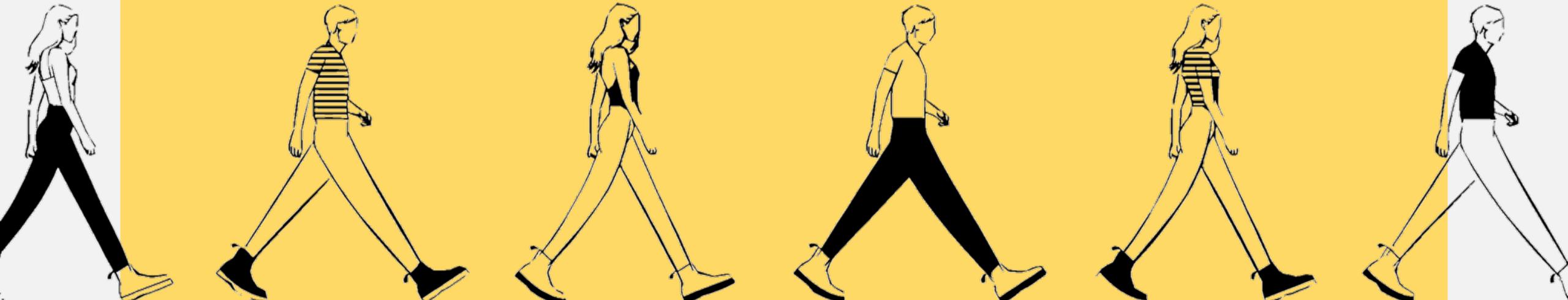


STARTUP
INDIAN

RIGHT NOW[®]
THE STARTUP NEWSLETTER
MAY'22



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HOW WILL INDIAN STARTUPS FAIR THEIR MAIDEN SLOWDOWN?



The US markets entered Bear market regime last month, for the first time after March 2020. 🙄 Investors had flocked to the flaunting promises made by the fancy technology companies. Technology became over-emphasized in all sectors and people were blindsided by the growth projections. The castle started shaking when the US Fed started to wind back their liquidity taps and then large VCs and tech hedge funds started offloading their portfolios in massive numbers. Outcome? NASDAQ (the tech index in the US) is just 6% above its pre pandemic levels. If you change the dates here and rewind back to 1999 and 2000, it's **Deja Vu!**

Tech Hedge Funds **restricting fund** redemption, central banks **raising rates**, **widespread layoffs**, and **VC wallets on virtual lockdowns** is the new order of the day. These themes coupled with the overhyped exuberance in the private funding market has created a **startup bubble** of sorts in India over the past 2 years. Yes, we are signaling towards the one thing we all fear- a probable bubble burst.

Every economic cycle shift **reshuffles wealth** from sectors to pockets of opportunities. Since this may be the first major slowdown the Indian Startup Ecosystem may be facing after 2008, we are here to envisage the **opportunities**, highlight some key **survival strategies** and interesting **business models** that have evolved out of recessions in the past.

Curious? Here's the rest of it:

READ NOW

QUICK COMMERCE IN INDIA – A DEEP DIVE



Here's a quirky Sunday past time you could try – make a list of all the things that you surprisingly fail to do in under 15 minutes.

We'll go first – thinking of an appropriate Headline for our articles.

We're back to discussing humankind's most obsessive habit- **redefining supply chains**.

👉 Just when we thought that hiring a delivery agent to assemble our grocery list from local stores was convenience redefined back in 2020, here we are 2 years since, enjoying **Just-In-Time Inventory** in households with 10-15 minutes grocery delivery solutions! We're calling it **Convenience-Ultramax-Pro**.

C'mon let's ask:

1. Who Started the Party?
2. Who all are competing in this space?
3. How big is the opportunity?
4. Do we have winners yet?
5. What can pull this business down?
6. What does the future look like?

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CAN EDTECH SOLVE INDIA'S EDUCATION PROBLEMS?

In Oct'21 Azim Premji wrote about 'Why and How India is facing its **most dire education emergency**', which highlighted the problem of **inaccessibility of quality education by the underprivileged**, especially during the pandemic. For us, this was a trigger. As we thought more on this subject, we realized that India's education system is fraught with many more challenges like – the traditional **textbook oriented** approach of teaching, **inadequate remuneration** of teachers, excessive **academic pressure** on students, and many more.

And now, we're wondering,

- Can edtech's for-profit endeavors ever solve the problems faced by India's underprivileged?
- Have edtech companies really been solving India's education problems?
- How grave is the problem of poor remuneration of teachers in India?
- Is there any startup working to address any of the problems?

To get a better perspective, we had an interesting conversation with the co-founder of an Indian edtech company that is working to solve one such problem. If you're curious too, tag along with Kartik-K, to the conversation below, as he converses with **Sahil**, the co-founder of **Suraasa**.



RIGHT NOW PODCAST

Season 2, Episode 1



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AROUND THE WORLD IN A BLINK - DALL-E2

In Jan'21, OpenAI, an artificial intelligence research & development company, introduced DALL-E, a tool which **automatically creates** and **edits** images simply by following natural language instructions given by the user. DALL-E 2 is the next evolution of OpenAI's DALL-E system introduced in 2021. It builds on that system by offering more realistic, accurate image generation with 4x the resolution.

According to the team behind the project, it can combine concepts, attributes and styles to create original, realistic images and art from a text description. It does so by making **realistic edits** to existing images from natural language captions, add or remove elements while taking shadows, reflections & textures into account.

DALL-E 2 uses sophisticated **deep learning AI** called a “generative model” (powered by **neural networks**) to not only create images from natural language, but also **understand the relationships between objects in the image**.

“It uses a process called “diffusion,” which starts with a pattern of random dots and gradually alters that pattern towards an image when it recognizes specific aspects of that image.”

This sounds like a technical detail but is actually a big deal. Historically, neural networks like the one used in DALL-E 2 have not been good at understanding the relationships between objects. “With great power... [read more](#)

Here's an example
of how DALL-E 2
generated an image
for 'An astronaut
riding a horse'



Objects mentioned in the text prompt:



Horse



Aesthetic



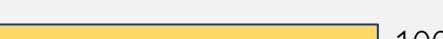
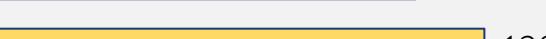
Output received from DALL-E:



STAKE GRABS IN INDIAN STARTUPS – MAY'22

Top 15 (excluding unicorns)

(figures in \$ Million)

BluSmart (Transport Tech - EV)	 25
Seclore (Enterprisetech - Cybersecurity)	 27
Vivriti Capital (Fintech - Lendingtech)	 30
Element5 (Deeptech - Hardware & Robotics)	 30
GoKwik (Enterprisetech - SaaS)	 35
toothsi (Healthtech - D2C)	 40
Redcliffe Lifetech (Healthtech - Diagnostics)	 61
SirionLabs (Enterprisetech - SaaS)	 85
Fashinza (Ecommerce - B2B)	 100
Neso Brands (Ecommerce - Roll-Up)	 100
Absolute Foods (Agritech - Farm Management)	 100
Country Delight (Ecommerce - D2C)	 108
GreyOrange (Deeptech - Robotics)	 110
Ather Energy (Cleantech - EV)	 128
Zepto (Ecommerce - Hyperlocal)	 200

41% ECOMMERCE



\$629 Mil.
Raised by
Ecommerce
Startups

34% SEED STAGE



39
Deals in
Seed Stage

(source: Inc42)

WHAT ELSE IS BUZZING?

- **What's happening in Kota?**: Education companies are locking horns in Rajasthan's city of Kota, which is often known for being a hub of JEE and NEET exam preparation centers. Unacademy recently announced its association with Vibrant Academy, an offline learning center in Kota. PhysicsWallah, the latest Indian unicorn, has also announced opening of centers in Kota.
- **End of edtech's honeymoon**: As schools, colleges and tuition centers open, the edtech market is likely to shrink. Result? Byju says they will now focus more on global business. Both Vedantu and Unacademy have laid off 100s of employees.
- **Speaking of layoffs**: The layoff toll in India's startup space has now risen to 10,000. Experts predict that this is only the beginning of a very long chain of layoffs – *Winter is coming!*
- Amidst all of this, back in May, 800 employees of White Hat Jr. **resigned** because they were called back to office. Do you think they made a wise decision?
- **Revival of TikTok**: As ByteDance looks to revive TikTok in India, through an association (in-talks) with the Hiranandi Group, it sold off its stakes in Josh (the Indian short video app) at a 56% discount.
- **Speaking of discounted exits**: China's Alibaba group exited from Paytm Mall at a huge discount, taking its valuation down to a meagre \$13M from a high of \$3B.
- **Bye-bye IPO**: OYO is shelving plans for IPO as tech stock prices continue to plunge in Indian bourses. Meanwhile, credit rating agency Fitch slashed its rating from B to B Minus, as it missed its 2022 profitability target. Why it matters? The company has been borrowing funds to weather the pandemic induced storm. But lower rating means higher interest rates.
- **Tapping the D2C boom**: Listed FMCG major Marico acquired majority stake in the internet-first healthy breakfast brand True Elements. This will be the 3rd acquisition made by Marico in the D2C space after having acquired 60% stake in Just Herbs, an organic cosmetic beauty brand, and 100% stake in Beardo, a men's grooming brand.



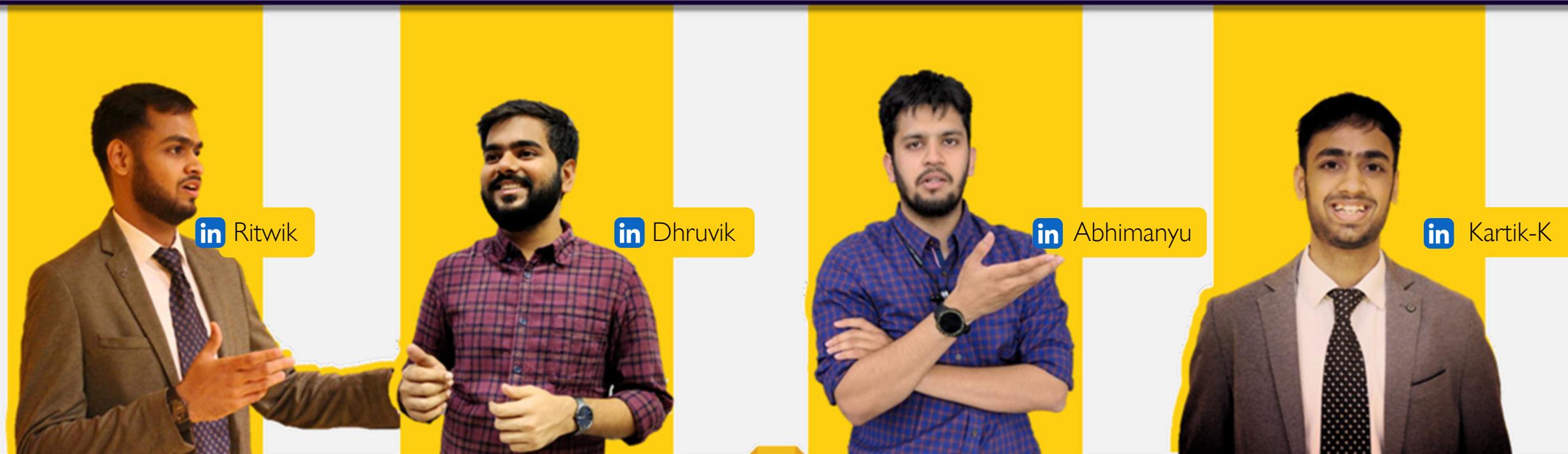


CREATORS AT STARTUP INDIAN

Born and brought up in one of the world's fastest growing economies, we witnessed that change is the only thing that has been constant in our young India. With that new road, that new policy, that first e-commerce site, that first app-based cab ride, the world around us kept shrinking right up to the size of our palm. Moved by this wave, we started wondering where does it all start? What are those little things that add up to the big change? What does it take to lead a change?

The more we dug deeper, the more excited we became to share with you the beauty there is, in every new dent in the universe.

So here we are, a bunch of 4 enthusiasts, reading books, news, financials and reports, to tell you all that is worth your time:



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You made it to the end!

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