No ifs about AIFs 2.0

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Message from Crisil

Private markets are bustling in India, with a marked rise in equity deal activity over the decade through March 2024. A spurt in the number of startups, support from the Government of India and wider adoption of technology have helped create a thriving entrepreneurial ecosystem in the country, helping private markets grow.

Investments in private equity and venture capital grew consistently from fiscal 2014 to fiscal 2022, which was an extraordinary year in the Indian financial landscape, with the highest deal value of Rs 3,023 billion across 2,113 deals. In the following fiscals, however, global factors like geopolitical tensions, rising financing costs and recession fears have led to investors being cautious and, thereby, a slowdown in deal activity in fiscals 2023 and 2024.

This fiscal, deal activity has made a comeback, with the first six months clocking 61.36% of the deal value of the entire previous fiscal.

The deal activity in private markets has shown a shift in terms of the stages of deals in the past decade. The share of deals in late stages increased from 18% in terms of value to 39% between fiscals 2014 and 2024, indicating a maturing market.

Consumer goods, services and related tech was the top sector by value and no. of deals with 140 deals, totaling Rs 161 billion followed by financial services and fintech. Climate/environment/renewables and related tech emerged as one of the top five sectors by deal value in 2024 with a share of 7.5 % compared to 1.2% in 2014.

The alternative investment funds (AIFs) industry, an important segment of private markets, has gained traction, with cumulative commitments clocking a compound annual growth rate (CAGR) of 31.44% in the past five years ended September 30, 2024.

The AIF industry is playing a pivotal role in the capital market by providing capital to early stage startups and companies that find it difficult to secure financing through traditional channels such as banks and non-banking financial companies (NBFCs).

Moreover, AIFs are expected to remain one of the fastest-growing categories of managed products in the next few years as more and more high networth individuals (HNIs) and ultra-HNIs seek out differentiated products that can give them higher returns on their investments.

As of October 21, 2024, India had over 1,51,000[1] registered startups, making it the world's third-largest startup ecosystem. This thriving startup culture has birthed enough investment opportunities for fund managers to build their portfolios and give a boost to the AIF industry.

Initial public offer activity saw a significant jump in fiscal 2024, with 210[2] listings, surpassing the combined total of fiscals 2022 and 2023. This shows growing confidence and further strengthening of Indian markets which will aid the AIF industry.

Equity AIF benchmarks[3] have consistently generated alpha[4] vis-à-vis the public market equivalent (PME+) as of March 2024. The growth and late-stage funds' benchmark has generated an alpha of 5.97% over BSE 200 TRI index, while early-stage funds benchmark has outperformed the BSE 250 Smallcap TRI index by 4.29% as of March 2024.

Factors such as adoption of digital technology, rise of startups, strong focus on artificial intelligence and transformative policies are set to give a boost to India's private markets, and investors would want to participate in its rise.

A maturing private market will also fuel India's growth.

Jiju Vidyadharan
Senior Director,
Crisil Intelligence Crisil Ltd

[1]https://pib.gov.in/PressNoteDetails.aspx?NoteId=153357&ModuleId=3®=3&lang=1
[2]Crisil Intelligence
[3]Comprising Venture capital funds (VCFs) which are a part of Category I AIFs and equity funds that invest their complete equity portfolio in unlisted securities forming a part of Category II AIFs with vintage up to fiscal 2021
[4]Measured as the difference between the internal rate of return and the PME+ values calculated for BSE Sensex TRI

Message from Oister Global

India's private market demonstrated increasing maturity and investability in 2024.

Indeed, the year has sown the seeds of a strong future.

Our 2023 report showed for the first time that the Indian private market creates alpha relative to the public market. That, we believe, is the proof of coming of age.

This edition shows how the private market has continued on the alpha path in 2024 and that, too, despite strong performance by the public market.

Responding to our 2023 report, some asset allocators had asked, "Ok, the private market outperforms in aggregate, but what about stage-wise performance?"

We take the analysis ahead here and show that the Indian private market creates alpha regardless of the growth stage of the companies supported.

A comparison of the performance of early-stage funds with the BSE 250 Small Cap TRI Index and the performance of growth/late-stage funds with the BSE 200 TRI shows that both groups of funds create alpha.

For asset allocators seeking to create optimal portfolios, the Indian private market's ability to create alpha relative to the public market puts it on the same footing as the US private market relative to the US public market.

This is an important milestone for the Indian private market as asset allocators can now apply the lessons of portfolio theory developed overseas within the Indian market. It may open the door for greater participation by domestic institutional investors, who, the report notes, are just beginning to include private markets in their portfolios.

Several other trends indicate the continued evolution and investability of the Indian private markets.

The number of annual registrations of Cat I and II alternative investment funds (AIFs) and the capital raised by these funds have risen strongly since fiscal 2021.

The total capital raised by Cat II AIFs over fiscals 2022-2024 is ~60% of the aggregate capital raised since fiscal 2013. As many as 66 managers of Cat I and II funds are now on their third or later funds, indicating the deepening experience in the market.

The investable opportunity is now much more diverse. Ten years ago the Indian private market was dominated by the consumer sector, which accounted for 61% of the deal value, with no other sector breaking 10%. Now investors have a choice of four sectors that account for between 7% and 17% of the deal value, in addition to the consumer sector, which has seen strong growth.

The maturing of the market is also indicated by the shift in the value of transactions by stage. Ten years ago, early-stage transactions received 1.3x the funding of late-stage transactions. Now, after a generation of companies successfully negotiated the hurdles at each growth stage, the situation has reversed and late-stage funding exceeds early-stage funding by 2.5x.

The rise in the share of big-ticket deals (over Rs 500 million) illustrates this trend. In 2014, big-ticket deals were 11% of all transactions. Since fiscal 2022, these deals have accounted for more than 20% of all transactions. In 2024, they represented 28%.

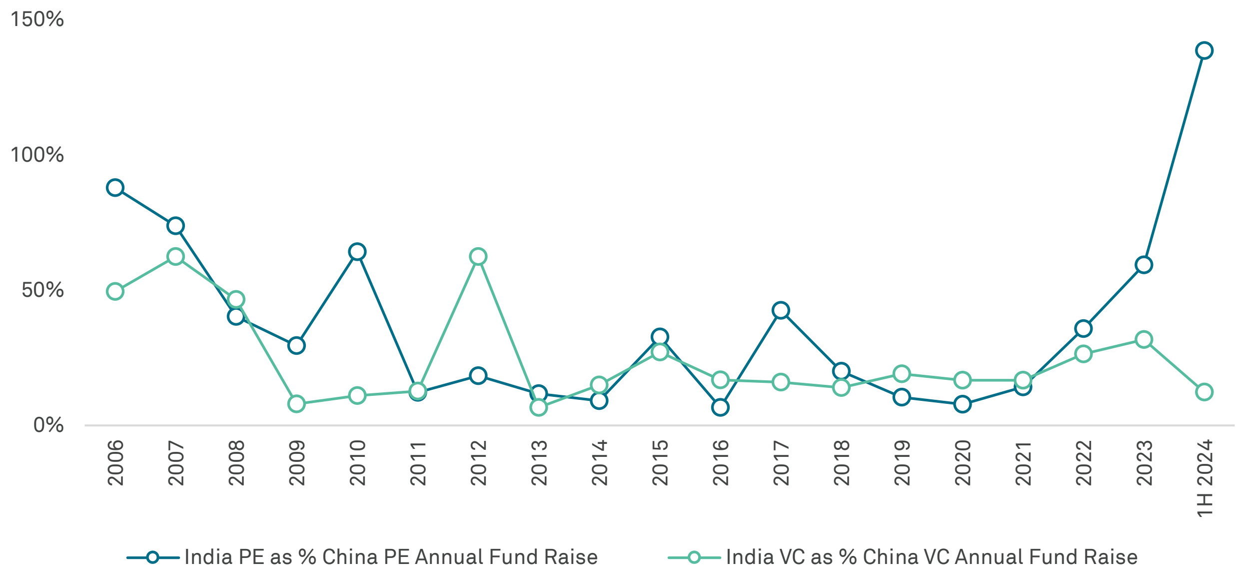
The expansion of opportunities in the late-stage is an important structural shift as it opens the door for greater participation in the Indian private markets by large foreign institutional and corporate investors who, because of their size, have large minimum deal sizes.

Greater participation by these investors opens up exit opportunities for companies that achieve scale, which, in turn, has a positive knock-on effect for exits at all stages of growth.

David Wilton
Chief Investment Officer, Oister Global

Indications that larger foreign investors are paying more attention to India can be seen in the steep rise in PE fund raising for India relative to China. Indian PE fund raising was 14% of Chinese PE fund raising in 2021, 59% in 2023 and 138% in the first half of 2024. The healthcare sector is another example. In 2019, India represented less than 10%[5] of Asia-Pacific regional healthcare buyout transactions compared with over 40% for China. By 2023, the value of Indian healthcare buyout transactions had increased around 7x and was one-third larger than the value of Chinese deals.

India fund raise as a % of China fund raise



Source: GPCA

As 2025 dawns, we are confident that the Indian private market is an attractive investment destination which will continue to mature and improve. Apart from the policy environment remaining congenial as in the the past decade, the increasingly diverse opportunities and the growing depth of experience the market offers and the indications of increasing keenness on the part of large institutional and corporate investors to be part of the growth story, all augur well.

[5] *Bain Global Healthcare Private Equity Report 2024, procured by Oister Global*

Message from IVCA

Emerging from a challenging 2023, the maturity of the India's alternative capital ecosystem underwent a visible shift, fostering optimism for 2024 and beyond. Amid global economic uncertainties, India's investment narrative was defined by a remarkable display of resilience and strategic shifts, underpinned by confidence in the country's long-term growth story.

The moderation in venture capital (VC) funding mirrored global caution toward risk capital. Yet, India maintained its position as the second-largest destination for VC and growth funding in the Asia-Pacific region. This resilience reflects not just India's economic fundamentals, but also the trust investors place in its ability to emerge stronger from challenging cycles.

One of the significant transformations shaping the private equity (PE) market has been the increasing involvement of PE firms in their portfolio companies. Moving from small, minority-stake investments to large-scale buyouts, particularly in sectors such as technology, financial services, healthcare and industrials, PE firms are demonstrating deeper conviction in their investments. As the market matures, firms are adopting a focused, sector-specific approach, leveraging their expertise to build operational excellence and deliver strong outcomes for investors.

This conviction is complemented by India's growing appeal to global limited partners (LPs). Navigating India's dynamic market requires local insights and global LPs are increasingly partnering with general partners (GPs) who have deep market knowledge and well-established networks. Co-investments are becoming a preferred strategy, enabling LPs to access high-quality deal flow without the need to establish their own teams. This approach reflects a long-term perspective—relationship-building and sector knowledge remain critical drivers of success in India.

Additionally, structural changes are driving growth in exit opportunities across channels:

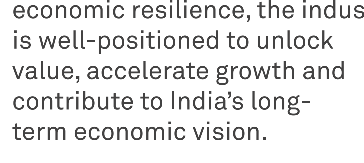
The strong rise in retail ownership of Indian stocks has propelled equity markets to record highs, making local listings a preferred exit path for investors

- Global PE and sovereign wealth funds are increasing their capital deployment in India, fuelling secondary sales and offering viable exit routes for early- and growth-stage funds
- Indian corporates, with stronger balance sheets, are primed for M&A activity, while new-economy companies are fast-tracking their path to profitability, making them attractive targets for larger consolidators

At the same time, India's alternative investment funds (AIFs) ecosystem continues to play a critical role in driving investments, fostering innovation, and mobilising capital. As per the Oister-Crisil Report,of the 164 investment managers who have launched new schemes in the latest three vintages, ~44% are first-time investment managers — a testament to the entrepreneurial spirit and increasing trust in emerging managers.

The AIF sector is also witnessing a surge in early-stage fund launches, with 68% of schemes focused on startups and emerging businesses. This focus highlights the industry's pivotal role in nurturing innovation and strengthening India's entrepreneurial ecosystem.

As the PE and VC industry stands at this transformational juncture, the opportunities ahead are abundant. Backed by investor confidence, a maturing ecosystem and India's economic resilience, the industry is well-positioned to unlock value, accelerate growth and contribute to India's long-term economic vision.



Rajat Tandon
President, IVCA

Executive summary

Between 2015 and 2022, investments in Indian startups rose a massive 15 times[6] as private equity and venture capital stepped in to fill funding gaps and provide mentorship and strategic guidance.

The good part is funds continue to flow towards the startup ecosystem.

In fiscal 2024, early-stage transactions constituted 70% of the deal volume. The share of late-stage transactions rose to 6% from 1% in the decade ended fiscal 2024, and in terms of value, they are up to 39% from 18%.

This suggests private markets are maturing and that there is increased interest in startups that have established product and customer base and have predictable revenue streams.

Technology has garnered the most interest in private-market investments in India. Artificial intelligence (AI) stands out as a key area of interest now. Segments such as fintech, foodtech, agritech and climatetech, among others, have come up and evolved over the past decade.

Alternative investment funds (AIFs) have become an integral part of the Indian private markets. In September 2024, AIF commitments surpassed Rs 12 trillion[7] for the first time. Cumulative net investments stood at ~Rs 4.4 trillion with ~70%[8] invested in unlisted securities. Robust regulatory reforms introduced by the Securities and Exchange Board of India (SEBI) have enhanced transparency and improved investor confidence in AIFs, further propelling the growth of these funds.

The AIF industry got traction from two flanks: a rise in the population of the affluent class, and family offices focusing on investments in high-yielding assets. Around 66[9] investment managers have launched at least three AIF schemes as of March 2024.

Based on Crisil Crisil Intelligence, the aggregated equity AIF benchmark[10] has outperformed the BSE Sensex TRI index PME+ for five years now. As of March 2024, the benchmark was able to generate an alpha[11] of 5.39% over the BSE Sensex TRI index, when the amount and timing of cash flow remain the same.

Distribution to paid-in capital (DPI) ratio is an important metric used to measure the performance of AIFs. While IRR indicates realised and unrealised gains, DPI denotes the actual realised gains in a portfolio.

Crisil's analysis shows 135 schemes of 169 (80%) in the aggregated benchmark have made at least some distribution to investors. Of these, 25 have had a DPI ratio of more than 1, while 48 had more than 0.5.

A surge in initial public offerings (IPOs), improved geographic penetration of deal activity and a supportive regulatory environment will continue to drive the growth of private markets and AIFs.

While few of the insurance companies have started investing in AIFs, investment in AIFs from other domestic institutional institutions such as the Employees' Provident Fund Organisation (EPFO) and the National Pension System (NPS) will further help the growth of AIF industry.

Since launch, AIFs have transformed the investment landscape in India and will continue to play an enabling role in encouraging innovation and entrepreneurship.

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[6]https://pib.gov.in/PressNoteDetails.aspx?NoteId=153357&ModuleId=3®=3&lang=1
[7]&[8] SEBI
[9]Crisil Intelligence
[10]Comprising Venture capital funds (VCFs) which are a part of Category I AIFs and equity funds that invest their complete equity portfolio in unlisted securities forming a part of Category II AIFs with vintage up to fiscal 2021
[11]Measured as the difference between the internal rate of return and the PME+ values calculated for BSE Sensex TRI

Crisil Intelligence

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India's PE and VC industry — the new growth frontier

Investments by private equity (PE) and venture capital (VC) firms in India are growing like never before, fuelled by numerous factors being witnessed by the Indian economy. Despite global economic headwinds, investors are optimistic about India's growth prospects.

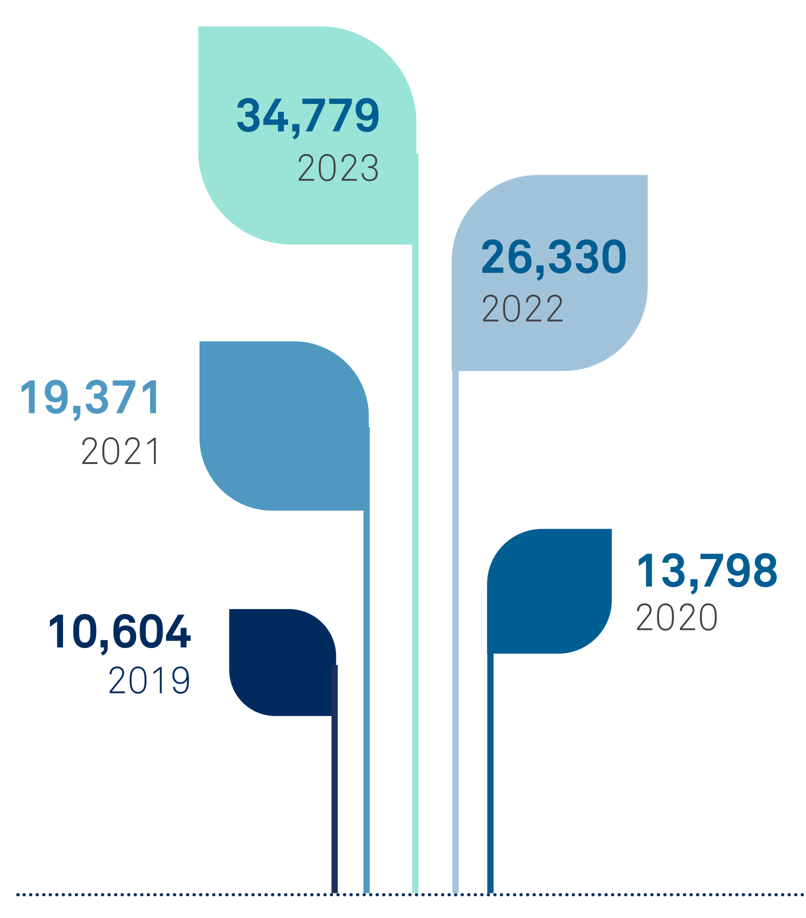
India is emerging as a strong economy with low trade and current account deficit. According to the World Bank's India Development Update, India's GDP growth rose from 7% in fiscal 2023 to 8.2% in fiscal 2024 and as per RBI it is projected to grow at a robust 6.6%[12] in fiscal 2025, underscoring its position as the fastest-growing major economy in the world.

Burgeoning start-ups are playing a key role in helping India become a global economic leader. Investments in start-ups have increased 15 times[13] from 2015 to 2022. As per Department for Promotion of Industry and Internal Trade (DPIIT) data, India is now home to the world's third-largest start-up ecosystem with over 151,000 recognised start-ups as on October 21, 2024.

The start-ups segment logged a compound annual growth rate (CAGR) of 34.5% between fiscals 2019 and 2023 based on the following DPIIT data.

India is now home to the world's third-largest start-up ecosystem with over 151,000 recognised start-ups as on October 21, 2024

[12]https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59347
[13]https://pib.gov.in/PressNoteDetails.aspx?NoteId=153357&ModuleId=3®=3&lang=1

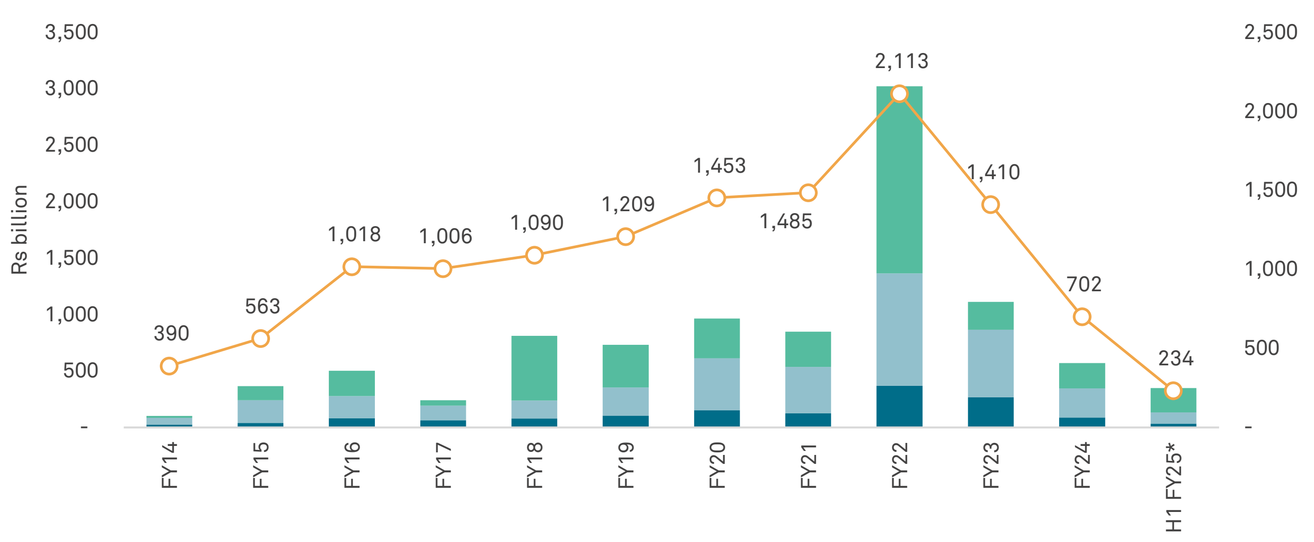


Incremental number of entities recognised as start-ups by the DPIIT

Source: DPIIT

The Government of India has recognised the importance of start-ups for economic growth, job creation and innovation in the country and has launched various initiatives to foster their growth. Programmes such as Startup India and Atal Innovation Mission, etc. provide vital resources, including funding, mentorship and regulatory support. Incubators and accelerator programmes are providing the required support and training through numerous workshops and mentorship programmes that are helping these young entrepreneurs connect with new investors, partners and customers.

This is also evident in the noteworthy increase in deal activity over the last few years



Source: Oister Global
* H1 FY25 pertains to data for the period April 1, 2024 to September 30, 2024
Notes: 1) Deals with undisclosed values are included in the count but not in the value of deals
2) Does not include venture debt, conventional debt, convertible debt, grant (prize money), initial coin offering, post IPO transactions and unattributed transactions.
3) Early-stage deals include deals up to Series A, growth stage comprises Series B to Series D and late stage covers funding beyond Series D

No. deals (RHS)

There has been a significant increase in investment activity in terms of deal volume and value from fiscals 2014 till 2022. Fiscal 2022 was an exceptional year for the Indian investment market, both in terms of deal volume and value with deal value amounting to Rs 3,023 billion across 2,113 deals. However, fiscal 2023 and 2024 recorded a decline in investment activity as a result of persistent global headwinds (high interest rates, moderated consumption and geopolitical tensions) as funding reduced by ~63.17% in fiscal 2023 and declined further by ~48.80% in fiscal 2024 as investors remained cautious. However, the first half of fiscal 2025 has seen better investment activity in terms of deal value. In the first six months of fiscal 2025 alone, 234 deals were struck, accounting for 61.36% (Rs 350 billion) of the total deal value of the previous fiscal.

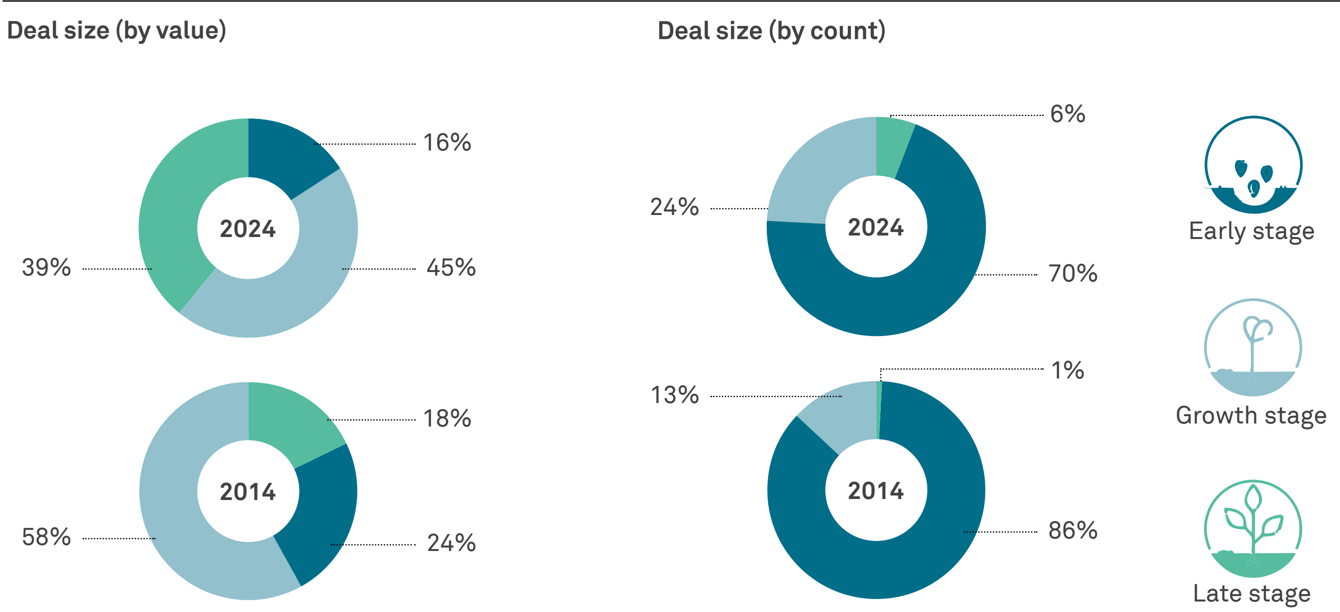
Consumption-led growth coupled with robust government policies are driving investments in India and it remains an attractive investment destination which is business-friendly.

Late-stage deals gaining traction

While early-stage deals continue to account for the largest share of the PE-VC investment pie by volume, its proportion of investment in terms of both volume and value has declined. These deals accounted for 86% of the total volume in fiscal 2014 (24% in terms of value) but constituted a much lower 70% of the total volume in fiscal 2024 (16% in terms of value). Nevertheless, early-stage investments have logged 4% and 14% CAGR in terms of volume and value, respectively, in the past 10 years.

Meanwhile, the proportion of volume of growth-stage investments in the overall PE and VC investments has increased considerably as growth stage deals that formed 13% of the total deal volume in fiscal 2014 have now increased to 24%. However, the deal value has reduced from 58% of the total value in fiscal 2014 to 45% of the total deal value of funding activity in fiscal 2024.

That said, the share of late-stage deals in the total PE-VC investment pie has been increasing. In terms of value, these deals accounted for 18% of the total deal value in fiscal 2014, which increased to 39% in fiscal 2024, whereas in terms of deal volume, it increased from 1% in fiscal 2014 to 6% in fiscal 2024. Flipkart and Udaan were the top deals in late-stage in fiscal 2024. Investors are seeing investment opportunities in late-stage companies that are garnering a strong market position and lucrative exits through IPO or acquisitions. Also, these companies are generally matured and have regular revenue streams and along with established business models. This shows that the private investment market in India is more mature than it was a decade ago.



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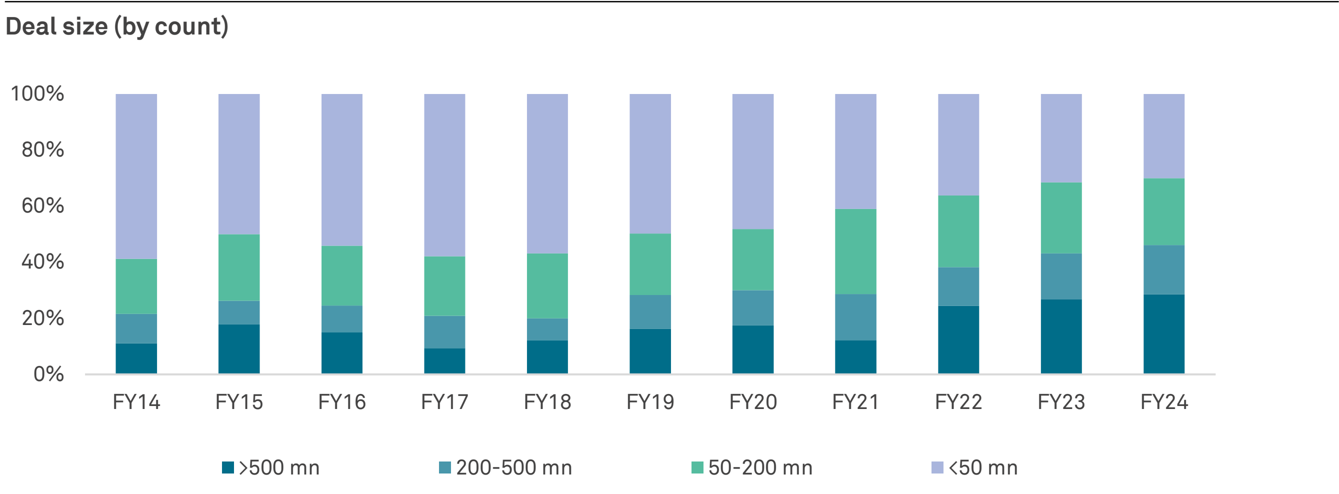
Late-stage deals constituted 39% of total equity deal value in fiscal 2024, signalling a shift in focus towards matured start-ups, with regular revenue streams and established business models

Big ticket deals gain momentum

Indian PE-VC investments are witnessing a surge in big-ticket deals, which indicates the Indian investment landscape is maturing. The share of big-ticket deals (in terms of volume) worth more than Rs 500 million has increased from 11% in fiscal 2014 (37 deals) to 28% in fiscal 2024 (181 deals) and deals in the range of Rs 200 million to Rs 500 million have increased from 10% in fiscal 2014 (25 deals) to 18% in fiscal 2024 (112 deals) in terms of volume.

Big ticket deals (in terms of value) above Rs 500 million predominated 90% of the total deal activity in fiscal 2024. Companies such as Flipkart, Zepto, Ola etc. raised substantial funds in fiscal 2024, becoming mega deals of the year.

Deal size (by count)



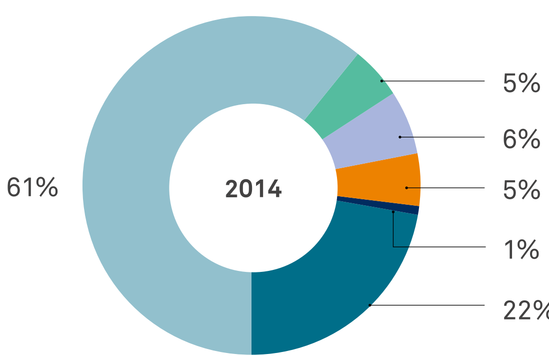
Source: Oister Global
Notes: 1) Does not include deals where deal value is not available
2) Does not include venture debt, conventional debt, convertible debt, grant (prize money), initial coin offering, post IPO transactions and unattributed transactions.

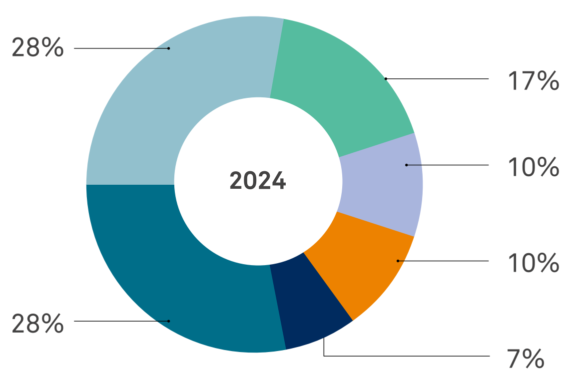
PE-VC sector: Current scenario

The PE-VC investment in the Indian economy is on an uptrend and from a sectoral point of view, along with the technology boom, there has been a rise in the energy sector, altering the sectoral distribution in the past 10 years. Being a digitally empowered economy through initiatives such as Digital India, there has been a substantial innovation in technology in India which is also catering to the changing needs of the consumers. The top five sectors in the current combined investment landscape of PE and VC firms accounted for 72.4% of the total deal value of PE-VC investments (Rs 412 billion across 416 deals) in India in fiscal 2024. The share of consumer goods, services and related tech declined from 61% in fiscal 2014 to 28% in fiscal 2024, while that of financial services and fintech more than tripled during the same period.

The share of big-ticket deals (in terms of volume) worth more than Rs 500 million has more than doubled from 11% in fiscal 2014 to 28% in fiscal 2024

Deal size (by value)

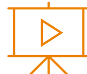




Consumer goods, services and related tech

Financial services and fintech

Enterprise services


Food, agriculture and related tech

Climate/environment/ renewables and related tech

Others

Source: Oister Global
Notes: 1) Deals with undisclosed values are included in the count, but not in the value of deals
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Fintech sector — Catalyst to growth

Resurgence of funding in the fintech industry as a result of rising adoption of digitalisation and supportive government policies is assisting India in becoming a global fintech hub. Digital-only banking, mobile wallets and other technology-linked innovations have revolutionised traditional financial services. New age fintech companies and initiatives such as National Startup Awards are promoting awareness of the latest financial technology and propelling growth in this sector. As a result, the share of financial services and fintech has gone up from 5% (Rs 4,621 million) in fiscal 2014 to 17% (Rs 97 billion) in fiscal 2024.

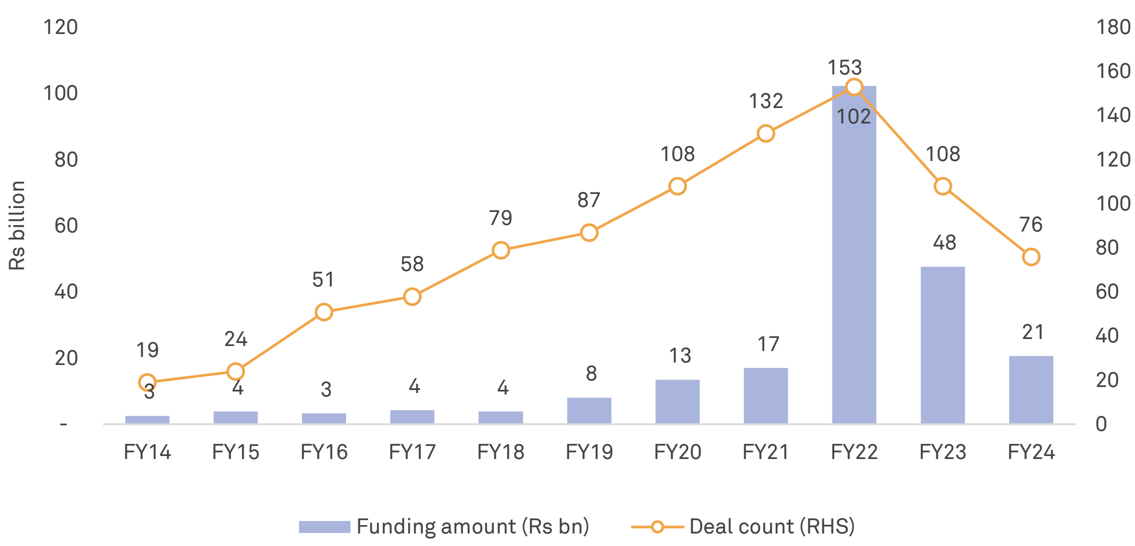
Emergence of food, agriculture and related tech

Post-pandemic, the food tech industry has undergone a remarkable transformation. The adoption of technology and proliferation of smartphones have made consumers shift towards online ordering of food and grocery. The use of robotics and automation in the supply chain and food processing has also supported this sector. Numerous companies have become unicorns in agritech in India, credited to integrating agricultural practices with cutting-edge technology and innovation, which is increasing productivity and empowering farmers. The share of this sector, therefore, doubled from 5% in fiscal 2014 to 10% in fiscal 2024.

Increased focus on climate, environment, renewables and related tech

The fast pace of innovation and entrepreneurial spirit are unlocking unique opportunities in climate, environment, renewables and related technology. In the past few years, this sector has been able to appeal to investors. Additional government push towards green revolution increased its share in value of deals from 1% in fiscal 2014 to 7% in fiscal 2024.

Evolution of the deep tech ecosystem in India



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Deep tech[14], or business areas such as artificial intelligence (AI), Internet of Things (IoT) and advances in biotechnology, was perceived to be a risky investment in India a few years ago. However, this trend has changed significantly and is attracting both PE and VC investments, from India and overseas. The exponential rise in deep tech is evident from the fact that PE and VC investments in deep tech in India logged a CAGR of ~28% between fiscals 2014 and 2021, with investments increasing from Rs 3 billion (19 deals) to Rs 17 billion (132 deals).

In fiscal 2022, deals thrived in the deep tech space, with a total funding of Rs 102 billion across 153 deals. Fiscal 2023 and fiscal 2024, however, saw a decline in both deal value and volume on-year, mirroring the global trend. Nevertheless, in first six months of fiscal 2025, deep tech propelled 21 deals.

[14]Deep tech is an area of business or research aimed at providing solutions to complicated problems using technology such as AI, IoT, augmented/ virtual reality, drone tech, robotics, blockchain, or advances in biotechnology. It refers to companies, typically start-ups, whose business models are based on high tech innovation or significant scientific advances.

Deal size (by count)

Deal size (by value)

Source: Oister Global
Note: 1) Deals with undisclosed values are included in the count but not in the value of deals
2) Does not include venture debt, conventional debt, convertible debt, grant (prize money), initial coin offering, post-IPO transactions and unattributed transactions.

Technology advancement, particularly AI and IoT, is proving to be transformative for the PE/VC sector. AI is already being utilised to enhance due diligence, portfolio management and investment decision-making, providing firms with a competitive edge in an increasingly tech-driven landscape.

In terms of deal value, major investments have been made in AI and IoT, followed by augmented reality (AR)/virtual reality (VR) and drone tech. In terms of deal volume, AI and IoT have seen major investments, followed by robotics and AR/VR.

AIFs transforming PE-VC industry in India

The Securities and Exchange Board of India (SEBI) introduced the SEBI (Alternative Investment Funds) Regulations, 2012, to regulate the alternative investment fund (AIF) industry in India.

An AIF is a privately pooled investment vehicle that collects funds from sophisticated investors, whether Indian or foreign, for investing under a defined investment policy for the benefit of its investors. In India, AIFs have emerged as one of the fastest-growing managed investment product segments and comprise three categories, namely Category I, Category II and Category III.

Category I AIFs invest in start-up/ early-stage ventures, social ventures, small and medium enterprises (SMEs), infrastructure, or other sectors or areas that the government or regulators consider as socially or economically desirable. They include Venture capital funds (VCFs), SME funds, social venture funds, infrastructure funds, special situation funds, and such others.

Category III AIFs use diverse or complex trading strategies and may employ leverage, including through investment in listed or unlisted derivatives. They include hedge funds and private investments in public equities (PIPE) funds.

Category II AIFs alone raised Rs 9,129 billion as of March 2024, underscoring their dominance in India's alternative investment landscape

AIFs that do not fall in Category I and III and do not undertake leverage or borrowing other than to meet day-to-day operational requirements are classified as Category II AIFs.

Though a relatively new concept in India, AIFs have emerged rapidly as an attractive asset class for investors seeking to tap the country's private markets.

Category I and II AIFs offer a platform to access a diverse range of investment opportunities, including VC and PE investments in start-ups and growth-stage companies, real estate investments in properties, development projects and real estate investment trusts (REITs), pre-IPO opportunities, and debt investments such as private credit, venture debt and distressed debt.

Generally, VCFs are registered under Category I AIFs and PE funds under Category II AIFs based on their investment strategies, risk profiles and regulatory requirements.

AIF growth over the decade

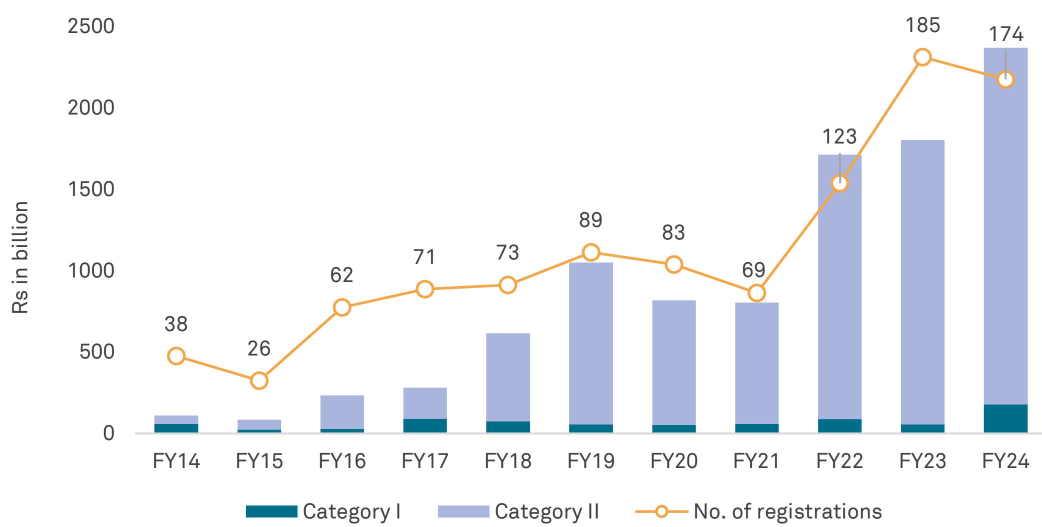
As per SEBI, there were 1,271 registered AIFs across categories as on March 31, 2024 — 286 AIFs under Category I, 734 under Category II and 251 under Category III. Category I and II constituted 80% of total registered AIFs. About 54% of Category I and II AIFs were registered between April 2020 and March 2024, indicating the AIF industry's increasing traction.

Total commitment across the AIF industry increased ~87 times from Rs 131 billion as on March 31, 2014, to Rs 11,349 billion as on March 31, 2024.

Total commitment raised by Category I and II AIFs stood at ~Rs 769 billion and Rs 9,129 billion, respectively, as on March 31, 2024. Total commitment raised by Category I AIFs was ~Rs 179 billion in fiscal 2024, more than thrice that of fiscal 2023.

Incremental annual commitment for Category II AIFs has jumped since fiscal 2022, with each of the previous three fiscal years 2022, 2023 & 2024 generating total commitment of more than Rs 1,500 billion, i.e., ~61% of total aggregate commitment raised by Category II AIFs since fiscal 2014.

Incremental commitments raised y-o-y



Source: SEBI, Crisil Intelligence

Investment managers raise higher commitments with subsequent fund launches

The AIF industry in India has grown significantly in recent years, driven by regulatory reforms, increasing investor interest and a robust economic environment. The industry is maturing rapidly and, as the investor base widens, AIFs are poised to become a cornerstone of India's investment landscape.

As observed below, out of 279 investment managers (IMs), 156 IMs (55.91%) have launched only one fund, 57 IMs (20.43%) have launched exactly two funds whereas 66 IMs (23.66%) have launched more than two funds.

Moreover, ~71% IMs with more than two funds launches and ~67% IMs with exactly two fund launches were able to raise higher capital commitments in the later launches vis-a-vis the initial fund launches. This shows the industry is growing exponentially, and more investors are flocking to invest in the AIF space.

Break-up of Category I and II IMs based on fund launches

	% basis	No. of IMs
Only one fund	55.91%	156
Only two funds	20.43%	57
More than two funds	23.66%	66

% IMs with increase in commitment numbers between first and last fund*

Only two fund launches	More than two fund launches
67%	71%

Source: Crisil Intelligence
Note:1) Values as on March 31, 2024
2) Schemes that have completed at least one year since their first close as on March 31, 2024, have been considered
3) Only Category I and II AIFs have been considered
**23 IMs had not provided the commitment numbers so the total of net drawdown has been used as a proxy of commitment numbers for such schemes.*

71% investment managers with more than two fund launches were able to raise higher commitments in the later launches

In the latest vintages i.e. fiscals 2022, 2023 & 2024, 164 investment managers have launched 241 schemes[15] across both the categories. Of these, investment managers ~44% are first time investment managers.

Moreover, the funding stage breakup of schemes for the latest vintage fiscals is as below:

Funding stage	Scheme count	% of total	No. of IMs with more than two funds
Early	66	68%	18
Growth	23	24%	12
Late	8	8%	3
Grand Total	97*	100%	33

Source: Crisil Intelligence
Note:1) Values as on March 31, 2024
2) Schemes that have completed at least one year since their first close as on March 31, 2024, have been considered
3) Only Category I and II AIFs have been considered
**144 schemes have either not shared detailed portfolios or do not fall under the definition of early, growth or late.*

Of the 164 investment managers who have launched new schemes in the latest three vintages i.e. fiscals 2022, 2023 and 2024, ~44% are first-time investment managers,reflecting a strong interest in AIFs even from newer entrants

Rising interest of non-individual investors in AIFs

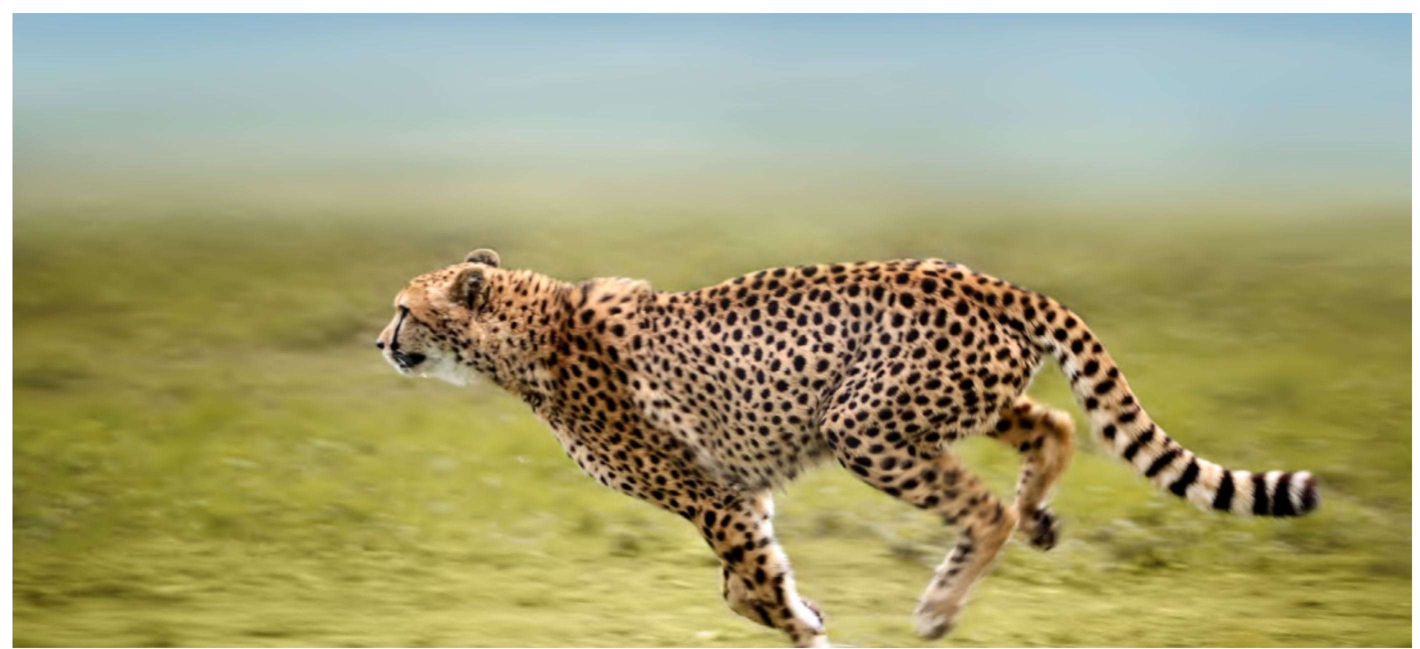
Based on the data of 250 category II schemes sourced from CAMS, in the past three-and-a-half fiscals, investments by non-individual limited partners (LP) such as corporates, trusts, banks, insurance companies, etc., have risen consistently. Further, the proportion of investments made by resident LPs has increased ~3.4% between fiscals 2022 and the first half of this fiscal.

	FY 22	FY 23	FY 24	H1 FY25*
Individual	39.49%	36.88%	34.97%	33.96%
Non-individual	60.51%	63.12%	65.03%	66.04%

	FY 22	FY 23	FY 24	H1 FY25*
Resident	72.99%	73.46%	77.10%	76.40%
Non-resident	27.01%	26.54%	22.90%	23.60%

Source: CAMS
** H1 FY25 pertains to data for the period April 1,2024 to September 30, 2024*
Notes:1) Values based on contribution received as on the end of each financial year; 2) Analysis based on data of 250 Category II schemes sourced from CAMS
3) Non-individuals include corporates, proprietors, HUF, partnership firms, trusts, banks and insurance companies etc

[15] *Based on data available with Crisil for category I and category II funds*

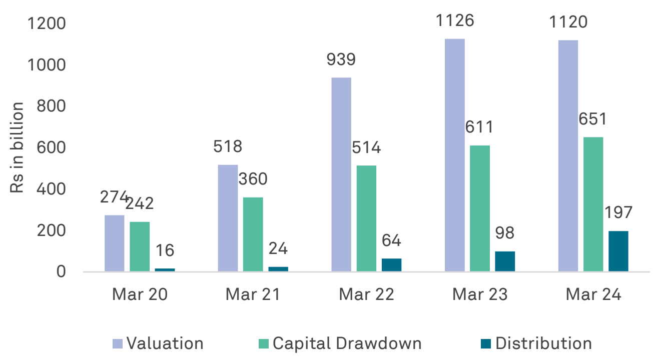


Private market funds edge past public-market counterparts

Private markets in India have consistently outperformed their public market peers due to their ability to leverage long-term investment horizons, strategic flexibility and access to untapped growth opportunities. Private equity and venture capital investments often focus on high potential sectors such as technology, consumer goods and healthcare, enabling them to capture early-stage growth that public markets may miss.

In the following sections, we have created an aggregated benchmark (herein after aggregated benchmark) comprising Venture capital funds (VCFs) which are a part of Category I AIFs and equity funds that invest their complete equity portfolio in unlisted securities (herein after equity funds – unlisted) forming a part of Category II AIFs. This will help deep dive into the performance of VC and PE markets. These two segments comprise 273 schemes with a total valuation of Rs 1,411 billion as of March 2024. Of these 273 schemes, 169 schemes which belong to vintage years upto fiscal 2021 have been considered. This is because generally equity AIFs take two to three years to build a portfolio in the private markets. Hence, the performance of funds in newer vintages will not represent complete portfolio's performance. This has been uniformly considered for all the benchmarks and the consequent performance analysis.

Capital drawdown and distributions have consistently increased over the benchmarking cycles



Source: Crisil Intelligence
Notes: 1) Values as on the end of each benchmarking cycle
2) Schemes that have completed at least one year since their first close as on the end of each benchmarking cycle, have been considered
3) Includes Category I VCFs and Category II equity funds – unlisted as per Crisil AIF benchmarks

The capital drawdowns and distributions of funds in VCFs and equity funds – unlisted as per Crisil AIF benchmarks have grown steadily across benchmarking cycles, as have the valuations.

Based on the criteria defined by Oister Global, the aggregate benchmark has been classified into three peer groups based on the stage of funding rounds as follows:

Early-stage funds – Majority (>50%) investments in seed and series A funding rounds.

Growth-stage funds - Majority (>50%) investments in series B, series C and series D.

Late-stage funds – Majority (>50%) investments in funding rounds beyond series D.

Consistent alpha generation by AIFs vis-à-vis the public market equivalent

Investments to AIFs bear an opportunity cost for investors in comparison with investments in listed markets. Public market equivalent methods can be used to understand the alpha generated by an AIF over broader market indices. These methods replicate an AIF's cash flows to a public index to measure how investment in the AIF would have performed in the public market index.

To understand the alpha generated by the benchmarks discussed in the previous sections, we have calculated the difference between the pooled IRRs across the benchmarking cycles and their corresponding public market equivalent (PME)+ values (using BSE Sensex TRI).

Aggregated benchmark comprising VCFs and equity funds – unlisted has consistently outperformed the BSE Sensex TRI index across benchmarking cycles. As of March 2024, the aggregated benchmark was able to generate an alpha of 5.39% over BSE Sensex TRI when the amount and timing of cash flow remained the same.

Across benchmarking cycles, the aggregated benchmark returns have varied from 11.95% to 31.10%, whereas the BSE Sensex TRI returns range between -8.03% and 22.25%.

As of March 2024, the aggregated benchmark comprising VCFs and equity funds - unlisted was able to generate an alpha of 5.39% over BSE Sensex TRI

Benchmarking cycle	Mar-24	Sep-23	Mar-23	Sep-22	Mar-22	Sep-21	Mar-21	Sep-20	Mar-20
No of schemes	169*	160	173	170	175	164	150	128	112
Aggregated benchmark pooled IRR (%)	21.54	24.37	26.17	29.24	31.10	26.94	22.60	15.24	11.95
BSE SENSEX TRI (%) (PME+)	16.15	14.77	12.67	14.02	17.83	22.25	17.51	7.03	-8.03
Alpha (%)	5.39	9.60	13.50	15.22	13.27	4.70	5.09	8.21	19.99

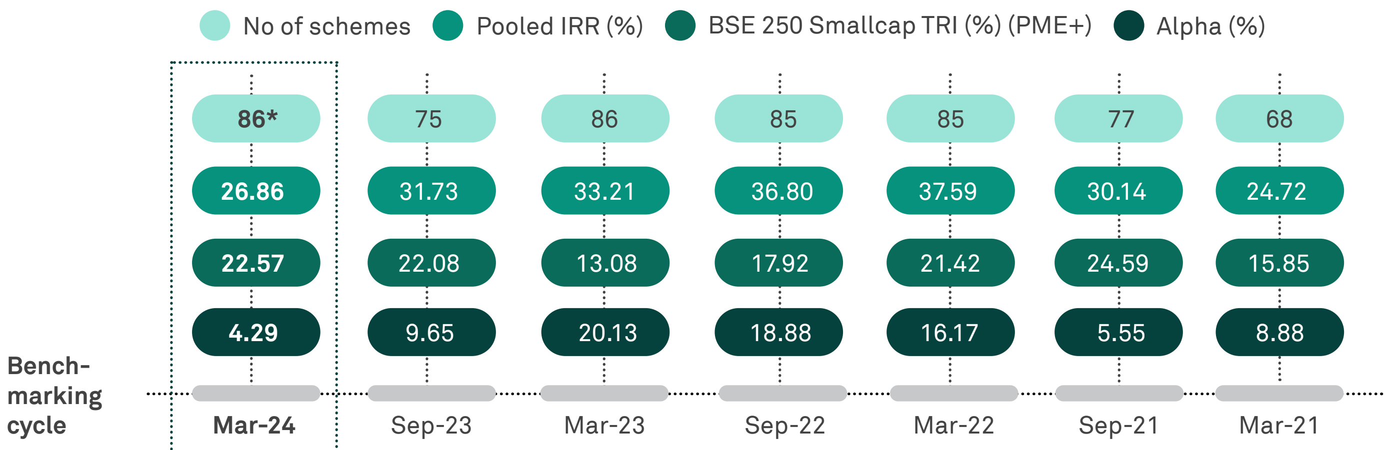
Vintage year	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
*No of schemes as on March 24 benchmarking cycle	1	3	10	23	24	16	31	42	19

Source: Crisil Intelligence
Notes: 1) Values as on the end of each benchmarking cycle
2) Schemes as per criteria benchmark considered from vintages FY14 to FY21. Schemes that have completed at least one year since their first close as on the end of each benchmarking cycle have been considered.
3) Returns are in Rs terms and refer to post-expense, pre-carry, pre-tax values;
4) Carried interest (performance fee/carry) will have an impact on the returns of the funds and hence alpha over the public market index

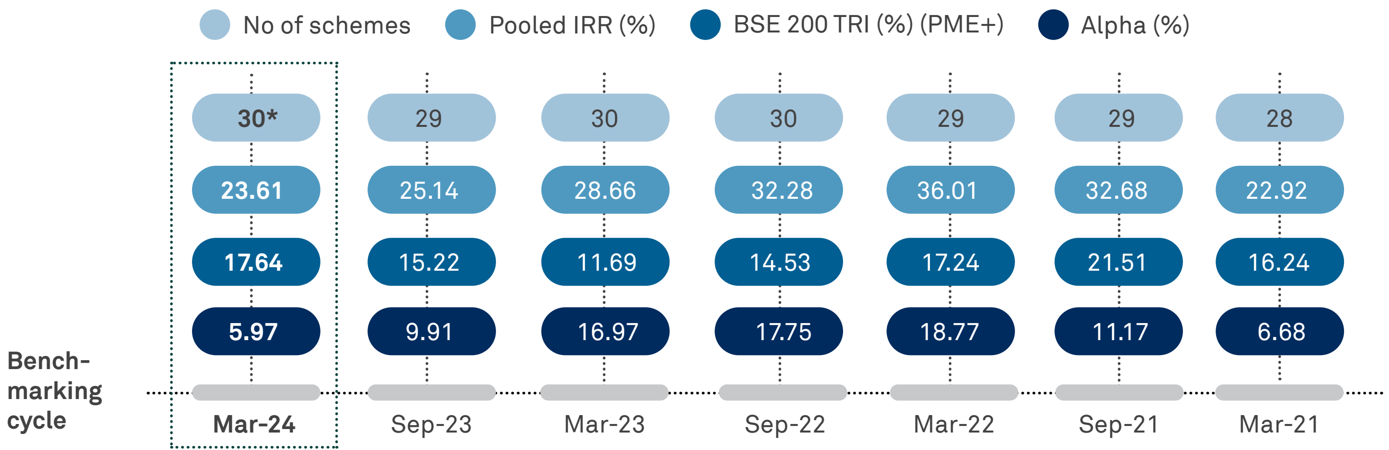
AIFs outperform respective public market benchmarks irrespective of the stage of funding rounds

For alpha computation, we have compared the benchmark for early-stage funds with the BSE 250 Smallcap TRI index; whereas the combined benchmark for growth & late-stage funds have been compared with BSE 200 TRI.

Early-stage funds' benchmark:



Growth & late-stage funds' benchmark:



Source: Crisil Intelligence
Notes: 1) Values as on the end of each benchmarking cycle
2) Schemes as per aggregated benchmark have been considered from vintages FY14 to FY21. Schemes that have completed at least one year since their first close as on the end of each benchmarking cycle have been considered.
3) Returns are in Rs terms and refer to post-expense, pre-carry, pre-tax values
4) Carried interest (performance fee/carry) will have an impact on the returns of the funds and hence alpha over the public market index
5) Due to insufficiency of data for late-stage funds, we have combined growth stage and late-stage funds.
**Out of the 169 schemes considered for aggregated benchmark, 47 schemes did not share the data required for classifying them into early, growth or late stage and 6 schemes did not meet the criteria for either early, growth or late stage.*

Early-stage funds' benchmark delivered an impressive IRR of 26.86%, outperforming the BSE 250 Smallcap TRI by 4.29%. Likewise, growth and late-stage funds' benchmark achieved a pooled IRR of 23.61% as of March 2024, exceeding BSE 200 TRI by 5.97%

Distribution analysis for aggregated benchmark

Distributions to paid-in capital (DPI), also known as the realisation multiple, is a crucial financial metric for investors in AIFs. It measures the ratio of cumulative distributions made by the fund to the total capital contribution made by investors, evaluating the money returned versus money managed quotient. While the internal rate of return (IRR) indicates a fund's overall performance at any given point in time, DPI focuses on the timely realisation of returns, which is critical for investors to benefit from their investments.

VCFs and equity funds often don't distribute income in the initial years, as their primary objective is to grow the investment value over time, rather than generating regular dividends or interest income. These funds typically have a longer investment horizon, and the investment manager prioritises long-term growth over short-term income generation.

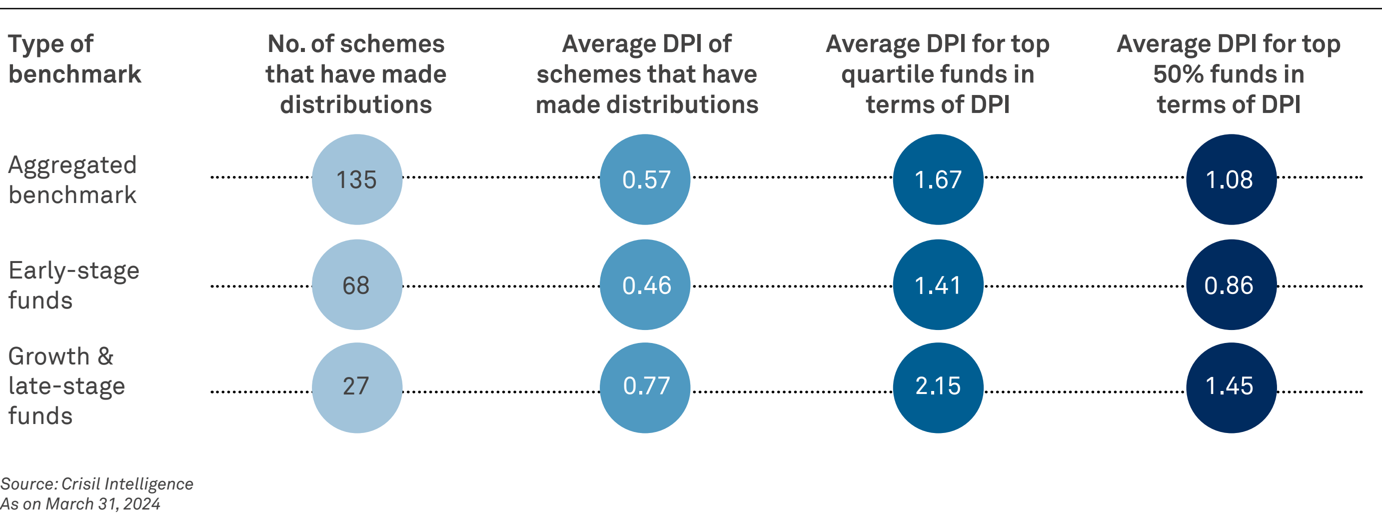
Distribution trends and performance

Of the schemes analysed by Crisil in the March 31, 2024 benchmarking cycle, 169 schemes across the aggregated universe of VCFs and equity funds invested purely in unlisted equities and in funds falling in the vintage year fiscal 2021 and earlier. Of these schemes, 135 have made distributions to investors.

Those in the top quartile in terms of distributions have a maximum DPI of ~4.26 times and a minimum DPI of ~ 0.84. Schemes in the top 50% have a DPI range of ~4.26 times to 0.22 times.

Further analysis shows 48 schemes from aggregated benchmark have returned at least 50% of the total capital contribution back to investors, while 39 have returned at least 75%. On an average, these schemes have taken ~6.5 years to return 75% of the capital contribution to the investors, whereby the average DPI ratio for top quartile funds and top 50% funds is 2.94 and 2.20, respectively.

The DPI trends for the aggregated benchmark, early-stage funds' benchmark and growth & late-stage funds' benchmark are as follows:



Type of benchmark	No. of schemes that have made distributions	Average DPI of schemes that have made distributions	Average DPI for top quartile funds in terms of DPI	Average DPI for top 50% funds in terms of DPI
Aggregated benchmark	135	0.57	1.67	1.08
Early-stage funds	68	0.46	1.41	0.86
Growth & late-stage funds	27	0.77	2.15	1.45

Source: Crisil Intelligence
As on March 31, 2024

Funds in the top quartile that have made a distribution of at least 50%, have an average DPI ratio of 2.78, showcasing their competence in returning capital to investors

Further the DPI trends for schemes with at least 50% distributions are as below:

Type of benchmark	% of schemes that have reached 0.5 DPI	Average no. of years taken to reach 0.5 DPI	Average DPI	Average DPI for top quartile funds*	Average DPI for top 50% funds*
Aggregated bench-mark	35.56%	6.08	1.41	2.78	2.03
Early-stage funds	27.94%	6.46	1.36	2.47	1.86
Growth & late-stage funds	40.74%	6.12	1.65	3.23	2.35

Source: Crisil Intelligence
As on March 31, 2024
**Top quartile funds based on DPI values have been considered*

Moreover, the DPI trends for schemes having returned 100% of the paid in capital are as follows:

Type of bench-mark	% of schemes that have reached 1 DPI	Average no. of years taken to reach 1 DPI	Average DPI	Average DPI for top quartile funds*	Average DPI for top 50% funds*
Aggregated benchmark	18.52%	6.82	1.99	3.18	2.70

Source: Crisil Intelligence
As on March 31, 2024
**Top quartile funds based on DPI values have been considered*
The analysis for early stage and growth & late-stage funds that have reached DPI 1 has not been provided because of lack of universe and data within each of these categories

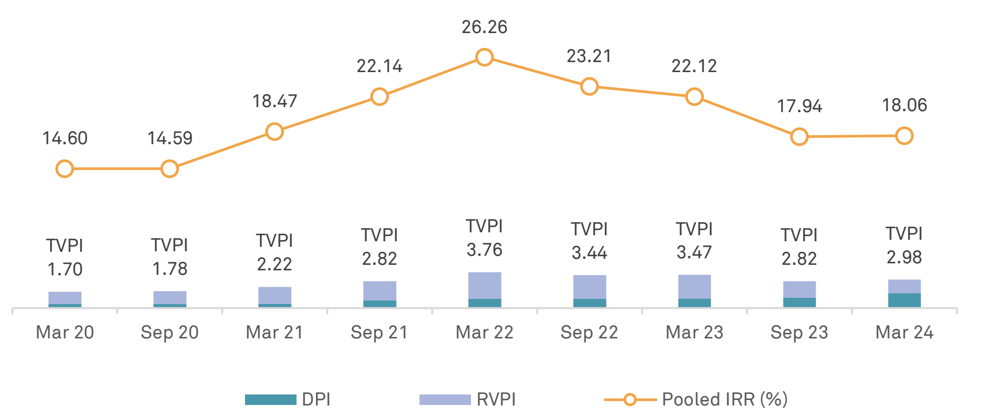
Of the 135 schemes that have made distributions, 18.52% returned 100% of the capital drawdown within an average tenure of 6.82 years. These funds had an average DPI of ~2

Benchmark returns peak in March 2022 cycle

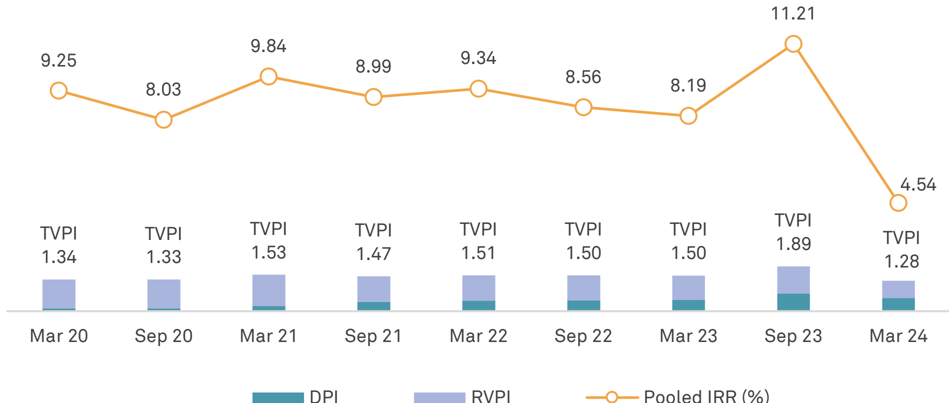
The benchmarks have been calculated based on the pooled internal rate of return (IRR) approach. It denotes the IRR calculated at an aggregate level by pooling the cash flows within all the schemes belonging to the vintage year.

The benchmark returns have seen some moderation after achieving their peak in March 2022 benchmarking cycle in a majority of the vintages. However, in a few vintages such as fiscals 2014 and 2017, there has been some resistance to this steady decline with the returns rebounding in the latest benchmarking cycle.

Vintage fiscal 2014



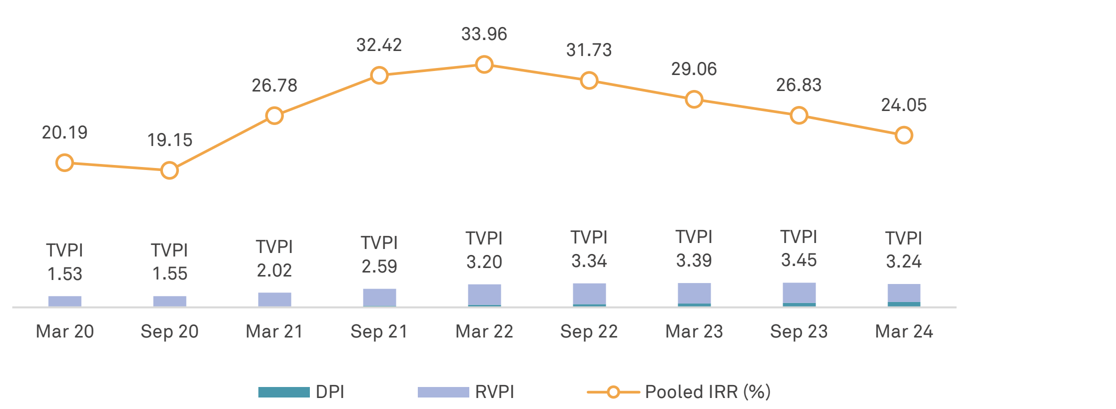
Vintage fiscal 2015[16]



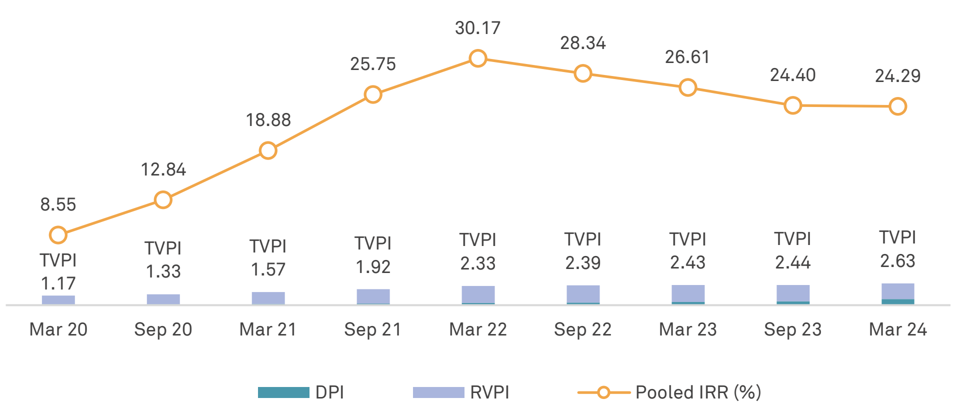
Source: Crisil Intelligence
Notes: 1) Values as on the end of each benchmarking cycle
2) DPI: Distributions to paid-in capital, RVPI: Residual value to paid-in capital, TVPI: Total value to paid-in capital
3) Schemes that have completed at least one year since their first close as on the end of each benchmarking cycle, have been considered
4) Returns and ratios are in Rs terms and refer to post-expense, pre-carry, pre-tax values
5) Only those vintage years that have at least three schemes available have been considered
6) FY denotes financial year; for example, FY15 refers to period between April 1, 2014 and March 31, 2015
7) Analysis based on the universe of aggregated benchmark as defined above

[16]*Benchmark returns for vintage fiscal 2015 fell steeply from 11.21% in Sep 23 to 4.54% in Mar 24 primarily due to a change in the universe of funds eligible for the benchmark.*

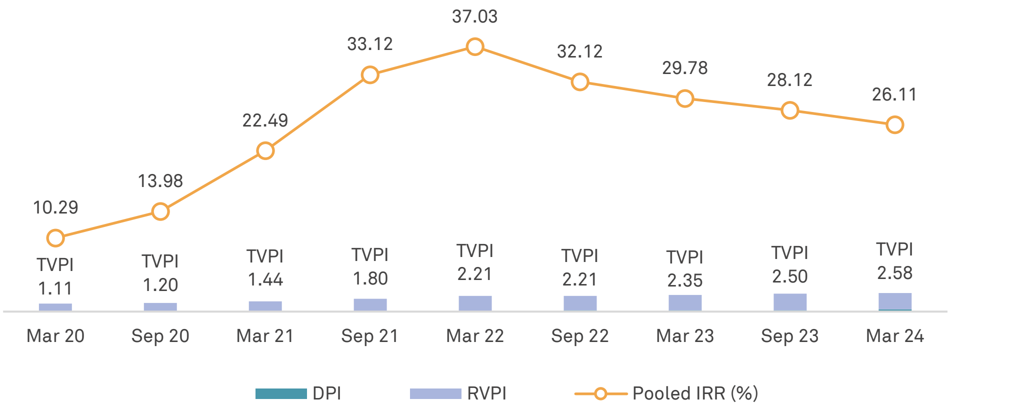
Vintage fiscal 2016



Vintage fiscal 2017

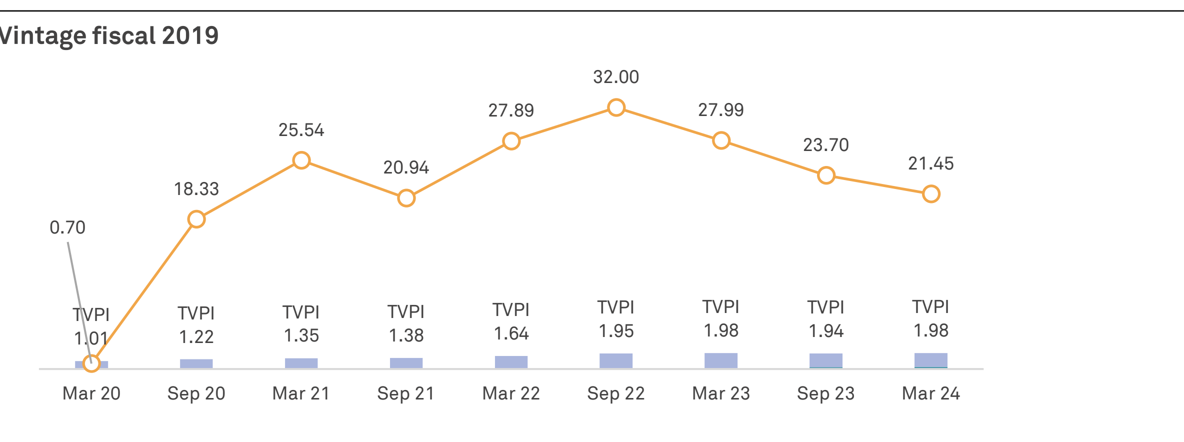


Vintage fiscal 2018

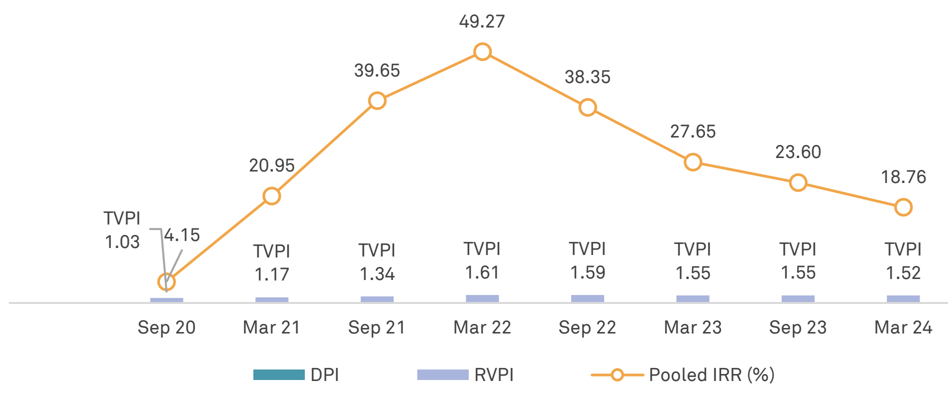


Source: Crisil Intelligence
Notes: 1) Values as on the end of each benchmarking cycle
2) DPI: Distributions to paid-in capital, RVPI: Residual value to paid-in capital, TVPI: Total value to paid-in capital
3) Schemes that have completed at least one year since their first close as on the end of each benchmarking cycle, have been considered
4) Returns and ratios are in Rs terms and refer to post-expense, pre-carry, pre-tax values
5) Only those vintage years that have at least three schemes available have been considered
6) FY denotes financial year; for example, FY15 refers to period between April 1, 2014 and March 31, 2015
7) Analysis based on the universe of aggregated benchmark as defined above

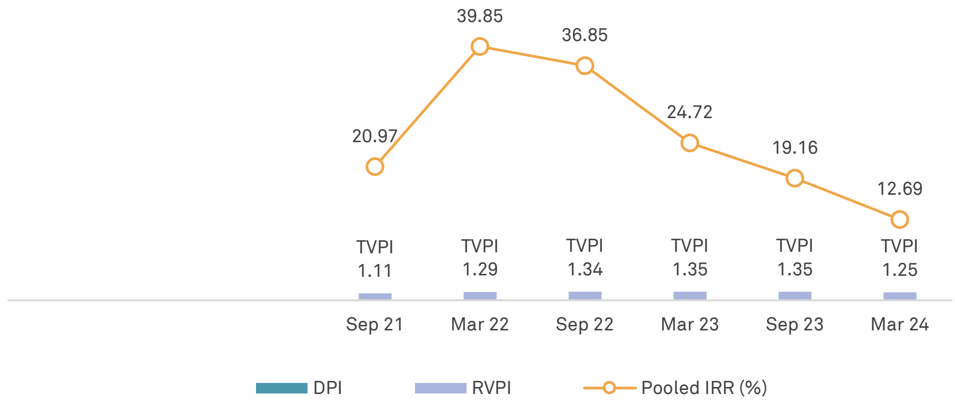
Vintage fiscal 2019



Vintage fiscal 2020



Vintage fiscal 2021



Source: Crisil Intelligence
Notes: 1) Values as on the end of each benchmarking cycle
2) DPI: Distributions to paid-in capital, RVPI: Residual value to paid-in capital, TVPI: Total value to paid-in capital
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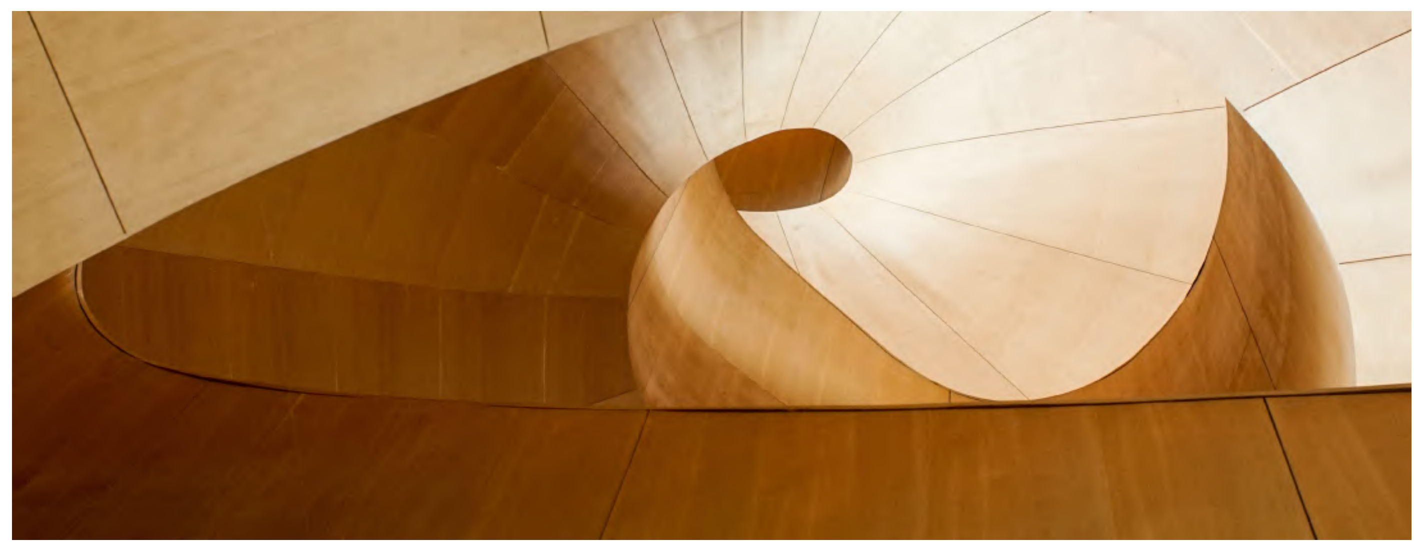
7) Analysis based on the universe of aggregated benchmark as defined above



AIF growth drivers and regulatory regimes

The Indian economy's robustness is driving investments in both public and private markets. The country remains an attractive investment destination, thanks to its demographic advantages, including a young and growing population, a vast consumer base, and rapid technological progress. As investors have become more aware, their investment pattern has been shifting steadily from investments in fixed deposits to capital market products, as reflected in the increase in the number of demat accounts.

Alternative investments have gained significant traction among high and ultra-high networth individuals (HNIs and UHNIs), family offices, and institutional investors. These sophisticated investors are increasingly drawn to alternative assets, seeking to diversify their portfolios and capitalise on unique opportunities for growth.

AIFs have emerged as one of the fastest-growing managed investment product segments in India. The alternative investment space has witnessed remarkable growth with its share[17], increasing from 2.2%[18] of total AUM of managed investment products in March 2018 to ~5.6% in March 2023. Currently, the AIF industry's contribution to India's GDP stands at ~3%[19]. However, this ratio is projected to reach ~6% by 2027[20], underscoring the growing importance of AIFs in India's investment landscape.

Key growth drivers of India's AIF industry

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[17] *As represented by commitment raised*
[18] *AMFI, NPS Trust, IRDAI, SEBI, Life Insurance Council, International Monetary Fund (IMF), Crisil Intelligence*
[19] *IMF World Economic Outlook April 2023, SEBI, RBI*
[20] *Crisil report 'The big shift in financialisation', December 2022*

Investments by domestic institutions such as EPFO and NPS in AIFs could significantly contribute to the growth of India's AIF industry in the coming years

1. Increase in demand for diversification

In India, the growing economy and robust performance of capital markets have led to a surge in the number of HNIs and family offices. These investors are seeking to diversify their portfolios beyond traditional assets, driving demand for alternative investment options. AIFs have emerged as an important product for portfolio diversification as it provides an ideal gateway to private markets and the start-up ecosystem in India.

2. Domestic institutions' potential

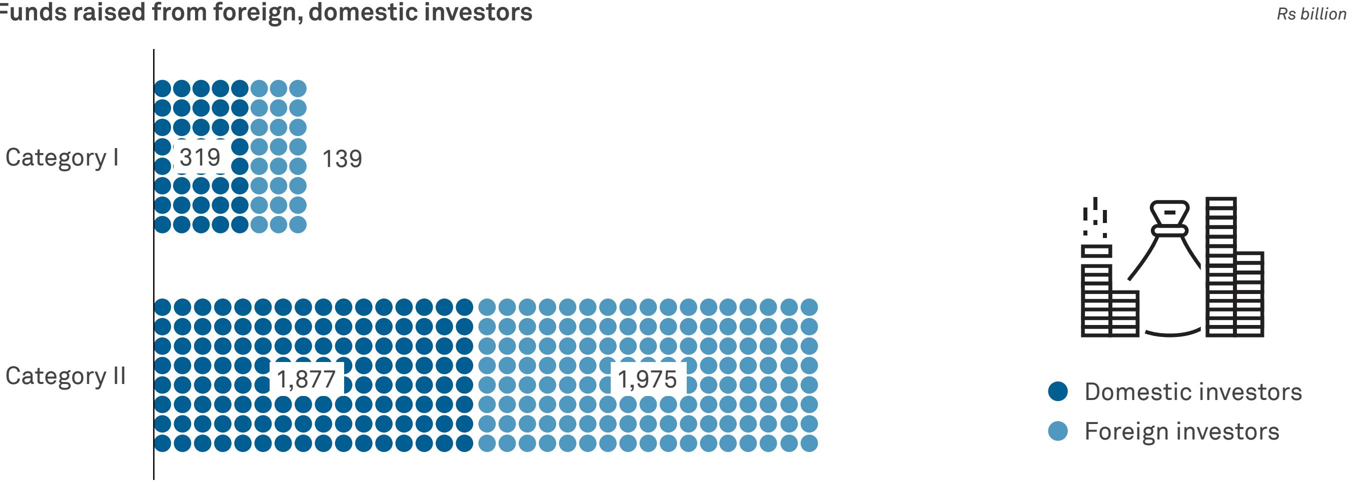
India's prominent domestic institutional investors, including the Employees' Provident Fund Organisation (EPFO), the National Pension System (NPS) and insurance companies, have historically preferred fixed-income securities. However, their investment guidelines permit them to allocate a portion of their annual investments in Category I and II AIFs, subject to certain conditions.

As of March 2023, the EPFO and the NPS had not made any investments in AIFs. Insurance companies, on the other hand, have invested in Category I and II AIFs, though the investment amount is still below the permissible limit. This suggests there is significant potential for increased flows into AIFs from these domestic institutions, as they continue to explore diversification opportunities.

As per data from SEBI, as of September 2024, foreign investors accounted for ~49% of gross funds raised across Category I and II AIFs.

Funds raised from foreign, domestic investors

Rs billion



Source: SEBI
Note: The figures are gross funds raised as on September 30, 2024. Funds raised from employees, sponsors, managers and EBTM data are not included. Foreign investors include foreign portfolio investors (FPIs), foreign venture capital investors (FVCIs), non-resident Indians (NRIs) and others

IPO activity saw a huge jump in fiscal 2024, with 210 listings, surpassing the combined total of fiscals 2022 and 2023. This is expected to boost the AIF industry through increased exit and investment opportunities

3. Start-up revolution

The growth of the start-up ecosystem in India has played a critical role in the rise of the country's economy.

A thriving start-up ecosystem leads to a greater number of start-ups seeking funding, which increases the deal flow for AIFs and provides them with a wider range of investment opportunities.

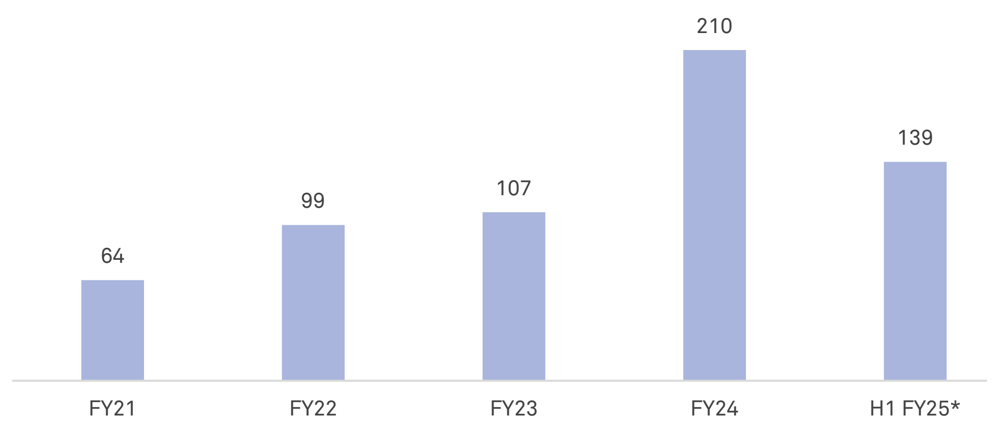
Start-ups operate in various sectors, including technology, healthcare and e-commerce, offering AIFs an option to diversify and reduce their risk exposure.

As the start-up ecosystem expands, demand for VC and PE investments is likely to increase, benefiting AIFs that focus on these investment strategies.

IPO activity saw a significant jump in fiscal 2024, with a total of 210[21] listings, surpassing the combined total of fiscals 2022 and 2023. The momentum has continued in current fiscal, with 139 IPOs already hitting the market within the first 6 months of fiscal 2025, which amounts to 66% of total IPOs of fiscal 2024. As on November 30, 2024 this count stands at 173.

The IPO surge reflects growing confidence in India's capital market, which is expected to boost the AIF industry through increased exit and investment opportunities. An increase in liquidity can attract more investors to AIFs, leading to growth in the industry.

IPO count



Source: NSE
** H1 FY25 pertains to data for the period April 1,2024 to September 30, 2024*

[21] *IPO count comprises equity and SME segment based on the date of listing.*

Improved infrastructure, enhanced connectivity and digital transformation are attracting investors to non-Tier 1 cities, no longer restricting start-ups and entrepreneurship to Tier 1 cities

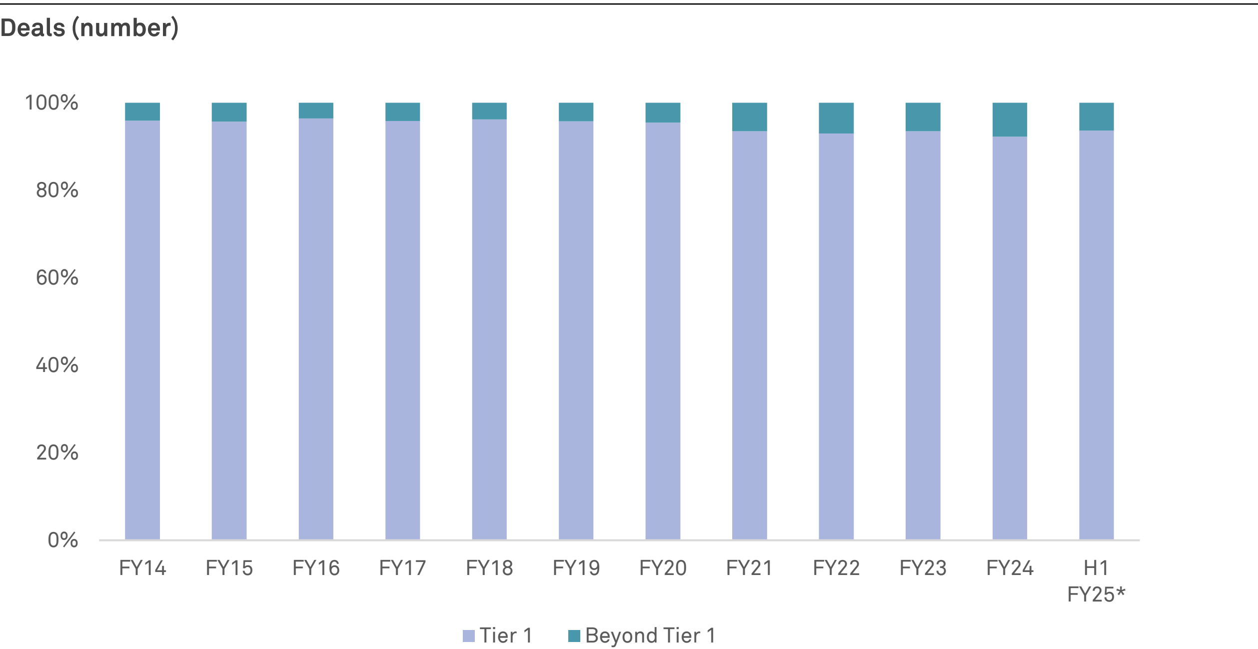
4. Investments thriving in cities beyond Tier 1

Improved infrastructure, enhanced connectivity and digital transformation are attracting investors to non-Tier 1 cities, no longer restricting start-ups and entrepreneurship to the top cities in India.

Availability of a skilled and educated workforce, rise of the gig economy, and local-government support are also prompting the shift from Tier 1 cities to non-tier 1 cities. Unicorns Razorpay and CarDekho are from non-Tier 1 cities.

The share of deals of non-Tier 1 cities in terms of volume increased from 4% (16 deals) in fiscal 2014 to 7% (147 deals) in fiscal 2022 and 8% (54 deals) in fiscal 2024.

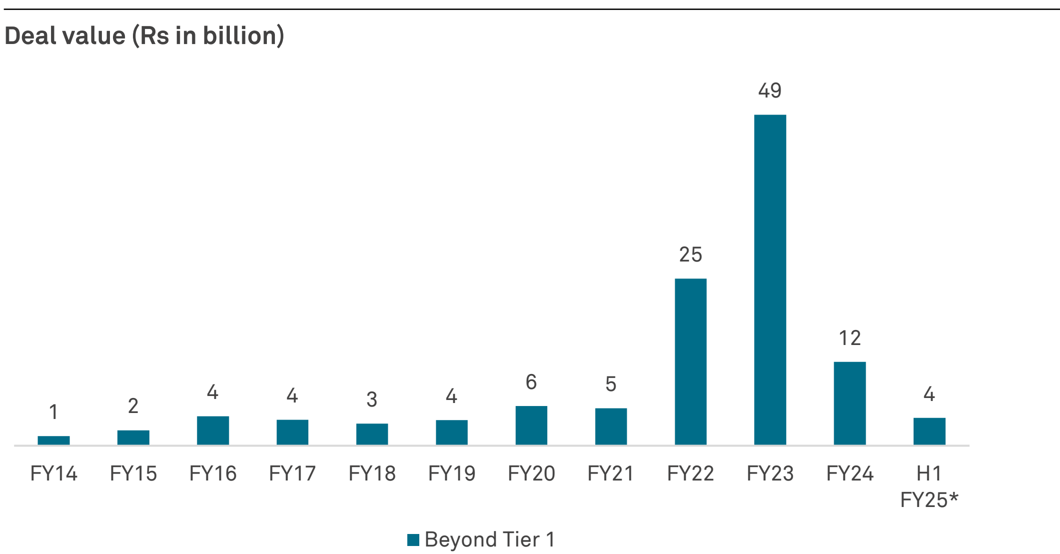
Deals (number)



Source: Oister Global
**H1 FY25 pertains to data for the period April 1,2024 to September 30, 2024*
Note: 1) Deals with undisclosed values are included in the count but not in the value of deals
2) Does not include venture debt, conventional debt, convertible debt, grant (prize money), initial coin offering, post-IPO transactions and unattributed

In terms of value, deals in non-Tier 1 cities clocked a CAGR of 24% between fiscals 2014 and 2024.

Deal value (Rs in billion)



Source: Oister Global
**H1 FY25 pertains to data for the period April 1,2024 to September 30, 2024*
Note: 1) Deals with undisclosed values are included in the count but not in the value of deals
2) Does not include venture debt, conventional debt, convertible debt, grant (prize money), initial coin offering, post-IPO transactions and unattributed

5. Regulatory support

Budget 2024 abolished angel tax for all investor classes, which can be a positive step for encouraging more investments in startups and fostering a more supportive environment for entrepreneurial growth. Since the past few years, SEBI has been very proactive in updating and revising the regulatory framework governing the AIFs. Some major updates this year include:

- Standardising the private placement memorandum (PPM) audit reports and online submissions of the same
- Modifying the framework for valuation of investment portfolio of AIFs
- Borrowings by AIFs to meeting temporary shortfalls in amount called from investors for making investments in investee companies

These amendments introduced demonstrate SEBI's emphasis on strengthening regulatory compliance and accommodating industry dynamics.

Proactive reforms by SEBI and the abolishment of angel tax in the recent budget will support growth in private market investments

Given below is a timeline covering some of the major regulatory changes made over the years:

2012

SEBI (Alternative Investments Funds) Regulations 2012 introduced in May, 2012

2013

- Periodic reporting to SEBI by AIFs
- Risk management framework introduced for Category III AIFs
- Calculation of exposures and NAV, obligation of AIF and custodian in case of breach of limits

2014

- Fees, charges and litigation to be disclosed in the PPM for enhanced transparency
- Preparation and submission of a compliance test report for increased compliance oversight

2015

Guidelines released on overseas investment by AIFs/VCFs to enable more investment options for AIFs

2017

- Introduction of an online system for registration of AIFs, reporting and filing
- Enhanced reporting format for Cat III AIFs to capture investments in commodities

2018

Guidelines for AIFs with respect to operation in IFSC, including require-ments, conditions and restrictions

2020

- Enhanced and standardised disclsoure norms for AIFs to improve transparency
- Accountability of members of the Investment Committee for the AIF's investment decisions, in case it is a decision-making body
- Mandatory performance benchmarking for AIFs
- Introduction of templates for PPMs
- Mandatory annual audit of PPMs

2021

- Introduced framework for AIFs to invest in the units of other AIFs to widen the pool of investors
- Introduction of new class of investors, i.e. accredited Investors
- Mandatory filing of PPMs through a SEBI-registered merchant banker
- Co-investment by investors of AIFs will be through a co-investment portfolio manager as specified under SEBI (PMS) Regulation 2020
- Enhancement of disclosure practices as follows:
  - Introduction of an investor charter to provide relevant information to investors
  - Change in KMPs to be disclosed to investors and SEBI
  - Maintain data on investor complaints in the specified format

2022

- Introduction of Special Situation Funds for investment in Special Situation Assets
- Appointment of a compliance officer made mandatory to bring AIFs at par with other investment products
- Guidelines for large value funds for accredited Investors
- Standardise operational aspects, guidelines with respect to first close, calculation of tenure, fees, committment made by manager/sponsor or change in Manager/sponsor
- Eliminated the requirement for an Indian connection for overseas investment to provide more overseas investment opportunities
- Priority distribution model to be discontinued to bring all investors on an equal footing

2023

- Introduction of direct plan for AIF schemes and trail model for distribution commission in AIFs
- All schemes of AIFs will dematerialise their units in a specified time frame
- Standardised approach to valuation of investment portfolio of AIFs. Valuation of securities prescribed under MF regulations to be carried out as mentioned in those regulations. Other securities valuations to be carried out as endorsed by any AIF industry association
- Flexibility given to AIFs to deal with investments not sold due to lack of liquidity during the winding-up process by obtaining consent of 75% investors by value
- Manager would be responsible for the true and fair valuation of the AIF investments and inform reasons for deviations in specific situations to investors

2024

- Facilitate the creation of an encumbrance on equity of the investee company engaged in certain sectors and subsectors by Category I and Category II AIFs for the purpose of raising debt by investee company
- Facilitate ease of doing business and reduce costs to AIFs; hence, certain relaxations have been given for submission of certain data through merchnat bankers
- Requirement for one key personnel from the investment team to obtain certification from the National Institute of Securities Market by passing the NISM Series-XIX-C
- To facilitate ease of doing business and provide operational felxibility, Category I and II AIFs, subject to certain conditions , will be allowed to borrow for the purpose of meeting a temporary shortfall in the amount called from investors for making investments in investee companies
- Relaxation in timelines for AIFs to report valuation numbers based on the audited data of portfolio companies as on March 31 to performance benchmarking agencies

Annexure

Definitions and eligibility criteria for standard Crisil AIF benchmarks

Vintage year

Benchmarks for categories I and II are calculated based on their vintage years. A vintage year is the financial year in which the scheme had its first close, i.e., the vintage year of a fund would be fiscal 2014 if it had its first close between April 1, 2013, and March 31, 2014.

Only vintage years with at least three schemes available are considered.

Calculation metrics

Pooled IRR

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

Investment multiples and ratios

Three types of ratios are considered to calculate the benchmarks: DPI, residual value to paid-in capital (RVPI) and total value to paid-in capital (TVPI). All three are calculated for each applicable vintage year.

DPI is the ratio of the total distributions made to the paid-in capital. It is also called the 'realisation multiple'.

RVPI is the ratio of the residual value of all investments remaining in the fund after distributions to paid-in capital. The residual value refers to the valuation of the scheme as on the date for which the benchmarks have been calculated.

TVPI is the ratio of the sum of total distributions and residual value to the total paid-in capital. It is also called 'investment multiple'.

Public market equivalent

Public market equivalent (PME+) as a metric helps in comparing the performance of an AIF against any public index. The PME+ method tries to replicate the cash flows of the AIF to a public index. The cash flows, depending on whether they are an inflow or outflow, are invested and distributed to and from the public index on the same dates as that of the AIF. The distributions are adjusted using a scaling factor to avoid a situation where the public index is oversold and results in the negative terminal value.

Eligibility criteria

All AIFs registered with SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012, are considered for the calculation of all the benchmarks used in the report provided the scheme has completed one year from its first close as on the date for which the benchmarks are calculated. For example, AIF benchmark calculated for the period ending March 31, 2024, will have funds that had their first close on or before March 31, 2023

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Large and highly respected firms partner with us for the most reliable opinions on risk in India, and for uncovering powerful insights and turning risks into opportunities globally. We are integral to multiplying their opportunities and success.

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We combine robust diligence, deep domain expertise, and an extensive network to curate high-quality private market opportunities for our investors.

With a digital-first approach, we ensure precision, transparency, and an unwavering focus on prioritizing our investors' interests at every step.

India's private markets have experienced transformative growth fueled by advancements in sectors like pharma ceuticals, life sciences, deep tech, fintech, and healthcare. Commitments to Alternative Investment Funds (AIFs) have grown at an impressive ~54% compounded annual growth rate (CAGR) over the past decade, with the market expected to surpass $500[22] billion by 2030.

At Oister, we actively shape this evolution. We manage proprietary funds and invest in private equity and Venture capital (PE/VC) funds and secondary opportunities.

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Since our launch in 2022, Oister has launched six funds which have directly and indirectly invested in more than 50 start-ups. Partnering with Oister means joining a top-tier network of long-term investors who leverage the transformative power of private markets to build lasting value.

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[22] *https://economictimes.indiatimes.com/industry/banking/finance/aif-inflows-to-cross-500-billion-by-2030-report/articleshow/101171595.cms?from=mdr*

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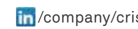

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