

Valuation of 10 unicorns drops below a billion dollars

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Things aren't that rosy anymore for the unicorn ecosystem in India. On the one end, the funding winter still seems pretty cold, while on the other, unicorns are seeing their valuations drop due to operational difficulties and falling profitability.

DATA FOCUS.

A record number of 44 unicorns were formed in 2021, and this trend continued until October 2022, when the total number of unicorns in the country reached 108.

But data sourced from Tracxn suggest that the number of unicorns in the country may have come down to 98, as the valuation of 10 of them has dropped below a billion dollars. The list includes Paytm Mall, Rivigo, Quikr, MobiKwik, Blinkit, Snapdeal, Gupshup, LivSpace, Oxyzo and Mensa Brands.

The valuations of some of them — Rivigo, MobiKwik, and Blinkit — were declared after the last fundraising round. The valuations of a few other companies are based on the price arrived at while exercising the ESOPs.

Recently, the US-based asset management company (AMC) Fidelity Investments slashed Gupshup's valuation by 31.6 per cent. LivSpace and Mensa Brands had recently announced layoffs.

However, among them, the valuations of only Rivigo, Quikr, and Paytm Mall seem to be quite low. For the others, valuations are between \$924 million and \$965 million. A reason behind the drop in their valuation could be the weakening of the Indian rupee in 2022. Though the company could be valued in the Indian rupee, overseas PE and VC investors convert

Trouble in unicorn-land?

108-10=98 India's unicorn count down to 98

Valuation of these start-ups are lesser than a billion dollars now

Company	Valuation (\$)
Paytm Mall	1,30,00,000
Rivigo	4,02,38,126
Quikr	56,57,00,000
MobiKwik	92,41,67,379
Blinkit	93,17,16,270
Snapdeal	95,00,00,000
Gupshup	95,70,00,000
LivSpace	95,72,09,179
Oxyzo	96,27,90,545
Mensa Brands	96,40,77,148

31

Start-ups never raised any money after attaining the unicorn status

31

Another 31 raised funds only once, after the unicorn round

72/91

Unicorns who declared their financials, are making loss

Source: Tracxn

the value into US dollars. Once the rupee stabilises or strengthens, the valuation of many of the former unicorns could cross a billion dollars again.

"Sometimes, the drop in valuation need not be a result of fundraising. Incumbent investors regularly undertake a valuation exercise of their existing portfolios, and if the prevailing business situation or outlook warrants a revision of their portfolios, they restate the valuation of their portfolio investments," says Thillai Rajan, Professor, Department of Management Studies, IIT-Madras. He says that depending on market conditions, valuations of these start-ups can go up too.

FUNDING NOWHERE

More than a quarter of the unicorns failed to raise any

money after attaining a billion-dollar valuation. And among the ones that managed to raise money, 31 raised funds only once.

In 2023, only 13 unicorns managed to raise any money over 18 funding rounds. The latest was a \$100-million fundraiser by Lenskart on June 15. The company raised funds thrice this year. While 10 unicorn fundraising events occurred in Q4FY23, the number was down to eight in Q1FY24.

SCARY FINANCIALS

The data also points to something rather scary about unicorns. Of the ones that have declared their financials for FY22, more than 70 per cent are loss-making. That is 72 out of 91 unicorns. The start-ups that made the most losses in FY22 are BharatPe, FlipKart and Pinelabs.