

Skyroot impact: Funding for space start-ups zooms

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The race for space has got real, and it is attracting funding like never before. In 2022 so far, funding to private players in the space sector has jumped a whopping 61.5 per cent — soaring to \$108.52 million compared to \$67.2 million in 2021.

Propelling it is the government's decision to open up the space sector to private players and the work done by companies like Skyroot Aerospace, the Hyderabad-based start-up behind the launch of India's first privately developed rocket on November 18. According to data shared by the Indian Space Association (ISpA), of the \$245.35 million that the sector has received in the last seven years, \$198.22 million came post-2020. Space, the final frontier, was opened to private players in June that year.

India currently has 104 space start-ups and 368 space tech companies, according to official data.

The companies that drew funds this year include Skyroot Aerospace,



Vikram-S, India's first privately built rocket from start-up Skyroot

which raised \$51 million in September; Agnikul (\$20 million in November); Bellatrix (\$8 million from BASF in June); Pixxel (\$25 million in March); and Digantara (\$60,000 in August). In 2020, the sector had drawn \$22.5 million. And between 2016 and 2019, the funding ranged from \$2 million to about \$6 million, though it did hit \$36 million in 2017 (see chart). "In

the last three to four years, the sector has seen an investment of over \$200 million. The Skyroot launch is just the beginning of the success of these companies," says A K Bhatt, director general, ISpA.

Other than Skyroot, space start-ups that have tasted success include Digantara, Dhruva Space and Pixxel. Digantara launched the world's

SKY IS THE LIMIT

Funding space start-ups received (in \$ mn)

2016	2.00	
2017	36.00	
2018	3.08	Total
2019	6.05	245.35
2020	22.50	
2021	67.20	
2022	108.52	

Source: ISpA

smallest digital space weather sensor in June; Dhruva Space tested its space orbital deployer; and Pixxel launched its first satellite, part of its 36-satellite planned constellation, aboard a SpaceX Falcon 9 rideshare mission in April.

Those who have already raised money are also looking for more funding. "We recently had a very large funding of \$51 million, the largest round in the space sector in the country," says Pawan Kumar Chandana, co-founder of Skyroot Aerospace. "We will start raising more funds soon as well for future requirements. As a company, we will always look for potential investors. We are planning to spend around Rs 200-300 crore in the next couple of years." Skyroot has got a total funding of \$68 million so far — including \$17 million raised through a seed round, Series A and a bridge round, and \$51 million in a Series B round led by Singapore sovereign investor GIC in September this year.

"Two years ago, companies were barely able to raise a few million dollars. Now there are at least four companies having raised more than \$10

million. With Pixxel's Series A of \$27 million raised earlier this year to Skyroot's recent \$51 million Series B, growth funding has also started to come in rapidly," says Awais Ahmed, chief executive officer, Pixxel.

"There still remains a lack of viable late stage growth and private equity options. Enabling easy FDI into space will play a crucial role in enabling continued investment into space, which is a critical cog in India's geopolitical ambitions," Ahmed adds. Another rocket-maker, Chennai-headquartered Agnikul Cosmos, has raised \$20 million in its ongoing Series B round from Silicon Valley-based venture capital (VC) firm and existing investor Rocketship.

"Investor interest will only increase since the space market in India is set to touch \$13 billion by 2025, from around \$9.6 billion now," says ISpA Director General Bhatt. "There's huge potential for these start-ups." According to a report by ISpA and EY, "Improved investment friendly policies and guidelines would make it lucrative for private funding agencies and VCs to pump in funds to bring scalability and growth."