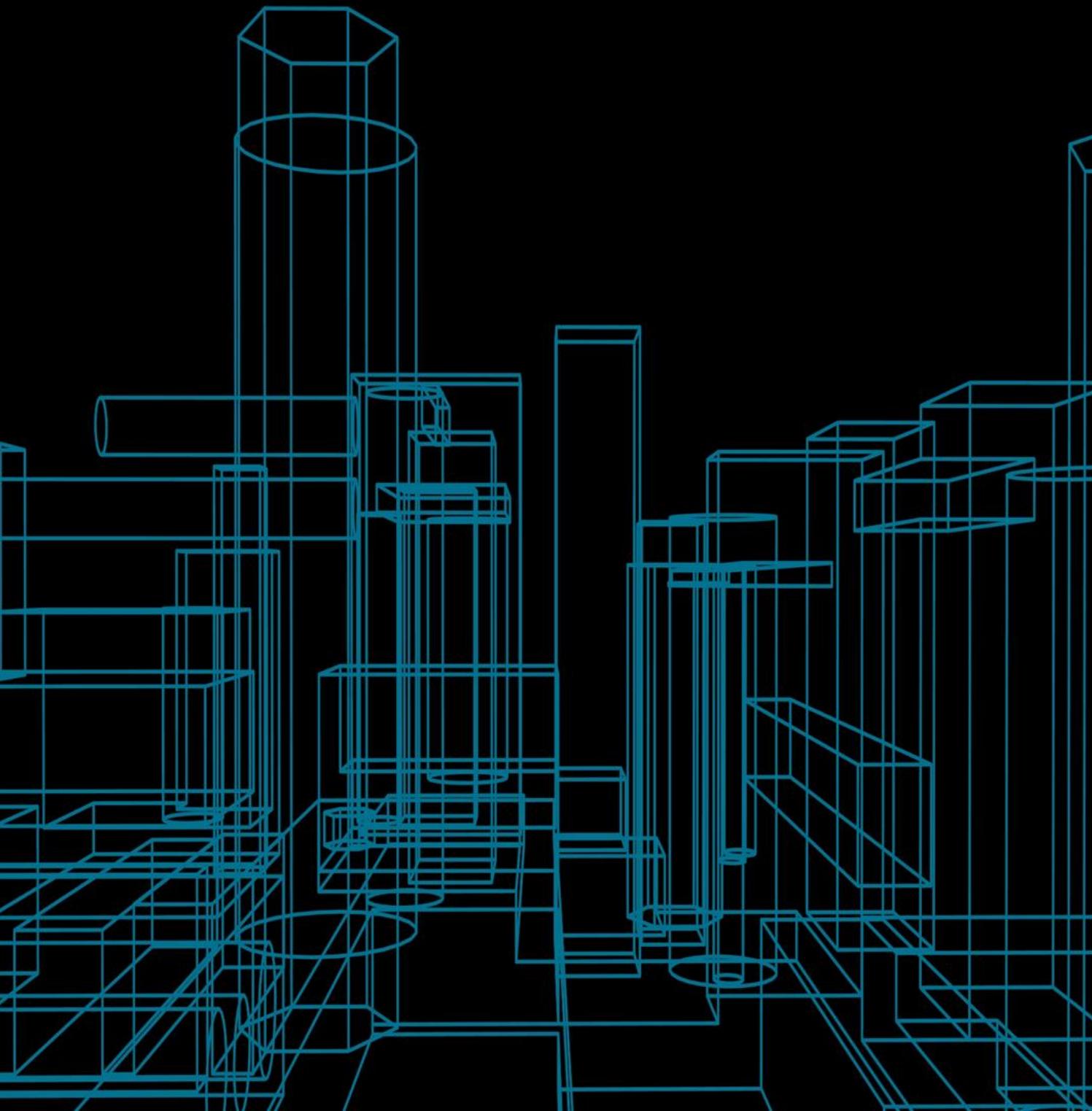




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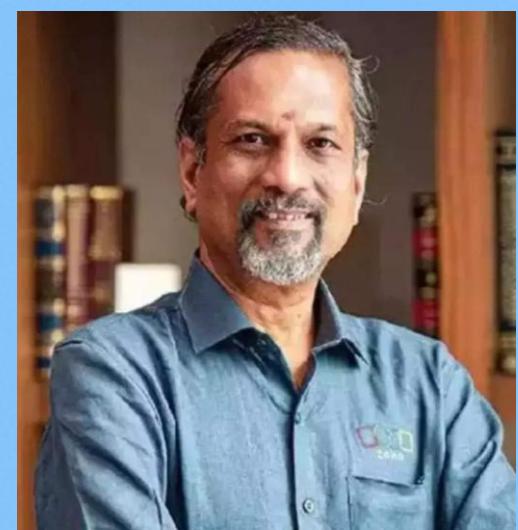
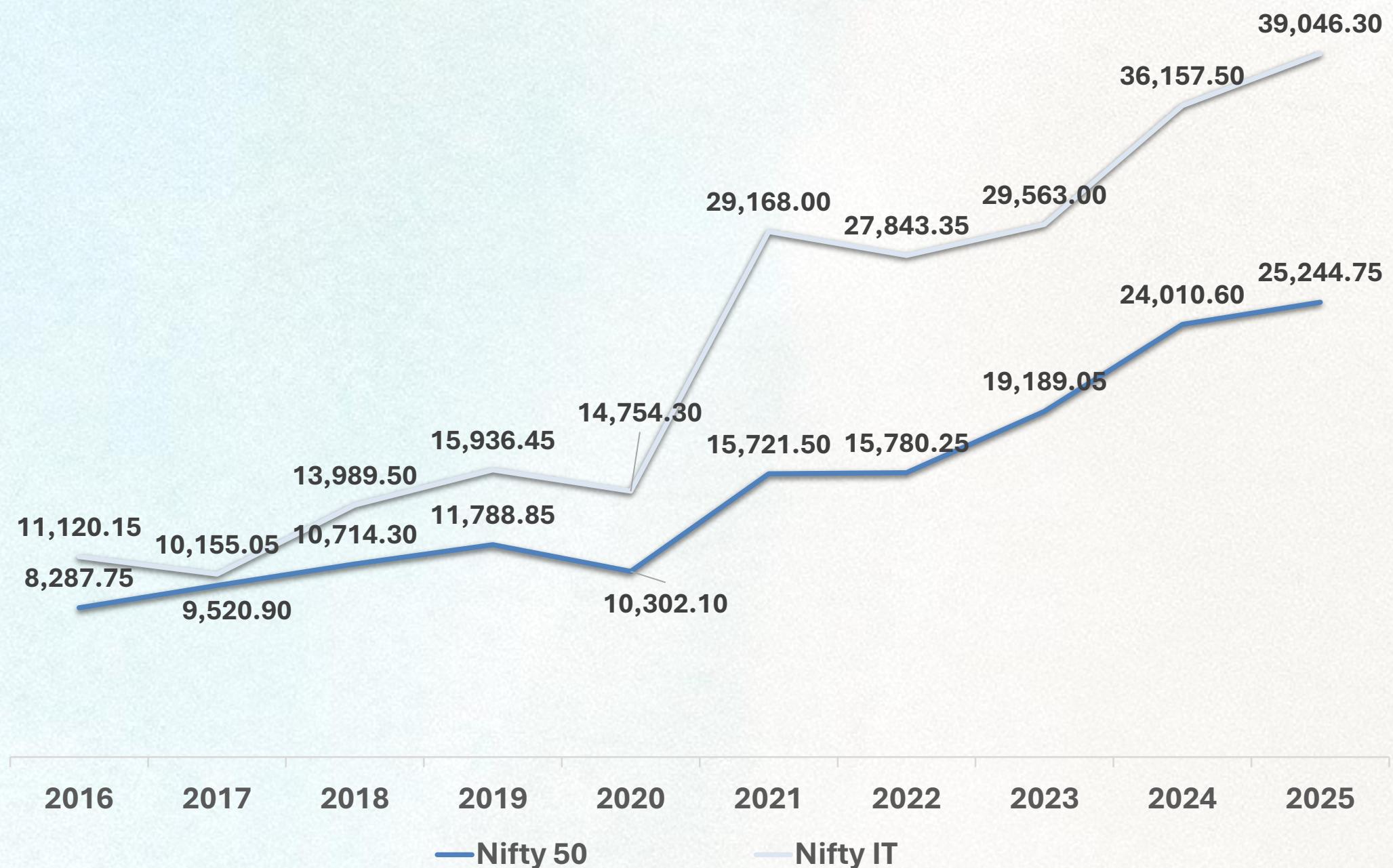
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The \$100 Bn thesis: India's SaaS is built to outgrow domestic demand

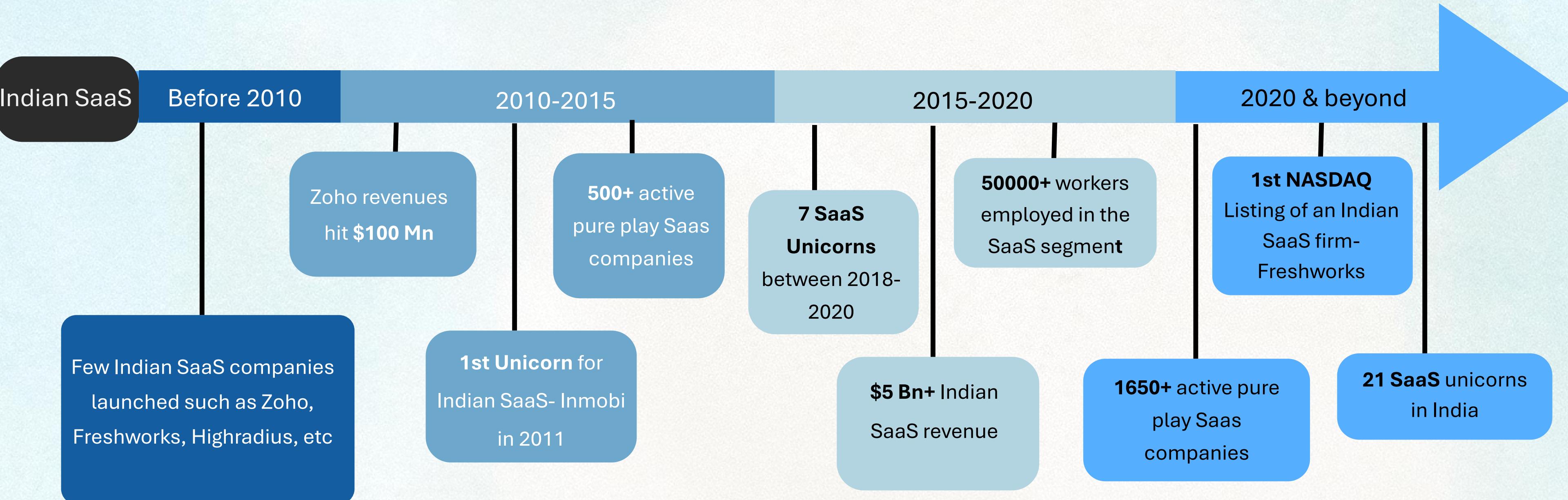
India's software market is racing toward a \$100 Bn milestone by 2035, powered by rapid digital transformation and the rise of over 10,000 SaaS companies. With a consistent 30% annual growth rate, India has become a global SaaS powerhouse. With SaaS markets in developed economies reaching maturity, Indian SaaS companies are strategically expanding into other emerging markets, unlocking new avenues for growth and global presence.



“Our purpose has been to create opportunities for those who don’t have them, build compelling products for our customers, and serve geographical locations that have not been served before.”

- Sridhar Vembu, Founder & CEO, Zoho

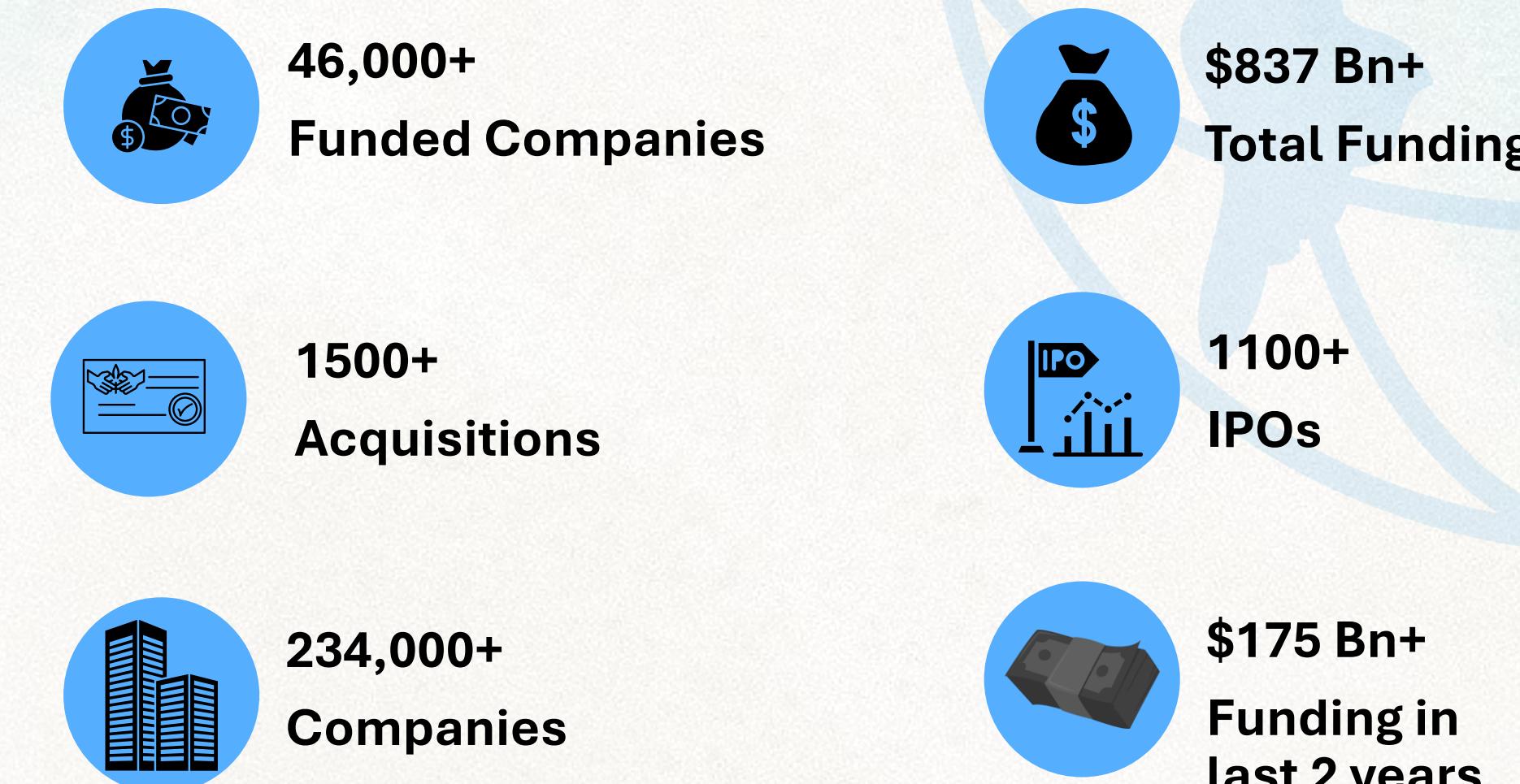
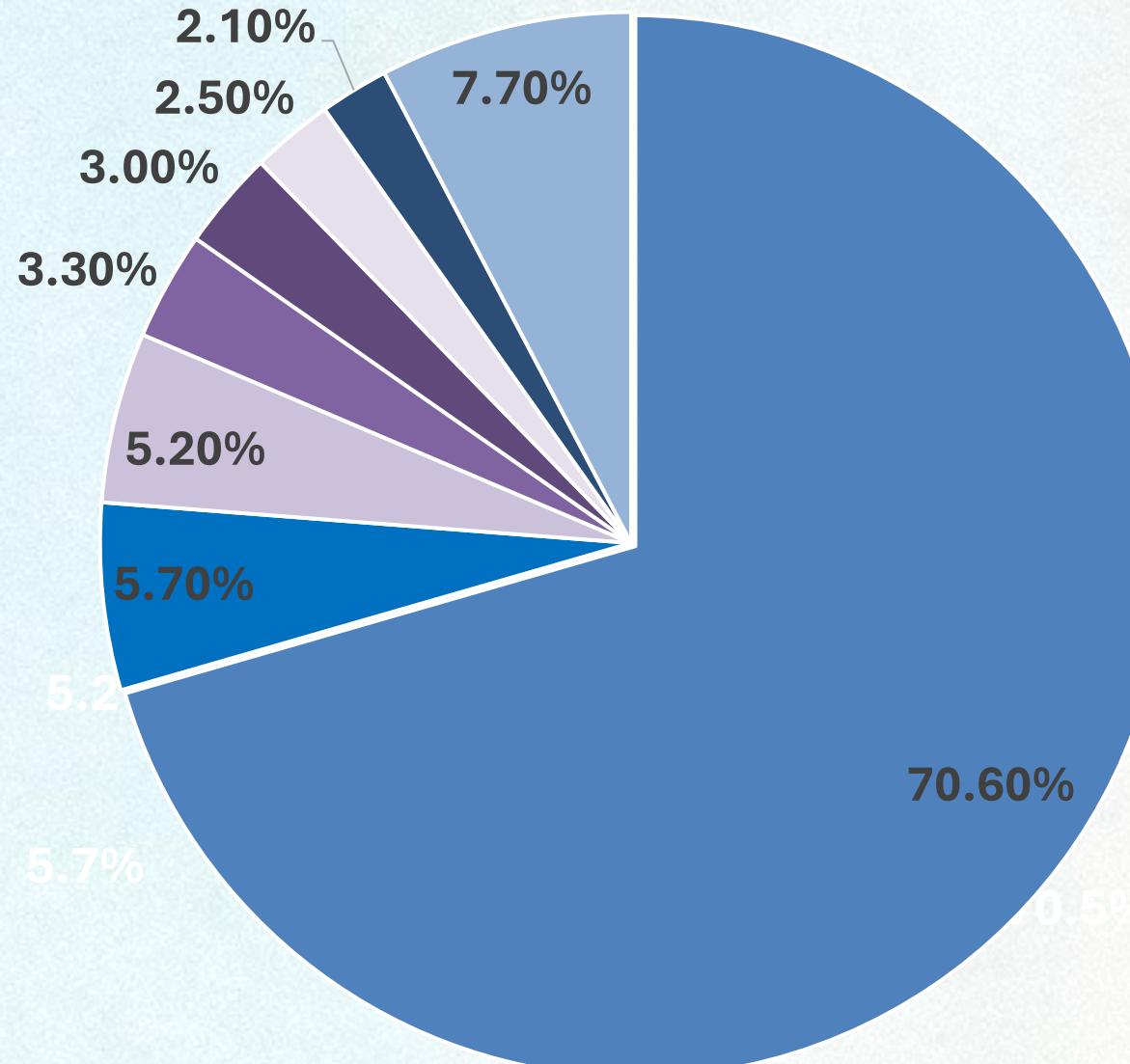
SaaS: Over the years.....



MyGate **Inmobi**

Global SaaS Boom: Scaling innovation across continents

Funding by country



The global SaaS industry is valued at around \$266 Bn in 2024 and is expected to soar past \$1.13 Tn by 2032. AI and automation are reshaping the SaaS landscape. Today's platforms are becoming intelligent ecosystems that can predict customer needs, automate workflows, and personalize experiences at scale.

North America remains the dominant force in the market, much of the future growth is expected to come from Asia-Pacific, especially India and Southeast Asia, where digital adoption is accelerating at a remarkable pace.

- USA
- China
- UK
- Israel
- India
- Canada
- France
- Others

Inside the SaaS stack



Financial Services

Education

Retail & E-commerce

Healthcare

Beauty & Wellness

Travel & Hospitality

Real Estate & Construction

Agriculture

Automotive



CRM / Sales & Marketing

Communication & Collaboration

Human Capital Management

Supply Chain Management

Finance & Accounting

Enterprise Resource Planning

Enterprise Content Management

Governance, Risk & Compliance



Data Intelligence & Analytics

Web & App Development

Cloud Infrastructure

Workflow Management

Network Management

Cybersecurity

Vertical SaaS provides industry-specific software tailored to the unique needs of particular sectors

Horizontal SaaS refers to software solutions that serve broad business functions across industries

Infrastructure SaaS refers to backend services or platforms that enable other SaaS applications to function

How SaaS is transforming every industry

Food & AgriSaaS

Total Funding: \$274M
No. of Rounds: 161



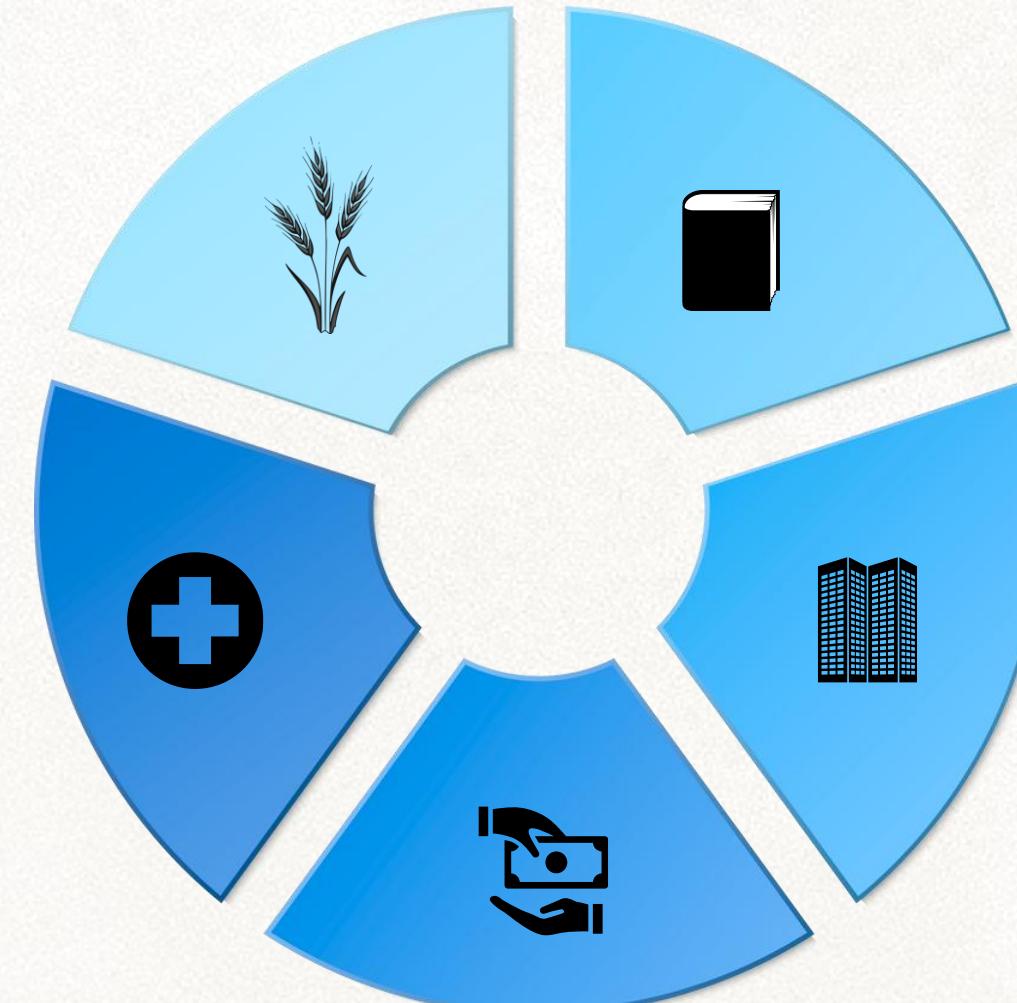
Stellapps raised 221 Cr
Series C at 494 Cr
Valuation

HealthSaaS

Total Funding: \$2.3B
No. of Rounds: 313



Citius Tech raised 8160 Cr
PE at 18,700 Cr Valuation



EdTech SaaS

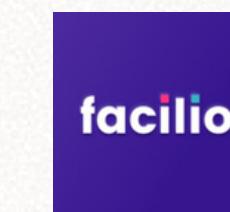
Total Funding: \$752M
No. of Rounds: 259



Classplus raised 73 Cr
Series D at 4709 Cr
Valuation

Real Estate SaaS

Total Funding: \$104M
No. of Rounds: 90



Facilio raised 298
Cr
Series B in
February 2022

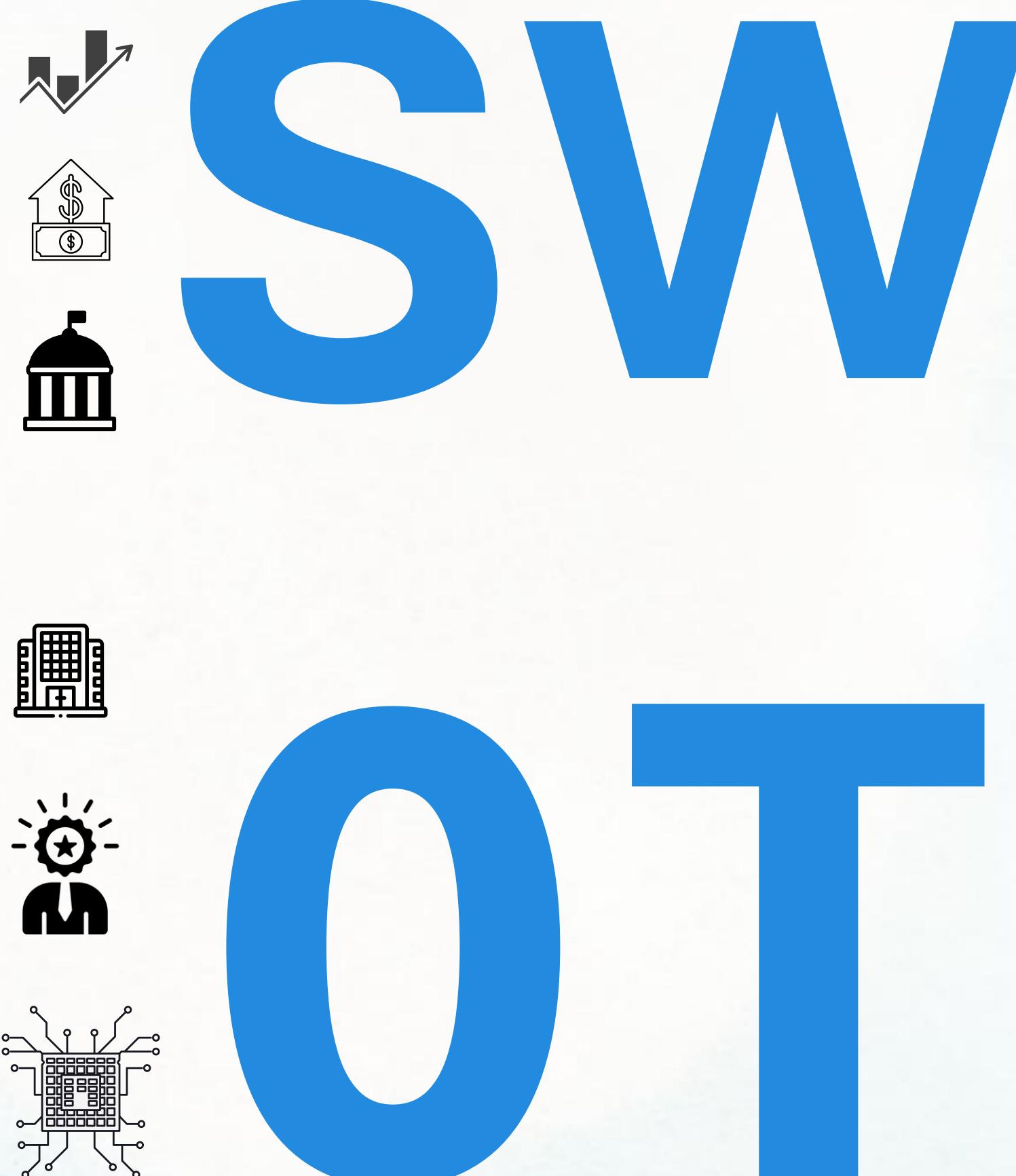
HR SaaS

*Total Funding:
\$1.7B*
No. of Rounds: 591



Eightfold raised 1870 Cr
Series E at 17,850 Cr
Valuation

- **Market Growth:** Revenue expected to grow from \$7.18 Bn in 2023 to \$62.93 bn by 2032, indicating a CAGR of 27.3%.
- **Cost effective solutions:** Cost-effective, high-quality solutions drive India's SaaS industry growth.
- **Supportive Government initiatives:** Government schemes like NPSP, GeM, MeghRaj, and SAMRIDH promote SaaS growth and innovation.
- **Rise of new SaaS Unicorns:** India's SaaS sector is set to produce 50 unicorns by 2030 (NASSCOM), driven by strong growth, global digital demand, and sustained VC funding.
- **Abundant Talent and Innovation Hub:** With 34% of graduates in STEM (WEF, 2022), India ranks among the top talent hubs, driving SaaS innovation and product development.
- **AI/ML Integration:** Indian SaaS firms are leveraging AI/ML for predictive analytics, smart automation, and personalized experiences—boosting product value and market growth; e.g., Freshworks (AI in customer service) and Postman (ML for API management).



- **Limited Domestic Adoption:** Indian SaaS revenue is export-driven; low domestic SME adoption stems from lack of intent, awareness, and cost barriers.
- **Decline in Funding:** SaaS startup funding in India dropped from \$4.4 Bn in 2022 to \$1.8 Bn in 2024, indicating a concerning trend.
- **Deployment Challenges:** 75% of Indian enterprises face SaaS deployment delays and 43% cost overruns, incurring overheads due to poor management, integration issues, and talent gaps.
- **Regional Demand Barriers:** Cultural and linguistic diversity poses challenges in driving SaaS demand across India's tier 2 and 3 towns.
- **Infrastructure Gaps Persist:** Despite growing broadband and LTE reach, inconsistent internet and power supply remain challenges in many regions.
- **Currency Risks Impact Domestic Demand:** SaaS pricing in dollars means rupee depreciation raises costs for Indian customers, potentially dampening domestic demand over time.



Build in India, Sell to the World

Indian SaaS companies are building for the world with HQs and customer bases abroad.

Example: Freshworks IPO on NASDAQ symbolizes global acceptance of Indian SaaS.

Powering the Next SaaS Wave

AI together with Machine Learning in SaaS products is significantly upscaling the mark. The broader shift towards AI-driven platforms is expected to reshape every factor influencing a company's EBITDA

Government-Led Infrastructure

UPI, ONDC, Aadhaar, and DigiLocker are creating the digital infrastructure that enables innovation in Indian SaaS. This public digital stack provides a foundation to build scalable and secure, software products

How SaaS is Reaching the Real India

Growth of SaaS products tailored to India's tier II & III cities, with local language support, mobile-first design and UPI integration

Examples: Khatabook, OKCredit, MyBillBook

Build in India, sell to the world



Freshworks, a SaaS company that was started in Chennai more than a decade ago, raised \$1 Bn in an initial public offering in the US, gaining 32% on the first day of trading on the Nasdaq stock exchange.

Operations in India



Global Customers



Developing a SaaS product in India can reduce costs by 40–60% compared to western markets without compromising on quality

Serve clients across US, Europe and Australia. English fluency, cultural adaptability, and 24×7 support

Other Companies which were founded in India but are now headquartered or registered abroad:



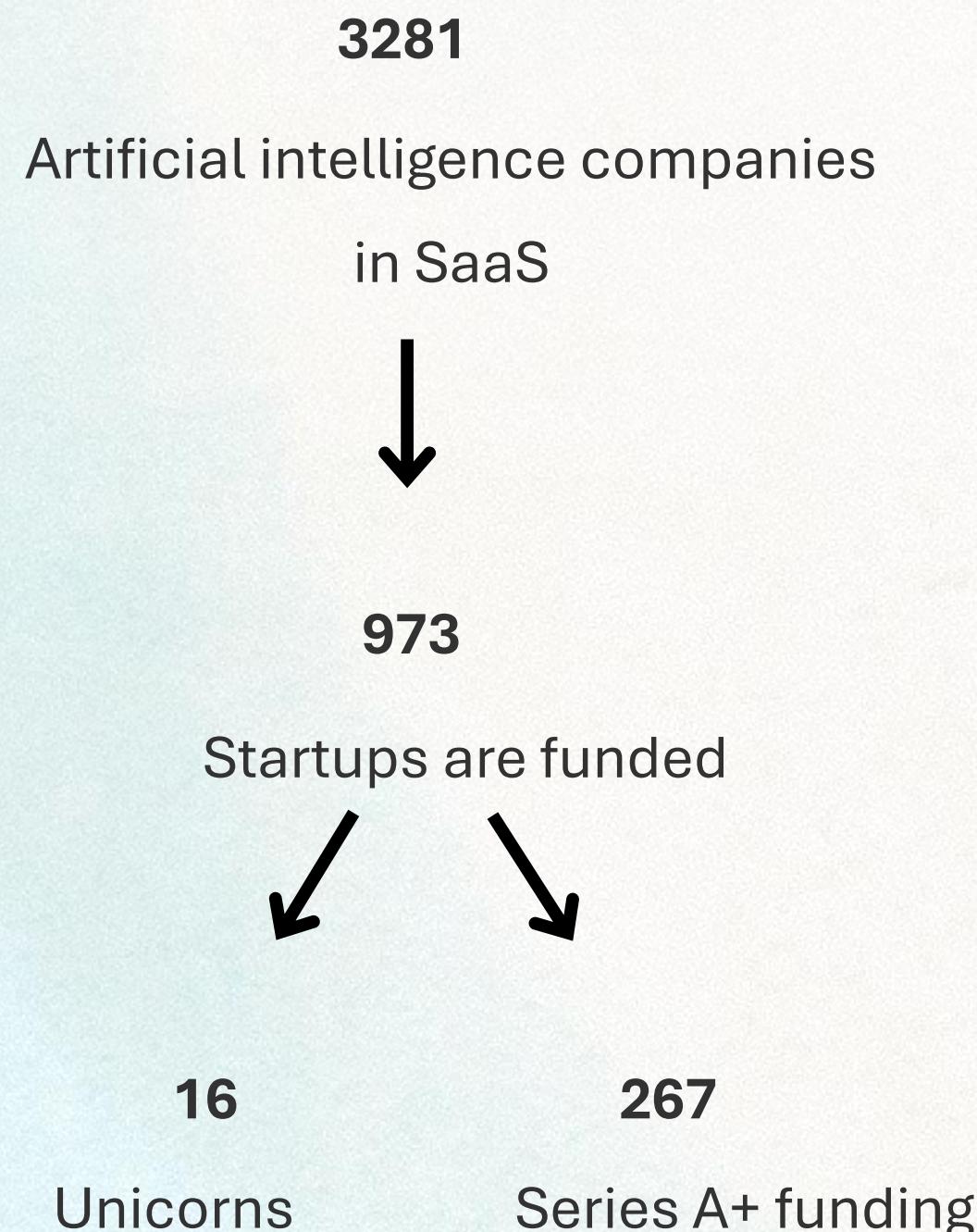
POSTMAN



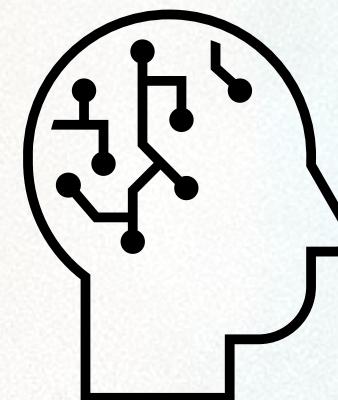
BrowserStack



Powering the next SaaS wave: AI and Deep Tech



2025 has seen the creation of 45 Artificial Intelligence companies in SaaS in India. Over the past 10 years, an average of 290 new companies have been launched annually.

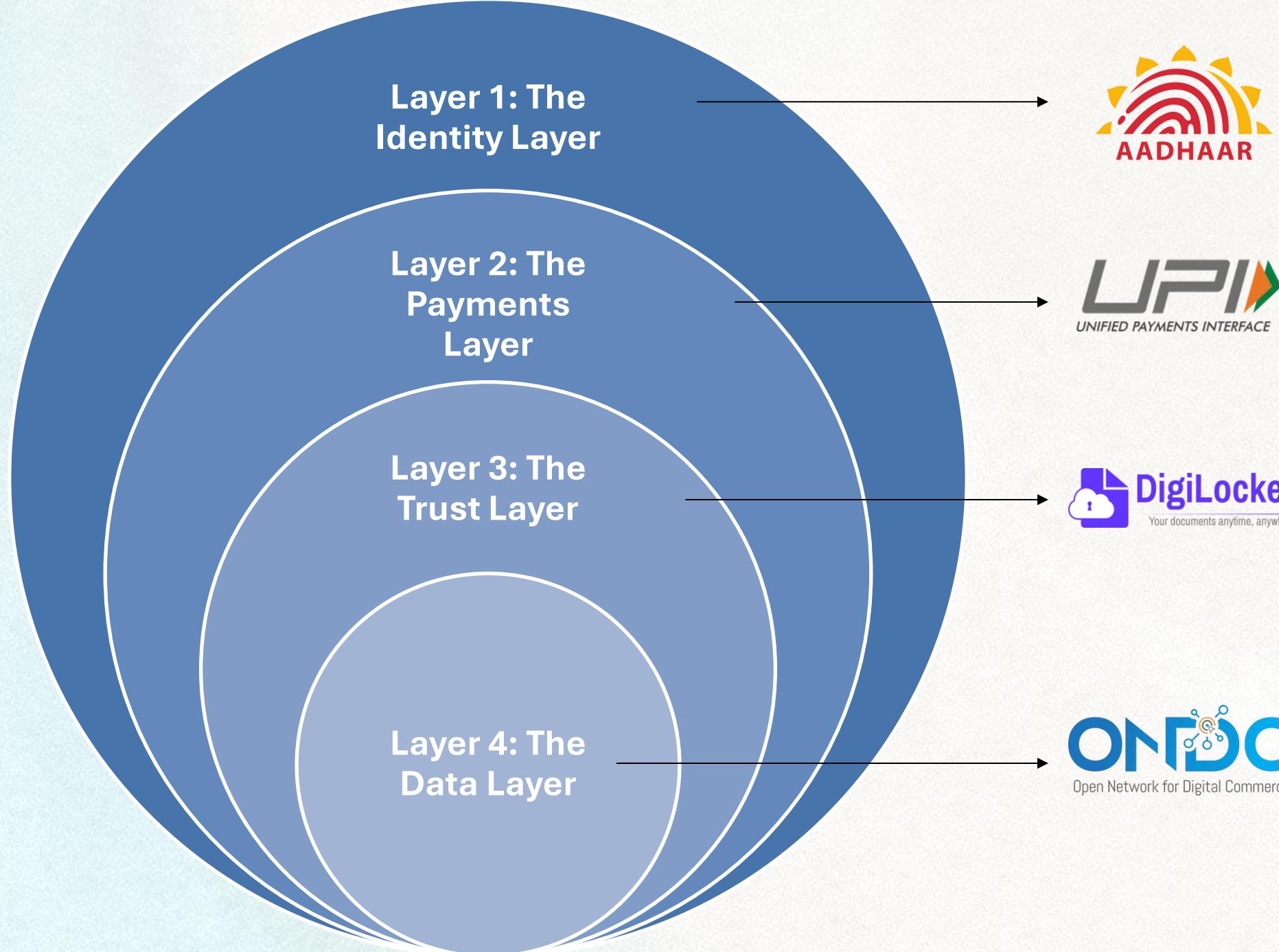


“An AI-native SaaS firm is created with AI at its foundational level, these businesses constantly train and enhance their algorithms using private data, creating a defensible tech moat that is hard to replicate. In contrast, typical SaaS providers frequently patch AI onto existing systems, providing only incremental gains rather than radical revolution.”

-Ankur Mittal, Co-founder, Inflection Point Ventures

India Stack: government-led infrastructure

Indian companies depend on the 'India Stack' which is the public digital infrastructure by the Govt Of India



18.6 Bn

Total volume of monthly real-time mobile payments

\$ 295 Bn

Value of monthly mobile payments through UPI (May 2025)

Aadhaar's unified digital identity framework enables SaaS platforms to streamline secure user onboarding, KYC, and authentication at national scale

UPI's plug-and-play infrastructure enables interoperability across banks and fin-techs through a unified API layer, giving SaaS startups instant access to India's full financial ecosystem

With over 4.6 Bn legally valid digital documents accessible via consent-based APIs, DigiLocker acts as a trusted data layer for identity, education, and insurance-focused SaaS solutions

OCEN and ONDC are changing India's digital ecosystem by enabling platforms to integrate embedded credit and open commerce, unlocking new value for consumers and SMEs

1.34 Bn

Enrolled with biometric identity verification

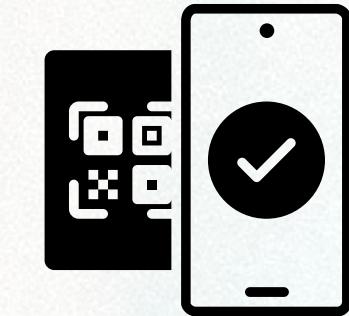
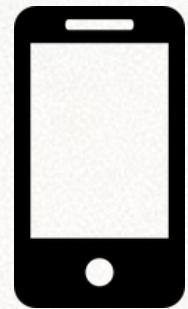
67 Bn

Total number of digital identity verifications

How SaaS is reaching the real India



Bharat SaaS is the class of SaaS platforms built for the users in India. These platforms cater to small businesses, shopkeepers, traders, gig workers, and other digitally underserved segments



Local language Interfaces

Mobile-first experiences

Low onboarding cost

UPI based digital payments

Offline functionality



KhataBook

Khatabook, a B2B ledger app that helps SMBs track and manage transactions. It ranks among India's fastest-growing fintech startups and currently counts more than 10 million active users across 13 local languages. As of February 2021, Khatabook has recorded \$100+ Bn in cumulative transaction value by merchants.

Raised \$187mn , Series C, Post Money Valuation: \$600 Mn
Annual Revenue: ₹59.4l as on March 31, 2023

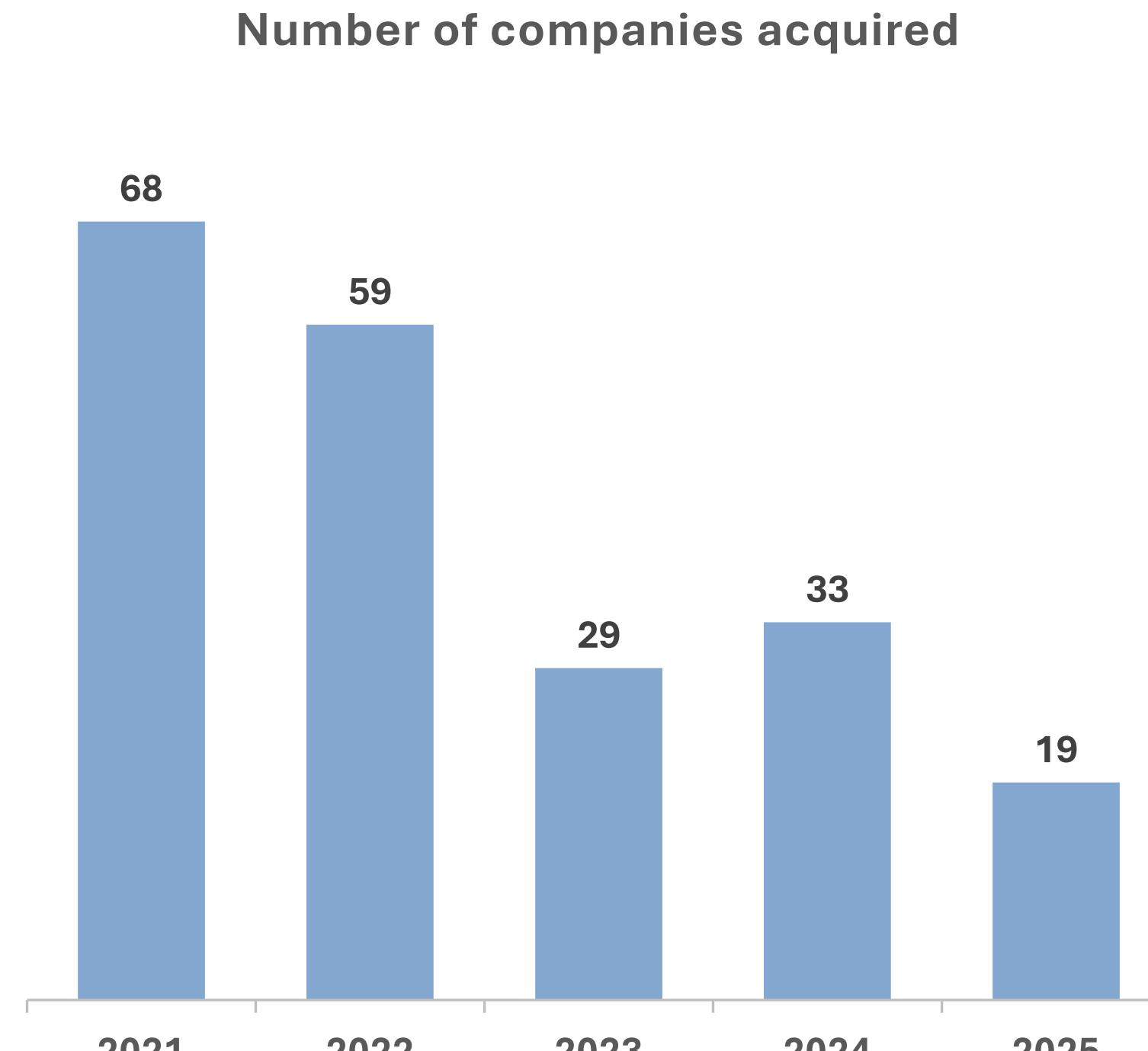


Dukaan is a mobile-first SaaS platform that enables SMEs across India to set up online stores without any technical skills.

With over 3 million merchants onboarded, Dukaan helps digitize everything from product listings to payments and order tracking, it supports native languages and is integrated with UPI.

Raised \$23.9mn , Series A, Post Money Valuation: \$576 Cr
Annual Revenue: ₹10 cr as on March 31, 2023

Accelerating growth via synergistic partnerships



Company	Acquirer	Reasons
IHX	Perfios	Integrate its data intelligence with IHX's platform to enhance claim processing speed, real-time decisions, and operational visibility for hospitals, insurers, and patients, leveraging a network of 30,000 hospitals and 30 insurers.
Qandle	Mynd Solutions	MYND hopes to make its market position stronger with Qandle's HR tech complementing its offerings to fulfil all requirements related to management of the workforce.
Dice Enterprises	Zaggle	Zaggle acquired 100% stake in Dice Enterprises at \$14.3mn with an aim to expand its product suite and customer base
Requestly	Browserstack	Strengthen Browserstack's developer productivity suite by integrating Requestly's open-source solution

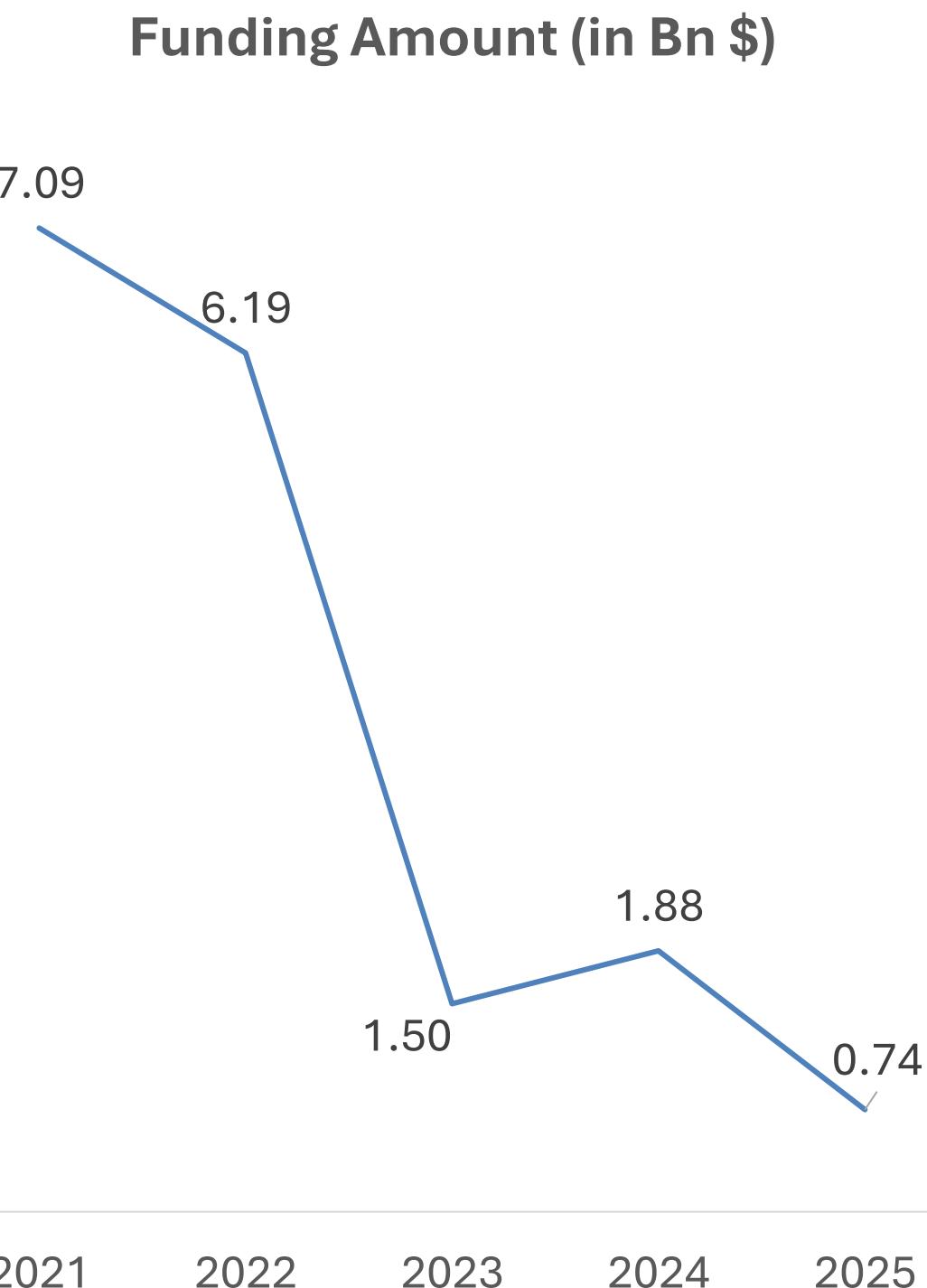
Till June 2025, India has seen 19 acquisitions against a total of 33 acquisitions in 2024

Inside the surge of capital backing innovation



Notable deals in 2025:

Company	Deal Size	Seed Category	Major Investors	Use of funds
Data Sutram	\$9 million	Series A	B Capital and Lightspeed	Expand its AI-powered fraud detection and compliance platform across new verticals and international markets.
Fuze	\$12.2 million	Series A	Galaxy and e& Capital	Support international expansion, product development, regulatory compliance, and team growth.
Infinite Uptime	\$35 million	Series C	Avataar Ventures with StepStone Group and LGVP, Tiger Global and GSR Ventures.	Fuel Infinite Uptime's growth, advance its IoT platform, broaden its presence in the manufacturing sector, and expand its footprint in the U.S. and other international markets.
Spyne	\$16 million	Series A	Vertex Ventures with existing Accel, Storm Ventures, and Alteria Capital	Market expansion and product development activities



The SaaS Market is currently going through a funding winter as the funding environment is moving towards a selective, disciplined and long-term outlook

Guiding growth through evolving government mandates



MeghRaj-

The Cloud Computing initiative of the Government of India

- Accelerate the delivery of e-services across the country while optimizing ICT expenditures
- Promote efficient use of infrastructure
- Expedite the development and deployment of e-Governance applications

National Policy on Software Products

- NPSP 2019 launched to boost software and SaaS sectors.
- SaaS firms can register via ISPR for GeM access.
- Target set for 10,000 software product startups.
- ₹5,000 crore Software Product Development Fund (SPDF).
- ₹500 crore allocated for R&D support.
- Govt procurement norms updated for SaaS adoption.

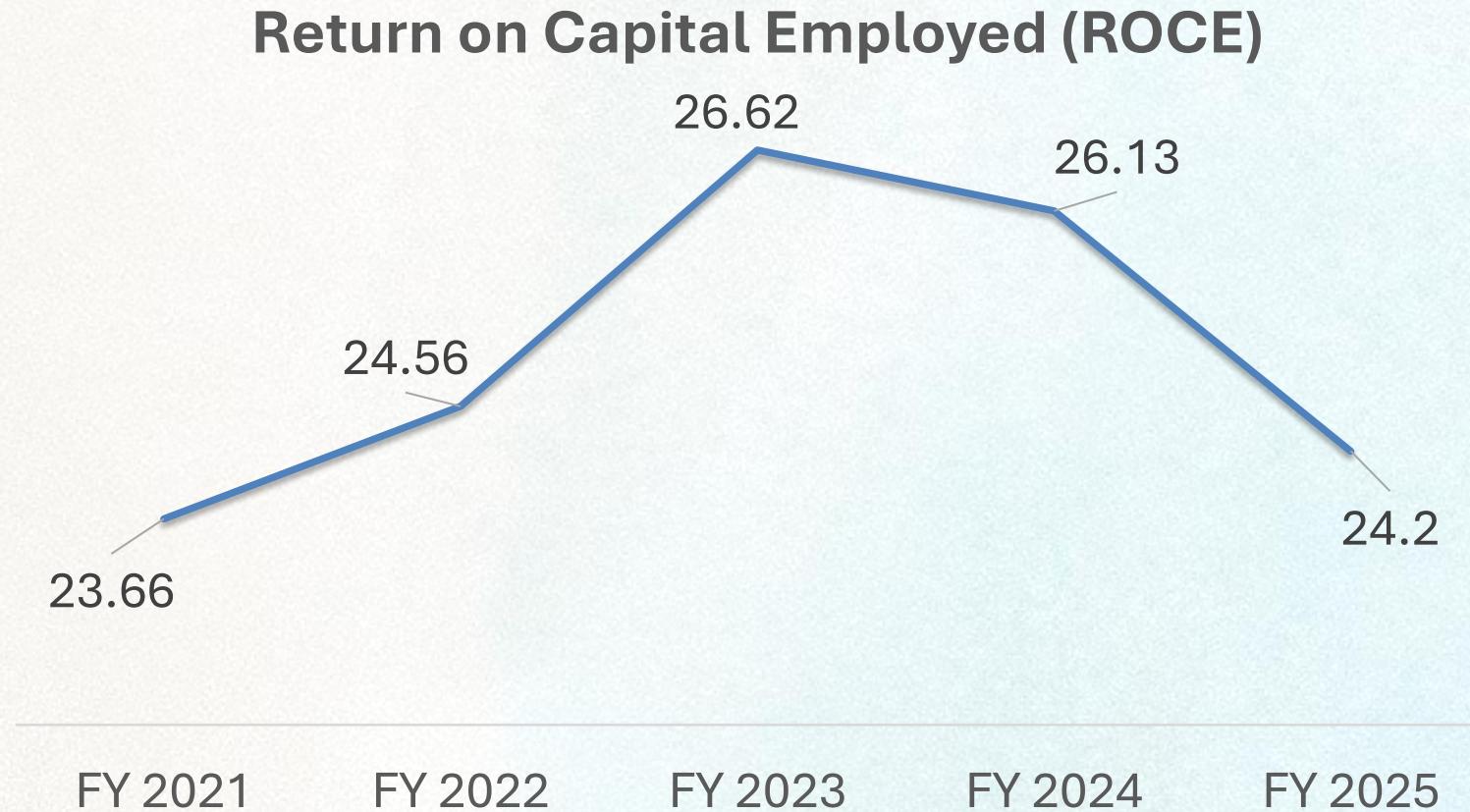
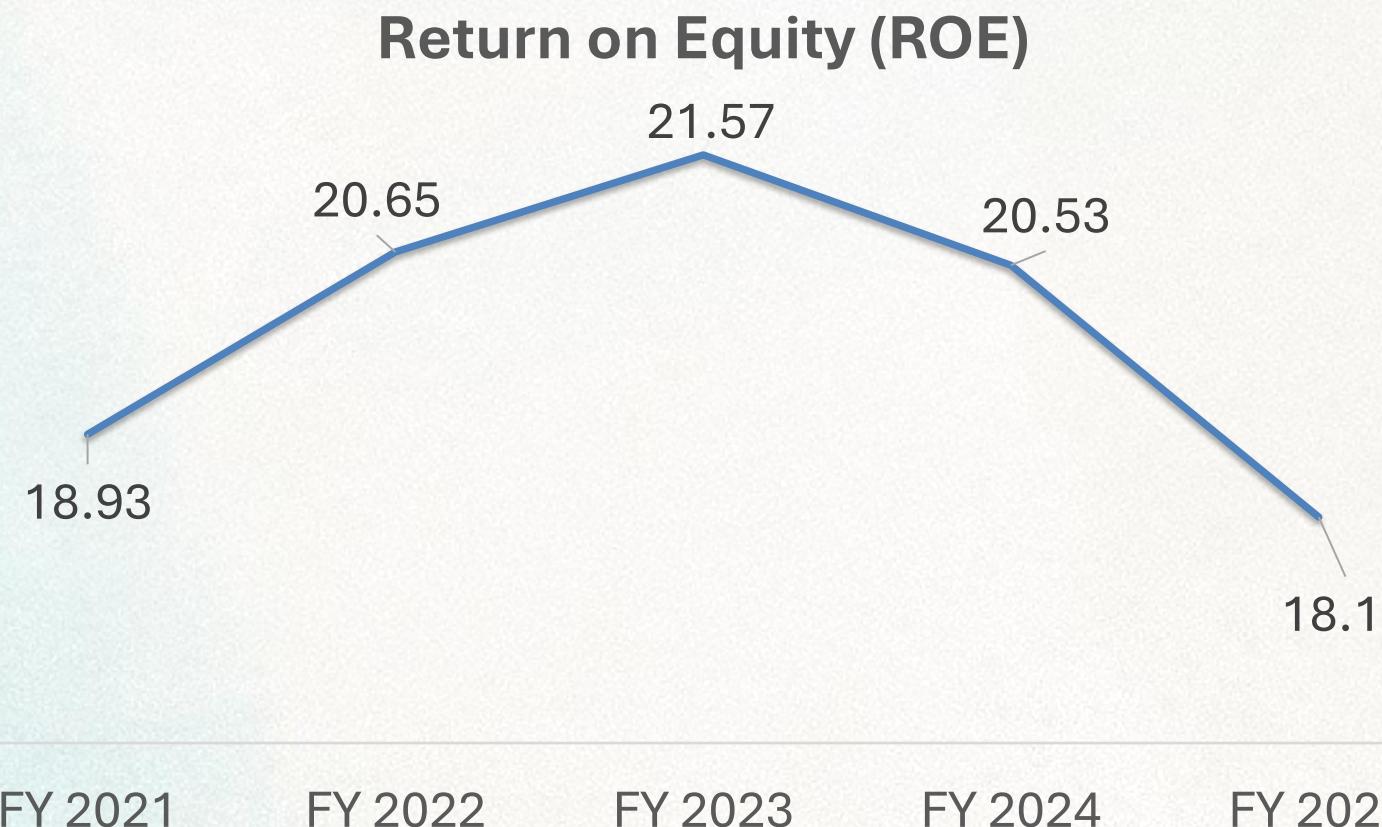
SAMRIDH

SAMRIDH (Start-up Accelerator Programme of MeitY) was launched to support start-ups in product innovation, development, and growth and it aims to provide funding support and mentorship.

Connects start-ups with:

- Centres of Excellence (CoEs)
- TIDE (Technological Incubation and Development of Entrepreneurs)
- NGIS (Next Generation Incubation Scheme)
- Other MeitY-supported programmes and initiatives.

Valuation Ratios

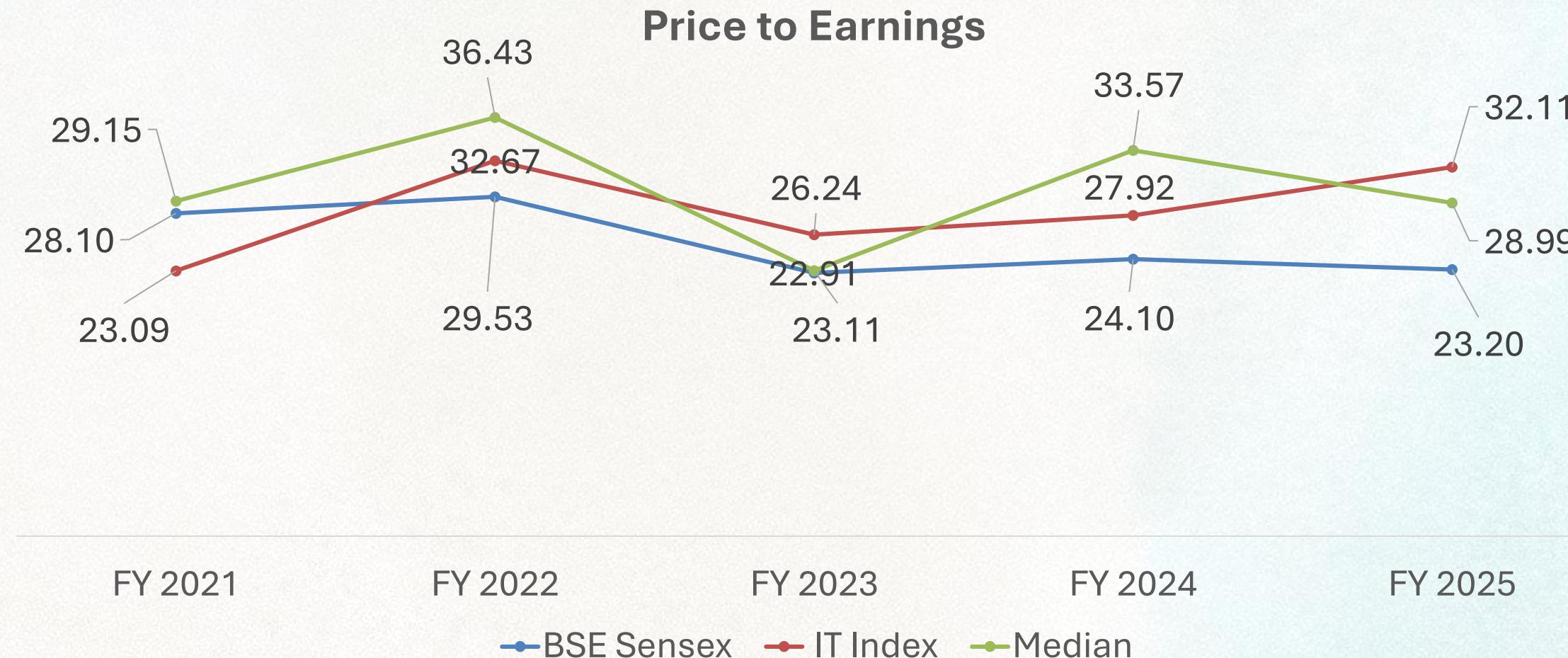


The Return on Equity (ROE) trend reflects a classic rise-and-correction cycle. From FY 2021 to FY 2023, ROE steadily increased, driven by pandemic-induced digital acceleration, strong operating leverage, and a low interest rate environment that fueled growth as firms expanded globally and profitability soared with it.

However, from FY 2023 onward, ROE began to decline due to rising interest rates, a global tech market correction, and a shift in investor focus from growth to profitability. As customer acquisition slowed and cost structures adjusted due to people returning back to workplaces, many companies saw stagnant or declining net income even as equity bases expanded through retained earnings or capital raises, resulting in a tapering ROE by FY 2025.

ROCE shows an upward trend from FY 2021 to FY 2023, peaking at 26.62%, followed by a decline to 24.2% by FY 2025. The initial rise reflects efficient capital deployment during the pandemic-driven digital boom, where rapid revenue growth outpaced capital expansion. SaaS firms benefited from strong margins, recurring revenues, and minimal capex needs, which boosted returns on invested capital.

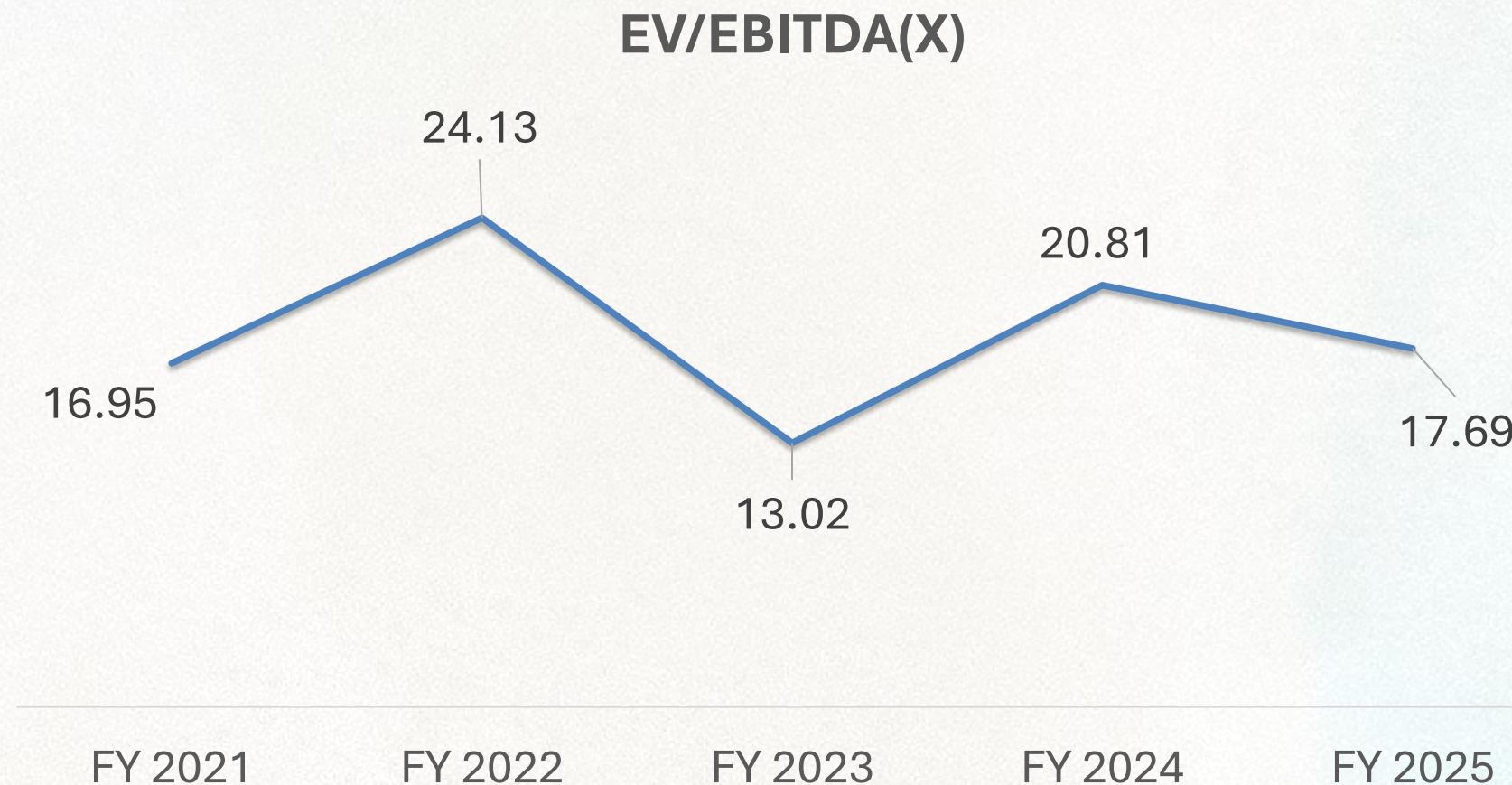
However, post-FY 2023, rising capital costs due to higher interest rates, increased operational caution, and a shift in investor expectations towards profitability over growth led to moderated expansion and cost rationalization. With revenue growth slowing and capital employed rising, returns began to taper. The decline in ROCE reflect that while firms still generate decent returns, the capital efficiency seen during the hypergrowth phase is beginning to normalize.



Strong investor optimism and heightened funding activity, driven by rapid revenue growth and scalability of Indian SaaS companies, led to higher valuations from 2021 to 2022. Post-pandemic digital acceleration increased demand for SaaS solutions, boosting growth expectations and inflating P/E multiples.

Post 2022, Global tech market correction and macroeconomic uncertainties resulted in a valuation reset, with investors becoming more cautious and focusing on profitability over growth. Funding constraints and normalization in tech stock valuations led to a contraction in P/E ratios, reflecting market-wide sentiment.

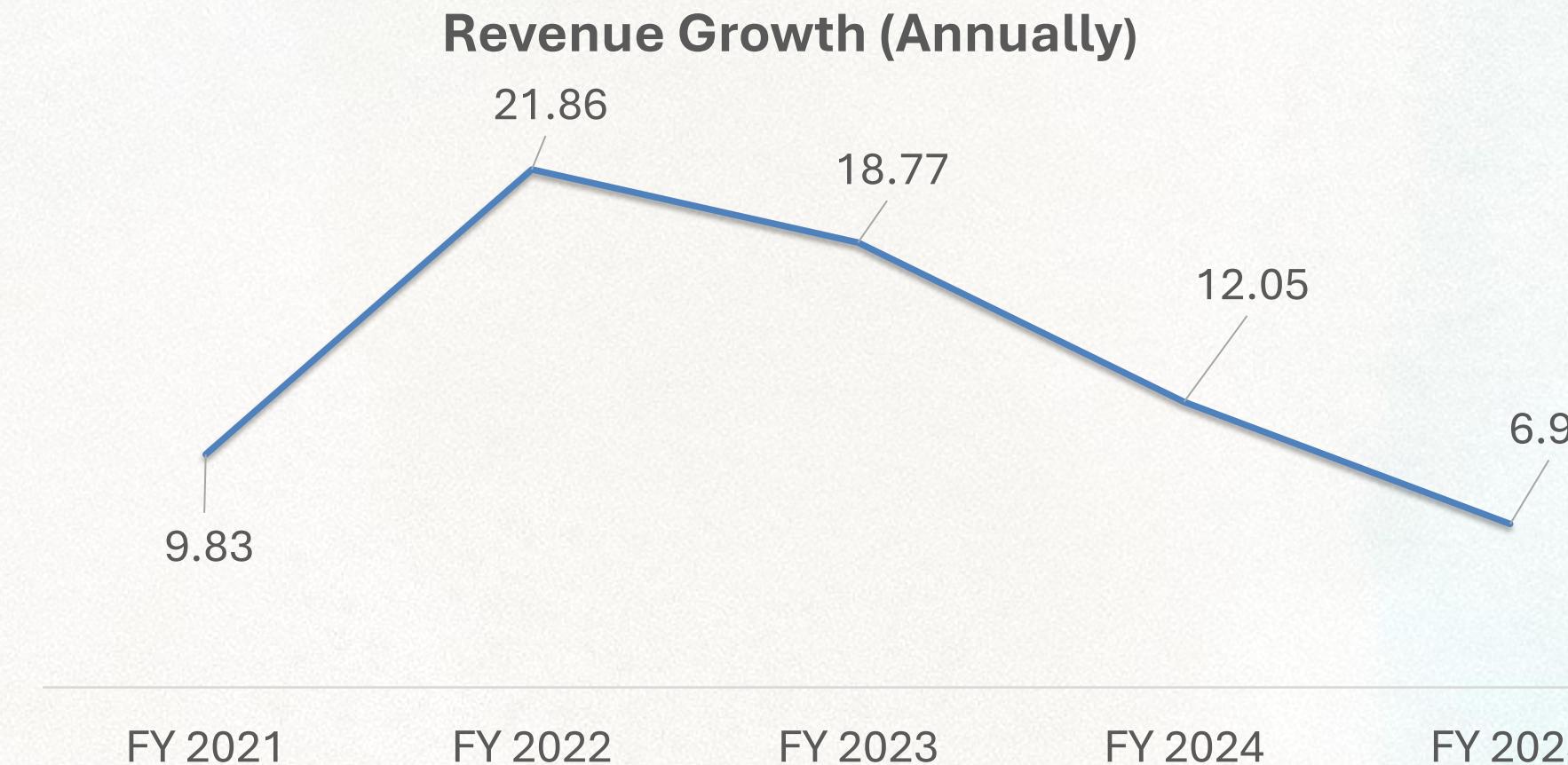
By 2025, stabilization reflects a matured industry with realistic growth expectations and improved capital efficiency.



The EV/EBITDA trend for the Indian SaaS industry from FY2021 to FY2025, rising from 16.95 in FY21 to a peak of 24.13 in FY22, then dropping sharply to 13.02 in FY23, rebounding to 20.81 in FY24, and settling at 17.69 in FY25, reflects a cycle of exuberance, correction, and stabilization. The surge in FY22 was driven by strong investor optimism, abundant liquidity, and high growth expectations as digital transformation accelerated post-pandemic.

The sharp decline in FY23 corresponds with global monetary tightening, rising interest rates, and a shift in investor focus from growth to profitability, which compressed valuations across tech sectors. The rebound in FY24 and stabilization in FY25 are attributed to improved profitability, operational efficiency, and renewed investor confidence as Indian SaaS firms demonstrated resilience, cost optimization, and sustainable growth. This pattern mirrors global SaaS valuation cycles, where high multiples during periods of optimism are followed by corrections and a return to more sustainable levels as the industry matures and focuses on balanced growth and profitability.

Valuation Ratios

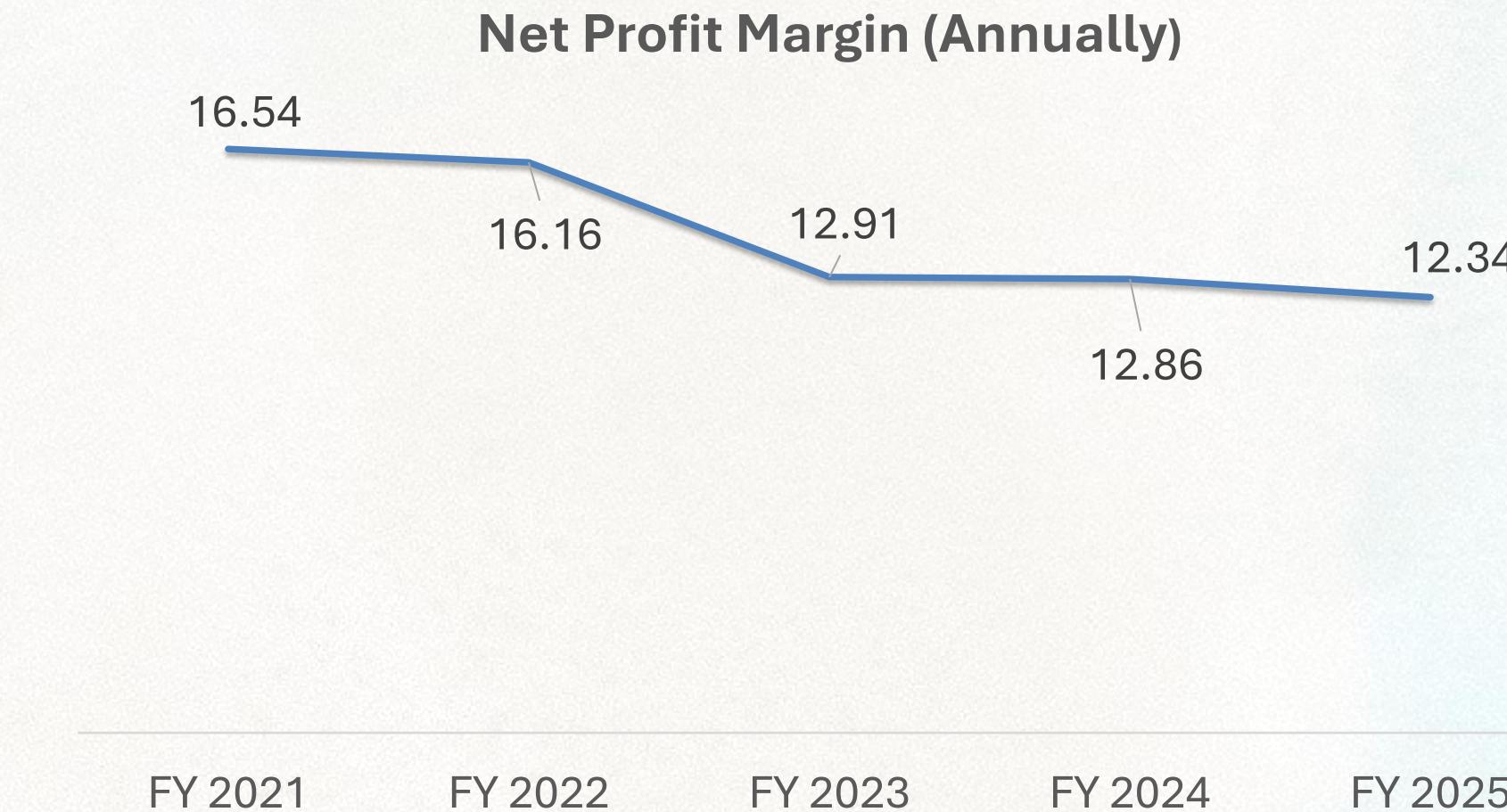


The quarterly revenue growth for the Indian SaaS industry from FY2021 to FY2025 shows modest and somewhat inconsistent gains, ranging from -0.07% to 3.80%. This indicates occasional short-term volatility, due to seasonality, client renewal cycles, or macroeconomic factors affecting enterprise spending in certain quarters. Despite these quarterly fluctuations, annual revenue growth remained strong but showed a clear deceleration: from a robust 21.86% in FY2022 and 18.77% in FY2023, it slowed to 12.05% in FY2024 and further to 6.90% in FY2025.

Indian SaaS companies are excelling globally and domestically by leveraging product leadership, competitive pricing, and strong service quality.

This trend suggests that while the industry experienced rapid expansion and high demand in the immediate post-pandemic years, driven by digital transformation and increased SaaS adoption due to increased work from home, growth rates have begun to normalize as the sector matures. The slowing annual growth may also reflect market saturation, increased competition, and a higher base effect, as well as a shift in customer focus from new adoption to optimization and consolidation of existing SaaS solutions. Overall, the data points to a transition from hyper-growth to a more sustainable, mature growth phase for the Indian SaaS industry.

Valuation Ratios



The net profit margin for the Indian SaaS industry declined both quarterly (from 13.29% to 11.99%) and annually (from 16.54% to 12.34%) between 2021 and 2025. This downward trend is mainly due to rising competition, increased customer acquisition and retention costs, and pricing pressures as the market matures and growth rates slow.

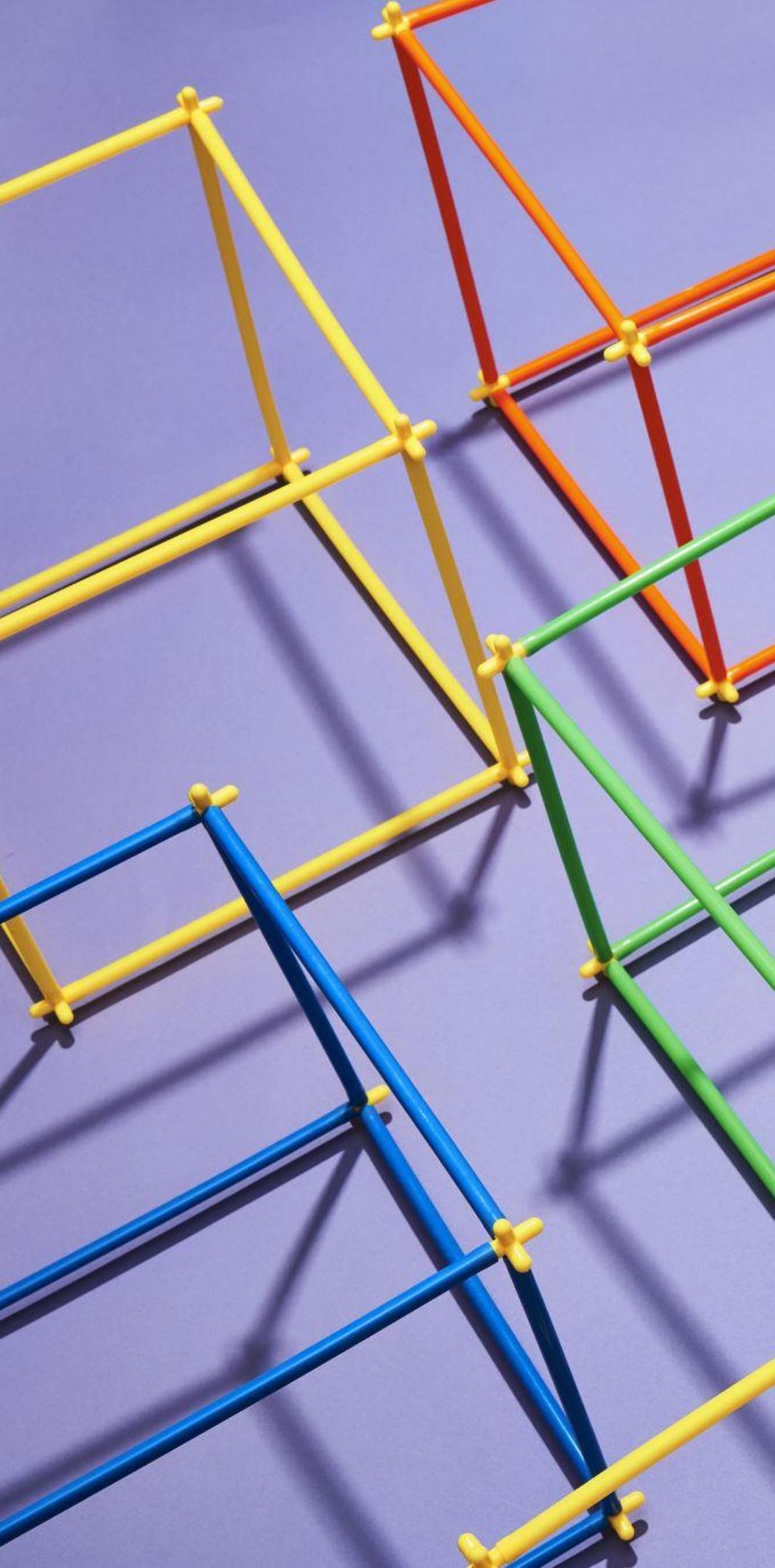
Additionally, the sector faced a funding slowdown and investor scrutiny on profitability, leading companies to invest more in product development and operational efficiency, which temporarily squeezed margins. As the industry shifted from a phase of rapid expansion to sustainable growth, maintaining high profitability became more challenging despite overall revenue growth and market opportunity.

Data Sources and Credits

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LTI Mindtree	Oracle Fin. Serv.
TCS	C.E. Info Systems
Infosys	Happiest Minds
HCL Technologies	Intellect Design Arena
Wipro	Birlasoft
Tech Mahindra	Tanla Platforms
Persistent Sys	Newgen Software Technologies
Coforge	IRIS Business Services
Mphasis	Quick Heal Technologies Ltd
Zensar Tech	Tata Elxsi



Key Contributors:



Ved Bajoria



Priyal Patwari



Saket Agarwal



Vikash Goel

Omnifin Solutions

Diamond Arcade, 313, 68 Jessore Road, Kolkata 700055
Signet Tower #1401, DN-2, Salt Lake Sector V, Kolkata 700091
Kolkata | Gurugram | Mumbai | Bangalore | Hyderabad

For custom insights and valuation related queries

Contact: +91 88 2000 1234
Email: contact@omnifinsolutions.com
www.omnifin.in

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