

# Start-up Perspectives

India start-up deals tracker  
2021 year-end edition

January 2022



# 01

## Executive summary

Dear readers,

Wishing you all a very happy and prosperous new year.

The **previous edition** of our newsletter focused on Q3 2021 as the first quarter in which start-up funding in India crossed the USD 10 billion mark. This pace continued into Q4 CY21 – another quarter in which funding has crossed the USD 10 billion benchmark – making CY21 a remarkable year for the Indian start-up ecosystem.

Deals across all stages of funding increased in CY21 but growth- and late-stage deals stood out. The number of deals in the growth stage increased by approximately 50% and there was more than double growth in average deal ticket sizes. Digital acceleration in everyday life – both in business and personal preferences – continued to drive growth in start-ups and consequently attract investor interest.

### Unicorn scenario in CY22

In CY21, 43 Indian start-ups attained the unicorn status, taking the total count to 68 (as of 31 December 2021). Considering the even larger start-up base and continued investor interest, we expect the unicorn count in India to cross 100 in CY22.

Globally, CY21 saw the emergence of 510 new unicorns, approximately 30% more than the previous five years combined. As of December 2021, the tally of global private unicorns stands at 959 and will cross the 1,000 mark in CY22.

In our **Startup Perspectives** interview series, we covered funding in FinTech start-ups, the most invested sector in CY21. In this edition, we have focused on EdTech, the second-largest invested sector and the trends to watch out for in CY22. We have also analysed funding in electric vehicle (EV) and crypto segments as these sectors will attract significant investments in CY22 and beyond.

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

Regards,

**Amit Nawka**

Start-ups Leader and Partner, Deals  
PwC India



~USD 35 billion raised by Indian start-ups across more than 1,000 rounds in CY21



Growth- and late-stage deals comprise around 85% of the total funding



A record number of 43 Indian start-ups turned into unicorns in CY21



FinTech, EdTech and software as a service (SaaS) were the top three invested sectors



250+ M&A deals in the start-up ecosystem; 'roll-up e-commerce' was the biggest segment

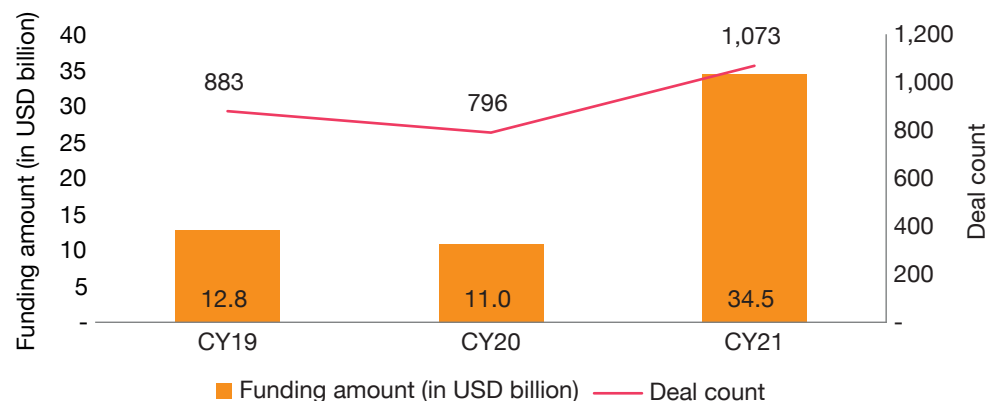


The tally of global unicorns reached 959, out of which 44 were decacorns and the largest representation was from the FinTech sector

# 02

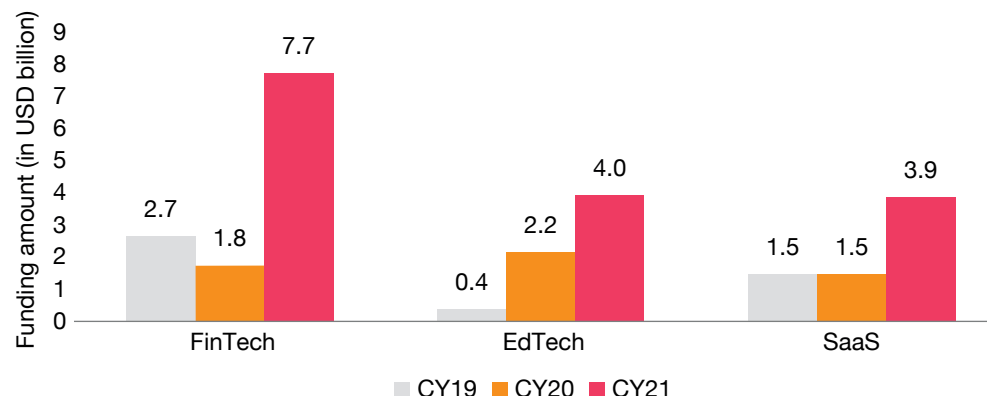
Approximately USD 35 billion was raised by Indian start-ups in CY21, a threefold increase compared to CY20 and largely driven by three key sectors – FinTech, EdTech and SaaS

Funding and deal count



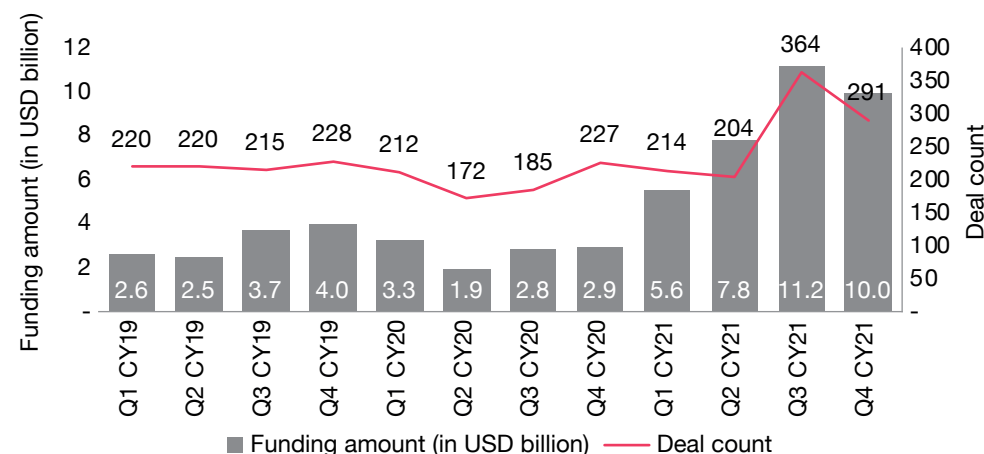
Source: Venture Intelligence

Top three sectors (funding trends)



Source: Venture Intelligence

Funding and deal count



Source: Venture Intelligence

- Start-ups received increased funding in CY21, one-and-a-half times higher than the combined funding obtained in CY19 and CY20.
- There was a significant increase in funding in the last two quarters of CY21. Indian start-ups raised more than USD 10 billion in the last two quarters each.
- FinTech, EdTech and SaaS were the top three invested sectors in CY21, together accounting for approximately 45% of the total funding activity and the emergence of 21 unicorns.

# 03

## Increase in funding activity noted across all sectors, both in terms of value as well as volume

### Funding value in USD million – CY20 vs CY21

	CY20	CY21
FinTech	1,753	7,748
EdTech	2,184	3,961
SaaS	1,473	3,858
E-commerce (B2C)	464	2,815
E-commerce (B2B)	211	2,793
D2C	609	2,551
HealthTech	631	2,176
LogisticsTech	793	2,174
FoodTech	1,026	2,098
Media and entertainment	550	1,914
Online gaming	339	1,634
Real Estate Tech	766	479
Others	201	348

### Deal count – CY20 vs CY21

	CY20	CY21
FinTech	119	193
EdTech	66	97
SaaS	183	240
E-commerce (B2C)	38	63
E-commerce (B2B)	30	49
D2C	91	122
HealthTech	70	71
LogisticsTech	38	56
FoodTech	18	12
Media and entertainment	36	44
Online gaming	14	20
Real Estate Tech	17	21
Others	76	85

Source: Venture Intelligence

### Funding insights in for key sectors

**FinTech:** A nearly fourfold increase in funds raised by FinTechs was witnessed in CY21 compared to CY20. Funds raised by the top three companies – PineLabs, OfBusiness and CRED – amounted to USD 2.3 billion and 12 FinTechs attained unicorn status. [Watch](#) Startups Perspectives for more insights into FinTech funding.

**EdTech:** The Indian EdTech market has gained significant traction since the pandemic. The user base and engagement have increased significantly, leading to a concentrated group of companies raising additional capital. Further insights can be found on page 12.

**SaaS:** Indian SaaS start-ups Gupshup, Innovaccer, Postman, BrowserStack, etc., have raised significant capital in CY21. The number of deals in this sector has been higher compared to other sectors (high early-stage emerging SaaS start-ups raising small tickets). The SaaS space also saw the addition of five new unicorns in CY21.

**E-commerce (B2C):** Funding in this segment increased by almost six times in CY21 compared to CY20. Car marketplace platforms attracted maximum investment in CY21, with start-ups like Cars24, Spinny, Cardekho and Droom together raising USD 1.6 billion in CY21.

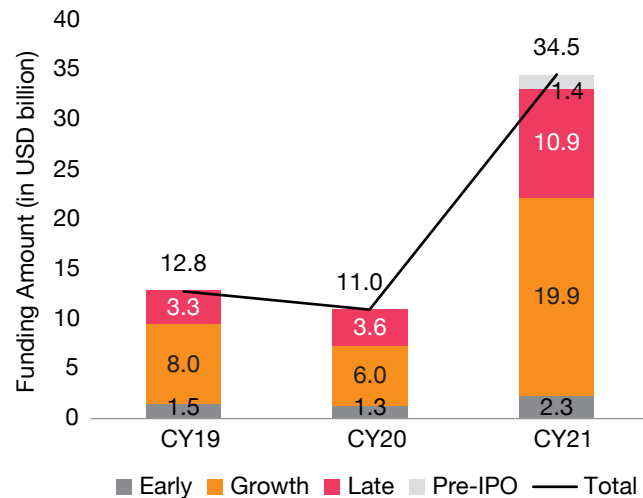
**E-commerce (B2B):** There has been an approximate seven times increase in funding in CY21, driven by the big amounts raised by key players in this segment such as Udaan, Meesho, Zetwerk, Infra.Market and Bizongo. [Watch](#) Startups Perspectives for more insights into B2B e-commerce funding.

**D2C:** A number of new players have been successful and received funding in the last 12–15 months, given the changing buyer behaviour. The roll-up e-commerce space attracted big-ticket investments in CY21 and five new unicorns emerged in the sector.

# 04

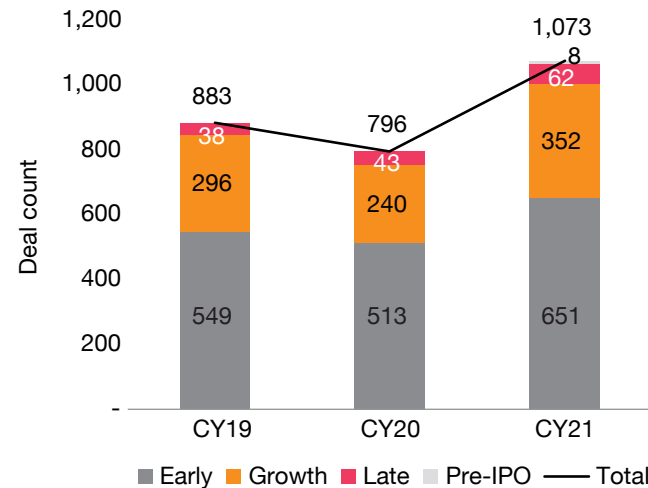
## Increase in funding activity witnessed largely across growth- and late-stage deals with a significant increase in average deal size

**Funding (by stage)**



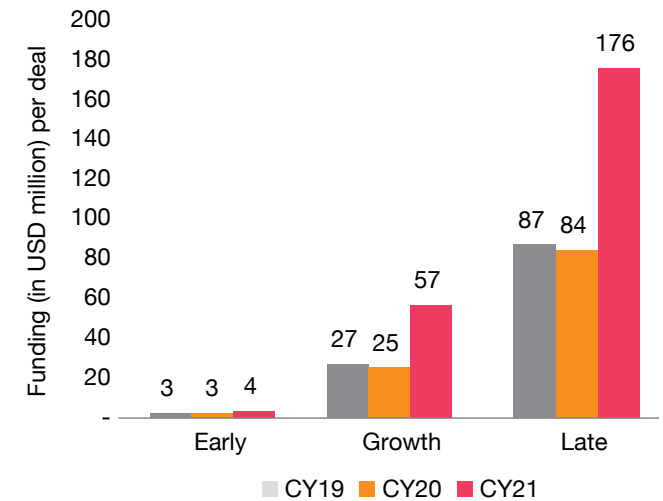
Source: Venture Intelligence

**Deal count (by stage)**



Source: Venture Intelligence

**Average ticket size per deal**



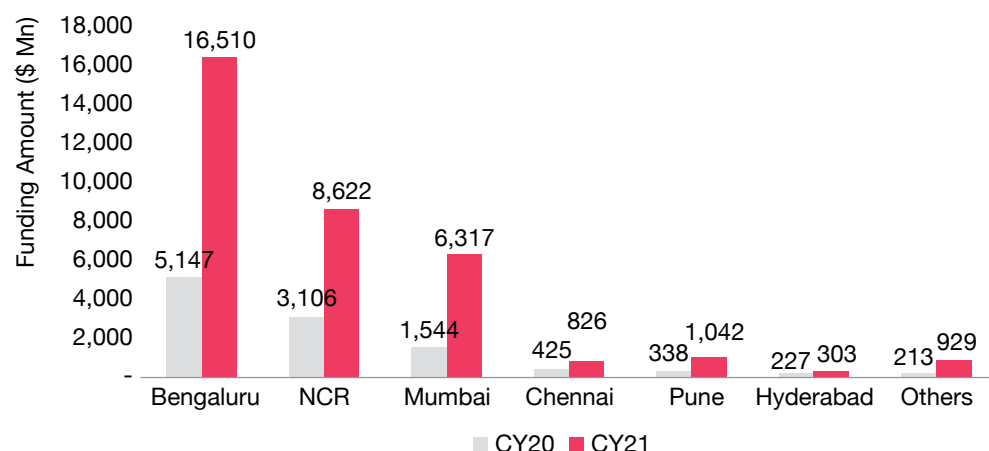
Source: Venture Intelligence

- Deals in all stages of funding showed growth in CY21 but growth- and late-stage deals stand out. There has been approximately 50% growth in deal count and more than double growth in the average ticket sizes of deals. The increasing deal count creates a larger base of Indian start-ups and increasing ticket sizes often lead to rapid expansion in company valuations.
- Sequoia Capital, Accel and Tiger Global were the most active investors in CY21, followed by Matrix Partners, Blume Ventures and others (in terms of deal count).

# 05

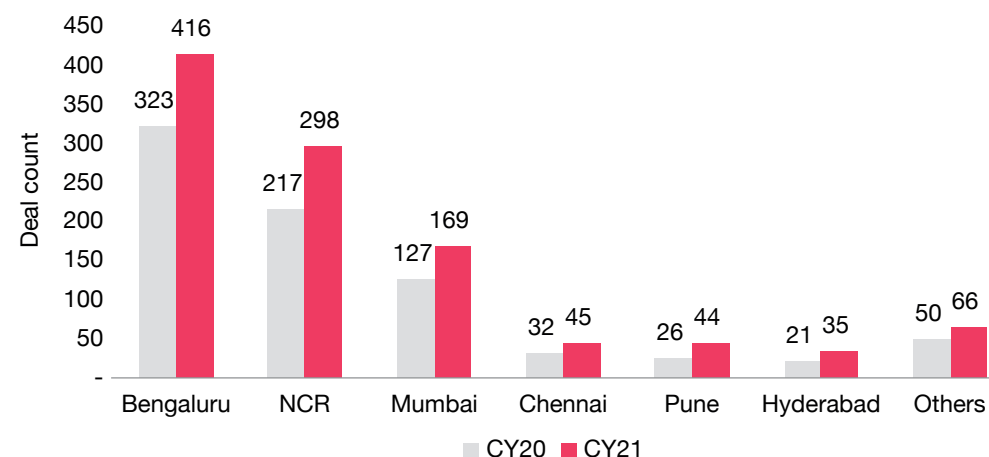
## City-wise trends – Bengaluru and NCR continue to be the key start-up cities in India, representing around 73–75% of the total VC/PE funding activity

City-wise trends – funding



Source: Venture Intelligence

City-wise trends – deal count



Source: Venture Intelligence

- Bengaluru and NCR continue to be the key cities for start-ups in India, together contributing around 73–75% of the total funding activity in both CY20 and CY21, followed by Mumbai and Pune.
- The increase in funding activity in Bengaluru in CY21 was driven by existing start-ups such as Byju's, Swiggy, Meesho, Sharechat, Ola Cabs and Unacademy raising big ticket sizes. EdTech and FinTech were the key sectors attracting investments, followed by B2B e-commerce and LogisticsTech.
- Increase in funding activity in NCR in CY21 was driven by start-ups such as Pine Labs, OfBusiness, Cars24, BharatPe and Delhivery. FinTech, e-commerce (B2C) and SaaS were the key sectors attracting investments.
- Mumbai attracted investments in the HealthTech, online gaming and EdTech segments (PharmEasy and Dream11 being the key start-ups raising significant capital, followed by Eruditus, Gupshup and MyGlam).

# 06

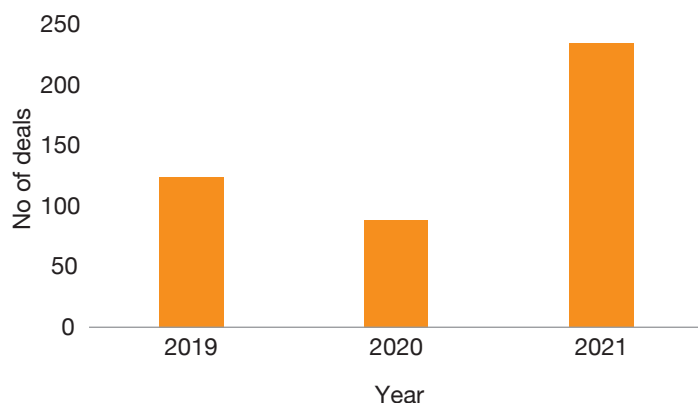
Close to 250 M&A transactions were executed in the start-up ecosystem, a significant increase from earlier years

## Top ten start-up acquirers in CY21

Mergers and acquisitions (M&As) in the start-up ecosystem were fuelled by – (a) new business models which have M&A as their core business strategy, (b) large start-ups acquiring capabilities and market presence, including foraying into international markets, and (c) large corporates making significant bets, notably the Tata and Reliance groups.

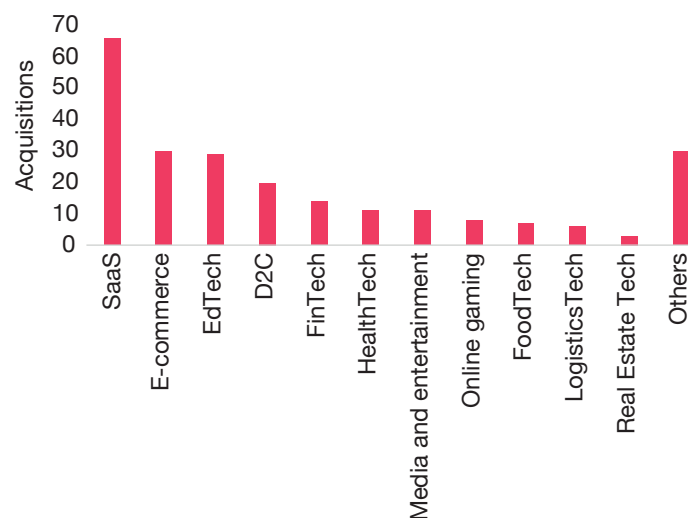
- Four out of the top ten start-up acquirers in CY21 were roll-up e-commerce companies – Mensa Brands, Global Bees, Curefoods and 10club.
- EdTech start-ups made 29 acquisitions in CY21, spending over USD 3 billion. Byju's, Unacademy and upGrad led the acquisition spree.
- The Tata Group made substantial investments in the Indian start-up ecosystem in CY21, notably in 1MG and Bigbasket, among others.

## M&A deals in the last three years



Source: Venture Intelligence

## Sector split in 2021



Source: Venture Intelligence

Company	Number of acquisitions
Mensa Brands	10
Byju's	9
Global Bees	8
Curefoods	7
CureFit	5
MyGlamm	5
10club	5
Unacademy	4
upGrad	4
Tata Group	3

Source: Venture Intelligence

## 07

A total of 43 start-ups attained unicorn status in CY21 compared to 9 in CY20. As of December 2021, there are 68 privately held start-up unicorns in India primarily from the FinTech, SaaS and D2C sectors.

Unicorn count	<CY18	CY18	CY19	CY20	CY21	As of Dec-21
FinTech	-	2	-	3	12	17
SaaS	1	-	2	2	5	10
D2C	-	-	1	-	6	7
E-commerce (B2C)	-	-	-	1	5	6
EdTech	-	1	-	1	3	5
E-commerce (B2B)	-	1	-	-	4	5
LogisticsTech	1	-	3	-	1	5
Media and entertainment	1	-	-	2	1	4
HealthTech	-	-	-	-	3	3
Real Estate Tech	-	1	-	-	1	2
Online gaming	-	-	1	-	1	2
FoodTech	-	1	-	-	1	2
<b>Total</b>	<b>3</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>43</b>	<b>68</b>

**Notes:**

The above list represents private start-ups. Hence, start-ups which are listed (e.g. Nykaa, Paytm and Zomato), acquired through M&As (e.g. Flipkart and Bigbasket), and have lost their unicorn status have been excluded.



# 08

More than 50 start-ups have the potential to enter the unicorn club in 2022, taking the tally of Indian unicorns to beyond 100

## Potential unicorns – raised >USD 100 million till date

<b>11</b> <b>FinTech</b> Kreditbee, Khatabook, Capital Float, Lendingkart, Jupiter Money, Cleartax, Rupeek, Aye Finance, Mswipe, Vivriti Capital and Open Financial Technologies	<b>8</b> <b>LogisticsTech</b> Ecom Express, Shiprocket, XpressBees, Zoomcar, Bounce, Porter, ElasticRun and Dunzo	<b>6</b> <b>SaaS</b> Whatfix, Fareye, Hubilo, Yellow.ai, MoEngage and Near	<b>5</b> <b>D2C</b> Pepperfry, Purple, Freshtohome, Bira91 and boAt	<b>5</b> <b>HealthTech</b> Practo, Dialhealth, Healthify, MFin and Twin Health
<b>5</b> <b>E-commerce (B2B)</b> Ninjacart, Bizongo, DeHaat, Jumbotail and Agrostar	<b>4</b> <b>Real Estate Tech</b> Livspace, Stanza Living, Nestaway and HomeLane	<b>3</b> <b>E-commerce (B2C)</b> Dealshare, Zepto and Naaptol	<b>3</b> <b>Media and entertainment</b> Inshorts, Amagi Media and MX Player	<b>1</b> <b>EdTech</b> Teachmint

Source: PwC analysis using Venture Intelligence data

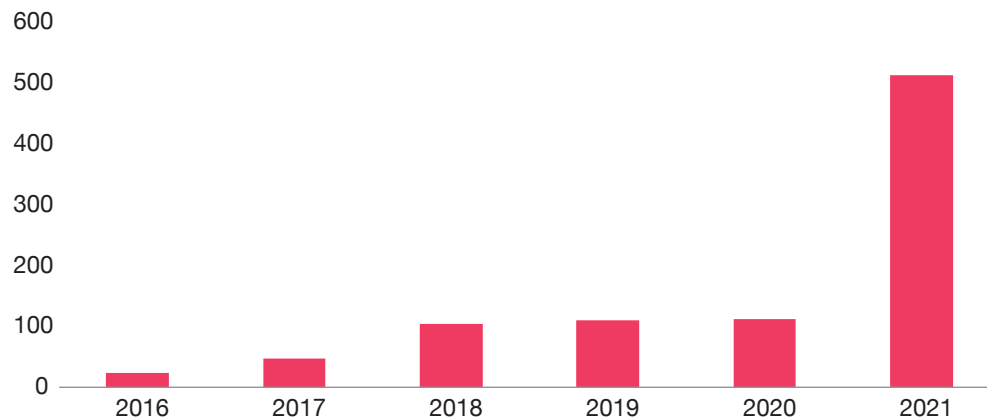
## Unicorns in CY21 and beyond

- CY21 was a remarkable year for the Indian start-up ecosystem, with more than 40 companies attaining unicorn status. All the start-ups which became unicorns in CY21 had raised aggregated funding of USD 250–300 million on an average at the time of gaining unicorn status. The unicorn funding round is usually for USD 100–150 million.
- Applying the same benchmark, companies that have raised more than USD 100 million till date stand a fair chance of becoming a unicorn in the next funding round – this count works out to 52 as at December 2021. The base of companies in the growth- and late-stage deals have improved significantly in CY21 and there are a large number of start-ups at present that have the potential to become unicorns.
- With the market sentiments favourably inclined towards start-ups and the large base of scaled start-ups as of December 2021, we expect the start-ups unicorn tally to cross well beyond 100 by the end of CY22.

# 09

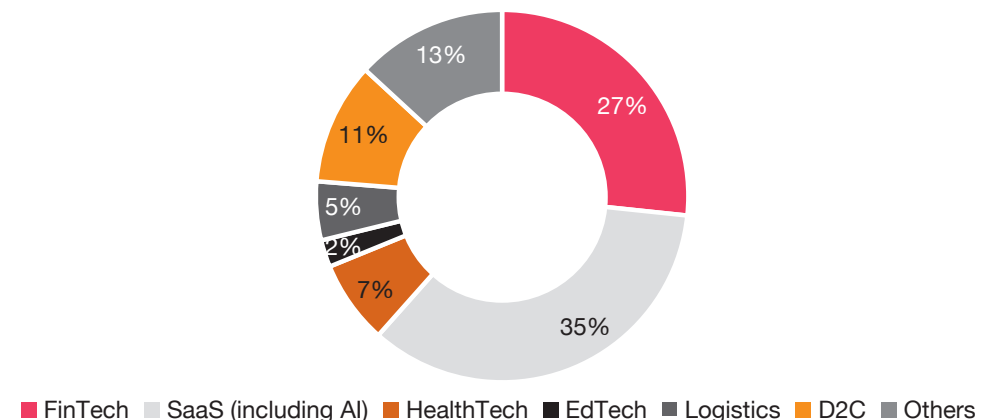
Globally, CY21 saw the emergence of 510 new unicorns (approximately 55% of which are US based), nearly 30% more than the total number of start-ups attaining unicorn status in the last five years

**2021 – the year of unicorns**



Source: CB Insights

**Sectoral distribution of new unicorns in CY21**



Source: CB Insights

- Approximately 100 start-ups achieved unicorn status each year from 2018–2020. There has been a fivefold increase in CY21 with 510 new start-ups entering the unicorn club, emphasising the significance of CY21 globally for privately held new-age tech companies. As of December 2021, the total tally of global unicorns stood at 959.
- The US saw the emergence of 294 unicorns in CY21, taking its tally to 488 and accounting for approximately 55% of the global total. China was in the second position and India was close behind. Europe accounted for approximately 10% of the new unicorns in CY21, primarily distributed in the UK, Germany and France.
- SaaS (including AI) was the most represented sector with 178 unicorns in CY21, followed by FinTech with 136 unicorns.

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44 private start-ups globally are ‘decacorns’ worth USD 10 billion. The largest representation is from the FinTech sector.

No.	Name	Valuation (in USD billion)	Country	Sector
1	ByteDance	140	China	Artificial intelligence
2	SpaceX	100	United States	SpaceTech
3	Stripe	95	United States	FinTech
4	Klarna	45	Sweden	FinTech
5	Epic Games	42	United States	Gaming
6	Canva	40	Australia	Internet software and services
7	Databricks	38	United States	Data management and analytics
8	Revolut	33	UK	FinTech
9	FTX	25	Hong Kong	FinTech
10	Chime	25	United States	FinTech
11	Byju's	21	India	EdTech
12	Xiaohongshu	20	China	E-commerce and D2C
13	J&T Express	20	Indonesia	Logistics and delivery
14	Fanatics	18	United States	E-commerce and D2C
15	Yuanfudao	16	China	EdTech

No.	Name	Valuation (in USD billion)	Country	Sector
16	Yuanqi Senlin	15	China	Consumer and retail
17	SHEIN	15	China	E-commerce and D2C
18	Gopuff	15	United States	E-commerce and D2C
19	Checkout.com	15	UK	FinTech
20	DJI Innovations	15	China	Hardware
21	Plaid Technologies	13	United States	FinTech
22	Grammarly	13	United States	Internet software and services
23	Devoted Health	13	United States	Health
24	Faire	12	United States	Artificial intelligence
25	Brex	12	United States	FinTech
26	JUUL Labs	12	United States	Consumer and retail
27	Bitmain Technologies	12	China	Hardware
28	Biosplice Therapeutics	12	United States	Health
29	GoodLeap	12	United States	Internet software and services
30	Airtable	12	United States	SaaS

Source: CB Insights

- The Elon Musk owned rocket company SpaceX joins ByteDance as the second ‘hectocorn’ worth over USD 100 billion.
- 11 FinTech companies are decacorns worth more than USD 10 billion each, the most valuable being Stripe from the US, valued at USD 95 billion.

# 11

## Sector in focus – EdTech

### India EdTech investments and deals

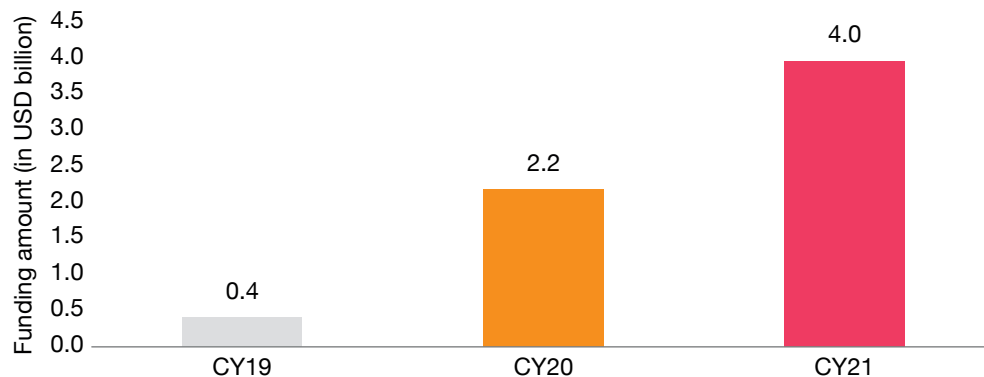
The Indian EdTech market gained significant traction during and post COVID-19, with CY21 deal value and volume exceeding that of CY20. **In CY21, close to 100 companies raised funds to the tune of about USD 4 billion**, a growth of around 86% as compared to the approximately USD 2.1 billion raised in CY20.

Players already backed by investors in early CY20 have managed to ramp up their active user base and engagement rates significantly, resulting in a concentrated base of start-ups raising additional capital.

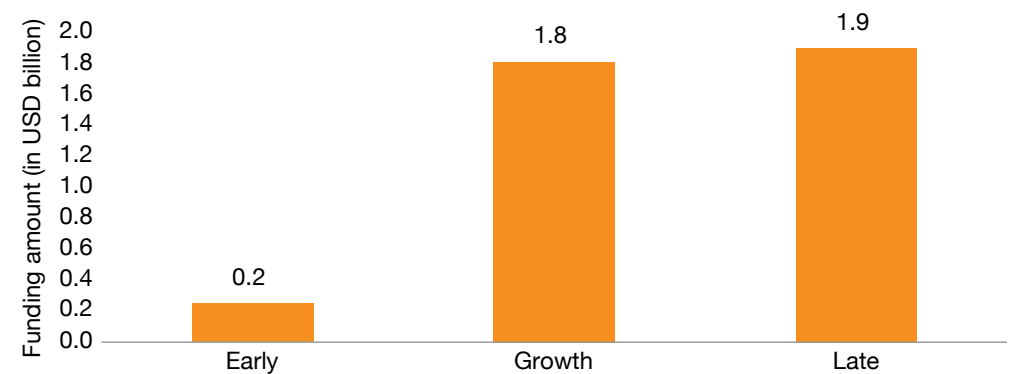
### India EdTech deal insights (CY21)

- Three players – upGrad, Eruditus and Vedantu – attained unicorn status in 2021, taking the tally of unicorns in the EdTech sector in India to five. Top investment (USD 100+ million rounds) for 2021 comprises funds raised by Byju's, Eruditus, Unacademy, upGrad and Vedantu.
- **Byju's is now the most valued EdTech start-up in the world.** Byju's announced nine acquisitions in 2021 and onboarded customers rapidly, both organically and through its acquisitions.
- **Established start-ups have chosen the acquisition route to diversify and increase offerings across subsegments within the EdTech space.** The acquisition of Great Learning by Byju's in July 2021 saw it venturing into the upskilling segment and offering higher education courses. Similarly, Unacademy's acquisition of TapChief, CodeChef, and Mastree saw it entering into new segments – coding, job hunting and K-12.

Total deal value in India CY19–21 (USD billion)



Deal value (in USD billion) across stages in CY21 in India



Source: Venture Intelligence and PwC analysis





- **Players in the test preparation and higher/management education** subsegments comprised >80% of the funding (by value) for CY21 on the back of large late-stage funding rounds and acquisitions.
- **Around 54 new companies raised funds in the early stage/Series A** bucket (round less than or equal to USD 20 million), with a total investment of about USD 210 million. Active investors included Moneta Ventures, Lightspeed Ventures, GSV Ventures and Matrix Partners India. Companies providing out of school courses which include extracurricular skill enhancement under various domains saw interest from investors as a good early-stage investment opportunity. Yellow Class's USD 6 million, Kyt's USD 5 million and Muzigal's USD 2 million investments are a few such examples.

### Future trends to notice

The COVID-19 pandemic has been a catalyst for the adoption of EdTech, moving learning from classrooms to screens of all forms and sizes. Given the increasing smartphone and high-speed data penetration in the country, there has been a surge in demand for online academic and non-academic courses from tier II cities and beyond. The top five trends in this space include:

1. **There is likely to be a rise in offerings of shorter, focussed learnings designed to equip the learners with skills desired in the evolving job market and to map the surge in demand for upskilling and non-academic online courses.** Leading ranked global universities too have started offering their courses at cost-effective price points, driving mature offerings in an EdTech market traditionally dominated by K-12 offerings. Increased demand for upskilling and reskilling courses is expected to continue driving the offerings in this space.
2. **Emphasis on early-age skill development among children**, including language learning, music and chess, is driving demand, especially from tier-2 and tier-3 cities, due to access to a better pedagogy and learning platforms than those available locally.
3. **Use of regional languages has increased to reduce learning gaps** for students based in tier-2 cities and beyond. Some start-ups have also adopted alternative delivery models by curating sachet-sized course offerings delivered to the youth over familiar interfaces such as popular messaging platforms to allow less privileged learners keep up with their peers.
4. **Gamification in learning and collaborative, interactive courses are giving start-ups an edge and differentiation** over ordinary content delivery models by retaining higher attention span of learners. Gamified learning is evolving and there is increasing interest amongst players looking for innovative ways to drive engagement.
5. **Innovative finance models for education financing**, both for students and institutions, are coming to the fore with the rise in EdTech platforms. Affordable education loan platforms in India are expected to grow five times from 2020 to 2030 on the back of the rise of online skill-based and higher education courses.

# 12

## Other key sectors: Highlights

### EV tech

The transition to electric vehicles (EVs) is likely to disrupt the existing structure of the auto industry in profound ways. Private equity (PE) and venture capital (VC) money is busy chasing the upstarts. Between 2019 and 2021, PEs and VCs pumped in around USD 667 million in the EV sector. Some of the notable funded companies are:

- **Ola Electric Mobility:** After almost a year of promoting its electric scooters, Ola Electric is all but ready to start deliveries in 2022. Ola Electric has already turned into a unicorn, with USD 563 million raised till date, backed by SoftBank, Matrix Partners, Tiger Global, etc.
- Last month, Bengaluru-based **Ather Energy** commissioned its second manufacturing unit in Hosur, Tamil Nadu, to cater to the growing demand for electric scooters. The company has raised USD 78 million over the last three years, majorly backed by Sachin Bansal and Hero MotorCorp.
- In December 2020, Bangalore-based **Bounce** announced its first electric scooter. Unlike other EV players, Bounce is betting on a 'battery as a service model'. Customers will be able to swap their batteries at dedicated locations by paying a fee.
- There are various other upcoming start-ups in this segment such as RevOS, EVRE, SmartE, Lohum and BluSmart Mobility which have attracted investments.
- The Government's push towards electric mobility is being supplemented by the entrepreneurial ecosystem in the country, with many start-ups coming up with innovative, tech-driven solutions to strengthen the EV infrastructure. The aim is to contribute towards a clean, sustainable future.

### Indian crypto and blockchain

- **India has emerged as one of the fastest-growing cryptocurrency markets** globally, amid rising awareness and interest amongst retail investors to invest in tokens and cryptocurrencies. Indian crypto and blockchain start-ups raised their **highest-ever funding of approximately USD 600 million in CY21**.
- Crypto exchange platforms **CoinDCX** and **Coinswitch Kuber** have alone raked in almost 60% of the capital raised this year. These two start-ups attained unicorn status in CY21. Sequoia India doubled down on its investment in CoinSwitch Kuber and participated in a round and invested in **Coinshift**, a crypto treasury management platform.
- **Key investors** in this space include Jump Capital, Polychain Capital, B Capital Group and Tiger Global. Elevation Capital, Sequoia Capital India and Kalaari Capital have backed non-fungible token (NFT) projects, decentralised finance (DeFi) as well as other ventures. As per media reports, a few VCs are in the process of setting up **India-focused blockchain and crypto funds** that will have a corpus size of USD 15–50 million.

**Source:** Venture Intelligence and secondary research

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