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INDIA'S SPACE INVESTMENT OUTLOOK FOR 2026

Assessing Investment Readiness and Market Potential



TEASER REPORT

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Executive summary

India's space sector has reached an inflexion point. In just a few years, it has expanded from a narrow**,** Indian Space Research Organisation (ISRO)-dependent base into a full-stack ecosystem of over 400 private enterprises. This spans launch, satellites, propulsion, Earth observation, communications and a fast-growing downstream of data and intelligence services. The policy foundation of the Indian Space Policy 2023, Foreign Direct Investment (FDI) liberalisation, Indian National Space Promotion and Authorisation Centre (IN-SPACe) as a single-window enabler, Goods and Service Tax (GST) rationalisation, customs duty exemptions and a forthcoming Space Activities Bill, is largely in place. The country aims to build a US$44 billion space economy by 2033.[1]

Capital is now being pumped into the sector as well. Over US$500 million has flowed into Indian space startups.[2] The sector has produced its first unicorn, and the investor base has broadened from a handful of Deeptech Venture Capitalists (VCs) to sovereign wealth funds, global asset managers and strategic corporates. New public instruments, including the INR1,000 crore IN-SPACe venture fund and the Research, Development and Innovation (RDI) patient-capital channel, are adding the long-horizon capital the sector needs. Yet India still attracts only about 1.3 percent of global space venture capital, leaving substantial headroom.[3]

One of the major challenges faced in this sector is demand and commercialisation. Most leading companies sit at the cusp of proven technology and proven business, the so-called "valley of death".[4] Crossing it depends on the ecosystem providing patient capital, risk-sharing and insurance, shared testing infrastructure, knowledge transfer, sovereign launch capability and anchored government demand.

The encouraging signal is that movement is already underway on every front: state-level space policies, expanding infrastructure, such as common technical facilities, the Polar Satellite Launch Vehicle (PSLV) and Small Satellite Launch Vehicle (SSLV) being handed over to industry and defence and strategic programmes anchoring demand. The companies that cross first will define the next decade of Indian space , and, for the first time, the scaffolding to help them across is being built in real time.

This teaser presents early, directional signals ahead of the comprehensive report, which will draw on primary stakeholder interactions to deliver a deeper, evidence-based assessment.

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[1] *India's space economy currently valued at ~$8.4 billion. Press Information Bureau, Government of India (PRID 2220433); IN—SPACe Decadal Vision*

[2] *More than 300 space start—ups are active in India. Department of Space, Parliamentary Question: Space Start—ups in India, Press Information Bureau, Government of India (PRID 2226234), 11 February 2026.*

[3] *Indian spacetech companies have attracted only around 1.3% of global space venture capital despite the country's growing space economy, estimated at approximately $13 billion. Business Today, "Can India's $13 billion spacetech sector truly scale with just 1.3% of global capital?", Palak Agarwal, 24 May 2026.*

[4] *Deep—tech innovation is emerging as a critical driver of economic competitiveness, defence preparedness and national resilience. Invest India, Deep Tech & National Security, Anagh Singh and Ankita Sharma, 2023.*

Chapter 1: India's space ecosystem: Where do things stand today?

1.1 The ambition is set

India has set bold targets: a US$44 billion space economy by 2033, a 10 percent share of the global market and a fully self-reliant space industrial base. The policy scaffolding is in place: Indian Space Policy 2023, FDI liberalisation (up to 100 percent in key segments), IN-SPACe as a single-window enabler and an INR1,000 crore government venture fund. That much is well established.[1]

The real question is: how far is the ecosystem from turning that ambition into real capability?

The answer, as of mid-2026, is being remarkable in breadth and increasingly deep in technological capability.

1.2 The ecosystem has widened: From a handful to full-stack

Three years ago, India's private space sector was a narrow band with a few launch vehicle startups, some multispectral Earth observation plays and a thin downstream layer serving agriculture and insurance. The upstream was almost entirely ISRO-dependent.

However, over the last few years, India has witnessed one of the fastest expansions in any deep-tech sector, making "breadth" the real story. Over 400 private space enterprises[5] are now active across the full spectrum of space technology.

India is no longer building one slice of space. Today, the ecosystem spans launch, satellite platforms, propulsion, earth observation, communications, navigation, in-space servicing, near-space platforms and space-grade electronics, feeding a fast-maturing downstream of analysis-ready data, decision intelligence and earth-intelligence infrastructure.

It is a vibrant ecosystem advancing in every direction of modern space technology.

1.2.1 Upstream: Where hardware meets orbit[6]

Non—Exhaustive list intended for teaser

Capability Area	What's Being Built	Key Players
Launch vehicles (LEO/SSO)	Small satellite launchers, semi-cryogenic engines, 3D-printed propulsion	Skyroot Aerospace[7], Agnikul Cosmos[8]
Satellite platforms/Bus	Mission-as-a-service satellite buses and full-stack small-sat platforms	XDLINX Space Labs[9], Dhruva Space[10]
Earth observation (Optical + SAR)	Hyperspectral constellations, EO+SAR fusion, hi-res optical payloads, maritime SAR	Pixxel[11], GalaxEye[12], KaleidEO[13], PierSight[14]

[5] *India hosts over 400 private space start—ups, which have collectively attracted more than $500 million in investment. Department of Space; IN—SPACe Decadal Vision; The Hindu Business Line, "Over 400 private space start—ups in India, over $500 m invested", June 2025.*

[6] *India's economic growth strategy increasingly emphasises high—technology sectors, including space, as drivers of innovation, competitiveness and long—term value creation. Economic Survey 2025—26, Government of India, January 2026.*

7 TechCrunch, "India's First Space-Tech Unicorn Emerges as Skyroot Gears Up for Orbital Launch", Jagmeet Singh (May 2026)

[8] *The Times of India, "IIT Madras-Incubated Agnikul Launches World's First 3D-Printed Semi-Cryogenic Rocket Engine", Surendra Singh (May 2024); NITI Aayog.*

[9] *Devdiscourse, "XDLINX Space Labs Announces In-Orbit Qualification of Indigenous Micro-Satellite Platform"; XDLINX Space Labs Company Website.*

[10] *Dhruva Space Press Releases; Dhruva Space Company Website.*

[11] *Pixxel, "Pixxel Raises $24 Million in Additional Funding, Taking Its Total Series B Raise to $60 Million" (December 2024).*

[12] *GalaxEye Company Website; SatNews, "GalaxEye Successfully Launches Mission Drishti OptoSAR Satellite" (May 2026).*

[13] *KaleidEO Company Website; Geospatial World.*

[14] *PierSight, Varuna Mission; CNBC-TV18, "Spacetech Startup PierSight Unveils Varuna Satellite for Maritime Surveillance".*

HTS communication satellites	Ka-band GEO satellites with 100+ Gbps capacity	Ananth Technologies (AnanthSat-1)[15]
Space situational awareness	Space-based surveillance, debris tracking and missile detection	Digantara[16]
Propulsion and orbital transfer	Green propulsion, electric propulsion, orbital transfer vehicles for multi-orbit delivery	Manastu Space[17], Bellatrix Aerospace (Pushpak OTV)[18]
In-space servicing and manufacturing	Satellite life-extension, OTVs, reusable re-entry vehicles for microgravity manufacturing	InspeCity[19], Inbound Aerospace[20]
VLEO platforms	Very Low Earth Orbit satellites for high-resolution, low-latency applications	Bellatrix (targeting 2027-28 launch)
LEO-based PNT	Private GPS constellation for centimetre-level positioning	VyomIC[21], Sanyark Space[22]
Near-space / HAPS	Stratospheric super-pressure balloons for telecom, ISR, disaster monitoring	Red Balloon Aerospace[23]
Space-grade semiconductors	Radiation-hardened processors designed domestically	IIT Madras (IRIS chip)[24]

1.2.2 Midstream: The connective tissue[5]

Capability area	What's emerging	Key players
Optical inter-satellite links	Laser communication for high-speed space-to-space and space-to-ground data transfer	Astrogate Labs[25], Digantara
Ground segment networks	Private ground station infrastructure, moving beyond ISRO dependency	Dhruva Space
Space communications (mm Wave / E-band)	Millimetre-wave/E-band backhaul and satcom for connectivity	Astrome[26]
AI-driven data processing	On-board and ground-based intelligence extraction from satellite data	Hyspace/SkyServe[27]

1.2.3 Downstream: From data to decision[5]

Capability area	What's emerging	Key players
Analysis-ready data products	Turning raw satellite captures into calibrated, analysis-ready hyperspectral and optical data products	Pixxel, Azista[28]
Geospatial analytics & decision intelligence	AI-powered insights from EO data across agriculture, banking, infrastructure and climate	SatSure[29]

[15] *Ananth Technologies, Satcom Broadband Services; The Economic Times, "Ananth Tech to Offer Satcom via Desi Satellites" (July 2025).*
[16] *TechCrunch, "India's Digantara Raises $50 Million for Space-Based Missile Defence Technology" (December 2025); Reuters.*
[17] *India Today, "Manastu Space Delivers Green Propulsion System for Satellites to DRDO" (December 2024); The Financial Express.*
[18] *The Economic Times, "ISRO Onboards Pushpak for Faster, Cheaper Satellite Placement" (October 2024); Bellatrix Aerospace, Pushpak Orbital Transfer Vehicle (OTV).*
[19] *The Economic Times, "IIT Bombay-Incubated Spacetech Startup InspeCity Secures $5.6 Million in Seed Funding" (May 2025); InspeCity Company Website.*
[20] *Entrepreneur India, "Inbound Aerospace and BharatSure Raise Early-Stage Funding" (2025); The Economic Times.*
[21] *Livemint, "Space Start-Up Plans to Build India's First Private GPS Constellation"; Aerodome Technologies (VyomIC) Company Website.*
[22] *The Tribune, "AUM Ventures Invests USD 500K in Sanyark Space as Its First Investment from Its India DeepSpark Deeptech Initiative"; AUM Ventures Press Release.*
[23] *Business Standard, "Red Balloon Aerospace Launches India's First Domestic Super-Pressure Platform" (May 2026); India Today.*
[24] *IIT Madras; NITI Aayog Frontier Tech Hub, IRIS Radiation-Hardened Space-Grade Semiconductor and SHAKTI Processor Coverage.*
[25] *The Indian Express, "The Startup Building Optical Communication Systems for Satellites" (November 2022); The Economic Times.*
[26] *NITI Aayog Frontier Tech Hub; The Times of India, "IISc Startup Deploys India's First Desi Tech for Rural 4G/5G Under BharatNet" (December 2022).*
[27] *SkyServe Company Website; SatNow, "SkyServe Partners with Loft Orbital to Deploy Its AI Edge Computing Platform on YAM-6".*
[28] *Business Today, "Azista Space Images International Space Station in Orbit, Boosts India's Space Watch Capabilities" (February 2026); WIONews; Azista BST Aerospace Company Website.*
[29] *SatSure Company Website.*

Earth intelligence / Geo-AI foundation layer	A reusable, multimodal intelligence backbone, fusing Optical, SAR, LiDAR and Weather, with temporal memory and reusable geo-embeddings, so that models do not "relearn Earth" each time	SatSure (Dhaarini)
Earth observation-as-a-service (EOaaS)	End-to-end managed services, from tasking satellites to delivering sector-specific insights on subscription	SatSure + Dhruva Space[30]
Defence and national security intelligence	Fused satellite imagery and signal/Radio Frequency (RF) intelligence for intelligence and security users (proven during Operation Sindoor)	Kawa Space[31]
Space-based computing	Orbital edge computing and AI compute/data-centre concepts in orbit	TakeMe2Space[32]

1.3 India's industrial base climbs the value chain

One of the most significant and underreported shifts in India's space ecosystem is happening across the established industrial base that has served the national space programme for decades.

The pattern is clear. For 40 years, Indian companies. from small machine shops to large engineering houses, sat firmly in the supplier tier, building to ISRO's drawings, delivering components and subsystems and depending on ISRO's order books. Today, that same base is climbing the value chain, from making parts of satellites and rockets to building, integrating and even owning entire systems. The government is no longer just buying components from industry; it is handing industry the keys to flagship national assets.

This is playing out at two very different scales: the Micro, Small and Medium Enterprises of India (MSMEs) that grew up as ISRO's subsystem suppliers, and the large industrial and defence majors are now taking ownership of complete launch vehicles and strategic satellite programmes.

1.3.1 MSMEs: From subsystem suppliers to system integrators[33]

Non—Exhaustive list intended for teaser

Company	Then	Now
Ananth Technologies	Electronic subsystems supplier to ISRO	Building India's first private GEO HTS satellite (AnanthSat-1, 100+ Gbps); performed complete Assembly, Integration & Testing (AIT) of GalaxEye's Drishti satellite; developing navigation systems[34]
Centum Electronics	PCB and microelectronics supplier (50+ component varieties for ISRO)	Space-grade electronic subsystems, selected by Thales for PCB manufacturing, partner in the national strategic satellite programme[35]
Alpha Design Technologies	Electronic warfare systems	Satellite systems integration; building strategic satellites on compressed timelines

[30] *PR Newswire, "SatSure and Dhruva Space Forge Strategic Alliance to Deliver End-to-End Earth Observation-as-a-Service (EOaaS) Solutions" (June 2025).*
[31] *News18, "In Fog of Conflict, Proof Is Power: Start-Up Founder Whose Satellite Images Proved Pakistan Air Bases Hit" (2025).*
[32] *The Economic Times, "TakeMe2Space Raises $5 Million Led by Chiratae Ventures" (December 2024); Entrepreneur India.*
[33] *India is accelerating the development of a space—based intelligence, surveillance and reconnaissance (ISR) architecture through a proposed ₹25,000 crore (~US$3 billion) satellite programme. Livemint, "India fast—tracks $3—billion spy satellite scheme", May 2025; News18, May 2025.*
[34] *Livemint, "Satellite-Based Surveillance: Ananth Technologies, Centum Electronics and Alpha Design Technologies to Support Strategic Satellite Programme" (May 2025); Moneycontrol.*
[35] *Livemint, Centum Electronics Strategic Satellite Programme (SBS-III) Coverage (May 2025); Centum Electronics Company Disclosures.*

The clearest signal is the national strategic satellite programme, Space-Based Surveillance III, an INR22,500 crore effort to build 52 defence and surveillance satellites, which has tasked both the national space agency and private enterprises with building strategic satellites on sharply compressed timelines.[36] The signal is loud and clear : The Government of India is now trusting private industry not just with components, but with sovereign, security-critical assets.

1.3.2 The large players taking ownership of flagship systems

At the other end of the spectrum, India's large industrial and defence majors are making a different - and arguably bigger leap from manufacturing partners to owners and operators of complete launch systems.

- Hindustan Aeronautics Limited (HAL) and Larsen & Toubro (L&T): Building the PSLV end-to-end. For the first time, an entire Indian launch vehicle is being realised by industry rather than ISRO. The HAL–L&T consortium, contracted to produce PSLV-XL rockets, has built India's first fully industry-made PSLV, with its maiden commercial flight expected around early 2026.[37]
- HAL: Acquiring the SSLV through technology transfer. In a landmark ~INR511 crore deal (2025), HAL won the full transfer of ISRO's SSLV technology, a licence covering design, manufacturing, integration, launch operations and post-flight support. It is the first time an entire Indian launch vehicle has been handed to industry to own and operate.[38]

Taken together, these two shifts mean India is not just producing a handful of well-funded startups with novel Internet Protocol (IP) Address, it is developing a deep, multi-tier industrial base capable of manufacturing and integrating at scale. That industrial depth is what de-risks the ecosystem. Startups bring innovation, while the MSME and large-player base brings the manufacturing capacity, flight heritage and credibility to deliver it on a national scale.

1.4 Major achievements[39]

The last 12–18 months have produced a cluster of milestones that would have been unthinkable even half a decade back. These are not merely theoretical. These are hardware in orbit, engines firing and contracts signed:

Non—Exhaustive list intended for teaser

Achievement	Company	Significance
India's first space-tech unicorn	Skyroot Aerospace ($1.1B valuation, May 2026)	Sector maturation signal; Vikram-1 orbital launch imminent
World-first OptoSAR satellite launched	GalaxEye (Mission Drishti, 190 kg, via SpaceX)	Fused electro-optical + SAR imaging - a global first; defence and commercial applications
Multi-satellite hyperspectral constellation deployed	Pixxel (Fireflies)	Commercial-grade, 5m resolution, daily revisit; . NASA (CSDA programme), the US NRO
First private GEO HTS satellite announced	Ananth Technologies (AnanthSat-1)	100+ Gbps capacity - more than all existing Indian satellite systems combined; 2028 launch
World's first single-piece 3D-printed rocket engine	Agnikul Cosmos	Revolutionary manufacturing approach; $500M valuation

[36] *The Times of India, "3 Pvt Firms Shortlisted for Surveillance Satellites for Strategic Needs" (January 2025); Cabinet Committee on Security (CCS) Approval Coverage.*
[37] *Business Standard, "ISRO-to-Industry Tech Transfers Fueling Private Sector's Orbital Lift-Off" (July 2025); The Economic Times.*
[38] *The Economic Times, "HAL Bags Rs 511 Crore Deal to Acquire ISRO's SSLV Rocket Technology" (June 2025); Business Standard.*
[39] *Source: Company Announcements; TechCrunch (May 2026); The Economic Times; India Today; IDRW (2025—26)]*

India's first private near-space platform	Red Balloon Aerospace (VISTA)	Concept to commercial flight in 8 months; stratospheric operations at 25 km
Space surveillance satellite deployed	Digantara	Extending from SSA into missile tracking; $200M valuation
NSIL contract for orbital transfer vehicle	Bellatrix Aerospace (Pushpak OTV)	Private propulsion company integrated into national launch architecture
Private LEO PNT constellation planned	VyomIC, Sanyark	India's first private GPS-alternative; centimetre-level precision

1.5 The maturity from development to the valley of death

The ecosystem's progression over the last three to four years follows a clear maturity curve:

Ideation → Development → Prototype → Tech demo → valley of death→ Commercialisation → Scaling up

Most Indian space companies have now arrived at the same pivotal point - the transition from proven technology to proven business.

How far has the ecosystem moved?

- Multiple companies have progressed from concept to technology demonstration (Eg: Agnikul engine tests, Skyroot's sub-orbital flight).
- Several have reached deployment - satellites in orbit actively generating data (Pixxel, Azista, Anath Technologies, GalaxEye, Digantara etc.).
- A few are already at the edge of commercialisation (Eg: Pixxel, GalaxEye, Bellatrix, Digantara etc.).

The transition is now underway. The move from demonstration to durable commercial business - often called the "valley of death" in deep-tech, is the hardest stretch of the journey anywhere in the world. In space, it is especially demanding, and is at the stage India's leading companies are now entering. It sits across four transitions:

- Tech demonstration → commercial viability- one satellite works; can you build 18?
- First customer → recurring revenue- a marquee contract is a strong start; the next step is a steady pipeline
- Prototype → manufacturing at scale- 3D-printing one engine is innovation; producing 50 a year is industrialisation.
- Government grant → self-sustaining model- early grants prove the technology; the next phase is standing on commercial revenue.

Companies funded in the 2020–2022 wave, now five to seven years old, are reaching this transition together. The technology works. The opportunity ahead is converting that proven capability into scaled, revenue-generating businesses, and the ecosystem's task is to provide the capital, demand and infrastructure that make the crossing faster and surer.

1.6 What's next?

Take stock of where India stands:

- Startups and companies: 400+ across the full value chain
- Policy framework: Indian Space Policy 2023, FDI liberalised, Space Bill finalised, IN-SPACe operational

- Spectrum and connectivity: Telecommunications Act 2023, enabling administrative (non-auction) allocation of satellite spectrum, in line with global practice
- Government support: INR1,000 crore VC fund, customs duty removal, CTFs approved
- Early-stage funding: US$500M+ invested, first unicorn achieved
- Deeptech R&D push: INR2,000+ crore approved under the R&D Initiative (RDI) via the Technology Development Board (TDB), supporting deeptech sectors including spacetech, drones and allied technologies
- Technology proof points: Satellites in orbit, engines tested, global firsts achieved
- MSME industrial base: Evolving from suppliers to system integrators

What's missing is the next phase: converting this momentum into revenue generation, recurring demand, scaled operations and socioeconomic impact. The ecosystem has been built. The launchpad is ready. The question now is about fuel which is the right kind of capital, at the right scale with the right amount of patience. **That's where the investment story begins.**

Chapter 2: Investment momentum: Early signals from the market

2.1 The full funding ecosystem: Not just VCs[40]

The narrative around space funding in India often defaults to VC headlines. But the reality is more layered. Indian space startups are funded through a patchwork of capital sources, each playing a different role at different stages:

Non-exhaustive list intended for teaser report

Source	What it provides	Scale
iDEX (DISC challenges)	Grants for space for defence-relevant prototypes	Up to ~US$0.18M per startup
ADITI scheme	Grants for critical/strategic defence technologies	Up to ~US$3M (50% of PDB)
IN-SPACe support	Incubation, authorisation, ecosystem access	Non-financial + facilitation
Rs 1,000 Cr space VC fund	Government-backed venture capital (SIDBI-managed)	~US$120M corpus; ~US$18–29M/year (starting FY27)
Angel/Board rounds	Early believers - founders' networks, HNIs	US$0.5M–5M
Seed/Pre-series A	First institutional capital	US$1M–5M
Series A	Product development, team scaling	US$5M–15M
Series B	Tech demonstration, first deployments	US$20M–60M
Series C/Growth	Scale manufacturing, commercial operations	US$50M–100M+
Structured debt	Non-dilutive capital for asset-heavy builds	Emerging
Corporate strategic	Strategic positioning, data access, supply chain integration	US$10M–100M
Internal/Bootstrapped	Self-funded by established companies	

The key insight: No single source is sufficient. A space startup's journey from ideation to revenue requires navigating across multiple capital types, from a ~US$0.18M iDEX grant to a US$60M Series C with gaps at every transition.

2.2 A new public capital channel: The RDI scheme[41]

A significant addition to this stack is the RDI[42] scheme, which is a ~US$12 billion (INR1 lakh crore) corpus approved in July 2025 and operationalised in November 2025 to channel public capital into private-sector deep-tech R&D. The Technology Development Board (TDB)[43] has been allotted ~US$235 million (INR2,000 crore) as patient capital, acting as a second-level fund manager for sectors including spacetech, drones and biotech.

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[40] Table #: 'Title of the table' [Source: Ministry of Defence (iDEX, ADITI); Press Information Bureau, Government of India; The Economic Times; VCCircle (2024—26).]

[41] Source: Ministry of Science & Technology, Parliamentary Question: Operationalisation of Deep Tech Fund of Funds, Press Information Bureau, Government of India (PRID 2226469), 11 February 2026.
The Economic Times, "TDB Kicks Off RDI Fund Disbursal, Backs Startups Across Space, Drones, Biotech" (May 2026).
The Economic Times, "Dhruva Space Gets Rs 105 Crore from Centre for Developing Satellite Platform" (May 2026).
India Today, "Centre to Support Agnikul Cosmos in Developing Agnibaan Rocket" (December 2024).

[42] Press Information Bureau, Government of India, Research Development and Innovation (RDI) Scheme, Approved on 1 July 2025 (PRID 2226469).

[43] The Economic Times, "TDB Kicks Off RDI Fund Disbursal, Backs Startups Across Space, Drones, Biotech" (May 2026).

- Dhruva Space received ~US$12 million (INR105 crore) under the RDI Fund's first cohort (May 2026) for Project Garud, a standardised 500 kg-class satellite platform for high-volume constellation deployment[44]
- Agnikul Cosmos secured early TDB backing (December 2024) for its Agnibaan modular launch vehicle, under TDB's regular technology development scheme, distinct from the new RDI fund

The RDI scheme signals increasing alignment of public capital with private space capabilities and introduces a non-dilutive, patient-capital instrument that did not exist 18 months ago.

2.3 Funding momentum[45]

The media headlines says that over US$500 million has flowed into India's private space startups to date. In 2025 alone, the ecosystem attracted US$120–150 million in fresh capital.

However, the context is that India receives only 1.3 percent of global space VC despite having a US$8.4 billion space sector and 400+ companies. Globally, space VC hit a record in 2025, surpassing the 2021 peak, with 77 percent of capital coming from venture investors. India is massively under-indexed.[46]

2.4 Marquee deals that define the trajectory[47]

Non—Exhaustive list intended for teaser

Company	Total raised	Latest round	Key investors	Valuation
Skyroot Aerospace	US$160M	Series C ($60M, May 2026)	GIC, Sherpalo Ventures, BlackRock	US$1.1B (Unicorn)[48]
Digantara	US$50M+	Two rounds in 12 months	Reliance, 360 ONE, SBI Japan, Peak XV, Kalaari	~US$200M[49]
Pixxel	US$95M	Latest round (GIC)	Google, Radical Ventures, Lightspeed, M&G Catalyst, GIC	~US$400M pre/US$480–500M post[50]
Agnikul Cosmos	US$50M+	Series C in progress	Celesta Capital, Rocketship.vc	US$500M
GalaxEye	US$20M+	Multiple rounds	Infosys, others	~US$50M
Bellatrix Aerospace	US$20M	Pre-Series B	Cactus Partners	-

Trends emerging: Deal sizes are growing - from US$11M (Skyroot Series A, 2021) to US$60M (Skyroot Series C, 2026). Later-stage rounds are appearing for the first time. New capital types are entering sovereign wealth (GIC), structured debt (BlackRock) and corporate strategy (Reliance). However, concentration risk remains. The top five companies hold the majority of total sector funding.

2.5 Segment-wise capital intensity[51]

Not all space segments demand the same capital to reach commercial scale. The intensity hierarchy runs broadly as follows:

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[44] *The Economic Times, "Dhruva Space Gets Rs 105 Crore from Centre for Developing Satellite Platform" (May 2026); Dhruva Space Company Announcements.*

[45] *Source: India's space economy is valued at approximately US$8.4 billion, accounting for nearly 2% of the global space market. The Hindu Business Line (June 2025; May 2026); IN—SPACe Decadal Vision; Government of India.*

[46] *Source: Reuters, "Space Sector Eyes Further Investment Growth in 2026 After Record Year", Akash Sriram (19 January 2026).*

[47] *Source: Compiled from TechCrunch; Reuters; The Economic Times; VCCircle; CB Insights; PitchBook Company Profiles (2024—26).*

[48] *TechCrunch, "India's First Space-Tech Unicorn Emerges as Skyroot Gears Up for Orbital Launch" (May 2026); Reuters.*

[49] *Reuters, "India's Digantara Raises $50 Million to Boost Space Surveillance Push" (December 2025); YourStory.*

[50] *Pixxel, "Pixxel Raises $24 Million in Additional Funding, Taking Its Total Series B Raise to $60 Million" (December 2024); CNBC-TV18.*

51 Source: Deloitte analysis based on disclosed funding rounds and segment economics (2024—26)

Launch vehicles > Satellites > Ground systems > Data & analytics

A launch company may deploy US$50–150 million across multiple attempts before its first commercial flight. Satellites span a wide range: a complex, high-throughput or surveillance-grade satellite can cost more than a launch vehicle programme itself, while smaller platforms are far more economical. Ground systems require steady but more modest capital. At the downstream end, data and analytics players are the most capital-efficient of all, reaching revenue quickly on lean capital, with software-like margins and faster paths to profitability and Return on Investment (ROI).

This hierarchy explains why launch and satellite plays dominate the marquee deals, with capital naturally concentrating at the top. It also points to a significant opportunity: the asset-light downstream segments, which can generate strong returns on comparatively modest capital, remaining under-tapped relative to their revenue potential, an attractive entry point for investors seeking quicker, capital-efficient exposure to the space economy.

2.6 The missing mid-stage capital

Seed and Series A capital are increasingly available; growth and strategic capital are emerging at the top. But the mid-stage, i.e. the capital that carries a company from 'technology proven' to 'commercially scaling', remains thin. It is the financial expression of the 'valley of death'.

The most critical funding gap in India's space ecosystem sits in the US$15 million to US$50 million range, early-growth to Series B band. This is precisely where companies need capital to scale hardware and manufacturing, but before recurring revenue visibility is established.

2.7 Investor categories[52]

The investor base has diversified significantly in 24 months:

Non—Exhaustive list intended for teaser

Category	Key Players	What They Bring
Domestic Deeptech VCs	Speciale Invest, Kalaari (deeptech fund planned), Blue Ashva, etc.	Domain expertise, patient capital, ecosystem connections
Domestic generalist VCs	Peak XV, Blume, 3one4, Artha etc.	Large fund sizes, brand credibility, but SaaS-trained expectations
Global VCs & Strategic investors	Lightspeed, Radical Ventures, Celesta Capital, Rocketship.vc, SBI Investment Co. (Japan) etc.	Global networks, US market access, higher risk appetite
Sovereign wealth funds	GIC (Singapore) etc.	Very long horizon, strategic positioning, large cheque sizes
Global asset managers	BlackRock, 360 ONE Asset etc.	Structured debt instruments - new for Indian space
Strategic corporates	Reliance, Infosys, Solar Industries etc.	Patient capital, strategic intent (data access, supply chain, defence)
HNIs/Family offices	Ronnie Screwvala, Greenko Founders, Mukesh Bansal etc.	Early-stage risk appetite, personal conviction bets
Government	~$US120M Space VC Fund (SIDBI), iDEX, ADITI etc.	De-risking early stages, signalling confidence

The shift: Just two years ago, Indian space was backed almost entirely by a handful of Deeptech-focused VCs and angel investors. Today, sovereign wealth funds, global asset managers and strategic

[52] *Source: Compiled from funding announcements and investor disclosures; Economic Times; VCCircle (2024—26)*

corporates are entering the room, a clear sign that space is now being treated as a serious asset class rather than a speculative moonshot.

2.8 Mapping capital to progress: The Skyroot story[53]

The most instructive way to understand how funding and technology development interact in Indian space is to trace the journey of a single company, Skyroot:

Year	Tech Milestone	Funding Event	Capital Source
2018	Founded (ex-ISRO scientists)	Seed: US$1.5M	Solar Industries (defence contractor)
2020	First solid rocket motor tested	Grant (iDEX)	Government
2021	Vikram-S development; Dhawan-1 engine tested	Series A: US$11M + Bridge: US$4.5M	Greenko founders, Solar Industries, Sherpalo Ventures
2022	PRARAMBH - India's first private rocket launch (sub-orbital)	Series B: US$51M (largest Indian spacetech round)	GIC (Singapore SWF), LNM India Internet Ventures
2023	Vikram-I development accelerates; Infinity campus construction	Series B extension: US$27.5M	Temasek, GIC, LNM India
2024-25	Vikram-I integration and testing; ground tests; launch prep	Burn phase, no new round)	Internal capital deployment
2026	Vikram-I orbital launch imminent; Infinity campus operational; target 1 rocket/month	Series C: US$60M + US$10M structured debt. Valuation: US$1.1B (UNICORN)	GIC, Sherpalo, BlackRock

What this timeline reveals:

- Capital followed milestones. Each funding round came after a technical proof point
- Most space companies globally take 8–12 years to reach meaningful revenue scale: India is currently in years 4–7 of that cycle.
- Investor sophistication escalated with stage. From a defence contractor at seed to a sovereign wealth at Series B to global asset managers at Series C
- The 2024–25 gap is telling. Two years with no new round despite active development. This is the burn phase where investor patience is tested.
- 8 years, US$160M, still pre-revenue, this is the reality of space. The entire US$160M is a bet on future orbital launch capability.
- The next milestone is existential. Vikram-1's orbital launch will either validate eight years of investment or raise hard questions. There is no 'pivot' in rocket science.

The investment momentum is real. US$500M+ deployed, a unicorn achieved, sovereign wealth and global institutions entering. Capital is flowing, deal sizes are growing and the investor base is diversifying. But beneath the headlines, questions remain: Is the capital reaching the right companies at the right stage? Is the ecosystem equipped to handle the inevitable failures that come with space? These questions are explored in Chapter 4.

53 Source: Compiled from Reuters (Sept 2022); VCCircle (Oct 2023); TechCrunch (May 2026); Times of India

Chapter 3: What is driving investor interest in India?

3.1 The evolving thesis behind the "why India" narrative[54]

Investment in Indian space has not been driven by a single, static thesis. The narrative has evolved through four distinct phases, each building on the last, attracting a different kind of capital and each raising the bar for what comes next.

Era	The narrative	What investors were buying
2018–2020	"India is opening up space to private players."	Policy moment + macro thesis. The bet was timing.
2021–2022	"Indian teams can actually build space hardware."	Engineering capability + cost advantage. Engines fired, prototypes built.
2023–2024	"Indian companies are reaching space."	Technology de-risked + institutional validation. Satellites in orbit, global investors entering.
2025–2026	"It works. But where's the revenue?"	Path to commercialisation + demand signals. The question shifted from "can they build it?" to "can they sell it?"

Where we are now: The sector has graduated from a speculative bet to a capability-proven ecosystem. But investor expectations have moved faster than most companies' revenue lines. The narrative today demands commercial traction, and only a handful of Indian space companies can credibly deliver that story.

3.2 What drives the investor at each phase?

Investment conviction in space doesn't form the same way at every stage. The drivers shift fundamentally as a company matures, and so does the type of capital that enters.

3.2.1 Seed stage

At the earliest stage, there is no product, no revenue, often no prototype. What drives the cheque:

- Founder authority:- Early conviction often rested on founders with deep technical pedigree, such as former ISRO scientists or premier institute alumni. That profile is now broadening increasingly; what matters is the strength of the founding team's thesis and its ability to define and own a position in a young market.
- Policy window: With IN-SPACe newly created and the sector freshly opened, being early to a liberalising market is a once-in-a-decade opportunity.
- First-mover scarcity: only a few teams in India are pursuing private launch, EO or SSA. Early backers secure a position that won't be available later.
- Asymmetric upside: A US$2–5million cheque for a stake in what could become a billion-dollar company. The downside is capped; the upside is unbounded.
- Global precedent: SpaceX showed the model can work, scaling to a ~US$1.75 trillion valuation. The category is no longer unproven.

Who invests: Angels, HNIs, defence-sector corporates and early deeptech VCs.

[54] *Source: Deloitte analysis based on funding timelines and investor disclosures (2018—2026)*

3.2.2 Series A

The company has a working prototype - an engine has fired; a sensor has produced data. What drives the cheque:

- Technical milestone achieved: The physics works; this is no longer theoretical.
- IP and differentiation forming: Patents filed, proprietary processes, a distinctive approach (Agnikul' s single-piece 3D-printed engine, GalaxEye's sensor fusion).
- Team scaling: Growing from a founding handful to 30–50 engineers; hiring velocity signals that top talent believes in the mission.
- Cost-quality advantage: Building what Planet Labs or Rocket Lab built, at a fraction of the cost in India.
- Institutional validation: IN-SPACe authorisation granted, iDEX challenge won, ISRO facility access secured.

Who invests: Deeptech VCs, sector-focused funds and global early-stage VCs.

3.2.3 Series B

Hardware is in orbit, data is flowing, a rocket has reached space. The core technology risk is largely behind the company. What drives the cheque:

- In-orbit demonstration: The hardest part of space (surviving launch, operating in orbit) is proven.
- First customer or contract: A marquee space-agency selection, a defence award or an enterprise contract. Someone is paying.
- Validated by global comparables: Established international players have shown that businesses in this space can scale to substantial recurring revenue; Indian companies can credibly target the same model at a fraction of the cost.
- Strategic investor interest: Entry by large corporates or sovereign-backed capital signals that sophisticated investors see real, durable demand.
- Geopolitical tailwind: India's growing need for sovereign space capability is clear and durable.

Who invests: Larger venture funds, sovereign wealth funds, strategic corporates, global asset managers and allied-nation capital.

3.2.4 Growth/Pre-revenue

Early revenue is building, the unit economics are coming into view, and the company is proving it can scale. What drives the cheque:

- Revenue proof: Even modest recurring revenue changes the conversation. It validates willingness to pay and confirms pricing.
- Unit economics visibility: Cost per satellite, revenue per satellite per year and customer acquisition cost become measurable; investors can now build a real financial model.
- Manufacturing readiness: The company produces at cadence, not artisanally. Scale is credible.
- Platform economics forming: Build the constellation once, then serve many customers at near-zero marginal cost.
- Clear exit pathways: With global peers now public and others heading to IPO, investors can see visible routes to liquidity.

Who invests: Growth-equity and private-equity funds, strategic corporates with long horizons, structured-debt providers and government-backed funds.

3.3 Five themes driving conviction today

Beyond the stage-specific logic, five macro themes are pulling capital into the Indian space right now:

3.3.1 Defence and sovereign demand: The proven buyer[55]

Globally, "anxiety, not curiosity, drives the market." Nations no longer want to subscribe to foreign constellations. They want sovereign capabilities they own and control.

- A ~US$2.6 billion (INR22,500 crore) national strategic satellite programme. 31 satellites to be built with private industry, on timelines compressed from four years to one to one and a half years.
- Defence-tech funding doubled to a record US$247 million in 2025[56]
- iDEX and ADITI are providing grants (roughly US$0.18M–US$3M) for defence-relevant space technology

Why investors care: Defence demand translates into government-backed, visible revenue, among the most de-risked demand in the sector, with a committed buyer.

3.3.2 SATCOM and connectivity as the largest unserved market[57]

- A large unserved and underserved population, with uneven quality and reliability of terrestrial connectivity in remote and rural areas. The gap satellite is uniquely placed to close
- Global proof of the model. Leading Low Earth Orbit (LEO) satellite operators have scaled up to 10M+ subscribers and multi-billion-dollar, fast-growing revenue
- Domestic ambition building: AnanthSat-1 (100+ Gbps HTS capacity) and large corporates exploring multi-billion-dollar LEO satellite ventures

Why investors care: Connectivity combines a massive addressable market, recurring subscription revenue and strong government alignment.

3.3.3 Data and intelligence as the "SaaS of space"[58]

- ICEYE: €250M+ revenue, €100M+ EBITDA, €1.5B backlog, SAR data for defence and insurance[59]
- Planet Labs: ~US$308M revenue, US$900M backlog, 41 percent Q4 growth, daily global imaging subscriptions[60]
- India's satellite-data-services market: ~$495M (2024); geospatial analytics projected to grow from US$5.9 billion to US$19.5 billion by 2034
- Indian momentum: Pixxel's NASA/NRO/IAF contracts; GalaxEye's commercial data rollout beginning shows early signs of success stories from India.[61]

Why investors care: Data businesses layer software-like margins (40–70 percent gross) on top of hardware - build the constellation once, then serve many customers at low marginal cost.

3.3.4 India as a global manufacturing base[62]

- A capacity crunch in the established Western space-industrial base is opening room for new suppliers (e.g. major primes planning multi-fold increases in satellite output)

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[55] *News18; Livemint (May 2025); Business Standard – Tracxn report (January 2026); SatNews (2026)*
[56] *Business Standard, Tracxn Defence Startup Funding Report (January 2026).*
57 CASI, University of Pennsylvania (2025); The Motley Fool / CNBC – SpaceX S—1 analysis (May 2026); Economic Times; India Today (May 2026)
58 ICEYE 2025 financials; Planet Labs investor results (stockanalysis.com); Economic Survey 2025—26; IMARC Group geospatial analytics estimates
[59] *ICEYE, "ICEYE Announces 2025 Financial Results" (2025).*
[60] *Planet Labs, Fiscal 2025 Financial Results and SEC Filing (Form 8-K / Exhibit 99.1, 2025).*
[61] *ICEYE, "ICEYE Announces 2025 Financial Results" (2025); Planet Labs SEC Filings and Financial Disclosures.*
[62] *Exterra JSC, "India's Commercial Space Industrial Base" (May 2026); Reuters (February 2024); Economic Times; India Today (2025—26)*

- India is well positioned: 100% FDI in satellite manufacturing, import duty on space components reduced to 0% and deep, cost-competitive engineering talent
- State-level manufacturing clusters forming in Tamil Nadu, Gujarat, Karnataka, etc.

Why investors care: Manufacturing for global supply chains brings export revenue and dollar earnings and reduces dependence on domestic demand alone. India's accelerated, cost-efficient engineering is the differentiator.

3.3.5 The SpaceX halo effect[63]

- The SpaceX IPO (June 2026, ~US$1.75 trillion valuation) is among the largest in history, putting space firmly on every institutional investor's radar[64]
- Space-focused Exchange-Traded Funds (ETFs) up sharply (65–100 percent YTD); allocators are now asking, "What's our space allocation?"
- Analysts have likened the moment to a "Netscape Moment" for space, the point at which it becomes a serious institutional asset class

Why investors care for India: As global capital flows into space, it seeks the next frontier. With 400+ companies, a first unicorn, strong policy momentum and a fast, cost-efficient engineering base, India is among the most compelling emerging-market space stories.

3.4 The narrative gap

The investment thesis for Indian space is strong. The global proof points are undeniable. The macro drivers are aligned. What remains is a natural timing gap between where investor expectations sit today and where most Indian companies are on their journey:

- Investors now want: Revenue, recurring demand, unit economics, exit visibility
- Most Indian companies can offer: Technology proof, first customer, pipeline, potential

This is not a failure but a timing issue. The ecosystem is three to five years behind the global leaders who are now showing the revenue numbers investors want. The companies that cross this gap first - that move from "technology works" to "business scales", will attract disproportionate capital and define the next era of Indian space.

It also points to where the next wave of value will be created. Today's valuations put Skyroot at ~US$1.1 billion and Agnikul at ~US$500 million, have been built largely on technology validation, ahead of revenue scale. The next leg of value creation will come from commercial traction, as these companies convert proven capability into recurring revenue and valuations gain a durable, fundamentals-based foundation. For investors, that makes the current window compelling, entering while the thesis is proven on technology but before the commercial re-rating that scaled revenue will bring.

[63] CNBC, "SpaceX IPO filing sparks a bull market in space stocks" (May 2026); Space Capital blog; Financial Express (May 2026)
[64] SpaceX IPO Filing; PCMag, "SpaceX IPO Filing Offers First Glimpse at Starlink Subscriber Numbers, Financials" (2025).

Chapter 4: Emerging ecosystem gaps and commercialisation challenges

4.1 The valley of death and two sides of the wall

Chapter 1 established that most Indian space companies sit at a pivotal point that is technology demonstrated with commercial scale now within reach. Chapter 2 showed that capital is flowing in, even as the financing architecture is still maturing. The common thread: investor expectations have moved to "show me revenue," while most companies are still completing the journey to it.

This chapter unpacks what it takes to cross that final stretch, and, importantly, what is already being put in place to make the crossing faster.

The challenge is not a single gap. It is a sequence of milestones that must be cleared together, on the supply side (what the company must build) and the demand side (what the ecosystem must provide). The two advance together, neither crosses alone.

4.2 Supply side's journey after technology demonstration

Demonstrating the technology is not the finish line, but the starting line for a more demanding race to commercial maturity:

Stage	What It Means	What It Takes to Get Right
Capability demonstration	Prove the system works reliably, not just once	Repeatable performance in orbit, not a one-off success
Space worthiness	Survive the real space environment: radiation, thermal cycling, vibration and vacuum	Robust components and flight software qualified for orbital conditions
Scalability	Move from building one satellite or rocket to manufacturing at cadence	A volume supply chain, consistent quality and a true production line
Revenue generation	Convert capability into paying customers at sustainable unit economics	Validated demand, the right price point and an efficient sales cycle

At each stage, companies move through an iterate-and-improve cycle of build, test, learn, refine and re-fly. Every cycle takes time (typically 6–18 months) and capital (US$2–20million depending on segment), and each one hardens both the technology and the team.

The economics of getting to orbit: A launch company may need several attempts before achieving reliable orbital delivery, with on-the-order-of US$50–150 million in development and learning investment before the first commercial payload flies. An Earth-observation company may go through two to three satellite generations, each roughly lasting two to three years and costing US$10–20M, before data quality reaches commercial standard. These are not challenges unique to India, but the normal cost of building hard tech anywhere in the world.

The pace of iteration: Iteration cycles in India have historically run longer than in mature markets, closer to 18–24 months versus around 12, largely because shared testing infrastructure has been limited and companies queued for ISRO facilities. The width of the valley here reflects not capability, but a support base that is still being built out. The infrastructure now coming online to close this gap is examined in the final chapter.

The time-to-revenue reality: Globally, space companies typically take 8–12 years to reach meaningful revenue scale. India's leading space startups are currently in years four to seven of that cycle, exactly

where today's global leaders stood at the same age. This is not underperformance; it is the sector maturing on schedule. The implication is straightforward: the capital backing these companies must be structured for a longer horizon than conventional venture timelines assume.

4.3 Demand side: What the ecosystem must provide[65]

Companies cannot cross the valley alone. The ecosystem of investors, government, institutions and academia, provides the scaffolding that makes the crossing possible. Six areas matter most.

4.3.1 Patient capital

Space rewards patience, and the financing model must match the technology's timeline.

- Conventional VC fund lifecycles (7–10 years) are shorter than space company timelines (10–15 years), which is a structural mismatch.
- There is a financing step between early grants (an iDEX grant of ~$US0.18 million) and a Series A (US$5-US15 million), where many promising companies struggle to bridge.
- No dedicated space-focused growth fund exists domestically yet, so later-stage rounds often rely on global capital.
- Headwinds exist with a funding dip in 2024, generalist VCs applying SaaS-style metrics to hardware businesses and no secondary market yet for space equity.

What's needed: Capital structured for space's true horizon with longer-duration funds, a dedicated growth-stage vehicle and instruments that bridge the grant-to-Series-A step.

4.3.2 Launch insurance and risk-sharing[66]

In 2025–26, two consecutive PSLV anomalies resulted in the loss of multiple satellites, including several from Indian private startups.[67] None of the affected private satellites was insured.[68]

- India does not yet have a domestic space insurance market, so operators rely on international underwriters (e.g. Lloyd's of London).
- Global premiums (5–15 percent of satellite value) are steep for startups building US$5–10 million satellites.
- There is no established risk-sharing mechanism between launch provider and payload operator, and domestic launches are typically uninsured.
- A single failure can set a company back two to three years and dent investor confidence.

What's needed: A domestic space-insurance framework with even partial coverage or a government-backed first-loss mechanism, so a launch failure is a setback, not an existential event.

4.3.3 Testing infrastructure

Access to shared, commercial-grade test infrastructure is one of the biggest levers on iteration speed.

- Commercial-scale propulsion test stands, vibration tables, thermal-vacuum chambers and domestic radiation testing for space-grade electronics remain limited.

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[65] *Source: WIONews (March 2026); Inc42, "Spacetech Startups See 35% Funding Dip in 2024" (January 2025); Outlook Business (2024)*

[66] *Source: Spaceflight Now; Moneycontrol; India Today – PSLV—C62 coverage (January 2026); CNBC—TV18, "No Indian private satellite on failed PSLV mission was insured" (January 2026); pwonlyias.com – Space Insurance Ecosystem in India*

[67] *Spaceflight Now, "India's PSLV Suffers Second Consecutive Launch Failure" (January 2026); Moneycontrol; India Today, PSLV—C62 Coverage (January 2026).*

[68] *Source: India Today, "India plans two new space hubs in Gujarat, Tamil Nadu" (May 2026); Times of India (May 2026)*

- Companies currently queue for ISRO facility slots, lengthening every development cycle.

What's needed: Commercially accessible test facilities at scale, so a test cycle takes weeks rather than months. Infrastructure is a time multiplier - and the build-out now underway directly addresses this.

4.3.4 Sovereign launch capability

A related gap sits between satellite development and getting to orbit. India's leading EO companies have so far relied on foreign launch providers for key missions, both Pixxel and GalaxEye used SpaceX's Falcon 9, including GalaxEye's Mission Drishti, because domestic private launch vehicles are not yet commercially operational and ISRO's PSLV recently experienced two consecutive anomalies.

This reliance adds cost, schedule dependence and foreign-currency exposure. It also underlines why a reliable, sovereign launch capability is foundational to everything above it in the value chain.

What's needed: Commercially operational domestic launch: a gap that the industrialisation of PSLV and the transfer of the SSLV to industry are set to close.

4.3.5 Technical mentorship and knowledge transfer

India holds six decades of national space experience - the task is channelling it systematically to a young private sector.

- Founding teams are often early-career and would benefit from veterans who have led many missions before.
- Deep expertise sits with retired ISRO scientists and academic researchers, but there is no systematic mechanism to connect it to private startups, nor a failure-review resource they can readily access.
- Academic institutions (IITs, IISc, IIST) hold relevant research but collaborate with early-stage startups only to a limited degree.

What's needed: A structured mentorship and technical-advisory ecosystem: ISRO veterans as advisors, academic failure-analysis support and peer review for critical design decisions. This is about knowledge transfer, not funding.

4.3.6 Commitment: Government as anchor buyer

Guaranteed early demand is one of the most powerful tools a government has to build a space industry, as NASA's COTS programme (~$US1.6 billion in committed demand) demonstrated in the US.

- Defence procurement cycles (2–5 years from requirement to contract) can outpace a startup's cash runway.
- The ~US$2.6 billion (INR22,500 crore) national strategic satellite programme is a strong demand signal, though a recurring, programmatic pipeline would compound its impact.
- Civil government departments are not yet procuring satellite data and services from Indian private companies at scale.

What's needed: Systematic, recurring procurement that gives companies revenue visibility and gives investors the confidence to fund the scaling phase. Where government anchors demand, private capital follows.

4.4 The two-sided view: Investors vs startups

The same gaps look different depending on which side of the table you sit, and seeing both perspectives is what makes them solvable.

	What investors say	What startups say

Demand	"I'd like to see the order book before the next round."	"Anchor orders help us build that order book."
Capital	"Show me a path to revenue before a growth cheque"	"Show me a path to revenue before a growth cheque."
Risk	"How is the downside protected if a launch fails?"	"A risk-sharing or insurance mechanism means one failure isn't fatal."
Exits	"Where's the path to liquidity and the IPO pipeline?"	"Domestic public-market comparables would give everyone confidence."
Timeline	"How do these timelines fit a fund's horizon?"	"Hard-tech takes time. Global leaders took years to reach orbit too."
Infrastructure	"How do we speed up iteration?"	"Faster access to test facilities directly shortens every cycle."

The core insight: Both sides are right. Investors are rational to seek evidence; founders are rational to note that building that evidence takes time. The gap between them is structural, not a failing of either party, which is precisely why it responds to ecosystem-level solutions rather than simply "better companies" or "more generous investors." Align the scaffolding with capital, demand, infrastructure, risk-sharing, and both sides win at once.

4.5 Revenue-while-building[69]

Encouragingly, many companies are not waiting for the full vision to generate cash. They are building commercial revenue along the way, funding the journey while de-risking it for investors:

Company	Vision	Interim revenue source
Pixxel	Hyperspectral constellation (scaling toward 18–24 satellites)	Commercial data sales; contracts with NASA (CSDA), the US NRO and the Indian Air Force (iDEX)
Bellatrix	Full orbital transfer vehicle platform	Selling propulsion units to other satellite companies; NSIL contract
Digantara	Global space surveillance constellation	Defence SSA contracts; government data services
Ananth Technologies	Private GEO HTS satellite (AnanthSat-1)	Assembly, integration & testing (AIT) services for others; ISRO subsystem contracts[70]

The lesson: "Revenue-while-building" is becoming a defining strategy of India's strongest space companies. Rather than waiting for a full constellation to generate cash, they monetise capability at each stage, which extends runway, validates demand early and gives investors tangible proof points well before the full vision is realised.

The path across: These gaps are real, but they are also solvable, and none of them requires a breakthrough that does not already exist somewhere in the system. What they require is coordinated action: patient capital, risk-sharing, testing infrastructure, knowledge transfer and anchored demand, advancing together. The encouraging part is that movement is already underway on each front, which is the subject of the final chapter. The companies that cross first will define the next decade of Indian

[69] *Company Disclosures; Livemint, "Space Startups Expect Revenue Build—Up as Investors Turn Bullish" (December 2025).*
Source: Pixxel Secures NRO Strategic Commercial Enhancements Contract for Hyperspectral Remote Sensing Capabilities. Pixxel (May 2026).
Source: Bellatrix Aerospace, "Bellatrix Aerospace and NSIL Sign MoU to Integrate Bellatrix's OTV in NSIL's Launch Missions" (September 2024).
Digantara and ispace Partnership for Cislunar Space Situational Awareness (SSA). Payload, "ispace, Digantara Join Forces on Cislunar SSA", Jacqueline Feldscher.
Ananth Technologies, Satellite Assembly, Integration and Testing (AIT) Services.
[70] *Ananth Technologies, Satcom Broadband Services and AnanthSat-1 Programme Information.*

space, and the ecosystem now has both the awareness and the early instruments to help them get there.

4.6 Bridging the gap

None of these gaps is permanent, and encouragingly, each already has momentum behind it. The same reforms profiled earlier in this report are now becoming the instruments that close the very gaps this chapter describes.

A. **Capital is lengthening its horizon.** The structural mismatch between fund cycles and space timelines is being addressed from several directions at once. The INR1,000 crore (~US$120 million) IN-SPACe venture fund and the new RDI patient-capital channel, through which Dhruva Space has already drawn INR105 crore (~$12 million) for its Project Garud satellite platform, introduce exactly the long-duration, non-dilutive capital the sector needs, with the INR10,000 crore Startup India Fund of Funds 2.0 adding further depth. Alongside them, sovereign wealth funds, strategic corporates and global asset managers are entering with the patience that space demands. The financing architecture is no longer just venture cheques; it is beginning to look like the multi-instrument stack a hard-tech sector requires.

B. **Infrastructure is being built** by the government and industry together. On the public side, the Common Technical Facilities were approved in Gujarat and Tamil Nadu[71] to directly target the biggest drag on iteration speed. This is being amplified by a wave of state space policies. Gujarat,[72] Tamil Nadu, Karnataka and Telangana already have dedicated frameworks,[73] with more states preparing their own - offering fiscal and non-fiscal incentives, industrial parks and subsidies to attract companies to set up shop. Just as significantly, the private sector is building its own capacity: Skyroot's Infinity Campus[74] hosts India's first private rocket factory, designed to produce an orbital vehicle a month, and Agnikul' s in-house factory[75] and launchpad show that startups are no longer only consumers of national infrastructure, but creators of it. As public and private capacity come together online, the test-and-iterate cycle shortens and the valley narrows.

C. **Sovereign launch capability is taking shape**. The dependence on foreign launch is being addressed directly, as the PSLV is now being built end-to-end industrially, and the SSLV has been transferred to industry to own and operate. For the first time, India's satellite builders are in sight of a reliable, domestic, commercially available launch, which is the foundation everything else rests on.

D. **The regulatory and demand foundations are being formalised.** The forthcoming Space Activities Bill,[76] giving IN-SPACe statutory authority and establishing a clear legal framework for private space activity, is set to enhance today's largely policy-based regime with durable law, exactly the predictability that large, long-horizon capital needs before committing at scale. Combined with FDI liberalisation, administrative spectrum allocation under the Telecommunications Act and the removal of customs duty on space components, the environment is becoming materially more investable. Equally significant are moves to

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[71] *Moneycontrol, "Gujarat, Tamil Nadu to Establish Space Manufacturing Clusters, Karnataka in Pipeline: IN-SPACe Chairman Pawan Goenka" (2025); India Today.*
[72] *The Economic Times, "Gujarat Government Announces SpaceTech Policy 2025-2030" (April 2025).*
[73] *The Economic Times, "Subsidies Are a Start, Demand Is Key, Say Spacetech Founders and Investors" (December 2024).*
[74] *The Times of India, "PM Modi Unveils India's First Commercial Private Rocket Vikram-1, Inaugurates Skyroot's New Infinity Campus" (November 2024).*
[75] *NITI Aayog Frontier Tech Hub, "Agnikul's 3D-Printed Rocket Redefines India's Space Ambitions"; YourStory.*
[76] *Draft Space Activities Bill; IN-SPACe and Department of Space Policy Discussions.*

recognise space assets as critical national infrastructure, a designation that would anchor government demand, prioritise the sector's resilience and give long-horizon capital added confidence that the state is committed to in the long term. On the demand side, strategic and defence programmes alongside iDEX and ADITI are establishing early anchor demand, while initiatives such as the SpaceTech Innovation Network and IN-SPACe's hand-holding are channelling six decades of national space expertise to a new generation of companies. The one area still needing the most attention is risk-sharing; a domestic space-insurance framework remains the clearest near-term opportunity for intervention.

E. **The real significance is that all of this is happening at once.** Individually, each is a useful fix. Together, they represent something larger: a coordinated maturing of the ecosystem at precisely the moment its leading companies are ready to cross from proven technology to commercial scale. And the hardest foundation to build: a deep, cost-competitive engineering and talent base that India already has. The gaps are being closed not by any single actor, but by capital, government, institutions and industry moving in the same direction. The companies that cross first will define the next decade of Indian space, and for the first time, the scaffolding to help them across is being built in real time.

Chapter 5: Outlook

5.1 High-growth sectors and demand drivers

- Earth Observation & geospatial analytics: US$5.9 billion (2025) → US$19.5 billion by 2034 (CAGR 13.78 percent)
- SATCOM/LEO connectivity: US$11.2 billion (2025) → US$38.5B by 2032 (CAGR 18.4 percent)
- Defence & dual-use: US$247M funding in 2025 (record); INR22,500 crore programme signals sustained demand
- Space-based data services: US$495M (2024) driven by climate, logistics, urban planning and defence
- India's overall space economy: US$8.4 billion → US$44 billion by 2033 (CAGR 14–16 percent)

5.2 Defence and sovereign demand

- 44 countries now have sovereign Earth Observation (EO) constellation plans globally, India must build its own
- Recent defence activities: compressed satellite timelines, private sector trusted with strategic assets
- Space-based surveillance, missile tracking and ISR emerging as high-priority capabilities
- iDEX/ADITI pipeline expanding; defence as the first reliable customer for private space
- India–US defence cooperation deepening, dual-use technology exports easing

5.3 Manufacturing and downstream opportunities

- US space industrial base capacity crisis creates export opportunity for Indian manufacturers
- State-level clusters (TN, Gujarat, Karnataka) + Common Testing Facilities (CTFs) will enable manufacturing at scale
- MSMEs moving up the value chain - from components to full satellite systems
- Downstream AI/analytics layer: scalable, software-like margins on hardware investment
- Ground segment as largest revenue generator globally (US$165.2B in 2025), where India is underrepresented

5.4 Export and global partnership potential

- US–India cooperation deepening: MTCR easing, I2A Launchpad for dual-use startups
- India as trusted partner for allied nations (vs China dependency concerns)
- Cost advantage: India builds at 1/5th of US/EU cost - compelling for global primes
- India seeking role in international space norms and standards (ISO meeting in New Delhi)
- IN-SPACe leading Indian space-tech delegations at international events (Space Meetings Veneto 2026)

5.5 Themes leading into the comprehensive report

- Which segments will attract the next wave of capital?
- What procurement reforms will unlock government demand?
- How can the insurance and risk-sharing gap be bridged?
- What does the exit pathway look like - IPOs, acquisitions, strategic sales?
- How does India position itself in the global space supply chain?

Chapter 6: The comprehensive report - What to expect

This teaser provides early signals and directional insights based on secondary research and ecosystem analysis. The comprehensive report - to be published approximately two months after the -Indian Space Congress, will deliver a deeper, evidence-based assessment which is grounded in primary stakeholder interactions.

6.1 What the full report will cover

- Deep investment analysis with primary data from VC/PE funds and capital allocators
- Investor thesis mapping explaining what different investor categories are looking for, segment by segment
- Segment-level opportunity assessment with market sizing and growth projections
- Commercialisation and policy bottlenecks with specific, actionable recommendations
- Demand projections from enterprise users, defence agencies and civil government
- Global benchmarking- India vs US, EU, Japan and other ecosystems
- Long-term growth outlook for India's space economy (2030 and beyond)

6.2 Methodology

The comprehensive report will be based on primary interactions with:

- Space startups and MSMEs across upstream, midstream and downstream segments
- IN-SPACe and government stakeholders
- VC/PE funds and capital allocators active in the space sector
- SIA India members
- Anchor clients, enterprise users and global ecosystem participants
- Industry consultations and webinars on policy, commercialisation and manufacturing investment bottlenecks

Supplemented by secondary research, public filings, industry databases and global benchmarking data.