



DESIGN THE UNDESIGNED

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WELCOME NOTE

— Amit KC Jain – Founder & Managing Partner [in](#)

Editorial from the Managing Partner's Desk

The Next Frontier: Family Offices and the Rise of Private Markets

The world of wealth management is undergoing a profound transformation. Across continents, and with particular urgency in India, family offices are rethinking how capital is deployed. For decades, portfolios were built primarily around listed equities and bonds, supplemented occasionally with real estate or commodities. But today, a new paradigm is taking shape. Increasingly, families are allocating larger portions of their capital to private equity, venture capital, private credit, infrastructure, and other alternative assets. This shift is not cyclical. It is structural. And it reflects two powerful realities reshaping the investment landscape.



The first reality is the sheer growth of wealth. Global family office assets are projected to exceed \$10 trillion by 2030. India, with its rapidly expanding base of high-net-worth and ultra-high-net-worth individuals, is at the epicenter of this expansion. Families today command pools of capital that are larger and more enduring than ever before. Traditional public markets alone are no longer sufficient to both absorb and grow this wealth efficiently. New avenues are required — avenues that can offer long-term deployment, diversification, and scalability.

The second reality is performance. Alternatives have consistently outpaced traditional asset classes over long horizons. Global private equity and venture capital have historically delivered net internal rates of return in the 12–15% range. By contrast, bonds have returned in the mid-single digits, while public equities have averaged around 7–8%. Private credit and infrastructure, meanwhile, offer something equally valuable: predictable cash yields combined with lower correlation to public market volatility. In an age marked by inflationary pressures, geopolitical uncertainty, and technological disruption, such attributes are more critical than ever.

Yet the momentum toward alternatives is about far more than chasing yield. It is about accessing the future. Private markets are where the most transformative themes of our time are playing out — from digital infrastructure and renewable energy to healthcare innovation and frontier technologies. These sectors are not only driving growth but also shaping the very fabric of economies and societies. Public markets often lag in capturing these opportunities; private markets allow families to engage with them directly, and at earlier stages of value creation.

For family offices, the implications are profound. Increasing allocations to alternatives provides:

- **Diversification** beyond the cycles of listed markets
- **Inflation protection** through exposure to real assets
- **Participation in secular growth themes** that will define the next generation

At AKCJ Ventures, we believe this reallocation marks a defining frontier in wealth stewardship. Families who embrace this shift early will not only position themselves for superior returns, but also for influence — shaping industries, accelerating innovation, and contributing to long-term economic resilience.

The age of alternatives has arrived. It is no longer a question of if families will increase their exposure to private markets, but how boldly they will do so. Those who recognize this moment for what it is — a structural turning point — will write the next chapter of enduring family legacies.

AI Is No Longer a Capability. It Is the Core.

By Anjeet Khandelwal, Founding Partner in

For a long time, Artificial Intelligence was spoken of as a “capability”, something a company could add on to make processes smarter, faster, or more efficient. That framing is now outdated.

Today, AI has shifted from being a tool to being the core operating system of modern businesses. Just as the internet redefined business models in the 1990s and cloud computing reshaped them in the 2010s, AI is now reshaping the DNA of companies across industries.

This shift isn’t theoretical — it’s visible in how the most promising startups are being built, scaled, and funded.

Why AI as “Core” Matters

- **Strategic Foundation, Not a Side Project:** Companies are no longer treating AI as an optional add-on. It is being designed into their products, pricing models, and customer journeys from day one. Example: **OpenAI** built ChatGPT not as a “feature” but as a platform on which entire ecosystems (plugins, copilots, and vertical SaaS) are now thriving.
- **Moats Are Being Redefined:** The strongest defensibility now comes from **data ownership, feedback loops, and AI infrastructure** not just distribution or brand. Example: **Glean** (enterprise AI search) raised \$200M+ at a unicorn valuation by leveraging proprietary organizational data, positioning itself as the “Google for enterprise knowledge.”



- **AI Drives Unit Economics:** AI is changing cost structures by automating tasks, personalizing at scale, and reducing marginal costs. Startups that embed AI in their core show **better contribution margins** and faster scalability. Example: **Zypp Electric** (India) uses AI-powered fleet optimization for EV logistics. By reducing idle miles and predicting demand, they improve CM2 while keeping operating costs in check.



- **Governance as Core Strategy:** Bias, compliance, and privacy risks are no longer technical problems – they are boardroom issues. Startups that proactively integrate **AI governance** will be more attractive to institutional investors. Example: **Credo AI** is building governance tools for enterprises to ensure AI models meet compliance and ethical standards, a space gaining strong VC attention.

What Investors Should Look For

When evaluating startups today, the key questions have shifted:

Data Moat: Does the startup have unique, defensible access to proprietary or hard-to-replicate data?

Feedback Loops: Is there a mechanism for models to learn and improve continuously?

Economic Lift: Can the AI materially improve margins, retention, or scale?

Operational Readiness: Do they have MLOps in place, or is the AI still stuck in demo-land?

Startups that pass these filters are not “AI-enabled.” They are **AI-first**.

Case Studies from the Startup World

- **HealthTech → Qure.ai (India):** Uses AI for radiology diagnostics, reducing turnaround time for reports and making scans accessible in under-served geographies. Here, AI isn’t a “capability” — it is the diagnostic engine.
- **FinTech → ZestMoney (before closure):** Their failure underlines the opposite point: AI was used more as a front-facing credit scoring capability but lacked deep integration with underwriting risk management. Without AI as core infra, the moat was thin.
- **RetailTech → Stitch Fix (US):** Built its entire model around AI-driven personalization for fashion. Even though execution challenges remain, the company showed how AI can form the center of product, logistics, and consumer experience.

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From Debt Funds to Real Estate: How New Tax Rules Are Reshaping Investor Choices in 2025

By Paul Joseph, Wealth Manager [in](#)

When I look at portfolios today, one of the biggest shifts I notice is how tax treatment has changed the way we approach debt mutual funds. For years, they offered stability, predictable returns, and—equally important—a tax advantage through indexation. That landscape is different now, and in 2025, many investors are beginning to compare these funds against other asset classes. Real estate and alternative funds, particularly AIFs (Alternative Investment Funds), are regaining attention as attractive long-term stores of value and yield generators.

What Changed?

Earlier, if you held a debt mutual fund for more than three years, your gains qualified as long-term and were taxed at 20% with indexation. Indexation was a powerful benefit—it adjusted your purchase price for inflation, ensuring you paid tax only on real, not nominal, gains.

From April 1, 2023, the rules shifted. All new investments in debt funds are now taxed at your income tax slab, regardless of how long you hold them, and the indexation benefit is gone. In July 2024, another adjustment created a flat 12.5% tax option for older holdings. Here's where things stand today:

Investment & Redemption Timeline	Holding Period	Tax Treatment
Purchased on/after Apr 1, 2023	Any duration	Taxed at your income tax slab . No indexation.
Purchased before Apr 1, 2023, redeemed before Jul 23, 2024	< 36 months	Slab rate.
	≥ 36 months	20% with indexation.
Purchased before Apr 1, 2023, redeemed on/after Jul 23, 2024	< 24 months	Slab rate.
	≥ 24 months	Flat 12.5% without indexation .

Why Does It Matter?

If you invested after April 2023, the absence of indexation can increase your tax outgo. For example, a ₹1 lakh gain taxed at a 30% slab costs you ₹30,000 in tax—compared to much lower liability under the old regime. On the other hand, if you hold pre-April 2023 investments and redeem them now after two years, you benefit from the flat 12.5% rate, which is attractive for higher-income investors.

But here's the bigger picture: **this rule change has reduced the structural advantage of debt MFs**, prompting many high-net-worth and family office investors to rethink their fixed-income allocations.

The Shift Toward Real Estate and AIFs

Real Estate as a Store of Value: With debt MFs losing their tax edge, investors are increasingly turning to real estate for long-term appreciation and stability. Commercial real estate has been drawing interest through structured vehicles that offer predictable cash flows.

- **AIFs Filling the Yield Gap:** Category II AIFs, which often channel capital into real estate projects or structured



credit, have seen robust inflows. In FY25 alone, nearly ₹74,000 crore was deployed into real estate through AIFs, making it the largest single sector for alternative allocations. Investors view these funds to access secured, asset-backed returns with potentially superior post-tax outcomes compared to debt MFs.

- **REITs and InvITs Gaining Ground:** Regulatory reforms are also enabling mutual funds to increase their exposure to REITs and InvITs. These listed real-asset trusts provide steady rental yields and inflation-linked appreciation, making them compelling substitutes for traditional debt instruments.

The key takeaway is clear: the removal of indexation has effectively eliminated the main tax shield that once made debt mutual funds attractive for long-term investors. As a result, many are reallocating part of their portfolios toward real-asset strategies such as real estate, REITs, InvITs, and AIFs.

These alternatives offer two advantages:

- **Potentially better post-tax outcomes:** Rental yields, structured payouts, and profit distributions in AIFs can sometimes be taxed more efficiently than slab-rate debt MF gains.
- **Alignment with long-term wealth goals:** Real assets provide tangible ownership, inflation-linked growth, and portfolio diversification, making them suitable for investors seeking stability and appreciation beyond traditional fixed income.

What Should You Do?

For investments made on or after April 1, 2023:

These are always taxed at your income slab with no indexation benefit. If you are in a higher tax bracket, review whether continuing to add money into debt funds makes sense, or if alternatives like AIFs, REITs, or hybrid products can deliver more tax-efficient outcomes.

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From Growth to Listing: Why SME-IPOs are Reshaping India's Capital Markets

By Harshul Chopra, Assistant Manager 

In recent years, India's Small and Medium Enterprises (SMEs) have been quietly rewriting the rules of capital raising: no longer limited to banks, private debt, or venture rounds, many are turning to IPOs on SME exchanges (BSE SME, NSE Emerge) to access public capital. For investors, entrepreneurs, and financial professionals, SME-IPOs are no longer fringe—they are increasingly central to market dynamism, innovation, and wealth creation.

Why SME-IPOs Matter

- **Bridging the funding gap:** Many SMEs, despite strong fundamentals, find traditional equity or debt funding costly or inaccessible. SME-IPOs provide a regulated and transparent route to scale.
- **Democratisation of capital markets:** SME platforms allow smaller firms to list with more tailored eligibility norms, bringing in a broader base of companies and regions.
- **Ecosystem effects:** Successful SME IPOs can catalyse local ecosystems—job creation, ancillary services (audits, merchant banking, advisors), and greater visibility for early-stage investors.

How SME Companies are Leveraging IPOs

- SMEs are using IPOs not just for raising working capital but also for expansion, debt reduction, geographic diversification, or product/infrastructure investment.
- Listing on SME exchanges often involves lower barriers (in terms of issue size, profitability history), though not without regulatory oversight.
- Increasingly, SME firms are using the IPO route as a stepping stone to migrate to mainboard exchanges, enhancing access to institutional investors.

Metric	Recent Figures / Trend
Fundraising (SME-IPOs)	By the end of August 2025, SMEs have raised ₹6,819 crore via SME IPOs, marking the second-highest year ever, just behind 2024 (= ₹8,761 crore).
Listings and Milestones	BSE SME has crossed 600 listings, with total capital raised since inception ~ ₹10,652 crore, and combined market capitalisation of all companies on the platform ~ ₹1,84,574 crore.
Oversubscription & Listing Gains	52 SME IPOs launched in a recent year had an average oversubscription of ~ 200%. Average listing gain for SME IPOs in 2024 rose to ~ 74%. • Some IPOs saw extreme oversubscription (400+ for a subset) and listing premiums of 50-60% or more. E.g., Monolithisch India listed at ~ 62% premium over issue price.
Sectoral Activity	Engineering, IT / Data / SaaS, Electric / Electrical Equipment, Consumer/FMCG, and Infrastructure show up frequently in recent SME IPO filings and/or strong listing gains. (Precise sector rankings to be updated from your reference articles.)

The Investor Perspective:

Opportunities:

- **High potential returns:** Many SME IPOs deliver strong listing day gains and post-listing appreciation. For small capital outlays, upside can be large if one picks the right sectors or firms.



- **Diversification:** SME space offers exposure to sectors or businesses that are under-represented on the main-board. Regional SMEs can bring different growth drivers.
- **Early access & value discovery:** Investors entering at the IPO stage often participate in price discovery (valuation, growth story), which can yield rewards.

Risks:

- **Volatility:** SME stocks tend to be more volatile, less liquid, and subject to sharper swings, both up and down.
- **Information asymmetry:** Due diligence can be harder; financial disclosures may be less mature; promoter risk, corporate governance risk can be higher.
- **Regulatory / listing risk:** Changes in SEBI rules, exchange norms, profitability criteria, etc. (e.g., recent tightening of rules for small firm IPOs) can impact both issuers and investors.)
- **Overpricing & speculative frenzy:** Very high oversubscription may give false signals; listing gains can be strong, but sustained post-listing performance depends on business fundamentals.

Trends to Watch:

- **Regulatory tightening:** Profitability requirements, disclosure norms, limiting share-sales by promoters, etc., are being more strictly enforced.
- **Migration from SME to Mainboard:** SMEs that show consistent growth are increasingly using IPOs to scale and possibly migrate.
- **Sector shifts:** Tech / SaaS / digital/renewable energy may capture more attention, given scalable models.
- **Investor base diversification:** Not just retail, but HNI, family offices increasingly can participate; also, geographic and tier-2 / tier-3 cities are showing interest.

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India's M&A Landscape in 2025: What, Why, When, How

By Divyam Khandelwal, Intern – Investment & Research in

What: Key Trends in H1 2025

India's mergers and acquisitions (M&A) market showed remarkable resilience in the first half of 2025. Deal values touched nearly **US\$50–60 billion**, with a strong tilt toward larger, strategic transactions. The number of deals moderated compared to last year, but the **average deal size increased significantly**, with at least ten transactions valued at over a billion dollars.

Domestic consolidation dominated, making up close to 85–90% of overall activity. Cross-border inbound investment slowed, while outbound acquisitions surged, driven by marquee transactions such as Tata Motors' €3.8 billion acquisition of Iveco Group and Naveen Jindal's multibillion-euro bid for ThyssenKrupp Steel Europe.

Sector-wise, **Energy and Power** led deal value, particularly renewables, which contributed the lion's share of activity. India is now the **fourth-largest renewable energy market globally**, with an installed capacity of 220 GW representing nearly half of its total power mix. Consumer and retail also continued to attract steady deal flow, reflecting India's expanding domestic demand. Financial services and healthcare rounded out the top sectors, with several large-scale consolidation plays.

Private equity activity remained healthy, with global and domestic funds deploying record dry powder. While the number of PE deals was stable, their value surged, reflecting a clear preference for backing larger and more strategic transactions.



Why: Strategic and Defensive Motivations

The motivations driving this new wave of M&A are both **strategic** and **defensive**.

On the strategic side, Indian corporates are consolidating to capture scale, improve efficiency, and expand into fast-growing segments. Insurance, retail, healthcare, and financial services are seeing consolidation to create national champions with stronger customer bases. In energy, conglomerates are aggressively buying into renewables to align with the country's net-zero ambitions and to diversify into green hydrogen and clean-tech plays.

At the same time, many acquisitions are defensive responses to global shifts. Rising protectionism, tariff wars, and new regulatory barriers—like carbon border adjustment mechanisms in the EU—mean that access to international markets is no longer guaranteed. Indian firms are therefore acquiring overseas assets to **hedge against** deglobalization and to secure local manufacturing credentials.

For instance, Jindal Steel's bid for ThyssenKrupp aims not just at scale but at positioning itself as Europe's largest low-emission steel producer. Similarly, Tata Motors' Iveco deal provides geographic diversification, reducing vulnerability to tariff shocks and regional disruptions. These moves reflect a broader strategic shift: cross-border M&A is no longer just about expansion, but about survival and resilience in a fragmenting global economy.

When: Timing and Comparative Context

This current wave has striking parallels—and important differences—with the one India experienced in 2006–07. Then, the likes of Tata Steel, Hindalco, and Tata Motors went on a global buying spree, fuelled by cheap credit and globalization optimism. Those acquisitions were offensive in nature, designed to capture markets, technology, and brands.

In contrast, today's deals are unfolding against a very different backdrop. Rising interest rates in 2023–24 had slowed activity, but with inflation stabilizing and economic growth rebounding, corporates have regained confidence in 2025. Domestic consolidation is being fueled by mature sectors ripe for scale, such as renewables and healthcare, while outbound activity is being accelerated by geopolitical pressures.

Notably, outbound M&A by Indian companies surged by more than 65% in the past year, far outpacing the global average. Timing also reflects sector maturity: renewable energy, now a cornerstone of India's economy, has moved from being a frontier market to a consolidation-driven arena. Companies are acting now to secure their positions in industries that will define the next decade.

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