

A photograph of two mountaineers climbing a snowy mountain peak. The climber on the left is wearing a red jacket and a white helmet, while the climber on the right is wearing a blue and pink jacket and a blue helmet. They are both equipped with climbing gear, including ropes and ice axes. The sun is low on the horizon, creating a bright glow and long shadows on the snow. The sky is a mix of blue and white clouds.

# Start-up Perspectives

India start-up deals tracker H1 CY23

# 01

## Executive summary

Dear readers,

Funding in the Indian start-up ecosystem continues with cautious optimism. Despite the significant dry powder earmarked for Indian start-ups, the ecosystem reported the lowest six-month funding trends in the last four years during H1 CY23 at USD 3.8 billion across 298 deals. Start-ups have demonstrated resourcefulness in the current environment in order to increase their funding runway by cutting down on discretionary expenses and tapping into capital from internal rounds as well as alternate financing options, like venture debt.

During the last few quarters, investors have shown strong support for their portfolio companies by doubling down on their investments in companies that demonstrated positive growth. However, there has been an increase in the due diligence being carried out by investors before making investments, both in terms of detailing and coverage (from typical finance and legal, to now covering technology, HR and business processes). These are driven by the recent financial misreporting issues that have come to light, as well as the market conditions when investors are able to perform a thorough due diligence to differentiate between start-ups and make more informed investment decisions (do read the prior [edition](#) for our point of view on governance for start-ups). At present, apart from addressing governance matters, we find that founders, top management and investors are coming together to proactively implement environmental, social and governance (ESG) principles into the start-ups' core operations. In addition to fulfilling a moral responsibility towards society, the right ESG framework helps attract investors, customers and talent (do read the prior [edition](#) for our point of view on ESG for start-ups).

In this edition, we have presented a deeper analysis of the overall funding trends – SaaS, D2C and FinTech being the top sectors in terms of investments. Funding in growth and late-stage deals contribute to 84% (in terms of deal value) and 43% (in terms of deal count) of the total funding activity in H1 CY23. Additionally, 80 merger and acquisition (M&A) deals involving start-ups were executed in H1 CY23.

We hope you find this edition to be insightful.

Regards,

**Amit Nawka**

Start-ups Leader and Partner, Deals  
PwC India

(H1 and H2 denotes Jan-Jun and Jul-Dec respectively)



~USD 3.8 billion raised by Indian start-ups in H1 CY23



Average ticket size per deal in H1 CY23 was USD 13 million



SaaS, D2C, FinTech, e-commerce B2B and Logi and AutoTech are the top five invested sectors in H1 CY23



298 funding rounds closed in H1 CY23



Growth- and late-stage deals comprise around 84% of the total funding

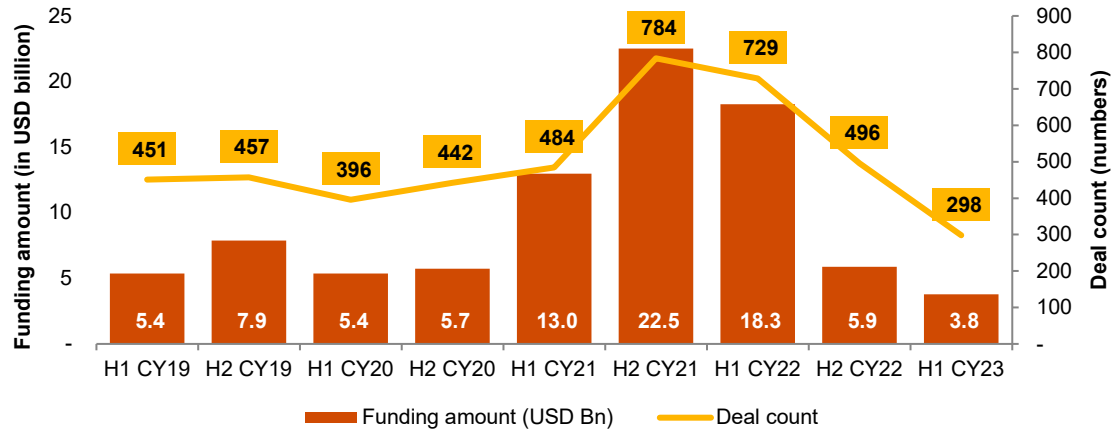


80 M&A transactions witnessed during H1 CY23

# 02

## USD 3.8 billion raised by Indian start-ups in H1 CY23 – SaaS, D2C and FinTech continue to be the top invested sectors during H1 CY23.

### Funding and deal count

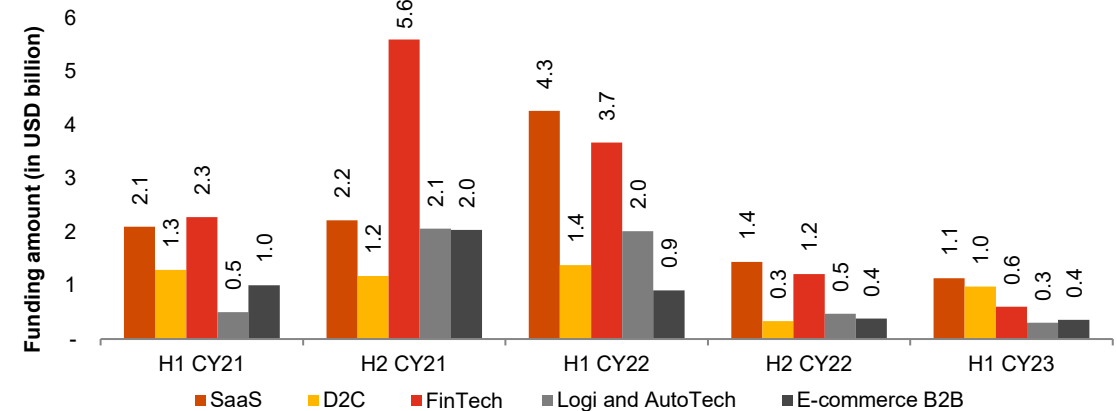


Source: Venture Intelligence

- There was a decline in the total funds raised in H1 CY23 (USD 3.8 billion) by nearly 36% as compared to H2 CY22 (USD 5.9 billion). This decline was noted both in value as well as volume terms.
- A total of 298 deals were closed during H1 CY23 across stages – early-stage (171), growth-stage (104) and late-stage (23).
- The average deal ticket size ranged from USD 12 to 13 million during H1 CY23 (refer to subsequent pages for details).

### Top five\* sectors (funding trends)

\*Based on funding received in H1 CY23



Source: Venture Intelligence

- SaaS, D2C, FinTech, e-commerce B2B and Logi and AutoTech continue to be the top five invested sectors based on the funding received in first half of the year. These contribute to approximately 89% of the total funding received in H1 CY23 in value terms.
- There were eight significant fundings which were noted in H1 CY23 that raised more than USD 100 million. These were across D2C, SaaS, FinTech and e-commerce B2B a) D2C- Lenskart and FreshToHome; b) SaaS- Builder.ai; c) FinTech- InsuranceDekho, KreditBee and Mintifi and d) e-commerce B2B- Zetwerk and Infra.Market.

# 03

Funding activity has significantly increased in D2C, online gaming and FoodTech sectors in H1 CY23 compared to H2 CY22. All other sectors showed a decline in funding activity.

	Funding value (in USD million)		Deal count (numbers)	
	H2 CY22	H1 CY23	H2 CY22	H1 CY23
SaaS	1,442	1137	143	107
D2C	333	981	42	23
FinTech	1,213	604	82	29
E-commerce B2B	380	357	28	14
Logi and AutoTech	472	303	45	30
HealthTech	346	80	37	22
Real estate Tech	355	69	16	16
EdTech	790	68	26	10
Online gaming	20	60	8	13
FoodTech	11	47	8	5
Media and entertainment	180	18	14	4
E-commerce B2C	260	10	25	7
Others	68	45	22	18

### Funding insights into key sectors

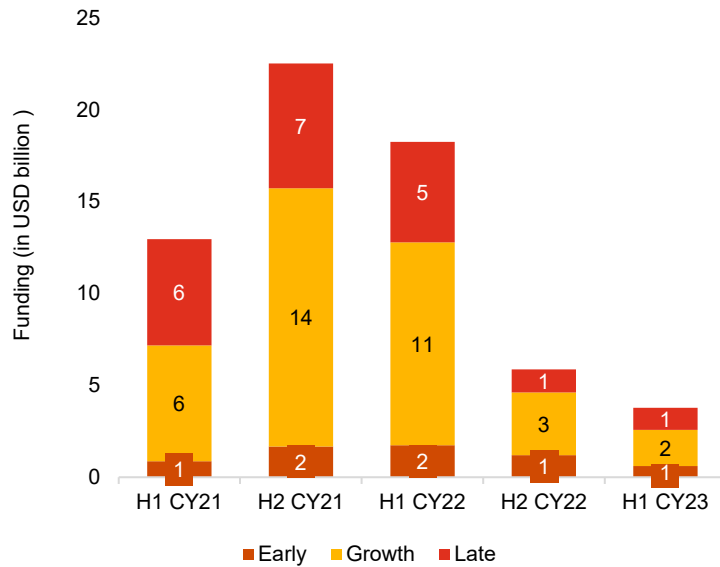
- SaaS** contributed to 30% of the total funding activity during H1 CY23, witnessing a decrease in the funding activity by 21% compared to H2 CY22. Average ticket size of deal ranged from ~USD 10 to 11 million during H1 CY23. Builder.ai raised more than USD 100 million during H1 CY23, which represented 22% of funding activity in this sector during H1 CY23.
- D2C**: During the first half of CY23, there has been a significant increase in the funding activity, amounting to almost three times that of H2 CY22. This sector witnessed more number of deals in the growth- and late-stage deals in H1 CY23 compared to H2 CY22, which was driven by funding in early-stage rounds. The average ticket sizes of deals also increased from USD 8 million in H2 CY22 to USD 43 million in H1 CY23. Lenskart and FreshToHome raised more than USD 100 million during H1 CY23 contributing to 72% of the deal funding received in this sector.
- FinTech sector** witnessed a decline in the funding value raised during H1 CY23 by 50% compared to H2 CY22. Approximately 62% of the deals (in terms of deal count) in this space were driven by early-stage funding rounds, with an average ticket size of USD 5 million in H1 CY23. About 64% of the funding received by this sector was driven by InsuranceDekho, KreditBee and Mintifi which have raised more than USD 100 million during H1 CY23.
- E-commerce B2B**: This sector witnessed a decline in the funding activity by 6% compared to H2 CY22. The funding received during H1 CY23 were driven by Zetwerk and Infra.Market which contributed to 84% of the total funding received by this space during H1 CY23.
- Logi and AutoTech**: Approximately 63% of the deals (in terms of deal count) in this space were driven by early-stage funding rounds, with an average ticket size of USD 6 million in H1 CY23.
- HealthTech**: There was a decrease in the funding activity during H1 CY23 by 77% compared to H2 CY22. The average ticket size of deals in this space decreased from USD 9 million in H2 CY22 to USD 4 million; majorly, early-stage deals in this sector were noted during H1 CY23.
- EdTech**: Approximately 60% of the deals (in terms of deal count) in this space were driven by growth-stage funding rounds, with an average ticket size of USD 10 million in H1 CY23. Bjus and UpGrad raised significant funds, amounting to more than USD 200 million each in H2 CY22.
- Online gaming**: An increase in the funding activity in terms of value was witnessed, with a three times increase in H1 CY23 compared to H2 CY22 in funding value. The funding activities in this sector are driven mostly by early-stage funding rounds which contribute to 73% of the total funding raised by this sector during H1 CY23. Key companies which raised funds include Mayhem Studios and Rooter.
- FoodTech**: The funding in this sector increased by four times in H1 CY23 compared to H2 CY22 in value terms. The average ticket size of the deals in this space has increased from USD 1 million in H2 CY22 to USD 9 million in H1 CY23. Curefoods raised USD 37 million during H1 CY23.

Source: Venture Intelligence

# 04

Funding in growth and late-stage deals contribute to 84% (in terms of deal value) and 43% (in terms of deal count) of the the total funding activity in H1 CY23.

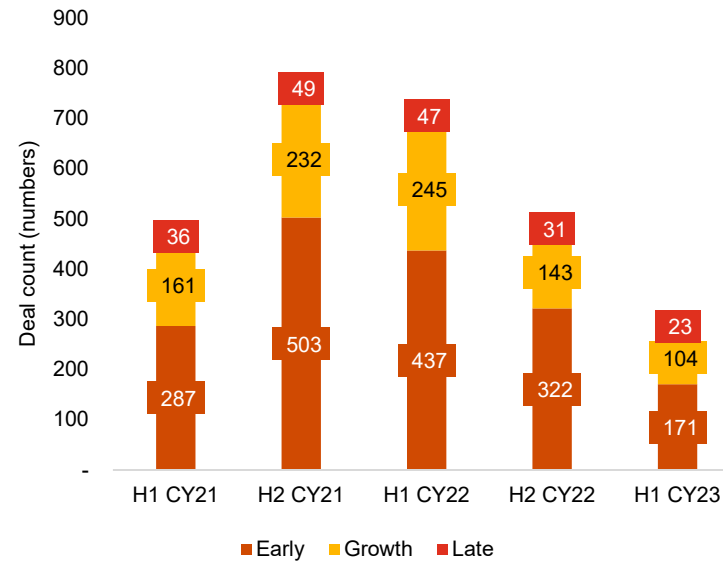
Funding (by stage)



Source: Venture Intelligence

- **Early-stage deals** accounted for 57% of the total funding in H1 CY23 (in volume terms). The average ticket size per deal was USD 4 million. In value terms, early-stage deals contributed to approximately 16% of the total funding in H1 CY23. Early-stage funding activity was at its lowest in H1 CY23 as compared to the previous two years.

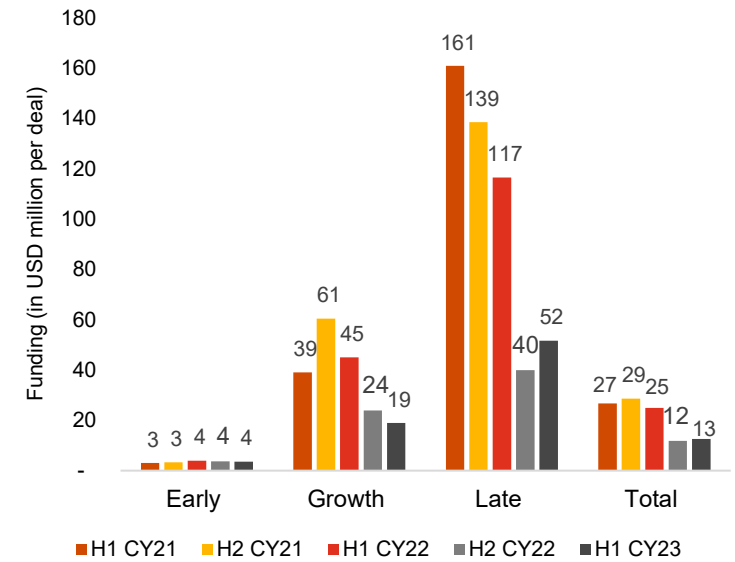
Deal count (by stage)



Source: Venture Intelligence

- **Growth- and late-stage** funding deals accounted for 84% of the funding activity in H1 CY23 (in value terms). These represented 43% of the total count of deals in this period. The average ticket size in growth-stage deals was USD 19 million and late-stage deals was USD 52 million during H1 CY23.

Average ticket size per deal

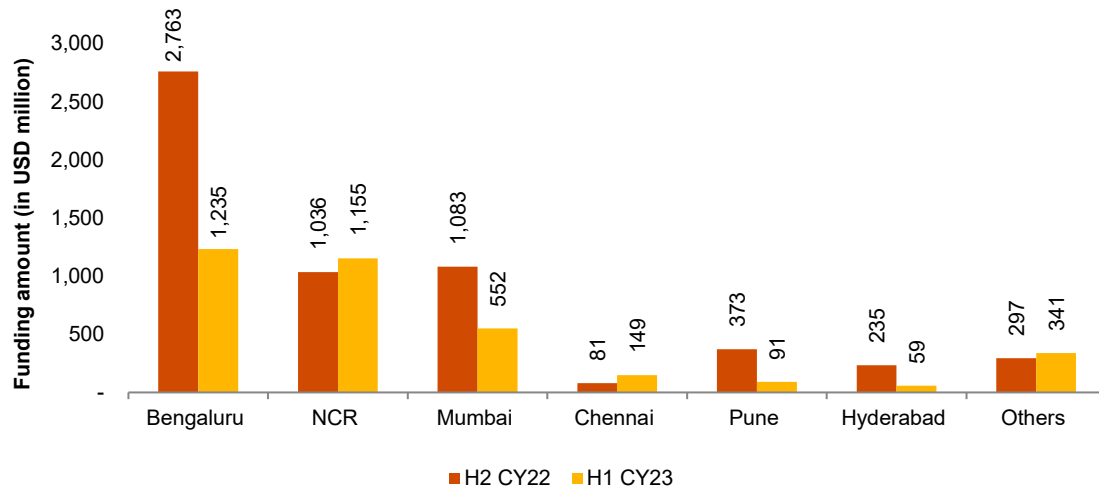


Source: Venture Intelligence

# 05

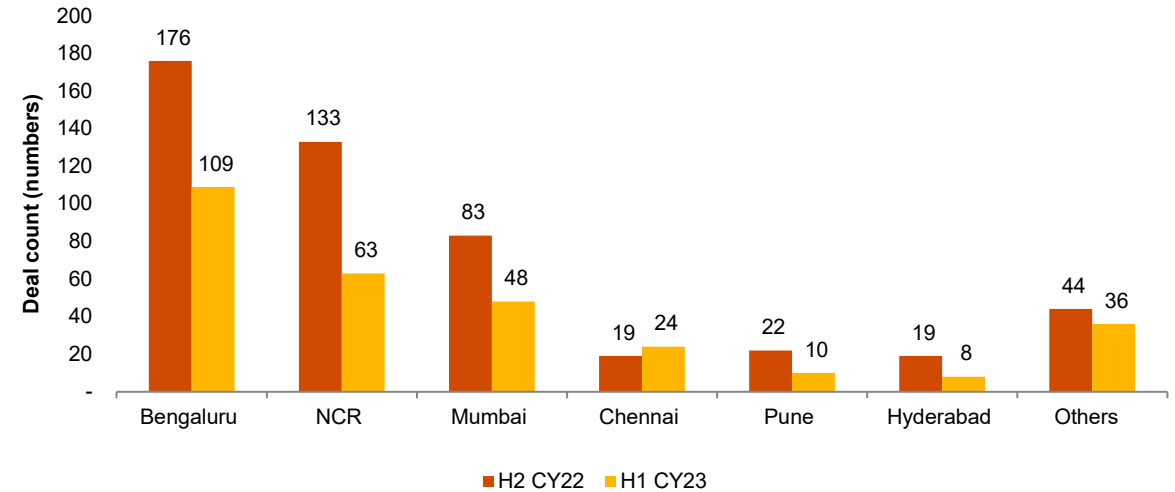
City-wise trends – Bengaluru, NCR and Mumbai continue to be the key start-up cities in India, representing around 83% of the total start-up funding activity in H1 CY23. Decline in funding activity was noted across all cities in H1 CY23 barring Chennai, which witnessed higher funding in the SaaS space.

City wise trends: Funding



Source: Venture Intelligence

City wise trends: Deal count



Source: Venture Intelligence

Bengaluru, Mumbai and NCR continue to be the key start-up cities in India, together contributing around 83% of the total funding activity in H1 CY23, followed by Chennai and Pune

**Bengaluru:**

More than USD 50 million was raised by six companies each in H1 CY23. These include Zetwerk, KreditBee, FreshToHome, Agilitas Sports, Ushur and Acceldata

**NCR:**

Three companies which include Lenskart, Builder.ai and Safe Security have raised more than USD 50 million each in H1 CY23.

**Mumbai:**

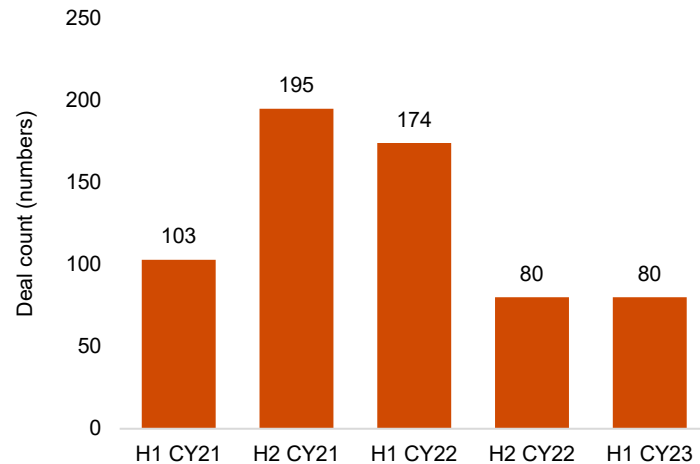
More than USD 50 million was raised by four companies each in H1 23. These include Infra.Market, Mintifi, Purple and Course5 Intelligence

# 06

While venture capital (VC) funding declined in H1 CY23, M&A transactions remained the same when compared to H2 CY22. 80 M&A deals involving start-ups were executed in H1 CY23. Of these, 80% were domestic transactions and the rest were cross-border transactions.

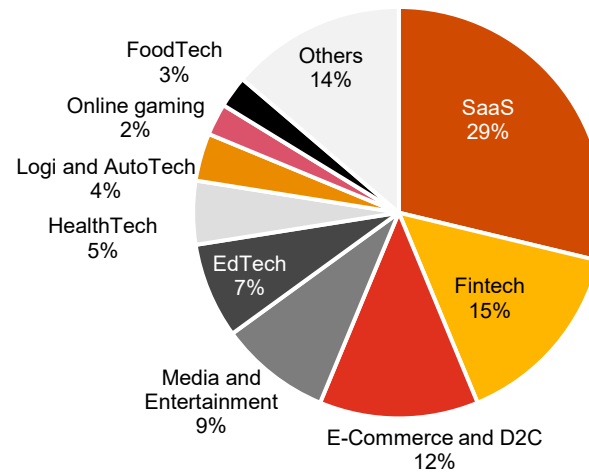
- In terms of deal volume, M&A deals remained constant during H1 CY23 compared to H2 CY22, with nearly 56% of the transactions being contributed by the top three sectors – SaaS, FinTech, and e-commerce and D2C.
- Similar to the VC funding activity, SaaS (23), FinTech (11) and e-commerce and D2C (10) continue to witness the highest number of M&A transactions during H1 CY23.
- H1 CY23 witnessed 64 domestic, six inbound and ten outbound deals.
- Bengaluru, NCR and Mumbai continue to be the top cities for M&A transactions, followed by Hyderabad during H1 CY23. These four cities contributed to 75% of the M&A deals during H1 CY23.

## M&A deal count



Source: Venture Intelligence

## Sector split for H1 CY23 (deal count)



Source: Venture Intelligence

## A few notable acquisitions in H1 CY23 by deal value

Target	Acquirer	Sector
Xylem Learning	PhysicsWallah	EdTech
AdPushup	Geniee	Others
ValueFirst	Tanla	SaaS
TrillionLoans	BharatPe	FinTech
Velotio Technologies	R Systems	SaaS
Chumbak Designs	GOAT Brand Labs	D2C

Source: Venture Intelligence

## 07

As of 30 June 2023, SaaS continues to lead with the most number of unicorns at 20, followed by FinTech at 16.

Active unicorn count	Before CY19	CY19	CY20	CY21	CY22	H1 CY23	As of June 2023
SaaS	2	2	2	8	6	-	20
FinTech	-	-	3	9	4	-	16
Logi and AutoTech	1	2	-	1	3	-	7
EdTech	1	-	1	3	2	-	7
D2C	-	1	-	6	1	-	7
E-commerce B2C	-	-	1	4	1	-	6
E-commerce B2B	1	-	-	4	-	-	5
Media and entertainment	1	-	2	1	1	-	5
HealthTech	-	-	-	3	1	-	4
Real estate Tech	1	-	-	1	1	-	3
Online gaming	-	1	-	1	1	-	3
FoodTech	1	-	-	1	-	-	2
<b>Total</b>	<b>7</b>	<b>6</b>	<b>9</b>	<b>42</b>	<b>21</b>	<b>-</b>	<b>85</b>

Source: Venture Intelligence

**Note:**

Several reports peg the total count of unicorns at 106 as of 30 June 2023. In the table alongside, we provide a reconciliation between the count of 106 and 85 considered in the table above.

Total number of unicorns as of 30 June 2023	106
Acquired	(4)
Listed	(10)
Fall in valuation	(5)
Start-ups not reported to have raised external institutional funding before reaching unicorn status	(2)
<b>Active unicorns as of 30 June 2023</b>	<b>85</b>



# About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 155 countries with over 327,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

© 2023 PwC. All rights reserved.

## Key contacts

### Amit Nawka

Partner  
[amit.nawka@pwc.com](mailto:amit.nawka@pwc.com)

### Mohit Chopra

Partner  
[mohit.chopra@pwc.com](mailto:mohit.chopra@pwc.com)

## Editorial team

### Kushal Jain

[kushal.k.jain@pwc.com](mailto:kushal.k.jain@pwc.com)

### Amena Pathan

[amena.pathan@pwc.com](mailto:amena.pathan@pwc.com)

## pwc.in

Data Classification: DC0 (Public)

In this document, PwC refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.

This document does not constitute professional advice. The information in this document has been obtained or derived from sources believed by PricewaterhouseCoopers Private Limited (PwCPL) to be reliable but PwCPL does not represent that this information is accurate or complete. Any opinions or estimates contained in this document represent the judgment of PwCPL at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. PwCPL neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take.

© 2023 PricewaterhouseCoopers Private Limited. All rights reserved.

PR/July 2023-M&C 29735