

INVEST



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KEY HIGHLIGHTS JUNE 2021

Bengaluru ranked as one of the Top 5 technology centers in Asia Pacific

The report provides a new ranking of the most attractive technology submarkets within major APAC cities, which should serve as a navigation tool for technology groups, as they plan expansion.



JSW Cement enters construction chemicals biz, launches green products



JSW Cement enters construction chemicals business.

Karnataka Sweetens EV Policy to Woo Investors



Balu Forge Industries Inks MoU With The Karnataka Govt To Set Up Rs 200-cror...
Balu Forge Industries said the inception of the new manufacturing campus will be undertaken under the guidance of Gunjan Krishna, IAS, Commissioner, Industria...
moneycontrol.com



Karnataka pitches for Defence Technology Hub in State
Move to promote aerospace and defence manufacturing ecosystem
thehindubusinessline.com

Karnataka gets Rs 17,000 crore investment plans in second Covid wave peak



According to the industries department data, as many as 120 investment proposals were cleared by the state at various levels between April and May.

BENGALURU: Karnataka has received investment proposals worth over Rs 17,700 crore in April and May despite the second wave of Covid-19 being at its peak, reports Sandeep Moudgal.

According to the industries department data, as many as 120 investment proposals were cleared by the state at various levels between April and May.

These investments promise to provide employment to about 20,000 people in the state. The data accessed by TOI shows a bulk of the investment proposals came from 10 projects worth Rs 13,74 crore. These proposals are from warehousing, manufacturing and food processing sector. The rest are proposals ranging between Rs 5 crore and Rs 50 crore.

Set up defence tech hubs in Karnataka: Shettar to Rajnath Singh

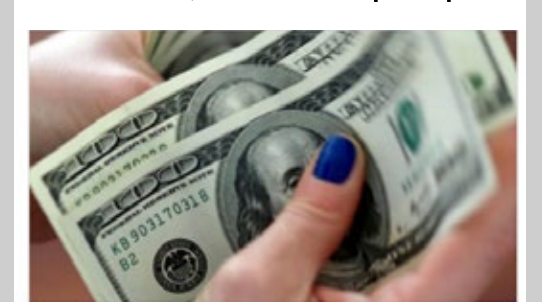


BENGALURU: The state government is urging Union Defence Minister Rajnath Singh to announce defence technology hubs in Karnataka so that it further enhances the production of aerospace and defence manufacturing units in the state.

Industry Minister Jagadev Jaganmohan is joined by top officials to meet the Union government to establish two defence corridors — one in Udupi and one in Thiruvananthapuram — and another manufacturing and defence manufacturing units in Karnataka. This step is the first step towards the state's goal of becoming a major defence manufacturing hub in India.

More than 2,000 medium and small scale industrial units engaged in carrying out R&D and manufacturing of defence equipment are located in the state. The state is also a major hub for the development of defence technology hubs, given its research, development and IT culture and presence of leading IITs, including IITM, IISc and Indian Institute of Space Science and Technology (IIST).

April FDI inflow to India up 38% to \$6.24 billion; Karnataka top recipient



Business Today
June 23, 2021, 10:00 AM IST

The total foreign direct investment (FDI) into India rose 38 per cent year-on-year (YoY) to \$6.24 billion in April 2021, led by higher equity inflows. India had attracted total FDI of \$4.33 billion in the corresponding month in the previous year.
FDI equity inflows grew 60 per cent YoY to \$4.44 billion during April 2021 from \$2.77 billion a year ago.
"Measures taken by the government on the front of Foreign Direct Investment (FDI) policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country," the commerce ministry said in a statement.

Journey from a speck to a sparkle

Aequs' journey is a story of how it has helped Karnataka become a shining star of manufacturing excellence in the Aerospace & Defence sector

It all started with the passion to dream big. When Aravind Melligeri and his childhood friend Ajit Prabhu set out to chase the American Dream by pursuing their master's degrees in the US, the seeds of entrepreneurship had just been sowed. Landing cushy jobs with multinational giants was not enough to quench their thirst. They were eager to seek and write their own destiny. In 1997, this led to the birth of QuEST Global Engineering, that sought to bridge the gaps in outsourced engineering services out of India.

Few would have imagined at the time that this venture, which also specialised in writing code to help leading aircraft makers keep the

aeroplanes stay in the sky, would also sow the seeds of yet another successful enterprise, this time, to make actual aeroplane parts.

Uncharted territory

Though Karnataka had earned its wings as an Aerospace & Defence destination by then, most activity was limited to public sector units, with a few private players involved in a limited way. It was in 2007 that Aravind Melligeri set out to establish India's most ambitious aerospace enterprise in the private sector. It called for state-of-the-art precision engineering and manufacturing capabilities. QuEST Global Manufacturing was born with a belief that given the right approach globally competitive

Way ahead of the times, and conceived with a 30-year vision, Aequs pioneered the concept of **ecosystems of efficiency**.

precision engineered aerospace components could be manufactured in India.

And the way to do it was to set up a global manufacturing ecosystem which, going forward, was to house a series of integrated and co-located facilities to support the entire manufacturing value-stream – a platform of sorts that aimed for extreme efficiencies through the entire manufacturing process. Way ahead of the times, and conceived with a 30-year vision, the concept of **ecosystems of efficiency** took birth.



Why Belagavi?

While Bengaluru would have seemed the obvious choice to set up such an ambitious enterprise, to many it came as a surprise when Aravind Melligeri zeroed in on North Karnataka, and that too Belagavi, to set it up. Dig a bit deeper and you begin to see the logic.

Belagavi, apart from its strategic location and its climate, also offered easy access to ample engineering talent. North Karnataka is blessed with the presence of some of the best engineering and technical institutes. Add to this the presence of the perhaps the biggest agglomeration of casting businesses and automotive parts makers, and you have access to ready talent. Moreover, Belagavi is not only close to business hubs like Bengaluru, Mumbai, and Pune, but also provides a cosmopolitan mix to make any expat comfortable.

“Our networks are forged with care. We believe in creating global partnerships with recognized industry leaders that drive the ecosystem,”

**Aravind Melligeri,
Chairman & CEO,
Aequs**

Navigating ahead

With a razor-sharp focus on taking up complex and difficult to execute products albeit in a limited number, rather than chasing volumes, the pioneering venture, has generated much interest from far and wide.

Along the way, in 2014, QuEST Global Manufacturing, rechristened itself Aequs, Latin for equal, suggesting a partnership between equal stakeholders. And accolades came easily with the feather in the cap being the recognition as India's first Notified Precision Engineering & Manufacturing SEZ. That it offered a full-scale manufacturing ecosystem serving global clients from a single location turned out to be its USP. The country's first vertically integrated ecosystem, spread over 250+ acres, became the go-to destination for global aerospace companies.



Cohesive ecosystem

Soon came the global foray with the acquisition of Texas-based T&K Machine in 2015. This was soon followed by yet another acquisition, this time in France in 2016. These takeovers further enhanced Aequs' capabilities and more importantly, brought it closer to its customer base, that includes the likes of Airbus, Boeing, Collins Aerospace, Safran, to name a few.

“Our networks are forged with care. We believe in creating global partnerships with recognized industry leaders that drive the ecosystem,” says Aravind Melligeri. These partnerships and the global footprint, including in USA and France, have given Aequs the capabilities and reach to deliver effectively across continents to customers that include giants of the Aerospace industry.

Aequs has always believed that its people are its strength, the core of the ecosystem. It was one of the first in the country to set up an inhouse Aerospace training centre, the Aerospace Knowledge Centre in 2016. The institute runs a 30-months training program for engineering graduates and diploma holders

equipping them with skills needed to flourish in the aerospace industry. A transparent and positive work culture is also reinforced by its strict policies on safety with certifications such as ISO 14001:2015 and BS OHSAS 18001:2007.

A Habit of Making it First

Looking back, Aequs can proudly boast of many firsts including the largest machining capability of over one million machining hours per year which is poised to grow to 4 million hours in the coming years. This is nearly two times the combined capacity of all other Indian machining players. Aequs is also the first in India to assemble Plug Doors and Over-Wing Exit Doors for global OEMs.

Its forging (JV) unit boasts of India's largest hydraulic press at a capacity of 10,000 tons. Its assemblies (JV) unit, Aerostructures Assemblies India (AAI), has helped India cross a major milestone by delivering fuselage plug doors directly to Airbus. One of its other JVs, the Aerospace Processing India Pvt Ltd (API), was the first surface treatment units in India to be approved by both Airbus and Boeing.

Aequs is also the first aerospace company in India to achieve NADCAP accreditation and the AS9100D certification. It was a moment of great pride for the company when Airbus recognized its achievement in creating the unique aerospace manufacturing ecosystem and presented it with the most prestigious Airbus Innovation Award. It was also awarded the Airbus Detailed Parts Partner Award (D2P) in 2016, 2017, 2018 & 2019, the Airbus Supply Chain & Quality Improvement Plan (SQIP) Award in 2018 & 2019, the Collins Aerospace Best Supplier Award (India Region) in 2019 and the first "Casing Industrialization Award", from Safran (SHE), under the Aequs Global Transition Model.

Aerospace

- Operations began in **2009**
- **India's 1st Precision Manufacturing SEZ** at Belgaum
- State-of-the-art technologies
- Global footprint: India, US, & France
- 3 Multinational joint ventures

Striking new Ground

After logging many firsts in the Aerospace sector, Aravind Melligeri has now embarked on striking new ground. Aequs, which has been manufacturing toys for some of the biggest brands across the world since 2016, is now setting by India's first toy manufacturing cluster at Koppal in Karnataka. This difference this time round is that apart from manufacturing toys itself, the company will also be helping other entrepreneurs add capacity at the Cluster. Spread over 400+ acres the **Koppal Toy Cluster (KTC)**, is designed to house an entire Ecosystem to support toy manufacturers,

Toys

- Operations began in 2016
- India's 1st Toy Manufacturing Cluster under construction at Koppal
- Integrated product design & manufacturing
- Injection molding, painting, & assemblies
- Tooling design & manufacturing



suppliers, and vendors across the toy manufacturing value chain. In line with Hon'ble Prime Minister Shri. Narendra Modi's Atmanirbhir Abhiyan for a self-reliant India and supported by the Government of Karnataka, the self-sustained ecosystem will cater to all infrastructure and operational support requirements of the toys, plastic, and electronic manufacturing industry. This apart the cluster will offer support services, skill centers, and workforce to match manufacturing requirements.

Yet another first will be the upcoming Hubballi Consumer Durable Goods Cluster, which will be India's first such mega park in the durables sector. Also, spread over 400 acres, the self-sustained ecosystem will house a Special

Economic Zone (SEZ) and a Domestic Tariff Area (DTA), and consist of approximately 4.5 million sq. ft. of factory space apart from a host of other common facilities, including warehouse and logistics, skill development centres etc.

When fully operational the two projects are expected to provide nearly 40,000 direct jobs apart from indirect employment to some two-lakh people in North Karnataka.

Consumer Durable Goods

- Operations began in 2020
- India's 1st Durable Goods Mfg. Cluster under construction at Hubballi
- An emerging global sourcing hub
- Integrated design to product realization
- Agile industrialization & value creation

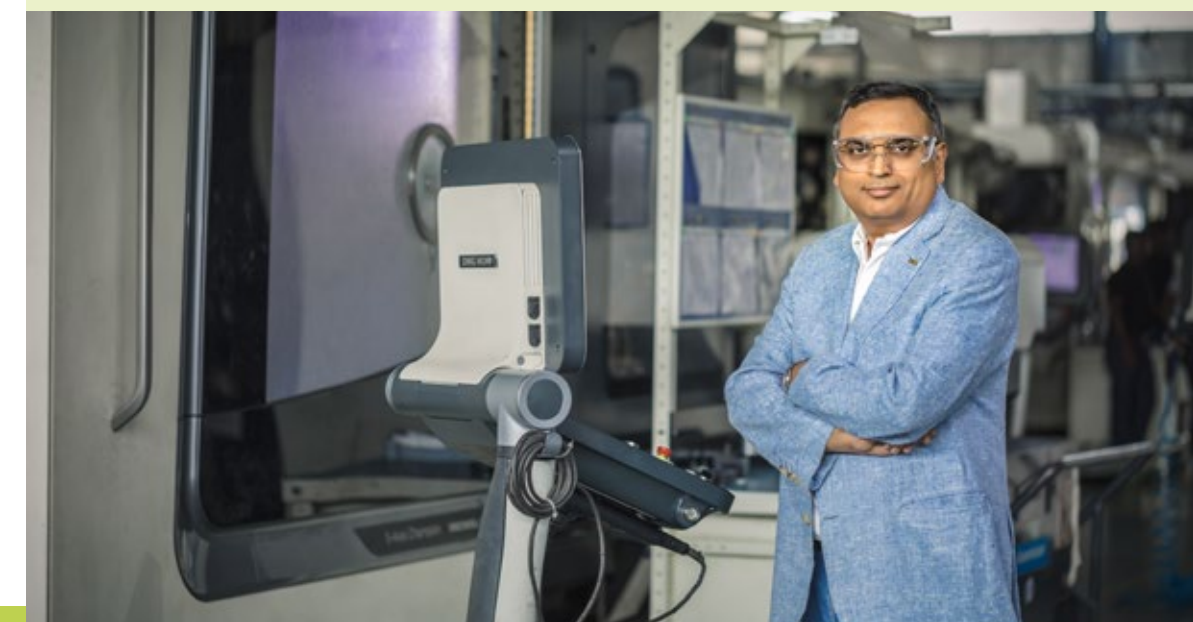
A legacy of sorts

Aequs took a 30-year view when setting up the Aerospace SEZ and seeded the concept of

manufacturing ecosystems. It has succeeded in integrating entire manufacturing value streams in a single location establishing a template that can be replicated irrespective of the sector in which it wants to operate.

With Ease of Doing Business (EODB) as the core value proposition to manufacturers wanting to set up shop in these Clusters, Aequs is adding to the congenial business in Karnataka.

The dream that took off a little over a decade back has now turned into a reality making a difference to North Karnataka and its people. More importantly, it is making the country proud pioneering new concepts and conglomerations of sector-specific manufacturing hubs, or the ecosystems of efficiencies.
(ends)



LEADERSHIP PROFILE



Mr Aravind Melligeri
Chairman and CEO, Aequs

Aravind Melligeri is the founder of Aequs. His farsightedness and differentiated approach have led Karnataka to increase in-country value add and gain a competitive advantage in the manufacturing sector. Today, Aequs operates India's first Precision Manufacturing SEZ in Belagavi, is at the helm of developing and building India's first ~400-acre toy manufacturing ecosystem in Koppal, Karnataka, and India's first ~400 acres sector-specific Durable Goods Cluster in Hubballi.

Could you tell us about your childhood and early professional journey?

I was born and raised in Hubballi and attended the local school run by Huballi- Dharwad corporation up until pre university. I went on to join REC in Suratkal (now called National Institute of Technology) for under graduation in 1986 with a specialization in Mechanical Engineering. I have been passionate about manufacturing and product from the beginning

and choosing this focus fit well into my plans. I belonged to a middle-class family and lost my dad when I was one. My mother and cousins took on the responsibility to raise me in Hubballi. At that time, our idea of success was to move to USA and make a living there. I got a full scholarship for a Masters' program in Robotics at Penn State University which took me to America. I eventually enrolled in a PhD program as well and realized that concepts such as AI and neural networks were being discussed back then as well but technology was not advanced enough for it to be implemented. So, I decided to drop out of the PhD program and joined Ford as a contractor. I was part of the team that studied automotive crash analysis and other scenarios.

In the 1990's, Ajith Prabhu, my current partner who is also from Hubballi and was working with GE in the US at the time and I tried establishing firms which did not materialize for various reasons. In 1997, we eventually established a small engineering consultancy firm called Quest Global and the

rest is history. We quickly expanded in Karnataka as it was a natural progression for us. By 1998, we had a Bangalore office and by 2000 we started working with large contracts for GE and other companies.

Tell us about your vision for Karnataka's manufacturing and infrastructure sector.

When we set up Quest Global in Karnataka, we were essentially a services company and we were giving out engineering design to our customers and they were getting it manufactured elsewhere. We soon found out that our customers were happy to manufacture in India and that's when our first ideas of establishing manufacturing infrastructure began. We had no experience in manufacturing, we had never worked on the shop floor, we did not know what it would take to establish and run manufacturing units. We pulled together a small team in Bangalore and established Quest Manufacturing to enter aerospace manufacturing in India. I distinctly remember our funders warning us about getting into

manufacturing due to the high cost involved and moving from services to manufacturing was not the traditional path businesses took. This did not matter to me as I saw a massive opportunity. We never looked for any incentives from the state as we were so focused on setting up operations and delivering to the best of our ability.

At that time, Aerospace sector in India was going through a big change in mindset. Historically, aerospace sector in India ran through collaborations with big foreign companies. We bought technology and equipment from other countries, but this changed in 2001-2003 where the government made buying direct offset mandatory. This changed the opportunities for manufacturing sector in India. This allowed for us to expand our operations and invest in manufacturing in Karnataka.

Our vision with manufacturing has always been to bring about in country value add. Unlike the services sector, manufacturing is heavily dependent on multiple external aspects to bring together equipment, technology, components, processes, implementation etc. Initially, with Quest manufacturing, only 15-20% value was being

done in-country. We wanted to change this phenomenon. We had to establish a zone to scale and sustain these operations to make large scale impact. The impact here would be to create employment for lakhs and change the industrial landscape of the region. These zones had to be built out of main urban epicenters because of cost and connectivity reasons that made us look at North Karnataka.

I am investing for multiple decades to come and never for short term gains. I see adding value consistently through the years and bringing long term changes to the industrial ecosystem in Karnataka. For me it is solving a particular problem and I am willing to make the required investment.

Most of Aequus' projects are in districts across North Karnataka. What is your take on industrial development in the region?

North Karnataka is home for me, and I have very strong roots there. When we decided to enter the manufacturing sector, we were advised

to set up in Gujarat by multiple advisors and board members. Personally, it was not a choice I could go for. I don't understand Gujarat the way I understand Karnataka. We were entering the manufacturing sector which was entirely new for us, additionally we were entering the aerospace manufacturing space which was new as well, and we were not ready to choose a new geography to setup these operations in. With three unknowns, we were doomed to fail and I had no interest in failing.

We did study various districts across the state to choose the best location for our units. Our options were Mangalore, Bellari, Karwar, Hubballi and other areas. We eventually chose Belgaum for the aerospace SEZ. Belgaum has a rich casting and manufacturing ecosystem that we required to build aerospace manufacturing units. We will go where we see value for our business. Karnataka's rich aerospace ecosystem also helped us make that decision.

North Karnataka has so much value to add and this can be harnessed only by providing opportunities to the people of the region. If we invest in the region migration to other states and

regions can be curtailed, multiple industries can be built, and it is an advantage for Karnataka's overall industrial development as well. We are overcrowding Tier 1 cities and curbing opportunities for Tier 2 and Tier 3 cities that is not helping the overall development of the state.

Most importantly, it was a natural progression for me to choose North Karnataka. I want to see the region flourish and I see the kind of value people of the region can add. I might have a personal inclination, but I have set up operations in the region because I see what opportunities can bring out for the overall development of the state.

You have worked closely with the state to establish landmark projects in Karnataka. How can investors work with the state to increase investment potential?

As I mentioned, we will invest where we see value. I see that value in Karnataka through my interactions with bureaucrats, politicians and my peers. I have also learnt through the years that when you demonstrate a value, the state also reciprocates. I

must say that as an entrepreneur, I have my own limitations and cannot solve entire infrastructure problems of the state. The state's contribution and collaboration are a must to bring about sustainable changes in the state.

I am happy to support the administration if it means we are working towards the same goal. I am proud that we have worked with the state irrespective of the political party in power and delivered value. For me policies are independent of who is in power. I congratulate the able bureaucrats in Karnataka for pushing us to do more. I recognize the need for collaboration between the state and industries and I am happy to collaborate further.

As I see it, the government plays an important role in helping us fill important gaps in various aspects of development. Be it skill or infrastructure development, businesses cannot tackle these issues by themselves. I am passionate about solving specific problems and I will work with the state to make that happen.

Five specific measures Karnataka can take to increase investment in the state would be to identify and assign specific specialty to each

district and work towards building industries in each of them; get out of Bangalore, especially for manufacturing sector, create penalties for businesses that refuse to leave Bangalore; develop airport connectivity in districts such as Shivamogga, Hasan, Bijapur and build better connectivity between Bangalore and the other districts in the state; continue to be consistent with policies.

You are one of Karnataka's best entrepreneurial success stories. What are the main lessons you have learnt?

I do not come from a business family, I have not taken any courses in management and how to run a business and I have no formal education in business strategy. I have learnt it all on the job. When we were starting off Quest, I had to take on multiple roles including finance, accounting, client servicing, and I also ran the IT department for a few years. In my experience, the only thing that will take us ahead is tenacity and time. If we build the ability to constantly learn and build on those learnings, it will take us places.

I had started a company while I was a contractor

with Ford and managed three jobs at once. The day I received my green card, I quit my position at Ford and focused entirely on building my own company. I was an immigrant and I had to work hard to make my space. I worked through the entire process and until my partner Ajith Prabhu and I had the required paperwork, we worked hard to run our company.

I have learnt that constraints are the reason one evolves. It forces us to come up with solutions and makes one resilient to change. Resilience pushes a person to adapt quickly and be solution oriented. We have made many mistakes and multiple business plans have failed through the years. I have no regrets and I would not know what works unless I try. Success for me is a journey and it is about staying hungry for more. I believe the most successful business venture is the one which brings large-scale socio-economic impact for people.

What is your daily routine?

My day starts at 5 am if I am in the US and around 5:30 am in India. The first thing I do is get my coffee. I drink a few espresso shots from my Nespresso between calls. I have about half hour

for myself before I get on calls which will typically go on until noon. I have breakfast while I am on calls and typically eat eggs every day. By 5pm, things start slowing down. I try to make time for some exercise or for a golf session in the evening. After work, it's usually dinner and TV time with my wife. For dinner, we usually have North Karnataka food at home. I usually have 12 to 15 hour days. As I often say, when I am not working, I am sleeping.

What are your hobbies?

I love coding when I have the time because it gives me joy. I could make time to read a novel, but it wouldn't give me the same kind of happiness. To be honest, I don't really pursue a hobby. Connecting the dots and strategizing for our companies is my biggest pastime. I don't enjoy shopping, my wife helps me with that. I am a foodie and I love exploring various cuisines. My favorites are Thai, Mexican, Indian and I live in Texas so we our own version called Tex-Mex which I enjoy as well. My business partner Ajith and I love Thai food and is our cuisine of choice.

Specialty Covid Care Hospital, Yelahanka

Inauguration by Hon'ble Chief Minister B.S Yediyurappa and Hon'ble DV Sadananda Gowda
& Visit by Hon'ble Union Minister Nirmala Sitharaman



Industry Roundtable Discussion on Aerospace & Defence Policy (2021-26)



Government of Karnataka is revisiting the Aerospace and Defense policy and conducted a roundtable with key industry leaders to discuss various aspects of the upcoming policy. The goal is to build Karnataka to be a major state for investors in the aerospace and defense industry. Discussion was also held on creating defense hubs in the state.

