India Venture Capital Report 2023

Winds of winter:
2022 signalled a recalibration for the ecosystem
after record capital influx over the last few years.

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Executive summary

2022 signalled a recalibration for venture capital (VC) investments globally after a record capital influx over the last few years. Increasing macroeconomic uncertainty and recessionary fears drove caution in investing momentum globally, headlined by a few key triggers: (a) post-pandemic tightening of monetary policy as central banks pulled the plug on access to cheap capital (more than 2.5 percentage points [pps] interest rate hikes across the US, UK, and Europe during 2022); (b) intensifying geopolitical tensions (e.g., Russia-Ukraine conflict, US-China decoupling); (c) trade sanctions by US and Europe, leading to global supply chain shocks; and (d) surfacing of irregularities in corporate governance across the tech ecosystem globally.

Funding momentum in India similarly softened in line with the global slowdown as total deal value saw a compression from $38.5 billion to $25.7 billion from 2021 to 2022. However, India continued to demonstrate resilience to global headwinds as structural enablers drove a positive economic outlook (i.e., large consumption potential, inclusive growth led by scale digital adoption of the decentralised "India Stack," effective fiscal and monetary policy discipline limiting inflationary growth, and tailwinds from economic activity shifting away from China). Deeper analysis of the underlying metrics, as indicated below, reflects a more nuanced picture:

- Decline in funding mostly took place over the second half of 2022 as global macro headwinds intensified over the year—in fact, investments grew 1.4x over the first half of 2021–2022 but saw a 70% decline in the second half of 2022 compared to the second half of 2021.
- Within Asia-Pacific, the share of India-focused VC investments reached 20% for the first time, and India continued to account for ~5% of global VC funding in line with 2021.
- For the second time in a row, the number of unicorns added in India (23) outpaced China (11), and India marked the addition of its 100th unicorn (Open Technologies) in May 2022.

"While macroeconomic factors drove the slowdown in funding globally, India continues to be attractive for investors globally given strong fundamentals. Low leverage, tech adoption, and favorable demographics create a long runway for growth. We see limited impact, especially in early-stage rounds, and continue to invest across sectors."

Elevation Capital

Despite the drop in Indian VC funding to $25.7 billion (0.7x of 2021 funding), deal volume saw marginal 1.1x growth, reaching 1,611 deals led by an expansion in seed to series B deals. Further, series A deals maintained an average deal size of ~$11 million, cementing a step shift in early-stage dealmaking in India (average series A deals hit the coveted $10 million mark for the first time in 2021). The decline was driven primarily by average deal size compression from $25 million to $16 million over 2021–2022. A significant drop in $100 million+ "megarounds" (from 92 to 48 over 2021–2022) was a key factor in deal size compression, with global investors exercising caution on large-ticket size deals. Further, venture funding continued to see democratisation, with emerging hubs beyond Bengaluru, Mumbai, and the NCR (National Capital Region) receiving ~18% of the funding and accounting for 9 of 23 unicorns added in 2022.

"Through our investments in Citymall and Apnamart, we have seen disruption in large $100B categories in Tier 2+. The urban-rural digital divide will continue to converge, creating opportunities for start-ups. We are bullish on the potential of "Bharat", or Tier 2+ India, and the next decade of start-ups serving its needs efficiently and profitably."

Accel

Software-as-a-service (SaaS) and fintech continued to see momentum relative to 2021, growing in salience from ~25% to ~35% of total funding in 2022. Consumer tech, however, saw a 55% drop, from more than $20 billion in 2021 to less than $10 billion in 2022. Several investment themes emerged in 2022:

- **Moderation in consumer tech deal momentum** was reflected across segments such as edtech, online food delivery, B2C commerce, and D2C brands. Given typically higher cash-burn business models in consumer tech, investors remained cautious about large deals in 2022.

- **In contrast, SaaS saw steady deal momentum** over an expansive base from 2021, led by increasing asset depth, proven revenue growth, EBITDA-positive business models, and an emerging base of second-generation founders focused on building category-defining solutions.

- **Despite regulatory headwinds and global compression in fintech funding, Indian fintech sustained momentum**—driven by several scale deals focused on lending and fintech infra players (four unicorns) in the first half of 2022. The second half of 2022 saw consistent deal volume via early-stage deals across emerging segments—insurtech, embedded lending, and wealthtech.

- **Finally, green shoots were visible across emergent sectors:** electric vehicle (EV), agritech, and deep tech (space tech, generative AI and climate/clean tech) saw significant interest.

The investor base consequently saw a few critical shifts over 2022. Concentration of investments by large investors decreased to less than 20% from ~25% in 2021 as investment activity by global hedge funds and crossover funds slowed down. While most leading VCs saw a compression in the deal activity, salience of early-stage investments by these funds within respective portfolios increased (e.g., more than 80% of deals for top funds, including Sequoia, Accel, and Lightspeed, were early-stage in 2022). Private equity (PE) firms continued to demonstrate interest in select growth equity deals—marquee deals include Dailyhunt (CPPIB), ElasticRun (Goldman Sachs), and Amagi (General Atlantic). In an increasing validation of the maturity of the Indian start-up ecosystem, micro VCs grew in presence: the base of active micro VC funds grew to more than 80; several launched larger funds (e.g., the $55 million Artha Select Fund, maiden micro VC fund by Artha Capital, and the $25 million Auxano Fund); and thematic micro VCs also increased in presence (e.g., SaaS [Pentathlon] and gaming [Lumikai]). Lastly, family offices, corporate VCs, and first-time funds remained active over 2022, participating in more than 300 deals, in line with 2021.

"Micro VCs fill a critical gap between the slightly unorganised angel ecosystem and the early-stage VC market. They are small, nimble, and focused teams that help many more founders get their nascent ventures off the ground before they are ready for a full seed round. Early-stage VCs, such as us, love collaborating with micro VCs."

Prime Venture Partners

Further, despite the caution in capital deployment, 2022 saw record fund-raising and, in many cases, investors raised their largest ever India-focused funds. Several Tier 1 investors raised new India-focused funds (e.g., Sequoia's $2 billion India Fund VIII and Lightspeed India's $500 million India/Southeast Asia-dedicated fund). Similarly, prominent domestic VCs and smaller funds saw significant fund-raising over 2022 (e.g., Fireside Ventures Fund III—$225 million; Blume Ventures Fund IV—$250 million; and Artha Select—$55 million micro VC fund). Despite dry powder build-up, capital deployment will likely remain cautious as general partners (GPs) scout for quality assets and, in a few cases, await correction in valuation expectations while limited partners (LPs) also remain cautious about commitments as realisations from prior deployments may have slowed down.

A dramatic decline in exits with VC participation was witnessed in 2022, relative to 2021, declining from $14 billion (including the now-cancelled BillDesk exit) to less than $4 billion in total exit value. Secondary transactions accounted for a material share of exits (47%), but overall value dropped as large anchor exit deals declined (only 11 secondary exits greater than $50 million in 2022 compared to 19 in 2021). While the share of public market exits also remained salient (40%), the mix shifted from initial public offering (IPO)-driven exits to trades—specifically exits by anchor VC funds as lock-ins on tech IPOs expired. At least six IPOs saw VC exits in 2022, including Five Star Business Finance (Sequoia, Matrix), Delhivery (SoftBank), Tracxn (Sequoia, Accel, Elevation), but total IPO-driven exit value remained muted relative to 2021. Further, with 2022 witnessing a global tech stock rout, several tech-first players deferred potential IPO plans, affecting overall exit value.

The broader start-up ecosystem in India witnessed several fundamental shifts in 2022 that are likely to have a bearing on the landscape in the near to medium term:

- **Investors:** Investors pivoted from "growth at all costs" to "sustainable unit economics"; most raised large funds, leading to a dry powder build-up; and leveraging of venture debt as an alternative funding option became viable.

- **Regulators:** Tightening regulatory guidelines affected fintech (ban on prepaid instrument [PPI]-based credit and new digital lending norms) and cryptocurrency (tax on virtual digital assets [VDA]) the most, but macro regulations broadly continued to act as enablers in the ecosystem—through production-linked incentives (PLI), a framework on tech listings by Securities and Exchange Board of India (SEBI), and an ongoing focus on building public digital rails (e.g., Open Network for Digital Commerce [ONDC] launch).

- **Start-ups:** 2022 was a turbulent year for start-ups, with more than 20,000 layoffs, several distress mergers and acquisitions (M&A), corporate governance issues, and more than 10 deferred IPOs, but a few bright spots remained, including the growing salience of new emerging hubs and increased diversity in leadership positions within start-ups.

"For the start-up ecosystem, 2022 will be remembered as the year when quality of business became imperative and the growth-at-all-costs mantra went out of fashion quickly. At the early stage, the definitions of PMF became stricter; for larger companies, generating profits became a priority. We believe this is healthy for the ecosystem and will ultimately lead to the creation of robust businesses that can stand the test of time. We continue to believe that there are secular tailwinds across the ecosystem (e.g., low data costs, digital infra as public goods, aspirational consumers, a more formal economy, world-class software companies, dry powder) that make this an excellent time to start a business in India."
Stellaris Venture Partners

Cautious optimism across stakeholders may be seen in 2023: While global macro headwinds are likely to continue to affect India, shifts across the ecosystem indicate that a more resilient ecosystem will emerge. Investors are expected to double down on early-stage dealmaking and innovation in emergent spaces such as gaming (hyper-casual games, e-sports), healthtech, and EV, and AI-led use cases are likely to see interest. SaaS and fintech will remain significant—while regulatory oversight may have some effect on fintech, focus on globalisation of the India Stack (e.g., cross-border Unified Payments Interface [UPI], identity, cross-border commerce) is likely to open up new avenues. Participation from a wider investor base (e.g., micro VCs, family offices, global funds foraying into India) is likely to sustain. Scale start-ups will remain laser-focused on unit economics. Some M&A-driven consolidation and potentially flat or down rounds may be in the offing as investors revaluate assets in their portfolios.

In the longer term, global investors are likely to remain positive about the India Story—solid macro-fundamentals, a large consumption opportunity, a sizeable workforce entering the formal economy, a digitally enabled population, and a deepening innovation ecosystem will remain key foundational drivers underlying India's promise in the next decade.

"India is one of the most dynamic markets in the world for early-stage investments. India has a strong economy which will continue to expand. Even if the quantum of deals is not as high as in previous years, the best quality founders continue to raise funds. We believe this is a great time to do business with such founders."

Lightspeed

Figure 1: 2022 was a year of recalibration with significant shifts across the start-up and VC ecosystem in India

India VC investments declined to $25.7B

In line with global VC slowdown, India deal flow declined 33% from $38.5B to $25.7B over 2021–22; compression was driven largely by caution over H2 2022 (H1 2022 saw a 1.4x jump in funding over H1 2021)

Sustained deal volume led by early-stage investments

While deal volume saw a marginal expansion (1.1x) to 1,600+ deals—in a step shift, 90% of those were early-stage (seed to series B) deals; average deal size reduced to $16M from $25M over 2021–22

48 "megadeals"—0.5x drop from 2021

48 "megadeals" ($100M+), most of which (85%+) closed in H1 2022; further, this was a material 50% drop relative to 92 megadeals in 2021

23 unicorns—India outpaced China for a second time

23 unicorns added by India in 2022 relative to 11 in China—Open Technologies became the 100th unicorn overall in India

Share of non-top 3 metros in funding grew to 18% in 2022

Growing investor activity outside of top 3 metros (BLR, MUM, NCR) as share in VC investments in other cities grew to 18%—further 9 (of 23) unicorns emerged from outside of the top 3 metros in 2022

SaaS and fintech retained pace; consumer tech declined

SaaS (1x) and fintech (0.9x) maintained deal value relative to 2021; consumer tech saw a material decline to <$10B from $20B+ over 2021–22 as pressure on viable unit economics mounted

A defining year for EV with 2.4x growth in funding

Confluence of regulatory tailwinds (PLI schemes, China +1), growing activity across the EV value chain (battery, OEM components, sales and service, mobility, charging infrastructure) drove investor interest

Global hedge funds/crossover activity declined

Share of investments by leading investors reduced to <20% (vs. 25%+ in 2021) as global hedge funds and crossover funds exercised caution in H2 2022

Active micro VC base grew to 80+

Several micro VCs raised $20M+ funds, with the active investing base growing to 80+; thematic micro VCs grew in presence—e.g., SaaS-focused (Pentathlon), gaming-focused (Lumikai)

Significant dry powder build-up led by record fund-raising

Leading investors announced their largest ever India-focused funds as LP commitments from 2021 were closed—despite dry powder build-up, LPs will continue to seek caution from GPs on pace of deployment

Growing impetus for venture debt

Venture debt scaled to 0.03x of VC equity funding—increasingly attractive to founders as non-dilutive funding or bridge financing option in a volatile macro environment

Exit momentum declined as 10+ companies deferred IPOs

10+ tech-first companies deferred IPO plans given global public market volatility and tepid performance of public listings of tech companies broadly (globally and in India)

Regulatory headwinds despite structural enablers

Fintech and crypto bore the brunt of regulatory shifts (e.g., new PPI and digital lending norms, NUE delay, taxation of virtual digital assets)—however, structural digital enablers continue to propel innovation

Rough waters for start-ups—layoffs, issues in governance

2022 was a turbulent year for most start-ups—20K+ layoffs across the ecosystem, sharp pivot from "growth at all costs" to "measured growth at profitable margins" and surfacing corporate governance issues

Source: Bain & Company

India VC deals landscape

- 2022 was a year of recalibration as VC funding momentum slowed down globally and in India. India investments saw a 33% compression from $38.5 billion to $25.7 billion over 2021–2022.

- Caution in investing momentum globally was driven by broader macroeconomic uncertainty and recessionary fears—tightening of monetary policies by central banks after an extended rate moratorium and Covid-19 stimulus led capital influx, geopolitical uncertainty disrupting food and energy supply chains, growing inflation across economies, trade sanctions by US and Europe exacerbating the supply-demand rift, and surfacing of corporate governance issues across VC funded companies. While these headwinds had an influence on funding in India, the broader economic outlook remained relatively resilient and continued to be supported by a few structural drivers:

  - **Large consumption opportunity:** Sizeable middle class with large working-age population, services-driven economy, expanding manufacturing base.

  - **Inclusive economic growth led by scale adoption of digital rails:** For example, UPI for payments, ONDC for e-commerce, electronic health records further enabled by cheap access to data creating a material digital enabled population base.

  - **Fiscal and monetary discipline:** Judicious fiscal stimulus during the pandemic, efficient commodity sourcing given global price volatility keeping inflation in check.

  - **"China + 1" tailwinds:** Incentives boosting manufacturing and tailwinds from global supply chain diversification leading to new economic avenues.

- Decline in investments reflected a few key trends:

  - Significant share of slowdown driven by investments in the second half of 2022 as global macro headwinds intensified and drove investor caution.

  - While average deal size saw a compression from $25 million to $16 million, deal volume saw a marginal expansion (further indicating significant early-stage activity).

  - India's share in Asia-Pacific VC reached ~20%, growing from ~17% in 2021 as investments in Asia-Pacific declined faster than in India in 2022.

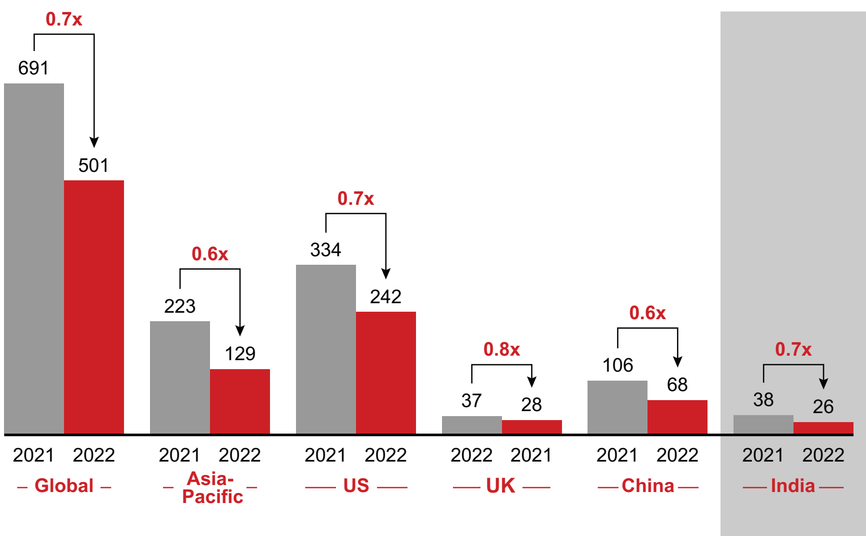
- The shape of deal flow shifted significantly: Megarounds reduced from 92 in 2021 to 48 in 2022—with only 10 scale rounds of $250 million+ (all in the first half of 2022) as investors pressed pause on large deals. Conversely, early-stage deals (seed to series B) were more resilient and saw a ~1.2x growth in volume relative to 2021. Series B deals maintained average deal size of ~$27 million, in line with the 2021 benchmark.

- Growing maturity of the ecosystem was further evident in increasing share of investment in cities outside of the top three metros (Mumbai, Bengaluru, and the NCR) to 18%. In 2022, 9 of 23 unicorns were from these cities, a solid indication of democratisation of funding across the country.

- While the number of unicorns created shrank from 44 to 23 over 2021–22, India added more unicorns than China, 23 and 11 respectively, for the second year in a row. Also in 2022, India became only the third country globally to have created 100+ unicorns—Open Technologies became the 100th unicorn in May.

Figure 2: 2022 was a year of recalibration as the global VC landscape witnessed a drop from record highs in 2021—funding momentum in India also faced headwinds

Overview of global VC investments ($B)



India investments overview

India VC activity softened significantly—in line with the global slowdown, investments dropped to 0.7x of 2021 levels

Drop in funding largely driven by significant compression in H2 2022—investments grew 1.4x over H1 2021–22; H2 2022 saw a 70% decline over H1 2022

India's share in Asia-Pacific VC investments reached ~20% for the first time—India's share in Asia-Pacific grew from ~17% in 2021; globally, India continued to account for ~5%, in line with 2021 levels

Notes: PE-VC investment figures include real estate and infrastructure deals; Investment value and volume excludes undisclosed deal value transactions (e.g., PharmEasy, Policybazaar, Qure.ai)
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 3: Globally, increasing macroeconomic uncertainty and recessionary fears drove caution in investing momentum

1	**Tightening monetary policy**	**2022 saw central banks pull the plug on access to cheap capital in the fastest-ever interest rate hikes**—e.g., 4.25 pps rate hike by the US Fed, 2.5 pps by ECB, and 3.5 pps by BoE over Jan–Dec 2022, leading to tightening liquidity after an extended rate moratorium and Covid-19 stimulus led to capital influx across markets
2	**Uncertain geopolitical environment**	**Growing geopolitical uncertainty, headlined by the Russia-Ukraine conflict and US-China decoupling (economically and militarily), drove investor caution** as significant disruption across food/energy supply chains led to inflationary pressures on retail consumption baskets globally
3	**Global supply chain shocks**	**Continued Covid-19-induced disruptions (especially in China) and trade sanctions by US/Europe restricting access to high-end semiconductors exacerbated recessionary fears**—business operations already burdened by the pandemic saw further strain, leading to gaps in manufacturing/demand fulfilment
4	**Corporate governance challenges**	**Lax corporate governance in a few VC-funded companies over the pandemic saw a comeuppance**—as irregularities surfaced (e.g., collapse of crypto exchanges), investors tempered the speed of funding

9.1%
US CPI inflation as of June 2022, highest in 40 years

2.9%
Global GDP growth over 2022 relative to 6%+ in 2021; further muted forecast (1.7%) for 2023

40%
Decline in NYSE FANG+ index over 2022 as valuations of listed tech companies hit reset

Notes: BoE—Bank of England; ECB—European Central Bank; Fed—Federal Reserve; FANG+ index reported based on 10 listed tech companies (Amazon, Apple, Facebook [Meta], Microsoft, Netflix, Google [Alphabet], Tesla, NVIDIA, Alibaba, Baidu); CPI—consumer price index
Sources: Bain & Company; World Bank; Bloomberg; Financial Times

Figure 4: However, India demonstrated significant resilience to global headwinds as structural enablers continue to lend a positive economic outlook

Large consumption headroom

Growing domestic consumption supported by a services-driven economy, expanding manufacturing base, large share of productive working age population (~900M), reinforced by an expanding middle-income population base (largest globally today at ~370M)

Digital accelerators: the "India Stack"

Inclusive growth led by scale adoption of decentralised public digital infrastructure rails, i.e., "India Stack"—e.g., UPI for payments, ONDC for commerce, OCEN for credit, Aayushman Bharat for health, coupled with cheap access to data, continuing to drive digital innovation

Fiscal and monetary policy discipline

Effective monetary and fiscal policy enabling control over inflationary growth—judicious economic stimulus over the pandemic, efficient commodity sourcing despite price volatility globally, sufficient foreign exchange reserves have enabled consistent GDP growth while maintaining inflation within the hurdle rate

"China + 1" tailwinds

Growing economic activity led by global shift away from China—escalating US-China trade tensions driving interest in India as global firms look to diversify supply chain exposure; favourable policies such as corporate tax cuts, PLIs further accelerating momentum in categories such as electronics, textiles, pharma

Positive bellwethers

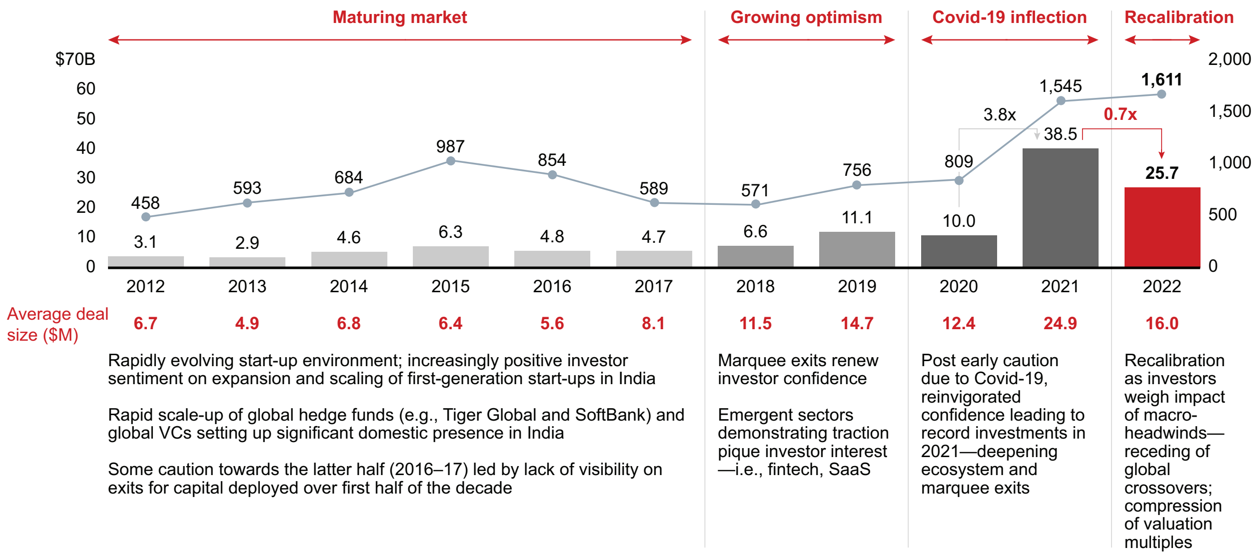
6.9%	GDP growth over 2022*; one of the fastest growing globally	<6%	CPI by Dec 2022; within RBI hurdle rate of 6% (used to define ceiling for high inflation)
5th	Largest economy globally; overtaking UK in 2022	Stable public markets	~4% growth for Sensex vs. ~19% decline in the S&P over 2022

Notes: *FY23 (April to March 2023) growth over FY22 (April to March 2022); Working age population between ages 15–64; Middle class population is the number of households with income 75%–125% of median income times average household size; UPI—Unified Payments Interface is an instant real-time payments system developed by National Payments Corporation of India; OCEN—Open Credit Enablement Network; RBI—Reserve Bank of India
Sources: Bain & Company; Morgan Stanley report

Figure 5a: India VC deal flow dampened to $25.7B from $38.5B over 2021–22; despite year-over-year compression, deal flow remains material relative to pre-Covid-19 era

Annual VC investments in India ($B)

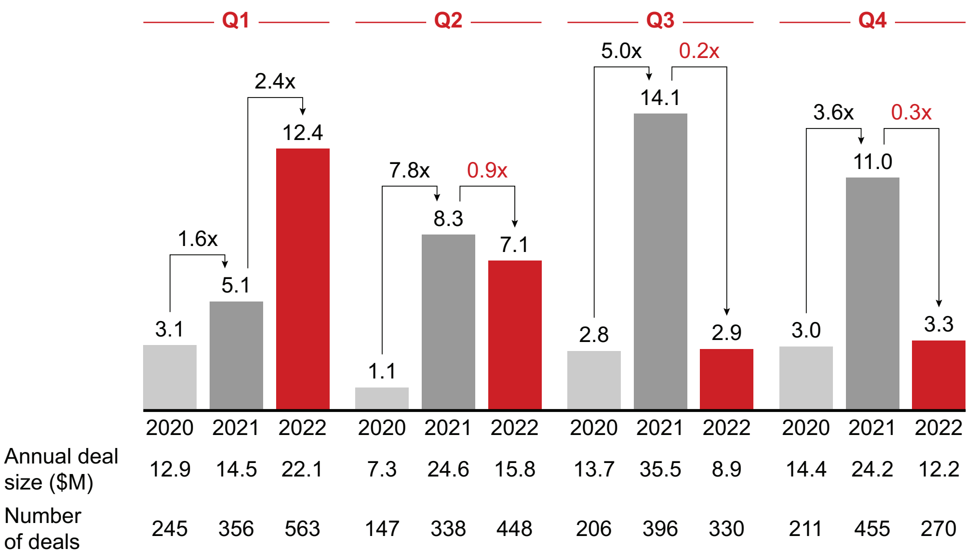
Number of deals



Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 5b: A deeper look indicates slowing momentum H2 2022 onwards—both deal volume and average deal sizes dropped significantly in H2 2022 vs. H1 2022

Annual VC investments in India ($B, split by quarter)



Investments overview

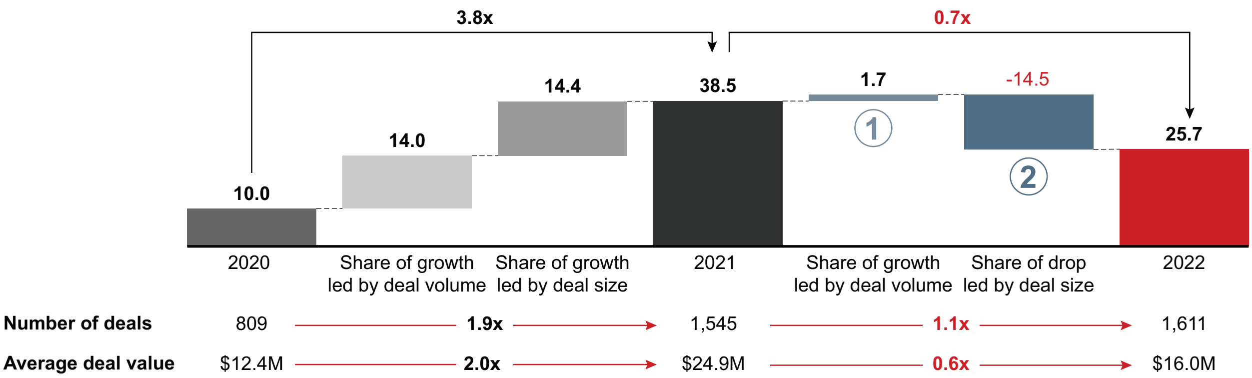
Sustained momentum over Q1 2022 led by overhang from 2021—despite early headwinds becoming visible (e.g., rising interest rates, geopolitical tensions)

Increasing investor caution evident over H2 2022—lower number of deals vs. 2021 and compressed deal sizes indicative of a material clampdown on larger ticket size deals

Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 6a: Decline in investments led by sizeable compression in average deal size—however, sustained momentum in deal flow relative to 2021

Annual VC investments in India ($B)



1 Sustained deal flow led by early-stage activity

Continued momentum on investment activity, early-stage deals drove bulk of volume—**90%+ of deals in 2022 were across seed to series B stages** (relative to <85% in 2021)

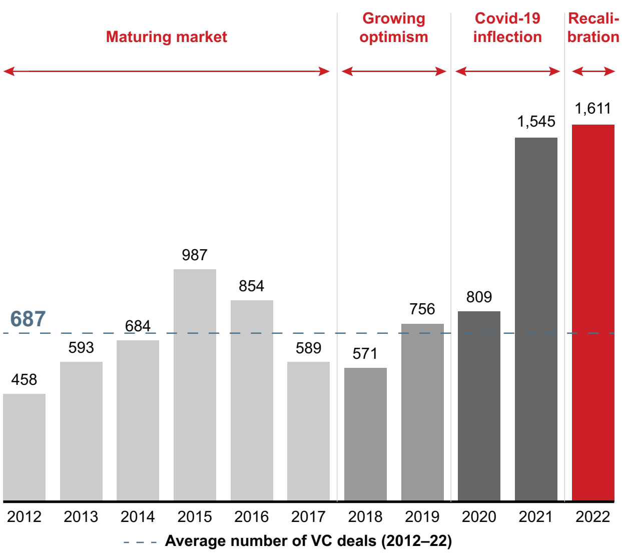
2 Drop in average deal size as megarounds declined

Decline in average deal sizes driven by a substantive shift in shape of deal flow as investors exercised caution on large growth or late-stage deals—**megarounds ($100M+) dropped by half from a high in 2021 (from 92 to 48)**

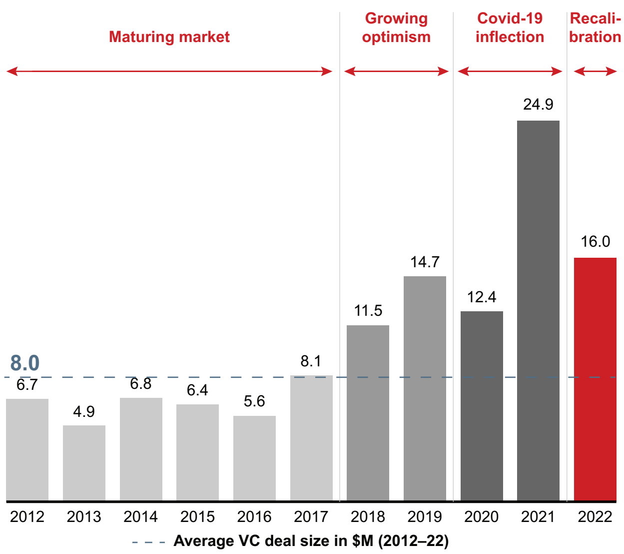
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 6b: Further, both deal volumes and average deal sizes remained significantly higher relative to pre-Covid-19 investment activity, led largely by deals in H1 2022

Number of VC deals in India



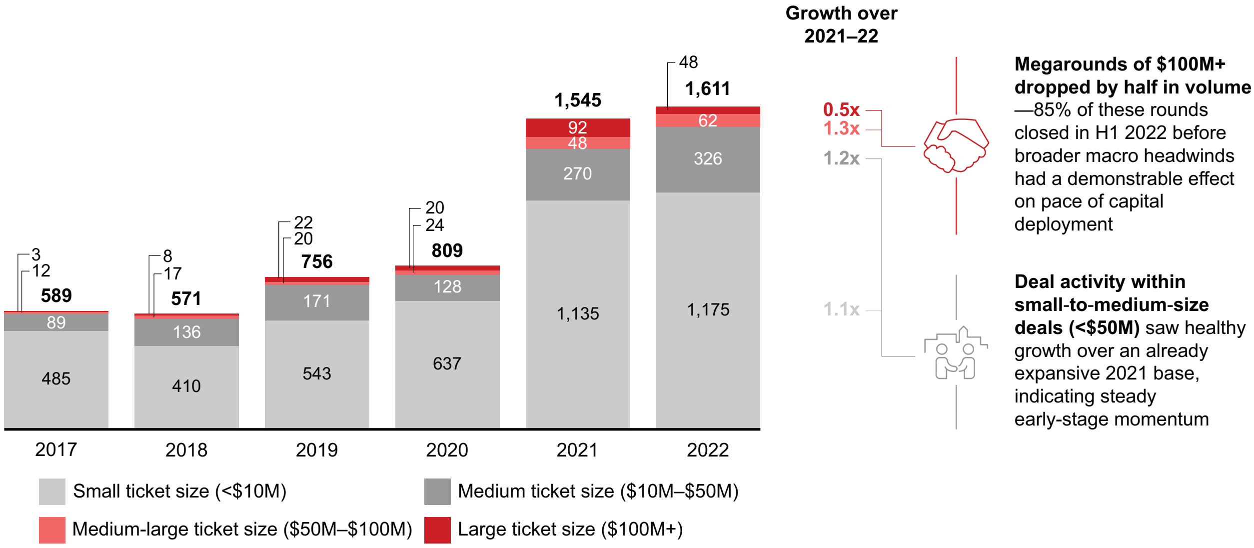
Average VC deal size in India (in $M)



Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 7a: Momentum in deal volume led by expansion in smaller-ticket-size deals; $100M+ "mega-rounds" saw a material drop over 2021–22

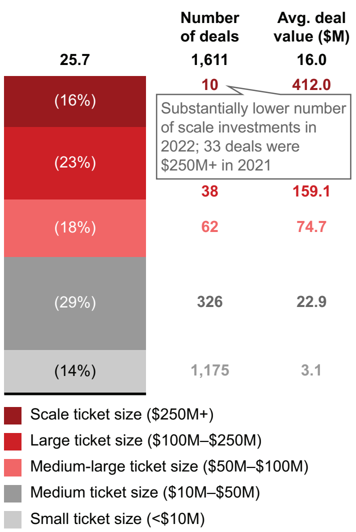
Number of VC deals in India
(split by size of deal)



Note: Ticket size indicates total investment value in respective rounds/deals (inclusive of all investors)
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 7b: Within megarounds, 2022 saw 10 scale rounds of $250M+—all of which closed in H1 2022

VC investments in India
($B, split by size of deal)



Overview of large-ticket-size deals with $250M+ funding in 2022

Asset	Lead investors	Sector	Quarter	Deal value	Valuation^
Dailyhunt*	CPPIB	Content and social media	Q2	$805M (total $833M)	$5.0B
BYJU's*	BYJU's (re-investment), Sumeru Ventures	Edtech	Q1	$800M (total $1.1B)	$22.0B
Swiggy	Invesco	Food delivery	Q1	$700M	$10.7B
Polygon	Sequoia Capital, SoftBank, Tiger Global	Web3/crypto	Q1	$450M	$20.0B
Uniphore	New Enterprise Associates	SaaS	Q1	$400M	$2.5B
ElasticRun	SoftBank	Shipping and logistics	Q1	$332M	$1.5B
Delhivery	Fidelity, GIC	Shipping and logistics	Q2	$304M	–**
XpressBees*	TPG Growth, ChrysCapital, Blackstone	Shipping and logistics	Q1	$300M (total $325M)	$1.2B
Stashfin	Abstract Ventures, Uncorrelated Ventures	Fintech	Q2	$270M	$0.8B
Flipkart	Tencent	B2C e-commerce	Q2	$264M	$37.6B

$400M+ deals | $250M–$400M deals

Notes: ^Indicates latest valuation published for the year 2022; Only lead investors mentioned—list is not exhaustive; *Indicates firms that saw multiple rounds in 2022, with total investments in 2022 mentioned in parentheses; **Indicates public company
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 7c: Early-stage (seed through series B) deals were more resilient, with healthy growth of material base from 2021, indicating a step shift in the ecosystem

	Number of deals (Average VC deal value in India) 2021	2022	Volume growth over 2021–22
Seed	940 (~$1.8M)	970 (~$1.6M)	~1.1x
Series A	285 (~$10M)	336 (~$11M)	~1.2x
Series B	90 (~$26M)	156 (~$27M)	~1.7x
Series C	85 (~$52M)	56 (~$49M)	~0.7x
Series D+	145 (~$174M)	93 (~$140M)	~0.6x

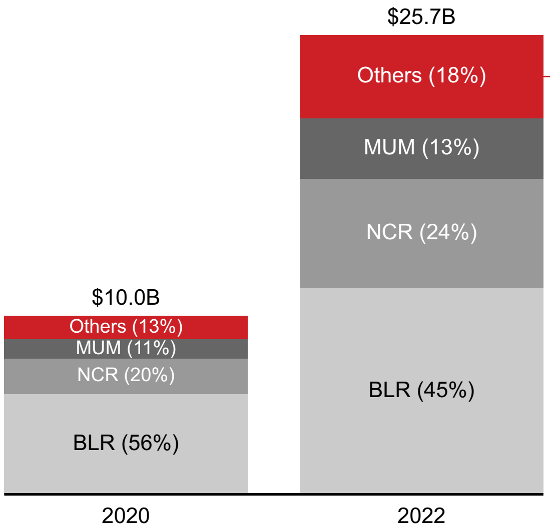
Continued activity in early stage led by several factors (e.g., second-generation founders; nuanced India-specific innovation); limited trickle-down of global public tech stock rout on early-stage deals

Mid-stage deals concentrated in H1 2022, with ~80% of the deals closing before the impact of macro headwinds trickled down to investment activity

Note: Series D+ includes series D to series K
Sources: Bain & Company; Pitchbook

Figure 8: 2022 continued to see democratisation of funding as cities outside of the top 3 metros (MUM, NCR, BLR) increased share to 18% of investments

VC investments in India
($B, split by city)



Key deal highlights

Uniphore (Chennai)	ElasticRun (Pune)	XpressBees* (Pune)	KFintech (Hyderabad)
$400M	$330M	$325M	$85M

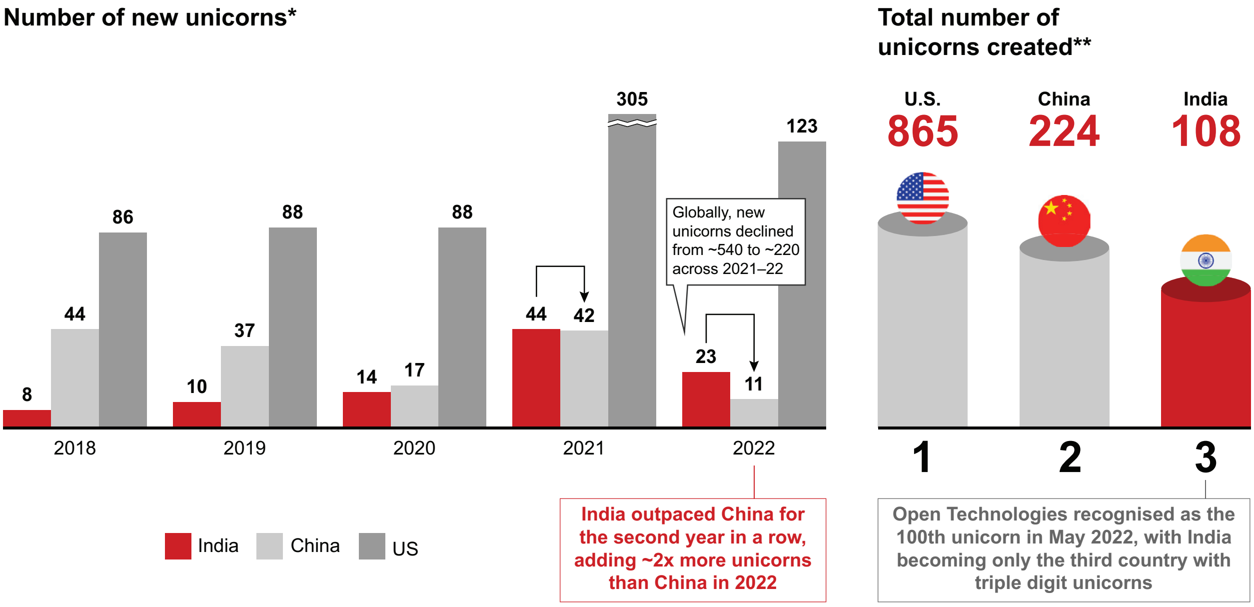
1 **Emerging SaaS hubs in Chennai and Hyderabad** anchored by talent ecosystems of IT hubs and large start-ups (e.g., Freshworks in Chennai, Darwinbox in Hyderabad); cross-sector innovation in cities such as Pune (e.g., MindTickle—SaaS, XpressBees and ElasticRun—Logistics)

2 **Tech majors enabling start-up ecosystem's extension to Tier 2 and 3 cities** (e.g., Google Startup School launched to mentor 10K start-ups in Tier 2 and 3 cities; Microsoft's Highway to 100 Unicorns accelerating start-ups in Tier 2 cities)

3 **Unique Tier 2+ market addressability—**better understanding of Tier 2+ India-specific problems (e.g., ElasticRun's rural distribution model) enabling more grassroots innovation and deepening opportunity for investors

Notes: City split based on start-up's headquarters; MUM—Mumbai; BLR—Bengaluru; NCR—National Capital Region (includes Delhi, Gurgaon, Noida, Faridabad, Ghaziabad, Meerut); *Indicates firms that saw multiple rounds in 2022, with their total investments in 2022 indicated as deal value
Sources: Bain & Company; Department for Promotion of Industry and Internal Trade (DPIIT); Tracxn

Figure 9: Finally, number of unicorns created shrank from 44 to 23 over 2021–22, but for the second year in a row, India added more unicorns than China



Notes: *Unicorns defined as VC funded private companies that were valued at $1B+ in the respective year; **Number of unicorns (i.e., private companies valued at >$1B) at any point; India unicorns includes Fractal Analytics and Molbio Diagnostics (PE funded), but investment value not included in deal flow (included in PE share of investments) and excludes Securonix and Icertis

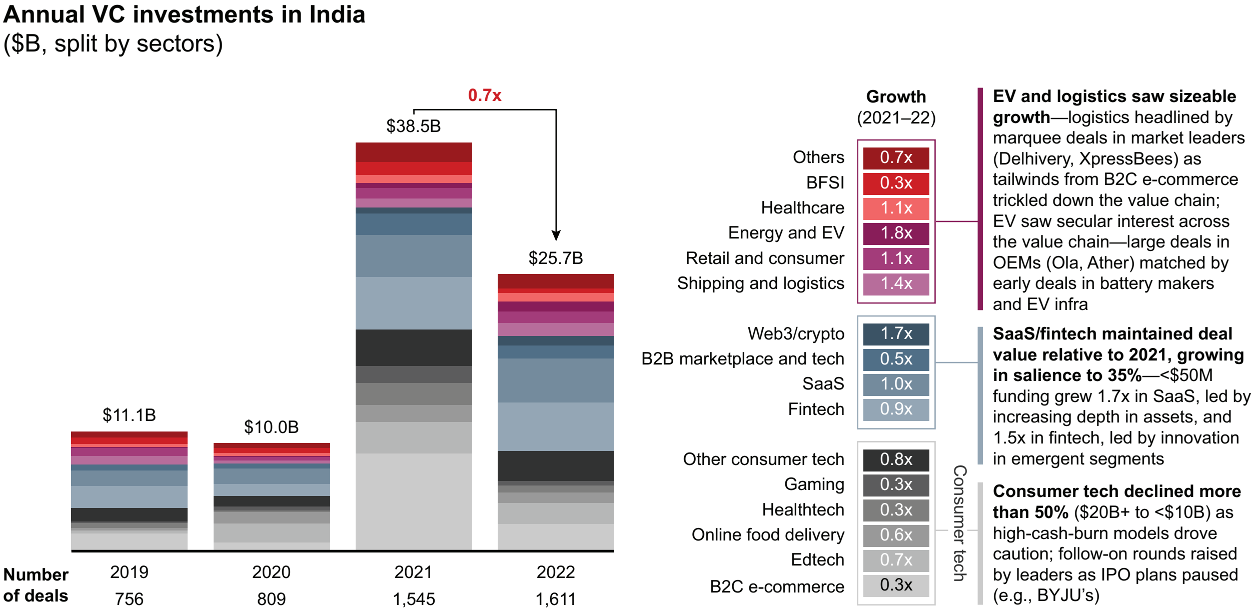
Sources: Bain & Company; Tracxn; CB Insights; Hurun

Key investment themes in 2022

- Consumer tech, fintech, and SaaS continued to dominate VC investments, accounting for ~70% of funding in 2022. However, consumer tech declined in salience, from ~50% to <35%.
- While most sectors saw some reset over 2022, a few key themes emerged:
  - **Consumer tech investments declined from ~$20 billion to <$10 billion** as high cash burn across segments drove investor caution and megadeals ($100 million+) declined from 45+ to ~20 over 2021–22—while consumer tech continues to have multiyear tailwinds; in the near term, investors are likely to be watchful as business models evolve towards more sustainable unit economies.
  - **SaaS saw steady momentum over an expansive funding base in 2021:** $4 billion+ in investments—as the India SaaS landscape demonstrated increasing maturity, including increasing depth of assets with proven revenue growth (12+ companies reaching $100 million+ in annual recurring revenue), attractive economics, product differentiation, and growing base of second-generation founders supported by an investor base well versed in supporting India to the world go-to-market for nascent SaaS companies.
  - **Fintech funding in India remained material**—despite global compression in fintech funding, valuation compression in notable global fintech, and regulatory headwinds. The first half of 2022 accounted for a large part of fintech funding (lending, banking-as-a-service), while the second half of 2022 saw interest in early-stage fintech (e.g., insurtech and wealthtech).
  - **Shipping and logistics grew 1.4x** on the back of marquee deals of market leaders as tailwinds from B2C commerce trickled down—three deals of $300 million+ (Delhivery, ElasticRun, XpressBees) and three unicorns were added (Shiprocket, ElasticRun and XpressBees).

- **A few emergent sectors stole the spotlight, especially in the second half of 2022:**
  - EV witnessed 2.4x growth in overall investment value—policy led cost competitiveness for EV vs. internal combustion engine (ICE) vehicles (e.g., subsidies on EV), growth in adoption led by innovative business models (e.g., mobility-as-a-service) and broader interest across the value chain (e.g., charging infrastructure, OEMs).
  - Agritech saw several follow-on rounds in 2022 with India specific business model innovations (e.g., precision agriculture—Absolute) and end-to-end play of ecosystem expansion by several scale players (e.g., DeHaat).
  - Emergent deep tech segments, such as generative AI, space tech and climate tech gained momentum led by global megatrends.

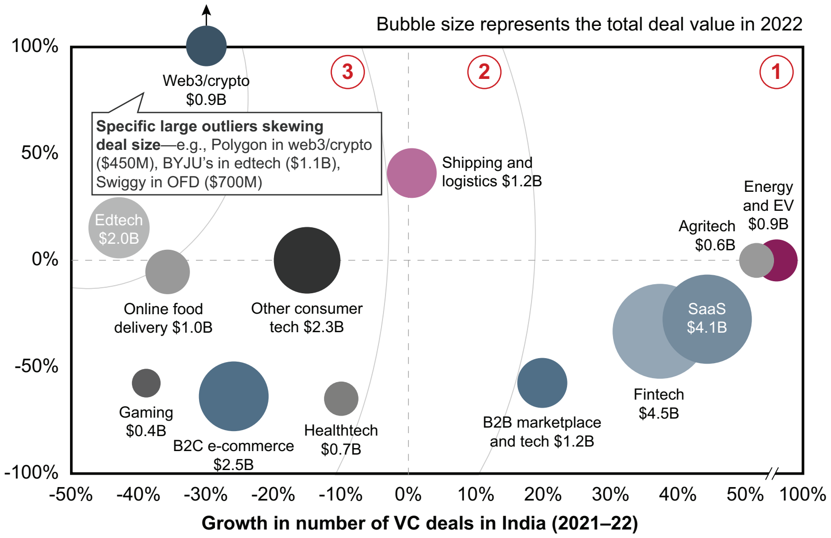
Figure 10: Consumer tech, fintech, and SaaS continued to account for ~70% of funding in 2022; mix shift as share of consumer tech declined from ~50% to <35%



Notes: Other consumer tech includes content, agritech, travel tech, prop tech, etc.; Others includes IT, manufacturing, engineering, telecom, etc.; SaaS totals exclude PE deals (e.g., Securonix, Instoried); BFSI—banking, financial services, insurance; OEM—original equipment manufacturer
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 11: Growing early-stage momentum in fintech and SaaS reflective in volume expansion over 2021—a few emergent sectors such as agritech, EV saw overall growth

Growth in average VC deal value in India (2021–2022)



1. **Deal volume expansion in SaaS/fintech indicates healthy activity in early stage** (<$50M, seed to series B)—early deals grew from 250 to 375+ over 2021–22, led by growing base of investible assets in SaaS (proven revenue models, attractive economics, second-gen founders, and product/price differentiation); despite global funding compression in fintech funding a few subsegments continued to see interest (e.g., embedded lending and banking-as-a-service)

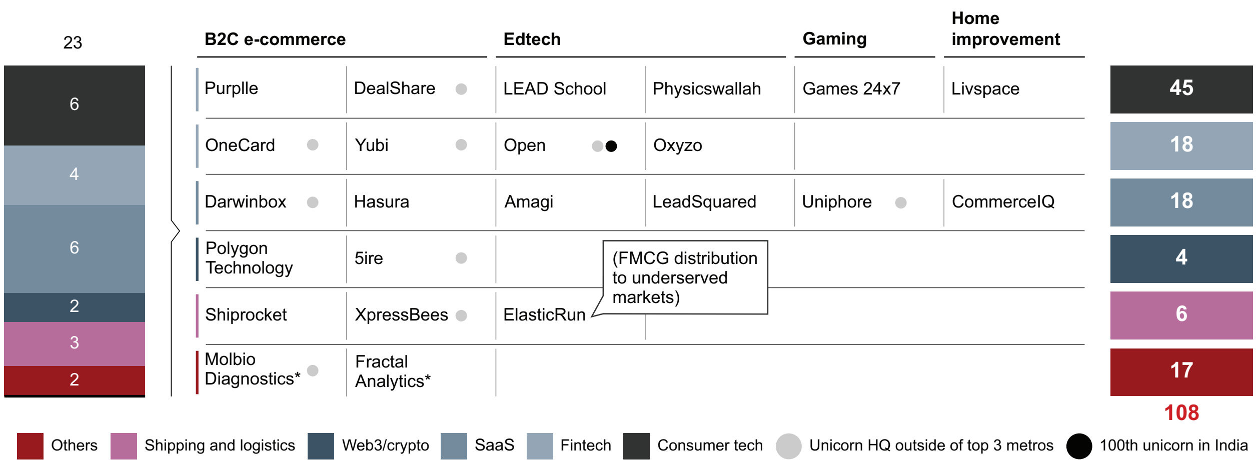
   Green shoots in EV and agritech—policy-driven activity across the EV value chain; India-specific innovation in agritech (market-places—DeHaat, precision agriculture —Absolute)

2. **Marquee deals in logistics drove deal size expansion**—three deals of $300M+ in logistics over 2022 (Delhivery, ElasticRun, XpressBees)

3. **Segments across consumer tech saw volume and value compression**—investor focus on unit economics intensified, driving down caution into early-stage deals as well

Notes: Other consumer tech includes content/social media, travel tech, etc.; BFSI, IT, healthcare, retail, and consumer not displayed in chart; SaaS excludes PE deals (e.g., Securonix, Instoried); OFD—online food delivery
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 12: However, unicorn list in 2022 continued to be dominated by consumer tech, closely followed by SaaS and fintech



2022 also saw emergence of 9 unicorns outside of leading metros (Bengaluru, Mumbai, NCR)

Notes: Unicorns defined as VC funded private companies that were valued at $1B+ in the respective year; *India unicorns includes Fractal and Molbio Diagnostics (PE funded), but investment value not included in deal flow; ^Number of unicorns (i.e., private companies valued at >$1B at any point in their trajectory —may not be unicorns or private companies today) and excludes Securonix and Icertis; FMCG—fast moving consumer goods
Sources: Bain & Company; Tracxn; CB Insights

Figure 13: Overall, sectoral investments saw a reset in 2022

Significant shift in momentum

Consumer tech

0.4x
Total funding change 2021–22

Moderation in deal momentum reflected across segments (e.g., B2C e-commerce, edtech, online food delivery); megadeals declined to ~20 (from 45+ in 2021) and investor sentiment turned cautious given significant cash burn across consumer tech business models

Steady activity/emerging subsegments

Fintech

0.9x
Total funding change 2021–22

Despite global slowdown in fintech funding and regulatory headwinds in H2 2022, fintech in India remained at pace with 2021, driven by select large deals in lending/ fintech infra-focused players in H1 2022; early-stage activity in emerging segments—insurtech,embedded lending, and wealthtech

SaaS

1.0x
Total funding change 2021–22

Steady deal momentum in SaaS driven by early-stage deals as breadth of investible assets as well as confidence in Indian SaaS continued to grow—proven revenue models with 12+ companies crossing $100M ARR, emerging category leaders, differentiated product, better pricing and effective GTM

Green shoots

EV

2.4x
Total funding change over 2021–22

Watershed funding year for EV led by a confluence of tailwinds

Agritech

1.4x
Total funding change over 2021–22

Deal value crossed $500M—among highest funding across recent years

Deep tech

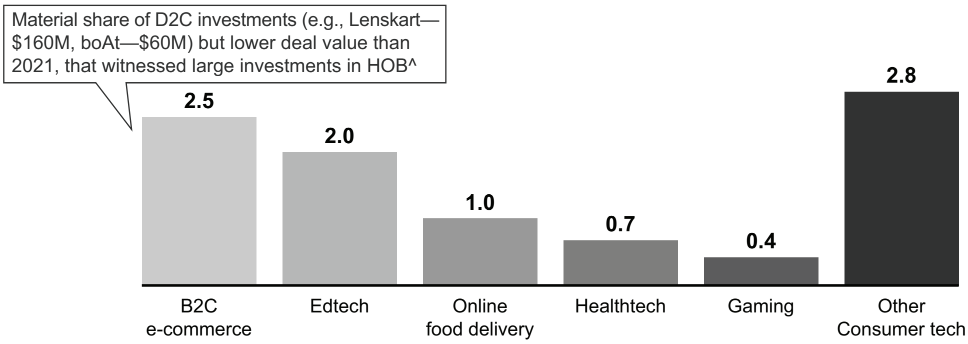
Emergent interest in early-stage deals in sectors such as generative AI, space tech, and climate tech

Notes: SaaS totals exclude PE deals (e.g., Securonix, Instoried); ARR—Annual Recurring Revenue; GTM—go-to-market
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 13a: Consumer tech saw significant moderation in deal momentum—broader sector faced headwinds as investors focused on viable unit economics

Funding overview

Annual VC investments in India 2022 (Consumer tech by segments, $B)



	B2C e-commerce	Edtech	Online food delivery	Healthtech	Gaming	Other Consumer tech
Growth over 2021	-73%	-35%	-39%	-67%	-74%	-17%
2022 deal volume	63	49	9	35	11	203
Top deals >>	**Flipkart** ($264M)	**BYJU's** ($1.05B*)	**Swiggy** ($700M)	**MediBuddy** ($125M)	**Zupee** ($102M)	**Dailyhunt** ($833M**)
	FirstCry ($240M)	**upGrad** ($225M)	**Licious** ($150M)	**GOQii** ($50M)	**Games24x7** ($75M)	**Glance** ($200M)

Compression in consumer tech led by decline in megadeals ($100M+) from 45 to ~20 over 2021–22—early stage (<$50M) retained momentum on deal volumes with ~350 deals on average over 2021–22

Key drivers

Macro opportunity in consumer tech remains strong, driven by a large base of internet users (~700M) and online shoppers (200M+, projected to grow to 400M+ in 2026) expanding in Tier 2 cities and increasing investments in democratisation of online channels (e.g., ONDC)

Sector-specific headwinds drove decline in 2022—re-emergence of offline channels (e.g., edtech), regulatory shifts (e.g., restricting bet-based fantasy gaming players), pressure on unit economics and monetisation

Future outlook

Consumer tech likely to have multiyear tailwinds in India, driven by demographic and other enabling factors; likely to be challenged in the near term, driven by macro considerations—funds expected to focus more on emergent, early-stage segments—e.g., e-commerce enablers (search/adtech), 3-D AR/VR, and gaming (e-sports)

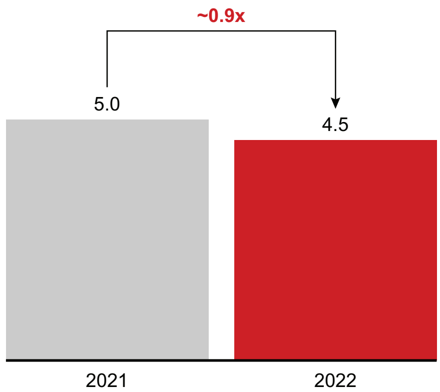
Investors to continue focus on improving unit economics as IPO plans for leaders remain in abeyance in 2023; some consolidation expected

Notes: *Two separate deals of $800M and $250M; **Two separate deals of $805M and $28M; Other consumer tech includes content/social media, agritech, travel tech, property tech, etc.; ^HOB—house of brands; Mergers and acquisitions activity by house of brand players not included in investments; AR—augmented reality; VR—virtual reality
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 13b: Fintech deal momentum led by sustained interest in innovative lending and fintech-infra business models despite stricter regulatory oversight in 2022

Funding overview

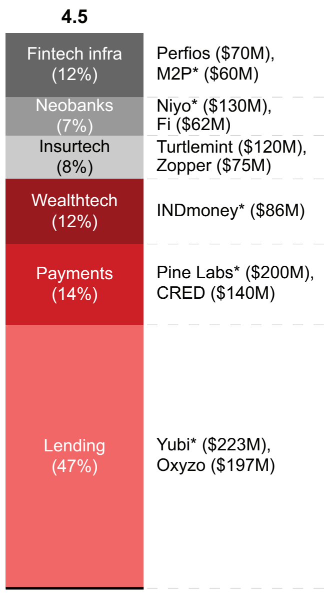
Annual VC investments in India (fintech-focused, $B)



	2021	2022
No. of deals	**124**	**168**
Salience (% total VC investments)	**13%**	**17%**
Share of <$50M deals by value	**24%**	**39%**

Sectoral trends

Segment split (2022, fintech-focused, $B)



- **Lending dominated fintech unicorns in 2022 (3 out of 4)**—continued interest in embedded lending (e.g., supply chain finance), marketplaces enabling formal credit
- **Sizeable investments in fintech infra**—banking-as-a-service providers (Perfios, M2P, Lentra), enabling scalability of digital offerings
- **Interest in wealthtech** led by demand (growing retail investor base) and increasing competitive pressure due to supply-side chokes (e.g., limited AMC licenses)

Key drivers

Banking digitisation and fin-infra enhancements (UPI, OCEN), **amid limited formal credit penetration** (<5% for HH living expense) fueling innovation in lending, payments

Demographic mix shift to affluent HHs (~90M to 130M over 2022–26) to drive wealthtech and insurtech demand

Some moderation due to regulatory headwinds—RBI clampdown on PPI license-led neocards, new digital lending norms, NUE delay, and impending neobanking rules

Future outlook

Regulations will remain challenging, but likely to boost further fintech innovation in segments such as embedded finance, open APIs leveraging AA framework, UPI global expansion, growing affluence to drive wealthtech (e.g., fractional investing)

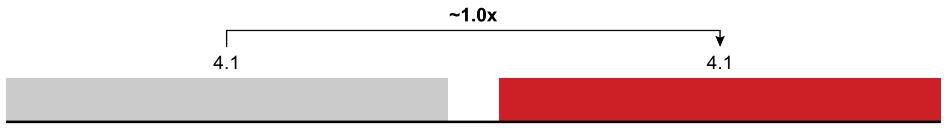
Larger fintech players will double down on monetisation and improving unit economics—2023 will likely also see more mergers and acquisitions (like Razorpay's acquisition of Ezetap, Pine Labs' acquisition of Setu in 2022) and consolidation as market leaders focus on building full-stack solutions to enable profitable growth

Notes: *Firms that saw multiple rounds in 2022, with total investments in parentheses; HH—household; NUE—New Umbrella Entity; Affluent includes upper-mid ($8.5–$36K) and high (>$36K) income per household; Sources; AMC—asset management company; AA—account aggregator; API—application programming interface
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 13c: SaaS witnessed steady deal flow with higher share of seed and series A—horizontal SaaS continued to take centerstage and infra showed emergent growth

Funding overview

Annual VC investments in India (SaaS focused, $B)



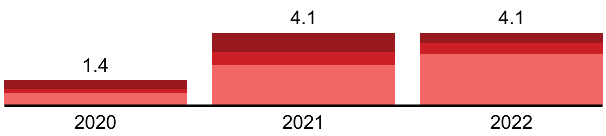
	2021	2022
No. of deals	**177**	**253**
Salience (% total VC investments)	**11%**	**16%**

Top 5 deals (funding value)

Uniphore ($400M)	Chargebee ($250M)	LeadSquared ($153M)	Observe.ai ($153M)	CommerceIQ ($115M)

Sectoral trends

Investments split across segments ($B)



Horizontal SaaS has dominated investments—large end-market ($140B+ for top-5 categories) and several $100M+ ARR companies, early-stage interest in infra with global category leaders emerging

Deal volume split across rounds

Higher share of seed and series A deals—asset depth, second-gen founders along with emerging SaaS-focused funds (e.g., Together, Avataar)

Key drivers

Maturing Indian SaaS landscape with proven revenue growth (12-14 companies exceeding $100M ARR) and attractive operating economics (~60%+ GMs in SaaS)

Robust SaaS flywheel—expanding base of quality assets (2nd generation founders, global product/ pricing leadership, tested GTM playbook) and SaaS focused investor base

Future outlook

Deal momentum to continue as global category leaders emerge from India—led by segments such as DevTools (e.g., Postman, Lambdatest), CRM and sales (Leadsquared), logistics tech (Hypertrack, Fleetx.io), conversational AI (Uniphore, yellow.ai), cybersecurity (Securonix, Druva)

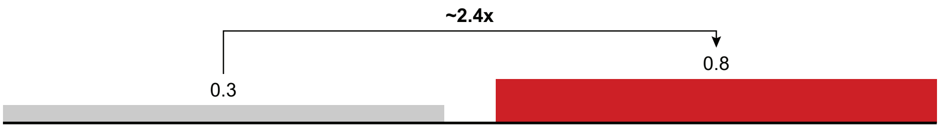
Several scale SaaS leaders in India have demonstrated excellence in product leadership and better pricing—as the global macro situation improves over the next few years, **exits for these "IPO-ready" assets are likely to reinforce SaaS innovation in India**

Notes: SaaS totals exclude PE deals (e.g., Securonix, Instoried); Horizontal business (e.g., CRM—customer relationship management, ERP—enterprise resource planning, HCM—human capital management); Horizontal infra (e.g., security, testing, data management); Vertical business (e.g., healthcare applications, e-commerce enablement); GM—gross margin
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 13d: EV funding grew by 2.4x over 2021–22, enabled by regulatory tailwinds and innovation across the value chain driving cost competitiveness

Funding overview

Annual VC investments in India (EV focused, $B)



	2021	2022
No. of deals	**19**	**43**
Salience (% total VC investments)	**~1%**	**~3%**

Top 5 deals

Ola Electric ($200M)	Ather energy* ($184M)	Euler Motors ($60M)	Lithium Urban ($50M)	Altigreen ($40M)

Sectoral trends

2022 VC investment in EV value chain ($M and key deals)

Battery	Auto & other components**	OEM sales & service	Charging	Battery swapping	Mobility
~$33M	**~$5M**	**~$594M**	**~$43M**	**~$45M**	**~$89M**
Cygni (~$12M) Lohum (~$11M)	Vecmocon (~$5M)	Ola electric (~$200M) Ather* (~$184M) Euler (~$60M)	Sharify (~$26M) Exponent (~$15M)	Battery Smart (~$34M) ChargeUp (~$10M)	Lithium Urban (~$50M) BluSmart (~$27M)

New business models (e.g., B2B and B2C mobility-as-a-service) expanding scope of EV adoption

OEMs raised near-scale rounds; investing in building out the ecosystem (dealerships, financing)

2W/3W adoption growing with price-competitive offerings, charging infrastructure, etc.

Key drivers

Regulatory measures to drive price competitiveness of EV—Fame II, PLIs led subsidies and high TCO of ICE vehicles led by fuel-price rise, BSVI to drive EV adoption

Expanding opportunities led by supply-side innovation drove growth in volume of early deals in domestic supply chain enablers (e.g., battery swapping, charging infra)

Future outlook

Investors remain positive about the EV industry in India—EV set to offer a $75-$100B revenue pool by 2030 driven by OEMs and ecosystem build-out, platformisation of EV fleets, and rising cost competitiveness (2W TCO up to ~40% lower than ICE counterparts)

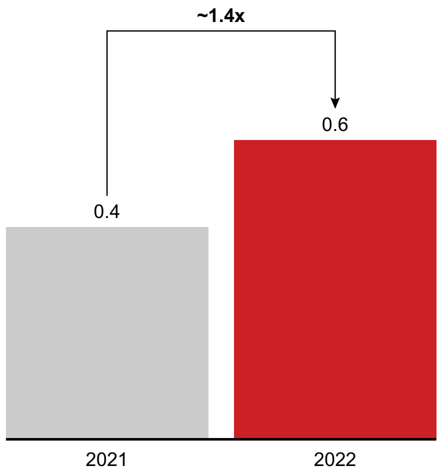
Several investors likely to tap into EV industry—strategic investment via incumbents with ambitious EV plans (e.g., Bajaj, TVS) and corporate interest (e.g., Reliance investment in Altigreen, Shell's investment in Statiq) to augment financial investors

Notes: *Firms who raised multiple rounds; FAME II—Faster Adoption and Manufacturing of Hybrid and Electric Vehicles is a three-year subsidy scheme focused on electrification of public and shared transportation; **Others include marketplaces, software providers; TCO—Total Cost of Ownership
Sources: Bain & Company; Tracxn

Figure 13e: Agritech saw one of the highest funding years in 2022 as total investments crossed $500M led by few large players demonstrating scalability

Funding overview

Annual VC investments in India (Agritech focused, $B)



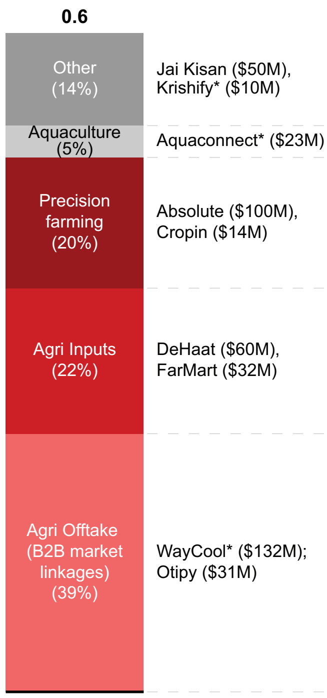
	2021	2022
No. of deals	**29**	**44**
Salience (% total VC investments)	**1%**	**2%**

Top 5 deals (funding value)

WayCool*	Absolute	Jai Kisan	DeHaat	FarMart
($132M)	($100M)	($50M)	($60M)	($32M)

Sectoral trends

Segment split (2022, Agritech focused, $B)



- **Follow-on rounds dominated funding landscape in 2022** as VCs infused money in start-ups with robust business models (35%+ share of investments in end-to-end players such as DeHaat, FarMart, Waycool)
- **Uptick in investments across stages for segments such as precision farming** (Absolute, Cropin)—demand led by business model innovation (subscription-based monetization) as well as increased IoT led visibility

Key drivers

Sizeable market opportunity for tech-led transformation in a traditionally inefficient sector (multiple intermediaries, lack of credit, supply chain linkage gaps)

Govt stimulus incentivizing tech adoption (e.g., fund for financing agritech start-ups, subsidy for usage of "Kisan drones," "AgriStack**" database to enhance credit access)

Future outlook

Agritech likely to see mixed momentum—while a few scale players with funding have emerged, business models need to be refined and ability to demonstrate adoption by agritech value chain at scale remains to be tested

Launch of agritech focused funds in India (e.g., Omnivore) may further propel enable innovation at early stages (e.g., hydroponics, carbon-credits monitoring)

Notes: *Firms that saw multiple rounds in 2022, with total investments in parentheses; **Collection of technology and digital database for 80M+ farmers; FaaS—Farming-as-a-service includes pay per use services in agriculture—equipment on rent, contract farming, etc.; Classification based on primary model; Other includes start-ups in hydroponic farming, etc.
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 13f: Emergent deep tech segments saw early traction and are likely to see momentum as global megatrends within these spaces intensify

	Generative AI (SaaS) **~$15M** VC investments in 2022	Space tech (manufacturing) **~$115M** VC investments in 2022	Climate tech (energy and EV) **~$125M*** VC investments in 2022
2022 global trigger events	ChatGPT dialogues as well as Dall-E and Stable Diffusion images triggered global interest in AI dev.	Starlink satellites made first orbit entry—used by Ukrainian army for drone warfare, military coordination	COP27 reinforced criticality of climate tech; global climate tech VCs invested a record ~$50B* in 2022
India highlights	India assumed chairperson-ship for the global partnership on AI (led by deepening AI ecosystem)	Skyroot became the first private Indian company to launch a rocket into space	India saw its first energy transition focused VC, Transition VC, launch a ~$50M climate tech fund
Leading start-ups (total funding)	Rephrase.ai ($14M), Dubdub.ai ($1M), Gan.ai (N/A)	Agnikul Cosmos ($35M), Bellatrix Aerospace ($11M), Dhruva Space ($7M)	Ecozen ($27M), RenKube ($24M), Recykal ($22M), Solar Square ($16M), Phool ($8M), EdgeGrid ($6M)
Active VCs	Sequoia, Lightspeed, Bessemer, Kalaari, AV8**	Lightspeed, Blume, Rocketship.vc**, pi Ventures	Elevation, Avaana, Tata Cleantech, Sixth Sense
Key enablers	Several regulatory enablers—INDIAai (National AI Portal) for boosting innovation led by NASCOM/MeitY	Regulatory enablers and industry collaboration—policy shifts since 2020 and private collaboration supported by IN-SPACe (ISRO-led private outreach arm)	Increasing traction as corporates focus on ESG goals; several accelerators being launched to enable innovation (e.g.,ClimAct, by Merak Ventures)

Notes: MeitY—Ministry of Electronics and Information Technology; IN-SPACe—Indian National Space Promotion & Authorization Centre; ESG—Environmental, Social and Governance *Does not include EV, EV charging, batteries and agritech; ** US based funds investing in India
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge; Tracxn; HolonIQ

Investor base and fund-raising

- The investor landscape broadened over 2022: Share of leading funds reduced to <20% from 25% as activity from global crossovers and hedge funds slowed down. Traditional PE funds continued to demonstrate interest in select growth equity deals, in line with 2021, and participated in several $100 million+ megadeals (e.g., Dailyhunt [CPPIB], ElasticRun [Goldman Sachs], XpressBees [Blackstone, ChrysCapital], Amagi [General Atlantic]). Micro VCs became significantly more present across the landscape in in 2022—the base of active micro VCs grew from 65 to 80+ over 2021–22, and thematic micro VCs (e.g., sector focused [SaaS: Pentathlon; gaming: Lumikai; deep tech: Speciale Invest] and women-founder focused [She Capital]) increased activity.

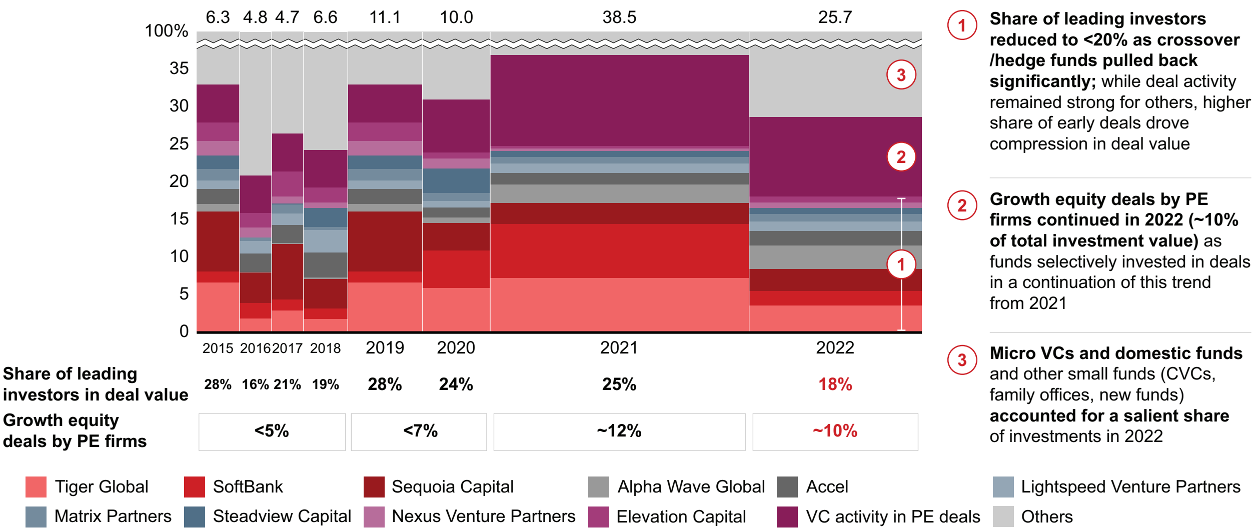
- Family offices, corporate VCs, and first-time funds were active with 300+ deals, in line with 2021: Select marquee deals include upGrad: Lupa Systems (family office), Rapido: Shell Technology Ventures (corporate venture fund), and Innoviti: Panthera (first-time fund).

- In a sharp contrast with slowdown in investment activity, 2022 saw record fund-raising as multiple investors raised their largest ever India-focused funds: This occurred across leading global investors (e.g., Sequoia: $2 billion India-focused fund), prominent domestic leaders (e.g., Elevation Capital: $670 million; Blume Ventures: $250 million; Fireside Ventures: $225 million), and micro VCs (e.g., Artha India Ventures' maiden micro VC fund: Artha Select, $55 million).

- While fund-raising momentum was largely demonstrated in the first half of 2022, as LP commitments made in 2021 closed, capital deployment is likely to remain cautious—VCs will likely earmark some of their dry powder to support portfolio companies in scaling, M&A, and additional runway, while scouting carefully for quality assets at the right valuation.

Figure 14: Increasing depth within the investment landscape—growing salience of prominent domestic funds and micro VCs; concentration of larger funds reduced

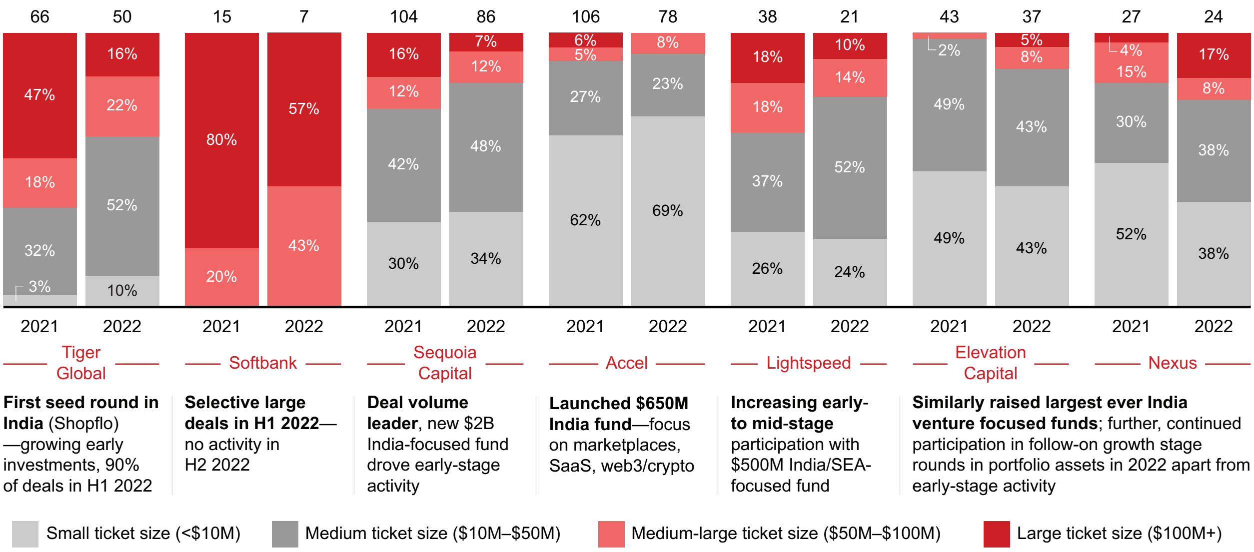
Annual VC investments in India
($B, split by leading India VCs)



Notes; Leading investors defined as leaders in five-year deal activity ($1B+ deployed and 35+ deals or 500M+ deployed and 50+ deals over 2018–22); In case of multiple investors, deal value per investor is calculated assuming equal split of investment; CVC—Corporate VC
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 15: Deal value compression was partly driven by a shift to small and medium ticket size investments across portfolios

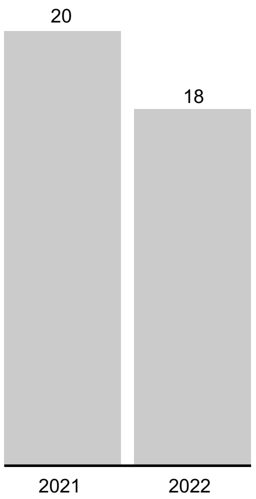
Number of VC deals for top investors in India in 2022
(split by deal size)



Note: Leading investors defined as leaders in five-year deal activity ($1B+ deployed and 35+ deals or 550M+ deployed and 100+ deals over 2018–22)
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 16: Further, traditional PE funds continued to demonstrate interest in select growth equity deals, in line with 2021, deepening the pool of growth capital available

Number of growth deals by PE investors



Select growth equity deals with participation from PE funds in 2022

Company	Investors (PE, others)	Sector	Deal value ($M)
Dailyhunt	**CPPIB, Ontario Teachers Pension plan**	Content/social media	$833M*
ElasticRun	**Goldman Sachs**, Softbank	Shipping and logistics	$332M
XpressBees	**Blackstone, ChrysCapital,** TPG Growth, Norwest	Shipping and logistics	$300M
Ola Electric	**Edelweiss PE**, Alpine	Manufacturing (EV)	$200M
Lenskart	**Temasek**, Epiq, Alpha Wave	B2C e-commerce	$166M
Amagi	**General Atlantic**	SaaS	$110M
Aiquire	**General Atlantic**, Chiratae, Premji Invest, SoftBank	SaaS	$100M
Perfios	**Warburg Pincus**, Bessemer	Fintech	$70M
BoAt	**Warburg Pincus**, Malabar Investments	B2C e-commerce	$60M

Notes: Few deals with smaller PE participation may not be included; Examples above are illustrative and not exhaustive; * Includes 2 separate deals of $805M and $28M
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 17: Micro VCs grew in salience over 2022, increasingly playing a critical role in the ecosystem by bridging funding gaps at pre-seed and seed rounds

80+

Active micro VC funds in India

Up from ~65 in 2021, several micro VCs launched across the spectrum—by existing funds (e.g., Blume founders fund), by founders (e.g., Bharat founders fund), and solo GP mVCs (Better Capital)

5+

mVCs launched $20M+ funds

A few mVCs raised significant capital (e.g., Artha select fund: $55M; Auxano: $25M; Suvan: $20M)

Multiple thematic mVCs emerging

Emergence of thematic mVCs reflective of deepening ecosystem—e.g., sector focused (SaaS: Pentathlon; gaming: Lumikai; deep tech: Speciale Invest) and women-founder focused (SheCapital)

40+

deals each by leading mVCs*

Leading mVCs such as Better Capital and 100x.vc were among the most active, with 40+ deals each, as pre-seed and seed investment funnel continued to remain active

Micro VCs increasingly playing a critical role within the Indian start-up ecosystem

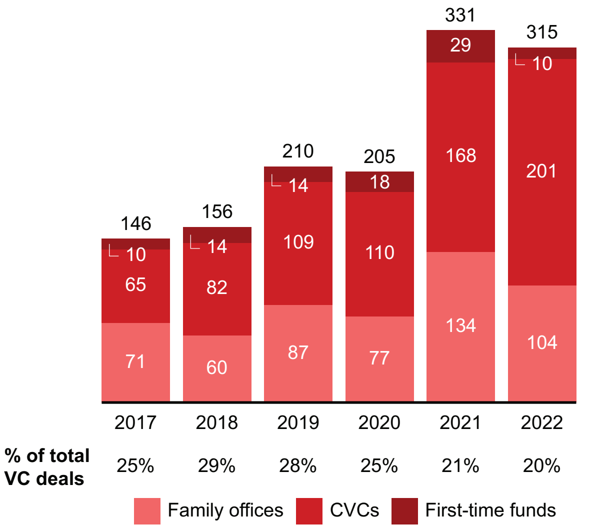
Bridging funding gaps at early stages
(pre-seed and seed) and reducing mortality of younger start-ups in a tight macro environment

Accelerating path to product-market fit (PMF)
via business-building support, ranging from founder mentorship and talent recruiting to GTM strategy

Notes: mVC—Micro VCs; Micro VCs are VCs with funds sizes between $10–$60M, typically investing in pre-seed, seed, and Series A deals (follow-on rounds) with cheque sizes <$1.5M; Solo GP—VCs with one general partner; *Includes disclosed deals only; **Leading mVCs include Titan, 100xVC, Better, PointOne, Capital A, Eximius, and Artha, among others
Sources: Bain & Company, Crunchbase, Inc42, Deal Street Asia

Figure 18: Family offices, corporate VCs, and first-time funds continued to remain active over 2022

VC deals in India with participation from family offices, CVCs, first-time funds (split by type of fund)



Overview of select deals in 2022

Family offices

Company	Deal value*	Family Office	Month
FirstCry	$240M	Premji Invest	Feb 2022
upGrad	$225M	Lupa Systems	Jul 2022
Pixis	$100M	Premji Invest	Jan 2022
Dailyhunt	$85M	Catamaran Ventures	Jan 2022
Skyroot Aerospace	$51M	LN Mittal India Ventures	Sep 2022

Corporate VCs

Company	Deal value*	CVC	Month
Stashfin	$270M	Snow Leopard (Kirloskar)	Jun 2022
Udaan	$200M	M12 (Microsoft Corp.)	Jan 2022
Rapido	$178M	Shell Technology Ventures	Apr 2022

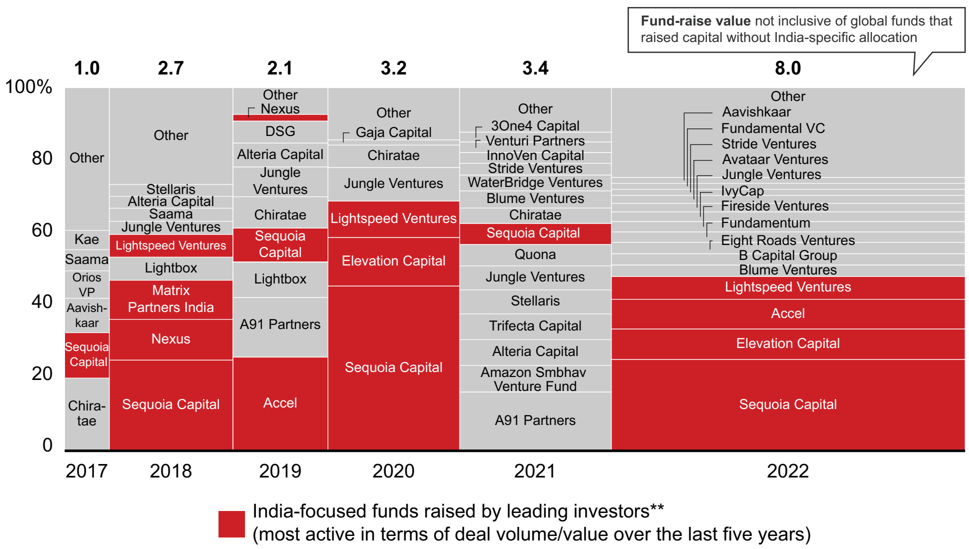
First-time funds

Company	Deal value*	First time fund	Month
Innoviti	$45M	Panthera Growth Partners	Jul 2022
Kuku FM	$21M	Fundamentum	Aug 2022
Blupin	$17M	Riverwalk Holdings	Apr 2022
BluSmart	$16M	Panthera Growth Partners	Jan 2022

Notes: First time funds defined as funds that debuted in the corresponding year; * indicates total deal amount—respective family office, CVC, or first time fund may have a smaller participation
Sources: Bain & Company; Pitchbook; Venture Intelligence; AVCJ; VCCEdge

Figure 19: In contrast with investing activity, 2022 saw record fund-raising as several investors across the spectrum raised their largest ever India-focused funds

India-focused/allocated funds raised by VCs* ($B, split by investors)
Does not include global fund-raising that may eventually invest in India assets



Fund-raising Overview

Fund-raising momentum partly driven by LP commitments from 2021—most of these were closed in H1 2022

Despite dry powder build, capital deployment expected to remain slower led by (a) valuation corrections over 2023–24, (b) caution as GPs scope out quality assets within the ecosystem and (c) caution among LPs as realizations from prior deployments may slow down (despite capital commitments made to newer funds)

Notes: *Includes funds raised by global or domestic VCs that are exclusively earmarked for India; ** Global or regional funds raised by investors not included
Sources: Bain & Company; Venture Intelligence; ACVJ

Figure 20: New fund-raises across funds illustrative of dry powder buildup in the ecosystem—however, capital deployment expected to remain cautious

2022 was an exceptional year as fund-raising peaked to record levels leading to a large base of dedicated dry powder

Leading investors raised largest India-focused funds		Fund-raises by prominent India funds		Fund-raises by mVCs and solo GPs	
$2B Sequoia India fund VIII	**$670M** Elevation capital fund VIII	**$225M** Fireside Ventures Fund III	**$250M** Blume Ventures Fund IV	**$55M** Artha's maiden mVC fund	**$5M** Kettleborough's maiden solo GP VC fund
$650M Accel India fund VII	**$500M*** Lightspeed India fund IV	**$250M** Eight roads healthtech fund	**$600M*** Jungle Ventures IV		

However, capital deployment will continue to remain cautious over 2023:

- **Caution as VCs earmark some dry powder to ensure sufficient runway or M&A opportunities for portfolio companies**
- **Slower pace of investments with increased diligence on scalability and unit economics (especially at late stages)**

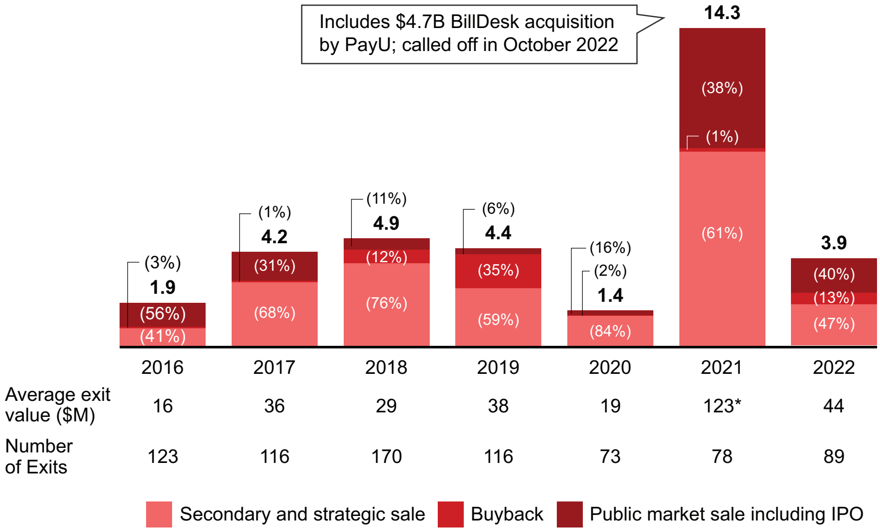
Notes: Solo GP—VCs with one general partner; * includes fund-raising for investment in SE Asia
Sources: Bain & Company; Venture intelligence, AVCJ, Morgan Stanley report

Perspectives on exits landscape

- Exits also saw a dampening in momentum, declining from $14.3 billion (including the now-cancelled BillDesk acquisition by PayU) to $3.9 billion over 2021–22: public market exits continued to account for ~40% of total exits, in line with 2021.
- Decline in public market exits from $5 billion+ to $1.5 billion was largely driven by a slowdown in tech listings in 2022: more than 10 firms paused IPOs in light of the global rout on public tech listings. Further, a significant share of the $1.5 billion in public exits was driven by trades made by anchor investors exiting listings from 2021, post lock-in expiry of their positions (e.g., exits from Paytm, Zomato, Nykaa). However, 2022 did see six IPOs with VC exits, but these were relatively smaller compared to 2021.
- While total strategic/secondary exits remained consistent in volume (63 in 2021 vs. 59 in 2022), large exits declined significantly: 2022 saw 11 $50 million+ exits relative to 19 in 2021.
- Globally, a continued tepid performance of tech listings is expected to remain the dampening force on tech IPO momentum in 2023.

Figure 21: Exit momentum declined dramatically relative to 2021—share of public market exits remained in line with 2021 but shifted from IPO sales to post-IPO trades

Value of VC exits in India
($B, split by mode of exit)



Public market exits

Public market exits continued to maintain material share in 2022 despite only 6 IPOs with VC exits—anchor fund exits post lock-in expiry from 2021 IPOs drove 60% of public market exits, contrary to 2021 when 95% of public market exits were led by IPOs

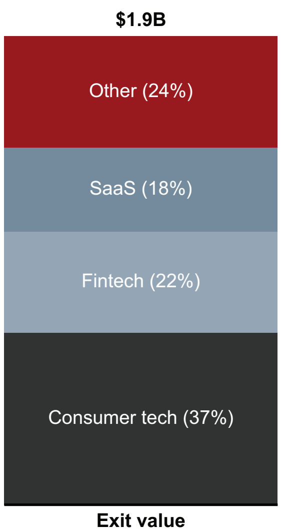
Secondary and strategic sales

Secondary/strategics exit value compressed as large exits reduced—average exit deal size declined from $65M* to $30M as large ($50M+) exits declined from 19 to 11 over 2021–22; total exit deal volume remained consistent (63 in 2021 vs. 59 in 2022)

Notes: Exits with undisclosed deal amounts have not been included; Exit volume and value do not include companies listed outside of India (e.g., Freshworks); MuSigma accounted for 90% of the buyback value for 2022; *excludes $4.7B BillDesk deal in 2021 that got called off in October 2022
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; VI; Preqin

Figure 21a: Secondary sales and strategic exits continued to see momentum on volume, but average exit size saw ~50% compression and no mega exits (>$250M)

Secondary and strategic exits
(split by sectors, 2022)



Leading secondary and strategic deals with VC exits (>$50M)

Asset	Key exiting investors	Buyers	Sector	Exit value
FirstCry	Chiratae, SoftBank, Newquest	Premji invest	B2C e-commerce	$240M
Lifelong Online	Tanglin, IndigoEdge	Thrasio	B2C e-commerce	$150M
Clovia	IvyCap, At Capital	Reliance Retail	B2C e-commerce	$125M
Curatio Healthcare	ChrysCapital, Sequoia	Torrent Pharma	Healthtech	$100M
EZEtap	Berggruen, Helion, Prime	Razorpay	Fintech	$100M
Accion Labs	TA Associates	True North	Business tech and IT	$93M
Karza Technologies	Dreamweaver, Artha	Perfios	Fintech	$80M
Knowlarity	Strategic Acquisition	Gupshup	SaaS	$80M
HealthKart	Sequoia, Omidyar Network, Kae Capital	Temasek, A91 Partners	Healthtech	$70M
Unbxd	Eight Roads, Chiratae	Netcore Cloud	SaaS	$54M

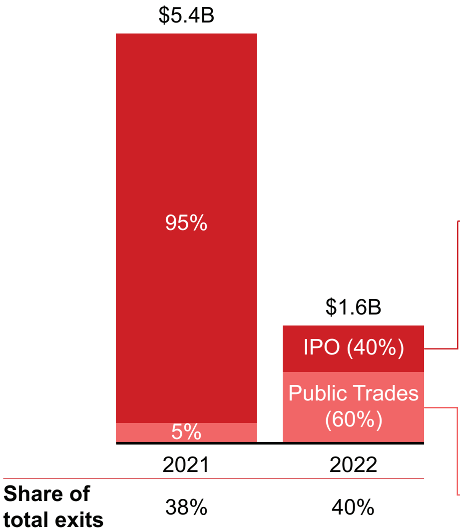
Average exit size reduced from $65M* to $32M over 2021–22 driven by fewer $50M+ exits

Secondary sale | Strategic sale

Notes: Other includes shipping and logistics, media and entertainment, manufacturing, BFSI, B2B commerce and tech, business tech, and IT; Retail and consumer
*excludes $4.7B BillDesk deal in 2021 that got called off in October 2022
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; VI; Preqin

Figure 21b: Share of public market exits via IPO declined from ~95% to ~40% over 2021–22; anchor investors exiting post lock-in expiry drove momentum in 2022

Total public market exits with VC participation
(split by mode of exit)



IPOs with VC Exits in 2022

Company	Month	Sector	Key exiting investors	Exit value
Five Star Business Finance	Nov 2022	BFSI	Sequoia, Matrix	$196M
Campus Activewear	May 2022	Retail and consumer	TPG Growth	$134M
Delhivery	May 2022	Shipping and logistics	SoftBank	$132M
Sula Vineyards	Dec 2022	Retail and consumer	Saama Capital, Verlinvest	$95M
Landmark Cars	Dec 2022	Retail and consumer	TPG Growth	$39M
Tracxn	Oct 2022	SaaS	Elevation, Sequoia, Accel	$18M

Other public trades

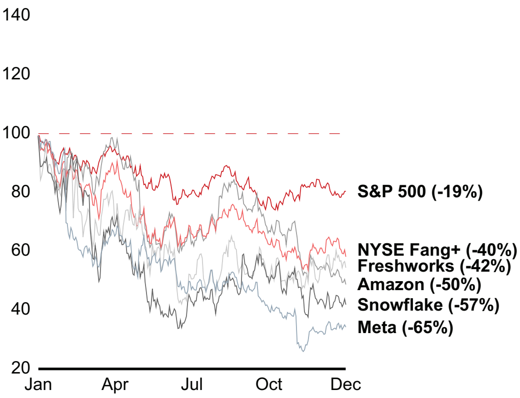
~$750M worth public market VC exits in 2022 via trades led by anchor investors exiting stakes post lock-in period expiry of 2021 IPOs (Zomato, Policybazaar, Paytm, Nykaa, etc.)

Notes: Public market sales with VC participation include public market exits where the seller/exiting investor is a venture capitalist, DroneAcharya not included in the list of IPOs with VC exits as investors were allocated fresh equity shares in the IPO
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; VI; Preqin; National Stock Exchange; Bombay Stock Exchange

Figure 22: Listed tech companies saw a tepid performance globally—in India, similarly, volatility in stock prices of tech listings drove caution towards IPO exits

US: Sharp rout across the US equity market

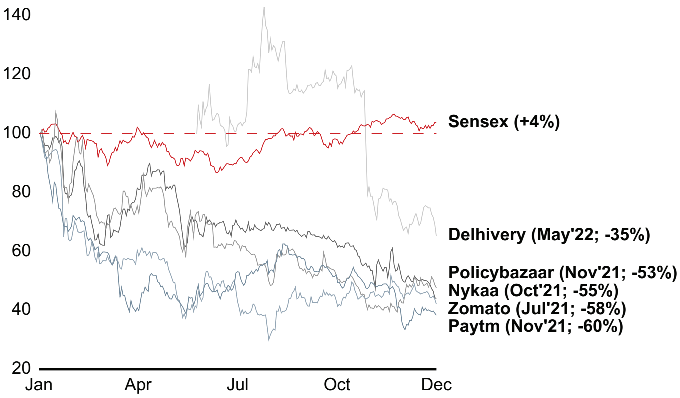
2022 performance of select US-listed stocks (First trading day price indexed at 100) **(Annual performance)**



2022 witnessed a global tech stock rout, led by a sharp drawdown in the valuations of US megacap tech companies and steep compression in revenue multiples for leading industries (e.g., SaaS)

India: Despite market resilience, tech-first players trended lower

2022 performance of select India-listed stocks (First trading day price indexed at 100) **(Date of IPO; Drop since first trading day in 2022)**



10+ tech-first companies deferred IPO plans led by caution due to global market volatility, weak performance of recently listed tech-first peers, challenges in listings in the US, and compression in implied valuations

Sources: Bain & Company; National Stock Exchange; NASDAQ; Bloomberg

Key shifts in the start-up ecosystem over 2022

- As stakeholders adjusted course, in light of macro headwinds, 2022 saw a significant revamp across the investment ecosystem.

- Investors pushed for a pivot from “growth at all costs” to “sustainable unit economics,” realigning strategies across portfolio companies. While most investors focused on LP development and raised record funds in 2022, despite dry powder build-up, asset diligence and selection to identify quality companies/founding teams continued to become more pertinent. Further, venture debt gained impetus as an attractive non-dilutive funding alternative or bridge financing option in a relatively volatile macro environment. Several venture debt funds/debt platforms (e.g., Alteria, BlackSoil) saw increased activity over 2022.

- Regulatory oversight intensified with the aim of clarifying norms for specific sectors and sand-boxing innovation. Some sector-specific regulations intensified challenges for fintech (e.g., a ban on credit via non-bank PPIs impacting business models for neocards, norms on digital lending increasing compliance burden) and cryptocurrency (e.g., taxation for VDA). However, tailwinds from structural macro enablers continue to boost the start-up ecosystem (e.g., scaling of digital rails, PLI to boost manufacturing, SEBI’s disclosure framework, and stricter norms for tech listings to usher in transparency for retail investors).

- Lastly, start-ups were faced with a difficult set of choices in 2022 as funding became scarce and investors prioritised profitability: These included layoffs for conserving cash, distress M&A, and deferred IPOs. Further, surfacing of corporate governance challenges reinforced the need for regulatory scrutiny.

- A few bright spots, however, reflected a deeper and more mature ecosystem in 2022: 40% of 2022 unicorns were added outside the top three metros, 15% of unicorns in India now have a female founder or co-founder, and a material 50% of start-ups registered with the Department for Promotion of Industry and Internal Trade (DPIIT) are outside the top three metros (Mumbai, Bengaluru, and NCR).

Figure 23a: 2022 saw several fundamental shifts across the investor landscape

Investors

Regulators

Start-ups

Pivot from "growth-at-all-costs" to "sustainable unit economics"—investors reassessed portfolio and ensured investee companies aligned strategic direction

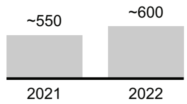
Rise in venture debt salience—venture debt funds grew in scale with volatility in valuations boosting demand for non-dilutive financing and easing regulations for convertible notes*

Significant dry powder buildup as multiple investors raised their largest ever India dedicated funds—~70% closed in H1 partly from 2021 LP commitments

Global ESG trends trickled down to India—ESG reporting becoming a norm; domestic trailblazers appointed dedicated ESG leadership (e.g., 3one4)

Growing impetus for venture debt in the ecosystem over 2022

Total venture debt in India ($M)



	2021	2022
Multiple of VC equity funding	**0.01x**	**0.03x**

Key deals

Udaan ($200M)	Stanza living ($57M)	Kissht ($13M)	Pharm-Easy*

Significant headroom in venture debt multiple of VC equity funding (US at 0.2x vs. 0.03x for India)

Overview of key venture debt funds in 2022

Fund	Description	Key portfolio companies	2022 fund-raises
Alteria	Sector agnostic, up to $20M cheques—long term and WC debt	Mensa, Jumbotail, Good Glamm	$120M
Stride	Sector agnostic, $2M–$5M cheques, at series B/C stage	Yubi, Uni, Sugar, BluSmart, Upstox	$200M
Black-Soil	$2M–$3M cheques for mid- and growth-stage start-ups across 130+ deals	Oyo, Udaan, Slice, Spinny	$30M
Trifecta	Innovative models (e.g., growth financing), follow-on/equity rounds for select credit relationships	Big Basket, DeHaat, Dailyhunt	

Notes: DPIIT extended timelines for conversion of debt to equity to 10 years from 5 years; *Undisclosed deal value; Venture debt deals not included in total investment value; WC—working capital
Sources: Bain & Company; Stride Ventures; Venture Intelligence; Tracxn

Figure 23b: While regulatory challenges intensified for a few sectors in 2022, tailwinds from structural macro enablers continued to accelerate innovation

Investors

Regulators

Start-ups

Structural macro regulatory tailwinds continued to foster innovation in the ecosystem…

Continued focus on scaling digital rails—e.g., ONDC launch (democratic e-commerce), cross-border UPI, UHI launch (electronic health records)

Double down on PLIs and expansion of coverage to new sectors (e.g., drones) with a view to capitalize on China+1 sourcing strategies of global manufacturers

Greenlight for cross geo investments from India as SEBI eliminated need for Indian connection in investments in other regions from India-based funds

SEBI focus on new disclosure framework and stricter norms for tech listings to continue driving more transparency across the ecosystem

…while challenges intensified for a few sectors

Fintech

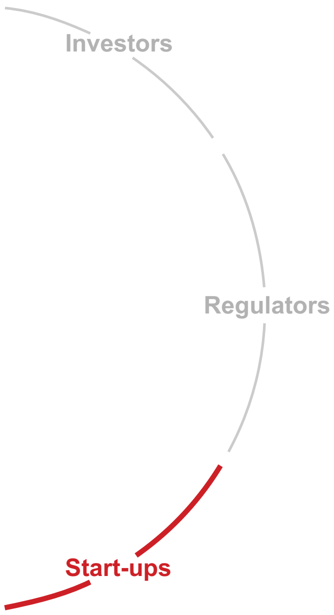
2022 was a headline year as the RBI triggered a revamp across fintech firms—despite clampdown on a few areas, e.g., credit via non-bank PPIs halted (impacting neocard players Slice, Uni, OneCard), new norms on digital lending, NUE delayed—the RBI continued to foster innovation more broadly (e.g., account aggregator framework expanded to FSPs/UPI launched globally)

Cryptocurrency

Tax introduced on trading on crypto assets and other VDA (virtual digital assets)—leading to a significant impact on India's fledgling crypto landscape; however, there were some positive developments with the introduction of CBDC (central bank digital currency)

Notes: UHI—Unified Health Interface is a network of open protocols that enable interoperability in health services; FSP—Financial Services Providers
Source: Bain & Company

Figure 23c: As macro headwinds, liquidity crunch, and a strategic pivot from "growth at all costs" to profitability intensified, start-ups faced a difficult set of choices in 2022



Despite volatility in the start-up ecosystem in 2022…

Layoffs	Distress M&A	Corporate Governance issues	Deferred IPOs
20K+ Layoffs across the India ecosystem			**10+** Tech IPOs deferred
Tech layoffs were a global phenomenon in 2022—India was no exception as firms focused on conserving cash by restructuring orgs. and closing noncore verticals. Edtech hardest hit with max share of layoffs	Smaller early- to mid-stage start-ups most significantly impacted by liquidity crunch—shutdowns and some distress M&As, specifically in edtech and content/social media (high CAC segments)	Corporate governance challenges surfaced across the ecosystem (e.g., related party transactions, incomplete disclosures, tax challenges)	Volatility in valuations, global public tech stock rout and weak performance of India listings from 2021 led start-ups to shelve 2022 IPO plans

…a few bright spots remained

Emerging trends

- **~50%** Registered start-ups from outside top 3 metros
- **~40%** New unicorns in 2022 from outside top 3 metros
- **~15%** With 7 additions in 2022, 15% of unicorns have a female co-founder

Note: CAC—customer acquisition cost
Sources: Bain & Company; Department for Promotion of Industry and Internal Trade (DPIIT); Venture Intelligence; Tracxn

2023+ look ahead

- 2023 will likely see emergence of a more resilient ecosystem as stakeholders remain cautiously optimistic. These are a few key trends we expect to gain in traction:
    - Early-stage deals expected to remain material with innovation in emergent sectors, while SaaS (and, to some extent, fintech) will remain significant sectors.
    - Broadening of the investor base as domestic funds and micro VCs become more salient and PE funds increasingly look at more growth equity deals.
    - Late-stage start-ups will continue to focus on profitability and conserve cash for a longer runway—with some M&A, consolidation, and potentially flat or down rounds in the offing.
    - The year 2023 is likely to mark the beginning of the "India Stack" going global—with cross-border UPI, open APIs to enable eKYC and other services to be leveraged in other countries, etc.
- Over the longer term, global investors are likely to maintain a positive outlook on India as tailwinds from underlying fundamentals open up new economic opportunities.

Figure 24: Cautious optimism across stakeholders—while global headwinds will impact India, 2023 will likely see a stronger and more resilient ecosystem emerge

Investor landscape

1. **Early-stage deal making likely to see continued traction buoyed by innovation in emergent, tech intensive segments** e.g., Gaming (e.g., esports/hypercasual games), healthtech, EV, generative AI; slower pace on web3/crypto
2. **SaaS and fintech to maintain material share in funding**—40+ soonicorns, depth in SaaS ecosystem (attractive economics, proven GTM, product/price leadership), continued innovation in lending/infra by maturing fintech firms
3. **Broadening of investor landscape** with increased participation from a wider investor base—e.g., micro VCs, family offices, global funds continuing to build presence in India

Start-up ecosystem

4. **Late-stage start-ups to remain laser focused on improving unit economics and path to profitability** as liquidity crunch continues and conserving cash remains critical
5. **Consolidation expected while public market exits (IPOs) of tech companies will remain muted**—M&A activity in fintech, B2C e-commerce (house of brands); investors may reserve capital to enable strategic M&A
6. **Likelihood of a few flat or down rounds** as investors reevaluate their portfolios (e.g., OYO's devaluation by SoftBank) and pressure from public market multiples trickles down into the ecosystem

Macro-environment

7. **Regulatory oversight aimed at clarifying guidelines and sandboxing new innovation will continue**—most of this is expected to be in spirit of strengthening the broader ecosystem
8. **2023 likely to see first winds from the India tech stack going global** (e.g., cross border UPI, open APIs to enable cross-border adoption of digital products, such as Aadhaar, eKYC); to be further accelerated as India assumes G20 chairpersonship

Source: Bain & Company

Figure 25: Finally, over the longer term, global investors are likely to remain bullish on India as an investment destination, underlined by solid macro fundamentals

1. **Large consumption opportunity**

Rising per capita incomes (expected to reach $5,000 by 2031), emerging affluent middle class (200M+) and increased discretionary spend

2. **Rapidly formalizing economy**

Massive leap as a significant share of 450M+ informal workers enter the formal economy as digital rails (Aadhaar, OCEN, ONDC) become ubiquitous

3. **Promise of the India Stack**

India's scaled, public interoperable digital rails (UPI, Aadhaar, eKYC, eSign, digital health ID, etc.) to enable inclusive digital acceleration at scale

4. **Workplace to the world**

India's attempts to build a global manufacturing hub to broaden economic avenues, while offshoring base remains strong, to support job creation

5. **Established start-up ecosystem**

Mature ecosystem of ~90K+ registered start-ups (2x vs. 2021) expected to further foster innovation and drive broader socio-economic growth

Sources: Bain & Company; Morgan Stanley, Goldman Sachs

Glossary

Definition of India VC used in the report

VC/Growth fund classification

1 Geography

Headquartered in India

OR

Majority workforce in India

2 Deal size

Deal value less than $20M

OR

Deal value greater than $20M where a VC fund is lead investor or accounts for majority of investment

Source: Bain & Company

Investment deal stages used in the report

Classification based on deal size

1	**Small ticket size** Deal value less than **$10M**
2	**Medium ticket size** Deal value between **$10M** and **$50M**
3	**Medium-large ticket size** Deal value between **$50M** and **$100M**
4	**Large ticket size/megadeals** Deal value higher than **$100M**

Classification based on deal series*

Seed	Initial financing for a new enterprise that is in the earliest stages of development
Series A/B	Early-stage round of financing by a venture capital** firm in a company
Series C & above	Includes late-stage financing by a venture capital firm into a company from Series C to Series Z+

Notes: *As classified by Pitchbook; **Defined as an investor that specialises in financing new businesses or turnaround ventures that usually combine risk with the potential for high return
Source: Pitchbook

Select terms used in the report

INDUSTRY CLASSIFICATION	**Consumer tech**	B2C or consumer internet products and services, including B2C e-commerce, edtech, online food delivery, gaming, healthtech, agritech, and other similar segments
	Agritech	Tech innovations in agriculture, horticulture, and aquaculture aimed at improving yield, efficiency, and profitability
	Fintech	Financial services companies leveraging technology, including payment providers, lending solution providers, neobanks, and other similar players
	Enterprise tech (SaaS)	B2B software delivered on cloud-as-a-service, including horizontal business software, vertical business software, and horizontal infra software
	Web3/crypto	Decentralization of internet, including cryptocurrency platforms, DeFi (decentralised finance platforms), NFT app providers, and other blockchain app providers
	Shipping and logistics	Logistics and end-to-end supply chain solution providers (warehousing, inventory management, etc.) for B2B, B2C, cross-border, and 3PL (third-party logistics)
	EV (electric vehicle)	Includes auto OEM (original equipment manufacturer), MaaS (mobility-as-a-service), BaaS (battery-as-a-service), charging infra provider and other similar players
	Deep tech	Technology based on tangible engineering innovation or scientific advances and discoveries (e.g., vision and speech algorithms, AI/ML, blockchain, biotech)
OTHER TERMS	**PLI** (production linked incentive)	Scheme that gives companies incentives on incremental sales of products manufactured in domestic units (e.g., scheme for automobile and auto components)
	Leading investors	Investors leading on deal value (with $1B+ deal value and 35+ deals in last five years) or deal volume (with 50+ deals and $500M+ deal value in last five years)
	Micro VC/mVC	Micro VCs are VCs with funds sizes between $10M–$60M, typically investing in pre-seed, seed, and Series A deals (follow-on rounds) with cheque sizes <$1.5M
	Venture debt	Type of debt financing for early-stage companies; complementary to equity financing for raising capital
	PPI (Prepaid Payment Instruments)	Instruments that facilitate purchase of goods and services, conduct financial services, enable remittance facilities, etc. against the value stored in them
	NUE (New Umbrella Entity)	Alternative mechanism to National Payments Corporation of India, for setting up new retail payment systems, operating clearing and settlement systems, etc.
	VDA (virtual digital assets)	Information, code, number, or token generated through cryptographic means or otherwise and can be transferred, stored, or traded electronically (e.g., NFTs)
	NFTs (non-fungible tokens)	A non-interchangeable unit of data stored on a blockchain, a form of digital ledger
	OCEN (Open Credit Enablement Network)	Framework of app programming interfaces (APIs) facilitating interaction between lenders, lending service providers (LSPs), account aggregators and borrowers
	ONDC (Open Network for Digital Commerce)	Government initiative for promotion of open networks for all aspects of exchange of goods and services over digital or electronic networks
	Crossover funds	Investment fund that invests in both publicly traded and privately held companies
	D2C (direct to consumer)	Selling products directly to customers, bypassing any third-party retailers, wholesalers, or other intermediaries
	Precision farming	Farm management concept based on observing, measuring, and responding to various inter- and intra-field variability in crops
	Dry powder	Amount of committed but unallocated capital with VC and PE firms for deployment when attractive investment opportunity arises, or to ease financial distress
	SEBI (Securities and Exchange Board of India)	Regulatory body for securities and commodity market in India under the ownership of Ministry of Finance, Government of India
	CBDC (Central Bank Digital Currency)	Digital form of country's fiat money that is issued by the central bank
	SMB or **SME** (small and medium -sized business or enterprise)	The threshold for investment in small enterprises ranges from INR 1–10 crores, while that of turnover ranges from INR 5–50 crores. In medium enterprises, the threshold of investment ranges from INR 10–50 crores, while that of turnover ranges from INR 50–250 crores

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