Industry report on Alternative Asset Management

For Gaja Capital

July 2026

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Executive Summary

India's economy is one of the fastest growing economies in the world and is poised to grow by 6.6% in the current fiscal year. The growth will primarily be driven by strong private consumption, which is expected to improve due to healthy agricultural production and cooling food inflation. The RBI kept repo rate unchanged at 5.25% as of June 2026 prioritizing stability over fresh rate cuts. India is also expected to remain a high-savings economy with a gross domestic savings rate higher than the global average.

The Indian managed investments segment, particularly in alternative products represented by AIFs, has experienced significant growth over the years. From 1.5% in fiscal 2019, the share of AIFs as a % of GDP has increased significantly to 4.9% as of fiscal 2026, reflecting a promising trajectory. Despite this growth, the AIF market in India is still considered underdeveloped compared to global standards. Over the past seven years, AIFs have emerged as a key constituent of India's private markets, showcasing a remarkable ~29.2% CAGR in commitments between March 2019 and March 2026. With total commitments reaching Rs 16.9 trillion as of March 31, 2026, it is evident that high net-worth individuals, ultra-HNIs, and institutional investors are increasingly drawn to these differentiated products for diversification and better returns. Looking ahead, the AUM for alternative investments in India is projected to grow substantially, with estimates suggesting a 25-27% increase between March 2026 and March 2030, potentially reaching Rs 41-44 trillion by 2030. This growth surpasses that of traditional asset classes like mutual funds and deposits, underscoring the attractiveness of alternative investments in the Indian market.

Furthermore, the private equity and venture capital investments landscape in India remains robust, with consistent growth in commitments, funds raised, and investments. Factors such as a conducive investment environment and the thriving startup ecosystem have positioned India as a preferred destination for private equity investments. Notably, the mid-market category within PE investments is gaining traction, with its market share on the rise and expected to grow further. PE investor exits have also seen a substantial increase, indicating a healthy market with strong liquidity. Secondary deals have maintained a steady pace, with significant deal values recorded in recent years, pointing towards a promising outlook for the Indian investment landscape in the secondaries segment. In recent years, traditional financiers like banks and NBFCs have displayed a risk-averse attitude towards lending, creating a void in the market. With regulatory constraints tightening on bank lending, private credit has emerged as a crucial alternative for corporates seeking tailored financing solutions for various purposes such as acquisitions, share repurchases, and large projects.

In India, domestic institutional investors like Banks, Insurance companies, Mutual funds, EPFO, and NPS play a significant role in providing long-term capital and fostering capital market growth. While these entities have traditionally favored fixed-income instruments, the evolving regulatory landscape and the growing prominence of AIFs are gradually attracting institutional interest towards alternative investment products. The AIF industry in India has witnessed substantial growth, with the share of alternative products in managed investment products rising three-fold, from 3.5% in March 2019 to approximately 7.3% in March 2026. This growth underscores the increasing significance of AIFs in the Indian economy and their potential to play a more substantial role in the country's economic development.

1. Macroeconomic scenario in India

Global Macroeconomic outlook

The International Monetary Fund's (IMF) World Economic Outlook of April 2026 reports that the global economy showed remarkable resilience in calendar year 2025, with global real gross domestic product (GDP) growth reaching 3.4%. Despite initial uncertainties concerning tariffs imposed by the United States (US) and its potential impact on global growth, trade disruptions remained limited, given frontloading of imports in the first half of the year and swift reorganisation of supply chains to redirect trade flows.

The global geopolitical landscape is undergoing significant transformation, marked by ongoing conflict in West Asia and a shift in traditional power dynamics. The IMF projects the World GDP growth to moderate to 3.1% in 2026 and recover to 3.2% in 2027. The prolonged conflict has started adversely impacting commodity prices, inflation and financial conditions, potentially testing global and country-specific economic resilience. These challenges are particularly pronounced in countries that are not directly involved in the conflict but rely on West Asia for various needs. However, the situation may improve following the interim peace deal signed in June 2026, with renewed efforts focused on reopening the Strait of Hormuz. Global inflation is expected to increase to 4.4% in calendar year 2026, reflecting expected higher energy and food prices, before falling to 3.7% in 2027. Inflation in China is projected to rise from low levels, while India's is expected to return to near-target levels after a significant decline in 2025, driven by subdued food prices.

Meanwhile, the India-Europe free trade agreement finalised on January 27, 2026, aims to reshape trade, with the European Union dropping tariffs on 99.5% of Indian exports over 7 years, and India reducing tariffs on European luxury cars (from 110% to 10% over five years) and wines (from 150% to 75%). The deal serves as a strategic hedge to reduce dependency on China and the US. On the other hand, the FTA with New Zealand, signed in April 2026, aims to enhance exports, support MSMEs, attract investment, facilitate skills mobility, and promote broader economic cooperation. It grants immediate zero-duty access for 100% of Indian exports to New Zealand, subject to product-specific rules of origin, benefiting key sectors such as textiles, engineering, pharmaceuticals, marine products, and chemicals. This FTA further serves as a gateway to the wider Oceania and Pacific Island markets.

India's National Statistics Office (NSO) estimated real GDP growth at 7.4% in fiscal 2026, driven by strong domestic demand, high infrastructure spending and improvements in manufacturing and services. India has mitigated external shocks, such as US tariffs on account of diversified trade partnerships and robust foreign exchange reserves ($726 billion as on February 13, 2026).

India retains top spot as fastest-growing major economy

Driven by strong domestic demand, robust consumption and improved financial conditions, India's growth is significantly outperforming other major economies and emerging markets. The country's growth is fuelled by high consumer spending and positive investment sentiment, allowing it to outpace China's growth, which is projected to be ~4.4% in calendar year 2026 and 4.0% in 2027.

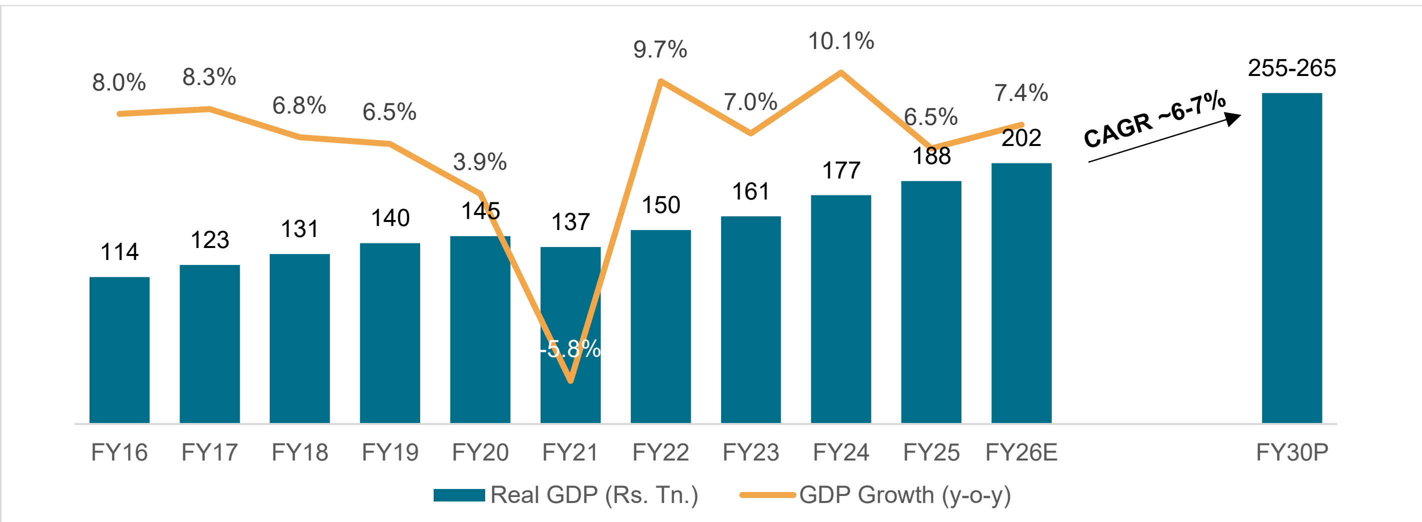
Crisil Intelligence expects inflation based on the Consumer Price Index (CPI) to rise to 5.1% on average in fiscal 2027 from an estimated 2.0% in the previous fiscal year as food inflation is expected to normalise from the lows of the past year. This is based on the expectation that crude oil prices will average $90-95 per barrel in fiscal 2027 compared with an estimated ~$70 per barrel last fiscal. In addition, potential El Niño-related effects this year may further contribute to an inflation uptick. The forecast is in line with recent trends as CPI inflation rose to 3.9% in May 2026 from 3.5% in April 2026 but remained within the Reserve Bank of India's (RBI) target range of 2-6%. Given the uptick in inflation, we expect the RBI to maintain the current policy rates by keeping a close watch on the evolving inflation trajectory.

GDP projected to grow at 6.6% in fiscal 2027

From fiscal 2024 to 2026, the economy outpaced its global peers with faster growth. Crisil Intelligence forecasts a GDP growth of 6.6% in fiscal 2027, mainly due to an upward revision in average crude oil price outlook and its spillover effects, along with ongoing geopolitical uncertainties.

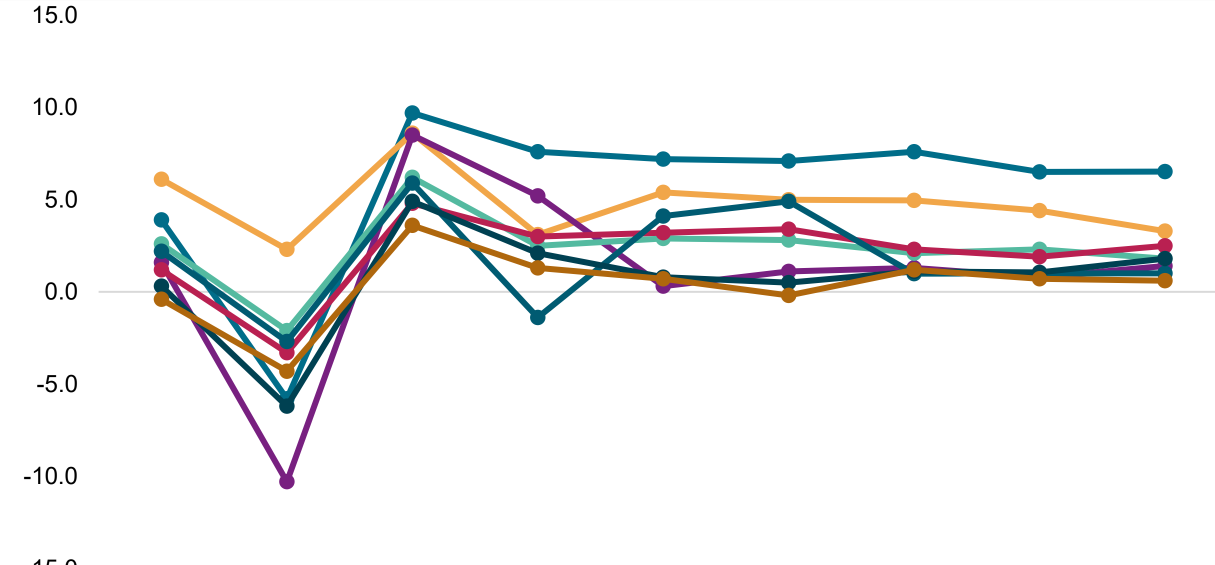
However, The U.S.-Iran peace deal & reopening of the Strait of Hormuz will significantly strengthen India's macroeconomic outlook on account of easing geopolitical tensions and reduced energy premiums will lower India's crude import bill, ease inflationary pressures, and provide critical support to the current account and government finances. This might lead to potential uptick in India's GDP growth.

GDP to grow at a CAGR of 6.0-7.0% over the next 4 years



Note: E – Estimate, P – projected; GDP growth until fiscal FY24 is based on first revised estimate. GDP estimates for fiscal FY25 is based on provisional estimate and FY26 is based on first advance estimate as per NSO's estimates, GDP growth for fiscal 2027 is based on Crisil Intelligence estimate. GDP growth for fiscal 2026-30 is based on IMF estimate. Source: NSO, IMF, Crisil Intelligence

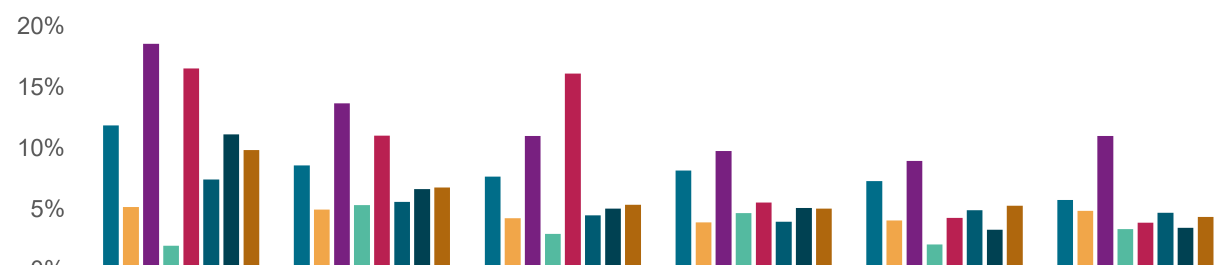
India is one of the fastest growing economies in terms of GDP growth (% on year)



	2019	2020	2021	2022	2023	2024	2025	2026P	2030P
India*	3.9	-5.8	9.7	7.6	7.2	7.1	7.6	6.5	6.5
China	6.1	2.3	8.6	3.1	5.4	5.0	5.0	4.4	3.3
UK	1.6	-10.3	8.5	5.2	0.3	1.1	1.3	0.8	1.4
US	2.6	-2.1	6.2	2.5	2.9	2.8	2.1	2.3	1.8
Brazil	1.2	-3.3	4.8	3.0	3.2	3.4	2.3	1.9	2.5
Russia	2.2	-2.7	5.9	-1.4	4.1	4.9	1.0	1.0	1.0
South Africa	0.3	-6.2	4.9	2.1	0.8	0.5	1.1	1.1	1.8
Japan	-0.4	-4.3	3.6	1.3	0.7	-0.2	1.2	0.7	0.6

*Note: All forecasts refer to IMF's; GDP growth is based on constant prices; data for calendar years; * - data for fiscal years; P – Projected. Source: IMF (World Economic Outlook – April 2026), Crisil Intelligence*

India's nominal GDP position is strengthening compared with other major economies (GDP growth, % on-year)



	CY21	CY22	CY23	CY24	CY25	CY26P
Brazil	11.85%	8.57%	7.64%	8.14%	7.29%	5.73%
China	5.14%	4.93%	4.24%	3.90%	4.06%	4.85%
India*	18.54%	13.65%	10.97%	9.74%	8.94%	10.97%
Japan	1.98%	5.32%	2.95%	4.66%	2.09%	3.33%
Russia	16.53%	11.00%	16.10%	5.53%	4.26%	3.86%
South Africa	7.41%	5.57%	4.47%	3.94%	4.89%	4.68%
United Kingdom	11.12%	6.63%	5.03%	5.08%	3.28%	3.44%
United States	9.82%	6.74%	5.35%	5.01%	5.26%	4.34%

Brazil China India* Japan Russia South Africa United Kingdom United States

*Note: GDP growth is based on current prices in national currency for each country; * - data for fiscal years; P: Projected, Source: IMF (World Economic Outlook – April 2026), Crisil Intelligence*

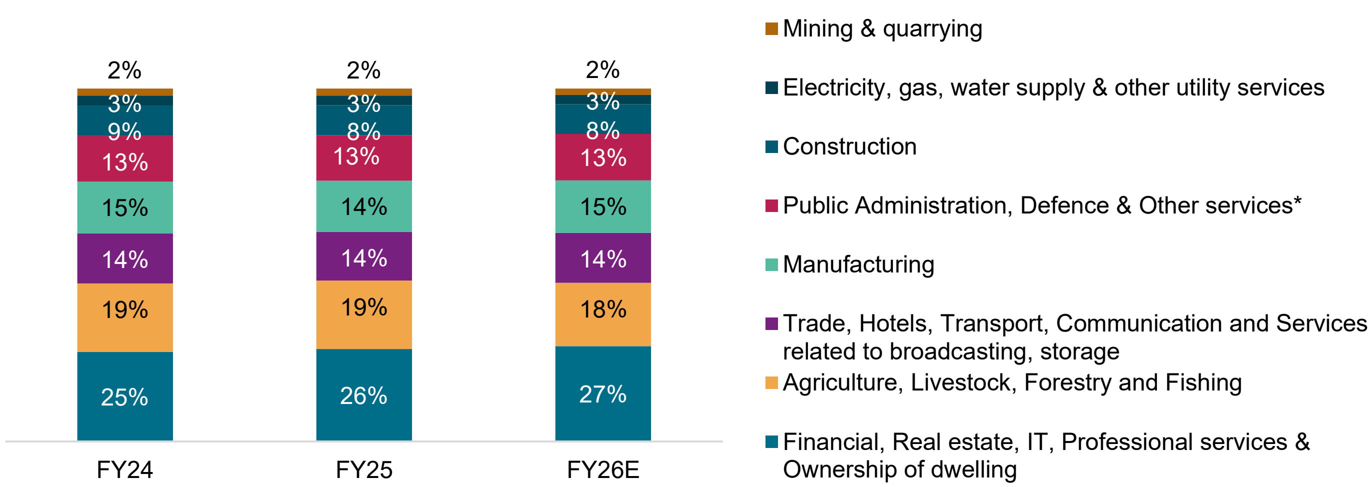
India's nominal GDP has been growing at a rapid pace, with an average annual growth rate of around 10% over the past decade. As per IMF, India's nominal GDP is estimated to have grown by 8.94% in FY25-26 and is further projected to grow by ~11% in FY26-27. This is one of the fastest growth rates among major economies, followed by Brazil with an annual growth rate of 7%.

India's large and young population, below the age of 35, provides a significant demographic dividend. This demographic advantage is expected to support India's economic growth. India has a rapidly growing digital economy, with a large and growing base of internet users, mobile phone penetration and digital payments. This has created new opportunities for economic growth and job creation.

1.1 Contribution of various sectors to India's growth

The trend in gross value added (GVA) at current prices by economic activity denotes that financial, real estate and professional services have consistently contributed the highest to the GVA and contributed an estimated 27% in FY26. Total GVA at current prices clocked a compound annual growth rate (CAGR) of 9.7% from FY23 to FY26.

GVA by economic activity (in %)



Note: * Public administration, defence and other services categories include other services sectors, i.e. education, health, recreation and other personal services; numbers for FY25 are First Revised Estimates and for FY26 are Second Advance Estimates as per NSO's February 2026 PR. Source: Ministry of Statistics and Programme Implementation (MoSPI), Crisil Intelligence

1.2 Domestic growth resilience: GST rate cuts, government capex, and repo rate reduction mitigate external challenges

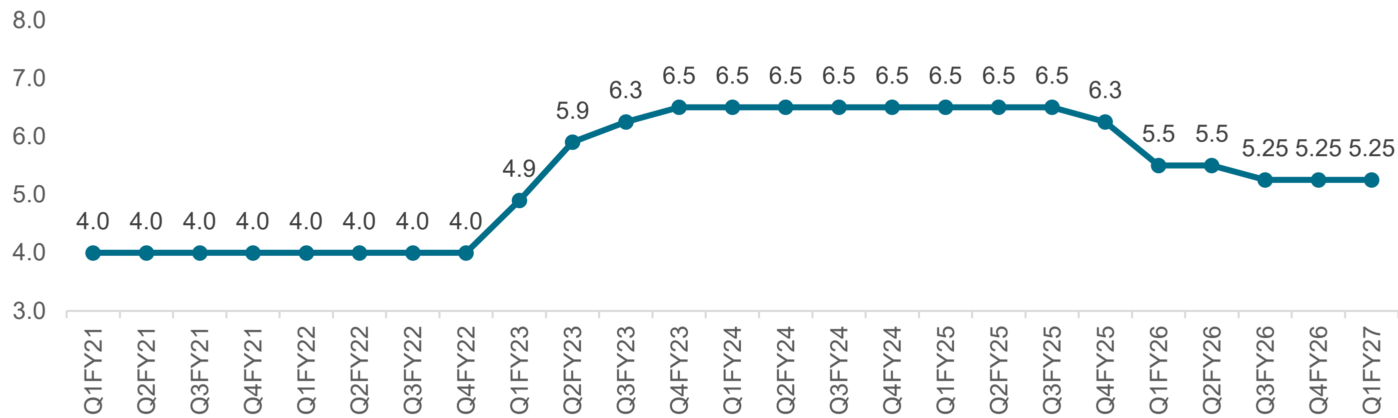
RBI held the repo rate unchanged at 5.25% in June 2026, maintaining neutral stance

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) initiated a monetary policy easing cycle in calendar year 2025 through calibrated repo rate cuts to support economic growth. This decision reflected low inflation risks owing to healthy monsoon in 2025, and goods and services tax (GST) rate rationalisation, as well as a growth outlook, allowing the RBI to offer support while remaining vigilant on inflation. Non-banking financial companies will benefit from lower funding costs and improved liquidity. This will enable them to offer cheaper credit and lower-equated monthly instalments. The rate cut will spur loan demand and fuel economic activity. It will also benefit rural India with the help of MFIs by enabling them to offer cheaper credit, as lower funding costs and improved liquidity will allow MFIs to provide loans at reduced interest rates, thereby increasing access to credit for rural populations and stimulating economic activity in these areas.

The MPC kept the repo rate unchanged at 5.25% at its June 2026 meeting and maintained a 'neutral' stance, signaling continued confidence that India's economic growth will remain resilient, driven by a significant increase in capital expenditure outlined in the Union Budget 2026. The budget increased the capital expenditure outlay for fiscal 2027 to Rs 12.2 lakh crore, which accounts for 4.4% of the GDP. The MPC also cited sustained growth in private consumption and fixed capital formation as factors supporting its optimistic outlook. That said, it warned that external risks persist, including the expected El Niño this year and the prolonged conflict in West Asia. Higher energy and other input costs arising from the conflict, along with disrupted supply chains, could weigh on overall economic activity.

While the conflict in West Asia and uncertainty surrounding US tariffs remain a risk to external demand, the RBI expects structural reforms, including GST rate rationalisation, to partly offset these headwinds. Additionally, the standing deposit facility rate remained 5.0%, while the marginal standing facility rate and bank rate stood at 5.50%, supporting financial system stability.

Repo rate movement (%)



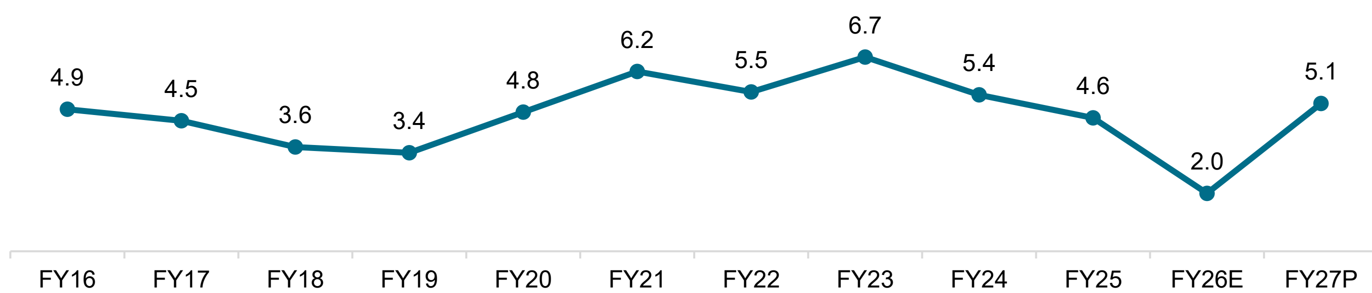
Source: RBI, Crisil Intelligence

1.3 CPI inflation to average at 5.1% in fiscal 2027 owing to the West-Asia conflict

Inflation based on the revised CPI series, with 2024 as the base year, rose to 3.9% in May 2026 from 3.5% in April 2026 as food inflation further normalised, driven by an uptick in food (4.8% in May vs 4.2% in April) and fuel (0.8% in May vs 0.7% in April) inflation. Within the non-food category, fuel and transport inflation are the first to face pressures from higher oil and gas prices and supply shocks arising from the conflict in West Asia.

Crisil Intelligence project CPI inflation to average 5.1% in fiscal 2027. Food prices are expected to remain stable, though potential El Niño conditions this year are likely to introduce additional uncertainties. Food inflation is expected to rise from the fiscal 2026 lows, with weather-related disruptions posing an upside risk.

CPI general index trend (%)



Note: E – Estimate, P – Projected. Source: Crisil Intelligence

Macroeconomic outlook for fiscal 2027

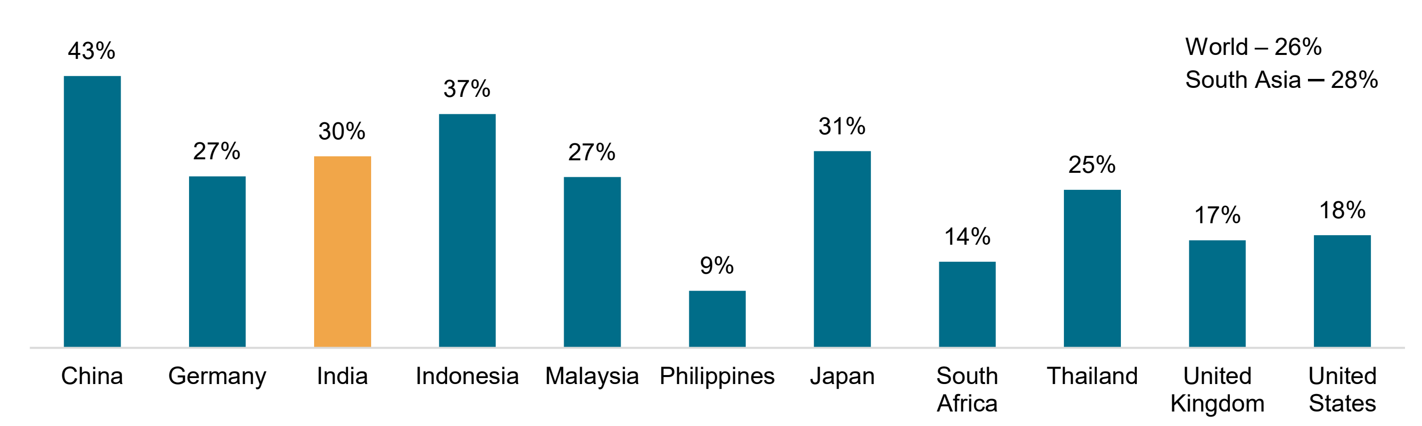
Parameters	FY25	FY26E	FY27P	Rationale for the outlook
Real GDP growth (on-year %)	6.5%	7.4%*	6.6**%	The GDP outlook for FY27 shows a slowdown with lower year-over-year growth. Growth will still be supported by consumption, driven by low interest rates, higher disposable income from income tax cuts, and lower prices of mass consumption items due to GST rate cuts. Additionally, improving sentiment and recovery in private capex from emerging sectors will contribute, though the nearly three-month-long West Asia conflict is expected to dampen growth. Despite this challenge, India is projected to remain a growth outperformer in calendar year 2026.
CPI inflation (average, on-year %)	4.6%	2.0%	5.1%	Inflation in India is expected to increase due to the low base effect on food inflation and the ongoing West Asia conflict, which is impacting prices across various categories. Additionally, rising global commodity prices, driven by the conflict, are likely to further pressure inflation.
Fiscal deficit (% of GDP)	4.8%	4.4%^	4.3%^^	The government aims to bring down fiscal deficit via lower revenue spending as a percentage of GDP, while the capex thrust is maintained.
10-year government bond yield (March average %)	6.7%	6.7%	7.0%	Elevated crude oil prices, rising fiscal pressure, FPI outflows, and greater strain on government finances have contributed to an increase in yields.
Current account balance (% of GDP)	-0.6%	-0.8%	-2.2%	Current account deficit (CAD) is expected to further widen in fiscal 2027, as the trade deficit comes under pressure due to higher oil prices. Oil remains the biggest source of the goods trade deficit (36% in fiscal 2026). On the other hand, goods exports are expected to be hit by global trade disruption and weakening global demand.
Exchange rate (March average, Rs/$)	86.6	87.5	93.5**	A broader CAD and declining capital inflows, along with a sell-off by foreign portfolio investors and rising crude oil prices, have pressured the rupee, which has depreciated by 6.7% since the start of 2026.

*Note: E – Estimated, P – Projected; *NSO's second advance estimate, **Crisl Intelligence estimate, ^ revised estimate, ^^ budget estimate. Source: RBI, NSO, budget documents, Ministry of Finance, Crisil Intelligence*

1.4 India's gross domestic savings rate was higher than the global average in calendar year 2024

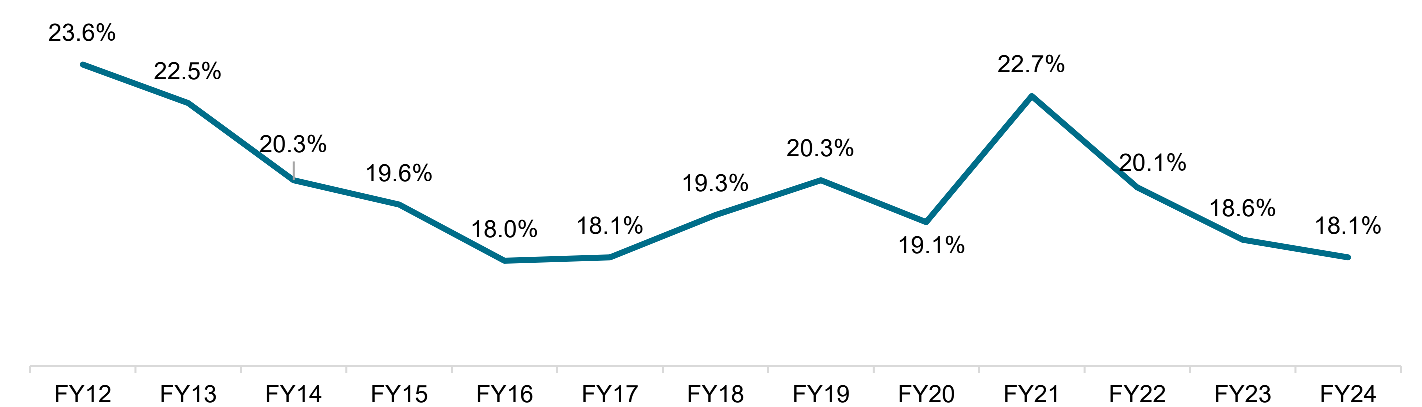
In CY24, India's gross domestic savings stood at approximately 30% of GDP, up from roughly 13% in 1975 and slightly above the global average of around 26%. A structurally strong savings rate reflects household balance sheet stability and the capacity for capital formation in the economy. Higher domestic savings help support long-term investment, infrastructure development, and credit expansion by channelling households' accumulated savings into the economy through various financial assets and investments over time. As middle-class incomes and savings grow, this becomes a key driver of economic growth through increased domestic savings and investment.

India savings vs other economies (as a % of GDP)



Note: The savings rate is in % of GDP; South Asia includes Nepal, Maldives, Sri Lanka, India, Bangladesh and Bhutan, Source: World Bank, Crisil Intelligence

Household savings as a percentage of GDP have moderated since FY21



Source: MoSPI, NSO, Crisil Intelligence

Gross domestic savings trend

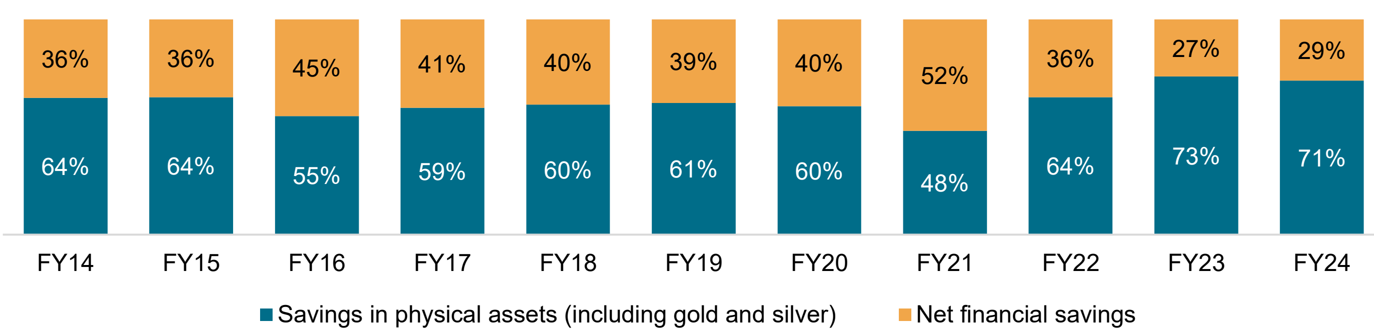
Parameters (Rs billion)	Mar-2014	Mar-2015	Mar-2016	Mar-2017	Mar-2018	Mar-2019	Mar-2020	Mar-2021	Mar-2022	Mar-2023	Mar-2024
Gross domestic savings	36,082	40,200	42,823	48,251	54,807	60,004	59,411	57,869	73,631	82,440	92,592
Household sector savings (net financial savings, and savings in physical assets and in the form of gold and silver ornaments)	22,853	24,391	24,749	27,871	32,966	38,446	38,452	45,056	47,423	50,105	54,613

Parameters (Rs billion)	Mar-2014	Mar-2015	Mar-2016	Mar-2017	Mar-2018	Mar-2019	Mar-2020	Mar-2021	Mar-2022	Mar-2023	Mar-2024
Household sector savings as a proportion of gross domestic savings (%)	63%	61%	58%	58%	60%	64%	65%	78%	64%	61%	59%
Gross financial savings	11,908	12,572	14,962	16,147	20,564	22,637	23,246	30,670	26,120	29,276	34,306
Net financial savings (% of household sector savings)	36%	36%	45%	41%	40%	39%	40%	52%	36%	27%	28%
Savings in physical assets (% of household sector savings)	62%	62%	53%	57%	59%	60%	59%	47%	63%	72%	70%
Savings in the form of gold and silver ornaments (% of household sector savings)	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%

*Note: Data is for fiscals spanning April-March. Net financial savings are financial savings after excluding financial liabilities. Physical assets are those held in physical form, excluding gold and silver ornaments.Source: MoSPI, National Accounts Statistics, Crisil Intelligence*Unlike most other countries, where financial savings dominate, physical assets constitute the majority of household savings in India. In fiscal 2014, household savings in physical assets stood at 62%. The share decreased to 47% in fiscal 2021 due to pandemic-induced nationwide lockdowns and slowdown in construction of houses. With the lifting of lockdowns post-pandemic, it surged to 63% in fiscal 2022 and 70% in fiscal 2024 owing to an increase in construction of houses.

Crisil Intelligence expects the share of financial assets in net household savings to increase over the next five years, as elevated inflation after the pandemic could have further encouraged investors to move to higher-yielding instruments in real terms. Interestingly, households are also opting to hold more cash after enduring the pandemic shock. Mutual fund investments by households have grown faster in the recent past. Investments through systematic investment plans (SIPs), mostly opted by individuals, continued to rise in fiscal 2026. Households are increasingly shifting away from deposit-based savings towards equities, mutual funds, alternative funds and small savings schemes, reflecting a growing appetite for risk and rising financialisation. This growing share of financial assets in net household savings presents an opportunity for alternative AMCs including venture capital funds, private equity firms and hedge fund managers, because HNIs and higher income households are looking for dependable and credible channels to invest their savings and pursue better long term returns.

Trend of household savings in India



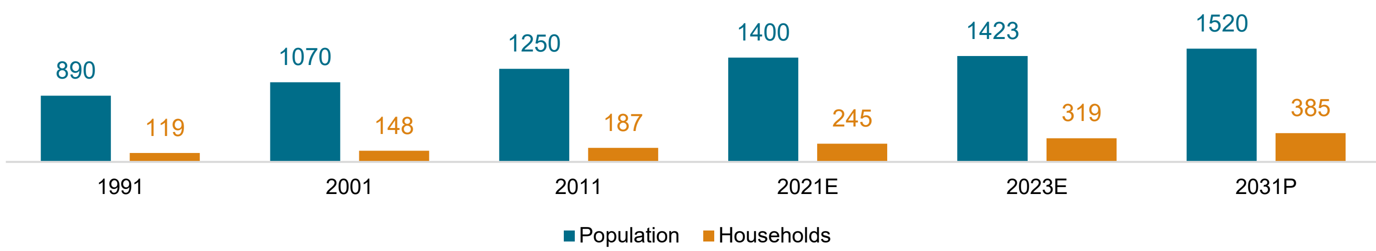
Source: RBI, MoSPI, Crisil Intelligence

1.5 India's long-term structural growth drivers remain intact

India has the world's largest population

As per the 2011 Census, India's population was approximately 1.25 billion, comprising nearly 187 million households. We estimate the population logged a CAGR of 1.1% between fiscals 2011 and 2021, reaching around 1.40 billion. The population is projected to cross 1.5 billion by fiscal 2031, with the number of households expected to increase to around 385 million, representing a CAGR of 4.6% between fiscals 2021 and 2031. This indicates a significant expansion in the country's demographic landscape. India has the largest young population (15-29 years) among the major economies, with over 380 million individuals in this age group.

Population and number of households (in million)

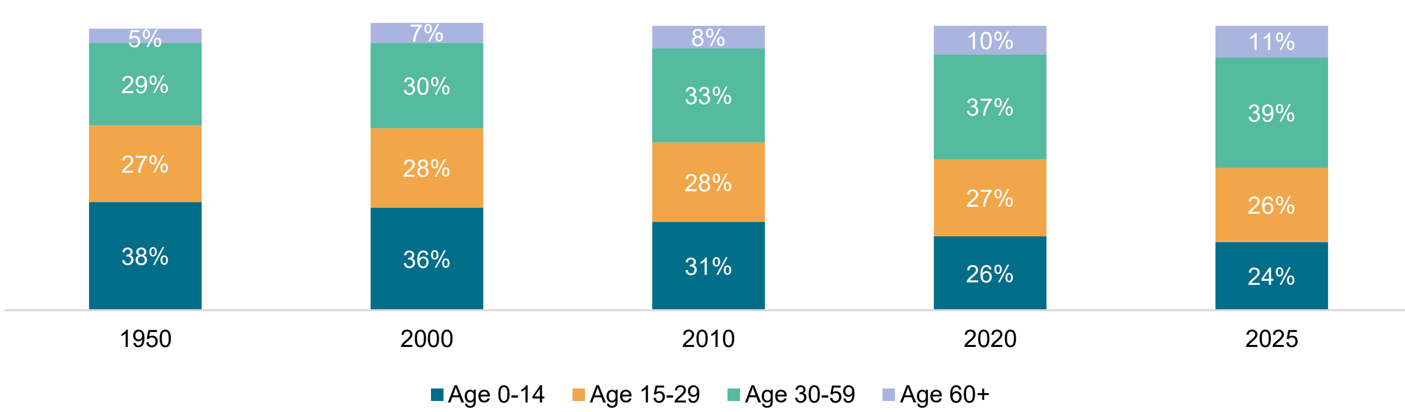


Note: Data at the end of each fiscal; P: Projected; Source: United Nations Department of Economic and Social Affairs, (https://population.un.org/wpp/), Census India, Crisil Intelligence

Favourable demographics

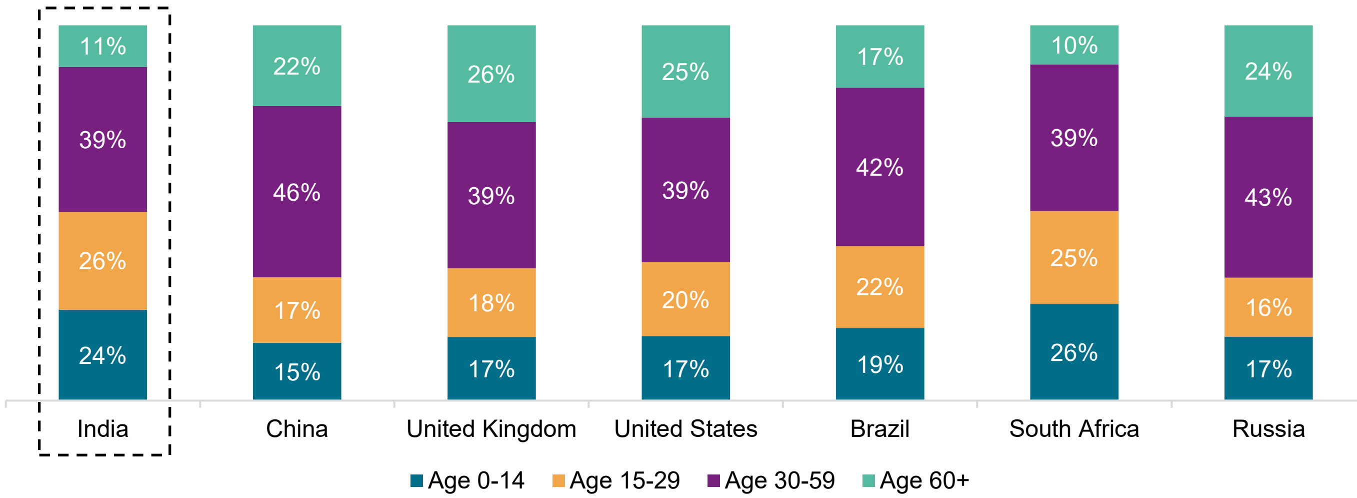
India has the largest youth population in the world, with a median age of 28 years. Also, ~90% of the country's population is below 60 years. In 2025, at 26%, India was estimated to have the highest share of young working population (15-29 years) among the major developed and developing economies. We expect India's large working-age population, along with rapid urbanisation and rising affluence, to drive economic growth. This large young and working age population, combined with urbanisation and rising incomes, is expected to support higher consumption, savings, and financial asset ownership. For private equity firms, this creates opportunities to invest in companies serving fast growing consumer segments such as financial services, healthcare, education, housing, technology, retail, and digital platforms. A larger workforce also supports entrepreneurship and business formation, improving the pipeline of growth stage and buyout opportunities. For hedge fund managers, rising financialisation and deeper capital markets can improve liquidity, broaden investment opportunities, and support demand for alternative investment strategies.

India's demographic division (share of different age groups in the population)



Source: 2024 Revision of World Population Prospects, Crisil Intelligence

India has the highest share of young population (15-29 years) among the major economies



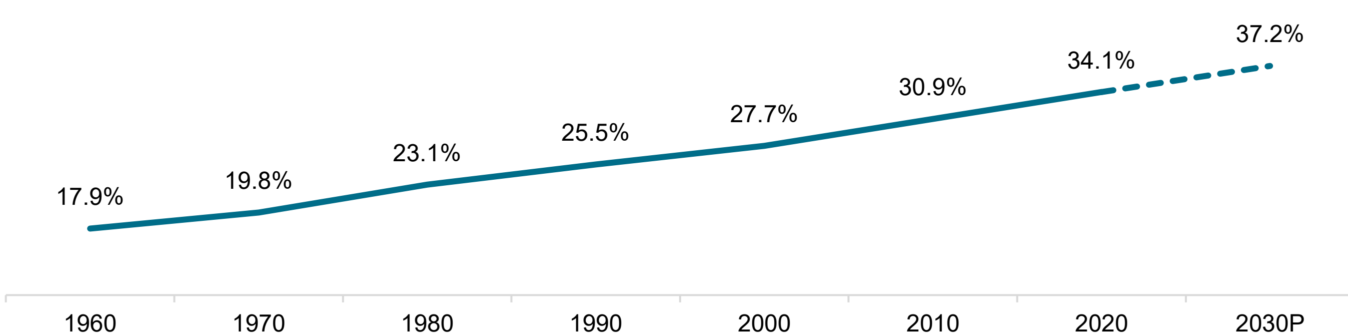
Source: 2024 Revision of World Population Prospects, Crisil Intelligence

Rising urbanisation

Urbanisation is one of India's most important economic growth drivers. It is expected to spur substantial investments in infrastructure development, which, in turn, will likely create jobs, develop modern consumer services and increase the ability to further mobilise savings. India's urban population has been rising consistently over the decades. According to the World Urbanisation Prospects 2025, India's urban population accounted for about 34% of its total population in 2020. The report projects this share will rise to 37% by 2030. Notably, this level remains the lowest among major global economies, indicating significant scope for further urban growth. With rising per capita income, India's urbanisation is set to expand steadily.

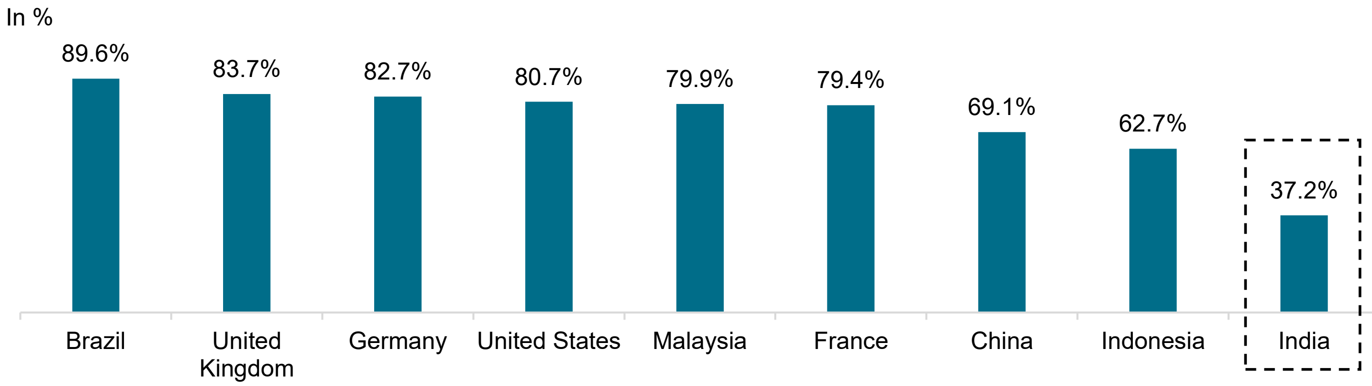
Urban areas often provide better access to essential services such as healthcare, education and social amenities, leading to an enhanced standard of living that attracts the rural population. The growth of industries and the services sector in urban areas contributes to higher income levels and job creation. Also, with cities acting as hubs for international trade and foreign investment, urban areas are seeing rapid expansion. For Managed Investment Products, these trends create an opportunity to direct rising savings into infrastructure, services and manufacturing investments, helping to accelerate the country's economic growth, and potentially delivering stronger returns linked to India's expanding economy.

India's urban population as a percentage of total population



Note: P: Projected, Source: 2025 Revision of World Urbanization Prospects

Urban population as a percentage of total population in % (2030P)



Note: P: Projected; Source: 2025 Revision of World Urbanization Prospects

Key structural reforms: Long-term positives for the Indian economy

- The Union Budget of 2026-27 announced a 9% rise in capital expenditure at Rs 12.2 trillion, from Rs 11.2 trillion in fiscal 2026. Infrastructure sectors continued to get the highest allocation (22.9% of total budgetary capex). Investment is expected to be driven by higher capacity utilisation, lean corporate balance sheets and healthy government capital expenditure.
- The shift to the new tax regime introduced in Union Budget 2025, and its continuation in Budget 2026. This is expected to increase the disposable income of investors, creating greater investable surplus and enabling higher levels of investment.
- On May 5, 2026, the Union Cabinet approved Rs 181 billion for Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, offering Rs 2.55 trillion in credit support (including Rs 50 billion for airlines) to aid businesses affected by the West Asia crisis. It will provide 100% guarantee for MSMEs and 90% for non-MSMEs, including airlines, to support liquidity, preserve jobs, and sustain supply chains. The measure comes amid rising energy costs and supply chain disruptions affecting export-oriented MSMEs due to the ongoing conflict in West Asia.
- MSMEs have received special focus, with initiatives such as the new credit guarantee scheme, offering coverage of up to Rs 100 crore per applicant, and increase in the limit for the Tarun Plus category under Mudra loans from Rs 10 lakh to Rs 20 lakh. The government launched the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGMSE) to make available collateral-free credit to the MSE sector. Both existing and new enterprises are eligible for coverage under the scheme. The Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India established a trust named the Credit Guarantee Fund Trust for Micro and Small Enterprises to implement the CGMSE. Moreover, public banks have taken steps to develop an in-house technology-based underwriting model to assess MSMEs, which will improve credit facilities for these enterprises.
- Budgetary support towards rural areas will support rural employment, income and consumption. The government has allocated higher funds to the PM Awas Yojana – Rural (up 70.3% on-year) and PM Gram Sadak Yojana (up 11.8% on-year). Aggregate allocation on major rural schemes like Pradhan Mantri Kisan Samman Nidhi, Mahatma Gandhi National Rural Employment Guarantee Act, PM Gram Sadak Yojana, PM Awas Yojana – Rural has increased to Rs 2.2 lakh crore, a 12.6% on-year rise.
- Faster settlement cycles and the transition to electronic trading have improved overall market efficiency. In addition, SEBI has introduced reforms aimed at increasing transparency, strengthening investor protection and enhancing market functioning. Broader reforms such as the goods and services tax, Insolvency and Bankruptcy Code and Real Estate (Regulation and Development) Act, 2016 have also helped create a more structured

market environment. In addition, they are aimed at making the capital market safer and more secure for investors.

1.6 Rising Middle India to support India's growth story

Middle income households have been expanding over the past decade and are expected to continue to do so with rising GDP and household income. Crisil Intelligence estimates there were 41 million middle income households in India in fiscal 2012 and expects the number to increase to 181 million by fiscal 2030. A large number of households that have entered the middle-income bracket in the past few years are likely to be from semi-urban and rural areas. MSMEs, the backbone of the economy, account for approximately 30% of the GDP and 45% of manufacturing output and employ a substantial 110 million people. The growth of MSMEs is crucial in generating employment opportunities. Crisil Intelligence believes that improvement in literacy levels, better access to information and awareness, increase in the availability of necessities and the improvement in road infrastructure have increased the aspirations of Middle India, which is likely to translate into increased demand for financial products and financial services providers.

Key drivers for growth in Middle India economy

In recent years, Middle India has emerged as a key driver of the country's consumption growth story, propelled by factors such as increasing disposable income, urbanisation and the rise of e-commerce. This demographic group has expanded rapidly over the past decade. Its contribution to the economy is evident in its role in boosting consumption, driving investments and fostering entrepreneurship. With the number of middle-income households growing, the demand for high-quality consumer goods, healthcare, education, and housing is expected to rise, fueling further economic growth. Additionally, the segment's active participation in investments across asset classes, including stocks, real estate and mutual funds, has helped channel savings into productive investments. Its substantial contributions to tax revenue, meanwhile, have played a vital role in funding public welfare schemes and infrastructure projects.

The government has introduced several reforms and initiatives to support and empower the middle class, aiming to enhance its quality of life, financial security and overall well-being. Some key initiatives include:

- **Tax benefits:**

In the Union Budget for fiscal 2025, the government unveiled various initiatives to reduce the tax burden on the expanding middle class. These measures include revising the tax slabs, raising the standard deduction for salaried employees from Rs 50,000 to Rs 75,000 and increasing deductions on family pension from Rs 15,000 to Rs 25,000.

- **Entrepreneurship and business support:**

The Pradhan Mantri MUDRA Yojana was rolled out in April 2015 to provide accessible and collateral-free microcredit to non-corporate, non-agricultural small and medium enterprises (SMEs). The government recently doubled the limit for the scheme from Rs 10 lakh to Rs 20 lakh for entrepreneurs who have effectively utilised and reimbursed loans under the 'Tarun' category. This programme has played a crucial role in empowering small businesses and promoting entrepreneurship.

- **Housing for all**

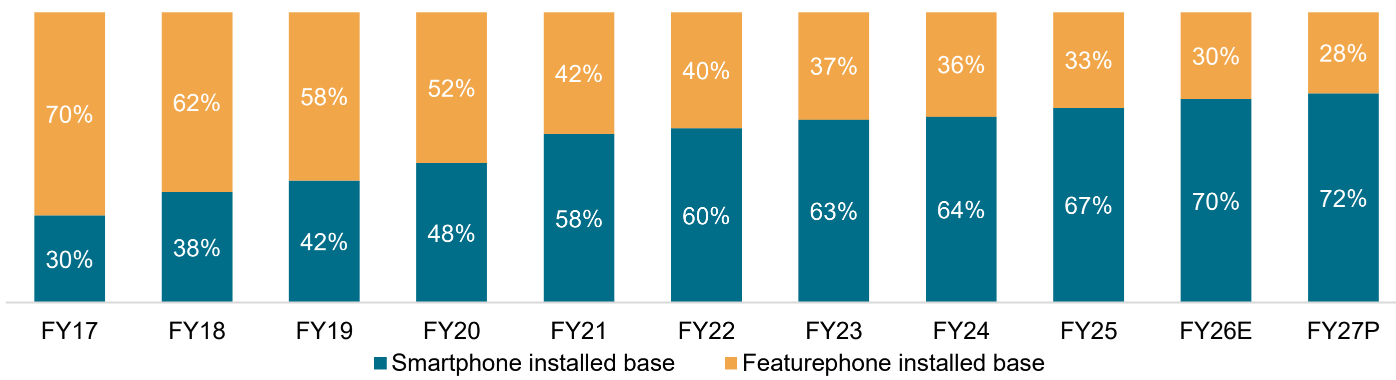
The PMAY aims to achieve housing for all, with a target of 49.5 million houses in rural areas by 2029 and completion of sanctioned urban houses by December 31, 2025. Under the scheme, eligible families receive financial assistance including Rs 0.25 million in urban areas and up to Rs 0.12 million in rural areas, along with concessional loans and additional support such as toilet construction assistance and liquified petroleum gas connections to support housing construction and upgradation.

The Pradhan Mantri Awas Yojana – Urban (PMAY-U) is a flagship programme of the government to ensure that all eligible urban beneficiaries have access to durable, all-weather pucca houses. The Cabinet approved PMAY-U 2.0 in August 2024 to provide financial assistance to one crore urban poor and middle-class families.

1.7 Digitalisation aided by technology to play pivotal role in economic growth

Technology is expected to play an important role by progressively reducing the cost of reaching out to smaller markets. In India, fintech adoption has risen sharply in recent years, supported by the rapid expansion of smartphone usage from about 30% of total phones in FY17 to an estimated 70% in FY26, driven largely by the country's young population, which is comfortable with new age technology products like smartphones. Among many initiatives by the government, the Unified Payments Interface (UPI) is playing a pivotal role towards financial inclusion. It provides a single-click digital interface across systems for smartphones linked to bank accounts and facilitates easy transactions using a simple authentication method. The volume of digital transactions has also seen a surge in the past few years, driven by increased adoption of UPI. Apart from the financial services industry, digitalisation in other industries such as retail will also play an important role in growth.

Younger users to drive smartphone adoption



Note: E: Estimated, P: Projected; Source: Crisil Intelligence

India's digital leap: 5G adoption and mobile penetration drive financial inclusion

India had ~1,162 million wireless subscribers at the end of fiscal 2026. The expanding reach of mobile networks, internet connectivity and electricity is extending subscriber access to remote areas, driving higher smartphone and internet penetration. Also, ~25 million subscribers migrated to 5G services following its launch in fiscal 2023, with the number estimated to have risen to over 314 million by the end of fiscal 2026. This shift has been supported by the availability of 5G services at 4G data plan prices, a surge in data demand and increasing accessibility of affordable 5G handsets.

In fiscal 2027, we expect 5G subscribers to reach 421 million, on the back of rising data consumption across over-the-top platforms, education, banking, healthcare and gaming. Managed Investment Products can capitalize on this trend by offering innovative, digitally enabled financial services that cater to the growing demand for online and mobile-based transactions. This could lead to increased financial inclusion, improved customer engagement, and expanded business opportunities.

All-India mobile and data subscriber base

	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27P
Wireless subscribers (million)	1,157	1,181	1,142	1,144	1,162	1,151	1,162	1,174
Data subscribers (million)	720	799	814	883	956	942	982	1,035
Data subscribers as a proportion of wireless subscribers	62%	68%	71%	77%	80%	82%	85%	88%
4G data subscribers (million)	635	719	734	786	707	665	630	580
4G data subscribers' proportion	88%	90%	90%	89%	74%	~58%	~54%	~49%

	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27P
5G data subscribers (million)	-	-	-	25	175	235	314	421

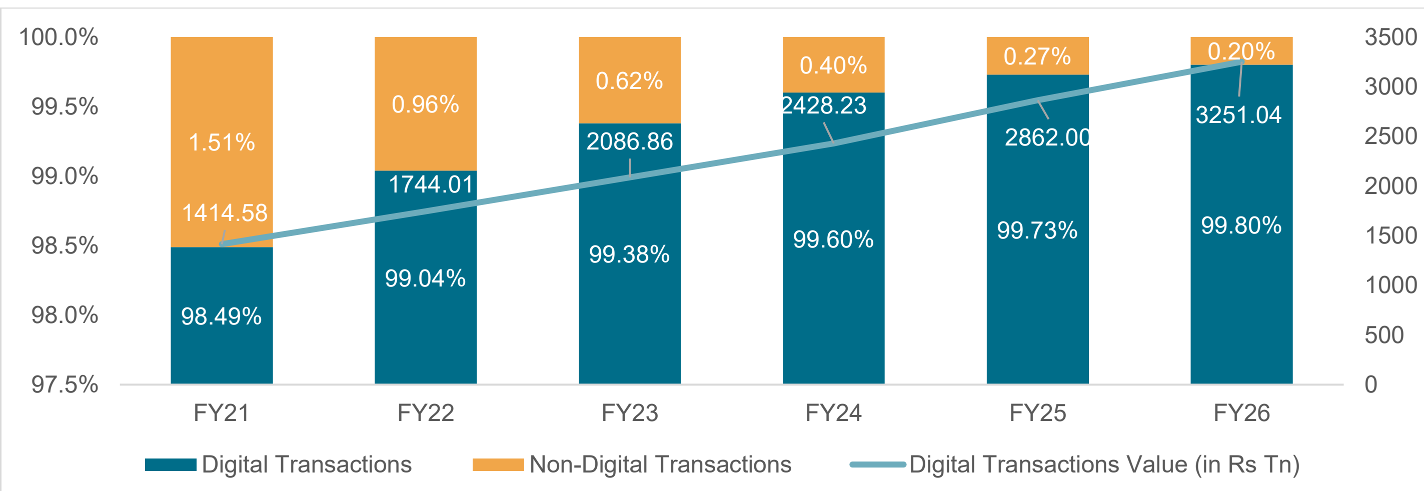
Note: E: Estimated, P: Projected, Source: TRAI, Crisil Intelligence

Digital payments have witnessed substantial growth

Higher mobile penetration, improved connectivity and faster and cheaper data supported by Aadhaar, and bank account penetration have led to India's shift from being a cash-dominated economy to a digital one. Total digital payments in India have grown significantly over the past few years. Between FY21 and FY26, the volume of digital payments transactions has increased from 43.7 billion to 281.7 billion, growing at a CAGR of ~45%. During the same period, the value of digital transactions has increased from Rs. 1,414.6 trillion in FY21 to Rs 3,251.0 trillion in FY26. Consumers are increasingly finding transacting through mobile convenient.

Crisil Intelligence expects the share of mobile banking to increase dramatically over the coming years. In addition, we expect improved data connectivity, low digital payment penetration and proactive government measures to drive digitalisation in the country.

Trend in value and volume of digital payments



Note: Digital payments include RTGS payments, credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), debit transfers (BHIM, ECS Dr, NACH Dr, NETC), card payments (debit and credit cards) and prepaid payment instruments; Source: RBI, Crisil Intelligence

Digital public infrastructure reforms continue to aid the economic growth

- Digitisation improves the transparency and efficiency of government processes, and widespread digital transformations help governments and institutions in policy implementation and broad policy outreach. The key idea for digital public infrastructure (DPI) is not completely digitising narrow public services but establishing a building block of digital modularity, which can be used by both government and private players to create the specific digital infrastructure required. The India Stack is a collective name for a set of open application programming interfaces (APIs) and public goods in digital form, such as DigiLocker, UPI and e-Sign.
- **Open Credit Enablement Network (OCEN)**

  OCEN was introduced as a step to promote financial inclusion and democratisation of credit. OCEN is a set of open standards which facilitate interactions and collaborations among borrowers, lenders, lending service providers, and technology service providers. This will help digital platforms leverage their position in credit delivery and value addition in the lending value chain. OCEN will also promote innovation in distribution of credit, making loans accessible to MSMEs, small vendors and individuals, leading to financial inclusion.

- **Use of generative artificial intelligence (AI) and new technologies**

  Generative AI, or GenAI, leverages extensive training on large datasets to swiftly produce diverse content forms like text and multimedia in response to prompts. In banking, financial services and insurance (BFSI), GenAI enables efficient, conversational banking, delivering prompt responses, enhancing customer experience and saving time. GenAI can swiftly detect potentially fraudulent activity by analysing customer behaviour patterns, which can help BFSI companies take proactive measures to bolster transaction security. It also helps in risk analysis and synthetic data generation, offering detailed insights from intricate financial datasets which can be employed for decision making. The different uses of GenAI at present show only a fraction of its potential to transform the BFSI sector.

- **Account aggregators**

  The RBI launched the account aggregator system on September 2, 2021, which has the potential to transform the MSME finance space once it is widely adopted by the lending community. These account aggregators would provide granular insights to lenders into customers' financial assets and their borrowing history, with customer consent. Inclusion of additional data, such as electricity bill payments and mobile recharges/bill payments, under the purview of account aggregators would enhance their utility.

1.8 Increase in number of wealthy individuals to drive investments across asset classes

India's robust economic and entrepreneurial ecosystem is poised to drive a significant increase in the number of high networth individuals (HNIs) and ultra-high networth individuals (UHNIs). These affluent individuals have substantially transformed India's financial wealth accumulation landscape by diversifying their investments from traditional financial instruments to higher-yielding assets, such as mutual funds and equities.

Despite this shift, a substantial portion of household savings still consists of bank and non-bank deposits, which grew to Rs 12.5 trillion in fiscal 2025 from Rs 8.4 trillion in fiscal 2022. At the same time, categories such as mutual funds, equities, PPF and insurance have gained traction in recent years, reflecting households' growing preference for products that offer better returns and more attractive risk adjusted profiles for long term growth. For example, MFs have emerged as the fastest-growing segment of financial savings, rising from Rs 1.6 trillion in fiscal 2022 to Rs 4.7 trillion in fiscal 2025 at a remarkable CAGR of 42.6%.

Evolution in mix of financial savings in India (Annual inflows of household savings into financial assets)

Value in Rs trillion	FY22	FY23	FY24	FY25	CAGR (FY22-25)
Deposit (bank and non-bank)	8.4	11.1	13.8	12.5	14.53%
Life insurance funds	4.9	5.5	6.5	5.3	3.18%
Provident and pension funds (including PPF)	5.5	6.2	7.2	7.9	12.81%
Currency	2.7	2.4	1.2	2.1	-8.05%
Mutual funds (MFs)	1.6	1.8	2.4	4.7	42.62%
Equities	0.5	0.2	0.3	0.7	14.81%
Small savings (excluding PPF)	2.4	2.0	3.1	2.3	-1.16%
Total household financial assets	**26.1**	**29.3**	**34.7**	**35.6**	**10.87%**

Source: RBI, Crisil Intelligence

Growth in India's asset management sector driven by increasing participation from all segments of investors

The Indian mutual fund industry has experienced significant growth over the past six years with CAGR(FY21-26) of 20.4%, driven by a thriving domestic economy, substantial inflows, and increased participation from individual investors. Industry is witnessing a surge in growth, driven by equity space, where assets have increased significantly over the past decade.

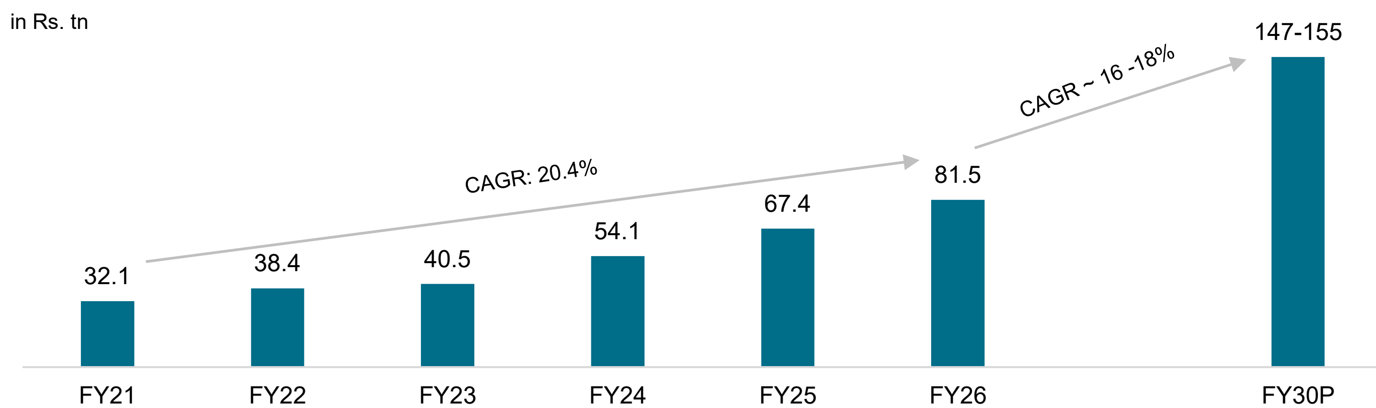
This shift is attributed to retail investors transitioning from traditional debt products to equity funds, resulting in a substantial rise in equity investments. Mutual fund AUM as a proportion of bank deposits in scheduled commercial banks has risen from 19.7% in March 2020 to 28% as of March 2025 indicating increase in investor participation in mutual funds.

QAAUM surged by more than Rs 14 trillion, reaching a record high of Rs 81.5 trillion by March 2026 from Rs 67.4 trillion in March 2025. The outstanding performance of equity-oriented funds, significant progress in hybrid funds, rising penetration in B30 cities and the rising popularity of systematic investment plans (SIPs) which have seen higher participation by individual investors, were key factors contributing to growth.

Individual AUM from retail and high net worth investors constituted 52% of total MF AUM as on March 2020 which increased to 60% as of March 2026. Also, in fiscal 2026, monthly SIP flows remained consistently above Rs. 260 billion from April 2025 to March 2026 and above Rs 300 billion from March 2026 to May 2026, highlighting rising flows from SIPs.

The trajectory of the mutual fund industry in the last year is indicative of its adaptability to shifting market conditions as well as its durability. These insights can act as a compass for investors as they make their way through the complex financial landscape, enabling them to make well-informed decisions and capitalize on the industry's potential for long-term success.

Robust growth in Indian mutual fund AUMs between fiscals 2021 and 2026



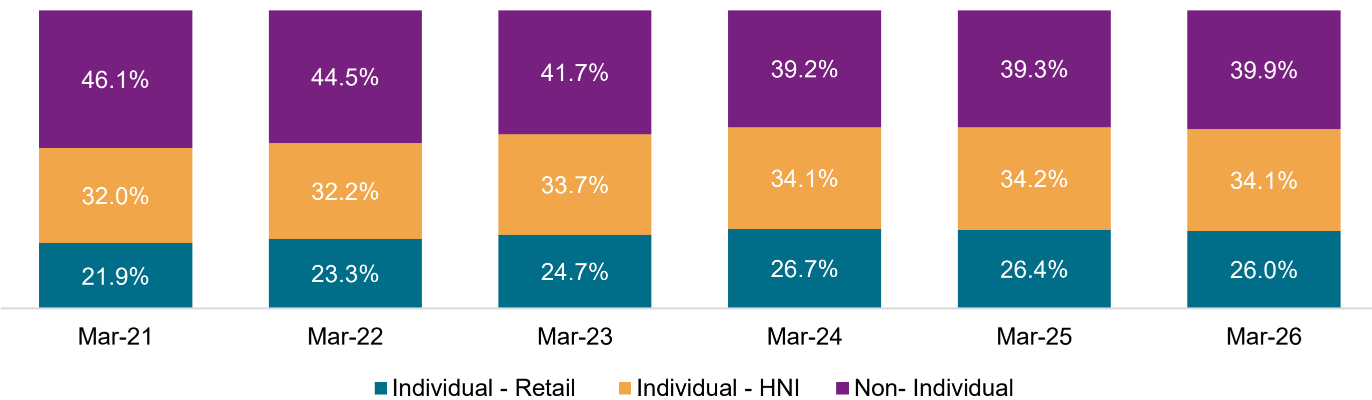
Note: P: Projected; AUM is the average of the last quarter for each fiscal; AUM excluding FoFs – domestic but including FoFs– overseas. Source: AMFI, Crisil Intelligence

Individuals outpace institutional investors in terms of MAAUM

Traditionally, the majority of the industry's assets were controlled by institutional investors, primarily comprising corporates. The mutual fund industry has experienced a significant increase in participation from individual households in recent years, driven by factors such as growing financial awareness, improved financial inclusion, enhanced access to banking channels, and the increased adoption of technology by non-bank distributors. Individual customers tend to favor equity-oriented schemes, which generally attract higher investment management fees in comparison to non-equity-oriented schemes. Individual Investors generally tend to have longer holding periods, contributing to a more stable asset base.

There has been a steady increase in retail investor participation. The non-individual participation has declined from 46.1% in FY21 to 39.9% in FY26 reflecting moderation in institutional and corporate allocation.

Share of AUM by investor classification



Notes: Total may not add up to 100% due to rounding off, based on monthly average AUM (MAAUM) including Fund of Funds Scheme (Domestic), Non – individual investors include corporates, banks/FIs, and FII/FPIs, HNI investors are those who invest more than Rs. 2,00,000; Source: AMFI, CRISIL Intelligence

The rising share of HNI investors expands the addressable market for alternative AMCs, as these investors typically seek more sophisticated investment solutions, enhanced risk-adjusted returns, and greater portfolio diversification beyond traditional savings and investment options.

This is important because as investors move up the wealth curve, their financial objectives become more complex. HNIs are often more willing and able to allocate capital to alternative investment products such as private equity, venture capital, private credit, hedge funds, real estate funds, and structured strategies. These products can offer access to private markets, differentiated sources of return, and lower correlation with public equities and debt markets.

Share of AUM by investor classification

Particulars (Rs. In bn)	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Individual - Retail	7,092.0	8,885.0	10,038.0	14,875.0	17,887.0	21,213.8
Individual - HNI	10,394.0	12,301.0	13,685.0	19,011.0	23,168.0	27,852.1
Total - Individual	**17,486.0**	**21,186.0**	**23,723.0**	**33,886.0**	**41,055.0**	**49,065.9**
Non- Individual	14,951.0	16,987.0	16,942.0	21,878.0	26,599.0	32,518.1
Total	**32,437.0**	**38,173.0**	**40,665.0**	**55,764.0**	**67,654.0**	**81,584.0**

Notes: Based on monthly average AUM (MAAUM) including Fund of Funds Scheme (Domestic), Non – individual investors include corporates, banks/FIs, and FII/FPIs; Source: AMFI, CRISIL Intelligence

Share of AUM by schemes and investor classification

		AUM (in Rs. billions)						% share					
		FY21	FY22	FY23	FY24	FY25	FY26	FY21	FY22	FY23	FY24	FY25	FY26
Growth / Equity	Individual	10,580	14,209	16,191	25,090	31,269	36,957	87.4%	87.4%	88.6%	87.8%	87.3%	86.1%
	Institutional	1,522	2,045	2,091	3,493	4,569	5,943	12.6%	12.6%	11.4%	12.2%	12.7%	13.9%

		AUM (in Rs. billions)						% share					
		FY21	FY22	FY23	FY24	FY25	FY26	FY21	FY22	FY23	FY24	FY25	FY26
Oriented Schemes	**Total**	**12,102**	**16,254**	**18,283**	**28,583**	**35,838**	**42,900**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Income / Debt Oriented Schemes	Individual	4,900	4,111	4,315	4,491	4,603	4,684	31.8%	27.6%	30.5%	27.9%	24.4%	22.5%
	Institutional	10,521	10,773	9,852	11,614	14,244	16,170	68.2%	72.4%	69.5%	72.1%	75.6%	77.5%
	Total	**15,421**	**14,884**	**14,167**	**16,105**	**18,847**	**20,854**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Balanced Schemes	Individual	1,511	2,031	2,204	2,982	3,356	3,853	93.8%	93.1%	93.1%	92.8%	92.1%	91.2%
	Institutional	100	151	163	232	289	371	6.2%	6.9%	6.9%	7.2%	7.9%	8.8%
	Total	**1,611**	**2,183**	**2,367**	**3,214**	**3,645**	**4,224**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Exchange Traded Fund	Individual	183	275	373	537	867	1,589	6.3%	6.6%	7.4%	7.8%	10.7%	14.3%
	Institutional	2,741	3,889	4,638	6,315	7,243	9,505	93.7%	93.4%	92.6%	92.2%	89.3%	85.7%
	Total	**2,924**	**4,164**	**5,011**	**6,852**	**8,110**	**11,094**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Fund of Funds Investing Overseas	Individual	95	183	181	207	213	315	83.8%	83.7%	83.0%	81.6%	81.0%	81.3%
	Institutional	18	36	37	47	50	73	16.2%	16.3%	17.0%	18.4%	19.0%	18.7%
	Total	**113**	**218**	**219**	**253**	**263**	**388**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Fund of Funds Scheme (Domestic)	Individual	216	377	458	580	748	1667	81.7%	80.0%	74.1%	76.6%	78.5%	78.5%
	Institutional	49	94	160	177	204	457	18.3%	20.0%	25.9%	23.4%	21.5%	21.5%
	Total	**265**	**471**	**618**	**757**	**952**	**2,124**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
	Grand Total	**32,437**	**38,174**	**40,665**	**55,764**	**67,654**	**49,066**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Notes: Based on monthly average AUM (MAAUM), Non – individual investors include corporates, banks/FIs, and FII/FPIs, Individual Investors include retail and HNI investors; Growth/ Equity oriented schemes also include Arbitrage and Index funds. Source: AMFI, CRISIL Intelligence

The increasing AUM in equity-oriented schemes reflects growing interest in high-risk, high-return opportunities. This trend suggests that a segment of investors is increasingly comfortable with market-linked volatility in pursuit of long-term wealth creation.

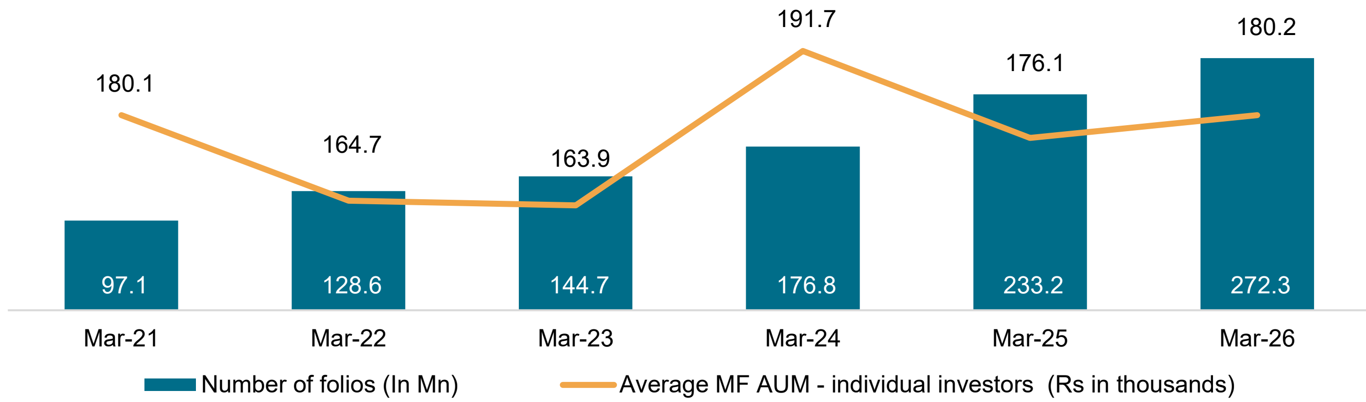
For AMCs, this expanding risk-oriented investor base presents a strategic opportunity. AMCs can leverage this pool of investors by introducing or expanding access to alternative investment avenues such as thematic funds, sector-focused strategies, hybrid products, or AIFs.

By doing so, AMCs can help investors diversify beyond traditional equity schemes while still aligning with their return expectations and risk appetite. This can also enable AMCs to deepen customer engagement, improve product differentiation, and capture a larger share of the rising investor wallet of India.

Trend in average MF AUM – individual investors

The number of folios increased from 97.1 million to 272.3 million from FY21 to FY26 indicating rapid onboarding and increased interest from retail investors. The average mutual fund AUM for individual investors, on the other hand, has been muted at around Rs 180 thousand during the same period, with interim volatility. The muted average AUM may also reflect market volatility, redemptions, profit-booking, or investors spreading their savings across multiple products such as direct equities, fixed deposits, insurance, PMS, AIFs, gold, real estate, and other structured products. As a result, mutual funds are benefiting from broader participation but not necessarily capturing the full increase in domestic financial savings.

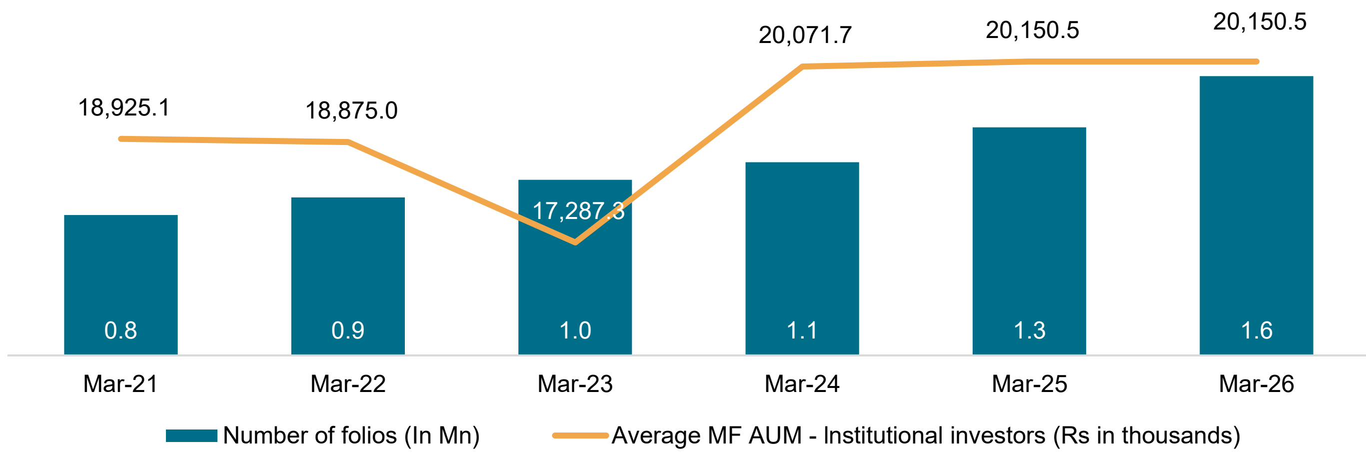
The strategic implication is important for alternative investment firms. A larger financially aware investor base creates a broader addressable market, especially as some retail investors mature into affluent or HNI investors. If traditional mutual funds are not capturing a rising share of wallet, alternative platforms such as private equity, venture capital, hedge funds, PMS, and AIFs may have an opportunity to attract capital by offering differentiated risk-return profiles, access to private markets, thematic strategies, and portfolio diversification beyond conventional mutual funds.



Note: Based on monthly average AUM (MAAUM) including Fund of Funds Scheme (Domestic), Average MF AUM – individual investors is calculated as outstanding AUM divided by number of folios; Source: AMFI, CRISIL Intelligence

Trend in average MF AUM - institutional investors

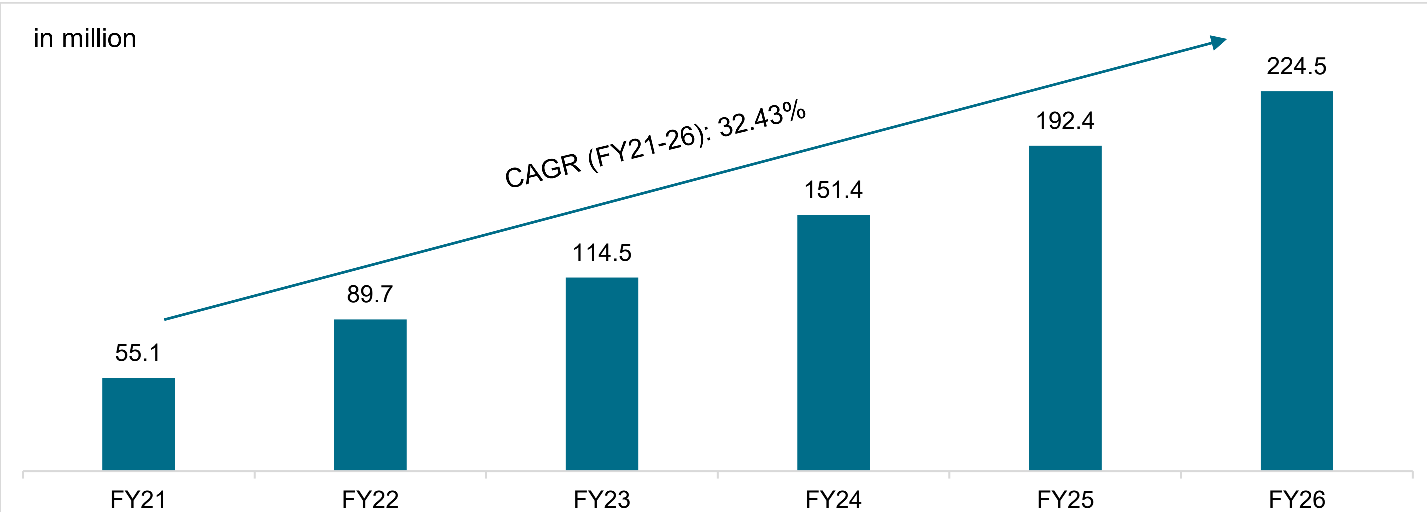
The average MF AUM grew at a CAGR of ~1.3% for the period FY21 to FY26. The steady increase in average AUM despite modest folio growth highlights high-ticket nature of institutional investments.



Note: Based on monthly average AUM (MAAUM) including Fund of Funds Scheme (Domestic), Average MF AUM – institutional investors is calculated as outstanding AUM divided by number of folios; Source: AMFI, CRISIL Intelligence

Trend in Demat accounts in India

The Demat Accounts, that holds shares and securities in electronic form enabling easy trading and investment in the stock market, in India have grown at 32.43% CAGR from Fiscal 2021 to Fiscal 2026. The rise in demat accounts suggest the increasing awareness and willingness of the people to participate in capital markets for either trading or with a long-term outlook and shift to increased investment in equities and mutual funds. As of fiscal 2026, the total demat accounts stood at around 224.5 million accounts.



Source: CDSL, NSDL, Crisil Intelligence

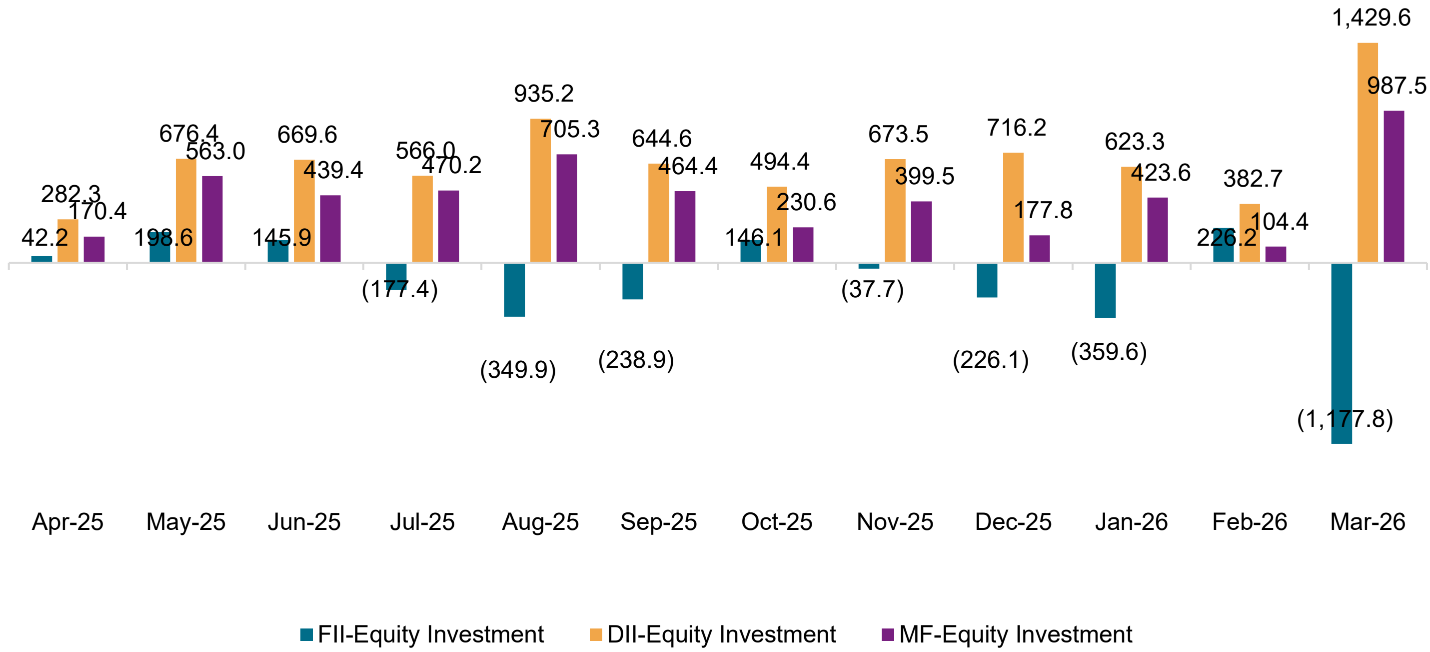
1.9 The Impact of Market Volatility on Equity Mutual Fund Inflows

During fiscal 2026, Foreign Institutional Investors (FIIs) have exhibited volatility amidst global uncertainty, with significant net outflows, particularly in March 2026 (Rs. 1,177.8 billion), due to global risk aversion.

However, Domestic Institutional Investors (DIIs) and Mutual Funds (MFs) have maintained consistent net inflows, with DIIs peaking at Rs. 1,429.6 billion in March 2026 and MFs supported by steady SIP contributions, effectively offsetting FII outflows and reinforcing stability in India's equity market. The total equity inflows for 2025 were approximately Rs. 3.03 trillion, reflecting broad investor participation across categories. In March 2026, equity mutual funds recorded net inflows of Rs. 404.5 billion, a 55.7% increase month-over-month (MoM). Therefore, the increasing role of domestic investors has strengthened the stability of long-term asset accumulation trends.

DIIs provide strong support to equity markets

in Rs. bn



Source: NSDL, SEBI, NSE, Crisil Intelligence

India's equity market has remained resilient amid volatility, maintaining net inflows driven by domestic investors even during market corrections. This reflects sustained investor confidence and rising demand for investment products, creating greater opportunities for alternative AMCs to attract capital. With domestic market confidence intact, investors may increasingly allocate to alternative strategies as they diversify beyond traditional equities.

2. Alternative asset management companies

2.1 Introduction to alternative assets

Alternative assets typically refer to financial assets that offer diversification benefits to portfolios and generate higher returns than traditional asset classes such as stocks or bonds. They are not usually traded on public exchanges and include private equity (PE), venture capital, hedge funds, real estate, infrastructure, commodities and other non-traditional assets.

Alternative asset managers, therefore, are financial professionals or firms that specialise in identifying, executing and managing these types of alternative asset classes, which typically have the potential to generate higher returns compared with traditional asset classes.

In India, the alternatives industry is divided into three primary structures: alternative investment funds (AIFs), real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). AIFs constitute the bulk of the industry, while REITs and InvITs account for a significantly smaller share.

Offshore funds have increasingly become active participants in the Indian alternatives industry. These funds are typically investment vehicles registered outside India that pool capital from international investors to invest in Indian assets. These funds often collaborate with domestic AIFs or alternative asset management companies (AMCs) to tap into their strategic expertise on local markets, on-the-ground insights, regulatory compliance and efficient deal execution. This is a win-win collaboration, offering foreign investors access to India's high-growth alternatives market while leveraging the expertise and network of domestic players.

2.2 Business model of alternative asset managers

Certain asset classes such as PE and hedge funds typically follow a 2%/20% compensation structure, wherein 2% of the total AUM is paid as management fee, while a 20% performance linked profit share is levied on the profits that the fund generates above a specific threshold. Investors can benefit from the performance-based fee structure as managers are encouraged to take calculated risks that could potentially lead to higher returns.

- **Management fees:** PEs and hedge funds generate income principally from fees that are based on specified percentages of the net asset of the funds they manage. These fees are called management fees. Management fees are based on factors such as AUM, strategy of investment, servicing requirements, regulatory considerations, client relationships and client type. Depending on the product, management fees typically vary from 1-2%. The fees charged for equity funds are generally higher than those for debt and liquid funds, which are closer to 1%. Equity funds command relatively stable fees, whereas debt fund fees vary significantly depending on market conditions, fund duration and the competitive environment, and are typically lower than the maximum limits imposed by the Securities and Exchange Board of India (SEBI).
- **Carried interest:** Carried interest is a performance linked profit share that is usually levied on the profits generated by the fund, which is designed to incentivise managers to generate positive returns for investors. Carried interest typically varies from 10% to 20%. However, it could also be charged in different ways by managers, wherein the fee is attributed entirely to the management firm, or partial allocations are made to specific members of the team in the form of their individual performance-linked incentives.
- **Sponsor commitment (or general partner contribution):** The Sebi AIF guidelines mandate that sponsors maintain a consistent stake in the AIF of not less than 2.5% of the corpus or Rs 50 million, whichever is lower. This sponsor commitment in the AIF reflects its skin in the game. Higher skin in the game demonstrates the manager's confidence in the fund, which is an important consideration for prospective investors. A higher level of sponsor commitment also results in superior economics for the manager as there is no fee charged or carry

shared on this portion of the fund. In the Industry higher sponsor contribution ranging between 5 to10% of the fund corpus has been observed.

Comparison between Alternative AMC and AIF

Parameter	Alternative AMC	AIF
Use of capital	To create and distribute alternative funds	To invest directly into companies
Capital risk	Upside oriented, lower downside risk	Both upside and downside risks, since investments are directly into companies
Profitability profile	Fairly stable as alternative AMC receives predictable multiple income streams from multiple funds	Volatile as distributions is less predictable and lumpy
Management fee	Alternative AMC receives management fee across multiple funds	Retail investor pays management fee to alternative AMC
Carried interest	Alternative AMC receives carried interest across multiple funds	Retail investor pays carried interest across multiple funds
Valuation	Function of profitability and net worth	Typically, a discount to net asset value
Liquidity	Listed entity, highly liquid	Limited liquidity even at discounts
Precedent domestic	Multiple alternative AMCs are listed, including Edelweiss Financial Services, 360 One WAM, Motilal Oswal	No listed AIFs
Precedent international	Several alternative AMCs have been listed for over 25 years, such as Blackstone and KKR.	PE funds are generally not listed
Investor base of listed entity	Institutional, HNI and retail	Institutional and HNI. No retail participation is allowed

Source: Crisil Intelligence

2.3 Roles of an alternative asset manager

Investment strategy: The asset manager is responsible for defining the fund's investment objective, thesis and strategy, including focus sectors of the funds, portfolio construct, risk tolerance and return expectations.

Fund raising: The asset manager plays a crucial role in raising capital for the fund by engaging with investors and leading the fund set-up, documentation and marketing activities.

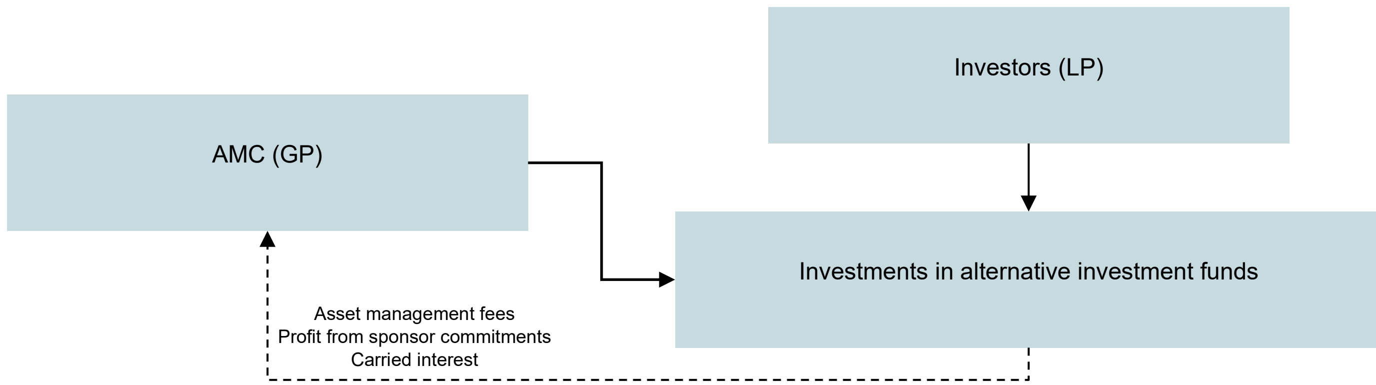
Fund management: The asset manager is responsible for day-to-day management of the fund, including managing investor relationships and overseeing operations.

Fund investments: The asset manager makes investment decisions on behalf of the fund, including sourcing the deals, identifying potential investments, conducting due diligence, negotiating with the portfolio company's management and finalising a term sheet, getting requisite approvals for the investment and overseeing the portfolio investments.

Portfolio management: The asset manager is also responsible for monitoring the performance of the portfolio companies and ensuring a timely and appropriate exit from the investments to generate returns for the investors.

Investor communications: The asset manager is also responsible for providing reliable and accurate information regarding the fund and its performance with investors on a regular basis.

Typical structure is as under:



Source: Crisil Intelligence

2.4 Value drivers for alternative AMCs:

Management fee: The asset manager receives a fee for managing the day-to-day operations of the fund. The management fee is dependent on the total commitment raised by the fund and fee charged across different share classes.

Carried interest: A key incentives for asset managers, carried interest refers to the share of profits they earn based on the fund's performance. The fundraising capability of an asset manager improves based on the superior performance of its existing funds.

Sponsor's commitment: AIF regulation requires that the sponsor/asset manager maintain a continuing interest in the fund. Returns generated on the sponsor commitment would depend on the performance of the fund and the commitment made.

Operational efficiency: Optimising operational costs, including distribution costs, can enable the asset manager to increase the fund's operational efficiency, which helps reduce expenses and ultimately drives profitability of an alternative AMC.

3. Alternative asset landscape in India

3.1 Alternatives have a huge headroom for growth in the Indian managed investments segment

The following products are included as a part of managed investments

AIFs	Mutual funds	National Pension System (NPS)	Portfolio management services	Life insurance

The share of alternative products, as represented by commitment raised by AIFs, grew to 7.3% in March 2026 from 3.5% of total AUM of managed investment products[1] in March 2019. The share of managed investment products was ~67.6% of India's nominal GDP as of March 2026. Despite such a strong growth in AIF, India's AIF market is still underdeveloped as against the rest of world. As of March 2026, the ratio of Indian AIF industry's commitment to GDP stood at ~4.9%, which is significantly underpenetrated when compared to the ratio of the AIF net asset value (NAV) to GDP in the European Union (EU), which stands at ~42% (as of calendar year 2022) indicating substantial scope for further penetration for AIFs in India.

The alternative asset management industry operates in a highly competitive environment, driven by the increasing demand for high yield investments and risk adjusted returns. Businesses within this industry compete with other alternative investment funds, venture capital funds, private equity funds, specialized investment funds, hedge funds, corporate buyers, traditional asset managers, and other financial institutions. To maintain a competitive edge, alternative asset managers emphasize innovation, strategic partnerships, and strong risk management frameworks.

Key competitive factors

Investment Performance

The ability to generate superior risk-adjusted returns is a critical element in attracting and retaining investors. Firms must demonstrate consistent performance across market cycles, showcasing their ability to navigate complex market conditions and deliver strong returns. A strong track record of investment performance is essential for building trust and credibility with investors.

Business Relationships

Strong relationships with institutional investors, family offices, and distribution partners are vital for enhancing fund-raising capabilities. Access to proprietary deal flow and strategic partnerships provides a competitive advantage, enabling firms to identify and capitalize on investment opportunities that others may miss. Building and maintaining these relationships requires a deep understanding of investor needs and preferences, as well as a strong network of contacts and connections.

Quality of service

Providing high-quality service to investors is essential for building trust and loyalty. This includes transparent reporting, effective risk management, and tailored investment strategies that meet the unique needs and goals of each investor. Dedicated client services and effective communication are also critical, enabling firms to respond quickly to investor inquiries and concerns, and to provide timely updates on investment performance.

Fund terms, including Fees

[1] *Includes AUM of life insurance, mutual funds, National Pension System, portfolio management services and commitments raised by AIFs.*

Competitive fee structures, including management fees and performance fees, are key to investor decision-making. Investors are increasingly favouring lower fees, co-investment opportunities, and alignment of interests with fund managers. Firms must be able to offer flexible and transparent fee structures that reflect the value they provide to investors.

Operational Efficiency and Risk Management

Effective risk management frameworks and operational efficiency are essential for driving long-term sustainability. Scalable investment platforms and strong internal controls improve cost efficiency and investor trust, enabling firms to manage risk and optimize investment returns. This includes implementing robust risk management systems, conducting regular audits and compliance reviews, and maintaining a strong culture of risk awareness and accountability.

Talent Acquisition and Retention

The industry demands highly skilled professionals with specialized expertise in alternative investments. Firms must offer competitive salaries, performance-based incentives, and long-term career growth opportunities to attract and retain top talent. This includes providing ongoing training and development programs, as well as opportunities for professional advancement and growth.

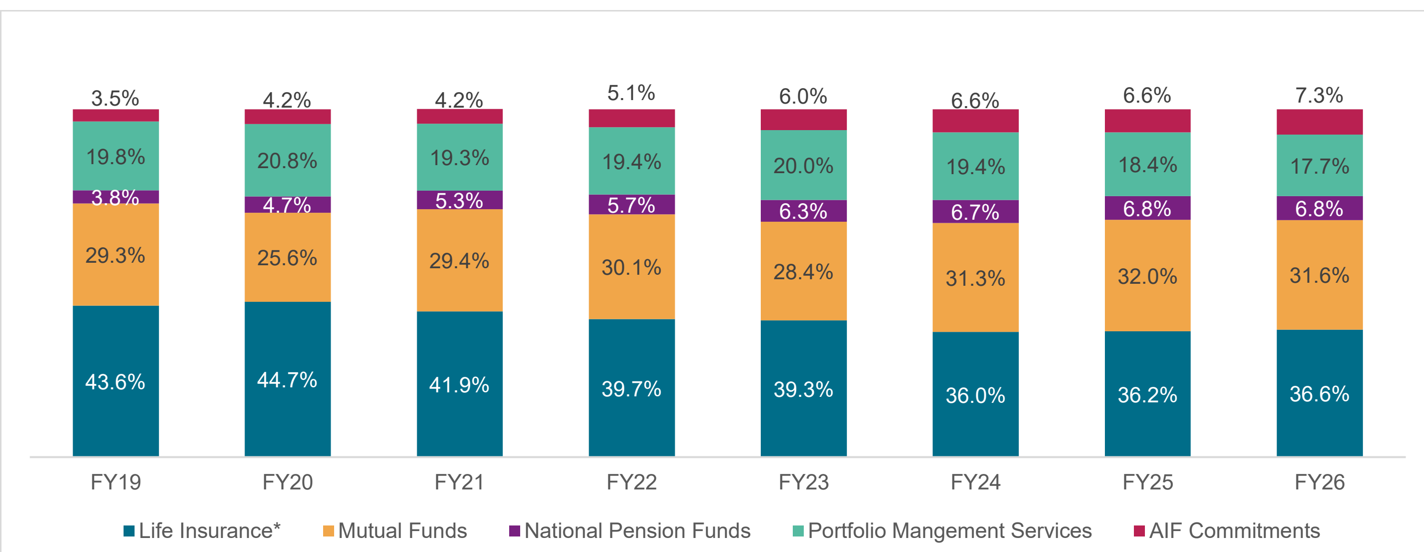
Significant barriers to entry

Entering the alternative asset management industry requires complex regulatory requirements, expertise, making it difficult for new entrants to establish themselves. Firms must navigate complex regulatory requirements, build strong relationships with investors and partners, and demonstrate a deep understanding of the alternative investment landscape.

Regulatory Compliance

The alternative asset management industry is heavily regulated, with firms subject to a range of regulatory requirements and oversight. Firms must be able to demonstrate a strong commitment to regulatory compliance, with robust systems and processes in place to manage risk and ensure adherence to regulatory requirements.

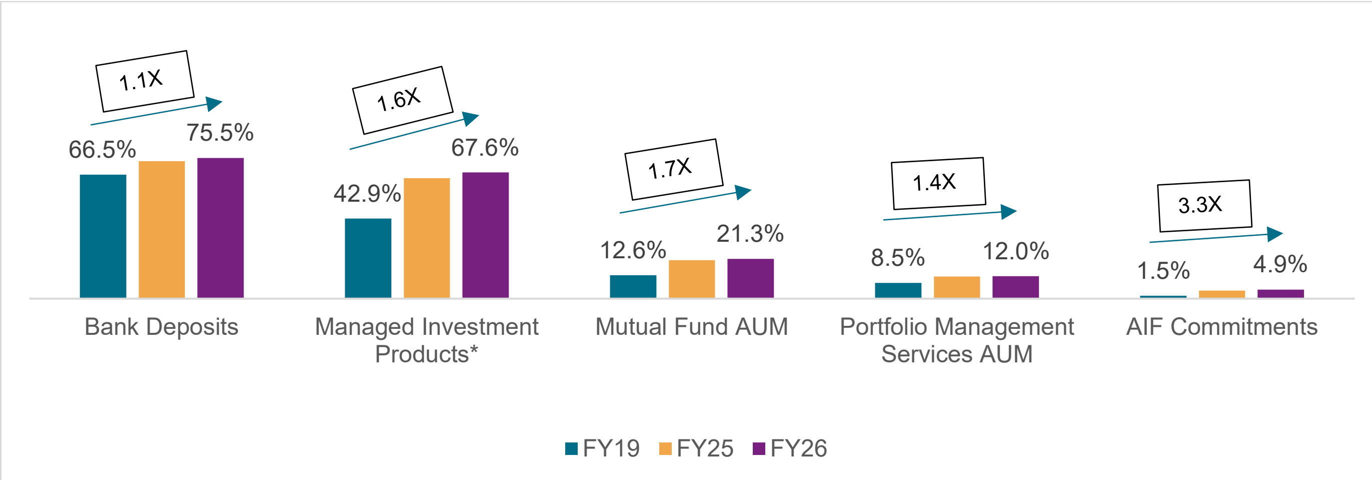
The percentage share of AIF commitments increased steadily over the years compared with other managed investment products



*Note: *Life Insurance for FY26 is on estimate basis. Month end AUM data for Mutual funds, Source: SEBI, AMFI, IRDAI, NPS Trust, Crisil Intelligence*

Crisil Intelligence

Over fiscals 2019 to 2026, the percentage of AIF commitments to GDP witnessed the highest growth at 3.3x versus other asset classes



*Note: * Includes AUM of life insurance, mutual funds, National Pension System, portfolio management services and commitments raised by AIFs, Data is basis the Nominal GDP. Month end AUM data for Mutual funds, Source: SEBI, RBI, AMFI, IRDAI, NPS Trust, Crisil Intelligence*

3.2 The AIF industry witnessed strong growth between fiscal 2019 and fiscal 2026

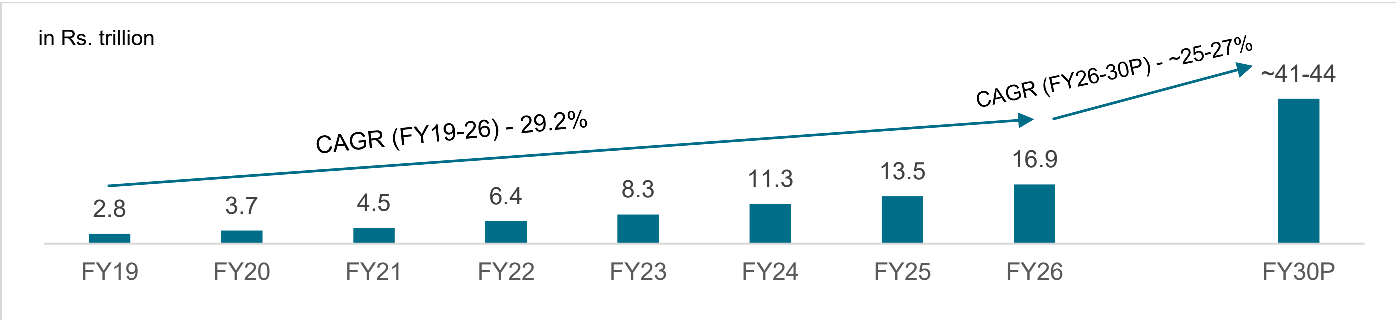
Over the past few years, AIF has become one of the key segments in private markets in India. Alternative investment products are among the fastest growing managed investment products in India. Total commitments have been growing at a steady pace seeing a ~29.2% CAGR between March 2019 and March 2026, with a total commitment of Rs 16.9 trillion as on March 31, 2026. The segment is expected to remain one of the fastest growing managed products categories over the next few years as more high net worth individuals (HNIs), ultra-HNIs and institutional investors seek out differentiated products that give them an option to generate better returns on their investments.

Alternative investments are expanding the market by capturing share from other asset classes, not mutual funds. Their relatively higher yields than other asset classes add to increased firm's profitability, driving growth in the investment landscape. As of fiscal 2026, the AUM for alternative investments in India stood at Rs 16.9 trillion and is expected to grow at 25-27% CAGR between March 2026 and March 2030 and reach Rs 41-44 trillion by March 2030.

Category II AIFs have been at the forefront in the AIF space, contributing to 75.2% of the commitments raised as on fiscal 2026. This denotes their prominence and influence within the AIF market.

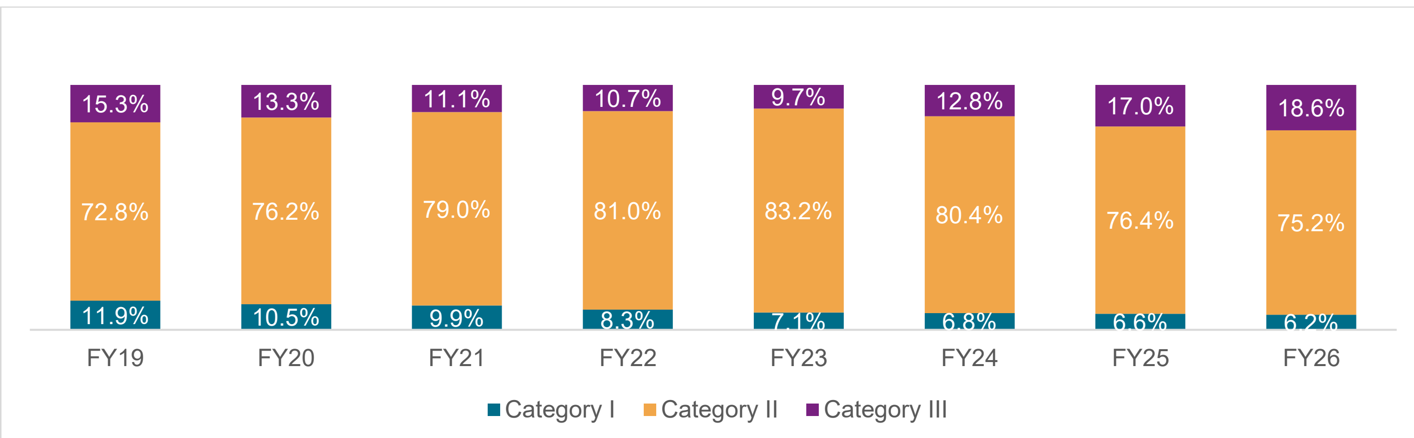
Investments made refer to the amount invested by the AIFs. Investments made as a percentage of funds raised rose from 82.2% as of March 2020 to 96.2% as of March 2026. The increase was steady over the past years, which would generally mean that after the fundraising process is completed, the investment managers and AIFs have been deploying the capital and making investments for the investors.

AIF commitments to grow with CAGR of ~25-27% between fiscal 2026 and fiscal 2030



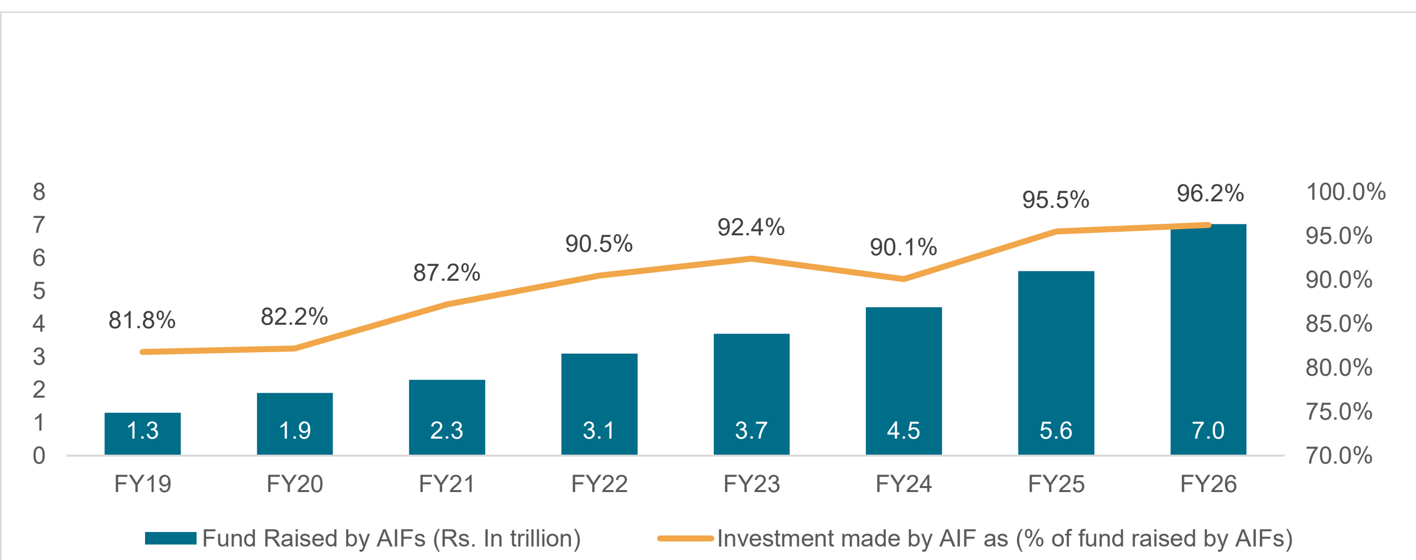
Source: SEBI, Crisil Intelligence

Category II AIFs constitute the majority share of AIF commitments over the years



Source: SEBI, Crisil Intelligence

Investments made by AIFs as a percentage of the funds raised by AIFs witnessed steady growth from fiscal 2019 to fiscal 2026

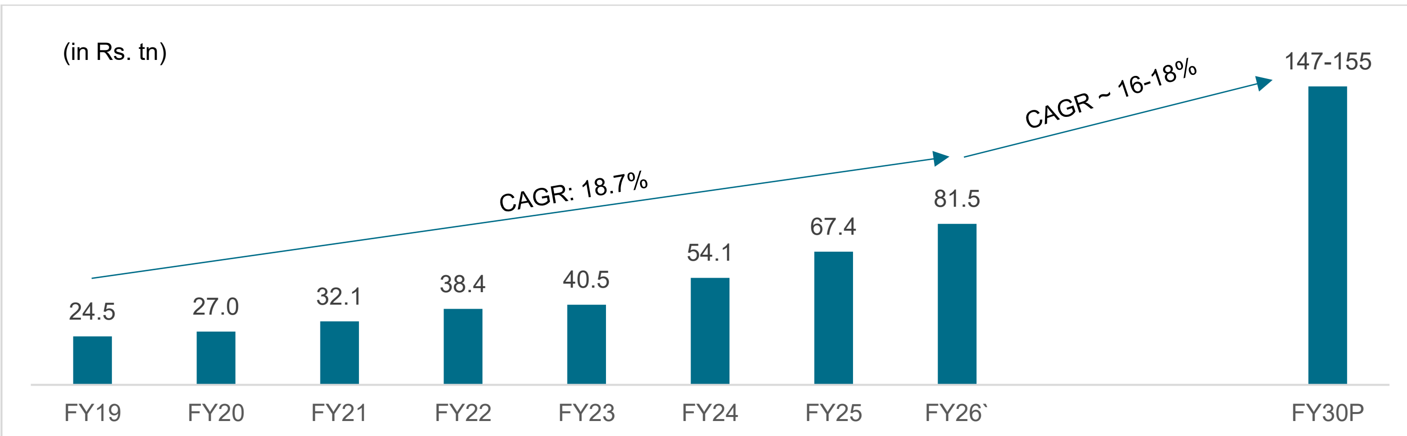


Source: SEBI, Crisil Intelligence

3.3 Growth in AIF AUM is significantly higher than traditional asset classes such as mutual funds and deposits

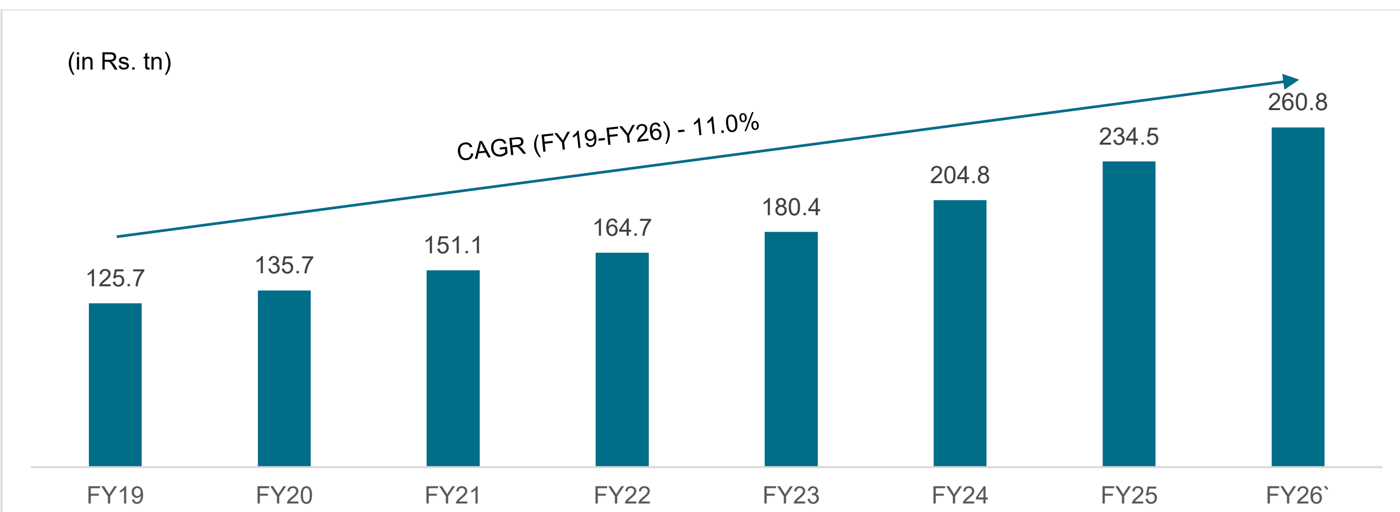
While AIFs logged a ~29.2% CAGR between fiscal 2019 and fiscal 2026, mutual funds saw a substantially slower 18.7% CAGR in the same period. Similarly, aggregate deposits in banks in India logged a ~11% CAGR between fiscal 2019 and FY26, which was muted in comparison to the growth in AIFs. The scale of AIFs versus mutual fund AUMs and aggregate deposits in banks is still miniscule, indicating headroom to maintain the strong growth.

Mutual fund AUMs in India logged an 18.7% CAGR between fiscal 2019 and fiscal 2026



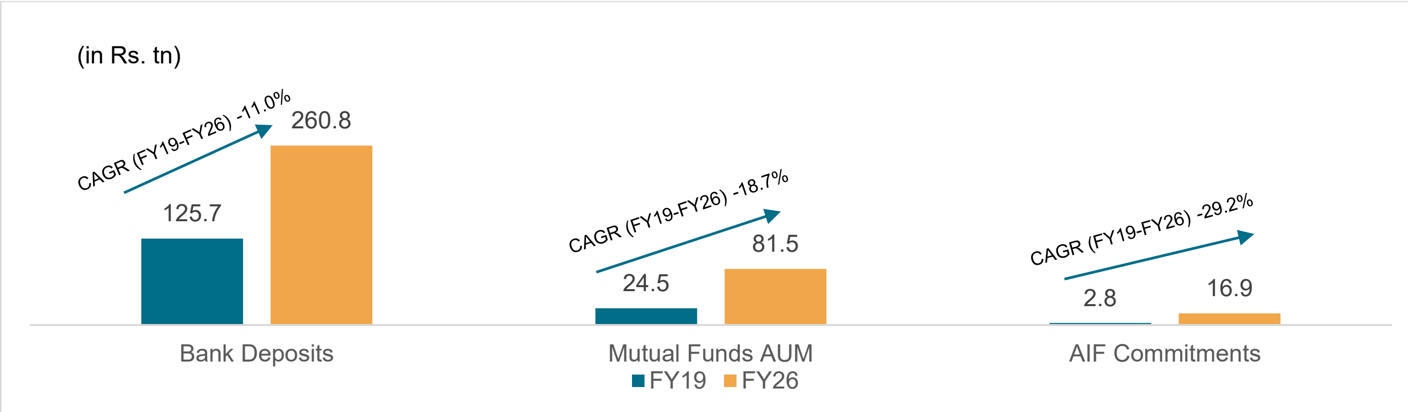
Note: Quarterly average AUM of Mutual fund, Source: AMFI, Crisil Intelligence

Growth in bank deposits was muted versus that in alternatives and mutual funds



Source: RBI, Crisil Intelligence

Comparison of AIF commitments, mutual fund AUMs and bank deposits indicate strong growth potential for AIFs



Source: SEBI, RBI, AMFI, Crisil Intelligence

3.4 AIFs are gaining significant traction as private equity (PE) and venture capital (VC) investments are stepping up their India plays

AIF denotes any fund established or incorporated in India, which is a privately pooled investment vehicle collecting funds from sophisticated investors, whether Indian or foreign, to invest in accordance with a defined policy for the benefit of investors.

Alternative assets include private equity, private debt (dealing mainly in performing credit, distressed assets, real estate credit, and infrastructure funds), early-stage ventures, special opportunity funds, and art. However, they do not include traditional investments such as mutual funds and life insurance. Private equity AIFs cater to HNI/UHNI clients and institutions such as sovereign wealth funds, insurance companies, and banks. Private equity AIFs compete with portfolio management services (PMS) for the wallet share of such UHNI and HNI clients. While the private equity industry saw strong growth over the past decade, with investors rushing to invest in start-ups in India, newer products such as social ventures, arts, small and medium enterprise (SME) funds, and real estate funds are also gaining prominence. On the debt side, institutional investors such as insurance companies and pension funds are also investing in alternative assets in search of better returns.

3.5 Investor profile

Resident Indian individuals, non-resident Indians (NRIs), foreign nationals and institutional investors can invest in AIFs. However, due to minimum investment requirement of Rs 10 million, Rs 2.5 million in the case of angel funds only sophisticated private investors (non-retail) can invest in AIFs. Also, as per SEBI guidelines, AIFs can only be marketed through private placement. The directors, employees and fund managers of AIFs are permitted to invest in AIFs with a minimum amount of Rs 2.5 million. Investor profile varies depending upon the investment objective of the fund and targeted market segment. Usually, UHNIs/HNIs, corporate treasuries, insurance companies, family offices, etc invest in AIFs (family offices are the personal wealth management firms of ultrarich families). UHNIs/HNIs and institutional investors are well informed and attuned to adopting higher risk return strategies.

AIFs have become popular in India because they offer investors a range of alternative assets, including private equity, real estate and infrastructure. They provide diversification beyond traditional asset classes such as listed equities, bonds, currencies, or gold and offer potentially better returns.

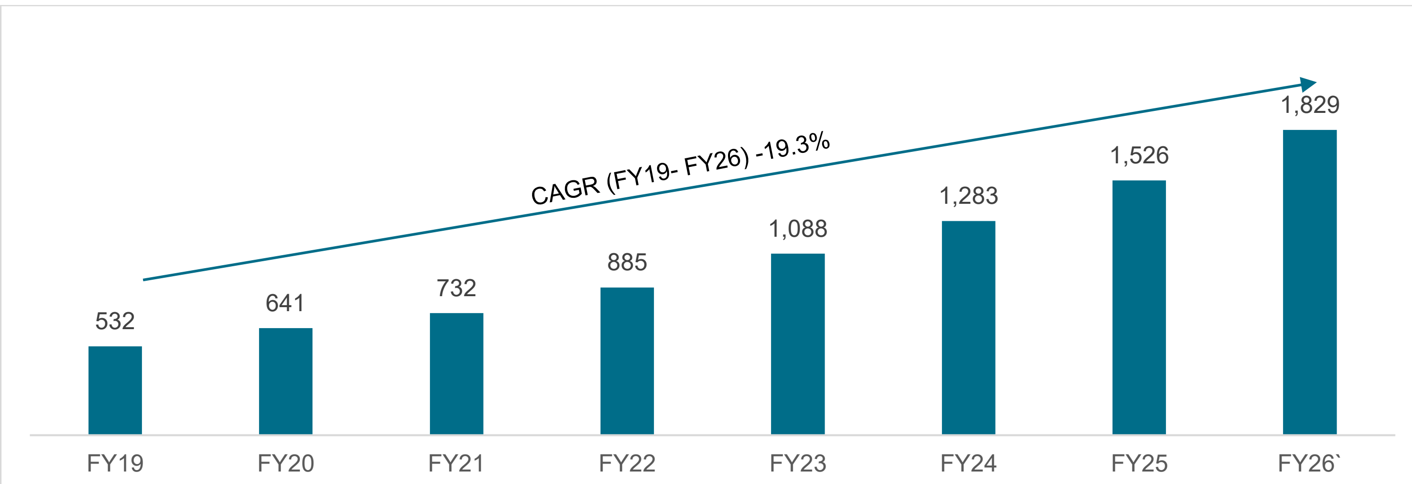
Since their inception, AIFs have witnessed a remarkable rise in the number of funds registered, commitments raised, and new investments made. This was enabled by the enterprise of the industry and propelled by SEBI’s measures to enhance and streamline the ecosystem.

In India, SEBI-accredited investors are high-net-worth individuals or entities certified by recognized agencies to access exclusive, high-risk investment products. Eligibility criteria include an annual income of Rs. 10 million and net worth of Rs. 5 million for individuals and Rs. 500 million for body corporates/trusts. Accredited investors enjoy lower investment thresholds, access to specific funds, and reduced compliance requirements. The accreditation process involves verification of financial documents by SEBI-recognized agencies, enabling participation in Accredited Investors Only Funds and exempting them from certain regulatory constraints.

AIF activity in terms of commitments raised has clocked a CAGR of ~29.2% between fiscal 2019 and fiscal 2026. India is expected to remain an attractive destination for PE and VC investments in the long-term.

Robust economic growth, rising entrepreneurship, a large consumer base, higher digital adoption, favourable regulatory environment and government initiatives and schemes should provide ample opportunities for investors in the coming years.

The number of alternative funds registered is on an upward trend



Source: SEBI, Crisil Intelligence

3.6 Equity funds in private markets outperform public-market peers

Private equity funds are generally expected to have outperformed public market returns over the long-term on account of value generated from smaller sized companies, insulation from the volatility of public markets and an opportunity to leverage a large, inefficient market, enabling the asset class to generate higher returns. However, a trade-off to availing these returns for private equity investors is to lose out on the liquidity inherent to the public markets.

Typically, private equity funds generate higher returns than their public market peers for the following reasons:

- **Value creation** - PE funds usually maintain strong relationships with the management teams of their portfolio companies, offering guidance and influencing critical business decisions. PE funds also bring in board representation in their portfolio company and constitute operations advisory teams. They build targeted value creation plans, by leveraging existing networks, aimed at increasing profitability and driving revenue growth of their portfolio companies through acquisitions or market expansion. Additionally, PE funds have access to a larger set of companies across sectors and at different stages, which enables the asset class to obtain an edge over public equity.
- **Market inefficiency** – In theory, investors are equipped with superior information that enables them to get better returns. This advantage, however, relies on market participants not having equal access to the same information. In public equity markets, decisions are predominantly made based on widely available data such as company disclosures, quarterly results, analyst reports etc, resulting in frequent transactions and price efficiencies. Hence, outperforming in public markets is more challenging than private markets as information

often is derived from primary sources, industry experts, and on-site evaluations. The infrequency of transactions and information asymmetry in private equity markets support the market inefficiency theory, providing private market investors with an added advantage.

- **Size of target companies –** Usually, PE players target smaller companies with lower market capitalisation because of the potential of higher returns. PE managers typically aim to grow these businesses by enhancing management teams, pursuing synergistic acquisitions, improving operational efficiencies, investing in technology and providing better access to capital. Such smaller firms also offer numerous opportunities to build value, enabling PE firms to leverage various strategies for enhanced performance.
- **Protection from short-term market volatility** – As short-term market fluctuations do not usually affect PE valuations; asset owners can implement long-term value creation strategies without worrying about market volatility. During market downturns, PE funds can acquire quality assets at favourable prices, especially when other equity investors are compelled to liquidate their positions.
- **Debt/leverage** – PE funds typically deploy significant levels of debt to finance their investments. They tend to finance the acquisition of a company using the assets and projected cash flows of the acquired company as collateral. Typically, the cost of debt is lower than the expected return on equity, thereby magnifying investment returns. However, if debt becomes costly or if the company faces a financial strain, the PE fund would find it difficult to service its debt obligations and keep investing in growth initiatives.
- **Exit strategies** – PE funds maximise returns by strategically timing exits using IPOs, secondary sales or other such routes. The Indian stock market has become an attractive destination for these funds because of its growth in recent years, opening up opportunities for them to exit their investments through IPOs, mergers and acquisitions or strategic sales.

The bottom line is that though private equity funds charge higher fees than other investment funds, they can still be more lucrative for investors because of their ability to drive value creation, insulate themselves from the volatility of public markets and to leverage a large and inefficient market.

3.7 Factors driving the growth of AIFs in India

Alternative investment funds (AIFs) have become popular in India because they offer investors a wide range of alternative assets, including private equity, real estate and infrastructure. This diversification beyond the traditional asset classes — such as listed equities, bonds, currencies and gold — gives AIF investors a chance to earn higher returns. This segment is expected to grow on the back of a growing pool of UHNIs and HNIs, an increase in the flow of domestic capital flow, better regulatory support and the presence of more experienced managers.

AIFs offer global investors the opportunity to invest in sectors with higher growth potential, such as technology, consumer goods, financial services, healthcare, infrastructure and renewable energy. In India, the changing economic landscape gives investors an opportunity to earn enormous returns by investing in such promising sectors and diversifying to minimise risk.

Alternatives, as an asset class, are seeing higher adoption among investors with higher risk appetite. Even domestic retail investors, who have traditionally preferred fixed income instruments such as bank fixed deposits, are now starting to find capital-market products more attractive. HNIs and ultra-HNIs, along with an increasing number of domestic institutions, form the foundation of the domestic AIF industry. The SEBI has been proactively trying to bring in more transparency in the industry.

The reasons for the growth of AIFs can be summarised as:

- **Diversification benefits**

AIFs offer diversification benefits beyond the traditional asset classes. So, it can generate higher returns because of exposure to a wider range of assets and specialised investment strategies. Investors seeking diversification and higher returns find AIFs attractive.

- **Emergence of experienced managers**

Experienced and established managers with a proven ability to navigate all market conditions are necessary for the growth of any investment class. The domestic market is seeing more such experts who have a consistent track record of generating higher returns across multiple funds and business cycles.

- **More eligible investors**

Institutional capital flow into the domestic market has increased recently due to better economic growth and a strong equity market. There is also a rise in HNIs, UHNIs and first-generation entrepreneurs looking to invest in assets that can give higher returns.

Evolution in mix of financial savings in India (Annual inflows of household savings into financial assets)

Value in Rs trillion	FY22	FY23	FY24	FY25	CAGR (FY22-25)
Deposit (bank and non-bank)	8.4	11.1	13.8	12.5	14.5%
Life insurance funds	4.9	5.5	6.5	5.3	3.2%
Provident and pension funds (including PPF)	5.5	6.2	7.2	7.9	12.8%
Currency	2.7	2.4	1.2	2.1	-8.1%
Mutual funds	1.6	1.8	2.4	4.7	42.6%
Equities	0.5	0.2	0.3	0.7	14.8%
Small savings (excluding PPF)	2.4	2	3.1	2.3	-1.2%
Total household financial assets	26.1	29.3	34.7	35.6	10.9%

Source: RBI, Crisil Intelligence

- **Increase in domestic capital flow**

Currently, foreign investors dominate the AIF industry in India. The shift in focus from traditional investment products to AIFs and SEBI making regulatory changes proactively would help change the investment mix in favour of domestic investors. In recent years, domestic institutional investors, such as retirement funds and insurance companies, have been allowed to invest in AIFs. This will be a major growth driver for the industry.

- **Demographic advantages**

India has a median age of below 30 years and one of the world's youngest workforces. This implies that there is a readily available pool of skilled and efficient labour to drive domestic and foreign capital investment. Further, the size of the younger population could drive innovation in the economy, leading to a more thriving startup ecosystem. Additionally, the increased in per capita income and disposable income in the country can potentially drive investments into newer asset classes such as alternative investments and portfolio management services.

- **Rise of startup culture**

Over the past few years, the startup culture in India has been thriving. The government says the launch of the Startup India initiative in 2016 has created more than 223,000 recognised startups as on fiscal 2026. The PE industry has shown strong growth over the last decade as new investors rush to invest in the startups. The dynamic nature of the underlying supply will ensure there are enough exit options, which will boost investor confidence.

- **Deepening financial markets**

India's financial ecosystem is flourishing as credit penetration increases. This will facilitate AIFs to infuse capital into startups and MSMEs, leading to economic expansion

- **RBI's allowance of foreign investment**

Category III AIFs with foreign investments can make portfolio investments in only the securities or instruments in which an FPI can invest under the Foreign Exchange Management Act or the regulations made thereunder. In May 2021, SEBI, in consultation with the Reserve Bank of India (RBI), doubled the overseas investment limit for AIFs from $750 million to $1,500 million.

- **Increase in investment opportunities in smaller cities**

Tier-1 cities in India are usually the hub for most VC and PE investments as these places have well-developed infrastructure, a stable and growing economy, better technology and many other advantages. While AIFs have preferred tier-1 cities for investments, they have lately started shifting their focus to the smaller cities as well. One reason for this is that these cities and towns are seeing a considerable rise in entrepreneurship. Also, the Make in India initiative by the Union government, increased digitalisation and educated population have given these regions more visibility within the startup ecosystem.

3.8 Regulatory oversight for the AIF segment

The AIF sector has been continuously evolving and growing. The policy developments initiated by the regulator have been focused on compliance and are aimed at building investor confidence, increasing transparency and bringing in more participants. Some of the regulatory initiatives include:

- Standardising the private placement memorandum (PPM) and PPM audits, and mandatory benchmarking of AIFs, which will play a key role in improving transparency and help investors make informed decisions
- Introducing more investment opportunities such as encouraging AIFs to be set up in the International Financial Services Centre (IFSC) in GIFT City by offering tax incentives, access to world-class infrastructure, proximity to onshore markets and certain exemptions to non-resident investors, among others
- Mandating that AIFs hold their units and investments in the demat form, to safeguard investor interest and to protect them from fraud
- Making it compulsory for AIFs to appoint a custodian (previously, AIFs had to do this only if they had a corpus of more than Rs 5 billion)
- Relacing the borrowing guidelines for Category I and II AIFs to meet temporary funding needs. Such borrowings are permitted for up to 30 days, can occur a maximum of four times in a calendar year, and must not exceed 10% of the investable funds

A timeline of some of the major regulatory changes made over the years:

2012	• SEBI (Alternative Investments Funds) Regulations, 2012, introduced in May
2013	• Periodic reporting to SEBI by AIFs made mandatory • Risk management framework introduced for Category III AIFs • Circular issued to clarify calculation of exposures and NAV, obligation of AIF and custodian in case of breach of limits
2014	• Disclosure of fees, charges and litigation in private placement memorandum (PPM) made compulsory

	• Managers ordered to prepare and submit compliance test reports for better scrutiny
2015	• Guidelines released for overseas investment by AIFs/VCFs to enable more investment options for alternative investment funds
2017	• Online system for registration of AIFs, reporting and filing introduced • Enhanced reporting format brought in for Category III AIFs to capture investments in commodities
2018	• Guidelines introduced for AIFs' operations in IFSC
2020	• Enhanced and standardised disclosure norms instituted to improve AIFs' transparency • Accountability of members of the investment committee for AIF's investment decisions, in case it is a decision-making body, spelt out • Performance benchmarking made mandatory for AIFs • Templates for PPMs introduced • Annual audit of PPMs made mandatory
2021	• New framework brought in for AIFs to invest in the units of other AIFs, to widen the pool of investors • A new class of investors (accredited investors) introduced • Filing of PPMs through a SEBI-registered merchant banker made mandatory • Rules introduced to route co-investment through a co-investment portfolio manager, as specified under SEBI (PMS) Regulation 2020 • Disclosure practices strengthened to provide relevant information to investors, to inform investors and SEBI the changes in key management personnel (KMPs) and to maintain data on investor complaints in a specified format
2022	• Special situation funds introduced to invest in special situation assets • Appointment of a compliance officer made mandatory to bring AIFs on a par with other investment products • Guidelines introduced to govern large value funds for accredited investors • Operational aspects standardised through guidelines with respect to first close, calculation of tenure, fees, commitment made by manager/sponsor and change in manager/sponsor • Requirement of an Indian connection for overseas investment eliminated to provide more overseas investment opportunities • Priority distribution model discontinued to bring all investors on an equal footing
2023	• Direct plan for AIF schemes and trail model for distribution commission in AIFs introduced • All schemes of AIFs ordered to dematerialise their units • Standardised approach introduced for valuation of investment portfolios: Securities, except those under MF regulations, can be valued by a system endorsed by an AIF industry association • Flexibility given to AIFs to deal with investments not sold due to lack of liquidity during winding up, but consent of 75% investors by value needed • Manager made responsible for true and fair valuation of AIF investment; told to keep investors informed about the reasons for deviations in specific situations
2024	• To allow investee company to raise debt, Category I and Category II AIFs allowed to create encumbrance on equity of the investee company engaged in certain sectors and sub-sectors • AIFs' cost reduced and rules relaxed for submission of certain data through merchant bankers • AIFs told to ensure one key personnel in the investment team has passed the NISM Series-XIX-C examination • Category I and II AIFs allowed to borrow to meet a temporary shortfall in the amount required to invest in investee companies • Timelines relaxed for AIFs to report to performance benchmarking agencies valuation numbers based on audited data

2025	• Cat II AIFs permitted to invest more than 50% of the investible funds in listed debt securities • Cat II AIFS funds permitted to invest in debt securities including securitized debt instruments rated "A" or below by a credit agency registered with the regulator • One year extension for Venture capital funds migration to Alternative investment funds regulation • Introduction of Accredited Investor-only (AI-only) AIF Schemes, where Accredited Investors can invest without any minimum ticket size

Source: Crisil Intelligence

Regulatory Changes

SEBI introduced several key regulatory changes, including a lighter regulatory framework for schemes exclusively for accredited investors, allowing for more customization and flexibility. The minimum investment threshold for Large Value Funds (LVFs) was reduced to Rs.250 million from Rs. 700 million, widening access for smaller institutional investors and family offices. Additionally, for Accredited Investors (AI)-only funds, trustee responsibilities are now handled by the fund manager to streamline governance. AI-only funds can now extend their tenure up to 5 years (previously 2 years), subject to two-thirds investor approval.

Crackdown on "Evergreening" and Enhanced Due Diligence

To prevent the misuse of AIF structures and ensure investor protection, SEBI and RBI introduced measures to crack down on "evergreening" and enhance due diligence. The Reserve Bank of India (RBI) banned regulated entities from investing in AIF schemes that directly or indirectly invest in debtor companies of those lenders, preventing "evergreening" of stressed loans. SEBI mandated thorough due diligence by AIFs before executing investments to prevent misuse of AIF structures. Furthermore, SEBI introduced a "dissolution period" for unliquidated investments, allowing funds to hold assets for up to 5 years after the scheme's tenure expires as well as the tightening of governance and compliance requirements has increased operating costs for managers, potentially accelerating industry consolidation.

Other Developments

The industry is also seeing a shift toward thematic, sector-specific, and ESG-focused AIFs. There is growing interest in Quantitative PMS strategies using data-driven models. Furthermore, Category III AIFs have shown a sharp increase in investments in listed holdings, such as REITs and InvITs.

Industry Transition

As of early 2026, the AIF industry is transitioning from a "light-touch" regulatory approach to a more structured, "right-hold" framework to ensure investor protection while encouraging innovation. This transition aims to balance the need for investor protection with the need to foster innovation and growth in industry.

Category II AIFs across categories of funds have witnessed the highest addition in numbers

Category of AIFs (Commitment raised in Rs. Bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR (FY20-25)
Category I - Total	**387**	**446**	**534**	**589**	**769**	**891**	**1,052**	**18.1%**
Infrastructure fund	111	122	119	156	189	197	206	10.8%
Social impact fund	20	37	29	15	21	21	19	-0.8%

Category of AIFs (Commitment raised in Rs. Bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR (FY20-25)
Venture capital fund (including angel fund)	251	281	374	417	534	619	745	19.9%
SME fund	5	6	12	1	12	12	15	18.9%
Special situation funds	-	-	-	-	14	42	68	
Category II	**2,820**	**3,566**	**5,192**	**6,939**	**9,129**	**10,300**	**12,743**	**28.6%**
Category III	**492**	**500**	**688**	**809**	**1,451**	**2,299**	**3,147**	**36.2%**
Total	**3,700**	**4,512**	**6,414**	**8,338**	**11,349**	**13,491**	**16,943**	**28.9%**

Note: Data is as on March 31; Source: SEBI, CRISIL Intelligence

- **Landscape before AIF regulations**

Private equity Funds started investing in the Indian market shortly after liberalisation of the economy, in early 1990s. These were the early years of India's alternatives ecosystem. To encourage the flows, which were primarily early-stage venture capital investment in tech-related companies, the Securities and Exchange Board of India (SEBI) introduced the SEBI Venture Capital Funds Regulations, 1996. It also introduced the Foreign Venture Capital Investor Regulations in 2000.

The segment grew with a wide variety of funds investing in various stages of companies. Due to the lack of a coherent regulatory structure in AIFs, the funds faced challenges while catering to the diverse set of private capital funds. Adopting a one-size-fits-all approach was ineffective. As a result, the AIF regulations were introduced in 2012, recognising alternative investment funds such as PE and VC funds as a distinct asset class.

- **AIF regulations of 2012**

The SEBI (Alternative Investment Funds) Regulations, 2012, on May 21, 2012, represents a pivotal moment for the Indian private capital industry. This regulatory framework aims to address the evolving needs of an industry that has expanded significantly since its inception in the mid-1980s.

The regulations mandated that all funds established in India for pooling capital from domestic or foreign investors must register with SEBI. AIFs can mobilise funds on a private placement basis, it added.

SEBI has defined three categories of AIFs on the basis of the investment strategy, purpose, leverage and complexity of trading strategies:

– **Category I AIFs:** These invest in startups, early-stage ventures, social ventures, infrastructure or other sectors that the government deems socially or economically desirable. These funds are perceived to have a positive impact on the economy and may receive government incentives.

– **Category II AIFs:** These are AIFs that do not fall under Category I & III, and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements, as permitted in the SEBI (Alternative Investment Funds) Regulations, 2012. These include private equity funds, real estate funds, debt funds and fund of funds.

– **Category III AIFs:** These funds employ complex trading strategies and may use leverage through investments in listed or unlisted derivatives.

Fund of funds (FOFs): These are a relatively new investment category that has been gaining popularity among investors. FOFs invest in other funds, ranging from small family offices to large asset management firms. They offer a way for investors to diversify their portfolio without taking on the risk of investing directly in these funds. They also provide the advantage of reducing bias, wherein the managers managing the funds are not biased toward any specific region or industry and base investment decisions based on performance or potential.

Different categories of AIFs

Category I	Category II	Category III
Venture capital funds (including angel funds) – New-age startups with high-growth prospects that require large financing during their initial days can approach a VC fund. An angel investor invests in budding startups and brings in early business-management experience.	Private equity funds (including secondary funds) – A PE fund typically invests in unlisted private companies by availing of equity interest	Funds that engage in many complex trading techniques, e.g., listed, or unlisted derivatives
SME funds – invest in small and medium businesses	Real estate funds – invest in securities that are offered by public real estate companies	Hedge funds – a pooled investment vehicle from UHNIs/HNIs or institutional investors that invest and trade in different markets, strategies and instruments (equity, debt and derivatives)
Social venture funds – invest in socially responsible businesses; they are in similar to philanthropic investments but have a scope for earning returns for investors	Funds for distressed assets –invest in stressed assets of companies, with the investment philosophy that a turnaround of these assets can provide high returns	Private investment in public equity (PIPE) funds – invests in shares of publicly traded companies, wherein shares are acquired at a discounted price
Infrastructure funds – invest in infrastructure companies, including those involved in road construction and railway construction		

Source: SEBI, Crisil Intelligence

The AIF regulations, 2012, also stipulate several important conditions, including:

- A minimum fund size of Rs 200 million, A maximum of 1,000 investors per fund, with a minimum investment of Rs 10 million per investor
- A continuing sponsor commitment of either 2.5% of the corpus or Rs 50 million (whichever is lesser) for category I AIFs and Category II AIFs; and 5% of the corpus or Rs 100 million (whichever is lesser) for Category III AIFs
- Specific disclosure requirements regarding investment strategies, valuation procedures and methodologies, as well as potential conflicts of interest
- Sponsor or manager for Category I or Category II funds may appoint a custodian registered with the SEBI, if the corpus is more than Rs 5 billion. While Category III AIFs are to compulsorily appoint a custodian irrespective of its corpus

Key regulations and guidelines for AIF categories

Parameters	Category I	Category II	Category III
Type of scheme	Closed-end funds	Closed-end funds	Can be open ended or closed-end funds
Minimum investment by an investor in AIF • For employees or directors of the AIF or its manager • For other investors	• $40,000 • $150,000	Same as Category I	Same as Category I
Minimum corpus requirement for each scheme of the AIF	$3,000,000	Same as Category I	Same as Category I
Borrowing of funds / leverage	Not permitted to borrow or engage in leverage directly or indirectly, except for temporary funding requirements (subject to conditions with respect to the number of times in a year and the quantum specified by the SEBI)	Same as Category I	Permitted with the consent of investors and subject to the maximum limit specified by SEBI
Tenure per scheme	Minimum three years. Extension of the term is possible, subject to conditions	Same as Category I	Not applicable
Continuing interest of the manager or sponsor (not as a waiver of fees)	Lower of: • 2.5% of corpus • $750,000	Same as Category I	Lower of: • 5% of corpus • $1,500,000

Source: CRISIL Intelligence

AIF industry evolution

Period	Particulars
1980 – 1990s	Indian entrepreneurs and startups sought funding to fuel their ideas, and PE and VC firms recognised the potential of the Indian market.
Early 2000s	Rise of hedge funds, real estate and infrastructure investments, as well as growing interest in commodities
2012 – 2013	SEBI introduces the AIF regulations; Risk Management Framework introduced for CAT III AIFs
2014 – 2015	Guidelines on overseas investments by AIFs; launch of REITs and InvITs
2017 – 2018	Operational guidelines for IFSCs; introduction of the online registration system
2020	Enhanced and standardised disclosure norms; performance benchmarking for AIFs; investment committee norms
2021	Code of conduct; new class of investors; mandatory filing of PPM; enhanced disclosure
2022 – 2023	Introduction of special-situation funds; compliance officer made mandatory; introduction of direct plan for AIFs; standard approach to valuation
2024 – 2025	Strengthening of governance framework for AIF; tighter norms on valuation, conflict of interest and enhanced disclosure requirements for leverage and borrowings; tighter regulations on priority distribution models, evergreening and related-party transactions; increased accountability of trustees and investment committees
2026 – 2027	Continuing regulatory focus on risk management, liquidity monitoring and reporting standardization; emphasis on systemic stability amid rapid growth in private credit and special situation funds

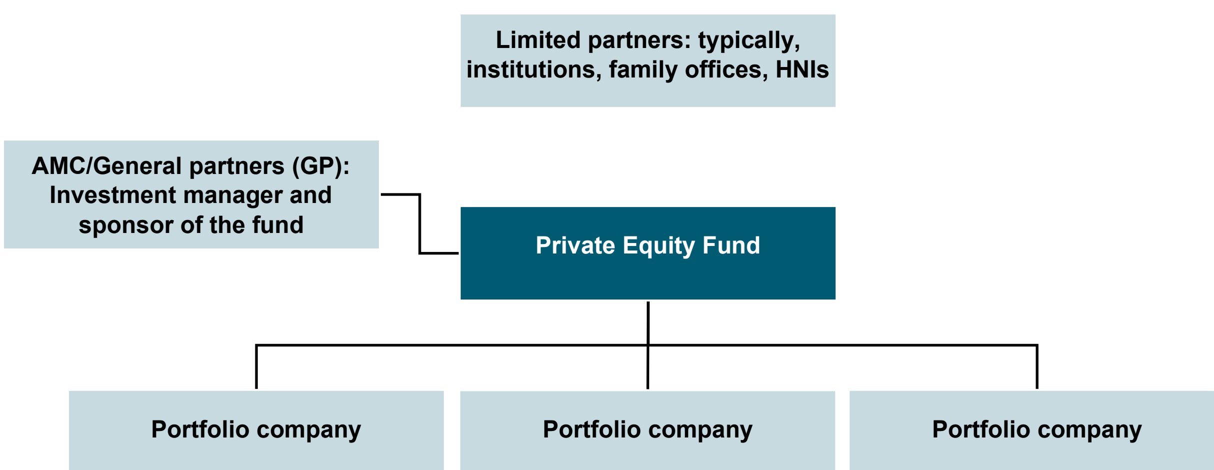
Source: CRISIL Intelligence

3.1 Private equity

India has emerged as a preferred destination for private equity investments driven by favourable factors, that create a conducive environment for investors. India's entrepreneurial ecosystem has witnessed significant growth in recent years, with a surge in startups and small businesses across various sectors. However, access to capital remains a major challenge for many Indian entrepreneurs, hindering their ability to scale and grow. Private Equity and Venture Capital investments play a pivotal role as a crucial source of funding for Indian entrepreneurs, providing the necessary capital for businesses to grow and expand their operations. Moreover, in the past few years the country experienced a surge in private equity transactions within the startup segment, propelling India to the third position globally as of FY24 with more than 110 unicorns, trailing behind the United States and China.

3.1.1 Private equity funds investing in promising startups, driving growth and delivering strong returns

Private equity AMCs have played a crucial role in providing vital support and financial backing to emerging startups and businesses at various stages of their growth and operation. Their involvement has been instrumental in fuelling the development of these ventures, enabling them to scale, innovate, and navigate challenges effectively. The funds managed by these AMCs invest in and manage growing companies, with the goal of generating returns through the eventual sale or IPO of these companies. The business model of private equity involves raising capital from investors which are also known as limited partners (LP) or investors. They provide capital to the fund but do not participate in the management of funds. These investors can be institutional investors, high net worth individuals etc. General partner (GP) or alternative asset manager is responsible for the management of funds and their operations. They also contribute their own capital showcasing their commitment to the opportunity, and identify and acquire promising companies, they add value to these companies through operational improvements and strategic guidance and ultimately exiting the investments to realize returns. Private Equity AMCs primarily generate revenue through number of streams, including asset management fees (~2% of AUM) which is charged to clients as a percentage of assets being managed, profits from sponsor commitment, and carried interest of ~20% of the fund's profit above a certain threshold which is also known as the performance fee paid to Private Equity AMC. A private equity fund typically has a life span of about 8-10 years, with an investment period of ~3-5 years.



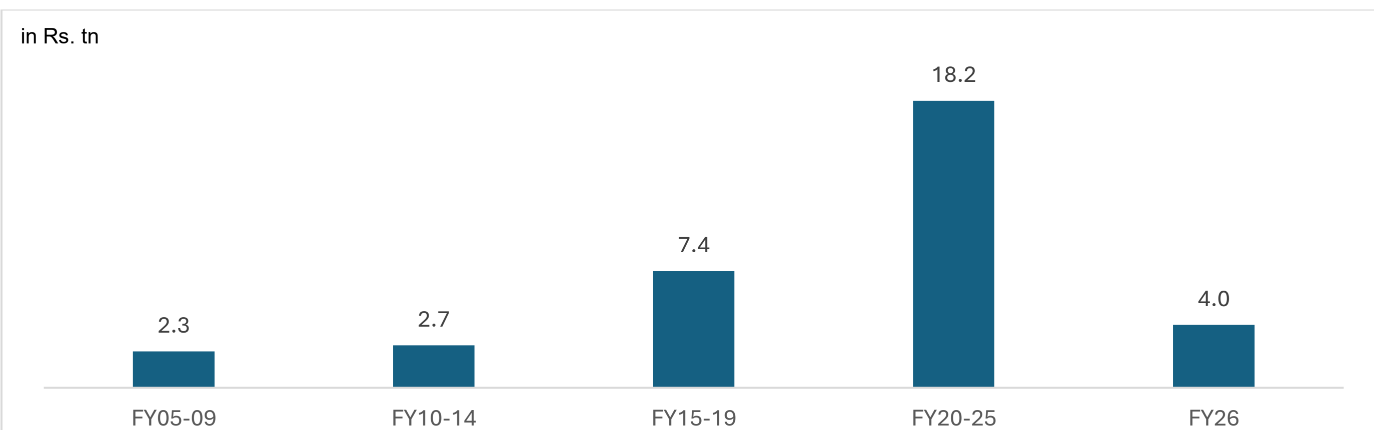
Note: GP is general partner, LP is limited Partners, Source: CRISIL Intelligence

3.1.2 Rise in investment activity in terms of number of deals between fiscal 2020 and fiscal 2026

The Indian startup ecosystem witnessed a remarkable surge in early 2010s, driven by growth in ecommerce. During the period, private equity funds emerged as the most active investment in Indian startups actively participating in various industries, including financial services, consumer products, and services companies. Notably, companies such as Flipkart and Snapdeal, achieved rapid scaling due to these investments, which enabled them to expand their operations and improve their market presence. Further, PE investments facilitated the growth of new-age startups in the financial space, allowing them to innovate and disrupt traditional business models. Additionally, consumer-focused companies, such as Zomato and Swiggy, received significant PE investments, enabling them to scale their operations and expand their geographic footprint. Over the past decade, these companies have undergone significant transformations, driven by their ability to adapt to changing market conditions and consumer preferences. The Indian private equity investments ecosystem witnessed a significant surge in volume between fiscals 2015 and 2019, with 7,907 deals worth ~Rs 7.40 trillion. Fiscal 2022 saw a total of 2095 deals valued at Rs 4,590.0 billion, a substantial increase from fiscal 2021's 1,377 deals worth Rs 3,467.6 billion. This uptick can be attributed to the post-pandemic economic recovery, leading to an increase in investor confidence and a subsequent rise in deal activities, with significant investments flowing into sectors, such as information technology, consumer discretionary, healthcare and financials. In fiscal 2025, India saw the closure of 1,377 private equity investment deals amounting to about Rs 2,111.3 billion. As of fiscal 2026, private equity investment deals amounted to Rs 3,988 billion with 2,125 deals.

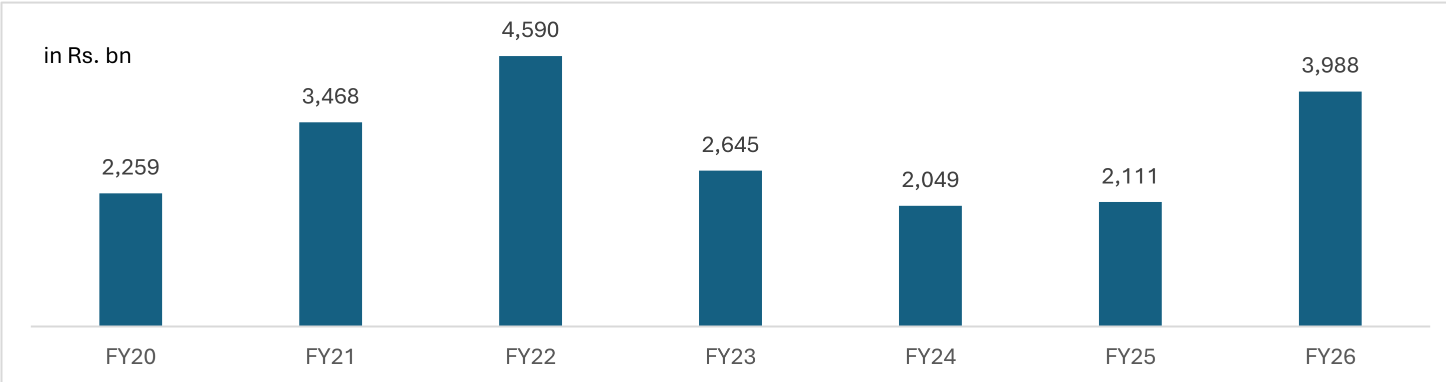
Private equity investments have witnessed a substantial surge in value in the last 2 decades, with a total of ~Rs 18.24 trillion worth of deals reported during fiscal 2020 and 2025. Within this period, fiscal 2022 saw significant growth, with investments reaching ~Rs 4.6 trillion. While fiscals 2023 and 2024 saw year on year declines in investment in terms of value, fiscal 2025 grew by 3% year on year, indicating potential rebound in the investment cycle.

PE investments in India in terms of value from FY05 to FY26



Note: Exchange rates considered for period FY05-09, FY10-FY14, FY15-FY19, FY20-FY25 & FY26 are 1$= Rs 44.11, Rs 51.17, 64.73, Rs 81.66 and Rs. 87.50 respectively (average exchange rate of the period), PE Investments include Angel/Seed, Venture Capital, Private Equity, Pre IPO, Public Equity, QIPs, Real estate and other deals, Source: VCCEdge, CRISIL Intelligence

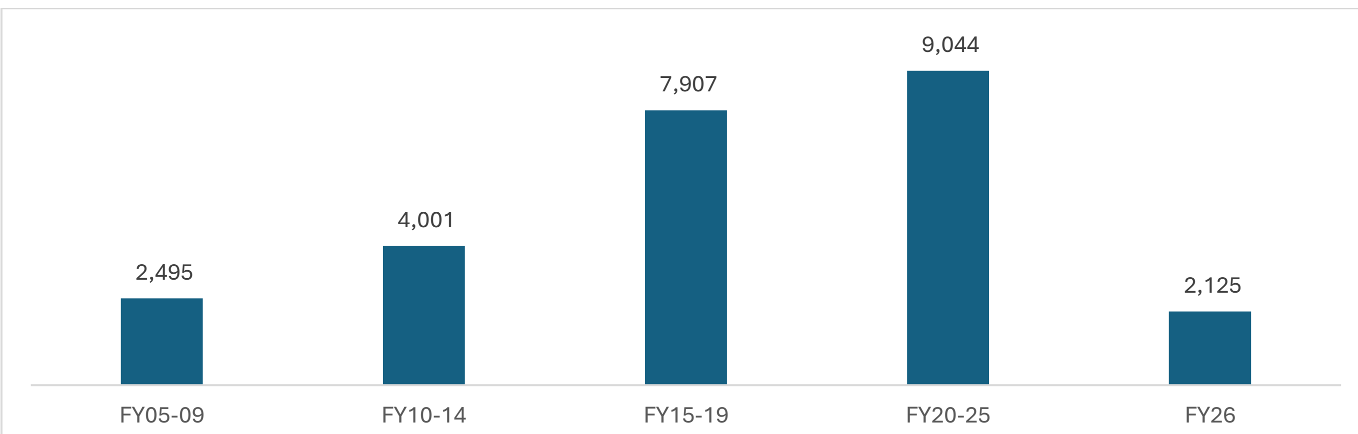
PE Investments in India in terms of value from FY20 to FY26



Note: Exchange rate for FY20- FY25 is basis exchange rate as on the deal date, PE Investments include Angel/Seed, Venture Capital, Private Equity, Pre IPO, Public Equity, QIPs, Real estate and other deals, Source: VCCEdge, CRISIL Intelligence

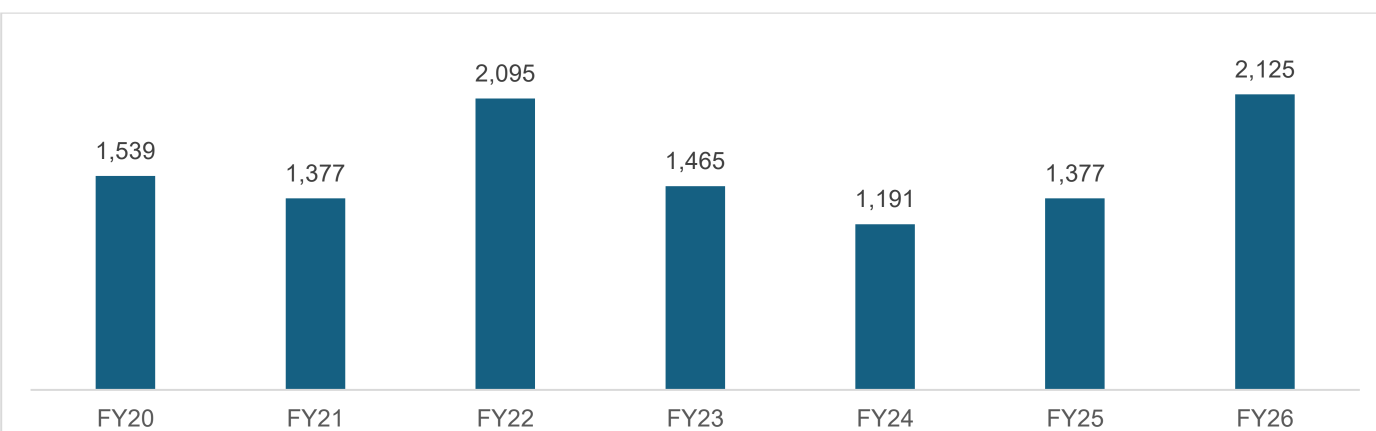
Over years, there has been a notable shift in the investor approach, with a focus on selective investments that support sustainability, profitability and long-term value creation. Additionally, macroeconomic factors such as heightened interest rates and inflation have increased capital costs, leading to a more cautious approach. This shift is reflected in the decline in volume from fiscal 2022 to fiscal 2026. However, similar to the trend observed in investment value, the number of deals also exhibited a 16% year-on-year increase in fiscal 2026.

Number of PE Investments in India from FY05 to FY25



Note: PE Investments include Angel/Seed, Venture Capital, Private Equity, Pre IPO, Public Equity, QIPs, Real estate and other deals, Source: VCCEdge, CRISIL Intelligence

Number of PE Investments in India from FY20 to FY26



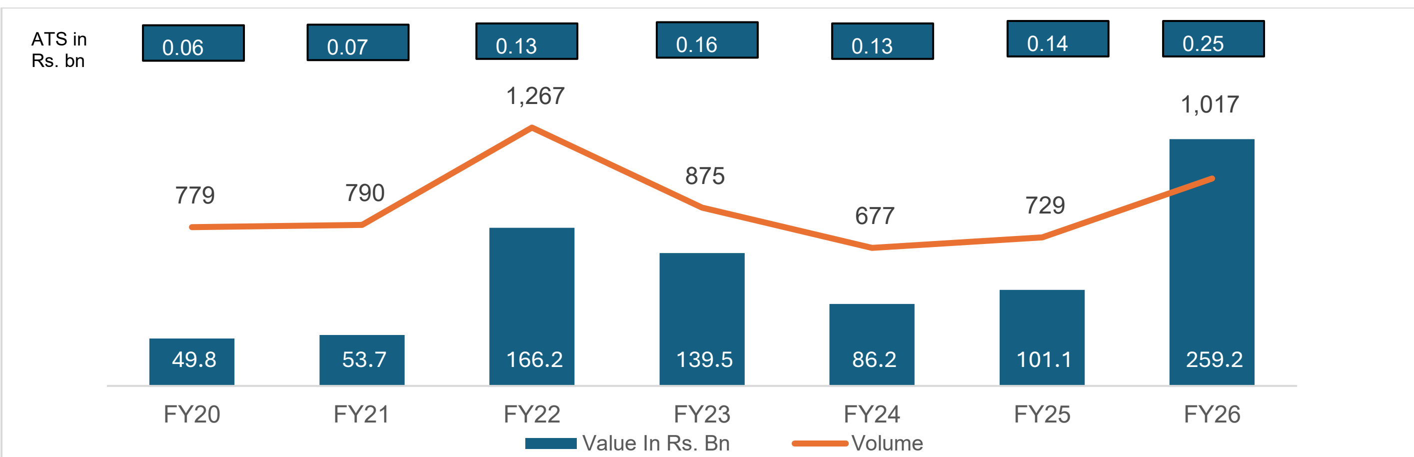
Note: PE Investments include Angel/Seed, Venture Capital, Private Equity, Pre IPO, Public Equity, QIPs, Real estate and other deals, Source: VCCEdge, CRISIL Intelligence

3.1.3 Deal type analysis

Angel/seed funding: Angel/seed funding represents the earliest stage of private equity investments, commonly extended to startups or early-stage enterprises. Angel/seed funding is used to support the development of a business idea, product, or service. This funding aids entrepreneurs in validating their ideas, creating prototypes, and gearing up for subsequent funding stages.

Angel/seed funding, characterised by its relatively small investment sizes, has seen a downturn in both the number and value of deals in fiscal 2026, compared to its peak in fiscal 2022. Despite this, the average investment size has risen to Rs 0.14 billion in fiscal 2025, indicating that investors are becoming more selective and opting to back startups with strong growth prospects. In fiscal 2026, the average investment size increased further to Rs 0.25 billion.

Average ticket size increased, despite a fall in the number of deals for angel funding

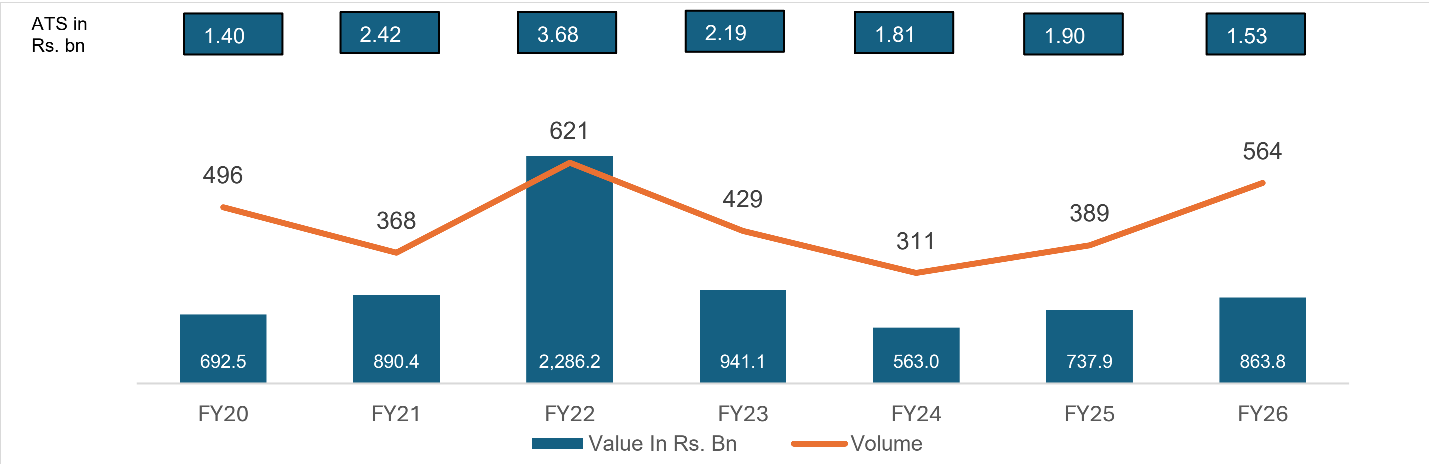


Source: VCCEdge, CRISIL Intelligence

Venture funding: Venture capital funding is a type of private equity investment that invests in companies with established products, strong management teams, and scalable business models. VC funding is typically provided in multiple rounds, with each round increasing in size and valuation. VC firms play an active role in guiding the company, offering strategic advice, and facilitating connections with industry networks.

Venture capital funding has significantly expanded since the past decade and saw ~5.6 times increase in terms of value, increasing from Rs 131 billion in fiscal 2014 to Rs 738 billion in fiscal 2025 to Rs. 681 billion in fiscal 26TD. Between fiscal 2023 to 2024, venture capital investments saw a 40% decline in value, leading to a drop in the average ticket size to Rs 1.81 billion from Rs 2.19 billion in the same period. The funding category has been consolidating, as investors are placing a strong emphasis on the economic sustainability of the firms they invest in. In fiscal 2026, there was an improvement seen in terms of value, volume and average ticket size.

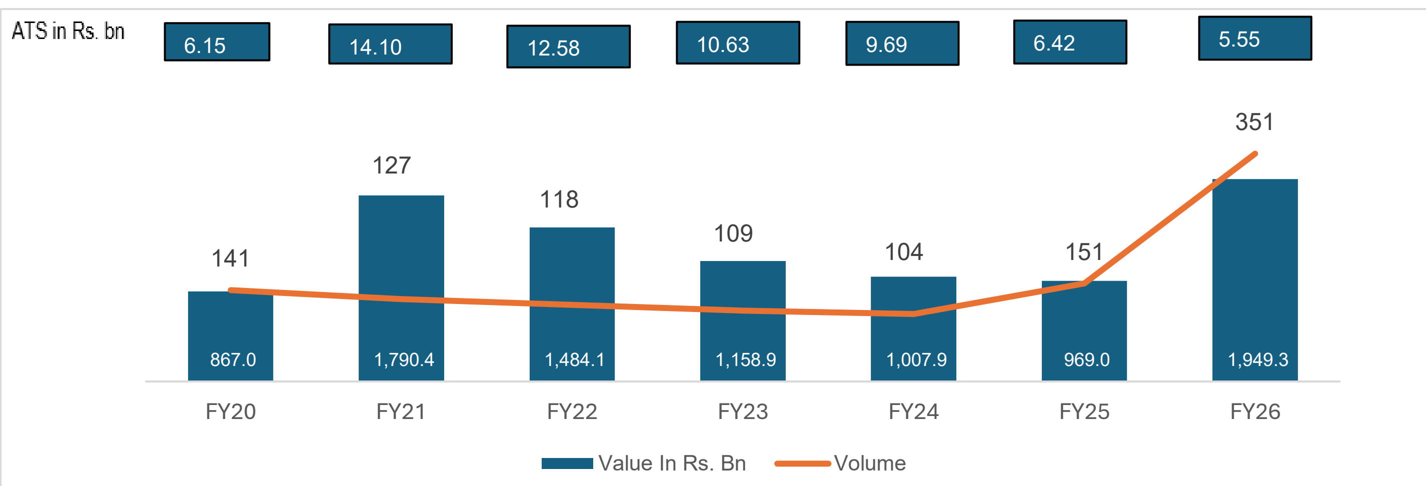
Crisil Intelligence



Source: VCCEdge, CRISIL Intelligence

Private equity funding: It is a type of investment provided to established companies that require capital to expand or restructure. PE firms invest in companies with a proven track record of profitability, with the goal of generating returns through financial leverage, operational improvements, and strategic acquisitions. PE firms sometimes take a controlling stake in the company and work closely with management to implement operational improvements and drive growth.

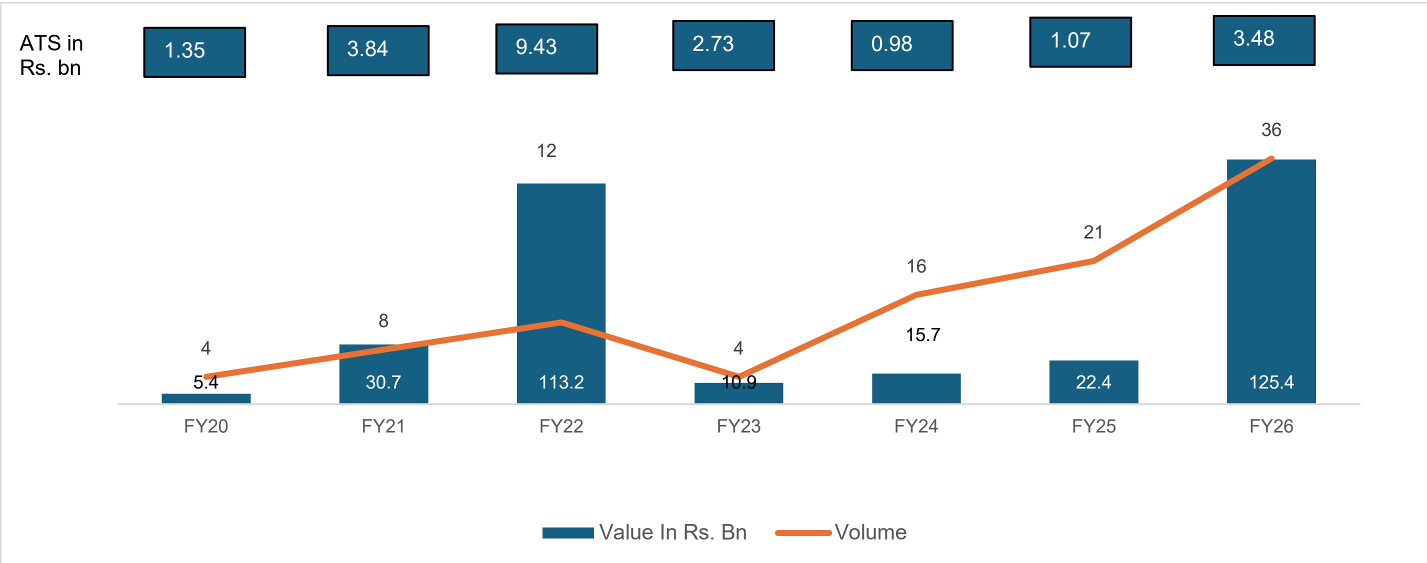
Private equity witnessed uptick in volume from 104 deals in fiscal 2024 to 151 deals in fiscal 2025 to 351 deals in fiscal 2026. Its average ticket size decreased to Rs. 6.42 billion due to decrease in value in fiscal 2025 and Rs. 5.55 billion in fiscal 2026.



Source: VCCEdge, CRISIL Intelligence

Pre-IPO funding: Pre-IPO funding is a type of PE investment provided to companies that are preparing to go public. This type of funding is used to support a company's growth and expansion plans, as well as to prepare for the IPO process. In fact, pre-IPO funding is often used to strengthen a company's balance sheet, invest in growth initiatives and build a strong management team.

The uptake of this investment route can be gauged from the fact that pre-IPO funding posted a five-fold increase over fiscals 2023 to 2025, to 21 deals from 4 deals and in fiscal 2026TD deal reach to 31. This can be attributed to restored investor confidence and a buoyant equity market, which, consequently, saw the number of IPOs increase to 272 in the fiscal 2024 from 164 in fiscal 2023, i.e. a 66% on-year rise. This had a strong cascading effect for pre-IPO funding, as companies sought additional capital to strengthen their balance sheets and meet regulatory requirements in a push to go public. In fiscal 2026, the average ticket size of investment stood at Rs. 3.48 billion.

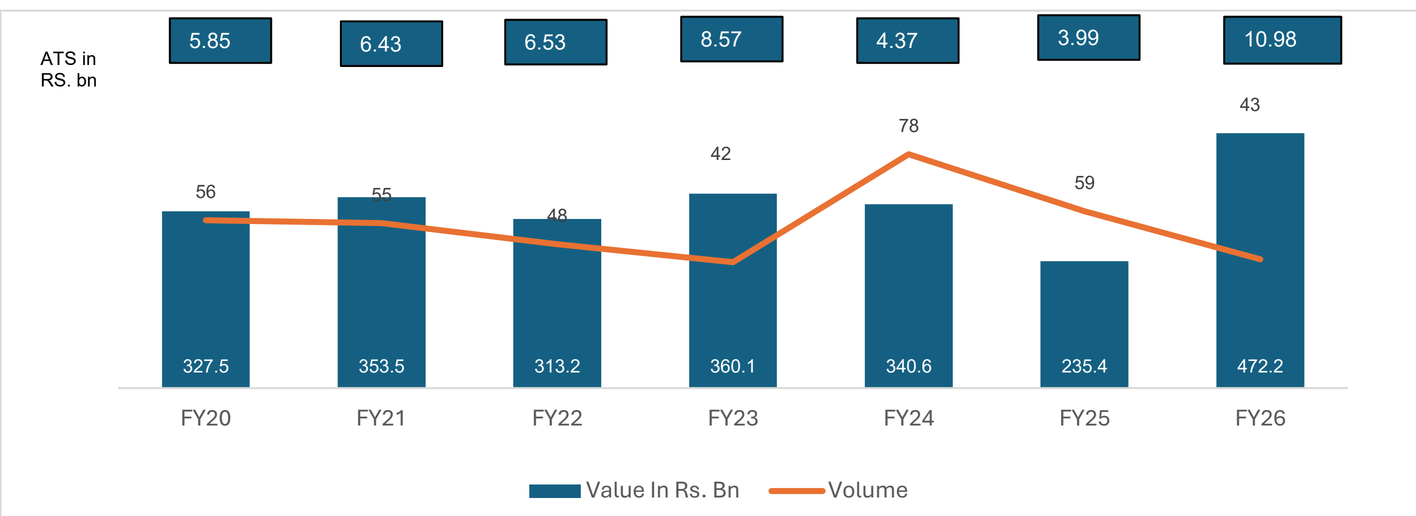


Source: VCCEdge, CRISIL Intelligence

Public equity

Public equity refers to ownership of shares in a publicly traded company. Public equity is a liquid investment, i.e. investors can easily sell a company's shares on the open market.

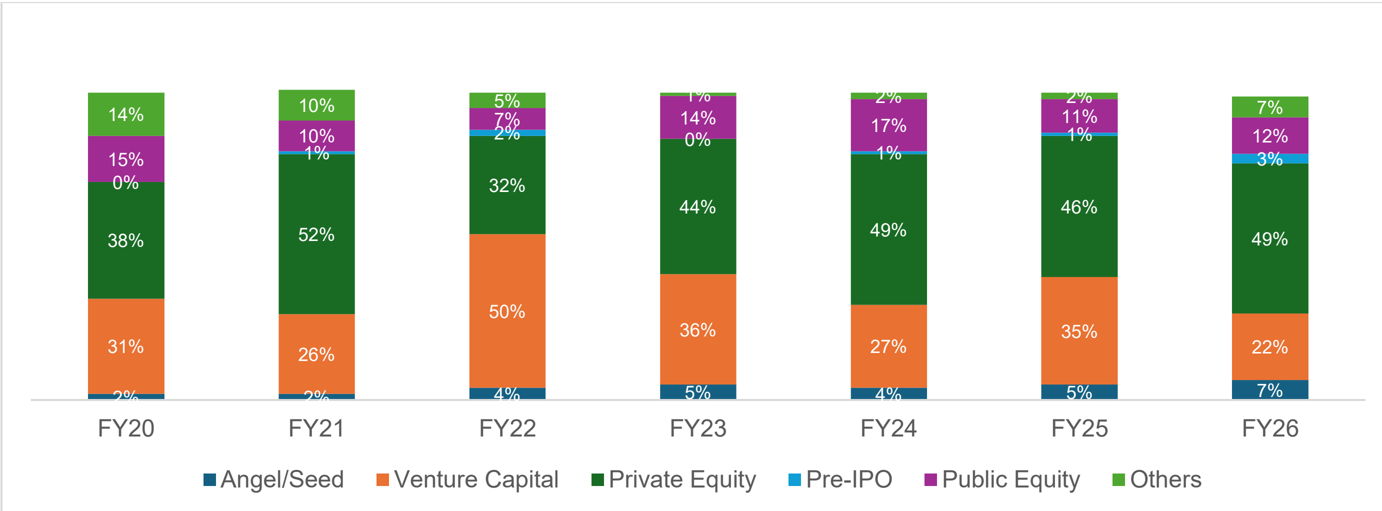
Public equity volume decreased to 59 deals in fiscal 2025 from 78 deals in fiscal 2024. Similarly, the ATS reduced to Rs 3.99 billion from Rs 4.37 billion, owing to a decrease in the value terms by 31% over the period. Public equity volume decreased to 43 deals in fiscal 2026 from 59 deals in fiscal 2025 but average ticket size has improved to 10.98 billion.



Source: VCCEdge, CRISIL Intelligence

Among deal types, PE dominated in value terms, with a 49% market share in fiscal 2026, 46% market share in fiscal 2025, followed by VC at 22% in fiscal 2026 and 35% in fiscal 2025 and public equity at 12% in fiscal 2026 and 11% in fiscal 2025.

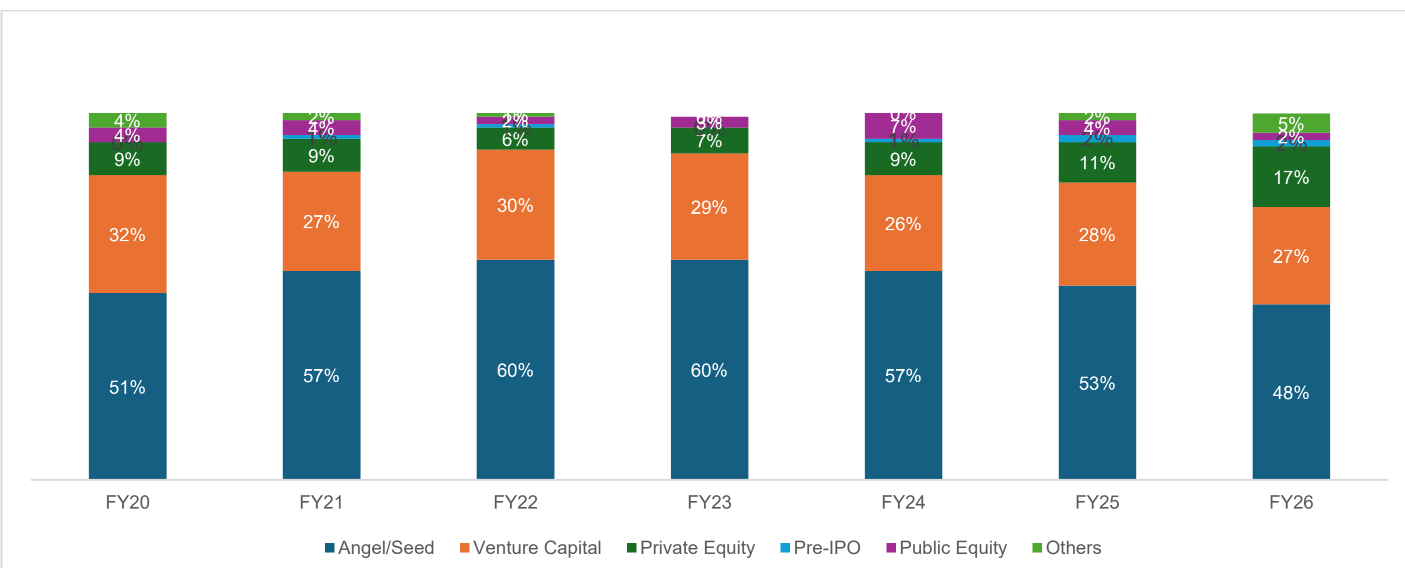
PE accounts for highest market share in value terms



Note: Others include QIPs, real estate and other private equity investments.Source: VCCEdge, CRISIL Intelligence

In volume terms, Angel/Seed funding remained the most sought after, with its total funding share rising to 53% in fiscal 2025 from 51% in fiscal 2020. This can be linked to a growing Indian startup ecosystem. Conversely, VC deals within the overall deal pie declined to 27% in fiscal 2026 from 32% in fiscal 2020. Private Equity has grown during the same period from 9% to 17%.

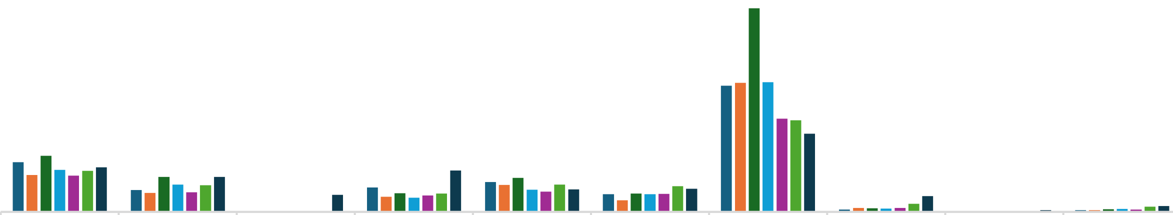
Angel/seed funding held highest market share across years in volume terms



Note: Others include QIPs, real estate and other private equity investments. Source: VCCEdge, CRISIL Intelligence

3.1.4 IT remained the leading recipient of PE investment over 6 years

Over the past 6 years, the information technology (IT) and consumer discretionary sectors secured the maximum deals in volume terms, with IT accounting for 37% share of the total transaction volume in fiscal 2025, followed by consumer discretionary, at 17%.



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecommunication Services	Utilities
FY20	280	123	1	137	167	99	709	13	0	10
FY21	208	107	0	86	152	66	725	22	1	10
FY22	316	197	1	105	192	104	1144	21	0	15
FY23	237	154	2	80	125	100	729	18	3	17
FY24	204	110	5	93	114	101	524	23	4	13
FY25	230	149	3	104	154	144	515	45	4	29
FY26	251	196	96	232	126	130	440	88	9	33

Source: VCCEdge, Crisil Intelligence

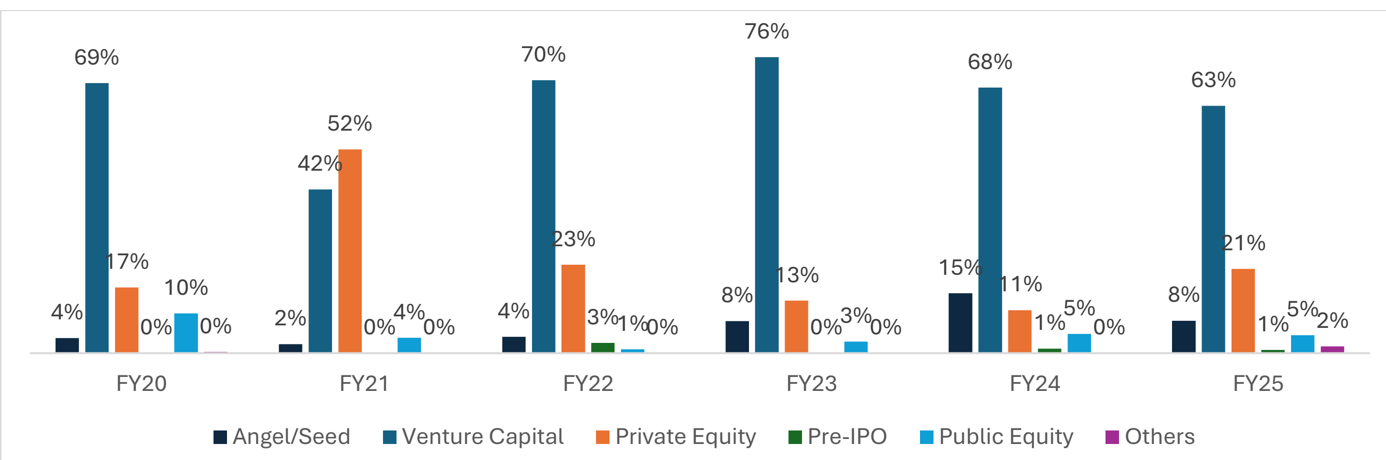
3.1.5 IT and consumer discretionary topped deals in value terms over past 6 years

The IT sector's growth has been fuelled by rising adoption of digital technologies. The sector is constantly evolving, with newer technologies and innovations. Companies in this space often require capital to invest in research and development (R&D), acquire new technologies and stay competitive.

In value terms, VC funding comprised the largest share over the years, as VCs are structured to take on higher risk for the potential of higher returns. VCs also provide the necessary capital from time-to-time for R&D, product development as well as strategic guidance and mentorship to help companies' scale.

But as the sector continues to evolve, PE investment firms can also expect to see a steady stream of opportunities to invest in innovative companies and help them scale.

VC funding comprises largest market share in value terms for funding IT sector startups

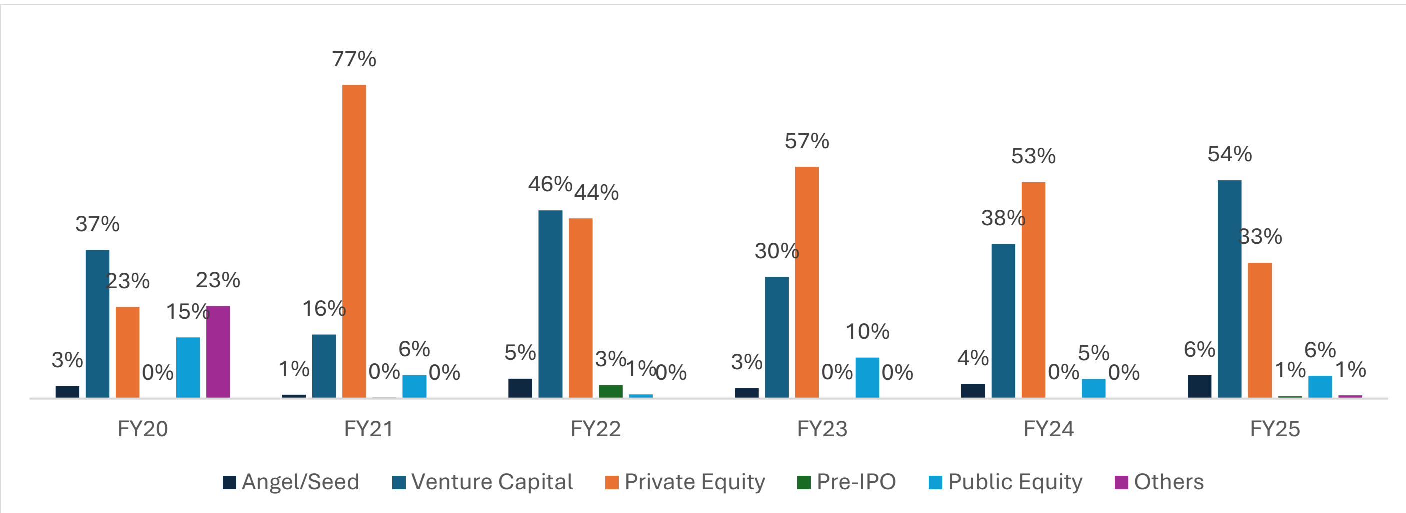


Source: VCCEdge, Crisil Intelligence

While VCs dominate the IT landscape, it is PE and Venture Capital funding that finds appeal among consumer discretionary companies. From fiscal 2020 to 2025 the majority of the deals in this sector in value terms was via PE and Venture Capital.

Overall, there has been a significant uptick in PE deal transactions on the back of positive trends such as rising penetration of e-commerce, changing consumer tastes and rising income levels contributing to increased consumer spending. Also, as consumers increasingly seek tailored experience and unique products, companies within this sector require financial backing to adapt to evolving preferences and remain competitive.

PE dominates consumer discretionary sector in value terms



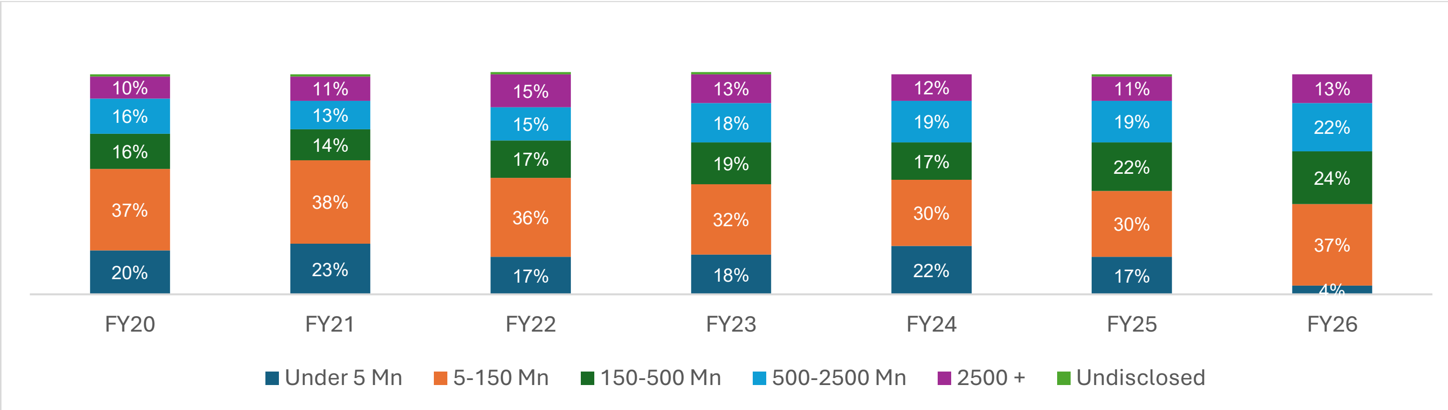
Source: VCCEdge, Crisil Intelligence

PE firms focusing on larger deals

In fiscal 2026, the share of deal sizes ranging from Rs 150-500 million and Rs. 500- 2500 million increased in volume terms to 24% and 22%, respectively up from 16% each in fiscal 2020, whereas that of ticket sizes below Rs 150 million decreased, with a sharp shrinking in the Rs 5-150 million ticket size, which reduced to 30% from 37% over the period. This indicates that investors are prioritising larger investments in established businesses with stable cash flows.

The mid-market category, comprising deal sizes of ₹500–2,500 million, saw its market share increase to 19% by volume and 14% by value in fiscal 2025, up from 16% and 12% in fiscal 2020, respectively. It is expected that the share of mid-market within PE investments will rise further and at a faster rate. As of fiscal 2026, market share of mid-market category stood at 22% as compared to 19% as of fiscal 2025.

Share of ticket size over Rs 150 million increasing (Volume)

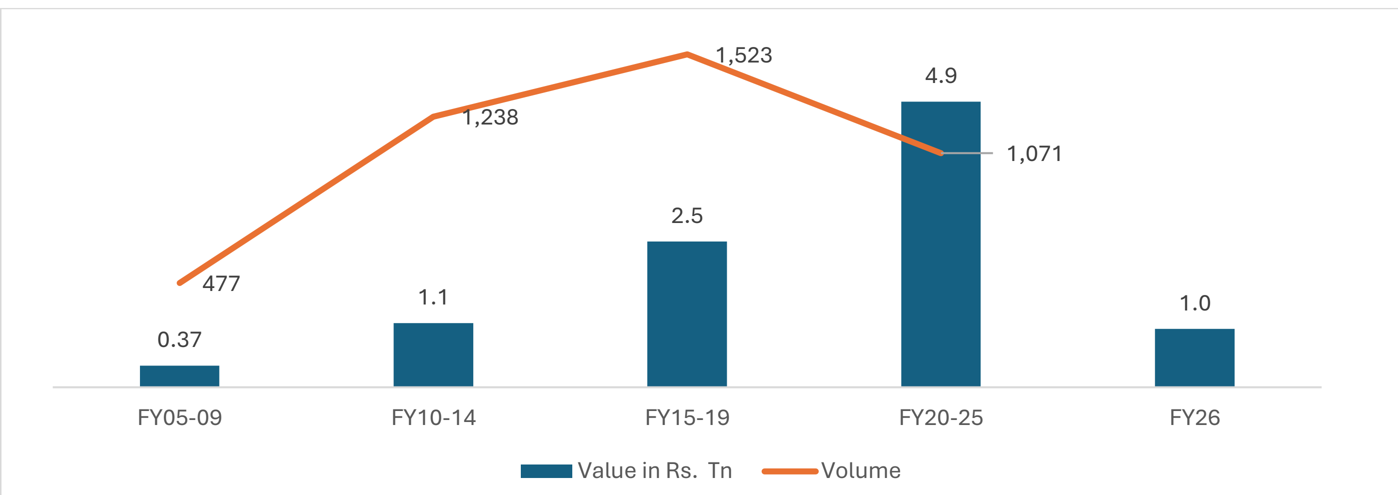


Source: VCCEdge, Crisil Intelligence

3.1.6 Sharp increase in deal exits in value and volume terms since fiscal 2005

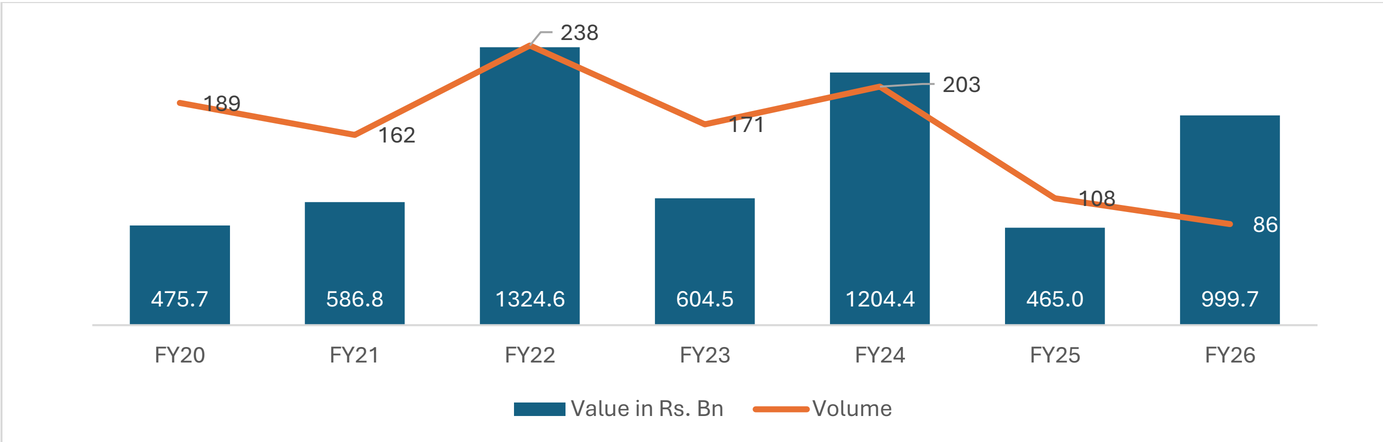
PE investor exits surged to Rs 4.91 trillion between fiscals 2020 and 2025 from Rs 2.52 trillion during fiscal 2015 to 2019, or ~2x. Also, in fiscal 2025, there were 108 exits totalling Rs 465.0 billion. The exits in value terms rose sharply to Rs 1,204.4 billion in fiscal 2024 from Rs 604.5 billion in fiscal 2023. This significant increase can be credited to strong market conditions and increased liquidity, resulting from a bullish market trend.

Deal exits in volume and value terms over 5-year periods



Note: Exchange rates considered for FY05-FY09, FY10-FY14, FY15-FY19, FY20-FY25 & FY26 are 1$= Rs 44.11, Rs 51.17, 64.73, Rs 81.66 and Rs. 87.50 respectively (average exchange rate of the period)
Source: VCCEdge, Crisil Intelligence

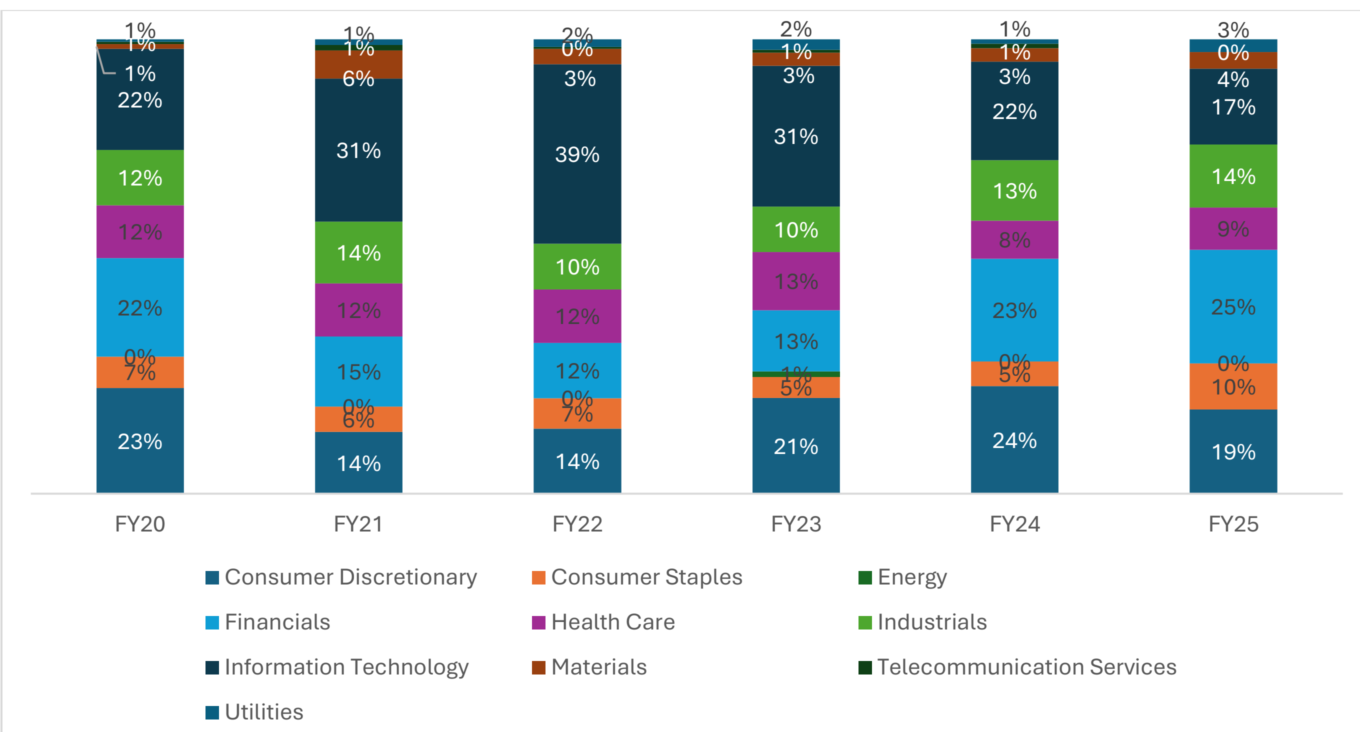
Deal exits in volume and value terms from fiscal 2020 to fiscal 2026



Note: Exchange rate for FY20- FY25 is basis exchange rate as on the deal date, FY26TD: - Data as on 13th March 2026
Source: VCCEdge, Crisil Intelligence

Among sectors, the financial space saw the maximum number of PE investment exits in fiscal 2025, followed by consumer discretionary (19%) and IT (17%).

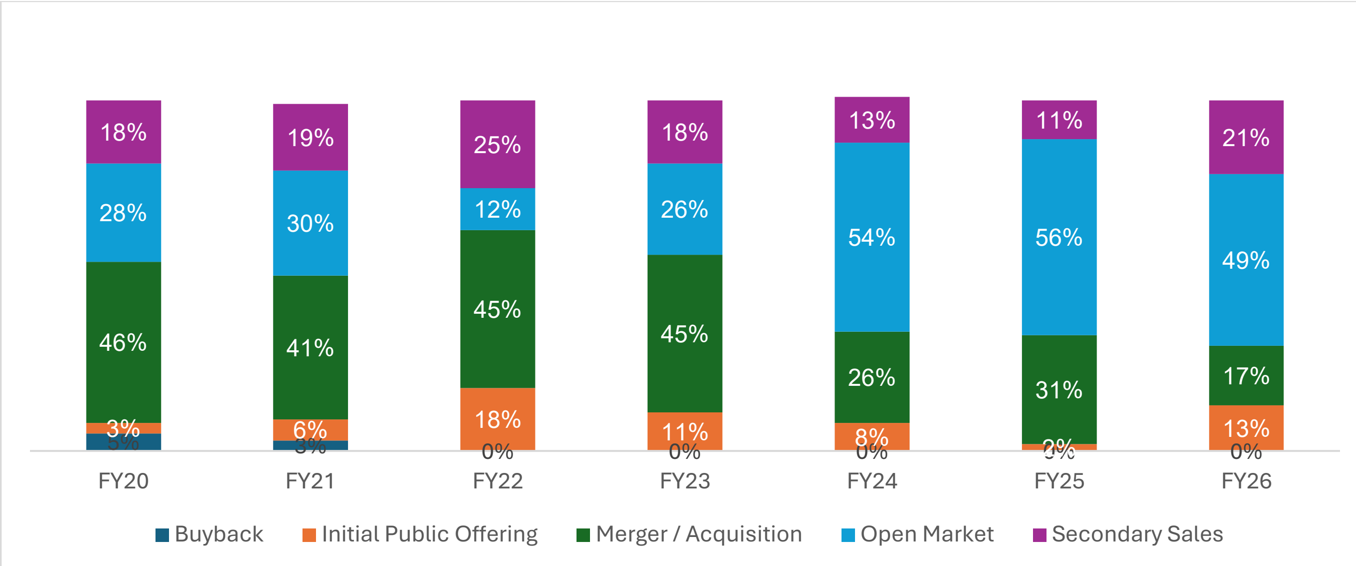
Financial sector saw maximum PE exits in fiscal 2025



Source: VCCEdge, Crisil Intelligence

The majority of exit volume in fiscal 2025 was via the open market, accounting for a 56% share, followed by mergers / acquisitions at 31% and secondary sales at 11%. The majority of exit volume in fiscal 2026 was via the open market at 49% followed by secondary sales, accounting for a 21% share, and mergers / acquisitions at 17%.

PE investors preferred open market as primary exit route



Note: Share of number of deals exited

Source: VCCEdge, Crisil Intelligence

3.1.7 Key growth drivers of PE

Growth in the Indian economy: Indian economy's structural growth drivers will continue to support long-term growth. The increasing share of young population and increasing participation of women in the labour force present favourable demographics to drive the consumption growth in the country. India is also expected to maintain a steady supply of skilled labour - enhancing increasing share of services sector as well as supporting growth in service-exports

Startup ecosystem: Government initiatives such as Startup India and Make in India have notably promoted entrepreneurial ventures and startups, creating opportunities for PE investors to fund these businesses for growth and expansion.

Emerging technology ecosystem: The rapid adoption of technology and digitisation in India has given rise to a thriving technology ecosystem. This has led to the emergence of various tech-enabled businesses that require capital to sustain growth and stay competitive in an ever-evolving technology landscape. Over the years, startups have grown and demonstrated scalability, and PE funds have enabled them to sustain growth. Furthermore, the availability of investment opportunities, talented promoters and a supportive entrepreneurship environment have created new avenues for PE investments. PE investors can capitalise on this trend by investing in startups and businesses that leverage technology to drive innovation and disruption.

Exit opportunities: The growth of the Indian stock market and the increasing number of initial public offerings (IPOs) have created attractive exit opportunities for PE investors. This has made India a more attractive destination for PE investments, as investors can now exit their investments through IPOs, mergers and acquisitions, or strategic sales, providing a clear path to liquidity. The Indian stock market has demonstrated significant growth in recent years, driven by a combination of factors such as economic growth, regulatory reforms and increasing investor participation. Notably, there has been a rise in IPO activity by PE/VC-backed startups.

3.1.8 Regulatory oversight

The PE industry in India is regulated by two primary authorities: the SEBI and the RBI. SEBI, the primary regulator, regulates AIFs through the SEBI (Alternative Investment Fund) Regulations, 2012. The RBI, on the other hand, regulates foreign investment in PE funds and VC funds through the Foreign Exchange Management Act (FEMA), 1999.

SEBI regulations

The SEBI (Alternative Investment Fund) Regulations, 2012, provide a comprehensive framework for the regulation of AIFs in India. Under these regulations, all AIFs are required to register with SEBI before they can accept commitments from investors and commence operations. The regulations also prescribe the eligibility criteria for AIFs, the investment restrictions and the disclosure requirements. PE funds fall under Category II AIFs, which are defined as AIFs that do not undertake borrowings other than to meet day-to-day operational requirements

RBI regulations

The RBI regulates foreign investment in PE funds and VC funds through the FEMA, 1999. The FEMA regulations provide framework for the regulation of foreign exchange transactions, including investments in AIFs.

The regulatory bodies have taken various initiatives to support and encourage private equity investments in India. For instance, increase in the foreign direct investment (FDI) limit in the insurance sector from 49% to 74% has hugely boosted PE investments. Similarly, relaxation of FDI norms in other critical sectors, such as e-commerce and pharmaceuticals, has also been instrumental in attracting PE investments.

3.2 Secondaries

3.2.1 Introduction

Secondaries refer to the sale of existing investments or assets in a PE fund by one investor to another and does not involve the infusion of new capital into the company. PE markets have a ready mechanism where investors can buy and sell their ownership in an equity investment through the stock exchange. In the private market, this exchange is generally done through the secondaries market. PE fund investments by default are long-term in nature, with a typically larger term of the fund. Secondaries provide investors with an opportunity to exit their investments before the fund's maturity date. There are two types of sellers in the secondaries market:

Limited partner (LP) sellers

LPs sell their commitment in a fund to a secondary buyer, which results in contractual commitment for future capital and receipt of future distributions being passed on to the secondary buyer, who becomes a new investor in the fund. LPs typically want to sell their holdings for reasons such as liquidity; portfolio rebalance and change in investment strategy.

General partner (GP) sellers

GPs can be sellers in the secondaries market as they might be looking to provide liquidity to LPs, or to realise portfolio asset returns as the fund approaches maturity. The GP might want to sell a portfolio asset, if it believes it is the right time to exit the investment and holding the investment for a longer period might not add any additional value against the investment. Sometimes a GP might want to hold on to an asset and provide liquidity to the existing LPs as the existing fund approaches the end of its term. This may be done by setting up a continuation fund and transferring the assets to it. Additionally, to provide liquidity to the existing LPs, GP might sell a portfolio asset to a strategic buyer or another GP (private equity fund/firm). This is one of the important exiting avenues for GPs in India.

3.2.2 Secondary fund and its benefits

A secondary fund engages in GP-led secondary transactions. Secondary funds typically acquire investments at a discount and must have a robust valuation process in place.

Benefits of secondary fund investments

- Diversification: Secondaries allow buyers to gain exposure to a diversified portfolio across multiple strategies, sectors, vintage years, geographies and GPs, potentially reducing risk. Buyers and sellers can use secondaries to manage their portfolios, tailor their exposure to target specific themes or risk profiles.
- Liquidity: It refers to the ability to easily buy or sell an interest in a fund without significantly impacting its valuation. LPs may need to exit their investment in a fund before its natural maturity, often due to cash flow requirements or a desire to rebalance their portfolio. Secondary funds provide liquidity to the existing LPs before the end of the fund term.
- Manage uncertainties: One of the key advantages of secondary funds is that these offer buyers a high degree of visibility on the underlying fund assets. Secondary funds provide buyers with access to detailed information about the portfolio companies. This includes historical financial performance, track records, and valuations, enabling buyers to make more informed decisions about their investments. With this level of transparency, buyers can better assess the potential risks and returns of the investment, leading to a more confident and informed decision-making process.
- Better pricing: Secondary buyers generally acquire PE investments at a discount to their net asset value (NAV) compared with the primary market. Secondaries can provide attractive investment opportunities and potentially enhance overall risk-adjusted returns.

- J curve impact: The J curve phenomenon is a well-known pattern in PE investments, characterised by initial losses or negative returns in the early years, followed by a surge in positive returns as investments mature and value is created. Investing in a secondary fund reduces the J curve impact. Since secondary funds typically acquire existing investments, the initial negative returns have already been absorbed, allowing buyers to enter the investment at a more advanced stage and potentially reap the benefits of the value creation process. This can provide more immediate returns on investment and a smoother cash flow profile.

3.2.3 Managing fund exits and role of continuation funds in value creation

VC funds typically have a term life of 8-10 years, during which the GP makes investments, seeks exits and offers suitable returns. The fund aims to exit its investments during the harvesting period or at the end of its tenure. However, in some cases, holding on to investments for a longer period may be more beneficial for value creation. This requires a delicate balance as not all LPs may agree to extend the holding period and may prefer liquidity by the end of the original fund tenure.

As a fund approaches termination, the GP may identify certain assets that require a longer holding period to maximise value. If the GP can convincingly demonstrate this to the LPs, they may request a term extension to continue investing in these assets. However, if an extension is not legally permissible or if most LPs prefer to exit, the GP must prioritise providing liquidity and exits to the investors. To adhere to the terms of the fund and provide liquidity and exits to the investors, the AMC may look for options such as portfolio sale, single asset continuation fund, multi-asset continuation fund.

Portfolio sale refers to the selling of a group of similar investments in a single transaction. A continuation fund is a new investment vehicle created to hold and manage a subset of investments from an existing fund that is nearing or has reached the end of its term. The purpose of a continuation fund is to provide additional time and resources to maximise the value of these investments that may not have reached their full potential or require more investment to achieve their intended returns.

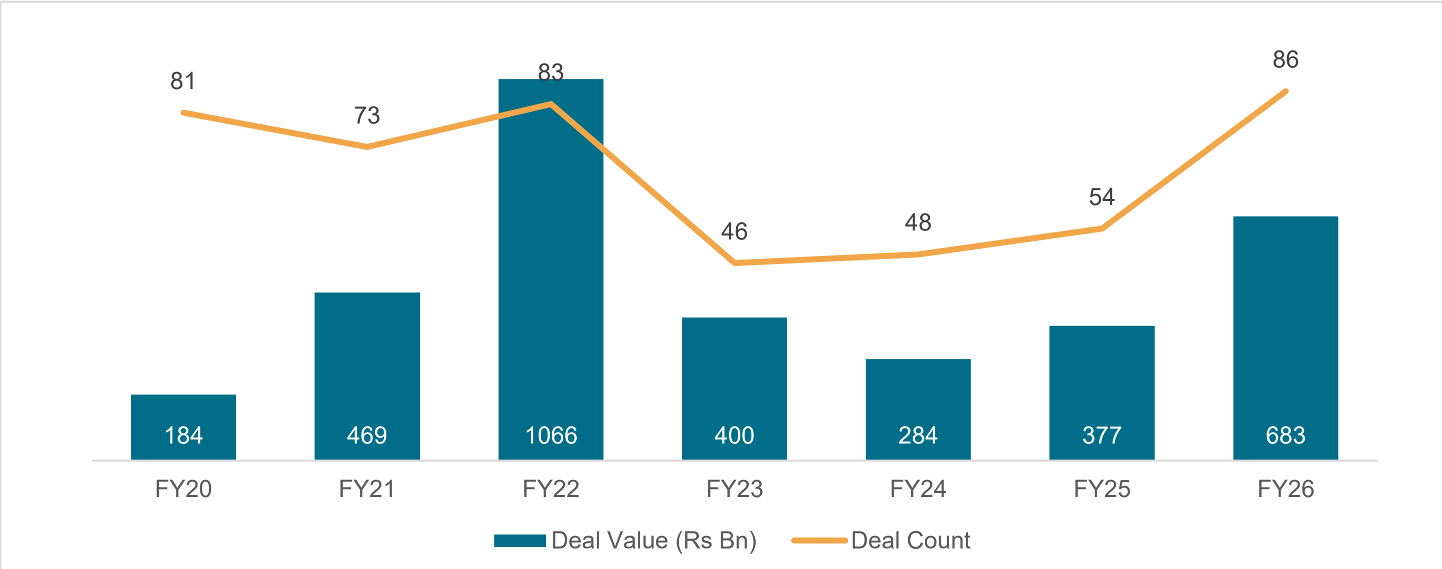
In a continuation fund, the existing assets are transferred from the original fund to the new fund, and the GP continues to manage and oversee them. This allows the GP to maintain control and oversight of the assets, while also providing a fresh investment horizon to optimise their value. LPs are generally given an option to cash out and lock in returns early, or an option to roll over, either fully or partially, into the continuation fund.

3.2.4 Secondaries transactions in India

The secondary[2] deals in India have maintained a steady pace over the past seven years, with fiscal 2022 being a notable exception, which saw a high deal value of ~Rs 1,066 billion. For fiscal 2025, the total deal value amounts to ~ Rs 377 billion, which is 32% higher than the total deal value of Rs 284 billion in fiscal 2024. For fiscal 2026, the total deal value reached ~ Rs 683 billion, which is ~78% higher than the total deal value of the fiscal 2025, showing an increasing trend in secondaries transaction. Notably, the average deal size which has been calculated based on the number of deals for which deal value has been made available has increased significantly, multiplying ~3 times from Rs 3.23 billion per deal in 2020 to Rs 9.75 billion per deal in fiscal 2026.

[2] *Based on data available on VCC Edge, secondary deals include PE, VC, pre-IPO and angel deals, having deal features as secondary. Those transactions where both seller and buyer details are available and the seller is a fund, or non-promoter or holding company of the target company are also classified as secondary deals. If a deal has both primary and secondary components, it has still been classified as secondary deals.*

Secondary deals



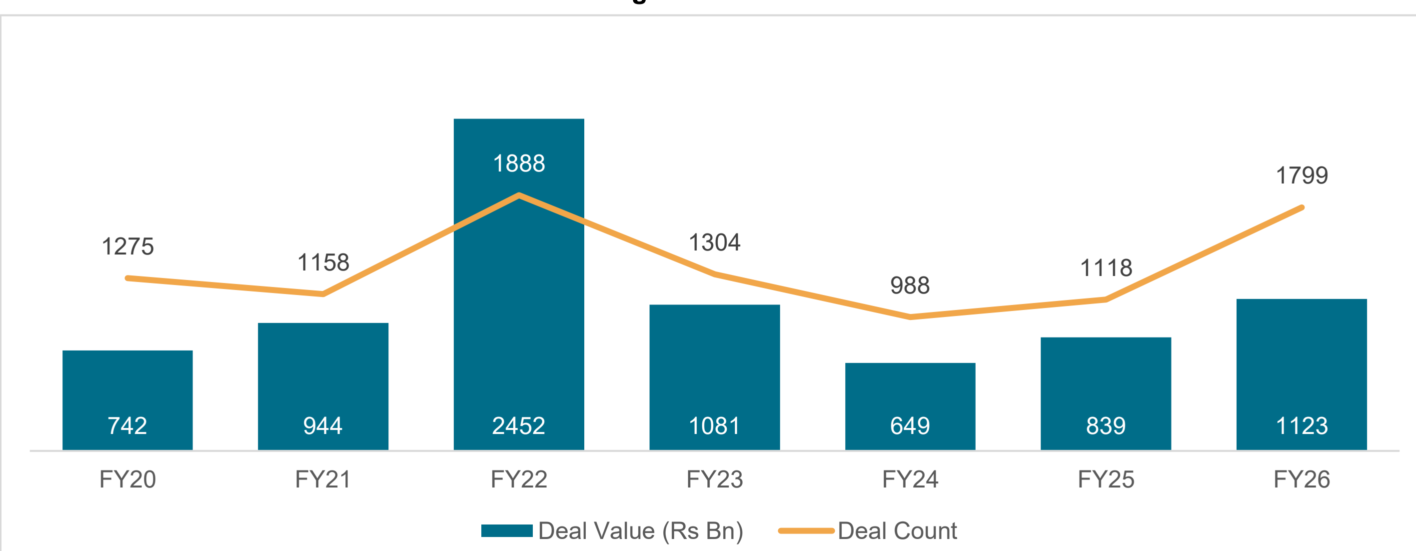
Note: Deal count includes all deals even where deal value has not been given

Source: VCC Edge, Crisil Intelligence

3.2.5 Early-stage investment trend in India, liquidity and potential growth opportunities for secondaries

Early stage[3] deals have recorded a steady uptrend, with more than 9,500 deals taking place between fiscals 2020 and fiscal 2026. In six of the past seven fiscals, the number of deals exceeded 1,000; fiscal 2024 was an exception, at 988 deals. Fiscal 2026 has witnessed total deal value of Rs 1123 billion which is ~133% of the total deal value of fiscal 2025.

Angel and VC deals



Note: Deal count includes all deals even where deal value has not been given

[3] Based on data available on VCC Edge, we have considered angel/seed and VC deal type as early-stage deals. Deal count includes all deals even where deal value has not been given

Source: VCC Edge, Crisil Intelligence

As the PE and VC markets continue to expand, the focus will increasingly shift to liquidity strategies, enabling fund managers to divest their investments and redistribute capital and profits to their investors. With a typical fund life, PE and VC funds are designed to invest, hold and eventually exit their portfolio companies to generate returns. As the number of deals grows, several investments will soon reach maturity, prompting fund managers to seek exit opportunities. This wave of maturing investments along with the increase in number of registered AIFs in the past few years will facilitate buying and selling of existing PE and VC investments, which is expected to unlock a significant opportunity for the secondaries market.

The global secondaries market has evolved into a mature platform, enabling investors to buy and sell the existing PE investments, and has become an important strategy for alternative asset managers worldwide. Similarly, as India’s PE and VC landscape continues to evolve, the secondaries market is expected to emerge as a vital component of the ecosystem. Although the secondaries market in India is at a very nascent stage, the growth of private markets and robust start-up ecosystem is expected to support the growth of secondaries in coming years.

3.3 Private credit

Private credit, or alternative credit, refers to debt financing provided by non-banking financial institutions, such as AIFs and family offices, to entities, often small and medium enterprises (SMEs). This form of investment involves lending, to businesses or individuals, outside of the traditional banking system.

The private credit industry saw significant growth after the 2008 financial crisis due to stricter capital requirements for banks, which discouraged them from lending to riskier borrowers, creating a demand-supply mismatch. Private credit investments have features of a typical debt instrument, such as tenor, collateral provisions and fixed/floating interest rates.

Some of the key characteristics are:

Debt-based investment: The investments are in debt form, wherein the lender provides capital to the borrower for regular interest payouts and returns. Collaterals are used as one of the measures to manage counterparty risk. The type of collateral can vary depending on the type and nature of transactions, and generally includes charge over fixed assets, corporate guarantees, charge on sale proceeds, companies' operating cash flow and pledge of shares.

Illiquid: Investments are typically illiquid in nature and generally not traded in the secondary market.

Higher returns: Since the investments are illiquid and carry some credit risk, they offer higher yields than other traditional fixed income investments.

Customisation: Private credit investments can be tailored to meet the specific needs and requirements of lenders as well as borrowers. Returns from the investments can be structured by adding premium at the end of the term and introducing options and warrants. Hence, private credit investments offer more flexible terms than traditional bank loans.

3.3.1 Role of AIFs in private credit

AIFs offer a platform for investors to access a broad range of investment opportunities, including venture capital and private equity investments in startups and growth-stage companies, employ diverse strategies to generate returns, make real-estate investments in properties, undertake development projects and work with real-estate investment trusts (REITs), and pursue pre-IPO opportunities and debt investments, including private credit, venture debt and distressed debt.

AIFs have become significant drivers of growth of the private credit market in India. They provide a platform for investors to access attractive investment opportunities, while also enabling borrowers to secure financing from a non-traditional source. AIFs have played a crucial role in the growth of private credit and provide several benefits such as the following:

Capital availability: AIFs pool capital from various investors which has increased significantly over the last few years, and this influx of capital has expanded the overall pool of funds available for lending, making it easier for companies to access financing.

Professionally managed: Alternative funds often have teams of experienced professionals who specialise in credit analysis and risk management. This expertise allows them to identify and underwrite credit opportunities that may be overlooked by traditional lenders.

Diverse investment strategies: AIFs offer a flexible investment structure, allowing them to tailor their investment strategies to specific credit opportunities, including venture debt, distressed debt and special situation investments. Diverse strategies allow the AIFs to cater to the specific needs of the borrowers.

3.3.2 AIFs'[4] investments in the private credit space

AIFs are generally close ended in nature, and the AMCs calls for capital from investors in tranches as and when an investment opportunity arises. These are called capital drawdowns. The amount of capital drawn down may vary depending on the fund's needs and the investors' commitments. The returns generated from the portfolio in terms of income is distributed back to the investors along with the initial capital, which is called distribution.

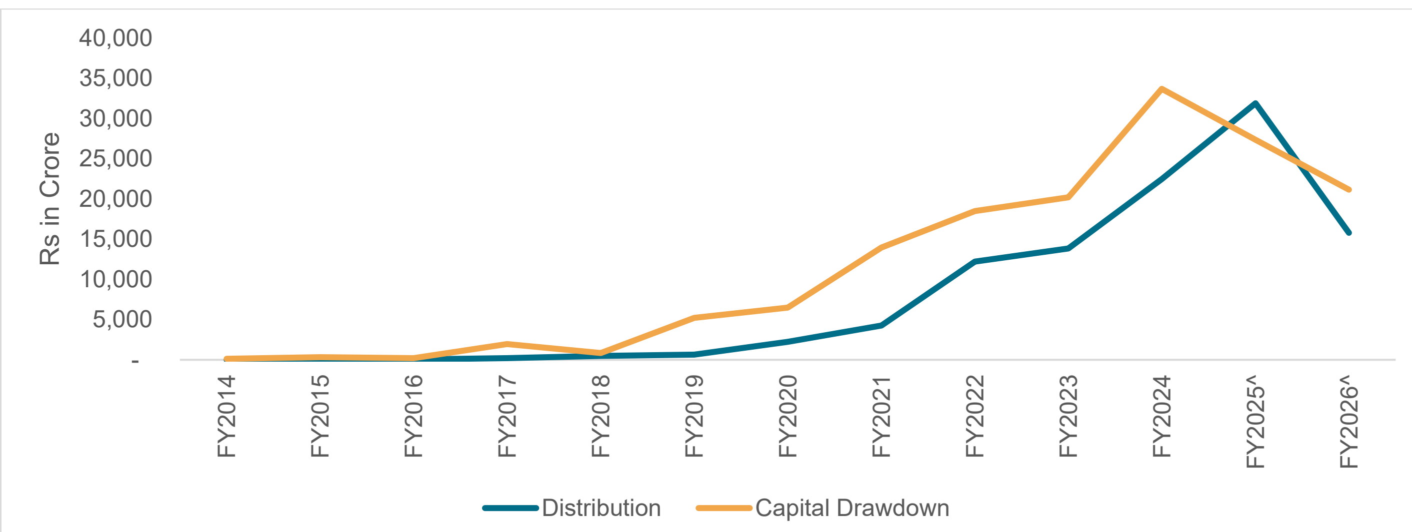
AIFs can invest in private credit opportunities through various strategies, including:

- **Debt funds:** Debt Funds are generally registered under Category II as per SEBI AIF regulations and invest primarily in debt securities of listed or unlisted investee companies based on the fund's stated objectives.

The following table shows the performance of all debt AIFs considered under Crisil AIF benchmarking as of September 2025. In all 133 schemes across various vintage years were considered. Schemes with at least 75% of their exposure to debt securities have been considered under debt fund. The category includes performing credit funds and high-yield funds. It does not include distressed asset funds and venture debt funds. On an aggregate basis, these funds have generated an IRR of 14.80% between February 2014 and September 2025.

No. of schemes	Pooled IRR (%)	Valuations (in Rs crore)
133	14.80%	84531.24

Debt funds - Drawdowns vs Distribution



^ The above data pertains to funds that had their first close on or before September 30, 2024, as per AIF benchmarking cycle
Source: Crisil Intelligence

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[4] Source: Crisil Intelligence
Notes: 1) Values as on September 30, 2025
2) Schemes that have completed at least one year since their first close as on September 30, 2025 have been considered
3) Returns refer to post-expense, pre-carry, pre-tax values
4) Valuations refer to pre-carry valuation numbers
5) Net drawdown refers to total capital drawdown net of any refunds paid back to investors

6) Pooled IRR denotes the IRR calculated at an aggregate level by pooling all the cash flows that have occurred within all the schemes belonging to the category and the vintage year. Here the cash flows are considered according to the date on which they have occurred and the valuation as on the last day is considered as the terminal value for the calculation.

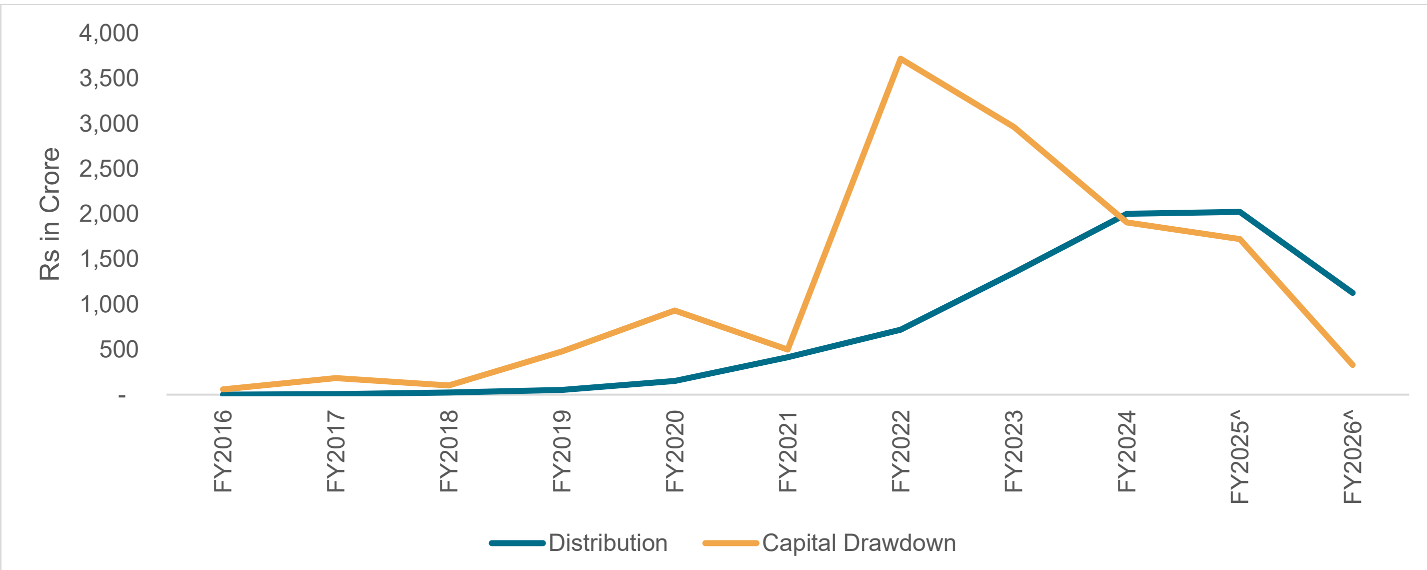
7) Please refer annexure for eligibility criteria

- **Venture debt funds:** Venture debt funds are a category II type of AIF that provides debt financing specifically designed for companies that still rely on venture capital investments to fuel their growth and operations. In other words, they provide an additional financing option for startups and early-stage companies already backed by VC firms, helping them to bridge funding gaps and achieve their business objectives.

The table below shows the performance of all venture debt AIFs considered under Crisil AIF benchmarking as of September 30, 2025. In all, 15 schemes across various vintage years were considered. On an aggregate basis, these funds have generated an IRR of 12.83% between October 2015 and September 2025.

No. of schemes	Pooled IRR (%)	Valuations (in Rs crore)
15	12.83%	9466.81

Venture Debt funds - Drawdowns vs Distribution



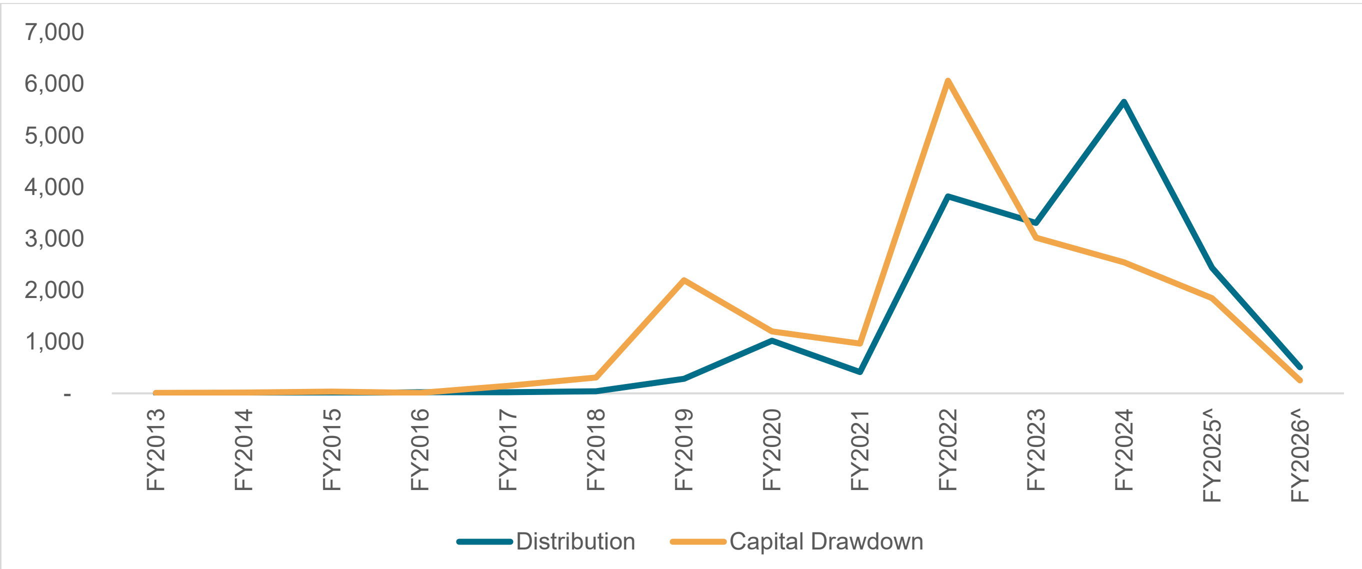
^ The above data pertains to funds that had their first close on or before September 30, 2024, as per AIF benchmarking cycle
Source: Crisil Intelligence

- **Distressed asset funds:** Distressed funds include category II AIFs that invest in the assets of companies experiencing financial stress or debt securities experiencing financial difficulties or are in default. This will generally include investments in debt and equity securities issued by companies undergoing insolvency or restructuring, non-performing loans and/or companies with credit facilities in non-performing status. This also includes investments in asset reconstruction companies, acquisition financing for NCLT companies and one-time settlement financing. These funds aim to generate returns by acquiring these assets at a discounted price, restructuring or turning them around, and then selling them for a profit.

The table below shows the performance of all distressed asset AIFs considered under Crisil AIF benchmarking as of September 30, 2025. In all, 27 schemes across various vintage years were considered. Schemes with at least 75% of their exposure to distressed securities have been considered under distressed asset funds. On an aggregate basis, these funds have generated an IRR of 17.71%. between January 2013 and September 2025.

No. of schemes	Pooled IRR (%)	Valuations (in Rs crore.)
27	17.71%	8384.43

Distressed funds - Drawdowns vs Distribution



^ The above data pertains to funds that had their first close on or before September 30, 2024, as per AIF benchmarking cycle
Source: Crisil Intelligence

3.3.3 Private credit – a huge, untapped opportunity in the Indian markets

Over the last few years, the traditional financiers such as banks and NBFCs have become risk-averse towards the segment owing to the NBFC liquidity crisis and a fall of some of the renowned corporates in the past. This has created a huge void and opportunity for the private creditors to capitalise and create a niche for them through their experience of structuring the credit, making funds accessible in situations that cannot be funded by banks and NBFCs. In addition, increasing regulatory restrictions on traditional bank lending have made private credit an essential alternative for the corporates to tap into. It provides customised financing for scenarios such as acquisitions, share repurchases, large projects, and support for businesses with lower credit ratings or those aiming to grow without diluting equity. These trends collectively illustrate a shift towards more adaptive, risk-embracing and company-specific financing strategies outside conventional banking. Below are some of the reasons for corporate India to access private credit:

Key points	Remarks and rationale
Regulatory constraints	Banks face stringent regulations on lending for activities such as acquisitions and share repurchases to mitigate systemic risks, leading to more conservative lending approaches.
Project financing	Large, risky projects often bypass traditional bank financing due to their scale and uncertainty. Here, project-specific financing from private sources focuses on the project's cash-flow potential rather than the company's creditworthiness
Preserving ownership	Companies seeking growth capital without diluting equity turn to private credit for patient capital solutions that resemble private equity but without the need for promoters to relinquish control

Revenue-based models	While banks typically require physical assets as security, private credit can leverage a company's revenue for financing, offering repayments aligned with income generation, thus opening the doors for asset-light businesses
Challenges with credit ratings	Mid-sized companies with lower credit ratings find it tough to secure conventional loans or bond financing. Private credit fills this gap, focusing more on the business' operational strengths and future prospects than just its credit score

Source: CRISIL Intelligence

3.3.4 Increasing focus of banks and NBFCs on retail loans has created a huge gap for private credit players to fill in

- **Filling the gap in the wholesale lending market:** Banks and NBFCs are prioritising retail loans due to their lower risk profiles and consistent repayment patterns, especially for sectors such as housing, education, vehicle and personal loans. This shift leaves a gap in the wholesale lending market such as corporate loans, infrastructure loans and other large-scale project financing that private credit is increasingly filling.
- **Opportunities in the underserved segments:** Wholesale loans, particularly for sectors such as infrastructure, real estate and mid-market enterprises, often require customised financing structures that traditional lenders avoid due to stringent capital norms and asset-quality concerns. Private credit funds, with higher risk tolerance and fewer regulatory constraints, are stepping in to meet this demand.
- **Reduced competition in wholesale lending:** With banks and NBFCs reducing their exposure to wholesale lending, private credit funds face less competition from traditional lenders and have greater bargaining power in structuring deals and selling terms.
- **Developing expertise:** Private credit funds are increasingly bringing their sector-specific knowledge and strategic insights, thereby adding value beyond just financing. This expertise is creating opportunities for private credit providers to offer comprehensive financing and strategic solutions to businesses that are navigating complex industries or growth challenges.

3.3.5 Growth drivers of the private credit industry in India

We believe that the private debt/credit, particularly from PE firms and AIFs, will grow significantly, driven by several factors such as higher returns, increasing demand for flexible capital solutions and attractive sectoral opportunities.

- **Demand for flexible financing solutions:** Private debt from PE firms is more attractive for businesses seeking flexible financing solutions compared with traditional wholesale credit from NBFCs. PE firms provide structured debt (such as mezzanine financing, convertible debt and subordinated loans) tailored to the specific needs of a company. This flexibility is crucial for growth-stage companies, mid-market businesses and distressed assets that may require longer repayment periods, lower interest rates and/or debt that can convert into equity in the future.
- **Attractiveness of high-yielding private debt:** Private debt investments typically offer higher yields compared with NBFC credit. Private debt also occupies seniority in a borrower’s capital structure. PE firms often target high-risk or growth-focused sectors such as technology, healthcare, consumer goods and energy. For instance, mezzanine debt or subordinated debt provided by PE firms can yield interest rates of 10-20% or more annually, depending on the borrower’s risk profile. These are substantially higher than the typical 6-12% offered by NBFCs on wholesale credit.
- **Sector focus of PE funds:** Funds managed by private equity AMCs are increasingly focusing on high-growth sectors such as technology, fintech, biotech and renewable energy. These sectors promise high returns and offer greater opportunities for PE firms to generate significant value from their debt investments. As these sectors are often capital-intensive and have high growth potential, private debt becomes the preferred capital

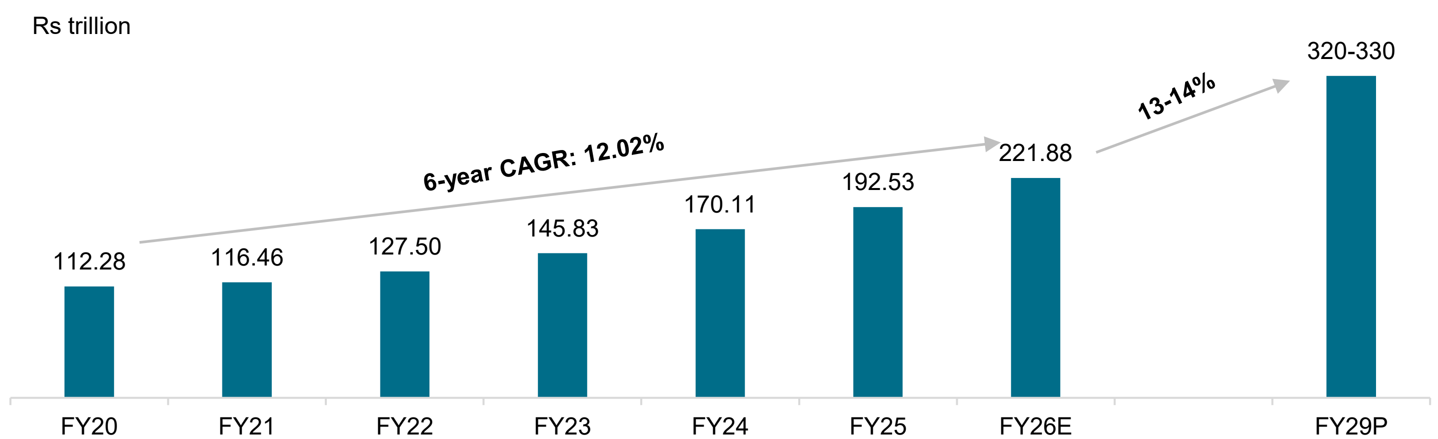
source. In contrast, NBFCs primarily focus on more traditional sectors such as real estate, infrastructure and MSMEs, which often have lower growth rates compared with emerging sectors such as technology or healthcare.

- **Stricter regulatory environment:** NBFCs are regulated by the central bank (e.g., RBI in India), and their lending activities are subject to capital adequacy requirements and prudential norms that limit their ability to provide riskier, high-return loans. However, private debt firms (PE firms/AIFs) are less regulated and operate in the private markets, allowing them to take on higher-risk investments and offer higher-yielding products to investors and borrowers alike.
- **Investor appetite for high-yielding assets:** Institutional investors, including pension funds, insurance companies and sovereign wealth funds, are increasingly looking for high-yield investments to diversify their portfolios. Private debt funds managed by PE firms are offering attractive risk-adjusted returns in the range of 10-20% IRR, which is highly appealing compared with the more traditional fixed-income assets. This has led to increased capital inflows into private debt funds, which is likely to fuel their growth relative to NBFCs.
- **Increased credit demand from SMEs:** Several SMEs and startups in India are facing challenges in securing financing from traditional banks due to stricter credit norms, high collateral requirements and/or limited risk appetite. Private credit is becoming a go-to solution for such SMEs for availing flexible and customised financing options such as structured finance, mezzanine debt, bridge loans, etc. to meet their credit requirements.
- **IBC framework:** The Insolvency & Bankruptcy Code (IBC) is significantly contributing to the growth of private credit in India by addressing non-performing assets and creating opportunities in distressed asset investments. The time-bound and transparent resolution process under IBC has attracted private credit funds to finance distressed companies and participate in turnaround financing.

3.3.6 Overall systemic credit

Corporate credit determines the growth in overall credit as it accounts for majority of systemic credit. Systemic credit in India grew at a 6-year CAGR of 12.02% over fiscals 2020 and 2026. Retail credit continues to lead the systemic credit growth in fiscal 2026, supported by the focused approach of banks and NBFCs in increasing the retail portfolio. Going ahead, CRISIL Intelligence projects systemic credit to grow at 13%-14% CAGR between FY26 and FY29.

Systemic Credit to grow 13-14% between fiscals 2026 and 2029



Note: E: Estimate, P: Projected; This excludes credit from Banks to NBFCs, food credit & credit to agriculture and allied activities. Source: RBI, company reports, Crisil Intelligence

3.3.7 Non-retail credit growth drivers

PM Gati Shakti: PM Gati Shakti is aimed at building next-generation infrastructure to improve the ease of living as well as ease of doing business. Multi-modal connectivity should provide integrated and seamless connectivity for the movement of people, goods and services from one mode of transport to another. It should facilitate last-mile connectivity of infrastructure and reduce travel time for people. Developments in infrastructure and connectivity are expected to support developments in the real-estate sector in the medium term.

Infrastructure Debt Fund (IDF): Providing an additional funding source for infrastructure projects, infrastructure debt funds (IDFs) have tapped private capital pools over the past three years. IDFs essentially act as vehicles for refinancing the existing debt of infrastructure companies, thereby creating headroom for banks to lend to fresh infrastructure projects. IDFs are investment vehicles which can be sponsored by commercial banks and NBFCs in India in which domestic/offshore institutional investors, especially insurance and pension funds, can invest through units and bonds issued by IDFs.

Introduction of tax-free bonds: Given the long-term nature of infrastructure projects and their importance to the economy, these projects have primarily been funded by the government through budgetary allocations. Apart from the government, banks and NBFCs have been other large financiers, meeting over a third of the sector's funding needs. NBFCs typically depend on market borrowings, particularly the bond market, to meet their funding requirements, with bond issuances accounting for over three-fourths of their funding mix. The introduction of tax-free bonds by the government has made it easier for these companies to raise funds from the market in recent years.

4 Domestic LP ecosystem: Introduction and overview

4.1 Introduction to GP and LP

Limited partners (LPs) are investors in the fund, who provide capital but have limited control or involvement in the fund's day-to-day activities. LPs may be institutional investors such as insurance companies, pension funds or family offices and high net worth individuals. LPs' liability is limited to the extent of capital invested in the fund.

General partner (GP) is the active manager and decision-maker responsible for running the operations of the fund. The GP is typically the sponsor or asset manager of the fund.

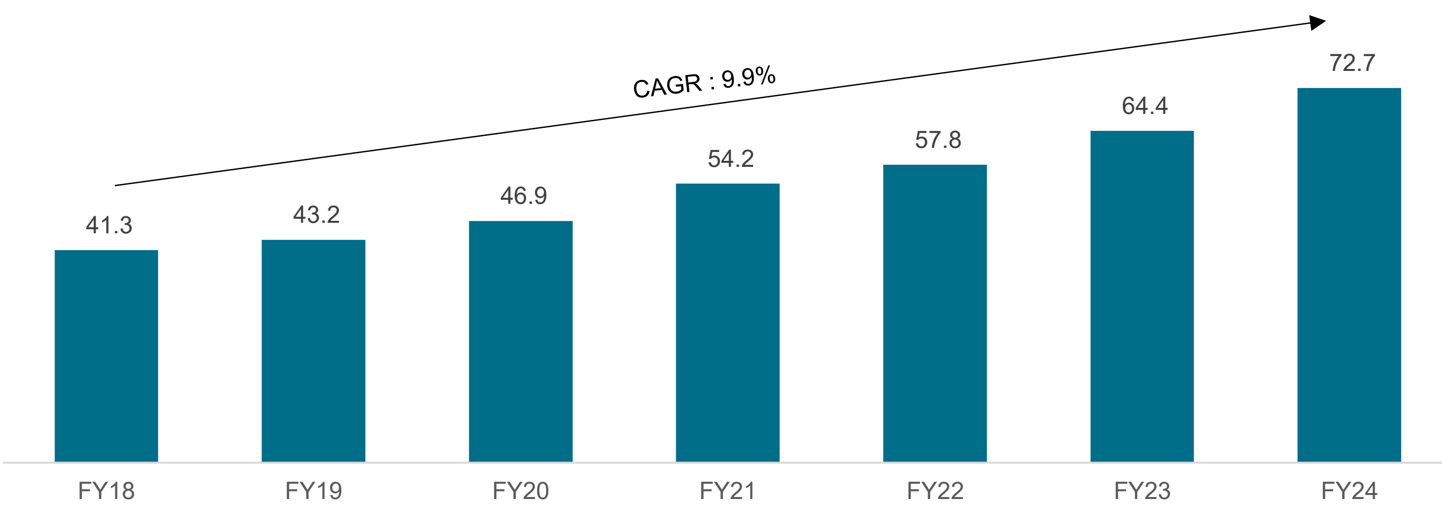
4.2 Key domestic institutional investors and their AUM growth

The Banks, Insurance companies, Mutual funds, Employees' Provident Fund Organisation (EPFO), and National Pension System (NPS), are recognised as among the foremost domestic institutional investors within India. These entities significantly contribute to the provision of long-term capital within the economy and facilitate the advancement of capital markets.

Banks

The Reserve Bank of India (RBI) is the regulatory body for banks in India, overseeing their operations and ensuring compliance with laws and regulations. RBI sets guidelines and rules for banks' investments, lending, and risk management practices. The total investments under management of the scheduled commercial banks (excluding rural regional banks) have grown at a CAGR of approximately 9.9% over the last six fiscals as of March 2024.

Banks Investments (Rs lakh crore)



Source: RBI, Crisil Intelligence

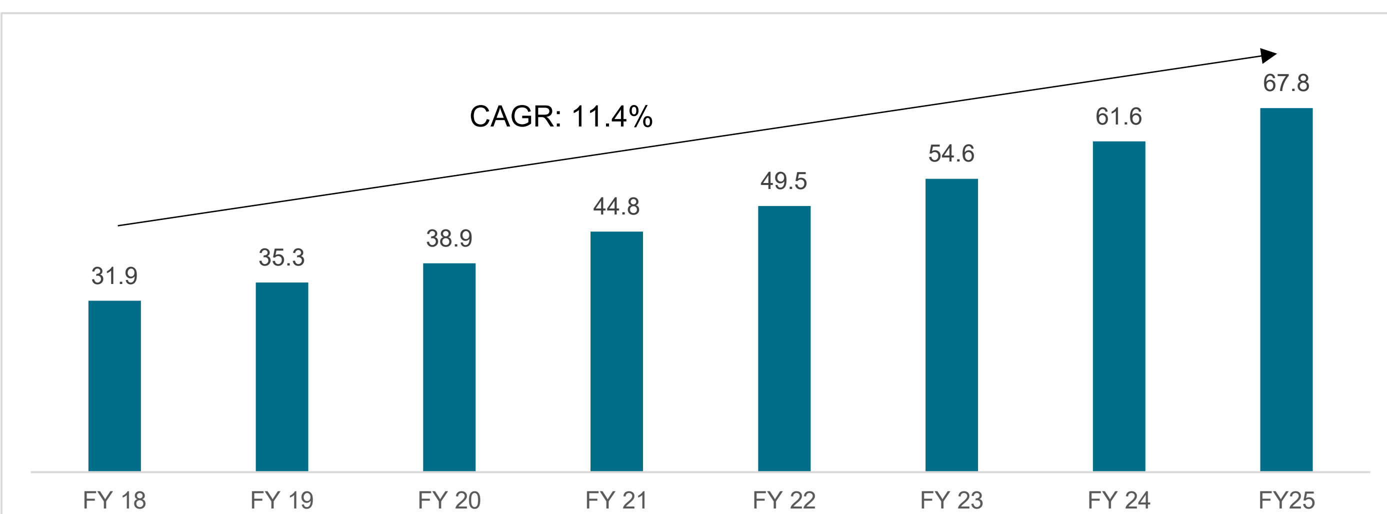
RBI issues circulars from time to time, outlining the conditions and guidelines that banks must follow when making investments, including investments in AIFs. As per RBI's Master direction on financial services provided by banks dated August 10, 2021, no bank shall, without the prior approval of RBI, make an investment of more than 10 per cent of the paid-up capital/ unit capital in a Category I / II AIF.

- Based on RBI circulars dated December 2023 and March 2024, Regulated Entities (REs) (including banks) are prohibited from investing in AIF schemes that have direct or indirect downstream investments in a debtor company of the RE. As per these circulars, downstream investments exclude equity shares but include all other investments, such as hybrid investments.
  - After reviewing the earlier circulars, the RBI issued the following directives in August 2025, which will come into effect from January 1, 2026, or from any earlier date as decided by the RE as per its internal policy. Existing circulars of December 2023 and March 2024 shall stand repealed from the effective date.
- – No bank can contribute more than 10% of the corpus of an AIF scheme
- – No AIF scheme shall have more than 20% of contributions by all banks
- – If a bank's investment in an AIF exceeds 5% and that AIF has downstream investments (excluding equity) in a company that already owes money to the bank, the bank must set aside 100% provisions proportionate to their investment in that company through the AIF, capped at their direct exposure to the debtor company
- – Downstream investments in Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible Debentures (CCDs) are explicitly treated as equity instruments. Accordingly, no provisioning is required by Regulated Entities (REs) even if the AIF's investment in such instruments exceeds 5% of the scheme corpus and is in a debtor company of the RE.
- – Additionally, for banks investing in subordinated units of AIFs, the entire investment must be deducted from their capital funds, split between Tier 1 and Tier 2 capital, where applicable

Insurance companies

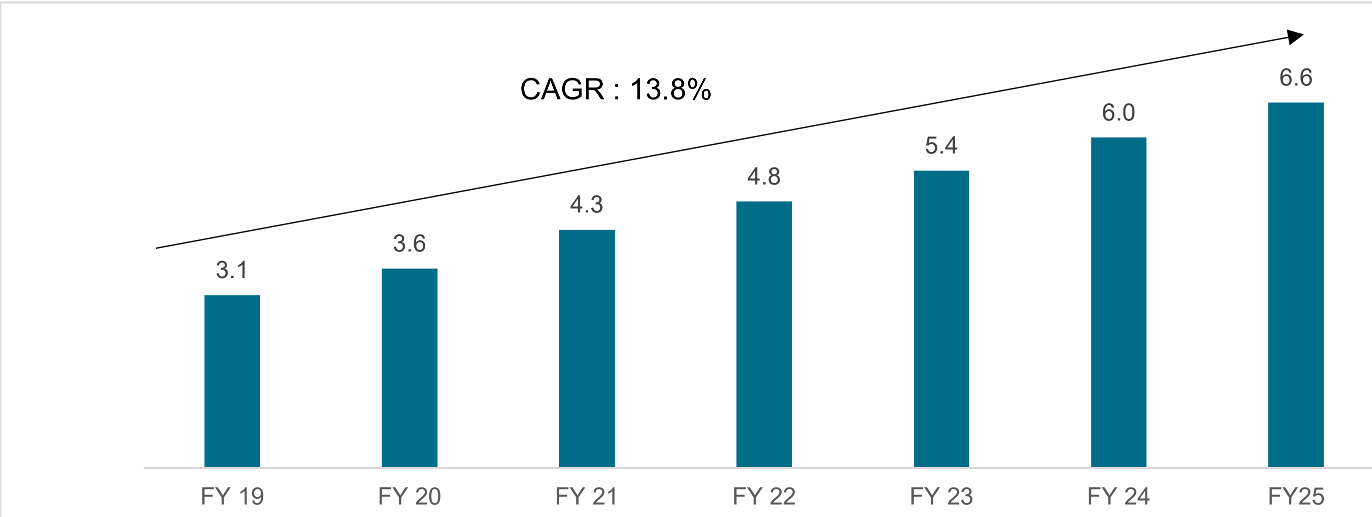
The Indian insurance sector has demonstrated robust growth with its AUM expanding at a CAGR of approximately 11.6%. over the last seven fiscals as of March 2025. A breakdown of the sector's AUM growth reveals that the life insurance segment grew at a CAGR of ~11.4%, while the general insurance segment has witnessed a higher growth rate of ~13.8% between fiscals 2018 and 2025.

Life insurance AUM (Rs lakh crore)



Source: IRDAI Annual Report, Crisil Intelligence

General insurance AUM (Rs lakh crore)



Source: IRDAI Annual Report, Crisil Intelligence

The Insurance Regulatory and Development Authority of India (IRDAI), a statutory body, plays a crucial role in safeguarding the interests of policyholders and promoting the orderly growth of the insurance industry in India. As per the regulations set by the IRDAI, insurance companies are subject to specific investment limits when it comes to venture funds and Alternative Investment Funds (AIFs) under categories I and II. Overall exposure of life insurance companies is limited to 3% of the respective fund size and up to 5% for general insurance companies. In terms of exposure to a single AIF/venture fund, it is 10% of the AIF/venture fund size or 20% of overall exposure, whichever is lower, for both life and general insurers.

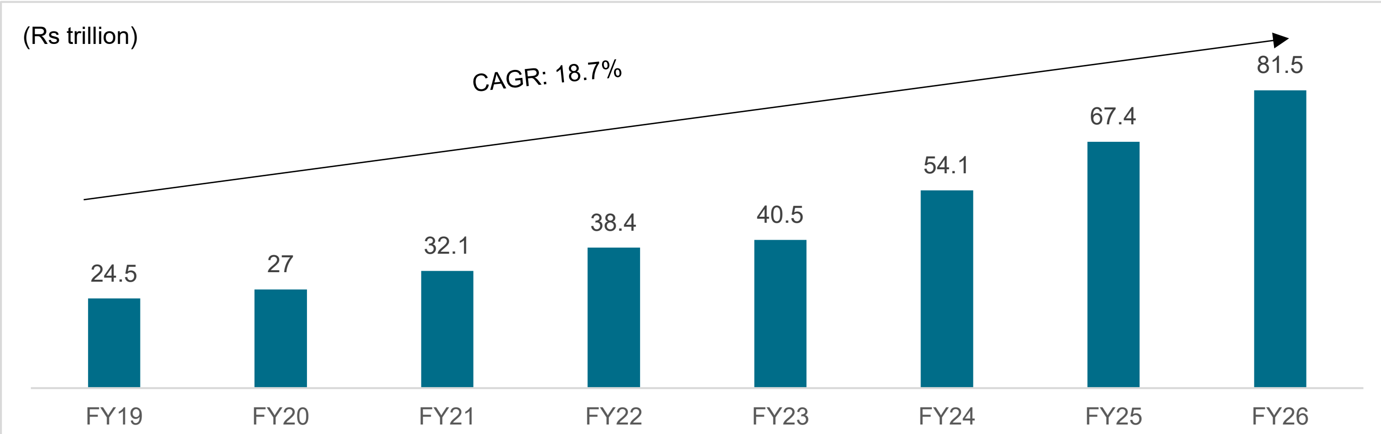
Mutual funds

In India, SEBI regulations prohibit mutual funds (MFs) from investing in Alternative Investment Funds (AIFs). MFs are restricted to listed securities for liquidity and transparency, while AIFs involve unlisted, high-risk assets. This ensures MFs maintain a distinct risk profile, protecting investors from AIFs' illiquidity and complexity.

The assets under management (AUM) of the Indian mutual fund industry have grown at a healthy pace over the past few years against the backdrop of an expanding domestic economy, robust inflows and rising investor participation, particularly from individuals. Domestic mutual fund investors have continued to demonstrate confidence in Indian equities.

Average AUMs increased at 19.5% CAGR to reach Rs 67.4 trillion as of March 2025 from Rs 13.5 trillion as of March 2016. The stellar performance of the stock market in fiscal 2025, along with rise in inflows, growth in participation of retail investors and improved macroeconomic conditions drove the growth. The presence of high-net-worth individuals (HNIs) and ultra-high net worth individuals (UHNIs) has seen a notable uptick, marking a shift in the investor demographics of the Indian mutual fund industry. HNIs and retail investors are increasingly becoming key players, with the share of HNIs in mutual fund investments rising from 31.6% in fiscal 2019 to 35.4% in the first half of the current fiscal year.

Robust growth in Indian mutual fund AUMs between fiscals 2016 and 2025



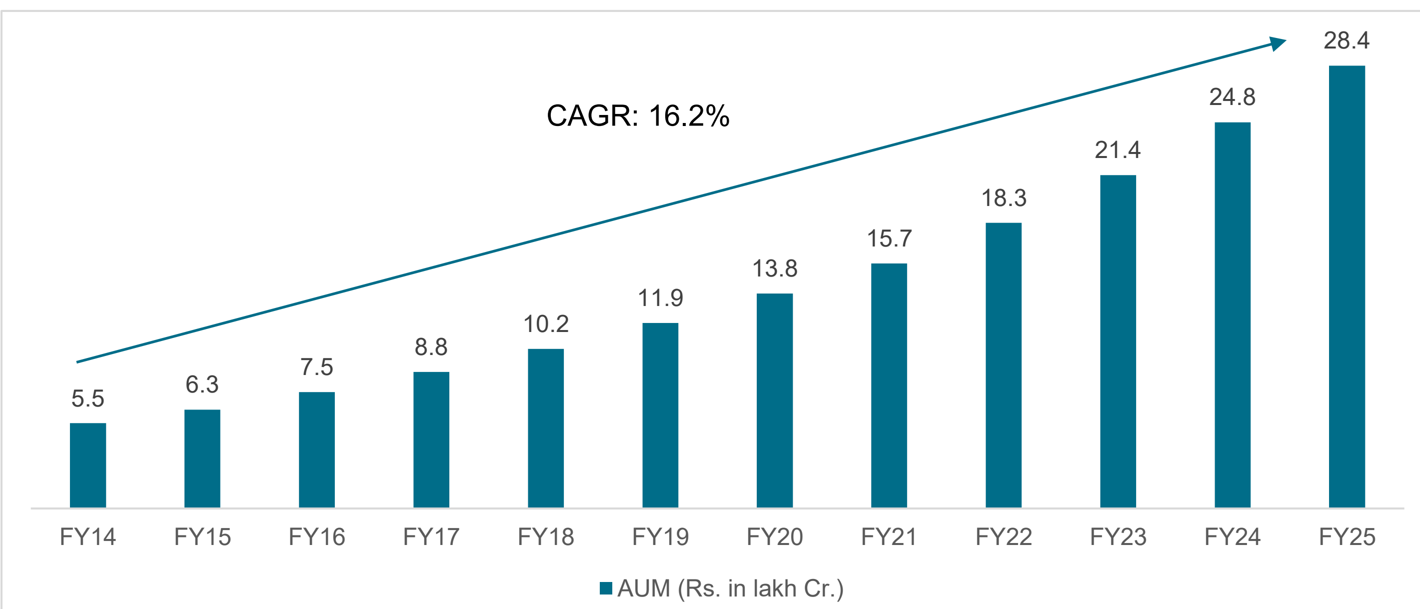
Note: P: Projected; AUM is the average of the last quarter for each fiscal; AUM excluding FoFs – domestic but including FoFs– overseas. Source: AMFI, Crisil Intelligence

Employees' Provident Fund Organisation (EPFO)

The Employees' Provident Fund Organisation (EPFO) is a statutory body established by the Government of India under the Ministry of Labour and Employment (MOL&E). It is responsible for regulating and managing the provident fund (PF) schemes in India. The primary objective of the EPFO is to provide social security benefits to employees in the organised sector.

The government's initiative to expand the coverage of individuals within the organised space has resulted in a significant increase in the AUM. The EPFO's AUM (excluding Exempted PF) has grown at a CAGR of 16.2% between fiscals 2014 and 2025, with its assets increasing from ~Rs 5.5 lakh crore to ~Rs 28.4 lakh crore during this period.

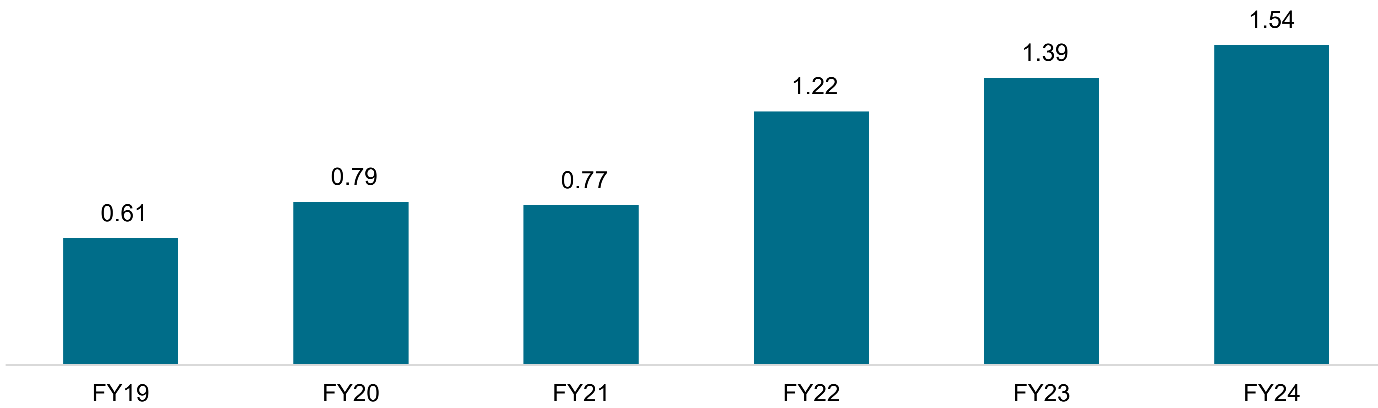
EPFO Investments (Rs lakh crore)



Source: EPFO Annual Report, Crisil Intelligence

There has also been a net increase in new subscribers to 1.54 crore in fiscal 2024 from 0.61 crore in fiscal 2019.

Net increase in new subscribers (crore)

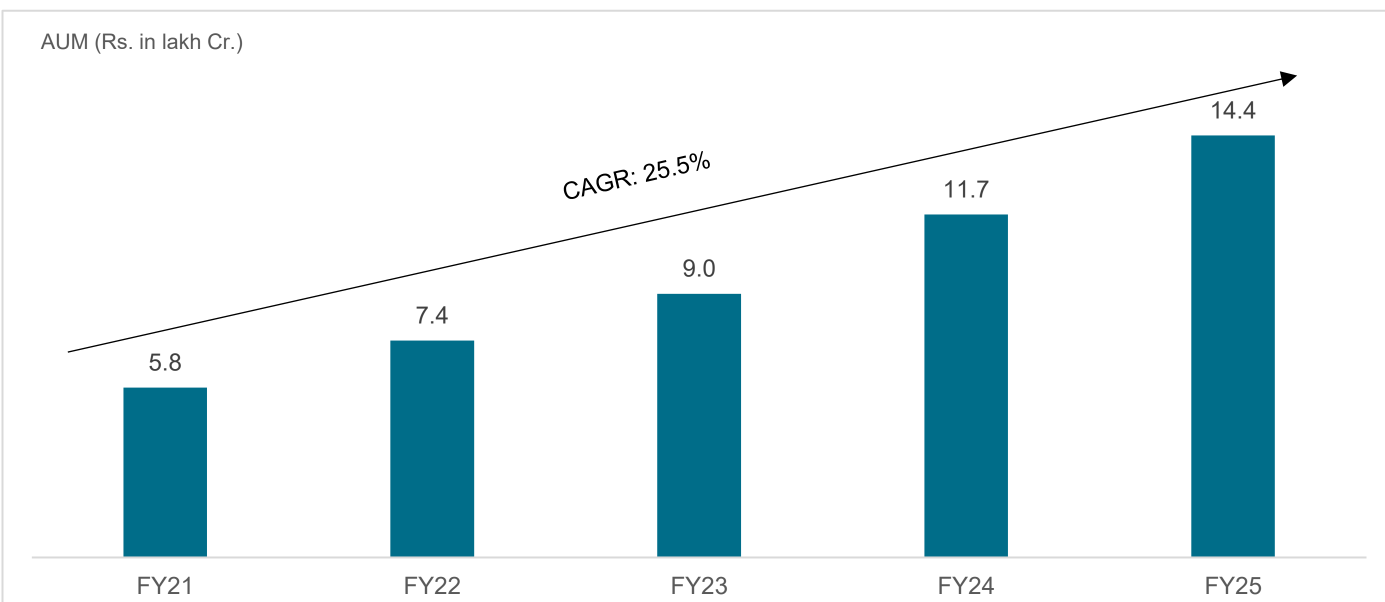


Source: EPFO website, Crisil Intelligence

EPFO's investment guidelines are set by MOL&E which allow them to invest up to 5% of their annual investments in alternative assets, including investment in asset/mortgage-backed securities, units of INVITs/REITs, and category I and II AIFs. As of March 2025, EPFO has not made any investments in these alternative assets as there is no criteria for minimum investment in this category.

National Pension Scheme (NPS)

The Pension Fund Regulatory and Development Authority (PFRDA) oversees and manages the National Pension System (NPS) under the PFRDA Act, 2013. The central government launched NPS to assist individuals to have income in the form of pensions to manage their retirement needs. The overall AUM under NPS has more than doubled between fiscals 2021 and 2025 to ~Rs 14.4 lakh crore as of fiscal 2025 from ~Rs 5.8 lakh crore, ~84% of the NPS subscribers base is in the age group of 18 to 40 years as of fiscal 2025, indicating that the subscriber base is relatively young and that the pension liabilities are relatively long.



Source: NPS annual report, Crisil Intelligence

There are two types of accounts that can be opened under the NPS — Tier I and Tier II. The primary distinction between a Tier I and Tier II account lies in their tax benefits and liquidity available to subscribers.

Tier I account - This is the permanent retirement account into which the regular contributions made by the subscriber or their employer are credited and invested as per the scheme/fund manager chosen by the subscriber. A Tier I account offers subscribers a tax-saving option, allowing them to avail of tax deductions on their contributions.

Tier II account - This is a voluntary/optional withdrawable account which is allowed only if a subscriber has an active Tier I account. The withdrawals are permitted from this account as and when the subscriber requires. A Tier II account does not provide this tax-saving benefit.

As per PFRDA guidelines, investments can be made in category I and II AIFs subject to certain conditions listed below:

- Only AIFs whose corpus is more than Rs 100 crore
- Exposure to a single AIF shall not exceed 10% of the AIF's size
- AIFs which are invested in companies which are incorporated and operated outside of India are not allowed
- Sponsors of AIFs should not be the promoters of the pension fund

Currently NPS has 11 portfolio managers and 4 asset classes. As per the investment guidelines, investments in AIF can be made only under Scheme A of the all-citizen model. The PFRDA guidelines do not permit investment in AIF in other schemes. As per the NPS annual report, NPS portfolio managers had not made any investment in AIF as on March 31, 2025.

Indian HNIs and UHNIs

India's robust economic and entrepreneurial ecosystem is set to drive a substantial rise in the number of High-Net-Worth Individuals (HNIs) and Ultra-High-Net-Worth Individuals (UHNIs). These affluent individuals have reshaped the country's financial wealth accumulation landscape by diversifying beyond traditional financial instruments into higher yielding investment avenues such as Private equity. They actively engage in the domestic LP ecosystem, primarily through family offices.

4.3 Under-penetration in Indian LP ecosystem

The AIF industry in India has been largely driven by foreign investors, while large domestic institutional players have been slow to participate. Domestic institutional players such as the EPFO and NPS have traditionally favoured fixed-income instruments, such as government securities and bonds, owing to their risk-averse nature and because the regulatory framework for AIFs in India was still evolving, which may have contributed to the hesitation of institutional investors to invest in this asset class.

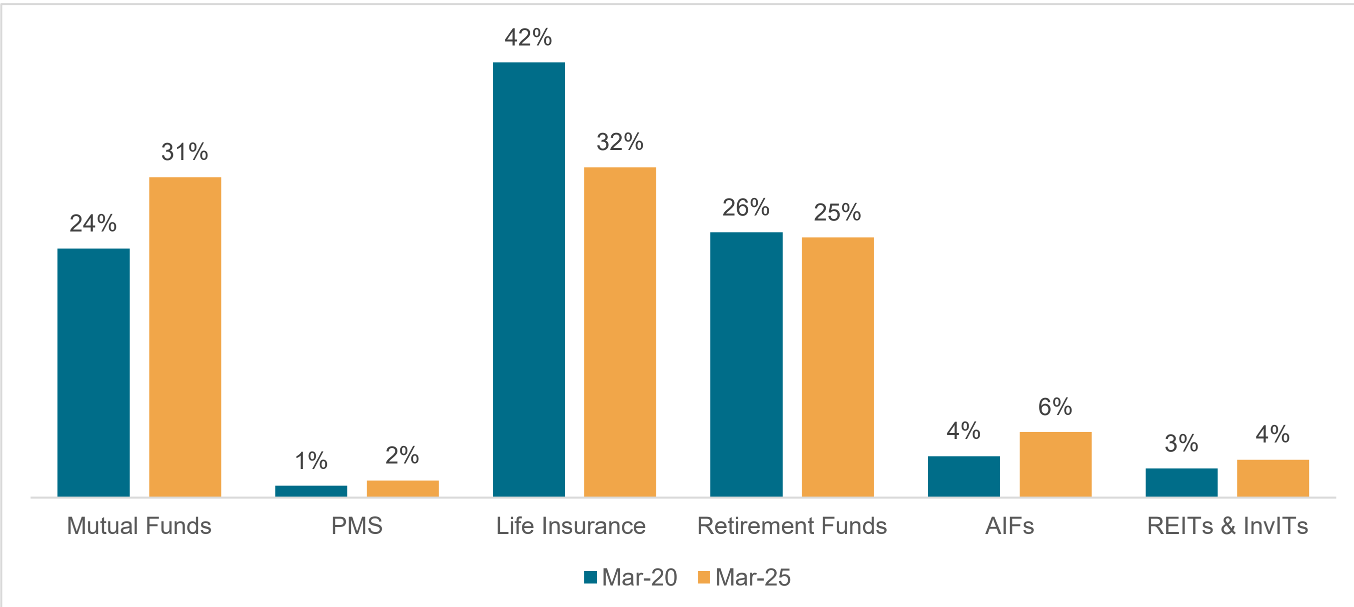
As of March 2025, there were no investments made by the EPFO and NPS in AIFs. Insurance companies have invested in Category I and Category II AIFs, but the same is below the permissible limit, hence there is a potential for inflows coming from these domestic institutions in the coming years.

4.4 Domestic alternatives market as a percentage of professionally managed AUM

AIF is one of the fastest-growing managed investment products in India. The share of alternative products as represented by the commitment raised, among managed investment products, grew from 4% of total AUM of managed investment products in March 2020 to 6% in March 2025. Managed products include life insurance, MFs, retirement funds including pension funds, provident funds (including exempted PF), AIFs, REITs, InVITs and PMS (discretionary AUM).

As of March 2025, the AIF industry's commitment to India's gross domestic product (GDP) stands at 4.08%[5] which is expected to reach around 6%[6] by 2027. This projected growth underscores the increasing importance of AIFs in India's economy and their potential to play a more substantial role in the country's economic development.

Allocation to different categories of managed products



Note: Value of AIF refers to commitments raised; Retirement funds include NPS, APY, EPFO & other exempted trusts; AUM of PMS includes discretionary funds, excluding PF and MF assets; AUM of InvITs represents enterprise value (EV) excluding cash and cash equivalents, and AUM of REITs represents gross asset value (GAV). Retirement fund assets include investments into equity exchanged traded fund.
Source: AMFI, NPS annual report, IRDAI, SEBI, Life Insurance Council, valuation and annual reports of InvITs and REITs, Crisil Intelligence

[5] *Niti Aayog, SEBI*
[6] *Source: Crisil report 'The big shift in financialisation', December 2022*

5. Benchmarking against peers from public markets

In this section, Crisil Intelligence has compared the financial performance of peers based on the latest available data for fiscals 2023, 2024, 2025, and Fiscal 2026. For analysis, Crisil Intelligence has considered the following listed AMCs and wealth management firms: 360 One WAM Ltd (360 One WAM), Aditya Birla Sun Life AMC Ltd (Aditya Birla Sun Life AMC), Anand Rathi Wealth Ltd (Anand Rathi Wealth),ICICI Prudential AMC Ltd (ICICI Pru AMC), HDFC Asset Management Company Ltd (HDFC AMC), Nippon Life India Asset Management Ltd (Nippon AMC), Nuvama Wealth Management Ltd (Nuvama Wealth), UTI Asset Management Company Ltd (UTI AMC), SBI Funds Management Limited (SBI Funds Management) and the company Gaja Alternative Asset Management Ltd (Gaja Alternative Asset Management). Consolidated financials have been considered for the AMCs.

The following KPIs have been considered for benchmarking the peers:

- Total Income
- Profit after tax (PAT)
- PAT Margin
- Return on equity (ROE)
- Net worth
- Borrowing
- Debt to Equity (D/E)
- Cash and cash equivalents
- Total assets
- Cost to Income
- Book value per share

Gaja Alternative Asset Management reported a total income of Rs 1,577.97 million as of FY26

Gaja Alternative Asset Management recorded a total income of Rs 1,577.97 million as of FY26.

ICICI Pru AMC had the highest total income among the peer set considered with Rs 60,009.20 million during FY2026, followed by SBI Funds Management (Rs 49,761.06 million).

Total income

Total income (Rs million)	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	1,136.29	1,039.60	1,233.07	1,577.97
360 One WAM	20,615.40	29,247.30	36,843.90	44,772.60
Aditya Birla Sun Life AMC	13,537.00	16,405.80	19,858.20	20,595.10
Anand Rathi Wealth	5,589.09	7,519.66	9,802.44	12,531.15
HDFC AMC	24,826.60	31,633.90	40,582.60	46,172.60

Total income (Rs million)	FY23	FY24	FY25	FY26
Nippon Life AMC	15,166.10	20,373.40	25,207.20	29,330.70
Nuvama Wealth	22,303.93	31,577.20	41,693.00	46,496.50
UTI AMC	12,900.90	17,439.30	18,599.40	17,140.50
ICICI Pru AMC	28,381.80	37,612.10	49,796.70	60,009.20
SBI Funds Management	24,125.76	34,260.79	42,361.51	49,761.06

Note: Players have been arranged in no particular order in each of the parameters; Source: Company reports, Crisil Intelligence

Gaja Alternative Asset Management reported the highest CAGR of 35.34% in PAT between fiscals 2024 and 2026

Gaja Alternative Asset Management reported a PAT of Rs 819.59 million in FY26 and clocked the highest CAGR of 35.34% between fiscals 2024 and 2026. This was followed by Anand Rathi Wealth (32.66%) and Nuvama Wealth (29.03%).

Profit after tax

PAT (Rs million)	FY23	FY24	FY25	FY26	CAGR (FY23-26)	CAGR (FY24-25)
Gaja Alternative Asset Management	412.61	447.42	619.51	819.59	25.70%	35.34%
360 One WAM	6,578.90	8,042.10	10,153.00	12,161.70	22.73%	22.97%
Aditya Birla Sun Life AMC	5,963.80	7,803.60	9,306.00	9,750.70	17.81%	11.78%
Anand Rathi Wealth	1,686.01	2,258.22	3,005.09	3,974.41	33.09%	32.66%
HDFC AMC	14,233.70	19,426.90	24,601.90	28,580.60	26.16%	21.29%
Nippon Life AMC	7,229.30	11,062.50	12,857.30	15,281.30	28.34%	17.53%
Nuvama Wealth	3,050.69	6,248.42	9,850.60	10,402.60	50.52%	29.03%
UTI AMC	4,396.80	8,020.30	8,129.60	4,724.30	2.42%	-23.25%
ICICI Pru AMC	15,157.80	20,497.30	26,506.60	32,982.60	29.58%	26.85%
SBI Funds Management	13,397.13	20,727.85	25,401.54	30,673.76	31.80%	21.65%

Source: Company reports, Crisil Intelligence.

Gaja Alternative Asset Management's PAT margin improved significantly over fiscals 2023-2026 with PAT margin higher than most of the peers considered.

Gaja Alternative Asset Management saw the largest increase in PAT margin, of 15.63%, between fiscals 2023 and 2026, followed by Nuvama Wealth (8.70%) and SBI Funds Management (6.11%).

PAT Margin

Players	PAT Margin (%)			
	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	36.31%	43.04%	50.24%	51.94%
360 One WAM	31.91%	27.50%	27.56%	27.16%
Aditya Birla Sun Life AMC	44.06%	47.57%	46.86%	47.34%
Anand Rathi Wealth	30.17%	30.03%	30.66%	31.72%
HDFC AMC	57.33%	61.41%	60.62%	61.90%
Nippon Life AMC	47.67%	54.30%	51.01%	52.10%
Nuvama Wealth	13.68%	19.79%	23.63%	22.37%
UTI AMC	34.08%	45.99%	43.71%	27.56%

Players	PAT Margin (%)			
	FY23	FY24	FY25	FY26
ICICI Pru AMC	53.41%	54.50%	53.23%	54.96%
SBI Funds Management	55.53%	60.50%	59.96%	61.64%
Average of peers considered	**40.87%**	**44.62%**	**44.14%**	**42.97%**

Note: Average of peers considered excluding Gaja, Source: Company reports, Crisil Intelligence

Gaja Alternative Asset Management clocked a Return on Equity (RoE) of 16.28% as of fiscal 2026.

Gaja Alternative Asset Management clocked a RoE of 16.28%, while ICICI Pru AMC outpaced peers with the highest RoE of 85.80%, followed by Anand Rathi Wealth at 46.77% and SBI Funds Management at 43.02% in fiscal 2026.

Return on Equity

Players	RoE (%)			
	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	15.41%	14.36%	17.03%	16.28%
360 ONE WAM	21.41%	24.48%	19.31%	14.39%
Aditya Birla Sun Life AMC	25.31%	27.45%	26.99%	25.10%
Anand Rathi Wealth	40.36%	39.56%	44.55%	46.77%
HDFC AMC	24.46%	29.47%	32.36%	32.93%
Nippon Life AMC	20.67%	29.51%	31.38%	34.45%
Nuvama Wealth	14.63%	24.23%	30.82%	27.32%
UTI AMC	11.73%	18.14%	16.04%	9.78%
ICICI Pru AMC	65.53%	78.90%	82.84%	85.80%
SBI Funds Management	32.13%	36.05%	33.77%	43.02%
Average of peers considered	**28.47%**	**34.20%**	**35.34%**	**35.51%**

Note: Average of peers considered excluding Gaja, Source: Company reports, Crisil Intelligence

Gaja Alternative Asset Management reported net worth of Rs. 6,133.49 million as of FY26 with debt to equity at 0.01x.

Gaja Alternative Asset Management reported a net worth of Rs 6,133.49 million as of FY26. Gaja Alternative Asset Management closed fiscal 2026 with borrowings of Rs 81.56 million. Its debt-to-equity ratio was also among the lowest in the fiscal 2026. The ratio stood at 2.80x for Nuvama Wealth and 1.57x for 360 One WAM in fiscal 2026.

Total Net worth and Borrowings

Players	Net worth (in Rs million)				Total Borrowings (in Rs million)			
	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	2,892.02	3,339.52	3,934.62	6,133.49	42.347	35.136	38.75	81.56
360 One WAM	31,219.50	34,497.30	70,651.20	98,355.50	67,472.90	94,110.60	110,947.40	154,589.60
Aditya Birla Sun Life AMC	22,587.99	28,988.62	34,931.10	41,231.50	-	-	-	-
Anand Rathi Wealth	4,800.94	6,615.54	6,876.31	10,118.55	168.166	84.854	218.457	170.198
HDFC AMC	61,078.20	70,750.10	81,299.90	92,287.10	-	-	-	-
Nippon Life AMC	35,156.30	39,821.80	42,129.20	46,591.40	-	-	-	-
Nuvama Wealth	22,587.99	28,988.62	34,931.10	41,231.50	54,131.50	67,457.04	78,388.30	115,435.20

Players	Net worth (in Rs million)				Total Borrowings (in Rs million)			
	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26
UTI AMC	38,678.40	49,732.10	51,603.30	45,046.30	-	-	-	-
ICICI Pru AMC	23,130.60	28,828.40	35,169.40	41,711.70	-	-	-	-
SBI Funds Management	47,513.84	67,477.47	82,975.33	59,630.62	-	-	-	-

Note: Borrowings include debt securities, borrowings other than debt securities, subordinated liabilities and short-term debts; Source: Company reports, Crisil Intelligence

Debt-to-Equity Ratio

Players	Debt-to-Equity (in times)			
	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	0.01	0.01	0.01	0.01
360 One WAM	2.16	2.73	1.57	1.57
Aditya Birla Sun Life AMC	-	-	-	-
Anand Rathi Wealth	0.04	0.01	0.03	0.02
HDFC AMC	-	-	-	-
Nippon Life AMC	-	-	-	-
Nuvama Wealth	2.40	2.33	2.24	2.80
UTI AMC	-	-	-	-
ICICI Pru AMC	-	-	-	-
SBI Funds Management	-	-	-	-
Average of peers considered	**1.53**	**1.69**	**1.28**	**1.46**

Note: Average of peers considered excluding Gaja, Source: Company reports, Crisil Intelligence.

Gaja Alternative Asset Management's cash and cash equivalents totalled Rs 1060.84 million in fiscal 2026

Gaja Alternative Asset Management closed fiscal 2026 with cash and cash equivalents of Rs 1,060.84 million. Nuvama Wealth reported the highest number among the peer set, with cash and cash equivalents of Rs 225,111.20 million, followed by 360 One WAM (Rs 14,815.90 million) and UTI AMC (Rs 4,440.30 million).

Cash and Cash Equivalents

Cash and Cash Equivalents (in Rs million)	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	116.31	237.00	252.82	1,060.84
360 One WAM	7,263.80	6,381.70	10,925.80	14,815.90
Aditya Birla Sun Life AMC	1,266.30	848.20	1,034.10	1,390.20
Anand Rathi Wealth	647.62	331.13	440.65	2,409.38
HDFC AMC	70.30	400.20	418.00	547.40
Nippon Life AMC	2,727.40	2,705.50	2,876.80	3,021.20
Nuvama Wealth	53,278.47	126,132.81	202,354.00	225,111.20
UTI AMC	3,572.10	3,199.80	5,044.70	4,440.30
ICICI Pru AMC	314.50	338.10	280.10	1,474.90
SBI Funds Management	310.88	584.00	923.50	1,084.04

Note: Includes Bank Balance also, Source: Company reports, Crisil Intelligence

Gaja Alternative Asset Management's total assets stood at Rs 7,064.85 million in fiscal 2026.

Gaja Alternative Asset Management reported total assets of Rs 7.06 billion as of fiscal 2026. Nuvama Wealth closed fiscal 2026 with the highest total assets among the peer set, at Rs 344.91 billion, followed by 360 ONE WAM (Rs 272.01 billion) and HDFC AMC (Rs 99.91 billion).

Total Assets

Total Assets (in Rs million)	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	3,398.18	3,885.96	4,518.72	7,064.85
360 One WAM	111,920.60	151,188.50	197,687.00	272,013.50
Aditya Birla Sun Life AMC	27,881.20	35,018.50	41,144.30	44,154.30
Anand Rathi Wealth	6,241.19	8,797.35	9,613.55	13,287.67
HDFC AMC	65,361.40	75,538.50	87,506.60	99,914.40
Nippon Life AMC	38,609.10	43,750.40	46,701.40	51,922.80
Nuvama Wealth	127,156.82	203,869.32	283,876.30	344,912.70
UTI AMC	41,749.30	53,410.20	56,584.10	50,433.80
ICICI Pru AMC	28,047.60	35,540.90	43,836.80	50,503.80
SBI Funds Management	49,842.36	71,069.31	87,718.59	64,204.47

Source: Company reports, Crisil Intelligence

Gaja Alternative Asset Management logged cost to income ratio of 44.61% in FY26.

The company reported a cost-to-income ratio of 44.61% for FY26. As of fiscal 2026, SBI Funds Management reported the lowest cost-to-income ratio among the peer set considered, at 19.51%, followed by HDFC AMC at 19.77%, Nippon Life AMC at 32.77% and Aditya Birla Sun Life AMC at 38.41%.

Cost-to-income ratio

Players	Cost-to-Income (in %)			
	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	48.98%	47.12%	52.28%	44.61%
360 One WAM	58.75%	65.52%	61.07%	64.78%
Aditya Birla Sun Life AMC	41.36%	38.55%	37.33%	38.41%
Anand Rathi Wealth	59.14%	59.36%	58.74%	57.24%
HDFC AMC	24.68%	21.76%	19.09%	19.77%
Nippon Life AMC	38.83%	33.62%	32.78%	32.77%
Nuvama Wealth	81.84%	74.35%	68.56%	70.51%
UTI AMC	54.61%	43.41%	43.43%	55.63%
ICICI Pru AMC	29.28%	28.26%	29.05%	26.56%
SBI Funds Management	26.60%	21.96%	20.58%	19.51%
Average of peers considered	**46.12%**	**42.98%**	**41.18%**	**42.80%**

Note: Cost-to-income ratio is calculated as Total Expenses/ Total Income for the period; Average of peers considered excluding Gaja, Source: Company reports, Crisil Intelligence

Gaja Alternative Asset Management reported the highest book value per share among peers as of fiscal 2025

The company reported the highest book value per share among peers in fiscal 2025, at Rs 94,436.92, followed by ICICI Pru at Rs. 1,992.4, Nuvama Wealth at Rs 971.12 and UTI AMC at Rs 403.21.

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Book value per share

Players	Book value per share (in Rs)			
	FY23	FY24	FY25	FY26
Gaja Alternative Asset Management	70,827.29	80,153.61	94,436.92	54.33
360 One WAM	87.67	96.13	179.73	242.20
Aditya Birla Sun Life AMC	87.40	110.00	129.19	139.95
Anand Rathi Wealth	115.16	158.16	82.83	121.88
HDFC AMC	286.18	331.41	380.26	431.65
Nippon Life AMC	56.45	63.94	66.38	73.01
Nuvama Wealth	644.34	821.01	971.12	226.48
UTI AMC	304.60	390.79	403.21	350.50
ICICI Pru AMC	1,017.99	1,633.34	1,992.60	84.39
SBI Funds Management	94.42	133.40	168.38	29.28

Note: Book value per share is calculated as total net worth / total shares outstanding for the period, Anand Rathi Wealth issued bonus shares in 1:1 ratio in FY25, ICIC Pru AMC issues bonus shares. Source: Company reports, Crisil Intelligence

List of Formulae

Parameter	Formula
Cost to income ratio	Total expenses for the relevant fiscal year divided by total income
RoE	Profit after tax / average net worth
Debt to equity ratio	Total borrowings / Total shareholder equity of the same fiscal
PAT margin %	Profit after tax / Total Income for the relevant fiscal year
Book value per share	Total net worth / Total number of shares outstanding

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