India Venture Capital Report 2025

BAIN & COMPANY

Whispers of Spring: Funding winter thaws as India's investment landscape shows signs of revival

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Definition: Classification of venture capital (VC)/growth investments

VC/growth fund classification

1 Geography

Headquartered in India

OR

Majority workforce in India

2 Deal type

Deal in which a VC or a growth fund is among the lead investors

OR

Deal in which the target firm is in tech domains, excluding buyout deals

Source: Bain & Company

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1 Executive Summary

Executive summary

India's venture capital (VC) landscape demonstrated resilience and recovery in 2024, with funding rebounding to $13.7 billion—1.4x the 2023 levels. Strong domestic fundamentals, progressive regulatory reforms, and rising public market activity strengthened India's position as Asia-Pacific's second largest VC destination, while Asia-Pacific funding remained flat.

A rise in deal volumes (880 deals in 2023 vs. 1,270 in 2024, a ~45% increase) led this growth in deal activity. Small- and medium-ticket deals (< $50 million), which made up around 95% of the deals, increased by ~1.4x. $50 million+ deals nearly doubled, rebounding to pre-pandemic levels as high-quality assets attracted deployments (e.g., Zepto, Meesho, Lenskart). The average size of megadeals ($100 million+) fell by 20% as investors and founders shifted toward more conservative valuations. Despite this, 2024 saw five "unicorns" emerge vs. only two in 2023.

Tech-first sectors (consumer tech, software and software-as-a-service [SaaS], and fintech) remained dominant, capturing more than 60% of the total funding. Consumer tech became the largest sector, with funding rising 2.3x to $5.4 billion. Megadeals in business-to-consumer (B2C) commerce, travel tech, gaming, and edtech drove this growth.

Within B2C commerce, quick commerce was a breakout theme. Rapid customer adoption, quickly evolving propositions from leading players, and demonstrated paths to profitability that conferred credibility on the business model fueled this development.

VC and growth funding in software and SaaS, including generative artificial intelligence (AI), rose ~1.2x to $1.7 billion from 2023 to 2024 as international plays matured and more high-quality scaled assets entered the market. Generative AI funding grew ~1.5x during this period, both for generative AI-native start-ups and deployment earmarked for generative AI capability development. Applications and platforms attracted most of the interest, compared to a global focus on more capital-intensive foundational models.

Meanwhile, traditional sectors such as banking, financial services, and insurance (BFSI) and consumer/retail experienced sharp funding growth driven by their underlying strengths, including large addressable markets, untapped demand, and favorable socioeconomic tailwinds.

"2024 was a defining year for Indian start-ups as they matured into established businesses, settling questions about market depth, profitability, and exits as the next wave of innovation emerges, as evidenced by scaled-up unicorns turning profitable and a wave of successful startup IPOs. Indian companies are pioneering solutions across the AI stack—from infrastructure and middleware to vertical agents and services. Generative AI will be a major vector of innovation in consumer tech as platforms create hyper-personalized offerings bolstered by direct monetization. A new wave of consumer brands is focusing on premiumization as consumers look for products that match the quality and experience of global offerings. Fintech revenue pools have deepened well beyond lending as consumers and businesses continue to adopt digital-led solutions."

—Elevation Capital

"Consumer businesses in India continue to demonstrate robust long-term growth potential, underpinned by favorable demographics, increasing purchasing power, and growing consumer preferences for experimenting with innovative and 'Made in India' brands. The sector's stability is evident in the strong performance of initial public offerings (IPOs) and a surge in mergers and acquisitions (M&A) activity driven by both global and domestic strategic investors. This stability, alongside a market shift favoring fundamentally sound businesses over pure growth narratives, has positioned the sector as an attractive investment avenue, drawing interest from sector-agnostic funds."

—DSG Consumer Partners

"AI isn't just another technological wave—it's a paradigm shift reshaping industries worldwide. At Accel, we back start-ups building enterprise AI platforms and AI-powered tools that solve real-world problems. Beyond enterprise applications, AI is unlocking massive opportunities in consumer tech, supercharging vertical SaaS, and accelerating digital transformation. From AI-native applications to infrastructure for model testing, the potential for disruption is immense. The message for Indian start-ups in this space is clear: Adapt, innovate, and lead this AI revolution."

—Accel

Executive summary

“The VC landscape looks promising in 2025, with a resurgence in activity and a healthier, low-risk investment environment. We also believe that the IPO market looks bullish, with a strong pipeline of companies set to go public this year. Heightened M&A activity is expected to drive liquidity across sectors. The start-up ecosystem will continue to thrive as skilled professionals turn entrepreneurs, enhancing the quality of early-stage deals. More investment will flow in areas like climate tech, AI, consumer tech, fintech, and edtech. We will also see a rise of hybrid models that blend digital and physical presence.”

—Lightspeed India Partners

"2024 was a defining year where both digital companies like Zepto and Meesho, as well as traditional business models such as retail lending, attracted strong VC interest. Investors have had to refine their heuristics to balance the contrasting dynamics these segments present. While VCs are accustomed to the high-risk, high-reward nature of breakout companies, traditional models require a different approach—where valuations at maturity are largely established, and discipline becomes critical. Interest in these sectors will persist, making investment rigor more important than ever. Looking ahead to 2025, we remain as bullish as ever on the Indian startup ecosystem. More companies are scaling beyond double-digit billion-dollar valuations, with an increasing frequency of large liquidity events—key signals of a maturing market. Like any investment cycle, VCs and private markets will see fluctuations, but the medium-to-long-term outlook remains strong. At Nexus, we will continue to make bold, long-term bets on founders and sectors we believe in.”

—Nexus Venture Partners

A diverse mix of investors beyond the leading VCs stepped up in 2024, reflecting a return to the varied investor archetypes seen in 2021 and 2022. Private equity (PE) funds continued to reflect confidence in growth investments (e.g., KKR in Rebel Foods). Family offices and corporate VC firms also stepped up activity, with deal volumes increasing ~1.8x from 2023 to 2024.

Fund-raising activity declined by ~35% to $2.7 billion, the lowest since 2020, as accumulated dry powder continued to loom and deployment remained cautious in recent years. Against this backdrop, maiden funds rose in prominence, comprising nearly one-third of the VC/growth capital raised (vs. ~25% in 2023). Some funds targeted specific themes, such as sustainability, agriculture, defense, sports, and gaming.

Exit activity remained steady in 2024, edging up to $6.8 billion. Importantly, public market exits rose from ~55% to ~76% of total exit value over 2023–24. A 7x surge in IPO exit value powered this change, fueled by rising liquidity, recovery in key tech stock valuations, regulatory reforms, and a pent-up IPO backlog.

Overall, in 2024, India’s start-up ecosystem showcased a growing emphasis on profitability, innovation, and regulatory alignment. Policy reforms such as eliminating the angel tax, reducing long-term capital gains (LTCG) tax rates, removing the National Company Law Tribunal (NCLT) process, and simplifying foreign venture capital investor (FVCI) registrations signaled positive momentum for the Indian start-up ecosystem and funding.

Looking ahead to 2025, investors remain confident and have available capital, suggesting potential robust deal activity. Growth-stage investments are set to rise, and emergent sectors—such as semiconductors, energy transition, and deep tech—will likely garner greater interest as the ecosystem evolves and institutional support deepens.

In the longer term, India’s VC ecosystem is poised for sustained growth. Strong consumption tailwinds, regulatory advancements, and a rapidly expanding digital backbone will drive this development.

Figure 1: 2024 was a year of cautious investor optimism, as deal activity saw signs of recovery (1/2)

1

India VC/growth investments recovered to $13.7B in 2024

India's VC and growth funding rose ~1.4x over 2023–24 (vs. $9.6B in 2023), outpacing Asia-Pacific VC funding growth (which remained in line with 2023 levels). This growth was driven by a favorable macroeconomic environment, an improved regulatory landscape, and a few large pre-IPO deals

2

1.4x growth in deal volume with stable average deal size at ~$11M

Deal volume grew from 880 to 1,270 over 2023–24, with strong momentum across stages. Early-stage deals remained salient (~82% of deals).The average deal size held steady (~$10.8M vs. ~$10.9M in 2023); $100M+ megadeals increased (15 to 24), however, average size declined by ~20%, driven by tempered valuations

3

Consumer tech deal value more than doubled as megadeals surged

Consumer tech deal value rose from $2.4B to $5.4B over 2023–24, with megadeals comprising nearly two-thirds of the total (e.g., Zepto, Meesho, Lenskart). Investors backed high-quality businesses that have achieved significant scale, tested value propositions, and continued their focus on profitability improvements

4

Traditional sectors, like BFSI and consumer/retail, garnered further interest

Investors increased focus on traditional sectors (3.5x the deal value in BFSI, 2.2x in consumer/ retail), fueled by structural opportunities characterized by strong headroom, consumption tailwinds, and time-tested business models (such as Vastu, Ummeed Housing Finance, BlueStone)

5

Generative AI funding grew as applications drew interest

Generative AI funding grew from ~$250M to ~$390M over 2023–24, as investors observed further proof points of product-market fit in enterprise workflows. Software and SaaS (excluding generative AI) saw a modest rise (~1.1x*) driven by sustained interest in areas such as development/testing and marketing tech, along with the global scaling of several Indian players

6

Leading PE/growth funds continued to expand their salience

PE/growth funds continued to remain active, comprising 20%+ of VC/growth deal activity since 2023 (vs. <10% pre-2022). Notably, their salience in $50M+ deals increased, rising to ~50% from ~45% over 2023–24, with investments primarily focused on consumer tech, software and SaaS and fintech

* Not inclusive of generative AI

Notes: BFSI = banking, financial services, and insurance; IPO = initial public offering; SaaS = software-as-a-service; VC = venture capital

Sources: Bain & Company; PitchBook

Figure 1: 2024 was a year of cautious investor optimism, as deal activity saw signs of recovery (2/2)

7

Fund-raising activity abated as dry powder sustained

Fund-raising fell ~35% to ~$2.7B over 2023–24, with limited activity from most top investors.[1] There was a ~40% decline in average size of fund raised over 2023–24 (following 2022 record levels) and only modest recovery in capital deployment. Large fund-raises ($100M+) also declined, going from 10 to 4 over 2023–24

8

Domestic funds dominated fund-raising, extending last year's trend

Barring Accel's $650M raise, 95% of fund-raising activity was led by domestic funds. The ecosystem saw an increase both in the number and salience of maiden funds (from 20 to 24 funds, and 25% to 28% share over 2023–24)

9

Exits held steady as investors seized chances to exit maturing positions

Exits increased gradually by ~4%, to $6.8B over 2023–24, with large exits in consumer tech (e.g., Swiggy), consumer/retail (e.g., Mamaearth), fintech (e.g., Paytm), and healthcare (e.g., Inventia Healthcare). Momentum is expected to continue, as aging capital will sustain an investor focus on liquidity

10

Public markets were the dominant mode of exit as IPOs grew

Public market exits gained further salience, rising from 55% to 76% of exit value over 2023–24. IPOs in India bucked the global trend, increasing ~7x in value, with increased liquidity, policy reforms (e.g., T+3 listing), stable GDP growth, and central government policy continuity

11

Regulatory reforms acting as tailwinds for VC/growth investments

Several reforms further catalyzed the ecosystem: Abolishment of the angel tax gave a boost to early-stage funding, removal of the NCLT process eased pathways for re-domiciling to India, and LTCG reduction bode well for LP returns

12

Start-ups increasingly re-domiciling to India ahead of imminent IPOs

Several leading start-ups are shifting base to India (e.g., Meesho, Zepto) to tap into the increasingly attractive Indian IPO markets. This trend has been enabled by NCLT removal, which facilitated shorter timelines (3–4 vs. 12–18 months), and bridge rounds to fund overheads

13

VC/growth funding likely poised for continued growth in 2025

Persisting dry powder, companies maintaining a keen profitability focus, and positive regulatory policies are expected to drive further growth in activity. Consumer tech, software and SaaS are expected to dominate with emerging sectors like deep tech and energy transition gaining traction

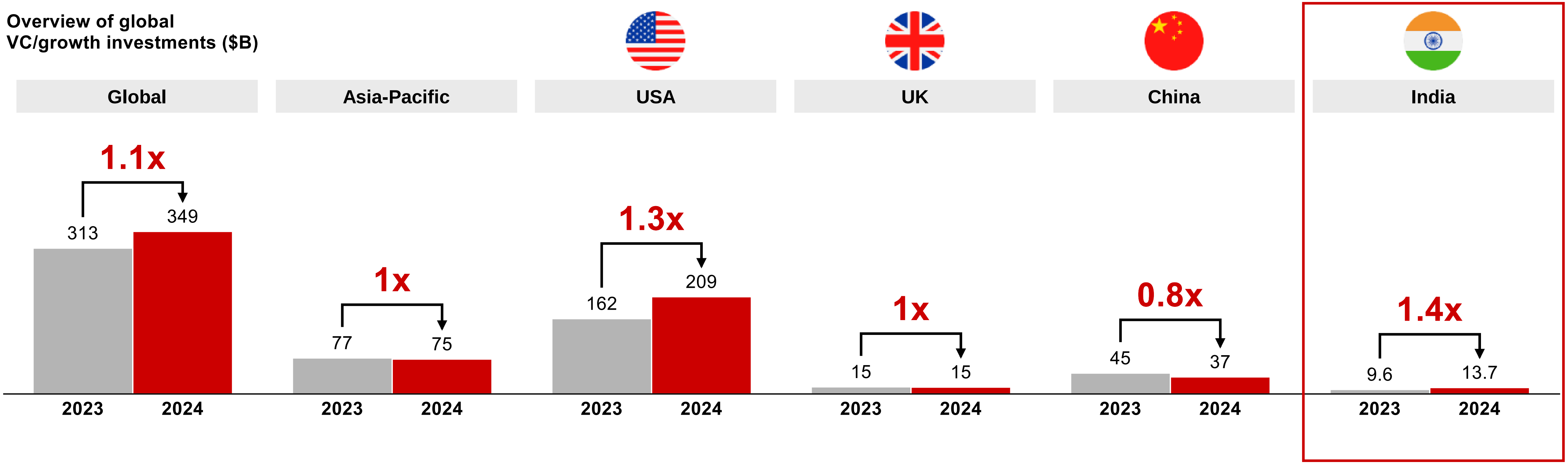
(1) Top investors based on funds raised in the last five years (2019-23)
Notes: IPO = initial public offering; LP = limited partners; LTCG = long-term capital gains tax; NCLT = National Company Law Tribunal; SaaS = software-as-a-service
Source: Bain & Company

2 India VC deal landscape

India VC deal landscape

- **The year 2024 marked a recovery in India's VC and growth funding. Investments rose 1.4x (from $9.6 billion to $13.7 billion),** even as Asia-Pacific funding remained flat. India continued to solidify its position as Asia-Pacific's second largest market for VC investments.
- **The interplay of domestic and global factors shaped the investment landscape.** Persistent global headwinds, such as sluggish GDP growth and ongoing geopolitical uncertainties, continued to dampen consumer demand and investor sentiment. Nevertheless, India's resilient domestic fundamentals, bolstered by a favorable macroeconomic environment, progressive regulatory reforms, and rise in public market exits have fostered investor confidence.
- **An increase in deal volumes across all deal sizes—from 880 deals in 2023 to 1,270 in 2024—fueled investment growth.** Small- and medium-ticket deals (< $50 million) made up ~95% of deals and grew by ~1.4x. $50 million+ deals nearly doubled and rebounded to pre-pandemic levels as high-quality assets attracted deployments (e.g., Zepto, Meesho, Lenskart). At the same time, deal size remained steady at ~$11 million. Megadeals ($100 million+) dropped ~20% in average size, reflecting a shift toward conservative valuations.
- **The rise in larger deals and the addition of new unicorns** (five new unicorns in 2024 compared to two in 2023) further underscored strong recovery in India's funding landscape.

Figure 2: VC/growth funding in India rose to 1.4x of 2023 levels, outpacing activity in the broader Asia-Pacific region which remained flat



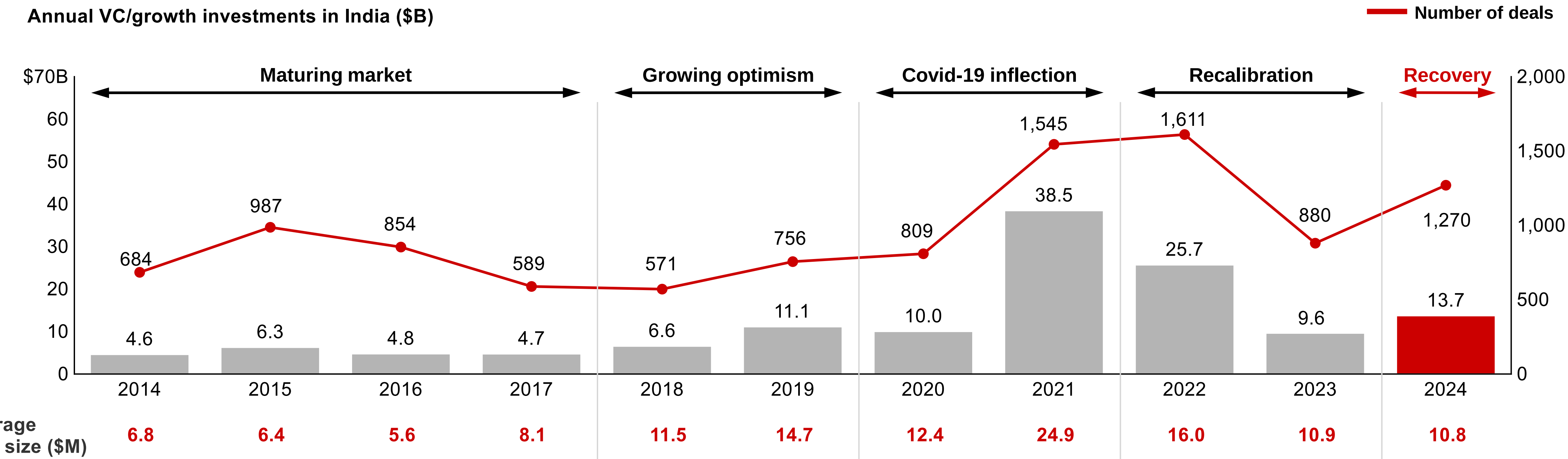
India investments overview

Recovery in India's VC/growth activity: VC/growth investments increased to $13.7B from $9.6B, driven by regulatory reforms, favorable macroeconomic conditions, and a boost in public market exits

India's share in Asia-Pacific VC/growth funding increased by ~6 pp, to 18%, over 2023–24, enabling it to be in the No. 2 position in Asia-Pacific after China: Globally, India increased its share by ~1 pp over 2023–24, to account for ~4% of VC/growth deployment

Notes: All investment figures include real estate and infrastructure deals; investment value and volume excludes undisclosed deal value transactions; pp = percentage points; PE = private equity; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 3: Deal activity turned a corner after two years of decline; India VC/growth deal flow increased to ~$13.7 billion from ~$9.6 billion over 2023–24



Significant evolution in India's start-up landscape; increasingly positive investor sentiment to back first-generation start-ups in India

Rapid scale-up of global hedge funds (e.g., Tiger Global and SoftBank) and global VCs setting up significant domestic presence in India

Some investor caution emerged in latter half (2016–17), led by lack of clarity on exits for prior investments

Marquee exits reignite investor confidence

Emergent sectors demonstrating traction pique investor interest (e.g., fintech, software and SaaS)

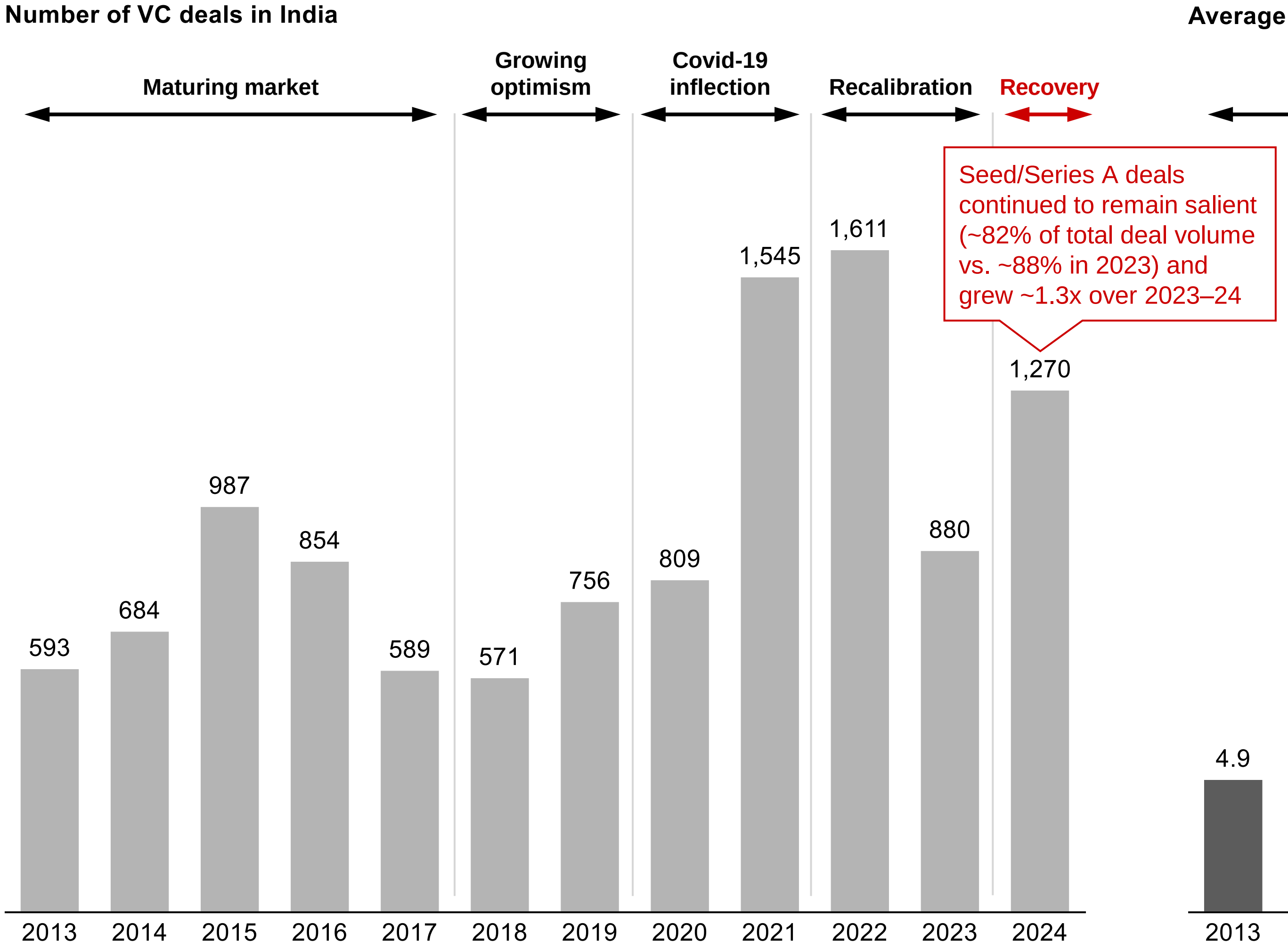
Post initial caution due to Covid-19, reinvigorated confidence leading to record investments in 2021—deepening of ecosystem and marquee exits

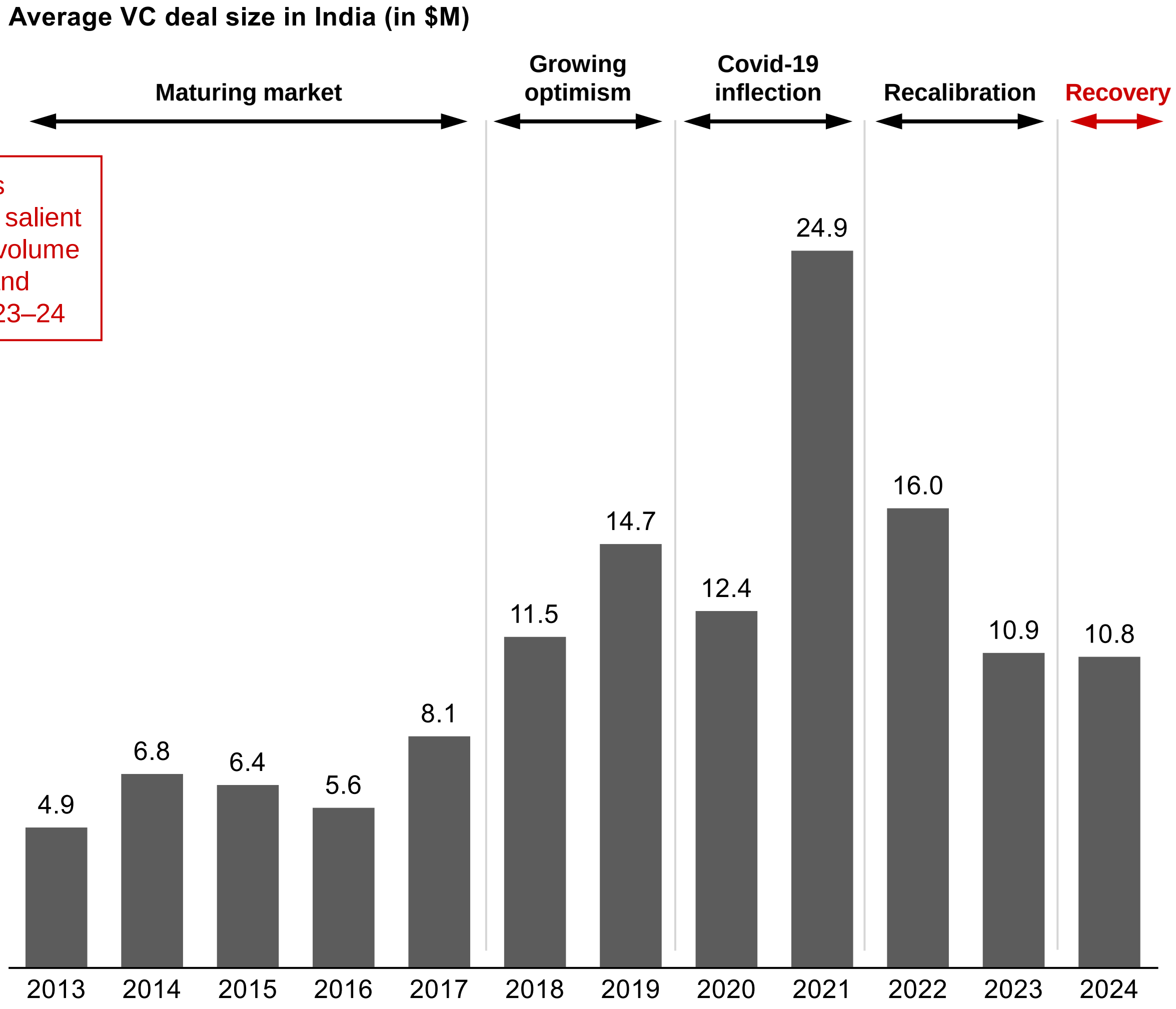
Investors recalibrated their strategies amid macroeconomic challenges, leading to compressed valuations, extending the funding winter, and affecting both the deal volume and average deal sizes

The supply of dry powder, adequate availability of high-quality assets, a reset in valuation expectations, and broader easing in global monetary policies drove bounce-back

Notes: Excludes undisclosed deal value transactions; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

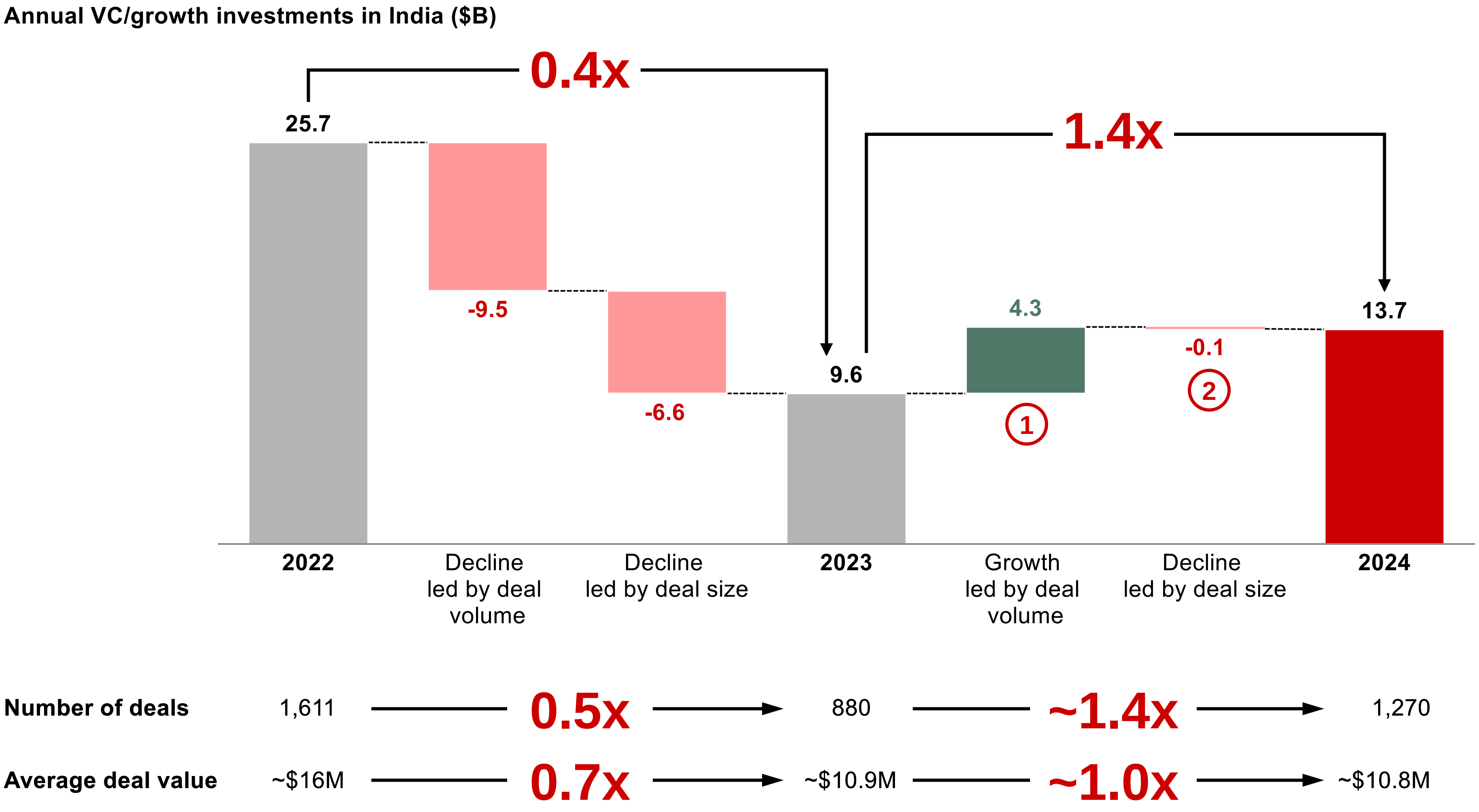
Figure 4: Growth in VC/growth deal flow was led by an uptick in deal volume (880 to 1,270), while average deal sizes remained stable (~$11M in 2023–24)





Notes: Excludes undisclosed deal value transactions; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 5: Deal volumes increased across deal sizes and stages, while average deal size remained stable



1 Deal volumes rose, driven by late-stage investments and steady small-ticket momentum

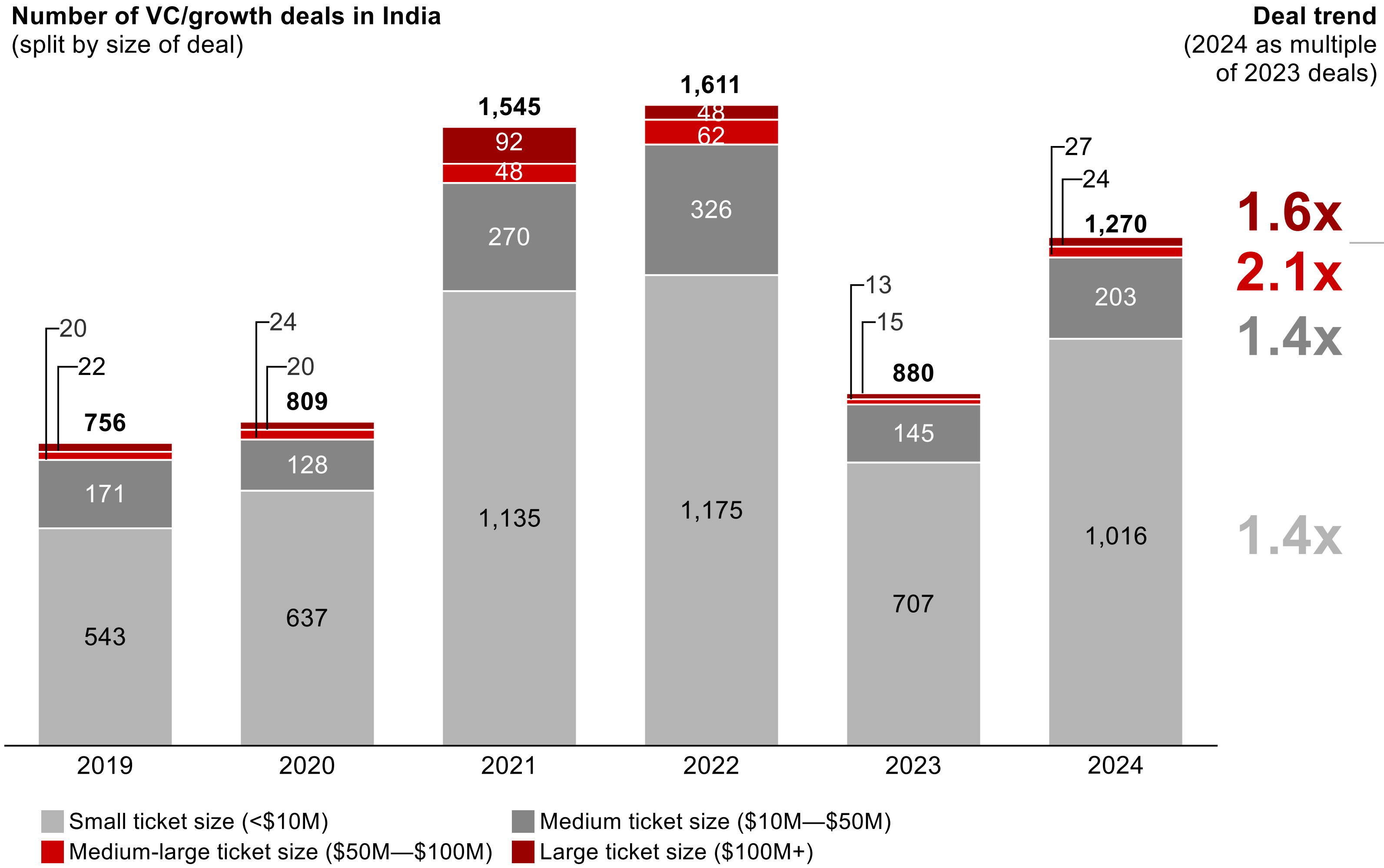
Deal activity **rose across stages**, with higher growth in **late-stage investments,** as investors focused on category leaders driving sustainable growth (e.g., Zepto, Meesho). **Small-ticket deals** (<$50M) also **gained traction** across sectors such as consumer brands, NBFCs, and healthcare

2 Overall deal size remained stable, while size for mega-rounds declined

The average size of <$100M deals remained stable, while the average size of megadeals ($100M+) dropped 0.8x—despite volumes rising from 15 to 24 in 2023–24—as investors and founders aligned on tempered valuations. Scaled deals ($250M+) also saw a ~20% decline in average size

Notes: Average deal size excludes undisclosed deal value transactions; NBFC = nonbanking financial company; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 6: Mega-round activity returned to pre–Covid-19 levels, reflecting broader growth across deal sizes

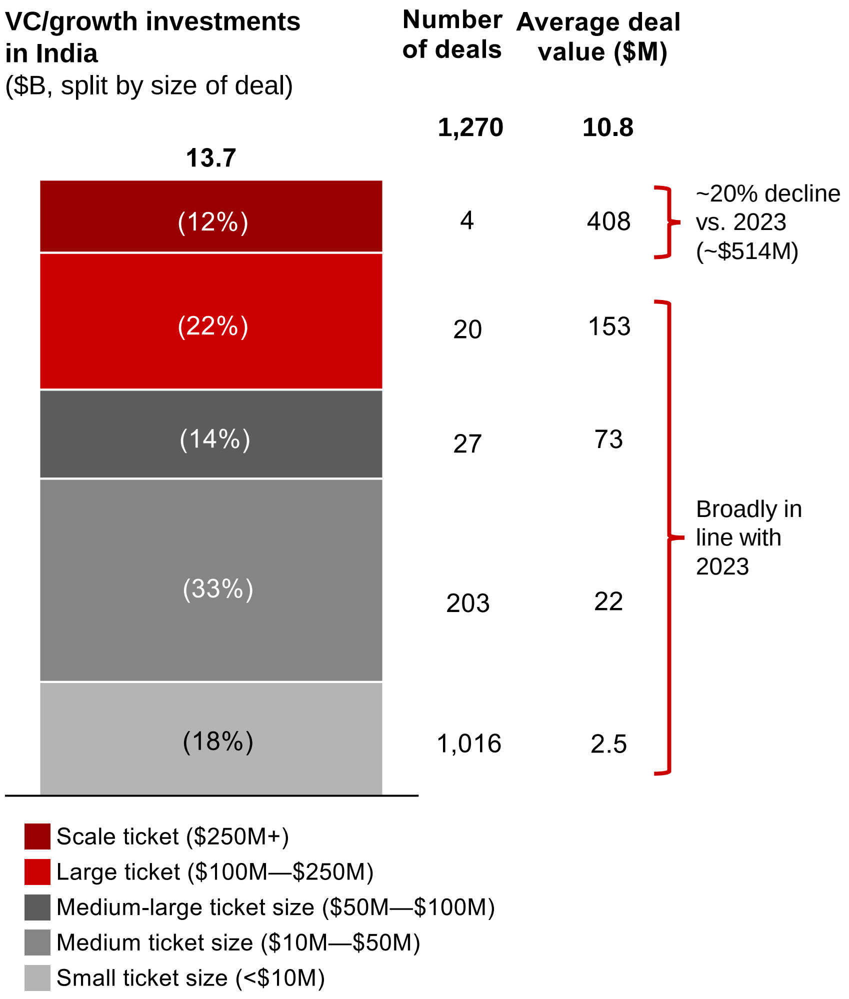


Mega-rounds ($100M+) and medium-large deals ($50M–$100M) rebounded and reached pre-2021 levels

This change was driven by a ~4x surge in $100M+ consumer tech deals (rising from 4 to 16 over 2023–24) and a 3x–4x increase in $50M–$100M deals across sectors such as software and SaaS, and BFSI. This resurgence reflected investor confidence in quality companies that weathered the two-year funding winter through sharper strategies and focused execution

Notes: Ticket size indicates total investment value in respective rounds/deals (includes all investors); BFSI = banking, financial services, and insurance; SaaS = software-as-a-service; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 7: The top 10 most funded companies in 2024 accounted for ~25% of total VC investments in India, with 9 out of 10 focused on consumer businesses



Overview of top 10 most funded companies in 2024 (accounting for ~25% of total funding)

Asset	Lead Investors[1]	Sector	Quarter[2]	Deal Value	Valuation[3]
Zepto	Glade Brook Capital, Nexus Venture Partners, StepStone Group, Lightspeed	B2C commerce	Q2–Q4	~$1.4B*	~$5B
Meesho	Prosus Ventures, Tiger Global, Peak XV Partners, Elevation Capital	B2C commerce	Q2	~$275M	~$3.9B
Rebel Foods	Temasek, Evolvence, KKR	Foodtech	Q4	~$270M*	-
Rapido	WestBridge Capital, Nexus Venture Partners, Prosus N.V.	Traveltech	Q3–Q4	~$260M*	~$1.1B
PharmEasy	MEMG Family Office, Prosus Ventures, Temasek, 360 One Portfolios	Healthtech	Q2	~$216M	~$710M
Physics Wallah	Lightspeed, Hornbill Capital Advisers, GSV, WestBridge Capital	Edtech	Q3	~$210M	~$2.8B
Lenskart	Fidelity, Temasek	B2C commerce	Q2	~$200M	~$5.6B
Purplle	ADIA, Premji Invest, Sharrp Ventures, Blume Venture	B2C commerce	Q3–Q4	~$180M*	~$1.25B
Mintifi	Premji Invest, Ontario Teachers' Pension Plan, Prosus N.V.	Fintech	Q4	~$180M	~$850M
Oyo	InCred Wealth, Patient Capital, J&A Partners	Traveltech	Q3	~$175M	~$2.4B

* Total funding over different rounds in 2024
(1) Only lead investors mentioned—list is not exhaustive; (2) Quarter is assigned per timeline of announcement of deal; (3) Indicative of latest valuation published for the year 2024
Notes: B2C = business-to-consumer; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 8: Larger expansion in mid- to late-stage deal volumes compared to seed

Number of deals
(Average VC/growth deal value in India)

	2023	Volume trend	2024
Seed	628 (~$1.3M)	~1.2x	756 (~$1.6M)
Series A	147 (~$11M)	~1.9x	286 (~$5.9M)
Series B	48 (~$24M)	~2.3x	110 (~$22.7M)
Series C	23 (~$28M)	~2.0x	47 (~$29.7M)
Series D+	33 (~$163M)	~2.2x	71 (~$97.1M)

Volume trend
(2024 as multiple of 2023 deals)

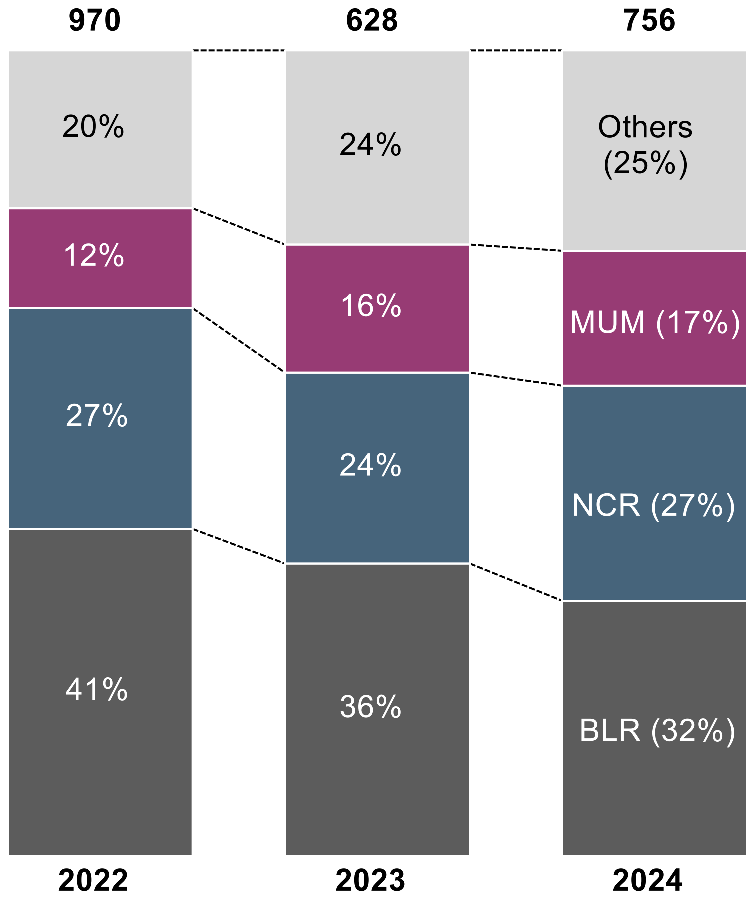
Seed funding volumes grew modestly in 2024, following a 2021–22 spike and a relatively resilient 2023: Investors adopted a measured approach, extending fund-raising timelines by 1.5–2x to gain greater confidence in product-market fit and sectoral trends, while evaluating how early-stage start-ups scale and differentiate before committing additional capital

Series B+ funding volumes grew strongly in 2024, as capital chased more proven companies: Deal activity rebounded to 2022 levels after a brief dip in 2023. The rebound was fueled by renewed interest in growth-stage opportunities and a focus on deploying accumulated dry powder

Notes: Series D+ includes Series D to Series K; average deal size excludes undisclosed deal value transactions; VC = venture capital
Sources: Bain & Company; PitchBook

Figure 9: Seed funding beyond top 3 cities held salience, as robust supply of talent, cost efficiencies, and government-backed programs sustained investor confidence

Seed stage VC investments in India
(Number of deals, split by city)



Key seed deal highlights

HYDERABAD

Rapidue Tech	Dhruva Space
$13M	$12M

PUNE

Spry	Uniqus
$15M	$10M

JAIPUR

Namdev Finvest	Girnarsoft Education
$16M	$9M

Key insights

Seed funding retains momentum in emerging start-up hubs, fueled by rich talent pools, 40%–50% lower fixed costs, and growing angel networks driven by the expanding start-up ecosystem beyond metros

Government initiatives boost Tier 2/3 start-up ecosystems: National programs (e.g., SISFS, Startup India), state policies, and incubators (e.g., GUSEC, SEED cell) are driving growth and connectivity

Investor confidence in Tier 2/3 start-ups continues to strengthen, driven by success stories like ShopKirana and FreshToHome, a growing ecosystem (~45% of DPIIT-registered start-ups are from Tier 2/3 cities), and local innovations (e.g., AamDhanE)

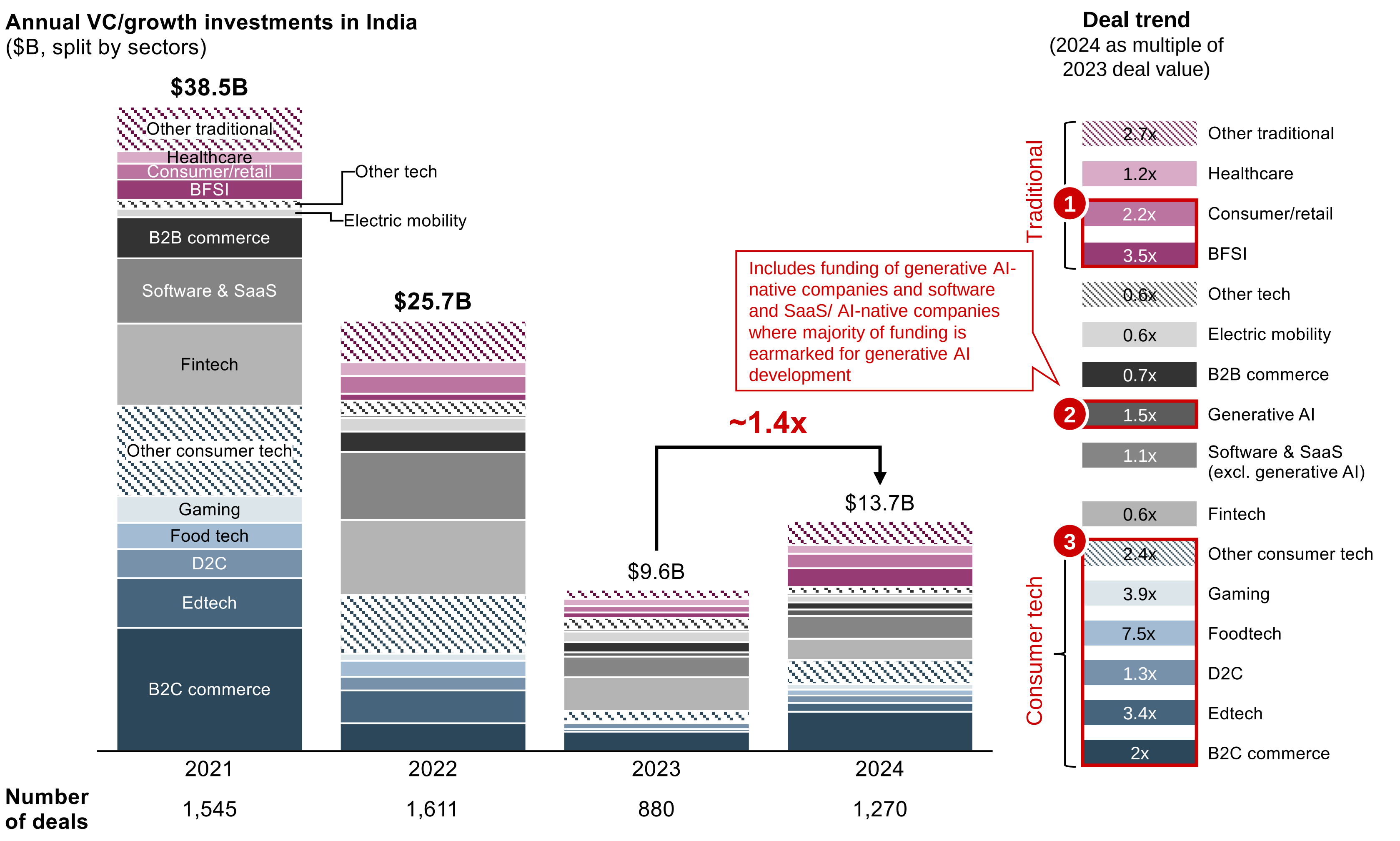
Notes: City split based on start-up headquarters; BLR = Bengaluru Metropolitan Region; DPIIT = Department for Promotion of Industry and Internal Trade; GUSEC = Gujarat University Startup and Entrepreneurship Council; MUM includes Mumbai, Thane, and Navi Mumbai; NCR includes Delhi, Gurgaon, Noida, Faridabad, Ghaziabad, and Meerut; SEED cell = the funding program 'Sikkim Entrepreneurship and Economic Development' in Gangtok, aimed at the mission of One Family, One Entrepreneur; SISFS = Startup India Seed Fund Scheme; VC = venture capital
Sources: Bain & Company; AVCJ; Tracxn; Venture Intelligence; Nasscom

3 Key investment themes in 2024

Key investment themes in 2024

- **Consumer tech, software and SaaS, and fintech remained dominant in 2024.** Together, these sectors attracted ~62% of funding, in line with 2023. Consumer tech salience increased from ~25% to ~40% from 2023 to 2024, while fintech's halved (~20% to ~10%).
- Funding rebounded across most sectors, and a few key themes emerged:
  - **Consumer tech surged in 2024, with funding jumping 2.3x to $5.4 billion.** A sharp increase in $100 million+ megadeals (16 vs. 4 in 2023) drove this growth and signaled investor confidence in scalable, high-quality business models on the path to profitability. B2C commerce (including quick commerce), traveltech, gaming, and edtech also influenced this growth. Notable investments include ~$1.4 billion raised by Zepto, $210 million by Physicswallah, and $150 million by Dream11.
  - **Software and SaaS funding (including generative AI) rose 1.2x to $1.7 billion, fueled by customer spending on development and testing tools, maturing international go-to-market strategy for leading players, and availability of quality scaled assets.** The number of $50 million+ deals increased from five in 2023 to eight in 2024. This reflected an appetite for high-growth players with a strong international presence in popular fields, such as generative AI or data analytics. Horizontal software and SaaS grew 1.4x, led by development tools and a rising demand for automation. Marketing tech also rose 1.4x, fueled by digital-first marketing and e-commerce growth.
  - **Traditional sectors saw strong deal growth in 2024. Sectors characterized by large addressable markets, underserved demand, and socioeconomic tailwinds led this development.** For example, BFSI funding surged 3.5x to $1.1 billion, driven by non-banking financial companies in affordable housing (e.g., Ummeed Housing) and 5x growth in green financing. Consumer/retail grew 2.2x to ~$0.9 billion, with funding focused on food and beverages (e.g., Bira, Parsons) and fashion (e.g., BlueStone). Rising discretionary spending, demand for premium products, and asset-light business models drove this growth. Digital enablers also made an impact, including quick commerce that expanded access and created lucrative platforms for growth. For example, Hocco's quick commerce revenues doubled month-on-month since launching in February 2024.

Figure 10: Deal flow in consumer tech and traditional businesses rebounded, while interest in green-shoot themes like generative AI continued to grow



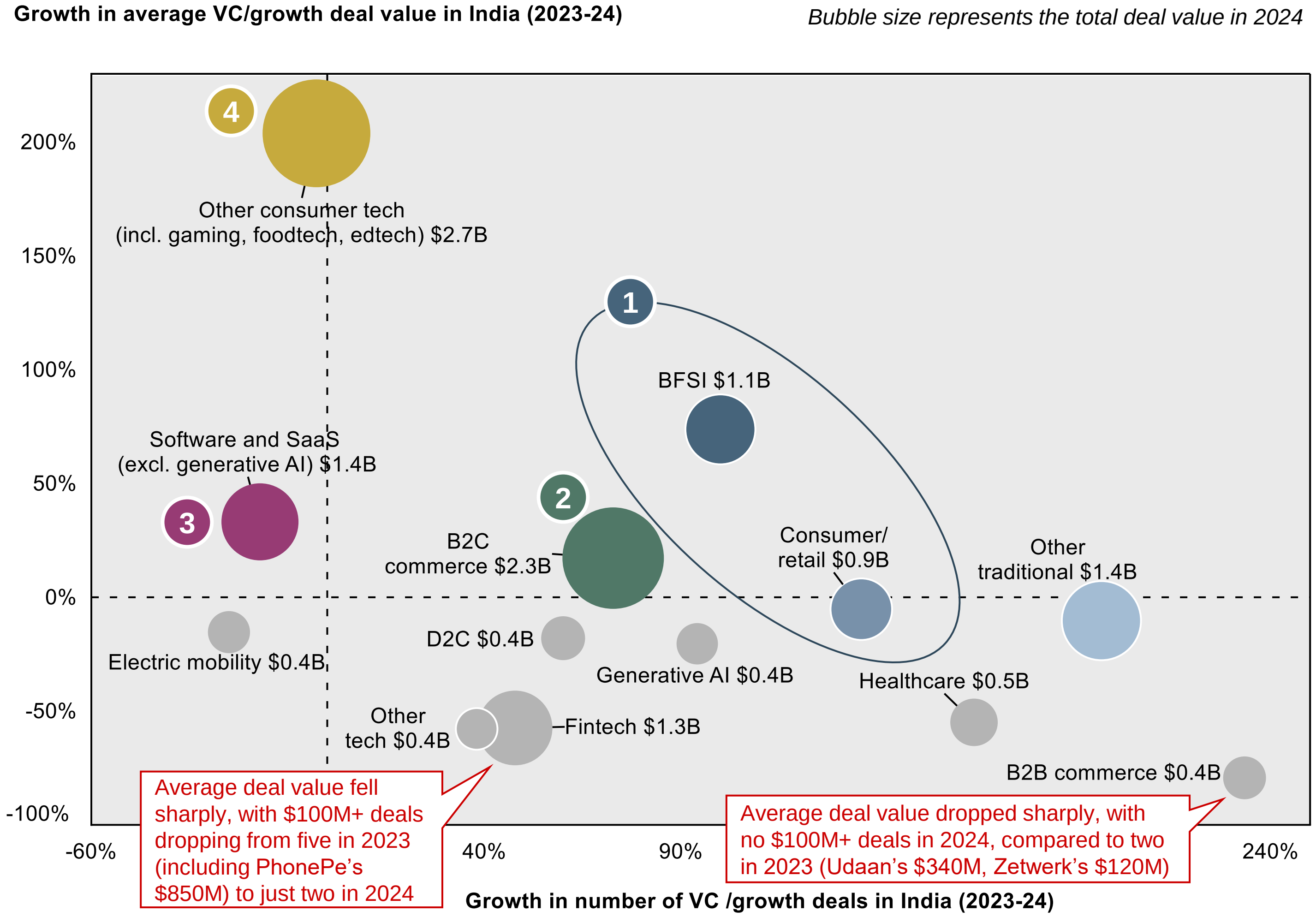
1. **Investments in traditional sectors grew, led by BFSI and consumer/retail** (3.5x in BFSI and 2.2x in consumer/retail over 2023–24)—driven by large addressable markets, underserved segments, and socioeconomic tailwinds; and offering growth opportunities within proven business models and predictable revenue streams

2. **Funding to generative AI grew from ~$250M to ~$390M over 2023–24**, driven by increasing proof points of product-market fit within enterprise workflows and India's vast data ecosystem—enabled by high Internet penetration—supporting the effective training of AI models; applications accounted for ~70% of total funding

3. **Consumer tech funding surged ~2.3x in 2024, as high-quality businesses attracted large rounds**—14 companies spanning subsegments attracted ~70% of funding (e.g., Zepto, Meesho, Rapido, HealthKart, Pocket FM, Physics Wallah, Eruditus, Dream11)

Notes: Other consumer tech includes traveltech, proptech, and social media/content; Other tech includes agritech, IT and IT-enabled services, and climatetech; other traditional includes energy, shipping and logistics, and education; B2B = business to business; B2C = business to consumer; BFSI = banking, financial services, and insurance; D2C = direct-to-consumer brands with majority of revenue coming from online channels; SaaS = software-as-a-service
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 11: Deal volume and size recovered across select sectors such as BFSI, B2C commerce; software and SaaS and other consumer tech showed growth in deal size



1 **Deal volumes grew in BFSI and consumer/retail**, driven by strong market fundamentals (such as underserved Tier 2+ segments and rising disposable income) and supported by established business models with stable cash flows (e.g., Vastu Housing Finance, SK Finance, Bira, Wow Momo)

2 **B2C commerce attracted investor interest, driving both deal volume and size:** Deal volume grew 1.7x (22 to 38), and deal size rose 1.2x ($53M to $62M) over 2023–24, led by a rise in $100M+ deals (three to six) focused on scaled, IPO-bound businesses (e.g., Zepto, Meesho, Lenskart)

3 **Average deal size increased in software and SaaS (excl. generative AI)** (~$9M vs. ~$7M in 2023), driven by sizable investments in high-quality companies with strong international GTM strategies (e.g., Whatfix, Atlan)

4 **Average deal size increased sharply for other consumer tech** (~$14M vs. ~$7M in 2023), driven by growth in $50M+ deals (from 1 to 15 over 2023–24) across edtech, traveltech, gaming, healthtech, and so on

Notes: Other consumer tech includes edtech, gaming, foodtech, traveltech, proptech, etc.; other tech includes agritech, IT and IT-enabled services, climatetech, etc.; other traditional includes energy, shipping and logistics, education, etc.; B2C = business to consumer; BFSI = banking, financial services, and insurance; D2C = direct-to-consumer brands with majority of revenue coming from online channels; GTM = go-to-market; IPO = initial public offering; SaaS = software-as-a-service
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 12: 2024 marked a rebound in tech deals, a resurgence in traditional sectors, and continued momentum in emerging themes like generative AI

2024 funding

Momentum recovered across key tech sectors, such as consumer tech, software and SaaS

Consumer tech

2.3x

2023 deal value

Funding rebounded across subsectors, with a ~4x rise in $100M+ deals— increasing from 4 in 2023 to 16 in 2024—spanning B2C commerce (notably quick commerce), gaming, edtech, traveltech, foodtech, and healthtech. These megadeals focused on rapidly scaling businesses with improving profitability and exposure to high-consumption, high-engagement markets

Software and SaaS

1.1x*

2023 deal value

Excluding generative AI, software and SaaS sustained funding momentum in 2024, with a rise in large deals ($50M+ deals increased from four in 2023 to six) and strong PE/growth fund participation (e.g., Warburg Pincus, Apax Partners). Funding growth was fueled by sustained business model appeal due to recurring revenue models, interest in development tools, and maturing international GTM strategies

Resurgence in traditional sectors—BFSI, consumer/ retail

BFSI

3.5x

2023 deal value

BFSI funding grew in 2024, with key NBFC segments (such as MSME-focused financing, affordable housing, vehicle financing, and green financing) capturing ~80% of total funding (vs. ~66% in 2023). Affordable housing deals targeted regional winners serving Tier 2+ markets and first-time homebuyers. EV and solar adoption were backed as green financing themes

Consumer/retail

2.2x

2023 deal value

Funding grew across consumer/retail, with $25M+ deals increasing from three to eight over 2023–24. Growth was fueled by recovering consumption, rising demand for premium brands (e.g., Rare Rabbit), westernization (e.g., café culture), and brand innovation (e.g., Frendy). Investor confidence was strengthened by proven successes (e.g., IPO-bound BlueStone) and solid sector fundamentals

Continued momentum in emerging growth themes

Generative AI

1.5x

2023 deal value

Generative AI funding (including funding toward generative AI development in software and SaaS/AI-native companies) grew steadily, driven by enterprise adoption and rising interest in no-code platforms supporting generative AI–enabled applications. Funding for less-capital-intensive generative AI applications surpassed generative AI infrastructure and foundational models, reflecting greater asset availability

* Excluding generative AI–focused companies

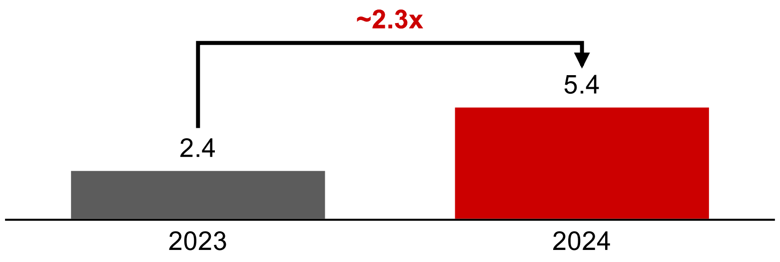
Notes: B2C = business to consumer; BFSI = banking, financial services, and insurance; EV = electric vehicle; GTM = go to market; IPO = initial public offering; NBFC = nonbanking financial company; MSME = micro, small, and medium enterprises; PE = private equity; SaaS = software-as-a-service

Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 13: **Consumer tech** rebounded in 2024, with a 4x rise in $100M+ megadeals that drove 67% of funding (compared to 50% in 2023)

Funding overview

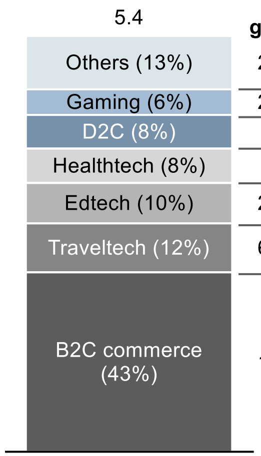
Annual VC/growth investments in India (consumer tech focused, $B)



	2023	2024
Number of deals	**233**	**284**
Salience (% total VC/growth investments)	25%	40%
Share of $100M+ deals by value	50%	67%

Sectoral trends

Investment split across segments ($B)



	YOY growth	
Others (13%)	229%	Rebel Foods (two deals of $210M, $60M), Pocket FM ($103M)
Gaming (6%)	287%	Dream11 ($150M), Nazara ($101M)
D2C (8%)	31%	Wooden Street ($43M), GIVA ($30M)
Healthtech (8%)	27%	PharmEasy ($216M), HealthKart ($153M)
Edtech (10%)	242%	Physics Wallah ($210M), Eruditus ($150M)
Traveltech (12%)	620%	Rapido (two deals of $200M, $60M), Oyo Rooms ($175M)
B2C commerce (43%)	102%	Zepto (three deals of $665M, $350M, and $340M), Meesho ($275M), Lenskart ($200M), Purplle (two deals of $120M, $60M)

- **$100M+ deals rose across subsectors,** increasing from 4 to 16 over 2023–24. Unlike 2023, when megadeals were largely focused on B2C commerce and healthtech, 2024 saw broader subsector coverage
- **The flight to quality in B2C commerce persisted**, with four companies capturing ~85% of funding (similar to 2023), led by Zepto's megadeals, which contributed ~57% of deal value
- **D2C funding grew ~30%**, as quick commerce emerged as a key channel for brands to scale (e.g., Slurrp Farm doubled FY23–24 revenues, with quick commerce's share growing sixfold)

Key drivers

- **Consumer tech funding rebounded as investors deployed at scale in high-quality players** (e.g., Meesho, Zepto, Lenskart), characterized by strong revenue growth and clear profitability paths (e.g., quick commerce). Momentum was further supported by signs of recovering consumption (PFCE grew 7.4% and 6% in Q1 and Q2 FY25, respectively, vs. 5.5% and 2.6% in same periods of FY24)
- **Large investment rounds expanded into high-engagement themes** such as content (e.g., Pocket FM), traveltech (e.g., Rapido, Oyo), and edtech (e.g., Physics Wallah, Eruditus), moving beyond B2C commerce and healthtech in 2023

Future outlook

- **Consumer tech is poised for growth in 2025, driven by India's attractive market dynamics**—favorable demographics (~43% of the population is younger than 25 vs. 20%–30% for Asia-Pacific peers), rapid digital adoption, a growing online shopper base (270M–280M vs. 230M–250M in 2023), and sustained indicators of demand potential (only 30%–40% of Internet users shop online vs. 70%+ in the US, China)
- **Key enablers** include expanding digital "backbones" (e.g., ONDC scaling to ~500 cities by 2024), new monetization models (e.g., subscriptions, microtransactions in content/gaming), quick commerce as a growth channel for D2C brands (e.g., Foxtale, 4700BC), rising demand for premium offerings (e.g., Mokobara, Akshayakalpa), and continued focus on profitability

Notes: Other consumer tech includes propertytech, foodtech, content/social media, etc.; B2C = business to consumer; D2C = direct-to-consumer brands with majority of revenue coming from online channels; ONDC = open network for digital commerce; PFCE = private final consumption expenditure; VC = venture capital; YOY = year over year
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge, Tracxn; RBI

Figure 13.1: 10 scale companies with positive commercial trends attracted ~60% of consumer tech funding

Consumer tech player	Subsector	Deal value	Revenue growth (FY24 vs. FY23)	EBITDA improvement (FY23 → FY24)	Key drivers of business trends
Zepto	B2C commerce	$1.4B[1]	**~2.2x**	**~75% stores** turned EBITDA profitable (May 2024)	• Boosted profitability through **~20% lower last-mile costs**, ~10% reduction in handling fees, and **improved rider/vehicle efficiency**
Meesho	B2C commerce	$275M	**~1.3x**	**+25 pp** (28%) → (3%)	• Achieved growth via **higher transaction frequency** and **customer retention**; profitability increase achieved via **optimized SG&A costs**
Rebel Foods	Foodtech	$270M[2]	**~1.2x**	**+20 pp** (30%) → (11%)	• Achieved revenue growth via **expansion into new cities and formats** (food courts); profitability improved through **optimized marketing** and **labor costs**
Rapido	Traveltech	$260M[2]	**~1.4x**	Achieved EBITDA profitability in Oct 2024 **+82 pp** (134%) → (52%)	• Drove growth with **~1.5x rise in ride orders** (led by expansion of cab services in January); **~50% reduction in per-unit fixed costs via operational efficiency**
Physics Wallah	Edtech	$210M	**~2.6x**	**-46 pp** 1% → (45%)	• Achieved revenue growth via increased student base and **expansion into new sectors,** like **skill development**
Lenskart	B2C commerce	$200M	**~1.4x**	**+5 pp** 10% → 15%	• Achieved growth through **rapid expansion in stores** (~500 new stores launched) and **robust SSSG** (~10% YOY)
Purplle	B2C commerce	$180M[2]	**~1.4x**	**+27 pp** (39%) → (12%)	• Enhanced EBITDA with **~20% rationalization in ad spending** ($31M → $24M), while delivering ~40% robust revenue growth
Oyo Rooms	Traveltech	$175M	**~1.0x**	**+20 pp** (4%) → 16%	• Improved profitability through **cost controls** (8% reduction in rental costs); employee cost reduction driven primarily by ESOPs
HealthKart	Healthtech	$153M	**~1.3x**	**+23 pp** (16%) → 7%	• Improved profitability through **stringent control of miscellaneous expenses** (12% → 3%); strong revenue growth driven by omnichannel distribution
Pocket FM	Content/ social media	$103M	**~6.0x**	**+102 pp**[3] (118%) → (16%)	• Achieved strong revenue growth via **~90% microtransaction-led monetization** and **expanded content base** (75K audio series, 250K+ writers)

(1) Across three separate fund-raising rounds; (2) Across two separate fund-raising rounds; (3) Profit after tax (PAT) margins are provided as EBITDA margins for consolidated financial statements are not available
Notes: B2C = business to consumer; pp = percentage points; EBITDA = earnings before interest, taxes, depreciation, and amortization; ESOP = employee stock ownership plan; SG&A = selling, general, and administrative; SSSG = same-store sales growth; YOY = year over year
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Tracxn; CLSA

Figure 13.2: **Quick commerce** continued to gain traction, fueled by expanding customer adoption, market evolution, and a demonstrated path to profitability

QC statistics at a glance

20M+

Annual active QC shoppers (2024E)

70M+

Monthly QC order volumes (2024E)

10%+

Quick commerce GMV as % of e-comm GMV (FY25E)

4.0x

Rise in stock-keeping units (2024E vs. 2023)

Key trends in quick commerce

1 Widening customer adoption; evolving ecosystem

- **Robust customer traction: Quick commerce already accounts for 70%–75% of e-grocery orders** (vs. ~35% in 2022), a rise driven by strong execution, rising incomes, wider assortments, and demand for convenience
- **Rising demand is reshaping the competitive landscape**, attracting horizontal giants (e.g., Flipkart Minutes), scale vertical players (e.g., Nykaa, Myntra), and new entrants (e.g., Swish, Slikk) to quick commerce
- **Quick commerce players are adding 'back' dark stores in high OPD/AOV clusters,** mapped to 4–5 'forward' dark stores. These back stores stock 3–4K additional tail SKUs, targeting demand for more premium, higher ASP tail selections
- **Quick commerce is accelerating D2C growth** via better access and hyper-targeted marketing, with start-ups allocating dedicated budgets as strategic investments; select examples include:

Food and beverages		Beauty and personal care	
Gourmet Garden	**4700BC**	**Foxtale**	**Earth Rhythm**
Scaled ~3x, to INR 10 Cr per month; ~80% sales from QC	~87% sales from QC, with ~45% growth YOY	QC sales increased 6–7x in six months.; ~40% sales from QC+e-comm	Overall monthly sales grew ~30x, to ~INR 1.5 Cr., in 1.5 years of QC listing

2 Demonstrated paths to profitability

Blinkit	Zepto	Swiggy Instamart
~(4.5%) → ~3.0% *Contribution margin over Q3 FY23–Q3 FY25*	**~75% stores*** *EBITDA positive by Q1 FY25* *Store profitability timelines: 23 → six months*	**~(3.2%) → ~(1.9%)** *Contribution margin over Q1 FY25–Q2 FY25*

- **Key levers driving profitability:** (a) **Steady category expansion** and higher free delivery thresholds boosting AOV across QC platforms (~40% growth over FY23–25**); (b) **a rising share of higher margin merchandise** (e.g., D2C products) and ancillary monetization streams (like ads) (**+3–4 pp gross margin** over FY23–25**); (c) dark stores **attaining 1,000+ OPD scale** in an increasing number of micro-markets, driving operating leverage; and (d) **logistical densification** cutting **per shipment costs by 25%** in 2024 vs. 2023

*As of May 2024; **Q1–Q3 values considered for respective FY

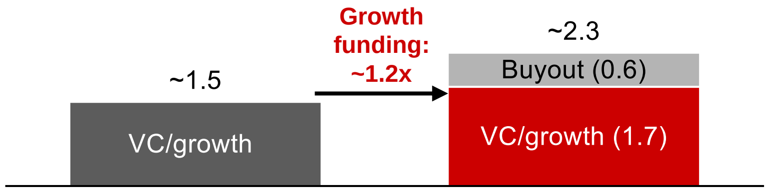
Notes: AOV = average order value; ASP = average selling price; D2C = direct-to-consumer brands with majority of revenue coming from online channels; EBITDA = earnings before interest, taxes, depreciation, and amortization; e-comm = e-commerce; FMCG = fast-moving consumer goods; GMV = gross merchandise value; OPD = orders per day; pp = percentage points; QC = quick commerce; SKU = stock-keeping unit; YOY = year over year

Sources: Annual reports; investor presentation; Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 14: **Software and SaaS** deal activity stabilized after a sharp drop in 2023, boosted by generative AI tailwinds

Funding overview

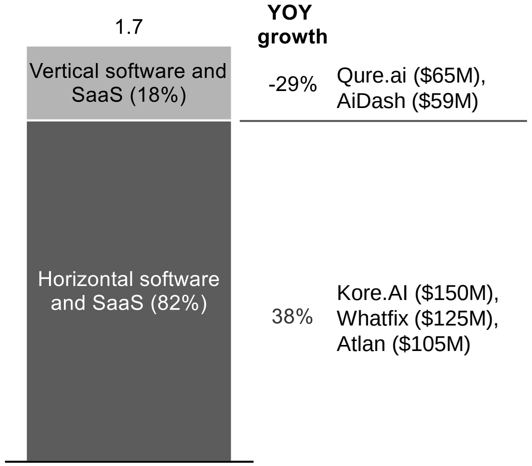
Annual VC/growth investments in India (software and SaaS focused, $B)



	2023	2024
Number of $50M+* deals	**204**	**188**
Average deal size ($M)*	7.3	9.3
Number of $50M+* deals	5	8
% of generative AI funding	17%	22%

Sectoral trends

Investment split across segments ($B)



- **Horizontal software and SaaS grew 1.4x over 2023–24**, driven by interest in software catering to **development and testing tools (40% share)** amid rising automation demand. **Software in the marketing technology** domain also witnessed a ~1.4x growth, as companies continued to focus on improving digital-first strategies and e-commerce
- **Vertical software and SaaS declined overall but saw growth in sectors like healthcare and wellness** (1.3x in 2024 vs. 2023), driven by post-pandemic digital adoption and favorable government initiatives like ABDM and telemedicine

Key drivers

- **Software and SaaS investments remain strong—**investor appeal driven by attractive business characteristics—robust gross margins, recurring revenues, enhanced solution utility, furthered by increasingly mature global GTM plays
- **Traditional PE/growth fund interest in software and SaaS grows**, with key deals like Whatfix (Warburg Pincus), GreytHR (Apax Partners), and WSO2** (EQT)
- **$50M+ deals increased** from five to eight over 2023–24, focusing on high-quality assets with strong international GTM strategies (e.g., Whatfix, Atlan)
- **Generative AI investments** (including funding for generative AI development in software and SaaS/AI-native companies) **grew steadily**, driven by strong product-market fit, no-code platforms and domain-specific LLMs

Future outlook

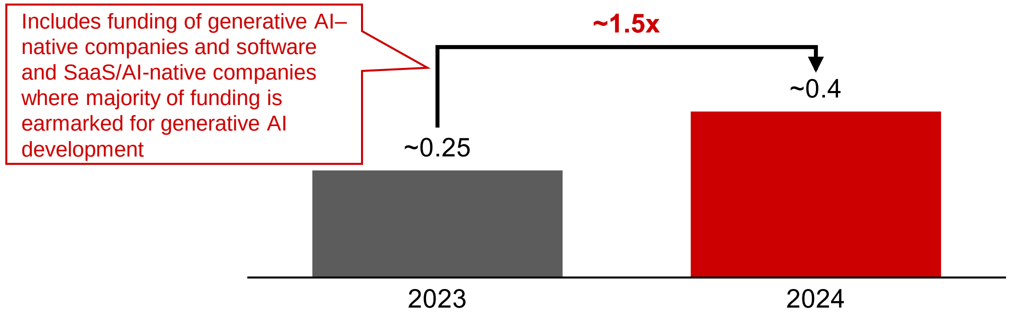
- **Software and SaaS deal momentum is set to rise**, as software spending continues to increase with improving macroeconomic environment, AI-led functionality improves utility of existing software solutions, ISVs leverage India's skilled talent base to accelerate product innovation, and investor awareness and confidence in software and SaaS business models grow
- **India is well positioned for vertical software and SaaS growth**, especially in healthcare, wellness, and manufacturing, industries driven by rapid digitization and industry-specific requirements, and supported by abundant skilled talent capable of meeting high customization demands

*Only for VC/growth deals; ** WSO2 was a 100% buyout deal by EQT
Notes: ABDM = Ayushman Bharat Digital Mission; GTM = go to market; ISV = independent software vendor; LLM = large language model; PE = private equity; SaaS = software-as-a-service; VC = venture capital; YOY = year over year
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 15: **Generative** AI funding was primarily focused on applications and platforms

Funding overview

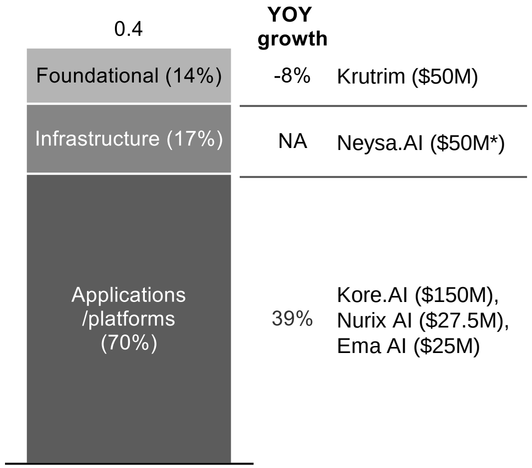
Annual VC/growth investments in India (generative AI focused, $B)



	2023	2024
Number of deals	**17**	**33**
Average deal size ($M)	~14.9	~11.8
Number of $50M+ deals	1	2

Sectoral trends

Investment split across segments ($B)



- **AI-native applications/platforms maintained the lion's share of generative AI funding** in 2024 (~70% vs. ~77% in 2023), driven by a greater supply of quality generative AI application assets in India. Meanwhile, global funding favored capital-intensive foundational models, with large deals for players like OpenAI, Anthropic, and X.AI
- **Foundational AI funding in India shifted to fewer but larger deals**, driven by broader addressable markets, downstream applications, and higher valuations from critical IP control
- **Generative AI infrastructure gained traction in 2024**, with deals like Neysa.AI, Simplismart, and GPU Network emerging as a growing ecosystem segment

Key drivers

- **Generative AI solutions saw increasing product-market fit** in enterprise workflows (e.g., code generation in software development, content generation for hiring, automation of customer support) and rapid commercialization by players, including encouraging pilot-to-contract conversion
- **No-code solutions like Kore.AI saw high adoption across large MNCs**, fueled by rising base of noncitizen developers and shift to automation and digitization. Simultaneously, **domain-specific LLMs** (e.g., Jivi AI's medical LLMs, BFSI LLM "Sesame" by Setu) **are unlocking diverse industry applications**

Future outlook

- **Generative AI deal momentum is set to shift toward growth and late-stage funding** as enterprise adoption scales. India's engineering talent and India-specific training data (especially for vertical AI solutions) will continue to drive investments
- **Government initiatives are further set to catalyze generative AI growth**, with the $1.2B IndiaAI Mission (10K+ GPUs) and AI Centers of Excellence fostering academia–start-up collaboration
- **Generative AI funding is expected to rise as funds earmark capital for AI-focused deals** (e.g., SenseAI Ventures' ~$25M fund to back ~20 AI-first start-ups at seed/pre-Series A stages)

* Across two deals

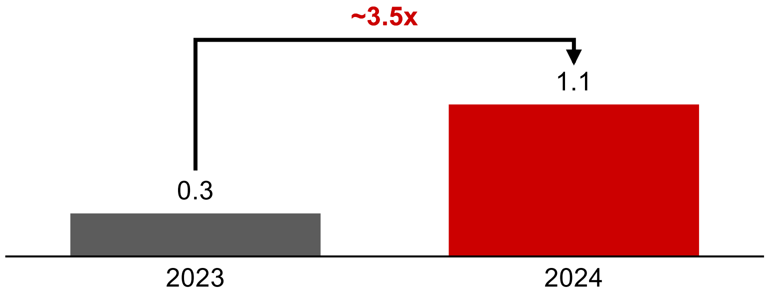
Notes: BFSI = banking, financial services, and insurance; GPU = graphics processing unit; IP = intellectual property; LLM = large language model; MNC = multinational corporation; SaaS = software-as-a-service; VC = venture capital; YOY = year over year

Sources: Bain & Company; Tracxn; PitchBook; Venture Intelligence; AVCJ; VCCEdge; Nasscom

Figure 16: **BFSI** investments saw a significant uptick in 2024 as investors continued focusing on traditional sectors with growth potential and proven business models

Funding overview

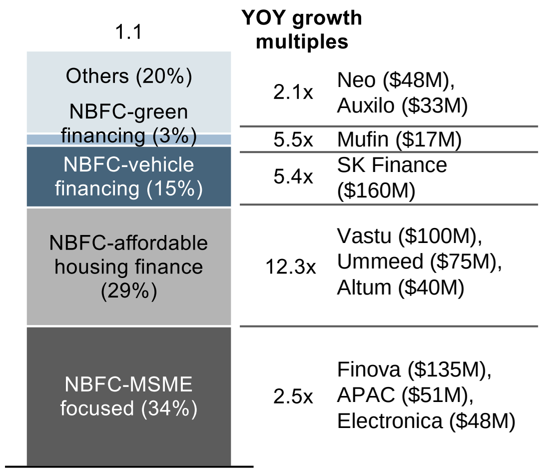
Annual VC/growth investments in India (BFSI focused, $B)



	2023	2024
Number of deals	**21**	**42**
Average deal size ($M)	15	27
Share of $50M+ deals by value	18%	47%

Sectoral trends

Investment split across segments ($B)



- **Deal activity in affordable housing–focused NBFCs surged 12x:** Investors backed several players in the large, fragmented market, where regional nuances and the execution-intensive nature of business create space for multiple winners with localized strategies
- **Deal activity in green financing–focused NBFCs saw over fivefold growth over 2023–24**, driven by rising adoption of EVs, solar rooftops, and other sustainable solutions (e.g., EV sales grew ~40% over FY23–24)

Key drivers

- **Investor interest in BFSI is growing as NBFCs unlock credit access in underserved markets** and advance financial inclusion in untapped Tier 2+ markets (e.g., India's mortgage-to-GDP ratio is ~12% vs. ~28% in China)
- **Predictable growth and profitability make scaled NBFCs lucrative investments**, with players like Vastu Housing Finance, Ummeed Housing Finance, and SK Finance attracting capital due to strong product-market fit and robust performance

Future outlook

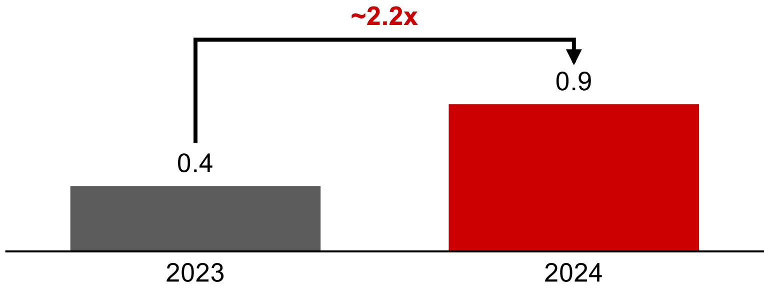
- **Deal momentum expected to sustain, as market potential remains untapped:** Opportunities remain in tapping low- and middle-income households, MSMEs, first-time homebuyers, and women entrepreneurs in Tier 2+ cities, where financial services penetration is still limited
- **Affordable housing likely to remain a persistent theme**, given regulatory tailwinds like government schemes, subsidies, and tax rebates (GST cut from 8% to 1%). Socioeconomic shifts, including rising urbanization (urban population share projected to reach 40%) and the shift to nuclear families (average household size declined from ~4.6 to ~4.2 over 2016–23) expected to maintain demand for housing
- **Green financing is poised to gain prominence**, driven by corporate and government sustainability priorities, alongside the need for infrastructure investment to meet climate goals (RBI estimates ~2.5% of GDP annually required for green financing over the next 5–6 years)

Notes: BFSI = banking, financial services, and insurance; EV = electric vehicles; GST = goods and services tax; MSME = micro, small, and medium enterprises; NBFC = nonbanking financial company; RBI = Reserve Bank of India; VC = venture capital; YOY = year over year
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 17: **Consumer/retail** investments surged in 2024, fueled by promising growth in F&B and fashion-related sectors

Funding overview

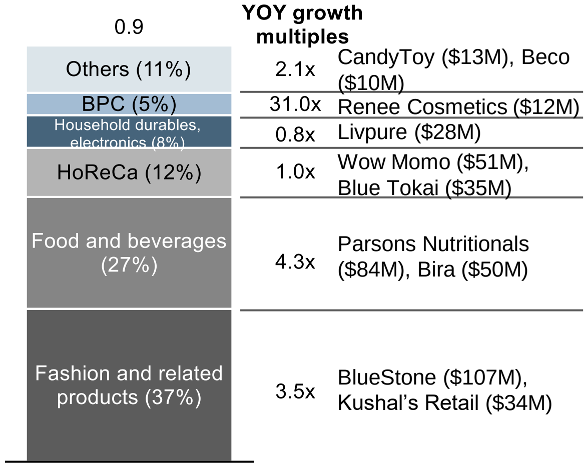
Annual VC/growth investments in India (consumer/retail focused, $B)



	2023	2024
Number of deals	**54**	**125**
Average deal size ($M)	7.2	6.9
Share of $10M+ deals by value	61%	70%

Sectoral trends

Investment split across segments ($B)



- **Significant growth in $25M+ deals** (three to eight over 2023–24)
- **Fashion and related product start-ups witnessed a 3.5x increase in deal value**, with 50%+ of investments directed toward jewelry brands, driven by funding in BlueStone (~$107M) and Kushal's Retail ($34M)
- **F&B start-ups recorded an over 4x rise in deal flow**, led by an increase in $10M+ deals, from one to five, over 2023–24, and across the value chain—from an FMCG contract manufacturer, Parsons; to a retailer, More; to a beverage brand, Bira

Key drivers

- **Consumer/retail growth is being driven by evolving preferences, brand innovation, and macro-tailwinds**, including the westernization of categories like coffee and desserts (e.g., Blue Tokai, Walko Food), premiumization (e.g., Rare Rabbit), innovative brands addressing untapped needs (e.g., Frendy's mini-marts in small towns), and signs of recovery in consumption (PFCE grew 7.4% in Q1 and 6% in Q2 FY25, up from 5.5% and 2.6% in FY24)
- **Conducive ecosystem factors are further accelerating start-up growth and scalability**, with cloud kitchens enabling asset-light expansion (e.g., Wow Momo leveraging franchise models) and digital enablers, like food delivery platforms, assisting targeted marketing

Future outlook

- **Consumer and retail brands are poised for sustained growth, driven by structural tailwinds**, such as a large demand base (65+ cities with 1M+ population), a growing affluent class (high-income households rising from ~4% to ~6% over FY23–28), and untapped potential in non-metro cities. Quick commerce is expected to accelerate this growth, having rapidly proven to be a high-impact channel (e.g., Hocco's quick commerce revenue doubled month-on-month since its launch in Feb 2024)
- **Brands are expected to continue the premiumization trend**, driven by higher disposable income and consumer shifts toward healthier living, nostalgia-driven flavors, and convenience across categories
- **This segment is poised to retain strong investor appeal**, supported by the resilience of traditional sectors, along with healthy unit economics (e.g., EBITDA-positive players like Kushal's Retail and Livpure) and demonstrated exit options (e.g., successful exits from Mamaearth and Indigo Paints)

Notes: High-income households defined as households with >$36K income in real terms; other consumer/retail includes recreational products (e.g., sporting) and home care products; BPC = beauty and personal care; EBITDA = earnings before interest, taxes, depreciation, and amortization; F&B = food and beverages; FMCG = fast-moving consumer goods; HoReCa = hotels, restaurants, cafes; PFCE = private final consumption expenditure; VC = venture capital; YOY = year over year
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge; RBI

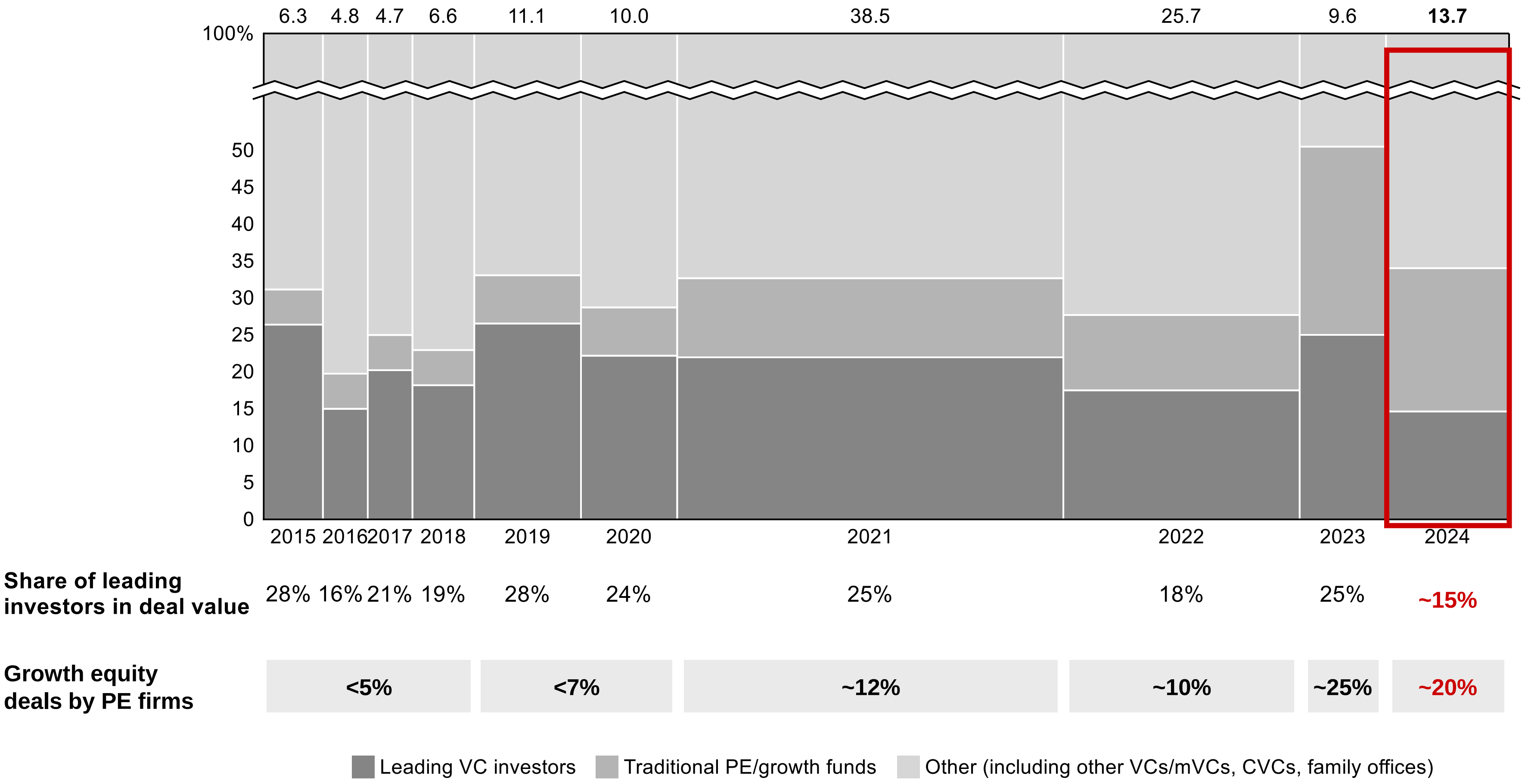
4 Investor base and fund-raising

Investor base and fund-raising

- **Salience of leading VCs and PEs in fund deployment reverted to 2021/22 levels, driven by increased participation from other players.** Nearly 50% of $100 million+ deals were led or co-led by family offices, emergent VCs, etc. (e.g., StepStone, GladeBrook - Zepto; MEMG - PharmEasy; Hornbill Capital - Physicswallah). PE/growth funds remained active, comprising more than 20% of VC/growth deal activity (vs. < 10% before 2022). Their participation in ~50% of $50 million+ deals signaled continued confidence in growth-stage investments.
- **Leading VCs like Accel, Elevation, Lightspeed, and Z47 increased deal volumes with a growing focus on scaled businesses while crossover funds remained subdued.** Tiger Global maintained its focus on backing existing portfolio companies without making new bets. Softbank marked its return to Indian start-ups after an 18-month hiatus by exclusively funding existing investments.
- **Family offices and corporate VCs increased their share of deal activity with higher volumes and more participation in megadeals.** Family offices saw a 2.1x rise in volumes and participated in marquee $100 million+ deals.
- **Fund-raising declined as top investors (barring Accel) tempered activity, shrinking high-value raises.** Total fund-raising fell to $2.7 billion (from $4 billion in 2023), and the number of $100 million+ raises dropped from 10 to 4. This drove average size down from $83 million to $49 million, reflecting the available dry powder and slower deployment in recent years.
- **Though domestic VCs' salience fell from over 90% in 2023 to ~72% in 2024, they expanded their investments into emerging sectors and themes.** Notable areas include agriculture, rural businesses, defense, aerospace, and deep tech.
- **Maiden funds increased their share of total fundraising in India to ~28% in 2024 (up from ~25% in 2023).** These funds were often launched by leaders from non-traditional profiles such as tech founders and executives.

Figure 18: Share of leading VCs and PEs in funds deployed eased to ~35% in 2024 as broader investor participation strengthened

Annual VC/growth investments in India
($B, split by leading India VCs)



1 **India's funding landscape saw a broadening investor base in 2024:** Nearly 50% of $100M+ deals were led or co-led by emerging players, including family offices and emergent VCs, highlighting the democratization of funding beyond top VCs firms. Notable examples include Zepto's $665M round (led by StepStone and Glade Brook), PharmEasy's $216M (led by MEMG Family Office), and Physics Wallah's $210M (led by Hornbill Capital)

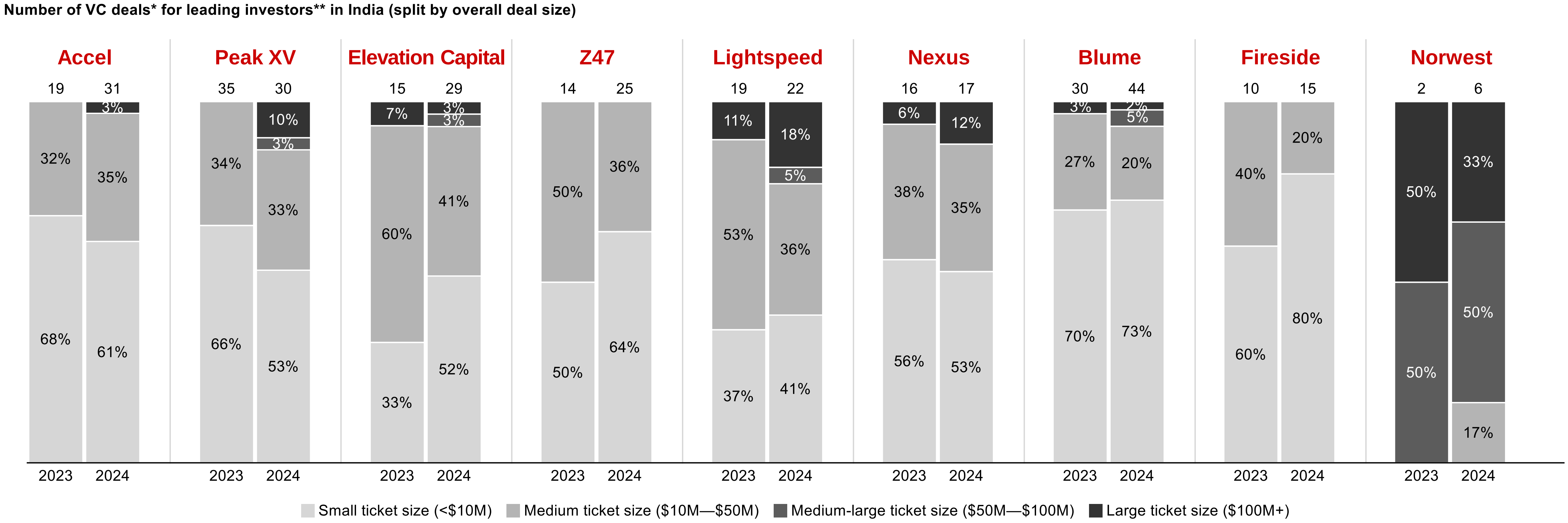
2 **Crossover funds remained subdued,** primarily focusing on backing existing portfolios as new deployments slowed.

Meanwhile, Peak XV reduced its fund size and scaled back activity, completing 30 deals in 2024, compared to 35 in the previous year (~15% decline)

3 **CVCs and family offices gained prominence,** contributing 20% to deal volume (vs. 16% in 2023). Activity remained focused on deals under $10M, which accounted for 60%–70% of total volumes

Notes: Leading VC investors defined as top firms by deal activity over 2020-24 ($1B+ deployed and 35+ deals or $500M+ deployed and 50+ deals over 2020–24). The list for 2024 includes Tiger Global, Peak XV, Accel, Lightspeed India Partners, Elevation Capital, Nexus Ventures, SoftBank, Z47, Steadview Capital, Norwest Ventures, Blume Ventures, and Chiratae Ventures; crossover funds include Tiger Global and SoftBank; CVC = corporate venture capital; mVC = micro venture capital; PE = private equity; VC = venture capital
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Tracxn

Figure 19: Leading VCs prioritized scaled businesses, with increased participation in $100M+ deals

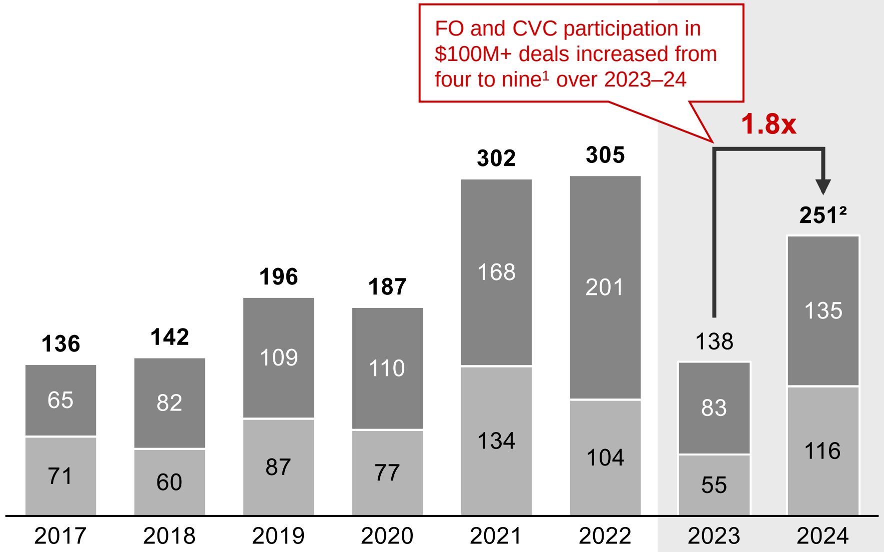


Leading VC investors are increasingly participating in $100M+ deals—e.g., **Lightspeed**—Pocket FM, Physics Wallah, and Zepto; **Norwest**—SK Finance and Finova Capital; **Peak XV**—Meesho, Atlan, and BlueStone; **Nexus**—Zepto and Rapido

* Includes only disclosed deals; **Leading investors defined as top firms by deal activity over 2020-24 ($1B+ deployed and 35+ deals or $500M+ deployed and 50+ deals over 2020–24)
Note: Not all bars may add to 100% due to rounding; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 20: Family offices and CVCs saw a 1.8x increase in deal activity, coupled with increased participation in $100M+ deals

VC/growth deals in India with participation from family offices and CVCs
(split by type of fund)



	2017	2018	2019	2020	2021	2022	2023	2024
FO and CVC share (Percentage of total VC/growth deals)	23%	26%	26%	23%	20%	19%	16%	20%
CVC share (Percentage of total VC/growth deals)	11%	15%	14%	14%	11%	12%	9%	11%
Family office share (Percentage of total VC/growth deals)	12%	11%	12%	10%	9%	6%	6%	9%

Overview of $100M+ family office and CVC deals[3] in 2023

Family offices

Company	Family office	Month	Total deal value[4]
Zepto	Multiple family offices (incl. B2V Ventures, J&A Partners, Kalyan Family Office)	Nov 2024	$350M
PharmEasy	MEMG Family Office	Apr 2024	$216M
Mintifi	Premji Invest	Dec 2024	$180M
Purplle	Premji Invest, Sharrp Ventures	Jul 2024, Nov 2024	$180M*
Oyo	J&A Partners	Aug 2024	$175M
BlueStone	Pratithi Investments	Aug 2024	$107M

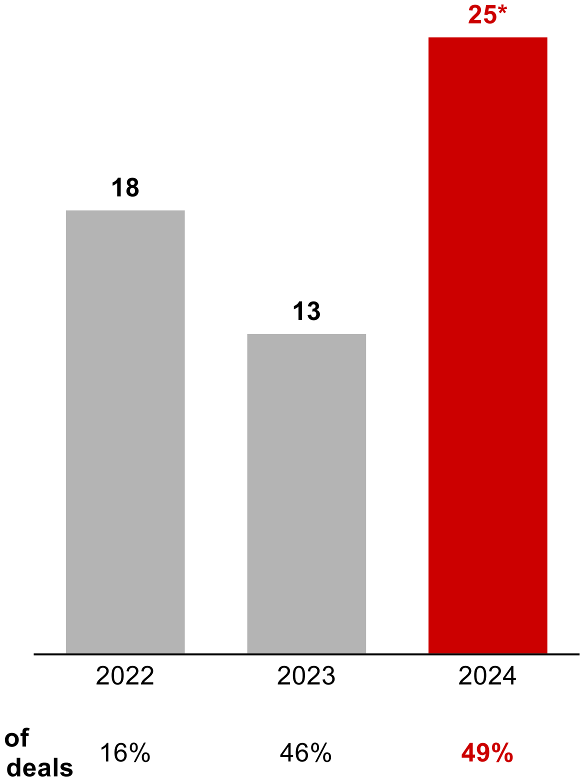
CVCs

Company	CVC	Month	Total deal value[4]
Meesho	Prosus Ventures	May 2024	$275M
PharmEasy	Prosus Ventures	Apr 2024	$216M
Atlan	Salesforce Ventures	May 2024	$105M
Shadowfax	Flipkart Ventures	Feb 2024	$100M

* Total funding over different rounds in 2024
(1) Includes distinct deals only; (2) Fifteen deals had both CVC and family offices involved; (3) Does not include strategic investments directly undertaken by corporates or their holding companies; (4) Indicates total deal amount—respective family office/CVC may have a smaller participation
Notes: CVC = corporate venture capital; FO = family office; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 21: PE/growth fund participation in $50M+ deals rebounded to 2022 levels

Notable growth deals by PE/growth investors
($50M+ deals led/co-led by PEs)



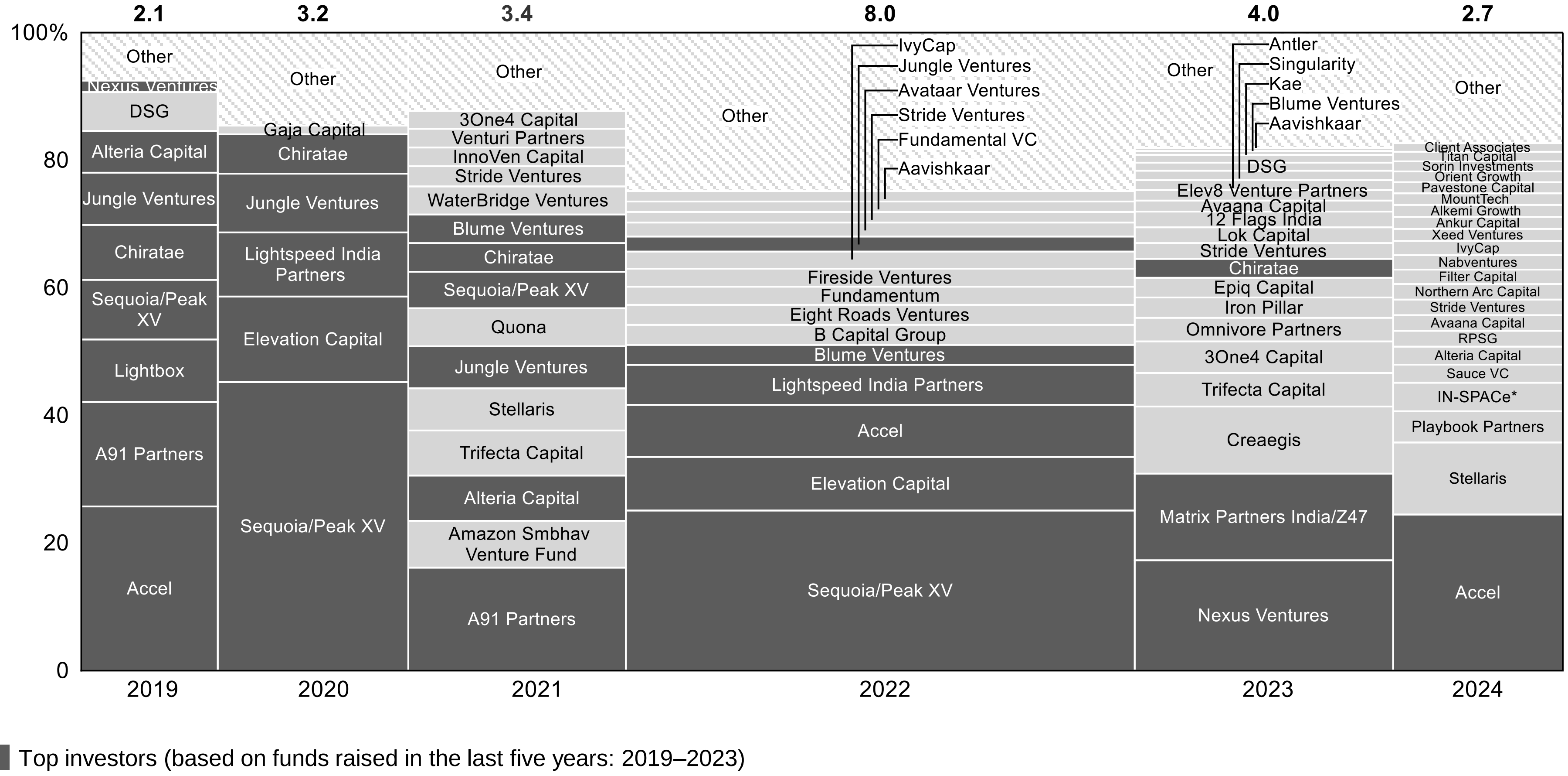
Select growth equity deals with participation from PE/growth funds in 2024

Company	Investors (PE/growth funds, others)	Domain	Total deal value
Rebel Foods	**Temasek, KKR**	Consumer technology	$270M*
Rapido	**WestBridge, Invus Opportunities,** Nexus Venture Partners, Think Investments, Prosus N.V.	Consumer technology	$260M*
Lenskart	**Temasek**, Fidelity Management & Research	Consumer technology	$200M
Purplle	**ADIA,** Premji Invest, Sharrp Ventures, Blume Ventures	Consumer technology	$180M*
Mintifi	**Teachers' Venture Growth (OTPP)**, Prosus N.V., Premji Invest	Fintech	$180M
HealthKart	**ChrysCapital, A91**, Motilal Oswal Alternates, Neo Group	Consumer technology	$153M
Eruditus	**TPG Rise Fund, CPP Investments,** SoftBank, Leeds Illuminate, Accel	Consumer technology	$150M
Whatfix	**Warburg,** SoftBank	Software and SaaS	$125M
Atlan	**GIC**, Insight Partners, Meritech Capital, Salesforce Ventures, Peak XV Partners, WaterBridge Ventures	Software and SaaS	$105M
Shadowfax	**TPG NewQuest**, Mirae Asset Venture, Flipkart, IFC, Nokia Growth Partners, Qualcomm, Trifecta Capital	Shipping and logistics	$100M

*Rebel Foods, Rapido, and Purplle raised $270M, $260M, and $180M, respectively, over two rounds in 2024, counted as two separate deals in the chart
Notes: Deals with smaller PE participation may not be included; examples above are illustrative and not exhaustive; ADIA = Abu Dhabi Investment Authority; IFC = International Finance Corporation; OTPP = Ontario Teachers' Pension Plan; PE = private equity; SaaS = software-as-a-service
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 22: Fund-raising declined to $2.7B (vs. $4B in 2023), with higher fragmentation as top investors tempered activity

India-focused/allocated fund-raises by VCs[1] ($B, split by investors)
Does not include global fundraises that may eventually invest in India assets



Key insights

Fund-raising fragmented and fell ~35% in 2024, driven by high historical fund-raises and measured deployment in recent years—abundant dry powder reserves among top investors further curtailed overall activity

There was a 40% decline in average size of fund raised, from $83M to $49M, as high-value fund-raises ($100M+) dropped from 10 to 4 over 2023–24

Domestic funds reduced their share to ~72% in 2024 (vs. 90%+ in 2023); notable domestic fund-raises include Stellaris' $300M and Playbook's $130M

Maiden funds[2] increased their share to ~28% of fund-raising in 2024, up from ~25% in 2023, with the majority launched by non-traditional GP profiles, such as tech founders/executives

* VC fund established by the government of India under IN-SPACe (Indian National Space Promotion and Authorization Centre) for the space sector in India
(1) Includes funds raised by global or domestic VCs that are exclusively earmarked for India; values comprise closed fund-raises (e.g., interim closes)—target corpus could be larger in size; global or regional funds raised by investors not included; Nexus Ventures is categorized as a domestic VC fund due to its India-focused portfolio; (2) Includes funds raised in 2024 by first VC funds of domestic VCs, Indian arms of global VCs, and VC arms of other investment agencies—amount includes amount raised in 2024
Notes: GP = general partner; VC = venture capital
Sources: Bain & Company; Venture Intelligence; AVCJ

Figure 23: Fund-raises in 2024 were selective amid accumulated dry powder, with domestic funds focusing on thematic sectors

Among the top global VCs[1], Accel raised an India-focused fund in 2024 as others held fire

$650M
Accel India Fund VIII

Top fund-raises by domestic VC funds in 2024

$300M
Stellaris Venture Partners

$130M
Playbook Partners

$119M
IN-SPACe*

$75M
Alteria Capital

Domestic VCs focused on thematic funds, with notable investments in sustainability, agriculture, defense, sports, and gaming

$65M
Avaana—climate and sustainability fund

$60M
Nabventures—agriculture and rural businesses fund

$48M
MountTech—defense, aerospace, and deep tech fund

$24M
Centre Court Capital—sports tech and gaming fund

* VC fund established by the government of India under IN-SPACe (Indian National Space Promotion and Authorization Center) for the space sector in India
(1) Includes global VCs that are part of top investors, based on funds raised in last five years (2019–23)
Notes: VC = venture capital
Sources: Bain & Company; Venture Intelligence; AVCJ

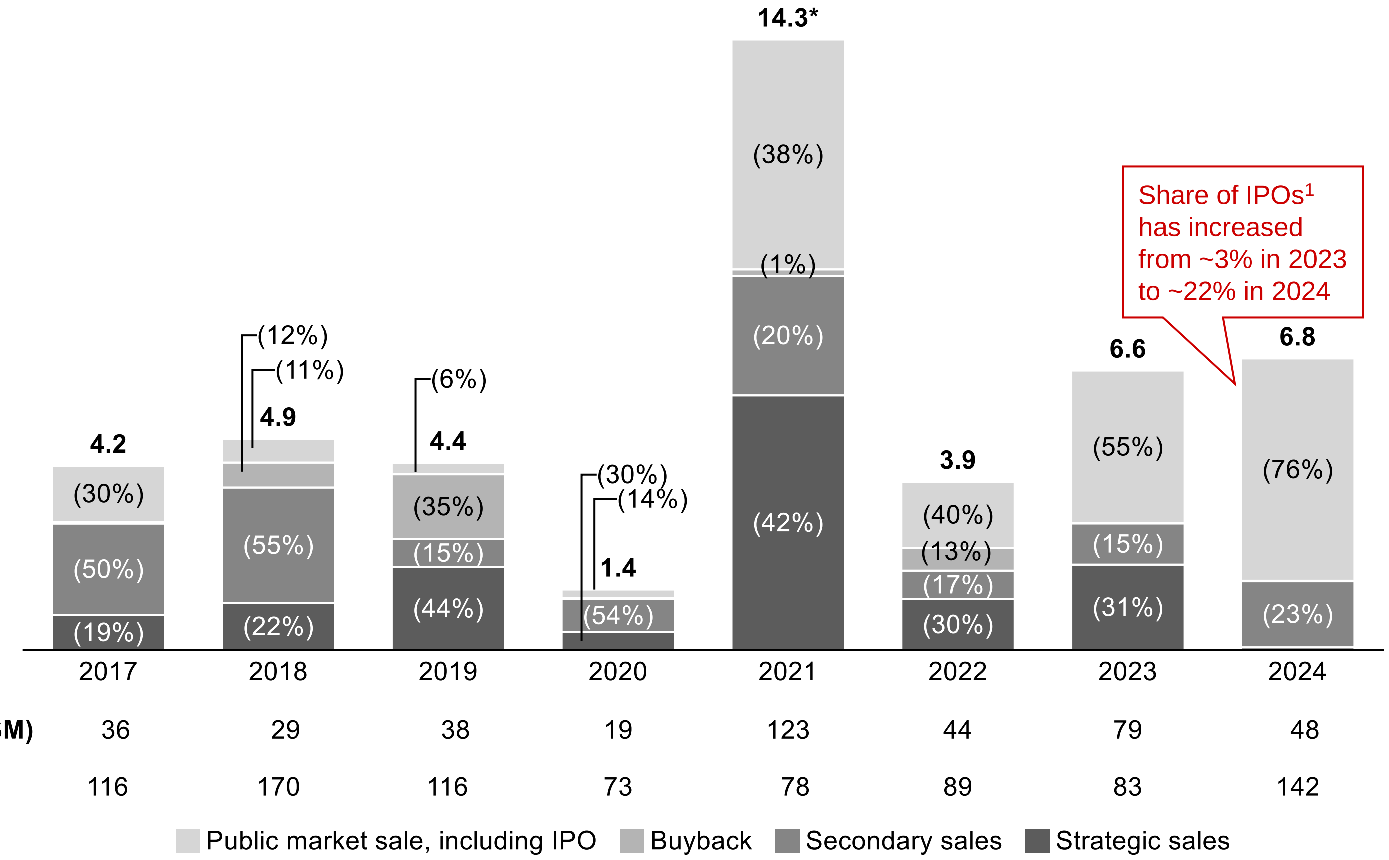
5 Perspectives on exit landscape

Perspectives on exit landscapes

- **Exits increased marginally by ~4% to ~$6.8 billion in 2024, as several tech-first companies matured with significant revenue growth and positive profitability trends and benefited from improving macroeconomic conditions.** Consumer/retail, fintech, and healthcare saw significant exit growth. Meanwhile, strong public market exits helped offset the sharp decline in strategic sales.
- **Public markets dominated exits in 2024, comprising three-fourths of the total exit value. IPOs saw a strong revival,** growing ~7x in exit value. This revival was driven by rising investor confidence due to increasing liquidity, recovery in valuations of key tech stocks and supported by a favorable mix of regulatory reforms, macroeconomic improvements and deferred IPOs from previous years.
- **Secondary exits increased ~1.6x in value, with a corresponding ~1.3x increase in average exit size.** The consumer tech sector drove this development as more companies reached substantial scale (e.g., Rebel Foods, Lenskart).
- **Funds such as Peak XV** (13 exits across companies like Mamaearth, Five Star Business Finance, Rebel Foods) and **Softbank, Elevation, Nexus, Accel** (with four exits each) **led the exits in 2024.**

Figure 24: Exit activity held steady over 2023–24, as sharp growth in public market exits was offset by a decline in strategic sales

Value of VC/growth exits in India
($B, split by mode of exit)



	2017	2018	2019	2020	2021	2022	2023	2024
Average exit value ($M)	36	29	38	19	123	44	79	48
Number of exits	116	170	116	73	78	89	83	142

Public market exits

Public market exits grew, driven by a surge in IPOs: IPOs grew ~7x in exit value ($216M to $1.5B over 2023–24), led by Swiggy's $792M exit, as IPOs[1] rose from 6 to 17 across sectors. Public trades rose slightly to ~$3.7B (vs. ~$3.4B in 2023), led by exits in the tech sector (~65% share), including Zomato, PolicyBazaar

Buybacks

Buybacks stayed negligible as founders conserved cash (similar to 2023), accounting for <1% of exit value and reflecting a continued focus on liquidity over stake repurchases

Secondary sales

Secondary exits grew 1.6x, from ~$1B to $1.55B, over 2023–24, driven by $100M+ deals, with multiple long-term investors realizing returns—2024 saw seven large exits (Lenskart, Rebel Foods, Dream11, HealthKart, Inventia Healthcare, Prataap Snacks, OfBusiness), compared to one in 2023 ($480M Lenskart)

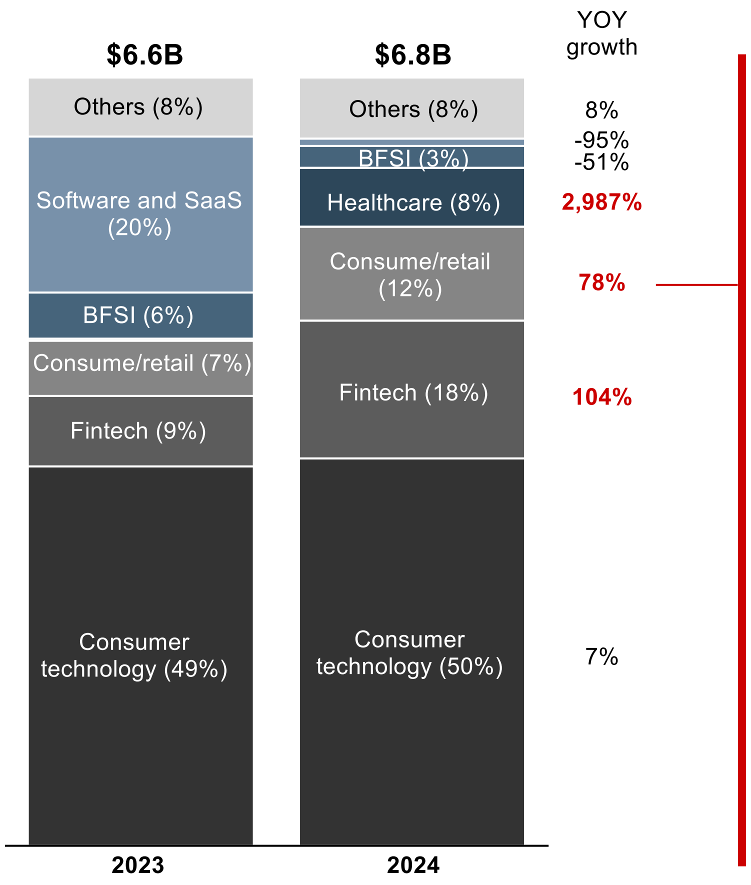
Strategic sales

Strategic sale exits tapered off after a strong 2023, falling from $2B in 2023 to ~$65M in 2024. The 2023 activity had been driven by Tiger Global and Accel's ~$1.8B Flipkart sale

* Includes $4.7B BillDesk acquisition by PayU, which was called off in October 2022
(1) Only IPOs with VC/growth exits considered for the analysis
Notes: Exits with undisclosed deal amounts have not been included; exit volume and value include only companies listed in India or those with the majority of their workforce based in India; Freshworks has been included in 2023, as the majority of the workforce is based in India; CaratLane is excluded from 2023, as the exit only entailed the founder's stake sale; IPO = initial public offering; VC = venture capital
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Preqin

Figure 25: Consumer/retail, fintech, and healthcare sectors saw notable growth in exits

Value of VC/growth exits in India ($B, split by sector)



Key deals with VC/growth exits in 2024, in sectors that saw an uptick

Company	Month	Sector	Key exiting investors	Exit value
PolicyBazaar	Feb-Aug 2024	Fintech	Temasek Holdings, Tencent	$620M*
Paytm	Jan-Jun 2024	Fintech	SoftBank	$227M*
Mamaearth	Sep 2024	Consumer/ retail	Peak XV Partners, Stellaris Ventures, Fireside Ventures	$190M
Indigo Paints	Sep 2024	Consumer/ retail	Peak XV Partners	$185M
Prataap Snacks	Sep 2024	Consumer/ retail	Peak XV Partners	$101M
Inventia Healthcare	Jul 2024	Healthcare	NYLIM Jacob Ballas Funds, InvAscent	$120M

Sectoral commentary

Consumer tech exits maintained momentum, led by key notable exits, including Zomato's ~$910M public trade, Swiggy's ~$790M and FirstCry's ~$230M IPOs, and Lenskart's ~$200M secondary exit

Fintech exits grew, as more start-ups became profitable: PolicyBazaar's profitability in 2024 exemplified this trend, while rising financial literacy, SME growth, and digital transformation in sectors like insurance further bolstered the sector

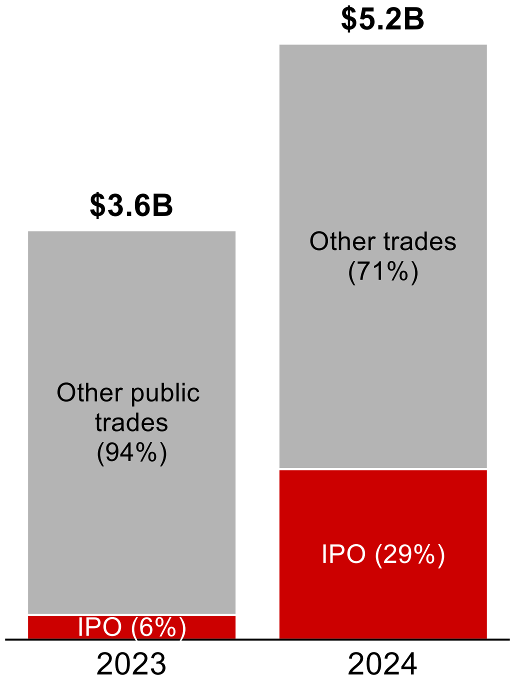
Healthcare exits grew, with improved valuations, driven by a post-pandemic focus and favorable macroeconomic drivers, such as rapid urbanization, rising middle-class spending, and government initiatives like the National Digital Health Mission and Ayushman Bharat Yojana

Consumer and retail exits gained momentum, as D2C brands achieved scale and as discretionary spending improved. Large players like Mamaearth drove activity, marking a recovery from the slowdown in 2023 (PFCE grew 7.4% and 6% in Q1 and Q2 FY25, respectively, compared to 5.5% and 2.6% in FY24)

* Total value across multiple exits; only $100M+ exits shown in the table across fintech, consumer/retail, and healthcare; others includes shipping and logistics, media and entertainment, advanced manufacturing, BFSI, B2B commerce, IT, and IT-enabled services
Notes: B2B = business to business; BFSI = banking, financial services, and insurance; D2C = direct-to-consumer brands with majority of revenue coming from online channels; PFCE = private final consumption expenditure; SaaS = software-as-a-service; SME = small and medium-size enterprises; VC = venture capital; YOY = year over year
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Preqin; RBI

Figure 26: IPO activity gained momentum, with 17 IPOs[1] vs. 6 in 2023, fueled by stock market recovery and policy reforms

Total public market exits with VC participation
($B, split by mode of exit)



Public market exits share (Percentage of total exits)	55%	76%

Key IPOs with VC/growth exits in 2024

Company	Month	Sector	Key exiting investors	Exit value
Swiggy	Nov 2024	Consumer tech	Elevation Capital, Goldman Sachs, Norwest, Accel	$792M
FirstCry	Aug 2024	Consumer tech	Premji Invest, TPG Growth, TPG NewQuest, SoftBank	$227M
Travel Boutique Online	May 2024	Consumer tech	Affiirma Capital	$81M
Entero Healthcare Solutions	Feb 2024	Healthcare	OrbiMed	$58M
Awfis	May 2024	Others	ChrysCapital, Peak XV Partners	$57M
Suraksha Diagnostic	Dec 2024	Healthcare	OrbiMed	$56M
Ola Electric	Aug 2024	Advanced manufacturing	Temasek, Tiger Global, SoftBank	$37M
Ixigo	Jun 2024	Consumer tech	Elevation Capital, Peak XV Partners, Madison Capital	$36M
BlackBuck	Nov 2024	Consumer tech	IFC, Peak XV Partners, Tiger Global, Accel	$34M

IPO resurgence was driven by recovery in tech stocks and strong macroeconomic fundamentals. Factors such as controlled inflation, stable GDP growth expectations, and policy continuation at the central government level boosted investor confidence; recovery in key tech stocks (Zomato, PolicyBazaar, etc.) further added momentum

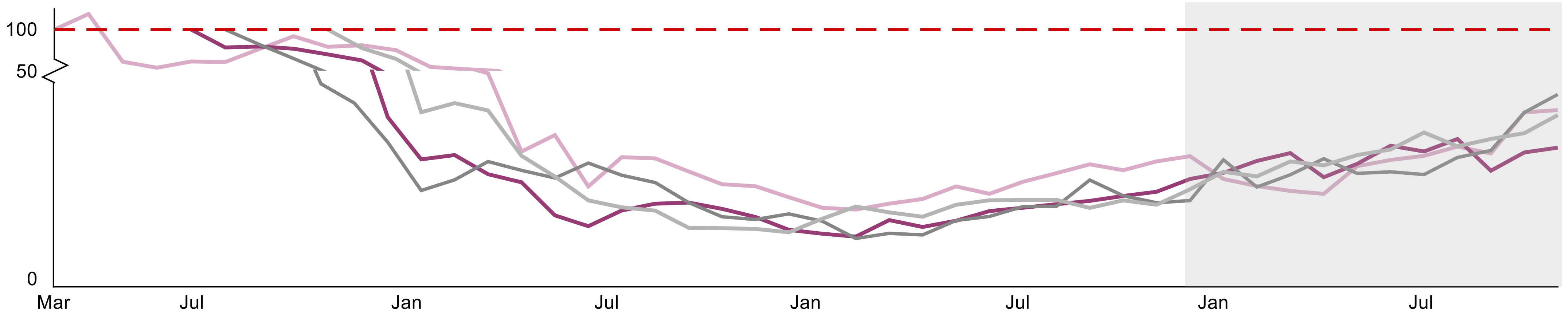
Increased liquidity, regulatory reforms, and deferred IPOs further supported growth. Increased retail participation and robust mutual fund investments bolstered liquidity, while initiatives like T+3 listings, a reduced lock-in period under the IGP program, and IPOs deferred from 2022–23 drove IPO activity

The Indian IPO market outpaced global peers, with the US market remaining steady (~40 IPOs, similar to 2023) and China seeing a ~50% decline vs. 2023. **The market is likely to sustain momentum in 2025,** with several notable IPOs in the pipeline (e.g., Zetwerk, Urban Company, Meesho, CarDekho)

(1) Only IPOs with VC/growth exits considered for the analysis
Notes: Public market sales with VC participation include public market exits where the seller/exiting investor is a VC; examples above are illustrative and not exhaustive; IGP = innovators growth platform; IPO = initial public offering; VC = venture capital
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Preqin; National Stock Exchange; Bombay Stock Exchange; PitchBook

Figure 27: Recovery in major tech stocks in India during 2023–24 bolstered investor confidence in IPO markets

Enterprise value/revenue multiple of select India-listed tech stocks (IPO in 2021)
(first trading day multiple indexed at 100)



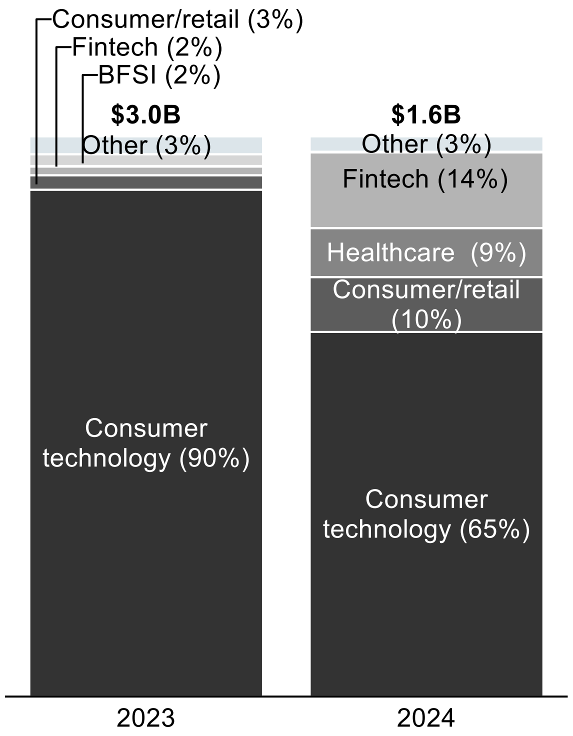
	2021				2022				2023				2024			
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
NIFTY 50 Index (QOQ)	14,695	15,139	16,587	17,616	17,280	16,503	17,140	18,060	17,643	18,285	19,598	20,074	22,327	24,011	25,811	23,645
Number of IPOs with VC exits	10				6				6				17			
IPO share (Percentage of total exit value)	36%				16%				3%				22%			

Nazara Technologies (listed in Mar 2021) — Zomato (Jul 2021) — CarTrade Tech Limited (Aug 2021) — PolicyBazaar (Nov 2021)

Notes: IPO = initial public offering; QOQ = quarter over quarter; VC = venture capital
Sources: Bain & Company; S&P Capital; National Stock Exchange

Figure 28: Consumer technology continued to lead secondary and strategic sales, with other sectors such as consumer/retail, healthcare, and fintech gaining salience

Secondary and strategic sales ($B, split by sectors)



	2023	2024
Strategic sales (Percentage of total exit value)	31%	1%
Secondary sales (Percentage of total exit value)	15%	23%

Average exit value for secondary sales increased 1.3x ($44M to $55M over 2023–24), while strategic sales saw a ~95% decline driven by the absence of megadeals (Flipkart in 2023)

Key strategic exits in 2024

Company	Key exiting investors	Buyers	Sector	VC exit value
Awign	Michael and Susan Dell Foundation, Unitus Ventures	Mynavi Corporation	Consumer tech	$25M
Lokmanya Hospitals	Tata Capital Healthcare Fund	Unaprime	Healthcare	$17M

Key secondary exits in 2024

Company	Key exiting investors	Buyers	Sector	VC exit value
Rebel Foods	Peak XV Partners, Lightbox, Coatue Management	Temasek, KKR	Consumer technology	$220M*
Lenskart	KKR, Premji Invest, Avendus, Kedaara, Chiratae Ventures	Temasek, Fidelity, Madison India Capital	Consumer technology	$223M*
Dream11	Tencent	Tiga Investments	Consumer technology	$150M
Inventia Healthcare	NYLIM Jacob Ballas Funds, InvAscent	Platinum Equity	Healthcare	$120M
HealthKart	Peak XV Partners	ChrysCapital, Motilal Oswal	Consumer technology	$120M

* Total across multiple exits

Notes: Other includes shipping and logistics, media and entertainment, advanced manufacturing, BFSI, B2B commerce, IT, and IT-enabled services; B2B = business to business; BFSI = banking, financial services, and insurance; VC = venture capital

Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge; Preqin

6 Key shifts in the start-up ecosystem and 2025+ outlook

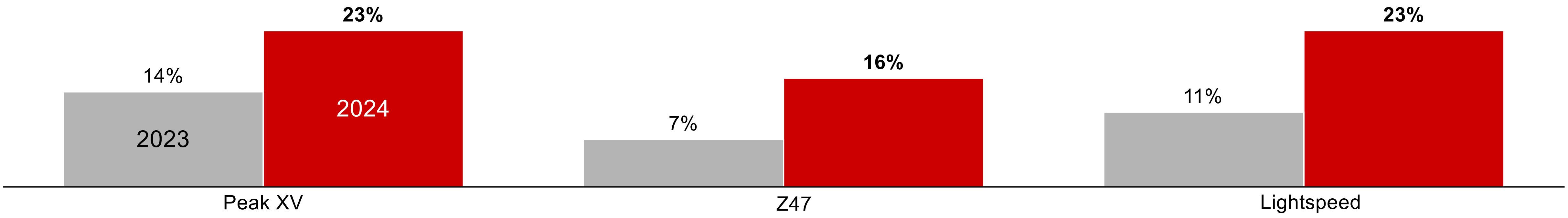
Key shifts in the start-up ecosystem and 2025+ outlook

- **Investor focus expanded toward traditional sectors like BFSI and consumer/retail.** Deal activity in these sectors outpaced tech-first domains such as consumer tech and software and SaaS, reflecting investor interest for categories with strong growth fundamentals. Leading VCs like Lightspeed, Peak XV, and Z47 doubled investment volumes in these verticals.
- **Profitability remained a central priority for businesses, along with topline acceleration.** Firms like Zomato, Zaggle, PolicyBazaar, and Delhivery demonstrated robust growth and improved profits.
- **Regulatory developments and key reforms, such as eliminating the angel tax and reducing LTCG, are boosting funding for start-ups.** Simplified FVCI and FEMA amendments are attracting higher foreign investments.
- **Specifically, the removal of the NCLT process has accelerated re-domiciling, with more start-ups shifting their bases to India.** Companies like Pine Labs, Razorpay, Meesho, and Zepto are moving back, drawn by India's attractive IPO markets, strong VC ecosystem, and investor support in managing tax overheads.
- **India’s start-up ecosystem in 2025 is poised to attract more funding as confident investors prepare to deploy their accumulated capital.** Growth-stage investments will expand with larger bets and cornerstone sectors (e.g., consumer-focused businesses, software and SaaS, AI) and emerging priorities (e.g., semiconductors, deep tech, and energy transition) will gain prominence. Government initiatives, such as space-focused funds and sector-specific capital, will support this growth, even though proposed regulations like the Digital India Act may lead VCs to carefully consider tech investments.

Figure 29: Investors continued to expand their focus on more traditional sectors, such as BFSI, consumer/retail, and manufacturing

Prominent VC funds increased their focus on deals in traditional sectors over 2023–24

Share of deal volumes in traditional sectors (%)

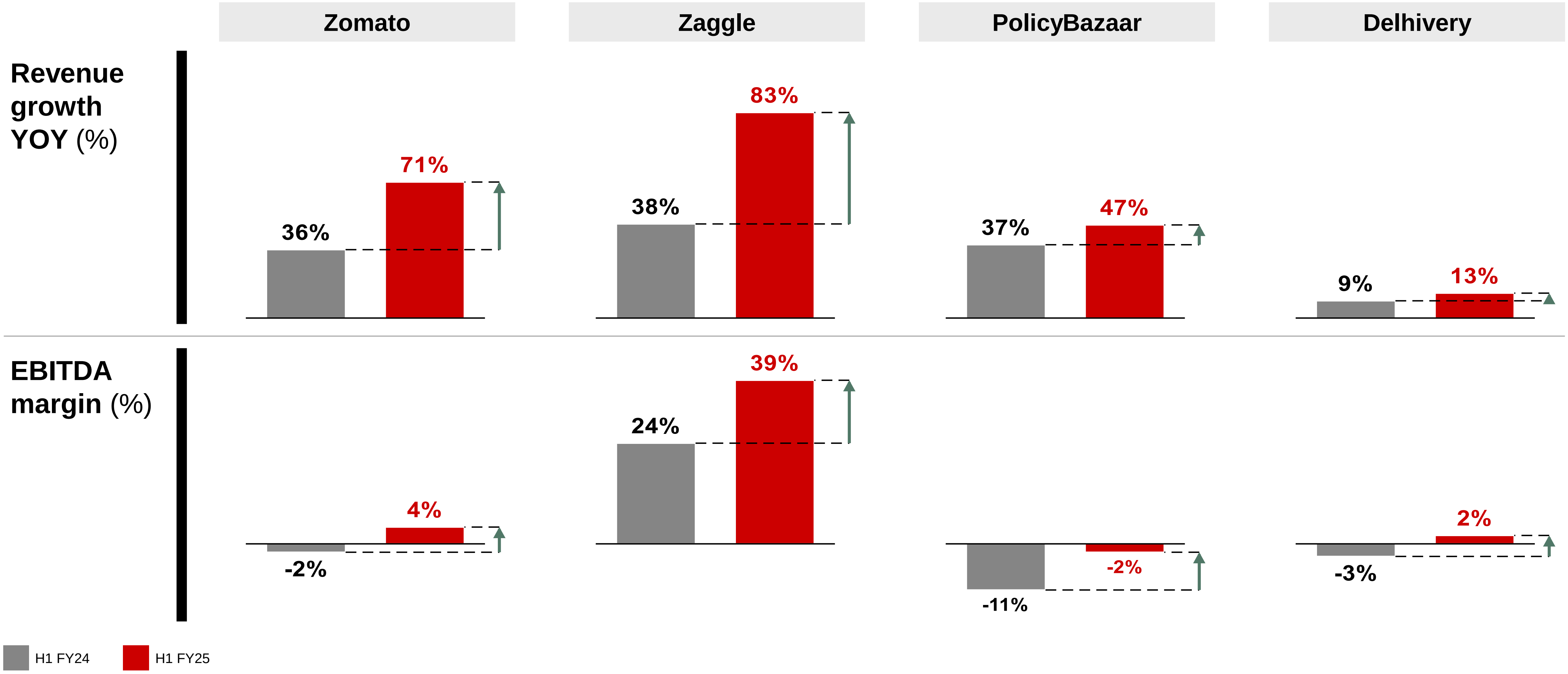


Select key deals in traditional sectors*

$107M	**BlueStone** (consumer/retail)
$9M	**Seeds Fincap** (BFSI)
$40M	**M Stack** (advanced manufacturing)
$48M	**Neo Wealth** (BFSI)
$3M	**STK Credit** (BFSI)
$40M	**SolarSquare** (energy)

*Traditional sectors include consumer retail, BFSI, manufacturing, shipping and logistics, engineering and construction, real estate and infrastructure, and healthcare
Notes: BFSI = banking, financial services, and insurance; VC = venture capital
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Figure 30: Profitability continued to remain a priority, as companies accelerated growth in tandem



Note: FY cycle is from April to March
Sources: Bain & Company; S&P Capital IQ; annual reports

Figure 31: Regulatory frameworks remained a net-positive in 2024, with tailwinds from reductions in taxation and the relaxation of select regulatory norms

Key regulatory developments provided tailwinds to the start-up ecosystem, improving the ease of doing business

Abolition of Angel Tax to boost early-stage investment ecosystem

The Union Budget 2023–24 removed the angel tax, easing compliance (e.g., valuation justifications, paperwork), fostering greater participation from domestic investors, and boosting early-stage funding

Removal of NCLT to simplify re-domiciling process for start-ups

New guidelines reduced compliance timelines from 12–18 months to 3–4 months, aiding late-stage IPO-bound start-ups like Zepto, Meesho, and Pine Labs in their shift back to India

LTCG reduction to increase appeal of unlisted equity

The lowering of LTCG on unlisted shares, from 20% to 12.5%, increased post-tax returns for LPs, creating a more favorable environment for VC/growth investments

Simplified FVCI registration to attract foreign investments

SEBI empowered DDPs to handle certification and diligences, reducing hurdles for the registration of FVCIs and enhancing India’s appeal as a global investment destination

FEMA amendments to ease foreign investments

Simplified foreign currency account setup, FDI-ODI swaps, and FPI rules—along with extended start-up eligibility criteria (from 5 to 10 years)—are likely to support international investments

However, select regulations are expected to prompt thorough evaluation by investors going forward

Tighter norms for payment aggregators

New regulations from RBI mandating authorization, identity verification, and due diligence for merchant onboarding are expected to drive compliance costs and require technological interventions to enable scaling

Higher regulation of AI-driven businesses

The proposed Digital India Act introduces strict norms on data privacy, platform accountability, and AI development, which could necessitate strategic planning and careful consideration by investors before investing in tech start-ups

Notes: Earlier, LTCG for listed equities was 10%, whereas it was 20% for unlisted equities; LTCG on listed equities increased to 12.5% in the Union Budget 2024–25; DDP = designated depository participant; FDI = foreign direct investment; FEMA = Foreign Exchange Management Act; FPI = foreign portfolio investor; FVCI = foreign venture capital investor; IPO = initial public offering; LP = limited partner; LTCG = long-term capital gains tax; NCLT = National Company Law Tribunal; ODI = overseas direct investment; RBI = Reserve Bank of India; SEBI = Securities and Exchange Board of India; VC = venture capital

Source: Bain & Company

Figure 32: Steady IPO market, attractive VC/growth ecosystem, and the easing of regulations have led to more and more start-ups shifting base to India

Higher numbers of start-ups are re-domiciling back to India, aided by structural tailwinds

1 Increasing attractiveness of Indian IPO markets

Indian IPO market rebounded as **VC/growth IPO exits surged ~7x in value,** led by better valuations for tech-first firms vs. 2023, higher market liquidity, and reforms (such as T+3 listing and simplified disclosures)

2 Thriving VC/growth ecosystem, with opportunities for sizable raises

India's VC/growth funding remains robust, with growing participation from global and domestic investors, driven by favorable policies, the availability of good-quality assets, robust long-term fundamentals, and the emergence of new sectors

3 Easing of regulations for shifting domicile to India

The elimination of NCLT approval has slashed **cross-border integration timelines from 12–18 months to just 3–4 months**, reducing legal costs, eliminating bureaucratic hurdles, and streamlining the ease of doing business

4 Investor ecosystem facilitating the transfer back to India

Evolved VC/growth ecosystems are enabling companies to **raise bridge funding rounds to support re-domiciling** into India, covering up-front expenses such as **tax liabilities**

5 Supportive public ecosystem encouraging Indian listing

Fintech companies are leading the charge for re-domiciling and are supported by **GIFT City's** fintech ecosystem and an **increasing emphasis from regulators** to list in India

Start-ups redomiciling to India

COMPLETED

Company	From
Groww	US (2024)
Zepto	Singapore (2025)
PhonePe	Singapore (2022)
Pepperfry	Cayman Islands (2022)

ADVANCED STAGES

Company	From
Pine Labs	Singapore
Razorpay	US
KreditBee	Singapore
Meesho	US

INITIAL STAGES

Company	From
BrowserStack	Ireland
Livspace	Singapore
Mensa Brands	Singapore
Flipkart	Singapore
Eruditus	Singapore

Notes: GIFT = Gujarat International Finance Tech City; IPO = initial public offering; NCLT = National Company Law Tribunal; VC = venture capital
Sources: Bain & Company; market participant interviews

Figure 33: Ecosystem resilience expected to deepen in 2025, driven by robust deal activity, strategic shifts, and a focus on sustainable growth

Investor landscape

1. **Robust funding deployment expected as the ecosystem further stabilizes,** driven by the continuing availability of dry powder, high-quality assets, and the steady drawdown on cash runways since the 2022 funding peak

2. **Growth-stage deals to thrive as VC and PE strategies converge**, with VCs increasingly participating in high-value transactions and megadeals and PEs making smaller growth investments in mid- to late-stage start-ups

3. **Consumer-focused sectors, software, and SaaS to remain key pillars of India's funding story:** The expansion of the digital economy, increased Tier 2+ activity, rising e-retail penetration, and the growth of quick commerce are fueling rapid growth for consumer brands. Meanwhile, the deepening software and SaaS ecosystem, driven by AI convergence, is expected to continue to attract investors

Start-up ecosystem

4. **Emergent sectors are expected to grow, aligning with national priorities and global shifts:** Geopolitical dynamics (e.g., South China Sea stand-off) and government initiatives promoting R&D, manufacturing, and self-reliance are driving interest in semiconductors, deep tech, agritech, and energy transition, all supported by sector-specific funds (e.g., Nabventures, MountTech)

5. **Late-stage start-ups to double down on profitability as public market pathways become clearer:** Successful venture-backed IPOs are setting a precedent for focusing on long-term sustainability, encouraging other start-ups to follow suit as they prepare for public market entry

Macro-environment

6. **Targeted government initiatives to catalyze growth in priority sectors:** The ongoing Fund of Funds for Startups scheme (~$145M corpus in FY25) and the launch of a space-focused venture capital fund (~$119M) are expected to drive innovation and capital flows

7. **The proposed Digital India Act could redefine the tech start-up ecosystem by strengthening accountability, data privacy, and AI governance** while introducing new compliance requirements. It aims to build a more robust and trusted ecosystem, boosting India's appeal as a tech investment hub

Notes: IPO = initial public offering; PE = private equity; R&D = research and development; SaaS = software-as-a-service; VC = venture capital
Source: Bain & Company

Glossary

Investment deal stages used in the report

Classification based on deal size

1 **Small ticket size**

Deal value less than **$10M**

2 **Medium ticket size**

Deal value between **$10M and $50M**

3 **Medium-large ticket size**

Deal value between **$50M and $100M**

4 **Large ticket size/megadeals**

Deal value higher than **$100M**

Classification based on deal series*

Seed — Initial financing for a new enterprise that is in the earliest stages of development

Series A/B — Early-stage round of financing by a VC** firm in a company

Series C & above — Includes late-stage financing by a VC** firm into a company from Series D to Series Z+

* As classified by PitchBook; ** Defined as an investor that specializes in financing new businesses or turnaround ventures that usually combine risk with the potential for high return
Note: VC = venture capital
Source: PitchBook

Select terms used in the report

Industry classification	**Agritech**	Tech innovations in agriculture, horticulture, and aquaculture aimed at improving yield, efficiency, and profitability
	B2B commerce	Logistics and end-to-end supply chain solution providers (warehousing, inventory management, etc.) for businesses
	BFSI (banking, financial services, and insurance)	Companies that provide banking, financial services, and insurance products; includes commercial banks, cooperatives, and nonbanking financial companies
	Climatetech	Tech innovations that mitigate climate change and enable decarbonization of the global economy
	Consumer tech	B2C (business to consumer) or consumer Internet products and services, including B2C commerce, edtech, online food delivery, gaming, healthtech, and similar segments
	Consumer/retail	Businesses focused on delivering goods and services directly to individual customers through traditional retail outlets or D2C models
	Electric mobility	Ecosystem including auto OEM (original equipment manufacturer), MaaS (mobility as a service), BaaS (battery as a service), and charging provider
	Fintech	Financial services companies leveraging technology, including payment providers, lending solution providers, neobanks, and similar players
	Generative AI	Companies using or building generative AI capabilities for their core offerings, including generative AI infrastructure, generative AI foundational modules, and generative AI apps
	SaaS (software-as-a-service)	B2B software delivered on cloud as a service, including horizontal business software, vertical business software, and horizontal infrastructure software
Other terms	**ABDM** (Ayushman Bharat Digital Mission)	Mission by government of India aimed at creating comprehensive digital infrastructure and enabling access to digital health IDs and EMRs across the country
	CCPS (compulsorily convertible preference share)	Type of preference shares that must be converted into equity shares after a specified period, often used in funding rounds to provide investors with preferential rights until conversions
	Crossover funds	Investment fund that invests in publicly traded and privately held companies
	CVC (corporate venture capital)	Investment of corporate funds directly in external start-up companies
	D2C (direct-to-consumer)	Selling products directly to customers, bypassing third-party retailers, wholesalers, or other intermediaries with majority of revenue coming from online channels
	DDP (direct depository participant)	Entity authorized by a depository to offer depository services, such as holding securities in electronic format and facilitating transactions directly with investors
	Deep tech	Technology based on tangible engineering innovation or scientific advances and discoveries (e.g., vision and speech algorithms, AI/ML, blockchain, biotech)
	Dry powder	Amount of committed but unallocated capital with VC and PE firms for deployment when attractive investment opportunity arises or to ease financial distress
	ESOP (employee stock ownership plan)	Program that provides employees with ownership interest in companies, typically through stocks, fostering employee engagement and loyalty
	FO (family offices)	Private wealth management advisory firm that serves ultra-high-net-worth individuals
	Leading investors	Investors leading on deal value (with $1B+ deal value and 35+ deals in last five years) or deal volume (with 50+ deals and $500M+ deal value in last five years)
	LLM (large language model)	AI model designed to process and generate humanlike text by analyzing a vast amount of language data; used for applications like chatbots and translations
	ONDC (open network for digital commerce)	Government initiative for the promotion of open networks for all aspects of the exchange of goods and services over digital or electronic networks

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