

September  
2022



# STATE OF INDIA'S STARTUP ECOSYSTEM

---

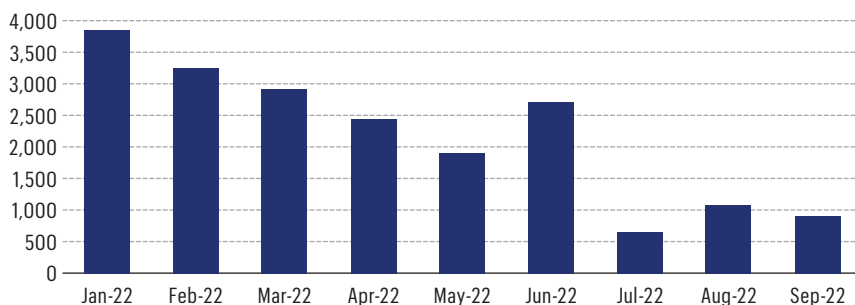
## State of India's startup ecosystem — September 2022

---

- 03 **State of startup funding in September 2022**  
September saw a month-on-month (MoM) decline of 16.5% in funding compared to August 2022  
At 137 deals, the deal count in September was almost at par with 135 deals clinched in August
- 
- 04 **Decoding funding stages in September 2022**  
Barring the 15.0% MoM increase in growth-stage funding, September saw average MoM decline of 54.8% across all other stages  
104 early-stage deals in September are at par with 105 and 104 deals seen in July and August respectively
- 
- 05 **Decoding funding stages: September 2022 vs. September 2021**  
At \$79.8 million, late-stage deals in September 2022 are down 95.3% compared to \$1.70 billion in September last year
- 
- 06 **Decoding funding rounds in September 2022**  
Pre-Series A and Series A deal saw respective MoM fall of 17.1% and 80.6% in September 2022 while Series B and Series C grew 150.7% and 52.0% each  
The 80 Pre-Series A deals in September are better than August's 73 deals, though way below highest-92 deals-seen in February
- 
- 07 **Decoding funding rounds: September 2022 vs. September 2021**  
At \$79.1 million, Series C deals in September 2022 are down 83.3% compared to \$474 million in September last year
- 08 **Decoding top 15 sectors in September 2022**  
In September, 6 of the top 15 sectors saw an average decline of 57.6% in MoM funding value compared to August  
Compared to August, September saw 9 of the top 15 sectors registering increase or no change in deal volume
- 
- 09 **Decoding top 15 sectors: September 2022 vs. September 2021**  
While six sectors, which are common in the top 15, edtech, fintech, and healthtech have seen annual funding value decline of 83.5%, 70.3% and 57.6%
- 
- 10 **Decoding top 5 cities in September 2022**  
September saw a MoM increase of 69.9% and 7.0% in funding values for Delhi NCR and Bengaluru based startups  
Compared to 33 in August, Delhi NCR registered a 33.3% increase in deal count at 44 in September
- 
- 11 **Decoding top 5 cities: September 2022 vs. September 2021**  
Compared to September last year, Bengaluru, Delhi NCR, and Mumbai saw deal values decline by 86.9%, 63.9%, and 17.8%, while Hyderabad saw four-fold increase in deal value
- 
- 12 **The top 25 deals of September 2022**  
September saw five deals above \$50 million, and four deals in the \$25-50 million range, while the average value of the top 25 deals stood at \$29.2 million
- 
- 14 **M&A deals of September 2022**  
September 2022 saw a total of 6 M&A deals in the startup ecosystem

## State of startup funding in September 2022

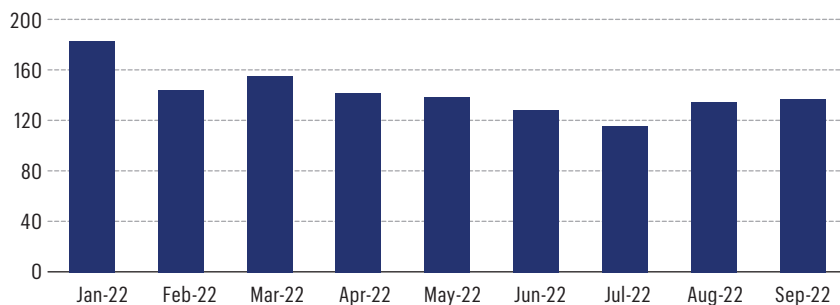
September saw a month-on-month (MoM) decline of 16.5% in funding compared to August 2022



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



At 137 deals, the deal count in September was almost at par with 135 deals clinched in August



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



**THE INDIAN STARTUP** ecosystem saw funding worth \$905.2 million across 137 deals during September 2022.

In absolute terms, September witnessed an annual decline of over 69.9% in value terms, and 14.9% decline in volume in comparison to \$3.01 billion invested over 161 deals in the same period last year.

The latest month saw a decline of 16.5% in funding value in comparison to \$1.08 billion raised in August 2022 across 135 deals. The latest decline has led to writing off of the hopes owing 66.1% growth in monthly funding value in August, compared to July's \$652.7 million worth of funding across 116 deals which happens to be the lowest-ever monthly fundraising of 2022, where September replaces August to become the second lowest month.

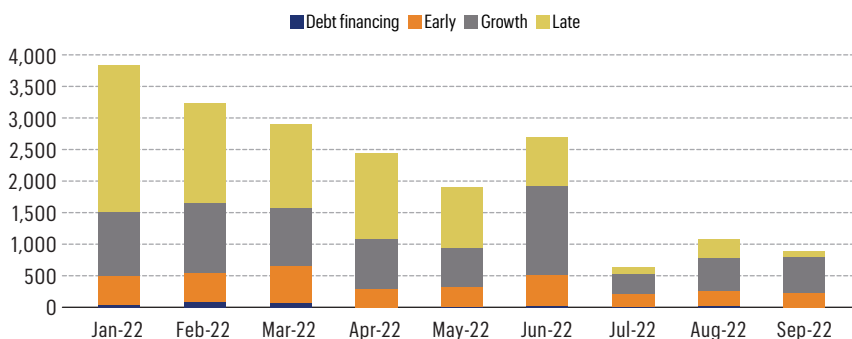
Out of the total funding of \$19.7 billion raised across 1,279 deals between January to September 2022, the respective shares of July and September stand at 3.3% and 4.6%. Among the nine months gone by, January tops the league table with 183 deals totalling to \$3.85 billion, accounting for 19.5% of the 2022 total funding.

Also, in comparison to January 2022, September recorded an absolute decline of 76.5% in the fundraising while the deal count of 137 in September was lower by 46 when compared to 183 in January.



## Decoding funding stages in September 2022

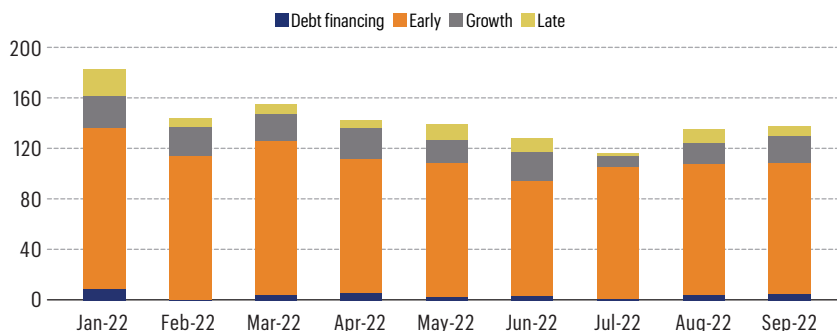
Baring the 15.0% MoM increase in growth-stage funding, September saw average MoM decline of 54.8% across all other stages



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



104 early-stage deals in September are at par with 105 and 104 deals seen in July and August respectively



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



**THE MONTHLY DIP** in September was visible across all the stages except the growth stage which saw 15% increase at \$580.7 million compared to \$505.2 million in August. In contrast, the monthly dip in debt financing, early stage, and late stage stood at 86.5%, 4.7%, and 73.0% respectively.

Compared to August, fundraising in the respective stages fell from \$30.3 million, \$252.5 million, and \$296.2 million to \$4.1 million, \$240.6 million, and \$79.8 million in September.

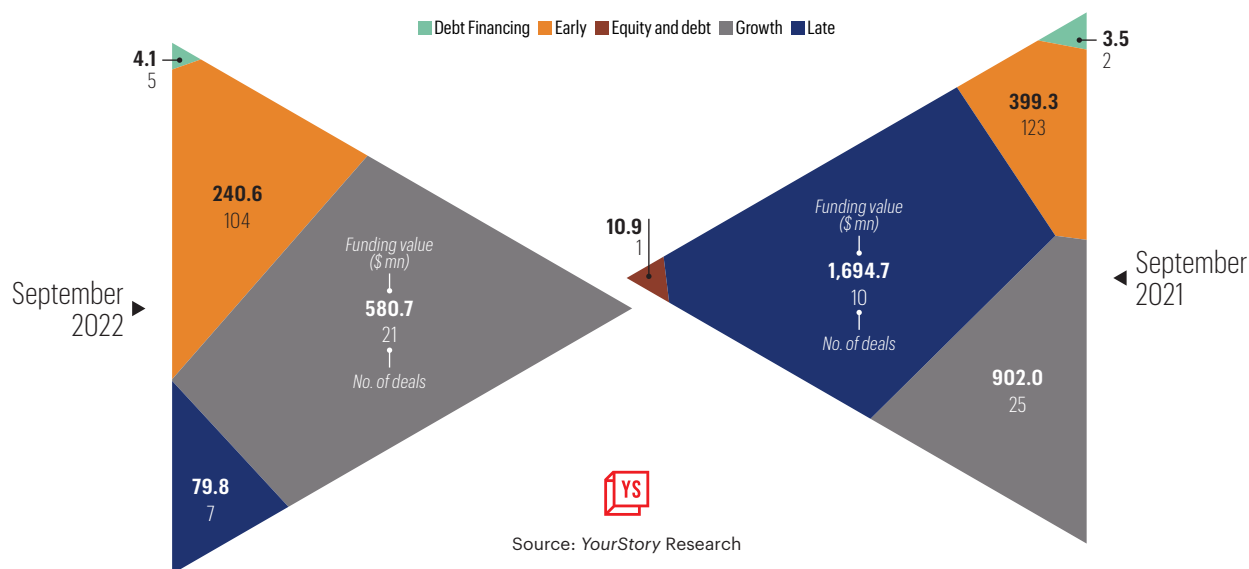
For debt financing deals, September is the month of lowest mopup across 2022, with the lowest monthly raise of \$4.1 million across 5 deals. Compared to February, which saw \$100 million being raised in a single-deal, the absolute decline stood at 95.9% in September.

Similarly, the 104 early-stage deals which cumulatively raised \$240.6 million in September is 58.9% lower than \$585.3 million—the highest in 2022—through 121 deals in March 2022.

The growth stage deals worth \$580.7 million, across 21 deals, in September are 58.5% lower compared to \$1.4 billion raised across 23 deals in June 2022. And, compared to January's \$2.32 billion raised across 21 growth-stage deals, September's \$79.8 million over 7 deals recorded a 96.6% fall from the stage's best month of 2022-January.

## Decoding funding stages: September 2022 vs. September 2021

At \$79.8 million, late-stage deals in September 2022 are down 95.3% compared to \$1.70 billion in September last year



**OUT OF THE \$905.2 MILLION** raised during September, growth-stage deals worth \$580.7 million accounted for 64.2% of the monthly total. However, on an annual basis there was a 35.6% decline in fundraising compared to \$902.0 million raised across 25 deals in September 2021.

With 7 deals adding up to \$79.8 million, late-stage deals accounted for just 8.8% of the monthly total. While the annual decline in the late-stage was over 95.3% in comparison to \$1.69 billion raised across 10 deals during September 2021.

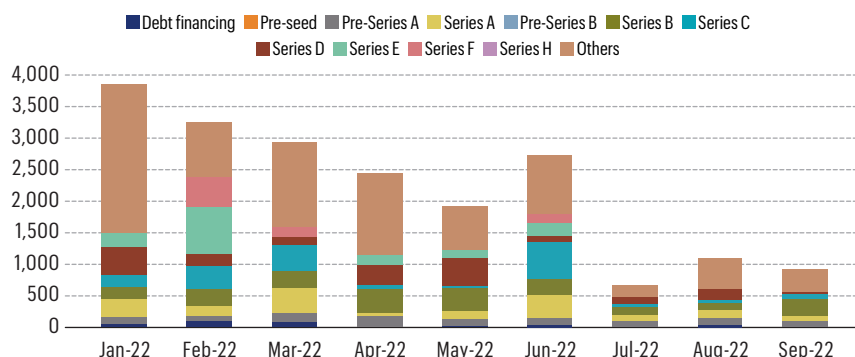
While debt funding worth \$4.1 million through 5

deals, accounting for 0.5% of the total funding during September 2022, there was a 17.4% increase compared to two debt financing deals worth \$3.5 million in September last year. However, the caveat is that last year's September also saw one debt-plus-equity deal worth \$10.9 million.

The 104 early-stage deals totalling to \$240.6 million accounted for 26.6% of the monthly total. However, in comparison to \$399.3 million raised across 123 early-stage deals, the annual value decline in September 2022 was 66.0%.

## Decoding funding rounds in September 2022

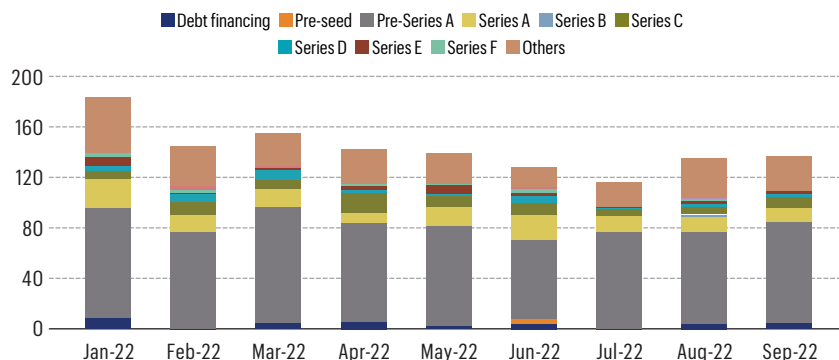
Pre-Series A and Series A deal saw respective MoM fall of 17.1% and 80.6% in September 2022 while Series B and Series C grew 150.7% and 52.0% each



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



The 80 Pre-Series A deals in September are better than August's 73 deals, though way below highest-92 deals-seen in February



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



**LOOKING AT DEALS** from the perspective of funding rounds, only Series B and C saw a monthly increase of 150.7% and 52.0%, at \$262.4 million and \$79.1 million, compared to \$104.7 million and \$52.0 million in August. Pre-series A, Series A, Series D, and undisclosed rounds saw respective monthly declines of 17.1%, 33.7%, 78.9% and 27.5% during September.

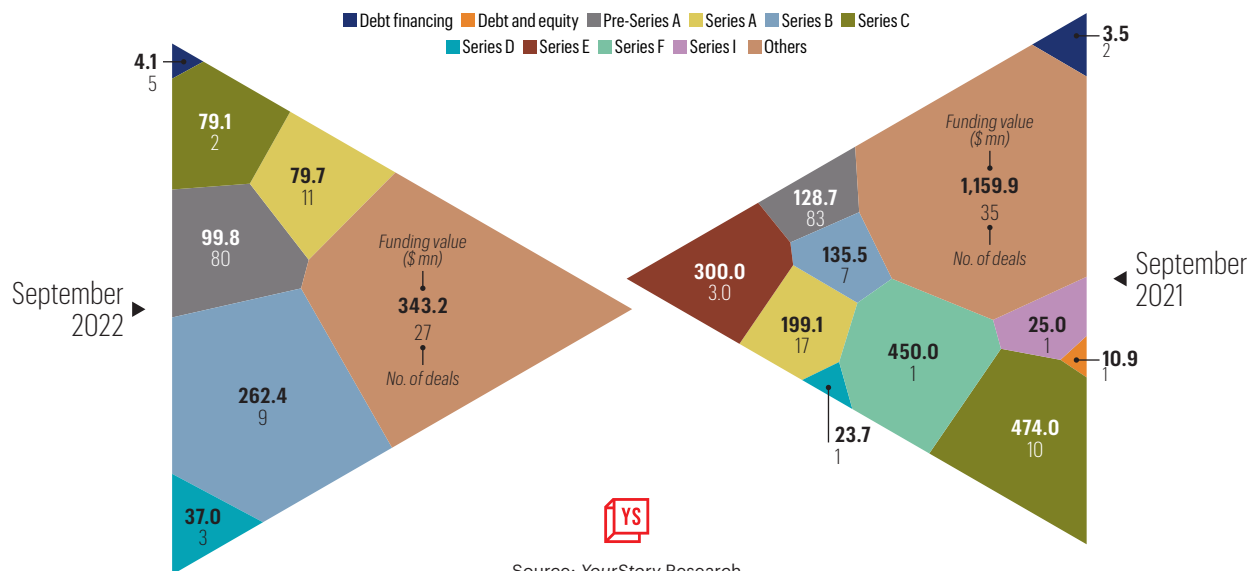
We had earlier predicted that while August had looked better than July, the challenges for startup funding are evidently on the rise. And September's funding data, especially the funding round types validates that predication.

Because, from a monthly high of \$161.2 million (78 deals) in April 2022, Pre-series A funding has dipped 38.1% in absolute terms during September to \$99.8 million across 80 deals. Similarly, 11 Series A funding deals in September are down by 80.6% when compared to \$409.9 million (14 deals) of March.

The pain of the dip from the 2022 highs is also felt across Series B-down 30.2% to \$262.4 million from \$375.8 million in April; Series C-down 86.2% to \$79.1 million from \$573.0 million in June; Series D-down 91.6% to \$37.0 million from \$442.6 million in May; and undisclosed round types-down 85.4% to \$343.2 million from \$2.36 billion in January.

## Decoding funding rounds: September 2022 vs. September 2021

At \$79.1 million, Series C deals in September 2022 are down 83.3% compared to \$474 million in September last year



**IN CONTRAST** to September last year, Series B and Series D are the only round-types which saw an annual increase in funding value in September this year.

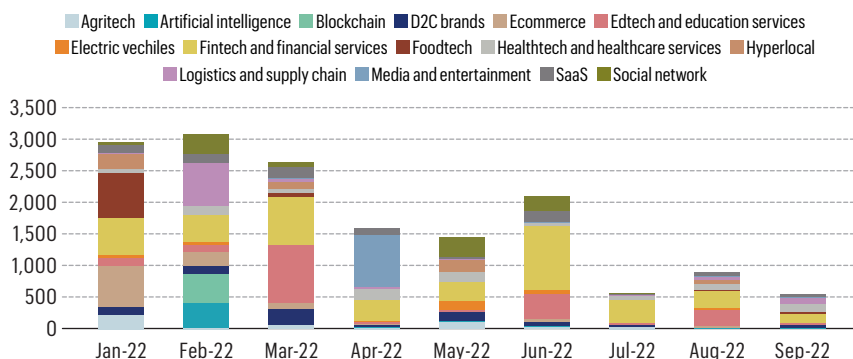
In September 2022, Series B saw nine deals cumulatively adding up \$262.4 million, an annual increase of 48.4% compared to \$135.5 million raised across 7 deals in September last year. On a similar note, Series D saw an annual increase of 56.3% this September, as \$37.0 million were raised across 3 deals in comparison to \$23.7 million raised in a single deal during September last year.

With absolute annual decline of 22.5%, 60.0%, 83.3%, and 70.4% across Pre-Series A, Series A, Series C, and undisclosed round types each during September 2022, the average decline worked out to 59.1% on an annual basis.

It is noteworthy that September 2021 had witnessed fundraising of \$875 million, split across Series E (\$300.0 million; 3 deals), Series F (\$450.0 million; 1 deal), and Series I (\$125.0 million; 1 deal) which is some way endorses the euphoric times which led to 2021 being cherished as the year of Indian startups and unicorns.

## Decoding top 15 sectors in September 2022

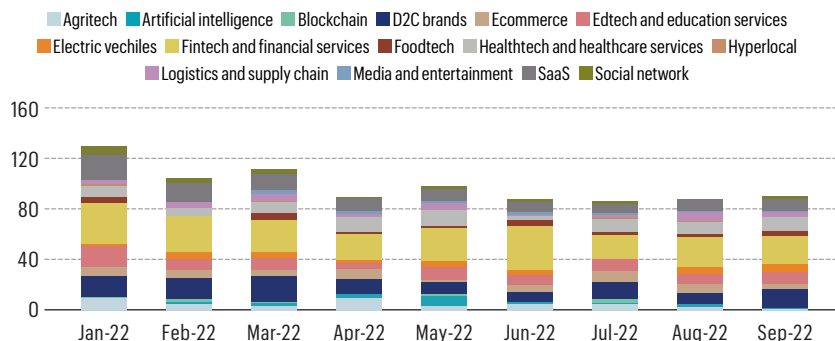
In September, 6 of the top 15 sectors saw an average decline of 57.6% in MoM funding value compared to August



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



Compared to August, September saw 9 of the top 15 sectors registering increase or no change in deal volume



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



### DURING JANUARY-SEPTEMBER 2022,

out of the \$19.7 billion raised by startups across 1,279 deals, the top 15 sectors raised nearly \$15.8 billion—accounting for 80.2% of the total fund raise—across 887 deals which works out to 69.4% of the deal volume.

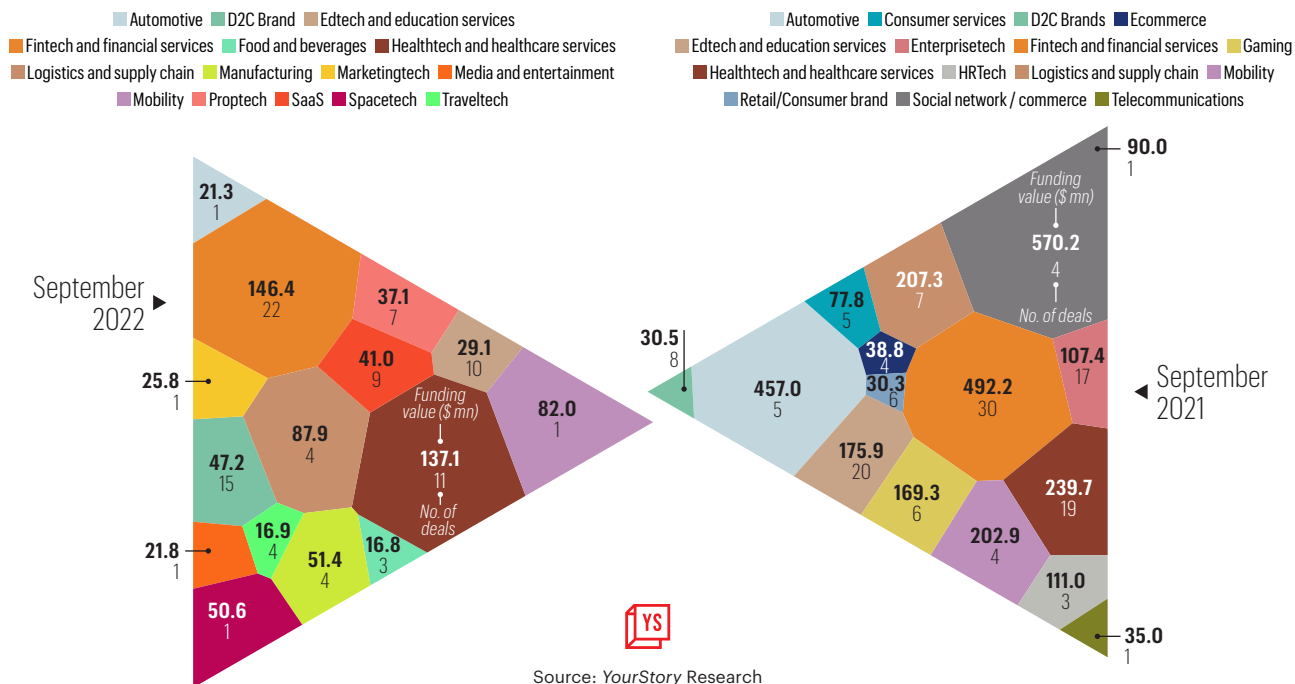
Fintech and financial services sector tops the chart with a cumulatively fundraise raise of nearly \$4.2 billion during the nine months of 2022, accounting for 21.3% of the total fundraise. This segment raised \$146.4 million across 22 deals in September. Compared to \$273.4 million raised across 23 deals during August, this was a decline of 46.5%. And compared to the monthly high of \$1.01 billion raised across 35 deals in June, September saw a decline of 85.5%.

Edtech and education services, the second-largest sector with over \$1.9 billion funding, and 9.7% share of January-September 2022 total fundraise, saw 10 deals worth \$29.1 million in September, which is a monthly decline of 88.2% compared to \$247.5 million raised, across 8 deals, in August. Compared to the highest ever monthly fundraise of \$924.7 million across 10 deals in March 2022, September saw a 96.9% fall in value of month funding.



## Decoding top 15 sectors: September 2022 vs. September 2021

While six sectors, which are common in the top 15, edtech, fintech, and healthtech have seen annual funding value decline of 83.5%, 70.3% and 57.6%



Source: YourStory Research

**FINTECH'S 22 DEALS** worth \$146.3 million accounted for 16.2% of the total fundraise during September. Compared to \$492.2 million (30 deals) in September last year, this September saw a year-on-year (YoY) decline of 70.3%.

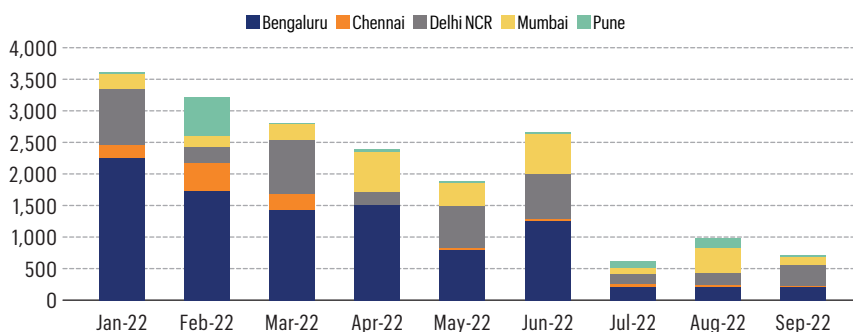
With 11 deals worth \$137.1 million, healthtech and healthcare services was the second-highest sector with 15.1% share of the total fund raise in September this year. However, in comparison to \$239.7 million raised across

19 deals in September last year, this September saw a YoY decline of 42.8%.

Logistics and supply chain, with \$87.9 million raised across 4 deals, was the third-highest funded sector in September 2022 accounting for 9.7% of the monthly total. In comparison to \$207.3 million raised across 7 deals in September last year, the sector registered a YoY decline of 57.6% in September this year.

## Decoding top 5 cities in September 2022

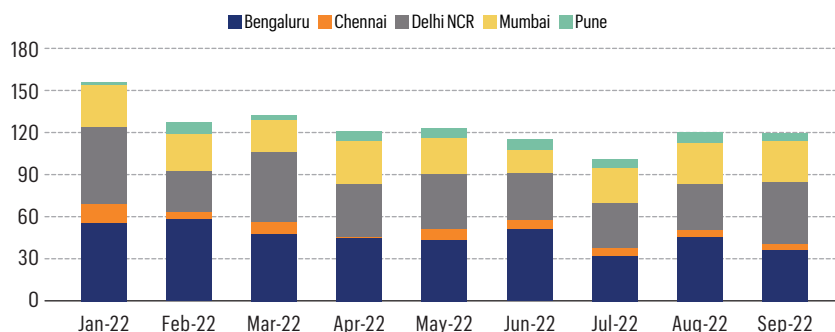
September saw a MoM increase of 69.9% and 7.0% in funding values for Delhi NCR and Bengaluru based startups



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



Compared to 33 in August, Delhi NCR registered a 33.3% increase in deal count at 44 in September



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



**WHILE THE 1,279 FUNDING DEALS** clinched during January-September 2022, involve startups housed across 43 cities, companies from top 5 cities—Bengaluru, Chennai, Delhi NCR, Mumbai, and Pune—accounted for over 96.% of the total fundraise—having raised over \$18.95 billion across 1,114 deals (87.1% of the 1,279 deals).

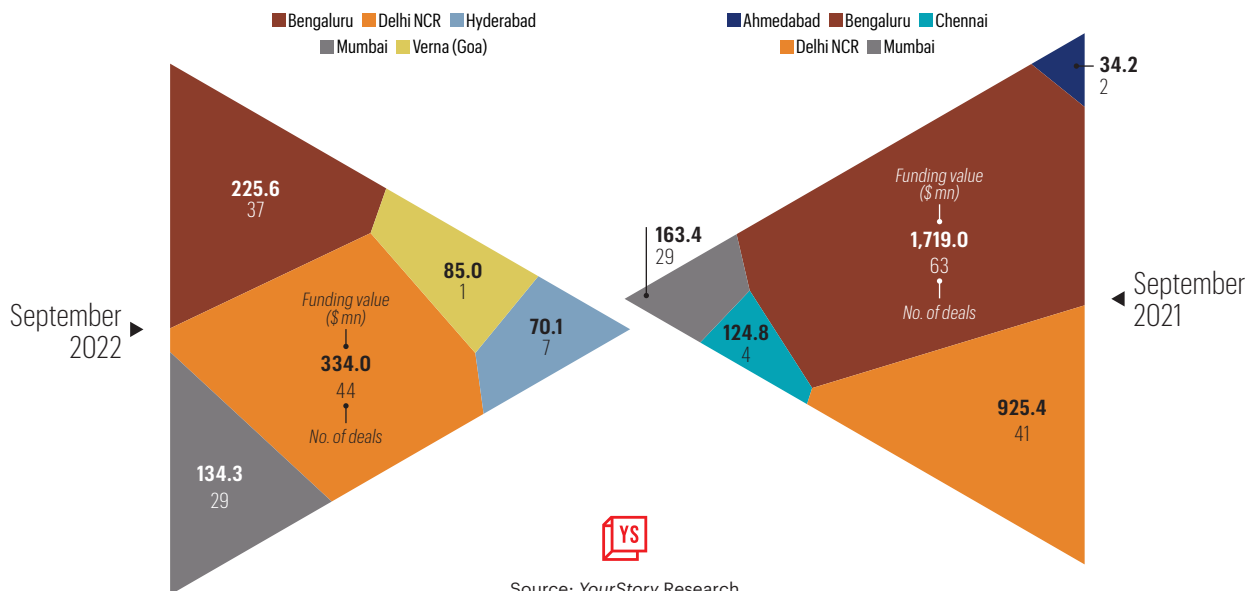
During the nine months of 2022, startups hailing from Bengaluru contributed to 420 deals worth \$9.7 billion—accounting for 49.1% of the nine months' total. In September, across 37 deals, Bengaluru saw \$225.6 million being raised which contributed to 24.9% of the month's total funding of \$905.2 million.

Delhi NCR and Mumbai, which saw 44 and 29 deals each in September, have registered cumulative investment totals of \$4.3 billion and \$2.9 billion each during the nine months of 2022, accounting for 21.7% and 14.9% of the total fundraise. During September 2022, startups based in Delhi NCR and Mumbai raised total monthly funding of \$334.0 million and \$134.3 million which respectively accounted for 36.69% and 14.8% of the monthly total.

Interestingly, following the August surprise when Mumbai-based startups raised the highest monthly funding during 2022, Delhi NCR has repeated the feat in September pushing Bengaluru-based startups monthly fundraising total to number two.

## Decoding top 5 cities: September 2022 vs. September 2021

Compared to September last year, Bengaluru, Delhi NCR, and Mumbai saw deal values decline by 86.9%, 63.9%, and 17.8%, while Hyderabad saw four-fold increase in deal value



Source: YourStory Research

**WHEN IT COMES** to the top 5 cities which got the maximum funding during September 2022, the industrial town of Verna, which is home to the latest healthtech unicorn Molbio Diagnostics, has made it to the top 5 with \$85 million fundraise.

Delhi NCR, with 36.9% share of the monthly funding, grabbed the number one city tag in September with funding of \$334.0 million across 44 deals. However, compared to \$925.4 raised across 41 deals in September last year, Delhi NCR has seen a YoY decline of 63.9%.

At \$225.6 million (37 deals), Bengaluru-based startups' fund raising was 32.5% less than Delhi NCR based startups. On an annual basis, Bengaluru-based startups saw a 86.9% decline in comparison to \$1.72 billion worth of funding that the startup capital had seen across 63 deals in September last year.

At number three, Mumbai saw \$134.3 million raised across 29 deals in September this year. In comparison to \$163.4 million raised across 29 deals in September last year, Mumbai saw a YoY decline of 17.8% this September.

## The top 25 deals of September 2022

September saw five deals above \$50 million, and four deals in the \$25-50 million range, while the average value of the top 25 deals stood at \$29.2 million

Startup name	City	Startup's founding year	Sector	Amount (\$ mn)	Funding round	Investors' Name
<b>Molbio Diagnostics</b>	Verna, Goa	2010	Healthtech and healthcare services	85.0	Undisclosed	Temasek, Motilal Oswal Alternates
<b>Yulu</b>	Bengaluru	2017	Transportation	82.0	Series B	Magna International Inc.
<b>Zopper</b>	Delhi NCR	2011	Logistics and supply Chain	75.0	Series C	Creagegis, ICICI Venture, Bessemer Venture Partners, Blume Ventures
<b>DotPe</b>	Delhi NCR	2019	Fintech and financial services	55.0	Undisclosed	Temasek, PayU Fintech Investment, Info Edge Ventures, MUFG Bank, Naya Global Investments
<b>Skyroot Aerospace</b>	Hyderabad	2018	Spacetech	50.5	Series B	LNM India Internet Ventures, Waverly
<b>1mg</b>	Delhi NCR	2015	Pharmatech	40.0	Undisclosed	Tata Digital, MPOF Mauritius, HBM Healthcare, KWE Beteiligung
<b>EPACK Durable</b>	Delhi NCR	2019	Manufacturing	40.0	Undisclosed	Affirma Capital
<b>Bobble AI</b>	Delhi NCR	2015	Marketingtech	25.8	Undisclosed	Krafton
<b>Signzy</b>	Bengaluru	2015	SaaS	25.8	Series B	Arkam Ventures, Gaja Capital, Vertex Ventures
<b>Light Microfinance</b>	Ahmedabad	2008	Fintech and financial services	24.2	Series B	British International Investment, Nordic Microfinance Initiative, Triple Jump BV, Incofin IM
<b>Join Ventures</b>	Mumbai	2020	D2C Brands	23.5	Series B	MO Alternate Investment Advisors, Convivialité Ventures, Pernod Ricard's VC arm, DSG Consumer Partners, Venture Catalysts, ZNL Growth
<b>Kuku FM</b>	Mumbai	2018	Media and entertainment	21.8	Series B	The Fundamentum Partnership, Paramark, KRAFTON Inc, 3one4 Capital, Vertex, Verlinvest, FounderBank Capital
<b>Bike Bazaar</b>	Pune	2019	Automotive	21.3	Series D	Women's World Banking Asset Management (WAM), Elevar Equity, Faering Capital
<b>Nobel Hygiene</b>	Mumbai	2001	Consumer goods	16.5	Undisclosed	Sixth Sense Ventures
<b>Alpha Alternatives</b>	Mumbai	2013	Fintech and financial services	16.3	Series A	Undisclosed

Contd.

Startup name	City	Startup's founding year	Sector	Amount (\$ mn)	Funding round	Investors' Name
<b>iBus Networks &amp; Infrastructure</b>	Bengaluru	2013	Travel	15.6	Undisclosed	Nomura
<b>Wow! Momo</b>	Delhi NCR	2008	Food and beverages	15.6	Series D	Oaksand India, V Ocean Investments
<b>Akshayakalpa Organic</b>	Bengaluru	2010	D2C Brands	15.0	Series B	British International Investment (BII), Rainmatter Foundation, Venture Dairy
<b>Bhanzu</b>	Hyderabad	2020	Edtech and education services	15.0	Series A	Eight Roads Ventures, B Capital
<b>Deep Rooted</b>	Bengaluru	2020	Agritech	12.5	Undisclosed	IvyCap Ventures, Mayfield, Accel, Omnivore
<b>Broker Network</b>	Mumbai	2020	Proptech	11.3	Undisclosed	AllcheckDeals.com
<b>GroMo</b>	Delhi NCR	2019	Fintech and financial services	11.0	Series A	SIG Venture Capital, Y-Combinator, Das Capital, Goodwater Capital, Beyond Next Ventures, Soma Capital, Ace & Company, Hauz Khas Ventures, Kunal Shah, Niraj Singh, Ramakant Sharma, Alok Mittal, Utsav Somani, Ashish Sharma, Abhishek Goyal, Nitin Gupta
<b>Rephrase.ai</b>	Bengaluru	2018	Artificial Intelligence	10.6	Series A	Red Ventures, Silver Lake, 8VC
<b>Adda247</b>	Delhi NCR	2010	Edtech and education services	10.0	Series B	Info Edge (India)
<b>ZipMat</b>	Bengaluru	2021	Logistics and supply Chain	10.0	Pre-Series A	Matrix Partners India, Zephyr Peacock, HDFC Bank, TradeCred

Source: YourStory Research



**THE TOP 25 DEALS** of September 2022 add up to \$729.5 million, accounting for 80.5% of the month's total funding of \$905.2 million. The top 5 deals saw a fund raise of \$347.5 million, ac-

counting for 38.4% of the monthly total.

In contrast, last year, the top 5 deals worth \$1.01 billion accounted for 33.6% of the total fund raise of \$3.01 billion in September 2021.



## M&A deals of September 2022

September 2022 saw a total of 6 M&A deals in the startup ecosystem

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
06-Sep	SenseHawk	Solar digitisation software	Saratoga, US	32.0	Reliance Industries	Diversified conglomerate	Mumbai
06-Sep	Tutelar	Fintech and financial services	Chennai	Undisclosed	IppoPay	Fintech and financial services	Chennai
12-Sep	MyFitness	D2C Brands	Silvassa	Undisclosed	Mensa Brands	House of Brands	Bengaluru
15-Sep	Centum Learning	Skill development / Corporate training	Delhi NCR	Undisclosed	UpGrad	Edtech and education services	Mumbai
27-Sep	PoshVine	Loyalty and rewards	Bengaluru	Undisclosed	Razorpay	Fintech and financial services	Bengaluru

Source: YourStory Research



**IN COMPARISON** to 19 merger and acquisition (M&A) deals consummated in the startup ecosystem during August, the latest month gone by saw just 6 deals involving three unicorns and two larger companies among the acquirers.

On September 6, Reliance Industries (RIL) acquired California-based SenseHawk Inc, an early-stage developer of software-based management tools for the solar energy generation industry. RIL acquired 79.4% stake in 2018-founded SenseHawk, through primary infusion and secondary purchase, for a total consideration of \$32.0 million.

While UpGrad acquired Delhi NCR-based Centum Learning for an undisclosed amount, the other 'Unicorns of India' which made M&A noise during September included Razorpay, and Mensa Brands.

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.

When it comes to the acquiring and acquired companies' headquarters, Bengaluru, Delhi NCR, Mumbai, and Chennai are the leading cities.



YourStory Research, the research arm of YourStory Media, is the definitive source for data-led insights and analysis of trends impacting the Indian entrepreneurial and tech ecosystem. YourStory Research focuses on market research, market intelligence, startup discovery, and consulting in the startup ecosystem in India.

YourStory Media Private Limited is India's leading digital platform for positive, inspirational stories of change makers and entrepreneurs across India.

©YourStory Media Private Limited  
Produced by YourStory Research

Analysts: Naga Nagaraju, Ekta Desai  
Research Director: Rajiv Bhuva

Head of Design (Research): Chetan Singh  
Edited by: Affirunisa Kankudti  
Website: <https://research.yourstory.com>  
Email: [research@yourstory.com](mailto:research@yourstory.com)

