



UNICORNS OF INDIA

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Table of Contents

<i>Research Objectives</i>	3
<i>Methodology</i>	3
<i>Data Sources</i>	4
<i>Implications</i>	4
<i>References</i>	4

Research & Background

A unicorn startup or unicorn company is a private company with a valuation over \$1 billion. As of April 2021, there are over 650 unicorns around the world, with cumulative valuations hitting \$2,173 billion. Variants of these include *decacorn*, valued over \$10 billion, and a *hectacorn*, valued at over \$100 billion.

According to a report from National Association of Software and Services Companies (NASSCOM), while China and USA alone account for 80% of world's unicorns, India boasts of being home to the 3rd largest unicorn community. India added 28 new unicorns in the first 9 months of 2021, taking the total number of unicorns in the country to 66. India currently has three decacorns, companies with valuation of over \$10 billion -- Byju's, Paytm and Flipkart.

The fast-growing number of internet users and falling internet prices has played a great role in expanding the ecosystem. India currently has over 40 technology startups that are unicorns. There are many more in the line.

Bengaluru has the maximum number of unicorns with one-third of country's unicorns headquartered in the southern city, followed by Delhi-NCR with 20 percent. While Bengaluru, Delhi-NCR, and Mumbai are home to 55-58 per cent start-ups in India, Jaipur, Ahmedabad, Kolkata and Kochi are the emerging start-up hubs in the country, said the NASSCOM report.

There has been a lot of hype about unicorns. It is now the world of new companies that are attracting heavy funding from the venture capitalists and other investors. The year 2021 in particular has seen a 'unicorn boom', far exceeding the previous year's. This number is further expected rise. This study aims to understand the various aspects of this growth and the factors contributing to it.

Research Objectives

The primary objectives of the study is to analyse the unicorns in the Indian start-up ecosystem. Specifically,

- 1) To analyse the performance of the top unicorns operating in India and understanding the factors enabling them
- 2) To perform industrial analysis to understand how industries are contributing
- 3) To analyse the economic factors facilitating the rise of unicorn phenomenon in India.

Methodology

The study will involve the assessment of the existing unicorns and startups that are expected to attain the unicorn status soon. Secondary analysis of published data will be conducted. A total of 66 companies will be looked into and analysed. The methods used to understand each objective are as follows:

- 1) To analyse the performance of the top unicorns operating in India and understanding the factors enabling them

This will be accomplished through competitive benchmarking vis-à-vis competitors. For valuations, the methods of Discounted Cash Flows (DCF) and comparables approach will be used.

Further qualitative analyses will be carried out through identifying common themes running across companies.

- 2) To perform industrial analysis to understand how industries are contributing

For industrial landscaping, analyses of industry will be carried out using Porter's 5 forces.

This will be further substantiated using PESTEL analysis.

- 3) To analyse the economic factors facilitating the rise of unicorn phenomenon in India.

Published literature around unicorns including graphs, government reports of different departments such as RBI, Ministry of Commerce, Ministry of Finance etc., peer reviewed articles, newspaper articles, recent legal amendments and other relevant sources of data will be reviewed and collated to identify the factors facilitating the rise of unicorns phenomenon in India.

Data Sources

- www.mca.gov.in
- www.bloomberg.com
- www.statista.com
- www.businesstoday.in
- www.businessinsider.in

Implications

This study hopes to provide an in-depth understanding of the phenomenon of unicorns. It will contribute to the field of research into business studies.

It will also help in understanding the factors that can enable a startup to achieve unicorn status.

References

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