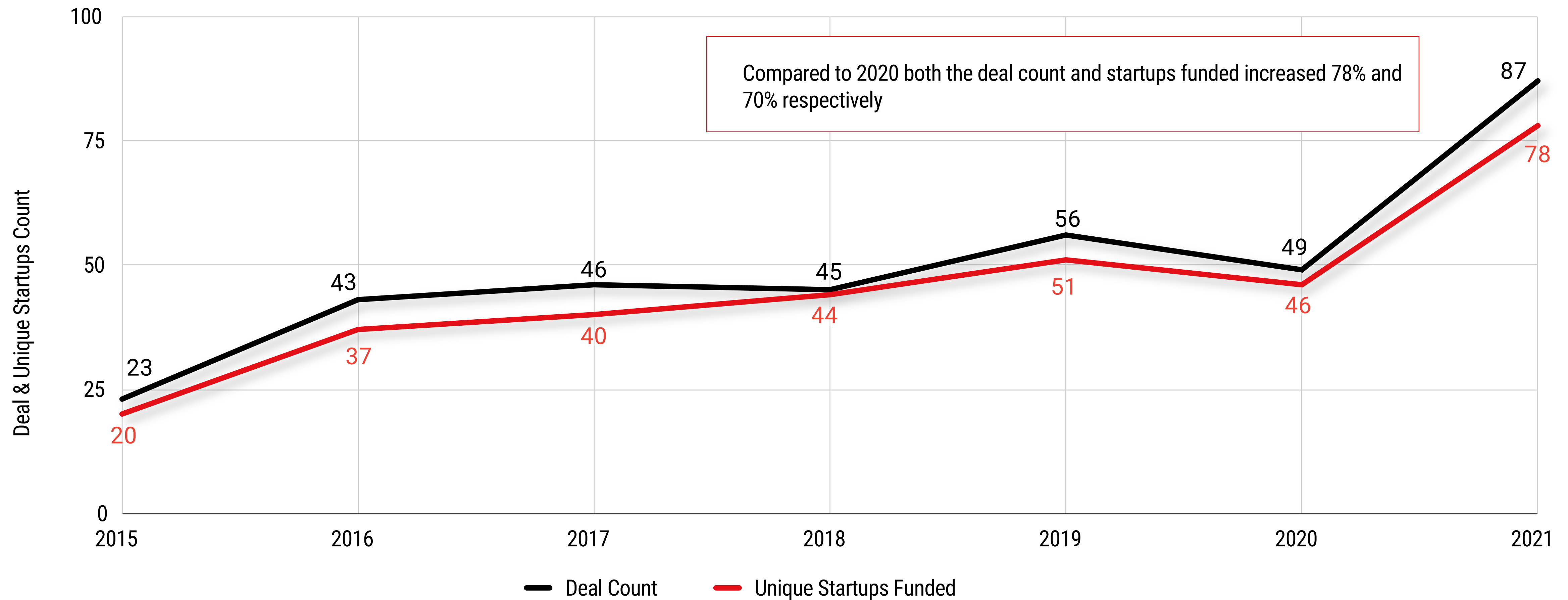
Survey Question:

As an Indian investor how would you like to collaborate with the Japanese business ecosystem?

Source: Inc42

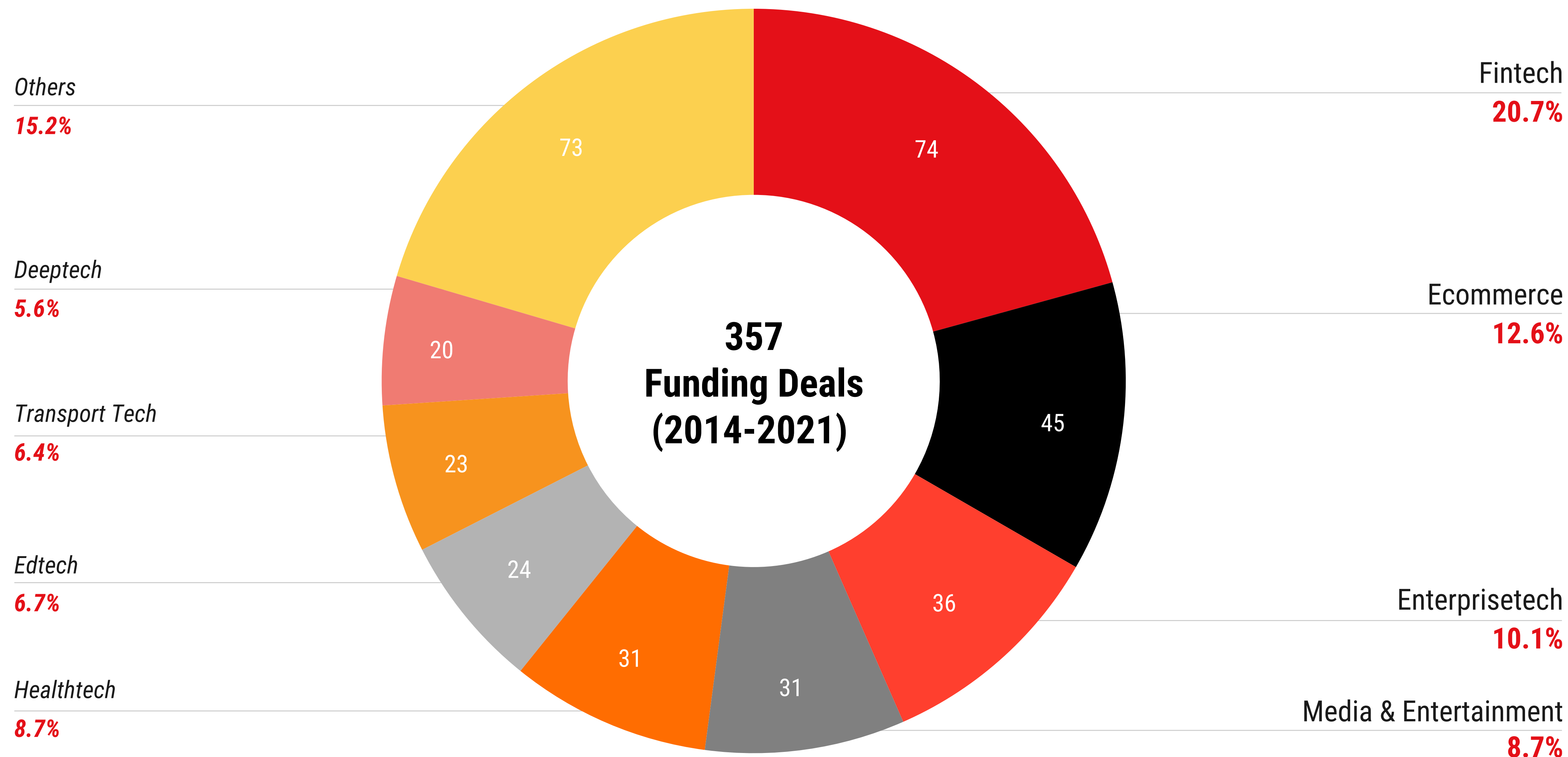
Note: Based on survey of 30+ Indian startup investors

Japanese Investments In Indian Startups Was At Its Peak In 2021







































Source: Inc42










Fintech Emerged As The Most Lucrative Sector For Japanese Investors In India













Top 5 Indian Startup Hubs Preferred By Japanese Origin Investors











	Deal Count	Average Round Size	Notable Startups Funded	Notable Active Investors
Bengaluru	126	\$114 Mn	 OLA  SWIGGY  unacademy  meesho	 SoftBank  BEENOS  Digital Garage  DasCapital
Delhi-NCR	88	\$125 Mn	 OYO  policybazaar.com  paytm  CARS24	 SoftBank  Dentsu Ventures  DI  REBRIGHT PARTNERS
Mumbai	33	\$38 Mn	 ERUDITUS  PayMate  HOUSING.com  GOQii	 SoftBank  RECRUIT  Asuka Holdings Inc. SONY
Pune	9	\$80 Mn	 firstcry.com <small>A FirstCry - Mahindra Venture</small>  INFINITE UPTIME  SUPER GAMING  druva	 VenturEast  SoftBank  DI  SPIRAL VENTURES
Hyderabad	7	\$42 Mn	 blaize  LAURUS Labs <small>Knowledge . Innovation . Excellence</small>  autorox	 East Ventures DENSO  MITSUI & CO., LTD.











Most Active Japanese Investors In Indian Startup Ecosystem











	Investor Type	Preferred Sectors	First Investment Year	Active Years In India	Active Years In India
 Akatsuki	VC	Edtech & Ecommerce	2018	4	Questt, Shopkirana
 Asuka Asset Management	VC/PE	Fintech & Healthtech	2018	4	Cube, Healthians
 BEENEXT	VC	Fintech, Enterprise tech & Deeptech	2017	5	smallcase, Blue Sky Analytics, Agnikul
 BEENOS	VC	Ecommerce & Healthtech	2013	9	Droom, Healthians, DailyRounds
 Beyond Next Ventures	VC	Agritech & Ecommerce	2020	2	Gourmet Garden, BigHaat
 DasCapital	VC	Fintech & Ecommerce	2016	6	Slice, Freshtohome
 Digital Garage	Corporate	Ecommerce & Real Estate tech	2016	6	Droom, NoBroker
 DI	Acceleartor/Incubator	Fintech and Media & Entertainment	2017	5	Koo, IDfy
 GMO VENTURE PARTNERS	VC	Fintech & Ecommerce	2015	7	Razorpay, Rentomojo

	Investor Type	Preferred Sectors	First Investment Year	Active Years In India	Active Years In India
 INCUBATEFUND	VC	Fintech & Ecommerce	2016	6	Plum, Shopkirana
 MISTLETOE	VC	Agritech & Healthtech	2016	6	Fasal, Ninjacart
 MITSUI & CO.,LTD.	Corporate	Ecommerce & Transport tech	2013	9	Naaptol, SmartE
 NOMURA	VC/PE	Fintech & Enterprisetech	2015	7	MapmyIndia, Avanti Finance, RateGain
 REBRIGHT PARTNERS	VC	Agritech & Healthtech	2015	7	DocsApp, Aquaconnect, Eggoz
 RECRUIT	Corporate	Ecommerce & Enterprisetech	2013	9	Snapdeal, Locus.sh
 SBI Investment	VC/PE	Fintech & Healthtech	2019	3	mFine, Open
 SoftBank	VC	Fintech, Ecommerce, Edtech	2015	7	Swiggy, Ola, OYO
 SPIRAL VENTURES	VC	Edtech & Healthtech	2017	5	NirogStreet, Truebil
 STR/VE	VC	Edtech & Enterprisetech	2016	6	Hasura, Classplus

Indian Investors With Potential Affinity Towards The Japanese Startup Ecosystem

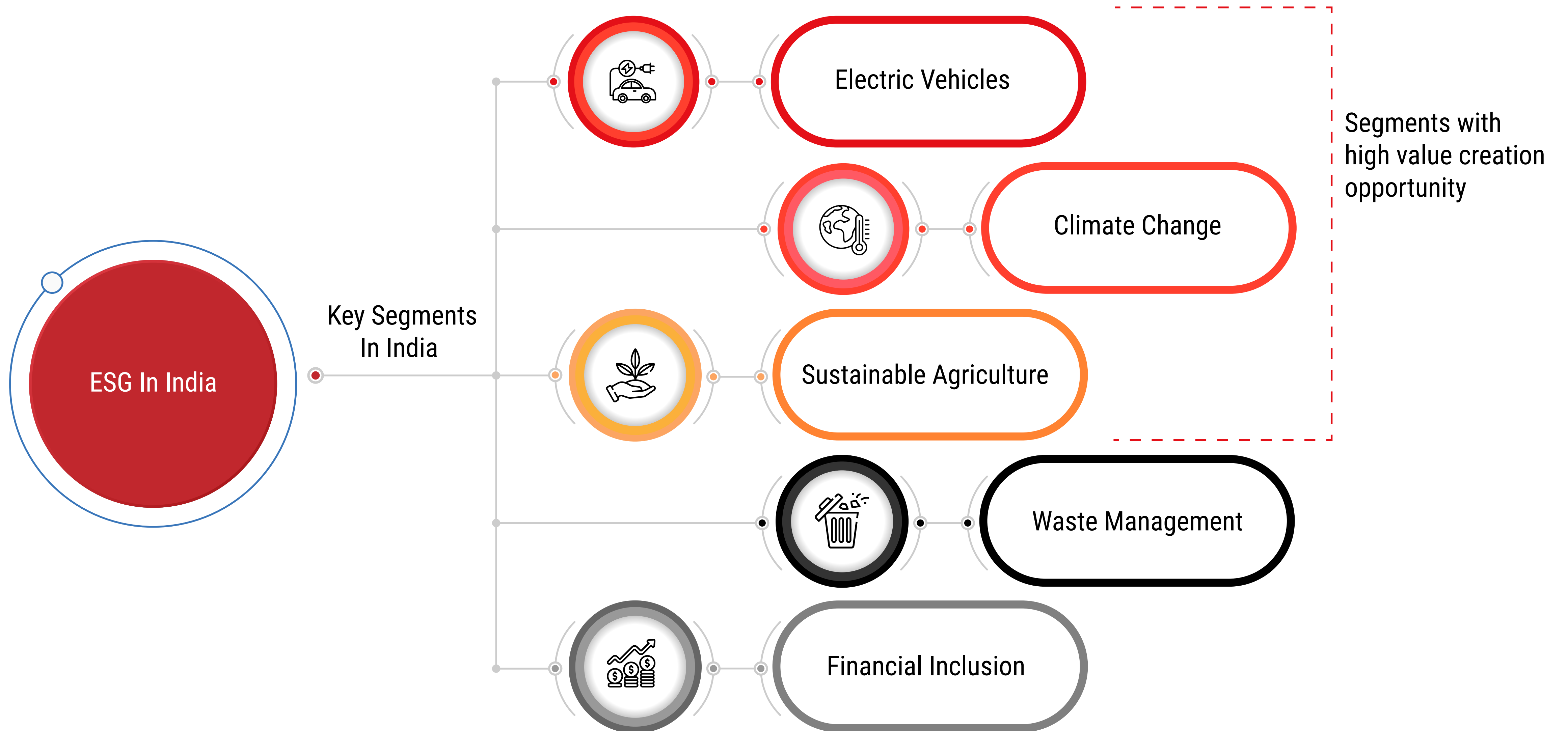
	Headquarters	Investment Stage	Preferred Sectors	Notable Indian Investments
	Mumbai	Agnostic	Fintech, Agritech & Impact Investing	Chqbook, Milk Mantra, Soulfull
	Chennai	Early & Growth Stage	Fintech, Blockchain/Web 3.0, Agritech	Blue Tokai, Shyft, Grip Invest
	Bengaluru	Early Stage	Fintech, SaaS, Deeptech	Fleek, Loco, SuperBeings
	Bengaluru	Early & Growth Stage	Agritech, Cleantech, Electric Vehicles	BigHaat, Gourmet Garden, Lil'Goodness
	Mumbai	Agnostic	Ecommerce, Fintech, Edtech	Faircent, FreshMenu, Quikr
	Bengaluru	Agnostic	Ecommerce, SaaS, Fintech	Bounce, EarlySalary, Hansel.io
	Mumbai	Early & Growth Stage	SaaS	IntelligenceNode, Wigzo
	Mumbai	Early Stage	Fintech, Ecommerce, Agritech	HealthySure, Fello, StepSetGo, Flatheads
	Mumbai	Agnostic	Cleantech, Agritech, Fintech, Electric Vehicles	N/A
	Hyderabad	Early Stage	Fintech & Healthtech	Darwinbox, SuperBeings, Sugar.fit

	Headquarters	Investment Stage	Preferred Sectors	Notable Indian Investments
	Delhi NCR	Early Stage	Agritech, Electric Vehicles, Spacetechnology, Gaming	The Hosteller, Quizy, NewsReach India
	Hyderabad	Early Stage	Agritech, Fintech, Blockchain/Web 3.0, Cleantech	Newsdash, NowFloats, Expertrons
	Delhi NCR	Early & Growth Stage	Blockchain/Web 3.0, Healthtech, Spacetechnology	Zypp Electric, FarmersFZ, Dhruva Space
	Mumbai	Growth & Late Stage	FinTech, Ecommerce, SaaS	BeepKart, Udaan, Mensa Brands
	Mumbai	Early Stage	Spacetechnology, Edtech, Healthtech, EV	Invento Robotics, Redwing, Wagonfly
	Bengaluru	Growth & Late Stage	Media and Entertainment, Cleantech, Healthtech	Altigreen Propulsion Labs
	Delhi NCR	Early & Growth Stage	SaaS, Blockchain/Web 3.0, Fintech	indiagold, LOGIQ,
	Delhi NCR	Early & Growth Stage	Ecommerce, Fintech, Deeptech	Uni Cards, Zolve, Dukaan
	Delhi NCR	Agnostic	Blockchain/Web 3.0	Router Protocol
	Bengaluru	Early & Growth Stage	FinTech, Ecommerce, SaaS	Jupiter, Zupee, Bijnis, Park+

	Headquarters	Investment Stage	Preferred Sectors	Notable Indian Investments
	Mumbai	Growth & Late Stage	Healthtech, Deeptech, Ecommerce	Koo App, Swiggy
	Mumbai	Early Stage	Ecommerce, Logistics, Web 3.0	Unbxd, Shiprocket, TranServ
	Mumbai	Growth & Late Stage	Media and Entertainment	N/A
	Delhi NCR	Early & Growth Stage	Electric Vehicles, Fintech, Cleantech	N/A
	Delhi NCR	Early Stage	SaaS, Media and Entertainment, Agritech	Crofarm, GamingMonk, Zupee
	Hyderabad	Early Stage	Electric Vehicles, Cleantech, Healthtech	Strobes, 6Degree, Supplynote, OckyPocky
	Delhi NCR	Early & Growth Stage	Ecommerce, Blockchain/Web 3.0,	TartanHQ, kindlife, Trinkerr
	Mumbai	Early Stage	Agritech, Fintech, Blockchain/Web 3.0, Electric Vehicles	Reevoy, Basic Home Loan, Tyke, Foods
	Bengaluru	Growth Stage	Fintech, Healthtech, Agritech	Hasura, Kapiva, FirstCry
	Chennai	Early Stage	Healthtech, Edtech, SaaS	OmiX Labs, Blackboard Radio



Indo - Japan | Possibilities Of Startup Collaborations



Collaboration Opportunities: ESG Startups In India

ESG startups are impact focused organisations which create solutions for making business operations more environment friendly. They focus on segments such as – electric vehicles, climate change, waste management, sustainable agriculture and others. Out of all the startup sectors covered in this report. Climate change, agritech and EVs are the key sectors where there is significant business collaboration opportunity for the Japanese business ecosystem.

Key Insights:

76% increase in capital inflow for ESG focused mutual/index from \$283 Mn (2020) to \$498 Mn (2021).

On average India receives \$19 Bn worth of investments in green finance every year.

78% of Indian ESG founders are willing to collaborate with Japanese origin enterprises in the next two years.

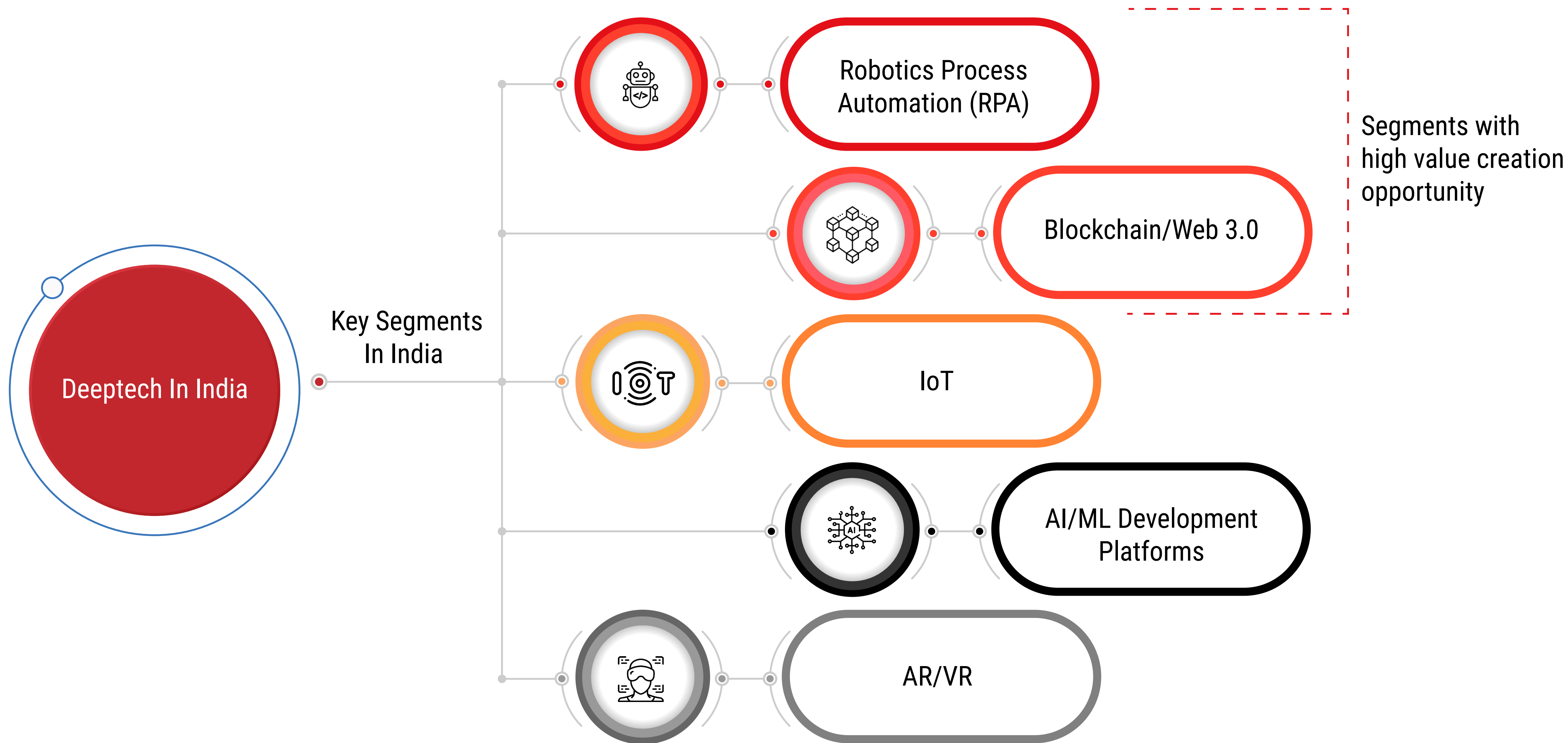
Popularity of ESG investments as a search term on Google has increased eight times in 2021 compared to 2017.

Engagement Opportunities

Climate Change: Monitoring and tracking the impact of climatic hazards in India is becoming a key focus for both public and private enterprises. Environment monitoring is also a key segment for downstream satellite applications, where both the Japanese space agency and other private enterprises can explore synergies with Indian startups.

Agritech: Market linkage and precision farming are the frontrunners of agritech solutions in the Indian agriculture market which has witnessed the highest technological adoption. Out of the total \$1.3 Bn invested in the agritech startups (organisations developing technological solutions for the agriculture sector), 73% has been invested in startups operating in market linkage and precision farming.

Electric Vehicles: The growing number of EVs sold in India every year is poised to fuel demand for innovation in areas such as— battery technology, electronic powertrain and renewable EV charging stations.



Collaboration Opportunities: Deeptech Startups In India

From robotics process automation to blockchain, India's deeptech startup ecosystem has come a long way since its inception. The overall venture capital inflow in the sector reached \$1.3 Bn by the end of 2021, growing at a compound annual growth rate (CAGR) of 43%. This section showcases areas where there can be potential partnerships such as a technology transfer agreement between Japanese companies and Indian deeptech startups.

Key Insights:

In the calendar year 2021, deeptech sector in India record a total capital inflow of \$451 Mn across 96 funding deals. The highest ever startup funding and deal count.

Robotics process automation (RPA) and Blockchain/Web 3.0 are two hot sectors in the Indian deeptech startup ecosystem in India. The market size of blockchain in India is projected to be \$4.3 Bn. Whereas the global RPA market is estimated to generate \$10.4 Bn globally.

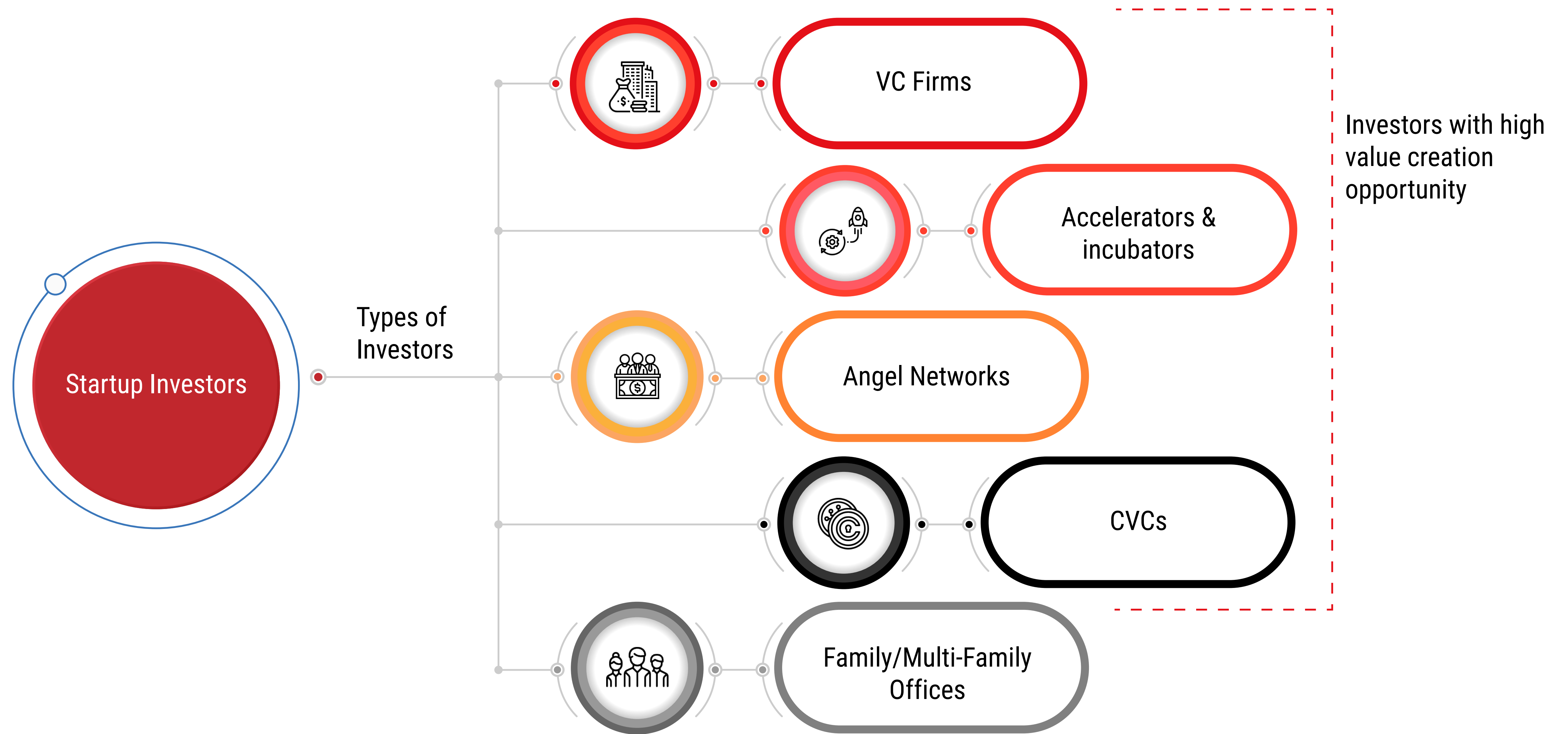
Other emerging segments in the Indian deeptech ecosystem are— spacetech, drones (UAVs) and Internet of things (IoT)

The venture capital inflow and deal count in Indian deeptech startups is growing at a 5-Year CAGR of 43% and 15% respectively.

Engagement Opportunities

Robotics Process Automation (RPA): Digital transformation is evident across all major industries in India. RPA is going to play a pivotal role in optimising business operations across industries such as— Telecom, Goods manufacturing, Automobile, Warehousing and others. The fact that Japan is the third-most automated country in the world, ahead of its global peers The US and Germany. We believe that Indian RPA startups can gain better business momentum by getting into transfer technology agreements with their Japanese peers.

Blockchain/Web 3.0: In the national budget 2022, the Indian government made cryptocurrency (the most viable product of blockchain technology) taxable along with emphasis on research and development in the blockchain technology. Indicating India is bullish towards the adoption of Web 3.0 technologies. Unlike RPA, India is ahead of Japan in terms of adoption and facilitation of blockchain technology, this can be ascertained from the fact that India has the fifth-highest number of blockchain companies in the world. For this segment, strategic venture capital investments from Japanese tech companies along with joint ventures for business expansion of the Indian company in Japan should be explored.



Collaboration Opportunities: Startup Investors In India

India is home to over 4K+ startup investors. The overall investor participation count in venture capital investments is growing at a five year compounded annual growth rate (CAGR) of 14%. The fact that India is home to third-highest number of unicorns (97) trailing only behind The US and China indicates that the potential for acquiring growth and late stage capital

Key Insights:

Access to Japanese LPs which means onboarding limited partners (LPs) from Japan as investors in Indian VC funds is the most popular demand among Indian startups investors.

Only 1 out of 10 Indian investor is interested in promoting greater startup-to-startup collaboration between India and Japan. Therefore, any form of engagement on these grounds have a very high possibility of being unfruitful in the long run.

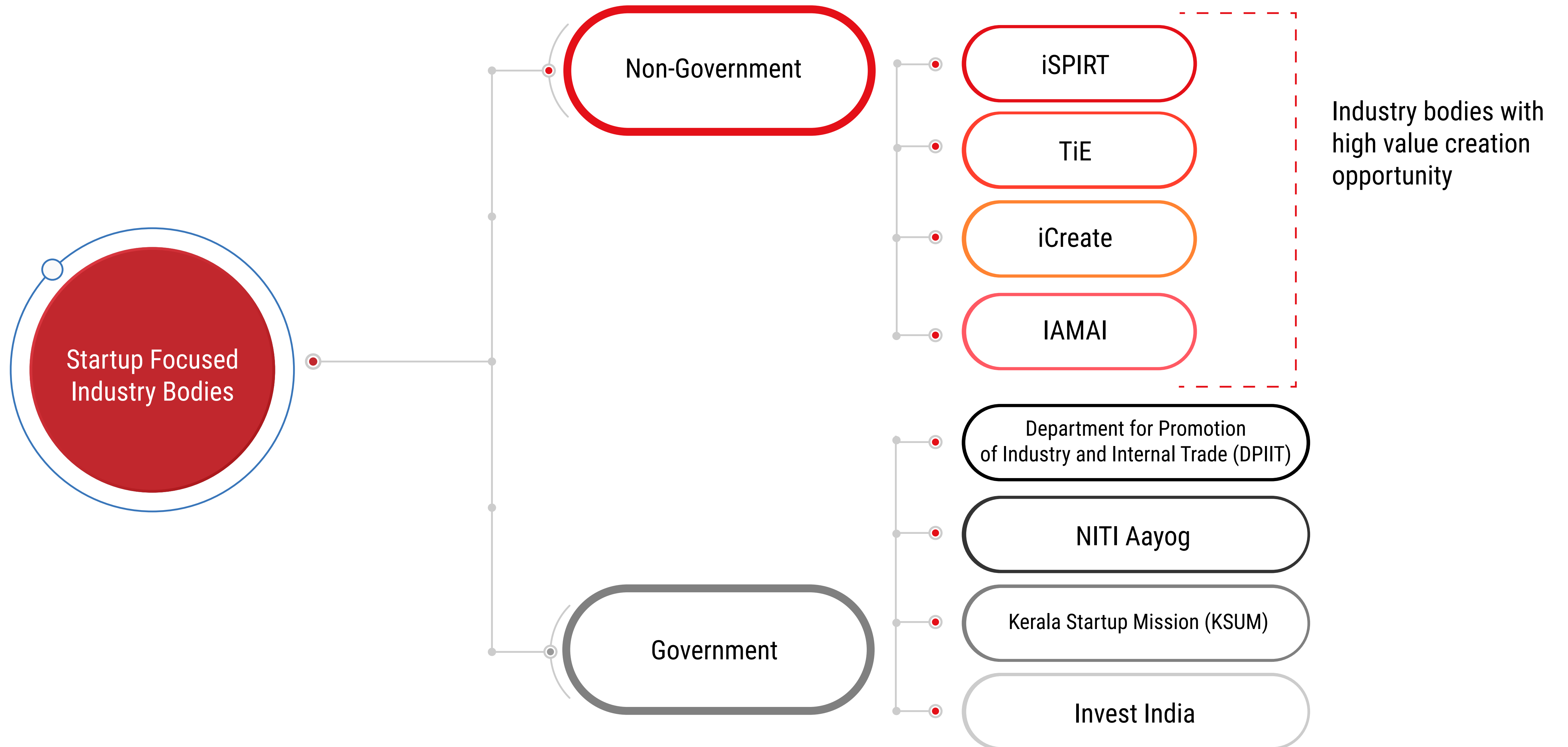
Investment from Japanese origin investors in Indian investor's portfolio startups is the second-most popular demand of startup investors in India from Japan.

Between Indian investors and startups, startups overall have a higher propensity towards business collaboration with Japan than investors.

Engagement Opportunities

Japanese LPs: Almost half (49.5%) of the surveyed Indian investors want access to Japanese LPs making it the best possible means of business collaboration between the two business ecosystem. As per Inc42 analysis, the most ideal way to pursue this opportunity would be by establishing a government backed Japanese fund-of-funds in India which focuses on investments in Indian venture capital funds investing in future technologies.

Investment In Indian Startups: Indian investors are very keen on receiving venture capital investment from Japan for their existing portfolio startups. This was the second-most popular demand after access to Japanese LPs among the surveyed investors. Japanese public organisations active in key startups hubs especially Bengaluru, Delhi NCR and Mumbai can facilitate such opportunities for connecting Japanese investors and Indian startups by organising networking events and conferences.



Collaboration Opportunities: Startup Industry Bodies In India

Since the Startup India action plan was revealed by the Hon'ble Prime Minister of India in 2016. There has been an proactive participation towards upliftment of entrepreneurship and startups by the state governments as well. To date, over 26 out of 36 states and Union Territories (UTs) in India have a startup policy. Indicating growing support from both the central and state government towards fostering technology startup ecosystem in India.

Key Insights:

As per the Economic Survey of India 2021, Indian startups have created over 4.7 lakhs jobs in the Indian economy to date.

In 2021, 555 out of 640 Indian districts had at least one startup. Compared to 121 districts in 2016.

Annual increase of 10% in registration of new firms (startups) per district yields a 1.8% increase in Gross Domestic District Product (GDDP).

iSPIRT, TiE, IAMAI, Nasscom, IndiaTech.Org are a few non-government bodies working proactively towards the upliftment of entrepreneurship and startups in India.

Engagement Opportunities

iSPIRT: iSPIRT is a volunteer driven not-for-profit think tank which focuses on facilitating technology innovation in India through policy making and information sharing. The organisation is responsible for running two significant initiatives — IndiaStack and Productnation, while IndiaStack focuses on promoting the use of government enabled digital technologies such as UPI, eKYC and other, ProductNation which focuses on favorable policy making and research for product focused companies. Collaboration on policy framework research and technology transfer agreements between Indian and Japanese startups are two suitable modes of engagement.

iCreate: International Centre for entrepreneurship and innovation (iCreate) helps entrepreneurs to convert their idea into a meaningful business model by incubation and mentoring of early stage entrepreneurs. This organisation is headquartered in Ahmedabad, Gujarat and is operating an initiative— Startup Bridge Canada, which enables growth stage software/SaaS startups in India to expand their business in North America. The organisation also has partnership with Startup Nation Israel to promote startup-to-startup collaboration between the two nations. Indicating high affinity of this organisation towards collaboration with international governments.

Methodology

The content and insights presented in this report are formulated using both primary and secondary research. As a part of this report, we have conducted surveys on the sample set of 100 startup founders and 30 senior executives (Partners, Principal, Senior Associates) from Indian VC firms.

Glossary

VC: Venture Capital

YoY: Year-on-Year

TAM: Total Addressable Market

\$XXK: XX Thousand USD

\$XX Mn: XX Million USD

\$XX Bn: XX Billion USD

VC: Venture Capital

Seed Stage: Upto Seed Round (Pre Seed, Angel, Seed)

Growth Stage: Series A and B

Late Stage: Series C and above

Unicorns: Startups with valuation \$1 Bn and above

Soonicorns: Startups that have the potential to become a unicorn by 2021

LPs: Limited Partners (HNIs who invest in venture capital funds)

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