Private Equity and Venture Capital Trendbook 2025

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Table of contents

06 Foreword

07 Preface

13 A brief review of 2024

19 Key trends of 2024

41 PE/VC investments by sector

67 Exits: Key trends

79 Tax and regulatory updates

84 Glossary of acronyms

86 Appendices

94 Contacts

Foreword

Ashley Menezes

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Over the last ten years, India's private equity and venture capital (PE/VC) sector has undergone a significant transformation. This evolution has been characterized by rapid innovation, sectoral diversification, and an ability to adapt to changing market dynamics, establishing India as one of the most attractive investment destinations globally.

In 2024, the Indian PE/VC industry demonstrated its resilience amid global uncertainties and market fluctuations, securing investments worth US$56 billion – a 5% increase from the previous year. There was a marked shift in investor focus towards buyout transactions, which saw a 39% surge in value, outpacing growth investments.

The bulk of PE/VC activity remained concentrated in sectors that have traditionally attracted interest. However, there was a noticeable expansion in financial services, e-commerce, and technology sectors, outperforming their performance in 2023. Despite a downturn in the value of large deals, the investment landscape was energized by a record number of transactions, propelled by a rekindled interest in start-ups and growth in private credit transactions.

Exit strategies also evolved, with a total of US$26.7 billion realized, representing a 7% year-on-year increase. Open market exits dominated, while PE-backed initial public offerings (IPOs) gained momentum, buoyed by a capital market that offered robust opportunities for investor exits.

The private equity domain has increasingly concentrated on growth and mature companies seeking strategic partnerships. Concurrently, venture capital has been instrumental in fostering India's burgeoning start-up ecosystem, which continues to reach unprecedented milestones and is the third largest start-up ecosystem globally. The country has seen a surge in unicorns and a robust pipeline of 'soonicorns,' spanning diverse sectors such as FinTech, e-commerce, EdTech, and HealthTech. Additionally, PE/VC investors are turning their attention to emerging domains like renewable energy, climate change, and waste management.

This report offers an in-depth analysis of the current trends that are shaping India's PE/VC landscape. It examines investor sentiments, investment and exit patterns, sectoral preferences, and the emergence of new opportunities.

I extend my gratitude to the EY team for their meticulous research, comprehensive analysis, and the assembly of this report.

I also wish to express my sincere thanks to all of you for your unwavering support and encourage your active engagement in IVCA's initiatives. As we continue our commitment to nurturing and enhancing India's PE/VC ecosystem, I invite you to join us on this journey of growth. Together, we can work towards creating a more prosperous and dynamic future for India's PE/VC sector.

Preface

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PE/VC activity in 2024 was shaped by several factors, including key political events like India's general elections and the US presidential elections, ongoing geopolitical tensions, the U.S. Federal Reserve's moves to manage interest rate changes and inflation, and their corollary impact on global liquidity and financing conditions. Also, the buoyant Indian capital markets and the depreciating Indian currency impacted PE/VC investor confidence and decision making. Despite these challenges, after two years of decline, PE/VC investment activity sustained to record the second highest-ever investments of US$56 billion, driven by highest-ever number of deals, marking a 5% and 54% year-on-year growth in value and volume, respectively. This growth in these challenging times reflects the strength of the country's economic expansion, supported by robust fiscal health, rising GST collections, and a favorable macroeconomic environment.

While certain sectors like e-commerce, technology, financial services, media and entertainment, and food and agriculture experienced substantial growth, other sectors such as life sciences, industrial products, retail consumer products, education and automotive faced a decline in investment interest.

PE/VC exits in 2024 totalled US$26.7 billion, marking a 7% increase compared to 2023 (US$24.9 billion), notwithstanding a 7% decline in exit deal volume, falling to 282 in 2024 from 304 in 2023. Taking advantage of a buoyant capital market, PE/VC investors were able to return significant capital via open market exits and IPOs.

The report sheds light on the evolving strategies and tactics adopted by PE/VC in response to the changing market dynamics.

The data analyzed in this report highlights the following trends:

1. Overall rise in investments:
   - PE/VC investment value saw a 5% year-on-year increase in 2024, driven by a surge in buyout investments, particularly in the infrastructure, technology, and financial services sectors.
   - The number of deals experienced a 54% year-on-year growth.
   - While buyout, start-ups and credit segment experienced an increase in value terms, growth and PIPE investments declined compared to the previous year.
2. Shift in investment approach:
   - Growth was observed in pure-play PE/VC investments, which saw a 10% year-on-year increase.
   - PE/VC activity in the infrastructure and real estate asset class declined by 3% year-on-year.
3. Shifting sectoral allocation:
   - Infrastructure was the leading sector, attracting US$12.1 billion in PE/VC investments.
   - Among the traditional favorites, financial services, e-commerce, and technology recorded growth, whereas life sciences experienced a year-on-year decline.
   - The real estate sector witnessed a record high of US$8.8 billion in investments.
4. PE/VC exits rise:
   - PE/VC exits surged to a record third-highest total of US$26.7 billion, across the second highest-ever number of exits, with 282 deals.
   - Exits via the open market dominated this year's exit activity with an all-time high of US$12.9 billion, accounting for 48% of overall exits during the year.
5. Decline in fundraising activity:
   - Fundraising activity declined in 2024 to reach US$10.4 billion, down from US$15.9 billion in the previous year.
   - The number of fundraises also dropped to 95 from an all-time high of 102 in 2023.

Outlook

PE/VC investments

PE/VC investments in 2025 began on a positive note, with January 2025 investments 37% higher in value compared to December 2024 and 9% lower than January 2024.

Exhibit A

Investments	Value US$ million			Number of deals		
Deal type[1]	2025 (Jan)	2024 (Dec)	2024 (Jan)	2025 (Jan)	2024 (Dec)	2024 (Jan)
Buyout	3,459	2,248	3,435	8	7	3
Growth	1,425	1,023	1,984	19	21	18
Start-up	1,065	861	455	59	57	42
Credit	312	235	529	11	7	28
PIPE	10	218	523	4	12	10
Grand total	6,271	4,585	6,926	101	104	101

Source: EY analysis of VCCEdge data

PE/VC exits

Exits have experienced a relatively slow start; with January 2025 recording exits at 48% lower than those in December 2024.

Exhibit B

Exits	Value US$ million			Number of deals		
Deal type	2025 (Jan)	2024 (Dec)	2024 (Jan)	2025 (Jan)	2024 (Dec)	2024 (Jan)
Secondary	1,000	1,126	59	1	4	4
IPO	57	562	79	1	7	3
Strategic	3	-	460	5	4	6
Open market	0	351	149	1	3	9
Buyback	-	-	-	-	-	-
Grand total	1,061	2,039	747	8	18	22

Source: EY analysis of VCCEdge data

[1] Growth capital refers to investment in companies older than 10 years, Start-up refers to investments in companies less than 10 years old, Buyouts refers to control transactions (>50% stake).

2025 is expected to be a challenging year with many uncertainties yet to unfold. The yet to be unveiled policies of the new US Government could have far reaching effect on international trade flows, exports, currency, crude oil prices and their cumulative impact will have a bearing on the Indian macro.

Structurally, Indian consumption appears to be slowing down and we hope that the recent budget announcements will leave more disposable income in the hands of consumers and help address this slowdown.

Corporate earnings for 3QFY2025 have been tepid and disappointing, leading to the significant correction in the broader Indian equity markets. Lack of growth combined with inflation has dampened earnings growth for India Inc and record FII selling observed in the past 5 months is in part because of this.

The rupee has depreciated by 3% in the past 60 days and is now at a record low of INR 87.5 to a US Dollar. This currency depreciation not only negatively impacts PE/VC investor returns in US Dollar terms but also adds to the inflation risk in the economy.

Geopolitically, the world appears to be on a hot tin roof and risk of potential escalation of ongoing geopolitical conflicts has gone up exponentially as the new US government begins to articulate its foreign policy. It remains to be seen how the new tariff regime being put in place by the USA will impact Indian exports and Indian economy.

From a monetary policy point of view, India appears to be in a hard spot. Interest rates appear to have peaked and most experts are projecting a downward sloping rate curve in 2025. However, the INR is under pressure, in part due to the signifcant selling by FII's in the Indian capital markets which does not appear to be abating. Any reduction in interest rates would further reduce the difference between the 10 year US and Indian government bond yields, which is already at a historic low. This could further exacerbate the INR depreciation situation we find ourselves in as US investors pull out more money from the Indian markets citing lack of adequate risk premium.

Despite these challenges and potential risks, opportunities abound for PE/VC investors active in India. One hopes that the ongoing correction in Indian equity markets, especially in the mid-cap and small-cap space will help close the gap between seller expectations and buyer valuations and boost the value and volume of PE/VC deal closures.

A downward sloping interest rate curve in 2025 could spur an increase in investments in infrastructure and real estate asset class as yield investors look to lock in long term yields before asset prices inflate.

The sustained PE/VC activity seen in 2024, despite external challenges, underscores investors' preference for making more substantial investments in India. India's appeal as a leading destination for PE/VC investments is expected to remain strong and the recent correction in the capital markets, while challenging for some, signals potential for more balanced market valuations moving forward.

In 2025, the Indian PE/VC market will continue to be dominated by international GPs, who play a crucial role in shaping the country's PE/VC landscape. These investors as well as the home grown Indian GP's drive their investment decisions by focussing on the micro and not the macro. As India's corporate earnings begin to improve, and the gap between buyer and seller expectations narrows, we anticipate a significant infusion of PE/VC investments into the country. Heightened volatility and risk will create buying opporutnities for the smart and nimble investors.

With significant amounts of dry powder with PE/VC funds and the potential re-alignment of geopolitical stars, we remain cautiously optimistic about the Indian PE/VC outlook for 2025 and project an increase in the total value of PE/VC investment in the year ahead.

We hope you enjoy this year's Trendbook – as always, do share your feedback.

#1 Investment Banker in India 2024

Deal value and Deal count across league tables*

*Mergermarket, Refinitiv, Bloomberg and VCCEdge

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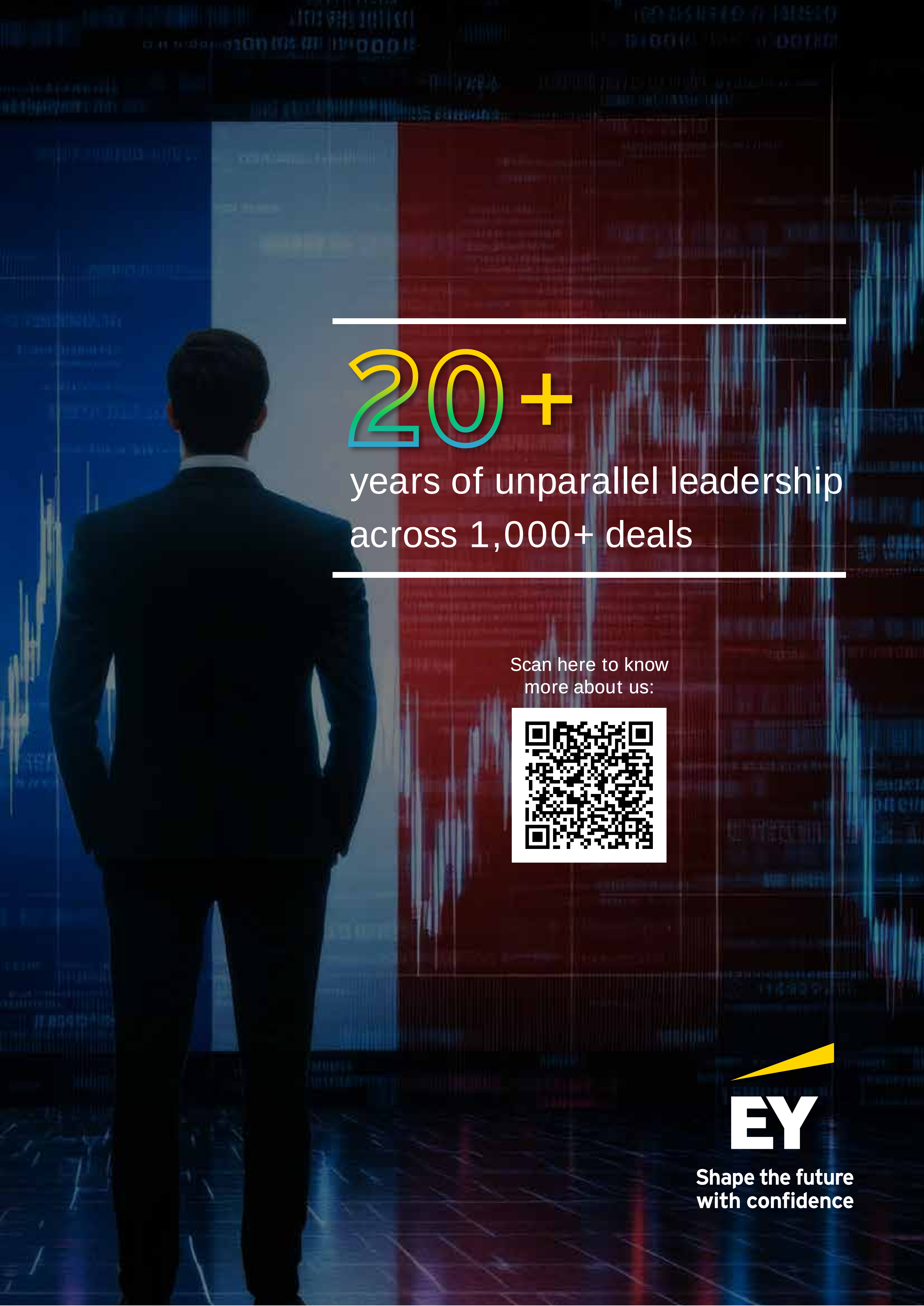
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Buddha Statue Hyderabad

Hyderabad, a blend of rich history and modern innovation, is witnessing rapid growth as a technology and business hub. With a thriving IT sector and home to over 1,500 startups, Hyderabad's economy continues to soar, positioning it as a leader in South India's rise

CHAPTER

01

A brief review of 2024

PE/VC investments

India PE/VC investments hit a record high of US$76.7 billion in 2021 but since then have declined as the cost of capital and business risk premium went up. In 2022, there was a significant decrease of 28% (US$55.4 billion) after which in 2023, there was another decline of 3%, as PE/VC investments closed at US$53.4 billion. In 2024, after two years of declines, PE/VC investments have shown an uptick of 5%, reaching US$56 billion. This recovery was mainly due to increased buyout and credit investments, as well as an increase in start-up investments.

While the deal count remained consistent with the previous year, the dollar value of PE/VC buyout investments saw a 39% increase, reaching US$16.8 billion, up from US$12 billion in 2023. This growth was particularly driven by investments in the infrastructure, technology, and financial services sectors. Buyouts secured the top position among all deal strategies, rising from second place in 2023. This was followed by growth investments, which saw a decline of 21% in value, totalling US$13.4 billion, down from US$17 billion in 2023. Credit investments ranked third, reaching an all-time high of US$10.8 billion, marking an impressive 52% increase from US$7.1 billion in 2023. Start-up investments followed closely, reaching US$10 billion, reflecting a 13% growth compared to US$8.9 billion in 2023. Lastly, PIPE investments totalled US$5 billion, representing a 40% year-over-year decline from US$8.4 billion in 2023.

2024 marked a record year for deal activity, with the total deal count reaching an all-time high 1,352 deals, a notable 54% increase from 880 deals in 2023. The start-up segment was the volume leader with 645 deals, a 35% increase to the 477 deals in 2023. Credit deals experienced a 256% year-on-year growth, reaching an all-time high of 310 deals. Growth transactions totalled 182 deals, up from 147 in 2023, while PIPE deals rose by 41%, reaching 157 deals, compared to 111 in the prior year. Buyouts recorded 58 deals and remained consistent with the previous year.

In terms of asset class activity, the minor decline in real assets backed (infrastructure and real estate) investments (US$20.9 billion across 267 deals in 2024, compared to US$21.5 billion across 124 deals in 2023) was more than compensated by a ~10% increase in pure-play PE/VC investments, which totalled to US$35 billion across 1,085 deals in 2024, up from US$31.9 billion across 756 deals in 2023.

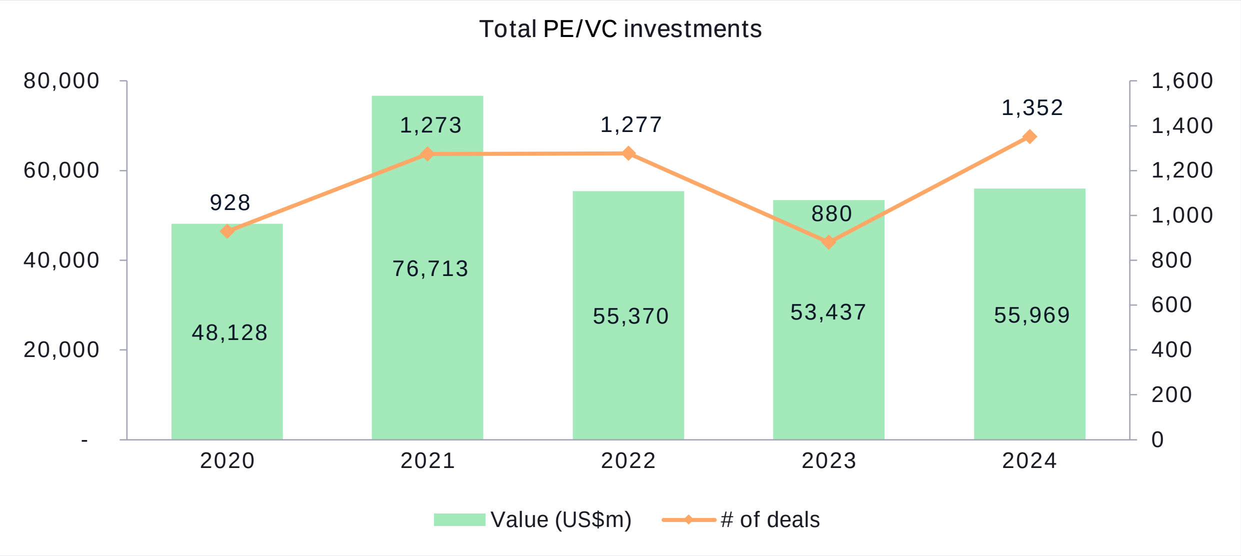
The investment trends in 2024 mirrored that of the previous two years, with heightened activity in the first half of the year followed by a slowdown in the latter half. The first half attracted PE/VC investments of US$32.4 billion, while the second half saw investments of US$23.6 billion, as the investors exercised increased caution amidst rising geopolitical conflicts, the US elections and elevated valuation levels on account of the public market buoyancy.

There was also a notable decline in large deals (deals greater than US$100 million), with the dollar value decreasing by 9%, from US$41.7 billion to US$37.8 billion across 125 deals, the same deal count as the previous year. This decline was primarily driven by a reduction in deals within the US$100 million to US$500 million range, which fell to US$11.3 billion in 2024, down from US$12.6 billion in 2023. Additionally, the mega deals segment (above US$1 billion) decreased to US$6.1 billion, compared to US$9.6 billion in the previous year.

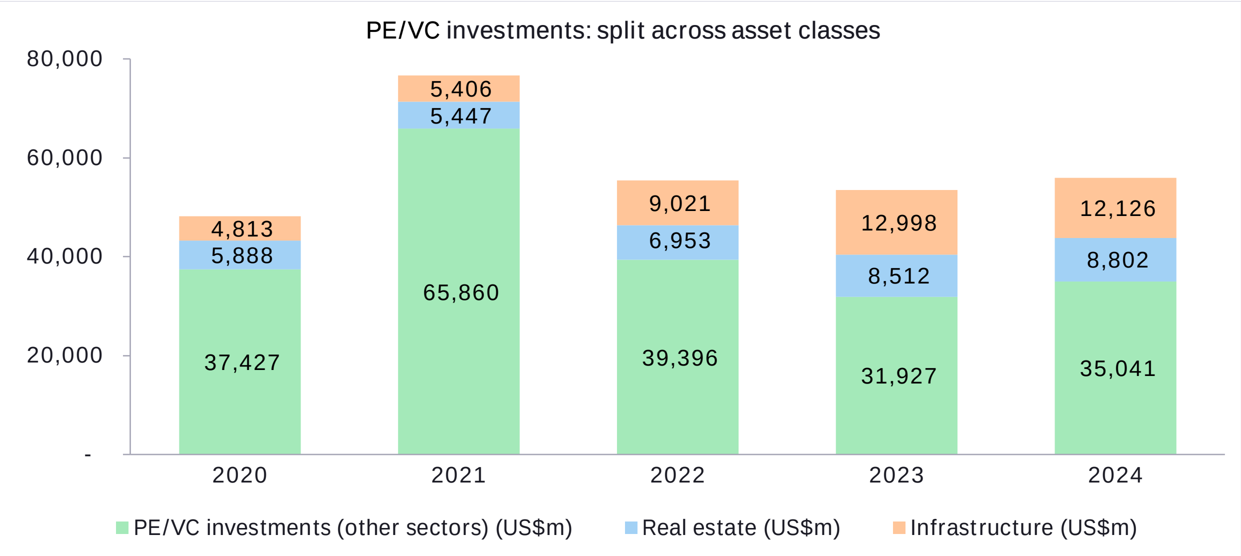
In terms of sectoral allocation, infrastructure, financial services, real estate, e-commerce, technology, and life science recorded more than 100 deals each, compared to just two sectors reaching this milestone in 2023, and collectively accounted for 80% of total investments by value and 66% by deal volume. Like last year, 2024 also witnessed 12 sectors receiving over US$1 billion in investments.

Infrastructure was the leading sector, attracting US$12.1 billion in investment, slightly down from US$13 billion in 2023, accounting for 22% of overall investments during the year. Financial services climbed one spot to second place, recording US$9.0 billion, a 41% increase over 2023. Real estate secured third place, with US$8.8 billion, a slight growth of 3% over 2023. Among other traditionally favoured sectors, technology saw a notable 56% growth, reaching US$6 billion, while e-commerce increased by 87%, totalling US$4.6 billion. However, the life sciences sector experienced a 31% decline with investments falling from US$6.2 billion in 2023 to US$4.3 billion in 2024.

Exhibit 1



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

PE/VC exits

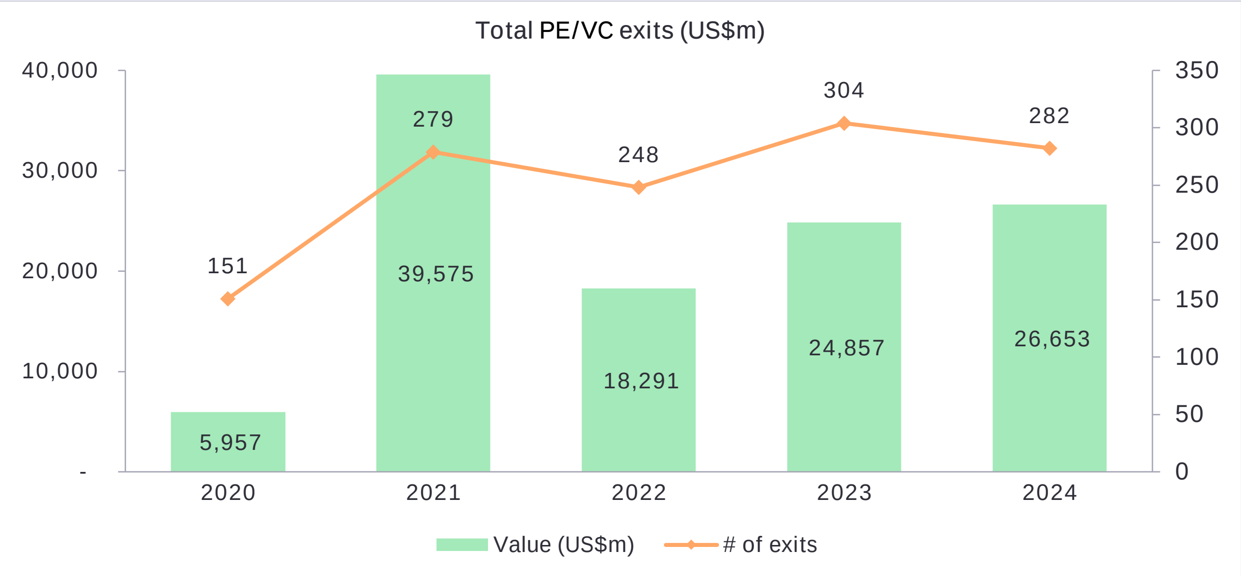
Following a 54% year-on-year decline in 2022, PE/VC exits rebounded in 2023, registering 36% growth to reach US$24.9 billion, compared to US$18.3 billion in the previous year. The momentum continued into 2024, with exits growing by 7% year-on-year totalling US$26.7 billion. In terms of exit volume, 2024 saw the second-highest number of deals, with 282 exits, down from the all-time high of 304 exits in 2023. The increase was mainly driven by open market exits, which accounted for 48% of the total exits in 2024. Additionally, the year saw the second-highest number of PE-backed IPOs, with 40 listings, slightly lesser than an all-time high of 44 PE-backed IPOs in 2021.

In terms of distribution of exits by type, open market exits, in line with their co-relation to rising equity indices, maintained their dominance for the third consecutive year, and reached a record high of US$12.9 billion across 126 exits, a slight increase from US$12.8 billion across 132 exits in 2023. Secondary exits followed with US$6.7 billion in 2024, up from US$6.6 billion in 2023. Strategic exits ranked third, totalling US$3.7 billion, compared to US$3.5 billion the previous year. Notably, 2024 was the second-best year for PE-backed IPOs, which grew by 130% year-on-year and recorded US$3.3 billion in OFS vs. US$1.4 billion in 2023.

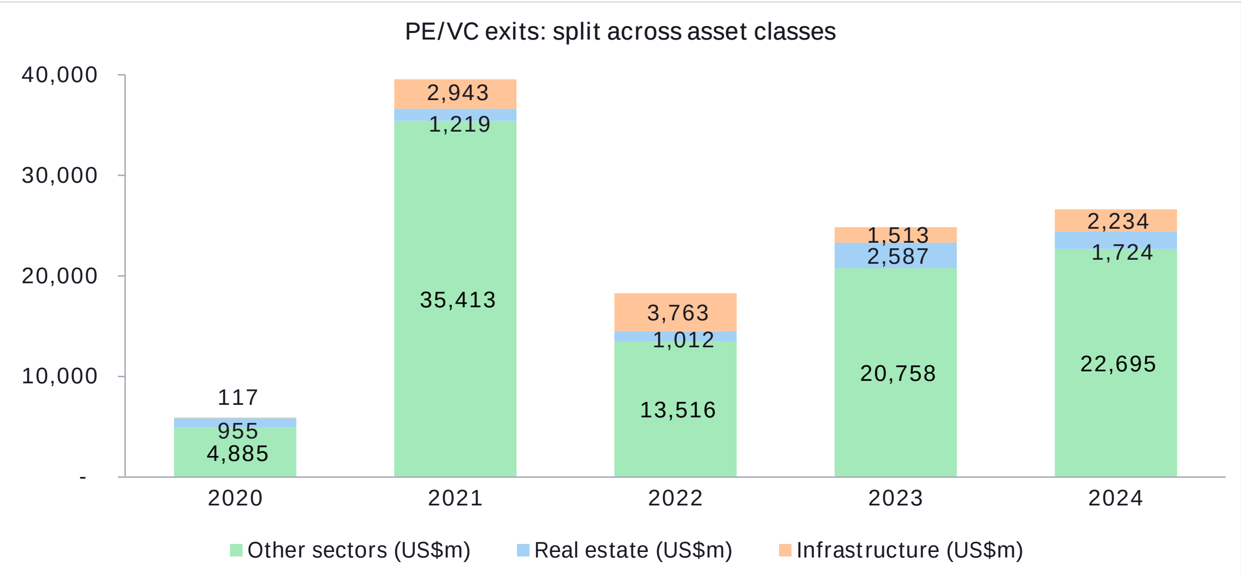
While the total number of exits in 2024 declined by 7%, the year still recorded the second-highest number of exits ever, with 282 deals, down from the all-time high of 304 exits in 2023. Open market exits fell by 5%, totalling 126 deals compared to 132 in 2023. Secondary exits saw a 12% volume decrease, with 53 deals in 2024, down from 60 in the previous year. Strategic exits declined by 20%, with 60 exits in 2024, compared to 75 in 2023. PE-backed IPO was the only exit segment to grow in volume, by 33% to 40 PE-backed IPOs from 30 such IPOs in 2023. Buyback deals plummeted by 57%, dropping from seven deals in 2023 to just three in 2024.

The largest exit in 2024 involved Mankind Pharma acquiring Bharat Serums and Vaccines from Advent International for US$1.6 billion. Predominantly, PE/VC exit activities were observed in the financial services, technology, e-commerce, pharmaceuticals, infrastructure, healthcare, real estate, retail and consumer products, and industrial products sectors, each witnessing exits surpassing US$1 billion. Financial services sector saw exits worth US$5.9 billion across 68 deals; a 20% decline compared to 2023 (US$7.4 billion across 80 deals). This was followed by exits in the technology sector totalling US$4 billion across 27 deals, a 53% growth compared to 2023 (US$2.6 billion across 23 deals). E-commerce sector recorded exits worth US$2.7 billion across 30 deals, a 4% decline compared to 2023 (US$2.9 billion across 35 deals).

Exhibit 2



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

PE/VC fund raising

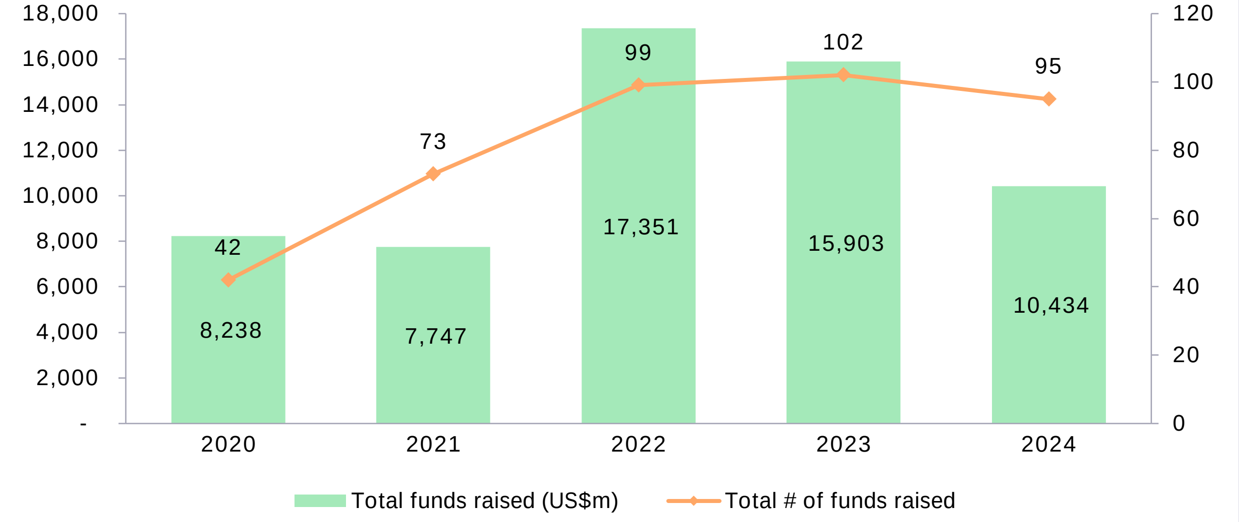
Fundraising by India focussed GP's continued to decline, reaching US$10.4 billion in 2024, following an all-time high of US$17.3 billion in 2022 and the second-highest total of US$15.9 billion in 2023.

Despite the decline in total value, 2024 saw the third-highest number of fundraises on record, with 95 funds raised, down from 102 in the previous year.

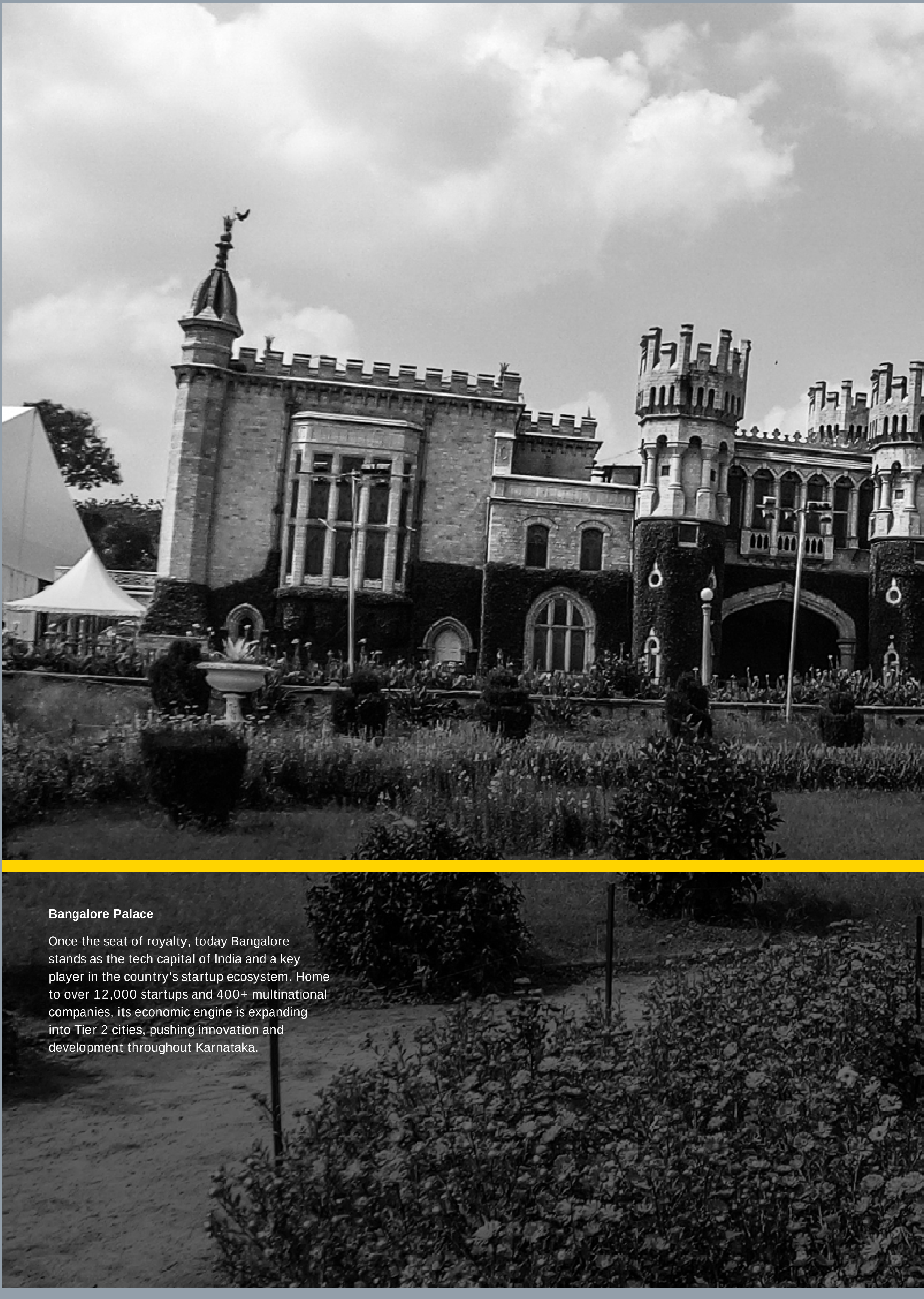
The largest fund raise of 2024 was led by Kedaara Capital, securing US$1.7 billion for its Kedaara Fund 4 targeted at investing in banking, healthcare, consumer and software sector.

As stated earlier in our reports, this decline does not have a material impact on the value and volume of PE/VC investment and activity as bulk of the alternative investment capital deployed in India continues to be managed by international GP's that raise and invest out of regional or global funds.

Exhibit 3: Fundraise



Source: EY analysis of VCCEdge data



Bangalore Palace

Once the seat of royalty, today Bangalore stands as the tech capital of India and a key player in the country's startup ecosystem. Home to over 12,000 startups and 400+ multinational companies, its economic engine is expanding into Tier 2 cities, pushing innovation and development throughout Karnataka.

CHAPTER

02

Key trends of 2024

Buyout investment growth accelerates on account of the increase in the value of large deals

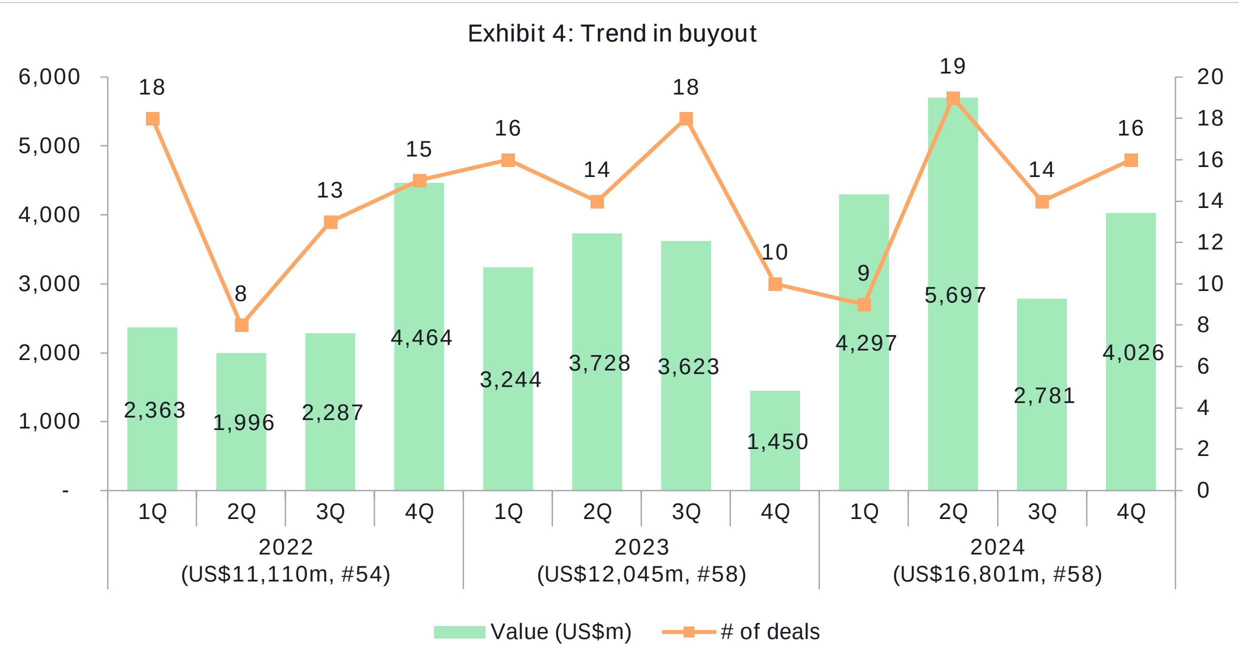
After correcting by 47% in value in 2022, buyout strategy rose 8% in 2023 and then saw a 39% year-on-year growth in 2024, climbing to the first spot by US$ value, up from the second place in the previous year. Buyout transactions accounted for 30% of the overall PE/VC investments in 2024.

While the deal count remained same as last year (58 deals), buyout investment value increased from US$12 billion in 2023 to US$16.8 billion in 2024. Notably, 2024 saw 36 large deals (deals with a value greater than US$100 million) including three deals exceeding US$1 billion (at par with the previous year), compared to 28 large deals in 2023. These large deals accounted for 94% of total buyout investments, amounting to US$15.8 billion.

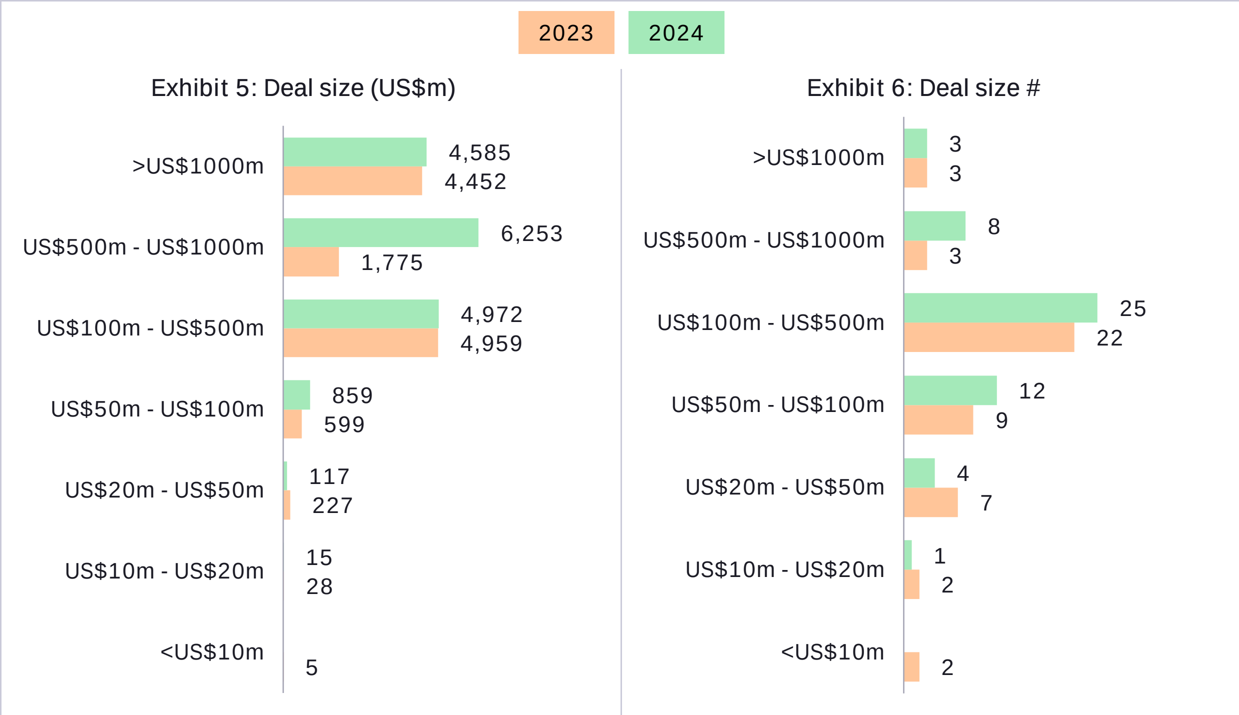
The largest buyout deal of the year saw the acquisition of ATC India Tower Corporation by Data Infrastructure Trust (a Brookfield-sponsored InvIT) for US$2 billion.

Infrastructure (US$4.3 billion), real estate (US$2.9 billion), technology (US$2.7 billion), financial services (US$2.5 billion), healthcare (US$2.1 billion) and industrial products (US$1 billion), each recorded greater than US$1 billion investment and dominated buyout investments in 2024, collectively accounting for 92% of overall buyout investments.

Over the years, buyout transactions have evolved from small and mid to large cap companies. Buyouts have enabled the PE/VC investors to acquire controlling stakes, allowing them to make strategic decisions in their portfolio companies and turn around underperforming assets. Given the growth tailwinds, acquisition of controlling stakes in established companies with strong fundamentals offer superior risk-adjusted returns to PE/VC investors, which is why, despite global headwinds and uncertainties, buyouts are emerging as a preferred strategy for large PE/VC investors active in India.

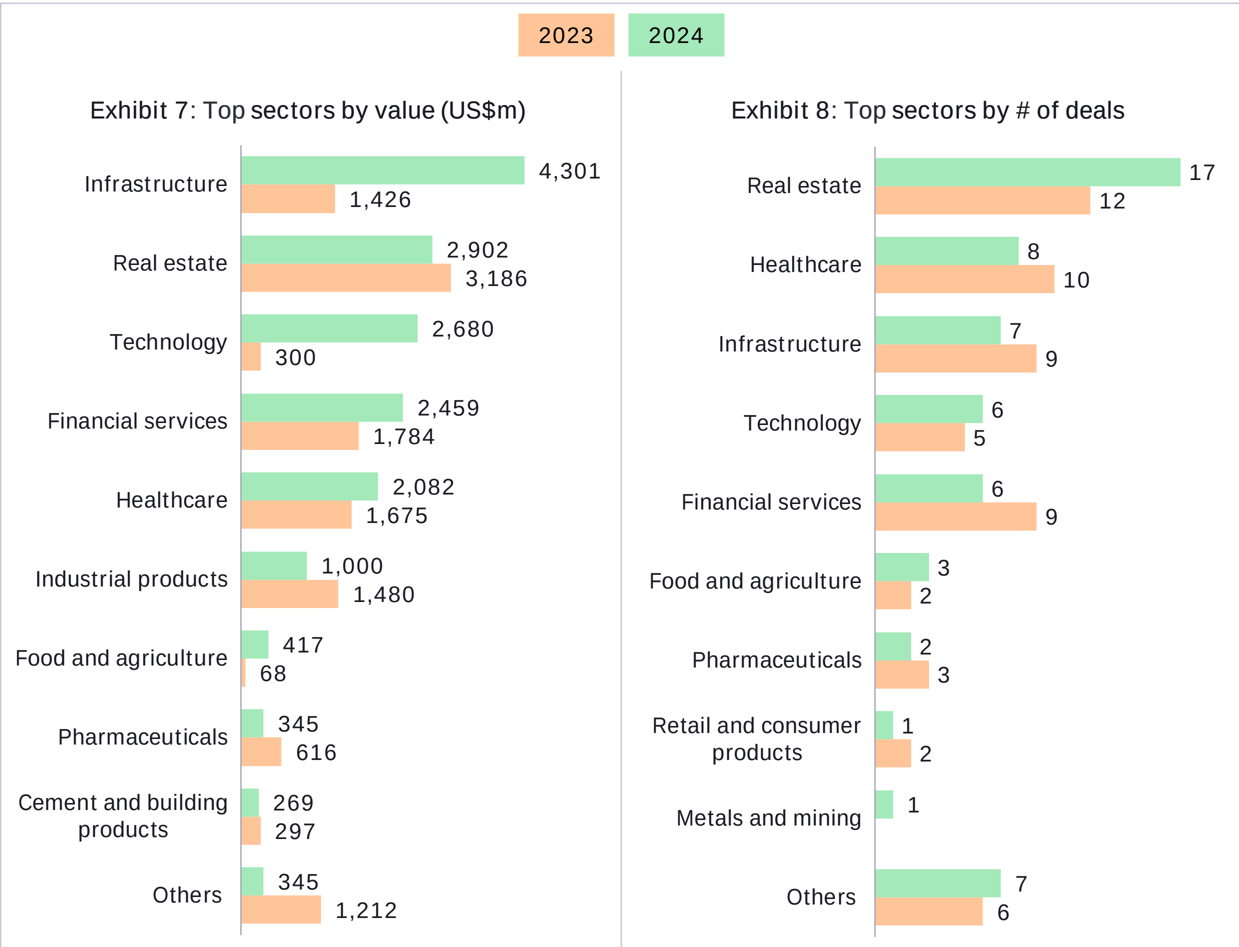


Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available



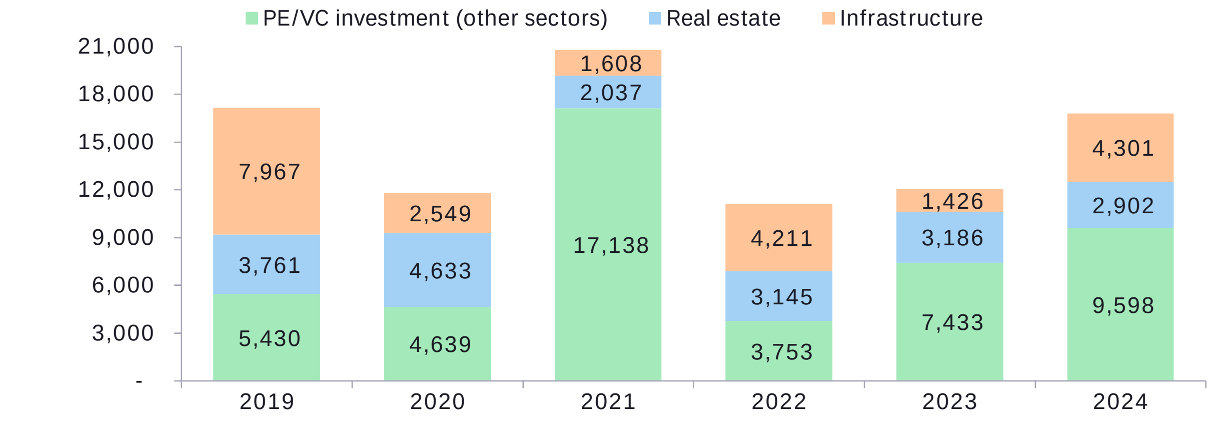
Source: EY analysis of VCCEdge data

Exhibit 9: Top PE/VC buyouts in 2024

Company/asset	Investors	Sector	Amount (US$m)	Deal stake %
ATC India Tower Corporation (American Tower Corporation (Indian business))	Data Infrastructure Trust (Brookfield)	Infrastructure	2,000	100
Vertelo	Macquarie	Financial services	1,500	100
12 road projects	Highways Infrastructure Trust (KKR InvIT)	Infrastructure	1,085	100
Manjushree Technopack	PAG	Industrial products	1,000	>50
Altimetrik Corp	TPG	Technology	900	60
GeBBS Healthcare Solutions	EQT	Technology	860	>50
Healthium Medtech	KKR	Healthcare	838	100
Omega Healthcare Management Services	OTPP	Technology	800	>50
11-acre commercial project in Mumbai (RMZ Nexus)	CPPIB, RMZ	Real estate	750	100
Shriram Housing Finance	Warburg Pincus	Financial services	554	100

Source: EY analysis of VCCEdge data

Exhibit 10: PE/VC investments split across asset classes (US$ million)



# of deals	2019	2020	2021	2022	2023	2024
Infrastructure	13	11	10	11	9	7
Real estate	17	12	19	21	12	17
Pure play	32	20	33	22	37	34

Source: EY analysis of VCCEdge data

Since the correction from the record highs in 2022, the US$ value of pure play PE buyouts has increased at a CAGR of ~60%, closing 2024 at US$9.6 billion, whereas its deal volume has grown at a CAGR of 24%, reflecting a healthy increase in average buyout deal size. This growth seen in the last 2 years is noteworthy as it has come despite the buoyancy in the Indian capital markets, that has led to widening bid ask spreads between sellers and PE investors, leading to protracted and often aborted negotiations, making deal closures tougher. As the Indian equity markets correct, especially in the mid-cap / small-cap space, we expect convergence on valuation views increasing between sellers and PE investors. This, aided by record levels of dry powder available with buyout funds and other factors including rising incidence of succession planning issues in family businesses, difficulty in complete exit for promoter groups of listed companies, etc., leads us to project an optimistic outlook for buyouts in 2025.

Growth investments slid to second spot, owing to reduction in large deals (above US$500 million)

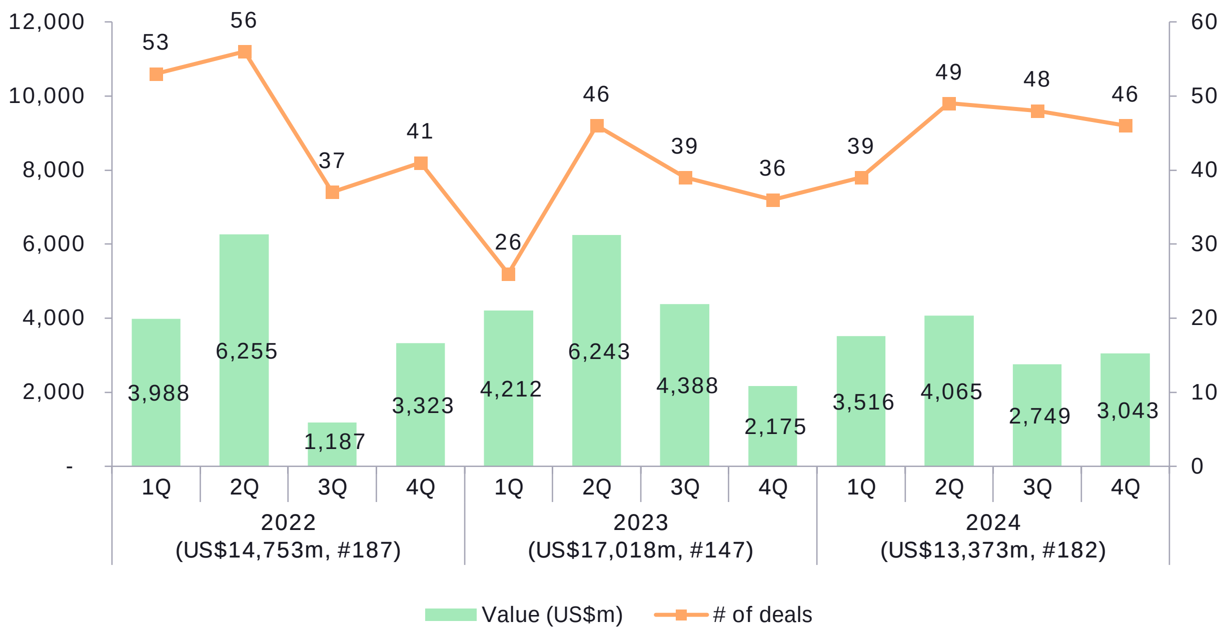
In 2024, growth investments fell to US$13.4 billion, reflecting a 21% year-on-year decrease from US$17 billion in 2023. However, deal volume saw a 24% increase, with 182 growth capital deals in 2024 compared to 147 in the previous year.

The decline in growth investments was primarily driven by a reduction in large deals exceeding US$500 million. These large deals, above US$500 million, totaled only US$4 billion across four deals compared to US$10.4 billion across 11 deals in 2023, marking a 62% decrease in value terms. The year 2024 recorded only one mega deal (above US$1 billion) in growth investments, i.e., ADIA and KKR's investment of US$1.5 billion into Reliance Logistics and Warehouse Holdings (Reliance Retail Ventures warehousing assets), which was also the largest deal in the segment.

Five sectors recorded over US$1 billion in growth investments in 2024, led by infrastructure (US$3.6 billion), and followed by real estate (US$2.8 billion), technology (US$1.6 billion), financial services (US$1.4 billion), and e-commerce (US$1.2 billion), which cumulatively accounted for 79% of overall growth investments during the year. Healthcare sector, which was the third largest sector in 2023, saw an 87% reduction in deal value year-on-year, largely on account of paucity of scaled up assets as opposed to investor appetite. Other sectors which saw a decline in value of growth capital investments include retail and consumer products (85%), industrial products (51%). In terms of deal volume, financial services recorded the highest number of deals (26), followed by infrastructure and real estate (21 deals each).

Although the start-up ecosystem is witnessing rapid growth, established and mature companies offer a balanced risk-return profile over a shorter time frame compared to investments in early-stage companies. This makes growth companies an appealing target for PE and VC investors looking to generate value through growth investing. As the economy continues to evolve, growth investments are expected to play a pivotal role in shaping the PE/VC landscape.

Exhibit 11: Trends in growth investments



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 12: Deal size (US$m)

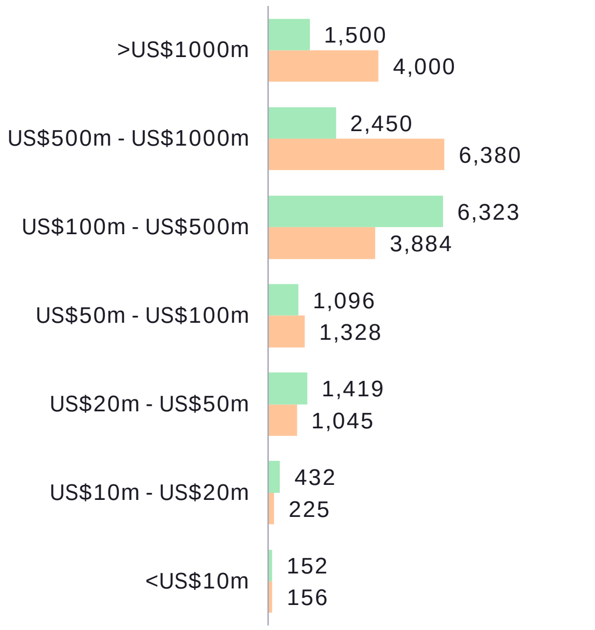
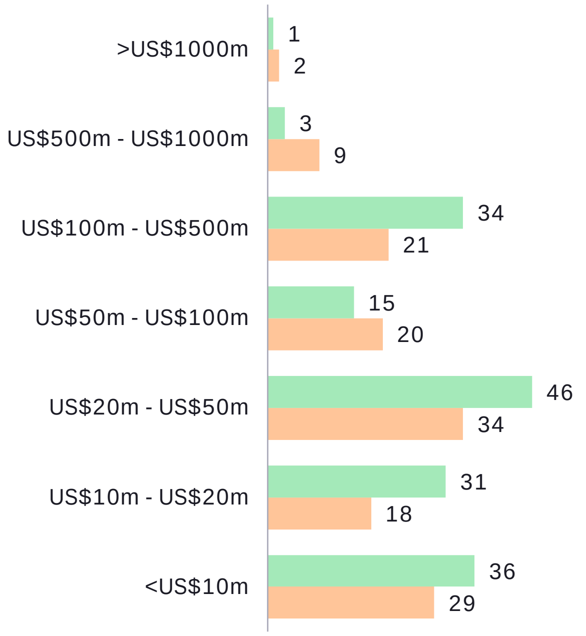


Exhibit 13: Deal size #



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

2023 2024

Exhibit 14: Top sectors by value (US$m)

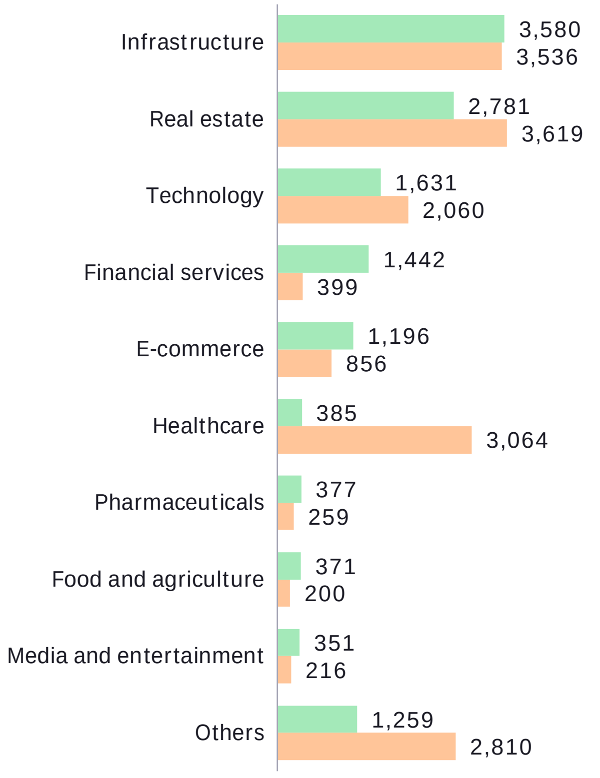
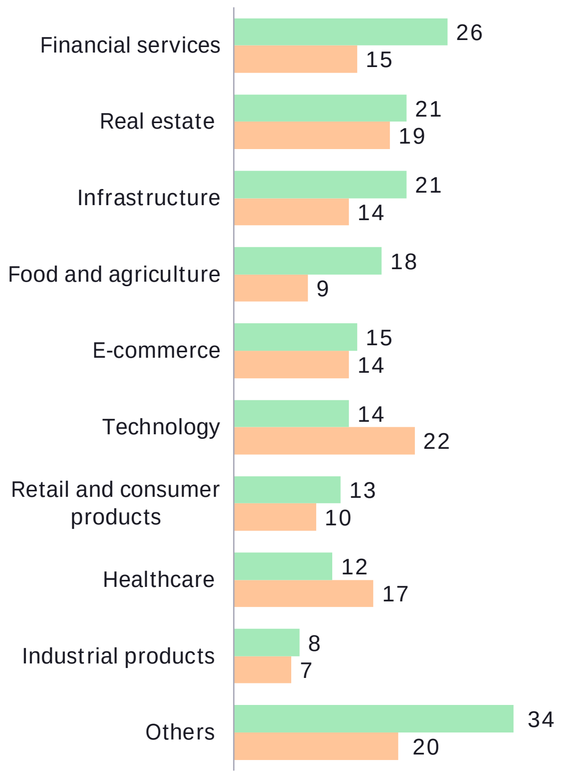


Exhibit 15: Top sectors by # of deals



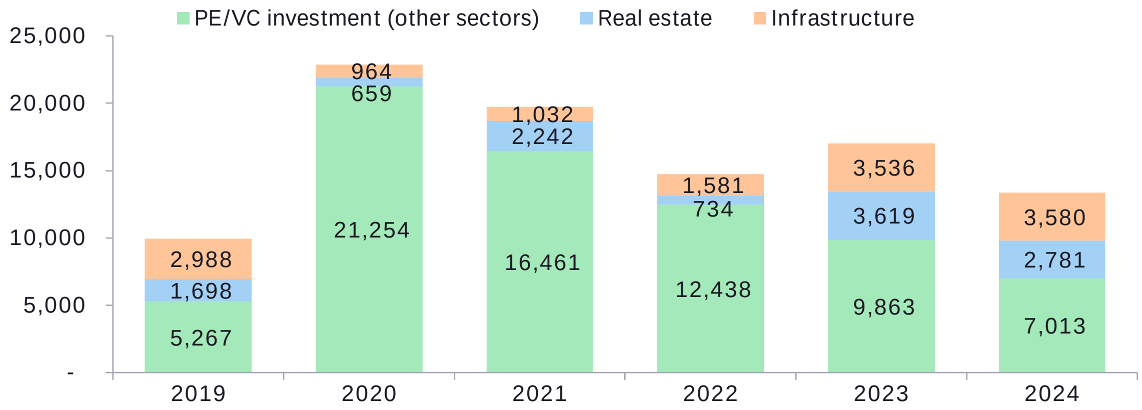
Source: EY analysis of VCCEdge data

Exhibit 16: Top growth investments in 2024

Company/asset	Investors	Sector	Amount (US$m)	Deal stake%
Reliance Logistics and Warehouse Holdings (Reliance Retail Ventures warehousing assets)	ADIA and KKR	Real estate	1,500	NA
Sael (Sukhbir Agro, SAEL Group)	ADB, Norfund, Tata Cleantech Capital and US DFC	Infrastructure	1,000	NA
VFS Global Services	Temasek	Technology	950	18
Sterlite Grid 32 (Sterlite GIC JV)	Sterlite Power, GIC	Infrastructure	500	49
National Highway Infra Trust	CPPIB, OTPP	Infrastructure	438	NA
Mahindra Susten (Susten)	OTPP	Infrastructure	428	NA
Rostrum Realty	Brookfield	Real estate	359	49
Fourth Partner Energy	ADB, DEG, IFC	Infrastructure	275	NA
Bangalore International Airport (Kempegowda International Airport)	Fairfax	Infrastructure	255	10
Svatantra Microfin	Advent, Multiples	Infrastructure	233	NA

Source: EY analysis of VCCEdge data

Exhibit 17: PE/VC investments split across asset classes (US$ million)



# of deals	2019	2020	2021	2022	2023	2024
Infrastructure	19	4	12	16	14	21
Real estate	27	11	27	14	19	21
Pure play	106	101	149	157	114	140

Source: EY analysis of VCCEdge data

2020 was an outlier for growth investments on account of over US$16.3 billion raised by RIL and its Group companies. 2021 saw record highs for PE/VC growth investments post which underwriting of large growth investments on back of optimistic assumptions became tougher as cost of capital and business risk premium demanded by investors began to spike. On the other hand, the sellers were/are reluctant to accept the contraction in deal multiples from 2021 highs and continue to see the buoyant Indian capital markets as a more rewarding avenue for raising growth capital. In 2024, Indian IPO volumes were the highest globally[2] with most of the activity in the SME / small-cap / mid-cap space. In

[2] https://www.ey.com/en_gl/insights/ipo/trends

2025, the Indian markets have begun to see a correction in valuations, especially in the small-cap and mid-cap space, which at the time of this report going into print, is seeing elevated levels of volatility and broad-based correction across sectors. This correction is largely being driven by spike in global uncertainty, lack of corporate earnings growth across three quarters of the financial year on account of inflationary factors and slowdown in the Indian consumption story. The recent policy initiatives announced by the Government in the Budget are a step in the right direction and are expected to boost domestic consumption. As the Indian equity markets continue to correct and the IPO window becomes less viable on account of volatility, we project an increase both the value and volume of growth capital investments in 2025.

Private credit reaches historic high fueled by record deals[3]

Private credit investments have been on an upward trajectory, reaching an all-time high of US$10.8 billion, an increase of 52% from last year's US$7.1 billion. This growth is driven by a surge in deal activity, with the number of deals rising from 87 in 2023 to 310 in 2024, representing a year-on-year growth of 256%.

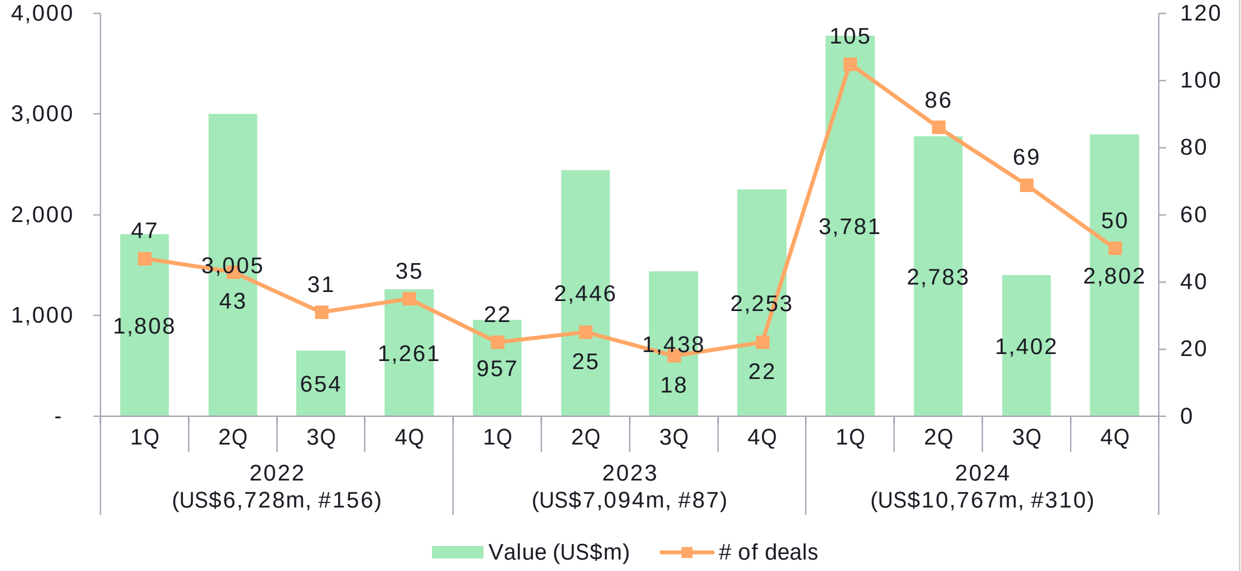
While large deals (exceeding US$100 million) reached US$5 billion across 20 deals, this segment saw a year-on-year decline of 8% (US$5.4 billion across 25 deals in 2023). This was offset by a significant increase in the small ticket deals (below US$100 million) totaling US$5.8 billion across 290 deals, reflecting a 249% year-on-year growth compared to US$1.7 billion across 62 deals in 2023.

The bulk of the private credit investments, constituting 73% of the total, were concentrated in three sectors: infrastructure (US$3.1 billion), real estate (US$2.4 billion) and financial services (US$2.3 billion), which collectively accounted for 73% of overall credit investments. These sectors saw a substantial year-on-year growth of 26%, 125% and 206%, respectively. Unlike 2023, when only one sector received over US$2 billion in credit investments, 2024 was more broad based with three sectors surpassing the US$2 billion mark.

In terms of deal volume, the sectors with the highest investment values also accounted for the largest share of overall deal activity, comprising 64% of the total volume. Real estate led with 81 deals, followed by financial services with 61 deals, and infrastructure with 56 deals. Notably, except for education, metals & mining, and oil & gas, all sectors saw an increase in deal volume in 2024.

The surge in private credit activities in India can be primarily attributed to increased demand for infrastructure spending and real estate development, surge in capital raising by Non-Banking Financial Companies (NBFCs) and a general slowdown / risk averseness in bank lending to these three sectors.

Exhibit 18: Trends in credit investments



Source: EY analysis of VCCEdge data

[3]For the purpose of this analysis, we have only considered private credit by PE funds, SWFs, Pension Funds and Venture debt investments

2023 2024

Exhibit 19: Deal size (US$m)

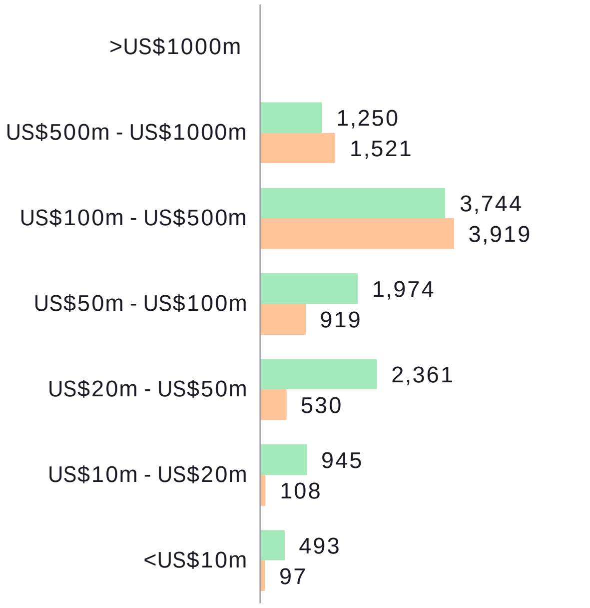
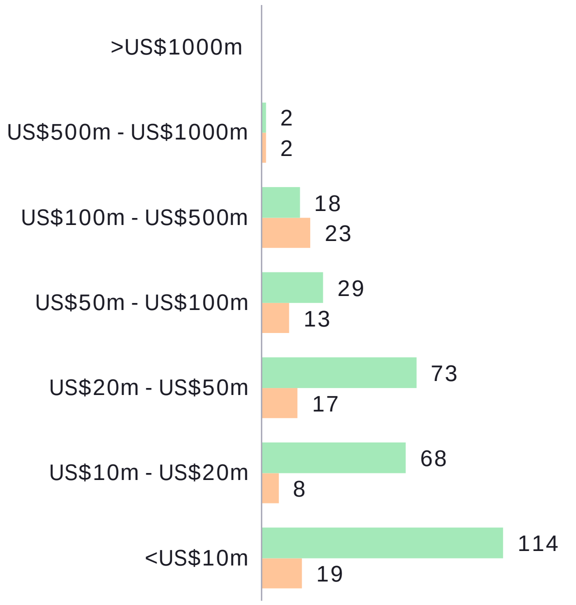


Exhibit 20: Deal size #



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

2023 2024

Exhibit 21: Top sectors by value (US$m)

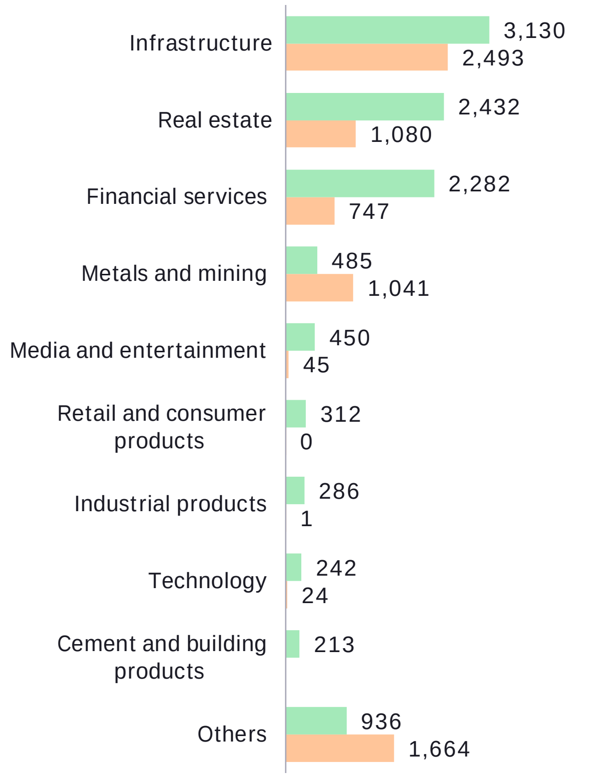
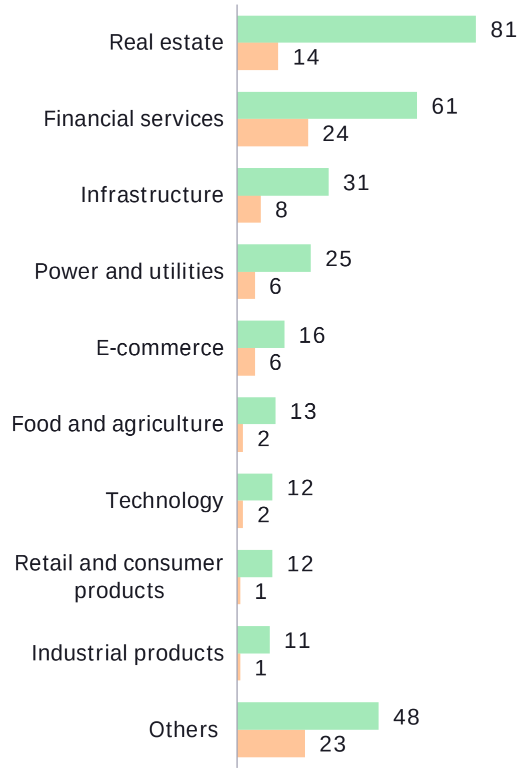


Exhibit 22: Top sectors by # of deals



Source: EY analysis of VCCEdge data

Exhibit 23: Top private credit investments in 2024

Company/asset	Investors	Sector	Amount (US$m)
GMR Enterprises	ADIA	Infrastructure	750
HDFC Bank	IFC	Financial services	500
Reliance Power	Varde Partners	Infrastructure	500
Bajaj Finance	IFC	Financial services	400
Reliance Infrastructure	Varde Partners	Infrastructure	350
Reliance Logistics and Warehouse Holdings	Mubadala and Fortress management	Real estate	322
Residential projects in prominent locations across 4 cities in India of Prestige	ADIA, Kotak AIF	Real estate	240
Vedanta	Davidson Kempner, Varde Partners and Alpha Alternatives	Metals and mining	216
GMR Airports	JP Morgan, TATA Capital and Varde Partners	Infrastructure	202
IIFL Finance	Fairfax	Financial services	200

Source: EY analysis of VCCEdge data

India's start-up ecosystem rebounds with a 13% growth in 2024; e-commerce leads the surge

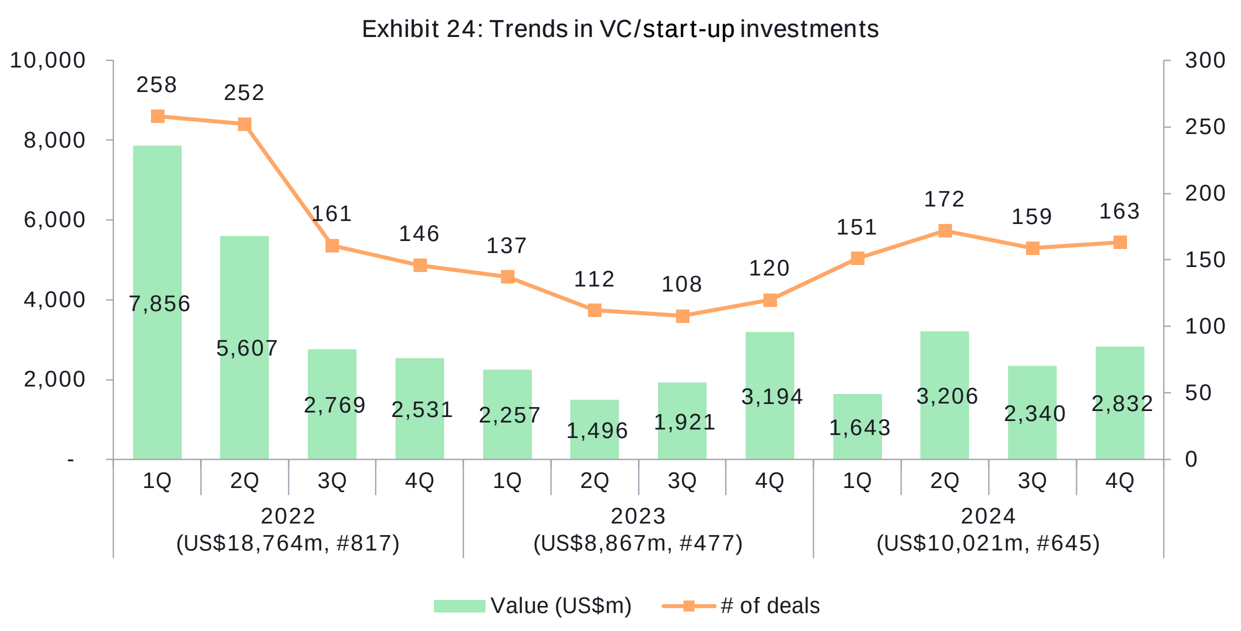
Start-up activities rebounded in 2024 after two years of decline. They grew by 13% to reach US$10 billion, up from US$8.9 billion in 2023. The number of deals also increased to 645 in 2024, compared to 477 deals in 2023, reflecting a 35% year-on-year growth.

E-commerce was a major driver of start-up investments in 2024, attracting US$3.1 billion across 79 deals – 31% of the total start-up investments. This marked a significant 128% increase compared to the US$1.4 billion invested across 59 deals in 2023. The hyperlocal and B2C segments were the key drivers within e-commerce. Notably, KiranaKart Technologies (Zepto), a pioneering company in quick commerce, secured US$1.4 billion in funding during the year, representing 44% of the total PE/VC investments in e-commerce.

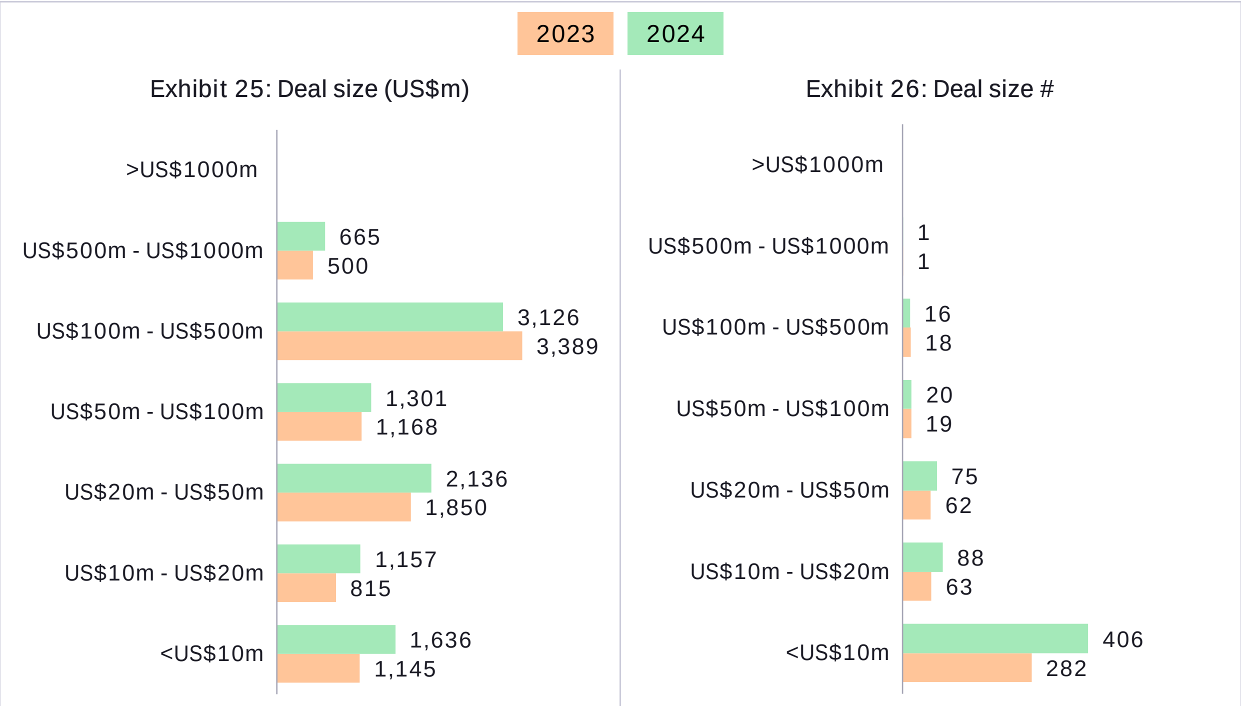
The financial services sector secured second place, attracting US$1.8 billion, a slight decline from US$2 billion in 2023. The technology sector recorded US$1.2 billion, consistent with the previous year. Collectively, the e-commerce, financial services and technology sectors accounted for 61% of overall start-up investments. These sectors not only dominated in value terms but also in the number of deals, with technology leading at 126 deals, followed by financial services with 99 deals, and e-commerce with 79 deals. Together, they accounted for 47% of the total start-up deal volume. Within technology, the SaaS and software segments saw the highest deal activity, while FinTech and NBFCs led the way in financial services.

India's start-up ecosystem remains resilient, and its future appears highly promising, with continued strong investment from both domestic and international investors. Sectors such as SaaS, AI, blockchain, FinTech, HealthTech, NBFCs, EVs, housing finance, D2C and B2C are expected to see increased activities. Further, the growing awareness of environmental challenges and social responsibility is spurring the emergence of start-ups focused on climate change, waste management, and renewable energy.

Start-up activities in India will continue to evolve, supported by government policies and initiatives. India boasts over 100 unicorns, with five joining the ranks in 2024 alone[4], followed by a growing list of soonicorns. We now rank third globally, following US and China. With the increased focus on innovation, coupled with the evolving technology and favorable support, India's start-up ecosystem will continue to be on an upward trajectory in the coming years.



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

[4] https://www.ventureintelligence.com/Indian-Unicorn-Tracker.php

2023 2024

Exhibit 27: Top sectors by value (US$m)

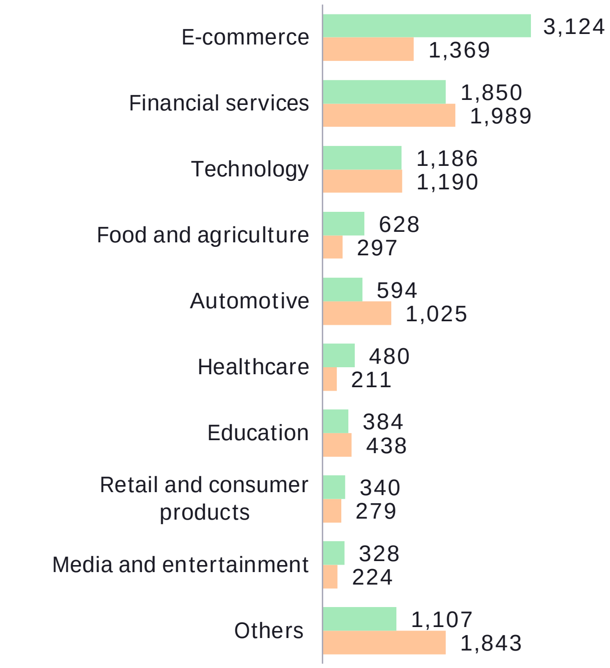
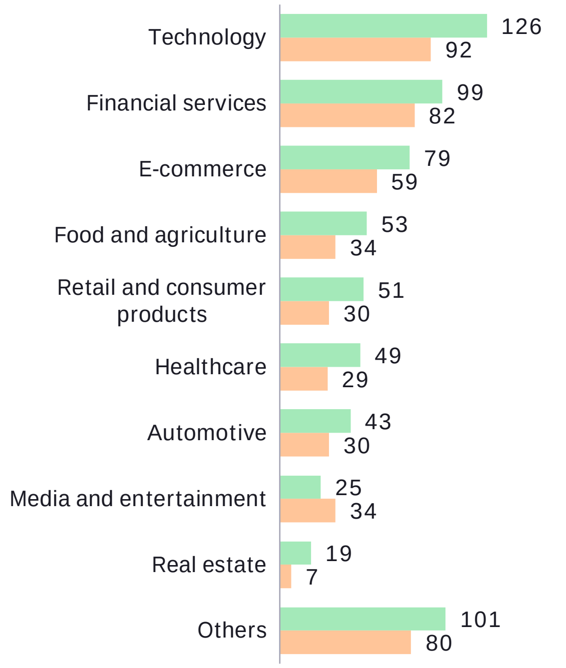


Exhibit 28: Top sectors by # of deals



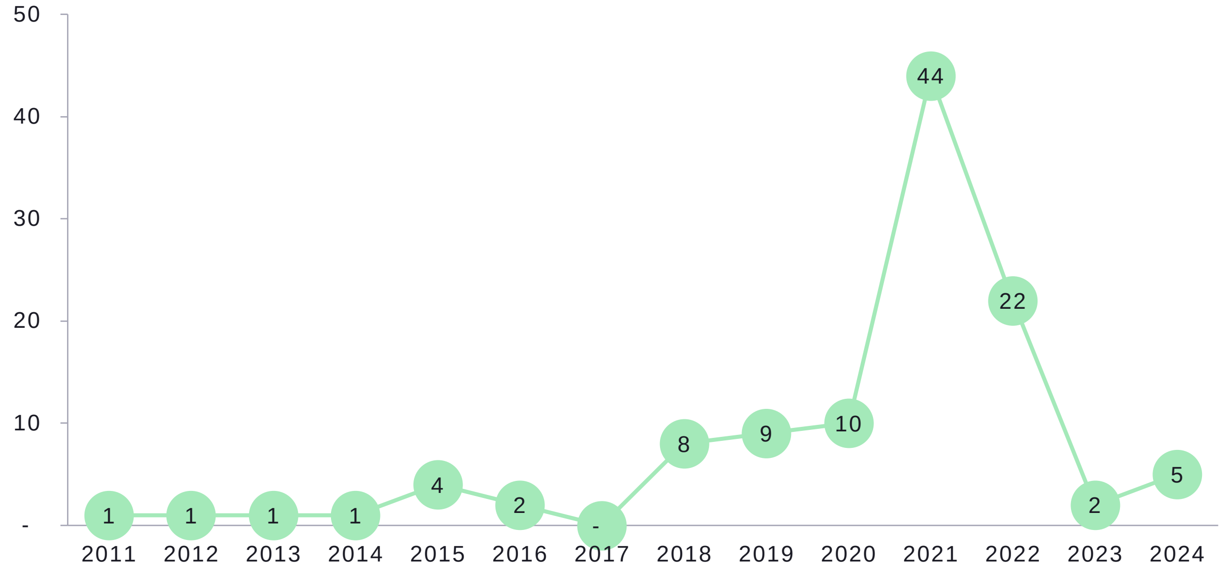
Source: EY analysis of VCCEdge data

Exhibit 29: Top VC / start-up investments in 2024

Company/asset	Investors	Sector	Amount (US$m)	Deal stake%
KiranaKart Technologies (Zepto, KiranaKart)	StepStone, Nexus Venture Partners, Glade Brook Capital and others	E-commerce	665	18
Advanta Enterprises (Advanta Seeds)	Alpha Wave	Food and agriculture	350	12
KiranaKart Technologies (Zepto, KiranaKart)	MOPE, Mankind Pharma Family Office, RP Sanjiv Goenka Group and others	E-commerce	350	7
KiranaKart Technologies (Zepto, KiranaKart)	General Catalyst, Mars Growth, EPIQ Capital and others	E-commerce	340	7
Apollo Healthco	Advent	E-commerce	297	17
Meesho Inc.	SoftBank, Prosus, Elevation Capital and others	E-commerce	275	
API Holdings (PharmEasy)	MEMG, Prosus, Temasek and others	E-commerce	216	30
Physicswallah	Hornbill Capital, Lightspeed, GSV and Westbridge	Education	210	8
Mintifi	Prosus, OTPP and Premji Invest	Financial services	180	24
Elan Group	Kotak RE	Real estate	143	

Source: EY analysis of VCCEdge data

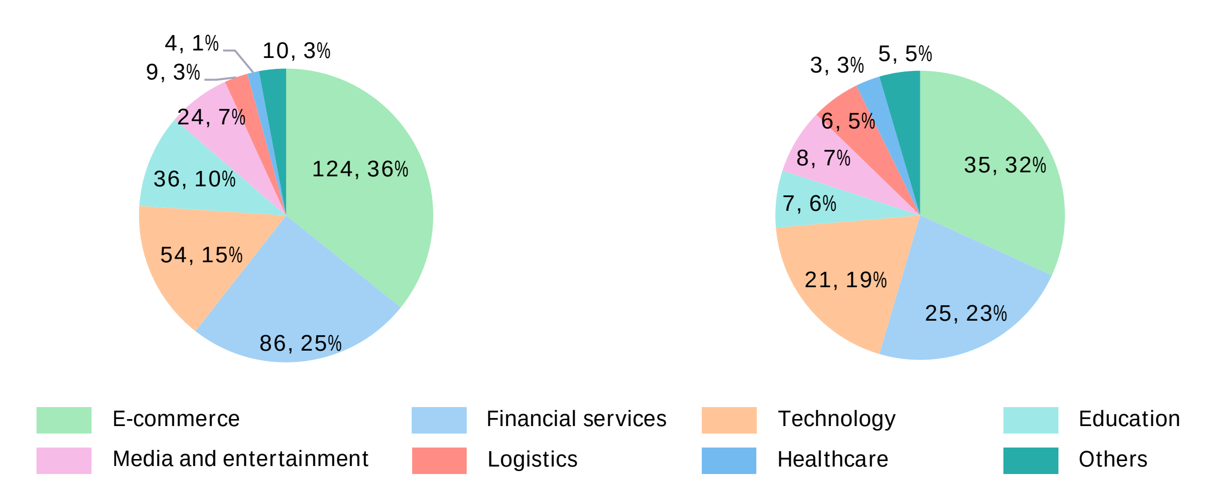
Exhibit 30: Trend in number of start-ups attaining unicorn status each year



Source: EY analysis of Venture Intelligence data

Exhibit 31: Sectoral split of unicorns by value (US$b)^ - 2024

Exhibit 32: Sectoral split of unicorns by volume - 2024



Source: EY analysis of Venture Intelligence data

^Valuation at the time of latest round of funding

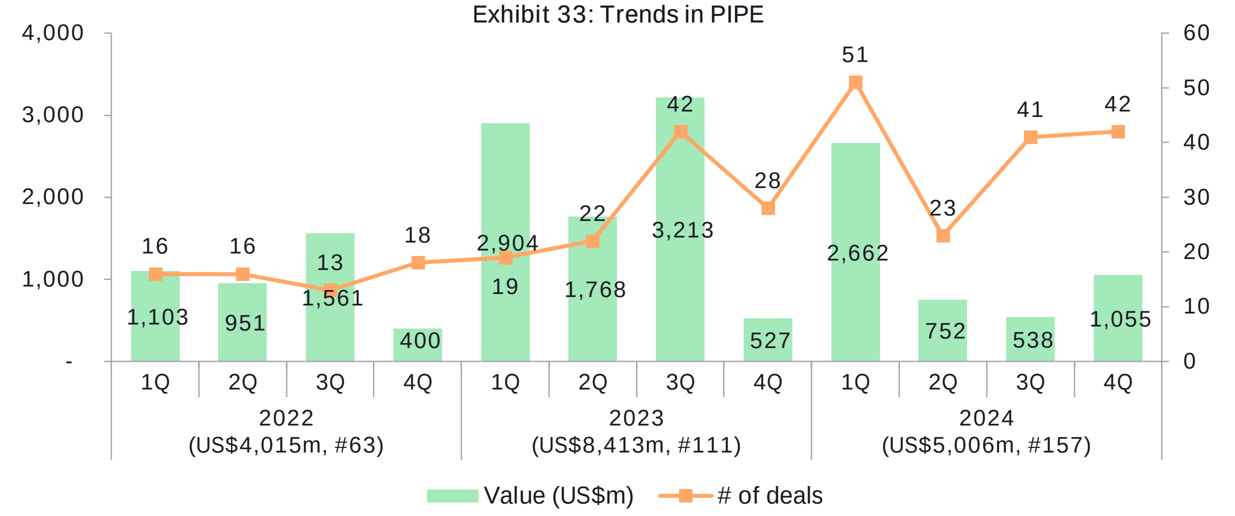
Private investments in public equity (PIPE) drop 40% from 2023 peak due to reduction in the value of large deals, particularly within infrastructure sector

PIPE transactions which recorded an all-time high of US$8.4 billion in value across 111 deals in the previous year, experienced the highest fall across all segments in 2024 by 40% to record US$5 billion across 157 deals.

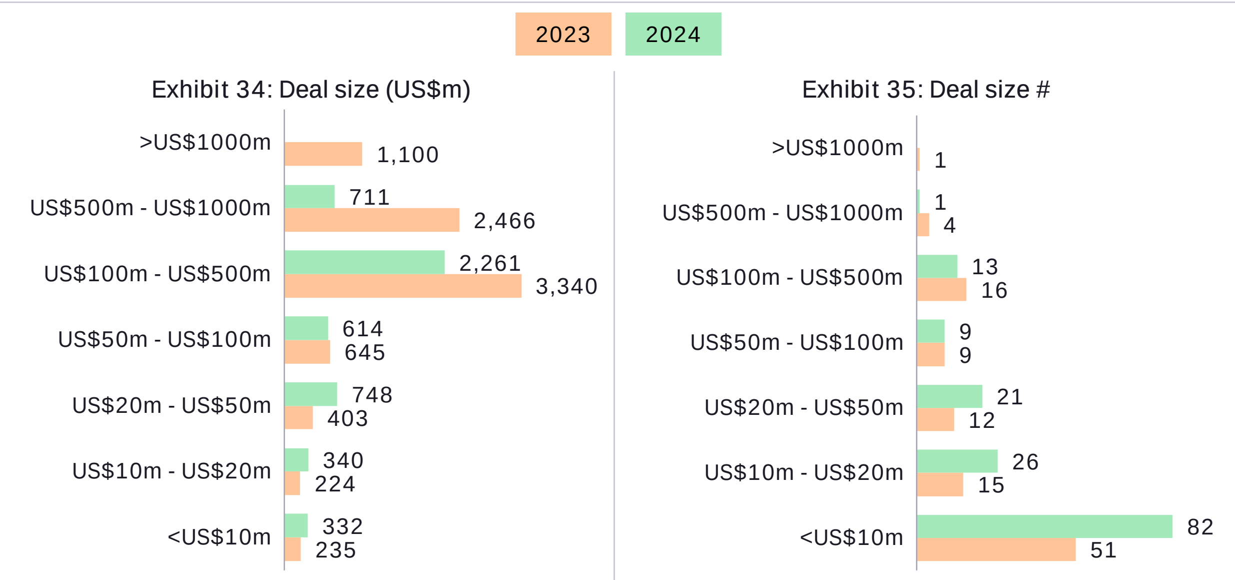
The decline in PIPE investments is primarily on account of a decrease in the value of large deals (deals greater than US$100 million). In 2024, there were only 14 large deals totalling US$3 billion, compared to 21 deals totalling US$6.9 billion in the previous year, marking a 57% year-on-year decrease in value. Large deals accounted for 59% of total PIPE investments in 2024, down from 82% in 2023. This reduction was particularly pronounced in the infrastructure sector, which saw US$667 million invested across four deals, compared to US$4.2 billion across eight deals in 2023.

PE/VC investments were predominantly observed in telecommunication, financial services, and infrastructure sectors, each receiving an investment of more than US$900 million (US$932 million, US$918 million and US$912 million, respectively). Other sectors that followed are retail and consumer products, real estate and technology. In terms of deal volume, financial services dominated with 24 deals followed by infrastructure and industrial products (19 deals and 14 deals, respectively).

Exhibit 33: Trends in PIPE



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 36: Top sectors by value (US$m)

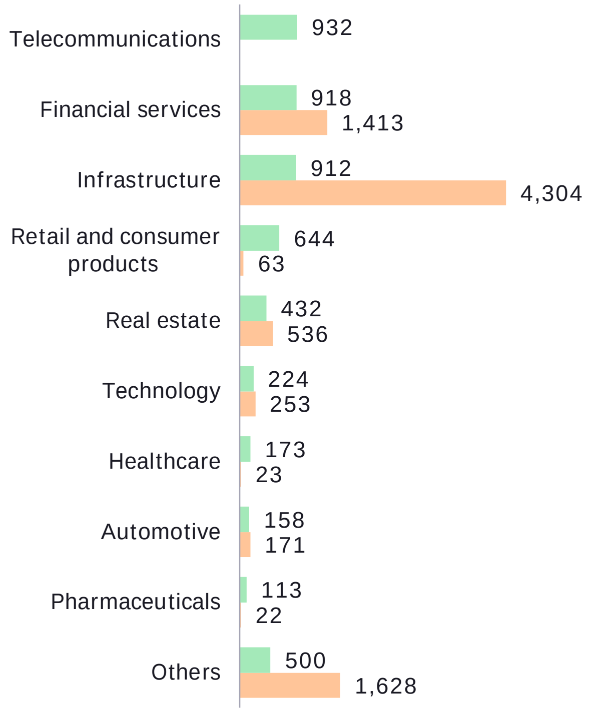
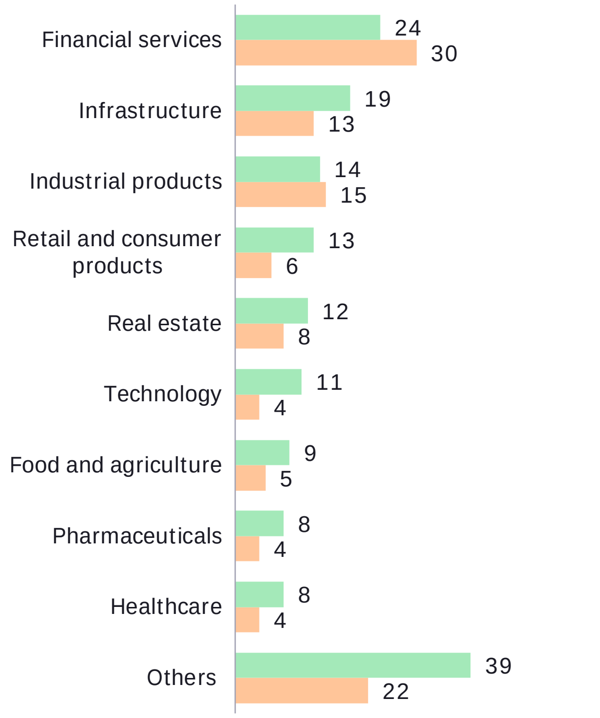


Exhibit 37: Top sectors by # of deals



Source: EY analysis of VCCEdge data

Exhibit 38: Top PIPE investments in 2024

Company/asset	Investors	Sector	Amount (US$m)	Deal stake%
Bharti Airtel (Airtel, Airtel Xstream)	GQG, ADIA, Goldman Sachs and others	Telecommunications	711	1
ITC (Aashirvaad)	GIC, Kuwait Investment Authority	Retail and consumer products	447	1
Adani Green Energy	Ardour Investment	Infrastructure	282	4
Vodafone Idea	GQG, AustralianSuper, ADIA and others	Telecommunications	209	2
Sustainable Energy Infra Trust	Asian Infrastructure Investment Bank and others	Infrastructure	165	NA
UGRO Capital	Samena Capital, Aregence and others	Financial services	160	34
PNB Housing Finance	Morgan Stanley	Financial services	156	5
Indiabulls Real Estate	Blackstone	Real estate	148	12
Hyundai Motor India	GIC, Government Pension Fund Global, CPPIB and others	Automotive	138	1
Avanse Financial Services	Avendus PE and Mubadala	Financial services	121	NA

Source: EY analysis of VCCEdge data

The significant reduction in PIPE deal value after 1Q2024 can be primarily ascribed to the one-time nature of the large investments in listed infrastructure companies in 2023 and the runaway valuations of the broader Indian market in Q2-Q4. Most companies investible by PE (good track record, good governance, strong management, good growth, etc.) were trading at lifetime high multiples during this period, making it very tough for investors to underwrite investments. Looking ahead in 2025, as Indian markets correct (and some companies over correct), ample opportunities are expected to emerge for PIPE investors across a swathe of sectors across mid cap and small cap companies. We expect good growth for the PIPE segment in 2025.

Large deals declined in value owing to a reduction in mega deals (above US$1 billion) in growth and PIPE transactions

While the PE/VC activities hit an unprecedented high in 2021 backed by a surge in the large deals (deals greater than US$100 million) in both value and volume, 2022 saw a decline in this segment of 40% in value and 29% in terms of volume. The large deals volume continued to decline in 2023 but saw a 17% year-on-year increase in value terms.

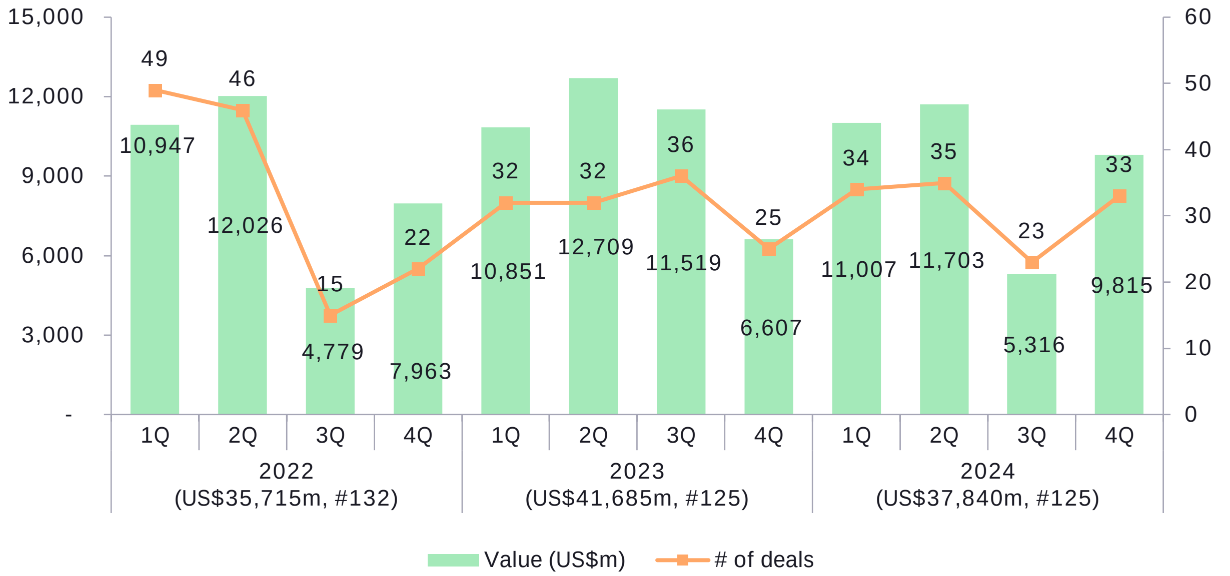
In 2024, the number of large deals (125) remained consistent with 2023; however, investment value dropped 9%, totaling US$37.8 billion versus US$41.7 billion in 2023. This decrease was primarily due to a reduction in count of mega deals (deals exceeding US$1 billion), with only four such deals in 2024, down from six in 2023. While buyout deals in 2024 totaled US$4.5 billion, a slight increase from US$4.4 billion in 2023, growth transactions in this segment saw a 63% decline in value, reaching US$1.5 billion across one deal in 2024, compared to US$4 billion across two deals in 2023. No mega-deals (deals greater than US$1 billion) were recorded this year in PIPE transactions, compared to one such deal in 2023. Mega deals accounted for 16% of total investments in large deals, down from 23% share of this segment in the previous year.

Buyout segment investments in large deals rose notably by 41%, making it the only strategy to achieve a year-on-year increase. In contrast, other strategies within the large deals space faced declines, with PIPE transactions witnessing the sharpest drop of 57%. Growth investments followed with a 28% decrease, credit investments fell by 8%, and start-up investments declined by 3%.

The infrastructure sector led large deals in value terms, accounting for 27% of the total deal value (US$10.8 billion). The real estate sector followed with deals worth US$6 billion, while financial services reached US$5.6 billion. Investments exceeding US$1 billion also flowed into technology, e-commerce, healthcare and industrial products.

A similar trend was observed in deal volume, with the infrastructure sector recording the highest number of large deals (23), followed by real estate (21) and financial services (20). E-commerce, technology, and healthcare sectors recorded with 13, 10 and 9 deals, respectively.

Exhibit 39: Trend in large deals (value >= US$100m)



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 40: Deal size (US$m)

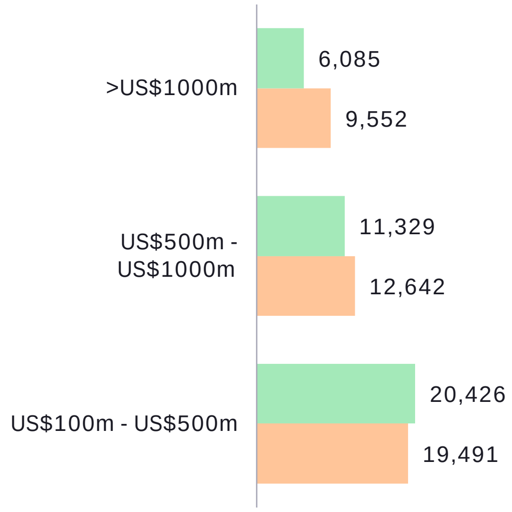
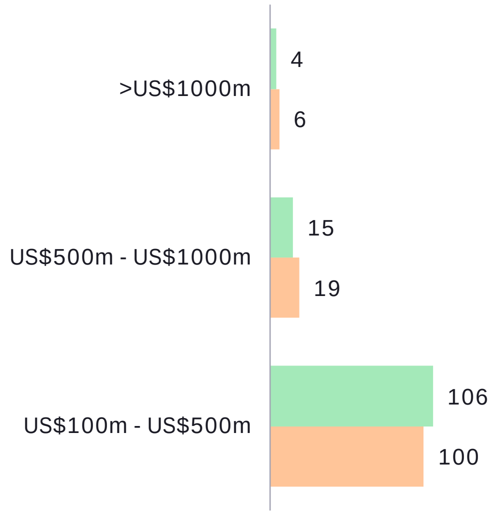


Exhibit 41: Deal size #



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

2023 2024

Exhibit 42: Large deal type (US$m)

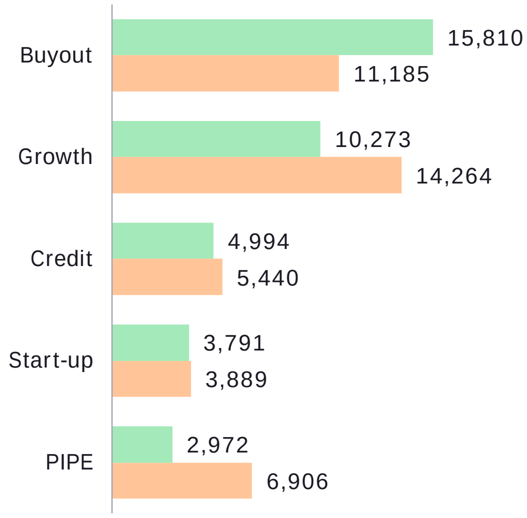
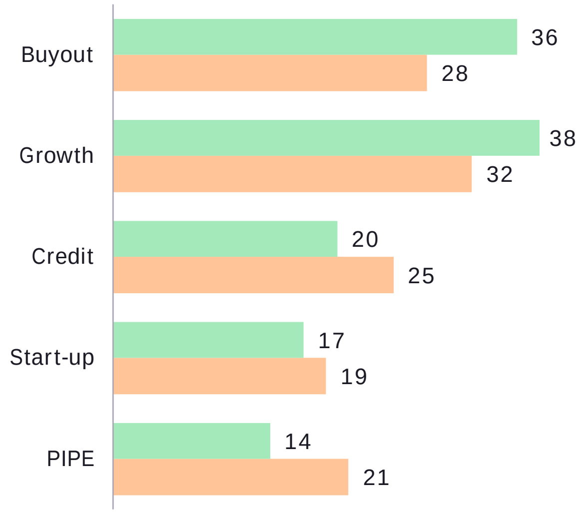


Exhibit 43: Large deal type #



Source: EY analysis of VCCEdge data

Exhibit 44: Large deals top sectors by value (US$m)

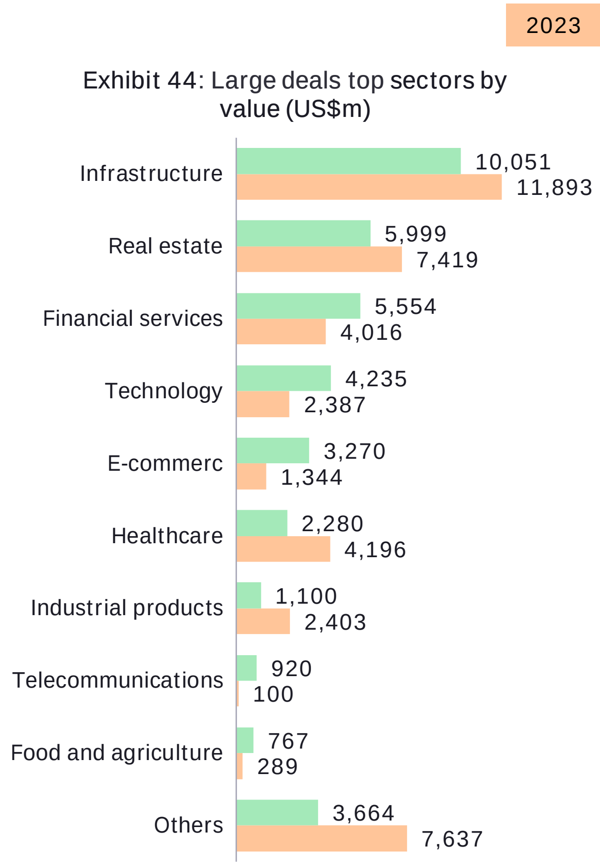
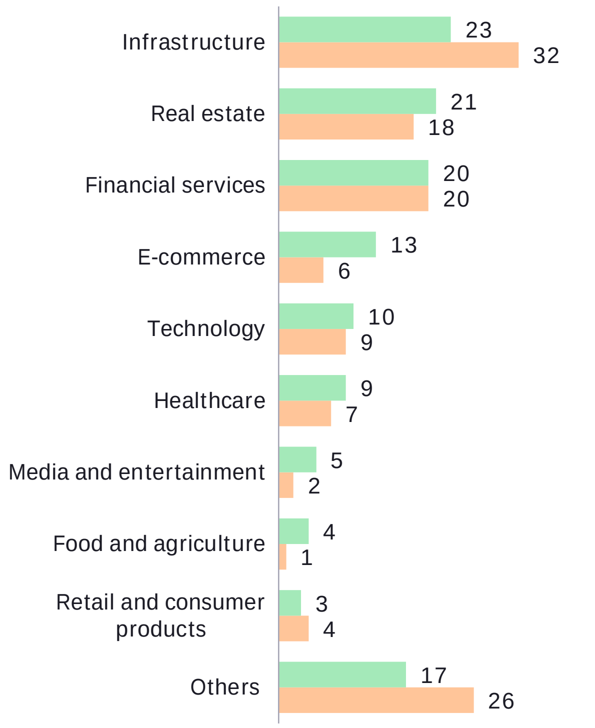


Exhibit 45: Large deals top sectors by # of deals



Source: EY analysis of VCCEdge data

Exhibit 46: Top large deals in 2024

Company/asset	Investors	Sector	Stage	Amount (US$m)	Deal stake%
ATC India Tower Corporation (American Tower Corporation (Indian business))	Data Infrastructure Trust (Brookfield)	Infrastructure	Buyout	2,000	100
Reliance Logistics and Warehouse Holdings (Reliance Retail Ventures's warehousing assets)	ADIA and KKR	Real estate	Growth	1,500	NA
Vertelo	Macquarie	Financial services	Buyout	1,500	100
12 road projects	Highways Infrastructure Trust (KKR InvIT)	Infrastructure	Buyout	1,085	100
Manjushree Technopack	PAG	Industrial products	Buyout	1,000	>50
Sael (Sukhbir Agro, SAEL Group)	ADB, Norfund, Tata Cleantech Capital and US DFC	Infrastructure	Growth	1,000	NA
VFS Global Services	Temasek	Technology	Growth	950	18
Altimetrik Corp.	TPG	Technology	Buyout	900	60
GeBBS Healthcare Solutions	EQT	Technology	Buyout	860	>50
Healthium Medtech (Healthium Group)	KKR	Healthcare	Buyout	838	100

Source: EY analysis of VCCEdge data

Fundraising activity declines owing to reduction in average fund size

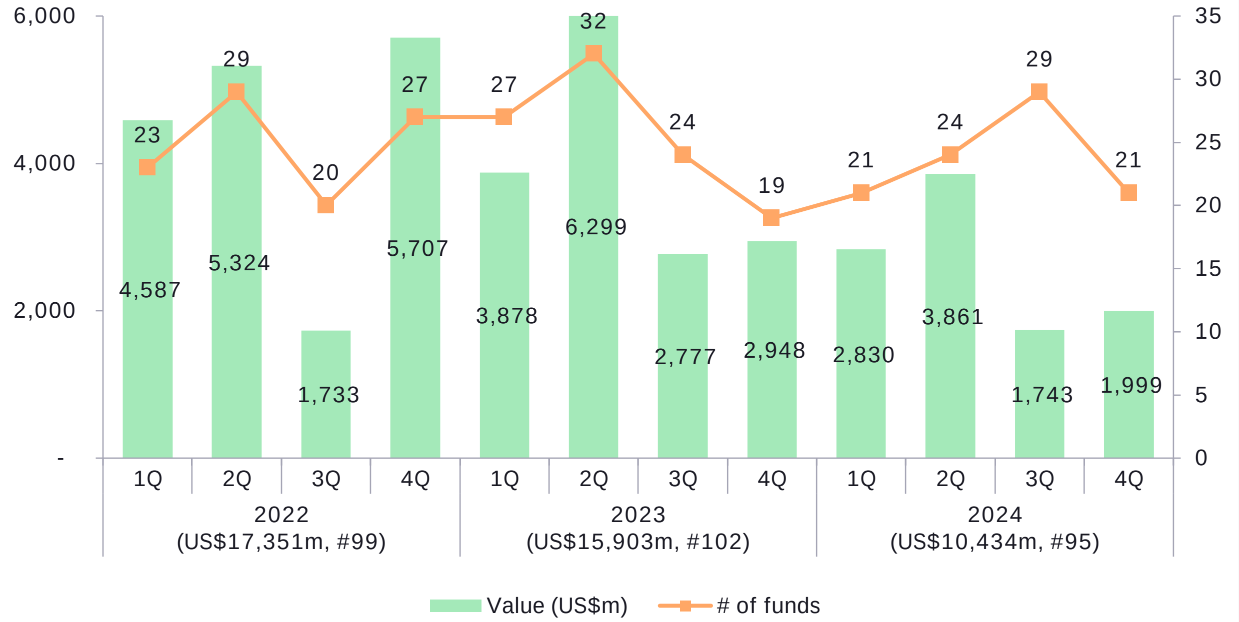
After achieving a record-high fundraising in 2022 at US$17.4 billion, fundraising has dropped for the past two consecutive years. 2024 recorded US$10.4 billion across 95 funds, a 34% decline in value compared to 2023 (US$15.9 billion across 102 funds) and a 40% decline in value compared to 2022 (US$17.4 billion across 99 funds).

The largest fundraising endeavor of 2024 saw Kedaara Capital close its US$1.73 billion fund, Kedaara IV, the largest fund raised by an India GP. Following next was Goldman Sachs and Mubadala, launching a co-investment partnership worth US$1 billion to focus on private credit in the Asia-Pacific region, particularly India.

Despite the leading fundraising strategy, the private equity sector saw a considerable decline in 2024, raising US$3.9 billion across 13 funds – a 40% decrease in value and 35% decrease in volume from 2023's US$6.6 billion across 20 funds. Following PE funds, Venture Capital (VC) funds secured US$2.6 billion, marking a substantial 60% decline from the previous year (US$6.5 billion). Real estate funds, which held the third position in 2023 with US$1.4 billion, dropped to fifth in 2024 with US$513 million, representing a 63% decrease. In contrast, infrastructure funds experienced a substantial 19-fold increase, from US$72 million in 2023 to US$1.4 billion in 2024. Debt funds also saw significant growth, rising from US$1.1 billion in 2023 to US$1.7 billion in 2024.

In terms of sectoral allocation, over 52% (US$5.5 billion) of the funds raised were earmarked for sector-agnostic deployment, followed by the infrastructure sector, securing 14% (US$1.5 billion), and the financial services sector 11% (US$1.2 billion) of the total funds.

Exhibit 47: Trends in fundraise



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 48: By sector focus (US$m)

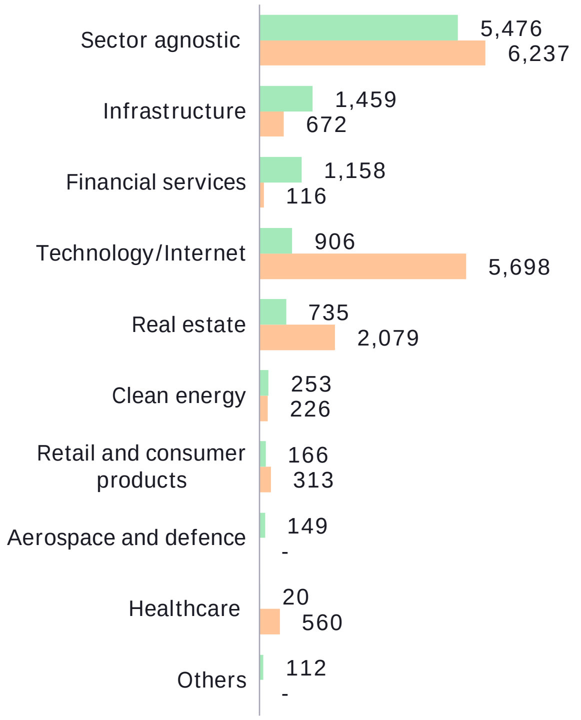
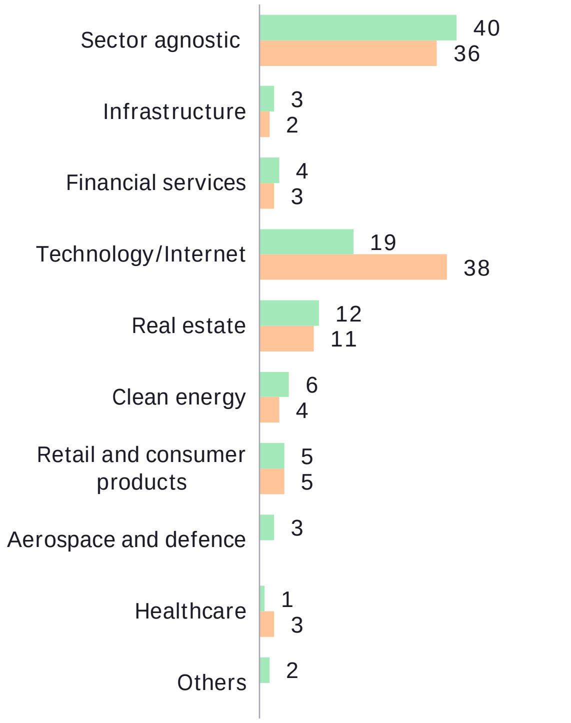


Exhibit 49: By sector focus (# of funds)



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 50: By fund type (US$m)

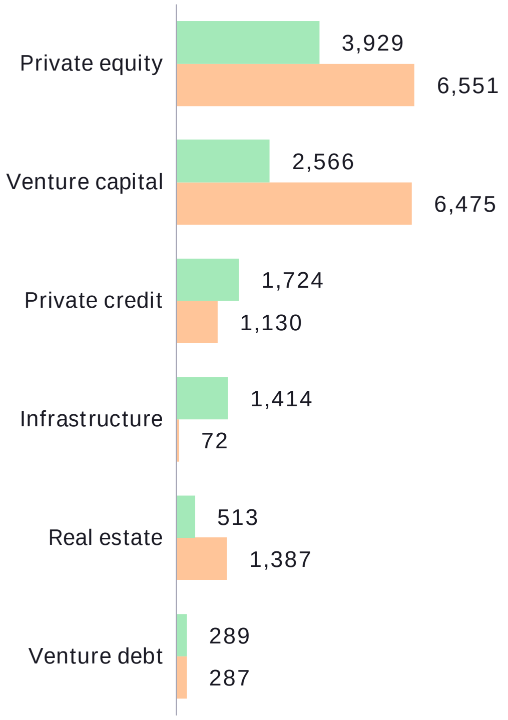
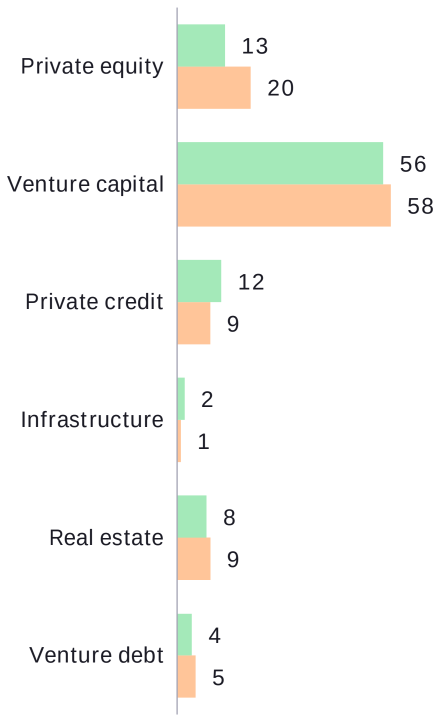


Exhibit 51: By fund type (# of funds)



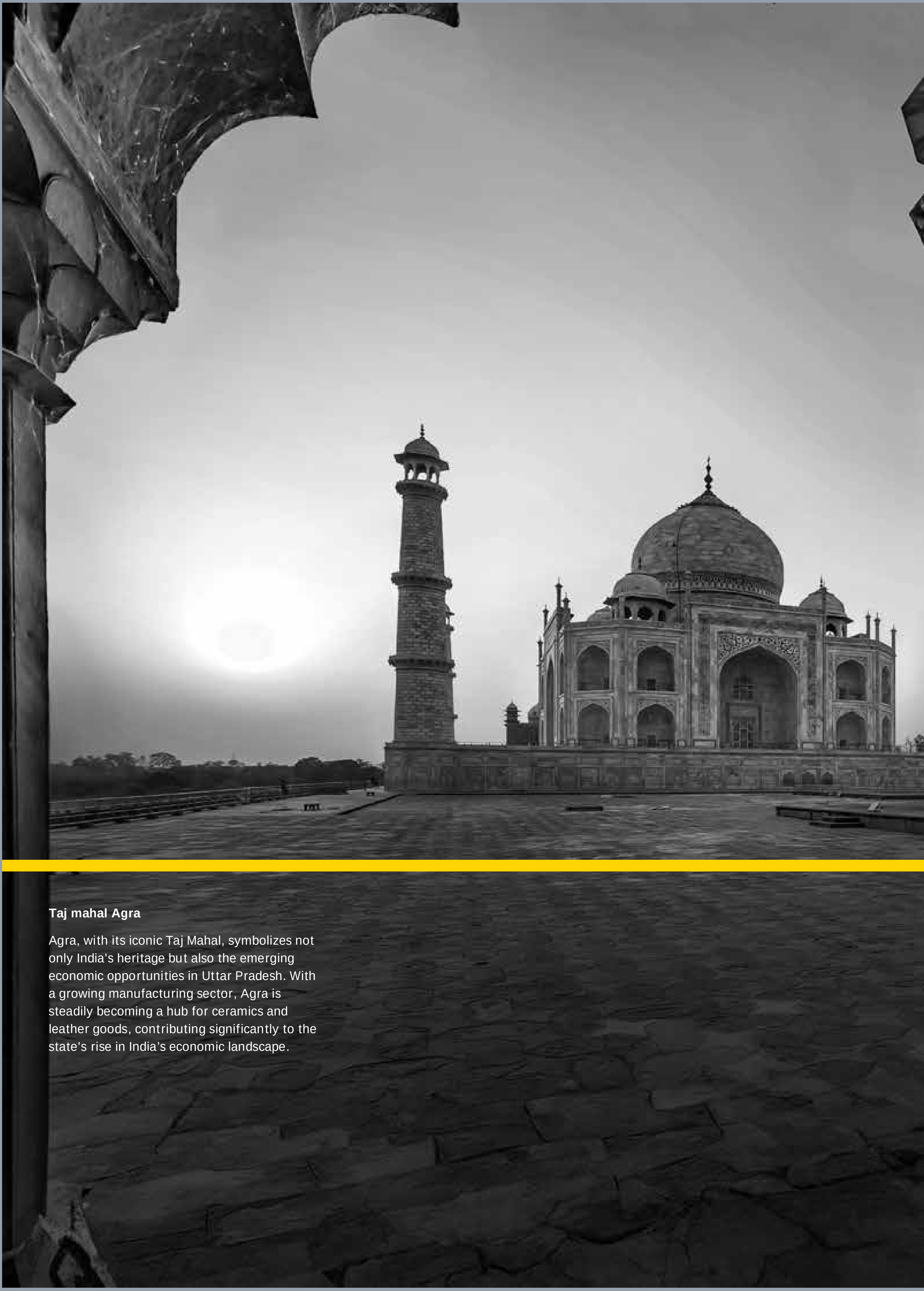
Source: EY analysis of VCCEdge data

Exhibit 52: Top India-focused fundraises in 2024

Fund	PE/VC GP	US$m	Strategy
Kedaara Fund 4	Kedaara	1,730	Banking, healthcare, consumer and software
Goldman Sachs and Mubadala Asia Pacific Private Credit Fund	Goldman Sachs and Mubadala	1,000	Private credit
Edelweiss Alternatives - Infrastructure Fund 2	Edelweiss	964	Infrastructure
ChrysCapital Continuation Fund	ChrysCapital	700	To take on the portfolio of earlier fund - NSE
Accel India Eighth Fund	Accel	650	Pre-IPO rounds of Indian start-ups
360 ONE Secondaries Fund	360 One	500	Secondaries fund which will also invest in companies planning to go public within the next two years
Alpha Alternatives Build India Infrastructure Fund	Alpha Alternatives	450	Road assets across India, including standard, distressed, under-construction, and operating projects
Neo Asset Special Credit Opportunities Fund	Neo Asset Management	309	Non-triple-A-rated companies that are at least posting operating profits, targeting a gross internal rate of return (IRR) of 22-24% for its investors
Stellaris Venture Partners Fund 3	Stellaris Venture Partners	300	25-30 start-ups across consumer technology, enterprise software, artificial intelligence and financial services sectors
IvyCap Ventures Fund III	IvyCap Ventures	251	25 companies with an average starting investment amount of INR30-50 crore each

Source: EY analysis of VCCEdge data

We don't see any material insight from this fall in fund raising by India focused GP on account of the cyclical nature of this segment. As and when the large Indian GP's hit the trail to raise large US$500m plus funds, this number will go up. A trough after every spike in fund raising is expected given the nascent nature of the of the India focused GP ecosystem.



Taj mahal Agra

Agra, with its iconic Taj Mahal, symbolizes not only India's heritage but also the emerging economic opportunities in Uttar Pradesh. With a growing manufacturing sector, Agra is steadily becoming a hub for ceramics and leather goods, contributing significantly to the state's rise in India's economic landscape.

CHAPTER

03

PE/VC investments by sector

In 2024, private equity and venture capital investment activity exhibited clear preference in various sectors. Infrastructure, financial services, real estate, e-commerce, technology and life sciences recorded more than 100 deals each, compared to just two sectors reaching this milestone in 2023, collectively accounting for 80% of total investments by value and 66% by deal volume. Like last year, 2024 also had 12 sectors receiving over US$1 billion in PE/VC investments.

The infrastructure sector maintained its dominance and, as in the previous year, remained the top sector in this year. In 2024, the real estate and financial services sectors swapped positions. Real estate, which held the second spot in 2023, slid to third, while the financial services sector moved up from third to secure the second spot. The technology sector, previously ranked fifth in 2023, moved to the fourth spot.

Traditionally favored sectors such as e-commerce, technology, and financial services grew by 87%, 56%, and 41%, respectively. Meanwhile, sectors like telecommunications, chemicals, and media and entertainment experienced exceptional growth of 711%, 472%, and 108%, each surpassing the 100% growth mark. These dynamics underscore the evolving landscape of PE/VC investments, reflecting shifts in investor preferences as per the market dynamics.

Exhibit 53: Top sectors by value (US$m)

Sectors	2023	2024
Infrastructure	12,998	12,126
Financial services	6,333	8,951
Real estate	8,512	8,802
Technology	3,827	5,963
E-commerce	2,460	4,596
Healthcare	5,090	3,283
Industrial products	2,766	1,599
Retail and consumer products	2,631	1,596
Food and agriculture	919	1,595
Media and entertainment	575	1,197
Automotive	1,475	1,072
Pharmaceuticals	1,123	1,013
Telecommunications	117	950
Education	1,286	735
Logistics and transportaion	725	693
Metals and mining	1,056	585
Cement and building products	337	522
Aerospace and defense	165	320
Chemicals	39	226
Business and professional services	590	135
Oil and gas	414	12

Source: EY analysis of VCCEdge data

Exhibit 54: Top sectors by number of deals

Sectors	2023	2024
Financial services	160	216
Technology	125	169
Real estate	60	150
E-commerce	86	118
Infrastructure	64	117
Food and agriculture	52	96
Retail and consumer products	49	90
Healthcare	62	84
Automotive	41	60
Industrial products	35	53
Media and entertainment	40	38
Pharmaceuticals	17	32
Logistics and transportaion	22	30
Aerospace and defense	14	27
Education	28	26
Business and professional services	5	12
Metals and mining	8	11
Chemicals	3	9
Cement and building products	4	6
Telecommunications	2	5
Oil and gas	3	3

Source: EY analysis of VCCEdge data

The following section covers key highlights of some of the prominent sectors in 2024:

PE/VC investments in the infrastructure sector continued to dominate, achieving the highest number of deals ever recorded

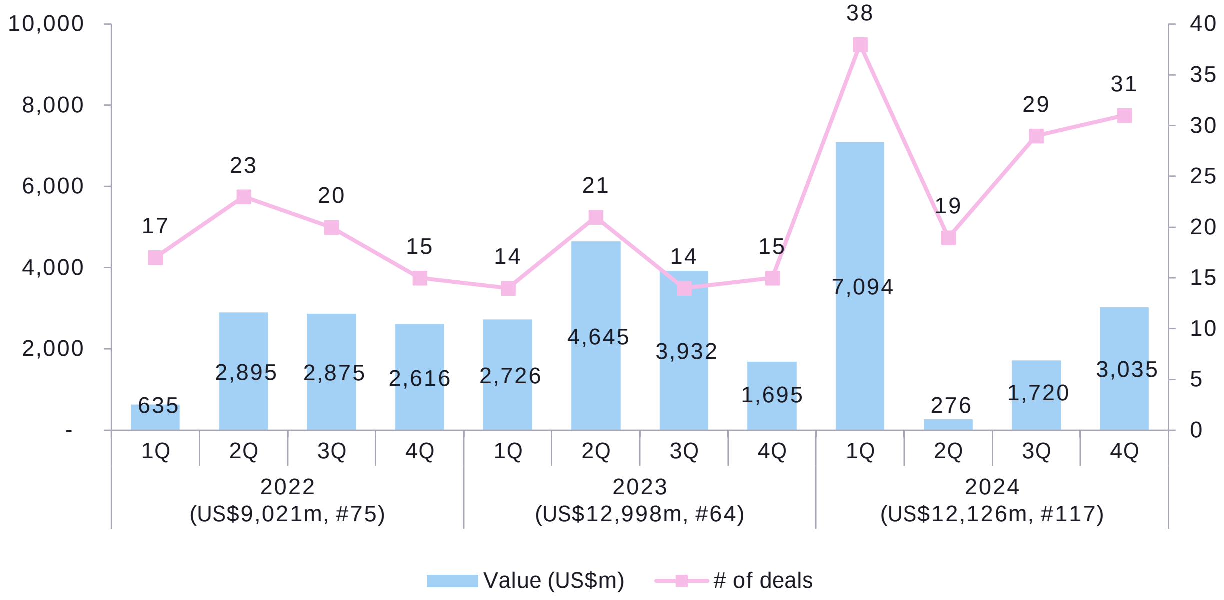
While the infrastructure sector witnessed a surge in PE/VC investments in 2023, totaling US$13 billion (compared to US$9 billion in 2022), it continued to dominate in 2024 and recorded US$12.1 billion, accounting for nearly 22% of the total PE/VC investments for the year. In terms of the number of deals, the sector saw a robust growth of 83% (117 deals in 2024 vs. 64 deals in 2023). Over the last five years, the infrastructure sector has consistently gained traction with aggregate investments reaching US$44.4 billion and accounting for 64% of the total PE/VC investments that the sector has received over the past decade.

While the investments in pure-play PE/VC investments grew by 10% in 2024 (US$35 billion vs US$31.9 billion in 2023), investments in infrastructure declined by 7%. (US$12.1 billion in 2024 vs. US$13 billion in in 2023). The infrastructure sector also saw 23 transactions greater than US$100 million totaling to US$10 billion, contributing to nearly 83% of the total PE/VC investments in 2024, compared to US$11.9 billion across 32 deals > US$100 million in 2023.

Renewables took center stage, attracting 33% of all infrastructure PE/VC investments in 2024 (US$3.9 billion) and accounted for 39% of the sector's total number of deals (46 deals), driven by a growing demand for sustainable energy solutions.

This was followed by investments of US$2.3 billion in roads and highways across 14 deals. Telecom assets attracted US$2.1 billion across three deals, driven by the year's largest deal–Brookfield's acquisition of ATC India Tower Corporation for US$2 billion. The rise in PE/VC investments in the infrastructure sector can be attributed to a growing pipeline of government-backed assets, urbanization, population growth and global shift towards the sustainable energy, etc. These factors have driven increased demand for core infrastructure sectors such as renewables, roads and highways and transmission assets.

Exhibit 55: Investment trends in the infrastructure sector



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 56: Top sub-sectors by value (US$m)

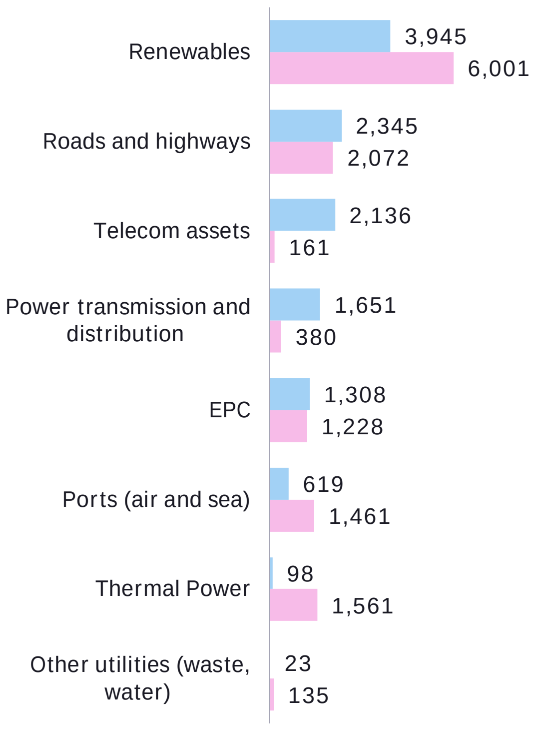
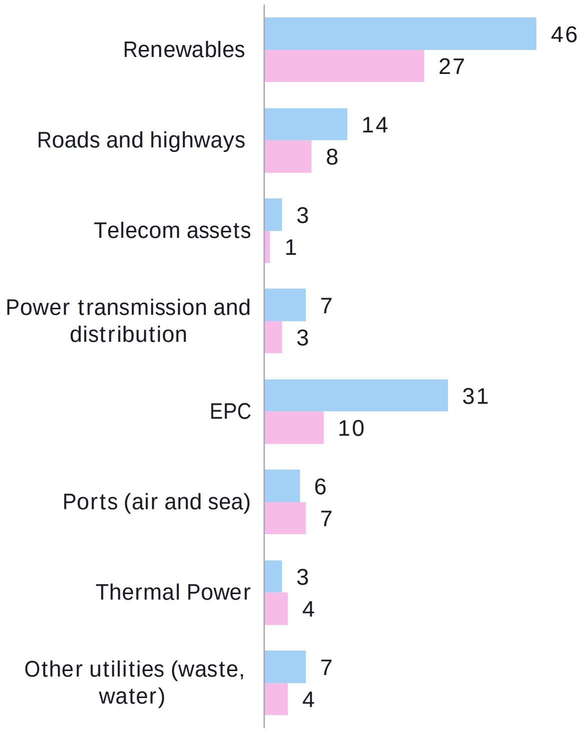


Exhibit 57: Top sub-sectors by # of deals



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 58: Deal type (US$m)

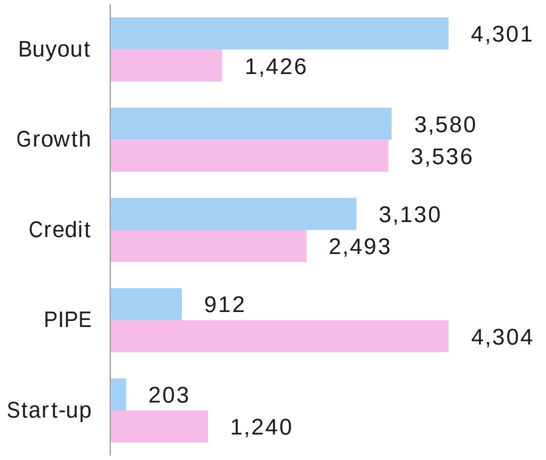
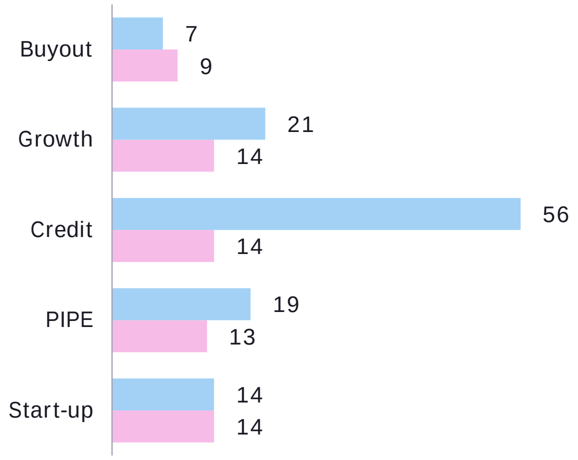


Exhibit 59: Deal type #



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 60: Deal size (US$m)

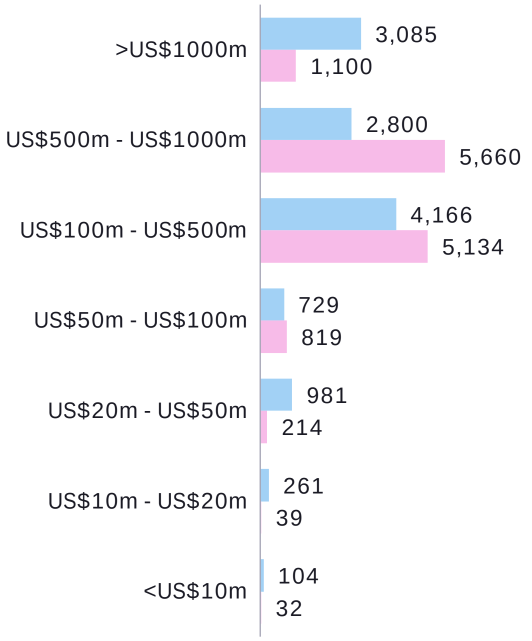
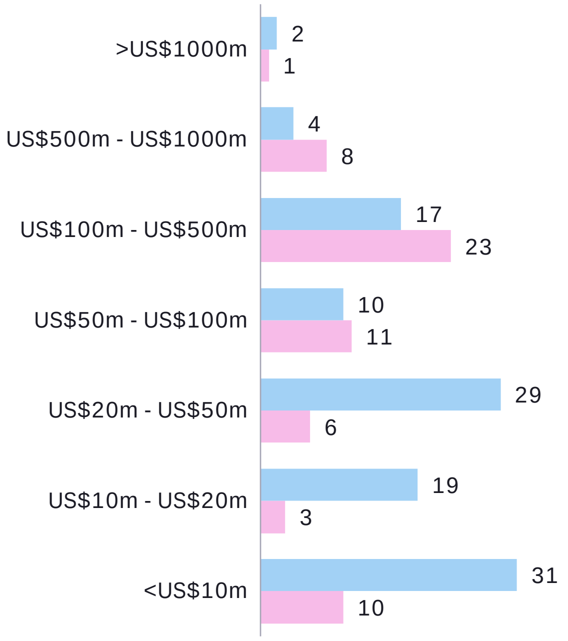


Exhibit 61: Deal size #



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available.

Exhibit 62: Top infrastructure sector investments in 2024

Company/asset	Investors	Sub-sector	Stage	Amount (US$m)	Deal stake%
ATC India Tower Corporation (American Tower Corporation (Indian business))	Data Infrastructure Trust (Brookfield)	Telecom assets	Buyout	2,000	100
12 road projects	Highways Infrastructure Trust (KKR InvIT)	Roads and highways	Buyout	1,085	100
Sael (Sukhbir Agro, SAEL Group)	ADB, Norfund, Tata Cleantech Capital and US DFC	Renewables	Growth	1,000	NA
GMR Enterprises	ADIA	EPC	Credit	750	NA
Leap Green Energy	Brookfield	Renewables	Buyout	550	>50
Sterlite Grid 32 (Sterlite GIC JV)	GIC	Power transmission and distribution	Growth	500	49
Reliance Power	Varde Partners	Power transmission and distribution	Credit	500	NA
National Highway Infra Trust (NHAI InvIT)	CPPIB, OTPP	Roads and highways	Growth	438	NA
Mahindra Susten (Susten)	OTPP	Renewables	Growth	428	NA
Reliance Infrastructure	Varde Partners	Power transmission and distribution	Credit	350	NA

Source: EY analysis of VCCEdge data

As the Indian GDP grows and urbanization continues, the infrastructure sector is poised for continued growth and increased investments in the coming years as we have a long way to go before the nation's energy and connectivity (physical and digital) needs get satiated. Key drivers of this optimism include the Government of India's commitment to ensure timely enforcement of long-term contracts entered between infrastructure developers and government entities and a pipeline of ambitious projects, such as Bharatmala Pariyojana, which aims to develop 34,800 km of roads and highways, and the Sagarmala Project, focused on modernizing ports and improving port connectivity. Other initiatives like PM Gati Shakti Yojana, targeting enhanced logistics infrastructure, and the National Infrastructure Pipeline, featuring projects over INR100 crore across economic and social infrastructure, further bolster confidence among PE/VC investors in India's infrastructure growth story. Besides the underlying demand dynamics for quality infrastructure, other factors that will act as tailwind to the sector are the elevated levels of dry powder available with long term investors (regional and global infrastructure funds, pension funds and sovereign wealth funds) and the peaking of interest rates in early 2025, which is expected to increase appetite of yield investors into the infrastructure asset class as the interest rate curve begins to trend downwards. We continue to have an optimistic outlook for the infrastructure sector in 2025.

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Air India
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PNC Infra Road Projects
acquired by
Highways Infrastructure Fund (KKR)
US$1,089m

Welspun
Sale of highway assets portfolio to
Actis
US$750m

Sunsure Energy
Investment from
from Partners Group
US$400m

Italian Thai Development (ITD)
Sold stake in
ITD Cementation India
US$382m

Towervision
acquired by
Ascend Telecom Infrastructure Pvt. Ltd. and GIP

Enfinity Global Inc
Funds raised
Canada Pension Plan Investment Board
US$135m

Oiltanking GmbH
Stake sale in Indian Oiltanking and in its subsidiary to
Adani Ports
US$150m

BCI
Investment as anchor investor in
Cube Highways Trust (CHT)
US$630 m

CloudExtel and shareholders
Fund-raise from
Macquaire
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Financial services surged on account of NBFC, while FinTech assumed a secondary role

In 2023, the financial sector experienced a significant decline of 39% after being the top performer in the previous year and slid to third spot. However, the sector rebounded strongly in 2024, achieving a growth of 41% with investments totaling to US$9 billion (vs. US$6.3 billion in 2023). This growth was also reflected in the deal volume, which increased by 35% rising from 160 deals in 2023 to 216 deals in 2024. This helped the financial sector move to the second spot following infrastructure sector. The financial services sector has maintained its position as the top performer in the pure-play PE asset class for the third consecutive year.

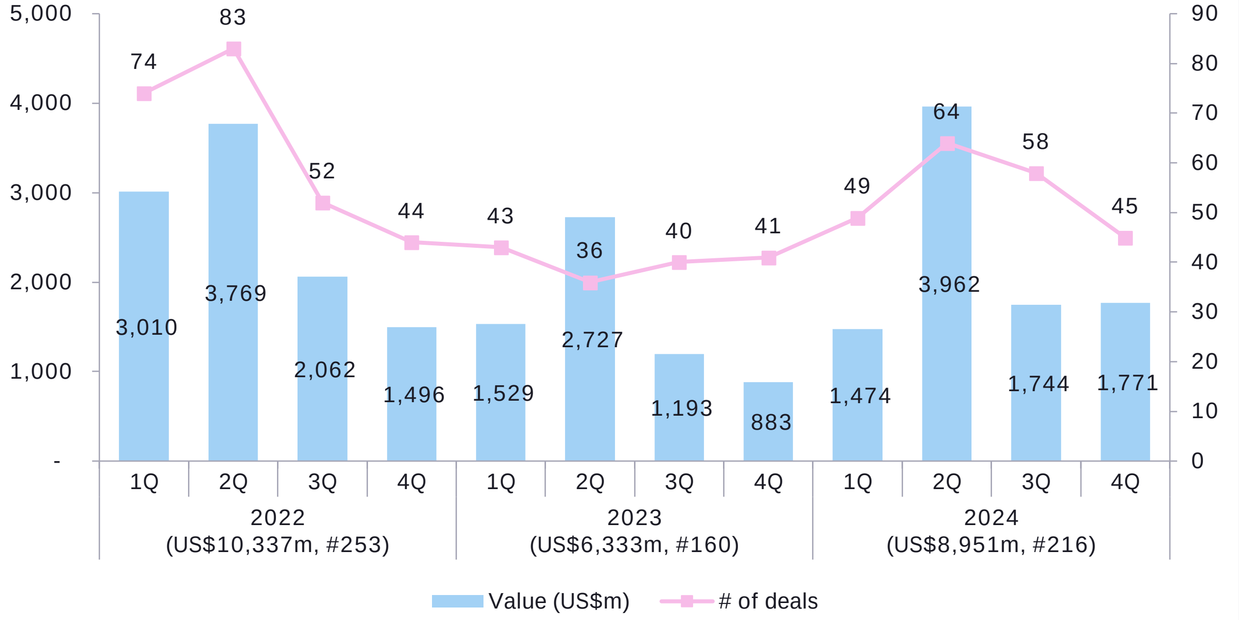
The growth in aggregate deal value was primarily driven by growth in housing finance and NBFC segments which saw a year-on-year increase of 172% and 44% respectively. While the FinTech investments experienced a 12% decline, it attracted the second-largest share of PE/VC investments within the sector, following NBFC. The sector recorded 20 large deals (deals greater than US$100 million), consistent with the previous year, but saw a 38% growth in value terms reaching US$5.6 billion in 2024, up from US$4 billion in 2023.

While the investment value declined by 7% in the start-up category (US$1.8 billion in 2024 vs. US$2 billion in 2023), credit investments and buyouts grew by 206% and 38%, respectively. Macquarie's buyout of Vertelo for US$1.5 billion was the largest deal in the sector.

The shift in investor interest towards lending businesses like NBFCs and Housing Finance Companies (HFCs) was pronounced in 2024. The future outlook for NBFCs in India appears promising fueled by factors such as the ongoing digital revolution, the growing GDP and demand for credit. Government support, including liquidity provisions and initiatives like the partial credit guarantee scheme, aim to address challenges faced by this sector as it acts as an agent for propelling financial penetration.

The ongoing digital transformation of the financial services industry is expected to continue with increasing adoption of technology-driven solutions such as digital banking services, blockchain, artificial intelligence etc. that will help to drive innovation and improve efficiency. FinTech start-ups are expanding into the areas such as insurance, wealth management, etc. As the FinTech ecosystem continues to evolve, the sector is expected to continue attracting interest and investments from PE/VC firms.

Exhibit 63: Investment trends in the financial services sector



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 64: Top sub-sectors by value (US$m)

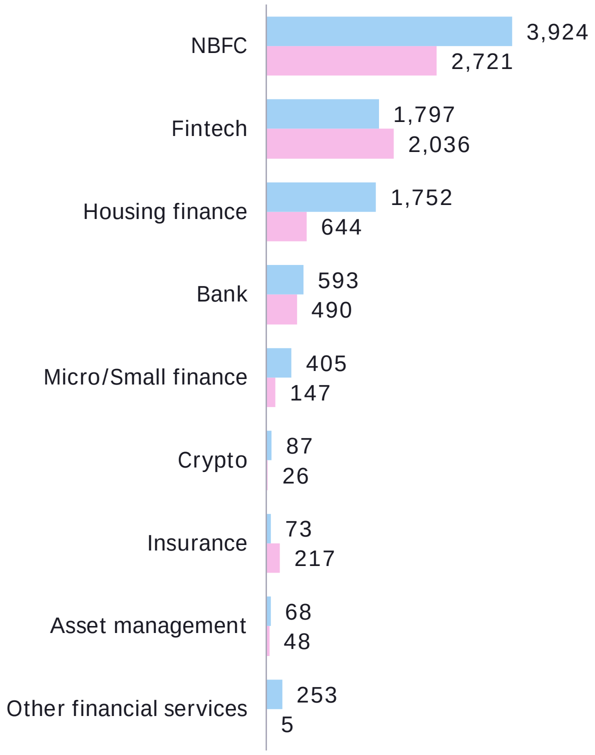
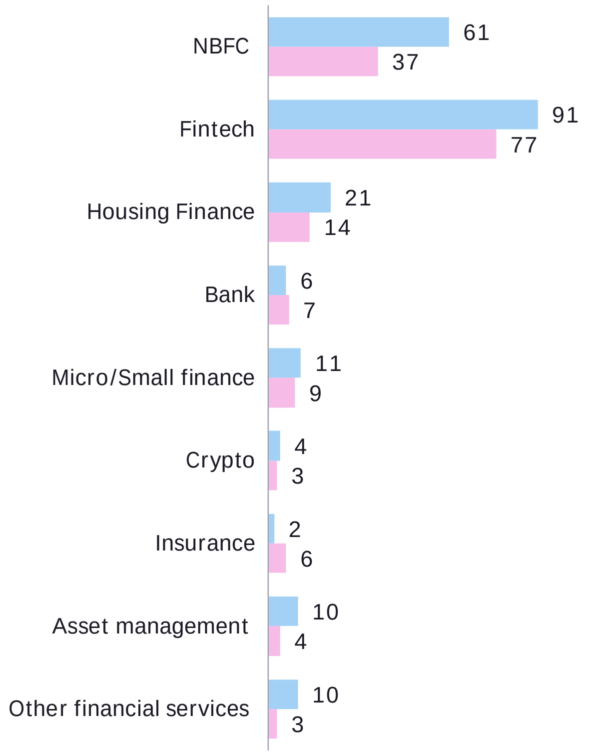


Exhibit 65: Top sub-sectors by # of deals



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 66: Deal type (US$m)

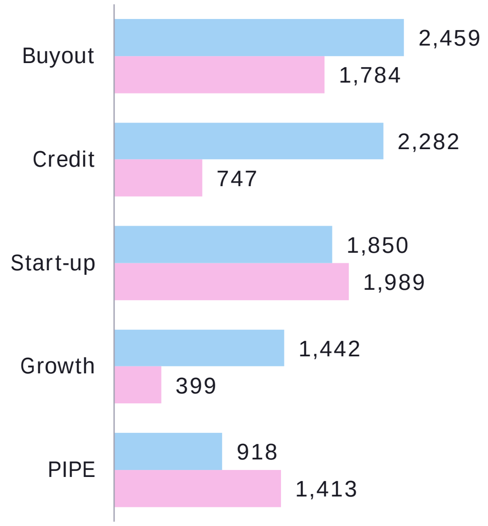
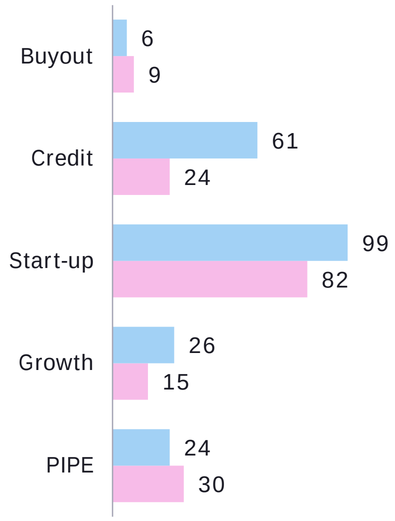
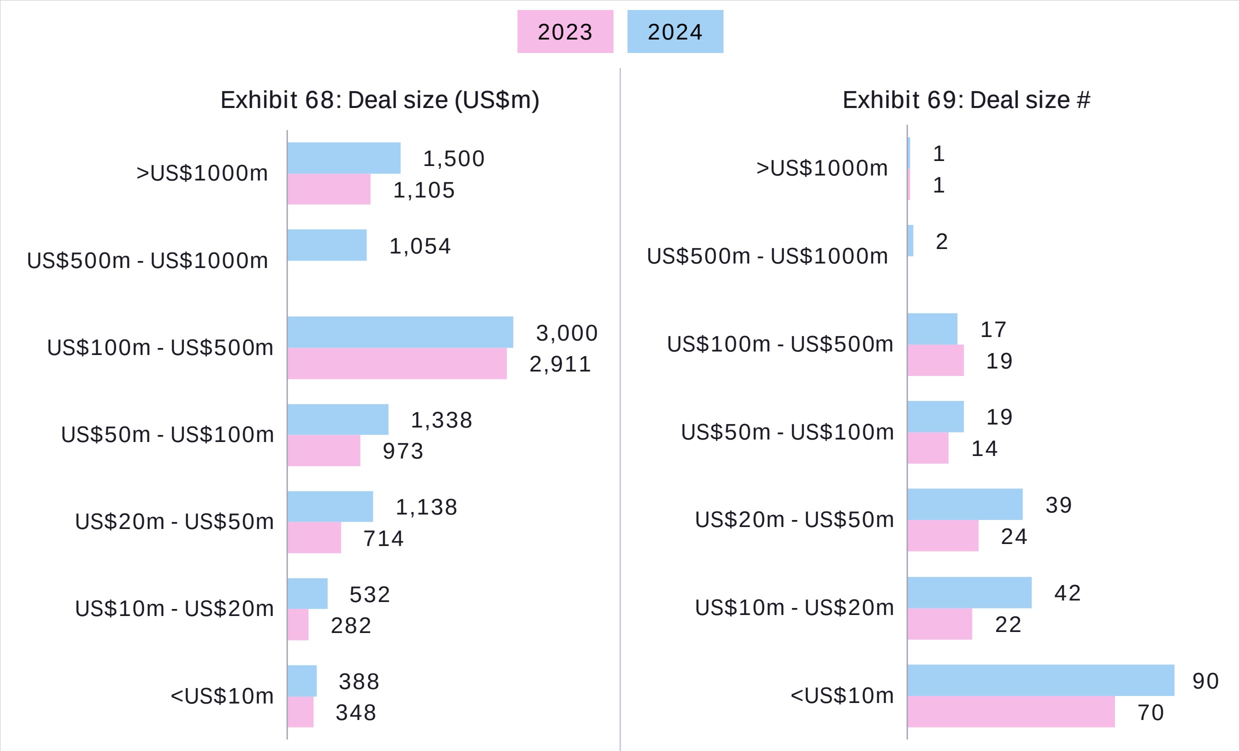


Exhibit 67: Deal type #



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

Exhibit 70: Top financial services sector investments in 2024

Company/asset	Investors	Sub-sector	Stage	Amount (US$m)	Deal stake%
Vertelo	Macquarie	NBFC	Buyout	1,500	100
Shriram Housing Finance	Warburg Pincus	Housing Finance	Buyout	554	100
HDFC Bank	IFC	Bank	Credit	500	NA
Bajaj Finance	IFC	NBFC	Credit	400	NA
Svatantra Microfin	Advent, Multiples	Micro/Small Finance	Growth	233	NA
Indostar Home Finance	EQT	Housing Finance	Buyout	209	100
IIFL Finance	Fairfax	NBFC	Credit	200	NA
Mintifi	Prosus, OTPP and Premji Invest	Fintech	Start-up	180	24
SK Finance	Norwest, TPG, MOPE and others	NBFC	Growth	160	NA
UGRO Capital	Samena Capital, Aregence and others	NBFC	Growth	160	NA

Source: EY analysis of VCCEdge data

Real estate sector records all-time high PE/VC investments driven by substantial investments in commercial and warehousing

The real estate sector emerged as the third most attractive sector for PE/VC investors, following infrastructure and financial services. In 2024, the sector achieved a historic high, with investments totaling US$8.8 billion (compared to US$8.5 billion in 2023) across 150 deals (vs. 60 deals in 2023), reflecting a 150% growth in deal volume.

The sector recorded 21 large deals (deals greater than US$100 million) totaling to US$6 billion compared to US$7.4 billion across 18 deals in 2023. Notably, these large deals were concentrated in the warehousing, commercial and developer's category. ADIA and KKR's US$1.5 billion investment into Reliance Logistics and Warehouse Holdings (Reliance Retail Ventures warehousing assets) was the largest deal within the sector.

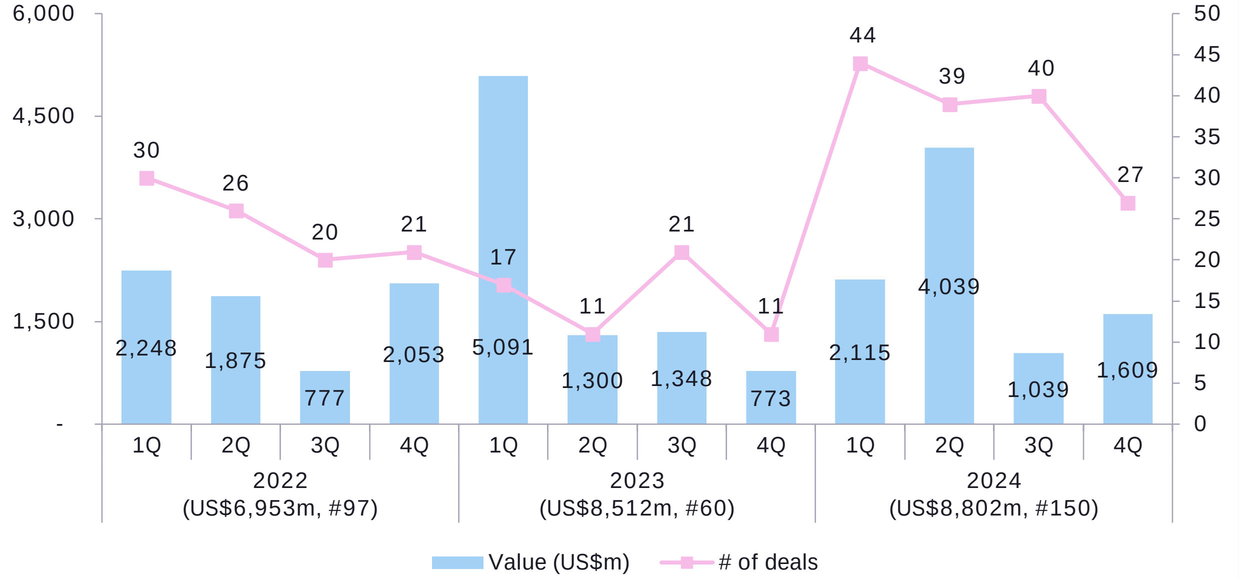
PE/VC investments within the real estate sector have predominantly taken the form of buyout transactions, with investors seeking ownership of yield-generating assets (US$2.9 billion across 17 deals) followed by growth investments (US$2.8 billion across 21 deals). The commercial office real estate segment garnered most of the investments, constituting nearly 25% of the sector's total, followed by warehousing, which accounted for 23% of the overall investments.

Despite the challenges faced by the office market during 2020 and 2021 due to the COVID-19 pandemic and subsequent lockdowns, the segment has witnessed a strong recovery. The adoption of hybrid work models has rejuvenated demand for office space by enterprise as well as SME corporates. This demand growth is further fuelled by the growth of IT/ITES sectors, expanding footprint of the GCC's, the expansion of corporates and the rapid rise of start-ups, all of which are providing a tailwind to the increasing demand for modern and flexible office space.

E-commerce expansion has created investment opportunities in logistics parks and the warehousing segment. Additionally, in the elevated levels of data consumption in India and the evolving data localization norms have enhanced the prospects of data centers asset class.

Tax benefits for first-time home buyers have bolstered demand for affordable housing. In response, developers are increasingly turning their attention to Tier II and Tier III cities, aiming to capitalize on the growing and largely untapped market potential in these regions.

Exhibit 71: Investment trends in real estate sector



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 72: Top sub-sectors by value (US$m)

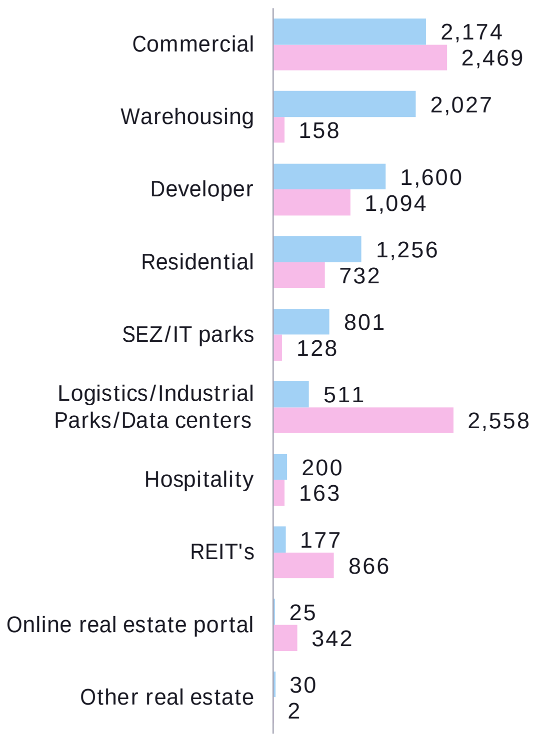
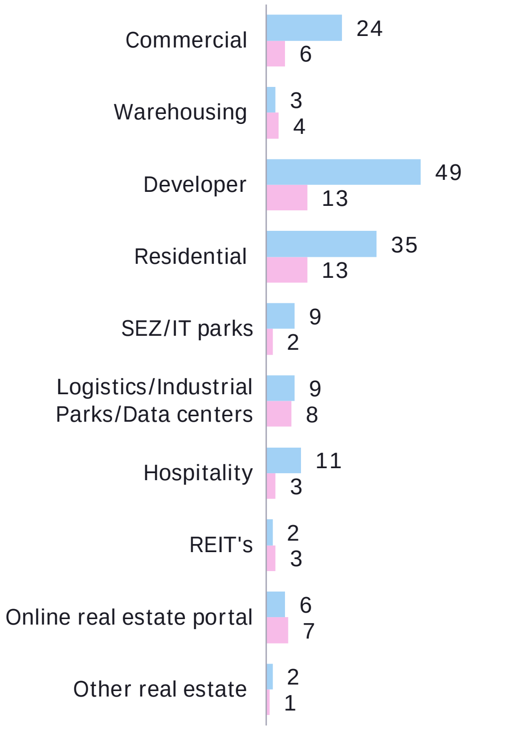


Exhibit 73: Top sub-sectors by # of deals



Source: EY analysis of VCCEdge data

2023 2024

Exhibit74: Deal type (US$m)

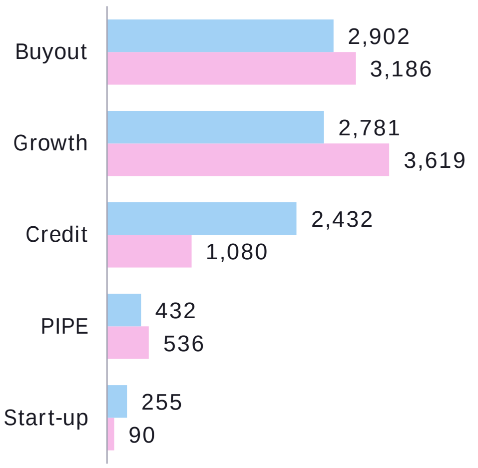
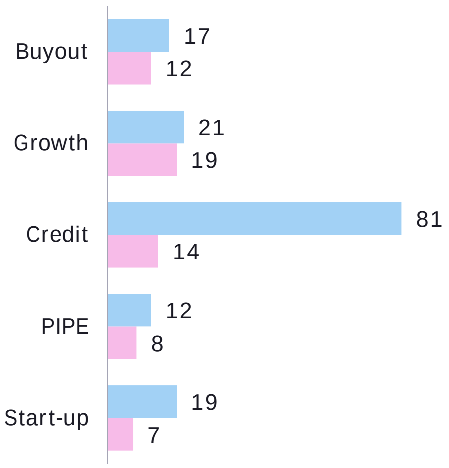
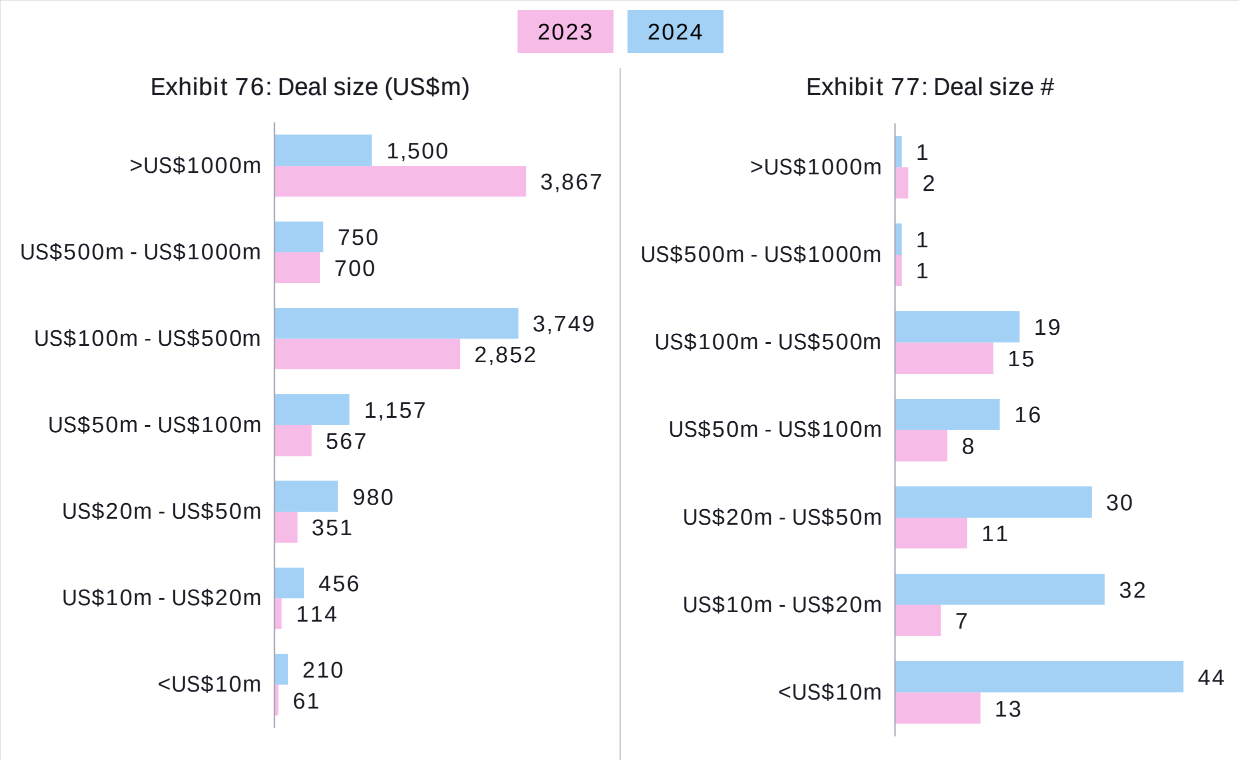


Exhibit 75: Deal type #



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data
Does not include deals where deal value is not available

Exhibit 78: Top real estate sector investments in 2024

Company/asset	Investors	Sub-sector	Stage	Amount (US$m)	Deal stake%
Reliance Logistics and Warehouse Holdings (Reliance Retail Ventures's warehousing assets)	ADIA and KKR	Warehousing	Growth	1,500	NA
11-acre commercial project in Mumbai (RMZ Nexus)	CPPIB, RMZ	Commercial	Buyout	750	100
Rostrum Realty (JV of Bharti Enterprises' real estate and Brookfield Asset Management)	Brookfield	Commercial	Growth	359	NA
Hyderabad Next Galleria Malls (3 malls in Hyderabad)	Nexus Select Trust (Blackstone)	Commercial	Buyout	350	100
Reliance Logistics and Warehouse Holdings	Mubadala and Fortress management	Warehousing	Credit	322	NA
One Paramount 1 (tech park in Chennai)	Keppel	Commercial	Buyout	264	100
TSI Business Parks (Hyderabad IT SEZ WaveRock)	GIC and Xander	SEZ/IT parks	Buyout	263	100
Residential projects in prominent locations across 4 cities in India of Prestige	ADIA, Kotak AIF	Residential	Credit	240	NA
41-acre land parcel in Bengaluru	Mapletree (Temasek)	Developer	Buyout	228	100
Logos India (3 warehousing assets)	Blackstone	Warehousing	Buyout	205	100

Source: EY analysis of VCCEdge data

Overall, investor confidence in the Indian real estate market remains high, given good economic growth and urbanization. As interest rates peak in early 2025 and then start trending downwards, demand for commercial real estate and warehousing assets is expected to increase from yield investors. In our view, the outlook for PE/VC investments in the real estate sector is positive and we expect the sector to continue being a significant contributor to the Indian GDP growth story.

PE/VC investments in the technology sector surged owing to large buyout deals

After peaking at US$17 billion in 2021, PE/VC investments in the technology sector declined further in 2022 and 2023 by 60% and 44%, respectively. However, the sector witnessed a renewed interest in 2024 with PE/VC investments growing by 56% year-on-year, reaching US$6 billion. This rise in momentum was evident in deal volumes, which increased by 35% year-on-year, totaling 169 deals in 2024 compared to 125 deals in the previous year.

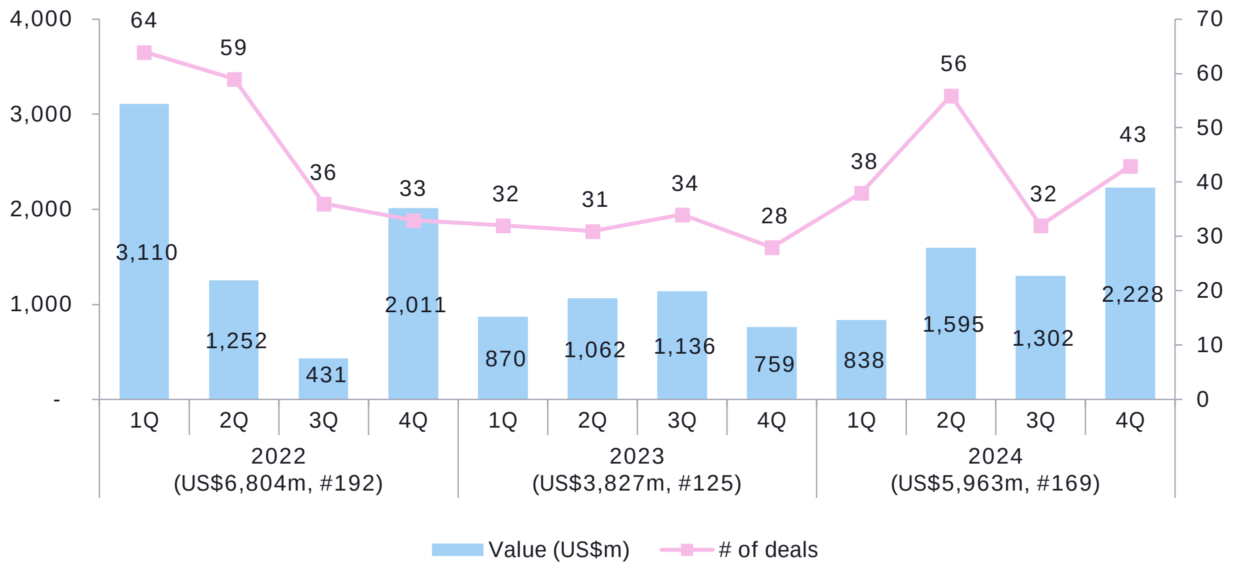
The sector recorded 10 large deals (deals greater than US$100 million) aggregating to US$4.2 billion, accounting for 71% of the sector's total investments. Notably, the sector recorded four deals greater than US$500 million as compared to just one deal in the same category in 2023. Temasek's investment of US$950 million in VFS Global services was the largest deal in 2024.

The IT/ITES and SaaS segments led the technology sector, representing 50% and 38% of total investments, respectively. Consistent with the previous year, start-up deals accounted for 75% of the overall deal volume in 2024. In the pure-play PE asset class, the technology sector secured second rank, moving up from the third spot in the previous year.

The ongoing digital transformation across industries is fueling the demand for technology driven solutions. In the current macroeconomic environment, the next generation of companies may replace/compete with incumbents by leveraging and sharing efficiency gains from GenAI, building deep specialization in digital and cloud technologies, and developing domain expertise through a sharp focus on strategic verticals.

Further, the Indian SaaS landscape has matured significantly, with the number of early-stage start-ups scaling to an ARR of US$10 million, increasing from 20 to 30 companies five years ago to over 100 today. The surge in demand for cloud and digital transformations suggests that the technology sector may soon regain its appeal as an attractive area for PE/VC investors.

Exhibit 79: Investment trends in the technology sector



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 80: Top sub-sectors by value (US$m)

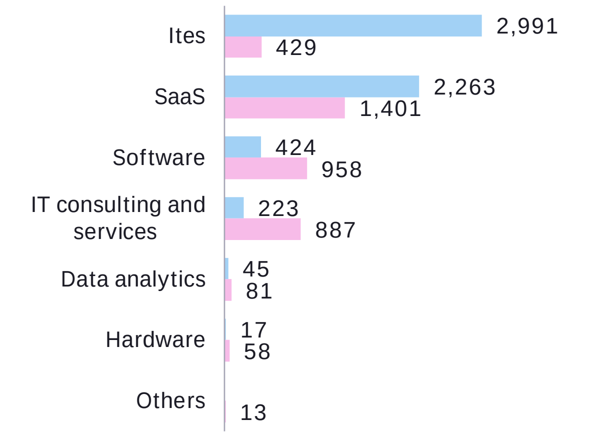
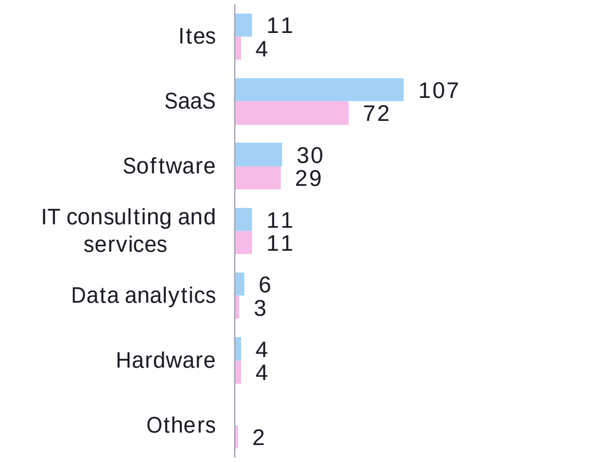


Exhibit 81: Top sub-sectors by # of deals



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 82: Deal type (US$m)

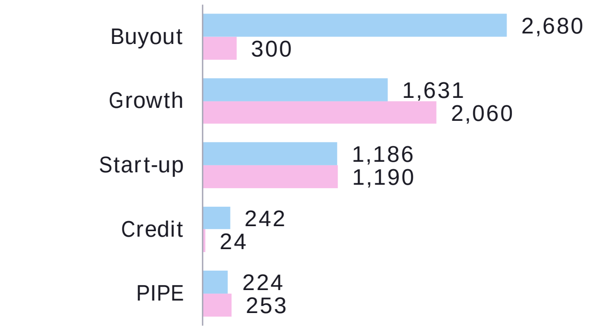
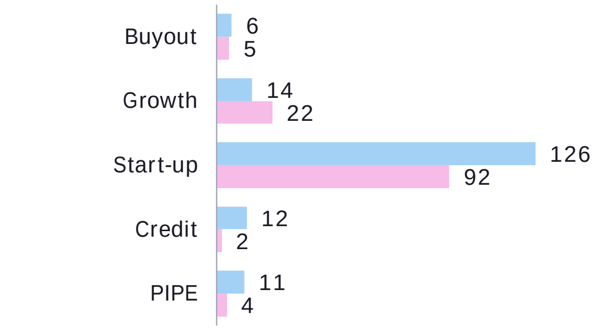


Exhibit 83: Deal type #



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 84: Deal size (US$m)

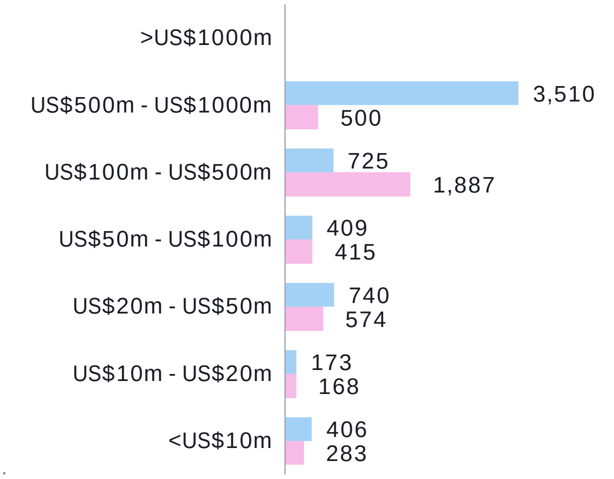
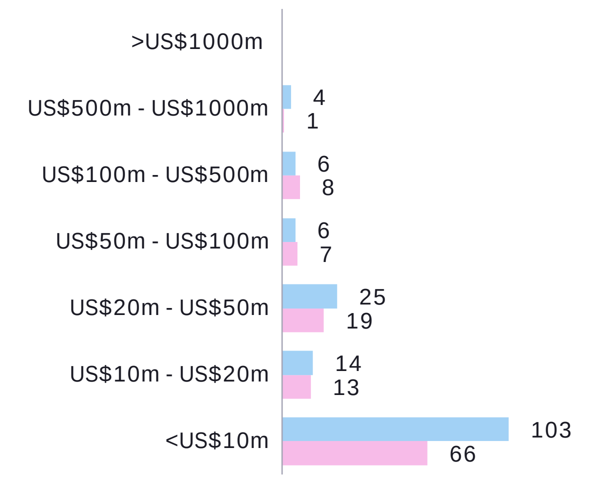


Exhibit 85: Deal size #



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

Exhibit 86: Top technology sector investments in 2024

Company/asset	Investors	Sub-sector	Stage	Amount (US$m)	Deal stake%
VFS Global Services	Temasek	Ites	Growth	950	18
Altimetrik Corp.	TPG	SaaS	Buyout	900	60
GeBBS Healthcare Solutions	EQT	Ites	Buyout	860	NA
Omega Healthcare Management Services	OTPP	Ites	Buyout	800	NA
Infinx Services	KKR, Norwest Venture Partners	Ites	Growth	150	NA
Kore.ai Software	FTV Capital, NVIDIA and others	Software	Growth	150	NA
The Digital Technology Business of NSE	Investcorp	IT consulting and services	Buyout	120	100
Atlan	GIC, Meritech Capital, PeakXV and others	SaaS	Start-up	105	14
InMobi Technologies	Mars Growth Capital	SaaS	Credit	100	NA
Whatfix	Warburg Pincus and SoftBank	SaaS	Growth	100	12

Source: EY analysis of VCCEdge data

E-commerce sector sees renewed interest

PE/VC investments in the e-commerce sector had been on an upward trajectory over the past few years but saw a sharp decline of 66% in 2022 and 55% in 2023. In 2024, the sector rebounded strongly, recording an impressive 87% year-on-year growth, with total investments reaching US$4.6 billion. The number of deals also saw a rise, increasing by 37% (118 deals in 2024 compared to 86 deals in 2023).

The rise of PE/VC investments in e-commerce sector can be attributed to:

1. Significant growth in start-up: Start-up investments more than doubled, reaching US$3.1 billion across 79 deals in 2024, compared to US$1.4 billion across 59 deals in 2023. This growth was largely driven by hyperlocal and B2C segments of the broader e-commerce category.
2. Increase in large deals: The number of large deals (deals greater than US$100 million) in the sector doubled in 2024, rising to 13 deals from 6 in 2023. These large transactions accounted for 71% of the total investments in 2024, up from 55% the previous year. The majority of these large deals were concentrated in the B2C and hyperlocal segments.

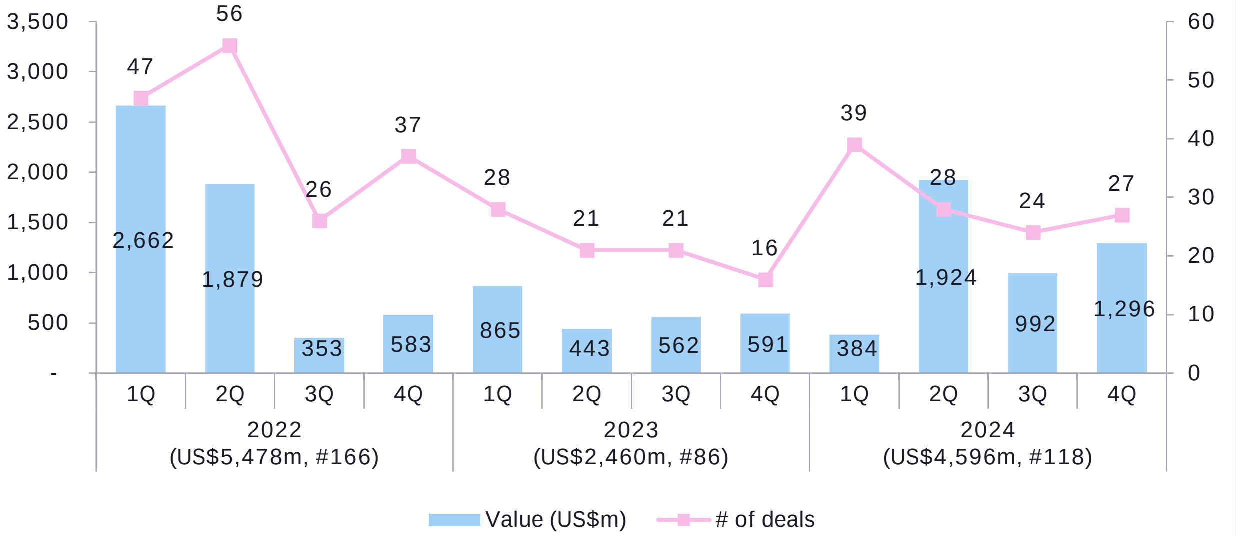
PE/VC investments were concentrated in hyperlocal and B2C, which collectively accounted for 86% of total investments by value and 58% by deal volume. Notably, KiranaKart Technologies (Zepto) raised the maximum PE/VC investment of US$1.4 billion in 2024, accounting for 29% of overall PE/VC investments within the sector. However, the sector has failed to see mega deals (greater than US$1 billion) after 2021.

The e-commerce industry in India has undergone significant transformation, driven by evolving market dynamics, technological advancements and changing consumer preferences. With the expansion of internet access, e-commerce has increasingly penetrated rural areas, broadening its reach.

The COVID-19 pandemic played a pivotal role in changing consumer behaviour, as people became more reliant on online shopping for convenience and safety. This shift has accelerated the growth of the e-commerce sector, expanding its scope beyond traditionally favoured sectors to include hyperlocal services, D2C, grocery delivery, and healthcare products. Additionally, the rise of emerging start-ups has further fuelled the growth of the e-commerce industry, introducing innovative business models and catering to diverse consumer needs. As a result, the Indian e-commerce market continues to evolve rapidly.

According to India Brand Equity Foundation (IBEF), Indian e-commerce is expected to grow at a compound annual growth rate (CAGR) of 27% to reach US$163 billion by 2026.[5]

Exhibit 87: Investment trends in the e-commerce sector



Source: EY analysis of VCCEdge data

[5] Indian E-commerce Industry Analysis | IBEF

2023 2024

Exhibit 88: Top sub-sectors by value (US$m)

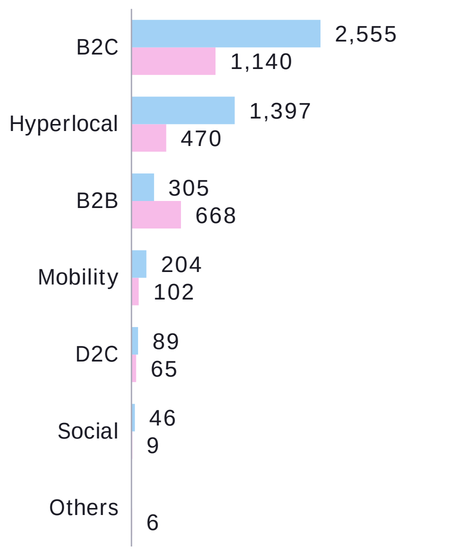
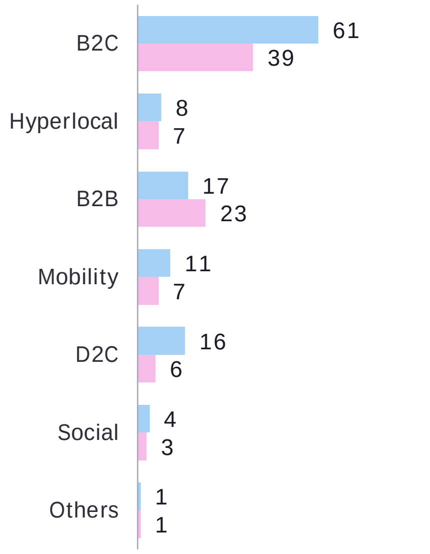


Exhibit 89: Top sub-sectors by # of deals



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 90: Deal type (US$m)

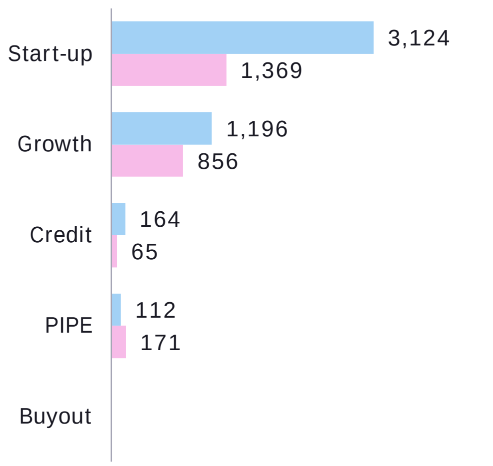
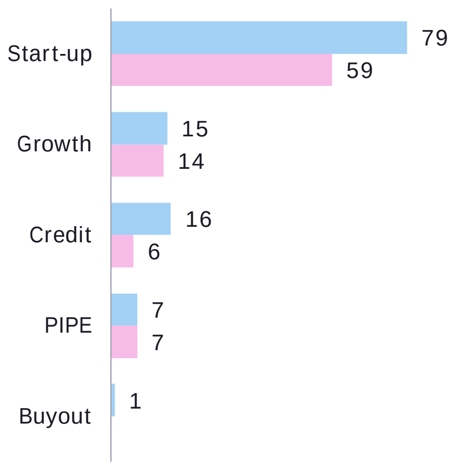
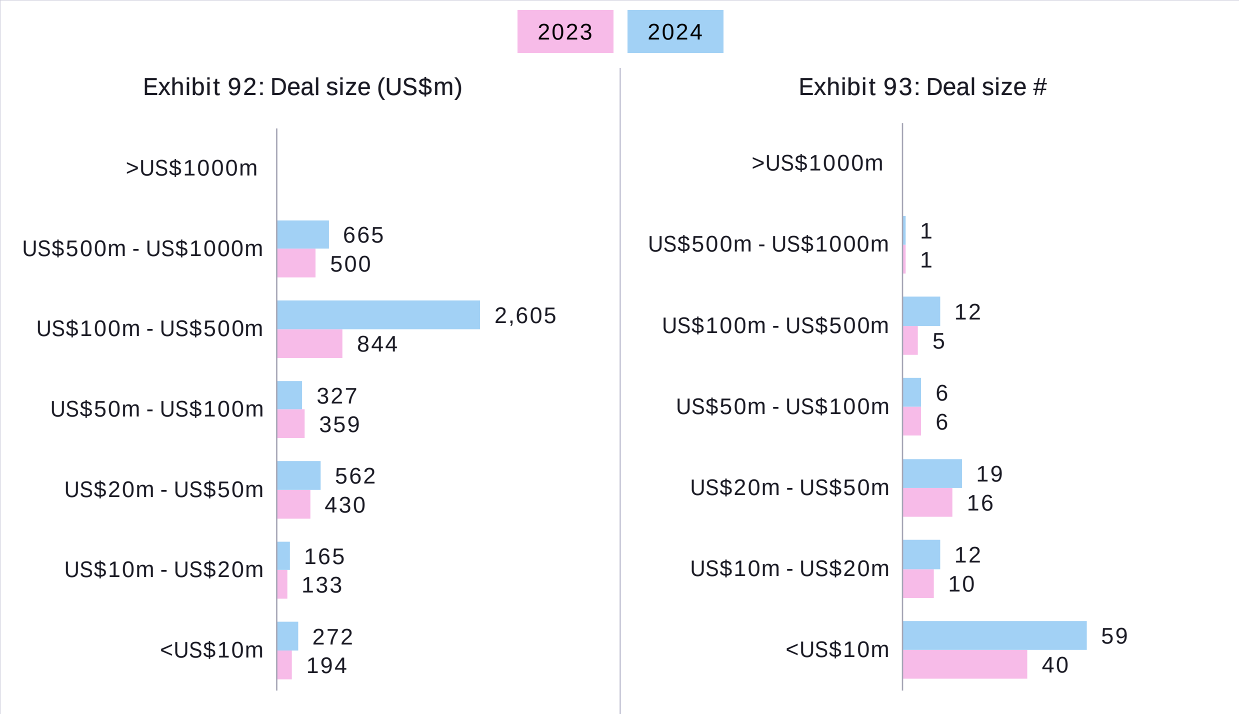


Exhibit 91: Deal type #



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

Exhibit 94: Top e-commerce sector investments in 2024

Company/asset	Investors	Sub-sector	Stage	Amount (US$m)	Deal stake%
KiranaKart Technologies (Zepto)	StepStone, Nexus Venture Partners, Glade Brook Capital and others	Hyperlocal	Start-up	665	18
KiranaKart Technologies (Zepto)	MOPE, Mankind Pharma Family Office, RP Sanjiv Goenka Group and others	Hyperlocal	Start-up	350	7
KiranaKart Technologies (Zepto)	General Catalyst, Mars Growth, EPIQ Capital and others	Hyperlocal	Start-up	340	7
Apollo Healthco (Apollo 24/7)	Advent	B2C	Start-up	297	17
Meesho Inc.	SoftBank, Prosus, Elevation Capital and others	B2C	Start-up	275	
API Holdings (PharmEasy)	MEMG, Prosus, Temasek and others	B2C	Start-up	216	30
Rebel Foods (Faasos, Behrouz Biryani)	Evolvence Capital and Temasek	B2C	Growth	210	15
Lenskart Solutions	Fidelity Investments and Temasek	B2C	Growth	200	4
Rebel Foods (Faasos, Behrouz Biryani)	Temasek	B2C	Growth	200	
Bright Lifecare (BLife, Healthkart)	ChrysCapital, MOPE, A91 Partners and others	B2C	Growth	153	31

Source: EY analysis of VCCEdge data

Investments in life sciences declined on account of reduction in ticket size of large deals

Over the past few years, the life sciences sector has seen a renewed interest showcasing a compound annual growth rate (CAGR) of 24% in PE/VC investments. The year 2023 witnessed PE/VC investments in the life sciences sector reaching a historic high of US$6.2 billion across 79 deals. However, in 2024, PE/VC investments in the sector saw a 31% decline, totalling US$4.3 billion across 116 deals. While the number of large deals (deals greater than US$100 million) remained the same in 2024, with 12 transactions recorded in both years, the average size of these large deals declined to US$233 million accounting for 65% of total investments compared to an average deal size of US$428 million in 2023 which represented 83% of overall life sciences sector investments.

In the life sciences sector, PE/VC investments were predominantly driven by buyout transactions, which totalled US$2.4 billion and accounted for 57% of overall investments. Growth-stage investments saw a 77% year-on-year drop, falling from US$3.3 billion in 2023 to just US$762 million in 2024.

In 2024, the number of buyout transactions slightly decreased from 13 in the previous year to 10, of which there were eight in healthcare and two in pharmaceuticals. Notably, start-up deals saw a surge, increasing by 79% in deal volume, from 33 in 2023 to 59 in 2024. These start-up investments were primarily concentrated in segments of HealthTech and biotechnology.

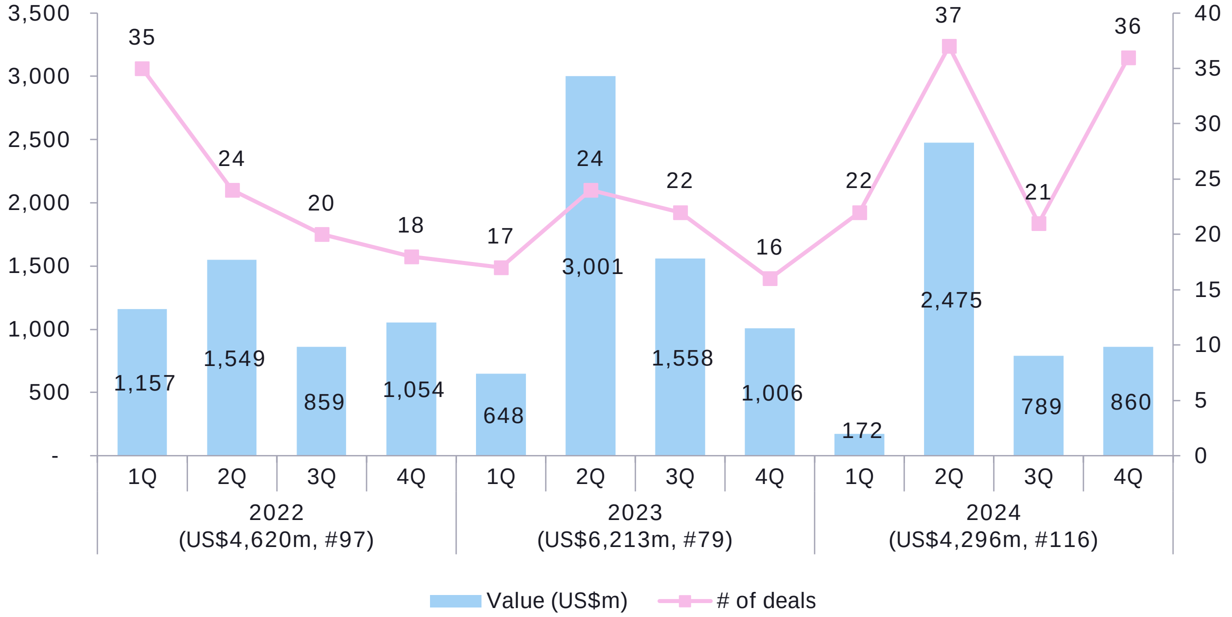
Healthcare investments were primarily directed towards hospitals, clinics and medical devices, which collectively accounted for 76% of overall investments (39% by hospitals / clinics and 38% by medical devices), whereas formulations accounted for 89% of pharmaceuticals investments.

KKR's acquisition of Healthium Medtech for US$838 million and Platinum Equity Advisors acquiring 75% stake in Inventia Healthcare for US$225 million were top deals within healthcare and pharmaceuticals sectors, respectively.

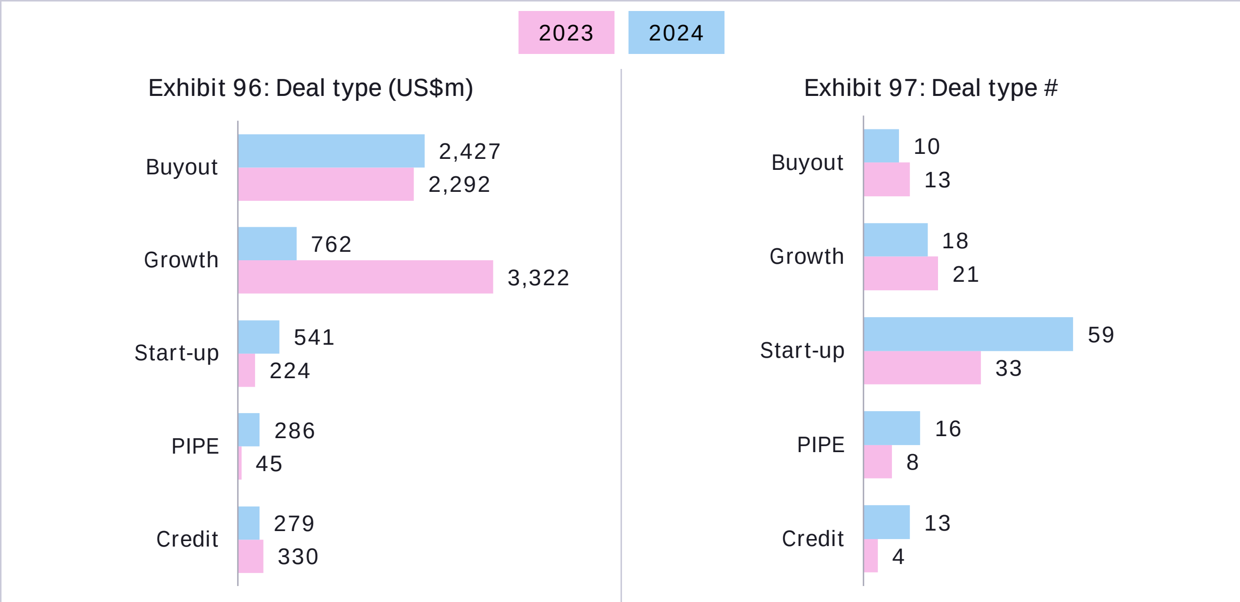
The COVID-19 pandemic has significantly changed perceptions of healthcare needs, driving growing demand for clinics, pharmaceutical drugs, and medical devices. As people adopt more health-conscious lifestyles and become increasingly aware of wellness, this shift has attracted PE/VC investors, particularly in the start-up space, who are seeking to develop innovative healthcare solutions.

With the aim of improving healthcare infrastructure, the government has launched the PM Ayushman Bharat Health Infrastructure Mission, Pradhan Mantri Jan Arogya Yojana, and other initiatives, creating many opportunities for investors to grow along with the sector.

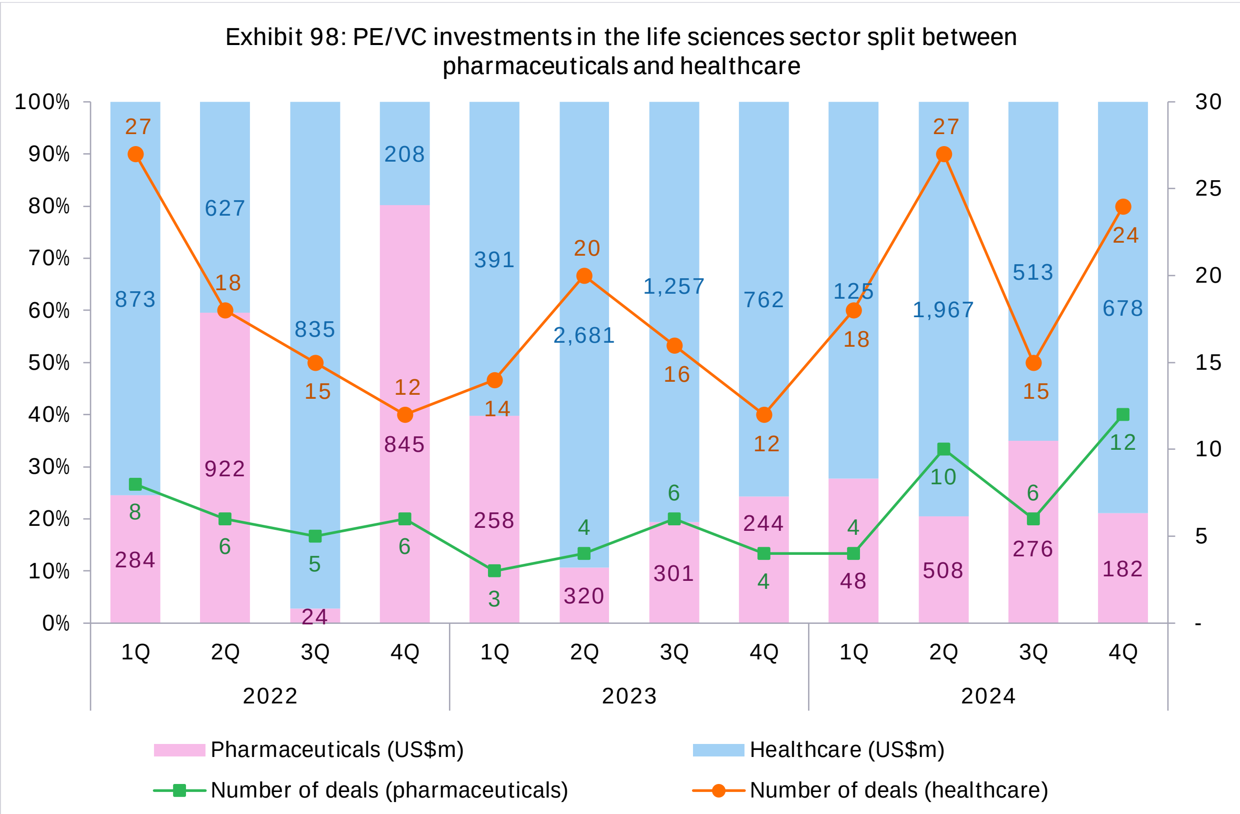
Exhibit 95: Investment trends in the life sciences sector



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

2023 2024

Exhibit 99: Deal size (US$m)

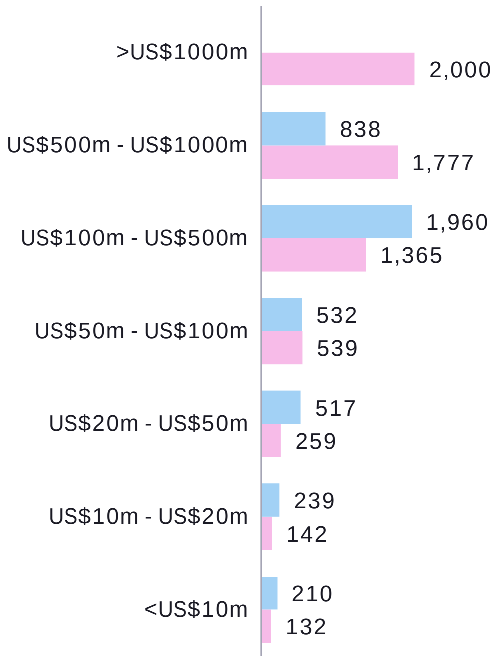
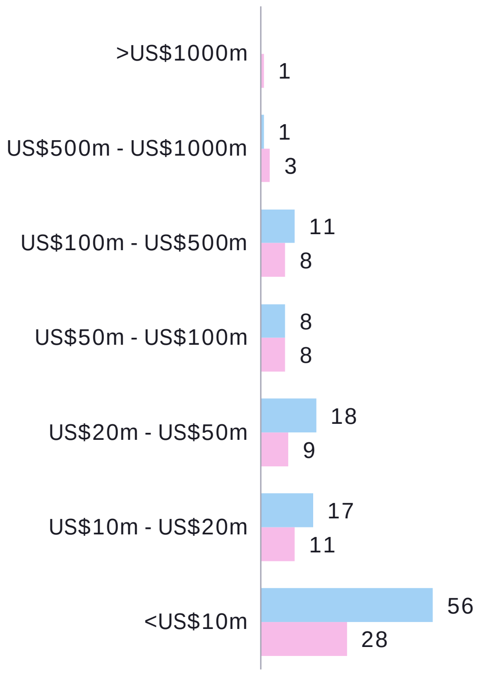


Exhibit 100: Deal size #



Source: EY analysis of VCCEdge data

Does not include deals where deal value is not available

2023 2024

Exhibit 101: Top sub-sectors in pharmaceuticals by value (US$m)

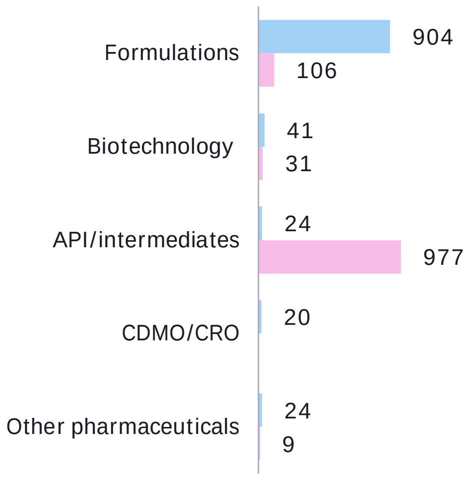
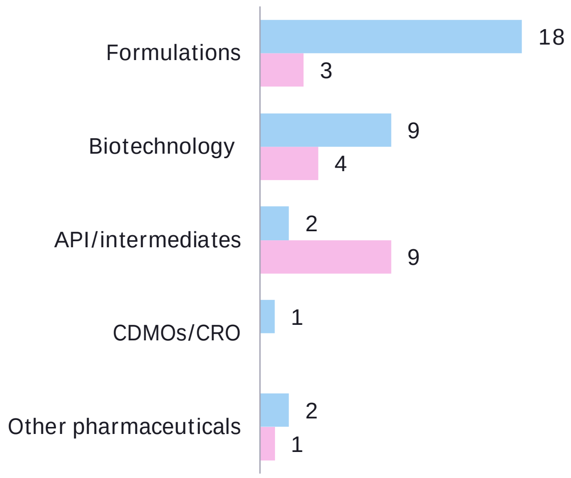
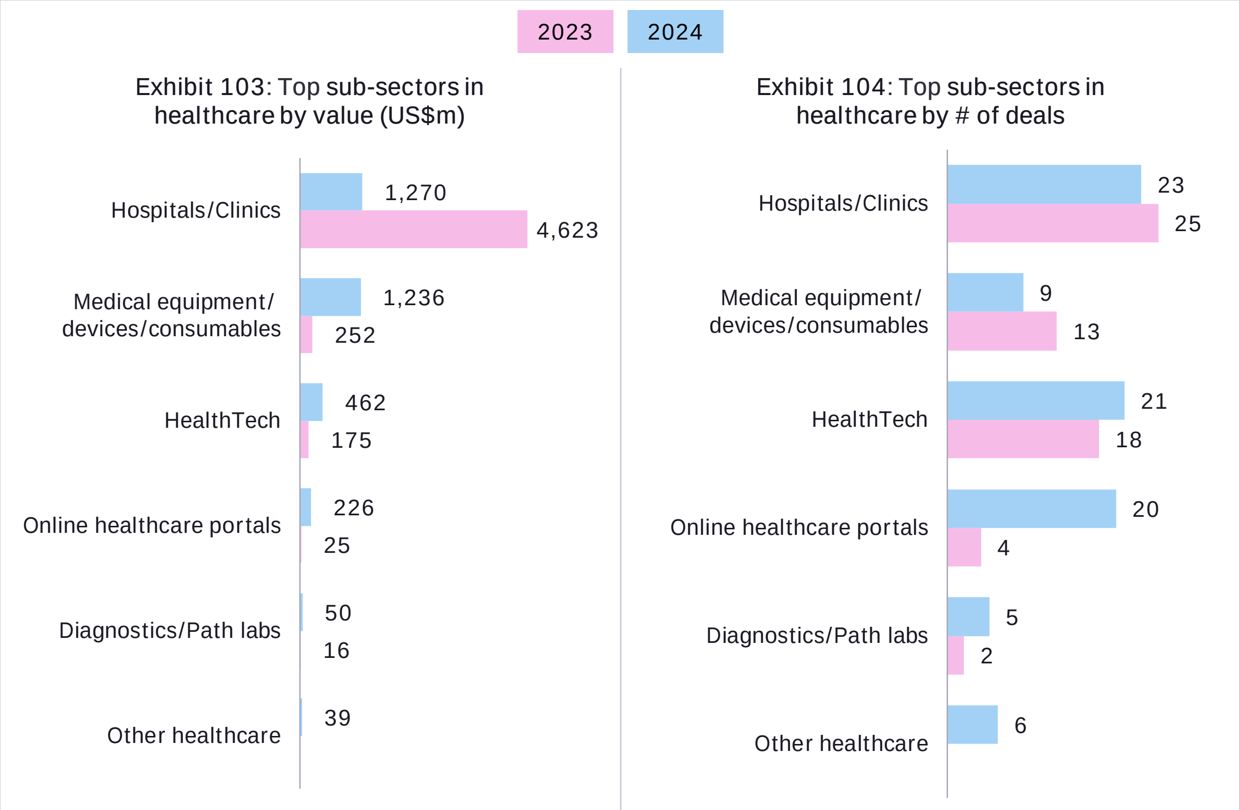


Exhibit 102: Top sub-sectors in pharmaceuticals by # of deals



Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

Exhibit 105: Top pharmaceuticals sector investments in 2024

Company/asset	Investors	Sector	Stage	Amount (US$m)	Deal stake%
Inventia Healthcare	Platinum Equity Advisors	Formulations	Buyout	225	75
Matrix Pharma	Kotak Strategic Situations	Formulations	Growth	173	NA
Maiva Pharma	InvAscent and Morgan Stanley	Formulations	Buyout	120	NA
OneSource Specialty Pharma (Stelis Biopharma)	HBM Healthcare Investments, WhiteOak Capital, Param Capital and others	Formulations	Growth	95	5
Matrix Pharma	Edelweiss, Investec and Morgan Stanley	Formulations	Credit	77	NA
La Renon Healthcare	ChrysCapital	Formulations	Growth	70	8
Cipla	Canadian Pacific Railway Company Pension Plan, JP Morgan, GIC and others	Formulations	PIPE	26	NA
Zeno Healthcare	Stic Investment and Lightbox	Formulations	Start-up	25	NA
Entero Healthcare Solutions	GIC, Morgan Stanley, Goldman Sachs and JP Morgan	Other Pharmaceuticals	PIPE	20	3
Orbicular Pharmaceutical Technologies	Tata Capital	CDMO/CRO	Growth	20	NA

Source: EY analysis of VCCEdge data

Exhibit 106: Top healthcare sector investments in 2024

Company/asset	Investors	Sector	Stage	Amount (US$m)	Deal stake%
Healthium Medtech	KKR	Medical equipment/devices/ consumables	Buyout	838	100
Appasamy Associates Group	Warburg Pincus	Medical equipment/devices/ consumables	Buyout	300	65
Baby Memorial Hospital	KKR	Hospitals/Clinics	Buyout	300	70
Vee Healthtek	TA Associates	Healthcare technology	Buyout	250	NA
Asia Healthcare Holdings Advisory	GIC	Hospitals/Clinics	Buyout	150	17
Cygnus Medicare	General Atlantic	Hospitals/Clinics	Buyout	134	70
Aster DM Healthcare	Blackstone and TPG	Hospitals/Clinics	PIPE	104	4
Nephrocare Health Services	Quadria Capital Advisors	Hospitals/Clinics	Growth	103	43
New Delhi Centre for Sight	ChrysCapital	Hospitals/Clinics	Growth	100	NA
Qure.ai Technologies	360 One Asset Management, Lightspeed and others	Healthcare technology	Start-up	65	NA

Source: EY analysis of VCCEdge data

Chennai Central Station

Chennai, the automotive and manufacturing powerhouse of South India, is accelerating its growth trajectory. Home to India's largest auto manufacturing base, the city accounts for over 40% of India's automotive exports, while its Tier 2 counterparts like Coimbatore and Madurai are also gaining momentum in sectors like textiles and engineering.

CHAPTER

04

Exits

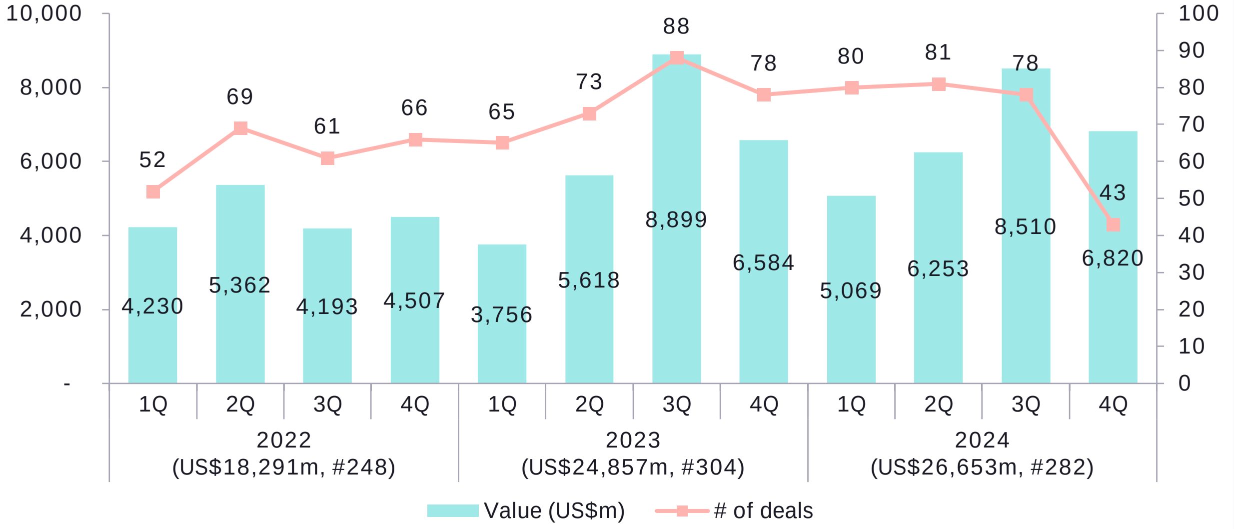
Key trends

PE/VC exits in 2024 increased to US$26.7 billion, marking a 7% year-on-year growth from the US$24.9 billion recorded in 2023. The year 2024 was second best ever in terms of exit deal volume totaling 282 compared to 304 (highest ever) in 2023, a decline of 7%. Large deals (deals greater than US$100 million) accounted for 83% of total exits during the year (US$22 billion across 70 deals). The largest exit in 2024 saw Advent selling 100% stake in Bharat Serums and Vaccines to Mankind Pharma for US$1.6 billion.

Open market exits continued their dominance and recorded highest ever exits worth US$12.9 billion, marginally higher than the previous year (US$12.8 billion in 2023). Furthermore, the IPO market demonstrated considerable strength with 40 PE-backed IPO's in 2024 (second highest after 44 IPO in 2021). While all other exit strategies recorded a less than 10% growth, PE-backed IPO exits recorded a growth of 130% year-on-year (US$3.3 billion in 2024 vs US$1.4 billion in 2023).

In 2024, PE/VC exits were concentrated in financial services, technology, e-commerce, pharmaceuticals, infrastructure, healthcare, real estate, retail and consumer products, and industrial products sectors, each witnessing exits greater than US$1 billion.

Exhibit 107: Trends in PE/VC exits



Source: EY analysis of VCCEdge data

Exhibit 108: Exit type (US$m)

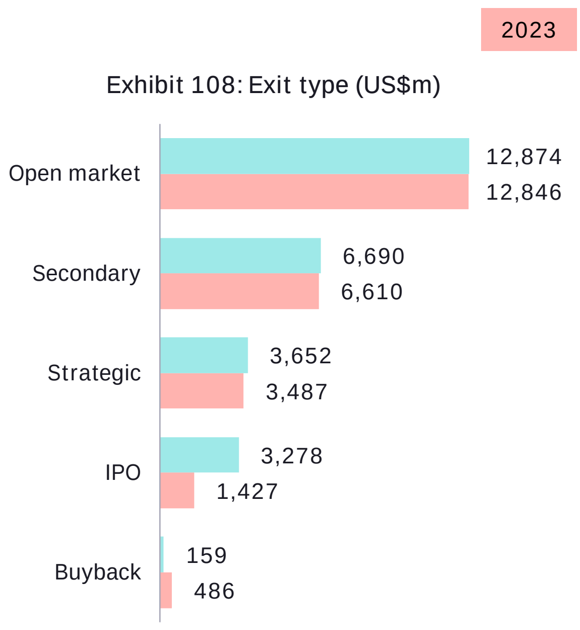
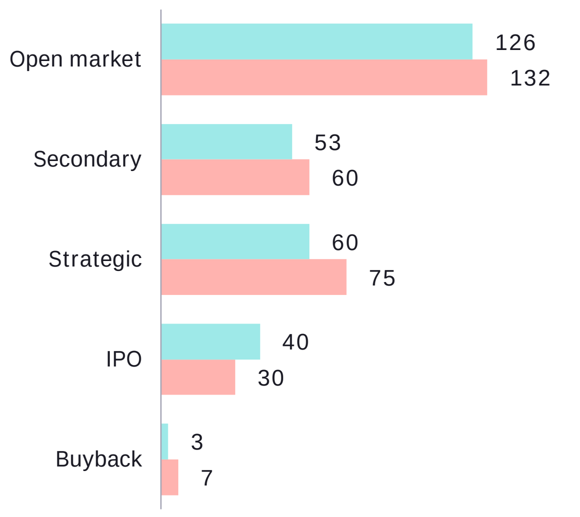


Exhibit 109: Exit type #



Source: EY analysis of VCCEdge data

Exhibit 110: Top exits in 2024

Company/asset	Sellers	Investors	Sector	Exit Type	Amount (US$m)	Deal stake%
Bharat Serums and Vaccines	Advent	Mankind Pharma	Pharmaceuticals	Strategic	1,628	100
Manjushree Technopack	Advent	PAG	Industrial products	Secondary	1,000	NA
VFS Global Services	Blackstone	Temasek	Technology	Secondary	950	18
Brookfield's 2.2 GW Assets	Brookfield	Gentari	Infrastructure	Strategic	900	100
GeBBS Healthcare Solutions	ChrysCapital	EQT	Technology	Secondary	860	NA
Healthium Medtech	Apax Partners	KKR	Healthcare	Secondary	838	100
Swiggy	Accel, Apoletto Asia, Alpha Wave and others		E-commerce	IPO	811	8
Mphasis	Blackstone		Technology	Open market	806	15
Data Infrastructure Trust	Brookfield		Infrastructure	Open market	801	NA
Omega Healthcare Management Services	Everstone	OTPP	Technology	Secondary	800	NA

Source: EY analysis of VCCEdge data

Open market exits

As Indian equity markets have deepened and evolved, open market exits have seen remarkable growth over the last few years. The year 2024 has recorded the highest ever open market exits worth US$12.9 billion, marginally higher than last year (US$12.8 billion in 2023). In terms of number of deals, it recorded a 5% decline (126 in 2024 vs. 132 in 2023).

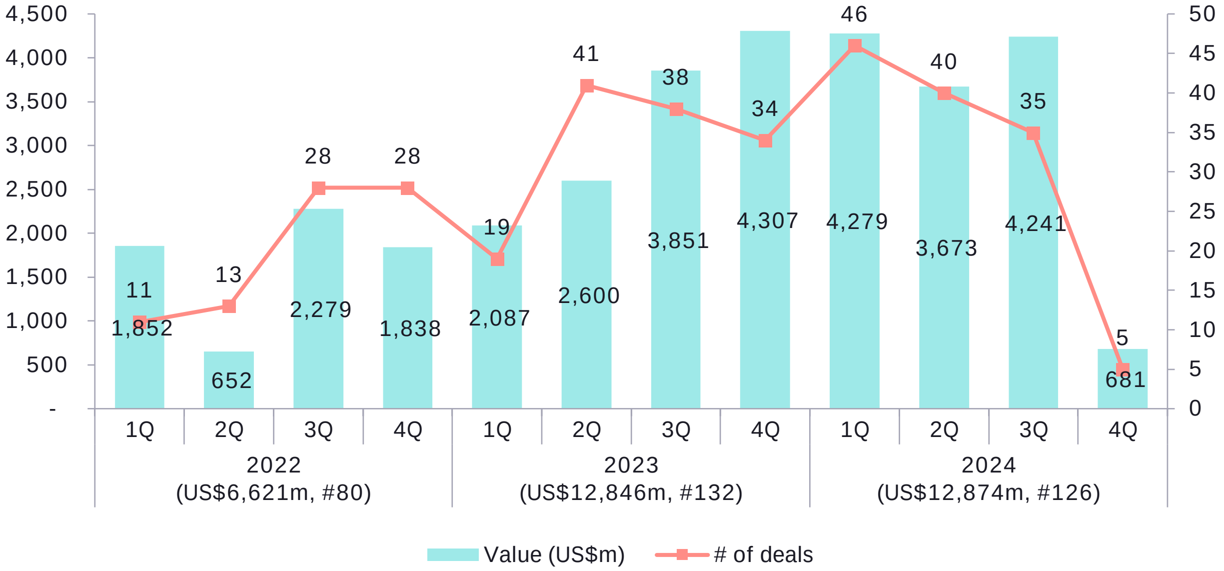
The largest open market PE exit deal in 2024 saw Blackstone selling 15% stake in Mphasis for US$806 million. 2024 recorded 40 large open market PE/VC exit deals (deals greater than US$100 million) aggregating to US$10.3 billion.

From a sector perspective, financial services maintained its lead in 2024 as the largest sector for open market exits, recording exits worth US$5.2 billion across 44 deals. Retail and consumer products, e-commerce, and technology followed, with each recording open market exits greater than US$1 billion.

Open market exits have been a key part of PE/VC exit strategy in India over the past decade and in a growth economy, is one of the key exit themes underwritten in most late-stage investment thesis.

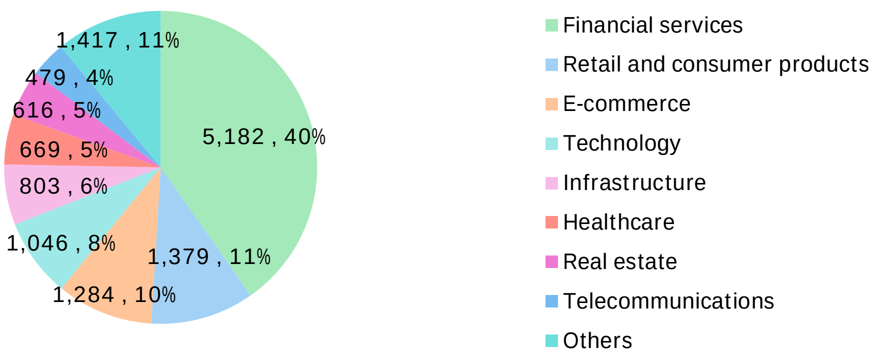
Following the COVID-19 pandemic, there has been a notable surge in open market exits, driven by the expanding depth of India's capital markets. Broader investor base, enhanced liquidity, ability to sell large blocks without material price disruption and greater transparency make this exit strategy more attractive for the PE/VC investors.

Exhibit 111: Trends in open market exits



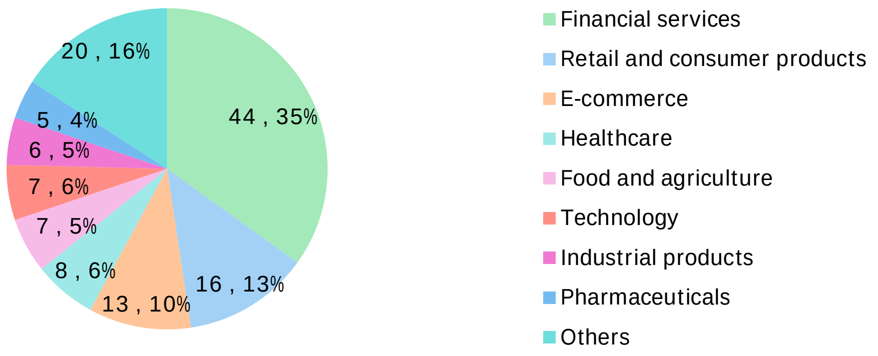
Source: EY analysis of VCCEdge data

Exhibit 112: Split by sector (US$m)



Source: EY analysis of VCCEdge data

Exhibit 113: Split by sector (# of deals)



Source: EY analysis of VCCEdge data

Exhibit 114: Top open market exits in 2024

Company/asset	Sellers	Sector	Amount (US$m)	Deal stake %
Mphasis	Blackstone	Technology	806	15
Data Infrastructure Trust	Brookfield	Infrastructure	801	NA
Zomato	Antfin	E-commerce	570	2
Nexus Select Trust	Blackstone	Real estate	505	22
Indus Towers	CPPIB, KKR	Telecommunications	479	7
Kalyan Jewellers India	Warburg Pincus	Retail and consumer products	428	6
Axis Bank	Bain Capital	Financial services	428	1
Five-Star Business Finance	TPG, Peak XV, Norwest Venture Partners	Financial services	408	15
Kalyan Jewellers India	Warburg Pincus	Retail and consumer products	353	8
Zomato	Antfin	E-commerce	339	2

Source: EY analysis of VCCEdge data

Secondary exits

The accelerating trend of secondary exits indicates PE investors' growing interest in mature companies that have proven their performance and show strong potential for continued growth.

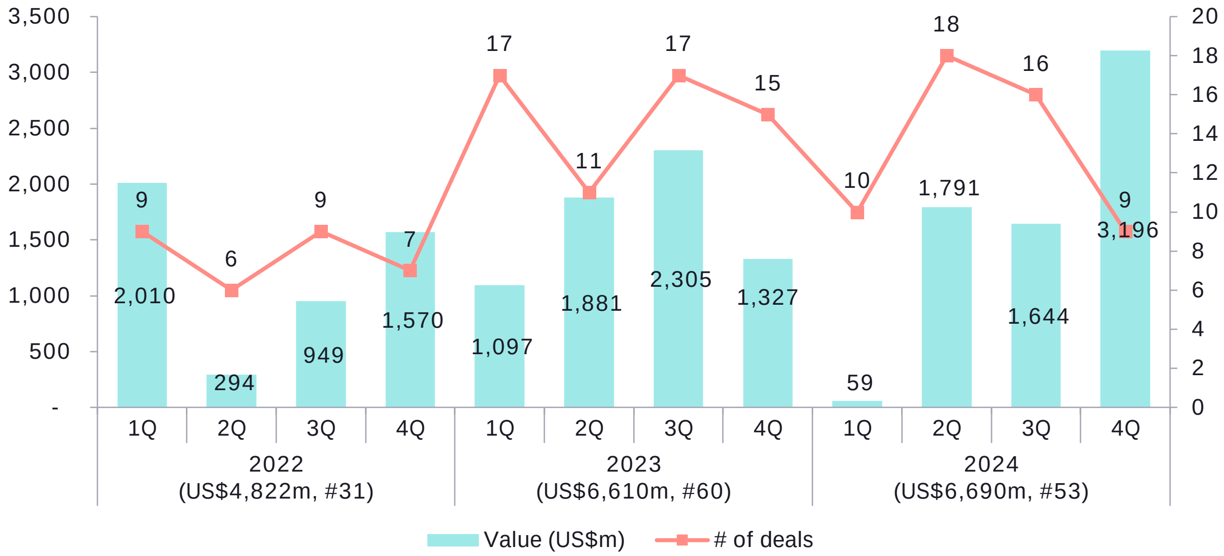
Although secondary exits declined by 65% in 2022 ($4.8 billion from US$13.6 billion in 2021), they rebounded to a record US$6.6 billion in 2023, a 37% year-on-year increase, and then reached US$6.7 billion across 53 deals in 2024 – a slight increase from the previous year.

The year 2024 recorded 15 large deals (deals greater than US$100 million), totaling US$6.1 billion compared to 16 large deals reaching US$5.9 billion in 2023. The year saw no mega deal (above US$1 billion) as compared to one such deal in the previous year. Large deals accounted for 90% of overall secondary exits in 2024.

Secondary exits were predominantly observed in technology and industrial product sectors. PAG acquiring Manjushree Technopack from Advent for US$1 billon was the largest secondary deal in 2024.

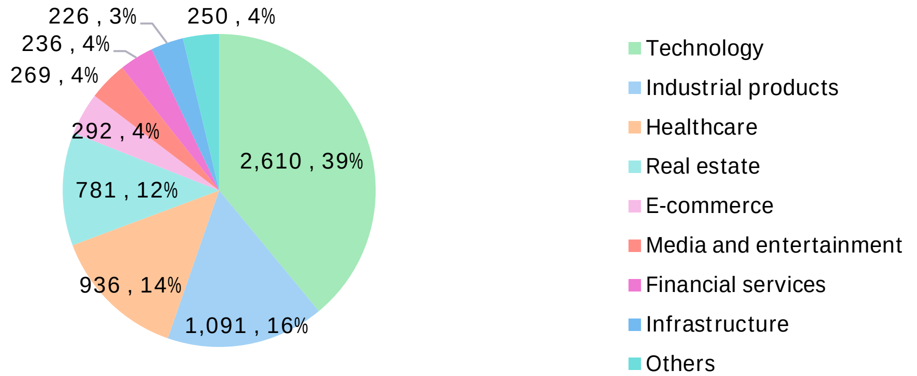
Private equity investors usually choose secondary exits as part of their risk-mitigation strategy. They do this by acquiring stakes in well-established companies with a proven track record, and governance frameworks put in place by the outgoing PE investor. Investing in established companies also allows private equity investors to make faster and more efficient exits as opposed to an IPO, in which selling a controlling stake in a listed company will take a much longer time.

Exhibit 115: Trends in secondary exits



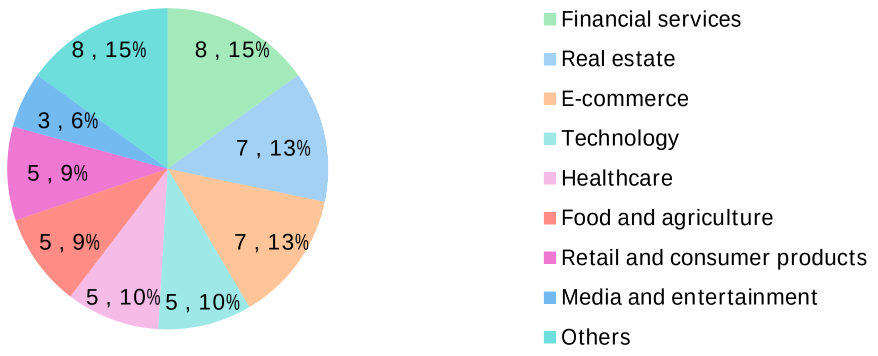
Source: EY analysis of VCCEdge data

Exhibit 116: Split by sector (US$m)



Source: EY analysis of VCCEdge data

Exhibit 117: Split by sector (# of deals)



Source: EY analysis of VCCEdge data

Exhibit 118: Top secondary exits in 2024

Company/asset	Sellers	Investors	Sector	Amount (US$m)	Deal stake %
Manjushree Technopack	Advent	PAG	Industrial products	1,000	NA
VFS Global Services	Blackstone	Temasek	Technology	950	18
GeBBS Healthcare Solutions	ChrysCapital	EQT	Technology	860	NA
Healthium Medtech	Apax Partners	KKR	Healthcare	838	100
Omega Healthcare Management Services	Everstone	OTPP	Technology	800	NA
One Paramount 1 (tech park in Chennai)	CPPIB, RMZ Corp	Keppel	Real estate	264	100
Total Environment Building Systems	Brookfield and others	SBI, Standard Chartered, ICICI and others	Real estate	248	NA
Interise Trust	Allianz Capital Partners	OMERS	Infrastructure	226	13
Rebel Foods (Faasos, Behrouz Biryani)	Lightbox Ventures Capital, Coatue Management	Evolvence, Temasek	E-commerce	158	11
Sporta Technologies (Dream11, FanCode, DreamSetGo)	Tencent	Tiga Acquisition Corp	Media and entertainment	150	NA

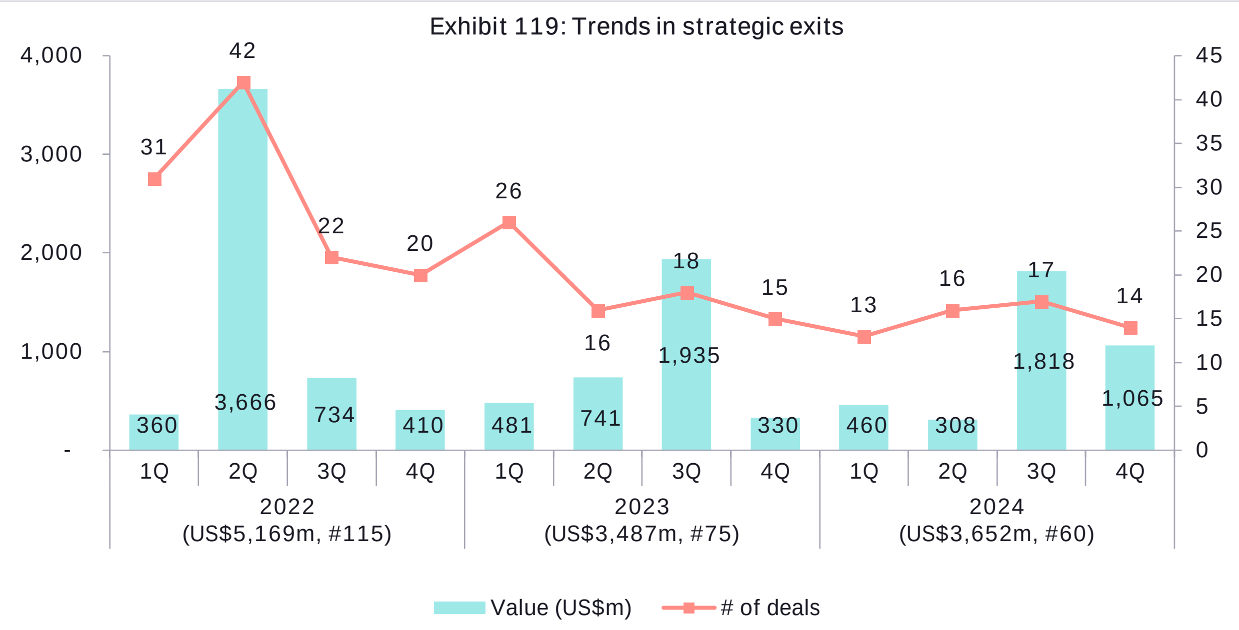
Source: EY analysis of VCCEdge data

Strategic exits

In value terms, strategic exits recorded a marginal year-on-year growth of 5% reaching US$3.7 billion across 60 deals compared to US$3.5 billion recorded across 75 deals in 2023. Strategic exits were pre-dominantly seen in pharmaceuticals (US$1.6 billion), infrastructure (US$900 million) and food and agriculture (US$460 million) sector, which collectively accounted for 81% of overall strategic exits value in 2024.

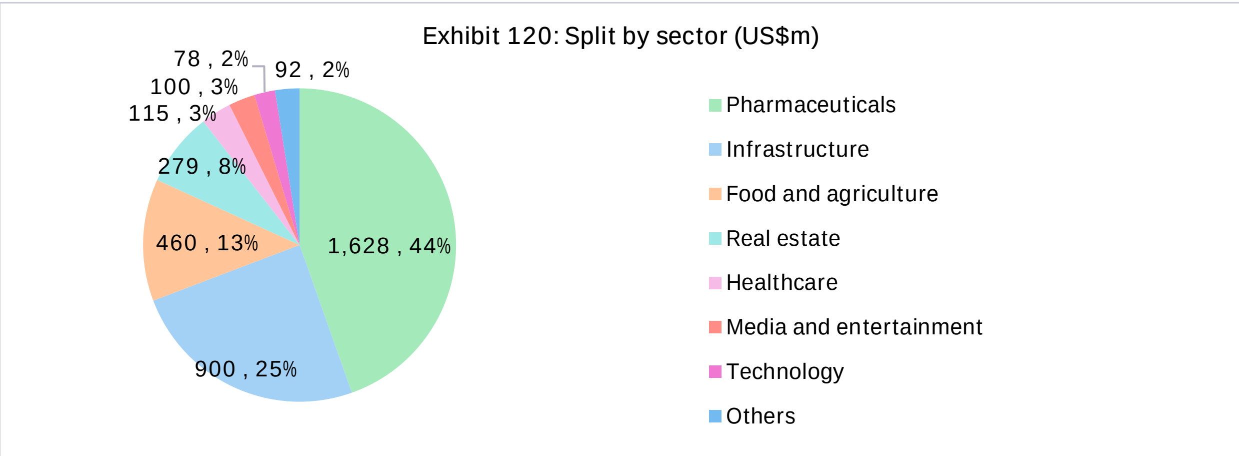
The largest exit within the segment involved Advent selling its 100% stake in Bharat Serums and Vaccines to Mankind Pharma for US$1.6 billion, making it the largest exit deal of 2024.

Factors contributing to this tepid growth in strategic exit volumes include high interest rates, mismatch in buyer and seller expectations and competition from the capital markets. However, the recent correction in asset prices is expected to narrow the bid-ask spread, potentially boosting the M&A deal activity in the near future.



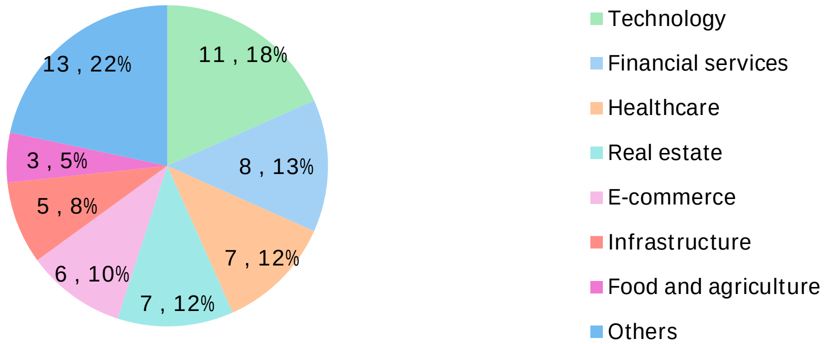
Deal value not available for 39 deals in 2024 and 57 deals in 2023

Source: EY analysis of VCCEdge data



Source: EY analysis of VCCEdge data

Exhibit 121: Split by sector (# of deals)



Source: EY analysis of VCCEdge data

Exhibit 122: Top strategic exits in 2024

Company/asset	Sellers	Buyer	Sector	Amount (US$m)	Deal stake%
Bharat Serums and Vaccines	Advent	Mankind Pharma	Pharmaceuticals	1,628	100
Brookfield's 2.2 GW Assets	Brookfield	Gentari	Infrastructure	900	100
Capital Foods (Chings Secret, Smith and Jones)	Invus and General Atlantic	Tata Consumer Products	Food and agriculture	460	75
Quality Care India (CARE Hospitals)	Blackstone and TPG	Aster DM	Healthcare	104	5
Tata Play	Temasek	Tata Sons	Media and entertainment	100	10
Sky Forest Projects	Blackstone	Indiabulls Constructions	Real estate	77	100
Moonshine Technology	PSM Group, Bellerive Capital, and others	Nazara Technologies	Technology	71	34
Total Investment Project	HDFC capital		Real estate	63	NA
Sunbeam Lightweighting Solutions	Kedaara Capital	Craftsman Automation	Automotive	45	100
3 QVC projects (two in Gurugram and one in Bengaluru)	Ask Property Fund		Real estate	42	NA

Source: EY analysis of VCCEdge data

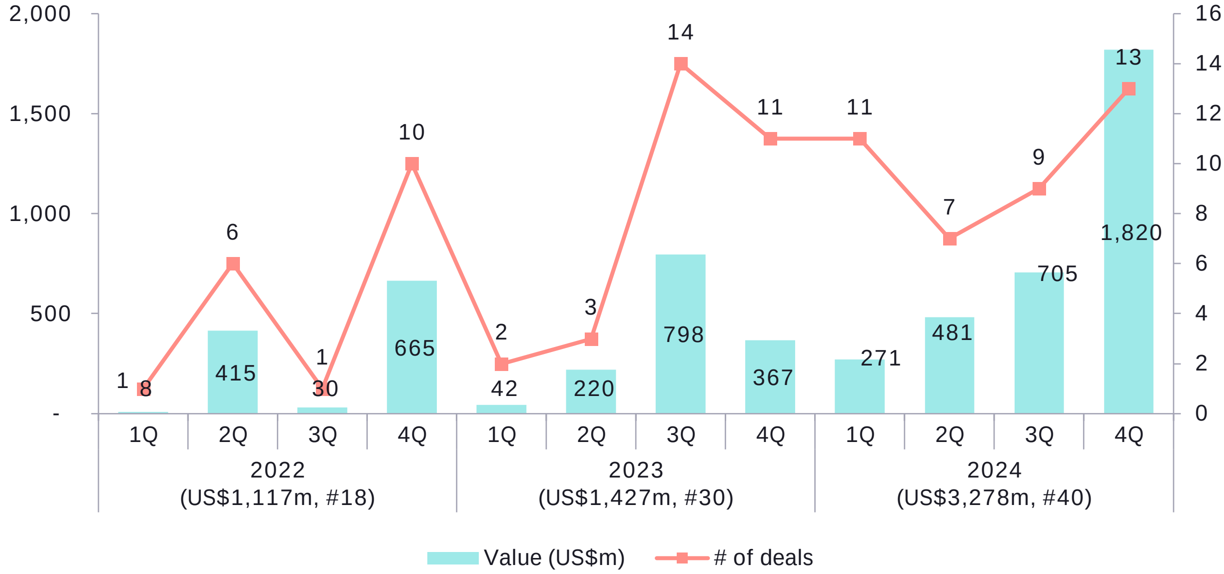
IPO exits

PE-backed IPOs have become a favoured exit strategy for investors due to certain advantages. PE-backed companies often attract richer valuations in the public markets on account of their established market position, strong growth potential, better governance and operational improvements made during the PE investor. The liquidity generated through the IPO enables PE investors to generate higher returns on the stake sold in the OFS on account of the buoyancy in the Indian capital markets, a growing preference for IPOs as an exit strategy has been observed in many PE/VC exit situations.

After witnessing an all-time high of US$5.2 billion in 2021, PE-backed IPO exits dropped to US$1.1 billion in 2022 and US$1.4 billion in 2023. However, it increased to US$3.3 billion (40 IPOs) in 2024, making a growth of 130% year-on-year. This growth can be attributed to the resilience of the Indian capital market driven for most of 2024 and the significant delta between higher public market multiples and private market transaction multiples.

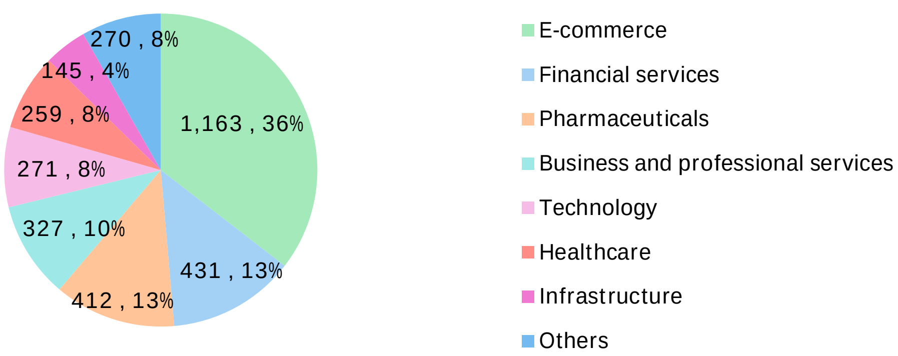
In addition to the traditionally favored sectors like e-commerce, financial services, technology, and healthcare, 2024 witnessed PE-backed IPOs in sectors such as pharmaceuticals, real estate and automotive as well.

Exhibit 123: Trends in PE-backed IPO exits



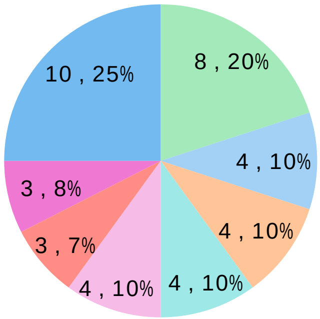
Source: EY analysis of VCCEdge data

Exhibit 124: Split by sector (US$m)



Source: EY analysis of VCCEdge data

Exhibit 125: Split by sector (# of deals)

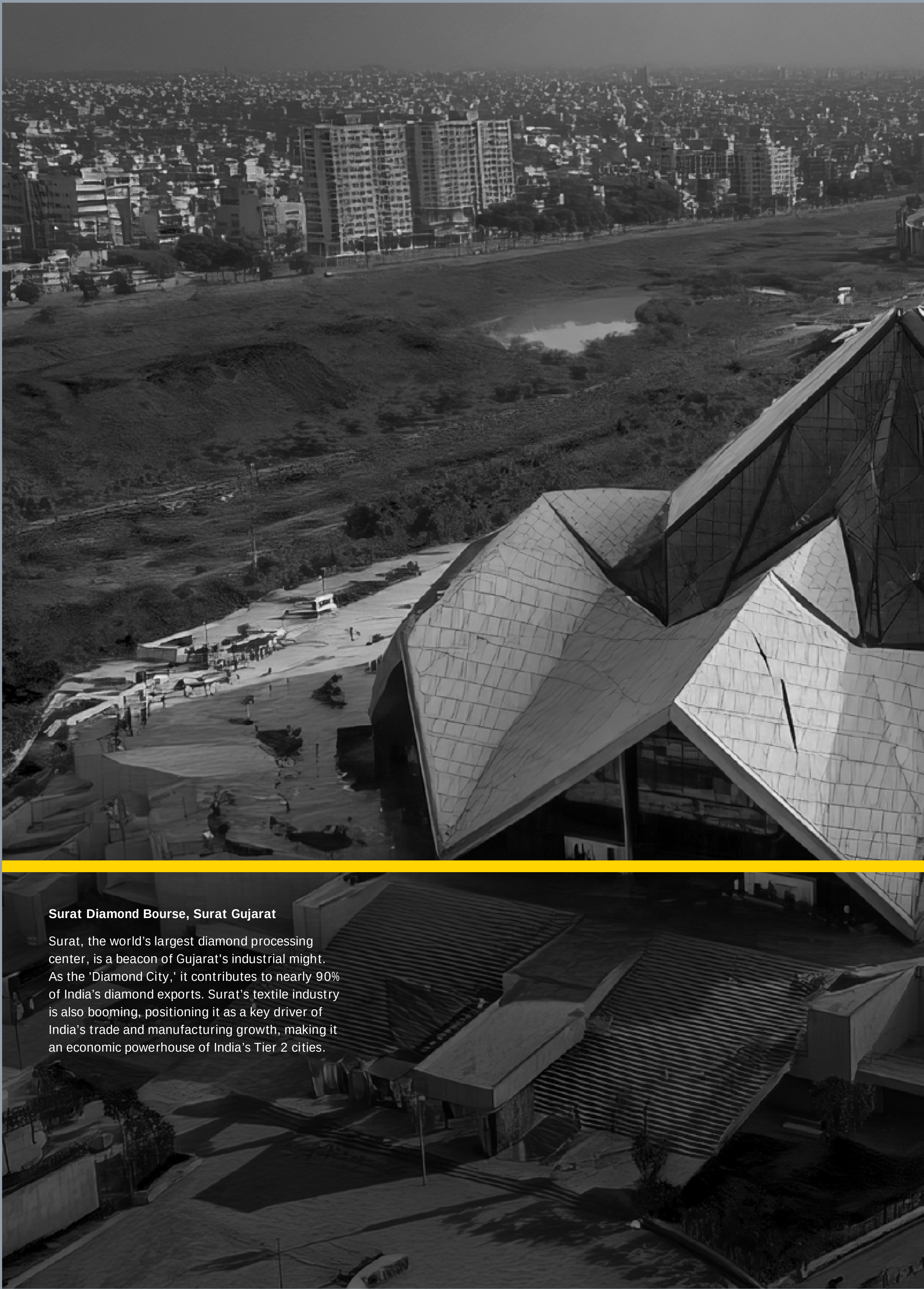


Source: EY analysis of VCCEdge data

Exhibit 126: Top PE-backed IPO exits in 2024

Company	Sellers	Sector	Amount (US$m)	Deal stake%
Swiggy	Naspers, Accel, Elevation Capital and others	E-commerce	811	8
International Gemmological Institute India	Blackstone	Business and professional services	327	NA
Sagility India	EQT	Technology	250	15
BrainBees Solutions (Firstcry.com)	Softbank, PremjiInvest, TPG and others	E-commerce	244	8
Aadhar Housing Finance	Blackstone	Financial services	240	15
Sai Life Sciences	TPG Asia	Pharmaceuticals	151	11
Premier Energies	GEF Capital	Infrastructure	145	6
Niva Bupa Health Insurance	True North, Faering Capital and others	Financial services	125	8
Akums Drugs and Pharmaceuticals	Quadria Capital	Pharmaceuticals	116	9
Emcure Pharmaceuticals	Bain Capital	Pharmaceuticals	87	4

Source: EY analysis of VCCEdge data



Surat Diamond Bourse, Surat Gujarat

Surat, the world’s largest diamond processing center, is a beacon of Gujarat's industrial might. As the 'Diamond City,' it contributes to nearly 90% of India’s diamond exports. Surat’s textile industry is also booming, positioning it as a key driver of India’s trade and manufacturing growth, making it an economic powerhouse of India’s Tier 2 cities.

CHAPTER

05

Tax
and regulatory updates

Introduction

The investment horizon of 2024 has unfolded with dynamic shifts in the PE/VC ecosystem, reflecting a nuanced interplay of market forces and strategic policy interventions. PE/VC investments rebounded in 2024 with a 5% growth to US$56.0 billion, recovering from a 3% decrease in 2023 and a 28% fall in 2022, after reaching a high of US$76.7 billion in 2021, thus underscoring a renewed investor optimism and a departure from the previous years' cautious stance. The rebound was driven by a significant 54% increase in deal volume, with 1,352 in 2024 deals compared to 880 in 2023. Despite this, the cumulative PE/ VC investment value decreased by 9% from US$41.7 billion in 2023 to US$37.8 billion in 2024 due to lack of growth in large deals.

In 2024, 80% of PE/VC investment value and 66% of deal volume were concentrated in six sectors: infrastructure, financial services, real estate, e-commerce, technology, and life sciences. PE-backed IPOs saw a notable 130% increase in value to US$3.3 billion from US$1.4 billion in 2023. PE/VC exits were mainly in financial services, technology, e-commerce, pharmaceuticals, infrastructure, healthcare, real estate, retail and consumer products, and industrial products sectors where each recorded over US$1 billion.

In an effort to sustain this momentum, the Government of India has continued to refine the regulatory and tax landscape, with targeted measures designed to enhance ease of doing business and to ensure a level playing field for domestic and international investors alike. We have summarized some of the key tax and regulatory changes introduced in 2024, including amendments introduced vide Finance Act (No. 2), 2024, and a few noteworthy proposals of the recently announced Budget 2025 that could impact the PE/VC ecosystem. These developments are indicative of India's commitment to creating a robust infrastructure for PE/VC investments, with an emphasis on transparency, efficiency, and global competitiveness:

Tax updates

A. Key tax amendments vide Finance Act (No. 2), 2024 (‘FA 2024’)

As it was an election year, the Union Budget 2024 was presented in July 2024, which supplemented the Interim Budget presented in February 2024. Some key amendments enacted vide Finance Act (No.2), 2024 impacting PE/VC are below:

1. Abolishment of angel tax provisions:

   § Previously, where an unlisted Indian company issued shares for consideration exceeding its face value, the consideration received in excess of FMV is taxable in the hands of the issuer company (commonly referred to as ‘Angel Tax’).

   § This has been amended so that the said Angel Tax provisions shall not be applicable from FY 2024-25 onwards. This is likely to significantly boost investor confidence.

2. Changes in capital gains tax regime, w.e.f. 23 July 2024:

   Previously, holding period for different classes of assets varied from 12 months to 36 months. This has been amended as below:

   § For all listed securities, the holding period will be 12 months and for all other assets, it will be 24 months.

   § Unlisted bonds and debentures will be deemed to be short-term, irrespective of the holding period.

   § Indexation benefit removed for all long-term capital assets (except for property acquired prior to 23 July 2024).

   § Short-term capital gains rates on the sale of equity oriented mutual funds and equity shares (on which STT has been paid) has been increased to 20% from the previous rate of 15%. Short-term capital gains on the sale of other financial assets will be taxed at the applicable tax rates.

   § Long-term capital gains on sale of all financial and non-financial assets will attract a tax rate of 12.5% as against the previous rate of 10% and 20%.

   § Unlisted bonds and debentures now attract tax on capital gains at applicable rates, irrespective of the period of holding.

3. Abolishment of buy-back tax and taxation of buy-back proceeds as dividend for shareholders, w.e.f. 1 October 2024:

§ Buy-back tax was payable by domestic companies at the rate of 23.30% on buy-back of shares (tax calculated on distributed income minus amount received by company on allotment of shares) and was exempt in the hands of shareholders.

§ Buy-back tax has now been abolished and the money received by shareholders on buy-back of shares is now treated as 'dividend' income, taxable on in the hands of shareholder on gross basis. The domestic company shall be required to withhold tax at 10% for payment to resident shareholders and at applicable tax rate for payment to non-resident shareholders.

§ Further, the actual cost of acquisition of the shares in the hands of the shareholders is considered as 'capital loss' eligible for carry forward and set-off against 'capital gains'.

4. Other key tax updates:

§ The corporate tax rate for foreign companies has been reduced to 35% (effective headline tax rate of 38.22%, including highest applicable surcharge and cess) from earlier tax rate of 40% (effective headline tax rate of 43.68%, including highest applicable surcharge and cess).

§ The tax benefit on transfer of capital asset under a gift or will or an irrevocable trust, not being considered as transfer for purpose of capital gains, is now applicable only to such transfers by individuals and HUFs. Gifts by corporates are now considered taxable and fair value provisions will apply for computation of capital gains.

B. Key tax proposals introduced vide Finance Bill, 2025 ('FB 2025')

With the motto of "Sabka Saath, Sabka Vikas, Sabka Vishwas and Sabka Prayas", some of the key tax proposals announced in the Union Budget 2025 impacting the PE/VC space are as follows:

1. Carry forward of losses in case of certain amalgamations:

§ Presently, in case of certain amalgamations, the amalgamated company can forward and set-off losses for a fresh period of eight years from the year of amalgamation. This led to an unintended tax advantage by resetting the loss carry-forward period upon amalgamation. Accordingly, the FB 2025 has proposed the below to ensure that the total period remains capped at eight years from when the losses were first computed.

§ For amalgamations effected on or after 1 April 2025, such losses will be available in the hands of the amalgamated company only for eight assessment years from the assessment year in which such loss was first computed for the predecessor entity, i.e., for the residuary period and not for a fresh eight years.

2. Extension of sunset dates, and certain other benefits to sovereign wealth and pension funds

In line with market expectations and to encourage growth, sunset dates for certain tax exemptions and certain benefits to sovereign wealth and pension funds have been extended as below:

§ The sunset date for incorporating start-ups to claim profit-linked tax exemption is extended from 31 March 2025 to 31 March 2030.

§ The investment deadline for tax exemption by sovereign wealth and pension funds extended to 31 March 2030. Deeming provisions under section 50A to not apply to gains on unlisted debt securities earned by these funds.

3. IFSC related

§ With effect from 1 April 2026, it is proposed to exempt the income earned by non-residents entering into derivative contracts or instruments (i.e., non-deliverable forwards, offshore derivative instruments or over the counter derivatives) issued by a FPI that is an IFSC unit, thereby permitting non-banks to issue instruments in a tax-neutral manner.

§ Effective 1 April 2026, it is proposed to expand the definition of 'resultant fund' to also include 'Retail Schemes' and 'ETFs' in IFSC, making them eligible for tax neutral relocation of offshore funds to IFSC.

§ Effective 1 April 2025, it is proposed to provide deemed dividend exemption for intra-group loans, where one entity is a Finance Company or Unit in IFSC set-up as Global/Regional Treasury Centre and undertaking treasury activities or services, and the parent or principal entity of such group is listed on a stock exchange outside India.

- Extension of sunset clause for various tax incentives in IFSC to 31 March 2030.

The strategic reforms proposed to boost IFSC are a positive step towards the right direction, though more needs to be done to achieve the agenda of making IFSC a premier global financial hub in the international landscape.

4. Other key tax proposals:

- A New Income Tax Bill[6] to be placed in Parliament aimed at simplification, promoting tax certainty and reduced litigation.
- Security held by Category I and II AIF will be deemed to be capital asset and gains will be taxed as capital gains with effect from 1 April 2026.
- The scope for fast-track mergers will be widened and the process to be made simpler.
- TCS on sale of goods (e.g., unlisted shares) abolished effective 1 April 2025.
- TDS rates and threshold limits to be rationalized.
- Rationalization of taxation on long-term capital gains at 12.5% on:
  - securities other than listed equity shares, equity-oriented mutual fund and units of business trust in the hands of specified funds and foreign institutional investors.
  - listed equity shares, equity-oriented mutual fund and units of business trust in the hands of business trust.
- To harmonize business connection and SEP provisions, it is now proposed that transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute SEP of such non-resident in India.
- Effective 1 April 2026, the scope of virtual digital assets (VDAs) expanded to include crypto assets that rely on cryptographically secured distributed ledger to validate and secure transactions.

Regulatory updates

Over the past year, the GoI has introduced regulatory updates to refine the landscape to enhance the business environment. These measures aim to bolster investor confidence, streamline processes, protect stakeholders and encourage investment.

Some key regulatory updates are as follows:

1. International Financial Services Centre

On the IFSC front, few of the noteworthy updates are as under:

- New IFSCA (Listing) Regulations, 2024 provides a much-needed fillip to the primary market in the IFSC, across various financial instruments.
- Issuance of derivative instruments against Indian securities by Non-Bank Entities in GIFT IFSC, is now permissible under the extant SEBI FPI Regulations.
- Foreign entities can trade directly on the IFSC stock exchanges subject to certain conditions for an entity to be onboarded as a Remote Trading Participant.

2. Modification to regulatory framework for Angel Funds

SEBI has issued a Consultation Paper proposing various amendments to the regulatory framework for Angel Funds. Following the abolition of the controversial angel tax, SEBI's efforts to relax Angel Fund norms are expected to further propel the Indian start-up ecosystem making angel funds more attractive and easier to manage with transparency. The key proposals include:

- Lowering the minimum investment for each start-up from INR25 lakh to INR10 lakh while increasing the maximum investment cap from INR10 crore to INR25 crore.
- Each investment made by an Angel Fund must include contributions from at least three investors (excluding the manager/ sponsor)
- Reduction in the lock-in period to six months for Angel Funds that exit by way of sale to a third party (other than the start-up or its promoters/affiliates).
- To allow employees and directors of Angel Fund as well as its manager to invest in

[6] Kindly note that as on the date of this article, the Income Tax Bill has not been presented in the Parliament yet

Angel Fund with minimum investment amount of INR5 lakh.

- Restriction of investment in Angel Funds only to "Accredited Investors" who satisfy prescribed net-worth criteria, as verified by a third-party accreditation agency.

3. Reserve Bank of India

In 2024, the RBI issued several frameworks, directions and circulars to foster increased governance and transparency from an investor perspective. The key updates are as follows:

- In January 2024, RBI permitted direct listing of equity shares of Indian companies on International Exchanges ('IEs') (currently, only two exchanges viz. India International Exchange and NSE International Exchange in GIFT-IFSC under the regulatory supervision of IFSCA are permitted IEs). In furtherance to the same, RBI has also notified mode of payment for purchase/ subscription of equity shares of Indian companies on IEs, remittance of sale proceeds of equity shares of Indian companies on IEs, funds through direct listing of equity shares of Indian companies, and the obligation on the investee Indian Company to report purchase/ subscription of equity shares through an Authorised Dealer.

- The RBI has compiled all instructions issued in relation to ARCs and published the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024 to ensure that the ARCs function in a transparent, fair, prudent and accountable manner, thereby protecting the interests of investors.

- RBI has issued the final framework for Self-Regulatory Organization in the FinTech Sector (SRO-FT) to have a balanced regulatory approach wherein FinTechs are free to innovate and develop as well as adhere to high standards of conduct, transparency and accountability.

While the government has implemented several commendable measures in recent years, there remain critical areas that require attention to bolster foreign investor confidence. These include clarifying the ambiguity surrounding gift tax on off-market transactions involving listed shares, improving the entry and exit ecosystem for investments, introducing regular amnesty schemes to resolve litigation without the burden of interest and penalties, and rationalizing the taxation framework for Employee Stock Ownership Plans (ESOPs) to synchronize with liquidity events. Addressing these issues would significantly enhance investors' confidence.

Glossary of acronyms

1. ADIA – Abu Dhabi Investment Authority
2. AI – Artificial Intelligence
3. AIIB – Asian Infrastructure Investment Bank
4. AIFs – Alternate Investment Funds
5. AMT – Alternative Minimum Tax
6. ARC – Asset Reconstruction Company
7. AUM – Assets under management
8. AY – Assessment Year
9. B2B – Business-to-Business
10. B2C – Business-to-Consumer
11. CAGR – Compounded annual growth rate
12. CBDT – Central Board of Direct Taxes
13. CDPQ – Caisse de dépôt et placement du Québec
14. CPPIB – Canada Pension Plan Investment Board
15. CRAMS – Contract research and manufacturing services
16. DFID – Department for International Development
17. DIPP – Department of Industrial Policy and Promotion
18. DPIIT – Department for Promotion of Industry and Internal Trade
19. DRHP – Draft Red Herring Prospectus
20. DTAA – Double Taxation Avoidance Agreement
21. EBITDA – Earning before interest tax depreciation and amortization
22. EMPEA – Emerging Markets Private Equity Association
23. EPC – Engineering, Procurement and Construction
24. FDI – Foreign Direct Investment
25. ESG – Environmental, Social, and Corporate Governance
26. EV – Electric vehicles
27. FAQ – Frequently asked questions
28. FEMA – Foreign Exchange Management Act, 1999
29. FDI – Foreign Direct Investment
30. FII – Foreign Institutional Investment
31. FPI – Foreign Portfolio Investment
32. GAAR – General anti avoidance rule
33. GFC – Global financial crisis
34. GIC – GIC Private Limited
35. GIFT – Gujarat International Finance Tec-City
36. GIP – Global Infrastructure Partners
37. GoI – Government of India
38. GP – General partner
39. GST – Goods and services tax
40. IDBI – Industrial Development Bank of India
41. IFC – International Finance Corporation
42. IFCI – Industrial Finance Corporation of India
43. IFSC – International Financial Services Centre
44. InvIT – Infrastructure investment trust

45. IPO – Initial public offering
46. IT/ITES – Information Technology / Information Technology Enabled Services
47. IRDA – Insurance Regulatory and Development Authority of India
48. KKR – Kohlberg Kravis Roberts & Co
49. LPs – Limited Partners
50. M&A – Mergers and Acquisitions
51. MAT – Minimum Alternate Tax
52. MFI – Micro Finance Institution
53. MOPE – Motilal Oswal Private Equity
54. MSME – Micro, Small and Medium Enterprises
55. NASSCOM – National Association of Software and Service Companies
56. NBFC – Non-Banking Financial Company
57. NCLT – National Company Law Tribunal
58. NHAI – National Highway Authority of India
59. NIIF – National Investment and Infrastructure Fund
60. NPA – Non-performing Asset
61. NRI – Non-Resident Indian
62. OCI – Overseas Citizen of India
63. OMERS – Ontario Municipal Employees Retirement System
64. OTPP – Ontario Teachers' Pension Plan
65. PAN – Permanent Account Number
66. PE/VC – Private Equity/Venture Capital
67. PIF – Public Investment Fund of Saudi Arabia
68. PIPE – Private investment in public equity
69. PLI – Production-linked incentive
70. PSP – Public Sector Pension Investment Board
71. QIP – Qualified Institutional Placement
72. RBI – Reserve Bank of India
73. RE – Real estate
74. REIT – Real estate investment trust
75. RCP – Retail and Consumer Products
76. RERA - Real Estate Regulatory and Development Act
77. ROIC – Return on invested capital
78. SaaS – Software as a service
79. SBI – State Bank of India
80. SEBI - Securities and Exchange Board of India
81. SPAC - Special purpose acquisition company
82. SWF – Sovereign wealth fund
83. TCS – Tax collected at source
84. TDICI - Technology Development and Information Company of India
85. TDS – Tax deducted at source
86. ToT – Toll operate transfer
87. VSV - Vivad Se Vishwas
88. WHT - withholding tax

Appendices

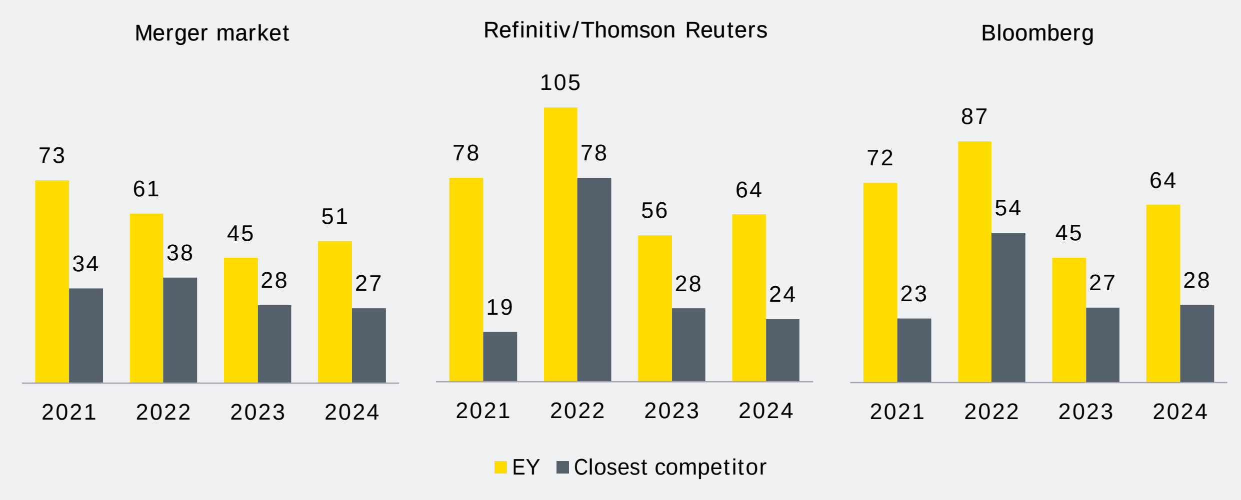
About Private Equity Services at EY

EY India Private Equity Services Practice has been among the top advisors for private equity deals over two decades now. We provide value to PE funds and their portfolio companies through its deep sector and service expertise. EY India is organized around key industry verticals in a matrix structure that enables us to offer an unparalleled blend of industry expertise and functional skills. We actively track about 15 sectors with sector leads, driving our penetration in each of those sectors.

Private equity firms, portfolio companies and investment funds face complex challenges. They are under pressure to deploy capital amid geopolitical uncertainty, increased competition, higher valuations, and rising stakeholder expectations. Successful deals depend on the ability to move faster, drive rapid and strategic growth, and create greater value throughout the transaction lifecycle. EY taps its global network to help source deal opportunities and combines deep sector insights with the proven, innovative strategies that have guided the world's fastest growing companies.

In India, EY is among the leading providers of advisory, tax, transactions, and assurance services. EY Ranked #1 Financial Advisor India – 2024 in M&A and PE deals across all league tables, which is a testimony to our relentless commitment to deliver exceptional client services and create a better working world. EY has offices spread across 12 cities in India. Worldwide, our 400,000+ people across 150+ countries and 700+ cities are united by our shared values and their unwavering commitment to quality.

Exhibit 127



** As per Global Brand Survey, conducted by an independent research agency commissioned by EY*

*** for most number of deals*

- #1 advisor in Financial advisory league tables across databases
  - a. Bloomberg for 21 consecutive years (2003-2024)
  - b. Merger market for 19 consecutive years (2006-2024)
- Consistently maintaining a significant lead from closest competitor
- Sustained leadership in infrastructure deals in India, including largest roads and highway transaction – NHIT, PNC Infra

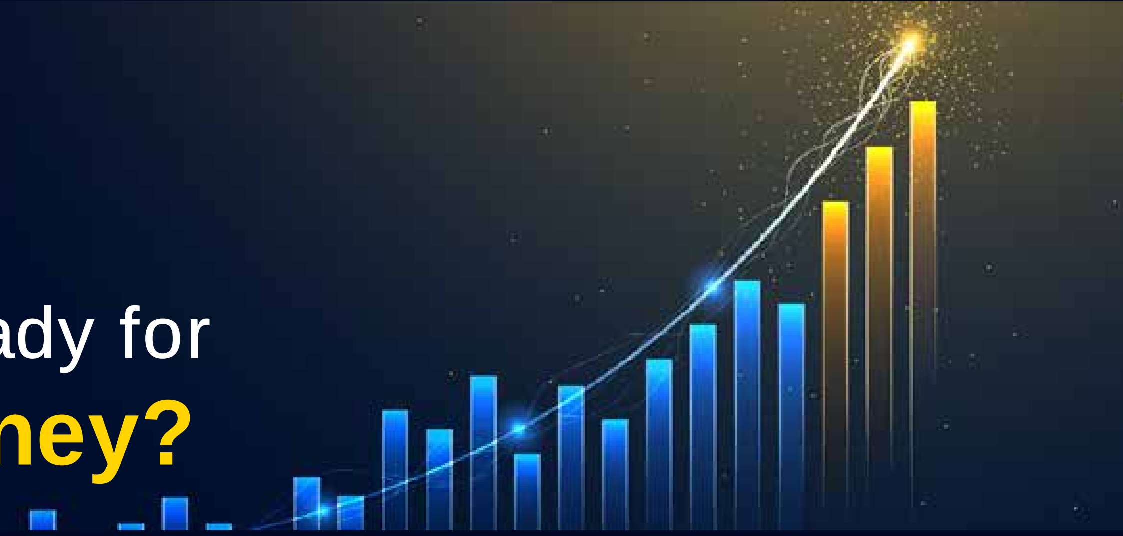
Exhibit 128


Partners
(Personal tax)
Fund raising
(Marketing collateral, fund structuring, audit of fund performance)
Fund assurance and management
(Fund and fund management company audit, portfolio valuation, controls and process design and review, tax and regulatory compliance)
Funds
Transaction advisory services
Portfolio services
Buy and sell side advisory
(M&A, capital markets support, tax structuring, regulatory compliance, SPA advisory, integrated sell side advisory – building equity story, vendor due diligence (VDD),
Buyside support
(Due diligence – financial, tax, business and commercial, forensics and background, HR, IT and ESG; modeling and valuations)
PE Value creation
(Growth strategy, EBITDA improvement, Go to market)
Exit readiness
(IPO, GAAP conversion, VDD, value creation, investor relations, exit preparation, sale mandates, exit structuring)
Tax and legal
(Tax advisory, tax accounting, ESOP advisory, global mobility, transfer pricing and operating model effectiveness, tax policy and litigation, regulatory compliance)
Distressed
(Debt syndication, bank intermediation, restructuring, working capital management, cost reduction, insolvency, and bankruptcy advisory)
Assurance
(Statutory audit, tax compliance, risk management, corporate governance advisory, internal audits, ESG and fraud reviews)
Value creation
(Operational turnaround, performance improvement, portfolio value creation)
Transition
(Project management office (PMO), 100-day plans, transaction integration, GAAP conversion, governance, controls assessment, MIS development, process advisory, standard operating procedures, CFO services, compliance manager)
Growth
(Strategic options, technology security, IT strategy, operational improvement, supply chain management (SCM), market entry options and working capital management)

EY

Shape the future with confidence

Are you ready for IPO journey?



Pre-IPO

Pre-IPO planning

- Evaluate fund raise, Strategy formulation, identification and business positioning, Growth strategy, EBITDA improvement
- IPO readiness – gap analysis, roadmap
- Enhance corporate presentations

Capital and Tax structuring

- Corporate restructuring, optimise Cap-Table
- Evaluate tax efficient exit mechanism for OFS
- SEBI compliant ESOP Scheme
- Succession planning

Governance, systems and controls

- Early planning for Board of Directors, Committees
  Establish robust IFC, ERM & overall systems/controls
- Accelerate financial reporting
- Secretarial Healthcheck & Remediations

Financial reporting and Dataroom

- Financial reporting and ESG considerations
- Benchmarking and identification of KPIs
- Appoint auditor of repute and internal audit
- Build a comprehensive dataroom

Kick-off to Listing

IPO execution

- Share market insights on role of intermediaries and accelerate timelines
- Execution support, be a single point contact for intermediaries
- 3 years restated financials, advise on SEBI ICDR, LODR regulations

Strategic insights

- Value creation through Independent insights and investor feedback
- Analysis of use of proceeds and selling shareholder engagement
- Financial modeling
- Investor perception study

IPO execution (2)

- Expedite quarterly consolidated financial reporting/close process
- Enhance governance and implementation of 20+ policies / charters
- Structured approach to manage Insider Trading, RPT compliances / STX disclosures
- Support in interactions with Independent CA, chartered engineer, other agencies

Post-IPO framework

- Conduct Board / KMP /SMP/ employee orientation sessions
- Assist in setting up post-IPO compliance framework, calendar, SOPs
  Develop CG & CSR report, Business Responsibility and Sustainability report

Post Listing

Investor relationship and sustainability

- Enhance IR strategy
- Target specific investors, analysts to effectively communicate performance
- ESG reporting, sustainability initiatives and diversity and inclusion

Digital / Other considerations

- Deploy digital tools (e.g. compliance management, dashboards, reporting)
- Continuous secretarial support (incl Board, shareholders' meetings, filings, SE intimations etc.)
  Periodic compliance reviews

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Delivering issue-based solutions to the entire PE enterprise

EY has established six distinct solutions reflecting the holistic set of challenges that PE firms face across all levels of the organization–the management company, the funds, and their portfolio companies.

Exhibit 129

Operating model and automation	Global compliance and reporting	Deal origination
Alternative asset managers need to drive efficiency through multi-year target operating models and infrastructure strategies to remain competitive. These align with strategic growth plans by leveraging vendor and service provider activities. EY defines and monitors data analytics and key performance indicators to annually assess data governance and risk against these target models.	Large asset managers have hundreds of non-US legal entities in multiple countries, and continually create new ones–all with different compliance obligations. Many are outsourced and require local knowledge. EY gathers the data, leverages local EY teams familiar with accounting and tax laws, performs data analytics to identify trends, risks and opportunities and monitors filing requirements.	The intense competition for a limited number of deals raises stakes to win for Private Equity (PE) firms. A proprietary investment approach, driven by sector insights, enables firms to confidently place winning bids that generate appropriate returns. EY's global origination team turns opportunities into actionable strategies. Our proprietary knowledge and advanced analytics help develop strategic capital options to help firms achieve success.
Integrated due diligence	**Value creation**	**Exit readiness and IPO**
PE firms conduct diligence on assets across strategic, financial, tax, operational and HR issues. Firms historically used issue-based advisors, managing different parties, and consolidating findings at the end of the process. Employing EY's integrated diligence approach at the early stages of a transaction provides more effective, comprehensive diligence on an asset, giving firms a distinct competitive advantage.	PE firms face increasing pressure to attract fresh capital. This requires generating greater investment returns and demonstrating a consistent track record in creating value in their portfolio. EY's value creation solution addresses these challenges across all five stages of the deal life cycle, including deal origination, diligence, inception, optimization and exit strategy.	PE firms must plan exits rigorously to successfully monetize their investment during the exit process in today's challenging environment. Executives must identify key short- and long-term priorities prior to undertaking an IPO or alternative transaction. EY can advise deal teams and portfolio companies on exit alternatives, assess exit readiness, prepare a business for exit/IPO, and create a value story for targeted buyers.

Exhibit 130

Focused advisory solutions for PE-backed portfolio companies	
IPO readiness: the first step in the IPO value journey	EY’s IPO readiness service is the first step in what we describe as the “IPO value journey” and is designed to guide the client through a successful transformation from private to public status. Achieving readiness will ensure a strong debut in the capital markets. Getting IPO readiness right means implementing change throughout the business, organization, and the corporate culture. As a public company, the client will be subject to increased filing requirements, transparency, compliance, scrutiny by investors and analysts and overall accountability for delivering on promises. Successful businesses start to prepare typically 12 to 24 months before the IPO – in many cases with an IPO readiness assessment.
Performance improvement	Depending on objectives and business context, EY helps the client develop a combination of short-term and long-term strategies to reduce costs, optimize process and bring in efficiency and effectiveness across all layers of business to deliver positive impact on EBITDA by ensuring optimal utilization of both tangible and intangible resources.
Analytics: generate insights to make smarter, faster decisions	EY helps clients build data and information strategies using various analytics tools to deal with big data to address various areas of business, ranging from opportunity sizing and feasibility, operations and customer modeling, executive decision making, mergers and acquisition and valuation. EY helps across the capability value chain, ranging from strategy, implementation, hosting and running the analytics functions.
Growth navigator: achieving your growth ambitions	Having a broader perspective on the drivers of growth in your business and finding innovative ways to accelerate and sustain that growth can give you a competitive advantage. That is why we have developed EY Growth Navigator™, an interactive experience that uses the EY 7 Drivers of Growth to help you and your leadership team assess your business’s current and aspirational position and create a strategic road map to help you get there.
Route to Market (RTM): deliver a successful strategy for your business	EY identifies focused opportunities for optimizing cost and growth after full assessment; designs new RTM, including different approaches for different segments (customers, regions, seasonal demand); identifies the optimal concessionaires’ model considering different distribution approaches; and supports the implementation of the RTM by providing IT specs and additional services (e.g., stock management options).
Cybersecurity	EY assists internal teams to build cyber awareness and conduct company-wide training, as well as training of board of directors. EY supports in building regulations and compliance requirements with audit and readiness services. EY helps transform the security program and integrate information security and IT risk across the enterprise as well as help implement globalized data protection strategies to protect information that matters, while considering regulatory and industry compliances.

Our consulting solutions across the investment lifecycle

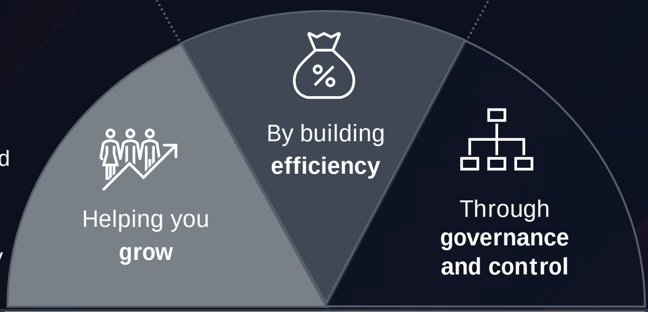
Transaction closure — **Build foundation** (Day 100) — **Holding period** (Year 1 to 4) — **Exit preparation**

- Org, Workforce and Culture
- Route to Market Strategy
- Supply chain planning and strategy
- Business Process Re-engineering
- Customer Experience Transformation
- Core Business Transformations
- Connected Commerce
- New Product design and Launch
- Tech and Digital Modernization Strategy

- Business and operating model Transformation
- Digital Maturity Assessment
- Customer Service Transformation
- Digital and Process Optimization
- Market Benchmarking
- Logistics Transformation
- Cost Optimization

- Supply Chain Planning and Transformation
- Commercial Due Diligence (CDD)
- Manufacturing Excellence
- Procurement Transformation
- ESG and Decarbonisation
- Value Chain Diagnostic
- Sales Enablement

- Enterprise Risk Assessment
- Actuarial
- Financial Services Risk Management
- Internal Audit
- Continuous Controls Management (CCM)
- Process Health Checks
- Compliance Management
- Software Asset Management
- Contract Management



Enabled by **technology**

- Cyber Security
- AI and ML Applications
- Data Analytics
- Cloud Adoption
- Tech Due Diligence

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IVCA

About IVCA

The Indian Private Equity & Venture Capital Association (IVCA), is the apex body promoting the Alternative Investment Funds (AIFs) in India and promotes stable, long-term capital flow (Private Equity (PE), Venture Capital (VC) and Angel Capital) in India.

With leading VC/ PE firms, institutional investors, banks, corporate advisers, accountants, lawyers, and other service providers as members, it serves as a powerful platform for all stakeholders to interact with each other. Being the face of the industry, it helps establish high standards of governance, ethics, business conduct and professional competence.

With a prime motive to support the ecosystem, it facilitates contact with policy makers, research institutions, universities, trade associations and other relevant organizations. Thus, support entrepreneurial activity, innovation and job creation.

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PROMOTING ALTERNATE CAPITAL ECOSYSTEM

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