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Quarterly Tech Start-up Factbook

Q2-2021 Start-up Trend Analysis

PGA
PULSE

August 2021

Summary: Q2 2021 (Apr – Jun 2021)

Q2 2021 has been impeccable for the start-up growth story. From being the most funded quarter, it has also added the most number of unicorns. Standing tall during the pandemic second wave headwinds, Indian start-up ecosystem has shown a strong resilience in this quarter.



Funding

US\$ 6.5B

Up by 71% Q-o-Q



Deal Volume

160

Up by 2% Q-o-Q



Unicorns

11

Total Unicorns(till June 21): 53



Top Funded Sector

FinTech

27% of the Total Deal Value



Most Funded Stage

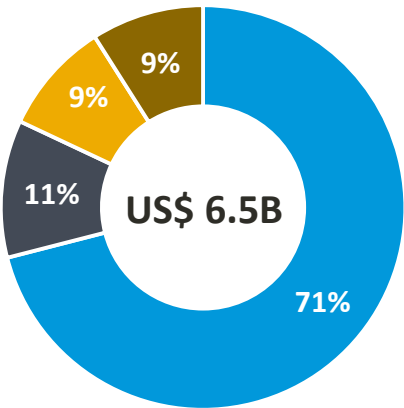
Growth

61% of Total Deal Value

>50% of funding was concentrated on 3 sectors- FinTech, FoodTech and Enterprise Tech

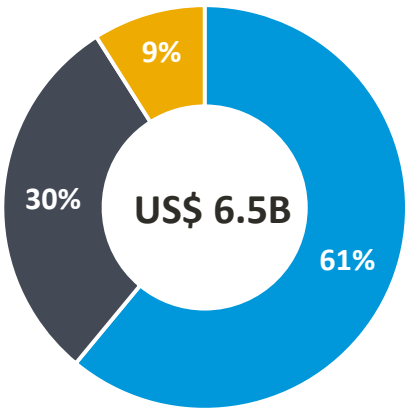
Split of deal value
(\$, Apr 21 – Jun 21)

Funding by Deal Size



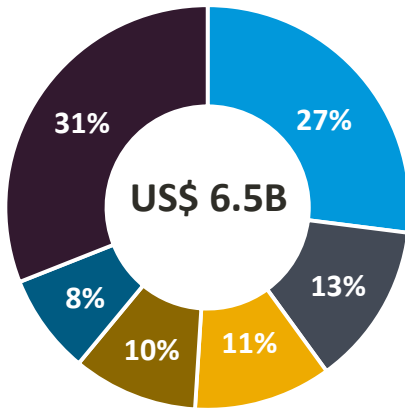
> US\$ 100M US\$ 50-100M US\$ 25-50M < US\$ 25M

Funding by Stage



Growth Late Early

Funding by Sector



FinTech FoodTech
Enterprise Tech EdTech
Media & Entertainment Others



>71% jump in Q2 2021 deal value compared to Q1 2021



Increased focus towards growth stage, accounting for more than 60% of deal value



Rise by 80% in large deals (>US\$ 100M) over previous quarter

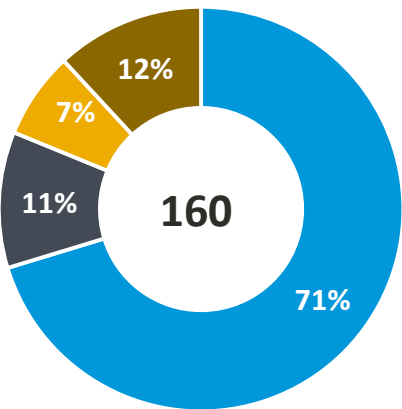


Large ticket deals helped FinTech and FoodTech to account for 40% of deal value

71% of deal volumes account for <US\$ 25M; 28% deals in Enterprise Tech

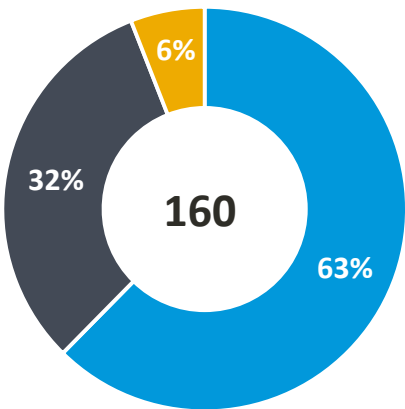
Split of deal volume
(#, Apr 21 – Jun 21)

Deal Volumes by Size



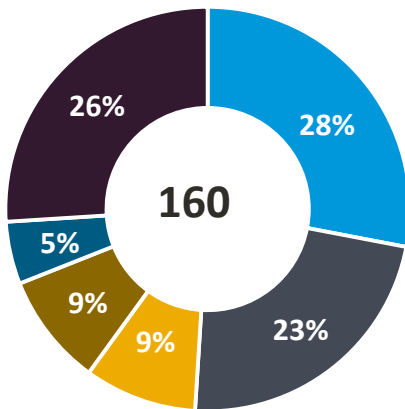
< US\$ 25M US\$ 25-50M US\$ 50-100M > US\$ 100M

Deal Volumes by Stage



Early Growth Late

Deal Volumes by Sector



Enterprise Tech FinTech EdTech
HealthTech SCM & Logistics Other



Lower ticket size deals dominate; 70% rise in large ticket size (>US\$ 100M) deals compared to previous quarter



>1/4th of deals focused on Enterprise Tech



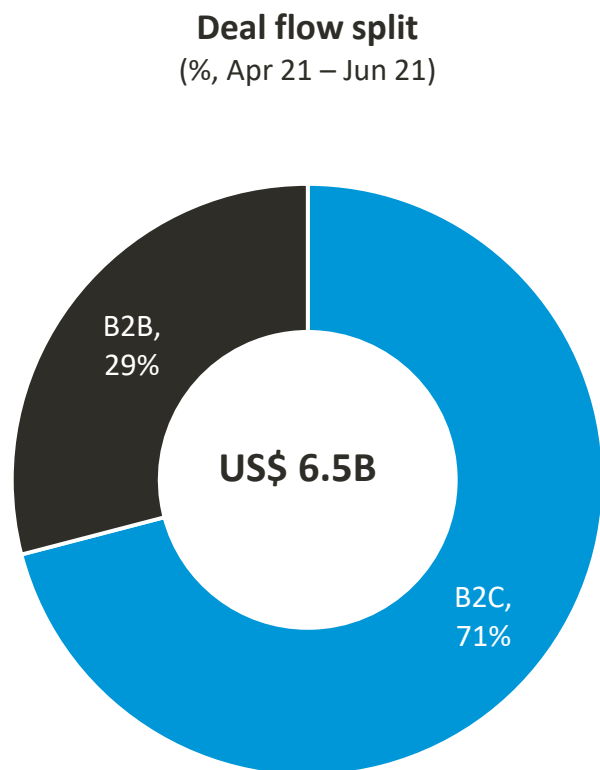
60% deals in 3 specific verticals - Enterprise Tech, FinTech and Ed Tech



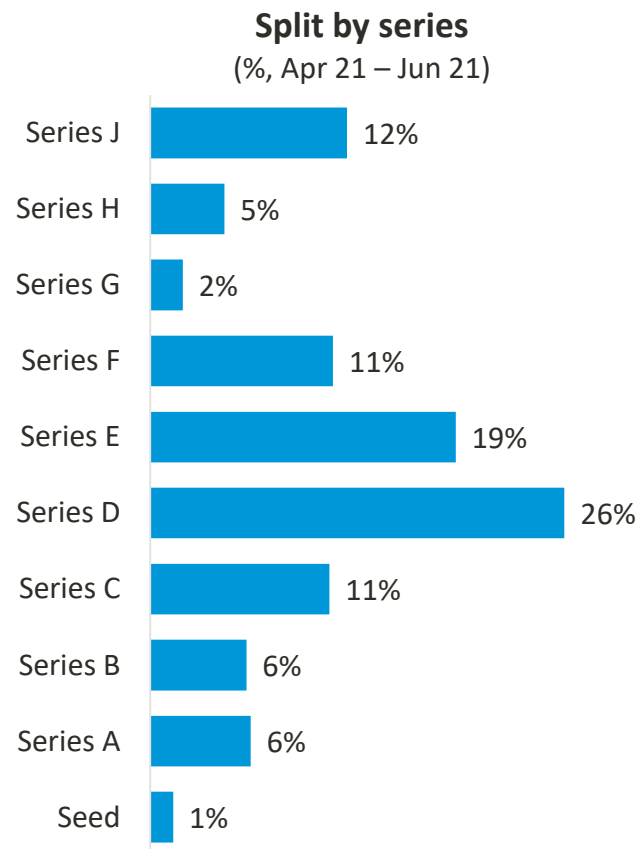
63% bets on early-stage innovative start-ups- though deal size remains small

Growth stage funding for B2C tech start-ups drives deal flows

B2C start-ups led the race in deal value



Series D and E together account for 45% of deal value



B2B start-ups raised over US\$ 1.9B across 85 deals, with an average deal size of ~US\$ 22M



Top 3 B2B funded start-ups are Zeta, Razorpay and Axtria



B2C start-ups raised over US\$ 4.2B across 75 deals, with an average deal size of ~US\$ 56M



Top 3 B2C funded start-ups are Swiggy, ShareChat and BYJU's



61% of the funding (51 deals) went to growth stage start-ups



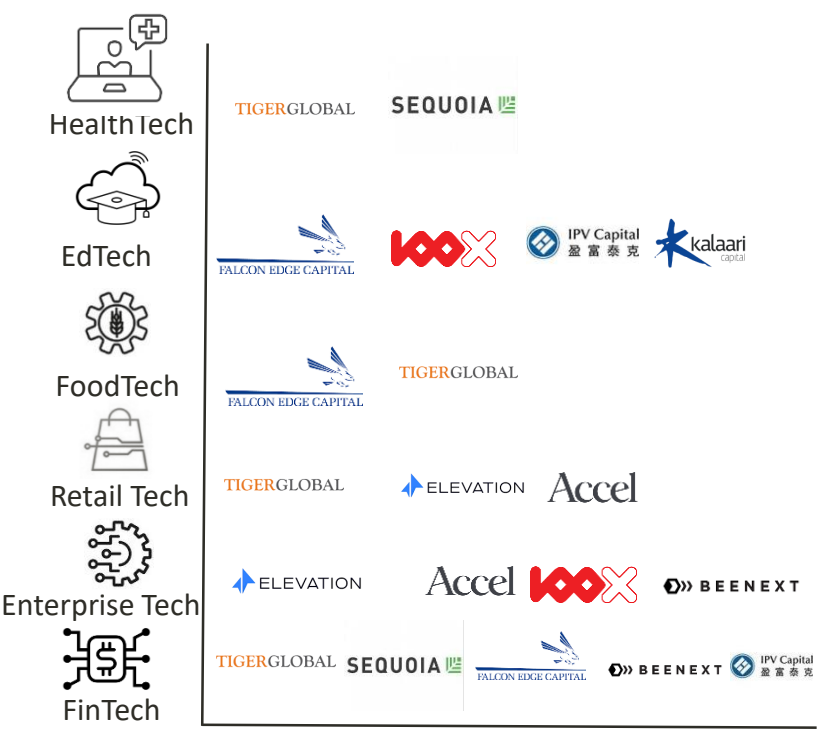
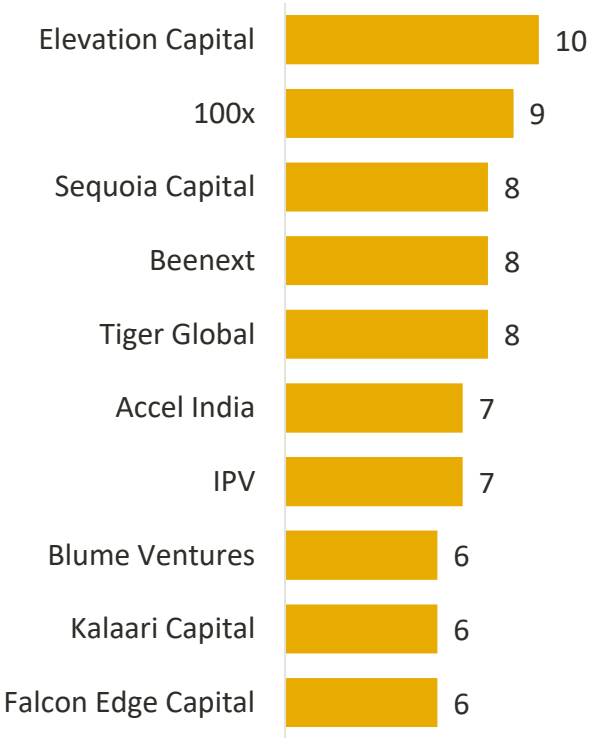
100 start-ups received funding in the early stage, accounting for 9% of total funding raised

Diversified investor interest across sectors

Illustrative

Most prominent investor in terms of deal volume

Top Investors, Split of deal flow
(#, Apr 21 – Jun 21)



Elevation Capital and Tiger Global have invested in 3 sectors- FinTech, Enterprise Tech and Retail Tech

FinTech accounted for 12% of deal volume among top investors

Enterprise Tech accounted for 13% of deal volume among top investors

Retail Tech accounted for 20% of deal volume among top investors

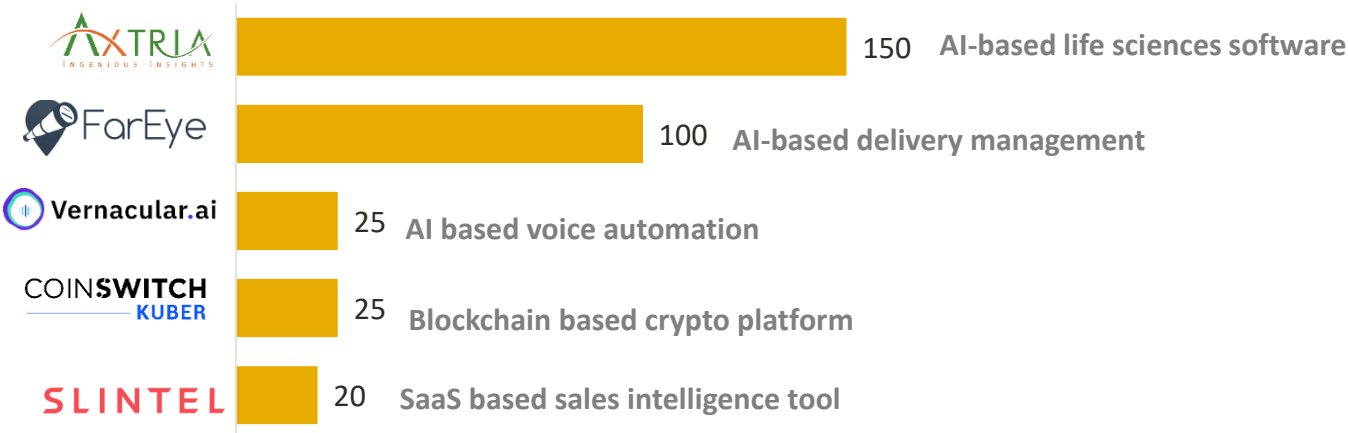
Prominent investors Elevation Capital, Sequoia Capital and Tiger Global have done 8+ deals

5 among top 10 investors funded start-ups in the FinTech space

Growing investor interest towards DeepTech start-ups

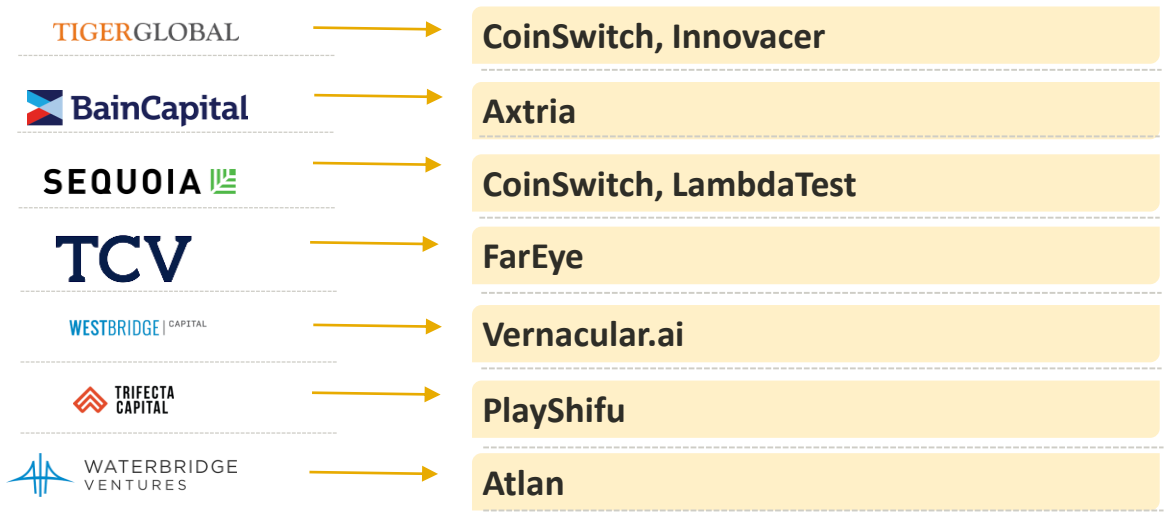
Top DeepTech start-ups by funding
(US\$ M, Apr 21 – Jun 21)

Illustrative



Top DeepTech Investors

Illustrative



19% of deal volume catering to start-ups leveraging DeepTech solutions, representing ~7% of Q2 2021 funding in value



DeepTech start-ups raised ~US\$ 450M across 29 deals



Sequoia Capital and WestBridge are the top 2 investor investing in AI/ML technologies



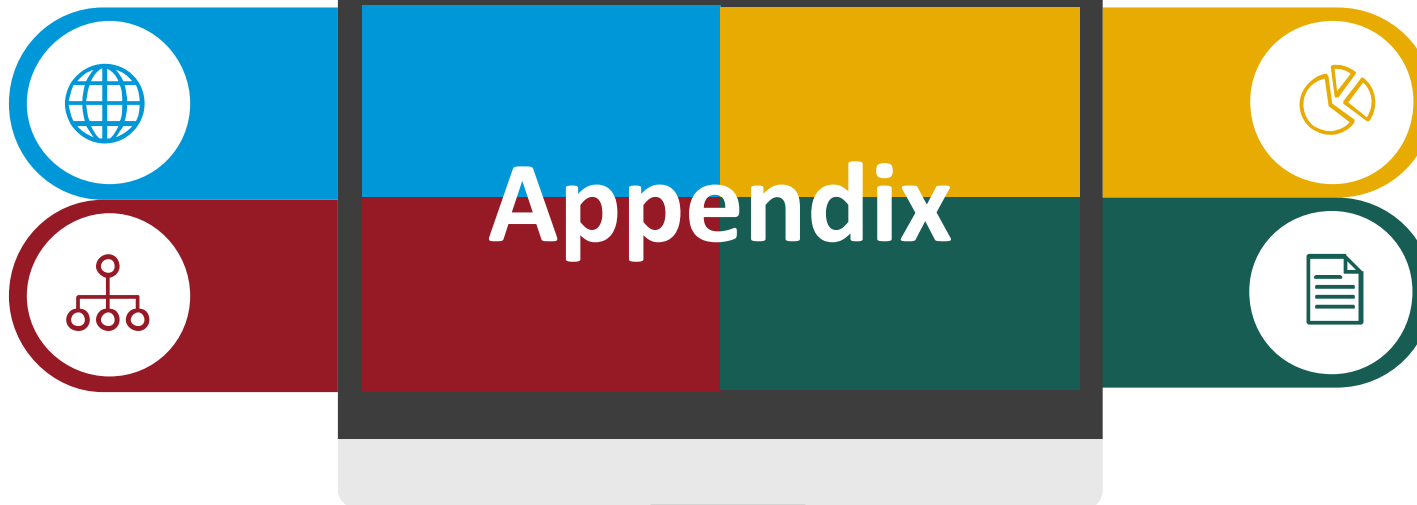
22 deals across early stage in DeepTech start-ups

Note(s): DeepTech includes AI/ML, AR/VR, IoT, Blockchain, Robotics, 3D Printing, Big Data & Analytics
Source(s): Secondary research, PGA Labs deal database, PGA Labs analysis

Exponential rise in unicorn base in the Indian tech start-up ecosystem in Q2 2021



Appendix



Top deals



Sector wise top deals



Tech start-ups filing DRHPs with SEBI



Stakeholder Initiatives













Methodology



Definitions: Stages / Sectors

Top deals of Q2 2021

#	Company	Founded	Sector	Sub-sector	Funding (US\$ M)	Funding stage	Investors
1	 SWIGGY	2014	FoodTech	Food delivery	800	Late	Falcon Edge Capital, Goldman Sachs, Think Capital, Amansa Capital and Carmignac
2	 ShareChat	2015	Media & Entertainment	Social networking	502	Growth	Tiger Global Management
3	 BYJU'S The Learning App	2011	EdTech	K12 learning	340	Late	UBS, Blackstone, ADQ
4	 PharmEasy	2015	HealthTech	Marketplace	323	Growth	Prosus Ventures, TPG Growth
5	 meesho	2015	Retail Tech	Mcommerce	300	Growth	SoftBank Vision Fund, Prosus Ventures, Shunwei Capital, Venture Highway
6	 Pine Labs	1998	FinTech	Payment processing	285	Growth	Baron Capital Group
7	 DELHIVERY	2011	SCM & Logistics	Logistics services	277	Late	Fidelity Investments
8	 zeta	2015	FinTech	Payments	250	Growth	SoftBank Vision Fund
9	 CRED	2018	FinTech	Credit card rewards	215	Growth	Falcon Edge Capital, Coatue Management
10	 Urban Company	2014	Retail Tech	Marketplace	188	Late	Prosus Ventures, Tiger Global Management, DF International Partners
Total of top deals					3,480		

Sector wise top deals in Q2 2021

FinTech				
Company	Sub-sector	Funding (US\$ M)	Funding stage	Investors
Pine Labs	Payment processing	285	Growth	Baron Capital Group
Zeta	Payments	250	Growth	Softbank Vision Fund
CRED	Credit card rewards	215	Growth	Falcon Edge Capital, Coatue Management LLP

SCM & Logistics				
Company	Sub-sector	Funding (US\$ M)	Funding stage	Investors
Delhivery	Logistics services	277	Late	Fidelity Investments
FarEye	Logistics management	100	Growth	Dragoneer Investment Group, TCV
ElasticRun	Logistics services	75	Growth	Avataar Ventures, Prosus Ventures, Kalaari Capital

FoodTech				
Company	Sub-sector	Funding (US\$ M)	Funding stage	Investors
Swiggy	Food delivery	800	Late	Falcon Edge Capital, Goldman Sachs, Think Capital, Amansa Capital
Licious	Meat ordering	65	Late	Brunei Investment, Vertex Ventures

Enterprise Tech				
Company	Sub-sector	Funding (US\$ M)	Funding stage	Investors
Axtria	Data analytics	150	Growth	Bain Capital
Gupshup	Social networking	100	Late	Tiger Global Management, Fidelity Management, Think Investments
Whatfix	Programming tools	90	Growth	Eight Roads Ventures







Retail Tech				
Company	Sub-sector	Funding (US\$ M)	Funding stage	Investors
Meesho	Mcommerce	300	Growth	SoftBank Vision Fund, Prosus Ventures, Venture Highway
Urban Company	Marketplace	188	Late	Prosus Ventures, Tiger Global Management
FabAlley	Marketplace	3.47	Growth	Elevation Capital

Media & Entertainment				
Company	Sub-sector	Funding (US\$ M)	Funding stage	Investors
ShareChat	Social networking	502	Growth	Tiger Global Management
Fireflies	Meeting assistant	14	Early	Khosla Ventures

Source(s): PGA Labs deal database, PGA Labs analysis

Tech start-ups filing DRHPs with SEBI

Illustrative

#	Company	Founded	Sector	Sub-sector	Date DRHP
1		2012	Retail Tech	Ecommerce platform	3/8/2021
2		2008	FinTech	Insurance marketplace	2/08/2021
3		2009	FinTech	Payments	16/7/2021
4		2009	FinTech	Payments	13/7/2021
5		2009	Automotive	Auto classifieds	17/5/2021
6		2008	FoodTech	Food delivery	28/4/2021

Positive outlook for start-up ecosystem is evident from different stakeholder initiatives

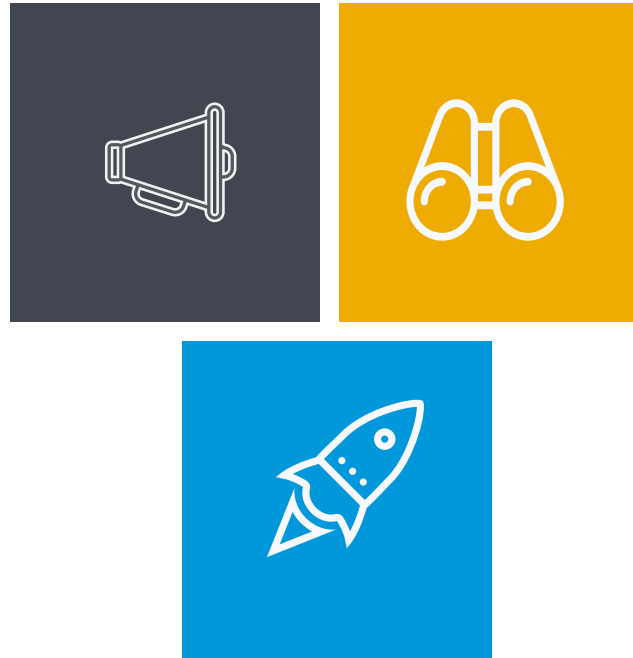
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Software Technology Parks of India (STPI)

- STPI an autonomous body under MeitY setting up **incubation center** for start-up in domains like **Healthcare, IoT, ICT and ecommerce**
- Budget is ~US\$ 3M

Start-up India Seed Fund

- Project worth ~US\$ 134M to help start-ups and support ideas from aspiring entrepreneurs
- To ensure that there is no capital shortage for start-ups
- **Financial assistance up to ~US\$ 70K** for start-ups at early stage through incubators
- The program will provide incubators with funds to support start-ups
- 3,600 entrepreneurs through 300 incubators will benefit from this scheme in next 4 years



NASSCOM Industry Partnership Program (NIPP) Initiatives

- **NIPP Retailtech Challenge 2021** closed with 222+ applications, across 34 use-cases and brought together an audience of 225+ delegates
- **10,000 start-ups** completed 3 Investor Demo Days and presented 16 start-ups, every demo day joined by 25+ investors

Inclusions

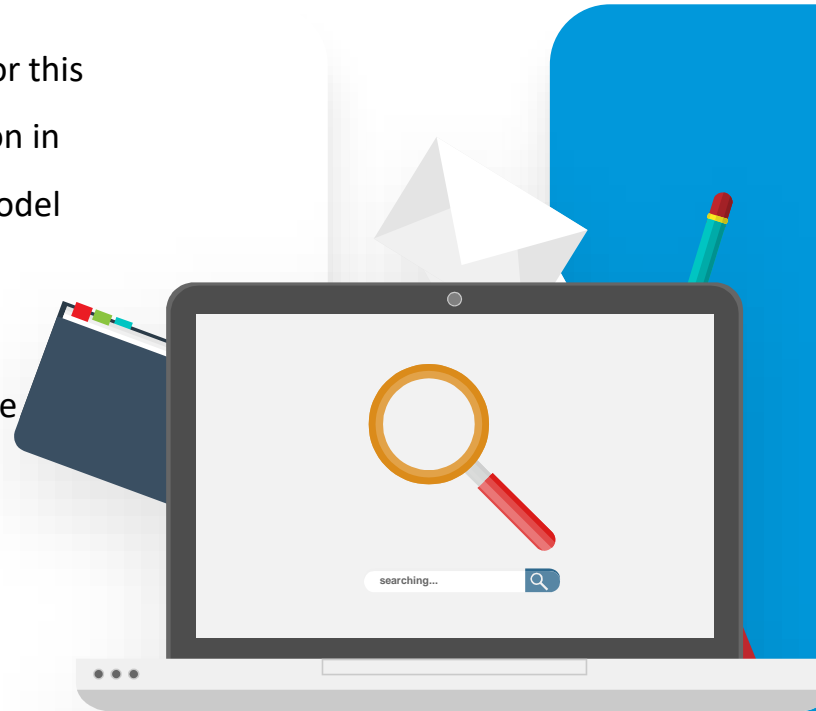
What's included in the report?

- Only tech start-ups have been considered for this report which are working towards innovation in technology, business process or business model
- Start-ups which have received funding from private equities or venture capital firms have been considered
- Founders of Indian origin, with HQ or core product development in India
- Start-up to have a prototype or MVP; idea stage start-ups are not considered

Exclusions

What's excluded from the report?

- Non-tech start-ups operating in the consumer space have not been included in this report
- Investments from angel investors, incubators and start-up accelerators have been excluded
- Debt investments and strategic deals into tech start-ups have not been considered
- Start-ups at the idea stage without a prototype or minimum viable product have also not been considered



Methodology

This pulse report has been co-developed by NASSCOM and PGA Labs through a comprehensive study to understand the tech start-up landscape in India

This report analyses the following –

- Current investment scenario and trends that define the Indian tech start-up ecosystem
- Ecosystem enablers like Incubators/Accelerators as well as government policies
- Recent DRHPs filed with the regulators

Primary input for this report includes the following sources

Extensive research of media articles

- Inc42
- Your story
- IVCA
- Economic Times
- Mint
- Business Standard

PGA Labs proprietary deal database

Government websites

- Ministry of corporate affairs
- SEBI

Sector analyst reports

Definitions of stages and sectors (1/2)

Stages of fundings have been mapped as:

- Series A and prior rounds are early stage
- Series B,C,D and E are growth stage
- Series F and above are late stage

Sector definitions are given below:

- **Enterprise Tech:** B2B Product companies targeting Horizontal solutions for Large Enterprises / SMBs
E.g., Data Analytics/AI/ML Platforms, Development Platforms, Collaboration tools Productivity Applications, Customer Services, Big Data/Cloud/Security Infrastructure, etc.
- **HealthTech:** Provides technology platform for solving HealthTech problems
E.g., Medical Solutions, Marketplace for Health Services, Health Lab Aggregators, Online Pharmacies, E-Diagnostics, Ambulance Aggregator, etc.
- **HRTech:** Tech-enabled companies supporting Human Resources Activities
E.g., Applicant Tracking systems, HR Management System, Candidate Assistance & Sourcing, Corporate Training/Learning and Development, Recruitment Marketplaces, etc..
- **Automotive:** Companies involved in production, manufacturing, sales and services of motorized vehicles
E.g., Electronic Engineering, System Integration, Automotive Maintenance, Electric Vehicles, Automotive marketplaces, etc.

- **FinTech:** Enables financial services, banking and insurance through technology
E.g., Online Banks, Financial Management Apps, Payment Management Platforms, Alternative Lending Platforms, Money Transfer Platform, Expense Management, Investment Platforms, Cryptocurrency & Trading Platforms, etc.
- **EdTech:** Provides learning solutions & services through technology
E.g., Learning Apps, Test Preparation Tech, Education Advisory Platform, K-12/Higher education platforms, Language Learning Platforms etc.
- **Travel & Hospitality:** Tech companies engaged in supporting the travel and hospitality industry
E.g., Hotel Booking Services, Travel Planning, Travel Packages Portal, Travel Collaboration Community, etc.
- **Mobility:** Tech-enabled companies providing simplified Transportation services to users
E.g., Car-pooling, Self-Drive Rentals, Two-wheeler taxi aggregators, Mass Transit, Tech Enablers
- **Industrial & Manufacturing:** Engaged in manufacturing of tech-enabled devices or machines; Construction/Mining sector, etc.
E.g., IoT based Predictive Maintenance of Machines, 3D Printing (Manufacturing)

Definitions of stages and sectors (2/2)

- **Media & Entertainment:** Provides content for entertainment across the web and mobile medium
E.g., News & Media Apps, Live Streaming Apps, News Platforms, OTT Content, Video Intelligence Apps, etc.
- **Retail Tech:** Companies enabling Sales of goods and product online or Integration of tech in offline markets
E.g., Products/Services cutting across several verticals -. Fashion & Lifestyle Marketplaces, Online grocery & Home essentials platforms. Also includes Retail enablers, B2B marketplaces, Social commerce platforms, Rental platforms etc.
- **AgriTech:** Start-ups engaged in tech enablement in the Agricultural industry
E.g., Field Surveillance, Precision AgriTech, Farm infrastructure, Soil Testing, Farm Input E-Commerce etc.
- **Aerospace & Defense:** Tech-based companies supporting the Defence and Aviation industry
E.g., Military Drones, Green Propulsion Systems developers, Sensors and Platforms for security applications etc.
- **Energy & Utilities:** Tech Enablement for Natural Resource Management and Utilization
E.g., Renewable Energy products, Recycling of Resources, Energy Production and Distribution, EV charging Infrastructure etc.
- **FoodTech:** Tech-enabled companies supporting the FoodTech industry
E.g., Online Food Ordering, Restaurant Management Cloud Solutions, Food Discovery Platform

- **SCM & Logistics:** Enabling tech in logistics services and supply chain management
E.g., Logistics and Distribution Platform, Fleet Management, Warehousing, IoT Platform for Logistics, IoT Platform for Goods Transportation Marketplace, etc.
- **Gaming:** Tech Innovation and facilitation in the Gaming industry
E.g., AR/VR Gaming, Community platform Games, Fantasy Gaming Platforms etc.
- **Legal Tech:** Tech-based companies for Legal help to Individuals/Corporates
E.g., Contract Management, Brand Protection and Anti Counterfeit, Legal Services Discovery/Booking marketplaces, etc.
- **Advertising & Marketing Tech:** Provides direct advertising and marketing assistance through technology
E.g., Content marketing, influential marketing, Push notifications etc.

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NASSCOM is the industry association for the IT-BPM sector in India. A not-for-profit organization funded by the industry, its objective is to build a growth led and sustainable technology and business services sector in the country with over 3100 members. NASSCOM Research is the in-house research and analytics arm of NASSCOM generating insights and driving thought leadership for today's business leaders and entrepreneurs to strengthen India's position as a hub for digital technologies and innovation.

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Credit and Acknowledgements: **Achyuta Ghosh, Head – Research; Nirmala Balakrishnan, Deputy Director -- Research; Ashish Gupta, Manager -- Research**



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Our clients use our capabilities to generate competitive / market insights for the sectors they operate in, sectors they want to expand to or the sectors of interest for their portfolio companies.

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