TRUMP, TAXES & TARIFFS

PRICE ₹250
NOVEMBER 29, 2024

Forbes INDIA

Hidden Gems

Deep dives into six lesser-known companies operating in sunrise sectors. One of them is Titan Engineering & Automation, a manufacturer of high-precision components

Neelakantan P Sridhar,
CEO & MD,
Titan Engineering & Automation

ISSN 2278-0440
9 772278 044000

Network 18 www.forbesindia.com

Welcome to the

Forbes INDIA

Digital Edition

Diamonds in the Rough

Till a few months ago, a company called KRN Heat Exchanger and Refrigeration wouldn't have been in too many conversations in investor and punter circles. Till it was set to go public in end-September, with an initial offer priced at ₹220. It listed on the National Stock Exchange in early October at ₹440 and was quoting at well over ₹600 a month later.

KRN is a maker of aluminium and copper heat exchangers, water coils and evaporator coils that are used in air conditioners and refrigerators. Headquartered in Rajasthan's Neemrana, it gets a third of its revenue from exports to countries that include the United States, Italy and Germany. In fiscal year 2024, it reported net profits of almost ₹40 crore on sales of ₹308 crore.

Investors have bought into a company that is on a heady growth path, with a robust three-year compound annual growth rate of revenues and profits.

Cut to the SME stock exchanges, where a clutch of initial public offerings (IPOs) by little-known entities has made investors rich. Although a huge question mark hovers over the long-term prospects of many of these companies, their higher risk profile hasn't dampened their short-term prospects. So, recent SME IPOs of companies like Afcom Holdings, Sodhani Academy of Fintech Enablers (which rather serendipitously condenses to SAFE) and Sahasra Electronic Solutions have yielded returns of 3x to almost 5x in two to three months.

Going by that record, many of these multibaggers appear like gems—at least so far—that investors have had the opportunity to add to their portfolio and enrich it. Few would have known much about these companies or even heard about them before they stormed the primary markets. But what if somebody had told you about KRN years ago, and that it was set to embark on a growth path with marquee clients from the West as well as the likes of Voltas, Kirloskar, Carrier and Daikin in India?

That's the task *Forbes India* set out upon in this edition's 'Hidden Gems' package of stories. The six companies the team has finally zeroed in on are those operating in sunrise sectors—think infrastructure, high precision components, solar panels—on a steady growth trajectory, and could well be IPO candidates soon.

Consider the flagship of the Hyderabad-headquartered Vishwa Samudra Group, Vishwa Samudra Engineering (VSE). Founded in 2016, VSE was largely focussed on the port-side activities of Krishnapatam Port of the Navayuga Group. When the Adani Group completed the buyout of the port in early 2021, the VSE founders turned their attention to building highways in Kerala. As Manu Balachandran writes, VSE is today building key stretches of Kerala's 582-km highway network. For more on what the group has in the pipeline, which includes India's first urban ropeway project in Varanasi, go to 'Riding the Infra Wave' on page 26.

On the cover is the CEO of a little-known subsidiary of Tata group company Titan, focussed on manufacturing high-precision components and automation machines, which it also designs. Neelakantan P Sridhar is at the helm of Titan Engineering & Automation Ltd (TEAL), whose origins go back to 1990, when the parent company started in-house machine-building and automation to meet its captive requirement. By 2004, this outfit evolved into a precision engineering division and, in 2017, it transformed into TEAL.

Focussed largely on aerospace and automation solutions, Sridhar tells *Forbes India*'s Tech & Innovation Editor Harichandan Arakali that TEAL is on a journey of "greater degree of complexity, with a higher engineering element in it, putting parts together and building to spec". For more on this fascinating company, go to 'Global Automation, Engineered From India' on page 20.

STORIES TO LOOK OUT FOR


(From left) C Sasidhar, chairman, Vishwa Samudra Group; NP Sridhar, CEO and MD of Titan Engineering & Automation Limited (TEAL)

Brian Carvalho
Editor, *Forbes India*
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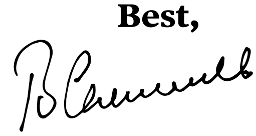
Best,



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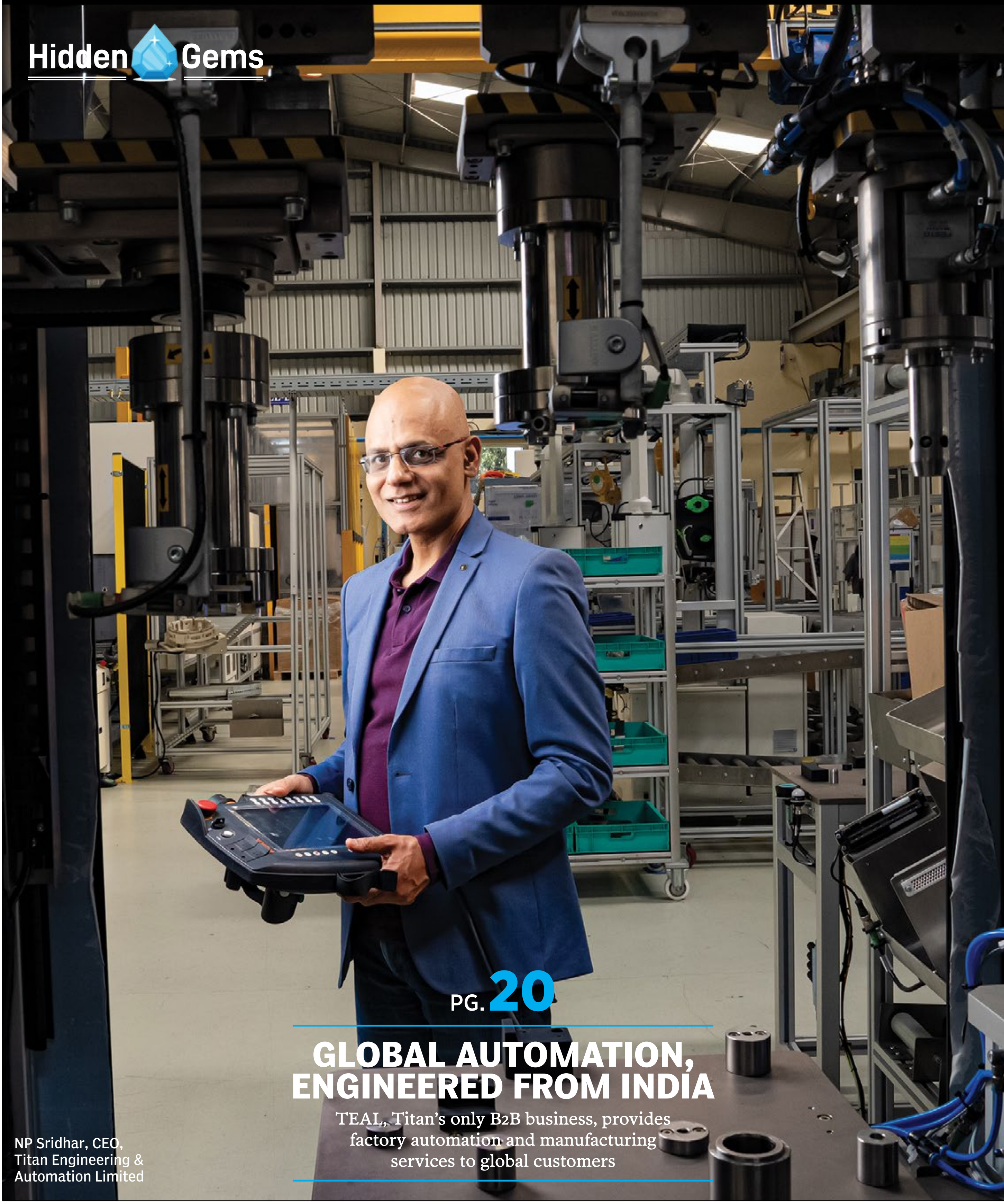
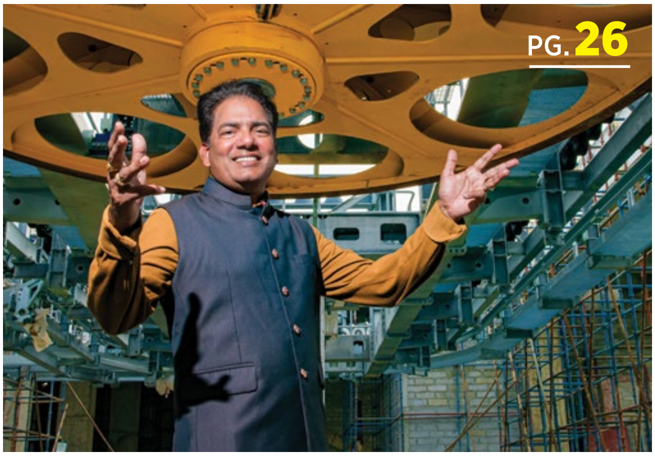


Hidden Gems

NP Sridhar, CEO, Titan Engineering & Automation Limited



C Sasidhar, founder and chairman, Vishwa Samudra Group

(From left) Sudhakar Balakrishnan and Sunil Nehra of FirstMeridian Business Services

IN FOCUS

CROSS BORDER

FORBESLIFE

PG. 48

N Visweswara Reddy, chairman and managing director, Shirdi Sai Electricals

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Forbes India is published fortnightly.

Editorial Office: Mumbai - Network18 Media & Investments Limited, Shri Ram Mills, Ganpatrao Kadam Marg, Worli, Mumbai, Mumbai, Maharashtra - 400018. Tel: 022 68881803/04.
National Capital Region - Network18 Media & Investments Limited, Tower 'E', Floor No. 18, SkymarkOne, Sector 98, Plot No. H-10/A, Noida, Gautam Buddha Nagar, Uttar Pradesh – 201301. Tel: 0120 6401500.
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Email: customercare.forbesindia@nw18.com
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Forbes India is printed & published by Brian Carvalho on behalf of Network18 Media & Investments Limited & Printed at Indigo Press (India) Private Limited, Plot 1C/716, Bharat Crown Compound, A.G. Pawar Lane, Off Dadoji Konddeo Cross Road, Between Sussex and Retiwala Industrial Estates, Ghodapdev, Byculla (E), Mumbai - 400027 & Published at Empire Complex, 1ST Floor, 414, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

Editor: Brian Carvalho

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US ELECTIONS

Red Splash: Trump, Tax and Tariffs

Will India sweat over Donald Trump's new policies as president of the US? Or is Asia better prepared this time to face the new red wave?

AS DONALD TRUMP RETURNS AS US president for a second time, the red sweep of Republicans is expected to have a spillover effect on the world economy amid a volatile environment and uncertain policies. A red Senate and House of Representatives mean that Trump will have a clear space to pass regulations in the coming years.

Typically, Trump's policies are relatively expansionary in nature. However, there are many moving parts, and market reactions in the short term can be starkly different from those in the medium to long term, say analysts.

For instance, Trump's 'Make America Great Again' may make China sweat on its exports, but Indian companies are betting on likely a sentimental effect of benefiting from the 'China+ 1' strategy. Not to forget, Trump has indicated his preferences for lowering tax rates for corporates, especially those manufacturing in the US, to 15 percent from 21 percent. Trump is also likely to impose 60 percent or higher tariffs on imports from China and 10 to 20 percent on the rest of the world.

"Trump 2.0 will likely mean more policy uncertainty, which we see as negative for Asia," say analysts at Nomura. According to them, Trump's re-election has less of a shock factor, given greater familiarity with his policies. Asia is also more resilient, due to the ongoing trends of US-China decoupling, shifts in global supply chains and lower Asian exports to China.

"While the broader impact—economic and geopolitical—is negative for Asia, especially for China and South Korea, we believe India and Malaysia should be relative beneficiaries," they add. However, they also feel Asia is better prepared this time, but a larger economic growth drag and disinflation now look more likely in 2025.

Having comfortably surpassed the minimum requirement of 270 seats, Trump and the Republican Party made a decisive victory in the 2024 US

Donald Trump's second term as US president is likely to bring in sea changes in equity markets worldwide, currencies, commodities and central banks' monetary policy decisions

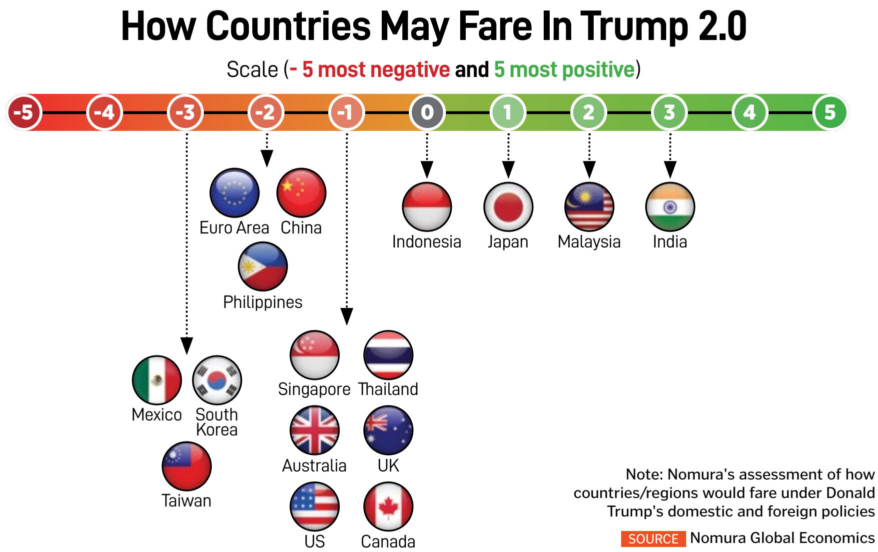
BRIAN SNYDER / REUTERS

presidential election. The Republicans have also secured a majority in the US Senate. "This implies that Trump's plans for tax cuts, levy of tariffs, health care reforms and energy policy, have a higher probability of getting implemented," says Venkatesh Balasubramaniam, managing director and co-head of research, JM Financial.

Being the president of a superpower, Trump's new term is anticipated to bring in sea changes in equity markets worldwide, currencies, commodities, central banks' monetary policy decisions and countries specifically dependent on the US for export revenue.

"Perhaps the most important question for investors is what is and isn't priced into markets. As is to be expected in volatile periods, not all asset classes move in tandem," says Ajay Rajadhyaksha, Barclays, adding that for the US equity markets, the biggest focus items from a second Trump presidency are taxes and tariffs.

The most direct impact of Trump's presidency will be lower corporate taxes for US manufacturing which will also drive capex and jobs. "However, this can also increase the US fiscal deficit and keep interest rates high," says Balasubramaniam. Secondly, higher tariffs on China and the rest of the world could be inflationary which could also lead to retaliatory tariffs from trade partners, leading to a slowdown in global growth.



Thirdly, lower involvement of the US in geopolitical conflicts and Trump's push for oil & gas can bring down crude oil prices. Trump is also anticipated to increase influence over the US Federal Reserve to lower rates and a stronger US dollar.

EQUITIES, CURRENCY, RATES: POLICY SHIFT?

Indian equities are already grappling with deep corrections due to multiple factors such as stimulus measures by China, leading to portfolio flows back into Chinese assets and possibly some rotation out of India.

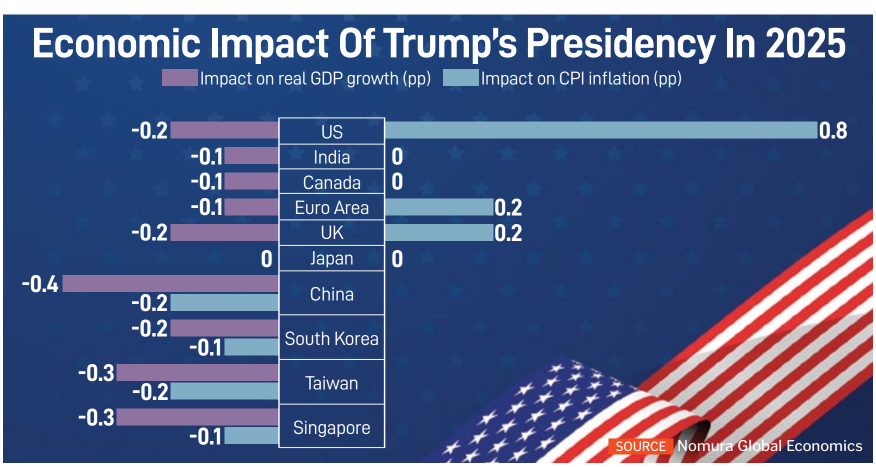
R Janakiraman, CIO-emerging markets equity-India, Franklin Templeton, however, feels that the impact of the US election outcome is likely to be restricted on India.

Though he adds shifts in the US involvement in global conflicts and geopolitical alliances may introduce uncertainties. "The performance of Indian markets over the past five years has largely been driven by strong earnings growth, supported by domestic factors such as multi-year capital expenditure cycle and shifting consumer trends," he says.

Indian markets faced an outflow of foreign institutional investors (FIIs) money worth $1.5 billion in November following a sell-off of $11 billion in the previous month. That has sunken markets as the benchmark index Nifty lost 6 percent in October, one of its worst monthly performances since the lockdown-related sell-off in March 2020.

As Trump's return to presidency is likely to boost US equities, consequently, foreign money is expected to chase such high return assets over Indian markets which is trading at an expensive valuation while corporate earnings are also lagging. US equities are positioned to outperform, as Trump is considered pro-markets.

"Trump is positive US but negative rest of the world. Global growth is likely to slow," say analysts at Angel One Wealth. The equity reaction of specific economies will depend on their policy formation



INFOGRAPHICS: MUKESH SINGH

to tackle exports to the US and the robustness of domestic demand. However, in events like these, one needs to separate short-term, knee jerk reactions from more long-term perspectives.

According to analysts at Angel One Wealth, Trump is expected to behave like he did in 2016. “We believe changes to his outlook can’t be fully ruled out. Therefore, a lot of narratives may shift when numbers come into play as and when policies are formulated,” they add.

The dollar is one of the assets most affected by the election result. Assuming Trump does target large-scale tariffs against Europe and China, the dollar will appreciate. A strong dollar index is a negative equity markets trade.

“India getting shielded from that macro headwind is a far possibility. The US doing well is likely to be anti-emerging markets. Secondly, one can’t rule out Trump imposing tariffs on India either because of geopolitical reasons or for running a trade surplus with $36 billion FY24 or for having a perceivably managed currency—all of which have historical context. These factors could make the current equity market gains rather transitory,” say Angel One Wealth analysts.

However, economists at Nomura feel that India is a large, domestic demand-driven economy, so the economic fallout of weaker US economic growth should be limited. However, they add that higher tariffs in the US should be stagflationary for the US economy, adding more to inflationary pressures by the second half of 2025, but also weighing on personal consumption and business investment.

“Trump 2.0 will likely mean more policy uncertainty, which we see as negative for Asia.”

As a result, they now expect the US Federal Reserve to cut interest rates just once in 2025. As expected, the US Fed slashed its policy rate by 25 basis points on November 7 pulling the Fed funds rate down to 4.5 to 4.75 percent.

US Elections & Impact On India

	US Election year	Nifty performance (election year)	Rupee-US Dollar	FII infows (₹)
	**2012** (Barack Obama)	27%	₹54	**1.3 tln**
	**2016** (Donald Trump)	-7%	₹66.5-₹68.7	**Mixed inflows**
	**2020** (Joe Biden)	15%	₹73	**1.7 tln**

SOURCE ICICI Securities

Even as Trump means higher US inflation, risks are skewed towards further disinflation in Asia, due to weaker growth, more economic slack, lower energy and the risk of more Chinese exports being dumped into Asia.

INDIA AND ITS BUSINESSES

Trump’s protectionist stance is expected to increase polarisation risks between countries. However, the US sees India as a counterweight to China on foreign policy; so any frictions on trade and immigration will likely be more than offset by the gains accruing to India from the ongoing supply chain shifts, say Sonal Varma and Aurodeep Nandi, economists at Nomura. They add that India and the US share deep economic and strategic interests that are unlikely to be compromised.

Trump’s policy and tariff stance are likely to impact those sectors which are mostly export driven such as IT, pharma and auto.-

In his previous stint, Trump tried to curb the H-1B visa programme. His policies led to increased H-1B rejection rates, higher H-1B/L-1 visa processing charges and wage inflation for H-1B resources. Analysts fear that a similar policy stance can’t be ruled out in a second term.

However, Balasubramaniam explains that India IT services players are more insulated now from such anti-immigration policies than they were in 2016. All players have ramped up local hiring in the US. A majority of their US employees are now not dependent on visa (local/green card holders). “The impact of such policies on players’ ability to deliver service or impact on margins due to cost inflation etc could therefore be limited,” he adds.

Similarly, promotion of local manufacturing is on Trump’s agenda but so is lowering the cost of drugs. That may also impact pharma and drug companies in India.

Analysts at Angel One Wealth are optimistic that IT and pharma may benefit from US growth being stronger. “IT could also see a services uptick possibly from global capability centers in India whereas pharma could benefit from more demand for generics under the government programmes,” analysts at Angel One Wealth say.

For Indian auto and ancillaries companies a Trump win and increased tariff on China imports would mean China+1 de-risking can accelerate and may benefit Indian auto ancillary companies in terms of higher exports. However, protectionist policies by Trump might require Indian companies to invest in the US to localise supplies, which were otherwise exported from India.

• NASRIN SULTANA

16,500

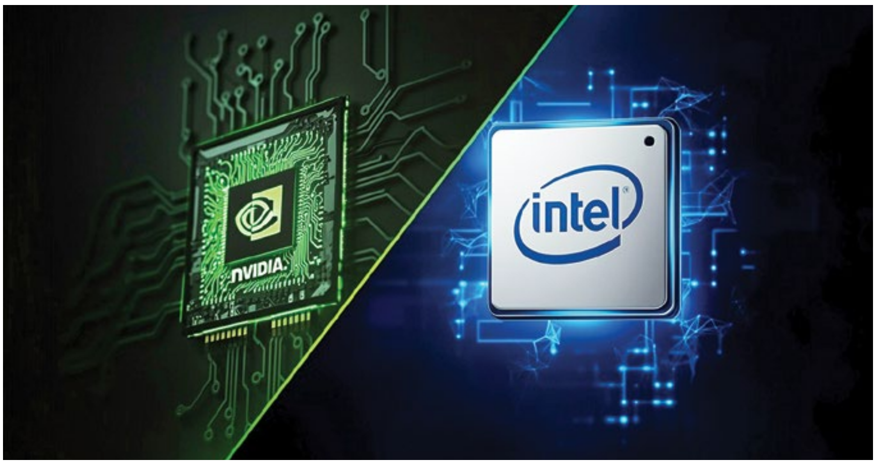
The number of people Intel is planning to lay off as part of steps to turn the company around

SHUTTERSTOCK

TECH

Nvidia In, Intel Out

The GPU maker replacing the latter on the Dow Jones Industrial Average marks a historic event for the American tech icon. Intel was on the index for 25 years



SHUTTERSTOCK

WHEN THE S&P DOW JONES Indices made significant changes to the Dow Jones Industrial Average and Dow Jones Utility Average (DJIA), effective November 8 in the US, one change that stood out was that Nvidia replaced Intel in the blue-chip DJIA.

The change reflects the stunning rise of GPU maker Nvidia on the back of demand for chips with abilities as artificial intelligence (AI) accelerators. The change marks the end of an era for Intel that's yet to offer a serious competing product.

The change removed Intel from the index after a 25-year reign. Intel's latest quarterly results on October 31 led to some investor optimism that it may yet be able to regain some of the manufacturing edge and the market share it's lost in recent years.

But initial projections for Intel's AI chip, called Gaudi, showed it wasn't getting the traction the company had hoped for. And CEO Pat Gelsinger confirmed the company wouldn't be meeting its first $500 million target in Gaudi sales. "We will not achieve our target of $500 million in revenue for Gaudi in 2024," he said on the company's fiscal Q32024 earnings call. "The overall uptake of Gaudi has been slower than we anticipated as adoption rates were impacted by the product transition from Gaudi 2 to Gaudi 3 and software ease of use."

He added that Gaudi 3, the next iteration of Intel's AI accelerator chip, was seeing strong interest. It delivers twice the networking bandwidth and 1.5x the memory bandwidth of Gaudi 2 for large language model (LLM) efficiency, according to Intel's October 31 press release.

Gelsinger is putting Intel through urgent, painful change, including a 16,500 layoff to turn it around. He's also committed the company to an investment of more than $32 billion to build two new leading-edge chip factories and to modernise an existing fab. The company expects to make its own chips and take orders from other semiconductor companies.

Pat Gelsinger hopes the future will bring balance between data centre computing and on-device applications, where Intel is a strong player

This will take perhaps as much as two years. In the meantime, the company, an American tech icon that contributed to Silicon Valley getting that name, is facing a potential break up, with rivals ARM and Qualcomm interested in acquiring some or all of it, according to news reports.

AMD, another GPU maker that like Nvidia has a heritage of providing chips that gamers love, is seeing its AI accelerator chip gain strong traction. Its data centre revenues, including from its Instinct GPUs and EPYC CPUs, more than doubled to $3.55 billion in the September quarter, from $1.6 billion for the year-ago period.

Gelsinger is hoping that the future will bring greater balance between the data centre computing and on-device applications, such as on the new wave of AI laptops, where Intel remains a strong player.

FUTURE: AI WORKERS EVERYWHERE

For now, Nvidia dominates as the undisputed leader of AI accelerator chips with large businesses worldwide building their AI plans around these products, including Indian conglomerates Reliance and Tata and software company Zoho.

Nvidia's co-founder and CEO Jensen Huang said that digital and 'AI employees' will become a reality, working alongside human employees, in an interview with the podcast *No Priors*, published on November 7. Huang has become one of the most recognised faces of AI with Nvidia becoming the dominant supplier of the semiconductor chips that power the accelerated computing that LLMs need. "Our outlook will be some biologics and some AI intelligence and we'll prompt them in the same way, isn't that right? Mostly I prompt my employees, provide them context… they go and recruit other team members… how's that going to be any different with digital and AI employees of all kinds?" Huang said.

• HARICHANDAN ARAKALI

INTERVIEW

‘Government Support is Crucial for Growth of Data Centres’

Ashish Arora, CEO of Nxtra by Airtel, on how the company will double its capacity to 400 MW by 2027 and the government’s role in fast-tracking the growth of the sector

FIFTY KM FROM CHENNAI’S CITY centre, SIPCOT IT Park is home to a hyperscale data centre with a 38-megawatt (MW) capacity and 3,000 racks. A brief tour showcased Nxtra’s new artificial intelligence deployment in predictive maintenance, energy efficiency, and optimised capital expenditure—a first for India. Telecom operator Bharti Airtel, anticipating growing demand, entered the data centre market in 2009 via subsidiary Nxtra Data Ltd.

In 2022, private equity firm Carlyle Group acquired a 24 percent stake for approximately ₹1,780 crore in the company. Nxtra registered a compounded annual growth rate (CAGR) of around 15 percent over the last five years, from ₹1,050 crore in FY20 to ₹1,855 crore in FY24, with a y-o-y growth of 13.54 percent in FY24, according to Care Ratings.

Nxtra Data operates two hyperscale data centres, 12 enterprise-grade data centres in Mumbai, Pune, Bengaluru, Chennai, the NCR, and Bhubaneshwar, and has more than 120 edge data centres across India. There are seven more facilities in the making. The company serves a diverse client base, including telecom providers, tech multinationals, and SMEs, through medium- to long-term colocation agreements.

ADAPTING TO DATA CENTRE BOOM

The data centre industry has undergone significant transformation over the past five to six years, driven primarily by the shift towards cloud computing. Initially, data centres focussed on providing high-resilience

Ashish Arora, CEO of Nxtra by Airtel

AMIT VERMA

₹1,855 cr

Nxtra by Airtel's revenues in FY24, with a year-on-year growth of 13.54 percent in the latest fiscal

SHUTTERSTOCK

environments for critical IT infrastructure. However, with cloud adoption, the need for bespoke data centres diminished.

Cloud operators, being 'colo-native', opted for third-party data centres from the outset. Until recently, India's cloud market was served primarily from outside the country. Around five to six years ago, global cloud players recognised India's vast market potential and began establishing local data centres to ensure quality service, comply with data residency rules, and cater to high data and compute demands.

"Nxtra has been building data centres for years, with our traditional market focus on enterprise clients. However, we're witnessing a significant shift towards hyperscale demand. Currently, our revenue split is 60:40 in favour of enterprise, but we anticipate a reversal in the next few years," says Ashish Arora, CEO of Nxtra by Airtel.

NXTRA'S CLOUD BUSINESS PLANS

"Our primary focus remains on colocation. While cloud services are not a focus area for Nxtra, our parent company, Bharti Airtel, will likely play a significant role in the cloud space." However, Airtel's cloud business will operate separately from Nxtra. As a specialised entity, Nxtra concentrates on the colocation aspect of the value chain. The cloud value chain encompasses colocation, compute, storage, and applications. Airtel operates across the entire value chain, but Nxtra's expertise lies in delivering colocation solutions.

GROWTH TRAJECTORY

Over the years, growth has been remarkable, driven by capacity-building initiatives. "We have launched several large hyperscaler facilities, including one in Chennai two years ago, a significant presence in Pune prior to that, and additional facilities in Mumbai and Pune this year. Our capacity has reached approximately 200 MW, representing a 3x increase over the past five years." Going forward, Nxtra will double this capacity to 400 MW by 2027 with an investment of ₹5,000 crore. "This growth will occur within our existing campuses, leveraging already-established infrastructure and land."

GOVERNMENT SUPPORT

To fast-track the growth of the sector, government intervention is crucial in several areas. First, as a major buyer of these services, government adoption of colocation and cloud services remains in its early stages. "However, I am confident that over time, the government will become one of the largest customers of cloud services in India, as is the case globally."

From an infrastructure perspective, three critical components require attention: Land, power, and approvals. While India has ample land, the approval process and state-level rules governing data centre construction need clarification. Defining data centres as a separate asset class with streamlined single-window approvals would facilitate investment.

There are three critical factors to fast-track the growth of the data centre sector: Land, power and approvals

Regarding power, India's generation capacity is sufficient, but data centres' high consumption in small footprints strains local grids. Proactive investment in upgrading grid capacities in designated data centre zones would prevent shortages. Last, while India's framework for green energy is supportive, seamless settlement processes across states would facilitate further growth. "As we aim to be net-zero by 2031, relying heavily on green energy, government support and interventions are vital for our sector's scalability."

COLLABORATING WITH RENEWABLE ENERGY PLAYERS

"We source 70 percent of our data centres' electricity from renewable energy. Our approach leverages the government's net metering policy, allowing us to invest in green energy joint ventures and offset our brown energy consumption."

Nxtra has partnered with top industry players through 10 joint ventures in the green energy space. These collaborations are tailored to specific states and locations, enabling them to access the necessary infrastructure. "Our partnerships are focussed on group captive projects, exclusively meeting Nxtra and Airtel's energy requirements."

DATA LOCALISATION

As data localisation gains momentum in India, it's essential to assess the country's capacity requirements to meet the escalating demand for data consumption. Notably, most data generated and consumed in India originates within the country, primarily from tech, fintech, and digital companies. These enterprises rely heavily on data storage, and their data is already stored domestically.

Cloud players serving Indian enterprises also utilise local data. However, data stored by OTT players in social media, search, and content spaces remains an exception, as India's data localisation framework allows storage in friendly sovereign countries, not exclusively within India.

Despite this, India is experiencing rapid data growth, driven by increasing individual and enterprise consumption. "The integration of AI will further accelerate data generation and consumption, fuelling demand for compute, storage, and data centres. This trend is deeply ingrained in our society and economy, ensuring sustained growth in the data centre sector," says Arora.

• NAANDIKA TRIPATHI

ON BOARD

Noel Tata: Tightening the Grip

After being appointed chairman of Tata Trusts, Noel Tata has also got a seat on the Tata Sons board. And it's only likely that the 67-year-old will wield enormous influence on the running of the group

AMIT VERMA

Noel Tata, chairman, Tata Trusts

HE HAD BEEN WAITING ON THE sidelines for long. Now, the moment of reckoning is finally here for Noel Tata.

On November 5, Tata Sons, the holding company of the salt-to-automobile conglomerate Tata Group, appointed Noel Tata, the half-brother of former Tata Group Chairman Ratan Tata, to its board. It's the first time since 2011 that somebody from the Tata family has concurrently held a seat on Tata Sons and the Tata Trusts, which holds 66 percent stake in Tata Sons.

Noel was appointed chairman of Tata Trusts following the death of Ratan Tata on October 9. The Trust has now nominated Noel to the board of Tata Sons, although he cannot become chairman, largely due to a change in its articles of association in 2022 that prohibited the same person from heading both Tata Sons and Tata Trusts.

Noel is no stranger to the functioning of the Tata Group, and it's only likely that the 67-year-old will likely wield enormous influence on the running of the group, after coming close to being appointed chairman in 2012 when Ratan Tata had retired from the role.

It's the first time since 2011 that somebody from the Tata family has concurrently held a seat on Tata Sons and the Tata Trusts

Eventually, that position of chairman of Tata Sons went to Noel's brother-in-law Cyrus Mistry, who later had a bitter public fallout with Ratan Tata and was sacked from his role. Now, in his newly appointed role, Noel, who remains the chairman of Trent, among the fastest growing of the Tata Group companies, will have a significant say in the direction of the group, which, among others, owns Air India, JLR and TCS. In addition, he will also have a crucial say in selecting a new chairman for the group when N Chandrasekaran retires in 2028.

Ratan Tata's tenure marked the last time an individual held both the roles of chairman of Tata Sons and Tata Trusts. Noel's involvement with the Trusts began in 2019 when he joined as a trustee of the Sir Ratan Tata Trust, followed by his appointment to the board of the Sir Dorabji Tata Trust in 2022.

In his time as chairman of Trent, the retail company has seen its revenue grow from ₹2,381.44 crore in fiscal 2015 to ₹12,277.49 crore in the fiscal ended March 2024. Net profit also jumped from ₹129 crore in FY15 to ₹1,435.82 crore in FY24. Trent's market capitalisation now stands at ₹2.23 lakh crore, and in July, it became the fifth company from the Tata stable to cross the ₹2 lakh crore market cap milestone, after TCS, Tata Motors, Titan and Tata Steel.

Apart from Trent, Noel also serves as chairman of Tata Investment Corporation, the managing director of Tata International, and the vice chairman of Titan Company and Tata Steel. In May, Noel's children, Leah, Maya, and Neville, were inducted as trustees of five prominent trusts, including affiliates of the Sir Dorabji Tata Trust and Sir Ratan Tata Trust.

• MANU BALACHANDRAN

81 percent

Highest ever share of 5G smartphones in overall quarterly shipments in India—seen in Q3 of calendar 2024

SHUTTERSTOCK

MARKET SHARE

Premium Play

Samsung, Apple lead India's rising smartphone 'premiumisation' trend. EMIs and AI in mid-range handsets tempt consumers

INDIA'S SMARTPHONE MARKET grew 3 percent year-on-year in calendar Q32024, with value surging 12 percent, a record, driven by a "premiumisation" trend, according to preliminary data from Counterpoint Technology Market Research's latest India smartphone tracker.

The first growth rate number refers to the increase in the number of phones sold in the market during the July-September period versus the same quarter a year ago, whereas the second refers to the value of all those phones based on their retail prices. The much bigger increase in value reflects the shift towards the premium end in the mix of handsets sold.

Samsung led the market in value with a 23 percent share, prioritising its flagship Galaxy S series and integrating AI features into its mid-range models, according to Counterpoint. "The market is increasingly shifting towards value growth, fuelled by a premiumisation trend," Counterpoint's senior research analyst Prachir Singh wrote in the monthly smartphone tracker note, dated October 29. Samsung's strategy of making more AI (artificial intelligence) features available in its mid-range phones such as the A series is encouraging consumers to upgrade, he added.

Apple followed closely with a 22 percent value share, bolstered by strong shipments of the iPhone 15 and iPhone 16. The brand's push into smaller cities and its aspirational

image have strengthened its position as the top choice for premium buyers in India, the analyst added.

As to volume growth, "during Q32024, several sales events were hosted by both OEMs and channels. These included parallel offline campaigns, which helped some of the OEMs clear existing inventory", research analyst Shubham Singh said in the note. This, in turn, helped them to offer multiple new handsets ahead of the festive season, he added.

Apple CEO Tim Cook confirmed recently that the iPhone maker will soon open more company-owned-and-run retail stores in India

The market shift towards higher-priced smartphones is also being supported by aggressive EMI (monthly instalments) offers and trade-ins, reflecting growing consumer willingness to invest in premium devices, according to Counterpoint.

APPLE IN INDIA

Meanwhile, Apple CEO Tim Cook confirmed recently that the iPhone maker will soon open more company-owned-and-run retail stores in India. These will likely come up in Bengaluru, Pune, Delhi-NCR, apart from a second store in Mumbai, Moneycontrol reported on October 4.

The step up in India and other emerging markets reflects Apple's changing global market landscape. In China, it is facing stiff competition from local smartphone companies and in the EU, it faces scrutiny for non-compliance with the bloc's strong anti-monopoly rules, including the Digital Markets Act.

Apple reported its fiscal fourth-quarter results on October 31, revealing a decline in sales in China, signalling potential market saturation amid rising competition from local brands such as Huawei and Xiaomi. The company grew in every other market.

In the 12 months ended September 28 (Apple follows an October-September financial calendar), sales in what Apple refers to as Greater China fell 7.7 percent from $72.5 billion in FY23 to $66.9 billion in FY24. In Apple's reporting, Greater China includes mainland China, Hong Kong and Taiwan.

Overall, Q4 sales in Greater China, Apple's third-biggest market, were about $15 billion, falling only marginally by about $51 million year-on-year. Sales were higher 2 percent sequentially versus the June quarter. India, while growing strongly, is a small market in comparison, which Apple clubs within its Europe segment along with the Middle East and Africa.

• HARICHANDAN ARAKALI

HOW INDIA EATS

Crop Damage Due to Rains Heats up Thali Cost

Continuous rainfall led to the price rise of tomato and onion, and delayed the fresh arrival of potato

Weight of a veg thali is 600-650 grams umber of rotis considered is 3
Weight of a non-veg thali is 680-730 grams Number of rotis considered is 3
Figures in % indicate contribution of food item in the thali.
Note: The above indicates cost of a thali and not its retail price.
The retail price will further include overhead costs, staff expenses and profit margins

MONTHLY INDICATOR OF FOOD PLATE COST

Cost of vegetarian and non-vegetarian thalis up 6% and 4% MoM in October

Non-veg thali (in ₹)	Month	Veg thali (in ₹)	
58.6	Oct 23	27.7	Decline in tomato and potato prices
60.4	Nov 23	30.5	
56.4	Dec 23	29.7	
52	Jan 24	28	
54	Feb 24	27.5	Elevated onion, potato, tomato, pulses and rice prices YoY
54.9	Mar 24	27.3	
56.3	Apr 24	27.4	
55.9	May 24	27.8	
58	June 24	29.4	
61.4	July 24	32.6	Elevated tomato prices
59.3	Aug 24	31.2	Decline in tomato prices
59.3	Sep 24	31.3	Rise in vegetables prices
61.6	Oct 24	33.3	
Y-O-Y change: **5%**		Y-O-Y change: **20%**	

Decline in broiler prices YoY

SOURCE Crisil

Note: Numbers indicate cost per thali. A veg thali comprises roti, vegetables (onion, tomato, and potato), rice, dal, curd, and salad. For non-veg thali, chicken has been considered instead of dal.; broiler prices are estimated (E).
The images shown are for illustration purposes only and may not be an exact representation of the product

INCESSANT RAINFALL IN September delayed arrivals of key vegetable items like tomato, onion and potato, which consequently increased their prices. Higher demand due to festivals in September and October also affected costs of food ingredients, including pulses.

In October, prices of both home-cooked vegetarian and non-vegetarian thalis increased, shows a Crisil analysis. A vegetarian thali cost ₹33.3 in October, higher by a whopping 20 percent from same

Vegetable oil prices jumped 10 percent month- on-month in October due to the increase in import duty

36%

Year-on-year increase in vegetable rates in September; fruit prices went up by 6.79 percent in urban areas

month last year. The same thali cost ₹31.3 in September, increasing 6 percent month-on-month. The veg thali cost increased due to a rise in prices of vegetables, which collectively account for 40 percent of the cost.

Prices of onion jumped 46 percent while those of potato surged 51 percent year-on-year in October due to lower arrivals impacted by the incessant rainfall in September. Rainfall in Maharashtra, Karnataka Telangana and Andhra Pradesh damaged crops and delayed kharif harvests by 10 to 15 days, says Crisil, as onion prices rose 6 percent month-on-month in October.

Cold storage stocks of rabi potato, which accounts for 95 percent of its annual production, are declining due to season end, while fresh arrivals will begin from December-January. Similarly, prices of tomato rose more than two times to ₹64 per kg in October from the year-ago period due to rains. The price of tomatoes rose by 39 percent month-on-month in October from ₹29 per kg in the corresponding month last year.

Crop damage due to rains in September impacted the arrival of tomatoes from states such as Maharashtra, Karnataka and Andhra Pradesh, while the festive demand also exerted pressure on prices. However, with supplies from Madhya Pradesh, Rajasthan and Himachal Pradesh, tomato prices are expected to stabilise in November, says Crisil.

The price of pulses, which account for 9 percent of the vegetarian thali cost, rose 11 percent due to lower pipeline stocks and higher demand during festivals. The prices are expected to slow down from December onwards, once arrivals begin.

Meanwhile, an 11 percent drop in fuel cost—to ₹803 in March this year from ₹903 for a 14.2 kg LPG cylinder in Delhi in September last year—prevented a further increase in the thali cost.

The average cost of a thali is calculated based on the input prices in north, south, east and west India. The data also reveals the ingredients (cereals, pulses, broiler poultry, vegetables, spices, edible oil, cooking gas) driving changes in the cost of a thali.

Higher demand due to festivals in September and October also affected costs of food ingredients, including pulses

A non-vegetarian thali cost ₹61.6 in October, rising 5 percent from the same month last year. On a monthly basis, the non-veg thali cost increased by 4 percent, from ₹59.3 in September. An estimated decline of 9 percent year-on-year in broiler prices led to a relatively slower uptick in the non-veg thali cost even as prices of vegetables rose. Broiler prices account for 50 percent of the non-veg thali cost.

Additionally, vegetable oil prices jumped 10 percent month- on-month in October due to the increase in import duty coupled with a healthy festive demand.

The monthly series 'How India Eats' takes a look at how the average price of a food plate in India changes every month, indicating the impact on the common man's expenditure, by analysing the Indian thali.

● NASRIN SULTANA

Forbes India Crossword No. 15

BY MANGESH GHOGRE

Solve a customised puzzle with each Forbes India issue that holds clues from the worlds of Indian business and culture, themed around this fortnight's magazine. This issue's theme, for instance, is the auto sector

1	2	3	4	■	■
5				6	■
7					8
■	9				
■	■	10			

ACROSS

1. SUV with "Roxx" variant
5. Khan who drove an Ambassador in "Raja Hindustani"
7. Road side assistant?
9. Clear
10. Sax range (also a popular sedan brand)

DOWN

1. Price point?
2. Swift racer
3. ___ Raja of "Amaron"
4. Uber, to Ola
6. Recharge one's batteries
8. Scorpio : Vrishchik :: Simha : ___

O	T	L	A	■	■
E	S	A	R	E	■
L	E	V	A	R	G
■	R	I	M	A	A
■	■	R	A	H	T

Mangesh Ghogre is the first Indian to have constructed crosswords for The New York Times. *A Mumbai-bred investment banker, Ghogre recently moved to the US on an Einstein visa, acquired for his cross-word skills. He will be making bespoke crossword puzzles for* Forbes India, *which can be solved in under five minutes.*

INTERVIEW

‘Haven’t Seen a Happier Time For Deals’

JM Financial’s Sonia Dasgupta says she hasn’t seen such robust domestic deal activity in her career of over 28 years. Here’s why

THE CURRENT CALENDAR YEAR has seen some hectic deal activity after a lull. There is a strong pipeline of initial public offerings, qualified institutional placements, and private equity (PE) investments. The recent turnaround of new-age tech startups, such as Zomato, has renewed the interest and confidence of retail and institutional investors, as has the shift in focus of founders towards profitability and sustainable growth. India’s fast growth trajectory has further improved business outlook.

Sonia Dasgupta, MD & CEO, investment banking, JM Financial, says she hasn’t seen such vibrant deal activity in 28 years. “I have not seen a more interesting and a happier time for deal making in India than now,” she told *Forbes India* in an interview. “There’s a lot of deal flow of every type; capital markets are good and M&A is also up.”

Also, there is a pile of cash reserves available for investments. For instance, SEBI data suggests, AIFs focussed on private equity and private credit deals have raised commitments of ₹9.3 lakh crore as of June 2024 of which ₹6.5 lakh crore is yet to be deployed. The dry powder is up by 46 percent in comparison to June 2023.

A longstanding woe of PE investors has been the lack of attractive returns on domestic investments because of limited exit options. But the sentiment has changed now: “Private equity is very strong. Once the companies become large and profitable, there’s a good opportunity for them to exit. Plus, now Indian capital markets have depth where PEs can exit large stakes,” Dasgupta explains as she talks about what is driving the deal momentum across most sectors. Edited excerpts:

Q How is the deal pipeline looking against the current market and economic backdrop?

I have not seen such deal activity in my career of around 28 years. For the first time, investment bankers must be feeling they have less capacity to execute. There’s a lot of deal flow of every type; capital markets are good and M&A is also up. Private equity gets more confidence because they are seeing good exits. I have not seen a more interesting and a happier time for dealmaking in India than now.

Q What’s driving the momentum?

We’re seeing very strong corporate earnings; therefore, they have the ability to refinance debt, giving them dry powder to either do acquisitions or capex. So build versus buy becomes good as one can raise equity either

₹9.3 lakh cr

Total value of commitments raised by AIFs focussed on private equity and private credit deals

SHUTTERSTOCK

from private or public markets. Private equity is very strong. Once the companies become large and profitable, there's a good opportunity for them to exit. Plus, now Indian capital markets have depth where PEs can exit large stakes.

Q Are companies going ahead with capex plans because many have surplus capacity at present?

It'll be specific to industries, because today the whole capacity from a lot of industries is not just linked to India. For instance, it can also get linked to excess dumping from some other countries if they start exporting below their cost price because they have excess capacity. That's a huge deterrent for existing players to put up new capacities. But for, say, solar modules or green energy, semiconductors, companies are building capacities because we want to encapsulate on the huge 'Make in India' trend.

Q What sense do you get from foreign institutional investors who have been net sellers in India equity markets so far?

They sit at a point where they're looking at all countries. So, relative to some of the other economies, India is pretty richly valued. There was a stimulus in another country (China), they rotated that money, and exited from their investments somewhere else. But I think they've again come back. If you see the Hyundai IPO, Bajaj Housing, we had very good FII interest again.

Q What are the top three trends you are seeing?

The market is very buoyant. A lot of IPOs, where the promoter would have said 'okay, let me wait for some more time to get scale' are getting advanced. Clearly, companies want to capitalise on the bullishness in the market.

In the digital and new age tech space, the market clearly is preferring founders who are actually showing strong profit or a very clear path to profitability. In line with all bull markets, people are trying to deleverage, if there's an opportunity, build capacities. They have dry powder for expansion, and also accelerating growth. So they want to build and grow. I would say the confidence of the Indian corporates and the promoters has gone up.

It's very heartening to see that, for most of the deals, there's a very strong domestic buying power—whether it is through domestic financial institutions, mutual fund insurance or family offices. That has a multiplier effect—they are able to have the ability to, say, participate in pre-IPOs, and, when those companies list well, they are able to get back good returns, which they're able to redeploy. It's a virtuous cycle that is set into place. Large institutions and large economies get built on the back of such trends. We have strong buying power, and that gives a lot of resilience to the country.

"It's very heartening to see that, for most of the deals, there's a very strong domestic buying power."

Q From what you say, I'm given an impression that there's a lot of on-ground deal activity happening, and the mood is very upbeat. So after the funding winter some months ago, when most investors were sitting on the fence, are you saying there's a 180-degree change in investor sentiment now?

That's correct. I'll be a little careful because there are still some pockets (NBFCs) where the regulators are not happy with some of the growth or unsecured lending. Here, investors want to wait and watch. Otherwise, bereft of that, I think all consumption-led stories, whether it is financial services, except lending, all others you can see the super rush to get more mutual fund licences.

You can see the growth of capital in broking, wealth management, etc. Of course, the favourite sectors are, as always, consumer, pharma, technology. Now of course, manufacturing. There is a lot more bullishness in all those spaces.

Q How is JM Financial placed to get a sizeable chunk of the business?

JM Financial clearly has an ability to become a very significant player and capture this because of a couple of reasons. One, our pedigree. Having seen so many cycles, the deal experience of all the senior bankers is a big asset. We have depth and width of coverage, and understanding of sectors and spaces. We continue to add and attract good talent.

One of our key things that we are focusing on is to become an integrated investment bank. Which means the investment bank works seamlessly with all our clients to satisfy all their needs, whether it is advisory work, IPO post listing, support in terms of QIPs, blocks, and the whole wealth management piece that is going to be a major focus for us. Something that is very important for us is the trust that we enjoy from our clients. We are very cognizant of that and make sure that we are always giving them first-class experience.

Q Global markets dealt with a few blows recently. What are the big risks for investors?

The real risk today is largely geopolitical. And some of these can play out impacting economies. Whether it is through oil, through deficit financing through inflation... these are things where sentiments can quickly turn if there is a heavy geopolitical mood change and investors can suddenly hide in their barrows and not invest. That is an important thing, but otherwise I think there could be some short-term flutters, but the long-term macro trend shows that equity investing is the only anti-inflationary asset class.

• NEHA BOTHRA

Global Automation, Engineered from India

TEAL, Titan's only B2B business, provides factory automation and manufacturing services to global customers

By **HARICHANDAN ARAKALI**

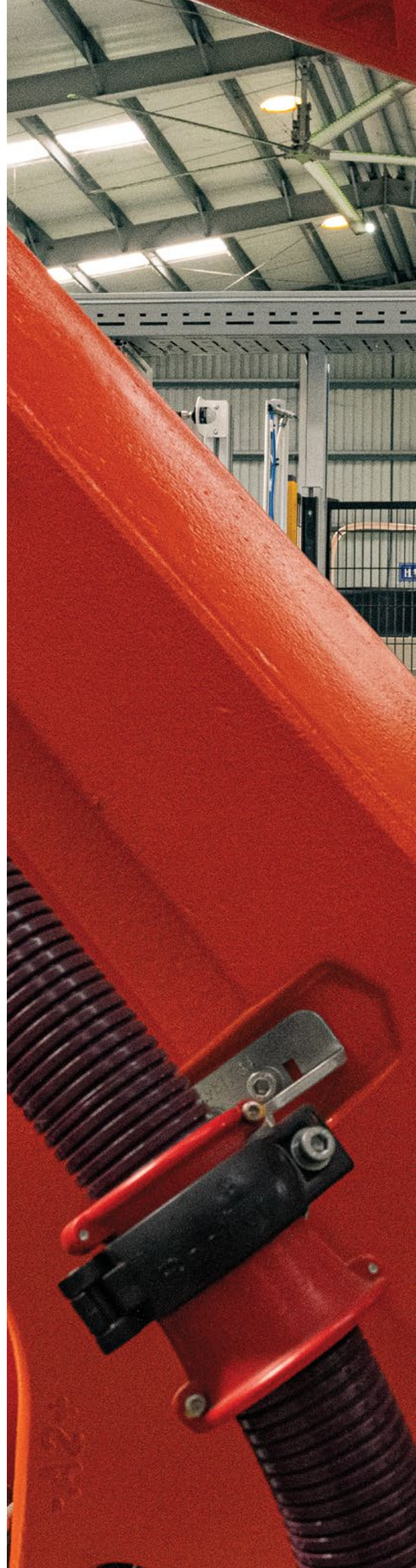
While the Titan Company is well known in India as a watchmaker, with a story that goes back 40 years, its engineering business, its only B2B unit, is less well-known. That unit, Titan Engineering and Automation Limited (TEAL), counts some of the biggest auto companies, for example, in India and overseas as customers using its factory assembly line automation solutions.

TEAL also counts marquee customers such as Raytheon, one of the world's biggest defence manufacturers but a buyer of components for civilian aircraft when it comes to Titan Engineering's manufacturing services line of business. TEAL is now making a foray into the semiconductor assembly space.

This fiscal, ending March 2025, TEAL is on track to hit ₹900 crore in revenue, profitably, CEO and MD Neelakantan P Sridhar told *Forbes India* in a recent interview.

The company's journey started in the 1990s, when a handful of engineers and technicians from Titan's maintenance division decided they needed to build some of their factory assembly equipment in-house, and that indeed they could. They persevered, and that pilot effort grew into a full-fledged precision engineering division by 2004.

By 2009, they were ready to export a robotic assembly line to the US and, in 2017, the division became TEAL, a company wholly-owned by Titan. Milestones along the way, like successfully building an assembly line for Delphi, an American tier 1



“We have several components that go into some of the most popular aircraft on the planet today.”

NP Sridhar, CEO & MD, TEAL

SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA auto components company, helped.

"The beauty of it is, 25 years on, the basic concept of the machine has very much remained the same, but you can get more data out of the machine now," Sridhar says. "Earlier, we didn't look at all the data coming from the machine. But now you can have a lot of sensors. You can get a lot more data about what the machine is performing, how it is performing. That has changed."

The knowhow for micron-level precision naturally led to TEAL exploring adjacent opportunities in manufacturing services (a micron is one millionth of a metre, say about one-tenth the thickness of one human hair.) They started with making some panels for spacecraft. Today "one of our biggest customers is Raytheon Technologies," Sridhar says.

The engagement started with a contract from Hamilton Sundstrand, he recalls, before it was acquired by United Technologies Corp that, in turn, merged with Raytheon.

Say, one is taking an IndiGo flight on one of its A320 Neo aircraft. When it lands, there is a braking system called after thrusters or reverse thrusters "If you are [seated] in front of that engine, you will see a cowl actually going behind," says Sridhar. Critical components of that actuation system are built at TEAL.

Or, on an Air India flight, onboard a Boeing 787, one of the best aircraft for air management systems, "very critical components are built at TEAL", he adds. The Pratt & Whitney engines that power IndiGo's aircraft have important components that are made at TEAL, Sridhar adds.

India's Hindustan Aeronautics Limited (HAL) makes a light helicopter, and some of the components that go into its engine are made at TEAL. "So, we have quite a lot of good content that goes inside some of the most popular aircraft on the planet today."

PHOTO COURTESY: TEAL

The assembly of completely automatic assembly lines at TEAL Automation Solutions plant, Hosur

"We have two businesses that complement each other beautifully," the CEO further says. The aerospace business is capital intensive, because it demands really high-quality precision equipment. And TEAL has a state-of-the-art facility with more than 130 world-class CNC machines and other gear.

The automation solutions business, on the other hand, is very design-led and calls for extremely competent people in solutioning, while it is capital-lite. With this combination, TEAL has evolved from making small individual components 20 years ago to making entire complex sub-assemblies today.

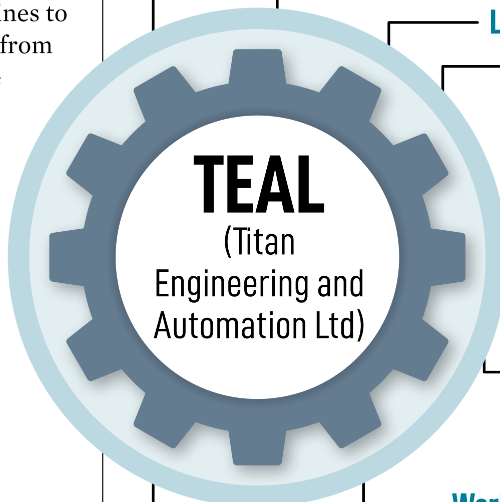
For example, in the popular A320 Neo aircraft that airlines, including IndiGo, have deployed, the engine is called a geared turbofan (GTF) engine that Pratt & Whitney developed. And the engine has what is called a pneumatic starter—it uses compressed air to get the engine going until it generates its own power.

The key sub-assembly of that starter is built at TEAL, Sridhar says. "When this goes into the line, they just add a few more components and then the starter is built. So we've migrated to that extent. But we are [still] in that journey of a greater degree of complexity, higher engineering element in it, putting parts together, building to spec."

He adds: "Today, we are building to a print, which means the drawing comes from my customer and we build to that. But now, increasingly, we are looking at how we can get specifications from the customer and then design and build to that. That's the next level

SHUTTERSTOCK

India's **Hindustan Aeronautics Limited (HAL)** makes a **light helicopter,** and some of the components that go into the **engine of that chopper** are made at **TEAL**



Founded: 2017 (as an independent wholly-owned subsidiary of Titan)

Base: Hosur, **Tamil Nadu**

Leadership: NP Sridhar, CEO & MD

Businesses: Factory assembly line **automation tech** and **components manufacturing** services

Customers include:
Major Indian and **foreign automakers**, **industrial multinationals** such as **Schneider**, **Siemens**, **ABB**, and **Raytheon**

Revenue: ₹761 crore FY24
(Outlook for FY25 is **₹900 crore**)
Ebit: ₹98 crore

Workforce: 1,500 (plus another **1,000** contract workers)

Plans include: Capex of more than **₹400 crore** announced earlier **this year**, to expand **automation business**, step up work on **aerospace** and **semiconductor** opportunities

that we would want to get to."

That future is about system integration and built-to-spec.

On the automation side, TEAL is a leader in supplying assembly lines to OEMS for making everything, from door latches to electric vehicle (EV) batteries. The knowhow also lends itself to other verticals, such as medical devices, electrical gear and so on, with customers such as Schneider Electric, ABB and Siemens.

TEAL will also be making strong forays into consumer electronics assembly and lines for solar panels. And one of its most exciting opportunities is in semiconductor assembly. Initially, this will be at the stage where chips have already been manufactured.

At this point, there are several packaging processes that are more bespoke "which is our play", he says. For example, once the chips are made, they can go into printed circuit boards. TEAL already knows how to build an automated assembly line for this.

Overall, about 50 percent of TEAL's automation output is export-oriented. The company has customers in France, the UK, Germany, Sweden, Poland, Czech Republic, Hungary, Romania and Slovakia. And with respect to North America, Sridhar points out that the decision-making is in the US, but the actual lines will likely be in Mexico, where TEAL has installed lines in multiple cities.

Starting this year, TEAL has stepped up efforts to send its experts to the US as well to drum up more business there. Much of the design work is done at TEAL's headquarters in the town of Hosur, in Tamil Nadu, a couple of hours by car from Bengaluru. The lines are built, assembled, and tested there. Once they pass muster, the lines are disassembled and shipped to the customers' sites where TEAL's team will assemble and commission them.

The company has about 1,500 people on its own rolls and another 1,000 or so on contract.

Sridhar says TEAL doesn't provide a breakdown of its revenue but its two lines of business are roughly equal, with automation being slightly bigger. Over the next 2-3 years, he expects to spend more than ₹400 crore in capital expenditure to expand TEAL's two business lines. The money will come from a combination of internal accruals and loans.

Aerospace and semiconductors are two important areas of investment. In two years, TEAL will also look to build its own campus. Automotive will remain a strength, and as electrification kicks in, there will be massive opportunities. R&D investments are also being made in software, machine learning and the application of AI to factory automation.

"We use their machine assembly automation lines across all the three different operations of our manufacturing," the regional purchasing head of a tier 1 auto components supplier tells *Forbes India*. The European company has a large operation in India with thousands of employees and the person didn't want to be named discussing a specific vendor.

TEAL's solutions have helped the auto component maker meet the key performance indicator standards in its Indian as well as overseas factories, he added, be it automating a basic pick-and-

> On the **automation side, TEAL** is a leader in supplying assembly lines to **OEMS** for making everything, from **door latches** to **EV batteries**

place task or detection and control systems in a line that processes a hundred parts every second.

TEAL has also helped this company design factory layouts and work flows for constrained spaces, he adds.

"One of the deterrent or impediments for Indian suppliers is to take a giant leap in global trading," the purchasing head adds, who also has a role in the company's international supply chain. Consider that about a third of India's $60 billion auto components output was for exports. But that pales in comparison with the nearly $120 billion auto component exports from China.

"The appetite and hunger with which the Chinese [and Korean] players are jumping in the business in terms of speed, the fully developed supply chain ecosystem and then the real project management" is yet to be matched by Indian players, he says. TEAL also needs to quickly establish a much stronger local presence in its key markets, he adds.

The European Union-headquartered company is looking to ramp up its exports by hundreds of millions of dollars, which represents a lot of opportunities for vendors such as TEAL—if they can step up. Second, Indian vendors will have to figure out how to match the efficiency and speed-to-market of the Chinese, he says.

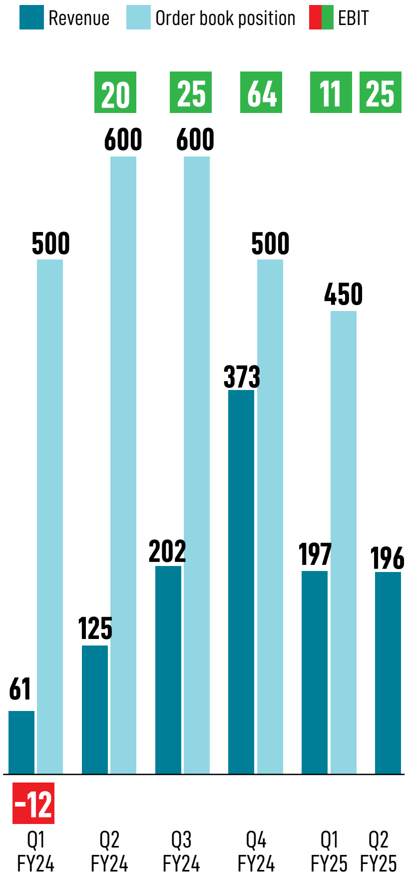
A third aspect is, with respect to this European customer of TEAL itself, there is enormous scope to get into assembly automation of much higher-value components that involve much more electronics, versus the mechanical products that TEAL currently has a lot of expertise in, he says.

While in countries such as India and Mexico, labour is cheap, automation is on the rise in the rich countries where it is not, the purchasing head

"The appetite with which Chinese [and Korean] players are jumping into the business in terms of speed, fully developed supply chain ecosystems and project management is yet to be matched by Indian players."

The regional purchasing head of a tier 1 auto components supplier

TEAL
Revenue and EBIT (₹ cr)



SOURCE Titan & Co website
The order book position indicates the closing position at the end of the quarter for the automation solutions business

points out. Automation density will only increase, he says, with the use of robots and co-bots (collaborative robots), automated material movement and so on.

"There is no better time for automation," Sridhar agrees. And to see the big picture, one must visit China, he adds, where one can see the "fullest extent" to which automation is possible.

Geopolitical circumstances are pushing most rich countries to bring back manufacturing as close to home as possible, de-risking supply chains. There are investments being made in manufacturing all over the world. "But the fact is that there aren't too many people in those advanced economies to man some of these factories, so automation is probably the only way."

And that's where he sees opportunity for TEAL. It has talent at scale, the ability to build that really well in India, and a good supply chain locally. As automation rises, TEAL can compete not only on the competence of its people and the solutions it can provide, but also on the fact that it can be hugely cost competitive in building from India, he says.

The flip side of the talent story in India is that young recruits aren't industry-ready, he points out. "They are competent people, but they don't know their engineering, and we teach them engineering all over again."

Industry-oriented schools such as Tata Institute of Skilling are doing a good job, but much more will be needed as manufacturing grows in India, he says.

A more difficult challenge, perhaps, is that today, most key automation elements are imported and mostly from China. Companies such as TEAL are grappling with the real possibility of that supply going away for geopolitical reasons. Building the local ecosystem for such components will be critical. F

Riding the Infra Wave

Vishwa Samudra Group is taking advantage of government infrastructure projects, and delivering tech-centric and quality-centric solutions

By **MANU BALACHANDRAN**

Anil Yendluri believes it's all the grace of Lord Guruvayurappan, a form of Lord Vishnu, worshipped and revered in the southern state of Kerala.

Although, a non-Keralite by birth, it had been in Kerala that Yendluri spent a considerable amount of his professional life, rising through the ranks of the Indian Police Service (IPS) to become an inspector general (IG), the third highest position in the police service. Yendluri joined the IPS in 1988. "I know Kerala inside out," he says. "That means, I know how the people think and how work needs to be done there."

In 2009, Yendluri took voluntary retirement from the IPS to join Krishnapatnam Port, a greenfield project being developed by the Hyderabad-based Navayuga Group in Andhra Pradesh, as its managing director. "It's not easy to develop a port in India," Yendluri says. "But, to build a greenfield port, make it world-class, and finally get the kind of value in a short time shows the strong mental strength that we had."

In 2020, the Adani Group bought a 75 percent stake in Krishnapatnam Port for ₹12,000 crore, before purchasing the remaining stake for ₹2,800 crore in 2021. The remaining 25 percent in the port was held by Vishwa Samudra Group, founded by C Sasidhar, who had served as the port's managing director. His family owned Navayuga Group, and Sasidhar had ventured out alongside the family business, which included his father and brother, to set up the Vishwa Samudra Group in 2016.

The sale, which was among the biggest port deals in India, saw the Adani Group scale up its presence on the eastern coast of the country, and in many ways, also laid the foundations of what would eventually become Vishwa Samudra Engineering, the flagship company of the Vishwa Samudra Group. That

PHOTOGRAPHS: AMIT VERMA

“We can achieve more with our strength because the talent that the group is sitting on is extremely strong.”

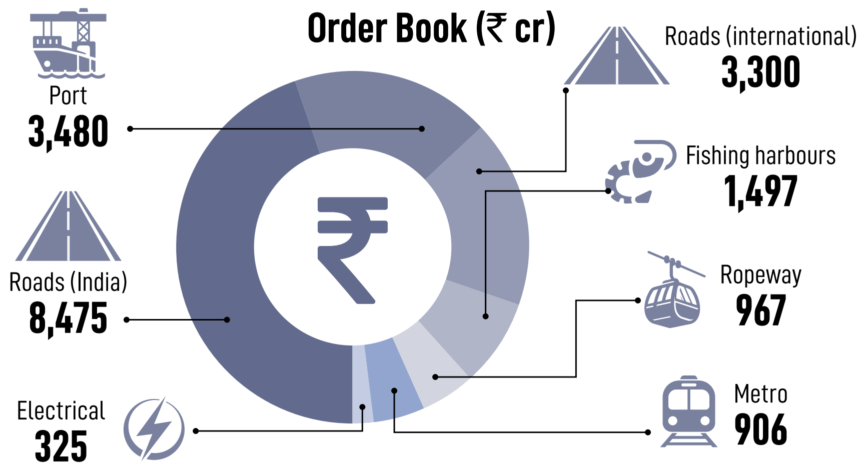
C Sasidhar, founder and chairman, Vishwa Samudra Group arm, originally founded in 2016, had largely focussed on the port side activities and infrastructure of Krishnapatnam Port until then.

"But, infrastructure sector, especially roads, was a massive opportunity both in India and abroad," says C Sasidhar, chairman of Vishwa Samudra Group. "If you look at the US, the country is famous for its roads. India has some tremendous opportunities in the road and infrastructure space."

That meant, in early 2021, after the deal with the Adanis was complete, Sasidhar and Yendluri turned all their attention to highways, which is when Kerala came back into the picture for Yendluri. "When others were shying away from Kerala, we got our first project in developing the highways there," he says. "It was not a small project and was worth ₹2,100 crore." Over the next few months, the company bagged two more highway projects in Kerala, as part of the state's massive road expansion plans. Today, the Vishwa Samudra Group is building key stretches of the 582 km of highways in Kerala, a state that was once notorious for lack of land availability for road expansion, which had crippled its highway infrastructure.

Since then, the group has managed to scale up significantly and boasts an order book in excess of ₹19,000 crore, of which over 60 percent is in the highway sector. The Vishwa Samudra Group comprises 15 divisions and is headquartered in Hyderabad. Apart from engineering and infrastructure, its other businesses include construction, shipping services, port and maritime services, real estate and logistics.

In FY24, Vishwa Samudra Engineering, which accounts for over 95 percent of the group's revenues, earned ₹3,180 crore. By FY27, it is looking at revenues of ₹12,000 crore, which could go up to ₹30,000 crore by FY30



As of October
SOURCE Vishwa Samudra Group

The group is engaged in building India's first urban ropeway project in Varanasi

INTO NEW FRONTIERS

The group is engaged in building India's first urban ropeway project in Varanasi, which is among the pet projects of Prime Minister Narendra Modi. Vishwa Samudra won the bid when tenders were floated in 2021, in partnership with Switzerland-based Bartholet Maschinenbau AG.

That project spans 3.85 km, with a passenger capacity of 96,000 per day. In all, the government has identified 200 such projects for ₹1.25 lakh crore over the next five years under the National Ropeways Development Programme, or the Parvatmala Pariyojana. The project offers significant opportunities for the likes of Vishwa Samudra Group, which has an early mover advantage in the niche segment.

The group is also undertaking significant road projects across the country. These include the development of National Highway (NH) 244A in Jammu, two different stretches of NH47 in Kerala, and NH17 in Kerala. Together, the four highway projects account for ₹6,640 crore. The company is also building rural roads in Andhra Pradesh and Uttar Pradesh.

"We feel we are slow even though it looks very fast for others," adds Sasidhar. "We can achieve more with our strength because the talent that the group is sitting on is extremely strong." Sasidhar had built a reputation for executing the Krishnapatnam Port in 18 months. In addition, Vishwa Samudra Group has grabbed a project in Guyana, in South America, for the construction of a highway worth $412 million.

For all this, the company is banking on what it calls Stabilroad, a technology developed in Germany that processes existing soils with cement and special additives, making the soil resistant to compressive strength as well as elastic, waterproof, and frost resistant. Stabilroad also claims to be greener, with significantly less pollution, and lower labour and fuel costs.

"When we started, we saw that the market has a few big players and many small players, but without

INFOGRAPHICS: MUKESH SINGH

many good quality players," adds Yendluri. "Because they were all old-generation construction companies with old methodologies and old mindsets and old value systems, we realised we needed a new mindset, new technologies, and new value systems. We wanted to create a new generation construction company that is tech-centric, quality-centric, cost-centric and at the end of the day, not just making money or completing the projects but creating value."

India's highway sector has been in the midst of a transformation over the past decade, largely due to the Modi government's focus on the sector, with over 50,000 km added in the last decade, since he has been in power. The trend is expected to continue, even though the sector has seen some plateauing in recent times. In 2024, rating agency ICRA revised its forecast of road awards by the Ministry of Road Transport and Highways to 8,500 km to 9,000 km, similar to last year's awarding of 8,581 km.

"With improved clarity regarding order-awarding activity from the roads ministry in August, project awarding is expected to gain momentum from September onwards," wrote Vinay Kumar, sector head of corporate ratings at ICRA, in a statement. "However, the overall project award will remain substantially lower than that of FY21-FY23 levels. Consequently, the growth momentum witnessed by road developers in recent years will moderate in the next 12 to 18 months."

This is also why the group is actively scaling up on its other infrastructure offerings in the country. It is building a greenfield port at Mulapeta in Andhra Pradesh for the state government, worth ₹3,000 crore. The project will see the construction of four berths. There is also the construction of five fishing harbours in Andhra Pradesh.

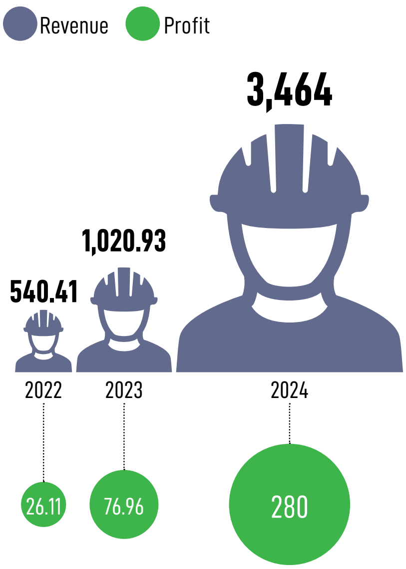
The construction site of Vishwa Samudra Group's urban ropeway project in Varanasi that spans 3.85 km, with a passenger capacity of 96,000 per day

"We have not gone very aggressive with our bidding," says Shivdutt Das, executive director of Vishwa Samudra Holdings. "We could have gone on to bid for projects worth ₹50,000 crore. But we have been selective about what we do. If we look at our numbers compared to competitors, they would be operating with an Ebidta margin of 10 percent and PAT [profit after tax] of 4 percent. We have been at 15 percent Ebidta and 8 percent PAT." This year, the company is looking at a topline of ₹4,000 crore.

Roads and ports apart, the Vishwa Samudra Group is building depot infrastructures, an operational control centre, and an administrative building, for the Mumbai Metro in addition to an electrification project for the Uttar Pradesh government. The company had also relaid the runway for the Hyderabad airport, along with building the residential quarters for security personnel at the Goa airport.

Despite all this diversification in the domestic markets, it's the global market that Sasidhar and Yendluri want a pie of, especially in Africa and Saudi Arabia, among others. "Our strategy is to go into areas where others either hesitate or take time," Yendluri says. "We want to be a modern new generation infra company going into all types of projects, not just roads or ports." F

Raking In Revenues (₹ cr)



SOURCE Vishwa Samudra Group/Tofler

Building Blocks

Brothers Sahil and Rushabh Vora bootstrapped their entrepreneurial journey for nearly a decade, embraced value, shunned valuation and befriended KPIs that remain alien to most new-age founders. The result is a flourishing and profitable real estate business in SILA

By **RAJIV SINGH**

Mumbai, 2015

For the seasoned squash players, it was a grave unforced error. It was 2015. Brothers Sahil and Rushabh Vora were in the fifth year of their bootstrapped entrepreneurial journey with their maiden venture SILA, a real estate platform with facility management at its core. "When we started in 2010, the world of angel investing was not institutionalised," recalls Rushabh, a national squash player and an investment banker who had stints with Lazard, UBS and BGS Partners. The brothers, therefore, tapped into their network of friends and family, an uncle chipped in with an initial corpus of ₹50 lakh, and paid the amount in

SILA

MEXY XAVIER

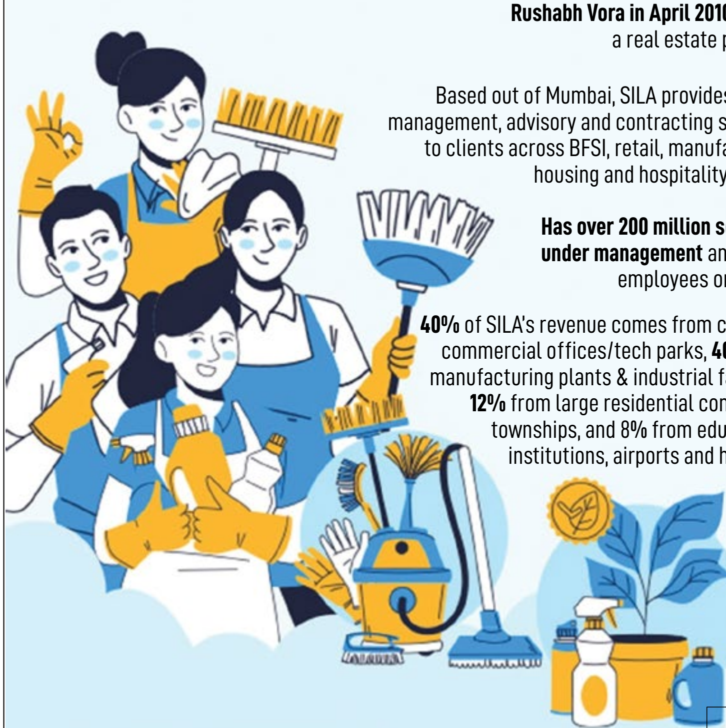
“You don’t need to throw money to solve a problem. We have been growing incrementally and that’s the magic to compounding business growth.”

Sahil Vora, founder, SILA

“We have slowly, steadily and sustainably built our business.”

Rushabh Vora, co-founder & managing director, SILA

Name & Game



Founded by brothers **Sahil and Rushabh Vora in April 2010,** SILA is a real estate platform

Based out of Mumbai, SILA provides facility management, advisory and contracting solutions to clients across BFSI, retail, manufacturing, housing and hospitality sectors

Has over 200 million sq ft area under management and 24,000 employees on payroll

40% of SILA's revenue comes from clients at commercial offices/tech parks, **40%** from manufacturing plants & industrial facilities, **12%** from large residential complexes/townships, and 8% from educational institutions, airports and hospitals

Revenues have jumped **from over ₹96 crore in FY19 to ₹713 crore in FY24**

Clocked ₹425 crore revenue in the first half of FY25; currently on an annual revenue run rate of ₹1,000 crore; expecting to close FY'25 at approximately ₹900 crore

Raised **first institutional funding** from Norwest Venture Partners in August 2019

In 2019, SILA ventured into real estate development, focusing on the Mumbai Metropolitan Region

Samara Capital-backed SILA's development arm **is constructing 750,000 sq ft of real estate**

In 2022, SILA **bought Forbes Facility Management Services** from the Shapoorji Pallonji Group

INFOGRAPHICS: MUKESH SINGH

multiple tranches of ₹5 lakh.

The staggered payment did wonders on multiple counts. First, it reinforced the value of navigating a tight ship. Second, it underlined the urgency of running a profitable business. Third, it underscored the need to build a sustainable venture. Months passed by and the brothers stayed firm on the proven entrepreneurial path of slow and steady progress. By 2015, SILA clocked an operating revenue of ₹30 crore, the B2B business continued to grow profitably, and the siblings squashed all temptations to play a valuation game. "We were not burning and growing. It's not in our DNA," recounts Sahil, adding that the B2B venture never needed extra money. The brothers were happy with their B2B drives and volleys.

Then, sometime in 2015, the duo did something uncharacteristic: An unforced error. Rushabh goes down

"SILA has delivered 10x revenue growth during our hold period and has been built profitably with capital efficiency."

Shiv Chaudhary, managing director, Norwest India

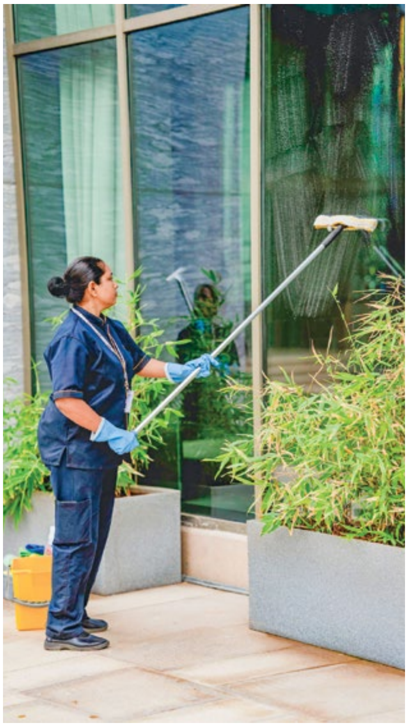
memory lane and recounts the lone forgettable blip. "There was this one 'comment' from a friend, and we yielded to the temptation," he says. The remark from a well-wisher was meant to jolt the brothers from their inertia of a bootstrapped life. "You have over 1,800 employees, your revenue is around ₹30 crore, and you haven't raised a single VC penny," was the innocuous-yet-provocative taunt. "Guys, what are you doing? Look, what is happening around you," was how the well-wisher exhorted the Vora brothers to make the most of the funding boom.

The siren song charmed the brothers. "We started a B2C business—Mr Homecare—for home cleaning and deep services," recounts Sahil. The plan was to replicate the magic of the B2B venture, but with a twist: Raise VC money, grow aggressively, and scale furiously. Within three weeks, the duo raised money from friends and family, were in talks with a bunch of venture capitalists for institutional funding, and over the next few months, the B2C blueprint unfurled itself in full glory. After six months, the siren song morphed into loud warning bells. "We quickly realised that B2C is not in our DNA," he underlines. Reason? High burn and insane customer acquisition cost. The cost per click on Google was around ₹170! "The economics didn't sit well with our bootstrapped genes," he says, adding that the venture was shuttered in nine months. "Continuing with it didn't make any sense," Rushabh chips in with his take. The KPIs (key performance indicators), he underlines, were negatively and heavily skewed. "We would not have made money at all," he says.

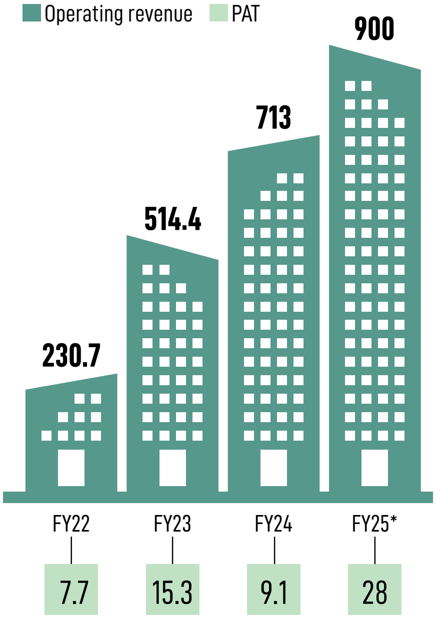
Cut to November 2024. The brothers have made money—and it's not paper money—and built a profitable and sustainable real estate platform. "We chase value and not valuation," says Sahil. Look at the report card of SILA. Started in 2010, the company reached ₹30 crore in topline in the first five years. Four years later, by FY19, the operating revenue increased to ₹96 crore. Patience paid off, the grunt work reaped rich dividends as the much-awaited inflection point came after the pandemic in 2020. Revenue leapfrogged from ₹230.7 crore in FY22 to ₹514.4 crore in the next fiscal.

SILA soon hit a purple patch. The juggernaut continued for the Mumbai-based real estate platform that provides facility management, advisory, and contracting solutions to clients across BFSI (banking, financial services, and insurance), retail, manufacturing, housing, and hospitality sectors. The revenues pole-vaulted to ₹713 crore in FY24 and are now striking a run-

30 mln sq ft
Area under management; it was 25 mln sq ft in FY19



Report Card (₹ cr)



*Estimated

SOURCE Filings, company, and ICRA; FY25 numbers are run-rate

rate of ₹900 crore in FY25. The bottom line too charted a positive trajectory during the period (see box). "As a B2B business, we may not look or sound sexy, but for us, the numbers do the talking," says Sahil. His brother chips in. "It (nature of the business) may be boring, but it makes a lot of sense," reckons Rushabh.

The numbers are indeed impressive. What is fascinating though is that the brothers didn't raise much venture capital to fuel their business. SILA had a nominal first round of institutional funding in 2019, and then added some more dry powder to the kitty in 2022 when it bought Forbes Facility Management Services from the Shapoorji Pallonji Group reportedly for ₹42 crore. "We're a B2B business. And we didn't spend heavily on marketing, advertising and customer acquisition," says Sahil. All that the brothers were supposed to do—and they did it diligently—was to ensure a high quality of service and a razor-sharp focus on customers. What also helped in the process was sound financial knowledge. "We knew how to read a balance sheet and we were also prudent," he says.

Other ingredients too came in handy. Take, for instance, a large TAM (total addressable market). "Luckily for our business, the market size is big," says Rushabh, as he decodes the magical growth of SILA. From large multinationals to domestic corporates—small, mid-sized, and big—to an R&D centre, a manufacturing unit, and anybody with an office—all needed facility management, advisory, and contracting solutions. High-quality work resulted in wide word-of-mouth marketing as a lot of customers came from referrals. "We slowly built those blocks which helped in keeping marketing dollars low," he says, adding that the big TAM was also helped by another strong trend of the unorganised sector moving towards the organised counterparts. Labour compliances were becoming critical and the contracting world saw the disappearance of mom-and-pop and cottage players.

Two more factors shaped the journey. First, the brothers maintained fiscal discipline in running a tight ship. There was no point in throwing money at the business and the problem. "There was and there is no reason to believe that doing so would make the business more efficient," says Rushabh. Second, befriending a clutch of alien KPIs during the journey proved beneficial. Sahil explains. ROE (return on equity), ROCE (return on capital employed), OCF (operating cash flow), and D/E (debt-to-equity) ratio became as crucial as operating revenue and profit after tax. These terms, he underlines, may sound jarring but these are what make or break a business. While the first five years of the journey were focussed on building trust, and credibility, and garnering revenue, the next five years were spent on fine-tuning profits. Over the next few years, he underscores, the focus will shift from profit to generating more cash flow.

Okay. But how does one explain wafer-thin PAT? On revenue of over ₹713 crore, the PAT (profit after tax) in FY24 was just

125

Cities where it has an operational footprint; it was 15 in FY19

₹16,500 crore

Worth of deals advised and monitored

₹9.1 crore. In fact, the PAT has remained low in previous fiscals as well. Rushabh explains. FY24 PAT, he underlines, had several one-time adjustments for non-cash/ non-operating items such as ESOP expenses and restating accounts. "This is not a true representation of the actual operating business," he says, sharing a quirky intrinsic aspect of the facility management business. "It's a low margin, high volume, annuity business," he says, adding that the margins perpetually remain thin. SILA's contract retention rate is north of 95 percent, the company doesn't have to fight for a contract every year, and it has been growing incrementally. "The compounding nature of our business is what makes it fascinating and lucrative," he adds.

The backers are delighted with the sustainable and profitable growth of SILA. "The company has delivered around 10x revenue growth during our hold period," says Shiv Chaudhary, managing director of Norwest India. The brothers, he adds, have built the company profitably and with high capital efficiency. Having played squash for India at a young age, the siblings have demonstrated grit and hard work early in their lives. What, though, is commendable about the growth is a holistic approach. Corporate governance, risk management, systems, and processes have been the core areas of focus at SILA. "What's more important is the longevity of growth and the reliability of growth," says Chaudhary, adding that while longevity provides investors the opportunity to compound their money, reliability provides safety and security. The challenge, though, for SILA would be the manpower-intensive nature of the business. "They will have to continue to invest in systems, processes, and technology," he reckons.

The brothers, meanwhile, point out a different challenge. "What we want to do is to continue doing a boring and predictable business," says Sahil. Reason? The public markets value such companies. They want predictability, profitability, and sustainability. "We're planning to go public in six to eight quarters," he says, adding that SILA would continue with its high compliance and governance. The brothers don't want to reinvent the business wheel. "Revenue is vanity, profit is sanity, and cash reality... and we want to stick to these basics," says Rushabh as he signs off with an intent to double down on his 'boring' business.

24,000

Headcount

in FY24; it was 3,500 in FY19

Moment In The Sun

Kolkata-headquartered Vikram Solar is among the new crop of solar module makers that are in a sweet spot

By **SAMAR SRIVASTAVA**

Being in the right space at the right time is half the job done. That's the position Vikram Solar finds itself in. The Kolkata-headquartered two-decade-old business is having its place in the sun.

The reason: Solar panel manufacturing has caught the fancy of investors. Recent market flotations in the sector—Waaree Energies and Premier Energies—have more than doubled from their IPO allotment price. Expect more listings from this space.

These businesses are seen as a three-fold opportunity. First, they are at the forefront of clean energy transition with wind, solar and hydro on track to displace fossil fuels as a primary energy source in the next two decades. Second, they are import substitution plays. Solar panels that were imported from China are now made locally (although about 60 to 75 percent of the components are still imported). India's module manufacturing capacity is expected to double from 63 GW by the end of fiscal 2024 to 120 to 125 GW by 2030, according to Crisil.

Third, the export market for solar panels, particularly to the US, is large. Exports of solar panels and cells to the US from India were $1.8 billion in 2023 compared to $250 million in 2022, according to BloombergNEF.

Leading Vikram Solar has been chairman and MD Gyanesh Chaudhary. He started in the business in 2005, "when there was next to zero solar module manufacturing capacity and no installations". Neatly dividing his 20-year journey into five-year chunks, he puts the periods down as education, growth, stability and the current period as blitzkrieg. The business is now on track to scale rapidly.

In 2022 installed capacity for Vikram Solar moved from 1,950 MW to 3,500 MW in 2023. In the same period, the outstanding order book increased from 1,789 MW to 2,786 MW. Growth in the outstanding order book accelerated to 4,376 MW in 2024. In the financial year ended March 2024, revenue stood at ₹2,510 crore and profit at ₹79 crore. (As a result, the company has recently revived its listing plans that had been shelved in 2022.)

While the industry has done well to set up manufacturing capacity in India, a significant part of its business case has come from an imposition of duties on Chinese imports. In April 2022, India imposed a 40 percent tax on solar panel imports and 25 percent on solar cells to discourage Chinese imports, prompting some to ask if the growth in Indian solar panel manufacturing has come solely on account of the imposition of tariffs. Chaudhary believes this imposition of duty is fair and that this has to be seen in the context of Chinese dumping and the fact that Indian manufacturing had suffered on account of the Covid-19 pandemic.

In addition, solar module manufacturing is also eligible for production-linked incentives (PLI), something Vikram Solar plans to take advantage of. "As of now, 75 percent of our components are coming from overseas as opposed to 100 percent earlier," says Chaudhury. Upstream components (polysilicon to cells) will be driven by PLI incentives, but module capacity additions will be a mix of

VIKAS CHANDRA PURETI FOR FORBES INDIA

> “Vikram Solar can grow threefold in the next three years, with more operating leverage kicking in.”
>
> **Gyanesh Chaudhary,** chairman and MD, Vikram Solar

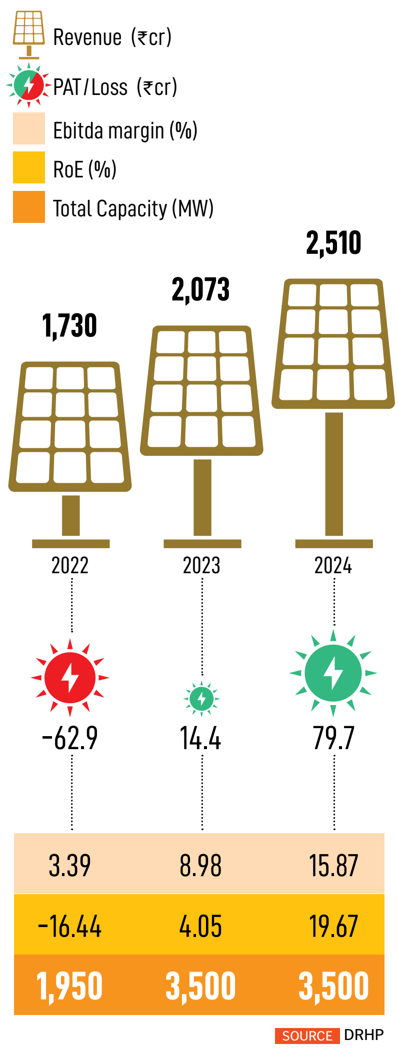
PLI and non-PLI, according to Sehul Bhatt, director, research at Crisil Market Intelligence and Analytics.

As of now, there are at least two dozen companies operating in the solar module space. The business model is based on engineering, procurement, construction (EPC) contracts where bids are invited, and solar companies quote prices. For public sector companies like NTPC Green and SJVN, it is usually the lowest bid that works but for private sector bids—Sterling and Wilson, JSW, Azure, Acme Power—it is a mix of cost as well as performance guarantees on the panels that result in companies being selected. Customer concentration is a risk for Vikram Solar and its top 10 customers account for 89 percent of revenues, according to its Draft Red Herring Prospectus (DRHP).

Over the last year, an increase in solar installations has powered margins for the likes of Vikram Solar. As Vikram Solar swung from a ₹62.9 crore loss in 2022 to a ₹79 crore profit in 2024, Ebitda margins improved from 3.39 percent to 15.87 percent in the same period. Chaudhary believes that Vikram Solar can grow threefold in the next three years, pointing to more operating leverage kicking in. Recently listed peer Premier Energies also saw Ebitda margins rise from 4.01 percent to 15.11 percent between 2022 and 2024.

A point of concern for the industry has been the large build up in capacity, which has grown from 8 GW in 2021 to 67 GW in 2024. Another 48 GW is being set up with the aid of PLI, according to the Ministry of New and Renewable Energy. Compare this to a domestic demand of 20.4 GW in 2024 primarily on account of the Pradhan Mantri Suryodaya Yojana, which provides free electricity of 300 units a month and it is clear that there is excess supply in the domestic market. As of now, it is

Vikram Solar's Improving Performance



not clear how far domestic demand can grow to absorb this capacity.

Vikram Solar's exports to the US market have provided it with an avenue to make use of its excess capacity. Chaudhary says that about half of its revenues come from the US market and they have a plan to start making modules there. In 2022, the passing of the Inflation Reduction Act in the US provided a further fillip to exports to the US. The Act mandates the reduction of carbon emissions by 40 percent by 2030 through the combination of grants, loans, tax provisions and other incentives.

But it's not clear how long this increase in exports can last. Analysts argue that Indian companies are too dependent on the US market for exports. "The share of the US in India's export basket increased to over 95 percent in the first quarter this fiscal, from 66 percent in 2022," says Bhatt of Crisil. With the Inflation Reduction Act resulting in an increase in domestic manufacturing in the US, it is possible that this window would close soon. India's exports to other key importing nations—Brazil, the Netherlands, Spain and Germany that make up 28 percent of global imports—remains low.

As Vikram Solar expands, its low leverage levels will go in its favour. As of now, its debt equity ratio is 1.8 times. As the business has a lot of operational leverage, an increase in sales should flow substantially to the bottom line, giving it the cash flows it needs to expand. It has also filed a DRHP in October that is awaiting approval from the Securities and Exchange Board of India. Its listing would allow it to spend on a 3 GW integrated facility near Chennai.

After two decades in the business, Vikram Solar has managed to get the operational and profitability metrics to be accepted by public market investors who see this as a sunrise growth sector. For now, competitors like recent listings Waaree Energies or Premier Energies are being priced like growth stocks with price earnings multiples of between 90 and 200 times due to healthy order books and execution. What remains to be seen is how long this run continues. Chaudhary believes that the industry will inevitably consolidate and only the fittest will survive. Focusing on the product and de-risking from the US market would allow the company to differentiate itself from its peers. F

INFOGRAPHIC: MUKESH SINGH

Staffing it, Profitably

Three private equity players started FirstMeridian in 2018, which is now India's third-largest staffing company by revenue

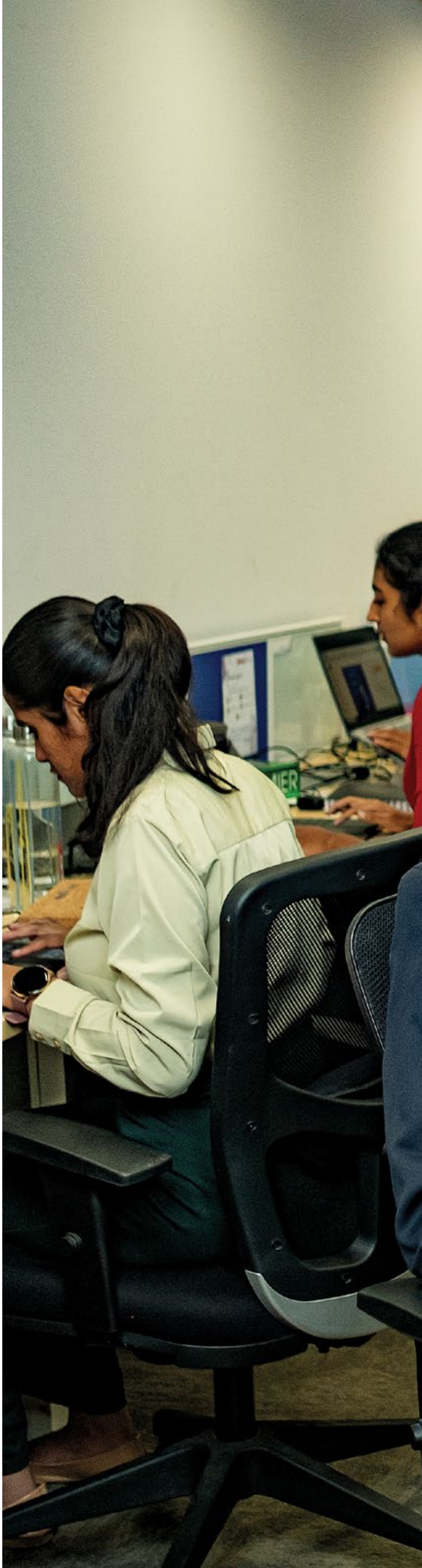
By **RAJIV SINGH**

September 2018

The offer letter was littered with bold red flags. No office, no designation, no promotion and no entity. The only thing certain was the uncertainty. Ironically, the veteran recruiter, who had mastered the art of sounding alarm bells in over 15 years of his career of sifting through millions of resumes, deliberately dropped his guard. For Sunil Nehra, taking the biggest risk of his life made more sense than all the nonsense conjured by the rational side of his mind. "There is no CEO, no CTO, no COO... there was no designation," recalls Nehra, alluding to his weird predicament in mid-2018 when he started exploring the idea of joining a staffing upstart that just had a name: FirstMeridian. "I was offered the role of sales head and the irony was I had never done pure-play sales in my life," recounts the seasoned headhunter who spent close to a decade at Quess, the largest staffing company in India, and was known for his operations' role.

A watered-down designation was not the only demotion that Nehra settled for. He had nine promotions in nearly a decade, managed a business north of ₹250 crore, and had a clear path to the next stage of

> **"We are growing the FirstMeridian platform at a consistent pace."**
>
> **Sudhakar Balakrishnan**, group CEO and founder, FirstMeridian



“We run this organisation in a tight way and the right way, and create wealth for our stakeholders.”

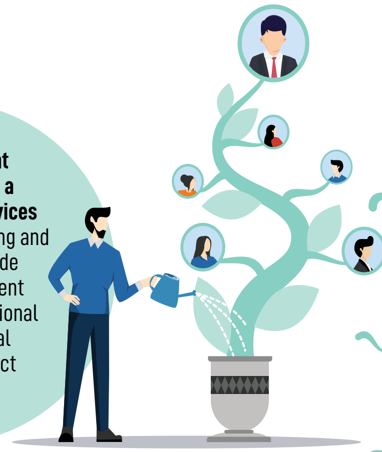
Sunil Nehra,
CEO, FirstMeridian

NISHANT RATNAKAR FOR FORBES INDIA

Name & Game

Started in 2018 by Samara Capital, Goldman Sachs, and Janchor Partners, **FirstMeridian is India's third-largest staffing company in terms of revenue**

The HR investment platform provides a diverse range of services such as general staffing and allied services, trade marketing, permanent recruitment, professional staffing and global technology contract staffing



The Bengaluru-headquartered company also offers HR services such as recruitment process outsourcing (RPO), pharma and health care staffing, facility management, engineering and technical staffing, and finance accounting and legal staffing

Has a pan-India presence with **over 50 branch offices for sourcing and recruitment in 75 cities**

Headcount increased from 1.18 lakh in FY22 to 1.21 lakh in FY24

INFOGRAPHICS: MUKESH SINGH

his life: CEO. Yet, the recruiter was keen to enlist for unpredictability. Why? "It was a 'if not now, then never', situation," recalls Nehra, who was not a hot commodity in the job market. Prolonged stints—first at IT contract staffing company Magna, and then at Quess, which bought Magna in 2009—had rendered him untouchable and reinforced a fallacious perception that Nehra would never like to come out of his comfort zone.

"Nobody offered me a job. People thought this guy would never quit Quess," he recalls, adding that job stability was perceived as his weakness. And when Nehra finally did get an offer from FirstMeridian, he was compelled to trust his biggest strength: Hunch. The opportunity, he pondered, might be the last and only big one to leapfrog his career. "Let's do it," he muttered and took the plunge in September 2018.

Meanwhile, FirstMeridian—an HR investment platform started by private equity (PE) biggies Samara Capital, Goldman Sachs and Janchor Partners in mid-2018—started with a bang. Its playbook was simple: Roll up HR companies. Nehra explains. In the hiring world, it's tough to become a large organisation by organic growth. One must look for buyouts. Late to the party, FirstMeridian stepped on the pedal from day one. "Our preamble was to do acquisitions. We had big investors, there was enough money in the bank, and we needed to make sensible buys," he says, adding that FirstMeridian bought three companies within months of starting up: Innovsource Services, Innovsource Facilities, and V5 Global Services.

For the PE backers of FirstMeridian, though, the playbook was much more than a last-mover advantage. Manish

> **India has the largest working-age population and labour pool. So, FirstMeridian was well-poised to play a crucial role."**
>
> **Manish Mehta**, MD & co-CIO, Samara Capital

MEXY XAVIER

Mehta reckons there was a big opportunity that somehow nobody was willing to grab. "India has the largest working-age population and labour pool," says the managing director and co-CIO of Samara Capital. For the next 20 to 30 years, the country will present an opportunity for businesses like FirstMeridian to help people find employment, and businesses get human capital. India is also the largest exporter of manpower, he adds. "So, FirstMeridian was well-poised to play a crucial role."

The birth of FirstMeridian coincided with an interesting wave. The unorganised labour world was fast moving towards its organised counterpart in India. "There was an opportunity for investors like us to consolidate, build scale, and create value through economies of scale," he says. Globally too, Mehta points out, the wave was playing out and a bunch of large companies have been created in the space: Randstad, Manpower Group, Adecco and Recruit Holdings. "There was a similar opportunity in India," he says.

Meanwhile, back in September 2018, Nehra sniffed an opportunity. The first three buys of FirstMeridian were in the non-IT space. Affluent Global Services, an IT manpower outsourcing firm based out of Hyderabad, was the first IT acquisition for FirstMeridian. Nehra, unfortunately, didn't spot a glaring red flag. The company had a headcount of around 240, was clocking decent numbers, and had high customer stickiness. The missing part, though, was Affluent Global Services had just one company as its client.

The over-dependence on one company proved disastrous. The situation went downhill six months after the buyout. “The client started releasing employees and the numbers dipped from 240 to under 90,” recounts Nehra, who was in a fix. The amount paid for an acquisition, he explains, is derived from the company’s Ebitda (earnings before interest, taxes, depreciation, and amortisation.) “The Ebitda was alarmingly coming down. We almost reached one-fourth of the Ebitda,” he says.

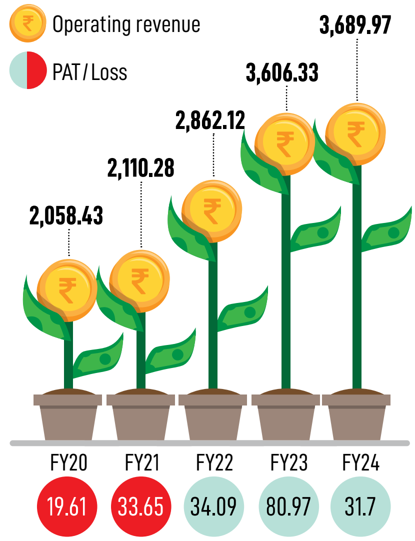
There was one big learning. “We decided to stay away from buying companies highly dependent on one or two customers,” says Nehra, adding that the second learning stemmed from the first one. “One must do forensic auditing before making an acquisition,” he says. Even if there is a 1 percent chance that the target company might not fit into the cultural ethos of the parent company, one must not go ahead with the acquisition. “Forensic diligence has to be supplemented by cultural diligence,” he reckons.

There was yet another interesting takeaway. A new company brings in assets and baggage. At times the promoter of the company, Nehra reckons, becomes a bad weight. A promoter is used to a style of functioning that might not gel with the new buyer who is quick to inject professionals and professionalism after the buyout. The result is friction between the old and new establishments. “People resist change and an undesirable fallout might be high attrition,” he says, adding that it is wise to fix the emotional dilemma as soon as possible. “Staying light helps you fly high,” he adds.

Fast forward to November 2024. Nehra, now the CEO of FirstMeridian, has propelled the HR platform to new heights. FirstMeridian has emerged as India’s third-largest staffing company in terms of revenue. The fast pace of growth is reflected in a staggering jump in revenue, which has pole-vaulted from ₹2,058.43 crore in FY20 to ₹3,689.97 crore in FY24. The company has stitched up nine acquisitions over the last six years, has taken its headcount to 1.21 lakh, gets 90 percent of revenue from general staffing, and has over 1,200 clients across industries such as telecom, BFSI, retail and ecommerce.

The report card gets a thumbs-up from industry experts and analysts. “The FirstMeridian Group is supported by strong brand equity and increasing formalisation of the staffing industry,” underlines an ICRA credit rating report released in September. Through various acquisitions, the group has built a strong presence in general and IT staffing, and has established a pan-India presence with over 50 branch offices for sourcing and recruitment in 75 cities. A steady growth in the employee base, increased focus towards the more margin-accretive IT and professional and industrial staffing, and planned inorganic

Report Card



Figures in ₹crore

In Numbers

3rd Biggest player in the manpower staffing industry in India in terms of revenue

90% Revenue comes from general staffing

7-8% Revenue comes from IT staffing

1,261 Clients across industries such as telecom, BFSI, retail, and ecommerce, till March

₹234 cr Cash and cash equivalent of the company, as on July 31

1.21 lakh Headcount of FirstMeridian in FY24

SOURCE ICRA September 2024 report; company growth acquisitions are expected to support the revenue increase and margin expansion, the note says.

A diversified set of clients has added heft to the financial profile of the company. A wide geographical footprint with a client base consisting of top multinational firms from diversified industries has worked well for the company, points out ICRA. Though the group reported a slight moderation in revenue growth and operating margins in FY24, the financial risk profile remains healthy, and is supported by a strong net worth of ₹519.8 crore as of March 31, 2024, a net debt negative status, and a comfortable liquidity position. Going forward, ICRA underlines, the overall financial profile is expected to stay healthy, given higher revenue growth, supported by stable cash flow generation, and no material increase in its leverage levels despite payouts against planned acquisitions. "The group is expected to continue to spend on its inorganic growth initiatives," the note adds.

Despite the scorching pace of growth, FirstMeridian will have to contend with a set of challenges. The biggest one is a thin operating margin, leading to low PAT (profit after tax). While the company has done well to emerge from a loss in FY20 to post a PAT of ₹31.7 crore in FY24, the numbers are dwarfed when contrasted with the staggering revenue. The group's operating margins are inherently thin (1.9 percent in FY24) due to the high share of revenues from the general staffing segment, ICRA points out. Due to low mark-up in the general staffing industry, players have a low gross margin of about 4 to 5 percent and an operating margin of 1.5 to 2 percent.

"Further, intense competition limits pricing flexibility in the general staffing business," the note says. The staffing industry is a fragmented market—the top five players have a market share of 13.8 percent—and large unorganised players offer services at low prices. "Consequently, competition continues to limit FirstMeridian's pricing power and scope for margin expansion in these segments," it highlights.

Nehra, for his part, is aware of the challenges. Low PAT, he maintains, is the nature of the industry. "We would still have a higher PAT than our rivals," he claims, adding that the loss incurred in the past had to do with a spate of acquisitions made by the company. Sudhakar Balakrishnan, the group CEO and founder, points out how the company has been hedging its bets.

FirstMeridian is creating new organic business units engaged in engineering and technical staffing, finance, accounting, and legal staffing across the entire group of companies that would also add to its profitable growth. "We are growing the FirstMeridian platform at a consistent pace," he reckons.

The next big target for Nehra is to take the company public. FirstMeridian filed its DRHP in 2022 but had to pull back due to a turbulent global IT market. "Sometimes we wonder how companies who are not making money are valued so high in the private market," he says. "We had to push our IPO because IT business was going down, the company was losing headcount, and this would have hampered our valuation."

So, can PE-run companies play the high-valuation game? Nehra prefers to follow the old-school way of doing business. "We are simple people. We are not fancy guys. We are not flamboyant. We don't want to be in the limelight," he reckons. "We run this organisation in a tight way and the right way, and create wealth for our stakeholders," he signs off.

Buying Spree: List of Acquisitions

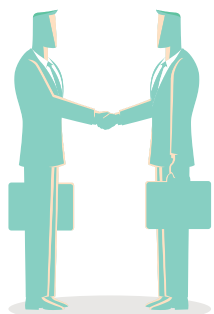
2018

Innovsource Services
A contractual and temporary staffing company

Innovsource Facilities
A housekeeping, property management, maintenance and recruitment services firm

V5 Global Services
A contractual and temporary staffing company

Affluent Global Services
A manpower outsourcing firm providing staffing services in India for IT companies



2020

Cornucopia V5
A talent acquisition company in the pharmaceutical and health care segment

CBSI India
A manpower placement, software applications and outsourcing services firm

2022

RLabs Enterprise
IT staffing and consultancy firm

2024

SurgeForth Technologies
A fresher hiring platform for technical/skilled workforce

CPM Sales & Marketing
An insight-led sales, marketing, and customer experience strategies firm

Innovate, Transform, Lead: The GeBBS Journey of Visionary Progress

Dr. Milind Godbole, CEO & Managing Director

Since 2013, GeBBS has embarked on a remarkable journey of growth, driven by a commitment to technology and innovation. Over the past decade, GeBBS has distinguished itself in Revenue Cycle Management (RCM), leveraging AI-driven technologies to amplify efficiency, ensure compliance, and enhance healthcare outcomes. Grounded in the principles of Automate, Innovate, and Transform, GeBBS has achieved impressive milestones and built a reputation for excellence.

Vision & Mission

- **Vision:** To be the market leader in end-to-end healthcare business solutions by combining technology with service excellence.
- **Mission:** Partnering with clients to achieve strategic business objectives by delivering innovative solutions with excellence, passion, and speed of execution.

Dr. Milind Godbole (MG): The Visionary Transforming GeBBS

Dr. Milind Godbole, fondly known as MG, blends technical expertise with storytelling to inspire GeBBS employees and clients. Holding a PhD and a technology background, MG foresaw the potential of AI in healthcare, leading to an 18-fold revenue increase and a 14-fold rise in EBITDA over the past decade. His visionary leadership transforms challenges into growth opportunities, advancing GeBBS with purpose.

A Visionary Leadership Approach

MG's leadership reimagines challenges as opportunities for innovation. Aiming to position GeBBS as a leader in AI-driven solutions, he fosters a culture of creativity, collaboration, and shared purpose.

Embedding Technological Innovation at the Core

At GeBBS, each solution is a step toward harnessing technology for impactful change. As a leader in RCM and Risk Adjustment, GeBBS empowers clients to:

- Enhance financial performance through specialized coding, billing, and claims management.
- Ensure compliance with AI-driven solutions tailored to industry standards.
- Advance patient care with streamlined workflows and optimized processes.

GeBBS' shore-agnostic Flex-Source model delivers adaptable, AI-enhanced solutions worldwide, including:

- **iCode Assurance:** Maintains coding compliance with industry benchmarks.
- **iCode Workflow (iCW):** A cloud-based, AI-powered platform for efficient coding.
- **iAR:** Automates AR workflows, improving cash flow and trend tracking.
- **iCB:** Reduces backlog with automated credit balance management.
- **iCode Risk Adjustment:** Provides real-time insights to optimize risk adjustment coding, RAF, and HEDIS performance.

> *Dr. Milind Godbole's leadership reimagines challenges as opportunities for innovation. Aiming to position GeBBS as a leader in AI-driven solutions, he fosters a culture of creativity, collaboration, and shared purpose.*

Shore-Agnostic, Client-Centric Solutions

GeBBS' client-focused approach maximizes efficiency and cost-effectiveness, adapting to client needs with a flexible, location-independent model.

Cultivating a Progressive Culture Under MG's Leadership

MG's influence extends beyond operational success; he fosters a culture that is both purposeful and inclusive:

- **Entrepreneurial Innovation:** MG's forward-thinking keeps GeBBS at the forefront of technology, navigating challenges with resilience.
- **Learning & Development:** GeBBS prioritizes employee development, preparing teams to meet future demands.
- **Commitment to DEI and Responsible Growth:** With a focus on Diversity, Equity, and Inclusion, GeBBS cultivates respect, inclusivity, and ESG-aligned growth.

MG's Six Pillars of Success

MG's vision is grounded in six principles:

- **Client-Centricity:** Aligning decisions with client needs to build lasting partnerships.
- **Commitment:** Transforming goals into reality with a dedicated team.
- **Cohesion:** Harmonizing individual contributions with organizational goals.
- **Collaboration:** Leveraging teamwork to achieve breakthrough solutions.
- **Conviction:** Turning vision into reality through shared purpose.
- **Contribution:** Recognizing the value of collective success.

Insights from MG's Leadership Philosophy

MG's leadership philosophy centers on learning and shared experiences. He champions authenticity, dedication, and a strong client focus, fostering a cohesive culture where team members take ownership and excel. His commitment to inclusivity, open dialogue, and mental well-being shapes GeBBS not only as a thriving business but as a catalyst for positive change in the world.

Health is Wealth

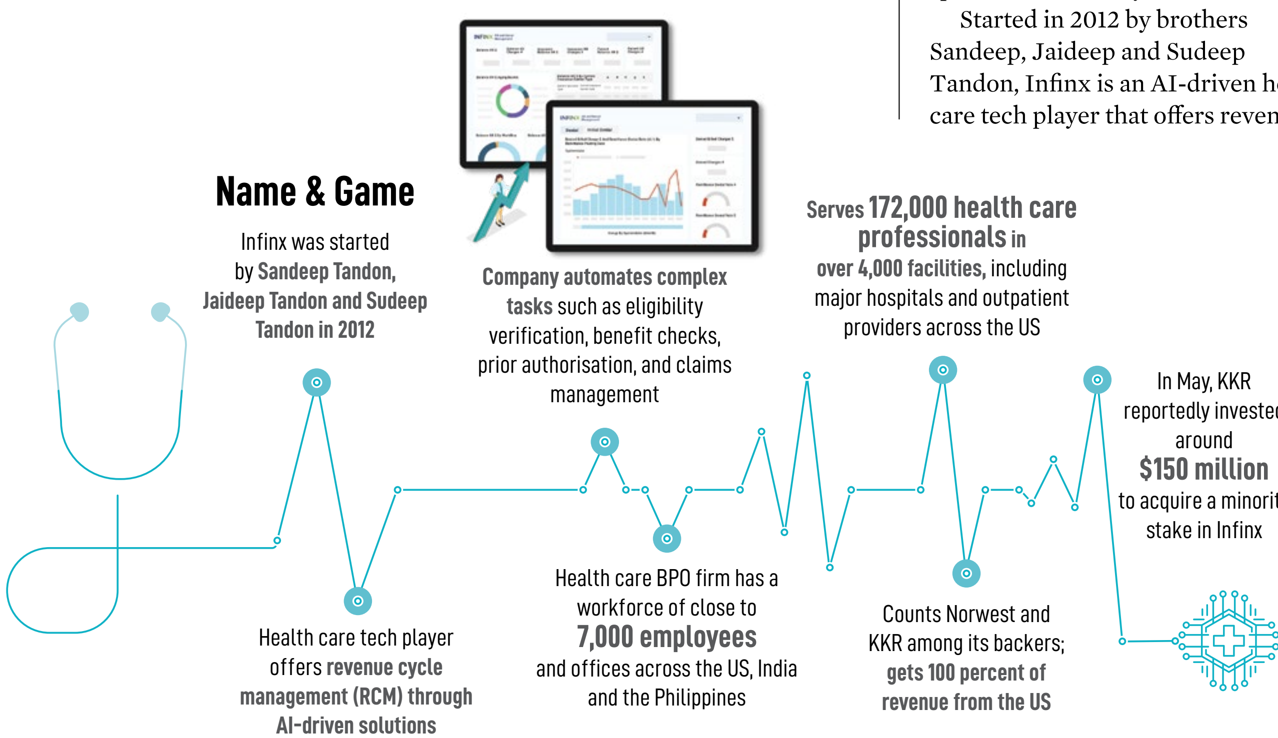
Started in 2012, AI-driven health care tech player Infinx has grown profitably at a scorching pace over the last decade. Now the big challenge for the Tandon brothers is to hedge their bets as 100 percent of revenue comes from America

By **RAJIV SINGH**

Shiv Chaudhary might have showered the same compliment for his other portfolio companies. Well, as an investor, he must be impartial in action and words. But when the managing director of Norwest India reiterates the same and cliched two attributes—unique and special—for Infinx, one can sense a rapacious delight in his voice. Rightly so. Infinx is unique. A company that reportedly clocked an operating revenue of ₹20.44 crore in FY13—the first fiscal after starting operations in 2012—and has seen the numbers leapfrog over 28x to ₹585.64 crore in FY23, must indeed be unique. Add 12 more months, and the revenue balloons to ₹880.16 crore in FY24. And if PAT (profit after tax) grows from a low single-digit crore to ₹116.48 crore during the same period, then the company must be special.

Add two more data points, and Chaudhary's enthusiasm becomes self-explanatory. First, Infinx gets 100 percent of its revenue from the US. Second, the company serves 172,000 health care professionals in over 4,000 facilities, including major hospitals and outpatient providers across the US. "Customers are delighted by Infinx, and this is reflected in its NPS scores, customer references, healthy growth of customer cohorts, and financial metrics," says a proud backer. "Infinx is unique and special," Chaudhary reiterates.

Started in 2012 by brothers Sandeep, Jaideep and Sudeep Tandon, Infinx is an AI-driven health care tech player that offers revenue



INFOGRAPHICS: MUKESH SINGH

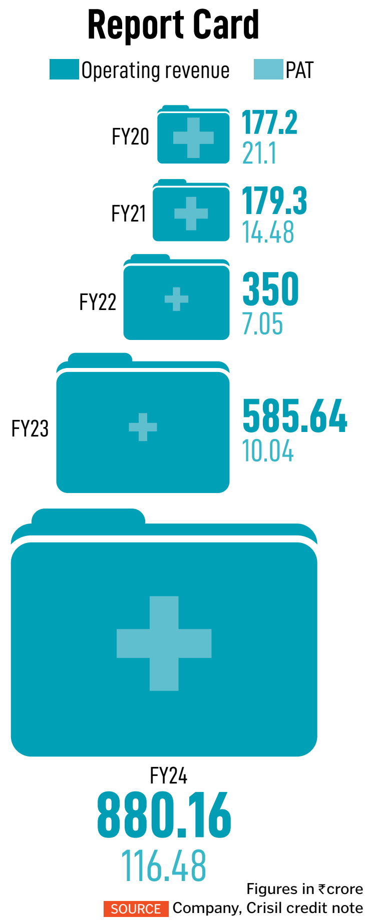
"The DNA of serving global customers, innovating with technology and solving customer problems has always been with us."

Sudeep Tandon, co-founder, Infinx

[redacted]

(Left to right) Brothers Sudeep, Jaideep and Sandeep Tandon, co-founders of Infinx

NEHA MITHBAWKAR FOR FORBES INDIA



cycle management (RCM). The health care BPO automates complex tasks such as eligibility verification, benefit checks, prior authorisation, and claims management, and has a wide footprint of a workforce of close to 7,000 employees, and offices across the US, India and the Philippines. “Over the last three years, we have been growing at almost 45 to 50 percent year on year organically,” claims Sudeep Tandon, co-founder of Infinx. The DNA of the company, he underlines, is to solve customer problems using technology.

The brothers come from a family with a tech background. Their father was an engineer and one of the pioneers who manufactured disk drives and floppy disks from India and shipped them across the world. “So the DNA of serving global customers, innovating with technology and solving customer problems has always been with us,” says Tandon, who spotted an untapped opportunity in the US where the brothers spent a chunk of their lives. Therefore, building a ‘US plus India’ play was a no-brainer for the siblings. The US health care, says Tandon, is about a four-and-a-half trillion-dollar market. “This number is larger than India’s entire economy, and about $800 billion is spent on health care administration,” he claims, adding that India acted as a delivery front for his business empire.

Despite the growth in business, the journey has had its share of challenges. One of the biggest was a realisation that the health care venture was special, and had to be handled with care. In a heavily regulated industry, the brothers couldn’t think of embracing a quintessential startup mindset of ‘scale fast, fail fast’, and growth at all costs. “Fast and reckless doesn’t work in health care,” says Tandon. A razor-sharp focus on data protection and building foolproof and efficient processes were integral to running the business in the US. “A big part of what we do is help hospitals and health care providers process claims from insurance companies,” he says. “If you’re not able to do it effectively, this can mean that a hospital can run out of cash,” he adds. So, it’s a mission-critical business.

The other big challenge was to ensure that the business was loaded with technology. “Look at how Uber works. There is a lot of tech behind pressing a button and getting a cab at your doorstep,” says Tandon. It was a big moat for Infinx. “Within 18 months, we signed up some 75 customers. This was unheard of in this business,” he says. Another aspect that makes the venture unique, he says, is the fact that the brothers double up as entrepreneurs and investors. He explains. “When we see a good company, a good market, and a good space, we double down,” he says, adding that the company has done five acquisitions in the US. Though the company counts KKR and Norwest as its backers, Tandon claims that Infinx has not raised much capital in its journey.

The stellar performance has caught the attention of analysts and industry experts. The four decades of promoters’ experience in IT and BPO services industry, their in-depth understanding of market dynamics, and a healthy relationship with a large clientele should continue to support the business, points out Crisil in its credit rating. “The company’s established position in the business process outsourcing industry, specialised into revenue cycle management (RCM) for the health care industry adds to its strong financial risk profile,” the note adds.

The challenge, though, for the company emanates from its strength—100 percent of revenue comes from the US. “The geographic and customer concentration makes revenue growth dependent on outsourcing policies of the country,” notes Crisil, adding that any change in government policy can adversely impact the business profile of Infinx. The backers, though, see a different set of challenges. Many health care providers in the US don’t outsource their RCM function yet. “The main challenge for Infinx is to convince them to take a leap by demonstrating potential efficiency gains,” says Chaudhary of Norwest India.

Tandon, meanwhile, points out a diverse set of impediments. First, the highly regulated nature of the industry is something that’s not going to change. So one has to be careful and calibrated in devising strategies and stringent in execution. Second, one has to be cognisant of the fact that one has to be in line with the regulations. “Sometimes, strict adherence can put a bit of a speed restriction on how fast you can move,” he says. But that’s the nature of the segment. The entrepreneur prefers to look at the vast, untapped opportunity in the US. “The US is still a huge market, and we see AI as a big enabler in our mission,” he says.

aerpace Ecosystem:

Revolutionising mobility for a new era of aerial connectivity

In every thriving nation, a robust transportation network fuels connectivity, economic resilience, and endless possibilities. aerpace is unlocking this potential for India by elevating mobility into a new dimension—transforming the skies for seamless commutes, dynamic cargo delivery, and essential emergency response. Envision a future where movement transcends congested roads, linking urban hubs and remote regions effortlessly through aerpace's innovative vision.

At the heart of aerpace's mission is the aerWing, an unparalleled electric vertical take-off and landing (eVTOL) aircraft, which embodies the future of mobility. Positioned as a first-of-its-kind marvel, the aerWing transcends conventional transport limits, reimagining movement by harnessing the skies. Imagine: a superhero of the skies, capable of lifting personal vehicles and transporting them across vast distances, unimpeded by roadblocks or traffic. This airborne marvel is more than just an aircraft; it is a beacon of innovation, a bridge to vital resources, and a lifeline in times of need. Serving as an aerCare, the aerWing reaches patients in remote areas within minutes. As aerCargo, it provides farmers with rapid access to markets, ensuring fresh produce arrives on time, maximising economic potential. By strategically placing aerDocks throughout India, aerpace provides a network that extends access to every corner of the nation, supporting fair access to resources and economic growth.

aerpace's model reshapes how India thinks about sustainability, going beyond traditional transport solutions. Each aerDock is powered by renewable solar energy, generating sustainable green hydrogen fuel for flights while contributing surplus power generated to surrounding communities. This infrastructure aligns seamlessly with India's green initiatives, fostering an eco-friendly, energy-efficient ecosystem that enhances cleaner air, green landscapes, and resilient infrastructure. Through its unwavering commitment to sustainability, aerpace ensures that every journey not only benefits individuals but also contributes positively to the environment and the nation.

One of aerpace's groundbreaking innovations lies in seamlessly integrating air and ground mobility. Imagine a journey where you drive to an aerDock, load your car onto the aerWing and take off, bypassing roadblocks, delays, and limitations. This unprecedented approach brings unmatched convenience, allowing both urban commuters and rural travellers the freedom to navigate on their terms.

The vision of aerpace industries limited is fortified through alliances with global leaders such as Wenzel DesignTec (Germany), Cavok Engineering (France) and eMug Engineering (India). Each partnership strengthens aerpace's technological backbone, merging aerospace, automotive, and engineering expertise into solutions that are scalable and transformative. Together, we are creating a future-ready ecosystem that elevates India's transportation landscape. This vision is not just about innovation; it is a strategic response to predictions by major players, including a Morgan Stanley report that anticipated the urban air mobility (UAM) market, with eVTOLs for ride-sharing, could be valued at over $1 trillion by 2040.

As Ravi Soni, Executive Director at aerpace industries limited, shares, "We are not just advancing transportation; we are reshaping India's potential. Our goal is to connect every community, from bustling metropolises to remote villages, levelling the field for opportunity and connectivity. With aerpace, India is not just on a path from a developing country to a developed country —it is on the verge of transformation."

Each aerWing flight propels India toward a future where distance no longer restricts access, connectivity spurs opportunity, and green mobility becomes a reality. aerpace is not merely building transportation; it is igniting a movement that empowers all, symbolising a boundless future for a fully connected, thriving India.

High Voltage Growth

In 1994, N Visweswara Reddy made a modest beginning by repairing transformers. Three decades later, his company, Shirdi Sai Electricals, has morphed into India's second-biggest transformer maker

By **RAJIV SINGH**

"We are supplying transformers to Europe and the US, and are now building a sustainable energy network with solar."

N VISWESWARA REDDY, CHAIRMAN AND MANAGING DIRECTOR, SHIRDI SAI ELECTRICALS

VIKAS CHANDRA PURETI FOR FORBES INDIA

August 2018. It was a rude and unexpected jolt, but what hurt N Visweswara Reddy the most was his assessment of the setback. "It was an unfair jolt," recalls the mechanical engineer, alluding to a rating downgrade of Shirdi Sai Electricals (SSEL) by Crisil in August 2018. The downgrade, the rating agency underlined in its report, reflected the pressure on SSEL's financial risk profile, particularly liquidity due to an unprecedented stretch in receivables, ongoing capital expenditure, inadequate bank guarantee limits, and geographical concentration of revenue—around 70 percent came from discoms (distribution companies) of Andhra Pradesh. Though there were enough red flags for a downgrade, it disconcerted the first-generation entrepreneur. "We closed FY18 with over ₹1,000 crore in operating revenue and a decent PAT [profit after tax]," recounts Reddy. "Still a downgrade... I was shocked beyond words." For a moment, he felt that somebody had taken the sheen of his gruelling journey.

Back in 1994, Reddy started his entrepreneurial career by default. Born in a nondescript village, some 60 kilometres from Kadapa in Andhra Pradesh, Reddy was the first in his farming family to complete engineering in 1991. After three years at a slew of engineering companies, the young graduate was steamrolled by his communist father to start repairing transformers in his village and nearby areas. Crippled by regular power shortages, his father was overwhelmed with a compassionate urge to help farmers who were at the receiving end of an erratic electricity supply and frequent outages.

His mechanical engineer son was best suited to solve the problem. Reddy reluctantly yielded to his father's wishes and started repairing transformers. One village at a time, Reddy moved into adjoining districts and expanded his network. After five years, he entered the business of engineering, procurement and construction (EPC) contracts in 1999, and became a sub-contractor for laying down distribution lines. He dabbled into a turnkey contractor, and gained experience in design, supply, and erection of substations, high-voltage distribution networks, and rural electrification. In 2004, Reddy started manufacturing transformers, and by early 2018, SSEL had built a sizeable power, distribution and transformer manufacturing empire, which boasted ₹1,001 crore in revenue and ₹72 crore in PAT.

By 2018, after over two decades in operations, SSEL's high-torque performance started getting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acknowledged. The company has been undertaking EPC contracts since 1999 and has an established market position in this business, Crisil noted in one of its rating reviews in 2018. “SSEL is backed by strong execution capability, healthy relationship with customers, and a robust order book of ₹2,518 crore as of June 30, 2018,” it underlined, adding that the company from Kadapa benefited from the technological tie-up with America’s Metglas, a subsidiary of Hitachi Metals of Japan, for manufacturing of amorphous core-based transformers. SSEL had emerged as a force to reckon with in the transformer industry, and Reddy was enjoying his high-voltage journey.

The rating downgrade in 2018 punctuated Reddy’s dream run. “I am an engineer and was never good with finance,” he confesses, adding that he had historically struggled to raise capital with the banks. Then there was the issue of large working capital requirements. The tender-based operations resulted in significant funding needs for security deposits and margin money for bank guarantees. “The company has not yet been able to secure commensurate enhancements in its bank guarantee limits,” the rating report highlighted.

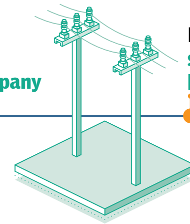
There was another irritant that Reddy had ignored for a considerable time: Geographical concentration of revenue. The discoms in Andhra Pradesh contributed over 70 percent of the company’s revenue and outstanding order book. Though SSEL’s projects are funded by central and multilateral agencies, the concentration of revenue in one state has been a cause of concern for a slew of reasons.

First, too much dependence on one state does not augur well for financial sustainability. Second, delays in the execution of projects or any dispute in these regions could adversely affect the cash flow. Third, the power transmission, distribution and transformer businesses have low margins. SSEL’s

Name & Game

Started in 1994, Shirdi Sai Electricals (SSEL) is a **power and distribution transformer manufacturing company**

Based out of Kadapa in Andhra Pradesh, SSEL started as a transformer repairing company



In 1999, it became a **sub-contractor for laying distribution lines**

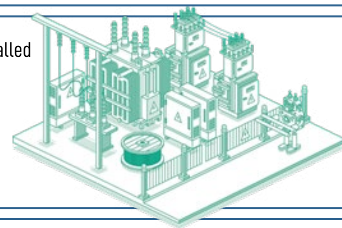
Over the next few years, it transformed into a turnkey contractor

Specialised in the **design, supply, and erection of substations, high-voltage distribution networks, and rural electrification**

Started manufacturing transformers in 2004; **has production plants at Kadapa, Kanchipuram, and Naini in Uttar Pradesh**

Manufactures transformers under a **license agreement from Hitachi Metals of Japan**

SSEL has an installed capacity to manufacture **around 96,000 transformers every year**



Has an order book of ₹10,916 crore as of June 1

Majority of the orders are backed by multilateral agencies like the World Bank and the Asian Development Bank

SSEL counts state power distribution utilities of **Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, and Odisha** among its clients

Other customers include private enterprises in India and abroad

PAT of ₹72 crore in FY18 was not enough to inspire confidence in the growth of the business. The downgrade shock forced Reddy to re-examine the torque, horsepower, and dynamics of his business.

Fast forward to October 2024. SSEL has emerged as the second-biggest transformer maker in India in revenue and volume. The operating revenue has jumped from ₹924.93 crore in FY21 to ₹3,666.94 crore in FY24. During the same period, PAT has increased from ₹88.5 crore to ₹608.46 crore. “Now only 50 percent of revenue comes

Indosol Solar, a special purpose vehicle set up by SSEL, has bagged the Centre’s approval for its ₹25,000-crore solar module manufacturing project

from Andhra,” claims Reddy, adding that the company has widened its reach to Bihar, Gujarat, Madhya Pradesh, and Odisha. The company has also expanded its play by acquiring a 75 percent stake in Indo Tech Transformers, a power and distribution transformer manufacturing company with manufacturing plants in Chennai and Kanchipuram in Tamil Nadu. The subsidiary too has grown at a brisk pace: Operating revenue has jumped from ₹91.61 crore in FY10 to ₹498.31 crore in FY24.

What’s remarkable about SSEL’s trajectory is the way it has cranked up PAT. “We focussed a lot on backward integration of operations,” he claims, adding that SSEL’s backward integration into core, conductor, winding, and tank fabrication operations boosted profitability. While most of the transformer makers outsource the production of these parts, SSEL manufactures about 60 to 70 percent of the transformer parts in-house. “This gives us significant cost control and ensures quality check,” he says, adding that the company

INFOGRAPHICS: MUKESH SINGH

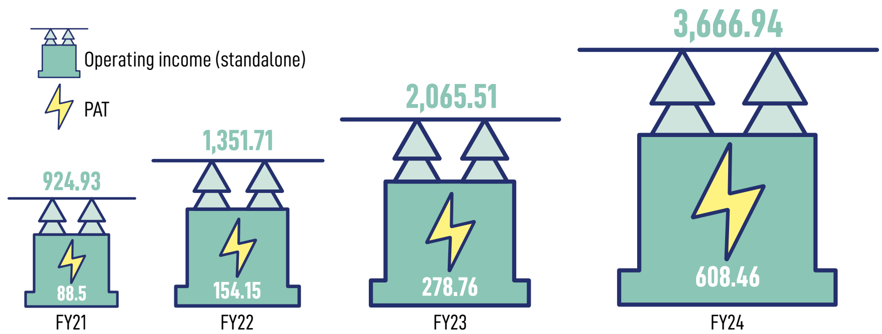
earned ₹250 crore by exporting transformers in the last fiscal, and the target for FY25 is fixed at ₹450 crore. "We have exported close to four lakh transformers to over nine countries," claims Reddy, adding that the company has an installed capacity to manufacture around 96,000 transformers every year.

Over the last seven years, Reddy also diversified manufacturing operations. In FY23, he started manufacturing high-capacity power transformers at Prayagraj, Uttar Pradesh, which beefed up SSEL's product range and expanded its footprint across North India. The company has production plants at Kadapa, Kanchipuram, and Naini in Uttar Pradesh. "The capital structure and debt protection metrics remained strong with strong profitability and absence of debt-led capex," Infomerics Ratings noted in its credit rating report in September. A strong order book of ₹10,916 crore, as of June 1, is diversified among major discoms across the country, the report added.

Emboldened by the success of the transformers business, Reddy is now taking an audacious bet in solar power. Indosol Solar, a special purpose vehicle set up by SSEL, has bagged approval from the Centre for its 10,000 MW, ₹25,000-crore solar module manufacturing project under two tranches of the production-linked incentive (PLI) scheme. In April, the company started production from its solar PV module manufacturing plant at Ramayapatnam in Nellore, Andhra Pradesh. "For us, extension into solar is a logical move to become a full-stack sustainable energy player," says Reddy, adding that the company has lined up ₹1,000 crore to expand transformers manufacturing capacity across its plants.

The brisk pace of growth and success has also brought in its wake a fair share of allegations and glare around its activities. Take, for instance, early this year,

Report Card (₹ cr)



SOURCE Infomerics, ICRA, RoC filings

the Telugu Desam Party (TDP) reportedly received ₹40 crore in electoral bonds from SSEL, which was the second highest contributor after Megha Engineering and Infrastructure Limited's ₹28 crore and its group company Western UP Power Transmission Company Limited's ₹20 crore.

Reddy defends his move by saying that the idea of having electoral bonds was to ensure transparency in electoral funding and democracy. "Everything we did is within the parameters of law," he says, adding that the company's interest is to support political ideas that work to promote industry and quality of life. The initial journey of SSEL happened in the past term of TDP under N Chandrababu Naidu.

Heady success notwithstanding, the transformer man from Kadapa has to contend with a slew of potential challenges. The biggest threat lies in the hyper-competitive nature of the transformer industry. The distribution of the transformer industry is fragmented and cluttered due to the presence of too many players, which in turn puts excessive pricing pressure on the players.

"The tender-based procurement by the majority of the customers results in pressure on pricing and margins for the industry players," notes Infomerics in its latest report. There are other challenges such as the weak financial health of the distribution companies, which hampers the order inflow and adversely impacts liquidity. "Cheap overseas imports, especially from China, also present competition to the domestic transformer industry," the note added.

Reddy, for his part, says that he is focussed on opportunities rather than challenges. While conceding that the transformer and distribution business is not an easy vertical to be in, SSEL has done the hard yards over the last three decades. "We knew success would take time. This business tests your patience and resilience," he says.

The mechanical engineer is backing his game plan to add the right amount of torque to his energy business. "There would be fluctuation in fortunes, but we are confident of success," he signs off.

"The domestic transformer industry is highly fragmented, has multiple players, is too competitive, and faces a threat from cheap Chinese imports."

REPORT BY INFOMERICS RATINGS IN SEPTEMBER

Ira Agarwal's AIM Elevate Ventures: Empowering Small Scale Entrepreneurs especially women for Sustainable, Inclusive Growth

Ira Agarwal, Founder and CEO, AIM Elevate Ventures

Ira Agarwal, Founder and CEO of AIM Elevate Ventures, is a Wharton alumna, seasoned board member, and global technology leader with over 24 years of IT industry experience. Known for her expertise in driving innovation and sustainable growth, she established AIM Elevate Ventures as a social enterprise to empower micro and nano ventures, with a special focus on women entrepreneurs. Under her leadership, AIM Elevate provides entrepreneurs with essential resources, funding, mentorship, and access to strategic networks, creating pathways for sustainable business growth.

In addition to her role at AIM Elevate, Ira Agarwal serves as the Chief Marketing Officer at Veersa Technologies, an innovation-driven healthcare technology company, and as an Independent Board Director at ITCONS e-Solutions Limited (BSE-listed). She also contributes her expertise as a member of strategic advisory boards, including AAPNA Infotech, TeamTech EHS, and Mallawa Ventures.

The Genesis of AIM Elevate Ventures

Ira Agarwal's journey with AIM Elevate began with a detailed understanding of the struggles many small-scale entrepreneurs face. As a celebrated thought leader and recently named a LinkedIn Top Voice for Technological Innovation, Ira has always been passionate about creating platforms that enable the growth of emerging talent and innovation. Leveraging her vast technology experience and the insights gained from her Advanced Management Program at Wharton, she launched AIM Elevate with a mission to provide underserved entrepreneurs the support they need to scale and thrive.

A Unique Focus on Women Entrepreneurs

AIM Elevate stands out for its commitment to women entrepreneurs, a demographic that often faces unique challenges in the world of business. In an industry landscape where access to mentorship, capital, and market linkages can be scarce for women, AIM Elevate opens doors that might otherwise remain closed. The venture champions female founders, offering them a supportive network and personalized guidance to navigate their entrepreneurial journey.

By building women-owned businesses, AIM Elevate does more than boost individual careers—it enhances community welfare, drives inclusive economic growth, and inspires future generations of female leaders. Agarwal envisions a future where female-led businesses play a more dominant role in the global economy, and AIM Elevate Ventures is the vehicle driving this transformation.

Empowerment through Skill Development and Investment

For AIM Elevate, empowering entrepreneurs is not merely about financial backing. Instead, it is a holistic process that combines investment with mentorship, skill development, and networking opportunities. The initiative has crafted a robust support system that helps business owners hone essential skills—from financial management and marketing strategies to effective leadership and customer engagement.

Skill development initiatives under AIM Elevate provide entrepreneurs with practical tools to strengthen their businesses, especially in areas they may lack experience or resources. Moreover, through structured mentorship, entrepreneurs can gain insights from industry veterans, receive strategic advice, and access invaluable networks that accelerate their journey from startup to sustainability.

Market Linkages and Growth Opportunities

Understanding that funding and skills alone are not enough, AIM Elevate places a strong emphasis on creating market linkages for its beneficiaries. The venture helps entrepreneurs tap into established markets and reach a broader customer base, allowing them to expand their business footprint. Through strategic partnerships and alliances, AIM Elevate connects small businesses with larger players in the industry, ensuring that even the smallest ventures have a fighting chance in the market.

This approach not only promotes growth but also creates resilience, as entrepreneurs learn to adapt to changing market dynamics and customer needs. By facilitating these connections, AIM Elevate supports its entrepreneurs in building solid foundations that can weather market shifts and economic fluctuations.

The Future of AIM Elevate Ventures

With a rapidly growing community of passionate and ambitious entrepreneurs, AIM Elevate Ventures is on an upward trajectory. Under Ira Agarwal's leadership and with the guidance of its dedicated advisors, AIM Elevate continues to evolve, exploring new avenues to provide innovative solutions and support for the diverse challenges that small-scale and women-led businesses face.

FORGET THE RED TAPE! AI IS UNTANGLING COMPLIANCE FASTER THAN A LAWYER ON CAFFEINE

Imagine a world where even the minutest job requires manual intervention. Humans will end up sweating over every minor inconvenience. This also stands true in the case of globally systemic financial institutions and banks (29 G-SIBs) steering through complex regulations, like BCBS 239, which stipulate banks need to have the appropriate capabilities for risk data aggregation, reporting, governance, supervisory review, and change management. The lack of these regulations could be particularly impactful due to these banks' size, interconnectedness, complexity, low substitutability, and cross-jurisdiction challenges. Depending on the size of the financial institution, approximately 200 million USD could be spent on sustainable compliance to BCBS 239 and other regulations like AML, GDPR et al. annually, excluding the capital buffers. The overall annual global investment is as high as 15 billion USD!

Advisory for Thriving in Banking and Financial Markets

Dr. Satish Padmanabhan has devoted 22 years of his life to the banking and finance sector and is currently the Head of Financial Markets Metadata and Data Quality at Standard Chartered Bank. He has been recognized with an honorary doctorate in Engineering Management and the World Leaders Award at the House of Lords, UK Parliament. He is also a recipient of the Top 50 AI Makers Award for GCCs (2024). Working with him is Mr. Bharat Vaddi, Head of Financial Markets Development, Reference Data, Standard Chartered, with a two-decade-long experience. He has been recognized as one of the honorees in the Asian African Achievers list by the Asian African Chamber of Commerce and Industry (AACCI).

They joined hands in the backdrop of banking and financial institutions, helping teams navigate the stringent financial regulations and innovate on business and technology capabilities through their knowledge and expertise.

According to the authors, emerging technologies that augment intelligent automation and reporting using Generative AI could potentially reduce compliance failures, reputational risks, and missed deadlines, thereby preventing heightened regulatory fines and costs for compliance in the process.

They emphasize the need for banks to consider moving from traditional on-prem systems to cloud-based ones, allowing for scalable infrastructures and making real-time data aggregation. Real-time regulatory reporting will become easier, and complex queries will be resolved through intelligence-embedded systems! Hybrid approaches could be used for those datasets where data security and sensitivity is of concern.

GenAI: A Machine Fueled by Data All Set to Transform Operations

An integral aspect of GenAI is data, with the Data Architecture having to support cloud environments like Microsoft Azure and Google Cloud or AWS for data aggregation and high-speed computing. AI is a service provided by Cloud. It features prebuilt tools for model training, optimization, and deployment, which is necessary for ensuring standardization, effective operations with robust encryption and secure access. The best part about the Generative AI journey is that there is always scope for improvement, evolution, and integration of feedback.

CXOs of banking organizations need to fathom the data, business, and technology architecture using GenAI to leverage it to their benefit. The potential uses of Generative AI go beyond what anyone could have imagined five years ago. From cost-efficiency and real-time predictive reporting to enhanced decision-making and scalability across jurisdictions, GenAI can revolutionize the way

Mr. Bharath Vaddi,
Head, Financial Markets Reference Data Development, Standard Chartered Bank

Dr. Satish Padmanabhan,
Head, Financial Markets Metadata and Data Quality Delivery, Standard Chartered Bank

banks and financial institutions automate workload, mitigate risks, handle data, align their compliance measures, and delve into insights and analytics.

We could foresee tangible cost gains in Data Aggregation and reporting, Data Governance, Audit and compliance monitoring, and associated operations, with benefits up to 40% immediately post-full implementation, which could accentuate in subsequent years.

Play to Win!

Early engagement of the stakeholders and leverage of organizational structures that underpin the compliance outcomes is paramount. What could prove to be fruitful is vigorous leverage of these emergent technologies by piloting MVPs in a few selected domains that have a narrow impact low complexity and gradually broad base it to the rest of the enterprise with a focus on scaling Technology, infrastructure, and operations, upskilling talent, promoting literacy, engaging consultancy and industry-wide mind sharing.

Along the way, there would be many challenges in dealing with data fragmentation, legacy systems integration, sustaining compliance, implementation loopholes, and organizational inertia. However, with the adoption of a transformation maturity model that aids in calibrating the transformation strategy, banks could make consistent progress. Auditors, too, need to gain trust in AI-based solutions. Hence, AI governance structures with audits have become critical.

Overall, being constantly mindful of the evolving possibilities of GenAI, its prudent application, while considering the challenges and potential pitfalls, could prove to be a game-changer for sustainable compliance and beyond!

Disclaimer: This article is based on the personal views of Dr. Padmanabhan and Mr. Vaddi and has no relations whatsoever or is not reflective of their professional activities in their respective firms (past or current).

From Modest Roots to Agritech Leader: The Inspiring Story of Raj Yadav

"From the depths of struggle rise the brightest lights of success." This is the story of Raj Yadav. Born in the heart of Uttar Pradesh, where rural life means struggling with poverty, limited opportunities, and facing the harsh realities of life. Raj Yadav's path is one of perseverance, passion and transformation.

Raj Yadav, founder of Gramik Agri-Tech, has become an inspiration to many individuals, especially those hailing from small villages. His inspiring journey, from supporting his family in challenging times to leading a path of becoming an award-winning entrepreneur, is a demonstration of determination and Tech-driven innovation.

Battling Through Adversity: The Early Years of Struggle

Remembering his struggling days, Raj says that his father was a marginal farmer in Jaunpur, Uttar Pradesh. To meet the basic requirement and struggling to provide three meals a day for the family, his father ran a tea and paan shop along with that he also worked as a daily wage labourer. From his childhood, Raj understood the financial hardships his family was facing at an early age of 7 years. When most of the children were busy enjoying their childhood, Raj started helping his father in running the small shop.

Raj's determination paid off when he graduated as the first software engineer from his village. Raj's education and his early career in technology were about to make him the shining star he is today.

The mission of Raj Yadav has seen Gramik, not only limited to providing farmers with farming techniques, but building a network of farmers and connecting them with retailers, financial institutions, and buyers.

From Technology to Agriculture: A Visionary Leap into Agritech

Who can forget the COVID-19 pandemic, the time when many businesses were forced to shut down? But for Raj Yadav, it was the time when his entrepreneurial journey ignited. One day his father placed an online order for farming equipment. This was the moment Raj realized the need for an online platform that addresses all the agricultural needs of farmers in rural India. The usage of harmful chemicals and their diverse effects on the environment was not new for Raj. He wanted to create a platform that followed sustainable good agricultural practices.

In the year 2021, he founded Gramik Agri-Tech. The goal of his company was to help marginal farmers in remote villages. The vision of his startup was to enable & empower marginal farmers for increased yield and income by leveraging Technology and Good Agricultural practices. His startup saw a rocket success by reaching 400,000 farmers and connecting with over 5,000 agribusinesses. Within three years since inception, Gramik generated a revenue of INR 150 crore in FY24.

The Gramik Vision: Harnessing Technology to Empower Farmers

Raj Yadav is a son of a farmer which gives him firsthand knowledge of the challenges of farmers. Raj's startup works directly with the farmers, from trainings on sustainable Good Agricultural practices (GAP), providing high-quality agri inputs, crop advisory, crop traceability & market linkages.

The mission of Raj Yadav has seen Gramik, not only limited to providing farmers with farming techniques, but building a network of farmers and connecting them with retailers, financial institutions, and buyers. This comprehensive technique not only helps farmers with increased productivity but also ensures they receive fair prices for their produce.

Raj Yadav,
Founder, Gramik Agri-Tech

A Future Brimming with Hope and Change

As Gramik continues to grow so is Raj's grit to improve the farmer's life in rural India. Raj's hard work and dedication have led him to win multiple awards. Raj has been awarded with some of the most prestigious awards for his work in the agricultural space, which includes getting the prestigious award of Top Agritech Startup Leader 2024 (Uttar Pradesh) along with the renowned recognition from Economic Times as the Emerging Agritech Startup. For their efforts in the agriculture field they received Entrepreneur of the Year 2023 and National Startup Awards Finalist 2023 from DPIIT & Startup India.

Through trainings and empowerment, Raj wants a secure future not only for the farmers but also to create a lasting social impact. In his journey ahead, Raj wants to build more schools for providing education to the children in the remotest part.

Talking about his inspiration, Raj Yadav is able to connect with Mr Jan Koum the co-founder of WhatsApp, as he too originated from humble roots, and his dedication to creating a product that could add value to people's lives has deeply inspired Raj.

As Raj looks ahead; he concludes his journey with a saying - "The only way to do great work is to love what you do" To encourage the youth towards taking bold steps, he says if you dare to dream big, You will succeed, regardless of your background.

A Visionary Leader in Healthcare: The Inspiring Journey of Sadanand Chavadi

Today, we are living in a world where the demand for healthcare is ever-evolving. In the healthcare sector, few individuals have managed to showcase their professional expertise along with the passion to help others. One name resonates with this quality. An individual who has emerged as a prominent figure in the world of healthcare is Mr. Sadanand Chavadi. He has given almost three decades in the industry of healthcare and nutraceutical industries. As the founder and director of Nutraferon Private Limited, he has shown his commitment to excellence.

A Career Built on Purpose and Passion

Mr. Chavadi has always believed in the saying - ***"Do what you love, and you'll never work a day in your life."*** He has never measured his success with profits and margins; instead, his career choices are driven by even higher values.

The deep sense of serving humanity and his unshakable belief in the divine love of God made him the person he is today. His deep connection with the medical profession led him to establish Nutraferon. Under his pioneering leadership, Nutraferon has become a synonym for cutting-edge solutions, which provides a ray of hope to patients. Nutraferon was born to meet the demand of patients suffering from chronic diseases. Sadanand always emphasized on scientifically supported remedies; in his views these are the lifelines for better quality living. Sadanand worked on two principles: integrity and creativity. He always believed in building the treatments that had long-lasting effects, in contrary to the conventional healthcare models that believe in fast solutions.

But he says, ***"My life has always been motivated by a sense of purpose"***. He believes in adding value to people's lives by his work.

A Reputation Built on Innovation and Integrity

His role as the founder of both Nutraferon and Feron Healthcare Pvt Ltd has been widely recognized. He has been awarded prestigious awards and honors that commemorate his contribution to the field of healthcare. From being titled "Innovative Entrepreneur of the Year" at the Pharma Leaders Awards in 2018 to acquiring the renowned honor of Indian Eminent Award in 2023, Mr Chavadi has emerged as an industry leader. "Awards are amazing affirmations," he says, "but real success is in seeing lives changed and families freed."

One aspect that sets him apart from other leaders is that he works on three pillars of value: innovation, care, and responsibility. He understands that he is working in an industry where quick cuts are encouraged but he rather focuses on a more patient-centric approach. With Nutraferon, Sadanand's strict R&D projects guarantee that every remedy they sell is scientifically backed and provides sustainable benefits to patients.

"I have always put my faith in continuous growth and learning, always aiming to achieve better not just for my organization but for the entire healthcare ecosystem," he explains.

Listening with Empathy: A Core Principle of Sadanad's Leadership

Other than his visionary leadership, Mr. Chavadi is known for his real sensitivity and practical attitude. He says that healthcare is a human activity. He has gained people's trust by making sure that all the people connected to him are heard. With his compassion and empathy he has made people believe that the good in healthcare is still alive.

Sadanand Chavadi, Founder Chairman & Managing Director, Nutraferon Pvt Ltd.

Sadanand works towards the goal to build a model which is inclusive and patient centered. He always counsels people, leading his path, to work with honesty and compassion. Mr. Chavadi has indulged his expertise in giving back to society. Serving as a facilitator for Global Grace Cancer Awareness and working with various NGOs, he always strives to make a difference in the lives of those less fortunate.

Looking Ahead: A Future Focused on Compassionate Growth

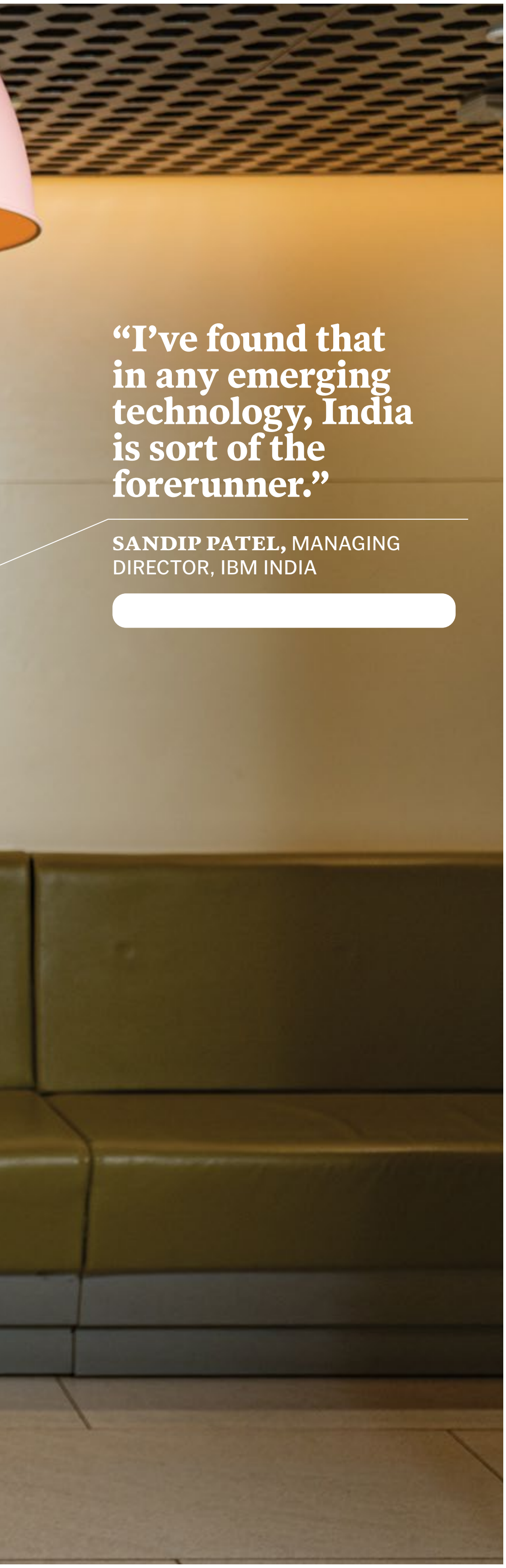
Mr. Chavadi is very clear about his goals. He will always continue to improve the lives of people with his work till his last breath. He wants to make sure that the basic facilities of healthcare reach every individual.

For his extraordinary contribution, Mr. Chavadi has earned numerous awards. From receiving prestigious awards such as the Pharma Innovative Leader Award, the Global Choice Award, the Indian Achievers Award to the Atal Achievement Award, the list is endless.

Mr Sadanand Chavadi has created a legacy that will, without a doubt, continue to inspire many. Whether you call him a business leader, mentor, or philanthropist, he is indeed a shining example of what it means to make a difference.

Mr Sadanand Chavadi's remarkable journey can be summoned up in a saying that goes: ***"To do more for the world than the world does for you, that is success."***

NEHA MITHBAWKAR FOR FORBES INDIA



“I’ve found that in any emerging technology, India is sort of the forerunner.”

SANDIP PATEL, MANAGING DIRECTOR, IBM INDIA

‘I Want IBM to be Relevant to India’s Growth’

In an exclusive conversation with *Forbes India*, **Sandip Patel**, managing director, IBM India, talks about revenue drivers, small language models, emerging technologies and more

By **NAINI THAKER**

As soon as Sandip Patel enters the spacious conference room at IBM India’s office in BKC, Mumbai, he orders a strong cup of coffee. “It has been a hectic day. I’ve been shuttling between Worli, Nariman Point and here,” he says. Patel has been busy managing IBM’s India operations, especially since the company made a slew of announcements at its flagship IBM Think 2024 event in Mumbai, in September.

IBM significantly shifted its strategy during the Covid-19 pandemic, when Arvind Krishna took charge as company CEO in April 2020, with a focus on hybrid cloud and artificial intelligence (AI). “IBM India operates almost like a microcosm of the IBM Corporation. While we have a thriving domestic business, we also have three R&D powerhouses in India: India Software Labs [ISL], India Research Labs [IRL], and India Systems Development Labs [ISDL],” explains Patel, who was appointed managing director of IBM India in January 2020, only a few months before Krishna took charge.

“I see our continued growth coming from three main vectors: AI, semiconductors and quantum computing,” says Patel. Without revealing numbers, he claims it has been three years of consecutive growth for IBM in India. And he is bullish on seeing this momentum in these new technologies, working with various governments and MSMEs in emerging markets. “We operate in India where we innovate in India, for India and the world,” he adds. Edited excerpts:

Q What are some of the key factors behind the growth of IBM India?

As of the second quarter of 2024, which we closed in June [IBM goes by the calendar year], we completed about 10 quarters of double-digit growth. I attribute a lot of this to three things. One is our strategy of hybrid cloud AI, underpinned by a strong layer of security. Second, we pivoted to a higher value business that we had started to build, which included making people changes, having the right offerings and connecting with the right clients, among others. In 2021, we announced the separation of our managed infrastructure services business to Kyndryl. Lastly, operating as ‘One IBM’, and leveraging all the parts, including a lot of our announcements with the government. A lot of this was possible because we can leverage our global teams that are doing cutting-edge research and innovation.

Q What are the factors that have made India a global AI innovation hub?

About 59 percent of Indian enterprises reported they are actively doing something with AI, as per our Global AI Adoption Index 2024. And 27 percent are actively exploring using it. This is the highest among all the countries we surveyed. I've found that in any emerging technology, India is sort of the forerunner. What has helped is the focus the government has had on emerging technologies through various initiatives. As we see growth in India, a lot of our domestic firms are trying to become global.

The other important aspect is that India has a lot of great talent, that's driving innovation. However, the skills gap remains the biggest barrier to AI adoption in India—limited AI skills and expertise was cited by 30 percent of organisations studied.

Q What makes IBM's platform watsonx standout?

We launched watsonx—our data and AI platform—after a lot of deliberation, and with some key design principles in mind. First, it is a platform and not an application. There are three components. The first is watsonx.data, which is a mechanism to organise data to be used by AI for AI. But this is where you take care of ensuring you have the right data, it is organised properly, it's being used properly, and so on. Second is watsonx.AI, an AI studio where you can use language models (LMs) from anywhere, including IBM proprietary models, but it is multimodal by nature, and you can build what is best suited to your business.

The third component is watsonx.governance, which ensures compliance with data governance. This platform is hybrid-by-design, which means you can use it on the cloud, on your private cloud, inside your firewalls and on-premise. This means it will take compute power, because large LMs (LLMs) take compute power, but it enables democratisation of whatever models you use.

The next is where this notion of small LMs (SLMs) came up. For example, you probably don't need a trillion-parameter AI model to compose poetry, but you probably may need a lot more to enable real-time business analytics and computations. So, we started to build the Granite family of models, which are SLMs, use a lot less computing power, are a lot more fit for purpose. We believe this is where the world is going, because you're not going to need your Llamas and other LLMs for everything.

> **"India has a lot of great talent, that's driving innovation. However, the skills gap remains the biggest barrier to AI adoption in India."**

Q How is IBM moving towards a more open-source ecosystem for AI?

We've taken a bunch of our Granite models—flagship series of LLM foundation models based on decoder-only transformer architecture—and moved them to open-source. We take care of data provenance and we indemnify it for copyright infringement. Once you make it open-source, we believe these models are going to become more and more democratised, which is why IBM has taken a step further in this direction.

Our hybrid cloud platform is built on Red Hat, a software company that provides open-source software and services for businesses. With Red Hat we've created an open-source project called InstructLab, which enables developers to pick up these models. It's a platform for enhancing, extending, and driving more out of these models. We've also opened an InstructLab-based GenAI Innovation centre in Kochi, Kerala. This gives you a sense of how we are driving lower cost and higher democratisation.

Q Tell us about the plans IBM has for semiconductors?

We got out of the fab and packaging business a while ago. However, we are probably the world leaders in semiconductor R&D. We have established a state-of-the-art research centre in Albany, and the key to this is not just being leading-edge in what you are doing with semiconductor chip technology, but also creating an ecosystem that can enable you to bring that to life. A bulk of our researchers is based in Albany, but there is collaborative work with India Research Labs as well.

Recently, IBM announced the world's first 5 nm chips. At the Hot Chips 2024 conference in Palo Alto, California, IBM announced the next generation of enterprise computing for the AI era with the IBM Telum II processor and a preview of the IBM Spyre Accelerator. Both are expected to be available in 2025.

We are open to working with the right governments and players to provide knowledge and technology transfer. In 2022, for instance, IBM and Japan's Rapidus Corporation announced a joint development partnership to advance logic scaling technology as part of Japan's initiatives to become a global leader in semiconductor R&D and manufacturing. They brought us in as an R&D partner and they've created an ecosystem to have a sprint towards a 2 nm chip, which they want to start fabricating. Additionally, at Semicon India 2024, we announced our R&D collaboration with L&T Semiconductor Technologies to design advanced processors. This is the first that we've done, and we're open to doing more.

Q How large is the skilling issue in India?

There are two aspects of skilling

within AI that you have to keep in perspective. The first is the need for technical skills. There is a whole new slew of skills that people will have to get trained on, such as prompt engineering, how to extend these models, and so on. But there's also the element of how you train existing people such as managers, mid-managers and other employees. Upskilling and getting used to having this technology as an augmented intelligence is also as big an issue, to which people will have to get acclimatised. It's a change management scenario.

There is an ongoing effort from the government and tech companies to ensure more skilling takes place. And we have been one of the pioneers in it. About six years ago we started to work with CBSE, where we introduced the AI curriculum in the final years of high school. Through our IBM SkillsBuild programme, we are doing a lot of vocational training in remote and rural areas. For example, we conducted a programme in Nagaland where we taught schoolgirls to build drones.

Q Apart from skilling, what's the other biggest challenge with AI adoption?
A lot of CEOs are also talking about the 'trust factor'. Can we trust AI? And where does that trust issue come from?

Q The data breaches...
Well, it's not just the data breaches. So many infringement lawsuits have been filed. Where did the data come from? Did you own the data that's in your model? Are you ensuring the new data is owned by you? Do you know the provenance of the data you are using? These are becoming fundamental questions.

This is why at IBM we have been strong advocates of what we refer to as 'Responsible AI'. For AI to be trustworthy, it has to be responsible—responsible AI is responsible business. Another premise that we should keep in mind is the concept of data stewardship. This essentially means, if you are my client, your data and your insights are yours. Data belongs to the creator. You should never take ownership of it. Additionally, whatever comes from AI should be trustworthy. IBM has put together "pillars of trust", which include explainability, fairness, robustness, transparency and privacy. Putting all this together is when responsible AI becomes relevant.

So, the notion of data stewardship, ensuring the provenance of data is integral, and that the integrity is maintained becomes critical in AI

"For AI to be trustworthy, it has to be responsible—responsible AI is responsible business."

and that is going to become one of the biggest enablers to scale up AI.

Q The third big vector that IBM is working towards is quantum computing.
Quantum computing is the next frontier technology that is going to become relevant fairly quickly. India has been brilliant in terms of establishing the India Quantum Mission. What you need to understand is that quantum technology enables us to solve problems that today's technology doesn't allow us to.

Today's technology works on bits and bytes. Quantum technology works on qubits. It's a different form of programming. So, it enables you to solve more complex problems like mining research or risk models, and some clients are experimenting with that now. In India, we've been working with academic institutions to ensure the right cohorts are being trained in Qiskit, which is going to be the quality of the quantum programming language.

We have signed a memorandum of understanding with the Centre for Development of Advanced Computing and others, where we are providing a lot of thought around quantum research and what needs to happen to ultimately bring quantum capability to India. IIT-Madras became the first Indian institution to join the IBM Quantum Network globally, where it has access to real quantum cycles on our quantum machines over the cloud, which it is using for exploring use cases and others.

Q Where do you see IBM India in the next five to seven years?
I see us becoming more relevant as a technology organisation and innovation powerhouse in India's journey. If India's growth trajectory continues, we expect to continue to grow ahead of the market.

My objective would be to ensure we continue to transform and innovate ourselves to grow, be more relevant to where India is growing. For instance, we are expanding to emerging markets, beyond metros in India, since there is growth of MSMEs all over the place. When you bring together the availability of skills and market needs, it would be important for us to be where our clients are.

We opened two software labs over the last two years. One in Gandhinagar and one in Kochi. We've also opened delivery centres in Bhubaneswar, Mysuru, Coimbatore, and Gandhinagar. It's not just about opening a software lab; we are setting up an IBM office with multiple work capabilities. It also enables us to create a vibrant ecosystem around the region. I want IBM to be relevant to where India's growth is, since that's where we can help innovate and be leaders in innovating in India, for India, for the world. F

SHUNICHI ODA FOR FORBES ASIA

Secret Sauce

Takaya Awata became a billionaire by parlaying a tiny eatery into Toridoll Holdings, operator of Japan's biggest udon noodle restaurant chain. Now he wants to taste global success

By ZINNIA LEE & JAMES SIMMS

It was a promise to himself that stores number one and two were only a matter of time and he would soon achieve his modest goal of owning three restaurants.

Four decades later, Awata's Tokyo-listed Toridoll Holdings has a network of nearly 2,000 quick-service restaurants across 28 countries and regions covering 21 brands. The flagship is Marugame Seimen, Japan's largest udon noodle chain by both revenue and store count. The entrepreneur's fast-food success has made him a billionaire and honed his ambitions.

"I would like Toridoll to compete on a global scale," says the 62-year-old president and CEO at his headquarters in Tokyo's Shibuya district, adding that he's aspiring to make it a ¥1 trillion ($7 billion) company by revenue in the next decade. To achieve those lofty targets, Awata wants to reduce Toridoll's dependence on domestic diners in a shrinking home market and focus on overseas expansion.

The global quick-service restaurant industry grew at a compound annual growth rate of 5 percent between 2019 and 2023 to more than $1 trillion, the fastest-growing sector among the overall food-service market, Tommaso Nastasi, a Milan-based partner at consulting firm Deloitte, says by email. But in Japan, which is facing the challenges of a greying population, fewer full-time jobs and stagnant wages, restaurant operators must also grapple with rising costs and worker shortages.

Moreover, the country's food business is intensely competitive, Awata notes. To grow domestically would mean snatching market share from rivals such as Hanamaru, the local udon chain owned by the more-than-century-old beef-bowl giant Yoshinoya Holdings, and Tokyo-listed Zensho Holdings, best-known for its affordable Sukiya beef-bowl chain, founded by fellow billionaire Kentaro Ogawa. Toridoll also has to contend with American juggernauts such as McDonald's and KFC, which between them operate over 4,000 stores in Japan.

A Marugame Seimen open kitchen

COURTESY OF TORIDOLL

The competition for diners comes not only from other restaurants but also convenience stores' bento box lunches and rice balls as well as supermarkets' ready-to-eat meals, according to Tokyo-based Daiwa Securities analyst Shun Igarashi. "With the diversification in eating trends, companies are scrambling to get customers," he says.

Despite this, Toridoll, buoyed partly by an influx of tourists into Japan, posted record revenue of ¥232 billion in the latest fiscal ended March, with 38 percent generated from overseas. Net profit was up by 48 percent to ¥5.7 billion, helped by a weak yen that bolstered repatriated profits from overseas branches. But Toridoll's shares, which had been trading at high earnings multiples after the pandemic as people resumed dining out, corrected 5 percent in the past 12 months. Awata, who became a billionaire last year and earned a place in the ranks of Japan's 50 Richest, has a recent net worth of $1.1 billion.

When Takaya Awata used his meagre savings to open a small restaurant in Japan, he named it Toridoll Sanban-kan, or Toridoll store No 3

By March 2028, Toridoll targets a more-than-threefold increase in net profit on ¥420 billion in sales—of which nearly half would come from outside Japan. This can be achieved, he explains, by more than doubling the total store count to 4,900, of which 3,000 should be overseas branches. (The company owns all but four of its nearly 1,100 domestic stores, while half of its 861 overseas shops are operated as franchises or joint ventures.) Awata says he expects overseas revenue to be higher, closer to 60 percent in the next three to five years.

Toridoll's flagship brand, known as Marugame Udon outside Japan, already has 264 stores abroad, in locations as far-flung as Hawaii and Phnom Penh. Awata caters to local tastes, offering, for example, spicy broth in Indonesia and cold udon bowls with salad greens and fried chicken in the US. Apart from the udon chain, the company's portfolio includes restaurants serving a range of cuisines, from Asian street food, ramen and yakitori to some Western fare, including pizzas and pancakes.

According to a report released in June by the *Nikkei* newspaper, 44 percent of Japan's restaurant operators with outlets abroad are planning to add more, up from 28 percent in the previous survey published last year. Zensho, for example, plans to open 1,450 new shops by next March of which over 90 percent will be located overseas. Meanwhile, Osaka-based Food & Life Companies, best known for its conveyor-belt sushi chain Akindo Sushiro, with more than 1,100 eateries across Asia, entered the US in April.

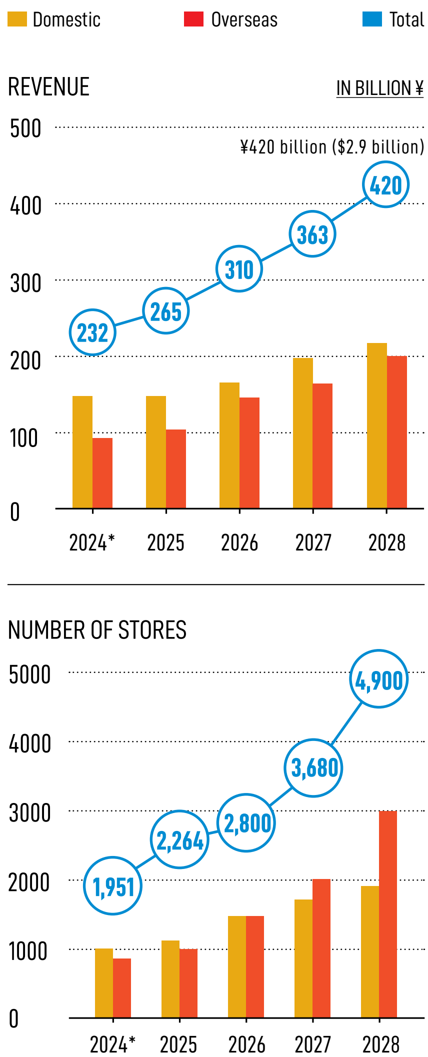
Awata, however, is convinced that he has the secret sauce to succeed. "We've put a lot of thought into how to attract customers," he says. "We work on creating moments that make them think, 'Oh, that looks good'."

Just before noon on a weekday in May, the lunch crowd had begun to line up outside Marugame Seimen in Tokyo's Shinjuku office district. The self-service eatery is known for its friendly pricing and such bestsellers as kamaage udon with fish stock-based dashi dipping sauce. But it's not just about wolfing down cheap eats in a casual setting. An open kitchen allows customers to see the wheat-flour-based Sanuki-style noodles being kneaded, rolled, cut and cooked, making for a visual treat as well as a culinary one.

After collecting their udon, which start at ¥340, or under $3, a bowl, customers can add unlimited free condiments such as scallions and minced ginger, rounding it off with a garnish of crispy tempura bits.

Bulking Up

Toridoll aims to double revenue to ¥420 billion and grow its stable of restaurants to 4,900, with 3,000 overseas, in the next four years



*Actual SOURCE Toridoll Holdings

There's more to Marugame Seimen than its freshly made, affordable food, insists Awata. "We're not just selling a product," he says. "The most important thing is selling the value of the experience."

Emil Fazira, Singapore-based food insights manager at UK research firm Euromonitor International, agrees that this is where the quick-service industry is heading: "Fast and seamless services but at the same time... something unique."

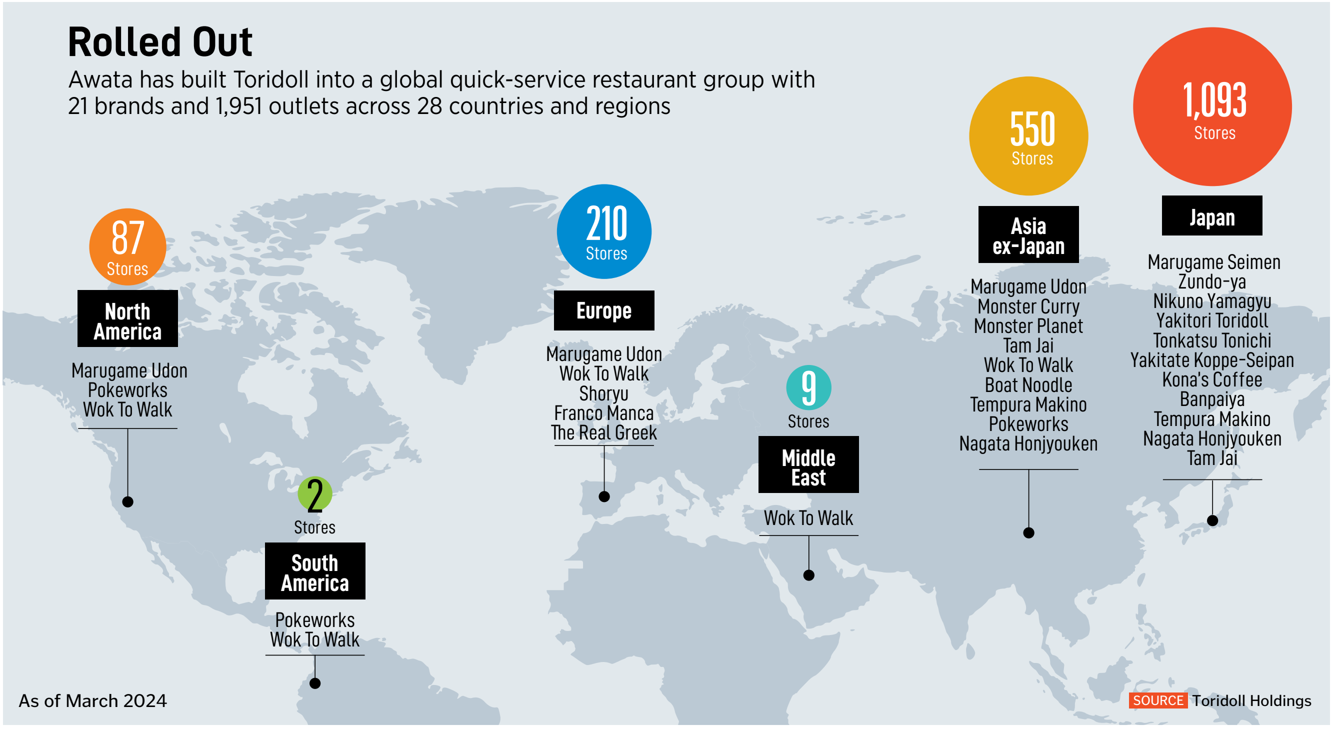
Awata upped the ante recently by deploying menshokunin, or skilled udon masters, at all of his 840 Marugame stores in Japan. To qualify, they were required to pass a test, with only 30 percent making the grade. "With this [attention to the dining experience] as our major competitive edge, we'd like to take on the global market," he says.

To realise that ambition, Awata has earmarked up to ¥100 billion for acquisitions. So far, roughly 20 percent of that amount has been deployed, though the company says it has received over 100 investment proposals from various brands. Meanwhile, Awata has planned more branches for both Marugame and Hong Kong-based rice noodle chain Tam Jai, the company's two biggest overseas revenue drivers.

In March, Marugame added Canada to its current footprint, which includes Asia (minus mainland China following a disagreement with a franchise partner in 2022), the US and the UK. Tam Jai will open new outposts in Australia, New Zealand and the Philippines by year-end, and Malaysia in early 2025. Toridoll bought Tam Jai in 2018 for $243 million—its biggest purchase to date—and took the company public on the Hong Kong stock exchange three years later, retaining a 74 percent stake.

Aaron Jourden, director of international research and insights at US restaurant-consulting firm Technomic, says by email that while Toridoll has "a strong differentiated brand with Marugame", the company needs Western fast-food chains that serve up fare such as burgers, fried chicken and pizza if it wants to compete with giants like McDonald's and Yum! Brands.

Awata agrees that noodles are "a little bit niche" while the market for Western fare is much larger. That led him to spend £93 million ($118 million) last year to buy Fulham



Shore, the London-listed operator of Franco Manca pizzerias and The Real Greek restaurant chain, with 70 and 26 stores, respectively. Awata wants to take Franco Manca further afield, seeing particular potential for the UK chain, which makes sourdough pizzas from scratch in front of customers and already has a store in Spain.

According to Fulham Shore CEO Marcel Khan, "Awata-san doesn't invest in any business that doesn't have an element of kando." The Japanese word denotes a deep emotional connection, a business philosophy Awata shares with other Japanese companies such as electronics giant Sony.

The entrepreneur says that as he battled the odds to create his own venture, he was also inspired by the success of Zensho's Ogawa, a former labour organiser and shipyard worker, after seeing him featured on a *Forbes Asia* cover in 2011. Says Awata, "I want to create a globally recognised Japanese restaurant business too."

Hong Kong-based rice noodle chain Tam Jai

COURTESY OF TORIDOLL

Awata's path to entrepreneurship—and to the three-comma club—wasn't easy. He was 13 when his father died and he was brought up by his mother in Sakaide, a city in Kagawa prefecture. He dropped out of Kobe City University of Foreign Studies to help support the family, and it was while working at a coffee shop that he discovered his calling. "I found joy in cooking, serving dishes to customers and hearing them say how delicious it was," he recalls.

Determined to save up to start his own restaurant, Awata became a truck driver, the highest-paying work he could find, hauling goods around the clock and living in a company dormitory. Life was bleak, he says, but he found solace in the friendly atmosphere of a nearby grilled chicken stand. It inspired him to open his own yakitori restaurant, which he ran with his wife. (Awata says the name Toridoll has no meaning, and he chose it because it's easy to remember.)

A visit at the end of the 1990s to his late father's hometown of Marugame in Kagawa, famous for its Sanuki udon made from locally grown wheat, salt and water, gave the budding restaurateur a fresh idea. One udon stall in particular attracted long lines for its noodles cooked in front of customers. The result was the first Marugame Seimen, established in Kakogawa in 2000 (seimen is Japanese for noodle-making).

Asia's bird flu epidemic in 2004 hurt sales at Awata's yakitori stores, which had grown to dozens by then, and forced him to scrap plans for an IPO. Switching track, he poured his energy into growing the udon restaurants. He opened a noodle stall in a food court because it was a cheap option, then added stands for ramen and stir-fried noodles, realising he could double or even triple his takings in one location by offering different dining options.

Most of this expansion was funded by bank loans and cash flow, until the company was big enough to list in 2006, by which time he had 100 Marugame Seimen outlets. "If the bird flu outbreak hadn't happened, I wouldn't have expanded to this extent," he says, "So, it feels like that failure led to a significant success."

The motivation for going global came from a visit in 2009 to Hawaii, where seeing the tourist crowd spurred Awata to launch his first overseas restaurant. That Marugame Udon store, opened in Waikiki in 2011, generates monthly sales of more than ¥100 million, the highest takings among his stores worldwide, according to Awata.

Starting in 2015, he spent upward of ¥9 billion on an acquisition spree, snapping up Netherlands-based Wok To Walk that year (persuaded by the long lines outside its restaurants); a 49 percent stake in the operator of Malaysia's Boat Noodle chain in 2016; Banpaiya casual bars and Zundo-ya ramen shops in Japan in 2017; and a 70 percent stake in MC Group, operator of Monster Curry in Singapore in 2018.

A Franco Manca pizzeria

Like most restaurant companies, Toridoll was clobbered by Covid-19 and swung to a loss of ¥5.5 billion in the year to March 2021. It has since returned to a profit, bolstered by more takeout meals and such initiatives as udon in a cup and its first drive-through store. Takeaway now accounts for between 10 percent and 20 percent of Marugame's sales in Japan, Awata says, up from around 2 percent pre-pandemic. Awata also keeps an eye on refreshing menus;

"We work on creating moments that make [customers] think, 'Oh, that looks good'."

Marugame recently introduced "udonuts", chewy doughnuts made with udon dough, sprinkled with powdered sugar or curry powder.

To stay fit Awata used to run half marathons but now sticks to morning walks, jogging and golf. He also collects contemporary art, such as the works of Japan-based Chinese artist Lou Zhenggang, known for her abstract monotone paintings. Awata's art collection grew so large he bought a house in Tokyo's fashionable Hiroo area and converted it into a private gallery for her works, and added a sushi counter in the basement.

As for the future, he has three adult children but says they are all "doing their own thing", and won't take over the business. The company says it will announce succession plans at the appropriate time. The chief executive often drops into his restaurants unannounced to sample the food. Most of the time he is unrecognised by the staff and is treated like any other customer. "I sometimes get warned to wait in line... and I do."

Meanwhile, he's holding onto his dream of building a global food empire. "I have this desire to run a large business," he says. "I don't want to end here." F

COURTESY OF TORIDOLL

The Quantum Bet

PsiQuantum Co-founders
Jeremy O'Brien and Terry Rudolph (left)

PHOTOGRAPHS BY NOLIS ANDERSON

The co-founders of Silicon Valley unicorn PsiQuantum convinced the Australian government to hand over A$940 million of taxpayers' money to build the first usable quantum computer in Brisbane. What's at stake is nothing less than the future of computing

By MARK WHITTAKER

University of Queensland professor Andrew White could tell his postdoc student had itchy feet. It was 2004, and they had just become the first in the world to demonstrate an "unambiguously entangled quantum logic gate"—the initial step in building a quantum computer. The professor knew he had no budget to keep the student, Jeremy O'Brien, at the university, so he threw a job ad for an academic role in the UK onto O'Brien's desk.

White got on the phone to a senior professor at the University of Bristol and told him: "I've got this great young bloke called Jeremy. I'll just warn you though, [soon] you'll be working for him."

Three years later, O'Brien was building a quantum mini-empire at Bristol that would grow to 100 people, all working on how to build a quantum computer, drawn by its promise of changing the world through incomprehensible computational power.

The Bristol team's work was spun off in 2016 as Silicon Valley startup PsiQuantum, into which investors poured $665 million, valuing the company at $3.15 billion in mid-2023. It got a whole lot more valuable in April, when O'Brien convinced Australia's federal and Queensland governments to spend A$940 million ($632 million)—split between equity and loans—for PsiQuantum to build the world's first useful quantum computer in Brisbane by 2027. Then, in July, PsiQuantum announced the Illinois state government in the US offered $500 million in tax incentives for it to build a second computer in Chicago by 2028, and tipped in another $200 million to build a cryogenic plant to the company's specifications.

It's a high-stakes race that puts PsiQuantum in competition with the likes of Intel, IBM, Microsoft, Amazon, the Chinese government and a pack of startups. Because whoever gets there first will be able to charge a bomb for time on their machine that is predicted to do things current computers can't, such as design complex drugs, streamline traffic flows, crack codes, smash the blockchain and create human-like artificial intelligence. A chance to make history is also on the table for PsiQuantum's four co-founders—CEO O'Brien, chief architect Terry Rudolph, chief scientific officer Pete Shadbolt and chief technologist Mark Thompson.

Quantum computing is probably the most important technology since fire

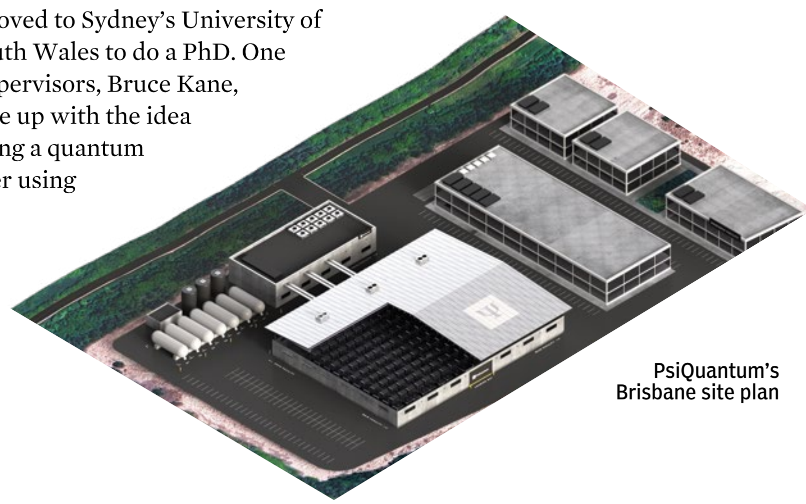
O'Brien traces his quantum computing journey to 1995 when, as a 19-year-old physics undergraduate at the University of Western Australia, he picked up a year-old copy of *New Scientist*. "It described how quantum mechanics is not only whacky, weird and wonderful, but how you could do something incredibly useful if you could get it under control and build a quantum computer," he says on a video call from Warrington, UK. where PsiQuantum has a research facility. "And I've been pretty well hooked ever since."

He moved to Sydney's University of New South Wales to do a PhD. One of his supervisors, Bruce Kane, had come up with the idea for making a quantum computer using single phosphorus atoms in a silicon chip. O'Brien spent the next five years working on that idea but had "a bit of a crisis," he says. "I just couldn't see a way that we could scale things up to the million qubits needed to actually bring about this profound impact of the technology." A qubit, or quantum bit, is the basic unit of information in quantum computing.

But that's when a team at the University of Queensland with colleagues in the US, figured out a way to use light particles, photons, as qubits. "I managed to talk my way into a postdoc at the University of Queensland with Andrew White, who was setting up a lab to try and pursue this photonic approach, despite me not knowing which end of the laser light came out of," says O'Brien.

The partnership between White, O'Brien and three others led to the 2003 Nature paper where they successfully demonstrated quantum entanglement with mirrors and beam splitters bolted to a three-meter bench. The scientists had created a quantum logic gate, akin to an enormous transistor. The problem remained of how to turn that into a million-qubit quantum computer. O'Brien wondered if you could combine silicon with the optical approach. He knew he needed somebody who understood quantum, somebody who could design a chip, and somebody who could make that chip.

And that's when White threw the



PsiQuantum's Brisbane site plan


PsiQuantum's prototype cooling system

job ad for Bristol's Centre of Quantum Photonics on his desk. "I applied on the same day," says O'Brien. Bristol had the ability to manufacture the components he needed.

Optical engineer Mark Thompson cold-called O'Brien to ask if it was worth his while applying for a senior job on O'Brien's new team in Bristol. Thompson, a physics graduate, knew nothing about quantum, but he'd had a career in the optics industry and he was looking at what would be the next big thing in photonics. After an 18-month secondment to Toshiba's silicon photonics research centre in Japan, Thompson returned to Bristol. "We ran with this idea of taking quantum physics and quantum optics and merging them with photonic engineering to create this whole new field," he says. Thompson thinks they coined the job description "quantum engineer".

Five years after the first *Nature* paper, O'Brien's team published an article in the same publication, taking everything they'd done on a 3-meter, 1-ton bench in a lab and doing it in a silicon chip.

Terry Rudolph grew up in landlocked Malawi, southeastern Africa, the son of teachers. At 12, his family migrated to Queensland and he studied physics and math at the university there before going off backpacking. It was only after he had decided on physics as a career that he learnt his grandfather was Erwin Schrödinger, the Nobel Prize-winning Austrian physicist who coined the expression "quantum entanglement" in the 1930s.

In 1995, Rudolph's backpacking took him to Toronto, Canada, where he started a PhD in quantum optics—the year that the notion of quantum computing took off. "If you're an early mover in a field," says Rudolph, "you don't have to be as good because there are not as many people in it, and there's lower-hanging fruit to pick."

That low-hanging fruit got him a postdoc in Vienna with Anton Zeilinger, who won the 2022 Nobel Prize for Physics. From there, Rudolph went to Bell Labs, the American research company behind radio astronomy, transistors and photovoltaic cells (now part of Finnish telecoms giant Nokia).

Rudolph took a pay cut to return to academia, moving to Imperial College London in 2003, around the same time O'Brien moved to Bristol, who he knew from the conference circuit. At O'Brien's urging, Rudolph began to consider how a quantum computer might use light. "Photons are just a very different way of encoding your quantum information," Rudolph says. "Light is never stopped. It's always running around. It's moving fast, so it has things that make it problematic, but then it has things that make it a beautiful way of doing quantum computing."

Over time, Rudolph grew to know people in O'Brien's orbit. "He was building an empire, an amazingly large group," recalls Rudolph. "He was bringing in good people and giving them the resources to do things."


PsiQuantum co-founder, Pete Shadbolt

"We ran with this idea of taking quantum physics and quantum optics and merging them with photonic engineering to create this whole new field."

PHOTOS SUPPLIED BY FORBES AUSTRALIA

One such young person was Pete Shadbolt.

As a kid, Shadbolt had always wanted a Nintendo. "My mum and dad were hippies. They got me a 486 PC and a family friend gave us a copy of Turbo Pascal, a very early programming language, and they said, 'Write your own bloody video games,'" he says on a call from Palo Alto, California, where PsiQuantum is based. By 17, he'd created Free Rider HD, a a game that allows users to draw their own bike tracks.

At Bristol, he did his PhD under O'Brien. "I was just so lucky to come right at the beginning of what Jeremy was doing. It was a really simple idea: Take these silicon chips from the telecom industry and repurpose them—put a single photon in there instead of a bright laser pulse." From there, Shadbolt went to London to do his postdoc in theoretical quantum with Rudolph.

Silicon photonics—the ability to switch light in silicon chips—was catching up to the point where they could plausibly make a small quantum computer. But they needed millions, ideally billions, of these switches. With another of Rudolph's PhD students, Mercedes Gimeno-Segovia, Shadbolt and their team succeeded in 2014. "That [paper] was the foundation for PsiQuantum," says O'Brien. "We had this architecture that we believed satisfied what I had been trying to do all the way along, like back in the Sydney days: How do we leverage the semiconductor industry to make a quantum computer."

Crucially, O'Brien met Jeff Brody from San Francisco-based Redpoint Ventures, who put him onto Peter Barrett, co-founder of another Silicon Valley VC firm, Playground Global. Barrett, an Australian, had given Elon Musk one of his first jobs in Silicon Valley at Rocket Science Games, a video game company that Barrett co-founded, and during his nearly 13 years at Microsoft spent time with its founder Bill Gates.


PsiQuantum co-founder, Mark Thompson

"Jeremy and the team at PsiQuantum are the smartest people I've ever worked with—no, seriously," Barrett says in Sydney. "That company is ridiculous in terms of intellectual horsepower." O'Brien shook hands with Barrett and Brody In April 2016, raising $13 million to begin the long grind. PsiQuantum was born.

O'Brien, Thompson and Shadbolt were all in as founders, but Rudolph was still skeptical. "I wasn't going to be a founder at first. I was quite happy in academia. I didn't need the headache." O'Brien, however, was not good with 'Nos' and kept at him until he agreed. Playground Global's incubator was PsiQuantum's first office, with old arcade games, a motorbike collection, amazing food and a fake tree.

Around 2020, they started looking for a place to build the world's first useful quantum computer. Australia was eager to attract cutting-edge companies, and after years of talks, the federal and Queensland governments agreed to April's A$940 million deal. O'Brien says that because PsiQuantum's computer would be around for a long time, his priority was a long-term partnership, where he could be certain of stable government, a well-educated workforce and a thriving economy.

The company will break ground at the site near Brisbane Airport at the end of 2024 or early 2025. There will be two buildings. One is a cryogenic plant that cools helium gas to a liquid and pumps it into the building next door, which will look like a data centre full of cabinets and racks. Rudolph, ever the theorist, can't wait to get onto the machine and start using it. "The nice thing about this technology is that everyone wants it for its different applications. But one of the things quantum computing will be good for is solving problems of quantum mechanics."

If they get this working, there will be vast demand for limited time on the machine. Rudolph finds himself in a position to, maybe, jump the line. "But whenever I tell people on the business side of the company this, they say, 'I hope you're feeling rich because you're going to need it to run stuff on this machine.'"

That problem, however, isn't coming soon. Even if they make their 2027 deadline for finishing the world's first error-corrected, functional quantum computer, Rudolph says it probably won't meet his needs. "The things I'm interested in will require huge quantum computers—ten times more than the one we're building. How long it takes to make that jump? I don't know." F

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GPLIFE HEALTHCARE: REPLACE ALL UNSCIENTIFIC DRUGS WITH BOTANICAL ACTIVE CAUSALITY

Dr. Chetan Savaliya, the visionary CEO of Gplife Healthcare P. Ltd, is not just another researcher in the booming nutraceutical industry. He is an innovator who's reshaping the landscape of plant-based health approaches. His ambition for Gplife extend far beyond product development. He envisions creating a global distribution network that can bring these affordable, effective, easily available nutraceuticals to every corner of the world. The company is rapidly expanding its presence in international markets, making its products increasingly accessible. His vision was clear: to combine the plant-based wisdom with cutting-edge scientific research to create range of products that could prevent and manage chronic and lifestyle diseases effectively and focus how to reverse age and improve lifespan by longevity.

In last 25 years, Gplife has developed an impressive portfolio of over 50+ clinically proven plant-based nutraceuticals addressing more than 30+ health indications. They have also developed their own brand, Satvam Nutrition. This rapid growth is a testament to him and his team for their innovative approach and tireless dedication to improving global health.

This dedication to quality and innovation hasn't gone unnoticed. Gplife was recently awarded as the "Best Innovation and Research-Based Company in Healthcare" by the UK Parliament's House of Lords– a prestigious recognition of their ground breaking work. Gplife also selected in global top 200 companies in XPRIZE healthspan- 101 million $ prize competition for reversal of aging and longevity concept. Elon musk, Ratan tata, Naveen Jain, Tonny robins, Google, Amazon, Ansari & Peter Diamandis are in XPRIZE board of directors.

What sets Gplife apart in the crowded nutraceutical market is its unwavering commitment to research and innovation. Gplife has developed patented "Synergistic Optimized blending technology" that ensures the highest efficacy and stability of its products. But it does not stop there – Gplife products undergoes rigorous standardization and clinical trials to evaluate both safety and efficacy.

"We're not just manufacturing the products," Dr. Savaliya empasizes. "We're developing plant-based, chemical-free solutions that address the root causes of chronic and lifestyle diseases, offering an alternative or adjuvants to conventional pharmaceutical approaches."

In an era where chronic and lifestyle diseases are on the rise, Gplife approach is both timely and crucial. Dr. Savaliya explains, "We're tackling two major problems: the lack of authentic plant-based products for chronic disease management, and the scarcity of high-quality, researched-based standardized products in the market."

"We strive to ensure that everyone can achieve a healthy lifestyle, no matter where they are in the world," Dr. Savaliya states. "We're not just providing range of products; we're promoting a holistic approach to health and overall well-being."

"We're just getting started," Dr. Savaliya says with a smile. "The potential for plant-based nutraceuticals to transform global health is enormous, and Gplife will be leading that charge."

From a personal health crisis to a global mission for better health, Dr. Chetan Savaliya's journey with Gplife is a testament to the power of resilience, innovation, and a steadfast commitment to improving consumer's healthy lifestyle. As the world increasingly turns to natural, plant based, preventative health approaches, GpLife stands ready to meet that demand.

Dr. Chetan Savaliya
CEO, Gplife Healthcare Pvt. Ltd.

"We're not just manufacturing the products," Dr. Savaliya empasizes. "We're developing plant-based, chemical-free solutions that address the root causes of chronic and lifestyle diseases, offering an alternative or adjuvants to conventional pharmaceutical approaches."

Cross Border

The World's Most Exclusive Club

From the fabulously rich to the fabulously famous, this remote patch of Montana wilderness has fewer than 900 homeowners, who are worth more than a combined $290 billion

By RKERRY A DOLAN with STEPHEN PASTIS and ALICIA PARK

ILLUSTRATIONS BY BEN KIRCHNER FOR FORBES

Five years ago, tech entrepreneur and *Shark Tank* co-host Robert Herjavec fell in love with the Yellowstone Club. Located about an hour's drive south of Bozeman, Montana, and some 80 km north of Yellowstone National Park, the club owns a private mountain with more skiable hectares than Killington, Stowe or any other resort on the East Coast. "Amazing place for families and kids," Herjavec raves, noting that his 6-year-old twins already ski better than his wife, Kym. The couple, who met on *Dancing with the Stars*, first bought a condo at the club, which is adjacent to the Big Sky ski resort, in 2019 before deciding to build their own place. They spent three years and $28 million (including furnishings) on a 1,254-square-meter, eight-bedroom dream house that features cathedral views of the Rockies. "We have lots of homes. This is our favourite," Herjavec says.

He is not alone. Herjavec is one of 885 members of the ultraswank Yellowstone Club: 6,070 mountainous hectares of world-class skiing, golfing, fly fishing and horseback riding. There is a movie theatre for kids, a concert venue that has hosted acts including Sting, Norah Jones and James Taylor, and even "sugar shacks" stocked with all sorts of free stuff like candy bars, snacks and hot soups sprinkled across the mountain and greens. The club's mountain has 21 chairlifts, one gondola, over 1,170 skiable hectares—and no lift lines. North Carolina real estate billionaire Roy Carroll, who has a house on the same road as Herjavec, says it's not unusual to be the only person on a run.

"They hit the sweet spot for a multigenerational destination...for people aged 8 to 80," says Carroll,

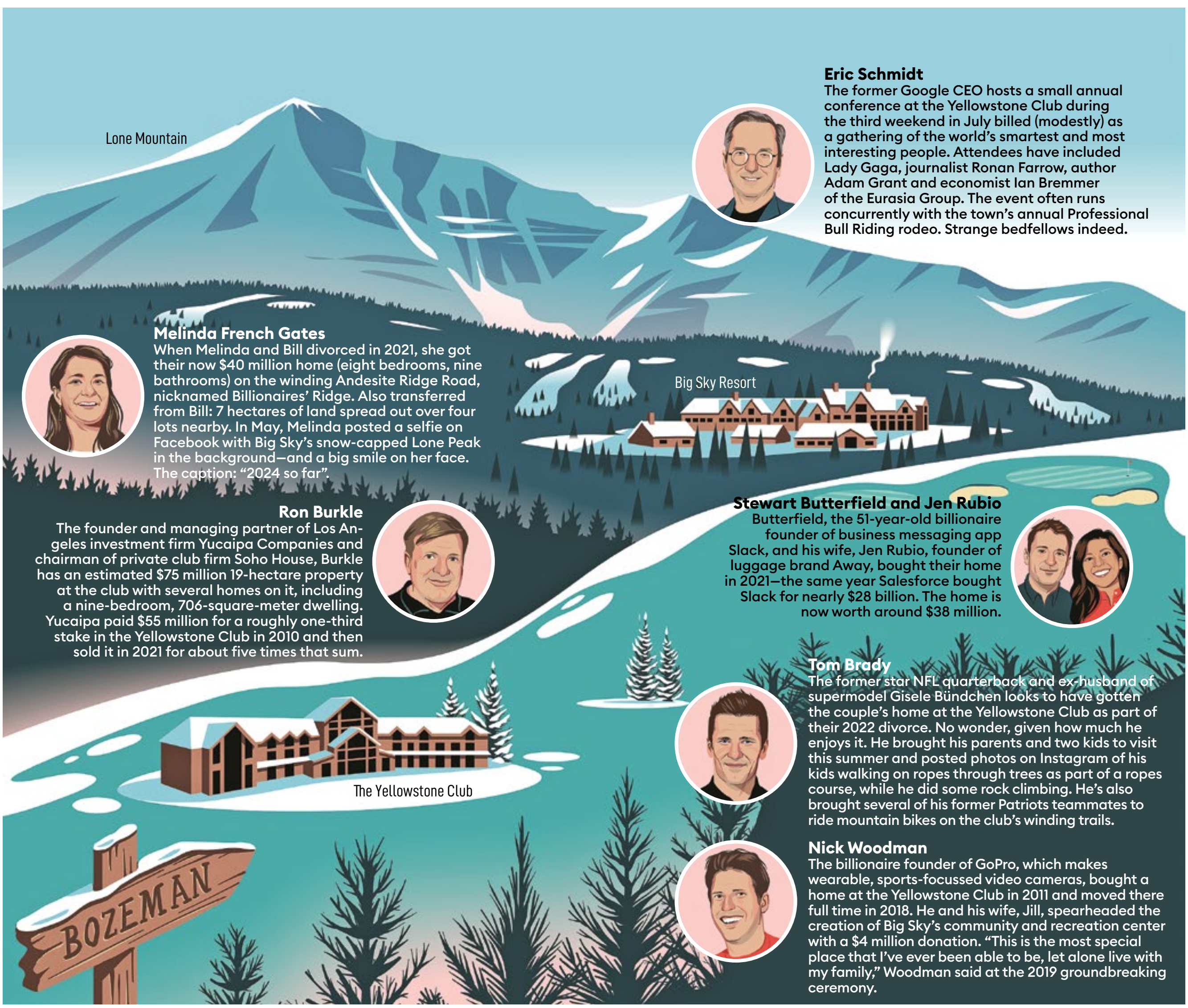


ILLUSTRATION BY BEN KIRCHNER FOR FORBES

Big Sky's Big Shots

From richest to "poorest", here are THE FORTUNES OF 19 billionaire members of the Yellowstone Club. There are undoubtedly many more

Mark Zuckerberg	$181 bln
Melinda French Gates	$29 bln
Eric Schmidt	$23 bln
Robert Kraft	$11.8 bln
Bill Ackman	$9.1 bln
Jimmy Haslam	$8.5 bln
Ron Burkle	$3.2 bln
Jeffrey Talpins	$3 bln
Felix Baker	$2.8 bln
Barry Sternlicht	$2.8 bln
Roy Carroll	$2.6 bln
Clifford Asness	$2 bln
Jared Isaacman	$1.9 bln
Joe Rogers Jr	$1.7 bln
Stewart Butterfield	$1.5 bln
Frank McCourt	$1.4 bln
Nick Woodman	$1.1 bln
Dick and Betsy DeVos	$1 bln
Kenneth Tuchman	$1 bln

SOURCE Forbes reporting net worths as of August 30, 2024

61, who built a $37 million (assessed value) home there with room for future grandchildren. "I built a house we wouldn't outgrow for 50 years."

Perhaps the club's biggest draw is exclusivity. Applicants need gold-plated references and must submit to a detailed background check. Membership is capped at 914 to prevent overcrowding. Admission requires buying land, a home or a condo. Even the least expensive undeveloped plot will set you back $10 million. Condos start at just under $7 million but average $15.5 million; homes cost $20 million or more. Then there's a $500,000 refundable deposit and annual dues of $78,000, which cover unlimited skiing and golfing for your immediate family (including parents and grandchildren, but not adult siblings) plus 140 guest days a year.

Membership to the club is capped at 914 and admission requires buying land, a home or a condo, the least expensive of which will set you back $10 million

Almost as difficult as getting in is figuring out who else belongs. Justin Timberlake and Jessica Biel are members, as is Mark Zuckerberg. Ditto Tom Brady. Many try to keep their slice of paradise private by owning via LLCs. One knowledgeable local estimates the club has between 50 and 80 billionaire members.

After combing Montana public records for more than 300 club properties and digging through other sources, we found 19 billionaires and two children of billionaires, including previously unreported names such as hedge fund tycoons Bill Ackman and Felix Baker, New England Patriots owner Robert Kraft, Slack founder Stewart Butterfield, Waffle House chairman Joe Rogers Jr and Blackstone chairman Steve Schwarzman's son Teddy, a movie producer. Melinda French Gates got a Yellowstone house in her divorce settlement. We also found dozens of centimillionaires, including former Twilio CEO Jeff Lawson, venture capitalist Chris Sacca and Burton snowboards owner Donna Carpenter.

"You see [famous members] frequently," says Henry Helgeson, who joined in 2018 after he sold his payments company Cayan to TSYS, another payments firm, for $1 billion. "A lot of those people have trouble just being anonymous and walking out of the house without people bothering them. It's a place where they can feel comfortable doing that."

The club was the brainchild of former billionaire and timber entrepreneur Tim Blixseth, who bought 56,655 hectares near Yellowstone National Park in 1991 and swapped it for the land for the Yellowstone Club. It opened in 1999, but Blixseth borrowed $375 million against it, then spent about $200 million to buy yachts and fancy homes for a high-end time-share venture that never took off. The club had to file for bankruptcy in 2008.

Boston-based real estate investment firm CrossHarbor Capital—alongside about 40 individual Yellowstone Club members—bought it out of bankruptcy in 2009 for $115 million. CrossHarbor managing partner Sam Byrne says they've put more than $1 billion into it over the past 15 years, and plan to keep spending more. Why not? Those early backers have already earned 4.5 times their invested capital. Says Byrne, "What we offer is not replicated anywhere." F

BETTMANN/GETTY IMAGES

THE 'WILDLY INDIAN' LEGACY OF ROHIT BAL

The late designer was a generous man and a pioneer in being India-proud. Gudda was a showman—one of the far-sighted geniuses who turned least commercial

By **TINA TAHILIANI PARIKH**

CHANDAN KHANNA / AFP

Rohit Bal had already been launched at Ensemble when I joined the company [in the early 1990s], and my earliest memory of him, honestly, is of these stunning Bolero jackets. At Ensemble, we had racks and we had T-stands, and we would have six of these Bolero jackets on the T-stands, they were such a beautiful, niche product—don't forget that Indian fashion was also evolving at the time.

It was all so new, so experimental. At the time, designers were still very much on the Western format. If you look at what Rohit Khosla was doing then, he had these zebra-printed skirts and capes, with ostrich feathers; even Tarun [Tahiliani] was yet to fully move into the Indian zone. But 'Gudda' [Rohit Bal] was the first to embrace Indian silhouettes.

He adored the anarkali, loved the jacket shape. He used volumes of fabric in each kurta—really, volumes. He used Indian fabrics, and his sensibility was completely Indian. He used tonnes of mulmul. Lotuses were his favourite motif. He loved birds. I've never seen a silver Swarovski on a Rohit Bal, ever. He was just wildly Indian.

Gudda was a showman, and he loved what he did. With most designers, when their shows are on, they are at the back, draping each model as they walk out. But with Gudda, there wasn't that much draping. It was a voluminous kurta with a jacket, or a voluminous anarkali with a Bolero and some headgear. There were birds, flora, fauna; there were rich velvets, beautiful garnets, deep, Prussian blues. It was just heady. He was Kashmiri and so proud, and so much of what he made, from the silhouettes to the motifs, would be a love letter to his roots.

At his fashion shows, since there was no draping for him to do, he would be standing with the crowd, watching his models, and you could see how happy he was. He would be glowing, it would really just be oozing out of him. And when it came to the final line-up, he never walked down the ramp—he only danced.

Rohit Bal during the final presentation of the Autumn-Winter 2015 collections at the India Fashion Week in New Delhi. The designer passed away on November 1

I remember one of his shows in 1992. It was the first time I saw Gudda's show, and my jaw dropped. In 1993, he showcased his gall and gumption—at that time, Arjun Rampal and Milind Soman were the hotter-than-hot Indian models. People would see them and their jaws would be on the floor, they were that good looking. Before the sequence started, we got this pool of light, and he had these two shirtless boys come out and do a sensuous dance. And there was a literal gasp around the room, before the models started coming out.

A model showcases a Rohit Bal creation during the Lakme Fashion Week in Mumbai in 2016; (from left) actor Sidharth Malhotra, Bal, classical singer Shubha Mudgal and actor Diana Penty at the Blenders Pride Fashion Tour in Mumbai in 2019

Another time, it was an ode to the rose. He played with roses that were so big, they were honestly like cabbages—and he didn't do them in reds or pinks. He did them in beige, ecru, muted shades. It was just stunning.

I'd say that the special thing about Gudda was that he was one of the geniuses who turned least commercial. He was true to his vision and wanted to make beautiful things. He has to be credited with being the first Indian designer to take menswear seriously. Some might even say that he evolved more in the menswear space. He was also among the first to launch a diffusion line, called Balance. He was far-sighted.

Gudda was wild, and super generous. The last time I saw him was at his store, and he insisted on bringing along a home-cooked Kashmiri meal. He served it beautifully, and he brought champagne, which we drank in Rohit Bal crystal champagne glasses. It was heady—

FROM ABOVE: AFP; SUJIT JAISWAL / AFP

"Rohit Bal's love for Kashmir was evident in his collections... the beauty and landscape were often mirrored in intricate embroideries. He changed the way we looked at fashion almost 30 years ago... no one can match his extraordinary talent."

SUNIL SETHI, chairman, Fashion Design Council of India

even his stores were heady. They were over the top, but in a super sophisticated way.

We went for [model] Mehr [Jesia's] 50th birthday to Sri Lanka, and the dress code was that men dress as women, and women dress as men. Everyone was from the fashion industry and went full-throttle. We showed up for the party and suddenly, a figure emerged from across the lawn, and it was Gudda. I cannot tell you the lengths to which he went with his costume, to every last detail. It's not like there weren't other madly creative people in the room—every last game should have been thought of. But as he slowly made his way across the lawn, it was like an apparition, a UFO. Whatever he did, he did full-throttle, and to his own standards. Even with his clothes, it was all on his own terms of excellence.

He was fun, he was brilliant, and I believe his foremost legacy is going to be that he spawned an incredible line of young designers. Sahil Kochhar is from his studio, Varun & Nidhika too. I saw that Karan Torani has worked with him. Pankaj of Pankaj & Nidhi was Gudda's right hand for a long time.

The amazing and beautiful thing about Gudda was the support he showed to his people. Some designers would be sad and sullen when their teams left to start their own labels. But I've seen Gudda support each one of his people. He would come for their shows, dance in the audience. There's no better legacy than labels who have learnt at his studio and now take his work forward, in their own styles, of course.

PTI PHOTO

▲ Actor Ananya Panday with Bal during the grand finale of the Lakme Fashion Week in New Delhi on October 13

In terms of his work legacy, it's quality. It's stunning quilting. Immaculate menswear. It's regal, royal India in the most sophisticated avatar.

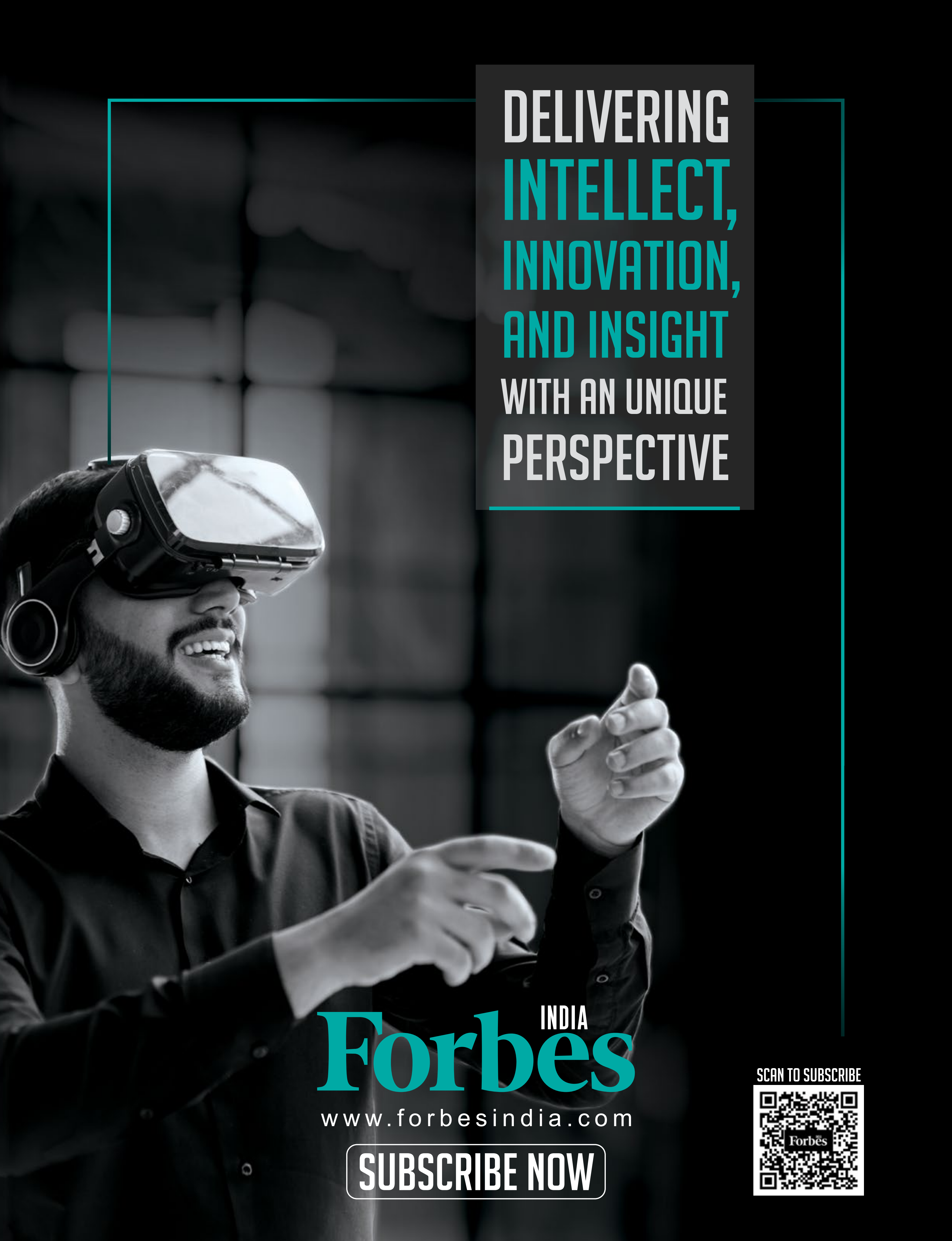
When I looked at his last show, which took place a few days before he passed, I thought that this is true, quintessential Gudda. He was one of those who stuck to his guns. He never felt the pressure to change, to become more commercial. He had been so unwell, but he came back with such a bang—such an ode to quintessential Gudda style. He danced, albeit feebly, and the song 'Afterglow' played, which he loved. I picked that up from him, now it's my favourite songs too.

The show was on October 13, 17 days before he passed. To me, that's how everyone should have a chance to go—doing what you love, until the very end. F

THE WRITER IS THE EXECUTIVE DIRECTOR OF MULTI-DESIGNER STORE CHAIN, ENSEMBLE (AS TOLD TO PANKTI MEHTA KADAKIA)

"I was always in awe of Rohit Bal, his towering talent and personality. I used to feel like an amateur—such was his impact on everything. It was larger than life. Gudda was always encouraging of my body of work and having his acknowledgment meant a lot."

SABYASACHI MUKHERJEE, designer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SRK'S FAVOURITE PERFUME DEBUTS IN INDIA

French brand Diptyque opens first store in New Delhi and looks to connect with a culture that has a profound relationship with fragrance, says new CEO Laurence Semichon

By **PANKTI MEHTA KADAKIA**

In a much-recycled video, Shah Rukh Khan is asked to pick his favourite perfume. Without a thought, he says, "Diptyque. I mix it with a hint of Dunhill—but you still won't smell as good as me."

At a department store in Dubai, a foreign saleslady cheerily called out to me, "Are you looking for the Shah Rukh Khan fragrance?", pulling out the woody, velvety Tam Dao. She hadn't ever watched a Bollywood film, but said that so many Indians come seeking the perfume, that she had to go back to do her research.

Indians may not have to look too far soon. French maison Diptyque, known best for its luxury perfumes and candles, is entering the country with its first India store in New Delhi's The Chanakya. In an exclusive interaction with *Forbes India*, the maison's new CEO, Laurence Semichon, says the India store hopes to create a unique sensory experience. But how does Diptyque plan to hold its own in India, which has a rich culture that celebrates bold, ritualist, indigenous scents? Edited excerpts:

Q What brings Diptyque to India?

For Diptyque, opening in India is not just about entering a new market, but about connecting with a culture that has a profound relationship with fragrance and craftsmanship—values we deeply share. India is a land where scent is woven into the fabric of everyday life, from ancient rituals to modern celebrations. It is this shared appreciation for the olfactory arts and the beauty of handmade creations that makes India a natural home for Diptyque. We are excited to bring our heritage of fragrance and savoir-faire to a place that understands the poetry of scent so intimately.

Q India is a fragrance-heavy nation—our scent preferences here are perhaps more pronounced. Has Diptyque planned any localisations for this market?

India's relationship with fragrance is rich and profound, and we are confident that the depth and sophistication of our perfume creations will resonate with discerning Indian customers who value craftsmanship and storytelling. Instead of tailoring our offerings to specific markets, we believe in presenting the entire world of Diptyque, trusting that everyone will discover a fragrance that resonates with them personally.

At Diptyque, we believe that a fragrance is more than just a scent—it is a journey through memory and emotion, a reflection of one's inner world. Each of Diptyque's creations is designed to capture the essence of a moment, a place, or a feeling. Whether

Laurence Semichon, CEO, Diptyque

it is the sacred sandalwood in Tam Dao or the warmth of Eau Rhila, each fragrance tells a story, inviting the wearer to embark on a personal voyage.

Q Could you tell us about the India boutique experience?

For its first establishment in India, Diptyque has chosen The Chanakya mall as the location.

The store is a reflection of the maison's spirit—where art, craftsmanship, and storytelling come together to create a unique sensory experience. Much like our original boutique at 34 boulevard Saint-Germain, this space is designed as a place of curiosity and discovery. As soon as you step through the iconic green façade, you are welcomed into a world where every detail, from hand-selected furniture to custom artwork, tells a story.

Inspired by both Parisian elegance and the cultural richness of Indian palaces, the boutique is an invitation to explore. Two distinct rooms are adorned with Haussmanian mouldings, vibrant colours, and handcrafted details, such as a pink hand-painted frieze and a green-painted ceiling. The first room offers a beautifully curated display of our signature candles and fragrances, while the second space, separated by an arch with Corinthian columns, highlights our home décor and body care collections, allowing visitors to experience the full Diptyque art de vivre.

At Diptyque, every boutique is conceived as more than just a retail space—it is a journey, a moment of escape. The New Delhi boutique continues this tradition, blending the brand's Parisian heritage with the vibrancy of local artistry. Upon entering, visitors are greeted by a stunning hand-painted frieze and a monumental mural, an homage to the work of Desmond Knox-Leet, reinterpreted by the Vareda brothers, renowned local artists. This collaboration embodies the seamless fusion of cultures, where the poetry of Diptyque meets the rich artistic traditions of India, creating a space that invites wonder and discovery.

Q What are your expansion plans for India?

India is a place of infinite stories and inspiration, and we approach it with both excitement and measure. Our first step is to establish a meaningful presence through our first boutique. From there, we envision growing thoughtfully, selecting locations where we can build deeper connections with our clients. Whether it's through standalone boutiques, partnerships, or expanding our digital reach, we are committed to creating spaces where Diptyque's artistry can flourish in India for many years to come.

Q It is believed that Shah Rukh Khan's favourite perfume is by Diptyque. How has this helped your entry into the market? Are you looking at celebrity endorsements?

We are always honoured when someone expresses a personal connection to our creations, especially when that admiration comes from a figure as beloved as Shah Rukh Khan. However, at Diptyque, we have never engaged any celebrity endorsements. We believe our fragrances should speak for themselves and resonate with people on an intimate level.

We are grateful when any admirer, public or private, shares their love for Diptyque; the resonance of our fragrances is often built on genuine, organic appreciation, and that is something we cherish deeply.

Q Who is a Diptyque customer, and how do you see the Indian audience fit this mould?

A Diptyque customer is someone who values artistry, craftsmanship, and a sense of discovery. They are drawn to the brand not simply for a fragrance or an object, but for the stories, memories, and emotions each creation evokes. Whether it is the creativity behind a fragrance, the craftsmanship behind a hand-poured candle, the refined elegance of a décor piece, or the luxurious texture of a bath product, Diptyque customers appreciate the finer details that elevate everyday life into something exceptional.

In India, we see a natural fit with this sensibility. The Indian audience has a deep, cultural appreciation for fragrance, decor and the rituals that surround it. India's rich olfactory heritage, combined with a growing appreciation for artistic luxury in home interiors and personal care, makes it a place where we believe Diptyque's creations will resonate deeply.

Q Which scents do you expect to be bestsellers in India?

While every market has its unique preferences, we cannot wait for India to discover our new exclusive collection Les Essences de Diptyque. The collection is inspired by nature's silent wonders—elements such as coral, nacre and bark—translating their visual and tactile beauty into olfactory masterpieces.

Beyond personal fragrances, we also anticipate that our home scents and candles will find a strong following in India. Additionally, Diptyque's attention to detail extends to our home décor objects and bath collections. F

‘IT’S IMPORTANT TO CREATE MUSIC FROM THE HEART’

Three-time Grammy winner Ricky Kej gives insights into his creative process, making music with a purpose and how big awards help in spreading the message

By **SAMIDHA JAIN**

Ricky Kej, a three-time Grammy Award winner, collaborated with Vedam Records to bring out his latest album ‘Break of Dawn’ that released in August. The album features nine tracks composed by Kej.

With over 100 music awards across 20 countries, Kej, a celebrated Indian music composer and environmentalist, also holds several notable roles, including United Nations Goodwill Ambassador, United Nations Refugee High Profile Supporter, Unesco MGIEP Global Ambassador for Kindness, Unicef Celebrity Supporter, and Earth Day Network Ambassador. His extensive body of work features 24 internationally released studio albums, more than 3,500 commercials, and eight feature films, including the acclaimed natural history documentary *Wild Karnataka*, narrated by Sir David Attenborough.

In a conversation with *Forbes India*, Kej talks about his recent album, collaboration with Vedam Records, his inspirations, and more. Edited excerpts:

Q How did your collaboration with Vedam Records come about? How does this partnership align with your mission to create music that not only entertains but also inspires and educates?

I’ve been composing melodies for ‘Break of Dawn’ for many years. The first melody that I composed for this album must have been in 2015. I had been composing these melodies, but not putting them down in a focussed manner and recording them. I had just been roughly recording them on my phone or putting down some notes on my computer. Various life experiences led to each of the songs, and so, they’re distributed over the last eight to nine years. This year, I decided that I will wrap up this album, and that is where I met the folks at Vedam Records. Together, we discussed this label, which is more of a movement that they are starting through Vedam that is all about mental wellness, showcasing India to the rest of the world, and about holistic well-being. It was a step towards music with a purpose, and it was in complete alignment with whatever I wanted to do.

Being an environmentalist, I’ve believed that the imbalances of ecology and nature are a direct result of the imbalances of the mind. In order to purify nature, the ecosystems and ecology, you have to first purify the mind. I think our mental well-being and the well-being of our planet have a symbiotic relationship. That is why I thought that this album has to be fully focussed on mental wellness. Every song is based on a different raag, and the raags have been heavily researched by me. The way I created the arrangements, the instrumentation, and the frequencies for all of them are calming. Nothing stands out. Nothing is abrasive while listening. It just unclogs our brain.

Another beauty of Vedam is the amount of freedom they offered me while creating the album, and that is why this album is truly a piece of me

‘Break of Dawn’ album cover

without any baggage. Working with Vedam helped me focus just on the music without bothering about other things like marketing, budgeting etc. There was no request for any kind of changes whatsoever. In fact, the opening track is nine minutes long, which is unheard of for a musical album, and almost all the songs are over five minutes long. Normally, a record label will come back to you and say that, no, it has to be under three minutes. But they said, 'You do your work. You make the best possible music, and it's our responsibility to disseminate it and make sure people listen to it.' And that is why I think it is a beautiful collaboration.

Q Can you tell us about your creative process?
Usually, a melody comes to my mind, and it can happen at any point. Maybe when I'm in a forest, and I'm trying to interpret the sounds of nature through music, or when I'm walking on the street and I'm creating a rhythm. Then I record that melody and try to figure out what I am trying to convey through it. If there is a message that I want to put out, or if this melody has come through something that I want to talk about—something to do with nature or raising awareness on a particular issue with respect to climate change, or if it's about elephants or anything like that. It then sort of becomes a struggle to convey that emotion through the overall soundscape of the music that is the overall instrumentation, whether it's an orchestra or whether it is an Indian ensemble. It becomes about how to create that piece of music and flesh it out beautifully so that the end listener feels the emotion that I want to convey—whether that's going to be through the lyrics or just the instrumentation, whether I want it to be open to interpretation or I want a direct message to come out through it. The first step is just me working with computers and creating that music.

The next step is my favourite part... bringing musicians into the studio. Musicians can be of two kinds. One, the western classical musicians, like, let's say a symphony orchestra. If I work with a symphony orchestra, everything needs to be written out to them, and sheets need to be placed in front of every musician... the musicians play it, and it sounds beautiful. But if it's an Indian musician, that is where the fun happens. For instance, if I call in, let's say a *bansuri* player, I don't go too planned into a studio. What happens is that I give them a basic framework of what the melody is. And these people are absolute experts, especially the good Indian classical improvisation musicians... they will take my melody to places which I never imagined, bringing their life experiences, their skill, their musical knowledge, all of that stuff. For me, it is just sitting down and seeing them do their magic. And I have a principle while working with musicians—I only work with musicians who are better than me, because I want them to make me sound good. Then it becomes about putting the whole thing together through the technology of mixing and mastering it, getting the right sounds, the right frequencies, making sure that people enjoy listening to it while I'm playing it back, and then releasing it.

Q How has wellness music been reinterpreted to connect with today's global audience?

Wellness music can be of various kinds. Because everybody has got a different idea of what unclogs their minds, and what calms them down. For me, sometimes, when I'm angry about something, or I'm anxious, I listen to heavy metal and that sometimes calms me down. And I know a lot of friends who feel that heavy metal is sort of meditation for them. I would say that Indian music—a raag-based music—is the best and truest form when it comes to wellness music, because it is ancient, number one, and number two is that it's heavily researched. And it has worked for so many years. I believe that when nothing else works, Indian classical musical or raag-based music always works.

That is the whole point of 'Break of Dawn', and also the collaboration with Vedam—using Indian traditional music and showcasing that to the world as the best form of wellness.

"I CARE ABOUT AWARDS, I THINK AWARDS ARE AMAZING. BUT THE THING IS THAT I DO NOT CARE ABOUT AWARDS BEFORE I MAKE THE MUSIC. FOR ME, IT IS ALL ABOUT CREATING THE MUSIC."

ROB KIM/GETTY IMAGES FOR NOVUS

Ricky Kej attends NOVUS #WeThePlanet forum at the United Nations in New York City, in 2019

Q What inspires you to continue blending music with environment and activism? Are there any experiences or influences that have shaped your approach?

Ever since I remember as a child, I've been two things: A musician and an environmentalist. I grew up for the first six years of my life in America, and after that, my family moved to India... since I was six, I've been in Bengaluru. While I was in America, we lived in the middle of nowhere in a small town in North Carolina. We had a lot of wooded areas around our home, and so we would have a lot of visitors, creepy crawly animals like lizards, snakes, frogs, rats and insects. I was advised by my teachers and parents that as soon as you see these animals, step on them and kill them, or run away from them. My question to them used to be that if you are supposed to kill them, or if you're supposed to run away from them, or if they are just dangerous animals, why do they exist? They obviously have some sort of purpose. And, of course, now we all realise that every single species of animal, no matter how seemingly insignificant or how seemingly small, is a very important part of the ecosystem. And it's this ecological balance that keeps all of us alive. Those were the things that would keep me awake at night. I would be drawn to these animals. I would try to see personality in these animals. I used to think of them as being my brothers and sisters. Somewhere along my journey of being a musician, both these parts came together, where I realised that this is the kind of music that I need to create. The music needs to be with a purpose, and I do not want to create music that somebody else is asking me to make.

I realised that if I've got the gift of being a professional musician, I want to do the kind of music that I love doing. Otherwise, there's no point. I can be anything. If I'm doing music as a job, then I can be doing anything. I want to do music as a passion and a profession. My passion is the environment, and that is the reason why all of my music ended up being about the environment and positive social impact.

Q What are your upcoming releases and collaborations?

I've got tonnes and tonnes of ideas that I want to execute, but the thing is that I've just released this album and I want to give it its light of day. Since it's a niche genre of music, it's important to find the audience that appreciates this music. I'm going to work really hard to get as many people to listen to this album as possible, simply because I would love people to listen to my music, but at the same time, I feel people can truly benefit from this music.

Q What legacy do you hope to leave through your music and collaborations?

I think that, at the end of the day, if you purify the mind, you purify the environment and society. It is vague and an outrageously large ambition, but if I can be a small part of that through my music, then I think that would be the impact that I would like. Now, this kind of an impact cannot be quantified in general, but we will be able to see it in our everyday lives.

Q What advice would you give to emerging artistes who want to use their music to make a difference in the world, particularly in the realms of sustainability and education?

The most important thing is to create music from the heart. If you're creating music on a social issue or a social topic that is not close to you, and you're just doing it as a job, or trying to create an advertising jingle or something like that, people see through that. People can smell an agenda. I feel that it has to be about something that you truly feel strongly about. It could be even about potholes, or sanitation around your home, or about garbage, or it could be about anything.

I think it's important that we stop looking at music as being something that is commissioned to you and something that you are paid to do. It's important to create music from the heart and the marketing starts after that.

Today, most musicians are making either love songs or item songs. How do you judge what a musician is truly thinking by listening to that music? I think even if other people are writing music for the singers, they need to select songs which are truly reflective of their own personality. What we need to do is to create music, even if it is across genres, about topics that we feel strongly about. That is what I would advise emerging musicians. Think about what you want to tell the world and make music about that.

Stewart Copeland and Ricky Kej, winners of the Best New Age Album award, at the 64th Annual Grammy Awards premiere at the MGM Grand Marquee Ballroom in Las Vegas, in April 2022

EMMA MCINTYRE/GETTY IMAGES FOR THE RECORDING ACADEMY

Q What was the experience of winning the Grammys?

Awards can always be taken in two ways. One is vanity. The second is the way that I take it, that it's a platform. I care about awards. I think awards are amazing. But the thing is that I do not care about awards before I make the music. For me, it is about creating the music, doing it in the best possible way, pushing it out to the world with as much heart and soul as possible, and then if it wins an award, I'm very, very appreciative of the award. What the award gives me is a platform for doing bigger and better things, for collaborating with the artistes that I've always wanted to collaborate with, for opening doors that I could never open before. Since my music always comes with a message, it helps spread that message further and wider. I believe that with my first Grammy in 2015 I was given that platform. Prior to winning the Grammy, with my environmental message, some people would take me seriously, some would not. But once I won the Grammy, a few more people started taking me seriously, and it was easier for me to talk to people. It was easier for me to do my advocacy when it comes to environment and social impact in a much bigger way. And the same thing with the second and third Grammy. The feeling of getting those awards is obviously quite exhilarating because it also gives you a lot of validation. It also gives you a pat on the back to continue doing what you're doing, you don't have to succumb to pressures. It's good to win those awards, and I do not take them for granted at all. F

AT HOME IN THE WORLD

Indian collectors are dishing out big money for global, iconic artists as international trends find reflection in domestic auctions

By **JASODHARA BANERJEE**

The year 2024 marks 100 years of the Surrealist Manifesto by André Breton's *Surrealist Manifesto*, which was published in 1924. Artists who were part of the movement, which spanned approximately from the early 1920s to the late 1960s (but not strictly confined by these dates) hoped to go beyond reality to explore the human condition. Influenced by factors such as the translations of Sigmund Freud's 1900 seminal work *Interpretation of Dreams*, and Karl Marx's works on historical materialism and theory of alienation, surrealism was also a response to a world ravaged by the first and second World Wars.

Commemoration events have been taking place around the world, from even a couple of years ago: The 2022 Venice Biennial took its theme and title, The Milk of Dreams, from leading surrealist Leonora Carrington's book; auction houses in London, Paris and New York have hosted auctions exclusively centered around the movement, along with marquee sales of modern art headlined by works from surrealist artists.

The global trend was reflected in India as well, with AstaGuru's July auction, titled 'International Iconic', selling three works by Spanish surrealist Salvador Dalí—titled 'Reina (Queen)', 'Le Bracelet Hermes (The Hermes Bracelet)' and 'Le Corregidor Et La Meuniere (The Corregidor And The Miller)'—as well as an edition by René Magritte titled 'Le Bouchon D'épouvante (The Terror Stopper)'.

AstaGuru's auction was its fourth auction of international artists, and included names such as Dali, Pablo Picasso, Marc Chagall, Damien Hirst, Jeff Koons and Amedeo Modigliani. What made this event stand out from other auctions of international artists was the fact that the artworks were also put on display for the first time prior to the event.

The fact that global trends are being reflected in Indian auctions, and artworks of this calibre—some with eight-figure opening bids—were put on display speaks volumes about how far the India art market has come in the last few years. Known as a market primarily for Indian artworks, whether Modern or Contemporary, a growing interest in iconic international artists is a more recent phenomenon in the country.

Georges Braque's Les Soleils (The Sunflowers) Medium—oil on paper laid down on canvas (1946)

"Although there is substantial liquidity in India and Indian artworks have fetched millions of dollars, the exposure to international artists is restricted to a few who manage to take time off to travel and visit international galleries overseas," says Tushar Sethi, CEO, AstaGuru. "So, our thought process was to try and cater to this audience, and get them artworks that are easily accessible, and pieces that they can like and acquire."

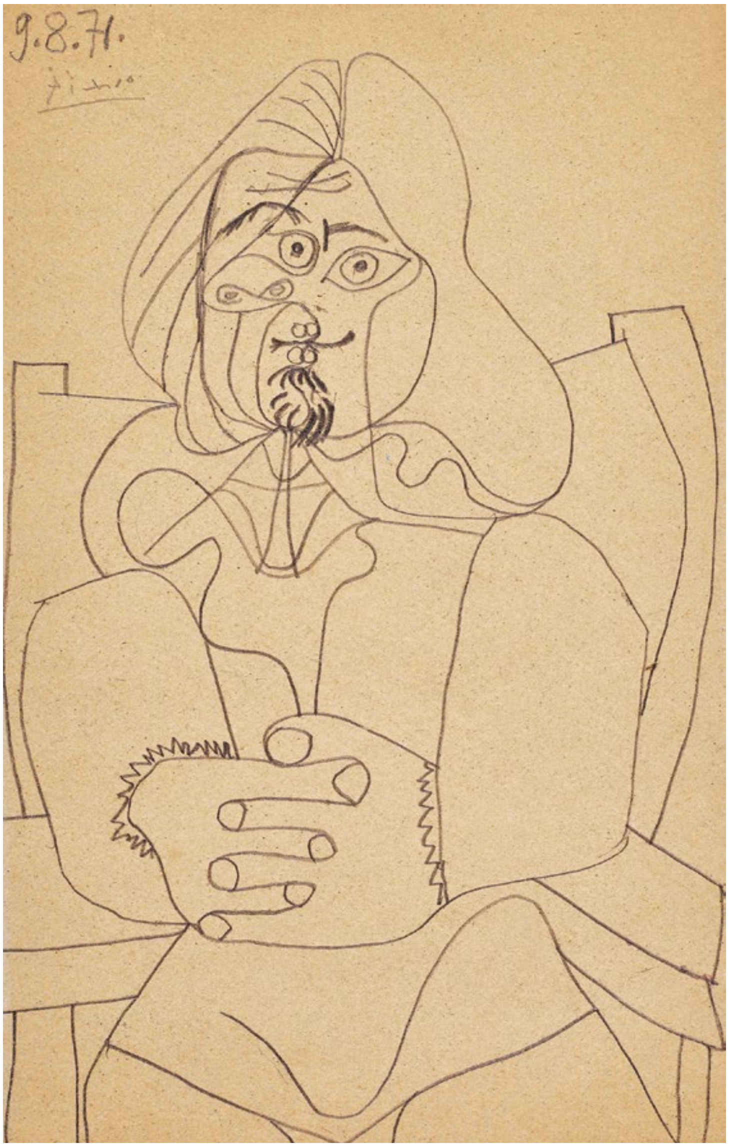
He adds that with Indian art reaching impressive heights, buyers can acquire serious international art at similar price levels. "Art is about acquiring good brands. Today, at a global level, there are fantastic brands that the wealthy Indian would like to acquire for their collections, and we would like to cater to that audience."

International artists per se are not new among Indian buyers, with collectors and enthusiasts buying artworks from within the subcontinent, Asia, and even Europe and the US. Several India galleries represent artists from other countries, while events such as the India Art Fair (IAF), now in its 14th year, have had an international section where foreign galleries represent their artists from other countries.

However, sales from galleries and the IAF are mostly primary sales—where the artwork is being sold for the first time—while auctions cater to the secondary market, where pre-owned artworks are sold. Even among auctions, AstaGuru's event was an exception for putting these high-value artworks up for display at its gallery.

The Indian market for international art is at a young stage, with a limited number of buyers, and limited exposure to global art. "Top-end international art can sell for millions of dollars. For instance, one painting can sell for ₹400 crore. I don't think the Indian audience is ready for that right now," says Sethi. "In the price bracket that we are catering to, there are a lot of Indians who would spend ₹2-3 crore on an artwork, and sometimes ₹10-15 crore." By starting at these price points, AstaGuru is working on building more confidence among its clientele as well as its supply chain so that it can gradually move to larger and more valuable artists for its audience.

The market has already evolved since AstaGuru held its first auction of international artists two years ago. "We have a much more diverse range of mediums. This auction was focussed on paper works and editions. The first time we did it [in 2022], it had a lot more traditional bronze medium, and now we have a resin sculpture and a concrete sculpture," says Larissa Guimaraes, international art consultant at AstaGuru. "The selection of the lots is more mature as opposed to just the brand names, such as Picasso."



Pablo Picasso's Homme Assis (Seated Man) Medium—pencil on card (1971)

She adds that the auction has introduced artists who are equally important but are lesser known. For instance, in the July auction, there was a piece by 20th-century French painter Georges Braque, who worked closely with Pablo Picasso, and has had as important an influence and impact in the history of art but might not be such a big brand name. "This is important, because our buyers are getting exposed to these names, and we will be able to respond to that," adds Guimaraes.

Price points have also varied a lot between the first auction and the latest one. "We are catering to both, very seasoned collectors who are committed to expanding their collections of international art, and also to younger clients with new purchasing power."

"AT A GLOBAL LEVEL, THERE ARE FANTASTIC BRANDS THAT THE WEALTHY INDIAN WOULD LIKE TO ACQUIRE FOR THEIR COLLECTIONS."

TUSHAR SETHI,
CEO, ASTAGURU

In its first auction of international artists, sales totalled more than ₹38.24 crore, while the sales from its second and third auction of international artists in 2023 totalled close to ₹70 crore. The July auction of international artists raked in more than ₹29 crore in total—the top lots were Modigliani's 'Tete De Cariatide' (₹10.6 crore), Yayoi Kusama's 'Hi Konnichiwa' (₹8.82 crore), Georges Braque's 'Les Soleils' (₹2.22 crore) and Picasso's 'Homme Assis' (₹1.57 crore).

Targeting this new purchasing power, and also the new interest among Indian buyers are international galleries that are heading to the country. "In comparison to Western markets, we are young, although we are not nascent anymore," says Jaya Asokan, director of IAF. "At the IAF, we have Modernists, Contemporaries and international artists. We had the biggest contingent of international exhibitors in 2024, with 12 of them. This shows there is interest in India as a market, owning to the economic growth in our country, as opposed to the West. But it is also because there is a growing interest among Indian audiences to purchase international art."

Asokan elaborates that while there is no specific type of international art that Indians prefer to buy, there are two broad subsets of buyers. The first is the global buyer, who travels a lot, who has homes in London, New York and Paris, and is getting access to international artworks in their home country and does not have to travel to purchase art. This is for the top tier of contemporary artists like Anish Kapoor or Olafur Eliasson, where the benchmarks are quite high; a piece by Kapoor, for instance, fetches seven-figure prices.

The second subset is those who are buying art from Sri Lanka or Bangladesh, which are more affordable in comparison, but also more diverse. "So, for instance, we had a Japanese gallery at IAF, and the works did exceedingly well," she adds.

"It's not just the top 1 percent of wealthy people who are buying this kind of art. Yes, they are buying the more expensive and collectible works, but there is also this whole new generation that is interested and wants to explore this aesthetic, which is new and outside of what they are familiar with."

Right: Amedeo Modigliani's Tete De Cariatide (Head Of Caryatid); conceived 1906. Bottom: Yayoi Kusama's Hi Konnichiwa (Hello! Goro)—painted styrofoam and urethane resin (2005)

Highlighting this interest is the number and range of international galleries that were present at the 2024 edition of the IAF. These galleries included Bruno Art Group from Tel Aviv and Singapore, Saskia Fernando Gallery from Colombo, Marc Straus from New York, Grosvenor Gallery from London, Neugerriemscheider from Berlin, Galerie Geek Art from Tokyo and New Delhi, 1x1 Art Gallery from Dubai, and Galleria Continua, which has offices in Italy, Rome, Beijing, Sao Paulo, Paris and Dubai.

"What they bring to India is largely contemporary artwork," says Asokan. "For instance, we would not call Anish Kapoor a Master, but definitely a veteran artist. Also, Ai Weiwei, who is in his 60s, is one of the most renowned artists of Chinese origin. Icelandic artist Olafur Eliasson is probably the world's most popular artist for climate change. They are all very contemporary in aesthetic."

Buyers of international artworks in India can be wealthy individuals—all discreet and unnamed—or art galleries and museums. While some are motivated by their personal choices and preferences, others choose to build platforms for the promotion of art and become a catalyst and influence in the sector.

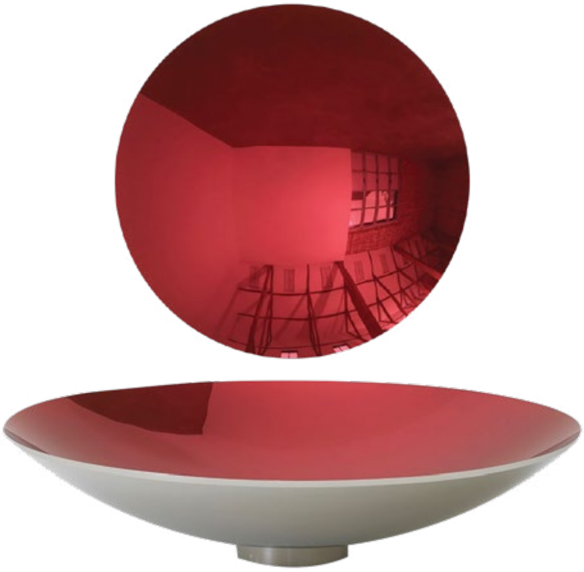
For instance, the Kiran Nadar Museum (KNMA) of Art in Delhi—started by Kiran Shiv Nadar, an art collector and philanthropist, and wife of Shiv Nadar, founder of HCL Technologies—has works from foreign artists as diverse as Japanese contemporary artist Yayoi Kusama, and Karachi-born, London-based conceptual artist Rasheed Araeen, to Icelandic artist Ragna Róbertsdóttir and Tsherin Sherpa of Nepal. The KNMA was started in 2010, and now has more than 13,000 pieces of artworks.

Then there is the Kolkata Centre of Creativity

"IN COMPARISON TO WESTERN MARKETS, WE ARE YOUNG, ALTHOUGH WE ARE NOT NASCENT ANYMORE."

JAYA ASOKAN,
DIRECTOR, INDIA ART FAIR

Left: Marc Chagall's Résonances De Vitebsk Pour La Famille (Sounds Of Vitebsk For The Family)—Gouache, tempera, India ink, pastel and graphite on paper (1980). Right: Anish Kapoor's untitled steel and lacquer (2012)



(KCC), which was started in 2018 by Radhe Shyam Agarwal and Radhe Shyam Goenka, founders of the Emami Group. Richa Agarwal, chairperson of KCC, says, "We have a diverse array of internationally renowned artists in both Mr Goenka's and my personal collections. These include Anish Kapoor [British-India], Do Ho Suh [Korea], Rana Begum [Bangladesh], Nassia Inglessis [British-Greek], and from closer to home, SH Raza, Jogen Chowdhury, Ravinder Reddy, Satish Gujral, and Madhavi Parekh. Our approach to collecting art is pragmatic, focusing on pieces we want to see and enjoy daily, enriching our living environment. Some acquisitions continue to inspire enthusiasm, even after several years."

Agarwal adds that KCC functions differently and does not acquire artworks for its own collection. "The personal collections of the Emami Group family are curated with a mindful approach, taking into account the preferences of all family members across three generations," she says. "Our selection process is deliberate and thoughtful, ensuring that the art we choose is enjoyed collectively."

Agarwal says Indian collectors place significant trust in their galleries and have a clear understanding of their investment goals. "There's a strong sense of sensibility regarding whether an investment in art is prudent, particularly since the realm of collecting international art is relatively unexplored in India."

Echoing Sethi of AstaGuru, Agarwal says exposure to international art within India remains limited, and despite platforms and efforts such as IAF, overall exposure to international artists is still nascent. "I believe this limited exposure is the biggest challenge. However, I see great potential for growth. With a more approachable stance towards international galleries and increased confidence in the process, we can enhance the presence and appreciation of international art in India."

Working towards increasing this exposure, Sethi has lined up private exhibitions in the coming year. "We are doing exhibitions to increase the exposure of Indian buyers to international artists, and plan to have these events three or four times a year, where we will showcase artworks that may be for sale or exhibition or educating the audience," he says. They will be an invitee-only event, and collectors can see the artworks one-on-one, by appointment.

"The biggest market for global art in the 1980s was Japan, in the 1990s was Russia, in the 2000s it was China, and 2010 onwards it was the Middle East," says Sethi. "Given the current trajectory in the next 10 years, a lot of Indians will be getting into the global markets and buying good Picassos and Chagalls and Monets. So, we would like to have an early-bird entry into this picture." F

'WE ARE STILL PROFITING FROM THE BOLLYWOOD INITIATIVE'

***Martin Nydegger**, CEO of Switzerland Tourism, on how the travel patterns of Indian tourists have evolved, partnering with Neeraj Chopra as an ambassador and more*

By **SAMIDHA JAIN**

It was filmmaker Yash Chopra who ignited Indians' desire to visit Switzerland. Prominent films by Chopra such as *Dilwale Dulhania Le Jayenge*, *Darr* and *Chandni* were shot in the country. In fact, in 2016, Interlaken, a traditional resort town in central Switzerland, honoured him for boosting the popularity of the Alpine nation among Indian tourists.

Traditionally, Indian tourists have favoured summer for family travel, often visiting colder countries to escape the heat. Recently, however, preferences have shifted, with a broader profile of tourists now visiting countries like Switzerland year-round. As per Switzerland Tourism, a second peak is emerging in autumn and early winter, attracting couples, friends, and solo travellers interested in experiencing the region's fall colours and local Christmas markets, along with various winter activities such as sledding and snowshoeing.

According to Switzerland Tourism, as of 2023, Indian tourists accounted for 602,000 hotel overnights, a figure projected to rise to 907,587 over five years. Martin Nydegger, CEO, Switzerland Tourism, speaks with *Forbes India* about the patterns of Indian tourists in the country, lesser-known gems to visit, sustainable tourism and more. Edited excerpts:

Martin Nydegger, CEO of Switzerland Tourism

Q How do you see the travel patterns of Indian tourists evolving and what specific interests do they have when they visit Switzerland?

I think the desire and love from India to Switzerland probably hasn't changed that much. It's about landscape, nature and the mountains. And I believe it was initiated with the beautiful Bollywood movies shot there. That was the kickstart of the love relationship between India and Switzerland long ago, and it kept going because it was the best possible way to showcase Switzerland, owing to the undivided attention on the screen. And I think, to this day, we're profiting from the initiative, although today we have a much wider range of communication tools. But there are a lot of things that have changed as well. People's taste has changed, their desires have changed, and the maturity of travel obviously, has evolved too. But the core desire why Indians

IMAGES: COURTESY SWITZERLAND TOURISM

want to visit Switzerland is still the mountains and picturesque and romantic landscape.

Q Which Swiss destinations are the most popular among Indian travellers, and are there any lesser-known gems?
For Indian tourists, summer is the strongest season, that is the phase between April and June. And now Switzerland Tourism is trying to showcase other seasons as well. And two seasons in particular—autumn and winter. The autumn season is particularly special—the colours, the atmosphere are all just mystical. Some might even call it a little bit melancholic, but I think that's part of the mystique. I think it's an undiscovered season in Switzerland. Autumn in Switzerland is a gem, definitely.

And then second is winter. Winter there doesn't necessarily mean that you need to know how to ski. There's so much more to do. There are carnivals and Christmas markets. The same mountains, the same villages, the same landscape look completely different in winter as compared to the summer. And that's the beauty of the country. In winter it's quiet because the snow swallows the noise. It's peaceful and fascinating.

Q How does Switzerland cater to the cultural and experiential preferences of Indian tourists?
There are a lot of experiential activities for Indians. We know that Indians love soft adventures. There are a number of boating experiences, cruises, ski experiences, etc. If we talk about food, for example, Switzerland is great to eat vegetarian food as well, and there's great Swiss wine too. There are a number of Indian restaurants and Indian chefs who cook in some of the most comfortable, beautiful hotels and stays.

Q Switzerland Tourism associated with Neeraj Chopra as its Friendship Ambassador a couple of years ago. How do you see it in promoting Swiss tourism in India?
It's been great working with Neeraj Chopra. After his first visit to the country, we saw him post a photograph of Switzerland with the caption saying how much he loves the country. We are inspired by his authenticity, generally, and saw a role model in him for all of the youth. And we thought he is somebody who enjoys the outdoors, and was a perfect fit to make more and more Indians see the value of doing things outside.

▲ From left: Interlaken is known as the adventure capital of Europe; Lucerne offers multiple winter excursions

Q With sustainability becoming a key concern for travellers, how is Switzerland Tourism adapting to this trend?
Switzerland has been sustainable, or sustainability-enabled for as long as I remember. We know that nature is the core asset of what makes our country, especially where tourism is concerned, and in other industries as well. A couple of years ago, we decided to showcase our belief in sustainability, and we designed a Swisstainable campaign. It is a core programme where the service providers like hotels, transportation, restaurants and the entire tourism industry can participate. We also focus on sourcing local goods for culinary experiences, as per the seasons.

Q What are the new initiatives to attract more tourists from India and around the world in 2025?
First of all, we want to promote the 'All four seasons' strategy. There are a bunch of activities planned in places like Zurich, Lucerne and Interlaken. In Zurich, there are a lot of experiences beyond its urban allure, including diverse gastronomy, outdoor activities, and opportunities for extended stays throughout the seasons. Autumn, with its vibrant colours and crisp temperature, is an ideal time to explore a different facet of the city.

In winter, Lucerne transforms into a magical destination, illuminated by the sparkling lights of traditional Christmas markets, music festivals, and the renowned LiLu Light Festival. There's a new ice rink that enhances the festive atmosphere, complete with live concerts, fondue and mulled wine. The city also offers numerous winter excursions and sports in the nearby mountains. Interlaken, known as the adventure capital of Europe, is a year-round playground. From paragliding and kayaking to canyoning and skydiving, the city provides thrilling activities for adrenaline seekers in every season. F

Top 10 Most Expensive Cars In The World

These beauties command a hefty price, and stand out in the market for their looks, designs and features

The most expensive cars in the world are true automotive masterpieces, pushing the limits of performance, design, and exclusivity. These elite vehicles represent the pinnacle of engineering excellence, reserved for those who seek not just transportation, but an unparalleled experience of automotive artistry.

These luxurious cars offer the latest in safety features, cutting-edge entertainment technology, exceptionally comfortable interiors, and extensive customisation options, making them truly stand out in the market. F

1 Rolls-Royce La Rose Noire Droptail

Launch date: August 18, 2023
Class: Full-size ultra-luxury coach build
Body style: Cabriolet
Price: ₹251.24 cr

2 Rolls Royce Boat Tail

Launch date: May 27, 2021
Class: Full-size ultra-luxury coach build
Body style: Cabriolet
Price: ₹234.04 cr

3 Bugatti La Voiture Noire

Launch date: March 2019
Class: Hyper sports car
Body Chassis: Bugatti Chiron
Price: ₹156.48 cr

4 Pagani Zonda HP Barchetta

Launch date: August 2017
Class: Sports car
Body style: 2-door barchetta
Price: ₹142.37 cr

5 SP Automotive Chaos

Launch date: November, 1, 2021
Class: Hyper car
Body style: 2-door coupe
Price: ₹120.60 cr

6 Rolls Royce Sweptail

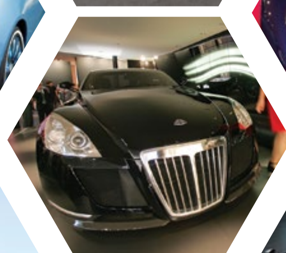
Launch date: May 2017
Class: Full-size luxury car/grand tourer (GT)
Body style: 2-door coupé
Price: ₹108.87 cr

7 Bugatti Centodieci

Launch date: August 16, 2019
Class: Sports car
Body style: 2-door coupé
Price: ₹73.78 cr

8 Mercedes Maybach Exelero

Launch date: 2005
Class: Sports car
Body style: 2-door coupé
Price: ₹67 cr



9 Pagani Huayra Codalunga

Launch date: June, 16, 2022
Class: Sports car
Body style: 2-door coupe & 2-door roadster
Price: ₹61.93 cr

10 Bugatti Divo

Launch date: August 24, 2018
Class: Sports car
Body style: 2-door coupé
Price: ₹46.06 cr

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