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# 2022

IN RETROSPECT

**INDIA  
IMPACT  
INVESTMENT  
TRENDS**



# Foreword

Impact Investors Council's (IIC) mission is to catalyze the flow of private capital to market-based models for social impact in India. As a part of this agenda, IIC releases an annual "Year in Retrospect: India Impact Investing Trends" publication that throws light on investment trends and emerging market developments across key impact sectors such as Financial Inclusion, Agriculture, Healthcare, Technology for Development and Climate-tech.

Our research highlights that 2022 has been a year of consolidation for the Indian impact investing industry, with about 400 impact focussed enterprises raising ~\$6 Bn in capital. While the momentum of invested capital moderated, there was strong growth in early-stage transactions. Furthermore, despite the global slowdown and uncertainty in venture capital funding, impact investing in India exhibited resilience with robust innovation and funding activity particularly in novel sectors such as Climate-tech.

"2022 in Retrospect: India Impact Investing Trends" yet again is an endeavour by IIC to help highlight the potential that our home-grown impact enterprises hold in building successful, scalable and impactful solutions that meet the pressing development needs of India. We hope that asset owners, managers, policy makers and a variety of other stakeholders will gain a better understanding of the impact investing market in India through this report, and look forward to your feedback and comments.

**Ramraj Pai**

Chief Executive Officer,  
Impact Investors Council

activity of company and subdivisions

Data and prognosis of activity



Section 1:

# MARKET OVERVIEW



## Section 1A:

# INVESTMENT OVERVIEW



377 Indian impact enterprises attracted ~\$5.8 Bn in equity investments

Overall, **377** Indian impact enterprises attracted **~\$5.8 Bn** in equity investments across 411 transactions in 2022. As reflected in table 1, while **the year witnessed a healthy flow of transactions**, there was a decline in the total investment amount by ~\$1 Bn.

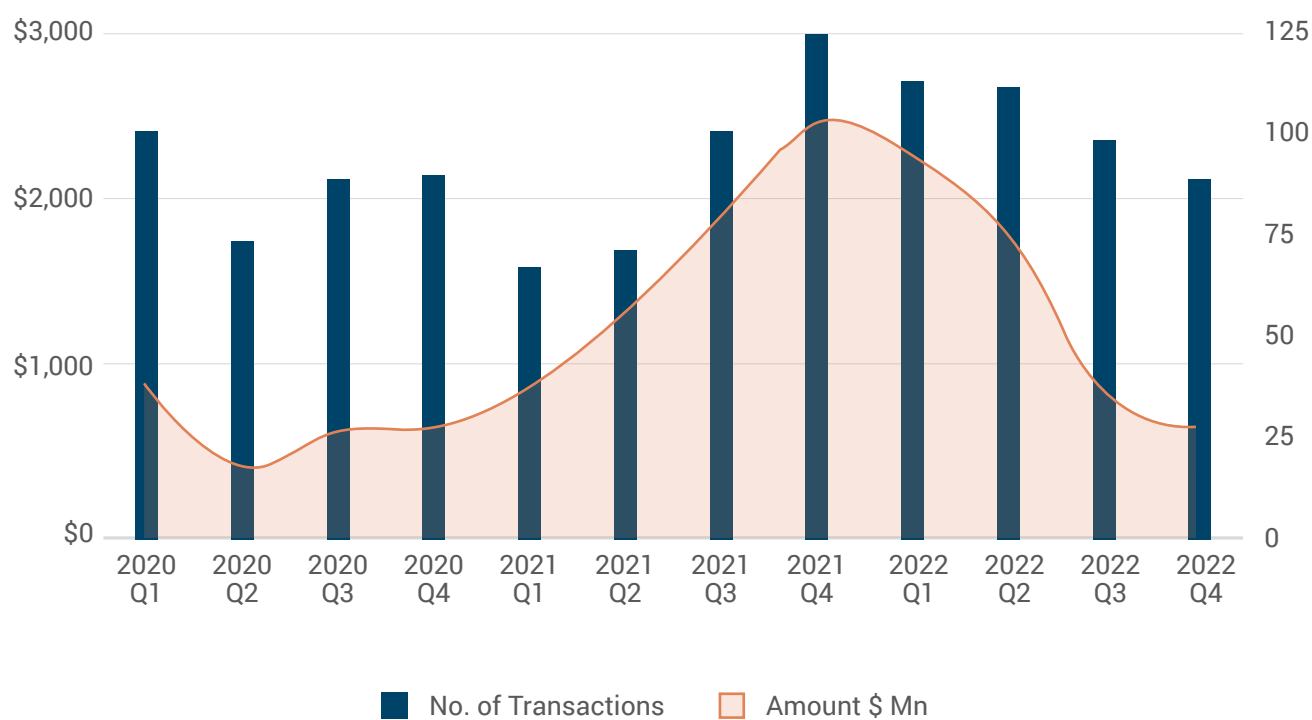
In contrast to 2021, **there were fewer big-ticket (>\$100 Mn.) transactions in 2022. Moreover, the impact investments in India were more visible in proven and resilient business models.** This was largely driven by a tightened funding environment in the broader global and Indian VC ecosystem.



**Table 1:** Impact investment volume, no. of transactions and unique enterprises across 2020, 2021 and 2022

	2020	2021	2022
\$ Value (Equity in Mn)	2868	6832	5819
No. of Transactions	353	365	411
No. of Unique Enterprises	269	294	377

**Figure 1:** Quarterly Investment Snapshot 2020-2022



## Section 1B:

# STAGES OVERVIEW



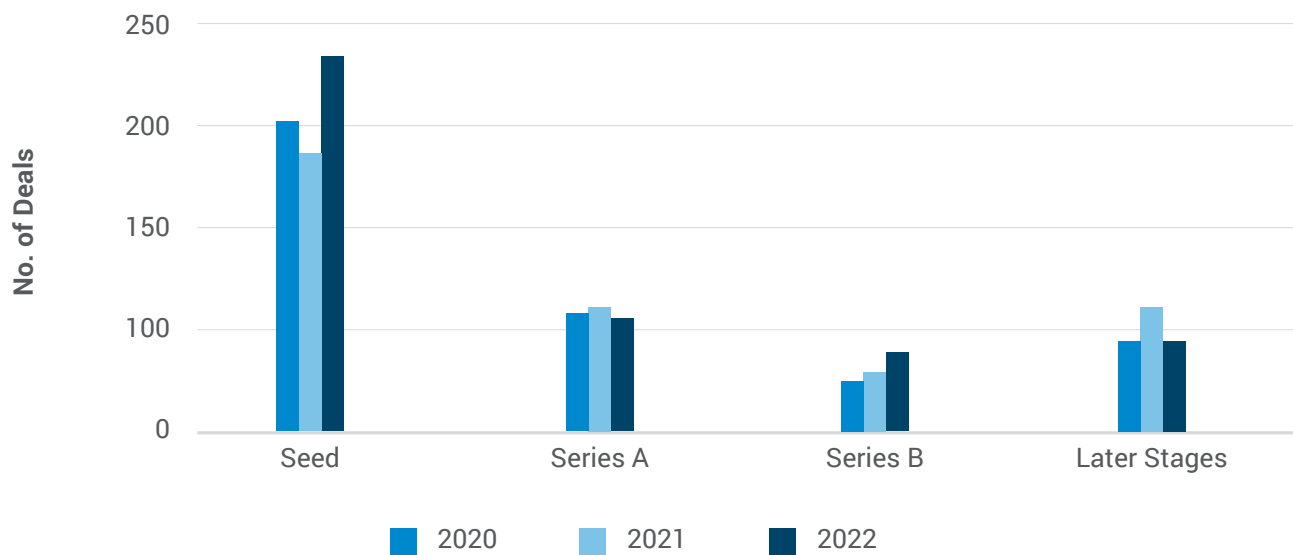
Substantial ~35%  
increase in seed stage  
transactions in 2022

A stage-wise analysis of the investment activity shows a **substantial ~35% increase in seed stage transactions in 2022**. This indicates the **industry's growing innovation potential** as investors continue to back promising tech-driven models across most sectors.

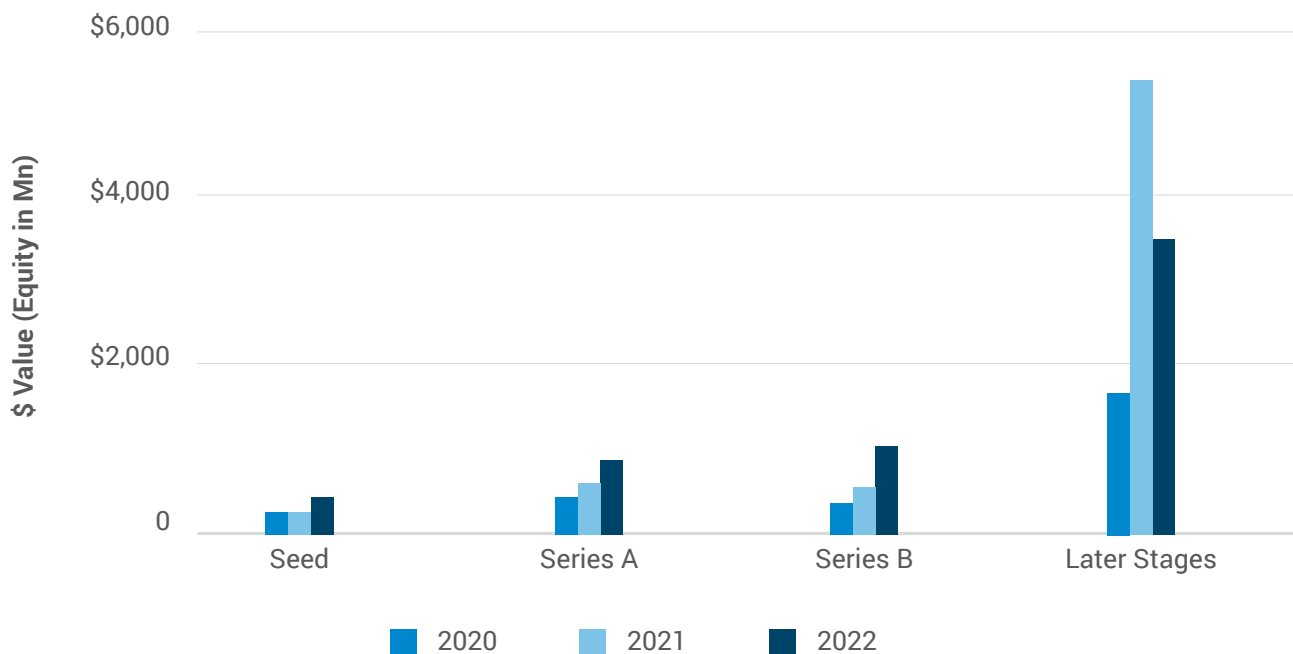
The last few years has also seen the **Indian Impact Investing ecosystem maturing to the growth stages**. **The no. of Series B transactions have increased** annually since 2020 as sectors such as agriculture observe strong funding momentum into proven business models.

However, the **transactions in later stages have declined sharply since 2021**, both in terms of value and number of investments.

**Figure 2:** Impact investment deals across stages over 2020, 2021 and 2022



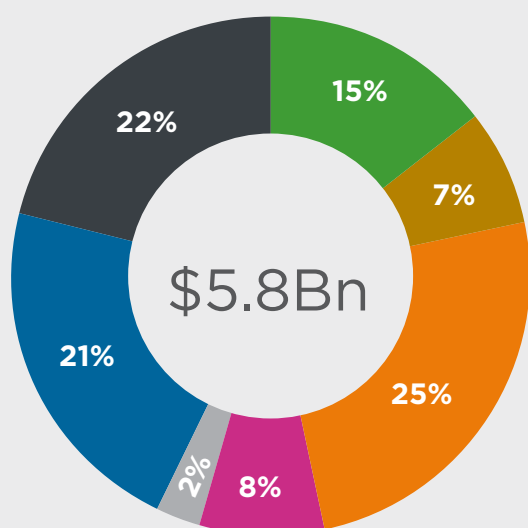
**Figure 3:** Impact investment volume across stages over 2020, 2021 and 2022





## Section 1C:

# SECTOR OVERVIEW



<div></div> Agriculture.....	\$846Mn
<div></div> Education.....	\$423Mn
<div></div> Financial Inclusion.....	\$1456Mn
<div></div> Healthcare.....	\$449Mn
<div></div> Other Sectors.....	\$163Mn
<div></div> Climate-tech .....	\$1214Mn
<div></div> Technology for Development.....	\$1269Mn

### Equity Investments

**\$5.8Bn**

Mobilized into impact enterprises in 2022

**411**

Equity Deals

**377**

Unique Enterprises

**Climate-tech Sector**

in the Spotlight

**71 Women (Co) founded**

Impact enterprises raised \$0.8 Bn in equity capital



1 out of every 3  
impact investments  
in 2022 was made in  
a climate-tech  
startup.

Slowing investment  
momentum in sectors  
apart from Climate-tech  
and Tech4Dev



Novel technologies  
are gradually attracting  
greater investor  
attention

A sector-wise analysis of the investment activity shows that the **climate-tech sector has been the driving force behind impact investments in 2022**. It has been the most active sector - 1 out of every 3 impact investments in 2022 was made in a climate-tech startup.

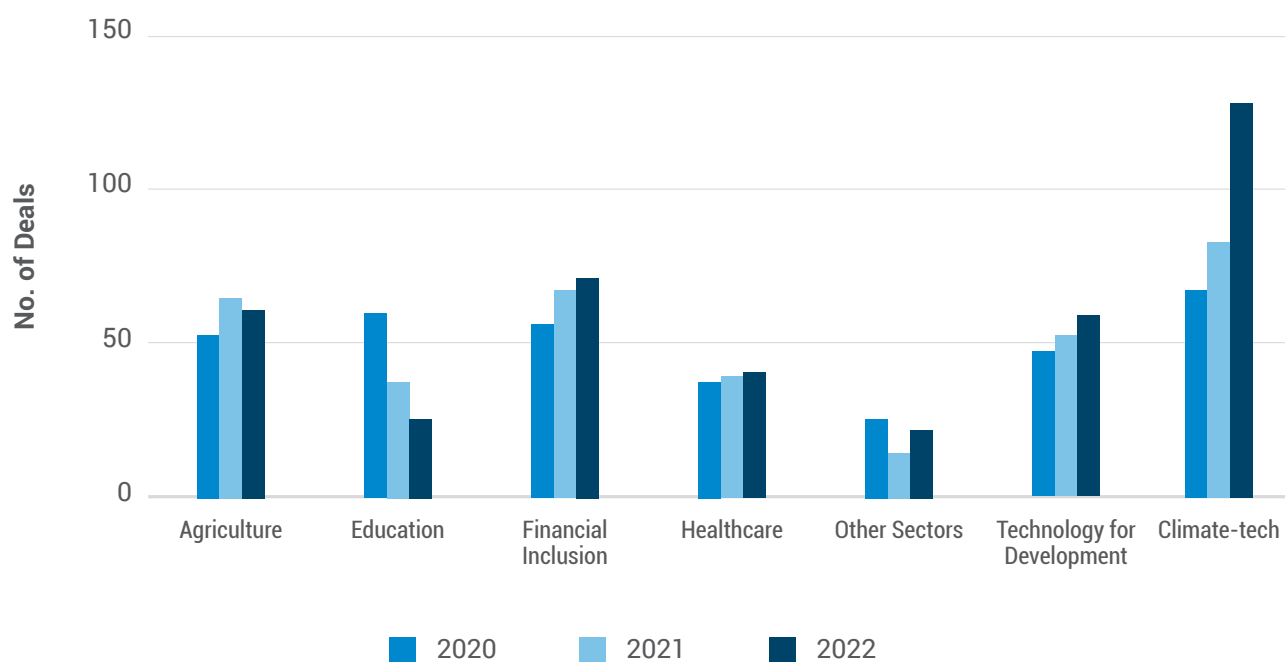
**Technology for Development (Tech4Dev)** is the only sector other than Climate-tech to have seen a **rise in both the number of transactions and total investment amount in 2022**. Driven by a proliferation of innovative, low-cost tech-based models in areas such as Social Commerce and Regional/Local Language and Content<sup>1</sup>, **the sector saw a 50+% rise in Seed stage transactions**.

**The investment momentum across most sectors apart from climate-tech and Tech4Dev decelerated in 2022**. The education sector in particular saw both the total investment amount and the number of transactions plummet in the year. This underscores the trend of larger challenges in the sector, arising from reservations around the viability of digital learning models in the post-covid environment.

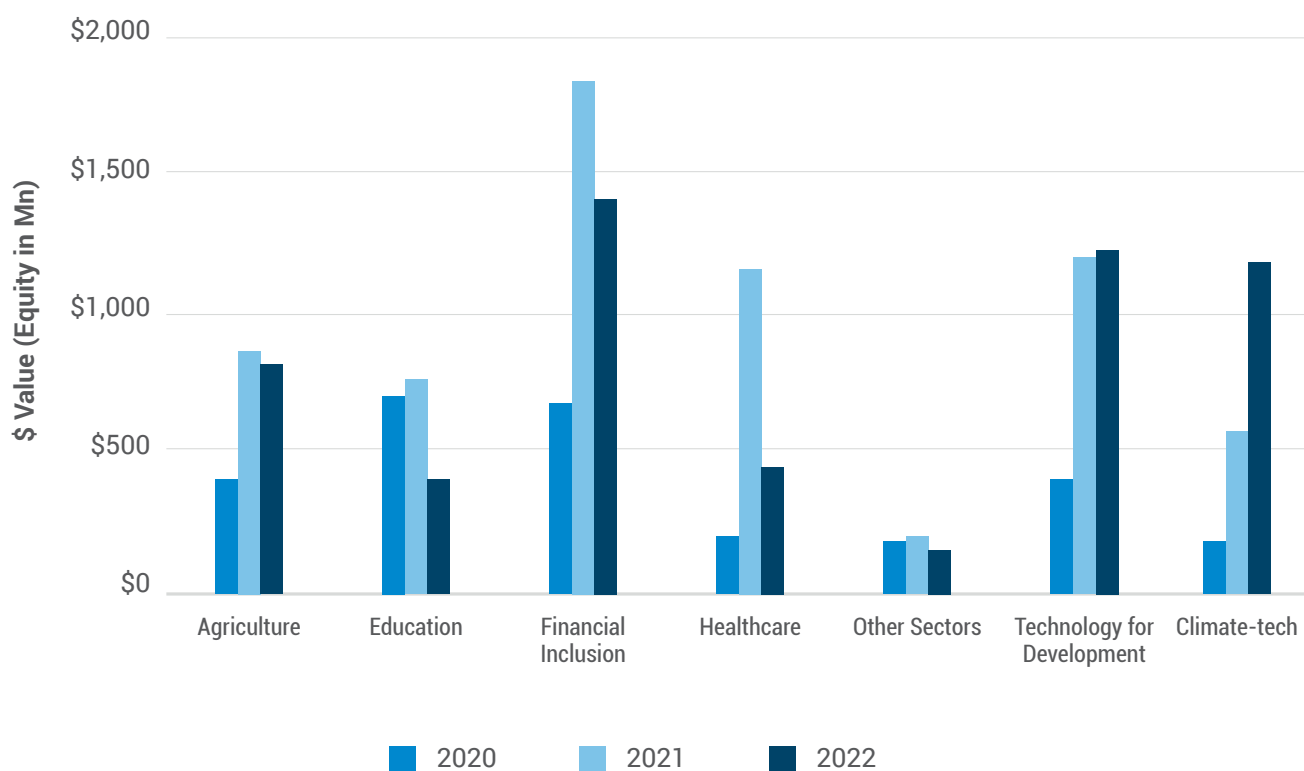
**Novel technologies beyond applied engineering, such as in deep sciences are gradually attracting greater investor attention**. For instance, Investments in low-cost medical diagnostics and decision support startups focusing on areas such as genetics testing and molecular diagnostics have doubled over 2021. Similarly, innovative climate-tech startups focused on mitigation solutions such as green hydrogen, carbon sequestration and smart batteries have also seen enhanced funding.

<sup>1</sup> Check Annexure 2 in the Methodology section for sub-sector definitions.

**Figure 4:** No. of impact investment transactions across sectors over 2020, 2021 and 2022



**Figure 5:** Impact investment volume across sectors over 2020, 2021 and 2022



## Section 1D:

# SDG OVERVIEW



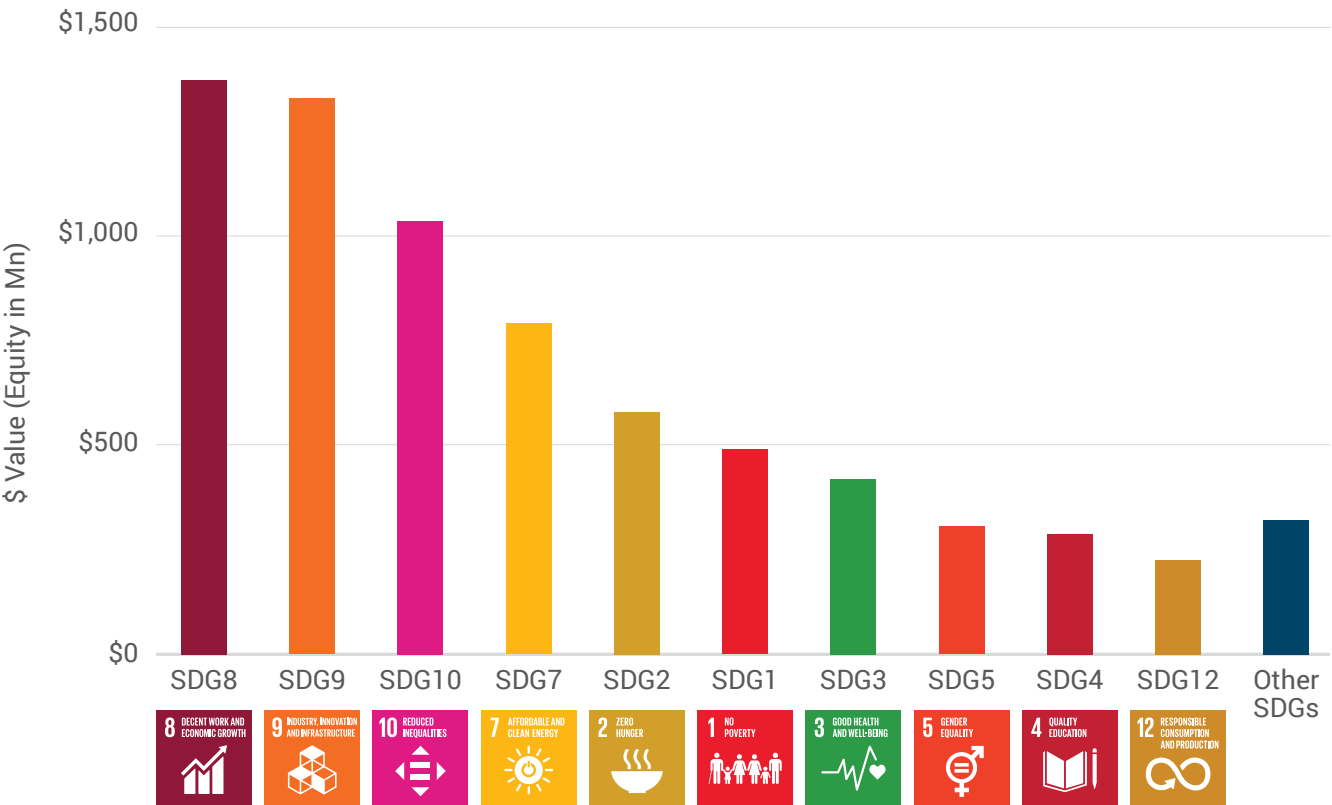
~\$6Bn raised by Indian tech-driven impact enterprises in 2022 directly corresponds to attainment of multiple SDGs.

**Impact Investments in India are strongly aligned with the United Nations Sustainable Development Goals (SDGs).** India needs to spend roughly ~\$170 Bn annually to finance SDGs by 2030 and the limited public sector resources means that private capital providers have to play a greater role in plugging this gap.

IIC's analysis reveals that the ~\$6Bn raised by Indian tech-driven impact enterprises in 2022 directly corresponds to attainment of multiple SDGs. Impact Investing in India has mobilized a large proportion of the funding particularly towards **SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, innovation and infrastructure) and SDG 10 (Reduced Inequalities)** by directly supporting early-stage, tech-driven enterprises deploying innovative solutions across sectors.



**Figure 6:** SDG funding through equity impact investments in 2022





Section 2:

# INVESTOR ANALYSIS

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Total investment capital deployed by impact investors has increased consistently

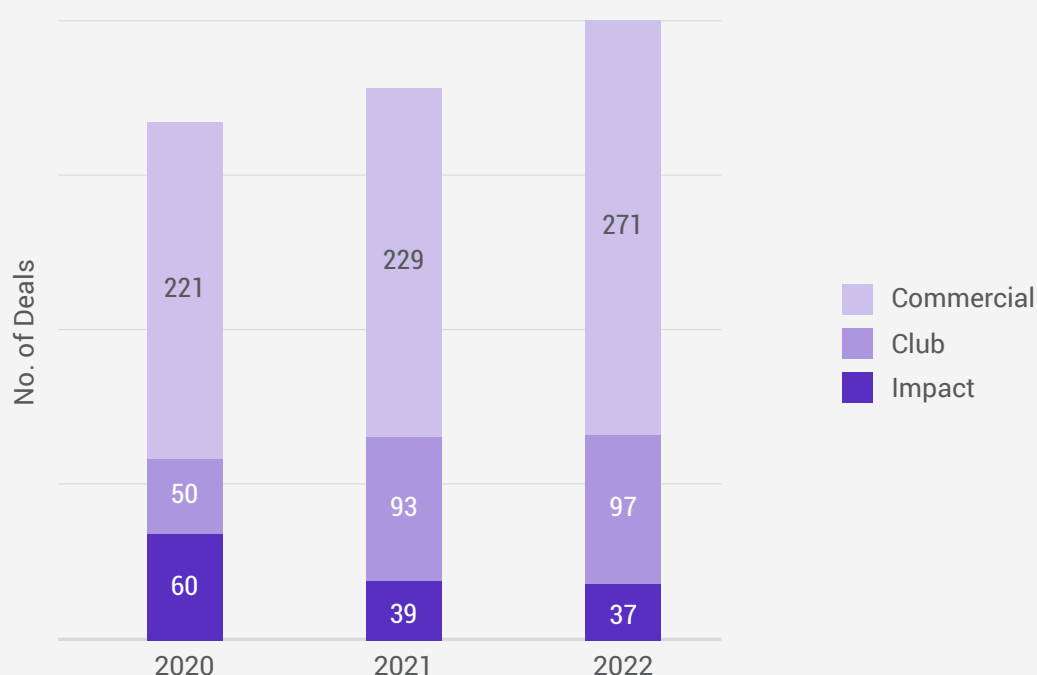
Impact investors are increasingly foraying into later stage deals

As delineated in figure 8, the **total investment capital deployed by impact investors has increased consistently** over the last three years. Furthermore, **Impact investors are increasingly co-investing with commercial investors through club deals<sup>2</sup>**, the number of which have almost doubled since 2020.

**An uptick in the number of impact investments by commercial investors** reflects that commercial investors continue to play a significant role in funding impact enterprises. However, **their corresponding funding activity has diminished** in 2022 (as seen in figure 8) largely **due to a decline in big-ticket deals in the later stages**.

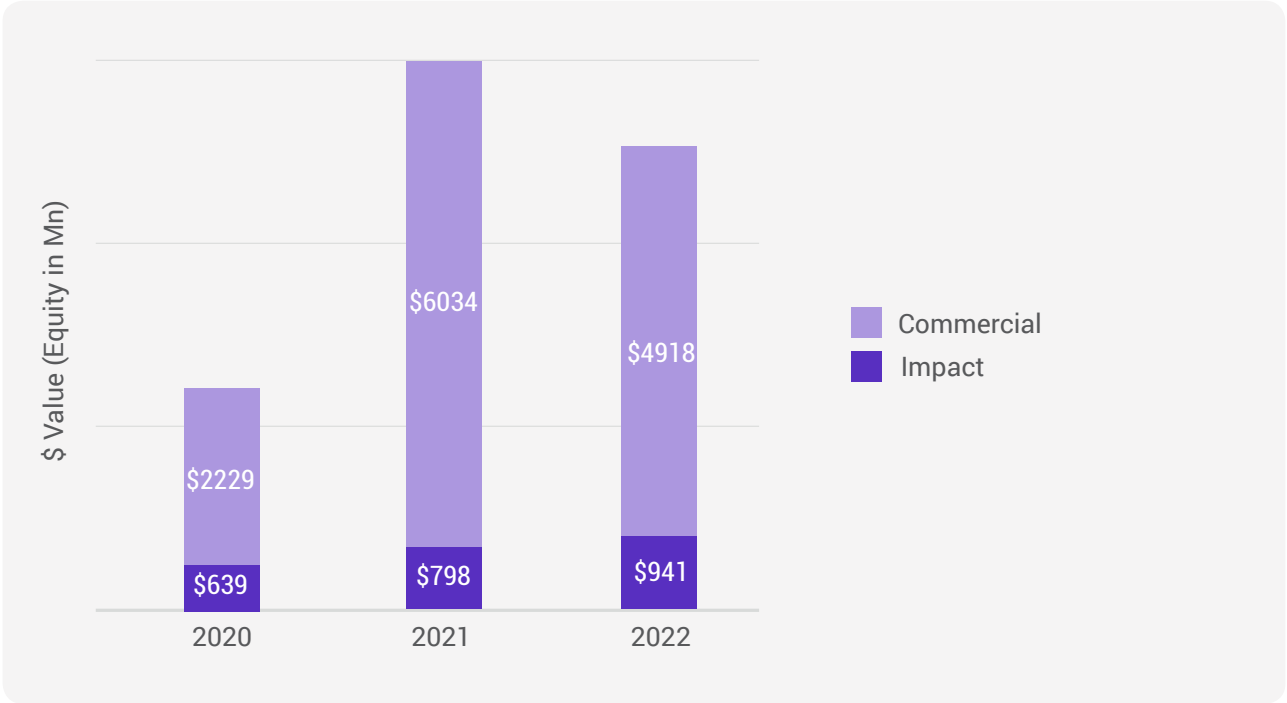
Lastly, as demonstrated by figure 9, **impact investors are increasingly foraying into later stage deals**. Overall, the uptick in the funding from impact investors has stemmed from greater traction in Seed and Series B stages, with the latter increasing by 3x.

**Figure 7:** No. of Commercial, Club and Impact Deals (2020-22)

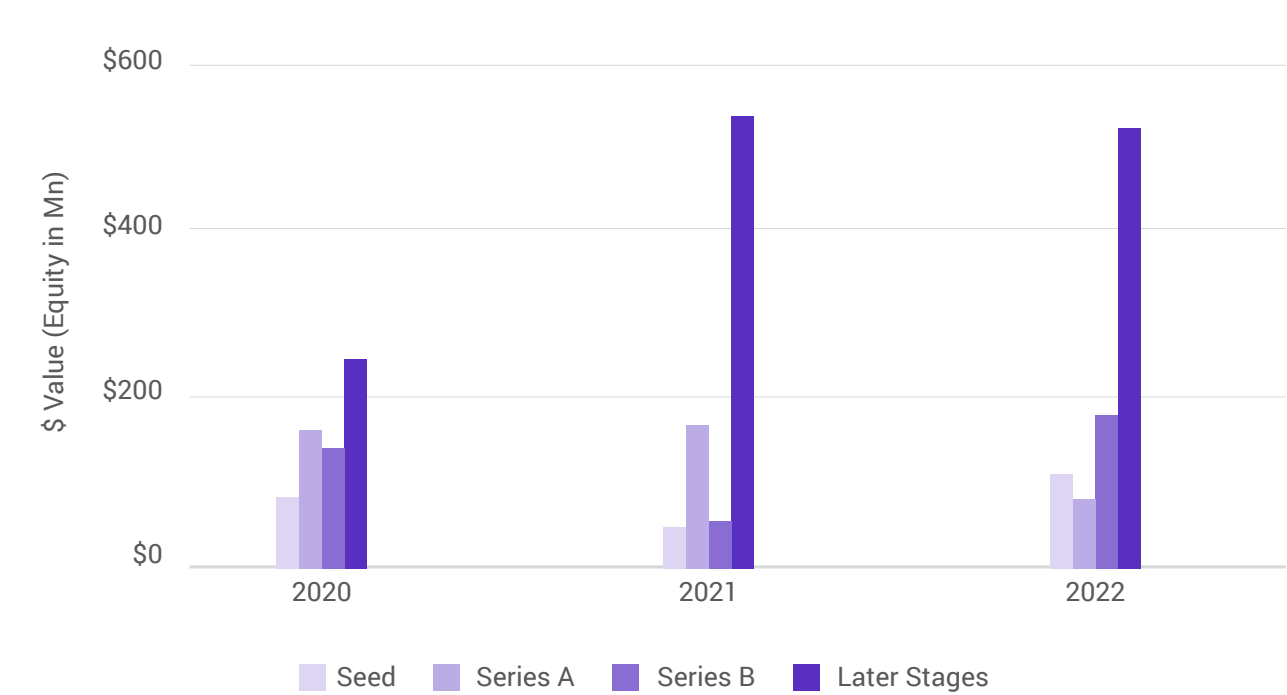


<sup>2</sup> Refer to Annexure 4 in Methodology Section for Investor Analysis.

**Figure 8:** Amount of Capital Raised through Commercial and Impact Investors (2020-22)



**Figure 9:** Funding from Impact Investors across stages (2020-22)







Section 3:

# SECTORS AT A GLANCE

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# Agriculture

**Table 2 :** Agriculture investment volume, no. of transactions and median deal size across 2020, 2021 and 2022

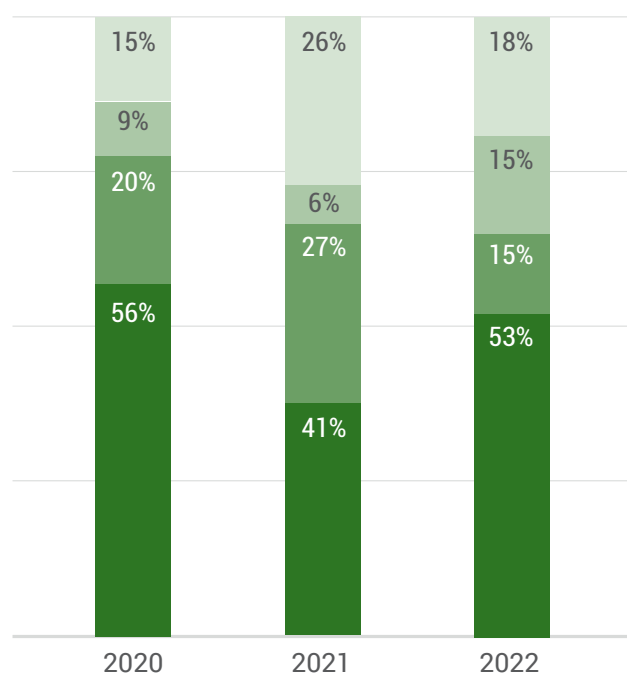
Agriculture	2020	2021	2022
Deal Value (\$ Mn)	412	889	846
No. of Deals	54	66	62
Median Deal Size (\$ Mn)	2	6	4



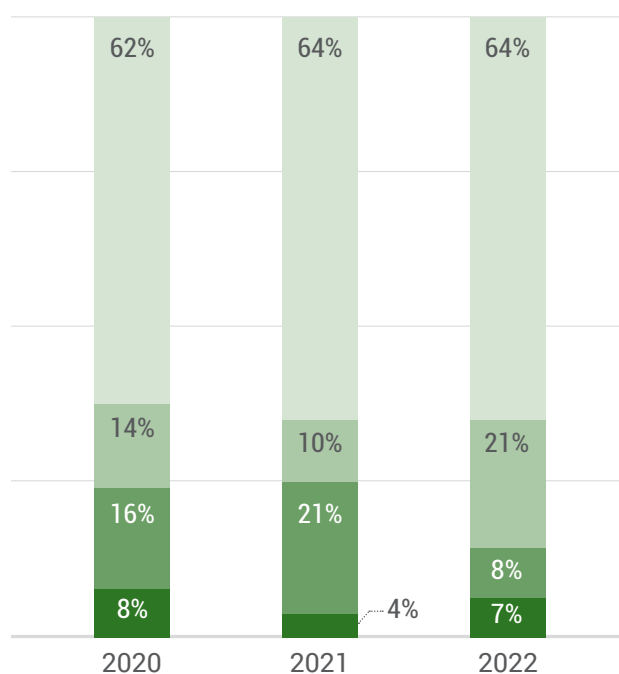
**Table 3:** Agriculture investment volume and no. of transactions across stages over 2020, 2021 and 2022

Stages	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Seed	33	30	38	27	61	33
Series A	66	11	189	18	65	9
Series B	56	5	90	4	179	9
Later Stages	257	8	572	17	540	11

**Figure 10:** Agriculture stage-wise contribution to no. of transactions in 2022



**Figure 11:** Agriculture stage-wise contribution to investment volume in 2022



Later Stages Series A Series B Seed

**Table 4:** Agriculture investment volume and no. of transactions across sub-sectors over 2020, 2021 and 2022

Agriculture	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Agri Equipment	3	3	0	1	0	1
Agri Inputs or Advisory	27	11	186	10	151	16
Dairy	24	4	49	6	126	4
Farm Management and Enterprise Software	11	6	148	10	135	9
Financial Services	4	2	60	5	50	1
Food Processing	126	6	18	2	6	2
Market Linkage	153	16	387	26	374	23
Others	0	0	37	5	2	4
Storage and Warehousing	63	6	3	1	2	2

**Table 5:** Top 5 recipients of investments in agriculture sector in 2022

Company	Sub-Sector	Amount (US\$M) Raised in 2022
WayCool	Market Linkage	142
Country Delight	Dairy	108
DeHaat	Agri Inputs or Advisory	60
Absolute Foods	Farm Management and Enterprise Software	100
Captain Fresh	Market Linkage	57



## INDUSTRY SPEAK

In 2022 the agritech sector has continued its innovation journey to overcome deep rooted structural challenges of Indian agriculture such as land ownership fragmentation, long and opaque value chains, and lack of access to financial products adapted to farmers' needs.

Over the past decade, agritech entrepreneurs have scaled-up their businesses thanks to a large total addressable market and the availability of risk capital. The Covid crisis has further increased the public's and investors' awareness of the importance of well-functioning food systems and their resilience even through the years of the pandemic. The market linkages sub-sector of agritech, which connects farmers with markets, has attracted most of the capital raised with a more than 65% share over the past 10 years. These tech platforms aim to solve several key issues that a very fragmented farmers' base has: access to quality inputs and advisory services, institutional credit, access to information, and selling products at fair value. In India, technology has been addressing what in other countries cooperatives have been doing.

Until a year ago, valuations have largely been driven by top line growth with the expectation that as Gross Merchandise Value grows, Gross Margin will follow. But for the most part that has not been the case, and agritech businesses' cash burn has increased over time.

These market dynamics have recently changed the investment environment in two different ways. First, investors have started to focus



### Luca Torre


Co-Founder and Co-CEO, GAWA Capital

more on businesses that are profitable or close to profitability. Some of the largest players have focused on their core business to reduce unnecessary costs. Second, we have seen a bid-ask mismatch for private transactions, especially for series B and beyond. The generalized higher interest rate environment has further exacerbated this issue and has prompted many companies to raise capital via "inside rounds". As a result, we have seen a lesser amount of capital deployed as well as fewer transactions closed in 2022 compared to 2021.

But while 2022 was a year for reflecting and refocusing, we expect in 2023 to see a substantial push of agritech across the board. Some key trends we expect to see are:

- **Deeper tech business** models that leverage increased effort of digitalization of the agricultural sector. Soil mapping, satellite monitoring, and expansion of IoT applications are opening a wide range of new models based on precision agriculture. The use of drones equipped with multispectral cameras helps farmers to monitor their fields, identify pest and disease outbreaks, and make data-driven decisions about irrigation and fertilizer applications. Precision agriculture is also helping farmers to reduce the use of water, fertilizer, and pesticides, which not only benefits their bottom line but also the environment. The big question is how to make these technologies available to a largely fragmented farmer base and part of the answer is through "market linkages





companies". Companies like Waycool are already adopting IoT and AI throughout their business model to make supply chains more efficient.

- **Agritech and climate tech are increasingly converging** and building stronger collaboration. Climate change is having a significant impact on the agricultural sector in India. Rising temperatures, erratic rainfall patterns, and extreme weather events such as droughts and floods are all affecting agricultural productivity and the livelihoods of farmers. The agritech sector is therefore facing the challenge of developing new technologies and strategies to help farmers adapt to these changing conditions. On the business side we are seeing a number of agritech businesses increasingly concerned about helping farmers adapt to climate change with dedicated solutions. On the investors side, we are seeing an increase in capital earmarked for agritech with a climate angle. Investors are increasingly interested about the climate impacts on their investments and are pushing investees to develop solutions that take climate impact into consideration.

- **Agritech and NBFCs are strengthening collaboration.** Huge value can be created by market linkages businesses in offering quality financial services to farmers – the issue is that it is often a service that is far from their core business and as a result it could be better offered by a third party NBFC player. On the other side NBFCs are increasingly diversifying their business out of group lending to develop more individual lending products. NBFCs will soon be better equipped to develop products that match farmers cashflows and better serve their needs. To support origination of new clients and reduce risk, they will increasingly partner with agritech companies.

- **A new wave of startups** is expected to emerge that leverages new and deeper tech models with support from a new government initiative, the Agriculture Accelerator Fund, announced in the most recent Union budget

(2023-24). The fund aims to incubate and accelerate new ventures in the agritech space. Also, recent government support for the digitalization of farmers' activities included in the budget can provide an important push to the agritech sector. Particularly relevant is the commitment to build farmer-centric Digital Public Infrastructure that will allow the digitalization of the land of millions of marginalized farmers and help them access better services and financing.

- Finally, there is a tremendous opportunity for the Indian **Agritech sector to export its technology stack to other regions** where the context is different, but the issues are similar. I have recently visited several farmers and cooperatives in Brazil, and I have witnessed a lot of interest in digitalization of value chains and the use of Deep Tech in Agriculture. India is far ahead of most other countries in terms of agritech and it should leverage this position. Some firms are already doing so, but this process could be accelerated with the support of investors and of the government.

GAWA Capital is a global impact investing firm with a relevant exposure to India, which we expect to increase substantially over the next few years. We are working on a new project aimed at investing at the intersection of Agriculture, Climate and Financial Inclusion – focusing on both India and Latin America. We will actively foster a dialogue between the two regions with the idea of building synergies within the portfolio.

We are very optimistic about the investment opportunity in India's agritech sector. We see a parallel with the financial inclusion sector at the beginning of the previous decade which has grown exponentially thanks to a huge market among lower-income communities, and the current players are just scratching the surface. The big challenges over the next few years are how to make agritech services viable for a very fragmented client base and also profitable for companies. We believe that the answer lays in collaboration and better use of technology and investors have a very important role to play.

A healthcare professional, likely an optician or ophthalmologist, is using a phoropter to examine a patient's eyes. The patient is seated and looking through the device. The professional is adjusting the lenses. The background is a plain wall with a window.

# Healthcare

**Table 6:** Healthcare investment volume, no. of transactions and median deal size across 2020, 2021 and 2022

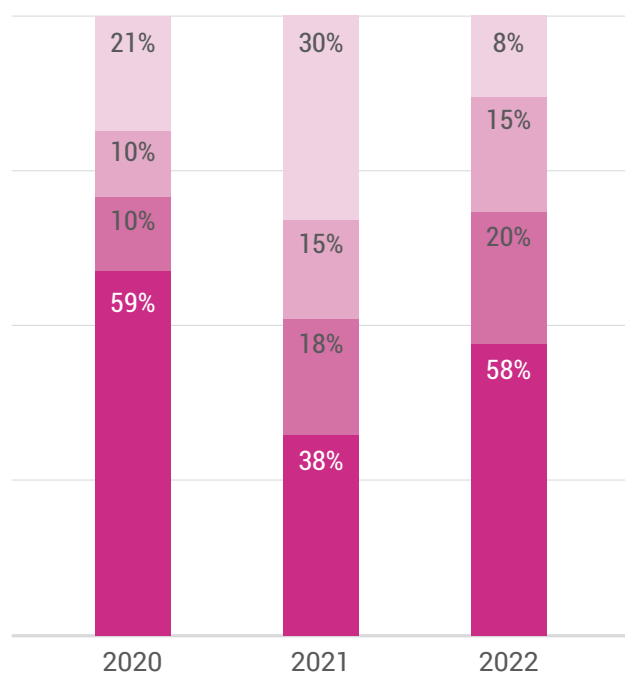
Healthcare	2020	2021	2022
Deal Value (\$ Mn)	211	1208	449
No. of Deals	39	40	40
Median Deal Size (\$ Mn)	1	5	6



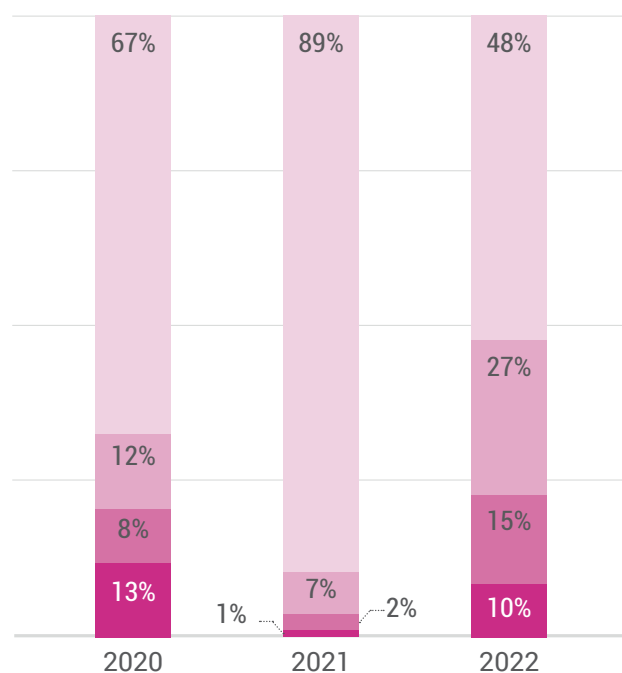
**Table 7:** Healthcare investment volume and no. of transactions across stages over 2020, 2021 and 2022

Stages	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Seed	26	23	13	15	43	23
Series A	18	4	28	7	68	8
Series B	25	4	88	6	123	6
Later Stages	142	8	1078	12	215	3

**Figure 12:** Healthcare stage-wise contribution to no. of transactions in 2022



**Figure 13:** Healthcare stage-wise contribution to investment volume in 2022



Later Stages Series A Series B Seed

**Table 8:** Healthcare investment volume and no. of transactions across sub-sectors over 2020, 2021 and 2022

Healthcare	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Diagnostics and Decision Support	82	9	86	7	92	15
Health Finance	3	2	57	4	16	4
Medical Devices	56	8	20	7	144	6
Others	4	4	21	2	15	2
Pharmacies (Online and Offline)	48	6	821	9	104	4
Primary Healthcare	18	9	202	10	40	5
Secondary Healthcare	1	1	1	1	38	4

**Table 9:** Top 5 recipients of investments in healthcare sector in 2022

Company	Sub-Sector	Amount (US\$M) Raised in 2022
Molbio Diagnostics	Medical Devices	85
LifeWell	Pharmacies (Online and Offline)	80
MedGenome	Diagnostics and Decision Support	50
Qure.ai	Medical Devices	40
Ayu Health	Secondary Care	32



## INDUSTRY SPEAK

India has made remarkable progress in improving healthcare outcomes over the years. The country's life expectancy has improved tremendously, significant enhancements have been made in maternal and child mortality, and we came together in all strength to successfully implement one of the world's most successful mass immunization in the recent COVID-19 response.

However, we still face significant challenges in terms of providing accessible and quality healthcare, especially in the face of the growing dual burden of communicable and non-communicable diseases (NCDs). Today, NCDs account for 60% of deaths in the country. The disease burden for NCDs has been on the rise in the last decade while for CDs there has been little progress made in reducing the burden.

India ranks one of the lowest in terms of healthcare personnel per thousand population. Some of it can be attributed to the relatively low government spending at 1.25% of GDP on healthcare. The public healthcare system is overburdened and understaffed. This problem is only set to worsen with the increasing population, rising income levels, increasing urbanization, and climate change. At the same time, there is increasing investments and innovation in the private sector. Medical tourism for quality and relatively inexpensive tertiary care is an established industry segment!

Although in the last few years, India has made progress in healthcare provision, most of it



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### Srinivas Ramanujam

CEO, Villgro Innovations Foundation

### Pragati Keswani

Program Design & Partnerships,  
Villgro Innovations Foundation

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has been in the private sector which is largely inaccessible to the poor. The inequity in healthcare delivery in the country has deepened. Statistics demonstrate significant disparities in health outcomes between rural and urban areas in India.

Funding from both the public and private sector, directed towards tertiary and secondary care can generate immediate physical assets while primary care, which is more operations heavy, continues to remain underfunded. Investments are focused on treatment rather than diagnosis and screening at an early level. The underfunded primary health care centers (PHCs) are unable to cater to the growing patient demand, forcing patients to travel long distances to tertiary care centers or rely on overpriced private care. This also increases the burden on the already stretched healthcare workers in tertiary care and out of pocket expenses for the patients. The out-of-pocket health expenditure of 64.2% in India is significantly higher than the world average of 18.2%.

To overcome these challenges, there is a pressing need to change the healthcare paradigm and shift focus on screening and diagnosis. Experts acknowledge that primary care is the cornerstone of achieving equitable delivery and access to quality healthcare by all.

Therein lies the opportunity. India leads the world in technology and innovation. It also has a proven history of cost-effective innovation. We can break the preexisting "rules of thumb" on healthcare

resources capacity required per population by combining technology with new business models. Again, India leads the world in path breaking digital innovations that have become public goods like the UPI. Shifting our focus to innovations that leverage technology and public digital infrastructure to bring care closer to the patients can help us identify the models of the future that reduce the burden on our healthcare personnel.

Overall, investments in the health tech market have taken off post covid. The market opportunity for health-tech is estimated to touch USD 21 billion in 2025 in India. Over the years, with rising consumer awareness on health, rising incomes and digital penetration, B2C healthcare startups have gained momentum. Health-tech startups recorded a 4.8x jump in funding in 2021.

With over 1.3 billion individuals and a USD 400 billion healthcare market, there is ample opportunity for new innovations to thrive. While current healthcare investments are primarily towards the later stages of the care continuum such as online pharmacies, wellness, and personal health management, there still exists a large opportunity to foster innovations that cater to the earlier part of the continuum of care such as in screening and diagnosis.

These solutions can augment our primary health care facilities such that diseases are screened earlier and faster. As reported by IIC in their 2021 report, investments in diagnostics and decision support have been increasing since 2019 with USD 86 million invested in 2021.

We can take inspiration from standout examples in this sub sector. For example, 5C network's AI powered diagnostic platform has significantly reduced the turnaround time (to 39 mins) for interpreting radiology reports. This product is

combined with a panel of on-demand radiologists as a service. The startup recently raised a series A funding of \$4.6 million. They also collaborated with Genworks of GE healthcare to bundle their solution with MRI machines sold to hospitals in Tier 2 & 3 towns. Another product-based innovation that has brought care closer to the patient is Sunfox's pocket ECG machine – the Spandan. This machine takes the capability of screening for cardiac ailments into the hands of all general physicians across the country.

These cutting-edge technologies serve untapped markets and have great scaling potential. Additionally, they will only continue to expand in conjunction with the government's initiatives in the field of digital health. The government is making substantial investment in digital health initiatives, including the digitization of personal health records, establishment of healthcare facility databases, and optimization of insurance claims processing. These efforts present a significant opportunity for startups to bring innovative solutions that can provide access to quality healthcare, even in the most remote regions. We are all looking for our "UPI" moment with the digital health stack and ABHA! The impact investing community has matured sufficiently to help these innovators discover viable pricing models, build sound businesses, and create a path towards profitability.

The onus is on us, the investors and other ecosystem enablers to foster product and service innovations in screening and diagnosis by providing them patient capital through their period of clinical trials and pilots; follow this with connections to integrate with the industry and advocacy with policymakers.





# Financial Inclusion

**Table 10:** Financial Inclusion investment volume, no. of transactions and median deal size across 2020, 2021 and 2022

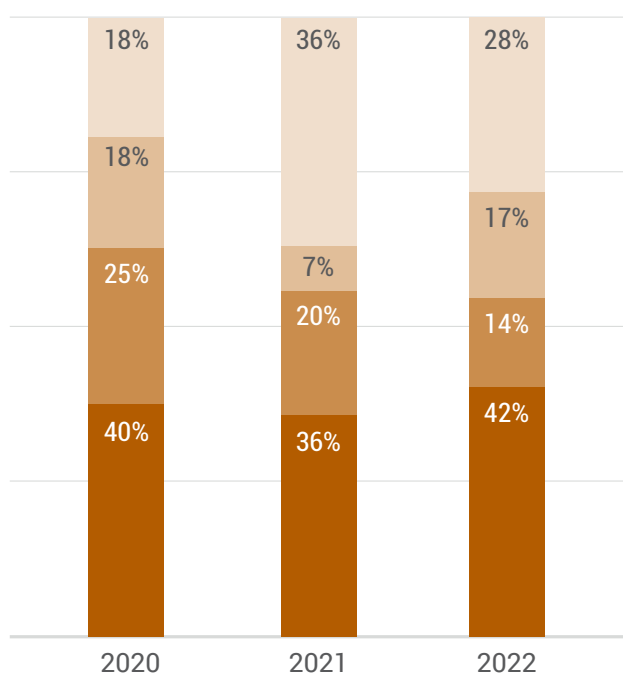
Financial Inclusion	2020	2021	2022
Deal Value (\$ Mn)	705	1878	1456
No. of Deals	57	69	72
Median Deal Size (\$ Mn)	5	6	9



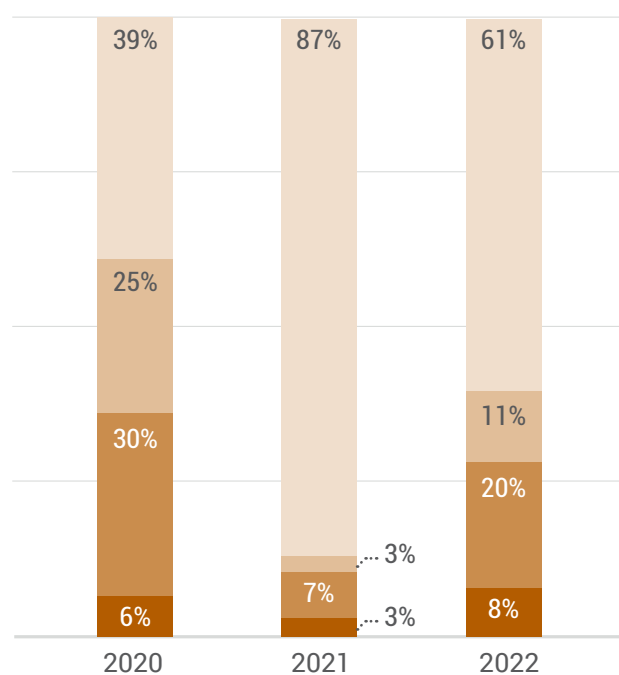
**Table 11:** Financial Inclusion investment volume and no. of transactions across stages over 2020, 2021 and 2022

Stages	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Seed	44	23	64	25	113	30
Series A	213	14	131	14	297	10
Series B	173	10	51	5	161	12
Later Stages	275	10	1632	25	886	20

**Figure 14:** Financial Inclusion stage-wise contribution to no. of transactions in 2022



**Figure 15:** Financial Inclusion stage-wise contribution to investment volume in 2022



Later Stages Series A Series B Seed

**Table 12:** Financial Inclusion investment volume and no. of transactions across sub-sectors over 2020, 2021 and 2022

Financial Inclusion	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
CV Finance	23	5	15	3	122	4
FinTech	108	13	200	22	360	27
Housing Finance	140	3	327	8	132	2
Microfinance	91	10	96	8	70	6
Others	63	5	33	4	109	10
SME Finance	281	21	1207	24	663	23

**Table 13:** Top 5 recipients of investments in Financial Inclusion sector in 2022

Company	Sub-Sector	Amount (US\$M) Raised in 2022
Oxyzo	SME Finance	200
Shubham	Housing Finance	112
Kogta	CV Finance	111
EarlySalary	FinTech	97
Vivriti Capital	SME Finance	85



## Aditya Bhandari

Partner and Co-Regional Director, Asia,  
Incofin Investment Management

## INDUSTRY SPEAK

The financial services sector has demonstrated remarkable resilience and witnessed a significant growth in 2022, despite facing various uncertainties and challenges. The sector has bounced back strongly and has demonstrated its ability to navigate the challenges and build leaner, more efficient businesses with improved fundamentals. While there was a sustained growth all across, the exponential growth in digital payments is a case in point that proves how the industry adapts quickly to disruptions. As the situation is normalising for many sectors, growth in the financial services and fintech industry has seen an upward trajectory which shows that the trend is not just a passing phase. Building on this momentum, India has emerged as one of the fastest growing fintech markets in the world with a market size estimated at USD 150 billion by 2025.

The momentum is expected to continue in 2023. Particularly in various pockets within Financial Inclusion, including MSME Lending that fosters economic growth, Affordable Housing Finance that enables quality living and asset creation, Clean Energy Finance that promotes sustainable and environmental friendly financing, Education Finance that promotes quality education, InsurTech that uses technology to innovate and improve insurance penetration, FinTech that leverages technology to service the financial needs of underserved/ unbankable segment. These sectors have strong macro tailwinds driving growth, and the potential to grow exponentially and capture market share is high among companies targeting the rural and underserved segment.

The demand for credit amongst **MSMEs** has been strong. Recovery of business activity post COVID-19 has helped NBFCs to grow their book with improvement in asset quality. The credit gap in the MSME sector stands at INR 25 trillion, indicating the large headroom for growth. Government has taken various initiatives like MUDRA Loans, ECLGS amongst others. The potential remains large, and investors continue to back the segment. Another sector gaining momentum is **Affordable Housing Finance**. The housing shortage in India stands at 100 million units, 95% of which comes from the low income segment and economically weaker section of the society. This translates to an INR 35 trillion credit demand amongst the affordable housing segment indicating immense market potential for housing finance companies focusing on the low income segment.

India presents significant opportunities for **Climate Finance** due to its growing economy, rapidly expanding population, and ambitious renewable energy targets. With its commitment to reduce greenhouse gas emissions and enhance climate resilience, India has set itself on a path towards a low-carbon and sustainable future. There are several avenues for climate finance in India such as Sustainable transport (Electric Vehicles), Renewable energy projects (financing solar, wind, hydropower) and energy-efficient projects (projects involving reduction in energy consumptions/ greenhouse gas emission), and Carbon Credits (carbon mitigants projects). Given the growing prioritization of ESG happening more broadly, there will likely be increasing interest in fintechs with ESG capabilities,



including companies focused on climate change, decarbonization, and the circular economy.

**Insurance** plays an integral part in financial inclusion and in the economic development of a nation. India continues to be largely underpenetrated, both in the life and non-life category and is expected emerge as one of the fastest growing insurance markets. Technological advancement has been significant in the space resulting in the rise of InsurTech players. Data analytics and growth of digital infrastructure has led to improved underwriting, innovative products and digital distribution. Insurance industry is at the cusp of disruption led by untapped opportunities and innovative business model. It is demonstrating strong traction across the insurance value chain and is poised to see significant funding.

India's **Fintech** market presents a significant opportunity due to the country's large population, increasing internet penetration, and government's initiatives promoting digital payments and financial inclusions. India's digital growth story has led to the rise of Fintechs. Maturing digital infrastructure, constituted by India stack has been pivotal to the Fintech growth story. UPI transaction have been on the rise making it the multiplier force behind the Fintech revolution in India. Fintechs have leveraged artificial intelligence, cloud computing, data analytics & machine learning to propel Financial Inclusion. Fintechs with the right product offering, focusing on financial sustainability, innovative & robust underwriting and better risk assessment could cause serious disruption in the coming years.

The trends around : (a) Embedded Fintech which brings a disruptive customer-centric approach on the front but also eliminates the complexities of third-party websites in the payment process, (b) Cashless economy: with the ease of use, increased awareness, and higher internet penetration, digital payments have seen a rapid rise over the past few years. As per Reserve Bank of India (RBI)'s 'Payment Vision 2025', the central bank aims to increase the number of digital payment transactions by more than 3X by 2025 (c) Neo banks: according to research, neo-banking in India is set to increase by 281% and account for 9% of India's total fintech market size. Further, the financial services sector has also been one of the keenest early adopters of AI, machine learning, where its role in the automation of repetitive processes, risk assessment, and fraud prevention is well established.

Overall, the Financial Inclusion sector offers an attractive investment opportunity that can generate strong financial returns while also making a positive impact on society. Companies offering affordable and accessible financial services tailor-made to the needs of the underserved communities or base of the pyramid segment by leveraging technology and digital infrastructure are likely to be well-positioned to capture this significant opportunity. Despite the momentous achievements, a significant opportunity awaits the industry in the coming years, mainly driven by the emerging technology, changing cultural trends and a favourable regulatory landscape. Thus, in 2023, we will have a better picture of what the new normal looks like and how fintech is shaping the financial services of tomorrow.





# Climate-tech

**Table 14:** Climate tech investment volume, no. of transactions and median deal size across 2020, 2021 and 2022

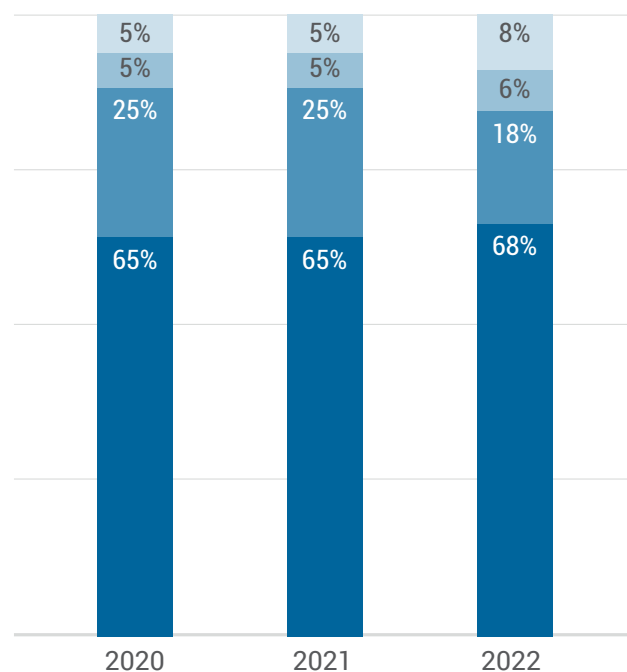
Climate tech	2020	2021	2022
Deal Value (\$ Mn)	195	594	1214
No. of Deals	68	84	130
Median Deal Size (\$ Mn)	1	2	2



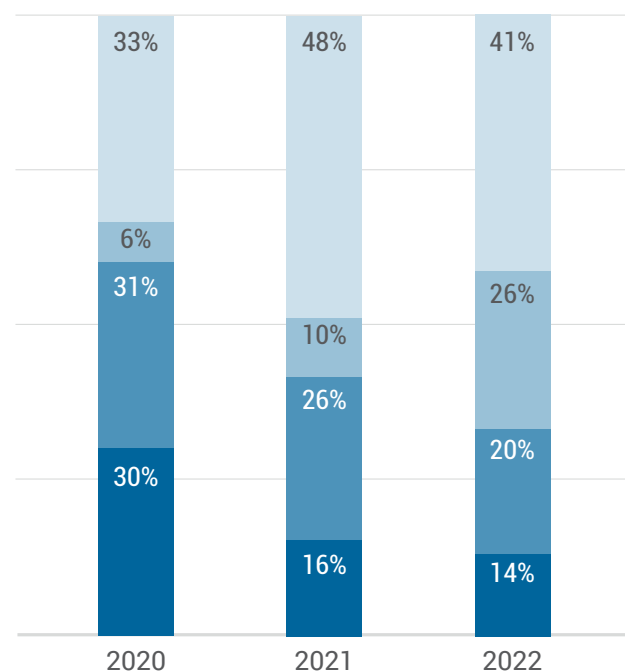
**Table 15:** Climate tech investment volume and no. of transactions across stages over 2020, 2021 and 2022

Stages	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Seed	59	45	94	55	165	93
Series A	60	15	155	20	239	20
Series B	12	3	57	5	317	8
Later Stages	64	5	288	4	493	9

**Figure 16:** Climate tech stage-wise contribution to no. of transactions in 2022



**Figure 17:** Climate tech stage-wise contribution to investment volume in 2022



Later Stages Series A Series B Seed

**Table 16:** Climate tech investment volume and no. of transactions across sub-sectors over 2020, 2021 and 2022

Climate-tech	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Energy	45	15	60	14	100	20
Sustainable Mobility	83	27	457	39	978	61
Environment and Natural Resources	1	2	18	10	4	8
Waste Management & Circular Economy	54	10	8	5	65	12
Climate-smart Agriculture & Food	6	8	12	6	40	15
Others	5	6	40	10	28	14

**Table 17:** Top 5 recipients of investments in Climate tech sector in 2022

Company	Sub-Sector	Amount (US\$M) Raised in 2022
Ola Electric	Sustainable Mobility	200
Ather Energy	Sustainable Mobility	178
Greaves Electric Mobility	Sustainable Mobility	150
Yulu Bikes	Sustainable Mobility	82
Euler Motors	Sustainable Mobility	65



## INDUSTRY SPEAK

The growth of India's climate tech industry should be a source of pride for the country. In just the past several years, the sector has grown to the third largest globally, home to 2,260 climate tech companies behind only the US at 7,561 and the United Kingdom at 2,503<sup>3</sup>.

Growth to-date, combined with substantial commitments from the government, have had some market watchers calling 2023 the "defining year for India's climate tech ecosystem". Looking ahead, we see areas to create value not only for investors but more importantly the environment.

The challenge is vast and everyday Indians are at the centre of the catastrophic consequences if the climate crisis continues at its current pace. In 2022, India registered 2,227 deaths due to the impact of extreme weather events and recorded its fifth warmest year on record in the country since 1901, creating yet more hardship for the hundreds of millions of people who farm the land<sup>4</sup>.

There exists substantial opportunity to mitigate these negative climate effects, alongside a dual goal to provide sustainable development opportunities for India's consumer class. As investment in the sector has increased globally, we have seen a phenomenon we describe as the "green discount" emerge – that is, as climate tech companies innovate, they create new and more effective business models and means of serving consumers that are not only more climate friendly, but also more affordable and accessible.

This concept offers an incredible opportunity to scale-up new technologies and business models



### Nakul Zaveri

Partner and Climate co-lead  
LeapFrog Investments

to combat climate change, fuelled by the 'bottom-up' demand of India's 1.4bn- strong population. In this way India can make a very real contribution to reducing global greenhouse gas emissions.

Here's 5 top trends in climate tech we see driving the sector in 2023:

#### 1. Sustainable Mobility

Green transport such as e-bikes and e-scooters have taken the largest share of climate tech investment over the past several years as investors seek to tap an EV market estimated to be worth \$100bn by 2030<sup>5</sup>. With this rapid growth has come not only innovation, but a fragmented market.

We see strong consolidation opportunities for this market in 2023, as well as a second wave of innovation in supporting ecosystem technologies like batteries, software and financing.

Satisfying transport demand with green options is critical to enabling the country's increasingly urban population to become mobile for their employment, family and business opportunities, without following the same carbon-emitting path as western countries. India had 22 cars per thousand individuals in 2018, and this is expected to grow to 175 cars per 1,000 individuals by 2040<sup>6</sup>.

#### 2. Renewable Energy

Renewable energy has been a major focus for Prime Minister Narendra Modi, and in February he announced \$4.3bn in investment into the sector. From a demand-side perspective, we see opportunity for strong growth in smaller-scale household solar home systems as well as

<sup>3</sup> Your Story, Climate tech startups show promise...

<sup>4</sup> Times of India, Extreme weather killed 2227 in India in 2022

<sup>5</sup> Bain & Company, Electric Vehicles Are Poised to Create a \$100b+ Opportunity in India by 2030

<sup>6</sup> The Economic Times, India has 22 cars per 1,000 individuals...



financing companies supporting households to access clean energy.

Pay-as-you-go models have introduced low-income consumers to solar energy for the first time, and this trend is set to continue to gain momentum as innovation drives costs even lower.

### 3. Smart Agriculture

Amid global food shortages, the burden of feeding the world has grown for India, the second-largest producer of staples such as rice, wheat, groundnuts, fruits and vegetables. Finding ways to reduce water usage, insure harvests and monitor the weather is pivotal for this sector as it faces an increasingly volatile climate.

We see real promise in AI integration in agriculture, which can provide localised weather and crop insights, soil testing and quality control in real time direct to farmers. This information has been proven to increase farm productivity, resilience, - and reduce carbon emissions. In addition, these data points are assisting new tech-enabled insurers to more accurately underwrite risk for crop insurance, providing safety nets for small holder farmers who face considerable risk with each new harvest.

Beyond the cultivation of crops themselves, technology holds the potential to increase supply chain efficiencies. Solar powered cold storage has proven viable in some parts of the country, going some way to reduce the 40% of produce wasted after harvest<sup>7</sup>.

These technologies not only reduce greenhouse gases emitted through agricultural practices but also generate higher levels of income along the supply chain and more food at lower prices for the end consumer.

### 4. Waste Management

Across India, 150,000 tonnes of municipal solid waste are generated per day, only 83% of which is

collected and less than 30% of which is treated<sup>8</sup>. India's circular economy holds the potential to generate annual value of \$218bn, creating value from previously wasted resources through business models such as "sharing-as-a-service", recovery and recycling, and circular supply chains.

Over the past five years, less than \$2bn has been invested in the circular economy and we see substantial room for growth. For example, companies offering Product-as-a-Service can help improve asset utilisation in farming, while product recovery and recycling models can be effectively leveraged at the post-consumer stage, all of which is enhanced through big data capabilities<sup>9</sup>.

Asset-light, data-driven platforms are showing real promise in helping companies to transition toward circular sourcing strategies and mitigate the 62 million tonnes of waste created annually.

### 5. Home cooking and heating

Clean cooking is a key area of interest and solutions which reduce the reliance on unhealthy fuels such as traditional biomass are creating a real difference, especially for women and rural dwellers who are disproportionately affected by pollution within the home environment.

The increasing affordability of Internet of Things (IoT) technology also has created opportunity for smart energy management systems which monitor and optimise the use of energy in buildings and other infrastructure.

These areas of innovation and growth make up just a small portion of the overall activity in what is a high impact and high reward industry. To provide clean pathways for development for India's rising consumer class ensures that we do not repeat the carbon-emitting mistakes of the West but set the country on a path to sustainable consumption alongside greater economic prosperity.

<sup>7</sup> FAO, Platform Food Loss Waste

<sup>8</sup> Renewable Matter, Biofuels aiming for a greener and cleaner India

<sup>9</sup> OECD, G20 Towards a more resource efficient and circular economy





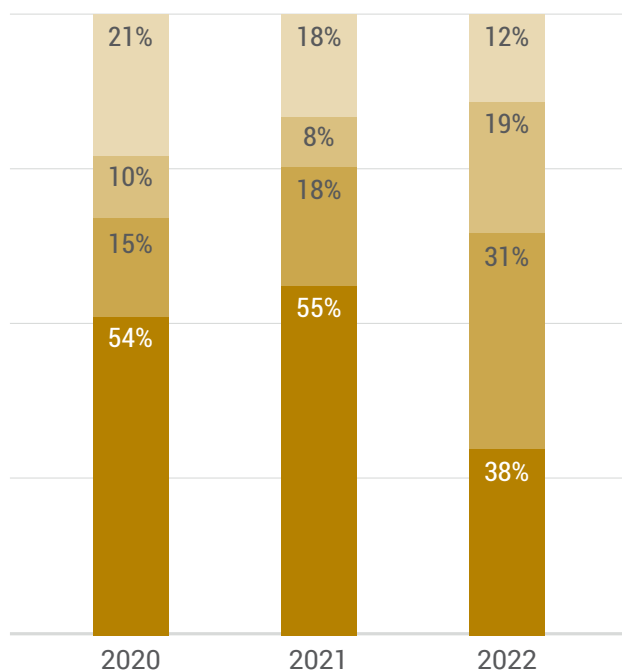
**Table 18:** Education sector investment volume, no. of transactions and median deal size across 2020, 2021 and 2022

Education	2020	2021	2022
Deal Value (\$ Mn)	732	785	423
No. of Deals	61	38	26
Median Deal Size (\$ Mn)	2	2	7

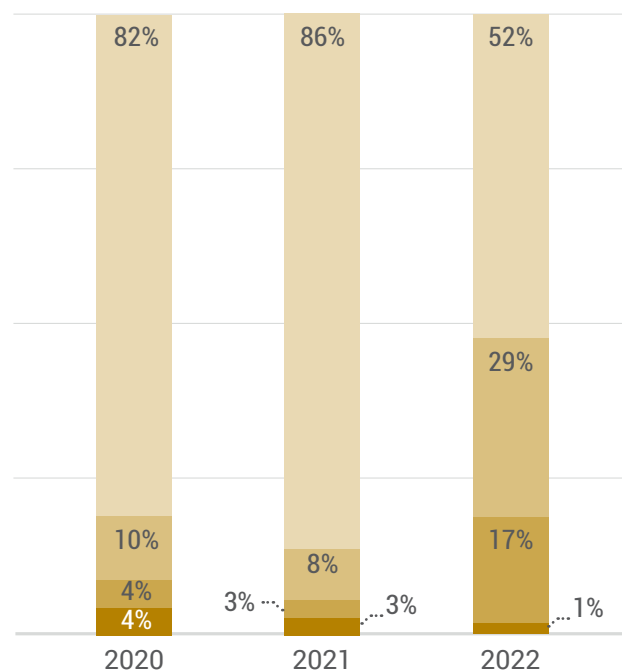
**Table 19:** Education sector investment volume and no. of transactions across stages over 2020, 2021 and 2022

Stages	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Seed	32	33	25	21	6	10
Series A	27	9	21	7	74	8
Series B	73	6	61	3	124	5
Later Stages	600	13	678	7	219	3

**Figure 18:** Education sector stage-wise contribution to no. of transactions in 2022



**Figure 19:** Education sector stage-wise contribution to investment volume in 2022



Later Stages Series A Series B Seed



**Table 20:** Education sector investment volume and no. of transactions across sub-sectors over 2020, 2021 and 2022

Education	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Early education	0	1	6	2	0	1
Edu-Finance	14	5	15	2	82	4
Employability	72	13	10	9	19	5
Higher Education	5	3	33	4	7	1
K12	277	24	255	11	270	11
Others	2	1	0	1	0	1
Test Prep	362	14	468	9	44	3

**Table 21:** Top 5 recipients of investments in Education sector in 2022

Company	Sub-Sector	Amount (US\$M) Raised in 2022
LEAD School	K12	100
Classplus	K12	62
Cuemath	K12	57
Adda247	Test Prep	35
Propelld	Edu-Finance	35



## INDUSTRY SPEAK

### Amit Mehta

Managing Partner, Asha Ventures

### Nishtha Gaur

Associate, Asha Ventures

2022 was a year of reckoning for edtech startups with schools reopening and normalcy returning post-Covid. Key stakeholders, including learners, educators, parents, and administrators – once again embraced offline learning methods of the pre-Covid era, and happily migrated a substantial chunk of their share-of-time and investments back to the mainstream education avenues. This change in dynamics cast a profound impact on investor interest and appetite for the sector which saw a ~45% decline in venture funding in 2022 (USD 2.6 Bn) as against that of 2021 (USD 4.7 Bn).

#### Unravelling of Certain Models

While this trend played out far and wide within the entire edtech sector, the players that scrambled the most for growth, sustenance and funding can be broadly categorised into (a) companies that focussed solely on digitising content to ride the wave of pandemic-induced lockdowns rather than focusing on creating innovative and enduring solution for filling deeply-entrenched gaps in traditional education and skilling in India, and (b) companies that failed to attain product-marketing fit despite possessing product-market fit. These are classic cases of how even undifferentiated products can perform well with superior distribution - through sales & marketing – but the vice-versa is not true.

Beyond the aforementioned inherent flaws in the overall approach adopted by many edtech companies, edtech's promise of democratization of learning also remains far

from fulfilment, and demographic segments that lack access to quality and offline education the most are being cornered by majority of online solutions as well. For a market like India, it is extremely critical for edtech founders to value-innovate and build products that can cater to the diverse learning and infrastructural needs of students, and empower teachers and schools at the same time with technology that enhances learning experiences for all the participants.

#### Resilient Models of the Last Year

There are, however, a few models that have definitively demonstrated long-term promise and underlying value that appeals to target users, with or without the black swan events such as a pandemic. One such sector that shone bright amidst the sectoral headwinds in 2022 was the test prep segment where an online-only medium adds differentiated value (as against simply digitising content delivery and the content itself) of addressing one of the key pitfalls of many edtech offerings - lack of individual motivation, guidance, supervision, and poor course completion rates. The story of a player like Adda247, a vernacular government test prep platform, is especially noteworthy. It works towards solving problems of access and affordability by primarily catering to Tier 2 and 3 cities and offering online courses at price points lesser than INR 5000.

Other segments which continued to perform well and are expected to stick to the positive trend are higher education and upskilling, both



seeing ~100%+ increase in funding YoY in 2022. Continuous learning, or lifelong learning, has emerged as one of the fastest growing edtech segments with ever-increasing salience given the dynamic jobs environment and high demand for novel skills & technologies that mostly lie outside the purview of traditional educational system (a.k.a. the industry – academia gap).

#### Future Opportunities from Our Lens

There are sizable, and growing, areas that remain untapped across K12, higher education, upskilling and the micro-entrepreneurship space. Within K12, affordability and quality education remain the biggest challenges. While most startups so far have focused on solutions that are supplementary to schools (and thus an added monetary burden for parents), we feel **100% online schools** can be transformational in democratising access to quality education at relatively affordable price points while ensuring high ARPU and LTV for companies. **21K School** is one such online school in India that provides flexible, affordable, and quality education to students irrespective of their location. In higher education, **blended learning** models where new-age tech platforms like **Sunstone Eduversity** offer industry relevant and work-integrated programs in partnership with universities can solve for the relevant skill-degree complex. We define skill-degree complex as the situation where recruiters expect candidates to possess the stamp and credibility of a formal degree as well as practical, new-age skills that may not be part of the curriculum at these institutes but are imperative for candidates to excel at their jobs. We also feel **domain-specific online education** with strong outcome/employment focus has huge potential across many fields such as healthcare, teaching, gaming, arts, et al. Noteworthy early-stage companies in this segment include **Suraasa** (skilltech platform for enabling teaching-as-a-career), **Outscal** (edtech offering game development education), and **Alippo** (upskilling app for women to setup their

home businesses in baking/beauty).

Next, **immersive skilling platforms leveraging AR/VR** technologies for training workforce in several technical industries like manufacturing, mining, and pharma, among others is also a high-potential area. Finally, startups that **enable self-employment and micro-entrepreneurship** can be significant contributors in enhancing income opportunities for the broader workforce. This set includes companies that provide online courses, financial support and distribution platforms to aspiring professionals in fields such as baking, beauty, fashion, D2C e-commerce, content creation, etc. to help people - especially women and other underrepresented cohorts - to setup and grow small businesses. For example, in content creation – there exists an insatiable demand for diverse, multilingual content across distribution channels (streaming platforms, short-form video platforms, blogs and publications, branded content projects, social media networks) in several formats (movies, TV shows, digestible short videos, music, non-music audio, long-form written content). Talented, professionally-trained creators can address the supply side in their independent capacity.

#### Summarizing

From a funding perspective, we expect high-octane action to take place at early stages in the aforementioned sub-sectors, given most of these spaces are still nascent and yet to see category leaders emerging. The companies that are already well-capitalized and scaled-up need to embrace 'unlearning' and course-correction with pivot to more sustainable business models with hard emphasis on capital-efficient customer acquisition and flawless execution of their hybrid/online strategy.

As investors, we are bullish on companies that are solving for accessibility, affordability and employment while ensuring profitability and adequate total addressable market (TAM).





# Technology for Development

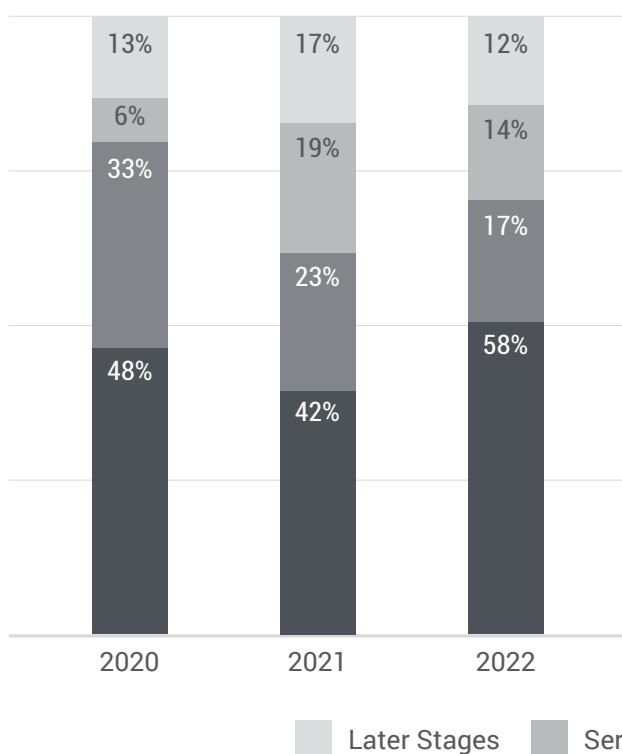
**Table 22:** Technology for Development investment volume, no. of transactions and median deal size across 2020, 2021 and 2022

Technology for Development	2020	2021	2022
Deal Value (\$ Mn)	401	1256	1269
No. of Deals	48	53	59
Median Deal Size (\$ Mn)	2	5	5

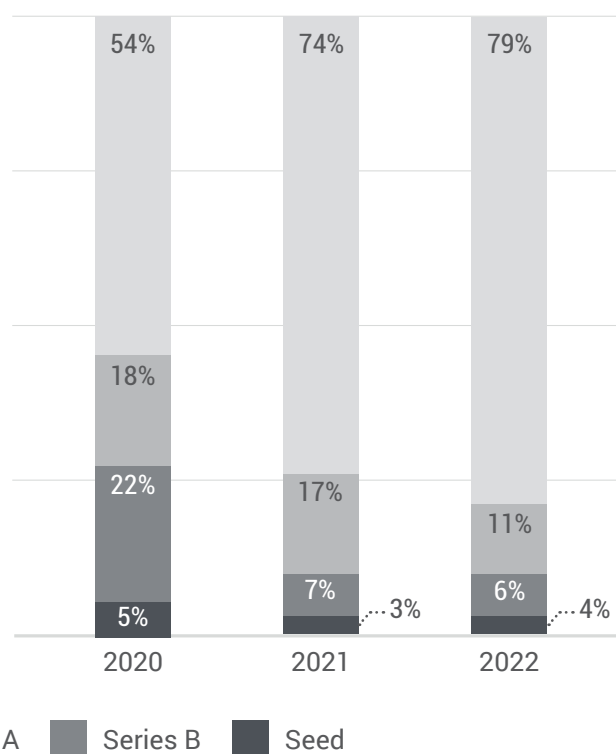
**Table 23:** Technology for Development investment volume and no. of transactions across stages over 2020, 2021 and 2022

Stages	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Seed	20	23	33	22	48	34
Series A	89	16	83	12	77	10
Series B	74	3	208	10	137	8
Later Stages	218	6	932	9	1006	7

**Figure 20:** Technology for Development stage-wise contribution to no. of transactions in 2022



**Figure 21:** Technology for Development stage-wise contribution to investment volume in 2022



**Table 24:** Technology for Development investment volume and no. of transactions across sub-sectors over 2020, 2021 and 2022

Technology for Development	2020		2021		2022	
	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals	\$ Value (Mn)	No. of Deals
Future of Work	17	8	192	5	69	11
Local Language Content and Network	215	19	308	15	414	16
Others	11	1	99	3	0	0
SME Tech	117	11	329	20	156	19
Social Commerce	41	9	327	10	631	13

**Table 25:** Top 5 recipients of investments in Technology for Development sector in 2022

Company	Sub-Sector	Amount (US\$M) Raised in 2022
ElasticRun	Social Commerce	330
ShareChat	Local Language Content and Network	316
Udaan	Social Commerce	200
CityMall	Social Commerce	76
Shopkirana	SME Tech	45





A photograph of women working in a garment factory. In the foreground, a woman is focused on sewing at a white industrial machine. She is wearing a teal patterned sari. In the background, other women are visible, some working at similar machines. The scene is brightly lit, suggesting a large industrial space.

Section 4:

# **GENDER LENS INVESTING OVERVIEW**

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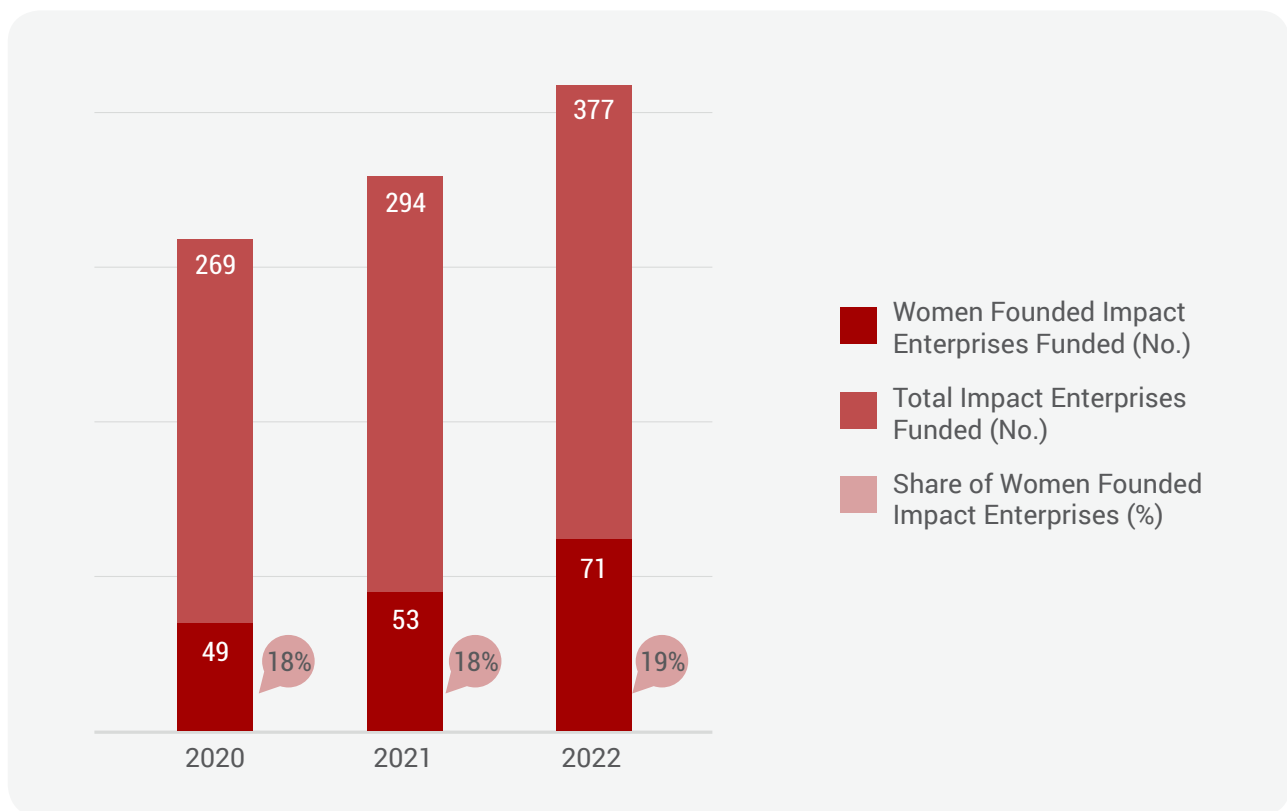
Women founded impact enterprises raised \$0.8 Bn in 2022.

Of the 744 impact enterprises that received equity investments across 2020, 2021 and 2022, 140 were founded by women. **These women founded impact enterprises raised a total of \$2.6 Bn across the three years**, in sharp contrast to the \$12.9 Bn in funding raised by impact enterprises founded by men.

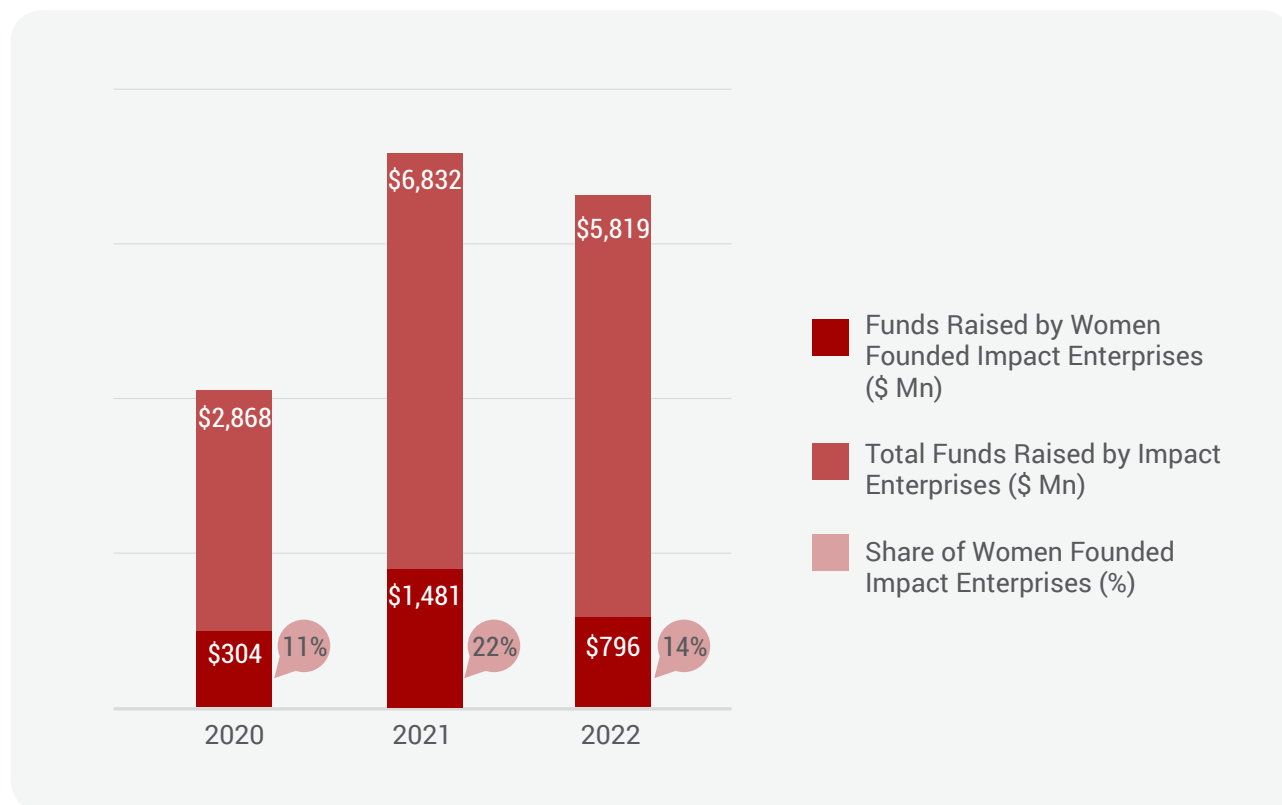
**Women founders raised 14% of the total impact capital in 2022.** A substantial dip from 2021 - a year that witnessed a handful of big-ticket investments into women-founded enterprises such as OfBusiness.

Agriculture and Healthcare have performed relatively favorably vis-a-vis other sectors in 2022 with 1 in 4 impact enterprises that raised capital in either sector having a woman (co)founder.

**Figure 22:** No. of Women Founded Impact Enterprises receiving impact investments across 2020, 2021 and 2022



**Figure 23:** Funding raised by Women Founded Impact Enterprises across 2020, 2021 and 2022



**Table 26:** Sectoral Overview: Percentage of Impact Enterprises that were founded by women and raised capital across 2020, 2021 and 2022

Year	2020	2021	2022
	% of Women Founded Impact Enterprises		
Agriculture	23%	10%	25%
Education	21%	15%	24%
Financial Inclusion	15%	24%	15%
Healthcare	13%	19%	24%
Other Sectors	21%	15%	19%
Technology for Development	22%	18%	14%
Climate-tech	15%	19%	17%





**Smita Sircar**

President & CEO , Gray Matters Capital

## INDUSTRY SPEAK

### **Gender Lens Investing in India: Unlocking Potential for Growth & Equity**

In 2022, the global economy saw further headwinds build up. Shocks due to conflict, energy crises, inflation, rising rates, vanishing liquidity & funding scarcity. The rise of generative AI also captured the imagination of the world to ponder what is fundamentally human. Overall, for the sector, we see a shakeout that will lead to consolidation & yield new business models, where every dollar invested has to work harder for return & impact.

In 2022, Impact investing, for the first time, gained a critical mass to USD 1.164 trillion<sup>10</sup>. This is a great development as impact investing directly funds businesses that make a difference in the world. Given the complex nature of our problems, we believe that impact investing focused on blended finance, gender & climate amplified by technology will have a big role to play in defining the future.

Globally, the full spectrum of capital allocators is mainstreaming gender lens into their investment strategies & using 2X-like frameworks. The purely economic rationale is that closing the gender gap adds up to US\$28 trillion to global GDP by 2025<sup>11</sup>.

We also see intersectionality between sectors is increasing. Institutional arrangements between gender & climate are edging closer, for example, G20/W20 & 2X global. Gender & Climate funding

are getting linked as women's role in combating climate change due to their close relationship with natural resources is being recognised.

In India, Gender Lens Investing (GLI) has gained recognition over the last few years. Although progress has not been as rapid as it could be, we have seen a rise in the number of women-led enterprises, especially in education, healthcare & agriculture, where it has reached 25%. Through GLI in sectors like climate tech & tech for development, investors can increase returns while advancing gender equity.

The gender gap in India's labour force participation has been 40% over four decades, & closing it is critical to be a 5-trillion economy. With increased Government focus on Women-led businesses & growing potential for GLI, we can empower women to become solution providers, clients & talent in the growing Indian economy.

This will require impact investors to come up with new funding structures that taps into the existing momentum to create & capture value by:

#### **Bolstering women-led startups at every stage:**

The funding winter will have a greater impact on women. The 2022 investment figures foreshadow this threat. We can address this by prioritising GLI support for startups across all stages, especially at scale stages which have witnessed the least support for women-led businesses.

<sup>10</sup> <https://thegiin.org/impact-investing/need-to-know/>

<sup>11</sup> <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

**Funding Intersectionality:** Many investors at conferences such as Gender Smart Summit, Prabhav, & others expressed the intent of applying a gender lens to climate investment portfolios & vice versa – this intersectional lens has the potential for new opportunities for investments. Women in fintech & tech for development will also benefit from the investors' appreciation of this intersectionality.

**Calibrating & showcasing gender impact as a differentiator:** 2x Framework for GLI includes criteria beyond access to capital. It includes benchmarks for % of women leaders, % of women employed, & products or services catalysing gender equity. The 2X Challenge framework advocates for the need to go expand investors' GLI focus & include investments in gender-equitable value chains, workplace equity, & products/services benefitting women & girls. The lack of gender-disaggregated data across the levels is a major obstacle for GLI, & IIC's data on women entrepreneurs' access to capital is a critical first step.

**Gender Lens a common link between Impact Investing & ESG:** With the growth of ESG, there is an opportunity to incorporate a gender lens into impact investing that then serves as a common link between impact investing & ESG investing. Embracing a more comprehensive approach to GLI will enable investors, corporates (with MSME value chains) & entrepreneurs to unleash their full potential & progress towards gender equity.

**Supporting women - led / women - focused innovations from tier-2 & 3 India:** More than 50% of India's startups reside in tier-two & three cities. Many government policies support these startups through funding & incubation. Women entrepreneurs from these cities have a unique opportunity to build sustainable & gender equitable supply chains & bring women from Bharat into the formal workforce & leadership roles. These entrepreneurs would require the support of holistic incubation & acceleration programs.

India is an exciting place for impact investors like GMC in achieving its mission of 'Finding Purpose with 100 Million Women.' We believe that what is bubbling underneath is the large swathe of young Indian women from different sections of society who are united in their quest for financial independence. This, married with technology such as the digital public goods infrastructure or more disruptive AI, will lead to business models that increase efficiencies for all & lead to twin goals of impact with returns.

Thus, in our work, we have embedded a gender-lens investing framework in our diligence process. We use it to evaluate the impact & structure the valuation of the deals. This year, we launched gender-focused initiatives like Alternate Financing & tested new financing structures to promote women's employment.

Our experience in implementing GLI has been that it is a path we have to walk with our investee companies as well as co-investors. It starts with first creating awareness on our framework and expectation setting on gender targets. We along with the investee have to think through additionality of impact and calibrate the targets for the business stage and social norms of where the business operates. Sometimes there are difficult conversations on how the organization is internally managed such as women in leadership positions that have direct contribution to P&L. Our goal is not to be prescriptive but supportive & knowledge based ; and we hope that deep buy-in will come during the portfolio management process when there is first person experience of value creation as well as better employee engagement.

We believe the decade when India is becoming one of the fastest-growing economies in the world can also be a decade for catalysing Gender Lens Investing & positively impacting the lives of millions of women in India & the world.



Section 5:

# METHODOLOGY





# ANNEXURE 1: IMPACT ENTERPRISE



## Definition of impact enterprise

We have used the following definition in criterion to identify perfect enterprise in a research

Any corporate entity which buys or sell goods and services with a clear intent and focus to generate measurable positive social and environmental impact along side a financial return

The following inclusion criteria was applied to the IIC database to identify impact enterprises

- 1 **Mass market focus:** key stakeholders (client suppliers) belonging to low or lower- middle income segments.
- 2 **For profit businesses** focused on innovation and scalability - no not-profit or hybrid models.
- 3 **Focus on basic service delivery** to underserved populations (access and affordability)
- 4 **Focus on providing livelihoods** for income enhancement for low income clients or suppliers.
- 5 **Impact intentionally:** impact as stated objective and/or measured by firm or impact investor
- 6 **For-profit enterprises with a sustainability lens** i.e. positive environmental and/or climate impact stated as one of their core objectives.

# ANNEXURE 2:

## SECTOR OVERVIEW



Sector	Sub-Sector	Methodology for Impact Enterprise Selection Based on Sector
Agriculture	AgriEquipment	Enterprises which help increase production efficiencies by offering an affordable product or service that improves the yield quality and prevents losses. <b>Example: Mitra</b>
	Agri Inputs or Advisory	Enterprises which support the pre-production part of the agriculture value chain – wherein, they provide access to affordable and quality agriculture inputs and other advisory on sustainable, efficient farming practices. <b>Example: Gramophone</b>
	Dairy	Enterprises which ensure efficient outcome, by providing input (cattle feed, vaccination) support and post- production storage facility for smallholder dairy farmers. <b>Example: Milk Mantra</b>
	Farm Management and Enterprise Software	Enterprises which support the production process by providing ancillary tech-enhanced solutions to improve farm management efficiency. <b>Example: Cropin</b>
	Financial Services	Enterprises which offer collateral-free financing across agriculture value chain leveraging farm collectives. <b>Example: Samunnati</b>
	Food Processing	Enterprises which source farm produce and offer packaged products to end consumers, providing a buyer to farmers. <b>Example: Soulful</b>
	Market Linkage	Enterprises which offer direct access to markets, and help them in getting a fair price for their fresh produce. <b>Example: Waycool</b>
	Storage and Warehousing	Enterprises which offer accessible storage, warehousing and logistics support to prevent harvest loss. <b>Example: Arya Collateral</b>
Healthcare	Diagnostics and Decision Support	Enterprises which provide affordable, tech-based diagnostic services to the underserved in Tier 2 and 3 cities. <b>Example: Niramai</b>
	Health Finance	Enterprises which provide tailored financial planning solutions to plan, save and pay for medical bills. <b>Example: Affordplan</b>
	Medical Devices	Enterprises which use AI based tech support to provide efficient medical support and service to patients. <b>Example: Axio Biosolutions</b>

Sector	Sub-Sector	Methodology for Impact Enterprise Selection Based on Sector
Healthcare	Pharmacies (Online and offline)	Enterprises which provide affordable medicines and other services to end-users, online and offline. <b>Example: 1MG</b>
	Primary Healthcare	Enterprises which offer high-quality, affordable medical services in the underserved markets. <b>Example: Drishti Eye Care</b>
	Secondary Care	Enterprises which offer affordable medical treatments at specialized hospitals, in Tier 2 and 3 cities. <b>Example: Be Well Hospitals</b>
Financial Inclusion	CV Finance	Enterprises which offer specialized credit products for various vehicles (like pre-owned two wheelers). <b>Example: WheelsEMI</b>
	FinTech	Enterprises which leverage technological support, automate and improve financial services (including but not limited to savings-tech, insure-tech, tech based lending models) to provide last mile solutions to the unbanked and underserved. <b>Example: Smartcoin</b>
	Housing Finance	Enterprises which provide financing solutions for affordable housing in urban and semi-urban areas. <b>Example: Ummeed Housing Finance</b>
	Microfinance	Enterprises which provide access to collateral-free credit to those living in remote areas (tier 2, tier 3 cities, rural areas). <b>Example: Ujjivan Financial Services</b>
	SME Finance	Enterprises which provide collateral free loans to small business entrepreneurs. <b>Example: Kinara</b>
Technology for Development	Future of Work	Enterprises which connect gig economy workers with relevant job opportunities through a tech-based-platform. <b>Example: Awn</b>
	Local Language Content	Enterprises which provide content in vernacular and Network medium, hence increasing reach to the non-English speaking population of India. <b>Example: Dailyhunt</b>
	SME Tech	Enterprises which support SMEs by providing them with ancillary tech-based solutions to improve operational efficiencies. <b>Example: i2e1</b>
	Social Commerce	Enterprises which offer accessible, affordable goods and services through a tech-based platform, helping both the buyer and supplier ends of the value chain. <b>Example: Dealshare</b>



Sector	Sub-Sector	Methodology for Impact Enterprise Selection Based on Sector
Climate-tech	Energy	<p>For-profit enterprises that provide new, disruptive clean energy generation technologies such as green hydrogen generation, fuel cells etc. <b>Example: Sea6 Energy</b></p> <p>For-profit enterprises that enable lowered emissions through improved energy storage, management, re-use, recycle for various end-use <b>Example: Ion Energy Labs applications.</b></p> <p>For-profit enterprises providing energy optimization solutions across sectors for energy loss/reduction such as energy data analytics, energy accounting, predictive maintenance etc. <b>Example: Zenatix</b></p> <p>For-profit enterprises providing increased energy access for off-grid, rural use towards improved livelihoods, productivity, incomes <b>Example: Oorja Development Solutions</b></p> <p>Note: This excludes large-scale energy infrastructure enterprises (such as utility-scale renewable energy, rooftop solar business etc.) and other large projects under the broader lens of 'green finance'."</p>
	Sustainable Mobility	<p>For-profit enterprises providing low carbon mobility solutions for people and goods. <b>Example: Tork Motors</b></p> <p>For-profit enterprises improving supply chains, energy storage and management, components for sustainable mobility/clean vehicles (clean logistics, fleets, connected vehicles, novel batteries, charging etc.) <b>Example: Log9 Materials</b></p>
	Climate-smart Agriculture	<p>For-profit enterprises that offer climate-focused precision agriculture, monitoring &amp; advisory services to farmers as well as stakeholders in the agri value chain. <b>Example: Satyukt Analytics</b></p> <p>For-profit enterprises that focus on supply-chain innovations and provide better market linkages, carry out contractbased farming and/or provide cold-chain solutions like cold storages and logistics for minimising food loss. <b>Example: Ecozen</b></p> <p>For-profit enterprises that use deep-science material innovations to create eco-friendly agri-inputs. <b>For example: Telluris Biotech</b></p> <p>For-profit enterprises that are offering organic farming solutions and products. <b>For example: Carmel Organics</b></p>

Sector	Sub-Sector	Methodology for Impact Enterprise Selection Based on Sector
Climate-tech	Waste Management & Circular Economy	For-profit enterprises that provide services for postconsumer waste collection and pick-up, and in some cases combine with analytics to measure, track and control waste from collection to recycling. <b>Example: Lets Recycle</b>
		For-profit enterprises that have proprietary in-house recycling technology solutions and are creating upcycled/recycled products for commercial, industrial or household use. <b>Example: Lucro Plastecycle</b>
		For-profit enterprises using deep-science innovations to help convert waste streams (agro/ industrial/municipal solid/other waste) to value-added products like bioplastics, food, feed, energy and fuels and other household/ personal products. <b>Example: Green Joules, Phool</b>
	Environment & Natural Resources	For-profit enterprises providing solutions to control or reduce pollution in the air and ambient environment. <b>For example: Clairco, AirOk Technologies</b>  For-profit enterprises focused on providing and improving access to clean drinking water, water management and conservation for household and commercial purposes etc. <b>For example: Aquvio, Pyotam</b>  For-profit enterprises that capture GreenHouse Gases, store and/ or convert to value-added products. <b>For example: Chakr Innovation</b>
	Others	For-profit enterprises that provide other types of materials, products, services and solutions that help mitigate emissions and/ or adapt to climate change effects cutting across sectors and/ or end-use applications. <b>For example: Blue Sky Analytics</b>
Education	Edu-Finance	Enterprises which provide customized credit products to the underserved school, students, or teachers <b>Example: Varthana</b>
	Employability	Enterprises which support livelihoods, by providing necessary vocational skill training. <b>Example: Labournet</b>
	Early education	Enterprises which provide affordable and accessible learning opportunities to pre-school kids. <b>Eg: OckyPocky</b>
	Higher Education	Enterprises which provide affordable and accessible higher learning opportunities to low-income students. <b>Example: Sunstone Eduversity</b>
	K12	Enterprises which offer affordable and accessible learning solutions for students between 1st to 12th grade. <b>Example: Vedantu</b>
	Test Prep	Enterprises which help in preparation of competitive exams (government or otherwise) at affordable prices. <b>Example: Adda247</b>













Sector	Sub-Sector	Methodology for Impact Enterprise Selection Based on Sector
Other Sectors	Logistics	Enterprises which leveraging tech support to optimize the logistic management process; while also trying to limit the impact on the environment. <b>Example: GoBolt</b>
	Mobility	Enterprises which offer affordable, accessible, last mile connectivity to users. <b>Example: Bounce</b>
	WASH	Enterprises which offer affordable and accessible products that help distill and treat water and other sanitation-based services. <b>Example: 3S</b>
	Livelihoods	Enterprises which provide job opportunities to semi-skilled workforce in India (like artisans, craftsmen and others). <b>Example: Jaypore</b>



# ANNEXURE 3: SDG OVERVIEW



Sustainable Development Goals

	No Poverty	Zero Hunger	Good Health and Well-being	Quality Education	Clean Water and Sanitation	Affordable and Clean Energy	Decent Work and Economic Growth	Industry, Innovation and Infrastructure	Reduced Inequality	Sustainable Cities and Communities	Responsible Consumption and Production	Climate Action
												
Agriculture		●					●		●		●	
Financial Inclusion	●						●	●	●	●		
Education				●			●		●			
Tech4Dev							●	●	●			
Healthcare			●						●			
Climate Tech		●	●		●	●	●	●		●	●	●

**Note:** Investments in line with SDG 5 (Gender Equality) extend to all sectors and are classified based on the presence of women co-founded enterprises and the presence of women-focused business models.

# ANNEXURE 4: INVESTOR ANALYSIS

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For our investor analysis, we have divided equity investments in the IIC database into 3 categories depending on the type of investors:

1

**Impact Deals:** These are investments by capital providers who state that their primary objective is to create social impact along with financial returns. This includes impact investors, foundations, Development Finance Institutions (DFIs) etc.

2

**Commercial Deals:** There are investments by capital providers who focus solely on financial returns, with impact being an ancillary agenda, if at all. This includes VCs, PEs, asset managers etc.

3

**Club Deals:** These are co-investments that include capital providers that identify as impact and commercial. For example, if an impact investor co-invests with a commercial VC, the investment will be classified as a Club investment.

# DISCLOSURES



Data and Information in this report is made available in good faith with the exclusive intention of helping market and ecosystem players, policymakers and the public build a greater understanding of the Indian impact investing market. The data is collated from sources believed to be reliable and accurate at the time of publication. Primary sources of data are VCCircle, Inc42, Venture Intelligence and other media sources. Readers are urged to exercise independent judgment and diligence in the usage of this information for any investment decisions.

Some of the information provided in this report is supplied by third parties. It is important that all users understand that third party information is not an endorsement of any nature and has been put together with the sole purpose of benefiting stakeholders.

## About Impact Investors Council:

Impact Investors Council, India (IIC) is a member-based national industry body formed with an objective to build and strengthen the impact investing eco-system in India. To know more about our work, visit <https://iiic.in/> or reach out to [secretariat@iiic.in](mailto:secretariat@iiic.in)



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