

Despite the unprecedented
Pandemic Shock, the Year 2020
turned out to be interesting and
intriguing in many ways in
**Investments, Start-ups and Job
Growth dimensions**

YEAR 2020 – JOB CREATION BY INVESTED STARTUPS IN INDIA

JANUARY 2021

AN XPHENO RESEARCH STUDY

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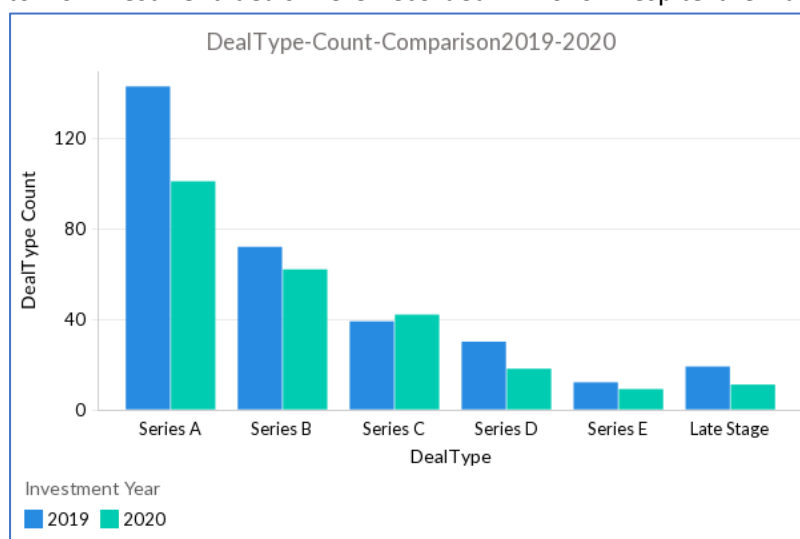
INVESTMENT SCENARIO – 2020

The year 2020 emerged interesting and intriguing in many ways in the investments, start-ups and job growth dimensions. On sheer count of Enterprise and investment and debt deals 2020 overtook 2019 with 885 deals compared to 863 in 2019. Despite the growth in deal counts 2020 ended a shade shy than 2019 on the total transaction size of the deals. While 2019 recorded 12.6 Bn\$ in total deal size, 2019 saw deals worth 10.5 Bn\$ being reported. However if we add the two mega deals of Reliance Jio and Reliance Retail, 2020 takes a clear lead over 2019 with a grand total of 16.2Bn\$ in total deal size.

Deal Type	2019			2020		
	Deal Count	Investment In Mn\$	Average Ticket Size	Deal Count	Investment In Mn\$	Average Ticket Size
Series A	143	\$731	\$5	101	\$1,022	\$10
Series B	72	\$1,137	\$16	62	\$828	\$13
Series C	39	\$875	\$22	42	\$871	\$21
Series D	30	\$1,805	\$60	18	\$853	\$47
Series E	12	\$438	\$37	9	\$448	\$50
Late Stage	19	\$3,410	\$179	11	\$2,592	\$236
Total	315	\$8,396	\$27	243	\$6,614	\$27

Seeding Galore

The growth in deal count of 2020 was largely lead by an increase in the number of Pre-Series A, Seed, Strategic Investment and Bridge deals. Between the Pre-Series A and Seed deals a total growth of close to 70 investment deals were recorded in 2020. Despite the Pandemic and the Lockdown scenarios



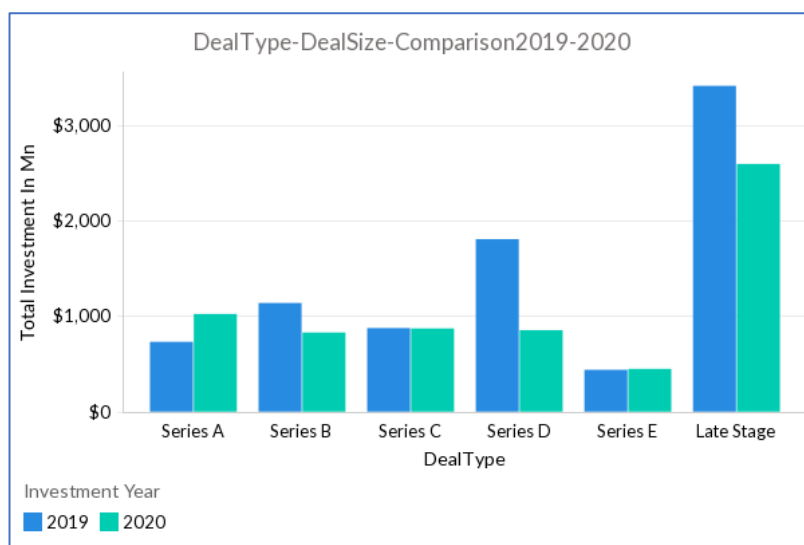
Investors seemed to have reached out to the early Start-up stage business ventures. The head count addition and job creation movement of these early stage investments will be seen in the current year 2021.

The Growth Series

We studied the subset of Companies that received Series A to Series E funding and those that received Late Stage investment deals in 2020. As the high growth

and high potential segment of Investee Companies this group of businesses is the space to watch out for job creation and head count growth.

This focus segment of Companies clocked a total of 243 investment deals as against 315 in 2019. This 23% drop in deal count also translated as a 21% drop in total deal value. The total investment size of this segment was 6.6Bn\$ as against 8.3Bn\$ in 2019. While the drop in count and deal volume is apparent, what's interesting and important to note is the average deal size of 27Mn\$ recorded in both years. The contributors to this balancing of average value were the 2 fold growth in average deal size of the Series A investments, along with sizeable growth in the Series E and late stage investments.



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Head Count Growth

The group of 243 Companies in the studied segment currently employ close to 115,000 employees on their direct roles. Having registered an 18% growth in head count over the last 6 months, these Companies registered a Net addition of over 17K head counts in the July to December 2020 period. Having battled the onset of Pandemic and partial recovery earlier in the year, these Companies registered an overall head count growth of 35% over the year. The Net addition of 30K employees registered during the year is a reflection of the slow start caused by the Pandemic Effect. It's important to note the 105% head count growth registered by these Companies over the 2 year period commencing January 2019. Moving from a 55K head count base in Jan 2019 to 1.15 Lakh in Jan 2021 despite the unprecedented market conditions is commendable. This goes on to show the Investors' confidence in fuelling the growth of this segment of early to mid-stage Start-ups.

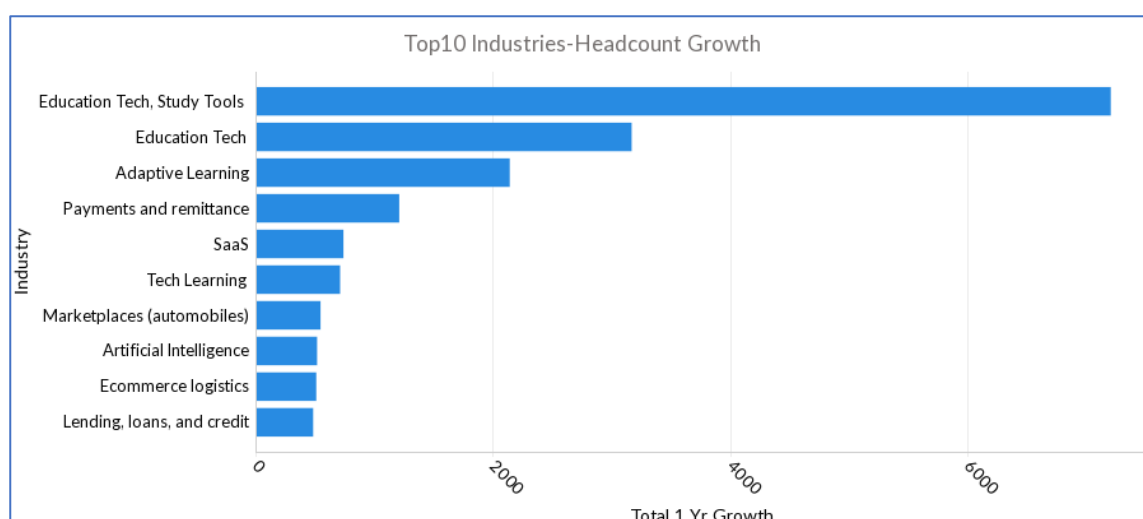
Funding Received in 2020	Deal Count	Headcount of Investee Companies				
		Jan-19	Jul-19	Jan-20	Jul-20	Jan-21
Series A	101	4626	6080	7866	10025	12943
Series B	62	8884	11374	14354	15928	18126
Series C	42	9707	13422	15982	17202	19337
Series D	18	11130	13998	16667	18749	20850
Series E	9	8683	10141	11382	13159	15592
Late Stage	11	12930	16189	19114	22609	28121
	243	55960	71204	85364	97672	114968

Further looking at the series wise growth, the Series A Investee Companies clearly showed the largest movement in head count in this period . Growing nearly by 65% on head counts in a challenging year is still notable. Followed only by the late stage Investee Companies at 47% growth, these two sub segments are prominent contributors to the overall growth of 35% over the year.

Funding Recd in 2020	Headcount Additions				Headcount Growth %			
	Last 6 Months	Last 12 Months	Last 18 Months	Last 24 Months	6Month Growth %	1Yr Growth %	1.5Yr Growth %	2Yr Growth %
Series A	2918	5077	6863	8317	29%	65%	113%	180%
Series B	2198	3772	6752	9242	14%	26%	59%	104%
Series C	2135	3355	5915	9630	12%	21%	44%	99%
Series D	2101	4183	6852	9720	11%	25%	49%	87%
Series E	2432	4210	5450	6908	18%	37%	54%	80%
Late Stage	5512	9007	11932	15191	24%	47%	74%	117%
	17297	29604	43764	59009	18%	35%	61%	105%

Top Industries by Head Count Growth

Among the Entities studied EduTech and Learning emerged as the top Industry Segments for head count growth in 2020. Accounting for nearly 50% of the total head count additions for the year, this industry segment took the lead largely owing to the growth of remote learning and home schooling. The second segment that registered high head count movements is the Fintech segment comprising of Payments & Remittance Solutions and Loans & Credit Solutions.



Looking Ahead - 2021

The renewed Market Confidence with the Restart of business activities and the arrival of the Vaccine will see more Enterprises lining up for Investments early this year. At the same time the Companies invested into in 2020 will be seen further deploying their investments in 2021. The compounded effect will hence see further growth in job creation and head counts in the first half of 2021.

The Headcount addition through 2021 is likely to be led further by Seeds and A-Series recipients of 2020. The tendency of 2020 was more pure tech investments than commerce on the Internet. In case of pure tech ventures the Headcount spikes largely happen up to and before Series C. Tech enabled E-commerce investments, on the other hand, were a smaller portion of the pie in 2020. A category saturation in play on ecommerce and probable dearth of new ideas related to marketplaces, food delivery, fashion and online grocery has comparatively slowed down the headcount additions in this segment. As a result, the secondary employment generation will hence expected to be slow in 2021. The steepness of the Headcount growth in 2021 from investee companies will largely be driven by the penetration game-plan of existing players.