

# Startup Funding in India (A brief insight- 2025 Edition)

## I. Introduction

India is now the world's 3rd-largest startup ecosystem, with over 1,25,000+ DPIIT-registered startups, more than 100 unicorns, and \$150+ billion in cumulative funding poured in over the last decade. Yet, less than 1% of startups that apply for funding actually close a round. This comprehensive, updated guide breaks down everything Indian founders need to know in 2025–2026 to raise capital successfully — from the first rupee to Series C and beyond.

This note is written primarily for early-stage founders (idea to Series A) who are building from India and looking to raise equity or quasi-equity capital.

### ***Disclaimer (2025):***

*Ticket sizes, valuation ranges, and examples in this note are indicative as of early 2025 and can vary significantly by sector, geography, investor, and market conditions. This is not legal, tax, or investment advice.*

## II. Sources of Startup Funding in India

Source	Typical Ticket Size	Who It's For	Key Players (2025)
Bootstrapping	₹0 – ₹5 Cr	Pre-revenue / early traction	Founder savings, revenue, friends & family
Grants & Competitions	₹5 L – ₹2 Cr	Idea/ prototype stage	Startup India Seed Fund, Elevate (Karnataka), T-AIM, MeitY
Angel Investors	₹25 L – ₹3 Cr	Pre-seed / Seed with MVP & early traction	Indian Angel Network, Mumbai Angels, Hyderabad Angels, LetsVenture, and Inflection Point Ventures
Angel Networks / Syndicates	₹2 Cr – ₹15 Cr	Strong early traction	Venture Catalysts and Chennai Angels
Early-stage VCs (Micro VC)	₹5 Cr – ₹25 Cr	Seed / Pre-Series A	100X.VC, Antler India, Titan Capital, All In Capital
Institutional Seed & Series A VCs	₹20 Cr – ₹150 Cr+	Proven traction & unit economics	Accel India, Elevation Capital, Stellaris, Peak XV (formerly Sequoia India)
Late-stage & Growth VCs	₹100 Cr – ₹1,500 Cr+	Pre-IPO / profitability path	Tiger Global, SoftBank Vision Fund, Temasek, General Atlantic

Corporate Venture Capital (CVC)	₹10 Cr – ₹500 Cr	Strategic fit	Google for Startups, M12, Intel Capital, Salesforce Ventures
Debt & Venture Debt	₹5 Cr – ₹100 Cr+	Revenue-generating startups	Stride Ventures, Alteria Capital, Trifecta Capital
Alternative Investment Platforms	₹10 Cr – ₹100 Cr+	Pre-Series A & beyond	Inflection Point Ventures, GetVantage

Note: Ticket sizes above are broad ranges, not promises. Sector, city, founder profile, and macro sentiment matter a lot.

### III. Typical Funding Rounds & Maximum Amounts

Funding Stage	Primary Goal	Typical Investors	Typical Amount (India)	What Investors Expect to See
Pre-Seed	Validate idea, build MVP	Angels, incubators, pre-seed funds	₹10 lakh – ₹1 crore	Clear problem, sharp narrative, early MVP or prototype
Seed	Launch, test market, find early PMF	Angels, early-stage VCs, micro-VCs	₹1 crore – ₹7 crore	MVP in market, first paying customers/pilots, early metrics
Series A	Scale operations, build core team & product	VC firms	₹20 crore – ₹60 crore	Strong PMF indicators, repeatable acquisition, and unit economics clarity
Series B	Geographic / product expansion, deeper penetration	Larger VC funds	₹70 crore – ₹150 crore	Consistent revenue growth, improving margins, strong leadership team
Series C	Hyper-scaling, acquisitions, category leadership	Global VCs, growth equity, PE funds	₹150 crore – ₹400 crore	Scale with efficiency, clear dominance/path to leadership
Series D+	Maturity, global growth, consolidation	PE funds, sovereign & large funds	₹400 crore – ₹1,000+ crore	Large, defensible business with strong governance
Pre-IPO	Strengthen balance sheet, prep for listing	PE funds, banks, and institutional investors	₹300 crore – ₹1,500+ crore	IPO-ready metrics and compliance, strong governance, and reporting

Note: Sector Premiums: Fintech, SaaS, AI, EV, and deep-tech often command higher valuations, but only when backed by traction, compliance, and a clear path to profitability.

## IV. Why Startup Funding Gets Rejected

Most no's fall under a few recurring themes as mentioned below:

### **A. Market & Problem**

- No clear **problem–solution fit** – solving a “nice-to-have” instead of a painful problem
- Unrealistic or hand-wavy **TAM/SAM/SOM** numbers
- **Competition already too far ahead** (strong incumbents or heavily funded rivals with real traction)

### **B. Team & Execution**

- Weak or incomplete founding team (e.g., missing technical co-founder for a tech product)
- **Founder–market fit** missing (no relevant domain or execution experience)
- Negative founder references / undisclosed past issues

### **C. Metrics & Business Model**

- Zero real traction or **unverifiable/ inflated** traction numbers
- Poor unit economics (e.g., **LTV < 3× CAC**, negative gross margins with no path to improvement)
- Over-optimistic financial projections (pure “hockey stick” without drivers)
- Lack of defensibility or moat (easy to copy, no clear barriers to entry)

### **D. Deal & Governance**

- Ask size and valuation **mismatched with current traction**
- No clear **use of funds** or 18 to 24-month runway plan
- Regulatory red flags (fintech, health-tech, gaming, crypto, etc.) not addressed
- Poor pitch deck (30+ slides, cluttered, no flow or story)

## V. What Startups Should Do to Ensure Funding

Think of this in three phases: before you raise, during fundraising, and after you sign a term sheet

### **A. Before You Raise**

- Validate ruthlessly
  - Dozens of structured customer conversations
  - Pilot / POC or early version in use
  - For most sectors, aim for at least ₹5–10 lakh in early revenue or equivalent strong usage/ waitlist indicators
- Build a sharp 10–15 slide deck
  - Problem → solution → market → traction → business model → go-to-market → team → plan & ask

- Keep details (financial model, cohorts, product docs) in a data room or appendix, not in the main deck
- Get your basics in order
  - Clean cap table (no random large early equity grants, clear founder vesting)
  - Basic legal hygiene (founder agreements, IP assignment, ESOP pool plan, entity structure)
  - Understand your unit economics and CAC / LTV story, even if early
- Pick the right investor list
  - Map 50–100 relevant investors by stage, cheque size, sector, geography
  - Prioritise those who have backed similar models or sectors

## **B. During Fundraising**

- Run a structured process
  - Batch intros instead of drip-feeding
  - Maintain a simple tracker of who you spoke to, when, and what the outcome was
  - For most seed rounds, expect to speak to 50–100 investors; only a small percentage convert
- Communicate momentum
  - Share weekly or fortnightly updates during the process: revenue, users, pipeline, product progress
  - Show week-on-week progress, not just a static snapshot
- Handle 'no' intelligently
  - Note down reasons for rejection – stage, traction, sector, thesis, valuation, etc.
  - Refine your pitch, narrative, or metrics rather than taking it personally
- Be radically honest
  - Never lie or hide bad news; investors can handle bad news, but they walk away from surprises
  - Be transparent about churn, failures, and what you've learnt
- Leverage warm references
  - Get 1–2 warm introductions from founders who have already raised from the same investor
  - Founders' references often carry more weight than banker/ consultant intros

## **C. Post Term Sheet**

Once you have a term sheet, execution speed and what you negotiate matter a lot.

- Choose investors for value, not just money
  - Look for sector knowledge, network, future follow-on capacity, and cultural fit
- Focus on a few key terms
  - Default target: 1x non-participating liquidation preference
  - Be careful with multiple liquidation preferences, aggressive anti-dilution, ratchets, and veto rights
- Close quickly

- Align lawyers early and push to move from term sheet to signed documents within 3–4 weeks
- Momentum tends to fade after ~30 days; fresh issues can derail the close

## **VI. Conclusion**

The funding downturn of 2022–2024 has given way to a more disciplined yet highly active investment environment. Capital is abundant and increasingly accessible, but investor expectations have permanently shifted toward verifiable traction, sustainable unit economics, defensible moats, and exceptional founding teams.

In today's market, capital no longer flows to compelling narratives alone; it follows evidence of product-market fit, operational rigor, and scalable execution. Founders who prioritize building fundamentally strong businesses — with or without external capital — are the ones who consistently attract the highest-quality investors and the most favourable terms.

India's startup ecosystem is maturing rapidly and remains one of the most founder-friendly in the world. With the right preparation, transparency, and focus on value creation, raising capital is not a question of if, but when and on what terms.



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