



India Private Equity Report 2026

From scale to selectivity: India private equity enters a new, disciplined phase.



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A photograph of a dirt path winding through a lush green forest. The path is flanked by tall grasses and dense trees. A large white number '1' is positioned on the left side of the path, with a thin red vertical line extending downwards from its base. The text '2025: A year of recalibration' is overlaid on the path in white.

1

2025: A year
of recalibration

Executive summary

India's private equity (PE) market entered a disciplined phase in 2025, marked by a sharp slowdown in large-cap dealmaking and a shift toward more selective, value-creation-focused investing. Total private equity and venture capital (PE-VC) investments declined approximately 17%, hitting \$36 billion. Traditional PE activity dropped but was partially offset by continued growth in venture capital (VC) and growth capital.

Despite this moderation in value, deal volumes remained resilient, increasing by approximately 10%. This indicates sustained investor interest despite a more cautious deployment approach.

Average deal size declined roughly 25% year over year, reflecting a structural shift in how capital is being deployed. Investors moved away from concentrated, large-cap control transactions and toward smaller check sizes, driven by lower ownership stakes and fewer large buyouts. This shift was underpinned by tighter leverage conditions, persistent valuation gaps, and greater selectivity in underwriting, with capital increasingly spread across a broader set of opportunities.

At the same time, capital gravitated toward resilient, domestically anchored sectors. Traditional sectors¹ and their subsectors continued to account for most of the capital deployed. However, activity became more diversified, and the consumer/retail and manufacturing/industrial sectors gained strong momentum.

These sectors have benefited from consumption recovery, supply chain realignment, and policy support, offering stronger earnings visibility and greater scope for execution-led value creation. In contrast, historically dominant sectors such as IT/ITeS and healthcare saw moderated activity. Financial services began to recover toward the end of the year, supported by a pipeline of larger transactions; multiple deals were announced, pending regulatory approvals expected in the first half of 2026.

This shift in sector focus was accompanied by a broader transition in value creation. With multiple expansions and leverage becoming less reliable, investors are increasingly prioritizing operational improvement, governance, and platform-building strategies to drive returns. Buy-and-build approaches and bolt-on acquisitions are gaining prominence, particularly among mid-sized assets where there is greater headroom for value creation.

Fund-raising remains robust, reinforcing India's position as a key investment destination within the Asia-Pacific region. Domestic and global capital pools continued to expand, attracting larger fund sizes and increased allocations to India. However, the environment is becoming more competitive,

with limited partners (LPs) placing greater emphasis on track record, distributions, and execution capability.

Exit activity remained broadly stable in 2025, increasing a modest 3% to approximately \$34 billion. However, there was a notable shift in exit routes. Public markets remained the largest channel, although subdued performance led investors to increasingly diversify toward strategic sales, buybacks, and partial exits. Aging portfolios and extended holding periods also shaped exit strategies, prompting funds to seek more flexible liquidity approaches. While exits are expected to remain stable in 2026, ongoing geopolitical uncertainty and market volatility may continue to temper momentum.

Looking ahead, India's PE-VC outlook remains cautiously optimistic. Strong domestic fundamentals—including moderating interest rates, stable inflation, and resilient consumption—provide a supportive backdrop. However, tighter global liquidity and valuation gaps are likely to sustain a more selective investment environment. Investors are expected to continue prioritizing domestically aligned sectors—such as manufacturing and industrials and financial services—where structural tailwinds and policy support remain strong.

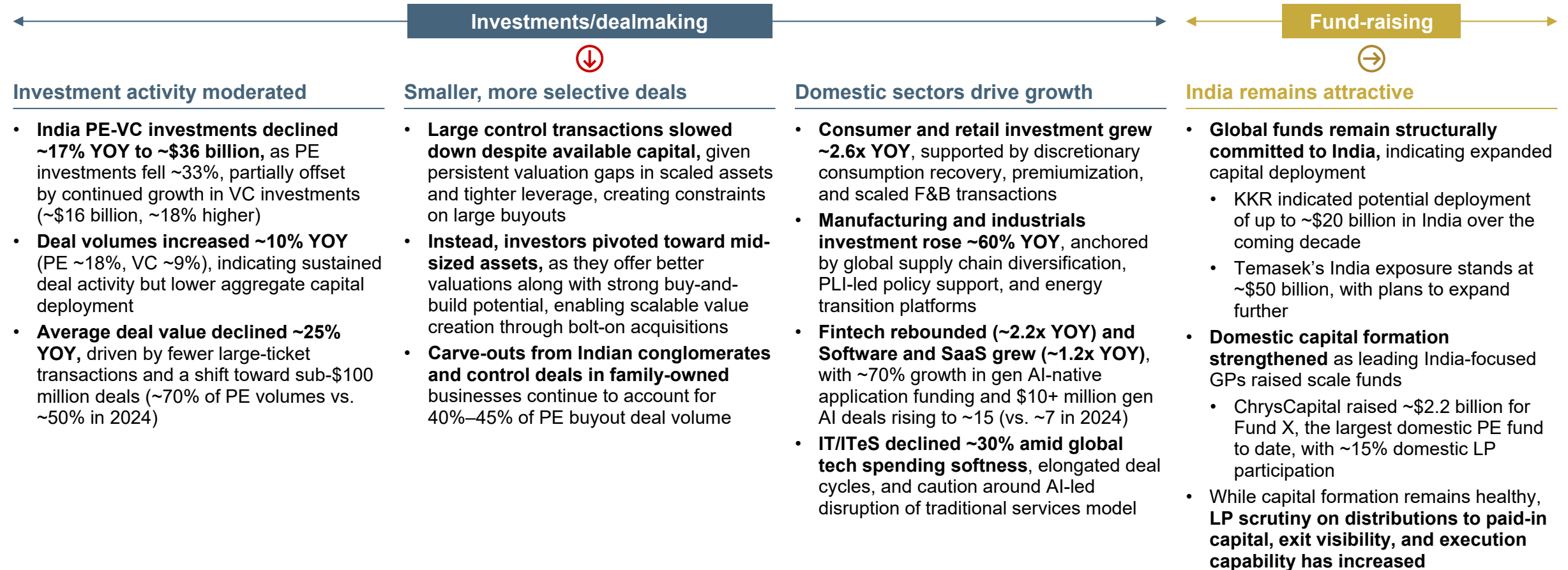
Artificial intelligence (AI) is emerging as a core investment lens, reshaping diligence and portfolio strategy. Investors are increasingly evaluating assets through an AI lens—for example, assessing disruption risk, refining underwriting, and identifying upside—while also reexamining existing portfolios to drive productivity, accelerate growth, and improve margins through automation, pricing optimization, and intelligent operations.

AI is also creating a distinct investment opportunity in the infrastructure layer, including data centers, compute capacity, and enabling digital ecosystems. As a result, the ability to assess AI-driven disruption, capture operational value, and identify infrastructure plays is becoming a key differentiator for investors.

India's PE market enters 2026 with strong structural fundamentals but heightened selectivity. The next phase of growth will be defined less by capital availability and more by investors' ability to deploy capital with discipline. Investors will need to execute value-creation strategies effectively to navigate an increasingly complex global environment. However, macro shocks such as geopolitical tensions, energy market disruptions, and cross-border liquidity volatility may moderate deal and exit activity.

Note: (1) Traditional sectors include subsectors of consumer and retail, IT/ITeS, manufacturing and industrials, financial services, healthcare, energy, telecom, media and entertainment, engineering and construction, shipping and logistics, space tech, sports franchising, education, and travel
Source: Bain & Company

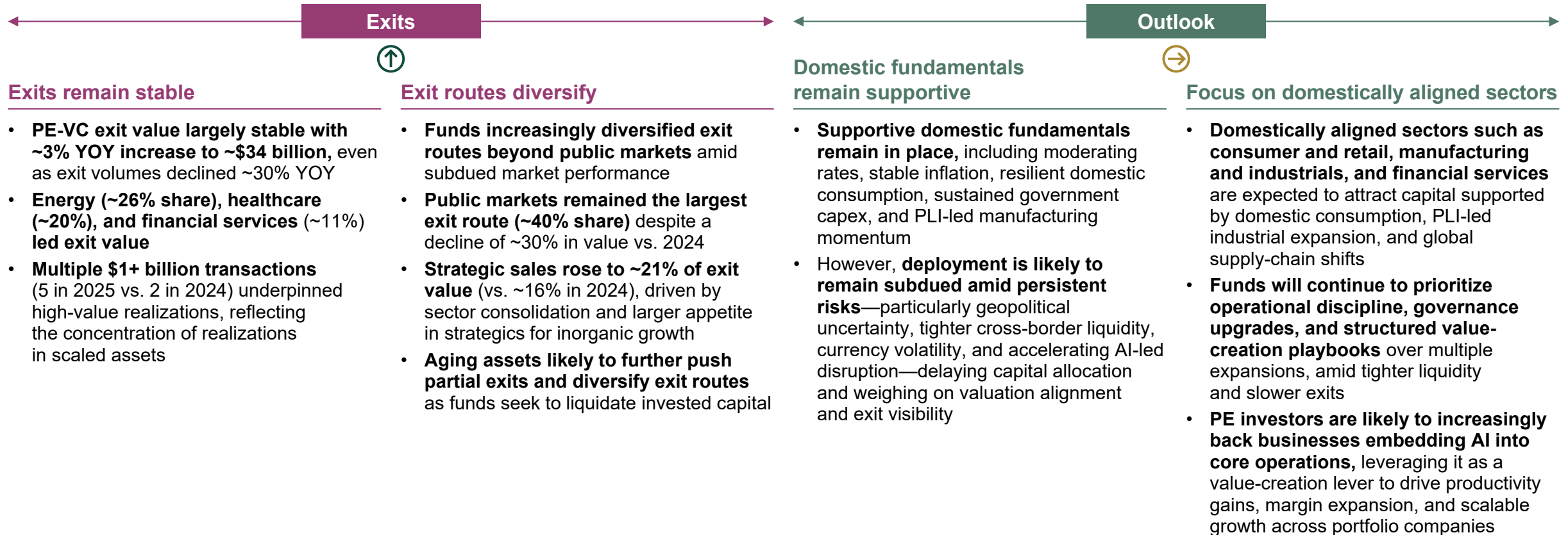
At a glance: India PE-VC investments declined approximately 17% to about \$36 billion in 2025, with capital becoming more selective



Legend: ⬆️ Growth/positive outlook ➡️ Flat/neutral outlook ⬇️ Decline/negative outlook

Notes: PE is private equity; VC is venture capital; F&B is food and beverage; PLI is production-linked incentive; GP is general partner; LP is limited partner
Source: Bain & Company

At a glance (cont'd): Stable exits, diversified liquidity, and a more selective outlook



Legend: Growth/positive outlook Flat/neutral outlook Decline/negative outlook

Notes: PE is private equity; VC is venture capital; PLI is production-linked incentive; GP is general partner
Source: Bain & Company

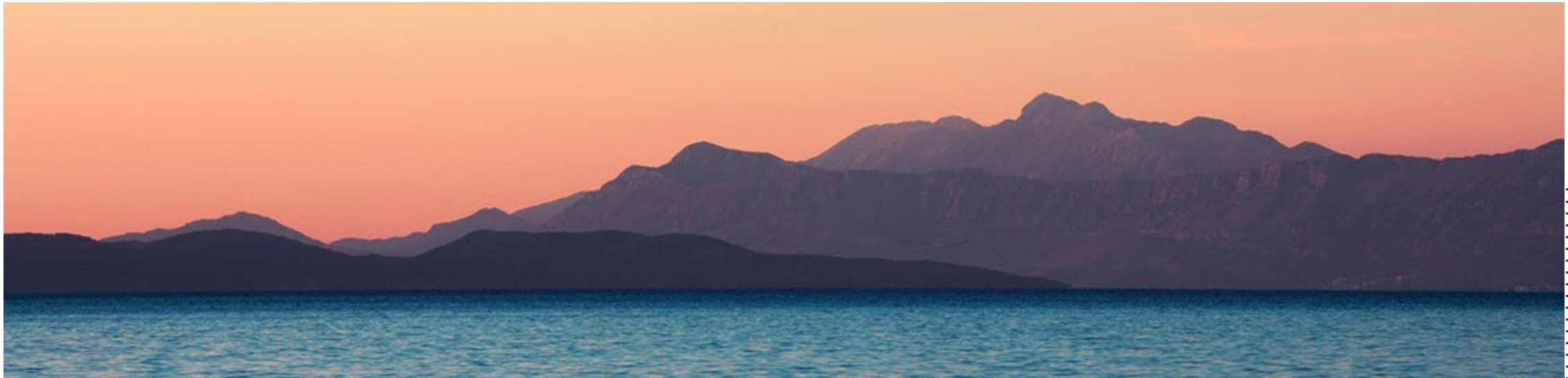


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Dealmaking: PE experiences headwinds, VC continues to gain momentum

Dealmaking: India recalibrated as global PE-VC rebounds

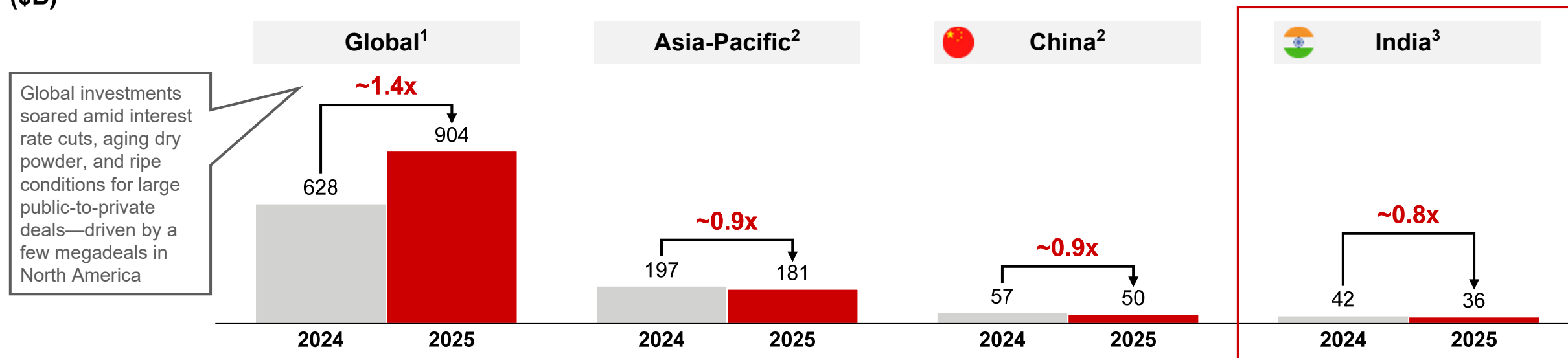
- **Deal value moderated**, declining approximately 17% year over year to \$36 billion. Large-cap PE reset, while growth capital remained resilient.
 - Traditional PE activity contracted approximately 33%, while VC and growth capital expanded roughly 18%.
 - Deal volumes increased to approximately 1,700. However, the average ticket size declined, dropping from \$30 million to \$23 million.
 - The market is shifting away from large-ticket deployment toward smaller, more selective bets.
- **Global buyout activity rebounded, increasing approximately 44% year over year.** Investments in Asia-Pacific region moderated, with India witnessing sharper decline.
 - India's share of regional value remained stable at approximately 20% in 2025 (largely in line with 2024).
 - Large-ticket activity slowed amid tariff-related uncertainty, valuation gaps, and tighter leverage.
 - Market conditions favored disciplined underwriting over momentum-driven deployment.
- **PE capital gravitated toward smaller-ticket transactions.** Deals under \$100 million increased 1.7 times, while large-ticket deals declined to approximately 0.5 times of 2024–25 levels. This was partly driven by a drop in buyout activity, particularly large-ticket buyouts.



Source: Bain & Company

Dealmaking: India PE-VC investments down approximately 17% to about \$36 billion, while global investments saw a rise; mix shifts to VC/growth investments

Overview of global PE-VC investments (\$B)



India investments overview

PE-VC investments in India saw a sharp decline given the **slowdown in PE deal activity** (~33% decline vs. 2024), while **VC/growth investments continued to grow** (~18% growth vs. 2024)

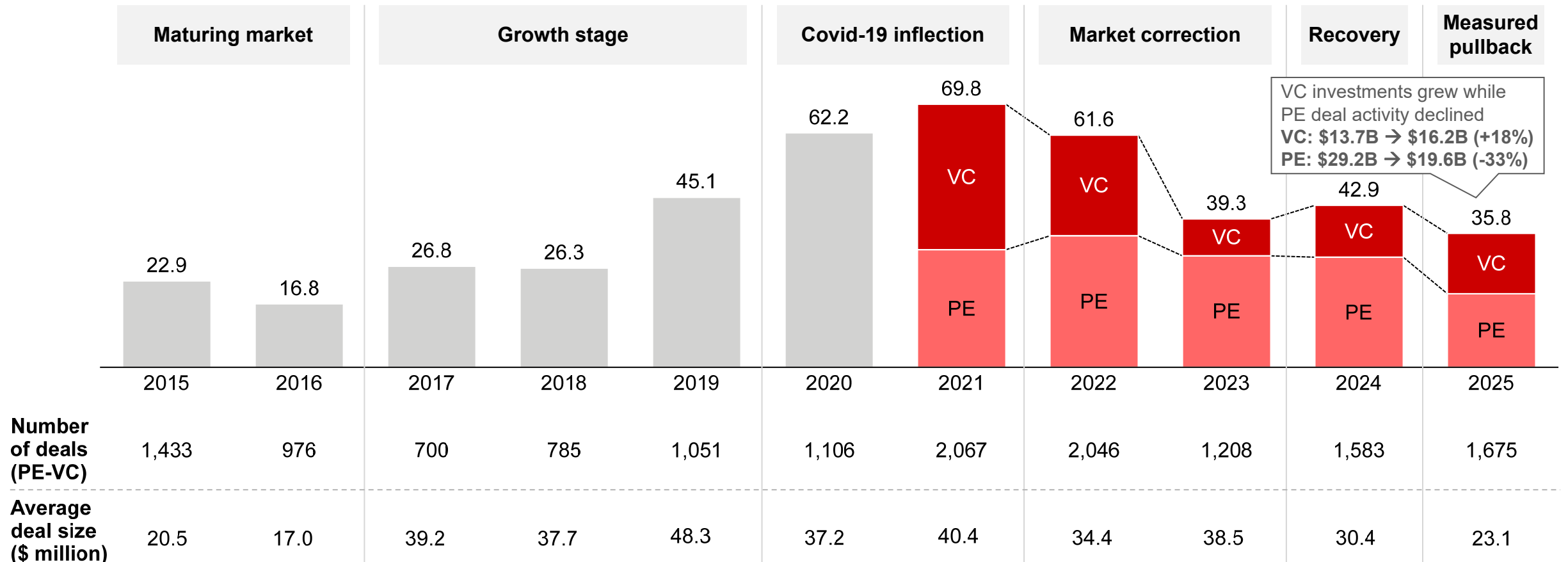
While global buyout deal activity **strengthened** (~44% vs. 2024), PE-VC investments declined across **Asia-Pacific (~10%), with India witnessing sharper moderation** and its share within Asia-Pacific remaining broadly stable at ~20% (vs. ~21% in 2024), reflecting a more calibrated deal environment

In India, **tariff-related uncertainty, valuation mismatches and tighter leverage** influenced investment activity. However, **global and domestic capital availability remains robust**

Notes: (1) Global buyout deal value; (2) Asia-Pacific and China data updated and refreshed for 2024 and excludes real estate and deals with a value under \$10 million; (3) India PE and VC investment value combined; VC is venture capital; PE is private equity
Sources: Bain & Company; PitchBook; Venture Intelligence; AVCJ; VCCEdge

Dealmaking: PE deal activity moderated while VC/growth investments continued to grow

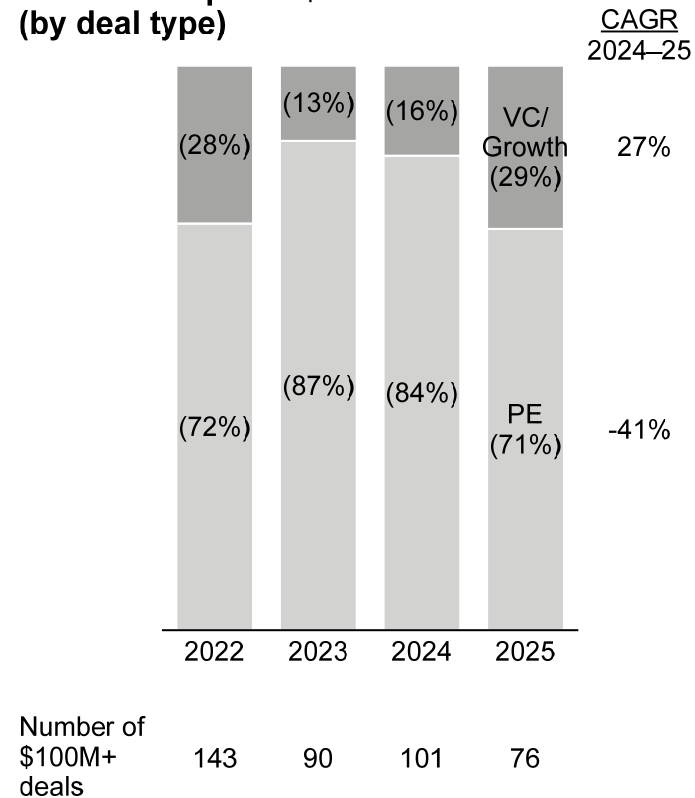
Annual PE-VC investments in India (\$B)



Notes: Deals with undisclosed values are included in the count of deals but excluded from average deal size; PE is private equity; VC is venture capital
 Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge

Top deals: Large-cap PE participation moderated as capital favored select resilient domestic themes, smaller bets

Deal value split of \$100M+ deals (by deal type)



Overview of top 15 exits in 2025

* Domestic-focused business

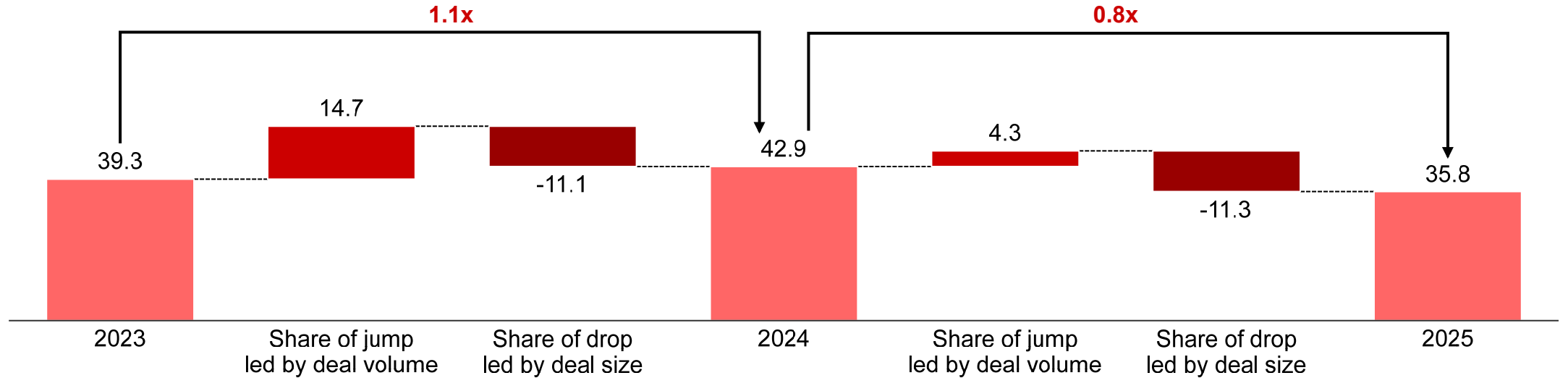
Company	Lead investor(s)	Sector	Quarter ¹	Deal type	Deal value ² (\$M)
Haldiram *	Alpha Wave, Temasek	Consumer and retail	Q1	PE	1,607
AGS Health	Blackstone	IT/ITeS	Q2	PE	1,250
Hypervault AI *	TPG	IT/ITeS	Q4	VC	1,000
IDFC First Bank *	ADIA, Warburg Pincus	BFSI	Q2	PE	877
Omega Healthcare	OTPP, Goldman Sachs	IT/ITeS	Q1	PE	882
Haier (India) *	Bharti Enterprises, Warburg Pincus	Consumer and retail	Q4	PE	818
Siemens Gamesa Wind (India, Sri Lanka) *	TPG, Mavco, Tikri	Energy	Q3	PE	627
PhonePe *	General Atlantic	BFSI	Q4	VC	600
National Highway Infra *	OTPP, CPP Investments	RE/Infra	Q1	PE	489
Zepto *	Avenir Growth Capital, Lightspeed	Consumer tech	Q4	VC	450
Dhoot Transmission *	Bain Capital	Mfg. & Ind.	Q1	PE	425
Healthcare Global *	KKR	Healthcare	Q1	PE	400
Vertelo *	Macquarie Green, Allianz Global	Mfg. & Ind.	Q3	PE	405
Roop Automotive	Carlyle	Mfg. & Ind.	Q1	PE	400
South City Mall *	Blackstone	RE/Infra	Q2	PE	376
Impetus	Kedaara	IT/ITeS	Q1	PE	350

Capital allocation in 2025 shifted toward domestic-focused businesses, given their resilience to global policy shocks and geopolitical volatility

Notes: (1) Quarter is assigned per timeline of announcement of deal; (2) Deal value indicates equity value of the deal, exclusive of debt; Mfg. & Ind. is manufacturing and industrials; PE is private equity; VC is venture capital; exchange rate considered ~INR 87.8/USD
Sources: Venture Intelligence; VCCEdge; AVCJ; Bain & Company

Dealmaking breakdown: Investment value moderated as ticket sizes reset, even as deal activity broadened

Annual PE-VC investments in India (\$B)



Number of deals	1,208	1.3x	1,583	1.1x	1,675
Average deal value	\$38.5M	0.8x	\$30.4M	0.8x	\$23.1M

Volumes remain steady across VC/growth and PE investments

Volume trend positive across PE (182 in 2025 vs. 146 in 2024) and VC/growth investments (1493 in 2025 vs. 1437 in 2024)

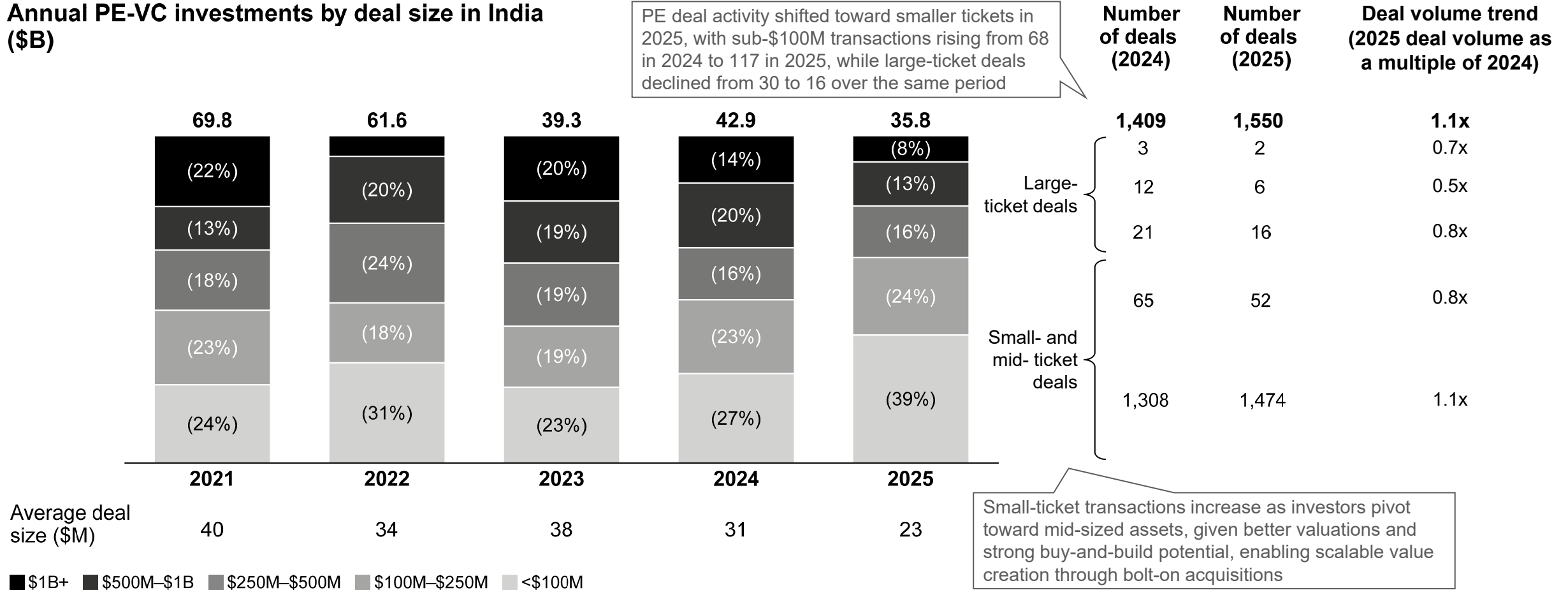
Contraction in average deal value for PE investments

Average deal size declined for PE (~\$118M in 2025 vs. ~\$209M in 2024) but grew slightly for VC/growth (~\$11.7M in 2025 vs. ~\$10.8M in 2024)

Notes: Number of deals includes deals with undisclosed values; however, only disclosed deals are considered for the average deal value calculation; PE is private equity; VC is venture capital
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge

Dealmaking by scale: Market activity shifted decisively toward the small- and mid-ticket transactions

Annual PE-VC investments by deal size in India (\$B)



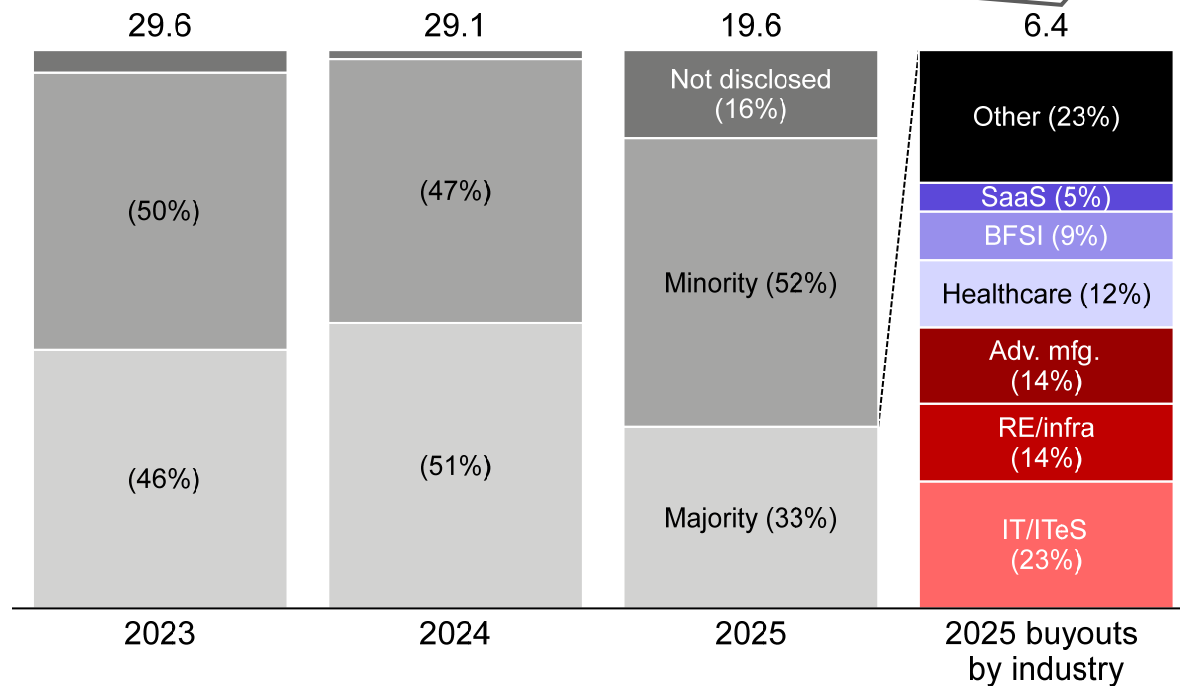
Notes: Number of deals includes only deals with publicly disclosed values; PE is private equity
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge

Dealmaking trends: PE buyout activity declined, especially large buyout deals, leading to decline in average deal size

Decline in control transactions and increased share of minority deals reshaped buyout mix in 2025

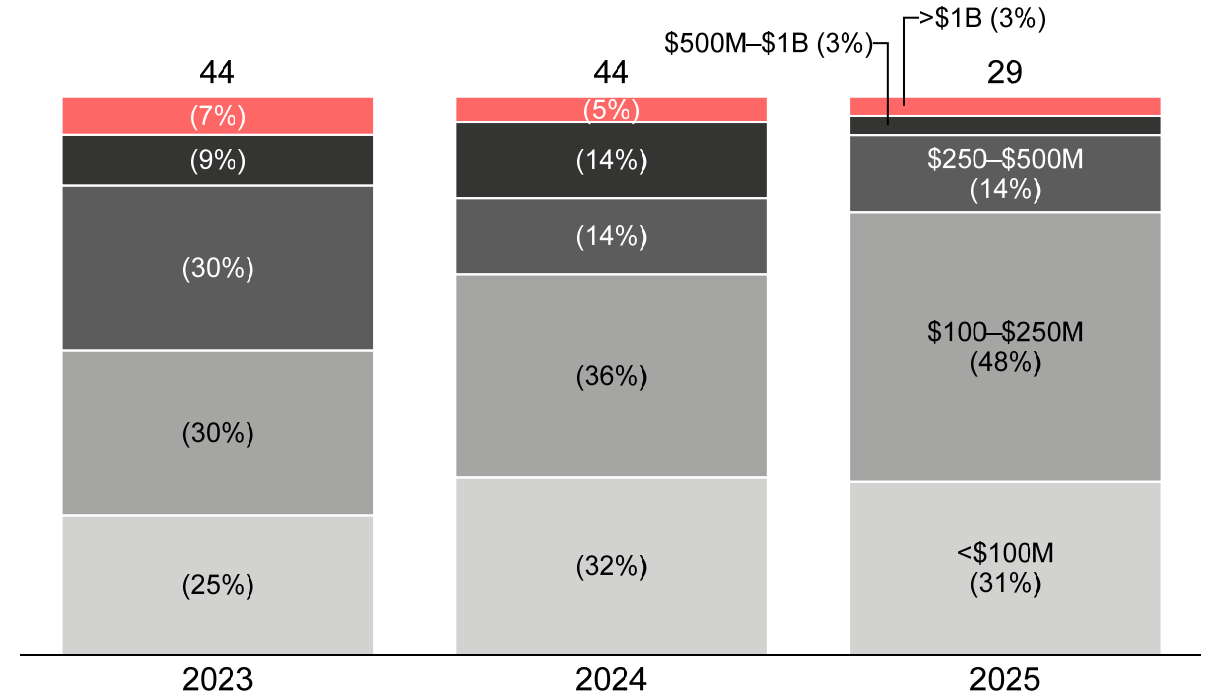
Share of PE* deals (\$B)

Overall buyout deal value declined ~55% over 2024–25, led by decline in IT/ITeS (-73%), RE, and infrastructure (-73%), and healthcare (-65%)



Within buyouts, investors increased focus on small- and mid-ticket transactions, with limited large deals

Number of buyout deals by deal value



Notes: (*) Only includes PE deals, excluding VC/growth investments; buyout deals include all majority stake deals with disclosed stake information; other industries includes telecom, media and entertainment, engineering and construction, shipping and logistics, space tech, sports franchising, education; PE is private equity; RE is real estate
Source: Bain & Company

Dealmaking trends: Valuation gaps, tighter leverage, slower exits, and global capital allocation tradeoffs led to material slowdown in large-cap PE deals in 2025

Persistent valuation gaps in scale assets



- **Promoters and strategic sellers remain anchored to peak multiples of 3–4 years ago**, while buyers underwrite moderate growth and exits—leading to wide bid-ask spreads, prolonged negotiations, and delayed or shelved processes

Tighter leverage constrains buyouts



- **Elevated global rates and tighter credit conditions have lowered leverage multiples and increased equity contribution requirements**, disproportionately impacting large buyouts

Aging assets temper megadeals appetite



- **Aging assets**, extended holding periods, and delayed distributions led to subdued capital recycling, and GPs prioritizing smaller, lower-risk deployments over concentrated megadeals

Capital allocation trade-offs for GPs



- **Global GPs are balancing India against opportunities in the US and Europe** amid FX volatility, global trade uncertainty, and geopolitical risks—raising return thresholds and increasing selectivity for large cross-border commitments

Moderation in PE activity in 2025 reflects a reset toward disciplined capital deployment, rather than the onset of a structural downturn

“Sponsors are increasingly building platforms and acting more like strategic investors rather than passive capital providers, with a focus on professional management and stronger governance.”

Everstone Capital, February 2026

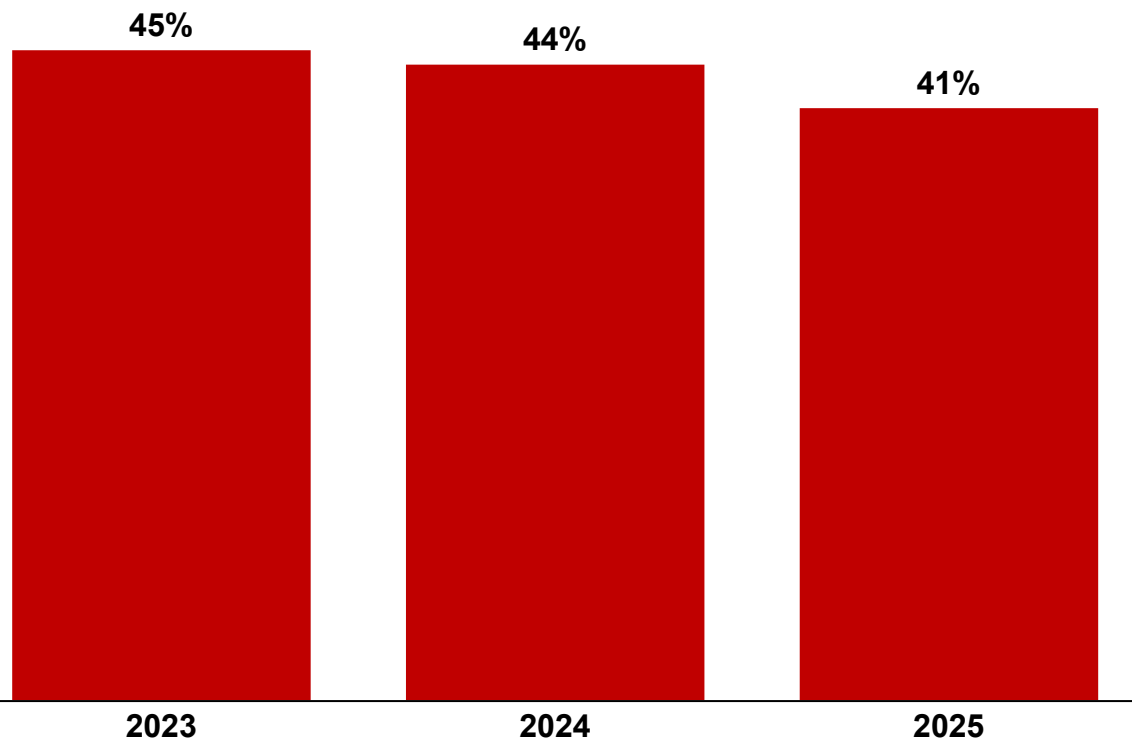
“The 2025 exit environment reflects structural evolution as public markets are rewarding disciplined execution over aggressive growth narratives.”

Blume Ventures, February 2026

Deal flow: Family-owned businesses and carve-outs from Indian conglomerates remained integral to buyout deal pipeline (account for 40%–45% of buyout volume)

Family-owned businesses and carve-outs from Indian conglomerates account for 40%–45% of PE buyout volume

Salience of carve-outs/family owned firms across total volume of India PE buyouts (%)



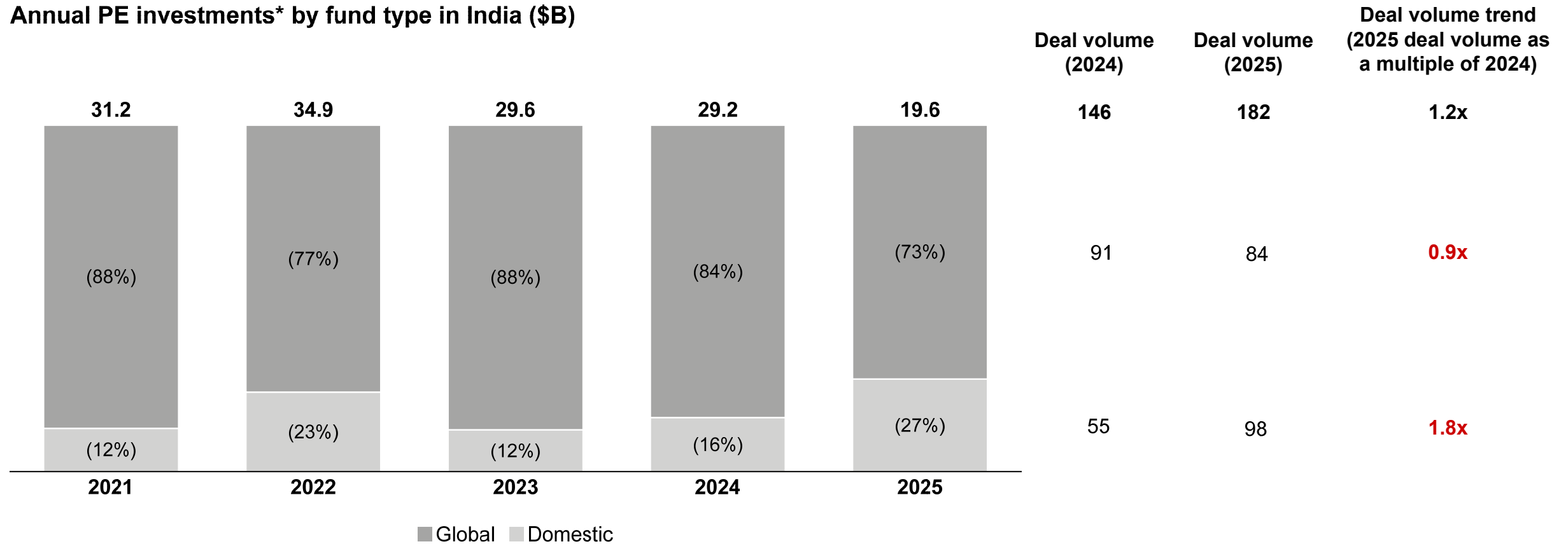
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge

Key family-owned businesses and carve-outs from Indian conglomerates deals in 2025

Company	Lead Investor(s)	Parent Firm/ Promoter Group	Sector	Deal value (\$M)
Siemens Gamesa Wind (India, Sri Lanka)	TPG, Mavco, Tikri	Siemens	Energy	627
Theobroma	ChrysCapital	Messman family	Consumer and retail	281
Saurashtra Fuels	Synergy Capital	Agarwalla and Sinha families	Manufacturing and Industrials	228
Pravesha	PAG	Reddy family	Manufacturing and Industrials	158
TVS Industrials and Logistics Park	IFC	TVS Group	RE/Infra	152
Meitra Hospital	KKR	Faizal family	Healthcare	125
Tirupati Medicare	Kotak Alternate	Goyal family	Healthcare	124
GMR	Synergy Capital	GMR Group	RE/Infra	77
Kovai Pazhamudir Nilayam (KPN)	Westbridge	Natarajan Family	Consumer and retail	74

Dealmaking by fund type: Domestic funds saw a 1.8 times increase in PE deal volume; global funds continue to account for the majority of PE deal value

Annual PE investments* by fund type in India (\$B)

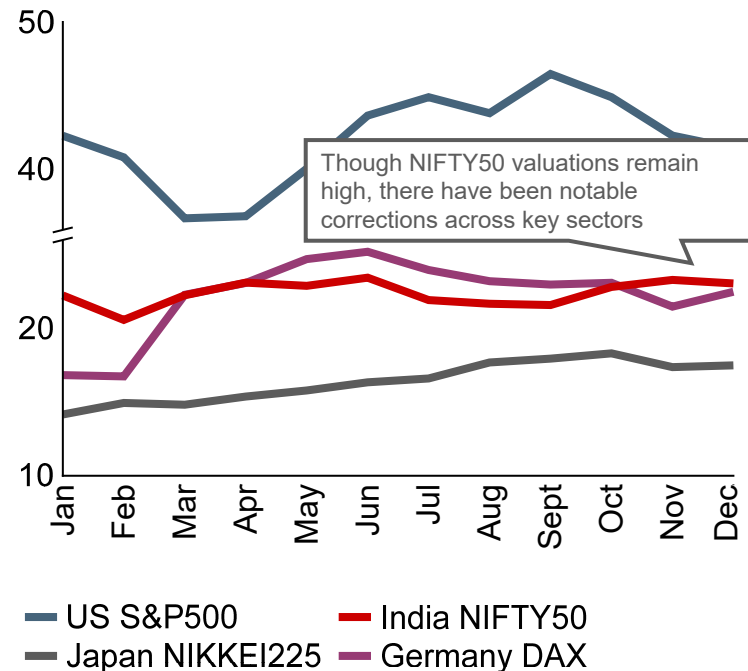


Notes: (*) Only includes PE deals, excluding VC/growth investments; number of deals includes only deals with publicly disclosed values
Sources: Bain & Company; Venture Intelligence; AVCJ; VCCEdge

Valuations: Public market valuations corrected in 2025; however, private market valuations remained high—likely to moderate in 2026

Public market valuations in India have moderated vs. key geographies

Trading multiples of indices (2025)

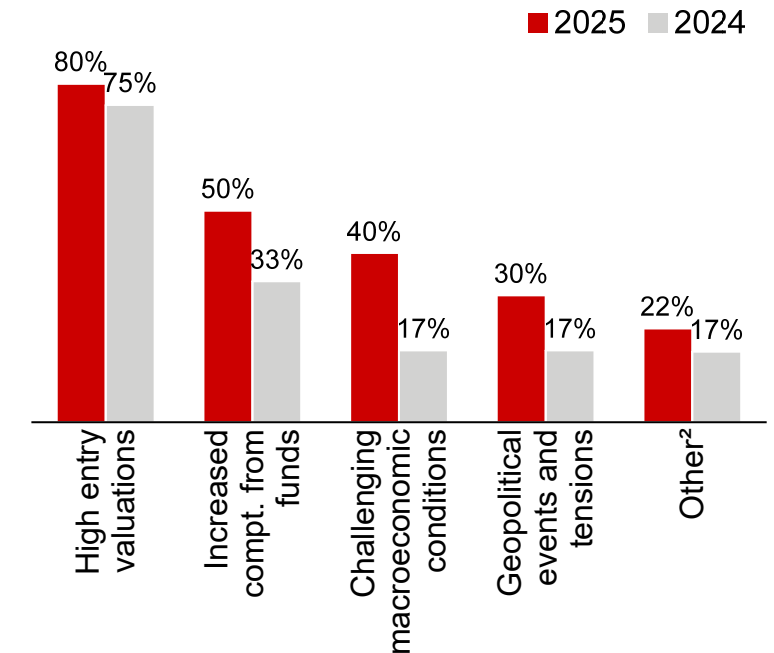


Public market valuations moderated across key sectors

EV/EBITDA (LTM) by sector ¹	2023	2024	2025	2025 vs. 2024
Healthcare	25	32	26	0.8x
IT/ITeS	22	25	18	0.7x
Consumer and retail	46	41	34	0.8x
AMS	27	34	28	0.8x
Real estate	40	37	29	0.8x

Funds in India continue to cite high valuation as key challenge

What are the key challenges/concerns you have amid current market situations in India? (percentage of respondents)



Notes: (1) Analysis based on top 20 publicly listed companies by revenue in each sector in 2025; EV for each company taken as average of four quarters as of quarter-end in the calendar year; (2) Other includes challenging macro conditions, unpredictable government policy, lack of debt availability, difficulty in recruiting

Sources: S&P Capital IQ; Bain & Company; Bain Asia-Pacific PE survey (n=121)



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Key investment themes:
Consumer/retail and
manufacturing/industrials

Key investment themes: Consumer/retail and manufacturing/industrials led investment growth

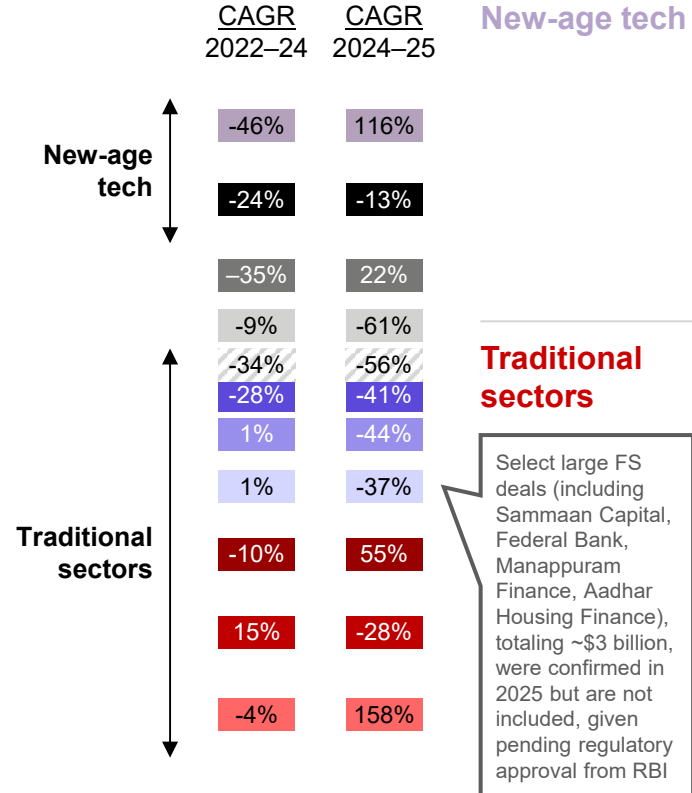
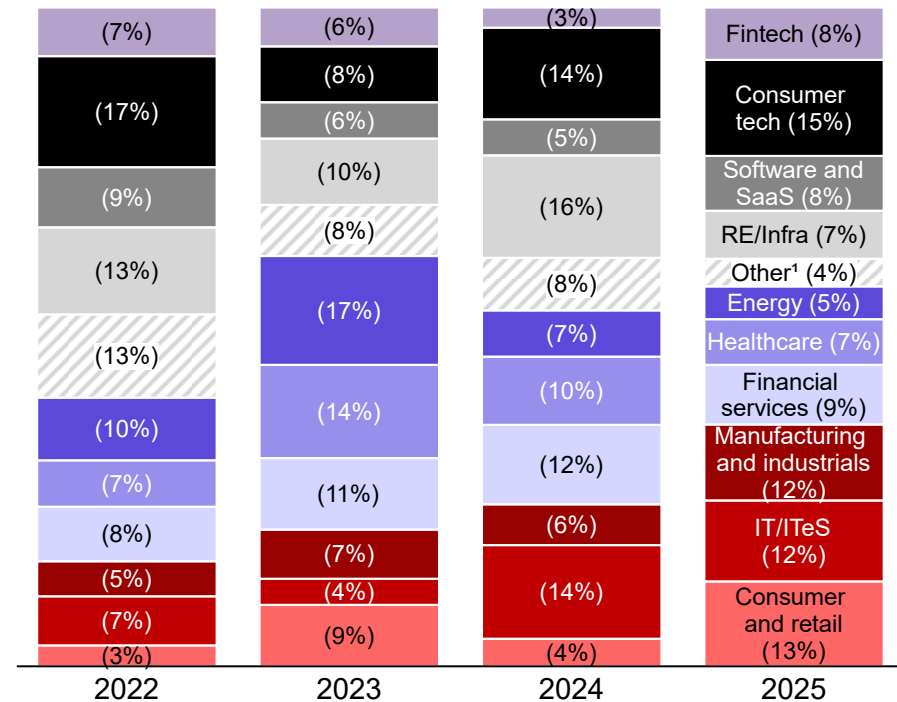
- **The sector mix broadened in 2025**, with capital shifting toward consumer and retail, and manufacturing and industrial platforms. Meanwhile, traditionally dominant sectors moderated (e.g., IT/ITeS and healthcare).
- **Investors prioritized resilient, domestically anchored demand pools** in the face of tariff-related uncertainty and policy tailwinds.
- **The consumer and retail sectors rebounded materially, with a 2.6 times increase year over year.** Performance was driven by scaled bets in food and beverage, electronics, and quick-service restaurants as consumption normalized.
- **Manufacturing and industrials expanded approximately 1.5 times year over year**, underpinned by electric mobility, autos, and electronics. The sector also benefited from global supply chain diversification and production-linked incentives (PLI).
- **New-age tech and software/SaaS remained active**, though deployment was increasingly selective and scale-focused.



Source: Bain & Company

Focus sectors: Consumer and retail, manufacturing and industrials led PE funding, while other traditional sectors remained subdued

Annual PE-VC investments in India* (split by sector, \$B)



New-age tech

- Fintech grew 116%, led by large VC/growth investments in scaled platforms owing to regulatory clarity by RBI, and rising traction in alternatives to credit cards and deeper DPI adoption; average deal size increased to ~\$20M vs. ~\$10M in 2024
- Consumer tech declined by 13%, reflecting funding normalization after prior-year large rounds (12 \$100M+ deals in 2025 vs. 16 in 2024)

Traditional sectors

Select large FS deals (including Sammaan Capital, Federal Bank, Manappuram Finance, Aadhar Housing Finance), totaling ~\$3 billion, were confirmed in 2025 but are not included, given pending regulatory approval from RBI

- Consumer and retail sector grew by 158% over 2024–25, driven by strong growth in private consumption on the back of higher buying frequency, premiumization trends, and new spend categories
- Manufacturing and industrials grew by 55%, led by global supply chain diversification and strong domestic policy support (PLI-driven support, make-in-India, etc.)
- Healthcare declined by 44%, due to a high base from prior-year large deals, fewer scaled assets in the market, tariff-related headwinds, and greater valuation selectivity; average deal size almost halved to ~\$23M from ~\$42M over 2024–25

PE funds shifted focus toward domestic-focused sectors/assets to protect portfolios against shocks caused by global uncertainty arising due to tariffs and geopolitical tensions

Notes: (1) Other industries include telecom, media and entertainment, engineering and construction, shipping and logistics, space tech, sports franchising, education, travel; DPI is digital public infrastructure; RBI is Reserved Bank of India; FS is financial sector
Source: Bain & Company

Focus sectors: Investors pivot toward domestically aligned sectors given higher resilience, earnings visibility, and execution-led value-creation opportunities

Greater resilience to global uncertainty



- Limited exposure to cross-border trade and tariff shocks reduces earnings volatility, insulating businesses from geopolitical disruptions and currency fluctuations in an uncertain global environment

Better valuation alignment



- Domestic-focused mid-sized assets see better valuation alignment as they see more favorable debt underwriting and realistic seller expectations

Stronger demand visibility



- Consumption-led demand recovery enhances revenue visibility with easing inflation, rate cuts, and improving private consumption trends, strengthening forward earnings outlook for domestically oriented sectors

Greater scope for value creation



- Mid-sized domestic businesses offer significant headroom for value creation with scope for governance upgrades, professionalization, digital integration, and AI-led productivity gains—aligning with PE's shift toward execution-driven returns

In 2025, capital gravitated toward domestically anchored, cash-generative sectors that better fit tighter leverage, valuation discipline, and exit visibility requirements

“Consumption remains a growth engine in India ... the upgrade story remains alive and well, supported by rising incomes and a growing middle class”

KKR, February 2026

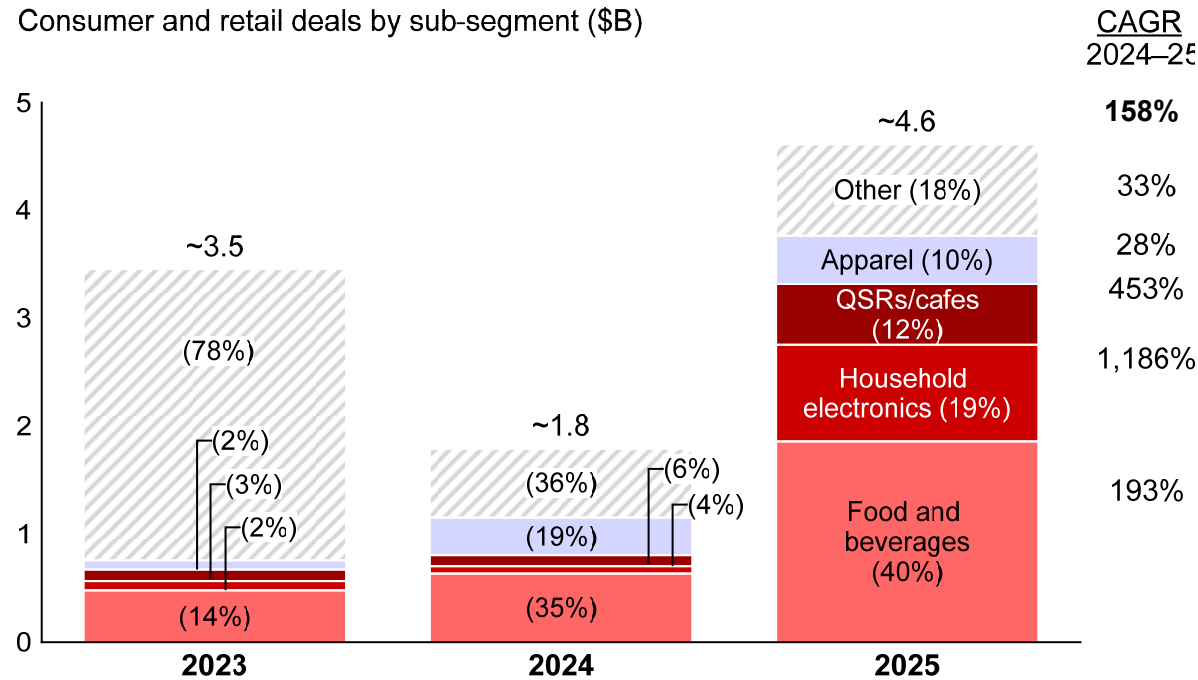
As investors, we're cautious on export-oriented businesses for now but domestic consumption remains a solid anchor. We see rural consumption holding up better than urban in recent months.”

Investcorp, October 2025

Sector deep dive—consumer and retail: Deal activity rebounded in 2025, led by F&B, electronics, and QSRs/cafes, as scaled platforms attracted capital

Consumer and retail deals grew at ~158%

Consumer and retail deals by sub-segment (\$B)



Top consumer and retail deals (2025)

Deal value (\$M)	Haldiram's	Haier (India)	Theobroma	VIP	Lighthouse Learning
	1607	818	281	207	200

Notes: (1) Select examples (not exhaustive); Other includes grocery retail, alcohol, consumer health, beauty and personal care, household durables, home care, pet care, office supply, home retail, recreational products, and personal electronics; F&B is food and beverages; D2C is direct-to-consumer; QSR is quick service restaurant; PLI is production-linked incentive
Source: Bain & Company

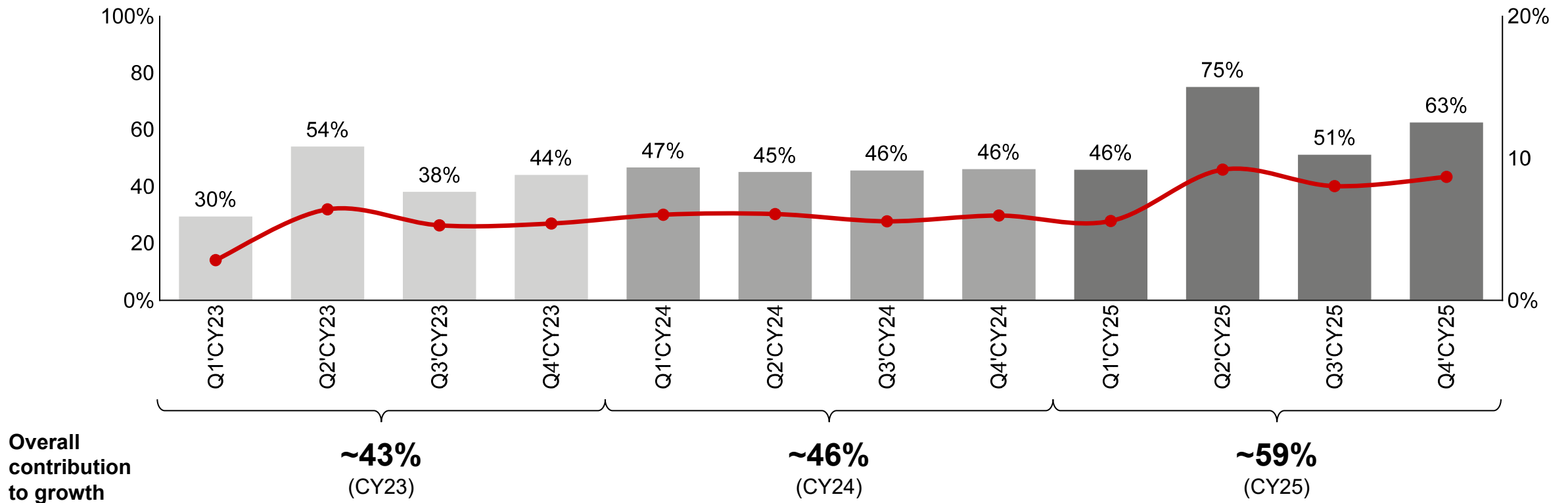
Key drivers of deal activity in 2025

	Drivers for 2025 deal activity	Key deals ¹
Food and beverages	<ul style="list-style-type: none"> Deal activity in food and beverages primarily supported by rapid scaling through quick commerce, rising discretionary consumption among millennials and Gen Z, and increasing disposable incomes, indicating continued consolidation and long-term value-creation potential 	Haldiram's
Household electronics	<ul style="list-style-type: none"> Deal activity strengthened in 2025, supported by sustained electronics manufacturing expansion, with sector revenues growing at ~50% CAGR (2020–25). Growth was further driven by rising electronics penetration in Tier 2/3 markets, premiumization of product portfolios, and policy-led capacity expansion (e.g., Digital India, PLI schemes) 	Haier (India)
QSRs/cafes	<ul style="list-style-type: none"> Accelerated deal activity supported by structural improvements in the sector driven by higher frequency of eating out, higher frequency of ordering at home led by delivery aggregators, premiumization of dining experiences, unit economics, and urbanization tailwinds 	Theobroma Belgian Waffle Co
Apparel and related products	<ul style="list-style-type: none"> Investor interest strengthened in 2025, supported by omnichannel scale-up, D2C enablement, premiumization across metros, and policy support for textiles under PLI 	ABFRL Citykart

Consumer and retail—consumption growth: Strong deal momentum driven by robust consumption growth in 2025

Percentage of PFCE contribution to GDP growth

Real PFCE growth (percentage)



— Real PFCE growth ■ CY25 ■ CY24 ■ CY23

Notes: PFCE is private final consumption expenditure
Sources: MoSPI; Bain & Company

Consumer and retail—key themes: Strong consumption driven by higher buying frequency, premiumization, and new categories, leading to increased deal activity

1

Buying more of the same



Higher purchase frequency/occasions and penetration driven by quick commerce, digital penetration, and improving urban demand

Key deals*

Haldiram's

Balaji

Haier (India)

VIP

2

Premiumization



Shift toward premium and branded offerings, supported by rising disposable incomes and aspirational consumption

Key deals*

Atomberg

The Sleep Company

3

New categories of spending



Addition of new categories to consumer spending portfolio, driven by more experiential consumption patterns, expanding discretionary spends beyond traditional baskets

Key deals*

Theobroma

Belgian Waffle Co

Notes: (*) Select examples (not exhaustive)
Source: Bain & Company

Consumer and retail—outlook: Packaged foods, home improvement, QSR, and pet care expected to drive deal activity going forward

Packaged foods



- Packaged foods expected to grow driven by **premiumization, shift toward healthy snacks** across large urban markets (65+ cities with 1M+ population), and expanding affluent households
- Strong deal momentum expected in **snacks and beverages**, driven by demand from millennials and Gen Z, and rapid scale-up via e-commerce and quick commerce

Home improvement



- Growth expected to be driven by **rising home ownership, premium housing launches, and increasing discretionary spend** across Tier 2/3 markets
- Deal activity expected in **home decor and furnishings**, with smart-home adoption and personalization driving growth
- **Shift toward tech-enabled services** (online booking, virtual consultations), enhancing scalability of organized platforms

QSR



- Growth driven by **rising disposable income and consumption expenditure**, expansion in organized QSR chains, and **delivery aggregators and digital ordering platforms** improving throughput and operating leverage
- Strong deal interest in **health-focused and sustainable QSR formats**, aligned with premiumization trends

Pet care



- **High-growth category driven by rising pet ownership** (~30M to ~40M over FY2022–2028), increasing disposable income, and premiumization trends
- Strong momentum in **premium and nutrition-led pet food categories**
- **Organized retail and D2C brands are scaling rapidly**, improving category penetration in Tier 1 and Tier 2 cities

Potential targets

Country Delight	Lahori Zeera
NIC Ice Cream	Bikano

Potential targets

Ozone	Dorset
Duroflex	Obeetee

Potential targets

Chaayos	Third Wave Coffee
Blue Tokai	Bakingo

Potential targets

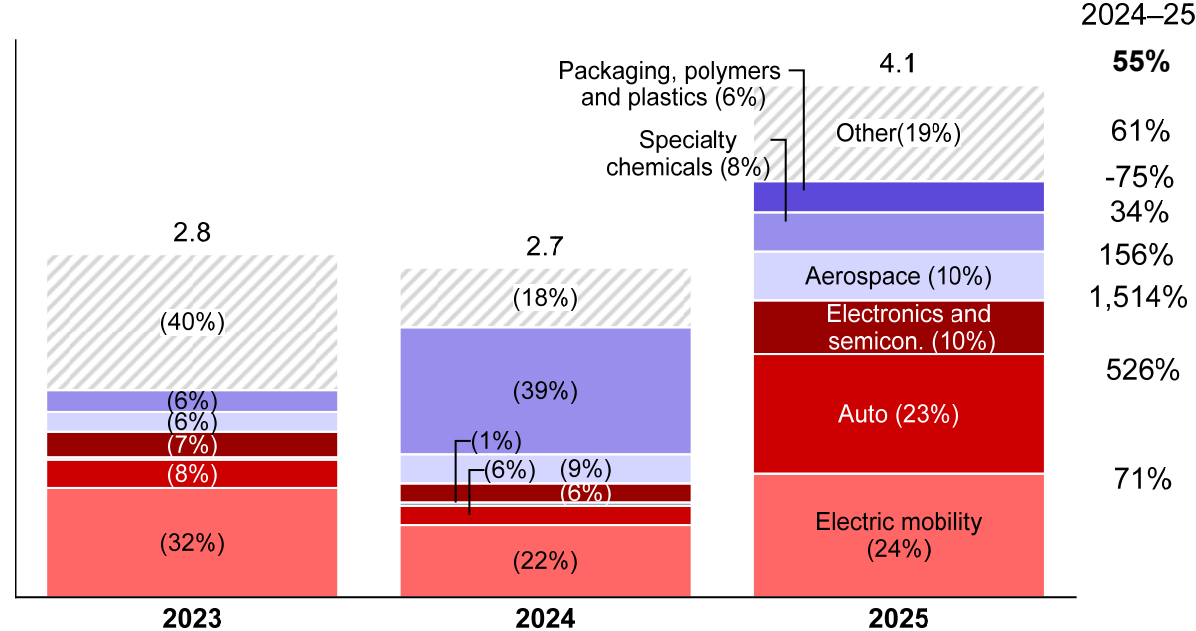
Vetic	Heads Up For Tails
Supertails	Drools

Notes: QSR is quick service restaurant; D2C is direct-to-consumer
Sources: Based on PE fund conversations; Bain & Company

Sector deep dive—manufacturing and industrials: Capital deployment in electric mobility, auto, and electronics drove deal momentum in 2025

Manufacturing and industrials deals grew at ~55%, exits surge ~41% over 2024–25

Manufacturing and industrials deals by sub-segment (\$B)



Top manufacturing and industrials deals (2025)	Dhoot Transmission	Vertelo	Roop Automotives and Highway Industries	Saurashtra Fuels
Deal value (\$M)	425	405	400	228

Electric mobility and auto anchor deal activity, while EMS and aerospace emerge as new investment spaces

	Drivers for 2025 deal activity	Key deals ¹
Electric mobility	<ul style="list-style-type: none"> Deal value was concentrated across charging infrastructure and fleet services (~44%), followed by OEMs and component suppliers (~42%) and battery technologies (~10%) Growth was supported by government incentives (PLI schemes, state EV policies), expansion of charging infrastructure, and rising EV adoption across passenger and commercial mobility 	<ul style="list-style-type: none"> Vertelo JBM Ecolife Mobility
Auto	<ul style="list-style-type: none"> Sustained investor engagement in automotive sector, supported by domestic consolidation, favorable policy environment (FAME, PLI schemes), supply chain localization, and improving consumer demand with rise in disposable incomes 	<ul style="list-style-type: none"> Dhoot Transmission Roop Automotives and Highway Industries
Electronics and semi-conductors	<ul style="list-style-type: none"> Deal activity in aerospace supported by rising demand from domestic and global OEMs, supply chain diversification, and increased focus on new advanced systems and new technologies 	<ul style="list-style-type: none"> ILJIN Electronics
Aerospace	<ul style="list-style-type: none"> Investor interest strengthened on the back of strong policy support (SEMICON 2025 scheme), rapid domestic electronics demand growth, supply chain diversification, and increasing demand from EV, AI, and data center applications 	<ul style="list-style-type: none"> Raphe mPhibr Digantara Research
Specialty chemicals	<ul style="list-style-type: none"> Deal value driven by investor focus on industrial materials (met coke) and high-value specialty chemistries. 	<ul style="list-style-type: none"> Saurashtra Fuels GFCL EV Products

Notes: (1) Select examples (not exhaustive); Other includes electricals and machinery, climatetech, deeptech, ceramics and cement, robotics, metals, nanotech and 3D printing
Source: Bain & Company

Manufacturing and industrials—trends: Supply chain diversification, policy support, and infrastructure scale act as catalysts to increase PE-VC deal activity

Realignment of global supply chain

- **Supply chain diversification strategies are accelerating** amid tariffs and geopolitical volatility, making **resilience and redundancy** central to sourcing decisions
- India emerging as a **strategic diversification hub with scale workforce and improving infrastructure** supported by rapidly scaling electronics/phone supply chains (e.g., iPhone ecosystem expansion)

Localization and policy support

- National push toward **manufacturing depth, exports, and import substitution**, via **production-linked incentive (PLI) schemes** across 14 sectors (~\$20B committed investments), and **Make-in-India initiatives**
- **Sector-focused incentives**, including ACC¹ battery PLI for EV storage, PCIPR 2020–35 for petrochemicals, plastics parks, and VGF² support for battery storage, driving localized capacity buildout, and export competitiveness

Infrastructure spending growth

- **Public capex remains elevated at ~\$130B in FY2025–26 (~3.1% of GDP)**, supporting highways, dedicated freight corridors, industrial corridors, and renewable energy infrastructure, strengthening logistics efficiency and manufacturing competitiveness
- **Initiatives such as PM Gati Shakti and National Logistics Policy** are accelerating multimodal connectivity and improving logistics efficiency

Increased value-add manufacturing

- **Shift toward high-precision and semiconductor-linked manufacturing**, including India's first DDIC³ OSAT facility (HCL-Foxconn JV), supporting domestic chip manufacturing
- **EV and advanced electronics ecosystems deepening beyond assembly**, with investments in battery cells, power electronics, controllers, and BMS systems under PLI-linked localized manufacturing expansion, supporting **higher margins and exportability**

Platform play and new investment segments

- **Increasing investor trends of rolling up smaller firms, resulting in national and regional multicompany platforms** → historical global PE strategy (esp. EU and US), now being replicated in India
 - e.g., Carlyle rolled up Highway Ind. and Roop Auto, PAG acquired Manjushree and Pravesha
- **Emerging segments such as EMS and aerospace are gaining investor interest**, supported by global reshoring, rising EV/AI/defense electronics demand, and indigenization

Notes: (1) ACC is advanced chemistry cell; (2) VGF is variable gap funding; (3) DDIC is display driver integrated circuit
Source: Bain & Company

Manufacturing and industrials—outlook: Deal growth in 2025 to be driven by auto components, EV supply chain, energy transition, EMS, and specialty chemicals

High-tech manufacturing



- Positive outlook driven by **rapid electronics manufacturing scale-up**, supported by continued policy push for domestic value capture
- **Strong deal momentum expected in EMS across A&D, medical devices, auto electronics, and power electronics**, alongside component localization and ATMP/OSAT supported by ECMS (~\$5B) and Semicon India (~\$9B) incentives

Precision components



- **Robust outlook supported by export competitiveness and manufacturing depth in components** across automotive and industrial supply chains
- **Strong pipeline of assets seeking capital or strategic consolidation** driven by ~250 ECMS applicants across PCBs, capacitors, substrates, and sensors, alongside rising sectoral demand from SMT and packaging equipment, and defense/aerospace

Energy transition



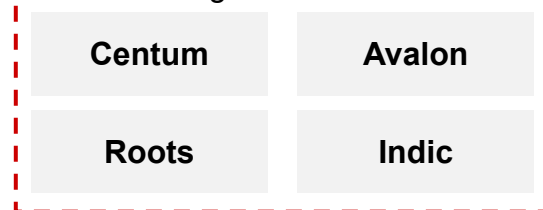
- **High-growth driven by accelerating capacity buildout and policy clarity**, with India targeting 500 GW non-fossil capacity by 2030 and having renewable energy as ~50% of installed capacity ahead of schedule
- **Strong deal flow across renewables and emerging adjacencies**, driven by domestic ACC manufacturing under PLI, and National Green Hydrogen Mission's 5MMT p.a. target by 2030

Specialty chemicals

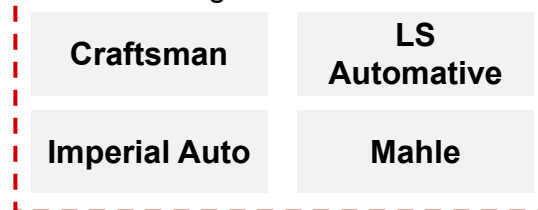


- Positive outlook driven by **expanding end-use industries, rising domestic demand, and global supply chain reshoring**, led by India's cost arbitrage and process-engineering strengths
- **Deal activity expected in export niches, import substitution, and higher-spec chemistries**, including electronic materials and energy-transition chemistries linked to semiconductor and EV ecosystems

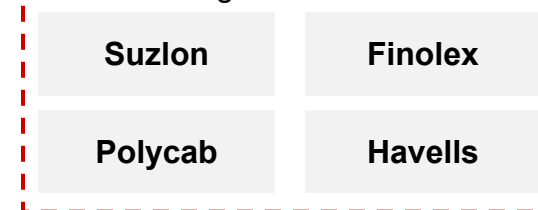
Potential targets



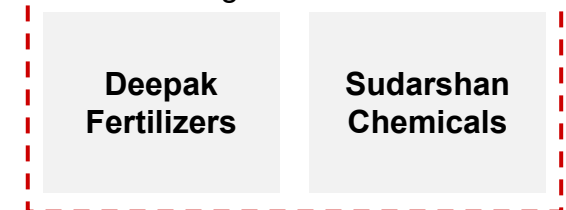
Potential targets



Potential targets



Potential targets



Notes: EMS is electronics manufacturing services; ECMS is electronics component manufacturing scheme; PCB is printed circuit board; SMT is surface mount technology

Sources: Based on PE fund conversations; Bain & Company

4

Fund-raising: India gains salience within Asia-Pacific

Fund-raising: India gained prominence within the Asia-Pacific region

- **India remained a priority market for capital, with global and domestic investors scaling commitments.** Domestic capital formation strengthened, with local funds accounting for 50%–55% of active investors, compared to only 35%–40% for global peers. Record raises, such as ChrysCapital’s \$2.2 billion fund, highlighted growing onshore depth.
- **Competition for capital is intensifying.** The number of funds active in India has increased roughly 1.7 times since 2016. LPs are placing greater emphasis on track record, distributions, and execution capability—making fund selection increasingly performance-driven.
- **India is well-positioned to remain a key investment destination, but capital will be more selective.** Strong GDP growth, macrostability, and rising consumption continue to attract capital—about 90% of the top 30 global funds are now active in India. However, geopolitical uncertainty and currency volatility remain key factors to watch, particularly for cross-border flows.



Source: Bain & Company

Fund-raising: Domestic GPs are closing record fund-raises, while global funds are increasing capital allocation to India

Large Asia-Pacific-targeted fund-raises with notable India focus

\$12.9B

Blackstone Capital Partners Asia III

India to hold major share of the Asia-targeted fund-raise

\$14.5B

EQT Private Capital Asia Fund IX

Aims to be Asia's largest fund-raise

\$2.2B

ChrysCapital X

India's largest ever domestic PE fund-raise

\$5B

KKR Asia Infra Fund 3

Aims to be Asia's largest Infra-focused fund-raise

Global funds are accelerating capital deployment in India

Brookfield Asset Management is poised to triple or even quadruple its India exposure over the next five years, with expectations to grow its AUM in the country to \$100 billion.

—Moneycontrol, May 2025

KKR could deploy \$20 billion in India over the next decade.

—The Economic Times, February 2026

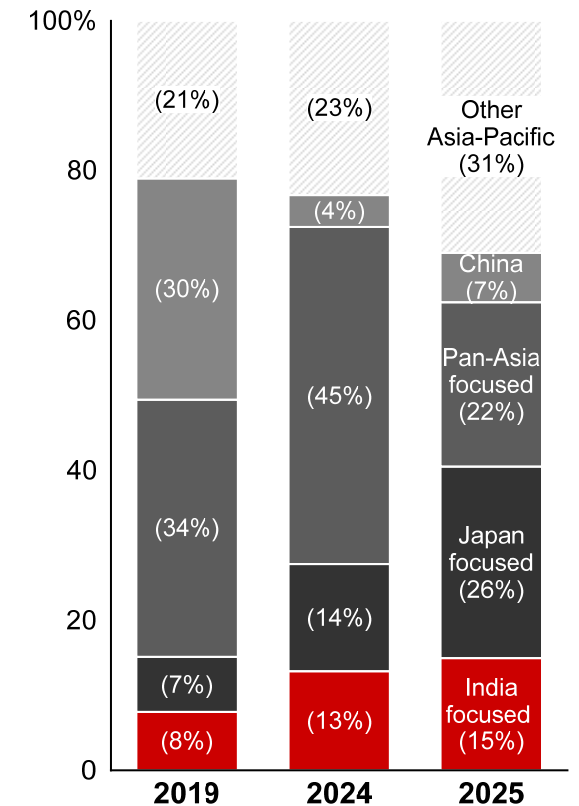
Temasek's India exposure was at \$50 billion and they look forward to expanding their footprint in the country in the next few years.

—Bloomberg, July 2025

Warburg Pincus is now investing "a few billion dollars a year" in India across private equity, real estate and capital solutions, as part of a diversified, multi-asset strategy.

—Moneycontrol, February 2026

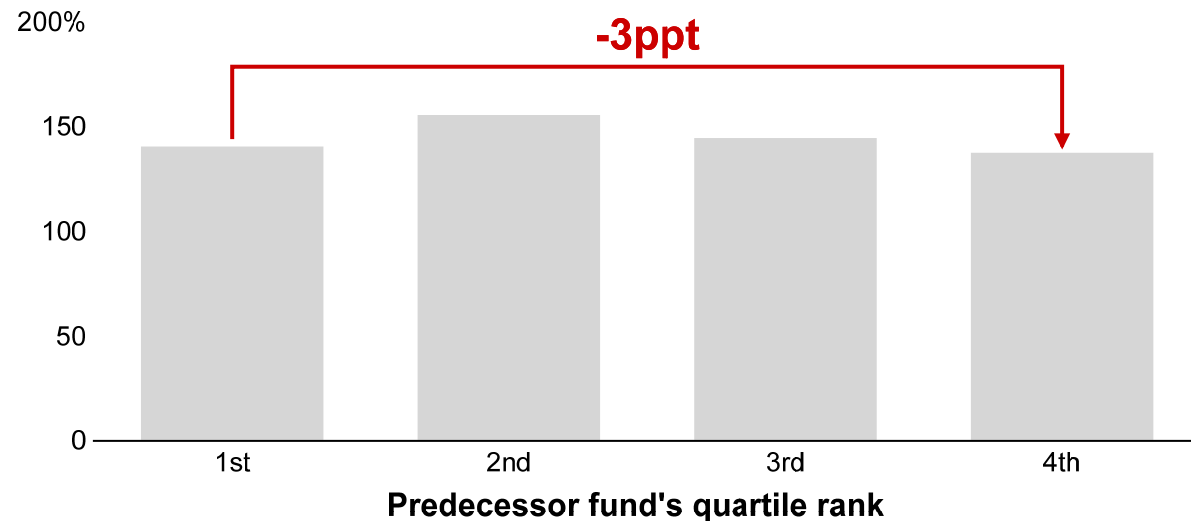
Asia-Pacific-focused PE capital raised, by final close year (\$B)



Fund-raising: However, fund-raising is becoming increasingly competitive, with LPs prioritizing past performance as a key driver for capital allocation

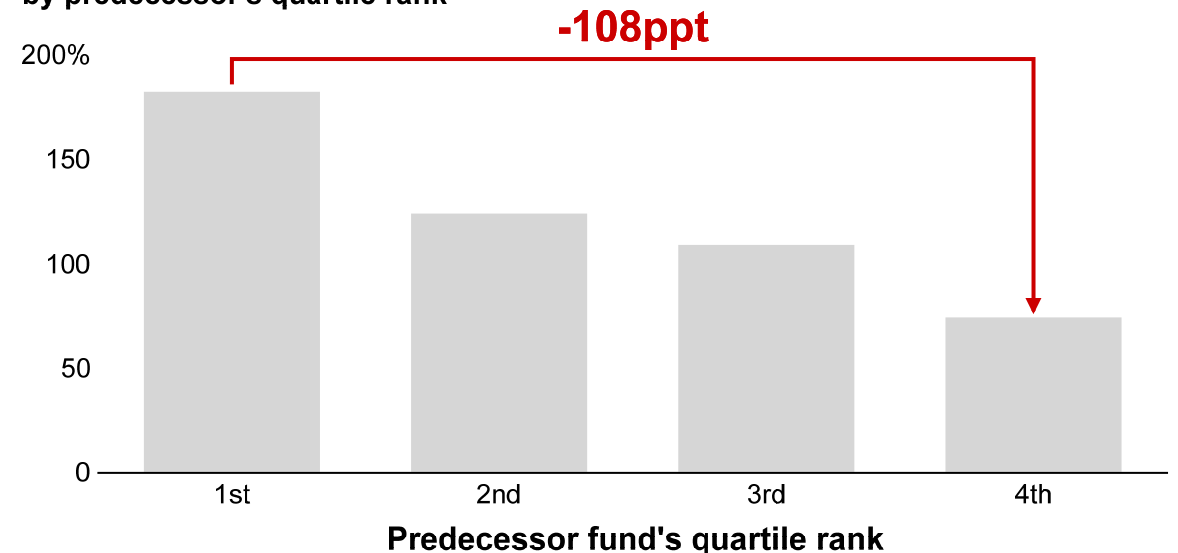
2015–19: Successor fund-raises remained independent of predecessor fund performance

Successor buyout fund size as percentage of predecessor fund size, by predecessor's quartile rank



Post-2019: Successor fund-raises of ~180% (as percentage of predecessor) for 1st quartile vs. ~75% for 4th quartile funds

Successor buyout fund size as percentage of predecessor fund size, by predecessor's quartile rank



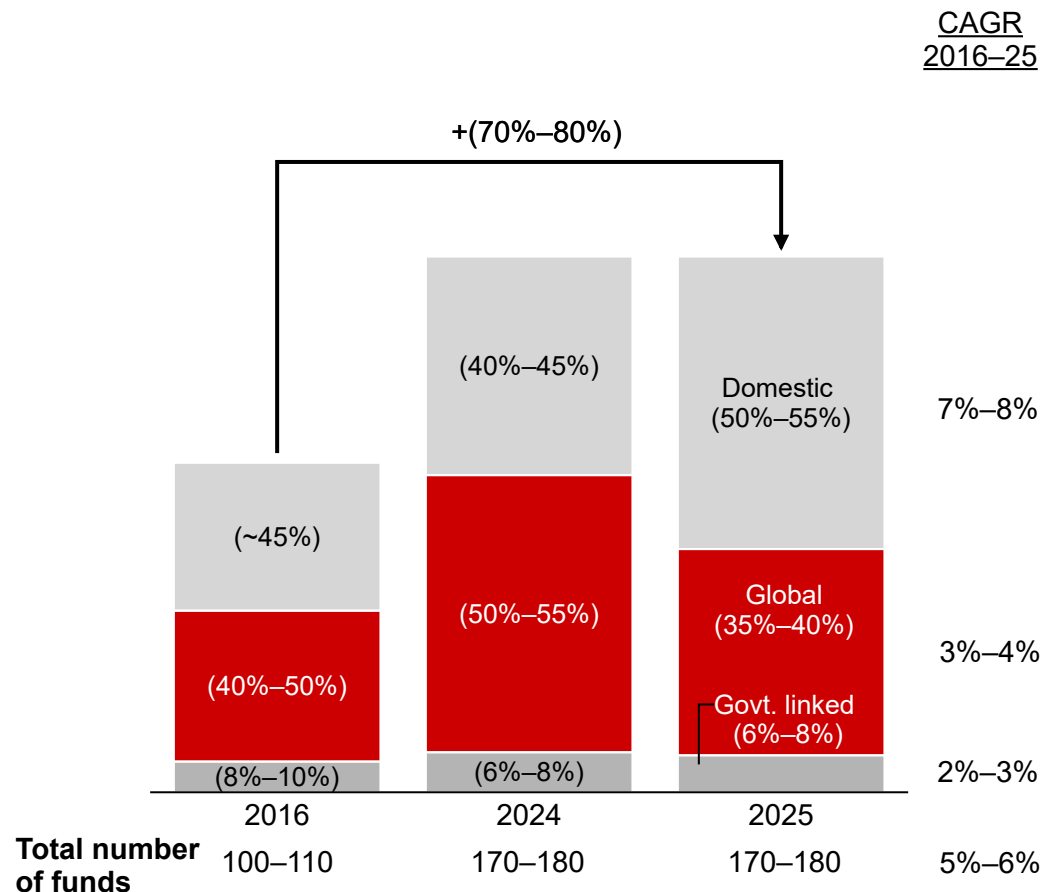
60%

of funds surveyed in India indicate LPs now demand a stronger track record, making past performance a critical factor in securing follow-on funding and in an environment where too many competitors are fighting for funding

Notes: Data includes India-focused funds and Asia-Pacific-focused funds with India exposure; year represents the year of final close; LP is limited partner
Sources: Preqin; Bain & Company; Bain Asia-Pacific PE survey (n=121)

Competitive landscape: Fund participation has almost doubled over the last nine years, intensifying competition as domestic capital deepens and the sector matures

Number of funds involved in PE deals in India



Note: (1) Top 30 by assets under management
Sources: Preqin; Bain & Company

India's PE ecosystem structurally expanded, with deeper participation and heightened competitive intensity

India's PE ecosystem has deepened significantly, with competition for capital intensifying

- The number of active funds has increased from ~100–110 in 2016 to ~170–180 in 2025 (~1.7 times), reflecting structurally higher competitive intensity and a more crowded GP landscape
- New funds have increasingly invested in India over the last 2–3 years, e.g., Trident Growth Partners (invested in SpotDraft, Credit Wise Capital, etc.), Cactus Venture Partners (Brandworks, Intangles, Bellatrix, etc.), Yali Capital (LatentForce, PointAI, etc.)

Fund-raising is becoming increasingly performance-driven

- ~50% of India-based funds cite elevated competition for LP capital as their primary challenge, with LPs placing greater emphasis on track record, distributions, and execution capability

India continues to attract strong global interest, with sustained institutional commitment

- ~90% of the top 30 global funds are active in the market, supported by expanded on-ground presence and long-term capital allocation to India within Asia-Pacific portfolios

A broader base of scaled, high-quality assets is supporting market depth

- Over 2016–25, sectors such as financial services, healthcare, consumer and retail, manufacturing and industrials, and software/SaaS have matured significantly, creating more governance-ready platforms with stronger earnings visibility

The ecosystem is becoming more specialized and sophisticated

- This maturation has enabled the rise of thematic and sector-focused funds (e.g., energy transition, AI, export-led manufacturing, digital services), expanding the investor base beyond traditional generalist buyout capital

An aerial, top-down view of a complex highway interchange. The image shows multiple lanes of traffic, with cars and a large white bus visible. The roads are marked with white and yellow lines. The overall scene is captured in a dark, slightly desaturated color palette, giving it a professional and modern feel.

5

Exits: Buybacks and strategic sales drive growth

Exits: Buybacks and strategic sales drove growth

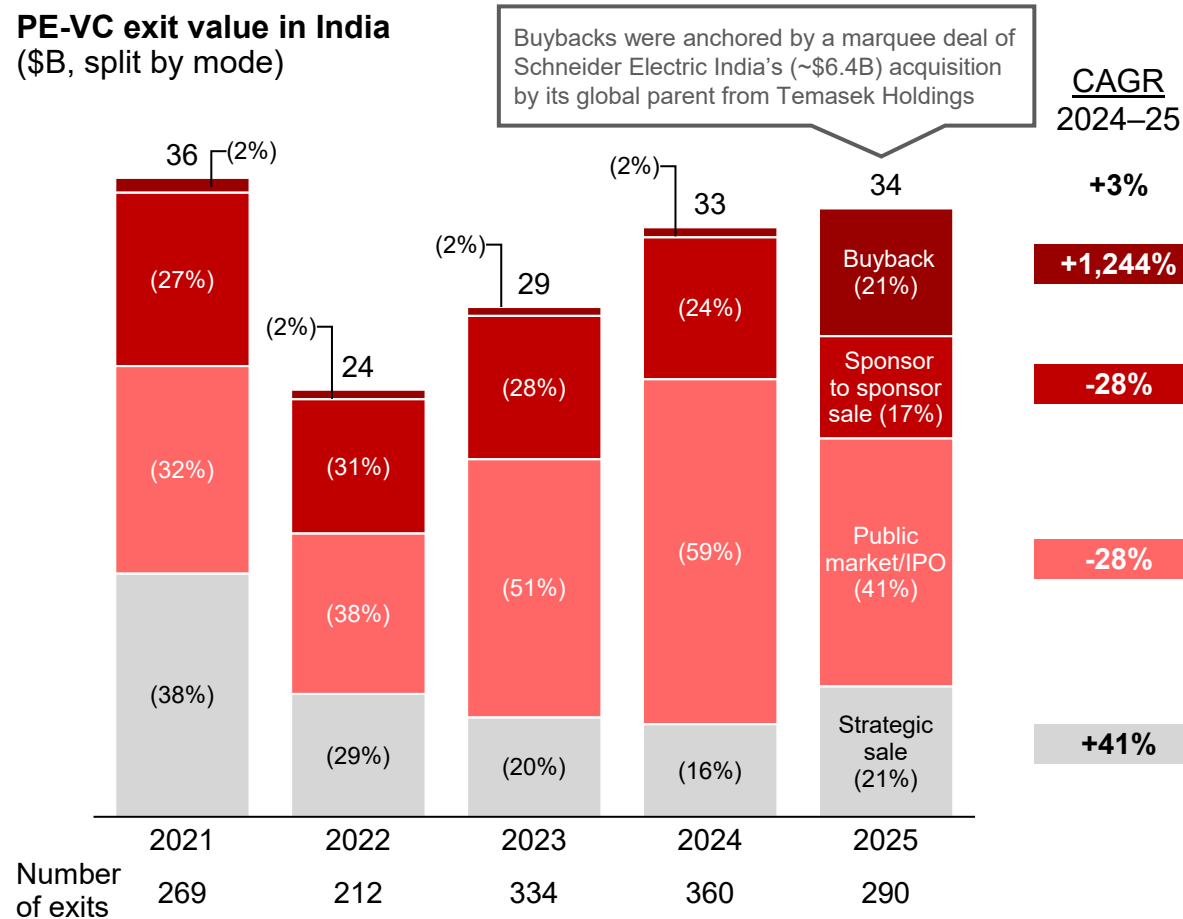
- **PE-VC exits remained stable, growing approximately 3% year over year and reaching \$34 billion in 2025.** Funds explored diversified exit channels, with buybacks and strategic sales gaining prominence. However, exit volumes declined to 290, down from 360 in 2024.
- **Public market exits declined approximately 28% from 2024,** dropping from \$20 billion to \$14 billion. The decline was driven by a 35% drop in non-IPO public trades, even though IPO exits remained stable at \$4 billion. This was due to volatile market performance amid heightened global uncertainty.
- **Strategic sales rose from approximately 16% to 21% of total exit value,** supported by sector consolidation and a greater appetite for strategic, inorganic growth.
- **Energy, healthcare, and fintech led the exit landscape.** Traditional sectors accounted for approximately 75% of high-value exits, supported by multiple deals exceeding \$1 billion.
- **Aging portfolios are beginning to shape exit behavior.** Funds are increasingly leveraging partial exits and diversified exit channels to manage liquidity and return capital to LPs.



Source: Bain & Company

Exits overview: Exit value rose from \$33 billion to \$34 billion in 2025 despite lower volumes; investors diversified beyond public markets

PE-VC exit value in India
(\$B, split by mode)



Exit trends

Overall trends

PE-VC exits increased ~3% over 2024-25 to ~\$34B, even as exit volumes declined to 290, with growth in value driven by rise in buybacks and strategic sales, which offset lower public market and sponsor-to-sponsor exit activity

Public market sales

Public market exits declined ~28% to ~\$14B (vs. ~\$20B in 2024), given high volatility and underperformance (Nifty/Sensex grew 8%–10% vs. 15%+ for other indices such as S&P500, MSCI EM index, MSCI Asia-Pacific ex-Japan index)

- IPO exits remained stable over 2024-25 at ~\$4B
- Non-IPO public market exits¹ declined by ~35% to ~\$10B (vs. ~\$15B in 2024), with notable exits including Vishal Mega Mart (~\$1.2B), Bharti Airtel (~\$1.0B) and MPhasis (~\$560M)
- 33% of funds surveyed in India by Bain² indicated that IPO market challenges were a key driver of sub-optimal exits in 2025

Strategic sales

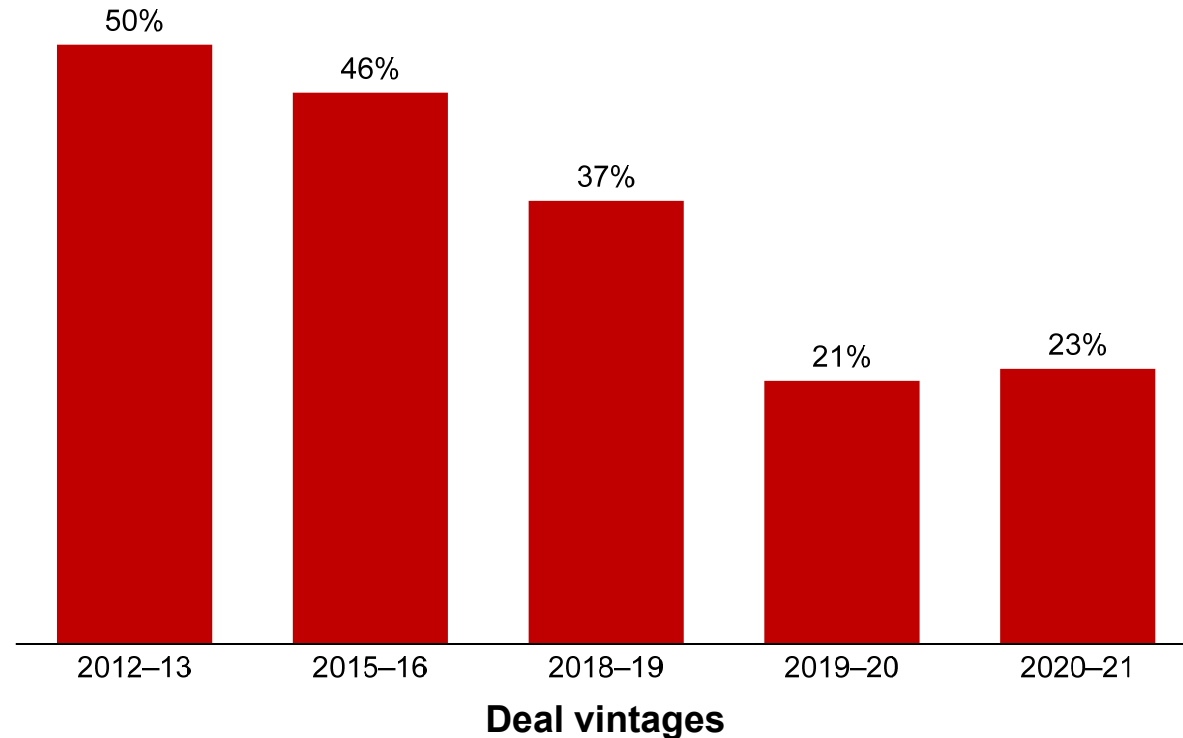
Strategic sales increased from ~\$5.2B in 2024 to ~\$7.4B in 2025 with strategic buyers playing a prominent role in healthcare (~\$2.4B), alongside meaningful activity in BFSI (~\$1B), energy (~\$1B), and real estate and infra (~\$0.8B), driven by sector consolidation and increased acquisition activity by strategics

Notes: Includes real estate and infrastructure exits; number of exits includes exits with undisclosed value; (1) Non-IPO public market exits include block/bulk trades; (2) Asia-Pacific PE Fund Survey; IPO is initial public offering
Sources: Bain & Company; Bain Asia-Pacific PE survey (n=121)

Deal vintage: Deal vintage continues to highlight soft exit environment; funds are increasing reliance on partial exits and diversified exit channels

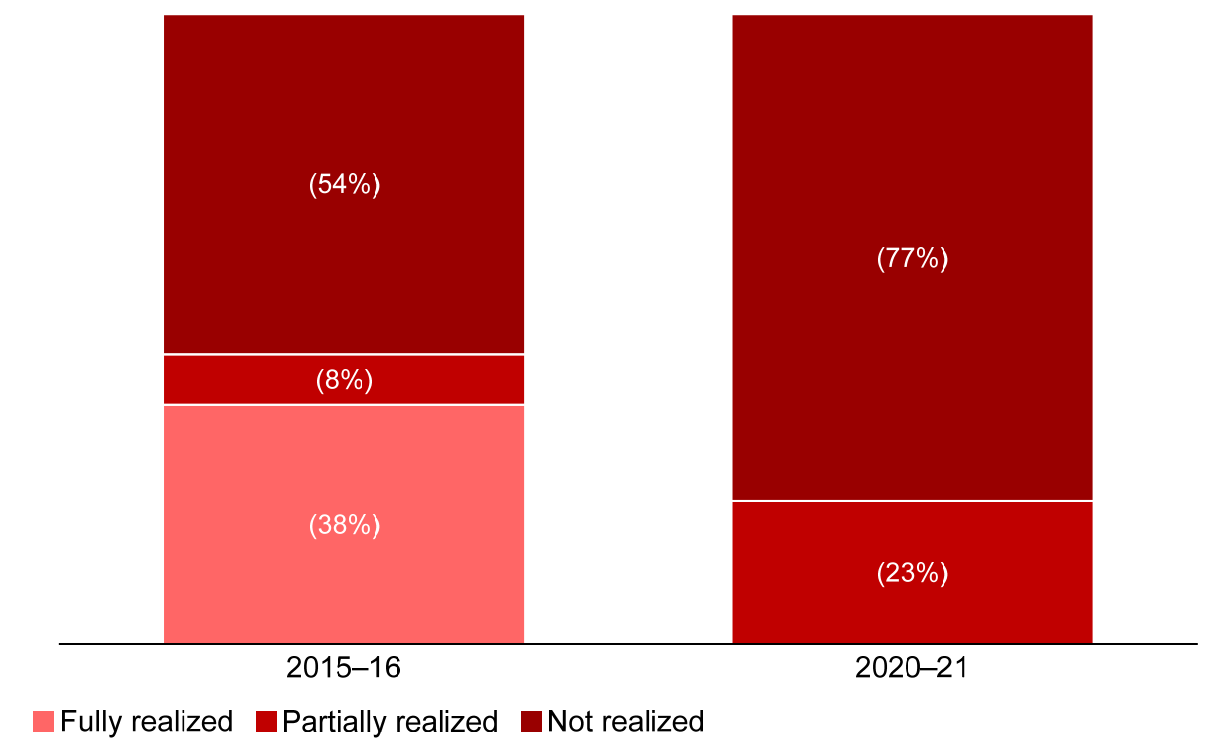
Share of \$100M+ buyouts exited within five years declined across recent vintages, reflecting a softer exit environment

Share of \$100M+ buyout deals in India exited in five years



Funds are increasingly leveraging partial exits to manage liquidity and extend hold periods

Realization status for \$100M+ buyouts in India at the end of five years (%)

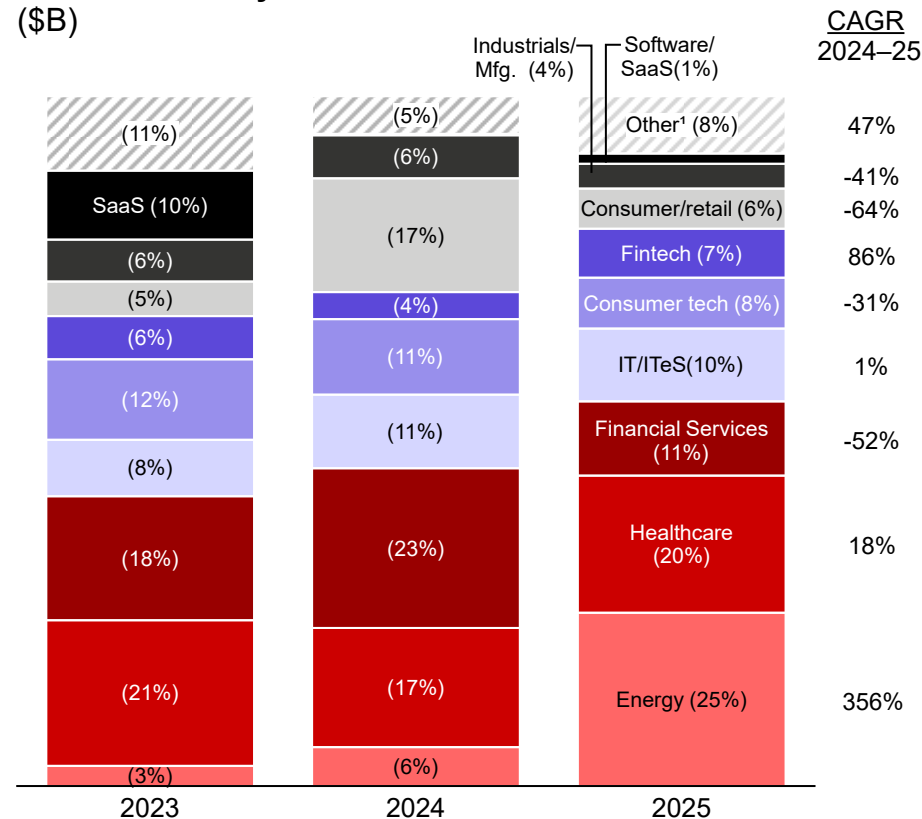


Notes: Buyout deals over \$100M with only one investor considered for this analysis; excludes real estate/infra deals; “fully realized” exits are those where PE fund has fully divested its stake; “partially realized” are those with only some portion of stake divested
Sources: Preqin; Bain & Company

Exits by sector: Exits in energy, healthcare, and fintech grew, while other sectors remain subdued

High-value exits

Share of exits by sector (\$B)



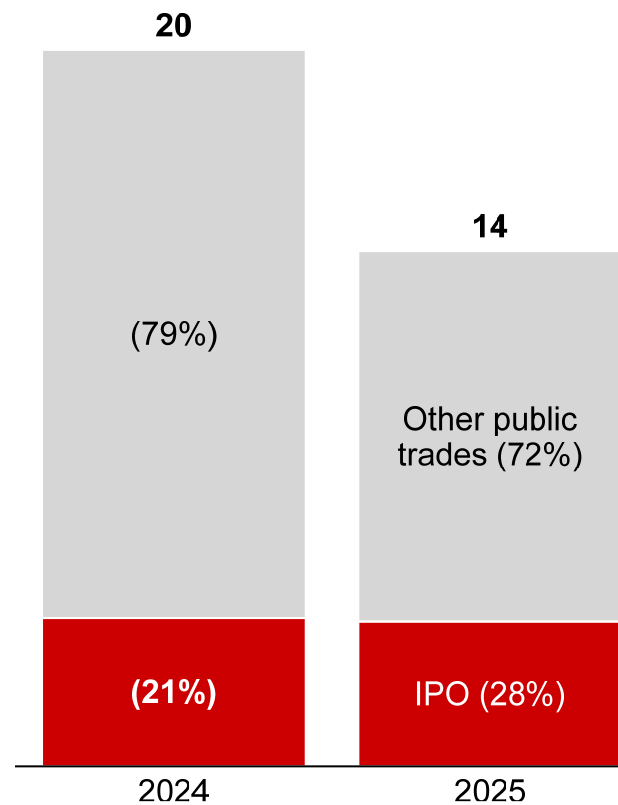
Overview of top 15 exits in 2025

Company	Sector	Lead exiting fund	Exit value	Mode of exit (buyer)
Schneider Electric India	Energy	Temasek	\$6.4B	Buyback
J.B. Chemicals	Healthcare	KKR	\$1.4B	Strategic Sale
Vishal Mega Mart	Consumer and retail	Partners, Kedaara	\$1.2B	Block/bulk trade
AGS Health	Healthcare	EQT	\$1.1B	Sponsor-to-sponsor sale (Blackstone)
Hexaware Technologies	IT/ITeS	Carlyle	\$1.0B	IPO
Bharti Airtel	Telecom	Indian Continent	\$1.0B	Block/bulk trade
PayTM	Fintech	Alibaba, Elevation	\$899M	Block/bulk trade
Omega Healthcare	IT/ITeS	Goldman Sachs, Everstone	\$882M	Sponsor-to-sponsor sale (OTPP)
Sahyadri Hospitals	Healthcare	OTPP	\$753M	Strategic Sale
Ayana Renewable	Energy	NIIF, BII, Eversource Capital	\$735M	Strategic Sale
Groww	Fintech	Peak XV, Tiger Global	\$671M	IPO
Island Star Mall	RE/Infra	CPP	\$621M	Buyback
Gujarat Titans	Others	CVC Capital	\$570M	Strategic Sale
Zomato	Consumer tech	Alibaba	\$482M	Block/bulk trade
Healthcare Global	Healthcare	CVC Capital	\$400M	Sponsor-to-sponsor sale (KKR)

Notes: Excludes real estate and infrastructure exits; (1) Other includes shipping and logistics, aerospace, engineering and construction, media and entertainment, telecom; exchange rate considered ~INR 87.8/USD
Sources: VCCircle; Business Standard; Financial Express; The Hindu Business Line; Bain & Company

Public market exits: IPO activity remained steady in 2025; however, secondary trades declined by approximately 35% vs. 2024

Total public market exits
(\$B, split by mode of exit)



\$100M+ IPO exits in 2025¹

Company	Sector	Exit value
Hexaware Technologies	IT/ITeS	\$1.0B
Groww	Fintech	\$671M
Lenskart	Consumer tech	\$460M
Dr. Agarwal's Healthcare	Healthcare	\$247M
JSW Cement	Engineering & Construction	\$220M
Urban Company	Consumer tech	\$168M
Pine Labs	Fintech	\$159M
Anthem Biosciences	Healthcare	\$151M
Tata Capital	Financial services	\$133M
Rubicon Research	Healthcare	\$103M

Key insights

- **Public market exits declined ~28% to ~\$14B in 2025**, driven by a sharp drop in non-IPO trades (~35% decline to ~\$10B), while IPO exit value remained stable at ~\$4B
- **IT/ITeS accounted for ~26% of total IPO value**, followed by consumer-focused sectors (~23%) and healthcare (~17%)
- **30+ companies** (e.g., Indira IVF, Ajay Poly, Asha Resins) **chose to pause or defer their IPO launches after receiving approval by SEBI**, given market volatility, weak investor sentiment, and unfavorable valuations
- **Going forward, several large IPOs continue to be in the pipeline** (e.g., boAt, OfBusiness, OYO, PayU, Infra. market); however, moderation in issuance volumes and subscription levels of IPOs launched in early 2026 indicate a more calibrated primary market environment

Notes: (1) Only IPOs with PE-VC exits considered for the analysis, public market sales with PE-VC participation include those where the seller/exiting investor is a PE-VC; examples above are illustrative and not exhaustive; IGP is innovators growth platform; IPO is initial public offering; Exchange rate considered ~INR 87.8/ USD
Sources: Venture Intelligence; AVCJ; VCCEdge; Preqin; National Stock Exchange; Bombay Stock Exchange; PitchBook; Bain & Company

An aerial photograph of a winding asphalt road through a dense forest. The trees are in various stages of autumn, showing shades of green, yellow, orange, and brown. The road curves through the landscape, with several sharp turns. A few cars are visible on the road. The lighting suggests it might be late afternoon or early morning, with a soft glow.

6

**Outlook for 2026
and AI Imperatives**

Outlook for 2026 and AI imperatives

- **India's PE-VC outlook for 2026 remains cautious.** Domestic fundamentals—including moderating rates, stable inflation, and resilient consumption—provide strong support, even as AI-driven technology disruption, and tighter global liquidity weigh on capital deployment.
- **Capital deployment is expected to concentrate in domestically aligned sectors.** Consumer and retail, manufacturing and industrials, and financial services are expected to attract investor interest, thanks to strong policy support, supply chain realignment, and structural demand tailwinds. AI infrastructure is emerging as a key investment theme, backed by government initiatives and growing enterprise adoption.
- **AI is becoming a core value-creation lever across PE portfolios.** Sponsors are embedding AI into scaled portfolio companies to accelerate revenue, expand margins, enhance productivity, and strengthen underwriting discipline.
- **Macro shocks such as geopolitical tensions, energy market disruptions, and cross-border liquidity volatility** may introduce intermittent volatility across dealmaking, exits, and capital flows, reinforcing a more selective and value-creation focused investment environment.



Source: Bain & Company

Overview: India's PE-VC funding outlook remains constructive, supported by macro stability and continued shift to domestically aligned sectors amid global uncertainties



Investor Landscape

Macro-environment



- 1 **India's PE-VC funding outlook for 2026 is expected to remain constructive**, supported by moderating interest rates, stable inflation, and resilient domestic consumption; however, capital deployment is likely to remain selective, with investors prioritizing profitability, governance quality, and scalable business models in a disciplined valuation environment
- 2 **Manufacturing and industrials, financial services, and consumer and retail are likely to lead PE investments**, as deal flow increasingly anchors around domestically focused businesses benefitting from PLI expansion, supply chain diversification tailwinds, healthcare infrastructure build-out, and continued consumption momentum
- 3 **AI infrastructure likely to attract capital over the next 2–3 years**, spanning across data centers, semiconductor ecosystems, and power infrastructure, supported by global AI DC capacity, IndiaAI Mission, and growing AI demand from enterprises
- 4 **LP behavior will become more disciplined and performance-oriented**, with greater emphasis on distributions to paid-in capital realization, coinvestment structures, and manager track record amid rising competition, while sovereign and pension capital may continue expanding direct and hybrid strategies
- 5 **Operational value creation will remain central to returns**, with funds adopting a more hands-on model focused on AI-enabled productivity, cost transformation, revenue acceleration, sector-specific playbooks, and tighter governance to drive sustainable EBITDA expansion
- 6 **Exit activity expected to see a measured recovery**, supported by sponsor-to-sponsor transactions, secondary sales, and a gradual reopening of IPO markets, though valuation discipline and selectivity are expected to persist
- 7 **The macroenvironment is expected to remain supportive for PE deployment**, driven by sustained government capex, PLI-led manufacturing momentum, and financial sector deepening. FY27 budget measures, including higher infrastructure outlays, support for MSMEs, digital/AI investments, and continued tax rationalization are likely to reinforce investment momentum alongside favorable consumption trends
- 8 **Global geopolitical risks and currency volatility remain key watchpoints**, with potential implications for cross-border flows, foreign capital allocation, and valuation benchmarks in export-exposed segments

Key sectors: Deployment in 2026 to prioritize domestically aligned sectors across manufacturing and industrials, financial services, consumer/retail....

Outlook: Attractive sectors/themes



Manufacturing and industrials

- **Outlook remains strong in 2026, supported by sustained policy-led manufacturing expansion and export competitiveness**, with PLI schemes and the industrial thrust in budget 2026–27 through the India Semiconductor Mission 2.0 (~\$10B) and Electronics Components Schemes (~\$5B) strengthening domestic capabilities across semiconductors, electronics, and critical components
- **Deal momentum in manufacturing and industrials is expected to be driven by global supply-chain realignment and capital reallocation** under reshoring strategies, accelerating capacity build-out and investment across sectors, catering to domestic and, gradually, to international markets



Financial services

- **Following a recovery in 2025 marked by strong credit growth, improving asset quality** (record low NPAs), and a **build-up of deal pipeline**, financial services enter 2026 with positive momentum, supported by continued financialization of savings, stable net interest margins, benign credit costs, and policy focus on capital adequacy and financial inclusion
- **Building on this momentum, 2026 is expected to see increased capital deployment across NBFCs, housing finance, insurance, and asset/wealth management platforms**, supported by increasing penetration of credit and insurance, consolidation opportunities in fragmented segments, rising domestic institutional capital, and continued regulatory push toward transparency and scale



Consumer and retail

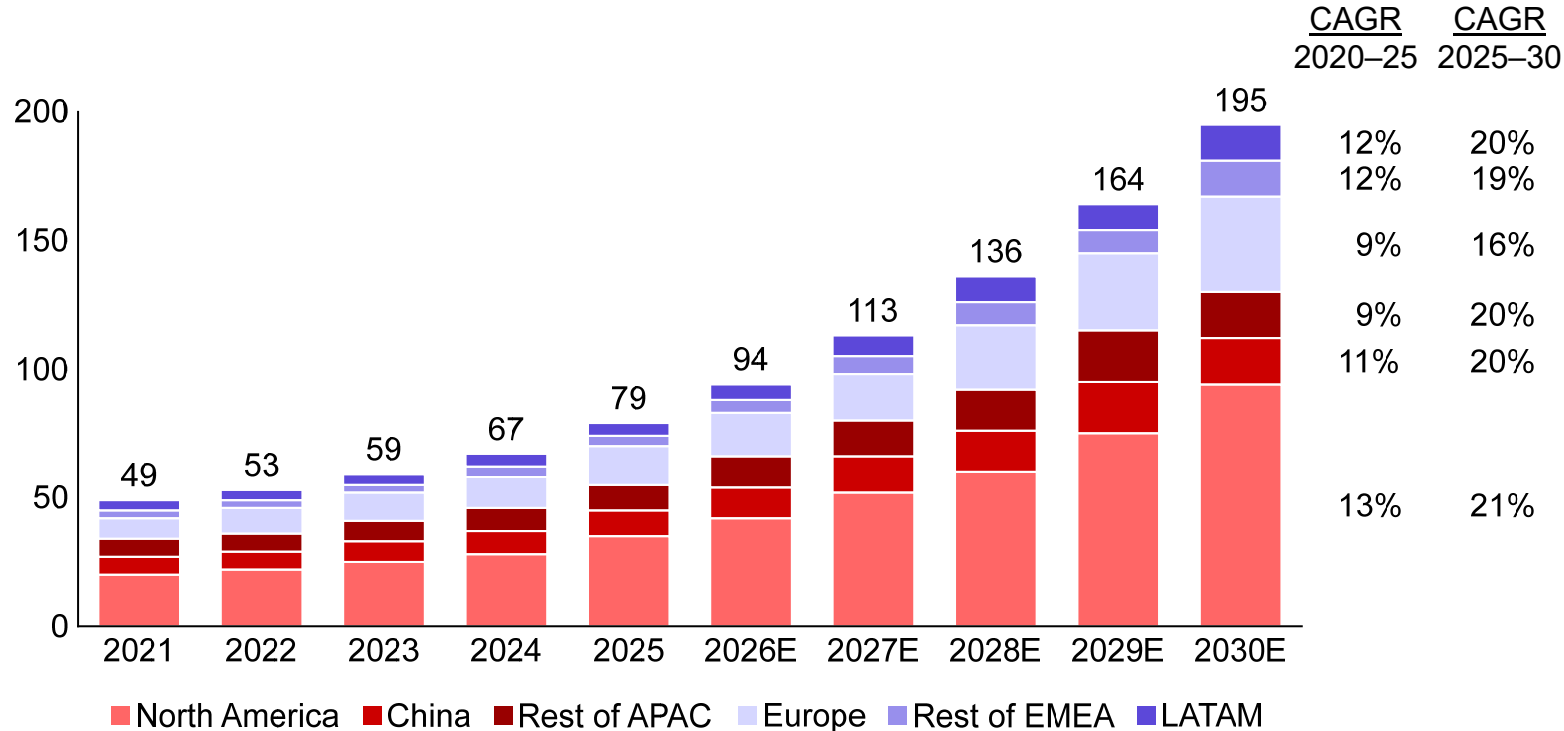
- **Positive outlook for consumer and retail in 2026 supported by India's large and deep consumption market**, with a broad base of transactable assets addressing core consumer needs and, demonstrating strong growth and profitability, driven by favorable domestic macro-environment—PFCE at ~62% of GDP in FY26, low inflation, stable employment, rising incomes, resilient rural demand, and an affluent¹ population expected at ~100M by 2027
- **Capital deployment in consumer and retail is expected to favor scaled, profitability-oriented platforms** benefiting from formalization-led market growth, Tier 2/3 omnichannel distribution expansion, and premiumization tailwinds

Note: (1) Affluent population as defined by Goldman Sachs refers to the top 60 million Indians that earn around \$10,000/person
Sources: Based on PE fund conversations; Bain & Company

...additionally, AI-driven data center expansion is unlocking new investment opportunities in the infrastructure and allied services layers

AI-driven compute demand is accelerating global data centers, setting stage for similar capacity growth in emerging markets such as India

Global data center critical capacity (GW) – Bain 2026 DC outlook (base case)



Npte: APAC refers to Asia-Pacific and LATAM refers to Latin America
Source: Bain & Company

Key investment themes across India’s AI infrastructure stack

- AI-critical infrastructure:** Scaling AI workloads are expected to increase demand for **power resilience, advanced cooling, and high-density colocation campuses**, supported by initiatives such as IndiaAI Mission, which plans to deploy 20,000+ GPUs to support domestic AI infrastructure
- Specialized compute and components:** Expansion of AI infrastructure to drive demand across the **semiconductor and compute supply chain**, including advanced packaging (OSAT), specialty chemicals, and localized chip design capabilities, supported by policy initiatives such as the **India Semiconductor Mission (~\$10B)**
- AI-augmented platforms/services:** As enterprises embed **generative AI into core operations**, demand for **AI-driven automation platforms** is expected to grow, leveraging expanding domestic data-center capacity and digital infrastructure

...and there will be a few key themes to look out for, capital deployment to gravitate toward the structurally resilient and differentiated subsegments

Chip raw material and design service vendors

Growing chip demand to create tailwinds for upstream suppliers across geos and design vendors (select IP, EDA, and design partners)

Advanced OSAT

Increasing chip complexity and advanced packaging requirements expected to shift value to specialized OSATs with higher margins

Power distribution (switchgears, transformers, PDUs)

Growing rack-level power density expected to create opportunities for higher-rated power equipment manufacturers

Power resilience

Grid uncertainty, high uptime needs to increase demand for advanced resiliency systems (BESS, UPS) and innovators in power storage tech

Liquid cooling

Rising chip power and heat generation accelerating shift from air to liquid cooling, with immersion and direct-to-chip solutions expected to gain significant share

Power and IT installation, DC O&M

Rapid buildout and growing DC capacity in Asia-Pacific and retrofitting, expansion of existing DCs to increase demand for Power, IT, and E2E DC O&M service providers

Colocators

Growth in hyperscaler and enterprise AI compute requirement, and sovereign infra priorities to increase demand for AI-ready colocation facilities

Source: Bain & Company



Role of AI in PE: AI presents opportunities for investors to increase the breadth and depth of asset evaluations and improve value-creation efforts

As AI evolves, leading PE funds will:



Build velocity at the **top of the investment funnel**



Consider a **higher volume of assets** or opportunities



Make earlier and faster **go/no-go decisions**



Face a more **competitive bid environment**, requiring more conviction about model assumptions



Create and execute **more detailed value-creation plans** to ensure value is realized



Monitor and triage **portfolio performance** in real time



AI opportunities for PE: Funds can leverage multiple AI opportunities spanning across multiple use-case families

1

Internal knowledge management



- KM bot (e.g., from previous deals to replicate success)
- Internal knowledge repository and cross-portfolio KPI benchmarking database
- Company insight synthesis across deals/post-close
- Structured investor factbase creation

2

External market and industry research



- Analysis of market drivers and macro trends
- Industry/target sentiment and reputation scan analysis
- Industry research for deal scouting/investment thesis
- Real-time customer sentiment assessment

3

Document and data processing



- IC deck synthesis/summary
- Contract summarization
- Multilingual document translation
- Redaction of sensitive information (e.g., resumes)
- Document drafting and cleanup from notes

4

Content generation and personalization



- Diligence scope and interview guide generation
- Media asset creation
- Generation of IC-ready Impact forecast slides
- Report draft generation (e.g., variance analysis)
- First drafts of deal materials

5

Analysis and scenario modeling



- Exit readiness and valuation scenario mapping (including tying op improvements to social outcomes)
- Talent scenario forecasts
- Investment scoring framework and companion
- Survey results automation
- Capital deployment risk identification

6

Risk, compliance, and quality assurance



- Improve IT incident event monitoring and diagnostics
- AI-assisted error-checking and IT issue resolution
- Fraud detection
- Compliance automation

7

Internal operations automation



- Job descriptions creation
- Performance reviews automation
- First draft contracts
- HR policy and comms drafts
- Hiring and talent acquisition
- Performance rubrics improvements

8

Portfolio value creation and monitoring



- Pre-filled 100-day plans with sector/geography-specific KPIs and milestones
- Live scorecards for real-time portfolio company performance monitoring
- Portfolio scenario generation and analysis

9

Investor and stakeholder communications



- LP-specific impact dashboards
- Personalized reporting for LP publications and updates
- LP mapping and preference tracking
- Creating drafts of LP-tailored fund credentials for pitches

10

Advanced agentic applications/fund brain



- Capital re-up and fund-raising capacity modeling
- Portfolio risk alerts for impact drift
- Research agents, working 24/7 to collect and analyze data, and later to engage with 3rd parties

AI adoption journey: There is a set of critical questions that funds need to actively be thinking about at this stage to shape the AI adoption journey

1

Operating model

- Who **owns the AI agenda** across the firm and portfolio (e.g., decision rights, budget, compliance/security accountability)? Is there **clear ownership across teams/processes**?
- What is the **right team structure** (central CoE vs. embedded in deal/portfolio ops) and how does it **interface with broader teams** (e.g., investment, portfolio ops, IT/data, legal/compliance)?
- How is AI adoption enabled across the fund in terms of **training, incentives, change management**?

2

AI use case deployment

- Where in the **investment life cycle** can AI add most value? What are the **workflows/use cases within each that benefit most from AI**?
- **Deal sourcing/screening**, e.g., AI-driven theme identification, automated prospect list generation, personalized outreach enablement
- **Diligence/portfolio company assessment**, e.g., auto-identify relevant frameworks (as per past DDs), AI-led benchmarking support
- **Value creation for portfolio company**, e.g., AI-enabled accelerated product innovation, enhancement of operational/commercial effectiveness
- **Portfolio monitoring**, e.g., AI-led performance tracking, automated data extraction
- **Internal operating efficiency**, e.g., smart knowledge database, automated back-end operations like financial reporting

3

Tools and enablers

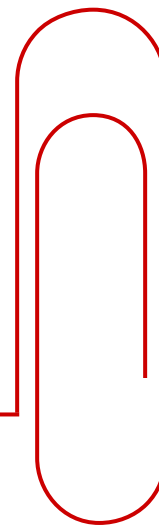
- Are tools/platforms **built internally or contracted from third-party vendors**? What **type of vendors are used**, and what is the **operating model followed with each** (e.g., engage in AI ambition building as a partner, purely execution linked, linked to performance KPIs)?

4

Outcome tracking

- How are **results/KPIs measured and tracked** (e.g., sourcing velocity, diligence quality, investment outcomes)?

Glossary



Definition: Classing of private equity (PE) and venture capital (VC) investments





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