



Startup Outlook Report 2026

11th Edition

January 2026



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FOREWORD

11th edition of InnoVen Start-up outlook report, a view from founders



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InnoVen Capital

The cumulative primary equity funding in 2025 was broadly flat v/s 2024 (~\$11 B), but there was a marked improvement in the sentiment, primarily driven by a strong IPO market. The year saw 15 Tech IPOs such as Groww, Meesho, Lenskart, Ather, Physics wallah, Urban Co, Capillary etc.

We are seeing a higher appreciation for sustainable business models and focus on path to profitability, with growth/late-stage companies increasingly looking at a domestic IPO. As we head into 2026, the macro remains challenging with tariff uncertainty, slowing consumer demand and some stress on lending portfolio quality. However, most founders are expecting a favorable funding environment in 2026.

We are pleased to release the 11th 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

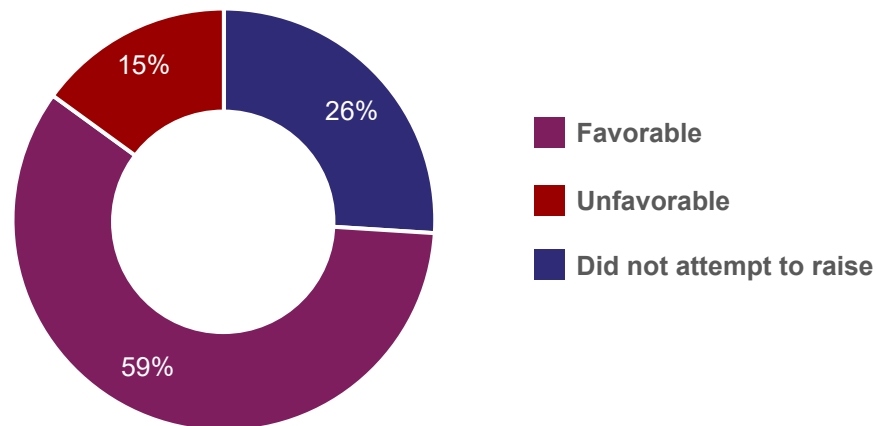
- **79%** of those who attempted to raise had a **favorable fundraising experience** in 2025, up from **63% in 2024**
- **85%** are **optimistic about the fundraising** environment in 2026 ... SaaS, Manufacturing founders most bullish
- **56%** founders have a higher bias on **growth v/s profitability** ... up from 38% (2024), 46% (2023)
- **70%** believe that a **domestic IPO** is the most likely mode of exit ...up from 63% in 2024
- **40%** of founders rate the government efforts as positive ..slight drop from 2024 (45%)
- **56%** founders expect pace of hiring to stay at same levels or go down. Up from 47% in 2024
- **76%** of startups have **less than 20% women in leadership** ... **39%** with **less than 10%** women in leadership
- **31%** believe that artificial intelligence will have a significant impact on their business model over the next 2-3 years
- **12%** founders open to professional CEO in next 2-3 years (down from 27% in 2024)
- **AI** chosen as the most **overhyped sector**, while **Manufacturing**, the most **underhyped sector**
- **Eternal & Deepinder Goyal** were chosen as the most admired startup and founder respectively



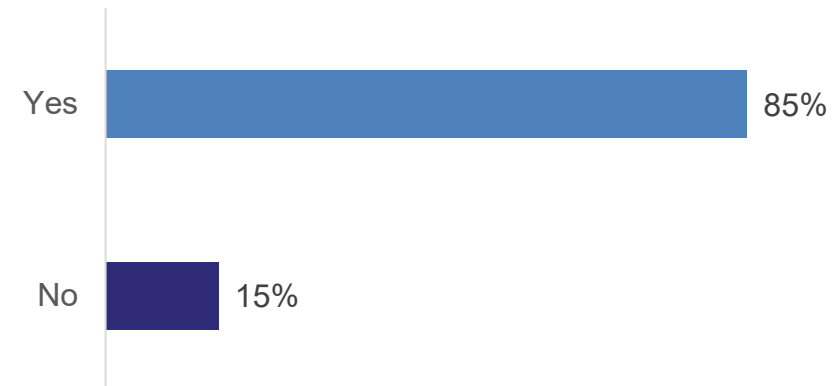
FUNDRAISING

There was an uptick in the fund-raising experience in 2025, with strong expectations from 2026

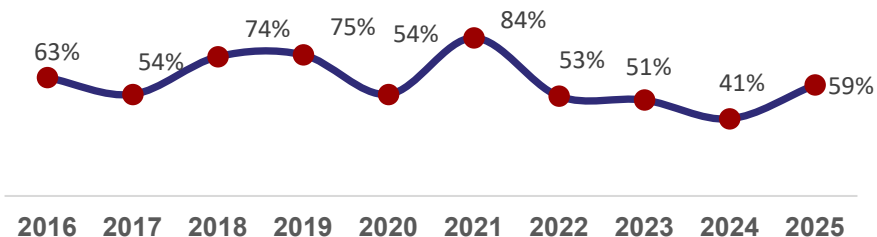
How was your funding experience in 2025?



Will funding environment be more favorable in 2026?



Trend over time (% favorable) fund-raising experience



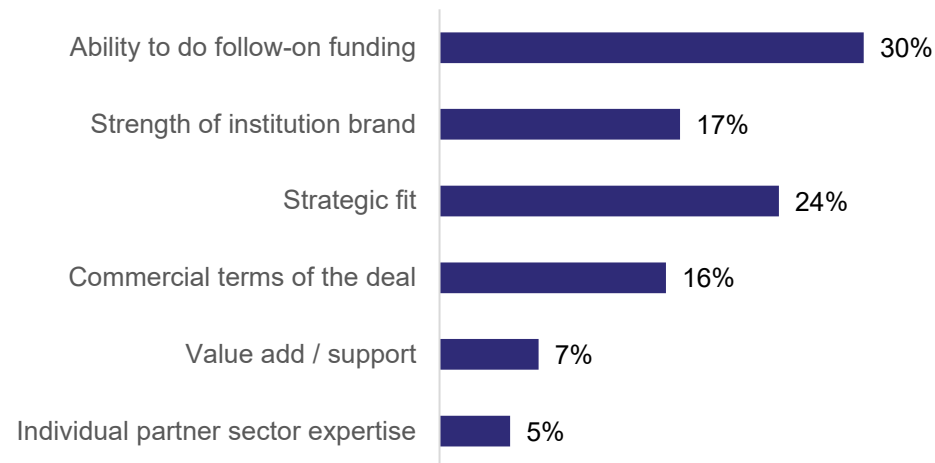
- Of those who attempted to raise, 79% had a favourable experience (63% in 2024)
- Consumer, DeepTech and Manufacturing companies had the most favorable funding experience
- SaaS, Manufacturing & Fintech companies are the most optimistic on the 2026 funding environment



FUNDRAISING

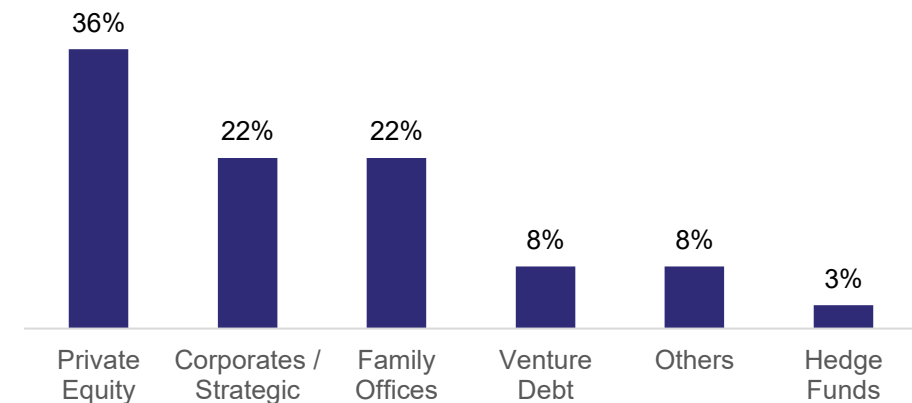
Ability to do a follow-on round becoming more important as a deciding factor

Most important factor in choosing a lead investor



- Ability to do follow-on funding remains the most important factor in choosing a lead investor, consistent with 2024
- Strategic fit now more important to founders than the Strength of the investor brand (moves to #2 v/s #3 last year)

In addition to India based VC's, choose one other type of investor you are targeting for your next round?



- One in three startups (largely Growth/Late) looking at PE firms to lead their next round
- Founders increasingly targeting professional Family offices ... up 5% v/s 2024

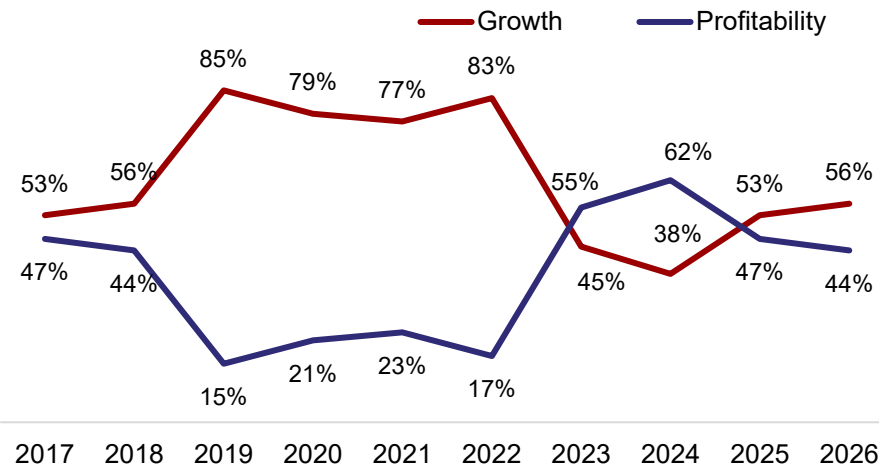


GROWTH VS PROFITABILITY

Balanced emphasis on growth v/s profitability ..signifying healthy trend

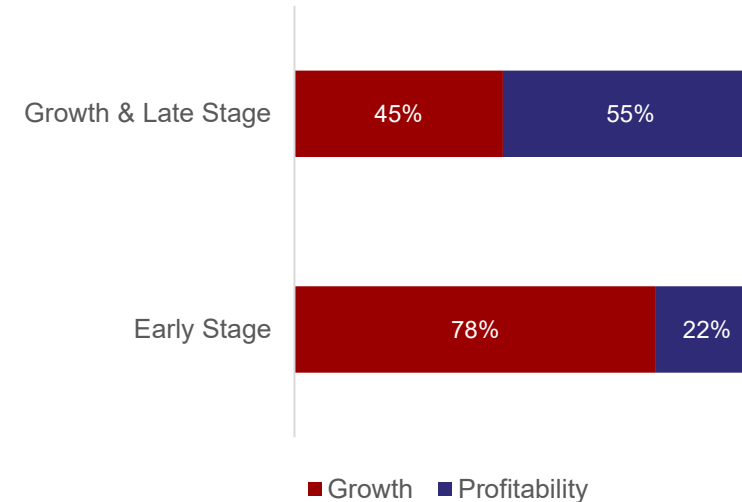
Between growth & profitability, what is the bigger focus currently?

Trend over last 9 years



- As the funding environment improved over last 2 years, there has been an equal focus on growth as well as profitability
- Edtech & Manufacturing founders have the highest bias on profitability

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



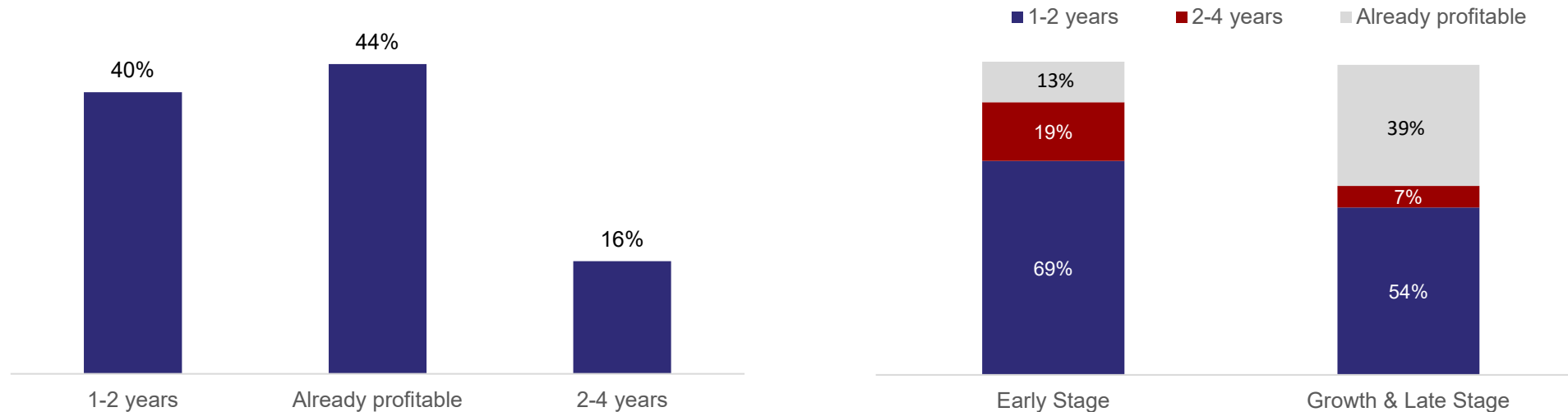
- **Growth/Late-stage:** Higher bias for profitability but growth is still important
- **Early Stage:** There is a sharper focus on growth... 78% now vs 56% (2025) and 47% (2024)



BUILDING SUSTAINABLE BUSINESS MODEL

Estimated timeline to profitability

When do you expect to turn profitable?



- 44% of respondents claimed to be EBITDA profitable, up from 41% in 2024, 30% in 2023 and 19% in 2022
- Majority of respondents expect to turn profitable within 2 years

- Even early-stage respondents are targeting to be EBITDA profitable over the next 1-2 years, while 16% claim to have reached profitability
- 58% of growth/late-stage companies claim to be EBITDA profitable

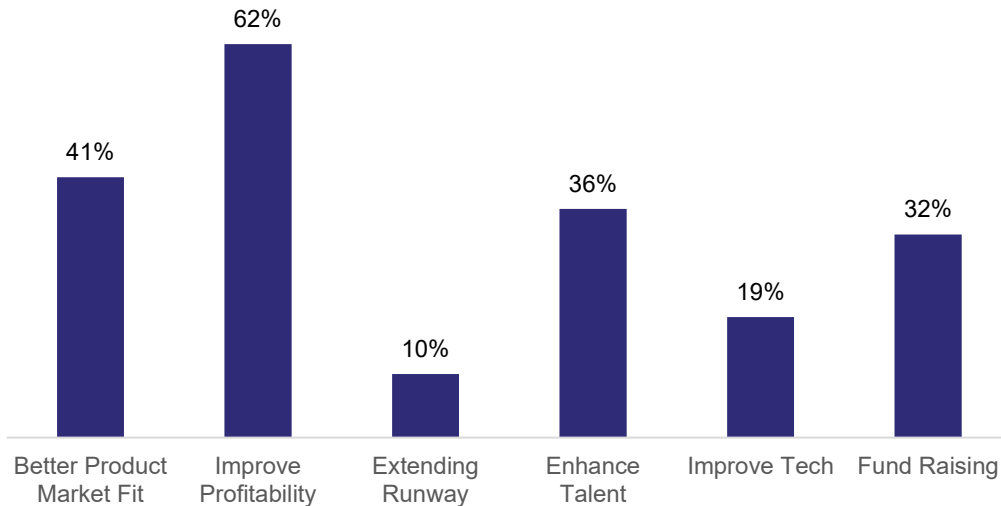


BUSINESS PRIORITIES & CHALLENGES

Hiring and upskilling emerges as both a key priority and a challenge for founders

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

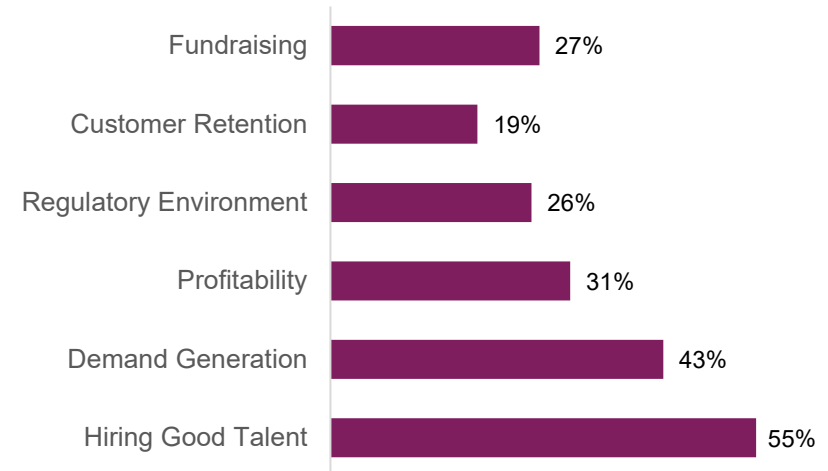
(Will not add to 100% as respondents picked up to 2 choices)



- While profitability continues to be a top priority, finding PMF moves up to #2 vs. #4 priority in 2024
- Fundraising down to #4 priority v/s #2 in 2024

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

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

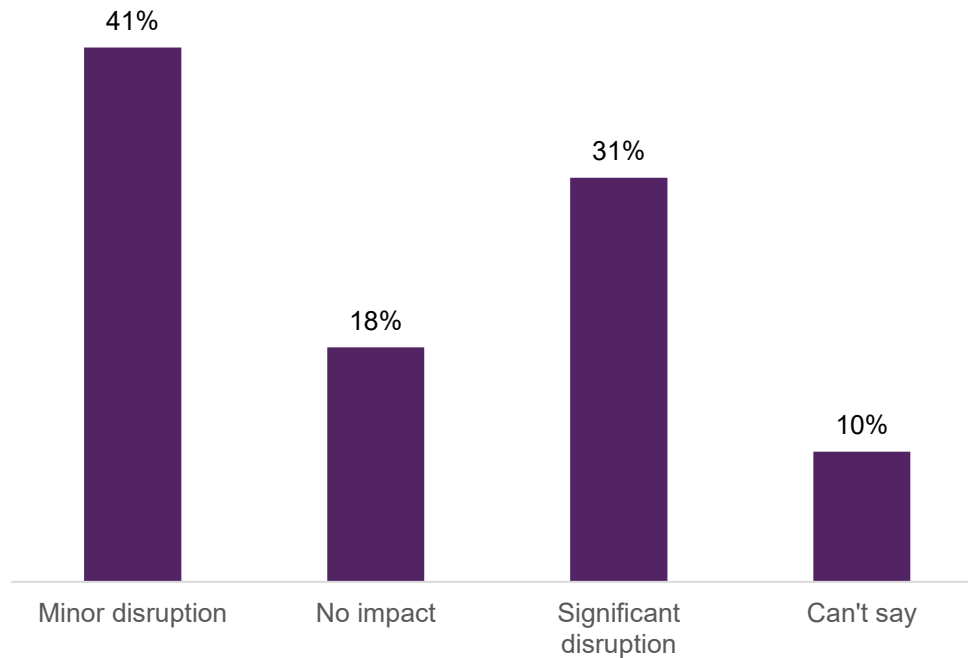


- Hiring good talent continues to be the #1 challenge, despite the job market being more “company” friendly
- Fundraising challenges down to 27% vs 42% (2024)



IMPACT OF ARTIFICIAL INTELLIGENCE (AI)

31% believe that AI will have a significant impact on their business model in the near/mid term

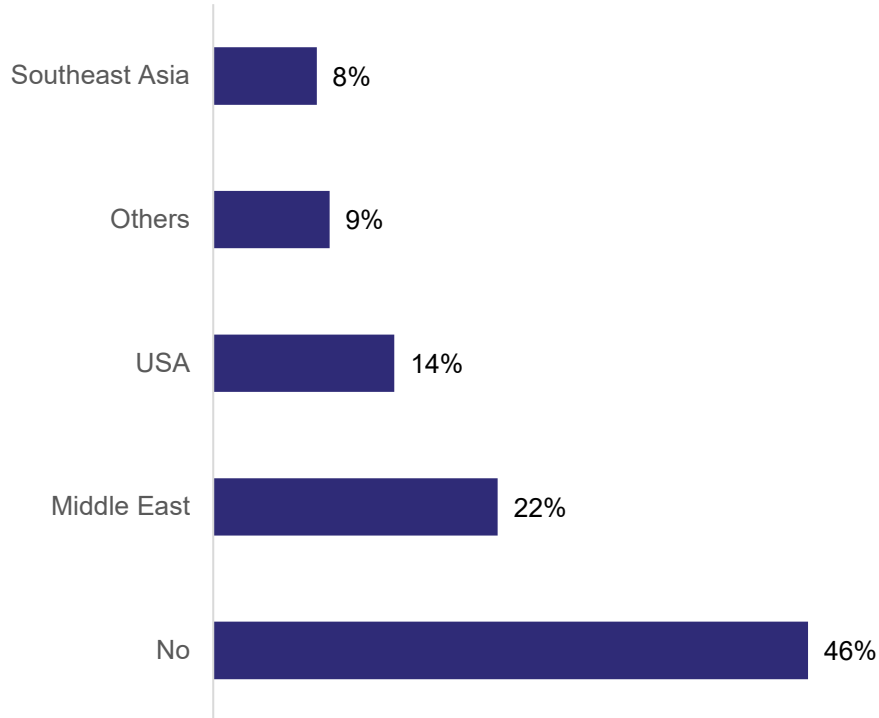


- 72% of respondents anticipate some level of disruption to their business, due to rapid developments/use cases in AI capabilities
- Fintech and Enterprise/SaaS founders identified highest impact of AI on their business models.
- Most consumer/D2C founders believe that AI will not majorly impact their business, or the disruption will be insignificant (35%)
- A higher proportion of early-stage founders (81%) believe that AI will have an impact, compared to growth-stage founders (60%)



GLOBAL EXPANSION PLANS

Interest in entering global markets down from prior years; particularly the US



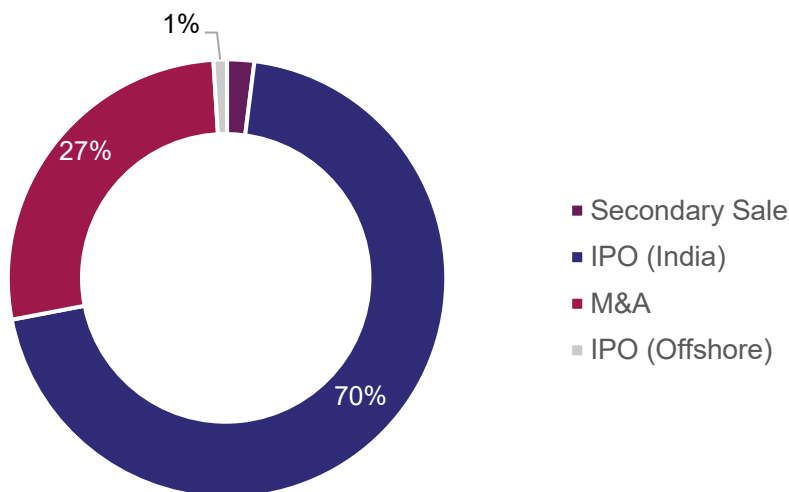
- ~54% of the founders have global aspirations, which is down from 60% in 2024 and 62% in 2023
- Aspirations for US market down by half (from 28% in 2024 to 14% in 2025). More founders now want to focus on domestic markets.
- E-commerce, Healthtech, and Consumer companies predominantly focused on the domestic market
- Preference for global expansion highest in Enterprise/SaaS as expected, with US being the #1 focus market
- Consumer/D2C founders primarily focused on domestic markets, but 32% are open to expanding to the Middle East



EXIT EXPECTATIONS

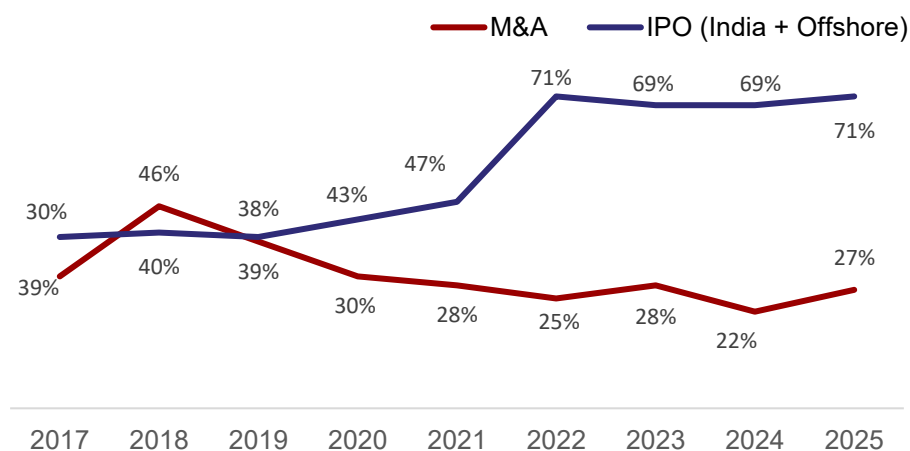
Domestic IPOs the most preferred mode of exit, and preference increasing over time

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



- Domestic IPOs still a favorable exit option – 73% (2024), 64% (2023), driven by successful Tech IPOs over the last 2-3 years
- Interest in M&A as an exit option increases, with 27% in 2025 vs 19% in 2024

Trend over time

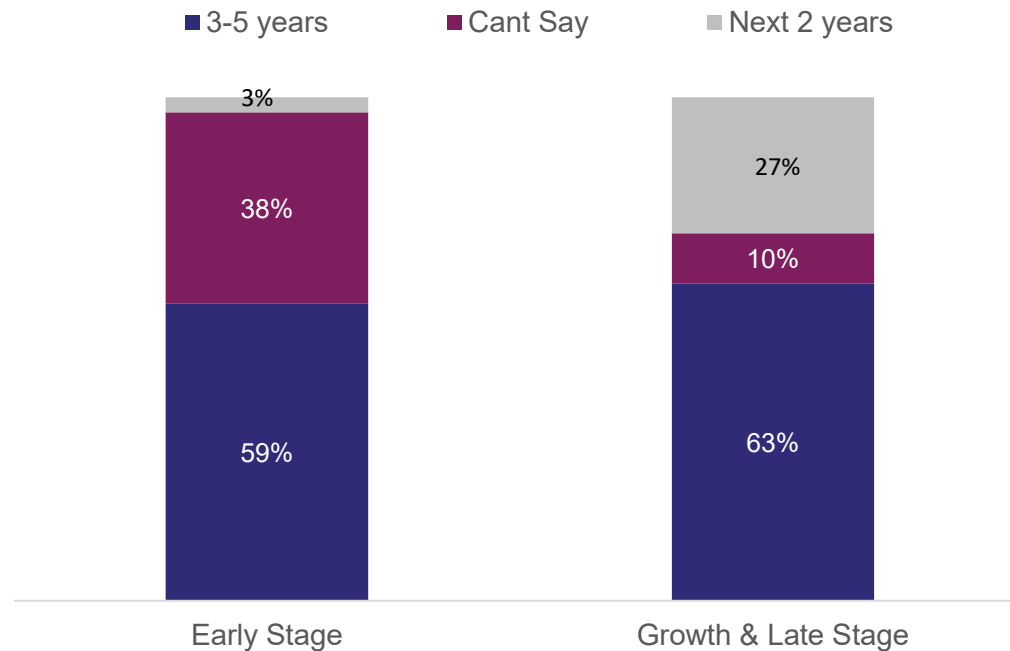


- An exit through an IPO continues to be the preferred mode, followed by an M&A/Strategic exit
- Consumer brands most open to M&A as an exit option (48%), followed by Fintech companies (23%)



EXIT EXPECTATIONS

Expected exit timeline for most founders is 3 to 5 years



Early-stage

- 59% expect an exit event in next 3-5 years, up from 44% (2024)
- 38% are uncertain on their exit timelines vs. 52% (2024)

Growth / Late-stage

- 27% of founders expect an exit within the next two years
- Majority founders anticipate an exit over a horizon of 3-5 years (90% in 2025 vs 79% in 2024)



IMPACT OF FUNDING ENVIRONMENT & VALUATION EXPECTATION

Most founders are optimistic about a higher valuation in the next round

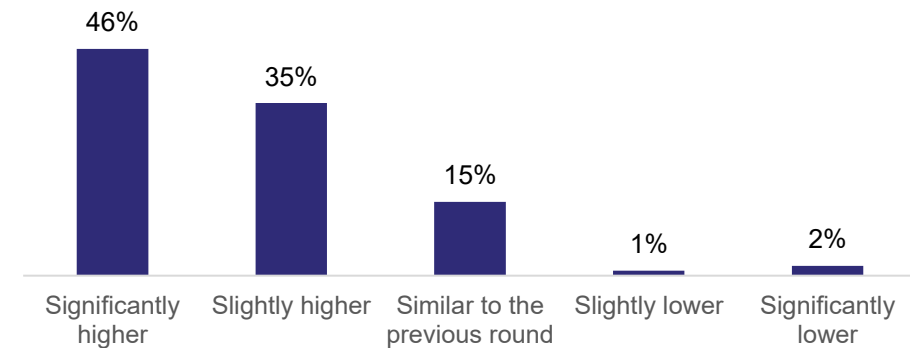
What do you believe has been the impact of the funding slowdown (since post Covid boom)?

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



- Focus on a sustainable business model has increased (81% now vs 73% in 2024)
- Founders continue to believe that there would be corrections in valuations (41% now and 45% in 2024)

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



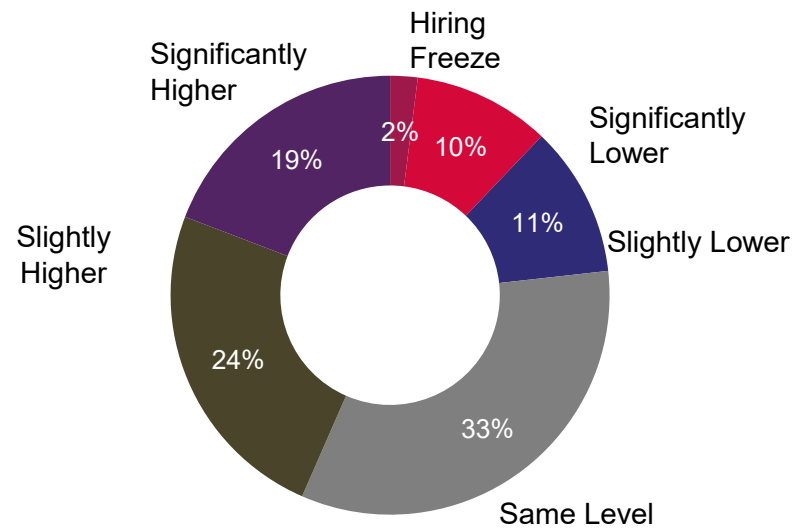
- Most founders expect significantly higher valuations in their next rounds
- However, 15% of growth/late-stage founders expect a flat to a down round



WORKPLACE

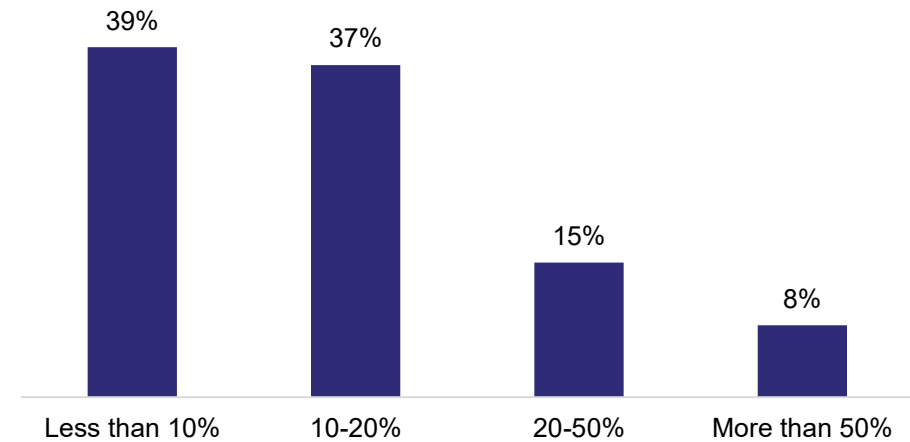
Hiring to remain sluggish. Diversity in leadership roles remains a challenge

Expected pace of hiring in 2026 compared to 2025



- Only 43% of founders expecting to hire at higher level in 2026
- 23% companies expect a lower level of hiring v/s 2025

What % of your top leadership team are women?



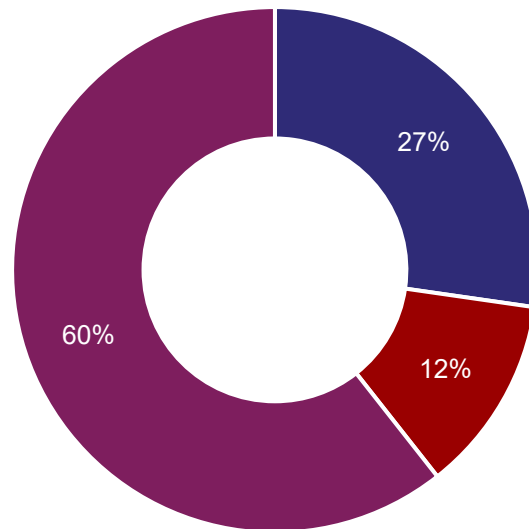
- 76% of cos. have < 20% women in their leadership positions
- 39% of cos. have <10% women in leadership



WORKPLACE

73% of founders are open to a professional CEO running their business in the future

Can you see a professional CEO running your company?



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

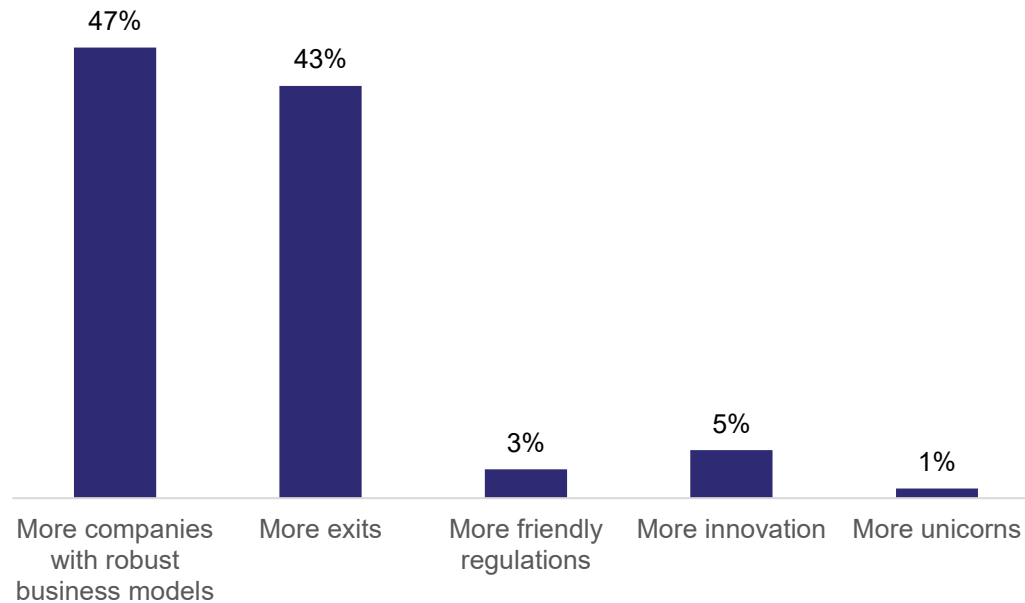
- 72% of founders see a professional CEO running their company, broadly at same level as last year's survey
- 12% respondents open to professional CEO in next 2-3 years, down from 27% in 2024
- 60% of founders are open to a professional CEO, however, only at right stage of business
- 27% respondents feel that founders should remain in charge



DRIVING POSITIVE INVESTOR SENTIMENT

More exits and resilient business models will drive a positive investor sentiment

What will drive a more positive investor sentiment ?



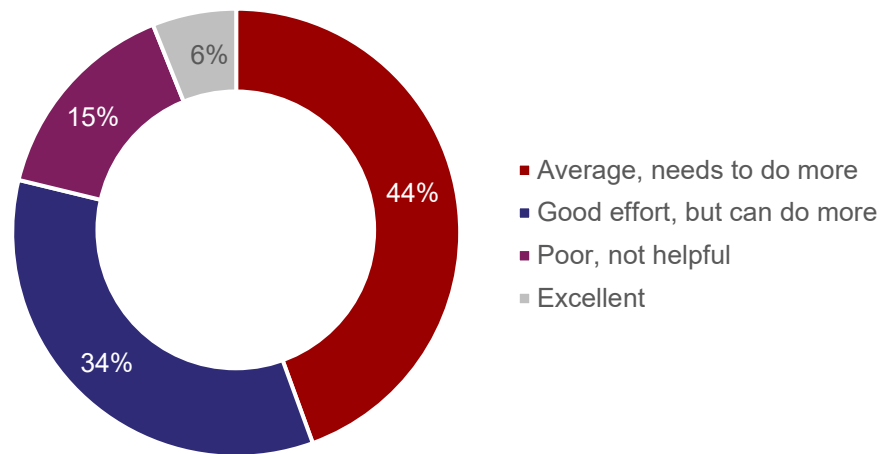
- Increase in exits emerges as a key driver for improving investor sentiment, 43% (2025) vs. 38% (2024)
- More robust business models in the eco-system also highlighted as a catalyst for improving investor sentiment



GOVERNMENT POLICY

40% respondents rate government efforts as positive

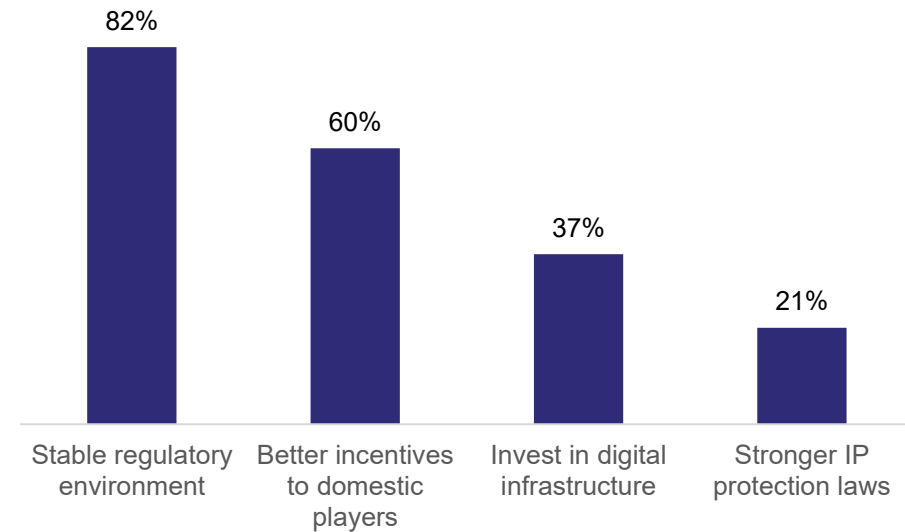
Rate government's efforts to improve the start-up ecosystem



- 40% founders rating government efforts as good or excellent, slightly down from 45% last year
- 44% respondents feel that the government can still do more for the ecosystem, up from 38% in 2024

What can government do to make it more appealing for start-ups?

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



- A stable regulatory environment and better incentives for domestic players chosen as the top 2 areas of improvement
- Respondents also chose stronger IP protection laws as an area of improvement ...up 21% vs. 15% (2024)



OVERHYPED & UNDERHYPED SECTORS

Founders chose AI as the most overhyped sector and B2B as the most underhyped sector

Overhyped Sectors

AI 52%

QCom 13%

Fintech 6%

Underhyped Sectors

Manufacturing 12%

Consumer 10%

Edtech 7%

- AI continues to be seen as the most overhyped sector. Up from 30% in 2024
- Quick Commerce still #2 in terms of hyped sector but down from 2024 (24%)

- Consumer and Manufacturing emerge as the most underhyped sectors, vs. B2B & Manufacturing in 2022
- Edtech new entrant in the list this year

Note : Consumer includes consumer internet and consumer goods



FAVOURITE STARTUP AND FOUNDER (TOP 5)

Zomato chosen as most admired India start-up, Deepinder most admired founder

Indian Startup Admired Most

Eternal

Zerodha

Urban Company

Groww

Meesho

India Founder Admired Most

Deepinder Goyal

Nikhil Kamath

Vidit Aatrey

Sachin Bansal

Vijay Shekhar Sharma

Global Founder Admired Most

Elon Musk

Jeff Bezos

Sam Altman

Mark Zuckerberg

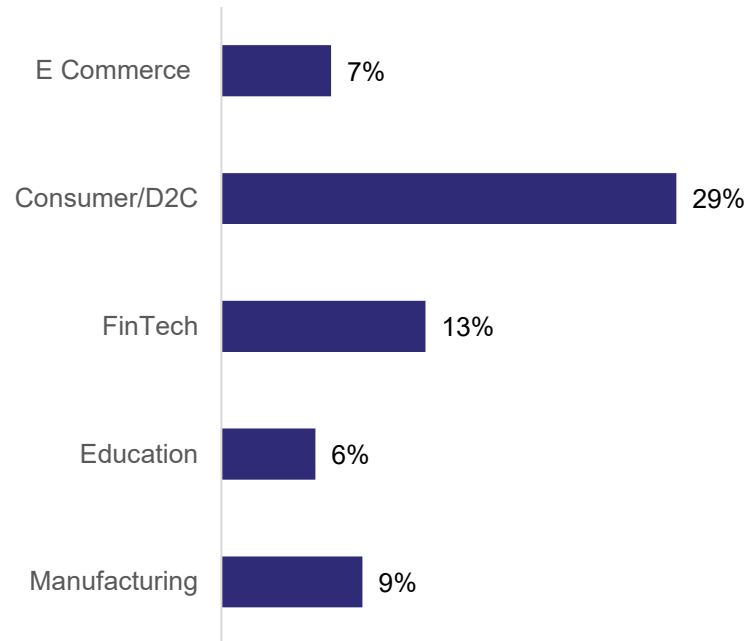
Brian Chesky



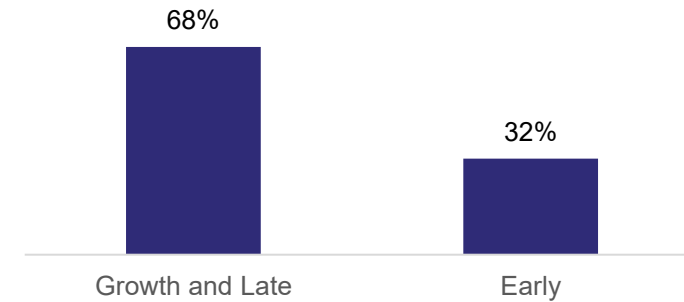
RESPONDENT DEMOGRAPHICS

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

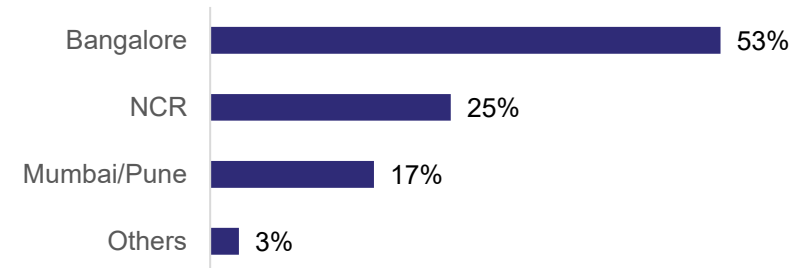
Top 5 sectors



By Stage



By City



Note: Other sectors includes ECommerce, Logistics, AgriTech, HealthTech, etc.

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. In India, InnoVen has executed over 440 transactions, with more than 240 start-ups, including 34 unicorns. Present and past portfolio companies include companies such as Swiggy, Ather, Blinkit, Porter, boAt, Bluestone, Capillary, CureFit, Oyo, Licious, Eruditus, XpressBees, Shiprocket, Elasticrun, Shadowfax, Zetwerk, Awfis, Firstcry, Blackbuck, Rebel Foods, BharatPe, Cars24, Spinny, Chaayos and many more. For more information, please visit 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 11th Start-up outlook report was based on a survey conducted with 100 VC/PE backed start-up founders.

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.

For more information on the report, please contact:

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