

HINDUSTAN HAMARA

BY KALAARI CAPITAL





FOREWORD

2021 has emerged with a clarion call to the power of India's digital opportunity. It has shown the potential for '**Uniquely India**' solutions to create a global impact.

- *Indian startups raised \$36B in 2021, a 227% increase from 2020*
- *Crypto gained mainstream popularity, as the total trading volume of cryptocurrencies in India scaled to \$10B in Dec '21, reflecting a 10x YoY growth*
- *Sectors such as gaming saw new forms of monetization being unlocked, with the rise of Play2Earn and GameFi*
- *UPI continued to be a key driver of growth for digital payments in India, with over 30B transactions and a total value of over \$770B processed in 2021*
- *Unprecedented digitization across sectors such as agriculture, healthcare, education, logistics, accelerating digital transformation in these industries*

At Kalaari, we've been privileged to partner with several visionary founders redefining the way Indians live, work, consume, and transact.

#HindustanHamara is core to our beliefs at Kalaari. Through this report, we have compiled our conversations with founders who are changing the landscape of India's startup ecosystem and explore the future opportunities in sectors such as AgriTech, Healthcare, Gaming, Crypto, FoodTech, Logistics, and more.

We hope you enjoy these insights.

Vani Kola

Managing Director, Kalaari

"India's startup ecosystem is going through a monumental shift."



TABLE OF CONTENTS

04 AgriTech Opportunity

16 Gaming Opportunity

07 Crypto Opportunity

19 Healthtech Opportunity

10 D2C Opportunity

22 Logistics Opportunity

13 FoodTech Opportunity

25 India-Specific Business Models





AGRITECH OPPORTUNITY

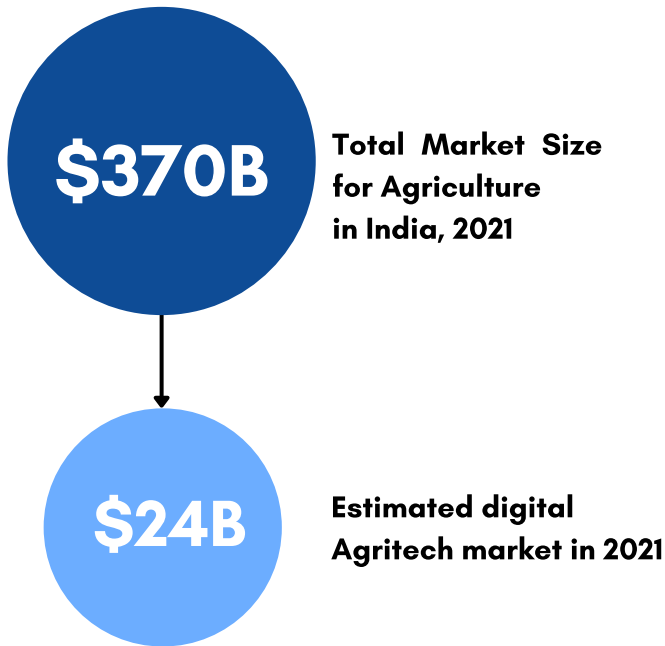




AGRITECH OPPORTUNITY



MARKET SIZE



LARGE SUB-SEGMENTS



Output Linkages is a **\$12B** opportunity



Input Linkages is a **\$1.7B** opportunity



Rural FinTech or financial services for agriculture is a **\$4.1B** opportunity

EMERGING THEMES

INPUT LINKAGES

Interventions in the supply chain can save 15-40% margins. There are 2.82 lakh agri-input retailers that are underserved and have trouble selecting the best agri-inputs at optimal prices. There is an opportunity to build a digital ecosystem around agri-input retailers.

AQUACULTURE & LIVESTOCK

Cattle trade in India is rapidly moving online and farmers and dairy farm owners are increasingly looking for solutions that solve for logistics and provide assured service. The input supply of live produce and the market linkages are largely unorganised at present.

PRECISION AGRICULTURE

Progressive horticulture farmers are increasingly aspiring to become entrepreneurs and are turning to modern IOT-based and DeepTech oriented solutions to increase farm yield and reduce wastage. The TAM for precision agri is estimated at \$3.4B.

MANAGED FARMING AND FARM TO FORK MODELS

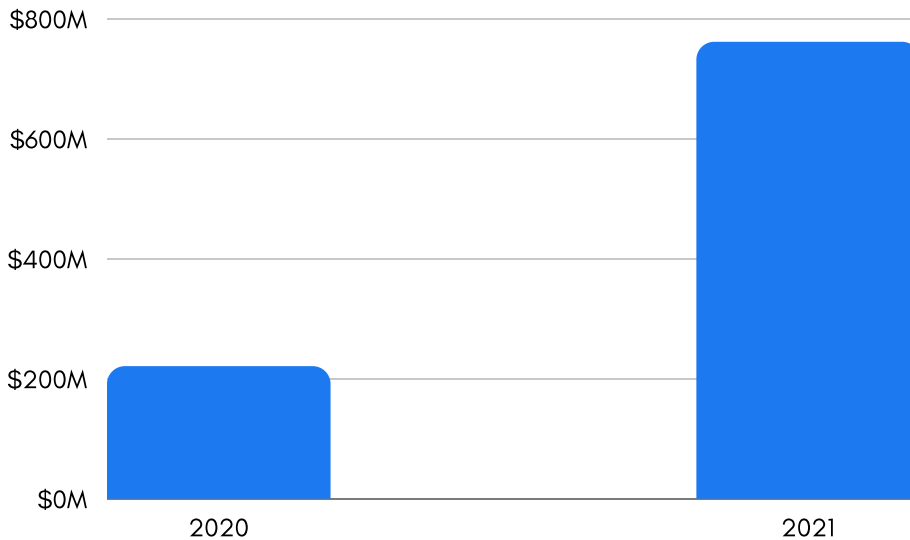
Demand for fruits and vegetables is far more organised than supply and we believe that there is an opportunity to build a vertical-focussed F&V commerce platform.



AGRITECH OPPORTUNITY



Total VC funding in Agritech in India



Total AgriTech funding in India in 2021 was **\$761M**. Approximately 45 AgriTech startups were funded in 2021, up **3x** from 2020.

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

As a part of Hindustan Hamara Live Audio Sessions, we hosted **Taranjeet Singh Bhamra, CEO, Agnext**, who shared his insights on India's growing Agritech opportunity. [Click here to listen.](#)



- 1. Opportunity To Be An Integrator:** Tech companies can become integrators and not only be able to integrate, but also provide better insights, means of analysis, and means of reach to stakeholders.
- 2. Digitization Of Information:** There is a humongous opportunity to digitize information at both speed and scale. There is traditional and scientific information that is fragmented, which needs to be connected.
- 3. Solving For Infrastructure Gaps:** In the next 10 years, startups will be focused on providing innovative solutions to offset the lack of infrastructure that exists currently in the agriculture industry.

#KALAARIFAMILY

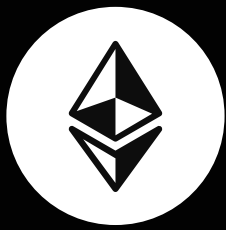
AGNEXT

Since **Series A**



CRYPTO OPPORTUNITY

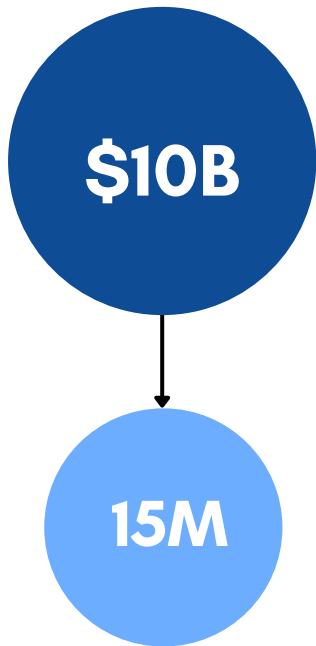




CRYPTO OPPORTUNITY



MARKET SIZE



Trading volume of India's Cryptocurrencies, 10x YoY Growth

Total crypto adopters in India, highest in the world

LARGE SUB-SEGMENTS



Total market capitalisation of **Crypto-currencies** is over **\$2.2T**



Total value locked (TVL) in **DeFi** stands at **\$250B**



Global **NFT sales** have crossed **\$15B**

EMERGING THEMES

NFT'S AND SOCIAL TOKENS

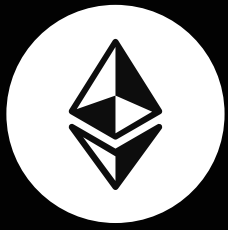
Applications across multiple industries – Entertainment, Music, Sports, Fashion, Gaming. Growing use cases empowering creators to protect, distribute and monetise creations without relying on centralised aggregator platforms.

DECENTRALISED APPLICATIONS

Applications and software programs (Dapps) that run on decentralised networks. Can replicate famous Web 2.0 software platforms for different purposes. Ex. Filecoin as the Dropbox for Web3.0 space.

DECENTRALIZED FINANCE (DEFI)

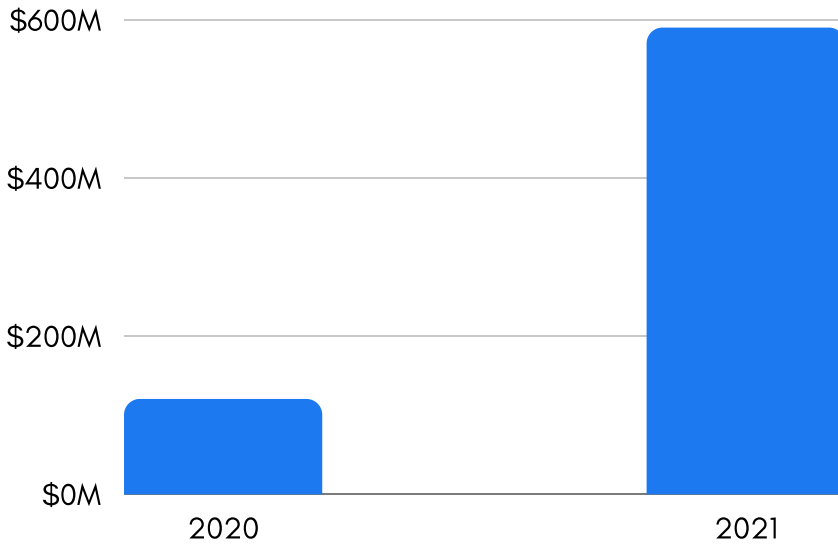
Platforms and protocols that are decentralising banking and financial services for people. Financial services like lending, borrowing, staking through crypto-currencies. Due to regulatory uncertainty around this space globally, platforms trying to adopt hybrid Ce-DeFi models and creating consumer facing applications with limited use of DeFi. Expected to be the next frontier of FinTech with digital money, currencies and tokens.



CRYPTO OPPORTUNITY



Total VC funding in Crypto in India



Approximately **55** crypto companies were funded in 2021 in India. Companies that raised the largest rounds in India include CoinSwitch, CoinDCX, Vault, InstaDapp, Unocoin, Defy

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

As a part of Hindustan Hamara Live Audio Sessions, we hosted **Nischal Shetty, Founder, WazirX** who shared his insights on India's booming Crypto opportunity. [Click here to listen.](#)



- 1. Regulations in Crypto:** All segments in Crypto cannot be regulated. Regulations in crypto should only be put into place for certain use cases where users can be exposed to criminal or fraudulent activity.
- 2. Crypto vs. Fiat Money:** A major misconception is that Crypto is a direct competitor to fiat money. Crypto is a technology that has use cases that span across currencies, assets, utilities, and security
- 3. Advice for first-time Crypto users:** do not go too deep into the many Crypto's that exist. Start with the symbol of Crypto which is Bitcoin. One of the best ways to understand Crypto is to understand why someone is building a particular token.

#KALAARIFAMILY



Since **Series A**



D2C OPPORTUNITY

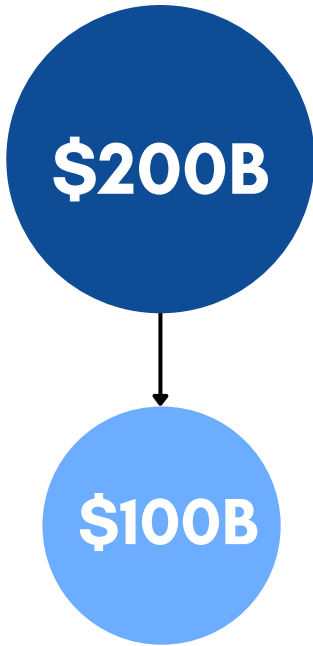




D2C OPPORTUNITY



MARKET SIZE



Total expected eCommerce Sales in 2026

Opportunity in the D2C segment by 2026

LARGE SUB-SEGMENTS



Food & Beverage expected to be **\$15B** opportunity **by 2025**



Fashion & Accessories expected to be a **\$32B** opportunity **by 2025**



Beauty & Personal Care expected to be a **\$4B** opportunity **by 2025**

EMERGING THEMES

BUILT IN INDIA FOR THE WORLD

Categories like Ayurveda and chai, are quintessentially Indian and present an opportunity to create an internet-first brand from India for the world.

VERTICALIZED HOUSE OF BRANDS

There is potential for verticalized house of brands to emerge with a focus on specific categories, while leveraging sourcing, logistics and marketing efficiencies to derive value. Alcohol, men's wellness, and sports/fitness are a few potential categories

INFRA FOR D2C BRANDS

Simplifying logistics, payments, marketing and analytics for non-marketplace players allowing them to focus on product development and brand building.

EVIDENCE-BASED SKINCARE

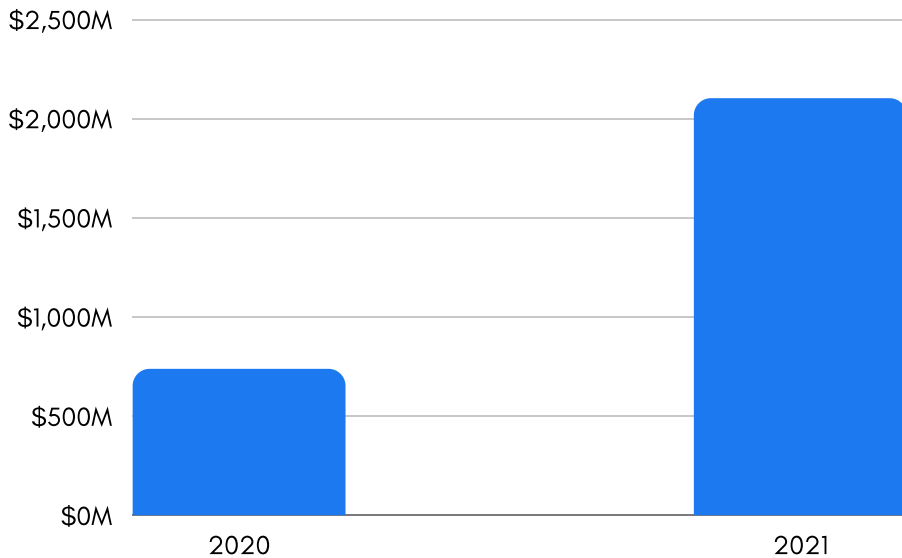
The initial wave of personal care products in India solved customer education & developed the habit of buying products online. Today's consumer is more informed and wants to understand the ingredients that are present in the product along with their expected effect.



D2C OPPORTUNITY



Total VC funding in D2C in India



Approximately **105** D2C companies were funded in 2021. Largest rounds of funding were raised by companies like FirstCry, Lenskart, The GoodGlamm Group, Licious, Rebel Foods, Purple and MamaEarth.

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

As a part of Hindustan Hamara Live Audio Sessions, we hosted **Darpan Sanghvi, Co-founder, Good Glamm Group (MyGlamm)** who shared his insights on India's growing D2C opportunity. [Click here to listen.](#)



- 1. Product positioning** - Know your customers and get deep insights on what matters to them. It is okay to initially spend on CAC, if you can bring customers to directly transact on your platform.
- 2. Beauty in India:** India's per capita consumption of beauty is 1/50th that of China's per capita consumption on beauty - the Indian consumer is still evolving.
- 3. The fast will eat the slow:** In the startup world, it's not about big vs. small - it's about being very fast. Important to recognize that you cannot do everything if you want to accelerate your growth - important to strategically partner with players who do stuff better than you.

#KALAARIFAMILY

E LEVAR

Since **Series A**

**THE Good
Glamm
GROUP**

PopXO Since
Series A

 **kindlife**

Since **Seed**



FOODTECH OPPORTUNITY

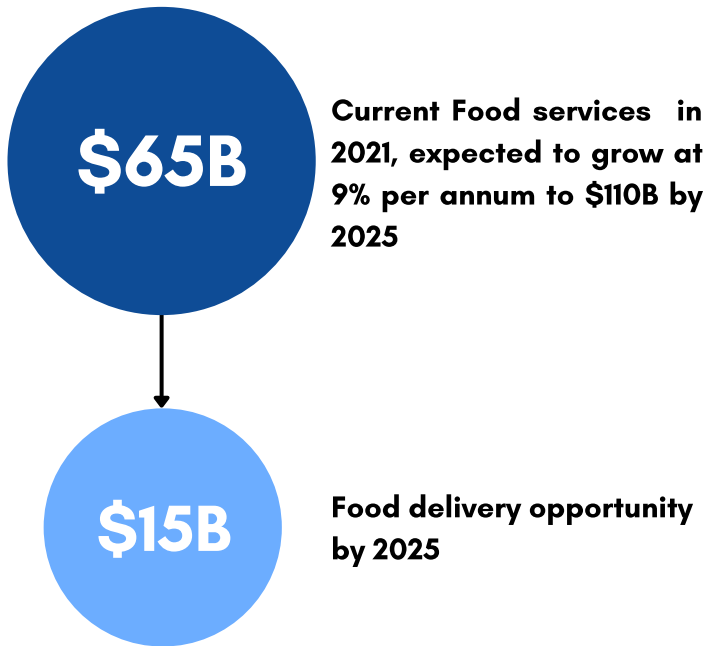




FOODTECH OPPORTUNITY



MARKET SIZE



LARGE SUB-SEGMENTS



Internet-first restaurants is a **\$0.5B** opportunity



Restaurant aggregators is a **\$4B** opportunity.



Meat and seafood platforms is a **\$3B** opportunity

EMERGING THEMES

INDIANIZED GLOBAL QSR FORMATS

Considering India's diversity in preferences, it is difficult to create national food brands; however, there is an opportunity to build Indian QSR chains.

VERTICALIZED PLATFORMS

Opportunity to create experiences and micro-apps around speciality foods and cuisines.

HOUSE OF BRANDS FOR FOOD

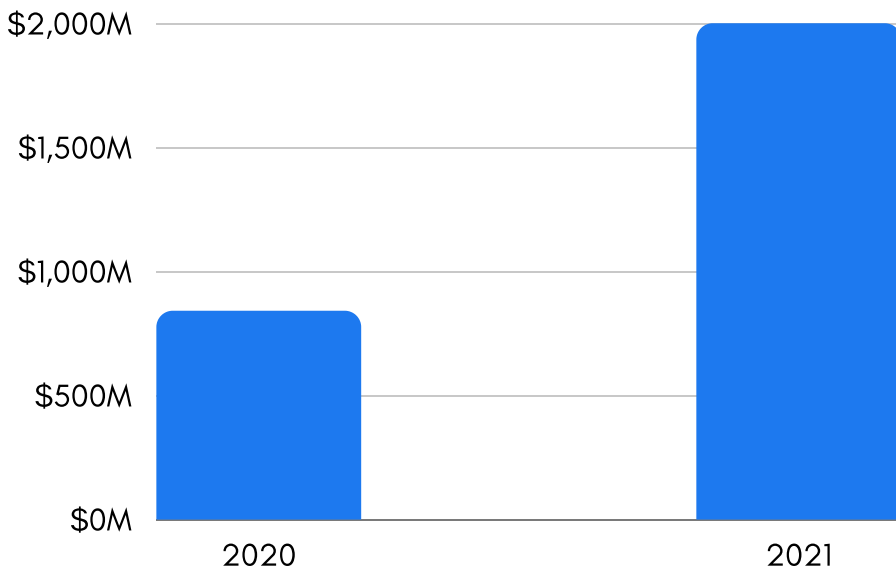
Opportunity to acquire niche food brands with strong unit economics and customer love and create the infrastructure to enable them to scale rapidly.



FOODTECH OPPORTUNITY



Total VC funding in Foodtech in India



Approximately **35** foodtech companies were funded in 2021. Companies that raised the largest rounds include Swiggy, Biryani by Kilo, Rebel Foods, Licious, CureFoods and Captain Fresh.

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

As a part of Hindustan Hamara Live Audio Sessions, we hosted **Ankit Nagori, Co-founder, Cure Foods** who shared his insights on India's growing Foodtech opportunity. [Click here to listen.](#)



- 1. On building a house of brands for food:** Opportunity to acquire niche food brands with high EBIDTA, high repeat rates & customer love, high NPS, but sub-par distribution, and create the infrastructure to scale rapidly, while allowing them to focus on their core product.
- 2. Own your customer:** It is essential for food brands, and D2C brands in general, to own their customers. This would require driving a majority of sales through your own website and channels so that you can customize your products and provide a better offering to your users.

#KALAARIFAMILY

CUREFOODS

Since **Seed**

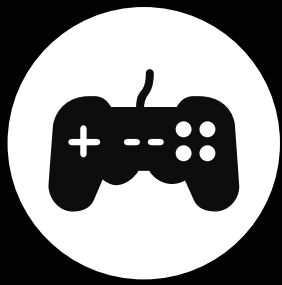


Since **Seed**



GAMING OPPORTUNITY

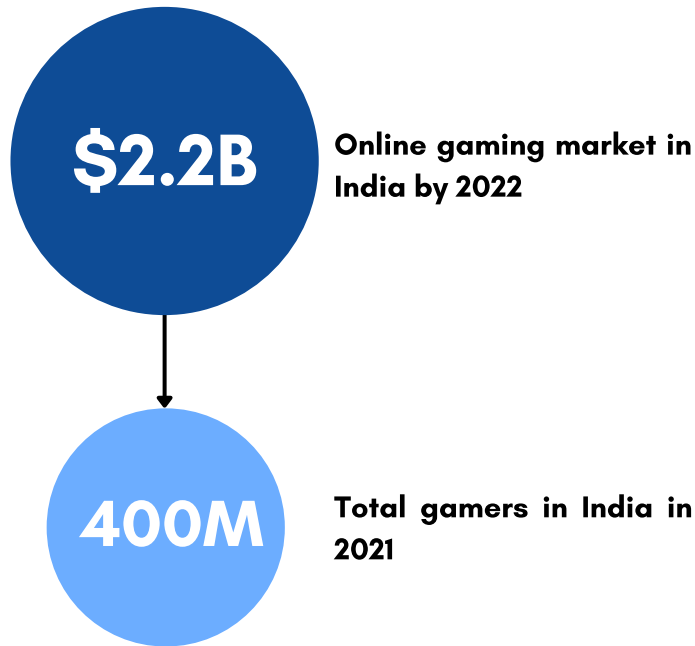




GAMING OPPORTUNITY



MARKET SIZE



LARGE SUB-SEGMENTS



ESports, still at a nascent stage is the fastest growing segment



Hardcore & Midcore gaming high users adoption as a large source of entertainment



Collaboration of Web3.0 and Gaming (**GameFi**) will enable new forms such as **Play2Earn** gaming

EMERGING THEMES

GAMEFI

We are actively looking at niche verticals in Web3.0+Gaming space including NFTs and Fantasy Sports, DeFi in Gaming, Metaverse and the use of blockchain which allows for the creation of long-term and multi-platform in-game assets.

E-SPORTS

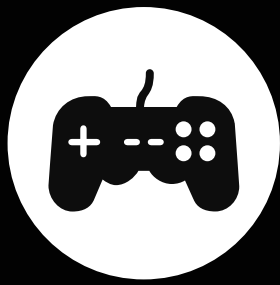
The Indian eSports market, while still at an early stage, has a current market size of USD 107.8 million (Revenue) and is expected to grow at a CAGR of 25.1% in next 2 years - making it the fastest growing segment in gaming.

PC AND CONSOLE GAMING

India was never a part of the PC and Console gaming, and directly skipped to Mobile gaming. However, increasing disposable income and gaming becoming the largest source of the entertainment for all users.

GAME DEVELOPMENT STUDIOS

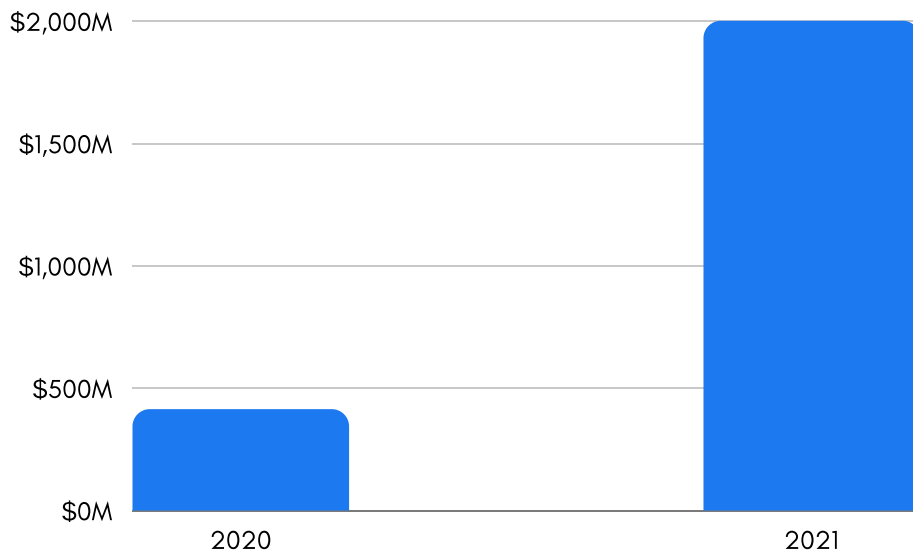
We continue to be bullish on game development studios building for the global audience and believe that the probability of a global hit IP coming out of India is highly likely.



GAMING OPPORTUNITY



Total VC funding in Gaming in India



Indian startups have raised over **\$2B** in 2021, close to **5x** of what they raised in 2020

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

As a part of Hindustan Hamara Live Audio Sessions, we hosted **Paavan Nanda & Saumya Singh Rathore, Co-founder, WinZO**, who shared his insights on India's growing Gaming opportunity. [Click here to listen.](#)



- Casual Gaming:** With over 600M smartphone users and availability of cheap data, users are spending 45-50 minutes on average playing games. There is an opportunity to enable micro-transactions and create large businesses.
- Building Intellectual Property (IP):** There is a large scope to build IP on top of popular games such as Free Fire, BGMI, etc. where gamers like to engage in sessions that are 30-40 minutes on average.
- Interactive entertainment and games:** Games that are interactive, immersive, personalized, and contextualized to be culturally relevant can tap into a huge market in India

#KALAARIFAMILY



Since **Series A**



Since **Seed**



Since **Seed**



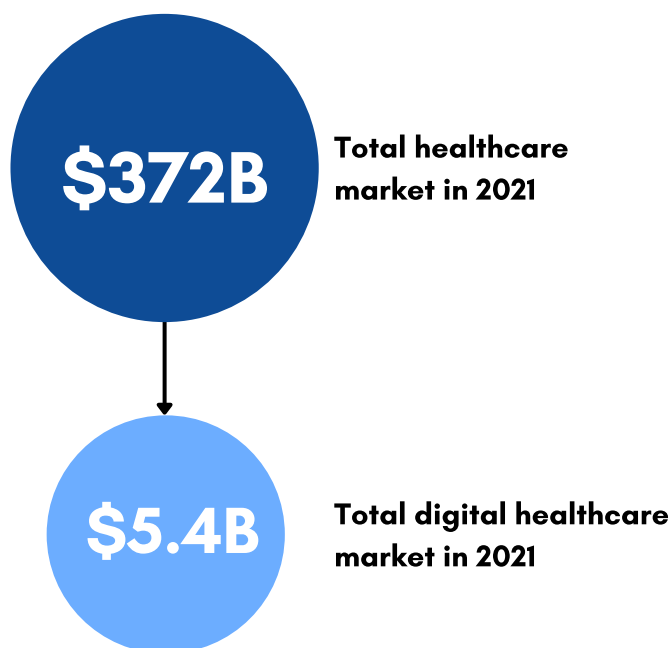
HEALTHTECH OPPORTUNITY





HEALTHTECH OPPORTUNITY

MARKET SIZE



LARGE SUB-SEGMENTS



Diagnostics is a **\$10B** opportunity



Health monitoring is a **\$6B** opportunity



Fintech solutions for healthcare is a **\$6B** opportunity

EMERGING THEMES

PRIMARY CARE

Platforms solving for payers & providers in the OPD space. On average, Indians do 3 OPD visits every year. However, Insured OPD spend is less than 0.1% of total OPD spend in India.

PREVENTATIVE CARE

Solutions across fitness, mental health, nutrition that track, inform, and improve personal health. Growth of this segment is directly related to willingness to pay for preventative solutions, increased awareness, and rising chronic diseases in the country.

VERTICALIZED PLATFORMS

Solutions catering to specific target groups or therapy areas. We have seen digital solutions emerging for diabetes, oncology, women's health, and geriatric care.

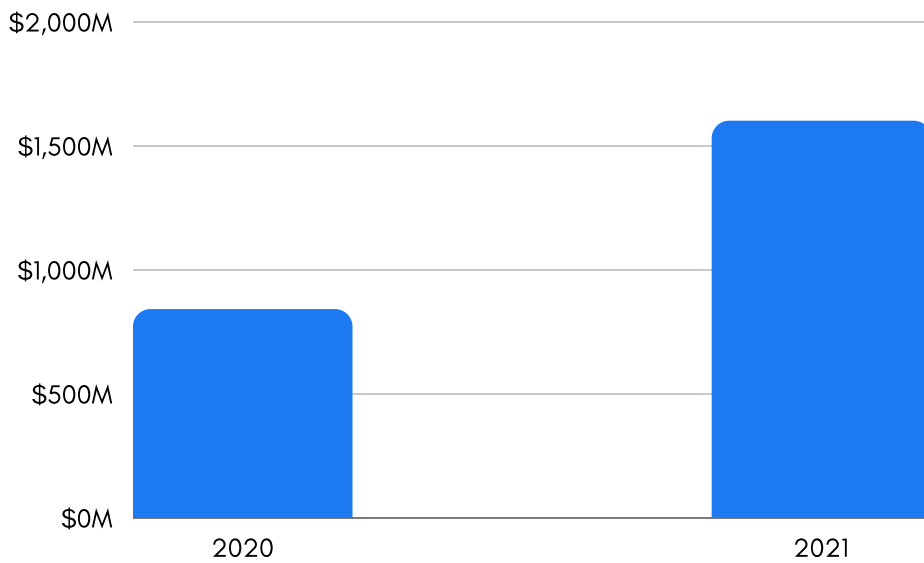
HEALTHCARE SAAS

Software solutions for Indian healthcare SMBs that are mobile first as well as vertical platforms that are being built in India for the world.



HEALTHTECH OPPORTUNITY

Total VC funding in Healthtech in India



Approximately **150** healthtech companies were funded in 2021. India has ranked fourth globally for healthtech investments by venture capitalists (VCs) since 2016

#KALAARIFAMILY



Partners since **Series A**



Partners since **Seed**



Partners since **Series A**



Partners since **Seed**



Partners since **Series A**



LOGISTICS OPPORTUNITY





LOGISTICS OPPORTUNITY

MARKET SIZE

LARGE SUB-SEGMENTS

\$200B

Total logistics market in 2021



Transportation is a **\$176B** opportunity



Storage is a **\$16B** opportunity

\$20B

Total digital, organised logistics opportunity in 2021



3PL Services is a **\$8B** opportunity

EMERGING THEMES

Q-COMMERCE

Rather than replacing traditional E-Commerce, Q-Commerce is there when you need a particular set of items, conveniently and fast.

WAREHOUSING AUTOMATION

90% of warehousing space is controlled by unorganised players whose warehouses have limited mechanisation. Retail and E-Commerce are the first adopters in this space.

REVERSE LOGISTICS

90% of consumers make purchase decisions based on return policy. Considering the amount of data getting captured, it is possible to predict potential returns from customer behaviour, payment modes and pin code coverage of the shipping partner.

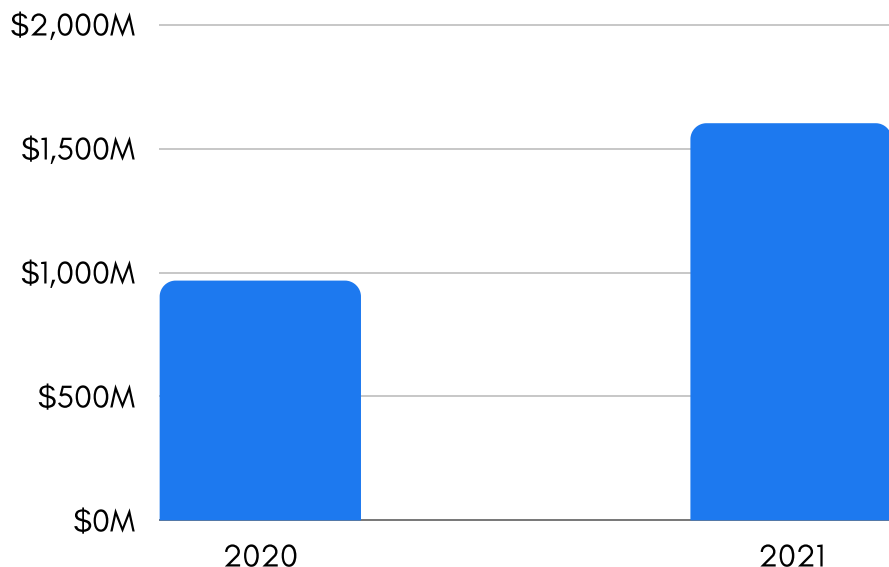
4PL AGGREGATION

3PL agencies carry out shipping and distribution processes for E-Commerce businesses. A 4PL player manages these processes but also handles resource allocation, technical expertise and provides analytics and insights.



LOGISTICS OPPORTUNITY

Total VC funding in Logistics in India



Approximately **65** logistics companies were funded in 2021. Companies that raised the largest rounds include Elastic Run, Delhivery, Shiprocket, Porter, Dunzo and Pickrr.

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

As a part of Hindustan Hamara Live Audio Sessions, we hosted **Kabeer Biswas, Co-founder, Dunzo** who shared his insights on India's growing Logistics opportunity. [Click here to listen.](#)



- DNA of the brand:** Always evolve with the customer. One way to do this is by making data-driven decisions. Always be honest to the customer, walk them through what is happening and why it's happening.
- Convenience:** Convenience is misunderstood. India's market is also shallow in terms of disposable income. Replacing offline transactions is not convenience. Build predictable, reliable, high quality services - to be able to have a high retention.
- Raising VC money** is hard because attaining VC returns is hard. Know why you are raising and what exactly you plan to achieve.

#KALAARIFAMILY



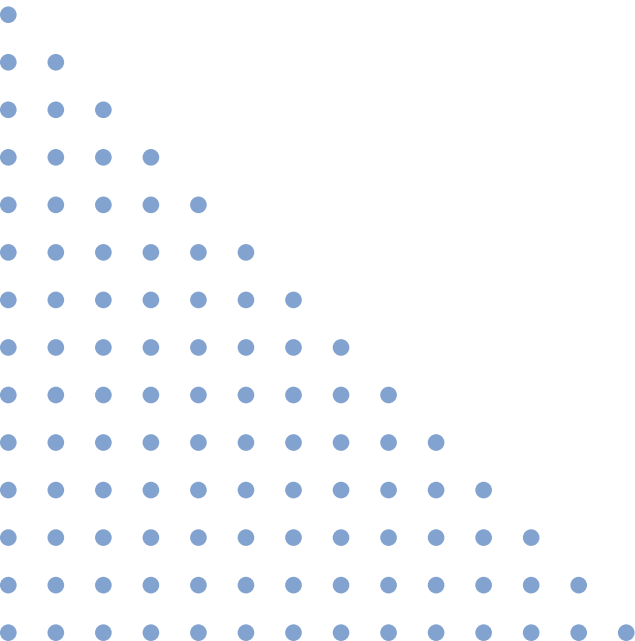
Since **Series A**



Since **Pre-Series A**



INDIA-FIRST BUSINESS MODELS





INDIA-FIRST BUSINESS MODELS

INSIGHTS FROM OUR #HINDUSTANHAMARA AUDIO SESSIONS

In addition to the learnings from specific sectors, we had the opportunity to speak to leaders that built **India-first business models** which have **started scaling to the globe**.



ABHIRAJ BHAL, CO-FOUNDER, URBAN COMPANY

1. **Offer phenomenal customer experience:** Whenever you are building a customer-facing business, your core focus must be on offering a great customer experience. Curtail scale and scope until you've hit that initial PMF and look to perfect your core service offering.
2. **On scaling globally:** Focus on solving for your domestic market deeply before thinking about going global, unless your core business is primarily targeting a global market. Have a clear rationale for going global. Don't do it just to please your investors.

SOURABH GUPTA, CO-FOUNDER, SKIT

1. **Build for now:** Start by building what users love and what is needed now. Evolve with the user as they grow. It is our responsibility to grow with them.
2. **Start one at a time:** Build for one use case (or in the context of vernacular, one language) before scaling to others. Learn as much as you can and replicate the model for other use cases.



APRAMEYA RADHAKRISHNA, CO-FOUNDER, KOO

1. When **building for the vernacular audience**, understand what the people in that region talk about and how they talk. The more reasonable and contextual you become, the more adoption you will receive.
2. **Search has become voice first:** 40% or more Google searches in India are in audio and in regional languages as opposed to being English-led.



#KALAARIFAMILY





ABOUT KALAARI

Kalaari Capital is an early-stage, technology-focused venture capital firm based out of Bengaluru, India. Since 2006, Kalaari has empowered visionary entrepreneurs building unique solutions that reshape the way Indians live, work, consume and transact. The firm's ethos is to partner early with founders and work with them to navigate the inevitable challenges of fostering ideas into successful businesses. At its core, Kalaari believes in building long-term relationships based on trust, transparency, authenticity, and respect.

If you are a founder with ideas that are uniquely Indian, we would love to speak to you.

Reach us at recommend@kalaari.com



Scan to visit our website

Follow us





DISCLAIMER

The information herein is of a general nature and is not intended to address the circumstances of any particular individual or entity.

Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of date it is received or that it will continue to be accurate in the future.

No one should act on such information without appropriate professional advice after a thorough examination of the particular section.

The views and opinions expressed herein are those of the respective authors, speakers and do not necessarily represent the views of Kalaari Capital.



© Kalaari Capital Advisors Private Limited, 2021

BY KALAARI CAPITAL