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INDIA'S BEST MUTUAL FUNDS

ENDGAME SAHARA?

The clock is ticking for Subrata Roy's empire. In less than 3 months, it faces the prospect of liquidation

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EDITOR'S NOTE

The Money Multipliers

THE GRAVY TRAIN CONTINUES TO ROLL. And mutual funds (MF) have the first-class coach all to themselves. The MF industry grew a whopping 33 per cent in the last 14 months, to touch a phenomenal Rs 12 lakh crore (assets under management) in February 2015. So, what better time to put together a package on the industry than the present.

In association with reputed funds tracker Morningstar, *BW* has put together a definitive ranking of MFs across categories. The ranking was done on the basis of three-year returns (average annualised returns) of individual funds; that is, the period between 1 February 2012 and 30 January 2015.

While almost all categories performed well in the past year, the small/mid-cap category logged over 70 per cent gains. Others — ranging from flexicap and large-cap to tax-savers — posted between 40 and 60 per cent gains. Also, the period witnessed the movement of funds by many investors from other asset classes to MFs. Going forward, experts believe that equity funds will do even better, given the overhang of low crude prices and improved macroeconomic climate.

Associate editor Shailesh Menon conceived of and anchored the entire package. He spent long hours poring over data to discern trends. Besides, he got up close and personal with top-ranking fund managers to cajole them into parting with invaluable nuggets on how they did it. A must read.

This issue we also look at the unending saga of Subrata Roy. It's been over a year in Tihar Jail for the Sahara supremo. He's been unable to fork out the Rs 10,000 crore set as bail by the Supreme Court. Meanwhile, the money he owes SEBI continues to mount — Rs 40,000 crore at last count. With the court setting a 90-day deadline for him to furnish the bail bond, the threat of the group going into liquidation looms large. Deputy editor Gurbir Singh and senior associate editor C.H. Unnikrishnan ask the really tough questions and attempt to get answers to whether Sahara will survive to tell the tale. Read the story on page 26.

In our books section, we have, of late, begun carrying extracts of highly anticipated works. This issue, we have no less than UTV founder Ronnie Screwvala's *Dream With Your Eyes Open*, an autobiographical account of his entrepreneurial journey. Catch the excerpts on page 100.

All in all, a cracker of an issue, I promise. Enjoy responsibly!

ASHOK RAAJ

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MAILBOX
YOUR COMMENTS

WHY THE OUTRAGE?

Gurbir Singh's column on ("Let's Fight Control With Nirbhaya", *BW*, 6 April) was very incisive and insightful. The Indian government's outcry against the documentary is quite pointless. In this age of information technology, where almost everyone has access to the Internet, it is very difficult to stop people from accessing anything that is available on the Web. Getting a restraining order from the court against airing of the documentary was, at best, a futile exercise. The government's move also smacked of hypocrisy; the views aired by the rapist in the documentary, blaming the victim for the crime, are, in fact, held by a majority of males in our society. So what's all the outrage about? The documentary holds mirror to our patriarchal society, and we should face the reality instead of living in denial.

— **JAMES PETER, EMAIL**

A GREAT INVESTMENT

I enjoyed reading your investment-banking special immensely. The package was thoroughly researched and well-written. The graphics related to the package were simple to read and understand. The profiles of the companies that made the headline-making deals and the people behind them made for great reading. Congratulations to the reporters who compiled this issue. Please continue the good work and I hope to see this special package again the next year.

— **ANUPRIYA PRITAM, EMAIL**

CORRIGENDUM

In the I-Banking column "Fuelling Growth" (BW, 6 April), the byline should have read Brijesh Kukreja & Rajesh Vig. We regret the error.

TALKBACK

Submissions to *BW | Businessworld* should include the writer's name and address and be sent by email to the editor at editor@businessworld.in or by mail to Express Building, 2nd Floor, Bahadur Shah Zafar Marg, New Delhi - 110002.

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Interactive page

BW|TV

Siddhartha Lal, MD & CEO, Eicher Motors, on overtaking Harley Davidson in sales and more

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'WOMEN SHOULD TAKE THE LEAD IN THE ECONOMY'

Meenakshi Lekhi, MP, says if the economy needs a boost, women must take centre stage

SUZLON GETS NOD FOR SENVION DEAL

The troubled firm had earlier announced its plan to sell the German subsidiary Senvion to US-based venture capital fund Centrebridge Partners

Video And The Individual Are Inseparable

With Cisco betting big on video, Yvette Kanouff talks about Cisco's strategy in the world of consumer videos

Covering All Bases

Marco de Vries on how retailers can adopt in-store technology to attract the Omni-channel customers

BW

IN CONVERSATION

'Indian Engineering Adds Value To Manufacturing'

Indians want cars that are beyond functional and want more features to fuel their aspirations, says Krishnan Sundarajan of Nissan Motor

Renault Lodgy: An European Build For Indian Families

The ex-showrooom cost could be between Rs 8.50 lakh for the base version and Rs 12.50 lakh for the higher version

Nexus 6: All The Tech You Want

At 5.9 inches, Moto Nexus is like the 2014 Moto X on steroids. It is big on size and big on specs

Galaxy S6: Now To Be Made In India

New powerful smartphones are making their way to the Indian market

Photographs by Bivash Banerjee

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DINESH S. BANDUNI

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JOTTINGS

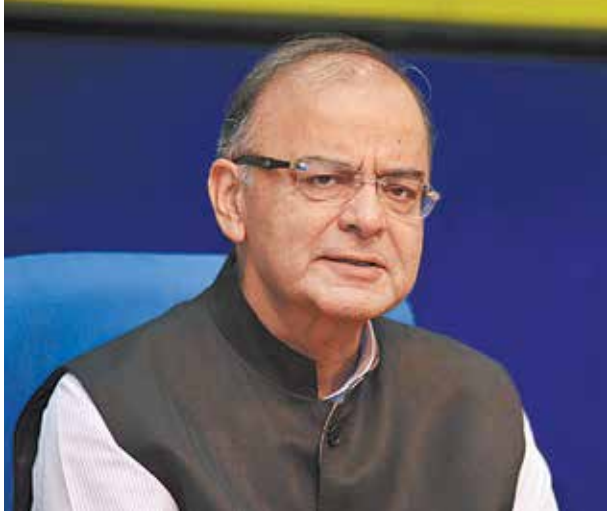
To Nail A Lie!

THREE years after the idea was first mooted, Mint Road wants to move ahead on a Legal Entity Identifier (LEI) — a unique ID to identify customers (retail and corporate) across financial markets. As on date, a unique customer identification (UCI) is allotted by individual banks. But no single identifier can represent all categories of customers — the differentiation may need to be made by mapping with identifiers presently available. Recently, the Clearing Corporation of India was elected to act as a Local Operating Unit in India to issue globally compatible LEIs to entities which are parties to financial transactions here. "Given the LEI initiative, efforts to facilitate LEI for legal entities involved in financial transactions across the financial system needs to be expedited to maximise coverage over the medium-term," says Mint Road's Committee on Data Standardisation. What the LEI will do is to cut down on information asymmetry. As then RBI deputy governor Anand Sinha noted (January 2012), "A framework for pooling and sharing of credit information amongst banks had been put in place so as to enable banks to streamline their credit appraisal framework and also to instil discipline among the defaulting borrowers... but this has not worked." LEI will help nail the lie! — *Raghu Mohan*

BEEF BAN HITS BIG CATS

THE BEEF BAN IN Maharashtra is creating strange collateral damage. The Sanjay Gandhi National Park, a 104-sq. km natural game reserve and the smallest in the world, has 14 leopards, nine tigers, three lions and three vultures, in an enclosed layout called the Lion's Safari. Before the Maharashtra Animal Preservation (Amendment) Act, 1995 was enforced by the BJP-led government in the state, and beef disappeared from the market, this menagerie of animals consumed 150 kg of beef every day. Now with bullocks and bulls added to cows in the list of 'protected' animals, these red-meat-eating carnivores are being fed white, chicken meat. Predictably, the lions and tigers of the national park have found the new menu bland, and are not too happy with their daily fare. Dietologists have pointed out that the fat content and fibre in red meat is high and provides better nutrition to wild animals, compared to lean chicken meat; and if the big cats are kept on a diet of white meat, it may affect their well being in the long run. The national park officials are hoping to remedy the situation by turning to water buffalo meat which is not on the banned list. However, the butchers of the Deonar abattoir are currently on strike against the beef ban and water buffalo meat too has remained elusive. When meddling with the cultural and food preferences of people, these governments should, at the very least, avoid disturbing the food habits of our four-legged friends! — *Gurbir Singh*

Photograph by Subhabrata Das



Whose Turf Is It, Anyway?

MINT ROAD has always stood its ground — be it on key rates, public debt or banking policy — even if North Block held a different view on these matters. Finance secretaries have moved into Reserve Bank of India's (RBI) governor's office, but once ensconced, institutional memory prevails — the incumbent never toes the line. It may well change, but not without a fight. As on date, the RBI boss has the final word on monetary policy. Now FinMin is for an eight-member Monetary Policy Committee to do the job; Mint Road is for a five-member body with the governor's vote to break a deadlock, if any (and with no place for a government nominee). It's technically correct too — the borrower (in this case, the government) cannot have a say as to where interest rates should be headed; they will always prefer it to be southwards! What's at stake is Mint Road's independence — don't expect it to just rollover. — *Raghu Mohan*

Standing Up For Cyber Freedom

THE SUPREME COURT striking down Section 66A of the Information Technology Act is a huge victory for the right to freedom of expression. Ever since it was first introduced in 2008, the amendment has been widely used by governments of all hues to arrest and silence those who took a critical position on Internet sites and social media against government policies and political leaders. The catch-all and ambiguous wording of the sections — adjectives that defined posts as 'grossly offensive' or 'of menacing character', or opinions that could be dubbed as 'harmful' or 'blasphemous' — were deliberate and designed to snuff out criticism through arbitrary arrests. Interestingly, when it comes to defending their petty interests, the political class has been united in defending and using this draconian piece of legislation. Two young girls Shaheen Dhada and Renu Srinivasan were arrested in Palghar for a Facebook post questioning the Mumbai shutdown after Bal Thackeray's death; Mamata Banerjee had a Jadhavpur University professor arrested for forwarding caricatures of the Bengal CM; a Class IX student was arrested in UP for criticising Samajwadi Party's Azam Khan. The very architecture of the Internet makes it difficult to control, and it is about time politicians understand this and stop acting like Don Quixote fighting windmills! Once again the Supreme Court has proved itself as an important pillar of citizen's rights. It has also underlined that there exists an adequate body of law in the country to tackle libel and defamation, and no special edicts are required to control the cyber world. — *Monica Behura*

Photograph by Subhabrata Das, Sanjay Sakaria

Is It Ready For The Load?

ON 25 MARCH, Dilip Shangvi-led Sun Pharmaceutical Industries completed acquisition of what was the country's largest drug maker, Ranbaxy Laboratories, making the combined entity the world's fifth largest generic drug firm — after Teva, Sandos, Mylan and Abbott — with a total sales revenue of $4.5 billion (Rs 27,000 crore).

The merger also marks the second most significant industry consolidation in the Indian pharmaceutical market after the merger of Piramal Healthcare's domestic drug formulation business with the US drug maker Abbott Laboratories in 2011. Sun Pharma has now become the largest pharmaceutical company in India with a market share of 9.1 per cent, much ahead of the second largest player Abbott's 6.3 per cent in the Rs 88,000-crore local drugs and pharmaceuticals market.

Growth on a global scale in a highly-competitive and a tightly-regulated sector is difficult, but Sun Pharma happened to be lucky. Its growth story involves sheer chances and a series of distressed asset buyouts. Most acquisitions by the company were made — including the Michigan-based Caraco, Taro in Israel and at least a dozen small units in the local and foreign markets — when the assets were undergoing financial stress and hence, were available at a discounted valuation.

Ranbaxy too happened to be acquired at a time when it was going through a crisis due to a prolonged ban on its products in the US, its largest revenue contributing market. Sun Pharma bought it in a $3.2-billion all-stock deal from majority owner Daiichi Sankyo Company of Japan in April 2014.

That said, what really helped the company grow was Shangvi's sharp business acumen. His style of operation has been typically micro-management; he looks at every small and big detail of operations, which was good for a smaller organisation.

The big challenge the company faces now in sustaining the growth of the combined entity is the limited management bandwidth. Integration of two large organisations with a portfolio of more than 3,500 products, 30,000 employees and 45 manufacturing plants across various geographies requires a much bigger managerial capability.

Plus, Ranbaxy is still not out of the woods. Its US-export oriented factories in India are under ban. The US drug regulator will take time to approve newer products from its units.

Within the company, Sun Pharma faces pending quality-compliance issues at one of its Indian manufacturing units and a prolonged regulatory matter at its US subsidiary Caraco. Uncertainty in the revenue stream of Taro, on which Sun is heavily dependent at present, due to an unsustainable pricing model, is yet another concern for the company.

Shangvi says the core objective of this merger is to focus on improving productivity, regulatory compliance commitment, quality and sustainable growth. But Sun Pharma is yet to decide on the key management team that can shoulder these big operational responsibilities of the combined entity. BW

— C.H. Unnikrishnan

$4.5 bn
The total sales revenue of Sun Pharma after the acquisition of Ranbaxy Labs

Rs 108/t
JSPL won back the Gare Palma block in the Schedule II auction, despite bids as high as Rs 2,000/tonne

What Really Matters!

WHEN THE Supreme Court decided to cancel 204 coal blocks, allocated since 1993, the underlying judgment was that in the absence of a competitive bidding mechanism for allocation of natural resources, the decisions to allocate coal blocks to private sector by the successive government were arbitrary. It, however, appears that the latest round of auctions were not so different after all. There is a fresh controversy surrounding the recent cancellation of four coal blocks, won by Jindal Steel and Power (JSPL) and Balco in the auctions held in February, on similar grounds.

The government cancelled two bids of JSPL for three blocks (Gare Palma IV/2, IV/3 and Tara) and one by aluminium-maker Balco for Gare Palma IV/1 on grounds of cartelisation by the companies involved. JSPL, which managed to win back its Gare Palma blocks with the lowest bid of Rs 108/tonne in the Schedule II auction, took the government by surprise, especially as other bids were between Rs 727/tonne and over Rs 2,000/tonne. The reasons stated for the decision were an abruptly ended bidding process and that the highest bid prices were low compared to those received for blocks with similar grades of coal and same end-use.

The government now wants to give the cancelled coal blocks to Coal India (CIL). But the Delhi High Court has stepped in and instructed it not to hand over the mines.

The controversy surrounding these coal blocks should allow the government and other stakeholders to reassess the facts. The government should understand that CIL itself has been a non-performer; it has not been able to make any significant contribution towards increasing production from its mines. Moreover, it sells coal at government-notified prices, which are far less than the market price or the price derived through e-auction of coal. This essentially means that these four already operational blocks will not bring in anything significant to the government exchequer if they are mined by CIL.

So the lesson for institutions like the Supreme Court and the Comptroller and Auditor General of India — that criticised the nomination method for coal allocation — is that changing the auctioning route cannot cure all economic ills in the country.

Biddings in all sectors have been rigged in the past. Sometimes, winners bid aggressively to win and later ask the government to change the terms and conditions of the contract, as was the case in Ultra Mega Power Projects. And sometimes, they bid conservatively, like in the present case of coal blocks, which raises questions over the secrecy of the submitted bids.

— *Neeraj Thakur*

PHOTOGRAPH: SHUTTERSTOCK

TRANSIT LOUNGE

'Compliance requires rules'

Tad Kageyama, senior managing director & head of Kroll's Asia operations, talks to **ABRAHAM C. MATHEWS** on better compliance practices

Q: How do you get companies to adopt better governance practices?

A: When we looked at the potential of big business outside of the US, we found that many companies would not spend that kind of money unless it was a regulatory requirement. Last year, I did work in Japan where a company had 800,000 records stolen by a contract employee. They responded very quickly, but that was because there was a law in Japan that required private data usage firms to report to the regulator that they had lost or misplaced private data. So, they spent a tremendous amount of money and time doing this.

TAD KAGEYAMA says India operations will act as a hub for exporting to the Middle East and Africa

Q: So the answer is stricter laws?

A: The word compliance is currently associated with anti-fraud, or anti-corruption, but compliance simply means compliant with certain rules and regulations. So, unless there are rules and regulations, there is no incentive for companies to have a compliance programme. There is also a danger to this because even when there is compliance, typically the goal is to meet the rule. Many times, rules are written in a vague way. For example, in Japan, there is a rule for banks that says you shall not engage in business transactions with anti-social forces (ASF).

Now, who is an ASF? The government website indicates what they are, but not who they are. So, banks struggle to understand how they can stay compliant. That's how regulations are, they are not written in such detail and perspective that you know that if you are within the boundary, it is okay; and you're not okay if you are not within that boundary.

Q: How do the Japanese view India's investment environment?

A: The attitude towards Indian businesses in terms of strategy has not changed. I can say this about Japanese companies. They are still very positive and aspirational about doing business in India. But, how they enter the market and manage joint venture relationships has changed. They are being more careful, doing more homework, using external advisers to look at potential investments' compliance programmes, and carrying out third party due-diligence to know if there is any risk of corrupt money going to public officials.

Q: What is the response to Make in India campaign?

A: It is an opportunity to import process improvements, technology, innovation, best practices, and so on. Japanese companies are looking far beyond making products at low cost in India. India operations are going to act as a hub for export of products to the Middle East and Africa. Companies are considering India to be more of a creative hub rather than just a place tomanufacturing. BW

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Photograph by Sanjay Sakaria

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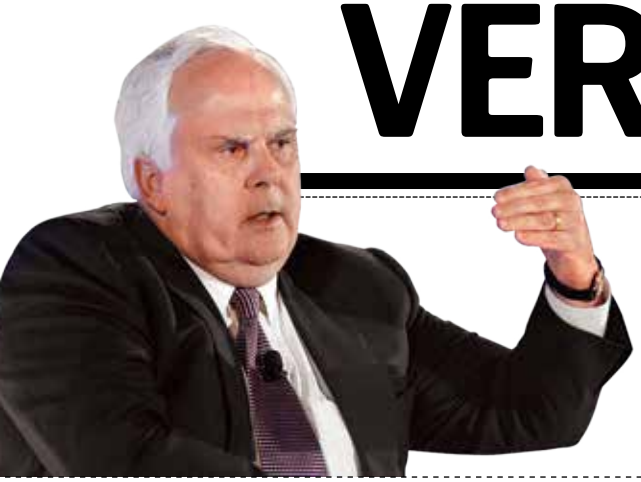


"We were Uber before Uber was there"

—**FRED SMITH**, CEO, FedEx, dismissing any potential of the ride-sharing startup ever becoming a major competitor in package delivery, though he says he likes the taxi service

"I think there is a marketing ploy, which is 'give up coal and burn more gas'. I am not against the trend, but come on — the last time I looked there was plenty of carbon in methane and there is huge amounts of carbon in oil, and the carbon emissions from transport are just as much of a problem as the carbon emissions from coal-fired power stations"

ANDREW MACKENZIE, CEO, BHP Billiton, in an interview

"An issue as tough as racial and ethnic inequality requires risk-taking and tough-minded action"

HOWARD SCHULTZ, CEO and chairman, Starbucks, on the coffee giant's decision to no longer write 'race together' on coffee cups after it drew a lot of flak, but stay true to its campaign against racial discrimination

"Those in power must be liberal. We respect the freedom of speech and expression. We respect communication of ideas on social media"

RAVI SHANKAR PRASAD, Union minister of information technology, while defending Section 66 (A), a law that allowed arrests for offensive content online. He insisted the government would come up with "stringent guidelines" to prevent its misuse

"We know how to cope with the franc... When I started 40 years ago, one dollar was 4 Swiss francs. Today, one dollar is less than one, and we are still selling watches in America"

JEAN-CLAUDE BIVER, CEO, TAG Heuer, suggesting that the Switzerland-based company will have another record year despite the introduction of Apple Watch and a strong Swiss franc

"It's going to become normal, like an elevator. We used to have elevator operators. The car is just going to be like that"

ELON MUSK, CEO, Tesla Motors, suggesting that people will take autonomous cars for granted in a short period of time

PHOTOGRAPHS: BLOOMBERG

SELFIE STICKERS

INSTANT MOBILE MESSAGING platform LINE has launched a sticker app 'ycon' to establish itself in a market that continues to be intrigued by digital emoticons. It is an updated version of the LINE Selfie Sticker app that will blend better with LINE.

Through the application, LINE seeks to go a step further in the personalisation and customisation attributes of mobile applications. The ycon app allows users to insert selfies into the ready templates designed by LINE and create new stickers. Users can also adjust the brightness, size and saturation of the stickers.

The ycon app creates the selfie sticker with a transparent background and it works just like any other LINE sticker that users can send via the LINE chat application without accessing the ycon app, which will make the sticker experience seamless and hassle free.

"The Selfie Sticker Creation App ycon is an interesting way to use one's self-portrait in the digital age. All one has to do is click a picture and convert it into a customised sticker. This gives a personalised feel to conversations and is a new benchmark by LINE in developing creative ways of communication," says Daman Soni, business head, India, at LINE+Corp.

"Selfies have become the best medium of self-expression and creating stickers using selfies will make conversations even more engaging," he adds.

Besides English, the app will also support languages such as Arabic, Chinese, French, German, Russian and Spanish. The application is compatible with both Android and iOS devices.

VIRTUAL REALITY

Illustration by Dinesh S. Banduni

Brand Buzz

In The Big League

Pinterest has moved to a double-digit valuation, at $11 billion following a $367 million fund infusion. The social bookmarking site declined to share the name of the investor. Existing investors of Pinterest include Rakuten, Andreessen Horowitz, Valiant Capital Partners and Bessemer Venture Partners.

In a regulatory filing with the Securities and Exchange Commission, the five-year-old company said the funding was involved equity and 15 investors — existing and new.

Dig The Data

Social Shopping

According to a study by Trueship, 75 per cent of Twitter users make at least one purchase a month, which is higher than the 67 per cent of Internet users overall. About 74 per cent shoppers rely on social media to get more information or reviews of products they want to buy. It is expected that 5 per cent of overall ecommerce sales will come from social networks in 2015.

Democrats On Top

An interesting finding from Social Habits shows that 40 per cent of Twitter users are Democrats, compared to 30 per cent of the US population overall. The percentage of Republicans and Independents on Twitter almost mirrors the US average.

#LEADER

Jeff Weiner
@jeffweiner
CEO, LinkedIn
"Talk about unbundling: Meercat GoPro = Your favorite athlete sending notification that game can be seen live through their eyes, without TV"

Gautam Singhania
@singhaniagautam
CEO, Raymond
"Over the last 12 months the euro has depreciated by 25%. How come European car makers have not reduced prices in line with the same"

PHOTOGRAPH: SWIKED/TUMBLR

STANDPOINT

By Umang Bedi

HOW TECHNOLOGY IS BOOSTING CREATIVITY TODAY

Technology is making everything better. It even enhances creativity. Moreover, it has made sharing as well as collaboration easier across time and space. Different minds in diverse geographies can now come together and share ideas

TODAY, we are all operating, consuming and creating in a world that is truly digital. Social media and fast changing mobile technologies have changed the landscape of human interaction, irreversibly. And technology has opened up a world that was previously inaccessible. News breaks on Twitter today. Research means Google! Online shopping has become an integral part of our life. Technology has changed every aspect of our lives, no wonder it has had an enormous impact on the creative industry.

I know some of you may say that creative thinking can't be limited by any object, process or subject; but it can certainly be enhanced, or done faster, or be shared and monetised with the use of technology. Creativity has the potential to be revolutionised with technology.

With the dawn of smartphones and tablets, technology has equipped people to give words and directions to their creative thinking at any place and time. Imagine walking into a garden full of beautiful flowers and getting inspired by that arresting summer yellow of the blooming daisies, and being able to use this inspiration at that very moment or being able to save it immediately! Let me take another example; this time, a little more technical. For a long time, creative designers needed to be coders, or needed help of IT professionals to create what they visualised; a website for example or a UI for a beautiful application! With the aid of technology, creative professionals can now do what they are meant to do, that is, be creative and build websites that are beautiful, intuitive and interactive!

Digital art has brought in another dimension of creativity to the fore. It has transformed activities such as painting, drawing, sculpting and music. New forms, such as net art, digital art, and virtual reality, have become recognised artistic practices!

Technology has also given us the power to integrate and harmonise across various domains. Being able to draw out a substance from the tribal Saura art and blending it with Renaissance art from Europe can build a current in a different direction.

One cannot ignore the importance of the platform to share. Creativity and innovation needs an audience. And technology is an enabler there as well. Today, we can find specialised platforms for every arena to share

Photograph by Bivash Banerjee

our creations. Behance is the Facebook of creative professionals globally. We have the ability to write a blog or publish an eBook and share it with people. YouTube has become a dais for aspiring musicians and comedians to launch their acts and garner attention.

Besides, in the era of connectedness, collaboration has become immensely vital. Virtual creative teams have become a common phenomenon. Group of individuals who work across time, space and organisational boundaries can collaborate with the help of creative technology to create in real time! Different minds in diverse geographies can now come together and share ideas.

A surveys by Adobe shows that successful organisations have the ability to foster innovation, develop exceptional talent and leadership, and a high degree of brand recognition influenced by its creative perspective, practices, and culture. It also shows that companies that embrace creativity, outperform peers in revenue, market share and competitive leadership.

Finally, creative individuals need to monetise their creativity. Using technology, they can connect with people across the world, who can appreciate their creativity. BW

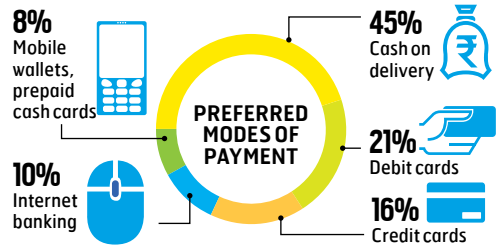
The author is managing director - South Asia, Adobe

Research Radar

GAINING CURRENCY

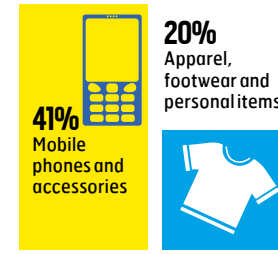
Digital commerce has become a major force in India. The industry was valued at Rs 81,525 crore as of December 2014, registering a 53 per cent growth year on year, and is expected to breach Rs 1 lakh crore by the end of December 2015

CASH ON DELIVERY IS HOT



SOURCE: DIGITAL COMMERCE REPORT BY IAMAI AND IMRB INTERNATIONAL

E-TAIL FAVOURITES



GRAPHIC BY PRASHANT

AD iNFiNiTUM

THE 'UNCANCEL' OPTION

MOST TRAVELLERS would agree that rescheduling a flight could sometimes turn out to be as expensive as booking a new one. Taking note of travellers' distress, MakeMyTrip did what no one has done before. The online travel agency launched a feature called 'Uncancel' that allows travellers to reschedule a trip for a later date for no extra cost instead of cancelling it altogether.

MakeMyTrip has released a commercial around it too, that shows a boy cancelling his long-planned journey to the US to meet his estranged father. And while he is regretting his impulse decision, he gets a call from MakeMyTrip telling him he can uncancel his cancellation and fly later.

PICK YOUR DATE
You can now just reschedule your air tickets and not cancel. And fly out anytime you want

FCB Ulka, MakeMyTrip's creative agency partner, has created the campaign. "A lot of planning and emotions are attached to any trip one chooses to make, especially personal trips like vacations, etc. When such a trip gets cancelled, it causes a lot of pain. We thought, what if we could conceptualise a product feature where we could bring back the smiles without really caring about bottom lines," says Sachin Burma, group creative director at FCB Ulka.

The competition in the OTA sector makes it worthwhile to work on a 'people-first' proposition. The campaign is targeted primarily at consumers in the age bracket of 20 to mid-40s. BW

GLOBESCAN

CLOCK IS TICKING: Greece risks running out of cash by April 20 unless it secures fresh aid, a source familiar with the matter said, leaving it little time to convince skeptical creditors that it is committed to economic reform. After talks with European Union leaders, including German chancellor Angela Merkel, Athens said it will present a package of reforms to its euro zone partners on 30 March in the hope of unlocking aid and avoiding a messy default. Merkel did not reveal details from her meetings with Greek Prime Minister Alexis Tsipras, but she did tell members of her Conservative Party at a closed-door meeting in parliament that Greece needs to work with the European Central Bank, the International Monetary Fund and the European Commission to unlock the cash injection it needs. "Time is short," she said, according to party allies.

CALL CONNECTED: Hutchison Whampoa, a company which bled money in its 3G telecoms business for years, will create Britain's largest mobile network after agreeing to a £10.3-billion deal to acquire O2 from Spain's Telefónica. In its largest overseas deal, Hutchison will combine O2 with its Three mobile group to bring together 31 million customers, or about 41 per cent of the UK wireless market. Hutchison is controlled by Hong Kong billionaire Li Ka-shing, who has overseen an aggressive push into UK infrastructure with a range of acquisitions in ports, rail and real estate. The two groups said the deal would be subject to regulatory approvals that might take up to a year. Hutchison could licence the O2 brand in the UK to run alongside or instead of Three in the future, according to sources. However, the sources added that a final decision had not been made.

Hutchison Whampoa to buy O2 for £10.3 billion from Telefónica

NO STOPPING: The Organisation of Petroleum Exporting Countries (OPEC) will not take sole responsibility for propping up oil prices, Saudi Arabia's oil minister said, signalling that the world's top petroleum exporter is determined to ride out a market slump that has roughly halved prices since last June. Last November, OPEC kingpin Saudi Arabia persuaded members to keep production unchanged to defend market share. The move accelerated an already sharp oil price drop from peaks last year of more than $100 a barrel, that was precipitated by an oversupply of crude and weakening demand.

HOMING IN: New US single-family home sales surged in February to their highest level in seven years despite harsh winter weather, in a hopeful sign for the housing market. The Commerce Department said sales jumped 7.8 per cent to a seasonally adjusted annual rate of 539,000 units, the highest level since February 2008. January's sales pace was revised up to 500,000 units from the previously reported 481,000 units. Economists had forecast new home sales falling to a 465,000-unit pace in February. New home sales are counted at the signing of contracts. February's gains came despite cold and snowy weather slamming large parts of the country.

UNDER SCANNER: Deutsche Bank is under investigation in New York state for rigging the London InterBank Offered Rate (Libor). Germany's largest bank is suspected of having participated with other banks in a "vast manipulation of Libor". The probe is led by Benjamin Lawsky, superintendent of financial services in New York state. The Lawsky probe comes amid a long-running crackdown by regulators investigating rigging by large banks of the Libor, an interbank average rate used to peg millions of interest rate-sensitive contracts and loans around the world.

NET RAGE: The US's biggest cable and Internet companies have sued to block the federal government's new Net neutrality rules. In February, the Federal Communications Commission (FCC) passed a historic measure to more strictly regulate the Internet. The new rules stop Internet providers from blocking websites or charging extra for "internet fast lanes". But broadband companies say they weren't doing that anyway. Now the US Telecom Association is asking a federal appellate court in Washington to review the FCC's new rules. The industry group — which includes AT&T, Verizon and CenturyLink as well as many other smaller broadband providers — calls the rules "arbitrary, capricious and an abuse of direction" in its court filing.

REAL HELP: Nasdaq OMX has agreed to provide New York-based startup Noble Markets with its X-stream trading system (used by more than 30 exchanges and marketplaces worldwide) to power a marketplace for trading Bitcoins and related digital currency assets. The agreement follows other Wall Street initiatives that could pave the way for financial institutions to own and trade digital currencies, including the NYSE's recent investment in Bitcoin exchange Coinbase. Coinbase opened a regulated exchange in the US for trading the virtual currency earlier this year. Launched in 2009, bitcoins let people conduct transactions over the Internet. The virtual currency has come under regulators' scrutiny in the US and Europe, following a series of high-profile scandals such as the bankruptcy of Tokyo-based bitcoin exchange Mt Gox.

$28

bn will be revenue of Kraft Foods-Heinz

CHEESY BITE: Kraft Foods Group, the maker of Velveeta cheese and Oscar Mayer meats, will merge with ketchup maker H.J. Heinz, owned by 3G Capital and Berkshire Hathaway, to form North America's third-largest food and beverage company. The combined company, to be led by Heinz chief executive Bernardo Hees, will have revenues of about $28 billion, the companies said in a statement. Kraft has been battling sluggish demand for packaged food products in the US. The combined company is expected to save about $1.5 billion annually by the end of 2017, the companies said. Kraft shareholders will own a 49 per cent stake in the combined company and Heinz shareholders 51 per cent.

PHOTOGRAPHS: BLOOMBERG, SHUTTERSTOCK

NO MERCY

Subrata Roy has been in jail for over a year now, unable to raise Rs 10,000 cr for bail

MUDDIED. SULLIED. IN DANGER.

With its chairman in jail and a fast rising refund demand, Sahara is battling heavy odds

By Gurbir Singh & C.H. Unnikrishnan

THE YEAR WAS 2004. It was quite an overwhelming sight. The Sahara Group's 'managing worker' and chairman, Subrata Roy, was to make a press announcement at South Mumbai's Tata Theatre, at the National Centre for Performing Arts. Now, nobody has a 'press conference' at the Tata Theatre, a 1,000-seat cultural hub frequented by the music-concert-and-play-going Mumbai elite. So when word went out that 'Saharashri' himself, then at his pinnacle in Uttar Pradesh, was going to address the press, it would have been a serious miss to not attend.

Banners outside the hall called it a 'World Press Summit'. Two planeloads of journalists were flown in from Lucknow and other cities. Pretty saree-clad hostesses ushered the wide-eyed journos to their seats. Occupying the stage in black outfits were Subrata Roy, flanked by his sons Sushanto and Seemanto. There were a couple of senior executives too. It was a scene straight out of *Men In Black*.

The announcement the 'managing worker' made was that his group was entering the realm of real estate. And how! He said Sahara would be in-

PHOTOGRAPH: PRAKASH SINGH_AFP_GETTY IMAGES

vesting an eye-popping Rs 90,000 crore to develop 'Sahara townships' in 60 cities across the country, all fitted out with hospitals, malls and even mineral water bottling plants. And another Rs 35,000 crore would be pumped into 'Aamby Valley' near Pune to make it the most-sought-after layout of country villas. When it came to questions, a senior journalist asked Roy Senior in all seriousness: Where is all this money going to come from?

Saharashri was irked, and demanded to know whether the journalist was questioning his financial bona fides. Minutes later, two bouncers came and sat menacingly next to the poor journalist. The 'press conference' ended as abruptly as it had started. While most reporters filed 'straight' copies, minus the mood statements and nuances, many were left wondering what the Rs 1.25 lakh crore realty investment was about.

Fast forward 11 years, and Subrata Roy has completed a year in Tihar Jail since his arrent. He was arrested for contempt on 4 March 2014 on the orders of the Supreme Court, after he failed to pay Rs 24,000 crore to the Securities and Exchange Board of India (Sebi) as per the terms of the court's August 2012 order. He is on his third and last lifeline of 90 days to raise the bail bond of Rs 10,000 crore to regain his liberty. If he fails again, as he has in earlier attempts to sell his properties, the apex court will seize his assets and appoint a liquidator to realise the dues.

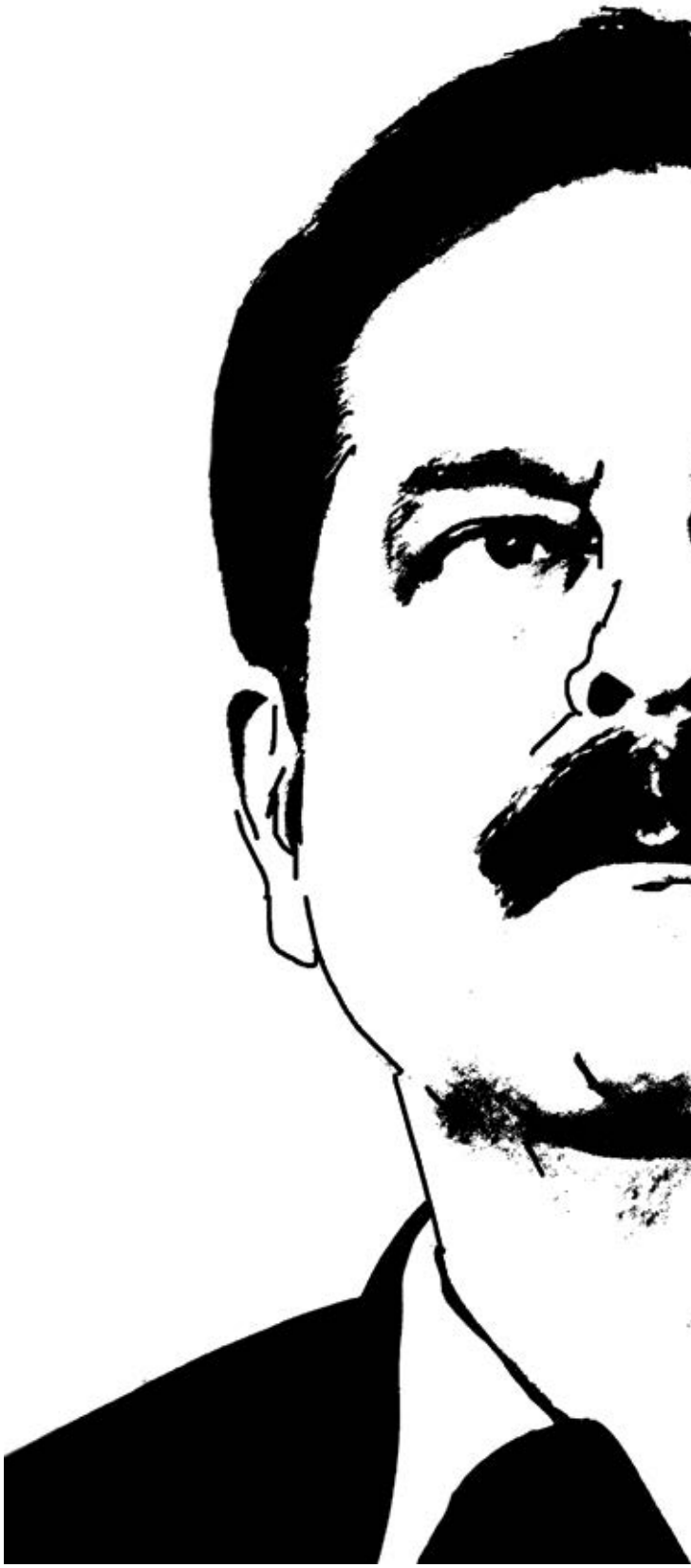
Rs 10,000 cr
The size of the bail bond fixed by the Supreme Court for Subrata Roy. If he fails to deposit this soon, all his assets will be seized

Will Roy be able to raise the money to gain his freedom? More important, is it the end of the road for the Sahara Group? There is another lurking question. Sahara has returned part of the money — around Rs 5,120 crore to Sebi — but the market regulator can't seem to find the 'investors'. Will the apex court take the inquiry further to find out who these 'investors' are?

Realty Becomes Prime Property

Going back to 2004, there was a measure of scepticism around the size of Subrata Roy's real estate plans, but Roy's was not an empty boast. His primary businesses of para-banking and chit funds were in trouble and were slowly winding up; he had to find an alternative.

Roy had joined a small, struggling chit fund com-



SAHARA SAGA

Roy started small and went on to create an empire that now teeters on the brink

August 1978: Subrata Roy joins Sahara Finance, a chit fund, and later takes it over and makes it a residuary non-banking company (RNBC)

January 1990: The company establishes its headquarters in Lucknow

December 1990: Launches first real estate venture Sahara City covering 170 acres

February 1992: Launches Hindi newspaper Rashtriya Sahara

January 2000: Launches Sahara TV

March 2002: Purchases Centaur Hotel in Mumbai and names it Sahara Star

April 2008: Sahara Housing Investment Corporation (SHICL) and Sahara India Real Estate Corporation (SIRECL) raise money through optional fully convertible debentures (OFCD)

June 2008: Reserve Bank of India prohibits Sahara India Financial Corporation (SIFCL) from public deposits

September 2009: Sahara Prime City, a developer, files its draft red herring prospectus with Sebi

November 2010: Sebi rejects Sahara Prime City's IPO plan, issues order restraining SHICL and SIRECL from accessing the capital markets on complaints that they were issuing OFCDs not disclosed in the prospectus

December 2010: Allahabad High Court stays Sebi order on a petition filed by SIRECL

January 2011: Sebi moves SC which permits it to call for names of investors who invested in the OFCDs

August 2012: SC orders the two firms to return Rs 19,400 crore raised from 2.21 crore investors through OFCDs. Amount comes to Rs 24,000 crore with 15% interest

February 2013: Sebi orders a freeze on assets and bank accounts of the Sahara companies and executives, including Roy

March 2013: Sebi seeks SC nod to arrest Roy for failing to comply with the latter's August 2012 order to refund investors

November 2013: SC restrains Roy and other directors from leaving the country, and their companies from selling any movable or immovable property

January 2014: SC asks Sahara Group to reveal the source of the Rs 22,885 crore which it claimed was used to refund its investors, or face an inquiry

February 2014: SC directs Roy, along with directors Shankar Dubey, Ashok Roy Choudhary and Vandana Bhargava, to appear before it

February 2014: SC rejects Roy's request for exemption from personal appearance. It issues a non-bailable warrant against him. Police arrest Roy on February 28, and keep him at a forest guest house near Lucknow

March 2014: The Sahara boss, driven from Lucknow to Delhi in a Mercedes escorted by police cars, appears before the Supreme Court on 4 March. The court sends him to custody for a week

March 2014: SC grants Roy interim bail subject to him depositing Rs 10,000 crore —Rs 5,000 crore in cash and the balance as a bank guarantee. Sahara Group requests that the embargo on sale of its properties be lifted

January 2015: Mirach Capital, an investment vehicle, lines up a $2 billion loan package to help bail out Roy. Conditions include it taking control of the group's landmark hotel assets in New York and London

February 2015: Mirach deal runs into trouble

March 2015: SC issues ultimatum to Sahara to pay up in three months or face public auction of company assets

pany, Sahara Finance, in 1978, and turned it into a money-making machine after the business model and scale were changed. For decades, his prime business continued to be para-banking. Roy's flagship Lucknow-based company, Sahara India Financial Corporation (SIFCL), officially called a residuary non-banking finance company (RNBFC), relied on a huge network of agents that fanned out into villages and small towns, collecting crores in small lots of Rs 50 and Rs 100. The strategy of these agents was to promise huge returns with high interest rates. A Sahara collection agent, Rupinder Panwar, had said a few years ago that the volume of small notes was so large that he used bedsheets to collect deposits in the villages before he returned to Lucknow! SIFCL's size and operations have always been shrouded in mystery. One estimate puts the collections received from the public between 1978 and 2012 at around Rs 2.25 lakh crore.

Some compared Sahara's chit fund operations to a massive ponzi scheme where money from one set of depositors was used to pay off an earlier lot, even as another wave of fresh deposits was being collected, and so on. Somebody had to turn wise. Finally, Reserve Bank of India clamped down on these myriad schemes and, in June 2008, banned SIFCL from accepting deposits. After an initial stay from the Allahabad High Court, the Supreme Court directed the company to wind up operations by 2010.

Rs 2.25L cr

The estimated corpus collected by Roy's flagship company, SIFCL, from the public between 1978 and 2012

Meanwhile, other parts of Roy's business empire were also going bust. He always had a yen for businesses that made waves, and predictably launched Sahara Airlines in 1991 with a couple of Boeing aircraft. He was also among the first of the private domestic airlines to get a licence for international flights in 2004. But Roy's airline never sprouted international wings. Air Sahara, as it was called, continued to bleed, and there was little likelihood of a turnaround. The airline signed a sale agreement with then market leader Jet Airways in January 2006 for Rs 2,000 crore, but the deal was only consummated 18 months later after Jet Airways forced down the consideration to Rs 1,450 crore.

It was in such circumstances that Roy turned to real

PRIME PROPERTY

The Sahara Group has real estate assets across India and abroad

$726 million
GROSVENOR HOUSE, London
Bought from RBS in 2010

$570 million
HOTEL PLAZA, New York
Bought in 2012

$220 million
DREAM DOWNTOWN,
New York
Bought in 2012 from Chatwals

SAHARA HOSPITAL,
Lucknow
27-acre campus

Rs 45,000 cr (current valuation)
AAMBY VALLEY, near Pune

Rs 115 crore
HOTEL SAHARA STAR, Mumbai
Bought from Air India in 2002

Rs 19,000 crore
(valuation disputed)
106 ACRES, Versova, NDZ, coastal land in Mumbai

359 ACRES, Lucknow

LAND BANK CLAIMS

- Sahara Prime City Draft Red Herring Prospectus of Sept 2009 claims land bank of 8,484.65 acres
- Sahara website claims all-India land-holding of 33,633 acres

RECENT SALES

- 265-acre property in Vasai, Maharashtra. Sold to Sai Rydan Realtors in Nov 2014 for Rs 1,111 cr
- 185 acres in Gurgaon. Sold to M3M India in Dec 2014 for Rs 1,211 cr
- 104 acres in Ahmedabad. Sold to S.H.Tapil in August 2014 for Rs 412 cr

GRAPHIC BY PRASHANT

estate as a business that could match the size and returns that para-banking had given him. Hotels and hospitality would act as adjuncts. The first of the hotel deals was when Sahara picked up Air India's Centaur hotel in Mumbai in 2002 for Rs 115 crore, rechristened it 'Sahara Star' and developed it as a posh five-star property. In parallel operations, Sahara began mobilising funds for investing in real estate, uncannily in the same manner as Roy ran his para-banking operations.

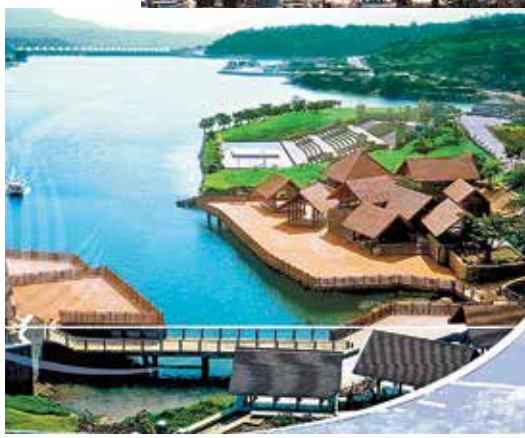
> Rs 19, 400 cr and Rs 6,380 cr collected by Sahara Group's two unlisted companies from 3 cr investors

The group launched a bond issue through two unlisted Sahara companies — Sahara India Real Estate Corporation and Sahara Housing Investment Corporation — collecting Rs 19,400 crore and Rs 6,380 crore, respectively, through the two companies as optional fully convertible debentures (OFCD) from close to three crore investors. Interestingly, Sahara's para-banking arm Sahara Finance Corporation, which had been ordered to wind up by 2010, had to return thousands of crores worth of maturing and aborted deposits in that period to a mind-boggling 1.9 crore depositors. According to Sahara's own admission, many of its para-banking depositors squared off their dues with Sahara and became 'investors' in the group's new real estate funds!

Sebi launched an investigation and concluded that the group's mobilisation of funds for the bond issue was 'illegal'; it ordered Sahara to return the money to depositors. The Sebi Act and the Companies Act mandate that when such money is mobilised from 50 or more persons it will be deemed a public issue (Section 67 (3) of the Companies Act). This requires the company to get listed and if it fails to mobilise the targeted public investment, it has to refund the entire money to investors (under Section 73 (2) of the Companies Act).

The more recent history is better known. After Sahara got a stay against the Sebi order, and the matter landed before the Supreme Court, the latter, in a historic judgment on 31 August 2012, asked Sahara Group firms to return the money with 15 per cent interest and directed Sebi to facilitate the return of funds. Sahara's case has always been that its liability is just Rs 2,000 crore. It has also claimed it has settled the dues of investors directly and carted 127 truckloads of signatures in 31,669 cartons to Sebi's headquarters in Mumbai to prove its case. As far as the Supreme Court is concerned, it has discounted these claims. The accepted math is Sahara has only returned Rs 5,120 crore to Sebi so far.

Finally, Roy's arrogance proved to be his undoing. When told to appear before the apex court in Sebi's contempt petition, he ignored the summons claiming he was tending to his ailing mother. Arrest warrants were



Hot Spots

Among Subrata Roy's prime properties are: (clockwise from top) the iconic Plaza Hotel in New York, the Dream Downtown Hotel in New York, and the sprawling Aamby Valley township, near Pune

issued on 24 February 2014, and the bench comprising justices K.S. Radhakrishnan and J.S. Kehar ordered that he be produced before them on 4 March. He has not gone home since. On that day, he along with two other Sahara directors was sent to Tihar Jail for a week and India's highest ever bail bond was posted at Rs 10,000 crore — half in cash, the remainder as a bank guarantee. The court expected Roy, a man of no small means, to furnish the bail bond in days. That did not happen, and the trio continue to languish in jail.

Land Bank A Mirage?

What went wrong? Why has Roy not been able to buy his freedom by cashing in on Sahara's famed land assets? The group claims to possess thousands of acres of developable land and hundreds of crores worth of housing and commercial projects. Why is it not able to monetise a mere Rs 6,000 crore of these assets to pay off the remaining bail money? The answer is simple: very few of the titles of these tracts and projects belong to Sahara companies; and legal and regulatory issues have eroded their worth to a fraction of their perceived price.

This is evident from Sahara's own records and statements. The Draft Red Herring Prospectus (DRHP) of September 2009 for the public listing of Sahara Prime City (which incidentally never went through) states that the company holds 8,484.65 acres, of which as much as 67.3 per cent is agricultural land and only "15.5 per cent comprises land in either a residential or commercial zone".

Moreover, the DRHP admits that only a minuscule proportion of the titles of these lands are directly held by the company, and control is exercised through myriad joint ventures and development agreements. Sample this: "Out of our aggregate land reserves of approximately 8,484.65 acres, we own only 48.94 acres directly...the rest of our land reserves are directly held by our subsidiaries or represent land for which we or our subsidiaries have entered into development agreements, memoranda of understanding or agreements to sell," says the Sahara Prime City DRHP.

Despite these admissions, the Sahara website tom-toms an "enviable land bank of 33,633 acres" — an unbelievable claim that it has quadrupled its land holdings since it filed the DRHP of Sahara Prime City in 2010! Sahara on its website also says it is currently developing integrated housing projects in 15 cities — Lucknow, Jaipur, Indore, Nagpur, Satna, Coimbatore, Gwalior, Bareilly, Kashipur, Aurangabad, Sholapur, Porbandar and Katni, among others.

However, when it came to a crunch in 2013, the only properties that Sahara presented that were marketable and with value were the 106-acre Versova land in Mumbai which it said was valued at Rs 19,300 crore, and another property in Vasai, north of Mumbai, valued at around Rs 1,000 crore. However, the valuation by Knight Frank Property Consultants was faulted by Sebi, whose counsel Arvind Datar pointed out to the court that they were part of a larger 614-acre layout adminis-

PHOTO COURTESY: PAWEL MARYNOWSKI_ WIKIMEDIA COMMONS, BEYONDMYKEN

tered by the Byramjee Jeejeeboy and Wakharia family Trust, and fell in a 'no-development zone'. Sebi's Datar valued the land at no more than Rs 118 crore.

Knight Frank today concedes the valuation was done independent of regulatory encumbrances. "The Rs 19,000-crore valuation of the Versova property would be valid only if it was free of CRZ and NDZ restrictions," Shishir Baijal, CEO of Knight Frank, told *BW | Businessworld*. It is not that Sahara has not tried or succeeded in selling its realty assets in India. For instance, the group recently raised Rs 1,211 crore from M3M India by selling 85 acres of urban developable land in Gurgaon. Knight Frank too brokered a Rs 500 crore sale of a 104-acre urban holding last August in Ahmedabad. But obviously the math is not adding up.

"Most of the land holdings of Sahara are in remote areas on the outskirts of Tier II and III towns, and do not command the valuation the company claims," says Pankaj Kapoor, CEO of property tracking agency Liases Foras.

"As a business strategy, Roy acquired thousands of acres in city outskirts and along growth corridors. They were early-stage assets and acquired through intermediaries as farm land cannot be bought by corporate groups. His vision was to convert these into commercial and residential land. He was sure of his clout and that the government machinery would fall in line," explains Sunil Rohokale, CEO of the ASK Group.

$1,600 million
The amount Sahara spent on acquiring London's Grosvenor House and two well known New York hotels even after the SC ordered it to return Rs 24,000 crore to depositors

Rohokale recalled a presentation by the Sahara Group in Mumbai in 2007 where it announced Rs 10,000-crore worth realty projects. He points out that "for many of these assets, the land-use conversion was never carried out, and they remained illiquid. Only a very courageous person today will buy these assets".

Another analyst who has worked on valuations of Sahara properties in the past, but who preferred anonymity, valued the group's Indian assets between Rs 70,000 and Rs 1,00,000 crore, but said Sahara's attempts to sell these assets had hit a wall because of three factors: most of these assets were not contiguous; the company was barred by court from selling below the government-notified circle rate; and the market was illiquid and was not forthcoming even for the more attractive properties owned by the group.

The sale of the largest of Sahara's Indian assets, the 10,000-acre Aamby Valley township, near Pune, valued between Rs 40,000 and 45,000 crore, has so far not found mention either in court or in the property market. The Supreme Court has, however, recently allowed a 600-acre parcel of this property to be put on the block.

Hotels Find No Takers

In 2010, when Sahara was at the peak of its expansion drive and fund-raising, in a distinctive Subrata Roy flourish, the group decided to buy London's iconic hotel, the Grosvenor House. It was a style statement that the 'Saharashri' had arrived. Grosvenor House was purchased from Royal Bank of Scotland for $726 million (Rs 4,350 crore). This was followed up by the acquisition of two well known New York hotels — New York Plaza and Dream Downtown — both based near Manhattan's Central Park — for $800 million (Rs 4,400 crore). These were audacious acquisitions considering the bids in New York were made after the Supreme Court had ordered Sahara to return Rs 24,000 crore to depositors.

It is indeed ironic that with Roy in jail and unable to produce the bail amount, Sahara had to fall back on a strategy to sell these hotels to raise funds. The Supreme Court went so far as to allow the company to set up a full-fledged corporate office, equipped with video-conferencing facilities, within the jail premises, so that Roy could personally negotiate on behalf of the group. Two rounds of talks and negotiations have failed, and Roy is currently on his final lifeline.

On 23 March, the Sahara counsel told the apex court that it was

Photograph by Bivash Banerjee

"Most of Sahara's land holdings are in the outskirts of Tier II and III towns, and do not command the valuation the company claims"

PANKAJ KAPOOR
CEO, Liases Foras

"The Rs 19,000-crore valuation of the Versova property would be valid only if it was free of CRZ and NDZ restrictions"

SHISHIR BAIJAL
CEO, Knight Frank

raising €900 million from Hong Kong-based Noaum, which in turn was financed by Spanish Bank BBVA, to buy out Bank of China's loans. This, along with the sale of 10 Indian properties, is expected to cover the bail amount. The court found the plan "prima facie credible" and has allowed Roy 90 days before his assets are turned over to a liquidator. However, at the time of going to press, reports emerged that BBVA had denied offering a line of credit to Sahara.

Property broking houses which have worked closely with the Sahara Group say the problem is that negotiations have run into trouble as Roy does not have the luxury of negotiating individual deals for the three hotels. They have to be sold as a package to repay $800 million to Bank of China, which financed the buyout of Grosvenor House, and to raise another $800 million to fund Roy's bail demand. In these circumstances, the target of raising $1.6 billion in one single transaction covering all three hotels has proved difficult and elusive. The fact that potential buyers know that the hotels are on 'distress sale' is not helping matters.

A refinancing bid for the hotels made by a newly founded entity, Mirach Capital, that promised to raise $1.5 billion to settle Bank of China's claims and secure Roy's liberty fell through in mid-March. While Sahara has alleged that Mirach Capital had forged a bank guarantee, Saransh Sharma, CEO of Mirach Capital, countered by saying he is filing a $400 million defamation suit for making false statements.

> Sebi has received just 4,900 refund claims till now. Of these, only 560 have been found fit for payment

A detailed questionnaire sent to the Sahara Group on Mirach Capital and a host of other issues went unanswered. Abhijit Sarkar, head of the company's corporate communications department, promised that a reply was in the works on 20 March but none landed.

Whither 'Investors'?

There is another ticklish issue that the apex court is seized of — how to get the money that Sahara has deposited, and will deposit in the future, to the original 'investors'.

Sahara has repeatedly castigated Sebi in court for its inability to refund the money the company has deposited. Sebi says it has twice issued public notices and advertise-

ments asking 'investors' to submit their claims along with proof of their investments. The market regulator has also admitted it has received just 4,900 refund claims till date. Of these, according to Sebi, only 560 have been found fit for payment, and so far it has distributed a little over Rs 1 crore. So where have all these 'investors' vanished? And, more important, who are these 'investors'?

Some of those close to the investigation have questioned whether most of the 30 million 'investors' exist at all. "The most critical component of this case is the money laundering aspect. This crucial element has not received adequate emphasis in any of the orders passed by the court and other government agencies," says K.M. Abraham, a former whole-time director of Sebi who first investigated the Sahara realty bond issues and wrote the initial Sebi order. "That is clearly disappointing because the country loses an opportunity to set right some of its fractured financial systems," he adds.

"My own investigation for verifying the identity of many in the list of investors provided by Sahara group lends credence to a hypothesis that a majority of those names and addresses could be fictitious. This can only be corroborated by detailed examination," says Abraham. Recalling his investigation into the realty bonds issue, Abraham says he had sent three teams to locate three random 'investors'. In one case, the address was genuine but no 'investor' by the listed name existed. In two other cases, both the names and addresses were fake. "The government should now ensure that it unravels whether there was any big money laundering motive behind the Sahara bonds issue," adds Abraham.

Rs 40,000 cr
The figure to which the Sebi demand for refund to depositors has risen to, from the original Rs 24,000 crore

What happens if the 'investors' are not traced? "As prescribed by the Supreme Court, it can be assumed that Sebi will follow its currently existing refund process, and that the undistributed amount will be deposited with the Government of India," says senior corporate lawyer Anoop Narayanan.

"Unfortunately, Sebi does not have the expertise and staff to carry out the verification of the addresses of close to 30 million investors. It is also a big question whether these are genuine investors and if they exist at all," says Kumar L. Desai, a Mumbai-based securities lawyer.

With Sebi unable to trace 'investors', and with pending allegations of money laundering, the Supreme Court will find it difficult to close the case. It will, on the other hand, have the option of ordering a police investigation to trace the 'investors'; and, if they are found to be bogus, it can investigate to find out the real 'investors' and why their identity remains shrouded in mystery.

On the action so far against Sahara, the public mood is supportive of both Sebi and the apex court's intent to ensure corporate fund-raising does not shortchange the investing public, and those who break the rules are penalised in equal measure.

In their order dated 6 May 2014, justices Radhakrishnan and Kehar noted: "During our entire careers as advocates, as judges of different high courts, as chief justices of high courts in different states, and also as judges of this court, we have yet to experience a demeanour of defiance similar to the one adopted by SIRECL or SHICL or their promoter and directors. The responsibility for the above defiance, which constituted a rebellious behaviour, challenging the authority of the Sebi, from investigating into the affairs of the two companies, required brazenness, flowing from unfathomable power and authority. It is apparent that not a hundred, but hundreds of judge hours came to be spent in the instant single Sahara Group litigation, just at the hands of the Supreme Court. This abuse of the judicial process needs to be remedied."

Says Desai: "With the Sahara judgment, the Supreme Court has set high standards for the benefit of the larger investor community. By affirming Sebi's orders, it has sent a clear message to the corporate world that Sebi can and will use the powers available under Section 55 (a) of the Companies Act to protect the interest of investors."

Will the Sahara Group be able to survive this crisis? Even if Sahara manages to raise the Rs 6,000-crore deficit for the bail bond and secures Roy's liberty, the second leg of the Supreme Court judgment — refund of depositors' money which has now swollen from Rs 24,000 crore to Rs 40,000 crore — will prove even more challenging. Sahara disputes these figures and has said it will contest the revised amount. But given that there is little scope for revision, does it have the resources to raise the money?

The sentiment found an echo at the 23 March hearing of the Supreme Court when the bench comprising justices T.S. Thakur, A.R. Dave and A.K. Sikri doubted the Sahara Group's ability to pay back depositors when it was having trouble bailing out its own chairman. BW

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MAKING OF A NEW WORLD ORDER

Mindless politics in Washington and opportunism in Europe have handed China the leadership crown

By Nayan Chanda

IF ONE NEEDED ANY MORE PROOF OF THE NEW WORLD ORder emerging, it was on full display in March-end. With the deadline looming for founders' membership of the China-led Asian Infrastructure Investment Bank, Washington's major European allies rushed in ignoring its warnings. The most telling action was that of the UK, once the co-architect with the US of the Bretton Woods system. It scrambled to join the Chinese bank, explicitly designed to challenge the World War II-era global financial architecture. Leaders in Washington were stunned that their transatlantic "cousins" did not even consult them before rushing to sign up with AIIB.

Ever since China announced the creation of AIIB with its $50 billion initial investment, the US has expressed concerns overs the absence of international standards of transparency, policies to support the creditworthiness of borrowers and environmental sustainability. It publicly worried that AIIB would weaken the institutions of the World Bank and the IMF. Despite such concerns, many friends and allies — including India, Singapore, the Philippines, Thailand — joined the bank. Britain, Germany, France and Italy also rushed to sign up. An embarrassed Washington publicly criticised London, expressing its misgivings "about a trend toward constant accommodation of China".

Washington should not have been surprised. Beijing's growing economic clout has been on display ever since the 2008 financial crisis shook Western economies. The fact that China, along with fellow rising economies India and Brazil, has been denied its due share of voting rights in the IMF and leadership of the World Bank, has given it additional impetus to seek its own avenues of influence. Beijing has emerged as a serial founder of economic institutions as well as promoter of initiatives such as the $41-billion BRICS development bank, the Central Asian Silk Road Belt and the New Maritime Silk Road backed by a $40-billion fund. The launch of AIIB was generally welcomed by Asian neighbours, largely starved of the large-scale capital needed to build critical infrastructure.

In its early years, the Obama administration had expressed a desire to rectify the disconnect between new economic realities and the increasingly sclerotic system established at Bretton Woods. But its ability to pursue such over-the-horizon initiatives has been snuffed out by stiff opposition from a Congress increasingly dominated by small-government, isolationist-leaning Republicans. The US has thus been left, without even its closest allies, to defend an outdated system that even it knows needs to radically reform.

While the politics in Washington has only permitted one policy direction — namely, vetoing China — Beijing has steadily built its economic influence in Europe. In doing so, it has successfully driven a wedge between the US and the European Union as well as between European countries.

Even in Asia, where America's allies have cause for concern over Chinese assertiveness over airspace and the high seas, there is limited faith in the US willingness to come to their aid. Many who would normally count on the reliability of the US military deterrent to keep China at bay have begun to hedge their bets. After initially staying away from the Chinese-sponsored AIIB, major American allies like Australia and South Korea have hinted at changing their minds. Only Japan, which is facing direct Chinese territorial challenges, has been steadfast in refusing to join the bank.

The decision by the British and other European countries to join China's new bank may one day be seen as the last straw on the back of the aging and beleaguered camel that is the post-war economic system. With the western alliance seemingly in disarray, and China consolidating its economic dominance with savvy new political maneuvering, a New World Order may truly be upon us. Mindless partisan politics in Washington and political opportunism in Europe have handed China the leadership crown on a platter. BW

The author is editor-in-chief of YaleGlobal Online, published by the MacMillan Center, Yale University; boundtogether.bw@gmail.com

For other columns by Nayan Chanda, visit www.businessworld.in

INDIA'S BEST MUTUAL FUNDS

IN FOR THE LONG HAUL

The Indian MF industry notched up a whopping 1,412 per cent growth in 15 years. The going is only going to get better. So strap up for the ride of your life

By Shailesh Menon

YEARS AGO, K.N. Atmaramani, now 78, could call up any of his buddies from other investment firms for information on promoters, shady companies and dubious off-market deals. And if it was not a busy day on the bourses, the duo would assemble a few friends for a round of *cutting chai* and *samosas* from eateries along the bylanes off Flora Fountain, south Mumbai.

"Even fund managers from LIC and GIC used to join us. We used to share notes, warn each other about fly-by-night promoters and discuss companies. It helped us a lot in our work those days," says Atmaramani, former investment chief of Unit Trust of India.

"Fund managers don't interact a lot these days. They don't even share common corporate assessment views. The industry has become very competitive now; a fund manager is apprehensive about talking to another lest the 'other guy' outperforms him in the next quarter."

Atmaramani and his friends lived in a different era, one where there were few investment firms and fewer investors. He belonged to an industry that managed just about Rs 70,000 crore across all profiles of investors — from rich corporate treasuries to some high net worth individuals (HNI) and a small number of retail investors. Atmaramani did not have to run the 'NAV race' as fund managers do these days; his critical mandate was to make enough portfolio profits to offer investors a dividend that was at least 1 per cent higher than the bank fixed deposit rate.

"Aggressive marketing changed the game. Fund performance and periodic returns became the sales pitch — and rightly so," concedes Atmaramani. Consequently, the fund industry grew in size. It took 188 months (or 15.6 years) for the Indian mutual fund (MF) industry to grow from Rs 79,500 crore (in July 1999) to Rs 12.02 lakh crore in February 2015 — a gain of 1,412 per cent. It grew over 33 per cent in the last 14 months alone.

"Inflows have been pretty good in the past year," says Vikaas Sachdeva, CEO of Edelweiss Mutual Fund. "Investors are moving their money from other asset classes to MFs. Also, there has been an increase in the number of investment folios from smaller cities. Growth in MF assets, in broader terms, has mostly been on tailwinds."

If you split the inflows vertically, gains were led by inflows into equity, balanced, gilt and liquid funds. A breakup by Crisil Research shows that equity funds attracted net inflows for the tenth consecutive month in February. The category's assets rose 1.41 per cent to close at a record high of Rs 3.46 lakh crore. Balanced funds, gilts, income and liquid funds too saw inflows through 2014.

"MFs will continue to gain in size over the next few

CATEGORY RETURNS

FUND CATEGORY / BENCHMARK	3-YEAR RETURNS AS ON 30 JAN 2015 (%)
Large Cap	21.79
Small/Mid Cap	31.28
Flexicap	24.85
ELSS (Tax Savings)	26.16
Conservative Allocation	10.45
Moderate Allocation	18.36
Ultrashort Bond	7.86
Short-Term Bond	8.40
Short-Term Government Bond	8.34
Intermediate Bond	8.71
Intermediate Government Bond	9.17
Long-Term Government Bond	8.70
ICICI Securities Libex TR	11.16
S&P BSE 100	19.61
S&P BSE Mid Cap	22.29
S&P BSE 500	20.10
S&P BSE 200	20.18
ICICI Securities Sibex TR	8.71
ICICI Securities Mibex TR	9.94

*Constituents in red are key benchmarks

SOURCE: MORNINGSTAR

FUND HEALTH

FUNDS	INFLOW/OUTFLOW NET (Rs cr)	
	CY 2014	CY 2013
EQUITY	48,988	-8,708
BALANCED	5,746	-1,132
ELSS	470	-1,718
FOF OVERSEAS	51	311

*Figures with minus sign show outflows

SOURCE: AMFI/MORNINGSTAR

years," says Nilesh Shah, CEO of Kotak Mutual Fund. "Retirement and pension pools will present the next set of opportunities for asset management firms. There's a need for such products as large sections of the Indian population don't have access to well-structured retirement plans."

Performance Pull

Apart from asset bundling, mutual fund houses have managed to generate fabulous returns for investors. The small/mid-cap category has done admirably well, logging over 70 per cent in gains in the past year. Almost all other fund categories — from sectoral funds to flexicap pools, large-cap funds and tax savers — have posted 40-60 per cent gains last year.

"In terms of performance, equity portfolios mostly gained on (stock) momentum," says Sachdeva. "Several poorly managed funds have gained while well-managed

'Investors are moving their money from other asset classes to mutual funds'

VIKAAS SACHDEVA
CEO, Edelweiss Mutual Fund

portfolios are languishing at the lower end of the charts. This will change soon; well-managed funds will gain in the long run."

On the fixed income side, short-tenured funds yielded lower gains in 2014; this category of funds — given the nature of their portfolios — log moderate-to-low returns in falling rate scenarios. Long-term funds topped the charts as most portfolios placed duration bets last year. Most mid-to-long-term portfolios have increased their duration play from three-seven years to 9-14 years over the past year. When rates fall, portfolios with longer duration gain as long-tenured papers gain more than comparable bonds with shorter durations. In the asset allocation category, moderate allocation funds outperformed conservative portfolios on account of higher equity exposure.

Asset managers expect equity funds to stand out in terms of performance. Lower crude prices and improving macros would make India an attractive market for both domestic and foreign investors. The positive overhang will spur the equity market to further highs in the mid-to-long term, say analysts and market watchers.

"The outlook for equity markets is very positive in the long term. We recommend investing in a staggered manner through equity mutual funds over the next six-nine months to create wealth over three-five years," says Nimesh Shah, MD & CEO of ICICI Prudential AMC.

"If investors are underinvested in equities, they could invest lump sum in equity strategies, which are defensive (or have cash) as equity markets have run up, and if the markets offer opportunities over the next few months or one year, these strategies will have enough cash to buy equities," advises Shah. "It may be prudent to add the flavour of funds to the balanced advantage or dynamic asset allocation category. These funds seek to increase their allocation for equity when markets are cheap, and book profits

'Retirement, pension pools present the next set of opportunities for AMCs'

NILESH SHAH
CEO, Kotak Mutual Fund

'Invest in a staggered way through equity MFs over 6-9 months to create wealth'

NIMESH SHAH
MD & CEO, ICICI Prudential AMC

in equities when markets are rising, thereby reducing volatility and boosting returns."

The safest bet (for investors) is to not hunt for short-term gains. Their short-term objective should only be to beat inflation and save taxes. "Investors should aim for higher returns by staying invested in funds for longer periods. They will get benefits from both fixed income and equity investments in the medium term," says Nilesh Shah.

Business Gains

Rising assets under management (AUM) is good news for all fund houses as this will ring in higher fee margins at the end of the year. It would be fair to assume that most asset managers would report better numbers to their boards in FY2015. Heads of asset management companies (AMC) expect the trend to continue next year.

"There are significantly large opportunities for asset managers in India," says Harshendu Bindal, president of Franklin Templeton Investments. "Indian AMCs had scored double-digit growth even in the immediate aftermath of the financial crisis. This trend is likely to continue for many years. This industry has the potential to double its asset base every five years."

"Higher earnings, more young investors, retirement solutions *et al* will help the industry do well in the long term," adds Bindal.

A comparison of AMCs' net profits for financial years 2013-14 and 2012-13 by fund tracker Value Research found that industry profits shot up in excess of 56 per cent over the previous year. The 21 profit makers in the industry collected Rs 1,567 crore while the 20 loss makers lost Rs 303 crore. The growth in profits is skewed, favouring large fund houses. Richer AMCs are able to leverage their size and strength to pull even further ahead of the rest, notes the Value Research study.

The Bottom Line

For a fund manager, it's all about securing a place for his fund in the top half of category rankings. Good funds are allowed to have some bad years; while it will pull them down the order in those years, it doesn't affect their status as performers.

So if your otherwise performing fund does not feature in our charts this year, you need not panic. Just give your fund manager some more time to turn it around. For even among money managers (as with cricketers), form is temporary, but class is permanent. BW

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@alertsmenon

SLICED 'N' DICED

4,02,76,980
The number of accounts as on 31 December 2014

99%
of the accounts belonged to individual investors

3,86,21,017
The number of retail investor accounts

80%
The share of investor accounts in equity schemes

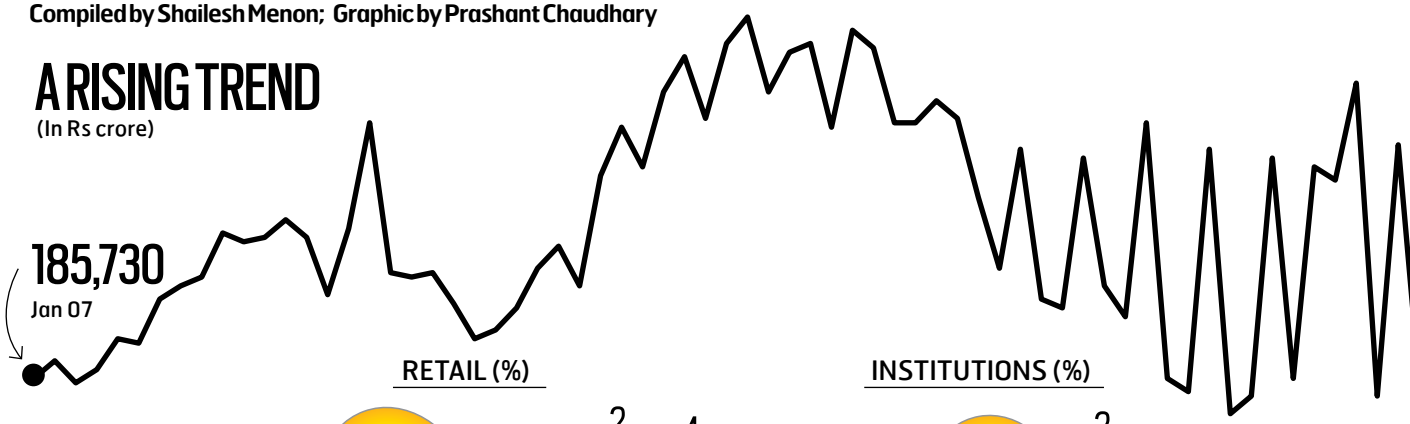
50%
of equity assets have been held for periods greater than 24 months

OF MUTUAL BENEFIT

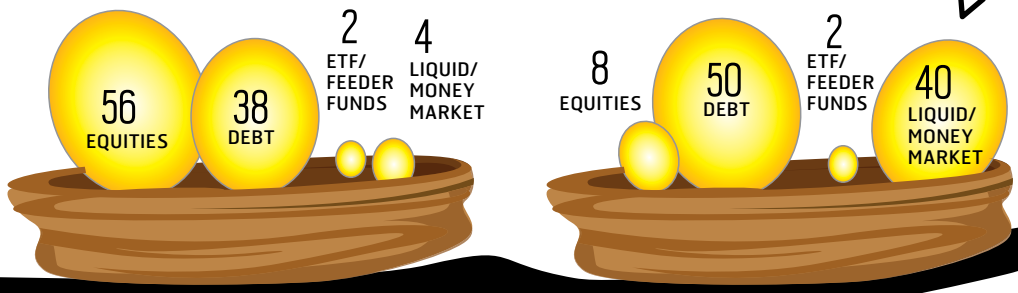
Fifty-one years have passed since the launch of US-64, India's first mutual fund. A lot has happened since then. The industry has grown by leaps and bounds. In February 2015, the asset base breached the Rs 12-trillion mark. Time for some stock-taking...

Compiled by Shailesh Menon; Graphic by Prashant Chaudhary

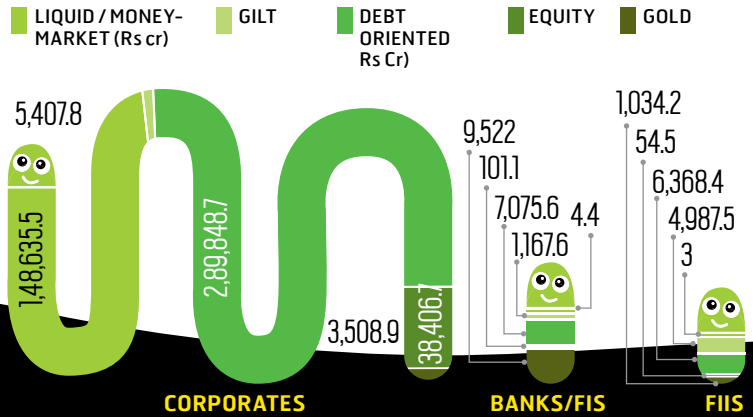
A RISING TREND
(In Rs crore)



INVESTOR HOLDINGS



AUM: AGGREGATE ACROSS CATEGORIES

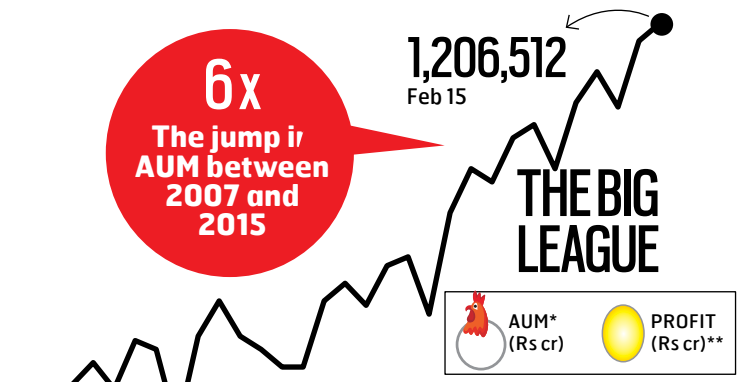


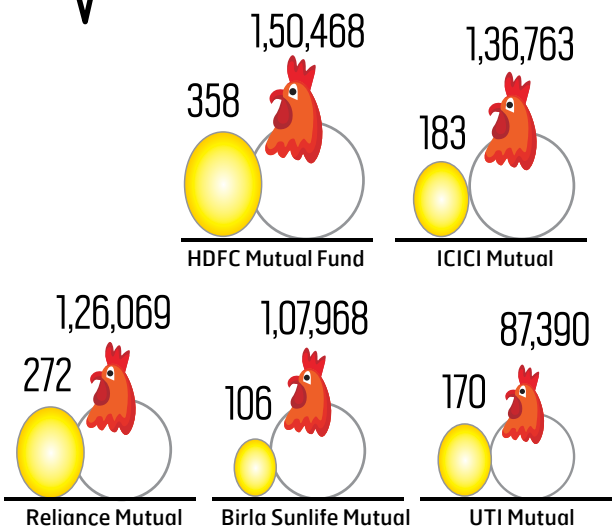
^ DEFINED AS INDIVIDUALS INVESTING RS 5 LAKHS AND ABOVE; AS ON 31 DEMBER 2014

SOURCE: AMFI, FUND HOUSE DISCLOSURES, MORNINGSTAR

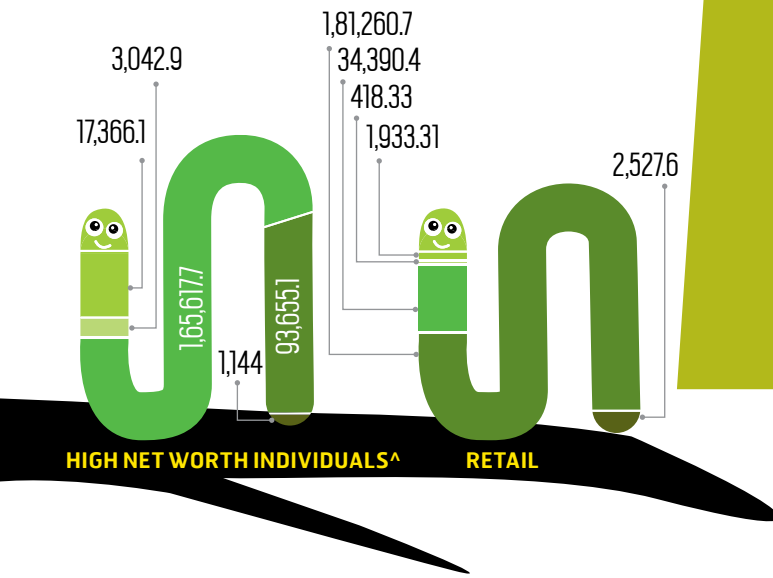
2%
The annual rate at which the number of MF investor accounts have been falling

54%
The share of institutional investors in mutual fund assets





*AVERAGE AUM AS ON 31 DECEMBER 2014
**AS ON 31 MARCH 2014



EQUITY: 10-YEAR RETURNS

Fund	AUM Feb 2015 (Rs cr)	10-yr annualised return
Reliance Pharma	1,168.50	26.17
ICICI Pru FMCG	234.78	25.11
Sundaram Sel Mid Cap	2,893.70	24.26
ICICI Pru Value Discovery	9,060.05	23.86
Birla Sun Life MNC	1,279.62	23.55
SBI Magnum Global	1,940.29	22.69
Reliance Banking	2,359.73	22.17
ICICI Pru Dynamic	5,999.57	21.82
Birla Sun Life Buy India	57.01	21.75
SBI Magnum Multiplier Plus 93	1,496.25	21.69

EQUITY: 20-YEAR RETURNS

Fund	AUM Feb 2015 (Rs cr)	20-yr annualised return
HDFC Equity	19,101	21.89
Franklin India Prima Plus	3,866	21.40
HDFC Prudence	8,619	20.34
Birla Sun Life Advantage	449	19.94
Franklin India Prima	3,415	19.83
Franklin India Bluechip	6,203	16.32
ICICI Pru Top 200	862	16.12
HDFC Capital Builder	863	15.62
HDFC Large Cap	1,324	14.00
Canara Robeco Balance Fund	306	11.81

DEBT: 10-YEAR RETURNS

Fund	AUM Feb 2015 (Rs cr)	10-yr annualised return
ICICI Pru Advisor Very Aggressive	5	15.03
UTI Mahila Unit	200	13.38
ICICI Pru Child Care Study Plan	54	13.09
Canara Robeco MIP	258	12.26
Reliance MIP	2,592	12.18
HDFC MIP Long Term	3,848	11.90
Franklin India Life Stage Fund of Fund - 40s	14	11.81
Franklin India Pension Plan	332	11.71
Escorts Income Bond	1	11.42
UTI MIS Advantage	513	10.90

COVERING ALL ANGLES

Fewer stocks and a focused portfolio saw the fund's asset base soar to over Rs 2,000 crore

LARGE CAP

KOTAK SELECT FOCUS FUND

HARSHA UPADHYAYA
CIO, Equities, Kotak Mahindra Asset Management

AUM
Rs 2,032 crore

3-YEAR RETURN
29.69%

ONE BASIC SKILL hockey goalkeepers learn early in life is to manage 'shot' angles properly. If, as a goalie, you manage to cover 10 field angles — across six zones on the net — you are well set to block any strike at the goal.

Kotak Mutual's Harsha Upadhyaya mastered angles by blocking soft shots during practice sessions at the Mangalore University hockey pitch. These sessions not only helped him concede fewer goals during inter-university matches, they also stood him in good stead in his career as a fund manager. Upadhyaya has been able to stave off potential dangers to his portfolio quite effectively.

The Kotak Select Focus Fund, managed by Upadhyaya, tops Morningstar's large-cap chart, posting over 29 per cent return over three years. Birla Sun Life Advantage and Mirae Asset India Opportunities Fund also feature in the list of Top 5 large-cap funds.

"We've reduced the number of stocks in Select Focus Fund to about 45 now," says Upadhyaya. "The idea is to have a concentrated portfolio at the sector level and take meaningful active bets on stocks."

"The portfolio is structured and managed with a long-term view. Average holding period in this portfolio is about 2.5 years. Only long-term strategies help in creating wealth," Upadhyaya adds.

Select Focus Fund's asset base has also gone up from Rs 300 crore a couple of years ago to over Rs 2,000 crore currently. The fund has logged negative returns only once in the last five years — in 2011, when it dished out a -22 per cent return to investors. The rest of the time, the fund has stayed ahead of its benchmark (CNX 200).

Although the fund's mandate allows it to invest across sectors, Select Focus has concentrated on financial, automobile and technology stocks. The fund is seen to be reducing its exposure to IT and pharma companies.

"For the past year our focus was more on buying interest-rate-sensitive sectors. We've increased our allocation to banking and automobile stocks," clarifies Upadhyaya.

Select Focus Fund has a large-cap tilt, parking 70-75 per cent of its assets in large-cap stocks. The remaining part of the pool gets allocated to predominantly mid-cap and a few small-cap companies. The fund has not seen many market cycles, but it weathered the downtrending markets of 2011 and 2013 appreciably well, outperforming its benchmark in both the instances.

"Kotak Select Focus is good for all regular investors. Investors should do well if they remain invested in the fund for three-four years or more. The fund's mid-cap exposure acts like a return kicker over that period," says Upadhyaya, who continues to draw lessons from the hockey practice sessions of his university days — cover all angles and block all incoming shots.

— Shailesh Menon

TOP 5 STOCKS

1. Infosys
2. SBI
3. HDFC Bank
4. Tata Motors
5. Axis Bank

Photograph by Umesh Goswami

FLEXICAP

FRANKLIN BUILD INDIA

ANAND RADHAKRISHNAN
CIO, Equity, Franklin Templeton Investments

AUM: Rs 351 crore

3-YEAR RETURN
39.71 per cent

DELIVERING ON PROMISE

The fund held its own amid downturns due to its small size and focused portfolio

THE TARGET is set for this year: 42 km in sub-five hours and 21 km in less than 120 minutes. You may call him a creature of habit, but Anand Radhakrishnan believes in setting modest and realistic targets — be it for the mutual funds he manages or the marathons he intends to run this year.

"It has to be realistic because it's a promise," he says, adding as an immediate afterthought, "like our funds."

"Every investment product is a promise to investors. It should be consistent at all times; it should deliver the best-possible returns at all times," elaborates Radhakrishnan, fund manager at Franklin Templeton Investments.

Radhakrishnan's Franklin Build India Fund tops Morningstar's flexicap category, scripting a three-year return of over 39 per cent. The fund is closely trailed by another Franklin Templeton fund (Franklin India High Growth Companies), Birla Sun Life Buy India Fund and L&T India Value Fund — in that order, and all posting returns in the range of 34 to 38 per cent over a three-year period.

Morningstar defines flexicap mutual funds as those that invest at least 65 per cent of their total assets in equities, and the balance in any other asset class. Funds in this category ideally invest not more than 65 per cent of total assets in large-cap stocks, small or mid-cap stocks.

"This fund is a play on India, mostly focusing on core sectors, and not much on IT, FMCG or healthcare stocks," says Radhakrishnan. "It will invest in anything that supports core growth; Build India Fund is broad-based, making it very flexible to manage. This feature limits the fund's downside risk."

About 26 per cent of the Rs 351-crore fund is invested in shares of financial services institutions. Shares of engineering companies, auto manufacturers and telecom majors command 8-13 per cent weightage in the portfolio.

"Almost 25 per cent of India Inc.'s gross profits come from banks and financial services institutions. Besides that, the financial services sector traces the economic growth of a country. Also by investing in the financial services sector, we get a proxy play on infrastructure companies; banks and FSI lend working capital and project funds to companies in the core sector," he explains.

The Build India Fund has managed to hold value in times of market downturns, thanks to its small size and a concentrated portfolio (of 30-35 stocks).

"It's a thematic fund... it'll be less volatile than a sectoral grouping. The fund has a 70 per cent core, with a 30 per cent dynamic (tradable) structure, which makes it very nimble-footed," he says.

The Build India Fund, launched in 2009, has seen just one market cycle. Akin to its fund manager, this fund has a marathon to finish in good time.

— Shailesh Menon

TOP 5 STOCKS

1. Axis Bank
2. SBI
3. ICICI Bank
4. HDFC Bank
5. Maruti Suzuki

Photograph by Subhabrata Das

KEEPING IT SIMPLE

A large portfolio with low stock-specific allocations was the key strategy

SMALL/ MID CAP

FRANKLIN INDIA SMALLER COMPANIES FUND

R. JANAKIRAMAN
Vice-president & portfolio manager, Franklin Templeton Investments

AUM: Rs 1,869 crore

3-YEAR RETURN
45.09%

ON WEEKENDS, R. Janakiraman sweats it out on a tennis court near his home in Chennai. As someone who describes himself as a "weekend tennis player", he admires Swedish tennis legend Stefan Edberg for his serve-and-volley game.

While Janakiraman may not have a menacing 'backhand slice' (a shot that Edberg executed to perfection), he has his own methods to thwart the competition. Janakiraman likes to keep it simple, but plays hard and long.

This strategy has not only worked for him on court, but also off it, in his job as a fund manager with Franklin Templeton Investments. Franklin India Smaller Companies Fund, managed by Janakiraman, has topped the small and mid cap fund category, beating the likes of Reliance Small Cap and SBI Small & Mid Cap funds. Franklin India Smaller Companies Fund returned in excess of 45 per cent over a three-year period.

"We keep it simple; we invest in good quality companies and hold them long for capital appreciation. Our only big task is to find good companies from a large universe of stocks. But then having a large universe to select from is an advantage too," reasons Janakiraman.

The fund's trailing one-year and five-year returns have outpaced the benchmark by over 25 per cent and 12 per cent, respectively. Franklin India Smaller Companies Fund has over 80 per cent of its funds in mid- and small-cap stocks. The portfolio is fairly diversified, but with a slight tilt to the financial services and engineering sectors, which have over 18 per cent weightage in it.

"We invest across sectors and market capitalisations. We hold a diverse portfolio because funds may not be able to buy shares of a low-float company without incurring higher impact cost. Therefore, the idea is to have a large portfolio (more companies), but with low stock-specific allocation; this portfolio is then held long for capital appreciation," explains Janakiraman. He expects mid- and small-cap counters to perform well over the next few months. Recovery in corporate earnings will help shares of mid- and small-cap companies stay in demand on the bourses. "Mid- and small-cap companies will witness good earnings growth this year, but stock market returns may not be as great as 2014. There's not much valuation comfort in mid- and small-cap stocks at the moment," adds Janakiraman.

Small-cap funds are ideal for investors who desire high returns, but do not want to risk direct investments in small, lesser-known companies. Direct investment in small-cap stocks (and penny stocks) is not advisable as these companies have a short history and are not tracked by analysts and brokerage houses. Low float, poor management quality and competition from larger players add to overall risk. Fund houses like Franklin do extensive research before investing in lesser-known companies.

"We adopt a quality-oriented approach... It pays to have exposure to quality mid- and small-cap stocks," he says. For now, it's matchpoint — Janakiraman.

— Shailesh Menon

TOP 5 STOCKS

1. YES Bank
2. Finolex Cables
3. Axis Bank
4. Repco Home Finance
5. HDFC Bank

Photograph by G. Keshav Raj

ELSS(TAX SAVINGS)

RELIANCE TAX SAVER

ASHWANI KUMAR

Senior fund manager, Reliance Mutual Fund

AUM: Rs 4,155 crore

3-YEAR RETURN
36.31 per cent

PICKING AND PRESERVING

Buying stocks of well-managed companies and holding on to them has paid off

STRONG BUSINESSES and successful businessmen have always fascinated Ashwani Kumar, fund manager at Reliance Mutual Fund. Kumar may not admit it, but if he had a grand wall, he'd have put up posters of Kiichiro Toyoda, Henry Ford and Soichiro Honda.

"These are great men who built great companies," he says. "Their pursuit of excellence, passion for creating strong businesses, people management skills and long-term thinking are worth reading about."

It is perhaps this understanding that makes Kumar a stickler for quality companies. "I like to include only well-managed companies in my portfolio. I like to buy good quality companies and hold them long for capital appreciation," he says.

The buy-and-hold strategy has worked well for Kumar, who manages the Rs 4,155-crore Reliance Tax Saver Fund. The portfolio has generated more than 36 per cent returns over a three-year period. The fund tops Morningstar's ELSS category, closely followed by Axis Long-Term Equity and Birla Sun Life Tax Relief Fund.

"We bought a lot of MNCs which were on offer at good price points last year. Many of these stocks have appreciated too... Our idea is to pick good quality stocks and hold them for long-term alpha creation," explains Kumar.

Tax-saver schemes are popular among investors who desire to save on their tax payouts. Investments of up to Rs 1.5 lakh in a financial year in these funds are exempt from income-tax under Section 80C of the I-T Act. But investments in ELSS are subject to a lock-in of three years from the date of investment.

"Three-year lock-in makes the fund a bit more stable. It gives the fund manager enough time to structure a solid portfolio," says Kumar. "But this advantage is only there for the first three years after launch. Post that period, the fund becomes open for the first set of investors."

"We've not seen much churn (in this portfolio) as investors who park their money in tax-savers do it for a reason and with a long-term view," adds Kumar.

Between 2006 and 2014, Reliance Tax Saver has underperformed its benchmark only on two occasions — in 2008 and 2011. In all the other years, the fund has outpaced key benchmarks in the 20-70 per cent range.

Reliance Tax Saver has invested in excess of 20 per cent of its corpus in automobile and engineering companies. The fund's strategy of betting heavily on mid- and small-cap stocks has paid off handsomely in times of bullish markets.

"A good part of the portfolio has appreciated 60-70 per cent over the past two years," says Kumar. "Industrials, auto companies and component manufacturers created alpha in the fund."

Following the lives of successful businessmen and businesses has certainly paid off for Kumar.

— Shailesh Menon

TOP 5 STOCKS

1. TVS Motor
2. SBI
3. Honeywell Automation
4. Tata Steel
5. Siemens

Photograph by Umesh Goswami

ULTRASHORT BOND

TAURUS SHORT TERM INCOME FUND

RAHUL PAL
Vice-president & head, Fixed Income, Taurus Mutual Fund

AUM: Rs 157 crore

3-YEAR RETURN
10.10%

THE POWER OF SMALL

The fund successfully rode out volatility without suffering a dent to its AUM

ENGINEERING skills apart, the Panama Canal could only be built because canal authorities managed to control the malaria outbreak in and around the worksite," says Rahul Pal, vice-president and head, Fixed Income, Taurus Mutual Fund.

"Had scientists not found the carrier of malaria (the female anopheles mosquito) and an effective larvicide to kill the vector, the Panama Canal may not have come up. Such was the destruction caused by malaria in Panama in those days," explains Pal, an avid reader of alternative history.

It was Jacob Bronowski's *The Ascent of Man* that got Pal hooked to natural and alternative history. He has not stopped since.

"It's nice to join the dots... It's nice to understand how a string of small events and developments brings about big changes in the world," says Pal. It's perhaps this understanding of the 'power of small' that is helping him in his job as a manager of a short-term fund.

Pal's Taurus Short Term Income Fund has generated over 10 per cent returns (portfolio returns over a three-year period) to top the ultrashort bond category. The fund, with an average maturity varying between 90 and 100 days, has an asset base of over Rs 157 crore.

"Despite keeping a relatively low average maturity, in a falling interest scenario, we managed to do well because we rode the volatility through a disciplined approach," says Pal. "In our case, we've managed to ride volatility without much loss in AUM. Also, we've managed this fund with great discipline, keeping average maturity at 90 days. We were also lucky to get (fund) inflows at the right time," reasons Pal.

Taurus Short Term Income Fund holds over 77 per cent of its assets in corporate bonds. In terms of credit rating, the portfolio has over 98 per cent of assets in papers rated 'P1-Plus' (P1+), which signifies a strong degree of credit safety.

"We're sector-agnostic when it comes to selecting commercial papers for this fund. We lend to companies that have predictable cash flows and strong bank lines. We also consider financial stability of the business before lending. More importantly, we only lend to well-managed companies," says Pal.

Pal and his team have been successful in assessing the nature of flows into this fund. The fund is rebalanced at regular intervals to mature the nature of flows. This strategy has helped the fund generate portfolio returns in the range of 9.75-10.5 per cent every year since 2011.

"This fund is mostly targeted at institutional investors who look for returns above liquid funds. This fund forms part of corporate treasury management," adds Pal.

His job is to help companies manage their short-term cash surpluses better. It may seem like a small mandate to the world, but not for Pal, who understands the value of all things small and seemingly inconsequential.

— Shailesh Menon

TOP 5 STOCKS

Commercial papers

1. Indiabulls Real Estate
2. Religare Com.
3. Ballarpur Inds
4. Cox & Kings
5. Karvy Fin. Svcs

Photograph by Subhabrata Das

TRUE TO MANDATE

Outperforming FDs and other short-term products has become a habit for the fund

SHORT-TERM BOND

BIRLA SUN LIFE MEDIUM TERM FUND

MANEESH DANGI

Co-CIO, Birla Sun Life Mutual Fund

AUM
Rs 3,683 crore

3-YEAR RETURN
11.16%

EVOLUTIONARY biologist Richard Dawkins would call it a 'meme', but there is an increasing trend among fund managers to read books that deal with tangential topics like physics, history, anthropology and even psychology. Apart from giving them an alternative perspective, tangential reading also helps them evolve as money managers.

Take the case of Maneesh Dangi, fund manager at Birla Sun Life Mutual Fund, who loves reading books on psychology. "It helps me to understand myself better," he says.

"There's so much volatility in every man's life... you have to understand what stress can do to your mood and your behaviour. Besides all this, psychology is the only subject that's closest to science and spirituality," reasons Dangi, who rates Dawkins's *The Selfish Gene* as one of his all-time favourite books.

Wider reading has certainly helped Dangi, who manages some of the largest debt fund pools in the country. Dangi's Medium-Term Fund, which yielded 11.16 per cent over a three-year period, has topped the short-term bond category. The fund, as of January-end, manages assets worth Rs 3,683 crore.

"My mandate is to outperform passive products like bank fixed deposits and ultra short-term funds over a one-to-three-year horizon. You derive better outcomes if you stay invested in this fund for two to three years," says Dangi.

Short-term bond funds invest in fixed-income securities with short-to-medium-term duration. Given their focus on instruments with a short duration, they offer lower interest-rate sensitivity as compared to funds with longer durations. Over 74 per cent of the fund is invested in corporate debentures. In terms of credit quality, the fund has over 75 per cent of its assets in papers bearing 'AA', 'A' and 'below-A' ratings. This tells you that the fund manager has gone down the ratings curve to generate more portfolio returns.

"We do a thorough research on companies before lending them money. Our research team, at any point in time, has over 170 companies under constant watch. Newer companies are added to this universe only after screening their financials for a few months," assures Dangi.

Birla Sun Life Mid-Term Fund, on average, holds 40-60 securities at any given point in time. The portfolio is structured in a way to yield 250-300 basis points (100 basis points make 1 per cent) above government bonds.

"Extra carry from lower-rated papers has helped us generate higher portfolio returns. Sometimes, we also initiate duration play (within 1-3 years) to eke out small gains," explains Dangi.

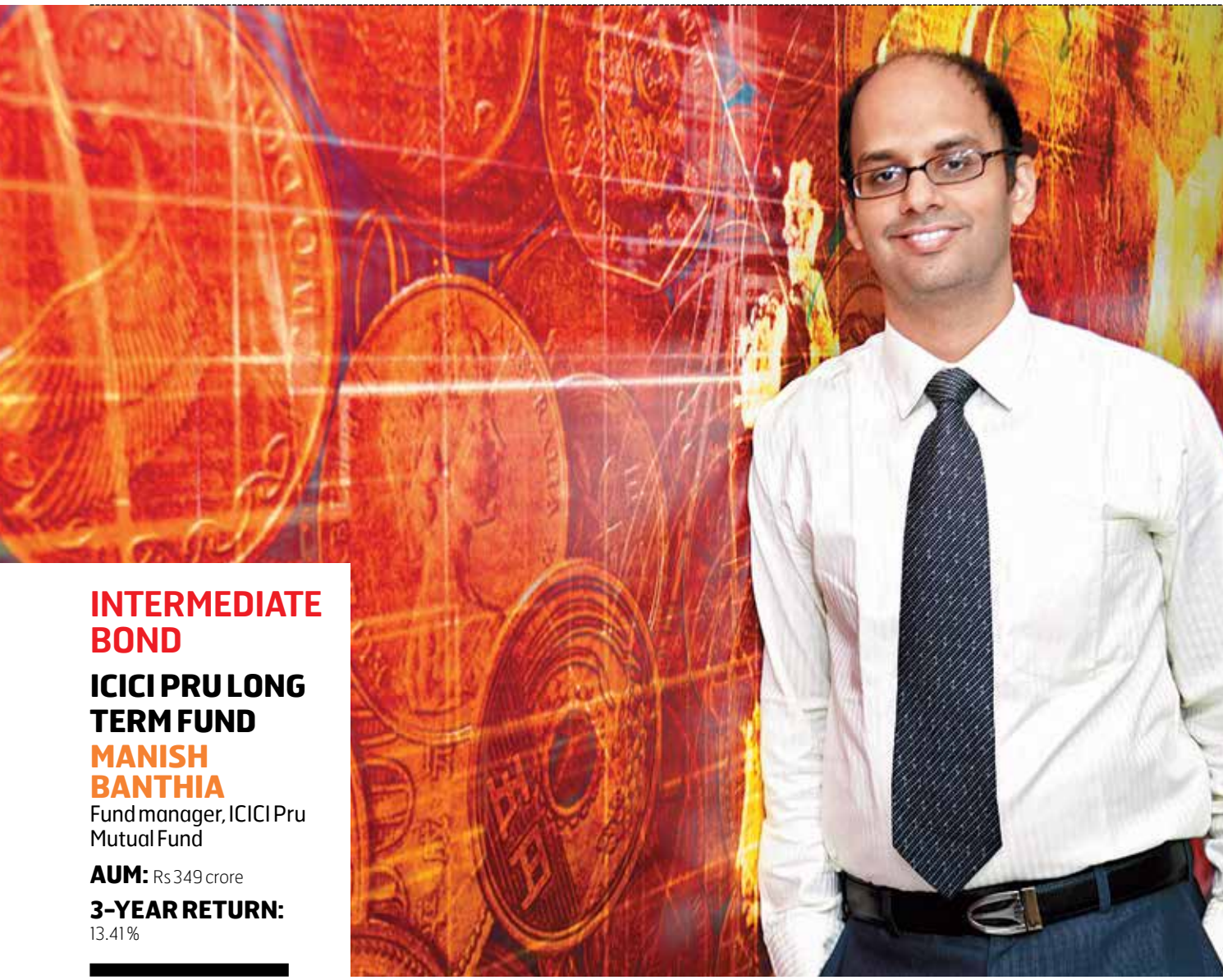
"This fund is meant for retail investors and it can be a part of their core long-term portfolio. Our idea is to manage money more actively and deliver better portfolio returns," says Dangi, looking to tempt the selfish gene in potential investors. *— Shailesh Menon*

TOP 6 PICKS

Commercial papers and debentures

1. RKN Retail
2. DLF
3. HDFC
4. RHC Holdings
5. Relationship Prop.
6. IL&FS Education

Photograph by Subhabrata Das



INTERMEDIATE BOND

ICICI PRU LONG TERM FUND

MANISH BANTHIA

Fund manager, ICICI Pru Mutual Fund

AUM: Rs 349 crore

3-YEAR RETURN: 13.41%

QUALITY IS KEY

Illiquid papers are given the go by in favour of safety and stability

MANISH Banthia swears by George Soros, but stops short of living by the investor-author's dictum: "It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong." That's probably because while Soros may have the luxury of going wrong on his calls and losing money, Banthia, fund manager at ICICI Prudential Mutual Fund, does not.

It's perhaps this realisation that helps Banthia steer his fund to profits. ICICI Prudential Long Term Fund, managed by Banthia, tops the intermediate bond category, with 13 per cent returns over a three-year period. UTI Dynamic Bond and Tata Dynamic Bond funds have bagged the second and third spot, respectively, in the category rankings. Intermediate bond funds primarily invest in investment-grade fixed-income securities with average effective maturities ranging from three to seven years.

"We have an internal model to guide us... the structure of this fund is such that it will increase duration play when economic cycles turn bullish. This fund gains due to accruals from duration play," explains Banthia.

ICICI Prudential Long Term Fund holds 70–80 per cent of its assets in sovereign and 'triple-A' rated papers. In anticipation of falling interest rates, the fund now bears an average maturity of over 12 years. In a falling rate scenario, portfolios with longer duration gain as long-tenured papers gain more than comparable bonds with shorter durations.

"Interest rate cycles have become more secular over the past few years... there's more visibility now. When rates go down, price of securities (issued earlier) will go up as they carry a higher rate. Intermediate bond funds would gain significantly in such a scenario," says Banthia.

According to Banthia, ICICI Pru Long Term Fund is managed using a model which predicts economic trends. The model successfully predicted a turnaround in economic parameters post the August-2013 bond market crash, he claims.

"The model helps us to stay on course. It doesn't let our behaviour (the investment team's psyche) influence the structure too much," Banthia reasons.

Given their focus on instruments with a medium duration, intermediate bond funds offer lower interest-rate sensitivity as compared to funds with longer durations, but are more sensitive to interest rate risk than short-term bond funds.

"Investors should stay at least three years to gain from this fund. In fact, this fund can be a part of their core investment portfolio," Banthia adds.

Even though Banthia has the leeway to include less liquid papers in his portfolio, he does not do so as such securities could act as a drag on the overall portfolio. "Churning low quality papers is difficult; also, if you have a lot of illiquid scrips in your portfolio, you may find it difficult to change the course of the fund," he cautions.

It all boils down to yet another 'Sorosspeak': Survive first and make money afterwards.

— Shailesh Menon

TOP 4 PICKS

G-Secs
1. 8.6%-2028
2. 8.4%-2024
3. 8.15%-2026
4. PFC Bond (8.6%-2024)

Photograph by Umesh Goswami

BOLD BUT SMART

The fund has made volatility work in its favour while keeping its risk exposure down

INTERMEDIATE GOVERNMENT BOND

SBI MAGNUM GILT LONG TERM FUND

DINESH AHUJA
Fund manager, SBI Mutual Fund

AUM:
Rs 740 crore
3-YEAR RETURN
12.72 per cent

DON'T BE SURPRISED if you come across Dinesh Ahuja belting out Bon Jovi's 'It's my life' at the top of his lungs. He has every reason to rejoice. Ahuja's Rs 740 crore long-term gilts fund has topped the intermediate government bond category over a three-year period.

An ardent lover of Bon Jovi, Bryan Adams and Phil Collins, Ahuja adopts duration-play strategies to manage his bond portfolio. He likes to ride volatile cycles, but does not take a lot of (credit or liquidity) risk as his portfolio mandate is to invest in long-dated government securities.

Astute management of funds across the duration spectrum has helped Ahuja's SBI Magnum Gilt Long Term Fund post 12.7 per cent returns over a three-year period. IDFC Government Securities Fund and UTI Gilt Advantage Fund are hot on its tail in second and third spots, respectively.

"Most gilt funds have given good returns over a three to five-year horizon," concedes Ahuja, generously.

"Some of us have made good use of volatility by changing the duration of the fund; my fund's modified duration is over 9.35 years currently. In a falling rate cycle, long-term portfolios make more money for investors," explains Ahuja.

Intermediate government bond funds such as SBI Magnum Gilt invest in securities issued by central and state governments and government-backed entities. These funds have average effective maturities ranging from three to seven years. Given their focus on instruments with a medium duration, they offer lower interest rate sensitivity compared to funds of longer durations. These funds, however, are more sensitive to interest rate risk than shorter-tenured bond portfolios.

"We expect rates to drop over the next few months; also we do not see a scenario of significant rate hikes over the next 15 to 24 months. Therefore, it makes sense to hold a long-tenured portfolio," says Ahuja.

Over 97 per cent of SBI Magnum Gilt is invested in central government-backed securities. This, in a way, negates any credit risk to the portfolio.

"We are more concerned with liquidity risk. Not all government papers are liquid all the time," he says. "Therefore, we keep our liquidity options open all the time. As of now, 20-25 per cent of the fund's portfolio is liquid; this gives us flexibility to manage the fund better."

Though foreign portfolio investors have turned active in the bond segment, they're yet to pump in liquidity in the lower rated debt segments. Also, there are apprehensions about a concentration of FII investments in certain bond categories; a sell-off of Indian bonds (by FIIs) could make the market very volatile, believe fixed income managers.

"But then volatility is not all that bad if you make the best use of it. We've managed it thus far," says Ahuja. That's probably his way of saying 'I did it my way'.

— Shailesh Menon

TOP 5 PICKS

G-secs

1. 8.6%-2028
2. 9.2%-2030
3. 8.32%-2032
4. 9.23%-2043
5. 8.17%-2044

Photograph by Subhabrata Das

CARRYING CONVICTION

A focus on sovereign debt papers helps the fund avoid credit and liquidity risks

LONG-TERM GOVERNMENT BOND

RELIANCE GILT SECURITIES

PRASHANT PIMPLE
Senior fund manager, Reliance Mutual Fund

AUM: Rs 780 crore

3-YEAR RETURN
11.55 per cent

PRASHANT PIMPLE LOVES visiting his family-owned mango orchards and paddy fields in the interiors of Maharashtra on weekends and holidays. Pimple may not have spent much time on the farm, but is fascinated by the simple lives of rural folk and the greenery of the hinterland.

"Only if you visit the villages will you understand the kind of lives they live," says Pimple, fund manager, Reliance Mutual Fund. "Farmers are still at the mercy of the weather; the cost of practising agriculture is going up... not every farmer is prosperous, as is made out to be."

Views such as these make Pimple a fund manager with conviction. Pimple's Reliance Gilt Securities Fund has topped the long-term government bond category, scripting a three-year return of 11.5 per cent. HDFC Gilt Long Term Fund and Kotak Gilt Investment Fund have secured the second and third spots, respectively, in the category.

Long-term government bond funds primarily invest in securities issued by the central government, state governments and government-backed entities. These funds have average effective maturities of over seven years. Given their focus on instruments with longer maturities, they are exposed to the highest interest rate risk.

"My mandate is to invest in sovereign debt papers; I am allowed to alter duration (portfolio maturity) depending on my view on interest rates," explains Pimple. "We do not invest in CPs or CDs; nor do we maintain high level of cash at any point in time in this portfolio."

Reliance Gilt Securities Fund has over 96 per cent of its assets in sovereign debt papers. This feature makes it a very credit risk-free fund. Since a large chunk of its investment is in sovereign debt, the fund is unlikely to face any liquidity risk either.

"Apart from HNIs and normal retail investors, several institutional investors, pension funds and provident fund pools invest in this fund. This fund is apt for investors who want to execute their rate view using an investment vehicle," adds Pimple.

He adopts a two-pronged strategy to manage this fund. First, the fund management team develops a view on interest rates. Once the view is assimilated, core and tactical strategies are worked out to manage the fund.

The core part of the portfolio is aligned to match the long-term view of the fund. The tactical part of the portfolio, which would be more liquid than the core, is used to ride the yield curve or even trade out.

"At this point, we've shored up 60-80 per cent of the fund as core portfolio. This is because we believe we'll be able to generate more returns at the longer end of the yield curve," reasons Pimple.

"This fund has no exit load, but it is advisable to stay invested for 12 to 15 months as your gains could be larger," he says.

When gain is inevitable, it is wisest to yield.

— Shailesh Menon

TOP 4 PICKS

G-secs

1. 8.24%-2033
2. 8.6%-2028
3. 8.28%-2027
4. 9.23%-2043

Photograph by Umesh Goswami

TWO-TRACK APPROACH

Separate management of equity and debt components has worked well for the fund

MODERATE ALLOCATION

SBI MAGNUM BALANCED FUND

DINESH AHUJA
Fund manager, SBI Mutual Fund

R. SRINIVASAN
Equities head, SBI Mutual Fund

AUM:
Rs 1,359 crore

3-YEAR RETURN
28.3 per cent

NO TWO PAIRS of balanced fund managers have the same working style. While some collaborate and manage their respective funds as a team, there are others who simply focus on their share of allocation in the portfolio. SBI Magnum Balanced Fund's Dinesh Ahuja and R. Srinivasan belong to the second category.

"Both the asset classes are managed separately and there is no partner support involved," says Srinivasan. "Teamwork is, however, important for picking stocks within the equity asset class."

This arrangement of splitting the portfolio into equity and debt assets and managing them separately has worked well for SBI Mutual Fund. The Rs 1,359-crore SBI Magnum Balanced Fund has topped the moderate allocation funds category with an yield of over 28 per cent in three years. Tata Balanced and L&T India Equity and Gold Fund have secured second and third spots, respectively, in this ranking.

Moderate allocation funds invest across multiple asset classes. These funds tend to make larger allocations to equities, often ranging from 30-75 per cent of total assets.

"We do not resort to dynamic allocation in our balanced fund. The ratio is fixed at 75:25, favouring equities," says Srinivasan. "Debt is managed actively. Within equities, we do a minimum 40 per cent in large caps to contain volatility and risk; the balance 60 per cent (that is 45 per cent of the fund) is held in mid- and small-cap stocks."

SBI Magnum Balanced Fund holds a fairly diversified equity portfolio with investments across sectors and market capitalisations. The fund has significant investments in financial services, automobile, technology and FMCG companies. On the debt side, the fund has a good blend of government securities and high-yielding corporate bonds.

"Till about a few months ago, we were actively managing the duration of the fund to generate returns; now, we've started taking some credit calls," says Ahuja, who manages the debt side of the fund.

"We've started moving down the rating curve to include a few low-rated papers in the portfolio," he says. "We hope to generate more returns by doing so. These lower-rated papers yield 175 to 200 basis points more than triple-A bonds."

Balanced funds find few takers in times of buoyant markets as investors perceive more value in parking their money in pure equity funds. On the contrary, balanced funds are ideal for first-time equity investors as they invest in stocks while keeping the risk low.

"A balanced fund is an allocation product and balanced allocation is important for the simple reason that you can never be sure which asset class will do better," says Srinivasan.

As they say, it's the 'best of both worlds' with balanced funds in your portfolio.

— Shailesh Menon

TOP 3 PICKS

1. G-secs (8.6% -2028), (8.3% -2040)
2. Debentures (13.5%-2018, Janalakshmi Fin. Svcs)
3. Stocks (HDFC Bank, P&G Hygiene, Sundaram Clayton

Photograph by Subhabrata Das

STRIKING A BALANCE

The fund has absorbed market swings to consistently deliver 10-12% annual returns

CONSERVATIVE ALLOCATION

FRANKLIN INDIA PENSION FUND

SACHIN PADWAL-DESAI
Vice-president and fund manager, Fixed Income, Franklin Templeton Investments

ANAND RADHAKRISHNAN
CIO, Equity, Franklin Templeton Investments

AUM: Rs 331 crore

3-YEAR RETURN
17.8 per cent

ANAND RADHAKRISHNAN and Sachin Padwal-Desai sit 1,400 km apart — in Chennai and Mumbai respectively — but the distance does not impede the performance of the fund they co-manage.

The Rs 331-crore Franklin India Pension Fund, managed by the duo, leads other funds in the conservative allocation category, yielding 18 per cent over three years. Birla Sun Life MIP and Escorts Opportunities Fund are close behind with about 16 per cent returns during the same period.

"We're always in touch with each other... we exchange notes, consult each other on issues and fund strategies," says Padwal-Desai, vice-president and fund manager, Franklin Templeton Investments. "He talks to me about RBI, I gather his views on the equities market... Such exchanges are always helpful while managing hybrid funds."

Morningstar classifies conservative allocation funds as those that invest across multiple asset classes, but tend to make smaller allocations to equities (not more than 30 per cent of AUM). Franklin India Pension Fund invests in both equities and fixed income, with the latter asset class receiving more funds. In layman's terms, the India Pension Fund is a balanced fund with higher exposure to debt securities.

"Balanced funds are good entry points for risk-averse investors; these (funds) can act as a bridge to pure equity or pure debt funds at a later stage," explains Radhakrishnan, CIO, Equity, Franklin Templeton Investments. "The fund may yield a bit lower than normal equity funds, but it withstands market volatility better."

The fund portfolio consists of 35-40 papers (stocks and bonds) across sectors. Almost 35 per cent of the equity portion (funds allocated to equities) is held in mid-cap shares, while the rest is spread across large-cap counters. On the debt side, the fund holds close to 40 per cent of the allocation in G-secs; the remaining part of the debt allocation is managed across CDs, corporate bonds and even some low-rated securities.

"Both equities and debt allocations have to beat benchmarks individually," says Padwal-Desai. "While we support each other, we don't really cover up for each other. The portions of monies we manage have to yield the best possible returns at all times."

India Pension Fund has done exceptionally well over the last 15 months on account of buoyant equity and debt markets. The fund, according to its managers, has managed to consistently deliver 10-12 per cent returns on an annualised basis.

"That kind of performance and consistency beats even your regular debt and equity funds and popular investment avenues like PPF. This is a fund for the long term; it has very low probability of losing money over a longer time frame," adds Radhakrishnan.

Franklin India Pension Fund has an 18-year track record, making it one of the oldest private pension pools in the country. With Padwal-Desai and Radhakrishnan managing it from two cities, the fund could well become a model for rare and improbable partnerships.

—Shailesh Menon

TOP 4 PICKS

1. G-secs (8.6% - 2028, 9.2% - 2043)
2. HDFC Bank
3. Infosys
4. ICICI Bank

Photograph by Subhabrata Das

MAKING THE CUT

The *BW*-Morningstar rankings are based on three-year returns of mutual funds across categories

IF THERE'S A story, it has to be told! We, at *BW|Businessworld* follow this code to the core. So, when readers asked us why we did not put together a mutual fund package last year, we simply told them there was nothing much to write about. And we were right when we said that: the funds had not made money for investors and assets had kind of remained stagnant for most of 2013.

Year 2014 was different. Most fund categories made money, thanks to a buoyant equities market and a secular-trending rate cycle. The positive sentiment continued into 2015, when the MF industry asset base breached the Rs 12-trillion mark in February. These are not mundane events to be ignored. There's a story, and we believe, it has to be told. The edition you're reading now is a collaborative effort between *BW|Businessworld* and fund tracker Morningstar India; the latter helped us with data and fund rankings.

BW|Businessworld-Morningstar has ranked funds within their respective peer groups. The ranking was done on the basis of three-year returns (average annualised returns) of individual funds. The period we've considered for this study is 1 February 2012 to 30 January 2015.

In terms of fund inclusion, we've only considered diversified equity funds across 'all assets under management'. Sectoral funds have been excluded from this ranking. Only growth options of funds have been taken into account in this study. Direct plans have not been included as none of the funds meet the basic three-year criteria.

In the case of debt funds, this study has only considered funds having an asset base of Rs 100 crore and above. We've not ranked funds from the short-term government bond category as none of the funds except SBI Magnum Gilt Short Term Fund met the Rs 100-crore AUM threshold criteria. ICICI Pru Child Care Gift Fund, ICICI Pru Child Care Study Fund, UTI Charitable & Religious Trusts Fund and SBI Magnum Children Benefit Fund have been excluded from the ranking as they're targeted at certain classes of investors (children, religious trusts, charitable institutions et al).

CATEGORY DEFINITIONS

1. Flexicap funds invest at least 65 per cent of their total assets in equities, and the balance in other asset classes

2. Conservative allocation funds invest across multiple asset classes. Equity allocation does not exceed 30 per cent of total assets

3. Moderate allocation funds invest across multiple asset classes. The allocation to equities usually ranges from 30–75 per cent of total assets

4. Ultrashort bond funds primarily invest in investment-grade fixed-income securities with average effective maturities of less than one year

5. Short-term bond funds invest in investment-grade fixed-income securities with average maturities ranging from one to three years

6. Intermediate bond funds invest in fixed-income securities with average effective maturities ranging from three to seven years

7. Intermediate government bond funds invest in government-backed securities. Average effective maturities range from three to seven years

8. Long-term government bond funds invest in government-backed securities with average effective maturities greater than seven years BW

Omega-Constellation Pluma Launched at Basel World 2015

The light coral-coloured dial of the new Constellation Pluma recalls the halcyon days of summer

This year, OMEGA has unveiled an evocative interpretation of the Constellation Pluma with a light coral-coloured dial that is reminiscent of the warm sunshine on a summer day. Similar to its sisters, this 27 mm timepiece is decorated with 11 diamond indexes in 18K gold holders and a soft-wavy pattern that flows between the iconic claws on the bezel. Its polished and facetted central hour, minute and seconds hands are crafted from 18K gold and coated with white Super-LumiNova, so the time can be read in a variety of lighting conditions.

The 18K red gold bezel of this ladies' wristwatch is paved with 32 full-cut diamonds, adding to the overall style of this piece. This Constellation Pluma is presented on a bracelet with brushed stainless steel links and polished 18K red gold bars. The OMEGA Co-Axial calibre 8520 at its heart is visible through a domed scratch-resistant caseback and the precision and reliability of this mechanical movement is such that the timepiece is offered with a full four-year warranty.

DHAVAL KAPADIA
Director, Investment Advisory,
Morningstar India

RIDING THE YIELD CURVE

An upbeat market helped mutual funds make the most of the record-breaking rally

IN MANY WAYS, 2014 was a year of resurgence for the stock market. After a volatile 2013, key indices gathered momentum in the run-up to the Lok Sabha elections as market participants anticipated a BJP victory. Post- elections, with Narendra Modi at the helm of the central government, the stock market shifted gears and rose even more swiftly to scale new highs through the remaining year. The trend continued in the early part of 2015 as well.

With the market on a steady and stable path northwards over the last 12 months, fund managers across all asset management companies tweaked their portfolios to capitalise on the bull run. While finer trends may be specific to a single manager or a fund, at a broader level, there were some strong trends that emerged both in the equity and debt space.

To start with, at a market-cap level, most categories within the equity fund space steadily increased allocation to small-cap stocks. This should come as no surprise as small-cap stocks were the biggest beneficiaries of the rally in the market. The BSE small-cap index gained nearly 70 per cent last year. Ironically, small- and mid-cap fund managers decreased allocation to small-cap stocks, while increasing allocation to large caps as allocation to small- and mid-cap stocks among these funds was already quite high to begin with. Cash exposure of equity funds also increased in this period, especially towards 2014-end. While at the start of the year, cash allocation was relatively low, given the early stage of the bull run, allocation to cash towards the year-end was significantly higher. This could well have been a tactical call by fund managers as the market was trading at all-time highs. A number of new fund offers (NFO) were also launched during the tail end of the year that contributed to overall cash exposure of categories. While these NFOs looked to capture the optimism in the market, many, however, lagged in terms of actually deploying the flows received in the offer period. However, equity funds with large corpuses maintained lower cash exposures, demonstrating their sustained confidence in the equity market.

A closer look at the cash exposure of individual equity funds demonstrates that funds with lower asset bases had relatively high cash exposures. Also, funds which follow an asset allocation-based framework held a significant part of their portfolio in cash as their mandate does not permit a high equity allocation when valuations are steep.

On the debt side, clear trends emerged on the duration and credit fronts. Fund managers increased average maturity across all durations. Some dynamic funds, which had historically maintained 1-3 years' maturity, increased maturity to double digits. With falling inflation and an improvement in macroeconomic indicators, most managers were of the opinion that rate cuts were imminent in the near future and wanted to ride the yield curve by buying long-term bonds with the hope of making profits as yields fell. The move paid off as, in recent months, RBI cut the repo rate by a cumulative 50 basis points and government security yields fell. Debt fund managers also increased allocation to sub-AAA rated papers across all corporate debt-based duration products by the end of last year in the hope of higher yields. BW

HIREN DHAKAN
Associate fund manager, Bonanza Portfolio

GET THE MIX RIGHT

It's not enough to invest in a mutual fund. Picking the right one calls for some research as well

SUCCESSFUL INVESTING SOLICITS discipline, investment confidence and right investment choices. While most investors in capital markets have the first two, choosing the right investments is the tricky part. Professional investors take up the task themselves by selecting the equity stocks, while retail investors, who do not have the required expertise, leave it to mutual funds. Unfortunately, the task doesn't end there for retail investors. Selecting the right mutual funds also requires research.

Irrespective of the category of funds you are looking at, consistency in returns is what you should seek. Look out for funds that have a history of outperformance. Look for funds that have outperformed their benchmark and peer average performance consistently over the last three years. If there are too many funds to choose from, look for five years and seven years of history. By consistency, I mean, beating the benchmarks when markets rally, and defending portfolio value better when markets fall, regularly. One can measure this by the percentage change in net asset values (NAV) between periods through various statistics such as compound annual growth rate (CAGR), rolling returns, etc.

One should also look at the fund's risk. Risk of a fund can be measured by the variation in its NAV on average. Statistics such as standard deviation and variation would help you with that. These statistics are freely available on investor-oriented websites such as Value Research, Morningstar and Moneycontrol. You should avoid funds that invest too much of their portfolio in a particular stock/ sector/ instrument. In debt funds, avoid those focusing too much on a particular bond, or in bonds with low credit rating.

The phrase is true even for mutual funds. Within equity funds there are funds that react differently to different market events. So when markets rally, there would be funds that would rise more than benchmarks, some would rally but not as much as benchmarks. Ditto when markets fall. The sensitivity to markets is called beta. Take the help of a qualified financial planner to help you choose funds with different beta levels so when markets correct sharply, there would be some funds in your portfolio that would hold and protect the portfolio's overall market value.

Create a suitable mix of equity, debt, liquid and gold mutual funds to match your personal investment goals. When you have enough time to give to your investments, like more than seven years, your portfolio should hold a higher proportion of its assets in equity funds vis-à-vis debt funds. Portfolios for tenures lesser than five-seven years should ideally be overweight on fixed-income instruments to provide regular income and limit overall portfolio risk. Do not avoid liquid and gold allocation totally. These two should jointly ideally constitute at least 10 per cent of your overall portfolio.

Limit the number of funds in your portfolio to five-six at the most. This is because, as the number of funds increases, the effect of diversification due to different beta as discussed above, decreases. There would be some stocks that would be common between two or more funds, thereby increasing the overall portfolio's concentration in those stocks. BW

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THE RIGHT CHOICE

Mutual funds have the potential to provide high returns over the long term in a sustained fashion

THE BEST WAY to accumulate wealth over the long term is to invest systematically using a systematic investment plan (SIP) in diversified equity mutual funds" — this is probably among the most repeated piece of financial advice in India. If one person were to start an SIP every time somebody uttered this sentence, then we'd likely have a situation where every Indian has an SIP!

However, we all know how far we are from such a situation. Penetration of mutual funds in India is in low single-digit percentages and is a fraction of other financial instruments competing for investor interest. For example, the mutual fund industry's assets under management (AUM) have barely reached Rs 12 lakh crore even as fixed deposits have almost six times as much, at Rs 70 lakh crore.

This despite the significant advantages mutual funds have over these alternative avenues. Higher return potential, appropriate risk, higher liquidity and transparency, and favorable tax treatment should make mutual funds, at least on paper, the go-to investment destination for retail investors. But they are not, yet. Is this situation set to change? Are retail investors in India ready to embrace mutual funds as their preferred long-term investment vehicle? Two things indicate that the answer to this question is in the affirmative.

First, data — both industry data and anecdotal data — from mutual fund distribution businesses indicate an ascendant pattern in investor interest. The industry AUM is reaching new historic highs every month, and the rate of new folio additions (2 million in the first nine months of this financial year) has not been seen since the heydays of 2007. Distributors (including us) are reporting four-fold year-on-year growth in new SIP set-up and new investor addition.

To an extent, these can be attributed to the rise in market levels and the predicted structural bull run over the years to come. But there are other environmental factors too that are playing a part in this return of interest. And these factors might just make this growth more sustainable and long- lasting.

For one, the days of high interest from the government appear to be on the wane. A steady decline in the rates for provident funds and post office schemes is projected over the next few years. Second, there is an increasing realisation that the government is not interested in providing people, certainly the middle-class, with retirement or social security cover, meaning the individual will have to fend for himself in his golden years. Third, traditional insurance and fixed-income products have shown themselves to be either high-cost, or low-return, or both. And finally, the regulators are clamping down on unregulated products such as chit funds and deposit schemes to protect investors from such "local" investment options.

This leaves mutual funds as a well regulated, reasonably priced, convenient and flexible product that have the potential to provide high returns over the long term. Hence, at long last, it does appear that the time has come for mutual funds to take centre stage as the preferred retail product for long-term investing. BW

HIMANSHU SRIVASTAVA & ATUL PAHUJA
Senior research analysts, Morningstar India

FUTURE READY

Past performance is no guarantee of future returns. There are other factors that come into play

MOST INVESTORS make their investment decisions purely on past performance, that is, returns. The trouble with such an approach is that it often fails to suggest how the fund will perform going forward. Analysts and fund trackers must consider factors beyond just performance and focus on more critical parameters. Morningstar calls these parameters the five key pillars — Parent, People, Process, Performance and Price.

Take the case of Franklin India Taxshield Fund, which ranks as the best among the ELSS funds and is rated 'Gold'. We provide an insight into what good analysts essentially look at within each pillar and how that translates into an opinion on a fund.

Parent: Herein, analysts must look at whether the asset management company is investor-focused or sales-focused. Also important are things like stability of the management team, the AMC's overall strategy, regulatory compliance and whether fund managers' compensation is tied to fund performance. Franklin does a good job here, aligning a large part of the manager's compensation with the fund's performance and considering performance over longer time periods.

People: Analysts consider talent and skill of managers, supported by a qualified research team, as key for a mutual fund to deliver better returns. Franklin scores here as well. The fund is managed by Anand Radhakrishnan, who is the CIO for Franklin India (Equity). He has extensive experience in the investment industry and has delivered impressive performance with the funds he has managed.

Process: Herein, good fund trackers look at a fund's strategy and whether the management has a competitive advantage, enabling it to execute the process well and consistently over time. The Franklin fund stands out due to Radhakrishnan's research-intensive style, which focuses on good quality companies with strong fundamentals and high corporate governance standards.

Performance: Instead of focusing on performance in a specific market environment, good analysts look at a fund's performance across time periods and across market cycles, while keeping a focus on the risk taken to deliver that performance. Since Radhakrishnan began managing the fund, starting April 2007, it has outperformed both the benchmark index CNX 500 and the average return of the peer group.

Price: The fund's expenses reduce the returns an investor gets. Our analysts prefer funds which have a lower expense ratio compared with similar funds sold through similar channels. The Franklin fund is neither expensive nor cheap compared to other similar funds.

Therefore, the fund scores a positive rating on four key pillars, and a neutral rating on price. BW

TOP OF THEIR CLASS IN CONSISTENT RETURNS

A shortlist of mutual funds across categories, based on their performance between 1 Feb 2012 and 30 Jan 2015, as drawn up by Morningstar India

LARGE CAP

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Kotak Select Focus	11 Sep 09	2031,82,63,993	23.68	29.69
2	Birla Sun Life Advantage	24 Feb 95	440,98,99,029	296.00	28.45
3	Mirae Asset India Opp.	4 Apr 08	936,83,41,983	32.97	28.35
4	SBI Bluechip	14 Feb 06	1447,81,28,995	27.98	28.30
5	Franklin India Prima Plus	29 Sep 94	3789,98,93,221	443.04	28.23

SMALL/MID CAP

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Franklin India Smaller Companies	13 Jan 06	1868,60,92,548	38.02	45.09
2	Reliance Small Cap	16 Sep 10	1578,71,87,898	25.13	43.07
3	SBI Small & Midcap	9 Sep 09	250,59,29,986	30.08	41.61
4	Canara Robeco Emerging Equities	11 Mar 05	283,35,15,349	58.26	41.44
5	Mirae Asset Emerging Bluechip	9 Jul 10	693,10,12,008	29.25	39.73

FLEXICAP

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Franklin Build India	4 Sep 09	351,14,27,617	29.46	39.71
2	Franklin India High Growth Cos	26 Jul 07	1773,27,24,863	29.96	38.09
3	Birla Sun Life Buy India	15 Feb 00	57,19,09,029	93.15	35.50
4	L&T India Value	8 Jan 10	141,48,72,993	23.75	33.63
5	UTI MNC	15 Apr 98	703,91,37,017	143.49	33.31

ELSS (TAX SAVINGS)

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Reliance Tax Saver	21 Sep 05	4155,68,68,088	**49.34**	36.31
2	Axis Long-term Equity	29 Dec 09	4034,17,05,989	**30.44**	36.21
3	Birla Sun Life Tax Relief 96	6 Mar 08	2039,23,87,986	**21.68**	31.02
4	Birla Sun Life Tax	1 Oct 06	233,92,52,992	**27.55**	30.17
5	BNP Paribas Long Term Equity	5 Jan 06	348,89,49,981	**30.05**	29.91

CONSERVATIVE ALLOCATION*

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Franklin India Pension Plan	31 Mar 97	331,27,22,238	**98.03**	17.79
2	Birla Sun Life MIP II	22 May 04	645,49,58,974	**29.1055**	16.37
3	Escorts Opportunities	12 Feb 01	17,94,91,222	**42.9254**	15.96
4	ICICI Pru MIP	30 Mar 04	1148,81,08,545	**30.381**	14.31
5	HSBC MIP Savings	22 Jan 04	192,83,39,102	**29.3291**	14.18

MODERATE ALLOCATION**

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	SBI Magnum Balanced	31 Dec 95	1358,98,73,018	**96.099**	28.31
2	Tata Balanced	8 Oct 95	2044,56,65,402	**167.3875**	27.38
3	L&T India Equity and Gold	7 Feb 11	69,51,12,980	**20.388**	26.55
4	ICICI Pru Balanced	3 Nov 99	1632,58,81,248	**92.93**	26.28
5	L&T India Prudence	7 Feb 11	204,71,70,009	**19.061**	25.70

ULTRASHORT BOND

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Taurus Short-term Income	18 Aug 01	157,12,17,991	**2,415.31**	10.10
2	Franklin India Ultra-short Term Bond	18 Dec 07	6819,21,04,458	**18.25**	10.097
3	Franklin India Low Duration	26 Jul 10	3008,42,85,347	**15.14**	10.00
4	DWS Ultra Short Term	14 Jul 08	3091,86,02,008	**16.53**	9.80
5	Birla Sun Life FRF Long Term	25 Mar 09	1075,24,89,023	**165.09**	9.73

SHORT-TERM BOND

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Birla Sun Life Medium Term	25 Mar 09	3683,19,54,024	16.78	11.16
2	Birla Sun Life Short Term Opportunities	9 May 03	3980,76,66,001	22.59	11.02
3	Birla Sun Life Treasury Optimiser	9 May 08	3381,36,99,018	171.69	10.83
4	Franklin India Corp. Bond Opportunities	30 Nov 11	7704,58,61,724	13.92	10.60
5	SBI Corporate Bond Fund	5 Jul 04	145,49,92,999	21.52	10.44

INTERMEDIATE BOND

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	ICICI Pru Long Term Plan	20 Jan 10	348,93,49,648	16.74	13.41
2	UTI Dynamic Bond	16 Jun 10	618,23,40,985	15.69	11.21
3	Tata Dynamic Bond A	3 Sep 03	549,83,08,301	21.51	11.19
4	BNP Paribas Flexi Debt	23 Sep 04	275,72,49,024	23.97	11.10
5	IDFC Dynamic Bond	3 Dec 08	5141,25,12,236	16.87	11.06

INTERMEDIATE GOVT. BOND

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	SBI Magnum Gilt Long Term Fund	30 Dec 00	740,65,69,005	30.21	12.72
2	IDFC Govt Securities	3 Dec 08	1012,16,25,492	16.63	12.14
3	UTI Gilt Advantage Long Term	28 Jan 02	303,11,74,027	30.39	11.64
4	Tata Gilt Mid Term	25 Jun 10	129,36,83,292	15.25	11.51
5	Birla Sun Life Govt Sec. Long Term	28 Oct 99	712,66,49,004	41.52	10.42

LONG-TERM GOVT. BOND

Rank	Fund	Inception Date	AUM as on 30 Jan 2015 (in Rs)	NAV	3-year returns ended 30 Jan 2015 (in %)
1	Reliance Gilt Sec.	22 Aug 08	780,42,30,167	17.99	11.55
2	HDFC Gilt Long Term	25 Jul 01	1488,36,99,999	28.36	10.75
3	Kotak Gilt Investment Fund	29 Dec 98	542,66,22,007	47.65	10.18
4	ICICI Pru Long Term Gilt	19 Aug 99	1322,76,29,200	47.06	9.65
5	DSP BlackRock Govt Sec.	30 Sep 99	395,55,68,023	44.65	8.45

*ICICI Pru Child Care Study, UTI Charitable and Religious Trusts, SBI Magnum Children Benefit and Franklin India Life Stage FOF-40s have been excluded from the rankings; **ICICI Pru Child Care Gift, HDFC Chidrens Gift Investment have been exluded from the rankings (see Methodology); data from Morningstar India

DISEASE OF DISRESPECT

The respect you give others is a dramatic reflection of the respect you give yourself — Robin Sharma

By Meera Seth

RENEE DAS STEPPED INTO THE office of Ashok Shukla, her boss and Director HR. She gasped on seeing a team of seven lady managers from sales, MR and marketing with him. Renee was VP, HR at Teffer India, a job that had her travel quite a bit, and often she felt she was behind the office grapevine.

"Now, what have I missed?" she said with a half laugh as she entered Shukla's room. "They will tell you," said Shukla, as Kosha Shah, a manager in MR began with periodic suggestions, clarifications, interruptions and corrections from the other six managers with her.

"We are often in the midst of men who foul mouth. Sometimes it is part of a dialogue between them, and, unwittingly, colourful words pop out. Sometimes it is a flamboyant expression to define a situation, say, during a presentation, or during a client meeting. Some at least bite their tongue, and apologise; some become aware that women are present, but they will shrug and say, 'that's too bad'; some carry on and engage in a free exchange of expletives. We don't like this."

Renee: You could tell them not to use bad language in your presence? Or you would like them to apologise? You should tell them to. Or is it the language? Which one is it?"

Kosha (speaking for everyone)**:** No, none of this. We want a work environment here, not a locker room. I feel and my colleagues here feel too: the workplace has to be a workplace, with no overt gender expressions.

Renee: Gender expressions? What do you not like about their abuses?

Tanisha: Let me take that, Kosha. The fact that all abuses are about women — about mother, about daughter, about sister. Even illegitimacy is an expletive to vilify and offend the mother!

Renee: And so? Look, a person who needs the crutch of bad language does not check out his grammar. He spews.

Tanisha: No, he chooses his abuses.

Renee: Or maybe it is a fad?

Tanisha: Abuses are a lifestyle, but it is copied from characters one wishes to emulate. By copying, you are expecting to imbibe the idol's power. So when I use Lux I want to be like Katrina Kaif... or at least do the things she does. That is what copying is about. When a man uses Axe, he wants the same Axe effect to happen to him. *That is why he uses the advertised brand!*

Besides, this desire to use expression that belittles or condemns women arises from a deep-rooted disdain for them. Simple.

Illustrations by Dinesh S. Banduni

Damayanti: Oh, hello! Then this must be very Indian; just when the US pulled off Tiger Woods from their ads, an Indian businessman signed TW for a whopping Rs 200 crore and the publicity firm had this to say: Our brand's association (with Woods) will immediately raise the profile of the brand.

So, the point really is, we do negotiate our ideals and are willing to turn a blind eye to serious flaws in our idols.

But this is expected in India where the world is seen through male eyes. The woman's viewpoint is a joke. So if international brands dropped Woods for his anti brand image with his numerous affairs and, importantly, the destruction of his marriage — why would India do that? Macho India's misogynistic behaviour is in the news everyday! Likewise and yet to quell a rising argument in your head: Paula Deen was dropped by several brands when they discovered she had made some racial remarks, even if that was in the very distant past. The moment it came to light, the brands like Smithfield Foods decided to drop her. So, you see, mere association with an unsavory value was enough for the brand to dissociate with her. But seems TW is ok for India. We have always been like that... willing to condone utterly bad behaviour *if it is good for profits*. Likely even the consumer of such brands do not mind.

Kosha: This is about workplace behaviour, not a gender battle. We have enough women out there who engage in foul mouthing. They say it goes with the territory. I am not getting into that. To each his own, but you tell me, does the HR manual grant it?

Will control of abusive language create a better workplace?

A workplace is a workplace. Men cannot emote here, please. This language extends to the distributor, to the cabbie, to casual language; it is regular talk. So I am at the distributor's office with Avijit, and they are sorting out some collections and the distributor is speaking to one of his people on the phone and the language is all red and purple. And Avijit laughs. This is endorsement. I agree, it can even be an embarrassed laughter, but remaining poker faced was an option.

Damayanti: Renee, they are at least not so badly gone that they abuse us, although that has also happened once and the man was apologising profusely. Like a drunk person, he clearly had no control on his intellect.

Renee: Are you not making too big a thing about this? It is just words. Some like it hot, some like it cold. So, are we making a mountain?

Kosha: No. This IS a serious issue. This sounds like some minister who said, 'So what men will be boys, they make mistakes...'

Renee: Ok (grinning), what is the downside of not condoning abusive language? Will control create a better workplace?

Kosha: I am fascinated. I was reading about a list of abuses that are going to be censored from films and everybody is crying foul, calling it absurd, regressive and against creative freedom. Seriously? From all the opportunities available for creative expression, including that old-fashioned one called 'education,' it is the right to use cuss words that will help his or her creativity? The right to be wrong is one thing, but demanding that your right is enjoyed by others? That your creative expression is more sacred than the damage to the social fabric — that makes me think.

What are we allowing life to do? Or is that also an old-fashioned rhetoric? Is corruption the new fashionable?

Trishna: Try this: when a man walked past me on Janpath Causeway and whistled into my face, I was poker faced and said in my head, 'Go slip and fall on poo.' That was my anger. Internal. I did not ask him to shut up. Why did I not protest openly? I was so angry that I was watching his funeral in my head. But what did that man get? A finding: When you tease a girl — verbally, eye-to-eye, in gestures, physically, emotionally, she has no choice but to endure. I can do it and it is allowed. Isn't that

what Nirbhaya's killer meant?

Damayanti: Two things are going on here: a) The girl is unsure if she must express her anger either because she has been brought up to not express anger or because she fears her expression may have a backlash; and b) Men know that. *They just know that!* Which is why, last week when a man whispered right into my face 'hi sexy' and I shouted at him, he yelled back so loudly and abused, 'Who was talking to you, you prostitute!' He was scaring me and he was reading from a rule book that said since he was referring to some 'other person', not me, I cannot object.

Shukla was very disturbed by now. He just could not deal with this. Renee, who had seen enough in her 43 years as a woman, knew all this but had never given it expression. She now knew that this whole irritation with abusive language that was used casually in the workplace was connected to the external world. But Kosha was talking...

Kosha: In our workplace: When you mouth nonsense about any unnamed woman, do I feel respected, Renee? So, the men when they abuse women through their language, are they not the same professionals who sell baby food or skin care or detergents to women? Is there a dissonance or not? Who is this man who strategises an ad copyline that says 'to the woman who has a right to be cared...' and also hurls abuses that denigrate women? Is there a confusion of personas?

Just because he is saying it to *someone else* does not become abuse of women? If I see a man beat up a woman, I am supposed to be unaffected because he is not beating me? Should I work in an organisation where men can abuse my sensibilities?

Shukla: Are men abusing your sensibilities or are you feeling abused? They are abusing one another I see... Why do you feel it is about you?

Damayanti: I will take that, Kosha. How come then when Kusum *ben* says to her neighbours 'I prefer this detergent it is so nice on my hands!', you immediately call for a R&D meeting and say this is how consumers feel about competition, we must make our detergent softer...! Why did you feel it was about Teffer? Those women were not talking to Teffer or you or about your brand, then why did you use that feedback?

Shukla: That was *feedback!*

Damayanti (raising her voice)**:** *This was feedback too!!!* When a man in conversation uses a word that he says is used as an endearment, but which demeans women, it is feedback he is giving about how he rates women who are sisters of anybody, mothers of anybody! When seven of our male managers sit in a room and watch the AIB Roast and laugh, what are they enjoying? Form or content? How is it that you do not see this, when we do?

Shukla: I guess that is an area we cannot legislate because it is their freedom to watch what they want. It is their personal preference, if I may say. But yes, if he abuses another, then there is law that penalises.

Kosha: And alongside his right to hear any trash, and his freedom of speech is also the freedom of choice that I have to prefer a certain kind of work environment!

Shukla: Renee, what is freedom of speech?

Renee clicked on her iPad and read out from Wikipedia: Freedom of speech is the political right to communicate one's opinions and ideas. The term freedom of expression is sometimes used synonymously, but includes any act of seeking, receiving and imparting information or ideas, regardless of the medium used.

Tanisha: Ok, I am from Legal...! There is something called 'offence principle' as well. It concerns the moral standing and feelings of society — I would interpret that as immediate society and not necessarily society at large. So, the offence principle can be applied to increase

the scope of freedom of speech to include special interest groups like the disabled, like the gay community, like religious groups,...or any speech that provokes or hurts minority sentiment.

Kosha: So, men in my organisational society using language that offends women, denigrates women, are guilty of breaching the offence principle of the freedom of speech.... How come you Mr. Shukla do not find their words about your mother offensive?

Shukla could see how intense these ladies were. He said to Renee, "Tell me what you think, Renee.

Renee took a deep breath and looked at them all.

Renee: I am so happy that we have women like these in our organisation. I am so glad you have brought this up. This is not just about our organisation, it is about the larger society that we are a part of. I feel if women are grappling with an image issue in the external world today, then we all have a role to play there; we are also a part of the wider national issue of respect for women. I am concerned that this is going on right under our noses but as is mostly the case, we have never felt it was wrong. Why, I myself have looked the other way when my male colleagues have used abusive words, even if it was on the phone to another. This most used abuse, that alludes to aggressive sexual assault — no, I am sorry that is what it really means isn't it, Ashok? Let's face it! I know you are embarrassed now, because I am according the f-word a clearer meaning, but that has always been the truth. Why should any aggression express as sexual assault?

Can we not have straight forward codes of conduct?

This is really the truth, the truth of who we are as a people, as an organisation, as a nation. Of course, Ashok, the condition of our workplace defines the organisation culture!

Here is my question: how do I stop something which is so ingrained in the culture of people? In India, it is macho to abuse and frankly it has become a part of the everyday lexicon! It is considered 'cool' and there are TV shows that make a fashion statement of these words. Hence, it has a certain approval of the powers.

Kosha: Yes, it is as second nature as disrespect of women. As abuse of women. As rape of women. As long as this country and hence this company is led through the mind of a man, there will not be real empathy.

Tanisha: The only way to deal with this is via diktat.

Renee: Diktat needs guts and gore. There MUST be tangible consequences and follow through on that. For instance, the next time someone is caught, will HR conduct an enquiry and punish? Will they dismiss? Therefore, will we instal foolproof systems to capture breach?

Kosha: What if the person is a high performer... will you be willing to sack him or penalise him for abusing?

Damayanti: Can we not have straight forward organisational codes of conduct — that language to be spoken should be clean, use of expletives totally not allowed.

Renee: I agree. Ashok, my point is if conduct is not linked to consequences there will be repeat bad behaviour.

Shukla: Even if HR enacts a code of conduct, will HR be bullied by line management? What if the person is a high performer? To my mind, these things work if you have the will to make it work and will not be corrupted by 'Oh, but he is my best marketing guy or finance guy' and so on.

Renee: I think there are two things here. Use of bad, unprofessional language and use of language that denigrates women. I can say we should severely penalise the latter, whether or not women were present when the expletives were used, on grounds that it is unprofessional.

Ashok Shukla agreed in principle, but he was not sure the men would buy that. BW

To be continued...

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Businessworld case studies

KAUSHIK GOPAL

THE ABSENCE OF *TAMEEZ*

What all the ladies are doing in the case is a great first step in the naming of the elephant in the room

WHEN A SENIOR MALE MANAGER in a media company was told by a woman colleague, gently yet firmly, that he was persistently using foul language and that she felt disrespected, his response was a very reluctant, almost offended acceptance. Offended acceptance is a peculiar thing and is very widespread. At one level is the acceptance but below that, and usually very visible, there is contempt towards the person giving the feedback. In this instance, the male manager looked around the room for sympathy and he actually got a lot of it from his male peers who looked down in sham remorse and rolled their eyes dramatically. Though the woman manager made her point and, on the surface of it, the language changed, there was a false shell that remained, with an inside that sniggered at the woman manager and her perceived prissiness.

Interestingly, it was not a situation that was simply between the woman and the man. The man was clearly part of a group that supported him, and that too, visible to all. Even if one or two others may have felt otherwise and seen the woman as 'having a point', it would have required a lot of courage to go against the grain and support the woman. These are moments that you experience being part of a minority and that you may be up against a larger group that are the holders of the sub-culture. And being a minority needs both acknowledgement and courage to remain oneself and not be 'swallowed' by the majority. And there are people who wish to keep reinforcing their illusion of power, however short-lived and meaningless.

Let's delve deeper and look at three parts of this issue:

Subcultures become crudified: Without getting into how these subcultures evolve, the important thing is to be able to both experience and name it. Crudification (I believe that may just be a new word) happens. The essence of it is that there is disrespect and often the use of language that is coarse. It is precisely the opposite of 'sanskritisation'. It becomes a movement, something that people aspire to in a strangely perverse way. It can also be found across cultures. You can see the same happening as sledging in cricket or racial slurs of various kinds. When crudification happens, it is not safe for those at the receiving end. Nobody is imbued with superhuman qualities of taking it in one's stride. There is a need for protection, a need for creating safety. If this goes unnoticed, the sense of feeling safe disappears and it can become a perfect ground for the perpetuation of offensiveness.

The ability to be offensive in an innocent way: Where does this innocence come from? At the heart of this kind of subculture is power and machismo. It is also very attractive to members who prefer to be on the side of power and inflicting dominance and contempt on others rather than being at the receiving end of feeling demeaned, marginalised and belittled. Any attempt to take the power on can be threatening to one's own safety, now or later. It is far from easy to deal with and, to my mind, needs careful thought. What all the ladies are doing in the case is a great first step in the naming of the elephant in the room, as it were. And they, as women, need strongly to stand together against this growing menace in India, a menace that will stop at nothing, a *rakshasa* in the making.

However, the group drawn to this kind of so-called 'innocent' demeaning confers immunity on its members and dealing with it may end up being an uphill task. That makes the individuals who are part of the subculture beyond reproach, because according to the anonymous leader, the dominance and demeaning behaviours are part of what is right and normal.

Dealing with the situation: 'Off with his head' or regular conversation? This needs to be named. And that too in safe spaces that can be created to have conversations that matter to people. It is not deal-able in one shot. It is about trust and the impact of losing it. Diktat strengthens the cynic. Darkness is its friend. Conversation, or the light of day, in a manner of speaking, burns it. One cannot change the larger cultural pattern but in a small way this can be spoken about at the workplace. Regularly. To deal with it needs the awareness of all concerned. BW

The writer is based in Singapore and looks after the coaching practice for the Center for Creative Leadership in the Asia Pacific region

KAMAL JULKA

DROPPING THE F-BOMB

Is it the context more than the swear words that renders them a no-no at work?

GO AHEAD, DROP IT, IT IS 'EFFING' SATISFYING. I will be damned if I lie. My fondness for profanity is in sync my consumption of it. From the Indian AIB roast to Martin Scorsese's 2013 movie *Wolf of Wall Street*, it is the undisputed new cool, isn't it? Who doesn't love those John Oliver shows in the US that air on HBO, a channel that allows "free speech" and their talk shows frequently rate better than other shows, for research shows 'swearing' makes the hosts appear more human and credible?

Not convinced? I will tell you as a biochemist, it is a proven fact that cursing elicits a fight-or-flight response, which, in turn, releases pain-diminishing endorphins, making one deal with losses or frustrations better. Besides, dare I confess, in all my so-called high profile jobs, swearing helped me truly penetrate the male-dominated networks, pardon the pun. Not only did it provide gender democracy, but assisted in navigating the darker corridors of power with testosterone written all over my red lipstick.

Even critics have my back on this one. They argue that the occasional swear word is better than punching someone, it gets emotion across and diffuses the tension without having to resort to physical violence (they forget that in arguing so, they first admit that it still is violence). Mum used to say that East End roughs in London (usually low social status and lack of education) used 'bloody' and 'bugger' a lot because their vocabulary wasn't rich enough to furnish them other options. Rather naïve one would think, for I believe they employed these words for the very reason — to shock and offend — and no synonyms could deliver their emotional state any better to their victim.

Even before I checked my mouth into rehab (for the fear of mum passing out just hearing me speak) I was an Obama girl. But when he famously responded to the BP-Gulf oil spill, on the *Today* show, by "am trying to figure out whose ass to kick", and sounded 'oh-so-passionate, why did I oh-so-cringe?' I doubled at the thought that if I were the woman responsible for that accidental spill, would he still be rear-ending me? I dismissed it however, for West Wing using this lingo doesn't sit well with me.

Hypocritical, I say, from management consultancies to media moguls, from movie producers to investment bankers, I know the entire industry could mouthwash everyday and it still won't suffice. So, why did it bother me deep down?

Perhaps Tanisha nailed it. Women do feel intimidated by abuses (more so by those with a gender bias) for it is not just offensive for its profanity, but because it is low-level abuse with a subtext "you are not important, I can treat you/ your gender this way". They also feel threatened by the body language of men, especially in leadership positions, who seem to be in poor control of their emotions, rather those who exude a lack of moderation or composure, those men who appear to have no "filter."

So, is it the context more than the swear words that renders them a no-no at work? Never mind causing hurt; these negative words, regardless of how acceptable they are, bring down the motivation and professionalism of an individual or an organisation.

If so, where does one draw the line? Who decides when to swear at work and when does 'salty language' cross over from cool to uncool? Besides, for men, it is often considered their native dialect; for women, the double standards are evident. Women, even those in powerful positions, are expected to be more restrained, daintier rather, even in the midst of emotional onslaught of choicest abuses. So, the guy who curses is casual, chilled out and funny, but a woman who curses is aggressive or catty? Where does the HR policy even state that casual swearing goes but words that may reflect transition of prejudice or discrimination may lead to firing — especially if racial slurs, gender biases and epitaphs are involved?

Nowadays, people freely display their PG rated tattoos and private piercings, they cuss and swear in public, which I dare confess is their right, even if it hurts majority or minority sentiments. However, at workplaces, those rights are defined by HR for they are the custodians of culture, breaches, consequences; and unless there is a clear HR policy and its execution in place, does anyone give a....? I didn't. BW

The writer was brand director, Hewlett Packard, at Publicis London. Now based in Chicago, Julka is a guest faculty at ICSC European Retail School and an examiner at the Chartered Institute of Marketing, UK

BW EVENTS / BW|ACCELERATE

FOR A NEW START

BW|Businessworld launched Businessworld|Accelerate — a multi-city startup acceleration initiative — at a ceremony held at Metropolitan Hotel, New Delhi. The start-up is focused on creating an innovation-driven ecosystem in the country and the objective of this initiative is to support and encourage entrepreneurial aspirations in the country and empower aspirants and entrepreneurs to succeed in their domains of business and achieve greater heights.

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1. (FROM LEFT) Amit Ranjan, co-founder, SlideShare; Namrata Bostrom, co-founder & CEO, POPxo; Apoorva Prasad, founder & editor-in-chief, The Outdoor Journal; Ashish Taneja, MD, GrowX Ventures; Ambarish Gupta, founder & CEO, Knowlarity; Ajay Chaturvedi, founder, HarVa; Sunil Arora, IAS, Secretary, Ministry of Skill Development and Entrepreneurship, Government of India; Girish Shivani, director & fund manager, YourNest; Ashu Agarwal, programme director, BW|Accelerate; Annurag Batra, chairman & Editor-in-chief, BW|Businessworlds **2.** Apoorva Prasad **3.** Girish Venkataraman, CEO, IIFL Trustee services **4.** Rajul Garg, investor & director, Sunstone Business School; Ranjit Shastri, director, Stern Fisher Angel Network; Sairee Chahal, founder & CEO, Sheroes; Rajeev Arora, co-founder, Mumbai Angels-Delhi Chapter; Annurag Batra

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Photographs by Sanjay Sakaria

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5. Karan Mohla, vice-president, IDG Ventures India; Saras Agarwal, Venture East; Girish Shivani; Ashish Taneja; Hemendra Mathur, MD, SEAF India Investment Advisors; Anirudh Suri, founding partner, India Internet Group **6.** Ambarish Gupta, Amit Ranjan, Namrata Bostrom, Ajay Chaturvedi; Nikhil Sama, founder & MD, Snaplion; Rajiv K. Vij, MD & CEO, Carzonrent India **7.** Sunil Arora, **8.** Sandeep Singhal, co-Founder, Nexus Venture Partners

GREAT IS THE ENEMY OF GOOD

The pursuit of greatness, more often than not, comes at the cost of goodness

By Ramesh Jude Thomas

THIS TITLE OR THEME was inspired by Jim Collins' much touted management book at the turn of the century called *Good to Great*. Many of you might be familiar with the theme of that work. Essentially, he argued that "Good was the enemy of great". Seeming to suggest that "contented mediocrity" is the glass ceiling that prevents organisations and individuals from achieving greatness. Only one of the 11 companies picked out for greatness in this book outdid the stock market over the 14 years since it was published. Three of these were subsequently in deep trouble and one of them was taken over. Ironically, the authors' magnum opus was called "Built to last". And so I really wondered why most of the good-to-great companies had a durability issue. Hence, I suggest to you that in fact "great is the enemy of good". Yes, I am twisting this a little, but my basic question is, whether there is a place for goodness in achieving greatness of any kind.

Actually, this is the more altruistic interpretation of the theme. In its extreme form, I call it the helicopter syndrome. Many would like to reach the top of Mount Everest. Most would prefer take a helicopter there. Typically and unfortunately, we encourage our wards to take the shortest cut to greatness. Very often, at the loss of goodness. And why not? What's the worry if there is a faster way to get there?

In order to examine this contradiction, I thought of breaking it down into three sub themes. To argue this practically and not philosophically, we might examine each of these sub themes through the lens of one large entity, which might have affected every one of us at some point or the other.

Let me ask you this: Does anyone have a view on what might be the most valuable commercial name in the country? What do you think they may be worth? Yes, it's the Tata brand and its worth $21 billion. Why do you think it might be worth as much? Let's ask this question in a slightly different way. If I was the chairman of the group and sold it to you, the entire group and all its firms, brand and assets, but with one exception, that is the right to use the little four letter word Tata in any way, would you buy the group? Would you be able to raise money as easily, or buy companies much larger than your size, easily?

There is another excellent yet understated example in Tamil Nadu — the Murugappa group. It's certainly not a household name like the Tatas. Their companies like Parry's, BSA cycles and Coromandel are more recognisable names. Yet, they would find it difficult to manage many of the things mentioned before, were they not a part of the Murugappas.

Now, why do you think that a hard-nosed investment banker would like to give money to the 56th largest steel company to buy the fifth largest? Is it because of its balance sheet, its cutting edge technology or its global reach? I think, we all know the answer. It has little or nothing to do with the business resume of Tata Steel. It has everything to do with the reputation of the group.

But the real question is, for what? For the reason that, over a 140-year period, they didn't compromise on their overarching traits, their integrity and compassion. It was only at the turn of the century that the group thought that this might be its biggest asset. That it might be its big ticket to global business.

Today the name is valued, tested regularly for impairment, internally licensed to group companies, governed for usage by a code of conduct and under the guardianship of no less than a GCC member, i.e., someone sitting on the group's board. It is no coincidence that the same guardian is also the chief ethics officer of the group. What lessons might this have for each of us individually?

The last part of this story might be exceptional but also quite instructive in exemplifying the idea of goodness over greatness. Dr Mammen Chandy is India's leading hematologist. For the better part of his long and illustrious career, he has been attached to CMC Vellore. He was tempted a million times with carrots by some of the biggest names in the business. He politely turned them all down. Finally, when he did decide to go, he went to start the Tata Memorial Hospital (TMH) in Calcutta.

What was his motivation. To build a 150-bed cancer hospital for the needy, particularly from the North-east, who would otherwise have had to travel all the way to TMH Mumbai, AIIMS Delhi or Vellore. He knew that this was the one group that remained as committed to the cause. Both Dr Chandy and his new employers are planters, not harvesters. I have long been plagued by this dilemma that if all of us want only to harvest, who pray will do the planting? BW

The author is president and CKO, EQUiTOR Value Advisory

AFTER HOURS

GADGETS, GIZMOS, APPS / HEALTH & FITNESS / BOOKS / AND OTHER FUN STUFF

Photograph by Ritesh Sharma

SHARING FOR FUN

Small plates, boxes and trays that allow you to share tidbits are at the top of the pecking order when it comes to restaurant retail

By Anoothi Vishal

Photograph by Ritesh Sharma

A FULL-COURSE UDIPI meal —served on a banana leaf, beginning with the abbhigara (ghee), ending with the payasa and then buttermilk — may be very different from the pretty "tray" that is coming my way, one evening at Monkey Bar, Connaught Place, New Delhi. But in a strange way that is exactly what I am reminded of, as I sit around a bar table with two friends and seek to escape the hum-drumness of life.

Mangalore — or that stretch of Karnataka — and bars, of course, have always had an uneasy relationship. Every Valentine's Day, we get reminders of that. But here in distant Delhi where such echoes are only faint, this strange companionhood between a sattvick ritualistic thali and fun pub grub is much more real— not just the workings of an overwrought imagination!

The thali, of course, is the traditional way so many communities in India have always eaten; before the advent of "family portions" on dining tables. Small portions, many disparate items of food encompassing the entire spectrum of nutrients (carbs, proteins, vitamins, sugars) and flavour (from bitter, salty to sweet), would come together on a single platter. Unlike a diner in Europe or elsewhere, who needed to focus on just a single main dish, the Indian diner always had enviable choice. But that's just part of the story.

An Udupi thali—just like the Nawabi dastarkhwan — also ensured sharing. To eat together was to reiterate social ties. Small dishes laid out on the elaborate dastarkhwan were meant to be shared by kinsmen, no one could get up from their places while the strict Udupi meal service was in progress, and in other towns and (patriarchal) communities, marital bonds were sought to be tightened as the wife ate off the same thali as the husband!

Luckily, at Monkey Bar, we are not stuck in any time wrap. Nevertheless, the MoBox, one of the prettiest arrangements of dishes I have seen in a while, is still carrying forward of tradition: Of putting both choice on the platter and the potential to treat food as a vehicle for bonding.

Three people, three

PHOTOCOURTESY: KUNAL CHANDRA

different sensibilities and dietary preferences. That evening, it makes perfect sense for us to choose a starter box. It comes with small plates of appetisers (that we've each chosen off the menu), plus extra servings of sweet potato and beetroot chips and potato wedges. If we had chosen differently, we could have had free small portions of caramel popcorn and marshmallows or just a coalition of desserts. But really, that's not the point.

The world over, as restaurants get more informal, sharing portions are gaining ground. The idea of tapas or the mezze has always existed, but it has never been bigger than now. In Europe and America, a la carte menus are increasingly giving way to quirkier tapas bars, or cheese only bars, or bread bars and the like...

In India too, these ideas seem piping hot just now. You could order your fill of small plates or tapas and make a meal of that. At Ritu Dalmia's new Diva Spiced, in Delhi's Meherchand Market, that would be a great way to eat. The restaurant that has an interesting menu featuring Asian flavours — as cooked by Dalmia, as opposed to strictly authenticated dishes — has a smattering of salads, dim sum, pork belly, grilled asparagus, polenta chips, even home-made Malabar parantha rolled with teriyaki beef, all as part of a huge tapas menu.

GO HALVES: Sharing is the new buzzword as restaurants experiment with new plating styles allowing diners to explore a variety of dishes

At the newly-opened Bombay Canteen in Millennium City, the dishes and the portions are equally eclectic. Instead of the usual starters, mains et al classification, you have Chintus, Chhotas, Badas and Patialas. As you sit down , chintus — tiny passarounds ranging from kamalkakdi chips to devilled eggs — are brought in, almost instantly, allowing you to set the tone for the evening. You could order a host of chhotas, to facilitate sharing, or a Patiala— "showstopper dishes" like a full roast chicken that comes in a parat-like dish. The idea is the same: Communal dining.

"In India, we have always shared food. This is just celebrating who we are and where we come from," says CEO and partner Sameer Seth.

But if small plates as a concept is happily getting almost all pervasive, it has also become just a fancier tag for "starters". At a huge number of me-too restaurants, portion sizes remain the same, and certainly the offerings remains just that too.

What should a legit "small plate" bring to the table, then? Chef Manu Chandra, executive chef Olive Bangalore and Partner Monkey Bar and The Fatty Bao, who was one of the first people to start the idea in India at his Bangalore restaurants, says tapas style offerings should not only enable restaurants to of-

LOCATION COUTESY: DIVASPICE

SMALL IS BIG: Small portions that can be shared allow a chef to focus on the quality of ingredients and presentation, rather than quantity

MULTIPLE CHOICE, SINGLE DINER

Ever been in the position of a single diner forced to order a huge portion that you can't finish? The Japanese Bento Box and the Indian thali both show the way to formats that can be more satisfying, while being sensibly priced.

➔ At **ITC Maurya Delhi or ITC Chola Chennai,** you could order a Full Square Welcommeal or a Meal in a Bowl, without having to order a la carte. Both Western and Oriental food choices are available. In fact, the special single diner menus are on offer at all the marquee restaurants as well: From Bukhara and Dumpukht to Tian in Delhi and Ottimo, Cucinaltaliana and Peshawri in Chennai ,where a choice of small servings are offered.

➔ **Dhaba by Claridges, Delhi:** Tiffin boxes are chic too. Instead of a boring "combo meal" for one, you could order a dabba with home-style chicken curry and varqi paratha.

fer greater variety — but greater creativity too.

Small portions that can be ordered by a bunch of people, in multiples, also allow a chef to focus on the quality of ingredients and presentation instead of quantity. Even simpler dishes like Broiled Oysters or Brie Tempura (Chandra does both at The Fatty Bao) offer the opportunity to be inventive and dish out a burst of flavours. For customers, this is an opportunity to explore more while paying about 30 per cent lower than the cost of a regular appetiser (at places like Monkey Bar or The Fatty Bao, according to Chandra.)

For a restaurant, the cost of doing the small plates is actually higher than doing regular portions. "But the hope is that more quantities would offset this and the economies of scale would even it out," says Chandra. On the other hand, there is greater flexibility with regard to ingredients— since these don't have to be bought in bulk, anything whose price suddenly shoots up can be replaced much faster, and also chefs can play around with more interesting, but limited-availability ingredients.

The idea of small portions-to-share is now also being tweaked and presented in newer ways.

Smoke House Deli, the chain of restaurants, for instance, has started an interesting tea tray— where you could choose from a variety of snacks and desserts that come in smaller portions along with your tea. Each tray can either feed a ravenous diner or happily be shared by two (order the second tea extra). Indigo Deli has also introduced a new offering for those looking to dine in groups: The Deli Community Menu, priced at Rs 899 per person, is designed for groups of 6-12 people sharing a table, and offers unlimited bowls of soup, salads, pizzas, mains and an assortment of desserts. It's an idea whose time has come. BW

The author is a Delhi-based food and travel writer

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PHOTO COUTESY: KUNAL CHANDRA, DIVA SPICE

POP THIS WONDER ANTI-OXIDANT

Daily intake of vitamin C, as a pill or through foods rich in it, is a cheap and easy way to stay fit and healthy

By Rachna Chhachhi

WHAT IF I TOLD YOU that there was just one vitamin that reduced blood pressure, flushed out allergens, increased immunity and kept you looking youthful? Yes, you read it right.

Vitamin C, or ascorbic acid, is a simple, cheap, easy-to-procure water-soluble vitamin. Its use in medical science has been well known, but most urban working professionals are deficient in it, leading to serious health issues that could otherwise be avoided easily. A few facts on vitamin C to help you incorporate it in your diet:

Water-soluble. It means that vitamin C gets depleted every six hours from the human body, and faster if you are stressed out or sweat more. People in high stress jobs, hence, have quicker depletion time frames. It also means that there is less chance of it getting stored in the body.

Blood pressure blaster. When we are stressed, our blood vessels dilate, leading to high blood pressure. Vitamin C, when it enters the blood stream, lowers this pressure. I have treated many of my hypertension patients by including extra doses of this vitamin, along with other lifestyle changes.

Pain reliever. For people with unexplained pain, vitamin C performs the function of Disprin (without the side-effects) by thinning the blood and making the pain signals reduce. In clinical trials, vitamin C has been used intravenously in patients with rheumatoid arthritis pain, where levels of pain exceed what the human body can tolerate.

Cancer killer. In high doses, it has been shown to kill cancer cells in the body. Over 50 years ago, a study suggested that cancer was a disease of changes in connective tissue caused by the lack of vitamin C. This was verified in trials, which showed that high doses of ascorbic acid helped build resistance to disease or infection and possibly treat cancer.

Immunity booster: Regular intake of vitamin C can mean less sniffles. It boosts the immune function, expels allergens from the blood, and protects from allergies, coughs and colds. It also aids the absorption of iron and B-vitamins in food, leading to an increased immune boosting function, as together, vitamin B, C and iron boost immunity.

Caution: Check with a certified nutritionist on your daily dose, as it depends on your health condition. Vitamin C can be unkind to your stomach if you have a weak stomach lining, and can cause flatulence and a loose stomach.

Rich sources: Berries, cruciferous vegetables, citrus fruits, bell peppers, green leafy vegetables including salad greens as well as tomato and sweet potato. Vitamin C is heat unstable, and gets depleted when vegetables are overcooked. Therefore, ensure that vegetables are a little crunchy, and not cooked in "Indian style", which kills all water soluble vitamins in them.

Question Of The Fortnight

Send in your questions to askrachnachhachhi@gmail.com

I read your article on "How not to fall ill". I am in my early 30s, unmarried. I sleep about 7 hours. My back is not in good shape, so heavy exercising isn't feasible. I am not comfortable including superfoods in my diet as you had mentioned. What do you suggest?

—Subramanian

Dear Subramanian,

You need to do yoga for exercise and wellbeing as well as for strengthening your back and relieving pain. Research has shown that yoga relieves chronic back pain. Doing this three times a week under a certified yoga expert will help boost your immunity, strengthen your back and relieve pain. You cannot be in good health if you don't change your food habits and include foods that will help reverse inflammation. The choice is yours: do you want to stay in your comfort zone or focus on health? If you want different results, you have to do things differently. It's true for life, work, success, money, disease, love and happiness, whichever you're seeking. BW

The author is a certified nutritional therapist and WHO certified in nutrition. She is the writer of Restore, *a book on how to fight diseases for working professionals. Order your copy from amazon.in*

TWIST IN THE TAIL

The Xiaomi MiPad doesn't cost much and is topped up with specs. But there's a catch...

By Mala Bhargava

TYPICAL XIAOMI. THE Chinese company that stuck its tongue out at the dominant players in the mobile market and pole-vaulted to the third place, has brought its little 7.9-inch MiPad tablet to India. Audaciously as usual, the tablet has overtones of Apple-ness to it and is quite a match for Samsung's tablets, which in turn are facing competition from iBall and others in the Indian market.

The MiPad, unlike other "cheap" tablets, gives an immediate impression of being value for money. It's actually heavy for its size. While that makes it feel nice and substantial, it's ever so slightly tiring to hold it for a long time, say, while you read, and its slippery back makes it a prime candidate for a slip to the floor. Using it, I noticed that my grip would slide, slide, slide until in a few minutes, I'd have to readjust. But well, that sort of thing may not bother many who will find the benefits outweigh the ergonomics. You see, the MiPad has a really nice screen. If you've been watching screen resolutions over multiple reviews here you'll know that 2048 x 1536 is nice and high. Pixel density is good at 324 ppi. More than that, the screen looks good. It's a bit warm looking, like a Samsung screen, but just right for a tablet. And Xiaomi has put a few live widgets right on top, making sure you immediately get an eyeful of that screen. Only problem is that every app and game may not scale to fit the screen quite that well, but I didn't have a problem with it.

Neither did I notice any lag. The MiPad, in fact, has a 2.2GHz Nvidia Tegra K1 processor powering it, not the typical Qualcomm, Mediatek and Intel. Nvidia makes chips that are popular with gamers. The tablet has 2GB of RAM to play with, and onboard storage of 16GB with an SD card slot. Its 6700mAh battery keeps it going for the day, with fast charging support if you're a heavy user of the device.

The MiPad's cameras are 8 and 5MP, on the better side for tablets right now. The camera application is very barebones but does have a handful of average looking filters to use. There's not much by way of controls but the assumption is that tablets are unlikely to be the preferred device for shooting much, only a second device. Sound on the MiPad is very nice. Not as nice as say, the HTC phones, but better than many tablets I've seen.

You get Android 4.4 on the MiPad, with Xiaomi's much talked about MiUi interface, well known for doing away with the app drawer and giving you a bunch of themes and other goodies for customisation. Overrated, in my opinion.

All of this costs just Rs 12,999 which isn't much for a device that looks good and performs well. The catch? There's no calling ability, 2G, 3G or any G. It's a Wi-Fi only tablet. If it's an at-home device, that's just fine, but tablets were supposed to be mobile and we don't have free Wi-Fi everywhere. Or even anywhere for that matter, so this upsets the applecart for many. BW

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I'M YOUR BARBIE LISTENING

Barbie used to be just a pretty doll, but dumb. No longer. She can beat you at conversations with your daughter

By Mala Bhargava

ADMIT I HAD A BARBIE COLLECTION WHEN I WAS A LITTLE girl. Ah, all that perfection, the elegant hairdos, beautiful dresses, tiny slippers, and the boyfriend, Ken. Getting together for Barbie games with other girls was a whole lot of fun. But little did I dream, Barbie could one day talk her head off. It's happened, and of course, it was only a matter of time. But now that the first truly interactive Barbie has opened her mouth, I can't help thinking the world has officially lost it.

We've been trying to make dolls that imitate real people for a long time. Why else would we have dolls crying like babies, wetting their nappies, and waggling their arms about? Now all limits are off as the new Barbie has full-fledged conversations with little girls who soon won't know that there ever were quiet dolls that said nothing. It was already unsettling enough that the number of robotic toys and care-givers are increasing, now we have toys that have more gift of the gab than most people.

It's not all bad. If you have a doll that's Internet-connected and Siri-like, she can answer all sorts of questions. A child would learn no end of things and quickly. To interact, obviously the doll has to hear the child, so it has voice recognition built-in. It's just a little doll, not a server, so the input goes to one up in a cloud. Someone runs that cloud. Someone wants that data. The same someone could share that data. And suddenly you have advertisers and marketers falling right in love with Barbie dolls.

In this case, Toy Talk, the company that made the smart Barbie, "Hello Barbie", says they're going by the rules and no laws are being violated with the way the voice data is being encrypted and used, but privacy advocates and parent groups in the US are worried — as they should be, but their worry should extend way beyond Hello Barbie. It won't be the last toy to use voice recognition, and even as we speak, voice is being baked into more and more objects in preparation for the paradise called the Internet of Things. Your music set up will know what you like to listen to as you command it to play something, your T-shirt will correct your manners, and the pizza box will know what you think of the pizza you just ate. All of this data will feed into the "personalisation" that is synonymous with selling to you.

But of course, it's most serious when it comes to children. When talking toys get to India, the danger will be that parents are unlikely to be as paranoid about their children's' privacy as they are in the US. Parents are likely to be as amused as their children with clever toys that have conversations with the kids, giving them some free time in the bargain. It isn't just advertisers who could begin to shape young ones' choices really early in life, but the danger will extend to hackers who may then have access to deeply personal information. Because, be warned, Hello Barbie has a memory. Nuggets of information are picked up from conversations and used to build on future conversations leading to increasingly meaningful interactions that are frighteningly real. In a video demo, Hello Barbie is shown suggesting someone might like a career like politics and dancing, since she likes being on stage, a reference to an earlier talk. If that's not creepy, what is?

Another unsettling scenario is when young girls get so taken up with their talking dolls, they need their real playmates just a little less. For the well-adjusted and the lovingly supervised child, an interacting toy may fit into the overall healthy fabric of family life. But given the slightest problems, such as a child who's subconsciously anxious because her parents happen to snap at each other all the time, the toy may assume a greater importance. It's just like children have had imaginary playmates; except there's no need to imagine any longer. The potential to develop a solid "relationship" with an interacting doll is strong because a doll like Hello Barbie always speaks so nicely. Not like real grown-ups. Barbie used to be just a pretty doll. But dumb. No longer. BW

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For other columns by Mala Bhargava, visit www.businessworld.in

My voice is my password

It's obvious that voice recognition is going to be baked into an uncountable number of things around us. Jason Stirling, Senior Vice President for Asia Pacific, Nuance, tells *BW*'s **MALA BHARGAVA** where voice is headed

JASON STIRLING
Senior Vice President for Asia Pacific, Nuance

I first encountered speech recognition on the PC, with your Dragon software. How far do you think we've come from then?

Frankly, when I joined Nuance, we had started to get concerned about whether people would install the box product for Dragon dictation and use it. Today, they probably wouldn't. But voice is really seeing a resurgence. Cloud has changed everything. Certainly if you spend a lot of time typing and inputting professional information such as lawyers and, doctors do, you would need voice products. In the US, doctors now have tablets instead of pen and paper. They dictate to the tablet. It saves time and is more accurate. There's a lot of workflow that can happen from that. We have a lot of solutions for healthcare that are tuned up for hospitals. All the needed lexicon is built into the model.

What is happening with voice beyond dictation?

You can now bring in some intelligence into that in the background. So if a doctor is saying Jason's got a temperature and he has a blood pressure issue, etc., suggestions on what to explore can be brought up. In medicine there's a bunch of different niche areas, including cardiology where voice speech is being used. At Nuance we think that voice recognition is transitioning to conversations very rapidly. This means moving into natural language, understanding and semantic processing, and classification because we have to work out not just what you said but what it means.

What other uses are there for intelligent speech recognition? Are you implementing any?

There are many uses in the enterprise, especially for customer care. For example, we're doing something with Tata Sky where you can order a movie and update packages by interacting with a voice. We're also seeing use in the call centre business and in banks where the combination of semantic processing and voice recognition is helping deliver services. Of course, the biggest challenge is accents, especially in India, because there are so many varied ones. But that's something we are working on, building in many languages and accents. But it's a very difficult piece of engineering and needs a lot of data and time for accuracy to grow gradually.

I use the Swype keyboard, which is one of your apps for voice input for text, but I don't always find it accurate. What can be done to improve it?

It's taken many years to work this out but now the ability to send that data to the cloud has really helped us because we get a big bank of material to work on. But so many factors can degrade the raw data, among them microphones, which are now getting more sophisticated, and also the way the data travels through multiple systems through cellular networks before it reaches us. These have been some of the challenges of achieving accuracy. But now with data going straight to our cloud, it's helping accuracy. Another thing we're investing in a lot is noise cancellation, especially in cars. That too is enhancing the experience.

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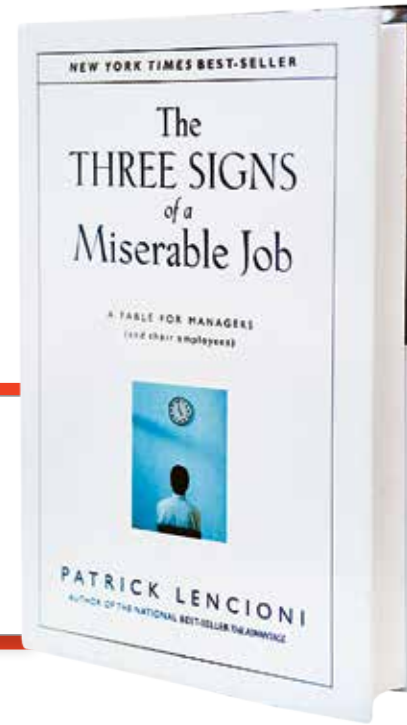
LEAD REVIEW

WORKPLACE HAPPINESS



THE THREE SIGNS OF A MISERABLE JOB
Patrick M. Lencioni
JOSSEY-BASS (WILEY)
Pages 288; Rs 599

BY VIVEK PRABHAKAR

WE ALL KNOW A MISERABLE JOB when we are in it. We also can be quite sure that we know when we are making an employee's life pretty miserable and this very obvious realisation is what lies at the heart of *The Three Signs of a Miserable Job* by Patrick Lencioni. By conveying his thoughts through the character of Brian Bailey, the author helps the reader carefully understand the nuances of understanding when you start losing the attention and loyalty of an employee. And this treatment of what should be a management mantra for every employer in the world is brilliant.

Brian Bailey, a recently retired CEO, manages to energise a workforce of demotivated restaurant staff in what starts off as a pet project which then turns out to be the simplest yet most insightful lesson into managing your employees. He breaks it down into three simple faults: immeasurability, irrelevance and anonymity He figures that employees who cannot measure their everyday performance, find relevance in their role and feel anonymous to their peers and management, can never succeed. By repairing these wrongs starting off with simple goals, Brian transforms the workplace and gives all of us a road map to achieve quick wins and long-term happiness of our employees

You cannot help but learn from Lencioni's business fiction format. The story and characters are relatable and, at the same time, you can very easily see yourself implementing some of these thoughts in your workplace.

The key really is in looking at your employees as individuals with very specific needs around which goals seem to be built, and when those goals can be measured, they become achievable. At the same time, ensuring every employee understands the difference they make to the business increases the chances of them feeling like a stakeholder. And finally, making the effort of knowing them outside of their work space ensures that they feel they are part of a bigger story.

As an entrepreneur, I have very closely followed these principles, but they are never easy to implement as an organisation grows. The key then is to ensure that you hire people who breathe the same air and continue building on these beliefs.

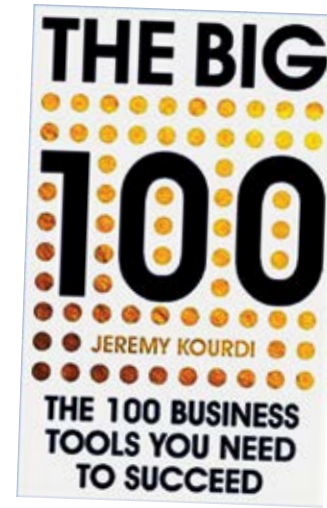
At Chumbak, we have always worked hard at employing people who are passionate about the work they do, and we also understand what they are passionate about outside of work. We have employees who teach Carnatic music on Sundays, enjoy competing in marathons, collect newspapers as a hobby; and there are many who maintain blogs and their independent design profiles. It's this kind of energy that they bring to work and talk about it and make the office space come alive.

The secret always is to channel that passion and allow them to discover it through the work they do. At the same time, ensur-

ing that they are always reminded of the great story they are part of at Chumbak is important for us as an organisation. Irrespective of the department they works for, the employees need to know how significant their contribution is and that only happens when everyone works closely with each other. The inter-dependence helps them understand their worth to the organisation. The secret to employee satisfaction, for me, lies right there. It really is that easy. BW

Vivek is founder and CEO, Chumbak Design

SUMMING UP LESSONS

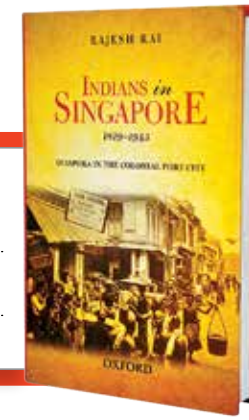


BUSINESS COACHES WHO AUTHOR BOOKS offer time-tested lessons. While a majority of them offer lessons after describing a case study (without revealing names, of course), some simply share a list of dos and don'ts.

The bottom line is, these executive coaches, having worked across corporates and later working with companies to groom senior executives or provide consultation services, speak from valuable experience. Jeremy Kourdi, author of *The Big 100: The 100 Business Tools You Need to Succeed* (Hachette), is no different. In his book, Kourdi lists out several accessories an executive or a management needs to succeed. The book on covers almost all topics related to organisations and management — leadership, strategising, soft skills, motivational tools, marketing, creativity at work, online selling — the works. However, since the book comprises only tools and lists, those who have spent decades greying their hair in the corporate world will resonate with its content. A newbie will probably require some description or detailed cases to substantiate reasons behind these lessons. Nevertheless, the book is a handy guide and could be read in parts as and when time permits. BW

COLONIAL COUSINS

BY BINOD KHADRIA



INDIANS IN SINGAPORE: 1819–1945: Diaspora in the Colonial Port City
Rajesh Rai
OXFORD UNIVERSITY PRESS
Pages 356; Rs 995

RAJESH RAI TEACHES AT THE SOUTH ASIAN studies programme of the National University of Singapore (NUS). His book focuses on the Indian component of Singapore's multicultural, multi-ethnic mosaic comprising the Chinese, the Malaysians and the Indians primarily. Since the establishment of British colonial rule in Singapore, Indians have constituted a significant minority in the port city, a position that is continuing even today. The book traces the history of the formation and development of the Indian diaspora in the colonial period of Singapore, from 1819 when the British established their interests in the port city until the end of the Japanese occupation in 1945.

In 2010, Indians in Singapore numbered about 350,000, constituting almost one-tenth of its 3.8 million-strong population. Since its independence in 1965, as Rai puts it, Singapore has "maintained a commitment to preserving, even strengthening, Indian cultural identities". Apart from Tamil being one of the four official languages — along with English, Chinese, and Malay — there are five other Indian languages, namely Bengali, Gujarati, Hindi, Punjabi and Urdu, which are recognised as second languages in the school curriculum. More than one-third of Indian residents are highly qualified tertiary degree holders,

and the average income of the Indian community is the highest among all ethnic groups.

The large ongoing flow of Indian emigrants to Singapore is a function of the established Indian diaspora. From 1990s, tens of thousands have arrived annually — permanent settlers as well as temporary sojourners — ranging from high-skilled rich entrepreneurs and top professionals in banking, finance and IT to low-skilled temporary workers in construction industry and as domestic help.

Rai's account of the Indian diaspora in Singapore during the formative colonial period of the city state's history fills an important void that has existed so far. Apart from a couple of books covering the port city and nearby geographies, there has practically been no single comprehensive account so far. It is in this context that the book accords primacy to the dynamic processes involved in the settlement and subsequent economic, religious, cultural and socio-political development of the Indian diaspora in Singapore — experiences that are often connected with the wider Malaysian experience. Second, the book contributes to the scholarship on the Indian diaspora during the colonial period by highlighting their experiences in its urban setting, which too has not been addressed adequately so far.

Rai's account of Indians in Singapore during the formative colonial period of its history fills an important void

The book's depth and quality of analysis reflect the author's long and rich experience in dealing with diverse diaspora issues — he was one of the editors along with Peter Reeves and Brij Lal (General Editor) during the publication of the *Encyclopedia of Indian Diaspora* in 2006 at NUS. The book reflects the intellectual confidence of the author, which would help put the diaspora history of colonial Singapore on the world map of diasporas. I am confident that Rai's students and colleagues as well as diaspora researchers will benefit immensely from the insights offered in this book.

Looking at the growing focus of India's business and technological interests in the Asia-Pacific, as part of the new Indian government's 'Act East Policy' — already, Indian Prime Minister Narendra Modi has travelled to Japan, Myanmar, Australia and Fiji as part of that policy, with a visit to Singapore in the pipeline — the book will likely come in handy by providing a window to the times that have gone by, which, in turn, will help shape future developments. It is a useful book for individuals as well as libraries to have in their collection. The latter will make it possible for more people to read it and enrich their understanding of the Indian diaspora in Singapore in the wider context. BW

Khadria is Professor of Economics & Education and Director, International Migration and Diaspora Studies Project, JNU

BOOKMARK

DR HARISH PILLAI
CEO, Aster Medicity

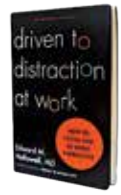
Recent read: *A Strange Kind of Paradise: India Through Foreign Eyes* by Sam Miller

I recommend: *The Art of Thinking Clearly* by Rolf Dobelli; *Being Mortal* by Atul Gawande

On my shelf: Books on history, astronomy and space research, science fiction, etc.

NEW ARRIVALS

OFF THE JACKET

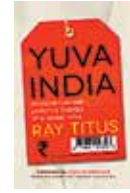


DRIVEN TO DISTRACTION AT WORK EDWARD M. HALLOWELL (HBR Press) Rs 995

Why employees tend to lose their ability to focus and how to train attention at work

THE CREATOR'S CODE AMY WILKINSON (Simon & Schuster) Rs 599

Interviews and cases of entrepreneurs and how they cut through the clutter



YUVA INDIA RAY TITUS (Random House India) Rs 399

How young India approaches issues such as brands, consumption and sexuality

THE 10 COMMANDMENTS FOR FAMILY BUSINESS KAVIL RAMACHANDRAN (Sage) Rs 645

Issues family businesses face in India and how to address them

SHEER LUCK? NO WAY

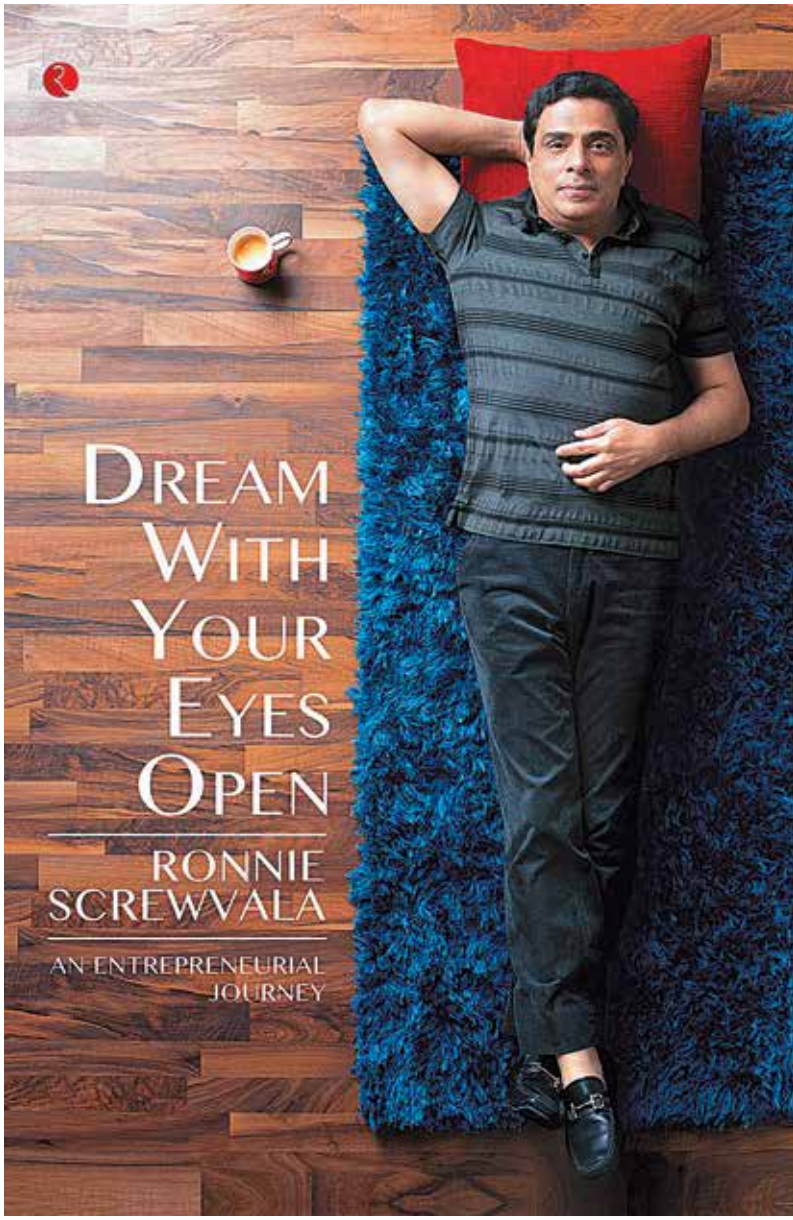
An idea works only with "hell lot of hard work and very little luck", writes Ronnie Screwvala

WHEN IT COMES TO LUCK, FEW OF us will admit to getting more than our share. Does this sound familiar? Other people are lucky. I carry on despite being dealt a losing hand. I'm not successful because I haven't been gifted a wealthy family, proper education, ready funding for my business. 'Luck,' David Levien writes, 'always seems like it belongs to someone else.' I know a lot of people who would agree. Maybe you do as well.

But I'm not a big believer in luck. Not if by luck you mean that any one person or business has an inherent advantage over another. I do believe you could be in the right place at the right time in your career. Taking advantage of this, however, requires effective planning, a high level of preparedness and openness, and an evolving mindset.

But one of the most prevalent and persistent obstacles in the path of entrepreneurship in India today is the notion that luck, or its lack, plays a major role in how successful (or not) you'll be when you unleash your ideas into action. At all stages of your journey, you need to downplay the idea of luck as a necessary ingredient for building strong businesses. Rather, the real source of success is people who generate their own breaks by working hard and focusing on a goal....Wealth in no way ensures success. Life is about the next ten years and more, not just today, and the law of averages works for each of us—leaders, professionals, entrepreneurs—just as it does for everybody else. Come to think of it, the ingredients that make all great leaders or entrepreneurs look a whole lot like the recipe for luck.

THE first time we sought to go public at UTV, the markets crashed. The second time? Right into the tank. After that one, some investment banker made a snide remark in passing. 'Hey, Ronnie, are you planning to go public? Because if you are, I'm exiting the market.' Even though he was joking, his point was valid. I wasn't someone with tailwind on my side. And if I hadn't developed a thick skin over the years, I would have



DREAM WITH YOUR EYES OPEN: An Entrepreneurial Journey

Ronnie Screwvala
RUPA PUBLICATIONS

187 pages; Rs 500

taken those remarks personally and thought, I'm never going public! Twice. Come on! What are the odds? I'm unlucky!

When I had some time to think about it rationally, I wondered, *Why the hell am I sitting here with the weight of the world on my shoulders? Global markets have crashed. Who am I to think this has anything to do with me, that the cosmos cares in the least about my public offering? Hundreds of thousands of people must have suffered the same setback or worse....* When the team and I envisioned Hungama, many media observers, colleagues and others saw the channel's eventual success and its subsequent sale to Disney as a stroke of luck. Not true. The idea worked because of a laser vision, tremendous planning, disruptive programming and bold marketing. Most of all, we went with our gut and stuck with our convictions. As I think of it now, I recall it was one hell of a lot of hard work, a great deal of fun and excitement and very little luck.

People only believe in coincidences when it's convenient for them to do so. We had a similar experience in movies. After a solid track record of almost ten years in the industry, I still hear from people all the time, 'Wow, you caught a few breaks to get to the top, didn't you?' As if the odds were always in our favour, the outcome a foregone conclusion.

Maybe I should be encouraged by the great numbers of people who seem to have forgotten how many times we failed over the years. The truth is, as outsiders, we put ourselves out there on the high wire without a net. To fail and not to rebound would have proven our detractors right. Our greatest successes in film had little to do with lucky breaks. We brought persistence,

a strong understanding of the market and the audience, confidence in our team and the director's vision, a gut for good scripts, a deep desire to push the envelope and a willingness to do whatever it took to bring it all to the big screen. When our movies flopped, and many did, were we unlucky? When they were big hits, had we got lucky? Neither.

Exactly how much the odds were stacked up against us and how little luck had to do with the outcome came home to me during one particularly interesting interaction with Rupert Murdoch. When News Corp still owned a good part of UTV, I was in Los Angeles to meet Murdoch in his frugal suite: a modest office (for the leader of one of the world's largest media companies) with an adjoining meeting room that held a maximum of eight, and a small outer space for his two executive assistants. After a twenty-minute chat on the overall India macroeconomic scenario and an update on the media industry, he got up from his chair and walked me over to an old aerial photograph of what would eventually become Beverly Hills and Century City.

'You see this massive patch of land? The buildings? Fox owned all of it. When *Cleopatra* bombed in 1963, the company was forced to sell three-fourths of it. The company was left with this,' he said, tapping his finger on a much smaller parcel. 'It's some of the most expensive real estate in the world today.' He smiled as we moved towards the outer office. 'Of course, all that was before my time, before I bought Fox.'

Murdoch wasn't really making a specific point. UTV had yet to even consider getting into the movie business. But his message was clear. Business, at its core, can be unpredictable and fragile. Those trucks can come barrelling your way at any time. Despite your biggest, most disappointing setbacks, you can and do move on. After all, here was a leader talking about his insights with pride and clarity. Although he could easily have afforded the best art in the world, Murdoch decorated his conference room with a *memento mori*. Not by accident.

As I walked to the parking lot, I thought about my conversation with Murdoch. The world sees *Cleopatra* as one of the magnum opuses of all time, a grand success that swept the Oscars that year. My mind goes back to the wonderful chemistry between screen legends Elizabeth Taylor and Richard Burton, and I can only think of that film as a classic. As with most things in life, there's another side to every story.

ONE of my most important lessons from the media and entertainment business was not taking anything for granted. We took big risks and had the gumption to back them, digging our heels in when necessary. Those challenges allowed us, forced us, to build a robust, resilient organization. We created opportunities where we could attract more partners because we situated ourselves at the right crossroads, looking at scale when we broke through with innovation. Sometimes, we also got it wrong.

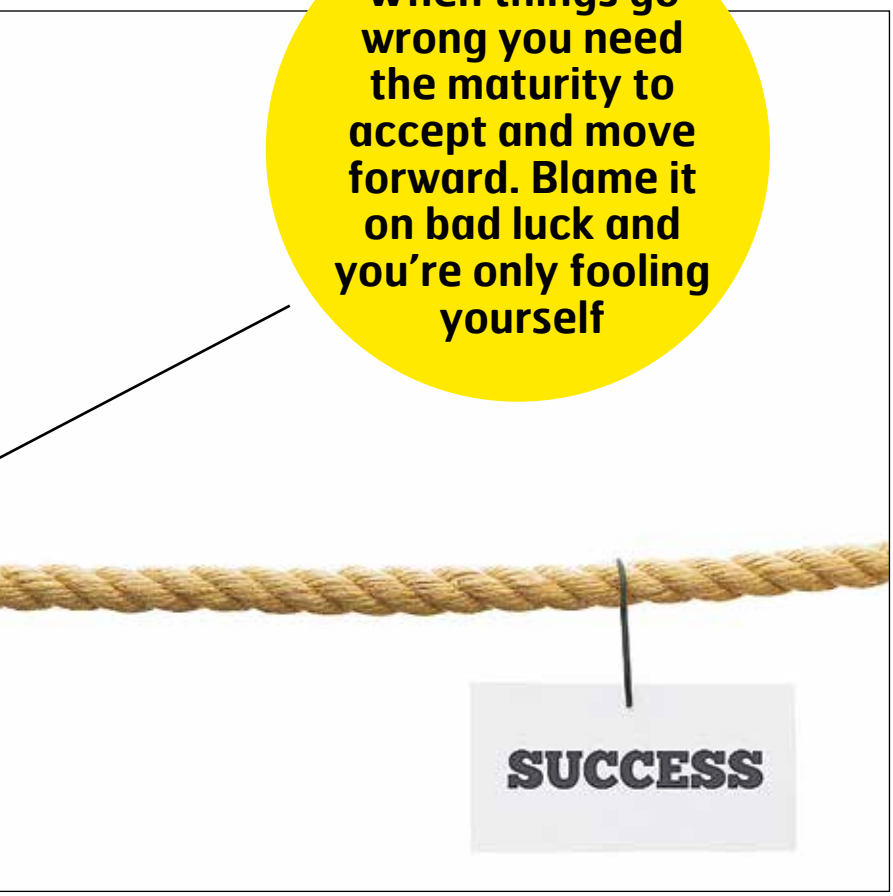
Higher risks pay higher rewards. That might sound like luck. It's anything but. What we discovered, and what so many entrepreneurs who stay the course and make their own 'luck' discover, is that the outcome is in direct proportion to the risk and effort. However, it sure as hell wasn't all roses. On more than one occasion, I waited alone to take that final call, not knowing if our next product would succeed or crash and burn under its own weight. But on each occasion, I felt I was in the right place at the right time with the right offering, the right team, the right effort and the right instinct…and when you put so many rights together with passion and the desire to climb, you push yourself to the summit. And when things go wrong, as they so often do, you need the resilience and maturity to accept, recalibrate, communicate, fix,

learn and move forward. Blame it on bad luck after so much preparation and you're only fooling yourself.

Because I was so enamoured with the idea of becoming an entrepreneur, I embraced the uphill climb from those early days, understanding that when I tested my limits, planned for the future and committed to a clear vision with a strong team, I would make my own luck. With nothing ventured, how can even Lady Luck help you?

THE days leading up to the premiere of *Rang De Basanti* provided interesting learnings in innovation and resilience. It was also a movie that—once it had released and become a runaway success at the box office—became known to a lot of media-watchers as a lucky strike. Despite how groundbreaking we knew the film could be, it wasn't

When things go wrong you need the maturity to accept and move forward. Blame it on bad luck and you're only fooling yourself



easy to greenlight. ...When we saw the rough cuts, our team was riding high in anticipation of the movie's reception. But we were in for a big surprise. When it was time to get our censor certificate, usually a formality, the chair of the censor board called me with some bad news. 'We are not ready to issue the censor certificate,' was the apology. 'Not that we found anything offensive about your film, just that we want you to get approval from the air force and the defence ministry before we sign off.'

...When news of the censor board's concerns came in, we rallied the troops and planned a meeting with Rakeysh, Aamir and the other principals. By the time we gathered at Aamir's place in Bandra, the censor board chairman had got back to me with some additional news. 'Look, we're trying to get a special screening organized tomorrow on an emergency basis with the head of the air force,' she said, trying her best to sound helpful. 'We just want them to see the movie.' I knew the censor board was just doing their job. As much as I disliked the thought of not getting a censor certificate, it was a no options directive, for sure. No one had objected outright to the movie. Until we got the sensitivities out of the way, though, *Rang De Basanti* wasn't going anywhere.

...We went to Delhi and held the screening as scheduled. The scene outside the auditorium was surreal—Bollywood, the purveyor of fantasy, rubbing elbows with the most powerful military leaders in the country. ...Inside, we had our second shock: Not only was the head of the air force in attendance, but the heads of the army and the navy, as well as the then defence minister, Pranab Mukherjee. Sharmila Tagore was there as chairman of the censor board, as well as one of the film's leading ladies, Waheeda Rehman, who played Ajay Rathod's mother in the film. .

..Two-and-a-half hours later when the lights came up, Rakeysh, Aamir and I went in front of the group to answer questions. The heads of the army and the navy both liked the film and had little to say. 'I really enjoyed the movie, too. What's the problem?' the defence minister asked with a shrug. In Rang De Basanti, much of the blame for Ajay's death falls on the shoulders of the defence minister. Clearly, Pranab Mukherjee wasn't bothered by the parallel.

The last to speak was the head of the air force, who looked pointedly at each of us while composing his thoughts. 'Mr Khan, Mr Mehra, Mr Screwvala, thank you for sharing your work with us,' he said, choosing his words carefully. 'I think it's a fine movie. We've never done this before,' he made a sweeping motion with his arm to the assembled audience, 'and we would never censor a movie except under extreme circumstances. You should do whatever you plan on doing. Go ahead and release the film.'

After coming within a hair's breadth of having our film made irrelevant by an unfavourable censor hearing, we couldn't have bought more or better publicity. News of the meeting was on prime time news for an entire week after the screening. A part of me understands that if the film hadn't been released, we'd have had different challenges. I'm equally confident that, even in that case, we'd have worked to find solutions. At the end of the day, when your job is to lead, you'll adapt to the circumstances that are presented to you and move forward with the best intentions. BW

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PHOTOGRAPH: SHUTTERSTOCK

A Giant Departs

LEE KUAN YEW, Singapore's founding father and a giant of post-war Asian history, died aged 91, triggering a flood of tributes from world leaders and countrymen alike. Lee, Singapore's first prime minister who held onto power for 31 years, oversaw its rise from a British colonial backwater to one of the world's richest nations on a per-capita basis. He drew flak for his strict controls over the press, public protest and political opponents. He said such steps were essential for the nation's security.

Comeuppance for Silicon Valley?

Silicon Valley, under the scanner for the low numbers of women in the technology industry, especially at senior levels, has been hit by three gender bias suits. While ELLEN PAO, ex-partner at Kleiner Perkins Caufield & Bayers, brought a suit against the venture capital firm, alleging it was run like an all-boys club, TINA HUANG, a former software engineer at Twitter, filed a proposed class action suit against the firm for not promoting women engineers like herself to leadership posts. CHIA HONG is suing Facebook over harassment by a former boss.

ROYAL HONOUR

Indian-origin Nobel laureate VENKATRAMAN RAMAKRISHNAN will lead Britain's prestigious Royal Society from 1 December. "I feel touched that the Royal Society has chosen me for this job, especially because I only came to Britain 16 years ago from the US," said the 63-year-old structural biologist. Ramakrishnan, who will be the first Indian-origin scientist to hold the post, was born in Chidambaram, Tamil Nadu, and studied biology in the US.

Revamp Man

Tata Sons chairman emeritus RATAN TATA will head Indian Railways' innovation council Kaya Kalp that seeks to suggest measures to turn around the ailing organisation. Getting Tata to lead the council is quite a coup for railway minister Suresh Prabhu, whose personal rapport with the industrialist likely won him over. Tata had in 2009 refused to head an advisory board to suggest ways to turn around national carrier Air India. Former comptroller and auditor general Vinod Rai may join Kaya Kalp as a member.

The Big Switch

ABID ALI NEEMUCHWALA is the new COO and group president of Wipro, as part of a management reshuffle under CEO T.K. Kurien to get India's third-largest software services exporter back to industry-beating growth numbers. Neemuchwala, 47, the former head of TCS's BPO, will be Wipro's first COO in nearly six years. He joined TCS in 1992 after earning his master's degree from IIT-Powai. Few thought he would leave TCS since CEO and MD N. Chandrasekaran relied on him to execute his big plans.

VINER TAKES GUARD

KATHARINE VINER has been appointed editor-in-chief of *The Guardian*, the first woman to run the newspaper in its 194-year history. Viner, the current deputy editor of the paper and editor-in-chief of *Guardian US*, takes over from Alan Rusbridger, who becomes chairman of The Scott Trust, the owner of *The Guardian*. She becomes only the 12th editor since the paper was founded.

AMONG THE BEST

HDFC Bank managing director ADITYA PURI features in US financial magazine *Barron's* list of 30 Best CEOs. "While we don't have a precise formula for constructing the list — it reflects the collective wisdom of our editors and writers — we target CEOs with at least five years under their belt," *Barron's* said. Puri, who has held the position since 1994, is the longest-serving head of any bank in the country.

SPURNED BY OZ, AGAIN

New Zealand-born actor RUSSELL CROWE, who migrated to Australia with his family in 1968 when he was just four, has been denied Australian citizenship a second time. Crowe said that due to changes made to immigration requirements in 2001, his applications made in 2006 and 2013 were rejected. The immigration department says it has no record of the actor applying to officially become an Australian.

PHOTOGRAPH: BLOOMBERG, UMESH GOSWAMI

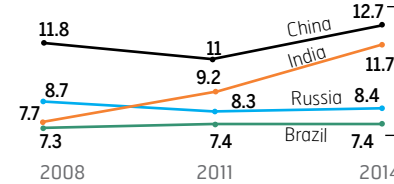
Interactive page

MIND THE GAP

A study by Hay Group, a global management consultancy, across organisations in 63 countries, pinpoints trends in pay disparity. A look at how India stacks up...

Compiled by Sonal Khetarpal; Graphic by Prashant Chaudhary

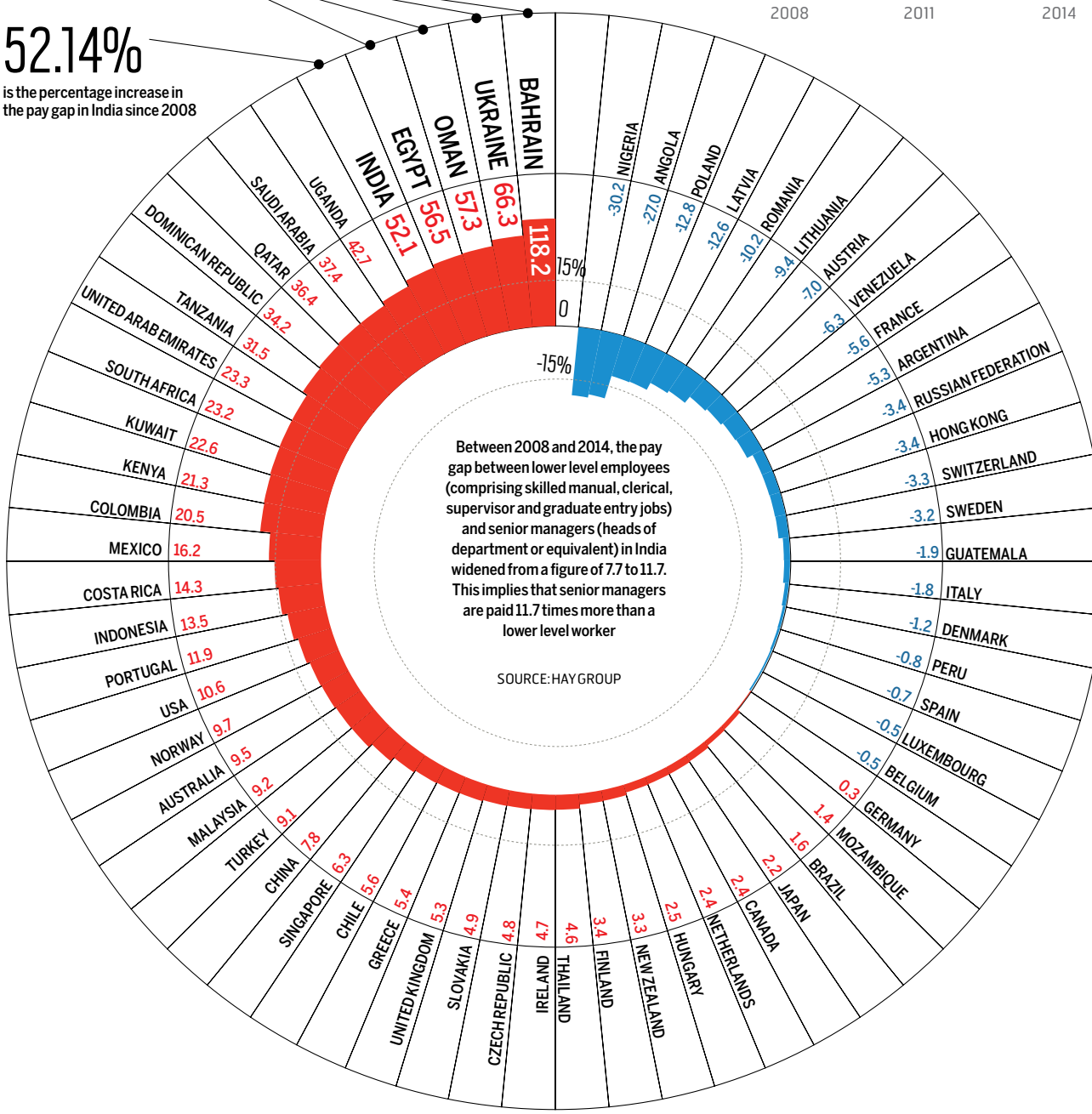
Among BRIC nations, the pay gap has grown the most in India and China, while there is only a marginal increase in Brazil. In Russia, the gap has decreased



The top four in terms of the percentage increase in pay disparity are...

52.14%

is the percentage increase in the pay gap in India since 2008



Between 2008 and 2014, the pay gap between lower level employees (comprising skilled manual, clerical, supervisor and graduate entry jobs) and senior managers (heads of department or equivalent) in India widened from a figure of 7.7 to 11.7. This implies that senior managers are paid 11.7 times more than a lower level worker

SOURCE: HAY GROUP