

Accel's \$650 mn India fund to focus on AI, fintech startups

Company to target consumer brands and manufacturing themes as well

PEERZADA ABRAR
Bengaluru, 5 January



Our 'prepared mind' approach identifies thematic areas that hold significant potential for the next decade and beyond, said Barath Shankar Subramanian (top), partner at Accel. Continuity of our team allows us to capture opportunities, said Abhinav Chaturvedi (above), partner, Accel

Venture capital (VC) firm Accel has said its latest \$650 million fund, its eighth in India and Southeast Asia, will focus on partnering early-stage founders to build disruptive and category-defining businesses.

With this fund, Accel, which has backed startups like Flipkart and Swiggy, will continue to partner founders in artificial intelligence (AI), consumer brands, fintech, and manufacturing.

The firm has identified sub-categories of focus within each of these themes.

This includes "Enterprise AI" or platforms that enable enterprise AI use cases using agentic technologies, LLMs (large language models), and SLMs (small language models). There is also "Services-as-Software", where AI startups take advantage of India's large information-technology services capabilities to provide better automation offers, and Vertical AI, where startups take advantage of India's large AI talent pool to integrate AI in vertical specific use cases.

In the area of consumer brands, Accel will focus on "Bharat", where startups cater to the top 30 per cent of households in India's Tier-II+ regions. It also includes "India Native" (firms catering to the increasing demand by Indian consumers for higher service), and "aspirational brands", where companies aim to capitalise on the increasing discretionary spending of India's consumption-first Gen Z demographic.

"We continue to adopt a 'prepared mind' approach, which emphasises identifying thematic areas that hold significant potential for the next decade and beyond. This involves developing detailed investment theses around opportunities we believe will be impactful, both within India's domestic market and for global markets," said Barath Shankar Subramanian, partner at Accel, in an interview.

"We maintain a founder-first approach. Around 80 per cent of our investment has been as the first check into companies, and we will continue supporting founders from the very

beginning. Additionally, we leverage our global platform to collaborate with our colleagues in London and Silicon Valley," said Subramanian.

Industry 5.0

In financial technology (fintech), Accel's new fund will focus on wealth-management companies which cater to affluent consumers seeking personalised wealth advisory services through digital chan-

nels. It would also invest in "fintech infrastructure", where companies bring banks and fintechs together to enable best-in-class digital experiences for consumers and businesses.

Accel will also back "digital distribution" startups that accelerate the distribution of financial products by leveraging India's digital public infrastructure.

In manufacturing, Accel will assist companies catering to global demand for diversified supply chains. It will also invest in "India Native", and Industry 5.0, where companies use next-gen digital technologies transforming every factory floor leading to more efficient operations, higher-quality output, and sustainability.

"One of our unique strengths is the continuity of our team. We've had no major disruptions, and we've successfully built and grown talent from within," said Abhinav Chaturvedi, partner at Accel, in an interview. "This continuity allows us to capture opportunities in the Indian market effectively. We have a strong pool of younger talent coming up, and we're very excited about being the most preferred partner for founders in the next decade as well," said Chaturvedi.

\$8 trillion economy

Accel said India's gross domestic product (GDP) per capita was projected to rise 60 per cent from \$2,700 in 2024 to \$4,300 by 2029. The firm said investment in public and digital infrastructure was anticipated to deliver sustained long-term economic growth.

"We believe India is on track to become an \$8 trillion economy over the next decade. Currently, digital and technology-led companies, including those backed by venture capital, account for approximately 5 per cent of the market cap in public markets," said Subramanian.

Prayank Swaroop, partner at Accel, said: "Digital adoption is accelerating across urban and rural India, and founders are poised to solve real-world challenges and create solutions of global relevance."

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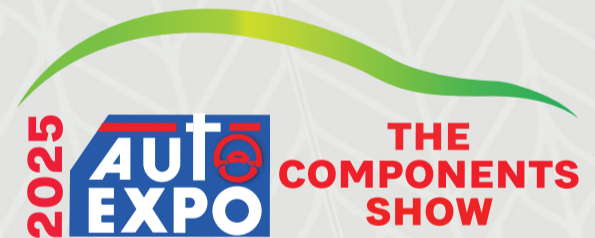


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