YOURSTORYRESEARCH

H1 2021 STARTUP FUNDING REPORT

STATE OF FUNDING ACTIVITY IN THE INDIAN STARTUP ECOSYSTEM AND RELATED TRENDS IN H1 2021

Contents

Introduction

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India may be faced with an uncertain economic environment after being ravaged by a deadly second wave of the COVID-19 pandemic, but that hasn't deterred global and domestic investors from ramping up the pace and quantum of their investments into the Indian startup ecosystem.

Six months in and Indian startups have already raised $10.15 billion, surpassing not only the funding raised in the first six months of 2020, but also the whole of 2020.

This is thanks to growing investor confidence in a more mature Indian startup ecosystem that is seeing an increase in the number of seasoned second-time entrepreneurs and a surge in new unicorn additions amidst a rise in more global innovations and solutions being built.

While the coronavirus pandemic taught us valuable lessons, it also pushed startups to take a harder look at business models, revenue streams, and innovations.

A year later, when we evaluate the impact of the pandemic on the entrepreneurial ecosystem, it has to be said that entrepreneurs led the recovery from the front and are now poised to lead India into an entirely new direction.

If resilience and empathy were the two tenets of 2020, recover and thrive seem to be the credos of 2021. The way founders and investors have come together as a community to help each other, and the resilience of entrepreneurs in the face of a formidable enemy has been inspiring.

The H1 2021 Funding Report by YOURSTORY RESEARCH aims to highlight the growth of the Indian startup ecosystem. The report offers an in-depth view of the state of funding activity and key trends in the Indian startup ecosystem in January-June 2021, comparison 2015-2021, and the road ahead.

Key trends that defined H1 2021

02

01. Number of unique startups funded among the highest in past 5 years

In H1 2021, 491 unique startup deals were observed, of the total 543 deals. Unique startup count in H1 2021 has already been equivalent to more than 50 percent of total number of unique startups funded in 2020 (746). At the same time, H1 2021 unique startup deal count is the second highest between H1 2015-H1 2021, second only to 2016 when 515 unique funding deals were seen. The startups which raised the highest number of deals in H1 2021 were BharatPe (4), BYJU'S (4) and MediBuddy (3).

02. H1 2021 funding volume crosses entire amount raised in 2020

In H1 2021, Indian startups raised $10.15 billion, almost double of what was raised in H1 2020 ($4.85 billion). This even surpasses the total funding of $10 billion raised in 2020. Additionally, the number of deals raised in H1 2021 (543) was 28.06 percent more than H1 2020 (424). The number of H1 2021 funding deals reached more than 60 percent of the total funding deals (881) seen in the year 2020.

03. Flurry of unicorns, 15 new enter the coveted $1B-club

H1 2021 saw a record 15 new startups enter the coveted $1-billion club. Of the total newly minted unicorns, 11 were added in April and May alone, raking up the quantum of late-stage startup investments. At present, India has 48 unicorns.

04. Fintech continues to lead the charts

In H1 2021, the fintech and financial services sector topped the charts, raising $1.89 billion across 98 deals. This was followed by edtech ($1.42 billion across 65 deals), foodtech ($1.05 billion across 2 deals), ecommerce ($879 million across 38 deals) and healthtech ($700 million across 53 deals). H1 2021 also saw the first unicorn from social commerce (Meesho) and social networking (Sharechat) segment.

05. Non-outlier funding activity sees a rise

Non-outlier deals are those where the amount raised is disclosed and less than $100 million. On a year on year basis, the number of such deals saw a 32.58 percent increase while the funding amount saw a 48 percent increase. This indicates that both early and growth-stage startups were able to attract significant funding from the investor ecosystem in comparison to previous years. This may be on the heels of pandemic-induced maturity and innovation in the ecosystem, which is pushing investors to test more waters in unchartered territories.

06. Early-stage startup deals rule

In H1 2021, early-stage startups raised $1.1 billion across 405 deals, growth-stage startups raised $1.9 billion across 55 deals and late-stage startups raised $6.7 billion across 48 deals. Early-stage startups saw almost double growth in the amount of funding raised year-on-year while there was a 39.86 percent increase in the number of deals. In H1 2020, due to the beginning of the pandemic, there was a sharp fall in the number of early-stage deals. However, over the last year, the stability, maturity, resilience, and ability to innovate pushed the investor ecosystem to increase their risk appetite.

07. Growth-stage deals continue to suffer fall

In H1 2021, growth-stage startups saw an increase of 79 percent in the amount of funding raised, but a decline of 23.6 percent in terms of the number of deals compared to the previous year. The fall indicates that although the ticket size has increased, investors are cautious when it comes to investing growth capital. The investors are looking for business models which can not only showcase the future potential but also have stable business processes and revenue streams in check.

08. B2B startups continue to gain attention

Since 2015, for every two B2C deals, the Indian startup ecosystem has seen one B2B deal. However, in the post-pandemic era, investors seem to be leaning towards startups that have a B2B model. In H1 2021, B2B startups saw a 114 percent growth in the funding amount on a year on year basis. On the other hand, B2C startups saw a growth of 107 percent for the same period.

09. Indore and Thiruvananthapuram top the Tier-II charts

In H1 2021, Tier-I startups raised $9.8 billion funding across 493 deals, while Tier-II startups gained $64 million across 32 deals. Across Tier-I, Bengaluru startups secured $5 billion funding in H1 2021 across 171 deals, followed by Delhi-NCR ($2.8 billion across 164 deals), and Mumbai ($1.7 billion across 97 deals). Tier-II cities that received the most investor attention were Indore and Thiruvananthapuram with startups like Gramophone, Instacar, Shop Kirana, STAGE, ConceptOwl, CareStack, really setting the stage for these cities.

State of **Indian Startup Funding** in **H1 2021**

03

STATE OF INDIAN STARTUP FUNDING H1 2021

SNAPSHOT

543
Number of deals

491
Unique startups funded

$10.15B
Total raised amount

1020
Number of active investors

Top 3 sectors
(by funding amount raised)

Fintech	Edtech	Foodtech
$1.89B	$1.41B	$1.05B

Top 3 sectors
(by number of deals)

Fintech	Edtech	Healthtech
98	65	53

Top investors
(by number of deals)

Kunal Shah
23

Titan Capital
23

Sequoia
19

Inflection Point Ventures
18

Venture Catalysts
18

9Unicorns
18

Top 3 cities

Bengaluru
176 deals, $5B

Delhi-NCR
169 deals, $2.9B

Mumbai
98 deals, $1.75B

Top angels
(by number of deals)

Kunal Shah
23

Ramakant Sharma
10

Sujeet Kumar
6

Top VCs
(by number of deals)

Titan Capital
23

Sequoia
19

Inflection Point Ventures
18

Venture Catalysts
18

9Unicorns
18

Top investors in women-led startups

9Unicorns	Sequoia	Saama Capital	Better Capital
6	4	4	4

Top startups by funding

BYJU'S	Swiggy	ShareChat
$1B	$800M	$502M

Key IPO

Nazara Technologies

87
Total M&As

15
Total unicorns

SNAPSHOT

Source: *YourStory Research*

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UNICORNS IN INDIA IN H1 2021: SPLIT BY SECTOR

Fintech & Financial services

digit
CRED
Groww
zeta
FIVE STAR

Enterprise tech

Chargebee
BrowserStack
gupshup

Ecommerce

moglix

Healthtech & Healthcare services

innovaccer
PharmEasy

Consumer Services

UC Urban Company

Proptech

INFRA.MARKET

Social Commerce

meesho

Social Networking

ShareChat

5 factors that boosted **funding growth** in **H1 2021**

04

Despite the overall economy continuing to take a hit, Indian investors continued to invest large sums of money in Indian startups. At the same time, entrepreneurs pivoted to new models, as well as launched new startups with innovative models.

Here are 5 factors boosting both investors and founders confidence towards expected growth opportunities despite tough times and uncertain future.

01. Change in consumer mindset

The pandemic-induced lockdowns pushed even Gen X consumers to look for digital options. From payments, medicines to groceries and even doctor consultations, consumers across the country — even in Tier II and III areas — looked for online alternatives to solve their daily needs.

02. Deeper digital inclusion across businesses

Businesses across sectors and sizes found one common agenda: get the right tech stack integrated at the right place and at the right time. This has also brought in scalability, making future collaborations easy and less expensive for businesses.

03. Global talent at the door

Thanks to remote working becoming the norm amid the pandemic, many industries now have access to a larger talent pool, opening up new opportunities and possibilities. For instance, enterprise tech companies have been hiring blockchain, data analytics, AI, and IoT experts from the US, UK, Israel, and even Egypt.

04. Greater networking opportunities

Accelerated digital adoption also led to the adoption of tools like Zoom, Hubilo, Clubhouse, among others, making networking easier and more accessible. This, in turn, helped both businesses and investors connect seamlessly.

05. Push towards global scalability and exit model

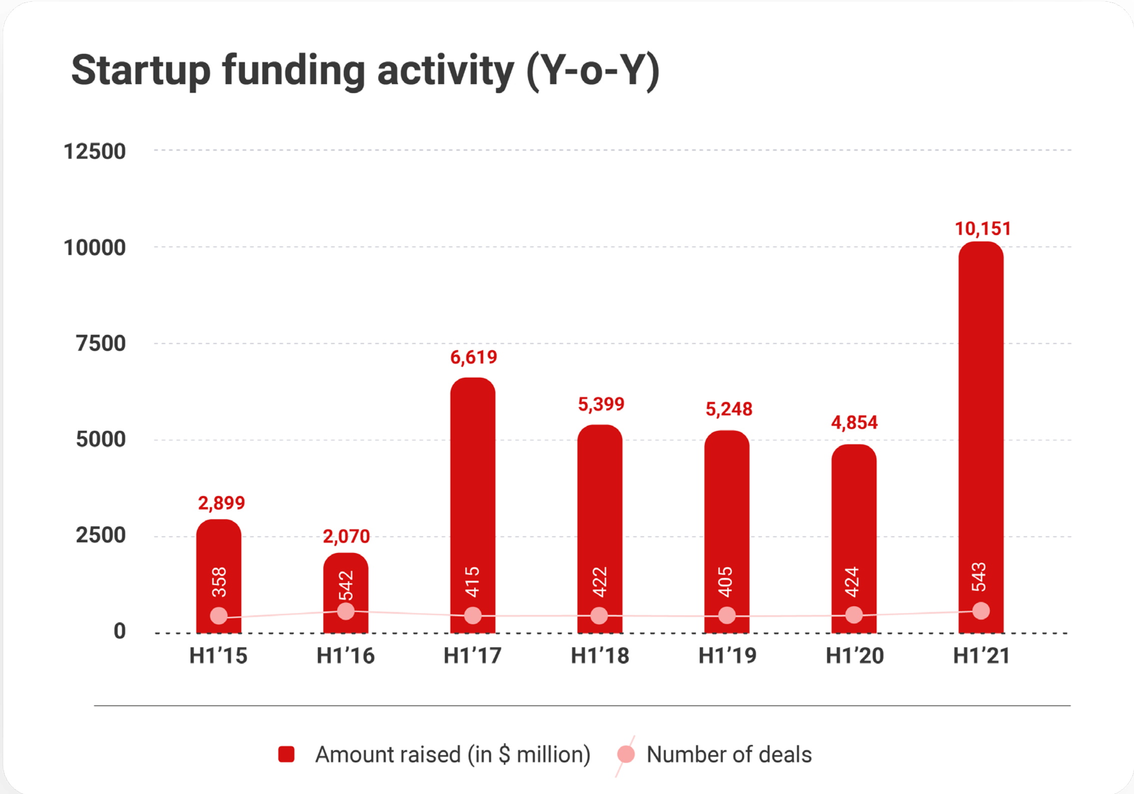
Growth and late-stage startups are now looking to build globally scalable products. Several companies have been exploring markets like the US, UK, Israel, and the Middle East. Further, late-stage startups are actively looking to go public, signalling towards good exit opportunities for investors. Options like special purpose acquisition companies (SPACs) are other attractive investor exit routes, which in turn is attracting more investors — both local and global.

05

Analysis of **H1 2021** startup **funding activity**

TOTAL NUMBER OF DEALS AND AMOUNT RAISED

Indian startups raised a total of $10.15 billion in funding across 543 deals in H1 2021, over 100 percent growth year-on-year compared to the $4.85 billion raised in H1 2020.



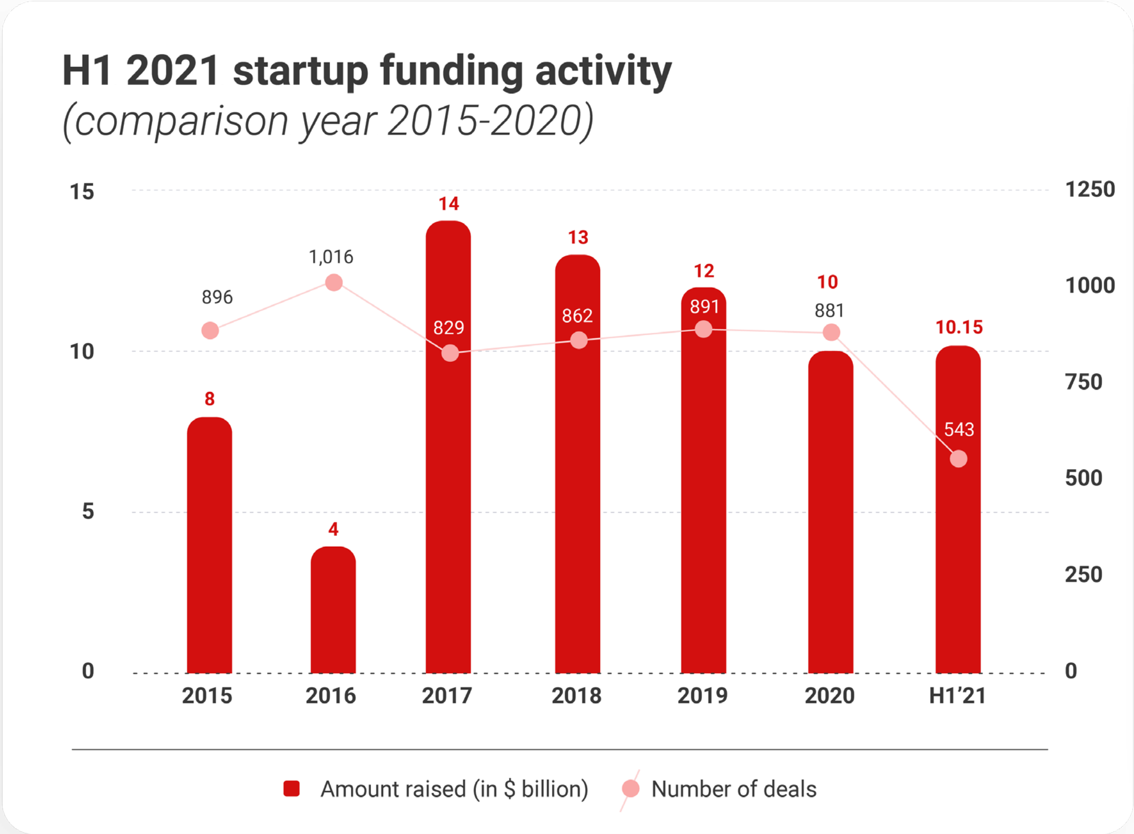
Source: *YourStory Research* YOURSTORY

The number of deals raised in H1 2021 (543) was 21.91 percent more than H1 2020 (424). Also, the number of H1 2021 funding deals reached almost 60 percent of the total funding deals (881) seen in the year 2020.

According to YourStory Research, on a year on year basis, across the past five consecutive years, the number of deals and amounts raised by Indian startups in H1 2021 was the highest, indicating a sign of positive sentiment in the investor and startup ecosystem.

H1 2021 vs 2020

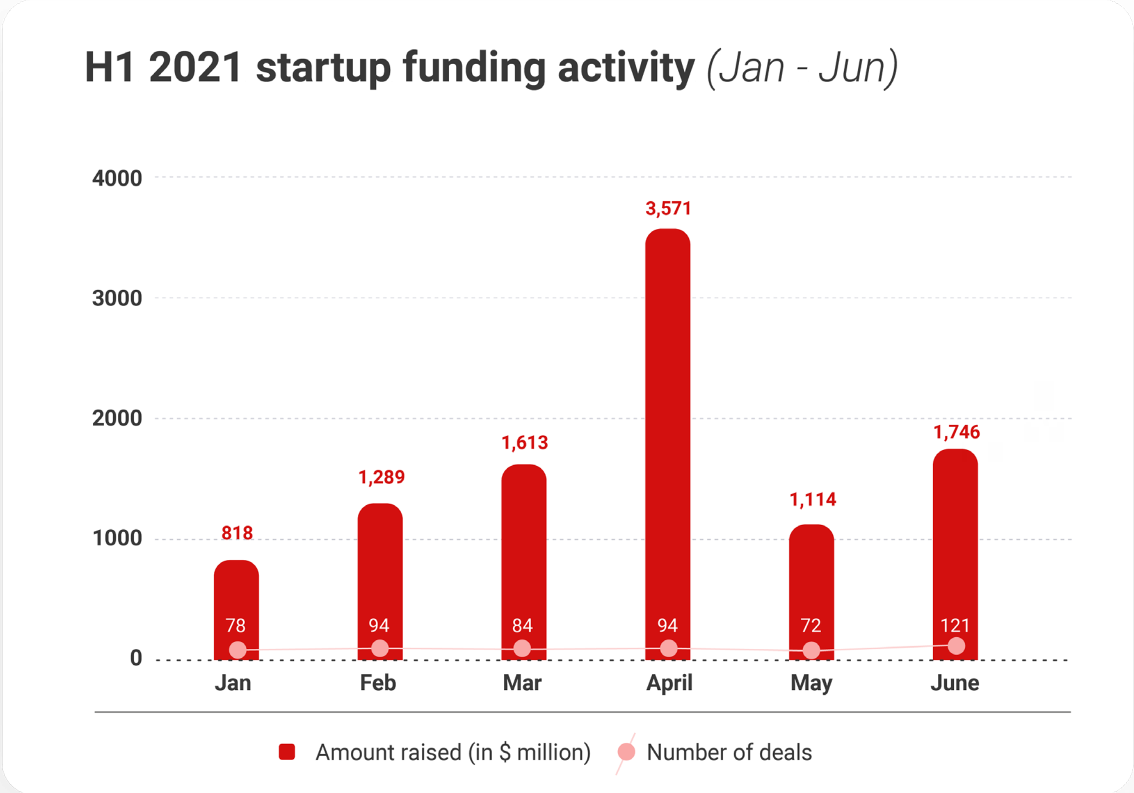
The H1 2021 funding amount crossed the total funding of approximately $10 billion raised in 2020. This is primarily on the heels of aggressive late-stage funding.



Source: *YourStory Research* YOURSTORY

Jan - Jun 2021

Among the first six months of 2021, June attracted the most funding deals raising $1.7 billion across 121 deals However, in terms of funding amount, April led the charts raising $3.5 billion across 94 deals. Between April and May, the Indian startup ecosystem saw 11 new startups become unicorns.



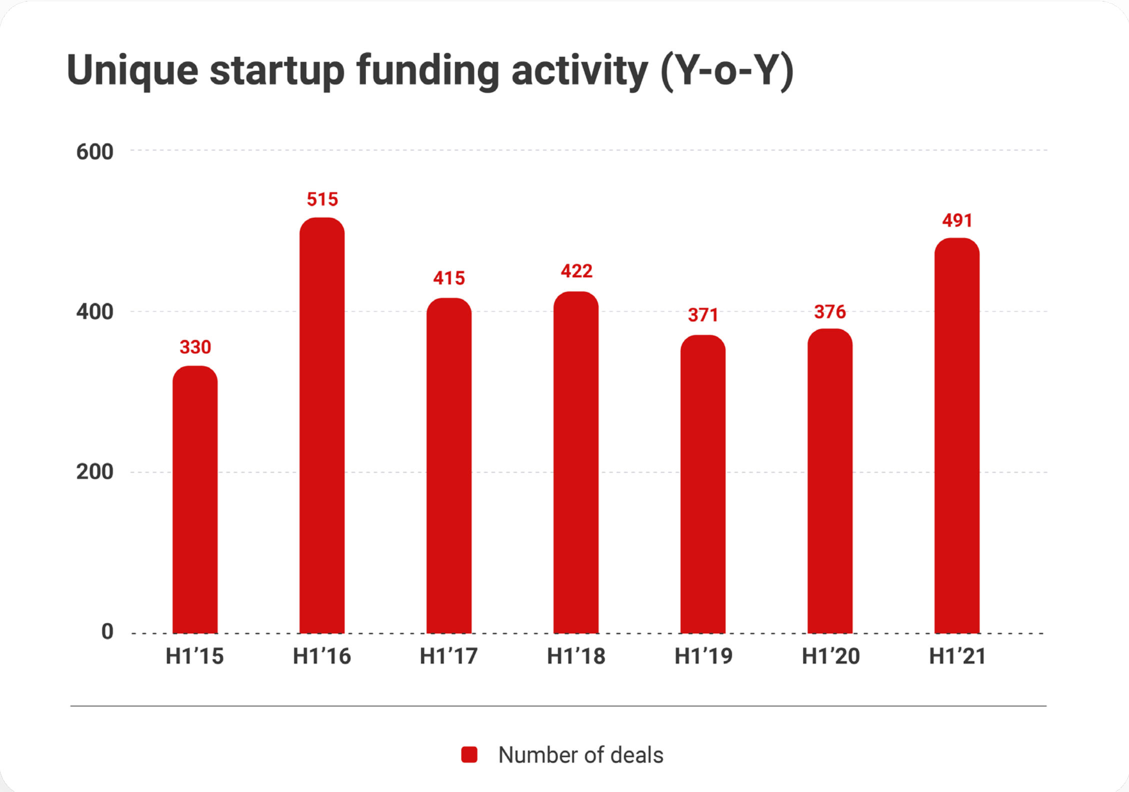
Source: *YourStory Research* YOURSTORY

UNIQUE NUMBER OF DEALS
(Y-O-Y comparison)

In H1 2021, the Indian startup ecosystem saw 491 unique startup deals. Post-2016, the major concentration of funding has been on late-stage deals, thereby making the same startups raise multiple funding deals across different stages.

However, in H1 2021, a significant portion of deals was in the early stage with investors looking to test waters in different sectors, thus increasing the unique startup count.

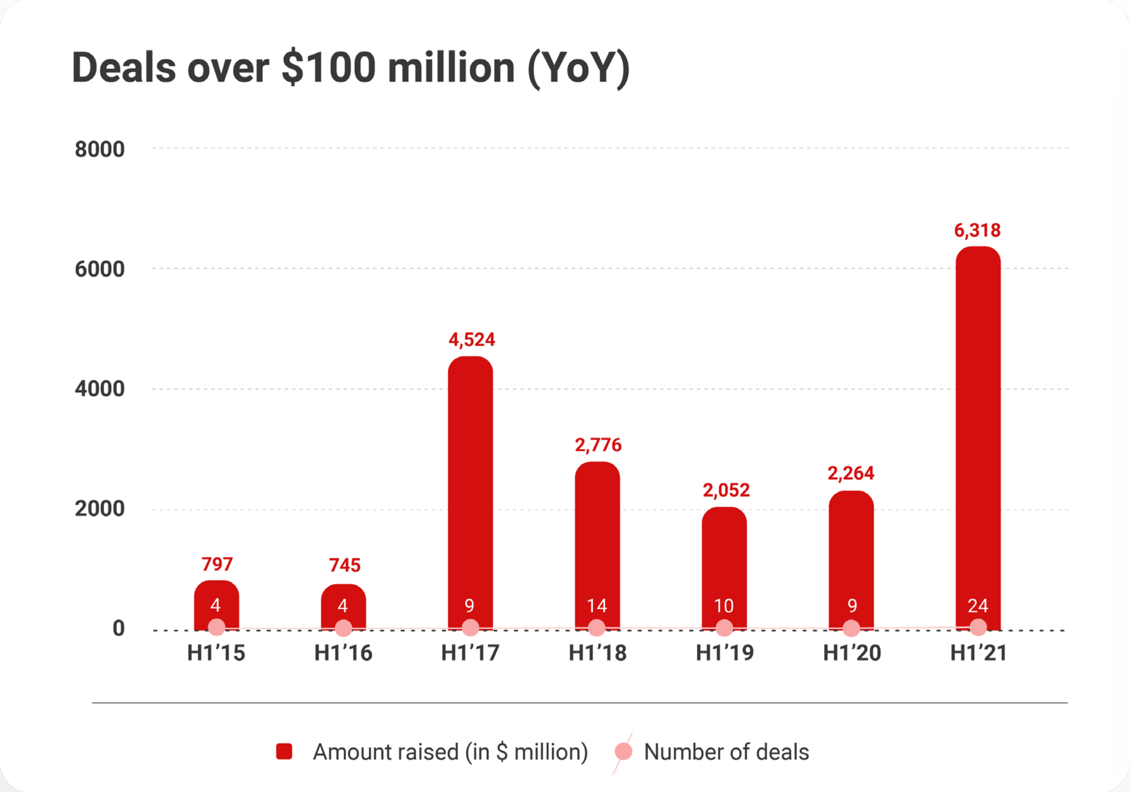
The unique startups deal count increased by almost 30 percent in H1 2021 compared to H1 2020. This raises the average growth percentage across 2015-2021 to more than 9 percent from the earlier 5 percent until H1 2020.



Source: *YourStory Research*

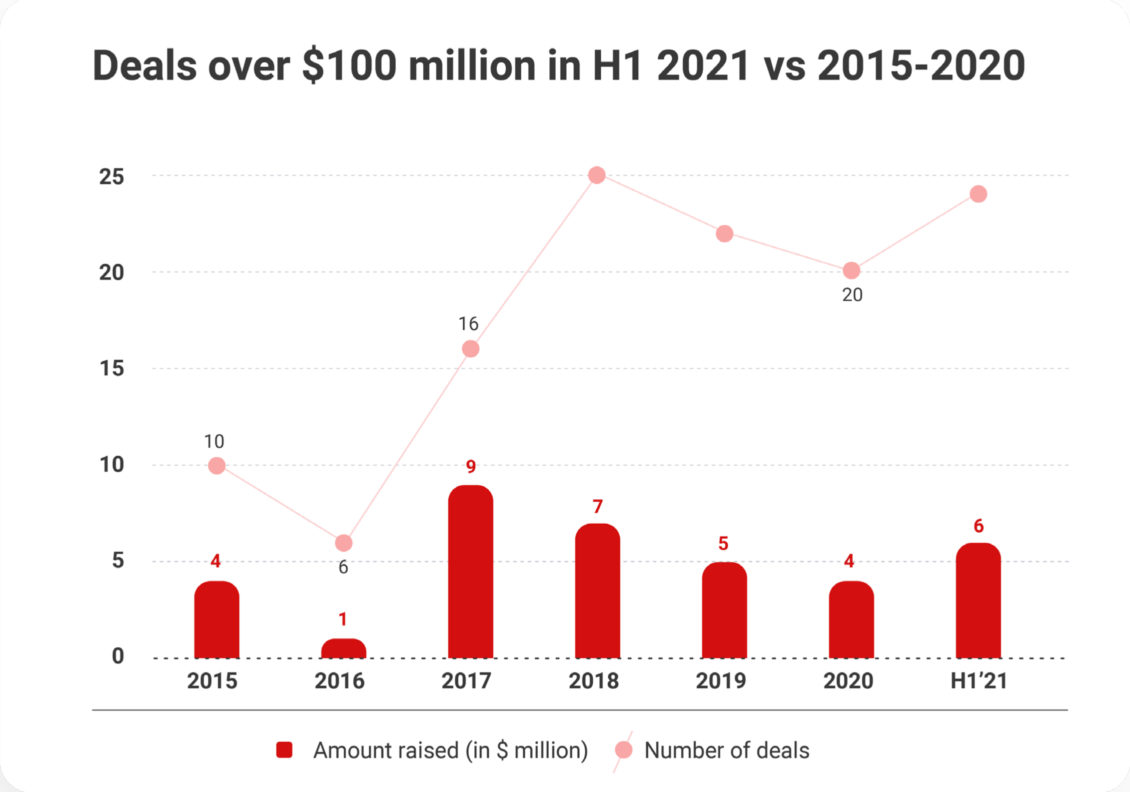
DEALS WORTH MORE THAN $100 MILLION

In H1 2021, the ecosystem observed 24 funding deals wherein startups secured more than $100 million amount, totalling approximately $6.32 billion. On a Y-o-Y basis, this is an observed increase, indicating certain stability in the number and value of such high ticket size deals.



Source: *YourStory Research*

Further, in H1 2021, the number of deals more than $100 million almost touched the year 2018 figure, when the Indian startups raised the highest number - $7 billion funding across 25 such deals.



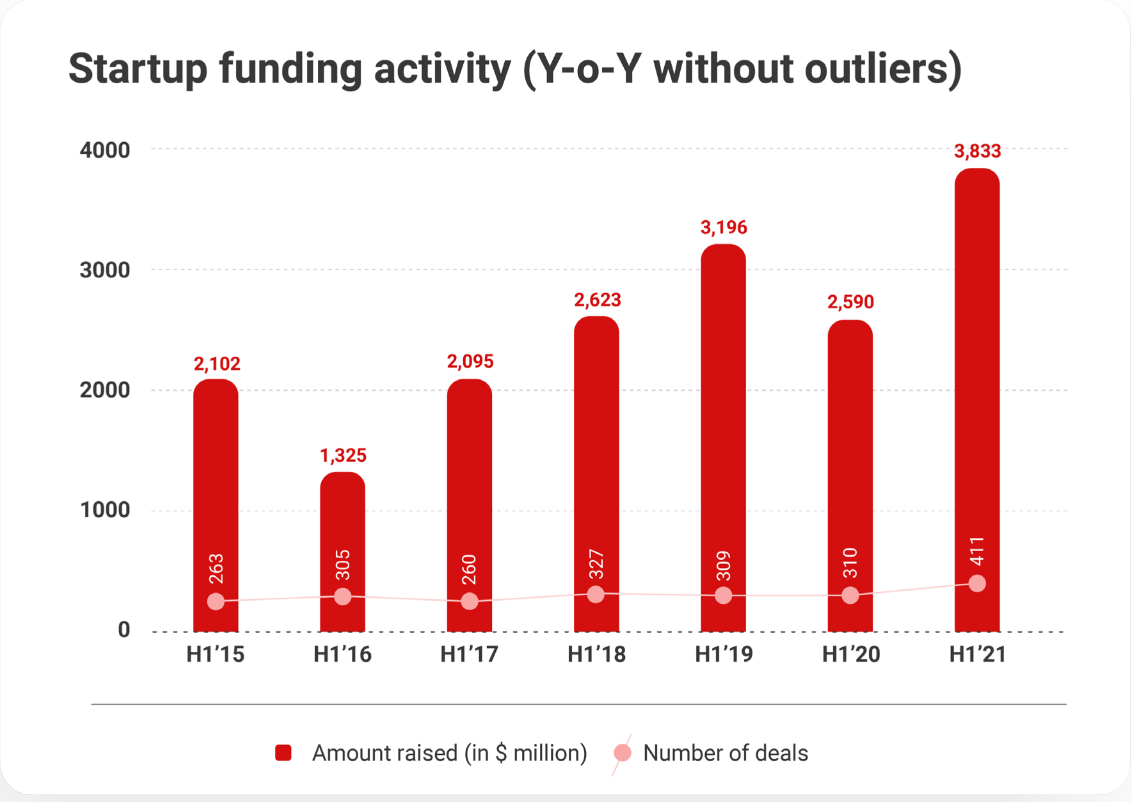
Source: *YourStory Research*

DEALS WITHOUT OUTLIERS

Outliers signify deals that secured more than $100 million amount. This section shows the spread of funding in the Indian startup ecosystem without outliers on a year on year basis. This does not include deals for which funding amounts were undisclosed in the media.

Growth in total funding activity

In H1 2021, without outlier deals, the Indian startups raised $3.8 billion across 411 deals. On a year on year basis, the number of deals saw a 32.6 percent increase while the funding amount saw a 48 percent increase, in comparison to H1 2020 where $2.5 billion was raised across 310 deals.



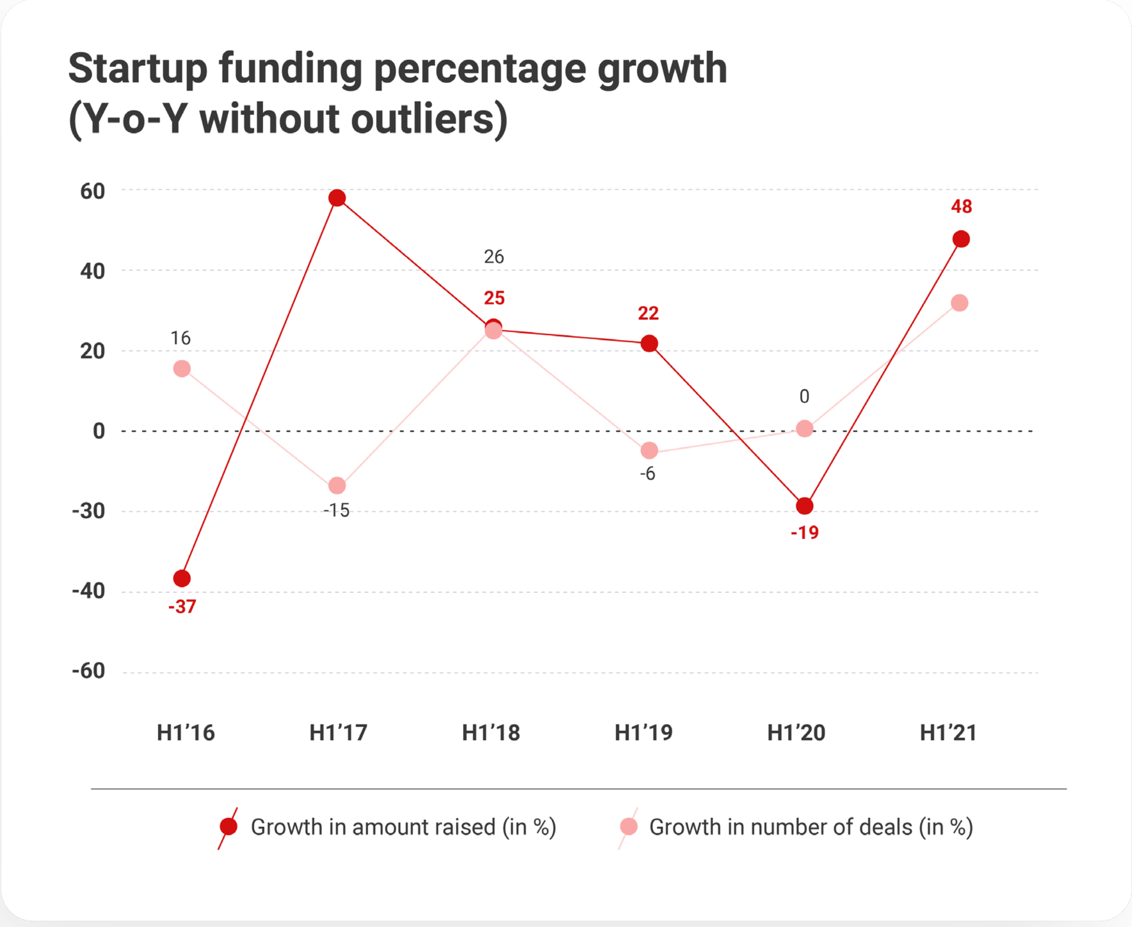
Source: *YourStory Research*
**Outlier deals are above $100 million*

Comparison Y-o-Y percentage growth

In terms of amount raised on a year on year basis, the average percentage growth across H1 2015-H1 2021 increased by almost 5 percent, reaching around 14 percent, in comparison to 9 percent until H1 2020

Further, in terms of the number of deals, on a year on year basis, the average percentage growth across H1 2015-H1 2021 reached almost 16 percent in comparison to around 9 percent until H1 2020.

The graph below shows the year-on-year percentage growth in terms of amount raised and the number of deals (without outliers) across H1 2015 - H1 2021.



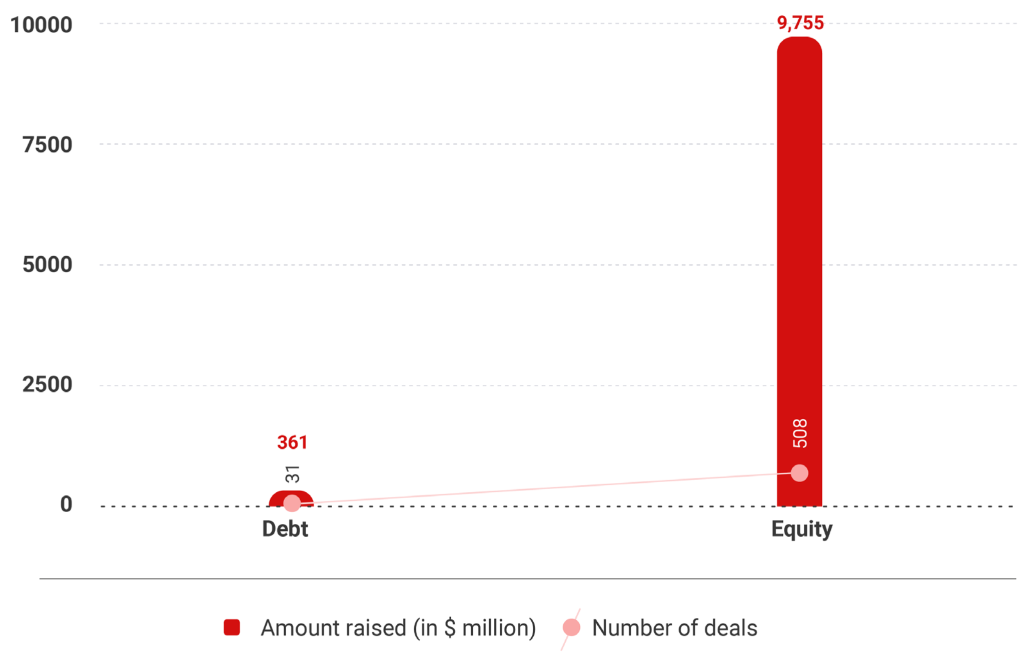
Source: *YourStory Research*

This indicates that both early and growth stage startups have been able to attract significant funding from the investor ecosystem in comparison to previous years.

DEBT VS EQUITY FUNDING ACTIVITY

In H1 2021, Indian startups raised a total of $361 million across 31 deals in debt funding and $9.75 billion across 508 deals in equity funding.

H1 2021 debt and equity funding activity



Source: *YourStory Research*

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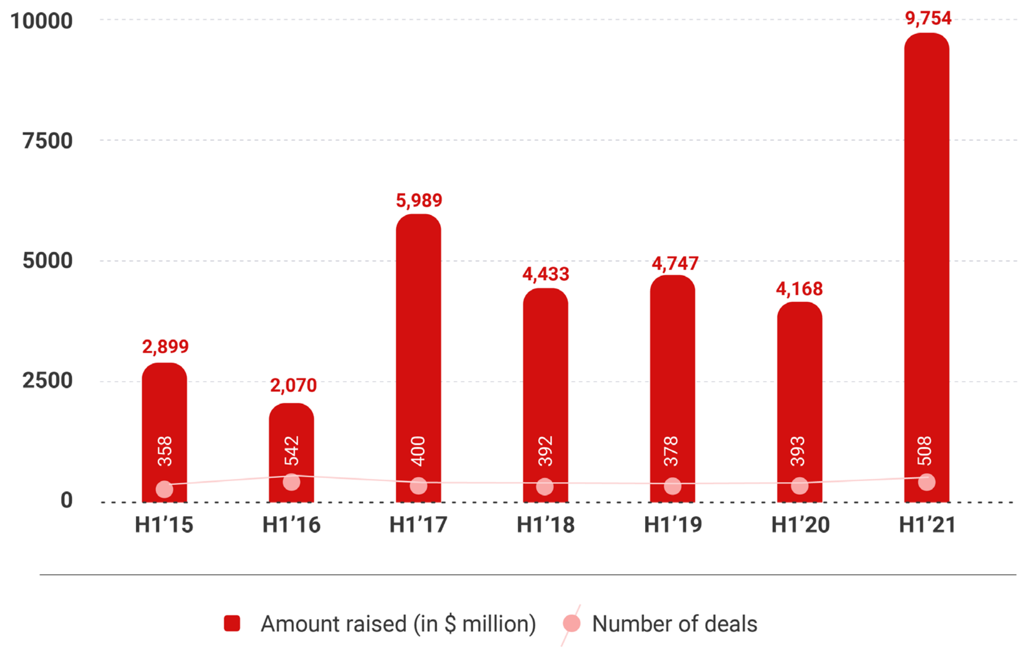
Y-o-Y comparison equity funding

As observed, equity funding has gained momentum both in terms of number of deals and funding amount. This growth can be attributed to the large number of outlier deals in the past two quarters.

Equity funding (Y-o-Y)



Source: *YourStory Research*

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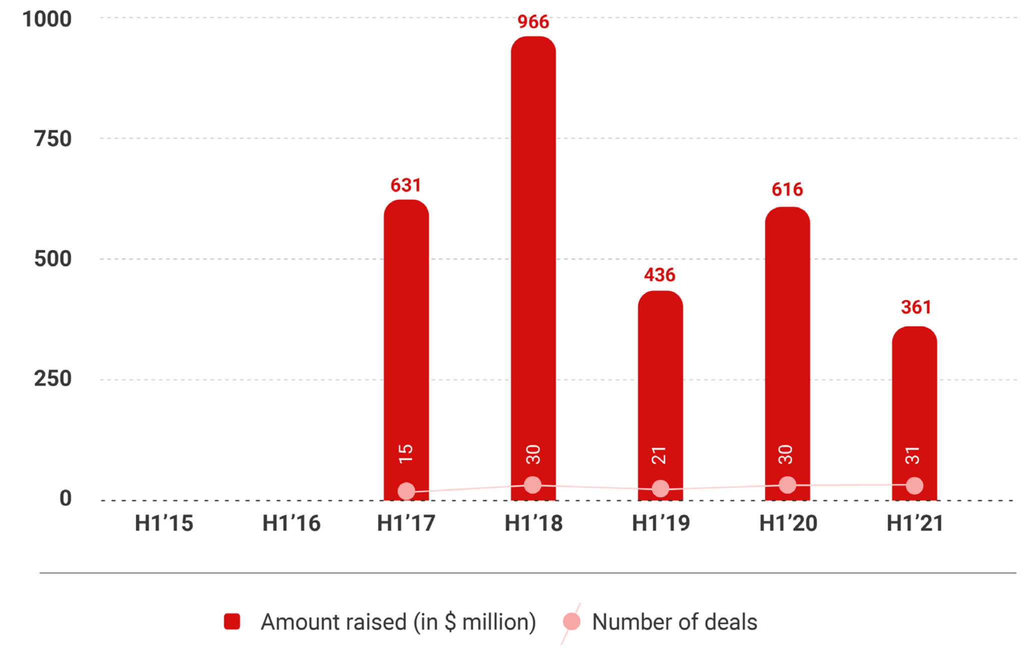
Y-o-Y comparison debt funding

As observed, the debt funding momentum has fallen in comparison to H1 2020. Considering more than $6 billion funding has been raised under outlier deals, this indicates two probabilities:

- Early and growth-stage investors are looking for exits, forcing startups to take on next stage funding rounds, adding more investors to the cap table.
- It may also indicate that investors are looking to leverage the pandemic-induced opportunities in certain sectors, to book their equity in potential startups with a perspective on long-term gains.

Debt funding (Y-o-Y)



Source: *YourStory Research*

**The data for debt funding in H1 2015 and H1 2016 is not available*

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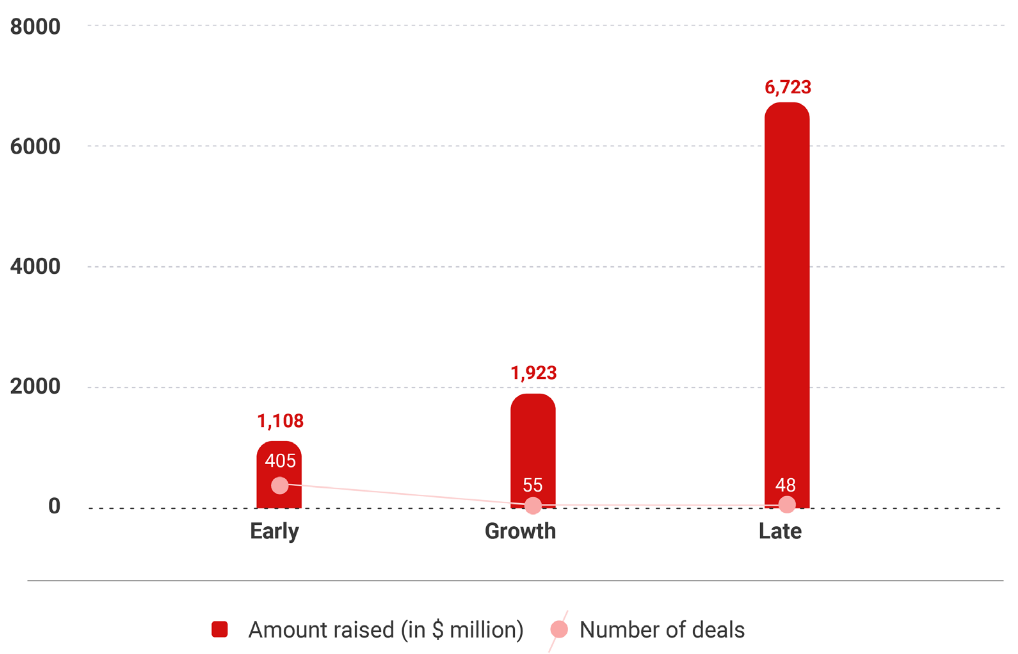
STAGE-WISE FUNDING

In H1 2021, early-stage startups raised $1.1 billion across 405 deals, growth-stage startups raised $1.9 billion across 55 deals, and late-stage startups raised $6.7 billion across 48 deals.

H1 2021 stage-wise funding activity



Source: *YourStory Research*

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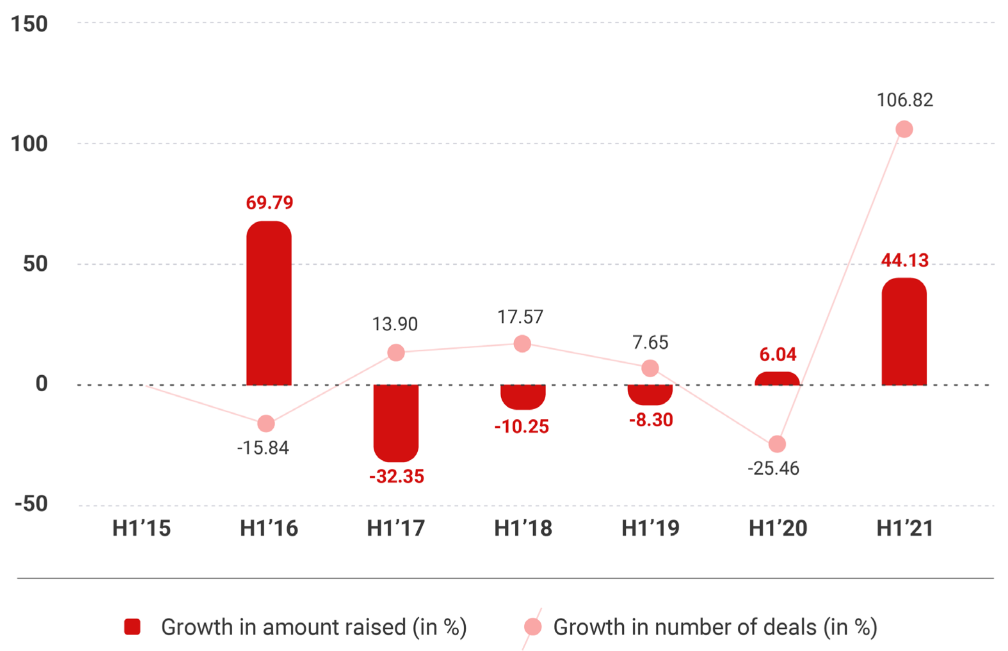
Y-o-Y comparison early-stage

Early-stage startups saw more than 100 percent growth in the amount of funding raised in H1 2021 while almost 44 percent in the number of deals, in comparison to H1 2020. As mentioned earlier, investors focus on exploring new domains and innovative projects have fueled the early-stage funding in the last two quarters.

Early-stage funding percentage growth (Y-o-Y)



Source: *YourStory Research*

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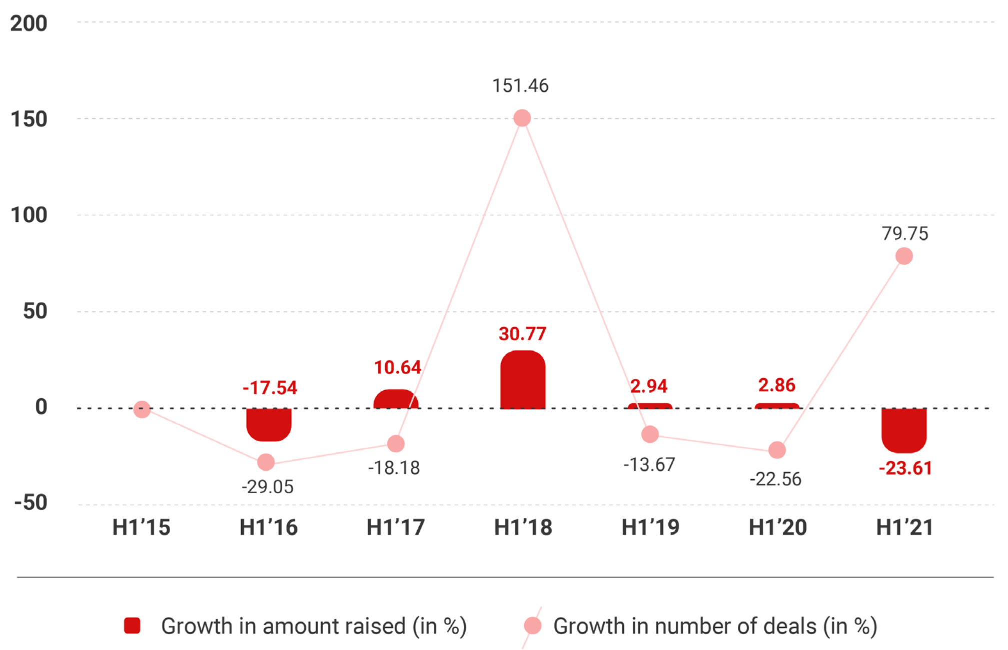
Y-o-Y comparison growth-stage

In H1 2021, growth-stage startups saw an increase of 79 percent in the amount of funding raised, but a decline of 23.6 percent in terms of the number of deals, as compared to the previous year.

The increase in funding can be attributed to the aggressively rising market opportunity in India in certain sectors, giving entrepreneurs an opportunity to scale locally as well as globally.

However, the fall in the number of growth-stage deals indicates that although the ticket size has increased, investors are cautious when it comes to investing growth capital. Investors are now looking for business models that can not only showcase future potential but also have stable business processes and revenue streams in check.

Growth-stage funding percentage growth (Y-o-Y)



Source: *YourStory Research*

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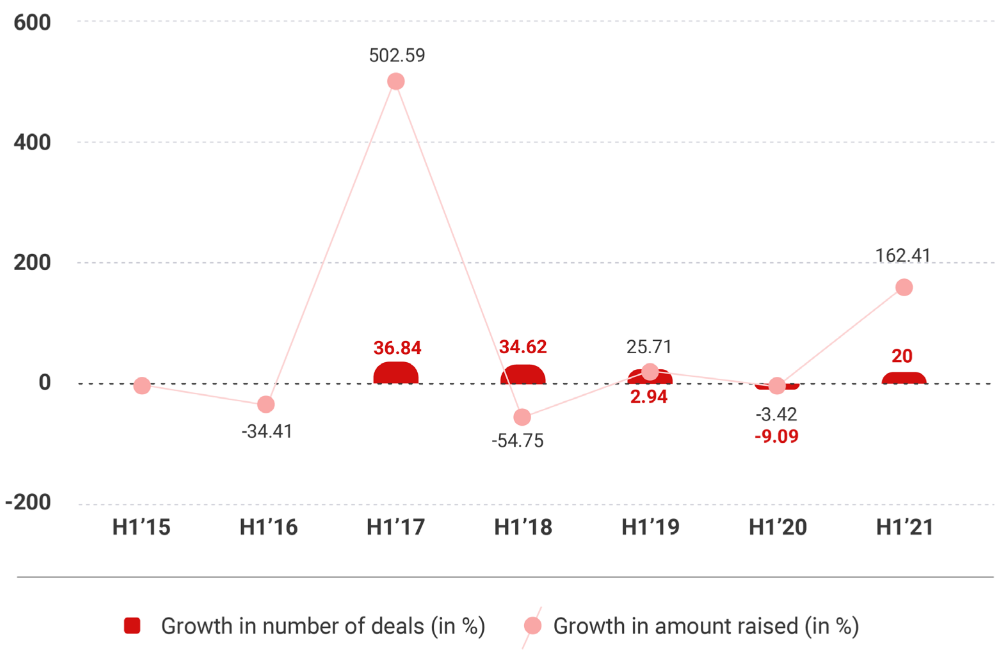
Y-o-Y comparison late-stage

With H1 2021 embracing 15 new unicorns, the growth in late-stage funding has been obvious. However, what will be worth watching is how far the Indian startup ecosystem will be able to take this growth.

Late-stage funding percentage growth (Y-o-Y)



Source: *YourStory Research*

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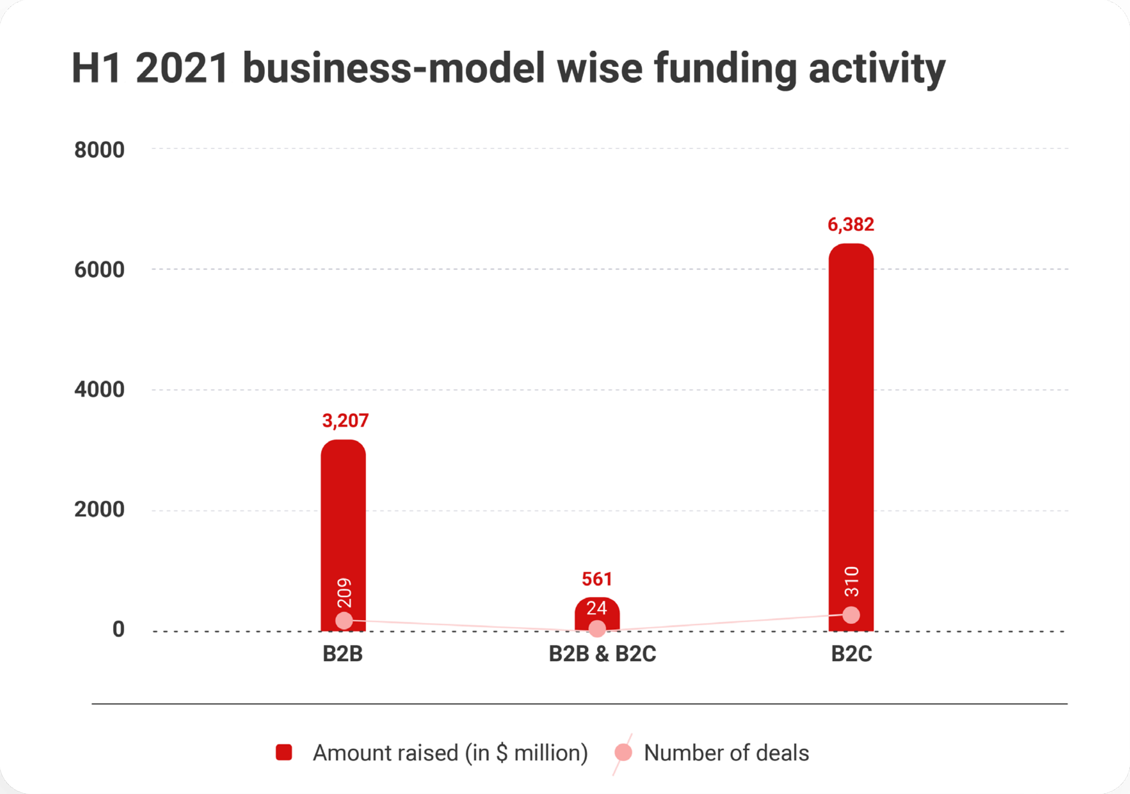
BUSINESS MODEL-WISE STARTUP FUNDING ACTIVITY

In H1 2021, B2B business models raised $3.2 billion across 209 deals while B2C model startups raised $6.4 billion across 310 deals.



Source: *YourStory Research*

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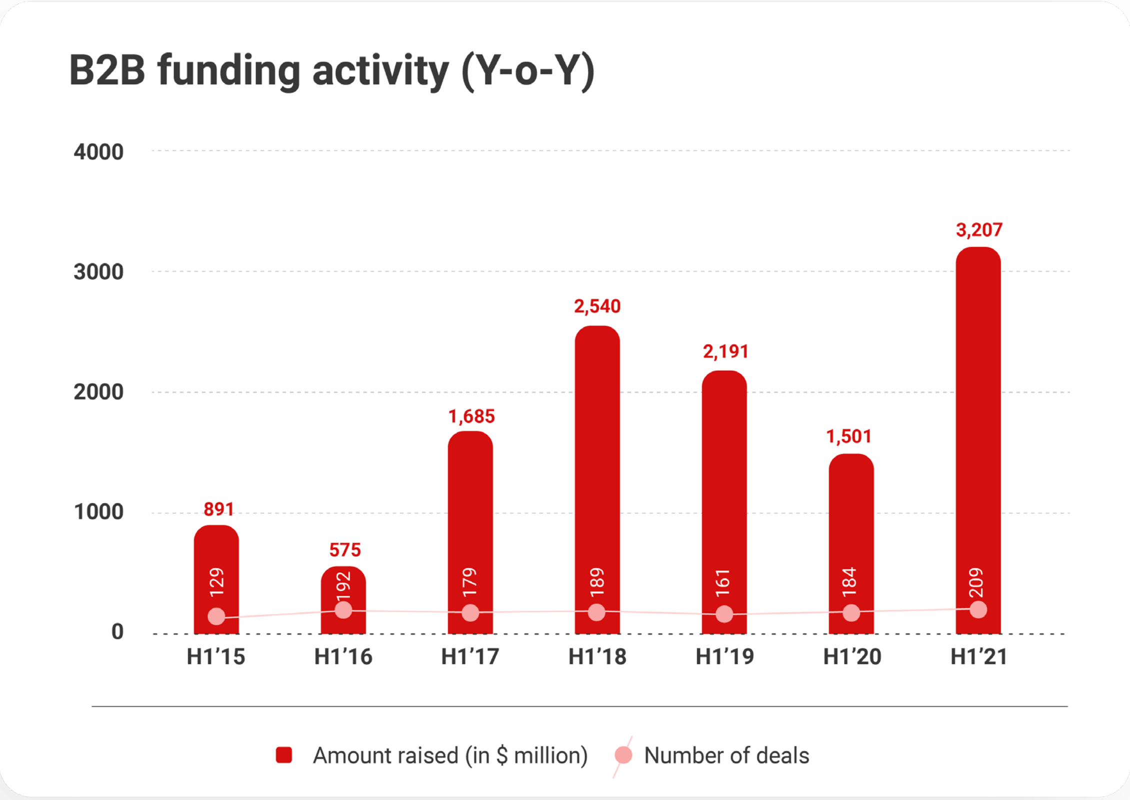
Y-o-Y comparison B2B

In H1 2021, the B2B startup funding saw a year on year growth of 113.6 percent, with respect to H1 2020, wherein the B2B startups raised $1.5 billion. In terms of the number of deals, there was observed a year-on-year growth of 13.5 percent in H1 2021 with respect to H1 2020 (184 deals).

The average growth in the amount of funding has touched almost 46 percent between the period H1 2015 and H1 2021, on a year on year basis. This is a rise of 13.49 percent with respect to 32.63 percent average growth seen until H1 2020 on a year on year basis.The average growth in terms of the number of deals remained stable for the same period.



Source: *YourStory Research*

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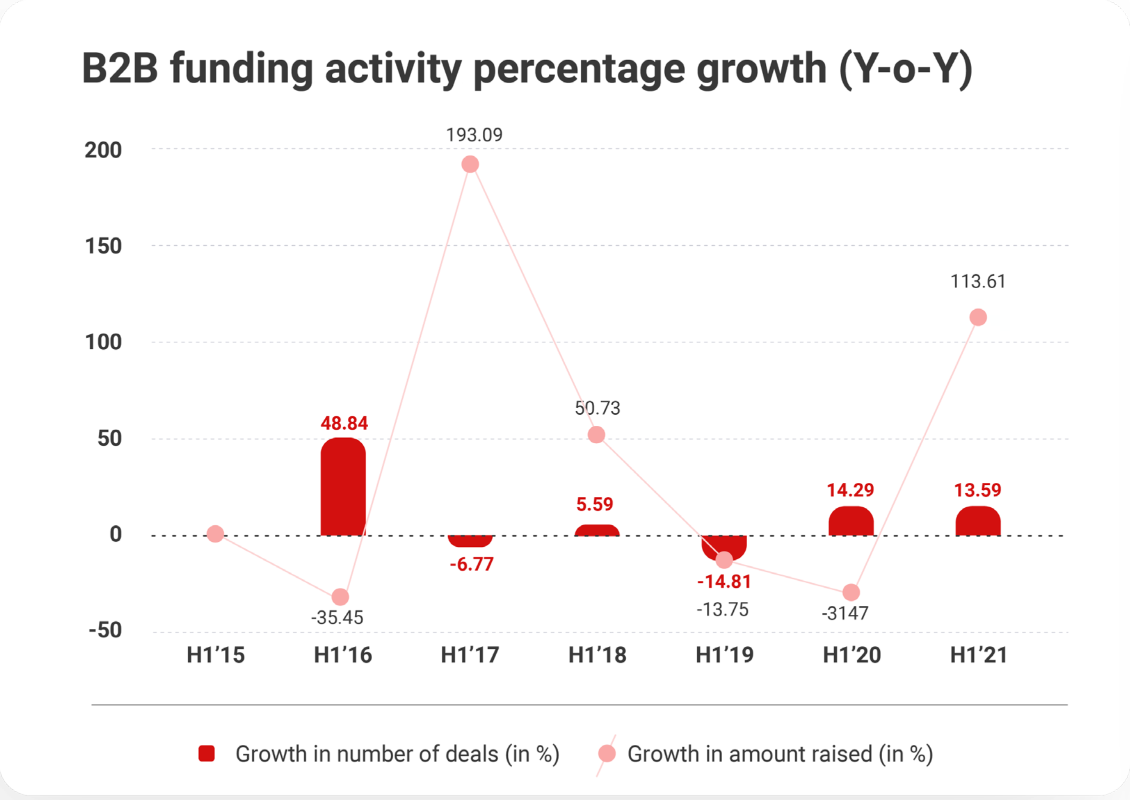

Source: *YourStory Research*

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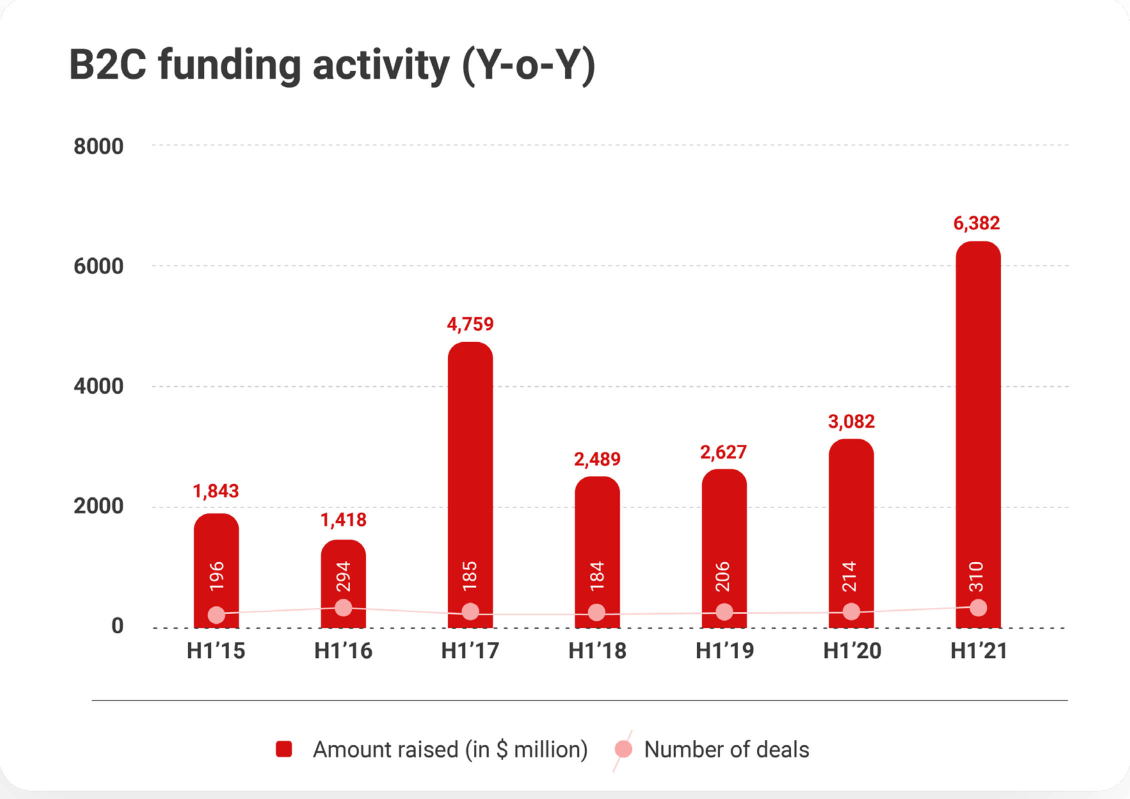
Y-o-Y comparison B2C

In H1 2021, the B2C startup funding saw a year on year growth of 107 percent, with respect to H1 2020, wherein the B2C startups raised $3 billion. In terms of the number of deals, there was observed a year-on-year growth of 44.86 percent in H1 2021 (310) over H1 2020 (214).

The average growth in the amount of funding has touched almost 49.12 percent between the period H1 2015 and H1 2021, on a year on year basis. This is a rise of almost 11.5 percent with respect to 37.54 percent average growth seen until H1 2020 on a year on year basis.

The average growth in terms of the number of deals has shown a phenomenal increase. The average growth in the number of deals has touched almost 12 percent between the period H1 2015 and H1 2021, on a year on year basis. This is a rise of 7 percent with respect to 5 percent average growth seen until H1 2020 on a year on year basis.



Source: *YourStory Research*

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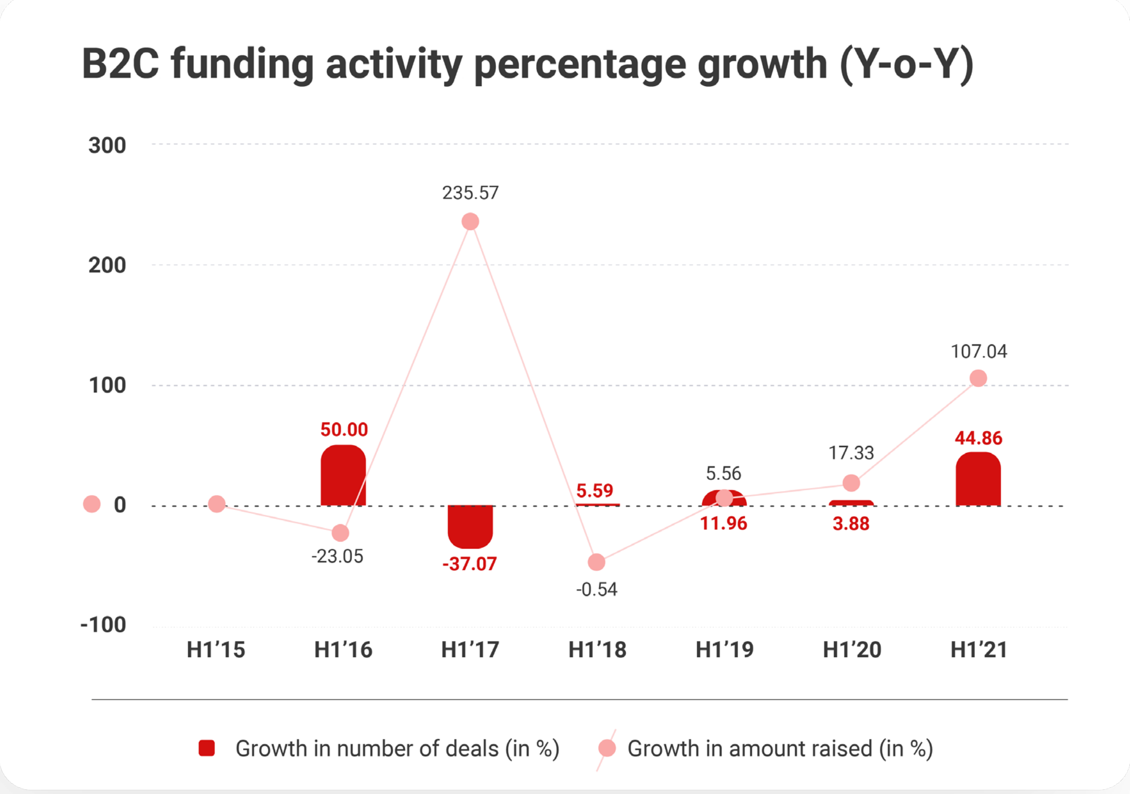

Source: *YourStory Research*

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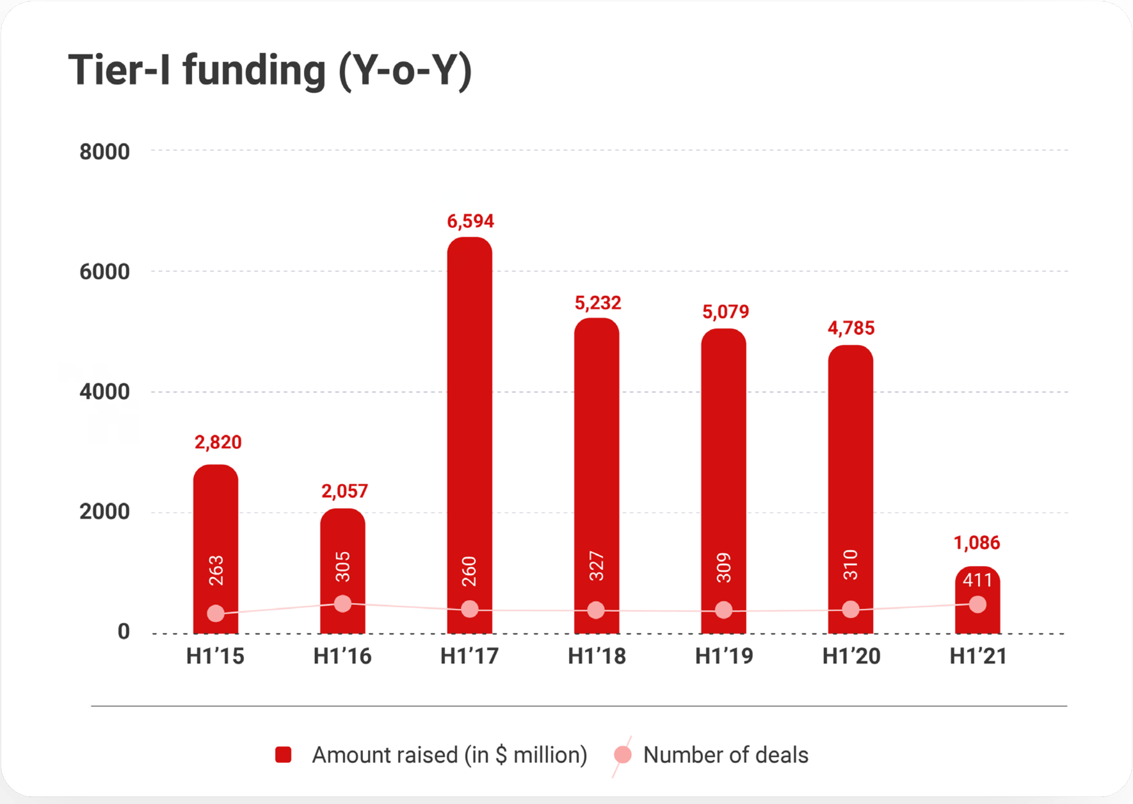
Overall, in 2015, for every two B2C deals, there has been one B2B deal. In the last six years, the investor ecosystem has maintained this ratio. However, in the post-pandemic era, investors are finding the B2B model more globally scalable, tech-oriented, as well as having the revenue model placed from Day 1. In H1 2021, the B2B startups saw a 112 percent growth in the funding amount on a year on year basis with respect to H1 2020. On the other hand, B2C startups saw a growth of 104 percent for the same period.

TIER I & II LANDSCAPE

In H1 2021, Tier-I startups raised $10.98 billion funding across 511 deals, while Tier-II startups raised $64 million across 32 deals.

Tier-I comparison Y-o-Y

In H1 2021, the amount raised across Tier-I cities increased by more than 100 percent year-on-year from H1 2020 ($4.7 billion). In terms of the number of deals, Tier-I observed a 26.79 percent year on year increase from 403 deals in H1 2020.



Source: *YourStory Research*

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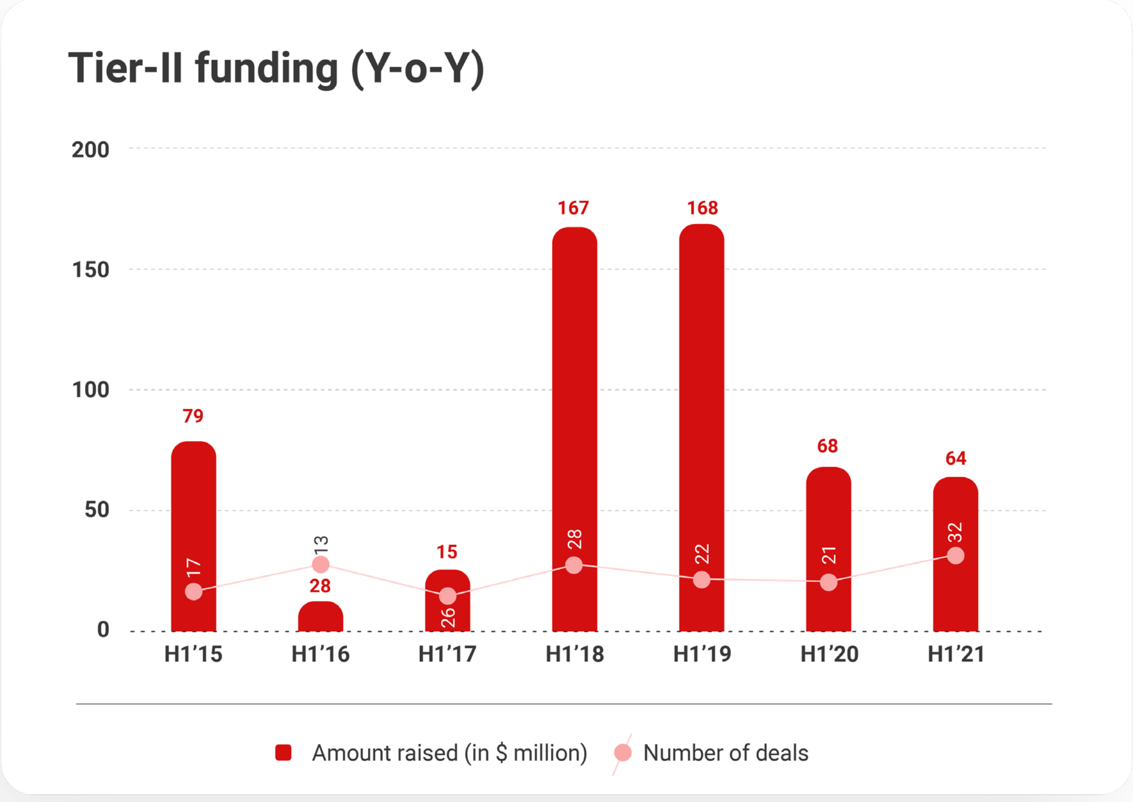
Tier-II comparison Y-o-Y

In H1 2021, the amount raised across Tier-II cities fell by 5 percent year on year from H1 2020 ($68 million). In terms of the number of deals, Tier-II observed a 52 percent year-on-year increase from 21 deals in H1 2020. This indicates that although with a lower ticket size, investors continued to explore the Tier-II segment.



Source: *YourStory Research*

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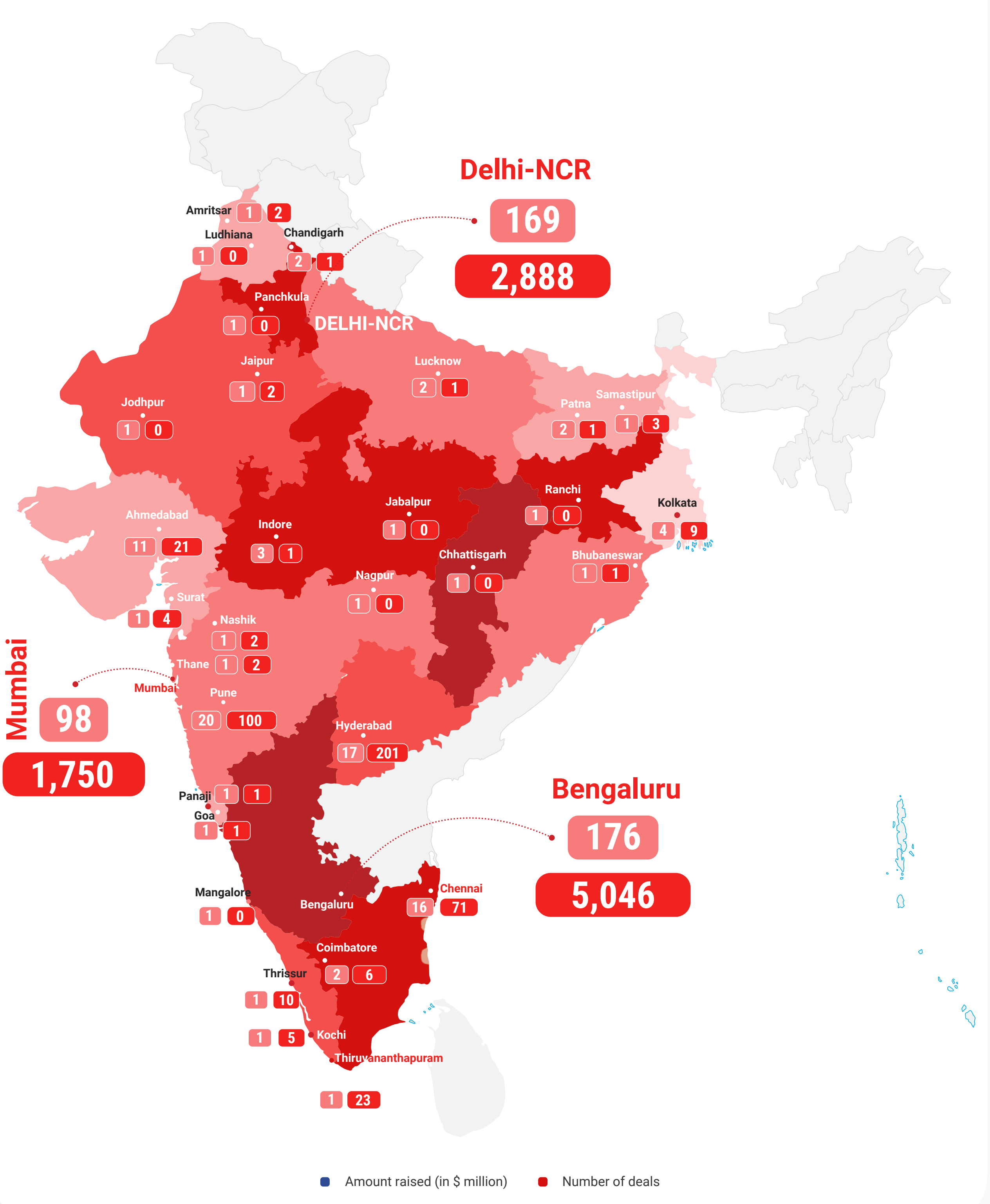
CITY-WISE STARTUP FUNDING ACTIVITY

The infographic below depicts the spread of funding activity across the country in H1 2021. Bengaluru tops the charts in terms of funding. Startups from the 'Silicon Valley of India' secured almost $5 billion funding in H1 2021 across 171 deals, followed by Delhi-NCR ($2.8 billion across 164 deals), and Mumbai ($1.6 billion across 94 deals).

City-wise startup funding activity in H1 2021



Source: *YourStory Research*

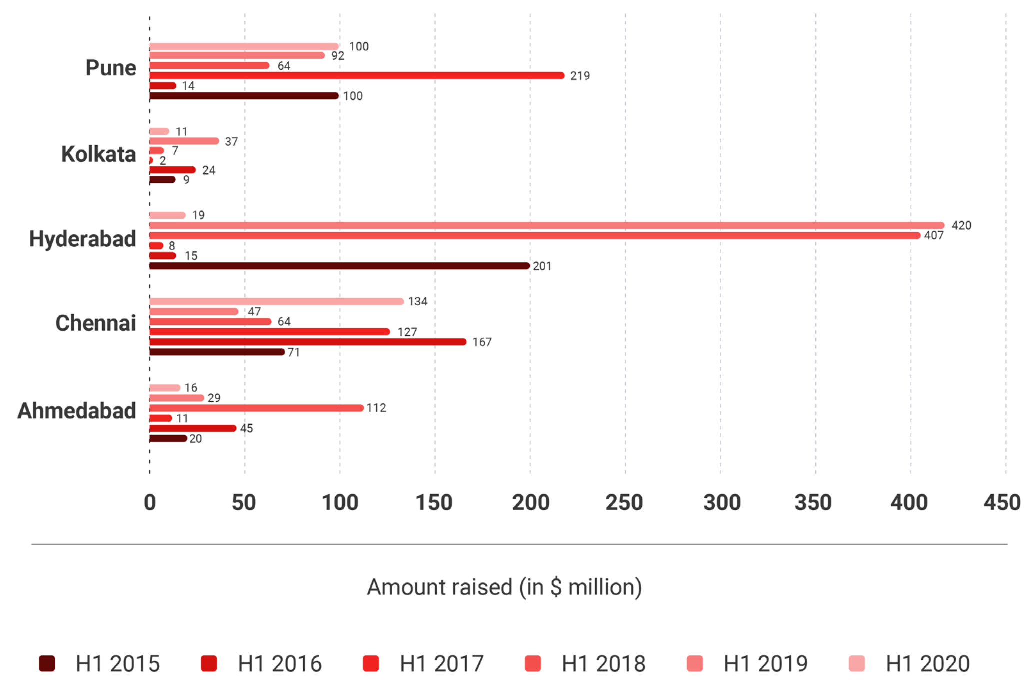
Other Tier-I cities Y-o-Y comparison

Across the years, the top three Tier-I cities have been Bengaluru, Delhi-NCR, and Mumbai. However, investors have been keeping an eye on other Tier-I cities as well.

Both Pune and Hyderabad have been showing great activity despite the pandemic. In H1 2021, Pune startups raised approximately $100 million across 20 deals in H1 2021. Hyderabad startups raised $200 million across 17 deals, with the last-minute addition of $125 million funding deals of Fourth Partner Energy, one of India's leading solar energy companies.

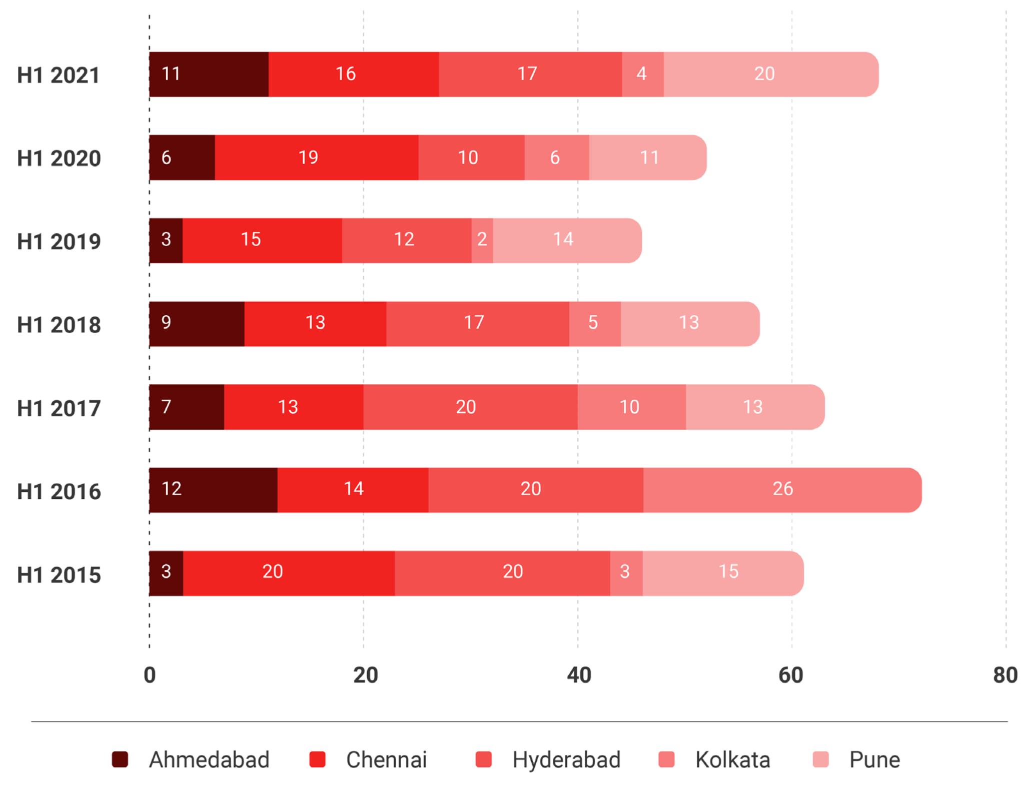
Chennai is another fast-moving city raising $70.73 million across 16 deals.

Other Tier-I Cities (Y-o-Y)
(by amount raised in $ million)



Source: *YourStory Research*

Other Tier-I cities (Y-o-Y)
(by number of deals)



Source: *YourStory Research*

Key Tier-II cities on investor radar

In H1 2021, the Tier-II cities which received investor attention were Indore and Thiruvananthapuram.

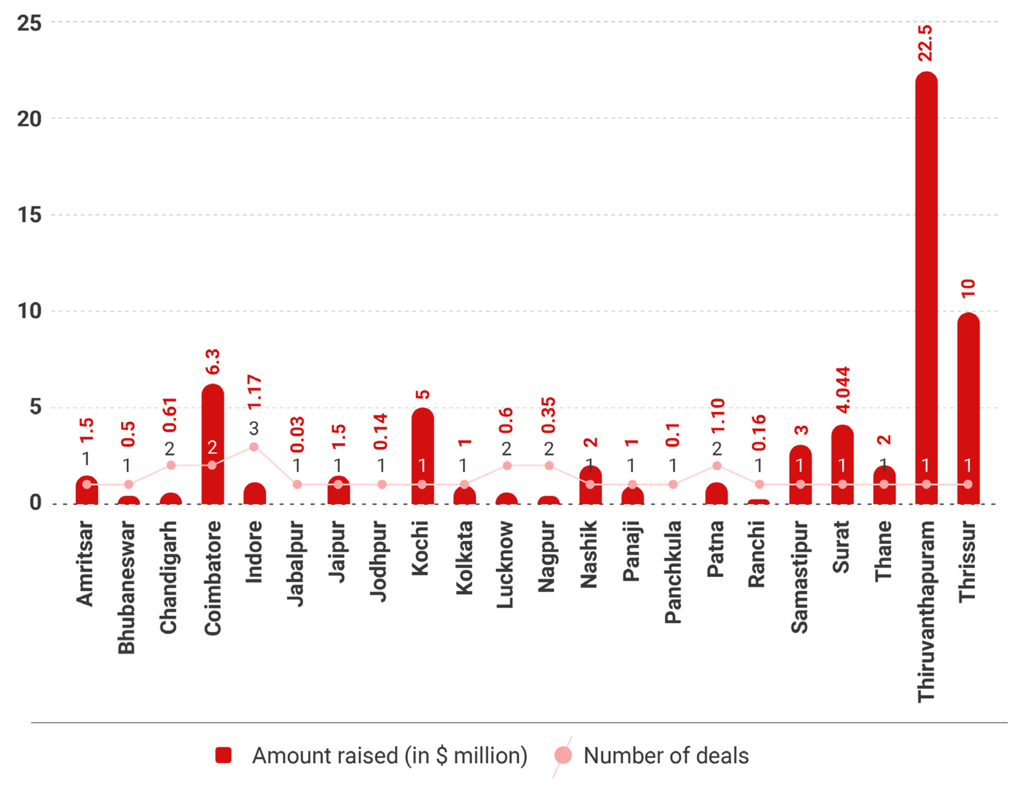
Indore

Startups like Gramophone (agritech), Instacar (mobility), Pushp Spices (retail/consumer brand), Shop Kirana (retail tech), and STAGE (media and entertainment), have fared well for Indore in the past few years. In H1 2021, the startups which raised funding were Supersourcing (enterprise tech, $206K), STAGE (media and entertainment, $481K) and ClassMonitor (edtech, $479K).

Thiruvananthapuram

The city is today booming with startups such as ConceptOwl (edtech), Corporate360 (enterprise tech), CareStack (healthtech), among others. In H1 2021, this city had only one deal: Carestack raising $22.5 million from investor groups like SteadView Capital, Delta Dental of California, Accel Partners, Eight Roads, F-Prime Capital. This is definitely a space worth watching in the years ahead.

H1 2021 key tier-II cities on investors radar



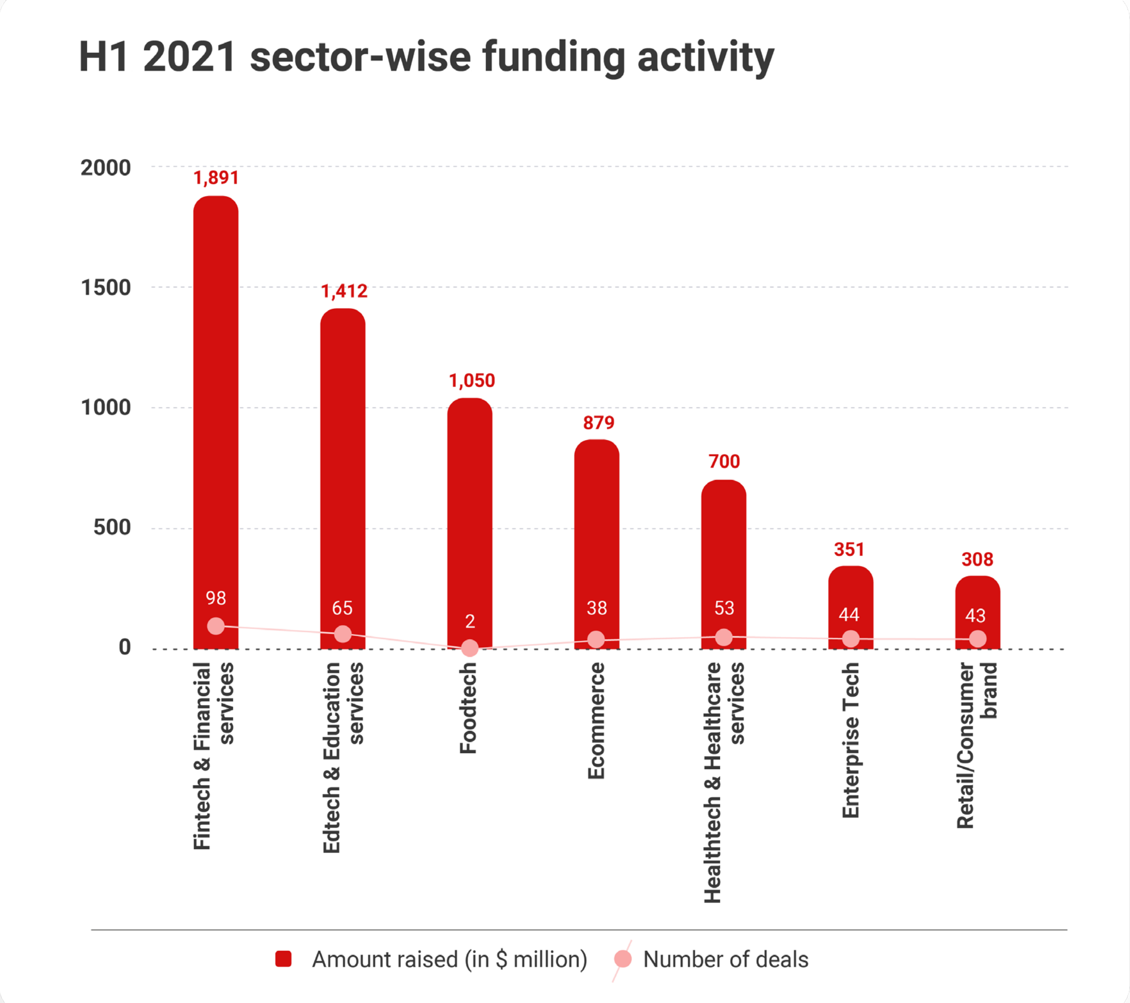
Source: *YourStory Research*

SECTOR BREAK-UP

In H1 2021, fintech and financial services topped the charts raising $1.89 billion across 98 deals. This was followed by edtech ($1.41 billion across 65 deals), foodtech ($1.05 billion across 2 deals), ecommerce ($879 million across 38 deals), and healthtech ($700 million across 53 deals).

In terms of the number of deals, the two other sectors that made it to the top list are enterprise tech ($351 million across 44 deals) and retail/consumer brands ($307.77 million across 53 deals).

Here's the spread of the amount raised and the number of deals for the top sectors (by funding amount):

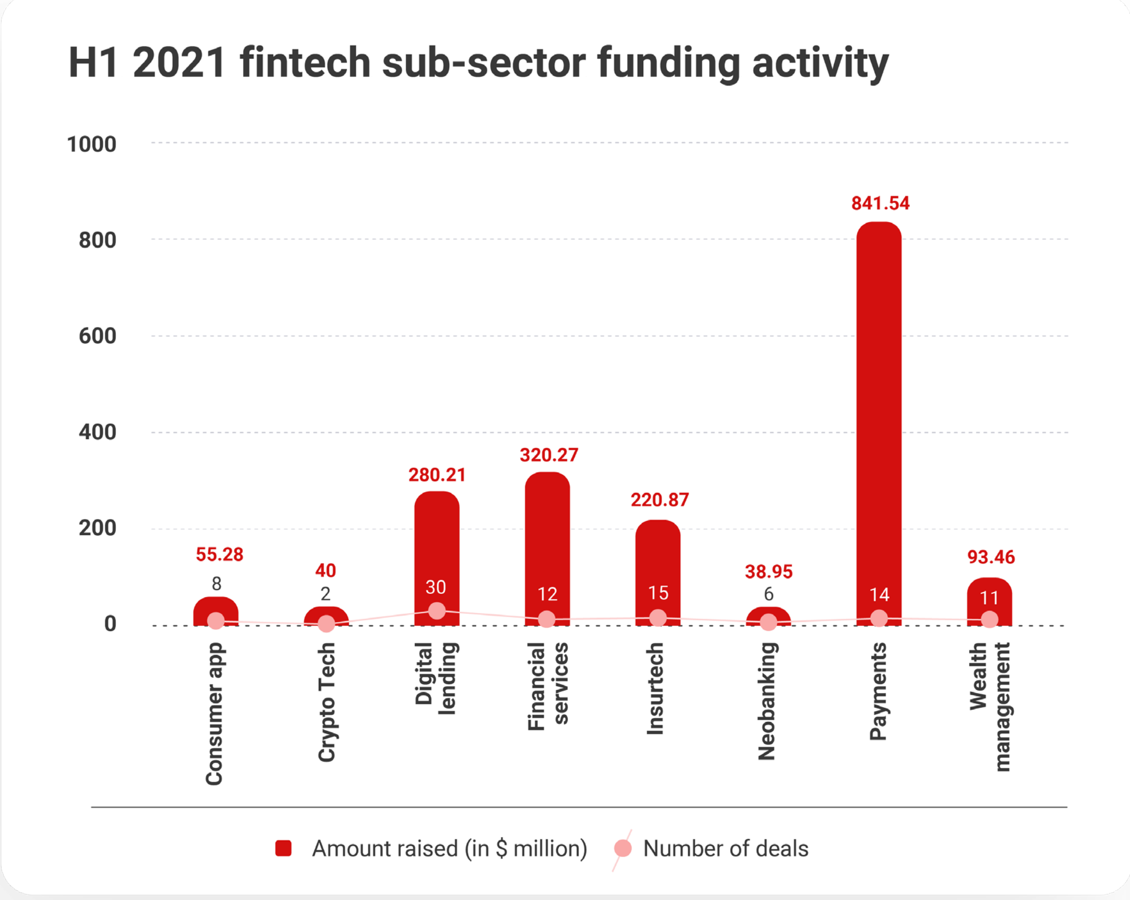


Source: *YourStory Research*

YOURSTORY

A large chunk of fintech funding deal activity was contributed by startups in payments ($841.54 million across 14 deals), financial services ($320 million across 12 deals), digital lending ($280.2 million across 30 deals), and insurtech ($220.87 million across 15 deals).

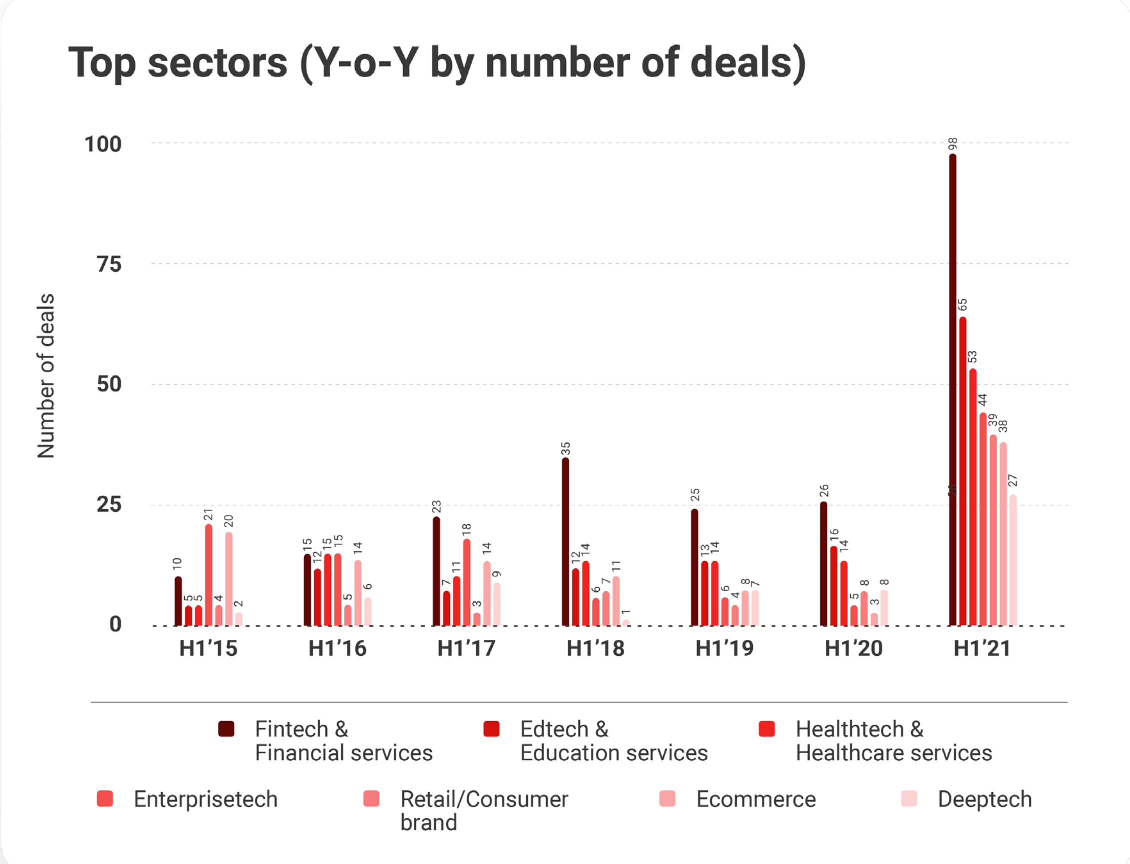
In H1 2021, fintech also led when it came to unicorns with five fintech startups attaining the $1-billion valuation, including Digit Insurance, Five Star Business Finance, CRED, Groww, and Zeta. Additionally, Digit Insurance became the first insurtech startup to become a unicorn.



Source: *YourStory Research*

YOURSTORY

Over the years, the investors have been on a roller coaster ride, with the year 2020 becoming a decisive base year in the post-pandemic era. Here is how the deal concentration has changed over time for the top sectors on a year-on-year basis:



Source: *YourStory Research*

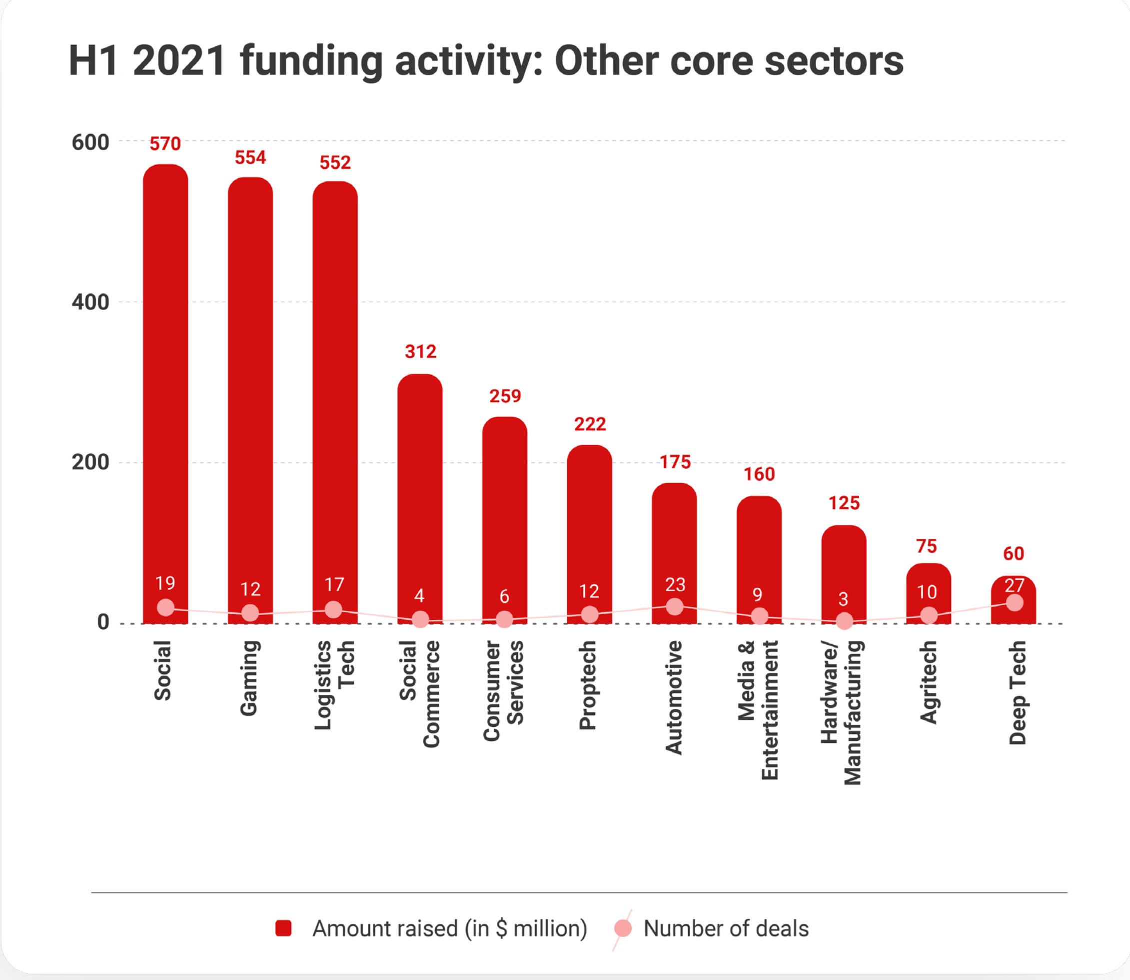
YOURSTORY

Other top sectors observed

Some other key sectors which raise their flag high in terms of funding activity in H1 2021 are social ($570 million across 19 deals, gaming ($554 million across 12 deals), and logistics tech ($552 million across 17 deals).

Interestingly, from the niche segment, social commerce has done well raising $311 million (disclosed funding) in H1 2021 across four deals. Meesho raised $300 million, led by Softbank Vision Fund 2, entering the unicorn club at a valuation of $2.1 billion. The round also saw participation from existing investors Prosus Ventures, Facebook, Shunwei Capital, Venture Highway, and Knollwood Investment.

Other core sectors such as proptech, consumer services, hardware/manufacturing also gained attention from investors among others.

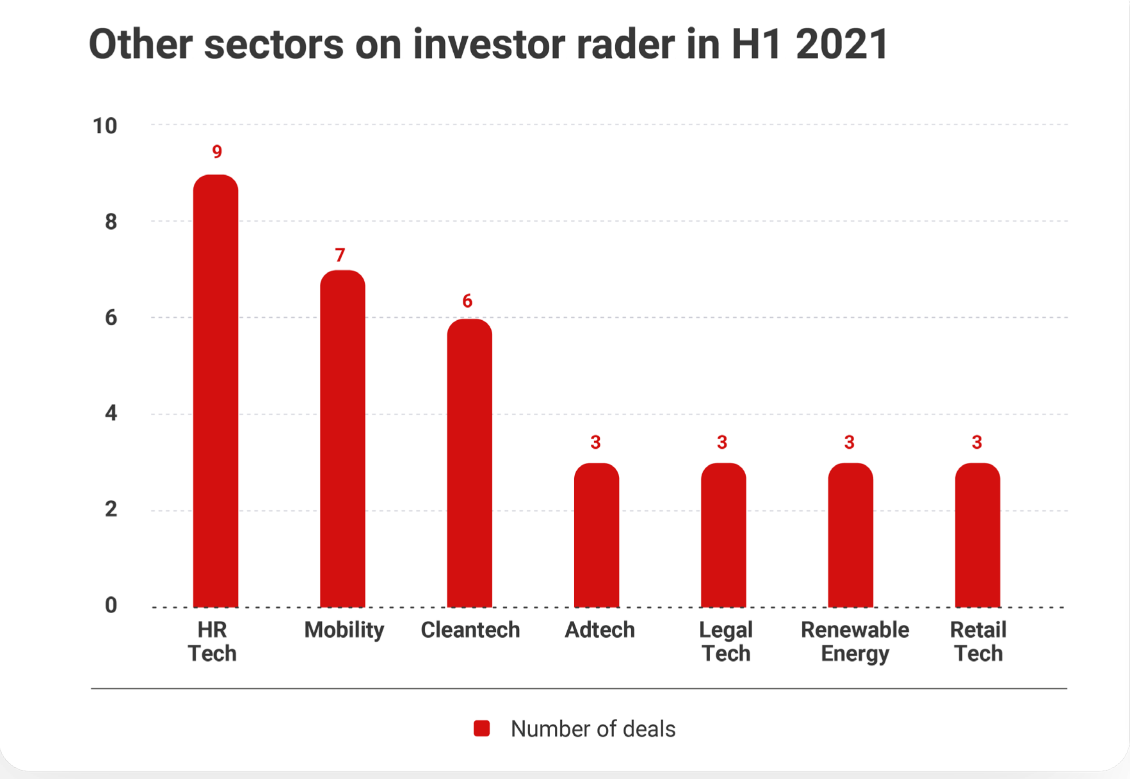


Source: *YourStory Research*

YOURSTORY

Other niche sectors on investor radar

Post COVID-19, several other niche sectors were also seen on investor radar. Although these sectors garnered much less funding than top sectors, they were successful in grabbing the investor's attention in H1 2021.



Source: *YourStory Research*

YOURSTORY

**The amounts in these deals are mostly undisclosed or too less to plot a graph.*

The **unicorn boom** in India

06

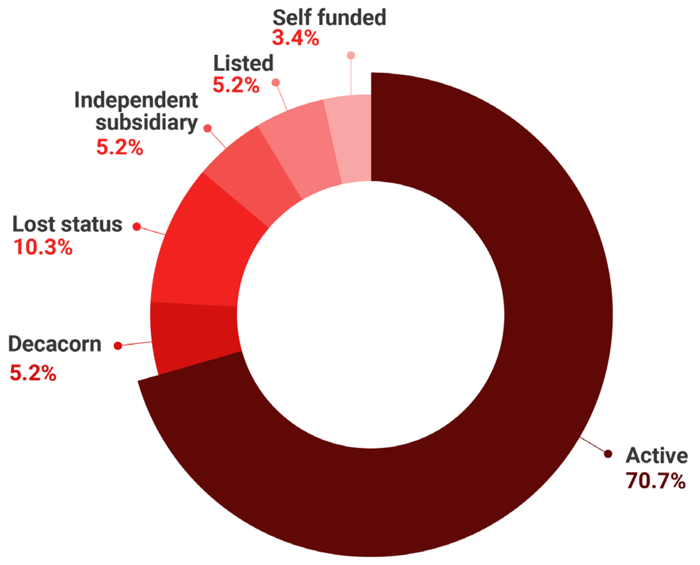
Since InMobi became the first unicorn in 2011, the Indian startup ecosystem has seen 58 unicorns, including two self-funded unicorns — Zerodha and Zoho. However, 6 of these startups lost their unicorn status as they got acquired or suffered a fall in valuation.

The list includes Flipkart (acquired by Walmart), Bigbasket (acquired by Tata Group), Shopclues (acquired by Qoo10), Hike, Quikr, Snapdeal, (valuation fell).

Another three — Infoedge, Makemytrip, and Five Star Finance — are now listed companies.

At the same time, Paytm, BYJU'S, and OYO achieved the decacorn status. Then, players such as Glance, PhonePe, and Ola Electric proved their worth as independent subsidiaries, attaining unicorn status post-spin-off from the parent company.

Current state of Indian unicorns



Growth in amount raised (in %)

Source: *YourStory Research*

YOURSTORY

INCREASED ACCELERATION

Over the years, the Indian unicorn club has seen phenomenal growth in the past few years. Even in the pandemic era, 2020 (11) and 2021 (15), acceleration in new unicorn additions has been seen.

Increased acceleration

Over the years, the Indian unicorn club has seen phenomenal growth in the past few years. Even in the pandemic era, 2020 (11) and 2021 (15), acceleration in new unicorn additions has been seen.

Unicorn growth in India

2011 - 2015

Company	Years taken to become a unicorn	Unicorn status achieved In	Founded in
InMobi	4	2011	2007
Flipkart	5	2012	2007
MuSigma	9	2013	2004
Snapdeal	4	2014	2010
OLA	5	2015	2010
Quikr	5	2015	2008
PayTm	5	2015	2010
Zomato	7	2015	2008

2016 - 2020

Company	Years taken to become a unicorn	Unicorn status achieved In	Founded in
Shopclues	5	2016	2011
Hike	4	2016	2012
ReNew Power	6	2017	2011
BillDesk	18	2018	2000
BYJU'S	7	2018	2011
Freshworks	8	2018	2010
Oyo Rooms	5	2018	2013
Paytm Mall	8	2018	2010
PolicyBazaar	10	2018	2008
Swiggy	4	2018	2014
Udaan	2	2018	2016
Delhivery	8	2019	2011
Dream11	12	2019	2007
Druva Software	11	2019	2008
Icertis	10	2019	2009
Lenskart	9	2019	2010
Ola Electric	2	2019	2017
Rivigo	5	2019	2014
PhonePe	4	2019	2015
Zoho	23	2019	1996
BigBasket	8	2019	2011
Nykaa	8	2020	2012
Pine Labs	22	2020	1998
Postman	6	2020	2014
Unacademy	5	2020	2015
HighRadius	14	2020	2006
Cash24	5	2020	2015
Razorpay	6	2020	2014
Dailyhunt	11	2020	2009
Glance	1.5	2020	2019
Zenoti	10	2020	2010
Firstcry	5	2020	2015
Zerodha	10	2020	2010

2021

Company	Years taken to become a unicorn	Unicorn status achieved In	Founded in
Digit Insurance	5	2021	2016
Infra.Market	5	2021	2016
Innovaccer	7	2021	2014
Meesho	6	2021	2015
Cred	2.5	2021	2018
PharmEasy	6	2021	2015
Groww	5	2021	2016
ShareChat	6	2021	2015
Chargebee	11	2021	2010
Urban Company	7	2021	2014
Zeta	6	2021	2015
Moglix	7	2021	2014
BrowserStack	10	2021	2011
Gupshup	17	2021	2004
Five Star Business Finance	39	2021	1984

Years taken to become a unicorn · Unicorn status achieved In · company · Founded in

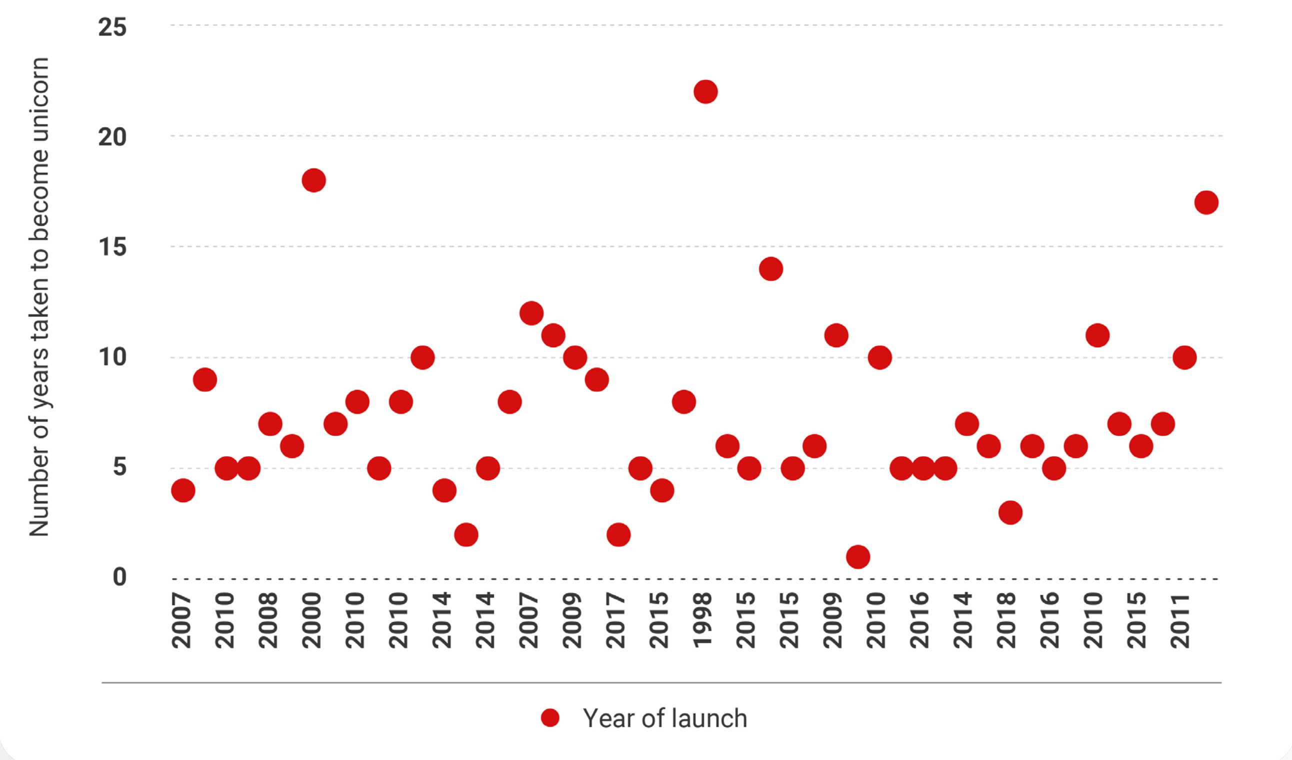
Source: *YourStory Research*

YOURSTORY

It has also been noticed that the time taken to turn into a unicorn has decreased. From taking more than 15 years to land to $1 billion valuation, the startups today are now even attaining the unicorn status in 3 to 5 years.

Startup age to become a unicorn has reached an average of 7 years

Age of unicorn vs Founded in

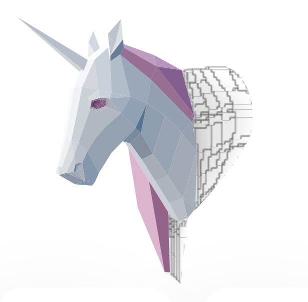


Source: YourStory Research

YOURSTORY

MEET THE 15 UNICORNS OF H1 2021

Unicorns 2021



Digit Insurance

Digit Insurance, an insurtech startup, on January 15, raised approximately $102.5 million in two tranches of $84 million and $18.5 million respectively valuing the company at $1.9 billion. A91 Partners, Faering Capital, and TVS Capital Funds participated in this round of funding.

Founded by Kamesh Goyal in 2016, Digit Insurance is based in Bengaluru. It is the first insurtech startup to achieve unicorn status in India. The platform leverages technology to simplify the process of buying general insurance with services like smartphone-enabled self-inspection and audio claims.

Digit Insurance has so far raised a total of $244.5 million. It claims to be a profitable venture, having seen profits in all three-quarters of FY21. Also, it grew 31.9 percent between April and December of 2020, earning a premium of $186 million. It claims to have a customer base of 1.5 crores.

Innovaccer

Innovaccer, a healthcare startup, on February 24, raised $105 million (as per estimates), at a valuation of $1.3 billion. The funding round was led by Tiger Global Management in participation with OMERS Growth Equity and existing investors Steadview Capital, Dragoneer, B Capital Group, Mubadala Capital, and M12 (Microsoft's Venture Fund).

Founded by Sandeep Gupta, Abhinav Shashank, and Kanav Hasija in 2014, Innovaccer is based in San Francisco with India headquarters at Noida, Delhi-NCR. Innovaccer leverages artificial intelligence and analytics to automate routine workflows and reduce manual overhead to facilitate more patient-centred care.

Innovaccer has so far raised a total of $229.1 million in funding. The solutions of Innovaccer have been deployed across more than 1,000 locations in the US, enabling more than 37,000 providers to transform care delivery and work collaboratively with payers, employers, and life sciences companies. Innovaccer was selected as YourStory 2015 Tech 30 company.

Five Star Business Finance

Five Star Business Finance, a fintech lender to small businesses, on March 25, raised $234 million in funding at a valuation of $1.4 billion. The funding round was led by existing investors Sequoia Capital India, in participation with Norwest Venture Partners. New investors KKR and TVS Capital also participated.

The investment is said to be made through a combination of primary infusion in the company and secondary shares sold by existing investor Morgan Stanley Private Equity. The company's other existing — Matrix Partners and TPG Capital — continue to stay invested.

Founded by V K Ranganathan in 1984, Five Star Business Finance is an NBFC based in Kilpauk, Chennai. It has its presence in 262 branches spread across eight states of India in the southern and central parts of the country. As of December 31, 2020, the company's AUM stood at Rs 4,030 crore, and its GNPA stood at 1.29 percent.

Meesho

Meesho, a social commerce platform, on April 5, raised $300 million at a valuation of $2.1 billion. The funding round was led by SoftBank Vision Fund 2 in participation with existing investors Prosus Ventures, Facebook, Shunwei Capital, Venture Highway, and Knollwood Investment.

Founded by IIT-Delhi alumni Vidit Aatrey and Sanjeev Barnwal in 2015, Meesho is based in Bengaluru. Meesho, which literally means 'Meri Shop' (my shop), provides potential entrepreneurs with a virtual shop, who otherwise would find it difficult to start a business. The small businesses Meesho targets include individual businesses owned and run by women entrepreneurs and homepreneurs.

Meesho has so far raised total funding of $515.2 million. Meesho has enabled over 20 million customers and over 10 million entrepreneurs across India to sell on WhatsApp, Facebook, and Instagram by providing them products, logistics, and payment tools.

Infra.Market

Infra.Market, a B2B ecommerce company, on February 25, raised $100 million at a valuation of $1 billion. The Series C funding round was led by Tiger Global in participation with existing investors Nexus Venture Partners, Accel Partners, Sistema Asia Fund, Evolvence India Fund, and Fundamental Capital GmbH.

Founded by Souvik Sengupta and Aaditya Sharda in 2016, Infra.Market is based in Mumbai. It is a procurement marketplace that leverages technology to provide an enhanced procurement experience for all players in the construction ecosystem.

Infra.Market has so far raised $174.9 million in funding. The company is targeting the $140 billion construction materials market with a strong focus on the infrastructure sector. It supplies across 10 states in India and exports to markets such as Dubai, Singapore, Bangladesh etc.

CRED

CRED, a fintech startup, on April 6, raised $215 million at a valuation of $2.2 billion. The Series D funding round was led by Falcon Edge Capital in participation with Coatue Management and Insight Partners.

Founded by Kunal Shah in 2018, CRED is based in Bengaluru. CRED lets credit card holders pay bills through an app, and gives them benefits via Cred coins and gems. These virtual coins can be redeemed across coffee shops, movie theatres, ecommerce sites, etc.

CRED has so far raised total funding of $471.2 million. FY2020 had Cred reporting revenues at Rs 52 lakh, the majority of it driven by interest revenue from fixed deposits than from operating revenues.

PharmEasy

PharmEasy, a digital healthcare platform, on April 6, raised $350 million at a valuation of $1.5 billion. The Series E funding round was led by Prosus Ventures and TPG growth.

Founded by Dharmil Sheth, Dhaval Shah, Mikhil Innani in 2015, PharmEasy is based in Mumbai. PharmEasy digitises the entire healthcare supply chain to provide easy access for pharmacies to procure the products. It also provides SaaS solutions for pharmacies to use in procurement combined with delivery and logistics support and credit solutions.

PharmEasy has so far raised $1.2 billion in funding. It connects over 60,000 brick and mortar pharmacies and 4,000 doctors in 16,000 zip codes across India. It helps pharmacies to buy over 200,000 medicines from over 3,000 pharmaceutical manufacturers.

Groww

Groww, a fintech online trading platform, on April 7, raised $83 million. The Series D funding round was led by Tiger Global in participation with Sequoia India, YC Continuity, Ribbit Capital, and Propel Venture Partners.

Founded by four former Flipkart executives — Lalit Keshre, Harsh Jain, Neeraj Singh, and Ishan Bansal in 2017, Groww is based in Bengaluru. It focuses on simplicity and transparency, and has been designed as an adviser or 'buddy.' Its platform is powered by intelligent UI and UX. The startup offers paperless investing options, letting customers buy and sell mutual funds online.

Groww has so far raised $142.3 million. It has over 1.5 crore users and over 20 lakh new demat accounts have been opened on its platform since June 2020.

GupShup

GupShup, a conversational messaging tech startup, on April 8, raised $100 million at a valuation of $1.4 billion. The funding round was led by Tiger Global.

Founded by IIT-Bombay alumni Beerud Sheth in 2004, GupShup is based in SanFrancisco, California with India headquarters at Bengaluru. Gupshup's mission is to build the tools that help businesses better engage customers through mobile messaging and conversational experiences.

GupShup has so far raised $144.1 million. Its API enables over 100,000 developers and businesses to build messaging and conversational experiences, delivering over six billion messages per month across 30-plus messaging channels.

ShareChat

ShareChat — a vernacular social media platform run by parent company Mohalla Tech, which also houses short video app Moj — raised $502 billion at a valuation of $2.1 billion. The funding round was led by Lightspeed Ventures and Tiger Global in participation with Snap Inc, Twitter, and India Quotient.

Founded by Ankush Sachdeva, Bhanu Pratap Singh, and Farid Ahsan in 2015, ShareChat is based in Bengaluru. ShareChat allows users to share their opinions, record their lives and make new friends - all within the comfort of their native language.

ShareChat has so far raised $824.8 million in funding. It is currently focusing on growing its user base and building a world-class organisation. It is also looking to strengthen its creator community, AI-powered recommendation engine, and platform health.

Chargebee

Chargebee, an enterprise tech SaaS startup, on April 20, raised $125 million at a valuation of $1.4 billion. The Series G funding round was co-led by new investor Sapphire Ventures, and existing investors Tiger Global and Insight Venture Partners, in participation with existing investor Steadview Capital.

Founded by four friends — Rajaraman Santhanam, Thiyagarajan Thiyagu, Saravanan KP(CTO), Krish Subramaniam (CEO) in 2011, Chargebee is based in San Francisco, California with India headquarters at Chennai. Chargebee's product automates complex billing and revenue operation challenges that arise as subscription businesses scale into large enterprises and also provides key reports, metrics, and insights into the subscription business.

Chargebee has so far raised $218.2 million in funding. The company recently brought out enterprise-class capabilities like usage-based billing and a dedicated data centre for Europe.

Urban Company

Urban Company, the home services marketplace startup, on April 27, raised $255 million at an estimated valuation of $2.1 billion. The funding round was led by Prosus in participation with new investors – DF International and Wellington Management in participation with Vy Capital, Tiger Global, and Steadview.

Formerly known as UrbanClap, Urban Company was launched by Abhiraj Singh Bhal, Varun Khaitan, and Raghav Chandra in 2014. Urban Company is an all-in-one platform that helps users hire premium service professionals, from beauticians and masseurs to sofa cleaners, carpenters and technicians.

Urban Company has so far raised $445.9 million in funding. It now has more than 35,000 service partners across 35 cities in India, the UAE, Singapore, Australia and the Kingdom of Saudi Arabia.

Moglix

Moglix, a B2B industrial goods ecommerce marketplace, on May 16, raised $120 million. The Series E funding round was led by Falcon Edge Capital and Harvard Management Company (HMC) in participation with existing investors Tiger Global, Sequoia Capital India and Venture Highway. With this round, Moglix becomes the first industrial B2B commerce platform in the manufacturing space to become a unicorn.

Founded by IIT Kanpur and ISB alumnus Rahul Garg in 2015, Moglix is based in Noida, Delhi-NCR. Moglix aims to digitally transform the supply chain of the manufacturing sector in India.

Moglix has so far raised $222.2 million in funding. It provides solutions to more than 500,000 SMEs and 3,000 manufacturing plants across India, Singapore, the UK and the UAE.

Zeta

Zeta, a fintech startup, on May 24, raised $250 million at a valuation of $1.45 billion. The Series C funding round was led by Softbank Vision Fund 2 in participation with Sodexo, a France-headquartered food service company. Avendus Capital was the financial advisor for the deal.

Founded by Bhavin Turakhia and Ramki Gaddipati in 2015, Zeta is based in San Francisco, California with its India headquarters at Bengaluru. Zeta is a modern banking tech company providing modern core and processing for financial institutions and embeddable banking for fintechs and distributors.

Zeta has so far raised $310 million in funding. It works with over 25 fintech firms and 10 banks, including HDFC Bank, Kotak Mahindra Bank, IndusInd Bank, Yes Bank, RBL Bank, and Axis Bank.

BrowserStack

BrowserStack, an enterprise tech SaaS startup, on June 16, $200 million at a valuation of $4 billion. The Series B funding round was led by BOND, in participation with Insight Partners and existing investor Accel.

Founded by Nakul Aggarwal, and Ritesh Arora in 2011, BrowserStack is based in Dublin, Ireland with India headquarters at Mumbai. BrowserStack is a platform to test web and cellphone applications across on-demand browsers, operating systems and real mobile devices. It does not require users to install or maintain an internal lab of virtual machines.

BrowserStack has so far raised $250 million in funding. It counts over 50,000 customers and more than 4 million developer signups. It caters to giant corporations such as Microsoft, Twitter, Barclays, Expedia, and several others, powering over two million tests across its 15 global data centres every day.

The way forward

India was expected to reach a 100 unicorn count by 2025. With 15 unicorns added to the club in H1 2021, this number is expected to be achieved more aggressively now. The 48 active unicorns in India are currently together valued at $146.5 billion and have raised total funding of $35.43 billion so far.

YourStory Research has identified 35 startups that are positioned to become the next unicorns.

Soonicorns *in India*

practo $904 Mn	ERUDITUS Executive Education $850 Mn	cure.fit $775 Mn	BLACKBUCK $950 Mn	Vedantu $600 Mn
NAVI $558 Mn	MPL SPORTS $945 Mn	BharatPe $885 Mn	REBEL FOODS $799 Mn	grofers $584 Mn
MX PLAYER $500 Mn	Ecom Express $500 Mn	BOUNCE $520 Mn		

Did you know?

- Of the 48 active unicorns, 20 have their headquarters in Bengaluru
- Fintech and enterprise tech has the maximum (10) unicorns followed by ecommerce (5)
- Interestingly, 10 unicorns are from niche sectors like cleantech, consumer services, proptech, gaming, and others

In-depth **Analysis**

07

THE FUTURE OF EDTECH IN INDIA

Edtech's sensational rise in the pandemic is well-documented by now. In 2020, edtech startups raised a record funding of $2.2 billion, with the sector becoming the most funded by deal value for the first time.

The momentum has continued in the first half of 2021 (H1 2021) too.

Between January and June, India saw 65 funding deals in the edtech sector amounting to $1.4 billion in value. A majority of these have been equity deals in the B2C space, dominated by market leader BYJU'S, which closed four rounds in three months to become India's most valuable startup ($16.5 billion).

There have been 50+ early-stage deals (Pre-Series A and Series A rounds), seven growth-stage deals (Series B and C rounds), and only a handful of late-stage deals (Series D and beyond), involving BYJU'S, Unacademy, and LEAD School.

In February, Unacademy raised an undisclosed round from Sachin Tendulkar, who's also its brand ambassador. The cricket maestro would be holding masterclasses and creating sports learning content on the platform.

The edtech market moved towards definite consolidation, with unicorns — BYJU'S and Unacademy — continuing with their 'land grab' strategy.

An early-stage investor who oversees edtech deals told YourStory Research, *"Since the market share of each sub-segment [in edtech] is not very large right now, every player is trying to enter every segment to consolidate. Like it happens in other sectors, there will be space for all categories of players — large consolidated ones, niche ones, regional ones, and full-service ones."*

Top edtech trends in H1 2021

BYJU'S fundraising spree and imminent global expansion

BYJU'S surpassed Paytm to become the most valuable startup in India, notching up a valuation of $16.5 billion. The Bengaluru-based startup's valuation has more than doubled from $8 billion in January 2020.

After raising a mammoth $1 billion in equity funding in 2020, BYJU'S went on to close four more rounds of funding in H1 2021. These include:

- $460 million in a Series F round led by MC Global Edtech Investment Holdings, B Capital, Baron Global Advantage Fund, XN Exponent Holding, Arison Holdings, TCDS (India), and TIGA (India).
- $150 million in an unspecified round led by UBS Group AG
- $340 million in the ongoing Series F round from UBS Group, Blackstone, Zoom's Eric Yuan, Abu Dhabi state fund ADQ, and Phoenix Rising - Beacon Holdings
- $50 million led by India Infoline Finance (IIFL) and Maitri Edtech

These investments come at a time when BYJU'S is looking to expand in six international markets with the launch of the BYJU'S Future School platform in April. The one-on-one learning platform will operate as a sub-brand and expand to the US, the UK, Brazil, Mexico, Australia, and Indonesia.

Sector consolidation led by market leaders

The sector is inching towards consolidation, with market leaders BYJU'S and Unacademy spending millions to acquire cross-segment online and offline players — either to grow its customer base or to enter new categories.

At the start of H1 2021, BYJU'S made an acquisition offer to pan-India coaching centre chain Aakash Educational Services (AESL) for a mammoth $1 billion. The transaction closed in April, and is the largest edtech M&A in the world.

Blackstone Group-backed AESL has been operational for 33 years, and runs 215 coaching centres across India. It offers test prep services to students aspiring for medical and engineering entrance exams, school/board exams, KVPY, NTSE, Olympiads, and other Foundation level exams. BYJU'S will make continued investments in AESL, which will operate as an independent brand.

In February, BYJU'S made a buyout offer to K-12 learning startup Toppr in a deal likely to be valued at $150 million. It is also reportedly in advanced talks to acquire test prep provider GradeUp and upskilling platform Great Learning. (This follows the decacorn's acquisition of coding startup WhiteHat Jr in August 2020 and virtual simulations platform LabInApp in September.)

Not too far behind on the M&A front is Unacademy, which acquired a majority stake in TapChief in February, and is also said to be in talks with Adda 24X7 — a test prep platform for cracking government, railways, and public sector jobs.

Following in the footsteps of the unicorns, Vedantu completed the acquisition of doubt-solving platform Instasolv to expand its presence in small towns.

Higher education startup upGrad too upped its M&A game, making its third acquisition in seven months. In May, it acquired Impartus, a video-enabled learning solutions provider. (This follows upGrad's buyouts of The GATE Academy in November, and Rekrut India in December last year.)

B2B edtech startups in focus

SaaS-based edtech platforms that enable teachers, tutors, coaches, trainers, and educators to go digital have seen continued growth since 2020.

Classplus, one of the first-movers in the B2B education space, raised a Series C round of $65 million led by Tiger Global, GSV Ventures, Alpha Wave Incubation, Blume Ventures, and RTP Global. This is its fourth round of funding in the last 15 months. Sequoia Capital's Surge and Times Internet are early backers of Classplus, which is building the 'Shopify for education'.

It saw its user base grow 10X and topline surge 400 percent in a year as it digitised over 1 lakh private tutors, serving 12 million students across India.

Similar to Classplus is Winuall, which offers a SaaS-based plug-and-play solution that lets teachers go digital. The startup has digitised over 3,000 coaching centres and private tutors so far. In June, Winuall launched an online marketplace for tutors that went live with 15,000+ courses. (It had raised $2 million from Prime Venture Partners, Beenext, and LivSpace late last year).

In another major late-stage deal, LEAD School raised $30 million in a Series D round led by GSV Ventures and WestBridge Capital in April. This is GSV's first investment in India's edtech space. (LEAD School had raised $28 million in a Series C round less than a year ago. It also acquired gamified student assessment platform QuizNext in December 2020.)

LEAD School has witnessed 3X growth, catering to over 2,000 schools with 800,000 students since the onset of the pandemic. It plans to use the fresh funds in onboarding 25,000 schools in the next five years.

B2B2C startup Questt raised $1.3 million in a Pre-Series A round led by Chiratae Ventures AET Fund, and marquee angels like Snapdeal founders Kunal Bahl and Rohit Bansal, among others. Questt is building an education data stack to empower teachers with deep insights that will enable them to create effective and personalised learning paths for their students.

Soonicorns waiting to become unicorns

Edtech's unicorn count is lower than some sectors like SaaS, fintech, and ecommerce. So far, there is BYJU'S ($16.5 billion) and Unacademy ($2 billion).

However, soonicorns such as upGrad, Eruditus, and Vedantu, are expected to surpass the billion-dollar-valuation figure in H2 2021 or H1 2022.

upGrad was valued at $850 million after its last fundraise of $40 million led by World Bank's IFC in April. Just a week prior to that, upGrad had also raised $120 million from Temasek. *"We are not a unicorn yet. But we are not too far behind," upGrad Founder Ronnie Screwvala said at the time.*

Similarly, Eruditus, which is currently valued at $800-850 million, is said to have held preliminary talks with the likes of SoftBank, Tiger Global, and DST Global to raise a round at a 3X valuation of $2.5 billion.

Vedantu, which was valued at around $600 million in its last fundraise in July 2020, is reportedly seeking a $1 billion valuation in its next funding round.

THE EVOLUTION OF INDIA'S HEALTHCARE SECTOR

The COVID-19 pandemic has changed the way the healthcare sector operated in India. While digitisation was underway in healthcare, the pandemic has accelerated growth.

The centre too has taken several steps to boost the healthtech startup ecosystem to build solutions to combat the pandemic. As we experience one of the biggest global health crises, both the private and public sectors have come together to beat COVID-19.

According to a KPMG report, amid pandemic, the Indian private healthcare sector has contributed significantly and accounts for about 60 percent of inpatient care.

Also, an IAMAI-Praxis report titled 'HealthTech Predictions 2021' revealed that the Indian healthtech market is growing at a 39 percent CAGR to reach $5 billion by 2023. It also revealed that government initiatives such as the announcement of Telemedicine Practice Guidelines, National Digital Health Mission (NDHM), and eAccess to healthcare are crucial for the sector

With the healthtech sector gaining stability amid the pandemic, it has also attracted funding and acquisition deals over the last year.

Most recently in June, Tata Digital, the wholly-owned subsidiary of Tata Sons acquired a majority stake in online pharmacy and healthcare startup 1MG Technologies for an undisclosed value. According to healthtech sector stakeholders, the segment might see consolidation going forward.

As the sector continues to grow and develop, these are few key trends we might see post-pandemic in India.

Digital embrace and hybrid model

The COVID-19 pandemic helped doctors and patients realise the importance of virtual consultations and telemedicine services. Amid the fear of contracting the virus, people had to immediately shift to the online platform for checkups and follow-ups.

Not only consultation but even diagnosis has moved online where patients are booking tests and getting them done from their home. The entire consultation and diagnosis process however cannot move 100 percent online.

Thus, going forward, healthtech might operate on a hybrid model where both online and offline services will be necessary for getting access to quality healthcare. While online consultation, telemedicine services can ensure greater penetration across the country ensuring access to healthcare, offline partners can reach them for supporting them in the process.

For example, doctors can remotely monitor patients using wearable devices and send help immediately when there is an emergency.

Remote care monitoring and home care

According to reports, the doctor-patient ratio in India is 1:1456, compared to WHO recommendation of 1:1000. Amid the pandemic, India has realised that apart from infrastructure development, there is also a need for more healthcare workers to meet the needs of the entire population.

One solution to this issue could be remote care monitoring services. Post consultation and diagnosis, doctors can monitor the health of the patients regularly using smart devices. Startups such as MedRabbits, MyHealthcare, BeatO are working in this space. In case of any abrupt changes in the vitals of the patients, doctors can immediately check up on them online and send help in case of emergency situations.

With an increase in demand for remote monitoring services, home care is also expected to play a big role in healthtech. According to experts, in the future, post-operative care in some cases might be done from home via remote monitoring services.

Increased use of AI, ML, IoT

Technologies such as AI/ML are already being used in healthcare, especially in the diagnosis segment.

Startups such as NIRAMAI, 5C Network, Predible, have been using deep technologies to ensure prescreening and diagnosis of health conditions amid the COVID-19 pandemic.

The pandemic has also helped people realise the importance of maintaining one's health and staying fit. While earlier, there was a practice of visiting doctors when one falls sick, now the consumer behaviour has changed to monitoring health and predicting diseases which can affect them.

Due to this, people are now not only practising a healthier lifestyle but are also monitoring their health such as vitals, diabetes level, pressure level etc using various smart health devices.

According to a recent report by Data Bridge, the global smart devices market is growing at a CAGR of 20.1 percent to reach $126,409.49 Million by 2028 from $30,084.95 Million in 2020.

Amid the pandemic, several doctors are monitoring COVID-19 patients with low symptoms from their homes. Using IoT devices and mobile applications, doctors are able to receive real-time updates about patients without being near them.

Electronic medical records

It is no news that people with existing health conditions such as diabetes, obesity, hypertension among others are at a higher risk if they contract COVID-19. People with existing conditions might also need hospitalisation and may experience severe symptoms.

At such moments, doctors in care need to immediately have access to proper health records about the patient in order to take treatment-related decisions. This has now opened up the dialogue on the need for electronic medical records which can be accessed by doctors at any given point in time.

Apart from helping in making quicker treatment decisions, the stored data will also help in analysing and researching health and disease trends across the country and help people, healthcare institutions, and the government take precautions accordingly.

Personalised care and from the comfort of the home

Healthcare needs for different people may be different depending upon their genomic structure, previous health conditions, the reaction of medications, etc. Due to this, it is very important to personalise healthcare to meet the needs of the patient.

Post-pandemic, healthcare might become more personalised and patient-centric in nature where each person will receive treatment according to their needs. While some amount of general care will continue to exist, treatment decisions might be taken depending on the patient's personal healthcare needs.

STATE OF FUNDING FOR WOMEN-LED STARTUPS

The first half of 2021 has been significantly good for women-led startups, raising $475.56 million across 85 deals. In H1 2020, women-led startups raised $260.9 million across 68 deals.

In comparison, in the whole of 2020, 130 women-led startups raised $559.67 million. While early-stage deals for startups led by women founders showed an increase, it still accounted for only 6.28 percent of the total $8.908 billion that Indian startups raised in 2020.

In the first half of 2021, women-led startups accounted for 4.68 percent of the $10.15 billion that overall startups raised. While the number of women in tech has increased to close to 11x from 2018, we still have a long way to go.

- While the number of the deals have increased, and are showing a significant increase, they still contribute a small percentage towards the overall quantum of funding made.
- A significant chunk of the late-stage deals was grabbed by a male and female founding team. Solo women founders are yet to raise later stage rounds.
- Also, the quantum of investments made in only-female run startups was lesser than the ones that had a male founder as well.
- Sectorally, while the number of deals made in the edtech segment was higher, the healthcare sector raised a higher quantum of deals.

What do the deals show?

In terms of deal stages, early-stage startups accounted for 70 of the 85 deals in the first half of 2021. The four growth stage deals were by — Practically that raised a bridge round of $4 million, Biocon Biologics, which raised $75.6 million, Doubtnut that raised $30.67 million in Series B funding, and Oziva that raised $12 million in Series B funding. The remaining seven were late-stage deals.

Interestingly, the growth and late-stage deals were picked by startups that had a mix of male and women founders. Solo woman founder(s) are yet to raise late-stage funding in 2021.

Solo woman founder-led startups accounted for more early-stage deals. This means that there are more chances of these being converted to late-stage deals. However, the shift from early to late-stage deals does not seem to happen that often.

This also is because the number of startups that had a founding team of a mix of male and female was 68, whereas, solo woman founder(s)-led startups were only 17.

This has been attributed to

- Lack of access women entrepreneurs get to investors early in their entrepreneurial journey.
- Fewer women are starting new companies.

Among sectors, healthcare and healthtech led the pack in volume, raising $159 million across 12 deals. However, the number of deals in the edtech sector were higher — 16 deals — but the quantum of these deals was only at $77.53 million.

After healthtech, the ecommerce sector raised $127.8 million across 10 deals.

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Indian startup ecosystem to see record investments

Projections, on the basis of historical calculations and taking the current scenario in wake of COVID-19 into account, suggests that funding in 2021 can surpass the previous year by 23 percent, taking the total anywhere between $12 billion to $17 billion by the end of 2021.

Consumer convenience sectors riding on hyper demand in new normal

Consumer, DTC, and logistics companies have clearly seen a bumper half-year with demand coming from even lower-tier cities, while sectors such as travel, hospitality, ridesharing, and food and beverages have languished because of lockdowns and a dip in patrons. That could change in the coming months as more people get inoculated and start 'revenge' travelling. With flights out of India not expecting to commence at pre-COVID-19 capacities, staycations at hotels offering packaged experiences could pick up.

Consolidation will be a game-changer

Between 2015-H1 2021, the Indian startup ecosystem saw more than 950 consolidation deals. The top deal breakers here are Ebix (16), Quikr (12), Paytm (11), Flipkart (9), Reliance and Unacademy (8); Curefit, Myntra, Zomato (7) among others. Unlike earlier years, when only a band of few companies were seen taking lead in the M&A charts, H1 2021 saw a lot more participation.

Of the total 90 deals so far, 76 companies made only one acquisition deal in H1 2021 and of these 54 startups made their first (disclosed) acquisition deal in H1 2021. Also, in 2018-2019, where Reliance was moving at a fast pace, pawning startups, H1 2021 has seen Tata Digital on an aggressive pace. Tata Digital has so far raked in major stakes in companies such as 1 mg, Bigbasket, Cure.Fit in line with the building of its Super App, which is rumoured to give a tough competition to Reliance's digital plans.

Blockchain to redefine fintech

Organisations are adopting blockchain and Decentralised Finance at a rapid pace. With the Indian government again opening up to discussions regarding Crypto regulations in the country and startups building a combination of innovative retail and fintech solutions, crypto is expected to be the new fad in the coming years.

Diversified investment portfolio approach

Post pandemic, we have seen a rise in the early stage as well as late-stage funding. Indian investors are also trying to spread the large cheque sizes among a larger number of companies trying to identify exit opportunities at all stages possible. This trend will likely continue.

More exit opportunities for early and growth-stage investors

While Nazara has already debuted on Indian stock exchanges in H1 2021, Zomato IPO is ready to be listed as the bids opened on July 14. Other Indian companies which are considering their IPO plans soon include Paytm, Delhivery, Nykaa, and Policybazaar. Further, with approx $6.72 billion funding in the late stage, we have seen 15 new unicorns. This indicates that going forward, both early and growth-stage investors will likely have more opportunities for exit in considerably less period of time.

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