Industry Research Report on Alternatives

January 2026

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1 Economic Outlook

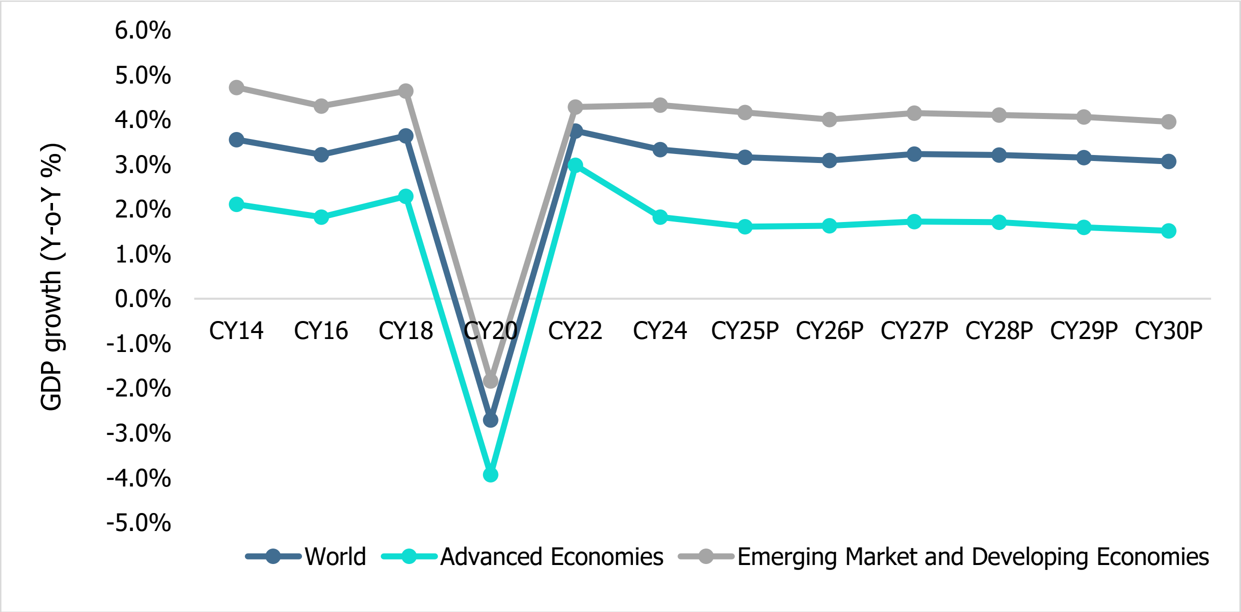
1.1 Global Economy

Global economic growth expected to sustain at ~3% in near term

Global growth, which reached 3.5% in CY23, stabilized at 3.3% for CY24 and is projected to decrease to 3.2% for CY25, slightly higher than what was estimated in the April 2025 IMF World Economic Outlook. The upward revision reflects stronger front-loading of trade and investment ahead of tariff hikes, lower effective US tariff rates, improved financial conditions, and fiscal expansion in some economies. However, growth remains below the CY24 outcome of 3.3% and the pre-pandemic average, highlighting structural weaknesses. Risks remain tilted to the downside, with potential tariff rebounds, geopolitical tensions, and fiscal vulnerabilities threatening stability.

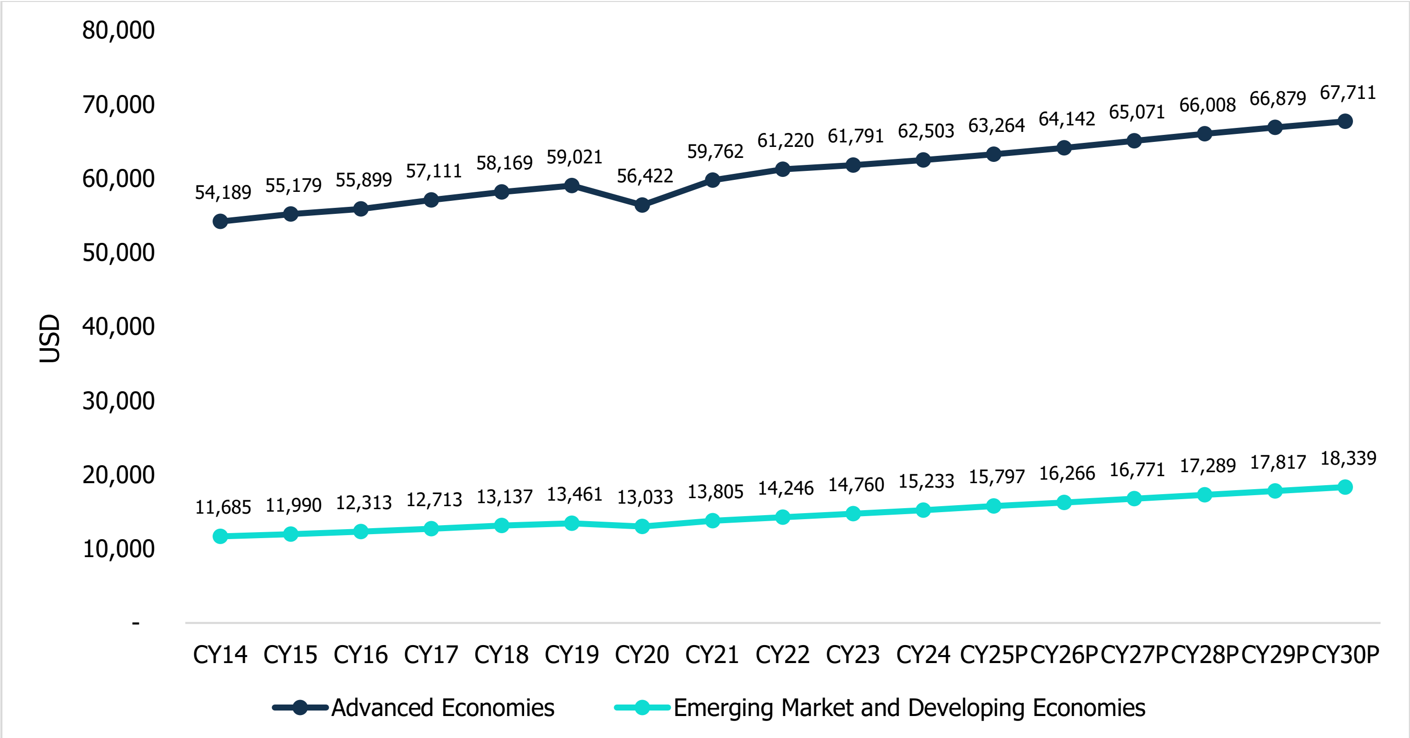
For the period of CY14 to CY24, GDP per capita for Emerging Market and Developing Economies has grown at a CAGR of 2.7%, higher than CAGR of 1.4% for Advanced Economies. This growth is also expected to sustain in the future, with GDP per capita in Emerging Market and Developing Economies expected to grow at a CAGR of 3.1%, higher than CAGR of 1.3% for Advanced Economies between CY24 and CY30. Emerging Markets and Developing Economies continue to outpace the expansion in Advanced Economies.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Source: IMF – World Economic Outlook Database (October 2025); Note: P-Projection

Chart 2: Trend in Global GDP Per Capita (at constant prices)



Source: IMF – World Economic Outlook Database (October 2025), Note: P-Projection

India continues to remain fastest growing economy even as global growth falters

India stands out as the fastest-growing economy amongst the major economies and expected to grow at more than CAGR of 6.4% in the period of CY25-CY30, outshining China's growth rate. By CY28, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, as of CY24, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP)[1] with a ~8.3% share in the global economy, with China ~19.5% on the top followed by the United States ~14.9%.

Since the liberalization reforms of the early 1990s, India's economy has undergone significant transformation, emerging as one of the world's fastest-growing major economies. The following years saw substantial expansion in key sectors such as IT services, telecommunications, and manufacturing. Despite facing challenges like the global financial crisis, which tested its resilience, India managed to recover and sustain growth. More recently, the impact of imposition of US tariffs and escalating tensions with Pakistan had introduced volatility; however, India continues to be a vital contributor to global economic activity. The stability of its financial sector, combined with strong investment and buoyant private consumption, particularly among higher-income groups, has reinforced this resilience. This trend indicates that while economic growth may experience fluctuations in the short term, India's long-term trajectory remains consistent and promising, driven by structural reforms and increasing integration into the global market.

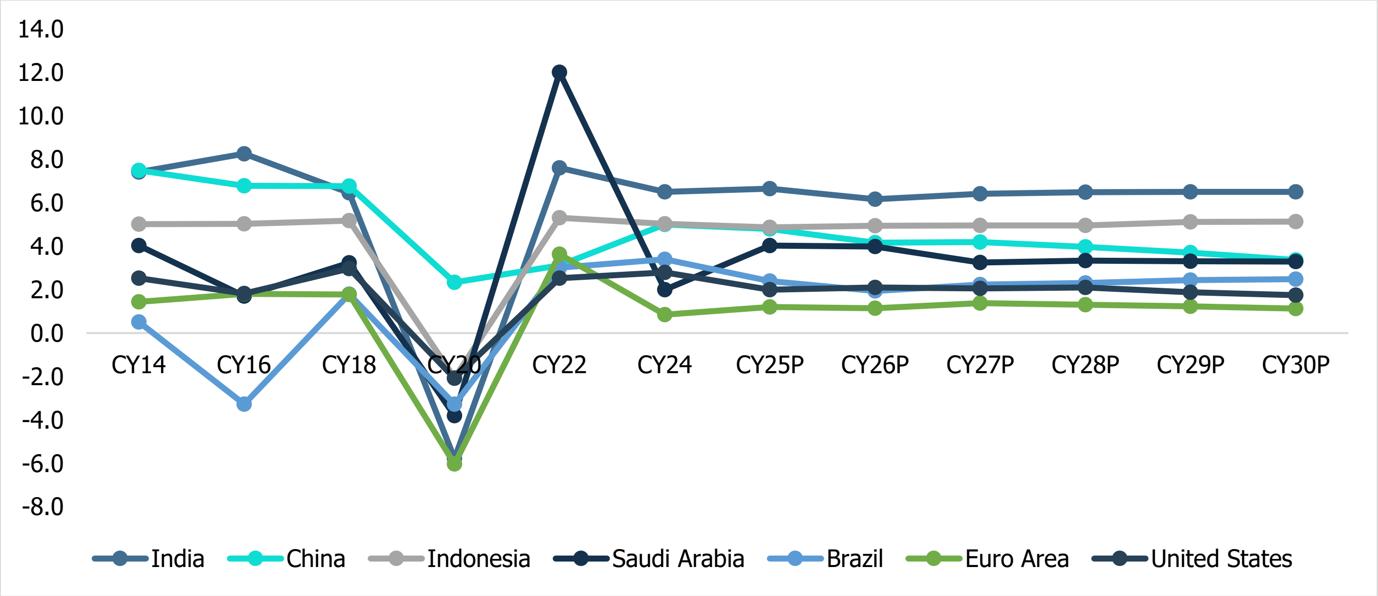
India is increasingly becoming an open economy as well through growing foreign trade. India's resilience is mainly supported by stable financial sector backed by well-capitalized banks and export of services in trade balance. In the future, Indian economy is expected grow better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

Table 1: GDP growth trend comparison – India v/s Other Economies (Real GDP, Y-o-Y change in %)

	CY14	CY16	CY18	CY20	CY22	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
India	7.4	8.3	6.5	-5.8	7.6	6.5	6.6	6.2	6.4	6.5	6.5	6.5
China	7.5	6.8	6.8	2.3	3.1	5.0	4.8	4.2	4.2	4.0	3.7	3.4
Indonesia	5.0	5.0	5.2	-2.1	5.3	5.0	4.9	4.9	5.0	5.0	5.1	5.1
Saudi Arabia	4.0	1.7	3.2	-3.8	12.0	2.0	4.0	4.0	3.3	3.3	3.3	3.3
Brazil	0.5	-3.3	1.8	-3.3	3.0	3.4	2.4	1.9	2.2	2.3	2.4	2.5
Euro Area	1.4	1.8	1.8	-6.0	3.6	0.9	1.2	1.1	1.4	1.3	1.2	1.1
United States	2.5	1.8	3.0	-2.1	2.5	2.8	2.0	2.1	2.1	2.1	1.9	1.8

Source: IMF-World Economic Outlook Database (October 2025); Note: P- Projections

Chart 3: GDP growth trend comparison – India v/s Other Economies (Real GDP, Y-o-Y change in %)



Source: IMF-World Economic Outlook Database (October 2025); Note: P- Projections

[1]Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country

India is experiencing remarkable economic growth, consistently surpassing expectations and demonstrating resilience amidst global uncertainties. Driven by strong domestic demand and government reforms, the country is witnessing a rebound in its rural economy, thriving manufacturing sector, and robust export performance in services and high-value manufacturing. Industry leaders express confidence in India's potential, positioning it as a leader in global economic growth. With solid bank balance sheets and rising credit, India is poised to continue its upward trajectory, outpacing many other economies in the coming years. In the last 10 years, Indian economy has grown at a CAGR of 6.1%, higher than CAGR of advanced economies like the United States and Euro Area. It is projected that India will continue to grow at a CAGR of 9.2% between CY24 and CY30, outpacing expansion in comparison to key developed and developing economies. India's ability to grow reflects a clear shift from the conditions that shaped the previous decade. Between 2010 and 2020, economic momentum was moderated by banking sector stress, stalled private investment, policy bottlenecks and weak global demand. In contrast, the current decade is benefiting from a much stronger macro-financial foundation. Banks and corporates have undergone significant balance sheet repair, reviving credit flow and improving investment appetite. The government's focus on large-scale public capital expenditure, particularly in transport, logistics and digital infrastructure has enhanced productivity and begun to crowd in private capex. Structural reforms such as GST, the Insolvency and Bankruptcy Code, corporate tax reductions and production-linked incentive schemes have strengthened the business environment and bolstered India's manufacturing competitiveness. At the same time, rapid digitalisation and formalisation have expanded the tax base, increased efficiency and boosted economic activity. Supported by rising domestic consumption, a more resilient external position and increased investor confidence, India is entering a phase where the underlying economic conditions are supportive of relatively high growth.

Table 2: Size of the Global Economies in Last 10 Years (in USD Trillion)

Economy	CY14	CY24	CAGR (%)
India	2.0	3.9	6.7%
China	10.7	18.7	5.8%
Indonesia	0.9	1.4	4.6%
Saudi Arabia	0.8	1.2	3.5%
Brazil	2.5	2.2	-1.2%
Euro Area	13.7	16.4	1.8%
United States	17.6	29.3	5.2%

Source: IMF World Economic Outlook Database (October 2025); Note: CAGR indicates CAGR between CY14-CY24

Table 3: Projected Size of the Global Economies for Next 5 Years (in USD Trillion)

Economy	CY24	CY30P	CAGR (%)
India	3.9	6.6	9.6%
China	18.7	26.3	5.5%
Indonesia	1.4	2.1	6.7%
Saudi Arabia	1.2	1.6	4.0%
Brazil	2.2	2.8	3.6%
Euro Area	16.4	21.5	3.3%
United States	29.3	36.8	4.1%

Source: IMF World Economic Outlook Database (October 2025); Note: CAGR indicates CAGR between CY24-CY30P, P- Projections

Advanced Economies Group

Advanced economies' growth is projected at 1.6% in CY25 and is expected to remain the same at 1.6% in CY26. The **United States** is forecast to expand by 2% in CY25, supported by lower effective tariff rates and looser financial conditions, though tempered by weaker private demand and immigration. Growth is set to improve to 2.1% in CY26, aided by tax incentives from the One Big Beautiful Bill Act (OBBBA) package. The **Euro Area** is projected to grow 1.2% in CY25, with revisions largely reflecting Ireland's surge in pharmaceutical exports and new production facilities, though growth normalizes once front-loading fades.

Emerging Market and Developing Economies Group

Emerging market and developing economies are expected to grow by 4.2% in CY25 and moderate slightly to 4.0% in CY26. The growth outlook for Emerging Market and Developing Economies remains generally positive but increasingly fragile. While many countries demonstrated stronger than expected performance in early 2025 supported by resilient domestic demand, improved policy frameworks, and favourable financial conditions, momentum is uneven. **China's** forecast has been revised up to 4.8% in CY25, owing to stronger activity in the first half of the year and significant tariff reductions, while CY26 growth is expected at 4.2%, reflecting the lower effective tariff rates. **India's** real GDP is projected to expand by 6.6% in CY25, with momentum supported by private consumption and a more favourable external environment Overall, EMDEs will continue to grow faster than advanced economies, but the outlook is marked by heightened sensitivity to global shocks.

Easing inflationary environment across major economies

Since 2022, global inflation has been on a declining trajectory after surging due to COVID-related supply disruptions and the geopolitical shocks from the Russia-Ukraine war. In advanced economies, inflation peaked at 7.3% in CY22 but has since moderated to 2.6% in CY24, with further decline projected to stabilize around 2.1% by CY30. In the **Euro Area**, where energy prices were a major inflation driver, inflation dropped from 8.4% in CY22 to 2.4% in CY24, prompting the European Central Bank to begin easing monetary policy, cutting rates to 2.25% in April 2025. Similarly, the **U.S.** has started a cautious rate-cutting cycle amid easing inflation, which stood at 3.0% in CY24, with the Federal Reserve maintaining rates at 3.75–4.0% as of October 2025.

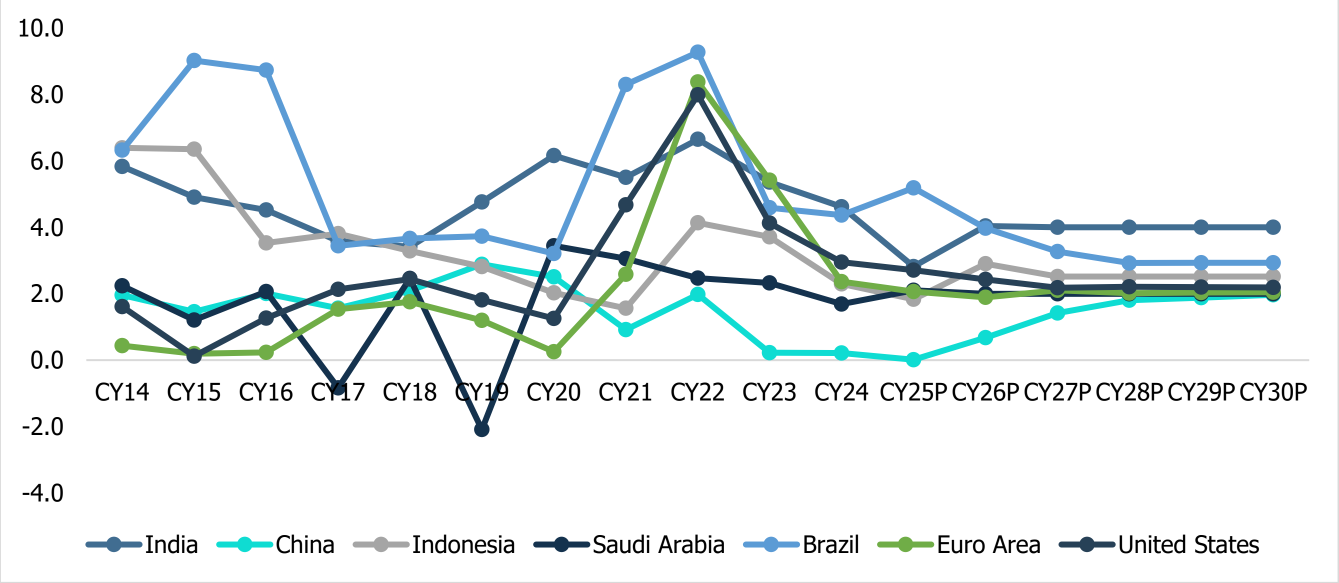
China has continued to experience exceptionally low inflation, reaching just 0.2% in CY24, with persistent deflationary concerns driven by weak domestic demand and housing sector stress. The People's Bank of China has responded with rate cuts to stimulate growth. In contrast, **India** has seen relatively elevated inflation, at 4.6% in CY24, though it has started declining from the 6.7% peak in 2022. The Reserve Bank of India has kept policy rates steady at 5.5% after strategic hikes in previous years, maintaining a disinflationary stance amid ongoing food price volatility.

Table 4: Inflation Rate Trend

	Inflation Rate (in %)											
	CY14	CY16	CY18	CY20	CY22	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
India	5.8	4.5	3.4	6.2	6.7	4.6	2.8	4.0	4.0	4.0	4.0	4.0
China	2.0	2.0	2.1	2.5	2.0	0.2	0.0	0.7	1.4	1.8	1.9	2.0
Indonesia	6.4	3.5	3.3	2.0	4.1	2.3	1.8	2.9	2.5	2.5	2.5	2.5
Saudi Arabia	2.2	2.1	2.5	3.4	2.5	1.7	2.1	2.0	2.0	2.0	2.0	2.0
Brazil	6.3	8.7	3.7	3.2	9.3	4.4	5.2	4.0	3.3	2.9	2.9	2.9
Euro Area	0.4	0.2	1.8	0.3	8.4	2.4	2.1	1.9	2.1	2.0	2.0	2.0
United States	1.6	1.3	2.4	1.3	8.0	3.0	2.7	2.4	2.2	2.2	2.2	2.2

Source: IMF- World Economic Outlook Database (October 2025); Note: P- Projections

Chart 4: Inflation Rate Trend (in %)



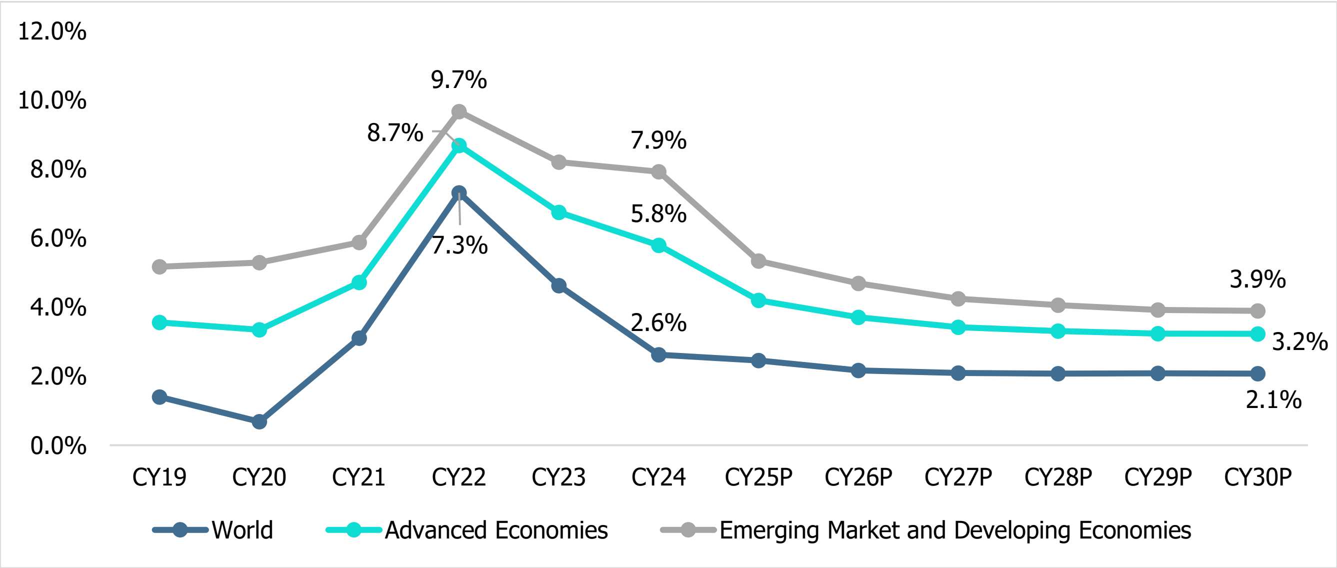
Source: IMF- World Economic Outlook Database (October 2025); Note: P- Projections

Table 5: Central Bank Interest Rate (in %)

	Current	Previous
India	5.25 (December 2025)	5.5 (October2025)
China	3.0 (September 2025)	3.0 (May 2025)
Saudi Arabia	4.5 (October 2025)	4.75 (September 2025)
Brazil	15.0 (November 2025)	15.0 (September 2025)
Euro Area	2.0 (October 2025)	2.0 (September 2025)
United States	3.75-4.0 (October 2025)	4.0-4.25 (September 2025)

Source: Monetary Policy Statements

Chart 5: Global Inflation Outlook



Source: IMF- World Economic Outlook Database (October 2025); Note: P- Projections

Globally, inflation is expected to continue its downward path, with headline inflation in advanced economies nearing target levels, aided by cooling labour markets and moderating commodity prices. Emerging markets and developing economies are projected to experience more gradual disinflation, with inflation easing from 9.7% in CY22 to 5.3% in CY25, and further to 3.9% by CY30. However, risks remain from wage pressures in the service sector and evolving global trade dynamics, which could delay convergence toward inflation targets.

1.1.1 Recent U.S. Tariff Actions: Global Repercussions and India's Strategic Position

In April 2025, the United States announced a sweeping round of tariff increases targeting major global economies, imposing rates of approximately 34% on China, 24% on Japan, and 20% on the European Union, along with a baseline 10% tariff on most other countries. In response to mounting diplomatic pressure, a 90-day pause was initiated in May for several trading partners including China to allow space for negotiations. During this period, the U.S. also extended certain tariff exclusions under Section 301 for Chinese imports through August 31, 2025, providing temporary relief on select industrial inputs.

Against this backdrop, the U.S. intensified efforts to recalibrate its global trade relationships. A limited trade agreement was finalized with India, and an agreement in principle was reached with the United Kingdom. Parallel negotiations were also underway with the EU, Japan, and Switzerland, underscoring Washington's broader strategic intent to diversify trade dependencies and reduce overreliance on China. India made notable progress through tariff reductions and expanded market access in key sectors such as defence, electronics, and energy.

In July 2025, tensions between the United States and India escalated following Washington's imposition of punitive tariffs. The U.S. announced a 25 percent reciprocal tariff on Indian goods effective August 1, citing India's trade barriers and continued energy ties to Russia. Late September data indicated optimism that the penal tariffs may be withdrawn, possibly reducing the reciprocal rate to 15 percent. These developments came amid renewed U.S.–India trade talks, with speculation that the two sides might finalize a deal soon.

India is being impacted by the new U.S. tariff regime due to its large goods trade surplus with the United States. However, parts of India's export basket remain relatively less exposed, particularly in tariff-sensitive categories such as electric vehicles, batteries, and advanced electronics, where India's current export presence is still limited. While the tariff rates applied to Indian goods are comparatively moderate versus some other major economies, the measures still create cost pressures for exporters and introduce near-term trade uncertainty. At the same time, strengthening diplomatic engagement between the two countries continues to support India's positioning as an important strategic trading partner despite the tariff-related headwinds.

As global supply chains continue to realign in response to the evolving trade environment, India stands to benefit from increased trade diversion and reshoring activity. With multinational firms seeking to de-risk their operations and reduce concentration in China, India is emerging as a preferred alternative. The deepening U.S.–India trade partnership could unlock further opportunities in critical sectors such as semiconductors, defence manufacturing, and critical minerals, reinforcing India's strategic role in the new global trade order.

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

India poised to continue to be one of the fastest growing economies in the world

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27-CY28. It took the country 60 years after gaining independence to reach a USD 1 trillion economy, but it added the next trillion in just 7 years. The third trillion was added even more rapidly, in just 5 years by 2019. With this accelerating growth, India might see an addition of around USD 1 trillion to its economy roughly every two years over the next 14-15 years. This aligns with the Viksit Bharat 2047 mission, a vision launched by the PM in December 2023 to make India a "developed nation" by its centenary, driven by youth engagement, inclusive governance, and sustainable development. According to the Economic Survey, India needs to sustain an average annual growth rate of around 8% to realize this vision. Complementing economic expansion, the government is investing in transformative initiatives to strengthen Digital Public Infrastructure, AI and semiconductor manufacturing, and green energy transitions under the Viksit Bharat roadmap. These efforts are being reinforced through the Production Linked Incentive (PLI) schemes, which aim to boost domestic manufacturing, enhance global competitiveness, and attract large-scale private investment across strategic sectors. In parallel, the National Infrastructure Pipeline (NIP) is providing a long-term framework for coordinated infrastructure development across transport, energy, urban, and digital systems—laying the foundation for sustained capital formation and productivity-led growth over the coming decades.

According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP projected to be at USD 4 trillion for CY25 and is projected to reach USD 5 trillion by CY27 and USD 6.6 trillion by CY30. India's expected GDP growth rate for coming years is almost double compared to the world economy.

This strong economic performance boosts India's role in international trade by driving higher imports and exports, attracting foreign direct investment, and expanding global market demand. The creation of over 80 million jobs between 2017-18 and 2021-22 further supports global labour markets and enhances foreign investment.

Over the past decade, India's significant contribution to world GDP has been propelled by rapid economic growth, robust reforms, and an expanding market size. The country's advancements in technology, infrastructure, and digital transformation have attracted substantial foreign investment and bolstered its global economic influence. As a major player in global trade and finance, India's growing economic stature is fuelled by its young, skilled workforce and expanding global presence, contributing to a more diversified and resilient global economy.

India's economy continues to show rapid growth. In the first quarter of FY26, the country's real GDP grew by 7.8% compared to the same period last year, which saw a 6.5% increase. For the full year FY26, as per the RBI estimates, real GDP is expected to grow by 6.8%, supported by rising rural demand, better job opportunities, and active business conditions.

In FY25, provisional estimates show a growth of 6.5%, led by robust performance in manufacturing, construction, and financial services. Consumer spending rose by 7.6%, and government spending increased by 3.8%, both contributing to the overall growth. In FY24, India's GDP grew by 9.2%, the highest in over a decade (excluding the post-pandemic year).

India's GDP expected to grow at 7.3% in FY26

- Domestic economic activity has remained resilient, supported by strong domestic demand despite global trade and policy uncertainties. On the supply side, robust industrial and services activity, aided by GST and income-tax rationalisation, softer crude oil prices, front-loaded government capital expenditure, and benign inflation, has further strengthened overall growth momentum.

- High-frequency indicators suggest activity continues to hold up, supported by GST rationalisation and festival-related spending. Rural demand remains robust, while urban demand is recovering steadily. Investment activity continues to be healthy, with private investment gathering momentum on the back of expanding non-food bank credit and high-capacity utilisation. Manufacturing activity is improving, and the services sector continues to maintain a steady pace.

- External demand conditions remain challenging, with merchandise exports under pressure amid subdued global demand, alongside some moderation in services exports. While healthy agricultural prospects, supportive financial conditions, benign inflation, and strong corporate and banking sector balance sheets are expected to sustain domestic growth, external uncertainties continue to pose downside risks even as ongoing trade and investment negotiations offer upside potential.

Table 6: RBI's GDP Growth Outlook (Y-o-Y %)

FY26P (complete year)	Q3FY26P	Q4FY26P	Q1FY27P	Q2FY27P
7.3%	7%	6.5%	6.7%	6.8%

Source: Reserve Bank of India; Note: P-Projected

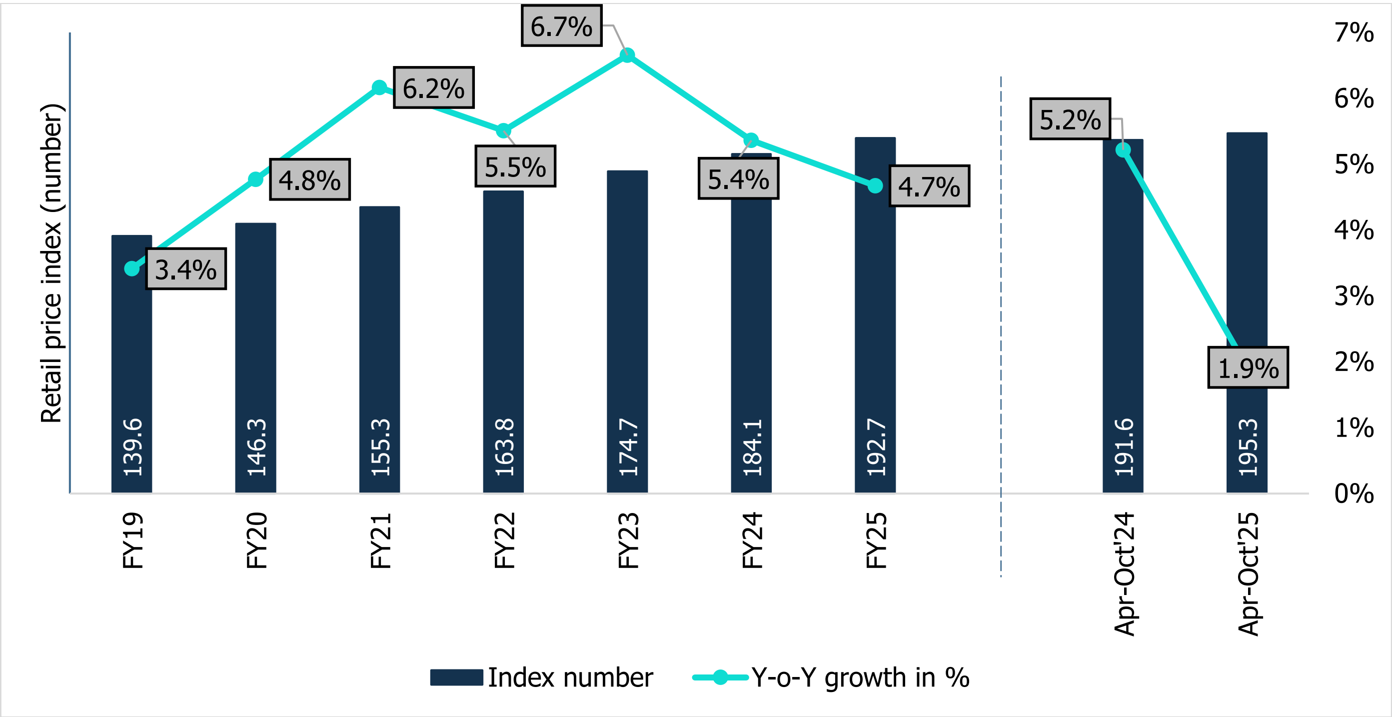
1.2.2 Consumer Price Index

Inflation dips to a five-year low amid improved monsoon and easing global food prices

India's Consumer Price Index (CPI) inflation moderated further in FY25 and remained comfortably within the RBI's tolerance band, reflecting easing food and commodity price pressures, improved supply conditions, and tighter monetary policy compared to the elevated inflation seen during the COVID-19 period and the immediate recovery phase.

The Consumer Price Index (CPI) for the April–October 2025 recorded a combined inflation rate of 1.9%, marking the lowest quarterly retail inflation of the current CPI series. The moderation was driven by the impact of decline in GST, favourable base effect and to drop in inflation of Oils and fats, Vegetables, Fruits, Egg, Footwear, Cereals and products, Transport and Communication etc.

Chart 6: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

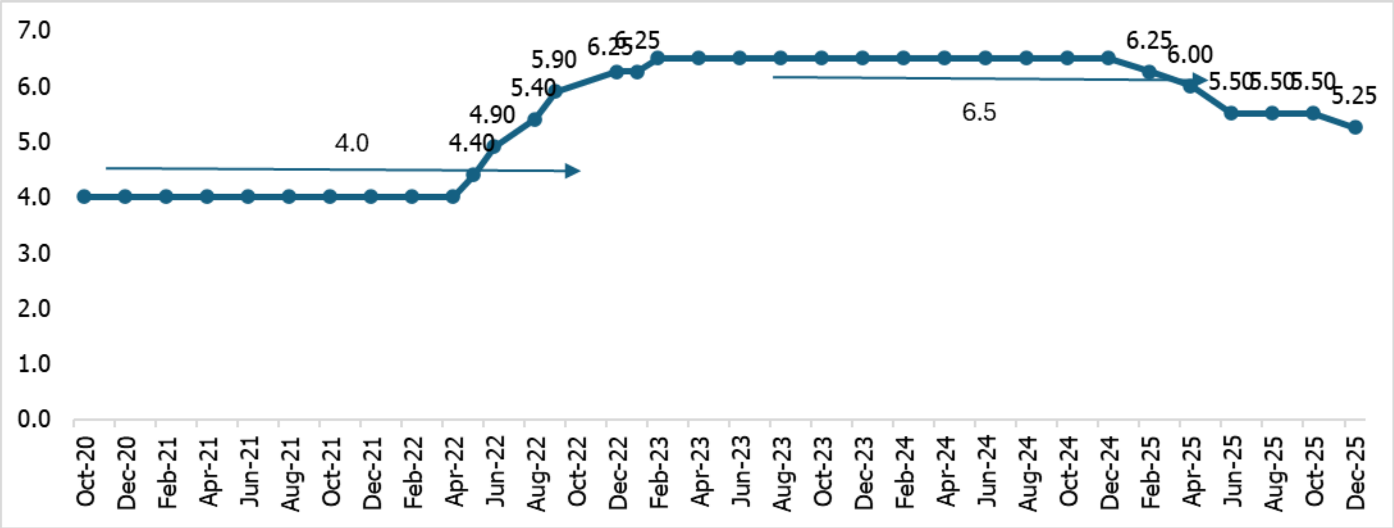


Source: MOSPI

During the COVID-19 pandemic, the RBI implemented a series of significant monetary policy measures to support economic recovery. Initially, the Monetary Policy Committee (MPC) unanimously reduced the policy repo rate to a historic low of 4% in response to the economic fallout, maintaining an accommodative stance to stimulate growth and mitigate the pandemic's impact. This included lowering the cash reserve ratio (CRR) to enhance liquidity in the banking system. As conditions evolved, the MPC consistently assessed macroeconomic indicators. By April 2021, the repo rate remained unchanged at 4%, as the focus shifted to nurturing a sustainable recovery amid rising inflation pressures, which reached 5.0% in February 2021. In mid-2022, facing elevated inflation driven by global supply shocks, the RBI began gradually increasing the repo rate, raising it to 4.90% in June and subsequently to 6.50% by February 2023. The MPC continued to monitor inflation closely, recognizing the need for balance between fostering growth and managing price stability. By December 2024, the repo rate remained unchanged at 6.50%, reflecting a cautious approach in a volatile global environment while supporting the ongoing economic recovery and the RBI focused on controlling inflation and addressing liquidity issues. In February 2025, the MPC cut the repo rate by 25 basis points to 6.25% to support growth amid easing inflation, maintaining a neutral stance. By April 2025, the repo rate lowered to 6%, with the policy stance shifting to accommodative. In June 2025, RBI cut the repo rate by another 50 basis points to 5.5%. In October 2025, RBI kept the repo rate unchanged at 5.5%. Furthermore, during December 2025, RBI reduce the repo rate by 25 basis points to 5.25%.

At the bi-monthly meeting held in December 2025, RBI projected inflation at 2% for FY26 with inflation during Q3FY26 at 0.6%, Q4FY26 at 2.9%, Q1FY27 at 3.9%, and Q2FY27 at 4%.

Chart 7: RBI historical Repo Rate (in %)



Source: RBI

In a meeting held in December 2025, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 5% as the floor and the marginal standing facility (MSF) at the upper end of the band at 5.5%.

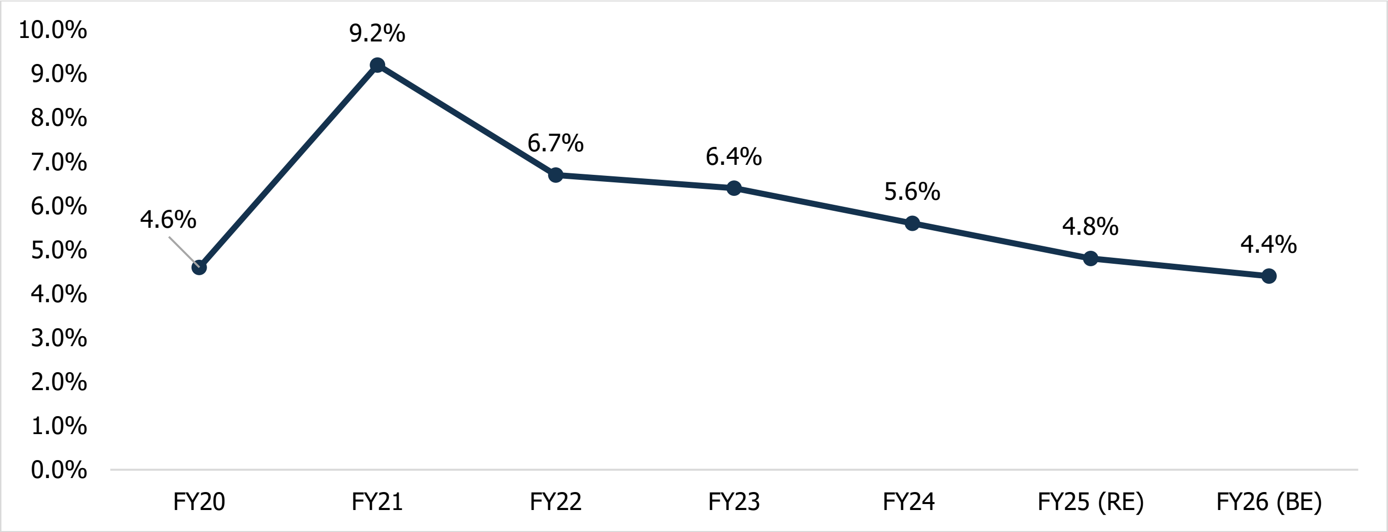
Further, the central bank kept its stance to be neutral. Headline inflation remains low due to easing food prices, while core inflation is steady around 4%. Growth is resilient, supported by rural demand, government capex, and services activity, though industrial expansion is uneven. Real GDP for 2025-26 is projected at 6.8%, with CPI inflation at 2.6%. External sector indicators and liquidity conditions remain robust, supporting continued financial stability.

Based on the RBI's latest policy move, our interpretation is that the frontloaded rate cut signals a shift toward pro-growth policies. This likely marks the beginning of a continued easing cycle following a period of elevated interest rates, with future actions guided by inflation and growth dynamics. Additionally, the 10-year Government Security yield, as on 18th November 2025, stands at 6.5%.

1.2.3 India is on a steady path to Fiscal Recovery

Between FY20 and FY26BE, India's fiscal deficit reached a peak of 9.2% of GDP in FY21 from 4.6% in FY20 due to the economic impact of the COVID-19 pandemic, which led to lower tax revenues and increased government spending. In FY21, India's fiscal deficit was 9.2% due to the impact of COVID-19, since then it has seen a steady improvement and is expected to reduce to 4.8% of GDP FY25 (RE), driven by strong economic growth and higher tax and non-tax revenues. The government aims for further fiscal consolidation, setting a target of 4.4% of GDP for FY26 to maintain fiscal prudence.

Chart 8: Gross Fiscal Deficit (% of GDP)



Source: RBI; Note: RE-Revised Estimates, BE-Budget Estimates

To conclude, India's economic trajectory reflects a remarkable resilience and adaptability amid recent global challenges. The country is on track to achieve significant growth milestones, bolstered by strong domestic demand, robust investment activities, and a commitment to infrastructure development. With a youthful, skilled workforce and ongoing structural reforms, India is increasingly becoming a key player in the global economy. While potential risks such as geopolitical tensions and inflationary pressures remain, proactive government initiatives and a stable financial sector provide a solid foundation for sustained growth. As India navigates these complexities, its path towards becoming a major economic hub is promising, reinforcing its role as a vital contributor to global economic stability and growth.

1.3 Key growth drivers for India’s sustained economic growth

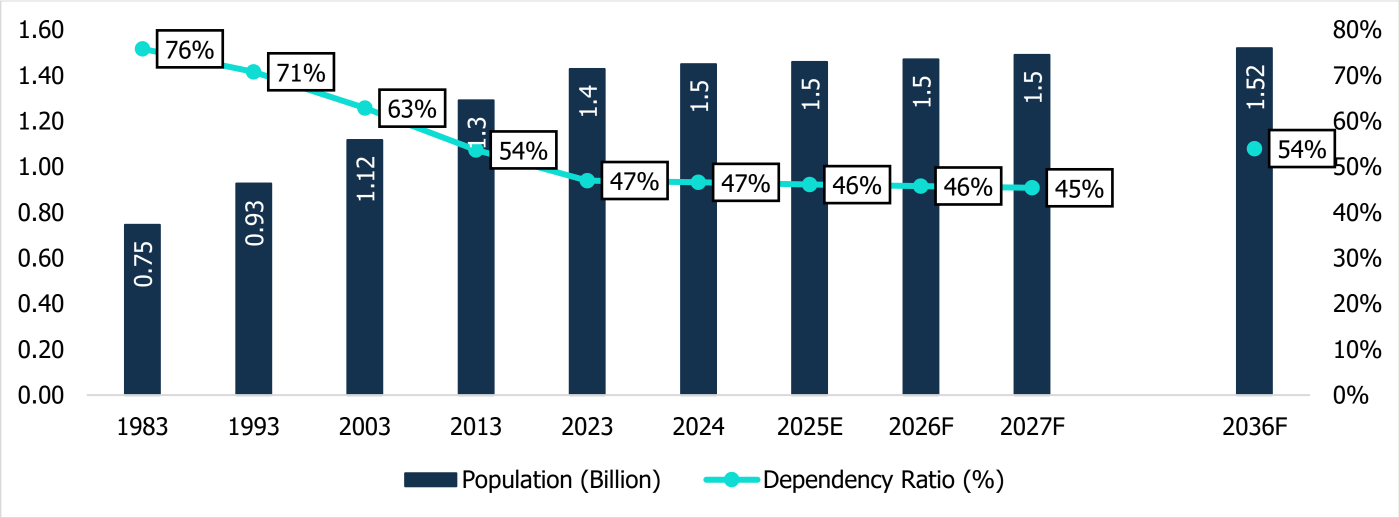
1.3.1 Favourable demographics

India has relatively high young population as compared to major economies

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India’s population in 2022 surpassed 1.42 billion, slightly higher than China’s population (1.41 billion) and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy. It was as high as 76% in 1983, which has reduced to 47% in 2023. However, this ratio is expected to rise again to 54% by 2036, driven by an increase in the elderly population as life expectancy improves.

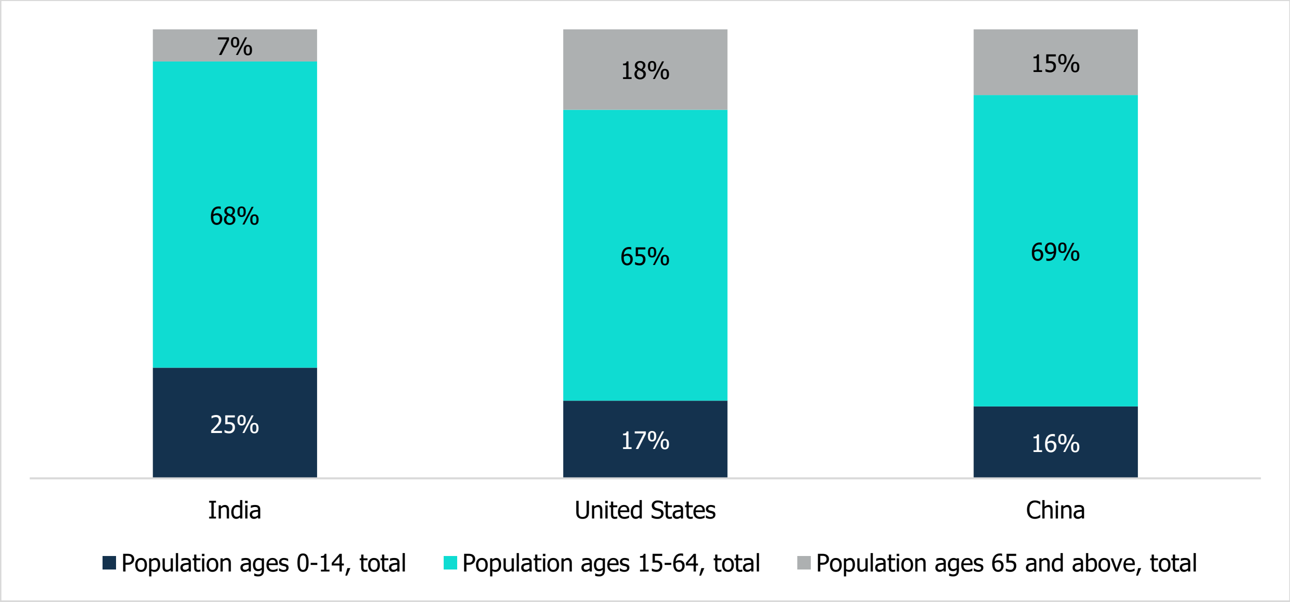
Chart 9: Trend of India Population vis-à-vis dependency ratio



Source: World Bank Database, MOSPI
Note: Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64.
Time periods are in Calendar Year
E-Estimates, F-Forecast

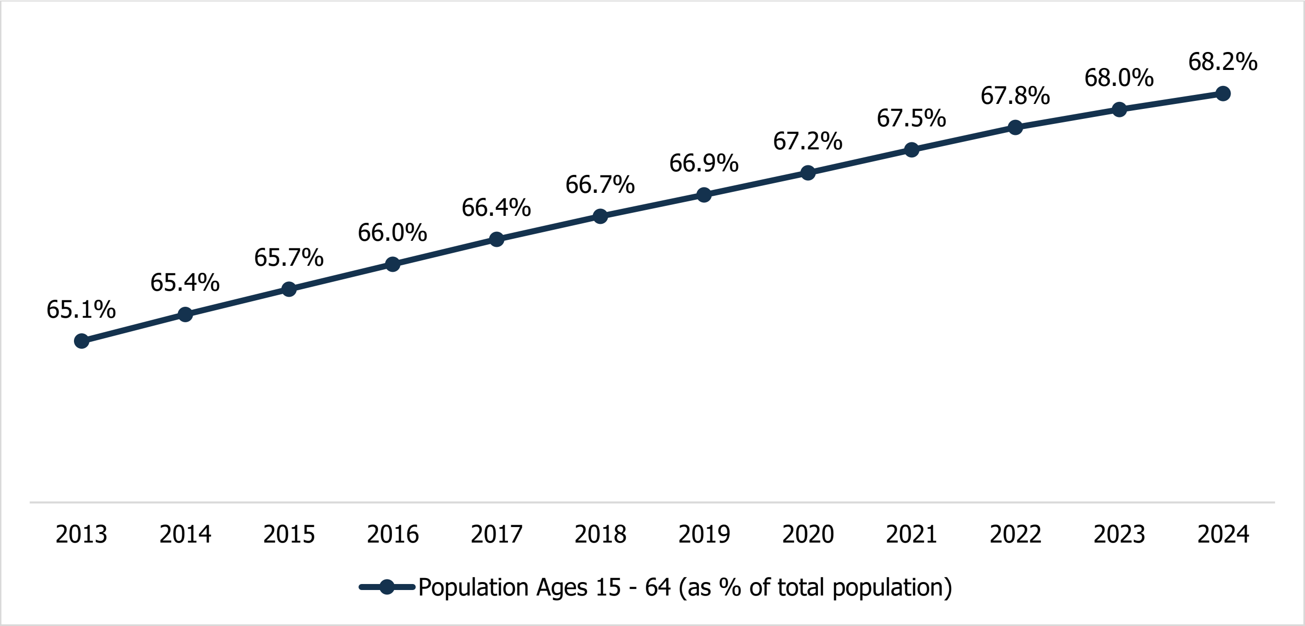
With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

Chart 10: Age-Wise Break Up of Population across global economies (2024)



Source: World Bank Database

Chart 11: Yearly Trend – Population Ages 15-64 (as % of Total Population) in India



Source: World Bank database

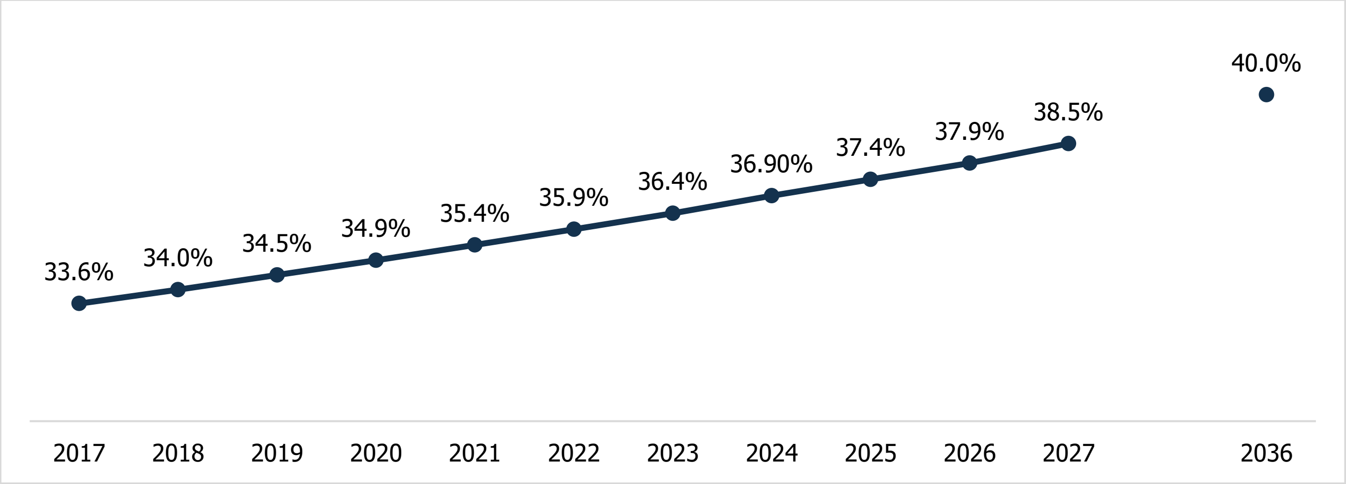
1.3.2 Urbanization

Steady uptick in urbanization

Urbanization presents significant advantages that can drive sustainable development and reduce inequality, catalyze infrastructure investment and create job opportunities, boosting local economies and improving living standards. Moreover, urban areas facilitate the mobilization of savings, as higher incomes enable residents to invest in education, health, and entrepreneurial ventures. Additionally, well-managed urbanization can foster social inclusion, allowing marginalized communities better access to resources and opportunities.

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 33.6% of total population in 2017 to 36.9% of total population in the year 2024.

Chart 12: Urbanization Trend in India

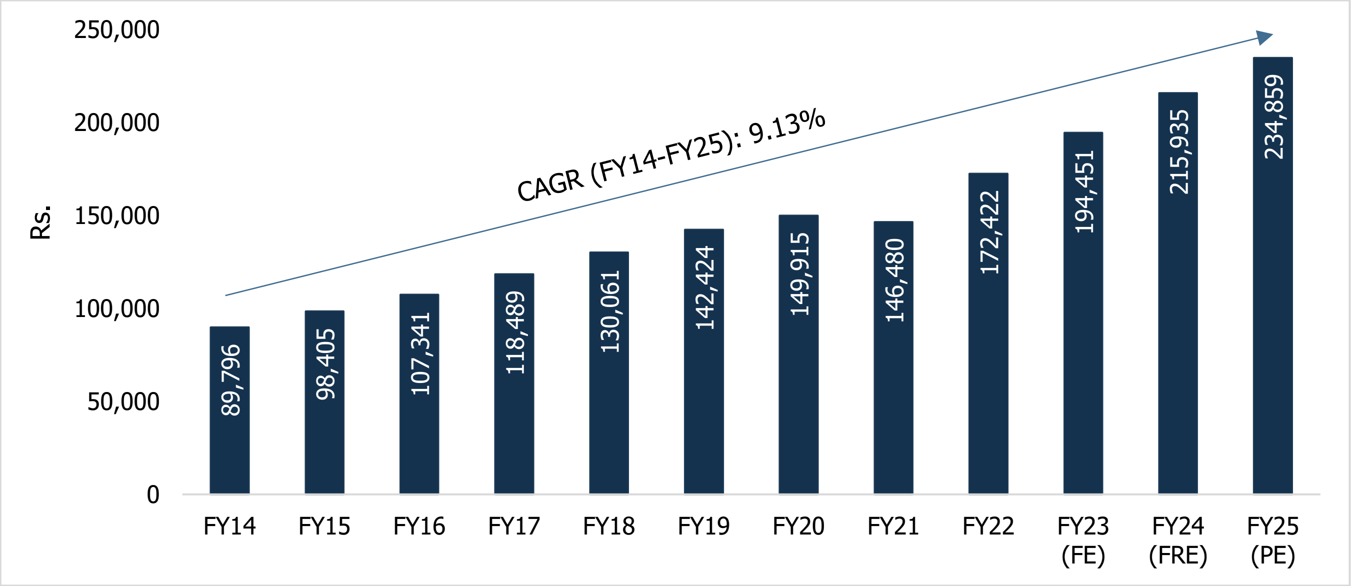


Source: World Bank Database

1.3.3 Increasing per capita GDP (Gross Domestic Product)

Between FY14 and FY25, per capita GDP at current price has grown at a CAGR of 9.13%. As of FY25, the per capita GDP was Rs. 2,34,859 growing y-o-y at 8.8%.

Chart 13: Trend of Per Capita GDP (Current Price)



Source: MOSPI; Note: FE – Final Estimate, FRE- First Revised Estimates, PE – Provisional Estimates

1.3.4 Financial Awareness and Literacy

Financial literacy is crucial for fostering economic stability and prosperity, particularly in a rapidly developing nation like India. As urbanization and economic growth accelerate, understanding financial concepts such as risk diversification, compound interest, savings discipline, and credit management becomes increasingly important. Despite recent advancements in technology and media coverage, there is great potential for improving India's financial literacy rate, which could lead to positive outcomes for individuals and strengthen the broader economy.

The Indian government and various regulators are implementing financial literacy courses, workshops, and schemes aimed at enhancing financial awareness. Promoting financial education is vital for empowering individuals, reducing financial vulnerabilities, and fostering economic resilience. The following chart outlines such initiatives:

National Centre for Financial Education (NCFE)

- Adopts '5 C' approach: content, capacity, community-led model, communication, and collaboration
- Boost financial literacy through various methods such as workshops, seminars, and campaigns, targeting diverse groups including teachers and students
- Create educational materials in various formats and ensure accessibility of financial products and services through transparent and fair practices

Financial Literacy Centre (FLC)

- Established by commercial banks at the district level, particularly in rural areas
- Conduct monthly camps to educate farmers, school children, senior citizens, self-help groups, and small entrepreneurs about financial products
- In partnership with local banks and NGOs, FLCs drive community-led financial literacy initiatives, aiming to foster grassroots financial knowledge and engagement.

RBI Kehta Hai Initiative & PFRDA's 'Pension Sanchay' website

- Comprehensive financial literacy campaign launched by the Reserve Bank of India to enhance public understanding of banking services
- Multi-media campaign uses various platforms—SMS, print, television, radio, and digital media—to educate people on topics like senior citizen banking, digital banking precautions, and Central Bank Digital Currency (CBDC)
- PFRDA's Annuity Literacy Program educates subscribers about various annuity options available, further supporting financial literacy in retirement planning

1.3.5 Digitalization

India's digital journey has been driven by a confluence of factors: expanding broadband access, technological advances, affordable data costs, and a strong governmental push to build robust digital infrastructure.

The launch of the Unified Payments Interface (UPI) marked a significant turning point in India's digital transaction landscape, revolutionizing how payments are made. It has transformed Indian society by promoting cashless transactions, enhancing financial inclusion for small businesses and unbanked individuals. This shift has enabled them to enter the formal economy and build credit histories while fostering innovation in fintech and e-commerce. With over 660 banks integrated and more than 260 million unique users, UPI has become the country's largest digital payment network and the fifth largest globally by transaction volume. Building on this foundation, the introduction of BHIM has further advanced digitalization by providing a secure and user-friendly platform for cashless transactions. Additionally, during the pandemic, India's digital infrastructure proved invaluable. Platforms like COWIN, developed for the world's largest vaccination drive, demonstrated the critical role of digital systems in managing large-scale public health initiatives.

Furthermore, FASTag has automated toll payments using RFID technology, promoting a cashless economy and enhancing operational efficiency across approximately 1,365 toll plazas. This advancement supports India's transportation landscape and aligns with its digital transformation goals.

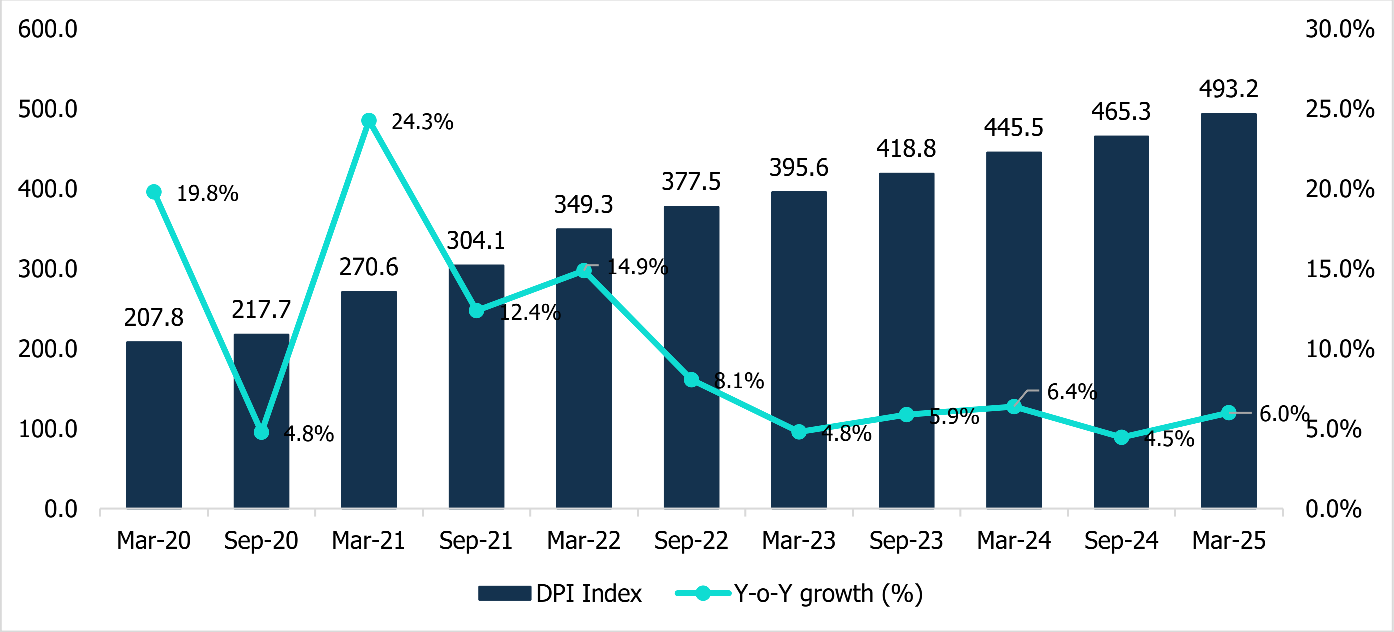
The government's Digital India initiative, launched in July 2015, further underscores this commitment by focusing on creating a secure digital infrastructure, delivering digital services, and ensuring widespread internet access. Digital India is a flagship initiative by the Government of India aimed at transforming the nation into a digitally empowered society and knowledge economy. It focuses on three main vision areas: enhancing digital infrastructure to ensure high-speed internet access and unique digital identities for all citizens; improving governance through seamless, real-time services available on online and mobile platforms, promoting cashless transactions, and utilizing Geospatial Information Systems for better decision-making; and fostering digital empowerment by promoting universal digital literacy, accessible resources in local languages, and participatory governance.

Additionally, this initiative has also made stock market and mutual fund investments more accessible, efficient, and transparent for a wider audience. Previously dominated by high-net-worth individuals, the stock market is now open to diverse investors, including those from remote regions, thanks to the rise of online trading platforms and mobile apps. These platforms have streamlined processes, making it easier for individuals to open demat accounts and engage in trading. The reduction in brokerage fees and minimum investment requirements has further lowered barriers, attracting a broader demographic to the investing community. Moreover, the integration of digital payment solutions with investment platforms has simplified fund transfers, making managing finances easier. As a result, the number of demat accounts has surged, fostering a vibrant investing community that actively participates in the financial markets, ultimately contributing to a more inclusive and robust economy.

Furthermore, DigiLocker empowers citizens by providing a secure platform for storing and sharing essential documents, facilitating real-time verification and reducing administrative burdens. This supports the vision of paperless governance and enhances operational efficiency.

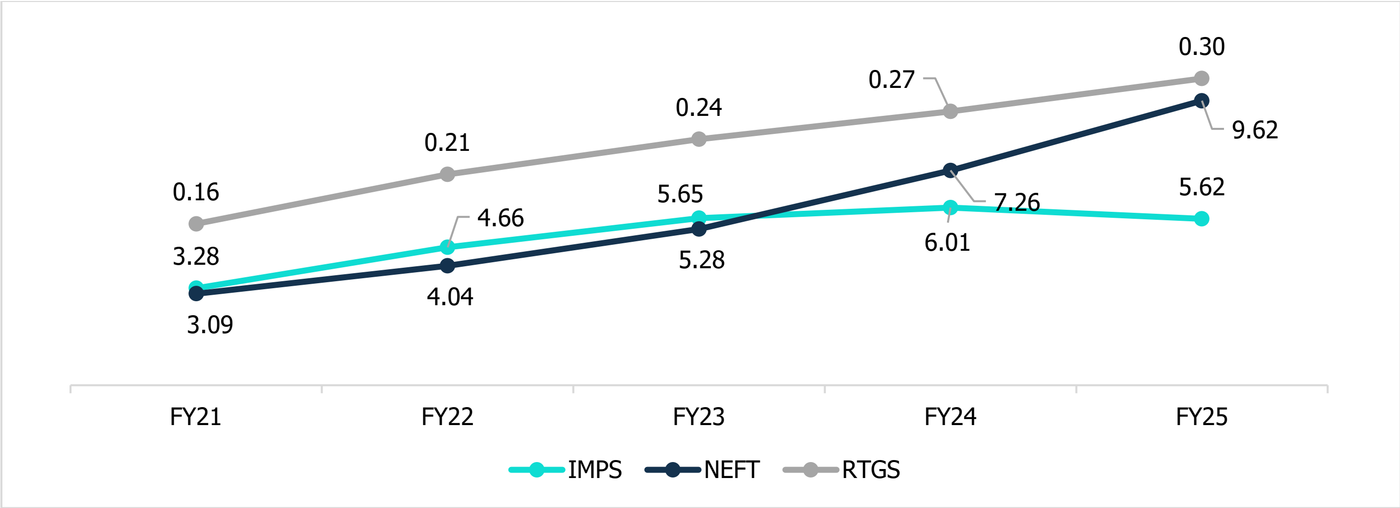
As digitalization continues to evolve, the prominence of digital payments in India shines brightly. UPI's success is not just a testament to technological advancement but also a crucial element in the country's economic future, driving growth and inclusion in the digital age. To capture the extent of digitization of payments, the Reserve Bank of India has constructed a composite Digital Payments Index (DPI), comprising of five key parameters that measure the expansion and adoption of digital payments in the country over different time periods. As of March 2025, the DPI Index stood at 493.2 reflecting a y-o-y rise of 10.7%. The index increased across all parameters, driven by significant growth in payment performance across the country.

Chart 14: Digital Payment Index



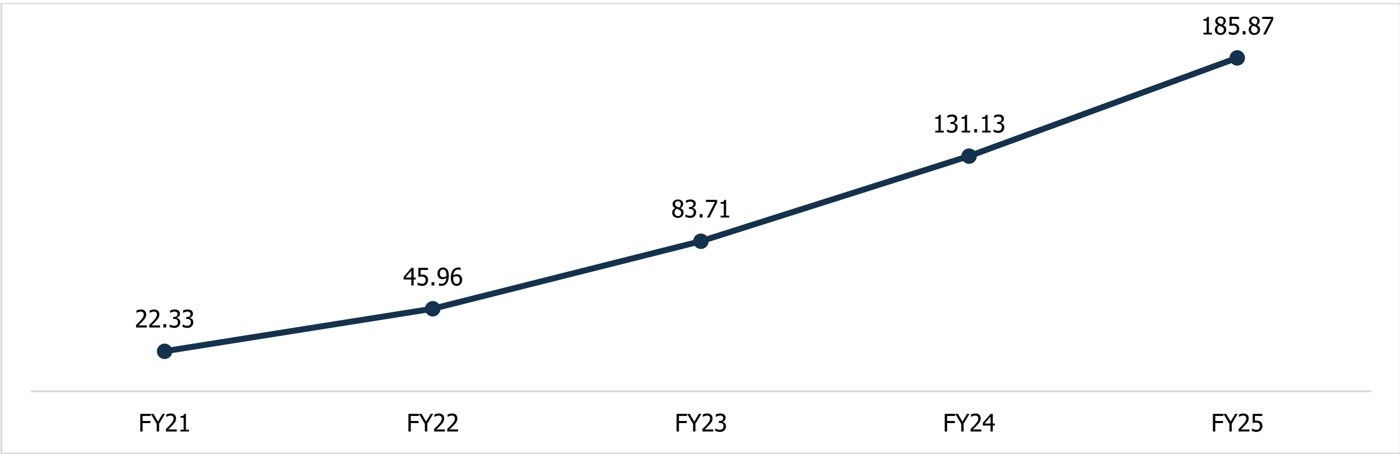
Source: RBI

Chart 15: Digital Transactions on the rise – By Volume (IMPS, RTGS, and NEFT) (figures in billion)



Source: RBI

Chart 16: Digital Transactions on the rise – By Volume (UPI) (figures in billion)



Source: RBI

1.3.6 Financialization

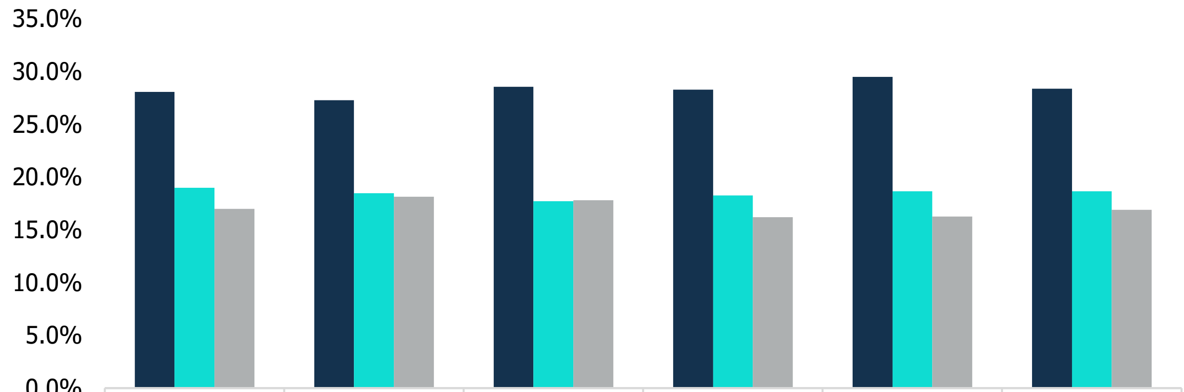
Growing financial inclusion and household savings in India

In recent years, India has witnessed growth in household savings and shift of savings from physical assets like real estate to financial instruments. This trend, often referred to as financialization, is reshaping the landscape of domestic savings and investments. Several factors have facilitated this transition towards financial assets. Financial inclusion efforts enhanced digital infrastructure, the demonetization initiative, and innovations in financial products have all played a role.

The increased financialization benefits infrastructure development and economic stability, as it helps fund capital expenditure (capex) cycles without exacerbating the current account deficit (CAD) or heightening external vulnerabilities.

The growth of financial savings has been robust, with retirement savings, insurance, and mutual funds showing an impressive average annual growth rate over the past decade. Additionally, the rising participation of youth in India's capital markets also reflect a significant shift in financial behaviour.

Chart 17: Global Trend in Gross Domestic Savings (% of GDP)

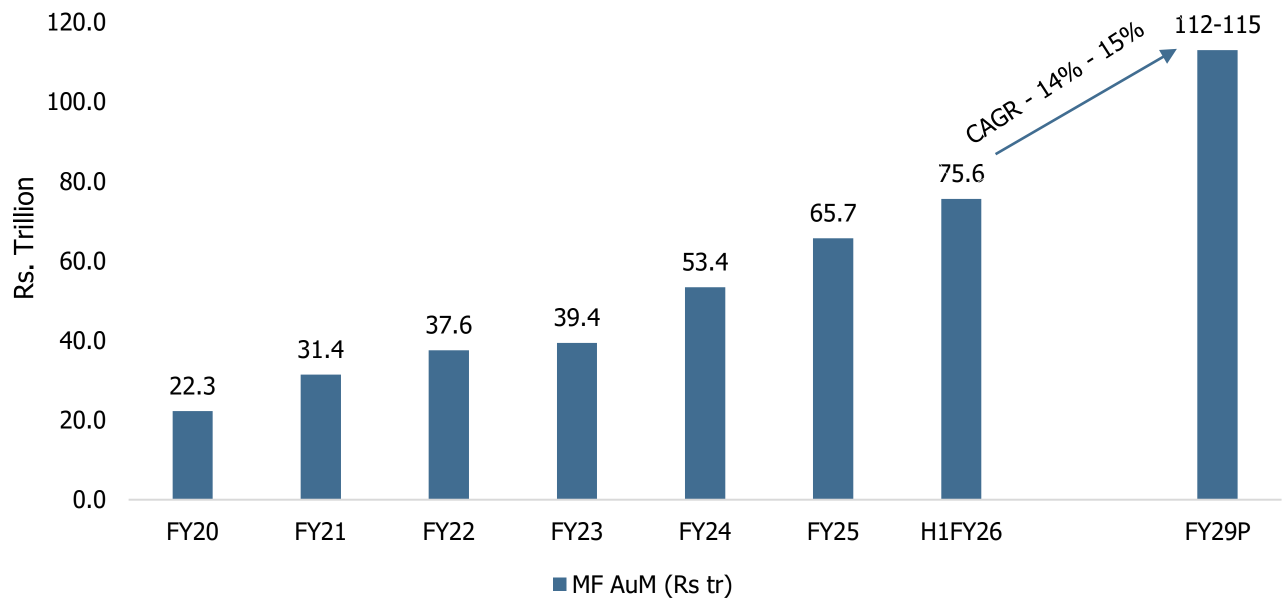


	CY19	CY20	CY21	CY22	CY23	CY24
India	28.1%	27.3%	28.6%	28.3%	29.5%	28.4%
United States	19.0%	18.5%	17.7%	18.3%	18.7%	18.6%
United Kingdom	17.0%	18.1%	17.8%	16.2%	16.3%	16.9%

India United States United Kingdom

Source: World Bank Database

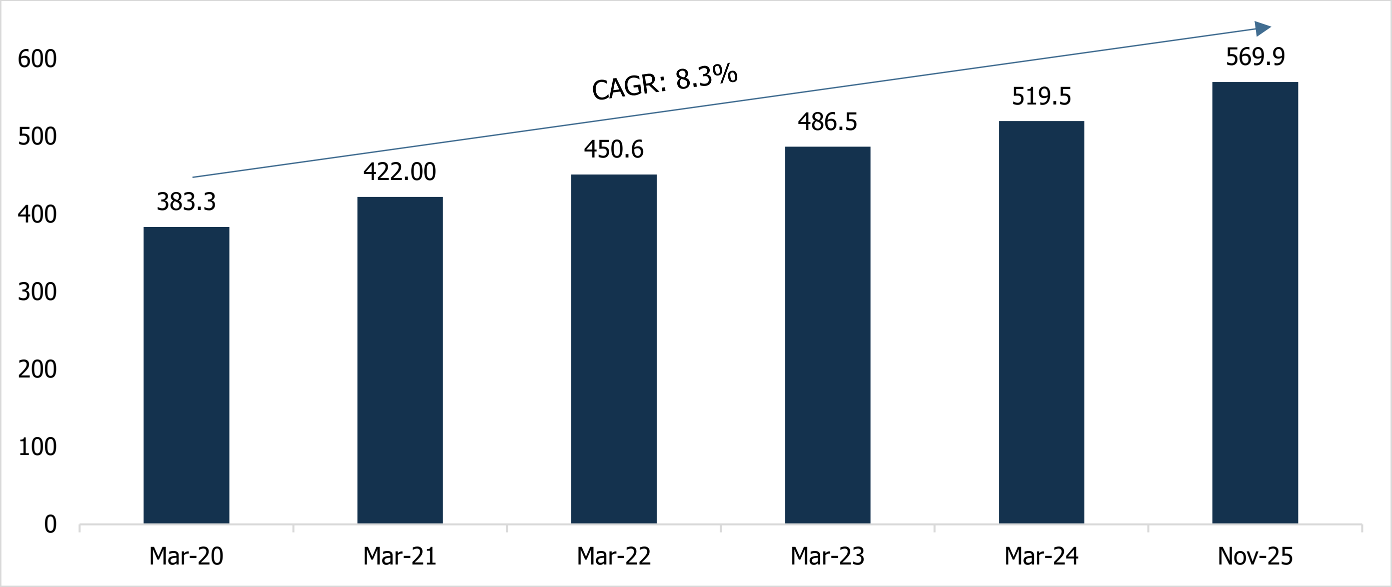
Chart 18: Growth in Domestic Mutual Fund Industry AUM



Source: AMFI, CareEdge Research Estimates

Note: AuM as of the last day of the month; FY- financial year ended March, P-Projected

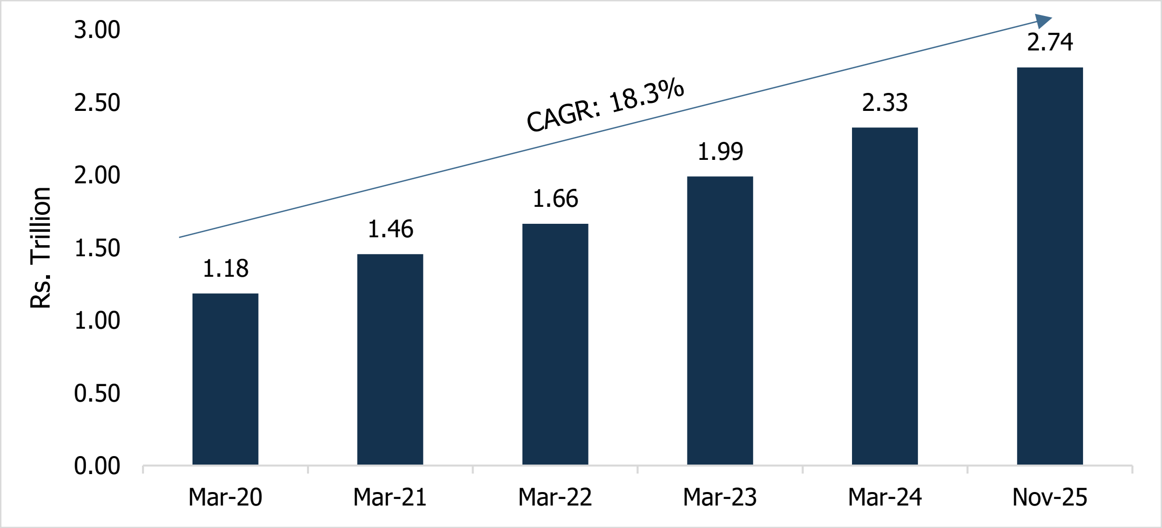
Chart 19: Rising number of PMJDY accounts opened (figures in million)



Source: PIB

Government scheme like the Pradhan Mantri Jan Dhan Yojana (PMJDY) has played a pivotal role in enhancing financial inclusion in India. By establishing a robust banking infrastructure, especially in rural areas, the initiative has significantly increased access to banking services. The focus is shifting toward ensuring that individuals not only have bank accounts but also understand and leverage financial tools, such as credit and savings schemes, to improve their financial well-being. Ultimately, PMJDY aims to empower citizens, fostering greater economic participation and improving overall quality of life.

Chart 20: Deposit amount under PMJDY on a rise



Source: PIB, PMJDY

The RBI Financial Inclusion Index (FI-Index), launched on August 17, 2021, is instrumental in tracking the progress of financial inclusion across the country.

The FI-Index reflects the ease of access, availability, usage, and quality of financial services. It underscores the RBI's commitment to promoting universal access to financial services, providing a comprehensive bouquet of financial products, and enhancing financial literacy and customer protection. As of March 2025, the FI-Index stood at 67.0 growing y-o-y at 4.4%.

Table 7: Financial Inclusion Index

Period	FI-Index
Mar-21	53.9
Mar-22	56.4
Mar-23	60.1
Mar-24	64.2
Mar-25	67.0

Source: RBI

1.3.7 Resilience of Rural Economy

India's rural economy is emerging as a crucial factor with growing rural savings, with more savings bank accounts and balances, and a reduction in inflationary pressures, which has allowed rural consumption to align more closely with urban areas. Favourable monsoon conditions and improved sowing data are expected to sustain this growth, bolstered by increased government investment in rural development and infrastructure. Recent policies, such as the Mahatma Gandhi National Rural Employment Guarantee Act, have increased rural incomes, facilitating more households' transition into the middle class. Furthermore, the Government budget measures focusing on agriculture, infrastructure, and rural development aim to increase incomes and rejuvenate the rural sector. These measures include advancing agricultural research, introducing new crop varieties, promoting natural farming, and improving digital infrastructure for agriculture.

India's middle class, with its diverse income levels, shows varying spending patterns. Lower-middle-class households typically spend a significant portion of their income on private healthcare, education, and essential goods like motorbikes and basic appliances. Conversely, upper-middle-class households invest more in luxury items, entertainment, property, and personal services, with a greater inclination towards assets such as cars, computers, and air conditioners.

1.3.8 Reforms by the Indian Government to boost infrastructure and domestic production

Atmanirbhar Bharat Policy

- Launched in May 2020, Atmanirbhar Bharat Abhiyan aims to enhance India's self-reliance with a Rs. 20 trillion economic stimulus.
- The initiative is built on five pillars: economy, infrastructure, systems, demographics, and demand, promoting sustainable growth.
- It includes key reforms across sectors to improve efficiency, boost employment, and strengthen domestic capabilities.

Production Linked Incentive (PLI) Scheme

- Launched in March 2020, the Production Linked Incentive (PLI) scheme aims to enhance domestic manufacturing and create jobs through significant investments.
- With an outlay of Rs. 1.97 trillion, it targets 14 key sectors, including electronics, pharmaceuticals, and automotive.
- The scheme focuses on attracting investments, improving efficiency, and boosting production to make Indian manufacturers globally competitive.

Make in India

- Launched in 2014, Make in India aims to position India as a global manufacturing and entrepreneurial hub by enhancing industrial capabilities and fostering innovation.
- The initiative aims to shift the government’s role from regulator to facilitator, promoting partnerships with businesses.
- It targets sectors for development, encouraging foreign direct investment, streamlining regulations and investing in modern infrastructure to enhance the ease of doing business in India.
- In its evolved phase, known as Make in India 2.0, the initiative has expanded its focus to encompass 27 sectors, comprising 15 manufacturing sectors and 12 service sectors.

Goods and Services Tax (GST)

- The Goods and Services Tax (GST), implemented in India on July 1, 2017, replaced a complex tax system with a unified regime, categorizing goods and services into various tax slabs while exempting essentials.
- It has benefited the manufacturing sector by reducing production costs and enhancing competitiveness through the Input Tax Credit mechanism.
- For the services sector, it has varied effects, increasing consumer spending in some areas while boosting demand in others, and improving operational efficiency, particularly in hospitality.

Pradhan Mantri Awas Yojana

- The Pradhan Mantri Awas Yojana (PMAY) aims to provide affordable housing for all by 2029, offering support such as interest subsidies, financial assistance for self-construction, and public-private partnerships.
- The 2025-26 Union Budget allocated Rs. 7,81,260 million for the scheme, benefiting Economically Weaker Sections, Low Income Groups, and Middle-Income Groups through the PMAY-Urban and PMAY-Gramin initiatives.
- PMAY promotes innovative construction technologies and affordable rental housing to improve living conditions nationwide.

Emergency Credit Line Guarantee Scheme

- The Emergency Credit Line Guarantee Scheme (ECLGS), part of the AtmaNirbhar Bharat Package, was launched to support MSMEs with working capital during the COVID-19 pandemic, increasing its initial allocation from Rs. 3 trillion to Rs. 4.5 trillion.
- ECLGS offers a 100% guarantee to lenders against borrower default, with multiple phases catering to various sectors like manufacturing, healthcare, and hospitality, ensuring broader access to credit.

Various Guarantee Schemes

- **Mahatma Gandhi National Rural Employment Guarantee Scheme:** The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is a demand-driven initiative that guarantees at least 100 days of wage employment annually for rural households willing to engage in unskilled manual work. It serves as a safety net for families during times of economic uncertainty and includes additional provisions for Scheduled Tribe households and those affected by natural calamities.

- **Credit Guarantee Scheme for Startups:** The Credit Guarantee Scheme for Startups provides a fixed corpus to facilitate credit guarantees for loans to DPIIT-recognized startups. This support extends to loans issued by Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs), and Venture Debt Funds, promoting innovation and entrepreneurship in the startup ecosystem.

- **Credit Guarantee Fund Scheme for Skill Development Loans:** The Credit Guarantee Fund Scheme for Skill Development Loans aims to provide institutional credit for skill development courses aligned with the National Skill Qualification Framework (NSQF) and other training programs. This scheme supports individuals seeking skill enhancement through loans offered by recognized lending institutions, helping to foster a skilled workforce in India.

- **India's focus on infrastructure development**

The budgetary allocation toward infrastructure has grown at a CAGR of about 17.3% in the past 5 years between FY22 to FY26. In the Union Budget 2025-26, the government continued its focus on infrastructure development with the allocation of Rs 11.2 trillion toward infrastructure capital expenditure, an increase of 0.9% over allocation under the Union Budget 2024-25.

Government infrastructure development schemes:

- The Pradhan Mantri Awas Yojana (PMAY) aims to provide affordable housing to the urban and rural population of India. As of November 2025, over 12.2 million houses have been sanctioned under PMAY-Urban, with 9.60 million completed. Additionally, as of August 2025, PMAY-Gramin has sanctioned approximately 38.5 million houses, of which 28.2 million are completed. These initiatives are crucial for addressing housing shortages and improving living conditions across the country.

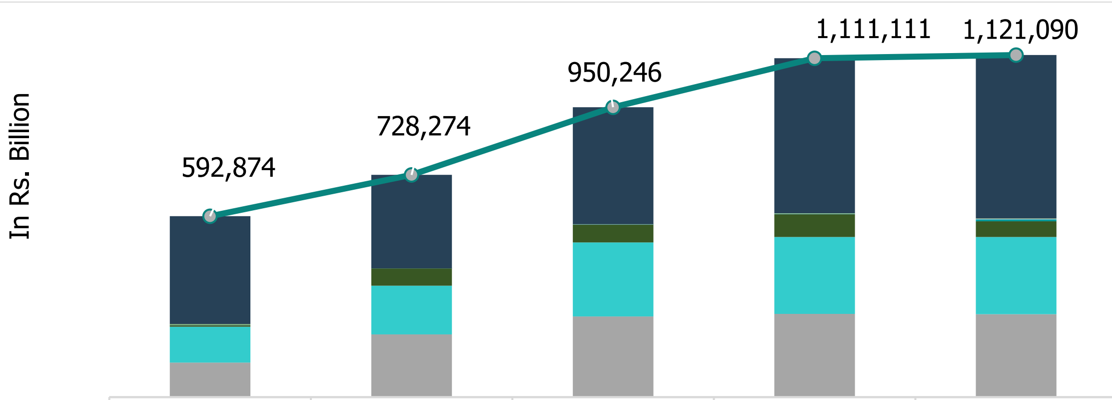
- The government is set to enhance railway infrastructure by launching 200 new Vande Bharat Express trains over the next two to three years. These trains will include both sleeper and chair car variants, aimed at enhancing connectivity across the country. Additionally, the government has approved the manufacturing of 100 Amrit Bharat trains and 50 Namo Bharat trains during the same period in the Union Budget 2025-26. Additionally, the construction of a Dedicated Freight Corridor (DFC), which are broad gauge rail network to be utilized exclusively for freight trains, will lead to an increase in the railway's share in domestic freight movement. 96.4% of both the western and eastern DFCs have been commissioned and operational. Also, the Detailed Project Reports (DPRs) of the East Coast Corridor, East-West Corridor, and North-South Corridor are under examination. The Railways Station Redevelopment Program, initiated in February 2017, seeks to modernize railway infrastructure across India. Through the 'Amrit Bharat Station Scheme,' 1,275 railway stations in 32 states have been identified for development, focusing on enhancing passenger experience with state-of-the-art facilities.

- Under the National Rail Plan (NRP), the Indian Railways aims to increase its share in freight transport to 45% by 2030, up from the current 26%. The total freight transported is projected to reach 3,000 million tonnes by FY27 and 3,600 million tonnes by FY30. Additionally, railway freight traffic, measured in Net Tonne Kilometers (NTKM), is expected to double to 1,695 billion NTKM by FY27, highlighting a significant enhancement in freight capacity and efficiency.

- As part of the Atmanirbhar Bharat initiative, the Indian government has prioritized the development of the shipping industry through various supportive measures. In the Union Budget 2025-26, Rs. 3,650 million was allocated to the shipbuilding sector. The Sagarmala Programme aims to modernize ports and foster port-led development, integrating industrial clusters and efficient evacuation systems via road, rail, and waterways. Additionally, the Draft Indian Ports Bill 2021 seeks to centralize the administration of minor ports under state control, while the Inland Vessels Bill 2021 aims to streamline domestic cargo movement by establishing a unified regulatory framework, eliminating state-specific laws, and creating a centralized database for vessels and screws. These initiatives collectively enhance port efficiency and utilization, driving economic growth in coastal regions.

- Bharatmala Pariyojana, launched in 2017, is a comprehensive initiative aimed at enhancing India's highway infrastructure to improve freight and passenger transportation. The program focuses on developing Economic Corridors, Inter-Corridors, and Feeder Routes, while also enhancing National Corridor efficiency and establishing better connectivity for borders, ports, and green-field expressways. By addressing critical infrastructure gaps, Bharatmala aims to significantly boost the logistics industry, reduce travel times, and facilitate smoother transportation across the country. As of Nov-2024, 26,425 km have been awarded for construction with completion of about 18,926 km.

Chart 21: Budget Allocation Towards Infrastructure



	FY22	FY23	FY24	FY25	FY26
Others	353,251	306,085	383,061	508,625	535,818
Power	2,827	23	125	1,127	658
Ports	614	678	1,149	1,342	1,761
Oil & Gas	347	40	41	341	6,626
Telecom	5,254	56,205	59,380	74,995	51,785
Railways	117,271	159,256	242,579	252,200	252,200
Roads and Highways	113,312	205,986	263,912	272,481	272,241
Total	592,874	728,274	950,246	1,111,111	1,121,090

Roads and Highways, Railways, Telecom, Oil & Gas, Ports, Power, Others, Total

Source: Union Budget 2025-26
Note: A – Actual budget; R- Revised budget; B- Budgeted

The government has expanded the National Infrastructure Policy (NIP) to over 9,000 projects from 6,835 projects and announced plans for the National Monetization Pipeline (NMP) and the Development Finance Institution (DFI) to improve the financing of infrastructure projects. The NIP covering rural and urban infrastructure, entails investments to the tune of Rs. 111 trillion, which is being undertaken by the central government, state governments, and the private sector during FY20-25. Moreover, the alignment of PM Gati Shakti National Master Plan and National Infrastructure Policy (NIP) will aid in debottlenecking hurdles for faster execution of projects.

1.3.9 Concluding Remarks

India's economic landscape is characterized by resilience, adaptability, and a commitment to growth, driven by a young population and urbanization. The country has transitioned into the most populous nation, harnessing its demographic dividend to fuel economic advancement. Financial literacy initiatives, bolstered by digital innovations like UPI and BHIM, are enhancing access to financial services, enabling greater participation in the formal economy. Government programs aimed at financial inclusion, infrastructure development, and rural empowerment are pivotal in sustaining growth and improving living standards. The substantial increase in budget allocations for infrastructure underscores the government's commitment to catalysing economic expansion.

As India embraces digitalization, the shift toward financial assets and increasing household savings reflects a transformative economic behavior. Additionally, ongoing reforms, such as the Atmanirbhar Bharat initiative and various production-linked schemes, are reshaping the manufacturing landscape and enhancing domestic capabilities. Despite potential risks, India's proactive approach coupled with its strategic focus on urbanization and infrastructure positions it as a crucial player in the global economy. The synergy of these factors not only supports robust growth but also reinforces India's role as a key contributor to global economic stability.

2 Global Alternatives Industry

Alternative investments are financial assets that enable investors to diversify their portfolios and seek higher returns beyond traditional stocks and bonds. Alternatives industry encompasses a wide range of investment products including private credit, private equity, hedge funds, real estate, infrastructure, etc. These alternative investments are often sought after by institutional investors, high net worth individuals (HNIs), family offices for their potential to generate higher returns provide diversification and hedge against market volatility. Alternative investments are relatively complex, illiquid and less regulated as compared to traditional investments. They often require longer holding period and involve higher risk, due to the inherent unpredictability of the underlying assets.

Evolution of Global Alternatives Industry:

1862-1869

- **Private Capital** funded U.S. transcontinental railway
- Two companies came together to provide funding in conjunction with government bonds

1901

- J.P. Morgan acquired the Carnegie Steel Company which merged with Federal Steel and National Tube to create U.S. Steel - the largest corporation in the world

1960s and early 1970s

- Venture capitalist invested in new technological developments and entrepreneurial opportunities expanded rapidly

Mid-20th century

- **Hedge fund** industry originated - early hedge funds focussed on arbitrage strategies

1980s

- Significant expansion in the **private equity** industry, with firms focusing on acquiring and restructuring troubled companies

1990s

- **Private equity** investment accelerated - PE firms began to invest in high growth companies and take them public

2008 and 2009

- **Global financial crisis** had a profound impact on the alternatives industry - investors preferred investments that were less correlated with traditional markets.
- Interest in **Alternative asset classes** such as real estate, infrastructure & commodities surged

2011-2024

- Alternatives industry continued to evolve with new asset classes and strategies
- Alternatives industry has expanded into emerging markets as investment destinations

2.1 Types of Global Alternatives products

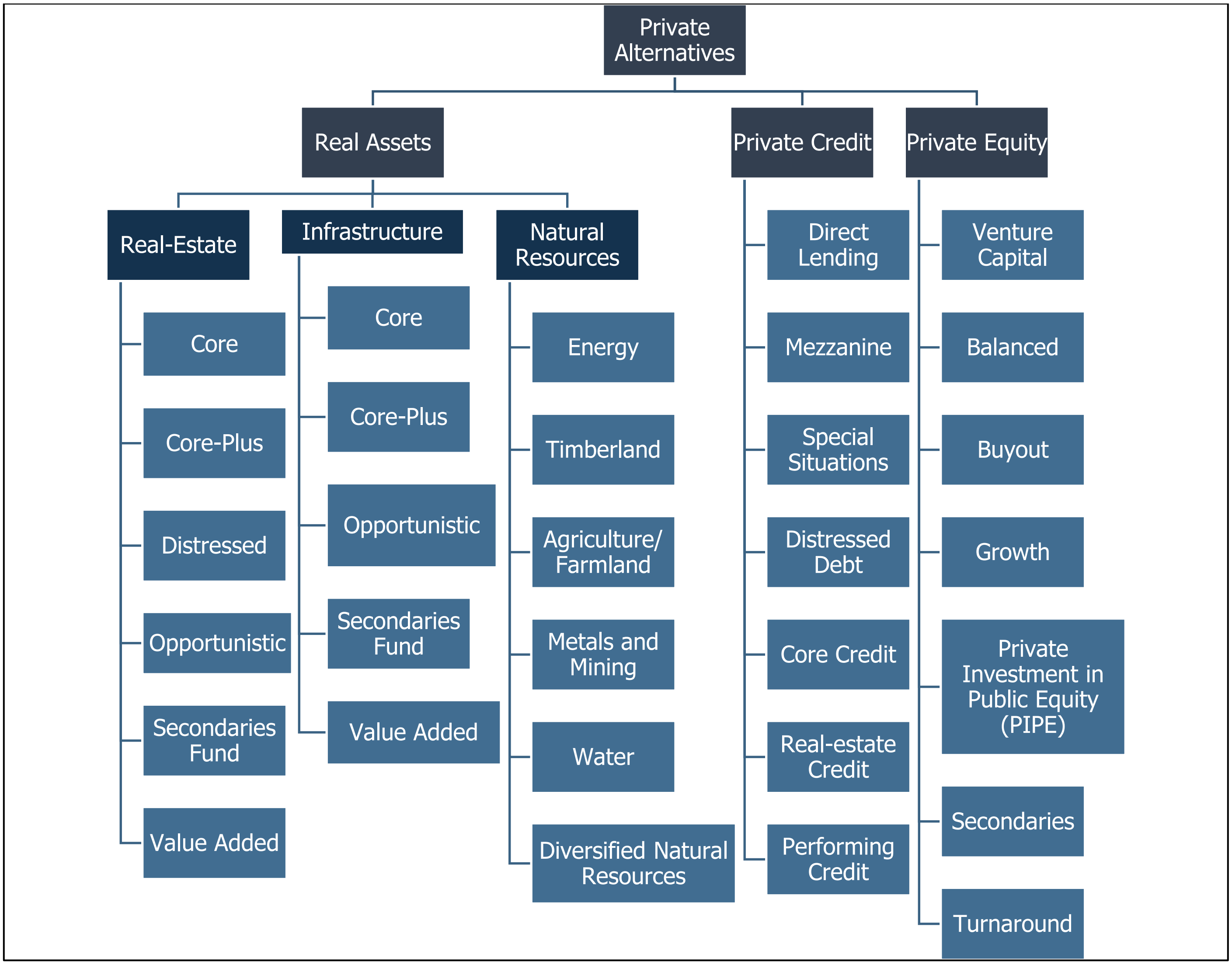
The two main categories of alternatives industry are private alternatives and public alternatives, each category has distinct characteristics, investment strategies and regulatory framework. The categories of private alternatives are further divided into real assets (real estate and infrastructure), private equity, private credit, etc. While public alternatives include hedge funds (ETFs, publicly traded REITs, investments in commodities/cryptocurrency, etc).

Chart 22: Comparative landscape of alternatives investment products:

Key characteristics	Private Equity	Private Credit	Real estate	Infrastruc-ture	Hedge Funds
Diversification	High	Moderate	High	High	High
Reliable income stream	Low	High	Moderate	Moderate	Low
Risk profile	High	Moderate	Moderate	Low	High
Inflation hedge	Moderate	Moderate	Moderate	High	Moderate

2.1.1 Overview of Global Private Alternatives Industry

Private alternatives investments refer to investment opportunities that are not publicly traded and involve direct ownership or financing of assets for the long term. These investments are generally illiquid, complex and often require substantial capital commitments over the long term. Private alternatives are favoured by institutional investors such as pension funds, endowments and sovereign wealth funds as well as high net worth individuals, due to their potential of offering higher returns and diversification benefits. The main categories of global private alternatives include real assets (including real estate and infrastructure), private credit and private equity.



Source: Preqin, CareEdge Research

1. Global Alternatives - Real Assets Strategy

Real assets are tangible assets that generate income. Real assets can be held directly or indirectly through investments in real estate, infrastructure, commodities and natural resources.

a) Real estate

Real estate encompasses various property types such as commercial, residential and industrial real estate. Private real estate investments can include direct ownership of these properties, investments in real estate development projects or investments in real estate related funds. These investments can provide stable income streams and appreciation potential.

b) Infrastructure

Private infrastructure investments involve funding the development or acquisition of assets including transportation, energy and telecommunications infrastructure. These investments are attractive to investors as they are known to offer long-term and stable returns. These investments could be backed by government contracts by way of direct investments, subsidies or regulatory framework, making risk profile of the investment attractive for investors.

c) Natural Resources

Natural Resource are materials or substances that occur naturally on Earth. They can be mined, farmed, or collected in raw form. These raw materials are often engineered into more complex man-made materials and extracted, processed, or refined for the realization of their economic value. Private investments in natural resources involve investments in raw materials like agriculture, products, energy and metals. These investments offer opportunities to capitalize on the global demand for essential commodities.

2. Global Alternatives - Private Credit Strategy

Private Credit is a non-bank debt financing favourable for mid-size/growth stage companies and for stressed companies that are unable to access funds through formal banking systems. Private credit is known to offer high risk adjusted returns than traditional fixed income securities. Private credit is often highly secured by collateral in the form of asset level security, sponsor pledges and personal guarantees from the promoters.

Key types of Private Credit Strategy

a) **Direct Lending** involves lending directly to companies mainly mid-sized businesses that need flexible financing solutions that are not offered by traditional banks. The lending could be senior or subordinated, depending on the fund’s strategy.

b) **Distressed Debt** involves financing or taking over debt of a company that is under financial distress. Under distressed debt, the investor either finances or takes legal control of the company through restructuring or bankruptcy proceedings. The lending tends to be senior and has a high priority in the capital structure and payment waterfall, due to the substantial threat of liquidation.

c) **Mezzanine Financing** is a hybrid form of financing that combines elements of debt and equity. Debt can partly have conversion rights to equity with embedded equity options, if the borrower defaults. This type of private credit financing is riskier in nature and hence carries higher interest rates than traditional debt.

d) **Special Situations** strategy involves unique investment opportunities arising from corporate events like mergers, restructurings, or bankruptcies. These events tend to adversely impact the company’s creditworthiness, prompting investors to provide tailored financing solutions. Special situation includes distressed debt which involves lending to companies under financial distress and take over control through restructuring or bankruptcy proceedings. Special situation can be primary financing or secondary debt sale. The lending tends to be senior and has high priority in the capital structure and payment waterfall, due to substantial threat of liquidation.

e) **Real Estate Credit** includes financing options like senior loans, bridge loans, and construction loans, all secured by real estate land and asset. These loans generate stable cash flows for investors through interest payments based on the borrower's debt servicing ability often linked to proceeds from selling or leasing of real estate properties. Additionally, mortgage-backed securities (MBS) pool aggregates various mortgage loans to create tradable securities, providing investors exposure to real estate income while diversifying risk. Overall, these strategies are structured to meet specific real estate financing needs and capitalize on market opportunities, while safeguarding investor interest through structured coupon and principal repayment and collateral.

f) **Core credit** involves investments in high-quality, stable debt instruments, typically focusing on senior secured loans and investment-grade corporates. These loans are characterized by healthy borrower credit profiles and a lower risk of default, offering predictable cash flows through regular interest payments. Core credit strategies emphasize capital preservation and steady income.

g) **Performing credit** includes loans and credit instruments that are being repaid as agreed, characterized by regular interest payments and principal repayments. This category typically includes high credit quality borrowers with stable financial profiles, resulting in lower risk of default as compared to distressed credit. Performing credit often offers stable cash flows, lower volatility, and can be secured or unsecured, providing opportunities for diversification in investment portfolios.

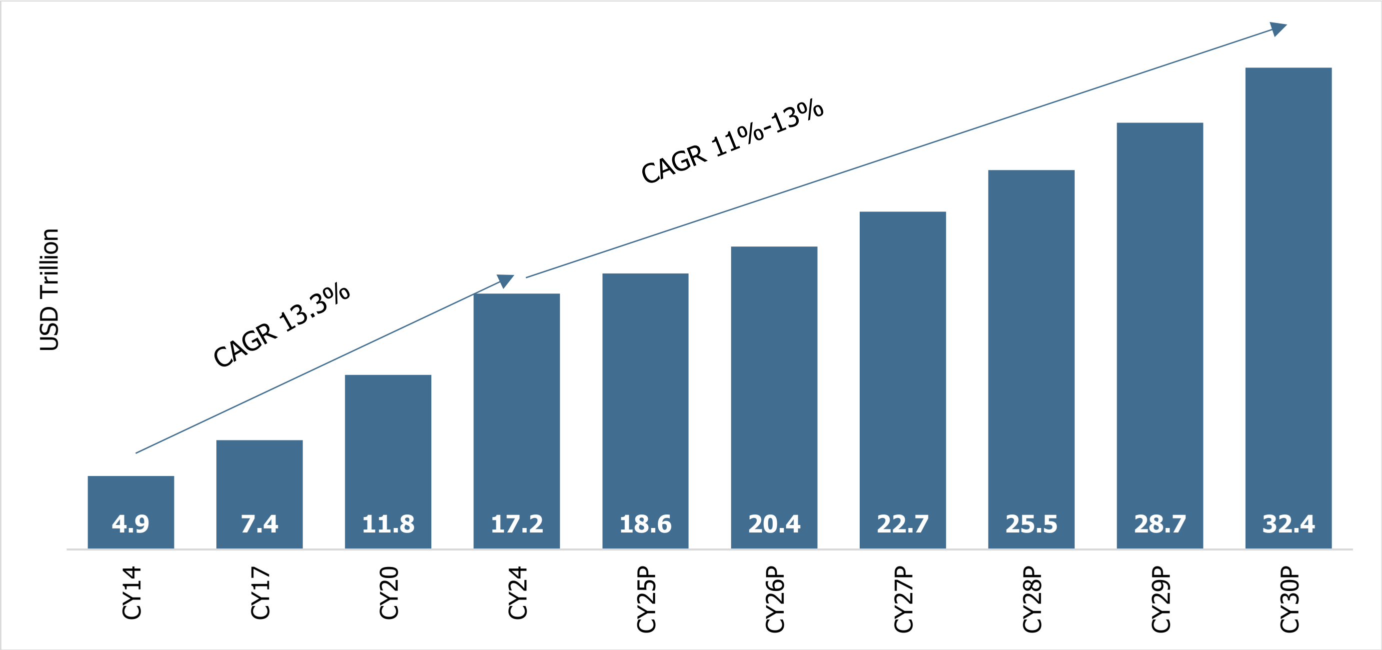
3. Global Alternatives - Private Equity strategy

Private equity involves investing in companies that are not publicly traded, in exchange for equity ownership. Private equity firms can buyout (acquire entire companies), invest in form of growth capital, venture capital or restructuring (distressed investments). The goal of this category is to enhance the company's valuation and eventually exit for profit. Furthermore, depending on the stake in the investee company, the investor is also involved in overseeing overall management and can have board representatives to strategize the company's growth.

2.2 Global Alternatives Industry Size

Global private alternatives industry poised for double digit CAGR between CY24-CY30P

Chart 23: Global Private Alternatives AUM growth trajectory

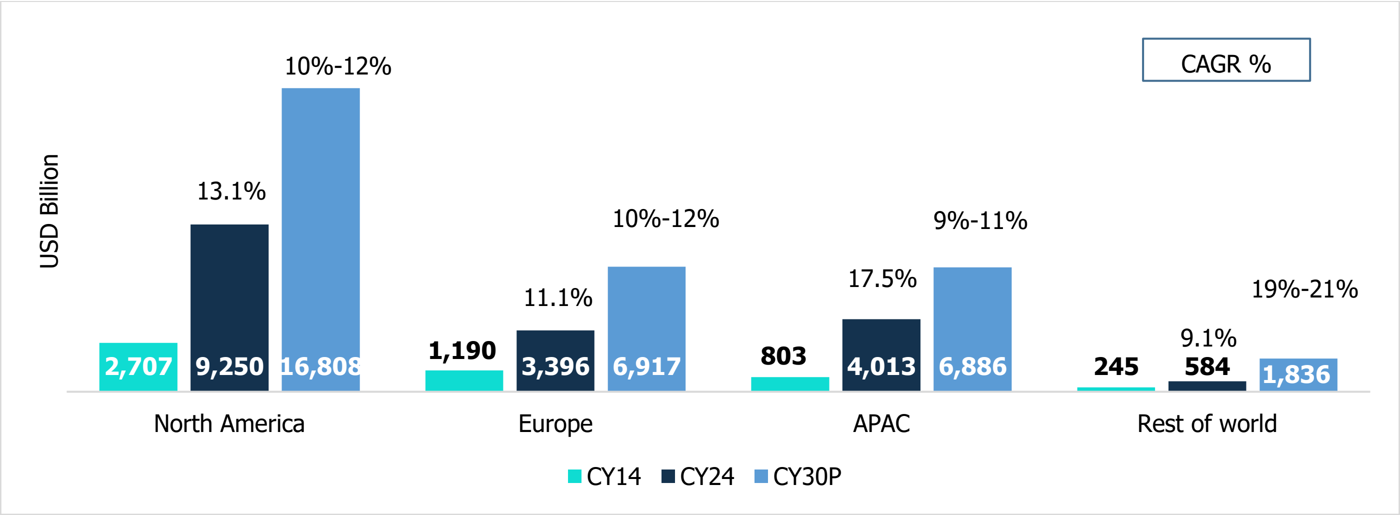


Source: Preqin, CareEdge Research
Note: E indicates Estimated; P indicates Projected
Note: Private Alternatives asset under management (AUM) indicates aggregate of dry powder AUM[1] and unrealized AUM of private equity, private credit, infrastructure and real-estate credit.

The Global private alternatives assets under management (AUM) nearly quadrupled in the last decade up to CY24, thereby indicating growing penetration of private alternatives. This increasing investor capital allocation towards these alternatives is mainly on account of diversification benefits, potentially higher returns and risk management. While the global alternatives industry is poised for growth over the medium term, the growth is projected to moderate slightly as compared to the past decade due to high base effect. The Global private alternatives AUM is projected to grow at a CAGR of 11%-13% between CY24-CY30, largely driven by increased institutional investor participation, need for diversification and demand for asset classes that offer higher risk-adjusted returns.

[1] The amount of capital that has been committed to a private capital fund minus the amount that has been called by the investment manager for investment.

Chart 24: Region-wise Global private alternatives AUM



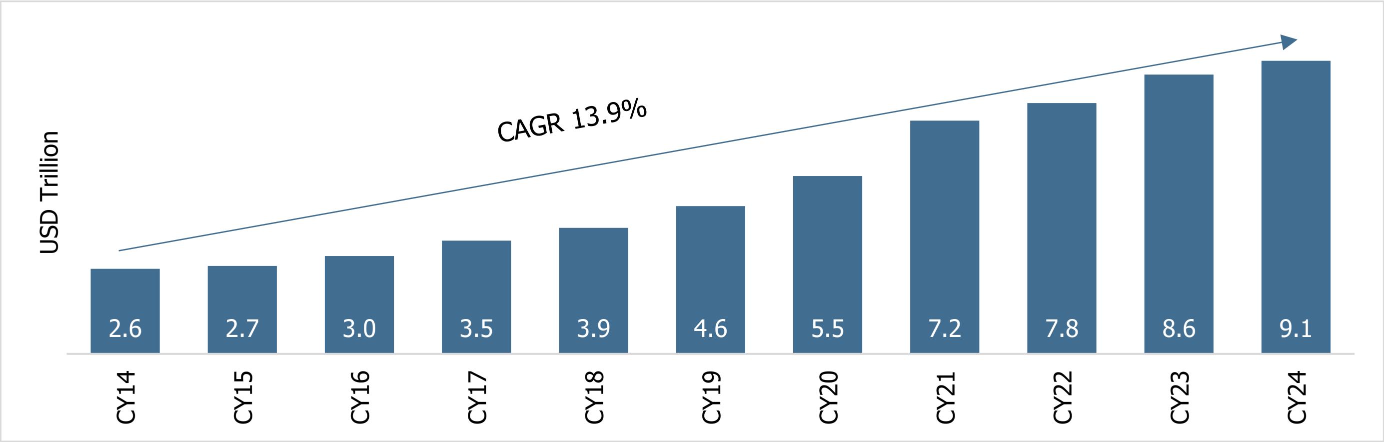
Source: Preqin, CareEdge Research

Note: Private Alternatives asset under management (AUM) indicates aggregate of dry powder AUM[2] and unrealized AUM of private equity, private credit, infrastructure and real-estate credit

Note: CAGR mentioned above CY24 is CAGR between CY14-CY24, and the CAGR mentioned above CY30P is projected CAGR between CY24-CY30.

As per the Preqin data, North America is the major market for the global private alternatives with an AUM of nearly USD 9.3 trillion, indicating a CAGR of 13% between CY14-CY24. Followed by APAC, which is the second largest market for the global private alternatives AUM. The APAC region witnessed 17.5% CAGR between CY14-CY24, going forward the region is poised to grow at a CAGR of 9%-11% between CY24-CY30P. APAC and specifically top emerging markets (India and China) are poised for growth over the medium term, on a lower base currently. India is expected to contribute significantly to the APAC alternatives industry, as it is fairly at a nascent stage and has high growth opportunities with growing base of institutional investors, high net-worth individual investors (HNIs) and Ultra HNIs.

Chart 25: US private market strategies AUM



Source: Preqin, CareEdge Research

[2] The amount of capital that has been committed to a private capital fund minus the amount that has been called by the investment manager for investment.

Note: Private Alternatives asset under management (AUM) indicates aggregate of dry powder AUM[3] and unrealized AUM of private equity, private credit, infrastructure and real-estate credit

Within North America, US accounts for a major chunk of private market strategies. Between CY14-CY24, US private market strategies have growth from USD 2.6 Trillion to USD 9.1 trillion, reflecting a CAGR of 13.9%. This long-term trajectory highlights the structural shift toward private markets as institutional and HNIs/UHNIs seek yield, diversification and lower correlation to public markets. In CY24, US Asset Management Industry's AUM[4] reached ~USD 50 trillion of USD ~30 trillion GDP, of which 18% is Alternatives.

Over the past three decades, some US-based alternative asset managers have transformed from modest investment firms into global powerhouses managing assets over trillions of dollars. These players have systematically diversified across private equity, credit, real estate, infrastructure, and other private markets, leveraging both institutional capital and HNI inflows. Their growth has been driven by robust deal execution, risk management, and the ability to scale operations across geographies while maintaining consistent returns. This expansion has also been supported by increasing global demand for alternative investments as traditional public market returns have faced headwinds.t

The largest firms have not only grown organically but have also ventured into strategic acquisitions, partnerships, and fund launches to consolidate their position. Their scale allows them to access proprietary deal flow, stronger negotiating power, and offer broader investment strategies that smaller firms cannot replicate. Over time, this has led to a high barrier to entry, with a small number of players capturing a significant share of the global alternatives market. Their influence extends beyond capital allocation, shaping trends in private markets, fundraising structures, and even regulatory engagement.

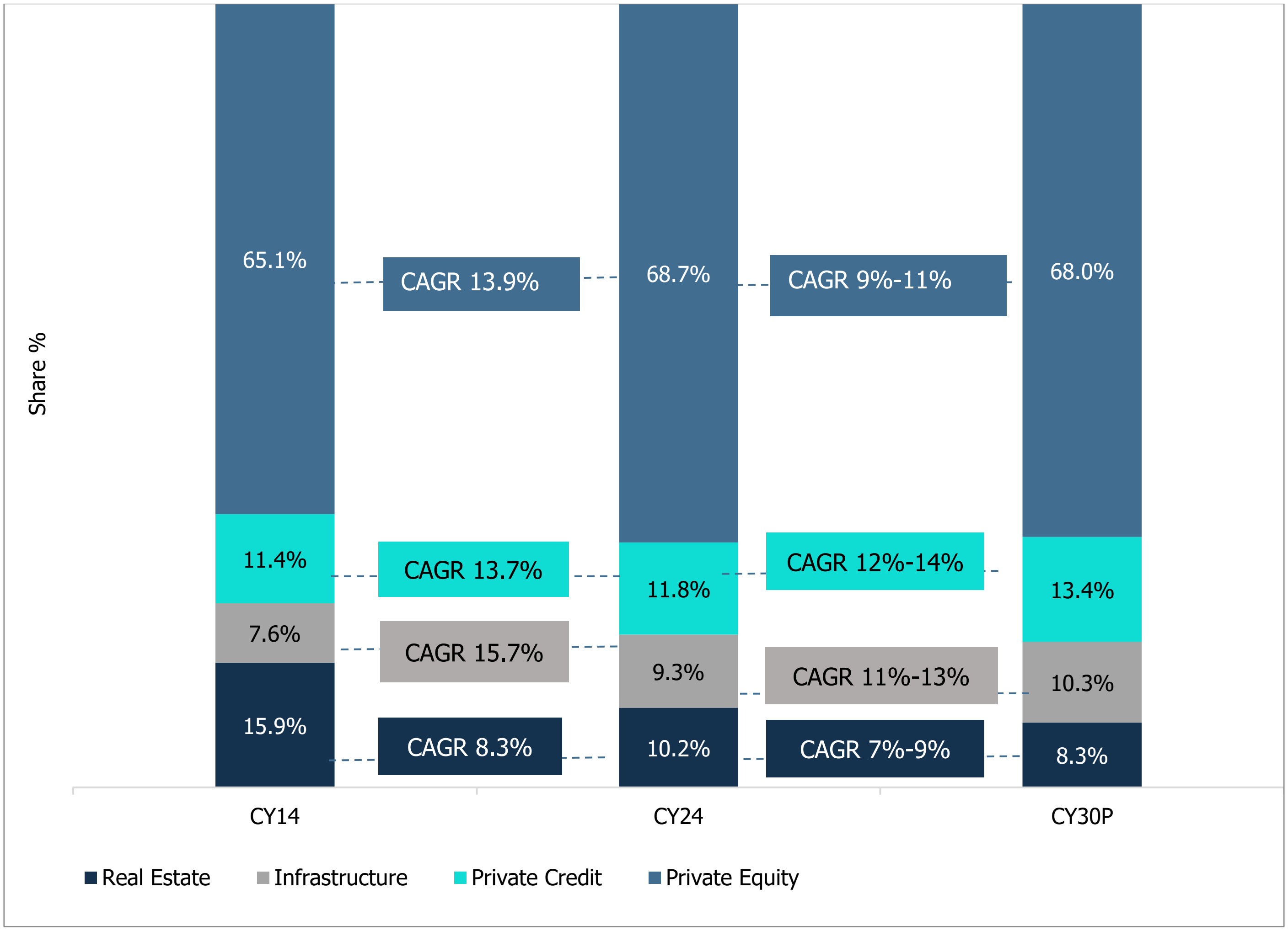
Compared to US, the India's alternatives landscape is still at an early stage but is poised for robust growth. Increasing institutional participation, rising domestic wealth, and greater acceptance of private market strategies are likely to drive asset growth across private equity, credit, infrastructure, and real estate-focused funds. As domestic firms gain experience, improve governance frameworks, and attract international capital, the market is expected to expand rapidly going forward, potentially mirroring some of the scale and depth observed in mature US players, albeit on a delayed trajectory. This growth is likely to be further supported by regulatory reforms and a strong entrepreneurial ecosystem, creating opportunities for both domestic and global investors.

2.2.1 Split of Global Private Alternatives industry by asset classes

Chart 26: Share in Global Private Alternatives AUM

[3] The amount of capital that has been committed to a private capital fund minus the amount that has been called by the investment manager for investment.

[4] AUM is the aggregate of Mutual Fund, ETF, Private fund net assets.



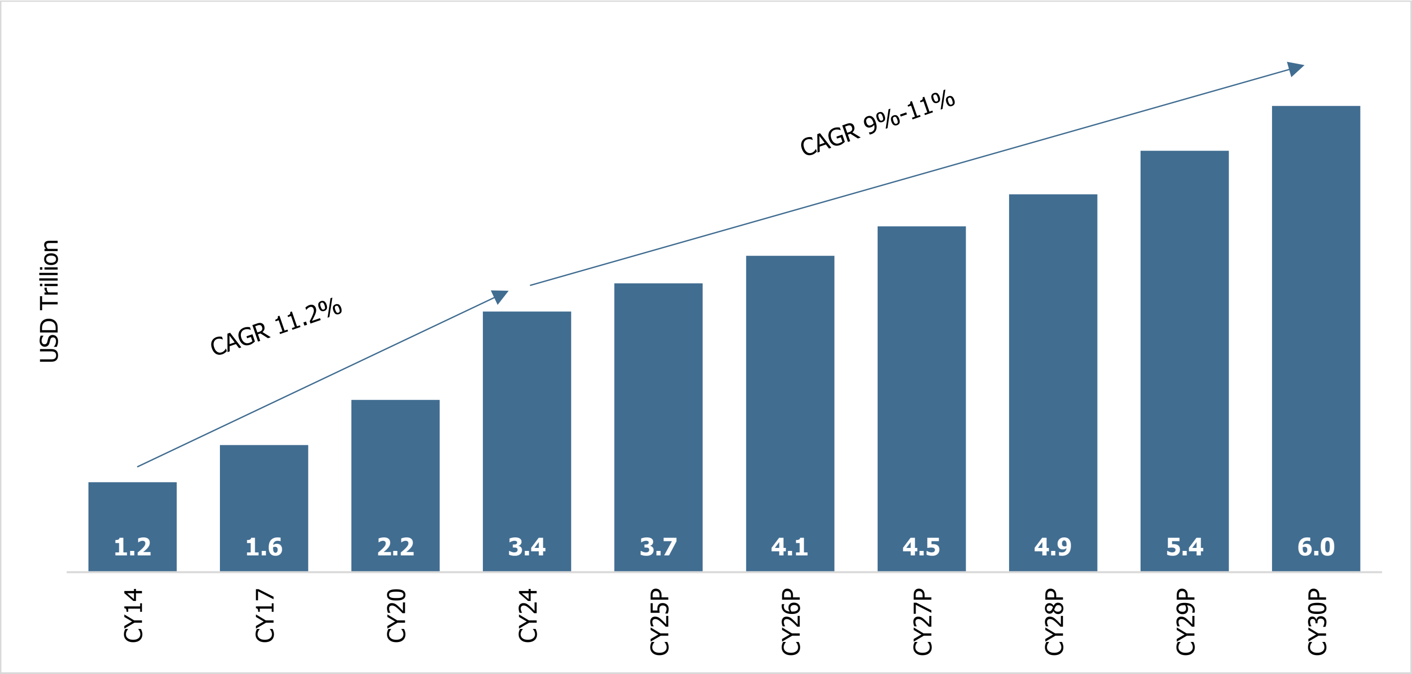
Source: Preqin, CareEdge Research
Note: Split is the percentage of private alternatives asset under management (AUM) - aggregate of dry powder AUM[5] and unrealized AUM of private equity, private credit, infrastructure and real-estate credit.

Private Equity is estimated to continue having lions share in Global Private Alternatives AUM at nearly 69% in CY24, followed by Private Credit at 11.8% in CY24. While real assets such as real estate and infrastructure combined account of over 19.5% of Global Private Alternatives AUM. Going forward, between CY24-CY30P, within real-assets, real estate is projected to grow at a CAGR of 7%-9% and infrastructure is projected to grow at a CAGR of 11%-13%; and private equity is projected to grow at a CAGR of 9%-11%. Between CY24-CY30, Private credit is projected to grow at a CAGR of 12%-14% thereby significantly attributing to the growth of global private alternatives. Overall, the growth of global private alternatives industry is expected to bode well between CY24-CY30P.

[5] The amount of capital that has been committed to a private capital fund minus the amount that has been called by the investment manager for investment.

Global Real-assets AUM to grow at 9%-11% CAGR between CY24-CY30

Chart 27: Global Real-assets AUM growth trajectory

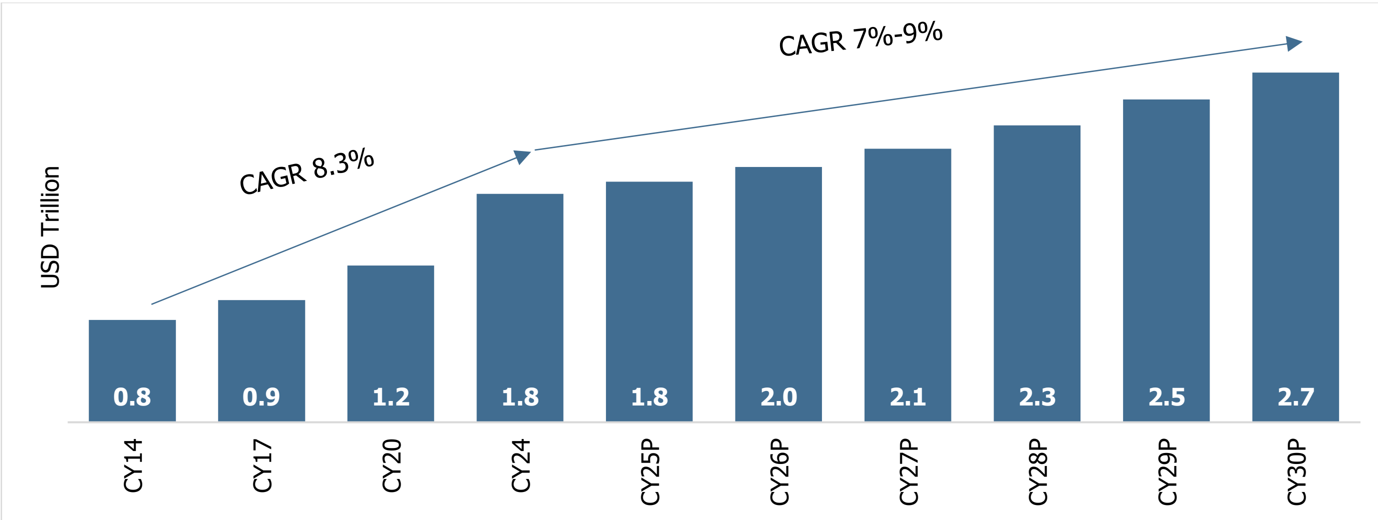


Source: Preqin, CareEdge Research
Note: Real Assets indicate aggregate of infrastructure and real estate (excl. real-estate debt) AUM

Real assets are among the popular investments for diversification and a potential source of steady cashflows. The increasing urbanization and growing global population have fuelled demand for real estate assets, leading to a steady appreciation in property values and increasing need for better infrastructure. Investors have been drawn to real assets tangible nature, its potential for long term capital appreciation and the potential for revenue generation through rental income. Real assets AUM has exhibited steady growth at a CAGR of 11.2% between CY14-CY24, going forward the real assets AUM is projected to grow between 9%-11% CAGR between CY24-CY30P.

Global Real-estate AUM to sustain its growth momentum at 7%-9% CAGR between CY24-CY30

Chart 28: Global Real-Estate AUM growth trajectory

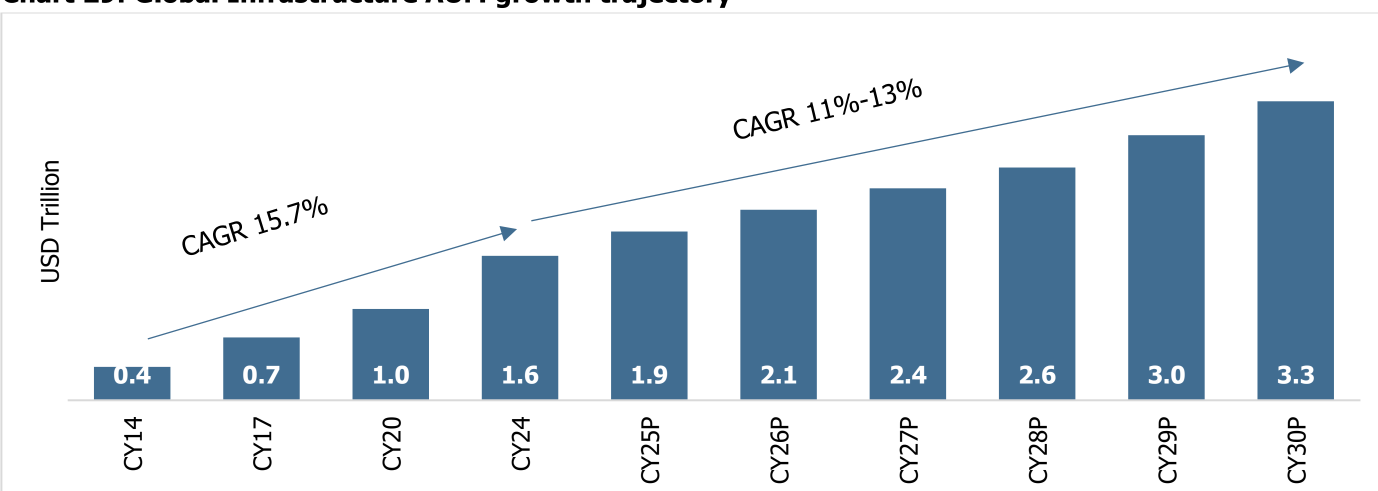


Source: Preqin, CareEdge Research

Global real-estate AUM grew at a CAGR of 8.3% between CY14-CY24, between CY24-CY30P the global real-estate AUM is projected to witness good growth at a CAGR of 7%-9%. This growth is likely driven by rising urbanization, growing demand for commercial and residential real estate. However, the performance of this asset class is vulnerable to economic cycles and volatile market conditions.

Global Infrastructure Alternatives AUM to sustain 11%-13% CAGR in CY24-CY30

Chart 29: Global Infrastructure AUM growth trajectory

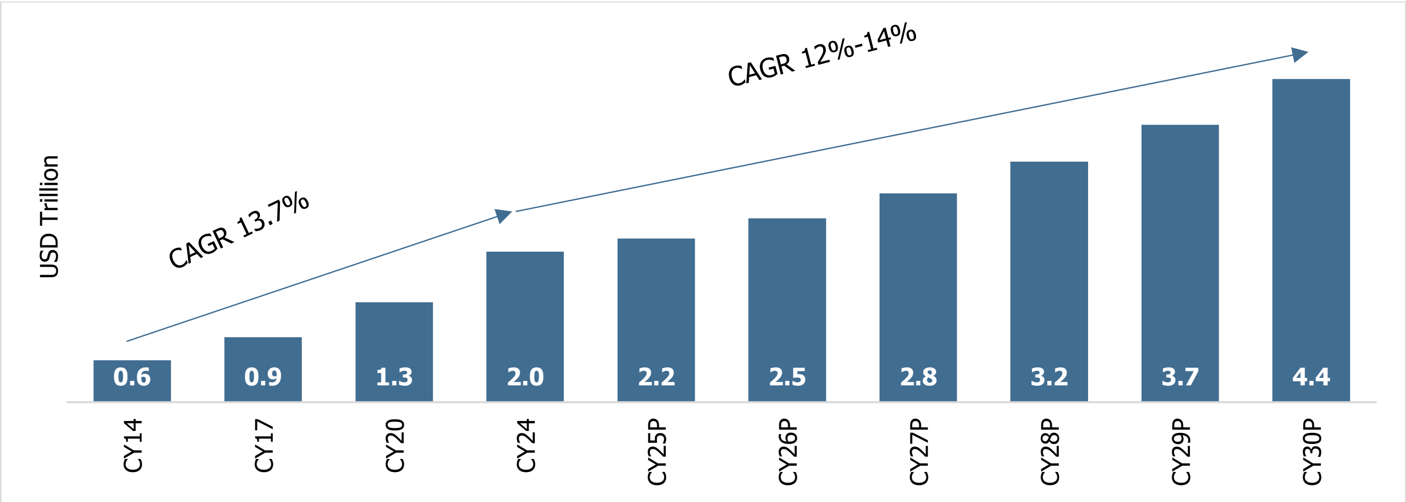


Source: Preqin, CareEdge Research

On a smaller base of USD 0.4 trillion in CY14, Infrastructure has witnessed notable growth of 15.7% over the decade (CY14-CY24) and is expected to witness growth at a CAGR of 11%-13% between CY24-CY30P on a higher base. The growth is likely to be driven by growing demand for infrastructure investments with increasing urbanization, growing population, and hence need for improved connectivity.

Global Private Credit AUM grew over 3x in decade ending CY24; expected to cross USD 4 trillion by CY30

Chart 30: Global Private Credit AUM growth trajectory

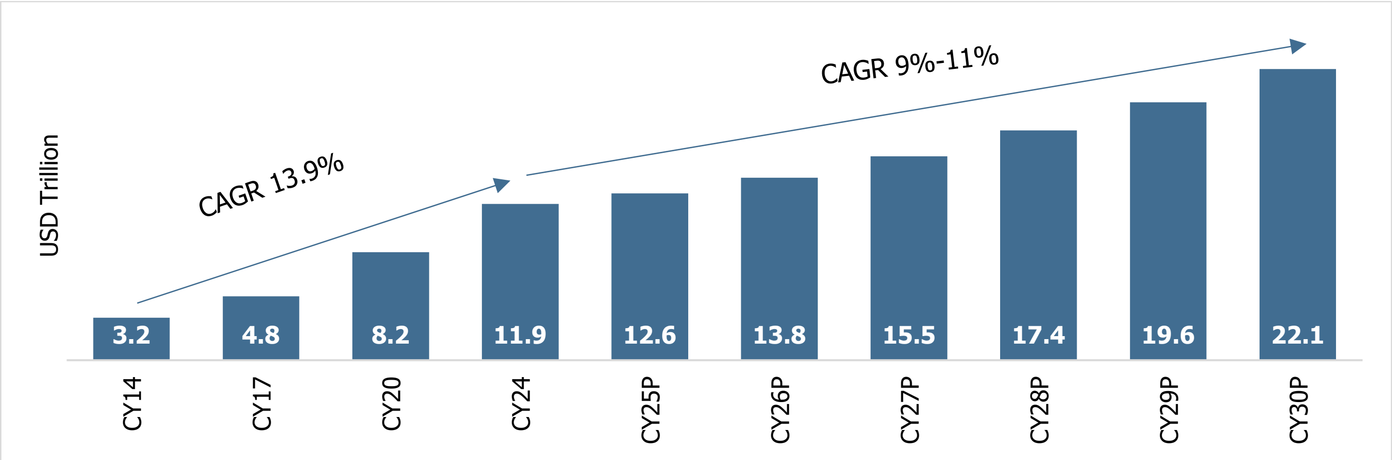


Source: Preqin, CareEdge Research
Note: Private Credit including real-estate debt

Private credit AUM has witnessed a significant uptick, growing at a CAGR of 13.7% between CY14-CY24, on account of lower base. This growth in private credit AUM is also likely to have been supported by growing demand for debt solutions, risk-adjusted returns, and potential for high returns as compared to traditional fixed-income investments. Between CY24-CY30P, global private credit AUM is projected to grow at a CAGR of 12%-14%, driven by tightening traditional lending norms and increasing market opportunities for private credit funds amidst the growing number of early-stage companies.

Global Private Equity projected to cross USD 22 trillion by CY30

Chart 31: Global Private Equity AUM growth trajectory

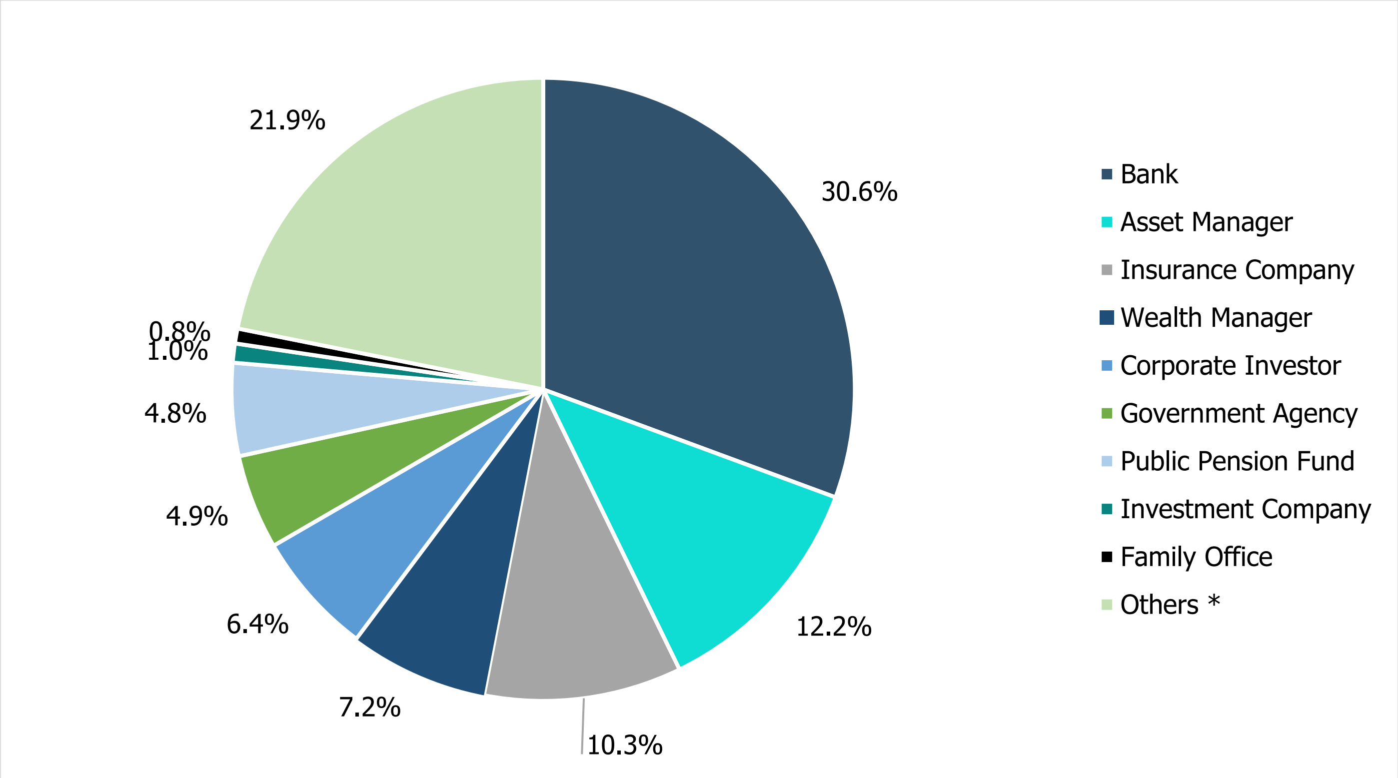


Source: Preqin, CareEdge Research

Global private equity's AUM grew at a CAGR of nearly 14% between CY14-CY24 and between CY24-CY30P on account of higher base, the growth is projected to moderate at 9%-11% CAGR. This growth can also be attributed sustained performance of PE funds in delivering attractive returns. Institutional investors are significantly attracted to PE funds due to their commitment, tenure, high returns and active management.

2.2.2 Source of funds for Global Alternative investments

Chart 32: Investor-wise sources of funds for global alternative investments for CY24



Source: Preqin, CareEdge Research
Note: Others* include investment bank, fund manager, endowment plans, investment trust and other institutional investors
Note: The above data excludes HNI's and UHNI's.

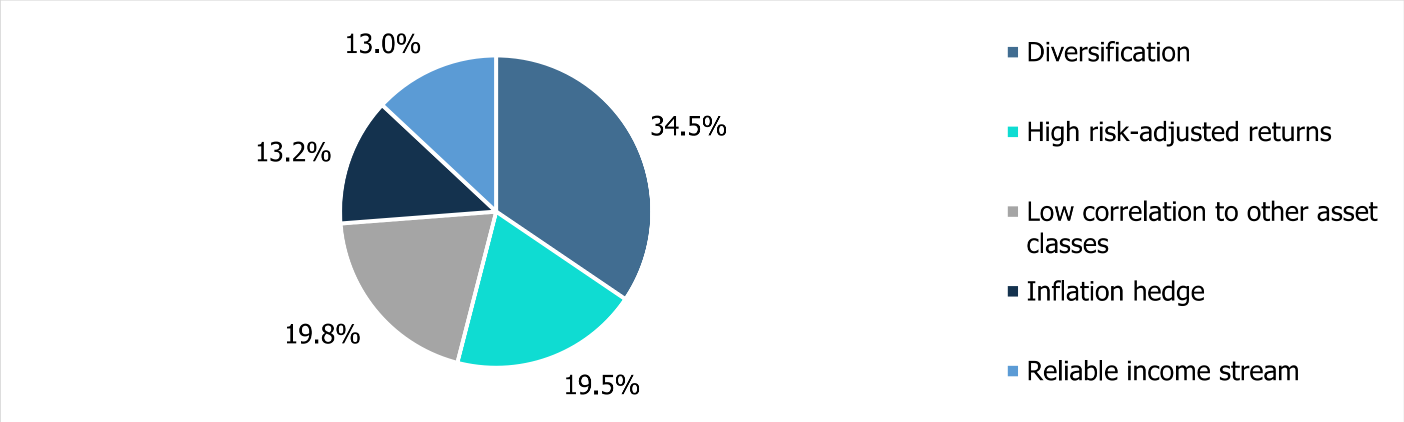
Banks play a pivotal role in aggregating and distributing alternative investment funds, accounting for nearly 30.6% of global alternatives. Followed by asset managers[6] and insurance companies at 12.2% and 10.3% respectively. Wealth managers[7] account for 7.2% whereas family offices make a negligible contribution of 0.8%. These investments are largely driven by diversification, high returns and reduce portfolio volatility.

[6] Asset manager provides investment management and consultancy to a range of investors. The asset manager will invest the pooled funds of its clients in a diverse range of asset classes, minimizing risk while maximizing return.
[7] Wealth managers are firms that provide advisory services, investment management, and financial planning services to private investors, generally high-net-worth, ultra-high-net-worth, and family office investors. Some entities also provide family office services to clients.

2.2.3 Key Structural Tailwinds for Global Private Alternatives Industry

Private Alternatives industry offers various benefits to investors

Chart 33: Institutional investors' key attributes for Alternative asset investment – 2024



Source: Preqin Survey, CareEdge Research Estimates

Diversification

- Diversification is a major reason that investors are attracted towards alternatives. Investors seek to diversify their portfolios beyond traditional asset classes.

Reliable income stream

- Alternatives can offer consistent cash flows, which are appealing for managing liabilities and ensuring steady income.

High risk-adjusted returns

- Investors are seeking assets that provide better returns relative to their risk, aiming for a more efficient risk-return profile.

Low correlation to other asset classes

- Alternatives often have low correlation with traditional markets, which can aids reduce overall portfolio risk.

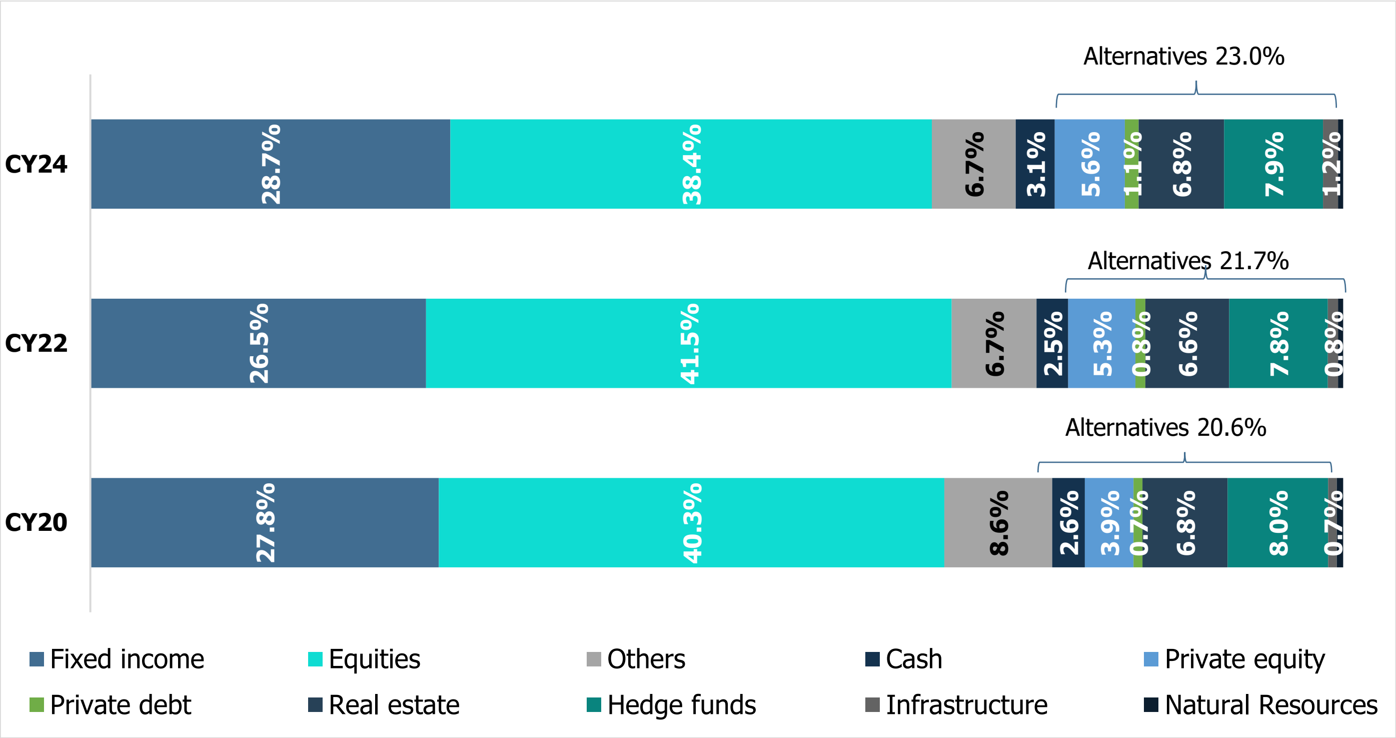
Inflation hedge

- With concerns about inflation, some investors turn to alternatives that may perform better during inflationary periods.

2.3 Emerging trends in the global wealth management industry

2.3.1 Institutional investors asset allocation towards alternatives witnessed significant growth between CY20-CY24

Chart 34: Global Institutional Investors Asset Allocation



Source: Preqin, CareEdge Research
Note: Data as of December of each year and is the simple average allocation towards alternatives

The simple average allocation towards alternatives by institutions surged up from 20.6% in CY20 to 23% in CY24. The continued increase in asset allocation towards alternatives by institutional investors is driven by the need for diversification. Traditional asset classes like stocks and bonds often exhibit high correlations and tend to move in line with the market fluctuations. Alternative investments such as private credit and real assets often have low correlation with the markets unlike traditional assets, thereby effective tool for risk management.

2.3.2 Diversification into multiple asset classes

The various asset classes of Alternatives have its own advantages as well as disadvantages; the portfolio mix varies based on the investor risk appetite and opportunity cost of funds.

Advantages of diversification into following Alternatives asset classes

Real Estate	•Hedge Against Inflation •Intrinsic Value •Stable Income Stream •Low Correlation with Traditional Financial Assets
Infrastructure	•Consistent & Predictable Cash flows •Revenues are co-related to Inflation •Low Correlation with Traditional Financial Assets
Private Credit	•High Returns •Low risk compared to private equity •Customised Financing
Private Equity	•High Returns •Active Management •Control over company operations

Source: CareEdge Research

Challenges of diversification in the Alternatives Industry

Real Estate	•Costly and Time Consuming •High Operational and Administrative Costs •Impacted by Economic Cycles
Infrastructure	•Investment can span as long as 30 years •Requires Substantial Capital Investments •Regulatory Risks
Private Credit	•Probable credit risk due to lending to smaller, high-risk borrowers •Risk of Default and Recovery •High Complexity and Less Transparency
Private Equity	•Concentration Risk •Risk of Loss •Risk of management conflict

Source: CareEdge Research

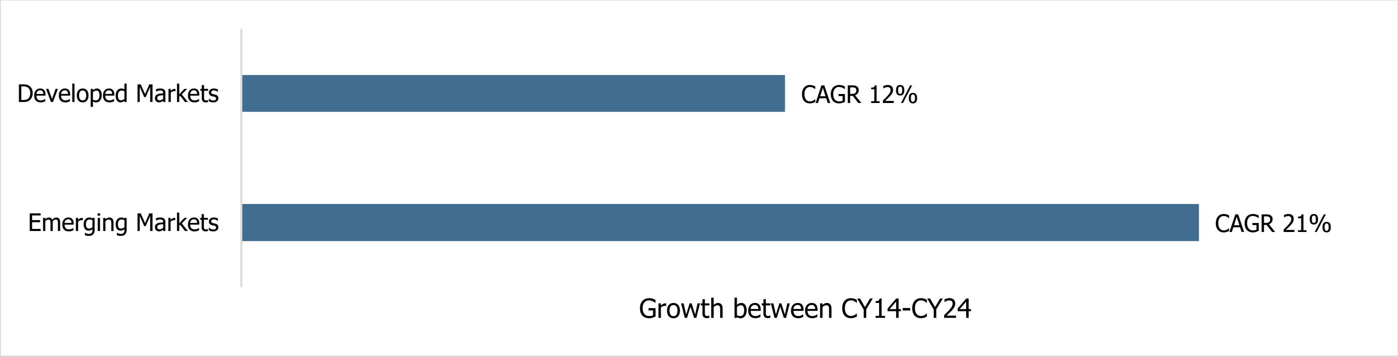
Diversification in the alternatives industry enables investors to enhance their portfolios by including a variety of asset classes that can perform differently under various market conditions. Alternative strategies aim to reduce overall risk and potentially improve returns by spreading investments across non-traditional assets such as real estate, private credit, private equity, and more. However, successfully implementing diversification requires a thorough understanding of each asset class, as they come with unique characteristics, risk profiles, and liquidity considerations.

Despite the potential benefits, challenges remain that can complicate the diversification process. The correlations among different alternative asset classes can fluctuate, especially during periods of market volatility, which may reduce the effectiveness of diversification strategies. Regulatory considerations and shifting market dynamics can also impact investment opportunities, requiring investors to remain adaptable and informed. Additionally, managing a diverse array of alternative investments often demands specialized expertise and robust operational frameworks to track performance and compliance effectively. Investors need to engage in careful research and due diligence to ensure that their diversification efforts align with their overall investment goals and risk tolerance.

2.3.3 Private Alternatives growth trajectory in Emerging Markets vs Developed Markets

Private Alternatives products poised for growth in emerging markets like India & China

Chart 35: Emerging Markets vs Developed Markets



Source: Preqin, CareEdge Research
Note: Emerging Markets include India, China, Japan and Brazil; Developed Markets include US, UK and Australia.

While developed markets registered a CAGR of 12% between CY14-CY24, emerging markets witnessed 21% CAGR between CY14-CY24 in private alternatives; given lower base compared to developed markets. Over the years, alternatives industry has gained significant traction in emerging markets. Amongst the leading emerging markets, India has continued to witness burgeoning growth. After China, India is the second largest and among fastest growing emerging alternatives markets.

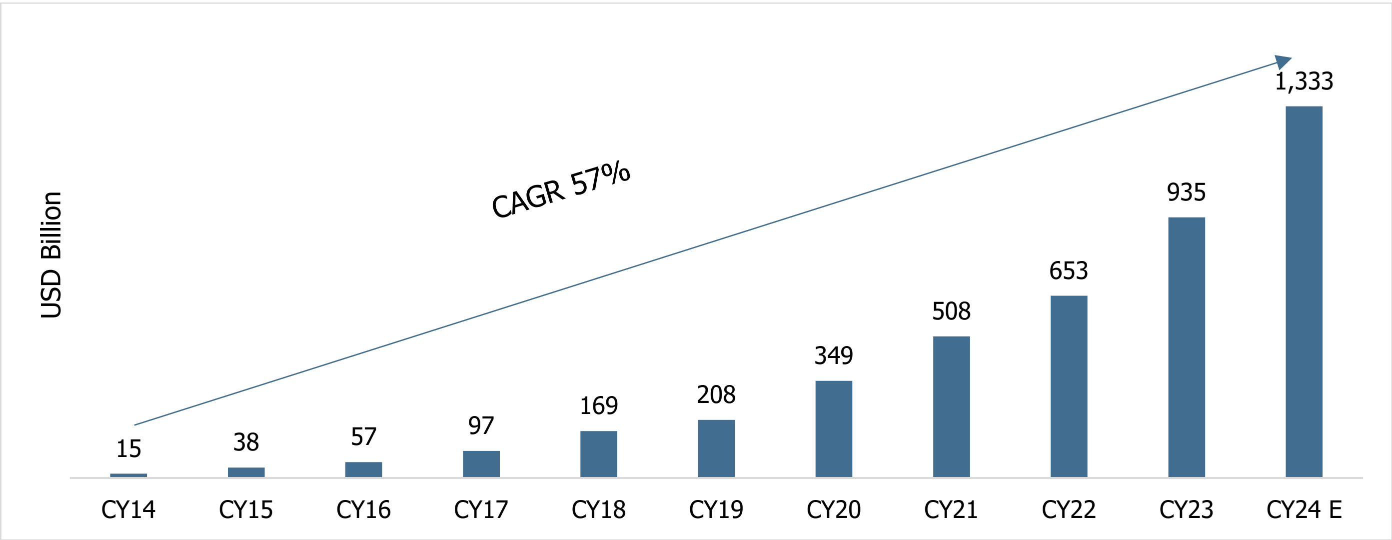
India's strong economic growth prospects, young demographic, increasing urbanization and favourable Government reforms have supported the growth of Alternatives products. Further, India has also witnessed significant investments from institutional investors such as endowment, pension funds, asset managers as alternatives offer high risk-adjusted returns and acts as a key diversification tool.

Going forward, the demand for Alternatives products in the emerging markets is expected to reach its potential backed by healthy economic growth and rising investor base.

2.3.4 Focus on ESG

Over the last decade, the importance of Environmental, Social and Governance (ESG) factors in investment decisions has led to uptick in demand for ESG focused private alternatives. These funds focus on impact investing funds that aim to generate social and environmental returns in addition to financial gains; thematic ESG funds – with focus of themes such as renewable energy, clean technology and sustainability. ESG focused Real-estate investments – green building, social infrastructure investments such as healthcare facilities, education centres. ESG private alternatives also includes Infrastructure investments in renewable energy projects and sustainable transportation projects.

Chart 36: Global ESG AUM grew at CAGR of 57% between CY14-CY24, on lower base



Source: Preqin, CareEdge Research
Note: ESG Asset under management (AUM) indicates ESG AUM of private equity, private credit and infrastructure

The Global ESG focused private alternatives AUM has grown ~89x to reach USD 1,333 bn in CY24E from an earlier USD 15 bn in CY14. This significant growth in ESG alternatives can be attributed to increased demand for ESG sustainable investments, need for diversification and ethical investment. Further, governments globally are implementing stringent ESG norms, leading to increased adoption of sustainable business practices thereby making ESG investments attractive for ESG focused investors.

2.4 Top Global Alternatives Players Profile

Name	Headquarters	Major Region present in	Establishment Year	Major Strategies	AUM as of Sep'25
Black Stone Inc.	USA	Africa, Asia, Australasia, Europe, Middle East, North America, South America, West Europe	1985	**Real Estate:** Core, Opportunistic, Value Added. **Infrastructure:** Brownfield and Greenfield **Private Credit:** Business Development Companies (BDCs), Collateral Loan Obligation (CLOs), Direct Lending, Distressed Debt, Infrastructure Debt, Mezzanine, Real Estate Debt, Special Situations, Blended / Opportunistic Debt, Senior Debt. **Private Equity:** Buyout, Co-Investment, Public to Private, Recapitalisation, pre-IPO. **Hedge funds, Natural Resources**	USD 1,241.7 bn
Brookfield Asset Management	Canada	Europe, Global, North America, Australia, China and India	1899	**Real Estate:** Core, Core-Plus, Opportunistic, Value Added **Infrastructure:** Brownfield and Greenfield **Private Credit:** CLOs, Direct Lending, Distressed Debt, Mezzanine, Special Situations, Blended / Opportunistic Debt Natural Resources: Agriculture/Farmland, Energy, Metals and Mining, Timberland **Private Equity:** Buyout, Co-Investment, Early Stage, Expansion / Late Stage, Growth, PIPE, Public to Private, Recapitalisation, Restructuring, Turnaround	USD 1,151 Bn[8]
Apollo Global Management	USA	Asia, Europe, North America, West Europe, Australia, Canada, China, Singapore, South Korea, UK, India	1990	**Real Estate:** Core, Value Added **Infrastructure:** Brownfield and Greenfield. **Private Credit:** Business Development Companies, Collateral Loan Obligation, Direct Lending, Distressed Debt, Mezzanine, Special Situations **Private Equity:** Buyout, Co-Investment, Complex Situation, Divestiture, Expansion / Late Stage, Growth **Natural Resources**	USD 908 Bn
Principal Global Investors	USA	Asia, Australia, Europe, Global, Australia, Finland, Germany, UK, US	1998	**Real Estate:** Core, Core-Plus, Opportunistic, Value Added **Private Credit:** Collateralised Loan Obligation, Direct Lending **Private Equity:** Growth	USD 752.0 Bn
KKR & Co. Inc	USA	ASEAN, Asia, Australasia, Central America, Europe,	1976	**Real Estate:** Core, Core-Plus, Opportunistic, Value Added **Infrastructure:** Brownfield and Greenfield	USD 723.1 Bn

[8] AUM of Brookfield Asset Management includes Real-estate, Infrastructure, Renewable, Private Equity, Credit AUM

Name	Headquarters	Major Region present in	Establishment Year	Major Strategies	AUM as of Sep'25
		Greater China, West Europe, Australia, India, Canada, China and UK		**Private Credit:** Collateralised Loan Obligation, Direct Lending, Distressed Debt, Mezzanine, Special Situations **Private Equity:** Buyout, Co-Investment, Complex Situation, Expansion / Late Stage, Growth, Management Buy-in, Management Buyout	
Ares Management Group	USA	Asia, Australasia, Europe, Global, Greater China, Middle East, North America, South Asia, Southeast, West Europe, Australia, China and India	1997	**Real Estate:** Core, Core plus. **Private Credit:** Direct Lending, Junior / Subordinated Debt, Mezzanine, Senior Debt, Uni-tranche Debt **Private Equity:** Buyout, Management Buyout **Infrastructure, Hedge funds and Natural Resources**	~USD 595.7 Bn
Carlyle Group	USA	North America, Europe, Asia, Africa,	1987	**Real Estate:** Core-Plus, Opportunistic, Value Added **Infrastructure:** Brownfield and Greenfield **Private Credit:** Mezzanine **Private Equity:** Buyout, Co-Investment, Divestiture, Early Stage, Early Stage: Seed, Early Stage	USD 474 Bn[9]
Goldman Sachs Group, Inc.	USA	ASEAN, Asia, Central America, Europe, MENA, North America, Greater China, West Europe, Australia, India, Canada, China and UK	1869	**Real Estate:** Core, Core plus, Opportunistic. **Private Credit:** Mezzanine, Direct Lending, Blended / Opportunistic Debt, Senior Debt. Infrastructure, Hedge funds and Natural Resources **Private Equity:** Balanced, Buyout, Co-Investment, Expansion / Late Stage, Growth, etc	USD 374 Bn[10]
EQT AB Group	Sweden	ASEAN, Americas, Asia, Australasia, Europe, Israel, Nordic, North America and South America	1994	**Real Estate:** Core, Core-Plus, Value Added **Private Equity:** Buyout and Public to Private **Infrastructure and Natural Resources**	Eur 267 Bn
Blue Owl Capital	USA	Asia, Europe, North America, Australia and US	2016	**Real Estate:** Core Plus **Private Credit:** Business Development Companies, Collateralised Loan Obligation, Direct Lending, Blended / Opportunistic Debt **Private Equity:** Buyout, Co-Investment, Complex Situation, Expansion / Late Stage, Growth	USD 295.6 Bn
TPG Capital	USA	ASEAN, Africa, Americas, Asia, Australasia, East and Southeast Asia and Emerging Markets	1992	**Real Estate:** Core-Plus, Opportunistic, Value Added **Private Credit:** Distressed Debt, Special Situations **Private Equity:** Balanced, Buyout, Co-Investment, Early Stage, Early Stage: Seed, Early Stage	USD 286.4 Bn

[9] AUM of Caryle Group includes Global Private equity and Global Credit AUM

[10] AUM of Goldman Sachs Group indicates Assets under supervision – alternative investments

Name	Headquarters	Major Region present in	Establishment Year	Major Strategies	AUM as of Sep'25
Franklin Resources Inc	USA	United States, Europe, Middle East, Africa and Asia Pacific	1947	**Natural Resources** **Real Estate:** Core, Fund of Funds, Opportunistic, Value Added Infrastructure and Hedge Funds **Private Equity:** Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Growth, Venture Capital.	USD 263.9 Bn[11]
AXA Investment Managers	France	US, Europe and Asia-Pacific	1994	**Real Estate:** Core-Plus, Opportunistic, Value Added **Private Credit:** Collateralised Loan Obligation, Direct Lending, Special Situation, Senior Debt **Private Equity:** Co-Investment, Complex Situation, Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Growth, Secondaries, Venture Capital **Infrastructure, Natural Resources and Hedge Funds**	Eur 188 Bn
Bain Capital	USA	Asia, Australasia, Europe, Global, North America, Australia, New Zealand, Singapore and US	1997	**Private Equity:** Buyout, Co-Investment, Divestiture, Management Buyout, PIPE, Public to Private, Recapitalisation, Restructuring, Spin-Offs, Turnaround **Real Estate:** Opportunistic, Value Added **Private Credit:** Business Development Companies, Collateralised Loan Obligation, Direct Lending, Mezzanine, Junior / Subordinated Debt, Senior Debt, Uni-tranche Debt	USD 205+ Bn
Advent International Corporation	USA	Asia, Australasia, Central America, Central and East Europe, Emerging Markets, Europe, Global, Greater China, North America, South America, West Europe	1984	**Private Credit:** Special Situation **Private Equity:** Buyout, Divestiture, Growth, Management Buy-in, Management Buyout, PIPE, Public to Private, Recapitalisation, Secondaries, Spin-Offs	USD 94 Bn
Warburg Pincus LLC	USA	ASEAN, Africa, Americas, Asia, Australasia, Central and East Europe, East and Southeast Asia and Emerging Markets	1966	**Real Estate:** Opportunistic, Value Added **Private Equity:** Balanced, Buyout, Divestiture, Early Stage, Early Stage: Seed, Early Stage **Natural Resources**	USD 86+ Bn

Source: Company Reports, AUM of Bain Capital, Advent International Corporation, AXA Investment Managers is sourced from Preqin
Note: * indicates AUM is as on Mar'25, AUM has been rounded off to nearest integer
Note: Middle East and North Africa (MENA) countries includes Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.
ASEAN (Association of Southeast Asian Nations) countries include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.
Australasia includes Australia, New Zealand, and Papua New Guinea.

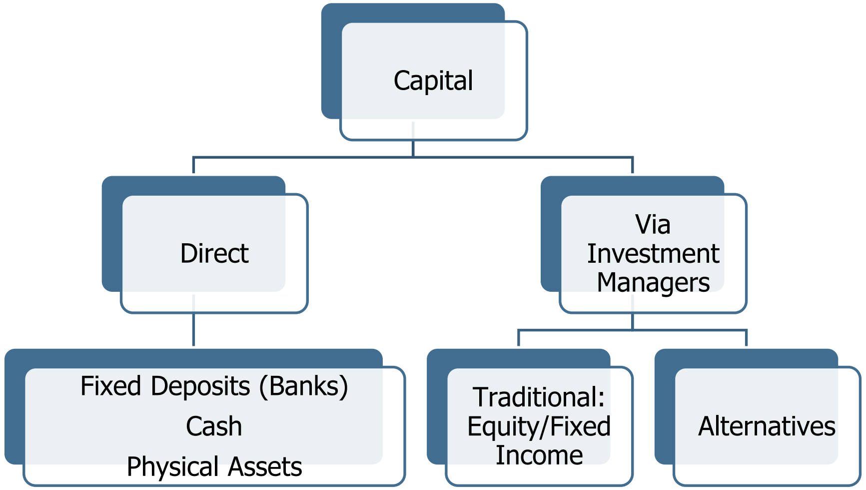
[11] Franklin Resources Inc AUM is alternatives AUM

3 Indian Alternatives Industry

3.1 Overview of Indian Asset Management

Asset management generally involves the management of investments by third-party managers on behalf of investors. Asset managers employ a diverse range of strategies, which may be generally divided into two broad categories: traditional equity and fixed income, and alternative investment strategies.

Chart 37: Classification of Investments

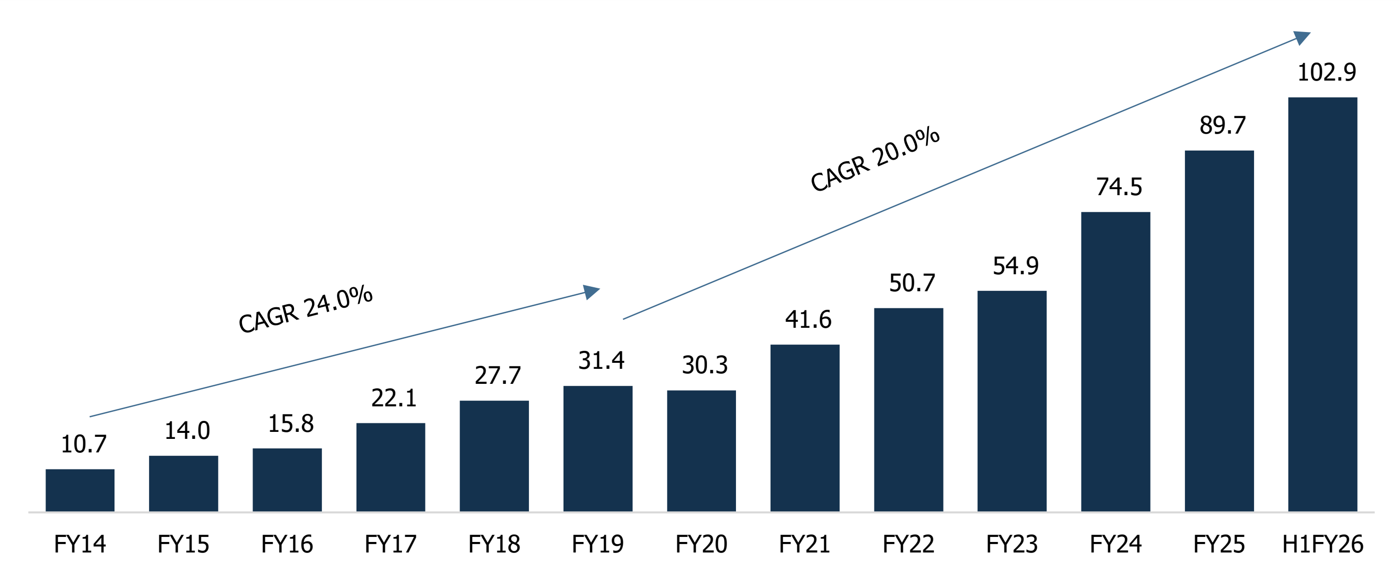


Asset Management Industry attracts capital across two strategies - Liquid Strategies and Private Market Strategies (Alternatives).

- Traditional assets which generally falls under liquid strategies include equity, fixed income and/or derivative securities. These assets may be managed via retirement funds, mutual funds, bank deposits or using a portfolio management approach through separate accounts managed on behalf of individuals or institutions.
- Alternative investments are financial assets that enable investors to diversify their portfolios and seek higher returns beyond traditional stocks and bonds. Alternatives in its simplest form are an alternative to the traditional forms of investing, which include Fixed Deposits, Mutual funds, Equities, Bonds, G-Secs or similar products.

Asset Management has grown at a CAGR of ~21.7% since FY14

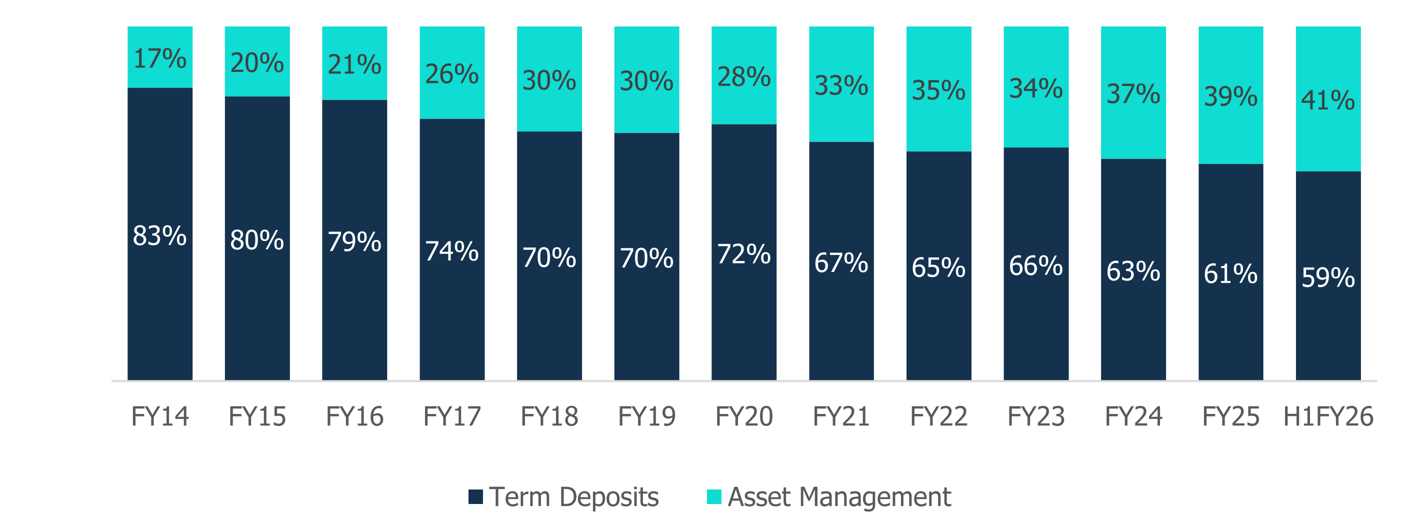
Chart 38: Asset Management has Risen Rapidly (Rs trillion)



Source: CMIE, SEBI, CareEdge Research Note: AuM as of the last day of the month; FY- financial year ended March; Asset Management includes Mutual Funds, SEBI Registered Alternates (AIF Commitments + REIT and InvIT funds raised in the respective years) and Portfolio management services (PMS) excluding EPFO. For H1FY26, REIT and InvIT funds raised has been considered from Apr'25 to Oct'25 and PMS data is considered from Apr'25 to Aug'25.

Asset Management has grown by more than 9x at a CAGR of 21.7% over the last 11.5 years (FY14-H1FY26) compared to the term deposits which have grown by ~2.9x at a CAGR of 9.7% between FY14-H1FY26 highlighting the shift of the Indian markets towards the capital markets from the traditional term deposits in search of higher returns. When the growth of Asset management is divided into two periods namely FY14-FY19 (CAGR of 24.0%) and FY19-H1FY26 (CAGR of 20.0%), it is discernible that along with the other factors, the first five-year period has grown faster due to a lower base. Bank Term Deposits remain the most popular financial instrument though their share has declined with the rising preference of investors towards the capital market, including equities and debt instruments.

Bank Term Deposits Ceding Space to Asset Management
Chart 39: Asset Management has Steadily Gained Share



Source: CMIE, RBI, SEBI, CareEdge Research Note: Term Deposits as of the last reporting date of the period; AuM as of the last day of the month; FY- financial year ended March; Asset Management includes Portfolio management services (excluding EPFO), Mutual Funds, SEBI Registered Alternates (AIF Commitments + REIT and InvIT funds raised in the respective years). For H1FY26, REIT and InvIT funds raised is from Apr'25 to Oct'25, PMS data is from Apr'25 to Aug'25 and Term deposits data is considered for H1FY26 (within Term deposits, RRBs data for H1FY26 is considered same as FY25).

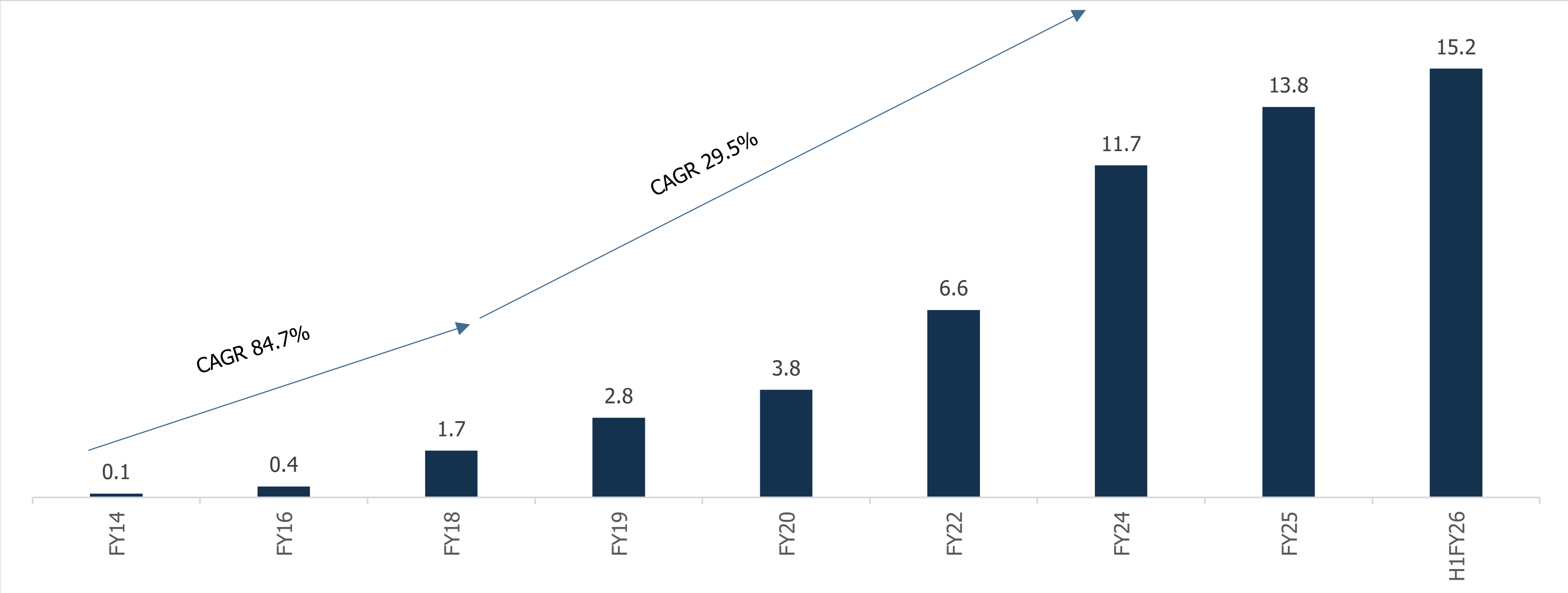
With the rising preference of investors towards the capital market, including equities and debt instruments and the need to diversify, the asset management space has grown rapidly. Resultantly, even though Bank Term Deposits continue to remain the most popular financial instrument, its share has declined while that of the asset management segment increased over the last decade.

3.2 Indian SEBI Registered Alternates Industry on the Growth Trajectory

3.2.1 Overview

As India continues its economic growth trajectory, investors are increasingly looking for investment opportunities apart from the traditional investment ecosystem to build their portfolio and safeguard their wealth from future financial downturns. Some of these alternative investment options in India can offer high returns with low volatility and help diversify an investment portfolio. In India, SEBI registered alternates industry has three primary structures namely AIFs, REITs and InvITs. India's alternative investment industry is growing, although it is still relatively underdeveloped compared to the global industry. Factors like high minimum investment sizes and attractive returns from traditional asset classes contribute to this landscape. However, with regulatory changes and increasing investor interest, the alternative investment space in India is poised for further growth.

Chart 40: Indian SEBI Registered Alternates Have Grown Rapidly (Rs trillion)



Source: SEBI, CareEdge Research; Note: Consists of SEBI registered Alternates AIF Commitments + REIT and InvIT funds raised in the respective years, FY indicates Financial Year Ended March, for H1FY26, REIT and InvIT funds raised is from Apr'25 to Oct'25.

As can be observed in the chart above, SEBI registered Alternates, comprising AIFs, InvITs, and REITs, have grown at a significantly faster pace (CAGR of 84.7% for FY14-FY19) on account of a lower base, as they started to gather pace, from FY19 to H1FY26, the growth rate of the SEBI registered alternatives, was still high at CAGR of 29.5%. A major component of this growth has been the continued substantial commitments to Category II AIF funds, meanwhile AIF investments include both public as well as private investments.

3.2.2 Evolution of Indian Alternates Industry

The timeline below covers some of the major regulatory changes.

Table 8: Industry Evolution

Period	Particulars
1980 – 1990s	• Indian entrepreneurs and startups sought funding to fuel their ideas, and private equity and venture capital firms recognized the potential of the Indian market. • SEBI (Venture Capital Funds) Regulations introduced in 1996
Early 2000s	• Rise of Hedge Funds, Real Estate and Infrastructure Investments, Growing Interest in Commodities
2012-2013	• SEBI introduces AIF regulations; Risk Management Framework introduced for CAT III AIFs • Calculation of NAV and exposure
2014-2015	• Transparency enhanced • Guidelines on overseas investments by AIFs • Launch of REITs and InvITs
2016-2018	• Introduction of AIF pass through status • Introduction of online registration system • Operational guidelines for IFSCs
2020	• Pension and Insurance Funds allowed to invest in AIFs • Enhanced and standardized disclosure norms; performance benchmarking for AIFs • Investment Committee norms
2021	• Code of Conduct; New class of investors • Mandatory filing of Private Placement Memorandums (PPM); Enhanced disclosures
2022	• Enhanced AIF disclosures mandated by SEBI • Introduction of special situation funds • Compliance officer mandatory
2023	• Removal of indexation benefits of Debt MFs • Introduction of direct plan for AIFs • Standard approach to valuation • Tax benefits introduced for AIF investments via GIFT City
2024	• SEBI introduced a new framework under the SEBI (AIF) (Third Amendment) Regulations, 2024. This amendment includes a new chapter, Chapter III-D, dedicated to "Migrated Venture Capital Funds" ("MVCFs"), which facilitates the transition of VCFs into the AIF framework.
2025	• SEBI mandates NISM certification for Key investment team by July 31, 2025 • Mandatory Dematerialization – All AIF holdings to be in demat form by Oct 2025 to enhance transparency • Category I and II AIFs to offer co-investment facility to accredited investors by launching a separate co-investment scheme in addition to the co-investment currently being facilitated to

Period	Particulars
	investors of AIFs through Co-investment Portfolio Managers under SEBI (Portfolio Managers) Regulations, 2020. Operational standards and implementation modalities introduced.

Structure of SEBI Registered Alternates in India

In India, the alternative industry broadly has three primary structures namely AIFs, REITs and InvITs which have been detailed below. AIFs account for the bulk of the industry with REITs and InvITs accounting for a significantly smaller share.

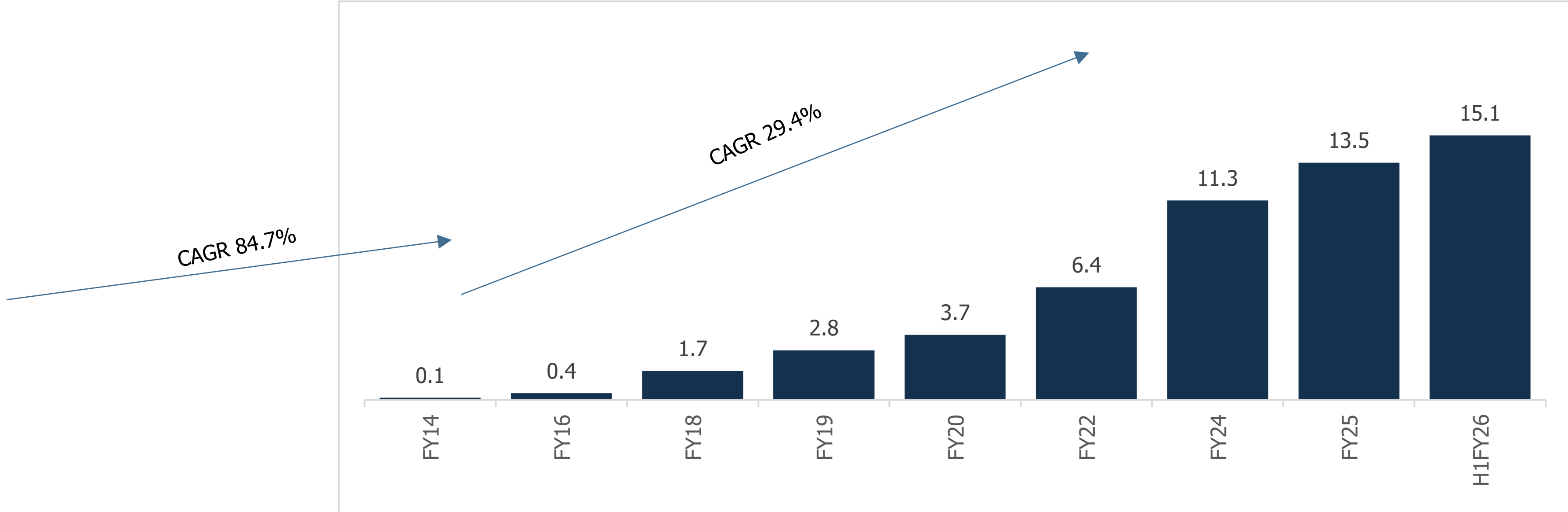
3.2.3 Alternative Investment Funds

Overview

As per SEBI, Alternative Investment Fund or AIF means any fund established or incorporated in India which is a privately pooled investment vehicle which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors. AIF does not include funds covered under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.

Growth of AIFs in India

Chart 41: AIFs Cumulative Commitments have surged annually (Rs trillion)



Source: SEBI, CareEdge Research

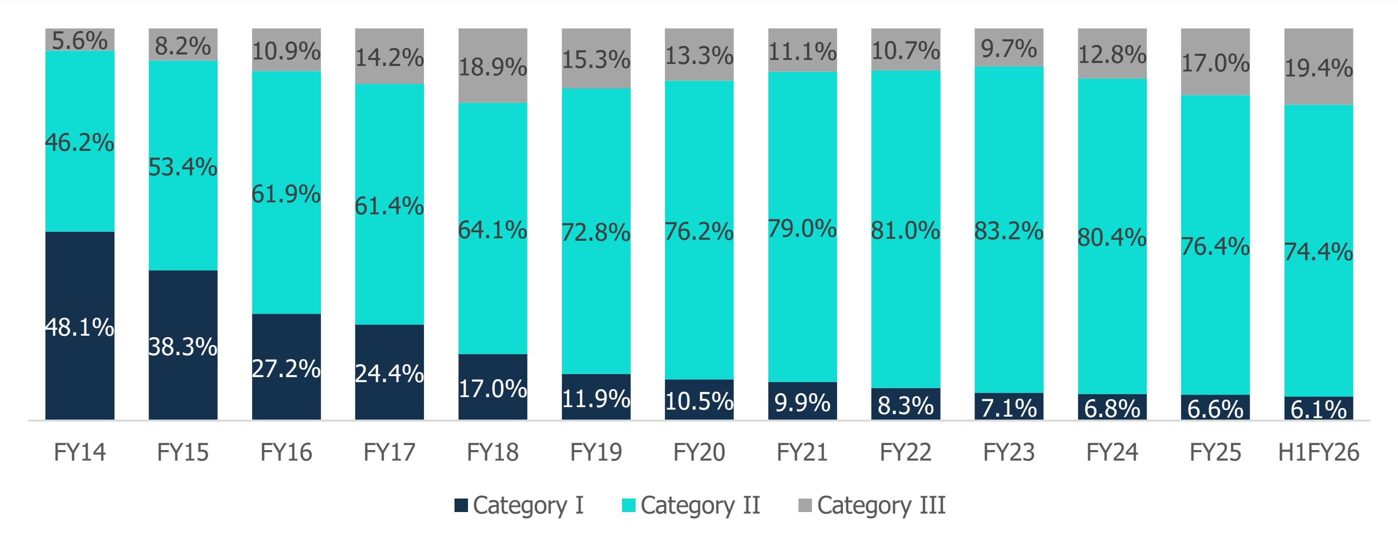
AIFs commitments have grown sharply with the annual growth rate remaining in high double digits. As of 30th September 2025, AIFs have received commitments worth Rs 15.1 trillion increasing more than 114 times compared to FY14 or growing at a CAGR of 51%. Of these commitments received, ~42% funds have been drawn down and of these funds which have been drawn down ~96% investments have been made.

Types of AIFs

Funds can seek registration under three categories – Category I, Category II and Category III.

- **Category I:** Invests in start-up or early-stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the government or regulators consider as socially or economically desirable and shall include venture capital funds, SME Funds, social impact funds, infrastructure funds, special situation fund.
- **Category II:** Category II are those funds which does not fall in Category I and III and which does not undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted in these regulations.
- **Category III:** Category III are those funds which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives.

Chart 42: Share of Commitments by Category



Source: SEBI, CareEdge Research

As can be observed, right through the period commitments to Category II fund have remained the highest. In the last few years, category II has been dominant by a large margin indicating the popularity of private equity funds or debt funds. Recently, Category III funds have also started gaining traction, increasing its share to 19.4% in total net cumulative commitments received by AIFs.

Table 9: Comparative Analysis: Mutual Funds vs AIFs

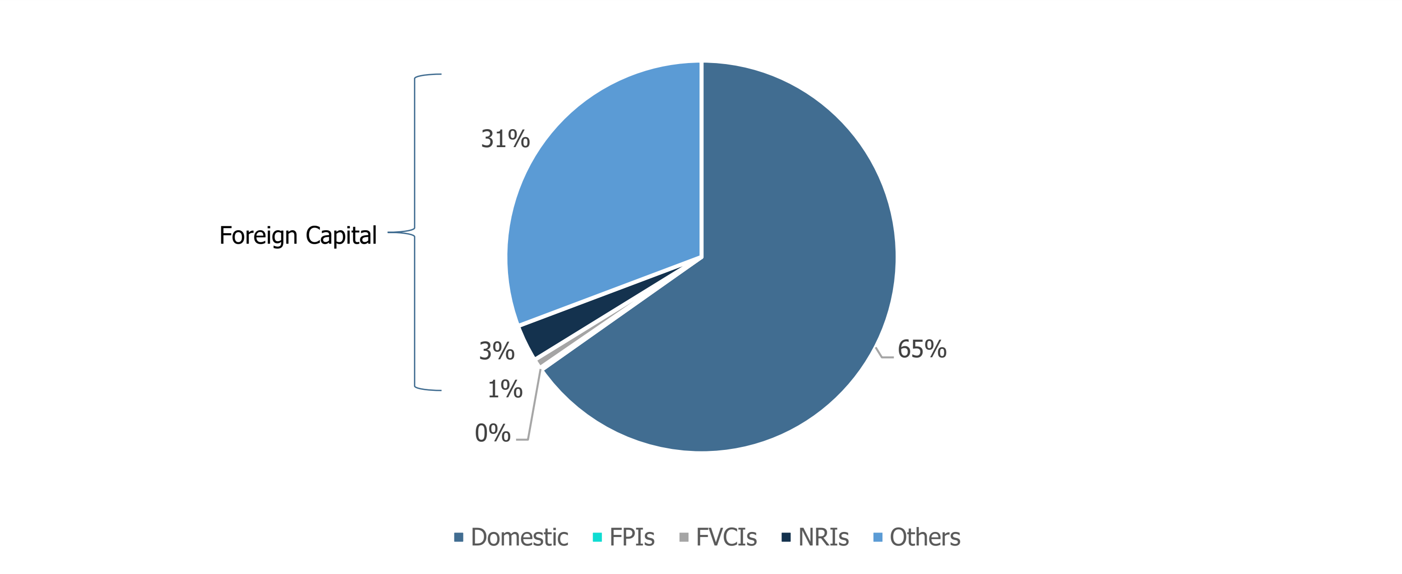
Particulars	Mutual Funds	Alternative Investment Funds
Structure	Public Pooled investment vehicles	Privately pooled investment vehicles
Regulatory Framework	Regulated by the Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996	Regulated by SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012
Investor	All investors	Qualified Institutional Investors (QIIs), High Net worth Individuals (HNIs) and other accredited investors
Minimum Investment	Rs 100 per month SIP	Rs 1 crore
Investments	Invests in a diversified portfolio of stocks, bonds, hybrid, or other securities	Invests in alternative assets like real estate, private equity, hedge funds, venture capital funds, etc.
Liquidity	Can be bought or sold at the fund's net asset value (NAV) at the end of each trading day	Generally, have a lock-in period and may have restrictions on redemption
Risk and Returns	Generally considered less risky, with returns based on the performance of the securities in the portfolio	May involve higher risk due to exposure to alternative assets, with potentially higher returns
Disclosures	Must provide regular disclosures and reports to investors	More relaxed disclosure requirements
Fees	Standard Fee structure with Expense Ratio / Exit loads	Management Fees, Performance Fees linked to the fund's performance, Variable additional return

Source: NSE, CareEdge Research

Foreign Capital makes up ~35% of the funds raised

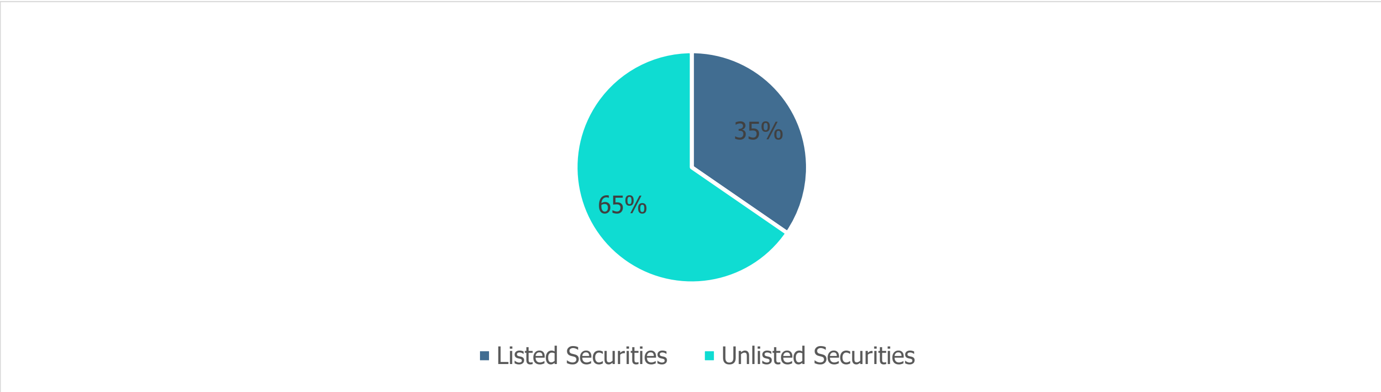
Given that India's economy has been amongst the fastest growing globally, along with an increased capex in infrastructure and a thriving capital market has generated a buzz amongst the international investors. AIFs provide an investment avenue to participate especially in the real estate and infrastructure segments and private credit. While, foreign investors have historically been a part of Indian alternatives space, domestic investors have lately been active in this asset class owing to increasing number of HNIs in India. With the US interest rates at their peak and an impending rate cut cycle, India Alternatives industry is poised to attract substantial global capital flows into income and yield strategies.

Chart 43: Investors in AIFs by Investor Type as of September 30, 2025



Source: SEBI, CareEdge Research
Note: Funds raised from Employees, sponsor, manager and EBTM data not included.

Unlisted Investments Dominate in AIF Fund Deployment
Chart 44: Investment Type: Listed vs Unlisted as of September 30, 2025



Source: SEBI, CareEdge Research

Note: 1) Listed Securities - Listed/Proposed to be listed Debt, Listed/Proposed to be listed Equity, Listed/Proposed to be listed equity on SME exchange, REITs/InvITs 2) Unlisted Securities - LLP Interest, Others (Unlisted), Securitized Debt, Security Receipts, Units of Mutual Funds, Unlisted Debt, Unlisted Equity/Equity Linked instruments. 3) Units of Category I AIFs, Category II AIFs and Category III AIFs not included.

Further, given the nature of the alternatives asset class, it is readily apparent that investments in unlisted securities are 1.9 times the investment in the listed space.

3.2.4 REITs

Overview

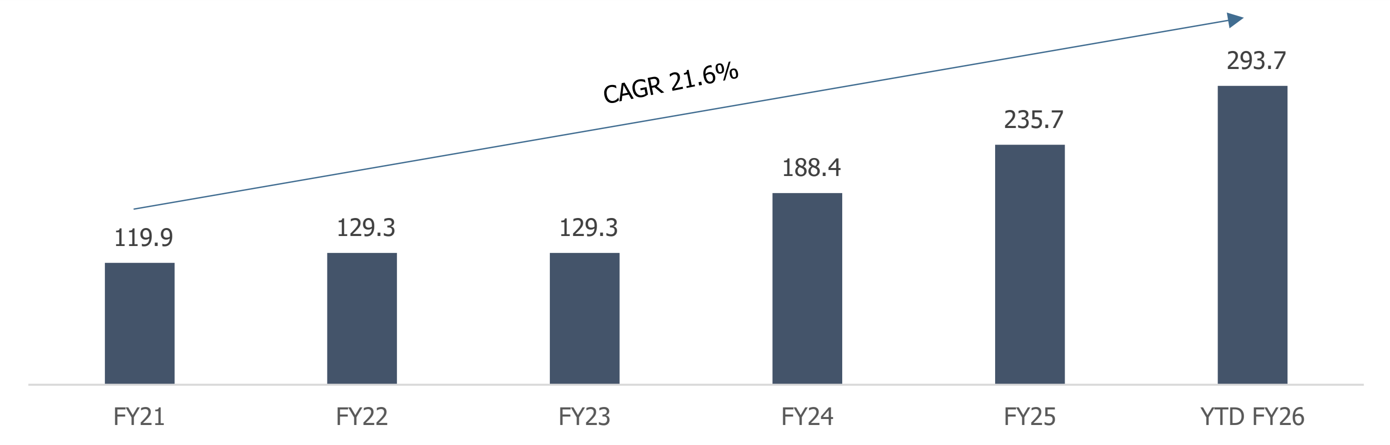
Real Estate Investment Trusts (REITs) are investment vehicles that enable individuals to invest in real estate without directly owning or managing properties. The primary purpose of REITs is to give investors an opportunity to invest and gain exposure to a diversified portfolio of real estate assets across different sectors and geographic locations, while benefiting from professional management, liquidity, and potential income generation. Additionally, REITs offer investors the flexibility to enter and exit real estate investments easily through trading of REIT units on stock exchanges. REITs offer investors access to a wide range of real estate assets without the need for large amounts of capital or direct property ownership. It also offers investors liquidity, as units can be bought and sold on stock exchanges, providing investors with the ability to adjust their investment portfolios quickly. Additionally, REITs are subject to regulatory risks, including changes in tax laws and government policies that could impact their operations and profitability. REITs also carry property-specific risks, such as maintenance costs, market demand fluctuations, and environmental factors, which can have a significant impact on their performance. According to the Indian REITs Association, there are five listed REITs, collectively managing assets worth over Rs 2.35 trillion as of H1FY25. In India, a REIT has a 3-tiered structure consisting of a Sponsor, a Manager, and a Trustee. Their key roles and responsibilities include:

- Sponsor: Generally, a Real Estate company that owned the assets before the creation of the REIT. The Sponsor is responsible for setting up the REIT and appointing the Trustee. 15% of the units allotted to sponsor(s) and sponsor group(s) shall be locked-in for a period of three years from the date of trading approval granted for the units.
- Manager: REIT’s manager is responsible for all day-to-day functions and operations of the REIT, including lease management, asset maintenance, finance and treasury management, regular audits, etc. the manager ensures that the REIT is run in accordance with all applicable regulations and in the interest of all relevant stakeholders.
- Trustee: REIT’s trustee oversees the activities of the REIT manager in the interest of the unitholders, ensures that the manager complies with the relevant reporting and disclosures requirements. The REIT’s trustee is responsible for holding the REIT assets in trust for the benefit of the unitholders in accordance with the trust deed and the SEBI regulations.

Growth of REITs in India

REITs cumulative funds raised in India has grown over the years and reflected strong momentum in the last 4 years with cumulative funds raised growing by a CAGR of 21.6% between FY21 and YTDFY26 (Apr’25 – Oct’25).

Chart 45 Cumulative Funds Raised via REITs gaining momentum (Rs billion)



Source: SEBI, CareEdge Research; Note: Cumulative funds raised across years; Includes funds raised through public issue, private placement, preferential issues, institutional placement, rights issues; YTD FY26 is for the period of Apr'25 to Oct'25.

Types of REITs

- **REITs:** They are permitted to own income or rent generating real estate, such as offices, retail, etc. They are not permitted to own speculative landbanks. Indian REITs can only own assets situated in India. Indian REITs must have at least 80% (by value) of their assets completed and income or rent generating.
- **Small and Medium Real Estate Investment Trusts, or SM REITs:** An SM REIT is allowed to gather funds starting from Rs 50 crore by issuing units to a minimum of 200 investors. SM REIT schemes, at least 95% of the assets must be fully developed and generating revenue, compared to the 80% requirement for larger REITs.

Table 10: Salient Features of REITs

Particulars	Description
Entity style	Trust under Indian Trusts Act 1882
Underlying asset type	Majority operational
Lock-in period	Three years for minimum of 15% stake
Shareholding by the sponsors	15% collectively as sponsors on a post issue basis for not less than three years
Distribution	At least 80% of the net distributable cash flow, 95% for SM REIT

Particulars	Description
Frequency of dividend distribution	Minimum of once in a half year
Investments	Income or rent generating real estate, such as offices, retail. Not permitted to own agriculture land or land bank.

3.2.5 InvITs

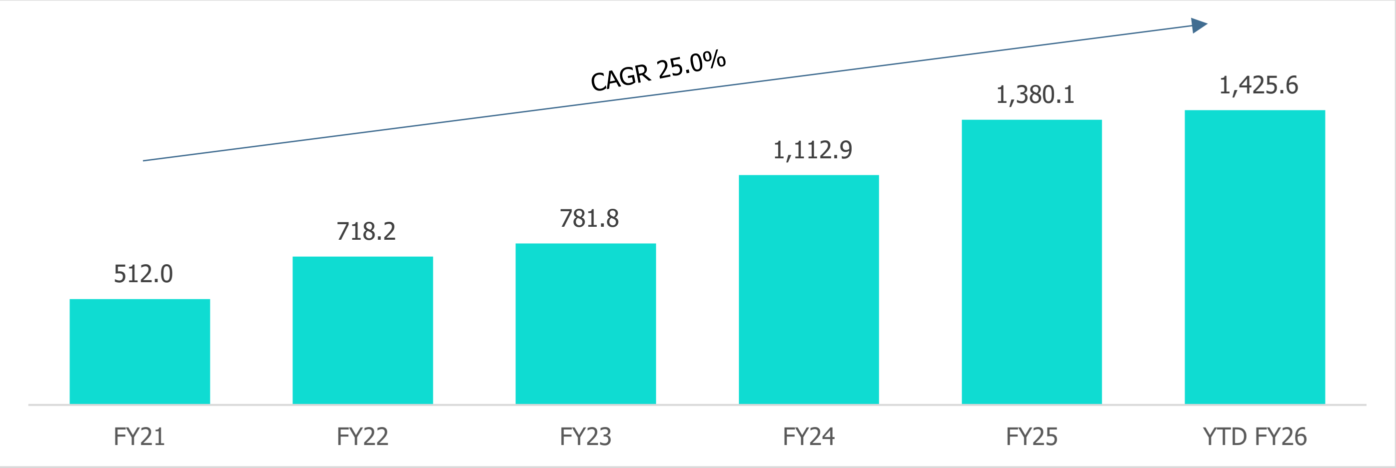
Overview

In India, infrastructure has limited funding options, and traditionally, financing has been met through bank finance with a tenure of 10 to 15 years. In this backdrop, Union Budget in February 2014 introduced Infrastructure Investment Trusts (InvITs) in India, and subsequently in September 2014, SEBI had notified InvIT regulations. InvITs provide long-term capital and unlock the developer's capital, which can be deployed for further growth.

InvITs utilise the pooled capital of investors to buy and manage income-generating infrastructure assets, such as roads, transmission towers, wind power, solar power, seaports, airports, telecom, etc. InvITs are permitted to issue units (equivalent to equity) that are listed and traded on the bourses. Public InvITs invest not less than 80% of the value of InvIT assets in revenue-generating infrastructure assets. InvITs must distribute not less than 90% of the net distributable cash flows to the unit holders. The aggregate consolidated borrowings and deferred payments of the InvIT, net of cash and cash equivalents, is restricted to 70% of the value of the InvIT assets. According to the Bharat InvITs Association, as of September 2025, 27 SEBI-registered InvITs have collectively raised over Rs 1.8 trillion in equity since 2019 and currently, manage assets ~Rs 7.0 trillion.

Growth of InvITs in India

Chart 46: Cumulative Funds Raised via InvITs gaining some traction (Rs billion)



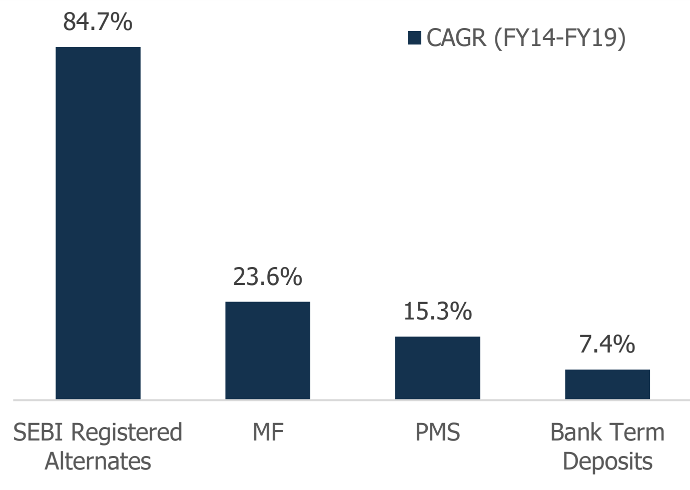
Source: SEBI, CareEdge Research; Note: Cumulative funds raised across years; includes funds raised through public issue, private placement, preferential issue, institutional placement, rights issues. YTD FY26 is for the period of Apr'25 to Oct'25.

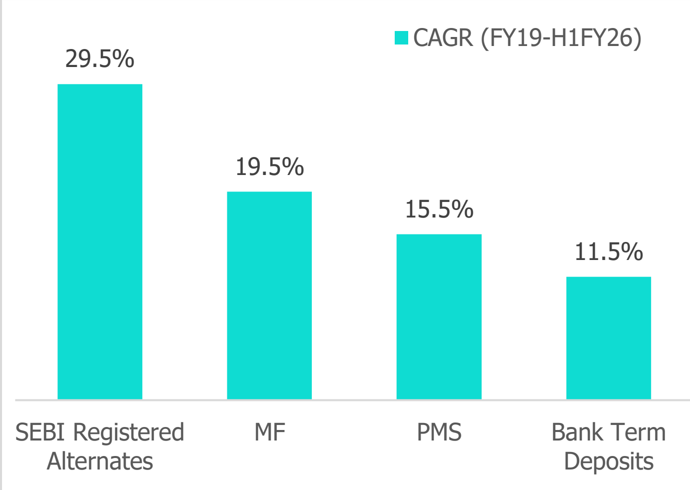
Table 11: Salient Features of Listed InvITs

Particulars	Description
Entity style	Trust under Indian Trusts Act 1882
Underlying asset type	Majority operational
Lock-in period for sponsors and strategic investors	Three years for minimum of 15% stake and 1 year for holding exceeding 15%. One-year lock-in for strategic investor
Shareholding by the sponsors	15% collectively as sponsors on a post issue basis for not less than three years
Aggregate consolidated borrowings and deferred payments net of cash and cash equivalents	Cap at 49% of the asset's valuation. Cap at 70% of the assets valuation (AAA rated entities and track record of six distributions on a continuous basis).
Distribution	At least 90% of the net distributable cash flow.
Frequency of dividend distribution	Minimum of once a half year for public InvITs/ once in a year for privately placed InvITs.
Investments	Listed/unlisted debt of companies in the infrastructure sector, government securities, money market instruments, liquid mutual funds, equity share of companies, which derive not less than 80% of their operating income from infrastructure sector
Requirement of credit rating	Consolidated borrowings and deferred payments net of cash exceed 25% of the assets' value.

3.3 Growth in Indian SEBI Registered Alternates has Outpaced Traditional Investment Classes

Chart 47: CAGR over the years: Alternatives Handily Outpace Other Options





Source: RBI, SEBI, CareEdge Research Note: AuM as of the last day of the month; FY- financial year ended March; Asset Management includes Portfolio management services excluding EPFO, Mutual Funds and Alternatives (AIF Commitments + REIT and InvIT funds raised in the respective years). For Bank Term Deposits, the data considered is as of H1FY26 and within that for RRBs, the data is as of FY25. PMS data (H1FY26) is considered as of Aug'25.

Deposit mobilization by banks gathered pace during FY24 and FY25 to shore up their deposit base in order to support credit growth amidst higher policy rates. Households and consumers, who traditionally relied on banks to invest their savings, are now increasingly turning to capital markets and other financial intermediaries. Hence, investments in Mutual Funds, PMS and SEBI registered Alternates have witnessed significant growth. This growth has been underpinned by rising incomes, financial literacy, need for diversification, need for yield-based products, attractive risk adjusted returns along with supportive regulations. As can be observed in the charts above, SEBI registered Alternates, comprising AIFs, InvITs, and REITs, have handily outpaced the growth in mutual funds as well as in more traditional investments such as bank term deposits. In the first five-year period, SEBI registered alternatives have grown at a significantly faster pace (CAGR of 84.7% for FY14-FY19) compared other traditional investment options (Mutual Funds at a CAGR of 23.6% for FY14-FY19 comes a distant second) on a significantly lower base. And as they started to gather pace from FY19 to H1FY26, the growth rate of the SEBI registered alternatives has come down, still at a high CAGR of 29.5%, followed by mutual funds segment which recorded second fastest CAGR of 19.5% for the similar period. Further, the share of SEBI registered alternatives within the asset management space has increased from 1.2% in FY14 to 15.4% in FY25 and 14.7% in H1FY26 reflecting their rising popularity with investors. However, it should also be noted that overall asset management industry in India is growing at rapid pace which is expected to further drive the growth of alternatives in India. Nevertheless, Alternates face significant competition from companies seeking to attract customers' financial assets, including traditional and online brokerage firms, other asset management companies and larger financial institutions.

Investments in mutual funds is considered relatively liquid than alternatives as lock-in period for mutual fund investments varies from no mandatory lock-in to lock-in up to 3 years (ELSS schemes). As of H1FY26, the net AUM of mutual fund industry in India stands at Rs 75.6 trillion.

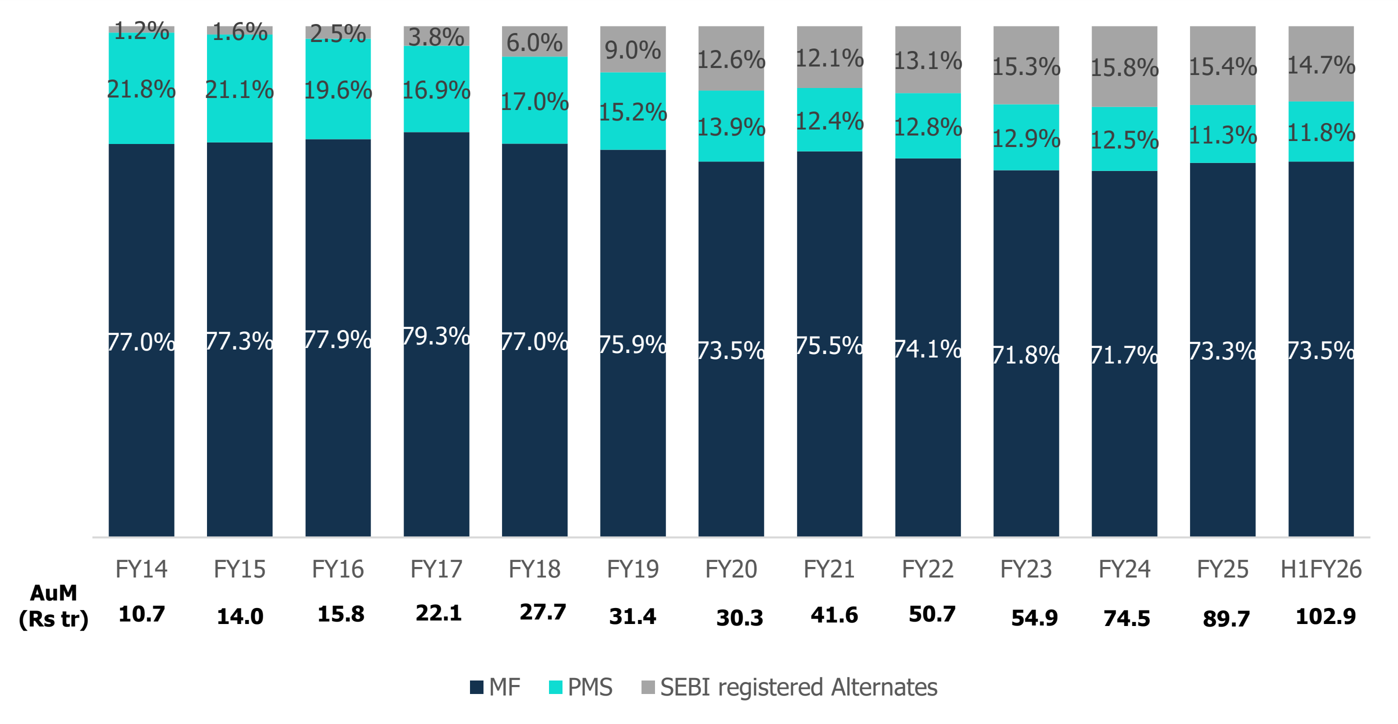
AIFs and PMS comparison

Alternatives and PMS, both target affluent customers, still growing at sharply different rates. Between FY14-FY19, while alternates grew at a CAGR of 84.7%, PMS grew at a CAGR of only 15.3%. Further, between FY19-H1FY26, alternatives grew at a CAGR of 29.5%, PMS grew at a CAGR of 15.5%. As of Aug'25, AUM of PMS (excluding EPFO) is Rs 12.1 trillion.

AIFs benefited from a more tax-efficient structure, operational ease, and flexibility to invest in unlisted stocks, making them more attractive to HNIs. Key factors behind AIF growth are:

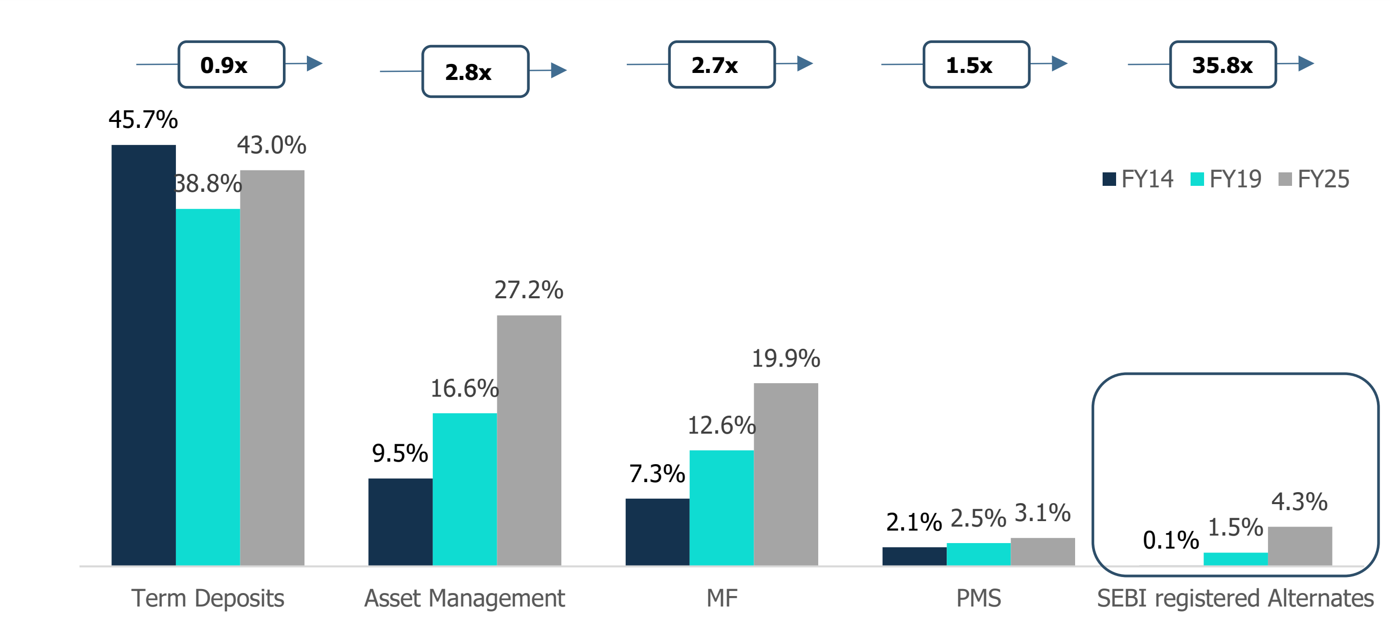
- Operational simplicity: AIFs eliminate the need for separate demat, custody, and bank accounts required in PMS.
- Unlisted Stock Access: AIFs can invest in unlisted stocks, while PMS has restrictions. Further, Non-discretionary PMS, which allows unlisted stock investment, is unpopular due to the need for client approval for each trade.
- Close-ended Fund Option: AIFs can offer close-ended funds for goal-based investments, unlike PMS. Some investors prefer to commit their money for a fixed period, especially when they have a specific financial goal in mind in which case close-ended funds suit them.
- Rapid growth in private market opportunities: India's private markets offer huge potential, and AIFs are the regulatory vehicle to participate in growth which would be offered by private markets.

Chart 48: SEBI registered Alternates Gaining Share in Indian Asset Management



Source: RBI, SEBI, CareEdge Research Note: AuM as of the last day of the month; FY- financial year ended March; Asset Management includes Portfolio management services excluding EPFO, Mutual Funds and SEBI registered Alternates (AIF Commitments + REIT and InvIT funds raised in the respective years). For H1FY26, REIT and InvIT funds raised is from Apr'25 to Oct'25. For H1FY26, PMS data is considered from Apr'25 to Aug'25.

Chart 49: SEBI Registered Alternates Growing Rapidly (Size as a % of GDP (at Current Prices))



Source: RBI, SEBI, CMIE, CareEdge Research Note: AuM as of the last day of the month; FY- financial year ended March; Asset Management includes Portfolio management services (excluding EPFO), Mutual Funds and SEBI registered Alternates (AIF Commitments + REIT and InvIT funds raised in the respective years); FY25 GDP is taken as per provisional estimate provided by MOSPI.

Bank Term Deposits continue to remain the largest, however, despite an increase in absolute levels, there has been a degrowth as a % of GDP highlighting the fact that Indian Households are shifting more towards capital market investments. Further, Mutual Funds have witnessed a 2.7x increase, while PMS has seen 1.5x rise. SEBI registered Alternates has grown by ~36x from a low base - 0.1% in FY14 to 4.3% in FY25.

Indian asset management industry, as of FY25, is only 27.2% of GDP (at current prices). Within asset management, SEBI registered alternatives (Cumulative AIF Commitments + REIT and InvIT funds raised in the respective years) accounts only for 4.3% of GDP.

3.4 Growth drivers for SEBI Registered Alternates in India

The India Alternatives Market has multiple significant trends that have been instrumental in shaping the industry's landscape. As the industry focused on growth, returns, and diversification, it has experienced significant changes in asset size, investor behaviour, and the adoption of technology-driven solutions. The factors can be broadly classified into three primary categories, macro factors, demand-side factors and supply-side factors.

Macro
- Rising Income Levels
- High Gross Savings Rate
- Regulatory Support

\+

Demand
- Preference for Non-traditional Investment Avenues to Generate Higher Returns
- Easy Access of Information
- Demand for Bespoke Solutions
- Tailored Investment Strategies

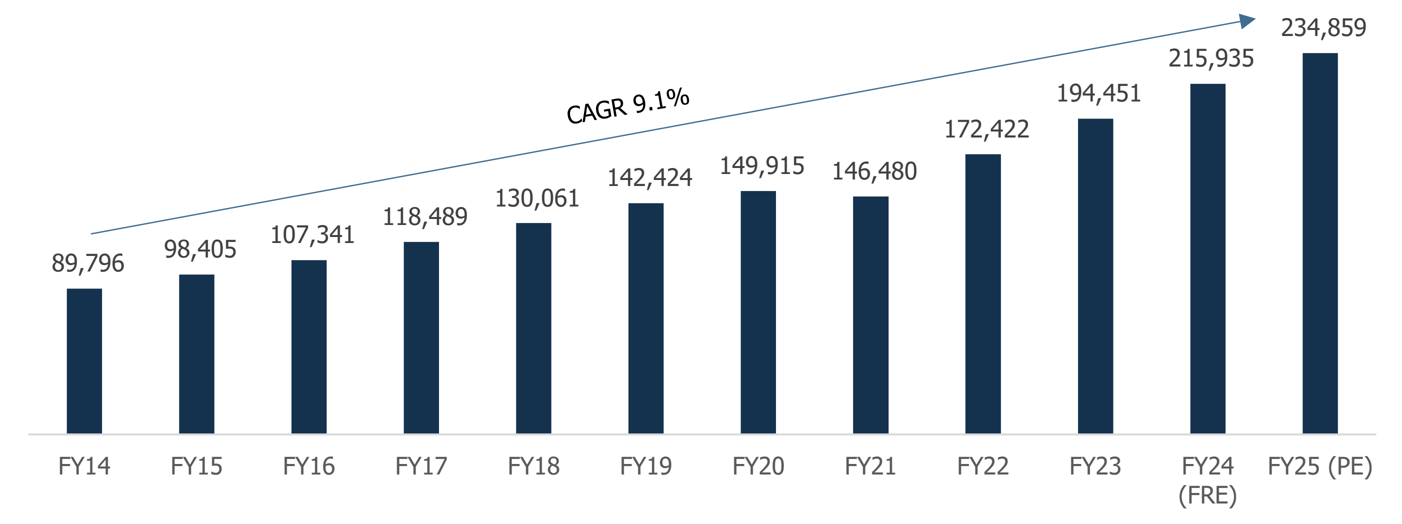
\+

Supply
- Deployment of Savings towards Capital Market Assets
- Investors' View on Emerging Markets
- Elevated Foreign Capital Inflows
- Rising Number of High Net-worth Individuals
- Higher Allocation from Domestic Institutional Capital

Macro Factors

3.4.1 Rising Income Levels

Chart 50: Trend in Per Capita GDP (Current Price) (In Rs)



Note: FRE – First revised estimates, PE – Provisional estimates; Source: MOSPI

Along with India's economy, the income levels of citizens of India too have increased, leading to a widening pool of wealth seeking investment avenues beyond conventional assets such as stocks and bonds. India has been experiencing a steady increase in wealth creation, both at the individual and institutional levels. As income levels are rising, people are searching for more avenues to invest in. High-net-worth individuals (HNIs), family offices, and institutional investors are looking for avenues to deploy their capital effectively, and AIFs provide them with opportunities for portfolio diversification. Rising income levels are also evinced by the fact that the number of individual tax filings has increased significantly over the last decade.

Table 12: Growth in the number of individual income tax filings

Gross Total Income	FY14	FY24	CAGR
Rs 5 million - 10 million	98,815	5,14,814	17.9%
> Rs 10 million	48,417	2,27,315	16.7%

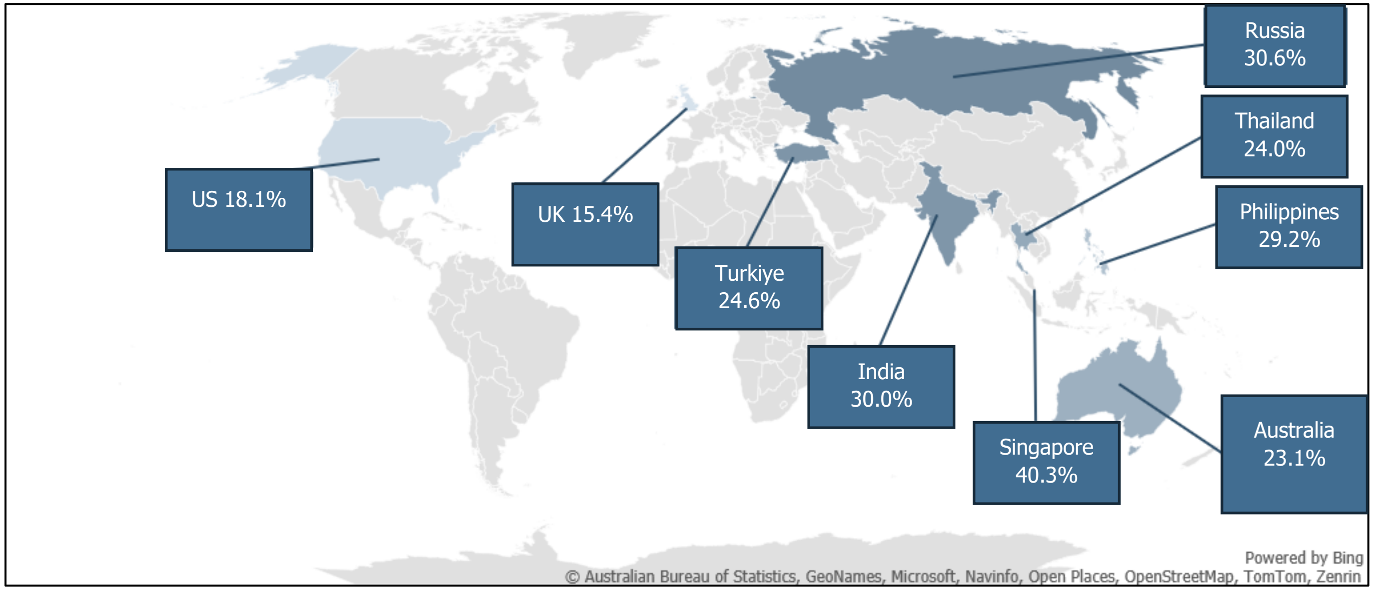
Source: Income Tax Department, Government of India

3.4.2 India has a Higher Gross Savings Rate Compared to Global Average

Gross Saving is calculated as gross national income minus total consumption plus net transfers. Gross Saving consists of savings of the household sector, private corporate sector and public sector. India is a nation of savers which is evinced by the fact that it has a higher gross saving ratio compared to advanced economies such as UK and US as well as the global average.

Country	Gross Savings Rate (%)	Country	Gross Savings Rate (%)
Singapore	40.3	Thailand	24.0
India	30.0	Australia	23.1
Russian Federation	30.6	United Kingdom	15.4
Philippines	29.2	United States	18.1
Turkiye	24.6		

Chart 51: Gross savings (CY24, % of GDP)



Source: World Bank, CareEdge Research; Note: CY indicates Calendar Year

3.4.3 Regulatory Support

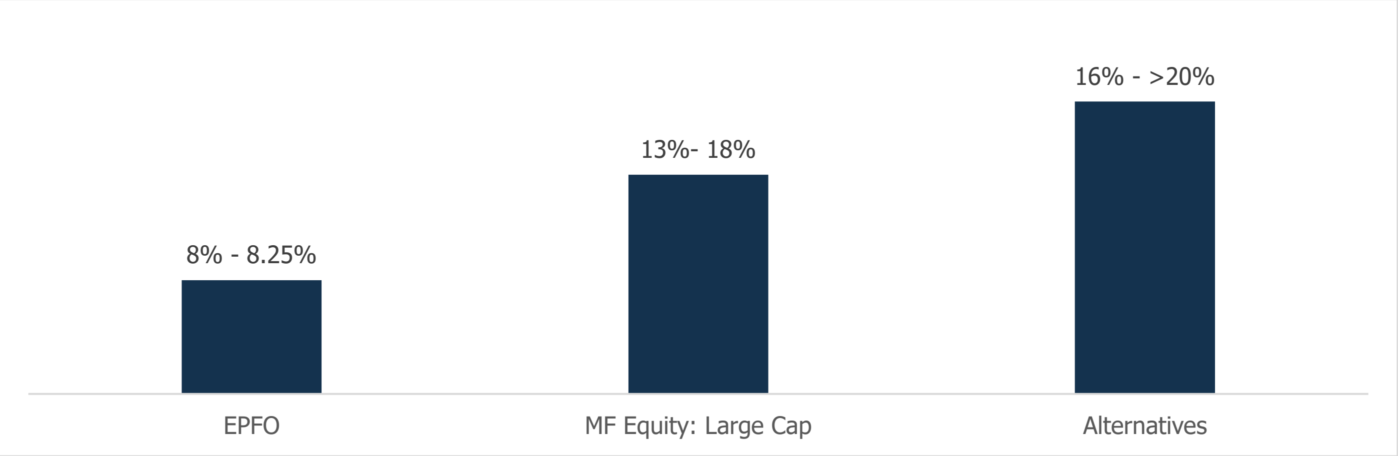
The regulatory environment in India has been evolving to support the growth of the AIF industry. Measures such as standardizing the private placement memorandum (PPM), conducting PPM audits, and mandating benchmarking of AIFs aim to enhance transparency and empower investors to make well-informed decisions. A notable development is the authorization of AIF setups in the International Financial Services Centre (IFSC) in GIFT City, offering benefits like tax incentives, top-notch infrastructure, proximity to onshore markets, and exemptions for non-resident investors. (Refer section on Gift city) These advancements create additional avenues for increased investment opportunities, thereby bolstering investor engagement across the industry. Regulatory efforts are concentrated on compliance, with a focus on bolstering investor confidence, enhancing transparency, and broadening market participation.

Demand-Side Factors

3.4.4. Preference for Non-traditional Investment Avenues to Generate Higher Returns

Investor interest in alternative investments has surged, driven by a desire for higher potential returns amidst a growing appetite for risk-taking. Assets like private equity, venture capital, and hedge funds are offering potentially greater rewards compared to traditional options like stocks and bonds, albeit with increased risk. This shift reflects a broader trend of diversification and pursuit of higher yields in investment portfolios. They offer investors the chance to diversify their portfolios and potentially achieve higher returns compared to traditional asset classes. This is due to the characteristic of alternative investments being typically uncorrelated or less correlated with traditional assets, allowing them to perform well even when conventional asset classes are struggling.

Chart 52: Alternatives operate in expectations of higher yields



Source: EPFO, Value research online, Preqin: Note: EPFO Returns As of March 31, 2025; MF 5-year return; Alternatives Target Returns based on Preqin data on the Target IRR – Net Min of 100+ India focused funds

EPFO yields generally correlate with the government securities returns given the debt especially the Government securities heavy nature of their portfolios. Meanwhile, Alternatives generally target returns more than 20% which make them attractive investment propositions.

3.4.5. Easy Access of Information

The growth of the AIF industry has been significantly catalysed by increased awareness. Present-day investors are increasingly informed and financially adept, seeking opportunities beyond traditional investment avenues. Factors like low interest rates in conventional products and extensive asset allocation to mass-market offerings like mutual funds have spurred investors, particularly High-Net-Worth Individuals (HNIs), to explore alternative avenues for capital deployment.

However, recent years have witnessed that information regarding alternative investment information is way easier to get, as it is largely driven by the Internet and social media. This dissemination of knowledge has made alternative investments more accessible to individual investors, including HNIs and UHNIs.

3.4.6. Demand for Bespoke Solutions

There is a growing desire among investors for investments that focus on particular sectors or asset classes, like real estate, infrastructure, private equity, and venture capital. Given India's expanding economy and infrastructure projects, there's a rising need for investments in areas such as real estate, technology, healthcare, and renewable energy, all of which AIFs can accommodate.

3.4.7. Tailored Investment Strategies

AIFs provide the advantage of customizing investment strategies, enabling fund managers to adjust to evolving market conditions and investor preferences. This adaptability appeals to investors who seek personalized investment options tailored to their needs and desire for returns that match the associated risks.

Supply-Side Factors

3.4.1 Deployment of Savings towards Capital Market Assets has Increased

Indians have typically held more physical assets such as real estate and gold. However, households are increasing their investments in financial assets. Further, although bank deposits remain the dominant form of financial assets, there has been a significant shift towards the capital markets given the relative outperformance and increasing financial literacy.

Table 13: Stock of Financial Capital Market Assets of Households (Rs trillion)

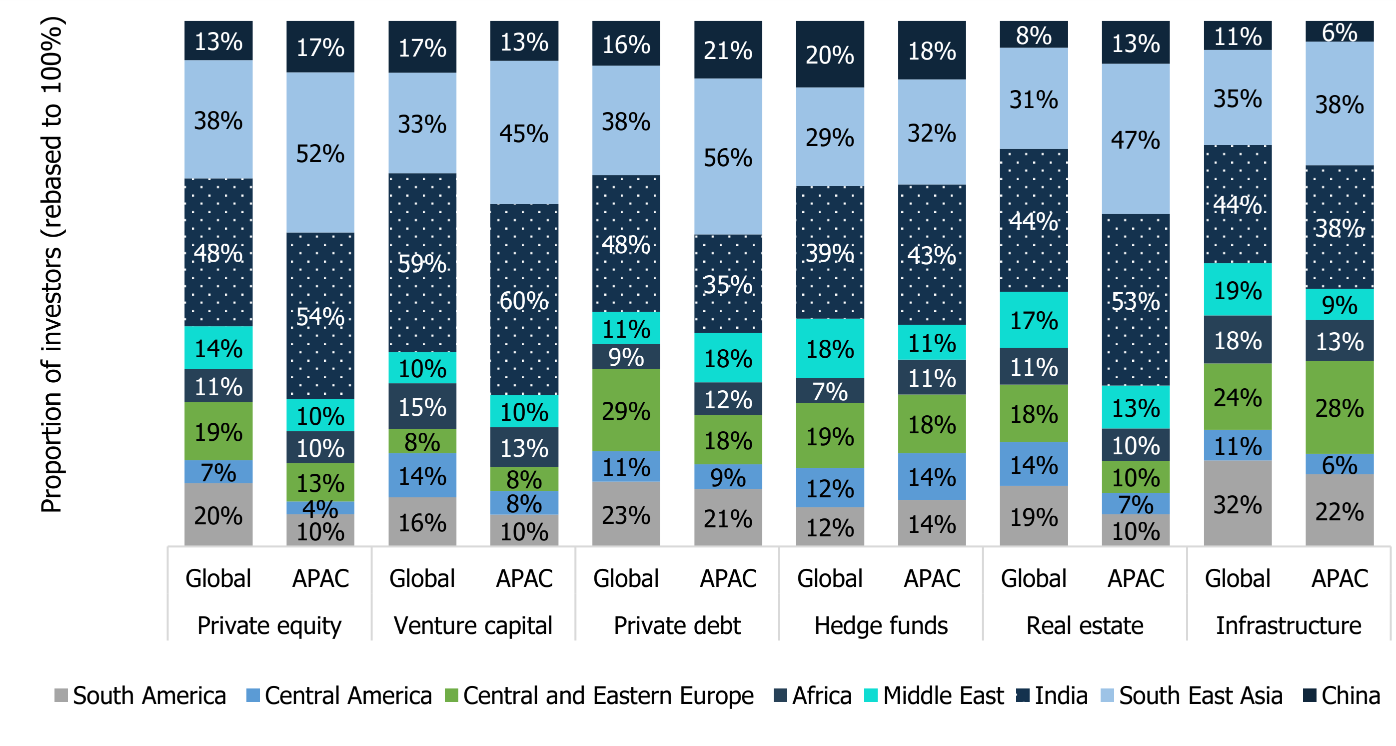
	FY21	FY22	FY23	FY24	CAGR (%)
Mutual Funds	18.3	22.5	24.5	36.3	25.6%
Equity	39.7	57.1	53.7	84.1	28.4%
Debt	5.2	5.3	5.5	5.9	4.5%
AIF + InvIT + REIT	0.1	0.2	0.2	1.6	140.1%
Total	**63.3**	**85.1**	**83.8**	**127.8**	**26.4%**

Source: SEBI

3.4.8. Investors' View on Emerging Markets

According to Preqin, India and Southeast Asia are highly desirable locations for investment opportunities across asset classes

Chart 53: Attractiveness by Investor Location and Asset Class



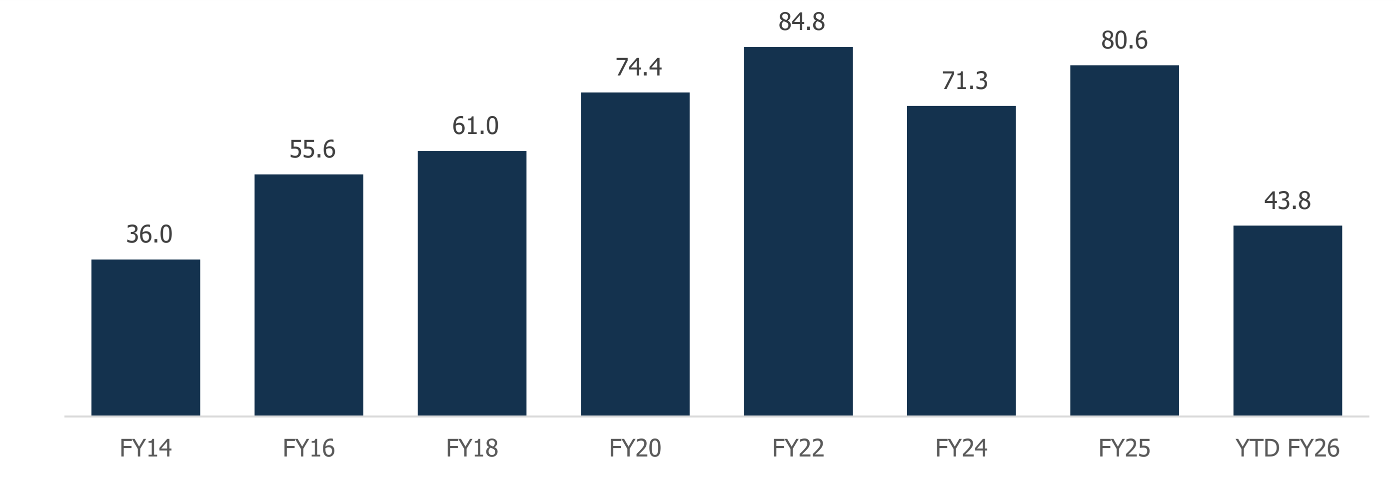
Source: Preqin Investor Surveys, November 2023

For private credit, APAC-based investors diverge from their global counterparts, favouring Southeast Asia over India, while global investors see India as holding more potential. This is likely to result in additional allocations for investing in India.

Indian economy is one of the fastest growing economies in the world. Additionally, India has been included in the JP Morgan's government bond index which is also expected to attract additional inflows. Foreign institutional investors are raising allocation to fund managers with established track records and can be a major source of growth in capital for the Indian alternatives industry.

3.4.9. Foreign Capital Inflow into India

Chart 54: Movement in Gross Foreign Investment Inflows (USD billion)



Note: YTD FY26 data is from Apr'25 to Aug'25. Source: RBI, CareEdge Research

India has witnessed significant levels of foreign capital inflows as it has emerged amongst the fastest growing economy globally, better return prospects, geo-political stability, increasing investment opportunities in multiple sectors. Gross Foreign Investment Inflows has generally remained elevated with services, trading and computer software & hardware. Maharashtra and Karnataka together account for half of the cumulative investments. If Gujarat, Delhi, and Tamil Nadu are included, these five states have garnered close to 90% of cumulative inflows.

3.4.10. Increasing Domestic Capital Flow

Domestic investors, both individual as well as institutional, have witnessed significant growth in their wealth. Hence, they are focusing on asset allocation and diversification to achieve desired returns. Consequently, intermediaries such as distributors and family offices, have allocated capital from traditional products to AIFs leading to rising participation of both HNIs and institutional investors as sources of capital for alternate asset management. Additionally, the proactive approach in implementing regulatory changes has allowed domestic institutional investors, including retirement funds and insurance companies, to invest in AIFs, which is expected to significantly drive industry growth.

3.4.11. Domestic Population of High Net-worth Individuals has Grown at a Rapid Clip

While the number of India's wealthy individuals are less in comparison with established markets, the country's wealth is expected to expand rapidly in the future which will lead to significant increase in the number of HNIs. The key factors for growth include an increase in wealth of global Indians, performing equity markets, the Indian government's push to financialize the savings and tightening of capital market regulations.

Table 14: Number of millionaires in 2022 and 2027P (Select countries)

Country	HNI[12] ('000)			UHNI ('000)		
	2022	2027(P)	CAGR (%)	2022	2027(P)	CAGR (%)
United States	25,172	36,885	7.9%	203	253	4.5%
Mainland China	10,388	20,813	14.9%	88	131	8.3%
Germany	3,379	4,970	8.0%	25	30	3.7%
France	3,182	4,500	7.2%	23	27	3.3%
Canada	3,072	4,783	9.3%	24	32	5.9%
UK	2,857	4,243	8.2%	21	26	4.4%
India	797	1,657	15.8%	12	19	9.6%
World	**69,543**	**1,09,099**	**9.4%**	**580**	**745**	**5.1%**

Source – Industry sources, CareEdge Research

India has one of the world's fastest growing HNI's populations both in terms of the number of individuals and the wealth levels, the percentage of wealthy Indians remains very small compared with developed economies. In 2027, the UHNI population is expected to grow by ~10% CAGR over 2022. The number of UHNIs in India increased rapidly and reached ~12 thousands in 2022. With increase in start-ups, rising income levels and friendly macro factors with ease of doing business will drive growth of young HNI population in India.

In the medium to long term, UHNI, HNI and affluent segment are likely to witness growth on the back of growth in Indian economic, rising affluence and financialization of assets. UHNI and HNI wealth is expected to grow at a CAGR of 13-14% over the next few years. India's HNI population is expected to more than double by 2027 over 2022. Several factors are expected to underpin this growth. India's GDP has been expanding significantly along with capital market performance, has been enabling wealth creation across the spectrum. Entrepreneurship, particularly in technology and e-commerce, has also been a significant driver. Cities like Mumbai, Delhi, and Bangalore are major hubs for these affluent populations. Mumbai, the financial capital, hosts the highest number of HNI and UHNI individuals, followed by Delhi and Bangalore.

With the rising affluent population, domestic wealth is accumulating exponentially and apart from the traditional investment products HNIs/ UHNIs are looking for differentiated investment products with higher risk appetite, transparency & preference for performance-based fee structure products leading to increased appetite for alternatives.

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[12] A High net-worth individual (HNI) is generally defined as a person with a net worth of $1 million or more, including their primary residence, while Ultra HNI is someone who has a net worth of $ 30 million or more across financial and physical assets. India has one of the world's fastest growing HNI population both in terms of the number of individuals and the wealth levels.

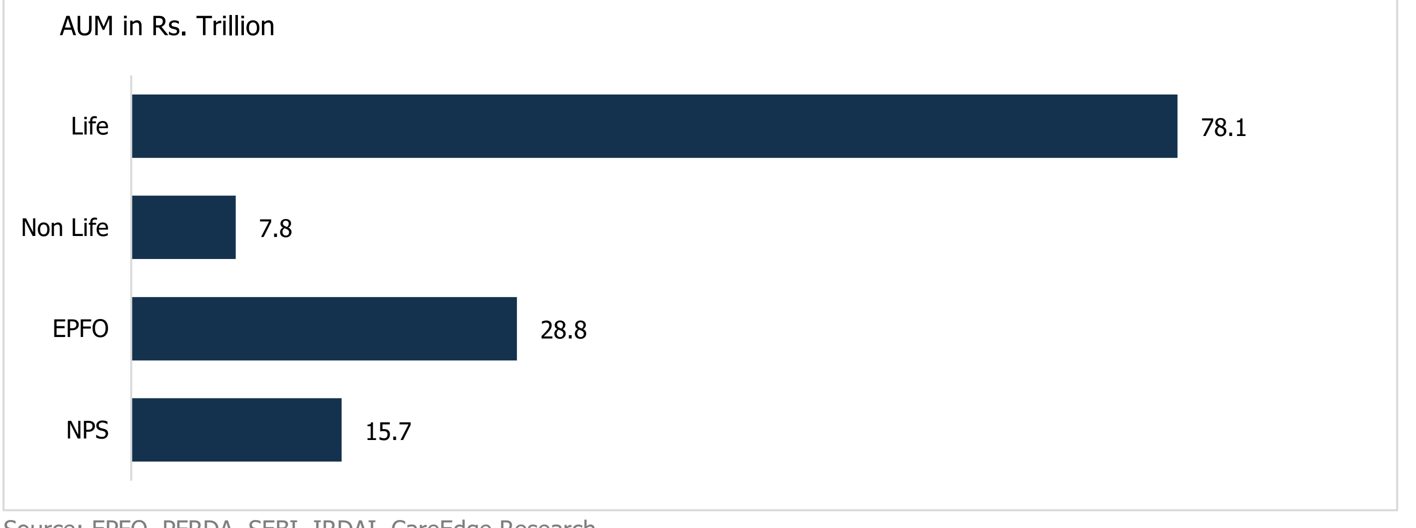
3.4.12. Domestic Institutional Capital Gradually Diversifying into Alternatives

Institutional investors invest in financial markets on behalf of groups or individuals, including both current and future generations by pooling their capital. Insurance both life as well as non-life along with retirement funds such as the EPFO and NPS account for the bulk of the institutional capital in India. As per the investment patterns, the allocation towards equity a decade ago was minimal let alone allocation towards the alternatives space. Over the decade, equity allocation has improved, and regulatory norms have been introduced permitting these domestic institutions to invest in alternatives.

Alternative investments hold the promise of generating superior long-term returns compared to traditional asset classes. They offer investors the chance to diversify their portfolios and potentially achieve higher returns compared to traditional asset classes. This is due to the characteristic of alternative investments being typically uncorrelated or less correlated with traditional assets, allowing them to perform well even when conventional asset classes are struggling. Hence, domestic institutions are gradually diversifying into alternatives.

Domestic Institutions hold ~Rs 130 trillion in capital which is projected to grow at a CAGR of ~14% over the next few years

Chart 55: ~Rs 130 trillion Domestic Institutional Capital



Source: EPFO, PFRDA, SEBI, IRDAI, CareEdge Research
Note: Non-life AUM approximated for Q1FY26; Life AUM as of Q1FY26, EPFO AUM as of Aug'25; NPS AUM as of Oct'25; FY22/23 SEBI reported numbers are approximately 97% of EPFO reported data. EPFO AuM estimates grossed up to 100% based on SEBI PMS data.

Domestic institutions manage significant capital of ~Rs 130 trillion in India. Based on historical growth, economic expansion, macroeconomic factors, evolution of regulatory environment, expansion of financial markets, improving financial literacy and growing high net worth population in the country, the domestic capital is expected to grow at a CAGR of ~14% over the next few years.

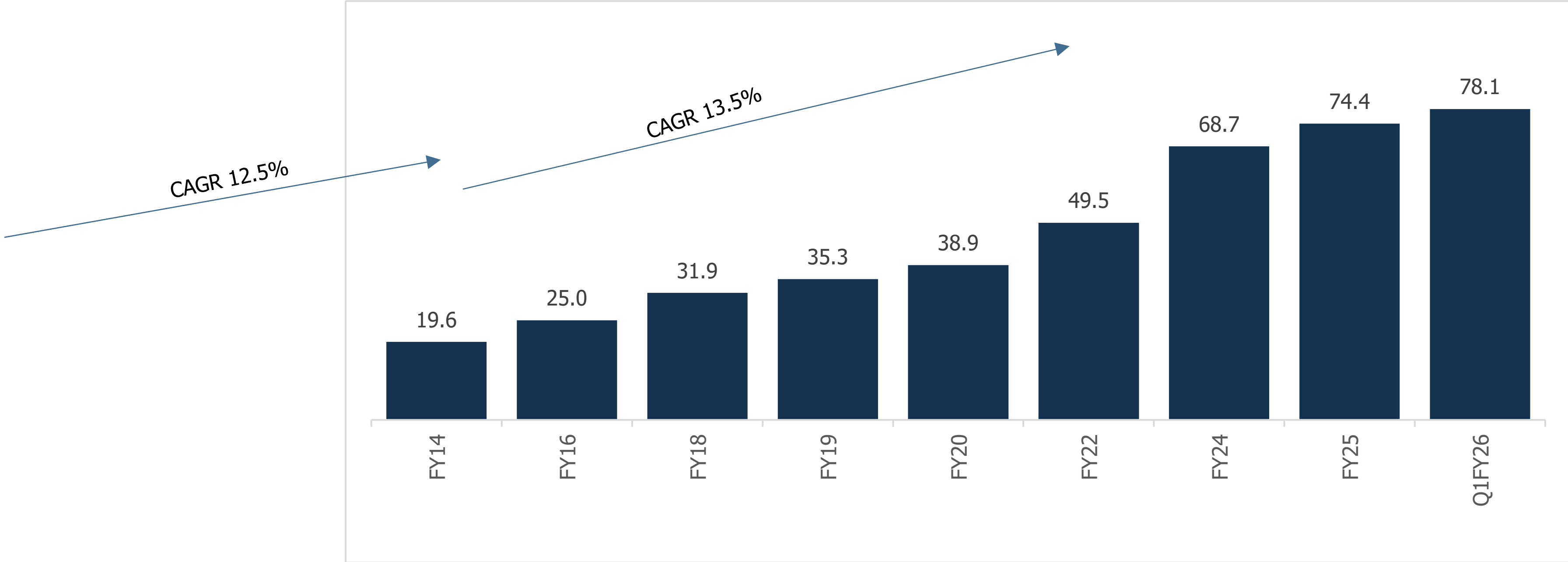
This patient pool capital currently does not have a meaningful allocation to alternatives. As per Preqin Institution Allocation Study – April 2025, globally asset allocation to alternatives by insurance companies, Private pensions and public pensions (patient pool capital) stand at approximately 5%, 21% and 29% respectively. On the other hand, Indian domestic institutions have historically had limited allocation to alternatives due to regulatory constraints around liquidity, safety of capital and returns. However, regulators are easing these regulations gradually. Steps taken by regulators recently include allowing insurance and pension companies to invest in AIFs and the units of REITs and InvITs. Increase in allocation towards alternative assets by institutions could unlock significant pool of capital for the Indian alternatives industry. Growth in higher allocation to alternatives by patient pool capital will be driven by multiple factors such as predictable cash flows and stable and predictable return which alternatives offer, supportive regulatory tailwinds and need for better liability matching. Further, alternative asset managers with a proven track record and multiple strategies are well-positioned to be a primary beneficiary of this shift in institutional capital.

3.4.13. Insurance sector AUM

Growth in Life Insurance AUM

The overall life insurance assets under management have grown by ~4.0 times from Rs 19.6 trillion in FY14 to ~Rs. 78.1 trillion as of Q1FY26 at a CAGR of 13.1%. Life funds with a share of about 67% continue to have the bulk of assets under management. Pension/ Annuity fund has shown a consistent increase to ~ 22%, while ULIP fund stood at 11%. The investment pattern reveals that government securities dominate the holdings which is in line with the regulatory norms. The share of approved investments and infrastructure investments has declined, while other than approved investments have risen. Despite this increase, the share of Other than Approved Investments remains below 5% and continues to be the smallest segment.

Chart 56: Movement in Life Insurance AUM (Rs trillion)

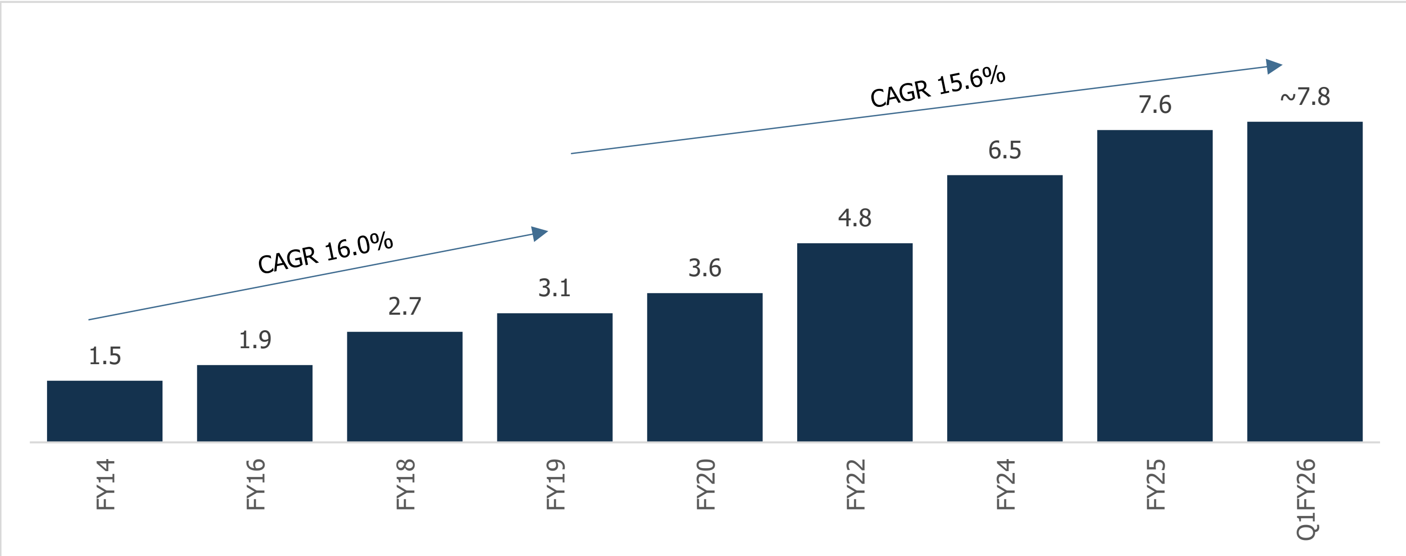


Source: IRDAI, Company public disclosures, CareEdge Research; Note: FY indicates Financial Year Ended March

3.4.14. Growth in Non-Life Insurance AUM

The overall non-life insurance assets under management have grown by over 5 times from Rs 1.5 trillion in FY14 to ~Rs. 7.8 trillion in Q1FY26 at a CAGR of 15.8%. The investment pattern reveals the continues domination of the government securities which is in line with the regulatory norms. The share of Housing approved, and infrastructure investments has declined, while other investments has risen. Despite this increase, the share of others remains below 5% and continues to be the smallest segment.

Chart 57: Movement in Non-Life Insurance AUM (Rs trillion)



Source: IRDAI, CareEdge Research; Note: Due to unavailability of data from few players, Q1FY26 data is approximately calculated.

Regulatory Policies

IRDAI has mandated that insurance companies undertake investment operations via the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 which governs the type, quantum and sectors in which insurance companies can invest. In the Insurance space, alternative assets depending on the structure, industry allocation and rating would be classified as Other Investments, Approved Investments or Investment in housing & infrastructure.

According to the Investment Master Circular, Investments in AIFs

- Investments in Category I and II AIFs permitted as a part of "Other Investments". Investments permitted in Category I AIFs which are Infrastructure/ SME/ Venture Capital /Social Venture Fund. Investments permitted in Category II AIFs which invest at least 51% in Infrastructure/ SME/ Venture Capital/ Social Venture entities.
- All IRDAI restrictions regarding investing of funds outside India, promoter group, combined exposure limits in venture capital funds and AIFs under the Other than Approved category of investments will continue to apply.
- Insurers are not permitted to invest in in AIFs where rights attached to units are varied.
- No investment is permitted into AIFs which undertake leverage or borrowings.

- Insurers should ensure that AIFs do not invest in securities of companies incorporated outside India
- The sponsor of AIFs should not be from the promoter group of the Insurer. The Fund shall not be managed by an Investment Manager who is either directly or indirectly controlled or managed by the Insurer or its promoters
- Investment in the AIF and Venture Funds shall be subject to the following exposure norms:

Table 15: AIF Investment Limit

Type of Insurer	Overall Exposure to VFs & AIFs (all taken together)	Exposure to single AIF/Venture Fund
Life Insurer	3% of respective Fund	10% of AIF /VF size or 20% of Overall Exposure whichever is lower. The above '10%'Limit shall be read as '20%' in case of Infrastructure Fund
Non-Life Insurer	5% of Investment Assets	10% of AIF /VF size or 20% of Overall Exposure, whichever is lower. The above '10%' Limit shall be read as '20%' in case of Infrastructure Fund

According to the Investment Master Circular, Investments in REIT/ InvITs

Insurers can invest in Units of Listed REITs / Listed InvITs which conform to the following:

- REITs / InvITs with a rating of at least "AA" would be part of Approved Investments, while others shall form part of Other Investments.
- Investments in InvITs and REITs not to exceed 3% of total fund size and a cap of 5% in a single REIT / InvIT.
- No investment shall be made in REIT /InvIT where the Sponsor is under the Promoter Group of the Insurer
- Investment in Units of InvIT will form part of "Infrastructure Investments",
- Investment in Units of REIT will form part of Investment Property.
- The Investment in REITs / InvITs shall be valued at Market Value (last Quoted price should not be later than 30 days). Where Market Quote is not available for the last 30 days, the Units shall be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust.

Insurers can invest in "Debt Securities" issued by listed InvITs / REITs which conform to the following:

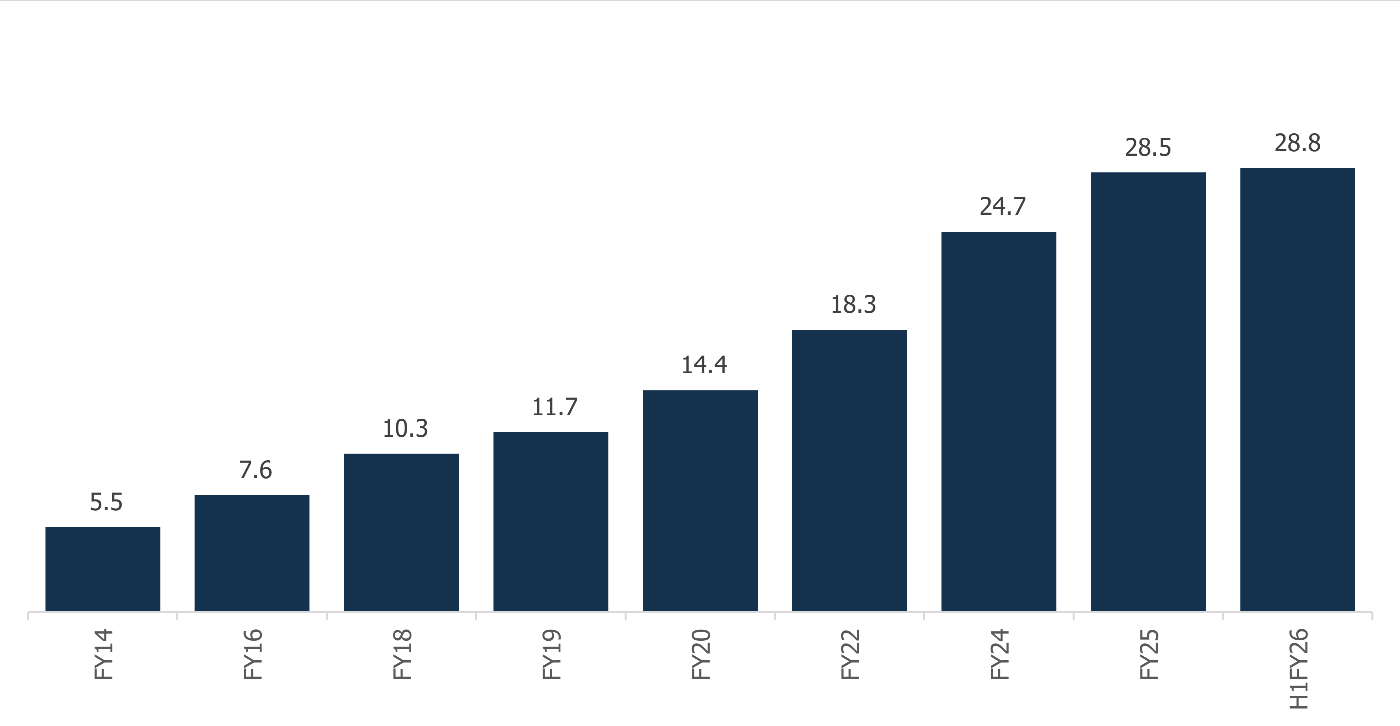
- The debt instruments shall be issued by listed InvITs / REITs and rated "AAA" at the time of Investment.
- The public holding in the InvIT / REIT shall not be less 30% of the total outstanding units.
- The Debt Instruments of InvIT / REIT shall be rated and not less than "AA" as a part of Approved Investments.
- Debt Instruments of InvIT / REITs rated and or downgraded below "AA" shall form part of Other Investments.
- No Insurer shall invest more than 20% of the outstanding debt instruments in a single InvIT / REIT.
- The investment in Debt Instruments of REITs shall not exceed 3% of total fund size
- The investment in Debt Instruments of InvITs subject to sectoral limits applicable to Infrastructure Sector.
- No investment shall be made in Debt instruments of an InvIT / REIT where Sponsor is a Promoter of the Insurer.

- Investment in Debt Instruments of InvIT will form part "Infrastructure Investments".
- Investment in Debt Instruments of REIT will form part of "Real Estate Activities"
- The Investment in Debt Securities of InvITs / REITs shall be valued either as per FIMMDA or at applicable market yield rates published by any Rating Agency.

3.4.15. EPFO AUM

The Employees' Provident Fund was established with the creation of the Employees' Provident Funds Ordinance in 1951, then in 1952, the ordinance was replaced by the Employees' Provident Funds Act, 1952. EPFO has been set up to create provident funds for employees in factories and other establishments. The overall EPFO assets under management have grown by ~ 5.2 times from Rs 5.5 trillion in FY14 to Rs. 28.8 trillion as of H1FY26 (till August 2025) at a CAGR of 15.1%.

Chart 58: Movement in EPFO AuM (Rs trillion)



Source: EPFO, SEBI, CareEdge Research; Note: FY22 and FY23 SEBI reported numbers are approximately 97% of EPFO data. EPFO AuM estimates grossed up to 100% for other years based on SEBI PMS data. H1FY26 data is as of Aug'25.

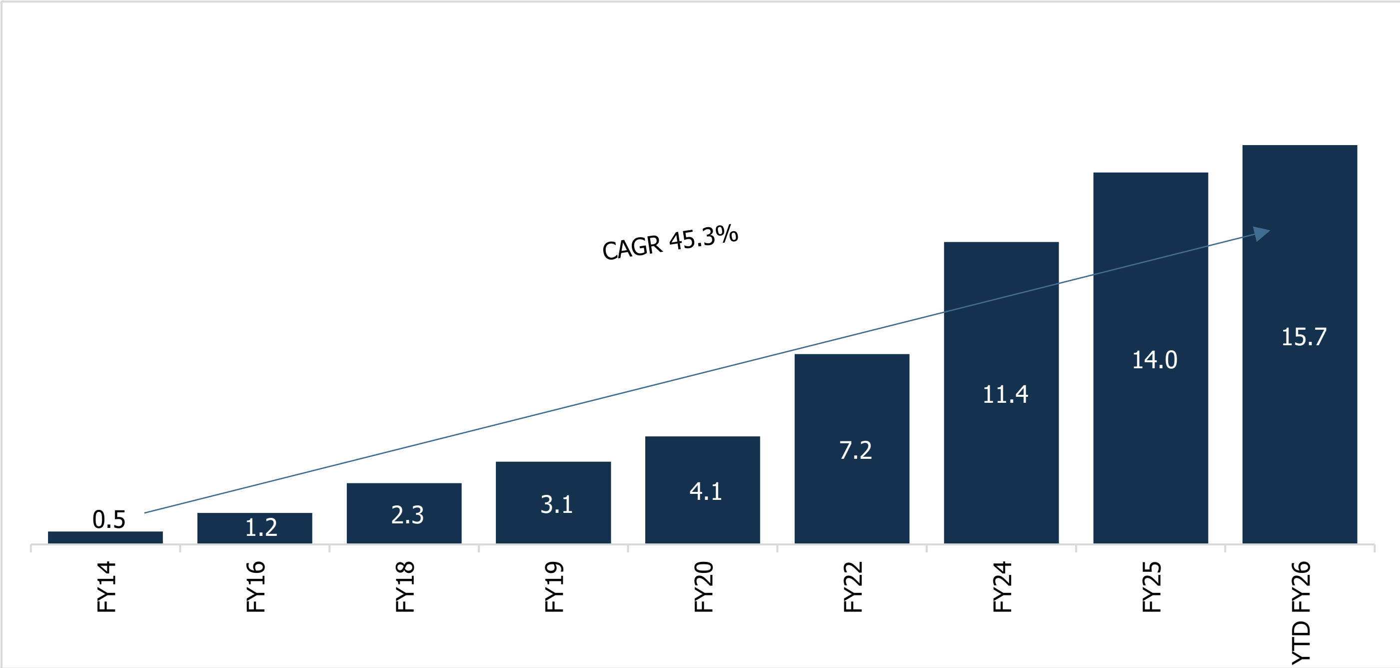
Investment of funds in EPFO is done as per the pattern of Investment notified by the Ministry of Labour and Employment, Govt. of India vide notification no. 1071 (E) dated 23rd April, 2015 (as per para 52 of the EPF Scheme 1952) which is reproduced as under: S.O. 1071 (E). Need for a higher yield to match liabilities prompted the diversification into equities and alternatives. The Central Board, in its 207th meeting held on 31.03.2015 decided to invest 5% of the total annual investments in the Exchange Traded Fund (ETF) of Nifty and Sensex. By FY23, ETFs hold an aggregate of ~ 9% of the corpus. Alternatives are a part of asset-backed, trust-structured and miscellaneous investments which can account for up to 5% of the corpus.

3.4.16. National Pension Scheme AUM

National Pension System (NPS) is a defined contribution pension scheme. NPS is mandatory for Central Government employees joining services on or after 1st January 2004 and has been adopted by almost all the State Government for their employees.

Growth in AUM

Chart 59: Movement in NPS AUM (Rs trillion)



Note: YTD FY26 data is as of October 2025. Source: PFRDA, CareEdge Research

The overall NPS assets under management have grown by over 32 times from Rs 0.48 trillion in FY14 to Rs. 15.7 trillion in YTDFY26 (Oct'25) at a CAGR of 35.1%. Given the regulatory mandate, allocation towards government securities continues to remain high. Meanwhile, allocation towards corporate bonds and short-term investments has reduced and equity allocation has doubled. Alternatives are a part of Asset Backed, Trust Structured and Miscellaneous Investments which can account for unto 5% of the corpus. REITs and InvITs had no presence a decade ago and currently hold a marginal ~0.2% of the investment book as of FY25.

3.5 Market size of India focused alternatives industry

Indian alternatives have seen healthy growth over the past decade

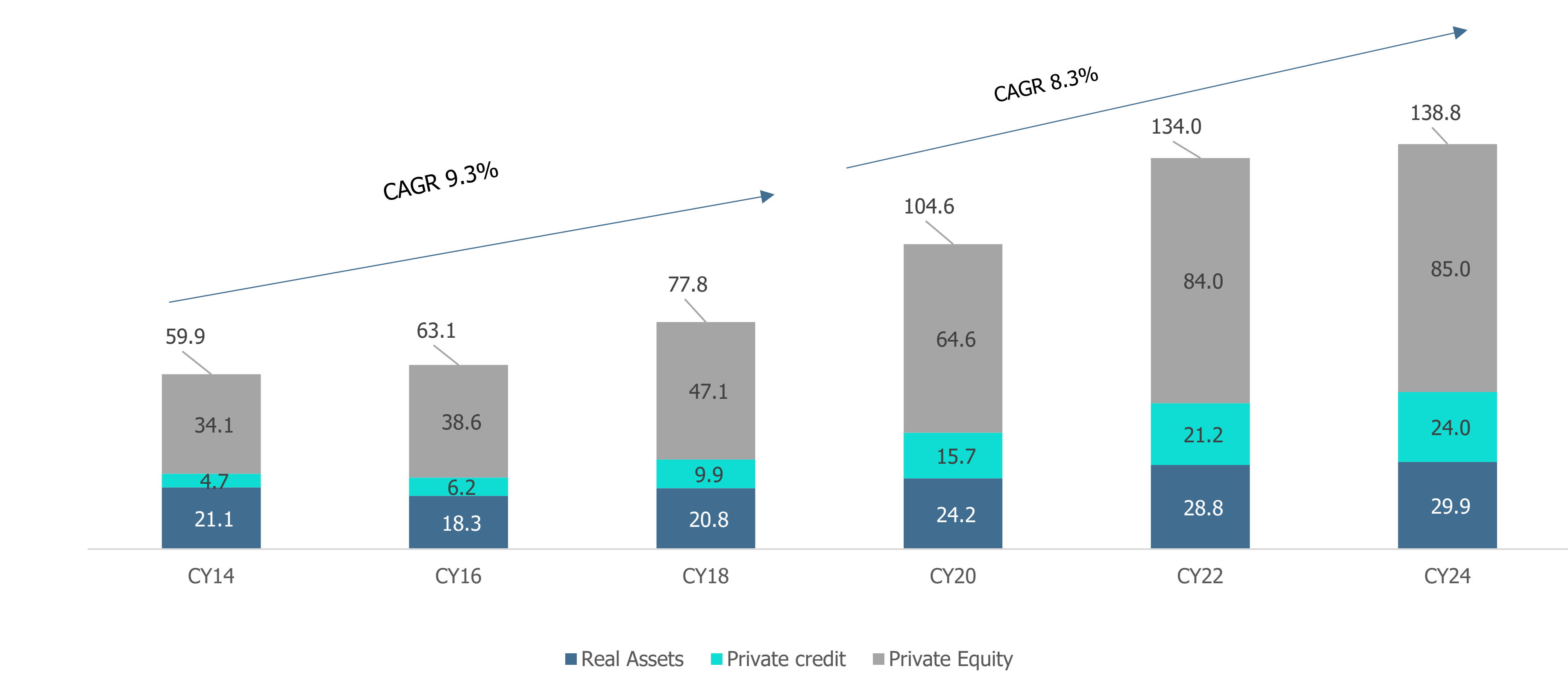
Alternative Investment Funds is one of the fastest growing investment segments in India, given its low penetration. The AIF segment consists of different strategies and is quickly becoming a preferred choice of investment over traditional assets in India.

In the past decade, the Indian AIF industry AUM has grown from USD 59.9 bn in Dec 2014 to USD 138.8 bn in Dec 2024. The growth of the industry has been recorded at a CAGR of 8.8% over the decade.

The chart indicates a positive trajectory of the alternatives industry in India over 10-year period. The industry has experienced a steady and significant increase in size over the past decade reflecting a growing appetite for alternatives investment in the country. This trend is likely driven by factors such as increasing awareness of alternative investments, evolution of regulatory environment, people looking beyond traditional asset classes for investment option, improving financial literacy and growing high net worth population in the country. Other factors include sectoral diversification and innovative financial solutions.

The combined AUM of private credit and real assets in India have more than doubled during the period 2014-2024 and it is expected to further grow to USD 116.6 billion by 2029. The proportion of private credit and real assets market is expected to reach 48% of India's overall alternative investments industry by 2029 from 39% in 2024.

Chart 60: Alternatives industry in India (AUM in USD billion)



Note: Year in the chart indicates Calendar Year
Source: Preqin, CareEdge Research

The AIF market in India represents a dynamic and growing segment of the investment landscape. With robust regulatory frameworks, increasing investor interest, and diverse investment opportunities, the sector is poised for continued expansion.

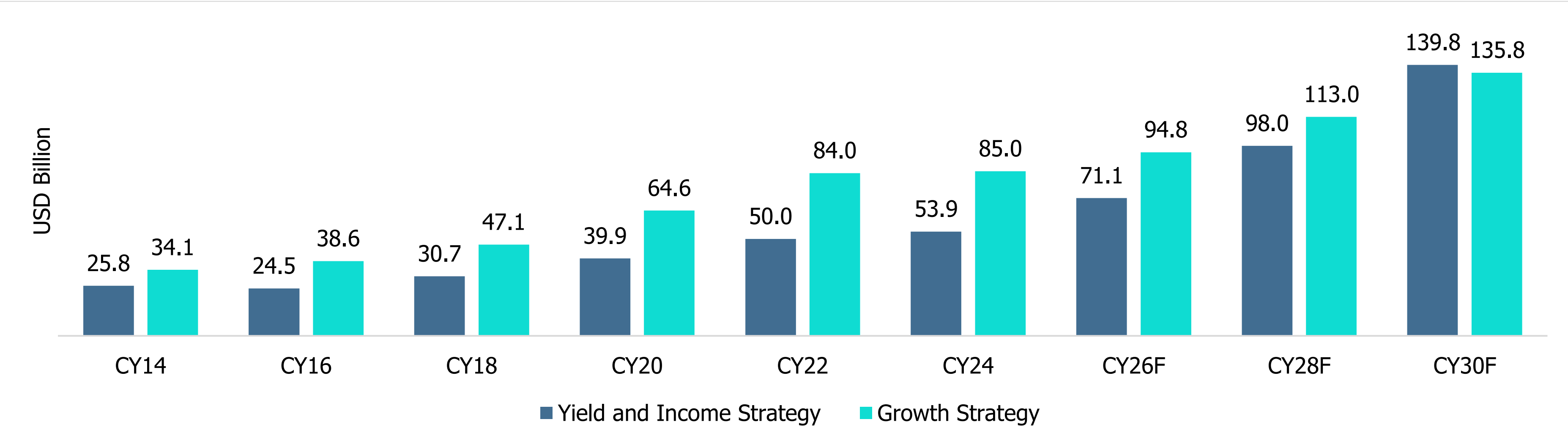
The Indian market has seen a strong growth due to the following reasons:

- **Increasing investor interest**: The AIF sector has seen substantial growth in AUM, which is driven by increasing interest from institutional and high-net-worth investors from both domestic as well as foreign investors.

- **Diversification**: The funds are diversifying into various sectors which include technology, healthcare, renewable energy, and real estate, reflecting broader economic trends and emerging opportunities.
- **Institutional Participation**: There is growing involvement from domestic and international institutional investors, including pension funds, insurance companies, and family offices.
- **Technology Integration**: The sector is increasingly adopting fintech solutions and data analytics to enhance fund management, transparency, and investor experience.
- **Evolving regulatory environment**: Evolution of regulatory environment helps build trust in investors and provide an impetus for sustainable growth in this space.

The Yield and income strategy which includes the Private credit and Real assets are expected to grow from USD 53.9 billion in CY24 to 139.8 CY30 with the expected CAGR of 17% to 19% and Growth strategy which comprises of private equity is expected to grow from USD 85 billion in CY24 to USD 135.8 billion in CY30 with the expected CAGR of 8% to 10%.

Chart 61: Trend for the Yield and Income and growth strategy in India

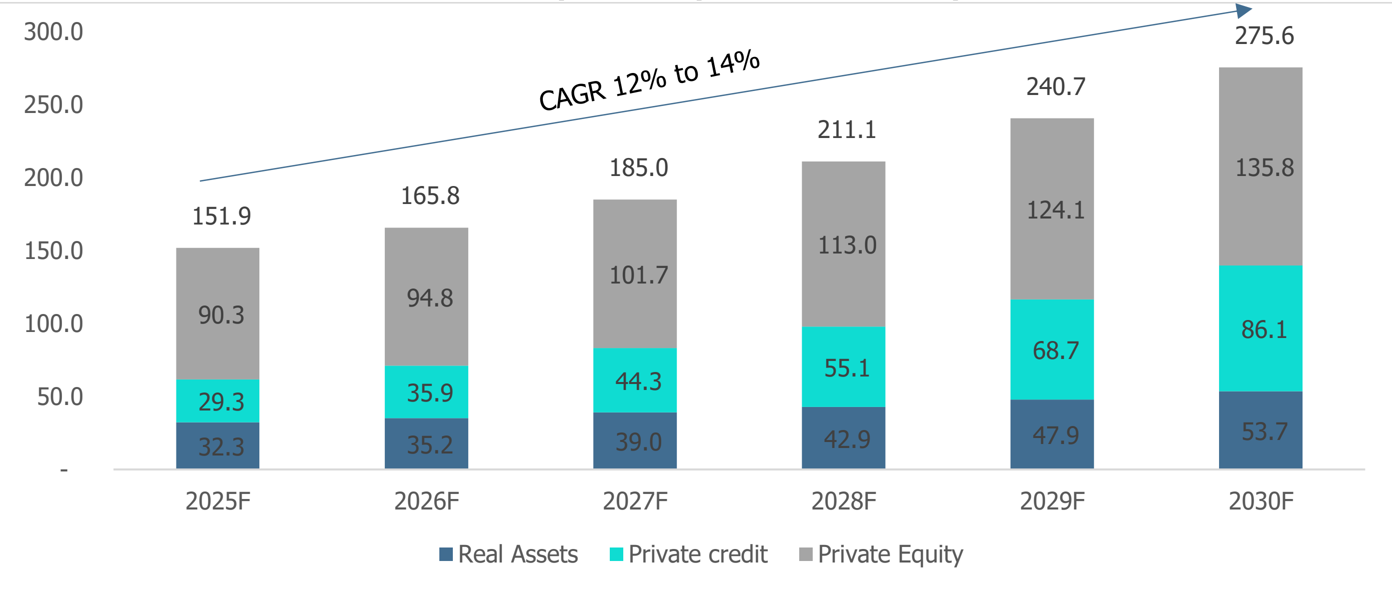


Source: Preqin, CareEdge Research

Indian Alternatives industry to continue to clock healthy growth in the future

India's growing economy is projected to be the third largest globally by the year 2027-28, making it an attractive opportunity for investors. India has been identified as the most appealing emerging market across various asset categories, especially in terms of private credit owing to growing demand for credit in the system and private equity as the startup ecosystem is on a rise in the country. This provides a significant potential to scale the overseas LP allocation to India and tapping the domestic LP, in turn leading to alternatives growth.

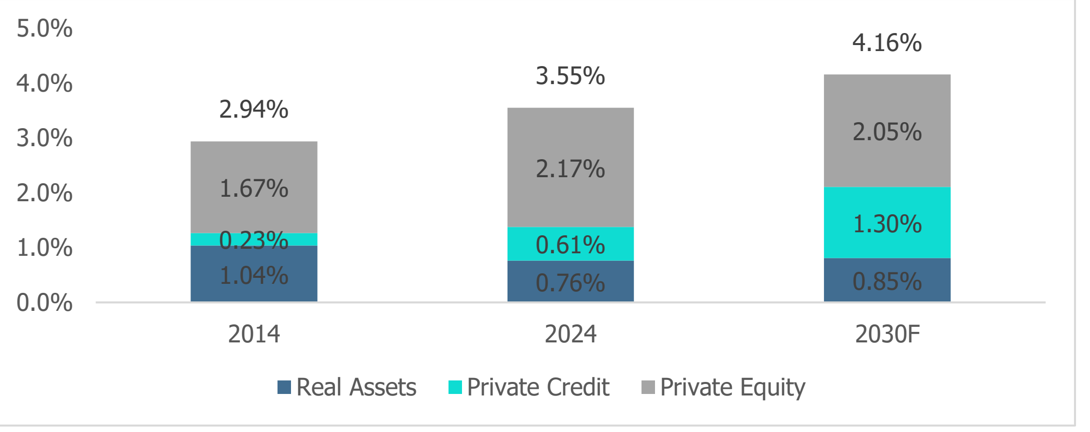
Chart 62: Outlook on Alternatives Industry in India (AUM in USD billion)



Note: F – Forecasted, Year in the chart indicates Calendar Year
Source: Preqin, CareEdge Research

The Indian alternative industry is expected to reach ~USD 276 bn by the year 2030 from USD 138.8 bn in 2024. Between 2025 and 2030, the industry is expected to record a CAGR of ~11% to 14%, where India is expected to outpace the mature market like North America and Europe The alternative investment fund segment in India is growing quickly because of increasing awareness of alternative investments, evolution of regulatory environment, people looking beyond traditional asset classes for investment option, improving financial literacy and growing high net worth population in the country. As India's economy and wealth increase, investors are looking for more diverse and higher-yielding options than usual, also these investments are not linked to market fluctuations thereby a preferred choice to diversify, leading to a rise in demand for alternative investments like private credit and real assets. The support from SEBI and positive government policies have made the environment for these funds transparent and well governed. Hence, established players are well placed to take advantage of this growth.

Chart 63: Alternatives AUM as % of GDP

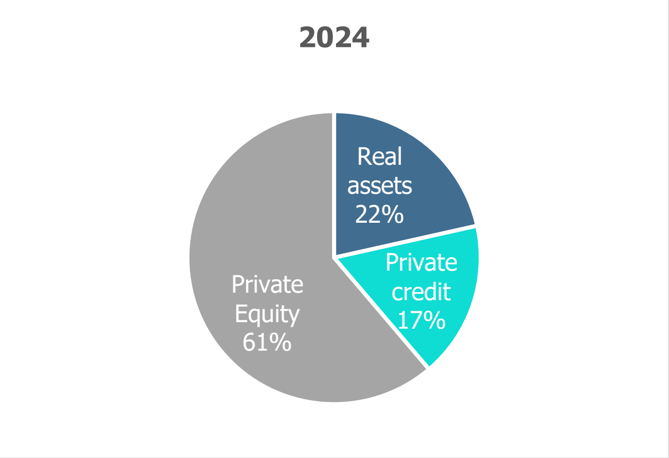


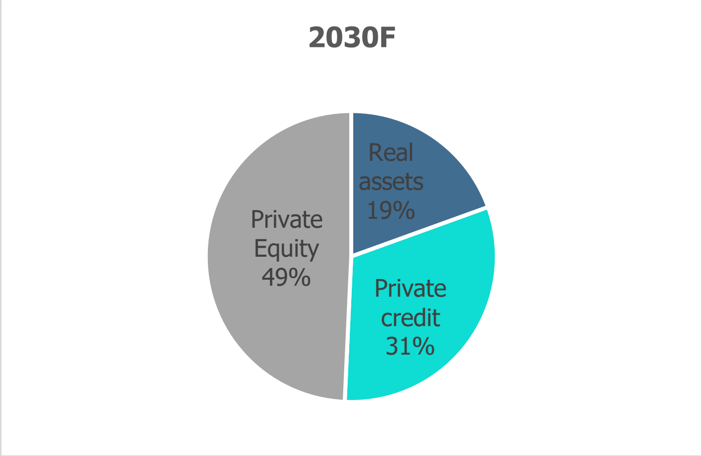
Note: E – Estimated, F – Forecasted, Year in the chart indicates Calendar Year
Source: Preqin, CareEdge Research

Moreover, the involvement of large institutions and international investors and development of infrastructure have also boosted the growth of this sector. The rise in financial knowledge and the global expansion of financial markets is also playing a role in the sector's lively growth. Alternatives AUM as a % of India's GDP which was merely 3% in 2014 has reached to 3.5% in 2024 and is expected to reach to ~4%-5% in the next 5 years.

3.5.1. Private credit to gain market share owing to strongest growth amongst asset class

Chart 64: Split by asset class





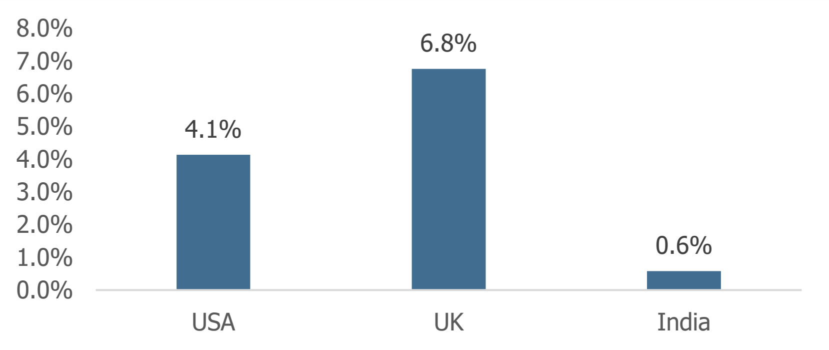
Source: Preqin, CareEdge Research

Private credit: Private credit refers to various loans like direct loans, mezzanine financing, stressed debt, and other kinds of credit that meet the unique needs of the companies borrowing. Private credit usually offers higher returns than regular fixed-income investments because of the higher risk and lack of liquidity in these loans. Also, it provides steady cashflows as compared to private equity where cashflows are completely dependent upon exit events.

In contrast to public debt, private credit is not available on public stock exchanges, which means the terms of the loans are more customized and negotiated between the lenders and the borrowers. In the last ten years, the private credit market has recorded a staggering CAGR of 17.7% increasing from USD 4.7 bn in CY14 to USD 24 bn in CY24.

Going forward it would be one of the fastest growing segments in the Indian alternatives space owing to growing need for credit and widening credit gap. Also, low penetration of private credit in the Indian market visible from an AUM as only 0.6% of GDP when compared to 4.1% for USA and 6.8% for UK provides a huge headroom for growth in the future.

Chart 65: Private credit – AUM as % of GDP (2024)

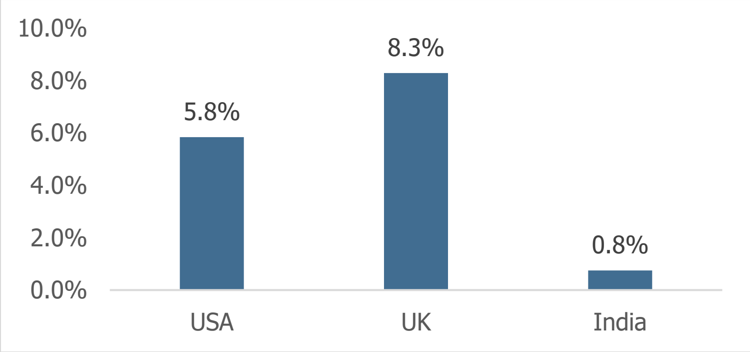


Source: Preqin, IMF, CareEdge Research

Real assets: Real assets are physical or tangible assets that possess inherent worth and are often employed as a safeguard against rising prices and to ensure steady returns. These assets encompass real estate holdings (like office, living, and industrial structures), and infrastructure holdings (such as roads, bridges, and utilities). In contrast to financial assets like shares and bonds, real assets provide direct ownership and the right to use them, and their worth comes from their natural physical attributes and their ability to generate stable and predictable cashflows. The real assets market has grown from USD 21.1 bn to USD 29.9 bn between 2014 and 2024 indicating a modest CAGR of 3.5%. This modest growth rate was primarily due to the underperformance of the real estate sector, which was one of the hardest-hit sectors during the economic downturn, exacerbated by high interest rates amid high inflation and delays in obtaining necessary government approvals.

Also, low penetration of real assets in the Indian market visible from an AUM as only 0.8% of GDP when compared to 5.8% for USA and 8.3% for UK provides a huge headroom for growth in the future.

Chart 66: Real Assets – AUM as % of GDP (2024)

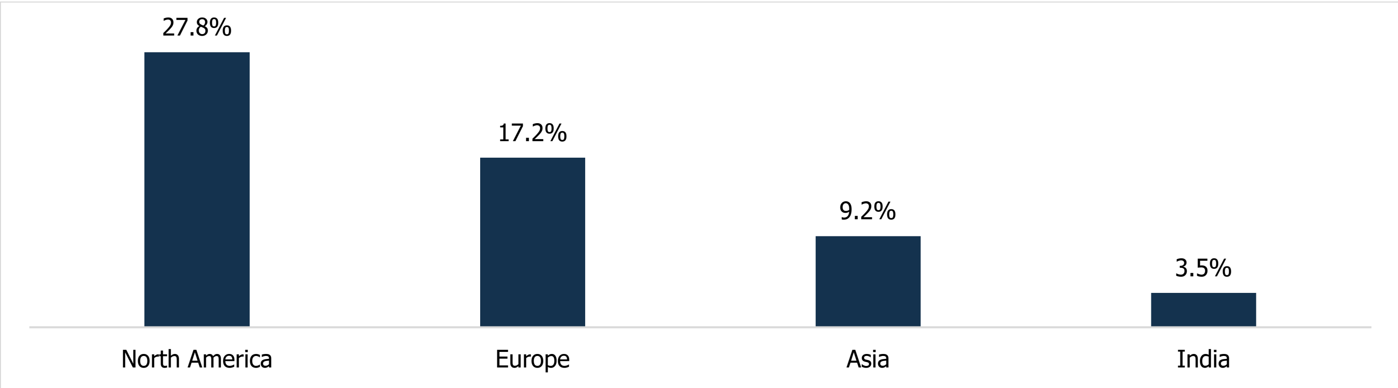


Source: Preqin, IMF, CareEdge Research

Private Equity: Private equity (PE) represents an investment strategy where funds are allocated to private businesses or employed through equity route with the objective of to support growth of the company as well as investors through diligent management and strategic expansion. PE companies purchase ownership shares and concentrate on increasing the value of the companies in their portfolio by making operational enhancements, providing strategic advice, and restructuring. These investments cover a range of phases, including acquisitions, growth financing, and venture financing. The aim is to exit the investment via means like initial public offerings (IPOs) or sales, thereby generating returns for the investors. The private equity market has increased from USD 34.1 bn in 2014 to USD 85 bn in 2024, recording a strong CAGR of 9.6%.

3.5.2. Low penetration of alternatives industry in Asia especially India provides huge opportunity

Chart 67: Alternatives as a % of GDP - 2023



Source: Preqin, World Bank, CareEdge Research

Resultant faster growth in the Indian Alternatives than other regions

The India’s growing economy is projected to be the third largest globally by the year 2027-28, making it an attractive opportunity for investors. The nation's investment attractiveness comes from the range of options in different industries and favourable demographics like increasing wealth and a growing workforce. As per Preqin, in the last five years, the typical venture capital deal size in India was approximately USD 16 million, whereas on a global scale it was ~USD 26 million.

In a volatile market, increasing number of investors are focusing on reducing overall downside risk by emphasizing the lower valuations of early-stage VC investments, even though it may involve holding onto these investments for a longer period. Family offices have become a favourable funding source in a tough fundraising environment because of their willingness to take on more risk and ability to quickly distribute funds. Nevertheless, their adaptability can also lead to them being easily diverted by thriving public markets.

Despite facing global economic challenges, India's strong economic outlook has led to record-high public equity markets after a successful year for IPOs in 2024. This is advantageous for private capital since more developed capital markets can offer improved assistance during the investment process, which is a common obstacle for less established markets. The specially designated economic zone GIFT city, located in Gujarat in the west of India, is also attracting fund managers who are relocating from abroad to capitalize on tax benefits and other advantages for investing in the country. This could also help expand the pool of local industry skills.

Although there are some short-term risks and expected varied performance in the next 12 to 18 months, investors may become more discerning when selecting new investments; however, lower valuations could offer long-term opportunities.

3.5.3. Indian Alternatives industry – Key characteristics:

- **Regulations:** AIFs in India are regulated by the Securities and Exchange Board of India (SEBI) under the SEBI (Alternative Investment Funds) Regulations, 2012. The SEBI outlines the rules for the AIFs which include the formation, operation and disclosure of AIFs. The Funds must be registered with SEBI, and they are also subject to ongoing regulatory compliance, including periodic reporting and disclosure requirements.

- **HNI Investors:** The targeted investors for AIFs are HNI, UHNIs and Institutional investors. AIFs are witnessing an increased participation in the investments from them as the trajectory of HNIs/UHNIs is growing at a faster rate. Due to complexity of the investments, the fund is suited only for institutional and HNI investors.

- **Minimum investment**: AIFs are suitable for HNI/UHNI population as the minimum investment amount of Rs 1 crore is quite high. This fund is not accessible to the retail investors.

- **Diverse strategies:** There are multiple categories in AIF which cover investments in early-stage ventures, growth stage capital and derivates as well. The fund has something to offer for every kind of investor. These kinds of investments are not typically taken up by any traditional asset classes and also minimizes the risk from the diversification of the strategies

- **Risk – Return profile:** AIFs involve high risk as compared to the traditional investments. They are illiquid and have lock – ins as well. The risk adjusted returns are also on an average higher than other traditional investment instruments.

- **Taxation:** AIFs are taxed in the hands of the investors and may face different tax implications depending upon the tax bracket.

- **Liquidity**: Liquidity in AIFs is limited as the capital is usually invested in a close fund. It becomes difficult to withdraw funds as the amount could be invested for extended periods as well. However, access to long-term capital allows investment managers to capture opportunities as they arise, helping optimize overall returns. While liquidity remains constrained, the potential for higher returns serves as a liquidity premium for investors.

- **Investment horizon**: As the investments are done in private equity and growth capital, the investment horizons are diverse and also has the potential to be tailored to needs. The amount could be locked in these investments or even in startups for a considerable time.

- **Financialization of assets:** Indian investors are increasingly shifting from traditional physical assets (real estate, gold) toward financial instruments, creating stronger demand for professionally managed alternative investment vehicles like AIFs.

- **Low volatility:** Certain AIF strategies especially private credit, structured credit, and hybrid funds provide relatively lower volatility compared to publicly traded markets, offering smoother return profiles for investors seeking steady income and stable yield-oriented returns which are not easily available in the traditional asset classes.

3.5.4. Characteristics of Real assets, Private credit and Private Equity

Characteristics	Real Assets	Private Credit	Private Equity (PE)
Income generation	Real assets provide steady income through rents, leases in addition to potential capital appreciation	Private credit provides regular incomes like interest payments, which can offer a stable and predictable income stream	PE usually involves equity stakes in companies, which do not provide regular income. Returns are generally realized upon the sale of the investment or through dividends if the company pays them, which can be less predictable
Risk profile	Real Assets are generally less risky when compared to private credit and private equity	Generally, credit is considered to be less risky, as it often involves secured loans with priority in the capital structure.	PE involves higher risk due to the nature of investing in startups or growth-stage companies. This investment is risky as the companies may fail or underperform
Liquidity	Liquidating real assets can take considerable amount of time	While the credit investments are less liquid than public bonds, they are generally more liquid than private equity investments. Depending upon repayments, investors may get their principal amount sooner	In PE, the capital is tied up until the exit events such as IPOs or acquisitions occur hence the investment is illiquid
Inflation	Real assets often serve as an effective hedge against inflation, as their value and income potential tend to rise with inflation	Private credit may not provide a direct hedge against inflation as it is always pegged against the risk profile and strategy of the fund	Private equity may not directly hedge against inflation since the returns are more dependent on the growth and performance of the portfolio companies
Capital appreciation	Real assets can appreciate over time due to increased demand or	Private credit investments are primarily designed to generate stable income; however, certain sub-	In private equity, significant growth can be achieved from the investment in the invested companies, potentially delivering higher returns but with greater risk

	improvements in the underlying assets	strategies do offer potential for capital appreciation including distressed debt, special situations and mezzanine debt	

To sum up, investments in private credit and real assets usually provide more regular and steady earnings, relatively shorter investment periods, and possibly reduced risk when contrasted with private equity. On the other hand, private equity could lead to greater returns and expansion opportunities, albeit with increased risk and extended periods of investment. The decision on which type of investment to pursue hinges on personal investment objectives, the level of risk one can handle, and the necessity for income.

3.6 Market landscaping of Alternative players in India:

Table 16: Handful multi-strategy players in the Indian alternative space, EAAA India Alternatives present across strategies

Strategies	Real Assets	Private Credit
EAAA India Alternatives	✓	✓
ICICI Venture	✓	✓
Kotak Alternate Asset Managers	✓	✓
360 ONE	✓	✓
SBICAP Ventures	×	✓
True North	×	✓
Motilal Oswal	✓	✓
Axis Asset Management Company	✓	✓
Vivriti Asset Management	×	✓

Source: Company websites as on May 2025

Players with consistent performance and asset management track record, investment team and consistent long standing limited partners will be able to ride the growth wave in the industry. Top large fund managers in the alternative space in India have raised approx. USD 31 billion in the last decade, with top 3 of them accounting for ~70% of the overall fund raise in the market. EAAA India Alternatives having its presence for more than 15 years is one of the leading alternatives platforms in India. While, in terms of AUM, for the period stated as in Table 18, EAAA India Alternatives is the largest Indian player in the alternatives market in India. Also, EW Special Opportunities Fund III of EAAA India Alternatives was one of the largest private credit funds raise during the pandemic period.

Table 17: Fund raise over the last 10 years

Company	Fund raise in USD bn (Last 10 years)	Vintage (Establishment Year)
Kotak Alternate Asset Managers	10.3	2005
EAAA India Alternatives	6.7	2008
360 One	5.2	2008
ICICI Venture	2.4	1988
SBICAP Ventures	2.4	2005
Motilal Oswal Alternates	1.6	2006
True North	1.5	1999
Axis Asset Management Company	0.6	2009
Vivriti Asset Management	0.4	2019

Source: Preqin

Table 18: Size of Indian AIF players and Foreign players having India focus

Company	AUM (USD billion)
Indian Players	
EAAA India Alternatives	6.8
ICICI Venture	6.5
Kotak Alternate Asset Managers	5.7
360 One	4.9
SBICAP Ventures	3.9
True North	3.0
Motilal Oswal	1.8
Axis Asset Management Company	0.3
Vivriti Asset Management	0.2
Foreign players (India focused AUM)	
Blackstone Inc.	~ 50.0
Brookfield	~30.0

Company	AUM (USD billion)
KKR & Co.	~ 10.0
Advent International	~ 6.0
Carlyle Group	~ 5.0
Warburg Pincus	~ 3.0

Note: The above figures are latest AUM for the companies with a time period ranging from Dec 2023 to March 2025 depending on disclosures by the players.
Source: Preqin, Company Reports & Websites

3.7 Competitive Edge for the players in Alternative market

Track Record

- Established firms, with their proven performance and the firms with Vintage/ track record have seen multiple cycles and are better placed, have built trust and credibility, making it easier for them to attract investors and secure high-quality borrowers.
- New players often struggle to prove their reliability and effectiveness, leading them to take on riskier borrowers, which hampers their ability to compete and manage borrower risk.

Scale of Operations

- Established private credit firms leverage their scale of operations to achieve significant competitive advantages, including greater diversification and risk mitigation. This larger asset base allows them to offer more attractive terms to borrowers and operate more efficiently, enhancing profitability and solidifying their position as trusted partners in the market also the Private credit involves large operational team to manage the cashflow operations which enables them to operate efficiently.
- New entrants often face higher per-unit costs due to their smaller scale, impacting their competitiveness. They struggle to acquire the necessary infrastructure, technology, and talent for effective credit risk management, making it hard to match established firms, which leverage their scale to offer better terms to investors and borrowers.

Strong Sponsor Backing

- Established firms benefit from backing by well-known sponsors, providing financial support and credibility that helps them access capital, attract quality borrowers, and negotiate better terms. This support also enables investments in advanced infrastructure and talent, boosting their competitive edge.
- New entrants often struggle to secure funding and support without strong sponsorship, making it difficult to build credibility, attract investors, and compete effectively. This backing is crucial for differentiating established players from newcomers and sustaining market dominance.

Underwriting

- Established firms because of the vintage and having seen multiple cycles, have a more nuanced practices to accurately assess borrower risk and creditworthiness, minimizing defaults and enhancing returns. Their access to advanced technology and strong networks further boosts their ability to negotiate better terms and attract quality borrowers, solidifying their competitive advantage.
- New entrants struggle with underwriting due to its complexity and required expertise. Lacking resources and experience, they face challenges in due diligence and risk assessment, resulting in higher default risks. The high cost of technology and regulatory hurdles further limit their competitiveness, allowing established firms to maintain dominance in the private credit industry.

Risk Management Capabilities

- Established firms use refined risk management capabilities to effectively assess and mitigate financial risks. Their advanced tools and experienced teams reduce defaults and enhance lending decisions, building trust with borrowers and investors. This expertise allows for favorable negotiations and better regulatory compliance, strengthening their market position and attracting quality borrowers.
- New entrants, developing effective risk management capabilities is a major barrier to entry in private credit. Lacking the resources and experience of established firms, they struggle with risk assessments and may make poor lending decisions, increasing default risks and deterring investors.

Investor Interest & Confidence

- Established firms benefit from a strong track record and a history of reliable returns, which helps them attract and retain investors. Their proven performance reassures investors about the safety and potential of their investments.
- New entrants struggle to gain investor confidence due to their lack of a proven track record, making it difficult to attract significant investment. Investors tend to prefer firms with demonstrated performance and reliability, so this initial lack of interest hinders newcomers from securing the capital needed to compete effectively.

Asset Mangement Capabilities

- A strong on-ground asset management team is critical for an alternative asset manager as it drives operational execution, real-time oversight, and value creation across portfolio assets.
- Established firm having an asset management arm bring credibility, making investors more comfortable, reducing setup costs, accelerating fundraising, and enhancing investor confidence.
- This deep, local operating capability becomes a significant entry barrier for new entrants, as it requires years of domain expertise, relationships, and institutional knowledge that is difficult to achieve.
- New entrants face higher costs, slower fundraising, weaker risk controls, and credibility issues

4 Real Assets

4.1 Overview of Real Assets market in India

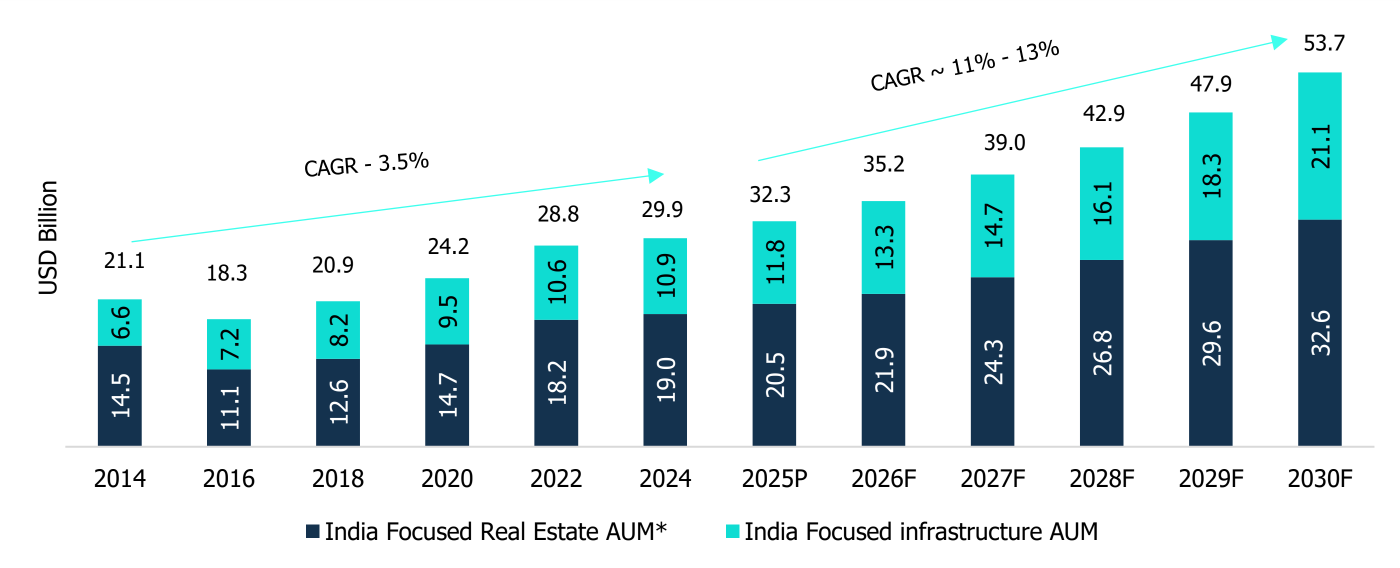
Real Assets is one of the most crucial sectors for the Indian economy. Real Assets are generally perceived to provide a hedge against inflation. AIFs play a significant role here by allocating investments towards real assets. Unlike developed economies, where real-asset markets are largely mature and yield-focused, India remains in a dynamic stage, offering a opportunity for long-term capital investment. With vast unmet demand across transport, energy, logistics, commercial real estate, and digital infrastructure, India's real-assets sector is still evolving and expanding. This structural under-penetration combined with rapid growth drivers makes India one of the most compelling global markets for multi-decade real-asset investment.

4.1.1 Market Size of Indian Real Assets AUM

The Real Assets AUM experienced a CAGR of 7.05% from CY19 to CY24. This modest growth rate was primarily due to the underperformance of the real estate sector, which was one of the hardest-hit sectors during the economic downturn, exacerbated by high interest rates amid high inflation and delays in obtaining necessary government approvals. During Covid-19 pandemic, there was a noticeable shift in Real Estate Demand in Urban areas, the rental market faced challenges, with many tenants unable to pay rent, leading to negotiations and a temporary decline in rental prices.

The Indian Government has taken various measures to improve infrastructure in India, by increasing budgetary allocation towards capex and leveraging public-private partnerships (PPPs). In the Union Budget 2025-26, the government continued its focus on infrastructure development with budget estimates of capital expenditure toward the infrastructure sector of Rs. 11.21 trillion. Furthermore, continuous efforts by the Government of India to make the business environment convenient to operate and streamline the regulatory process will support the growth of investments in the infrastructure and real estate segment.

Chart 68: Trend in Real Asset AUM



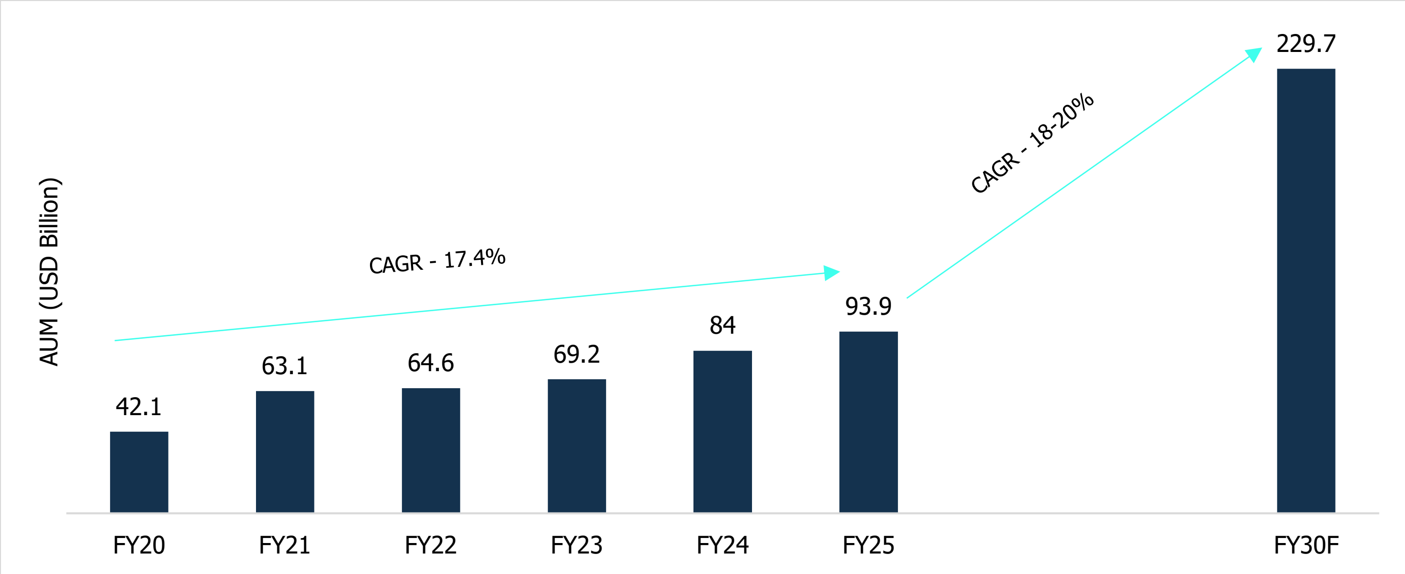
Source: Preqin, CareEdge Research Estimates

Note: The above years denote Calendar Year, *Excludes Real Estate Debt Funds.

The Indian Real Asset AUM which is USD 24.2 billion in 2020 is expected to be more than double by 2030. The global Real Asset AUM is expected to grow at a CAGR of 7%-9% from 2024 to 2030. The APAC Real Asset AUM is also expected to grow at a CAGR of 7%-9% from 2024 to 2030. Indian Real Asset AUM is expected to grow at a CAGR of 11%-13% from 2024 to 2030 and is expected to form a bigger chunk of the APAC real assets AUM.

India's combined REIT and InvIT AUM has grown sharply from USD 42 billion in FY20 to a projected ~USD 230 billion by FY30, reflecting one of the fastest-growing yield-oriented investment markets globally. The period from FY20 to FY25 shows steady expansion driven by initial platform creation, regulatory stability by SEBI, strong investor appetite for completed assets, and increasing participation from foreign institutions such as pension funds and sovereign wealth funds.

Chart 69: AUM of REITs and InvITs to grow more than 5X from FY20 to FY30



Source: BIA, CareEdge Research Estimates

Post-FY25, the growth curve is expected to steepen significantly owing to huge investments in infrastructure and monetization plan by the government. AUM is expected to more than double between FY25 (USD 93.9 bn) and FY30 (~USD 230 bn). This acceleration is attributable to the expected monetisation of large pools of core assets: commercial offices entering REITs, aggressive asset recycling by infrastructure developers, renewable energy portfolios shifting into InvITs, and the expansion of digital infrastructure such as fibre and data centres. Policy push on asset monetisation (National Monetisation Pipeline) is also a major driver. Their role in freeing up capital for new construction and reducing dependence on bank lending will significantly strengthen both real estate and infrastructure financing ecosystems.

InvITs and REITs have become critical instruments for channelling domestic capital into India’s infrastructure and real estate sectors. Their structured, regulated frameworks provide investors with access to large-scale assets while ensuring transparency and predictable returns. Recent regulatory interventions by SEBI, such as reclassifying REITs as equity instruments and expanding the definition of strategic investors are designed to strengthen participation from mutual funds, institutional investors, and retail segments. Together, these measures are fostering a deeper domestic investor base, diversifying funding sources, and creating a more resilient financing ecosystem for long-term infrastructure development.

4.1.2 Key Growth Drivers for Real Assets Market:

India's economic growth is driven by a combination of factors, including investments in energy and manufacturing, rising consumption, a robust services sector, and digitization. Construction, Logistics and warehousing, Hospitality, Retail, healthcare, education and tourism are various sectors built on real assets.

A. India has been a high growth economy led by both services and manufacturing sectors and is underbuilt on Real Assets

India has consistently reported strong GDP growth rates, driven by robust domestic consumption, a young and expanding workforce, and increasing foreign direct investment (FDI). The Indian economy is supported by diverse sectors, including technology, finance, healthcare, and manufacturing. The services sector, particularly IT and business process outsourcing (BPO), is a major growth engine. Manufacturing is also evolving, with a focus on sectors like automotive, pharmaceuticals, and electronics.

Manufacturing Sector on A Growth Path

Over the past decade, the manufacturing sector has grown at a CAGR of 5.7% in real terms. In FY24, the sector experienced a notable 12.3% y-o-y growth driven by a strategic emphasis on labour-intensive industries such as textiles, apparel, and food processing, which are expected to generate substantial employment opportunities. Investments in emerging areas like automobiles, electronics, and renewable energy will further strengthen the sector’s competitiveness. However, in FY25, it is estimated to grow only by 4.5% y-o-y as per provisional estimates and by 7.7% y-o-y in Q1FY26.

Table 19: Manufacturing Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)	Q1FY25	Q1FY26
Manufacturing	5.4	-3.0	2.9	11.1	-3.0	12.3	4.5	7.6	7.7

Source: MOSPI; Note: FE – Final Estimate, FRE – First Revised Estimates, PE – Provisional Estimates

Service Sector Growth Path

As of FY24, the services sector contributed a substantial 54.7% to the nominal GVA which is poised to remain a catalyst for India’s future economic growth. The steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector. In FY24, the sector experienced a notable 9.9% y-o-y growth, led by the Financial, Real Estate and Professional Services sector growth, which grew by 10.3% y-o-y. For FY25, Public Administration, Defense and Other Services is expected to grow by 8.8% y-o-y, while the service sector as a whole is expected to grow by 7.2% y-o-y. For Q1FY26, Public Administration, Defense and Other Services is expected to grow by 9.8% y-o-y, while the service sector as a whole is expected to grow by 9.3% y-o-y.

Table 20: Service Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)	Q1FY25	Q1FY26
Services (Tertiary sector)	**7.2**	**6.4**	**-8.2**	**8.8**	**11.3**	**9.0**	**7.2**	**6.8**	**9.3**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	14.4	7.5	6.1	5.4	8.6
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	10.7	10.3	7.2	6.6	9.5
Public Administration, Defense and Other Services	7.5	6.6	-7.6	9.7	8.2	8.8	8.9	9.0	9.8

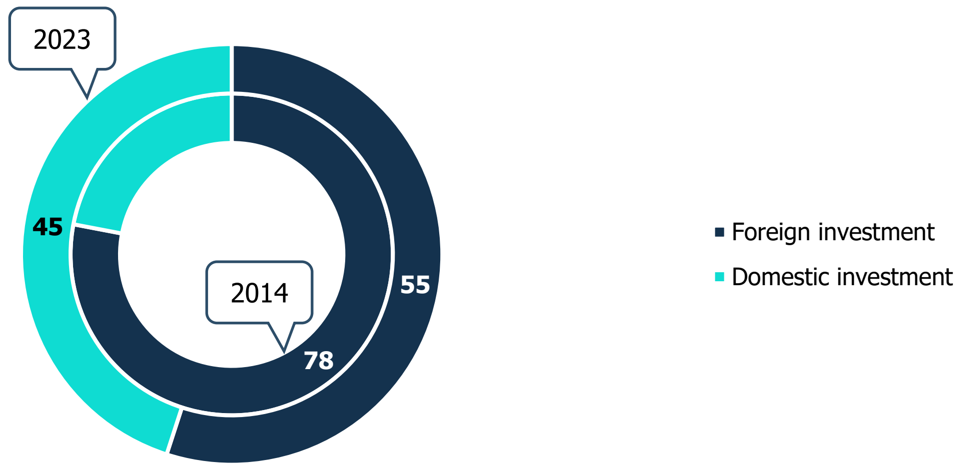
Source: MOSPI; Note: FRE – First Revised Estimates, PE – Provisional Estimate, FE – Final Estimate

The healthy economic growth, along with manufacturing and services sector growth would in turn lead to healthy growth in the underbuilt housing segment as well as infrastructure development for better connectivity and facilities. By leveraging AIFs for financing, India can meet its growing infrastructure and real estate development needs, foster sustainable economic growth and improving living standards.

B. Increasing Share of Domestic Investors

The SEBI AIF regulations of 2012 have played a significant role in shaping the alternative investment landscape in India. By providing a structured framework, they have facilitated the growth of real assets, private equity, venture capital, and other alternative investment strategies, enhancing capital inflow into sectors that drive economic growth. This opened the route for domestic investors to park and grow their money lead by country's development. The share of domestic investment was highest in 2016 and was lowest in 2020, the share of domestic investment has grown at a CAGR of 8.8% from 2014 to H12023.

Chart 70: Increasing share of domestic capital in real estate, growing at a CAGR of 8.8%



Source: JLL, CareEdge Research
Note: The above-mentioned years represent Calendar Year and the data for 2023 is for half year

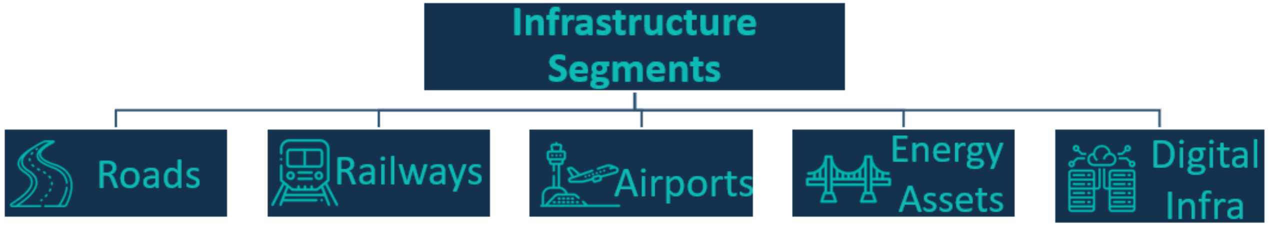
Domestic institutions, including insurance companies, pension funds, and mutual funds, are increasingly allocating capital to real assets for better risk-adjusted returns. This enhances liquidity and supports large-scale projects. Policies promoting infrastructure development, such as the National Infrastructure Pipeline, encourage domestic investment in real assets. Government incentives attract local capital, fostering growth in sectors like housing and renewable energy. The share of domestic investment was at its peak in 2016. Government had enacted the RERA Act (Real Estate Regulation and Development Act) in 2016 to promote transparency, accountability, and efficiency in the real estate sector and Benami Transactions (Prohibition) Amendment Act and Benami Transactions (Prohibition) Amendment Act was also introduced to curb black money and prevent property transactions made in the name of fictitious entities or individuals.

Alternatives platform pivotal for channelizing domestic capital into real assets development

Alternatives platform plays critical role in deploying domestic capital into real assets development, thereby providing funding support for capital intensive real assets segment. It could provide equity funding for real estate segment through REITs and infrastructure segment through INVITs. It could also provide debt for infrastructure projects, thereby diversifying their funding from traditional financing means.

4.2 Indian Infrastructure Sector

Infrastructure sector acts as a catalyst for India's economic growth. It complements the allied sectors like townships, housing, built-up infrastructure, and construction development projects.



Roads

India has the second-largest road network in the world with 66.7 lakh kilometres of roads and highways, of which approx. 5% falls under highways. For better connectivity and faster movement of goods, the government is expanding 2-lane highways to 4 lanes and 4 lanes to 6 lanes. The investments in road sector are expected to grow by a CAGR of ~10-12% during the period FY25-FY28. PMGSY-IV, approved for FY25 to FY29, targets construction of 62,500 km of rural roads to connect 25,000 habitations with an outlay of Rs 701.3 billion. Budgetary allocation for road transport and highways has increased from about Rs 311.3 billion in FY14 to Rs 3.0 trillion in FY25. Capital expenditure on National Highways (NHs) has been significantly increased from about Rs 510 billion in FY14 to Rs 3.01 trillion in FY24.

Railways

India has ~1.3 lakh Km of railway tracks as of 2023. India has the second-largest railway network in Asia and the fourth-largest railway network in the world. The key focus areas have been the decongestion of the over-utilized rail network, construction of new lines, doubling, tripling, the quadrupling of rail lines, and purchase of rolling stock such as wagons, locomotives, coaches, etc. The investments in railway sector is expected to grow by a CAGR of ~7-9% during the period FY25-FY28.

Airport

India has become the third-largest domestic civil aviation market in the world and has immense potential to grow further. This calls for higher investment to build new airports and augment the existing airport infrastructure to support future growth. Furthermore, the government's ambitious Regional Connectivity Scheme (RCS-UDAN) aims to bridge the air travel gap in underserved regions by constructing 100 new airports in the next few years. The number of airports operational in India have gone from 74 in 2014 to 160 in 2025. Cabinet Committee on Economic Affairs (CCEA) has approved the revival and development of unserved and under-served airports at the total cost of Rs 45 billion. In addition to the above, Expenditure Finance Committee (EFC) also approved an amount of Rs 10 billion for the development of 50 more airports, heliports and water aerodromes under the UDAN scheme.

Energy Assets

India is the world's third-largest producer of energy with an installed power generation capacity of 495.5 GW in August 2025 and has the fifth largest installed thermal power capacity. It is also the third largest consumer of electricity.

Digital Infra

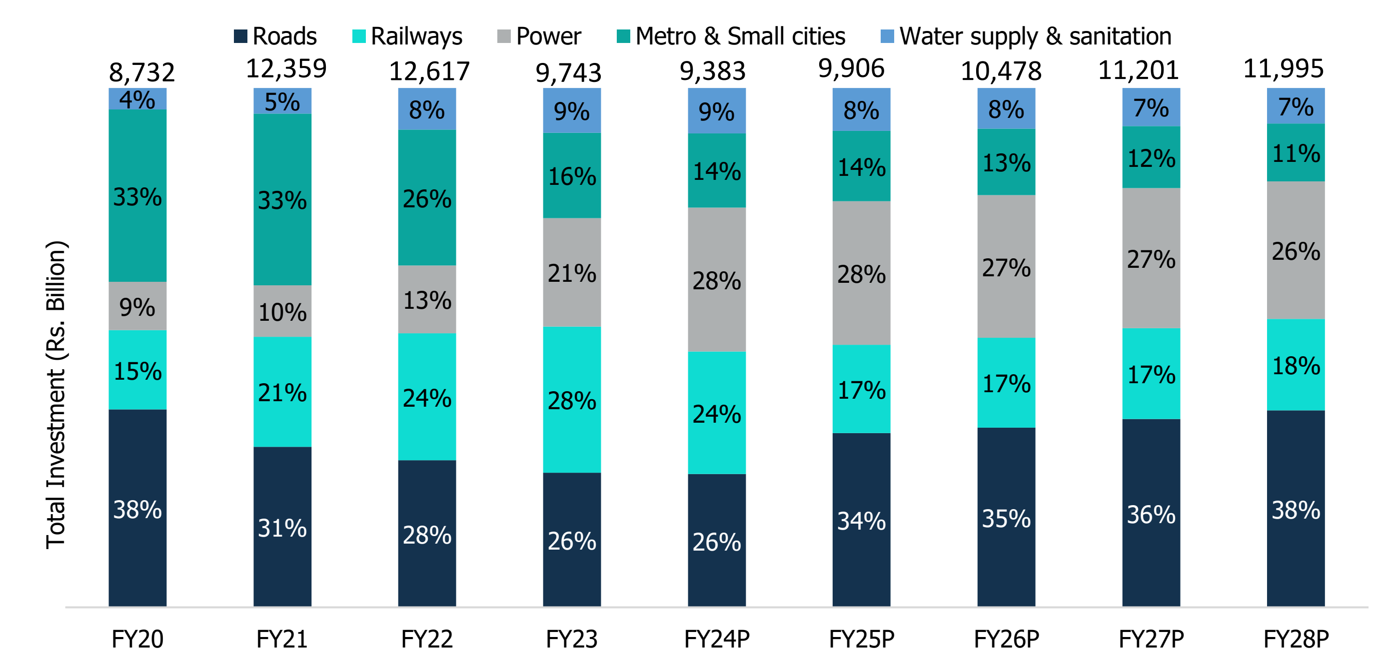
As businesses digitize operations, the demand for data storage and processing increases, driving the need for more data centres. This along with the shift towards cloud services has resulted in a surge in demand for data centres to support these infrastructures, which has led to greater demand for commercial spaces specifically designed for data storage. The National Data Centres form the core of e-Governance Infrastructure in India by providing services to various e-Governance initiatives undertaken by the Government of India. As per CareEdge Research, the data centre industry in India is expanding and has expanded from 350MW capacity in 2019 to an installed data centre capacity of 1014 MW in 2024, growing at a CAGR of 23.7%. CareEdge Research estimates that capacity is expected to double to about 2000 MW by 2026. The growth plans have also created substantial investment prospects and CareEdge Research estimates a capex of Rs 500 billion in this space until over the next three years till CY26.

According to CBRE, India's data centre market marked a significant milestone, reaching approx. 1,530 MW (23 million sq. ft.) of capacity as of September 2025, with Mumbai and Delhi together accounting for 63% of the total installed capacity. This rapid build-out has been driven largely by the escalating shift of enterprises toward cloud-led architectures and the growing reliance on hyperscale computing. The dominant cloud service providers, collectively hold the largest share of the cloud infrastructure market. Their expanding workload requirements are directly shaping the scale, specifications, and pace at which new data centre capacity is being developed, reinforcing the need for sustained, long-term investment in India's digital-infrastructure ecosystem.

4.2.1 Investments in Indian Infrastructure

India's economic growth is fuelled by a diverse range of sectors, of which infrastructure is a vital sector. In recent years, the government has taken several steps to accelerate infrastructure development, wherein, the key focus areas are transportation, energy, smart cities, water, social infrastructure, and digital infrastructure. CareEdge Research estimates India's infrastructure investments of Rs. 52,962 billion between FY24-FY28.

Chart 71: Continued High Investment Momentum in Key Indian Infrastructure Sectors



Source: CareEdge Research

Foreign investments also play a crucial role in infrastructural development as they bring in innovation and foster value chains. More liberalization toward foreign direct investments attracts investors to participate in infrastructure projects, bringing in capital, technology, and expertise. Whereas India's rapid urbanization fuels demand for new housing, commercial spaces, and improved urban infrastructure like metro networks, waste management systems, and power grids. Additionally, public and private investments in infrastructure are expected to rise significantly in the coming years. This will create opportunities for all segments.

4.2.2 Energy Assets

India is the world's 3rd largest GHG emitters in 2024w, after China and United States. India is central to global efforts to reduce emissions. The country's population is also surging along with the growth in economy. India has set a target to reduce the carbon intensity of the nation's economy by less than 45% by the end of the decade, achieve 50% cumulative electric power installed by 2030 from renewables (already achieved in 2025), and achieve net-zero carbon emissions by 2070. India has also set target to achieve 500 GW Non-fossil fuel based Installed Electricity Capacity by 2030 (as of 2025 it has achieved 256.09 GW). As of 30 September 2025, the country's total installed electricity capacity has crossed 500 GW, reaching 500.89 GW. Of this, non-fossil fuel sources contribute 256.09 GW, which is just over 51% of the total capacity. With this progress, India has already achieved one of its major COP26 Panchamrit goals, to have 50% of installed electric power capacity from non-fossil fuel sources by 2030, five years early.

With the increasing focus on sustainability and reducing carbon emissions, there's a growing demand for integrating renewable energy sources like solar, wind, and hydro into the grid. Ageing infrastructure and the need for improved efficiency are driving utilities to invest in grid modernization initiatives. The investment in the power sector is expected to grow by a CAGR of around 5% during the period FY25-FY28. Until 31st March 2025, transmission systems have expanded to 4,94,374 circuit kilometre compared to 4,85,544 circuit kilometre of transmission lines in March 2024 13,37,513 mega volt amp (MVA) compared to 12,51,080 MVA of transformation capacity. As of September 2025, total transmission systems have expanded to 4,96,785 circuit kilometre and 13,48,658 MVA of transformation capacity. The government is running a scheme called "Development of Solar Parks and Ultra Mega Solar Power Projects" to set up large solar power plants connected to the electricity grid, with a target of 40 GW by March 2026. So far, 53 Solar Parks with a total capacity of about 39,323 MW have been approved in 13 states. Out of these, 18 parks (10,856 MW) are fully developed, where 10,756 MW of solar power projects are already working. Another 3140 MW of solar projects are running in 8 parks (10,043 MW). In total, 13896 MW of solar power projects have started operating in 26 Solar Parks, while the remaining parks are still being developed.

The investments in the power sector across transmission, generation, and distribution is expected to be Rs 19 trillion, during FY24 to FY30 thereby resulting in substantial rise in installed power generation capacity, with higher share of renewable energy.

In order to meet its carbon emissions promises, India requires funding and investment, much of it front loaded accounting to as much as 3.5% - 6% of GDP will be needed. This anticipates USD 7.2 trillion of green investments required under the current Line of Sight scenario in the years to 2050. A further USD 4.9 trillion would be needed under an accelerated scenario. By strategically directing capital into renewable energy, sustainable infrastructure, technological innovation, and climate resilience, AIFs can significantly contribute to India's goal of achieving net-zero emissions by 2070.

Energy Transition:

Definitive Climate Commitments by the India Government

India is set to achieve its short term and long-term targets under the Panchamrit action plan, like- reaching a non-fossil fuel energy capacity of 500 GW by 2030; CO2 emissions by 1 billion tons by 2030; reducing carbon intensity below 45 percent by 2030; and finally pave the way for achieving a Net-Zero emission target by 2070. As of August 01, 2025, 29,277 public EV charging station were operational across the country, however considering the EV sales penetration targets set by NITI Aayog which include 30% of private cars, 70% of commercial cars, 70% of buses and 100% of two and three-wheelers by 2030, it is expected that there will be ~90 million EVs on Indian roads by 2030, resulting in reduction of around 28.0 million metric tonnes of carbon emission. Moreover, to support these EVs, around 13 lakhs public EV chargers would be required by year 2030, as per report by CII. As of October 2024, the share of renewable energy in total generation capacity is approx. 46% and as of June 2025 it has already reached 50% - five years ahead of its 2030 target set. According to

Espen Mehlum, Head of Energy, Materials and Infrastructure Programs at the World Economic Forum, India will require approximately USD 800 billion by 2030 to achieve its renewable energy capacity targets under COP26 commitments.

As per Niti Aayog's June 2023 report, less than 1000 MLD, which is about 3% of treated wastewater and 1% of wastewater generated, is being reused for some valuable purposes. With Government of India schemes like National Framework on Reuse of Treated Waste Water and River Development & Ganga Rejuvenation, these figures are expected to improve further.

Major Government Schemes and steps:

- The outlay of Rs 197 billion for the Green Hydrogen Mission to facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. The target is to reach an annual production of 5 MMT by 2030.
- The allocation of Rs 350 billion for priority capital investments towards energy transition and net zero objectives, and energy security.
- Viability gap funding for 4,000 MWh battery energy storage systems and formulation of a detailed framework for pump storage projects.
- Investment of Rs 207 billion including central support of Rs 8,300 crores for strengthening of interstate transmission system for evacuation and Grid Integration of 13 GW renewable energy from Ladakh.
- Permitting Foreign Direct Investment (FDI) up to 100 percent under the automatic route for renewable energy projects.
- Waiver of Inter State Transmission System (ISTS) charges for inter-state sale of solar and wind power for projects commissioned up to 30th June 2025.
- Setting up of Ultra Mega Renewable Energy Parks, to provide land and transmission to RE developers on a plug and play basis.
- Laying of new transmission lines and creating new sub-station capacity under the Green Energy Corridor Scheme for evacuation of renewable power.

India at 28th Conference of Parties (COP 28):

India actively participated in COP-28, emphasizing the importance of accessible climate finance for developing nations. The country launched initiatives such as LeadIT 2.0 for industry transition, the Green Credits Programme, and focused on the Himalayan region's vulnerability, showcasing its commitment to sustainable development. India's participation in the Quad Climate Working Group and Mangrove Alliance demonstrates its recognition of local communities' and regional governments' roles in sustainable development. Additionally, India's commitment to lending to MSMEs in the renewable energy sector showcases its focus on economic and environmental sustainability.

Bureau of Energy Efficiency:

The Government of India set up Bureau of Energy Efficiency (BEE). The mission of BEE is to assist in developing policies and strategies with a thrust on self-regulation and market principles, within the overall framework of the Energy Conservation Act, 2001 with the primary objective of reducing energy intensity of the Indian economy while the vision is to improve Energy Intensity of Indian Economy thereby contributing towards sustainable development of country.

Few of the achievements of BEE include:

- BEE has developed and implemented energy efficiency standards and labelling schemes for over 20 appliances and equipment, including refrigerators, air conditioners, and motors.
- BEE has conducted energy audits and provided technical assistance to over 1,000 industries, resulting in energy savings of over 10,000 GWh.
- BEE has implemented energy-efficient irrigation systems and promoted the use of solar-powered pumps, benefiting over 100,000 farmers.

AIFs can direct capital towards renewable energy, energy efficiency, and sustainable infrastructure projects, supporting the transition away from fossil fuels. Many AIFs focus on Environmental, Social, and Governance (ESG) criteria, enabling investments in companies and projects that prioritize sustainability and carbon reduction. Investments in green buildings and sustainable urban development can reduce emissions in the construction and real estate sectors. AIF's in collaboration with government, can partner with public entities to fund large-scale sustainability initiatives, leveraging public-private partnerships to amplify impact.

4.2.3 Key Growth Drivers

A. Strong infra market opportunity arising from both government-directed development of new assets and monetization of existing operational assets

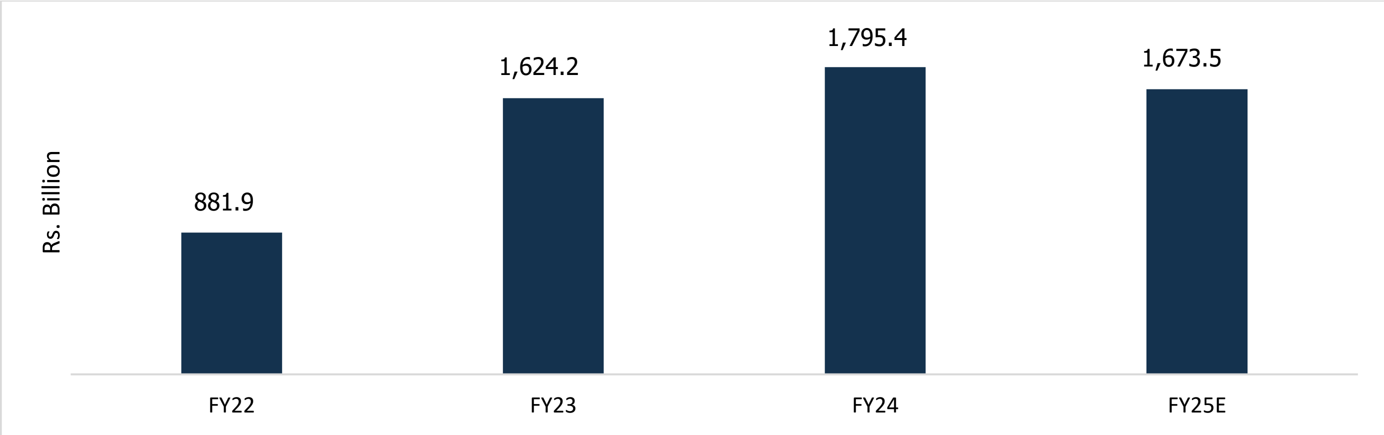
The Indian government is investing heavily in the creation of new infrastructure assets, including transportation networks, energy facilities, and urban amenities. Key programs such as the National Infrastructure Pipeline (NIP) and Pradhan Mantri Awas Yojana (PMAY) are pivotal in this effort.

The government has identified 13 sectors to monetise its brownfield infrastructure assets. These top 5 sectors capture ~83% of the aggregate pipeline: Roads (27%), Railways (25%), Power (15%), Oil & Gas pipelines (8%), and Telecom (6%). Asset monetization is a strategic approach that allows developers to realise funds from their operational assets, which can be used for new real assets development.

The government is also focusing on monetizing existing infrastructure assets through various mechanisms, including asset leasing and public-private partnerships (PPPs). This approach aims to unlock the value of mature assets while reinvesting the proceeds into further infrastructure development. Initiatives like the National Monetization Pipeline (NMP) outline plans to monetize assets such as roads, railways, and airports, providing a steady stream of revenue for new projects and improvements.

In order to attract the investment of private players, the government has brought in several PPP models encouraging significant investment over the past decade. Of all the PPP models, Hybrid Annuity Model (HAM) has proven to be successful. It has given favourable conditions for the participation of private players. Also, to ease the burden of debt and avoid NPAs in the books of private players & banks, the government has allowed 100% FDI in the sector and allowed asset monetisation for private players post-construction is complete.

Chart 72: Indicative Value of the monetization pipeline year -wise



Source: Niti Aayog National Monetisation Pipeline Report. Volume – II; Note: 'E' denotes Estimated

India's accelerating urbanization is driving a surge in demand for infrastructure. According to World Bank, by 2036, the towns and cities will be home to 600 million people, or 40% of the population, up from 31% in 2011, with urban areas contributing almost 70% to GDP. As cities expand and new urban centers emerge, the need for robust infrastructure to support growing populations and economic activities becomes increasingly critical. This urban growth creates substantial opportunities for investment in real estate, transportation, utilities, and other infrastructure sectors. Companies and investors can capitalize on the rising demand for modern, efficient infrastructure solutions.

INVITs – Monetization of operational infrastructure assets and raising long-term patient capital

InvITs are a hybrid between equity and debt investment, i.e., it has features of both equity and debt. Infrastructure developers can free up capital by using InvITs to monetize completed assets. An infrastructure developer may assign a portion of its assets that generate income to an InvIT, which will then be able to issue units to its investors. As a result, InvITs promote the development of new infrastructure by offering an effective means of obtaining funds from institutional and private investors for the building of new projects.

India has InvITs across various multiple asset classes like roads, power, pipeline, fibre, renewable, warehousing etc.

India has 26 SEBI registered InVITs, with cumulative AUM of Rs. 7.0 trillion, out of which 5 are publicly listed having Market Capitalization of more than Rs. 2.4 trillion. The market potential for Indian InvITs is estimated to triple and reach approx. Rs. 21 Trillion by 2030.

The combined approach of government-led development initiatives and monetization of existing assets creates a fertile ground for growth in the infrastructure sector. AIFs can contribute to fulfilling the funding needs for effectively addressing various challenges, drive economic growth, while simultaneously offering compelling investment opportunities in this burgeoning market.

B. Government Production-Linked Incentive Schemes and A Manufacturing Shift out of China to Aid Infrastructure Growth

The introduction of schemes, such as the Production Linked Incentive or PLI, will support the growth of the domestic manufacturing sector. As manufacturing hubs increase, it creates a need for warehouses, factories, and production facilities. This drives investment in industrial buildings and related infrastructure. In the coming years, manufacturing shifting out of China will also foster demand. "China plus One" approach became popular as a response to various factors, including rising costs in China, geopolitical uncertainties, and the desire to mitigate risks associated with overreliance on a single production base. With many countries contemplating moving their manufacturing facilities from China to other countries, India could make an attractive destination due to the availability of labour and lower pricing. While advancement in warehousing will have to be developed, the shift of global giants out of China could work in the favour of the Indian Infrastructure Sector.

Some international companies like Intel, Apple, Microsoft, Nike are shifting their manufacturing base out of China to reduce supply chain risk, cost along with improving quality and efficiency. Recently, Lifestyle and mobile accessories maker Damson Technologies also announced its plans to move half of its manufacturing operations from China to India.

C. Factors driving infrastructure growth in India

India stands out as one of the fastest-growing economies globally. It is estimated to emerge as the third-largest economy globally by 2027. The infrastructure sector continues to play a major role, with around 9% contribution to GDP and Rs. 5.3 trillion in investments between Fiscal 2024 to Fiscal 2028. India's rapid urbanization drives demand for infrastructure development, including transportation, utilities, and housing. Economic growth stimulates industrial and commercial activities, increasing the demand for infrastructure such as industrial parks, logistics hubs, and office spaces.

The key growth drivers for various infrastructure construction segments are as follows:

Ports & Airports

- Expanding international trade
- Rising air passenger traffic
- Government initiatives to develop coastal infrastructure

Water Sanitation

- Increasing water scarcity
- Growing urban populations
- Government programs to improve water supply and sanitation systems

Digital Infrastructure

- India's growing digital economy necessitates investments in data centres, fibre optic networks, and telecom towers

Roads & Highways

- Growing freight movement
- Focus on National Connectivity Projects like Bharatmala Pariyojana
- Increasing vehicle ownership

Railways

- Rising passenger and cargo traffic
- Expansion of dedicated freight corridors
- Modernization plans

Power

- Demand for reliable power supply.
- Increasing focus on renewable energy integration
- upgradation of transmission and distribution networks

The Indian government heavily prioritizes infrastructure development. Government-led initiatives such as 'Make in India,' 'Smart Cities Mission,' and 'Atmanirbhar Bharat' focus on infrastructure development, attracting investments, and promoting economic growth. The government has also helped the growth of urbanization through several schemes and projects, including the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and the Pradhan Mantri Awas Yojana (Urban). Such constant government support is likely to foster more investment in the infrastructural domain in the coming years.

With the infrastructure market valued at approximately USD 1 trillion, and government initiatives like the USD 1.2 trillion National Infrastructure Pipeline ("**NIP**") and the USD 73 billion National Monetization Pipeline ("**NMP**") provides significant growth opportunities for Real Assets segment.

India's emphasis on developing multi-modal logistics parks represents a structural upgrade to the national freight and supply-chain ecosystem. These parks convert underutilised land along key transport corridors into productive logistics and industrial infrastructure, creating a diversified real-asset platform for investors and developers. As additional Multi-Modal Logistics Parks (MMLPs) and integrated hubs become operational, the resulting reduction in logistics inefficiencies is expected to strengthen manufacturing competitiveness, support export growth, and enable sustained value creation across the real-assets landscape. MMLPs are being developed by various public and private entities across the country, depending on their feasibility. Government has approved 35 locations for development of Multi-Modal logistics Parks across India at a total capital cost of Rs 500 billion, to improve the logistics efficiency which is also expected to enable reduction in the logistics cost.

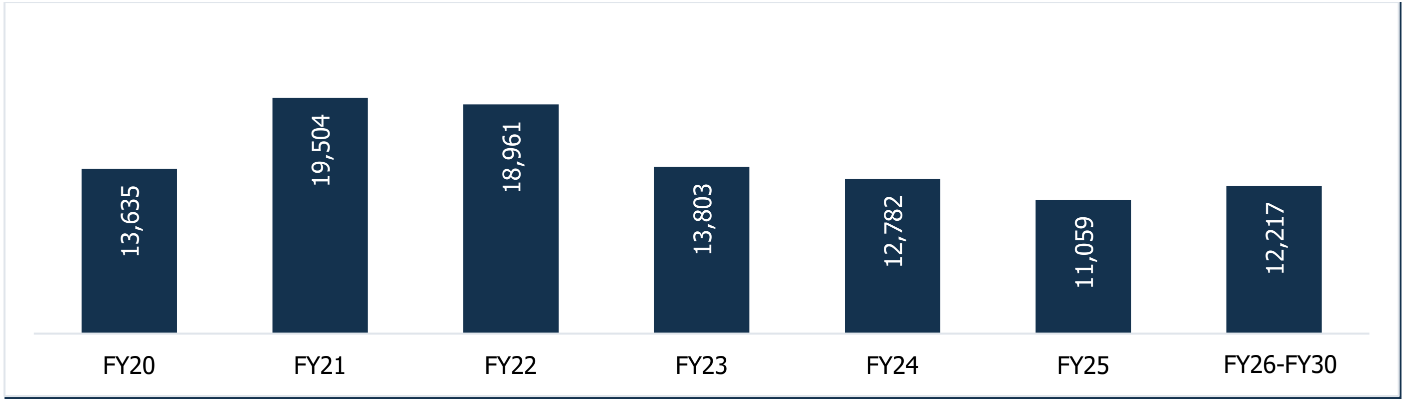
a. National Infrastructure Plan

National Infrastructure pipeline (NIP) is a government initiative aimed at enhancing and developing infrastructure projects across various sectors in a country was launched in December 2019 with a focus on infrastructure development in order to strengthen the country's infrastructure framework and support long-term economic growth, aligning with the vision of transforming India into a globally competitive economy. Infrastructure plays a major role with around 9% contribution to the GDP in FY25. The Government of India had unveiled the NIP covering various sectors and regions indicating that it is relying on an 'infrastructure creation' led revival of the country's economy.

NIP was launched with 6,853 projects in December 2019 and has expanded to capture over 9,850 projects with 1,987 projects under development as on 17th September 2024, totalling to USD 2,038.84 billion.

NIP covers multiple sectors such as urban infrastructure, renewable and conventional energy, roads and railways that constitute nearly 71% of the projected total capex of Rs 111 trillion. It also includes investments in other sectors such as rural infrastructure, ports, airports among others. The proposed investments will be implemented by both the government and the private sector.

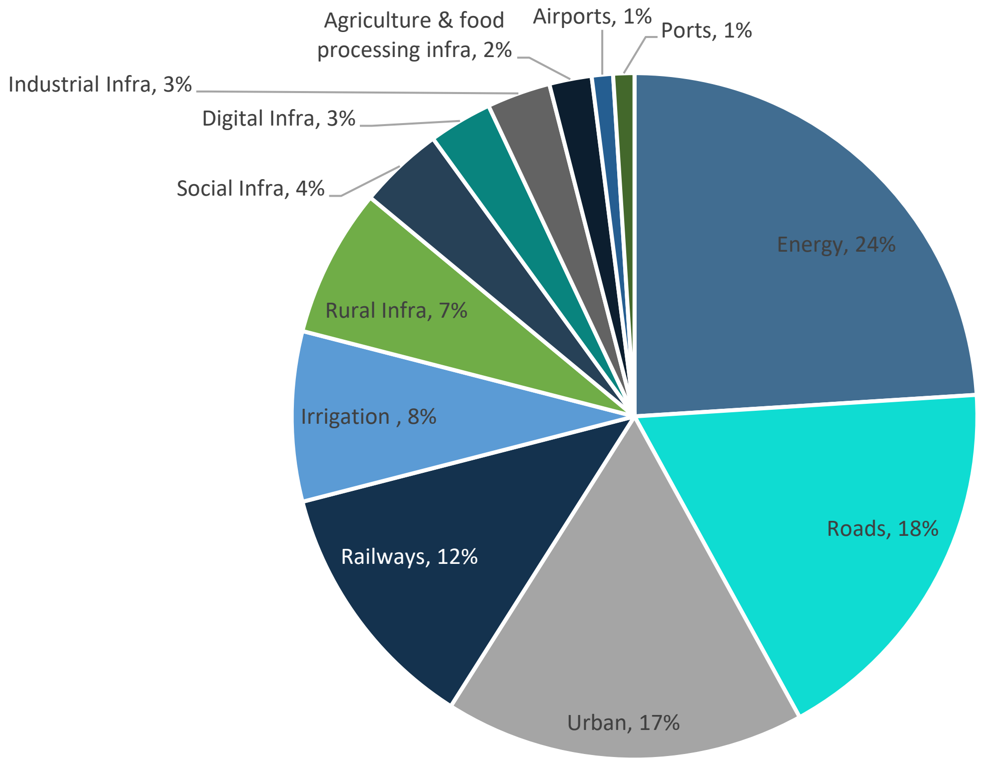
Chart 73: National Infrastructure Pipeline Yearly Split (Rs. Billion)



Source: NITI Aayog's report on National Infrastructure Pipeline

The NIP, which covered rural and urban infrastructure, entailed investments to the tune of Rs.111 trillion to be undertaken by the central government, state governments, and the private sector during FY20-25. The chart below depicts a sector-wise break up of capex of Rs. 111 trillion:

Chart 74: Sector-Wise Break-Up of Capital Expenditure of Rs. 111 trillion during Fiscal FY20-FY25



Source: NITI Aayog's report on National Infrastructure Pipeline

During FY20-25, sector wise breakup of NIP investment is with energy contributing the highest at Rs 26,900 Bn around 24% of the total plan followed by roads Rs. 20,338 Bn at 18%, urban Rs. 19,193 Bn at 17%, and railways with an investment of Rs. 13,676 Bn which contributes 12% amount to ~71% of the projected infrastructure investments in India. The NIP provides an opportunity for AIFs to co-invest with the government and other investors, reducing the risk and increasing the potential for returns. Infrastructure projects typically have a long-term investment horizon, aligning with the investment strategy of many AIFs, which often focus on long-term wealth creation.

Year Wise Breakup is provided in the Below Table:

Table 21: National Infrastructure Pipeline Sectoral Split (Rs. Billion)

	FY20	FY21	FY22	FY23	FY24	FY25	FY26-FY30	Total
Power	1,641	2,256	2,217	2,235	2,252	2,110	1,393	14,104
Renewable Energy	305	1,510	1,440	1,700	2,170	2,170	-	9,295
Atomic Energy	116	215	283	331	327	283	-	1,555
Petroleum and Natural Gas	273	435	483	415	229	105	5	1,946
Total Energy	**2,336**	**3,354**	**4,424**	**4,681**	**4,978**	**4,668**	**1,398**	**26,900**
Roads	3,326	3,833	3,570	2,528	2,408	3,327	1,348	20,338
Railways	1,334	2,625	3,088	2,738	2,212	1,679	-	13,676
Ports	134	181	206	159	77	100	355	1,212
Airport	187	217	248	213	254	51	264	1,434
Urban	2,982	4,622	4,041	2,349	2,172	1,599	1,429	19,193
Irrigation	1,145	2,006	1,757	1,374	1,153	705	806	8,945
Rural Infrastructure	1,403	1,768	2,108	1,119	1,071	271		7,739
Digital Infrastructure	784	618	545	387	381	381	-	3,096
Agriculture and Food Processing Infrastructure	260	264	261	244	236	231	191	1,687
Social Infrastructure	595	807	935	651	566	244	334	4,132
Industrial Infrastructure	174	407	426	335	227	105	1,393	3,067
Total	**13,635**	**19,504**	**18,961**	**13,803**	**12,782**	**11,059**	**12,217**	**1,11,419**

Source: NITI Aayog's report on National Infrastructure Pipeline

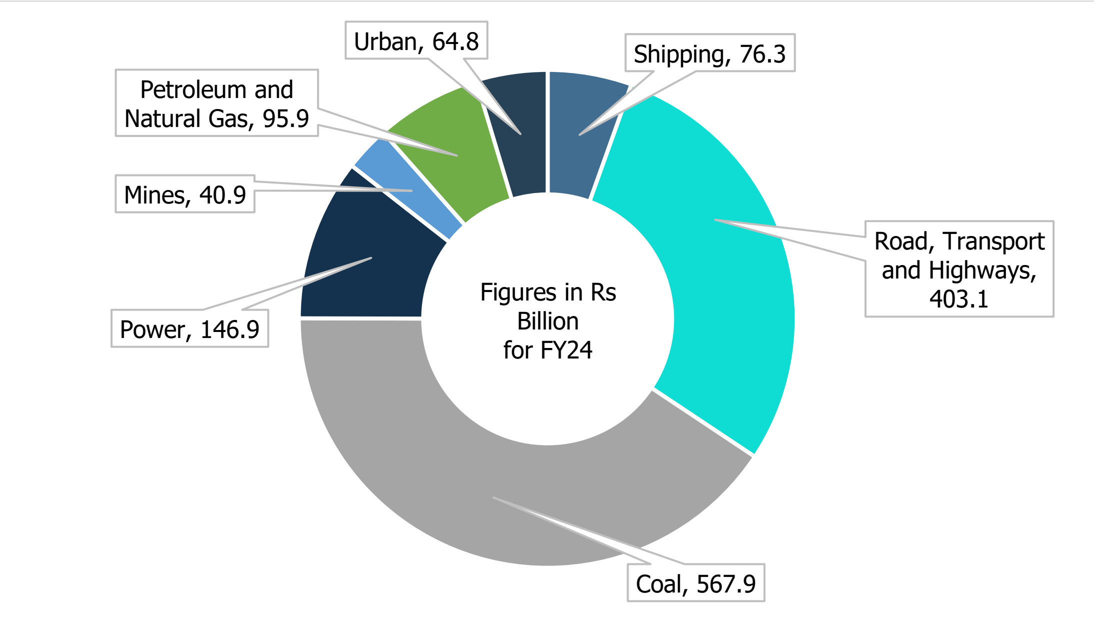
India stands out as the fastest-growing economy among the major economies with real gross domestic product of Rs. 187.97 trillion in Fiscal 2025 (provision estimates) and estimated to emerge as the third-largest economy globally by 2027, infrastructure sector continues to play major role with 3.50% of gross domestic product contribution with Rs.52,962.00 billion investments in Infrastructure industry between Fiscal 2024 to Fiscal 2028. Road construction is amongst the critical sub-segments for infrastructure development, economic growth, and employment creation. The outlook for the infrastructure industry in India is positive, driven by the government's plans to invest heavily in infrastructure development and the growing demand for infrastructure services.

b. National Monetization Plan

Government of India has launched National Monetisation Pipeline (NMP) in 2021, aimed at monetizing public assets to generate revenue for infrastructure development, wherein a detailed plan of monetization of infrastructure assets has been unveiled, the top sectors being roads, railways, power etc. The NMP included assets with monetisation potential of Rs. 6 trillion during the four-year period from FY22 to FY25. The total target for the first three years i.e. FY22 - FY24 under NMP was around Rs. 4.3 trillion, against which around Rs. 3.9 trillion was achieved. During FY24, against the target of Rs. 1.8 trillion, which is the highest among all the four years, the achievement has been around Rs. 1.56 trillion. For FY25, the aggregate monetization target is set at Rs. 1.91 trillion.

With regard to achievement of individual Ministries in FY24, Ministries of Road Transport and Highways with Rs 403.1 billion, Coal with Rs 567.9 billion, Power with Rs 146.9 billion, Mines with Rs 40.9 billion, Petroleum and Natural Gas with Rs 95.9 billion, Urban with Rs 64.8 billion, and Shipping with Rs 76.3 billion have achieved more than 70% of the target set for them. Building on the momentum of the previous Asset Monetization Plan, the government has proposed a second monetization plan for 2025-30, aimed at recycling Rs 10 trillion into new infrastructure projects, supported by improvements in the regulatory and fiscal framework. The NMP provides an opportunity for AIFs to generate high returns through the monetization of existing assets, particularly in sectors such as transportation and energy, where demand is growing. The NMP is expected to increase deal flow in the infrastructure sector, providing AIFs with a wider range of investment opportunities.

Chart 75: Sector-wise Split



Source: Economic Survey Report 2023-24

c. Asset monetization to help private developers raise capital and deploy in new assets

Development projects, whether in real estate, technology, or infrastructure, require substantial capital. Maintaining multiple ongoing projects can strain financial resources. Projects incur ongoing costs, such as operational expenses, maintenance, or interest on borrowed funds. Limited cash flow can restrict a developer's ability to finance new ventures without selling existing assets. Monetizing assets can help developers unlock value from their existing portfolios and generate returns on their investments.

The private sector spend on core infrastructure (roads, energy, urban infrastructure, transport) has been Rs. 13 trillion from FY17 to FY23. The trend of private developers monetizing their assets to recycle capital presents a significant opportunity for AIFs to invest in these assets and generate returns, relevant market opportunity being Rs. 25 trillion. AIFs can invest in a variety of assets, including commercial properties, residential projects, infrastructure assets, and renewable energy assets, through various structures such as direct equity investments, debt investments, joint ventures, and asset-backed securities

Private developers often prefer to avoid diluting equity. Raising funds through equity often comes at a higher cost compared to debt financing, as equity investors typically seek a return on their investment in the form of a share in profits and potential appreciation. Developers may seek to avoid this cost by using alternative funding methods.

4.2.4 Outlook for Infrastructure in India:

The outlook for Infrastructure sector in India is promising, driven by the country's growing economy, urbanization, affordable housing, sustainability and infrastructure development. The combination of government initiatives, technological advancements, and changing consumer preferences will shape these sectors in the coming years. One of the key drivers for economic growth is the increased infrastructure investment thrust by the government.

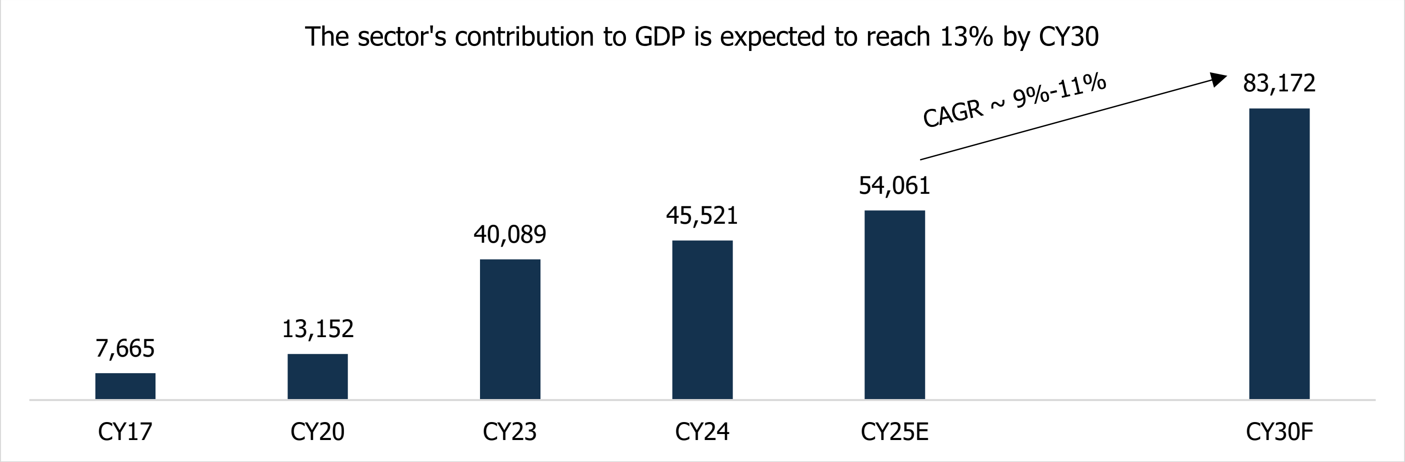
4.3 Indian Real Estate Sector

India's real estate sector has long been a cornerstone of the nation's economy, second only to agriculture, in terms of employment generation. The real estate sector is further segmented into four sub-sectors: residential, commercial, retail, and hospitality. The real estate sector's growth depends on advancements in the corporate environment and the subsequent demand for office space and urban & semi-urban accommodation.

4.3.1 Market Size of Indian Real Estate

The Indian real estate sector has shown impressive growth over the years, with its contribution to the country's GDP increasing steadily. In CY17, the Indian real estate sector was valued at Rs. 7,665 billion, rising to Rs. 13,152 billion by CY20, representing a CAGR of 19.6% over this period. By CY24, the market size has expanded significantly to Rs. 45,521 billion, showcasing an accelerated CAGR of 46.4% from CY20 to CY24. This growth has been driven by increasing urbanization, rising incomes, and favourable government initiatives aimed at boosting housing and infrastructure development. Indian Alternatives Real estate market is poised to capitalize on India’s thriving real estate market, currently valued at Rs. 45 trillion and projected to grow to Rs. 83 trillion by CY30.

Chart 76: Indian Real Estate Market Size (in Rs Billion)



Source: CareEdge Research

Today, the real estate sector accounts for over 18% of India's total workforce, underscoring its vital role in job creation across various segments, such as construction, architecture, design, and real estate services. Both public and private investments have bolstered this growth, especially in segments like office spaces and affordable housing.

Investments in commercial real estate experienced varying trends from FY20 to FY24. Total outstanding investments saw a modest YoY growth of 2.4% in FY22; however, it declined by 6.5% YoY in FY24, reflecting weaker market confidence. Projects under implementation peaked to Rs 5,174 billion in FY22 and declined by 4.2% YoY to Rs 4,652 billion in FY24. 'Investments dropped' grew sharply by 97.2% YoY to Rs 1,219 billion in FY24, signalling increased cancellations and project delays amidst uncertain global conditions and changing corporate real estate needs.

4.3.2 Commercial Real Estate Segment

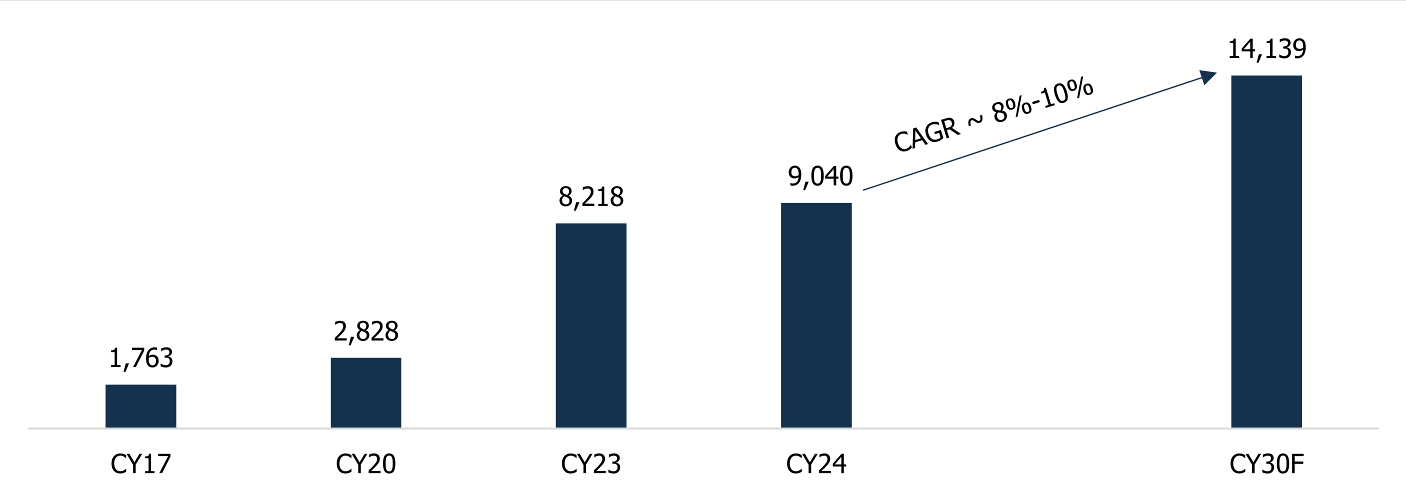
Commercial real estate (CRE) encompasses properties used primarily for business purposes, including office buildings, retail spaces, industrial facilities, multifamily residential units, hospitality venues like hotels, mixed-use developments that combine various functions, and special purpose properties designed for specific needs, such as healthcare or education. Each segment serves distinct market demands and investment strategies, playing a crucial role in the economy.

With urbanization projected to reach 40% and India's population expected to surpass 1.5 billion by 2030, the commercial real estate sector is poised for significant expansion. The emergence of larger and more densely populated urban centers will drive sustained demand for office spaces, retail establishments, logistics infrastructure, and digital connectivity, creating a robust and long-term growth trajectory for the industry.

1. Market Size of Commercial Real Estate

The Indian commercial real estate sector has seen significant growth, expanding from Rs 1,763 billion in CY17 to Rs 9,040 billion in CY24, with a projected value of 14,139 Rs billion by CY30. The sector experienced a CAGR of 16.96% between CY17 and CY20, followed by a sharp 47.59% growth between CY20 and CY23, driven by the recovery from the pandemic and increased demand for office spaces. India's office market is expected to grow at from Rs. 9 trillion in 2024 to Rs. 14 trillion by 2030, indicating a CAGR of 8%-10%. The growth is supported by factors such as rising demand for flexible and hybrid workspaces, increased foreign direct investment, and rapid urbanization. Government infrastructure initiatives like PM Gati Shakti and Bharatmala, along with India's position as a global outsourcing hub, are further fuelling the commercial real estate market, particularly in key metropolitan cities. This positive outlook reflects the sector's resilience and capacity to meet growing occupier demands.

Chart 77: Trend in Indian Commercial Real Estate Market Size in Rs Billion



Source: CareEdge Research

2. Key Growth Drivers for Commercial Real Estate

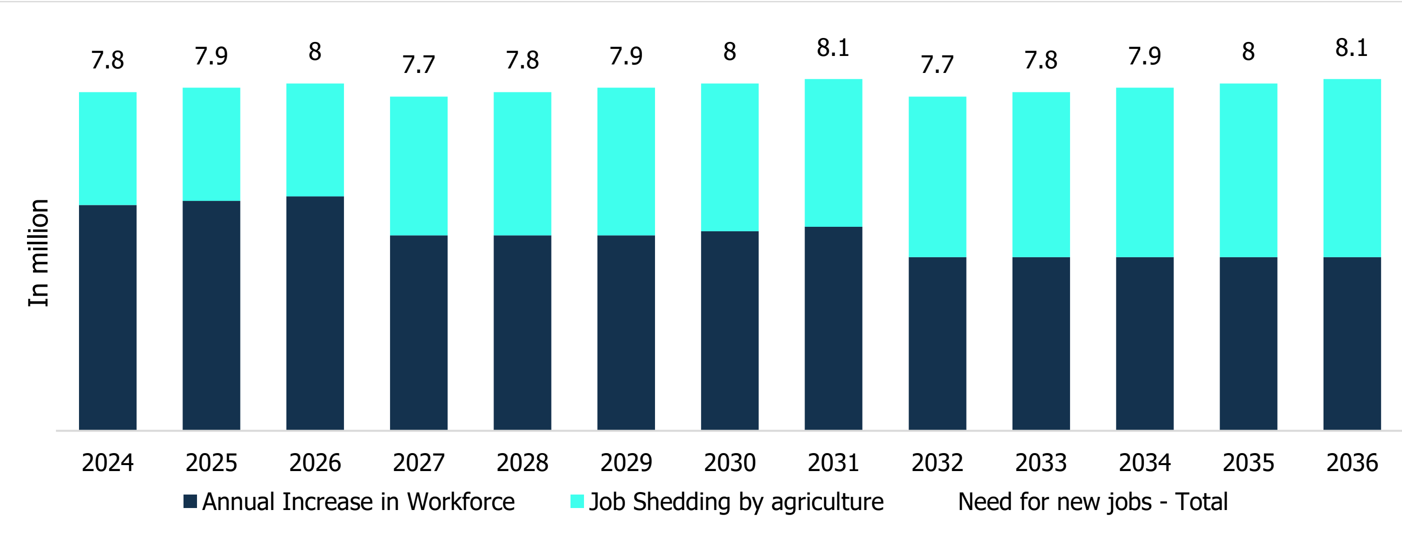
1. Increasing Population to Result in More Workforce

India is the most populated country in the World, and its rising population will result in more individuals joining the workforce. A higher number of employees will create more demand for office space and will therefore be a key demand driver in the future. According to MOSPI, India's working-age population (15-59 years) will continue to increase through 2036. The working age population was 875.4 million in 2021 and is expected to reach 988.5 million by 2036, which will approximately account for 65% of the total population. There is a rise in the percentage of employable final year students on the basis of their skill and knowledge. The percentage has improved from around 34% in 2014 to 51.3% in 2024.

The Indian government has been actively working to enhance skilling and employment opportunities across the nation, recognizing the pivotal role of human capital in driving economic growth and innovation. India is the second highest country in terms of English-speaking people. English proficiency enhances employability in international markets, allowing graduates to compete for roles in MNC and global startup. English-speaking populations attract MNC looking to set up regional offices, boosting demand for office and retail spaces that cater to diverse needs. The number of STEM graduates in India is increasing, they contribute to a highly skilled labour force, essential for innovation and development in various industries.

As per the Economic Survey 2023-24, India's workforce is estimated to be about 565 million. In FY24, 46.7 million additions to the workforce were recorded, the highest since 1981-82, with a growth rate of 6%. Indian economy needs to generate an average of nearly 7.85 million jobs annually until 2030 in the non-farm sector to cater to the rising workforce to sustain economic growth and social inclusion.

Chart 78: Annual Requirement for non-farm jobs creation 2024-2036



Source: Economic Survey Report 2023-24

An expanding workforce indicates economic growth, attracting businesses and, consequently, more demand for various commercial properties. As the business grows, companies will hire more employees, signaling additional requirement of office space to accommodate their growing teams. This drives demand for new office buildings and expanding existing ones. India has seen a boom in startups and technology firms, particularly in cities like Bengaluru and Hyderabad. These companies often require flexible workspaces, increasing demand for co-working and flexible office solutions. As on 30th June 2025, DPIIT has recognized 1,80,683 entities as startups. Since the launch of Startup India initiative in 2016, the recognized startups have reportedly created over 15.53 lakh direct jobs. A larger workforce boosts demand for ancillary services, including retail, food, and wellness facilities near workplaces, prompting developers to create mixed-use developments. As e-commerce and manufacturing sectors expand, there is a growing need for logistics and warehousing facilities to support supply chains, driving demand for commercial real estate in these segments.

2. Flourishing E-Commerce: A Key Contributor to Warehousing Growth

The Indian e-commerce industry has been on an upward growth trajectory. The e-commerce industry is likely to be the demand driver for the warehousing industry. Unlike most sectors, the e-commerce industry benefited from the coronavirus pandemic. The Covid-19 pandemic accelerated the shift to the online medium for shopping. The growth in e-commerce is also lead by increasing smartphone penetration, increased affluence and low data prices, providing impetus for e-retail growth. Moreover, most warehousing space occupied by the e-commerce companies is near or in metros and Tier 2 cities such as Mumbai MMR, Delhi NCR, Bengaluru, Chennai, Hyderabad, and Pune. Since 2016, 100% FDI is permitted in E-commerce sector, and the sector has grown at a CAGR in the range 22% - 26% from 2017 to 2023.

Further, the reliance on online marketplaces selling groceries and medicines increased, discounts and offers offered by these companies made them more attractive to consumers. The shift in buying habits of consumers has not changed much after the departure of the pandemic and this will create the demand for more storage facilities for online marketplaces. According to Invest India, future of e-commerce in India is promising, with projections indicating annual growth rates of 18% through 2025. By 2030, India is anticipated to emerge as the third-largest consumer market globally, underlining the vast opportunities and potential that lie ahead of the e-commerce sector in the country.

3. Favourable Demographics: An Important Avenue for the Hospitality Sector

The estimated median age in India is 28.7 years as of 2020. This is the lowest when compared to the estimated median age in other leading economies in the world. It is 38.5 and 38.4 years in the USA and China, respectively. The increasing size of the young population in the country has led to a fall in the dependency ratio (ratio of dependent people to working-age people, aged 15-64) and the ratio came down from 64% in FY2000 to 50% in FY19. This could lead to higher allocation for discretionary expenditure and promote growth in expenses on leisure and entertainment.

Also, the share of people in the age group of 15-64, which is a high-consuming class, is estimated to be nearly 50%. These factors are expected to enable the growth in hospitality and food services which will support the growth of warehousing. Further, the age group between 25 to 34 is one of the highest spending age groups. So, the current age dynamics are expected to boost the sales of the hospitality industry.

4. **Increasing number of Global Capability Centers (GCCs) and setups of global manufacturers leading to demand growth for commercial real estate**

An increasing number of multinational corporations are setting up GCCs in India to leverage the country's skilled talent pool and cost advantages. These centers often focus on high-value functions such as IT services, research and development, finance, and customer support. The establishment of GCCs drives demand for office spaces, including large-scale corporate offices, business parks, and technology hubs.

Multinational companies' India-facing businesses and global capability centers have driven the demand and absorption of office spaces helping rental growth and reduce vacancies of commercial properties across the country in the first quarter of 2024. GCCs further consolidated position made up 37% of office demand with transaction volumes of 5 million sq ft during H1CY24. The number of GCCs in India has grown at a CAGR of 13.43% from 2015 to 2023 and India's office market has experienced significant expansion too, with occupied office space increasing by 62% from January 2015 to September 2023. Between 2018 and September 2023, GCCs contributed to an impressive 41% of the total office leasing activity.

Additionally, the talent pool in the technology sector has evolved to meet the increasing demand from these new GCCs, thereby supporting the expansion of the GCC market in India. GCCs typically enter into long-term lease agreements for their office spaces, providing stability and predictability to the commercial real estate market.

5. **Increasing Demand for Cold Chain Logistics from Pharma and Packaged Foods Industries**

Cold chain logistics is another key demand driver for the supply chain industry. The cold chain logistics system allows for the safe transport of temperature-sensitive goods and products along the supply chain. This branch of logistics depends on science and technology to maintain the balance between temperature and perishability.

Alongside the pharma industry, other users of cold chain logistics are the grocery and meat products industries. Warehouses need to be equipped with specialized temperature-controlled environments to ensure that products are stored at the required temperatures. With the advent of e-commerce and specialty companies offering varieties of meat and meat products in a time-sensitive manner, the reliance on cold chains, and, consequently on integrated supply chains will increase in the future. Warehouses also need to be strategically located closer to key markets to reduce transit times and ensure products remain within temperature thresholds.

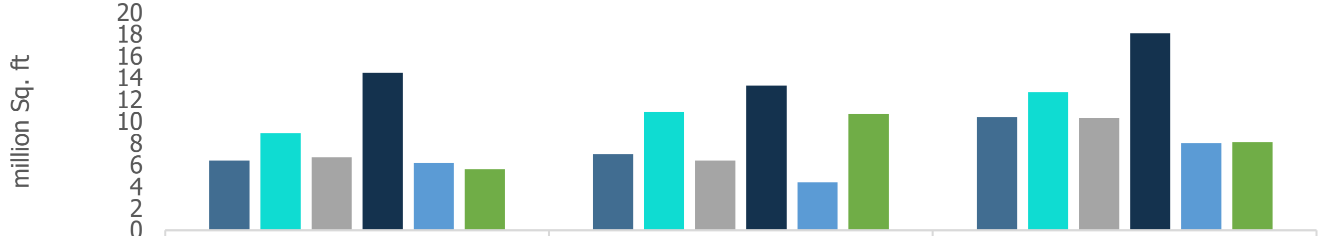
4.3.3 Overview of commercial office demand

The Indian industrial and office segment is a key growth driver of the commercial real estate industry. The office space had clocked uninterrupted growth in the past decade due to a combination of the thriving services sector and the increasing population, which contributed to an increase in the workforce, and consequently, a higher influx of the working population in metros and Tier I cities.

Along with this, the rapid increase of GCCs in India has significantly driven the growth of the commercial office space market, establishing a mutually beneficial relationship where the success of one propels the expansion of the other. The demand drivers for this growth in GCC are that India has a large talent pool and is country is home to a large number of individuals with university degrees or higher, providing a rich reservoir of skilled professionals. Secondly, India offers competitive occupancy costs, with real estate expenses lower than those in major global markets. Thirdly, the Indian government supports economic growth through favourable policies, the establishment of economic zones, and robust physical and digital infrastructure initiatives. These policies are aimed at increasing efficiency of regulatory processes, tax incentives, and initiatives for skill development leading to greater ease of conducting business in India hence, the rise of GCCs.

Out of the major 6 commercial markets in India, Bengaluru is expected to have the highest transactions followed by Delhi NCR and Mumbai respectively in CY2024. Out of the major 6 commercial markets in India, Bengaluru has recorded highest office space leasing in H1CY25.

Chart 79: Transactions in the Top 6 Indian Cities in Commercial Real Estate

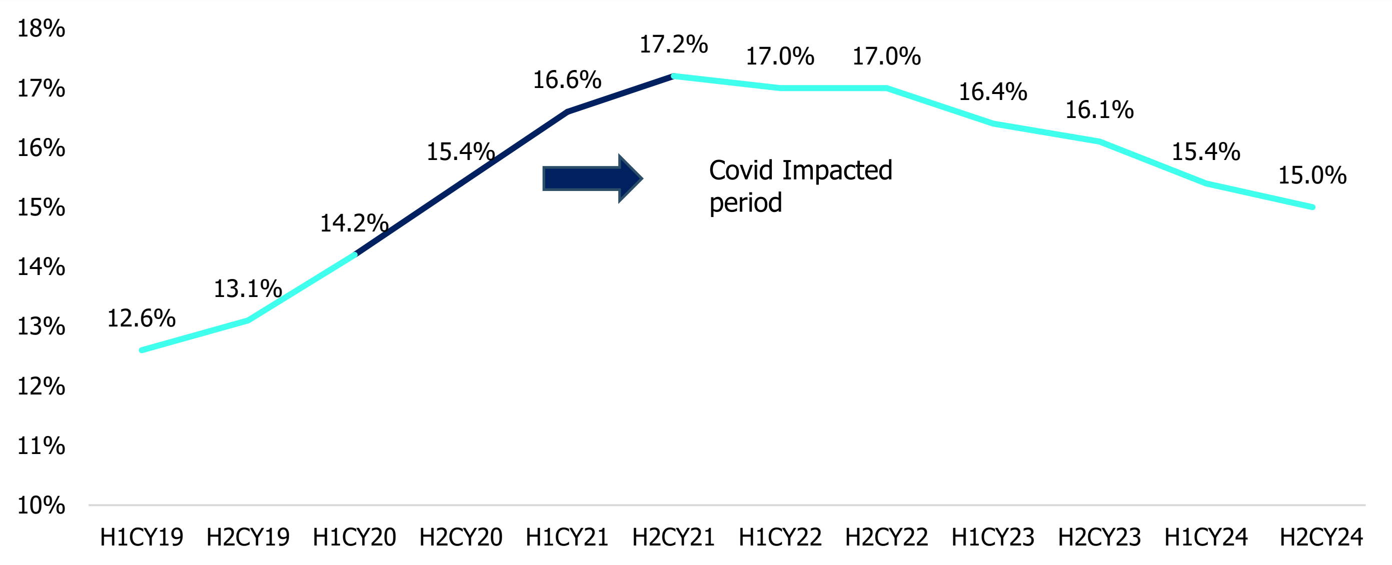


	CY2022	CY2023	CY2024
Mumbai	6.4	7	10.4
Delhi NCR	8.9	10.9	12.7
Hyderabad	6.7	6.4	10.3
Bengaluru	14.5	13.3	18.1
Pune	6.2	4.4	8
Chennai	5.6	10.7	8.1

Mumbai Delhi NCR Hyderabad Bengaluru Pune Chennai

Source: CareEdge Research

Chart 80: Trend in India's Office Market Vacancy Rates in Commercial Real Estate



Source: CareEdge Research

The office market which was arguably been the best-performing real estate property type during the ten-year period ending in 2020 hit a major roadblock in CY20. The pandemic propped up a challenge for demand in 2020 and led to corporates re-assessing their office space requirement. With economic uncertainties creating significant headwinds for corporate expansion plans, a large number of occupiers were likely attracted to the flexibility of space and tenure offered by co-working offices.

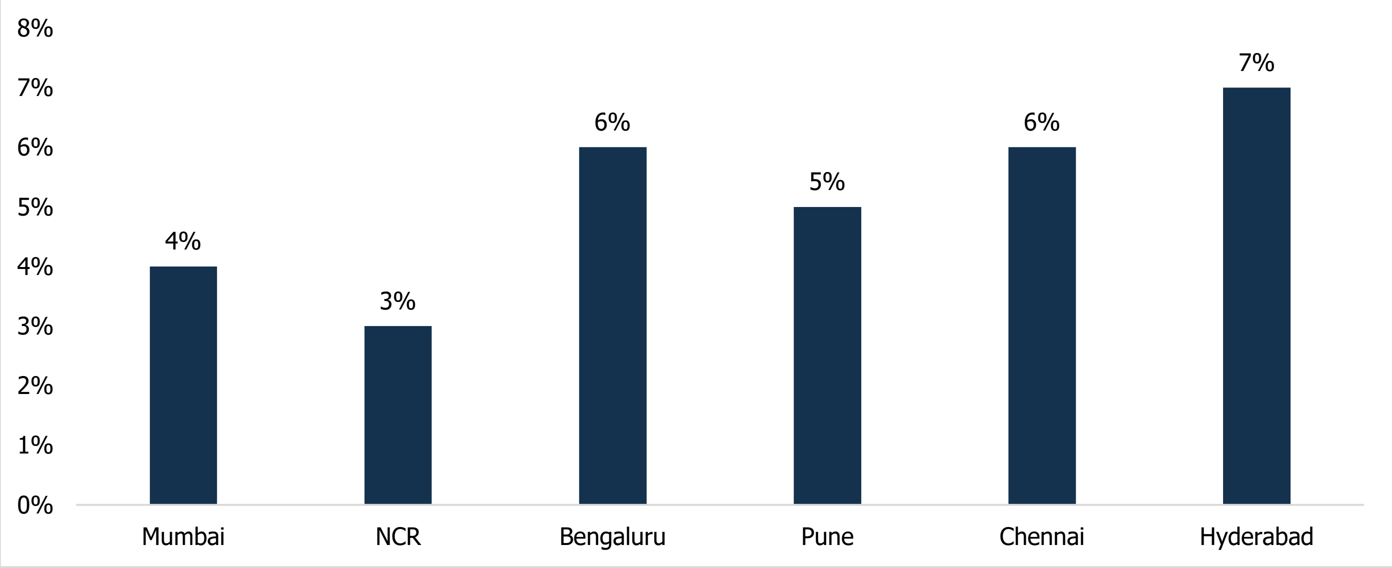
The comparatively steep fall in transactions compared to new completions caused the vacancy level to reach more than 17% in H2CY21 from 12.6% in pre-pandemic time. However, the vacancy levels are coming down from H2CY21 levels and stood at 15% in H2CY24.

Occupiers are likely to adopt consolidation and optimising strategies to rationalise the space required while lowering expenses. Vacancy levels now stand at single digits in NCR and Chennai at 8.4% and 6.8% respectively. Hyderabad and Bengaluru are the only markets which have seen vacancy levels increase compared to the year-ago levels as supply has caught up with the demand over the past year.

1. **Commercial office rental trends in key cities in India**

The supply squeeze across the top markets has also caused rents to trend higher since H1CY22, as Indian landlords have been able to negotiate better terms in a market that has seen the strongest office markets struggle globally. Hyderabad, Chennai and Bengaluru experienced the maximum YoY growth at 7% and 6% respectively in H2CY24.

Chart 81: Trend in y-o-y change in rent in different cities of India for H2CY24.



Source: CareEdge Research

2. Key City Insights

2.1. Mumbai

Rental Growth: Mumbai continues to be one of the most expensive office markets in India. Prime areas like Bandra-Kurla Complex (BKC) and Nariman Point have seen steady rental growth due to high demand from financial services and tech firms. Average transacted rent in INR/sq m/month in H1CY25 was Rs 1,392.

Supply and Demand Dynamics: While new supply is coming online, the demand from companies looking to secure long-term leases remains strong, especially in well-located buildings.

2.2. Bengaluru

Tech-Driven Demand: As the tech hub of India, Bengaluru has a significant demand for office space. Areas like Whitefield and Electronic City are popular, with companies seeking both traditional and flexible workspace solutions.
Rental Trends: While there was a brief dip during the pandemic, rental prices have stabilized and are showing signs of growth as businesses expand and new entrants enter the market. Average transacted rent in INR/sq m/month in H1CY25 was Rs 1,021.

2.3. Delhi-NCR

Hybrid Work Adoption: The National Capital Region (NCR) is seeing an increase in hybrid work models, which has led to a demand for smaller, flexible office spaces. Average transacted rent in INR/sq m/month in H1CY25 was Rs 1,006.
Sector Diversity: Various sectors, including IT, e-commerce, and finance, are driving demand. Areas like Gurugram and Noida have seen competitive rental prices due to a mix of new supply and sustained demand.

2.4. Hyderabad

Emerging Market: Hyderabad has emerged as a key player in the office rental market, attracting major tech firms and multinational corporations. Areas like HITEC City are experiencing strong demand.
Rental Stability: Rental rates in Hyderabad have remained stable, with gradual increases as the city continues to attract talent and businesses looking for affordable yet high-quality office spaces. Average transacted rent in INR/sq m/month in H1CY25 was Rs 807.

2.5. Pune

Growing IT Sector: Pune's growing IT and manufacturing sectors are boosting demand for office spaces, particularly in locations like Hinjewadi and Magarpatta.
Affordable Options: Compared to Mumbai and Bengaluru, Pune offers relatively affordable rental options, attracting start-ups and smaller businesses. Average transacted rent in INR/sq m/month in H1CY25 was Rs. 829.

2.6. Chennai

While new office spaces are being developed, the demand for high-quality, well-located office spaces continues to rise, especially from IT and service sector companies. Average transacted rent in INR/sq m/month in H1CY25 was Rs. 748. The city's focus on developing talent and providing high-quality infrastructure is making it increasingly attractive to businesses. Areas like OMR (Old Mahabalipuram Road) and Tidel Park are popular among tech firms and other businesses, contributing to rental growth.

3. Key Factors Influencing Trends

- **Economic Growth**: India's overall economic growth is driving demand for office space across various sectors, particularly IT, finance, and e-commerce.
- **Sustainability and Amenities:** There is an increasing emphasis on sustainable buildings and amenities that enhance employee well-being. Developers are focusing on green certifications and facilities that support work-life balance.

- **Urbanization and Infrastructure Development**: As cities expand and infrastructure improves, previously underserved areas are becoming attractive for office developments, leading to more competitive rental prices.

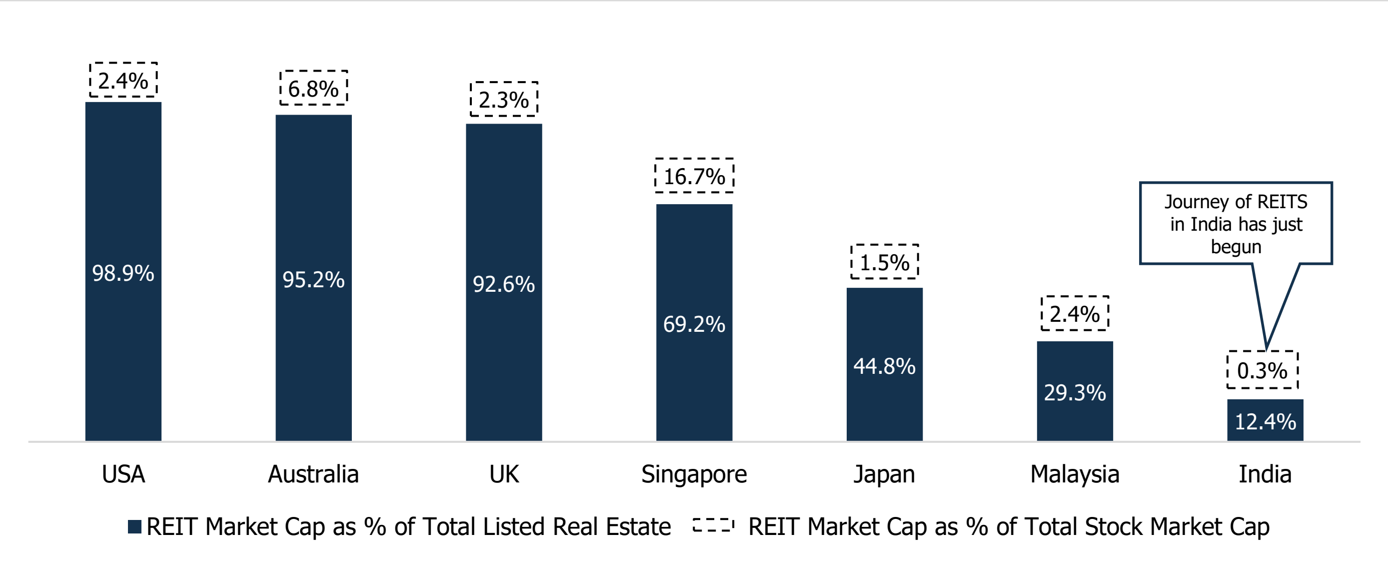
Commercial office rental trends in key Indian cities reflect a dynamic market adapting to post-pandemic realities, with a strong emphasis on flexibility, sustainability, and location. As businesses navigate hybrid work models and seek to optimize their office space requirements, cities like Mumbai, Bengaluru, Delhi-NCR, Hyderabad, and Pune will continue to shape the landscape of commercial real estate in India. Commercial real estate investments can generate rental income and capital appreciation, providing AIFs with a regular income stream and potential long-term capital gains.

4.3.4 Opportunity/ Outlook for Real Estate in India

Real Estate Investment Trust (REIT)

Approved by the Securities and Exchange Board of India (SEBI), REIT is a platform to pool money from investors all across the country. REIT is aimed towards allowing investors to make safe investments in the real estate of India, and the amount so collected will subsequently be utilized towards the development of commercial properties in order to generate income. In a significant milestone for the sector, the combined market capitalisation of all five listed REITs crossed Rs 1,659 billion as of market close on 30 September 2025. This underscores the robust growth trajectory of Indian REITs and their increasing contribution to the country's financial ecosystem.

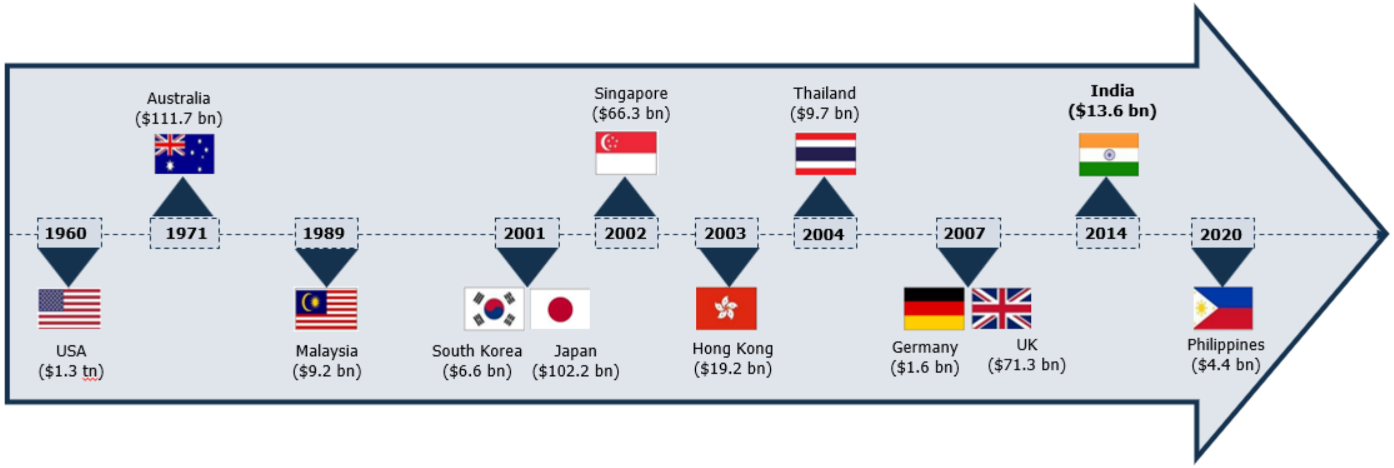
Chart 82: REITs' contribution to the listed real estate market capitalization as of June 2025



Source: Indian REIT Association, CareEdge Research

Globally, there are over 1,000 REITs in more than 40 countries, with a combined market capitalization of USD 2 trillion, representing around 60% of the global real estate market. The first REIT was established in the US in 1960. The inaugural listing of REIT in India happened in 2019. India's five listed REITs have a market cap exceeding Rs 1.6 trillion and cover 176 million square feet, with gross AUM surpassing Rs 2.35 trillion. Additionally, Indian REITs are featured in key global indices like FTSE, MSCI, and S&P, emphasizing their role in the international investment landscape. There are more than 0.33 million unitholders. Cumulative distribution of more than Rs 267 billion to unitholders, which is more than total distributions to shareholders by entire Nifty Realty Index constituents.

Emerging Opportunities: The Growth Potential of Indian REITs and InVITs



Note: The year mentioned above represents the period when the regulatory body approved the introduction of REITs and InVITs in that particular country.

AUM of Indian REITs and InVITs is USD 93.9 billion (as of FY25) while the AUM of USA and Australia are USD 1.3 trillion and USD 111.7 billion respectively, indicating a good growth potential for Indian Markets. Global InVITs and REITs markets are more mature, with established frameworks and a wider variety of investment options. Indian InvITs and REITs are relatively new, having gained popularity only in recent years.

Global REITs often encompass a broader range of asset types, including residential, commercial, industrial, and specialized properties. In contrast, Indian REITs primarily focus on commercial real estate, while InvITs are dedicated to infrastructure projects. By investing in InvITs and REITs, AIFs can gain exposure to a diversified portfolio of assets, reducing risk and increasing potential returns. InvITs and REITs offer AIFs a liquid and transparent platform for investing in infrastructure and real estate assets. This provides AIFs with an exit option, allowing them to monetize their investments and redeploy capital into new opportunities.

India’s strong economic performance highlights its emergence as a significant player, offering investors attractive opportunities for diversification and growth. The healthy growth forecast for office markets, driven by employees returning to the workplace, significant transactions reemerging, and high occupancy rates in current portfolios, bolsters the growth of REITs in India. With more developers listing their portfolios and strong institutional demand for premium assets in the office and retail sectors, the outlook for the REIT market in India appears promising.

4.4 Diversification benefit of Real Assets due to distinct performance drivers with lower correlations to market & Regular cash flows and income

Real assets and equity markets exhibit distinct characteristics, but their correlation can significantly impact investment strategies and economic insights.

1. Correlation Dynamics

1. Economic Conditions	
Inflation:	Real assets are often seen as hedges against inflation. During inflationary periods, the value of real assets may rise, whereas equities might face pressure due to increased costs and reduced profit margins.
Economic Growth:	During strong economic growth, equities generally perform well due to higher corporate earnings. Real assets may also benefit, but their performance can be more influenced by supply and demand dynamics specific to their sector. Also, infrastructure investments will yield better returns in times of healthy economic growth.
2. Market Cycles	
Recessionary Periods:	In downturns, equities often experience significant declines due to reduced corporate earnings and investor fear. Real assets might provide more stable returns, particularly those offering essential services or inflation-linked income, such as infrastructure or rental properties.
Boom Periods:	During market booms, equities may outperform real assets due to high investor confidence and rising corporate profits. However, real assets can still perform well, especially those benefiting from increased demand or rising prices.

2. Investment Diversification

1. Risk Mitigation	
Diversification Benefit:	Real assets can provide diversification benefits to equity portfolios. Since their performance drivers can differ from those of equities (e.g., real estate market conditions vs. stock market conditions), they can reduce overall portfolio volatility and risk.
Inflation Protection:	Real assets often serve as an effective hedge against inflation, as their value and income potential tend to rise with inflation which can benefit investors during periods of rising consumer prices when equity markets might be under pressure.
2. Income Generation	
Yield and Stability:	Real assets, particularly real estate and infrastructure, often provide steady income through rents or tolls or lease income. This income can be more stable compared to dividend yields from equities, making real assets a more predictable component in diversified portfolios.

3. Impact of Interest Rates

1. Interest Rate Sensitivity	
Real Assets:	Real assets, particularly real estate, are sensitive to interest rate changes. Rising interest rates can increase borrowing costs and reduce property values, affecting the performance of real assets.
Equities:	Equities are also impacted by interest rates, as higher rates can lead to increased borrowing costs for companies and reduced consumer spending. However, the effect on equities can be more variable depending on the broader economic environment.
2. Monetary Policy	
Quantitative Easing	During periods of quantitative easing or low interest rates, both equities and real assets may benefit from increased liquidity and lower borrowing costs, potentially leading to positive correlations.

4. Long-Term Trends

1. Economic Growth & Real Assets	
Growth Impact:	Over the long term, real assets often appreciate due to factors like population growth, urbanization, and increasing demand for resources. While equities can also benefit from economic growth, real assets might provide more stable returns during different economic phases.
2. Market Sentiment	
Investor Sentiment	Investor preferences and sentiment can shift between equities and real assets based on economic conditions, geopolitical events, and market expectations. Alternative investments such as real assets, often have low correlation with the markets unlike traditional assets, thereby effective tool for risk management

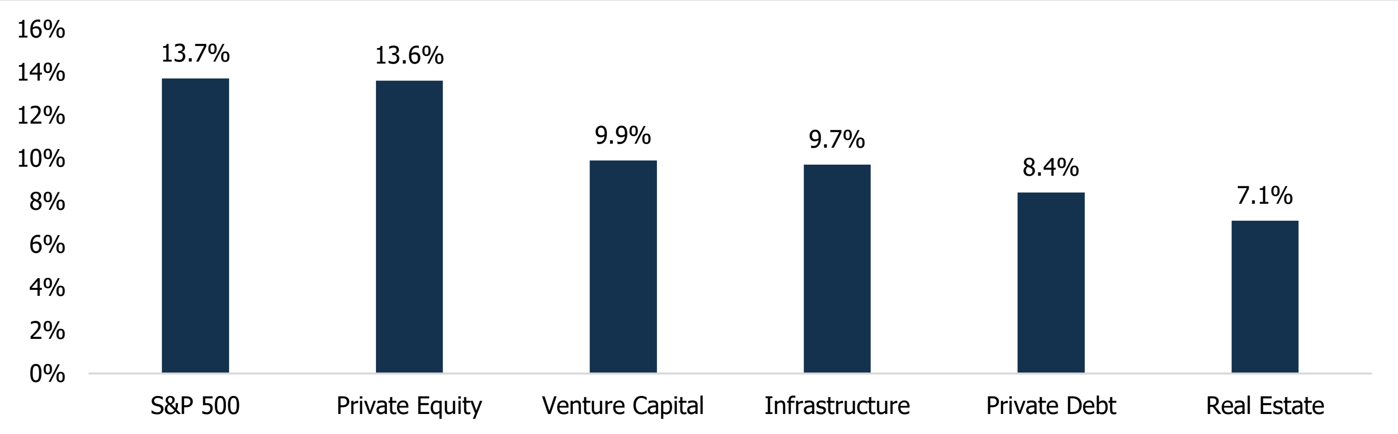
4.5 Overview on risk adjusted returns

Stock prices usually fluctuate based on the underlying corporates' performance, economic conditions, and market sentiment. Owing to this volatility, investors generally consider equities to have inherently higher risk. However, over the long run, the risk-adjusted return for equities is also usually high.

In Comparison, certain real assets like infrastructure investments often offer returns, which can be more stable compared to the fluctuating earnings and dividends of equities. Real assets such as real estate and commodities tend to appreciate in value during inflationary periods. In the global scenario, infrastructure and real estate investments have also provided return in the range of 7% to 10% over last 10 years, indicating good risk-adjusted return profile as compared to other asset classes.

Across the decade, Private Equity generated a robust 13.6% return, effectively keeping pace with the S&P 500's 13.7%. Private equity can offer several advantages over listed equity, including the potential for higher returns through active management and long-term value creation, reduced exposure to market volatility, access to unique investment opportunities, and lower correlation with public markets. While the returns are higher, the risk associated is also higher. The investor can face various risk like liquidity risk, high risk of default, valuation risk. Real Assets have fewer risks as compared to risks in public and private capital market.

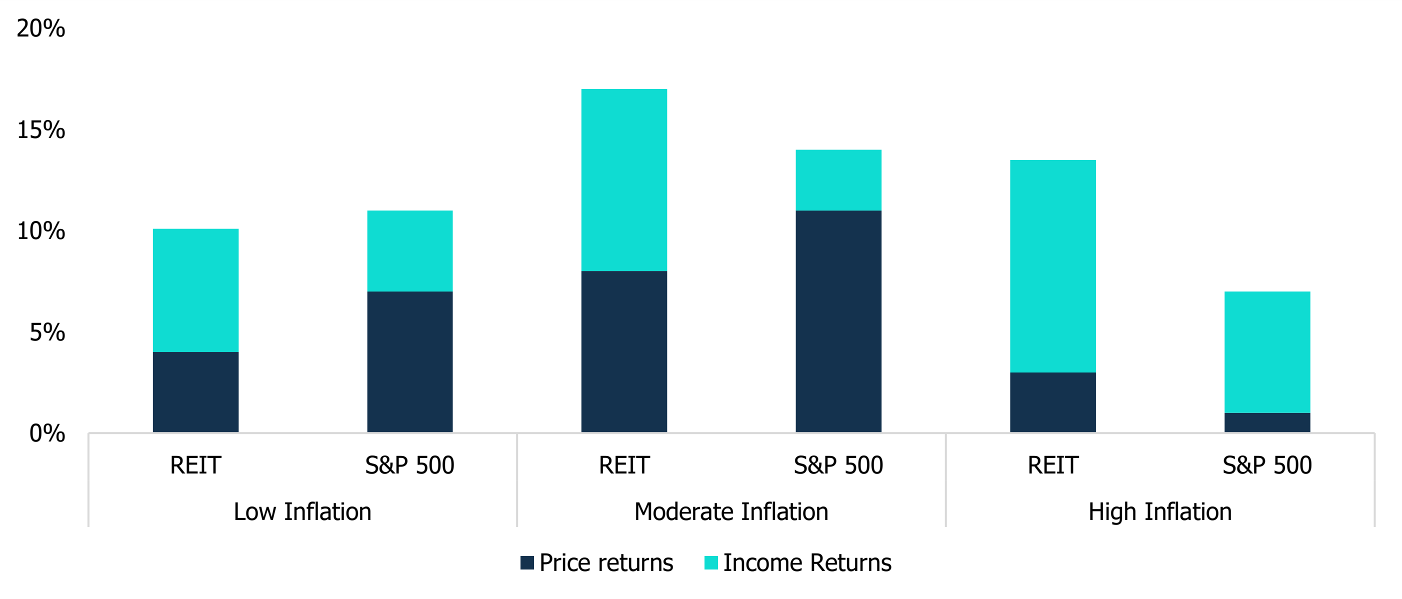
Chart 83: 10-year Global Historical annualized return of various asset class as of June 2025



Source: Preqin

Real assets act as hedge against inflation and outperform equities and bonds in period of high inflation. A study by the National Association of Real Estate Investment Trusts (NAREIT) found that US REITs (Real Estate Investment Trusts) have historically outperformed the S&P 500 during periods of high inflation.

Chart 84: REIT returns compared to S&P 500 returns during different Inflation Period



Source: National Association of Real Estate Investment Trusts

Real assets offer several advantages over equities, including stability, predictable cash flows, and a strong hedge against inflation. They provide diversification benefits and potential long-term growth through capital appreciation and income reinvestment.

4.6 Indian Market landscaping – Real Assets strategy

Name	Asset Class	Strategy	Sub-Strategy	Total Real Asset Funds Raised in last 10 years (USD Billion)	Total RA AUM (USD Billion)	Date of AUM
EAAA India Alternatives Limited	Real Assets	Commercial Real Estate, Infrastructure	Core, Opportunistic	2.5	2.5	-
UTI Alternatives	Real Assets	Infrastructure	Infrastructure Value Added	NA	NA	-

Name	Asset Class	Strategy	Sub-Strategy	Total Real Asset Funds Raised in last 10 years (USD Billion)	Total RA AUM (USD Billion)	Date of AUM
ICICI Venture	Real Assets	Real Estate, Infrastructure	Opportunistic INF – Core Plus, Opportunistic	1.01	2.5	December 21, 2023
National Investment and Infrastructure Fund (NIIF)	Real Assets	Real Estate, Infrastructure	INF- Core, Growth, Natural Resources	3.54	NA	-

Source: Preqin

Note: Real Estate as an asset class excludes Real Estate Debt Funds.

Real Assets Sub-Strategies Definition

Strategy	Definition
Core	RE - Investment in low-risk real estate that provides relatively low returns. Investments are typically located in primary markets and in the main property types (office, retail, industrial, and residential). Properties are stable, well maintained, well leased, and often of the class A variety. Investments require little or no leverage (0-30%) or additional capital investment. Infra-Strategies target essential assets with no operational risk where the asset is already generating returns. These are typically secondary stage assets in developed countries with transparent regulatory and political environments. Key features of the underlying assets include monopoly position, demonstrated demand, and long-term stable cash flows that are forecastable with a low margin for error.
Core-plus	RE-Investment in moderate-risk real estate that provides moderate returns. Investments are predominantly core but with an emphasis on a modest value-add approach. Focus is on the main property types, in both primary and secondary markets, in buildings of class A or lower quality that require some form of enhancement (i.e. repositioning and/or re-leasing). Investments typically utilize 30-55% leverage and some additional capital investment. Infra - Strategies typically target assets that exhibit similar characteristics to core assets but are more affected by and correlated with the economic cycle, thus exposed to demand and market risk. These assets do however have features that act to limit the aforementioned risks, including long term contracts, long-term government or regulatory price support and/or high barriers to entry for competitors.
Distressed	Investments in distressed assets. Investments can be made in a variety of ways, including providing debt or equity to owners with liquidity problems, or to those that are seeking to recapitalize properties.
Opportunistic	RE - Investment in high-risk real estate that provides high returns. Investments are typically in lower-quality buildings in primary, secondary, or emerging markets across all property types, including niche sectors. Buildings often require significant enhancement to upgrade them to class A buildings (i.e. development and/or extensive redevelopment/repositioning/releasing). Investments typically utilize leverage of 60% or more, and significant capital investment, and will target an IRR in the high teens and upwards. Infra - Strategies have the highest-risk/return profile of infrastructure strategies, with less focus on stable cash flows and greater emphasis on capital growth via the value of the underlying assets. Assets will not typically have an existing cash flow.

Strategy	Definition
Value added	RE - Investment in moderate-to-high-risk real estate that provides moderate-to-high returns. Investments are typically in lower-quality buildings, in both primary and secondary markets in the main property types. Buildings often require enhancement to upgrade them to class A buildings (i.e. redevelopment/ repositioning/releasing). Investments require 50-70% leverage, and additional capital investment, and will acquire an expected internal rate of return (IRR) in the low double digits to the mid-teens. Infra - Strategies are deemed moderate- to high-risk, targeting assets where enhancements are being made, and where the growth in usage of said asset or demand for service provided or produced is the focus. These are typically greenfield or brownfield assets, potentially involving new or unproven technologies that do not have pricing power at the time of the investment but can be developed over time to have this at some time in the future.
Infrastructure debt	Strategies tend to be less risky than other infrastructure strategies, targeting assets and/or infrastructure developers/owners, that produce regulated revenues for essential services or user revenues from assets with a monopoly position, as well as contracted assets. The risk/return exposure of the strategy depends on the type of debt provided, though most infrastructure assets are typically financed by senior debt and have simple capital structures.

4.7 Real Assets operating models

Real Assets give investors an opportunity to invest and gain exposure to a diversified portfolio of infrastructure and real estate assets across different sectors and geographic locations, while benefiting from professional management, liquidity, and potential income generation. This also offer investors access to a wide range of real assets without the need for large amounts of capital or direct ownership.

There are two types of operating models for players in the Real Assets segment:

Invest only model – The operator identifies real assets for investment, based on the investment objective and due diligence. While the covenants related to investments are in place, the operator may not be actively involved in operating the assets and monitoring its progress. This is limited to monitoring the investment related covenants and cashflows from the assets.

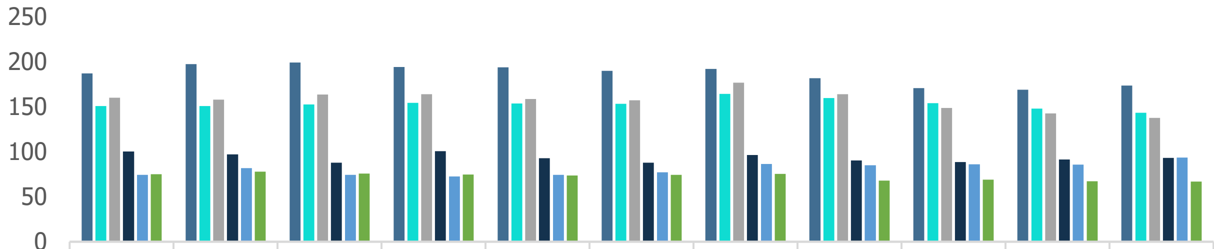
Invest + Operate model – In light of increased competition and the need to satisfy investor expectations, asset managers are seeking to develop integrated operating model across various asset classes. This operating model supports asset managers in their profitable expansion into alternative assets, while also allowing for increased operational efficiency at the back end of the operating model. Managers of alternative assets require monitoring solutions that can provide real-time visibility across asset classes portfolio. In this model, asset managers develop a robust operating model that harmonizes different asset-class models, thereby allowing managers to operate the assets and closely monitor its progress as well as cashflows and returns.

While Invest + Operate model provides more comfort to the investors, its still at nascent stage in India. With the expected growth in Alternatives market and various asset classes, this model is expected to gain traction, thereby instilling investor confidence in the sector.

5 Private Credit

5.1 Overview of Credit Market in India vis a vis Other matured markets GDP

Chart 85: Private Non-Financial Credit to GDP Ratio



	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Australia	186.8	197.1	198.9	194.1	193.8	189.6	191.8	181.4	170.7	168.9	173.4
United States	150.6	150.8	152.5	154.2	153.4	153.1	164.3	159.7	153.8	147.7	143.1
United Kingdom	160	157.8	163.3	163.7	158.5	157	176.7	163.9	148.6	142.4	137.5
India	100.2	97	87.8	100.6	92.9	87.7	96.4	90.3	88.3	91.3	93.0
Brazil	74.4	81.8	74.4	72.5	74.4	77	86.5	84.9	86.1	85.5	93.5
South Africa	75.1	77.7	75.8	74.5	73.7	74.2	75.2	67.7	68.8	67.3	66.9

Australia United States United Kingdom India Brazil South Africa

Source – BIS, CareEdge Research

The developed countries like United States, United Kingdom and Australia have their credit to GDP ratio in the range of 140% to 200%. The high credit to GDP ratio of developed countries can be largely attributed to their advanced financial systems and ease of access to the credit.

The credit to GDP ratio of emerging economies such as India, Brazil and South Africa has been in the range of 60% to 100% over the last decade. The credit to GDP ratio is lower in comparison with the developed economies indicating that the emerging economies lack matured financials systems and there is opportunity for credit penetration in the economy. A low credit to GDP Ratio indicates the increased opportunity for growth in credit penetrated in the economy that can boost economy's growth.

The Credit to GDP Ratio in India usually ranges from 90% to 100%. As of December 2024, it stands at 93%, highlighting significant opportunities for increased credit penetration. With India being one of the fastest-growing economies, the expanding GDP base creates substantial room for credit growth, which can further accelerate economic development. Scheduled Commercial Banks dominate the credit sector with traditional lending methods leaving many mid-sized and lower-rated companies underserved. This situation creates a substantial opportunity for the private credit industry to step in and address these gaps. By leveraging the rising demand for credit, private credit can provide more flexible financing options, enhance access to capital, and stimulate business growth.

5.2 Overview of the Indian Private Credit market

Private credit refers to financing by alternate investment funds, other than Banks/Non-Banks, to provide flexible financing solutions to corporates. Private Credit Industry addresses a critical gap in the credit market created by traditional banks' stricter lending norms and regulatory constraints. The private credit market is inevitable, as it caters not only to funding needs of mid-size companies but also specific funding needs of large companies outside the traditional banking landscape. Private credit benefits companies with flexible credit terms coupled with customized repayment structures and covenants. Hence, private credit has emerged as a significant and expanding market space, playing an essential role in the financial ecosystem.

Private credit funds offer higher risk-adjusted returns to investors than the traditional investment-grade debt securities. Furthermore, the underlying investments of these funds offer investors a diverse spectrum of industry exposures and risk/return profiles.

Private credit can be in the form of direct lending, venture debt, or special situations funding, etc. It can be in the form of senior, junior, or mezzanine debt based on the type of funding. Private credit can be offered to both listed or unlisted companies, as well as to real assets including infrastructure and real estate.

Post the Global Financial Crisis (GFC), private credit gained popularity as traditional lenders moved away from leveraged lending and focused on large corporate clients, creating a funding gap in the market. In established markets, such as the US and Europe, private credit is often used to finance buyouts, acquisitions as well as capital expansion. The effects of the GFC were felt globally, but in India, these challenges were magnified after the IL&FS crisis, which revealed significant vulnerabilities in the financial system and led traditional lenders to withdraw from riskier lending practices. This retreat created further funding gaps, paving the way for private credit players to step in and offering tailored financing solutions.

The aftermath of the IL&FS crisis and liquidity challenges faced by non-banking financial companies (NBFCs) in India propelled the growth of private credit, as traditional lenders continued to withdraw from leveraged lending. This further widened the funding gap, prompting private credit players to provide flexible financing solutions tailored to corporates. As the corporate bond market remains primarily accessible to highly rated companies, mid-sized and lower-rated firms increasingly turn to the private credit market to meet their funding needs. Consequently, the private credit market has rapidly expanded, becoming a crucial source of capital in India's evolving financial landscape.

Key strategies of Indian Private Credit:

Direct Lending involves lending to mainly mid-sized companies that may have difficulty accessing traditional bank financing. The lending could be senior or subordinated, depending on the fund’s strategy.

Core credit involves investments in high-quality, stable debt instruments, typically focusing on senior secured loans and investment-grade corporates. These loans are characterized by healthy borrower credit profiles and a lower risk of default, offering predictable cash flows through regular interest payments and repayments. Core credit strategies emphasize capital preservation and steady income.

Performing credit includes loans and credit instruments that are being repaid as per agreed terms, characterized by regular interest and principal payments. This category typically includes high-quality borrowers with stable financial profiles, resulting in lower risk of default compared to distressed credit. Performing credit often offers steady cash flows, lower volatility, and can be secured or unsecured, providing opportunities for diversification in investment portfolios.

Mezzanine Financing is a hybrid form of financing that combines elements of debt and equity. Debt issued has conversion rights to equity with embedded equity options, in case the borrower defaults. This type of private credit financing is risky in nature and hence has higher interest rates than traditional debt.

Special Situation strategy involves unique investment opportunities arising from corporate events like mergers, restructurings, or bankruptcies. These events tend to adversely impact the company's creditworthiness, prompting investors to provide tailored financing solutions. This can involve primary financing or secondary debt sale solutions. **Special situation also includes Distressed Debt which** involves lending to companies under financial distress and taking over legal or financial control through restructuring or bankruptcy proceedings. The lending tends to be senior and has high priority in the capital structure and payment waterfall, due to substantial threat of liquidation.

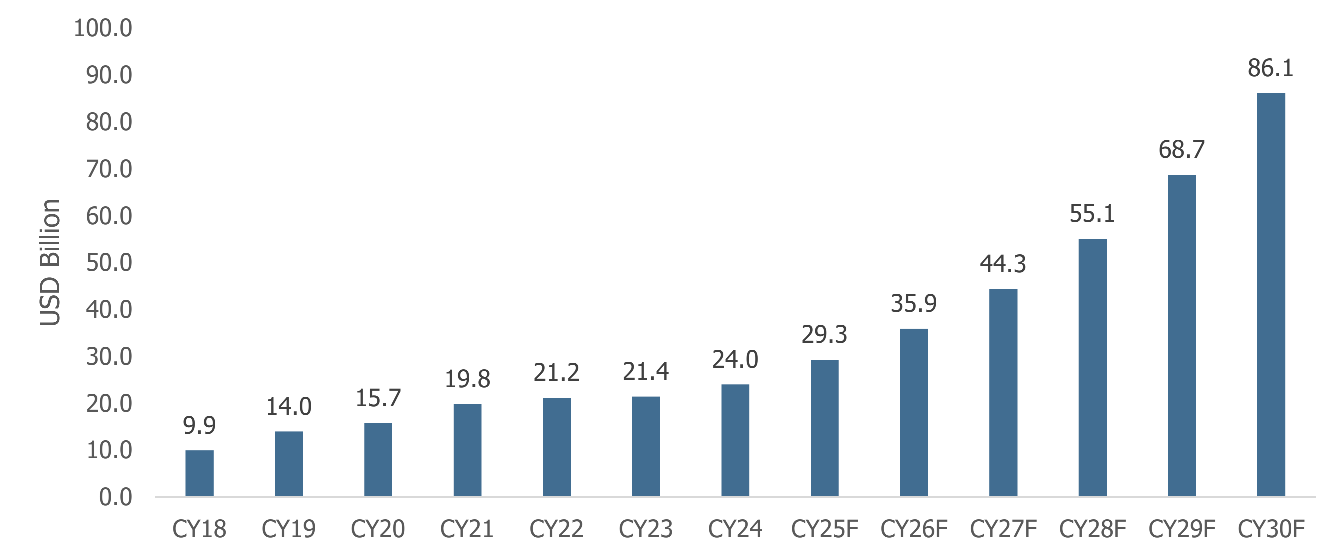
Real Estate Credit includes financing options like senior loans, bridge loans, and construction loans, all secured by real estate land and assets. These loans generate steady cash flows through interest payments and repayments closely linked to the cash flows from the real estate property through sales or lease rentals. Additionally, mortgage-backed securities (MBS) aggregate various mortgage loans to create tradable securities, providing investors exposure to real estate while diversifying risk. Overall, these strategies are structured to meet specific real estate financing needs and capitalize on market opportunities.

5.3 Private Credit AUM in India

Indian Private credit AUM poised for healthy growth momentum

In developed countries, private credit assets under management (AUM) typically range from 4% to 4.5% of GDP, while emerging markets like India currently see private credit AUM at just 0.6% of GDP, indicating significant growth potential. Developed nations, with credit-to-GDP ratios between 140% and 200%, benefit from advanced financial systems and easier access to credit. In contrast, emerging economies such as India, Brazil, and South Africa have credit-to-GDP ratios of 60% to 100%, highlighting less mature financial systems and ample opportunities for credit expansion. India's private credit AUM is projected to grow from USD 29.3 billion in CY25F to around USD 82 - USD 87.0 billion by CY30F, reaching around 1% to 1.4% of GDP by 2030, driven by rising demand for alternative financing. This shift underscores the sector's expanding role in India's economy and the potential for it to develop a more robust financial landscape similar to that of developed countries.

Chart 86 : Trends in Indian Private Credit AUM

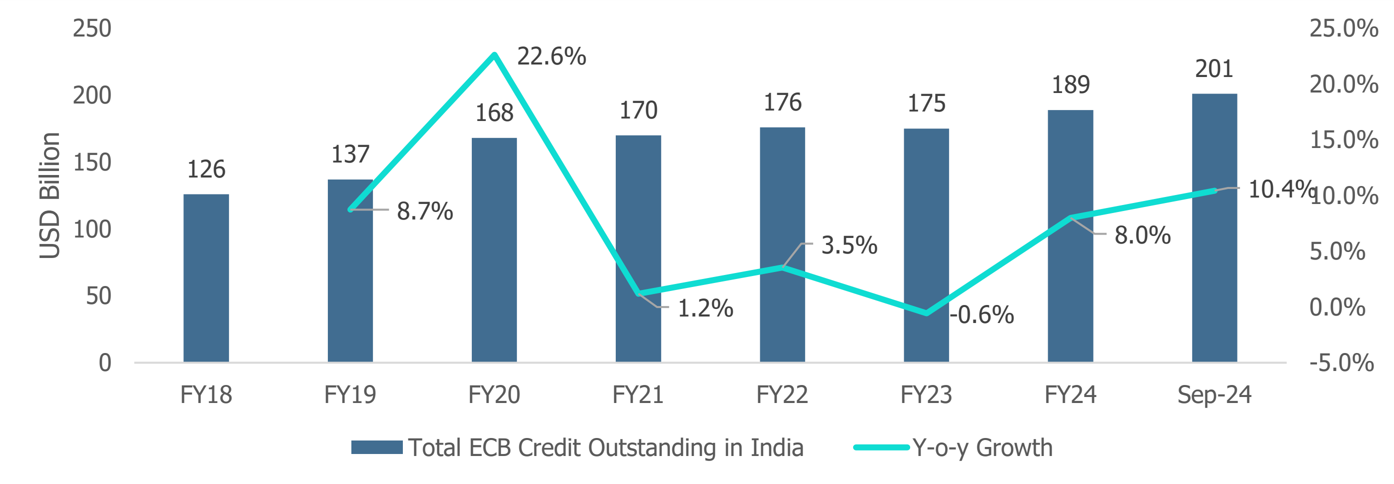


Source – CareEdge Research, Note– CY represent Calendar Year

This anticipated growth reflects the rising demand for alternative financing solutions in emerging economies like India, driven by factors such as tightening traditional lending standards which led to large and growing credit gap and increasing market opportunities for private credit providers due to increasing number of the early-stage companies.

External Commercial Borrowings (ECBs) in India have shown a noticeable recovery in recent years, with y-o-y growth of 8.0% in FY24 and 10.4% in Sept-24, after a period of near stagnation. This resurgence suggests that some Indian corporates are once again tapping into offshore markets to access capital, possibly attracted by relatively lower interest rates abroad compared to domestic credit. However, despite the recent growth, Currency volatility remains a key concern, as any depreciation in the Indian rupee significantly increases the cost of servicing foreign debt. Additionally, with global inflation staying elevated and central banks maintaining tight monetary policies, interest rate fluctuations can quickly turn these borrowings costlier than anticipated. Geopolitical uncertainties, regulatory compliance, and refinancing challenges further add to the risk profile.

Chart 87: Total Outstanding ECB Credit in India



Source – RBI, CareEdge Research

In FY20, there was a notable increase in ECB credit driven by lower interest rates aimed at stimulating the economy in response to the Covid-19 pandemic. From FY18 to September 2024, ECB credit exhibited a CAGR of around 7.4%. However, the growth momentum slowed in FY23 as global interest rates began to normalize and subdued economic conditions in major economies led to further monetary adjustments. While there has been a recent recovery in ECB borrowings, this trend reflects the instrument's sensitivity to global economic shifts and policy changes. Despite the uptick, ECBs remain relatively unattractive due to their inherent risks such as exchange rate volatility, rising global borrowing costs, and complex compliance requirements. This continued vulnerability creates room for private credit markets to step in, offering more stable, tailored, and accessible financing options to Indian corporates seeking long-term capital reliability.

5.3.1 Banks and NBFCs subject to tight lending norms leaving whitespace for private credit funds

Banks and NBFCs operate under a strict regulatory framework, which includes stringent lending restrictions. These restrictions are imposed to maintain financial stability, protect depositors, and mitigate systemic risk. Banks are typically subject to stringent requirement for the cash reserve ratio and statutory liquidity ratio, strict loan-to-value ratios, and sector concentration limits as compared to NBFCs. Additionally, their lending activities are closely monitored by the RBI. NBFCs, while regulated, often have more flexibility in their lending practices. However, over the years, efforts have been made to bring NBFCs under the similar regulations to banks. These stringent lending restrictions imposed on banks and NBFCs create a gap in the market, leading to a demand for alternative credit providers. Also

Banks and NBFCs offer a range of standardized debt products, including term loans, working capital loans, and trade finance, often with strict rule based underwriting criteria and longer processing times. These products are generally secured and risk-averse, focusing on high credit profile borrowers.

In contrast, private credit provides more flexible, tailored financing solutions such as lending against growth funding, promoter equity, real estate debt, stressed debt, special situation debt, and mezzanine financing. This flexibility and adaptability positions private credit as a compelling alternative to traditional bank and NBFC lending.

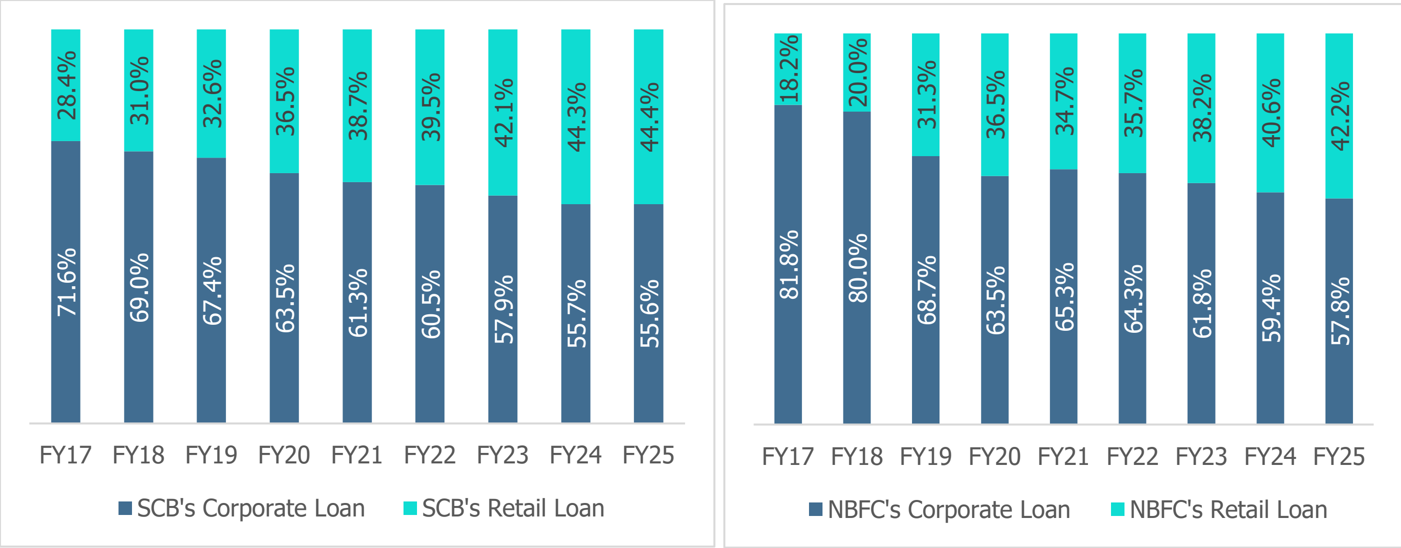
In 2020, One of the largest asset management companies ended up winding its six debt mutual fund schemes in India due to liquidity issues exacerbated by the COVID-19 pandemic. These funds had invested in short-term corporate bonds but struggled to meet redemption requests from investors, as the global economic slowdown and heightened panic led to a lag in fund inflows and a surge in redemption demands. This created significant asset-liability mismatches, raising concerns about investor confidence. While the situation shook confidence in the sector, the primary issue was related to timing rather than inherent risk management flaws. In the aftermath, the mutual fund industry became increasingly averse to debt financing for lower-rated corporates, shifting focus to equity investments and creating substantial opportunities for private credit funds.

Private credit managers enjoy flexibility as compared to banks and NBFCs, allowing them to operate with more flexibility and ability to offer more tailored credit solutions. They can assess borrowers based on their individual merits and risk profiles, rather than solely relying on traditional credit scoring models. This can be particularly beneficial to borrowers with lower credit ratings, those operating in emerging or high-risk sectors, or those seeking financing for projects with longer payback periods. This gap between demand for credit and credit extended by traditional system, creates significant opportunity for private credit managers to expand their operations by tapping into this space. Private credit managers not only make profits but also significantly contribute to growth and development of the economy.

5.3.2 Banks and NBFCs increasing focus on retail loans; whitespace for Private Credit funds in corporate credit

Scheduled Commercial Banks (SCBs) and NBFCs are increasingly shifting their focus from corporate lending to retail lending. From FY17 to FY25, both SCBs and non-banking financial companies (NBFCs) have shifted their loan portfolio compositions significantly. SCBs saw corporate loans decline from 71.6% to 55.6%, while retail loans increased from 28.4% to 44.4%. Similarly, NBFCs experienced a drop in corporate loans from 81.8% to 57.8%, with retail loans rising from 18.2% to 42.2%. This shift highlights a growing emphasis on individual consumers and small businesses. This clear preference for retail lending reflects a strategic pivot towards more stable and high-growth segments, creating a significant opportunity for private credit to fill the gap by offering tailored financing solutions to businesses in need.

Chart 88: Share of SCB's and NBFC's in Corporate and Retail loan



Source – RBI, CareEdge Research

The IL&FS Crisis of 2018 and DHFL Crisis in 2019 revealed serious mismanagement and triggered a major liquidity crisis, deeply affecting the NBFC sector. In response to the scandal, NBFCs confronted increased risk and liquidity issues, forcing them to scale back on high-risk corporate loans, especially those tied to large infrastructure projects. To manage these risks, they shifted their focus toward retail loans, such as personal and auto loans, which are viewed as more stable and less likely to default. Consequently, during FY2018-19, retail loan outstanding by NBFCs surged Y-o-y by 66%, followed by a 22.7% increase in FY19-20. This trend stabilized somewhat due to the impact of COVID-19 in FY2020-21.

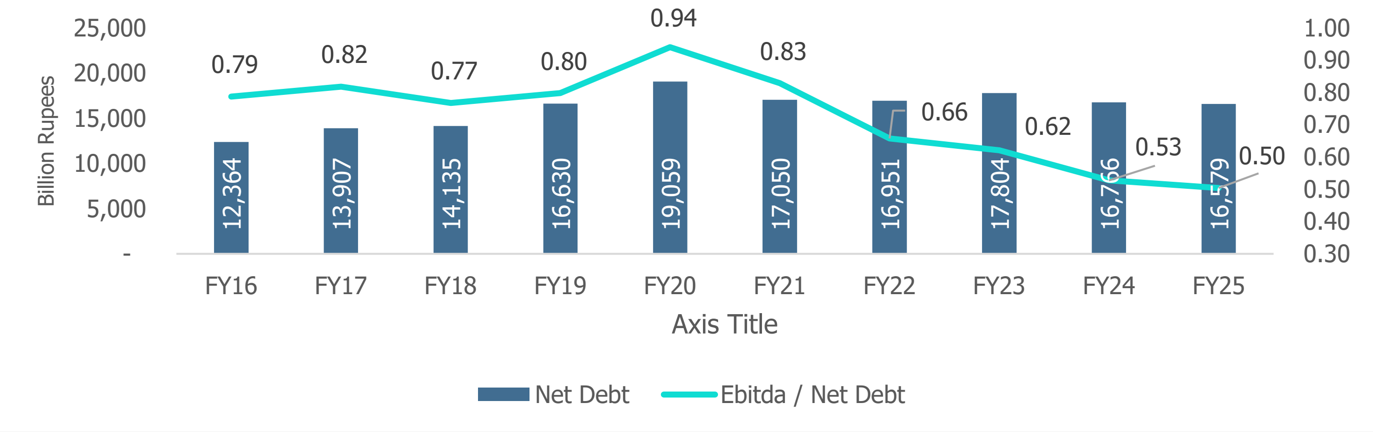
This shift was accompanied by a broader strategy of asset diversification, as NBFCs sought to stabilize their financial positions by investing in more secured and lower-risk assets. The liquidity crunch also made it increasingly difficult for NBFCs to raise funds, exacerbating their financial strain. The impact of the IL&FS crisis extended to SCBs as well, leading them to also reduce their corporate loan exposures in response to increased risk aversion and stricter regulatory scrutiny. This collective adjustment reflected a more cautious and diversified approach in the financial sector to prevent future crises.

In response to the COVID-19 pandemic, coupled with significant instability in raw material prices due to geopolitical conflicts and volatile macroeconomic conditions, both banks and NBFCs have seemingly adjusted their lending strategies. Aftermath of pandemic has led financial institutions to be risk averse, resulting in decline in credit deployed towards corporate lending. Consequently, banks and NBFCs have redirected their focus toward retail loans, aiming to minimize risk and target the more stable, lower-risk household sector.

Amid this evolving landscape, private credit presents a significant opportunity. With traditional banks and NBFCs scaling back their corporate loan portfolios, private credit providers can step in to fill the gap. This shift allows private credit to cater to corporates that struggle to access funding through conventional channels. By offering tailored solutions and flexible terms, private credit can provide much-needed capital to businesses facing financial constraints, supporting their growth and stability while capitalizing on the reduced competition from traditional lenders.

5.3.3 Indian companies have de-levered in the past decade due to macro drivers; focusing on accelerated growth without equity dilution

Chart 89: Corporate Debt and Operating Profit to Debt



Source – Ace equity

Note: Net Debt to EBITDA is analyzed on the basis of around 1,886 listed entities (excluding the BFSI and Oil and Gas Segment)

In the current financial market, companies are actively de-leveraging, leading to a notable reduction in the EBITDA to Net Debt ratio, which reached its lowest level in a decade in FY25 at 0.50 times, down from a high of 0.94 times in FY20 due to the impact of the COVID-19 pandemic. Operating profit has shown a CAGR of around 8.6% over the last decade, indicating strong revenue and earnings growth amongst the Indian companies, where in the manufacturing sector as per the RBI survey the average capacity utilisation with seasonal adjusted for Q1 FY26 stands at 75.7%. This trend reflects increased financial stability as businesses focus on maintaining robust balance sheets and sustainable growth, setting the stage for future investment opportunities

With traditional financial institutions directing more resources toward consumer loans, there is a noticeable gap in the market for large-scale corporate financing.

This in turn provides good opportunities for private credit funds to meet funding gap for the corporates, as many investors seek to secure funding without diluting equity amidst the lack of funds from the traditional lending sources.

Private credit firms are well-positioned to fill this void, offering specialised financing solutions that address the specific needs of these growing businesses. With customized capital solutions, private credit providers can capitalize on the gap left by traditional lenders and support the continued capacity expansion and development of the companies.

Overall, the combination of handsome growth in profits and revenue, coupled with a favorable leverage ratio, sets a solid foundation for private credit fund investors to achieve high returns with a reduced risk profile. This environment is ripe for investment, allowing private credit funds to play a crucial role in financing the continued growth of the Indian corporates.

5.4 Key differentiators for the Indian Private Credit market

5.4.1 Highly covenanted market, primarily focused on secured credit

The Indian private credit market, though still developing compared to its Western counterparts, has been growing rapidly in recent years. Players in this market primarily focus on secured credit, utilizing tangible assets like real estate, machinery, and inventory as collateral, which mitigates default risk. Additionally, lenders conduct thorough due diligence on assessing their creditworthiness, financial health, and market position to minimize their credit risk. Cash flow analysis is also crucial, ensuring that borrowers can meet their debt obligations sustainably. This combination of secured assets, rigorous counterparty evaluation, and cash flow monitoring strengthens the private credit framework in India, making it an increasingly vital source of capital in the evolving financial landscape.

However, the Indian private credit market goes beyond this basic level of security, incorporating a comprehensive set of covenants to further protect the lenders' interests.

These covenants can be classified into two broad categories:

1. **Financial covenants** related to the borrower's financial performance, such as debt-to-equity ratios, interest coverage ratios, and solvency ratios. These covenants ensure that the borrower maintains a healthy financial position and can meet its debt obligations in a timely manner.

2**. Operational covenants** focus on the borrower's business operations. They may include restrictions on capital expenditure, dividend payments, and mergers and acquisitions. These covenants aim to preserve the value of the borrower's assets and prevent actions that could jeopardize the lender's security.

The Indian private credit market highly emphasis on covenant compliance. Lenders carefully negotiate and monitor covenants to ensure that borrowers adhere to the terms of the loan agreement.

While the high degree of covenant protection is a significant advantage of the Indian private credit market, it has its own challenges. The negotiation and monitoring of covenants can be time-consuming and complex, thereby requiring specialized expertise. Additionally, in case of any unforeseen circumstances, borrowers can find it difficult to comply with covenants.

In the event of a breach, lenders have the right to take remedial action, which may include requiring the borrower to cure the breach, renegotiate the terms of the loan, or even exercise their security interest. The robust covenant framework in the Indian private credit market offers several benefits to lenders.

Benefits of Covenant Framework of Private Credit to Lenders
1. High degree of protection against credit risk, reducing the likelihood of default.

2. Better transparency and predictability of the borrower's financial performance, enabling lenders in informed investment decision-making and risk management.
3. Enforcement of financial discipline and accountability amongst the borrowers, encouraging them to manage their businesses responsibly.
4. Enhancing investor confidence by enabling monitoring and providing mechanisms for corrective action in case of breaches. Well-structured covenants foster accountability and trust, contributing to the overall stability of the credit market.

The high degree of emphasis on covenants and focus on secured credit positions the Indian Private Credit market well amongst the top emerging private credit markets.

5.4.2 The Insolvency and Bankruptcy Code 2016, (IBC): Support to India's Financial Landscape

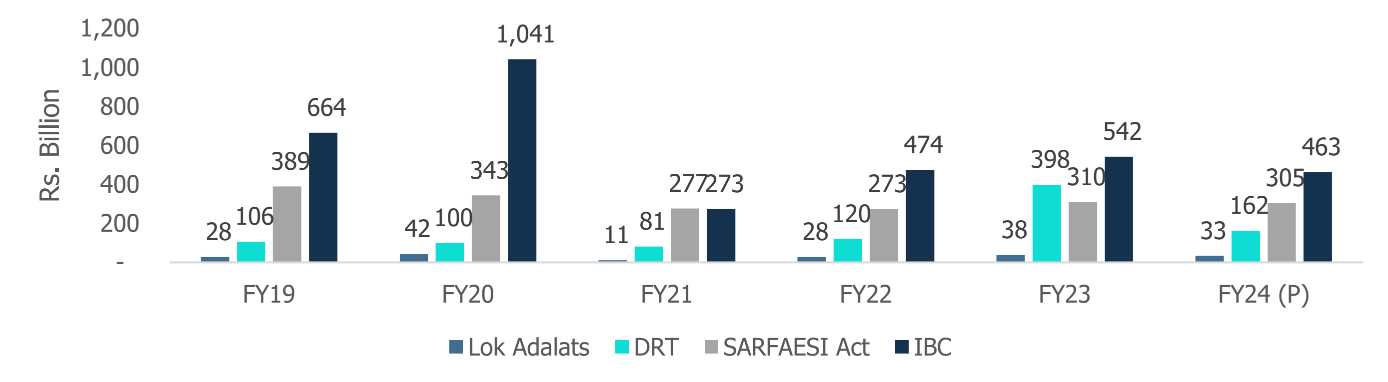
Under the Companies Act, the insolvency process was lengthy and lacked strict time limits, often leading to significant opportunity costs for creditors due to delays in resolving insolvency and repaying debts. However, the introduction of the Insolvency and Bankruptcy Code (IBC) in 2016 has revolutionized this landscape by mandating that insolvency proceedings to be completed within 180 days, with a possible extension of an additional 90 days. This change has been a major game-changer for creditors, boosting their confidence in lending to businesses by ensuring timely recovery of debts through the Corporate Insolvency Resolution Process. With faster recovery mechanism now, stakeholders are positioned to collect a more substantial amount of funds in a timely manner, significantly improving their overall recovery outcomes as compared to the past

Table 22: Comparison of the Various acts under Insolvency and Bankruptcy

Aspects	Insolvency and Bankruptcy Code (IBC), 2016	Companies Act, 2013	SARFAESI Act, 2002
Legislative Purpose	Provides a comprehensive framework for insolvency and bankruptcy for companies, individuals, and LLPs.	Governs company formation, management, and winding up.	Provides mechanisms for the enforcement of security interests by financial institutions.
Applicability	Companies, individuals, and LLPs.	Companies only.	Secured creditors and financial institutions.
Insolvency Resolution Process	**Corporate Insolvency Resolution Process (CIRP)**: Time-bound process involving the appointment of an Insolvency Professional (IP) and the preparation of a resolution plan.	**Winding Up**: Includes voluntary and compulsory winding up; managed by a liquidator.	**Not applicable**: Focuses on asset recovery rather than insolvency resolution.
Timeframe	CIRP must be completed within 180 days, extendable by 90 days.	No fixed timeframe; can be lengthy and protracted.	No specific timeframe; depends on the enforcement process.
Role of Tribunal	National Company Law Tribunal (NCLT) oversees the CIRP and liquidation.	NCLT handles winding up and other company-related matters.	Debt Recovery Tribunal (DRT) handles recovery cases.
Resolution Plan	Must be approved by the CoC and NCLT; includes restructuring or sale of the company.	Not applicable; winding up does not involve a resolution plan.	Not applicable; focuses on recovering secured assets.
Recovery Mechanism	Focuses on resolving insolvency to maximize recovery through a resolution plan.	Recovery is part of the winding-up process, which can be lengthy.	Focuses on the quick recovery of secured assets through the enforcement of security interests.
Fresh Start	Fresh Start Process available for individuals with limited debt.	Not available.	Not applicable.
Appeal Mechanism	Appeals can be made to the National Company Law Appellate Tribunal	Appeals against NCLT decisions are heard by NCLAT.	Appeals against DRT decisions are heard by the Appellate Tribunal and then the Supreme Court.

	(NCLAT) and further to the Supreme Court.		

Chart 90: NPAs of SCBs recovered under various acts

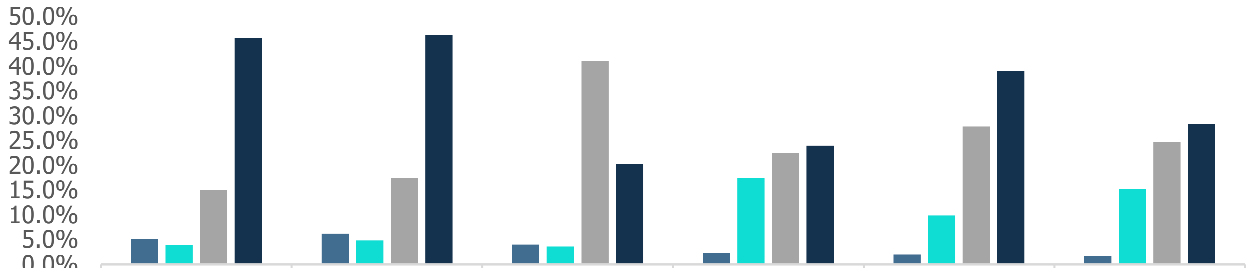


Source: RBI, CareEdge Research

Note: Debt Recovery Tribunal (DRT), Securitization and Reconstruction of Financial Asset and Enforcement of Security Interest

The IBC has established itself as a powerful framework for addressing financial distress within companies. In FY19, recoveries under the IBC amounted to approximately Rs. 664.40 Billion, which surged to around Rs. 1,041 Billion in FY20. However, the subsequent drop in recoveries can be attributed to the impact of the COVID-19 pandemic, which disrupted business operations and led to a moratorium on the initiation of CIRP. As the pandemic's effects waned, recoveries began to improve consistently. For FY24, the projected recovery is around Rs. 463 Billion, with expectations of further growth in the future.

Chart 91 : Percentage of Recovery under Various Acts



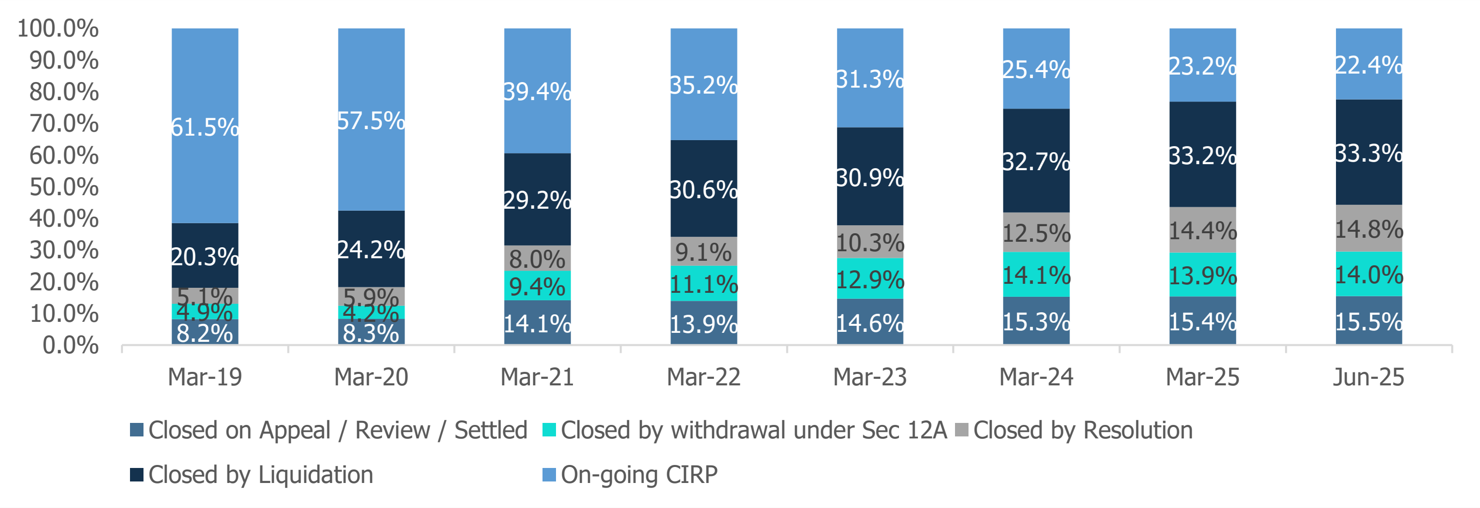
	FY19	FY20	FY21	FY22	FY23	FY24 (P)
Lok Adalats	5.1%	6.2%	4.0%	2.3%	2.0%	1.8%
DRT	3.9%	4.9%	3.6%	17.5%	9.9%	15.2%
SARFAESI Act	15.0%	17.4%	41.0%	22.5%	27.8%	24.7%
IBC	45.7%	46.3%	20.2%	23.9%	39.0%	28.3%

Lok Adalats DRT SARFAESI Act IBC

Source – RBI, CareEdge Research

In FY19, amount recovered under the IBC was approximately 46% of the total amount recovered through various means. (Lok Adalats, DRT, SARFAESI Act, IBC) Recoveries under IBC witnessed decline while recoveries via SARFAESI witnessed uptick during COVID-19. In FY24, recovery rates are projected to have approached of around 28.3%. This indicates a strong rebound under the IBC, suggesting continued growth and improvement in the future.

Chart 92 : Status of CIRPs

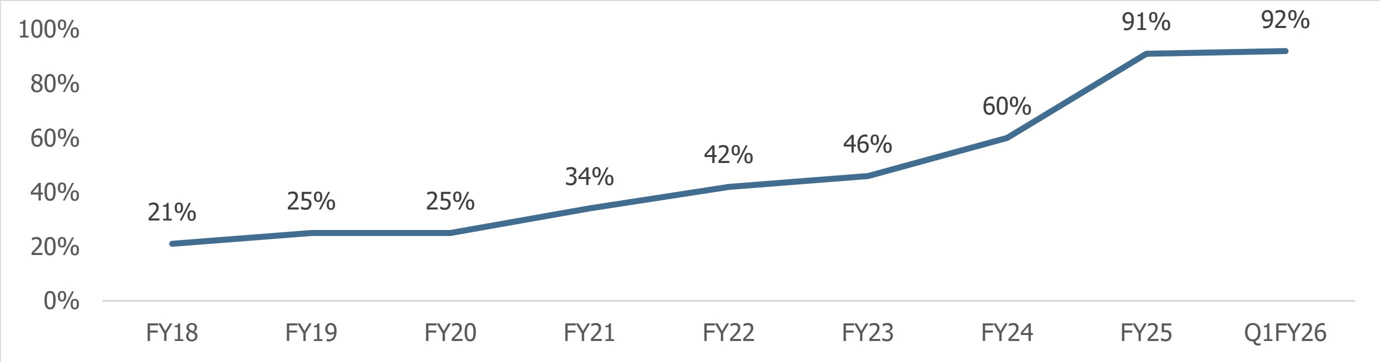


Source – IBBI

The notable decline in ongoing CIRP cases from 61.5% in March 2019 to 22.4% by June 2025, reflects a significant improvement in the efficiency of the resolution framework. This indicates that more cases are being resolved swiftly, either through settlements or effective negotiations, thereby boosting financial creditor confidence in the insolvency process. As companies are increasingly opting for closures through appeals, reviews, or settlements rising from 8.2% to 15.5% it suggests that stakeholders are finding amicable solutions rather than engaging in protracted litigation.

Moreover, the rising percentage of cases closed under Section 12A emphasizes withdrawal and settlement, thereby reinforcing this trend. Such mechanisms allow parties to negotiate favourable outcomes without lengthy procedures, thereby enhancing trust in the system. The liquidation process has also seen an upward trend, increasing from 20.3% of cases in March 2019 to 33.3% by June 2025. Overall, these trends signify a more robust and responsive insolvency ecosystem, instilling greater confidence amongst financial creditors regarding their ability to recover funds.

Chart 93: Ratio of Resolution to Liquidation



Source – IBBI, CareEdge Research

The Ratio of Resolution to the liquidation for the IBC has significantly improved from 21% in FY18 to 92% in Q1FY26. The increase in the ratio of Resolution to Liquidation order reflects a more effective case resolution process, where number of cases are resolved through the resolution plan rather than liquidating the company are on the increasing trend from FY18. This improving ratio is due to several initiatives by NCLT to improve the outcomes.

5.5 Private Credit – Benefits with equity like return and fixed income like risk, offering compelling proposition to LPs and HNIs

Private Credit investment offers UHNIs, HNIs and LPs compelling advantages by providing them the potential for the higher yields compared to traditional fixed-income assets. Private credit investments inherently come with a higher risk premium, which translates into more substantial returns. In addition to higher returns, private credit investments offer significant diversification benefits and stability within an investment portfolio. Private credit is often less correlated with public equity and bond markets, providing a hedge against market volatility and economic downturn. This reduced correlation helps to mitigate overall portfolio risk and offers a stable income stream through regular interest payments. For HNIs and UHNIs looking to balance risk and return, private credit's stability and consistent cash flows are valuable for maintaining a well-rounded and resilient investment portfolio.

The high-yield debt market in India is still largely untapped, presenting a promising opportunity for private credit to thrive. Private credit is positioned to capitalize on the limitations of banks and NBFCs in the evolving financial landscape. Private credit providers leverage their agility to offer tailored financing solutions that cater to middle-market companies and high-growth startups often overlooked by traditional lenders. By embracing innovative structures, such as uni-tranche loans and mezzanine financing, private credit can deliver both speed and flexibility, addressing specific borrower needs while pursuing higher yields. This responsiveness not only fills a critical funding gap but also enhances the overall efficiency and dynamism of the credit market, making private credit an increasingly attractive option for investors and businesses alike.

The opportunity for private credit is becoming increasingly attractive for investors as recent changes in the Finance Bill 2024 have significant implications for debt mutual funds. Previously, these funds were taxed at 20% with the Indexation benefit on long-term capital gains, but now all capital gains from debt mutual funds will be treated as short-term and will be taxed at the investor's applicable income tax rate, regardless of the holding period. This change may deter investors from debt mutual funds, making private credit an appealing alternative. With higher yields and potentially lower tax burdens, private credit firms can attract investors looking for better returns and customized investment strategies in this evolving landscape.

The Insolvency and Bankruptcy Code, 2016 has fundamentally transformed the approach to recovering stressed assets by providing a structured and efficient legal framework. This has led to significantly faster recovery processes, thereby minimizing delays and uncertainties. By streamlining the resolution of distressed assets, the IBC effectively lowers overall risk, enhancing the security of investments and improving the predictability of recovery outcomes. This robust mechanism not only accelerates asset recovery but also strengthens the overall risk management in private credit.

5.6 Types of Private Credit Strategies:

5.6.1 Overview of Private Credit Product Types: Key Features, Risk Levels, and Target IRR

Product Type	Key Features	Risk Level	Target IRR
Direct Lending/ Core Credit	• Loans are typically provided directly to small and mid-sized enterprises (SMEs) which find it difficult to raise capital through traditional means due to low credit rating • Flexible terms, including amortization schedules and covenants tailored to borrower needs. • Generally senior secured loans, often with collateral backing. • Direct lending also includes Performing Credit which refers to loans and credit instruments that are repaid according to agreed terms, providing regular interest and principal payments. These also refer to the Secured and Unsecured Loan offering higher risk-adjusted return.	Low to Moderate Risk	12%-18*%
Real Estate Debt	• Loans secured by real estate assets, such as commercial or residential properties. • Can include senior debt, mezzanine financing, or preferred equity. • Financing often structured to support acquisitions, development or refinancing.	Moderate to High Risk	18% - 20%
Mezzanine	• Hybrid debt that often includes subordinated loans and equity-like features (e.g., warrants). • Used primarily for growth capital, acquisitions, or recapitalizations. • Higher yields than senior debt due to increased risk	Moderate to High Risk	18% - 20%
Venture Debt	• Offered to early-stage, high-growth companies that have already received equity financing • Typically structured as short-term loans with warrants or options to purchase equity. • Provides additional capital without significant equity dilution.	Moderate to High Risk	18% - 22%
Special Situations	• Tailored financing solutions for unique circumstances, such as acquisitions, restructurings, or significant corporate events. • Flexible terms and structures to meet specific needs. • Can involve a combination of debt and equity features. • Special Situation also includes Stressed debt which Involves purchasing the debt of companies in financial distress, often at a significant discount. Investors may seek to influence restructuring processes or acquire equity during bankruptcy proceedings.	Event Specific Risk	20% - 25%

Source- CareEdge Estimates.
Note – Asterisk mark (*) refers to the higher range due to higher risk-adjusted return offered by the Performing Credit.

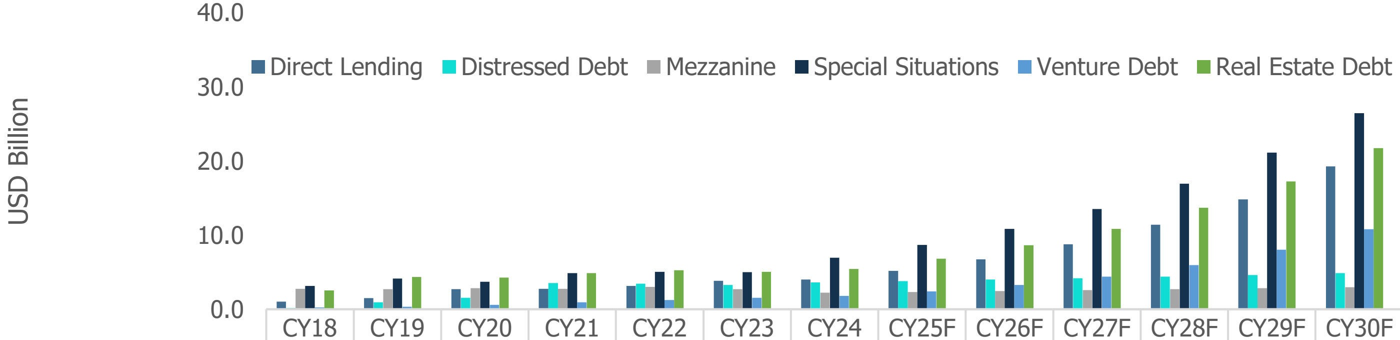
5.6.2 Private Credit Product wise AUM outlook

Venture debt, direct lending and real estate credit on strong growth trajectory

The private credit market exhibits a diverse allocation across various product types, reflecting a complex investment landscape. Direct Lending, with a share of 16.6% as on CY24, indicates a solid commitment to traditional lending strategies, appealing to those seeking stable returns. Stressed Debt follows closely with a 15.1%, highlighting a robust appetite for investing in financially troubled assets with the potential for high rewards.

Mezzanine financing accounts for 9.3%, demonstrating steady demand for subordinated debt that combines characteristics of both equity and senior debt. Special Situations captures 28.9% of the market, underscoring the appeal of opportunistic investments in complex or unique scenarios. Real Estate Debt, at 22.6%, reflects a strong interest in this asset class, which offers stability and consistent cash flows, appealing to risk-averse investors. Lastly, Venture Debt, with an 7.5% allocation, indicates a cautious yet optimistic approach towards funding high-growth, early-stage companies. This distribution illustrates a balanced yet varied approach within the private credit sector, catering to a range of investment strategies and risk profiles.

Chart 94 : Product-wise Estimate for the Indian Private Credit AUM



	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25F	CY26F	CY27F	CY28F	CY29F	CY30F
Direct Lending	1.0	1.5	2.7	2.7	3.2	3.9	4.0	5.2	6.7	8.8	11.4	14.8	19.3
Distressed Debt	0.2	0.9	1.5	3.5	3.5	3.3	3.6	3.8	4.0	4.2	4.4	4.6	4.9
Mezzanine	2.8	2.7	2.9	2.8	3.0	2.7	2.2	2.3	2.5	2.6	2.7	2.8	3.0
Special Situations	3.2	4.1	3.7	4.9	5.1	5.0	6.9	8.7	10.8	13.5	16.9	21.2	26.4
Venture Debt	0.2	0.4	0.6	0.9	1.2	1.5	1.8	2.4	3.3	4.4	5.9	8.0	10.8
Real Estate Debt	2.5	4.3	4.3	4.9	5.3	5.0	5.4	6.8	8.6	10.9	13.7	17.2	21.7
Total Private Credit	9.9	14.0	15.7	19.8	21.2	21.4	24.0	29.3	35.9	44.3	55.1	68.7	86.1

Source – Preqin

The private credit landscape is projected to show a diverse range of growth prospects across various sectors, with direct lending and venture debt projected to lead the charge at impressive CAGR rates of 30% and 35% for period of CY25 to CY30, respectively. This surge reflects a strong demand for flexible financing solutions in a rapidly evolving market. Meanwhile, real estate debt is expected to follow closely at 26% CAGR growth during CY25 to CY30, indicating a robust appetite for investment in tangible assets. In contrast, distressed debt and mezzanine financing are expected to experience modest growth rates of 5% to 7% for CY25 to CY30, the special situations market will also benefit owing to changes in regulatory environment especially in the insolvency and bankruptcy processes thereby opening an opportunity for a pie for USD 82 to USD 85 billion stressed asset market in India. Overall, as the total private credit sector is projected to grow at an impressive 23% to 25% over the next five years starting from CY25 to CY30, these varied growth rates highlight the dynamic nature of private credit.

5.7 Market landscaping of large domestic players

Name	Establishment Year	Strategy/ Sub Strategy	Funds Raised in last 10 years ($ Billion)
EAAA India Alternatives Limited	2008	• Direct Lending / Core Credit, • Stressed Debt, • Special Situations, • Performing Credit • Real Estate Debt	4.12
Kotak Alternate Asset Managers	2005	• Direct Lending, • Stressed Debt, • Mezzanine, • Special Situations, • Venture Debt	3.18
Ascertis Credit	2011	• Direct Lending • Performing Credit	1.22
360 ONE	2008	• Mezzanine, • Direct Lending	0.94
Motilal Oswal	2006	• Real Estate Debt	0.71
Ask Property Fund	1983	• Real Estate Debt	0.59
Vivriti Asset Management	2019	• Direct lending, • Senior Debt	0.41
Piramal Enterprises	1988	• Real Estate Debt	0.30

Source - Preqin

5.8 Smaller Entrants Intensifying the competition in the Private Credit Market

As corporates increasingly pivot from regulated banks and transparent public markets to private credit firms for funding, the financial landscape is undergoing a profound transformation. While this shift opens new avenues for capital, it also introduces several vulnerabilities. The private credit market, particularly at the lower end, is becoming increasingly crowded with smaller players, intensifying competition and compressing yields. To meet target returns, many managers may feel compelled to adopt riskier strategies and ease lending standards, which could compromise asset quality and elevate systemic risk.

Moreover, the rapid growth of private credit has led to increasingly complex deal structures, often involving multiple layers of leverage. Liquidity is another growing concern. Investors in these instruments typically need to hold loans to maturity to realize optimal returns. In the event of emergency exits, they may face steep haircuts, further amplifying market stress.

However, the impact of these dynamics will not be uniform across the sector. Smaller and newer entrants, with limited access to capital, shorter track records, and lack of scale, are more vulnerable to these pressures. In contrast, larger and more established private credit firms are better positioned to navigate this evolving environment. Their strong capital access, operational scale, proven track records, solid sponsor backing, and sustained investor confidence provide them with a competitive edge. These strengths enable them to maintain disciplined underwriting, focus on higher quality assets, and deliver healthy yields even in a tightening market. As a result, while the sector as a whole may face growing pains, the leading players are poised to emerge stronger and more resilient.

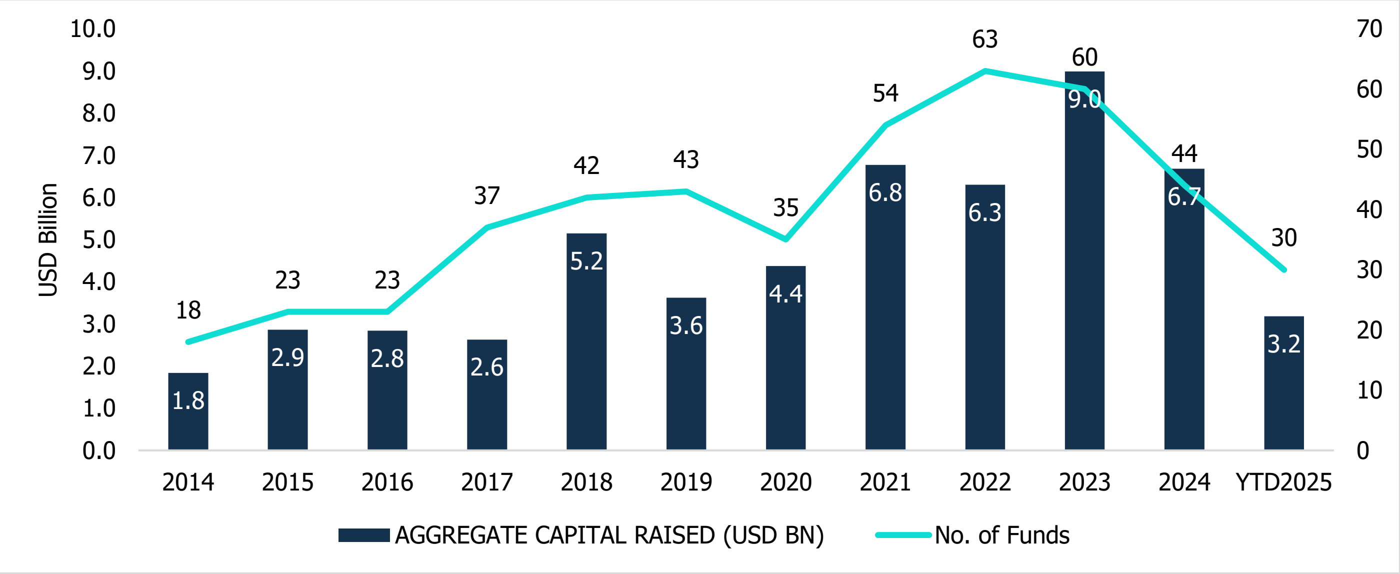
6 Private Equity

6.1 Overview of Private Equity (PE) market in India

Private equity firms raise funds from a variety of sources, including institutional investors (pension funds, endowments and insurance companies), HNIs, Ultra HNIs, family offices, and sometimes even through their own capital. Private equity funds usually invest in private, non-traded common equity, preferred stock, or mezzanine and distressed debt. A significant number of these transactions involve taking public companies private. The funds usually have a lock-in period ranging from 4 to 7 years. PE can offer substantial returns but also involves higher risks and longer investment horizons as compared to other traditional investment avenues. PE firms aim to exit the investments by selling their stake to another buyer, taking it public through an IPO or other strategies.

The Capital raised by private equity has increased at a CAGR of 13.04% from CY19-CY24. Up to CY2024, the aggregate funds raised totalled to USD 6.7 billion.

Chart 95: Trend in Historical Fund Raising for PE

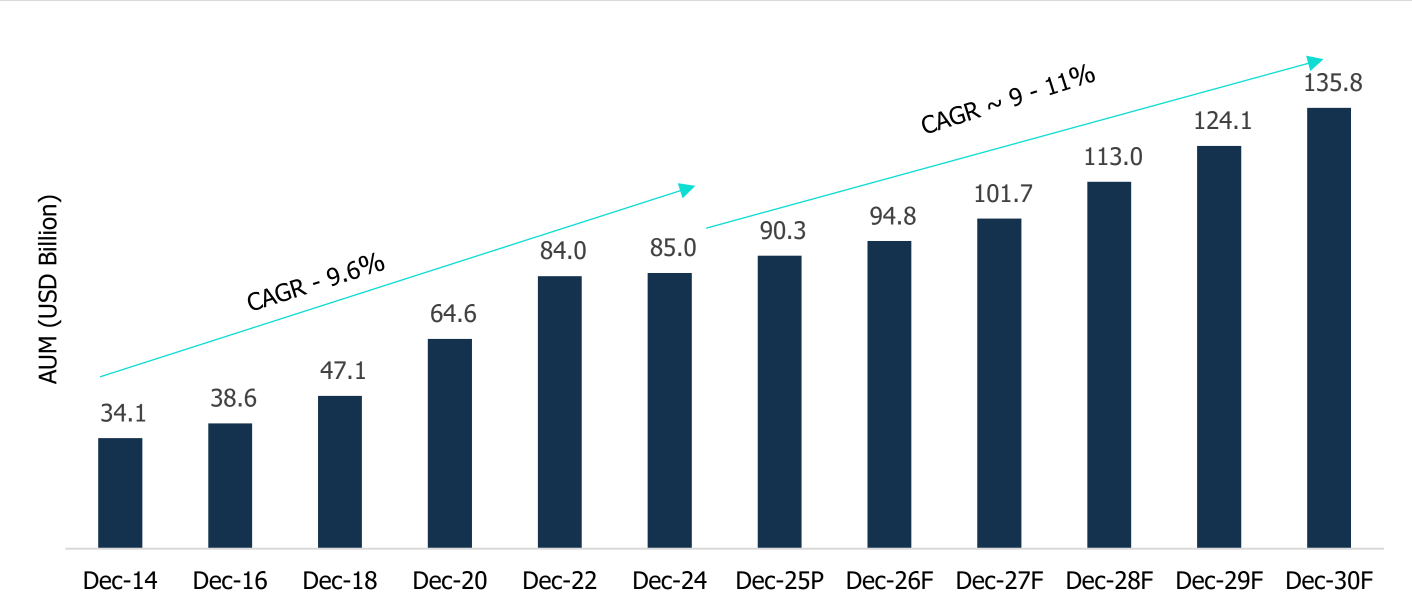


Source: Preqin, CareEdge Research Estimates; Note: YTD2025 means as on 23rd November 2025

The AUM for India-focused PE firms have shown a notable upward trend recently, reflecting the growing investor confidence in the Indian economy.

India-based PE AUM (including global funds investing in India) has more than doubled in the last decade and touched USD 85 billion as on December 31, 2024 and is expected to be USD 94.8 billion as on December 31, 2026. The growth is supported by increasing investments from both domestic and international investors coupled with the rise of India's startup ecosystem and overall economic growth. Recently, Indian PE firms have raised substantial capital including large fundraising rounds and new funds targeting various sectors - growing focus on sectors like technology, healthcare and consumer goods.

Chart 96: India focused PE firms AUM expected to more than double from CY20 to CY30



Source: Preqin, CareEdge Research Estimates
Note: Year mentioned above denotes calendar year; F indicates Forecasted

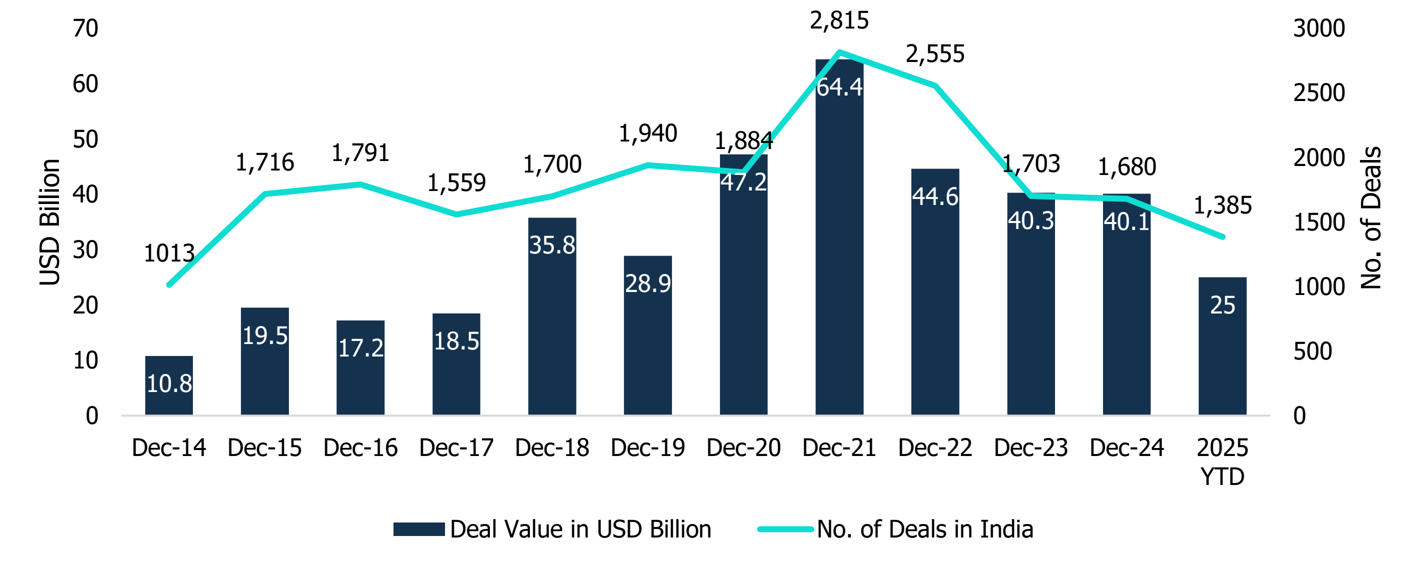
The AUM for PE is expected to reach to USD 90.3 billion by the end of CY25, while the AUM is expected to reach to around USD 135.8 billion by the end of CY20. It is expected to grow in the range of 9% to 11%. India's rapidly expanding economy, driven by strong GDP growth, a burgeoning HNI's and UHNI's, and urbanization, presents a fertile ground for private equity investments.

Resilience in Action: India's PE and VC Scenario Flourishes Despite Global Headwinds

Although average PE deal value has declined from the peak levels of CY21, reflecting global headwinds, India's private equity market has experienced significant growth over the past. Historically, the Indian PE market concentrated mainly on non-control deals, with buyouts representing a smaller portion. However, in the past decade, there has been a significant shift, with the proportion of control and buyout deals expanding fourfold in CY23 as compared to CY10.

The declining trend recently was largely influenced by global conditions, including diminished investor confidence and ongoing macroeconomic challenges, such as decreased consumption, geopolitical uncertainties, funding winter, which resulted in lower liquidity in the international markets. A significant volatility was observed during the Covid-19 pandemic, led by the uncertainty about the performance of various companies coupled with liquidity concerns as many investors preferred to hold onto cash rather than commit to new investments, leading to a slowdown in deals. However, the number of deals significantly increased in 2022, lead by deals from big players like Reliance Retail Limited uplifted the PE market and signed 5 deals all being buyout strategies, with one of the deal size being Rs. 9,500 million. The biggest deal of 2022 being the buyout of Housing Development Finance Corporation Limited by HDFC Bank, with deal size being USD 61,729 million.

Chart 97: PE deals growth momentum

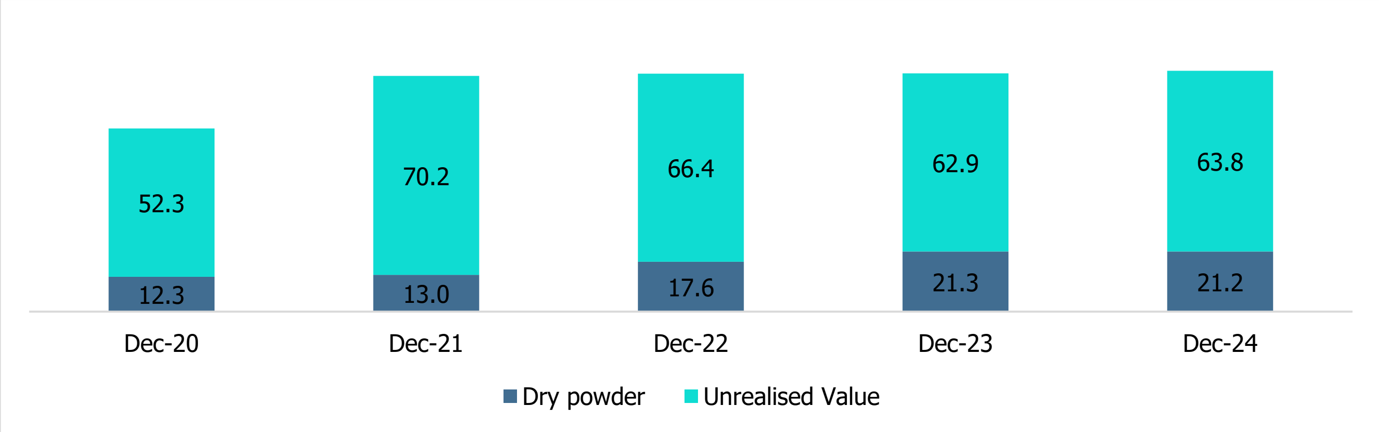


Source: Preqin

Note: PE Deals include both deals accounted as well as closed.
Year mentioned above denotes calendar year

Amidst the overall decline in PE deals, traditional sectors proved relatively resilient, with a modest decline. Investors persisted in directing capital towards businesses with stable operating economics and steady growth prospects. New age sectors include Gen AI, fintech, green energy, while traditional sectors include real estate, infrastructure, BFSI. There is now a large amount of dry powder (refers to the capital that PE or VC firms have raised but not yet invested and hence available for future investments) available on the back of a flurry of funds raised by India-focused funds and slower deal-making activity.

Chart 98: PE and VC players are amassing enough dry powder to deploy when market conditions are ripe



Source: Preqin

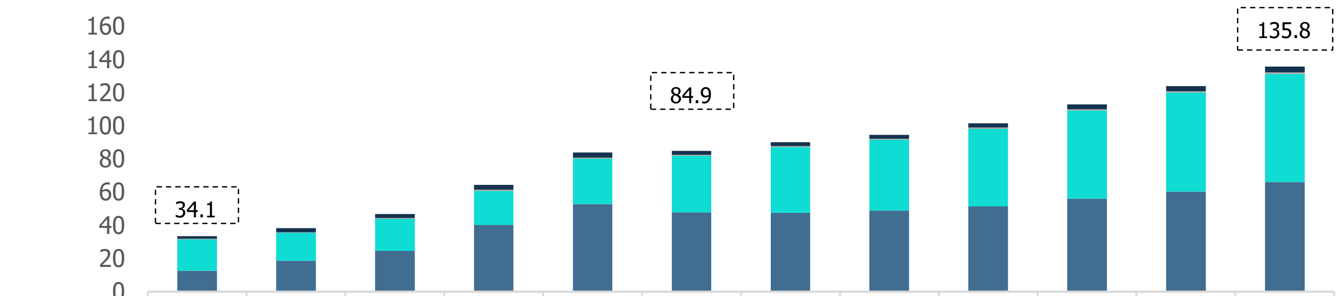
Note: Year mentioned above denotes calendar year

Private equity dry powder had grown from USD 12.3 billion as on December 31, 2020 and reached to USD 21.2 billion as on December 31, 2024. As investors look to deploy these reserves, they will seek quality assets at the right valuation in the future. Capital deployment is expected to be cautious in CY25, due to a rebound in global macroeconomic conditions. Nevertheless, India is poised to benefit from a significant increase in capital allocation, driven by its strong macroeconomic fundamentals. The manufacturing and healthcare sectors are expected to experience increased deal activity, fuelled by the China+1 Strategy on account of the availability of large-scale assets, growing capabilities, and government support in the form of favourable policies, tax incentives etc.

6.2 Indian Private Equity Product wise AUM Trends and outlook

Indian Private Equity growth momentum fuelled by Venture Capital and Growth strategies

Chart 99: Private Equity product-wise AUM trends



	Dec-14	Dec-16	Dec-18	Dec-20	Dec-22	Dec-24	Dec-25P	Dec-26F	Dec-27F	Dec-28F	Dec-29F	Dec-30F
Buyout	1.5	2.4	2.3	2.9	3.0	2.3	2.3	2.4	2.5	2.8	3.1	3.4
Balanced	0.5	0.4	0.6	0.8	0.7	0.6	0.6	0.7	0.7	0.8	0.9	1.0
Growth	18.8	17.0	19.3	20.6	27.3	34.3	39.7	42.6	46.8	53.1	59.6	65.2
VC	12.7	18.5	24.6	40.2	52.9	47.8	47.6	49.0	51.5	56.2	60.5	66.2

VC Growth Balanced Buyout

Source: Preqin, CareEdge Research Estimates
Note: Indicates total of all strategies
Year mentioned above denotes calendar year

The expansion of private markets over the past decade has been remarkable, offering substantial and increasing opportunities for both domestic and international institutional investors. This growth has been primarily fuelled by the rise of VC and growth strategies. Growth strategy grew by 1.8x times from CY14 to CY24. In India, government policies have notably enhanced investment prospects for VC funds, unlike in many other countries. Private Equity and VC investments are becoming an important source of funding for Indian entrepreneurs and start-ups.

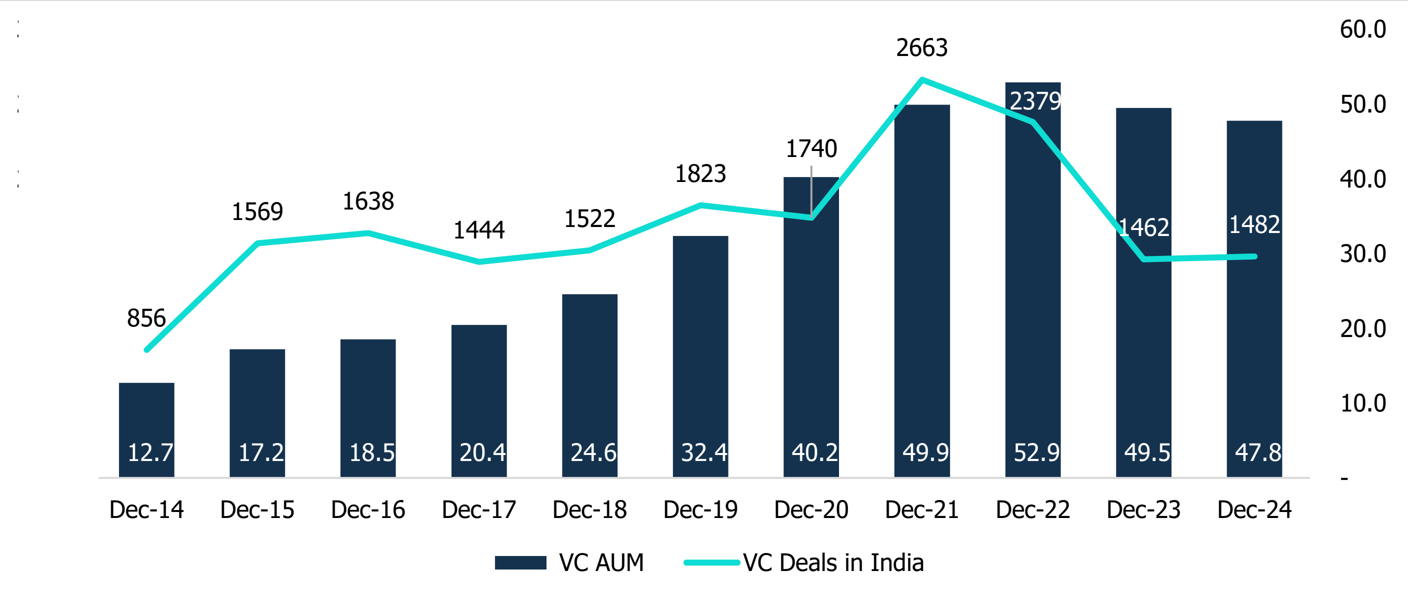
Private Equity Sub-Strategies Definition

Strategy	Definition
Venture Capital	Provides capital to new or growing businesses with perceived long-term growth potential
Growth	Typically takes significant minority positions in companies without the use of leverage. Targets profitable, but still maturing, investee companies with significant scope for growth. Investment horizons are mid-to-long term, similar to those seen with buyout funds.
Buyout	Invests in established companies, often with the intention of improving operations and/or financials. Investment often involves the use of leverage.

Balanced	Invests in companies at all stages of development, from early stage to buyout.

The AUM for VC is expected to reach to USD 47.6 billion by the end of CY25, while the AUM for Growth is expected to reach to USD 39.7 billion for the same period. India's vibrant startup ecosystem, coupled with a growing economy and a large consumer base, is expected to continue attracting significant VC investment. The number of startups and the volume of funding are likely to increase as the market matures.

Chart 100: Venture capital AUM Trend

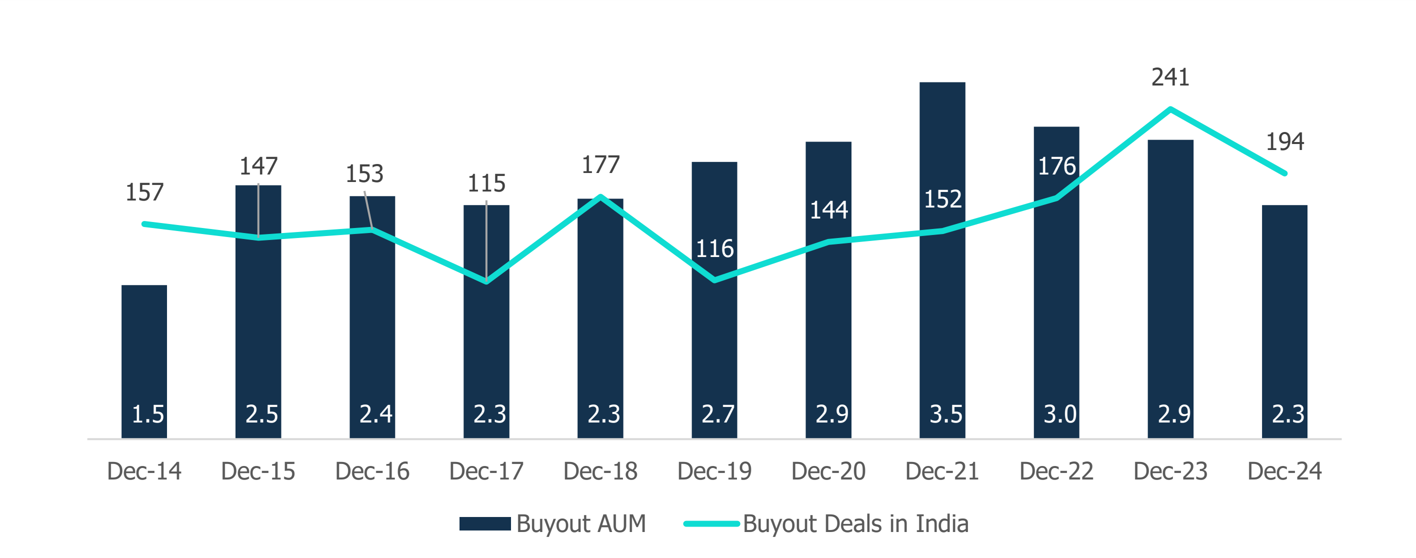


Source: Preqin

Note: Year mentioned above denotes calendar year

Investment activity in terms of number of deals was on the rise from CY14 till CY16, VC deals declined in CY17 and again in CY22 and CY23 and stabilized in the CY24. The decline in CY23 was majorly on account of harsh winter funding experienced by startups all across the globe. This led to a drop in VC activity. Though the number of deals and aggregate value declined, the AUM declined marginally. The AUM for VC has increased at a CAGR of 14.2% and reached to USD 47.8 billion as on December 31,2024 from USD 12.7 billion as on December 31, 2014. Some of the major sectors which attracted VC deals were financial services, software, healthcare etc.

Chart 101:Buyout AUM Trend



Source: Preqin

Note: Year mentioned above denotes calendar year

A growing trend is observed in investment activity in terms of number of deals in buyout, where the number of deals has reached to 241 in CY23 however it declined to 194 in CY24. The AUM for buyout has increased at a CAGR of 4.3% and is expected to reach to USD 2.3 billion as on December 31, 2024, from USD 1.5 billion as on December 31, 2014. Some of the major sectors which attracted Buyout deals were financial services, pharmaceuticals, education/training etc.

6.3 Private Equity Market Landscaping

Name	Country	Sub-Strategy	Total PE Funds Raised in last 10 years (USD Billion)	PE AUM (USD Billion)	Date of AUM
TPG Capital	United States	Balanced, Buyout, Co-Investment, Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Growth, PIPE, Public to Private, Recapitalisation, Restructuring, Secondaries, Turnaround, Venture (General)	98.9	261	June 20, 2025
Kedaara Capital	India	Divestiture, Growth, Spin-Offs	3.6	3.6	NA

Name	Country	Sub-Strategy	Total PE Funds Raised in last 10 years (USD Billion)	PE AUM (USD Billion)	Date of AUM
Advent International	United States	Buyout, Divestiture, Growth, Management Buy-in, Management Buyout, PIPE, Public to Private, Recapitalisation, Secondaries, Spin-Offs	83.5	NA	NA
PeaK XV Partners	India	Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Fund of Funds, Growth, Venture (General)	6.6	NA	NA
Chrys Capital	Mauritius	Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Growth, Venture (General)	5.7	NA	NA
Multiples Alternative Asset Management	India	Buyout, Divestiture, Expansion / Late Stage, Growth, Management Buyout, Restructuring, Spin-Offs, Turnaround	3.4	NA	NA
True North	India	Buyout, Early Stage, Expansion / Late Stage, Growth	1.3	NA	NA
Everstone Capital	Singapore	Buyout, Co-Investment, Early Stage, Expansion / Late Stage, Growth, Turnaround, Venture (General)	1.0	NA	NA
Warburg Pincus	United States	Balanced, Buyout, Divestiture, Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Growth, Management Buyout, Public to Private,	68.3	86	02nd Jan 2025
Elevation Capital	India	Early Stage, Early Stage: Seed, Early Stage: Start-up, Expansion / Late Stage, Growth, Venture (General)	1.8	NA	NA

Source: Preqin

Note: For players like TPG, Advent International, Chrys Capital, Everstone Capital, Warburg Pincus, their Total PE AUM/Funds Raised is not specific to India only.

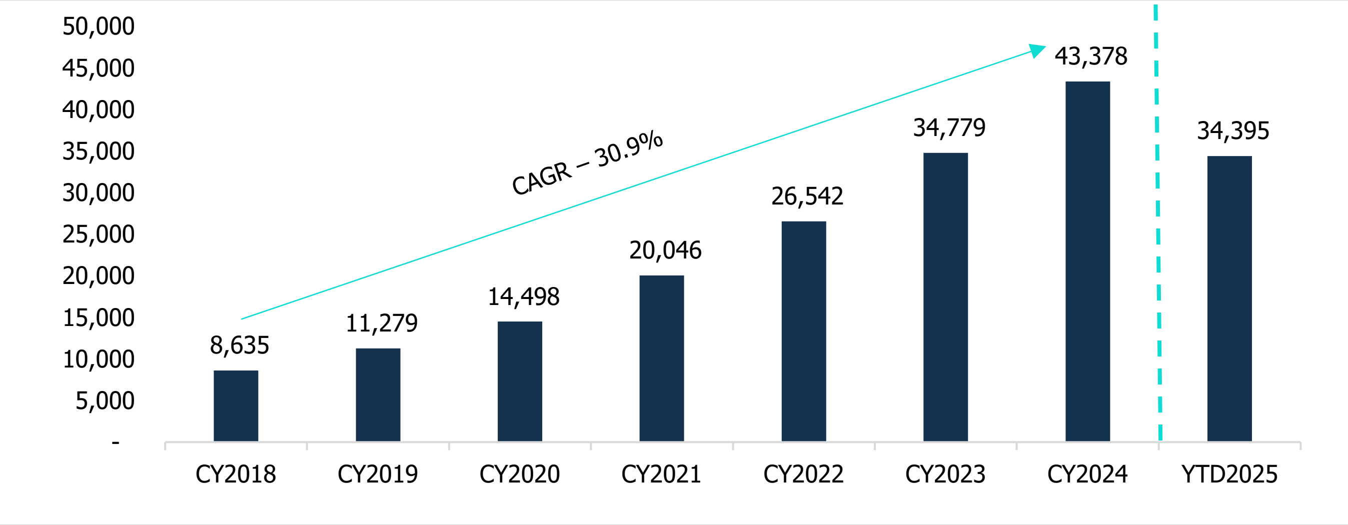
6.4 Growth drivers for PE ecosystem in India

1. Growing Startup Ecosystem

India has emerged as the 3rd largest ecosystem for start-ups in the world with 1,75,113 start-ups recognized by the Department for Promotion of Industry and Internal Trade (DPIIT) as on 23rd May 2025. The number of start-ups recognized by DPIIT on yearly basis increased from 8,635 in CY18 to 43,378 in

CY24. This growth can be attributed to favourable demand drivers such as technological advancements, rise in young population, growth in e-commerce giants and supportive regulatory framework.

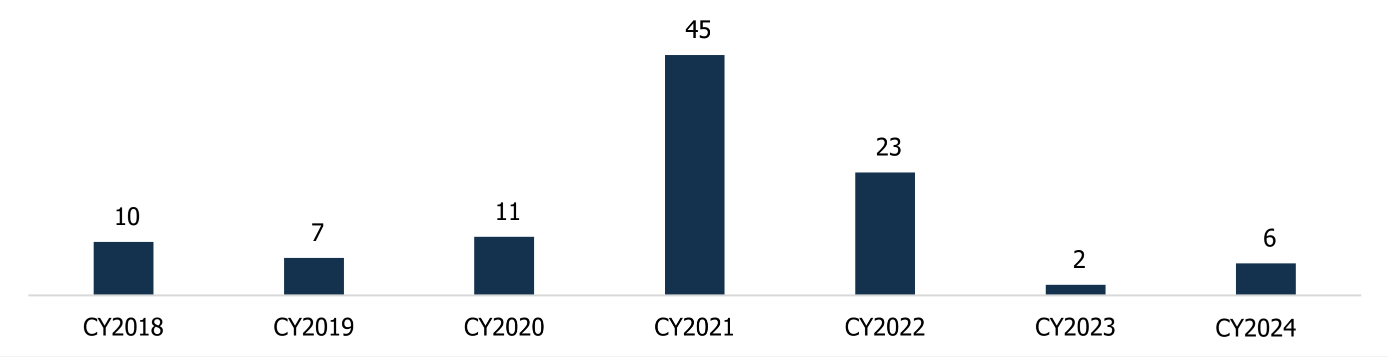
Chart 102: Year-wise Start-ups recognized by DPIIT



Source: PIB as on 2nd February, 2024; Note: The number of active start-ups might be different because of M&A or wind-up; YTD indicates period upto 26th September 2025.

Through its various initiatives, the government has recognized the importance of start-ups and their role in the economic development of the country. The time required for startups to reach unicorn status (a valuation of $1 billion or more) can vary significantly based on several factors, including industry, market conditions, and the startup's growth strategy. Startups that leverage favourable market conditions, innovative strategies, and robust funding often reach this milestone more rapidly.

Chart 103: Year-wise number of Indian Start-ups with unicorn status



Source: Invest India; CareEdge Research. The number of active unicorns might vary because of change in valuation.

Startups offer opportunities for early-stage investments, enabling PE firms to engage with companies at a nascent stage and potentially reap high rewards as these startups grow.

The start-up lifecycle starts from Ideation stage to growth/exit stage. Each stage involves new set of challenges and hurdles for the founders. The start-ups can be funded through both internal and external sources and it is imperative that the source of funding should match with the stage of operation of the start-up.

Early Stage

- **High Failure Risk**: Many startups struggle to survive due to unproven models and market fit.
- **Crowded Market**: Intense competition among VCs, family offices, and angel networks makes it challenging to secure funding.

Mid Stage

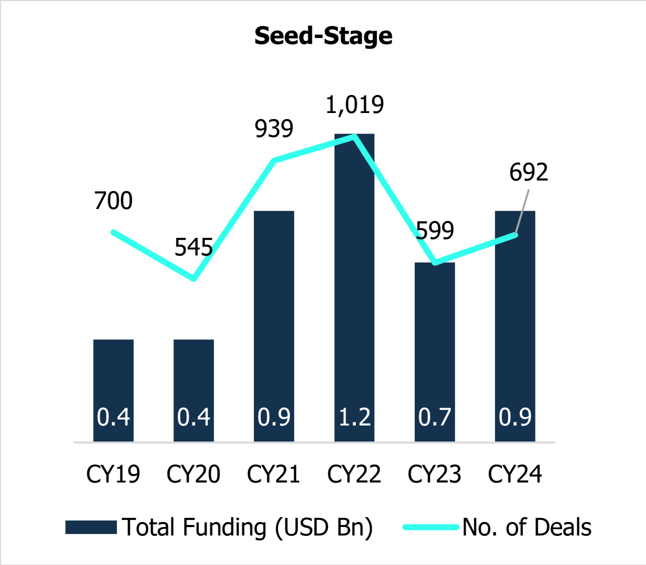
- **Balanced Growth and Risk**: Startups typically show validated business models and growth potential, attracting interest from a diverse range of investors.
- **Scaling Operations**: Focus on expanding customer bases and improving product offerings.

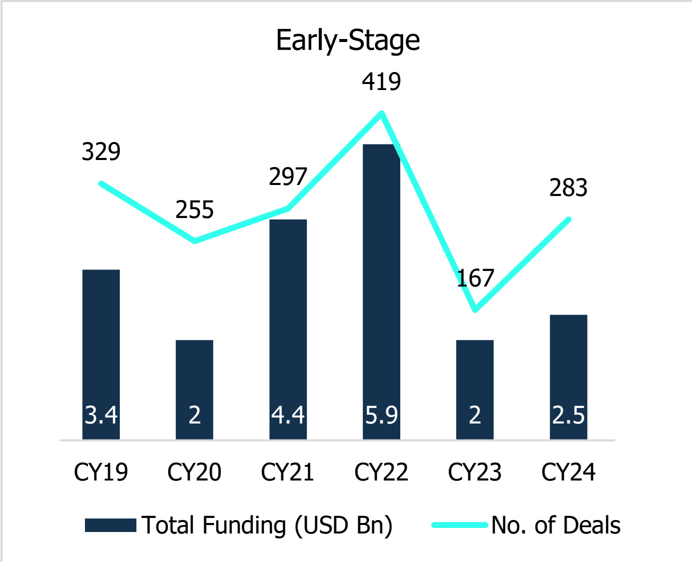
Late Stage

- **Competitive Landscape**: Large global and domestic PE firms dominate funding rounds, leading to intense competition.
- **Lower Growth Expectations**: Companies are more stable but experience slower growth as they prioritize profitability and operational efficiency.

Chart 104: Year-wise Seed-Stage investments

Chart 105: Year-wise Early-Stage Investments





Source: NASSCOM

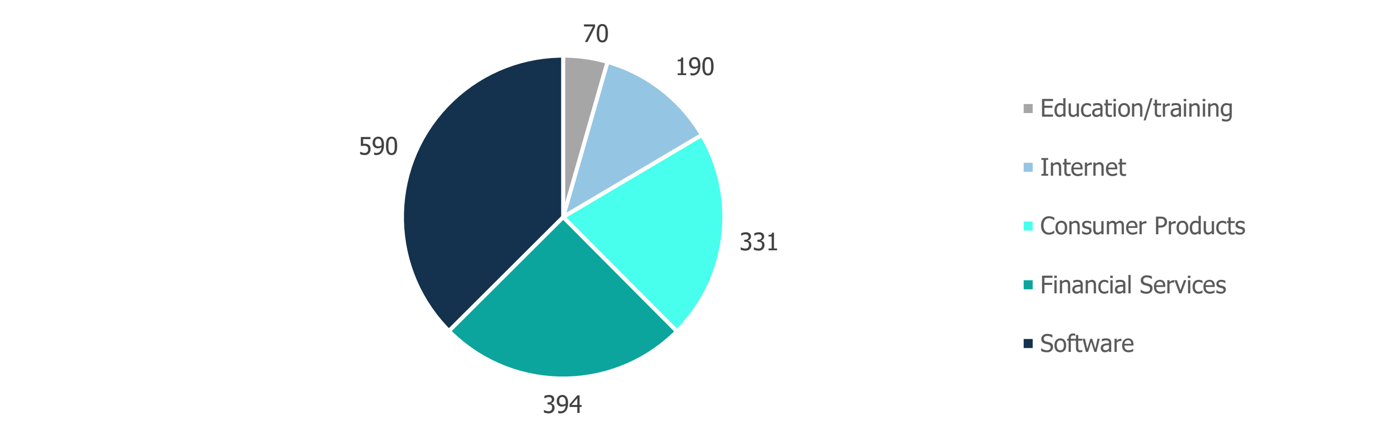
Source: NASSCOM

2. VC and Growth Strategies drive the PE AUM.

Despite facing numerous challenges, India's private equity (PE) and venture capital (VC) industry has been growing in recent years. Deal activity has been strong, with increasing volumes and values over the past few years, with the exception of the latest calendar year. Although the pandemic caused a slowdown in funding in CY22, CY21 saw record-breaking deal activity, with a year-on-year growth of approximately 51%.

Many VC investments are in technology and innovative sectors, which have high scalability and significant market potential. The success of these ventures usually leads to substantial increases in AUM as they grow and attract additional funding. The top 5 sectors in the current PE and VC landscape include Software, financial services and fintech, consumer products, Internet and Education/Training. According to Preqin, as PE and VC investments have slowed, defensive sectors, such as healthcare and energy & utilities, have grown in India, diverting investment attention away from traditionally popular sectors like consumer discretionary and information technology (IT).

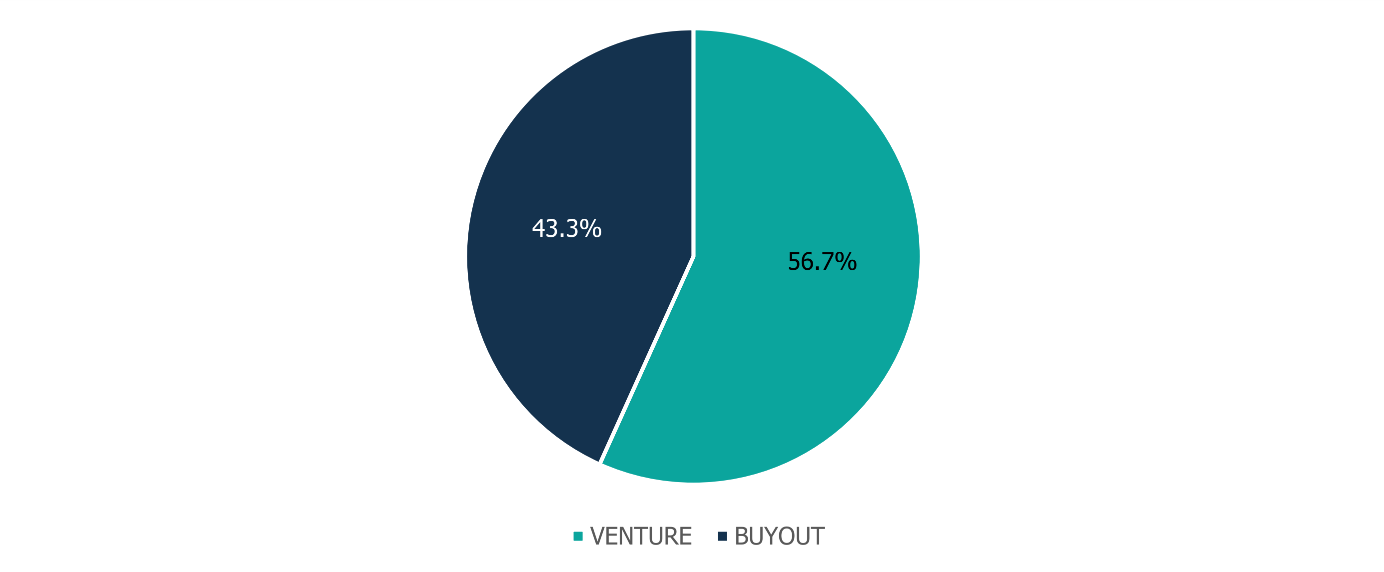
Chart 106: Sector wise split-up on higher number of deals for CY24 and YTD CY25



Source: Preqin, CareEdge Research

PE firms employ various strategies to generate returns on their investments. VC focus on investing in early-stage startups and high-growth companies and account for approx. 56.7%, indicating to be the widely used strategy, followed by buyout strategy which invest in mature companies looking to expand or restructure and has a share of 43.3%.

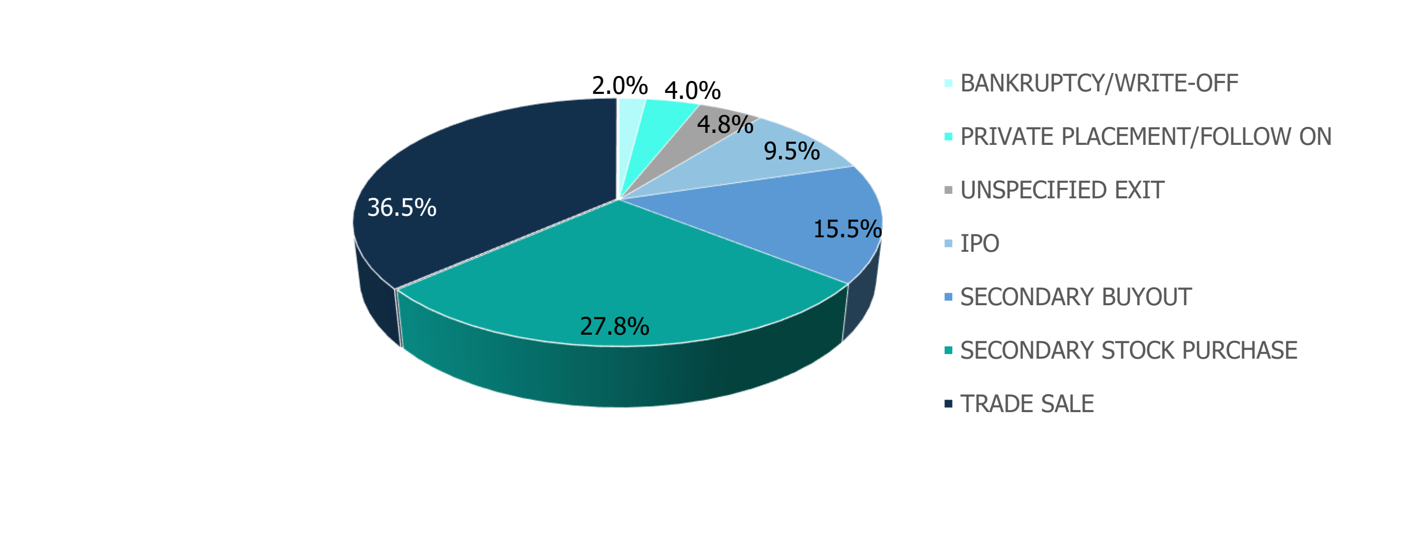
Chart 107: Strategy wise PE breakup for CY24 and YTD CY25



Source: Preqin, CareEdge Research

PE firms use several exit strategies to realize returns on their investments. Trade sale strategy is the most widely used and accounts for approx. 36.5% of the share, this could involve sale to strategic buyer or institutional investor. This often yields a higher purchase price due to synergies and strategic fit; can provide a quicker sale process Secondary buyout refers selling the company to another private equity firm that will continue to grow and develop it which allows the original PE firm to realize returns while enabling the new owner to implement their strategies. Increased merger and acquisition activity and a favourable IPO environment enhances exit options for PE investments.

Chart 108: PE Exits by Channel



Source: Preqin

3. Government Reforms and Policy Initiatives

Government policies encouraging Foreign Direct Investment (FDI) and promoting indentureship have created a conducive climate for private equity. Government is also focusing on development of sectors such as Infrastructure, Healthcare, Technology and promoting India as a major emerging market which is also attracting global interest from private equity investors who are seeking high-growth opportunities. The availability of substantial capital from both domestic as well international sources has fuelled the growth of Indian private equity market.

6.5 Growth strategies model differentiators vis-à-vis Yield and Income strategies

	Private Equity	Private Credit, Real Asset
Objective	The primary goal is to grow the company's value	The primary goal is to earn interest income & potential fees by lending activities
Investment Structure	Investors acquire ownership stakes & gain control over operations	Provide loans often structured as senior secured loans, subordinated debt
Investment Duration	generally long-term, lasting between 4 to 7 years or more	Typically have a fixed term, often ranging from a few years to a decade
Risk and Return, Cash Flow	High Risk, High Return, cash flows are generally realized upon exit events	Lower Risk, Moderate Return, Steady Cash Flow
Capital Structure	Equity Financing, Focus on Capital Appreciation	Debt Financing, Yield based asset class
Investor Involvement	Actively participate by providing strategic guidance and leveraging their network	Investors typically have a passive role and monitor the borrower's financial performance.

6.6 Key benefits and disadvantages of PE model

A. Advantages

1. **Access to Capital**

- **Growth Funding:** PE provides significant capital to companies, particularly those in need of funds for expansion, acquisitions, or restructuring
- **Flexible Financing:** PE firms often offer flexible financing options that can be tailored to the specific needs of a company

2. **Value Creation and Operational Improvement**

- **Expertise and Guidance:** PE firms bring in-depth industry expertise and strategic guidance, helping portfolio companies optimize operations, streamline processes, and implement best practices
- **Management Support:** PE investors often work closely with company management to drive growth and improve performance, leading to increased efficiency and profitability

3. **Alignment of Interests**

- **Performance Incentives:** PE investments typically include performance-based incentives, such as equity stakes for management, aligning their interests with those of the investors and driving performance
- **Focus on Long-term Value:** PE firms are often focused on long-term value creation rather than short-term gains, leading to sustainable growth strategies

4. **Strategic Partnerships and Networks**

- **Industry Connections:** PE firms can leverage their networks and connections to open doors for strategic partnerships, new markets, and business development opportunities
- **Market Expansion:** The expertise and resources provided by PE firms can help companies expand into new markets and geographies

B. Disadvantages

1. **High Risk and Uncertainty**

- **Investment Risk:** PE investments are inherently risky, especially in early-stage or high-growth ventures. The failure rate of start-ups and new ventures can be high, leading to potential losses
- **Market Volatility:** Economic downturns or market fluctuations can adversely impact portfolio companies and affect returns

2. **Long-Term Investment Horizon**

- **Illiquidity:** PE investments typically require a long-term commitment, often 4-7 years or more, during which, capital is locked in and not easily accessible
- **Exit Uncertainty:** The timing and method of exits (e.g., IPOs, sales) are uncertain and can be influenced by market conditions, affecting the realization of returns

7 Brief Profile of EAAA India Alternatives Limited

Incorporated in Financial Year 2009, EAAA India Alternatives Limited ('EAAA' or 'EAAA India Alternatives') is the Alternatives investment arm of Edelweiss Financial Services Limited. EAAA India Alternatives Limited manages India-focused funds across Alternatives strategies including Real Assets and Private Credit. EAAA India Alternatives Limited caters to a diverse client base of global and domestic investors that include institutional investors, UHNI/HNI and family offices, etc.

EAAA is one of the leading alternative assets management platforms in India, in terms of assets under management (AUM). EAAA's real assets division focuses on renewable energy, roads infrastructure, and commercial real estate assets. They invest in projects that harness solar, wind, and other sustainable sources. Furthermore, EAAA invests in acquisition, operation and maintenance of infrastructure such as high-quality roads and transmission lines, improving connectivity across the country. In addition to Real Assets, its Private Credit division provides capital to corporates, projects or sponsors, which often lack easy access to traditional credit sources. It focuses on creating tailored solutions to meet the varied needs of promoters and their companies, specifically for those requiring flexible capital for growth, mergers and acquisitions, and equity stake enhancements.

EAAA's client base includes global pension and insurance companies, institutional investors, UHNI/HNI & Family offices across the globe, who recognize the potential of India's markets and appreciate EAAA's rigorous, strategic approach to managing these diverse investments.

Threats and challenges for products of EAAA India Alternatives –

Liquidity risk:

Unlike traditional investment funds, Alternative funds are typically less liquid by nature. They often feature lock-in periods, during which investors cannot withdraw funds and will receive only cash flows generated from underlying portfolio assets. Exiting these investments in Alternative funds through secondary market sale can be challenging in adverse market conditions.

Credit Risk related to investments:

Alternative funds are considered riskier than traditional investment funds, because they invest in assets that are less liquid and may have complex structuring. These investments require effective asset management strategies, as failure to do so would likely impact on the funds' performance.

Market Competition:

EAAA faces competition from mutual funds (MFs), AIFs and PMS, each offering distinct advantages to investors. Mutual funds have broad market access, they benefit from brand familiarity and regulatory support, attracting a large investor base, especially in retail segment. Meanwhile, AIFs and PMS cater to high-net-worth individuals and institutional investors, providing specialized investment opportunities that challenge EAAA's niche appeal. Additionally, there is competition across different investment strategies (e.g., Special Situations funds, real assets, and core credit). As investors seek diversification, EAAA has to compete in offering attractive returns, risk management, transparency, and innovation in investment products. This competitive landscape requires EAAA to strategically position itself to attract and retain clients in the face of varied investment alternatives and strong industry players.

Regulatory Framework:

Regulatory frameworks for Alternatives like private equity, venture capital, and hedge funds are evolving, with changes that can impact compliance costs, investment strategies, fundraising and disclosure obligations. Changes in taxation policies, restrictions on foreign investment, and limits on high-risk or leveraged strategies can impact EAAA's operating model and profitability. These regulatory shifts could raise operational costs, limit certain investment opportunities, and increase the need for robust compliance infrastructure to manage regulatory risks effectively. This poses additional challenges that necessitate EAAA to adapt innovative strategies and resilience in operations.

Significant Expansion in Bank and NBFC Credit:

The growth of banks and NBFCs in lending towards wholesale credit, poses a competitive threat to EAAA Private Credit Strategies. With banks increasingly offering competitive rates, alternative asset firms like EAAA may face pressure in terms of market share and customer retention. Additionally, NBFCs are aggressively expanding credit access to underserved markets, potentially encroaching on areas where alternative asset firms traditionally operate, such as high-risk lending and specialty financing. Real Assets business of EAAA does not get impacted by this growth in credit.

Competitive Landscape

The following players are being considered for benchmarking KPIs of EAAA India Alternatives Limited. These entities are considered appropriate peers for EAAA India Alternatives Limited as they operate in the Indian asset and wealth management ecosystem with overlapping focus on institutional, UHNI/HNI and family office clients. While business models vary across mutual funds, wealth management and alternative investments, all peers possess comparable fund management capabilities. Several peers also manage or distribute alternative and private market products, making them relevant peers. However, please note that while we have considered the below as a peer companies, it is not completely comparable owing to differences in business operations.

EAAA India Alternatives Limited	Incorporated in Financial Year 2009, EAAA India Alternatives Limited is the Alternatives investment arm of Edelweiss Financial Services Limited. EAAA India Alternatives Limited manages India-focused funds across Alternatives strategies including Real Assets and Private Credit. EAAA India Alternatives Limited caters to Global pension and Insurance companies, institutional investors, UHNI/HNI & Family offices across the globe, who recognize the potential of India's markets and appreciate EAAA's rigorous, strategic approach to managing these diverse investments.
360 One WAM Limited	Founded in 2008, 360 ONE WAM Limited (erstwhile IIFL Wealth Management Limited part of the IIFL Group) is a wealth and asset manager in India. It is a holding company with subsidiaries engaged in wealth and asset management services including financial asset distribution, broking, lending, credit and investment solutions and asset and portfolio management. 360 ONE Group offers advisory, wealth management, asset management, broking and distribution services to UHNIs/HNIs.

Aditya Birla Sun Life AMC Limited	Aditya Birla Sun Life AMC Limited (ABSLAMC) is established in 1994. It is a joint venture between Aditya Birla Capital Limited (ABCL) and Sun Life (India) AMC Investments Inc. (Sun Life). ABSLAMC is primarily the investment manager of Aditya Birla Sun Life Mutual Fund. The company also operates multiple alternate strategies including portfolio management services, real estate investments, and alternative investment funds.
Anand Rathi Wealth Limited	Anand Rathi Wealth Limited (ARWL) acts as an AMFI-registered mutual fund distributor company. The company provides financial solutions to HNIs and UHNIs. The company's services include institutional equities, wealth management, tax efficiency, insurance audit, estate planning, market-linked debentures, financial planning, financial advisory, retirement planning, equity markets, stock market, and financial markets, among others. The company has a presence across 12+ locations, such as Mumbai, Bengaluru, Delhi, Gurugram, Hyderabad, Kolkata, Chennai, Pune, Chandigarh, and Noida, and a representative office in Dubai. The company was incorporated in 1995 and has its registered office located in Mumbai, Maharashtra.
Gaja Alternative Asset Management Limited	Gaia Alternative Asset Management Limited is an India-focused alternative asset manager engaged in managing alternative investment funds. The firm's strategies are oriented towards private market opportunities, including private equity and structured investments. It primarily serves institutional investors, family offices and high-net-worth individuals seeking exposure to non-public market assets through professionally managed fund structures.
HDFC Asset Management Company Limited	HDFC Asset Management Company Limited (HAMCL) was incorporated in 1999 and has its registered office located in Mumbai, Maharashtra. It is engaged in the business of providing asset management. HAMCL offers solutions such as equity-linked savings schemes, hybrid solution-oriented, theme-based debt, duration-based debt, and ETF.
ICICI Prudential Asset Management Company Limited	ICICI Prudential Asset Management Company Limited (IPAMCL) was incorporated in 1993 and has its registered office located in Delhi. The company was formerly known as Prudential ICICI Asset Management Company Limited. It operates as an investment management company. The company offers mutual funds, portfolio management, real estate investments, and advisory services. It is a joint venture between ICICI Bank Ltd
Nippon Life India Asset Management Limited	Nippon Life India Asset Management Limited is part of the Nippon Life Group of Japan and is registered with SEBI as an asset management company. It manages mutual fund schemes across equity, debt and hybrid asset classes in India. The company caters to retail, corporate and institutional investors. Its operations combine domestic investment capabilities with parent group oversight and governance frameworks.
Nuvama Wealth Management Limited	Nuvama Wealth Management Limited, earlier known as Edelweiss Wealth Management Limited, provides wealth management and advisory services to UHNI, HNI and family office clients. The firm offers portfolio advisory, investment products, alternatives access and capital market solutions. It also services institutional clients through structured investment offerings. The business focuses on advisory-led client engagement and customized wealth solutions.

UTI Asset Management Company Limited	UTI Asset Management Company Limited is a SEBI-registered asset management company managing mutual fund schemes in India. Its offerings span equity, debt, hybrid, index and exchange-traded fund products. The company serves a broad base of retail and institutional investors. UTI AMC has a long operating history in India's asset management industry and a nationwide distribution presence.

Comparison of KPIs with listed industry peers

Set forth below is a comparison of KPIs with listed peers in India.

The following table provides a comparison of EAAA KPIs with listed peer for the Six Months ended September 30, 2025

(in ₹ million, unless otherwise indicated)

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
FPAUM	385,519.32	NA	NA	NA	NA	NA	NA	NA	NA	NA
Management and Advisory Fees (1)	2,680.94	NA	9,087.10	NA	294.19	19,955.50	27,329.50	12,647.30	NA	NA
Variable Additional Return	1,455.29	NA	NA	NA	NA	NA	NA	NA	NA	NA
GP Income	357.69	NA	NA	NA	92.78	NA	NA	NA	NA	NA
Total Income	4,571.58	20,875.60	10,717.40	5,914.41	1,103.75	23,247.50	29,496.10	14,473.20	22,625.40	9,688.60
PAT	1,251.00	6,001.50	5,184.30	1,938.06	620.87	14,659.80	16,177.40	7,407.60	5,178.50	3,860.60
PAT Magin	27.36%	28.75%	48.37%	32.77%	56.25%	63.06%	54.85%	51.18%	22.89%	39.85%
Net Worth	10,225.78	93,487.60	35,641.50	8,085.10	5,745.53	77,412.90	39,215.60	43,834.10	37,896.91	43,855.90
Total Borrowings (2)	5,079.39	1,35,516.30	NA	195.69	408.76	NA	NA	NA	89,748.50	NA
Cash and Cash Equivalents including Bank balances	2,335.98	5,689.00	482.30	921.91	917.98	384.20	72.50	122.40	2,417.80	1,602.50

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
Total Assets	20,539.51	2,42,647.40	39,548.40	11,197.10	6,770.85	84,335.80	48,273.40	48,917.30	2,42,562.00	54,353.00
Cost to Income ratio	64.44%	62.29%	35.82%	55.95%	37.73%	19.92%	27.13%	32.33%	69.78%	49.41%
Return on equity	25.09%	14.59%	28.36%	52.15%	25.70%	36.85%	86.76%	34.37%	28.38%	17.14%
Debt-to-Equity	0.50	1.45	NA	0.02	0.07	NA	NA	NA	2.37	NA

The following table provides a comparison of EAAA KPIs with listed peer for the Financial Years ended March 31, 2025

(in ₹ million, unless otherwise indicated)

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
FPAUM	338,332.78	NA	NA	NA	NA	NA	NA	NA	NA	NA
Management and Advisory Fees (1)	4,795.30	7,835.90	16,847.80	NA	575.23	34,984.40	46,827.80	22,306.90	NA	14,442.90
Variable Additional Return	1,907.29	NA	NA	NA	NA	NA	NA	NA	NA	NA
GP Income	1,021.38	NA	NA	NA	0.00	NA	NA	NA	NA	NA

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
Total Income	7,865.43	36,843.90	19,858.20	9,806.51	1,233.07	40,601.00	49,796.70	25,207.20	41,693.08	18,599.40
PAT	2,297.79	10,153.00	9,306.00	3,007.89	619.51	24,601.90	26,506.60	12,863.90	9,850.60	8,129.60
PAT Magin	29.21%	27.56%	46.86%	30.67%	50.24%	60.59%	53.23%	51.03%	23.63%	43.71%
Net Worth	9,664.52	70,651.20	37,268.70	6,739.7	3,889.67	81,299.90	35,169.40	42,129.20	34,901.40	45,991.30
Total Borrowings (2)	5,074.90	1,10,947.40	NA	218.46	40.02	NA	NA	NA	78,388.30	NA
Cash and Cash Equivalents including Bank balances	1,743.68	7,401.90	436.80	440.65	252.82	121.30	154.40	265.50	5,325.80	2,567.90
Total Assets	20,850.71	1,97,687.00	41,144.30	9,613.55	4,518.72	87,506.60	43,836.80	46,701.40	2,83,876.30	56,584.10
Cost to Income ratio	63.85%	61.07%	37.33%	58.72%	52.28%	19.08%	29.05%	32.78%	68.56%	43.43%
Return on equity	27.10%	19.31%	26.99%	45.48%	17.19%	32.36%	82.84%	31.39%	30.86%	18.09%
Debt-to-Equity	0.53	1.57	NA	0.03	0.01	NA	NA	NA	2.25	NA

The following table provides a comparison of EAAA KPIs with listed peer for the Financial Years ended March 31, 2024

(in ₹ million, unless otherwise indicated)

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
FPAUM	3,03,980.12	NA	NA	NA	NA	NA	NA	NA	NA	NA
Management and Advisory Fees (1)	3,980.13	6,055.70	13,531.90	NA	758.54	25,843.70	33,759.00	16,432.20	NA	11,805.10
Variable Additional Return	945.66	NA	NA	NA	NA	NA	NA	NA	NA	NA
GP Income	786.79	NA	NA	NA	69.32	NA	NA	NA	NA	NA
Total Income	5,842.52	29,247.30	16,405.80	7,519.66	1,039.60	31,633.90	37,612.10	20,373.40	31,577.30	17,439.30
PAT	1,751.60	8,042.10	7,803.60	2,258.22	447.42	19,426.90	20,497.30	11,073.20	6,248.40	8,020.30
PAT Magin	29.98%	27.50%	47.57%	30.03%	43.04%	61.41%	54.50%	54.35%	19.79%	45.99%
Net Worth	7,294.81	34,497.30	31,688.80	6,488.5	3,318.77	70,750.10	28,828.40	39,821.80	28,947.74	43,881.70
Total Borrowings (2)	4,448.29	94,110.60	NA	84.85	35.14	NA	NA	NA	67,457.00	NA
Cash and Cash Equivalents including Bank balances	1,883.40	4,427.40	391.00	331.13	237	103.30	231.10	242.30	3,666.50	1,509.00
Total Assets	17,696.59	1,51,188.50	35,018.50	8,797.35	3,885.96	75,538.50	35,540.90	43,750.40	2,03,869.40	53,410.20
Cost to Income ratio	63.60%	65.52%	38.55%	59.36%	47.12%	21.76%	28.26%	33.62%	74.35%	43.41%
Return on equity	27.30%	24.48%	27.45%	40.43%	14.45%	29.47%	78.90%	29.54%	24.27%	19.43%

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
Debt-to-Equity	0.61	2.73	NA	0.01	0.01	NA	NA	NA	2.33	NA

The following table provides a comparison of EAAA KPIs with listed peer for the Financial Years ended March 31, 2023

(in ₹ million, unless otherwise indicated)

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
FPAUM	2,37,758.49	NA	NA	NA	NA	NA	NA	NA	NA	NA
Management and Advisory Fees (1)	2,814.54	5,731.30	12,266.10	NA	552.53	21,668.10	26,891.80	13,498.20	NA	11,291.90
Variable Additional Return	3,711.33	NA	NA	NA	NA	NA	NA	NA	NA	NA
GP Income	384.17	NA	NA	NA	566.06	NA	NA	NA	NA	NA
Total Income	7,012.25	20,615.40	13,537.00	5,589.09	1,136.29	24,826.60	28,381.80	15,166.11	22,303.90	12,900.90
PAT	3,221.92	6,578.90	5,963.80	1,686.01	412.61	14,233.70	15,157.80	7,233.30	3,050.70	4,396.80
PAT Magin	45.95%	31.91%	44.06%	30.17%	36.31%	57.33%	53.41%	47.69%	13.68%	34.08%
Net Worth	5,537.03	31,219.50	25,169.90	4,682.3	2,873.51	61,078.20	23,130.60	35,156.30	22,542.40	38,678.40

Particulars	EAAA India Alternatives Limited	360 One WAM Limited	Aditya Birla Sun Life AMC Limited	Anand Rathi Wealth Limited	Gaja Alternative Asset Management Limited	HDFC Asset Management Company Limited	ICICI Prudential Asset Management Company Limited	Nippon Life India Asset Management Limited	Nuvama Wealth Management Limited	UTI Asset Management Company Limited
Total Borrowings (2)	2,445.16	67,472.90	NA	168.17	42.35	NA	NA	NA	54,131.50	NA
Cash and Cash Equivalents including Bank balances	1,775.89	5,094.90	336.10	647.62	116.31	44.60	314.50	212.60	7,882.00	2,094.50
Total Assets	12,370.42	1,11,920.60	27,881.20	6,241.19	3,398.18	65,361.40	28,047.60	38,609.10	1,27,156.80	41,749.30
Cost to Income ratio	51.44%	58.75%	41.36%	59.14%	48.98%	24.68%	29.28%	38.83%	81.84%	54.61%
Return on equity	90.99%	21.41%	25.31%	41.53%	17.40%	24.46%	70.01%	20.69%	14.64%	11.74%
Debt-to-Equity	0.44	2.16	NA	0.04	0.01	NA	NA	NA	2.40	NA

1. *For 360 One WAM, Management and Advisory Fees include Investment & Fund Management fees. For Aditya Birla Sun Life AMC Limited, Management and Advisory Fees is the sum of Asset Management and Advisory Fees and management fees from PMS and other services. For HDFC Asset Management Company Limited, Management and Advisory Fees is the sum of Investment Management Fee, Portfolio Management Fee, AIF and Other Advisory Services Fee. For ICICI Prudential Asset Management Company Limited, Management and Advisory Fees include management fee from mutual fund operations, AIF and PMS and Advisory services. For Nippon Life India Asset Management Limited, Management and Advisory Fees includes PMS fee & Advisory fees*
2. *For 360 One WAM, Total borrowings is the summation of Debt Securities, Borrowings (other than debt securities) and Subordinated liabilities. For Anand Rathi Wealth Limited, Total Borrowings is the sum of Borrowings in Current Liabilities and Non-Current Liabilities. For Nuvama Wealth Management Limited, Total borrowings is the summation of Debt Securities, Borrowings (other than debt securities) and Subordinated liabilities.*
3. *Source: All the financial information for listed industry peer mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports / other publicly available information as available on the website of peer for the respective financial years. For Gaja Alternative Asset Management Limited, financial information has been sourced from its Updated Draft Red Herring Prospectus- I dated December 04, 2025. For ICICI Prudential Asset Management Company Limited, financial information has been sourced from its Red Herring Prospectus dated December 05, 2025.Further, the manner of computing certain ratios here may be different from the computation used by the Company and may not provide a right comparison to investors.*

Contact

Tanvi Shah	Director – Advisory & Research	tanvi.shah@careedge.in	022 6837 4470
Vikram Thirani	Director – Business Development	vikram.thirani@careedge.in	022 6837 4434

CARE Analytics and Advisory Private Limited

(Wholly-owned subsidiary of CARE Ratings Ltd.)
A-Wing, 1102-1103, Kanakia Wall Street, Chakala, Andheri-Kurla Road, Andheri East, Mumbai- 400093
Phone: +91-22-68374400

Connect:

About:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd and (II) CARE ESG Ratings Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings Africa (Private) Limited in Mauritius, CARE Ratings South Africa (Pvt) Ltd, and CARE Ratings Nepal Limited.