

## Annual Newsletter 2023

This newsletter intends to capture some of the key updates and trends in the New Economy ecosystem in India. This newsletter should be treated as a knowledge sharing memo and not as any investment solicitation.



## About VentureSoul Partners

VentureSoul is in the process of setting up a New Economy Credit Fund (AIF Category – II Fund) (SEBI Approval pending). The firm intends to raise a Rs. 600Cr fund from various investors – Rs 300 cr + 300 cr Greenshoe.



*For any further enquiry, please reach out to your contacts at VentureSoul Partners*

**January 2024**



**Kunal Wadhwa**  
(ex HSBC, Citi, ABN Amro)

- 21+ years of banking experience with more than 6 years in the startup ecosystem.
- Founding member of HSBC Startup Lending Fund.
- Deep engagement with start-up ecosystem/VC/ intermediaries.



**Ashish Gala**  
(ex HSBC, Credit Suisse, CLSA)

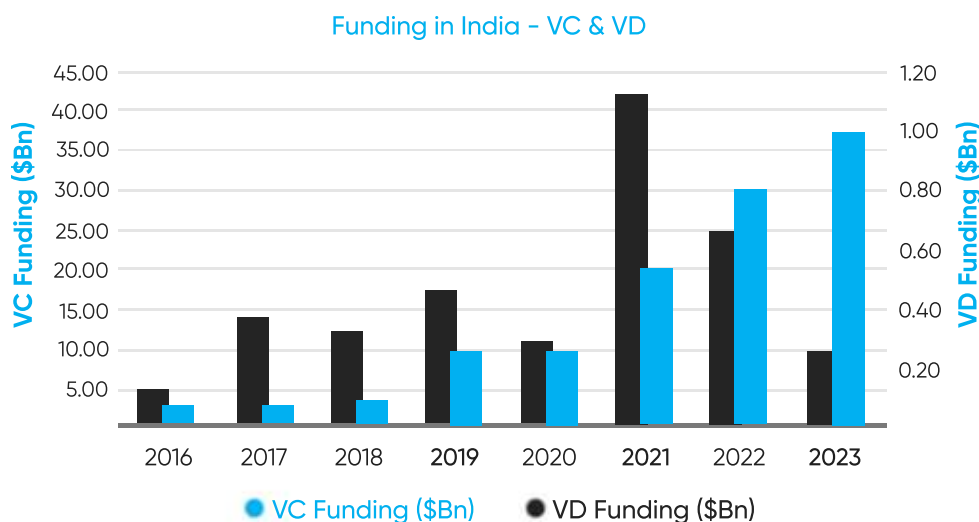
- 22+ years in Structured Finance, Pvt Credit, Leverage Finance
- Buy side fund management – private credit and structured debt investments on Pan-Asia basis
- Active engagement with VC/PE



**Anurag Tripathi**  
(ex HSBC, SCB, ICICI)

- 23+ years in MSME Lending, Risk Management, Corporate Banking
- Supply Chain financing
- Portfolio management/tech-based analytics

## NEW ECONOMY SECTORAL Overview - 2023



2023 was a year where **New Economy** companies and **VCs** shifted their focus to profitability, cash conservation & governance.



Companies with strong **business fundamentals** grew stronger acquiring larger market share.



Equity funding has gradually improved in H2-2023 with deal activity picking up.



Although the **deal activity** fell – c900 deals in 2023 vs **c1.9k** deals in 2022 and **c1.6k** deals in 2021, strong businesses found **VC** backing.



Though the year witnessed a slowdown in **equity funding** with c **\$11bn** money raised, **VD** funding grew in 2023 as compared to 2022.



Debt/structured solutions found acceptance by founders with various Venture Debt providers active in this space.



The **funding deals** across in 2023 saw eCommerce being the most active sector while Enterprise Tech saw the highest **M&A** activity.



It is to be noted 2023 saw 2 **Unicorns** vs 22 Unicorns in 2022 and 45 in 2021.



New Age Tech **IPOs** saw an uptick in activity with 5 listing in 2023 vs only 3 in 2022 and a strong **IPO pipeline** getting ready for 2024.



The industry has more than **\$20bn** equity dry powder waiting for right valuations and environment to improve further.



# Key Themes



## Focus on profitability

2023 was a year profitability took the front seat prescribed by the Investor community and followed by Founders.



## Survival

Cash Conservation was a key theme across the Startup companies with VCs advising to reduce unnecessary cash burn.



## Consolidation

Startups with strong fundamentals came out stronger driving M&A activity and able to raise funding with intact valuations.



## Investments Activity

Seed Stage companies saw the highest deal activity while some marquee Late Stage companies saw follow on investments (there were some investments at downrounds as well).



## Listing

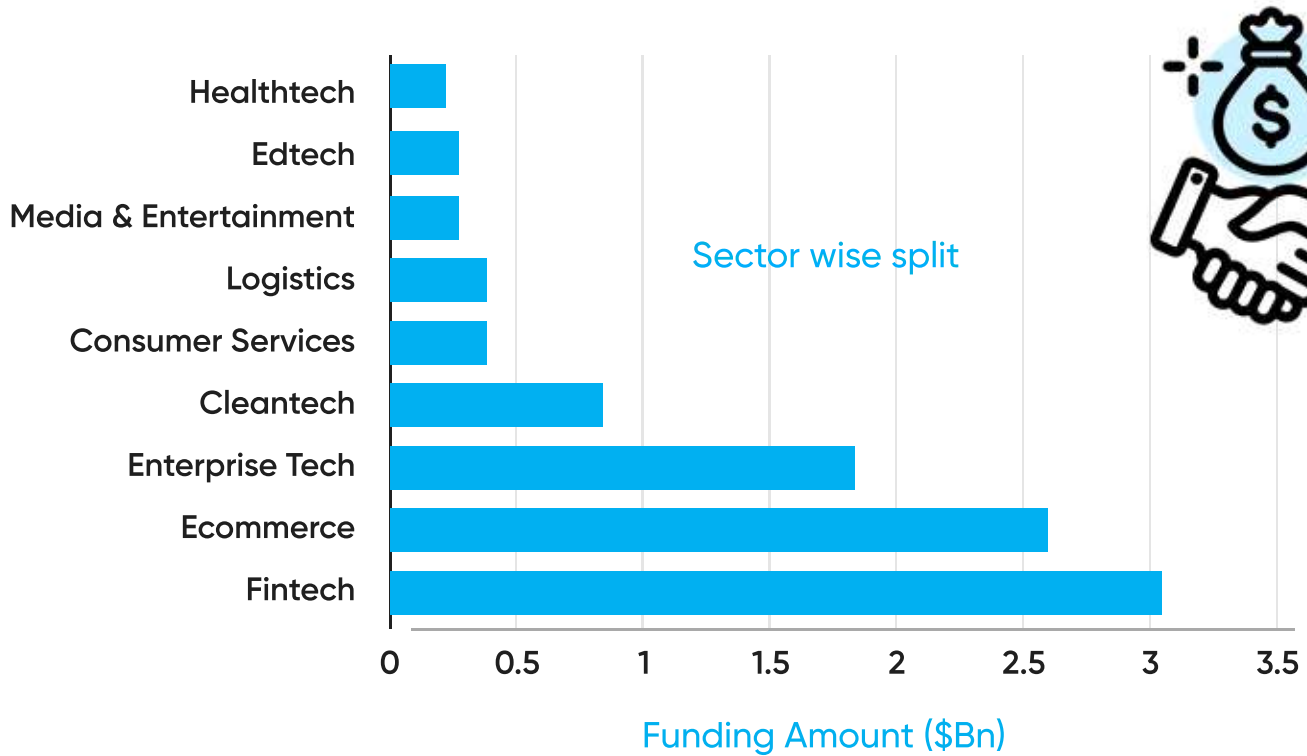
Focus on IPO is back with favourable external environment.











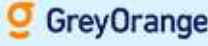


## Governance & Transparency:

This was a key theme in 2023 with companies seeking to improve internal governance while select VCs started sharing their fund philosophy – Omega files by Blume Ventures.

# Funding Deals in 2023



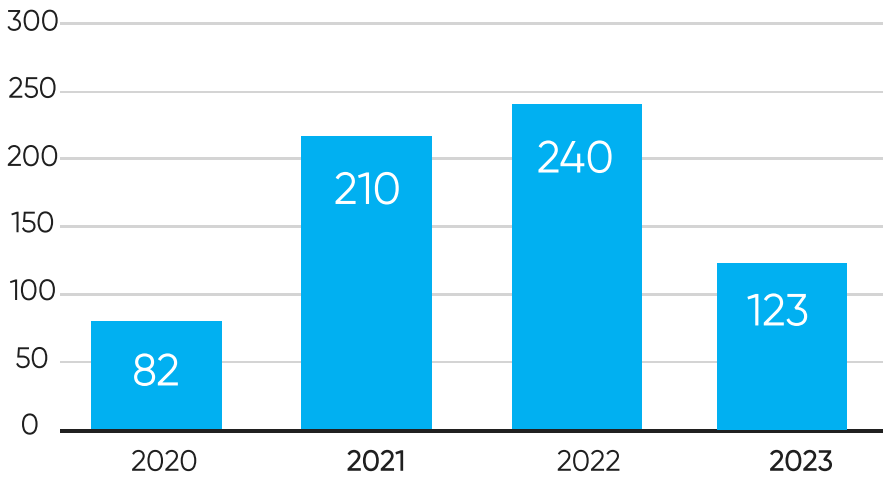
COMPANY	SECTOR	FUNDING STAGE	DEAL VALUE (\$Mn)	KEY INVESTORS
 PhonePe	Fintech	Series D	850	General Atlantic, Walmart, Tiger Global
 lenskart	Consumer Internet	Series J	600	Abu Dhabi Investment Authority, Chryscapital
 Flipkart	Consumer Internet	Series J	600	Walmart
 DMI FINANCE	Fintech	Series E	400	Sumitomo Mitsui Trust Bank, Mitsubishi UFJ Financial Group
 OLA ELECTRIC	Cleantech	Series E	384	Temasek Holdings, SBI
 udaan	B2B	Series E	340	M&G, Lightspeed Venture Partners, DST Global
 BYJU'S The Learning App	Edtech	Conventional Debt	250	Davidson Kempner Capital Management
 zepto	Consumer Internet	Series E	231	Nexus Venture Partners, Glade Brook Capital Partners
 Perfios	Fintech	Series D	229	Kedara Capital
 InsuranceDekho	Fintech	Series B	210	Investcorp, Avataar Venture Partners
 GreyOrange	Robotics	Series D	135	Anthelion Capital, Mithril, Blume, Blume Ventures



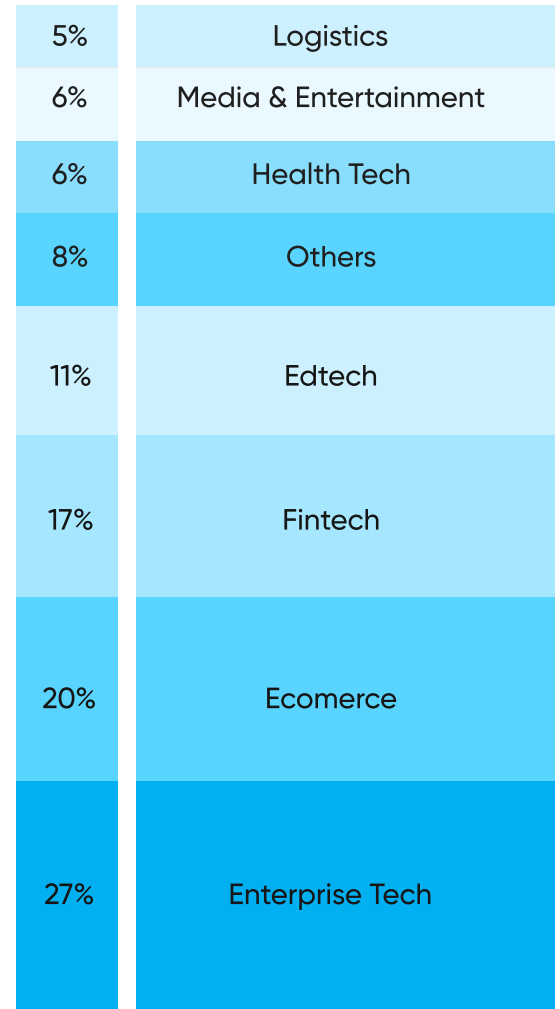


# Merger & Aquisition Deals

(A) M&A Deal **Count**



(B) M&A Deal - **Sector Map**



Acquired Startup	Sector	Acquired By	Transaction Amount (\$Mn)
STRATA	B2B	INFRA.MARKET	110
Olx AUTOS	Consumer internet	CarTrade.com	65
XYLEM Learning App	EdTech	PHYSICS WALLAH	61
LYNK	Logistics	SWIGGY	39
POCKET ACES	Media & Entertainment	sa re ga ma	21
North East	Fintech	Slice	Merger
BRIERLEY	Enterprise Tech	capillary	Undisclosed
Koeleman	B2B	ofBusiness	10
Billme	Enterprise Tech	Razorpay	10

# Investor Activity

## VC ACTIVITY



Early Stage VCs focussed on low ticket deals spread across Pre Series A & Series A stage companies.



Early Stage VCs had focus on Enterprise Tech - SaaS & Deeptech, Consumer Internet, D2C, Fintech.



2023 saw a large no of deals led by Early Stage VCs while Growth & Late Stage VCs focussed on select few portfolio companies for investments.



Growth & Late Stage VCs focussed majorly on repeat investments in their portfolio companies and showed major interest in B2B, Fintech, Enterprise Tech - SaaS & Deeptech.

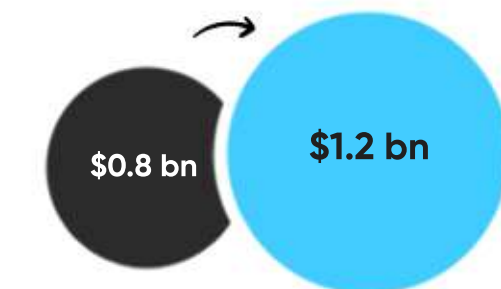
Large Funds Launched in 2023 showing growing interest in India's Startup Ecosystem, some marquee fund raise are as below:

COMPANY	FUNDS	STAGE	SECTOR
3one4 Capital (Fund IV)	\$200 mn	Early Stage	Consumer Internet, Enterprise Tech - SaaS, Fintech
Nexus Ventures (Fund VII)	\$700 mn	Agnostic	Enterprise Tech - SaaS, Fintech & eCommerce
Multiples PE (Fund IV)	\$640 mn	Growth & Late Stage	Agnostic

## VD ACTIVITY

Debt activity **increased** from \$0.8bn in 2022 to \$1.2Bn in 2023. This could be attributed to **two reasons**:

**One**, fund raising through the equity route was becoming more difficult for startups.



Approximately **50 venture debt funds** are actively shaping the landscape and are contributing to a notable portion of the \$5.4 Bn raised by Indian startups.

**Secondly**, founders were unwilling to raise money at lowered valuation through the equity route and preferred the debt route to maintain their valuation.

# IPO ACTIVITY/Secondary Deals



In 2022, only two companies Delhivery and Tracxn managed to go IPO.



With focus on profitability and business models getting stabilized, there is a broader acceptance of New Economy companies in the investor and public markets.



2023 saw the entry of MamaEarth, ideaForge, Yudiz, Zagggle and Yatra Online on the stock exchange.



2024 has a strong pipeline for Tech IPOs, with an expectation of revival in investor and market sentiments.



















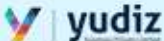

Strong performance in 2023 by already listed Tech companies showing sustainable growth & turning profitable have shown robust demand by public market investors.

Company	IPO Subscription Breakup			Listing Price	Listing at Premium/Discount	Valuation at the time of IPO
	Retail	QIB's	HNI's			
mamaearth™	1.35x	11.5x	4.02x	INR 330	2% premium	\$1.25 Bn
ideaForge™ Create. Inspire.	85.20x	125.81x	80.58x	INR 1300	94% premium	\$336Mn
yatra	2.11x	2.05x	0.42x	INR 127	10% Discount	\$270Mn
Zagggle®	5.94x	16.73x	8.85x	INR 164	1% Discount	\$240Mn
yudiz	6.4x	2.81x	3.8x	INR 185	12% Premium	\$167Mn

## Anticipated Tech IPOs in 2024

Company	DRHP Status	IPO Size (INR Cr)	PAT/Loss (INR Cr)
awfis AND INSPIRATION.	Filed	160	FY23 - (46.64)
firstcry	Filed	1816	FY23 - (486)
digit	Refiled	3500	FY22 - (295.8)
OLA ELECTRIC	Filed	5500	FY23 - (1472)
OYO	Pre-filed	~4000	FY23 - (1286)
PayU	To be Filed	NA	FY22 - 126
PORTEA HEAL AT HOME	Approval Received	1000	FY22 - (53.8)
SWIGGY	To be Filed	NA	FY22 - (3629)
uniconnect	To be Filed	NA	FY23 - 6.4

# Performance of Listed New Age Tech Companies

Company	Market Cap (\$bn) (Dec 30, 2022)	Market Cap (\$bn) (Dec 29, 2023)	YTD % Change
 RateGain <sup>®</sup>	0.37	1.03	178%
 zomato	6.13	12.71	107%
 MapmyIndia <sup>®</sup>	0.66	1.24	88%
 policybazaar.com	2.43	4.27	75%
 CarTrade	0.26	0.40	54%
 Nazara <sup>®</sup>	0.46	0.75	63%
 DRONEACHARYA <sup>®</sup> AERIAL INNOVATIONS	0.04	0.05	25%
 Tracxn	0.10	0.13	30%
 paytm	4.16	4.84	16%
 DELHIVERY	2.91	3.44	18%
 NYKAA	5.33	5.98	12%
 EaseMyTrip.com	1.10	0.84	-23%
 Fino Fino Payments Bank	0.25	0.26	4%
 ideaForge <sup>®</sup> Create. Inspire	-	0.43	-
 mamaearth <sup>™</sup>	-	1.70	-
 yatra	-	0.27	-
 yudiz	-	0.02	-
 Zaggle <sup>®</sup>	-	0.33	-

**Indian new-age stocks** at the end of 2022 together **gained** \$11.8 Bn in 2023. Their combined market capitalisation stood at \$36.9 Bn at the end of 2023 as against \$25.07 Bn a year ago.

## VENTURESOU PARTNERS

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*January 2024*



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