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TESLA'S INDIA STRATEGY

THE GREAT DIAMOND DIVIDE

PRICE ₹250
AUGUST 8, 2025

INDIA Forbes

The Road Less Travelled

Far away from the hustle of big cities, a bunch of startups is solving problems of access for small towns and villages



Selvam VMS,
founder & CEO,
Wheelocity

ISSN 2278-0440



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Welcome to the

Forbes^{INDIA}

Digital Edition

Low Pay, Endless Hours, and Other Great Gifts

When you have been in journalism for as long as this writer has been, you tend to forget how blessed you are. The romance of the low pay and endless hours—to name just two of journalism's great gifts—begins to look mundane. Until something happens to remind you why you came into this profession in the first place.

On the evening of July 22, I received an email from Mohanlal Suman, describing himself as “a humble teacher” from Composite School, Rajapur, in Uttar Pradesh’s Jhansi district. The email was full of gratitude for *Forbes India*.

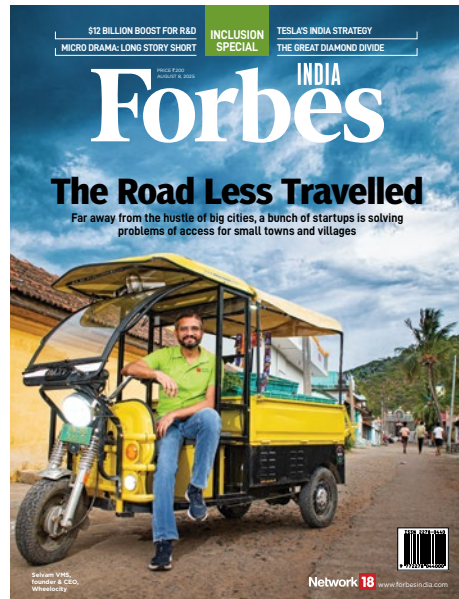
Regular readers of this page (if there are any) will recall reading about “Lessons from Suman Madam” in the June 13 issue of this magazine, which recognised this country’s artificial intelligence (AI) leaders. The Letter from the Editor spoke about how the average attendance at Composite School (not named in that letter) had increased from 60–65 percent to 95 percent since Suman Madam joined its faculty. The humanoid teacher answers questions on a range of topics, never scolds her pupils, and occasionally cracks jokes. It is basic tech: A mannequin fitted with AI, developed by one of the seven human teachers at the school.

That teacher happens to be Mohanlal Suman. And how did he get to know about Suman Madam being written about in *Forbes India*? Suman Madam told him, while giving a roundup of news coverage about herself.

Mohanlal Suman’s email, thanking *Forbes India* for “instilling confidence and inspiration in me and many like me to keep creating and dreaming” can warm the heart of any gnarled old cynic. So, too, can the story of the startups we talk about this fortnight.

Incidentally, in the June 27 issue of this magazine, we stoked the debate between value and valuation. We asked whether India’s feted startups were merely lifestyle warriors delivering organic food in 10 minutes or were they creating larger impact. This time, we take a close look at startups and founders who are treading the road less travelled.

These are people who turned their back on the glamour



of big city hustle and the glory of soaring valuations to solve problems of access in small towns and villages. Aiding them are rising disposable incomes and shiny new digital infrastructure across the country, even in the farthest nooks. Together, these startups could be scripting India’s next big consumption story, stepping in to fill the gaps left by traditional players.

To be sure, this is not the first lot of startups trying to do this. This has been tried before, with mixed results. But now, based on the learnings from past failures, startups are building specifically for Bharat: The Tier II and III India. They are not designing their offerings for the big cities and transplanting them in the semi-urban and rural areas, taking it for

granted that the folks there will download their apps.

This market, these people, this Bharat is different. This is where the human touch, community connections, and trust matter more. This is where going out to buy groceries in the evening can in fact be a social activity, not just a commercial transaction. It is heartwarming to note that most of these startups are scaling up, earning healthy revenues, and attracting venture funds.

One day, after a few more years in journalism, Naini Thaker, who wrote this fortnight’s cover, will start to take the great gifts of journalism (low pay, endless hours...) for granted. When that time comes, we will remind her of this story.

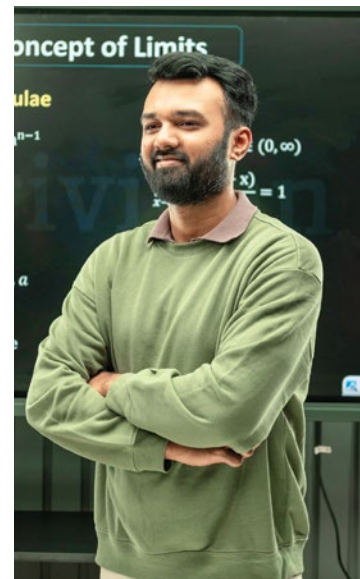


Best,

Suveen

Suveen Sinha
Editor, *Forbes India*

suveen.sinha@nw18.com



PG. **30**

THE OTHER GUYS

Not every tech-led startup serves up organic food in eight minutes. Some chose the rough and tumble of country roads. And they are raising funds and earning revenues



(Clockwise from top left) Selvam VMS, founder & CEO, Wheelocity; Ritesh Singh, co-founder & CEO, Arivihan; Anshoo Sharma, CEO and co-founder, Magicpin; CityMall co-founders Angad Vinod Kikla (in blue), Naisheel Verdhani (in orange) and Rahul Gill; Mohit Kampani, founder and CEO, Sumosave Retail Ventures Pvt Ltd; Shreya Mishra, co-founder and CEO, SolarSquare Energy; Priyadarshi Mohapatra, founder & CEO, CureBay

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Investors are losing interest in manufacturing and defence themed mutual funds

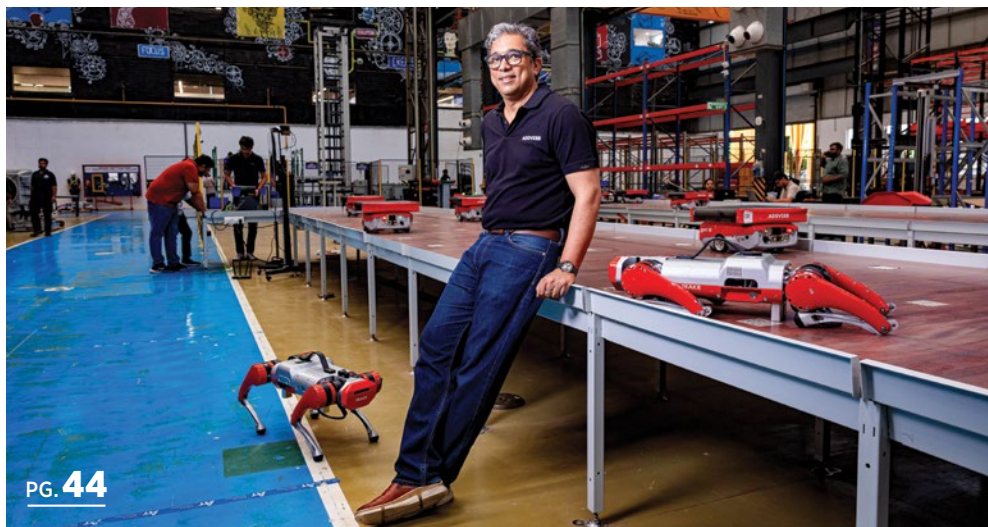
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New Balance chief marketing officer Chris Davis hopes to redefine the 119-year-old sneaker and apparel brand's place in the sports hierarchy

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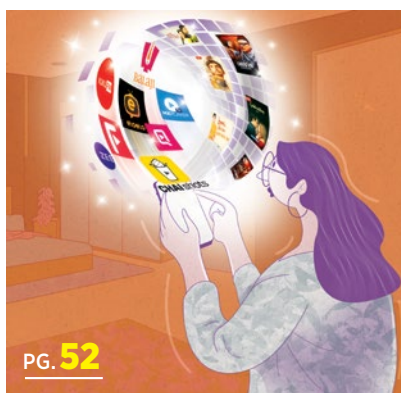
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From a maniacal following to a demonic linkage, Labubu dolls have become the talk of town in a short time



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Micro dramas are like TV serials, but in bite-sized pieces



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The demand for lab-grown diamonds is rising, but may not outshine that of the natural variant

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Forbes India is published fortnightly.

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Editorial Office: Mumbai - Network18 Media &

Investments Limited, Shri Ram Mills, Ganpatrao Kadam

Marg, Worli, Mumbai, Maharashtra - 400018.

Tel: 022 68881803/04.

National Capital Region - Network18 Media &

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Forbes India is printed & published by

Suveen Sinha 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,

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EYE ON INFLATION

Feeling the Pinch

Prices of non-food items squeeze Indian wallets; unlikely to decrease significantly in the coming months

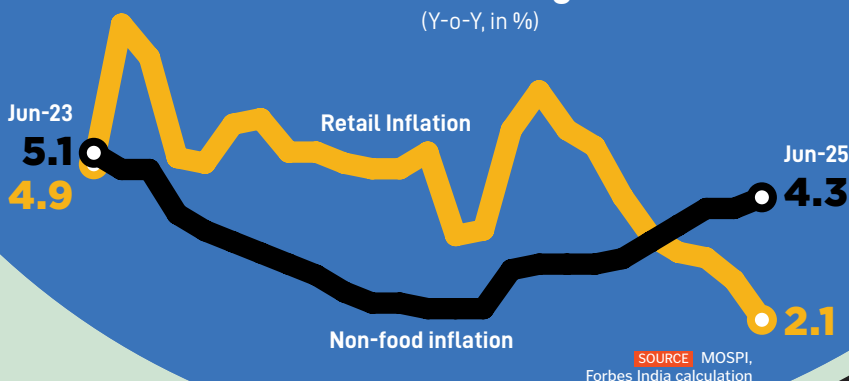
By SAMREEN WANI

India's non-food inflation climbed to a 23-month high of 4.3 percent in June despite a dip in retail inflation in the same month. Inflation for non-food items and services was 4.1 percent in May. Experts say prices of non-food items are likely to stay elevated in the coming months as most segments continue to pass on higher input costs to the consumers. "The rate may not cross 4.5 percent, but

will remain in this range," says Madan Sabnavis, chief economist at Bank of Baroda. Meanwhile, core inflation, at 4.5 percent in June, has steadily risen to its highest since September 2023. India's overall retail inflation dropped to a six-year low of 2.1 percent in June largely due to a fall in food prices, which slid into deflation for the first time since January 2019.

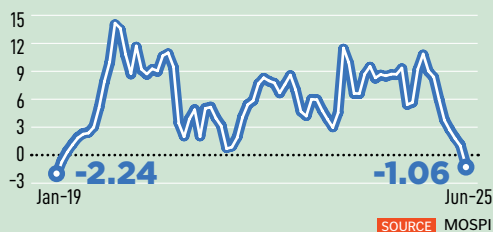
Prices of non-food items highest in 23 months

(Y-o-Y, in %)



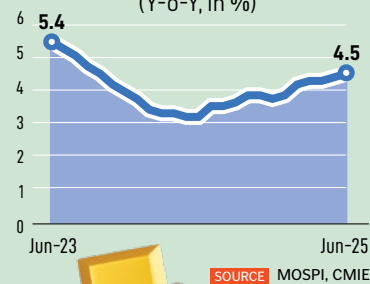
Even as food prices drop

(Y-o-Y, in %)



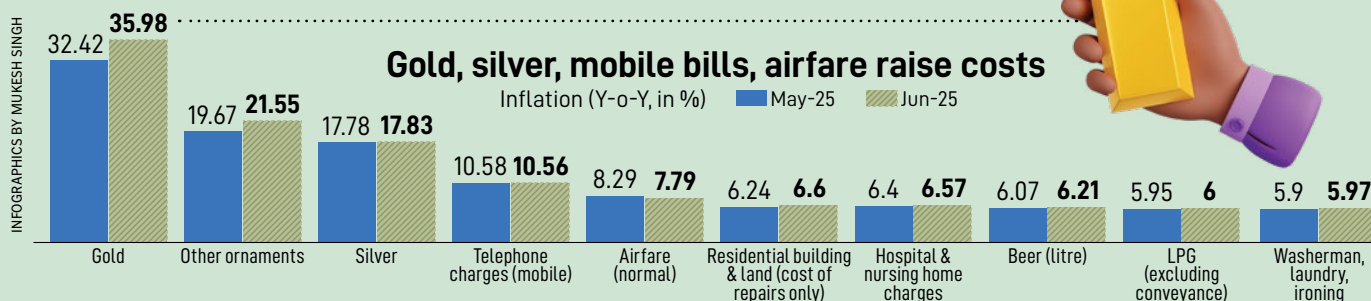
Core inflation climbs

(Y-o-Y, in %)



Gold, silver, mobile bills, airfare raise costs

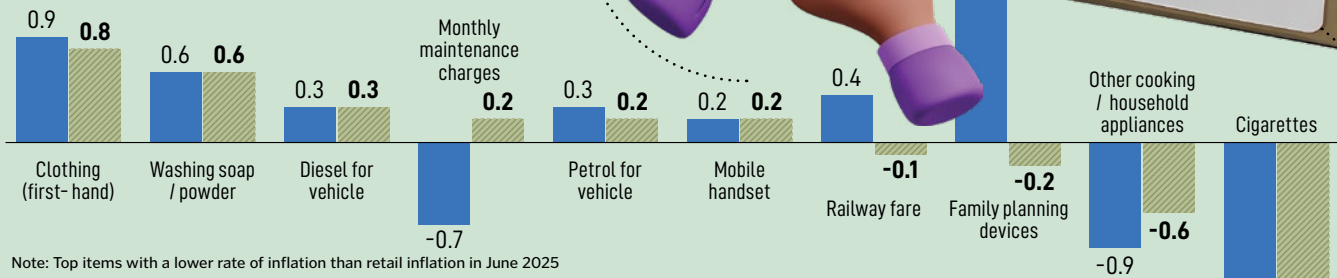
Inflation (Y-o-Y, in %) May-25 Jun-25



Note: Top items with a higher rate of inflation than retail inflation in June 2025

Cigarette prices dip

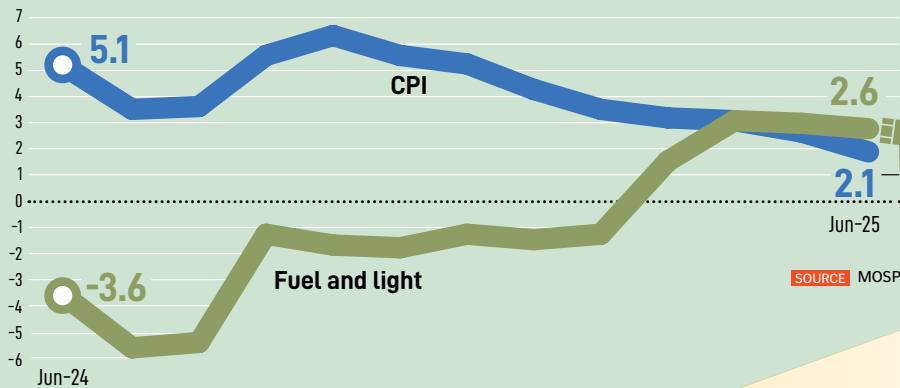
Inflation (Y-o-Y, in %) May-25 Jun-25



Note: Top items with a lower rate of inflation than retail inflation in June 2025

But fuel inflation marginally higher

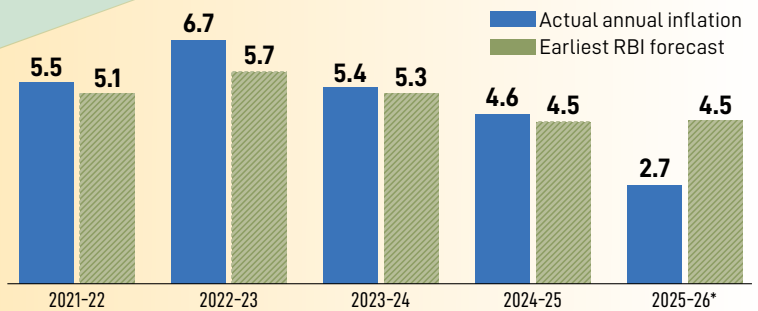
Inflation (Y-o-Y, in %)



SOURCE MOSPI

Eye on forecasts

Inflation (Y-o-Y, in %)



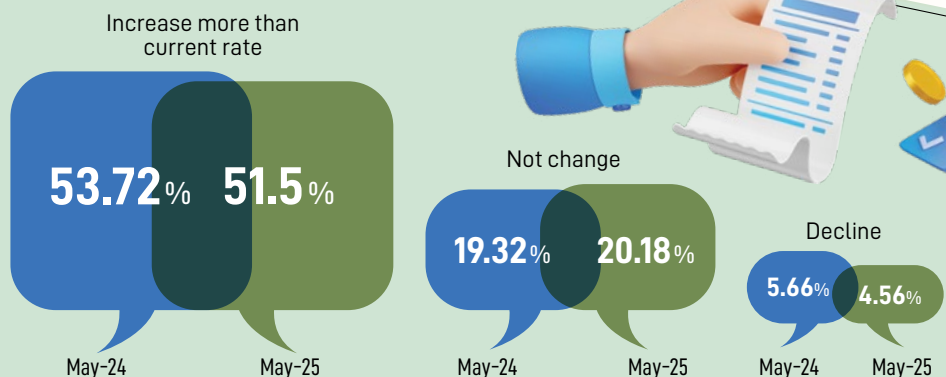
Note: * Data for Q1 2025-26

SOURCE MOSPI, CMIE, RBI

Over 50% of households expect a price rise

Share of respondents across 19 major cities expecting prices of non-food products in the three-month ahead period to

SOURCE Inflation expectations survey of households, RBI



ECONOMY WATCH

Recovery Route

Tax breaks, falling inflation and rising FMCG sales will boost urban consumption, but concerns over low incomes and job creation remain

By ADRIJA CHATTERJEE & ISHAAN GERA



PHOTO BY FRANCIS MASCARENHAS / REUTERS

The FY26 Budget provided relief for individuals earning up to ₹12 lakh per annum in the new regime, a measure aimed to spur consumption



INDIA'S URBAN CONSUMPTION

has fallen prey to stagnant wages and tighter lending conditions since FY24, but experts indicate that income tax cuts, falling inflation and a long-pending proposal to rationalise GST rates may provide a short-term spurt.

“The cut in income taxes, interest rates and a GST (rejjg) would give a boost to urban consumption,” says Paras Jasrai, associate director, India Ratings and Research.

The FY26 Budget provided relief for individuals earning up to ₹12 lakh per annum, exempting them from

paying income tax under the new regime—a measure aimed to spur consumption.

The government is also working to streamline the Goods & Services Tax by eliminating the 12 percent slab, which would entail reducing rates on many products to 5 percent. The reform is yet to make much progress.

SIGNS OF RECOVERY?

There are some signs of a pickup in the economy and optimism around a sustained recovery. In Q1FY26, fast-moving consumer goods (FMCG) sales in urban India grew 7.7 percent,

marginally outpacing rural growth of 7.1 percent for the first time in six quarters, according to market intelligence firm Bizom. “The tide seems to be turning; FMCG sales were driven by demand for branded commodities, personal care and dairy products,” Jasrai says.

One of India's largest FMCG firms, ITC echoes the sentiment. “Going forward, we expect consumption expenditure to pick up, progressively led by continued recovery in rural demand backed by a good monsoon, along with improvement in urban demand as inflation stabilises and tax

Self-drive or gear shifts?

As the world moves on from Tesla, will its India strategy pay off? **P/18**

Bonus Boost

With sluggish margin growth in Q1, HDFC Bank rolls out first ever bonus to spur investor confidence **P/20**

Mystery Deepens

A pilot error? Or is it too early to pinpoint causes in the June 12 AI crash **P/26**

cuts announced in the Union Budget boost disposable incomes,” an ITC spokesperson told Moneycontrol.

Kamal Nandi, business head & EVP, appliances business of Godrej Enterprises Group, bets on the income-tax relief to spur consumption in consumer durables. “We hope to see more gains in refrigerators and washing machines going beyond the premium segment as well. The income tax-led relief announced earlier this year is expected to drive up dispensable income, especially in the mid-premium audience segment, coupled with good monsoons which should boost agricultural income, aiding the mass segment also,” he said.

To be sure, consumer durables production, which includes household items like washing machines, cars, air conditioners, slipped into contraction in May, while the non-durables sector has been in negative territory for four consecutive months. In May alone, non-durable production (food and beverages, personal care and clothing and footwear) declined 2.4 percent year-on-year.

NEED FOR SPEED

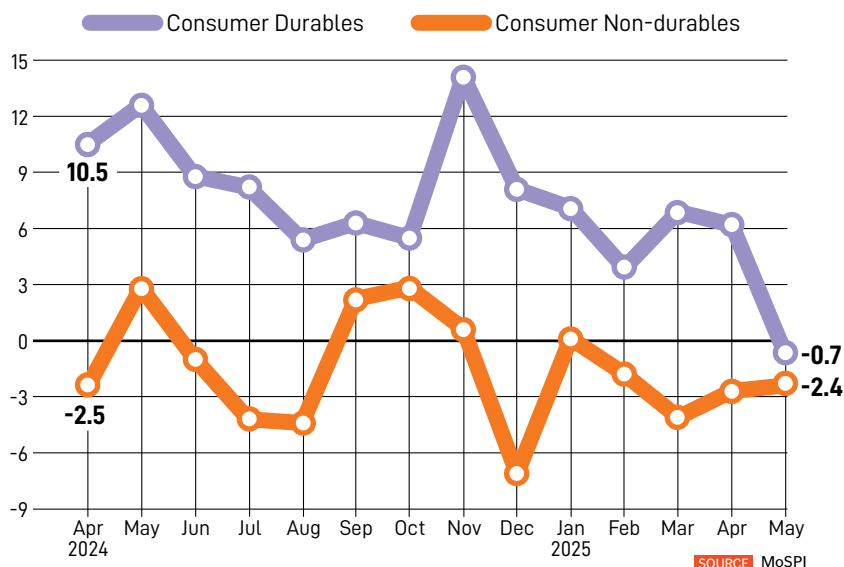
Therefore, economists caution that, for a sustained recovery, structural constraints related to low incomes and job creation must be addressed.

“Household consumption remains cyclically constrained, with households carrying high debt and facing slower income growth. Urban consumption is likely to remain moderate for the next few quarters. Tax cuts may have a limited impact—low inflation will benefit rural consumers more,” says Dhiraj Nim, economist at ANZ.

Slower income growth is a drag on urban consumption causing a patchy consumption cycle. Private Final Consumption Expenditure (PFCE) rose to 7.2 percent in FY25 from 5.6 percent in the previous fiscal, but growth is expected to slow in FY26,

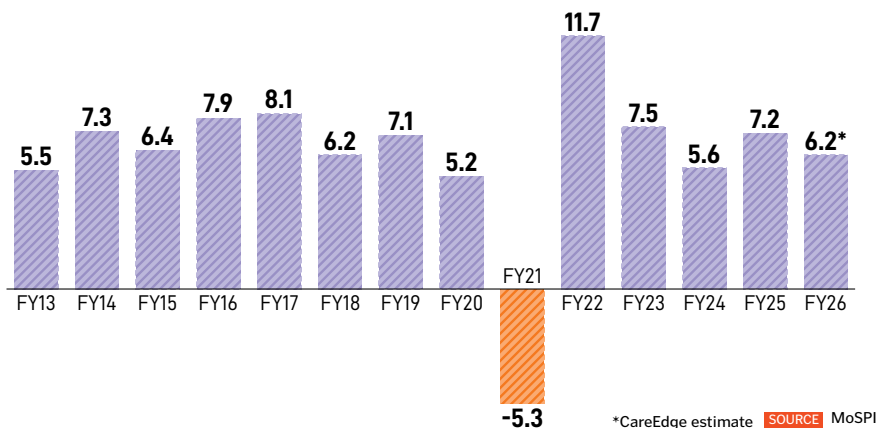
Consumer goods production has dipped

(% change, y-o-y)



Consumption spending is set to slow again

(Private final consumption expenditure, % change, y-o-y)



lower than the 6.7 percent average over the last three years.

CareEdge sees a growth of 6.2 percent in FY26 compared to an average of 6.7 percent in the last three years. Rajani Sinha, chief economist, warns that while there are some positives in the near-term, longer-term concerns remain. “Employee costs for corporations have moderated, specifically in the IT sector. IT has been the backbone of urban economy; headcount has been flattish in FY25,” she says.

WAGE WORRIES

The capacity to spend is intrinsically tied to growth in income, which has been tepid—particularly in urban India. India Ratings and Research projects real wage growth to decline to 6.5 percent in FY26, down from 7 percent in FY25. “There was a softness in urban demand last year, led by slowdown in urban wage growth since H2 of FY24. Moreover, the household savings buffer, created during the pandemic, had been spent, resulting in household savings as a



percentage of GDP declining to lower than pre-Covid-19 levels. The softness in urban demand is reflected in both consumer durables and non-durable goods production,” according to Gaura Sengupta, chief economist, IDFC First Bank.

Sengupta doesn’t expect wage growth to rebound significantly in FY26. “RBI’s policy easing and drop in inflation will provide some support. However, as long as companies’ profit growth remains moderate... pickup in urban wage growth will remain moderate,” she adds.

An over-six-year low retail inflation in June has prompted calls for one more rate cut by India’s central bank. While the RBI lowered rates by 50 basis points last month, a change in stance to neutral signalled limited room for further easing.

The salaried class, especially, has seen stagnating increments. A February report by global professional services firm Aon projects salaries in India to rise by 9.2 percent in 2025, slower than 9.3 percent in the previous year. Increments have steadily declined from 10.6 percent in 2022, which was driven by post-pandemic attrition during the Great Resignation, a phenomenon post Covid when employees voluntarily resigned, the report said.

“For the past 18 months, organised food players, especially big ones, have been feeling the impact of demand tapering. This trend has intensified in the last six months, primarily due to a slowdown in wage growth,” says RS Sodhi, president, Indian Dairy Association.

Aditi Nayar, chief economist, ICRA, notes the middle-income group is increasingly under financial strain. She points to rising dependency ratios further adding to financial strain, something that Sodhi also flags.

“Households are likely allocating more resources towards health and education, cutting back on food and apparel,” Sodhi notes.

Credit trends mirror this weakness.

Personal loan growth slowed to 8.3 percent in May, while credit card loan expansion dipped to 8.5 percent.

The Reserve Bank of India’s latest consumer sentiment index also reflects continued pessimism. In May, consumer confidence in urban areas deteriorated further to 95.4 from 95.5 in March, staying below the 100 mark that separates optimism from pessimism.

“The fall in income capacity of the urban sector has hit its consumption profile, albeit with a lag, partly as tighter lending standards started impacting leveraged consumption while incomes normalised or eased... We do not see an immediate turnaround here, even though we reckon there has been mild stability in private sector hiring in some sectors,” says Madhavi Arora, chief economist, Emkay Global, in a note on July 16.

MIXED SIGNALS

India’s rural demand has been on a recovery cycle with most betting on a good monsoon season to work as a catalyst for this trend. “Even as urban demand is expected to recover, rural India is increasingly becoming a key engine of FMCG growth, driven by higher incomes, connectivity and awareness,” the ITC spokesperson cited above says.

Sodhi, too, says the accelerator for consumption will be rural demand. “Prospects of a good monsoon can give

a good push and that may spill over to urban India as well. Cooling inflation and lower interest rates could bring back consumption in urban areas in the next six to nine months to pre-mid-2023 levels.”

However, there are some worrying signs in rural recovery. The Federation of Automobile Dealers Associations (FADA) in June pointed out that dealer sentiment appears tilted towards a slowdown for July, expecting sales to either contract or stay flat.

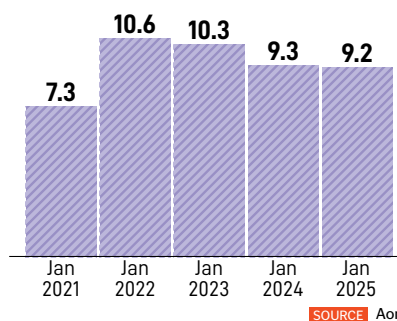
Sales in the two-wheeler segment, a key indicator of rural consumption, fell nearly 13 percent in June versus May, while growth tapered to less than 5 percent on-year. FADA says that while early monsoon showers and renewed rural activity have spurred interest in the two-wheeler space, heavy rainfall, variant shortages and price increases effective July are moderating conversions.

An earlier-than-expected monsoon did impact sales in appliances too, at least in certain segments. “Air conditioners took the larger hit of close to 15-percent degrowth versus refrigerators at an estimated 6 to 7 percent for the industry. This industry-wide dampening was largely a result of summer showers and lower-than-expected temperatures—geographically speaking only the North zone saw high demand given its extreme weather conditions,” Godrej’s Nandi says.

While rural India is still expected to take the lead in improving India’s overall consumption story, it may need to do more of the heavy lifting to compensate, if the urban counterpart continues to face a pronounced slowdown. “The income effect will still be the dominating force, even as the rate-easing cycle, looser lending norms, and income tax cuts may help urban (leveraged) consumption at the margin. Despite macro tailwinds, rural pick-up will need to be much more decisive for offsetting the slowing urban trends,” Emkay’s Arora says.

Wage growth is expected to slow

(% growth in wages, y-o-y)



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MARKETS

A Tighter Control

Experts say the Jane Street saga may trigger wider surveillance regulations without curbing innovation

By NASRIN SULTANA



Position sizing and allowing derivative position only for hedging would go a long way towards protecting retail investors

PHOTO BY INDRANIL MUKHERJEE / AFP

14

THE ALLEGED MARKET

manipulation by US-based high frequency trading firm Jane Street is likely to bring about tighter mechanisms for investor protection and a broader overhaul of the regulatory landscape in India's capital markets.

"Regulatory mechanisms need to be tightened to ensure that the big fish do not dominate the market or any particular security or index, which appears to be the case here [with Jane Street]. Position sizing

and allowing derivative position only for hedging would go a long way towards it, though the market breadth would suffer as derivatives trades outnumber spot market trades 300:1," says Nitin Balwani, associate dean and professor (finance), NMIMS Navi Mumbai. He adds that market manipulation is a significant threat to all markets, and regulators strive to control it without compromising on fairness and price discovery.

Following a deposit of ₹4,844

crore in an escrow account—as directed by Sebi in its interim order on July 3—the market regulator has allowed Jane Street to resume trading and access Indian securities. However, the lifting of the ban comes with certain riders, and stock exchanges have been directed to closely monitor the firm's future dealings and positions of the group.

Ranjan R Chakravarty, professor of practice-finance, Great Lakes Institute of Management, lauds Sebi's move as a calibrated response



“that prioritises both accountability and access to the market”. “Permitting re-entry after punishment indicates an environment that is both corrective as well as oriented towards the future. It also upholds the notion that strong compliance and level playing fields are necessary for everybody, irrespective of the size and sophistication,” Chakravarty says.

In a press statement on July 21, Sebi said stock exchanges will have to monitor and ensure that JS Group entities do not either directly or indirectly indulge in any kind of manipulative activity, ‘including by dealing in securities using any of the patterns identified or alluded to’ until the investigation is completed.

Balwani adds that the question here is not just of Jane Street but that any big player can use a similar strategy to access the market. “The bigger question for Sebi is how to ensure similar incidents do not happen again,” he says.

According to him, regulatory oversight is essential to ensure a level playing field and to keep manipulative players under check. But it calls for a fine balance as free markets and regulatory control do not go hand in hand. “Higher regulatory control and stricter measures will only ensure that the market depth falls—this is against free markets and would make it easier to manipulate,” he explains.

The market regulator had, earlier, barred Jane Street Group companies from accessing Indian securities with a seizure order of ₹4,844 crore estimated as ‘unlawful gains’ earned by the group from the alleged violations.

IMPACT ON REGULATIONS

Chakravarty says the Jane Street incident presents India with a useful learning experience in managing the emerging market risk. “Sebi has

been, till now, in the forefront of protecting retail investors. This episode may prompt further improvements in market-wide surveillance and early warning systems. It reiterates that one needs to develop paradigms that are capable of pre-empting such advanced techniques without curbing innovation,” he says.

He further emphasises that the scenario may prompt a review of the monitoring mechanisms, especially within the high-frequency and options-driven markets. “With the market growing more intricate, adaptive regulatory tools and structures will assist in anticipating aberrant activity,” he says. However, he also adds that tightening alone might not be as effective as a blend of strengthened data analytics, behavioural analysis, and joint discussion with market players.

According to the Sebi order, between January 2023 and March 2025, Jane Street made a profit of ₹43,289.33 crore from Index Options alone, “undertaking an intentional, well-planned, and sinister scheme and artifice to manipulate the cash and futures markets...”

Asish Saha, professor emeritus, Ramcharan School of Leadership, MIT World Peace University (MIT-WPU), says the shallowness of the Indian stock markets makes them vulnerable to manipulation. “The challenge of the regulator is to make the regulatory framework, including the feedback and monitoring mechanism, forward looking,” he further says. Saha adds that regulation is primarily aimed at fostering, not stifling, the healthy growth of the stock market

by setting the rules of the game and ensuring its adherence in a transparent manner.

According to Saha, accidents will continue to happen as India graduates to become one of the key movers in the world economy, “but a balanced and coherent fabric of regulation, which is based on a robust analysis of events, is needed as is the recalibration of the regulatory mechanism to minimise the scope of possible errant behaviour”, he says.

GULLIBLE RETAIL INVESTORS

Despite investor protection measures, retail investors are the most gullible in the derivatives markets. In the last few years, Sebi has introduced various mechanisms and measures in the segment to safeguard investors and clamp down on risky retail participation.

Last October, the market regulator rolled out six measures to curb the rising volume in the derivatives segment. Some of the measures included the reduction in weekly expiries per exchange from five to just one, the increase in lot size to ₹15-20 lakh from ₹5-10 lakh, and the removal of calendar spread benefit on expiry day.

“With most Indian institutional players not very active in the derivatives market, except for

hedging purposes, the only counterforce is the retail investors,” says Balwani. Retail investors were playing for small speculative gains, which were countered by Jane, taking and reversing large positions in the Index derivatives.

Jane Street had reportedly rejected Sebi’s allegations informing its employees that it will contest the ban, stating it was “beyond disappointed” by the “extremely inflammatory” accusations.

Last October, the market regulator rolled out six measures to curb the rising volume in the derivatives segment

Jane Street had reportedly rejected Sebi’s allegations informing its employees that it will contest the ban

“Taking and reversing positions is not a regulatory violation, which is what Jane is pointing to. But taking simultaneous offsetting positions in spot and derivatives of a single index and reversing them later at scale is not hedging by any sense of the word, more like manipulation,” Balwani explains.

According to a study released by Sebi on July 7, at the aggregate level, nearly 91 percent of individual traders incurred net losses in the equity derivatives segment (EDS) in FY25. The losses widened by 41 percent to ₹1,05,603 crore in FY25 from ₹74,812 crore in FY24 (after accounting for transaction costs). The number of unique individual traders in EDS declined to around 42.7 lakh in the fourth quarter of FY25 from around 61.4 lakh in the first three months of the fiscal.

During the first three quarters of FY25, the aggregate net losses across individual traders and the average net loss per person were rising. However, in the fourth quarter, there was a reduction in losses of individual traders—both at the aggregate as well as per person level.

Balwani explains that gullible retail investors, who end up with steep losses, are not investors but speculators. They are playing in derivatives, which even seasoned players use very judiciously, if at all. “If you use derivatives for speculation, you need to be aware of the downside as well, which is why they are only recommended for hedging,” he says.

Therefore, Balwani recommends that more institutional investor participation in the derivatives market is essential to ensure market depth, but there is no way retail speculators would be able to make money from speculative derivatives positions, unless they possess the



In a press statement on July 21, Sebi said that stock exchanges will have to monitor and ensure that JS Group entities do not directly or indirectly indulge in any kind of manipulative activity

necessary knowledge and expertise.

ARBITRAGE & MANIPULATION

The Jane Street incident has also sparked a debate on the difference of arbitrage and manipulation of trades in the derivatives markets.

Index arbitrage is legal, but exploiting the limitation in the composition of the stocks in Bank Nifty index, with uneven weightage in terms of market capitalisation in its composition and the timing of the trades, is not an acceptable ethical standard in stock market

operations, says Saha.

According to Investopedia, arbitrage is the financial equivalent of bargain hunting on a grand scale, with traders and investors constantly searching for opportunities—using the latest algorithms and fastest internet speeds to act in microseconds—to buy low in one market and sell higher in another. Whereas market manipulation is meant to deceive investors by controlling or artificially affecting the price of securities. The latter is

illegal in most cases.

There is a very fine line between arbitrage and manipulation. Balwani says that big players can take positions in markets by moving stocks or indexes in one direction to inflate options premiums, and then move them in the opposite direction to collapse them, profiting from retail investors' losses. “While we could argue that this is arbitrage, as you are making a position in one derivative which is counter to position in spot and futures, the question is of intent. And the intent is deliberate movement of spot and futures to move option premiums, which is not arbitrage,” he says.

Chakravarty also agrees that differentiating between manipulation and arbitrage frequently is a matter of intent, effect, and context. In high frequency regimes, in which trades congregate around anticipated regions, interpretation is likely to be subtle. “While certain techniques would take advantage of inefficiencies, continuous evaluation of their overall market impact assists authorities and players in agreeing on what is fair play,” he says. F

The Jane Street incident has also sparked a debate on the difference of arbitrage and manipulation of trades in derivative markets



LEADERSHIP

The Big Challenge

New HUL CEO and MD Priya Nair has her task cut out—getting growth back without sacrificing on profitability

By **SAMAR SRIVASTAVA**



PHOTO COURTESY: HUL

AS PRIYA NAIR TAKES OVER THE top job at Hindustan Unilever (HUL), she'd have her priorities in place. Chief among them would be getting the country's largest consumer goods company to grow without sacrificing profitability. How she balances the two will make or break her stint.

For now, the answers to those questions are probably known only to Nair who is said to have lobbied for the position from the incumbent Rohit Jawa, who had a two-year stint at the top job.

Nair, who joined HUL in 1995, was heading Unilever's beauty and wellbeing division since January 2024. Seen as a rising star in the Unilever's deep managerial bench, she is also a member of the Unilever Leadership Executive, a 13-member team tasked with running Unilever's businesses across the globe.

At HUL, she has been given a five-year tenure till 2030, subject to shareholder approval. She is also the first woman to lead the company.

Nair's appointment comes at a time when Hindustan Unilever has found the going tough in India's consumer market. Sales growth during Jawa's two-year tenure was anaemic, with the last three years' topline rising by 5 percent a year to ₹63,000 crore (primarily on account of price increases) and profitability up 6 percent a year to ₹10,600 crore. Margins trended downwards to 23.5 percent. The markets gave Nair's appointment a thumbs up with the stock rallying 5 percent in the week of her appointment.

Still, company watchers concede there are no easy answers.

"Consumer spends are not growing and the only savings companies have managed to eke out are from distribution. They've been slow to wake up to the quick commerce challenge," says Nitin Mangal, co-founder at Trudence Capital. He's surveyed HUL distributors, and no one expects a pick-up to double-digit volume growth any time soon.

To be sure, 2022 to 2025 was also a time when low-ticket consumption hit a brick wall. For instance, sales of small entry-level cars have declined as has the rate of growth for everyday items like air conditioners and refrigerators.

The challenges that likely led to Jawa's exit were acknowledged in Hindustan Unilever's press release announcing the change. "On behalf of the board of HUL, I would like to thank Rohit for leading the business through tough market conditions and strengthening its foundations for success," said Nitin Paranjpe, chairman, Hindustan Unilever.

Jawa's tenure also saw HUL's stock—the best performing in the last decade—register no growth in price. As a result, its market cap remained stuck at ₹550,000 crore between 2022 and 2025 after quadrupling in the decade before that.

Nair, who, in all likelihood was picked for her extensive India exposure, is well suited for the job. She has led both HUL's home care

business since 2014 as well as personal care portfolio since 2021. Her experience is likely to come in handy as HUL works on restoring volume growth in a market that has seen increasing competition from smaller and more nimble players.

She is likely to be helped by some green shoots of rising rural consumption and an income tax cut that may see urban consumers spending more on everything from soaps and shampoos to eating out and automobiles. **F**

Nair has led HUL's home care business and personal care portfolio

AUTO

Self-drive or Gear Shifts?

As the world seemingly moves on from Tesla, it remains to be seen if the US carmaker's India strategy pays off

By JASODHARA BANERJEE



PHOTOS BY BAJIRAO PAWAR FOR FORBES INDIA

Tesla opened its first experience showroom in Mumbai's Maker Maxity in Bandra-Kurla Complex on July 15

IN THE SECOND WEEK OF JULY, India's already-crowded electric vehicle (EV) market witnessed the entry of two global players: US-based Tesla and Vietnam-based VinFast. While Tesla opened its first experience showroom in Mumbai's Maker Maxity in Bandra-Kurla Complex on July 15 (and commenced online bookings as well about a week later), VinFast began to take pre-bookings for two of its models on the same day.

The two companies are taking two different paths into the India market: Tesla will be importing completely-built-units (CBUs), reportedly from either the US or China, whereas VinFast will be assembling its VF6 and VF7 models at its \$2-billion plant

in Thoothukudi, Tamil Nadu, July onwards.

Tesla's entry into the Indian market comes at a time when its global sales have hit an all-time low, and its founder Elon Musk's brief, tumultuous political career in the US has come to an abrupt end. The company gets about 50 percent of its revenues from the US market, about 20 percent from China—home to its current nemesis, EV makers Byd—another 30 percent from the rest of the world. In the second quarter of 2025, Tesla's sales in the US fell by 6.3 percent, the third consecutive

quarterly decline, while sales in China dropped about 12 percent. In Europe, sales having been falling steadily over five months, making its market share decline from 1.8 percent in May last year to 1.2 percent this May.

The decline in Europe has, at least partially, been attributed to a backlash against Musk's political stance on various issues; the other factor being the rise of Byd in European markets. This April, sales of Byd's vehicles in the European market rose by 359 percent from last year (according to Jato Dynamics numbers quoted by media reports),

Tesla's entry into the Indian market comes at a time when its global sales have hit an all-time low

\$69,770

The price of Tesla's Model Y in India. It costs \$44,990 in the US, \$36,700 in China and \$53,700 in Germany



despite inviting higher tariffs from EU authorities than Tesla, overshadowing the number of vehicles sold by Tesla.

TESLA & THE INDIAN EV MARKET

In an investor call this April, Tesla CFO Vaibhav Taneja said, "We've been working on getting into India. India is a very hot market... It will be a great market to enter because India has a big middle class."

But Indian consumers—middle-class or otherwise—might need some more convincing to buy a Tesla. The CBUs that Tesla will be importing will reportedly face a 70 percent tariff in India, and how much that will be reduced by depends on the final contours of the trade deals between India and the US. This means Tesla buyers in India will be paying around \$69,770 for the Model Y, which costs \$44,990 in the US, \$36,700 in China and \$53,700 in Germany.

Not only are Indian consumers aware of this significant price disparity, they are also spoilt for choice. The number of EV players in the Indian auto market—the third largest in the world—keeps inching up with the launch of new vehicles and variants. Luxury carmakers such as Audi, Mercedes and BMW have launched their electric variants in the country, and other Asian carmakers such as Kia, Hyundai and MG Motors, too, have EV options in the market. Adding to this global mix of players are homegrown giants Tata Motors and Mahindra & Mahindra that have multiple EV options across various models and categories.

Tesla's archrival in European markets, Byd, is currently in a similar situation in India, although for different reasons. Due to geopolitical tensions between India and China, the former turned down the latter's



Tesla will import completely-built-units; it commenced online bookings after the store launch

proposal to set up a \$1-billion plant in India; Byd, therefore, imports CBUs into India, much like Tesla plans to. Unlike Byd, China's SAIC Motors—makers of the MG Motors brand of vehicles—has partnered with JSW Group to operate in the Indian market.

Apart from competition, the fact that Tesla is not manufacturing in India is a point of concern. Until recently, the Indian government had imposed a tariff of 110 percent import duty on CBUs,

and then revised this rate down to 15 percent for carmakers who committed to start manufacturing in India within the following three

years. These rules have been a point of contention for carmakers such as Tesla, which have asked for reduced tariffs during the early phase of testing market viability, and before committing to manufacturing in the country.

The Indian government has set an ambitious target of 30 percent EV adoption by 2030. While sales of EVs in 2024 rose by 20 percent over the previous year, their market penetration remains low, at 2.5 percent of the roughly 4.3 million passenger vehicles sold. Tata Motors is the market leader, commanding about 60 percent of the EV market share, followed by MG Motors India and Mahindra & Mahindra. EVs priced upwards of \$20,000 form a tiny 6.6 percent of total EV sales in 2024. **P**

Apart from the growing competition, the fact that Tesla is not manufacturing in India is a point of concern

BANKS

Bonus Boost

With growing revenues but sluggish margin growth in Q1, HDFC Bank announces first ever bonus to spur investor confidence

By SALIL PANCHAL



PHOTO BY INDRANIL MUKHERJEE / APP

For nearly 20 years, HDFC Bank has been one of the outperforming banking stocks in the ecosystem

THE BOARD OF HDFC BANK, India's largest private sector lender, on July 19 approved a bonus share issue—for the first time ever—in a 1:1 ratio, while announcing its June-ended Q1FY26 earnings data. This is seen as a move to boost retail investor and shareholders' confidence in the bank's stock, particularly considering it has remained sluggish over the past year. HDFC Bank will

now allot one share, at no additional cost, to investors for every share they hold as on the record date set at August 27.

For the past near 20 years, HDFC Bank has been one of the outperforming banking stocks in the ecosystem. Even with change in the

top leadership—Sashidhar Jagdishan took charge as CEO after veteran Managing Director and CEO Aditya Puri retired—and post the merger of the bank with HDFC, the stock was languishing and in a consolidation phase over the past 24 months.

In 2025, HDFC Bank

HDFC Bank will allot one share, at no additional cost, to investors for every share they hold as on August 27



shares have been hovering near their all-time high of ₹2,027, having risen just 9.72 percent this year and near 17 percent in the past two years. Prior to the Q1 earnings and bonus shares announcement, the stock had closed on July 18 at ₹1,957.4 on the National Stock Exchange.

“Expectations from the merger and the new top-deck leadership could not bring fresh energy into the stock, which the market expected and investors were disappointment. The bonus announcement should help boost retail interest in the stock,” Kranthi Bathini, director of equity strategy at WealthMills Securities, tells *Forbes India*.

HDFC Bank's Chief Financial Officer Srinivasan Vaidyanathan, however, clarified that the issuance of bonus shares is “not expected” to be an annual exercise. “We see it as an opportunity for retail shareholders,” he said.

The bank also announced a special interim dividend of ₹5 per equity share of ₹1 each fully paid up (that is 500 percent), for FY26. HDFC Bank reported an earnings per share of ₹23.7 for the June-ended quarter.

In terms of corporate action, HDFC Bank had announced two stock splits, one in 2011 and then in 2019; one share of ₹10 into five shares of ₹2, and subsequently one share of ₹2 into two shares of ₹1 each.

HDFC Bank will be the 148th stock on the Bombay Stock Exchange to declare bonus shares in 2025, so far.

Q1 EARNINGS: INCOME, MARGINS SLUGGISH

The bank's topline improved in a cycle that has started to see the fall in interest rates. Its consolidated net revenue was ₹85,350 crore for the June-ended quarter, up 17.8 percent year-on-year (y-o-y), but consolidated net profit was at ₹16,260 crore, down 1.1 percent for the year. In this quarter, HDFC Bank, in the consolidated income statement, reported transaction gains of ₹6,949

crore, from partial divestment through an offer for sale in the recent IPO of its subsidiary, HDB Financial Services.

The bank saw sluggish net interest margins (NIM) coming in at 3.35 percent for the June-ended quarter, compared to 3.5 percent a year earlier. Net interest income also weakened by 2 percent from the sequential quarter, to ₹31,440 crore in the June-ended quarter. The cost of funds, which is now at 4.8 percent, had inhibited the bank's margins from improving back to 4 percent.

HDFC bank earnings: key takeaways

The **1:1 bonus** shares announcement should help **boost retail interest** in the stock

Bonus issue announcements unlikely to be an **annual exercise**

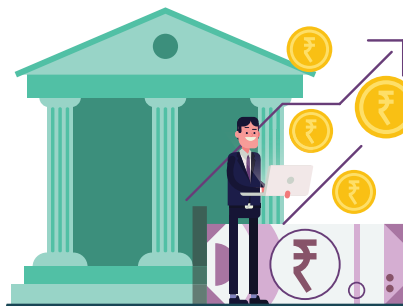
NIMs continue to be **sluggish** for the bank

The bank saw transaction gains of **₹6,949 crore** from **partial divestment** through the recent **IPO** of its subsidiary, **HDB Financial Services**

The **top management** says consumption demand for loans is **positive** from **rural India**; expects upcoming festive season to provide **impetus to urban demand**

The bank is seeing a **small momentum improving** in **Q1** and expects to move up sequentially in the coming **three quarters**

Mortgage lending is seeing **intensive competition** from **PSU banks**



SOURCE: HDFC Bank's Q1 earnings data, analyst call

NIMs for the bank have stagnated between 3.4 percent and 3.5 percent from December 2023 onwards. Average advances under management for HDFC Bank have risen to ₹27 lakh crore in March 2025 from ₹23.3 lakh crore in Q2FY24, though the y-o-y growth has fallen sharply to 7 percent from 62 percent in the same period.

A lower cost of funds allows a bank to charge higher interest rates on loans and while maintaining a healthy NIM. Most banks in India are seeing lower NIMs—analysts forecast them to be subdued for more coming quarters—because falling lending yields are outpacing the fall in deposits costs, in a low interest rate cycle.

Post the earnings data, HDFC Bank's CEO Jagdishan told analysts that the bank was ready to “get back into momentum from a slowing down which was seen last year. We see healthy demand for loans from the rural sector”. He was also optimistic that urban India consumption, which has been slowing, could start to improve with the onset of the festive season this August. Rural, retail, MSME and corporate lending are all starting to see a pick-up in demand for loans, the bank's management said.

The management added they were comfortable with the asset quality levels, with gross non-performing assets (NPAs) at 1.4 percent of total advances and net NPAs at 0.5 percent, compared to 1.3 percent and 0.4 percent levels for the corresponding quarter a year earlier. Jagdishan maintained that the outlook for NPAs for the bank “will be benign” at this stage.

The bank reported a 6.7 percent y-o-y increase in gross advances to ₹26.53 lakh crore during the first quarter. Its deposits grew by 16.4 percent y-o-y, totalling ₹27.42 lakh crore. Its current account-savings account deposits also rose by 3.1 percent y-o-y to ₹9.37 lakh crore during the quarter. **F**

BANKS' EARNINGS

Weak Link

The June-ended quarter has been sluggish with banks reporting poor margins and low demand for loans

By SALIL PANCHAL



AT A TIME WHEN THE

Reserve Bank of India (RBI) is pushing for growth through several interest rates cuts, FY26's June-ended quarter has been weak for several of India's lenders. Data announced so far from banks indicate that demand for loans has been slow, margins have been poor and provisions for bad loans and slippages have increased (*see chart*).

After the earnings announcement, HDFC Bank and Axis Bank have been downgraded by ICICI Securities research to an 'Add' investment rating from a 'Buy', while Nuvama Institutional Equities has downgraded Axis to a 'Hold' rating, as its net interest margins (NIM) and net NPAs (non-performing assets) for the June-ended quarter fell. Motilal Oswal Financial Services has downgraded Union Bank to a 'Neutral' rating from a previous 'Buy'.

Equirus Securities has revised the investment rating for AU Small Finance Bank to 'Add' from 'Long', HDFC Bank's and ICICI Bank's investment ratings remain unchanged at 'Long' and 'Add', respectively. Union Bank has been lowered to a 'Reduce' from 'Add' rating.

The worrisome part is that several banks could face a weak July-September quarter, where margins will continue to remain weak. It could also extend longer for some banks, before starting to improve towards the end of the calendar year, analysts say.

A TOUGHER QUARTER

When interest rates come down, the loan book for most banks—linked to



After the earnings announcement, Axis Bank has been downgraded to an 'Add' investment from 'Buy'

the external benchmark lending rates (EBLR)—gets repriced automatically. For most banks, the proportion of the loan book linked to EBLR would be around 60 percent. But in the case of deposit rates, they tend to adjust with a lag. So, there is a pressure on the interest margins for banks.

"Q2 will be the most difficult for banks because of the impact of the RBI 50 bps rate cut seen in June... so loan book for banks will get repriced in three months," says Prashant Kumar, CEO of Yes Bank. Kumar has got a six-month extension in his term from the RBI, starting October 6.

While EBLR loans quickly adjust to policy rate changes, deposit rates, especially fixed-term deposits, tend to adjust with a lag, creating

margin pressure.

Anand Dama, Emkay Global Financial Services head of BFSI, tells *Forbes India*: "Net interest margins are expected to remain sluggish for most banks over the next two quarters with some hope of recovery in the fourth quarter. However, if there are further rate cuts, then the recovery could be delayed."

Nitin Aggarwal, head-BFSI (institutional equities) at Motilal Oswal Securities, says: "NIMs have declined sharply across most banks (ICICI Bank though reported a controlled 7 bp decline) and we expect margins to hit a trough in Q2FY26, following which we could start to see a recovery."

Rohan Mandora, associate director of Equirus Securities, agrees with



Q1FY26 earnings snapshot for some banks

	Advances growth		Deposits growth		Net Interest margin		Net NPA		Provisions		Profit after tax	
	Q1 FY25	Q1 FY26	Q1 FY25	Q1 FY26	Q1 FY25	Q1 FY26	Q1 FY25	Q1 FY26	Q1 FY25	Q1 FY26	Q1 FY25	Q1 FY26
HDFC Bank	52.6	6.7	24.4	16.2	3.5	3.35	0.4	0.5	3,140	15,310	16,200	18,200
ICICI Bank	15.7	11.5	14.76	12.65	4.36	4.34	0.43	0.41	1,332	1,815	11,059	12,768
Axis Bank	14	8.1	13	9.3	4.05	3.8	0.34	0.45	11,800	11,700	6,035	5,806
Kotak Mahindra Bank*	19	14	21	14.6	5.02	NA	0.35	0.31	6,037	NA	3,520	NA
Bandhan Bank	21.8	6.4	22.8	16.1	7.6	6.4	1.1	1.4	3,910	4,880	1,060	370
Yes Bank	14.7	5	20.8	4.1	2.4	2.5	0.5	0.3	383	557	502	801
Union Bank	11.4	6.83	8.52	3.63	3.05	2.76	0.9	0.62	4,106	2,793	3,679	4,116
AU Small Finance Bank	42.5	18	40.3	31.1	6	5.4	0.63	0.88	1,423	2,201	503	581

Note: Advances, Deposit growth are reflected in percentage terms, indicating annual change for the quarter. NIM and Net NPA are actual percentage levels. Provisions and Net Profit are in ₹ crore.

* Kotak Mahindra Bank is yet to release its Q1FY26 earnings data (hence NIM, provisions and profit numbers are not available. The numbers provided for Q1FY26 as from the Bank's provisional business update of July 8.

SOURCE Banks' investor presentations, financial results statements

Aggarwal. "NIMs are likely to remain under pressure for another quarter as the full pass-through of repo rate cuts flows through to yields on advances. We expect NIMs to bottom out for most banks by 2QFY26 as 3QFY26 will see benefits coming from cash reserve ratio, cuts coupled with lower cost of funds from term deposits repricing."

Axis Bank's chief financial officer Puneet Sharma explained the future trend to analysts at an interaction on July 17. "We think about margins on a through-cycle basis. We do not think of margins on a sequential quarter basis. The cycle should be measured broadly in terms of the duration of our assets and liabilities."

"And if you put them in the 15-month, 18-month range, over a period of 15 to 18 months, the rate cycle shows you a drop... you will first see a drop in margins and then a recoupment of margins," he adds.

DEMAND FOR LOANS

Post the earnings data, HDFC Bank's CEO Sashidhar Jagdishan told analysts the bank was ready to "get back into momentum from a slowing

down which was seen last year. We see healthy demand for loans from the rural sector". He was also optimistic that urban India consumption, which has been slowing, could start to improve with the onset of the festive season in August.

Rural, retail, MSME and corporate lending are starting to see a pick-up in demand for loans, the bank's management said.


Sanjay Agarwal, founder, MD & CEO, AU Small Finance Bank, told analysts that the policy environment has "turned supportive"—with easing inflation, surplus liquidity and forthcoming CRR cuts. But he cautions that the "economic momentum remains uneven, and signs of demand recovery are still emerging across sectors".

Emkay's Dama says credit growth will take time to revive. The unsecured loan segment remains stressed, and it will keep growth depressed and credit cost high.

Motilal Oswal's Aggarwal says that though credit growth has been largely muted in Q1, a recovery can be expected in the coming quarters.

"We estimate a growth of 11.5 percent for FY26 as we expect demand environment to improve aided by lagged impact of reduced tax rates, reduction in borrowing costs and some uptick in corporate demand as credit substitution via bond-market wanes," he says.

Equirus's Mandora forecasts credit growth to improve in seasonally strong 2HFY26 supported by a favourable monsoon which will drive up rural demand, income tax cuts putting higher cash flows in the hands of the salaried and transmission of repo rate cuts even on fresh loan rates improving affordability on credit.

Hence margins will need to be watched closely as will asset quality levels for specific banks (including small finance banks and pure microfinance firms), which have a substantial microfinance exposure. Aggarwal, however, says "large private banks appear relatively well placed and we may selectively see some recovery in unsecured loan growth for these banks over the second half of the fiscal". 

AUTO

Trouble in Paradise

Maruti Suzuki and its rivals are at loggerheads over enforcing CAFE norms. The former wants a different regulation for its small cars

By MANU BALACHANDRAN

TENSION HAD BEEN SIMMERING for a few months, and now it seems to have come to a boil.

India's largest carmaker, Maruti Suzuki, and many of its closest rivals have been at odds over enforcing a new emission norm in the country, with the former seeking a differential one for its small cars. It claims it is crucial for reviving sales of small cars in the country.

For many years, sales of small cars have been on the decline, and Maruti Suzuki has blamed the growing cost of vehicles—caused due to new emission and safety norms—as a reason for them becoming unaffordable to first-time buyers. According to the Society of Indian Automobile Manufacturers (SIAM), domestic sales in the mini segment (cars up to 3.6 metres in length) declined from 460,772 in FY19 to 152,262 in FY24 and 133,397 in FY25, a drop of over 70 percent in the last six years. That's why Maruti Suzuki is seeking a pushback on the emission norms for its small vehicles.

In June, Tata Motors, Mahindra & Mahindra, JSW MG Motor India and Toyota Kirloskar Motor wrote to SIAM opposing Maruti Suzuki's call to ease fuel efficiency norms for small cars (weighing less than 1,000 kg). These norms, often called the CAFE norms or Corporate Average Fuel Efficiency norms, are aimed at improving fuel economy and reducing carbon emissions from vehicles.

Small cars in the country currently don't have a separate standard under the existing CAFE 2 norms that have



SHUTTERSTOCK

been in force since 2023. As per the existing rules, the average emissions of all passenger vehicles that weigh less than 3,500 kg should not be more than 113 grams of carbon dioxide per kilometre. But since it's weighted average, it means that some models from the same manufacturer could


have higher emissions, with others compensating for it.

Additionally, under the current norms, carmakers also get benefits for selling technologies such as hybrid vehicles and electric vehicles.

"In India, CAFE targets follow a linear weight-based approach, whereby a lower weight implies a more stringent target," Japanese think tank Nomura Research Institute said in a report. "Under this linear system, the CAFE framework gives heavier vehicles like SUVs or premium cars a much higher

CO₂ target, whereas smaller cars get a much more stringent target."

Meanwhile, the new norms will also factor in flex fuel and battery when enforcing the new norms that will lower the cap to 91.7 g/km. Flex fuels use a blend of petrol with ethanol or methanol.

"Globally, all major automotive markets, including the US, China, Japan, Korea and Europe, offer regulatory protection to small cars under their CAFE frameworks due to their environmental and socioeconomic value," the Nomura report adds. "In contrast, India's linear weight-based CAFE approach penalises lighter vehicles with disproportionately stringent CO₂ targets. This creates a structural bias where heavier vehicles with higher emissions comply easily, while small cars with lower emissions fail. Lightweighting, a key decarbonisation strategy, is thus disincentivised." 

Globally, all major car markets offer regulatory protection to small cars

6.4%

The percentage by which cumulative, all-India rainfall was above the long period average, as of July 21



AFP

RAIN WATCH

Monsoon Moderates, Kharif Rice Sowing Advances

Rainfall was below normal for the first time this season, but deficits in the southern states have reduced

By NASRIN SULTANA

MONSOON RAINFALL WAS moderate in the third week of July, but still crossed the above-normal average. The area for sowing kharif crops, during this period, has picked up pace while reservoir storage levels have continued to increase.

Cumulatively, all-India rainfall was 6.4 percent above the long period average (LPA) as of July 21, based on India Metrological Department (IMD) data analysis by Barclays. This compares to a surplus of 9.8 percent LPA as on July 13, indicating the pace of monsoon rainfall has continued to slow down.

Last week, rainfall was below normal for the first time this season, says Barclays, and the surplus in both the northwest and central regions moderated. Pickup in rainfall in Andhra Pradesh has reduced the deficit in the southern states. The IMD expects “near normal to above



Women plant rice saplings in a paddy field on the outskirts of Guwahati, India, on July 20, 2025.

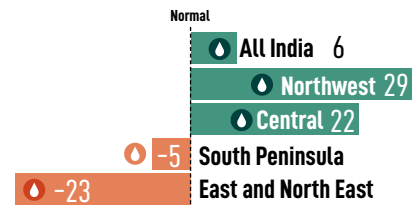
“EXPERT’S TAKE”



Surplus rain in the season, so far, has boosted storage in India's key reservoirs. Overall storage position is better than the corresponding period of last year in the country as a whole.

Aastha Gudwani, India chief economist, Barclays

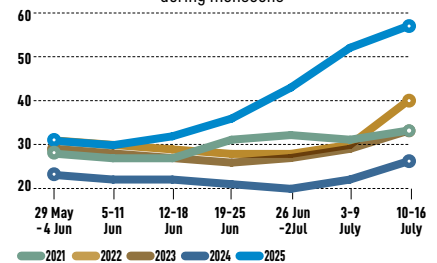
Region-wise Departure of Rainfall From Normal (% Cumulative)



Note: Data as of July 21 **SOURCE** IMD, Barclays Research

Reservoir Storage Status

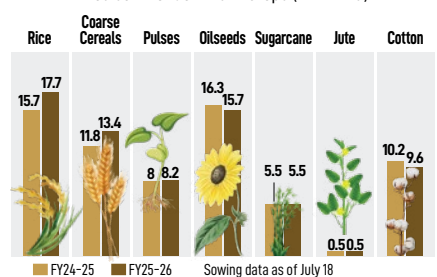
Storage as % of live capacity at full reservoir level during monsoons



SOURCE CWC, Barclays Research

Progress on Kharif Sowing

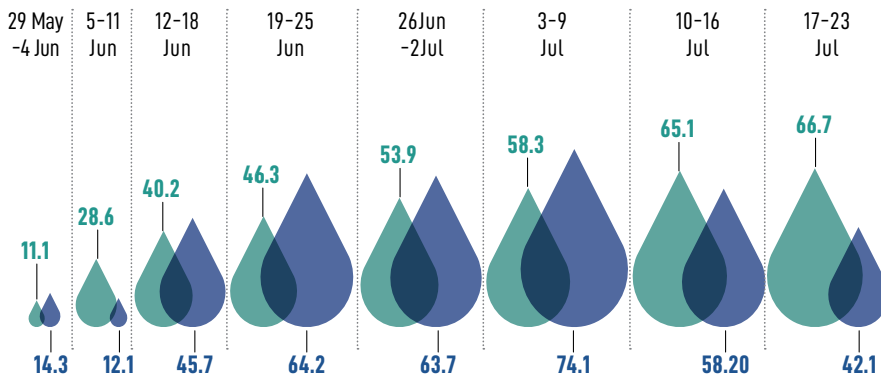
Area sown under kharif crops (in mln ha)



Sowing data as of July 18 **SOURCE** Department of Agriculture & Farmers' welfare, Barclays Research

Rainfall Status - All India

Rainfall (mm) ● Normal ● Actual



Note: Actual rainfall data for the latest week is as of July 21

SOURCE IMD, Barclays Research

normal” rainfall in central and south peninsular India in the last week of July, and “below normal” over most parts of northwest India.

As of July 18, the area covered under kharif crops was 65 percent of the normal area sown. In this period so far, kharif rice sowing has accelerated, while the pace of sowing in pulses has moderated. The water storage in key reservoirs was at 57 percent of the total capacity.

(RAIN WATCH IS A WEEKLY SERIES THAT MONITORS INDIA'S MONSOON, TRACKING DETAILED INSIGHTS ON RAINFALL TRENDS, REGIONAL DISTRIBUTION VARIATIONS, WATER RESERVOIR LEVELS AND SOWING PROGRESS OF ESSENTIAL KHARIF CROPS. THIS IS THE THIRD YEAR OF **FORBES INDIA** TRACKING THE INTERSECTION OF CLIMATE PATTERNS AND AGRI-ECONOMICS)

AI CRASH

Mystery Deepens

Reports have hinted at a possible pilot error for the Air India crash on June 12. India's Aircraft Accident Investigation Bureau says it's too early to reach a conclusion

By MANU BALACHANDRAN



IT'S BEEN A LITTLE OVER A month and the mystery continues to deepen as to why Air India's AI 171 aircraft, a Boeing Dreamliner, crashed in Ahmedabad on June 12.

The aircraft, which was scheduled to fly from Ahmedabad to London, crashed immediately after take off, killing all but one passenger on board. Investigations into what caused the accident continue to be speculative, although India's investigating agencies seem to have absolved Boeing, the makers of the Dreamliner aircraft, of any liability.

On July 12, a month after the accident, India's Aircraft Accident Investigation Bureau (AAIB) released a 15-page preliminary report that seems to point towards the position of the aircraft's fuel cutoff switches, which control the flow of fuel to the engines. The report said the aircraft had reached a maximum indicated airspeed (IAS) of 180 knots at 08:08:42 UTC, just before both Engine 1 and Engine 2 fuel cutoff switches transitioned from "run" to "cutoff". The take off clearance for the aircraft was issued at 08:07:33 UTC. The aircraft started rolling at 08:07:37 UTC.

The switches transitioned from 'run' to 'cutoff' position one after another, within a second of each other, according to the report, with cockpit voices also confirming the situation. One of the pilots was heard asking the other, "Why did you cut off?" The other responded, "I did not do so." At the time the aircraft took off, the co-pilot was flying the plane,

while the captain was monitoring.

While the switches were moved back into their normal in-flight position shortly after, it may not have been enough to arrest the crash. The report said that Engine 1's core deceleration initially halted, then reversed, and began progressing towards recovery. Engine 2, meanwhile, managed to relight but failed to arrest the core speed deceleration and continued to reintroduce fuel in repeated attempts to stabilise.

"When fuel control switches are moved from cutoff to run while the aircraft is in flight, each engine's full authority dual engine control (FADEC) automatically manages a relight and thrust recovery sequence of ignition and fuel introduction," the report said.

AI 171 had 230 passengers on board, of which 15 were in business class and the rest in economy, including two infants. The aircraft carried



PHOTO BY HANDOUT / CENTRAL INDUSTRIAL SECURITY FORCE (CISF) / AFP



54,200 kg of fuel. “The take off weight was within allowable limits for the given conditions. There were no ‘Dangerous Goods’ on the aircraft,” the report noted.

At about 08:09:05 UTC, one of the pilots transmitted “MAYDAY MAYDAY MAYDAY”. While the air traffic control inquired about the call sign, there was no response, and instead saw the aircraft crashing outside the airport boundary.

The report seems to have absolved Boeing 787 jets, which had faced increased scrutiny in the aftermath of the accident. “At this stage of the investigation, the AAIB has not issued any safety recommendations for

Boeing 787-8 aircraft or GE GENx-1B engine operators and manufacturers,” the report said.

The accident is the first instance of an air accident for the Tata Group, which had laid out an ambitious plan to become a market leader in one of the world’s fastest-growing aviation markets. India is the third-largest aviation market, after the US and China, and has more than 1,000 aircraft under order, a bulk of which have been placed by Air India and IndiGo. Together, the two airlines account for as much as 90 percent of the domestic market.

SPECULATIONS GALORE

Since the AAIB first published its report, numerous reports have hinted at a possible pilot error, forcing the AAIB to make a public appeal against such claims. “At this stage, it’s too early to reach any

The accident is the first such instance for the Tata Group, which had laid out an ambitious plan to become a market leader in one of the fastest-growing aviation markets

definite conclusions,” AAIB said in a statement after a report in the *Wall Street Journal* said it was Captain Sumeet Sabharwal, the senior pilot, who had switched off the fuel control switch.


“The investigation by the AAIB is still not complete,” the report said. “The final investigation report will come out with root causes and recommendations.”

Speculation on the actions of the pilots also forced the National Transportation Safety Board (NTSB), an independent US

government investigative agency responsible for civil transportation accident investigation, to call such reports speculative.

“Recent media reports on the Air India 171 crash are premature and speculative,” Jennifer Homendy, head of NTSB, said in a statement. “India’s Aircraft Accident Investigation Bureau just released its preliminary report. Investigations of this magnitude take time. We fully support the AAIB’s public appeal, and will continue to support its ongoing investigation. All investigative questions should be addressed to the AAIB.”

In the meantime, Air India has completed precautionary inspections on the locking mechanism of Fuel Control Switch on all Boeing 787 and Boeing 737 aircraft in its fleet. Boeing 737 aircraft are part of the fleet of Air India Express, Air India’s low-cost subsidiary.

“In the inspections, no issues were found with the said locking mechanism,” Air India said in a statement. “Air India had started voluntary inspections on July 12 and completed them within the prescribed time limit set by the DGCA. The same has been communicated to the regulator.” 



The wreckage of AI 171 that crashed in a crowded neighbourhood just outside the Ahmedabad airport

COLUMN



By KIRTI BALASUBRAMANIAN & PAARTH SAMDANI

What's In A Name?

Celebs increasingly claim legal ownership over fan-given nicknames to protect their commercial interests

INDIA LOVES ITS CELEBRITIES —larger-than-life characters, who are elevated, adored and revered. It is therefore no surprise that celebrities who are most beloved receive fan-given nicknames. These

sobriquets, especially in sports and cinema, sometimes become so embedded in public consciousness that they are inseparable from the individual. For instance, there is no dispute that Rajinikanth is 'Thalaivar'

and Sachin Tendulkar the 'Master Blaster'.

These titles begin as informal expressions of admiration and are freely used by the public. Over time, they become exclusive identifiers for



the celebrity. But when a nickname achieves this status through public use, can one claim legal ownership? Though the issue raises ethical questions, we attempt to analyse it from a legal perspective.

Celebrities are increasingly claiming exclusivity, both over their given names as well as fan-given nicknames. Tendulkar and Akshay Kumar have filed trademarks for their nicknames, Master Blaster and Khiladi, for business activities from apparel to entertainment. Most recently, MS Dhoni joined their ranks, seeking a trademark for his moniker 'Captain Cool'. This seems reasonable

in a world where celebrities command mass attention but where reputations are fragile, and minor missteps damage commercial value.

The Trade Marks Act, 1999, recognises the need to protect identity, barring the registration of marks which falsely suggest a connection with a person, living or deceased (20 years). Indian courts have protected well-known celebrities such as Amitabh Bachchan, and even the renowned heart surgeon Dr Devi Shetty. However, whether celebrities can trademark fan-given nicknames is a more nuanced matter.

First, a trademark is any sign—name, logo, trade dress, sound etc—that identifies the source of goods or services and distinguishes them from others. A nickname qualifies as a mark capable of protection, provided it denotes specific goods and services. For example, Captain Cool has been filed for sports coaching, while Khiladi is intended for a broad array of activities. However, protection is not absolute. Unless a trademark is formally designated as “well-known”, exclusivity is limited to specific business activities.

Trademark filing is also a claim of ownership. A celebrity may adopt a fan-coined nickname and seek trademark protection. This is largely possible as no one person has proprietorship over such nicknames. Though a given name is part of one's core identity, fan-given nicknames emerge from the public sphere. In rare cases, where third parties hold prior rights, the celebrity may need to acquire such rights. Public records suggest that Kumar may have followed this approach to acquire the Khiladi name.

That said, not all trademarks are registrable. A trademark must

not be generic, misleading, offensive, confusingly similar to an existing mark, or lack intent of genuine use. Each application is examined against these standards for the specified goods or services. The Khiladi trademark, for instance, is registered for animation, stationery, etc but rejected for entertainment services. A trademark must also be put to use in relation to the business activities for which it is registered. Squatting and non-use can result in cancellation of the registration, and this equally applies to any claimed nicknames.

Trademark registrations can give celebrities additional rights to sue perpetrators, provided all conditions are satisfied. A celebrity can secure quick relief from courts on the basis of such registration. Publicly available registration details also act as deterrents to misuse.

Globally, laws vary. For instance, in the United States many states grant a statutory “right of publicity”. In Germany and France, civil law provides protection to all elements of personality. India does not have a codified law on personality rights, but courts have repeatedly stepped in to prevent commercial misuse, including recently in the case of Jackie Shroff's nickname, 'Bhidu'. However, in the absence of a comprehensive legislation protecting their rights, celebrities often rely on trademark filings as a proxy, which blurs the line between branding and personal identity.

In conclusion, trademark registration can be a powerful tool for celebrities to protect their public image and commercial interests. However, the process must be grounded in legitimate business needs, not monopolise public affection, or suppress harmless fan expression. Overreaching claims risk both legal rejection and public backlash. **T**

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Trademark registrations can give celebrities additional rights to sue perpetrators



“These markets are access-deprived. As founders and product builders, we have failed this market.”

SELVAM VMS,
founder & CEO, Wheelocity



The Other Guys

Not every tech-led startup serves up organic food in eight minutes. Some chose the rough and tumble of country roads. And they are raising funds and earning revenues

By NAINI THAKER



A

bout 110 km from Tiruchirappalli, in Tamil Nadu, lies Vadaku Kodivayal. It is a tiny village, home to 183 residents. It has no digital footprint. You will not find it on Google Maps.

Every morning, at 5:40, Vadaku

Kodivayal's sleepy lanes come alive as a man in a bright green T-shirt navigates his electric three-wheeler cart through them. A melodic jingle

drifts from the cart's loudspeakers, announcing the arrival of fresh groceries and daily essentials.

Nicknamed WoW—short for Wheelocity on Wheels—this cart is from Chennai-based Wheelocity, a startup using technology, electric vehicles (EV), and gig workers for last-mile delivery of fresh food and essential services in rural India. It began its journey by streamlining fresh food supply chains across urban India. But towards the end of 2023, the founders realised that though urban operations offered scale and



“We are not competing with the small retailer, we’re helping them stand out... hence building on the concept of for Bharat, by Bharat.”

ANSHOO SHARMA, co-founder, MagicPin

efficiency, a greater impact could be created outside the big cities.

Wheelocity is one among a bunch of startups which has turned their backs on the hustle of big cities and taken the road less travelled. CureBay uses technology and asset-light e-clinics to for health care in underserved areas. Arivihan uses artificial intelligence (AI) to deliver personalised, multilingual and affordable education. SolarSquare makes solar energy accessible to middle class households in Tier II and III towns. CityMall leverages microentrepreneurs for hyperlocal ecommerce delivery. SumoSave offers wholesale groceries with sustainable packaging at affordable prices. And MagicPin digitises offline retail, connecting local merchants to nearby consumers through its hyperlocal platform.

Together, they could be scripting India’s next big consumption story—in the vast, underserved middle of the pyramid—stepping in to fill the gaps left by traditional players. Fuelling this consumption story is that small towns and villages,

contract to popular belief, do have disposable income, along with the newly created digital infrastructure.

“The issue is that these markets are extremely access-deprived. We [those living in urban areas] are extremely spoilt. We get annoyed when we don’t get our deliveries in seven minutes. But these markets have to wait for seven days to go to a local haat and buy things,” says Selvam VMS, co-founder and CEO of Wheelocity.

NO CAKEWALK

This is not the first wave of startups trying to build businesses that cater to what is usually called Bharat. But not many have succeeded so far. Selvam believes most founders design products for urban India and expect Bharat to simply download and use them. “The problem has never been on the demand side—it has always been on the supply side. As founders and product builders, we have failed this market,” he says.

Building for Bharat comes with hurdles. Supply chain infrastructure is weak, demand is scattered and logistics are poor. Customer acquisition is not easy, either, because many people are not active on digital platforms and even if they are, expecting them to navigate complex app flows like urban users is unrealistic.

“Partial solutions don’t work for Bharat consumers. They want end-to-end services without having to make complex decisions or manage multiple vendors. For Bharat, models that do part of the job are not good enough. You have to do the full job,” says Rahul Taneja, partner at venture capital firm Lightspeed.

Rural markets are highly diverse, requiring hyper-localised strategies and flexible product designs—what Selvam calls “an amoeba

WHAT IS ‘BHARAT’?

It includes both rural and non-metro urban India, representing the **real middle class and aspirational lower-middle class** that has historically been excluded from mainstream economic growth and consumption narratives



PHOTO BY DIPTENDU DUTTA/NURPHOTO VIA GETTY IMAGES

approach to product building”.

Perhaps the biggest challenge is trust. In Bharat, commerce is built on relationships. People buy from shops their families have trusted for generations. Trust here is not about the best UI/UX on an app, it is about familiarity. “Trust equals a face, not a faceless app,” says Selvam.

This is why Wheelocity chose to take the ‘phygital’ approach—building a modern-day, tech-enabled ‘*thelawala*’ (Hindi for costermonger). Its fleet of more than 2,000 electric three-wheelers services 3,500 villages in Tamil Nadu, twice a day, delivering groceries, fresh produce, FMCG and apparel. Each vehicle in its fleet has Internet of Things-enabled weighing plates.

“The exact weight is captured digitally via the gig worker’s app, down to the last decimal,” explains Selvam. This eliminates manual errors and prevents the typical 8 percent margin erosion seen in fresh produce. “Atomic innovations like these swung my profit and loss statement by 9.5 percent,” he adds.

ACCESS AT SCALE

So far the majority of health care investments has gone into the top cities. “A majority of the population continues to rely on public infrastructure. Though they can afford it, they live in the emerging



“This group will be the fulcrum of India's economic growth. Serving them will require a rethink of distribution strategies.”

MOHIT KAMPANI,
founder & CEO, Sumosave Retail

India, or Bharat, and have no access,” explains Priyadarshi Mohapatra, founder and CEO, CureBay. As you move down the tiers, especially to Primary Health Centres (PHCs), the absence of doctors becomes stark. Nearly 70 percent of PHCs lack medical personnel, not due to lack of intent but due to a massive shortage.

When Mohapatra started mapping

the patient journey, he realised that the supply chain was broken. Since people do not find doctors at PHCs, he explains, “they turn to local pharmacies, which are often run by traders rather than certified pharmacists. These outlets frequently dispense antibiotics without prescriptions, leading to widespread misuse and growing antibiotic resistance in rural India”.

He discovered that cost was not the primary barrier to accessing district-level care, experience was. Patients and caregivers would travel far and often face exploitation by informal health care agents (commonly known as health care *dalals*, or middlemen) who intercept them at transport hubs and in hospital corridors, redirecting

Why It's Still Unsolved?

1

Broken Supply Chain Infrastructure

ISSUE: Logistics and delivery networks are underdeveloped or non-existent in these areas

IMPACT: Unlike urban areas where next-day delivery is feasible, Tier III and IV regions suffer from low delivery frequency due to dispersed demand and poor unit economics

2

Difficult Customer Acquisition

ISSUE: Traditional digital marketing channels (Instagram, Facebook, etc) are ineffective

IMPACT: These consumers are not easily reachable online, making acquisition expensive and inefficient compared to urban users who are digitally active

3

Low Digital Nativity

ISSUE: Users are not comfortable with digital interfaces

IMPACT: Simply launching an app on the Play Store doesn't work. These users need handholding, education and transformation—not just access

4

High Market Heterogeneity

ISSUE: Extremely diverse markets in terms of income, expectations, product preferences and behaviour

IMPACT: Unlike urban India (92 percent homogenous), Tier III and IV markets require hyper-localised, adaptable products

5

Long Trust Bridge Markets

ISSUE: Trust is deeply personal and generational in rural India

IMPACT: Transactions are built on relationships, not faceless platforms



them to private setups with whom they have financial arrangements.

CureBay was built as a hybrid health care model with two distinct components. The first, the tech platform, “was the easy part”, says Mohapatra. The real challenge was bringing quality health care to remote and underserved areas.

“We set up a network of asset-light e-clinics, each around 200 to 250 sq ft, staffed by a pharmacist and a nurse,” he adds. These clinics are equipped with three key tools: Access to CureBay’s platform, medical-grade point-of-care devices for capturing vitals, and diagnostic tools for common tests such as haemoglobin, sugar, malaria and more.

When a patient arrives at an e-clinic, the staff records their symptoms and vitals, creating a digital pre-clinical note. This is followed by a doctor consultation, which is mostly digital but occasionally in-person. “We call these ‘assisted digital consultations’, a model that blends technology, touch and trust to deliver high-quality care at the last mile,” says Mohapatra.

Using the e-prescription given by the doctor, a nurse or pharmacist helps the patient with the medicines and the diagnostics tests, either in-house or through a partner lab.

“Everyone knows everyone in smaller towns. Our referral programme gets us close to a third of our revenue.”

SHREYA MISHRA, co-founder,
SolarSquare Energy

“In this manner, almost 70 to 80 percent of a patient’s health care needs are taken care of, and only at ₹100 for the first-time consultation for the general physician,” he adds. Currently, a ₹100-crore company, CureBay has served close to 18 million people so far and has 150 clinics between Odisha and Chhattisgarh.

In certain cases, if there is specialist or tertiary care required, CureBay helps schedule appointments with its partner hospitals. “This removes the health care *dalals* and information gaps,” says Mohapatra.

BHARAT’S LANGUAGE

CureBay has taken onboard retired and former government doctors, many of whom operate from their homes and occasionally travel to nearby clinics. “This approach helped us bridge language barriers, as both doctors and clinic staff are

recruited locally and speak regional dialects,” says Mohapatra.

On the tech front, CureBay has built vernacular capabilities, including a large language model (LLM) which supports Odia. A similar model will be deployed in other regions.

This emphasis on language, accessibility and contextual relevance is equally critical in education. While online education was growing, most platforms either lacked quality or engagement. “Offline coaching centres are the best preparation option for most students, but they are very expensive and, therefore, inaccessible to most,” says Ritesh Singh, who, along with Sonu Kumar Prashant and Rushabh Kothari, set up Arivihan to provide students in Tier III and IV cities with affordable interactive education in regional languages.

But finding qualified tutors for every regional language was not easy. So the founding team built Arivihan as an AI-led edtech platform. “These are AI-based interactive lectures from experienced faculty that are personalised for each student. Additionally, students can ask queries through our built-in tutor bot for instant solutions, not just in text, but also in the video format,” says Singh. The team has built the entire platform in English and Hindi

and is set to go live with Bengali.

“Regional languages are a big challenge, which we believe can only be solved using AI, at scale,” he adds. Currently, the platform is live in Tier III and IV cities in Madhya Pradesh and Rajasthan, focusing on imparting coaching for Grade 12 state board and NEET examination preparation. “Most offline classes would cost upwards of ₹20,000, whereas we charge ₹3,000 only for the entire programme, for all subjects. It is a freemium model, where a few chapters are free for students to experience and the rest is paid content,” says Singh.

Despite its low rates, Arivihan says it is on the path to profitability, thanks to its AI-led model, which significantly reduces operational costs. The Accel-backed startup sold around 15,000

“A majority of the population relies on public infrastructure. Though they can afford it, they live in Bharat and have no access.”

PRIYADARSHI MOHAPATRA,
founder and CEO, CureBay



The Bharat Opportunity

India is currently disproportionately represented by **the top ~60 million households controlling almost 2/3rd of the national income**



The next leg of growth has to come from the **‘Bharat’ economy**—the **0.5 billion** people at the middle who have **so far been absent** from the journey



India’s middle class is expected to grow from **130 million to 190 million households, encompassing 800 million people**

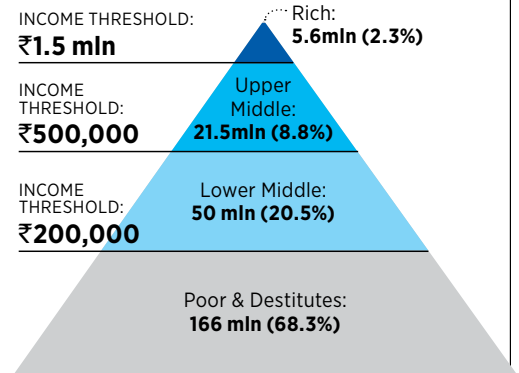
India is on track to become an **upper-middle-income economy with per capita income nearing \$5,000 by 2030**



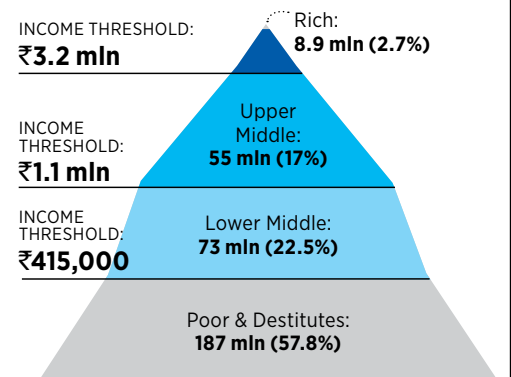
SOURCE Bernstein’s report ‘Bharat 1.0: Bridging India’s Missing Middle’

Bridging The Gap

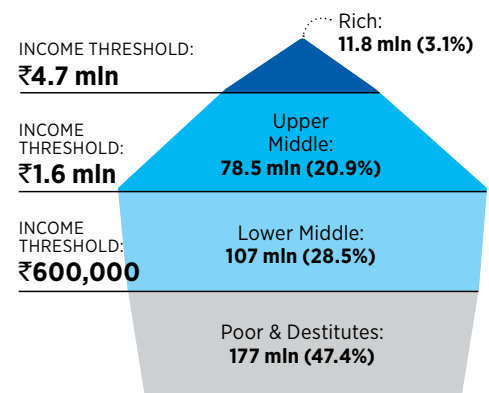
The number of households in each category, signalling the income pyramid inversion in a decade or two



2010



2025E



2035E

Note: Income thresholds have grown at the inflation rate of 5 percent from 2010 and gradually decreased to 3 percent over 30 years. Thresholds for upper-middle and rich increased slightly faster (0.2 percent) as the lower income got some cushion from tax bracket changes in the lower threshold

SOURCE Ministry of Statistics and Programme Implementation (MOSPI), UN population estimates, census data, Bernstein analysis and estimates



CityMall co-founders (from left): Naisheel Verdhhan, Angad Vinod Kikla and Rahul Gill at their warehouse in Khandsa village, Gurugram, Haryana

subscriptions in the last academic year, and clocked a turnover of ₹3.2 crore. With a fresh round of funding of \$4.17 million in July, Arivihan hopes to scale up the business a lot faster by moving into more states and languages. “The product building part is done, now it is all about execution,” Singh says.

EMI FOR MONTHLY BILL

The Bharat consumers’ mindset is at the heart of India’s solar adoption story.

The starting investment for installing a solar panel for a 2 BHK is ₹2 lakh. For smaller households, the investment remains in the ₹2 lakh to ₹3 lakh range. But for larger houses it can go up to ₹4 lakh to ₹5 lakh or more.

“What is fascinating is that 70 percent of our consumers are two-wheeler households. They don’t yet own a car. At this price point [of solar panels], they could easily buy a second-hand car,” says Shreya Mishra, co-founder, SolarSquare Energy, which with ₹350 crore in FY24 revenue, has raised over \$53 million in funding.

Interestingly, 60 percent of its customers do not have an air conditioner (AC). For many, the

“We are a next-day delivery model, significantly cheaper than quick commerce or kirana stores.”

ANGAD KIKLA, co-founder, CityMall

trigger to go solar is the rising temperatures, especially during the exam season for children. They want to buy an AC but before that they choose to install solar. “An AC can increase the electricity bill by ₹10,000 to ₹20,000 annually. This reflects a very Indian value system: Savings and financial prudence come first,” Mishra says.

SolarSquare offers a zero-investment financial product. “It is a five-year loan where the EMI is matched to the customer’s existing electricity bill. For example, if a household typically pays ₹3,000 a month for electricity, they can opt to pay a ₹3,000 EMI instead—for just five years,” says Mishra. “Since this amount is budgeted in their monthly expenses, there’s no additional financial strain on the family.”

After five years, the loan is paid off and the solar system continues to generate electricity for the next 20. Sixty percent of SolarSquare’s customers prefer taking a loan.

TAPPING MICROENTREPRENEURS

Outside the big cities, community connections and word-of-mouth matter more. “Everyone knows everyone in smaller towns. Our referral programme gets us close to a third of our revenue. Interestingly, referrals barely work in the metros,” says Mishra.

Most startups looking to scale in Tier III and IV cities work closely with microentrepreneurs—individuals who run small-scale, often informal or semi-formal businesses, typically within their local communities. SolarSquare also works with local ambassadors such as hardware shop owners who can tap into these trust networks and make a commission on every order.

Similarly, Gurugram-based CityMall has been working closely with microentrepreneurs. Earlier, it engaged with them to bridge the trust gap in ecommerce, but now

has them for last-mile fulfilment. “They offer low-cost, hyperlocal delivery. Without them, building our own delivery infrastructure would be expensive and inefficient,” says Angad Kikla, co-founder, CityMall.

The company pays these microentrepreneurs (delivery partners) a commission for every delivery. “We deliver products to them in bulk. They do the bulk breaking, packing and delivering,” says Kikla. These are micro-dark stores, but CityMall does not invest in the real estate or manpower. “We are a next-day delivery model, significantly cheaper than quick commerce or kirana stores,” adds Kikla. Having a 100-percent online and comparatively asset-light model, he says, “We are making money on every order, unlike most others in this category.” It does not charge any platform or convenience fee.

CityMall operates in 60 cities across Haryana, Uttar Pradesh and parts of the National Capital Region. Backed by Accel, Elevation Capital and General Catalyst, it claims to have grown more than three times in 15 months and is doubling its revenue year-on-year. In FY24, it clocked ₹427 crore in revenue.

A DIFFERENT WORLD

Consumer demand in India is deeply fragmented even within short distances. For instance, in

Kolkata, Doctor’s Choice is a popular mustard oil brand. But 40 kilometres away, in the Hooghly belt, Saloni dominates. This fragmentation applies to all categories.

MagicPin, a hyperlocal commerce platform, has built its model around this reality. “Retail in India is a trillion dollar market, and 90 percent of consumption still happens offline,” says Anshoo Sharma, co-founder of MagicPin. “Our job is to bring these local markets alive on the user’s smartphone.”

From small food joints to fashion outlets, MagicPin connects local merchants to digital consumers, enabling discovery, transactions, and even delivery—all within a few kilometers. “We are not competing with the small retailer, we’re helping them stand out,” Sharma adds, “hence building on the concept of for Bharat, by Bharat.”

“Offline coaching centres are the best preparation option for students, but they are very expensive and, therefore, inaccessible to most.”

RITESH SINGH, co-founder, Arivihan

So far, organised retail has largely focussed on the top 40 cities, serving around 200 million consumers. But to unlock the next wave of growth, businesses must reach the next 200 million consumers—spread across 900 to 1,000 cities, says Mohit Kampani, founder & chief executive officer, Sumosave Retail.

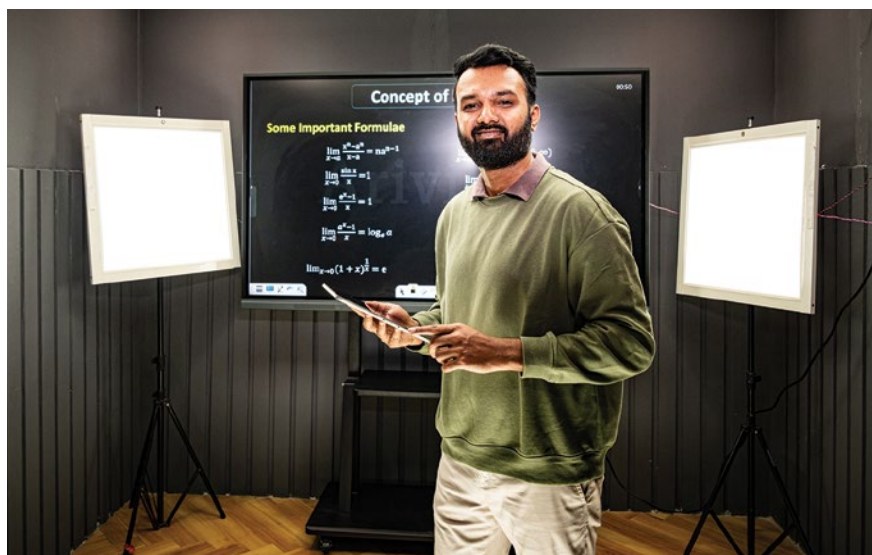
A Bernstein report forecasts that while the top 10 cities will contribute \$46 billion in incremental retail growth over the next decade, the next 30 cities alone will contribute \$170 billion, presenting a much larger opportunity. “This group will be the fulcrum of India’s economic growth. Serving them will require a complete rethink of distribution strategies—more decentralised, more localised, and far more complex,” explains Kampani.

SumoSave is building a retail model for middle-income consumers. “We think of ourselves as a modern *ration ki dukaan*,” he says. The stores come in two formats—5,000 sq ft and 2,000 sq ft—and are positioned as full-fledged supermarkets, based in dense middle-income localities.

Their communication is in regional languages and there is no visual merchandising or complex promotional messaging. “We never say 25 percent off—instead, we write the discounted price, and keep pricing simple and transparent, with no complex cashbacks,” says Kampani, who often prefers local brands to national brands.

Will quick commerce find its way to Bharat? Kampani thinks not. “Our busiest shopping hours are between 7 pm and 10 pm, with 50 percent of daily sales happening during this window,” he says.

Despite the rise of digital payments, 60 percent of SumoSave’s transactions are still in cash. These consumers use digitisation selectively; their core financial behaviour remains cash-driven. “That’s how they earn, budget and manage household expenses. It is a different world,” says Kampani. **F**



Out of Favour

Even as there is emphasis by the government on manufacturing and defence in India, investors are losing interest in mutual fund schemes themed on those

By NASRIN SULTANA

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ILLUSTRATION BY CHAITANYA DINESH SURPUR
IMAGES: SHUTTERSTOCK, GETTY IMAGES, FREPIK



Theme-focussed funds rode on optimism as the government prioritised manufacturing, defence, and innovation through policy incentives and budgetary support. But investor appetite for mutual funds with these themes now seems to be waning, resulting in low inflows or redemption pressure.

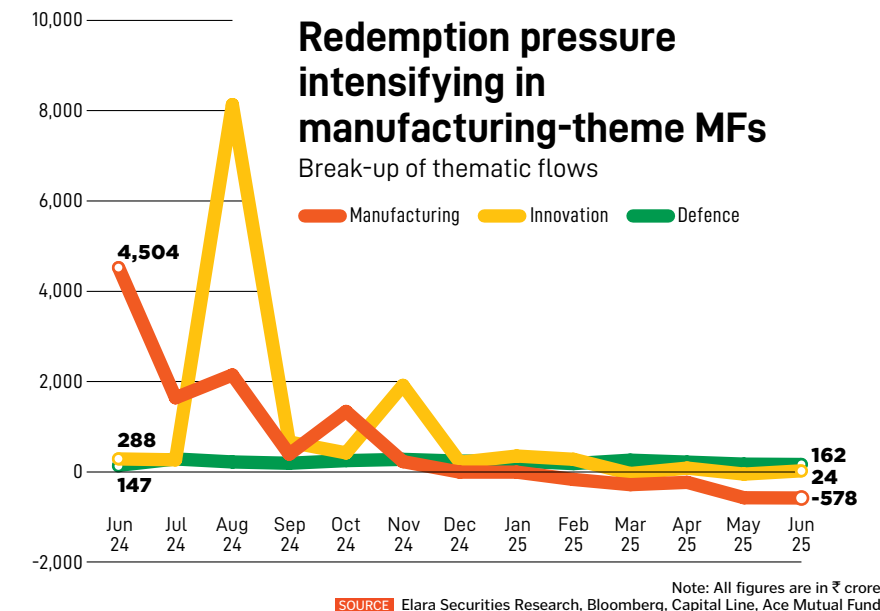
Redemption in manufacturing (within thematic schemes) was at a seven-month high in June at ₹578 crore, shows latest data from the Association of Mutual Funds in India (AMFI). This compares to a redemption of ₹573 crore in May.

Net inflows into manufacturing have been consistently under intense redemption pressure. In June last year, manufacturing-themed focussed funds received a net inflow of ₹4,504 crore. However, net inflow into these funds thereafter declined month after month to gradually turn into a redemption of ₹7 crore last December. (Redemption is partial or full exit of investors from mutual fund schemes.)

“The most pronounced investor enthusiasm since 2023 was seen in manufacturing, innovation, business cycle and infrastructure-themed funds. However, manufacturing has already witnessed redemptions over the past few months, and inflows into other categories have also decelerated,” says Sunil Jain, analyst, Elara Capital.

Net inflows into defence-themed funds, too, have slowed to ₹162 crore in June from ₹168 crore in previous month. This compares to a net inflow of ₹258 crore in July and ₹147 crore in June last year.

According to Jitendra Sriram, senior fund manager-equity, Baroda BNP Paribas Mutual Fund, some part of the redemption in the manufacturing category could probably be attributed to the flat performance of Nifty India Manufacturing index (on a one-year basis) as broader markets



have seen slightly better returns. “In our view, the longer-term case for manufacturing remains intact, with the government taking numerous initiatives to lift the share of manufacturing within the GDP like production linked incentives (PLI),” he says.

Looking at it from a larger perspective of investor sentiment, net inflows into overall thematic and sectoral funds have also declined, slipping to ₹476 crore in June, shows AMFI data. This compares to a net inflow of ₹2,052 crore in thematic and sectoral funds in May and a whopping ₹18,386 crore in July last year.

Overall, after hitting a 13-month low in May, inflows into equity mutual fund schemes rebounded to ₹23,500 crore in June from ₹19,000 crore in the previous month.

WHY ARE THEY LOSING SHEEN?

In the last few years, the government has been pushing schemes like the ‘Make in India’ campaign to incentivise home-grown products in India or promoting Atmanirbhar Bharat.

A look at the performance of the defence and manufacturing index is indicative of the interest shown by investors. For instance, the

Nifty India Defence index jumped 37 percent from January to June period, gaining 2 percent in June. In contrast, benchmark Nifty rose 8 percent in the first six months of the year, adding 3 percent in June.

However, MF schemes based on such themes are losing allocation of money by investors. Amey Belorkar, senior vice president, IDBI Capital Markets & Securities, notes a few reasons for the slowdown. First, short-term profit booking after an initial surge in stock prices across listed defence and manufacturing firms. Second, limited understanding among retail investors about the gestation periods and procurement cycles involved in defence projects. Third, muted marketing of defence as an investment theme compared to technology or banking.

“The long gestation nature of defence projects contrasts with the shorter timeframes most mutual fund investors are comfortable with. The ecosystem is still evolving—both in terms of domestic vendor capabilities and integration with global original equipment manufacturer (OEMs),” he says, adding that, after the initial enthusiasm, market participants are seeking tangible execution and delivery.

However, he sees the slowdown in inflows as a temporary pause rather than a reversal. “Investor confidence isn’t necessarily lost—it’s recalibrating,” says Belorkar, adding that awareness, patience, and alignment of mutual fund offerings with the real business cycles of these sectors is needed. He expects a strong rebound in mutual fund allocations to these themes once policy execution aligns with capital flows and earnings visibility improves. “As strategic orders (especially exports) start converting into deliveries and revenues, investor confidence should return,” he says. That apart, steep valuations have also led mutual fund investors to reassess and adjust their positions in schemes focussed on manufacturing and defence.

According to Sriram, defence as a sub-theme within manufacturing got a massive leg-up on valuations after the border skirmishes in April and May. “Emergency procurement, stock refilling by the services and certain large awards catalysed the sector leading to a sharp up move in stocks probably a little ahead of the lift-up in earnings. This may have prompted certain investors to take profits and deploy elsewhere,” he says.

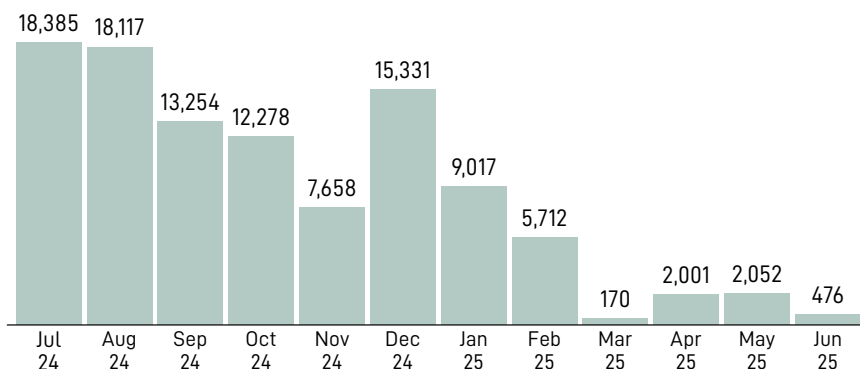
Meanwhile, the Nifty India Manufacturing index jumped 5 percent in January to June, while gaining 3 percent in June.

“A small subset of investors could be more momentum driven or seeking more instant gratification which could explain this shorter-term holding horizon,” says Sriram.

Defence can be a narrow theme as it is very specific with largely one buyer—the services, while manufacturing encompasses auto, industrials, chemicals, healthcare, energy, commodities etc which logically makes it less volatile than a narrower segment.

“In our view, the percentage of the total industry corpus in defence and manufacturing is still small,” says Sriram.

Inflows into equity sectoral/ thematic funds



SOURCE: AMFI, JM Financial

Note: All figures are in Rs crore

THE BOOM IN DEFENCE

Being the fourth-largest defence spending country, India is also one of the fastest growing defence markets. As part of the government’s Viksit Bharat 2047, which envisions India as a developed nation by 2047, India will develop multifarious capabilities across the board, including defence.

About 13 percent of India’s total national budget is allocated to the defence sector with 25–30 percent earmarked for capital expenditure. For FY26, capex budgetary allocation

for defence stands at \$21 billion.

The budgetary allocation will facilitate equipping the armed forces with cutting-edge, niche technology, lethal weapons, fighter aircraft, ships, platforms, UAVs/drones and specialist vehicles.

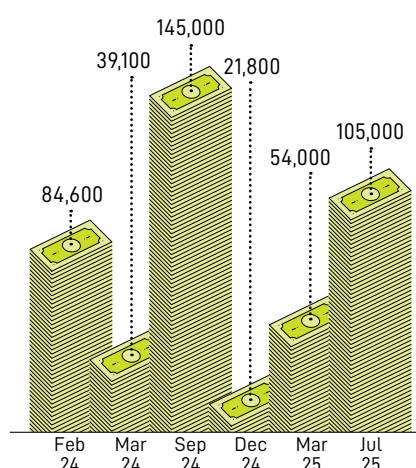
India is among the top five defence spending nations in the world, top three for foreign raw material procurement (imports) and a rising exports giant (exports to 84 countries). India’s defence production surged to ₹1.3 trillion in FY24 compared to ₹74,100 crore in FY17. Of this, PSUs make up a larger mix (70–80 percent), and private firms’ share has steadily risen to 20–30 percent currently.

Indian defence stocks across the spectrum have re-rated explosively over the past two–three years on back of improved visibility.

“The ammo came from the government’s indigenisation drive, exports-focussed growth (increased NATO defence spending plans) and recent retaliation against a neighbouring country, which added fuel to the fire. This is evident in robust ordering momentum (across value chain) and better execution (not yet broad-based). Most private defence stocks are trading at a premium to DPSUs given their higher earnings’ CAGR and superior returns profile,” says Vijay Bhasin, Nuvama Institutional Equities.

Ministry of Defence's capital acquisition proposals in 2024-25

Amount (₹ cr)



SOURCE: PIB, Nuvama Research



ASHISH KOHLI
CEO, Monedo
Financial Services

FROM CRISIS TO CATALYST: HOW ASHISH KOHLI IS REIMAGINING LENDING FOR THE NEXT BILLION- MONEDO FINANCIAL SERVICES

functioning platform and foundation to scale using the industry-first digital NBFC license from the RBI.

Developments post-pandemic

Post-pandemic, Ashish had his task cut out, “The pandemic brought both challenges and opportunities. Lending demand dropped sharply due to economic uncertainty, and defaults rose initially. But it also accelerated digital adoption, which helped us reach more customers online with innovation” he explains.

During this difficult time, Ashish’s determination to succeed got him to hustle in ways he never had before.” One of the biggest challenges was managing uncertainty and constant firefighting, especially in the early days. Unlike the structured corporate world, startup life throws unexpected problems every day. I overcame this by building a strong core team, in house technology, staying focused on customer value, and learning to make decisions quickly even with available data.” he explains.

The pandemic brought both challenges and opportunities. Lending demand dropped sharply due to economic uncertainty, and defaults rose initially. But it also accelerated digital adoption, which helped us reach more customers online with innovation.

Results that speak for themselves

Over the past five years, Ashish has managed to prove his sceptics wrong by consistently maintaining growth since inception. For this, the company has been working to reduce its operational costs to disbursement ratio from 10% to 2%. This includes reducing the total expenses to disbursement ratio from 13% in FY24 to 4% in FY25, managing cash flow carefully through automation and efficiency.

Another challenge was the cost of acquiring customers, where Ashish and his teams’ wide industry connections helped develop strategic lending partnerships to keep the cost of customer acquisition low.

Future Plans

FY 24-25 has reported exceptional results with increase in disbursement, delivering full year profit and immaculate portfolio quality. Monedo Finance is now working to expand its operations across Tier 2 and 3 cities, even as the industry faces increasingly strict RBI transparency guidelines that could be a barrier to operational efficiency.

“While it added compliance overhead, it’s a step in the right direction for customer trust. We’ve shifted to a more transparent data collection model, invested in customer education, and enhanced our in-house analytics to rely more on verified data rather than just publicly available sources,” he explains.

Despite these challenges, Ashish has managed to carve a place for himself as a disruptor in the tightly contested lending market. As a determined voice in the finance domain, Ashish has shown what it takes to build a startup from scratch purely through skill, will and the urge to reach uphill.

At a time when the pandemic shuttered startups and shook the foundations of global finance, Ashish acquired and rebuilt a failing German fintech into a purpose-driven Indian success story.

Five years ago, when everyone was forced indoors due to the pandemic, a seasoned professional tasked with setting up the India operations of a celebrated German fintech startup saw an opportunity no one else did. Ashish Kohli was just about two years into his role as CEO of Kreditech Financial Services India, later renamed Monedo, when the German headquarter got liquidated. With over two decades of experience in finance, Ashish knew he had an opportunity he couldn’t miss, taking the bold decision to take over the Indian operations, along with the brand, to set up Monedo Financial Services India.

Transitioning from the CEO to founder wasn’t easy. “As a founder, the responsibility starts from setting the vision to building a product from scratch, hiring the first team members, and even handling operations hands-on. As CEO, the role is more about strategic leadership, scaling the business, and building long-term value,” he explains as he aims to leverage Monedo India’s

Bhasin feels that increased geopolitical uncertainty (Europe, Middle East, East Asia) disrupting global supply chains is leading India to ascribing even greater importance to localisation in the years to come, which will unveil a golden pipeline for the private defence industry.

India's defence capex budget for FY26 is ₹1.8 trillion compared to ₹1.4 trillion in FY22 as defence capex (actuals) rose at a 7–8 percent CAGR over the last five–six years. Over FY17–22, defence production expanded at a strong 8.2 percent CAGR. The government has set a defence production target of ₹3 trillion by FY29 in sync with its aggressive approach towards import embargo of defence equipment.

WILL MF MONEY RETURN?

Sriram feels that all the segments (manufacturing, defence) are intertwined with the core economic growth, so, whenever there is any cycle in the local economy (for instance, the slower growth in FY25 because of electoral cycles etc), we would see a corresponding slower growth trajectory here. "Sharp spurts in raw materials could be the other factor imparting margin volatility," he adds.

The government is keen to

PHOTO BY ARUN KUMAR/ THE INDIA TODAY GROUP VIA GETTY IMAGES



Deputy Chief of Army (Capability Development and Sustenance) Lt-Gen Rahul Singh during the 'New Age Military Technologies' exhibition in New Delhi in July

step up manufacturing hubs. Apart from multiple schemes for incentivising manufacturing, it is also emphasising on training people (Skill India initiative, apprenticeship programme etc).

"Defence is more a sub-segment of this, capitalising on Make in India, Aatmanirbhar initiatives and now gradually exploring the export potential. Infrastructure will largely include asset operators (ports, airports, roads etc.) and certain construction services, though we believe manufacturing would be slightly more broad-based

and less volatile than defence or infrastructure," says Sriram.

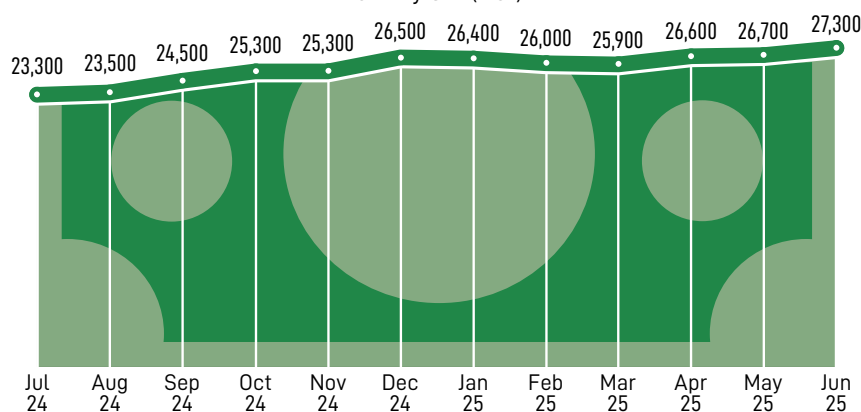
However, Belorkar feels that the sectors face several challenges even as the long-term outlook remains robust. Lengthy sales cycles and procurement bottlenecks, particularly in defence, can delay scale-up, he says.

Second, regulatory complexity and capex intensity in manufacturing and infra demand sophisticated structuring and milestone-based capital deployment. Last, talent and technology integration remain areas that require continuous investment and ecosystem support. "These challenges are being progressively addressed through collaborative government-industry frameworks, defence corridors, and innovation clusters," Belorkar elaborates.

Despite the challenges, he believes institutional and mutual fund interest will revive, but the re-entry will be gradual, and data driven. Key triggers may include consistent quarterly performance by defence and manufacturing companies, order book visibility, especially post-election policy continuity or enhancement and improved disclosures and investor education around the strategic nature and resilience of these businesses. **F**

Monthly SIP Inflows

Monthly SIP (₹cr)



SOURCE AMFI, JM Financial



UPSKILLING DOCTORS, IMPACTING HEALTHCARE: IN CONVERSATION WITH MOHIT ARORA AND PUNEET SHARMA

Medigrad has grown from a single fellowship program to over 18, with 40,000+ learning hours, 5,000+ learners, 80+ training partners, and 50+ global academic associations.

What inspired you to create a platform dedicated to upskilling MBBS doctors, and how did your backgrounds influence this decision?

We founded Medigrad in 2018 to address the persisted problem of lack of structured, affordable, and flexible upskilling options for doctors after MBBS. With backgrounds in healthcare management and business, we saw this gap and felt the struggle doctors faced between continuing practice or studying. Medigrad ensures they don't have to make that compromise.

What were the initial challenges you faced in establishing Medigrad, and how did you overcome them?

The main challenge was trust, as doctors were used to classroom learning. We focused on credibility by building a strong panel of clinicians, creating precise academic content, collaborating with reputed hospitals, and partnering with global learning platforms. Positive word-of-mouth from doctors helped establish Medigrad's reputation.

Medigrad employs a blended learning model. How does this approach benefit medical professionals, especially those balancing clinical practice?

Our model allows doctors to learn anytime, anywhere while continuing clinical practice. We combine structured online learning with practical hospital training nearby, making it easier for doctors, especially in Tier 2 and Tier 3 cities, to upskill without relocating or compromising on income.

How do you ensure that course content remains relevant and up-to-date?

Our academic board of practicing consultants and healthcare leaders regularly reviews and updates the curriculum, incorporating global guidelines and feedback from clinical mentors and alumni to keep learning practical and relevant.

How do you maintain the quality and depth of material across various specialties?

Every course is designed by senior medical experts and goes through multiple academic reviews, pilot testing, and hospital validations before launch, ensuring focus on application-based learning that builds clinical confidence.

Can you share insights into your collaborations with hospital partners?

We work with top hospitals like Max Healthcare, Peerless, and KIMS to provide practical training under expert supervision, ensuring doctors gain clinical exposure along with academic learning.

How do you envision VR-based training and AI-powered simulations transforming medical education?

VR and AI are transforming training by simulating real-life clinical scenarios,



Puneet Sharma and Mohit Arora, Co-founders of Medigrad – A healthcare-focussed online learning platform

improving diagnostic reasoning, and enhancing procedural skills, making learning more interactive and effective.

What's your strategy to expand in Southeast Asia and the Middle East?

We are adapting our India success model with local customisation, understanding disease patterns, clinical gaps, and regulations, while partnering with hospitals in these regions to ensure hands-on training remains integral.

What feedback have you received from your trained doctors?

Doctors tell us our programs have helped them confidently open clinics, secure better hospital roles, and pursue new specialties. The common feedback is the practicality and affordability of our programs, with immediate impact on daily clinical practice.

As leaders, what values guide your approach to medical education?

Our approach is built on accessibility, affordability, and academic integrity. It's about enabling better healthcare outcomes by helping doctors become more confident and capable clinicians.

What legacy do you hope Medigrad will leave?

We want Medigrad to be known as the platform that democratised medical education, broke geographical barriers, introduced flexible, high-quality learning, and ultimately contributed to healthier communities through better-trained doctors.

Research Ready

Can India's \$12 billion R&D fund kickstart a revolution? Experts say what matters most is how the money is spent

By MANU BALACHANDRAN, SAMIDHA JAIN & ANUBHUTI MATTA

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“The single and most important reason that has contributed to our success and will continue to be is our R&D.”

SANGEET KUMAR
CO-FOUNDER & CEO,
ADDERB TECHNOLOGIES

PHOTO BY MADHU KAPPARATH



A few years ago, Aditya Sharma, the head of process solutions for German multinational Merck Life Sciences, was on a visit to Hyderabad, home to some of the country's largest pharmaceutical companies.

He happened to visit an incubator, a facility that provides support to early-stage startups, helping them develop their business model prototypes and prepare them for growth. "It was one of the plug-and-play labs," Sharma tells *Forbes India*.

It is often at these incubators that many of the world's most renowned startups and billion-dollar companies have been founded, including Airbnb and Dropbox. Inevitably, that means they also serve as a hub for research and development (R&D), both from a commercial and strategic point of view for a country. Sharma, however, was in for a surprise in Hyderabad. "Some of them [startups] told me that they are not even able to afford the rent, and some had already moved out," he says.

In many ways, that's also the dark side of India's R&D story, one

where entrepreneurs and scientists often find themselves in despair, having to wind down their work for lack of funds after making early progress. India's R&D expenditure as a percentage of GDP remains paltry, ranging between 0.6 percent and 0.7 percent, much lower than countries such as China, the US and Israel. Israel, a global startup hub, spends 5.4 percent of its GDP on R&D, while the US, the world's largest economy, spends 3.5 percent of its GDP.

Acknowledging this reality, the Narendra Modi government is attempting a shakeup with a new policy with a staggering corpus of ₹1 lakh crore (\$12 billion) to bolster the movement from research to products. The new scheme looks to provide financing or refinancing with long tenors at low or nil interest rates to spur private sector investment in R&D.

"The scheme has been designed to overcome the constraints and challenges in funding of the private sector and seeks to provide growth and risk capital to sunrise and strategic sectors



"We need to build ecosystems where researchers, entrepreneurs and industries collaborate early and often. Scale and speed will matter going forward."

V RAMGOPAL RAO
VICE CHANCELLOR, BITS (PILANI),
HYDERABAD, GOA, DUBAI & MUMBAI)

to facilitate innovation, promote adoption of technology and enhance competitiveness,” the government said at the time of its launch.

That means, sectors such as energy, deeptech (quantum, robotics, space), agriculture, health, education, biotechnology, pharma, digital economy and strategic technologies, which are critical from a geopolitical point of view, could now find it easier to access funds that have long remained a constraint. The new scheme will also finance transformative projects at higher levels of technology readiness in addition to helping acquire technologies that are critical or of high strategic importance.

HOW WILL IT WORK?

India’s Department of Science and Technology will serve as the nodal department, and the scheme will have a two-tiered funding mechanism. At the first level, there will be a special purpose fund (SPF) that will function as the custodian of funds. From there, it will be disbursed to a variety of second-level fund managers, who will disburse the funds in the form of long-term loans at low or nil interest rates. Financing in the form of equity may also be done, especially in the case of startups.

“This landmark investment aligns with our long held belief that only through intensified innovation and private-public partnership can India achieve global leadership,” says Anish Shah, CEO of the \$25 billion Mahindra Group, which has filed 346 patents in FY25 alone in its automotive business. “Increasing R&D spend is critical to boost scale, encourage risk taking and elevate India’s competitiveness on the world stage.”

The government’s urgency to focus on research, development and innovation (RDI) also comes at a time when geopolitical tensions have begun to peak, disrupting supply chains and trade. A case in point is the rare earth magnets, a

RDI Scheme At a Glance

On July 1, the Union Cabinet, chaired by Prime Minister Narendra Modi, approved the Research Development and Innovation (RDI) Scheme with a corpus of ₹1 lakh crore to bolster research and innovation ecosystem in the private sector

Key Objectives

- Encourage the **private sector** to scale up **research, development and innovation (RDI)** in sunrise domains and in other sectors relevant for **economic security, strategic purpose and self-reliance**
- **Finance transformative** projects at higher levels of **Technology Readiness Levels**
- Support **acquisition of technologies** that are **critical** or of **high strategic importance**
- **Facilitate** setting up of a **Deeptech Fund of Funds**



Working of the Scheme

- The governing board of **Anusandhan National Research Foundation (ANRF)** will provide strategic direction to the **RDI Scheme**
- **ANRF’s executive council** will approve the scheme’s guidelines, **recommend fund managers**, and scope and projects in **sunrise sectors**
- **An Empowered Group of Secretaries** will be responsible for approving scheme changes, and review the **performance of the scheme**
- **The Department of Science and Technology** will be the nodal department for implementation of the scheme

crucial component in electric vehicle manufacturing, on which China has a near monopoly. A few years ago, a global semiconductor chip shortage had disrupted manufacturing across sectors such as automobiles, computers and household appliances.

“There is huge urgency for a scheme like this,” says Amitabh Kant, former CEO of Niti Aayog, the government’s premier think tank. “If you don’t innovate, you lose out to countries like China on various areas of growth. The private sector has not been spending money, and this will catalyse growth.”

“At an industry level, this kind of patient capital—long tenor, low-interest funding—can unlock transformative potential across sunrise sectors like clean energy, semiconductors and AI [artificial intelligence],” says Kishor Patil, co-founder, CEO and MD of Pune-based KPIT Technologies. “I’ve long been a proponent of deeptech investments, and this scheme directly addresses the capital gap that often holds back high-TRL [technology readiness level] projects from reaching commercial scale.”

CHINA MODEL

While India’s gross expenditure on R&D (GERD) has been consistently increasing over the years—it has more than doubled from ₹60,196.75 crore in 2010-2011 to ₹127,380.96 crore in 2020-2021—its GERD as a percentage of GDP remained at 0.66 percent and 0.64 percent during 2019-20 and 2020-21, respectively. That’s a far cry from India’s oft-compared neighbour China, which spends more than three times that of India at 2.4 percent, according to World Intellectual Property Organisations (WIPO) data.

China had in 2008 launched a scheme to kickstart its R&D investments, through the Thousand Talents Plan (TTP), which included research autonomy, leadership posts, lab funding and generous salaries, as a move to reverse brain drain. However, the difference is that India’s RDI scheme doesn’t aim to bring the diaspora back. Instead, it’s about unlocking domestic capital to fuel innovation within.

Second, China took the top-down route—centrally planned, state-led, with clear political intent—while India’s RDI model leans on the

market with a simple logic that if the government funds more R&D, private players will be willing to take bigger risks in sectors such as health tech, semiconductors and green energy, where outcomes are uncertain, and timelines are long.

While China's TTP worked in some ways by bringing back thousands of high-calibre researchers, making Beijing a serious contender in global tech, it also raised alarms, especially in the US. Some scientists were accused of hiding funding ties to China. That led to investigations, job losses and even criminal charges. By 2022, under pressure both at home and abroad, Beijing quietly retired the original TTP.

The RDI scheme, however, focuses on the growth of R&D initiatives in the private sector, which includes startups and budding companies that are converting into unicorns, providing employment and contributing significantly to the economy's growth.

"There is a lot of dependency of this scheme on the education institution, towards innovation and entrepreneurship," says V Kamakoti, director of IIT-Madras. "In my opinion, this scheme will become extremely successful. We, as education institutions [government and private universities], understand



"I'm going to tell my students to spend time on entrepreneurship. The next question they will ask is, 'What is the guarantee that they'll get funding?' RDI can give that guarantee."

V KAMAKOTI
DIRECTOR, IIT-MADRAS

that there is a fund, and now our job is to pull the startups up."

INDIA'S STATE OF R&D

Today, despite all the growing chorus around the lack of R&D funding, there is also an increasing list of companies that are rewriting the traditional approach to R&D. For instance, Noida-headquartered Addverb Technologies, which has created a 25-plus family of robots, ploughs back more than 25 times the national average into their R&D activities. "The single and most important reason that has contributed to our success and will continue to be is our R&D," says Sangeet Kumar, co-founder and CEO of the robotics company.

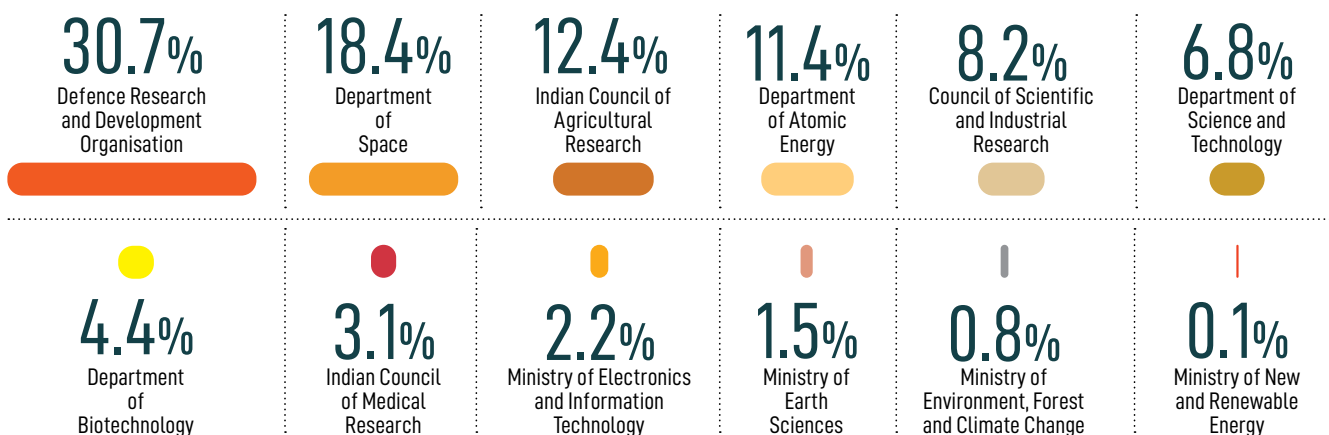
With two centres for R&D, in Noida in Uttar Pradesh and Fremont in the US, 25 percent of the company's

revenue (₹600 crore in 2024) is dedicated towards R&D, and 25 percent of their 1,000-plus team works in the domain. Since its launch in 2016, Addverb Technologies has sold 3,000-plus robots across 27 countries.

On July 2, multinational technology company Zoho Corporation launched its AI and robotics R&D centre in Kottarakkara, Kerala. It will be dedicated to enhancing its R&D projects in various fields, starting with AI and robotics. "Our goal remains the same—to develop these capabilities in India and make the country self-reliant in terms of critical technology," says Shailesh Davey, CEO and co-founder. Addverb and Zoho maybe among the few Indian private companies that have consistently invested in R&D, defying a broader trend.

Flow of Money

R&D sources of expenditure incurred by the central government in 2020-2021



SOURCE Department of Science and Technology, Ministry of Science and Technology, March 2023

The R&D pinch

Spending on research and innovation remains less than a meagre 1 percent of companies' net sales, a trend unchanged since FY21

By SAMREEN WANI

Some of India's largest companies spent over ₹17,300 crore on R&D in FY24, about 23 percent more than what they did in FY22. But this jump has meant little as spending on research and innovation remains less than a meagre 1 percent of the companies' net sales, a trend unchanged since FY21.

While the automobile and pharma sectors continue to have higher R&D spends, analysis shows that the share of pharma in the total spending on research has shrunk in FY24 to about 12 percent from 19 percent in FY21. The share of IT-software in total R&D spending has declined from 4 percent in FY21 to under 3 percent in FY24. Moreover, companies in sectors such as IT-hardware, textiles, tyres, e-commerce/app-based aggregator, telecom and electronics did not show any R&D investment in FY24.

A slower growth rate and a higher dependence on the public sector in R&D spends has meant that India continues to lag behind most emerging and advanced economies in terms of research spending.

"The Indian private sector has historically been risk-averse in science-led innovation," says professor V Ramgopal Rao, vice chancellor, Birla Institute of Technology & Science (BITS), Pilani. "Many firms find it more viable to import proven technologies than invest in uncertain R&D journeys."

Yet, the landscape, as with the likes of Zoho and Addverb, is undergoing a steady shift. At Addverb, while most of their R&D efforts are funded internally, collaboration with universities abroad as well as in India—such as IIT-Delhi and IIT-Kanpur that receive grants from the government—is also an important aspect.

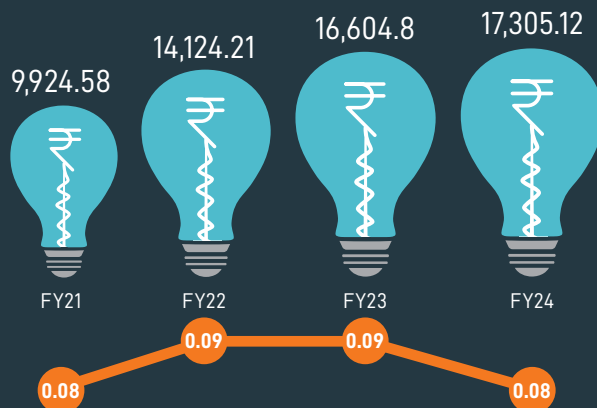
These premier institutes are building India's startups, and collaboration with them is crucial not just for research but also for nurturing talent. From Deepinder Goyal of Zomato (IIT-Delhi) and Bhavish Aggarwal of Ola Electric (IIT-Bombay) to Asish Mohapatra of OfBusiness (IIT-Kharagpur), some of these notable founders trace their roots to these institutions.

The reason, as Kamakoti, puts it, is that there is a lot of implicit connection between R&D output with academia. Additionally, Kumar of Addverb believes R&D has come a long way in Indian universities in the past five years, especially in fields such as robotics, drones, space and AI.

There is good reason for that. First,

Meagre spending on R&D

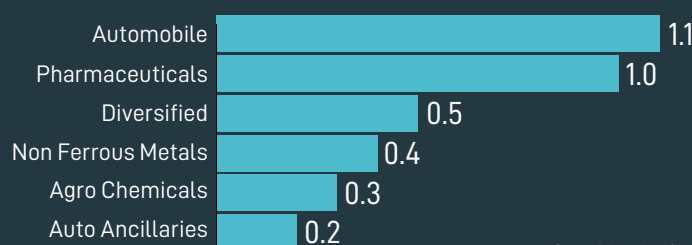
- R&D expenditure (in ₹ crore)
- Ratio of R&D expenditure to net sales (in %)



Note: Ratio for top 500 companies (by net sales) with uniform data
SOURCE: Capitaline, Forbes India calculations

Larger chunk of automobiles' and pharma's expenditure towards research...

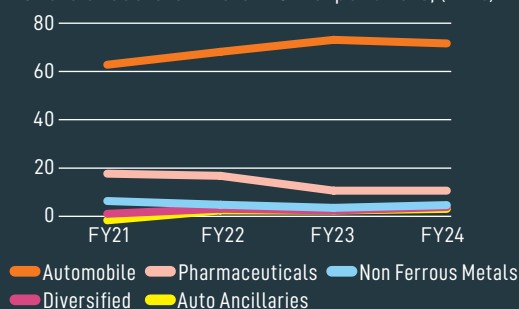
Share of R&D in total expenditure sectorwise (in %)



Note: Data for FY22-FY24. Shows top 6 sectors with high R&D spends as a proportion to total expenditure.
SOURCE: Capitaline, Forbes India calculations

...but pharma's share declines in total R&D spends

Share of sectors in total R&D expenditure, (in %)



Note: Ratio for top 500 companies (by net sales) with uniform data
SOURCE: Capitaline, Forbes India calculations

as professors gain the freedom to start their own companies, it helps them understand the needs of the industry and consumers, and invest in R&D accordingly. Second, young professors with PhD degrees from abroad are making valuable contributions. “They are not writing papers that do not have a significant use in the industry anymore. They are looking at real-life problems. There has been a great mindset change,” adds Kumar.

Then there are also the growing grants from the government. “I wouldn’t say it’s a great amount compared to the western world, but a significant one from what it was five years ago,” Kumar adds.

“As a director, I’m going to tell my students to spend time on entrepreneurship,” says Kamakoti. “The next question they will ask is, ‘What is the guarantee that they’ll get funding?’ RDI can give that guarantee. Since the government backs it, eventually it will motivate more people to enter the private sector.”

A longstanding trouble has been the lack of industry-academia partnership that often affects the R&D capabilities of the country. “Industry doesn’t always trust academia to deliver on time or at scale. And academia doesn’t always understand what industry needs,” says Rao of BITS. “We need intermediaries—translational centres, innovation hubs and startup incubators—that can bridge this trust gap and de-



“If you don’t innovate, you lose out to countries like China on various areas of growth. The private sector has not been spending money, and this will catalyse growth.”

AMITABH KANT, FORMER CEO, NITI AAYOG

risk the journey for both sides.”

“If we talk about the kind of research publications or outputs, India figures in the top three to five countries in the world, especially in the last decade,” says Ashutosh Dutt Sharma, CEO of IHFC-Technology Innovation Hub of IIT-Delhi. “However, when it comes to translating the research into something meaningful for society, typically measured by the Innovation Index, we don’t figure even in the top 30 in the world, and that’s a wide gap.”

“To truly benefit from the RDI scheme, we must embed research orientation at the undergraduate level with cross-disciplinary projects and real-world problem-solving,” says Surajit Das, professor, department of life science, National Institute of Technology-Rourkela. “In India, limited research exposure hinders this growth. To retain top talent, we must offer world-class lab facilities, timely research fellowships, and clearer pathways

for academic careers. Encouraging international collaboration, improving mentorship, and redefining research as a viable, rewarding profession will help reduce brain drain and boost indigenous innovation.”

R&D BOOST

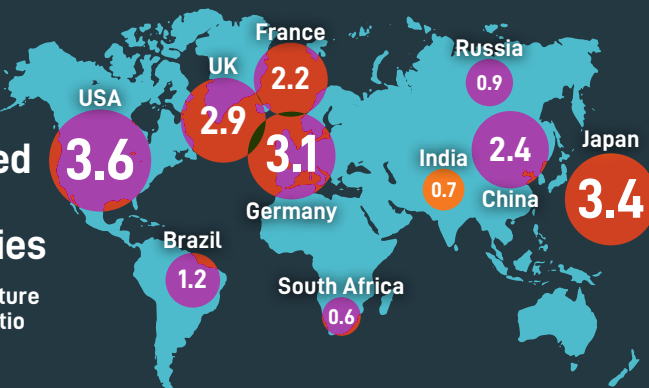
“This is a timely and bold step, but how the money is spent will matter more than how much is announced,” says Rao of BITS.

He says, for it to be effective, the fund must be accessible to startups, MSMEs and academia-led consortia—not just large corporates. Two, the disbursement should be milestone-based and linked to real outcomes such as IPs filed, pilots run and products deployed. It should allow for blended financing—mixing grants, equity and loans. “And most importantly, it must be professionally managed, insulated from bureaucratic delays,” says Rao.

“If done right, this fund can become India’s equivalent of the SBIR [Small Business Innovation

Lower spends on R&D compared to most economies

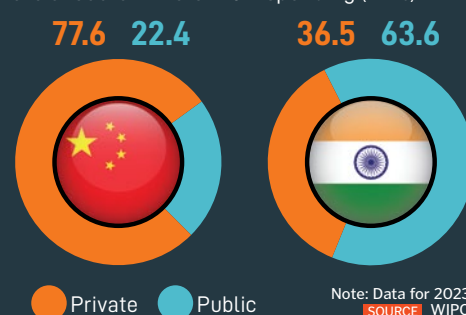
Gross expenditure on R&D as a ratio of GDP, in %



Note: Shows data for countries in the BRICS grouping and the top 5 economies of the world excluding India and China. Data for 2023
SOURCE: WIPO

Private sector makes about a third of India’s R&D spends

Share of sector in total R&D spending (in %)



Note: Data for 2023
SOURCE: WIPO

Research] programme in the US or the TIPS model in Israel, platforms that empowered entire generations of tech ventures,” he adds. The SBIR programme provides funding to small businesses for R&D with the potential for commercialisation and spends nearly \$2.5 billion a year.

Davey of Zoho Corp feels that for effective translation, identifying areas of critical national importance in terms of capability should be the first step, followed by publishing those areas and inviting Indian companies to participate. The third step should be to benchmark and rank participating companies against their global peers in those respective domains.

“Based on those rankings, R&D grants or loans should be awarded. This process should be transparent. Companies that don’t want to subject themselves to that ranking should not be eligible for the grants,” says Davey. However, the bottom line is India needs to invest much more in R&D in the private sector, according to Davey.

“For some critical sectors, the government’s support is needed. Companies that demonstrate a long-term R&D vision and roadmap, and combine it with the ability to execute, stand to benefit the most [from the recently announced fund],” he says.

While the process of disbursal and execution are still in the works, and will be parameters that will decide its success, Kumar of Addverb says the announcement is a welcome move. “Those kinds of investments have still not happened, and this fund will be a game changer, especially for robotics,” he says. “And we are in the right position as a nation for the kind of talent we have in software, hardware, AI and our ability to manufacture at scale.”

The funds could also lead to the scaling up in the sunrise sector, including energy storage, smart grids, developments in material sciences and so on. “The fund is an interesting development, for it brings together private industry and government

PHOTO COURTESY ZOHU



Zoho Co-Founders Sridhar Vembu (third from left) and Shailesh Davey (fourth from left) alongwith leadership team at their new R&D campus in Kottarakkara, Kerala

in the hope of leveraging each’s strength and expanding R&D scope across key sectors,” says Urvi Desai, co-founder of EkoGalaxy, a platform for climate education and wellbeing. “But one needs to question whether critical gaps will be addressed. For example, strong disbursement plans are key to the fund being operational and successful. We will have to wait and see how the guidelines of the scheme are structured and how funds are released,” says Shreyas Sridharan, founder, EkoGalaxy.

Faculty head of The Energy Consortium at IIT-Madras, Satyanarayanan Seshadri, says the biggest challenge following the allotment of funds is the time between the announcement and the actual receipt. “You may receive the grant letter, say, six months after you submit the proposal, but there is no real, clear, predictable timeline on when you will actually receive the money,” he says. “For a company or a startup that operates on a quarterly basis, it may not work.”

The second problem he anticipates is allowing a bit of freedom on procurement policies, because rather than letting companies and entities to focus on research, they have to

invest their energies on procurement policies. “You can have sufficient guardrails, but also need freedom to get the best stuff done,” he says.

WHAT NEXT?

For R&D to succeed in India, three things are critical. Professor Rao of BITS says, first, it is important to draw out mission-driven R&D programmes with clearly defined outcomes like the space or atomic energy sectors in the past. “You can’t leave deeptech entirely to market forces,” he says.

Second, having a robust network of translational research centres that sit between academia and industry. “These should focus on design, prototyping and validation, not just publications.”

And third, focusing on talent mobility. “We must allow people to move seamlessly between academia, startups and industry. The current silos are outdated. Incentivising joint PhDs, adjunct roles and startup sabbaticals can go a long way in making our ecosystem agile and collaborative.”

The foundation may be laid now. But it all comes down to how it will be built up from here now to build India into an R&D powerhouse. **F**

AKSHAY ANAND: FROM FINANCE TO FLAVOUR – REDEFINING INDIAN HOSPITALITY WITH SOUL



Akshay Anand

Naarma is about elevating every detail—whether it's the perfect cutlery, acoustics that allow intimate conversations, or dishes that celebrate global flavors while embracing Indian roots.

In a world where career pivots are often driven by necessity, Akshay Anand's journey from banking to hospitality was powered by pure passion. After seven successful years at American Express, Anand longed for a more tangible way to create joy. In 2007, he invested his savings into One Café Bar, which became Delhi's first karaoke bar, sparking a new chapter in experiential dining.

"Hospitality is about crafting memories, not just meals," says Anand. His ventures—ranging from Unplugged Courtyard and Townhouse Café to high-end concepts like Ophelia and the Cannes festival Cosy Box—reflect this philosophy. Anand also brought the global Toy Room Club (London) experience to India, and launched One Boulevard, a venue celebrated for its Sufi Nights and soulful, culturally immersive vibe.

Among Anand's ventures, Naarma, located at Epicuria, Nehru Place, represents his most refined expression of modern Indian hospitality. "Naarma is about elevating every detail—whether it's the perfect cutlery, acoustics that allow intimate conversations, Michelin level chefs or dishes that celebrate global flavors while embracing Indian roots," he shares.

At Naarma, luxury is approachable, never intimidating. It's a space designed for connection, where culinary artistry meets warmth. "We want every guest to feel at home, yet transported," Anand explains.

With Naarma's success at Epicuria, Nehru Place, Anand is now planning to scale the concept across all major metro cities in India, including Mumbai, Bangalore, Hyderabad, Goa & Chennai.

"Our goal is to make Naarma a pan-India benchmark for fine dining and modern hospitality," he adds.

The future roadmap extends beyond restaurants. Anand is developing a Café del Mar in North Goa, featuring a day beach club and sea-facing cottages, curated for travelers seeking immersive leisure experiences. Additionally, scouting is underway for iconic sunset-view locations in Mumbai, Delhi, and other major cities, ideal for creating luxury dining and lifestyle destinations that blend breathtaking views with impeccable service.

Crafting Experiences Beyond Dining

Anand's philosophy is built on democratizing luxury—making exceptional hospitality accessible without compromising on quality or experience. His ventures focus on attention to detail—from lighting and music to personalized service—elements that transform a meal into a memory.

Having faced challenges such as industry skepticism and the pandemic, Anand attributes his resilience to continuous innovation and feedback-driven improvements. His approach combines the precision of his corporate roots with the creativity of global culinary trends.

With Naarma expanding into metro cities, and lifestyle projects like Café del Mar Goa on the horizon, Akshay Anand is shaping the future of Indian hospitality—one experience at a time. "We don't just serve food," he says. "We create spaces where people celebrate life's most meaningful moments."

Long Story Short

Startups with VC money are scripting a dramatic rise in micro dramas.
Will the climax have joy or heartbreak?

By KUNAL PURANDARE



ILLUSTRATION BY CHAITANYA DINESH SURPUR

Kushal Singhal was intrigued when he first noticed his mother watching creator stories on Facebook on her phone last September. Over the next few weeks, he observed that she was glued to the screen multiple times during the day, engrossed in consuming similar bite-sized content, often during breaks from her household chores.

The resident of Rampur, a town 200 km from New Delhi, wondered why his mother did not watch YouTube Shorts, which has videos of up to 180 seconds, or Instagram Reels. “It is not free-flowing content,” the mother explained. When questioned why she did not prefer television, she said: “This is my personal space.”

The ease of access to the device in her bedroom led to her watching those user-generated videos in her spare time, Singhal tells *Forbes India*. “The phone has become the primary screen,” he says, adding that some of the Facebook videos his mother enjoyed had 150 to 200 million views.

Though monetisation was a concern, the picture was enough for Singhal to take the plunge into a sector witnessing hectic activity in recent times. A former associate director at ShareChat, Singhal joined hands with Pratik Anand, previously senior director-growth at Pocket FM and associate director-growth at Meesho, to start Flick TV, a mobile-first OTT platform dedicated to micro dramas. Launched in January, it began with 100 hours of content and raised \$2.3 million in a seed fund round led by Stellaris Venture Partners in June.

A SHOW A MINUTE

Micro dramas are fictional videos with durations of a minute or two that together comprise episodes with storylines—unlike Shorts and Reels that are usually disparate.



“Over the long term, only three or four players will have a majority share of the market.”

KUSHAL SINGHAL
CO-FOUNDER, FLICK TV

Micro dramas are quick to produce and cost a fraction of the amount it takes to make a movie or a web show. These short-duration videos can reach the farthest corners because of the high mobile and internet penetration in the country. As a result, a bevy of startups has entered the fray, bolstered by venture capital (VC) firms, which see these content platforms as lucrative investment options.

Apart from Flick TV, some other startups vying for a share of the micro drama pie include Kuku FM, EloElo, Quick TV and Chai Shots. Established names such as Balaji Telefilms, Zee Entertainment and Amazon MX

Player are also in the fray.

For Sharath Chandra, co-founder of Chai Shots, venturing into micro dramas was a logical step. For the last 10 years, Chandra and his co-founder, Anurag Reddy, have been churning out content—short films, web series, feature films—for their Hyderabad-based “culture company”, Chai Bisket. In January 2021, they made their first micro drama, *Silently Yours*—10 episodes of a minute each—that released on YouTube.

Last November, Chandra heard about the growing action in the micro drama space and felt it made sense to launch a dedicated app for such stories.

Micro Dramas: A Short Story



Chai Bisket in July raised \$5 million in seed funding from InfoEdge Ventures and General Catalyst.

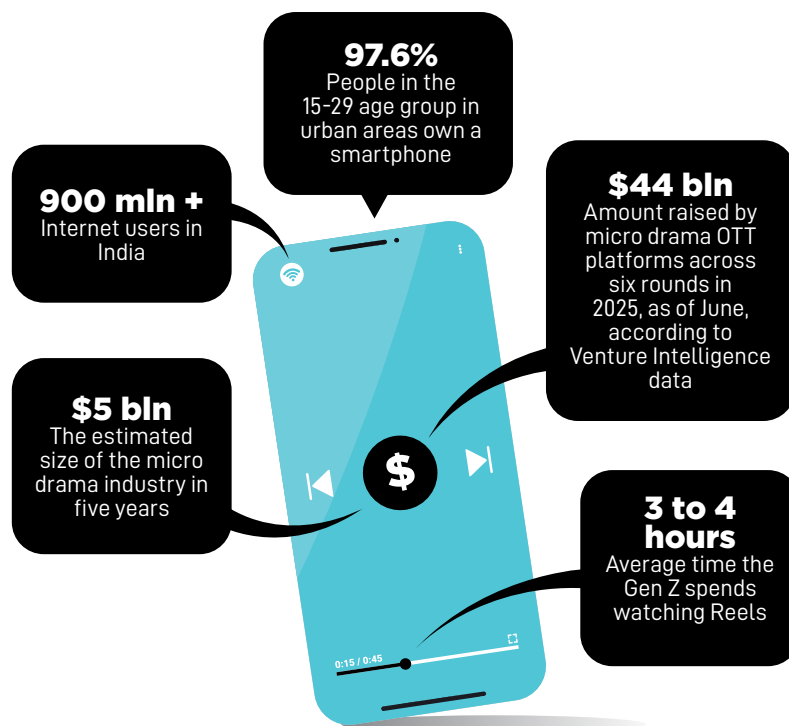
Chandra intends to launch Chai Shots in August with the initial content entirely in Telugu before expanding into other languages. “The goal is to have local, vernacular content... We are creating original stories that are culturally relevant and contextually fitting,” he tells *Forbes India*. The idea, he continues, is to make content of at least an hour, broken down into episodes of a minute or two each. “We will start with a bank of 40 to 50 shows. At least a dozen shows are now under production, and we also have a library of 25 shows made in the past three to four years,” he adds.

Balaji Telefilms saw potential in micro dramas when it noticed content consumption rising among the Gen Zs and those residing in small towns. The company then launched Kutingg within the AltBalaji app in May to provide short and snappy content. It converted its existing IPs (intellectual property) into vertical shows and edited them crisply to fit them into the micro drama format.

“We started developing micro dramas from our existing budgets at AltBalaji. We are trying to have a cost-effective model. At the end of the day, money well spent is also money well earned. That is how we want to go,” explains Nitin Burman, group chief revenue officer at Balaji Telefilms.

Kutingg launched with around

In Numbers



800 minutes of content—or 800 episodes. “On a monthly basis, we are adding 600 to 800 episodes. We are also contemplating whether to buy foreign content and dub it for Indian audiences,” adds Burman.

SUNRISE CATEGORY

The investor community understands that the space is getting crowded, and that content consumption on-the-go is here to stay. VCs are, therefore, signing cheques while keeping an eye on the future. “This is a sunrise and emerging category. And with

time, consumers in India will accept this wholeheartedly,” says Mayank Jain, principal at Stellaris Venture Partners, which has invested in Flick TV. “It is the best of both the worlds of short videos—Reels and Shorts—and also provides emotionally engaging storylines like a web series.”

Kitty Agarwal, partner at Info Edge Ventures, an investor in Chai Bisket, agrees. “Everything is becoming quick—commerce, content, services. We are bullish about what this changing paradigm in content is leading to,” she says.

A *MoneyControl* report in June, citing Venture Intelligence data, says micro drama OTT platforms raised \$44 million across six rounds in the first half of 2025, compared to \$28 million across five deals in all of 2024.

“We estimate this to be roughly a \$5 billion industry in the next five years,” says Singhal of Flick TV, which has seen over 100,000 downloads so far.

“It’s a nice confluence of content and consumer technology. And it’s the first time there’s so much VC interest in the content world.”

SHARATH CHANDRA
CO-FOUNDER, CHAI SHOTS



The stakeholders acknowledge that this is a nascent sector and there is a long way to go. Chandra, though, is happy with the money coming in and believes it will encourage content creators. “It is the first time there is so much VC interest in the content world. It is a good segue into content for the investor community. From here, they can start funding a production house or a film later,” he says.

According to VCs, movies are a long gestation business and there is a lot of uncertainty—a Friday can decide one’s fate. “It tends to be a game of hits and misses. This is different. Micro dramas are somewhere between OTT and TikTok,” says Agarwal.

REVENUE MODEL

Flick TV, which started with content in Hindi, intends to get into four languages. In the next six months, it claims it will have more than 100 originals. Each title will have 50 to 60 episodes, each episode about two to two-and-a-half minutes long. Singhal says: “An entire title is equivalent to a movie—about two to two-and-a-half hours.”

In contrast to a movie, though, micro drama is far quicker to make and costs much less. “It is less than 5 percent of the cost of a video OTT series. It takes 28 to 30 days to produce a title end-to-end,” points out Singhal. At Balaji Telefilms, Burman says they are trying to ensure that an episode is shot in a day or two. It takes two to three days on average.

Chandra of Chai Shots explains



“You need unlimited funds to churn out content. Only the big platforms will be able to do that.”

NITIN BURMAN

GROUP CHIEF REVENUE OFFICER, BALAJI TELEFILMS

that the budgets are lower because the frame is tighter for mobile phone consumption—it is a vertical screen without much space. “Making micro dramas is like having a wedding with 50 people, while the IMAX mode is organising it with a thousand guests. Forget the dinner, the decoration will cost 20 times more,” he says. “Micro dramas are more economical and give a chance to a lot of talent to get groomed.”

These are early days, and each player is figuring out its revenue model, depending on consumer response. Kutingg, for instance, is clear that someone watching content on the platform need not have a subscription for AltBalaji. “Our financial models are independent,” says Burman. “Kutingg follows a microfinance-based model, where you have a wallet with coins to start watching the content. The minimum recharge value is ₹10 (10 coins) and the maximum is ₹299 (unlimited coins for a month).”

Burman says Kutingg has seen 20,000 wallet recharges in the last two months, and that 20 to 30 percent of those who have

consumed Kutingg content ended up taking AltBalaji subscription. “We are also introducing ads soon. We will give consumers the option of watching them to earn more coins,” he says, adding that the highest consumption on the platform has come from the 18-to-30 age group, especially from Tier II and III towns. “We are a Hindi-speaking app, and the most traction is from Hindi-speaking markets such as Uttar Pradesh and Bihar, apart from metros like Mumbai and Delhi.”

Flick TV has a micro-payments (pay per show) and subscription model. It plans to start a quarterly or monthly subscription plan and is awaiting feedback from users before finalising the pricing.

Chai Shots is contemplating a couple of options—a fixed monthly subscription and payment per show or micro-payments. “With micro-payments, you immediately know the response. Maybe it will be an either-or. By the time you come to the subscription model, you need to have a big bank of shows,” Chandra tells *Forbes India*. What he is most excited about though is the prospect of involving brands. “Brand-integrated content is something we are exploring. Micro dramas are a great space for brands,” he adds.

TECH & AI PLAY

Both Flick TV and Chai Shots plan to use the money raised from VCs for creating quality and diverse content. More importantly, the



“This is a sunrise and emerging category. And with time, consumers in India will accept this wholeheartedly.”

MAYANK JAIN

PRINCIPAL, STELLARIS VENTURE PARTNERS

focus is on developing the tech and infrastructure besides going big on marketing and expansion. Artificial intelligence (AI), especially, will play a big role and that is something about which VCs and startups are enthusiastic.

“Historically, content production has been an expensive process. AI holds the great promise to reduce the cost by one-fifth to one-tenth,” says Jain of Stellaris Venture Partners. Genres like fantasy, sci-fi, mythology and horror become expensive propositions because of their expansive sets and technology. “AI is amenable to these genres. As AI models become robust, I think the AI catalogue will keep increasing.”

Chandra says because the content is on an app, VCs see micro dramas as a tech business and are joining the bandwagon. “But it is as much a content play as a tech play,” he argues.

Agarwal of Info Edge Ventures challenges the notion that the VCs are here only because of the tech angle. “It is a mix. It always starts with the consumer. Consumer needs are changing. So, one has to assess and back a team that can use AI and has the content chops to deliver it,” she emphasises.

Balaji Telefilms has set up its in-house AI team. It also made *Kaal Nagri*, its first fully AI-made drama that streamed in June.

Zee Entertainment acquired a stake in content startup Bullet in June to start a micro drama app that will be integrated into the Zee5 platform. “The compelling value proposition of Bullet stems from its deep focus on creator-led content, gamified experiences, AI-powered personalisation and content pricing, thereby revolutionising how Indian short-form stories are created, discovered and monetised,” a Zee Entertainment spokesperson says over email.

SURVIVAL OF THE FITTEST

Apart from Zee, Amazon MX Player has launched Fatafat, a micro drama platform. “We are tapping into a format that is designed for today’s time-starved, mobile-first audience,” says Amogh Dusad, director and head (content), Amazon MX Player. “We see it as a significant opportunity to lead meaningful innovation in entertainment consumption.”

Burman of Balaji Telefilms

entered the ring on a board in his office. He believes a lot of non-content people are getting into the space and are seeing it purely as a tech business. “The winner will be the one who will be able to produce great content and launch one or two shows every month that are extraordinary. If 10 platforms are able to consistently drop one or two shows a month, people will subscribe to all of them,” he says.



“Everything is becoming quick—commerce, content, services. We are bullish about what this changing paradigm in content is leading to.”

KITTY AGARWAL

PARTNER, INFO EDGE VENTURES

likens the rush into micro drama to what happened with OTTs a decade ago. He says the sector’s biggest challenge is that one needs to give content regularly to consumers. “And you need unlimited funds to churn out that content. Only the big platforms will be able to do that,” he says, adding that the plan is to eventually move Kutingg out of AltBalaji and have it as an independent app.

Flick TV’s Singhal says the entry of multiple players augurs well for the industry as the ecosystem will build up. He, however, is not sure if all players will end up being successful. “Over the long term, only three or four players will have a majority share of the market. A long tail of 10 players will take the remaining,” he says.

Chandra of Chai Shots predicts that there will be at least 50 players in the micro dramas space by the end of the year and jokes that he keeps adding to the names that have

The competition is certain to intensify, says Jain of Stellar Venture Partners, but adds that there will be consolidation and a few players will emerge as winners. “This is a micro drama OTT space, so we don’t think it will be a winner-take-all as it happens with OTTs,” he says.

Singhal reveals that Flick TV is incubating production houses on the ground, addressing challenges such as locations, and has started the model in Noida. “Our job is to create the next Yash Raj Films or Balaji in this space,” he asserts.

Echoing his views, Chandra, as an insider, can sense that this is the start of something big. “We are not realising it. I think we are ahead of the curve. We are talking about the future... It is like AI. It is a nice confluence of content and consumer technology. There is no doubt about the format.” **F**

Inspiring Experts to Watch in 2025

Twinkle Joshi, Engineering Excellence Meets Agile Innovation

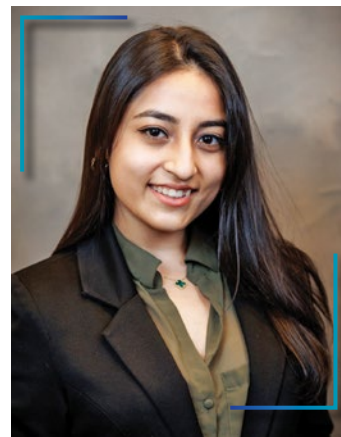
Spanning global markets, she brings a rare trifecta of product ownership, engineering depth, and quality leadership to modern software innovation. As a senior engineer certified in Scrum (Product Owner & Developer) and AWS (Solutions Architect & Developer), she has driven full product lifecycles—shaping strategy, leading global teams, and ensuring delivery excellence across web, cloud, and GIS platforms. Her experience includes owning roadmaps, architecting full-stack systems using React, Angular, NestJS, and Next.js, and implementing intelligent QA through Playwright, Selenium, and TestCafe. She seamlessly connects strategic vision with execution—integrating CI/CD, cloud-native design, and test-driven development into every product release.

Beyond engineering, she contributes thought leadership through research that clarifies complex engineering challenges.



Vishva Rathod, Expert in Urban and regional planning

Vishva Rathod is a skilled urban planner with 8+ years of experience bridging advanced climate analytics, policy reform, and implementation. A LEED Green Associate and PMP-certified, she has worked with NASA Goddard and local governments to apply cutting-edge research on Urban Heat Island mitigation and sustainable development. Her technical expertise spans GIS and remote sensing (ArcGIS Pro, QGIS, ENVI), 3D modeling (CityEngine, Rhino-Grasshopper), and data science tools (Python, R), enabling her to translate complex data into actionable urban strategies. With a strong foundation in land-use planning, environmental review, transportation, and smart-city analytics, Vishva integrates resilience, equity, and carbon-reduction into every phase of planning. She brings catalytic value to organizations focused on building future-ready, climate-responsive cities.



Kevin Patel, A Visionary Leader Driving Intelligent Automation Across Automotive and Semiconductor Electronics Ecosystems



Kevin Patel is a distinguished leader with over 10 years of experience in advancing intelligent manufacturing technologies within the automotive and semiconductor electronics industries. His research expertise spans artificial intelligence, cognitive robotics, and advanced control systems, with a focus on developing adaptive, self-aware,

and ethically autonomous manufacturing ecosystems. Kevin's innovative work in AI-enhanced sensor fusion, deep learning-based robotic inspection, and blockchain-enabled traceability frameworks forms the basis for next-generation predictive defect detection, smart quality assurance, and real-time failure mode analysis in both semiconductor and automotive production lines. In semiconductor manufacturing, he has pioneered intelligent control architectures for sub-micron precision, while in automotive electronics, he has led the development of self-healing quality systems for complex processes, including stamping, PCB fabrication, and power module assembly.

Debasish Paul, Leading the Global Transformation in AI and Cloud Computing

With 18 years of experience in software development, Debasish Paul is a visionary leader redefining what's possible in artificial intelligence and cloud computing. Renowned for creating pioneering AI and machine learning solutions, he has enabled organizations across industries to automate complex operations, gain real-time insights, and implement intelligent systems at scale.

His expertise in building robust, cloud-native infrastructures has accelerated digital transformation globally, setting new standards for reliability, scalability, and ethical AI adoption.

As a trusted advisor and thought leader, Debasish is recognized for fostering collaboration and inspiring teams to push the boundaries of AI and cloud innovation. His impactful work helps enterprises meet evolving market demands by advancing smart solutions that improve efficiency, security, and user experience.

Through continued excellence and a forward-thinking mindset, Debasish Paul is widely regarded as a catalyst for progress in AI and cloud computing, driving the next wave of intelligent technologies across the global landscape.



The Great Diamond Divide

Lab-grown diamonds are on the rise due to their affordability. Will they outshine the rarer, natural gems?

By **BENU JOSHI ROUTH**

Lisa Mukhedkar was 19 when she first wore her mother's diamond solitaires for a wedding. And she was hooked.

But much as she coveted one of her own, she couldn't justify the sky-high price tag. "And there was no other option. When I last looked at it a few years ago, it was ₹36 lakh. For that kind of money, I could buy an apartment," says Mukhedkar, now 56.

In 2023, in what she calls a "life-changing moment", Mukhedkar discovered lab-grown diamonds (LGDs). For ₹3.5 lakh, she bought earrings that would have cost her nearly 12x had they been natural diamonds. In the man-made gems that married aspiration with value proposition, Mukhedkar sniffed a business opportunity.

With Kumar Saurabh, a former client at a retail design company she had co-founded in 2006, Mukhedkar co-founded Aukera, and opened its first store on Dickenson Road, the jewellery street of Bengaluru. "We sat next to Malabar and other natural diamond retailers such as Caratlane, Bluestone, Tanishq, and Joyalukkas," she says, adding that in one-and-a-half years, the company has now scaled up to 15 stores

across three cities. The company also recently raised \$15 million in a Series B funding round led by Peak XV Partners, with continued backing from existing investors including Fireside Ventures, Sparrow Capital.

"LGDs are gaining significant traction, particularly among millennials and Gen Z," says Dipayan Mukherjee, senior manager, research, Netscribes, a global data and insights firm. "Their appeal lies primarily in affordability—one can get a much larger and higher-quality LGD for the same price as a smaller natural diamond. There is

also a growing preference for what is being perceived as a more 'ethical' and 'sustainable' option," he adds.

Globally, the LGD market is expected to reach \$56 billion by 2031 from \$22 billion in 2021, growing at a CAGR of 10 percent, says Allied Market Research (*see infographic*). The growth will be in tandem with the scale-up of the certification industry, driven by the increasing consumer demand for certified diamonds—as the LGD market expands, certification bodies will play an increasingly important role in providing grading services to ensure the quality and



"We have scaled to 15 stores in just one-and-a-half years. We have seen the interest grow from vague curiosity to active intent."

LISA MUKHEDKAR
CO-FOUNDER & CEO, AUKERA

PHOTO BY SUNCHAN / GETTY IMAGES

authenticity of these gems.

The International Gemological Institute is a pioneer in LGD certification since the early 2000s and currently commands about 65 percent of the global LGD certification market share. “The global certification business was estimated to be \$550–650 million in 2023, with a penetration of 65–70 percent. This is expected to grow to \$1–1.1 billion, with a penetration of 75–80 percent by 2028. This growth will be driven primarily by the LGD segment, which is expected to grow at 20 percent year-over-year,” says Tehmasp Printer, MD and CEO, International Gemmological Institute India.

Pooja Sheth Madhavan, the founder and MD of Limelight Lab Grown Diamonds, the largest vertically-integrated LGD brand with 35 exclusive operational stores, says, “India, today, is at the same inflection point as the US was in 2018. We feel there’s going to be an exponential burst of the demand for lab-grown diamonds in India.” Madhavan adds that the consumer acceptance for LGDs is increasing, especially for engagement rings and bridal jewellery. “Consumers don’t want to spend so much on jewellery that sits in the locker.”

She explains that a one-carat natural diamond ring of VSGH quality (*see box*)—one with minimal imperfections and that is nearly colourless—might cost between ₹5 and ₹6 lakh, whereas a superior VVSEF quality LGD (that has very minor flaws) of the same size can be acquired from Limelight for ₹75,000–80,000. The technological advancements in producing LGDs, particularly those grown by the CVD method (Chemical Vapor Deposition that gives higher clarity and fewer inclusions), are typically Type IIa diamonds, which means they are ‘pure carbon’ without nitrogen or boron impurities, leading to a ‘far superior’ shine and brightness compared to most natural diamonds.

As LGDs can be produced in

laboratories, their production and supply have ramped up considerably, leading to a drop in prices. According to data from the Gem and Jewellery Export Promotion Council (GJPEC), India has emerged as the largest LGD exporter globally in 2023, accounting for 28.6 percent of the world’s exports. This focus is not just on jewellery but also on the broader industrial applications of LGDs in areas like computer chips, satellites, 5G networks, defence, and medical industries.

“Out of the 1.4 billion people in India, there are around 30 million women who have the potential to buy diamond jewellery,” says Prasad Kapre, a diamond industry advisor. “Of these, currently, 4 to 5 percent end up buying diamonds in a year; for the rest, the sweet spot of jewellery purchase is about ₹35,000, with which they end up buying plain gold jewellery or gold and cubic zirconia jewellery.” That’s why LGDs are a gamechanger—by lowering the entry barrier, they’ve opened up a hitherto untapped consumer base.

The Indian government, recognising the potential of the LGD market, has come behind the industry. Known traditionally as a leading centre for cutting and polishing natural diamonds, with a vast skilled workforce, India has been able to

“Consumers don’t want to spend so much on jewellery that sits in the locker.”

POOJA SHETH MADHAVAN
FOUNDER AND MD, LIMELIGHT
LAB GROWN DIAMONDS

quickly adapt and become a major player in LGD production, particularly in the CVD method. “The government is actively supporting the industry through research grants and incentives to reduce import dependence on the machinery and seeds required for growing LGDs,” says Mukherjee.

In June 2023, at a private dinner at the White House, Prime Minister Narendra Modi gifted a 7.5-carat LGD to the then First Lady Jill Biden. The PM often refers to them as ‘green diamonds’, highlighting their sustainability and alignment with the ‘Make in India’ and ‘Atmanirbhar Bharat’ initiatives.

The narrative of LGD sustainability, however, isn’t without its critics. While producers like Limelight claimed that 90 to 95 percent of them are on renewable energy, the natural diamond industry



Limelight Lab Grown Diamonds has 35 stores across India

argued that LGD production is energy-intensive, requiring high temperatures and pressures, and often relies on fossil fuels.





Disha Shah, founder and designer of DiAi Designs, acknowledges that LGDs are not the most eco-friendly gemstones, but maintains they are much more sustainable compared to natural diamonds due to the immense energy and water required for mining and extraction of the rough diamond. Madhavan concurs, “A one-carat mined diamond shifts 250 tonnes of

earth and emits 57 kg of carbon. Now the technology is producing the exact same diamond. Do you really want to cause that damage?” She adds: “Also, consumers have understood that diamonds are not a store of value. Unlike gold, which is an exchange-traded commodity, diamond prices are controlled monopolistically. This has led to a recent crash in prices for natural diamonds, which is why the gem might not offer long-term appreciation in value.”

In addition, since LGDs are

created in a laboratory setting, they offer greater control over size, shape, and colour, enabling innovative and personalised designs. Shah of DiAi Designs, whose family is in the business of cutting and polishing natural diamonds, says, “Every grain that comes out of a natural diamond while cutting is sacred because it is so expensive, so it is harder to experiment with the cutting of shapes etc., while, with an LGD, there is less ‘diamond loss’, so you can make anything you desire.”

The 4Cs That Make A Diamond

COLOUR		CLARITY	CARAT WEIGHT	CUT	
NEAR COLOURLESS	D	FLAWLESS	 0.50 ct.	EXCELLENT	
	E				
	F	INTERNALLY FLAWLESS		 0.75 ct.	VERY GOOD
	G				
	H	VVS ₁			
I					
J	VVS ₂	 2.00 ct.	FAIR		
K	VS ₁				
L					
M	VS ₂			 5.00 ct.	POOR
N					
O	SI ₁				
P					
Q	SI ₂				
R					
VERY LIGHT	S	I ₁			
	T				
	U	I ₂			
	V				
	W	I ₃			
X					
LIGHT	Y				
	Z				

Not to scale

SOURCE © 2025 Gemological Institute of America

WILL NATURAL DIAMONDS SHINE ON?

Natural diamonds have been at the heart of jewellery design for centuries, inspiring iconic pieces and classic settings. Designers work with the unique characteristics of each natural stone, which can lead to exquisite, one-of-a-kind creations.

And despite the rise of LGDs, David Kellie, CEO of the Natural Diamond Council (NDC), is of the view that when it comes to jewellery, people want scarcity and individuality. He says natural diamonds will continue to become more desirable as they get scarcer. “It gets more and more challenging to recover natural diamonds because they are a natural phenomenon. And the rarer they get, the more expensive they are to recover,” he adds.

While major new discoveries are rare, existing mines are being extended through deep mining projects and technological advancements. Expert estimates suggest the global natural diamond supply is expected to remain within an annual range of 115 and 125 million carats through the end of the decade, down over 20 percent from recent peaks. Some major mines are expected to continue production well into the 2030s and even 2040s through significant expansion projects.

At an online press meet, Jodine Bolden, director of education and training at the De Beers Institute of Diamonds, London, emphasised their

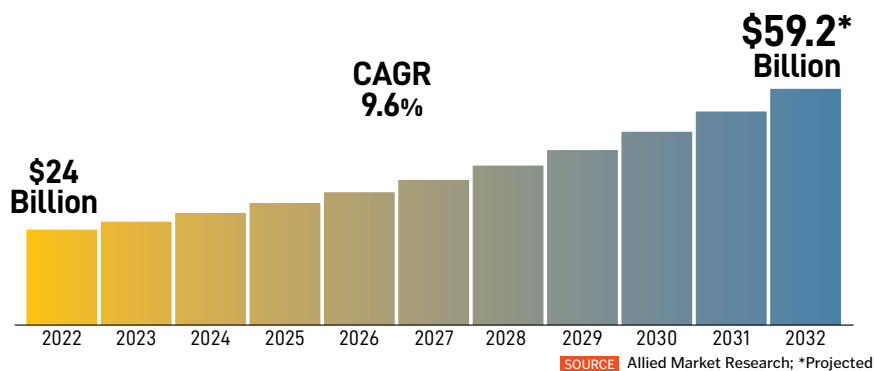
unique characteristics: “Only natural diamonds are rare, unique, timeless and valuable. They are formed over 3.5 billion years ago.” She contrasts this with LGDs, which are produced in 40 to 70 hours, are mass market and low cost, pretty much like cubic zirconia.

“There are so few things in this world that are natural and one-of-a-kind, that aren’t just produced at scale. And people, more than ever, appreciate things that are unique and individual because otherwise how can anything have meaning if these can be produced by their tens of thousands in a factory?” says Kellie.

In its recently released Diamond Facts Report, the Natural Diamond Council said LGD prices have dropped significantly, with a 1.5-carat stone declining 86 percent since 2015; while natural diamonds have shown, on an average, a 2 percent increase year-on-year in rough diamond prices since 2007. Madhavan explains: “Five years ago, when there was less competition, LGDs were sold at significantly higher margins because there was no benchmark. As competition increased, prices rationalised to a more normalised situation. So, the fall in LGD prices was more price correction than oversupply.”

She adds there is a lot of misrepresentation between the pricing of natural diamonds and LGDs. Often, the trade-level (wholesale) pricing of LGDs is disclosed for retail comparison with natural diamonds, which is not a like-for-like comparison. “Trade prices cannot be directly considered as what the consumer should pay—the value chain involves various markups and

Shining Bright: How the LGD Market Is Growing



overheads just like is the case for natural diamonds too,” she says.

Another case against natural diamonds is that they aren’t always clean, and are often marred by ‘blood diamonds’—those that are extracted in conflict zones and used to fund insurgency. But the natural diamond industry says it has adopted rigorous measures—like the United Nations-mandated Kimberley Process Certification Scheme—to guard against these trickling into the market. “It’s their job to make sure conflict diamonds don’t get into the supply chain, and also to ensure that the value of natural diamonds cannot be used to fund rebel movements around the world,” says Kellie of the Natural Diamond Council.

“Our role is to ensure the consumer understands the positive impact of natural diamonds. For example, in Botswana, natural diamonds contribute significantly to the nation’s economy, making up around 30 percent of the country’s GDP. It’s 80 percent of their foreign currency. That means the kids get free education, they get roads and schools,” he

adds. It has made Botswana, Kellie adds, one of the most prosperous nations in Africa compared to where they were 50 years ago, when diamonds weren’t mined there.

De Beers, the world’s leading diamond company, is also investing in the India market, announcing plans to open 15 ‘Forevermark’ stores this year and another 100 in the next five years with a revenue target of \$1 million.

During his maiden visit to India in May, De Beers CEO Al Cook projected that the country’s natural diamond market—currently valued at just under \$10 billion—is set to double by 2030.

FINDING THEIR UNIQUE VALUE PROPOSITION

“The ongoing tussle between mined diamonds and LGDs is taking away consumer confidence from the category itself,” says Kapre. He argues that both need to appeal to the “emotional side” of the consumer’s brain—of fulfilling their ‘diamond dream’. “There are over one million people working in the diamond industry, whether lab grown or natural. The industry has generated employment,” he adds.

The Indian diamond industry is also a significant contributor to the country’s foreign exchange earnings, with cut and polished diamonds being a major export. “Diamonds are an integral part of the Indian economy and it’s going to stay like this,” he says.

Meanwhile, the June 2025 ICRA report on the Indian Cut and

“Natural diamonds will continue to become more desirable as they get more scarce.”

DAVID KELLIE
CEO, NATURAL DIAMOND COUNCIL



Polished Diamond (CPD) industry states that Indian CPD exports experienced a 20-year low in FY25, contracting 17 percent to \$13 billion and projects a further decline of 7-10 percent in FY26, with exports estimated to be around \$12 billion.

“This throws a curveball for India’s diamond industry, after what has already been a tough FY2025. This puts pressure on jewellery brands, especially those who lean heavily on natural diamonds,” says Mukherjee of Netscribes. “We are looking at squeezed profit margins because global demand just isn’t what it used to be, and those shifting US tariffs aren’t helping. Natural diamonds are probably going to feel this sting more acutely. This is in addition to the rise of more affordable LGDs and a continued slump in major markets like the US and China. LGDs, even with their own price adjustments, are still managing to snag more market share in this landscape.”

But Neil Sonawala, managing director of Zen Diamond, disagrees. “While the broader landscape undergoes shifts in perception and production, we see this not as a moment of uncertainty but as a reaffirmation of our roots. Natural diamonds are rare, finite, and carry an emotional weight that no alternative can replicate.” Following the opening of two outlets in Mumbai in two years, the company



“We believe both types of diamonds will coexist harmoniously.”

TEHMASP PRINTER

MD AND CEO, INTERNATIONAL GEMOLOGICAL INSTITUTE INDIA

is looking to foray into Bengaluru next and is looking to establish 100 stores across India by 2030.

In June, one of the most significant moves to differentiate the two products came from the Gemological Institute of America, the authority that created the universally recognised ‘4Cs’ (cut, colour, clarity, carat) for diamonds in the 1950s.

Tom Moses, GIA’s executive vice president and chief research and laboratory officer, said in the statement, “More than 95 percent of LGDs entering the market fall into a very narrow range of colour and clarity. Because of that, it is no longer relevant for GIA to describe man-made diamonds using the nomenclature created for the continuum of colour and clarity of natural diamonds.” This move aimed to reaffirm the rarity for natural diamonds and would likely accelerate the market segmentation, it further said, adding that it will use descriptive terminology such as ‘premium’ or ‘standard’ for LGDs.

But the International Gemological

Institute will continue to uphold the 4Cs standards not just out of convention, but out of respect for the consumer’s right to transparency. IGI also incorporates their proprietary advanced tool like Light Performance Analysis to measure how each diamond interacts with light to provide insight into its brilliance, fire, and scintillation, which is the measure of the diamond’s ‘sparkle’.

De Beers, a staunch proponent of natural diamonds, closed its Lightbox LGD jewellery venture in May. The company is now redirecting its synthetic diamond efforts through its Element Six division, focusing on technological advancements like quantum technology for sensors and semiconductors, even exploring investment in India’s semiconductor sector.

Despite the move to reaffirm rarity for natural diamonds to likely accelerate the market segmentation, Printer says, “We believe both types of diamonds will coexist harmoniously, as today’s discerning consumers often develop unique preferences for lab-grown or natural diamonds at different stages of their lives.” He adds, “LGDs are emerging as a strong market disruptor, and we anticipate transformative shifts in both segments in the years ahead.”

While natural diamonds would solidify their position as the ultimate luxury, heritage, and investment choice, and their scarcity would likely support their long-term value, LGDs are projected for continued growth and accessibility and would dominate the accessible luxury and fashion jewellery segments. **P**



The International Gemological Institute will continue to uphold the 4Cs standards for diamonds

Meet the Influential Personalities Behind India's Bold New Chapter

BEYOND SUCCESS: STORIES THAT MOVE THE WORLD

Chhavi Mehta, Founder-Young Authors Launchpad & Voice Masters Club



Chhavi Mehta is a visionary educator and mentor who is redefining how children express themselves—not just as students, but as storytellers, leaders, and changemakers.

Through her pioneering initiative, Young Authors Launchpad, she has guided over 60 young writers in just a year, including a remarkable 4-year-old who achieved a world record in

story writing—proving that age is no barrier to creativity.

Her second venture, Voice Masters Club, empowers children to find their voice, building confidence and purpose through campaigns like Mic for Mother Earth, which received widespread national recognition.

Twice featured on FM Radio and honored with the prestigious Dr. Sarojini Naidu International Award, Chhavi is nurturing a generation that doesn't just dream—but speaks up. She is on a mission to ensure every child knows: my voice matters, and the world is ready to listen.

Dr. V.V. Manjula Kumari, CEO at VARANAA'S HEALTH CARE, RESEARCH & TRAINING ORGANIZATION

In a field often dominated by conventional methods, Dr. V.V. Manjula Kumari is rewriting the rules of rehabilitation and obesity care—one patient at a time. With her pioneering focus on non-surgical, conservative obesity management, she has helped transform over 10,000 lives across India, offering hope where many had given up. At



the heart of her approach is a rare blend of compassion, science, and forward-thinking. Dr. Kumari is among the few experts actively exploring how Artificial Intelligence can enhance physiotherapy—not by replacing the therapist, but by extending their reach. From AI-driven posture analysis to remote monitoring through wearable tech, she is harnessing technology to improve consistency, early intervention, and patient engagement. But she's quick to remind that no machine can replicate human empathy. "Touch, trust, and tailored care will always be irreplaceable," she says.

Soumadeep Mondal, Founder & CEO of PRescence 360 and Acquisitions 360



Soumadeep Mondal is the Founder & CEO of PRescence 360 and Acquisitions 360—two groundbreaking ventures reshaping how modern entrepreneurs access media, scale revenue, and close deals. At just 18, he dropped out of the University of Essex, armed with a vision to disrupt traditional PR models. From

bootstrapping a seven-figure agency to launching innovative frameworks like PRMA and PRDA, Soumadeep has become a force in outcome-driven public relations. His ventures have generated multi-seven-figure revenue within months and guided 20+ clients to global recognition. A speaker, strategist, and bold risk-taker, Soumadeep is building a global ecosystem of partner agencies and aims to launch the first AI-powered PR dashboard. His philosophy is simple yet powerful: "Empires aren't built on revenue—they're built on lives changed." For aspiring founders, he's proof that strategic risks, deep resilience, and relentless value creation can redefine industries—regardless of age or background.

Amrit Arora, Founder of The Wedding Files (TWF)

Amrit Arora, Founder of The Wedding Files (TWF), is a visionary in the field of wedding photography and cinematography. What began as a 19 year-old's ambition to be self-reliant has evolved into a celebrated creative journey marked by innovation, emotion, and impact. Renowned for pioneering an emotionally immersive



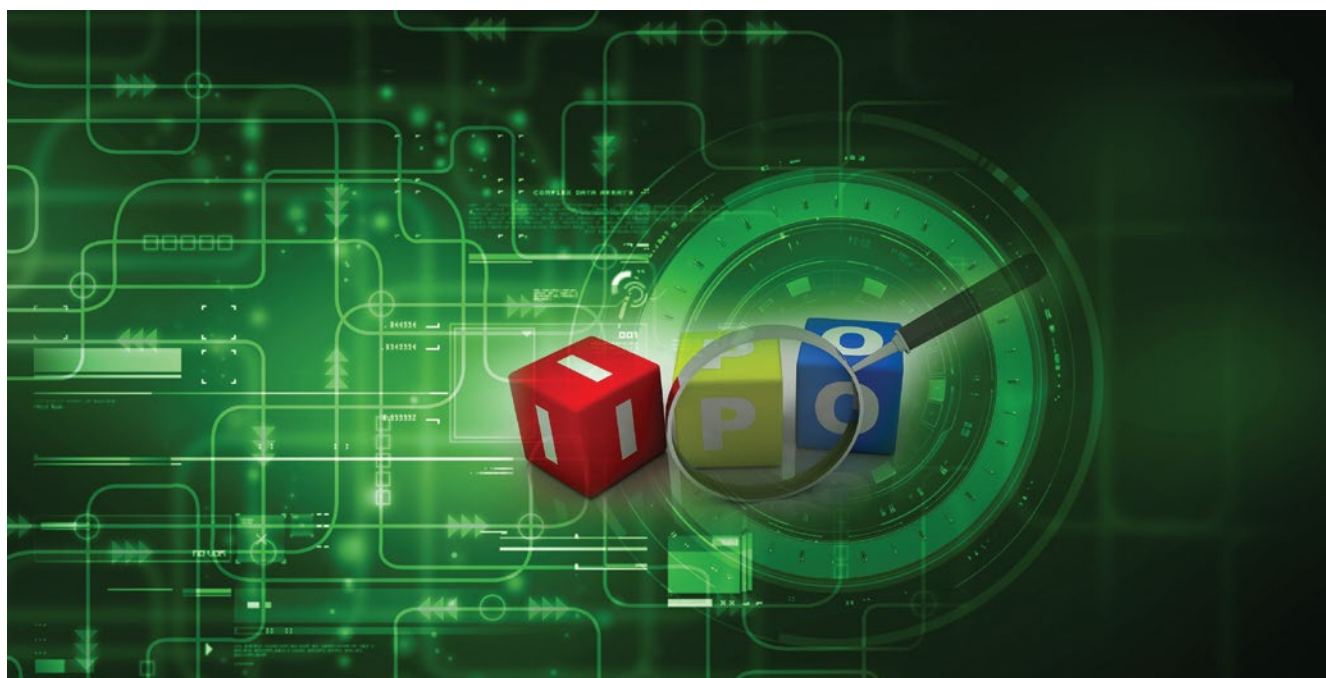
storytelling style, Amrit has moved the industry beyond traditional poses, capturing authentic, unscripted moments that reflect the true essence of each couple's journey.

His work has been featured in esteemed publications such as Vogue, Filmfare, Femina, Hindustan Times, and Gulf News. Yet, Amrit defines success not by accolades, but by the emotional resonance his work creates. From transforming intimate weddings into cinematic experiences to mentoring aspiring creatives, he is committed to authenticity, inclusivity, and legacy-building. For Amrit, every frame is an opportunity to preserve not just a moment, but a memory—because, as he believes, "intention is where the magic begins."

Going Stealth, Staying Safe

More companies are confidentially filing DRHPs as they prefer gauging investor interest and market conditions before going all in with their IPOs

By NASRIN SULTANA



A growing number of companies are preferring to remain confidential about their businesses while filing draft red herring prospectus (DRHP) to go public on Indian stock exchanges. The Securities and Exchange Board of India (Sebi) had given companies the option to remain confidential while seeking its approval for IPOs almost 3 years ago, but companies had been slow to adopt it. However, in the past few months, particularly in May and June, there has been a significant increase in such filings.

In 2025 so far, 12 companies have filed DRHPs confidentially, representing 75 percent of the total issues opting for the stealth route, shows a *Forbes India* analysis based on data provided by Prime Database; of these, the highest number of filings (five) were in June. Some of these companies are Tata Capital (₹17,200 crore), Meesho (₹4,250 crore), Physics Wallah (₹4,000 crore) and Billionbrains Garage Venture (the parent company of Groww, ₹1,735 crore). Between December 2022 and 2024, only four companies had opted for this route.

The trend is indicative of firms

recalibrating their IPO strategies amid volatile market conditions and rising investor scrutiny. Opting to file DRHPs confidentially allows companies to shield sensitive business information from public view and remain ahead of the competition, especially in the new-age category of business.

“We are seeing confidential DRHP filings or pre-filings gain traction among issuers, especially new-age companies. While it may seem there is a lag in companies adopting this route, data points to a relatively quick adoption of the confidential filing mechanism,” says Adepto Saha, executive director, Deloitte India.

He explains that it takes 15 to 24 months for companies to prepare and execute IPOs. This means companies that started their IPO journeys in early 2023 would see their public listings in mid-to-late 2024. The new mechanism has encouraged some companies to explore an IPO sooner, as it allows them to gauge valuations, qualified investor interest, and the regulatory view of the company, while keeping sensitive business information such as key performance indicators (KPIs) and operational disclosures confidential.

“Confidential filings allow companies that see sub-optimal demand during roadshows to pull out of the process before committing to a listing, as opposed to making that commitment at the time of filing a DRHP under the regular process,” says Saha.

As per Sebi’s mandate, a company has to launch its IPO within 12 months from its approval. However, it is extended to 18 months for those opting for the confidential route.

Sebi allowing pre-filing of DRHPs is in sync with global market practices, as it is widely prevalent in the US, the UK and Canada, with a significant majority of technology companies opting for this route.

The offer documents should contain all disclosures as previously required for filing of DRHPs under the Issue of Capital and Disclosure Requirements (ICDR) regulations. Under the 2022 regulations, Sebi allowed pre-filing as an optional mechanism. The issuer has to make a public announcement about the pre-filing of the offer document but does not have to make any other details related to the issue available to the public.

According to Abhimanyu Bhattacharya, partner, Khaitan &

Companies which filed confidential DRHPs

Sebi approval received & expired		Issue amount /estimated (₹ cr)
Tata Play		2,500
Offer document withdrawn		
Oravel Stays		8,430
Issue opened & successful		
Swiggy		11,327
Vishal Mega Mart		8,000
Awaiting Sebi Approval		
Physics Wallah		4,000
Tata Capital		17,200
Imagine Marketing (Boat)		900
Billionbrains Garage Ventures (Groww)		1,735
Shiprocket		1,100
Aequus		1,700
Gaja Alternative Asset Management		500
Jay Jagdamba		-
Manipal Payment & Identity Solutions		-
Shadowfax Technologies		1,000
Steamhouse India		500
Meesho		4,250

SOURCE: primedatabase.com

INFOGRAPHICS BY PRADEEP BELHE

Co, the confidential filing route was primarily for new-age issuers to ‘test the waters’ (as Sebi calls it) prior to committing to launch a public offer. IPO transactions by new-age issuers were slow when this route was introduced by Sebi.

Tata Play was the first company to opt for the confidential route in December 2022. It had received Sebi’s nod to raise ₹2,500 crore via IPO, but decided not to go public; the Sebi approval expired 18 months later. Next was Oravel Stays’ (owner

of Oyo) proposal to raise ₹8,430 crore in 2023, but the offer document was withdrawn later. In 2024, Swiggy and Vishal Mega Mart successfully listed on the stock exchange after filing DRHPs confidentially; Swiggy raised ₹11,327 crore while Vishal Mega Mart’s issue size was ₹8,000 crore.

Pranav Haldea, managing director of Prime Database Group, says that companies appear to have gained comfort by observing how early movers navigated the process successfully. “That provided a leg-up to more companies opting for pre-filing,” he says. “That collective confidence has helped accelerate the trend in recent months, as more firms recognise the strategic benefits of staying under the radar while preparing to go public.” He feels more companies will opt for confidentially filing DRHPs for IPOs in future.

LEGACY VS NEW-AGE BUSINESS

As opposed to the popular claim that mostly new-age companies and startups opt for pre-filing of DRHPs, *Forbes India* found that of the 16 companies that have so far opted for pre-filing, eight are traditional or legacy businesses. These are direct-to-home service provider Tata Play, non-banking financial company (NBFC) Tata Capital, hypermarket chain Vishal Mega Mart, financial services company Billionbrains Garage Venture, aerospace parts manufacturer Aequus, private equity firm Gaja Alternative Asset Management, manufacturer and exporter of stainless steel long products Jay Jagdamba, and steam supplier Steamhouse India.

DRHP documents have a lot of disclosures, including business overviews, financials, KPIs and business strategies. “Many of these are critical and sensitive from a competition standpoint. In the era of cut-throat competition, especially for new-age companies that thrive on the slightest competitive edge to win, it may be prudent to file confidentially and go public with

Sebi allowing pre-filing of DRHPs is in sync with global market practices, as it is widely prevalent in the US, the UK and Canada

information only with a certainty of the transaction,” says Bhavesh A Shah, managing director and head, investment banking, Equirus Capital.

Those opting for confidentially pre-filing offer documents can also evaluate investment interest from qualified institutional buyers (QIBs) during the confidential review period. Saha says the issuer can choose to ‘test the waters’, and then choose to pull the plug, address deficiencies and revisit the markets to list.

Many startups and new-age companies are first-of-their-kind businesses with no publicly listed, directly comparable companies. This makes any option to discover public-market valuations and Sebi’s confidential comments a valuable one. “This is especially true for companies with PE and VC shareholders, where promoter and promoter group disclosures can be complex and sensitive,” Saha elaborates.

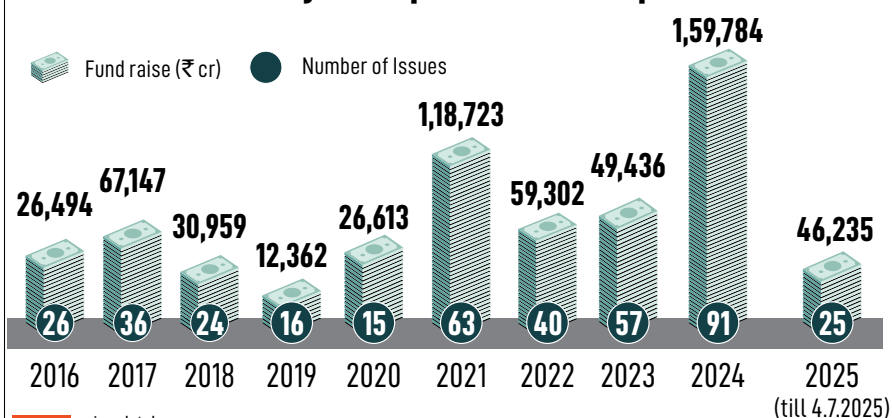
In contrast, legacy companies typically belong to well-established sectors where there are several listed peers with publicly available business information, KPIs, published research reports, and transparent valuations. These companies tend to differentiate themselves by their ability to execute better and/or deploy capital more effectively. “Such differentiators take time and expertise to develop; thus, public disclosures pose limited risk of competitors quickly emulating their strengths,” says Saha.

Legacy businesses are also generally better understood by investors and typically do not see the need for evaluating investor interest.

BEING SAFE, NOT SORRY

Does secrecy indicate insecurity? “No, that is not necessarily true,” says Bhattacharya. He says the confidential route is a well understood route for issuers to gauge investor interest prior to committing to an offering of its securities. This route has been used in other jurisdictions for a considerable period of time. For example, in

How many companies went public?



the US, issuers before or after confidentially submitting or publicly filing a prospectus, are allowed to meet QIBs, and other institutional accredited investors (IAIs) to gauge their interest in the offering.

Saha agrees. “A company’s failure to file a uDRHP [updated DRHP] and proceed with a listing can be perceived as a faux pas that can hang over them. Can we blame companies for trying to minimise such risks to their businesses and reputation?” he adds.

The confidential pre-filing is enabling more companies to explore IPOs. It allows them to pull out of an IPO process mid-way and encourages the management to address any gaps before trying again, rather than

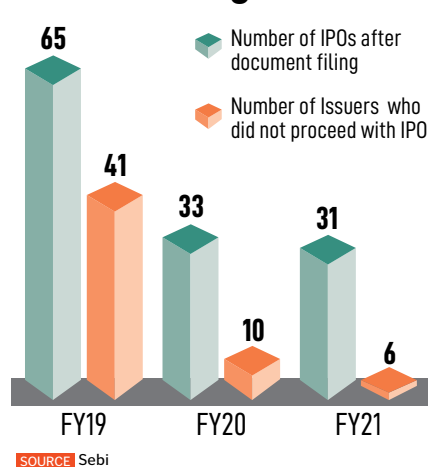
soldiering on through the IPO for the sake of reputation. If investor interest does not match expectations, Sebi issues observations that need time to resolve or if the markets fall, companies can choose to not go ahead with the IPO, while keeping sensitive business information confidential.

“Especially companies that have been private for long and who are shy of public attention can take a trade-off call of information disclosure versus the benefits of listing,” says Shah.

A feature of the confidential filing procedure is also the requirement of a 21-day public notice period, should the company decide to go ahead with the IPO, during which the offer documents must be made available publicly for comments. “This step allows members of the public, including competitors and vendors, to review and comment on the offer documents. It is aimed at protecting all groups of public market investors,” Saha says, adding that this can increase execution risks by exposing a transaction to external market conditions for a longer period.

“Confidential filing is a lengthier process and adds to the timeline of doing an IPO. With extended timelines the cost of the resources, internal and external, spent by the company goes up to that extent,” Shah adds. Typically, confidentially filing DRHPs increases overall transaction costs by about 20 percent, he says. **F**

Do all IPOs get listed?





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Concrete Challenge

Isidro Consunji built Manila's DMCI Holdings into a diversified powerhouse. Buying a loss-making cement business is testing his reputation as a turnaround tycoon

By IAN SAYSON & JONATHAN BURGOS

The 2024 annual report of Philippine construction-and-mining giant DMCI Holdings has an arresting AI-designed cover depicting a stack of grey concrete blocks, geometrically arranged in the form of a futuristic building site. The company says the visual represents its “solid foundation and enduring strength” as well as its “long term vision”. But the image could well be a nod to the new challenge that DMCI Chairman and President Isidro Consunji has taken upon himself.

Last December, the 102-billion-pesos (\$1.8 billion revenue) company completed its biggest acquisition to date, paying \$660 million (including debt) for Mexican giant Cemex's loss-making cement unit in the Philippines. This deal, which marked Cemex's exit from the country after more than a quarter of a century, paved the way for DMCI's entry into a sector that the company had been eyeing for years.

For Consunji, cement was the missing piece in the company's portfolio of infrastructure assets, which, apart from the family's legacy construction business, includes mining, energy, water and property development. The 76-year-old tycoon, who's notched a respectable track

record of reviving ailing businesses, exudes confidence. “We hope to turn it around within two to three years,” he says from DMCI's headquarters in a modest five-storey building on the edge of Makati's business district.

The Cemex unit is among the top five cement producers in the country with two factories and an annual production capacity of 7.2 million tonnes. (This was recently expanded from 5.7 million tonnes.) It's up against deep-pocketed rivals, such as Holcim Philippines, Eagle Cement, a subsidiary of billionaire Ramon Ang's San Miguel, and Republic Cement, owned by the wealthy Aboitiz family.

Declining sales and rising energy costs pushed it into the red three years ago, a trend that has continued

Cement was the missing piece in Consunji's portfolio of infrastructure assets, which includes mining, energy, water, and property development

since, including in the first quarter of 2025 when it reported a net loss of 868 million pesos. Consunji says his game plan to make the unit more efficient and eventually profitable includes leveraging synergies with group companies. For example, as part of DMCI, the unit can procure coal and electricity on better terms from group companies and in turn, DMCI's housing and infrastructure projects will be customers for its cement.

Elaborating on his positive outlook, Consunji points to the imminent benefits of scale from the recent capacity upgrade by the company, now renamed Concreat Holdings Philippines—a play on his family name and 'create'. The addition of a new production line was started by Cemex but was completed in April this year under DMCI's watch.

Concreat's capacity expansion may appear mistimed with the current supply glut in the Philippines. Cheap imports have flooded the market, clobbering cement prices. Domestic factories are operating on average at just over half of their installed capacity, according to the Concrete Manufacturers Association of the Philippines. Some factories have been forced to temporarily shut down. John

"The outlook for the cement sector is not rosy, mainly due to dumping from China and Vietnam."

Gatmaytan, chairman of Manila's Luna Securities, says, "The outlook for the cement sector is not rosy, mainly due to dumping from China and Vietnam."

However, Consunji says he's looking ahead and positioning Concreat for upcoming opportunities. According to DMCI, the per-capita consumption of cement in the Philippines is 304 kg, less than half of that in Vietnam. He expects cement demand to get a boost from the government's Build Better More programme that targets increased outlays on infrastructure projects, such as the 33-km Metro Manila subway estimated to cost 489 billion pesos. Total government spending on infrastructure is projected by the Department of Finance to at least double to 2 trillion pesos by 2028, from 1 trillion pesos this year.

"DMCI will be one of the major beneficiaries of the government's plan to boost infrastructure spending," says George Ching, senior research manager at COL Financial. The Manila-based brokerage has a buy rating for DMCI and a 12-month share price target of 13.60 pesos, 22 percent above its June 27 closing price of 11.18 pesos.

Consunji is also counting on increased cement offtake by property arm DMCI Homes, which along with other developers, is looking to address the country's housing shortage, notably in provincial areas where demand is still robust compared with Metro Manila. The country will have an estimated housing backlog of 10 million homes by 2028, up from 6.5 million in 2024, according to a forecast by the Department of Human Settlement and Urban Development, the central housing authority.

For the past two years, DMCI has been buffeted by the cyclical nature of the commodities business. Both revenue and net profit have declined by double digits mainly due to weaker coal, nickel and electricity prices. The company reported a 17 percent drop in revenue and a 23 percent fall in net profit for 2024, with both slumping by a similar range in 2023.

Consunji has navigated rough terrain before. Through it all, he's preserved his family's place among the country's wealthiest, which his late father and DMCI founder David Consunji had secured in his lifetime. Consunji Sr joined the ranks of the Philippines' richest in 2007 with a modest fortune of \$210 million. Five years later, he became a billionaire, a status he held until his death in 2017. The patriarch's fortune was divided among his eight children and is now listed under Isidro Consunji, who's the eldest son and represents the family's net worth of \$3.4 billion, which puts them at No 5 on the 2024 list of Philippines' 50 richest. (Neither Consunji nor his siblings are individual billionaires.)

A Concreat cement plant



PHOTO COURTESY OF DMCI HOLDINGS

PHOTO COURTESY OF DMCI HOLDINGS

Consunji admits that as a young man, he had no desire to follow in his father's footsteps. He enrolled for an economics degree at Ateneo de Manila University, which at the time was an all-boys' institution. But he soon opted to transfer to civil engineering studies at University of the Philippines, a co-educational college that was his father's alma mater. What drew him wasn't the course but the chance to hang out with girls, he says candidly. "I told my father that I had changed my mind. He didn't ask why. He was happy since that is what he wanted."

During a semester break, Consunji started working in DMCI's motor pool, overseeing the rentals of trucks and cranes. His job included doing the rounds of the city's Chinatown district and sundry junkyards to buy spare parts. In 1971, the newly qualified civil engineer was dispatched by his father to Mindanao, an island in the south, to help with reviving a problematic logging business, which took him two years to fix. (Today, the family owns durian orchards in the area through its privately owned Dacon Holdings.)

To prepare himself for bigger responsibilities, Consunji took a two-year sabbatical for MBA studies at Manila's Asian Institute of Management, then went back to work with his father. Within three years, he spotted his first acquisition target, a logging company in financial distress. He took management control by acquiring shares against the cost of supplying heavy machinery, enlisting a business school classmate to assist him in turning it around. Backed by his father, he bought two more struggling lumber firms before returning to Manila to help manage the family's construction business.

By 1995, when the family was ready to list holding outfit DMCI Holdings, Consunji had earned his stripes and was promoted to the position of president. Along with his father, he oversaw the sale of a 34 percent equity stake in an



Construction Pioneer

Born in a family of farmers, David Consunji (d 2017) started out as a concrete inspector during the post-war rebuilding effort in the Philippines. He had studied civil engineering at the University of the

Philippines and his fascination with construction later propelled him to become an independent contractor. He set up DM Consunji in 1954 with a second-hand cement mixer, a pickup truck and a few foremen.

At first, he undertook small construction jobs for friends then secured bigger contracts. The firm went on to build some of the country's most notable structures, from the Cultural Center of the Philippines overlooking Manila Bay to the Shrine of Valor (with a 95-metre-tall cross) in Bataan Province. DM Consunji was also involved in the construction of the Sultan of Brunei's palace, with close to 1,800 rooms and a banquet hall big enough to seat 5,000 people.

After six decades as chairman, he ceded the position to his son Isidro in 2014, though he retained his links to DMCI as chairman emeritus. He was posthumously named grandfather of the country's construction industry by the Construction Industry Authority of the Philippines, a government agency.

—IS and JB

IPO that raised 3.5 billion pesos. Diversification was one of their top priorities and to fund that they tapped the public markets again two years later with an issue of preference shares that garnered 2.3 billion pesos. The capital raising proved to be well-timed.

The Asian financial crisis that soon followed provided DMCI an opportunity to acquire distressed businesses. The company bought a 40 percent stake in cash-strapped coal producer Semirara Mining, named after the remote island in the province of Antique where its mines were located. By 2004, DMCI's golden jubilee year, Semirara was on a stable footing and DMCI increased its stake to 95 percent.

"It took us all of seven years to turn around the company," recalls Consunji. "We were learning. It was trial and error." One major cost-saving move involved switching from the continuous, open-pit coal extraction method that deployed expensive "bucket-wheel" excavators to the more conventional but less

environment-friendly system of using trucks and shovels.

A commodities boom and exports to China turned Semirara into a cash cow for DMCI; today, the company accounts for 97 percent of the country's total domestic production of coal. Last year, despite weaker coal prices that dented earnings, it contributed more than half of DMCI's net profit of 19 billion pesos.

The company was renamed Semirara Mining and Power in 2009 after it acquired an unprofitable coal-fired power plant operation in Calaca, Batangas Province, from the government for \$362 million. With a capacity of 600 MW, the plant was badly maintained and grossly underutilised, producing only 160 MW of power. Consunji undertook an extensive upgradation, costing 9.9 billion pesos over about 15 months, that involved installing new turbines to crank up power production, which now stands at 540 MW.

"The operational side wasn't that difficult," Consunji discloses. "It

was changing the culture that was challenging. People had no profit-and-loss responsibility when it was government-owned. We had to reorient their thinking: You have to make money for each activity you do, there must be value-added.”

Over the years, Semirara’s mining and power operations have faced criticism from the green lobby for their adverse environmental impact. Following the 300 MW expansion of the Calaca power plant in 2016, activists protested about the pollution in the area. “We understand the environmental concerns associated with coal,” DMCI says. The company says it planted 2.8 million trees over nearly 700 hectares around the coal mines.

While acknowledging the government’s efforts to boost renewable energy, Consunji says he doesn’t foresee demand for conventional power reducing anytime soon. “Electricity prices would shoot up if we completely transition to renewable energy sources,” he avers. “We still need fossil fuels.”

Semirara is now reviving plans to build a 700 MW coal-fired plant inside the Calaca power complex, which would be its single biggest power-generating facility and cost \$1.4 billion. The project was shelved in 2019 in the wake of regulatory changes and delays in the construction of additional capacity by the state-owned transmission company.

DMCI initiated a 291-billion-pesos five-year plan through 2027 for its coal operations that includes the development of a new mine (adjacent to its operating mine) and boosting coal production to 20 million tonnes from 16 million tonnes. Semirara Island’s reserves are estimated to be depleted within 12 to 15 years based on latest studies.

Meanwhile, the outlook for DMCI’s property business is somewhat cloudy due to oversupply of urban housing. In

Betting on demand from makers of EV batteries, DMCI is building a \$1.5 billion high-pressure acid leaching nickel processing plant

Metro Manila, there are as many as 70,000 unsold condos, according to property consultant Colliers Philippines. Consunji is optimistic that DMCI Homes’ inventory of about 2,800 units in the city (as of end-March), will be sold within 18

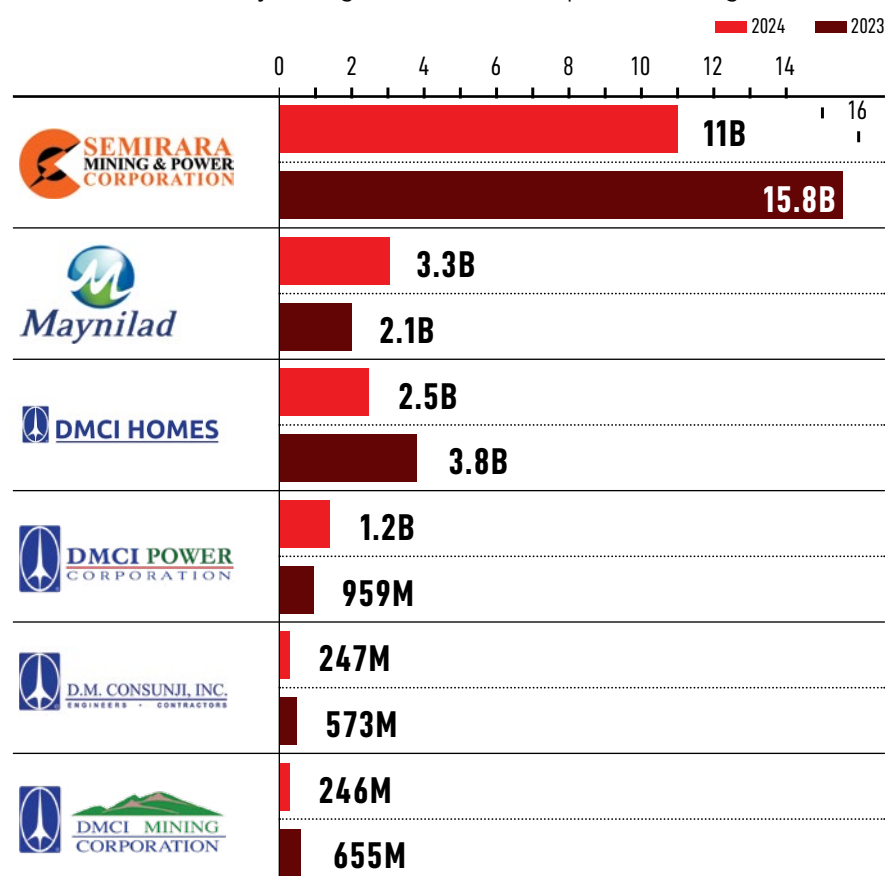
months, helped by a rent-to-own programme to make them more accessible “There are plenty of buyers who can afford the monthly payments but don’t have enough cash for the down payment,” he says.

DMCI Homes’ seven upcoming residential projects with over 3,000 units are mostly located outside Metro Manila. They include Moriyama Nature Park, a Japanese onsen-inspired project of “resort homes” covering a 40-hectare expanse in Laguna, a province south of Manila known for its hot springs.

Betting on sustained demand from makers of batteries for electric vehicles, DMCI is also building a \$1.5 billion high-pressure acid leaching nickel processing plant with an annual production capacity of 60,000

Mixed Bag

DMCI’s key mining business shored up 2024 earnings

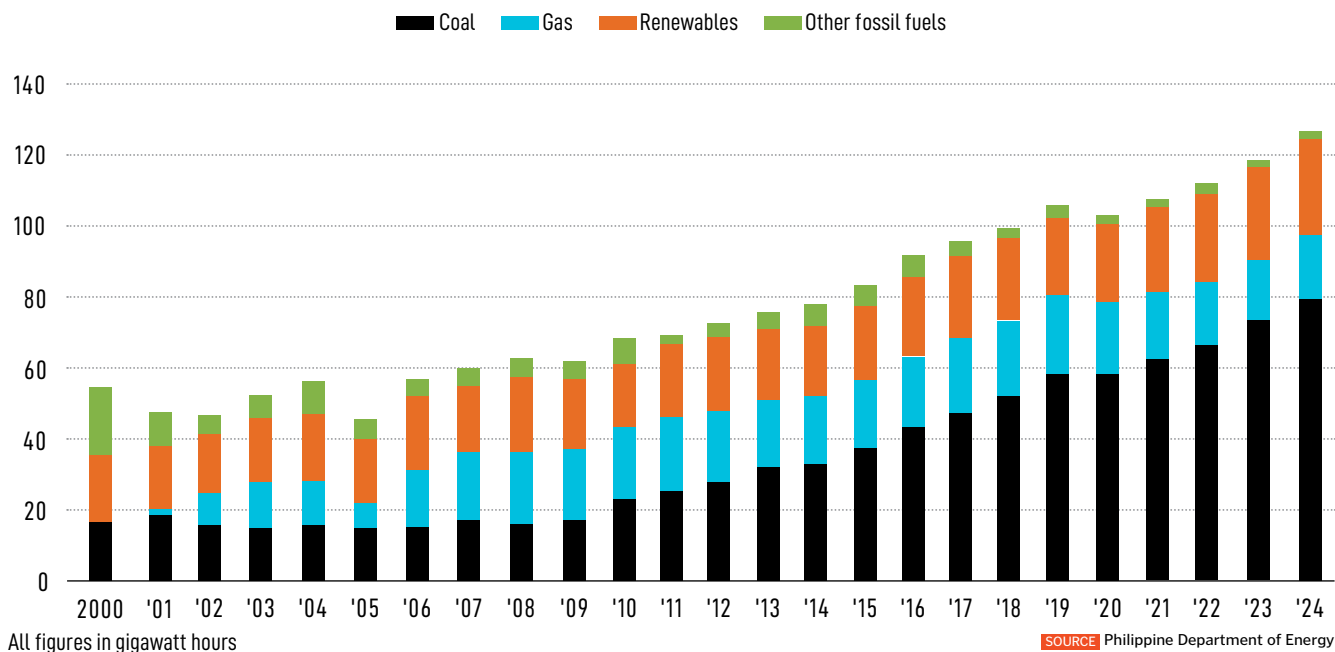


SOURCE: DMCI Holdings

In Million/Billion Pesos

King Coal

The Philippines continues to rely on fossil fuels to meet rising electricity demand, with the use of coal for power generation more than quadrupling since 2000



metric tonnes. DMCI's partner in the project is Nickel Asia, owned by the Zamora family. "Hopefully, the glut in nickel supply would have eased by the time the plant is ready in three years," Consunji says.

He also foresees increasing profit contributions from Maynilad Water Services, a joint venture with Metro Pacific Investments, backed by Indonesian billionaire Anthoni Salim and Japanese investment giant Marubeni, which supplies water to over 10 million people in western Metro Manila. The utility has been steadily increasing its contribution to DMCI's bottom line. Maynilad Water's net profit rose nearly 60 percent to 3.3 billion pesos in 2024, or about 17 percent of DMCI's total net profit, compared with nearly 9 percent the previous year.

Maynilad is now gearing up for an October IPO to raise 38.6 billion pesos to substantially upgrade its facilities. "There are still many things that can be done to improve Maynilad but

it's constrained by red tape in getting local government permits to replace old pipes and install new ones," according to Consunji.

More than a decade ago, Consunji stepped back from day-to-day management, handing over operational charge to various family members and professional executives. His cousin Herbert, DMCI's chief financial officer, now has dual responsibility as Concreat's president and CEO. Consunji's sister Cristina has been running

More than a decade ago, Consunji stepped back from daily management, handing over operational charge to family members and professionals

Semirara since 2019 as president and CEO, while his brother Jorge runs the construction side overseeing bids for government infrastructure contracts. Two other sisters, Edwina Laperal and Luz Consuelo Consunji are executive directors.

The third generation has entered the scene. Consunji's nephew Tulsidas Reyes is president of DMCI Mining while Alexander Gotianun (the son of Cristina and Jonathan Gotianun, a scion of the family behind Filinvest Development) is in charge of special projects at Concreat. Consunji's son Victor, who's a civil engineer, is developing boutique housing projects outside DMCI.

So far, Consunji says there's been no formal discussion about succession and he's agnostic about whether the next chairman is a family member or a professional. Consunji tries to draw on lessons he gleaned from his father, who he says wasn't dictatorial and encouraged people to collaborate. His dictum: "No one among us is as good as all of us."

Shina Chung,
CEO, Kakao



Walking the Talk

After two years of stagnant sales, Kakao CEO Shina Chung brokered a deal with OpenAI to get next-gen AI tech to jumpstart growth at the Korean internet giant. But will the new virtual assistants deliver?

By JOHN KANG

Striding purposefully across the stage at a packed media briefing held in Seoul in early February, Shina Chung, CEO of Korean internet giant Kakao, leaned in to greet OpenAI co-founder Sam Altman. After six months of negotiations, the two companies had just sealed a partnership that would give Kakao (market cap: \$20 billion) access to the American AI titan's powerful technology. As Chung declared on stage, it could potentially turn "all imaginable AI-era services into reality"—and give Kakao a fighting chance to leapfrog the competition.

With OpenAI's help, Kakao hopes to realise its ambitions of being at the forefront of providing hyper-personalised services to the 49 million users of its ubiquitous superapp KakaoTalk, which equals about 94 percent of the country's population. Chung is targeting a November rollout of so-called AI agents—next generation virtual assistants that can go beyond answering basic questions to making decisions and even taking actions on behalf of users.

"We needed a partner we could trust, especially one who leads the field in performance and innovation," says Chung in an exclusive interview with *Forbes Asia* at Kakao's office in Pangyo, South Korea's Silicon Valley, just south of Seoul. "We had the same philosophy."

For Kakao and its first woman CEO, the OpenAI alliance could be nothing less than a gamechanger. Since taking the top job in March

2024, Chung's biggest challenge is to steer the company through the longest stretch of sluggish sales in its 15-year history. The 50-year-old Chung, who featured on *Forbes Asia's* Power Businesswomen list last year, is betting that going all-in on AI will be a catalyst for growth. "We are now preparing to significantly change KakaoTalk so that AI can penetrate its many services," she says.

The collaboration isn't a one-way deal. For OpenAI, it offers an opportunity to further its global ambitions by providing access to one of the world's most tech-savvy markets, which has the highest number of paying subscribers outside the US for ChatGPT, its revolutionary chatbot. "We're excited to bring advanced AI to Kakao's millions of users and work together to integrate our technology into services that transform how Kakao's users communicate and connect," says OpenAI's chief product officer Kevin Weil by email.

Chung will need to act fast to hard-bake the OpenAI tech into Kakao to gain an edge on its chief rival Naver, South Korea's biggest internet firm by revenue

Just the day before the glad-handing event with Chung, Altman was in Tokyo with SoftBank's billionaire founder Masayoshi Son, announcing a new joint venture to market AI services to Japanese companies. SoftBank recently led a \$40 billion funding round in OpenAI and the two companies are also partners in the \$500 billion Stargate project to build AI data centres in the US.

It's a critical turning point for Kakao. The company's business is dependent on the Korean market—compared with blue-chip stalwarts like Samsung and Hyundai whose fortunes are determined by global exports—which faces a deepening economic slump. The country's GDP contracted by 0.2 percent in the first quarter amid the threat of a global trade war, weak consumer spending and months of political turmoil.

In 2024, the company narrowed its net loss to 161.9 billion won (\$119.4 million) from 1.82 trillion won the previous year, on a 4 percent uptick in revenue to 7.87 trillion won. The alliance with OpenAI could yield as much as double-digit sales growth within two years, according to Kakao as it transforms itself into a company where AI is at the core of its operations and services.

Chung will need to act fast to hard-bake the fast-evolving tech into Kakao's businesses, which run the gamut of everyday activities, from messaging and online banking to music streaming and taxi-hailing, to gain an edge on its chief

rival Naver, South Korea's biggest internet company by revenue (2024: 10.73 trillion won). The Seongnam-based firm is widely seen as being a step ahead of Kakao in the AI race with its large language model (LLM) HyperClova X, launched in 2023 and tailored for the Korean language and culture. Also closing in is a fast-growing crop of local AI native startups.

Already, Chung has begun laying the foundation. In mid-June, the company announced a 600-billion-won investment to build a 92,000-square-meter AI data centre in Namyangju city, about 25 kilometres from Seoul. The data centre—its second after last year's launch of a facility in Ansan with 6 billion gigabytes of data storage capacity—will break ground in 2026 and is slated to open by 2029.

By leveraging OpenAI's LLMs, which undergird ChatGPT, Kakao is developing a suite of services with the aim of getting users to increase their time on the superapp—and spend more money while using it. “We saw diminishing returns trying to compete in the benchmark tests for the most powerful AI models, so we decided on a more practical approach seeking cost efficiency,” says Chung.

OpenAI-powered AI agents have the potential to autonomously plan and take action across Kakao's digital ecosystem, with limited human direction; for example, make a restaurant booking on behalf of a KakaoTalk user, add a calendar reminder, book a taxi and pay for a meal. That stickiness, Chung believes, will result in more ads—one of Kakao's main revenue drivers—reaching users across its chats and channels. “AI enhances our core business, especially advertising and commerce,” she says.

Advertising accounted for 15 percent of group revenue last year while its commerce unit contributed 11 percent. Kakao earns

PHOTOS COURTESY OF KAKAO CORP.



Shina Chung and Sam Altman are hoping for a win-win

commissions of up to 8 percent per transaction for gifts sent between KakaoTalk users. An average of 600,000 gifts (from chocolate to vitamins to cosmetics and clothes) are exchanged daily, the company says, in the form of mobile vouchers that can be redeemed at participating restaurants and retailers or ordered from the platform's gift shop.

“The advertising business, which currently operates as the main cash cow of internet companies, will undergo dynamic changes with the introduction of AI-based services,” says Jingu Kim, a Seoul-based analyst at Kiwoom Securities. He predicts there will be a rapid uptake in B2C-based subscription plans that include AI agent services. “In this

“The AI agent will automatically do the work for you and life will be so much better even without knowing what AI is.”

process, we expect Kakao will be able to secure sustainable growth and level up its corporate value through its collaboration with OpenAI.”

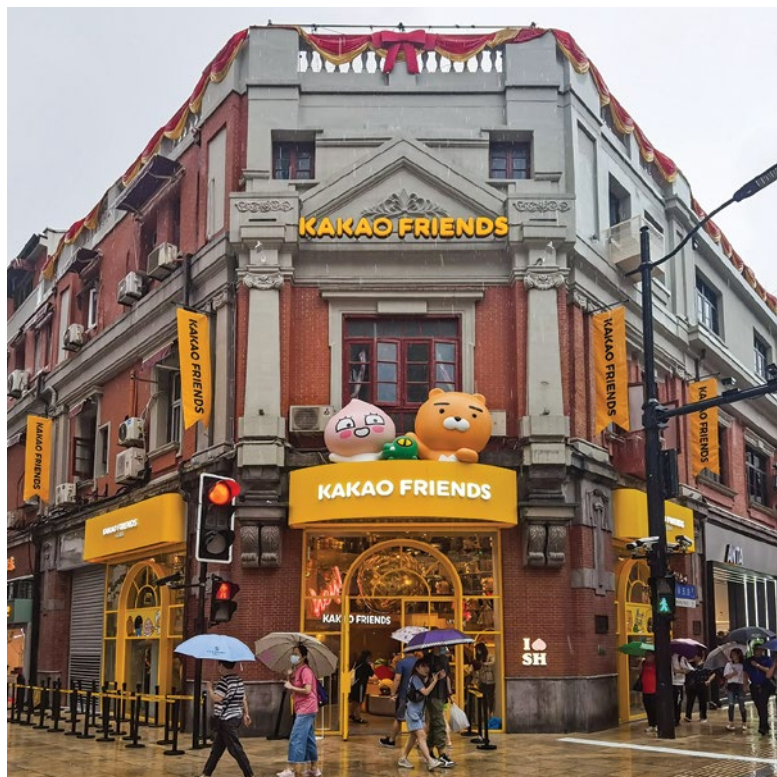
In a dry run with OpenAI's tech in early May, Kakao launched a new standalone messaging app called Kanana for closed beta testing that features AI agents Kana and Nana. Powered by OpenAI's GPT and its own small language model (SLM), it can assist users in personal and group chats by answering questions, summarising group conversations, setting meeting times for events and sharing updates. Kakao declined to say how much it has spent but discloses that some 400 employees, or about 10 percent of its workforce, are working on AI projects.

“For everyday-use cases, we don't need to [invest in] a large language model,” says Chung, as that can cost hundreds of millions of dollars and take years to develop. Besides being cheaper to train and run, SLMs are safer to use as they're less likely to provide incorrect answers to user queries, known as hallucinations, while also being more secure, she adds. It doesn't require a network connection to a cloud, which is vulnerable to server breaches.

Kakao will use its SLM to perform simple tasks, while relying on OpenAI's powerful LLM to manage more complex, multistep and linked applications across Kakao's ecosystem, says Chung. It's the same strategy used by Apple: Simple queries are answered by Siri, powered by Apple's in-house Apple Intelligence LLM, and more complex questions are directed to ChatGPT. “Everyone was defaulting to GPUs for AI, but does it make sense to use the most expensive chips for small inference tasks?” explains Chung.

The company expects to complete Kanana's closed beta testing in November, around the same time that it plans to launch the OpenAI-Kakao AI agent. “The virtual assistant will automatically do the

PHOTO BY: KAKAO FRIENDS, GETTY IMAGES; BLOOMBERG (2)



(Clockwise from left) A Kakao Friends store selling character merchandise such as Ryan (the lion) and the radish-in-rabbit clothing Muzi; Kakao Pay is accepted at stores throughout South Korea; a taxi operated by Korea Mobility

work for you and life will be so much better even without knowing what AI is,” says Chung. “Because now you need to find which app to use, go to the app, take action. With agentic AI it will be seamless.”

Alongside her tech focus, Chung has been striving to make Kakao leaner. This has involved shedding non-core businesses—the number of affiliates has dropped by a fifth over the past two years to 115 from 147, the company says. Then there’s the planned spin-off of Daum, the country’s second-largest portal site by daily visitors, which Kakao acquired in 2014. This will allow Chung to concentrate on juicing up other parts of Kakao’s portfolio, both domestic and overseas, and in particular its banking, entertainment and digital healthcare services.

In June, a joint venture between its internet banking arm Kakao Bank and Thai financial group SCBX, which controls Siam Commercial Bank,

received approval from the Thai government to establish a virtual bank in Thailand, making it the first Korean bank to operate in the country in 25 years. Earlier this year, Kakao Entertainment announced the global launch of its fan-community

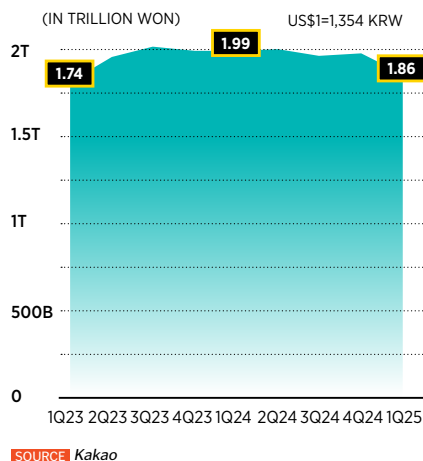
app Berriz as Kakao Healthcare forged a partnership with Seoul-based elderly-care startup Caring and expanded into Japan.

Kakao’s sales started to lose steam after peaking at 2 trillion won in the third quarter of 2023. With the company being under pressure to boost revenue and earnings, founder Kim Beom-su embarked on an aggressive expansion of its entertainment portfolio. Kim, who has a 24 percent stake in Kakao and a net worth of \$5.1 billion, made the fateful call to get into a bidding war for K-pop agency SM Entertainment with Korean billionaire Bang Si-hyuk’s Hybe, manager of boy band sensation BTS.

While Kakao was ultimately successful, snatching a 35 percent stake in SM for 1.3 trillion won in March 2023, prosecutors alleged that Kim, long-hailed as an internet pioneer, had manipulated SM’s stock price to ward off Hybe. Kim,

Flat Line

Kakao’s quarterly revenue has seen little movement in the past two years



who denied any wrongdoing, was arrested in July 2024 and is currently out on bail awaiting trial. In a statement to Kakao employees at the time, he said: “The allegations are not true. I have never instructed or condoned any illegal acts.”

During the takeover battle for SM, Chung was running venture capital arm Kakao Ventures and also had a board seat at Kakao. She had made a name for herself as a VC investor with a portfolio that produced four unicorns. To steady the ship, Kakao’s board enlisted Chung as CEO last year. “I saw that period as a turning point for Kakao,” she recalls, adding that a crisis “can be an opportunity for renewal.”

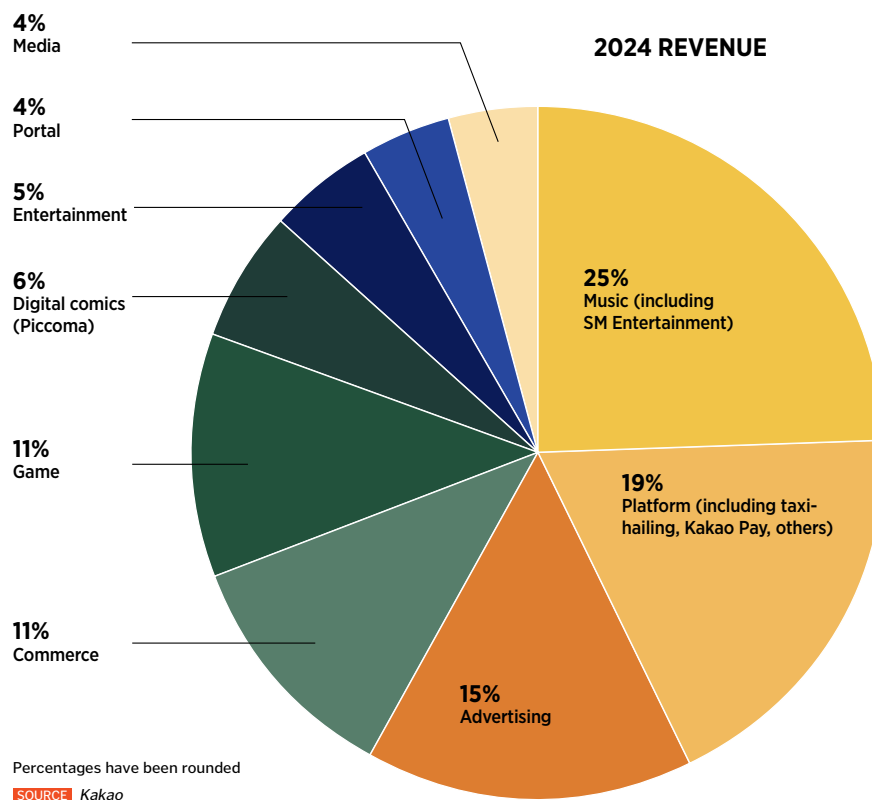
Chung’s forward-looking approach was honed over a 25-year career that has included roles at Boston Consulting Group, eBay and Kakao rival Naver. She studied French literature at Yonsei University in Seoul (not because she liked it but because, back then, it was the subject du jour among brainy female students), followed by a master’s degree in marketing from the same college and an MBA from the University of Michigan.

In 2014, she joined Kakao Ventures as a partner, becoming its CEO four years later. Her decade-long stint at the VC arm taught her how to deploy “my imagination with curiosity”, she says. “For example, the market for most early-stage investments wasn’t there yet, so I needed to imagine it.” She did just that with Kakao Ventures’ early backing of South Korean AI chipmaker Rebellions, contributing 2 billion won of the 5.5 billion won in seed funding in 2020. Last December, Rebellions became the country’s first AI chip unicorn, valued at 1.3 trillion won, equivalent to \$1 billion at the time, after it merged with a rival chipmaker owned by Korean billionaire Chey Tae-won’s SK Group (Kakao retains a stake).

It’s not a given that Chung’s big tech bet will pay off. There are

One-Stop Shop

The Korean internet giant offers everything from taxi-hailing to online banking



concerns in the industry that AI agents are more hype than substance, and could struggle to gain traction with users, much like Facebook’s metaverse, which saw the social media giant rebrand itself Meta and pour tens of billions of dollars into a virtual world project that has so far flopped. Alongside OpenAI, tech firms Google, Anthropic and Salesforce have debuted AI agents for consumers and businesses but they are nowhere near mainstream.

OpenAI is also restricted in its use of personal data collected from Kanana agents, per a government review requested by Kakao over concerns about sharing personal information such as bank account and credit card details. Chat data must be stored in a database controlled by Kakao and can’t be used by OpenAI for commercial purposes, the Personal Information

Protection Commission ruled.

For now, a campaign promise by South Korea’s new president Lee Jae-myung to invest 100 trillion won in AI and introduce measures to support the country’s internet giants has led Kakao’s previously moribund shares to surge over 85 percent in the past two months. Investors also piled in over a proposed law that would allow companies in South Korea to issue won stablecoins, with Kakao’s listed payments platform Kakao Pay seen as one of the main beneficiaries. Kakao Pay shares rocketed before correcting sharply recently after regulators highlighted the risks associated with stablecoins.

Chung’s shown the stamina and smarts to meet such challenges and has a secret weapon up her sleeve: Imagination. “It will work very well,” she says. “Especially when new eras come.” **F**

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Name Game

New Balance chief marketing officer Chris Davis hopes to redefine the 119-year-old sneaker and apparel brand's place in the sports hierarchy

By JUSTIN BIRNBAUM



New Balance boasted that it was 'endorsed by no one' in the 1990s. Today, its stable of elite athletes includes No 1 NBA pick Cooper Flagg

In 2023, before Cooper Flagg was the top player in college basketball and the No 1 pick in this year's NBA Draft, New Balance chief marketing officer Chris Davis issued an audacious challenge to one of his top lieutenants. "Go get this guy," Naveen Lokesh, who leads the brand's basketball and

football divisions, recalls being told, as his boss dropped a recent issue of *SLAM* magazine with Duke's prized freshman on the cover onto his desk.

The odds certainly weren't in New Balance's favour. Though just 17 at the time, Flagg had already spent years dazzling scouts with his elite athleticism and seemingly clairvoyant

playmaking ability, leading to a reputation as one of the best teenage prospects this century, alongside other No 1 picks, LeBron James, Zion Williamson and Victor Wembanyama. And that sky-high potential had sneaker companies dreaming of the financial windfall he could unlock.

But while the Boston-based New Balance, which posted \$7.8 billion in revenue last year, could hardly match the resources of, for example, Nike (\$51 billion in 2024 revenue) or Adidas (\$26 billion), it did have one edge over the competition. Flagg grew up in Newport, Maine, about 40 kilometres east of the privately held New Balance's manufacturing facility in Skowhegan, and the now-18-year-old phenom tells *Forbes* he still remembers shopping with his mom at the factory's annual tent sale for backpacks, clothes and sneakers every school year.

So when it came time to pitch Flagg, at a Calabasas hotel with other sneaker brands waiting outside, New Balance led with a personal touch, unveiling a tribute video shot at the Skowhegan factory that "let the associates that have been working in Maine for 20 years speak for us", Lokesh says.

New Balance was successful, officially announcing Flagg as an ambassador in August, yet such a rigorous chase for superstar talent was a bit out of character for the 119-year-old brand. In fact, the company once ran a campaign with the tagline 'Endorsed By No One' during the 1990s. "They prided themselves that athletes were choosing to wear their products because it was a good or great product, not because they were getting paid," notes BCE Consulting's Matt Powell, who previously spent more than 20 years as a sports retail analyst.

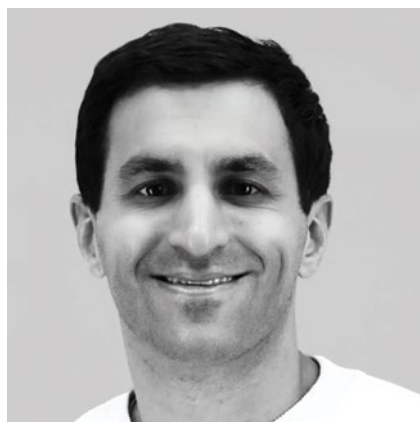
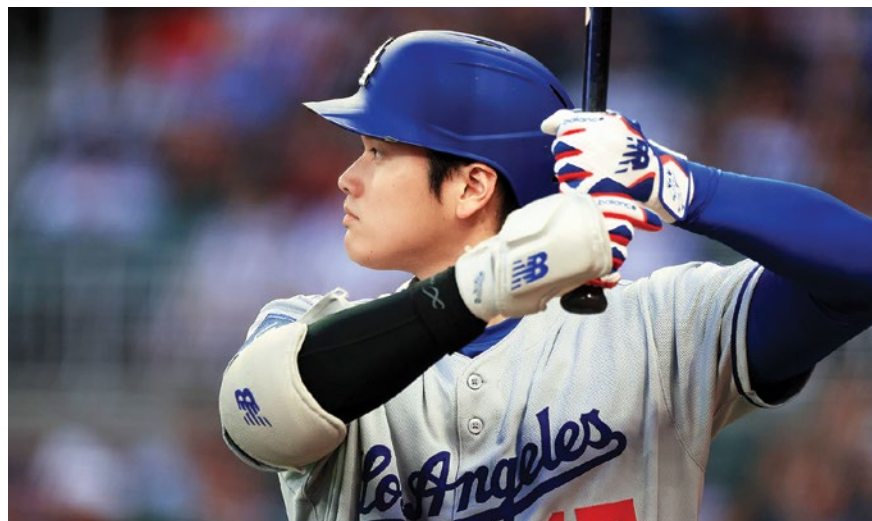
Now, as the sneaker landscape has changed, so has that mentality. In a bid to redefine its place in the sports hierarchy and reach the next generation of consumers, New

Balance has spent the past 15 years reshaping its marketing strategy, and athlete ambassadors have played a core role. The brand now boasts a formidable roster of sports stars, with two-time Grand Slam champion Coco Gauff in tennis, three-time MVP Shohei Ohtani in baseball, NBA stars Kawhi Leonard, Jamal Murray and Tyrese Maxey and women's basketball standout Cameron Brink.

In doing so, New Balance has created a new identity for itself beyond the 'Dad Shoe', a historically popular product that *Saturday Night Live* once parodied with the tagline, "Shoes made for running, but worn by chubby white guys in their late 30s to early 40s." That evolution has also fuelled growth for New Balance's topline, which last year more than quadrupled from the \$1.8 billion it posted in 2010.

More recently, from 2022 to 2024, the brand grew global revenue 27 percent collectively across its baseball, basketball, football and tennis categories. That rise coincides with Gauff winning her first major at the US Open, signing Ohtani (who won a World Series last year), Brink and Maxey, and Murray winning the NBA title with the Denver Nuggets in 2023. The growth also plays a larger role in driving consumers to the brand's lifestyle sneakers and apparel, an area where the industry makes the bulk of its money. Overall, *Forbes* estimates New Balance's sports footwear segment, which includes performance, lifestyle and outdoor offerings, grew 50 percent to \$6.6 billion from \$4.4 billion worldwide during that period.

"We knew that we could be so much more than we were, and we knew that the story, the values and the potential of our brand was under-realised," says Davis, the son of New Balance's billionaire chairman Jim Davis. "And partnerships in athletics, entertainment, streetwear and luxury fashion have all played a significant role in communicating our brand ambition to new consumers."



With athletes like three-time MVP Shohei Ohtani (top) on its roster, New Balance has demonstrated its prowess at signing champions. New Balance's chief marketing officer Chris Davis (left)

Despite its cheeky ad campaign in the 1990s, it's not as if New Balance had never worked with athletes before. In the early 1980s, the brand added NBA journeyman ML Carr as its first basketball ambassador and, a few years later, signed future Hall of Famer James Worthy to the first-ever million-dollar shoe deal in the sport's history. But by 2010, the New Balance roster had scaled back to runners and, as a "beta test to get into team sports", Davis says, New Balance reinvented its baseball division with the addition of Boston Red Sox star Dustin Pedroia.

Five years later, the brand set its sights on a demographic of 400 million consumers between the ages of 13 and 34 who were interested in the intersection of sports and culture. To reach them, New Balance flipped its media buying strategy—going from spending 70 percent of its marketing

dollars on transaction-based tactics, such as Google AdWords and paid social posts, to allocating that same percentage toward showcasing its star athletes, as in its recent 'We Got Now' campaign, and collaborating with entertainers, influencers and luxury fashion brands.

Still, shedding years of public perception is a daunting task for a sports apparel company and New Balance remains a relatively small player in a massive industry. Research firm Euromonitor estimates the retail sports footwear market in the US was worth \$50 billion in 2024, with Nike claiming nearly a third of the share. (Comparatively, New Balance controlled 5.6 percent last year.) And, with "the vast majority of the best athletes in the world" going to its two largest competitors, Davis explains, New Balance has adopted a highly selective approach in who it targets as an ambassador. In many cases, that's led the brand to skew young, like in 2018, when it signed up Gauff at just 14 years old.

"It just felt right," Gauff told *Forbes* in an email, a few weeks after winning her second major at Roland Garros. "They took a chance on me before anyone else, so I'm so grateful

for our seven-year relationship and how much we've grown together since then. They've always supported my values, voice and vision."

That same year, New Balance also made a loud return to basketball. First, it signed NBA prospect Darius Bazley to his infamous "\$1 million internship" as he passed up college and the G-League to train for the NBA Draft. A month later, New Balance landed superstar Kawhi Leonard, a deal Davis remembers vividly because he was finalising the details of the contract while awaiting the birth of his first daughter.

Considering that Leonard reportedly turned down a four-year,

New Balance has spent the past 15 years reshaping its marketing strategy, and athlete ambassadors have played a core role

\$22 million deal to remain with Nike's Jordan Brand, speculation ensued that New Balance had exceeded that mark with its own offer. It's common, of course, for top NBA stars to earn well over seven figures annually from their sneaker deals. Yet BCE's Powell questions whether these endorsements produce a valid return on investment, given the market for

performance basketball sneakers is "not that big anymore", and "there will never be another [Michael] Jordan in terms of merchandise sales ever".

Davis, whom *Forbes* recently named the No 2 most influential chief marketing officer in the world, sees the opportunities more holistically. "We don't only judge the effectiveness of our entry into basketball by how many basketball shoes we sell," he says. "We judge our effectiveness by connecting with basketball culture and basketball consumers across all categories within our organisation. So if basketball consumers are buying more lifestyle product and more apparel, that's a win. If they're buying more running product, that's a win."

Whether it's measured in direct sales or in cultural appeal, New Balance still needs its athletes to keep performing at a high level to remain relevant. With Gauff, Ohtani, Murray, Brink and Leonard, the brand has already demonstrated its prowess at signing champions. And if Flagg lives up to his hype in the NBA, presumably there will soon be hardware in his future.

In the meantime, New Balance has its sights on crossing \$10 billion in annual revenue, a goal it expects to reach in the next few years. And while its athletes have become an essential piece of that future, the brand has no plans to abandon the product that fuelled its growth for so many years.

"The 'Dad Shoe' is what got us here to be able to play in the realm of Cooper, Kawhi, Cameron, Ohtani and Coco," New Balance's Lokesh says. "I would never say we'd want to erase it or make it disappear. We can be many things to many people." **F**



"They took a chance on me before anyone else," Coco Gauff tells *Forbes* of her New Balance relationship

Still in Play

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Toy Story

From a maniacal following to a demonic linkage, Labubu dolls have become the talk of town in a short time

By **SAMIDHA JAIN**

First there was Pokémon Go—an augmented reality game where players had to find fictional creatures in the real world.

You could see fans walk into odd corners, jump on trees or travel to remote locations to ‘catch’ Pokémon (short for pocket monster).

Another monster creature—this time, the Labubu dolls—is back into public imagination. This quirky, elf-like character, originally imagined as a mischievous little monster by Chinese toy giant Pop Mart in 2019, has evolved into a global collectible phenomenon. What started as a niche designer toy has now entered the mainstream, driven by an ever-growing fanbase and powerful celebrity endorsements.

From Rihanna and Dua Lipa to Kim Kardashian and BLACKPINK’s Lisa, a growing list of A-listers have embraced Labubu. In India too, celebrities like Ananya Panday, and influencers like Shantanu Dhole and Alicia Kaur have spoken about their affinity for it. Across cities like Shanghai,



▲ Labubu dolls have captivated a broad audience across the globe

London and Tokyo, fans are lining up in droves to get their hands on the latest Labubu release. Ever since the craze took off, Pop Mart has seen its profits nearly triple over the past year, driven largely by the global obsession with Labubu.

The name 'Labubu' itself carries no literal meaning. It's a whimsical, made-up word that serves as the moniker for one of the central figures in The Monsters toy series, created by Hong Kong-born illustrator and designer Kasing Lung.

The Labubu universe includes a cast of other beloved characters, such as the tribe's leader Zimomo, her boyfriend Tycoco and her friend Mokoko—each of whom has inspired their own sought-after dolls. To casual observers, these figures may look similar, but seasoned collectors know the subtle differences. Labubu's soaring popularity has boosted the entire lineup, with its companions now enjoying their own cult status and selling out just as quickly.

Brought to life through a blend of fantasy and whimsy, Labubu is instantly recognisable—each figure features a distinctive combination of a soft, plush body and a brightly coloured vinyl head, a combination that gives it a collectible charm. Its trademark features include oversized, expressive eyes, a set of sharply pointed ears, and a mischievous grin that reveals exactly nine tiny teeth, a detail that fans obsessively admire for its quirky precision. With its eerie-cute aesthetic and a personality that dances between playful and spooky, Labubu has captivated a broad audience, from toy collectors and pop culture enthusiasts to high-profile celebrities and everyday fans alike.

Beauty influencer Dhope, who has 65,000 followers on Instagram, owns four Labubus. "The reason I wanted them was the face. I found them so adorable," says Dhope, who spent close to ₹6,000 to buy three dolls in Bangkok. "They look like they are up to no good. And that's what I like about them," he adds.

Mumbai resident and publicist Ayushi Salvi is obsessed with Labubus. She found out about the trend on Instagram and, on a holiday in Hong Kong, was amazed to see every other person with a doll hanging from their bags. "That's what truly sealed

"The reason I wanted them was the face. I found them so adorable. They look like they are up to no good. And that's what I like about them."

SHANTANU DHOPE, Influencer



▲ Influencer Shantanu Dhope (left) spent close to ₹6,000 to buy three Labubu dolls in Bangkok; model and actor Alicia Kaur feels the dolls are a cute concept and bought one for herself

▶ Sales of Labubu have surged within a year



it for me," says the 27-year-old. "I even started asking strangers where they got theirs. Everyone kept saying it was tough to find them in Hong Kong." On the last day of her trip, she was able to find a store selling the dolls. "People were walking out with bags full like it was some secret treasure trove," says Salvi, who bought a Labubu for ₹3,500.

Other than being available at the Pop Mart stores across the world, Labubu dolls are sold via blind-box drops both globally and in India, where resellers such as Hype Fly India, Crep Dog Crew, and other online retailers list standard figures around ₹2,200 to ₹4,500, while limited editions go up to ₹12,000 to ₹15,000. Globally, US buyers pay about \$15 to \$30 (₹1,250 to ₹2,500) for vinyl figures and plush charms, while, in Japan, the doll costs close to ¥1,500 to ¥2,500 (\$15 to \$25), sometimes

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even cheaper. Roll out success in China has spread worldwide—Pop Mart now operates over 2,000 “roboshops” in 30+ countries. Even where official outlets exist, the overwhelming demand has left many stores sold out. Given the scarcity, resellers in India and abroad mark prices up—some limited Labubus resell for hundreds or even thousands, topping \$3,000 on StockX or up to \$7,000 on eBay.

Model and actor Alicia Kaur wasn’t aware about the existence of the dolls until she saw one of her friends getting gifted one at a party. “It was love at first sight. The doll was ugly, cute and so fluffy,” says Kaur who now owns it. “My doll’s name is Happiness and it has got sparkly eyes and a cheeky smile. This doll was made for me, because it is me in a nutshell,” adds Kaur.

But there’s also a demonic side to the hype. There have been multiple posts all over social media in which Labubu owners are ripping their dolls apart, burning them, throwing them away or

▲ The Labubu universe includes a cast of other beloved characters

even returning them. This is because the owners are believed to have experienced unexplained scratch marks on their bodies, feel their dolls are constantly watching them, have seen their dolls’ eyes glow and have been going through bad patches in their personal lives. According to a theory on the internet, these are consequences of the demonic side of Labubu with its origins being linked to Pazuzu, a Mesopotamian demon, depicted with a lion-like face, bird talons, wings and a serpent.

The sales of Labubu surged within a year, and Wang Ning, CEO of Pop Mart, is now among one of the top 10 billionaires in China. As per news reports, on May 29, Ning added \$1.6 billion (₹13,370 crore) to his net worth in just 24 hours.

The dolls have also lent themselves to fakes. Chinese customs officials have seized over 70,000 fakes in a week. These fakes are being sold as Lafufu dolls, which have more than nine teeth and come in flashy packaging. They are also gaining traction on the internet, being sold at lower prices.

Whether the hype will die down remains a question. Kaur thinks the dolls are a cute concept, also because of the blind boxes they come in. Dhope doesn’t agree. “I think it’s just a hype right now. It will blow over. I think the craze began because of the celebrities wearing it on their Birkin bags. Give it a few months and it will go away,” he says. **F**

“I started asking strangers where they got theirs. People were walking out with bags full [of Labubu dolls] like it was some secret treasure trove.”

AYUSHI SALVI, publicist

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As leading couturiers, Shantanu (right) and Nikhil's frenetic lives leave little room for conversations between them at work. Given the choice between a tennis court and a bar, they prefer the latter, as it gives them the opportunity to converse and reflect on their lives over a fine cocktail. Shantanu and Nikhil like all things "nostalgic". This is what leads them to frequent the Hardinge Bar at The Imperial Delhi; it exudes nostalgia of India's heritage and its colonial past—with framed medallions, sepia portraits and military regalia—all of which are house codes that define the Shantnu&Nikhil label. "We have conversations about art and commerce where we are mixing our thoughts, discussing opportunities and we come up with amazing ideas here, quite often," says Nikhil. "It's a detox for us at times to just be at ease at this calm bar, away from the chaos," adds Shantanu. "At our age, this calmness matters. It helps us make some good decisions." **F**

SHANTANU MEHRA AND NIKHIL MEHRA
 Couturiers & co-founders, Shantnu&Nikhil

'This Calmness Matters'

Photo and Text By MADHU KAPPARATH

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