



# Startup Outlook Report 2025

10<sup>th</sup> Edition

February 2025



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# FOREWORD

## *10<sup>th</sup> edition of InnoVen Start-up outlook report, a view from founders*



**Ashish Sharma**  
InnoVen Capital

2024 reversed the trend of a weak funding environment, with investments increasing to ~\$12 billion. We saw numerous tech IPOs, such as Swiggy, Ola Electric, Firstcry, Blackbuck, Awfis, ixigo etc. While the macro is challenging, we expect several high-quality companies to go public in 2025.

We are also seeing a higher appreciation for sustainable business models; a laser focus on unit economics/profitability and more realistic valuation expectations.

We are pleased to release the 10<sup>th</sup> annual Start-up Outlook report, which will provide some useful insights to all stakeholders that have a keen interest in the venture ecosystem. This report is part of our continued effort to gauge the current mood & sentiment, as seen through the eyes of entrepreneurs.



## SURVEY HIGHLIGHTS

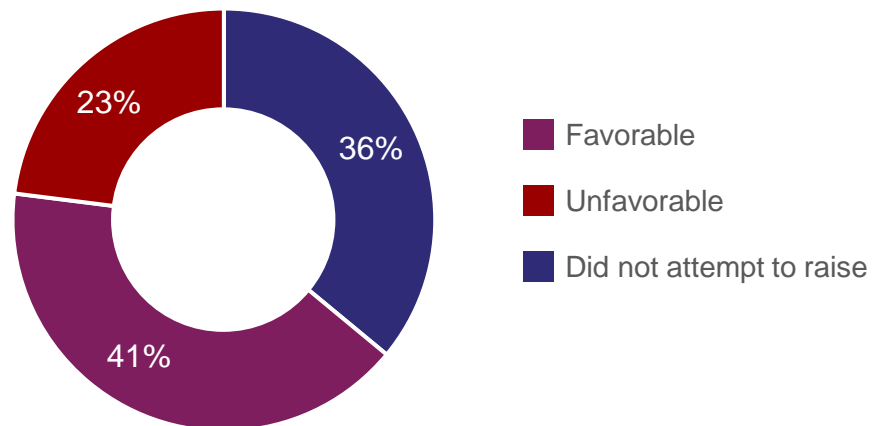
- **63%** of those who attempted to raise had a **favorable fundraising experience** in 2024, down from 68% in 2022
- **79%** are **optimistic about fundraising** environment in 2025 ... SaaS, Fintech, and Consumer founders most bullish
- **53%** founders have a higher bias on **profitability vs. growth**, but down from 62% in 2023
- **41%** founders claim **EBITDA profitability**...up from 30% in 2023 and 19% in 2022
- **60%** founders expect business model disruption due to AI, up from 28% last year... FinTech and SaaS most impacted
- **73%** believe that a **domestic IPO** is the most likely mode of exit...up from 64% (2023), 63% (2022) and 58% (2021)
- **47%** founders expect **pace of hiring to increase in 2025**, up from 39% last year
- **83%** of startups have **less than 20% women in leadership**... **51%** with **less than 10%** women in leadership
- **45%** founders rate government efforts as positive, down from 52% last year... **38%** believe there is **scope to do more**
- **AI** chosen as the most **overhyped sector** second time in a row, **HealthTech** as the most **underhyped sector**
- **Zerodha** picked as the most admired start-up (fifth year in a row), **Deepinder Goyal** as the most admired founder



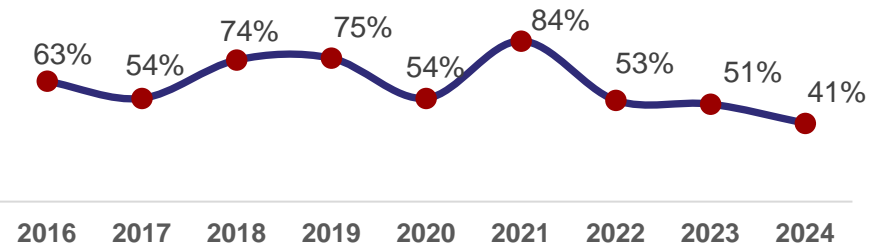
## FUNDRAISING

*79% of founders optimistic that funding environment will improve in 2025*

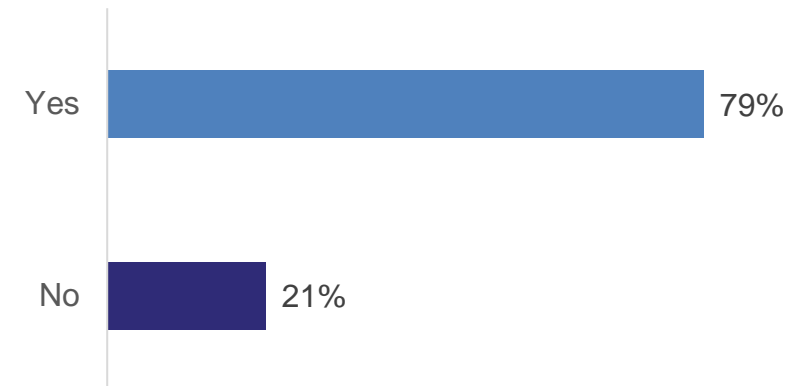
### How was your funding experience in 2024?



### Trend over time (% favorable) fund-raising experience



### Will funding environment be more favorable in 2025?



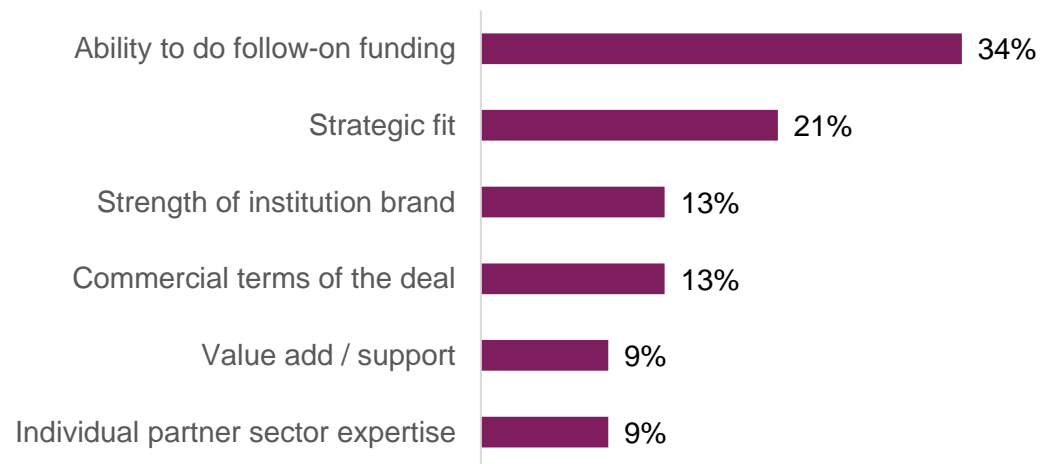
- Of those who attempted to raise in 2024, 63% had a favourable experience (vs. 68% in 2023)
- Enterprise SaaS and Consumer brand founders had the most favorable funding experience
- SaaS, Consumer, and Fintech founders are most optimistic on 2025 funding environment



## FUNDRAISING

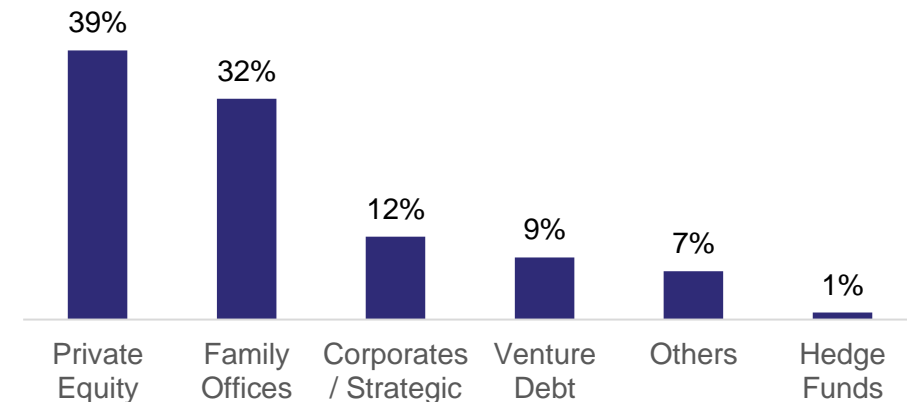
*Ability to do a follow-on round continues to be most important while choosing an investor*

### Most important factor in choosing a lead investor



- Strength of investor's brand declines to 13% (22% in 2023 and 21% in 2022)
- Importance of strategic fit up to 21% (vs. 16% in 2023), as founders prefer investors with relevant industry expertise

### In addition to India based VCs, what type of investor are startups targeting for the next round



- PE continues to be the top choice while Family Offices up to 32% v/s 7% last year
- Corporate/strategic investors see a drop in preference...12% v/s 21% (2024) and 13% (2023)

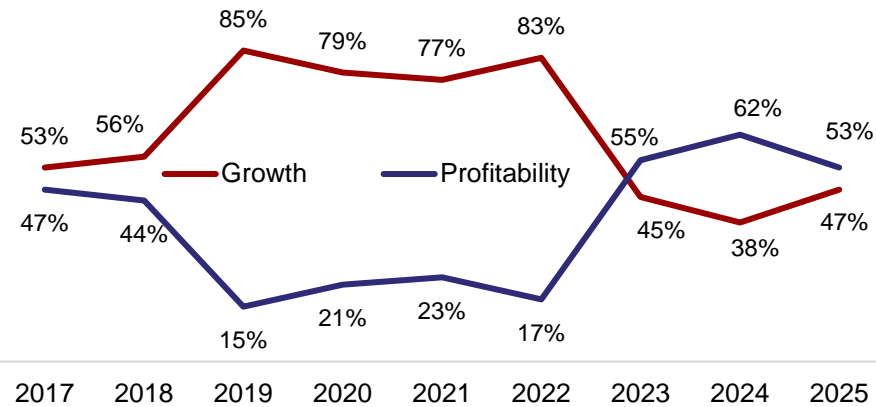


## GROWTH VS PROFITABILITY

*Focus on profitability falls after 2 years but still higher than growth*

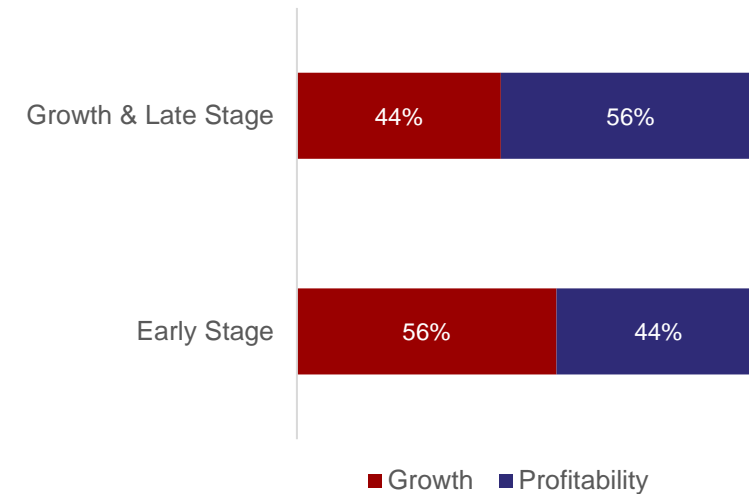
Between growth & profitability, what is the bigger focus currently?

Trend over last 9 years



- As the funding environment recovers, focus on growth gains momentum, while profitability still a priority
- Enterprise SaaS & B2B founders have the highest focus on profitability, while Consumer founders have bias for growth

Growth v/s Profitability Bias (By Stage of Company)



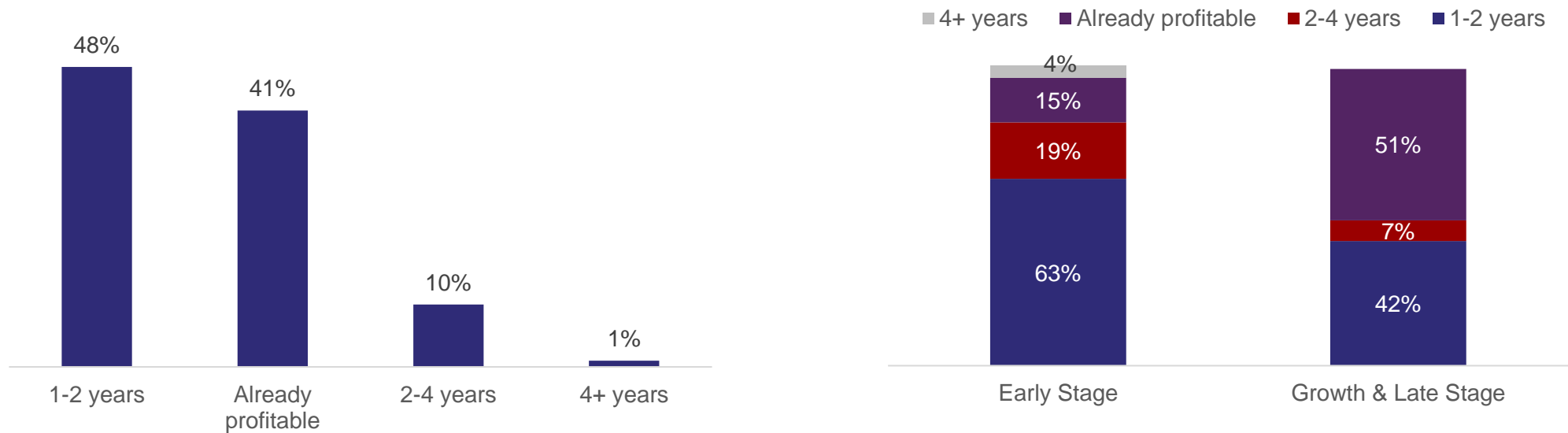
- **Growth/Late-stage:** ~56% of founders have higher focus on profitability...down from 70% last year
- **Early Stage:** 56% of founders now prioritizing growth over profitability (47% last year)



## BUILDING SUSTAINABLE BUSINESS MODEL

### *Estimated timeline to profitability*

#### When do you expect to turn profitable?



- 41% of founders claim to be already profitable, jumping from 30% in 2023 and 19% in 2022...SaaS and Consumer lead
- Most respondents expect to turn profitable within 2 years

- Majority of early-stage respondents are expecting to be profitable over the next 2 years; 15% claim to be already profitable
- Most growth and late-stage startups either already profitable or targeting profitability within 2 years



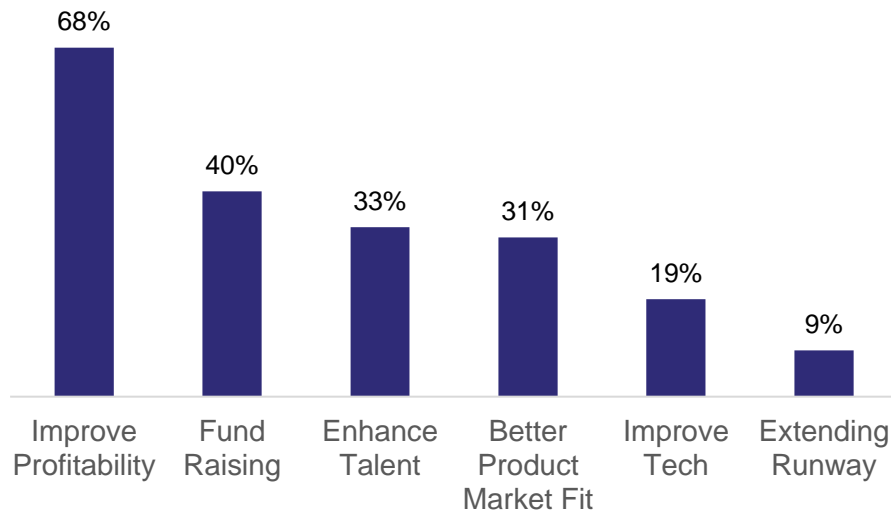


## BUSINESS PRIORITIES & CHALLENGES

*Hiring and upskilling talent emerges as a key priority as well as a challenge for founders*

### What are your top 2 priorities in the next 12 months?

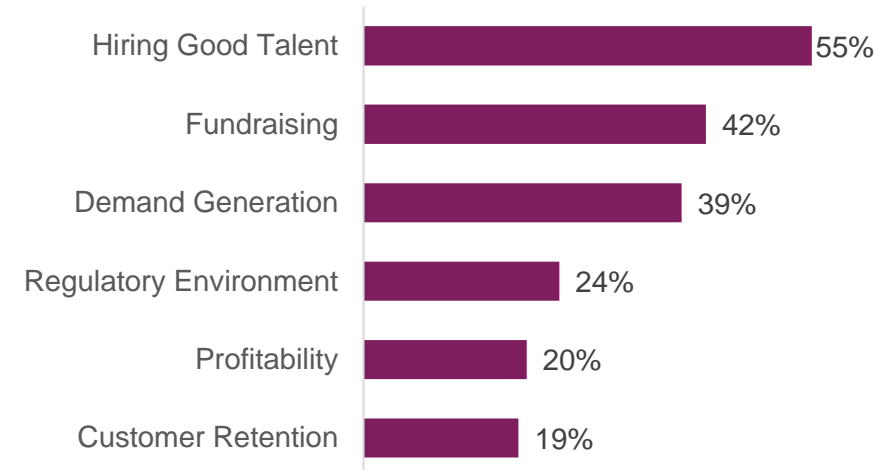
*(Will add to 200% as respondents picked up to 2 choices)*



- Profitability & fund raising continue to be top priorities for founders, similar to last year
- Building & enhancing talent moves up to #3 from #4 in 2023

### What are your start-up's top 2 biggest challenges?

*(Will not add to 100% as respondents chose top 2)*

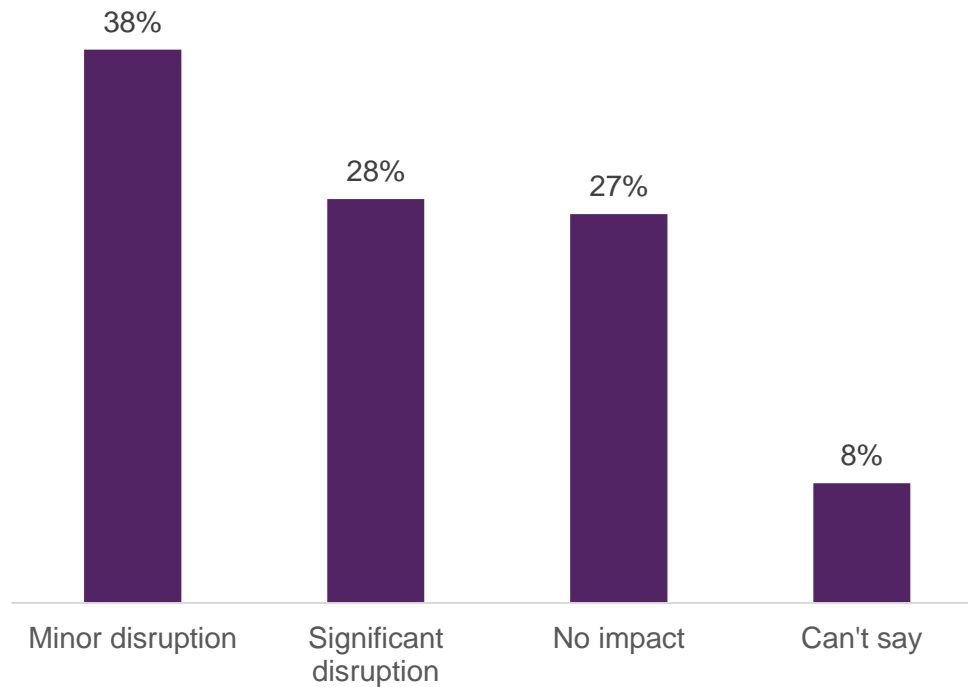


- Hiring good talent continues to be a challenge for founders
- Demand generation emerges as a key challenge, while profitability moves down to #5 vs. #3 in the previous year



## IMPACT OF ARTIFICIAL INTELLIGENCE (AI)

*Two thirds of founders believe that AI will have some impact on their business model*

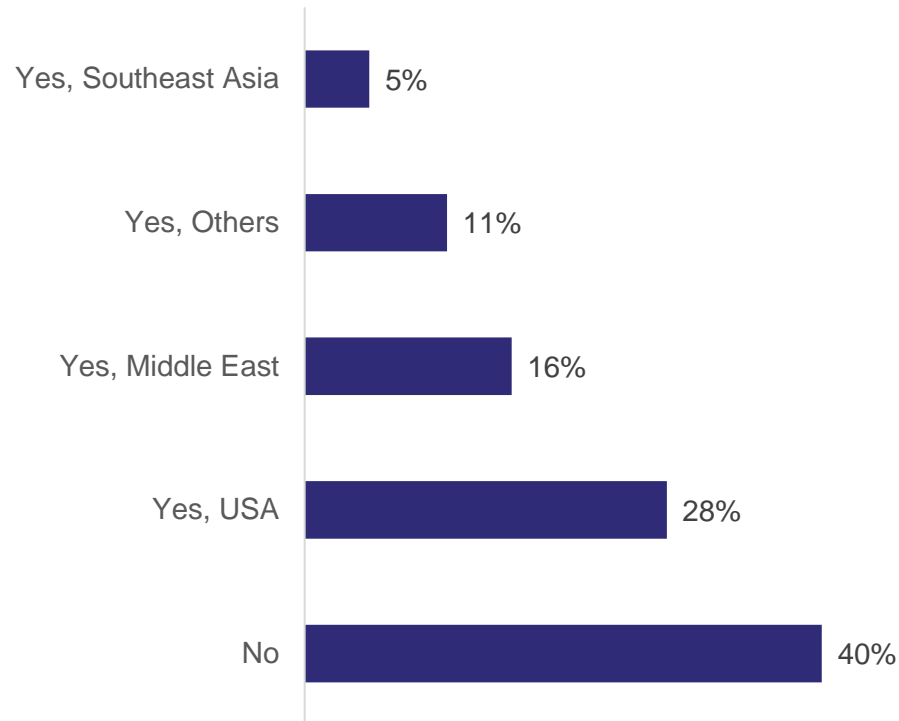


- Higher share of respondents expect AI capabilities to significantly disrupt their business this year (28% this year vs. 23% in 2023)
- Out of all the respondents, Enterprise SaaS and FinTech founders anticipate the highest impact of AI on their business
- 71% Consumer brand founders expect minor impact of AI on their business (33% no impact; 38% minor disruption)
- More early-stage founders foresee AI disrupting their business model compared to last year (70% this year from 35% in 2023)



## GLOBAL EXPANSION PLANS

*60% of founders aspire to enter global markets, primarily the Middle East and USA*



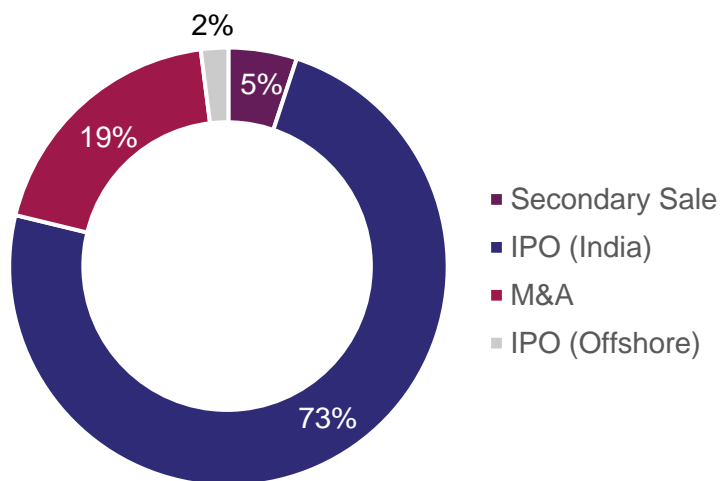
- Trend for global expansion aspirations continues...60% of respondents want to enter new markets (from 62% in 2023)
- Aspirations for entering US markets increases...28% this year v/s 19% in 2023; Middle East moves to #2 spot from #1 last year
- Fintech, Ecommerce, and AgriTech companies focused on domestic markets, low preference for expansion beyond India
- Enterprise SaaS and Deeptech founders have highest preference for global expansion...US being #1 preference
- 63% of Consumer founders looking to enter new geographies (v/s 55% last year)... majority prefer Middle East and USA



## EXIT EXPECTATIONS

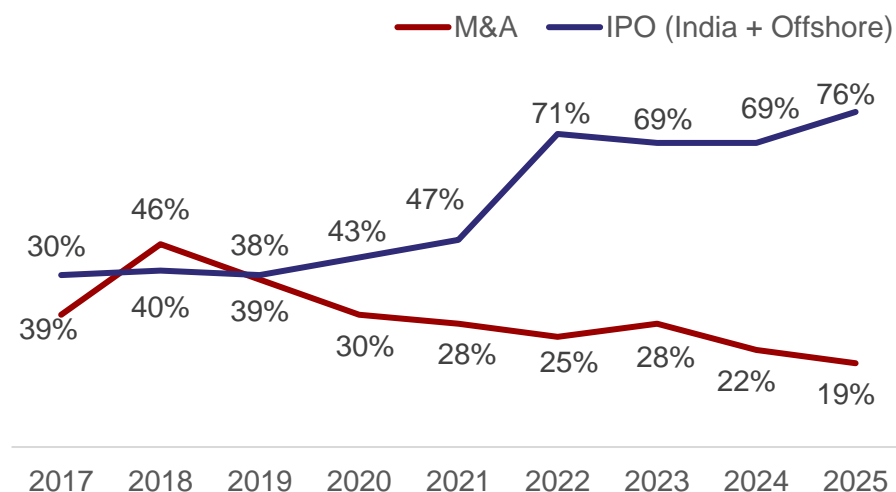
*Exit via domestic IPOs increase in preference over M&A and secondary sales*

What is the most likely mode of exit for your company ?



- Domestic IPOs gain more preference for an exit... 73% in 2024 from 64% (2023), 63% (2022), 58% (2021) and 30% (2020)
- Interest in M&A falls to 19% from 22% (2023) and 28% (2022); overseas IPO continues to witness a decline

Trend over time

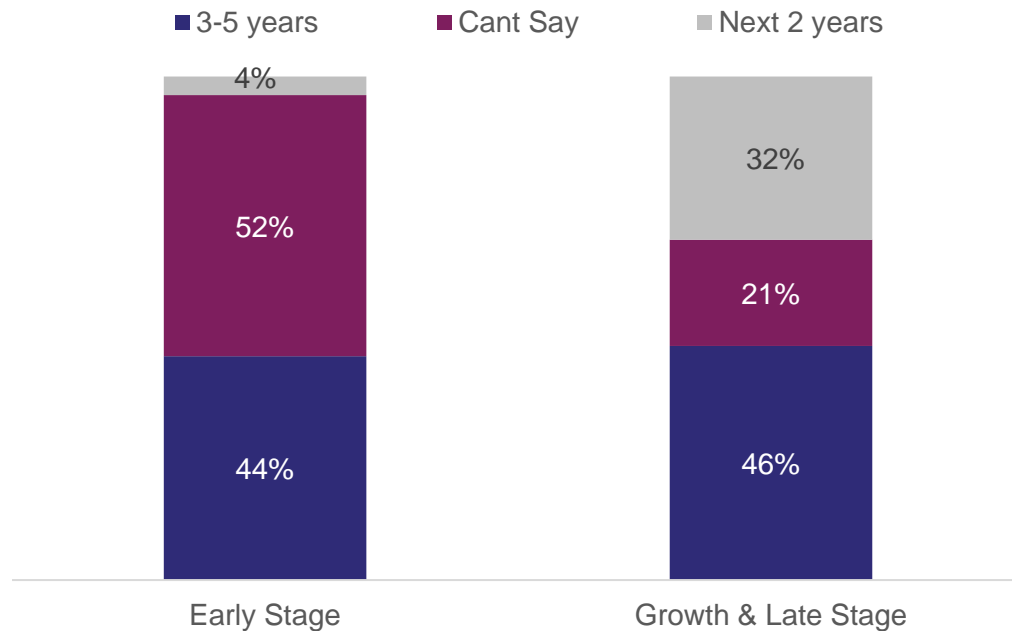


- Exit through IPO continues to be the preferred mode, increasing in preference this year compared to last 2-3 years
- Enterprise SaaS and Fintech founders most bullish on an IPO; Consumer founders favour IPO and M&A/secondary sale equally



## EXIT EXPECTATIONS

*Expected exit timeline for most founders is 3 to 5 years, consistent with past trends*



### Early-stage

- 44% expect an exit in the next 3-5 years, down from 53% (2023)
- Uncertainty on exit timelines increases... 52% this year from 44% (2023) and 50% (2022)

### Growth / Late-stage

- Jump in share of founders expecting an exit in the next 2 years... 32% this year from 21% in 2023
- Most founders anticipate an exit in the next 3-5 years

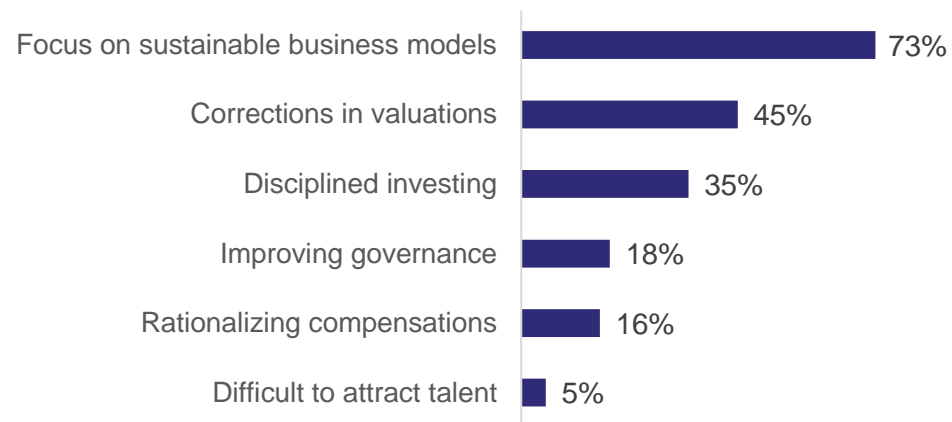


## IMPACT OF FUNDING SLOWDOWN

*Most founders expect higher valuations in the next round*

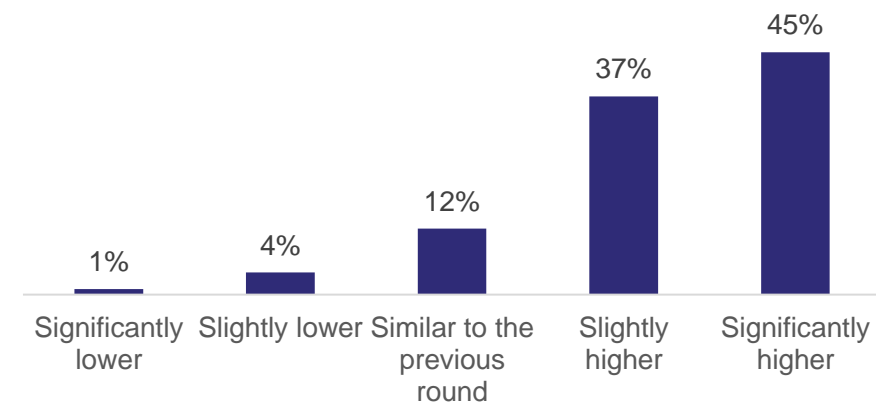
### What do you believe has been the impact of the funding slowdown?

*(Will not add to 100% as respondents picked up to 2 choices)*



- Continued belief that the funding slowdown has led to focus on sustainable business models and corrections in valuations
- Better governance and rationalized compensation with slowdown

### What is your realistic valuation expectation for your next round of funding relative to the last round?



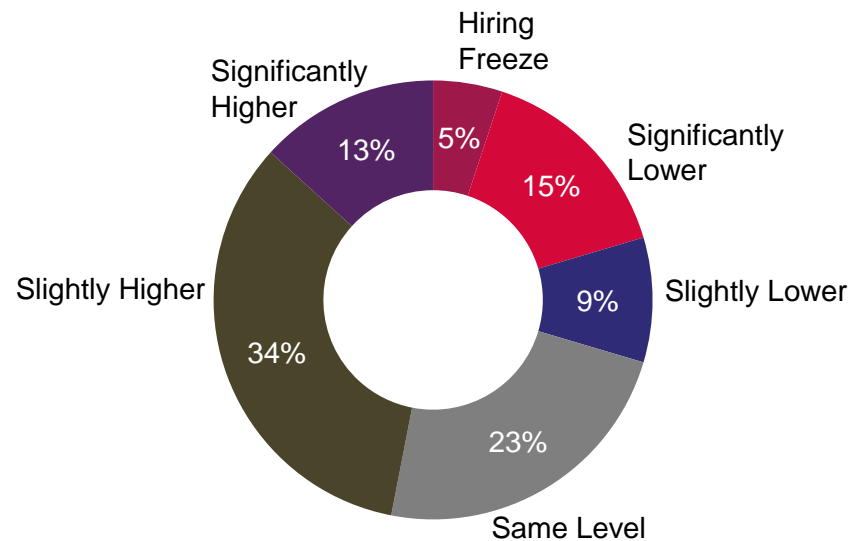
- Most founders continue to expect higher valuations in the next round - Fintech and Consumer founders most bullish
- 17% of growth/late-stage founders expect a flat or a down round, while early-stage founders expect higher valuations



## WORKPLACE

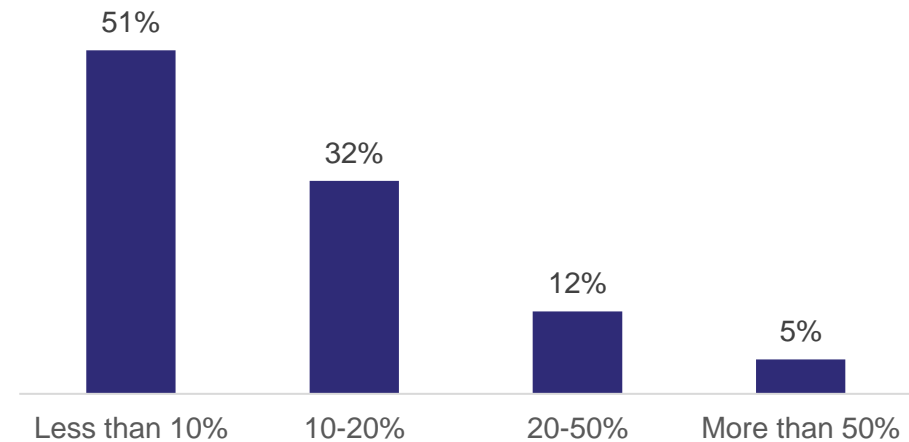
*Hiring pace expected to pick up... Diversity in senior leadership roles remains a challenge*

### Expected pace of hiring in 2025 compared to 2024



- Hiring pace picks up... 47% expect to increase hiring in 2025
- Early-stage founders more bullish on hiring (59%) v/s growth/late stage (42%)

### What % of your top leadership team are women?



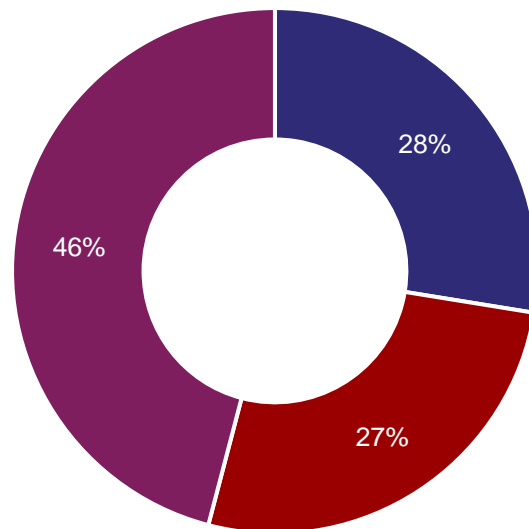
- 83% have < 20% women in leadership v/s 75% (2023) and 67% (2022)
- 51% of cos. have <10% women in leadership v/s 45% (2023)



## WORKPLACE

*73% of founders open to a professional CEO running their company in the future*

### Can you see a professional CEO running your company?



- No, founders should remain in charge
- Yes, but only at the right state of business
- Yes, possible in next 2-3 years

- 73% of founders are open to the business being run by a professional CEO, consistent with past year trends
- 46% of founders are open to a professional CEO, but only at the right stage (down from 52% in 2023)
- While majority of early-stage founders (74%) are open to a professional CEO, only 11% of them see this happening in the next 2-3 years
- 28% of growth/late-stage respondents feel that founders should remain in charge, while 39% are open to the idea but only at the right stage

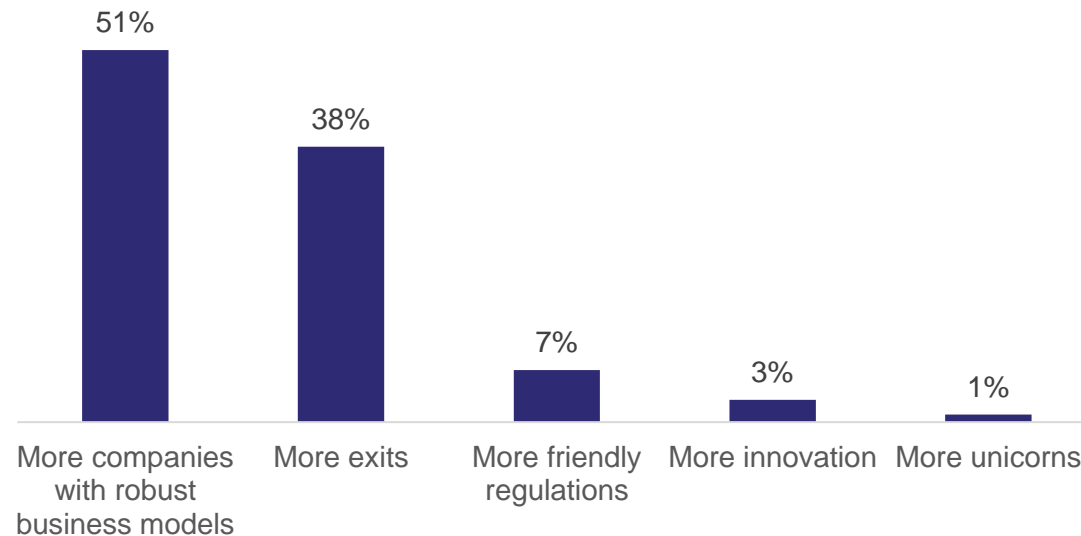




## DRIVING POSITIVE INVESTOR SENTIMENT

*Resilience of business models and increased exits continue to drive positive investor sentiment*

### What will drive a more positive investor sentiment ?



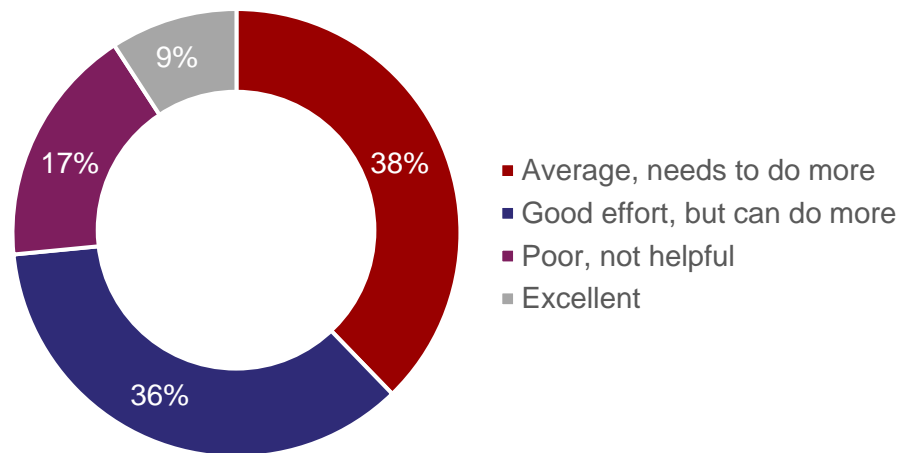
- Importance of robust business models a key driver of positive investor sentiment... 51% this year from 46% (2023)
- 38% of founders believe that a better exit environment will improve investor sentiment... down from 46% (2023)
- Business-friendly regulation and policy emerges as a key driver this year (7%) v/s 2% (2023) and 4% (2022)



## GOVERNMENT POLICY

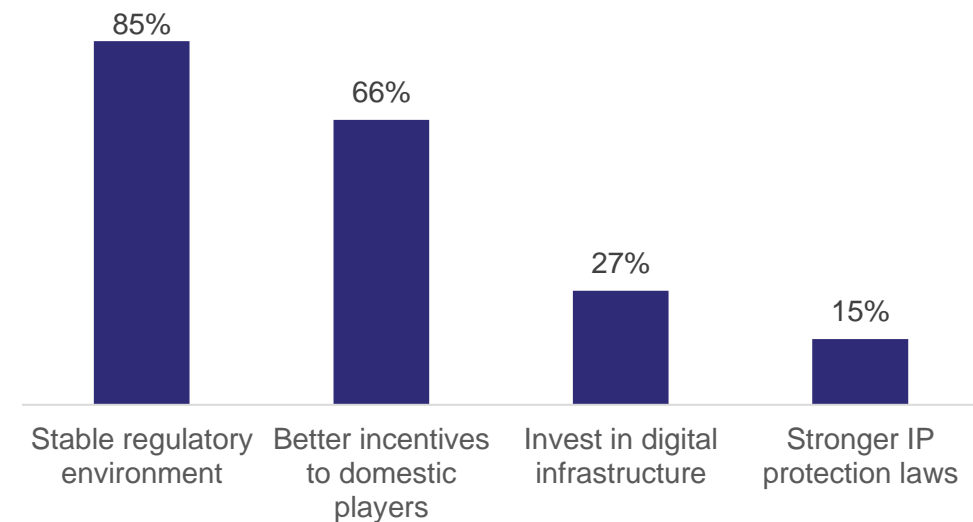
*45% founders rate government efforts as positive, but want more support and incentives*

### Rate government's efforts to improve the start-up ecosystem



- 45% of founders rate government efforts as good, down from 52% last year
- 38% of respondents expect government to do more for the ecosystem... up from 33% in 2023

### What can government do to make it more appealing for start-ups? (Will not add to 100% as respondents picked up to 2 choices)



- 85% of founders want the government to build a more stable regulatory environment v/s 74% (2023)
- 66% of founders would like to see incentives for domestic startups v/s 60% (2023) & 57% (2022)



## OVERHYPED & UNDERHYPED SECTORS

*AI chosen as the most overhyped sector, HealthTech as the most underhyped sector*

### Overhyped Sectors

**AI** 30%

Quick Commerce 24%

FinTech 10%

- AI seen as most overhyped 2<sup>nd</sup> time in a row, Quick commerce re-enters the ranks after 3 years
- FinTech moves down to #3 overhyped sector vs. #2 in 2023

### Underhyped Sectors

**HealthTech** 12%

Consumer 10%

ClimateTech 8%

- HealthTech and Consumer\* emerge as the most underhyped sectors v/s B2B & Manufacturing last year
- ClimateTech new entrant in the list this year

*Note: Consumer includes consumer internet, eCommerce and consumer goods, but excludes D2C brands*



## ADMIRED STARTUP AND FOUNDER

*Zerodha chosen as most admired Indian start-up for the fifth consecutive year*

**Indian Startup  
Admired Most**

**Zerodha**

Zomato

Zoho

Cred

Zepto

**Indian Founder  
Admired Most**

**Deepinder Goyal**

Kamath Brothers

Sridhar Vembu

Kunal Shah

Girish Mathrubootham

**Global Founder  
Admired Most**

**Elon Musk**

Jeff Bezos

Sam Altman

Brian Chesky

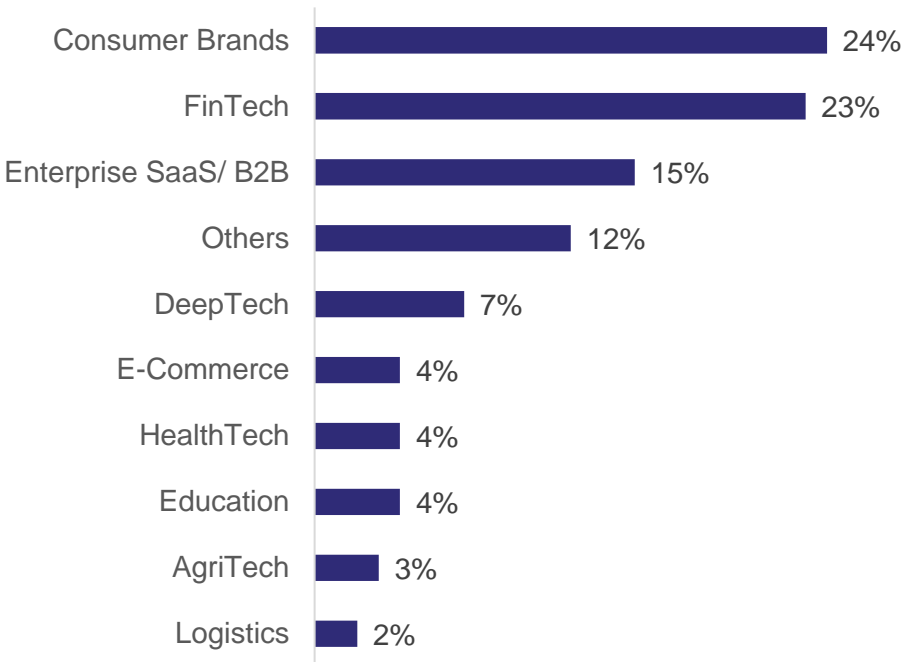
Jack Ma



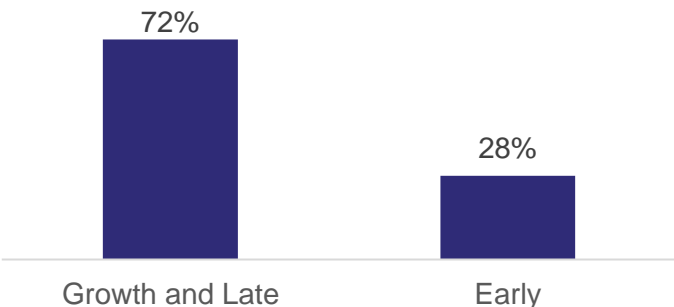
# RESPONDENT DEMOGRAPHICS

*100 founders surveyed across sectors and stages (only VC/PE backed companies)*

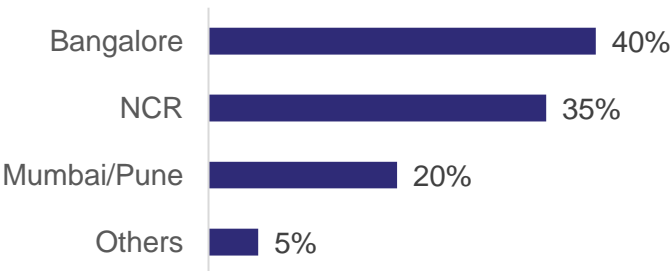
**By Sector**



**By Stage**



**By City**



## About InnoVen Capital

InnoVen Capital is Asia's leading debt firm with offices in India, China and Singapore. It provides debt capital to high growth ventures. Started in 2008 as the first dedicated venture debt provider in India, the platform offers multiple debt capital solutions, including venture debt, acquisition finance, growth loans, working capital etc. To date, InnoVen Capital India has executed over 400 transactions, with more than 225 start-ups, including 35 unicorns. Past and present portfolio companies include Swiggy, boAt, Infra.Market, Ather, Bluestone, Blinkit, Eruditus, OfBusiness, CureFit, Dailyhunt, Oyo, Licious, Perfios, BharatPe, XpressBees, Shiprocket, Elasticrun, Shadowfax, Udaan, Zetwerk, Moglix, Firstcry, Blackbuck, Awfis, Porter, Rebel Foods, Cars24, Spinny, Slice, Upstox, Chaayos, Purpille, Pharomeasy, 1mg and many more. For more information, please visit [www.innovencapital.com](http://www.innovencapital.com).

## About the report

The Start-up Outlook report is an annual report published by InnoVen Capital & provides an outlook on the sentiment prevailing in the start-up eco-system through the eyes of founders. The survey is administered to founders & senior leaders and covers a broad cross-section of companies from early-stage, growth stage and late stage. It covers wide ranging topics around funding environment, exits, focus areas, challenges and other aspects that are on the mind of founders. The 10<sup>th</sup> Start-up outlook report was based on a survey conducted with 100 VC/PE backed start-up leaders.

Data and figures herein may represent the whole or part of a set of responses to a given question to account for data completion matters.

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