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IndiGo’s VC arm to back early-stage startups, gain early innovation edge

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IndiGo Ventures is corporate venture capital arm of IndiGo airlines, focussing on aviation and allied startups to grow the airline's ecosystem and keep pace with emerging innovations. (Image: Pixabay)

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Article Content:

MUMBAI: India's largest airline, IndiGo, is expanding far beyond flying through its corporate venture capital (CVC) arm, IndiGo Ventures. The new entity is zeroing in on aviation and allied startups to grow the airline's ecosystem and keep pace with emerging innovations.

“It gives us early visibility and foresight into the innovations startups are pursuing and, where possible, allows early deployment of those ideas into the IndiGo ecosystem," Neetan Chopra, founder and director of IndiGo Ventures, told Mint in an exclusive interaction.

Established in August 2024, the ₹450 crore fund was designed to bridge the gap between the slower pace of large corporations and the agile, rapid funding cycles typical of startups, said Ankit Sharma, managing partner at IndiGo Ventures, who was also present at the interaction.

IndiGo Airlines anchors the fund with a ₹300 crore commitment, while other group entities and founders have contributed ₹150 crore.

Operating under a Category AIF licence, the fund can raise up to ₹600 crore in total, with the remaining ₹150 crore expected to be raised within two years, in line with Securities and Exchange Board of India (Sebi) regulations.

InterGlobe Aviation, IndiGo's parent, reported a 20% drop in net profit to ₹2,176.3 crore in Q1FY26, from ₹2,728.8 crore a year earlier, while consolidated revenue grew 4.7% to ₹20,496.3 crore. According to its FY25 annual report, IndiGo also made a direct investment of ₹12 million into the VC arm.

IndiGo Ventures targets early-stage companies, primarily pre-Series A to Series B rounds, aiming to hold 5-10% stake, Sharma said. While aviation is the core focus, the fund also explores adjacent sectors such as travel, cargo, logistics, and enterprise SaaS for airlines. The airline carried around 400,000 tonnes of cargo in FY25, reflecting the growing importance of this segment.

Consumer startups are also a key focus, particularly those that improve the end-to-end passenger experience, said Sharma. This comes as the airline reported an 11.6% increase in passengers carried year-on-year, reaching 31 million in the first quarter of FY26. "We're focused on three main areas for our startup funnel: aviation, travel and allied sectors, and consumer," Chopra said. "Our goal is to ensure that IndiGo benefits as a consequence of these investments."

Closing India's aerospace gap

Aerospace manufacturing is another crucial area of interest. "While India is one of the largest buyers of airplanes, it currently contributes less than 1% to aerospace component manufacturing," Sharma said. "That gap has led to increased focus and activity in this sector over the last six to nine months." The fund's first investmentin July, was in Jeh Aerospace, a Hyderabad-based startup with headquarters in Atlanta that specializes in high-precision, flight-critical engine components.

The investment amount was not disclosed. Since then, Jeh Aerospace has secured $100 million in long-term contracts and raised an additional $11 million in a Series A round led by Elevation Capital and General Catalyst. The company produces components for tier 1 and tier 2 suppliers to major players like Airbus and Boeing. "Ultimately, this comes back to us in the form of an airplane," Sharma explained

This strategic investment positions IndiGo to "influence product development, secure preferential pricing, and potentially share in Jeh's export-driven growth," said Pragya

Priyadarshini, managing director at Primus Partners, a management consultancy firm in Delhi.

Boosting maintenance capacity

IndiGo is simultaneously investing ₹1,100 crore in a new MRO (Maintenance, Repair, and Overhaul) facility at Kempegowda International Airport in Bengaluru, expected to be operational by early 2028.

The airline currently has MRO facilities in Delhi and Bengaluru. The new facility is intended to boost in-house maintenance capacity and reduce reliance on external providers. “MRO operations and startups like Jeh have the potential for strong synergies," Sharma noted. “Companies like Jeh are still young startups, but by the time our manufacturing facilities are up and running, these companies will have scaled." Faster access to locally sourced components can reduce aircraft-on-ground (AOG) time, improving fleet utilization and revenue potential. Priyadarshini added that this investment could ensure a steady, lower-cost supply of critical spares, especially for the airline's large Airbus A320neo fleet, and mitigate supply chain disruptions.