

Open Slice Flipkart MPL BrowserStack Oxyzo ElasticRun Spinny Swiggy  
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PhysicsWallah Eruditus Shiprocket Upstox Mamaearth Cred NoBroker Upgrad Vedantu  
Big Basket VerSe CoinDCX Apna Ola LEAD School Fractal Byju's  
LensKart Acko Paytm Mall Glance Livspace Droom CarDekho Amagi  
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**STARTUP  
INDIAN**

# **RIGHT NOW**

**THE STARTUP NEWSLETTER**



## **A UNIQUE PERSPECTIVE ON INDIAN UNICORNS**

**WRAPPING UP 2023**

MensaBrands Meesho Zetwerk PhonePe MyGlamm Oyo  
Blinkit Ola Electric Renew Power Policy Bazaar CoinSwitch Kuber  
Global Bees Rebel Foods Moglix Bill Desk Infra.Market  
BlackBuck Tata 1mg Nykaa Pharmeasy Paytm OneCard  
Mu Sigma Digit Insurance Razor Pay Udaan MapMyIndia Unacademy Yubi Urban Company  
Dream 11 Dhelivery Zepto Darwinbox LeadSquared Zomato Zerodha Licious

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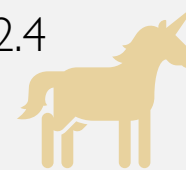
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\*Based on our research, some startups like CommercelQ and 5ire, which are otherwise recognized as Unicorns by some media companies, were found to be incorporated in foreign countries and also majorly catering to foreign markets, and therefore not considered in our research & analysis. Similarly, some startups, like Hike and Snapdeal have been stripped of their Unicorn status since a long time and therefore not considered in our research & analysis.

# INDIA'S 2023 UNICORN STORY IN NUMBERS

**2** Only 2 Indian startups turned Unicorn in 2023, taking the total to 91, adding \$2.4 Billion to overall Unicorn valuation. Meanwhile, some Unicorns like Byju's and Pharmeasy suffered valuation cuts, bringing down the overall Unicorn valuation.



over  
**260,000**

People were employed by Indian Unicorns at the end of FY23



over  
**18,000**

Employees have been laid off by Indian Unicorns since the onset of funding winter in 2022

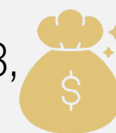


**1/5**

1 out of 5 Unicorns are profitable. About 80% of the remaining Unicorns have a net margin of up to (-100%), while the remaining have a net margin lower than (-100%).

**14**

Unicorns managed to raise fresh equity rounds in 2023, while 7 resorted to debt funding.



**1**

Only 1 Indian Unicorn got listed in 2023, taking the total listed Unicorns to 8. Overall, these companies gained 32% in 2023.



**26**

26 co-founders are women, having co-founded 23 Unicorns.

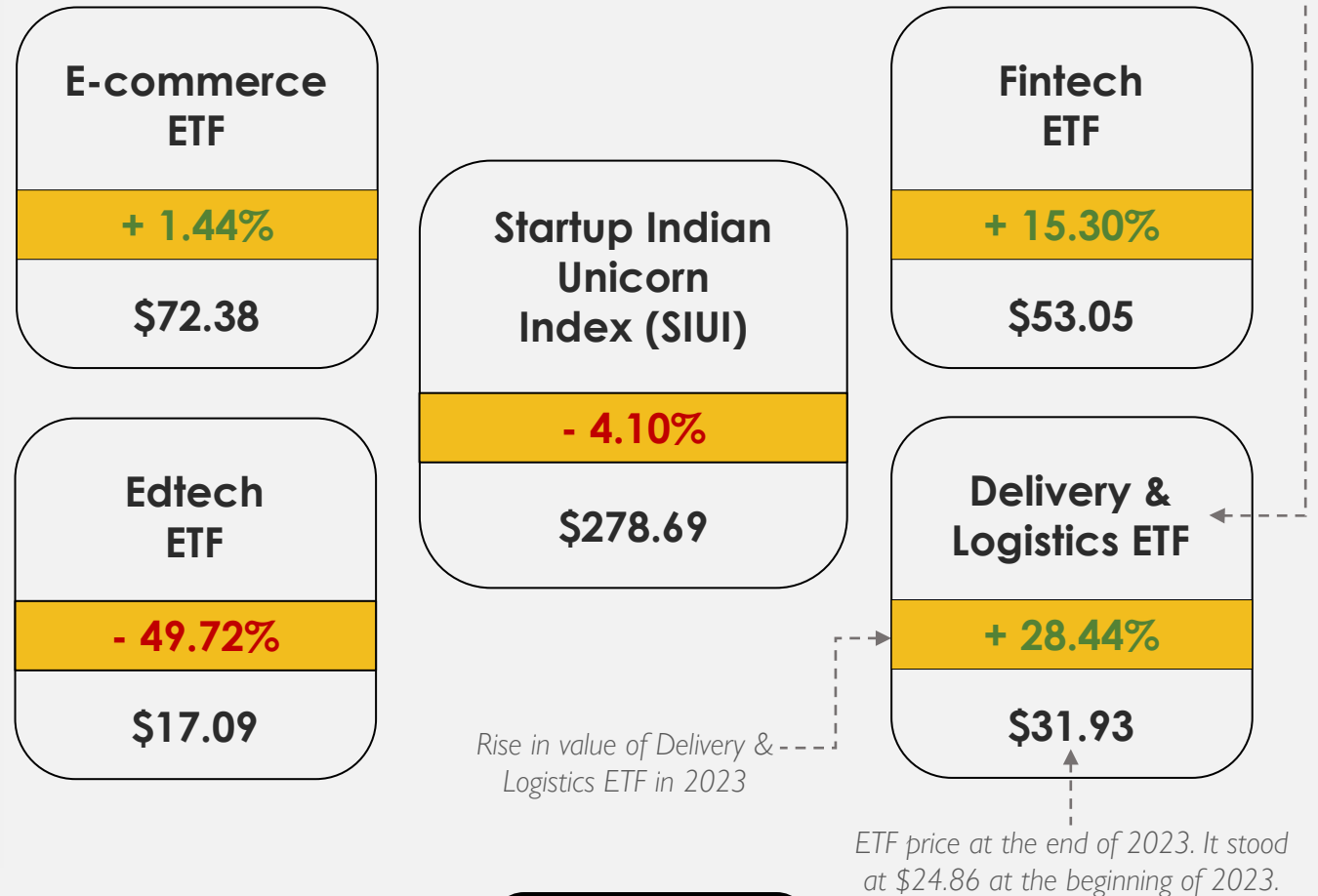


# WHAT IF YOU HAD INVESTED IN INDIAN UNICORNS?

At the inception of 2021 we started keeping track of the valuation of all Unicorns in India, subsequent funds raised, hike in valuations, startups that emerged as Unicorns and those who's valuations were slashed by investors. To share our work with you in a fun and interactive way, we created a dashboard called the **SIVM** (Startup Indian Virtual Market). Now that another year has come to a wrap, the numbers have come out beautifully – refer the cards to the right.

Here's a way to understand these cards: Movement in the **Nifty 50 index**, which gained 20% in 2023, is often considered as representative of how the Indian markets performed during the year. Similarly, we created the **Unicorn Index** that represents how the startups performed overall, while the **sectoral ETFs** show how the specific sectors performed in 2023. For eg, the **Edtech ETF** shows that the Startups in this sector lost their value by 49.72% in 2023.

The sector on which the ETF has been created.  
Like this one comprises of Delhivery, Rivigo, Swiggy, Zomato, Blackbuck, Licious, Blinkit, Xpressbees, Shiprocket and Zepto.

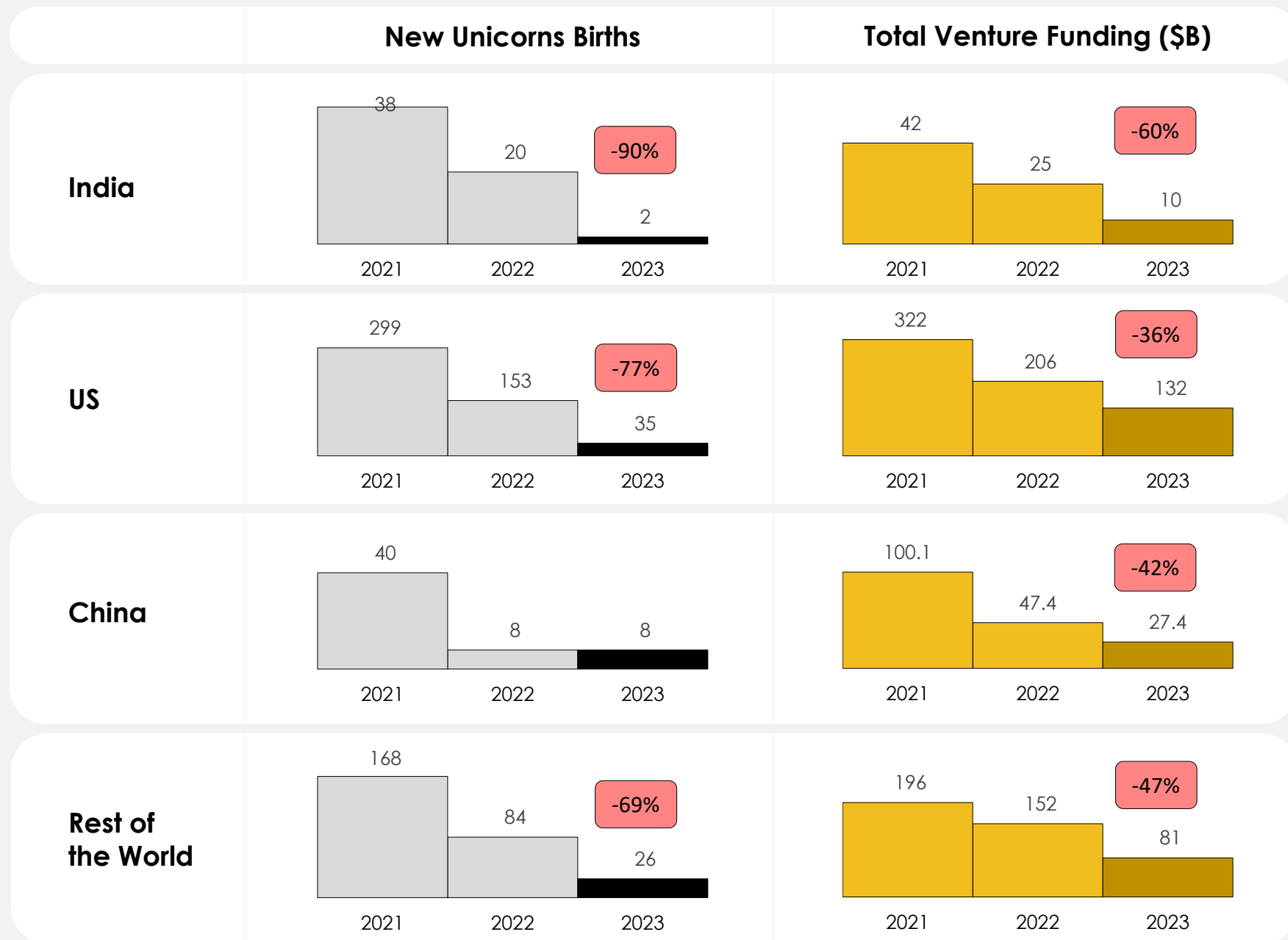


[EXPLORE SIVM](#)

Before you start thinking that something's wrong with our tech ecosystem, let us tell you that the entire world is currently going through one of its worst funding winter. 2023 was marked by down-rounds and valuation cuts.

- For example, Sweden based fintech Unicorn Klarna, which was once valued at \$45 Bil, raised fresh equity at \$6.7 Bil valuation, down 85%. Similarly, US based fintech Unicorn Stripe suffered an internal valuation cut of 47%.
- Now media reports of India's Pharmeasy raising funds at 90% lower valuation, and Byju's valuation cut of over 75% by its investors, don't seem very surprising, right?

Global venture funding is at its lowest since 2017, deal volume is at a 6-year low and new Unicorn birth is at a 7-year low, as macroeconomic uncertainty continues to rattle investors.







# BRIGHT SPOTS OF 2023

Amidst the brouhaha of Startups shutting shop, laying off and reporting eye-popping losses, we forgot to notice and appreciate those that continued to record impressive growth and showed utmost resilience in the face of poor investor sentiments and global macro-economic headwinds. We scanned through all the Unicorns to identify the bright spots in 2023. Here's how we shortlisted them:

1. YoY revenue growth in FY2022-23 by at least 10%
2. Consolidated annual revenue in FY2022-23 of at least ₹500 Crores
3. Improvement in profit margins YoY
4. Profit margin of negative 20% or better
5. No fall in valuation

Out of the 91 Unicorns only 10 Unicorns could pass all the 5 conditions above. However, only 4 out of these 10 Unicorns were such who did not layoff any of its workforce in the whole of 2023 to improve their margins. These 4 Unicorns clearly stand out from the rest and are bound to record a rise in their valuations if and when they raise fresh capital from VC or IPO. Have a look:

	 digit Insurance	 fractal	 Groww	 InCred finance
<b>Sector</b>	Fintech	AI	Fintech	Fintech
<b>Primary Business Activity</b>	App based insurance platform	AI powered B2B solutions	App based trading and investment platform	Online platform offering diversified loans
<b>FY2022-23 Revenue</b>	₹5,164 Cr.	₹1,985 Cr.	₹1,258 Cr.	₹865 Cr.
<b>ROCE*</b>	14%	22%	18%	30%
<b>Growth in revenue YoY</b>	52%	51%	261%	77%
<b>FY2022-23 Net Profit Margin</b>	7%	10%	6%	14%
<b>Valuation</b>	\$4 Billion	\$1 Billion	\$3 Billion	\$1 Billion

\*ROCE: Return on capital employed



# WHAT WENT WRONG WITH BYJU'S? – Deep Dive

Despite the present predicament at Byju's, one thing remains constant, i.e. Byju Raveendran (Co-founder and Group CEO) continues to teach thousands. Just that his subject matter has changed- a decade ago, he would fill up stadiums teaching Math, to now, teaching some of the toughest lessons of business to budding entrepreneurs with the rise and fall of his own startup, Byju's. Here's the Edtech Unicorn's wild journey of the last 4 years depicted in a chart:

- **The Highs:** In Mar'22 Byju's became the most valuable startup of India and the most valuable Ed-tech startup globally, with a pre-money valuation of \$21Bn (Growing almost 3 times in just 2 years). Around the same time, the company also recorded having close to 60,000 employees globally. Byju's has raised a little over \$5Billion till date and has acquired 19 companies, having spent over \$3.5Bn to acquire.
- **The Lows:** Investors like Prosus and BlackRock have marked down the valuation of Byju's in their books to as low as \$1Bn in Jan'24. The total employee count has come down to around 17,000. The company's overseas lenders have filed an insolvency petition against it while the company is actively looking to sell some of its biggest acquisitions in a desperate attempt to raise funds.

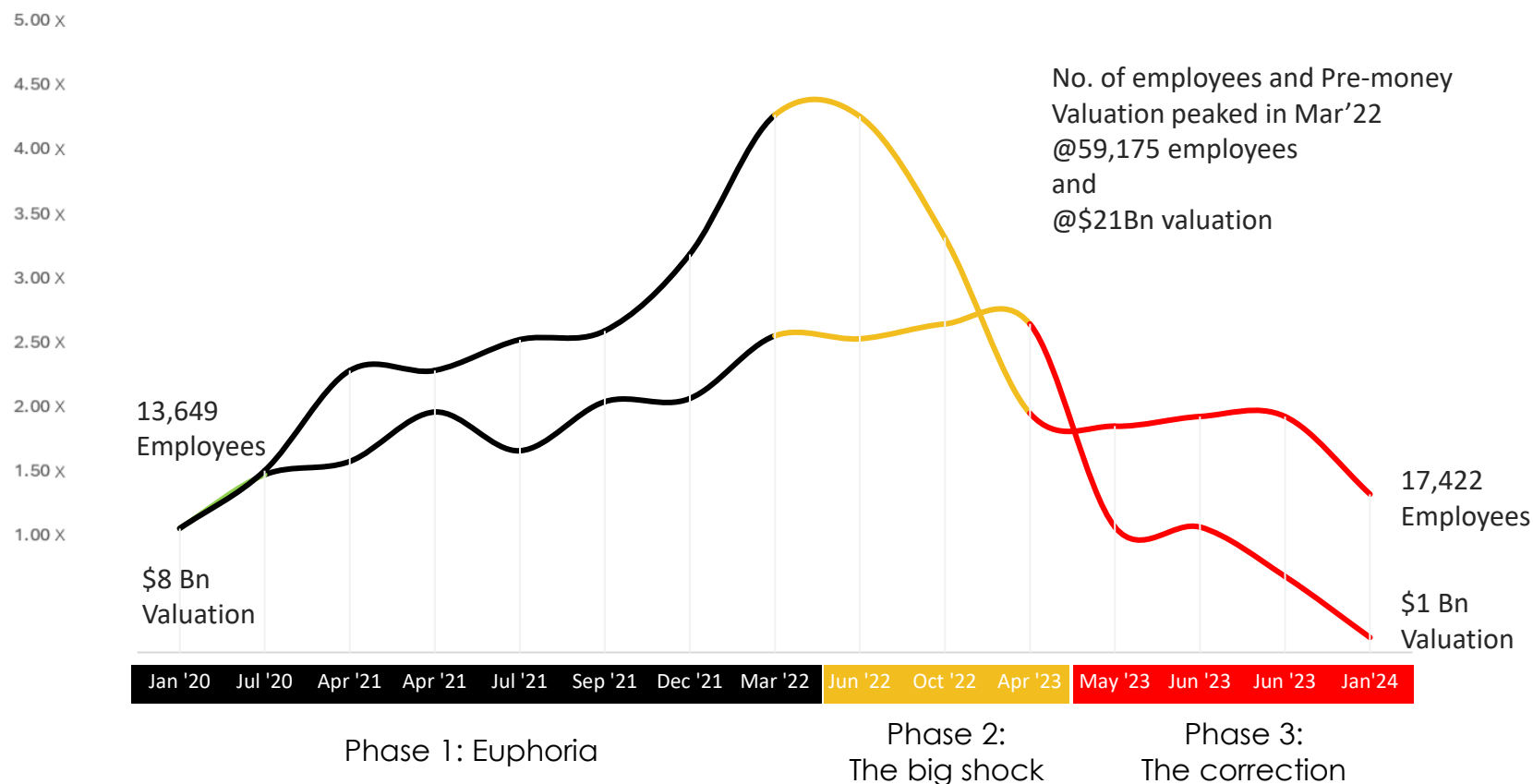


Wondering what happened in just a span of 18 months? Well, we did our research and narrowed it down to 5 cascading problems:

1. When the Capital was abundantly available, Byju's decided to **acquire** other businesses instead of investing in its core operations that was still struggling to show clear signs of profitability.
2. The founders continued to **show an optimistic picture** of the company's financial performance when the audited financials read an opposite story.
3. Byju's was anticipating more **capital** in the near future, which **never came**.
4. Byju's thought **Debt is cheap**.
5. **Unhappy customers and leaders' exodus**.

Click [Here](#) to dive deeper.

**Chart 1: Relative growth of the no. of employees and the valuation of Byju's over time**





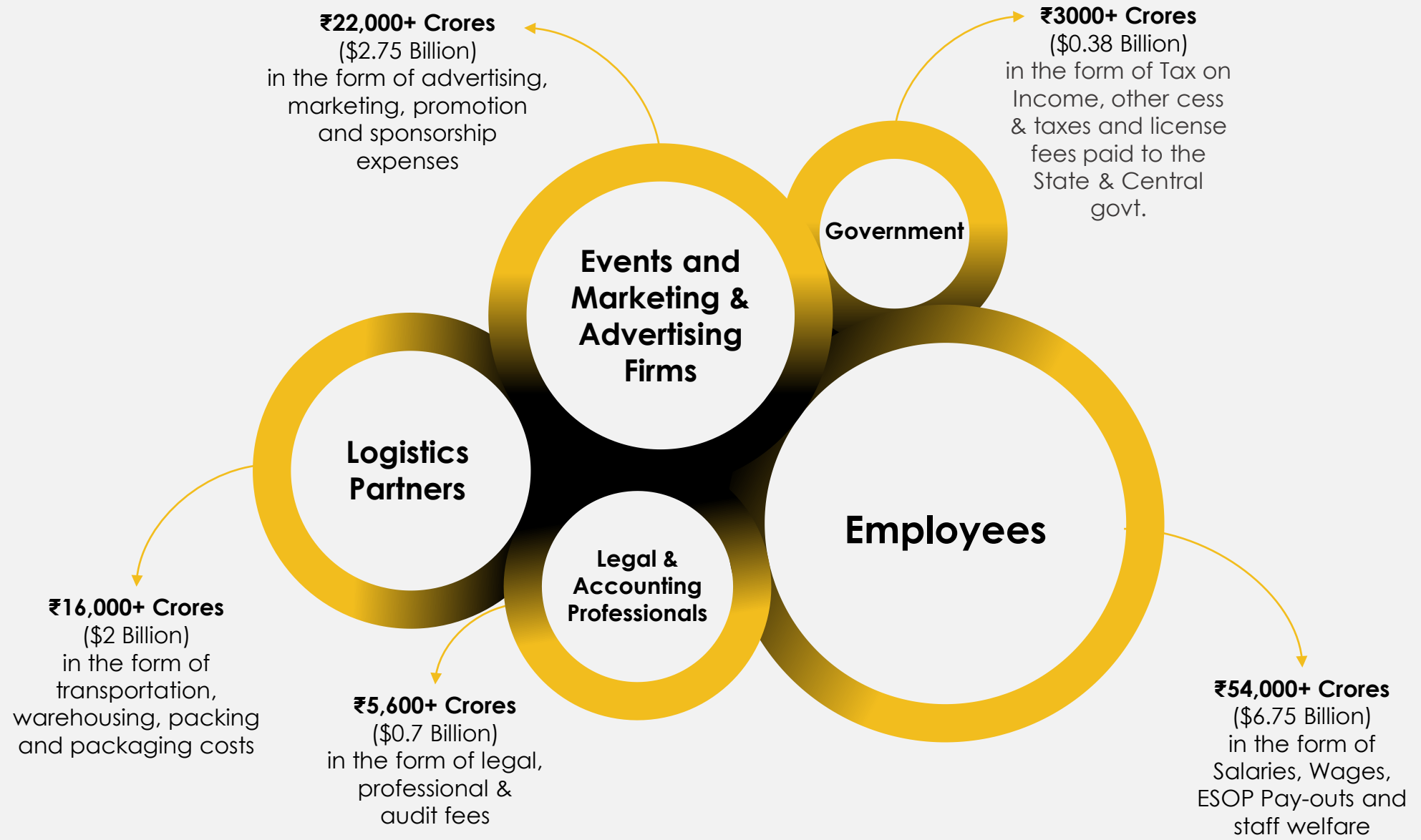
# INDIA'S UNICORN ECONOMY

India's 91 Unicorns spent cash of over **₹300,000 crores** (\$37.5 Billion), posting a total net loss of over **₹67,000 crores** (\$8.38 Billion). Now before you write off all these expenses as “*cash burnt*”, let's zoom out and look at the bigger picture.

Think of it this way, money spent by one Startup is creating a market for another. So, the huge amounts of money spent by Startups is brewing up an economy in itself comprising of stakeholders ranging from digital marketing to data security firms, from Logistics to SaaS companies, and so on. Here are a few examples to explain this better:

- With the rise in the volume of **D2C** and **Ecommerce** players, a bigger market is getting created for **Logistics** companies (as their services will be sought to make deliveries to customers) and for **Digital Marketing** firms (as they tend to spend heavily on marketing).
- A rise in Delivery & Logistics Startups in turn has created a massive **gig economy** in our country, one which was almost non-existent 5 years ago.
- A general increase in the volume of Startups in the country has created a huge market for **SaaS**, **Enterprise Tech** and **Data Security** firms.
- And above all, India's tech ecosystem has created top quality job opportunities for a generation that loves to be challenged, pushing them beyond their limits and inspiring them to innovate in every step of the way.

You get the idea right? So we disintegrated the **₹300,000 crores** into expenses that generated opportunities for these stakeholders. Have a look →

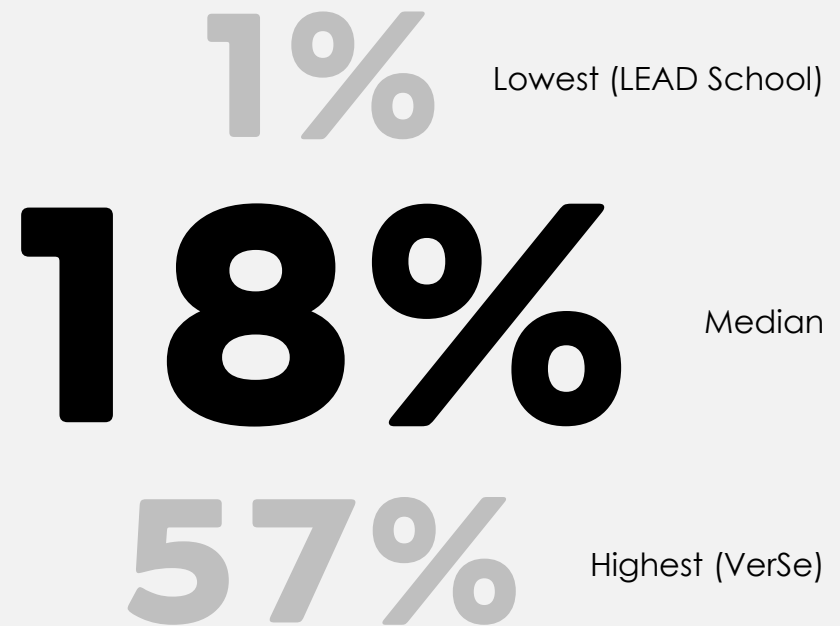


Source: Startup Indian analysis, based on latest published financial statements of 91 Indian Unicorns.

# HOW MUCH DO UNICORNS SPEND ON ESOPs?

It is customary for startups to pay a part of their employee cost in the form of ESOPs, especially during their early years. This helps them to conserve cash and also to allow employees to own a piece of what they're building. But have you ever wondered how much are startups spending on ESOPs to employees? We ran analytics on the Indian Unicorns and arrived at a median of 18%. This means that out of their total annual employee benefit expenses, the Unicorn startups spent 18% in the form of ESOPs to employees.

Fun facts: Companies like DealShare, Apna and Purplle were found to be spending 17% to 20% of their employee benefit expenses in the form of ESOPs. Whereas, companies like LEAD School, LeadSquared and Nykaa spent only 1-2% on ESOPs. Interestingly, some companies which had sufficient liquidity, like Mamaearth and Zepto, chose to settle their ESOPs in cash, instead of issuing fresh stock options.





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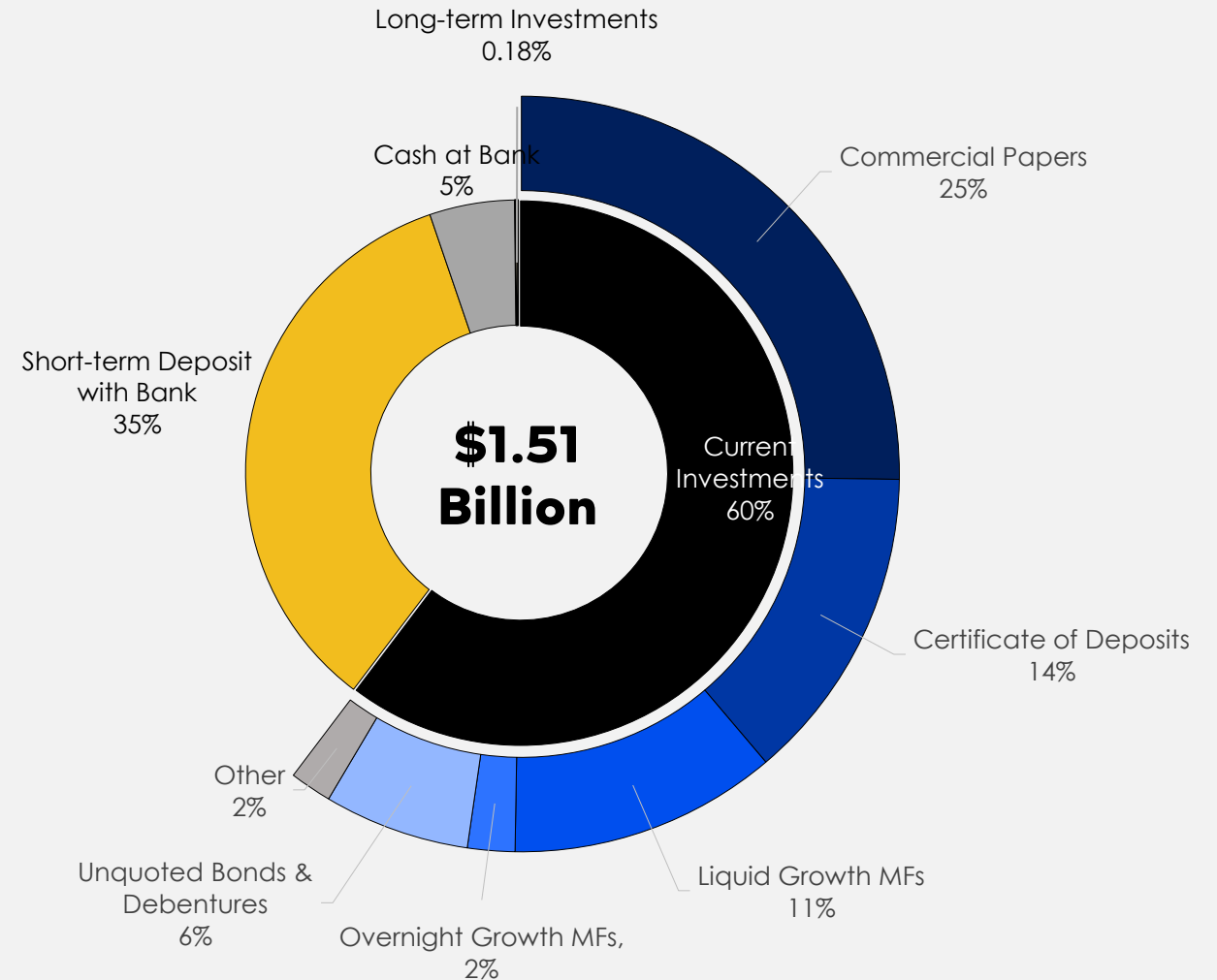
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# WHERE DO UNICORNS PARK IDLE FUNDS?

Time and again you must've heard in 2022 & 2023 (**59 times** to be precise), that a Startup raised funds north of a **hundred million dollars**. Of course, all the news about mammoth valuations took the limelight, but did you ever wonder where these Startups park these fat cheques until they actually want to use them?

We handpicked 6 Unicorns which were flushed with accumulated funds of **\$1.51 Billion** as on 31<sup>st</sup> March'23, and found out their **strategy of dealing with idle funds**. Here's what it all boils down to:

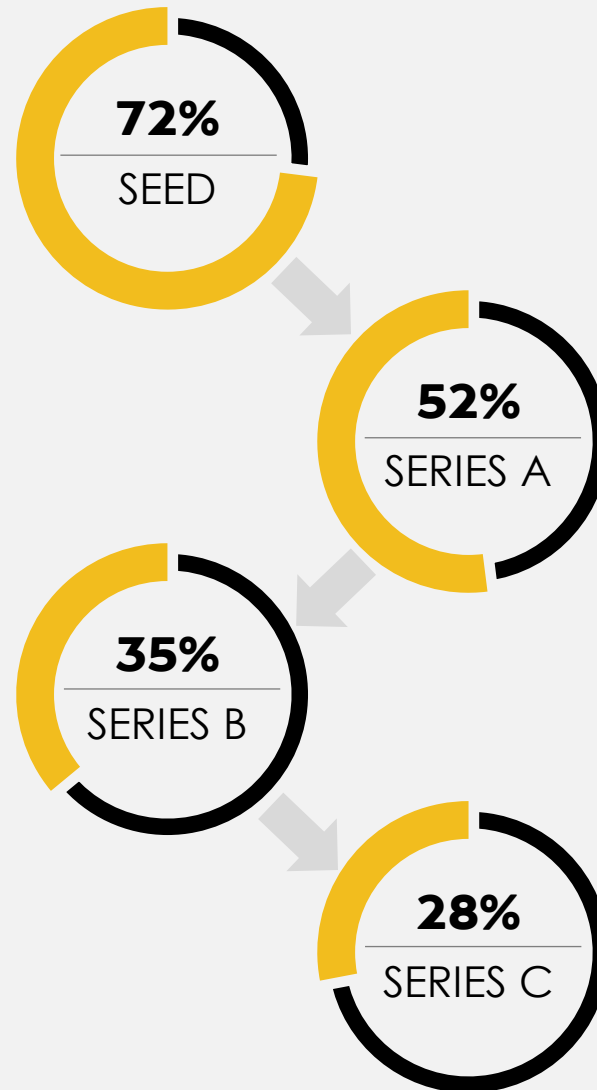


Source: Startup Indian analysis, based on published financial statements of 6 Unicorns for FY22-23.

# HOW MUCH STAKE SHOULD FOUNDERS RETAIN?

For entrepreneurs, there's a lot riding on the outcome of their negotiations with potential investors. The biggest trade off being between the funds they seek from the investors and the control that they're willing to give away in return. Here's what we found out by churning the data of India's 91 Unicorns:

- **Seed Stage** – At the end of the seed round of funding, the founders were collectively left with a median ownership stake of 72%. However, founders of MamaEarth, DealShare and boAt retained over 90% stakes in seed stage.
- **Series A** – At the end of Series A round, founders retained a median ownership stake of 52%. However, several Unicorns like OfBusiness, Upstox and Elastic Run had founders' share greater than 70% after Series A. Whereas the founders share in Xpressbees and PineLabs were less than 20%.
- **Series B** – At the end of Series B round,



founders retained a median ownership stake of 35%, diluting 16% from the last round. However, in some Unicorns like GlobalBees, Acko and Slice, founders' share was lower than 12%.

- **Series C** - At the end of Series C round founders were left with a median ownership stake of 28%. The founders of only 2 Unicorns - Pristyn Care and Upstox continued to own a majority stake (i.e. >50%) at the end of Series C.

So now you have a robust benchmark to beat. If you're diluting less than 28% in the seed stage, for example, you know you're better than an average Unicorn. Now, on that note, let's revise this lesson from the book 'Venture Deals' by Brad Feld and Jason Mendelson –  
*A few compromises are just a part of the game, but be sure you know exactly what you want when it comes to money and influence. Moreover, set your own limits and know when to walk away from the negotiation table.*



# 2024 STARTUP PREDICTIONS

**1 EV Unicorn and Cleantech funding** – At least 1 EV startup will emerge as a Unicorn in 2024, and at least 2 cleantech startups (non-EV) will achieve \$100 Million valuation.

**2 Startup IPOs** – At least 2 Unicorns will hit the bourses – Ola Electric, Swiggy, Digit Insurance and Oyo being the top names to watch out for. At least 5 other non-unicorn tech companies will also list on the Indian bourses.

**3 Downround** – At least 2 Unicorns will suffer a downround, i.e. raise funds at a lower valuation only to stay afloat – Byju's, Pharmeasys and Udaan being the top names to watch out for.

**4 Profitability** – At least 2 Unicorns will turn profitable – MPL, Zetwerk and Moglix being the top names to watch out for.

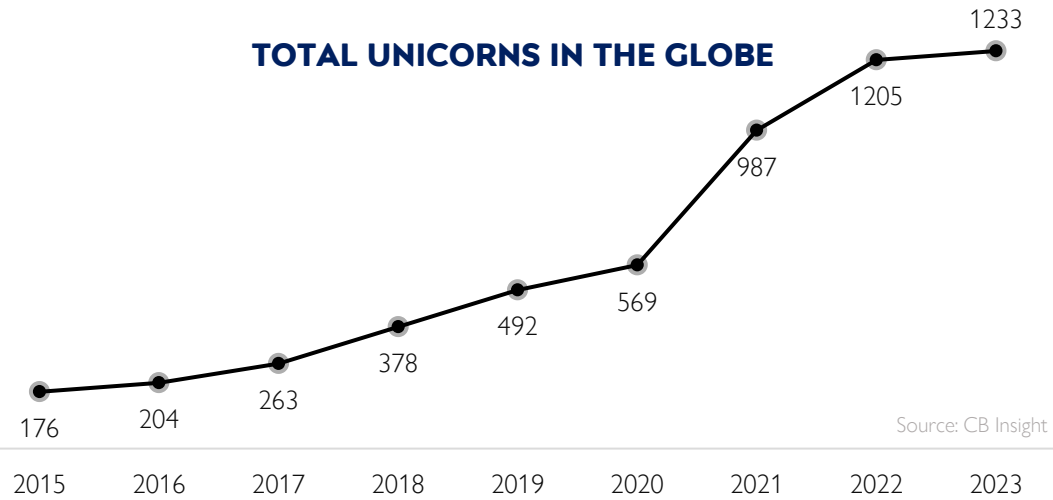
**5 Consolidation in Quick Commerce space**, Dunzo and Zepto being the most likely target.



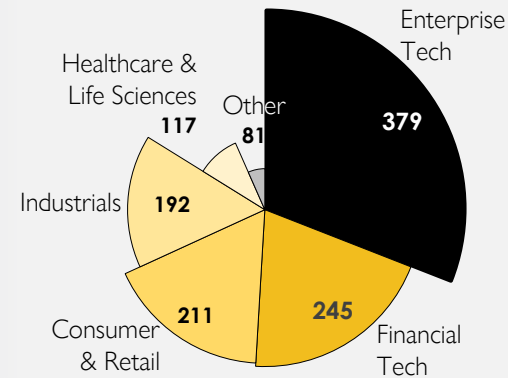


# WORLD'S 2023 UNICORN STORY IN NUMBERS

## TOTAL UNICORNS IN THE GLOBE



## MAJOR SECTORS OF GLOBAL UNICORNS



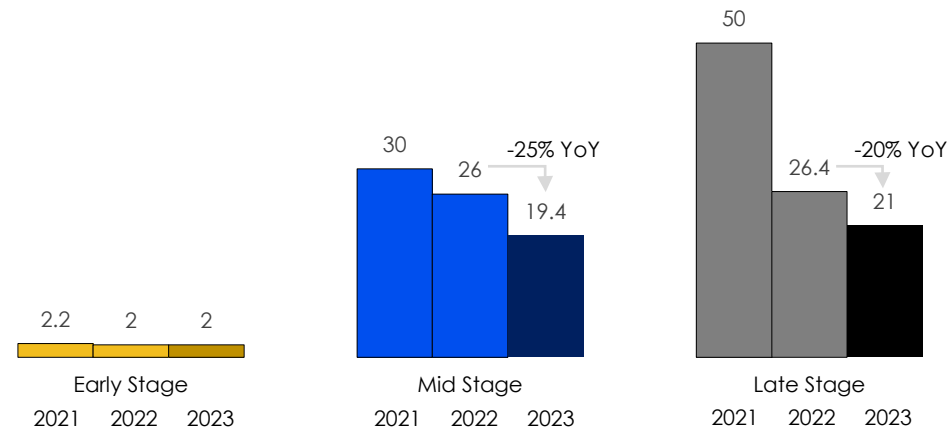
## TOP 5 NATIONS BY NUMBER & VALUE OF UNICORNS

1. USA – 655, \$2047B
2. CHINA – 172, \$713B
3. INDIA – 91, \$279B
4. UK – 52, \$175B
5. Germany – 31, \$81B

## 5 MOST VALUED UNICORNS IN THE WORLD

1. Byte Dance, China – \$225B
2. SpaceX, USA – \$140B
3. Shein, China – \$66B
4. Stripe, USA – \$50B
5. Databricks, USA - \$43B

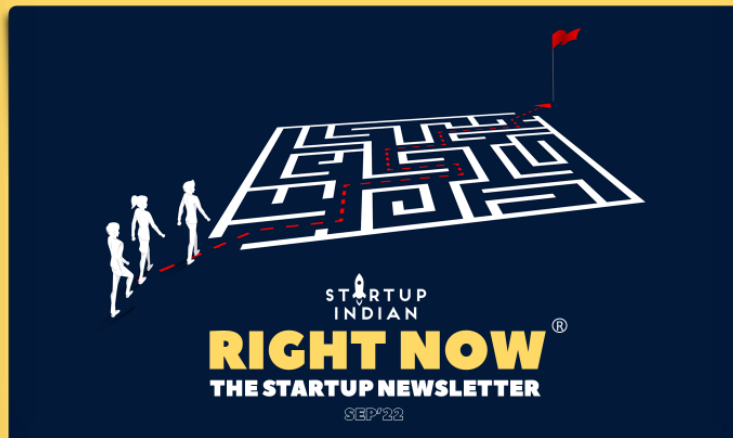
## ANNUAL MEDIAN FUNDING BY DEAL STAGE (\$ Mil)



## TOP 4 INVESTORS IN 2023 UNICORNS

1. Andreessen Horowitz (American VC) - 5 (no. of Unicorns invested in)
2. Google - 5
3. Breakthrough Energy Ventures (American VC) - 3
4. Spark Capital (American VC) - 3

Source: CB Insight



**PREVIOUS ISSUES**



# CREATORS AT STARTUP INDIAN

Born and brought up in one of the world's fastest growing economies, we experienced change as the only constant in our young India. With that new road, that new policy, that first e-commerce site, that first app-based cab ride, that first moon landing, the world around us kept evolving at a breakneck speed. Moved by this wave, we started wondering what are those little things that add up to the big change? Who are the change enablers? And how can we contribute to their cause?

So here we are, a team of finance enthusiasts, researching, developing, designing and counselling to make financing and finance a tad bit easier for visionary entrepreneurs and courageous investors.



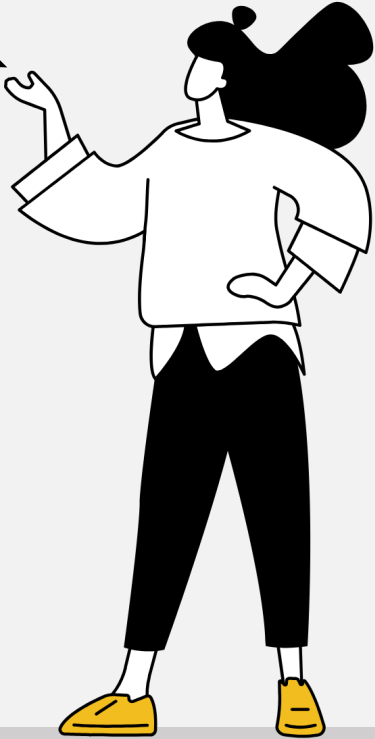
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