

Cognizant in talks to invest in Indian AI startup Sarvam

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Happy Wednesday! Cognizant has held discussions to invest in homegrown AI startup Sarvam. This and more in today's ETtech Morning Dispatch.

Also in the letter: ■ IT firms prioritise growth ■ Paytm on UPI growth ■ Cent raises \$15 million

Cognizant in talks to invest in Indian AI startup Sarvam valuing it at \$3.5-4 billion: sources

Vivek Raghavan (left) and Pratyush Kumar, cofounders, Sarvam AI

Nasdaq-listed software services company Cognizant Technology Solutions is in talks to participate in Sarvam's latest financing round, which is expected to value the Indian artificial intelligence startup at \$3.5-4 billion, more than double the valuation in its previous round.

Enterprise expansion: Sarvam has been stepping up investments in AI model development and computing infrastructure to attract enterprise customers and compete with global players such as OpenAI, Google and Anthropic, sources told us.

Cognizant's AI push: Cognizant, which has a market capitalisation of about \$31 billion, down 25% from its 2022 peak, has indicated that it is open to investments and acquisitions that support its ambition to become a platform-led, outcomes-focused company in the AI era.

Sovereign AI: Sarvam is positioning itself as a sovereign AI provider for Indian enterprises and government agencies, which are seeking solutions that address data security, cost efficiency and multilingual capabilities. Enterprise adoption and AI-native services for government and citizen-facing applications could emerge as key growth drivers, an investor said.

AI startup Simplismart raises \$14 million from Dallas Venture Capital, Nvidia

Amritanshu Jain (left) and Devansh Ghatak, cofounders, Simplismart

Bengaluru-based AI firm Simplismart has raised \$14 million in a round led by early-stage investment firm Dallas Venture Capital, with participation from chipmaker Nvidia.

Tell me more: Simplismart has recorded 14x growth in its annualised revenue run rate over the past six months. The company has grown revenues more than tenfold over the past 10 months and reached an eight-figure annualised revenue run rate.

Ather targets over 20% market share as capacity expansion, store additions resume

Tarun Mehta, CEO, Ather Energy

Electric two-wheeler maker Ather Energy is targeting a market share of at least 20% in the near term, as it expands manufacturing capacity and resumes dealership additions to meet demand that outstrips supply, cofounder and chief executive Tarun Mehta told us.

Dealership expansion: Ather will restart dealership network expansion over the next couple of months as new manufacturing capacity goes live. The company has around 700 stores and added fewer than 50 in the first two quarters of FY27.

Capacity expansion: The company plans to increase its annual installed capacity from 920,000 units to 1.14 million by the second quarter of FY28.

Profitability: Ather on Monday reported its first quarterly net profit of Rs 1.26 crore, compared with a loss of Rs 154.07 crore during July-September last year. Ather expects to sustain break-even or positive Ebitda in the coming quarters.

SoftBank sold 1.2% stake in Ola Electric between January-October

Bhavish Aggarwal, CEO, Ola Electric

Japanese investor SoftBank sold 1.2% stake in Ola Electric Mobility, through open-market transactions between January 6 and October 22 this year.

Rights issue: The investor also sold rights entitlements to subscribe to an additional 1.12 crore shares, according to a disclosure filed with the stock exchanges. Ola Electric is in the process of raising Rs 1,000 crore through a rights issue of partly paid-up equity shares.

Market share: In September, Ola Electric sold 12,894 electric two-wheelers, giving it a 6.5% market share, per Vahan vehicle registration data, which is a proxy for sales. Its market share was 7.6% in August.

IT firms navigate peak pessimism by prioritising growth in stable Q2

India's software services sector, valued at more than \$300 billion, has boosted long-term market sentiment as IT companies prioritised expansion and investment over profit margins during a stable second quarter of this financial year.

Growth outlook: "Growth among the large Indian firms is stuck at 1-3%. The top five firms (TCS, Infosys, HCLTech, Wipro and Tech Mahindra) earned about \$20.8 billion in Q2 FY27, up about 2.2% year-on-year in dollars," said Praveen Bhadada, CEO and managing director at Neovay Global.

AI opportunity: Gaurav Vasu, founder and analyst, UneathInsight, a data and technology research platform, said legacy work is shrinking 3-5% while AI work is growing 20-30%. However, AI growth is still deflating and isn't contributing meaningfully to revenue.

Smaller firms lead: Tier-II companies and engineering services firms are expected to grow about 6-17%, with Persistent Systems leading the pack.

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Paytm targets one-third UPI market share: Paytm is targeting a one-third share of India's Unified Payments Interface (UPI) consumer payments market, with founder Vijay Shekhar Sharma making customer acquisition a key management priority as the fintech company looks to accelerate growth while improving profitability.

Cent raises \$15 million for preventive healthcare: Cent, cofounded by Practo founder Shashank ND, has raised \$15 million in a funding round led by Blume Ventures and existing investor South Park Commons. The fundraising comes as the company expands medical imaging and diagnostic services aimed at detecting serious illnesses before symptoms emerge.

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