YOURSTORY

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STATE OF INDIA'S STARTUP ECOSYSTEM

August 2022

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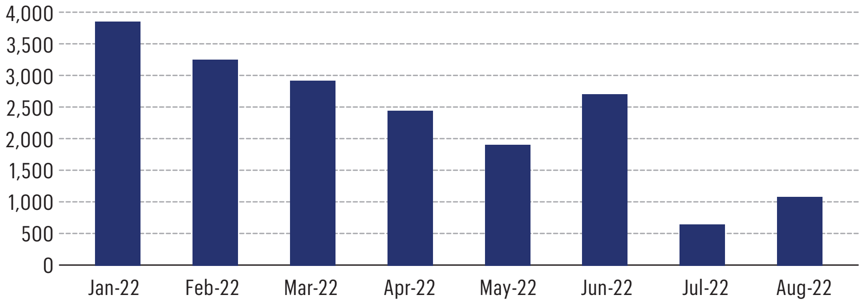
State of India's startup ecosystem — August 2022

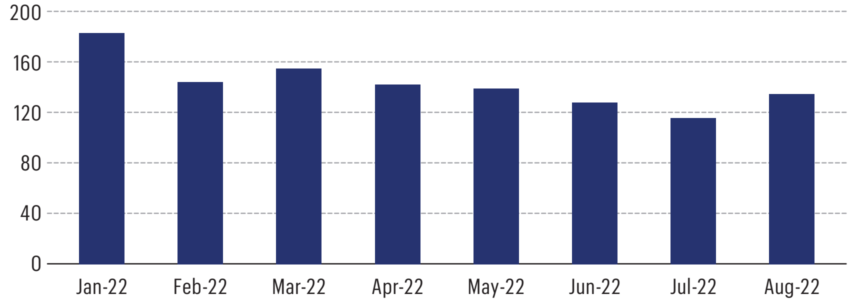
State of startup funding in August 2022

August saw a month-on-month (MoM) increase of 66.1% in funding compared to July 2022



Source: *YourStory* Research
Note: Values are in $ million

At 135 deals, August witnessed a steady increase in monthly deal volume compared to July



Source: *YourStory* Research
Note: Values are total number of deals

ACCORDING TO *YourStory* Research, during August 2022, the Indian startup ecosystem witnessed funding worth $1.08 billion across 135 deals. In absolute terms, this was an annual decline of 67.9% in value and 4.3% decline in volume in comparison to $3.38 billion invested over 141 deals in August last year.

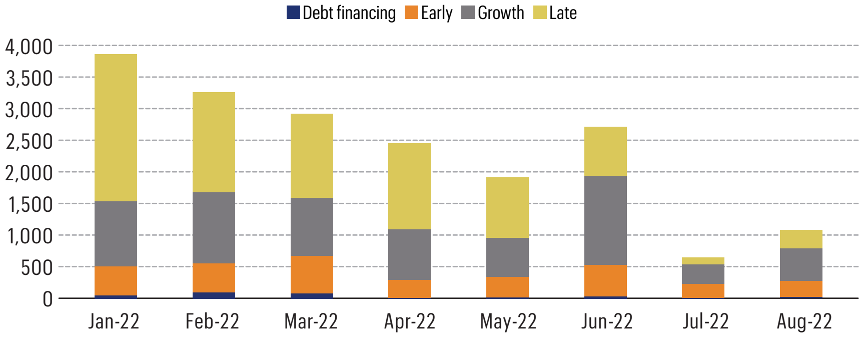
While July, with $652.7 million worth of funding over 116 deals, was pointedly endorsing the much talked about funding winter in the startup ecosystem, August's fundraise is a cool 66.1% higher than the previous month while the deal count has improved by 19, at 135, in August as compared to 116 in July.

Also, August, with 5.8% share of $18.8 billion raised during 2022, has displaced May ($1.92 billion; 139 deals) as the second lowest activity month in 2022, where the latest month has recorded 43.4% lesser funding compared to May, which accounted for 10.2% of the cumulative fundraise value between January to August 2022.

In comparison to nearly $3.9 billion raised during January--the monthly highest in 2022 so far, the August numbers recorded an absolute decline of 71.9%, where August also recorded an absolute decline of 48 deals compared to January's 183 deals.

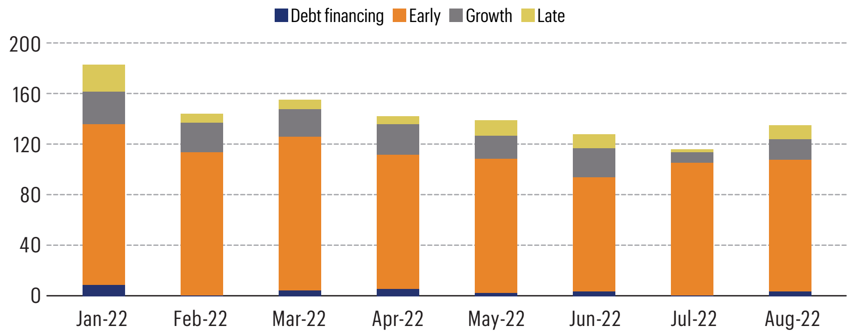
Decoding funding stages in August 2022

August saw MoM increase in the range of 11.6% to 379.6% across funding stages in comparison to July 2022



Source: *YourStory* Research
Note: Values are in $ million

104 early-stage deals in August are better than June's 90, but value declined by 49.5%



Source: *YourStory* Research
Note: Values are total number of deals

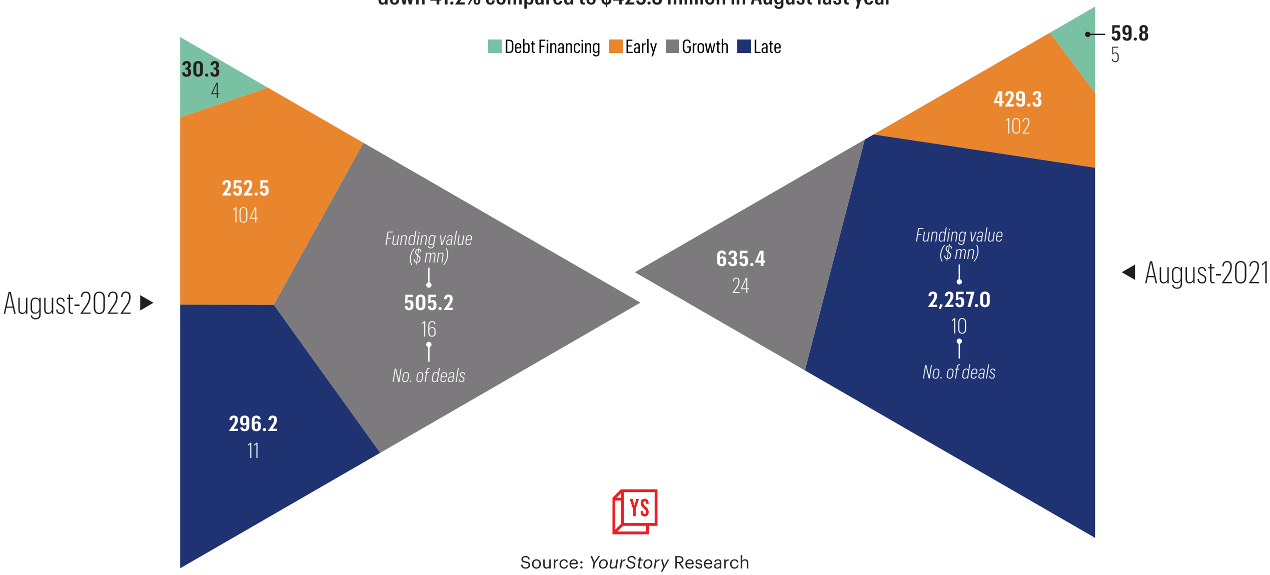
WHILE THE WASHOUT SEEN in startup funding during July 2022 was felt across all the funding stages, the relative recovery in August is evenly felt across all stages, except early-stage, which posted 11.6% improvement, with $252.5 million being raised in August over 104 eals compared to $226.4 million raised across 105 deals in July.

In the month of August, debt financing saw four deals worth $30.3 million, registering 379.6% month-on-month (MoM) growth compared to July's single-deal worth $6.3 million. The 104 early-stage deals, which cumulatively raised $252.5 million in August is 56.9% lower than $585.3 million–the highest in 2022–through 121 deals in March.

While growth-stage ($505.2 million; 8 deals) and late-stage ($296.2 million; 2) recorded a MoM growth of 64% and 164.4% compared to July, they were lower by 63.9% and 87.2% in absolute terms compared to the 2022 monthly highs of $1.4 billion across 23 growth-stage deals in June, and $2.3 billion across 21 late-stage deals in January.

Decoding funding stages: August 2022 vs. August 2021

At $252.5 million, early-stage deals in August 2022 are down 41.2% compared to $429.3 million in August last year



Source: *YourStory* Research

OUT OF THE $1.08 BILLION raised during August, growth-stage deals worth $505.2 million accounted for 46.6% of the monthly total, but on an annual basis there was a 20.5% decline in fundraise compared to $635.4 million raised across 24 deals in August 2021.

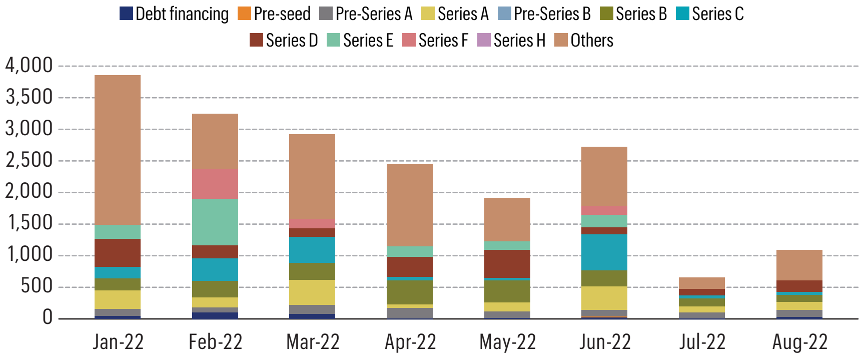
Similarly, the 11 late-stage deals that mopped-up $296.2 million–accounting for 27.3% of the monthly total–saw an annual decline of 86.9% compared to $2.3 billion raised across 10 late-stage deals in August last year.

Debt funding too, at $30.3 million (2.8% of the total) across 5 deals, saw a 49.4% decline compared to 5 debt funding deals raising $59.8 million in August 2021.

Owing to comparatively lower fundraises in growth and late stages, early-stage deals have accounted for 23.3% of the monthly fundraise in August 2022, as compared to 12.7% of the total in August 2021. However, at $252.5 million across 104 deals in August 2022, the early-stage deals have seen an annual fall of nearly 41.2% compared to $429.3 million raised across 102 deals in August last year.

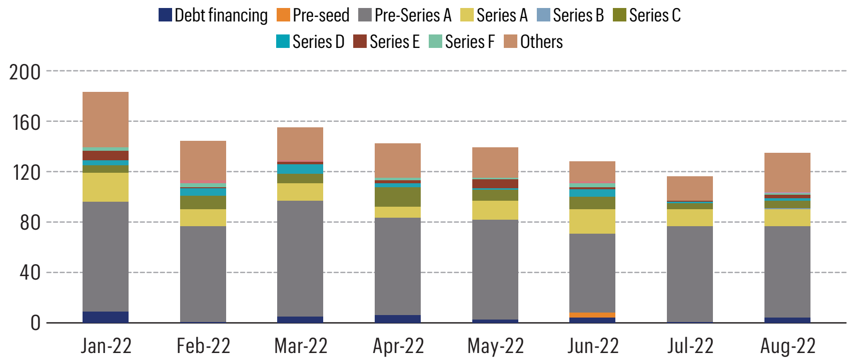
Decoding funding rounds in August 2022

Pre-Series A deals worth $120.3 million in August 2022 are relatively better than $99 million raised in July



Source: *YourStory* Research
Note: Values are in $ million

The 73 Pre-Series A deals in August are better than June's 63 deals, coupled with 10.7% increase in funded value



Source: *YourStory* Research
Note: Values are total number of deals

FROM THE LENS of funding rounds, while August looks better than July, the challenges for startup funding are evidently on the rise.

While debt funding and undisclosed deals grew 4.7 times and 2.7 times each on a MoM basis, Pre-Series A, Series A, and Series C grew by an absolute 21.5%, 29.6%, and 15.6% compared to July. While Series D grew by 75% in August, there was a 21.3% decline in total value of funding in Series B in the month gone by.

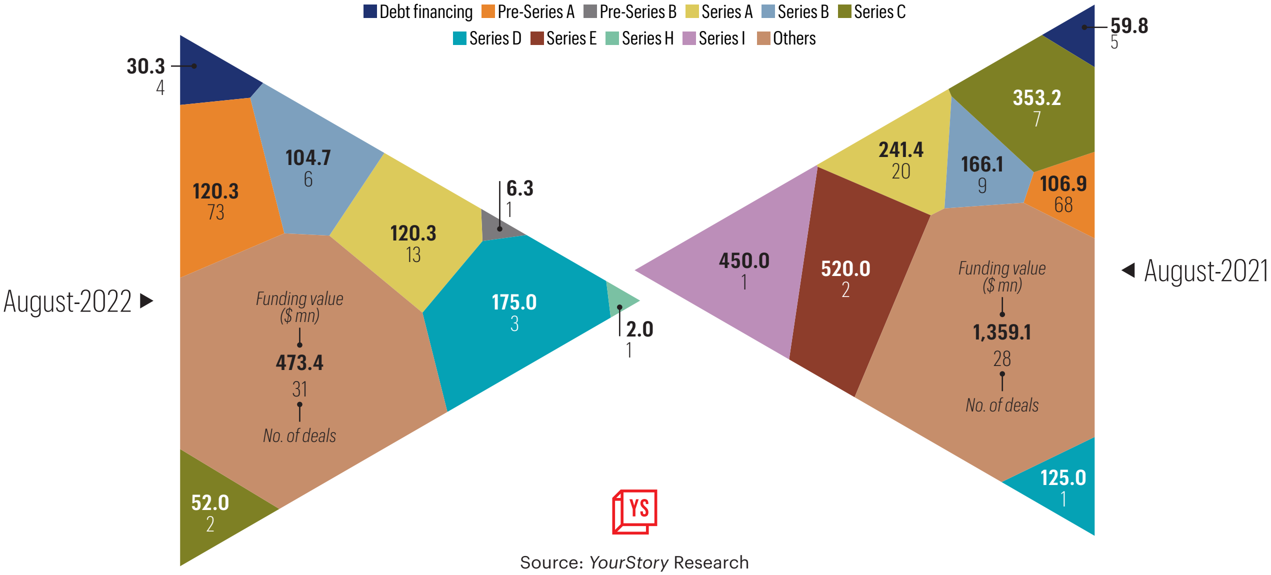
And, compared to the monthly highs seen by the respective rounds in the eight months of 2022, August failed to set any new highs across the rounds.

Compared to respective monthly highs, August saw an average decline of over 64.7%, where Series C ($52 million: 2 deals) was 90.9% lower in comparison to the monthly high of $573 million (6 deals) seen in June. At $120.3 million (13 deals), Series A saw an absolute decline of 70.6% compared to the $409.9 million (14 deals) seen in March.

When it came to unspecified rounds, the 31 deals added up to $473.4 million in August, which was 79.9% below January's $2.4 billion raised across 44 deals.

Decoding funding rounds: August 2022 vs. August 2021

At $246.8 million, early-stage deals in August 2022 are down 29.1% compared to $348.3 million in August last year



Source: *YourStory* Research

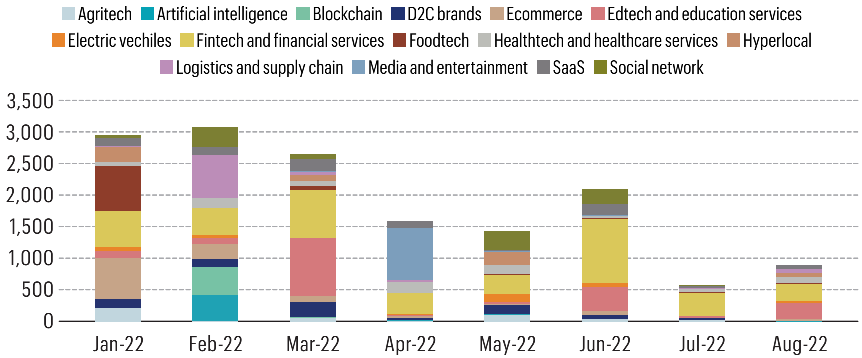
IN COMPARISON to August last year, Pre-Series A and Series D are the only round-types which saw an increase in funding value in August this year. Pre-Series A saw 73 deals cumulatively adding up $120.3 million, an increase of 12.6% compared to $106.9 raised across 68 deals in August last year.

On a similar note, Series D saw an increase of 40% this August, as $175 million were raised across 3 deals–a 40% increase compared to $125 million raised in a single deal during August last year.

With absolute decline of 50.2%, 37%, and 85.3% across Series A, Series B, and Series C each during August 2022, the average decline worked out to 57.5% compared among these three series in comparison to August last year. And, undisclosed funding round type, which added up to $473.4 million across 31 deals in August 2022, were 65.2% lower than $1.4 billion raised across 28 deals in August last year.

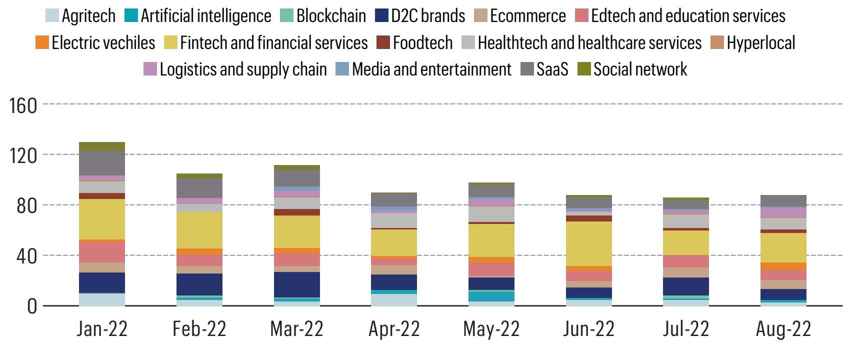
Decoding top 15 sectors in August 2022

In August, 5 of the top 15 sectors saw an average decline of 72.4% in MoM funding value compared to July



Source: *YourStory* Research
Note: Values are in $ million

August saw 10 of the top 15 sectors registering increase or no change in deal volume compared to July



Source: *YourStory* Research
Note: Values are total number of deals

DURING JANUARY–AUGUST, out of the $18.8 billion raised by startups across 1,142 deals, the top 15 sectors raised nearly $15.3 billion—accounting for 81.2% of the total fund raise—across 797 deals, which works out to 69.8% of the deal volume.

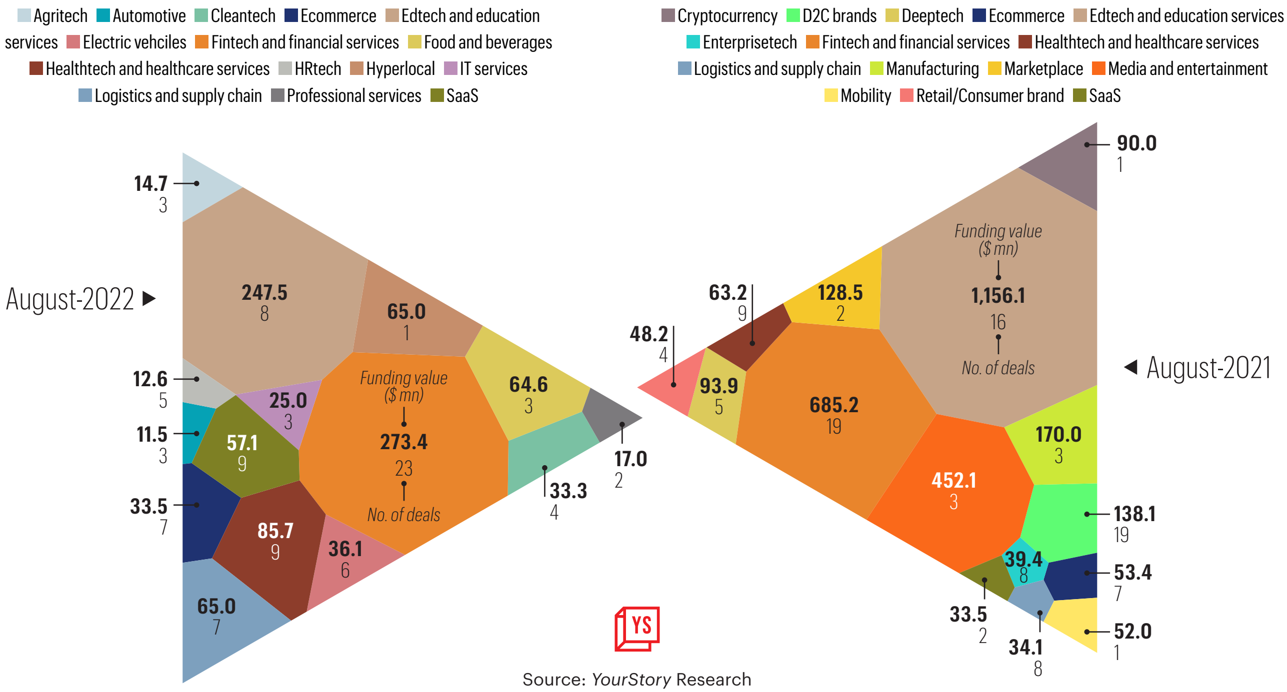
The fintech and financial services sector, which has cumulatively raised nearly $4.05 billion during January-August 2022, accounted for 21.5% of the total fundraise, and saw $273.4 million being raised across 23 deals in August, which was a monthly decline of 25.5% in comparison to $367 million raised across 19 deals in July.

Edtech, which happens to be the second-largest sector with over $1.87 billion worth of funding during 2022, saw 8 deals worth $247.5 million in August, which is a 10-fold increase compared to $24.4 million raised across 8 deals in July.

Ecommerce, the third-largest sector with a cumulative fundraise of nearly $1.10 billion until August 2022, saw 7 deals worth $33.5 million during August, which is nearly 2.5 times higher than $13.6 million raised across 7 deals in July.

Decoding top 15 sectors: August 2022 vs. August 2021

While six sectors, which are common in the top 15, fintech and edtech have seen annual funding value decline of 60.1% and 78.6%



Source: *YourStory* Research

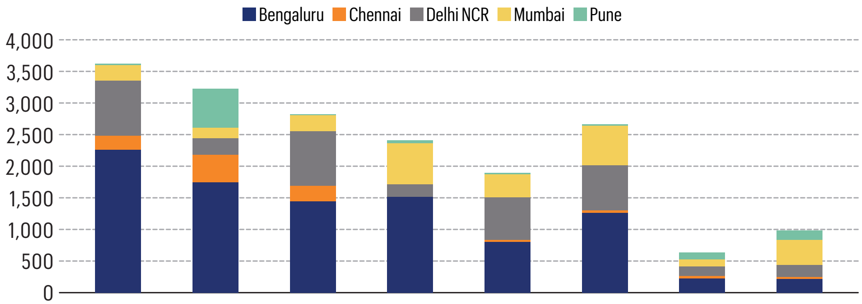
FINTECH'S 23 DEALS worth $273.4 million accounted for 25.2% of the total fundraise during August. But compared to $685.2 million (19 deals) in August last year, this August, fintech saw a year-on-year (YoY) decline of 60.1%.

With 8 deals worth $247.5 million, edtech was the second-highest sector with 22.8% share of the total fund raise in August this year. However, in comparison to $1.16 billion raised across 16 deals in August last year, this year, the edtech sector recorded an annual decline of 78.6%.

Healthtech was the third-highest funded sector in August 2022, with $85.7 million (7.9% of the total) raised across 9 deals. In comparison to $63.2 million raised across 9 deals in August last year, the sector recorded an annual increase of 35.5% this August.

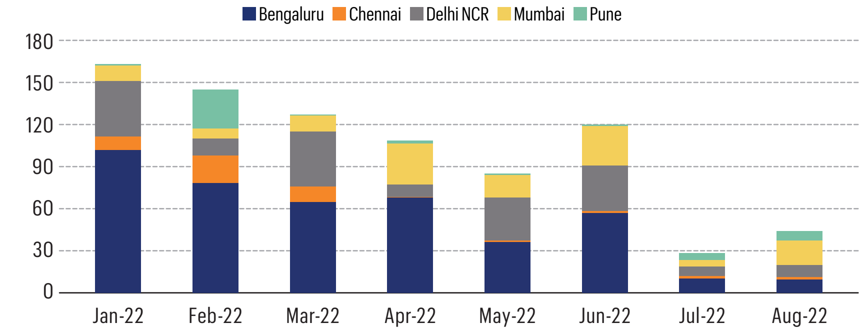
Decoding top 5 cities in August 2022

August saw a MoM increase of 253.3% and 33.0% in funding values for Mumbai and Delhi NCR based startups



Source: *YourStory* Research
Note: Values are in $ million

Compared to July, Bengaluru registered a 39.4% increase in deal count, while the funding value saw 7.7% MoM decline



Source: *YourStory* Research
Note: Values are total number of deals

WHILE THE 1,142 DEALS of January-August 2022, worth over $18.8 billion, involve startups housed across 38 cities, startups from top 5 cities—Bengaluru, Chennai, Delhi NCR, Mumbai, and Pune—accounted for over 96.8% of the total fundraise–having raised over $18.2 billion across 996 deals (87.2% of the 1,142 deals).

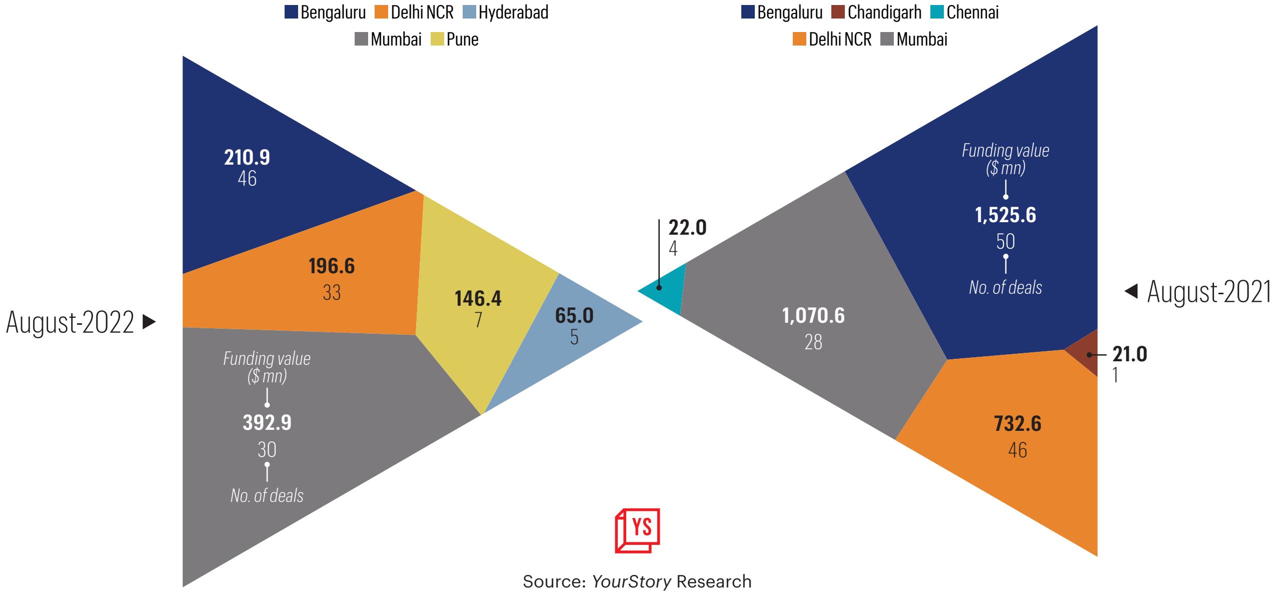
Startups hailing from Bengaluru—the numero uno city—have raised a cumulative $9.5 billion—accounting for 52.0% of the eight months' total—across 383 deals, which works out to 33.5% of the total deal count. In August, Bengaluru saw $210.9 million being raised across 46 deals.

Delhi NCR and Mumbai, which saw 33 and 30 deals each in August, have registered cumulative investment totals of $3.95 billion and $2.81 billion each during the eight months of 2022, accounting for 21.7% and 15.4% of the total fundraise.

During August 2022, startups based in Delhi NCR and Mumbai raised total monthly funding of $196.6 million and $392.9 million, respectively. Interestingly, August happens to be the only month in 2022 when Mumbai based startups raised the highest funding, in comparison to Bengaluru.

Decoding top 5 cities: August 2022 vs. August 2021

Compared to August last year, Bengaluru, Delhi NCR, and Mumbai saw deal values decline by 86.2%, 73.2%, and 63.3%, while Pune and Hyderabad saw multi-fold increase in deal values



Source: *YourStory* Research

WHILE THE PECKING order of the top cities housing funded startups sees very rare changes among the top three, the changes beyond are usually interesting.

But this August, Mumbai has made a surprising grab of the month by becoming the city with the highest amount of startup funding. At $392.9 million, Mumbai based startups' fundraising was 86.3% more than Bengaluru's $210.9 million and 99.8% higher than $196.6 million raised by startups based in Delhi NCR.

However, the top three cities have seen a lackluster performance during August 2022 as Bengaluru saw an annual decline of 86.2% compared to $1.53 billion (50 deals), Delhi NCR saw 73.2% decline in comparison to $732.6 million (28 deals), while Mumbai recorded a 63.3% decline in comparison to $1.07 billion (46 deals) during August last year.

Beyond the top three, Hyderabad ($65 million: 5 deals) and Pune ($146.4 million: 7 deals) complete the top 5 cities of August 2022, in comparison to Chennai ($22 million: 4 deals) and Chandigarh ($21 million: 1 deal) in August last year.

The top 25 deals of August 2022

August 2022 saw two deals above $100 million, and three deals in the $50-100 million range, while the average of the top 25 deals stood at $34.8 million

Startup name	City	Startup's founding year	Sector	Amount ($ mn)	Funding round	Investors' Name
upGrad	Mumbai	**2015**	Edtech and education services	**210.0**	Undisclosed	ETS Global, Bodhi Tree, Kaizen Management Advisors, Bharti Airtel, Narotam Sekhsaria Family Office, Artian Investments, Temasek, IFC, IIFL
EarlySalary	Pune	**2015**	Fintech and financial services	**110.0**	Series D	TPG's The Rise Fund, Norwest Venture Partners, Piramal Capital and Housing Finance
Servify	Mumbai	**2015**	Hyperlocal	**65.0**	Series D	Singularity Growth Opportunity Fund, AmTrust, family office of Pidilite, Iron Pillar, BEENEXT, Blume Ventures, DMI Sparkle Fund
Oasis Fertility	Hyderabad	**2009**	Healthtech and healthcare services	**50.0**	Undisclosed	Kedaara Capital
Paper Boat	Delhi NCR	**2010**	Food and beverages	**50.0**	Undisclosed	GIC Special Investments
Sunstone Eduversity	Delhi NCR	**2011**	Edtech and education services	**35.0**	Series C	WestBridge Capital, Alteria Capital
Shiprocket	Delhi NCR	**2012**	Logistics and supply chain	**32.6**	Undisclosed	Lightrock India Fund led the round, followed by Temasek Holdings. Other investors in the round include Bertelsmann, Moore Strategic Ventures, March Venture Capital, Huddle Collective, Paypal
Northern Arc	Chennai	**2008**	Fintech and financial services	**25.0**	Debt Financing	Proparco
Bizongo	Mumbai	**2015**	IT services	**25.0**	Undisclosed	Mars Growth Capital
XpressBees	Pune	**2015**	Logistics and supply chain	**25.0**	Undisclosed	Avendus Future Leaders
Jar	Bengaluru	**2021**	Fintech and financial services	**22.6**	Series B	Tiger Global, Arkam Ventures, Eximius Ventures, Force Ventures, LetsVenture, Rocketship Venture Capital WEH Ventures, 1Finance, Capier Investments, Cloud Capital, Folius Ventures, Panthera Capital, Prophetic Ventures, Yes VC, Adam Nash

Contd.

Startup name	City	Startup's founding year	Sector	Amount ($ mn)	Funding round	Investors' Name
dezerv	Mumbai	**2021**	Fintech and financial services	**20.7**	Series A	Accel Partners, Elevation Capital, Matrix Partners, Whiteboard Capital, GTM Ventures
Mojocare	Bengaluru	**2021**	Healthtech and healthcare services	**20.6**	Series A	B Capital, Chiratae Ventures, Sequoia India's Surge, Better Capital, Vineet Jain, Kunal Shah , Ankit Nagori, Adrian Auon, Sajid Rahman, Ravi Bhushan, Vivekananda HR
WebEngage	Mumbai	**2011**	SaaS	**20.0**	Series B	Singularity Growth Opportunities Fund, SWC Global, India Quotient, Blume Venture, IAN Fund, Unmaj Corporation, NB Ventures, Shashwat Nakrani, Gopal Srinivasan
Sea6 Energy	Bengaluru	**2010**	Cleantech	**18.5**	Series B	Aqua Spark, BASF Venture Capital
SquadStack	Delhi NCR	**2017**	SaaS	**17.6**	Series B	Bertelsmann India Investments, Chiratae Ventures, Blume Ventures
Fi.Money	Bengaluru	**2019**	Fintech and financial services	**17.0**	Series C	Qcm Holdings, Temasek Holdings
Jodo	Bengaluru	**2020**	Fintech and financial services	**15.0**	Pre-Series A	Tiger Global, Elevation Capital, Matrix Partners India
Awign	Bengaluru	**2016**	Professional services	**15.0**	Series B	Bertelsmann India Investments, Amicus Capital Partners, Mynavi Corporation, Unitus Ventures, Michael & Susan
Exponent Energy	Bengaluru	**2020**	Electric vehicles	**13.0**	Series A	Lightspeed, YourNest VC, 3one4 Capital, AdvantEdge VC
Lenskart	Delhi NCR	**2010**	Ecommerce	**12.6**	Undisclosed	Ravi Modi Family Trust
BigSpoon Foods	Ahmedabad	**2019**	Food and beverages	**12.6**	Series A	IAN, NB Ventures, Go-Ventures, Lets Venture, Grip Invest, Anicut Capital, Mouni Roy
Cygni Energy	Hyderabad	**2014**	Cleantech	**12.5**	Undisclosed	Meridian Global Ventures. Indian Overseas Bank
TWID	Bengaluru	**2019**	Fintech and financial services	**12.0**	Series A	Rakuten Capital, Google, ICMG Partners, JAFCO Asia, January Capital, Reddy Futures Fund, Sequoia's Surge, BEENEXT
Lysto	Bengaluru	**2021**	SaaS	**12.0**	Pre-Series A	Square Peg, BEENEXT, Hashed, Tiger Global, Better Capital, Balaji Srinivasan, Paul Veradittakit , Binny Bansal, Bobby Ong, TM Lee

Source: *YourStory* Research

M&A deals of August 2022

August 2022 saw a total of 19 merger and acquisition deals in the startup ecosystem, of which the value of two disclosed deals worked out to $425 million

Acquisition announcement date	Acquiree company	Acquiree company's sector	Acquiree company's headquarter city	Deal value ($ mn)	Acquiring company	Acquiring company's sector	Acquiring company's headquarter city
02-Aug	Exampur	**Edtech and education services**	Delhi NCR	**Undisclosed**	UpGrad	Edtech and education services	Mumbai
03-Aug	smallcase	**Fintech and financial services**	Bengaluru	**400.0**	CRED	Fintech and financial services	Bengaluru
03-Aug	Eruvaka Technologies	**Agritech**	Vijayawada	**Undisclosed**	Nutreco	Agritech	Amersfoort, The Netherlands
04-Aug	The Better Co	**Home decor and interior design**	Bengaluru	**Undisclosed**	Design and Construct	Construction	Bengaluru
07-Aug	Little Black Book	**Events and lifestyle**	Delhi NCR	**Undisclosed**	Nykaa	Beauty commerce	Mumbai
08-Aug	Wealth Managers	**Fintech and financial services**	Pune	**Undisclosed**	Scripbox	Fintech and financial services	Bengaluru
09-Aug	ZenQ	**IT Services**	Hyderabad	**Undisclosed**	Qualitest Group	IT Services	London, UK
09-Aug	Sheaffer	**Ecommerce**	Shelton, US	**Undisclosed**	William Penn	Ecommerce	Bengaluru
11-Aug	Maxclean - B2B Laundry Business	**Laundry and Dry-cleaning**	Bengaluru	**Undisclosed**	Sorterz	Laundry and Dry-cleaning	Bengaluru
11-Aug	Rapidx Pathology Labs	**Healthtech and healthcare services**	Delhi NCR	**Undisclosed**	Orange Health	Healthtech and healthcare services	Bengaluru
16-Aug	Ezetap	**Fintech and financial services**	Bengaluru	**Undisclosed**	Razorpay	Fintech and financial services	Bengaluru
17-Aug	enguru	**Edtech and education services**	Bengaluru	**Undisclosed**	Open English	Edtech and education services	Florida, US

Contd.

Acquisition announcement date	Acquiree company	Acquiree company's sector	Acquiree company's headquarter city	Deal value ($ mn)	Acquiring company	Acquiring company's sector	Acquiring company's headquarter city
17-Aug	FreeCo	**Edtech and education services**	Jaipur	**Undisclosed**	Physics Wallah	Edtech and education services	Delhi NCR
17-Aug	Shoptimize India	**Healthtech and healthcare services**	Pune	**25.0**	Graas	Artificial Intelligence (AI) and Machine Learning (ML)	Singapore
22-Aug	Svami	**Food and beverages**	Mumbai	**Undisclosed**	Stranger & Sons	Food and beverages	Mumbai
24-Aug	Brandmakerr	**Interior design**	Mumbai	**Undisclosed**	Pepperfry	Ecommerce	Mumbai
24-Aug	Hunt & Badge	**HRTech**	Chennai	**Undisclosed**	Hudson RPO	HRTech	Connecticut, US
24-Aug	M+R Logistics	**Logistics and supply chain**	Chennai	**Undisclosed**	Wiz Freight	Logistics and supply chain	Chennai
29-Aug	Vyom Labs	**IT Services**	Mumbai	**Undisclosed**	Accscient	IT Services	Texas, US

Source: *YourStory* Research

BEGINNING AUGUST, our monthly report will also showcase the merger and acquisition (M&A) deals consummated in the startup ecosystem.

The month just gone by saw a total of 19 M&A deals, of which the value of two disclosed deals worked out to $425 million. While CRED acquired Bengaluru-based smallcase for $400 million, the other 'Unicorns of India' which made M&A noise during August included Razorpay, Physics Wallah, UpGrad, and Nykaa.

In terms of sectoral breakdown of the acquiring companies, fintech and financial services and edtech and educational services had three acquirers each followed by two acquirers each from the ecommerce sector.

Bengaluru was home to seven out of the 19 acquirers, while Mumbai housed four.

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