

# Start-up Perspectives

India start-up deals tracker Q2 CY22

July 2022



# 01

## Executive summary

Dear readers,

After three consecutive quarters of raising more than USD 10 billion, the total funding in the Indian start-up ecosystem during Q2 CY22 reached USD 6.8 billion. Funding decline in start-ups during Q2 CY22 was observed worldwide and can be attributed to a global slowdown, decrease in tech stock valuations, inflation and geopolitical instability.

Early-stage deals comprised more than 60% of the total deal volumes with an average ticket size of USD 5 million. Funding in early-stage deals during Q2 CY22 continued to be stable at around USD 800 million. While the overall funding landscape may take some time to stabilise, we believe that funding in early-stage deals is likely to be stable or even grow in the next few quarters – given that entrepreneurial activity continues to flourish with increased digitisation as well as the quantum of venture capital funds waiting to be deployed in the Indian market. Growth-stage deals, which have accounted for the largest share of the funding pie, represented 62% of the total funding in Q2 CY22 (USD 4.2 billion). The average ticket size at this stage continued to fall in Q2 CY22 and was the lowest in the last four quarters at USD 44 million.

Software as a service (SaaS) and FinTech companies had the highest share of funding in Q2 CY22, totaling to more than USD 3.1 billion. Four start-ups in India attained the unicorn status in Q2 CY22, mirroring a global trend in decline in the number of new unicorns this last quarter. Globally, the total unicorn count has crossed 1,200 with maximum unicorns in Q2 CY22 operational in the SaaS sector, followed by FinTech. The number of decacorns (start-ups valued at USD 10 billion) globally has reached 57, with four new entrants in Q2 CY22.

In the current environment, employee compensation and retention are the key themes in start-ups. In this edition, we have shared our points of view on these topics – how start-ups can strengthen their human resources (HR) practices through appropriate compensation and reward policies, and the steps that could be taken for having a good succession plan in place.

I hope you find this edition to be a good and insightful read.

Regards,

**Amit Nawka**

Start-ups Leader and Partner, Deals

PwC India



~USD 6.8 billion raised by Indian start-ups in Q2 CY22



Funding in early-stage deals in Q2 CY22 continued to be stable at around USD 800 million



SaaS, FinTech and media and entertainment are the top invested sectors in Q2 CY22



285 successful VC/PE deals closed in Q2 CY22



Growth- and late-stage deals comprise around 88% of the total funding

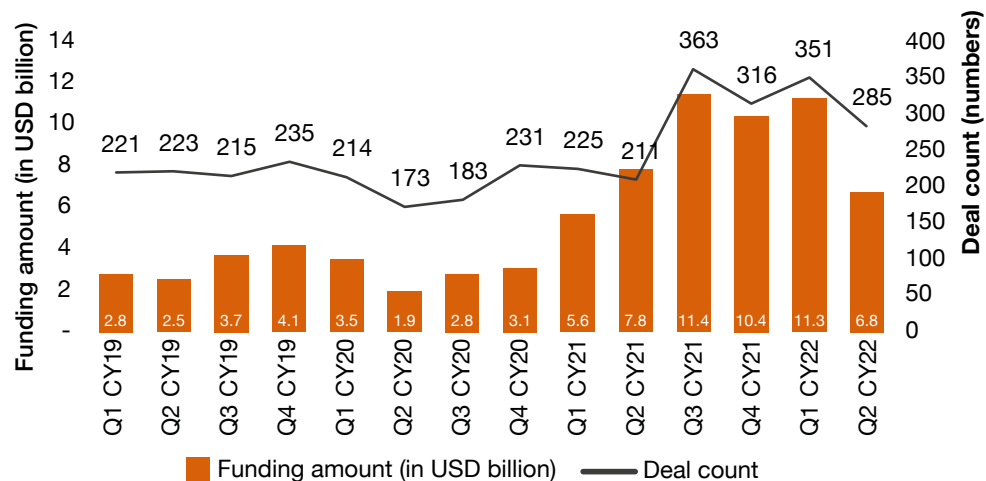


Four start-ups attained unicorn status in Q2 CY22 and the total active unicorns count is 82

# 02

Significant decline witnessed in terms of value of funding activity during Q2 CY22 (USD 6.8 billion) compared to Q1 CY22 (USD 11.3 billion) as well as Q2 CY21 (7.8 billion)

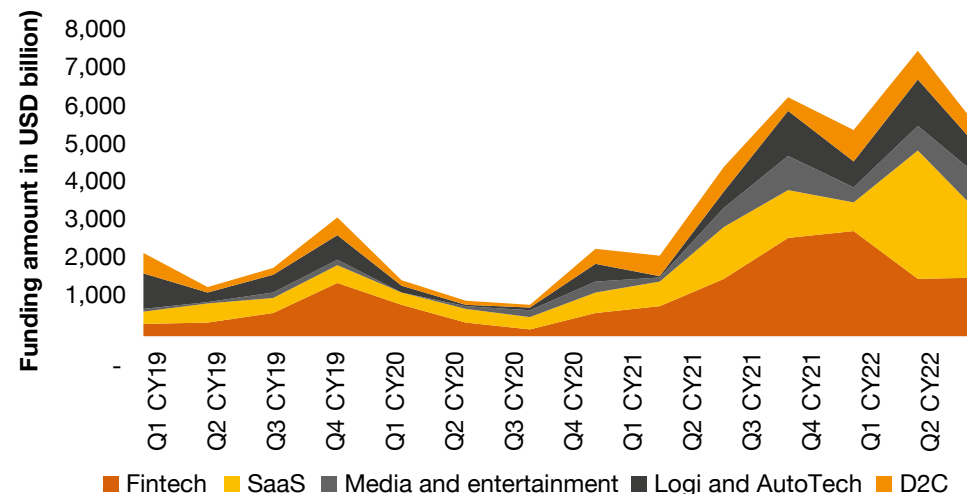
## Funding and deal count



Source: Venture Intelligence

- Decline in funding activity noted in Q2 CY22 (USD 6.8 billion) compared to Q1 CY22 (USD 11.3 billion). The decline was noticed both in terms of value (40%) as well as volume (19%).
- Total funding value in Q2 CY22 (USD 6.8 billion) was also lower compared to Q2 CY21 (USD 7.8 billion). However, there was growth in the total volume of deals in the same period – 285 in Q2 CY22 as compared to 211 in Q2 CY21. This indicates that the average ticket size of deals in Q2 CY22 has also declined (see further analysis in subsequent pages).
- Approximately, 88% of the funding activity in Q2 CY22 was driven by growth-stage and late-stage deals, as detailed in subsequent pages.

## Top five sectors (funding trends)



Source: Venture Intelligence

- The top five sectors of Q2 CY22 contributed approximately 77% of the total funding activity – FinTech, SaaS, media and entertainment, Logi and AutoTech, and D2C. Barring FinTech, media and entertainment, and e-commerce B2C, the decline in funding activity was witnessed across all the key sectors.
- The key deals across these five sectors during Q2 CY22 are – FinTech – StashFin, Cred, CoinDCx and Turtlemint, b) SaaS – Instoried, Leadsquared and Observe.ai, c) media and entertainment – Dailyhunt and Sharechat, d) Logi and AutoTech – Delhivery, Rapido and Ather, e) D2C – Lenskart, GOAT and Sugar.
- Refer to next page for a detailed, sector-wise commentary.

# 03

Decline in funding activity both in terms of deal value as well as deal count was witnessed in Q2 CY22 across all the sectors barring FinTech, media and entertainment and E-commerce B2C

## Funding value (in USD million)

	Q1 CY22	Q2 CY22	
SaaS	3,383	1,611	↓
FinTech	1,502	1,536	↑
Media and entertainment	625	955	↑
Logi and AutoTech	1,245	739	↓
D2C	730	492	↓
EdTech	915	456	↓
E-commerce B2C	338	372	↑
Online gaming	292	170	↓
HealthTech	525	146	↓
FoodTech	698	107	↓
Others	187	87	↓
E-commerce B2B	669	64	↓
Others	197	24	↓

## Deal count

	Q1 CY22	Q2 CY22	
SaaS	113	92	↓
FinTech	54	55	↑
Media and entertainment	18	14	↓
Logi and AutoTech	16	18	↑
D2C	28	35	↑
EdTech	18	12	↓
E-commerce B2C	15	9	↓
Online gaming	14	4	↓
HealthTech	24	8	↓
FoodTech	5	3	↓
Others	26	24	↓
E-commerce B2B	14	7	↓
Others	6	4	↓

## Funding insights into key sectors

**SaaS:** Funding in the SaaS sector contributed to 24% of the total funding value during Q2 CY22. However, there has been a decline by 45% in the funds raised for SaaS start-ups in Q2 CY22 compared to Q1 CY22. Six companies raised over USD 100 million in Q2 CY22 – Leadsquared, Observe.ai, Grey Orange Robotics, Instoried, Absolute Foods and Fashinza. Leadsquared attained unicorn status during Q2 CY22.

**FinTech:** Funding activity in this sector has remained fairly stable, both in terms of value as well as volume. Four companies raised over USD 100 million in Q2 CY22 – Stashfin, CRED, CoinDCX and Turtlemint. Open Financial Technologies attained unicorn status during Q2 CY22.

**Media and entertainment:** Dailyhunt contributed to approximately 84% of the total funds, invested during Q2 CY22 – raising USD 805 million at a valuation of USD 5 billion.

**Logi and AutoTech:** While the segment showed a decline in overall funding value in Q2 CY22, the total number of deals was stable as the last quarter. Three companies raised over USD 100 million in Q2 CY22 – Ather Energy, Delhivery and Rapido.

**D2C:** Although this segment showed a decline in overall funding value, we note that the deal count has gone up in Q2 CY22 as compared to Q1 CY22 – a higher number of low ticket size deals. Lenskart, GOAT Brand Labs, Sugar Cosmetics and WOW Skin Science contributed to approximately 61% of the total funds raised during Q2 CY22 in this sector. Purplelle has entered the unicorn club this quarter.

**EdTech:** Funding status for this sector has declined by 50% in comparison to Q2 CY22. Big-ticket deals were closed by upGrad for USD 225 million. PhysicsWallah has entered the unicorn club this quarter by raising USD 100 million.

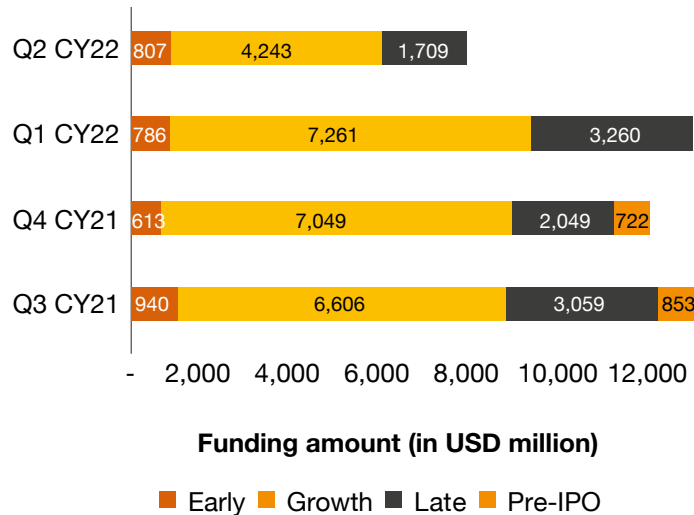
Source: Venture Intelligence

# 04

Growth-stage deals, which have accounted for the largest share of the funding pie, represented 62% of the total funding in Q2 CY22 (USD 4.2 billion). The average ticket size at this stage of funding continued to fall in Q2 CY22 and was the lowest in the last four quarters at USD 44 million.

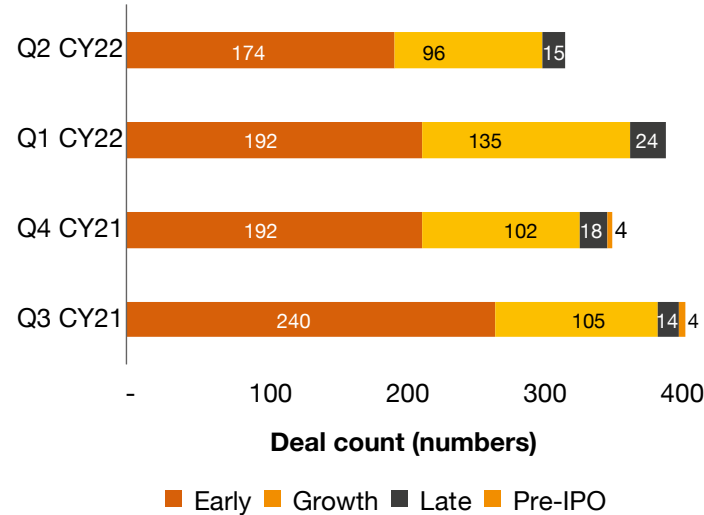
- Growth and late-stage funding deals accounted for 88% of the funding activity in Q2 CY22 (value terms). These represented 39% of the total deal activity (count terms). Average ticket sizes in growth-stage deals continued to decline and was USD 44 million during Q2 CY22. The average ticket size of late-stage deals continued to be in excess of USD 100 million.
- Early-stage funding rounds worth USD 807 million (average ticket size of USD 5 million per round) were done in Q2 CY22, marginally higher compared to Q1 CY22. Early-stage deals accounted for 61% of the total deal volumes.

**Funding trends – USD million**



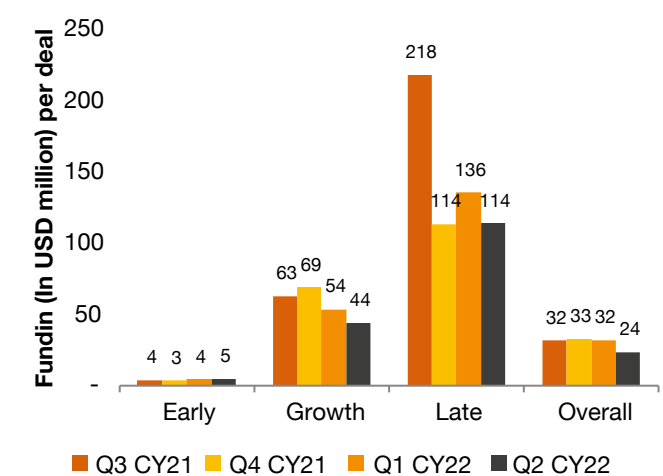
Source: Venture Intelligence

**Number of deals (count)**



Source: Venture Intelligence

**Average ticket size per deal**

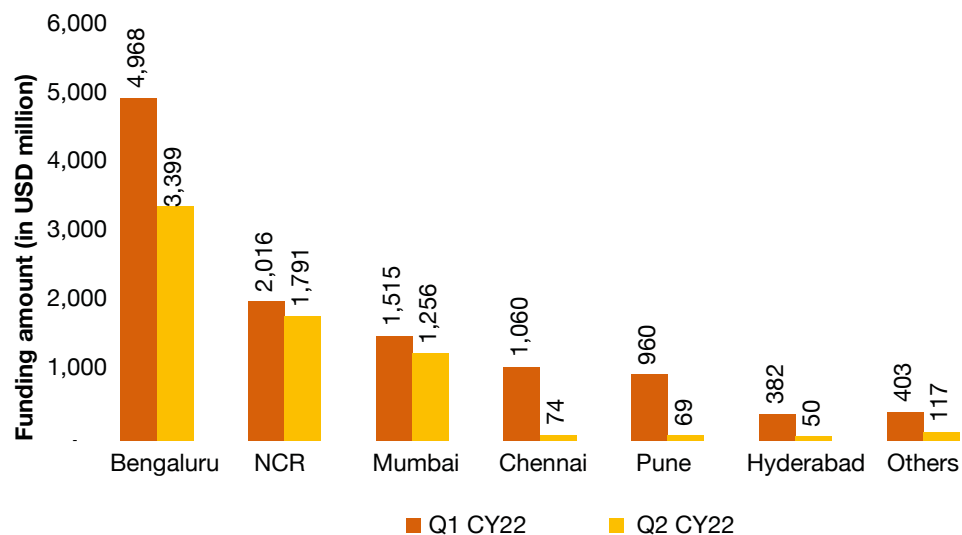


Source: Venture Intelligence

# 05

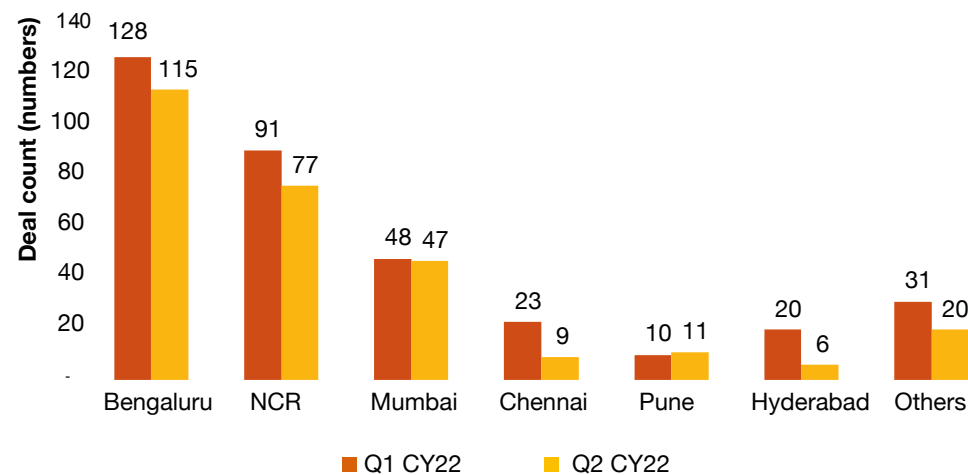
City-wise trends – Bengaluru, NCR and Mumbai continue to be the key start-up cities in India, representing around 95% of the total VC/PE funding activity in Q2 CY22

City wise trends – funding



Source: Venture Intelligence

City wise trends – deal count



Source: Venture Intelligence

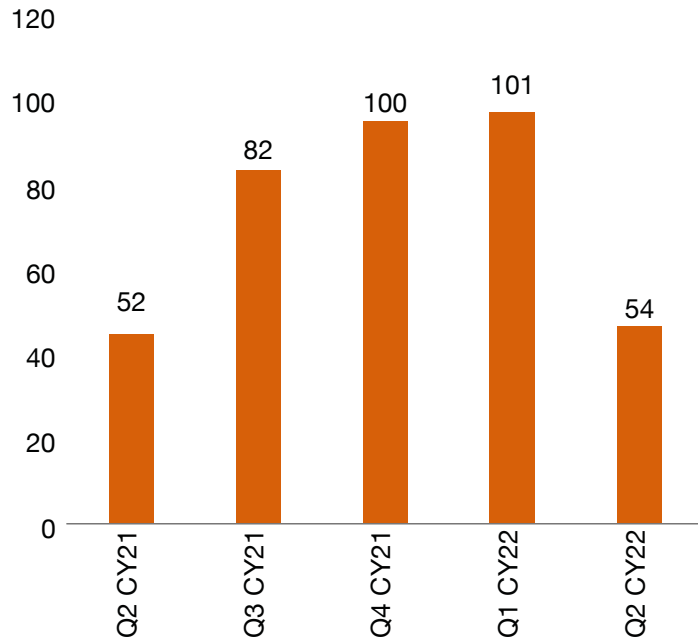
- **Bengaluru, NCR and Mumbai continue to be the key start-up cities in India**, together contributing around 95% of the total funding activity in Q2 CY22, followed by Chennai and Pune.
- **Bengaluru:** More than USD 100 million was raised by seven companies each in Q2 CY22 – Dailyhunt, Rapido, Leadsquared, Lenskart, CRED, Ather Energy and Observe.ai, majorly across the SaaS, and Logi and AutoTech space.
- **NCR:** Seven companies – Delhivery, Stashfin, Rario, Grey Orange Robotics, Absolute Foods, Fashinza and PhysicsWallah – raised more than USD 100 million each in Q2 CY22.
- **Mumbai:** More than USD 100 million was raised by four companies each in Q2 CY22. These include upGrad, Zepto, CoinDCX and Turtlemint.

# 06

Approximately 54 M&A transactions were executed in the start-up ecosystem in Q2 CY22 and a decline in M&A transactions by nearly 50% was recorded compared to Q1 CY22 where 101 deals were closed. SaaS, e-commerce and D2C were the key segments in Q2 CY22.

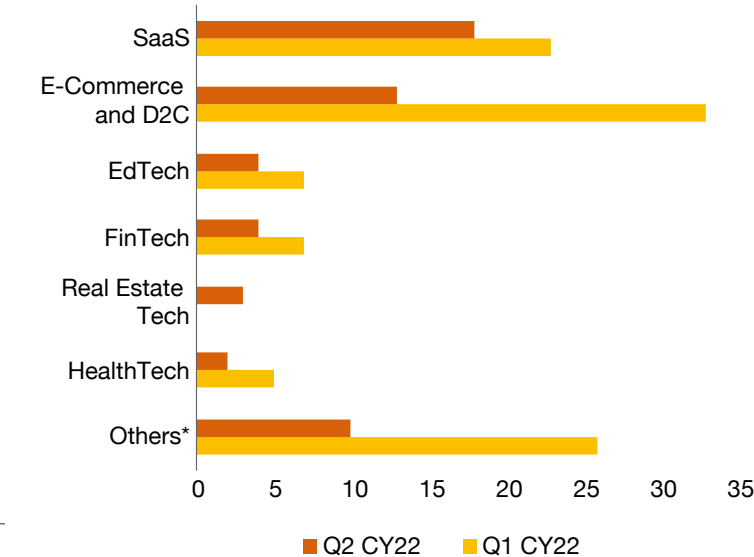
- In Q2 CY22, 33% of the M&A deals were in the SaaS space and 24% were in e-commerce and direct-to-consumer (D2C) spaces.
- Domestic M&A accounted for 80% of the deals. Two of the largest deals were executed in the FoodTech space – Zomato’s acquisition of Blinkit and Swiggy’s acquisition of Dineout.
- Though there has been a decline in the number of M&A deals this quarter, we can expect an increase in consolidations and buyouts triggered by a broader correction in the funding market.

**M&A deals in the last five quarters**



Source: Venture Intelligence

**Sector split for Q2 CY22 vs Q1 CY21 (deal count)**



\*Including Logi and AutoTech, FoodTech, media and entertainment and online gaming

Source: Venture Intelligence

**Top three acquisitions in Q2 CY22 by deal value**

Target	Acquirer	Sector	Deal value (USD million)
Blinkit	Zomato	E-commerce B2C	578
Pickrr	Shiprocket	Logistics Tech	200
Dineout	Swiggy	Others	120

Source: Venture Intelligence

## 07

## Four start-ups attained unicorn status in Q2 CY22 – Open Financial Technologies, LeadSquared, PhysicsWallah and Purple

FinTech	-	-	-	3	9	2	1	15
E-commerce B2C	-	-	-	1	4	1	-	6
EdTech	-	1	-	1	3	1	1	7
E-commerce B2B	-	1	-	-	4	-	-	5
HealthTech	-	-	-	-	3	-	-	3
Online gaming	-	-	1	-	1	1	-	3
<b>Total</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>9</b>	<b>42</b>	<b>14</b>	<b>4</b>	<b>82</b>

**Note:**

Several reports peg the total count of unicorns at 103 as of 30 June 2022. In the table alongside, we provide a reconciliation between the count of 103 and 82 considered in the table above.

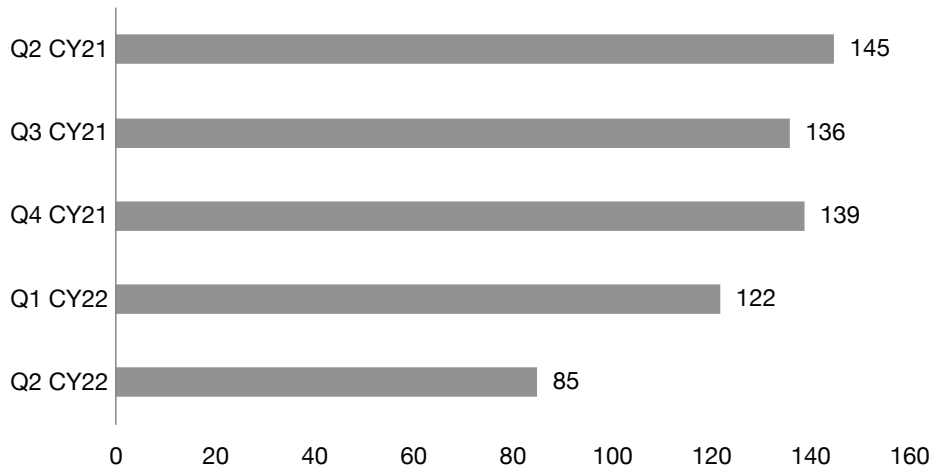
Total number of unicorns as of 30 June 2022	103
Acquired	(4)
Listed	(10)
Fall in valuation	(5)
Start-ups not reported to have raised external institutional funding before reaching unicorn status	(2)
Active unicorns as of 30 June 2022	82



# 08

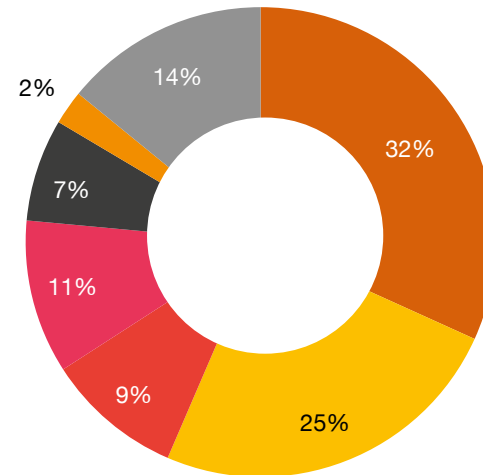
Globally, the overall unicorn count is close to 1,200 with 58% of the new unicorns in Q2 CY 22 being from the US, while India and China were tied for second place.

## Trends for the last five quarters



Source: CB Insights (as of 30 June 2022)

## Sectoral distribution of unicorns in Q2 CY22



Legend: Fintech (Yellow), SaaS (including AI) (Orange), HealthTech (Red), EdTech (Light Orange), Logistics (Pink), D2C (Dark Grey), Others (Light Grey)

Source: CB Insights (as of 30 June 2022)

- Globally, Q2 CY22 saw the emergence of 85 unicorns, with the total unicorn count reaching close to 1,200.
- There has been a significant decrease of 30% from the previous quarter in terms of new unicorns added.
- 58% of new unicorns this quarter are from the US (49). With four new entrants each, India and China rank second.
- SaaS has dominated this quarter, with approximately 32% of the new unicorns emerging from the sector. It is followed by FinTech, which contributed 25% of the new unicorns
- Shein (the Chinese e-commerce fashion start-up) joins ByteDance and SpaceX in the hectocorn club, with a valuation of USD 100 billion.

09

Globally, 57 private start-ups have attained decacorn valuation as on 30 June 2022; Q2 CY22 saw four new entrants.

No.	Name	Valuation (in USD billion)	Country	Sector
1	ByteDance	140.00	China and Hong Kong	SaaS
2	SpaceX	125.00	United States	Other
3	Shein	100.00	China and Hong Kong	E-commerce and D2C
4	Stripe	95.00	United States	FinTech
5	Klarna	45.60	Sweden	FinTech
6	Checkout.com	40.00	United Kingdom	FinTech
7	Canva	40.00	Australia	SaaS
8	On-demand grocery delivery company	39.00	United States	Logistics
9	Databricks	38.00	United States	SaaS
10	Revolut	33.00	United Kingdom	FinTech
11	FTX	32.00	Bahamas	FinTech
12	Epic Games	31.50	United States	Other
13	Fanatics	27.00	United States	E-commerce and D2C
14	Chime	25.00	United States	FinTech
15	BYJU's	22.00	India	EdTech
16	J&T Express	20.00	Indonesia	Logistics

No.	Name	Valuation (in USD billion)	Country	Sector
17	Xiaohongshu	20.00	China and Hong Kong	E-commerce and D2C
18	Miro	17.50	United States	SaaS
19	Yuanfudao	15.50	China and Hong Kong	EdTech
20	Gopuff	15.00	United States	E-commerce and D2C
21	Yuanqi Senlin	15.00	China and Hong Kong	E-commerce and D2C
22	Ripple	15.00	United States	FinTech
23	DJI Innovations	15.00	China and Hong Kong	SaaS
24	Discord	15.00	United States	Internet software and services
25	Blockchain.com	14.00	United Kingdom	FinTech
26	Plaid	13.50	United States	FinTech
27	OpenSea	13.30	United States	E-commerce and D2C
28	Grammarly	13.00	United States	SaaS
29	Devoted Health	12.60	United States	HealthTech
30	Faire	12.59	United States	SaaS

■ New decacorn entrants in Q2 CY22

Source: CB Insights (as of 30 June 2022)

No.	Name	Valuation (in USD billion)	Country	Sector
31	Brex	12.30	United States	FinTech
32	GoodLeap	12.00	United States	SaaS
33	Biosplice Therapeutics	12.00	United States	Health tech
34	Bitmain Technologies	12.00	China and Hong Kong	SaaS
35	JUUL Labs	12.00	United States	E-commerce and D2C
36	Xingsheng Selected	12.00	China and Hong Kong	E-commerce and D2C
37	Deel	12.00	United States	FinTech
38	On-demand grocery delivery company	11.80	Turkey	E-commerce and D2C
39	Airtable	11.70	United States	SaaS
40	ZongMu Technology	11.40	China and Hong Kong	Other
41	Rippling	11.25	United States	SaaS
42	Global Switch	11.10	United Kingdom	SaaS
43	Bolt	11.00	United States	FinTech
44	Celonis	11.00	Germany	SaaS
45	Weilong	10.88	China and Hong Kong	E-commerce and D2C

Source: CB Insights (as of 30 June 2022)

No.	Name	Valuation (in USD billion)	Country	Sector
46	Swiggy	10.70	India	Logistics
47	Alchemy	10.20	United States	FinTech
48	KuCoin	10.00	Seychelles	FinTech
49	Digital Currency Group	10.00	United States	FinTech
50	Thrasio	10.00	United States	Other
51	Figma	10.00	United States	SaaS
52	Notion Labs	10.00	United States	SaaS
53	Lalamove	10.00	China and Hong Kong	Logistics
54	Talkdesk	10.00	United States	SaaS
55	Reddit	10.00	United States	SaaS
56	Gusto	10.00	United States	FinTech
57	Chehaoduo	10.00	China and Hong Kong	E-commerce and D2C

■ New decacorn entrants in Q2 CY22

# 10

The current environment warrants increased focus on people practices – we share our perspectives in the areas of (a) compensation and rewards and (b) the need for succession planning.

## (a) Compensation and rewards

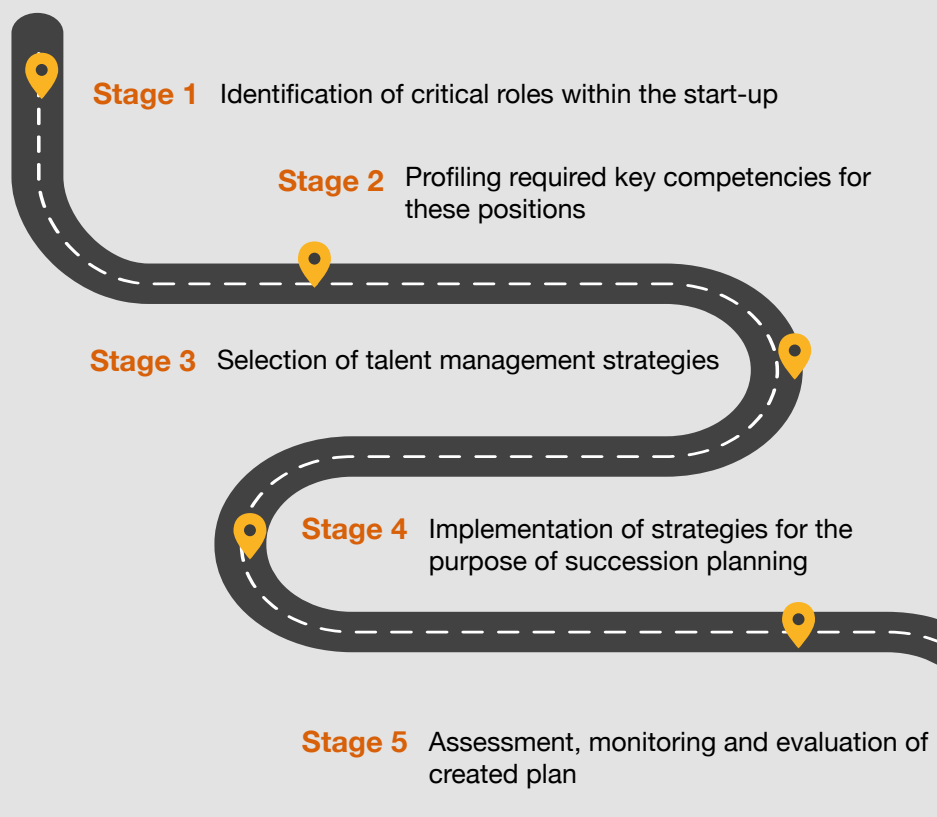
Start-ups often find themselves in a difficult situation when it comes to compensation and rewards. This is mainly because of issues with cash flow if the start-up has not made it big yet or hasn't received funding. This does not imply a reduction in benefits for employees. However, there are smarter ways in which start-ups can assist their employees and create a win-win situation for both themselves and their employees.

<b>Performance-based pay</b>	When hiring individuals who have hard-to-match base salaries, employers offer a rewarding bonus structure, commission and other incentives which align with metrics that the employee can control.	<b>Using equity compensation or profit sharing</b>	Employees are generally given stock options as part of their packages. Some start-ups use profit sharing, where eligible employees are given a set proportion of cash proceeds at the end of a given time period.
<b>Covering expenses first</b>	Start-ups can pay off everyday expenses like parking, conveyance and refreshments on a corporate account and even avoid taxation on fringe benefits.	<b>Work-life balance and flexibility</b>	This non-monetary benefit allows employees to maintain their work-life balance as there are flexible work hours, a vacation policy, half days and work-from-home options.
<b>Reduction in risk of turnover</b>	Providing a signing bonus or quarterly retention bonus may seem like a huge cost, but the initial investment can play a pivotal role for retaining good talent.	<b>Job title</b>	Rewarding employees with an appropriate job title that matches their job description is a non-monetary way of motivating employees and facilitating their growth.
<b>Training and development</b>	Founders can provide mentorship, career roadmaps and growth opportunities to their employees. These new skills can then be leveraged for working more efficiently.		

## (b) Succession planning

Years of hard work that founders put into nurturing a start-up can be reversed if leadership planning and handover are not done in a smooth manner. Thus, the first step founders and leaders need to take is acknowledging the need for a succession plan. Often, successful start-ups turn into failure stories if leaders are unable to recognise the importance of preparing to hand over control of the business. Furthermore, succession planning is a long process and must be done keeping in mind the culture of the organisation.

### Steps for succession planning in start-ups



### Best practices for succession planning

- **Self-assessment:** The founder must introspect and evaluate the vision of the start-up, their own future and how they envision the growth of the start-up itself.
- **Collaboration between founder and CEO:** Collaboration and alignment of the founder and CEO are essential for succession planning. This will ensure that the latter feels secure about their job and can keep the culture intact.
- **Nurturing internal employees for the future:** Developing lower levels of management not only reduces pressure on CEOs but also ensures immediate succession when required. This also keeps the organisational culture undisturbed.
- **Making 1–3–5 year plans for the start-up:** Review the mission and vision that have gotten the company this far and the requirement for doing business differently in the future.
- **Identifying the criteria for the leadership role:** These criteria should be created based on where the company envisions itself to be and the problems they aim to solve. It is important to identify the correct mindset and skill set required.
- **Effective two-way communication:** Good disclosure ensures timely communication and transparency within the company. This will lead to acceptance of the idea of succession planning and eventually, the successor.

# About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with over 295,000 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.

© 2022 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

### Vinisha Lulla Sujay

[vinisha.lulla.sujay@pwc.com](mailto:vinisha.lulla.sujay@pwc.com)

### Kushal Jain

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

### Amena Pathan

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

## Topics covered in this edition

### Human resources

#### Chaitali Mukherjee

Partner - People and Organisation  
[chaitali.mukherjee@pwc.com](mailto:chaitali.mukherjee@pwc.com)

#### Gaurav Gulati

Director - People and Organisation  
[gaurav.g.gulati@pwc.com](mailto:gaurav.g.gulati@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.

© 2022 PricewaterhouseCoopers Private Limited. All rights reserved.

SG/July 2022-M&C 20728

