

INDIAN STARTUPS **FUNDING** REPORT **H1-2023**

Report by **ENTRACKR**



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Key Highlights

[January-June] H1 2023

Fundraise for Indian startups remained a challenge during the first half of 2023. This can be attributed to tough market conditions, lack of larger rounds amid absence of top investors like Tiger Global and Softbank, and mass layoffs across the ecosystem.

As per data compiled by Entrackr analytics platform Fintrackr, the Indian startups managed to raise \$6 billion in funding during H1 when compared to \$20 billion in H1 2022.

The \$6 billion funding consisted of 96 growth/late stage deals worth \$4.48 billion and 417 early-stage deals worth \$1.54 billion. Meanwhile, 73 startups did not disclose their transaction details. While startups chased mind boggling valuation in the past couple of years, they have been keeping profitability on top priority this year. As a result, there were no unicorns in the first six months of 2023. In fact, India saw its last unicorn in September 2022 when healthcare diagnostic firm Molbio announced its fundraise over \$1 billion valuation.

513

Total deals

73

Undisclosed rounds

Amount raised
\$4.48 Bn

\$6 Bn

Total funding raised

81

M&A

Growth/Late stage
96 deals

Amount raised
\$1.54 Bn

40

Fund launches

2

ESOP Buybacks

Early-stage
417 deals

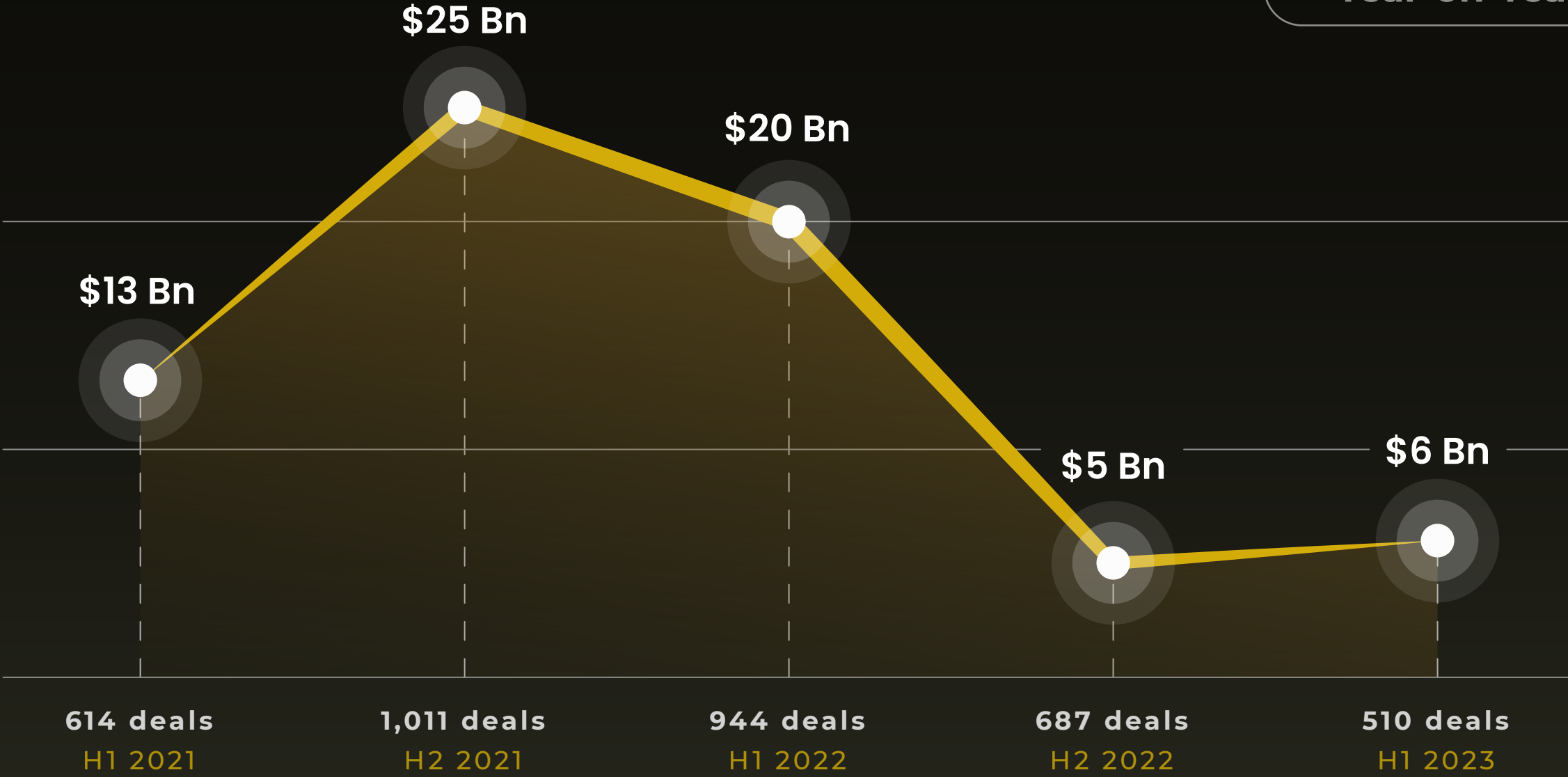
Month-on-Month and Year-on-Year Trend

Month-on-Month Funding

While this is a sharp fall from \$20 billion in H1 2022, the homegrown companies managed to go past the H2 2022 mark when the fund inflow stood at \$5 billion. On a monthly basis, June saw the lowest funding with \$636 million despite being the third highest in terms of number of deals. This is also the lowest funding month in the past two and half years (since January 2021). Overall, the average monthly funding stood at \$1 billion which has become a new benchmark for the past 12 months.



Year-on-Year Funding



Source : Fintrackr

Top 25 Growth Stage Deals in H1, 2023

To analyze the trend of startup funding, Entrackr has prepared a list of top 25 funded startups in growth as well as in early stages. Fintech company PhonePe spearheaded the chart with \$850 million in funding across 4 tranches. This was followed by eyewear brand Lenskart which mopped up \$600 million across two deals. Importantly, these two were exceptions for raising more than one round of funding this year.

Fintech platform DMI Finance, edtech company Byju's, fintech lending platform KreditBee, supply chain company Mintifi, e-commerce platform for meat FreshToHome and fintech company Stashfin managed to raise at least \$100 million each. In the list, IoT company Atomberg and foodtech company Drools managed to raise more than \$50 million.

Startup	Segment	Amount Raised (In \$Mn)	Series	Valuation	Lead Investor/s	Headquarter
PhonePe	Fintech	850	Undisclosed	\$12 Bn	General Atlantic, Walmart, Ribbit Capital, Tiger Global, and TVS Capital Funds	Bengaluru
Lenskart	E-commerce	600	Series I	Undisclosed	Abu Dhabi Investment Authority (ADIA)	New Delhi
DMI Finance	Fintech	400	Series D	Undisclosed	Mitsubishi UFJ Financial Group	Mumbai
Byju's	Edtech	250	Debt	Undisclosed	Davidson Kempner Capital Management	Bengaluru
KreditBee	Fintech	120	Series D	\$675-700 Mn	Advent International	Bengaluru
Mintifi	Supply chain	110	Series D	Undisclosed	PremjiInvest	Mumbai
FreshToHome	E-commerce	104	Series D	Undisclosed	Amazon Smbhav Venture Fund	Bengaluru
Stashfin	Fintech	100	Debt	Undisclosed	InnoVen Capital, Trifecta Capital	New Delhi
Atomberg	IoT	86	Series C	Undisclosed	Temasek and Steadview Capital	Mumbai
Drools	Foodtech	60	Series A	\$600 Mn	L Catterton	Chhattisgarh
Kabira Mobility	EV	50	Series A	Undisclosed	Al-Abdulla Group	Panjim
Acceldata	SaaS	50	Series C	Undisclosed	March Capital	Bengaluru
Ushur	AI	50	Series C	Undisclosed	Third Point Ventures and Iron Pillar	Bengaluru
Enzene Bioscience	Healthtech	50	Undisclosed	Undisclosed	Alkem Laboratories, Eight Roads Ventures, and F-Prime Capital	Pune
Safe Security	SaaS	50	Series B	Undisclosed	Sorenson Capital	Bengaluru
Chalo	Bus tracking	45	Series D	Undisclosed	Avataar Ventures	Navi Mumbai
U Gro	Fintech	41.3	Undisclosed	Undisclosed	Danish Sustainable Development Goals Investment Fund	Bengaluru
Wakefit	E-commerce	40	Series D	\$375 Mn	Investcorp	Bengaluru
Log9 Materials	EV	40	Series B	\$230-240 Mn	Amara Raja Batteries and Petronas Ventures	Bengaluru
Ripplr	Logistics	40	Series B	Undisclosed	Fireside Ventures	Bengaluru
Xpressbees	Logistics	40	Secondary	\$1.4 Bn	Khazanah	Pune
upGrad	Edtech	36.5	Right issue	Undisclosed	Temasek and Ronnie Screwvala	Mumbai
Curefoods	Foodtech	36.5	Series D	Undisclosed	Three State Ventures	Bengaluru
Mensa Brands	E-commerce roll up	36	Debt	Undisclosed	TradeCred	Bengaluru
SarvaGram	Fintech	35	Series C	Undisclosed	Elevar Equity	Mumbai

Top 25 Early Stage Deals in H1, 2023

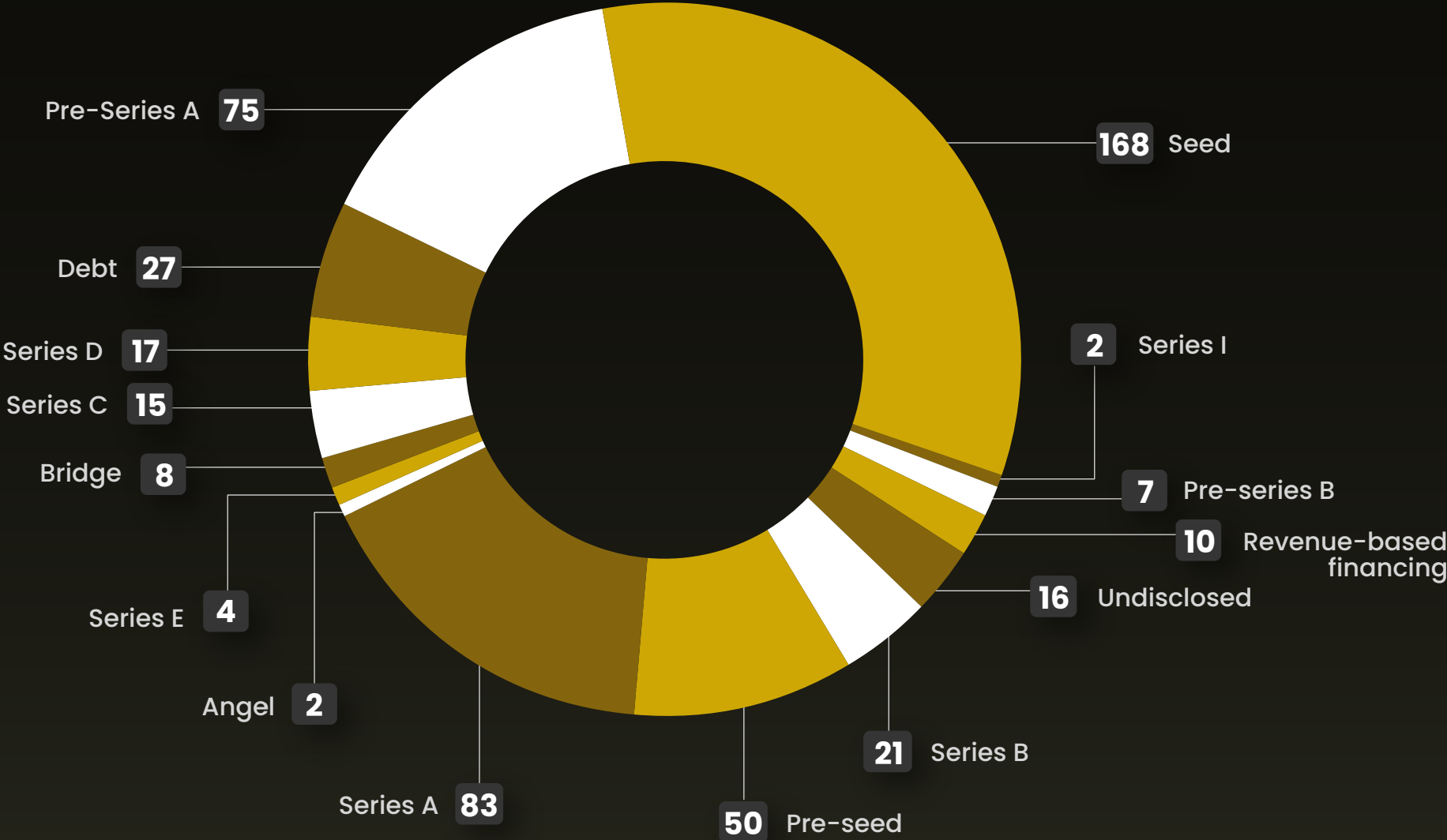
While we generally see early stage deals of smaller cheque sizes, however, a bunch of deals surprised the ecosystem despite the so-called funding winter. Fintech insurance platform InsuranceDekho raked in \$150 million in its maiden funding round. EV startup Charge+Zone and sportstech platform Agilitas Sports, launched by former executives of Puma India, raised \$52 million in its first funding round.

Some notable deals in early stage include EV platform BluSmart, edtech startup NxtWave, AI startup SpotDraft, SaaS company Beconstac, drone company Garuda Aerospace and EV startup Magenta Mobility. It's worth mentioning that all 25 deals in the early stage chart raised more than \$10 million each.

Startup	Segment	Amount Raised (In \$Mn)	Series	Valuation	Lead Investor/s	Headquarter
InsuranceDekho	Fintech	150	Series A	-	Goldman Sachs Asset Management and TVS Capital Funds	Gurugram
Charge+Zone	EV	54	Series A	-	BlueOrchard Finance	Ahmedabad
Agilitas Sports	Sportstech	52	Series A	-	Convergent Finance LLP	Bengaluru
BluSmart	EV	42	Series A	-	BP Ventures, Survam Partners, Mayfield India Fund, 9Unicorns, Green Frontier Capital	Ahmedabad
NxtWave	Edtech	33	Series A	-	Greater Pacific Capital (GPC)	Hyderabad
SpotDraft	AI	26	Series A	-	PremjiInvest	Bengaluru
Beconstac	SaaS	25	Series A	-	Telescope Partners	Bengaluru
JSW One Platforms	E-commerce	25	Series A	-	Mitsui & Co.	Mumbai
Garuda Aerospace	Dronetech	22	Series A	-	Venture Capital	Chennai
Magenta Mobility	EV	22	Series A	-	bp Ventures	Pune
FuelBuddy	Logistics	20	Series A	-	Naveen Jindal Group, Ravi Jaipuria Group (RJ Corp), and Nilesh Ved (Apparel Group, UAE)	New Delhi
Mintoak	SaaS	20	Series A	-	PayPal Ventures	Mumbai
Kratos Studios	Gaming	20	Seed	-	Accel	Bengaluru
Mayhem Studios	Gaming	20	Series A	-	Sequoia Capital	Bengaluru
VilCart	E-commerce	18	Series A	-	Asia Impact SA	Bengaluru
Toddle	Edtech	17	Series A	-	Sequoia Capital India	Bengaluru
River	EV	15	Series B	-	AI Futtaim Group	Bengaluru
Turno	EV	13.8	Series A	-	B Capital and Quona Capital	Bengaluru
Rigi	SaaS	12.5	Series A	-	Elevation Capital	Bengaluru
Freightify	SaaS	12	Series A	-	Sequoia Capital India	Chennai
Atlys	Online visa application platform	12	Series A	-	Sequoia Capital and Accel Partners	Bengaluru
T.A.C	E-commerce	12	Series A	-	Sixth Sense Ventures	Bengaluru
Celcius	E-commerce	12	Series A	-	IvyCap Ventures	Mumbai
Locad	Logistics	11	Series A	-	Reefknot Investments	Bengaluru
Rezolve.ai	AI	11	Series A	-	SIG Venture Capital	Chennai

Stage-wise Deals

H1 saw 168 seed funding whereas 50 deals were in pre-seed stage. Notably, the seed and pre-seed contributed to more than 40% of the total deals during the period. This was followed by Series A, pre Series A where 83 and 75 startups get funded. In growth stage deals, Series B, Series C and Series D saw 21, 15 and 17 deals respectively. The chart also included 10 revenue based financing, 8 bridge rounds, a couple of Series I rounds and a pre IPO funding.



Mergers and Acquisitions

The ongoing calendar year has seen 81 merger and acquisition deals so far. If we see the past year trends, then it falls below from more than 250 mergers and acquisitions in 2021 and 204 deals in the last year. While the first half did not see any blockbuster merger and acquisition deals, a clutch of transactions including the acquisition of Build On Scenes by Unacademy's Graphy, Ustraa by VLCC, Trainman by Adani Digital, Chumbak by GOAT brand Labs, and Upwards by Lendingkart grabbed the headline. Most of the deals were undisclosed.



Infra.Market acquired Strata Geosystems



Physics Wallah acquired 50% stake in Xylem Learning



RateGain acquired Adara Inc Technologies



Lendingkart acquired Upwards



ReadyAssist acquired SpeedForce



Siply acquired myPaisa



Tube Investments acquired Celestial E-Mobility



Absolute Sports acquired majority stake (73.27%) in Pro Football Network



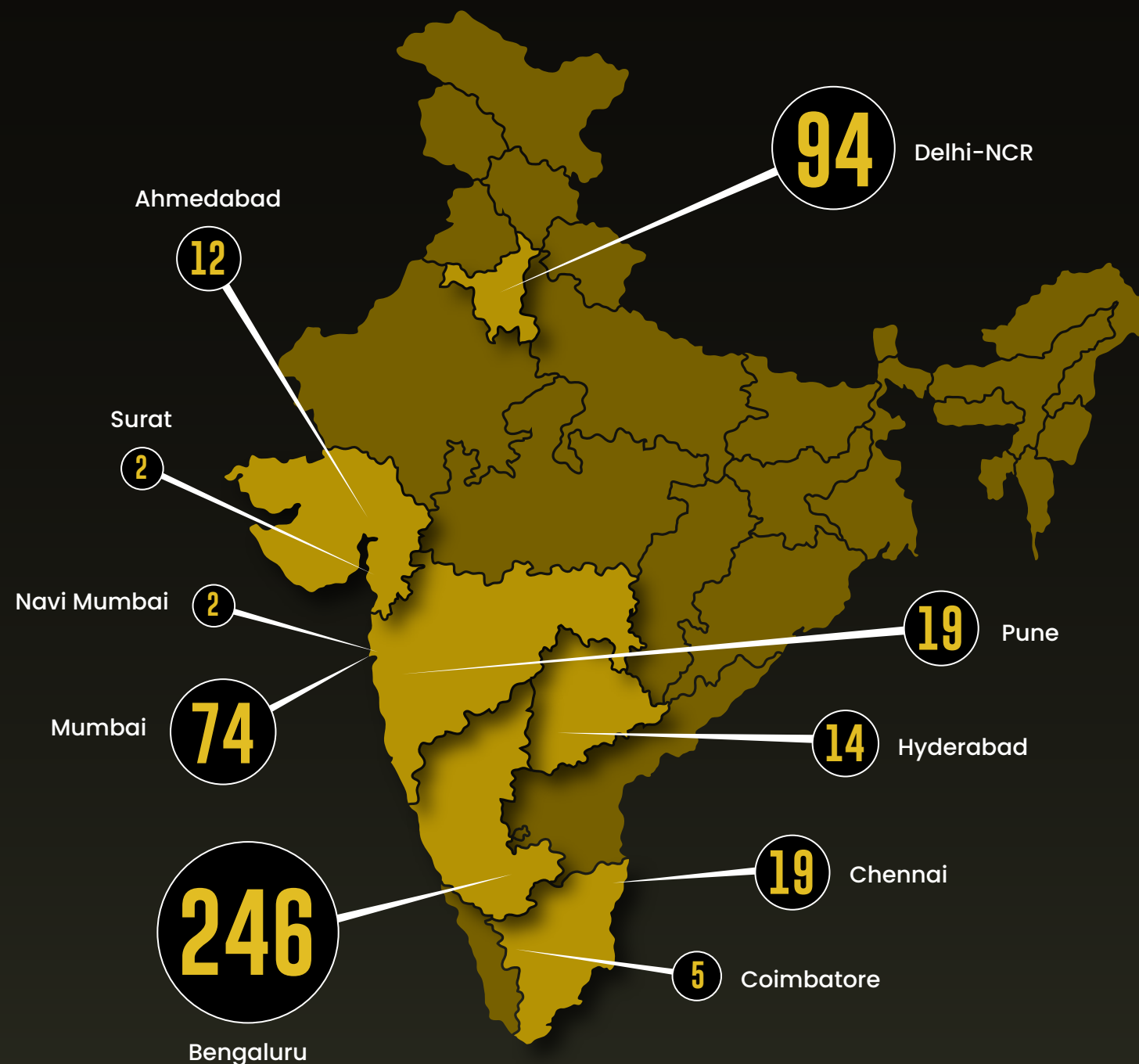
Capri Loans acquired majority stake (51%) in CarLelo



MetaMan acquired Drip Project

City and Segments

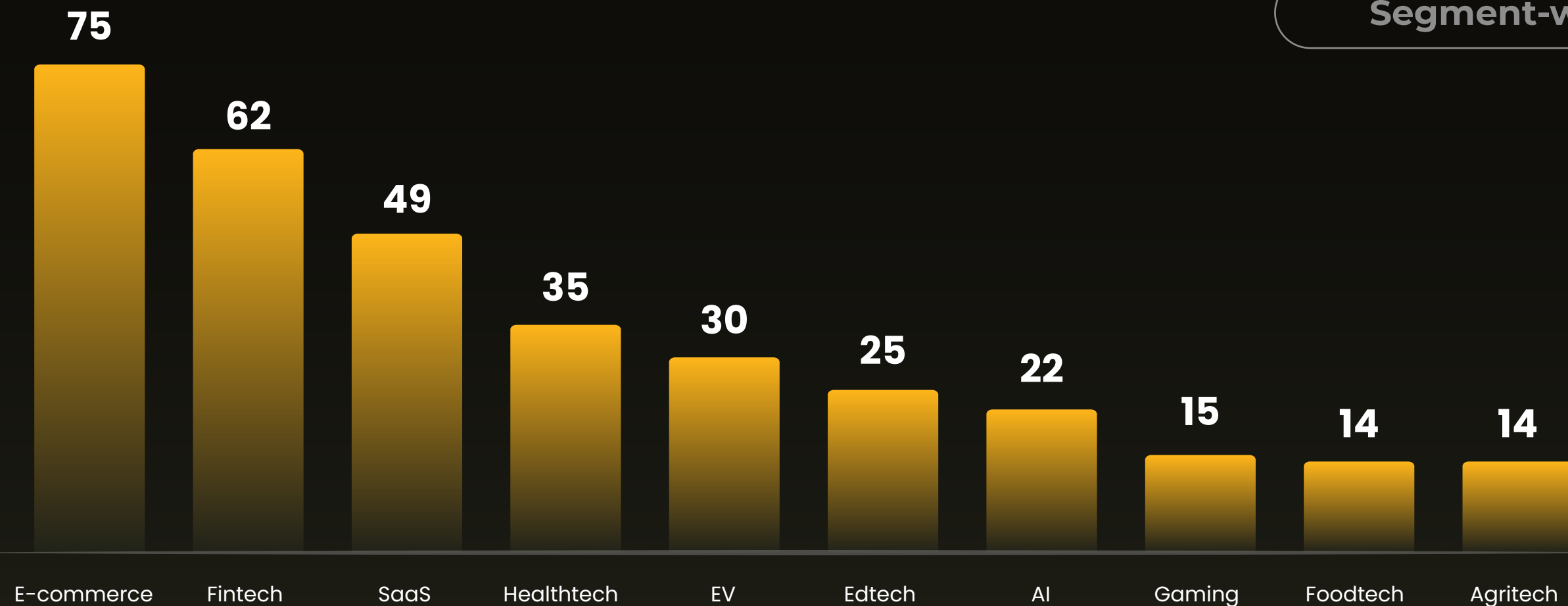
Bengaluru, once again became hub of startups as 246 startups from the city raked in nearly \$3 billion funding during first half of 2023. This is close to 50% of the total funding during the last year. Delhi-NCR-based startups were the next with 94 deals amounting to \$1.24 billion. Mumbai, Pune, and Chennai made it to the top 5 list.



City-wise deals

Bengaluru	246
Delhi-NCR	94
Mumbai	74
Pune	19
Chennai	19
Hyderabad	14
Ahmedabad	12
Coimbatore	5
Navi Mumbai	2
Surat	2

Segment-wise deals



E-commerce dominated in terms of segment wise deals followed by fintech, SaaS, healthtech and EV. Edtech remained out of the top five list. Value wise, fintech startups scooped up more than \$2 billion whereas e-commerce raised over \$1 billion.

Layoffs

Layoffs continue to hinder the growth of Indian startups as more than 60 startups fired over 15,000 employees, according to data compiled by Fintrackr. The number of startups resorted to layoffs is on par with the last year when more than 20,000 employees were given pink slips amid funding winter.

Fund size	Name of VC
Uniphore*	Undisclosed
UpScalio	60
Harappa	60
Moglix	40
Bounce	300
LEAD	60
Unacademy's Relevel	40
CoinDCX	80-100
Cashfree	80
Ola	200
Skitai	115
ShareChat	500
Dunzo	60-80 [3%]
Rebel Foods	2%
GoMechanic	70%
Exotel	142
Hubilo	120
Swiggy	380
Icertis*	Undisclosed
Medibuddy	200
K12	70%
InMobi*	50-70

Fund size	Name of VC
Innovaccer	Undisclosed
SirionLabs	60
DealShare	60
Onsitego	40
Byjus	300
FarEye	60
Pocket Aces	40
HackerEarth	80-100
Phablecare	80
Polygon	200
MyGate	115
yellow.ai	500
Fittr	60-80 [3%]
Upgrad campus	2%
Dukaan	70%
Livspace	142
Unacademy	120
Fanclash	380
Byju's	Undisclosed
1K Kirana	200
Dunzo	70%

Fund size	Name of VC
Practo	41
ZestMoney	100
Euler Motors	10%
Drip Capital	20%
Fampay	50
Simpl	150+
Open	50
Skill-Lync	400+
Extramarks	300+
Tickertape	29
PharmEasy	-
Meesho	251
Teachmint	70
Cuemath	100
Toothsi	20-30
Happay	30%
Airmeet	30%
Mensa Brands (ILN)	30
Byju's	500-1000
Mojocare	170
Chingari	20% [50]

Quarter 1 Vs Quarter 2

If we compare the first two quarters of 2023, the number of deals declined by a small margin from 260 in Q1 to 253 in Q2. However, the deal size diminished by 30% from \$3.4 billion in Q1 to \$2.6 billion in Q2. Further, there were 9 \$100 million plus rounds in the first quarter which fell to only 5 in the second. Entrackr has prepared a comparison chart for better understanding.

260

Total deals

\$3.4 Bn

Total funding raised

9

\$100 Mn+ rounds

31

Undisclosed rounds

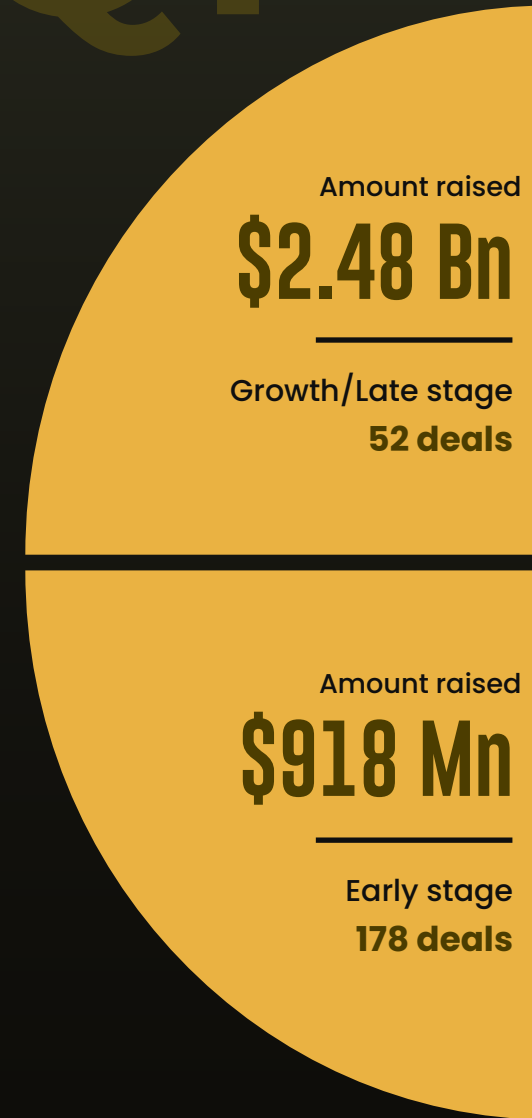
42

M&A

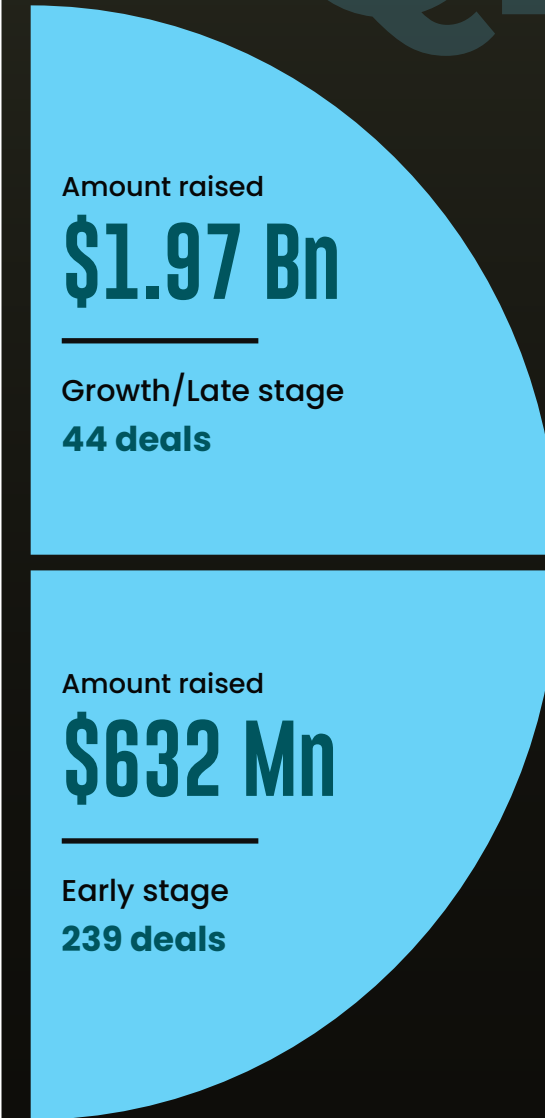
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Layoffs

Q1



Q2



253

Total deals

\$2.6 Bn

Total funding raised

5

\$100 Mn+ rounds

42

Undisclosed rounds

39

M&A

23

Layoffs

Fund Launches

Despite the low funding environment, 40 startup funds announced their new fundraise till the first six months of 2023. Last year, around 100 such funds announced their new launch. New York-based Tiger Global Management, reportedly raised \$2.7 billion for its new fund in June. The capital raised was 55% less than the target fund of \$6 billion set by the investment firm. Unlike previous years, Tiger Global has almost stayed out of investments in India startups and backed only two companies: PhonePe and Infinite Uptime in the ongoing calendar year. Softbank, known as a unicorn maker along with Tiger Global, did not make any investment this year so far.

Silicon Valley-based venture capital firm Sequoia recently announced that it will split into three separate firms which will focus on its key markets – the US and Europe, China, and India and Southeast Asia. Following the move, Sequoia India and Southeast Asia has been rebranded as Peak XV Partners.

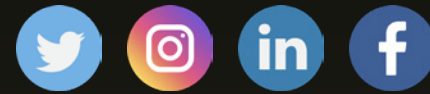
Name of VC	Fund size
Tiger Global	\$2.7 Bn
B Capital	\$2.1 Bn
QED	\$925 Mn
Nexus Venture Partners	\$700 Mn
Kotak Alternate Assets	\$590 Mn
B Capital	\$500 Mn
Epiq Capital	\$225 Mn
IndoSpace	\$205 Mn
3one4 Capital	\$200 Mn
Arkam Ventures	\$180 Mn
Omnivore	\$150 Mn
Iron Pillar	\$129 Mn
Courtside Ventures	\$100 Mn
Stride Ventures	\$100 Mn
Capria	\$100 Mn
Avaana Capital	\$70 Mn
Z3 Partners	\$67 Mn
Lumikai Ventures	\$50 Mn
Airavat Capital	\$40 Mn
Zero To One	\$37 Mn

Name of VC	Fund size
PeerCapital	\$36 Mn
Arka Investment	\$30 Mn
2070 Health	\$30 Mn
Sundara Alternate Assets	\$25 Mn
BoldCap	\$25 Mn
Blume Ventures	\$25 Mn
360 ONE	\$21 Mn
Lighthouse Canton	\$19 Mn
Piper Serica	\$15 Mn
Speciale Invest	\$12.5 Mn
Chiratae Ventures	\$12.5 Mn
Pi Ventures	\$12.2 Mn
Aeravati Ventures	\$12 Mn
Unitus Ventures	\$9.6 Mn
Piper Serica Advisors	\$9.2 Mn
Physics Capital	\$7 Mn
Recur Club	\$6 Mn
Prath Ventures	\$6 Mn
Golden Sparrow	\$6 Mn
100X.VC	\$3.4 Mn

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