



THE GREAT INDIAN DEFENCE OPPORTUNITY

A MINI THESIS



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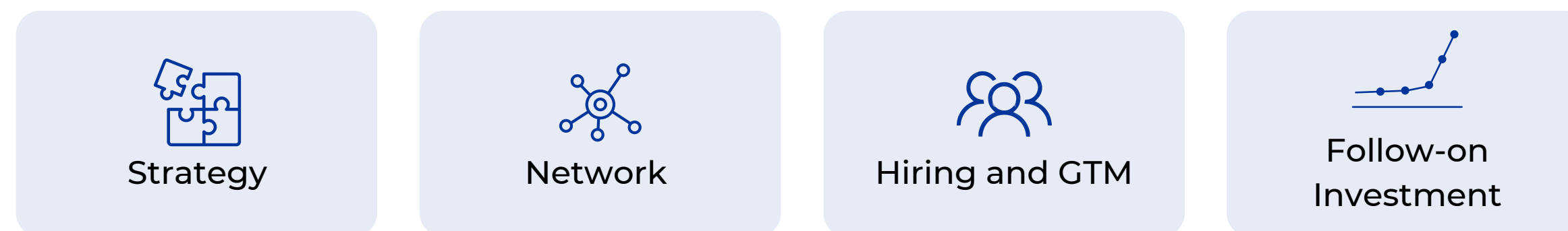
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ABOUT US

Eximius Ventures is a dedicated **pre-seed fund** offering smart capital with deep knowledge. As a **sector-differentiated** fund, we invest around \$500k in the pre-product/early traction stage, employing a **thesis-driven approach** across **FinAI, Consumer AI & Enterprise AI**, with an **AI-first approach** across all sectors.

We strive to support exceptional operators in building groundbreaking solutions for India. A substantial portion of our fund is reserved for follow-on rounds, showcasing our long-term support. Recognising the need for agility in the dynamic startup ecosystem, we've established an efficient and transparent decision-making process, ensuring founders receive capital without unnecessary delays.

Beyond capital, the Eximius Edge Platform extends comprehensive support to founders.



We aim to identify and back exceptional founders leveraging the strong demographic dividend of India to build from India to the world, helping them with a unique value-add.

Our Value-adds



Strong Brand Presence, Built With Value-add

90,000+

LinkedIn Followers

200+

Hours of content

4 Mn+

Likes and Impressions

Our Portfolio

FINTECH



CONSUMER AI



ENTERPRISE AI

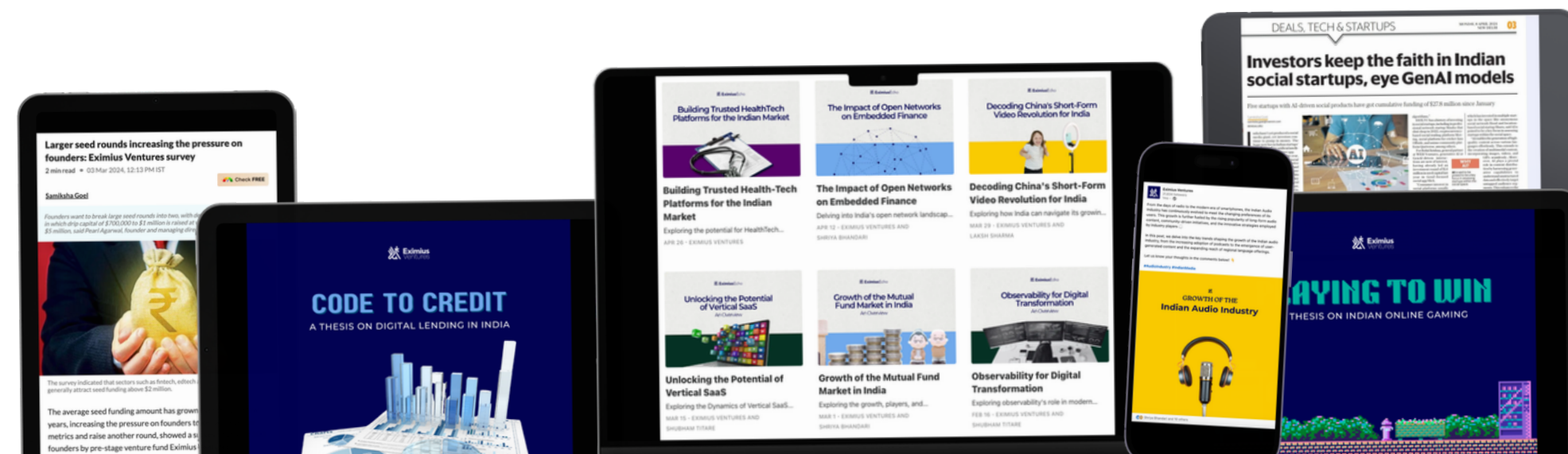
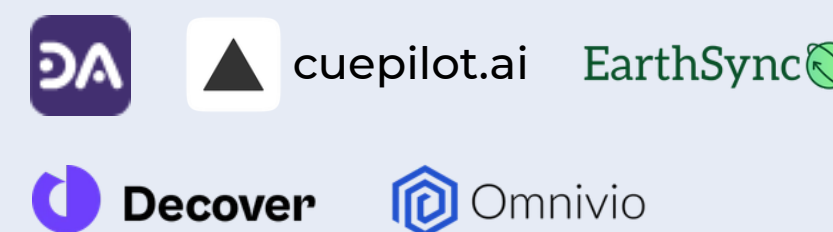




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THE GREAT INDIAN DEFENCE OPPORTUNITY

Why this moment looks structurally different

KEY STRUCTURAL SHIFTS



Geopolitics Is
Hardening



Warfare Is
Becoming
Software-
Defined



Policy Is
Opening To
Private Tech

THREE FORCES DRIVING THE OPPORTUNITY

GEOPOLITICAL URGENCY

- India's security environment has become more demanding across land, air, sea, cyber, and space.
- Preparedness now requires faster capability-building, deeper resilience, and lower external dependence.
- Defence modernisation is no longer optional; it has become a strategic necessity.

THE NATURE OF WARFARE HAS CHANGED

- Modern warfare is shifting toward autonomy, software, AI, electronic warfare, and networked systems.
- Battlefield advantage increasingly comes from sensing, decision speed, resilience, and iteration — not platforms alone.
- Operation Sindoor reinforces that Indian-built and AI-assisted systems are now seeing real operational use.

THE SYSTEM IS OPENING UP

- India is moving from buyer → builder → owner, creating more room for domestic capability creation.
- Policy and procurement architecture are increasingly opening to technology-led private companies.
- The opportunity is expanding from manufacturing into IP, software, systems, and sovereign technology.



WHY THIS
MATTERS

1. Defence is becoming more technology-led and software-defined.

2. India now has stronger strategic and policy reasons to build at home.

3. Private companies can increasingly participate in capability creation.

4. The next defence winners will own the IP, software, and autonomy layer.



WHY THE OLD MODEL HAD TO CHANGE

India's structural defence gaps

IMPORT DEPENDENCY

- India accounted for 8.3% of global arms imports in 2020–24, making it the world's second-largest importer.
- Dependence on Russia declined from 72% to 36%, but external reliance remained structurally high.
- Critical systems, upgrades, and supply chains were still too import-dependent for a major defence power.

PROCUREMENT PARALYSIS

- Defence acquisition remained slow, fragmented, and difficult to navigate.
- Strategic requirements often took too long to convert into signed contracts and deployed capability.
- For startups, the gap between building a solution and entering procurement remained especially hard to bridge.

R&D GAP

- India's defence innovation base remained underfunded relative to global leaders.
- iDEX has deployed ~\$50M, versus the U.S. DIU at ~\$979M — highlighting the scale gap in innovation support.
- Frontier capabilities in AI, autonomy, electronic warfare, and advanced systems therefore scaled more slowly than required.

CAPITAL SHORTFALLS

- Historically, capital acquisition budgets ran 30–40% below service projections.
- This created a persistent mismatch between defence ambition and funded execution.
- Without reliable capital support, domestic players struggled to plan, invest, and scale with confidence.



WHAT YOU NEED TO KNOW

India's old defence model was constrained by import dependence, slow procurement, weak R&D funding, and capital shortfalls. Incremental reform was not enough — the system had to move from buying abroad to building and owning strategic capability at home.

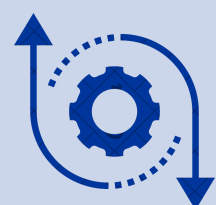
WHY NOW | FUNDED DEFENCE DEMAND

From defence ambition to funded procurement

OVERVIEW

India's defence modernisation cycle is increasingly backed by actual capital and procurement visibility. Higher budgets, stronger capital allocation, and a growing pipeline of signed and approved acquisitions are narrowing the historical gap between strategic requirements and funded demand.

WHAT'S CHANGING



- FY27 defence budget stands at ₹7.85 lakh crore.
- Capital outlay has risen 21.8% YoY to ₹2.19 lakh crore.
- In FY24 and FY25, capital allocations broadly matched service projections, reversing the historical pattern of persistent funding shortfalls.

PROCUREMENT VISIBILITY



- The Ministry of Defence signed ₹2.20 lakh crore of capital contracts in 2025.
- A further ₹3.84 lakh crore of acquisitions received approval.
- 75% of the capital acquisition budget is earmarked for domestic industry.

WHY THIS MATTERS



- Defence companies can plan against a more visible order pipeline.
- Domestic sourcing increases the addressable market for Indian suppliers.
- Better funding visibility improves the pathway from development to scaled procurement.

DEMAND SNAPSHOT

₹7.85 Lakh Cr
FY27 Defence Budget

₹2.19 Lakh Cr
Capital Outlay

+21.8% YoY

EXIMIUS VIEW

What changed:

Defence demand is increasingly backed by funded procurement.

Why it matters:

Better visibility makes the sector more investable.

What to watch:

Conversion from approvals to repeat orders.

DEMAND SIGNAL

STRUCTURALLY IMPROVING

WHAT YOU NEED TO KNOW → The budget sets the floor. Order visibility makes the opportunity venture-relevant.

THE POLICY RESET | BUYER → BUILDER → OWNER

Why startups can participate now

WHAT HAS CHANGED:

1. Indian Procurement Priority
2. Owned IP and Source Code
3. Software Parity with Hardware

WHAT THIS UNLOCKS:

1. Civil and Military Fusion
2. Startup → Procurement Pathways
3. Long-Term Demand Visibility



WHAT YOU NEED TO KNOW

Policy progression:

2001 Private Participation → TDF / iDEX → DAP 2020 → PILs → DPM 2025 → TPCR 2025 → Draft DAP 2026

Ecosystem evidence:

- 549 iDEX problem statements
- 673 startups engaged
- 520 contracts signed
- 43 startup-built items worth ₹2,400 Cr procured
- TDF has approved 85 subsystem projects, with 30 delivered

Demand visibility:

- TPCR 2025 gives industry a 15-year capability roadmap
- Draft DAP 2026 creates faster pathways for AI, quantum, drones, space, and cyber technologies
- Export momentum: Defence exports grew 34x to ₹23,622 Cr in FY25, reaching 100+ countries.

STRATEGIC IMPLICATION → India's defence policy is moving from "Made in India" toward "Owned by India", expanding the opportunity from manufacturing into IP, source code, software, systems, and sovereign technology.

WARFARE HAS CHANGED

What Ukraine, Israel–Gaza, and Operation Sindoor taught us

BATTLEFIELD LESSON	OLD PARADIGM	EMERGING PARADIGM
Force Structure	Few expensive platforms	Massed, lower-cost autonomous systems
Decision Cycles	Human-speed decision-making	Machine-speed sensing and response
Source of Advantage	Hardware-centric advantage	Software + firmware iteration
Navigation & Spectrum	GPS-dependent warfare	EW-contested, GPS-denied operations
Role of Space	Space as support	Space as battlefield infrastructure
What Wins	Platform superiority	Network + sensor-to-shooter superiority

PROOF POINTS → Ukraine: massed drones + rapid software iteration | Israel–Gaza: integrated air defence + AI-assisted intelligence | Operation Sindoor: indigenous C2 + air defence + drones + satellite-enabled surveillance

AI AS THE DEFENCE OPERATING LAYER

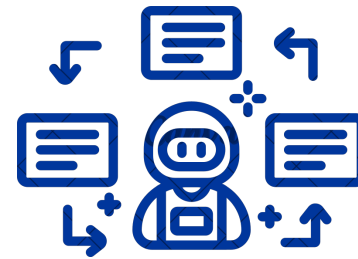
Where AI increasingly connects the defence stack

HOW AI ENTERS THE DEFENCE STACK | SENSE → UNDERSTAND → DECIDE → ACT → SUSTAIN →



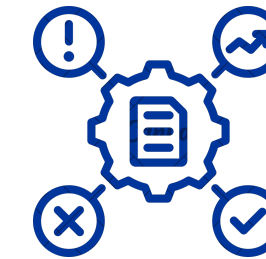
PERCEPTION & INTELLIGENCE

- AI fuses data across satellites, drones, radar, RF, and battlefield sensors to improve situational awareness.
- It helps convert raw inputs into usable intelligence through ISR, sensor fusion, and target recognition.
- Value begins where battlefield data becomes faster, richer, and more actionable.



DECISION & EXECUTION

- AI shortens decision cycles across command & control, autonomous systems, swarms, counter-UAS, and electronic warfare.
- It increasingly supports mission planning, coordination, navigation, and machine-speed operational response.
- Advantage shifts toward systems that can interpret, decide, and act under contested conditions.



SUSTAINMENT & READINESS

- AI improves defence readiness through predictive maintenance, simulation, digital twins, and enterprise workflows.
- It helps reduce downtime, improve resource allocation, and accelerate testing.
- Over time, AI becomes the layer that helps defence systems stay operational, adaptive, and continuously improving.

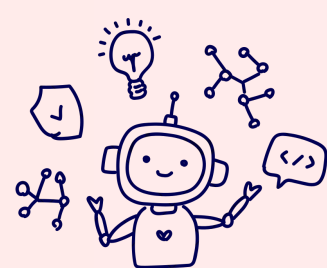


AI is not a defence sub-sector. It increasingly connects sensing, decision-making, execution, and sustainment across every layer of the defence stack, i.e. helps create a “centralised brain” for Defence co-ordination and mission execution.

MAPPING THE NEW DEFENCE TECHNOLOGY STACK

Where companies can build across the sovereign defence stack

FOUNDATIONAL TECHNOLOGIES



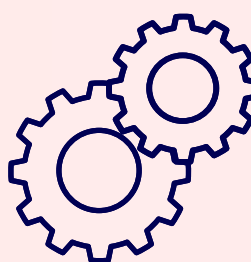
- AI, quantum, and additive manufacturing form the base layer for computation, autonomy, and advanced production.
- These technologies increasingly determine how quickly defence systems can learn, adapt, and be manufactured.

ADVANCED MATERIALS & COMPONENTS



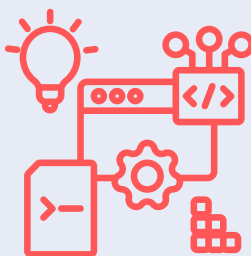
- Semiconductors, rare earths, composites, and sensors shape system performance, durability, and supply-chain sovereignty.
- Control over these inputs reduces dependence on vulnerable external supply chains.

FUNCTIONAL SYSTEMS



- Radar, electronic warfare, electro-optics, communications, and navigation convert core technologies into mission-specific capability.
- These systems determine how platforms sense, communicate, navigate, and defend in contested environments.

INTEGRATED PLATFORMS



- UAVs, UGVs, UUVs, satellites, and autonomous systems combine hardware, software, and mission logic into deployable capability.
- Advantage increasingly comes from how effectively these platforms integrate and coordinate across domains.

WHAT YOU NEED TO KNOW → Software and AI increasingly span all four layers, connecting sensing, decision-making, autonomy, testing, deployment, maintenance, and upgrades.

INDIA'S CRITICAL CAPABILITY GAPS

Where strategic deficits create urgent technology requirements

MILITARY CONNECTIVITY & SPACE INFRASTRUCTURE

- Zero indigenous LEO military SATCOM constellation, with a large capacity gap versus global leaders.
- Major opportunity sits in the ground/enabling layer: terminals, gateways, networking, redundancy, and space resilience.
- TPCR 2025 indicates that most military-space requirements sit in enabling infrastructure rather than satellites alone.

ISR, ELINT & SIGINT SCALE

- India has a significant surveillance scale gap: ~15–20 ISR satellites vs 200+ for China.
- The deficit is sharper in SAR and ELINT/SIGINT, limiting persistent, all-weather and signals intelligence coverage.
- This creates a clear need for greater surveillance persistence and deeper intelligence-processing capability.

ELECTRONIC WARFARE & RESILIENT NAVIGATION

- Future operations will face jamming, spoofing, GPS denial, and contested spectrum environments.
- India needs deeper capability across anti-jam communications, software-defined radios, mesh networks, and PNT resilience.
- NavIC reduces external dependence, but platform-level resilience and integration remain key gaps.

CYBER & SYSTEM RESILIENCE

- Software-defined defence systems create broader attack surfaces across satellites, command networks, and communications links.
- Gaps remain in secure operating systems, zero-trust architectures, post-quantum cryptography, and system redundancy.
- As defence systems become more connected, cyber-hardening becomes critical to maintaining operational continuity.

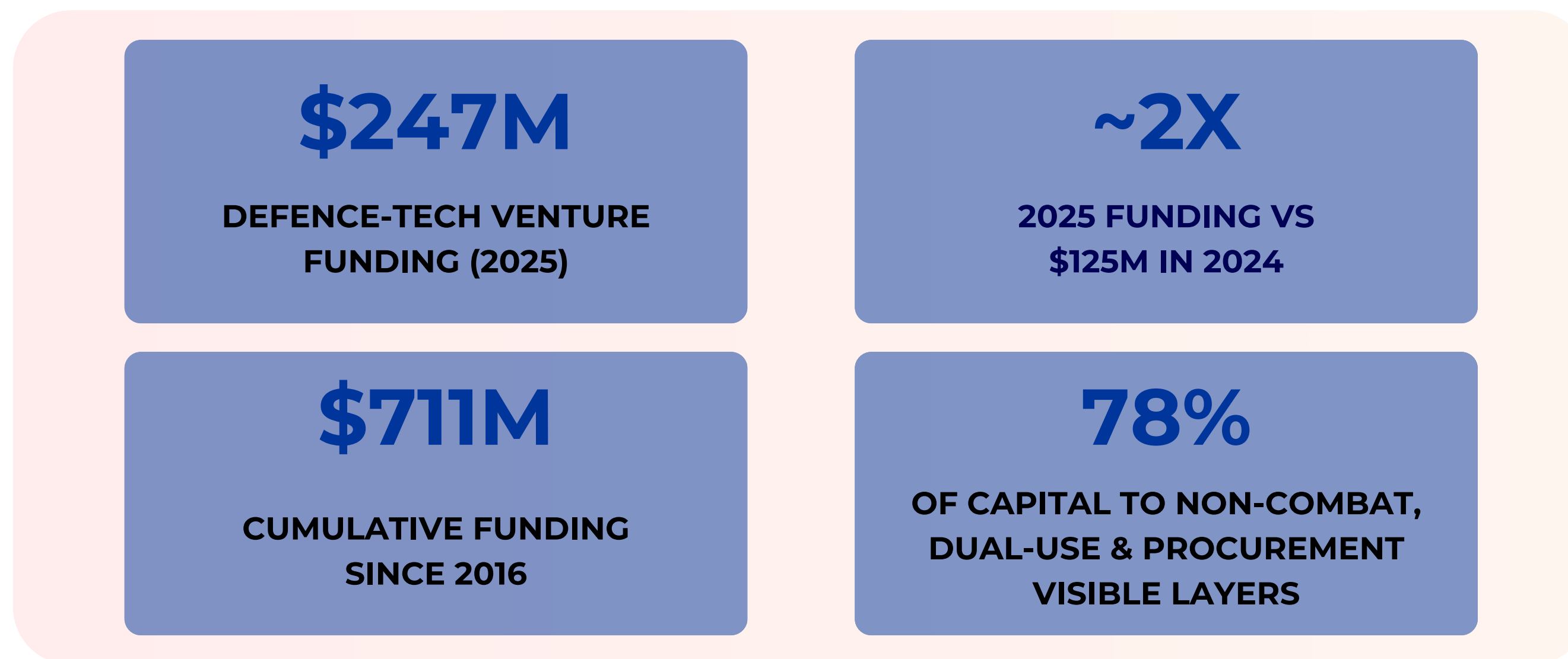


These are operational capability deficits, not abstract technology categories. Closing them will require indigenous systems across connectivity, sensing, navigation, electronic warfare, and cyber resilience.

THE STARTUP & CAPITAL INFLECTION

Defence-tech capital is moving from early experimentation toward larger, more concentrated bets

LET'S TAKE A LOOK AT THE EXISTING SCENARIO



WHAT'S DRIVING THE CAPITAL INFLECTION

Larger cheques: Funding nearly doubled in 2025 even as rounds fell from 42 to 30, signalling fewer but larger bets.

Procurement visibility: Capital is moving toward dual-use and non-combat technologies with clearer routes to defence orders.

Scale-up gap: <10% of ~200 active startups have reached Series A, leaving significant room for the next cohort to scale.

Exit pathways: ideaForge has established an IPO precedent, while acquisitions such as Asteria Aerospace and Alpha Design show strategic M&A can provide viable outcomes.

Eximius View: The strongest AI opportunities will sit where software compresses decision cycles, improves intelligence fusion, and enables autonomous execution across defence workflows.

THEMES WE'RE EXCITED ABOUT | SOVEREIGN INFRASTRUCTURE

Where AI and software improve resilience, connectivity, and survivability across defence infrastructure

SPACE INFRASTRUCTURE & MILITARY CONNECTIVITY

Problem: India has a major military-space connectivity gap. It operates only 5–7 military SATCOM satellites vs 40–50 in the US, and currently has no indigenous LEO military SATCOM constellation.

Technology Shift: As military connectivity becomes more distributed, the intelligence layer is becoming critical. AI-led routing, dynamic bandwidth allocation, network optimisation, anomaly detection, and mission software can coordinate connectivity across space and ground assets.

Progression: TPCR 2025 identifies SATCOM as one of India's two largest military-space priorities, accounting for 32% of identified requirements, with much of the requirement sitting in the ground & enabling layer rather than satellites alone.

Eximius Lens: We would back the AI and software layer that orchestrates military connectivity across existing infrastructure, with a focus on network intelligence, routing, resilience, and mission software.

ELECTRONIC WARFARE, CYBERSECURITY & RESILIENT NAVIGATION

Problem: Future conflicts will operate under persistent jamming, cyberattack, communications disruption, and GPS denial. Loss of positioning or connectivity can directly degrade autonomous systems, precision strike, and battlefield coordination.

Technology Shift: AI is creating software opportunities across spectrum intelligence, jamming and spoofing detection, cyber defence, network resilience, PNT integrity, and autonomous response in contested environments.

Progression: India already has NavIC, shifting the next challenge toward integration, PNT resilience, cyber-hardening, and resilient communications across services and platforms.

Eximius Lens: We would back AI-native software that detects, interprets, and responds to threats across the spectrum, cyber, and navigation layers.

WHAT YOU NEED TO KNOW → We see the strongest opportunity in the AI and software layer that orchestrates, protects, and makes defence systems more autonomous.

THEMES WE'RE EXCITED ABOUT | INTELLIGENCE & SOFTWARE

Where we see AI and software becoming core to defence intelligence, autonomy, and execution

AI-NATIVE ISR & AUTONOMOUS SYSTEMS

Problem: India continues to face significant ISR gaps across SAR, ELINT, persistent surveillance, and multi-sensor intelligence fusion. Collecting more battlefield data has limited value if analysis remains slow or fragmented.

Technology Shift: AI-native software platforms can fuse satellite imagery, radar, RF, drone, and battlefield sensor feeds into actionable intelligence, while edge AI enables satellites and drones to process data onboard. Autonomy software can then support mission planning, swarm coordination, and autonomous task execution.

Progression: AI is already reducing sensor-to-shooter timelines, enabling onboard processing, autonomous platforms, counter-drone response, and cognitive electronic warfare.

Eximius Lens: This is a core area of interest for us. We would back AI-native platforms that turn fragmented battlefield data into intelligence, decisions, and autonomous execution at machine speed.

DEFENCE SOFTWARE INFRASTRUCTURE & DIGITAL ENGINEERING

Problem: Defence development remains constrained by long testing cycles, physical validation requirements, fragmented tooling, and highly manual operational workflows.

Technology Shift: Digital twins, simulation, synthetic data, virtual testing, sovereign GenAI, defence-specific developer tools, and MLOps can shorten development cycles and automate workflows across maintenance, logistics, intelligence, procurement, and staff operations.

Progression: Draft DAP 2026 proposes formal parity between software and hardware, with upgrades increasingly treated as part of acquisition.

Eximius Lens: We see a clear investment opportunity in the software layer behind defence systems, spanning simulation, testing, deployment, maintenance, and continuous improvement.

WHAT YOU NEED TO KNOW → AI-native intelligence, autonomy, and defence software infrastructure are among the areas we are most excited to back.



WHAT WINNING DEFTECH COMPANIES WILL LOOK LIKE

The traits that can turn capability gaps into durable defence businesses

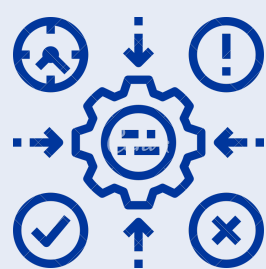
OWNED IP + MISSION-CRITICAL CONTROL



- Winning companies will own the intelligence layer that matters most, whether that is proprietary AI models, autonomy software, sensing intelligence, source code, or critical system architecture.
- Control over mission-critical AI and software IP improves defensibility, strategic relevance, and alignment with India's shift from Made in India to Owned by India.

Implication: The strongest companies will own the intelligence layer the system cannot function without.

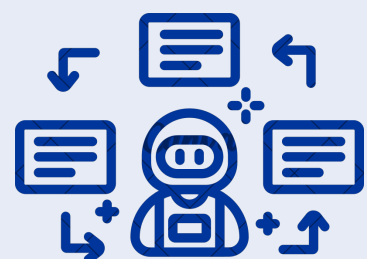
SOFTWARE-LED ITERATION + CONTESTED-ENVIRONMENT READINESS



- AI-native products can improve rapidly through software updates, battlefield data, simulation, and continuous model iteration.
- They must also operate reliably under jamming, degraded communications, GPS denial, and constrained edge-compute environments.

Implication: The strongest products will combine rapid AI-led iteration with reliable performance in contested environments.

DUAL-USE ECONOMICS + EXPORTABILITY



- AI and software-led products can improve capital efficiency by reducing hardware dependence, shortening development cycles, and supporting repeatable deployment across use cases.
- The same intelligence layer can often serve defence, commercial, and export markets with similar sensing, autonomy, cybersecurity, or decision-support needs.

Implication: The most scalable companies will use AI to combine defence relevance with repeatable economics and broader market applicability.

CONCLUSION



India's defence sector is entering a structural technology transition. The FY27 defence budget stands at ₹7.85 lakh crore, with capital outlay rising 21.8% YoY to ₹2.19 lakh crore, backing modernisation with materially higher spending.



Demand is becoming more visible and predictable. In 2025, the Ministry of Defence signed ₹2.20 lakh crore of capital contracts and approved another ₹3.84 lakh crore of acquisitions, creating a substantial forward procurement pipeline.



Modern warfare is shifting value toward software, autonomy, sensing, communications, electronic warfare, cyber, and space infrastructure. AI increasingly connects these systems by compressing decision cycles and enabling machine-speed coordination.



Private participation now has a clearer path to procurement. iDEX has engaged 673 startups, signed 520 contracts, and enabled the armed forces to procure 43 startup-built items worth ₹2,400 crore. The strongest companies will pair this access with owned IP, system design, dual-use economics, and exportability.



At Eximius, we believe the most compelling opportunities will emerge where sovereign technology, software-defined warfare, and venture-scale company building intersect. The next decade will determine who owns India's strategic technology stack.

IF YOU'RE BUILDING IN THIS SPACE, REACH OUT!



KEY TERMS & ABBREVIATIONS

A quick reference for technical and sector-specific terms used across the thesis

Abbreviation	Full Form
AI	Artificial Intelligence
C2	Command and Control
DAP	Defence Acquisition Procedure
DIU	Defense Innovation Unit
DPM	Defence Procurement Manual
ELINT	Electronic Intelligence
EW	Electronic Warfare
FY	Financial Year
GenAI	Generative AI
GPS	Global Positioning System
iDEX	Innovations for Defence Excellence
IP	Intellectual Property
IPO	Initial Public Offering
ISR	Intelligence, Surveillance and Reconnaissance
LEO	Low Earth Orbit
M&A	Mergers and Acquisitions

Abbreviation	Full Form
MLOps	Machine Learning Operations
NavIC	Navigation with Indian Constellation
PILs	Positive Indigenisation Lists
PNT	Positioning, Navigation and Timing
R&D	Research and Development
RF	Radio Frequency
SAR	Synthetic Aperture Radar
SATCOM	Satellite Communications
SIGINT	Signals Intelligence
TDF	Technology Development Fund
TPCR	Technology Perspective and Capability Roadmap
UAS	Unmanned Aircraft System
UAV	Unmanned Aerial Vehicle
UGV	Unmanned Ground Vehicle
UUV	Unmanned Underwater Vehicle
YoY	Year-on-Year



Investing in Founders
From Ideation to Execution



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