THE GLOBAL AI RACE · PART 3 OF 4

The Delivery Engine

How India and the emerging markets fit the global AI race, and why they matter most for dealmaking.

INDIA

EMERGING MARKETS

By Bill Billeaud and Shrikant Patil · Lombard Global · July 2026

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RECAP

The story so far

PARTS 1 AND 2

Two models (US closed, China open), then two hedgers: the Gulf leaning American, and Europe building a regulated third way.

NOW, PART 3

The swing state and the delivery engine: India, plus the emerging markets that mostly take whatever model is cheapest.

India refuses to pick a side, and it is the one place where **Lombard's own deal thesis lives.**

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THE THESIS

India: the swing state and the delivery engine

NON-ALIGNED

It is not buying the American model or the Chinese one. It is building a sovereign, open one, and staying non-aligned.

THE ENGINE ROOM

It is the world's IT-delivery engine, now building its own models and its own chips, and it is where the deal pipeline lives.

The emerging world around it mostly adopts the cheapest capable model, increasingly a Chinese one.

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PART THREE · SECTION ONE

India

The swing state, building its own stack.

SOVEREIGN + OPEN

IT-DELIVERY ENGINE

AI DEFLATION

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Strategic autonomy, leaning open

- India is building a sovereign, open model and staying non-aligned, not buying the US or Chinese stack.
- The IndiaAI Mission, about $1.25B, hands startups subsidized GPU compute: roughly 34,000 GPUs at ~42% below market, scaling toward 100,000 by end-2026.
- Bengaluru's Sarvam, now an AI unicorn, won the tender for India's first sovereign LLM and open-sourced its 30B and 105B models. New Delhi is weighing a 1-2% equity stake via IndiaAI compute.

IndiaAI Mission

Sarvam · sovereign LLM

Building both ends

Compute

The IndiaAI Mission subsidizes GPU access for startups: about 34,000 GPUs today at roughly 42% below market, scaling toward 100,000 by end-2026.

Chips

Under the India Semiconductor Mission, Micron's assembly-and-test plant opened in February 2026 and the Tata-PSMC fab at Dholera targets first silicon by late 2026. India has since approved another ~$15B for the next chip phase.

Both ends now, models and fabs, though still early and import-dependent.

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AI deflation, and the opportunity

"AI deflation" **top-5 IT cap down ~46%**

The market has repriced Indian IT hard. HCL guided revenue down 3-5% as agents do work people used to bill for, TCS slipped into 'degrowth,' and the top-five majors' combined market cap is down about 46% from its 2024 peak. All four are racing to productize agents, with Infosys partnering with Anthropic.

As agentic AI compresses headcount-based revenue, mid-tier IT-services and data-engineering firms face a stark choice: retool, partner, or sell.

The most deal-able profile in the market

A US or Western front end with India-based delivery, **carrying the agentic and data capability a buyer would rather own than build.**

These mid-tier firms, roughly $10M to $50M in revenue, sit squarely in the middle-market band. India is not just a country on the map; it is the engine room of the deal pipeline.

PART THREE · SECTION TWO

Emerging Markets

Who they buy from.

SINGAPORE

ASEAN ~$30B

TURKEY $10B+

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Who they buy from

Singapore

The region's command center. National AI Strategy 2.0 added ~$786M of public funding, anchoring a build-out pointed at ~$27B of AI infrastructure by 2030.

ASEAN

Malaysia (the NVIDIA-YTL supercomputer) and Indonesia (an NVIDIA-Indosat factory, plus Microsoft's $1.7B) are scaling fastest, into the tens of billions by 2030.

Turkey and talent

Turkey is targeting $10B+ by 2030 with a 1 GW goal, if it can reverse a brain drain. Pakistan and Lebanon are low-cost engineering pools.

Most adopt the cheapest capable model, increasingly a Chinese one. But Beijing is now weighing curbs on overseas access, so that reliance carries fresh supply risk.

SIDE BY SIDE

India vs the emerging markets

Dimension	India	Other emerging markets
Model leaning	Sovereign, open, non-aligned	Adopt the cheapest, often Chinese open-weight
Core strength	Talent and delivery at scale	Cheap talent, energy, or location
Building its own	Models (Sarvam) and chips (fabs)	Mostly data centers, not models
Flagship program	IndiaAI Mission (~$1.25B)	Singapore NAIS 2.0; ASEAN build-out
Deal signal	AI deflation reshaping IT services	Talent arbitrage; infrastructure spend
Cross-border angle	The offshore-delivery deal engine	Targets where Chinese models land

THE M&A LENS

What it means for cross-border dealmaking

1

The squeeze creates sellers

As agents compress services revenue, mid-market IT-services and data firms must retool, partner, or sell.

2

The deal-able profile

A US or Western front end with low-cost India delivery and real agentic and data-engineering capability.

3

Watch the alignment

Emerging-market targets increasingly run on Chinese open models, which Beijing may now restrict. Whose-model diligence matters more.

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The picture is still moving

Moonshot's Kimi K3 **the world's largest open model**

- Unveiled July 16, Kimi K3 (2.8 trillion parameters) is now the top open-weight model, trailing only the best US proprietary systems. China's open models are closing on the frontier fast.
- Buyers are already tiering their AI: routine work on cheaper Chinese open models, the hard problems on the frontier. That pressures services margins further.
- Watch item: Beijing is now weighing curbs on overseas access to its best models, which would reshape who can build on them.

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PART 3 OF 4

The finale is next

Part 4: Where the global AI race is headed, and what it means for dealmakers

The closing installment ties the whole series together.

By Bill Billeaud and Shrikant Patil · Lombard Global · July 2026

SOURCES

Sources and notes

INDIA

IndiaAI · Sarvam AI · Business Standard · Business Today · The Register · Infosys 6-K · Forbes India · Digitimes

EMERGING + CHINA

Singapore EDB · Asia Times · Nation Thailand · AGBI · Reuters + Bloomberg (China access curbs, Moonshot Kimi K3)

Current to July 21, 2026. AI moves in days, not quarters; government targets and private valuations shift quickly.