

A NEW BEGINNING After crazy rounds of funding, it's time for a reality check in Startup Inc as investors demand performance and valuations turn realistic, sparking consolidation

No Headaches Expected as Startups Embrace Sobriety

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Bengaluru: After selling the promise of the Indian Internet over the past 24 months and raising record amount of capital, entrepreneurs and investors are getting ready for a reality check in 2016. Experts believe that although exciting new startups will continue to be created, and investors will remain eager to invest in early-stage rounds, it will be at a much tougher climb compared with 2015 when some were looking to close deals over a Skype call. "Over the past two years some crazy amount of funding has come in, so we should expect a lot more sanity in 2016," said TCM Sundaram, cofounder of IDG Ventures India, which has backed online retailers including Myntra, Firstery and Lenskart. "It has already started, and will get even more stringent."

Robust Series A Funding >> 15

Battles to Watch Out For

HORIZONTAL E-TAILING

Flipkart vs Amazon vs Snapdeal vs Paytm

CAB HAILING

Ola vs Uber

LOCAL SERVICES

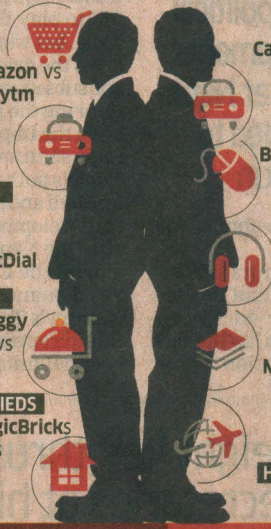
UrbanClap vs Housejoy vs Sulekha vs JustDial

FOOD DELIVERY

Zomato vs Swiggy vs Foodpanda vs Tinyowl

REALTY CLASSIFIEDS

99Acres vs MagicBricks vs PropTiger vs QuikrHomes vs Housing



AUTO CLASSIFIEDS

Cardekho vs Cartrade vs QuikrCars vs Droom vs Zoomo

GROCERY E-TAILING

BigBasket vs Grofers vs PepperTap

MUSIC STREAMING

Gaana vs Saavn vs Hungama vs Guvera

ONLINE WALLET

Paytm vs Ola Money vs MobiKwik vs Freecharge vs Oxigen vs Citrus

ONLINE TRAVELS & HOTELS

MakeMyTrip vs Goibibo vs Oyo

UNICORNS IN THE WINGS?

Oyo Rooms, Practo, Grofers, BigBasket, BillDesk, Delhivery, Freshdesk

16 PEOPLE TO WATCH OUT FOR IN 2016 >> PAGES 6 & 7

Robust Series A Funding Likely

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Total funding for Indian venture capital-backed companies topped \$12 billion (Rs 80,000 crore) across more than 1,220 deals in the past two years, with \$7.3 billion invested in over 880 deals in 2015 alone, according to startup data aggregator Tracxn. While this momentum is expected to slow down, Series A funding — first institutional capital a startup receives — is likely to continue to be robust.

Venture capital investors expect consumer-facing technology-based ventures in sectors such as financial services, healthcare, media and education to see early-stage action. Business-to-business e-commerce and supply chain are some other areas where investor interest is high. They also expect to see much better deal flow now, more realistic valuation expectations and more serious entrepreneurs rather than the get-rich-quick variety.

"At its peak, we used to see 2-3 startup pitches a week from one of the top consulting firms. Now it's down to one a month from them," said Tarun Davda, a managing director at Matrix Partners India. "Entrepreneurs also don't come with set valuation expectation now, or with two term sheets in hand as it was earlier this year." The size of Series A deals, which had ballooned to \$10 million in early 2015, has now come back to \$3-5 million.

Besides, both investors and entrepreneurs will be keenly watching battles for market domination, especially in the online retailing and cab hailing spaces where the companies with the biggest valuations have been created.